

PREFACE

1. Audit of Urban Local Bodies has been carried out under Article 243 of the Constitution. The Report is being submitted to the Government of Jharkhand.
2. Chapter I of this Report contains a brief introduction on the functioning of the Urban Local Bodies alongwith their financial profile.
3. The remaining chapters deal with the findings of the audit of transactions in various Municipalities, Notified Area Committees and Ranchi Municipal Corporation under the provisions of Jharkhand & Orissa Local Fund Audit Act, 1925, Ranchi Municipal Corporation Act, 2001 and Jharkhand Municipal Act, 2000.
4. The cases mentioned in the Report are among those which came to notice in the course of test audit of accounts of 13 Urban Local Bodies during the year 2005-06 as well as those which had come to notice in earlier years; matters relating to the periods subsequent to 2005-06 have also been included, wherever necessary.

OVERVIEW

The Report contains eight chapters containing observation of audit on accounting procedures and financial management, revenue receipts, establishment, procurement, implementation of schemes and conclusion and recommendations. A synopsis of the audit findings contained in the Report is presented in this overview.

There was poor response to outstanding audit observations. 2639 audit paras pertaining to the period from 1980-81 to 2004-05 involving Rs 91.23 crore, were outstanding as of March 2006.

(Paragraph 1.7)

Seven ULBs incurred unauthorized expenditure of Rs 31.57 crore without preparing budget estimates. Besides, Ranchi Municipal Corporation (RMC) incurred irregular expenditure of Rs 76.82 lakh over and above the budget provision.

(Paragraph 2.2)

The expenditure of Rs 165.52 crore incurred by 12 ULBs could not be scrutinized due to non-preparation of Annual Financial Statements for the period 2001-06.

(Paragraph 2.3)

Only 47.05 per cent of grants & loans were utilized during 2004-06.

(Paragraph 2.4)

Due to non-holding of elections to municipal bodies, State Government did not receive Rs 46.49 crore upto 2005-06 in the shape of grants from Central

Government on the recommendations of the Eleventh and Twelfth Finance Commission.

(Paragraph 2.9)

Advances aggregating Rs 30.05 crore were outstanding against employees, suppliers, Contractors and Engineers.

(Paragraph 2.10)

The employees of five ULBs sustained a loss of Rs 6.09 lakh upto March 2006 due to non-remittance of Provident Fund money deducted during 1989-2006.

(Paragraph 2.11)

In five ULBs, a difference of Rs 1.21 crore between balances as per Cash book and Bank /Treasury Account was not reconciled.

(Paragraph 2.12)

None of the test checked ULBs maintained the Asset Register, Register of Land & Deposit Ledger.

(Paragraph 2.7.2 & 2.7.3)

Basic records viz Advance Ledger, Loan Register, Loan Appropriation Register, Grant Register, Demand and Collection Register of Holding Tax, Work Register, Unpaid Bill Registers were not being maintained by most of the ULBs.

(Paragraph 2.14)

In 12 ULBs, unrealised property tax of Rs 6.92 crore was outstanding as of 31 March 2006.

(Paragraph 3.1)

Rates of taxes were not revised for the last three to 36 years despite the provision for its revision after every five years.

(Paragraph 3.3)

Due to non service of notices of demand and warrant to tax payers for collection of arrears of holding tax etc., RMC was deprived of Rs 2.06 crore in the shape of fine which could have been levied on the delayed payments.

(Paragraph 3.4)

Rs 23.87 lakh of revenue collected during 1999-2006 remained in personal custody of the collecting staff. Rs 7.11 lakh was recovered from the staff of ULBs at the instance of audit.

(Paragraph 3.5 & 3.6)

Loss of Rs 3.28 crore to Government due to non-remittance of money, collected on account of Education/Health cess, into the Government account.

(Paragraph 3.7)

Loss of Rs 72.34 lakh to the State Government and Rs 8.03 lakh to the ULBs during 2001-06 due to non-imposition of Education/Health cess.

(Paragraph 3.8)

Rs 3.12 crore was outstanding on account of rent of municipal properties. Rs 8.31 crore was outstanding on account of tax on Government buildings as of 31 March 2006.

(Paragraph 3.9)

Shortage of staff ranges between 16 per cent and 100 per cent. Despite prohibition, the ULBs irregularly spent Rs 3.07 crore during 2004-06 on engagement of casual staff.

(Paragraph 4.1)

Rs 5.23 crore was paid to NGOs for cleaning road etc. without the approval of State Government.

(Paragraph 4.2)

Tax deducted at sources of Rs 6.60 lakh on account of Income Tax, Sales Tax and Royalty etc. were not credited to the heads concerned of Government Accounts.

(Paragraph 5.1)

Improper payment of Supervision charges of Rs 82.25 lakh to International Social Service Organization against the provision of State Public Works Account Code.

(Paragraph 5.2)

Payment on fake bills of cement resulted into misappropriation of Rs 9.79 lakh.

(Paragraph 5.3)

Rs 1.40 crore sanctioned for specific purposes were diverted towards salary and other purposes.

(Paragraph 6.1.1 & 6.1.2)

Rs 21 lakh of advance were lying with a store keeper for an abandoned work for the last 24 months. Even FIR has not been lodged against him.

(Paragraph 6.2)

Rs 3.25 crore lying blocked with two Municipalities for construction of Bus Stands for the last four years due to delay in selection of sites at one place and due to non-commencement of work at another place.

(Paragraph 6.3)

ULBs were not taking action on the Surcharge Notices issued by the Examiner of Local Accounts, Jharkhand, Ranchi. No action was taken in case of 63 notices involving Rs 34.99 lakh, issued under section 9 (2) (b) of the Local Fund Audit Act, 1925 by the Examiner of Local Accounts, Jharkhand.

(Paragraph 7.1)

Vouchers worth Rs 6.14 crore for the period 2004-06 were not produced to audit.

(Paragraph 7.5)

CHAPTER -1

INTRODUCTION

1.1. Background

The State Government may declare a town as a Municipal Corporation, a Municipality and a Notified Area Committee, on the basis of more than two lakh, not less than forty thousand and twelve thousand inhabitants respectively, under Section 4 of the Jharkhand Municipal Act, 2000, if the town has (1) an average number of not less than four hundred inhabitants per square Kilometer and, (2) three-fourth of the adult population engaged on pursuits other than agricultural.

Accordingly, one Municipal Corporation, 20 Municipalities and 22 Notified Area Committees (NACs), declared by the State Government, fall under the jurisdiction of State of Jharkhand (created on 15 November 2000). The Municipal Corporation is governed by Ranchi Municipal Corporation (RMC) Act, 2001 whereas Municipalities and Notified Area Committees are governed by Jharkhand Municipal Act, 2000. The term of elected bodies of Municipal Corporation and Municipalities is five years. The State Government dissolved all local bodies during the period 1986 to 1995 and since then the State Government has not yet issued notification for holding fresh elections. In the absence of the elected body, Corporations for Urban Area, Municipal Councils for a smaller Urban area, and Nagar Panchayats for a transitional area have not come into existence as per the provisions of the Constitution (74th amendment Act, 1992).

1.2. Organisational setup

As elections have not taken place since 1986, Municipal Corporation, Municipalities and Notified Area Committees are being administered by an Administrator, a Special Officer and a SDO (Civil)-cum-ex-officio chairman of the NACs respectively. In the absence of elected bodies, the Secretary, Urban Development Department, Government of Jharkhand is the controlling authority.

1.3. Powers and Functions

Powers and functions of the ULBs are described in section 11 A of Jharkhand Municipal Act, 2000 and section 63 A of Ranchi Municipal Corporation Act, 2001. Some of the important functions of the ULBs are as follows:

- The preparation of plans for economic development and social justice;
- Urban planning including town planning;
- Regulation of land use and construction of buildings;
- Plan for economic and social development;
- Construction of roads and bridges;
- Water supply for domestic, industrial and commercial purposes;
- Maintenance of public health, sanitation, conservancy and solid waste management.

In addition to the above functions, some other functions are given in APPENDIX-1.

1.4. Financial Profile

The Urban Local Body Fund comprises of receipts from own resources and grants and loans from State Government. All collections, as permissible under the statute in force, such as property tax, professional tax, application fees for offensive and dangerous trade, plan sanction fees, mutation fees, rent, tolls and other fees and charges etc. constitute the revenue receipt. The property tax (Holding tax) on buildings is the principal source of tax revenue of an Urban Local Body. The main sources of non-tax revenue of an Urban Local Body are plan sanction fees, mutation fees and application fees etc.

1.5. *Audit Arrangement*

The audit of the ULBs is conducted by the Examiner of Local Accounts, Jharkhand under Jharkhand and Orissa Local Fund Audit Act, 1925.

Under Section 120 (1) of R.M.C. Act, 2001, the Annual Accounts of the Corporation shall be subject to audit under the Jharkhand and Orissa Local Funds Audit Act, 1925. For the purposes of the said Act, the Corporation shall be deemed to be a local authority whose accounts have been declared by the State Government to be subject to audit under Section 3 of the said Act and the municipal fund shall be deemed to be a local fund.

1.6. *Audit coverage*

Accounts of eight Municipalities¹, four NACs² and a Municipal Corporation³ for the period 2004-05 to 2005-06 were test checked and findings of the audit are set out in the succeeding paragraphs.

1.7. *Response to Audit Observation*

The Administrator, Special Officer and S.D.O are required to comply with observations contained in the Audit Reports (ARs) and rectify the defects and omissions and report their compliance through proper channel to Examiner of Local Accounts (E.L.A.) within three months from the date of issue of audit report. The details of ARs and paragraphs outstanding as of 31 March 2006 are given on the next page:

¹ Deoghar, Hazaribagh, Dumka, Daltonganj, Lohardaga, Chaibasa, Jugsalai, Chas,

² Mihijam, Adityapur, Khunti, Bundu

³ Ranchi Municipal Corporation

Sl. No.	Name of U.L.B.	No. of I.Rs	Period	Total No. of paras		Outstanding paras		Value of outstanding paras (Rs in lakh)
				M.V.	N.M.V.	M.V.	N.M.V.	
1.	Ranchi	8	93-94 to 04-05	286	298	276	271	4936.96
2.	Adityapur	9	82-83 to 03-04	44	212	39	153	194.29
3.	Bundu	6	90-91 to 03-04	39	135	36	68	29.76
4.	Khunti	8	90-91 to 04-05	51	176	35	64	508.28
5.	Chaibasa	14	80-81 to 03-04	163	331	130	170	256.63
6.	Jugsalai	9	84-85 to 04-05	113	234	82	111	299.34
7.	Lohardaga	6	93-94 to 02-03	59	154	50	74	207.88
8.	Hazaribagh	8	89-90 to 04-05	152	246	90	124	656.00
9.	Mihijam	8	84-85 to 01-02	40	138	37	62	23.63
10.	Chas	7	85-86 to 04-05	71	135	70	127	779.71
11.	Deoghar	7	86-87 to 04-05	115	280	94	153	477.87
12.	Daltonganj	9	85-86 to 04-05	139	219	117	140	417.95
13.	Dumka	2	98-99 to 03-04	17	49	17	49	334.92
	Total	101		1289	2607	1073	1566	9123.22

(Unit wise details given in Appendix- 2)

A review of the Audit Reports revealed that the Heads of the offices, whose records were inspected by E.L.A, did not send any reply in respect of above outstanding audit reports /paragraphs. The Secretary of the Urban Development Department, who was informed of the position, failed to ensure that concerned officers of the ULBs take prompt and timely action. The Secretary of the Urban Development Department and the Chief Secretary of the Government were also apprised of the position in meetings with the Government held on 03.08.2005 and 15.06.2006 respectively. In addition, the Chief Secretary to the State Government was also requested to take action for the disposal of outstanding paras having surcharge cases but no action has been taken as yet.

CHAPTER- II

ACCOUNTING PROCEDURES AND FINANCIAL MANAGEMENT

2.1. *Budget Estimates*

As provided under Section 71 (Rule 8 to 14 of Bihar Municipal Accounts Rules, 1928) of Jharkhand Municipal Act, 2000 and Section 94 of Ranchi Municipal Corporation Act, 2001, the budget estimates showing details of probable receipts and expenditure shall be prepared and placed before the Municipal Board/Standing Committee in their meeting to be held at least two months before close of the year. The budget estimates shall be approved by the Municipal Body/Corporation and copies thereof shall be submitted to the State Government. As the Municipal Bodies remained superseded during the period under test check, responsibility for preparation of budget estimates was on Administrator/ Special Officer appointed by the State Government.

