

CHAPTER- IV

4. OTHER TOPICS OF INTEREST

4.1.1 Construction of Rehan Basera in non-identified areas.

Programme guidelines of National Slum Development Programme (NSDP) provide that the works sanctioned under the programme should be executed only in identified slum pockets.

The Secretary, Nagar Panchayat, Arki, notified (September 2000) ward No. 3 (Mohala Kulari) and ward No. 5 (Mohala Murasi) as slum pockets within the jurisdiction of N.P. Arki. The department accorded (December 2001) technical sanction for Rs. 9.09 lakh for the construction of Rehan Basera at Arki under NSDP. However, contrary to the guidelines/stipulations in the sanction, Rehan Basera building had been constructed (May 2004) at a cost of Rs.16.40 lakh in ward No. 4 which was not declared as slum pocket. It was further noticed that the building was still not put to use (August 2006) for want of electricity and water supply. On this being pointed out in audit, the Secretary N.P. stated (August, 2006) that there was no land available for construction in the identified slum pocket and there was no demand for use of Rehan Basera building. This has resulted in irregular expenditure of Rs.16.40 lakh.

4.1.2 Likewise, contrary to the guidelines for construction of Rehan Basera only in identified slum pockets, in three urban local bodies the construction of Rehan Baseras were also taken up in non-identified slum pockets. Therefore, expenditure of Rs. 33.40 lakh (Dharamshala: Rs.21.45 lakh, Manali: Rs. 6.80 lakh and Rewalsar: Rs. 5.15 lakh) incurred thereon had been irregular. The officers of concerned urban local bodies stated that no land was available in identified slum pockets. The replies were not tenable as no relaxation/approval in this regard was obtained from Government.

In Mandi, the Rehan Basera was constructed on second floor of existing building of municipality at Gandhi Chowk at a cost of Rs. 9.94 lakh. The construction was also irregular as the said building was not in slum pocket.

4.1.3 Irregular expenditure under National Slum Development Programme

Guidelines of NSDP provide that the slum pockets are to be declared for execution of works under the programme.

It was noticed that no areas have been declared as slum pockets in Shimla town by the Government. However, the Municipal Corporation, Shimla had identified certain pockets having slum like characteristics within area of corporation for which approval of State Government was awaited as of September 2006. Thus in the absence of specific approval for declaration of slum pockets which were having slum like characteristics, the expenditure of Rs. 79.02 lakh incurred between 2000-01 and 2005-06 under NSDP was irregular.

4.1.4 Blocking of funds.

The funds amounting to Rs. 10.00 lakh were received between October 2003 and April 2005 by the Nagar Panchayat, Bhota for the construction of Rehan Basera. It was noticed that the work was not started even as of October 2006 for want of clearance for felling of trees standing at the selected site. Beside, the selected site was also not in identified slum pockets. Thus Rs. 10.00 lakh remained blocked. On this being pointed out in audit, the Secretary stated that the tenders were floated but the work could not be started for want of permission for felling of trees and that there was no land available in identified slum pockets. The reply was not tenable as the proposed construction was against the guidelines of the programme.

4.2 Outstanding contingent advances.

4.2.1 Rules provide that the adjustment of contingent advances should be made promptly so that money should not remain outside the accounts.

- (a) It was noticed in audit that as per records, contingent advances

aggregating Rs. 1579.34 lakh paid to various departments of Municipal Corporation, Shimla between 1945 and 2005-06 for meeting expenditure on various activities were awaiting adjustment as of March 2006. The department wise break-up of outstanding contingent advances were as under:-

<u>Name of department</u>	<u>Period</u>	<u>(Rs. in lakh)</u> <u>Amount</u>
1. Water Supply	Between 1945 & 3/2006	303.18
2. Roads and building	Between 1955 & 3/2006	1003.90
3. Health	Between 1948 & 3/2006	203.21
4. General	Between 1959 & 3/2006	63.91
5. Forest	Between 1960 & 3/2006	5.14
		1579.34

In reply to audit query, it was stated that almost all the advances had been utilised for the purpose for which sanctioned but the concerned departments of the corporation had not submitted the adjustment accounts. The reply was not tenable as records does not bring out that effective steps had been taken for securing adjustment of old pendency.

4.2.2 Test check of the records of Municipal Council, Kullu, revealed that advances aggregating Rs. 25.73* lakh had been paid to officials between 1998-1999 and 2005-06 for meeting petty expenditure but adjustment accounts thereof were awaited(November 2006). No action had been taken to get the advances adjusted by the urban local body.

