

CHAPTER IV

AUDIT OF TRANSACTIONS (URBAN LOCAL BODIES)

4.1 Locking of funds

Failure of the Agartala Municipal Council in making the Dimsagar lake free from encroachment not only caused delay in implementation of the project for conservation of the lake but also led to locking of funds to the extent of ₹ 23.43 lakh

The Ministry of Environment and Forest, Government of India (GOI) sanctioned (March 2005) a project under the centrally sponsored scheme of National Lake Conservation Plan (NLCP) for conservation and management of three lakes at Agartala Municipal Council (AMC) area, namely Laxminarayan Bari lake, Durga Bari lake and Dimsagar lake at an estimated cost of ₹ 2.018 crore on 70:30 cost sharing basis between the GOI and the Government of Tripura. The Detailed Project Report (DPR) was prepared by M/s Stup Consultant Limited, New Delhi. The main objectives of the project were water resources development, water pollution control and beautification of water bodies with proper fencing, guard wall, plantations, games, aquatic nourishment, amusement of boating, fountains etc. The project was to be completed within a span of twelve months (March 2006) and the AMC was designated as implementing agency. The GOI released the first installment of ₹ 50.00 lakh to the State Government in March 2005 and the State Government released the GOI's share of ₹ 50.00 lakh along with its own share of ₹ 21.43 lakh to the AMC in July 2005. AMC, however, did not take up the works of Laxminarayan Bari lake and Durga Bari lake on the ground that certain experts suggested that re-excavation and dredging of the water bodies might cause severe damage to the Heritage Building (Ujjyanta Palace) due to close proximity. No details/report on expert suggestion was produced to audit. The fact was, however, intimated (January 2008) to GOI after a gap of almost three years from the date of sanction of the project. It was observed that AMC could utilize only ₹ 48.00 lakh on construction of retaining wall and sitting arrangement for the public on the southern side of Dimsagar lake during the period from 2005-06 to 2010-11 (upto September 2011) and the principal amount of ₹ 23.43 lakh remained un-utilised till date (November 2011). GOI, however, did not release the

subsequent installment due to non-furnishing of utilization certificates of the first installment in full. As per the DPR, AMC was required to construct surface drain to discharge the domestic waste water from the surrounding residences, responsible for water pollution of the Dimsagar lake. The work, however, could not be executed due to encroachment of the east, west and north banks of the lake by the unauthorized occupants. AMC did not provide to audit any information on action taken to free encroachment of land. This indicated that the proposal for sanction of GOI fund to conserve and manage the lakes under NLCP was not realistic and the DPR was prepared without conducting proper survey.

Thus, failure of the AMC to make the Dimsagar lake free from encroachment due to lack of proper survey led to locking up of funds to the extent of ₹ 23.43 lakh for more than six years and the main objective of the National Lake Conservation Plan scheme remained un- achieved.

On this being pointed out in audit, the Chief Executive Officer stated (November 2011) that necessary steps were being taken to complete the remaining works of Dimsagar lake.

4.2 Non-realisation of premium money amounting to ₹ 99.44 lakh

Due to inaction of the AMC, ₹ 99.44 lakh remained un-realised from the allottees of two markets stalls.

AMC constructed Shyamali Bazar Bipani Bitan and Chandrapur Bipani Bitan through the NBCC Ltd. at a cost of ₹ 771.41 lakh. NBCC handed over the Bipani Bitan to AMC in April 2008. There were 55 stalls in ground floor and 55 stalls in 1st floor in Shyamali Bazar Bipani Bitan. Chandrapur Bipani Bitan was constructed with 86 stalls in ground and 74 stalls in 1st floor.

Test check of records of AMC revealed that 55 stalls were allotted at Shyamali Bazar Bipani Bitan and 147 stalls were allotted at Chandrapur Bipani Bitan @ of ₹ 500 to ₹ 1000 per annum considering the area of the room in February 2009. AMC, however, had given an opportunity to the allottees to exercise either option I or option II. As per option I, if the allottees pay full value of the amount payable at the time of allotment, they will be entitled for five per cent rebate on the total cost of the stalls. As per option II, the allottees may pay 50 percent of the total value at the time of allotment and the

balance of 50 percent be paid in four equal installments on or before 28.05.2009, 28.08.09, 28.11.09 and 28.02.10. It was observed that 34 allottees exercised option II in Shyamali Bazar Bipani Bitan and 132 allottees opted for option- II in Chandrapur Bipani Bitan in February 2009.