As the budget proposals for these local bodies are to be the reflection of the aspirational needs of the people of these areas, utmost care in preparing budget proposals needs to be taken. It was, however, noticed in audit that there was total absence of control over the budget formulation rendering them unrealistic. Test check of 13 ULBs revealed that while six ULBs were not preparing budget estimates, the seven ULBs had utilized only 21.52 per cent and 64.58 per cent of the budget provisions during 2004-05 and 2005-06 respectively as detailed on the next page:

(Rs in lakh)

<i>Year</i>	<i>Budget Estimate</i>	<i>Actual Expenditure</i>	<i>Saving (+) Excess(-)</i>	<i>Per centage of overall utilization</i>
2004-05	24959.61	5373.44	19586.17	21.52
2005-06	18715.15	12085.86	6629.29	64.58

(ULB- wise details in Appendix-3)

It was further noticed that five ULBs could utilise between 6.27 and 31.85 per cent of respective provisions and two ULBs utilized only between 62.77 per cent and 88.99 per cent during 2004-05. During 2005-06, while one ULB exceeded the provision by 0.78 per cent, six ULBs could utilise between 7.26 and 60.72 per cent. Huge savings in both the years would affect the quality of services rendered to the people of the respective ULBs.

2.2. **Unauthorised/Irregular expenditure**

2.2.1 Section 76 of Jharkhand Municipal Act, 2000 stipulates that no expenditure shall be incurred without making provisions in the budget. Audit scrutiny revealed that out of 13 ULBs test checked, seven ULBs incurred expenditure of Rs 31.57 crore during 2004-05 to 2005-06 without preparing budget estimates in contravention of the Municipal Act as detailed below:

(Rs in lakh)

<i>Sl.No.</i>	<i>Name of Municipal Bodies</i>	<i>Amount incurred</i>		<i>Total</i>
		<i>2004-05</i>	<i>2005-06</i>	
1	Daltonganj	494.47	685.41	1179.88
2	Lohardaga	Nil	489.23	489.23
3	Chaibasa	120.71	252.17	372.88
4	Chas	235.63	220.96	456.59
5	Adityapur	165.69	226.80	392.49
6	Khunti	16.52	106.34	122.86
7	Bundu	55.98	87.35	143.33
	Total	1089.00	2068.26	3157.26

2.2.2 Ranchi Municipal Corporation incurred an expenditure of Rs 9906.24 lakh against budget provision of Rs 9829.42 lakh without making a provision for the excess expenditure of Rs 76.82 lakh by revision of budget estimates as required under Section 76 of Jharkhand Municipal Act. This was in contravention of the provisions of the Act. This resulted in failure of budgetary control of the Municipal Corporation, Municipality and Notified Area Committee.

2.3 **Annual Accounts**

During audit it was seen that 12 ULBs did not prepare Annual Financial Statements for the period 2001-02 to 2005-06 as detailed below:

<i>Sl.No.</i>	<i>Name of ULB</i>	<i>Period for which Annual Accounts not prepared</i>	<i>Expenditure incurred during the said period (Rs in lakh)</i>
1	Ranchi	2001-02 to 2005-06	8519.43
2.	Deoghar	2001-02 to 2005-06	1940.97
3.	Hazaribagh	2005-06	778.15
4.	Dumka	2004-05 to 2005-06	464.43
5.	Daltonganj	2001-02 to 2005-06	1918.87
6.	Chaibasa	2001-02 to 2005-06	585.26
7.	Jugsalai	2001-02 to 2005-06	623.54
8.	Chas	2001-02 to 2005-06	296.44
9.	Mihijam	2001-02 to 2005-06	195.01
10.	Adityapur	2004-05 to 2005-06	392.48
11.	Khunti	2001-02 to 2005-06	629.95
12.	Bundu	2001-02 to 2005-06	207.44
		Total	16551.97

For want of the Annual Accounts, estimated and actual expenditure of Rs 165.52 crore incurred during 2001-2006 by there local bodies under different budgeted heads could not be ascertained and scrutinized.

2.4. **Utilisation of development grants/loans**

Grants and Loans released by the State Government to the ULBs for execution of specific schemes are required to be utilized during the respective year. During 2004-06, utilisation of grants and loans received for development purposes in respect of 13 test checked ULBs was as under:

(Rs in lakh)

<i>Opening balance</i>	<i>Grant received</i>	<i>Loan received</i>	<i>Total</i>	<i>Grant and loan spent</i>	<i>Closing balance as on 31-03-2006</i>	<i>% of utilization</i>
6854.21	5450.55	5369.72	17674.48	8317.01	9357.47	47.05

(ULB wise and year wise details are given in Appendix-4.)

The poor utilization of funds by the ULBs was mainly due to non-execution of schemes. The delay in utilisation of funds deprived benefits reaching to the targeted beneficiaries.

2.5 **Non-maintenance of accounts in new format**

The Comptroller and Auditor General of India in March 2004 had suggested appropriate budget and accounting formats for the ULBs, which was circulated by the Ministry of Urban Development to all States for uniform adoption.

Accordingly, the State Government, U.D.D. was requested repeatedly for adoption and creation of database in new formats. Meetings of the Accountant General with the Secretary and Chief Secretary to the Government were also held on 03.08.05 and 15.06.06 respectively for that purpose, but the State Government/ULBs had not prepared the accounts in the prescribed format without stating any reason.

2.6 Annual Reports

As required Under Rule 14B of Bihar Municipal Accounts Rules, 1928, local bodies are required to prepare an Annual Report on the working of the municipality showing all grants already made but not fully spent.

None of the test checked ULBs prepared the said report. Due to non preparation of the Annual Report, the workings as well as functions of the local bodies with regard to the proper utilization of grants were not ascertainable.

2.7.1 Assets & Liabilities

Provision for preparation of Balance Sheet (Assets & Liabilities) has not been made in the Municipal Act and Account Rules. As such, position of Assets and Liabilities are not depicted in the accounts of ULBs. Thus, the complete financial picture of the ULBs and their Assets and Liabilities could not be ascertained.

National Municipal Accounts Manual (NMAM), prepared by Ministry of Urban Development and Comptroller & Auditor General of India, prescribes for preparation of Balance Sheet by the ULBs. The preparation of State Municipal Accounts Manual by the State Govt. on the basis of NMAM is under process vide letter no. 821 dated 16 March 2007.

2.7.2 Municipal Properties

To have a proper record of all lands, including road lands on road-sides, sites of buildings, tanks etc. in possession of the Municipality, 'Register of Lands' in prescribed Form XXIX-A is required to be maintained under Rule 100 of the Municipal Account Rules, 1928. Further, under Rule 103, a separate register in Form XXX showing details of each source of revenue, viz. municipal pounds, ferries, buildings, lands etc shall be maintained by each ULB.

The ULBs did not maintain the aforesaid registers to depict their assets and properties. In the absence of assets registers, identification and valuation of assets could not be ascertained in audit.

2.7.3 *Deposit Ledger*

Rule 79 of Municipal Account Rules, 1928 mandates ULB to maintain a Deposit Ledger wherein all money received by way of security from contractors or others and all sums received which are not the properties of the municipality, and have been placed with the municipal authorities for a temporary purpose only, shall be entered.

None of the sample checked ULB maintained the aforesaid register.

Due to non maintenance of deposit ledger, the veracity of the deposits received by the ULBs and their adjustments could not be ascertained and therefore possibility of misappropriation and embezzlement of money cannot be ruled out.

2.8 *Internal Audit*

Provision for Internal Audit was not made in the Jharkhand Municipal Act, 2000, Ranchi Municipal Corporation Act, 2001 or in the Municipal Accounts Rules made there under. The Government needs to make a provision for Internal Audit so as to safeguard Government money.

Had the internal audit been conducted at the regular interval the following irregularities pointed out in the Report would have been avoided:

- (i) Collection money amounting to Rs. 28.98 lakh not deposited into Municipal Fund in 12 ULBs during 99-2006 (vide para 3.5)
- (ii) Outstanding property tax accumulated to Rs. 692.30 lakh upto 31 March 2006 could have been restricted to some extent (vide para 3.1)
- (iii) Irregularities/delay in implementation of schemes, mentioned in chapter VI of the Report, could have drawn the attention of the authorities beforehand.

2.9 *Supercession and Non-holding of election.*

Under Section 16 of the Ranchi Municipal Corporation Act, 2001 and Section 29 of Jharkhand Municipal Act, 2000, the term of elected bodies of Municipal Corporation and Municipalities would be of five years. After expiry of the said period, the State Government, in exercise of powers conferred upon it under Section 530 of Patna Municipal Corporation Act, 1951 and Section 385 of Bihar Municipal Act, 1922, dissolved all local bodies during the period 1986 to 1995. Since then, the State Government had not issued notification for holding fresh elections.

Due to non-holding of elections to municipal bodies, State Government did not receive Rs 46.49 crore upto 2005-06 in the shape of grants from Central Government on the recommendations of the Eleventh and Twelfth Finance Commission.

2.10 *Non adjustment of Advances*

Advances aggregating to Rs 30.05 crores granted by 13 ULBs to employees, suppliers, contractors and engineers for various purposes up to 2005-06 were yet to be adjusted. Laxity in adjustment of advances over the years has encouraged undesirable practice of blocking of institutional funds for indefinite period (Appendix -5) and is fraught with the risk of defalcation/misappropriation of Government money. The ULBs had also not maintained the ledger accounts properly.

2.11 *Loss of interest on Provident Fund*

Provident Fund subscription collected by deduction from salary is required to be credited to the fund accounts at Bank between the first and fourth of the next month to avoid loss of interest payable to the subscribers. However, it was noticed that Rs.20.29 lakh deducted from salary during 1989-90 to 2005-06 in respect of five ULBs was not remitted into banks till March 2006.

Hence, the employees sustained a loss of interest of Rs 6.09 lakh upto March 2006 due to non-deposit of P.F. money (Appendix-6).

2.12 **Bank Reconciliation statement not prepared**

Difference between Cash Book and Bank statement /Treasury Pass Book balances at the close of 2005-06 was not reconciled by five ULBs and showed a difference of Rs 1.21 crore as detailed below:

(Rs in lakh)

<i>Sl.No.</i>	<i>Name of Municipal fund</i>	<i>Balance as per Cash Book</i>	<i>Balance as per Treasury</i>	<i>Difference</i>
1.	Deoghar	859.02	913.79	54.77
2.	Dumka	694.75	697.27	2.52
3.	Chaibasa	275.54	329.23	53.69
4.	Jugsalai	227.03	217.09	9.94
5.	Chas	359.64	359.34	0.30
Total				121.22

Due to non-reconciliation of the two sets of balances, possibility of financial irregularities could not be ruled out. The authenticity of balances appearing in Cash Books of five ULBs, also remained doubtful in the absence of reconciliation with Bank Statement.

2.13 **Deficiencies in maintenance of Cash Books**

The ULBs did not maintain their Cash Books as per instructions under Rules 63 to 66 of Bihar Municipal Accounts Rules, 1928. Some of the irregularities in the maintenance of the Cash Books noticed are :

- The Cash Book of RMC was maintained in loose computerized sheets without providing the prescribed columns and not in the prescribed form in Bound volume as required under Rule 63 of Bihar Municipal Accounts Rules, 1928.
- Entries in the Pass Book and in the Cashier's Cash book were not verified while writing the receipt side of Accountant Cash Book as required under rule 64 of Bihar Municipal Accounts Rules, 1928.

- In many ULBs, particulars of payment, voucher nos., cheque no., classification etc. were not indicated in the payment side of the Cash Book.
- It was not balanced at the close of every month and signed by the Special Officer.