4.3

4.3.1 Non-construction of modern slaughter House.

Government of India sanctioned (March 1995) Rs. 40.75 lakh as grant-in-aid for construction of a modern slaughter house at Shimla at an estimated cost of Rs. 1.25 crore. Construction cost of slaughter house was to be shared on 50:50 basis between Central and State Government. For the purpose. Rs. 95.00 lakh

* 1998-99 Rs. 2.87 lakh, 1999-2000 Rs. 1.33 lakh, 2000-01 Rs. 2.09 lakh, 2001-02 Rs. 3.14 lakh, 2002-03 Rs. 2.90 lakh, 2003-04 Rs. 3.72 lakh, 2004-05 Rs. 4.50 lakh and 2005-06 Rs. 5.18 lakh.

were provided by the State Government during March 1996(Rs. 20.00 lakh) and April 1998 (Rs. 75.00 lakh) in addition to Central Share of Rs. 40.75 lakh released during March 1995. Of this, Rs. 28.98 lakh were spent on preparation of Project Report, consultancy, survey, compensatory afforestation and site development etc. However, no physical progress in respect of construction of modern slaughter house was made as of September 2006 and the funds amounting to Rs. 106.77 lakh were lying unspent with the Municipal Corporation Shimla. It was further noticed that there was delay in selection of site as Government of India, Ministry of Forest raised objections regarding title of land. After getting clearance and completing other formalities the site was handed over to H.P.Housing Board in 2001 for construction of work. The veterinary Public Health officer of Municipal Corporation Shimla stated (September 2006) that the Housing Board was in the process of inviting tenders for civil works. The reply was not tenable as the construction of slaughter house had been hanging fire since 1995.

4.3.2. Construction of Rest Houses.

(i) The construction of Rest House at Bhuili (Mandi) consisting of three bed rooms, dining hall, drawing room and Chowkidar room was taken in 1999 Out of total grant of Rs.4.90 lakh received between 1987-88 and 1999-2000,an expenditure of Rs. 5.07 lakh had been incurred upto November 2003. Thereafter no further work had been done as of November 2006 as no further grants were received after 1997-98 for this work and the building had been lying incomplete(November 2006). This had resulted into unfruitful expenditure. In reply, the Executive Officer stated (November 2006) that the Municipal Council was not in a position to spare funds out of their own funds for completion of rest house and the matter was being taken up with the Deputy Commissioner, Mandi for providing funds for completion of remaining works. Further development was awaited (March 2007).

(ii) The construction of Rest House at Shimla was approved (March 1992) by the Municipal Corporation, Shimla for Rs. 10.59 lakh. As per approved designs

and drawings, two dormitories (basement) four suits in ground floor and VIP suit and kitchen in first floor were to be constructed. While executing the work, the scope of work was increased and estimate revised to Rs. 24.50 lakh which was approved (January 1997). As per revised scope of work two dormitories and four suits in basement floor, four suits, reception/lounge and chowkidar/attendant accommodation in ground floor and in first floor VIP suit and kitchen were to be constructed.

The contractor to whom work was awarded (January 1994) for Rs. 16.28 lakh executed the work to the extent of Rs. 16.90 lakh upto 1997. Total expenditure of Rs. 27.44 lakh stood incurred which include Rs.21.89 lakh on account of construction of building, (Rs. 16.90 lakh on building and Rs. 4.99 lakh on construction of Breast Wall and providing of grills and tiles) Rs.3.05 lakh on sanitary fitting and Rs. 2.50 lakh on electric fittings and work since October 2001 had been lying abandoned by the contractor as he refused to execute the work beyond awarded amount. The final bill of contractor was yet to be finalised.

As Rs.27.44 lakh had already been incurred for the construction of Rest House and Rs.19.90 lakh were further required for making the Rest House operational and completion of remaining works viz. Boudnrywall tarring of compound and furnishing etc. for which the proposal for seeking ex-post facto sanction from the Government was placed before the House(September, 2002) for consideration The house instead of considering the proposal referred the case to the vigilance Department for investigation of irregularities alleged in the construction of building. The matter was still (September 2006) pending with the Himachal Pradesh Vigilance Department. Thus, the expenditure of Rs. 27.44 lakh incurred upto 2001 not only remained unfruitful but the possibility of deterioration of incomplete building due to non-maintenance can not be ruled out.

