

CHAPTER-II

Audit of Transactions

2.1 Non-adjustment of Advances

Non-adherence to provisions of Accounts Code and financial rules resulted in non-adjustment of advances to the tune of ₹ 93.93 lakh.

Rule 57 (3) of Nagar Nigam Accounts Code (Accounts Code) and rule 162 (7) of Financial Handbook Volume-V (Part-I) envisaged that temporary advances made to individuals were required to be adjusted latest by the end of financial year in which advances were made and during the pendency of one such advance, no fresh advance would be given.

Test-check (February 2009) of the records of Nagar Nigam, Bareilly (NN) and information collected (September 2009) revealed that an amount of ₹ 93.93 lakh (*Appendix-3*) advanced to different officers/officials for construction / repair works and purchase of goods/services etc. during the period 1968-2009, was pending for adjustment as of March 2009. Out of this, ₹ 42.90 lakh and ₹ 51.03 lakh were outstanding for 01 to 10 years and 10 to 41 years respectively. By way of non-adjustment of advances timely, NN violated the provisions of Accounts Code as well as financial rules which was indicative of the ineffectiveness of the monitoring mechanism and poor budgetary control.

On being pointed out in audit, Nagar Ayukt stated (February 2009) that action for adjustment of advances was being taken. The reply was not tenable as non-adjustment of such heavy amounts for such a prolonged period was not only fraught with the risk of fraud and embezzlement but several officers must have retired also during this period.

Thus, violation of provisions of Accounts Code and financial rules resulted in non-adjustment of advances for such a prolonged period.

The matter was reported to the Government (August 2009); the reply had not been received (November 2010).

2.2 Diversion of fund

Diversion of ₹ 25 lakh sanctioned from Revolving Fund to other works in violation of Government Orders resulted in non-achievement of required civil amenities

With a view to develop and strengthen the infrastructural amenities of rural/urban areas, the interest free loan is sanctioned to local bodies from the Revolving Fund created at State level. These loans are sanctioned for the immediate requirements and diversion in any case is not allowed without the prior approval of the State Government.

Test-check (September 2008) of records of Nagar Palika Parishad, Nautanwan, Mahrajganj (NPP) revealed that the funds amounting to ₹ 25 lakh sanctioned from Revolving Fund (December 2005) for sanitation works (construction of four drains¹¹) were utilized on earth and soling works without obtaining prior approval of the State Government.

On being pointed out in audit, Executive Officer stated (September 2008) that the works on which expenditure was incurred were necessary and were done on the orders of Adhyaksha.

The reply was not tenable as the funds were released only for the sanctioned works which were immediately required to be done and could not be diverted for other works without prior approval of the State Government.

Thus, violation of Government order not only led to irregularity of diversion of funds but also resulted in non-achievement of immediately required sanitation work.

¹¹ (i) *tooti chauraha* to Bypass (ii) Hanuman chaowk to Bypass (iii) Old nautanwan to Daanda river and (iv) *tooti chauraha* to Mandi parishad.

The matter was referred to the Government (August 2009); the reply was awaited (November 2010).

2.3 Avoidable expenditure on construction of roads

Non-adherence to PWD's specifications in construction of Interlocking (Paver Block) Roads resulted in an avoidable expenditure of ₹ 5.45 lakh

All road construction works in Urban Local Bodies (ULBs) are executed as per specifications and norms prescribed by Uttar Pradesh Public Works Department (PWD). As per specification laid down in instructions issued (January 2007) by Chief Engineer (Central Zone) (PWD) Lucknow, Interlocking (Paver Block) roads should be constructed over Water Bound Macadam (WBM)/ Wet Mix Macadam (WMM) by laying 20 mm to 40 mm thick layer sand over WBM/WMM whereas in case of foot path, cycle track on which compaction of WBM/WMM is not possible, 8 cm to 10 cm thick cement concrete may be used before execution of Interlocking (Paver Block) roads.