2.14 **Non- maintenance of basic records**

The prescribed basic records as detailed below were not being maintained by most of the ULBs. The implications of non-maintenance of these records are as under:

<i>Sl. No.</i>	<i>Records/ registers not maintained</i>	<i>Implication</i>
1.	Advance Ledger	The purpose, age and amount of advance to be realized /adjusted as of 31 March each year could not be ascertained. Due to this there is always probability of loss to the ULBs.
2.	Grant / Loan Appropriation Register	Grant/loan received, purpose & date of receipt, appropriation made from time to time, amount lying unutilized in respect of a particular grant/loan as on 31 March 2006 could not be ascertained.
3.	Loan Register	The date of receipt, amount, condition attached and overdue instalment of loan with interest could not be ascertained.
4.	Demand & Collection Register	Demand, collection and balance for a particular year could not be ascertained. In absence of posting of the collection money in the register, the detection of fraud and embezzlement becomes difficult.
5.	Work Register	In absence of work Register, schemes taken up, estimated cost, agency, the progress of work and its details viz. value of work done, payment made, materials issued, date of completion, works not completed/ suspended, outstanding amount to be paid against the work executed could not be ascertained. Any excess payment, in terms of cash/ material, is difficult to be detected.
6.	Unpaid bill Register	In absence of Unpaid Bill register the amount of claims alongwith the reasons for withholding the payment and the actual liability of the ULB could not be ascertained.

2.15 **Supervisory Check**

The supervisory checks prescribed in the following Acts/Rules of the ULBs were not exercised by all the 13 ULBs:

- Rule 20 of Bihar Municipal Accounts Rules, 1928 provides that the Administrator/Special Officer/Chairman shall, once at least in every week, examine the cashier's cash book together with the pass book so as to satisfy himself that all moneys received has really been remitted in to the treasury without delay. He shall further, once at least in every fortnight, examine the cashier's or the accountant's cash book with all the subsidiary forms and registers in which deposits are given or collections recorded, to check whether all sums received are actually brought to account;
- Under Rule, 64, *ibid*, the Accountant shall compare and verify the entries in pass book with the cashier's cash-book to ensure that all remittances have been duly brought to account;
- Rule 66, *ibid*, stipulates that the cash book shall be balanced and signed by the Administrator/Special officer/Chairman. Further, the balance of the cash book shall agree with that of the Bank/Treasury pass book;
- Under Rule 105, *ibid*, the 'Register of Rents' shall be checked and signed by the authorities;
- Rule 126, *ibid*, provides for the checking of 'Register of Works' by the Accountant;
- Under rule 30 of Municipal Account (Recovery of Taxes) Rules, 1951, the Tax-Daroga shall check the Daily Collection Registers of collecting Sarkars by comparing the credits with duplicate receipts;

- Rule 31, *ibid*, stipulates that the Administrator/ Special Officer/Chairman shall be responsible for seeing that the postings of collection in Demand and Collection Register do not fall into arrears; and

- Under Rule 39, *ibid*, the Administrator/Special Officer/ Chairman shall periodically and always at the end of every half year, cause a list of outstandings on account of taxes of current and previous years to be prepared from the Demand and Collection Register.

Due to nonobservances of above Rules, possibility of short credit, non-credit of collection money and non-maintenance or improper maintenance of the account records etc can not be ruled out.

CHAPTER-III

REVENUE RECEIPTS

3.1. Outstanding Property tax

The position of arrear & current demand, collection and outstanding property tax at the end of 2005-06 in respect of 13 ULBs (except RMC) were as under:

(Rs in lakh)

<i>Arrear demand</i>	<i>Current demand</i>	<i>Total</i>	<i>Collection</i>	<i>Outstanding</i>
639.55	232.42	871.97	179.67	692.30

(Unit-wise details are given in Appendix- 7)

Half yearly list of outstanding taxes as required under Rule 39 of Municipal Accounts Rules (Recovery of Taxes), 1951 was not prepared by the ULBs. Thus, year-wise break up of arrear demand could not be furnished.

Local bodies did not take any of the following steps, prescribed in the Act, for recovery of huge outstanding dues:

- If the tax is not paid within fifteen days from the first day of the quarter, in respect of which it is payable, the local body may issue demand notice under section 205 and 123 of Ranchi Municipal Corporation Act and Jharkhand Municipal Act;
- If tax not paid within twenty one/ fifteen days after receipt of the notice, *ibid*, the local body may issue warrant under Sections 206 and 124 respectively, of the Acts, *ibid* ;
- May take action under Jharkhand and Orissa Public Demand Recovery Act, 1914 for recovery of the arrear as public demand under Section 218 and 129 A respectively, of the Acts; and
- May bring suit in any civil court of competent jurisdiction for recovery of the arrears under Sections 219 and 130 respectively, of the Acts.

3.2. **Separate Accounts of Latrine and Water tax**

Rule 14 of Bihar Municipal Account Rules, 1928 stipulates that the net receipts on account of water and latrine taxes shall be spent only for the execution of works for water supply and cleansing of private and public latrines urinals and cess pool as required under Rule 69 (1). Further, under Rule 69 (2), money which has been received for specific objects shall not be expended on any other objects.

As Separate Accounts of Latrine Tax and Water Tax were not maintained by the Urban Local Bodies, as under the Rule, collections on these accounts and their proper utilization could not be ascertained separately.

3.3 **Revision of Tax**

Section 138 of Ranchi Municipal Corporation Act and Section 106 of Jharkhand Municipal Act, 2000 provide for revision of tax once in every five years. Test check of assessment register revealed the following position:

<i>Sl.No.</i>	<i>Name of the Urban Local Bodies</i>	<i>Year of last assessment</i>	<i>Year when assessment due</i>	<i>Year in which assessment initiated</i>	<i>Position of revision as of March 06</i>
1	R.M.C.	1992-93	1997-98	1992-93	Not completed
2	Deoghar	1998-99	2003-04	1998-99	Not completed
3	Dumka	1992-93	1997-98	Nil	Nil
4	Hazaribagh	1994-95	1999-2000	Nil	Nil
5	Daltonganj	1994-95 (partial)	1999-2000	1997-98	Not completed
6	Lohardaga	1989-90	1994-95	1995-96	Not completed
7	Chas	1977-78	1982-83	1995-96	Not completed
8	Jugsalai	1974-75	1979-80	1997-98	Not completed
9	Chaibasa	1982-83	1987-88	Nil	Nil
10	Mihijam	1965-66	1970-71	2000-01	Not completed
11	Adityapur	1965-66	1970-71	1996-97	Not completed
12	Khunti	1985-86	1990-91	2001-02	Not completed
13	Bundu	1985-86	1990-91	2001-02	Completed

From the above table it is evident that:

- (1) three ULBs had not at all initiated the revision of assessment process though it was due for the last seven to 19 years;
- (2) In the other 10 ULBs, the revision was pending for the last three to 36 years. The process of revision was initiated after a lapse of one to 30 years from the year in which revision was due. The process was still incomplete in all these cases;
- (3) Non-revision of assessment resulted in loss of revenue to the local bodies. As provisions for the rate of increase or decrease per year were not made in the Municipal Act or Rules, the loss due to non revision of Tax was not ascertainable in audit.

3.4. *Loss of revenue due to non- observance of the provision of the Act and the Rules*

Section 205 of Ranchi Municipal Corporation Act, 2001, provides that if bills of taxes (Holding tax, Water tax and Latrine tax) not paid within fifteen days from their presentation under Section 204, *ibid*, a notice of demand shall be served upon the tax-payer and a fee of twentyfive paise per rupee of the demand shall be payable by him (tax payer) as per Rule 3 of Ranchi Municipal Corporation Accounts (Recovery of Taxes) Rules, 2001.

Further, if the tax payer to whom notice of demand is served does not, within twenty one days of the service of such notice, pay the sum demanded, a warrant may be issued under Section 206 for which a fee of twelve paise per rupee of the demand shall be charged, *vide* Rule 4.

Due to non service of notice of demand and warrant to tax payers for collection of arrear of holding tax etc., as required above, the Corporation was deprived of revenue of Rs 2.07 crore in the shape of fine Rs 0.37 per rupee (25 paise per rupee to be included in demand notice for failure to pay tax within 15 days from presentation of

bill and 12 paise to be included in warrant for failure to pay tax within 21 days of issue of demand notice). Ranchi Municipal Corporation neither maintained any register showing issue of notice of demand warrants and fee claimed and realized against it nor any amount was shown to have been realized by Ranchi Municipal Corporation in the shape of above fee. This is evident from Cashier's Cash Book and Accountant's Cash Book, though arrear tax of Rs 5.58 crore was realized by Corporation during 2004-05 and 2005-06 in which Corporation's loss of fee worked out to Rs 2.06 crore. Due to maintenance of register exact amount to be realized and the balance amount to be realized could not be ascertained in audit.

3.5. **Non credit and short credit of collection money**

As per instructions of the Government under Rule 22 of Bihar Municipal Accounts Rules, 1928, all money received on account of the Municipality shall be remitted intact into the treasury as often as can be conveniently managed. In contravention of the above rule, 12 ULBs did not remit Rs 28.98 lakh out of Rs 97.81 lakh of collected money during 1999-2006. Out of the above Rs 28.98 lakh, Rs 6.11 lakh was recovered from the staff of the ULBs at the instance of audit (Appendix-8). Rs 22.87 lakh was lying in the personal/private custody of the officials concerned which was improper as possibility of misappropriation or loss of money can not be ruled out.

3.6. **Money receipt Books kept out of stock**

In NAC, Adityapur, Rs 2 lakh was collected on account of shop rent by utilizing such unaccounted 'money receipt books' which were kept out of stock register. Details given below:

<i>Sl.no.</i>	<i>Book NO.</i>	<i>Receipt no. and period of collection</i>	<i>Amount collected Rs</i>
1	43	4233/05-05-2003 to 4300/05-07-2003	11,320=00
2	45	4401/05-07-2003 to 4500/05-10-2003	48,933=00
3	46	4501/05-10-2003 to 4600/05-12-2003	69,057=00
4	47	4601/05-12-2003 to 4700/05-02-2004	48,224=00
5	48	4700/05-02-2004 to 4800/04-04-2004	22,031=00
		Total	199565=00

Keeping the money receipt books out of stock register resulted in failure of internal control system and therefore, possibility of misutilisation/ defalcation of Government money could not be ruled out.

Source of supply of the money receipt books, total stock of such supplies and their utilization was not explained to audit. The total collection of Rs 1,99,565 was not credited in the Committee Fund. After being pointed out in audit, Rs. 1 lakh out of Rs. 1,99,565 was recovered and the balance amount of Rs.99565 remained unrecovered as of 31 march 2006.

3.7 Education Cess/Health Cess realized but not credited into Government Account

Education Cess and Health Cess at the prescribed per centage of the holding tax is to be levied by the Municipality under the Bihar Primary Education (Amendment)Act, 1959 and Bihar Health Cess Ordinance, 1972 (Bihar Ordinance No.2 of 1972) in the Municipal areas from 1 April 1959 and 4 May 1972 respectively. The Cess is to be collected through the Municipalities/N.A.Cs. The proceeds of the Cess are to be credited into the State revenue after deducting 10 per cent as collection charge.

It was noticed that during 2004-06, Education and Health Cess of Rs 3.28 crore collected by 13 ULBs as indicated in the Appendix-9, was not credited into the State revenues after retaining 10 per cent as collection charges. The ULBs spent the total collection money of Education and Health Cess on administrative expenditure. This was in violation of the ordinance and vitiated budgetary control of the state due to loss of Government Revenue to the tune of Rs. 3.28 crore.

3.8. Non imposition of Education /Health Cess

The Government of Bihar, under Bihar Primary Education (Amendment) Act, 1959 and Bihar Health Cess Rules,1972, as amended from time to time, issued orders to the Municipality in the State for collection of Education /Health Cess. It was not realized by Jugsalai, Chas Municipalities and Mihijam, Khunti, Bundu NACs. Consequently, not only did the State Government, suffer loss of Rs 72.34 lakh, but the

Municipality/NAC itself suffered a loss of Rs 8.03 lakh during 2001-02 to 2005-06 in the shape of 10 per cent collection charges, which form part of Municipal revenue (Appendix-10).

