

OVERVIEW

The Report contains six chapters containing observations of audit on accounts and financial management, revenue receipts, establishment, transaction audit and implementation of schemes.

A synopsis of the audit findings contained in the Report is presented in this overview.

1. Introduction

The State Government dissolved all ULBs during the period 1986 to 1995 and since then fresh elections were held only in March 2008 in 28 out of the 39 ULBs. Devolution of functions, funds and functionaries to ULBs as envisaged in the 74th Constitutional Amendment Act, 1992 had not taken place as yet.

ULBs were financially dependent on Grants and Loans from the Government as their own resources were meager. The available manpower in ULBs was not sufficient. Shortage of staff ranged from 15.38 *per cent* to 72.23 *per cent*.

[Paragraph 1.1 to 1.8]

2605 audit paras involving Rs 211.63 crore were outstanding as of March 2010 due to inadequate/incomplete compliances from the Executives of auditee Units.

[Paragraph 1.10]

Concerned Deputy Commissioners were not taking action on the Surcharge Notices issued by the Examiner of Local Accounts, Jharkhand. As a result, 126 notices involving Rs 1.43 crore issued during 2000-2010 were pending.

[Paragraph 1.11]

As a result of audit of 14 ULBs, a sum of Rs 7.68 crore was suggested for recovery, of which Rs 3.98 lakh was recovered during audit, whereas Rs 11.00 crore was held under objection.

[Paragraph 1.12]

Replies/Action Taken Notes on the paras appeared in the previous Reports of the Examiner of Local Accounts, Jharkhand were not furnished by the State Government.

[Paragraph 1.13]

2. Accounts and Financial Management

In contravention to the provisions of the Act, 12 ULBs irregularly maintained 85 additional Bank accounts and deposited Rs 20.14 crore in 77 accounts.

[Paragraph 2.1]

Six out of 14 test-checked ULBs had not prepared Budget Estimates during 2007-09. Remaining ULBs prepared unrealistic budgets and utilized only 2 to 42 *per cent* of the Budget provision.

[Paragraph 2.2]

Seven ULBs incurred unauthorized expenditure of Rs 63.09 crore during 2007-09 without preparing Budget Estimates.

[Paragraph 2.3]

The expenditure of Rs 130.97 crore incurred by 14 ULBs could not be scrutinized due to non-preparation of Annual Accounts for the period 2007-09.

[Paragraph 2.4]

Only 48.86 *per cent* of specific Grants & Loans was utilized during 2007-09.

[Paragraph 2.5.1]

Six ULBs did not refund Rs 69.95 lakh of old unspent balance of Government specific Grant & Loans to the sanctioning authority.

[Paragraph 2.5.2]

Internal control was very weak. The prescribed supervisory checks were not carried out. Basic records viz. Advance Ledger, Loan Register, Loan Appropriation Register, Grant Register, Demand and Collection Register, Work Register, Unpaid Bill Register, Annual Report, Deposit Ledger, Register of Lands, Register of Revenue Resources, Asset Register etc were not maintained by most of the ULBs.

[Paragraph 2.6.1 & 2.6.2]

In eight ULBs, a difference of Rs 8.37 crore between balances as per Cash book and Bank /Treasury Account was not reconciled.

[Paragraph 2.6.3]

Ten ULBs did not produce vouchers worth Rs 1.93 crore for the period 2007-09 before Audit.

[Paragraph 2.6.7]

Advances aggregating Rs 6.89 crore were outstanding against employees, suppliers, contractors and engineers of 13 ULBs.

[Paragraph 2.6.8]

3. Revenue Receipts

Eleven ULBs did not take prescribed steps for recovery of outstanding Holding tax, although a huge sum of Rs 8.58 crore was outstanding.

[Paragraph 3.1]

Rates of taxes were not revised for the last 7 to 42 years despite provision for revision after every five years. This resulted in loss of revenue to the ULBs.

[Paragraph 3.2]

Madhupur Municipal Council did not revise the rates of Holding tax of Railway Buildings resulting in loss of Rs 2.41 crore to the Council.

[Paragraph 3.3]

The collecting staff of 11 ULBs misappropriated Rs 10.90 lakh collected during 2007-2009. Out of this, Rs 3.92 lakh was recovered from the staff of ULBs at the instance of audit and Rs 6.98 lakh was still lying with them.

