

CHAPTER IV

AN OVERVIEW OF THE URBAN LOCAL BODIES

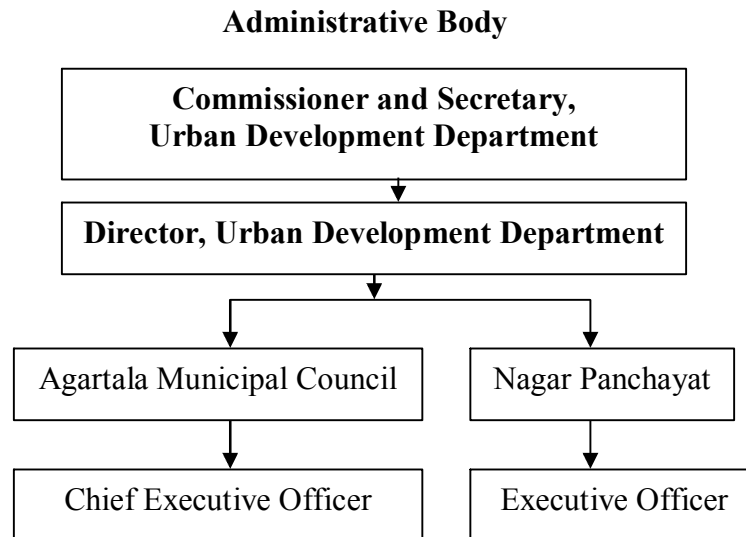
4.1 Introduction

Consequent upon the 74th amendment of the Constitution, the Government of Tripura enacted the Tripura Municipal Act, 1994, for transferring the powers and responsibilities to Urban Local Bodies (ULBs) in order to implement schemes for economic development and social justice including those in relation to the matter listed in the Twelfth Schedule of the Constitution of India. There are 16 Urban Local Bodies (1 Municipal Council and 15[◇] Nagar Panchayats) in the State as on 31.03.2009. At the State level, the Urban Development Department of the State Government coordinates and monitors the functioning of ULBs.

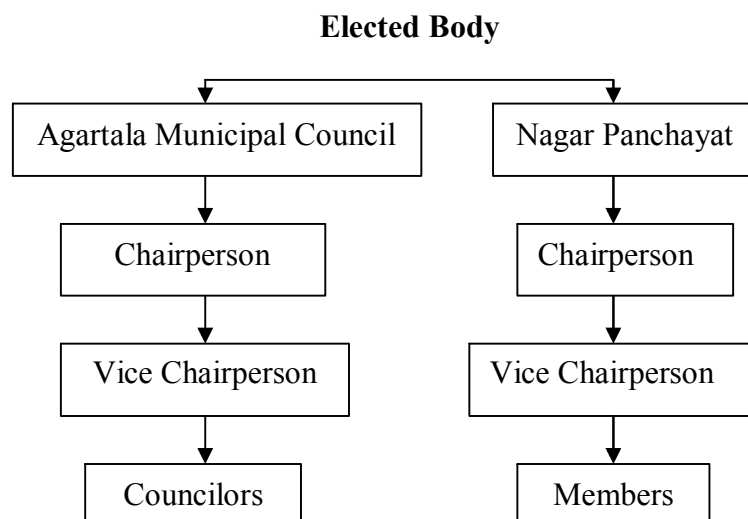
4.2 Organisational Structure of ULBs

The Chairperson elected by the majority of Councilors/Members is the executive head of the ULB. The executive powers of the ULB is exercised by the Council.

The organizational structure of the ULBs is as follows:



[◇] Three Nagar Panchayats viz Ambassa Nagar Panchayat, Bishalgarh Nagar Panchayat and Shantir Bazar Nagar Panchayat came into existence in March 2009.



4.3 Status of devolution of Functions

The 74th amendment of the Constitution was enacted to decentralize the powers and functions to the Urban Local Bodies for ensuring proper and planned growth of cities and towns with adequate infrastructure and basic amenities. On the mandate of above, the Government of Tripura enacted the Tripura Municipal Act, 1994 for decentralization of powers and functions to ULBs. All the 18 functions listed in the 12th Schedule of the Constitution have been transferred by the State Government to the ULBs. But in practice, certain important functions like fire service, road and bridges are still controlled by the State Government departments.

4.4 Sources of Funds

For execution of various developmental works, the ULBs mainly receive funds from the Government of India and the State Government in the form of grants. The grants of GOI include grants assigned under the recommendations of Eleventh Finance Commission and Twelfth Finance Commission. The State Government Grants are received through devolution of net proceeds of the total tax revenue under the recommendations of State Finance Commission. Besides, the sources include the revenue mobilized by the ULBs in the form of taxes, rent, fees, issue of licenses, etc. During 2008-09, the ULBs received financial assistance of ₹ 68.54 crore (Central Share ₹ 37.65 crore: State Share ₹ 30.89

crore) by way of grants. Receipts of funds from various sources for the last five years are given below:

Table No. 9

(₹ In crore)

Head	2004-05	2005-06	2006-07	2007-08	2008-09
Central share	10.45	5.01	5.61	8.22	37.65
State share	1.31	7.96	5.25	10.14	5.19
Grants-in-aid (Share of taxes)	10.63	14.72	19.62	18.13	25.70
Central FC grants(EFC/TFC)	-	0.80	0.80	0.80	-
Own source	NA	NA	NA	8.27	14.15
Total	22.39	28.49	31.28	45.56	82.69

Source: Urban Development Department.