3.9. **Outstanding Rent/Taxes of Municipal Properties and Government Buildings**

Rs 3.12 crore was outstanding on account of rent of municipal properties and Rs 8.31 crore was outstanding on account of tax on Government buildings as of 31 March 2006 as detailed (Rs in lakh)

<i>Sl.No.</i>	<i>Name of the Municipal Bodies</i>	<i>Categories of property</i>	<i>Rent outstanding</i>	<i>No. of Govt. Buildings</i>	<i>Taxes outstanding</i>
1	Ranchi	Shop rent, Land rent & water charge on Government building	95.29	44	455.46
2.	Deoghar	Shop rent	150.77	N.A	41.91
3.	Hazaribagh	Shop rent, Stall rent	7.99	33	18.27
4.	Dumka	Shop rent	12.24	NA	18.76
5.	Daltonganj	Market rent	21.60	116	152.00
6.	Lohardaga	Shop rent, Sairat and Bus stand	10.77	NA	33.68
7.	Chaibasa	Shop rent	1.86	NA	53.56
8.	Jugsalai	Shop rent, Water charge	Nil	09	6.22
9.	Chas	Shop rent	8.86	16	6.96
10.	Mihijam	Stall rent	0.11	NA	0.03
11.	Adityapur	Shop rent	NA	NA	43.85
12.	Khunti	Shop rent, Bus stand	2.19	NA	Nil
13.	Bundu	Shop rent	Nil	NA	Nil
	Total		311.88		830.70

Due to above mentioned outstanding municipal dues, primary duties of providing sanitation and other facilities entrusted to Local Bodies might have hampered. Action taken to realize outstanding rent/ taxes was not on record.

CHAPTER-IV

ESTABLISHMENT

4.1 Man power management

The following were the position of sanctioned post and men in position in respect of the ULBs :

<i>Sl.No.</i>	<i>Name of Municipal Bodies</i>	<i>Sanctioned post</i>	<i>Men in position</i>	<i>Shortage(-)</i>	<i>Per centage of shortage</i>
1	Ranchi	1382	903	479	34.66
2.	Deoghar	311	222	89	28.62
3.	Hazaribagh	292	246	46	15.75
4.	Dumka	224	81	143	63.83
5.	Daltonganj	197	86	111	56.35
6.	Lohardaga	62	50	12	19.35
7.	Chaibasa	107	62	45	42.05
8.	Jugsalai	143	74	69	48.25
9.	Chas	09	04	05	55.55
10.	Mihijam	19	12	07	36.84
11.	Adityapur	48	30	18	37.50
12.	Khunti	07	Nil	07	100.00
13.	Bundu	09	01	08	88.89
Total		2810	1771	1039	36.97

The above table shows that the ULBs would be facing trouble in running offices and in performing their duties with regard to civic facilities to their inhabitants due to shortage of staff, which ranged from 15.75 per cent to 100 per cent.

To combat this, 13 ULBs had engaged large number of casual staff/labourer and spent Rs 3.07 crore during 2004-2006 on wages (Appendix- 11) despite prohibition on the engagement of casual labourer vide Personnel and Administrative Reforms Department letter No. 3/LB-102/85-7639 dated 11.06.1986.

Appointment of regular staff against vacancy may be considered instead of engaging labourers on casual basis.

4.2. *Irregular expenditure on Payment to N.G.Os for Cleaning of roads*

The engagement of N.G.Os for the purpose of cleaning of road etc was made without obtaining sanction of the State Government as required under Section 63 (aaa) of Ranchi Municipal Corporation Act. and Rs 5.23 core was irregularly and unauthorizedly spent on payment to the N.G.Os during 2002-03 and 2005-06.

Registration Certificate under the Societies Registration Act, 1860, bylaws and labour certificate by Labour Department, Government of Jharkhand and Audit Report of the NGOs were not made available to audit.

In the absence of relevant documents, the genuineness of the N.G.Os could not be ascertained.

CHAPTER-V

TRANSACTION AUDIT

5.1. *Taxes deducted at source not deposited into Government accounts*

Income Tax, Sales Tax and Royalty deducted from bills of contractor/suppliers were required to be credited to the respective heads of Government accounts.

Test check of records revealed that three ULBs deducted Income Tax, Sales Tax and Royalty of Rs 6.60 lakh during 2004-06, as detailed below but not credited in the respective heads of government accounts to and retained the money in their respective funds.

(Rs in lakh)

<i>Sl.No.</i>	<i>Name of Municipal Bodies</i>	<i>Amount of Sales Tax deducted</i>	<i>Amount of Income Tax deducted</i>	<i>Amount of Royalty deducted</i>	<i>Total</i>
1	Chaibasa	0.17	-	0.62	0.79
2	Jugsalai	4.50	-	-	4.50
3	Adityapur	0.62	0.69	-	1.31
	Total				6.60

This resulted in short realization of revenue to the tune of Rs. 6.60 lakh.

5.2. *Improper grant of supervision charge of Rs 82.25 lakh to Sulabh*

International Social Service organisation

The Government of Jharkhand sanctioned Rs 10.08 crore as Grant and Loans (50 per cent each) during 2001-06 for construction of Sulabh Sauchalayas and conversion of dry latrines into septic ones within Ranchi Municipal Corporation areas. The Government directed (February 2002) that (i) the estimates for construction of Sauchalayas would be prepared on the basis of schedule of rates and technical

approval would be taken from Public Health and Engineering Department (ii) the work would be executed by the Sulabh International Social Service Organisation (SISSO) and 15 per cent supervision charges would be paid to the SISSO on the estimated cost.

Scrutiny revealed that the estimated cost was inclusive of 10 per cent contractor's profit and it appeared that government did not take into account this aspect while issuing directive for payment of 15 per cent supervision charges on estimated cost. The State Public Works Account Code, which is applicable to municipal works, does not provide for payment of supervision charges to a Contractor/Agency over and above the contractor's profit involved in the estimated cost.

The matter was referred to the State Government (June 2004). In reply, Government stated that the supervision charge was paid for works which included planning, designing, motivation, implementation and follow-up. The Government, further, referred to the sub-group on strategies to address unmet needs for Public Health Drinking Water, Sanitation and Nutrition set by the National Commission on Population of the Planning Commission which recommended supervision charge of 15 per cent to be paid to such voluntary organizations. The government's reply was not tenable in view of the fact that necessary amendments to State Public Works Account Code was not made for payment of supervision charges by disallowing contractor's profit.

Thus, due to injudicious decision of the Government without suitable amendment to Public Works Account Code, Rs 82.25 lakh was improperly paid as supervision charges on the construction of 32 Sulabh Sauchalaya and for conversion of 782 dry latrines into septic ones up to March 2006.

5.3. Fake bills of cement supply against 11 schemes admitted in Khunti NAC.

Test check of records of NAC, Khunti revealed that during 2003-04, payment against supply of 7,622 bags of cement (at the rate of Rs 128.50 per bag) amounting to Rs 9.79 lakh was certified without indicating date by Sri Prabhat Kumar, Junior Engineer

and passed by the Chairman, Khunti NAC. Such bills were prepared on plain paper without mentioning name & address and acknowledgement receipt of the supplier, date of supply, deduction of sales tax at the rate of 11 per cent (Rs 1.08 lakh). Thus, bills amounting to Rs. 9.79 lakh were fake ones and led to misappropriation of Government money (Appendix - 12).

CHAPTER-VI

IMPLEMENTATION OF SCHEMES

6.1. *Diversion of specific grant and loan*

6.1.1. Under Rule 14 A of Bihar Municipal Accounts Rules, 1928, any grant made by the Government for specific purpose shall not be spent for any other purpose. Further under section 89, unspent balance amount of Government Loan for specific purpose shall not be appropriated even temporarily for any other object. However, in contravention of the above instructions of the Government, out of grant and loans of Rs 5.21 crore received during 2004-06 on account of Valmiki Ambedkar Malin Basti Awas Yojna (VAMBAY), P.C.C. road construction and Integrated Development of Small and Medium Towns (I.D.S.M.T), Rs 92.60 lakh was diverted towards payment of pay and allowances, purchase of bitumen and cement etc. for schemes other than the aforesaid schemes without previous sanction of Government as detailed below :

<i>Purpose</i>	<i>Grants & Loans sanctioned (Rs in lakh)</i>	<i>Amount diverted (Rs in lakh)</i>
(i) From VAMBAY -	438.40	82.38
(ii) From Road Construction -	52.46	7.32
(iii) From I.D.S.M.T	30.00	2.90
Total-	520.86	92.60

Out of above, Rs 58.89 lakh were adjusted during Oct. 2005, January 2006 and March 2006 and Rs 33.71 lakh remained unadjusted as of 31 March 2006.

Due to the diversion of above funds, physical targets of the schemes concerned could not be achieved.

6.1.2. Similarly out of Rs 7.92 crore received for construction of Modern Bus Stand, Road, Drain, installation of High Mast Light and Water supply (Chapakal) during 2001-2005, Rs 48.12 lakh was diverted towards salary and other purposes without sanction of the Government which was irregular in addition to hampering implementation of the above projects (Appendix- 13).

6.2. *Construction of Community Hall under Integrated Development of Small and Medium Town (IDSMT).*

State Government released Rs 2.20 crore (26 September 2003) under IDSMT (centrally sponsored) schemes for 2003-04. The schemes, inter-alia, comprised construction of three Community Halls, estimated cost of each was Rs 9,98,500. Technical sanction was accorded by Executive Engineer, P.W.D. Building Division, Hazaribagh in November 2003.

The Storekeeper of the Hazaribagh Municipality was deputed by the Special Officer, Hazaribagh Municipality for departmental execution of Community Halls at three places viz Hurhuru talab, Matwari and Kankar. Rs 21 lakh was advanced to him by the Special Officer against the above estimated cost without acquisition of land and selection of site. The Special Officer requested (November 2004) the concerned authorities at Hazaribagh to make available the required land for construction of Community Halls at three places but it could not be finalized. Then, the Special Officer cancelled the work order and ordered (March 2005) the Storekeeper to refund the amount of advance immediately. But the advance was not refunded by him till September 2006. Steps were not taken by the competent authority to pursue the matter. Even after lapse of more than 24 months (upto April 2007) from the date of cancellation of the work order, neither any FIR was lodged nor any disciplinary action was taken against him. Possibility of misappropriation or loss of Government money in this case can not be ruled out. The Municipality had also lost revenue of Rs 2.52 lakh, by earning interest at the rate of four per cent even if the amount was kept in Savings Bank Accounts.

Blocking of Government Fund

6.3. Construction/Renovation of Bus/Taxi Stands

The Jharkhand Government sanctioned and released (March 2002) Rs 2.50 crore to Deoghar Municipality and Rs 75.44 lakh to Daltonganj (Medininagar) Municipality as grants and loans (50 per cent each) for modernisation/ renovation of Bus/ Taxi stands. The Municipalities had to start the work after appointment of a qualified architect for preparation of plan to be vetted by the competent technical officer. Administrative approval in both the cases was to be accorded later on by the Urban Development Department.

Scrutiny of the records of aforesaid Municipal Bodies revealed that

(i) For Bus Stand at Deoghar, selection of site and consultant was not decided (October 2006).

(ii) For Bus stand at Medininagar, the proposed sites were cancelled (Jan. 04) due to faulty selection of sites without any prior survey/ assessment. Meanwhile, the Municipality again received (Feb. 2006) Rs. 25.06 lakh from the State Govt. for the same work. Fresh site was selected and revised estimate was prepared for construction of Bus stand thereon. Architect was appointed for preparation of design/plan. The contractor agreed to execute the work in Rs. 84.58 lakh i.e. 15 per cent below the estimated amount of Rs. 99.51 lakh. Work order was issued (10 March 2006) to the contractor indicating for completion of work within 180 days i.e. upto 10 Sept. 2006. But upto 31 August 2006, the work for Rs. 24.81 lakh only was completed.

Thus, Rs. 3.25 crore remained blocked for over four years and prevented the beneficiaries from availing the facilities.

6.4. Execution of Schemes in contravention of Government Guidelines

State Government issued (24 June 2005) direction to execute all the schemes, having estimated cost below Rs five lakh, departmentally. But in contravention of the above

directives, Ranchi Municipal Corporation (RMC) got executed seven such schemes worth Rs 21.18 lakh, through contractors (Appendix -14).

CHAPTER-VII

OTHER IMPORTANT OBSERVATIONS

7.1. Surcharge under Local Fund Audit Act, 1925 made ineffective

Section 9 (2) (b) of the Jharkhand and Orissa Local Fund Audit Act, 1925 required the notices to be served upon the surchargees (responsible for irregular payments, loss of amount etc. ascertained in course of audit). The Examiner of Local Accounts (E.L.A.) sent the notices to the Collector of the District where the ULBs are situated for service to the surchargees.