The out come of vigilance department was also awaited. Had the House been considered the proposal for seeking ex-post facto sanction instead of

referring it to the Vigilance Department, the funds for completion of Rest House could have been received in time.

4.3.3 Construction of Town Hall.

The town hall building at Mandi was constructed by the HPPWD at a cost of Rs. 213.93 lakh and handed over (February 2003) to Municipal Council, Mandi for utilisation for commercial purpose. The built up area of building was 2336.37 square meters and mainly consisted of various halls (four), VIP suits (four) and dormitories (four).

The position of income and expenditure of town hall since February 2003 (date of handing over) was as under:-

Year	Income	Expenditure Rs. in lakh
2002-03	---	-----
2003-04	1.25	0.37
2004-05	0.64	0.99
2005-06	<u>0.36</u>	<u>0.76</u>
	<u>2.25</u>	<u>2.12</u>

The above position would indicate that the position of income generated out of town hall for which expenditure of Rs. 213.93 lakh incurred was not encouraging. It was also noticed that the above income was only from Table Tennis Hall and negligible amount was received from other halls. No income had been received from suits and dormitories as two suits were occupied by the Executive Officer and Municipal Engineer besides change room had been occupied by the supervisor of municipal council. The construction of suits in the town hall had not been for permanent residential purpose and as such the occupation of suits was irregular.

The Executive Officer stated(November 2006) that the reasons for less income were attributed to less demand by the public due to non-availability of adequate facilities in the town hall. The reply was not tenable as no concrete steps had been taken in this regard.

4.3.4 Non-allotment of Advocate Chambers.

The construction of car parking near High Court Shimla was completed in November, 2004 at a cost of Rs. 2.07 crore. The structure includes the provisions for construction of Advocate Chambers/Cabins for allotment to Advocates.

It was noticed that 15 Advocate Chambers completed (November 2004) at a cost of Rs. 63.87 lakh (worked out by the Corporation at the rate of Rs. 0.30 lakh per square meter) were awaiting allotment as of October 2006. Non-allotment of Advocate Chambers had not only resulted into unfruitful expenditure of Rs. 63.67 lakh but Corporation was also deprived of revenue. It was further noticed that Advocate Chambers were handed over to Estate Branch (February, 2006) by Road and Building Department (R&B). The auction process was started (March, 2006) but no tender was received. Re-auction process was started after seeking clarification from R&B Department whether these chambers could be auctioned to other than Advocates. Further developments awaited.

4.3.5 Encroachment of land.

Perusal of status report on the encroachments on Municipal Corporation land submitted (September 2006) to the Director (Urban Development) had revealed that 2072 cases of encroachments were detected between 1998 and 2005-06 by the Municipal Corporation, Shimla. Of which, encroachments in 380 cases had been removed and out of remaining cases, 1497 cases were under trial in various courts as under:-

<u>Name of court</u>	<u>Number of cases pending</u>
1. Divisional Forest Officer's court	536
2. Collector M.C. court	880
3. Municipal Commissioner's court	<u>81</u>
	<u>1497</u>

However, the decisions of under trial cases was awaited as of October 2006. It was further noticed that 147 employees/ex-employees of the Corporation had also raised structures on the encroached forest land of the Corporation for

which no action had been taken by the Municipal Corporation. In reply to audit query, it was stated (September 2006) that action was being initiated against offenders. Further developments were awaited. Action in respect of remaining 48 cases has been initiated.

4.3.6 Execution of works without technical sanctions

As per H. P. Municipal Works Rules, 1973 no work is to be taken up for execution without obtaining technical sanction from competent authority .

In six urban local bodies, 128 works (Appendix-12) estimated to cost Rs.1.80 crore were taken up for execution without obtaining technical sanctions. Thus, the correctness of the estimates of these works could not be ascertained in audit. The concerned bodies stated that necessary technical sanctions would be obtained in future.

4.3.7 Blocking of funds due to non completion of IDSMT project.

With a view to promoting resource generating schemes, Integrated Development of Small & Medium Town project was sanctioned (1997-98) for Rs.1.26 crore. As per approved components of the project, one of the component viz. construction of guest house at Kullu was to be completed at a cost of Rs. 20.35 lakh out of funds amounting to Rs. 80.00 lakh were received between 2000-01 and 2004-05.

