

Overview

The Report comprises five chapters under two sections. Section A includes three chapters containing observations on the Accounts and Finances of Panchayati Raj Institutions, one performance audit on 'Quality of maintenance of accounts in Panchayati Raj Institutions' and nine transaction audit paragraphs. Section B comprises two chapters containing observations on the Accounts and Finances of Urban Local Bodies and eight transaction audit paragraphs. A summary of the major audit findings is presented in this overview.

1 Accounts and Finances of Panchayati Raj Institutions

The allocation from total revenue of the state to Panchayati Raj Institutions showed a declining trend from 18.14 per cent in 2004-05 to 12.42 per cent in 2007-08 as against 40 per cent recommended by the Second Maharashtra State Finance Commission for Local self Government.

As per the Government of Maharashtra, Rural Development Department, the total expenditure of Zilla Parishads during 2007-08 was Rs 10417 crore. However, as per information collected from all 33 Zilla Parishads during 2007-08, these Zilla Parishads had incurred an expenditure of Rs 12329 crore.

Out of 33 Zilla Parishads except Akola, Bhandara, Kolhapur, Pune, Sangli, Satara and Solapur the others had not finalised (August 2009) their accounts for 2007-08 although the same should have been finalised by 30 June 2008 and the arrears of their accounts and certification by the Chief Auditor, Local Fund Accounts ranged between one to four years. The State Government had so far not implemented the revised accounting format prescribed by the Comptroller and Auditor General of India.

While assessment of grants has not been done by 10 departments in nine Zilla Parishad, the State Government did not have the details (August 2009) of excess expenditure pending regularisation and amount recoverable from Zilla Parishads in respect of departments where assessment had been completed upto 2007-08.

While 11993 paragraphs of Inspection Reports issued by Principal Accountant General for the period upto 2007-08 were pending settlement, the outstanding paragraphs in respect of CALFA Report for the year upto 2006-07 was 106453.

(Paragraph 1.1 to 1.16)

2 Performance Audit on ‘Quality of maintenance of accounts in Panchavati Raj Institutions’

The objective of introducing a proper accounting system in Panchayati Raj Institutions has not been achieved due to non-adoption of accounts formats prescribed by the Comptroller and Auditor General of India.

No efforts were made, except releasing Rs 5 crore for purchase of computer hardware, to develop database on finances by any of the selected ZPs and PSs even though the Eleventh Finance Commission grants of Rs 22.30 crore and Twelfth Finance Commission grants of Rs 28.30 crore were earmarked for the purpose during the period from 2001-04 and October 2005 respectively. These grants were used for implementation of different schemes.

Huge surplus fund of Rs 592.33 crore lying in District Fund during 2003-2008 was not invested resulting in loss of interest of Rs 38.50 crore.

In 119 cases an amount of Rs 33.58 lakh was incorrectly credited to deposit account during 2003-08. Unclaimed deposits of Rs 2.35 crore pertaining to year 2003-04 were not credited to revenue head. Advances of Rs 3.64 crore for the period 1949-50 to 2006-07 were outstanding as of 31 March 2008.

The unspent grants under Agency Schemes amounting to Rs 97.29 crore and Rs 0.22 crore on account of Sampoorna Gramin Rozgar Yojana as of 31 March 2008 were not refunded to Government.

Due to non-cancellation of 375 time barred cheques, expenditure of Rs 1.73 crore was wrongly booked by the test checked ZPs.

In Zilla Parishad, Thane and four selected PSs the difference of Rs 12.20 crore as of 31 March 2008 between cash book balance and the bank balance remained un-reconciled.

In Zilla Parishad, Jalna under General Provident Fund, Rs 1.05 crore was lying in 398 dormant accounts as of 31 March 2008.

(Paragraph 2.1 to 2.7)

3 Transaction Audit Findings - Panchayati Raj Institutions

Improper maintenance of accounts and lack of control by Medical Officer, Public Health Centre and Block Development Officer, Panchayat Samiti resulted in misappropriation of Rs 0.40 lakh.

(Paragraph 3.1)

Raigaon and Wangi Gram Panchayats under Kadegaon Panchayat Samiti in Sangli district did not levy and collect property tax of Rs 52.68 lakh from two Sugar Factories.

(Paragraph 3.2)

Zilla Parishad, Gadchiroli made irregular payment of salaries of Rs 85.02 lakh to 17 Block Resource Personnels from Sarva Shiksha Abhiyan initially appointed under District Primary Education Programme.

(Paragraph 3.3)

Failure to provide canal for irrigation resulted in unfruitful expenditure of Rs 75.01 lakh on Minor Irrigation Tank at Sarati, District Osmanabad.

(Paragraph 3.4)

Injudicious purchase of Water Filter cum Purifier for supplying pure drinking water to schools without continuous Water and Electric Supply resulted in unfruitful expenditure of Rs 82.91 lakh by five Zilla Parishads.

