
OVERVIEW

This Report has seven chapters containing observations of audit on accounting procedures and financial management, receipts, establishment, material management and execution of works, implementation of schemes, performance audit as well as other important issues. A synopsis of the Audit findings is presented in this overview.

Twelve ULBs had incurred excess revenue expenditure of Rs. 39.95 crore and nine ULBs had incurred excess capital expenditure of Rs. 38.52 crore *vis-à-vis* the budget provisions during 2006 – 09.

[Paragraph 2.1.1]

Four ULBs diverted Rs. 93.60 lakh sanctioned for specific purposes during the years 2006 – 08 depriving the beneficiaries of the intended benefits.

[Paragraph 2.4]

Twenty ULBs accumulated a liability of about Rs. 61.55 crore as of March 2008 due to non-payment of loan in time. The increasing liabilities adversely impact the financial stability of the ULBs.

[Paragraph 2.5]

Cases of theft and misappropriation of materials worth Rs. 6.91 lakh were noticed in Durgapur and North Dum Dum municipalities.

[Paragraph 2.8]

Contai Municipality at source deducted Sales Tax (Rs. 3.08 lakh), Income Tax (Rs. 2.11 lakh) and Professional Tax (Rs. 3.46 lakh) up to 31 March 2008. But, the municipality did not deposit the amounts to Government account as of June 2008.

[Paragraph 2.10]

Inadmissible remission allowed in property tax resulted in loss of revenue of Rs. 31.17 lakh in two ULBs.

[Paragraph 3.2]

Non-imposition of surcharge on property tax for commercial holdings by 16 ULBs during October 2001 to March 2009 resulted in loss of revenue of Rs. 2.61 crore.

[Paragraph 3.3.1]

Fifteen ULBs collected an amount of Rs. 3.60 crore (47 *per cent*) during 2008 – 09 on account of water charge against the total demand of Rs. 7.63 crore leaving an amount of Rs. 4.03 crore (53 *per cent*) as outstanding.

[Paragraph 3.4]

Kolkata Municipal Corporation (KMC) suffered a loss of revenue of Rs. 35.04 lakh during 2003 – 07 due to non-realization of fees and taxes at prescribed rates (applicable on backlit advertisement) from three advertising agencies. Further, the KMC showed undue favour to the agencies by issue of license for five years against the codal provision of one year.

[Paragraph 3.8]

In absence of 'Special Fund' or due to inadequate contribution to the said fund, four ULBs accrued a liability of Rs. 1.84 crore towards pension and gratuity as of March 2008.

[Paragraph 4.1]

Three municipalities did not pay electricity charges amounting to Rs. 7.26 crore and lost rebate of Rs. 17.49 lakh as of March 2008.

[Paragraph 4.3]

Dalkhola, Islampur and Khardah municipalities procured materials and equipments worth Rs. 23.30 lakh, Rs. 17.29 lakh and Rs. 14.53 lakh respectively without inviting open tenders during January 2006 to March 2008.

[Paragraph 5.1]

Non-acceptance of the lowest offer by the Haldia Municipality resulted in avoidable expenditure of Rs. 7.93 lakh on procurement of cement.

[Paragraph 5.2]

In 12 ULBs unspent funds under Employment Generation in Urban Area Scheme increased from Rs. 2.46 crore as on 1 April 2006 to Rs. 4.47 crore as on 31 March 2008. Four ULBs spent Rs. 2.82 crore under the scheme during 2006 - 08 without involving the Ward Committees / Community Development Societies. The expenditure on wages by three ULBs was far below 40 *per cent* of the total cost of works during 2007 - 08, implying non-generation of employment of approximately 13,547 man-days. Three ULBs executed works worth Rs. 32.67 lakh during 2006 – 08 engaging contractors in violation of government guidelines.

[Paragraph 6.1]

In six ULBs a huge amount of Rs. 2.74 crore remained unutilized under National Old Age Pension Scheme as of March 2008 depriving 5715 intended beneficiaries for the year 2007 – 08. Taherpur Notified Area Authority made unauthorised payment of pension of Rs. 0.82 lakh under the scheme to seven ineligible beneficiaries below 65 years of age as of March 2008.

[Paragraph 6.2]

Absence of monitoring of the Mid-day-Meal Programme by the Panihati Municipality led to misappropriation of rice worth Rs. 40.49 lakh.

[Paragraph 6.3.2]

As the construction of remunerative assets was not completed by three ULBs, these assets did not generate the expected revenue, rendering the entire expenditure of Rs. 3.20 crore unproductive.

[Paragraph 6.4]

PERFORMANCE AUDIT

MOBILISATION OF PROPERTY TAX

The budget estimates prepared by Asansol, Durgapur, Siliguri and Chandernagore Municipal Corporations were only 14, 33, 44 and 67 *per cent* respectively of annual dues which indicated that the budget exercise was a formality.

The Corporations did not have complete and accurate database of holdings. As a result, they do not have a complete picture of the scope of own resource and actual trend of realization.

Siliguri Municipal Corporation (SMC) raised only 22 *per cent* of the demand bills in 2006 – 07 but no bills were raised during 2007 – 09. Asansol Municipal Corporation (AMC) issued demand bills to 11 to 20 *per cent* of the assesses in 2007 – 09; while data for 2006 – 07 was not available in AMC, Chandernagore Municipal Corporation (CMC) and Durgapur Municipal Corporation (DMC). This resulted in non accountal of considerable amount of dues and non pursuance thereof.

SMC held back assessment of new holdings since 2004-05 causing loss of Rs.42.31 lakh during 2004-09.

Remission granted in 13887 cases beyond the prescribed limit resulted in loss of revenue of Rs.2.27 crore in AMC and DMC. AMC and DMC lost Rs.53.67 lakh due to unauthorised rebate allowed to tax payers on arrears and surcharge. Surcharge was not imposed and recovered though the holdings were identified as commercial and industrial in nature.

In four municipal corporations there are outstanding dues of Rs.36.79 crore, three to five years old which are doubtful of recovery.

[Paragraph 7.1]