It was noticed that the President, M.C Kullu requested (June 2002) the Govt. to substitute the construction of Guest House to construction of parking at various places. The request was approved in June 2002 by the Govt. However the construction of parking could not be taken up since 2002 due to site dispute and present house of M.C Kullu vide resolution dated 24-5-2006 decided to construct the guest house as per originally approved provision of the project. The decision for substitution of component was awaited (December 2006) from Government. Thus the funds amounting to Rs. 20.35 lakh had been blocked since 2004-05 due to frequent change in the scope of work.

4.3.8 Held up works under IDSMT

The Forest Conservation Act, 1980 prohibits the use of forest land for non-forestry purpose without prior approval of Forest Department.

The IDSMT project for Dharmashala town was sanctioned (1999) for Rs. 2.17 crore. As per approved components of the project, five roads in different locations involving 8.460 kms. were required to be constructed at a cost of Rs. 66.74 lakh. These works were started by the Municipal Council Dharamsala in 2002-03 and after incurring an expenditure of Rs. 57.24 lakh upto March, 2004 on the construction of 8.460 kms of road. Further construction was held up due to objection of the Forest Department as forest land had been falling in the alignments of these roads for which prior approval was not obtained. Thus the desired objective of construction of Rs. 8.460 kms has not been achieved.

The Executive Officer stated (November 2006) that the matter had been taken up with the Forest Department through Deputy Commissioner, Kangra. The reply was not tenable as the works had been held up since March 2004 and no further progress made as of November 2006. The project would be closed at the end of 2006-07.

4.3.9 Diversion of funds

The IDSMT project was approved (2002-03) by the Govt. for Manali Town for Rs. 1.36 crore (Central grant: Rs. 48.00 lakh, State grant: Rs. 32.00 lakh and loan: Rs. 55.64 lakh). The funds aggregating to Rs. 80.00 lakh were released (2002-03 Rs. 24.00 lakh 2003-04 Rs. 40.00 lakh and 2005-06 Rs. 16.00 lakh).

Perusal of records revealed that as per approved components of IDSMT project, a shopping complex consisting of 53 shops was to be constructed at Manali at a cost of Rs. 53.72 lakh. Instead of construction of shopping complex parking place was constructed at a cost of Rs. 29.46 lakh in view of the decision

taken by the High Powered Committee constituted for the development of Manali. However, no approval was obtained for this change either from State level sanctioning committee or from State Govt. as of November 2006. Thus, the funds amounting to Rs. 29.46 lakh were diverted out of IDSMT funds for construction of parking which was irregular.

4.3.10 Non start of work

The IDSMT project for Solan town envisages/construction of shopping complex at the existing bus stand which was in the possession of the local body. 74 shops at an estimated cost of Rs. 55.20 lakh were propose to be constructed in the shopping complex.

It was noticed that the funds amounting to Rs.55.20 lakh were received between 2000-01 to 2004-05 for construction of shops, but the work was not started (November, 2006) which resulted into blocked of Government funds. The Executive Officer stated that the work could not be started at the proposed site which involved transfer of some land under the possession of Military authorities for which matter was under consideration by the Defence Ministry.

4.3.11 Incomplete Project

The Integrated Development of Small and Medium town was approved (1999) for Rs. 140.80 lakh for Bilaspur town. Funds for the project amounting to Rs. 73.01 lakh were received between June 1999 and April 2005 (DC, Bilaspur: Rs. 17.00 lakh and Director, UD: Rs. 56.01). The project was to be completed within a period of five years.

As per approved components of the project, shopping complex, multipurpose commercial hall, office block, open parking passages and construction of Yatri Niwas were to be constructed. The construction of project was started by the Himachal Pradesh Housing Board in June, 2002 and an

expenditure of Rs. 39.80 lakh had been incurred upto March, 2006 for the following items of work:

Name of component	Expenditure incurred	Progress achieved
	(Rs. in lakh)	
C/o Approach road	3.00	Retaining wall constructed
C/o Covered parking (instead of open parking)	30.00	RCC slab on 41 numbers of penal laid in parking area, stair case, soling of basement and parking area completed
Paid to HPPWD	5.00	
Paid to Architect	1.80	
Total :	39.80	

The remaining works of project were not taken up for execution due to non handing over the site by the Public Works Department as this involve dismantling of PWD store. However, site was handed over (August, 2006) by PWD without dismantling the store building. This has not only resulted into unfruitful expenditure incurred on half built structure but the Municipality was also deprived from revenue which would have been earned from completed parking.

