

Overview

The Report comprises six chapters under two sections. Section A includes three chapters containing observations on the Accounts and Finances of Panchayati Raj Institutions, one performance review on 'Jalswarajya Project in Maharashtra' and five transaction audit paragraphs. Section B comprises three chapters containing observations on the Accounts and Finances of Urban Local Bodies, two performance audits on (i) Information Technology Audit of the Property Tax, Water billing and other Citizen Service Modules of Kalyan Dombivli Municipal Corporation (ii) Functioning of Mira Bhayandar Municipal Corporation and 15 transaction audit paragraphs. A summary of major audit findings is presented in this overview.

1 Accounts and Finances of Panchayati Raj Institutions

The allocation from total revenue of the state to Panchayati Raj Institutions showed a declining trend from 18.93 per cent in 2005-06 to 17.38 per cent in 2009-10 as against 40 per cent recommended by the Second Maharashtra State Finance Commission.

All the 33 Zilla Parishads had not finalised (May 2011) their accounts for 2009-10 although the same should have been finalized by 30 June 2010 and the arrears of their accounts and certification by the Chief Auditor, Local Fund Accounts ranged between one and six years. The State Government had so far not implemented the accounting format prescribed by the Comptroller and Auditor General of India.

(Paragraph 1.1. to 1.14)

2 Performance Audit on "Jalswarajya Project in Maharashtra"

Out of 3391 Gram Panchayats selected in the project, 383 Gram Panchayats were deleted from the project for various reasons. The concerned organizations failed to facilitate the formation of inclusive, responsible and skilled, village water supply and sanitation committees and build their capacities so as to empower them to execute the project through participatory process.

The expenditure of ₹ 1.92 crore incurred on community infrastructure became wasteful due to the abandoned works. Unspent grant of ₹ 1.02 crore was not recovered from the 107 Gram Panchayats of two Zilla Parishads though they had completed the projects in all respects. Excess release of grants of ₹ 1.01 crore was not recovered from 91 Gram Panchayats of two Zilla Parishads. Out of 3008 Gram Panchayats in the project, 617 Gram Panchayats have not yet completed the project cycle or were at incomplete stages. Overall delay in completion ranged from 42 to 77 months beyond stipulated period.

(Paragraph 2.1)

3 Transaction Audit Findings - Panchayati Raj Institutions

Improper maintenance of accounts by nine Block Development Officers and lack of control by the Deputy Chief Executive Officers (Village Panchayat) of Bhandara, Chandrapur and Gadchiroli Zilla Parishads resulted in misappropriation of ₹33260 and temporary diversion of ₹7.84 lakh

(Paragraph 3.1)

Non-recovery of mandatory royalty charges from the contractors by the Zilla Parishad, Solapur resulted in overpayment of ₹54.33 lakh.

(Paragraph 3.2)

Failure of Zilla Parishads to monitor and ensure that the fire extinguishers installed in Primary schools were refilled every year resulted in infructuous expenditure of ₹3.29 crore.

(Paragraph 3.4)

4 Accounts and Finances of the Urban Local Bodies

The total receipts of all the Municipal Corporations in the State during 2009-10 was ₹ 28860 crore which was higher by 20.38 per cent over previous year. The major contribution in total receipts was from rent, taxes etc (44.04 per cent) and other income (20.93 per cent).

The Government of Maharashtra adopted National Municipal Accounts Manual for implementation from 2005-06. However, seven Municipal Corporations i.e Ahmednagar, Akola, Aurangabad, Amravati, Bhiwandi Nizampur, Dhule and Jalgaon have not implemented double entry accounting system.

In respect of seven Municipal Corporations, finalisation of accounts and audit of annual accounts by Municipal Chief Auditor is in arrear for the period ranging from 2001-02 to 2009-10 and no reports were submitted to the Standing Committee.

(Paragraph 4.1 to 4.10)

5 Performance Reviews on Urban Local Bodies

Information Technology Audit of the “Property Tax, Water Billing and Citizen Service Modules in Kalyan Dombivli Municipal Corporation”

The Kalyan Dombivli Municipal Corporation, initiated e-Governance project for complete computerisation of the activities of the Municipal Corporation in December 1999 with an objective to improve the efficiency of the system and to provide better services to the citizen. It was observed that due to poor design, implementation and monitoring, many deficiencies persisted. Even after 10 years, application modules like Town planning wing etc., could not be put to use. Due to non-availability of

necessary MIS reports in the application modules, generation of bills in respect of all consumers could not be ensured. Weak controls in the system resulted in non-generation of bills, delay in generation of bills, deletion and modification of the data without input documents and proper validation which made the system vulnerable to fraud and manipulation.

(Paragraph 5.1)

Functioning of Mira Bhayandar Municipal Corporation

Performance Review on the functioning of Mira Bhayandar Municipal Corporation for the period 2005-10 revealed deficiencies in planning and failure to take up new Water Supply Scheme to meet the demand resulting in shortfall of 34 to 44 per cent in Water Supply.

Abandonment of project of production of fertilizer from bio-degraded solid waste after incurring expenditure of ₹82.92 lakh and non-functioning of solid waste management project resulted in improper disposal of solid waste. Delay in appointment of hospital staff resulted in non-functioning of 50 bed hospital constructed at a cost of ₹8.35 crore.

Delay in submission of Detailed Project Reports, non-revision of project cost at current District Schedule Rates, non-inclusion of consultancy and maintenance cost in proposals for underground sewerage project under Jawaharlal Nehru National Urban Renewal Mission for subsequent period resulted in additional financial burden of ₹ 161.15 crore and delayed execution of the project.

Non-levy of tax on larger residential premises, non-raising of demand and irregular deletion of properties resulted in loss of property tax amounting to ₹9.03 crore. Irregular sanction of one Floor Space Index instead of 0.2 Floor Space Index in 15 cases, Transfer of Developments Rights issued against land acquired in No Development Zone area had resulted in granting undue benefit of ₹9.77 crore. Non-utilization of Auto DCR software system and three modules out of seven modules procured for computerization of civic services rendered expenditure of ₹50.83 lakh unfruitful.

(Paragraph 5.2)

6 Transaction Audit Findings - Urban Local Bodies

Akola, Amravati and Aurangabad Municipal Corporations incurred a loss of revenue of ₹9.19 crore due to non-levy of either octroi or cess on entry of goods in corporations areas.

(Paragraph 6.5)

Internal control failure to monitor the erections of mobile towers by Municipal Corporation of Greater Mumbai led to unauthorized construction of these towers and loss of revenue of ₹6.50 crore.

(Paragraph 6.6)

Navi Mumbai Municipal Corporation's failure to acquire land before issue of work order and include standard terms and conditions in the contract resulted in extra expenditure of ₹ 3.43 crore on improvements to Thane Belapur Road.

(Paragraph 6.9)

Transfer of rights to property by Sangli Miraj Kupwad Municipal Corporation instead of development of the property through finance build & transfer basis as was envisaged resulted in loss of asset valuing ₹ 2.57 crore and loss of lease rent of ₹ 4.32 lakh per annum.

(Paragraph 6.10)

Lack of effective internal control and undue favour to the assesses of Ulhasnagar Municipal Corporation in violation of the procedure prescribed under Acts and Rules, resulted in abatement of property tax of ₹ 1.63 crore.

(Paragraph 6.12)