Audit found that in the case of 12 ULBs, 63 notices covering Rs 34.99 lakh were issued during 2001-2006 but in no case the Collector of the District had sent to the E.L.A. the service reports of the notices. Further action viz issue of surcharge order and requisition of certificate for recovery of the amounts from the surcharges could not be taken (Appendix-15). The matter was taken up with the Chief Secretary also but no action has yet been taken.

7.2. Irregular appointment of Lawyers

As per Cabinet Secretariat, Government of Bihar letter no. 3/CS/M-704/94-3897 dated 16.08.1994, all civil suit cases relating to Boards, Corporation, Government/Semi-Government organizations under the Control of the State Government were to be dealt with by a panel of advocates constituted by the Law Department of the State Government. In violation of the above instructions, Ranchi Municipal Corporation directly engaged different lawyers to deal with their cases during the year 2005-06 and spent Rs 9.73 lakh on them (Appendix-16).

This vitiated the internal control mechanism of the department.

7.3. Irregular Payment of Deputation Allowance

As per Finance Department memo No. 3/F 1-9010/76-1866 F dated 25.2.1977, deputation allowance was not admissible to the officials temporarily transferred to the Corporation.

In violation of the above instruction, RMC paid Rs 0.20 lakh to Dr. (Mrs) Rekha Rani Singh during 26 December 2001 to 31 March 2006. No action was taken by RMC to recover the amount as of March 2007.

7.4 Cash and Account branches not kept distinct from each other

As per rule 2C of Bihar Municipal Accounts Rules, 1928, the cash and account branches of each Municipal office shall be kept distinct from each other and under distinct officer, who, for the purpose of these rule, will be termed Tax Daroga/Cashier and Accountant. In no case shall the same person compile the Municipal accounts and superintend the collection of the rates and other municipal income.

But in violation of the above instructions of the Government in Daltonganj and Chas Municipalities & Khunti and Bundu N.A.Cs, the cash and account branches were not kept distinct, and the same person compiled the municipal account and made/superintended the collection of the rates and other municipal income. This rendered the system vulnerable to financial irregularity.

7.5 Payment vouchers not produced to audit

In case of seven ULBs, payment vouchers for 2004-06 amounting to Rs 6.14 crore were not made available to audit for test check (Appendix -17).

Due to non production of the vouchers before audit, the genuineness of payment could not be ascertained in audit as the expenditure remained unscrutinised. Thus, non production of payment vouchers rendered the system vulnerable to fraud and corruption.

CHAPTER-VIII

CONCLUSIONS AND RECOMMENDATION

Conclusion

8.1 Poor Financial Management and Accounting records

- There was poor response to outstanding audit observations. 2639 audit paras pertaining for the period from 1980-81 to 2004-05 involving Rs 91.23 crore, were outstanding as of March 2006;
- There was total absence of control over the budget formulation rendering them unrealistic. While six ULBs had not prepared budget estimates, seven had utilized funds ranging from 6.29 per cent to 60.72 per cent of the budget estimates during 2004-06. Annual Financial Statements for 2001-2006 were not prepared by 12 ULBs ;
- Only 47.05 per cent of grants & loans were utilized during 2004-06 which is very poor.
- The accounts and database were not maintained in the new formats of accounts approved by C & AG ;
- ULBs were not maintaining 'Register of lands' etc to depict their assets and properties. Assets and Liabilities were not depicted in the Accounts of ULBs ;
- Provision of 'Internal Audit' had not been made in the Jharkhand Municipal Act, 2000 ;
- Advances aggregating Rs 30.00 crore were outstanding against employees, suppliers, contractors and engineers ;

- Rs 1.21 crore was lying unreconciled due to differences in balances as per Cash book and Bank /Treasury Account ;
- Basic records viz Advance Ledger, Loan Register, Loan Appropriation Register, Grant Register, Demand and Collection Register of Holding Tax, Work Register, Adjustment Register, Unpaid Bill Registers etc. were not being maintained.

8.2 Property Tax

- Unrealised property tax of Rs 6.92 crore was outstanding as of 31 March 2006 but necessary steps prescribed under the Act and the Rules were not taken. Rates of Tax were also not revised after every five years for the last three to 36 years;
- Due to non service of notices of demand and warrant to tax payers for collection of arrears of holding tax, etc, RMC was deprived of Rs 2.06 crore in the shape of fine which could have been levied on the delayed payments;
- Receipts of Rs 22.87 lakh for the period 1999-06 remained in personal custody of the collecting staff instead of remitting the same into the Treasury;
- Education/Health cess worth Rs 3.28 crore was not credited into State Revenues instead ULBs used it for their day to day expenses;
- Unrealised rent of properties of Local bodies to the extent of Rs 3.12 crore and 8.31 crore against Tax on Government buildings were outstanding as of 31 March 2006.

8.3 Establishment

- Rs 3.07 crore was spent on unauthorized appointment of Casual staff/ Labourer;

- There was shortage of staff ranging between 15 per cent and 100 per cent;
- Rs 5.23 crore was paid to NGOs for cleaning road etc. without the approval of State Government;

8.4 Transaction Audit

- Tax deducted at sources of Rs 6.60 lakh on account of Income Tax, Sales Tax and Royalty etc. were not credited to the heads concerned of Government Accounts;
- Improper payment of Supervision charges of Rs 82.25 lakh to International Social Service Organisation against the provision of State Public Works Account Code.

8.5 Implementation of Schemes

- Rs 1.40 crore were diverted for other schemes/ purposes. Rs 21 lakh of advance were lying with a store keeper for an abandoned work for the last 24 months. Even FIR had not been lodged against him;
- Rs 3.25 crore lying blocked with two Municipalities for construction of Bus Stands for the last three years due to delays in selection of sites at one place and due to non-commencement of work at another place.

8.6 Other points

- ULBs were not taking action on the notices issued by the Examiner of Local Accounts, Jharkhand, Ranchi. No action was taken in case of 63 notices covering Rs 34.99 lakh, issued under section 9 (2) (b) of the Local Fund Audit Act, 1925 by the Examiner of Local Accounts, Jharkhand;

- There was lack of cooperation in production of vouchers to audit. Vouchers worth Rs 6.14 crore for the period 2004-06 were not produced to audit.

Recommendation

- Concerned offices may be directed to furnish the necessary replies to the outstanding audit paras;
- Budget estimates be prepared on realistic basis. Differences between balances as per Cash Book and Bank/Treasury Accounts be reconciled;
- New formats of accounts as approved by C & AG be followed and provisions be made in the Rules for 'Internal Audit' of ULBs;
- Basic records including Register of assets/ properties may be maintained;
- Steps be taken for recovery of advances outstanding against the employees, suppliers etc;
- It must be ensured that notices for arrear of Property Tax etc are issued in time and fines are also levied for delays in realization. Immediate steps may also be taken for revision of rates and collection of arrears;
- Steps may be taken for appointment of persons on regular basis against vacant posts in lieu of appointment of Casual Staff/ Labourers.
- Steps be taken to recover the advances paid to the storekeeper and to avoid recurrent of such cases;
- Steps may be taken to ensure timely construction of entrusted works;

- Irregular payment of supervision charges to Contractors/Agencies may be investigated and steps be taken to avoid recurrence of such cases;
- Steps be taken to recover the advances paid to the storekeeper and to avoid recurrence of such cases;
- Payment to NGOs for cleaning of roads etc. without the approval of State Government requires investigation and steps may be taken to avoid recurrence of such cases;
- It must be ensured that revenues on account of Education/Health Cess are invariably credited into State Revenues;
- It must be ensured that notices issued by the Examiner of Local Accounts are properly attended to and served to the concerned persons;
- It must be ensured that necessary auditable records viz vouchers are made available to audit during the course of audit.

Ranchi
The

(R.K.Agrawal)
Examiner of Local Accounts,
Jharkhand, Ranchi

Countersigned

Ranchi
The

(MUKESH P SINGH)
Accountant General (Audit),
Jharkhand

Appendix- 1

List of other functions and powers of ULBs

(Vide para 1.3 , page 2)

- Fire Services;
- Urban forestry, protection of the environment and promotion of ecological aspects;
- Safeguarding the interests of weaker sections of society including the handicapped and mentally retarded;
- Slum improvement and upgradation;
- Urban poverty alleviation;
- Provision of urban amenities and facilities such as parks, gardens, playgrounds;
- Promotion of cultural, educational and aesthetic aspects;
- Burials and burial grounds; cremations, cremation grounds and electric Crematoriums;
- Cattle ponds, prevention of cruelty to animals;
- Vital statistics including registration of births and deaths;
- Public amenities including street lighting, parking lots, bus stops and public conveniences;
- Regulation of slaughter houses and tanneries;
- Construction and maintenance of markets;
- The regulation of offensive and dangerous trades;
- The removal of obstructions and projections in or upon streets, bridges and other public places; and
- The giving of relief and the establishment of relief works, in times of scarcity or general calamity.

Appendix- 2

Amount involved in Outstanding paras of selected Urban Local Bodies (vide para 1.7 page 3)

Sl. No.	A.R. No./ year	Year under audit	Name of the fund	Total no. of paras		No. of paras settled		No. of outstanding paras	Value of outstanding paras	
				N.M.V.	M.V.	N.M.V.	M.V.		Rs.	P.
1.	65/97-98	93-94 to 94-95	Ranchi Municipal Corporation	38	45	Nil	Nil	83	3,73,57,380=70	
2.	143/98-99	95-96		21	46	Nil	Nil	67	2,49,70,913=70	
3.	29/00-01	96-97 to 98-99		31	39	Nil	Nil	70	9,44,82,948=35	
4.	33/02-03	99-2000		31	32	Nil	Nil	63	4,95,98,337=95	
5.	3/03-04	2000-01		19	39	Nil	Nil	58	6,27,49,092=41	
6.	01/04-05	01-02 to 02-03		53	53	27	10	69	2,38,87,610=54	
7.	37/04-05	03-04		72	12	Nil	Nil	84	1,59,55,4046=78	
8.	38/05-06	04-05		33	20	Nil	Nil	53	3,10,95,221=51	
Total				298	286	27	10	547	49,36,95,551=94	
9.	192/87-88	1986-87	Deoghar Municipality	35	18	13	4	36	1,29,2783=37	
10.	158/92-93	87-88 to 88-89		24	12	8	8	20	2,45,560=86	
11.	1/95-96	89-90 to 93-94		62	42	39	5	60	28,51,933=37	
12.	83/98-99	94-95 to 1997-98		62	11	23	Nil	50	30,50,759=00	
13.	20/02-03	1998-99		31	9	22	3	15	28,14,882=25	
14.	10/03-04	99-00 to 2001-02		28	7	22	1	12	75,08,662=84	
15.	33/05-06	2002-03 to 04-05		38	16	Nil	Nil	54	3,00,22,219=96	
Total				280	115	127	21	247	4,77,86,801=65	
16.	123/94-95	89-90 to 93-94	Hazaribagh Municipality	32	0	20	Nil	12	85,98,225=42	
17.	19/97-98	94-95 to 95-96		31	25	19	1	36	80,07,306=31	
18.	6/2000-01	96-97 to 97-98		35	10	26	4	15	55,31,613=95	
19.	106/2000-01	98-99 to 99-2000		41	18	19	6	34	41,40,862=13	
20.	12/02-03	2000-01		24	20	21	6	17	36,72,170=16	
21.	37/02-03	2001-02		22	24	20	12	14	32,19,273=05	
22.	36/04-05	02-03 to 03-04		22	38	16	14	30	1,78,40,117=26	
23.	23/05-06	04-05		39	17	Nil	Nil	56	1,45,90,594=87	
Total				246	152	141	43	214	6,56,00,163=15	
24.	21/02-03	1998-99 to 01-02	Dumka Municipality	23	7	Nil	Nil	30	2,08,93,951.00	
25.	7/04-05	2002-03 to 03-04		26	10	Nil	Nil	36	1,25,98,006.75	
Total				49	17	Nil	Nil	66	3,34,91,957.75	