4.3.12 Outstanding recoveries of HUDCO loan

HUDCO loan amounting to Rs. 2.79 lakh was received by M.C Bilaspur during 1993-1995 for distribution to housing and shelter up gradation of BPL families. The amount was paid to 93 families at the rate of Rs. 3000 per family during above period. The repayment was to be made within nine years inclusive of interest

It was noticed that recovery amounting to Rs. 2.86 lakh inclusive of interest was outstanding from 67 beneficiaries as of October 2006. 20 beneficiaries from whom amount of Rs. 0.90 lakh was outstanding had since expired. The Executive Officer stated (October 2006) that efforts would be made to recover the loan from defaulter and legal heirs of deceased beneficiaries.

Like wise, an amount of Rs. 1.90 lakh was received (1992) by M.C Solan as loan from HUDCO. The loan was distributed amongst 39 beneficiaries between 1994 and 1998. Out of this, an amount of Rs. 1.74 lakh (inclusive of interest) from 24 beneficiaries was outstanding as of November 2006. Out of 24 defaulters, three beneficiaries had since expired.

4.3.13 Payment without approval of deviations

(i) The construction of car parking at cart Road Shimla was awarded (April 1999) to a contractor for Rs. 135.93 lakh by the Municipal Corporation, Shimla.

It was noticed that the contractor completed that work during November 2004 at a cost of Rs. 206.87 lakh. The payment of Rs. 204.62 lakh had been released to contractor upto 14th running account bill. The 15th and final bill stood entered in Measurement Book in January 2005 which was not passed for payment (net amount of Rs. 2.24 lakh) as of September 2006. Thus there was deviation of Rs. 68.69 lakh (50.53 percent) with reference to awarded amount. As such the release of payment without approval for deviated items and revision of estimate from competent authority was irregular.

(ii) Technical sanction for Rs. 37.42 lakh was accorded (March 2000) by the Director (Urban Development) for the construction of community Hall at Kotwali Bazar Dharmashala. The work was awarded (August 2000) to contractor at a cost of 38.57 lakh.

The work was started by the contractor (August 2000) and upto October 2004 (the date of last measurement in MB) he executed the work to the extent of Rs. 67.10 lakh. Neither deviation statement was prepared to know the position of various items of the work awarded and actually executed nor estimate was revised. However the final bill had also not been prepared as of November 2006. As such the payment of Rs. 67.10 lakh without approval/revision of estimate was irregular. The Executive Officer Dharmshala stated (November 2000) that the action would be taken to revise the estimate.

(iii) Technical sanction for Rs.39.07 lakh for the construction of Guest House, at Solan was accorded (January 2002) by the Director (Urban Development).

It was noticed that after inviting tenders, the work was awarded (March 2002) to a contractor for Rs. 47.74 lakh to be completed in one year. The contractor completed the work (August 2004) at a cost of Rs. 72.23 lakh. However, upto date payment of Rs. 60.40 lakh had already been released to the contractor vide 8th running account bill. Thus there was over all deviation of Rs. 24.49 lakh (51.29 percent) worked out w.r.t. awarded amount. The Executive Officer stated (December, 2006) that deviation was attributed to deep foundation as well as requiring provisions for retaining wall not earlier provided in the estimate. The reply was not tenable as neither approval before release of payment in access of awarded amount was obtained nor extra items were got approved.

4.3.14 Loss of revenue due to less assessment of house tax Rs. 327-36 lakh

Rule 81(1) of Himachal Pradesh MC Act 1994 provides that when any property assessed to a tax under clause (a) of section 65 which is payable by the year or by instalments has remained unoccupied and unproductive of rent throughout the year or the period in respect of which any instalment is payable, the MC/NP shall remit the amount of the tax or of the instalment, as, the case may be.

Rule 81(6) further provides that the enquiry necessary for a decision whether any relief should be granted under this section shall be held by the executive officer or the secretary who shall make such recommendations to the municipality as he may deem proper.