Further scrutiny of records revealed that 166 (34 + 132) allottees paid 50 percent of the premium amount and balance 50 percent amounting to ₹ 99.44 lakh remained un-paid till the date of audit (November 2011). No record was made available to audit whether the authority of AMC had taken any action to realize the balance amount from the defaulters.

The Chief Executive Officer while admitting the fact stated (November 2011) that notices would be issued for realization of balance amount. Latest position is yet to be intimated (March 2012).

4.3 Idle investment

Non allotment of stalls resulted in idle investment of ₹ 3.77 crore

The Urban Development Department, Government of Tripura decided to construct one commercial complex at Udaipur Nagar Panchayat for the purpose of the evicted hawkers of Udaipur town. Accordingly, Nagar Panchayat (NP) constructed 'Lake City Shopping Complex' which was completed on 15.12.2007 with the project cost of ₹ 8.75 crore having 178 no. of stalls. Out of 178 stalls, only 101 stalls were allotted among the hawkers leaving 77 stalls un-allotted till the date of audit (March 2011). The details of non-allotment of vacant stalls are shown in the **Table 4.1** below:

Table 4.1 Statement showing non-allotment of vacant stalls

Name of floor	Total no of stalls	No. of stalls allotted	No. of vacant stalls
Ground floor	62	31	31
First floor	62	49	13
Second floor	54	21	33
Total	178	101	77

The average construction cost of one stall was ₹ 0.049 crore (₹ 8.75 crore ÷ 178 nos.) and the total cost of 77 vacant stalls was ₹ 3.77 crore (₹ 0.049 crore × 77 nos.).

On this being pointed out in audit, the Executive Officer replied (July 2011) that 77 number stalls were lying vacant as targeted persons were not interested to start their business at that period. To avoid idle investment before construction, the NP should have

obtained/explored the number of interested persons so as to decide the actual number of requirement of stalls in the Commercial Complex although the basic amenities like electricity water supply were provided by the NP. The NP did not take any initiative for allotment of stalls by publishing advertisements in the local news papers.

Thus, non allotment of stalls has resulted in idle investment of ₹ 3.77 crore.

4.4 Non-execution of woks under Bidhayak Elaka Unnayan Prakalpa

Bidhayak Elaka Unnayan Prakalpa scheme funds of ₹ 45.99 lakh was lying in bank account for prolonged period due to non-execution of works.

The Government of Tripura introduced “Bidhayak Elaka Unnayan Prakalpa” (BEUP) in the year 2001-02 under which every member of Legislative Assembly of the State will have a choice to suggest works for ₹ 5.00 lakh in a year to the concerned Sub-Divisional Magistrate (SDM) who will get them implemented by following the established procedure laid down by the State Government subject to the guidelines of BEUP. The amount was increased to ₹ 7.50 lakh in 2004-05 and to ₹ 10.00 lakh from 2005-06 onwards. As per the guidelines of BEUP the implementing agencies will be given maximum priority to complete the works preferably within 60 days of receiving the work order/sanction from the SDM.

Scrutiny of records of AMC revealed that 41 works relating to construction of roads and drains etc. sanctioned during 2006-07 to 2009-10 under BEUP were not executed till date as shown in the **Table 4.2** below:

Table 4.2: Statement showing non execution of works under BEUP.

<i>(₹ in lakh)</i>			
Sl. No.	Years from which work was pending	No. of works	Amount
1	2006-07	09	15.92
2	2007-08	13	9.50
3	2007-08	03	2.40
4	2007-08	07	6.33
5	NA	01	6.25
6	2009-10	05	3.47
7	2009-10	03	2.12
Total		41	45.99

Reasons for non execution were not on records. The Executive Officer replied that latest position would be furnished to audit. But reply has not been furnished (March 2012).

Thus, non execution of works under BEUP deprived the people from intended benefit of the scheme.

4.5 Blocking up of funds

Delay in construction of Anganwadi Centres led to blockage of funds to the extent of ₹ 12.99 lakh for more than four years.

Test check of records of Ranirbazar Nagar Panchayat revealed that Social Education and Social Welfare Department, Government of Tripura released ₹ 10.50 lakh from the fund allocated by Government of India to NP for construction of six Anganwadi Centres (AWCs) during 2007-08.

