CHAPTER II

Audit Framework

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The overall objective of this performance audit was to ascertain whether the Urban Local Bodies (ULBs) had been duly empowered, in terms of funds, functions and functionaries, to establish themselves as effective institutions of local self-government and whether the Seventy-fourth Constitutional Amendment Act, 1992 (74^{th} CAA), had been effectively implemented in the State. This Chapter discusses the audit objectives, the Acts/Rules from where the audit criteria were sourced and the audit scope and methodology.

2.1 Audit Objectives

The objectives of the Performance Audit (PA) were to assess:

- whether the ULBs had been duly empowered, by the State Government, to discharge their functions/responsibilities, in a time-bound, economical and sustainable manner, through creation of appropriately designed institutions/institutional mechanisms;
- the effectiveness of the functions stated to have been devolved;
- whether the ULBs had been empowered to access adequate resources, including sufficient resources for discharge of the functions stated to have been devolved to them.

2.2 Audit Criteria

The criteria for the Performance Audit were derived from the following:

(i) 74^{th} Constitutional Amendment Act, 1992

(ii) Kolkata Municipal Corporation (KMC) Act, 1980

(iii) Howrah Municipal Corporation (HMC) Act, 1980

(iv) West Bengal Municipal (WBM) Act, 1993

(v) West Bengal Municipal Corporation (WBMC) Act, 2006

(vi) West Bengal Town and Country (Planning and Development) Act, 1979

(vii) West Bengal State Election Commission Act, 1994

(viii) West Bengal Municipal Elections Act, 1994

(ix) West Bengal Valuation Board (WBVB) Act, 1978

(x) West Bengal District Planning Committee (DPC) Act, 1994

(xi) West Bengal Metropolitan Planning Committee (MPC) Act, 1994

(xii) West Bengal Municipal Service Commission (MSC) Act, 2018

(xiii) West Bengal Municipal (Finance and Accounting) Rules, 1999

(xiv) West Bengal Municipal Employees' (Recruitment) Rules, 2005

(xv) West Bengal Municipal Elections (Reservation of Seats) Rules, 1994

(xvi) West Bengal Municipal (Ward Committee) Rules, 2001

(xvii) West Bengal Municipal (Building) Rules, 2007

(xviii) Kolkata Municipal Corporation Building Rules, 2009

(xix) West Bengal Municipalities (Procedure and Conduct of Business) Rules, 1995

(xx) Solid Waste Management Rules, 2016

(xxi) West Bengal Trees (Protection and Conservation in Non-Forest Areas) Act, 2006

(xxii) West Bengal Slum Areas (Improvement & Clearance) Act, 1972

(xxiii) Calcutta Burial Boards Act, 1881

(xxiv) Prevention of Cruelty to Animals Act, 1960

(xxv) West Bengal Urban Street Vendors (Protection of Livelihood and Regulation of Street Vending) Rules, 2018

(xxvi) West Bengal Fire Services Act, 1950

(xxvii) West Bengal Primary Education Act, 1973

(xxviii) Accounting Manual for Urban Local Bodies, issued by erstwhile Change Management Unit, UD&MA Department, Government of West Bengal, January 2006

(xxix) Guidelines of National Urban Health Mission (NUHM)

(xxx) Central Finance Commission Reports and State Finance Commission Reports

(xxxi) State Government orders, notifications, circulars and instructions, issued from time to time, on the constitution and action taken reports of the State Finance Commission, recruitment of staff of municipalities *etc*.

