

## **Preface**

This report has been prepared for submission to the Government of Gujarat in accordance with the terms and conditions of the Technical Guidance and Supervision (TGS) over the maintenance of accounts and audit of Panchayati Raj Institutions (PRIs) and Urban Local Bodies (ULBs) by the Comptroller & Auditor General (C&AG) of India. This is the Third Report prepared on the performance of Panchayati Raj Institutions and Urban Local Bodies in Gujarat.

2. Based on the recommendation of the Eleventh Finance Commission recommendations, the Government of Gujarat entrusted the Audit of PRIs/ULBs to the C & AG of India under Section 20 (1) of the C&AG's (DPC) Act, 1971 for providing technical guidance and supervision to the Director of Audit (Local Fund) Gujarat.

3. The Report consists of two Parts. Part A contains observations on Panchayati Raj Institutions and Part B contains observations on Urban Local Bodies.

4. The findings detailed in this Report are among those which came to notice during the course of test audit of accounts during the year 2007-08 and issues continued beyond 2007-08 are also included whenever necessary.

# PART A PANCHAYATI RAJ INSTITUTIONS

## CHAPTER - I

### FINANCES AND ACCOUNTS OF PANCHAYATI RAJ INSTITUTIONS

#### 1.1 Introduction

Panchayati Raj Institutions (PRIs) came into existence in Gujarat from April 1963 under the Gujarat Panchayat Act, 1961. This was amended in April 1993 to incorporate the provisions of the 73<sup>rd</sup> Constitutional Amendment Act, 1992. The Act envisages decentralization of powers to three tier Rural Self Governing Bodies, viz., Village Panchayats (VP), Taluka Panchayats (TP) and District Panchayats (DP). As per 2001 census, population of Gujarat is 5.07 Crore of which 3.17 Crore (62.64 *per cent*) reside in rural area. The last election of District Panchayats and Taluka Panchayats was held in the month of October 2005. The last election of some of the Village Panchayats was held in the month of April 2008.

#### 1.2 Organizational set up

There are 25 DPs, 224 TPs and 13,788 VPs in the State. An organogram reflecting the organizational set up of PRIs is given below –

##### At the State Level

Secretary, Panchayat, Rural Housing and Rural Development Department

Development Commissioner

##### At the District Level

Elected body headed by President  
and assisted by Statutory

District Development Officer

District Level Officer of all departments  
(functional control with Head of Department of  
concerned departments)

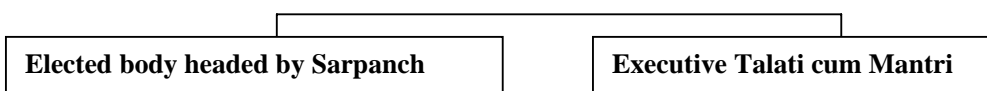
District Panchayat Accounts Officer

##### At the Taluka Level

Elected body headed by the President and  
assisted by the Statutory Committees

Executive Officer  
(Taluka Development Officer)

## At the Village Level



### 1.3 Powers and functions

The Gujarat Panchayat Act, 1961 (Act) as amended in 1993, entrusted the PRIs with the following powers and functions (i) to prepare development plan/ Annual action plan (ii) to implement schemes for economic development and social justice as may be drawn up by or entrusted upon it (in pursuance of 11th Schedule of the Constitution), (iii) to manage and maintain any work of public utility, and (iv) to collect revenue for utilization of such fund for Developmental Work. As per Section 180(2) of the Act, the State Government may entrust to a District Panchayat 29 functions as mentioned in the 11<sup>th</sup> Schedule of the Constitution. Out of these, 14 functions<sup>1</sup> are fully devolved, 5 functions<sup>2</sup> are partially devolved, and 10 functions<sup>3</sup> are yet to be devolved.

### 1.4 Sources of Revenue

The receipt of PRIs from all sources during the last three years ending 2007-08 is given below:-

(Rupees in Crore)			
Description	2005-06	2006-07	2007-08
State Government Grant	3306.38	3564.88	4574.22
Govt. of India Grant	472.77	740.10	735.91
Own Revenue	82.23	182.11	713.39
Loans and advances	47.02	59.91	19.14
EFC/TFC Grant	136.34	199.66	186.20
<b>Total</b>	<b>4044.74</b>	<b>4746.66</b>	<b>6228.86</b>

Source: Annual accounts of District Panchayats & details furnished by Finance Department, Government of Gujarat.

<sup>1</sup> (i) Agriculture, including agricultural extension (ii) Minor irrigation; (iii) Animal Husbandry; (iv) Rural housing; (v) Drinking water-water distribution; (vi) Roads, culverts, bridges, ferries, waterways; (vii) Fuel (Energy) and fodder; (viii) Minor forest projects; (ix) Poverty alleviation programmes; (x) Fair and markets; (xi) Health and sanitation, including PHCs dispensaries; (xii) Family Welfare; (xiii) Women and Child Development; (xiv) Welfare of Weaker Sections in particular of the SC and ST.

<sup>2</sup> (i) Primary and Secondary Education-Primary; (ii) Adult and non-formal education; (iii) Cultural activities; (iv) Social Welfare, including welfare of handicapped and mentally retarded; (v) Maintenance of community assets.

<sup>3</sup> (i) Land improvement, implementation of Land Reforms; (ii) Fisheries; (iii) Social Forestry and Farm Forestry; (iv) Small scale industry; (v) Khadi, village and cottage industries; (vi) Rural electrification including distribution of electricity ; (vii) Non-conventional source of energy; (viii) Technical training and vocational education;(ix)Libraries; (x) Public distribution system

The sectoral allocation of receipts and expenditure incurred there against is given below.

**(Rs. in Crore)**

Description	2005-06		2006-07		2007-08	
	Receipt	Expenditure	Receipt	Expenditure	Receipt	Expenditure
General Services	77.43	62.59	191.82	112.07	554.29	896.95
Social Services	2802.86	2608.02	3043.26	2606.63	3499.27	3594.08
Economic Services	1118.21	824.22	1451.77	1027.12	2156.16	1499.89
Loans	46.24	40.21	59.81	35.05	19.14	21.24
<b>Total</b>	<b>4044.74</b>	<b>3535.04</b>	<b>4746.66</b>	<b>3780.87</b>	<b>6228.86</b>	<b>6012.16</b>

Source: Budget books/Annual accounts of District Panchayats and details furnished by Finance Department, Government of Gujarat.

### **1.5 Audit arrangements**

Director of Local Fund Audit (DLFA) is the primary auditor for the PRIs. Details of outstanding audit of PRIs by the DLFA till 31st March 2009 are given below:

Year	District Panchayat	Taluka Panchayat	Village Panchayats
2004-05	01	01	00
2005-06	22	43	<u>17778 up to 2006-07</u>
2006-07	25	203	
2007-08	25	224	11887

Source:-As per details furnished by the DLFA, Gandhinagar

Looking into the considerable arrears, concrete action plan needs to be made by DLFA to clear these arrears.

Eleventh Finance Commission (EFC) recommended that the Comptroller & Auditor General of India (CAG) shall exercise control and supervision over the maintenance of the accounts and audit of the PRIs.

All PRIs in the State attract audit under section 14(1) of CAG's (DPC) Act 1971. In pursuance of Eleventh Finance Commission recommendations, the State Government also entrusted (May 2005) the technical guidance and supervision (TGS) over the audit of PRIs to the CAG under Section 20(1) of the CAG's (DPC) Act, 1971.

### **1.6 Annual accounts and database formats**

Receipts & Payments accounts of VPs, TPs and all DPs are consolidated by Development Commissioner, Government of Gujarat. The formats for Database on finance of PRIs as prescribed by the C&AG had been accepted by the Government in September 2004 and August 2007. However, these have not been operationalised so far (March 2009).

## 1.7 Finance Commission Grants

During the period 2005-08, on the recommendation of Twelfth Finance Commission (TFC) Rs. 558.60 crore(186.20x3) was released to the State Government by Government of India, which was in turn released to the PRIs. A matching grant of Rs. 44.16 crore was also released by the State Government to the PRIs during 2005-06. Details of utilization of TFC grant by the PRIs during 2005-08 is given in **Appendix-I**.

It would be seen from the Appendix that the PRIs incurred expenditure of Rs. 25.68 Crore on maintenance of database. The expenditure on database management includes implementation of Double Entry Accounting system in PRIs and survey & valuation of Assets of PRIs. Both the projects are under progress and expected dates for completion are March 2010 and December 2010 respectively.

Irregularities noticed in audit in release and utilization of EFC/TFC grants are detailed in Para 2.4 of this Report.

## 1.8 Pending Inspection Report paragraphs

As on 31 March 2009, there were 1447107 numbers of paragraphs in the Inspection Reports issued by DLFA which were pending settlement as detailed below:-

Name of unit	No. of Paragraph outstanding
District Panchayats	37222
Taluka Panchayats	115586
Village Panchayats	1294299
<b>Total</b>	<b>1447107</b>

Source:-As per details furnished by the DLFA, Gandhinagar

Aggressive pursuance of DLFA is required for proper compliance of audit observations by PRIs for settlement of these old outstanding paras.

As on 31<sup>st</sup> March 2009, 6073 number of paras of the Inspection Reports issued by AG (Civil Audit), Rajkot and by Sr. DAG (LBAA), Ahmedabad up to the year 2007-08 were outstanding for want of proper compliance by Auditee units. The year wise break up of these paras is as under:-

Year	Up to 2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	Total
IR	547	98	144	158	66	131	276	233	448	2101
Para	1782	414	465	550	309	362	868	514	809	6073

## 1.9 District Planning Board

With a view to ensure effective planning in coordination with the planning of the State, the State Government constituted (1979) District Planning Boards(DPB) for each districts headed by Minister in charge of the concerned District. The DPB have further constituted Taluka Planning Committees for comprehensive development and making basic amenities available

to every village. The Taluka Planning Committees prepare proposals for the works to be taken up under their respective talukas keeping in view the requirements of the Talukas and send them to the DPB for sanction. The works are sanctioned by the DPB and allocated to the PRIs for implementation.

### **1.10 Budgetary Procedure**

As per Para 163(1) of the Gujarat Panchayat Act, 1993, Panchayats shall prepare annually the budget on or before the 15th February of current year. The budgets so prepared and as approved by the General Body of the Panchayats are sent to the Development Commissioner, Government of Gujarat for approval.

