

Gangtok Tour Report (24th to 31st October 2013)

By Mr. Satyapal Dabas, Financial Expert, PMMC

Objectives of the tour

A visit was made to Gangtok on 24th October to 31st October 2013. The objectives of the tour were:

1. To give training to accounts staff regarding the preparation of SOEs and maintenance of the accounting records.
2. Checking of accounts with respect to SOEs from July 2012 to September 2013 in respect of Tr-I and from March 2012 to September 2013 in respect of Tr-II.

Activities Performed

1. Provided Training to the accounts staff on preparation of SOEs for reimbursement from ADB/MoUD, the format of the SOE was explained in details. The common mistakes, generally incurred by the SIPMIUs in preparation the SOE were also explained. This was the second round of training at Gangtok and it was observed that their proficiency compared to earlier times was better.
2. The entries in the SOE from July 2012 to September 2013 in respect of Tr-I, and from March 2012 to September 2013 in respect of Tr-II were checked with the records of bills submitted for payment. Further the bills submitted for payment were also checked with respect to rates comparison with the contracts, and arithmetic calculations were also checked.

Reconciliation of Accounts

Reconciliation of SOE with the bills of suppliers / consultants and contractors were performed. Our observations in this regard are as below:

- a) Payment of Air Travels & vehicle hire to DSMC consultant M/s Wilbur Smith & Associates: In most of the cases the copy of the bills, copy of boarding passes and the bills of vehicle hire charges are not available. Sometimes the air travelling expenses has been reimbursed on the basis of E-tickets only without boarding passes. However, for reimbursement to IDC consultant M/s PSP Financial Consultants Pvt. Ltd. the copy of bills & some of the copies of boarding passes are available.

Action: As per our view, the travelling expenses should not be reimbursed without obtaining the copy of bills as well as the boarding passes.

- b) Travelling expenses reimbursement more than the limit fixed: As per Annexure E of the contract. The limit of the Air Travelling fare has been fixed. In some cases the reimbursement has been made beyond the limit of Annexure E in case of IDC consultant M/s PSP Financial Consultants Pvt. Ltd. Some of the examples are as below:

Sr. No.	Month	Name of the Person	Destination	Amount Fixed as per Annexure E (Rs)	Amount Paid (Rs)
1	March 2012	Hirdesh Chopra	IDR-IX B - IDR	20,000	20,963
2	March 2012	Suman Singh	DEL-IX B-DEL	11,000	15,829
3	March 2012	Arkaja Singh	DEL-IX B-DEL	11,000	13,479
4	April 2012	P.K. Chakrabarty	GAU – IX B- GAU	6,500	8,402
5	April 2012	Hirdesh Chopra	IDR-IX B-IDR	20,000	25,060

6	April 2012	Mainak Chakrabarti	SDAH-NJP-SDAH	2,000	10,020
7	May 2012	Sham Kumar Malhotra	IDR-IX B - IDR	20,000	39,447
8	May 2012	Sabyasanchi Sen	DEL-IX B-DEL	11,000	17,119
9	May 2012	Mainak Chakrabarti	SDAH-NJP-SDAH	2,000	14,493

Action: As per our view, the reimbursement of travelling fare should not exceed the limit fixed as per the Annexure E of the contract.

c) Other mistakes found in the preparation of SOEs:

Service Tax on consultancy charges & PIA exp. were not claimed correctly in some cases as per details given below:

Sr. No.	Period	Nature of Exp.	Total Amount (₹) Claimed	Service Tax Amount (₹) Claimed as per SOE	Actual Service Tax Amount (₹)
1	July 12 – October 2012	Consultancy charges	1,20,15,187	18,22,108	16,06,045
2	Nov. 12 – Feb. 2013	Consultancy charges	2,20,024	27,195	24,203
3	July 12 – Oct. 2012	PIA Expenses	33,47,673	1,06,014	1,35,650
4	June 13 – July 2013	Consultancy charges	48,39,428	6,31,162	5,32,354
5	Nov. 12 – Feb. 13	Consultancy charges	42,90,922	1,78,347	2,51,549
6	Nov. 12 – Feb. 13	Consultancy charges	51,88,566	6,45,563	5,34,323

d) M/s PSP Financial Consultancy Pvt. Ltd. the IDC consultant submitted the bill for training expenses vide invoice no. 107/2012-13 dated 26.11.2012 for Rs 2,25,832.00. The IDC consultant charged the Service Tax of Rs 29,396.00 on this bill. The total comes out to Rs. 2,55,228.00. There was a totalling mistake of Rs. 12,000.00 and this bill shows the grand total of Rs. 2,67,228.00 and this amount was also paid to M/s PSP Financial Consultancy Pvt. Ltd.

Action: The amount of Rs. 12,000 paid extra should be adjusted against the payment of further bills of IDC consultant.

e) SOE August 2013(Tr-I) Hydraulic Excavator was purchased for Rs. 20,65,219 but instead of equipment and material column, it was claimed under PIA expenses. Further, the Environmental cess Rs. 18,675.00, freight 75,836 and transit insurance Rs. 495 was claimed under ADB share instead of Gol share column.

f) SOE September 2013 (Tr-I) switch board & other material purchased from energy and power department Sikkim for Rs. 5,10,503.00 which is to be used at site. This expense was claimed under PIA expenses instead of equipment and material. Further the VAT amount charged by the power & energy department Rs. 28,463.00 environment cess Rs. 3533, transportation charges Rs. 35,332 and labour cess Rs. 5054.00, the total amount of Rs. 68,849 was to be claimed from Gol but instead of Rs. 68,849 only Rs. 3,543 was claimed from Gol and the balance amount was claimed from ADB.

Action: As the budget of each item is fixed by the ADB, once the budget of PIA expense head is exhausted, the expenditure under the PIA expenses would not be reimbursed. So the claim of expenses should be under the correct head. The machinery or equipment which is to be used at site should be claimed under equipment and material head.

It is advised to revise both of the (Aug & Sept 2013) SoEs.

- g) Delay in payment to SIPMIU: After submitting the SOE by the SIPMIU, it generally takes one month or more to process the SoE and to transfer the money to the State Government. The despatch of the cheque, its receipt at the State treasury and transfer into SIPMIU's account takes another month. So it takes considerable time to transfer the money from GoI account to SIPMIU account, due to which progress of the projects at sites has been suffering. In this regard IFD may consider making the payment through RTGS.
- h) Staff matters: SIPMIU has recruited an Accountant for its accounting work. This person is direct recruit and it should be the endeavour to keep him continuously so that accounting issues are properly handled. The senior accountant is a full time government employee, but works only part time with SIPMIU.

By Satyapal Dabas
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