
OVERVIEW

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This Report comprises five chapters under two sections. Section A includes two chapters containing observations on the functioning of Panchayati Raj Institutions (PRIs) and three compliance audit paragraphs. Section B comprises three chapters containing observations on the functioning of Urban Local Bodies (ULBs), three performance audits and six compliance audit paragraphs. A summary of major audit findings is presented in this overview.

1. Functioning of Panchayati Raj Institutions

A review of finances of PRIs revealed that of the 29 functions referred to in the XI Schedule of the Constitution of India, 14 functions and 15,840 functionaries were transferred to the PRIs. Of the State Government's total revenue receipts of ₹ 1,40,031.12 crore during 2015-16 (excluding State's share of Union taxes and duties and Grants-in-aid from GoI), the PRIs were allocated ₹ 18,239.92 crore (13.02 *per cent*). Of the total budget provision of ₹ 2,399.56 crore made for PRIs, ₹ 712.59 crore (29.70 *per cent*) could not be spent during 2015-16.

Preparation of accounts by Zilla Parishads were in arrears. There were also arrears in audit and certification of accounts due to non-submission/delayed submission of approved accounts. As of March 2016, Detailed Contingent (DC) bills in respect of 216 Abstract Contingent (AC) bills involving ₹ 4.46 crore pertaining to Rural Development Department were outstanding.

The State Government received ₹ 5591.84 crore under 13th Finance Commission during 2010-15 of which, the PRIs could not spend ₹ 300.16 crore (February 2017). The Rural Development Department extended the period of utilisation from time to time and finally up to 31 March 2017. During 2010-15, the State Government paid an interest of ₹ 2.34 crore to ZPs for delay of two to 37 days in release of grants (₹ 5,592 crore). The ZPs/Gram Panchayats did not maintain separate accounts for different type of grants.

The Social Audit Unit of the State conducted social audit of only 281 GPs out of total 1,400 GPs to be covered during 2015-16. As of December 2016, a total of 2,346 Utilisation Certificates pertaining to the Rural Development Department involving ₹ 1,187.13 crore were pending from field offices.

(Paragraphs 1.3.6, 1.3.8, 1.5.1, 1.8, 1.9, 1.11.1, 1.11.3, 1.11.6 and 1.11.7)

2. Compliance Audit Findings - Panchayati Raj Institutions

Implementation of Scheme for Distribution of Milch Animals to Scheduled Caste and Scheduled Tribe Population

The Animal Husbandry Department, Government of Maharashtra introduced (November 2011) a Scheme 'Distribution of two milch animals (cows/buffalos) to the beneficiaries belonging to Scheduled Caste under Special Component Plan (SCP) and Scheduled Tribes under Tribal Sub Plan (TSP) and Other Tribal Sub Plan (OTSP)' with a view to creating a source of income. Audit was conducted for the period 2011-16 to assess the procedure adopted for selection of beneficiaries, allocation and utilization of funds and the benefits derived by the targeted population. Audit observed that the

demands were not placed adequately so as to give maximum coverage to intended people resulting in depriving 72 per cent of valid applicants. **In Gadchiroli and Chandrapur districts (tribal dominated) tribal people were kept out of the ambit of the scheme during 2011-16 as the district authorities failed to demand funds.** Delay in completion of administrative processes resulted in delay of four to 11 months in purchase and distribution of animals. Over aged animals were purchased and instances of sale of animals by the beneficiaries were observed. Monitoring at all levels was inadequate. No attempt was made to evaluate the scheme to ascertain the benefits derived from the scheme.

The above deficiencies indicated that the implementation of the scheme was not effective and therefore, the Government needs to evaluate the implementation and monitoring process.

(Paragraph 2.1)

Poor planning and implementation of the Scheme for construction of Permanent Sale Centres to facilitate marketing of products of rural artisans, resulted in unfruitful expenditure of ₹ 14.58 crore and blocking of ₹ 33.65 crore for three to seven years.

