

## OVERVIEW

This Report includes three Chapters. Chapter I presents an overview of the accounts and finances of the Urban Local Bodies (ULBs). Chapter-II comprises of one performance review and Chapter-III comprises 18 transaction audit draft paragraphs arising out of the audit of financial transactions of the ULBs.

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

### 1. An Overview on Urban Local Bodies

- 'Own revenue' of Urban Local Bodies accounted for only 4 *per cent* of their total receipts during 2007-08 and as such they were dependent on grants and loans from the Central and State Governments.

**(Paragraphs 1.3)**

- Although the State Government decided (September 2007) to introduce double entry system of accounting in the state, the same is yet to be adopted in ULBs. Database on the finances of ULBs were not yet created. None of the test checked ULBs prepared their accounts.

**(Paragraph 1.5, 1.11.2 and 1.11.3)**

- Out of grants of Rs 283.17 crore released during 2007-08, only Rs 191.67 crore (68 *per cent*) could be utilised by Urban Local Bodies.

**(Paragraph 1.11.1)**

### 2. Performance Review on Mobilisation of Revenue Resources of Urban Local Bodies

Performance Audit on Mobilisation of Resources by Urban Local Bodies revealed that though State Finance Commission recommended (September 2004) assignment of taxation powers to the ULBs on 14 items, the recommendations is yet to be implemented. Ten ULBs failed to levy user fees of Rs. 18.18 crore on certain public services provided to the people and also the expenditure was far in excess of the revenue collection as the

ULBs did not revise the rates of user charges. There were instances of financial indiscipline, lack of accountability in optimum utilisation of funds and improper management of revenue earning assets leading to loss of revenue.

**(Paragraph 2.10 )**

### **3. Audit of Transactions**

- Bhubaneswar Municipal Corporation failed to takeover possession of the land and evict the unauthorised occupants which resulted in blockage of funds of Rs. 4.60 crore paid as the premium of the land.

**(Paragraph 3.1)**

- Failure of the Cuttack Municipal Corporation to keep funds received under Centrally sponsored Scheme in savings bank account resulting in loss of interest of Rs. 31.04 lakh.

**(Paragraph 3.4)**

- NAC, Belpahar prematurely withdrew the term deposit of Rs. 3.00 crore though the same was not required and kept the amount in current account and PL account resulting in loss of interest of Rs. 56.25 lakh.

**(Paragraph 3.6)**

- Injudicious decision of Bhubaneswar Municipal Corporation to establish Laparoscopic units without ensuring availability of qualified doctors for operation and maintenance resulted in idle expenditure of Rs. 20.50 lakh.

**(Paragraph 3.8)**