
OVERVIEW

The Report consists of two Parts. Part - I on Urban Local Bodies (ULBs) and Part - II on Panchayati Raj Institutions (PRIs). Part I is divided in to three Chapters, Chapter I on Overview on finance of ULBs including the accounting procedures; Chapter II on Performance Reviews and Chapter III on Transaction Audit Paragraphs. Part II is divided in to two Chapters, Chapter I on Overview on finance of PRIs including the accounting procedures and Chapter II on Performance Reviews A synopsis of audit findings is presented in this overview.

PART – I

URBAN LOCAL BODIES

OVERVIEW ON FINANCES INCLUDING THE ACCOUNTING PROCEDURES OF THE URBAN LOCAL BODIES

The accrual system of accounting was made applicable from April 2008 only in 14 Municipal Corporations (MCs) and was yet to be applied in Nagar Panchayats and Nagar Palikas of the State.

(Paragraph 1.3.1.)

The provisions of Model Municipal Law (MML) with modification as suggested by CAG for section 93 to 96 of MML were not incorporated in the concerned Acts of ULBs.

(Paragraph 1.3.2)

The Steering Committee to oversee the implementation of budget and accounting formats, as suggested by the Task Force, was not formed (October 2008)

(Paragraph 1.3.3.)

The second State Finance Commission (SFC) recommended (December 2003) the need for building up database in respect of municipal finances which was accepted by the Government (March 2005). The Government agreed (June 2004) in principle to adopt the formats of database as prescribed by CAG and stated (March 2009) that the data base are being maintained in Nagar Nigam and action will be taken to maintain the same in other ULBs.

(Paragraph 1.3.4)

Reconciliation of difference of Rs. 2.92 crore between balances of cash book and bank accounts was not done by 20 ULBs.

(Paragraph 1.9)

Advances amounting Rs. 3.09 crore were not recovered from individuals of 21 Nagar Nigam/ Nagar Palika.

(Paragraph 1.10)

Premium of shops (Rs. 0.91 crore) and rent (1.23 crore) was not recovered for last two to six years by 4 Nagar Palikas and 12 Nagar Panchayats.

(Paragraph 1.16)

Labour Welfare Cess of Rs. 6.44 lakh was not recovered by 6 ULBs from contractors bill of construction work.

(Paragraph 1.17)

Loan amount and contribution amounting to Rs. 1.11 crore was not realised from the beneficiaries for conversion of dry latrines into pour flush latrines.

(Paragraph 1.19)

CHAPTER – II IMPLEMENTATION OF SCHEMES

Interest payable to ULBs for the delay in release of TFC grants was not paid.

(Paragraph 2.1.2)

Door to Door collection charges of waste collection through Public Private Partnership was not recovered by the test checked ULBs.

(Paragraph 2.1.8)

CHAPTER – III TRANSACTIONS AUDIT PARAGRAPHS

Urban Development Cess of Rs. 2.76 crore was not recovered by Bhopal Nagar Nigam from BHEL, Bhopal.

(Paragraph 3.1)

Mobilisation advance and interest amounting Rs. 40.48 lakh was not recovered from contractor by Nagar Nigam, Bhopal.

(Paragraph 3.2)

Non allotment of shops of Shopping Complex resulted in loss of premium and rent of Rs. 42.76 lakh.

(Paragraph 3.3)

Due to non-utilisation of water supply material worth Rs. 54.85 lakh purchased for laying new pipe line work from Parvati River, the entire amount invested remained blocked.

(Paragraph 3.4)

Non-payment of instalment of loan amount including interest on due dates resulted in extra burden of penal interest of Rs. 31.76 lakh.

(Paragraph 3.5)

PART – II

CHAPTER - I

PANCHAYATI RAJ INSTITUTIONS

OVERVIEW ON FINANCES INCLUDING THE ACCOUNTING PROCEDURES OF THE PANCHAYATI RAJ INSTITUTIONS

Non-refund of unspent balances of closed/ non-operational schemes amounting to Rs. 81.21 lakh resulted in deprival of intended benefits to the rural population.

Non-refund of unspent balances of closed/ non-operational

(Paragraph 1.11)

1603 works taken up by 25 Janpad Panchayats under various schemes remained incomplete since 2001-02.

(Paragraph 1.13)

SGRY grant meant for maintenance of assets and for SC/ST beneficiaries were not utilised resulting in non-fulfilment of the objectives of the scheme.

(Paragraph 1.14)

CHAPTER - II IMPLEMENTATION OF SCHEMES

Failure of PRD to ensure drawal of TFC grants before closure of the financial year resulted in lapse of grants amounting to Rs. 6.75 crore.

(Paragraph 2.1.2)

User charges for water supply amounting to Rs. 0.53 crore was pending recovery by 50 GPs of seven districts.

(Paragraph 2.1.4)

Quality of maintenance of accounts in Panchayat Raj Institutions (PRIs) including the aspect of availability of qualified manpower

Non-maintenance of scheme wise cash books and ledgers, operation of multiple bank accounts, non-reconciliation of balances of cash book with bank pass books showed poor quality of maintenance of accounts in PRIs. Grant received from 11th and 12th Finance Commission for creation of database and maintenance of accounts either lapsed to Government or could not be utilised because of their deposition in personal deposit account. Standard formats of budget and accounts prescribed by CAG were made available by NIC in “Pancha Lekha” software but it was observed that different Janpad and ZPs were utilizing softwares other than Panch Lekha, with the result uniformity in the preparation of monthly accounts was not observed. Inventory of assets created by the GPs under different programme of rural development was not prepared. Lack of availability of accounts/computers trained staff at JPs level resulted in non-submission of monthly accounts through E-mail.

(Paragraph 2.2)