26.	160/87-88	1985-86	Daltonganj Municipality	20	14	14	10	10	27.94=93	
27.	70/89-90	1986-87 to 87-88	Municipality	17	15	12	7	13	13,79941=92	
28.	102/90-91	1988-89		14	8	9	Nil	13	6,03,393=61	
29.	84/93-94	1989-90 to 92-93		27	18	21	3	21	1,61,02,353=21	
30.	112/95-96	1993-94 to 94-95		35	15	23	52	25	19,32,716=90	
31.	98/00-01	1995-96 to 98-99		28	25	Nil	Nil	53	7172522=91	
32.	07/01-02	1999-2000		27	6	Nil	Nil	33	1114894=39	
33.	45/02-03	2000-01 to 01-02		18	25	Nil	Nil	43	12727456=79	
34.	26/05-06	2002-03 to 04-05		33	13	Nil	Nil	46	6758375=35	
Total				219	139	79	22	257	41794450=01	
35.	76/94-95	93-94		Lohardaga Municipality	28		26	Nil	2	37,951=00
36.	86/95-96	94-95	Municipality	21		5	Nil	16	36,83,034=54	
37.	63/00-01	95-96 to 99-2000		26	15	20	2	19	79,27,777=95	
38.	22/02-03	2000-01		26	14	14	6	20	22,83,054=43	
39.	42/02-03	01-02		29	16	15	01	29	19,38,018=94	
40.	30/05-06	02-03		24	14	Nil	Nil	38	49,18,032=19	
Total				154	59	80	09	124	2,07,87,869=05	
41.	306/81-82	80-81	Chaibasa Municipality	26	9	19	7	9	986=26	
42.	431/82-83	81-82	Municipality	26	6	23	5	4	2000=00	
43.	140/85-86	82-83 to 83-84		21	21	3	3	36	71,863=14	
44.	195/85-86	84-85		24	14	23	6	9	3,70,151=38	
45.	27/87-88	85-86		13	8	13	4	4	71,676=29	
46.	57/89-90	86-87 to 87-88		14	11	4	2	19	6,88,285=20	
47.	150/90-91	88-89		18	9	13	2	12	7,89,688=15	
48.	20/93-94	89-90		18	6	18	2	4	76,832=88	
49.	22/94-95	90-91 to 92-93		50	10	12	Nil	48	19,54,008=34	
50.	155/96-97	93-94 to 94-95		27	13	Nil	Nil	40	3,08,168=20	
51.	38/01-02	95-96 to 99-2000		32	13	21	2	22	11,29,196=80	
52.	03/02-03	2000-01		25	10	12	Nil	23	24,08,874=85	
53.	31/02-03	01-02		14	14	Nil	Nil	28	6,08,278=52	
54.	06/04-05	02-03 to 03-04		23	19	Nil	Nil	42	1,71,82,716=53	
Total				331	163	161	33	300	2,56,62,726=54	

55.	132/86-87	84-85	Jugsalai	20	2	20	1	1	39,582=17
56.	101/89-90	85-86 to 86-87	Municipality	27	11	24	6	8	55,468=70
57.	91/90-91	87-88 to 88-89		29	12	24	10	7	20=00
58.	28/93-94	89-90 to 91-92		43	25	13	12	43	33,61,377=22
59.	119/94-95	92-93 to 93-94		38	12	35	2	13	2,22,878=30
60.	43/99-00	94-95 to 98-99		22	16	07	Nil	31	44,91,032=38
61.	10/02-03	99-2000		17	7	Nil	Nil	24	36,05,175=00
62.	26/02-03	00-01 to 01-02		19	13	Nil	Nil	32	46,28,468=08
63.	27/05-06	02-03 to 04-05		19	15	Nil	Nil	34	1,35,29,910=00
Total				234	113	123	31	193	2,99,33,911=77
64.	30/88-89	85-86 to 1986-87	Chas N.A.C.	14	4	8	1	9	55,620=14
65.	181/89-90	1987-88		13	6	Nil	Nil	19	1,36,215=26
66.	95/91-92	88-89 to 1990-91		17	11	Nil	Nil	28	63,626=15
67.	94/94-95	91-92 to 1993-94		25	13	Nil	Nil	38	7,84,335=52
68.	70/00-01	1994-95 to 99-00		25	14	Nil	Nil	39	3,97,65,099=63
69.	35/02-03	2000-01 to 01-02		21	12	Nil	Nil	33	6601068=72
70.	08/06-07	2002-03 to 04-05		20	11	Nil	Nil	31	30565082=97
Total				135	71	8	1	197	77971048=39
71.	80/84-85	1982-83	Mihijam N.A.C.	12	2	11	1	2	4172=00
72.	93/85-86	83-84 to 1984-85		16	8		1	23	60,221=55
73.	131/87-88	85-86 to 1986-87		19	2	15	Nil	6	1,06,896=40
74.	75/91-92	87-88 to 1990-91		17	5	13	Nil	9	7,04,451=00
75.	132/94-95	91-92 to 1993-94		20	6	16	nil	10	4,66,340=11
76.	08/00-01	94-95 to 1999-00		17	6	10	Nil	13	1,74,565=49
77.	16/02-03	2000-01		16	6	11	1	10	94590=75
78.	30/04-05	2001-02 to 03-04		21	5	Nil	Nil	26	751369=67
Total				138	40	76	3	99	2362606=97
79.	36/87-88	84-85 to 85-86	Adityapur N.A.C.	32	7	22	5	12	3060=00
80.	84/89-90	86-87 to 87-88		21	6	Nil	Nil	27	1,09,504=90
81.	81/90-91	88-89		22	3	Nil	Nil	25	4,64,721=57
82.	109/91-92	89-90 to 90-91		28	6	Nil	Nil	34	8,34,132=75
83.	109/94-95	91-92 to 93-94		26	4	11	Nil	19	3,54,364=78
84.	24/96-97	94-95		26	1	14	Nil	13	4,52,902=10
85.	16/97-98	95-96		16	-	12	Nil	04	10,09,286=84
86.	05/00-01	96-97 to 98-99		24	3	Nil	Nil	27	1,08,786=29
87.	46/02-03	99-00 to 01-02		17	14	Nil	Nil	31	1,60,92,239=13
Total				212	44	59	5	192	1,94,28,998=36

88.	86/91-92	90-91	N.A.C.	16	2	14	Nil	04	12,720=40
89.	141/92-93	91-92	Khunti	8	7	Nil	Nil	15	38,73,000=00
90.	112/94-95	92-93 to 93-94		23	2	17	2	6	1,20,140=80
91.	1/97-98	94-95		21	4	14	3	8	40,016=15
92.	158/97-98	95-96		27	2	22	2	5	49,074=65
93.	144/98-99	96-97 to 97-98		28	7	23	4	8	4,86,443=00
94.	24/02-03	98-99 to 01-02		35	16	22	5	24	60,68,216=34
95.	46/05-06	02-03 to 04-05		18	11	Nil	Nil	29	4,01,78,083=11
Total				176	51	112	16	99	5,08,27,694=45
96.	83/94-95	90-91 to 93-94	N.A.C.	24	10	18	3	13	2,27,616=16
97.	18/97-98	94-95	Bundu	22	7	15	Nil	14	79,730=00
98.	139/97-98	95-96 to 96-97		22	4	14	Nil	12	1,36,431=20
99.	80/98-99	97-98		19	4	11	Nil	12	1,02,835=25
100.	13/02-03	98-99 to 01-02		27	7	9	Nil	25	5,37,000=00
101.	31/04-05	02-03 to 03-04		21	7	Nil	Nil	28	18,92,721=00
Total				135	39	67	03	104	29,76,333=61
Grand Total				2607	1289	1041	216	2639	9,123.22 lakh

APPENDIX-3

**Statement showing variations between Budget Provisions and Actual Expenditure during
2004-05 to 2005-06
(vide para 2.1, page 6)**

(Rs. in Lakh)						
Sl. No.	Name of the ULBs	Year	Amount as per Budget Estimate	Actual Expenditure	Per centage of actual	Saving (+)
1	Hazaribagh	2004-2005	7770.03	488.46	06.29	7281.57
		2005-2006	4527.00	778.15	17.18	3748.85
2	Jugsalai	2004-2005	447.88	143.11	31.95	304.77
		2005-2006	373.87	227.03	60.72	146.84
3	Lohardaga	2004-2005	2397.00	187.48	07.82	2209.52
4	Dumka	2004-2005	1823.97	1623.25	88.99	200.72
		2005-2006	1896.18	694.75	36.64	1201.43
5	Mihijam	2004-2005	339.96	29.68	08.73	310.28
		2005-2006	1353.80	98.24	7.26	1255.56
6	Deoghar	2004-2005	554.51	348.09	62.77	206.42
		2005-2006	734.88	381.45	51.91	353.43
7	Ranchi Municipal Corporation	2004-2005	11626.26	2553.37	21.96	9072.89
		2005-2006	9829.42	9906.24	100.78	(-)76.82
Total			43674.76	17459.30		26215.46

APPENDIX- 4

**Statement showing position of Non-recurring Grant and Loan received for
Development purposes during 2004-05 to 2005-06
(vide para 2.4, page 8)**

(Rs in lakh)

Sl. No.	Name of Municipal Bodies	Opening balance	Grant received	Loan received	Total	Grant and loan spent	Closing balance as on 31-03-2006	% of utilization
1	Ranchi	3977.59	1892.56	1711.76	7581.91	3761.60	3820.31	49.61
2	Deoghar	N.A.	380.02	229.16	609.18	72.37	536.81	11.87
3	Hazaribagh	934.85	708.91	388.52	2032.28	976.44	1055.84	48.05
4	Dumka	540.94	196.59	312.90	1050.43	365.79	684.64	34.82
5	Daltonganj	609.30	366.59	826.27	1802.16	946.86	855.30	52.54
6	Lohardaga	76.53	408.04	427.78	912.35	594.88	317.47	65.20
7	Chaibasa	131.53	241.24	172.34	545.11	205.79	339.32	37.75
8	Jugsalai	38.61	147.72	231.76	418.09	204.99	213.10	49.03
9	Chas	76.13	376.64	288.66	741.43	470.63	270.80	63.48
10	Mihijam	36.96	183.68	339.52	560.16	103.81	456.35	18.53
11	Adityapur	217.31	280.66	229.75	727.72	365.43	362.29	50.21
12	Khunti	65.06	174.13	123.77	362.96	115.89	247.07	32.07
13	Bundu	149.40	93.77	87.53	330.70	132.53	198.17	40.08
Total		6854.21	5450.55	5369.72	17674.48	8317.01	9357.47	47.05

APPENDIX-5

Statement showing Amount of advance outstanding as on 31st March 2006.

(vide para 2.10, page 11)

Sl. No.	Name of Municipal Body	Amount of advance outstanding as on 31st March 2006. (Rs in Lakh)			Remarks
		Municipal Staff	Others	Total	
1.	Ranchi	NA	NA	738.00	Categorywise and yearwise breakup of outstanding advances could not be furnished due to non /incomplete improper maintenance advance Ledger.
2.	Deoghar	NA	NA	444.09	-do-
3.	Hazaribagh	NA	NA	692.95	-do-
4.	Dumka	NA	NA	52.46	-do-
5.	Daltonganj	NA	NA	12.57	-do-
6.	Lohardaga	NA	NA	170.08	-do-
7.	Chaibasa	NA	NA	169.35	-do-
8.	Jugsalai	NA	NA	NA	Advance ledger not maintained
9.	Chas	NA	NA	83.06	-do-
10.	Mihijam	18.99	Nil	18.99	As Sl. no. 1
11.	Adityapur	NA	NA	501.29	Advance ledger not maintained
12.	Khunti	NIL	82.87	82.87	Year wise breakup of outstanding advances could not be furnished due to improper maintenance of Advance ledger
13.	Bundu	0.29	38.95	39.24	-do- as above
Total		N.A.	N.A.	3004.95	

APPENDIX-6

Statement showing loss of interest on Provident Fund Subscription deducted from salary of employees as of 31.03.2006 but not deposited in the individual accounts.
(vide para 2.11, page 11)

Sl. No.	Name of municipal Bodies	Amount deducted but not deposited (Rs in lakh)	Period for which deducted	Loss of interest (Rs)
1.	Deoghar	1.64	10/05 to 3/06	1410.00
2.	Daltonganj	3.60	4/05 to 3/06	7091.00
3.	Lohardaga	1.47	8/04 to 1/06	3813.00
4.	Adityapur	2.12	9/03 to 1/06	11581.00
5.	Dumka	11.46	1/89 to 11/95	585159.75
Total		20.29		609054.75

APPENDIX-7

Statement showing Arrear of Property Tax as on 31.03.06 (vide Para 3.1,page 16)

(Rs in lakh)

Sl. No.	Name of Municipal Body	Arrear Demand	Current Demand	Total Demand	Collection	Arrear as on 31.03.06	Percentage of collection
1.	Ranchi	NA	NA	NA	458.81	NA	NA
2.	Deoghar	122.85	58.45	181.30	52.87	128.43	29.16
3.	Hazaribagh	96.04	45.98	142.02	48.87	93.15	34.41
4.	Dumka	17.78	4.86	22.64	5.16	17.48	22.79
5.	Daltonganj	27.25	16.32	43.57	15.01	28.56	34.45
6.	Lohardaga	22.76	8.91	31.67	3.48	28.19	10.99
7.	Chaibasa	45.79	18.24	64.03	13.51	50.52	21.10
8.	Jugsalai	23.04	14.55	37.59	12.54	25.05	33.35
9.	Chas	91.93	25.82	117.75	14.34	103.41	12.17
10.	Mihijam	4.49	1.65	6.14	1.48	4.66	24.10
11.	Adityapur	147.05	23.76	170.81	10.77	160.04	6.31
12.	Khunti	28.37	8.92	37.29	0.81	36.48	2.17
13.	Bundu	12.20	4.96	17.16	0.83	16.33	4.83
Total	639.55	232.42	871.97	179.67	692.30	20.60	

APPENDIX-8

Statement showing list of Non-Credit / Short Credit of collection Money & Recovery at the instances of Audit.