4.5 Accounting Arrangement

The Chief Finance Officer is responsible for maintenance of accounts of Agartala Municipal Council, and the Executive Officers are responsible for the accounts of the Nagar Panchayats. Preparation and finalization of annual accounts of Agartala Municipal Council and all the Nagar Panchayats are in arrears since their inception (**Appendix V**). Urban Development Department, Government of Tripura has prepared the Tripura Municipal Accounts Manual (volume I & II) 2006 based on the National Municipal Accounts Manual which has not yet been adopted by the State Government.

4.6 Audit Arrangement

As per Section 264, 265 and 266 of the Tripura Municipal Act, 1994, the accounts of the Municipality shall be examined and audited by an auditor appointed in that behalf by the State Government. The State Government shall, by rules, make provision with respect to the maintenance of accounts of the Municipalities and auditing of such accounts, including the power of the auditor. The auditor shall submit the audit report to the Chairperson of the Municipality and a copy thereof to the State Government. But no such arrangement has been made by the State Government. The Eleventh Finance Commission has recommended that the C&AG should be entrusted with the responsibility of exercising control and supervision over the proper maintenance of accounts and their audit for the Local Bodies. The matter regarding audit of Local Bodies under Technical

Guidance and Support (TGS) was taken up with the Government of Tripura in June 2008 and the Special Secretary, Finance Department, intimated that it would be placed with the Government for decision. However, the decision of the Government is still awaited (December 2010). In October 1996, the Government of Tripura entrusted audit of accounts of Agartala Municipal Council and all Nagar Panchayats to the C&AG of India under Section 20(1) of the C&AG's (DPC) Act, 1971.

4.7 Audit Coverage

The audit of the accounts of Agartala Municipal Council and nine Nagar Panchayats was test checked during 2009-10. Important audit findings are summarized in the succeeding chapter and paragraphs:

4.8 COMMENTS ON ACCOUNTS

4.8.1 Receipts and expenditure of ULBs

The funds in the form of grants received along-with unspent balance of previous year vis-à-vis the expenditure incurred by the ULBs during 2008-09 is as under:

Table No. 10

<i>(₹ In crore)</i>			
Type of ULBs	Receipts	Expenditure	Balance
Agartala Municipal Council	55.84	35.75	20.09
Nagar Panchayats	48.86	27.75	21.11
Total	104.70	63.50	41.20

The ULBs have not utilized about 40 *per cent* of the fund received indicating poor and slow implementation of different development schemes.

4.8.2 Status of preparation of Balance Sheet

Section 263 of the Tripura Municipal Act, 1994 provides that:

- (i) every Municipality shall cause to be prepared annually a balance sheet of assets and liabilities in the prescribed form within six months of the close of a year.
- (ii) balance sheet shall be placed before a meeting of the Municipality.

Test check of records revealed that none of the ULBs has prepared balance sheet for the year upto 2008-09. Due to non-preparation of balance sheet, the actual position of assets and liabilities could not be ascertained.

4.8.3 Certification of Accounts

The State Government has not made any provisions in the State Acts/Rules for certification of accounts for the ULBs by the Examiner of Local Fund Audit or any other Auditing Authority. The matter for creation of State Auditing Agency to act as primary auditors in respect of Local Bodies has been taken up with the Special Secretary, Finance Department, Govt. of Tripura in June 2008. The Special Secretary intimated that he would take up the matter with the appropriate authority to expedite framing of required Rules assigning primary auditors in respect of Local Bodies in the State. The latest position has not been furnished.

4.8.4 Status of Database on the Finances of ULBs

On the recommendations of the EFC, database on finances as prescribed by the C&AG were required to be maintained at all levels of ULBs for securing accountability and transparency in maintenance of accounts. But the database on finances has not yet been developed by the ULBs although substantial funds have been received from the recommendation of the TFC for maintenance of accounts and database during 2006-07 and 2007-08. During 2006-07 and 2007-08, the ULBs received ₹ 1.60 crore under TFC grants for solid waste management, database and maintenance of accounts, of which ₹ 0.80 crore was allocated to the ULBs for database and maintenance of accounts. Test check of records revealed that neither the database nor the accounts maintenance was developed till date (December 2010).

4.8.5 Status of preparation of Budget

Under section 260(1) of the Tripura Municipality Act, 1994, the Budget Estimates of Municipality for a year shall be prepared in the prescribed form and presented before a meeting of Municipality, specially convened for the purpose, not later than the tenth day of March every year and shall be adopted after discussion within two weeks of presentation. A copy of the Budget Estimates adopted by the Municipality shall be sent to the State Government and a revised budget for the current year shall be framed in the prescribed form and presented before the Municipality for adoption after the first day of October, but not later than the thirty first day of December each year.

Test check of records of nine Nagar Panchayats revealed that none of the Nagar Panchayats has prepared the Budget Estimates till now and expenditures were incurred without preparation and approval of the budget. Non preparation of budget indicates lack of internal control in the management of finances in the ULBs.