

## **Aizawl Tour Report**

**By Mr. Satyapal Dabas, Disbursement Specialist, 30<sup>th</sup> July to 8<sup>th</sup> August 2013**

A visit was made to Aizwal on 30<sup>th</sup> July to 8<sup>th</sup> August 2013. The objectives of the tour were:-

1. To give training to the staff in respect of the preparation of SOEs and maintenance of accounting record.
2. Reconciliation of accounts from November 2012 to June 2013 Tranche-I and November 2011 to February 2013 Tranche-II.
3. To keep finalise their accounts, so that the statement of receipts and payments for the year ended 2013 can be prepared for both of the tranches i.e. Tr-I & II.

### **Activities Performed**

1. Provided training to the Sr. Accounts officer SIPMIU, Aizawl on preparation of account books, preparation of SOEs for reimbursement from ADB / MoUD. A revised SOE for the period 21<sup>st</sup> November 2011 to 19<sup>th</sup> February 2013 in respect of Tr-II was prepared on the spot.
2. The entries in the SOE from November 2012 to June 2013 in respect of Tr-I, and from November 2011 to February 2013 were checked with the bills submitted for payment and a new & revised SOE for the period 20th November 2011 to 19<sup>th</sup> February 2013 was prepared. Many modifications were made in the previous SOEs for the same period in order to prepare this SoE.
3. As the cash book for Tr-I, was complete, so the statement for receipt and payment for the year end 31<sup>st</sup> March 2013 was prepared for audit purpose.

### **Reconciliation of Accounts**

Reconciliation of SOEs with the bills of suppliers/consultants and contractors was performed. Our observations in this regard are given below.

#### **a) Sales Tax in the civil contracts bills**

The Sales Tax on work contracts in Mizoram is 4% and the actual rate comes to 2.70% as the abatement for labour @ 30% is available. The SIPMIU has awarded the work contract where the item rate was inclusive of Sales Tax. So the actual rate of Sales Tax comes to 2.72%. SOE sent by SIPMIU Aizawl have been showing the Sales Tax amount @ 2% of the bill value, whereas 2% is the Tax deduction rate of Sales Tax and not the actual rate of sales Tax. As the amount of Taxes is not reimbursed by the ADB, the amount of sales Tax in the work contracts should be shown @ 2.72% of the bill value instead of 2%.

### **b) Payment of the Salary & wages**

The SIPMIU Aizawl has been claiming the salary at times as the amount of gross salary and other times as the net salary. As the amount of GPF has been paid by the state govt. and this amount is not reimbursed by the SIPMIU to the state govt, the SOE from November 2011 to February 2013 has been revised on the basis of net salary payment.

### **c) TDS on Advertisement bills**

The SIPMIU has not been deducting the TDS on the advertisement charges paid to various newspapers. Some of the examples are as below.

<b>Month</b>	<b>Name of the Newspapers</b>	<b>Amount `</b>
November 2011	H.T. Media	19,04,160
May 2012	Bennet Coleman & Co.	4,40,800
May 2012	H.T. Media Express Publication Madurai	8,64,000
March 2012	Youth Hearld	10,320
March 2012	Morning post	20,640
March 2012	Zawlbuk	20,640
September 2012	Bennet Coleman & Co.	6,22,800
September 2012	Bennet Coleman & Co.	6,23,000
September 2012	New Indian Express	9,45,000
October 2012	Woman Guild	1,40,000

The payment of the advertisement charges should be made after deducting the TDS u/s 194 C of the income tax act.

### **d) Payment of Rent without deducting the TDS U/S 194I**

The rent of the SIPMIU office has been paid @ 38,000 PM without deducting the TDS, similarly the rent of some other buildings has also been paid without deducting TDS. The TDS u/s 194I should be deducted, if applicable.

