

## **OVERVIEW**

This report contains the results of audit of 17 out of 49 Urban Local Bodies (ULBs) under the scheme of Technical Guidance and Supervision (TGS). The Report contains three Chapters. Chapter I and II containing introduction on the functioning of ULBs and audit comments on accounting procedure, irregularities in execution of works and outstanding revenue receipts etc. Chapter III contains a performance review on IDSMT and UIDSSMT scheme .A synopsis of the findings contained in the report is presented in the overview.

### **An overview of the Accounts and Finances of Urban Local Bodies.**

- ❖ During 2005-08, the budget estimates were not realistic as expenditure was ranging between 73 and 98 percent  
(Paragraph 1.10)
- ❖ State Government has not made provision in Acts/Rules for certification of accounts of ULBs by any agency.  
(Paragraph 1.11)
- ❖ Utilisation certificates (UCs) amounting to Rs. 50.59 lakh were awaited from three ULBs.  
(Paragraph 1.12)
- ❖ The State Government had not devolved two functions i.e. “Fire services execute the devolved functions and Regulation of land use and construction of building”.  
(Paragraph 1.13.2)
- ❖ The State Government has not ensured required manpower in ULBs to execute the devolved functions.  
(Paragraph 1.13.8.1)
- ❖ Faulty planning on the part of NP led to non-utilisation of store tanks rendering the entire expenditure of Rs. 27.46 lakh unfruitful.  
(Paragraph 2.1)
- ❖ Ineffective monitoring of developmental works caused abandonment of constructions of commercial complex by the contractor and also resulted in time and cost overrun.  
(Paragraph 2.2)
- ❖ Failure of Urban Local Bodies to utilize the funds under RGURF/NSDP for construction of parking lots and schemes for welfare of slum dwellers resulted in blocking of funds of Rs. 60.00 lakh and Rs. 14.15 lakh respectively.  
(Paragraph 2.3)
- ❖ An expenditure of Rs. 3.12 crore was incurred in excess of norms due to failure of the ULBs to collect the outstanding tax of Rs. 4.92 crore which was likely to be utilized on development works thereby reducing the percentage of establishment expenditure.  
(Paragraph 2.4)

- ❖ Municipal Corporation, Shimla failed to construct Ambulance roads depriving the public from providing ambulance facility besides resulting in blocking of funds of Rs. 15.50 lakh.  
(Paragraph 2.5)
- ❖ Failure to start the execution of developmental works of Rs. 3.08 crore resulted in blocking of funds besides depriving the public from intended benefits.  
(Paragraph 2.6)
- ❖ Non-finalisation of new schemes by MC Shimla resulted in non-utilization of funds of Rs. 19.00 lakh.  
(Paragraph 2.7)
- ❖ Improper planning of ULBs led to non-setting up of Solid Waste Management Projects and blocking of funds Rs. 1.07 crore.  
(Paragraph 2.8)
- ❖ Three Urban bodies did not reconcile the balances of banks resulting into difference of Rs. 27.56 lakh.  
(Paragraph 2.9)
- ❖ Rent of Rs. 1.58 crore was not recovered by the ULBs from allottees of shops.  
(Paragraph 2.10)
- ❖ House tax amounting to Rs. 4.11 crore remained outstanding as of March 2008.  
(Paragraph 2.11)
- ❖ Due to non-revision of rates of house tax the ULBs failed to raise demand for Rs. 67.62 lakh required under SFC recommendations.  
(Paragraph 2.12)
- ❖ Three ULBs failed to mobilize their resources ,which resulted in creation of undischarged liabilities on account of energy charges amounting to Rs.1.02 crore.  
(Paragraph 2.13)

With the objective of slowing down the increasing trend of migration from small and medium towns to large cities by providing infrastructure and generating income growth and employment the IDSMT scheme was launched (1992) in Himachal Pradesh and 21 out of 49 towns were covered under the scheme during 1995-2005. Project execution was not satisfactory as only one out of 21 projects could be completed as of March 2008. From December 2005 the scheme was merged in Urban Infrastructure Development Scheme for Small and Medium Towns (UIDSSMT) and three towns were covered. Out of three projects sanctioned under UIDSSMT two are in progress and one was yet to be started.  
(Paragraph 3.1.1)

- ❖ Out of the grants of Rs. 18.94 crore released for all the 21 projects during 1995-2008, Rs. 17.31 crore only could be spent as of as of March 2008.  
(Paragraph 3.2.2)
- ❖ Out of 21 projects sanctioned 1995-2005 only one project was completed.  
(Paragraph 3.4.1)
- ❖ In five projects/towns test checked, expenditure of Rs, 1.21 crore incurred on the construction of Shopping complex, Community hall, shops etc. was rendered unproductive as these amounts were lying unutilized.  
(Paragraph 3.4.6)
- ❖ 13 ULBs diverted Rs. 2.36 crore from IDSMT/UIDSSMT to Municipal Funds for payment of salary etc.. Moreover an expenditure of Rs. 1.51 crore was incurred by 4 ULBs on schemes not sanctioned by State Level Sanctioning Committee (SSLC).  
(Paragraph 3.2.7 & 3.4.2)
- ❖ Institutional finance of Rs. 7.65 crore was not arranged by 14 Local bodies resulting in tardy progress/non-completion of the projects.  
(Paragraph 3.2.6)