(Paragraph 2.2)

Failure of the Block Development Officer/Chief Executive Officer to take action led to misappropriation of Government money of ₹ 2.29 lakh.

(Paragraph 2.3)

3. Functioning of the Urban Local Bodies

A review of finances of ULBs revealed that of the State Government's total revenue of ₹ 1,40,031.12 crore during 2015-16 (excluding State's share of Union taxes and duties and Grants-in-aid from GoI), ULBs were allocated ₹ 9,187.23 crore (6.56 per cent).

There were significant arrears in preparation of accounts by ULBs as well as in audit and certification of their annual accounts by the Director, Local Fund Audit (Primary Auditor). Similarly, there were arrears in audit of Municipal Corporations by Municipal Chief Auditors (Internal Auditor).

The State Government released ₹ 2,904.83 crore under 13th Finance Commission during 2010-15 of which, ₹ 807 crore could not be spent by ULBs (February 2017). Six of 11 test-checked units did not furnish UCs amounting to ₹ 35.90 crore to Urban Development Department against ₹ 397.71 crore received by them during 2010-15. Three units did not spend ₹ 10.04 crore received during 2010-15 which was lying idle (June 2016) in their bank accounts.

Reconciliation of balances as per cash books with bank pass books was not done in eight units. As of March 2016, Detailed Contingent bills in respect of 11 Abstract Contingent bills involving ₹ 0.03 crore pertaining to Urban Development Department were outstanding. Only seven of 27 Municipal Corporations had published fire hazard response and mitigation plans.

(Paragraphs 3.3.3, 3.5.1, 3.11, 3.13, 3.14.3, 3.14.4, 3.14.5 and 3.14.6)

4. Performance Audits - Urban Local Bodies

Management of Municipal Solid Waste by Select Municipal Corporations

Solid Waste Management is a part of public health and sanitation since it poses a threat to the environment and human life if not handled or disposed of properly.

A Performance Audit conducted on 'Management of Municipal Solid Waste by Select Municipal Corporations' revealed that the selected seven Municipal Corporations (MCs) had neither prepared comprehensive city plan for management of Municipal Solid Waste (MSW) in accordance with the MSW Manual, nor had they met the timelines for improvement of existing landfills and for setting up of new waste processing and disposal facilities in their jurisdiction. Generation of MSW was not assessed properly in all the MCs for want of weigh bridges. Budget provisions were not fully utilized in all the selected MCs, though there were shortages of vehicles for transportation of MSW.

All the MCs, except Amravati and Nagpur MC, had provided separate vehicles for collection of waste generated by hotels. Facility for collection of construction and demolition waste was not available in Amravati and Kalyan-Dombivli MCs. Except Municipal Corporation of Greater Mumbai (MCGM) and Pune MC, where partial segregation was available, segregation of waste at household level was not in place. Different coloured Community bins were not provided by any of the selected MCs for collection of segregated waste. Open body vehicles were used for transportation of MSW in all the MCs except Pune MC.

MSW processing facility was not available in Amravati, Kalyan-Dombivli and Kolhapur MCs. Though MCGM had a plan for installation of three processing plants, only one could be installed till date (January 2017) mainly due to land lease issues. Sanitary Landfills were developed only by Nagpur and Pune MCs. Waste inspection facility to monitor waste brought in for landfill was not in place at the landfill sites except Kanjur in MCGM. No records on the baseline data of ground water quality near landfill site were maintained nor was any test of quality of underground water conducted.

(Paragraph 4.1)

Management of Bio-medical Waste in Municipal Hospitals

Government of India framed the Bio-medical Waste (Management and Handling) Rules, 1998, under the provisions of the Environment (Protection) Act, 1986 which prescribed the procedures for handling, collection, segregation, transportation, treatment and disposal of biomedical waste (BMW) generated by hospitals, nursing homes, blood banks and veterinary institutions. The BMW Rules require the BMW generating establishments to comply with the provisions of the Rules.