Further, in terms of Rule 161(d) of Gujarat Taluka & District Panchayat Finance, Accounts and Budget Rules 1963 and Para 126 of Gujarat Budget Manual Vol-I, the budget should be prepared in realistic manner. The budget should be prepared without over/under estimation of receipts and expenditure.

However, while comparing the actuals with the budget estimates of 5 PRIs, it was noticed that budget estimates for the year 2004-05 and 2005-06 have not been prepared with due care as variations between budgeted figures and the actuals ranged from 35 percent to 203 percent as detailed in **Appendix- II**

### **1.11 Audit Coverage**

Accounts of 2004-05 and 2005-06 of 223 units (25 DPs, 47TPs and 151 VPs) were audited during the year 2007-08. Results of the audit are given in the succeeding chapter.

### **1.12 Conclusion**

The State Government has not devolved all the functions envisaged in the 11th Schedule of the Constitution. Though the formats for database on the finances of PRIs prescribed by CAG have been adopted by the State Government, the same is yet to be implemented. Pendency of audit by DLFA and arrears in settlement of outstanding Inspection Report paragraphs of DLFA and that of AG (Civil Audit) Rajkot and Sr. DAG (LBAA) Ahmedabad indicates weak internal control system in PRIs.

### **1.13 Recommendations**

The following measures are recommended for ensuring better accountability system in PRIs.

- All functions envisaged in the 11<sup>th</sup> Schedule may be devolved to the PRIs with transfer of adequate funds and functionaries.
- Database on finances of PRIs may be maintained in the formats prescribed by CAG.
- Outstanding Inspection Report paragraphs may be settled by effective compliance.

## CHAPTER-II

### AUDIT PARAGRAPHS

#### 2.1 Financial loss to Government due to misinterpretation of Government Rule.

##### **Unauthorized decrease of prescribed rates of liquidated damages by the Bandhkam Samiti of the District Panchayat Junagadh resulting in loss of Rs. 32.94 lakh**

Section 132 of the Gujarat Panchayat Act, 1961 empowers Panchayat to enter into agreement for work contract and cancellation of contracts in case of any default by the contractor in commencing works and for non completion of works within the prescribed time limit. The rule further provides for inclusion of Penalty clause in the agreements by the Panchayat for breach of conditions related to completion of works within the prescribed time limit. The clause 2 of B-1/B-2 agreements provides for recovery of liquidated damages @ 0.1% of the contract value per day, (Maximum 10% of the estimated value put to tender) if the contractor fails to complete the work within the stipulated period provided in the tender. Thus, section 132 insists for providing penalty clause in the work agreement by the Panchayat but it does not allow the Panchayat to reduce any rates of penalties.

A review of delegation of powers by District Panchayat Junagadh to the different committees, particularly a Bandhkam committee for the period 2001 to 2005 revealed that, contrary to above provisions, all powers had been delegated to the Bandhkam committee for fixing the rates of penalties in violation of section 132 of the said Act. Considering the ample powers with the committee, it enforced penalties at lower rates than the prescribed rates without assigning any reasons which resulted in short recovery of Rs.32.94 lakh as brought out in the nine numbers of illustrative cases in **Appendix-III**

The Executive Engineer, Panchayat R & B Division stated (February' 08) that in exercising powers delegated to the committee under Section 132 of Panchayat Act, time limits have been extended and penalties are imposed wherever necessary. The Executive Engineer also stated that the Audit observation would be placed before the next meeting of Bandhkam committee and added that from January 2006, provisions of clause 2 (C) of the contracts have been strictly implemented.

The reply was not acceptable as Section 132 of Panchayat Act 1961 does not permit the Panchayat to decrease/increase penalties under clause 2 of work contracts. Since action to follow the provisions of Clause 2 (C) from January 2006 has already been initiated, the short recoveries prior to January 2006 need justification.

## 2.2 Liquidated damages for delay in completion of work

### **Irregular extension of time for completion of work by the TPs resulted in undue benefits for the contractor in the form of non/short levy of liquidated damages**

As per clause 2 of terms of contract of tender B1 liquidated damages @0.1% of contract value per day is recoverable if the contractor fails to complete the work within the stipulated date. The penalty under clause 2 (C) shall be maximum 10% of estimated cost. Further, as per clause 6 of the terms of contract, if the contractor desires an extension of time limit for completion of work, he shall apply in writing to the concerned Executive Engineer on or before the expiry of the period stipulated in the tender or before the expiry of 30 days from which he was hindered, whichever earlier.

A review of works for the year 2004-05 to 2006-07 revealed that though the works, mentioned in the **Appendix-IV** were not completed within the stipulated dates; the auditees did not recover liquidated damages aggregating Rs.43.78 lakh for the delayed periods ranging from 32 days to 1485 days without assigning any reasons. It was further noticed that the extension of time limit, were irregularly processed without any request from the contractors.

## 2.3 Non utilization of fund meant for upliftment of villages.

### **Non utilization of fund meant for upliftment of villages affected by polluted water of industrial units resulted in deprivation of envisaged benefits to the villagers**

As per orders of Hon'ble High Court dated 5<sup>th</sup> August 1995, a sum equal to 1 percent of the turn over was recoverable from the industrial units of Ahmedabad City. The amount so collected was to be utilized for socio-economic development of the 15 Villages of Kheda District affected by the polluted water of industrial units of Ahmedabad City.

Department of Forest and Environment, Government of Gujarat also released Rs. 4.00 crore (Rs.1.50 crore in January 1996 and Rs.2.50 crore in February 2007) to the District Panchayat Kheda for the aforesaid purpose. As per instruction of the Government (January 1996), the funds were to be kept in separate Personal Ledger Account (PLA) of DDO so that the every transaction is routed through the Government treasury and detailed accounts for the project are readily available.

A review of files related to this project revealed the following:-

1. Instead of depositing funds in separate Personal Ledger Account (PLA) of DDO, the funds were invested in term deposits with banks violating the Government directions.
2. Though the first installment of Rs. 1.50 crore was received in January 1996, the DP Kheda could utilize only Rs. 0.34 crore (22.66 percent) during the period 1996-97 to 2003-04. Thus delay in utilization of funds of Rs. 1.16 crore (77.34 percent) deprived the pollution affected villages of the intended benefits.



3. As of 31<sup>st</sup> March 2008, 287 works were sanctioned under the project, of which 231 works have been completed leaving 56 works incomplete. In financial terms, out of the total available funds of Rs. 5.02 crore (including interest of Rs. 1.02 crore), Rs. 3.16 crore had been utilized up to March 2008.

The Dy. DDO, DP Kheda stated (August'09) that delay in completion of 56 works was due to price hike of materials. However, no reason for delayed/non utilization of available funds was given.

#### **2.4 Utilization of Eleventh/Twelfth Finance Commission grant**

**Works not covered under the guidelines of Eleventh Finance Commission were executed by PRIs and irregularities in maintenance of accounts were also noticed.**

##### **2.4.1 Irregular expenditure of Rs. 10.24 lakh**

As per the guidelines for release and utilization of Eleventh Finance Commission (EFC) grants, the grant was to be utilized for creating concrete and durable assets covering new items of work.

However, in violation of the guidelines, the District Panchayat, Porbandar had incurred expenditure to the extent of Rs. 10.24 lakh on items pertaining to additions and alterations in six works during the year 2004-05 defeating the objective of creating new and concrete assets.

##### **2.4.2 Expenditure for Rs. 17.97 lakh was not accounted in the relevant accounts**

The Taluka Panchayat, Lakhpat (Bhuj) received grants of Rs.35.30 lakh during the year 2006-07 and incurred expenditure of Rs.17.97 lakh against that amount during the same year. Although the entry was taken in Cash/Bank Book, the transactions were neither reflected in the monthly accounts nor in annual accounts. It was also noticed that Bank reconciliation was in arrears in this TP.

##### **2.4.3 Accounting principles not followed.**

Taluka Panchayat Kunkavav (Amreli) incurred expenditure of Rs.1.49 lakh during the year 2004-05. However, it was noticed that the expenditure had been booked in the accounts only in the year 2005-06. This indicates that the accounting principles were not strictly followed.

#### **2.5 Excess expenditure over allotted grants.**

**Excess expenditure of Rs. 21.12 crore over allotted funds was incurred by six District Panchayats and three Taluka Panchayats without obtaining prior approval from competent authority.**

As per Government Resolution No.-ANAD/1089/1432/93/J dated 19-04-1993, issued by the Government of Gujarat, the excess expenditure over grants allotted is not permissible.

However, if the excess expenditure is necessary, prior approval of the grant controlling authority must be obtained and arrangement for additional grants must be made during next year. In absence of this, the excess would be debitable to the own fund of the PRIs.

It was noticed that there were cases of excess expenditure of Rs.21.12 crore over allotted funds in six test checked District Panchayats (DPs) and three Taluka Panchayats (TPs) as on 31<sup>st</sup> March 2006 (**Appendix V**) without obtaining prior approval from the competent authority. The excess expenditure had been debited to Government Heads instead of debiting to the own fund of Panchayats. Further, no concrete action was taken by the DPs/TPs to arrange additional funds to the extent of excess expenditure to recoup the minus grant position in the particular Major Head. (**Appendix V-A**). The excess expenditure requires regularization by the competent authority.

Excess expenditure indicates that there is diversion of fund from one head/scheme to another. It was not possible in audit to ascertain the implementation of which scheme suffered due to such diversions since all the funds are kept in one Personal Ledger Account (PLA)

The DPs/TPs stated (December 2007) that the excess expenditure would be regularized and audit would be intimated accordingly. Further action is awaited (May 2009).

## **2.6 Accumulation of unspent balances**

**Accumulation of unspent balances of Rs. 14.80 crore was noticed in three District Panchayats and four Taluka Panchayats due to non adjustment from budgetary allocation**

As per Rule 8 and 9 of resolution No-AND/1089/1432/93/J dated 19-04-1993 of Panchayat Rural housing and Rural Development Department, Government of Gujarat, the unspent grant other than grant for the purpose of Pay and Allowances should be adjusted during release of the last installment of the financial year. The department can retain up to 20 per cent of the grant of Pay and Allowance only for payment of Pay and Allowances for the month of March/April.

A review in this regard revealed that no action had been taken to adjust unspent balances from the last installment which resulted into accumulation of Rs.14.80 crore in PLA in three test checked District Panchayats and six Taluka Panchayats as detailed in **Appendix-VI**. Poor utilisation of Government grants indicated that the physical as well as financial targets fixed by the Government were not met and thus intended benefits were not passed on to beneficiaries.