It was noticed that Nagar Panchayat Manali was charging house tax on the basis of annual occupancy of 60 days from the owners of various hotels in Manali up to the year 1992-93. From 1993-94 the assessment was made on the basis of 30 days annual occupancy. Again vide resolution No. 846 dated 23-12-98 the assessment was ordered to be made on the basis of 10 days annual occupancy from the assessment years 1998-99 and the same basis were being followed as of

November 2006 (2005-06). The secretary Nagar Panchayat Manali had not recommended such reduction in assessment of house tax as required under rule. This has resulted in to under assessments of house tax and loss of revenue to the tune of Rs. 327-36 lakh upto 2005-06.

4.3.15 Non- Commencement of works

(i) The Dy. Commissioner, Bilaspur sanctioned 28 development works amounting to Rs. 14.81 lakh between 1985-86 and 2005-06 for execution by the Municipal Council, Bilaspur. Year wise breakup of works sanctioned was as under:

<u>Year</u>	<u>Numbers of works sanctioned</u>	<u>Amount sanctioned (Rs in lakh.)</u>	<u>Nature of Work</u>
1985-86	1	0.50	Providing ornamental plant in District.
1987-88	2	0.08	Repair of roads etc.
1991-92	1	0.42	Tarring of paths.
1992-93	2	0.18	c/o Retaining wall etc.
1994-95	1	0.50	c/o Gymnasium hall.
1995-96	2	0.61	c/o Retaining of wall and rain-shelter.
2001-02	1	0.50	Repair of link road.
2002-03	3	2.00	Restoration of link road and path etc.
2003-04	1	1.00	c/o room in school.
2004-05	8	4.55	c/o pucca path etc.
2005-06	6	4.47	c/o Playground and stair etc.
Total	28	14.81	

The works were required to be completed with in the same financial year in which the amount was sanctioned, but these works had not been started upto

October, 2006. This has resulted into blockade of Government funds besides depriving the beneficiaries from intended benefits.

(ii) The Director, Tourism and Civil Aviation Shimla placed funds amounting to Rs. 26.56 lakh between 1993-94 and 2005-06 at the disposal of Commissioner, Municipal Corporation, Shimla for execution of works as under:-

Year	Amount released (Rs. in lakh)	Purpose for which sanctioned
1993-94	0.98	providing and fixing water tanks in various Zones in Shimla.
1993-94	0.69	C/o Toilets Block at Jodha Niwas Shivalik Hotel.
1998-99	10.00	Land scapping work at Ridge Garden parking in Shimla.
2005-06	12.00	Development of Rani Jhansi Park under integrated development of Tourist Circuit Shimla.
2005-06	2.89	C/o of Rain Shelter near Holly Lodge Jakhu Shimla.

Total Rs.26.56

It was noticed that these works had not been started (September 2006) by the Municipal Corporation, Shimla and funds were lying unutilised. Thus, this has not only resulted in blocking of funds but the people were also deprived of the intended facilities. Reasons for non-commencement of works were not forthcoming.

4.3.16 Solid Waste Management Plant.

The work for setting up of bio-conversion Municipal Solid Waste Management plant capable of processing of 100 M T garbage at Darni-Ka-Bagicha (Shimla) was awarded (March 1999) on turnkey basis to M/S Larson and

Turbo Limited by the Municipal Corporation Shimla. The firm completed the project in December, 2001 at a cost of Rs. 322 lakh. As per terms and conditions of agreements, the Municipal Corporation shall lease out the plant for five years on payment of lease money of Rs. 10 lakh annually by the firm. The firm shall also pay royalty at the rate of 5 percent ex-factory sale price of the finished manure produced.

It was noticed that the plant was constructed on the basis of assessment of techno-feasibility of site conducted by the L & T Limited and site was found suitable for setting up of bio-conversion plant of 100 MT capacity. It was further noticed that the plant did not function satisfactorily after completion for the reasons that EXCEL Technology required to be adopted was not used by the firm in the installation of plant and these facts were also highlighted in the Press. The Commissioner Municipal Corporation Shimla informed (December, 2003) the Principal Secretary (UD) that Hon'ble Chief Minister visited the site in May, 2003 and had observed that the present site was neither sufficient nor ideal for running of the plant and directed the Municipal Corporation for identification of alternative location/site for shifting of the plant. The Hon'ble Court also issued (September 2003) directions on PIL for closure of this plant and subsequent shifting thereof to new site as it was not functioning properly and present site was also not found conducive. There was no penalty clause in the agreement for in proper functioning of the plant as the plant was to run successfully for five years after completion by the L&T. The plant did not function properly and court ordered to shift the plant from present site. The new site has now been identified on Tara Devi Tutu bye-pass. An amount of Rs. 3.45 lakh (out of total amount of Rs. 6.90 lakh) had been remitted (July, 2006) to the National Productivity Council New Delhi for preparation of detailed Project Report for setting up of solid waste management plant at new site. Besides, amount of Rs. 24.70 lakh also stood remitted (December 2004) to the Forest Department for compensatory afforestation. Thus due to selection of un suitable and inadequate site which led to improper functioning of plant the Municipal Corporation had to suffer huge

financial loss as this plant would be shifted to new site in due course of time on the directions of High Court.