The management of Bio-medical Waste in 22 Municipal Health Care Establishments (HCEs) and six common facilities was audited between February and June 2016 for the years from 2011 to 2016. The Maharashtra Pollution Control Board, the enforcement authority for implementation of BMW Rules in the State, did not conduct survey after 2009 for identification

of HCEs. Most of the selected HCEs and common facilities were operating without authorization from MPCB and did not maintain records of quantity of BMW generated. The BMW was not being segregated as per rules in the HCEs and was found mixed with municipal solid wastes. In some HCEs, BMW was stored in close proximity to patients' beds while in common facilities it was improperly stored.

Audit observed that only two out of 22 HCEs test checked had carried out chemical analysis of waste effluent, which showed Bio-chemical Oxygen Demand (BOD) (77 to 227 mg per litre) and Chemical Oxygen Demand (COD) (280 to 1,044 mg per litre) parameters much beyond the accepted norms. Effluent high in BOD/COD would deplete oxygen in the receiving waters thereby affecting aquatic life and the eco-system. Only seven of the 22 HCEs submitted Annual Report regarding categories and quantities of BMW generated. An Advisory Committee formed to advise the Government and MPCB about matters related to the implementation of the BMW rules was not functional. Inspection of the HCEs and enforcement of BMW Rules by MPCB was deficient.

The above deficiencies were pointers to the fact that the enforcement and implementation needs to be strengthened to ensure effective implementation of BMW Rules.

(Paragraph 4.2)

Sewage Management by Municipal Corporation of Greater Mumbai

A performance audit of Sewage management by Municipal Corporation of Greater Mumbai (MCGM) was conducted to ascertain the status of management of sewage by MCGM. Three Departments *viz.*, Sewage Project (SP), Sewage Operation (SO) and Mumbai Sewage Disposal Project (MSDP) under MCGM are responsible for sewage management in Greater Mumbai. MCGM generates 2,146 million litres per day (MLD) sewage of which 1,098 MLD was being treated and 1,048 MLD untreated sewage was directly discharged to sea and creeks as of July 2016.

A Master Plan was prepared by MCGM (2002) which suggested capital works worth ₹ 5,570.40 crore (2001 price) for all the three departments in five phases up to 2025. The MCGM, however, selected feasible works for execution as suggested by the Ministry of Environment and Forests (MoEF) and Jawaharlal Nehru National Urban Renewal Mission (JNNURM) to provide zone wise point to point solution for collection, conveyance and treatment of generated sewage.

SP identified 105 feasible works (115.67 kms), for laying new sewer lines and upsizing of existing lines. However, only 44 works (49.81 kms) were executed as of July 2016. Besides, out of total 35.52 sq. kms in isolated area, new sewage network was laid in only 8.19 sq. kms area. However, in respect of 30.3 sq. kms in unsewered slums, SP could not make any comprehensive plan for laying sewer lines.

Rate analysis for the execution of work was prepared in such a manner that excess payments of ₹ 44.36 crore were released to contractors as of July 2016. After spending ₹ 124.30 crore on micro-tunnelling works, these works could not be commissioned by SP.

Out of total 363 kms proposed sewer lines in the Master Plan, SO could rehabilitate only 62.01 kms of old dilapidated sewer lines. Instances of incorrect preparation of estimates of rehabilitation works were also noticed that resulted in excess payment of ₹ 22.05 crore to contractors. As of July 2016, SO also executed condition assessment works of 1,256 kms old dilapidated sewer lines incurring an expenditure of ₹ 89.25 crore, but it did not formulate any time bound programme for rehabilitation of identified dilapidated stretches of sewer lines. Though MSDP was responsible for construction of Waste Water Treatment Facility (WWTF), priority sewer works, improvement in pumping station works, no works were awarded except a pumping station at Shimpoli. However, ₹ 141.78 crore was expended on Project Management Consultancy. There was almost no change in position of untreated discharge into the sea/creeks.

