

## **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**