(Paragraph 3.5)

The Yashwant Gram Samrudhi Yojana a State scheme stipulated Government grants upto Rs 8.50 lakh (Rs 9 lakh for SC/ST areas) per annum per Gram Panchayat subject to collection of 15/10 per cent Popular Contribution by the Gram Panchayat. As against requirement of Government grants of Rs 1284.26 crore for the works sanctioned during 2002-06, the State Government provided only Rs 768.66 crore and Rs 468.17 crore was provided during the period 2006-09 due to resource crunch. Thus, implementation of scheme in the State was without adequate financial planning.

As against estimated (one work per Gram Panchayat) 195363 works during past seven years scheme period, only 24030 works at estimated cost of Rs 1448.83 crore were undertaken and 8590 works (estimated cost Rs. 517.92 crore) were still incomplete.

State Government grant provided during the period 2002-05 for the scheme was inclusive of a grant of Rs 221.86 crore which was diverted from Central Government grants under Eleventh Finance Commission.

Panchayat Samiti, Karad, ZP, Satara diverted scheme funds of Rs 1.56 crore for investment in short term deposits for three to six months in banks.

Zilla Parishads Akola, Aurangabad, Bhandara and Jalgaon kept scheme funds of Rs 10.59 crore in non interest earning current account of District Central Co-operative Bank which resulted in loss of interest of Rs 27.27 lakh.

Sixteen Panchayat Samitis and 102 Gram Panchayats had not refunded the accrued interest of Rs 1.63 crore and Rs 0.10 crore respectively to the State Government.

Non observance of provision of crediting five per cent of profit margin to the village fund in respect of 201 works executed by 128 Gram Panchayats test checked resulted in excess expenditure of Rs 70.44 lakh.

In Panchayat Samiti Wai, ZP Satara, expenditure of Rs 34.25 lakh on six irrigation schemes rendered unfruitful due to non provision of electricity connection even after lapse of three years of their completion.

(Paragraph 3.9)

4 Accounts and Finances of the Urban Local Bodies

The total receipts of all the Municipal Corporations in the State during 2007-08 was Rs 18348 crore and were higher by 13.14 per cent over previous year. However, the receipt on account of rent, taxes etc. reduced from 68.74 per cent in 2006-07 to 65.91 per cent in 2007-08.

During 2007-08 the total expenditure of all the Municipal Corporations increased by 12.87 per cent over the expenditure of previous year. The share of establishment expenditure increased from Rs 4265 crore in 2006-07 to Rs 4937 crore in 2007-08.

The Government of Maharashtra adopted National Municipal Accounts Manual (NMAM) for implementation from 2005-06. However, Akola, Bhiwandi, Dhule, Jalgaon, Mira-Bhayander and Solapur Municipal Corporations have not implemented double entry accounting system.

Audit of annual accounts by Municipal Chief Auditor is in arrears for the period ranging from 2001-02 to 2007-08 in respect of Nagpur, Nasik, Navi Mumbai, Pimpri-Chinchwad and Sangli-Miraj-Kupwad Municipal Corporations and no reports were submitted to the Standing Committee.

(Paragraph 4.1 to 4.10)

5 Transaction Audit findings- Urban Local Bodies

Failure of the Akola Municipal Corporation to raise Special Water Tax demand of Rs 3.12 crore resulted in extending unintended benefit to the property holders.

(Paragraph 5.1)

Brihanmumbai Municipal Corporation did not recover tax from pet dog owners resulting in loss of revenue of Rupees one crore during last five years.

(Paragraph 5.2)

Application of incorrect rate of penal charges on belated payment of royalty fee on raw water resulted in over payment of Rs 41.19 lakh by Jalgaon Municipal Corporation.

(Paragraph 5.4)

Kolhapur Municipal Corporation suffered loss of Rs 11.40 crore due to transmission and distribution losses of water during 2003-09 and Rs 0.36 crore due to inadequate provision for sewer water treatment before discharge into the river.

(Paragraph 5.5)

Acceptance of contractors alternative design by Kolhapur Municipal Corporation resulted in 178 shops remaining vacant for over five years and recurring loss of revenue which aggregated to Rs 1.08 crore till March 2009.

(Paragraph 5.6)

Kolhapur Municipal Corporation had short levied road restoration charges for Optic Fiber Cable laying by Rs 1.08 crore due to incorrect application of the rates prescribed, which was subsequently recovered at the instance of audit.

(Paragraph 5.7)

Injudicious and excess deposit of fund in a Co-operative Bank by Sangli-Miraj-Kupwad Municipal Corporation in violation of Government directives and its retention inspite of audit comment thereon (January 2007) resulted in blockage of deposit of Rs 14.11 crore.

(Paragraph 5.8)