Four auditees out of five stated (September'08) that the savings were utilized in the subsequent years without assigning any reason for unspent grant. One auditee (TDO Mandvi) stated that the savings were due to grant received at the fag end of the year which has been utilized during subsequent years.

## 2.7 Arrears in recovery of various taxes.

**Inaction of TPs/VPs to recover various taxes in time resulted in accumulation of arrears of Rs. 4.58 crore.**

As per Article 168 & 170 of Gujarat Panchayat Act 1993, the Panchayat Raj Institutions has been entrusted with function and duties relating to the collection of land revenue including cess. The Panchayats are further required to recover any tax or fees due on due dates as provided under Article 215(1) of Gujarat Panchayat Act, 1993.

During test check of four TPs and 16 VPs, it was noticed that as of March-2008, an amount Rs.4.58 crore was outstanding on account of various taxes for the period prior to 2004-05 and 2005-06. The outstanding amount included Rs.4.24 crore towards Land Revenue/ Education Cess and Rs.33.61 lakh against House Tax, Water Tax and Light Taxes as detailed in **Appendix VII**. As evident from the Appendix, as against the total demand of Rs.6.51 crore raised as Land Revenue & Education cess, recoveries were made only to the extent of Rs 2.27 crore (35 percent). It would be further observed, that the recoveries towards House Tax etc were effected only to the extent of Rs 19.28 lakh as against the total demand of Rs 52.90 lakh (36 percent).

Poor recoveries of the taxes indicate that proper internal control system was not developed for effecting prompt recoveries.

## 2.8 Non-adjustment of advances.

**Advances amounting to Rs.59.19 lakh remained outstanding in seven PRIs for considerable period of time**

Rule 21,22,206 and 207 of the Gujarat Panchayat Act, 1961 provide that each item of advance paid shall at once be entered in the Register of advances in Form 44 and its recovery shall be watched regularly. The advance paid shall be recouped by the end of the financial year.

Audit scrutiny revealed that in many cases, advance registers were not maintained properly in the prescribed formats. In many cases, advances remaining unadjusted during previous year were not brought forward in the accounts of the subsequent year. In one case, during cross verification, it was noticed from the Classified Register for the year 2004-05 that an advance of Rs.1.99 lakh paid to Public Health Centre (PHC) during the year 2004-05 had not been entered in the advance register. In many cases, advances paid had not been recouped within the financial year as stipulated in the relevant Rules. The total outstanding advances as of 31 March 2008 in seven test checked PRIs amounted to Rs. 59.19 lakh. The illustrative cases showing outstanding advances and deficiencies noticed in maintenance of advance registers were as mentioned below:

<b>Sr. No.</b>	<b>Name of Unit</b>	<b>Deficiencies noticed</b>	<b>Outstanding advances (Rs. In lakh)</b>
1	Taluka Panchayat Jasdan	Advance outstanding From 1974-75 onwards	Rs.30.96
2	Taluka Panchayat Bhachu	Improper maintenance of advance register	Rs.13.52
3	District Panchayat Mehsana	Advances paid to different branches during 2005-06 not recovered	Rs. 7.97
4	Taluka Panchayat Jafarabad	-	Rs. 2.17
5	Taluka Panchayat Mandvi	-	Rs. 1.64
6	Taluka Panchayat Lakhtar	Advance register not closed properly. Advance paid Rs.199500/- not taken in the advance registers	Rs. 0.67 + 1.99
7	Taluka Panchayat Nakhtrana	Advance paid to individuals not recouped.	Rs. 0.27
		<b>Total:</b>	<b>Rs.59.19</b>

The year-wise break up of the advances outstanding could not be verified as the Advance Registers were not maintained properly.

On this being pointed out, the PRIs agreed to recoup the outstanding advances at the earliest and also agreed to update the advance register. Further action is awaited (May 2009).

## **2.9 Non reconciliation of balances**

**Due to non reconciliation of balances between cash book and Pass Book an amount of Rs.12.08 crore remained unreconciled in 4 District Panchayats and 3 Taluka Panchayats**

Rule 171 & 183 of the District Panchayat Finance Accounts and Budget Rule, 1993 provide that the balance of Treasury pass book shall be reconciled with reference to the balances of cash book at the close of every month and difference, if any, be reconciled. Test check of records of four District Panchayat and three Taluka Panchayat revealed that there was unreconciled difference of Rs.12.08 crore as on 31<sup>st</sup> March 2007 (**Appendix-VIII**). The unreconciled balances were lying in the books of account since April 2005. Unreconciled balances not only reflects weak internal control systems but are also fraught with the risk of fraud/misappropriation.

## **2.10 Irregular parking of funds**

**An amount of Rs.1.03 crore was irregularly parked in banks out of Government treasury**

As per Rule 2B (i) of Gujarat Taluka/District Panchayat Investment of Funds and Security Rules, the Taluka Development Officers/District Development Officers were required to deposit funds/Government grant in PLA opened with Government treasuries or with branch banks serving Government treasury in the concerned Taluka/District. The intention behind the rule was that the every transaction should be routed through Government Treasury to avoid any indisciplined transaction.

Audit scrutiny of Taluka Panchayat, Talod for the period 2004-05 revealed that though Dena Bank Talod was linked with Sub Treasury, Talod for transacting Government business, a current account was operated with State Bank of Saurashtra (SBS) Talod without any approval from the competent authority. An amount of Rs.4.09 crore was received from the Government during the financial year 2004-05 and the same was deposited in the current account. The balance in the account as of 31 March 2005 stood at Rs.1.03 crore.

On pointing out, Under Secretary, Panchayat, Rural Housing Department accepted (August 2007) that Dena Bank, Talod has been nominated for Government transaction. However, he added that bank drafts of Government grants were drawn from SBS. Thus, to avoid differences in reconciliation and also to facilitate early credit, the bank drafts had been deposited in same bank (SBS) instead of Dena Bank, Talod. He further stated that monetary transaction with SBS has been stopped now (August 2007).

The reply is not tenable as the operation of an account with a bank other than nominated for Government transactions has defeated the intention behind the rule as the money was withdrawn without any intervention of Government Treasury. In absence of any control of Government Treasury genuineness of all the transactions made during the year also could not be ascertained.

## **2.11 Purchases of materials without inviting tender/quotations**

**Twelve Village Panchayats procured material worth Rs.11.13 lakh without inviting tenders as stipulated in the Rules.**

Rule 171 (Appendix-6) of Mumbai Contingency Expenditure Rules, as read with Resolution No.SSP/1053/1037/z dated 6<sup>th</sup> May 1994 provides that any purchase exceeding Rs.500 on behalf of the Government should be made by inviting quotations from suppliers. However the purchases exceeding Rs.20,000 shall be made by inviting public tenders through public notice in the daily news paper.

A review of records of test checked 12 village Panchayats as shown in the **Appendix-IX** revealed that in violation of the Rules, purchases of Rs.11.13 lakh (each purchase exceeding Rs.20000) had been made during 2004-05 without inviting tenders. Due to non-compliance of

the aforesaid orders, benefits of comparative and competitive rates could not be availed by the VPs. Further, possibilities of procurement of material of substandard quality can not be ruled out.

On this being pointing out, it was stated (June 2007) by the VPs that the purchases would be made in future keeping in view the provisions of the rule.

## **2.12 Non maintenance of basic records**

<b>Basic records were not maintained properly by 11 test checked PRI units.</b>
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Rule 167, of the Gujarat Taluka/District Panchayat Financial Account and Budget Rules, 1963 provides for maintenance of various registers in the prescribed forms to record transactions of receipt and payment in the Panchayat offices. Proper maintenance of these registers would facilitate preparing true and fair accounts smoothly and efficiently.

However, it was noticed in 11 test checked PRI units (**Appendix-X**) that important registers like grant, deposit and advance register were either not maintained at all or were not properly maintained.

Non maintenance of important basic records/registers has violated provisions of the Rule besides adversely affecting the accountability mechanism in PRIs.

## **PART B URBAN LOCAL BODIES**

### **CHAPTER – III**

#### **FINANCE AND ACCOUNTS OF URBAN LOCAL BODIES**

##### **3.1 Introduction**

Article 243 (W) of the Constitution of India envisages that the State Government may, by law, endow the municipalities with such powers and authority as may be necessary to enable them to function as institutions of self Government and such law may contain provisions for devolution of powers and responsibilities upon municipalities.

After the 74th Constitution Amendment, the Urban Local Bodies (ULBs) were made full fledged and vibrant institutions of Local Self Government by vesting them with clearly defined functions and responsibilities. Accordingly, the State Government reorganized (1993) these institutions into three tier system of Urban Local Bodies namely Municipal Corporations, Nagarpalikas and Notified Areas.

At present, there are seven Municipal Corporations, 159 Nagarpalikas and 23 Notified Areas. The Nagarpalikas are classified into four categories on the basis of population as ascertained in the preceding census. Each Nagarpalika is divided into a number of wards, which is determined by the State Government with regard to population, geographical condition and economic consideration. Elected members/councilors represent each ward. The Nagarpalikas were constituted under the provisions of Gujarat Municipalities Act, 1964, while the Municipal Corporations were constituted under the Bombay Provincial Municipal Corporations Act, 1888 as revised in 1949.

This Act has a provision for audit of accounts of the Municipal Corporation by Chief auditor appointed for the purpose. The Director, Local Fund Audit does not have jurisdiction over the audit of Municipal Corporations in Gujarat.

The Population of Gujarat is 5.07 crore (2001 census) of which 1.90 crore (37.36 per cent) reside in urban area. The last elections for NagarPalikas were held in February 2008.

