

No. G-20/1/2017-GA  
Government of India  
Ministry Jal Shakti  
Department of Water Resources, RD and GR  
(General Administration)

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Shram Shakti Bhawan, Rafi Marg, New Delhi  
Dated 24.03.2021

**Subject: Forwarding of Audit Notes received from visiting audit party of O/o Principal Director of Audit for FY 2019-20.**

Please find enclosed the **Audit Note No. 5** dated 24.03.2021 received from visiting audit party of O/o Principal Director of Audit (Agriculture, Food and Water Resources) for FY 2019-20 regarding "Irregular payment of GST of Rs 13.03 Lakhs to outsourced agency towards GST".

2. It is requested that concerned officer(s) may be deputed to have one-to-one interaction with the Audit Party along with the draft reply to the observations to avoid any audit observation positively by 26.03.2021. The Audit Party is seated at Room No. 19A, Ground Floor, 'B' Wing, Shram Shakti Bhawan, Rafi Marg, New Delhi.

Encl: As above.

  
(S. B. Pandey)

Under Secretary to the Govt. of India  
Ph: 011-23738126

To

Deputy Secretary (GA), DoWR, RD & GR, Shram Shakti Bhawan, New Delhi.

Copy to:

Chief Controller of Accounts, DoWR, RD & GR, Shastri Bhawan.





INDIAN AUDIT & ACCOUNTS DEPARTMENT  
Office of the Principal Director of Audit, (Agriculture, Food  
and Water Resources), New Delhi, at 8<sup>th</sup> and 9<sup>th</sup> floor,  
CAG Annexe building, 10 Bahadur Shah Zafar Marg,  
New Delhi - 110002



Dated: 24/03/2021

Audit Note - 5

**Sub: Irregular payment of GS of Rs. 13.03 lakh to outsource agency towards GST.**

Ministry of Jal Shakti, Department of Water Resources, River Development and Ganga Rejuvenation is in practice of engagement of security guards on contractual basis through external agencies. During the course of audit it has been observed that contract for supply of security guards was awarded to the following parties through GEM portal.

*As per terms and conditions of the contract, quoted prices are all inclusive of all taxes, duties, local levies / transportation / loading-unloading charges etc. Break up of GST shall be indicated by the Seller while raising invoice / bill on GeM. While submitting the bill / invoice Seller shall undertake that the Goods and Services Tax (GST) charged on this bill is not more than what is payable under the provision on the relevant Act or the Rules made there under and that the Goods on which GST has been charged have not been exempted under the GST Act or the Rules made there under and the charges on account of GST on these goods are correct under the provision of that Act or the rules made there under.*

During the audit it has been observed from the record provided that outsource agency appointed by the Ministry have been regularly paid GST amount in extra of Rs. 63393 per month to M/s Vasudha Security and Rs. 61116 to M/s Smart Security Services respectively @ of 18% on the billed amount whereas the price quoted by the parties on Gem were inclusive of GST. Thus in total Rs.13.08 lakh have been reimbursed to these agencies upto 31/3/2020 as detailed below:

S. No	Name of Supplier	Period of service	Amt as per contract	Actual payments	GST amount	No of months served	GST paid
1	M/s Vasudha Security	28/9/18 to 25/4/19	2815224.48 (inclusive GST @18%)	Rs. 352187/month	Rs. 63393	9	570537
2	M/s Smart Security Services	01/07/2019 to 01/07/2020	4855930.83 (inclusive GST @18%)	Rs.335826/month	Rs. 61116	12	733392
	Total						1303929

Further, as per terms and condition of the contract Supplier at the time of payment was required to furnish undertaking that the Goods and Services Tax (GST) charged on this bill is not more than what is payable under the provision on the relevant Act or the Rules made there under and that the Goods on which GST has been charged have not been exempted under the GST Act or the Rules made there under and the charges on account of GST on

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these goods are correct under the provision of that Act or the rules made there under. However no such undertaking founds on record furnished by the supplier of security guard. Ministry without satisfying themselves that supplier has not availed and further will also not avail benefit of input tax credit against the GST paid by it in connection with discharge of service of supply of labour. Also failed to obtain the copy of challans for the deposition of GST amount to the applicable tax authority/GST Commissioner /office against the service provided to Ministry

These cases are illustrative only and similar cases may please be reviewed and necessary steps may please be taken to recover the GST amount from the incumbents under intimation to Audit.

Facts and figures may please be confirmed and comments if any may please be offered.



**Sr. Audit Officer**

To,  
The Deputy Secretary/Under Secretary (G. Admn)  
M/o JAL SHAKTI,  
Department of water Resources,  
River Development and Ganga Rejuvenation,  
Sharam Shakti Bhawan,