Test-check (March 2009) of records of Nagar Panchayat, Fatehpur (NP), District Barabanki revealed that four painted roads (*Appendix-4*) situated in the area of NP were constructed by Interlocking Brick (Paver Block) in contravention of specifications of the UP PWD by laying 10 cm thick Plane Cement Concrete (PCC) on an area of 3,155.63 square metre (sq m) over existing WBM surface in addition to laying of 4 cm thick sand. In accordance with specification, roads should have been constructed by Interlocking Brick by laying 4 cm sand over WBM. Therefore, expenditure of ₹ 5.45 lakh incurred on laying PCC was unnecessary.

On being pointed out in audit, Executive Officer stated (February 2009) that works were executed after verification of the estimates by PWD.

Reply was not tenable as PWD had verified rates of various items used in execution of works as per its scheduled of rates. Technical sanction was not accorded by the PWD.

Thus, execution of the roads in contravention of specifications resulted in an avoidable expenditure of ₹ 5.45 lakh.

The matter was referred to the Government (September 2009); the reply was awaited (November 2010).

2.4 Avoidable expenditure

Non-adherence to specifications prescribed for construction of roads led to avoidable expenditure of ₹ 5.04 lakh

All the works in Urban Local Bodies Department are carried out as per specifications, norms prescribed by Uttar Pradesh Public Works Department (PWD). According to specifications of Ministry of Road, Transport and Highway (MORTH) adopted by the PWD by issuing circulars/instructions from time to time in this regard any one of the following three methods could be adopted for surface dressing of roads on Water Bound Macadam (WBM) top coat:

- Surface dressing [Painting-1 (P-1) and Painting-2 (P-2)]
- Mix Seal Surface (MSS)
- Premix Carpet with Seal Coat (PC with SC)

Test-check (July 2008) of the records of Nagar Palika Parishad, (NPP), Bansi, Siddharthnagar revealed that three roads¹² were constructed up to P-2 level in which PC with SC was done over P-2. It was against the specifications of PWD. Thus, expenditure of ₹ 5.04 lakh incurred on PC with SC after P-2 was avoidable.

On being pointed out in audit, Executive Officer stated (July 2008) that provisions of PC with SC after P-2 was made due to traffic density. The reply was not tenable as the work was executed against the specifications of PWD. Further, no traffic density count survey ever conducted was on record.

Thus, non-adherence to specifications resulted in an avoidable expenditure of ₹ 5.04 lakh.

The matter was reported to the Government (November 2009); the reply was awaited (November 2010).

¹² (i) Road between Akbar Nagar and Shyamnagar through Rapti Pul Hanuman Mandir and house of Dr. Abdi and Abdi Masjid to Ram Prasad's House ₹ 261430/-
(ii) Pitch Raod in Ward No. 7, Pant nagar form house of Sri Moti Lal to Sri Ram Chandra Jaiswal ₹ 106850/- (iii) Pitch Road in ward No.11 Azad Nagar from house of Ram Kishun, Opendra Bahadur and Community Development Centre to house of Radhey Shyam Tiwari ₹ 90671/-

2.5 Excess expenditure

Non-adherence to consumption norms of bitumen in laying tack coat led to excess expenditure of ₹ 11.13 lakh on construction of roads

All works in Urban Local Bodies are carried out as per specification, norms prescribed by Uttar Pradesh Public Works Department (PWD). According to specifications prescribed by Ministry of Road Transport & Highway (MORTH), circulated (June 2007) by PWD, 25kg/100 sq m bitumen is prescribed in laying of tack coat before premix carpeting (PC)/Bituminous Macadam & Semi Dense Bituminous concrete (BM and SDBC) works.

Test-check (June 2009) of records of Nagar Nigam, Lucknow (NN) revealed that improvement of 11 roads (**Appendix-5**) was done with BM & SDBC in which 50kg/100 sq m bitumen was used in laying tack coat on an area of 112640.42 sq m against the prescribed consumption norms of 25kg/100 sq m which resulted in excess expenditure ₹ 11.13 lakh on construction of these roads.