There was severe contamination of sea water around Mahim creek due to the highly polluted Mithi river. Besides, all the installed aerators at the lagoons of Versova, Bhandup and Ghatkopar WWTFs were not operational which affected the quality of sewage treatment.

Against the assessed shortage of 20,195 toilet seats as of March 2016, MCGM could construct only 5,797 toilet seats. Out of 8,594 available toilet blocks, only 2,476 toilet blocks were connected with sewer lines. The objective of the MSDP for reducing open defecation was not achieved.

(Paragraph 4.3)

5. Compliance Audit Findings - Urban Local Bodies

Implementation of Service Level Benchmarks in Aurangabad Municipal Corporation

Service Level Benchmarks (SLBs) are parameters prescribed (July 2008) by the Government of India for assessment of four basic services rendered by urban local bodies viz., Water Supply, Solid Waste Management, Sewage Management and Storm Water Drainage System. Benchmarking ensures accountability in service delivery. Government of Maharashtra (GoM) adopted (February 2010) the same with modifications. The audit was conducted during January to June 2016 covering the period 2011-16 to assess the implementation of SLBs in Corporation area of Aurangabad city.

The Special Cell formed by Aurangabad Municipal Corporation (AMC) was to prepare a time bound action plan for achievement of SLBs. However, the special cell met only once during 2011-16. The City Sanitation Plan and City Development Plan remained unapproved as of February 2017 and were not linked with the SLBs. There was no mechanism for collection of basic data on performance against SLBs from the wards and reporting the same to various authorities. There were deficiencies in preparation of Draft Project Reports for the projects and in execution. Insufficient budget provisions and ineffective management of ongoing projects led to severe shortfall in achievement of SLBs thereby depriving the citizens of Aurangabad city of basic amenities like water supply, sewage management, disposal of solid waste and drainage of storm water. The parallel water supply scheme started in September 2014 could not be completed till date. MPCB expressed concern over adverse impact on public health due to release of untreated sewage water in to the river

Sukhana and Kham which further entered into the Jayakwadi dam, polluting the only source of potable water for Aurangabad City and surrounding areas. The MPCB declared (March 2016) its intention to prosecute AMC for such negligence. Despite this, no action was taken by the AMC even after a lapse of more than five years. Staff of the AMC was not imparted training for effective implementation of service level benchmarks.

The above deficiencies need urgent attention of the Government for proper delivery of services to the public by the AMC and to achieve the target of SLBs prescribed by GoI.

(Paragraph 5.1)

Undue delay by Pune Mahanagar Parivahan Mahamandal Limited in switching over from wholesale to retail purchase of diesel resulted in an avoidable expenditure of ₹ 9.89 crore.

(Paragraph 5.2)

Municipal Councils Ambernath, Kulgaon-Badlapur and Panvel levied and collected development charges at pre-revised rates which resulted in short-levy of ₹ 5.58 crore affecting their revenues. The Municipal Corporation of Greater Mumbai recovered the entire short-levy of development charges of ₹ 1.02 crore at the instance of audit.

(Paragraph 5.3)

The Municipal Council, Yavatmal purchased organic waste converter machine but failed to put it to use even after a lapse of four years from purchase rendering expenditure of ₹ 19.79 lakh unfruitful.

(Paragraph 5.4)

Failure of Nagpur Improvement Trust to submit original bank guarantee with the bank resulted in loss of ₹ 25 lakh.

(Paragraph 5.5)

Upgraded healthcare facilities created in September 2013 at a cost of ₹ 5.98 crore in Chhatrapati Shivaji Maharaj Hospital, Kalwa under Thane Municipal Corporation remained idle for 41 months due to non-deployment of requisite manpower.

(Paragraph 5.6)