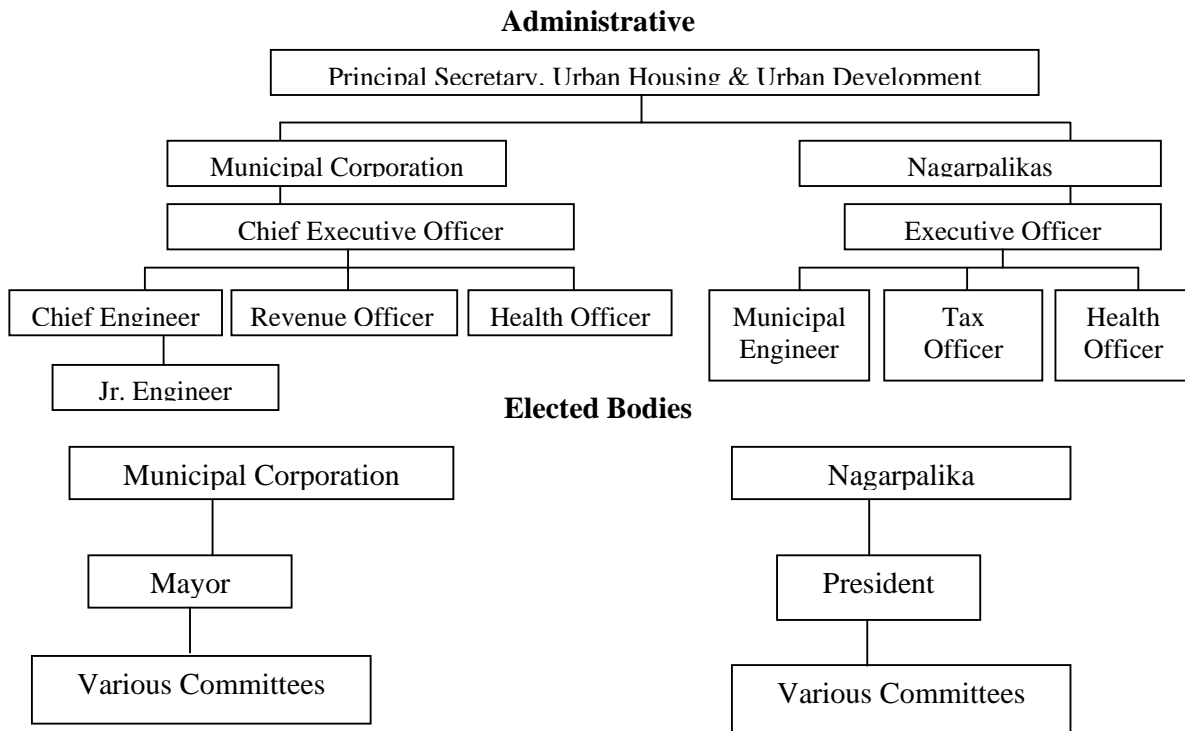
##### **3.2 Organizational setup**

The Nagarpalika/Municipal Corporation is body corporate having a Board of Councilors. All the ULBs consist of elected members (councilors) from each ward.

The President/Mayor, elected by the majority of the Board of Councilors, is the executive head of the ULB. The executive powers of ULBs are exercised by the council. The President/Mayor enjoys powers as is delegated by the Board. Various committees are formed to assist the Nagarpalika/Municipal Corporations.

The Chief Executive Officer/Executive Officer appointed by the State Government is a whole time Principal Executive Officer of the Nagarpalika/ Corporation for administrative control of the ULB. Other officers are also appointed to discharge specific function. Functions of CEO/EO include general supervision control over the officials of the ULBs, organize board meetings, and get the budget estimate prepared, monitoring and implementation of schemes including acting as the Drawing and Disbursing Officer of the ULB.

The following organogram depicts the structure of ULBs in the State of Gujarat:-



### 3.3 Powers and functions

Twelfth Schedule (Article-243 W) of the Constitution of India envisages that the State Government may by law; endow the Municipality with such powers and authority as may be necessary to enable them to function as institutions of self Government.

Accordingly, the State Government vide Section 87 of the Gujarat Municipality Act 1963 devolved various functions to be exercised in the sphere of Public Works<sup>4</sup>, Education<sup>5</sup>, Public Health & Sanitation<sup>6</sup>, Development<sup>7</sup>, Town Planning<sup>8</sup> and Administration<sup>9</sup>.

<sup>4</sup> Naming streets and number of premises, giving immediate relief in the event of natural calamities.

<sup>5</sup> Establishing & monitoring primary school

<sup>6</sup> Regulating and abating offensive or dangerous trades or practice, securing and removing dangerous buildings or places and reclaiming unhealthy localities, obtaining a supply or and additional supply of water, proper and sufficient for preventing danger to the health of inhabitants from the insufficiency or unwholesomeness of the existing supply, when such supply or additional supply can be obtained at a reasonable cost, Public vaccination, watering public streets and places, cleaning public streets, introducing and maintaining the system of water closet, depositing night soil and rubbish, providing special medical aid accommodation for the sick in the time of dangerous disease, establishing & maintaining public hospitals, dispensaries and family planning centres and providing public medical relief.



### 3.4 Sources of revenue

To perform the functions devolved on them, ULBs raise funds from taxes, receive grants from Central/State, EFC/TFC grants and raise loans from financial institutions. The receipts and sector wise expenditure incurred during the last three year ending March 2008 are given below:

#### A Receipts

SI no.	Description	(Rs. in Crore)		
		2005-06 Receipt	2006-07 Receipt	2007-08 Receipt
1.	State Government grant	457.29	636.17	2432.39
2.	Government of India Grant	43.31	77.27	684.85
3	Own Revenue	122.43	132.69	609.69
4.	Loans	0.40	0	0.30
5	EFC grant, TFC Grant	82.80	41.40	82.80
<b>Total</b>		<b>706.23</b>	<b>887.53</b>	<b>3810.03</b>

Source: Budget Publications

#### B Expenditure

SI No.	Description	2005-06		2006-07		2007-08	
		Receipt	Expenditure	Receipt	Expenditure	Receipt	Expenditure
1	General sector	139.16	297.73	151.98	314.20	65.57	65.57
2	Economic Sector	286.03	402.03	358.48	501.74	32.58	47.07
3	Social Sector	280.64	539.07	377.07	353.66	3711.58	3120.66
4	Loans	0.40	0.40	N.A.	N.A.	0.30	0.10
<b>Total</b>		<b>706.23</b>	<b>1239.23</b>	<b>887.53</b>	<b>1169.60</b>	<b>3810.03</b>	<b>3233.40</b>

Source: Budget Publications

The receipt and expenditure figures for the year 2007-08 are inclusive of Municipal Corporations. As evident from the table above, the receipt during the year 2007-08 in Social

<sup>7</sup> Constructing, altering and maintaining public streets, suitable accommodation for calves, cows and buffalos, printing such annual report of the municipal administration, paying the salary and contingent expenditure on account of such police or guards as may be required by the municipality and improving agriculture by suitable majors.

<sup>8</sup> Devising town planning within the limits of borough according to the law relating to town planning.

<sup>9</sup> Lighting public streets, places and buildings, extinguishing fires and protecting lives and property when fires occur. Removing obstruction and projections in public places, erecting substantial boundary marks and registering births, marriages and deaths.

Sector is increased 10 times more as compared to previous year. Similarly, the expenditure is increased by 9 times more than the previous year. The main reason for increase was inclusion of receipts/expenditure pertaining to Municipal Corporations also during the current year.

### **3.5 Finance Commission Grants**

During the period 2005-08, Rs. 248.40 crore on the recommendation of Twelfth Finance Commission (TFC) were released to the State Government by Government of India for ULBs, which was in turn released to the ULBs. There was no delay in releasing grant from State Government to the ULBs test checked. The audit observations on utilization of Finance Commission grant are included in Para 4.8 of Part-B of this Report.

### **3.6 Annual Accounts**

Eleventh Finance Commission (EFC) recommended that the Comptroller & Auditor General of India (C&AG) shall exercise control and supervision over the maintenance of accounts and audit of the ULBs. Based on this, the State Government entrusted (May 2005) the audit of ULBs to the C & AG of India under section 20(1) of the C & AG (DPC) Act, 1971.

The annual accounts of the ULBs were being prepared on 'receipts and payments' basis without exhibiting the position of assets and liabilities. Further the Accrual Based Accounting System as suggested by CAG has been accepted and operationalised with parallel running of cash based system on trial basis in selected ULBs.

The formats for Database on finances of ULBs as prescribed by the C&AG have been accepted by the Government (September 2004 & August 2007). However, these are yet to be operationalised (March 2009).

### **3.7 Audit arrangements**

DLFA is the primary Auditor of the Nagarpalika whereas in case of Municipal Corporations, this work has been assigned to the Chief Auditor of the respective Municipal Corporation. Details of outstanding audit of Nagarpalika by the DLFA till 31st March 2009 are given below:

<b>Year</b>	<b>Total number of Nagar Palikas</b>	<b>Outstanding audit by DLFA</b>
2004-05	140	17
2005-06	140	67
2006-07	140	121

Source: - As per details given by DLFA

#### **3.7.2 C. A. G Audit**

The C&AG has been entrusted the audit of ULBs under Section 20(1) of the C&AG's (DPC) Act 1971 vide Resolution dated 6<sup>th</sup> May 2005. The details of units planned and audited till 31 March 2008 are given below:

Year of audit	No. of NagarPalikas planned for audit	No. of NagarPalikas audited	Pendency of audit if any
2005-06	Nil	Nil	Nil
2006-07	9	9	Nil
2007-08	20	20	Nil

### 3.8 Pending Inspection Report Paragraphs

**3.8.1** There are 139476 numbers of paras of Inspection Report as issued from time to time by DLFA are outstanding as on 31 March 2009. This needs the aggressive pursuance to get the proper compliance for closing outstanding paras.

**3.8.2** There were about 705 paras outstanding in respect of Inspection Reports issued by Sr DAG (LBAA), Ahmedabad as of 31 March 2009 for want of proper compliance. The year wise break up is as given below:

Year of audit	Inspection Reports	Outstanding Paras
2007-08	19	324
2008-09	30	381
<b>Total</b>	<b>49</b>	<b>705</b>

### 3.9 District Planning Board

The State Government constituted District Planning Board (DPB) (1979) for each District headed by Minister in charge of the concerned district. The Government nominates the member from the presidents of the Nagarpalikas of the State. The N.Ps send proposals of the work to be taken up in their respective areas to the DPB for approval. The DPB approves the works and allocate to the NPs for execution/implementation.

### 3.10 Audit coverage

Accounts for the period 2004-07 of 20 NPs were audited during 2007-08. Results of audit are given in the succeeding chapter.

### 3.11 Conclusion

The State Government has not devolved all the functions enlisted in the 12th Schedule of the Constitution to the ULBs. Though the formats for database on the finances of ULBs prescribed by CAG have been adopted by the State Government, the same are yet to be operationalised. Pendency of audit by DLFA and arrears in settlement of outstanding

Inspection Report paragraphs of DLFA and that of Sr. DAG(LBAA) indicate weak internal control system in ULBs.

### **3.12 Recommendations**

The following measures are recommended for ensuing better accountability system in ULBs.

- All functions enlisted in the 12<sup>th</sup> Schedule may be devolved to the ULBs with adequate funds and functionaries.
- Database on finances of ULBs may be maintained in the formats prescribed by CAG.
- Outstanding Inspection Report paragraphs may be settled by effective compliance.

