

CHAPTER-III

RESPONSE TO AUDIT

3.1 Follow up action on previous Annual Reports of the ELA, Jharkhand

Replies/Action Taken Notes (ATN) on the paras featured in the previous Reports of the ELA, Jharkhand were not furnished by UDD, GoJ.

As per Rule 155 of the Regulations on Audit and Accounts 2007, Principal Accountant General/Accountant General (Audit) will send to the concerned Secretary or Secretaries to the Government by the end of June every year a technical inspection report prepared by ELA based on the results of audit of PRIs and ULBs conducted by his office during the preceding year. The Secretary or Secretaries may ensure that appropriate remedial action is taken expeditiously and the Principal Accountant General/Accountant General (Audit) is informed of the action taken.

The UDD, GoJ did not send replies/Action Taken Notes on the paragraphs featured in the previous Reports of the ELA, Jharkhand on ULBs for the years 2005-06 to 2009-10. However, the State Government has constituted a High Level Committee (July 2012) under the Chairmanship of Director, Urban Administration, UDD for having discussion on the Report of ELA for the year 2009-10. However, the State Government has not informed about the action taken on previous reports.

3.2 Response to Audit Observations

There was poor response to outstanding audit observations. As of March 31, 2012, 2745 audit paras pertaining to 170 audit reports were outstanding.

According to Rule 13 of the Local Audit Department Manual, executives of the ULBs (CEO/Executive Officer/Administrator/Special Officer, etc) are required to comply with the observations contained in the Inspection Reports (IRs) and rectify the defects and omissions and report their compliance through proper channel to the ELA, Jharkhand within three months from the date of issue of the IRs. As per Section 121 of the RMC Act, 2001, the Municipal Authority shall forthwith remedy any defects or irregularities within a period considered by the auditor to be reasonable.

2012, 170 IRs containing 2745 paragraphs pertaining to year were still outstanding. Only nine paras were settled during the year 2011-12.

A review of the IRs revealed that the executives, whose records were audited by the ELA, did not send any reply in respect of most of the outstanding IRs/paragraphs. The replies, wherever received, were mostly inconclusive and interim in nature. The matter was brought to the notice of the Secretaries of UDD and Finance Department as well as the Chief Secretary (June 2012) demi-officially.

3.3 Surcharge under Local Fund Audit Act, 1925

Upto 31 March 2012, 140 surcharge notices involving an amount of ₹ 1.47 crore issued during 2000-2012 were pending.

Section 9 (2) (b) of the Jharkhand and Orissa Local Fund Audit Act, 1925 requires that notices are to be served upon the surchargees¹ responsible for irregular payments, loss of amount etc. ascertained in course of audit. The ELA sends the notices to the Deputy Commissioner of the district where the ULBs are situated for serving the notices on the surchargees.

Audit found that 140 notices involving an amount of ₹ 1.47 crore issued during 2000-2012 in respect of 23 ULBs (*APPENDIX-IV*) were pending due to non-receipt of reports of the notices being served from the concerned Deputy Commissioners. As a result, further action viz. issue of surcharge order and requisition of certificate for recovery of the amounts from the surchargees could not be taken.

The matter was taken up with the Chief Secretary in June 2012. Action taken by in the matter is yet to be communicated (February, 2012).

3.4 Accounting Reforms

3.4.1 Adoption / Acceptance of database formats on finances of ULBs

Ministry of Urban Development, GOI had issued (April 2011) formats on database of finances of ULBs to the State Government to be adopted by the ULBs as prescribed by the Thirteenth Finance Commission. The matter of adoption had also been taken up from time to time by this office with UDD, GoJ.

¹ Person(s) from whom amount shall be recovered.

Jharkhand replied in January 2013 that the format has been made
ULBs in the State for adoption and implementation.

3.5 Conclusion

- Formats of database on finances of ULBs as prescribed by the C&AG had not been adopted (January 2013).
- No efforts were made by the ULBs for the settlement of paras raised in the IRs.

3.6 Recommendations

- The formats of database on finances of ULBs should be adopted by the Government and preparation of database by ULBs may be ensured.
- Government should ensure timely and proper response to the Reports of the ELA and ensure accountability in case of failure on the part of the ULBs.

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