

OVERVIEW

The Report consists of two Parts. Part – I on Urban Local Bodies (ULBs) consists seven chapters and Part – II on Panchayati Raj Institutions (PRIs) consisting five chapters which contain introduction, audit comments on accounting procedures, deficiencies/lacunae in implementation of schemes, irregularities in execution of works, loss of revenue receipts and other points of interest. A synopsis of audit findings contained in the report is presented in this overview.

Part – I

URBAN LOCAL BODIES

The Structure and Finances of the Urban Local Bodies

The accrual system of accounting was made applicable from April 2008 only in 14 Municipal Corporations (MCs) and was yet to be applied in remaining ULBs.

(Paragraph 1.3.1.)

The provisions of Model Municipal Law (MML) with modification as suggested by CAG for section 93 to 96 of MML were not incorporated in the concerned Acts of ULBs.

(Paragraph 1.3.2)

The Steering Committee to see the implementation of budget and accounting formats, as suggested by the Task Force, was not formed (October 2008)

(Paragraph 1.3.3.)

The IInd State Finance Commission (SFC) recommended (December 2003) the need for building up database in respect of municipal finances which was accepted by the Government (March 2005). The Government agreed (June 2004) in principle to adopt the formats of database as prescribed by CAG but the final action for development of database was awaited (October 2008).

(Paragraph 1.3.4)

The SFC grants of Rs. 3.51 crore under the sub-component of Gandhi Basti pertaining to the year 2005-06 to 2006-07 were retained by the Directorate and lying unutilised (April 2008).

(Paragraph 1.6.4)

Accounting Procedures

Reconciliation of difference of Rs. 35.87 crore in balances of cash book and bank accounts was not done by 18 ULBs.

(Paragraph 2.2)

Non-recovery of advances of Rs. 2.62 crore from individuals of 20 Nagar Nigam/ Nagar Palika.

(Paragraph 2.3)

Non-recovery of premium of shops (Rs. 2.24 crore) and rent (0.73 crore).

(Paragraph 2.9)

Non- deduction of Labour Welfare Cess of Rs. 0.63 crore from contractors bill of construction work.

(Paragraph 2.10)

Non-realisation of Rs. 1.77 crore being loan amount and contribution from the beneficiaries for conversion of dry latrines into pour flush latrines.

(Paragraph 2.12)

Implementation of Schemes

The 74th Constitutional Amendment Act, 1992 (effected from June 1993) had defined the process of decentralisation of governance in India to empower Urban Local Bodies (ULBs). This led to transfer of functions, functionaries and funds to ULBs. Functions relating to Public Health, Education and Poverty Alleviation were not being performed by the ULBs. Functions devolved to the ULBs were being performed by the PRIs. Five thousand two hundred and fifty functionaries though stated to have been transferred to ULBs were not found actually transferred.

(Paragraph 3.1)

Interest payable to ULBs for the delay in release of TFC grants was not paid.

(Paragraph 3.2.1)

Non-utilisation of IInd instalment of TFC grants of Rs. 7.84 crore during the financial year 2006-07.

(Paragraph 3.2.2.2)

Non-fulfillment of all parameters of Solid Waste Management.

(Paragraph 3.2.3)

Execution of Works

Loss of revenue of Rs. 1.10 crore due to short collection and deposit of Terminal Tax.

(Paragraph 4.1)

Revenue Receipts

Irregular award of contract and payment of Rs. 1.11 crore for computerisation work from corporation funds.

(Paragraph 5.1)

Other Points of interest

Diversion of funds of Rs. 1.40 crore.

(Paragraph 6.1)

Part – II

PANCHAYATI RAJ INSTITUTIONS

The Structure and Finances of the Panchayati Raj Institutions

“Pancha Lekha” Software not utilised.

(Paragraph 8.4.2)

Database on finances of PRIs not developed.

(Paragraph 8.4.3)

SFC grants lying undisbursed.

(Paragraph 8.9.5)

Accounting Procedures

Non reconciliation of balances of cash book and bank accounts.

(Paragraph 9.2)

Non-refund of unspent balances of closed/ non-operational schemes.

(Paragraph 9.3)

Non utilisation of government grants.

(Paragraph 9.6)

Irregular drawal of TFC grants.

(Paragraph 9.7)

Incomplete works (1043) amounting to Rs. 19.97 crore in 19 units.

(Paragraph 9.8 (i))

Implementation of Schemes

The 73th Constitutional Amendment Act, 1992 (effected from June 1993) had defined the process of decentralisation of governance in India to empower Local Bodies upto Village level (PRIs). This led to transfer of functions, functionaries and funds to these Local Bodies. Out of 29 functions, only 8 functions were found devolved to PRIs. CEOs of ZPs accorded administrative approval for works below 5 lakh each which was within the power of the GPs. Functionaries attached to the devolved functions were not transferred to the PRIs. Budget for devolved functions was not provided in the grants prescribed for PRIs.

(Paragraph 10.1)

Other Points of interest

Unfruitful expenditure on the establishment of Dairy farm.

(Paragraph 11.2)

Blocking of funds due to non-utilisation on sanctioned works and non-sanctioning of remaining works.

(Paragraph 11.3)