## CHAPTER - IV

### AUDIT PARAGRAPH

#### 4.1 Outstanding recovery of taxes

**Taxes amounting to Rs.14.63 crore pertaining to periods from prior to 2003-04 to 2006-07 were pending recovery in nine municipalities test checked.**

As per Article 99, 132 and 133 of the Gujarat Municipality Act, 1963, the Municipality can impose the taxes on building or land, vehicles, boats, special sanitary cess, general sanitary cess, drainage tax, water tax or special water tax, lighting tax, special education cess and any other taxes for providing civic services to the people. The municipalities are to raise demands of taxes and are to see that the dues are collected within 15 days of issuing demand notice.

It was noticed from the records of nine test checked municipalities that there was unrecovered taxes to the tune of Rs.14.63 crore as on 31<sup>st</sup> March 2009. As against the total demand of Rs.26.68 crore, the municipality could collect only Rs.12.05 crore (48.99 percent) as shown in **Appendix - XI**. The unrecovered dues pertained to the period prior to and for the years 2003-04 to 2006-07. The pending recoveries included Rs.3.27 crore towards education cess which form the part of State Government revenue and has to be credited to Government Accounts.

Poor recovery of dues can affect the finances of the Municipality adversely as the day to day liabilities cannot be fully met due to paucity of fund. It also indicates that effective planning was not made to have efficient system for recovery.

The Chief Officer stated (May 2008) that effective steps would be taken to recover dues. Further actions are awaited (July 2009).

#### 4.2 Unfruitful expenditure under IDSMT scheme

**Lack of planning and poor implementation of a project taken up under IDSMT Scheme by Wankner Nagarpalika rendered the expenditure of Rs.70.90 lakh incurred on the project unfruitful besides cost escalation.**

Based on the proposal of Government of Gujarat (May 2001), Government of India, Ministry of Urban Development and Poverty Alleviation approved five works costing Rs.226.74 lakh for Nagarpalika Wankner under the scheme Integrated Development of Small and Medium Towns (IDSMT) on 5<sup>th</sup> December 2001. As per the scheme, the project cost was to be shared by the Central Government, State Government and by the concerned Municipality in proportion of Rs. 90 lakh, Rs. 60 lakh and Rs. 76.74 lakh respectively. The first installment for Rs 45 lakh of central share was released (October 2001) and correspondingly the Government of Gujarat also released its share of Rs. 30 lakh (October 2002 to 22 May 2003).

A review of scheme records for the year 2004-05 to 2006-07 revealed that out of five works sanctioned, only one work of constructing a shopping complex at old Town Hall was taken up at a cost of Rs.68.37 lakh (June 2006). On further review, it was observed that the work was left abandoned without any reason from August 2007 after incurring an expenditure of Rs.70.90 lakh. As per the latest status, a revised estimate of Rs 124.65 lakh was sent to the Joint secretary, Urban Development and Urban Housing department Government of Gujarat (September 2007) for approval. Action of the State Government in this regard was not available on records. The other five works were either not commenced or were at the initial state of execution after lapse of more than 7 years without any concrete reason as detailed in **Appendix-XII**.

It is evident that the works sanctioned during 2001, remained incomplete due to poor planning and improper monitoring resulting in unfruitful expenditure of Rs 70.90 lakh and the intended benefit did not reach the people of the town. Moreover, the estimated project cost had increased to Rs 124.65 lakh as against the original estimated cost of Rs 68.37 lakh.

On this being pointed out, the Chief Officer did not furnish any reason for incomplete works.

#### **4.3 Loss due to irregular deposit of fund in a non-Government financial institution.**

**Due to liquidation of CRB Capital Markets Ltd, Wankaner Nagarpalika lost Rs.15.00 lakh irregularly deposited in the financial institution without the approval of the State Government.**

As envisaged in Section 86(3) of Gujarat Municipal Act, 1963, the Municipality should invest/deposit surplus money in any scheduled bank or with the prior approval of State Government, it can park surplus funds in other than the scheduled bank also.

Scrutiny of records of deposits of Wankaner Nagarpalika revealed that the Nagarpalika had deposited a sum of Rs. 15.00 lakh under short term deposits in CRB Capital Markets Ltd. (CRB) for three months in November 1996 without approval of the State Government. CRB was neither a Scheduled Bank nor a Bank. The term of deposit was renewed for another period of three months in February 1997 with maturity date in May 1997. The CRB went into liquidation before maturity of the deposit and the Wankaner Nagarpalika made a reference to the Official Liquidator in December 2002 to refund the invested amount. However, it has not received the sum so far (July 2009). The act of the Nagarpalika to invest in a non-Government financial institution without approval of State Government was not proper and has resulted into a loss of Rs. 15.00 lakh (principal) besides loss of interest amounting to Rs.24.69 lakh. No actions have since been taken against the officials responsible for the loss.

On this being pointed out, the Chief Officer sent a reminder to the official liquidator, Delhi in July, 2008. Further outcome is awaited (July 2009).

#### 4.4 Delay in completion of work

**Due to poor monitoring, a work taken up by Unjha Nagarpalika under Vajpayee Nagar Vikas Yojana got delayed by more than eight years and the benefits of the scheme to the beneficiaries were delayed to that extent.**

The work of widening drain slab on Falka Nalla at Unjha town was administratively approved for Rs 49.66 lakh (May 2000) and was technically approved for Rs 49.89 lakh (March 2000). The work was awarded to an agency at a tendered cost of Rs.51.19 lakh (January 2000). The work was initially taken up from own fund of Unjha Nagarpalika which was later on covered under Vajpayee Nagar Vikas Yojana (VNVY) scheme. The stipulated date of completion of the work was January 2001 (Twelve months).

A review of work files related to this work revealed the following.

1. The work was awarded to the agency before administrative and technical sanctions. Again, the work was awarded without observing statutory procedure of land clearance which caused a stay order (February 2001) on the aforesaid work. On vacation of the stay order, the work was resumed in May 2001. However, it was actually completed only in October 2008, after delay of nearly 8 years. No concrete reason had been given by the municipality for the delay. The final bill was however not paid even till December 2008.
2. The tendered cost of the work was Rs 51.19 lakh. However, the agency was paid Rs 88.60 lakh upto 6<sup>th</sup> running bill which included a number of extra items. The excess expenditure over tendered cost works out to Rs 37.41 lakh (73 percent). In absence of any revised administrative/technical sanctions, the excess expenditure was irregular.

Thus, due to lack of proper monitoring, the project got delayed by about 8 years and the intended benefits to the beneficiaries got delayed to that extent.

The Under Secretary, Urban Development and Urban Housing Department, Government of Gujarat stated (December 2008) that the work was actually approved in March 1999 by the Municipal Council. As regard the excess expenditure, it was stated that in the context of total plan layout of Rs 1.09 crore, the actual expenditure works out to Rs 88.60 lakh. The department did not furnish any reply in respect of the Administrative Approval/Technical Sanction.

The reply is not acceptable as no concrete reason were given for abnormal delay in completion of work and the revised Administrative Approval/Technical Sanction of the competent authority was not furnished.

#### **4.5 Unproductive expenditure on construction of Yatri Niwas and irregular payment for the work done.**

**Nagar Palika Dakor constructed a Yatri Niwas under IDSMT at a cost of Rs.33.86 lakh. However, the Yatri Niwas was not leased out rendering the entire expenditure unproductive. Moreover, the payments were made to the contractors without any measurements.**

As provided under Rule 142(1 to 4) of Municipal Account Code read with Para 5.1.9 and 6.2 of Public works procedure and accounts (fundamental), all works executed on rate list, piece work or contract basis should be recorded in the measurement book. The measurement should be recorded by an authorized person and should be checked by engineer in charge. In absence of an engineer, it should be checked by the Chief Officer or by his authorized officer. When the bills are produced by the contractor or supplier, the quantities therein are to be verified with those recorded in the measurement book. As provided under Para 130 of Public Works Manual, administrative approval and technical sanction are required to be obtained from the competent authority before execution of work. During the year 2003-04 two major works of constructing one shopping centre at Sardar shopping and constructing of Yatri Niwas at Dakor were taken up under the scheme IDSMT, a centrally sponsored scheme by NagarPalika Dakor. A total expenditure of Rs.33.86 lakh was incurred on these works As verified from the files no revenue was projected for these projects.

A review of work files revealed that:

1. Measurement books were not maintained by NagarPalika Dakor for any of the works and a payment of Rs. 33.86 lakh was released to the contractors during October 2003 to April 2005 without verification of measurement. In the absence of any measurement, the possibility of excess payment or payment without execution of work to the contractors cannot be ruled out. Since measurement book is a very important basic record and also is the basis on which claims are checked and passed, it is considered as a serious lapse on the part of officers allowing such payments without any verification of measurement.
2. It was further noticed that Administrative and Technical approvals were not obtained from the competent authority for the aforesaid works. In absence of any technical sanction, the technical soundness of the buildings constructed could not be vouchsafed.
3. The work of Yatri Niwas was completed in April 2004. However, it was noticed that no income from the project was realized up to 2005-06. Thus, the expenditure of Rs. 19.37 lakh incurred on construction of the Yatri Niwas remained unproductive (July 2009).

On this being pointed out, the Chief Officer while accepting the audit contentions stated (May 2008) that public notice was issued to lease out Yatri Niwas in the past but the process was stopped by the District Collector as there was some confusion. The facts remains that intended benefit did not reach the beneficiaries.



#### 4.6 Unfruitful Expenditure

**Non obtaining of proper approval for land clearance by Unjha Municipality for construction of a shopping complex resulted in infructuous expenditure of Rs.10.14 lakh.**

The work of constructing Shopping Complex of Falku Vehla at Unjha Town, having estimated cost of Rs. 59.10 lakh was awarded to an agency at a tendered cost of Rs.58.05 lakh in January 2000. The stipulated date for completion of work was January 2001. The work was initially taken up from own fund of the Municipality which was later on covered under Vajpayee Nagar Vikas Yojana (VNVY) in the year 2000.