### **e) Travelling cost reimbursement to PSP Financial Consultant**

- a) The SIPMIU has been reimbursing the travelling expenses to the IDC consultant every month. Sometimes the air travelling expenses has been reimbursed on the basis of E-Tickets only, without the boarding passes. Some of the examples are as below:-

<u>Month</u>	<u>Amount `</u>
November 2011	20,261
February 201	27,025
April 2012	25,934
March 2012	28,219

On this regard our humble suggestions that the air travelling expenses should be reimbursed after submitting the boarding passes by the consultants.

**a) Travelling expenses reimbursement – more than the limit fixed – as per the Annexure E of the contract.**

The limit of the Air Travelling fare as been fixed as per the Annexure E of the contract, but in some cases the reimbursement has been made beyond the limit of Annexure E. Some of the examples are as below:

<b>Sr. No.</b>	<b>Month</b>	<b>Name of the person</b>	<b>Destination</b>	<b>Amt. Fixed as Annexure E</b>	<b>Amount paid</b>
1.	March 2012	Mr. Bitanshu Bishwas	Kol-Azl	7500	8158
2.	March 2012	Mr. Sumitabhs Ray	Kol-Azl	7500	11316
3.	Feb. 2012	Mr. Rajesh Sanghi	Del-Azl	18000	18992
4.	June 2012	Mr. Bitanshu Biswas	Kol-Azl	7500	8416
5.	Oct. 2012	Mr. Rajesh Sanghi	Del-Azl	18000	20303

**b) Some other mistakes found in the preparation of SOEs.**

- I. PSP financial consultant submitted the bill no. 049/11-12 in the month of August 2011, for ` 1,28,932 and charged Service Tax of ` 13,280 on it. The Service Tax was not shown separately in SOE and the whole amount of ` 1,42,212 was claimed from ADB. Similarly Service Tax ` 9,376 charged by tulip telecom in their bill dated 10<sup>th</sup> April 2012 was claimed from ADB instead of MoUD.

- II. Payment of staff was ` 92,700 during the month of September 2012 but the amount was claimed ` 9,27,000, now we have had it corrected.

**c) Finalisation of Accounts**

I prepared the receipts and payment statement for the financial year 2012-13 in respect of Tr-I. This statement is required for Audit purpose i.e. by AG in the Aizawl, as well by our auditor for reconciliation purpose.

**d) Finalisation of A/cs Tr-II**

We have to finalise A/cs of both tranches, i.e. Tr-I & II. The receipts and payment account for Tr-I was prepared, but we could not prepare the same for Tr-II as the cash book for Tr-II for the year ended as on 31<sup>st</sup> March 2013 is not complete till now. This is a serious lapse. The cash book for Tr-II is to be completed on a priority basis. After completing the cash book, the bank is to be reconciled so that accounts of Tr-II may be completed.

**f) SOE preparation for the period 20<sup>th</sup> Nov. 2012 to 19<sup>th</sup> February 2013 Tr-II**

- Revised SOE for the period 20<sup>th</sup> November 2011 to 19<sup>th</sup> February 2013 in respect to Tr-II for retroactive financial purpose was prepared. Lot of changes was made in the previous SOEs for the same period which were sent earlier to MoUD. Many bills were entered twice in the earlier SOE. Further; the salary was claimed, sometimes on gross salary basis and sometimes on net salary basis.

**Recommendations**

1. The SOEs are to be prepared carefully because in case of mistakes, we have to revise the SOE and it takes a time of 7-10 days which delays the disbursement to SIPMIUs. All the taxes, cartage, insurance charges are to be claimed from Gol instead of ADB.
2. The books of accounts are to be closed at the earliest after completing the financial year and bank statement is to be reconciled so that final accounts can be prepared without any delay.
3. The travelling expenses should be reimbursed on the basis of boarding passes to the consultants. Further the reimburstment should not be more than the limit fixed as per the Annexure E of the contract Agreement.

Satyapal Dabas

(Disbursement Expert)  
20.08.2013