(vide para 3.5, page 19)

Sl.No	Name of Fund	Period	Amount Collected		Amount Deposited		Short Deposit/ Non Credit		Recovery at the instance of Audit		Balance	
			Rs	P.	Rs	P.	Rs	P.	Rs	P.	Rs	P.
1.	Ranchi	00-01 to 05-06	1770098.56		1707075.30		63023.26		23190.87		39832.39	
2.	Adityapur	99-00 to 03-04	200260.80		598.00		199662.80		100097.80		99565.00	
3.	Deoghar	99-00 to 05-06	155939.10		1060.00		154879.10		154077.65		801.45	
4.	Dumka	01-02 to 05-06	5406.00		2245.00		3161.00		2961.00		200.00	
5.	Chas	00-01 to 05-06	6206634.51		5043653.13		1162981.38		00.00		1162981.38	
6.	Chaibasa	01-02 to 05-06	345499.95		30974.52		314525.43		24585.52		289939.91	
7.	Khunti	98-99 to 05-06	59391.55		7480.00		51911.55		33418.00		18493.55	
8.	Mihijam	01-02 to 05-06	300.00		90.00		210.00		210.00		00.00	
9.	Daltonganj	00-01 to 05-06	123929.85		68652.21		55277.64		29254.00		26023.64	
10.	Lohardaga	01-02 to 05-06	84958.48		4564.00		80394.48		1292.00		79102.48	
11.	Hazaribagh	01-02 to 05-06	119930.26		14302.00		105628.26		55066.40		50561.86	
12.	Jugsalai	00-01 to 05-06	708495.66		2281.95		706213.71		186728.40		519485.31	
13.	Bundu	01-02 to 05-06	00.00		00.00		00.00		00.00		00.00	
Total			9780844.72		6882976.11		2897868.61		610881.64		2286986.97	

i.e. 22.87 lakh

APPENDIX-9

Statement showing amount of Health Cess & Education Cess not remitted to Govt. Treasury during (2004-05 to 2005-06)
(vide para 3.7 page 20)

(Rs in lakh)

Sl. No.	Name of municipal Body	2004-05		2005-06		Total
		HTH	EDU	HTH	EDU	
1.	Ranchi	60.53	49.50	72.53	57.61	240.17
2.	Deoghar	8.20	8.20	7.14	7.14	30.68
3.	Hazaribagh	9.94	8.35	10.04	8.43	36.76
4.	Dumka	0.45	0.45	0.51	0.51	1.92
5.	Daltonganj	2.43	2.43	2.89	2.89	10.64
6.	Lohardaga	0.47	0.47	0.39	0.39	1.72
7.	Chaibasa	2.04	2.04	2.35	2.35	8.78
8.	Jugsalai					Not being realised
9.	Chas					Not being realised
10.	Mihijam					Not being realised
11.	Adityapur	0.35	0.24	0.37	0.40	1.36
12.	Khunti					Not being realised
13.	Bundu					Not being realised
Total						332.03

Less 10% as collection charges	3.20
	328.71
Less remitted to Govt. Treasury by Dumka Municipality	<u>0.83</u>
Balance amount	327.88
	i.e. 3.28 crore

APPENDIX-10

**Statement showing Loss of Revenue to State Govt. due to non imposition of cess during
2001-02 to 2005-06
(vide para 3.8, page21)**

(Rs in lakh)

Sl. No.	Name of the ULB	Period	Holding Tax Collection	Health Cess of 50% of Holding Tax	Education Cess 50% of Holding Tax	Total Amount of Cess	Less 10%	Loss to the Govt.	Loss to ULB
1.	2.	3.	4.	5.	6.	7.	8.	9.	10.
1.	Jugsalai Municipality	2001-02	7.83						
		2002-03	8.46						
		2003-04	7.53						
		2004-05	10.28						
		2005-06	7.58						
			41.68	20.84	20.84	41.68	4.17	37.51	4.17
2.	Chas Municipality	2001-02	1.79						
		2002-03	6.31						
		2003-04	8.36						
		2004-05	8.04						
					24.50	12.25	12.25	24.50	2.45
3.	Mihijam N.A.C.	2001-02	3.25						
		2002-03	1.81						
		2003-04	1.42						
		2004-05	1.16						
		2005-06	1.29						
			8.93	4.47	4.47	8.93	0.89	8.04	0.89
4.	Bundu N.A.C.	2001-02	0.15						
		2002-03	0.35						
		2003-04	0.30						
		2004-05	0.48						
		2005-06	0.43						
			1.71	0.86	0.86	1.72	0.17	1.55	0.17
5.	Khunti N.A.C.	2001-02	0.19						
		2002-03	1.74						
		2003-04	0.61						
		2004-05	0.51						
		2005-06	0.49						
			3.54	1.77	1.77	3.54	0.35	3.19	0.35
Total			80.36	40.19	40.19	80.37	8.03	72.34	8.03

APPENDIX-11

Statement showing Expenditure made on account of salary to the Daily wages
during 2004-05 to 2005-06

(vide para 4.1 page 22)

(Rs in lakh)

Sl. No.	Name of Municipal Body	2004-05	2005-06	Total
1.	Ranchi	92.39	73.95	166.34
2.	Deoghar	1.81	7.60	9.41
3.	Hazaribagh	34.71	37.20	71.91
4.	Dumka	1.46	0.22	0.68
5.	Daltonganj	17.02	14.79	31.81
6.	Lohardaga	4.02	4.95	8.97
7.	Chaibasa	2.71	1.76	4.47
8.	Jugsalai	0.49	0.45	0.94
9.	Chas	2.26	2.95	5.21
10.	Mihijam	0.09	0.14	0.23
11.	Adityapur	0.12	1.11	1.23
12.	Khunti	1.74	1.84	3.58
13.	Bundu	0.85	1.63	2.48
Total		158.67	148.59	307.26

APPENDIX-12

Statement showing fake bills of Cement supply in 11 schemes executed by Shri Prabhat Kumar, JE (Khunti N.A.C.)
(vide para 5.3, page 26)

Sl.No	Scheme No,	Supply of Stock		Cost @ Rs 128.50 per bags
		Sl. No.	No. of bags	
1.	02/2003-04	1	500	64250.00
2.	----Do---	2	500	64250.00
3.	----Do---	3	1000	128500.00
4.	----Do---	4	300	38550.00
5.	----Do---	5	333	42790.00
			2633	338340.00
6.	3/2003-04	6	1125	144562.00
7.	4/2003-04	7	438	56283.00
8.	5/2003-04	8	150	19275.00
9.	6/2003-04	9	94	12079.00
10.	7/2003-04	10	438	56283.00
11.	8/2003-04	11	372	47802.00
12.	9/2003-04	12	1125	144562.00
13.	10/2003-04	13	136	17476.00
14.	11/2003-04	14	689	88536.00
15.	12/2003-04	15	422	54227.00
Grand Total			7622	979425.00

APPENDIX-13

**Statement showing Diversion of Fund received for specific during
2001-02 to 2004-05
(vide para 6.1.2, page 28)**

Sanctioned for Specific Purpose				Diverted for other purposes		
Sl No.	Name of Scheme	Reference	Amount Rs.	Purpose	Reference of Payment	Amount diverted Rs.
1.	Modern bus stand	854/ 27.03.2002	25000000	Salary of staff for May '03 to Aug.'03	Rs30,00,000 paid on 24.09.2003 & Rs20,00,000 adjusted on 15.04.2003	10,00,000.
2.	Road Construction	2808/ 23.11.02	39763750	(i) Transfer to Drain construction (ii) Advance for PCC Work of Zila Parishad Bus Stand (iii) Advanced for inauguration lying stone etc. of road.	14.05.2003 during 2003-04 and 2004-05 ch no. 223995 dt. 26.12.2003	4,00,000 12,00,000 6,50,000
3.	Drain Construction	492 & 493/ 2.03.2002	10000000	(i) Transfer to road Construction	20.07.2002	10,00,000
4.	High Mast Light	770/ 24.03.2002	1981200	(i) Advanced for Construction for platform and for inauguration	Ch.no.223986 dt.19.12.2003	2,10,000
5.	Water Supply (Chapakal)	183/ 21.05.2001	2500000	(i) Advanced for repairing of chapakal. (ii) Cleaning of Jheel (Lake)	2002-03 ch.no.223493 dt.01.02.2002	3,00,000 51740
Total			79244950			48,11,740

i.e. Rs 48.12 lakh

APPENDIX - 14

**Works executed through contractors in lieu of departmental (R.M.C.)
(vide para page)**

Sl. No.	No./Name of Scheme	Estimated cost	Agreement Cost	Actual Expenditure	Name of Contractor (s/shri)	Work order No./Date
1.	13/05-06. Construction of road from Krishna Nagar Colony, Booty Road, Bariatu to house of Dr. P.N. Singh via house of Shri R.C.P. Sinha	3,74,900	3,18,632	3,15,550	Abhishek Singh	154/01.12.05
2.	14/05-06. Improvement of road from house of Shri U., Sharma to Dr. P. Narayan's house near Middle School at Pandra Basti	4,36,000	3,70,600	3,69,746	Vivek Kumar	150/01.12.05
3.	15/05-06. Construction of road in Sunder Vihar, Tiril Kokar	1,72,900	1,74,658	1,73,420	Rajiv Kumar	152/01.12.05
4.	16/05-06. Construction of drain near house of Shri S.N. Prasad at Indrapuri, Road No. 12	4,53,700	4,53,666	4,51,100	Shyam Kumar	171/06.12.05
5.	22/05-06. Construction of drain from house of Prof. B.N. Lal to S.O. Mission	2,05,700	1,74,810	1,36,374	M/s Praveen Construction	158/01.12.05
6.	23/05-06. Construction of drain at Teli tola, Chutiya	4,44,000	3,77,369	3,53,468	Ramesh Kumar	149/01.12.05
7.	26/05-06. Wire fencing at Corporation's Dumping ground at Jhiri	3,60,400	3,41,396	3,17,864	Harendra Kumar	267/20.01.06
	Total			21,17,522		

APPENDIX-15

Statement showing Surcharge cases pending in respect of selected Urban Local Bodies (vide para 7.1, page 31)