A review of files related to this work revealed the following:-

1. The work order was issued and work was started by the contractor in January 2000 without observing statutory procedure of obtaining prior approval for land clearance. This resulted into imposition of Stay Order by the district administration (February 2001). No concrete action had been taken by the Municipality Unjha to obtain approval of the Government even after Stay Order which led to non vacation of the stay order till October 2008 leaving the project without any progress. The project was left abandoned after incurring expenditure of Rs. 10.14 lakh. Thus, poor planning and monitoring and follow up resulted in the project not being completed even after lapse of 7 years rendering the expenditure of Rs.10.14 lakh incurred on the project unfruitful.
2. Necessary administrative approval/Technical Sanction from the competent authority had also not been obtained by the Municipality. This has violated general norms of work as the work can not be started without Administrative Approval/Technical Sanction.

The Chief Officer replied (October 2008) that since the stay order was in force till October 2008 and the work could not be started, the municipality had to relieve the agency from the work in October 2008. It was further added that the Administrative approval/technical sanction were not required because the work has been taken up from own fund of Nagarpalika. As regards non obtaining Government approval before starting the work, the auditee did not offer any comment.

The reply was not acceptable as administrative approval/technical sanction are required in every case of civil works even when it is taken up from own fund which also constitutes of public money. Had the prior approval of the Government taken before starting the project, expenditure of Rs. 10.14 lakh could have been avoided.

#### 4.7 Irregularities in rate contract

**Materials worth Rs.1.99 crore were procured by Gandhidham Municipality without inviting tenders as stipulated in the Acts.**

As envisaged in section 66 and 67, Chapter-IV (4) of Gujarat Municipalities Act, 1963, tender should be invited from the contractors for the works involving expenditure more than Rs. 5000.

Audit scrutiny of contract files of Gandhidham Municipality for the periods 2004-05 to 2006-07 revealed that the aforesaid procedures were not followed and contracts were awarded without inviting tender for the works of printing and stationery, purchase of street light and fixtures and purchase of drainage items for an expenditure of Rs. 1.99 crore during the audit period as detailed below:-

**(Rs. in lakh)**

<b>Name of the work</b>	<b>2004-05</b>	<b>2005-06</b>	<b>2006-07</b>	<b>Total</b>
Purchase of PVC pipes	63.05	59.37	52.86	175.28
Purchase of tube lights	7.81	5.15	3.99	16.95
Printing and stationery	2.07	1.79	2.68	6.54
<b>Total</b>	<b>72.93</b>	<b>66.31</b>	<b>59.53</b>	<b>198.77</b>

The Chief Officer accepted (May 2008) the audit objection and agreed to follow the audit instruction in future.

#### **4.8 Irregularities in utilization of Tenth/Eleventh/Twelfth Finance Commission grants**

During the test check of accounts of eight Municipalities the following discrepancies were noticed in utilisation of Tenth/Eleventh/Twelfth Finance Commission grants:

**4.8.1** The work of providing and laying Drainage Pipelines in Halav Mission Area (NP Valsad) was awarded to an agency in May 2005 at a cost of Rs.3.24 lakh with the stipulated date of completion as July 2005. It was observed that the work was actually completed on 31<sup>st</sup> January 2007, after a delay of 564 days. Neither the procedure for extending time limit was followed nor any liquidated damages (Rs. 0.16 lakh) were recovered from the agency.

**4.8.2** As per procedure, mobilization advance of 75 per cent of the material purchased and kept at site can be given after it is physically verified and certified by the Engineer in charge. Before paying advance, guarantee bonds are to be obtained as security. However, it was observed that advance aggregated to Rs 6.50 lakh was paid during May to August 2004 to the executing agencies in respect of the works of constructing drainage of RCC Pumping station at Halav Morivia colony(NP Valsad) without observing any norms of verification/guarantee bonds. This led to undue financial aid to the agency.

**4.8.3** The work of constructing road drainage in Ambedkar shopping area (NP Valsad) costing Rs. 1.08 lakh was sanctioned on 6<sup>th</sup> January 2005. However, it was observed that the work was not started till August 2008 though the term of the 11<sup>th</sup> Finance Commission

expired on 31<sup>st</sup> March 2005. Thus the grant for Rs 1.08 lakh remained unutilized for more than 3 years due to lack of proper planning by NP Valsad.

**4.8.4** The funds received under the recommendations of the Finance Commission are to be utilized within the period of respective Finance Commission. It was, however noticed in four test checked municipalities (Dhandhuka, Porbandar, Valsad and Upleta) that an amount aggregated Rs 84.87 lakh remained unutilized even after expiry of terms/period of the respective Finance Commissions. This includes Rs 59.05 lakh and Rs 25.82 lakhs received as 10<sup>th</sup> and 11<sup>th</sup> Finance Commission grants respectively. Non-utilization of grant of 10<sup>th</sup> and 11<sup>th</sup> Finance Commission indicates lack of proper planning in utilization of grant as the terms of 10<sup>th</sup> Finance Commission and the 11<sup>th</sup> Finance Commission expired on 31<sup>st</sup> March 2000 and 31<sup>st</sup> March 2005 respectively.

#### **4.9 Outstanding advances.**

**Advances amounting to Rs.7.38 crore were outstanding in 4 Nagar Palikas from 1962-63 onwards**

As per Rule 151 of Municipal Account Code 1948, clearance of advances granted to the Contractor, Suppliers and Employees can be made after receipt of the detailed accounts. Audit scrutiny of four test checked Nagar Palikas (Petlad, Bardoli, Patan and Palanpur) revealed that as of March 2007, an amount of Rs 7.38 crore was outstanding adjustment from 1962-63 onwards as detailed in **Appendix –XIII**.

The advance Register was not properly maintained with the result that the authenticity of adjustment could not be ensured as required under 301(2) of the Gujarat Financial Rule. The huge amount of outstanding advances indicates weak internal control mechanisms in the Nagarpalikas.

On being pointed out, the Chief Officers stated (May-2008) that no fresh advances were being paid. It was also stated that the outstanding advances would be recovered in future. Further reply is awaited (July2009).

**Sd/-**

**(R. M. BHATIA)**

**Deputy Accountant General (LBAA)**

**Dated: 13.01.2010**

**Countersigned**

**Sd/-**

**(DHIREN MATHUR)**

**Accountant General (Civil Audit)**

**Dated: 13.01.2010**

**Appendix-I**  
**Reference: Paragraph 1.7**

**Statement showing the details of Receipt and Expenditure of TFC grant by the PRIs during 2005-08**

**Rs. in lakh**

Sr. No.	Area in which expenditure incurred	2005-06			2006-07			2007-08		
		Receipt	Expenditure	%	Receipt	Expenditure	%	Receipt	Expenditure	%
1.	On the schemes of water supply and sanitation	5329.20	5329.20	100%	5329.20	5329.20	100%	5329.20	3076.00	58
2.	Solid waste management	5329.20	5329.20	100%	5329.20	5329.20	100%	5329.20	2403.48	45
3.	Data base	856.00	856.00	100%	856.00	856.00	100%	856.00	856.00	100
4.	Other works	7105.60	7105.60	100%	7105.60	7105.60	100%	7105.60	4958.19	70
	<b>Total</b>	<b>18620.00</b>	<b>18620.00</b>	<b>100%</b>	<b>18620.00</b>	<b>18620.00</b>	<b>100%</b>	<b>18620.00</b>	<b>11293.67</b>	<b>61</b>

Source:- Finance Department, Government of Gujarat, Gandhinagar

**Appendix-II**  
**Statement showing the Budgeted figures and Actuals**  
**Reference Paragraph 1.10**

**Receipt**

(Rs. in Lakh)

Sr	District/Taluka	Accounting Year	Budget estimate	Actual Receipt	Difference	Difference in Percentage
1	Kalavad Taluka	2004-2005	1242	3762	2520	203
2	Meghraj Taluka	2005-2006	2598	1411	1187	46
3	Chuda Taluka	2005-2006	1288	684	604	47
4	Kheda District	2006-2007	4140	6244	2104	54

**Expenditure**

(Rs. in Lakh)

Sr	District/Taluka	Accounting Year	Budget estimate	Actual Receipt	Difference	Difference in Percentage
1	Kalavad Taluka	2004-2005	1266	751	515	41
2	Meghraj Taluka	2005-2006	2601	1528	1073	41
3	Chuda Taluka	2005-2006	1169	680	489	42
4	Kheda District	2006-2007	4018	5442	1424	35
5	Vaghra Taluka	2005-2006	820	1348	528	64

**APPENDIX III**

**Reference: Paragraph 2.1**

**Statement showing reduction of penalties under clause 2 (C) of tender  
( Rs. in lakh)**

Sr. No.	Name of the work	Estimated cost	Tender cost	Stipulated date for completion of work	Actual date of completion	Delay in days	Penalty Recoverable	<u>Penalty recovered</u>	Difference	Resolution No. and date of Bandhkam Samittee	<u>Reason for delay in completion of work</u>
1	Improvement of Road Keshod – Mangrol Package-1 RID-4	52.99	54.93	30.06.01	31.03.04	1002	5.30	0.009	5.29	65/22.09.04	Extension granted without assigning any reason
2	C.C. Road in various street in village Kathrota 11 <sup>th</sup> finance commission	11.78	12.36	25.03.05	20.04.05	26	0.32	0.0013	0.32	22/10.06.05	--do--
3	Construction of missing on Kaba- Rabrika Road	14.70	16.61	21.10.2000	5.03.03	896	1.47	0.045	1.43	47/16.12.03	--do--
4	Improvement of Rajkot vasahat approach road	42.02	49.70	9.08.02	30.06.05	1028	4.20	0.0514	4.15	22/10.06.05	--do--
5	Construction of missing bridge(minor) on Kashiyaness limbada road	8.55	12.70	15.01.05	31.05.05	136	0.86	0.0009	0.85	22/10.06.05	--do--
6	Construction of parab vavdi ahoda road	77.83	110.29	29.07.04	20.07.05	372	7.78	0.0053	7.78	39/21.09.05	--do--
7	Construction of Bhesan Ratadia Road	26.52	44.13	19.07.02	5.05.05 Contractor terminated	1028	2.65	0.56	2.09	76/21.01.05	--do--
8	Improvement of rural road under NABARD	73.66	85.12	14.04.02	Contractor terminated from 10.06.05	1152	7.37	0.02	7.34	10/10.06.05	--do--
9	Improvement of rural roads by pavor finisher	37.62	46.64	20.08.99	20.07.04	1800	3.76	0.07	3.69	65/22.09.04	--do--
<b>Total</b>							33.71	0.7629	32.94		