On being pointed out in audit, Municipal Engineer stated (June 2009) that as per code -94 -1986 of I.R.C., 50 kg/100 sq m consumption of bitumen in laying tack coat was prescribed and works were executed accordingly. Reply was not tenable as the above specification of IRC was applicable in Dense Bituminous Macadam and not for BM & SDBC.

Thus, non-adherence of prescribed specifications resulted in excess expenditure of ₹ 11.13 lakh on construction of roads.

The matter was reported to the Government (November 2009); the reply was awaited (November 2010).

2.6 Unfruitful expenditure

Unplanned construction of shops led to unfruitful expenditure of ₹ 12.81 lakh

Ministry of Urban Affairs and Employment, Government of India approved (April 1999) a Commercial Project, viz., Jawahar Nagar Commercial Scheme for Kushinagar Town of District Padrauna under Integrated Development of Small and Medium Towns (IDSMT). A project at the estimated cost of ₹ 27.33 lakh was approved by the Chairman, Nagar Panchayat, Kushinagar under the

scheme. Test-check (June 2008) of the records of Nagar Panchayat, Kasya, Kushinagar (NP) revealed that without proper planning and without ensuring the allotment of the shops after construction, 33 shops and one restaurant were constructed by NP at the cost of ₹ 27.22 lakh during the period 2002-04. Scrutiny further revealed that even after the lapse of five years, 15 shops and restaurant constructed at the cost of ₹ 12.81 lakh could not be allotted as of August 2009. The non-allotment of shops resulted in an unfruitful expenditure incurred on the construction of shops and restaurant.

On being pointed out in audit, Executive Officer stated (August 2009) that even after the extensive advertisements, no body applied for the allotment. Reply was not tenable as the allotment of the shops was not ensured before the start of construction.

Thus, unplanned construction of shops led to an unfruitful expenditure of ₹ 12.81 lakh.

The matter was referred to the Government (August 2009); reply was awaited (November 2010).

2.7 Loss of revenue

Non-adherence to provisions of Uttar Pradesh Municipal Corporation Adhiniyam, 1959 led to incorrect assessment of house tax resulting in recurring loss of revenue worth ₹ 0.52 lakh per annum

According to the provisions of section 172 of the Uttar Pradesh Municipal Corporation Adhiniyam, 1959 (Adhiniyam), Nagar Nigams impose house tax on residential and commercial buildings as per rates prescribed for taxation from time to time by the Government on the basis of annual property valuation. The valuation of properties done on the basis of area wise rates fixed from time to time by Public Works Department (PWD). PWD fixed the rates ranging from ₹ 6000/- per square meter to ₹ 7000/- per square meter for different floors for Civil Lines area of Allahabad.

Test-check (July 2008) of the records of Nagar Nigam, Allahabad (NN) revealed that the assessment of house tax of Vishal Mega Mart, a commercial complex situated at Civil Lines, Allahabad was done at the rates of ₹ 3700/- to ₹ 4000/- per square meter for different floors against the prescribed rates fixed for the area (**Appendix-6**). This resulted in short assessment of ₹ 0.52 lakh per annum effective from October 2007. The accumulated value of loss of revenue accrued at ₹ 1.56 lakh from October 2007 to September 2009.

On being pointed in audit, Junior Engineer of NN stated (July 2008) that during the valuation of property, rates were not revised by PWD. The reply was not tenable as the rates were already revised by PWD prior to November 2006 while the valuation of the referenced property was done during October 2007.

Thus, non-adherence of provisions of Adhiniyam led to incorrect assessment of house tax resulted in recurring loss of revenue worth ₹ 0.52 lakh per annum.

The matter was referred to the Government (December 2009); the reply was awaited (November 2010).

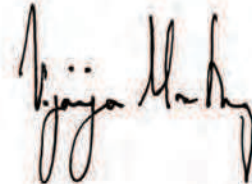
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