Sl. No.	Name of ULB	Period	Surcharge Notice No.	Date of issue of Notices	Amount of surcharge (Rs.)	Remarks
1.	Mihijam	1994-95 to 1999-2000	18/2001-02	24.7.2001	57334.00	9 Reminders. But no reply
2.	Daltonganj	2001-02	24,25/2003-04	22.12.03	3595.40 38234.42	3 Reminders. Only one surcharge services report received with show case
3.	Hazaribagh	2001-02	11,12,13,14,15/ 2003-04	28.11.2003	44800.00 4125.00 5755.00 8403.00 6350.00	3 Reminders. But no reply
4.	Hazaribagh	2002-03 to 03-04	2,3,4,/2005-06	08.08.2005	6000.00 36740.00 7501.00	No reply.
5.	Chas	2000-01 to 01-02	8,9,10/2003-04	4.06.2004	33035.00 407000.00 245000.00	2 Reminders. But no reply
6.	Jugsalai	1999-2000	24/2002-03	10.02.03	53050.00	3 Reminders. But no reply.
7.	Khunti	1998-99 to 01-02	4/2003-04	24.06.2003	26256.00	No reply
8.	Ranchi	2000-2001	1 to7,29 to 57, 59 to 63/ 2000-01	19.12.2000 11.10.2000 20.10.2000 27.11.2000 05.11.2000	1067839.61	Service reports of surcharge notice incomplete.
9.	Daltonganj	-	10/2005-06	25.01.06	52377.00	
10.	Lohardaga	2000-01	25,26,27/2002-03	26.02.2003	395500.00	2 Reminders. But no reply.
11.	Lohardaga	2001-02	1/2004-05	17.05.2004	100000.00	Surcharge notices served to the concerned surcharges but receipt of duplicate copy not received (only intimation by the Special Officer on10.06.2004.
12.	Lohardaga	2002-03	6/2005-06	16.12.2005	900000.00	No reply.
Total					34,98,895.43	

APPENDIX- 16**Statement showing legal expenses incurred during 05-06 (R.M.C.)
(vide para 7.2, page 31)**

Sl.No.	Cheque No./ date	Amount	Particulars
1.	037201/ 21.4.05	16,915	Professional fee of RMC case No. 3585/03 to Sri Bimal Kr., Sr. Advocate.
2.	037202/ 21.4.05	13,394	Professional fee of RMC case No.685/05 to Sri Bimal Kr., Sr. Advocate.
3.	037203/ 21.4.05	13,394	Professional fee of RMC case No. 739/05 to Sri Bimal Kr., Sr. Advocate.
4.	037204/ 21.4.05	13,394	Professional fee of RMC case No.738/05 to Sri Bimal Kr., Sr. Advocate.
5.	037205/ 21.4.05	16,915	Professional fee of RMC case No.737/05 to Sri Bimal Kr., Sr. Advocate.
6.	037206/ 21.4.05	13,394	Professional fee of RMC case No. 3585/02 to Sri Bimal Kr., Sr. Advocate.
7.	037207/ 21.4.05	13,394	Professional fee of RMC case No. 1770/03 to Sri Bimal Kr., Sr. Advocate.
8.	043132/ 25.5.05	13,394	Professional fee of RMC case No. 685/05 to Sri Bimal Kr., Sr. Advocate.
9.	043133/ 25.5.05	13,394	Professional fee of RMC case No. 294/04 to Sri Bimal Kr., Sr. Advocate.
10.	043159/ 25.5.05	972	Professional Bill of RMC cases to Sri D.K. Singh, Advocateocate
11.	043196/ 25.6.05	13,394	Professional Bill of RMC case No. 149/03 to Sri Bimal Kr., Sr. Advocate.
12.	043197/ 25.6.05	13,394	Professional fee of RMC case No. 685/05 to Sri Bimal Kr., Sr. Advocate.
13.	043198/ 25.6.05	13,394	Professional Bill of RMC case No. 2626/05 to Sri Bimal Kr., Sr. Advocate.
14.	043309/ 11.7.05	71,815	Professional Bill of RMC case No. LPA 294 to Sri Bimal Kr., Sr. Advocate.
15.	043320/ 23.7.05	7,907	Professional Bill of case No.1793/01 to Sri Bimal Kr., Sr. Advocate.
16.	043321/ 23.7.05	13,394	Professional Bill of case No. 3225/05 to Sri Bimal Kr., Sr. Advocate.
17.	043322/ 23.7.05	13,394	Professional Bill of case No. 737/05 to Sri Bimal Kr., Sr. Advocate.
18.	043323/ 23.7.05	13,394	Professional Bill of case No. 2626/05 to Sri Bimal Kr., Sr. Advocate.
19.	043324/ 23.7.05	11,780	Professional Bill of case No. VRs Binay Prakash to Sri Bimal Kr., Sr. Advocate.
20.	043346/ 29.8.05	13,394	Professional Bill of RMC case No. 1793/01 to Sri Bimal Kr., Sr. Advocate.
21.	043347/ 29.8.05	13,394	Professional Bill of RMC case No. 149/03 to Sri Bimal Kr., Sr. Advocate.
22.	043373/ 6.9.05	10,080	Professional Bill of RMC case No.W.P. (PLI)-3585/02 to Sri Bimal Kr., Sr. Advocate.

23.	043374/ 6.9.05	11,855	Professional Bill of RMC case No. W.P. (PLI)-737/05 to Sri Bimal Kr., Sr. Advocate.
24.	043375/ 6.9.05	13,394	Professional Bill of RMC case No. W.P. (PLI) No. 737/05 to Sri Bimal Kr., Sr. Advocate.
25.	043376/ 6.9.05	1,249	Professional Bill of RMC case No. 353/05 to Sri Naresh Sahu, Advocate.
26.	043832/ 26.10.05	68,773	Professional Bill of RMC case No. 9270/05 to Sri Bimal Kr., Sr. Advocate.
27.	043864/ 13.3.06	5,474	Professional Bill of RMC case No. 17/03 to Sri D.K. Singh, Advocate.
28.	B.O.I. (A/C No. 61) 0141325/ 6.4.05	13,394	Professional Bill of RMC case No. 685/ 05 to Sri Bimal Kr., Sr. Advocate.
29.	0141326/ 6.4.05	13,394	Professional Bill of RMC case No. 294/04 to Sri Bimal Kr., Sr. Advocate.
30.	0141327/ 6.4.05	6,381	Professional Bill of RMC case No. 685/05 to Sri Bimal Kr., Sr. Advocate.
31.	0141339/ 27.4.05	3,760	Professional Bill of RMC cases to Sri S.N. Prasad, Advocate.
32.	0141340/ 27.4.05	8,750	Professional Bill of RMC cases to Sri R.R. Nath, Advocate.
33.	0141383/ 13.5.05	42,924	Professional fee of RMC case No. 7933/05 of Supreme Court to Sri Bimal Kr., Sr. Advocate.
34.	0141382/ 14.5.05	65,696	Professional fee of RMC case No. SLP case VRs Vinay Prakash to Sri Bimal Kr., Sr. Advocate.
35.	133959/ 14.6.05	10,318	Professional fee of RMC cases to Sri P.K. Prasad, Advocate.
36.	133960/ 14.6.05	5,500	Professional fee of RMC cases to Sri R.R. Nath, Advocate.
37.	133961/ 14.6.05	2,500	Professional fee of RMC cases to Sri B.A. Prasad, Advocate.
38.	0134681/ 13.7.05	13,394	Professional Bill of RMC case No. P.I.L. No. 3225/05 to Sri Bimal Kr., Sr. Advocate.
39.	0134682/ 18.7.05	13,394	Professional Bill of RMC case No.739/05 to Sri Bimal Kr., Sr. Advocate.
40.	0134683/ 18.7.05	13,394	Professional Bill of RMC case No. 738/05 to Sri Bimal Kr., Sr. Advocate.
41.	0134684/ 18.7.05	13,394	Professional Bill of RMC case No. 737/05 to Sri Bimal Kr., Sr. Advocate.
42.	0134689/ 18.7.05	13,394	Professional Bill of RMC case No. WP (PIL No. 149/03) to Sri Bimal Kr., Sr. Advocate.
43.	5848015/ 30.9.05	3,594	Professional fee of RMC cases to Sri D.K. Singh, Advocate.
44.	5848016/ 30.9.05	2,175	Professional fee of RMC cases to Sri P.K. Sinha, Advocate.
45.	5848048/ 8.10.05	8,210	Professional Bill No. 2490/05 dt. 9.8.05 of RMC case No. 738/05 to Sri Bimal Kr., Sr. Advocate.
46.	5848049/ 8.10.05	8,210	Professional Bill No. 249/05 dt. 9.8.05 of RMC case No. 739/05 to Professional Bill of RMC case No.

47.	5848050/ 8.10.05	8,210	Professional Bill of RMC case No. 5768/01 to Sri Bimal Kr., Sr. Advocate.
48.	5848051/ 8.10.05	13,394	Professional Bill of RMC case No. 685/05 to Sri Bimal Kr., Sr. Advocate.
49.	5848052/ 8.10.05	6,238	Professional Bill of RMC case No. 1793/01 to Sri Bimal Kr., Sr. Advocate.
50.	5848848/ 8.10.05	8,210	Professional Bill of RMC case No. 738/ 05 to Sri Bimal Kr., Sr. Advocate.
51.	5848049/ 8.10.05	8,210	Professional Bill of RMC case No. 739/05 to Sri Bimal Kr., Sr. Advocate.
52.	5848050/ 8.10.05	8,210	Professional Bill of RMC case No. 5768/01 to Sri Bimal Kr., Sr. Advocate.
53.	5848051/ 8.10.05	13,394	Professional Bill of RMC case No. 685/05 to Sri Bimal Kr., Sr. Advocate.
54.	5848052/ 8.10.05	6,238	Professional Bill of RMC case No. 1793/01 to Sri Bimal Kr., Sr. Advocate.
55.	7499292/ 28.11.05	13,394	Professional Bill of RMC case No. 149/03 to Sri Bimal Kr., Sr. Advocate.
56.	7499293/ 28.11.05	13,394	Professional Bill No. 2531/05 for case no. 1770/05 to Sri Bimal Kr., Sr. Advocate.
57.	7499338/ 13.12.05	18,773	Professional Bill of RMC case No. WP (PIL) 737/05 to Sri Bimal Kr., Sr. Advocate.
58.	7499339/ 13.12.05	13,394	Professional Bill No. WP (PIL) 737/05 to Sri Bimal Kr., Sr. Advocate.
59.	6702939/ 21.12.05	13,394	Professional Bill of RMC case No. 737/05 to Sri Bimal Kr., Sr. Advocate.
60.	6702940/ 21.12.05	13,394	Professional Bill of RMC case No. 1793/01 to Sri Bimal Kr., Sr. Advocate.
61.	6702950/ 27.12.05	13,394	Professional Bill No. WP (PIL) No. 3225/05 of RMC to Sri Bimal Kr., Sr. Advocate.
62.	6702951/ 27.12.05	17,894	Professional Bill of RMC case No. 2626/05 to Sri Bimal Kr., Sr. Advocate.
63.	6702973/9.1.06	13,394	Professional Bill of RMC case No. WP (PIL) No. 739/05 to Professional Bill of RMC case No.
64.	6702974/9.1.06	13,394	Professional fee of RMC case No. (PIL) No. 3585/02 to Professional Bill of RMC case No.
65.	6702999 19.1.06	3,225	Law charge of execution of RMC case No. 13/1995 to Sri G. Mustafa, Advocate.
66.	6703205/ 25.1.06	13,394	Professional Bill of RMC case No. 738/05 to Sri Bimal Kr., Sr. Advocate.
67.	6703006/35.1.06	13,394	Professional Bill of RMC case No.738/05 to Sri Bimal Kr., Sr. Advocate.
68.	000133/24.2.06	18,773	Professional fee of RMC case No. (PIL) 1770/03 to Sri Bimal Kr., Sr. Advocate.
69.	000134/24.2.06	13,394	Professional fee of RMC case No. 685/05 to Sri Bimal Kr., Sr. Advocate.
Total		9,73,418	

APPENDIX- 17

Statement showing Voucher wanting (2004-05 to 2005-06)

(vide para 7.5, page 32)

(Rs in lakh)				
Sl. No.	Name of Municipal Body	2004-05	2005-06	Total
6.	Ranchi	NIL	190.38	190.38
7.	Deoghar	65.83	18.45	84.28
8.	Hazaribagh	NIL	NIL	NIL
9.	Dumka	NIL	NIL	NIL
10.	Daltonganj	NIL	NIL	NIL
11.	Lohardaga	36.82	28.55	65.37
12.	Chaibasa	27.25	98.14	125.39
13.	Jugsalai	52.49	NIL	52.49
14.	Chas	84.98	1.87	86.85
15.	Mihijam	NIL	NIL	NIL
16.	Adityapur	N/A	N/A	N/A
17.	Khunti	9.02	NIL	9.02
18.	Bundu	NIL	NIL	NIL
Total		276.39	337.39	613.78

i.e. Rs 6.14 crore