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संख्या/No.



सत्यमेव जयते

एस.ए.आर./2011-12/एम.एम.आर.डि.ए/
भारतीय लेखा तथा लेखापरीक्षा विभाग
कार्यालय, प्रधान महालेखाकार (लेखापरीक्षा), महाराष्ट्र.
प्रतिष्ठा भवन, 101, महर्षि कर्वे मार्ग, मुंबई - 400 020.
INDIAN AUDIT AND ACCOUNTS DEPARTMENT
OFFICE OF THE PRINCIPAL ACCOUNTANT GENERAL
(AUDIT), MAHARASHTRA.
Pratishtha Bhavan, 101, Maharshi Karve Marg,
Mumbai - 400 020.

दिनांक/Date :

सेवा में,

प्रधान सचिव,
महाराष्ट्र शासन,
नगर विकास विभाग,
मंत्रालय, मुंबई 400 032.

विषय- 2011-12 के मुंबई महानगर प्रदेश विकास प्राधिकरण
की पृथक लेखापरीक्षा प्रतिवेदन।

महोदय,

इस पत्र के साथ 2011-12 के मुंबई महानगर प्रदेश विकास प्राधिकरण के लेखाओ की
सत्यापित प्रति के साथ पृथक लेखापरीक्षा प्रतिवेदन प्रेषित की जा रही है।

कृपया उपरोक्त दस्तावेजों की पावती भेजी जाए।

भवदीया,

हस्ता

अनुलग्नक: यथोपरि।

प्रधान महालेखाकार

P. T. O.

सं. एस.ए.आर./2011-12/एम.एम.आर.डि.ए/19 , dated - 08/05/13

लेखापरीक्षा रिपोर्ट की प्रति सूचनार्थ अग्रेषित :

मेट्रोपोलिटन कमिशनर, महानगर प्रदेश विकास प्राधिकरण, बांद्रा-कुर्ला कोमप्लेक्स,
बांद्रा (पुर्व), मुंबई 400 051 ।

Please examine

म.शि.०६।
प्रधान महालेखाकार

17/5

PA

Financial Advisor's Office
5-00
.....
20/5

सोमने अहवाल
25/5

M.C. OFFICE,
9/7
Date: 20/5/13

Separate Audit Report of the Comptroller & Auditor General of India on the accounts of Mumbai Metropolitan Region Development Authority, Mumbai for the year ended 31 March 2012.

We have audited the attached Balance Sheet of Mumbai Metropolitan Region Development Authority, Mumbai as at 31 March 2012 and the Income & Expenditure Account for the year ended on that date under Section 20(1) of the Comptroller & Auditor General's (Duties, Powers & Conditions of Service) Act, 1971. The audit has been entrusted upto 31 March 2014. These financial statements include the accounts of the Authority (single unit). These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

2. This Separate Audit Report contains the comments of the Comptroller & Auditor General of India (CAG) on the accounting treatment only with regard to classification, conformity with the best accounting practices, accounting standards and disclosure norms, etc. Audit observations on financial transactions with regard to compliance with the Law, Rules & regulations (Propriety and Regularity) and efficiency-cum-performance aspects, etc. if any are reported through Inspection Reports/CAG's Audit Reports separately.

3. We have conducted our audit in accordance with auditing standards generally accepted in India. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements. Audit includes examining, on a test basis, evidences supporting the amounts and disclosure in the financial statements. Audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of financial statements. We believe that our audit provides reasonable basis for our opinion.

4. Based on our audit, we report that

4.1 We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.

4.2 The Balance Sheet and Income and Expenditure account dealt with by this report have been drawn up in such form as it may be by regulations made in this behalf under Section 22(1) of the Mumbai Metropolitan Region Development Authority Act 1974. The Annual Accounts for the year 2011-12 were adopted by the Authority in 131 meeting held on 22nd October 2012.

4.3 In our opinion, proper books of accounts and other relevant records have been maintained by the Mumbai Metropolitan Region Development Authority under Section 22(1) of the MMRDA Act, 1974 in so far as it appears from our examination of such books.

We further report that:

5 Balance Sheet

5.1 Liabilities

5.1.1 Other Liabilities- ₹ 175.56 crore.

Annual accounts depicted an amount of ₹16.22 crore under the head 'Payable to Govt. of Maharashtra towards occupancy charge/lease rent'. Scrutiny of records of the land cell, however revealed that no amount was payable to the Government on occupancy charges/lease rent. This has resulted in overstatement of Other Liabilities and understatement of Income to the extent of ₹16.22 crore.

In reply the Authority stated (April 2013) that necessary accounting treatment will be given in the current year after necessary verification.

5.2 Assets

5.2.1 Other Receivables- ₹ 32.15 crore

(i) Non inclusion of ₹ 288.10 crore towards additional premium to be recovered from six lessees under 'Other Receivables' resulted in understatement of assets to the extent of ₹ 288.10 crore. It has also resulted in understatement of income of the current year by ₹ 179.03 crore and for the period 2010-11 (prior period) by ₹ 109.07 crore.

In reply, the Authority stated that the same would be recovered.