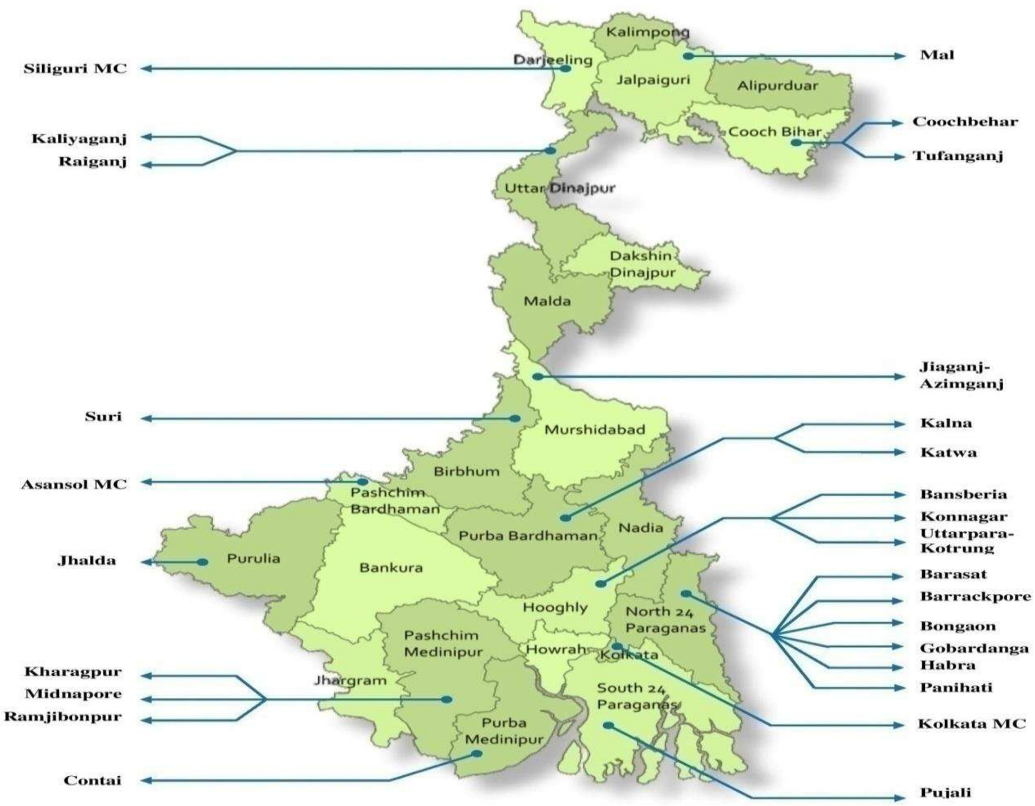
2.3 Audit Scope and Methodology

The Performance Audit, covering the period for the FYs April 2015 to March 2021, was carried out in two phases: from January 2021 to March 2021 and from July 2021 to February 2022, due to the disruption arising out of the COVID pandemic. Out of 125 ULBs, 26 ULBs, located in 14 districts, were selected through Stratified Simple Random Sampling, with population (Census 2011) as the size measure from each tier (strata) of ULBs. In addition, the *Kolkata* Municipal Corporation (KMC), being located in the State capital, was also selected for the PA.

Apart from ULBs, the Urban Development and Municipal Affairs Department, eight other State Government Departments, five organisations (two Directorates, two Statutory Bodies and one Urban Development Agency) and four Authorities/ Development Authorities, under the Urban Development and Municipal Affairs Department, offices of the District Planning Committee (DPC) in 14 districts and offices of the Chief Medical Officer of Health (CMOH), under the Health and Family Welfare Department, in 14 districts, were also covered in the Performance Audit.

The list of 27 ULBs and other audit units selected for Performance Audit, is given in ***Appendix-2***. The district-wise list of selected ULBs is given in **Chart 2.1**.

Chart 2.1: District-wise list of the ULBs selected for the PA



Out of the 18 functions specified in the 12th Schedule, activities relating to following five functions were selected for detailed study, under the PA-

- Property Tax
- Water Supply
- Water Tax/Charges
- Solid Waste Management
- Public Health and Sanitation

Audit observations relating to Property Tax have been discussed in Chapter IV, while the other selected functions have been discussed in Chapter VI.

An Entry Conference was held on 21 September 2021, with the Additional Secretary, UD&MA Department, along with representatives from the selected ULBs, in which the audit methodology, scope, objectives and criteria were explained. The draft Performance Audit Report was forwarded to the Department on 21 September 2022. The Exit Conference was held on 28 October 2022, with the Principal Secretary of the Department, to discuss the audit observations, conclusions and recommendations. The views expressed by the Department have been suitably mentioned at relevant places.

2.4 Acknowledgement

Audit acknowledges the cooperation and assistance extended by the UD&MA Department; Directorates and offices under the UD&MAD (DLB, MED,

SUDA, WBVB, WBMSC); Authorities/Development Authorities (ADDA, KMDA, NDITA, SJDA); other departments of Government of West Bengal (***Appendix-2***) and the ULBs, in conduct of the Performance Audit.

2.5 Chapters of Audit Findings

Audit Observations, relating to status of devolution of functions, funds and functions, are presented in the following chapters:

Chapter III - Compliance to the provisions of the Seventy-fourth Constitutional Amendment Act

Chapter IV - Financial resources of Urban Local Bodies

Chapter V - Human Resources

Chapter VI - Performance in the discharge of the devolved functions.