

OVERVIEW

This Report contains eight chapters, containing observations of audit on accounting procedures, financial management, revenue receipts, establishment, procurement, implementation of schemes and conclusion and recommendations of Audit. A synopsis of the Audit findings is presented in this overview.

The shortfall in revenue expenditure in 29 ULBs ranged between one and 91 *per cent* affecting the quality of civic services to people.

(Paragraph 2.1(b))

The decreasing trend of mobilisation of capital fund and under utilisation narrowed the scope of augmentation / extension of services to tax payers.

(Paragraph 2.1(c))

The excess expenditure of Rs.8.04 crore incurred by 11 ULBs during 2002-03 to 2004-05 has not been regularized.

(Paragraph 2.1(d))

The expenditure of Rs.16.83 crore incurred by six ULBs could not be vouchsafed due to non preparation of annual financial statements for periods ranging from one year to seven years.

(Paragraph 2.2(a))

Due to non-preparation of Balance Sheets by 116 ULBs the financial status of these local bodies could not be verified.

(Paragraph 2.3(a))

North Dum Dum Municipality understated assets by Rs.24 lakh and liability by Rs. 3.35 crore with overall understatement of liability by Rs.3.11 crore as on 31 March 2004.

(Paragraph 2.3(b))

The Balance Sheet of KMC for the year ending 31 March 2004 revealed that several items under liability were under stated to the extent of Rs.392.86 crore and assets were overstated by Rs.199.23 crore.

(Paragraph 2.3(c))

Non reconciliation of the cash balance of KMC as on 31 March 2004 has resulted in overstatement of assets by Rs.35.92 crore, underlining the need for resolution of the issue.

(Paragraph 2.3(d))

Sixty-seven *per cent* of available resources could not be utilised by eight ULBs in 2002-03 and 45 *percent* of available developmental grants could not be utilised by 60 ULBs in 2003-04 mainly due to non execution/ delay in implementation of schemes.

(Paragraph 2.4)

Seven ULBs diverted Rs.23.28 crore sanctioned for specific purposes during the years 2000-01 to 2004-05 depriving the beneficiaries of the intended benefits.

(Paragraph 2.6)

Thirteen ULBs delayed remittance of provident fund during 1995-96 to 2004-05 resulting in a loss of Rs.2.06 crore being interest for the intervening period which created an additional burden on them.

(Paragraph 2.14)

No arrangement has been made in 53 ULBs for internal audit of their accounts.

(Paragraph 2.21)

Due to delay in revision of property tax ranging from 6 months to 14 years, 15 ULBs suffered loss of revenue of Rs.27.83 crore.

(Paragraph 3.3)

Inadmissible remission allowed in property tax resulted in loss of revenue of Rs.1.97 crore in 14 ULBs and also Rs.2.04 crore in Asansol Municipal Corporation alone.

(Paragraph 3.4)

North Dum Dum Municipality had written off property tax of Rs.46.38 lakh without the knowledge of the Government.

(Paragraph 3.5)

34 ULBs lost Rs.7.15 crore by not imposing surcharge on property tax.

(Paragraph 3.6)

Non / less imposition of water charge caused loss of Rs.1.32 crore to nine municipalities.

(Paragraph 3.7)

Despite prohibition, 29 ULBs irregularly spent Rs.12.01 crore during the years 1991-92 to 2004-05 on engagement of casual staff.

(Paragraph 4.2)

Seven ULBs purchased materials worth Rs.1.86 crore without inviting any tender/ quotations during 2002-03 to 2004-05 and seven other municipalities executed works for Rs.2.39 crore during 20001-04 without open competition.

(Paragraph 5.1)

The failure to complete works within the stipulated dates by 16 ULBs deprived the local people of the benefits and blocked funds of Rs.9.92 crore.

(Paragraph 5.5)

Low utilisation of grants under National Slum Development Programme (NSDP) during 2003-04 undermined government efforts in providing basic amenities to slum dwellers.

Twenty-two ULBs spent Rs.14.79 crore under NSDP during 2002-03 to 2004-05 without declaring slum areas which frustrated the objectives. Due to execution of works valued at Rs.13.72 crore through contractors, 28 ULBs suffered a loss of Rs.1.37 crore towards contractor's profit.

Seventeen ULBs diverted Rs.1.16 crore from NSDP grants and 24 ULBs did not take up any work for construction of shelters during 2002-03 and 2004-05 depriving shelterless beneficiaries from getting benefit of earmarked funds of Rs.1.42 crore.

(Paragraph 6.1)

The percentage of utilisation of Basic Minimum Service grants during 2003-04 ranged from zero per cent to 22 *per cent* in 10 ULBs.

Eight ULBs engaged contractors for execution of works valuing Rs. 1.47 crore under BMS thereby losing Rs.14.71 lakh towards contractors' profit. Further nine ULBs diverted Rs.62.82 lakh from BMS beyond the scope/purview of the scheme.

(Paragraph 6.2)

The percentage of utilisation of Swarna Jayanti Sahari Rozgar Yojana grants in 56 ULBs during 2003-04 was 43 *per cent* only.

(Paragraph 6.3)

KMC suffered a loss of revenue of Rs.4.05 crore due to unauthorized reduction in annual valuation of property of an assessee.

(Paragraph 7.1)

Leasing out 136.7 cottahs of land on lease on EM Bye-Pass at a lower premium caused loss of Rs.2.44 crore to KMC.

(Paragraph 7.2)

The failure of KMC in implementation of works under KEIP within the stipulated time schedule attracted the penal clause with consequent loss of Rs.202.37 crore towards commitment charges.

(Paragraph 7.3)

KMC incurred an expenditure of Rs.94.27 lakh on maintenance of Internal Audit Wing which remained in disuse during 2002-03 to 2004-05 rendering the expenditure unfruitful.

(Paragraph 7.4)

HMC incurred an expenditure of Rs.46.06 crore during 2001-02 to 2003-04 merely for collection and transportation of solid wastes. No action has been taken for disposal of wastes as per the Municipal Solid Waste (Management and Handling) Rules, 2000.

The solid wastes containing huge non-degradable ingredients are not segregated to ensure recycling / reuse and composting of the remains.

Solid wastes are stored mostly in open space in scattered manner rendering them susceptible to pollution of urban environment.

More than forty years old trenching ground is being used for dumping solid wastes without arranging any device for final processing and disposal as per rules.

(Paragraph 7.7)

Inordinate delay in completion of Water Supply Scheme in Bongaon Municipality deprived the dwellers from potable water besides blockage of Rs.2.37 crore.

(Paragraph 7.10)