**APPENDIX - IV**

**Reference: Paragraph 2.2**

**Statement showing non recoveries of liquidated damages**

Name of unit	Name of Work package No.	Estimated cost Rs.	Date of Award of works	Stipulated Date of completion	Actual Date of completion	Delay In days	L.D. Recoverable @ 0.1 % or Max. 10 % (-)LD Recovered (Rs.)
D.P. Porbandar	PBR/KPY/01-const. of Kisan Path	9113875	27-1-06	26.10.06	7.11.06	309	911387
-do-	1 Chardi tank At Village Hatwani	199700	10.1.05	31.3.05	20.5.05	50	9985 (-)500 9485
	2 Const. check dam at village Valora	1644137	22.12.01	16.10.02	20.6.05	977	164413 (-)9770 154643
	3 Const. of check dam at village Simar	494103	12.1.04	31.3.04	25.6.04	85	41990 (-)1580 40410
	4 Check dam at village Bhomiavadar	1499900	6.8.01	5.6.02	9.8.02	65	97435 (-)520 96915
D P Porbandar (Irrigation)	1 Const. of New check dam near village Daiyer	1156000	8.5.03	14.2.04	30.8.06	929	115600 (-)18560 97040
	2 Const. of new check dam at village Kutiyana	1041000	21.12.01	23.10.02	30.12.05	1163	104100 (-)5760 98340
	3 Const. of new check dam Bhomiyavadar	1475925	31.7.01	5.6.02	9.8.02	65	95875 (-)130 95745
	4 Const. of check dam – cause way at village Shingda	1450000	6.8.01	5.6.02	30.6.06	1485	145000 (-)10600 134400
D P Porbandar (Irrigation)	Const. of check dam at village Hanumangadh	259200	23.6.05	24.6.05	31.3.06	212	25920
D P Porbandar (Irrigation)	Krishi Mahotsav check dam at village Kunavadar	576900	5.6.05	30.6.05	11.6.06	345	57690
- do -	Const. of check dam at village Kutiyana	1041000	21.12.01	23.10.02	30.12.05	1158	104100
- do -	F D R ro Mahiyari flood protection wall	240500	10.6.05	31.7.05	9.1.06	445	24050
- do -	L D wrongly deposited in own fund	-	-	-	-	-	64920

Name of unit	Name of Work packageNo.	Estimated cost (Rs.)	Date of Award of works	Stipulated Date of completion	Actual Date of completion	Delay In days	L.D. Recoverable @ 0.1 % or Max. 10 % (-) LD recovered (Rs.)
D P Porbandar (R & B)	1- S.R to Adityana Boricha Bhakhrada Pandavadar Degam road	2637524	23.8.04	1.5.05	4.4.07	539	263752 (-)28900 234852
	2- S R to Kadachh mander road	19222982	23.8.04	1.5.05	22.4.07	569	192298 (-)26500 165798
	3- Strengthening to Kandorana Khirsara road	5933118	2.9.04	1.5.05	22.7.06	326	593311
- do -	Less recovery of LD S R to Gosa – Kandarna Road	3840596	2.9.04	1.5.05	2.6.07	728	384059
TDO Jasdan (RJT)	1- Const. of Primary School room at Badhani	232271	1.6.04	1.6.05	20.9.05	110	23227
	2- Bore/Handpumps submarcible at Bhadla Gundala Virnagar	152730	10.3.05	10.4.05	8.3.06	330	15273
	3- Laboratory in school at Rupavati	75000	21.9.04	21.12.04	27.4.05	155	7500
	4- Borewell Handfpump At Pipadi Amrapar Sartampar Veraval	174750	10.3.05	10.4.05	12.5.05	32	5568
D P Amreli R & B	LD not credited to Govt. Accounts	-	-	-	-	-	1033786
<b>Total</b>							4378419



**Appendix:-V**  
**Reference: Paragraph 2.5**

**Statement showing unit wise of excess expenditure over allotted grant**

**Rs. in lakh**

<b>Sr. No.</b>	<b>Name of the PRIs</b>	<b>Audit Period</b>	<b>Amount excesss expenditure</b>
1	D.P. Porbandar	2005-06	59.85
2	D.P. Mehasana	--do--	120.60
3	D.P. Godhara	--do--	65.12
4	D.P. Palanpur	--do--	145.26
5	D.P. Ahmedabad	--do--	1154.66
6	D.P. Narmada	--do--	132.50
7	T.P. Naswadi	--do--	203.79
8	T.P. Savli	--do--	229.89
<b>Total</b>			<b>2111.67</b>

**Appendix- V – A****Reference: Paragraph 2.5****Statement showing Major Head/Panchayat wise excess expenditure of test checked units****Table:-A**

<b>D.P. Porbandar, 2005-06</b>				<b>Rs. in lakh</b>	
M.H.	O.B.	Grant 2005-06	Total	Expenditure	Balance
2210	-19.82	36.35	16.53	43.27	-26.74
2211	-33.36	3	-30.36	2.75	-33.11
<b>Total</b>	<b>-53.18</b>	<b>39.35</b>	<b>-13.83</b>	<b>46.02</b>	<b>-59.85</b>

**Table:-B**

<b>D.P., Mehsana, 2005-06</b>				<b>Rs. in lakh</b>	
M.H.	O.B.	Grant 2005-06	Total	Expenditure	Balance
2210	-17.27	479.69	462.42	519.31	-56.89
2211	-37.19	2	-35.19	10.75	-45.94
2236	-17.77	0	-17.77	0	-17.77
<b>Total</b>	<b>-54.46</b>	<b>481.69</b>	<b>427.23</b>	<b>530.06</b>	<b>-120.6</b>

**Table:-C**

<b>D.P., Godhara, 2005-06</b>				<b>Rs. in lakh</b>	
M.H.	O.B.	Grant 2004-05	Total	Expenditure	Balance
2702	-6.89	5	-1.89	3.8	-5.69
2505	-20.34	0	-20.34	0	-20.34
2210	-31	90.71	59.71	98.8	-39.09
<b>Total</b>	<b>-58.23</b>	<b>95.71</b>	<b>37.48</b>	<b>102.6</b>	<b>-65.12</b>

**Table:-D**

<b>D.P. B.K.(Palanpur),2005-06</b>				<b>Rs. in lakh</b>	
M.H.	O.B.	Grant 2005-06	Total	Expenditure	Balance
2059	0	176.38	176.38	202.27	-25.89
2211	0	460.15	460.15	503.02	-42.87
2401	0	244.26	244.26	279.16	-34.9
2702	0	206.69	206.69	248.29	-41.6
<b>Total</b>	<b>0</b>	<b>1087.48</b>	<b>1087.48</b>	<b>1232.74</b>	<b>-145.26</b>

**Table:-E**

<b>D.P. Ahmedabad, 2005-06</b>				<b>Rs. in lakh</b>	
M.H.	O.B.	Grant 2004-05	Total	Expenditure	Balance
2202	-416.6	170.42	-246.16	164.74	-410.9
2225	-299.7	313.77	14.12	302.48	-288.36
4701	0	0	0	5	-5
2230	-60.64	0.15	-60.49	0.14	-60.63
2505	-8.65	0	-8.65	0	-8.65
2702	-284.7	121.85	-162.87	146.89	-309.76
2711	-67.44	3.14	-64.3	4.96	-69.26
4215	-1.43	0	-1.43	0	-1.43
2402	0.11	0.47	0.58	1.25	-0.67
<b>Total</b>	<b>-1139</b>	<b>609.8</b>	<b>-529.2</b>	<b>625.46</b>	<b>-1154.66</b>

**Table:-F****D.P. Narmada, 2005-06****Rs. in lakh**

M.H.	O.B.	Grant 2005-06	Total	Expenditure	Balance
2029	-22.02	0.00	-22.02	4.92	-26.94
2053	-15.88	10.01	-5.87	8.56	-14.43
2215	-7.97	0.00	-7.97	0.00	-7.97
2216	36.86	244.46	281.32	363.47	-82.15
2711	-3.23	2.22	-1.01	0.00	-1.01
Total	-12.24	256.69	244.45	376.95	-132.50

**Table:-G****T.P., Nasvadi, 2005-06****Rs. in lakh**

M.H.	O.B.	Grant 2005-06	Total	Expenditure	Balance
2210	-17.24	0	-17.24	6.79	-24.03
2216	14.89	53.48	68.37	76.08	-7.71
2401	-8.91	7.89	-1.02	11.27	-12.29
2501	-159.8	0	-159.76	0	-159.76
Total	-171	61.37	-109.65	94.14	-203.79

**Table:-H****T.P., Savli, 2005-06****Rs. in lakh**

M.H.	O.B.	Grant 2005-06	Total	Expenditure	Balance
2053	-11.57	2.50	-9.07	4.66	-13.73
2202	-85.39	0.83	-84.56	4.55	-89.11
2210	1.86	0.00	1.86	5.51	-3.65
2211	-5.53	0.00	-5.53	7.65	-13.18
2216	-36.59	145.80	109.21	171.74	-62.53
2225	-2.47	0.00	-2.47	1.43	-3.90
2235	-1.80	0.00	-1.80	0.00	-1.80
2236	-0.93	13.00	12.07	23.51	-11.44
2401	-19.78	18.09	-1.69	19.96	-21.65
2702	-7.77	0.00	-7.77	0.00	-7.77
4210	-1.13	0.00	-1.13	0.00	-1.13
Total	-171.10	180.22	9.12	239.01	-229.89

## Appendix:-VI

### Reference: Paragraph 2.6

#### Statement showing the details of unspent balances of test checked units

(Rs. in lakh)

M.Hs.	O.B.	Grant 2006-07	Total	Expenditure	Balance
2052	0	100	100	2.89	97.11
2059	14.53	0	14.53	0.69	13.84
2202	51.26	2204.81	2256.07	2009.58	246.49
2203	3.13	3.91	7.04	4.20	2.84
2210*	163.66	41.14	204.8	15.78	189.02
2211	13.38	0	13.38	0	13.38
2215	0.75	0	0.75	0	0.75
2216	73.44	172.48	245.92	44.33	201.59
2225	3.46	2.00	5.46	3.39	2.07
2236	60.74	125.12	185.86	116.11	69.75
2245	125.23	70.00	195.23	114.14	81.09
2403	8.00	16.37	24.37	15.57	8.80
2515	207.16	384.68	591.84	409.59	182.25
3054	262.79	400.61	663.40	296.47	366.93
MP Grant	1.85	2.66	4.51	0.01	4.50
<b>Total</b>	<b>989.38</b>	<b>3523.78</b>	<b>4513.16</b>	<b>3032.75</b>	<b>1480.41</b>

- DPs:- Porbandar, Amreli, Mehsana
- TPs :-Jafrabad (Amreli), Jasdán (Rajkot), Mandvi (Kutch), Savarkundla (Bhavnagar), Lakhpat (Kutch), Nakhtrana (Kutch)

\* M.H. 2210 includes an unspent balance of Rs. 157.85 lakh of D.P. Mehsana for the period 2005-06

**APPENDIX-VII**  
**Reference: Paragraph 2.7**

(A) Statement showing outstanding land revenue and education cess as on 31 March 2008

**Rs. in lakh**

Sr. No.	Name of Taluka Panchayat	Land Revenue			Education cess			Total O/S
		Demand raised	Recovery	O/S	Demand raised	Recovery	O/S	
1	Lalpur	376.00	135.77	241.23	60.69	14.49	46.20	287.43
2	Jasdan	42.98	14.66	28.32	9.93	4.38	5.55	33.87
3	Dwarka	105.71	49.05	56.66	33.12	8.43	24.70	81.36
4	Kheralu	0	0	0	21.44	0	21.44	21.44
	<b>Total</b>	<b>524.69</b>	<b>199.48</b>	<b>326.21</b>	<b>125.18</b>	<b>27.30</b>	<b>97.89</b>	<b>424.10</b>

(B) Statement showing outstanding taxes of Panchayati Raj Institutions.