(ii) Non accounting of Ground Lease Rent and Interest thereon in Wadala Truck Terminal (WTT) from Mahasangh and Bombay Goods Transport Association (BGTA) has resulted in understatement of Current Assets and understatement of Income by ₹ 0.91 crore.

In reply the Authority stated that as the above parties were irregular in their rent payment, they were not included in the accounts. However in future, these rents would be accounted for in the year in which it is received.

The reply is not acceptable as the rent should be accounted for in the year in which it is accrued.

(iii) Incorrect depiction of ₹ 0.46 crore instead of Rs 0.49 crore as "Other receivable" in respect of the 'Temporary use of land' resulted in understatement of Current Assets and understatement of Income by ₹0.03 crore.

In reply the Authority stated that necessary corrections would be effected in the accounts of 2012-13.

5.2.2 Works and Studies in progress MUTP-I- ₹ 1645.84 crore.

The above amount includes ₹1226.12 crore towards the rail component of the project. As per the Government of Maharashtra decision dated 28th November 2000, the ownership of assets so created will rest with Ministry of Railways.

Since the ownership does not rest with MMRDA, it may please be clarified as to how the expenditure incurred on it has been shown as work in progress. Incorrect treatment of the expenditure on the rail component of the project has resulted in the overstatement of WIP and consequent overstatement of Surplus to that extent.

In reply the Authority stated that action to write off the entire project expenditure is under process.

6. Income and Expenditure

6.1 Expenditure

6.1.1 Understatement of expenditure- ₹ 20 lakh.

Scrutiny of account head 'Grant in aid to Kulgaon Badlapur Municipal Council Outer Area' revealed that a provision of ₹1.00 crore was made under the head 'Outstanding Liabilities'. However, while reversing the provision, an amount of ₹ 1.20 crore was reversed. This has resulted in understatement of expenditure and overstatement of Liabilities to the extent of ₹ 0.20 crore.

In reply the Authority stated that necessary corrections would be effected in the accounts of 2012-13.

6.1.2 Depreciation -₹ 3.03 crore

Computers and other Peripherals – ₹ 0.51 crore.

The life / rate of depreciation of I. T. instruments were not specified in the MMRDA (Financial) Regulation 1976. Government of Maharashtra in General Administration Department vide G. R. No. ITS/File-07/Pr.Kr.-89/39, dated 01.08.2011 has fixed the life of Computers, Laptops, Printers, Servers and other I T instruments as five years and thus the required rate of depreciation worked out to 20 percent per .

Scrutiny revealed that the Authority has charged excess depreciation to the extent of ₹ 0.15 crore on Computers and Peripherals, as shown below resulting in overstatement of expenditure and understatement of Asset to that extent.

Sr. No.	Year	Amount of IT Materials (₹.)	Amount of Depreciation (@ 20 %) as per Actual ₹	Amount of Depreciation as per Balance Sheet (₹.)	Excess Depreciation Charged (₹.)
1	2011-12	18092701	36,18,540	51,18,422	14,99,822

In reply Authority stated that the depreciation would be charged at 20% on the above items from the next accounting year.

7. General

7.1 Submission of Annual Report to the State Legislature

Annual Report submitted to the State Legislature consists of un-audited Accounts. Action for amendment of the Act for incorporating a clause for placement of the Audit Report and the audited Annual Accounts, before the State Legislature is pending with the Government. Despite being pointed out repeatedly in the earlier Audit Reports, action to incorporate the Separate Audit Report in their Annual Report is still awaited from the Authority.

7.2 Works and Studies in progress - ₹ 4108.55 crore. Administrative expenditure- ₹ 76.59 crore.

The Authority had spent ₹ 76.59 crore during 2011-12 towards Administrative and Other expenses. Though the Authority has been executing various projects shown under 'Works-in-progress' the proportionate expenditure incurred towards supervision and administration of the projects had not been capitalized, resulting in understatement of 'Work in progress' and overstatement of 'Expenditure' to the extent which is not quantifiable.

In reply the department stated that as the Authority does not create any assets for its own use, the expenditure has been charged off as revenue expenditure.

The reply is not acceptable as the Administrative expenses should be loaded to the project cost to arrive at the correct cost of the project.

7.3 Fixed Assets – Office Assets - ₹ 94.97 crore

Cost of MMRDA's new office building, Training Centre and Food court building amounting to ₹ 59.54 crore which were all under construction were shown under Fixed assets instead of Works in Progress.

In reply the Authority stated that the said items have been shown as WIP and would be treated as Fixed Assets after completion of work.

The reply is not acceptable as the WIP is shown as Fixed Assets which is incorrect.

7.4 Expenses on various projects - ₹ 1075.73 crore

Expenses. On Eco Sensitive Zone (Matheran Railway)- ₹ 5.88 crore.

An amount of ₹ 5.88 crore was released by MMRDA to the Central Railway towards rail buses, parcel vans and setting up of maintenance facilities for Eco Sensitive Zone at Neral (Matheran Railway). This amount was shown as expenditure in the annual accounts even though the utilization certificates of the same were not submitted by the Central Railway. Although UCs in support of the expenditure incurred had not been submitted by the Central Railway Authorities, it is not clear as to how the entire amount has been shown as expenditure in the Annual accounts. This needs clarification.