[Paragraph 3.4]

Fifty-one Money Receipt Books were not produced before audit by four ULBs.

[Paragraph 3.5]

The settlement amount of Rs 72.70 lakh was outstanding for 2004-2010 in five ULBs.

[Paragraph 3.6]

Four ULBs sustained loss of Rs 13.13 lakh due to settlement of Sairats at lower values.

[Paragraph 3.6.1]

Proceeds of the collection of Rs 1.99 crore on account of Health/Education cess during 2007-09 were not remitted into the Government account.

[Paragraph 3.7]

Due to non/short collection of Health/Education cess by three ULBs, the State Government and the ULBs suffered a loss of Rs 27.59 lakh and Rs 3.07 lakh respectively during 2007-09.

[Paragraph 3.8]

Rupees 5.25 crore was outstanding on account of rent of municipal properties and taxes of Government buildings.

[Paragraph 3.9]

4. Establishment

Thirteen ULBs irregularly spent Rs 1.45 crore during 2007-09 on engaging casual staff despite Government prohibition.

[Paragraph 4.1]

Two ULBs paid Rs 32.86 lakh to NGOs/Trust/Contractors for cleaning roads etc. without the approval of State Government.

[Paragraph 4.2]

The employees of four ULBs sustained loss of interest due to non-remittance of Provident Fund subscription of Rs 25.18 lakh in the concerned bank accounts.

[Paragraph 4.3]

5. Transaction Audit

Taxes deducted at source of Rs 2.41 lakh on account of Income Tax, Sales Tax and Royalty were not credited to the Government Accounts.

[Paragraph 5.1]

Thirteen ULBs irregularly paid Rs 28.10 lakh as contractor's profit to Sulabh International Social Service Organization against the provision of State Public Works Account Code.

[Paragraph 5.2]

Three ULBs made payment of Rs 13.34 lakh to the Executing Agents on Hand Receipts instead of proper vouchers.

[Paragraph 5.3]

Ten ULBs made excess payment of Rs 9.38 lakh due to non-deduction of Income Tax, Sales Tax, Royalty etc. from contractors' bills.

[Paragraph 5.4]

Excess payment of Rs 89.30 lakh due to non-deduction of penalty from contractors' bills was noticed in 12 ULBs.

[Paragraph 5.5]

6. Implementation of Schemes

Failure in completing the works within the timeframe resulted in blockade of Rs 8.89 crore in 11 ULBs.

[Paragraph 6.1]

Government Grant/Loan of Rs 3.97 crore received for Water Supply Scheme was blocked for years at Jhumri Tilaiya, depriving the people of the benefits of the scheme.

[Paragraphs 6.2]

The purpose of *Jawaharlal Nehru National Urban Renewal Mission* was defeated as the Central/ State Grant of Rs 4.12 crore received for Urban Transport System remained unutilized at Jamshedpur.

[Paragraph 6.3]

Delay in construction of Bye Pass Road at Lohardaga despite lapse of more than four years defeated the purpose of Government fund of Rs 3.03 crore.

[Paragraph 6.4]

The objectives of Water Supply Schemes could not be achieved in five ULBs due to delay in completion of the Projects despite transfer of Rs 84.76 crore to DWSD during 2005-10.

[Paragraph 6.5]

Delayed transfer of funds to Tata Steel by Jamshedpur NAC deprived the local people of the benefits of Street Lighting.

[Paragraph 6.6]

Excess payment of Rs 2.46 crore was made to the Contractor due to non-deduction of Excise duty from the Contractor's bills for Deoghar Urban Water Supply Scheme.

[Paragraph 6.7]

Irregular purchase of equipment at Lohardaga in implementation of Solid Waste Management Programme under UIDSSMT resulted into undue favour and excess payment of Rs 15.39 lakh to the Supplier.

[Paragraph 6.8]

Rupees 44.35 lakh spent on construction of Bus Stand at Medininagar proved infructuous as the work had not been completed despite lapse of more than four years.

[Paragraph 6.9]

The work of construction of Market Complex at Jugsalai remained incomplete although 87.83 *per cent* of the estimated cost was incurred on it.

[Paragraph 6.10]

In 14 ULBs, excess amount of Rs 26.09 lakh was paid to the Executing Agents/Contractors beyond the agreed rates/estimates.

[Paragraph 6.11]