Sr No.	Year	Name of Village Panchayat	Demand raised	Recovery affected	Outstanding as on 31 <sup>st</sup> March 2008	Percentage Of recovery
1	2003-04	Hapa Ta Jamnagar	66093/-	19950/-	46143/-	30%
2	-do-	Divrana Ta Mangrol	32735/-	16660/-	16075/-	51%
3	-do-	Navda Ta Vanthali	111002/-	36143/-	74859/-	33%
4	-do-	Shapur Ta Mangrol	15800/-	4916/-	10884/-	31%
5	-do-	Navalakhi Ta Vanthali	51902/-	7408/-	44494/-	14%
6	-do-	Jamwadi Ta Mangrol	54125/-	25833/-	28292/-	48%
7	2004-05	Kuvadava Ta Rajkot	786595/-	441258/-	345337/-	56%
8	-do-	Sanosara Ta Shihor	522102/-	216364/-	305738/-	41%
9	-do-	Alang Ta Talaja	64487/-	16422/-	48065/-	25%
10	2005-06	Shivarajpar Ta Jasdan	13488/-	5033/-	8455/-	37%
11	-do-	Divi Ta Ankleshwar	87811/-	17833/-	69978/-	20%
12	-do-	Mahija Ta Kheda	1315538/-	438363/-	877175/-	33%
13	-do-	Alwa Ta Kapadwanj	153253/-	11210/-	142043/-	7%
14	-do-	Antishar Ta Kapadwanj	60578/-	11653/-	48925/-	19%
15	-do-	Torna Ta Kapadwanj	525411/-	138935/-	386476/-	26%
16	-do-	Olpad Ta Olpad	1429112/-	520972/-	908140/-	36%
		<b>TOTAL</b>	<b>5290032/-</b>	<b>1928953/-</b>	<b>3361079/-</b>	<b>36%</b>

## APPENDIX-VIII

### Reference: Paragraph 2.9

Statement showing unreconciled differences between cash book and treasury pass book

SR. No.	Name of Units	Period of AIR	Amount as per cash book	Amount as per passbook/bank statement	Net Balances remained unreconciled
1	District Panchayat , Rajkot	2005-06	56,06,83,757=59	62,01,22,452=86	5,94,38,695=27
2	T.D.O. Shinor	2005-06	2,03,40,616=01	2,02,50,016=01	90,600=00
3	T.D.O. Maliya Miyana	2005-06	1,24,48,452=92	1,23,18,712=26	1,29,740=66
4	T.D.O. Mangrol	2005-06	3,75,73,449=00	4,25,20,013=00	49,46,564=00
5	Dist. Panchayat B.K.	2006-07	71,54,71,828=00	81,10,43,447=00	5,55,71,819=00
6	Dist. Panchayat Gandhinagar	2005-06	37,31,20,498=75	37,25,40,284=21	5,80,214=54
7	Dist. Panchayat Anand	2005-06	441107135=00	441027152=00	79983=00
	<b>TOTAL</b>				<b>12,08,37,616=47</b>

## APPENDIX-IX

Reference: Paragraph 2.11

### Statement showing Purchases without inviting tenders/quotation

SR.No	Name of Village panchayat	Period of AIR	Kind of material purchased	Amount (Rs.)
1	Khambhel, Tal. Becharaji	2004-05	Cement	70,060/-
2	Roopavati Group, Tal. Gariyadhar	2004-05	--	16,542/-
3	Chasasna Tal. Becharaji	2005-06	Cement, Steel bars	44,770/-
4	Adhewada, Tal. Bhavnagar	2004-05	Pipe	2,32,514/-
5	Parvati, Tal. Gariyadhar	2004-05	Cement	27,996/-
6	Becharaji Tal. Becharaji	2004-05	Pipes, chemicals, cement & sand	1,52,341/-
7	Modhera Tal. Becharaji	2004-05	Cement, steel, RCC pipe Kapchi & Rewinding	1,25,360/-
8	Delwada, Tal. Becharaji	2004-05	Cement	1,42,370/-
9	Tarsamiya, Tal. Bhavnagar	2004-05	Angle & wire, stationery, pipe line wire	24,410/-
10	Turkha, Tal. Botad	2004-05	--	90,800/-
11	Bhandariya, Bhavnagar	2004-05	Stationery, Doors of toilets, steel	35,849/-
12	Malsar, Tal. Pavi jetpur	2004-05	Elec. Materials steel bars, kapchi/metal/sand, street lights and pipes	1,49,771/-
	<b>TOTAL</b>			<b>11,12,783/-</b>

## Appendix-X

### Reference: Paragraph 2.12

#### Statement showing non maintenance of basic records of test checked units

Sr.No.	Name of Units	Period of AIR	Nature of basic records not maintained
1	Dist. Agriculture Officer, D.P., Ahwa	2004-05	Grant Register
2	Executive Engineer, D.P. Patan	2005-06	Grant Register Deposit Register
3	Executive Engineer, R&B, D.P. Navsari	2005-06	Deposit Register Advance Register
4	Dist. Animal Husbandry, D.P. Surat	2005-06	Grant Register
5	Dist. Primary Education Officer, D.P., Surat	2005-06	Grant Register
6	Dist. Social Welfare Officer, D.P. , Surat	2005-06	Grant Register
7	Chief Dist. Health Officer, D.P., Bharuch	2005-06	Grant Register
8	Dist. Primary Education Officer, D.P. Surendranagar	2005-06	Grant Register
9	Dist. Agriculture Officer, D.P. Patan	2005-06	Grant Register
10	T.D.O. Jalalpore, Dist. Navsari	2004-05	Advance Register
11	T.D.O. Matar, Dist. Kheda	2005-06	Deposit Register



**APPENDIX – XI**

**Reference: Paragraph 4.1**

**Statement showing outstanding recovery of taxes.**

**Rs. in lakh**

Sr. no	Name of the Nagarpalika	Total o/s of the year	Recovery effected	O/s as on 31-03-09						Recovery in %
				Prior to 2003-04	2003-04	2004-05	2005-06	2006-07	Total o/s	
1	Gandhidam	1222.10	443.44	190.14	154.22	226.45	103.06	104.79	778.66	36.38
2	Palanpur	520.90	213.54	34.91	49.08	61.75	71.33	90.29	307.36	40.99
3	Talod	51.61	30.81	8.54	0.55	2.55	3.16	6.00	20.80	59.69
4	Deesa	174.49	124.05	0.99	1.32	3.50	21.57	23.06	50.44	71.09
5	Dhandhuka	44.09	13.40	2.15	2.52	4.78	12.99	8.25	30.69	30.29
6	Tharad	18.71	6.64	0.58	0.68	0.62	8.58	1.61	12.07	35.48
7	Kalol	204.11	92.47	16.40	28.24	21.20	43.01	2.79	111.64	45.30
8	Upleta	160.55	103.28	9.50	9.39	11.82	12.86	13.70	57.27	64.32
9	Jetpur	271.45	177.60	14.56	14.27	15.39	21.66	27.97	93.85	65.42
	<b>Total:</b>	<b>2668.01</b>	<b>1205.23</b>	<b>277.77</b>	<b>260.27</b>	<b>348.06</b>	<b>298.22</b>	<b>278.46</b>	<b>1462.78</b>	<b>48.99</b>

**Appendix – XII**

**Referred Para 4.2**

**The status of work as on 31-3-09 under the scheme IDSMT. (NP Wankaner)**

Rs. in Lakh

Sr. No.	Name of work	Estimated cost	Receipt of Grant	Expenditure incurred	Status of work
1	Construction of shopping centre in place of old town hall.	68.37	75.00	66.40(Grant) 4.50(Own fund)	Cement plaster works in progress.
2	Construction of shopping centre in the place of old nagarplaika	27.92	-	-	The tender was invited for work but the tender was not received and therefore the amount of this work was utilized for Item No. I as per resolution No.28 dated 30-7-06. Proposal has been sent to Govt.
3	Construction of multipurpose Hall behind Nehru garden	65.95	-	-	Work in progress.
4	Construction of swami Vivekanand park at wankaner hevali road.	8.24	-	-	As above
5	Up gradation of road from Viviekanand statue to Divanpara statue	56.26	-	-	The tender was invited, however; decision was not taken.
	<b>TOTAL</b>	<b>226.74</b>	<b>-</b>	<b>70.90</b>	

**APPENDEX – XIII**

**Reference: Paragraph 4.9**

**Statement showing unit wise outstanding Advances as on 31st March 2007**

**Rs. in lakh**

<b>Name of Nagarpalika</b>	<b>Advances</b>	<b>Period of advance</b>	<b>Detail of advance</b>	<b>Remarks</b>
<b>Petlad</b>	97.19	1965-66	43.96 to contractor 1.27 to supplier 51.95 to Others	Advance register was not made properly
<b>Bardoli</b>	13.22	1972.73 to 2005-06	-	No effective steps taken to adjust the amount
<b>Patan</b>	41.95	1969-70 to 2005-06	24.77 to suppliers 00.25 to contractors 16.31 to employees 00.62 to private parties	
<b>Palanpur</b>	586.00	1962-63 To 2006-2007	-	Not maintained adv. payment register. At present no fresh advance payment are being made.
<b>Total</b>	<b>738.36</b>			