

CHAPTER-V

TRANSACTION AUDIT

5.1. *Taxes deducted at source not deposited into Government accounts*

Income Tax, Sales Tax and Royalty deducted from bills of contractor/suppliers were required to be credited to the respective heads of Government accounts.

Test check of records revealed that three ULBs deducted Income Tax, Sales Tax and Royalty of Rs 6.60 lakh during 2004-06, as detailed below but not credited in the respective heads of government accounts to and retained the money in their respective funds.

(Rs in lakh)

<i>Sl.No.</i>	<i>Name of Municipal Bodies</i>	<i>Amount of Sales Tax deducted</i>	<i>Amount of Income Tax deducted</i>	<i>Amount of Royalty deducted</i>	<i>Total</i>
1	Chaibasa	0.17	-	0.62	0.79
2	Jugsalai	4.50	-	-	4.50
3	Adityapur	0.62	0.69	-	1.31
	Total				6.60

This resulted in short realization of revenue to the tune of Rs. 6.60 lakh.

5.2. *Improper grant of supervision charge of Rs 82.25 lakh to Sulabh*

International Social Service organisation

The Government of Jharkhand sanctioned Rs 10.08 crore as Grant and Loans (50 per cent each) during 2001-06 for construction of Sulabh Sauchalayas and conversion of dry latrines into septic ones within Ranchi Municipal Corporation areas. The Government directed (February 2002) that (i) the estimates for construction of Sauchalayas would be prepared on the basis of schedule of rates and technical

approval would be taken from Public Health and Engineering Department (ii) the work would be executed by the Sulabh International Social Service Organisation (SISSO) and 15 per cent supervision charges would be paid to the SISSO on the estimated cost.

Scrutiny revealed that the estimated cost was inclusive of 10 per cent contractor's profit and it appeared that government did not take into account this aspect while issuing directive for payment of 15 per cent supervision charges on estimated cost. The State Public Works Account Code, which is applicable to municipal works, does not provide for payment of supervision charges to a Contractor/Agency over and above the contractor's profit involved in the estimated cost.

The matter was referred to the State Government (June 2004). In reply, Government stated that the supervision charge was paid for works which included planning, designing, motivation, implementation and follow-up. The Government, further, referred to the sub-group on strategies to address unmet needs for Public Health Drinking Water, Sanitation and Nutrition set by the National Commission on Population of the Planning Commission which recommended supervision charge of 15 per cent to be paid to such voluntary organizations. The government's reply was not tenable in view of the fact that necessary amendments to State Public Works Account Code was not made for payment of supervision charges by disallowing contractor's profit.

Thus, due to injudicious decision of the Government without suitable amendment to Public Works Account Code, Rs 82.25 lakh was improperly paid as supervision charges on the construction of 32 Sulabh Sauchalaya and for conversion of 782 dry latrines into septic ones up to March 2006.

5.3. Fake bills of cement supply against 11 schemes admitted in Khunti NAC.

Test check of records of NAC, Khunti revealed that during 2003-04, payment against supply of 7,622 bags of cement (at the rate of Rs 128.50 per bag) amounting to Rs 9.79 lakh was certified without indicating date by Sri Prabhat Kumar, Junior Engineer

and passed by the Chairman, Khunti NAC. Such bills were prepared on plain paper without mentioning name & address and acknowledgement receipt of the supplier, date of supply, deduction of sales tax at the rate of 11 per cent (Rs 1.08 lakh). Thus, bills amounting to Rs. 9.79 lakh were fake ones and led to misappropriation of Government money (Appendix - 12).