

CHAPTER VIII

CONCLUSIONS AND RECOMMENDATIONS

A: CONCLUSIONS

8.1 Finance and Accounts

Preparation of budget proposals and financial accounting were found to be defective and not in accordance with the West Bengal Municipal Act, 1993 and other Municipal Corporation Acts. There was lack of budgetary control and absence of reliable budget formulation. Although the ULBs dealt with substantial sums, a full fledged accounts wing with skilled staff continued to be lacking in most of the ULBs to ensure proper budget preparation and accuracy in accounts. Most of the ULBs failed to present accounts in time. Loss of Government grant, loss of interest on provident fund, increasing liability on unpaid loan, unwarranted expenditure, non adjustment of huge advances, irregular maintenance of cash book and non reconciliation of bank book indicated inadequate internal control and monitoring to ensure proper accounting of substantial public funds spent by the ULBs. Non preparation of balance sheet was indicative of lack of transparency of assets and liabilities in the management of public funds besides non implementation of the provisions of Acts.

8.2 Devolution

The State Finance Commission observed that no ULB of their own was capable of maintaining services and taking new developmental activities. Accordingly the Commission in February 2002 recommended 3.2 *per cent* of State taxes as entitlement fund for the ULBs and also continuing the present arrangement of sharing entertainment tax. As against the entitlement of Rs 706.65 crore for 2005-07, the State Government released only Rs 132.33 crore being only 0.6 *per cent* of State taxes of the same period. The State Government, however, releases share of taxes on entertainment, trade and vehicles and also grant for salary and development activities. The pay and allowances of the

officers working in the ULBs are paid from departmental fund without being debited to the respective ULBs. The devolution of fund to ULBs, thus, remained scattered and inconsistent with the entitlement of the ULBs. Transfer of functionaries was inadequate and inconsistent with the work load and without proper delegation of power.

8.3 Revenue Receipts

Loss of huge revenue due to delay in assessment, inadmissible remission of tax, non imposition of surcharge on commercial buildings, non/short realisation of water charges, non accountal of receipts and non recovery of lease money reflects non observance of the provisions of Acts. Lack of monitoring over collection of property tax, water charges, fees and other charges caused accumulation of dues which adversely affect the capacity of ULBs to provide services to their tax payers.

8.4 Establishment

Engagement of staff without approval of the Government and appointment of casual staff / labour were indicative of inadequate management of manpower. Irregular expenditure on establishment deprived the rate payers of obligatory and discretionary services. Non creation of a special fund for terminal benefits of the retired employees and payment of provisional pension for years together would have adverse implication as regards their assured social security.

8.5 Procurement

Large-scale purchases without tenders/quotations in violation of the general procedures for purchase evidenced deficient procurement practices. Non accountal of huge materials and absence of periodical physical verification indicated inadequate material management.

8.6 Execution of works

The execution of works without vetted estimates showed a lackadaisical approach as regards the economy and efficiency of expenditure. Works done

without recording in Measurement Book indicated lack of transparency. Infructuous/unfruitful expenditure on incomplete works / projects within the stipulated date blocked public funds and caused undesirable delay providing intended services to the beneficiaries. Non utilisation of created assets frustrated the very purpose of augmentation of revenue.

8.7 Implementation of schemes

Poor utilisation of assistance under several schemes suggested inadequate attention to the Government objectives and policies for providing basic amenities and services. Non-implementation of certain schemes / component of schemes and irregular implementation including diversion of fund frustrated the very purpose of the scheme.

8.8 Resource mobilization

Taxes and charges for service are the main source of Municipal Fund which ensure continuance of services to the rate payers. Adhocism in assessment of taxes, inadequate supervision and monitoring have reduced the mobilization of revenue from own sources.

B: RECOMMENDATIONS

In view of the above audit findings, the following recommendations are made for consideration of the State Government.

8.9 Internal control and monitoring mechanism should be strengthened to ensure:

- ❖ Full and timely flow of funds;
- ❖ Accountability of expenditure;
- ❖ Monthly reconciliation of bank and treasury accounts;
- ❖ Timely remittance of statutory deductions from salaries;

- ❖ Prompt recovery / adjustment / write-off of outstanding advances, overpayments;
- ❖ Adoption of need-based procurement at competitive prices.

8.10 The State Government may consider:

- ❖ Devolution of appropriate funds to the ULBs;
- ❖ Sharing of State taxes in a consolidated manner;
- ❖ Grants for development activities as contemplated under Article 243(1)(a)(ii) of the Constitution;
- ❖ Transfer of adequate functionaries;
- ❖ Delegation of appropriate powers to the officers and
- ❖ Reforms of municipal administration.

8.11 Overall financial management needs to be strengthened in the ULBs for augmenting their financial resources by:

- ❖ Improving collection of revenues;
- ❖ Improving assessment procedures to avoid non / short assessment;
- ❖ Preventing leakage of revenue caused due to delay in assessment;
- ❖ Initiation of action for recovery of loss arising out of non-accounting of stores; and
- ❖ Speedy recovery of dues from assesses and contractors.

8.12 Implementation and monitoring mechanism in schemes need to be strengthened by:

- ❖ Implementation as per scheme guidelines;

- ❖ Adequate controls need to be put in place to prevent irregular / excess payments and diversion of funds;
- ❖ Adherence to the provisions of Financial and Accounts Rules;
- ❖ Completion of incomplete works / projects;
- ❖ Evaluation of derived benefits by an independent agency.

The State Government may strengthen internal audit so as to cover all the ULBs at regular intervals and ensure time bound and sustained action on the deficiencies pointed out therein.

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