But the work for construction of AWCs have not yet started till the date of audit (August 2010) resulting in blocking up of fund to extent of ₹ 12.99 lakh including previous unspent balance of ₹ 2.49 lakh.

On this being pointed out in audit, the Executive Officer stated (August 2010) that due to land dispute the construction work was held up and assured that efforts would be taken to settle the dispute. However, latest position has not yet been intimated (March 2012).

4.6 Un-adjusted advances

Advance for ₹ 72.59 lakh in respect of Agartala Municipal Council and ₹ 147.05 lakh in respect of Ranirbazar Nagar Panchayat paid to various Implementing Officers for developmental works during 2009-10 and 2010-11 remained un-adjusted. Besides, ₹ 27.35 lakh paid to one Junior Engineer in Teliamura Nagar Panchayat as advance remained un-adjusted/ un-refunded.

During test check of advance register revealed that AMC released an amount of ₹ 72.59 lakh as advances to the Implementing Officers and agencies for execution of various development works under different Centrally and State Sponsored Schemes but the Implementing Officers and agencies neither submitted the necessary adjustment against the amount sanctioned as advances for execution of works nor refunded the un-utilized funds (**Appendix 4.1**) till the date of audit (November 2011).

Similarly test check of records of Ranirbazar Nagar Panchayat revealed that advances of ₹ 147.05 lakh paid to Implementing Officers for various developmental works during 2009-10 and 2010-11 are also not yet adjusted as detailed in **Appendix 4.2**.

The Chief Executive Officer of AMC informed (November 2011) that notices were being issued for submission of adjustment while the Executive Officer of the Ranirbazar Nagar Panchayat stated that necessary steps would be taken to submit the adjustments.

Test check of Teliamura Nagar Panchayat revealed that Nagar Panchayat had engaged a Junior Engineer (JE) in March 2010 on contractual basis at a consolidated pay of ₹ 8,000 per month w.e.f. 26.03.2010. The JE was paid an advance of ₹ 27.35 lakh (**Appendix 4.3**) for implementation of works as per work orders (64 nos.) issued to him from time to time. It was, however, observed in audit that the JE has reportedly joined in Office of the Superintending Engineer, RD, Ambassa Circle in the month of June 2011 without prior intimation to Nagar Panchayat. He did not submit any adjustment against the advances paid to him. It was further, observed that the Executive Officer has issued a show cause notice (March 2011) to JE for keeping them at dark about his joining in another service/department and also without submitting adjustments. Reply of the JE has not been received till date of audit (September 2011).

The Executive Officer informed (September 2011) that steps had already been initiated against the concerned JE for obtaining adjustment. Details of steps taken were not furnished (March 2012).

Due to non-submission of adjustments against the advances sanctioned it could not be ascertained in audit whether the works were completed in time for which the funds were placed with Implementing Officers. Besides, due to non-submission of adjustments, the possibility of theft and misappropriation of Government money cannot be ruled out.

4.7 Outstanding rent

Touji rent of ₹ 97.47 lakh was outstanding in 18 markets of AMC and collection of stall rent by Ranirbazar Nagar Panchayat has not increased during the last three years resulting in outstanding rent to the extent of ₹ 9.95 lakh

Test check of records of 18 markets under AMC and Ranirbazar Nagar Panchayat revealed that touji rent amounting to ₹ 97.47 lakh in respect of AMC and stall rent of ₹ 9.95 lakh in respect of Ranirbazar Nagar Panchayat was outstanding as on 31.03.2011. Records showed that ₹ 121.79 lakh only being the touji rent was collected by the AMC during 2010-11 against the total dues of ₹ 219.26 lakh as on 31st March 2011. The

collection of outstanding dues has not increased substantially during the last three years. Reasons for poor collection of rent were not on records.

This being pointed out in audit, the Chief Executive Officer of AMC informed (November 2011) that special drive was being undertaken for realization of outstanding touji rent. The Executive Officer of Ranirbazar Nagar Panchayat assured that the hundred per cent stall rent would be collected henceforth.

4.8 Non submission of utilisation certificates

Utilisation certificates to the extent of ₹ 5.84 crore were pending for submission

Scheme guidelines of CSS, CFC grants and State Government grants stipulates that UCs should be obtained from the grantees and submitted to GOI/State Government Department within six months from the date of their sanction unless specified otherwise.