(ii) The Government of India sanctioned (1999) Solid Waste Management Project for Dharamsala Town. The construction was to be carried out in two phases and expenditure of Rs. 50 lakh and Rs. 46 lakh was to be incurred since first and second phase. Funds amounting to Rs. 50 lakh were placed (December 1999: Rs.5.00 lakh and April 2000: Rs. 45 lakh) at the disposal of Municipal Council Dharamsala. The work of first phase was taken up (2001) and expenditure of Rs. 21.05 lakh stood incurred (2001-02) for site development, awareness programme purchase of dustbins and installation of 63 kva sub-station. An agreement for installation of garbage treatment plant based on STAC technology was entered (January 2003) with the Sulabh International Social Service Organization for Rs. 28.72 lakh. The payment of Rs.18.03 lakh was released to the firm between March and October 2003. Thereafter neither any funds were released to the firm nor had the firm completed (November, 2006) the awarded work. It was further noticed that no time schedule had been fixed in the agreement for completion of the project. Thus due to non completion of the project, the expenditure of Rs. 21.05 lakh incurred during 2001-02 had been rendered as unfruitful. The Municipal Council had also been deprived revenue from sale of manure which would be produced out of garbage processing. In reply it was stated (November 2006) that maximum work had been completed and remaining work would be completed very soon. The reply was not tenable as the council had not released further payment after October 2003.

4.3.17 Internal Audit of Urban Local Bodies

Under the provisions of Municipal Corporation and Municipal Committees Acts, 1994, the accounts of local body shall be audited by a separate and independent agency.

The Local Audit Department under the direct control of Director Urban Development conducts internal audit of urban local bodies. All the urban local bodies are required to be audited annually.

It was noticed that coverage of audit by the local audit department was between 12 and 37 percent during last three years. The Director stated (August 2006) that due to shortage of staff, the audit of all the local bodies could not be conducted.

Conclusion

Preparation of budget proposals/estimates were found to be un-realistic. Huge differences in the figures of balances of cash book and that of bank account were lying un-reconciled. The urban local bodies failed to liquidate the un-discharged liabilities. The utilisation certificates for the grants released three years back to various urban local bodies were awaited. The pace of recovery of revenue realization such as taxes, rent, fees etc. was very slow and huge amount on this account remaining outstanding year after year. There was loss of revenue due to non-imposition of house tax and non-revision of rates of house tax and outstanding amount of water charges. The expenditure on establishment was in excess of prescribed norms. Engagement of excess staff, retention of idle employees were indicative of inadequate manpower management. The Rehan Baseras under National Slum Development Programme (NSDP) were constructed in non-identified slum pockets. The various components of Integrated Development of Small and Medium Town (IDSMT) projects were lying incomplete and numbers of other works were also awaiting completion. Contingent advances were outstanding for recovery/adjustment since long.

Recommendation

Following measures are recommended to ensure financial discipline in ULBs and improve efficiency of implementation of various developmental programmes and schemes:

- Budget proposals should be prepared on realistic basis.
- Proper and timely action should be taken to reconcile the difference.
- Speedy and timely recovery of revenue realization such as taxes, rent, fees, tehbazari etc should be ensured,
- Efficient and timely utilisation of grants should be ensured.
- Timely revision of Tax and rent should be ensured.
- Utilisation of existing manpower needs in-depth analysis to ensure useful deployment of employees and to avoid wasteful expenditure.
- Early action to recover/adjust the outstanding advances should be ensured.

- The guidelines for implementation of centrally sponsored schemes and state schemes should be followed.
- Early completion of incomplete works should be ensured.
- The government should suitably amend the relevant Acts/Rules to incorporate provisions for certification of accounts by the statutory auditors.

Shimla
The

(Bipan Vyas)
Deputy Accountant General
Local Bodies Accounts & Audit
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