



OVERVIEW

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This Report contains four chapters. The first and the third chapter contain a summary of finances and financial reporting of Panchayat Raj Institutions and Urban Local Bodies, respectively. The second chapter contains one performance audit and four paragraphs based on the audit of financial transactions of the Panchayat Raj Institutions. The fourth chapter contains two performance audits and four paragraphs based on the audit of financial transactions of Urban Local Bodies. A synopsis of the findings contained in the performance audits and paragraphs is presented in this overview.

1. An overview of Panchayat Raj Institutions

A review of finances of Panchayat Raj Institutions revealed that there was steady increase in the allocation of funds to Panchayat Raj Institutions by the State Government during the period 2007-12. Zilla Panchayats' control over expenditure was ineffective to the extent of direct transfer of Government of India funds to the implementing agencies. Action has not been taken by the State Government to revise the Activity Map. There was no mechanism at the Apex level to oversee the devolution of functions to Panchayat Raj Institutions. Taluk Panchayats have limited role in the preparation of Budget. Balances under suspense heads of accounts were not reconciled.

(Paragraphs 1.1 to 1.15)

2. Water quality component under National Rural Drinking Water Programme

A performance audit of the implementation of water quality component of National Rural Drinking Water Programme during the period 2007-12 was conducted between June and September 2012.

The performance audit showed that planning was deficient as the annual plans were approved after delays, sometimes stretching to the fag end of the financial year. There were deficiencies in survey of quality affected habitations; as a result the data could not be relied upon. The financial allocation for the quality aspect was deficient resulting in non-utilisation of earmarked funds and there were instances of time and cost overrun, non-completion/delayed completion of works and non-functional/ defunct works. The pace of coverage and completion of projects did not indicate that all the habitations would have access to safe drinking water anytime in near future. Monitoring and inspection of activities under the Programme at different levels was also not adequate.

(Paragraph 2.1)

3. Audit paragraphs – Panchayat Raj Institutions

Out of ₹10.77 lakh required to be remitted to the Government account, the Taluk Social Welfare Officer, Sira Taluk remitted ₹0.77 lakh only and fraudulently withdrew ₹10 lakh. The Taluk Social Welfare Officer then tampered with the Treasury challan to suppress the short remittance and fraudulent withdrawal.

(Paragraph 2.2)

Providing and laying surface dressing in village road works by Panchayat Raj Engineering Divisions in Bagalkot, Bellary, Chickmagalur, Gulbarga and Ramanagara districts contrary to the norms of Indian Roads Congress resulted in avoidable extra expenditure of ₹1.42 crore.

(Paragraph 2.3)

4. An overview of Urban Local Bodies

The 74th Constitutional amendment envisioned creation of local self-governments for the urban areas and envisaged devolution of 18 functions to Urban Local Bodies. However, the State Government had not transferred two functions. The annual accounts prepared by Urban Local Bodies were not certified by the Chartered Accountants for the years 2008-12. The budgets prepared by the Urban Local Bodies were not realistic as evidenced by savings in both Receipts and Payments vis-a-vis Budget provisions. The Urban Local Bodies utilised five to 100 per cent of Thirteenth Finance Commission grants on solid waste management during the period 2010-12. Internal Control mechanism was inadequate as there was no Internal Audit Wing and there were instances of improper maintenance of cash books, bank books and non-submission of statement of expenditure.

(Paragraphs 3.1 to 3.13)

5. Jawaharlal Nehru National Urban Renewal Mission projects implemented by Bruhat Bangalore Mahanagara Palike

Jawaharlal Nehru National Urban Renewal Mission was launched with a view to upgrading the infrastructure facilities and service delivery system to the citizens of cities and towns in a Mission mode.

A performance audit of the projects covering the mission period of 2005-12 was conducted to assess the completeness of infrastructure facilities created and delivery of basic services to the urban poor by the Bruhat Bangalore Mahanagara Palike.

Audit observed that the implementation of some of the mandatory and optional reforms at the State and Bruhat Bangalore Mahanagara Palike level was not achieved. Financial discipline was poor as evidenced by diversion of funds for other purposes, non-maintenance of statutory records, non-reconciliation of balances, non-maintenance of revolving fund, etc. In the remodelling of primary and secondary storm water drains, the contractors derived undue benefits by executing items for which abnormally high rates were negotiated. The rates had been brought down after negotiation for items which were not executed or hardly executed. These were subsequently re-awarded through additional and supplementary works. As a result, the works were executed in stretches where work fronts were available and the projects remained incomplete, thereby defeating the objective of remodelling of storm water drains. While payment of excess rate was noticed in completed road infrastructure projects, delay in execution of other road projects was attributed to non-availability of land. Implementation of housing projects under Basic Services to the Urban Poor was a failure since only four per cent of the dwelling units proposed could be completed within the Mission period.

(Paragraph 4.1)

6. Chief Minister's Special Grant of ₹100 crore each to seven City Corporations

Government of Karnataka had approved (August 2008) release of ₹100 crore to each of the seven City Corporations over a period of two years during 2008-2009 and 2009-10 to promote these cities as emerging growth centres and to reduce the pressure on Bangalore city. Government approved (August 2010) release of another ₹100 crore to each of these seven City Corporations during 2011-14.

A Committee headed by the Minister-in-charge of the district was to prepare an Action Plan for implementing works designed to deliver important municipal services. As the Committees only reacted to the recommendations coming from the City Corporations, there was no clear articulated minimum threshold measure for the cities' growth expected to be achieved by works to be taken up. Road works dominated the Action Plans prepared by the Committees and these constituted 58 to 68 per cent of the works taken up. Several works like construction and improvement of parks and improvement of village roads had also been included in the Action Plans and executed, though not permissible.

Estimation for works had been prepared without proper investigation and also been split up to avoid sanction of higher authorities. The tendering process lacked transparency as controls prescribed for ensuring competitive bidding had been overridden and contracts had been awarded to ineligible agencies. The contract management was ineffective as many items of work had been executed in disregard of the Indian Roads Congress guidelines, without justification. Payments to contractors had been made in several instances without following due procedures.

Monitoring of the delivery of the intended outcomes by the individual works or the programme of works was absent as the works taken up had been disaggregated and lacked proper structuring.

(Paragraph 4.2)

7. Audit paragraphs - Urban Local Bodies

Solid waste management in Belgaum district was inadequate as evidenced by non-segregation of municipal solid waste and non-declaration of buffer zone. Belgaum City Corporation made irregular payment on inert waste for tipping fees.

(Paragraph 4.3)

City Corporation, Gulbarga incurred wasteful expenditure of ₹1.05 crore under Urban Ashraya Housing Scheme, besides denial of housing facilities to identified beneficiaries belonging to Economically Weaker Section.

(Paragraph 4.4)

Undue haste in awarding and execution of a work by Mangalore City Corporation coupled with fictitious recordings in Measurement Book resulted in payment of ₹90.45 lakh before completion of work.

(Paragraph 4.5)