

# OVERVIEW

The Report contains eight chapters containing observation of audit on accounts and financial management, revenue receipts, establishment, transaction audit, implementation of schemes, other important observations and conclusion and recommendations.

A synopsis of the audit findings contained in the Report is presented in this overview.

## 1. Introduction

State Government dissolved all ULBs during the period 1986 to 1995 and since then elections were not taken place. In some of the ULBs elections were conducted in March 2008. Due to non-holding of elections, the ULBs did not receive Rs 66.09 crore and Rs 918.72 crore upto 2006-07 under recommendations of the 11<sup>th</sup> & 12<sup>th</sup> Finance Commission and under Jawaharlal Nehru National Urban Renewal Mission (JNNURM) respectively.

ULBs are financially dependent on grants and loans from the Government and their own resources are meager. The available manpower in ULBs is not sufficient. Shortage of staff ranges from 3.84 *per cent* to 63.88 *per cent*. Despite prohibition, 15 ULBs spent irregularly Rs 3.67 crore during 2000-2007 on engaging casual labourers.

(Paragraph 1.1 to 1.9)

## 2. Accounts and financial management

In contravention of the provisions of the Act, 15 ULBs irregularly maintained 89 additional bank accounts and deposited Rs 14.46 crore in them.

(Paragraph 2.1)

Eleven ULBs, out of 18 test checked ULBs, did not prepare budget estimates during 2002-07. Remaining seven ULBs prepared unrealistic budget and utilized only 2.95 *per cent* to 48.97 *per cent* of the budget provision.

(Paragraph 2.2)

Eleven ULBs incurred unauthorized expenditure of Rs 85.71 crore during 2002-07 without preparing budget estimates.

(Paragraph 2.3)

The expenditure of Rs 206.23 crore incurred by 18 ULBs could not be scrutinized due to non-preparation of Annual Accounts for the period 2002-07.

(Paragraph 2.4)

Only 56.98 *per cent* of grants & loans were utilized during 2002-07.

(Paragraph 2.5.1)

Basic records viz. Advance Ledger, Loan Register, Loan Appropriation Register, Grant Register, Demand and Collection Register of Holding Tax, Work Register, Unpaid Bill Register, Annual Report, Deposit Ledger, Register of lands, Register of revenue resources, Asset register were not being maintained by most of the ULBs.

(Paragraph 2.6)

In seven ULBs, a difference of Rs 2.31 crore between balances as per Cash book and Bank /Treasury Account was not reconciled.

(Paragraph 2.8)

### **3. Revenue receipts**

Jamshedpur and Basukinath NACs did not impose municipal taxes.

(Paragraph 3.1)

Non-revision of valuation of Railway's holdings, as per agreement, resulted into short realization of Rs 1.67 crore by Madhupur Municipality on account of Holding tax.

(Paragraph 3.2)

In 12 ULBs, unrealized property tax of Rs 24.88 crore was outstanding as of 31 March 2007.

(Paragraph 3.3)

Rates of taxes were not revised for the last 7 to 49 years despite the provision for its revision after every five years. This resulted in loss of revenue to the ULBs.

(Paragraph 3.5)

Due to non-service of notices of demand and warrant to tax payers for collection of arrears of holding tax etc. Ranchi and Dhanbad Municipal Corporations were deprived of Rs 3 crore & Rs 0.11 crore respectively in the shape of fine which could have been levied on the delayed payments.

(Paragraph 3.6)

**The collecting staff of 15 ULBs misappropriated Rs 65.46 lakh collected during 2000-2007. Out of this, Rs 6.97 lakh was recovered from the staff of ULBs at the instance of audit and Rs 58.49 lakh still lying with the collecting staff.**

(Paragraph 3.7)

**In Adityapur NAC, the staff embezzled collection money amounting to Rs 19.30 lakh during 2007-08.**

(Paragraph 3.8)

Rs 75.76 lakh was outstanding against the settlement money in 15 ULBs during 2000-07.

(Paragraph 3.9)

Proceeds of the collection of Rs 5.78 crore, on account of Education/Health Cess, were not remitted into the Government account.

(Paragraph 3.10)

Due to non-imposition of Education/Health cess by three ULBs, the State Government and the ULBs suffered a loss of Rs 13.43 lakh and Rs 1.49 lakh respectively.

(Paragraph 3.11)

Eight ULBs realized Education and Health Cess at the rate of 40 *per cent* of Holding tax or lesser rate instead of prescribed rate of 50 *per cent*, which resulted in loss of Rs 83.51 lakh to the State revenue and Rs 9.28 lakh to the ULBs.

(Paragraph 3.12)

Rs 1.38 crore and Rs 7.58 crore were outstanding on account of rent of municipal properties and on account of tax on Government buildings as of 31 March 2007.

(Paragraph 3.13 & 3.14)

#### **4. Establishment**

Rs 6.94 crore and Rs 0.31 crore were paid by the Ranchi Municipal corporation and Jamshedpur NAC to NGOs for cleaning road etc. without the approval of State Government.

(Paragraph 4.1)

Dhanbad Municipality paid Rs 1.47 lakh to the staff as Board's D.A. during 2002-04 without prior sanction of the State Government.

(Paragraph 4.2)

#### **5. Transaction audit**

Tax deducted at sources of Rs 35 lakh on account of Income Tax, Sales Tax and Royalty were not credited to the heads concerned of Government Accounts.

(Paragraph 5.1)

Rs 1.75 crore were paid improperly by the nine ULBs to International Social Service Organization against the provision of State Public Works Account Code.

(Paragraph 5.2)

Recovery of Sulabh Shauchalaya loan of Rs 2.06 crore and interest thereon neither effected nor any account for the same was being maintained.

(Paragraph 5.3)

#### **6. Implementation of schemes**

287 Schemes taken up by 12 ULBs during 2002-07 are still incomplete though Rs 8.28 crore spent on them.

(Paragraph 6.1)

In Jasidih NAC, due to detection of a large stone on way of the construction of drains, the work was stopped which resulted into infructuous expenditure of Rs 13.80 lakh.

(Paragraph 6.2)

Rs 45.17 lakh sanctioned for specific purposes were diverted towards payment of salary of staff.

(Paragraph 6.3)

Rs 5.09 crore received from the State Government for construction of sewerage cum drainage system, Bus Stand & Slaughter house at Dhanbad and Rs one crore received under SJSRY Scheme remained blocked for more than five years.

(Paragraph 6.4)

Rs 28.77 lakh was paid in excess to the Contractors/ Suppliers due to non-deduction of Income tax, sales tax, royalty and cost of empty cement bags from the bills.

(Paragraph 6.5)

## **7. Other important observations**

There was poor response to outstanding audit observations. 6046 audit paras pertaining to the period from 1978-79 to 2006-07 involving Rs 180.36 crore were outstanding as of March 2007.

(Paragraph 7.1)

Concerned Deputy Commissioners were not taking action on the Surcharge Notices issued by the Examiner of Local Accounts, Jharkhand, Ranchi. As a result, 125 notices involving Rs 1.39 crore issued during 2000-2007, were pending.

(Paragraph 7.2)

Advances aggregating Rs 24.71 crore were outstanding against employees, suppliers, Contractors and Engineers. Advance ledgers were not properly maintained by the ULBs.

(Paragraph 7.4)

The employees of seven ULBs sustained a loss of Rs 3.60 lakh upto March 2007 due to non-remittance of Provident Fund subscription, in concerned bank accounts.

(Paragraph 7.5)

Vouchers worth Rs 9.67 crore for the period 2000-07 were not produced to audit.

(Paragraph 7.6)