Test check of records of AMC and Ranir Bazar Nagar Panchayat revealed that utilisation certificates to the extent of ₹ 5.84[₹] crore were pending for submission to the sanctioning authorities. The Urban Development Department, Government of Tripura releases the funds to ULBs under various Centrally Sponsored Schemes and State Sponsored Scheme from time to time. But the utilization certificates are not being submitted to the sanctioning authorities. Reasons for non-submission of utilisation certificates were not on records.

Non submission of utilization certificates indicates slow progress of developmental works.

4.9 Outstanding trade license fee

Trade license fee to the extent of ₹ 5.91 lakh remained outstanding

Every Nagar Panchayat is to realize the trade license fee as prescribed (July 2006) by Urban Development Department, Government of Tripura.

During test check of records of collection register of trade license fee of Teliamura Nagar Panchayat it was observed that trade license fee of ₹ 5.91 lakh remained outstanding as

[₹] Agartal Municipal Council	₹ 4.43 crore
Ranirbazar Nagar Panchayat	₹ 1.41 crore
Total	₹ 5.84 crore

on 31.03.2011. The amount of outstanding rent was pertaining to the period prior to 2010-11. Reasons for such outstanding were not on records. However, the Executive Officer informed (September 2011) that there was loss of trade licensees who did not exist in the market and notice was also served to each licensee to deposit pending bills/fees. He further stated that a special camp for collection of pending bills/ fees of trade license would be held on 23.09.2011. Latest position has not been furnished (March 2012).

4.10 Non-recording of cash withdrawal in the cash book

Due to non-recording of cash withdrawal of ₹ 7.46 lakh in the cash book, possibility of misappropriation/embezzlement of Government money may not be ruled out.

During test check of records of cash book and pass book of Secretary Ward No. 26 Matri Pally under South Zone of AMC, it was observed that the Ward Secretary has withdrawn ₹ 7.46 lakh from joint bank accounts (A/C No. 66226 and 65995, TGB Badharghat Branch) between 03.04.2010 and 31.07.2010 through 14 cheques, for implementation of various works under the Tripura Urban Employment Programme (TUEP) and other schemes. However, the entire amount of ₹ 7.46 lakh was neither entered in the Cash Book nor any disbursement was shown in the payment side of Cash Book. Details amount withdrawn are given below in the **Table 4.3** below:

Table 4.3: Statement showing drawal of money from banks

<i>(₹ in lakh)</i>					
Sl. No.	Date	Cheque No.	Amount	Bank A/C No.	Scheme
1	11.06.2010	001391	0.80	66226	TUEP
2	-do-	001392	0.50	-do-	-do-
3	-do-	001393	0.50	-do-	-do-
4	-do-	001394	0.80	-do-	-do-
5	-do-	001395	1.00	-do-	-do-
6	-do-	001396	1.00	-do-	-do-
7	27.07.2010	001397	1.00	-do-	-do-
8	31.07.2010	001398	0.55	-do-	-do-
9	03.04.2010	620983	0.21	65995	Other scheme
10	-do-	620984	0.42	-do-	-do-
11	10.06.2010	620985	0.03	-do-	-do-
12	-do-	620986	0.20	-do-	-do-
13	-do-	620987	0.16	-do-	-do-
14	23.07.2010	620988	0.28	-do-	-do-
Total			7.46		

There was no system of reconciliation of balances with the bank pass book and Cash Book. Besides, there was no signature of DDO in the payment side of the Cash Book as token of check. No physical verification of cash was found on record. This indicated that there was a lack of internal control mechanism in AMC.

This being pointed out in audit, the Chief Executive Officer stated that the matter would be investigated shortly. The report of investigation is awaited (March 2012).

4.11 Conclusion and recommendations

Locking up of funds, idle investment on construction of market stalls, blockage of funds, non-adjustment of advances, non submission of utilization certificate etc., are instances indicating inadequate internal control mechanism in the ULBs.

The following recommendations are made for consideration of the Government:

- Annual accounts may be prepared by the ULBs without further delays.
- Outstanding taxes, rent and other sources of revenue should be collected promptly.
- Proper assessment of requirement should be made before construction of market stalls.
- Advances given to Implementing Officers should be adjusted within the prescribed time.
- Internal control mechanism should be strengthened.

Agartala

(S. K. Garg)
Sr. Deputy Accountant General (Audit)

Countersigned

Agartala

(R. K. Agrawal)
Accountant General (Audit),
Tripura