In reply, the Authority stated that the UCs were awaited.

8. Effects of Audit Comments on Accounts.

The net impact of the audit comments of the preceding paragraphs is that Assets were overstated by ₹ 936.93 crore, Liabilities were overstated by ₹ 16.42 crore, Expenditure for the year was understated by ₹ 0.05 crore, Surplus was overstated by ₹ 1029.93 crore and Prior period income was understated by ₹ 109.07 crore

9 Grants:

Total grants of ₹ 149.68 crore (including ₹ 56.15 crore received in March 2012) was fully utilized leaving nil balance as on 31 March 2012.

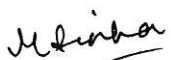
10 Subject to our observations in the preceding paragraphs, we report that the Balance Sheet and Income and Expenditure Account dealt with by this report are in agreement with the Books of Accounts.

11 In our opinion and to the best of our information and according to the explanations given to us, the said financial statements read together with the Accounting Policies and Notes on Accounts and subject to the significant matters stated above give a true and fair view in conformity with accounting principles generally accepted in India.

11.1 In so far as it relates to the Balance Sheet, of the State of Affairs of the Mumbai Metropolitan Region Development Authority as at 31 March 2012.

11.2 In so far as it relates to Income and Expenditure Account of the surplus for the year ended on that date.

Place : Mumbai
Dated : 08/05/2013


For and on behalf of C&AG of India
Principal Accountant General

Effects of Audit Comments on Accounts

Liabilities

Overstatement

Para	Subject	Amount (₹ in Crore)
5.1.1	Overstatement of Other Liabilities	16.22
6.1.1	Understatement of expenditure on account of 'Grant in Aid to Kulgaon Badlapur Mun. Council Outer Area	0.20
TOTAL		16.42

Liabilities overstated by ₹.16.42 Crore.

Assets

Understatement

Para	Subject	Amount (₹ in Crore)
5.2.1(i)	Understatement of Assets on account of Other Receivables	288.10
5.2.1(ii)	Understatement of Assets on account of Ground lease rent	0.91
5.2.1(iii)	Understatement of Assets on account of temporary use of land	0.03
6.1	Excess charging of depreciation	0.15
Total		289.19

Overstatement

Para	Subject	Amount (₹ in Crore)
5.2.3	Incorrect exhibition of GIA received from GOI under GIA	1226.12
Total		1226.12

Assets Overstated by ₹. 936.93 Crore.

Income & Expenditure account

Expenditure

Overstatement

Para	Subject	Amount (₹ in Crore)
6.1.2	Excess charging of depreciation	0.15
TOTAL		0.15

Understatement

Para	Subject	Amount (Rs in Crore)
6.1.1	Understatement of expenditure on account of 'Grant in Aid to Kulgaon Badlapur Mun. Council Outer Area	0.20

Expenditure understated by ₹. 0.05 Crore

Surplus

Overstatement

Para	Subject	Amount (₹ in Crore)
5.2.3	Expenditure under rail component depicted as WIP	1226.12

Understatement

Para	Subject	Amount (₹ in Crore)
5.2.1(i)	Understatement of Assets on account of Other Receivables	179.03
5.1.1	Overstatement of Other Liabilities	16.22
5.2.1(ii)	Understatement of Assets on account of Ground lease rent	0.91
5.2.1(iii)	Understatement of Assets on account of temporary use of land	0.03
	Total	196.19

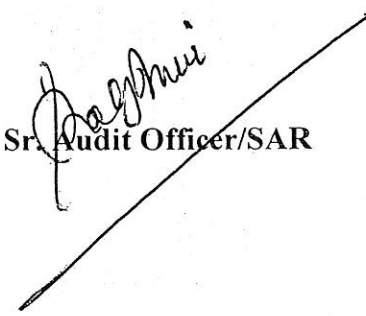
Surplus overstated by ₹ 1029.93 Crore

Prior period Income

Understatement

Para	Subject	Amount (₹ in Crore)
5.2.1(i)	Understatement of Assets on account of Other Receivables	109.07
	Total	109.07

Prior period Income understated by ₹ 109.07 Crore


Sr. Audit Officer/SAR

Annexure

(i) Physical verification of assets and inventories.

The physical verification of the assets and inventories were carried out and certified by the Authority at the end of every year.

(ii) Internal audit and Internal Control Mechanism.

MMRDA has established a separate Internal Audit Cell under the control of Dy. CAO (Inspection). Internal Audit Cell scrutinizes records as per Departmental Acts/Rules/Manuals and instructions issued by the competent Authority.

(iii) Regularity in payment of statutory dues.

Authority has paid only 50% of property tax amount claimed by BMC till 31.3.2012 and dispute over the amount of property tax liability is pending. No provision has been made for the disputed 50% which amounts to ₹ 6.47 crore. Correspondence is in progress with the CBDT to exempt the Authority from payment of Income Tax.