सत्यमेव जयते

Annual Technical Inspection Report on Panchayati Raj Institutions and Urban Local Bodies for the years ended 31 March 2018 and 31 March 2019

लोकहितार्थ सत्यनिष्ठा
Dedicated to Truth in Public Interest

उत्तराखण्ड शासन

Government of Uttarakhand
Office of the Principal Accountant General (Audit)
Uttarakhand, Dehradun

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PREFACE

This Report for the years ended 31 March 2018 and 31 March 2019 has been prepared for submission to the Government of Uttarakhand in terms of technical guidance and support to audit of Panchayati Raj Institutions (PRIs) and Urban Local Bodies (ULBs) under Section 20 (1) of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971. The Report also contains the results of audit of PRIs and ULBs, including the concerned administrative departments under Section 14 of the DPC Act, 1971.

The issues noticed in the course of test audit for the period 2017-18 and 2018-19 as well as those issues which came to notice in earlier years, but could not be dealt with in the previous Reports have been included, wherever necessary.

The audit has been conducted in conformity with the Auditing Standards issued by the Comptroller and Auditor General of India.

EXECUTIVE SUMMARY

Executive Summary

This Report is in two parts and consists of four chapters. Chapter-1 and Chapter-3 contain the overview of Panchayati Raj Institutions (PRIs) and Urban Local Bodies (ULBs) and details of Financial Resources. Chapter-2 and Chapter-4 contain findings emerging from compliance audits of Panchayati Raj Institutions and Urban Local Bodies. A synopsis of audit findings is given in this executive summary.

Chapter-1: Overview of Panchayati Raj Institutions

There are 13 *Zila Panchayats* (ZPs), 95 *Kshetra Panchayats* (KPs) and 7,793 *Gram Panchayats* (GPs) in the State. Overall control of the PRIs rests with the Principal Secretary/Secretary, Panchayati Raj, Government of Uttarakhand through the Director, Panchayati Raj Institutions. Audit observed several deficiencies in the working of the Panchayati Raj Institutions with regard to devolution of subjects, internal audit, computerisation, preparation of cash book, maintenance of register of advances and preparation of budget.

Chapter-2: Results of Audit of Panchayati Raj Institutions

- The assessment and realisation of Tax on Circumstances and Property and income from Rent/lease were not being carried out in eleven Zila Panchayats in accordance with the extant provisions. Further, shortfall in the recovery of the taxes and rents to the extent of ₹ 9.04 crore was noticed in eleven ZPs.

(Paragraph 2.1.1)

- Under the Backward Regions Grant Fund, in Champawat and Chamoli districts, 528 works costing ₹ 8.74 crore were incomplete even after expenditure of ₹ 4.90 crore. In Chamoli district, four tourist guest houses which were completed during 2015-16 at a cost of ₹ 87.52 lakh were lying unutilized and no revenue was being generated.

(Paragraph 2.1.2)

- Labour cess amounting to ₹ 51.91 lakh was not deducted from the contractors' bills for construction works in 18 PRIs.

(Paragraph 2.1.3)

- Under six schemes, 1,005 works costing ₹ 24.62 crore were incomplete even after availability of ₹ 17.16 crore.

(Paragraph 2.1.4)

- There was an irregular retention of interest of ₹ 6.40 crore in 31 PRIs, accrued on various scheme funds as of March 2019. The interest was to be credited in the relevant receipt head.

(Paragraph 2.1.5)

- Out of 10 PRIs, eight did not deduct royalty amounting to ₹ 17.31 lakh from the contractors' bills and the remaining two deducted royalty of ₹ 6.30 lakh but not deposited in concerned head of accounts.

(Paragraph 2.1.6)

- In Gram Panchayats, there were persistent irregularities relating to bank reconciliation, internal audit, meetings of committees and sub-committees and non-maintenance of accounts in formats proposed by CAG.

(Paragraph 2.1.7)

- Important registers like Bill Register, Advance Register, Stock Register, Immovable property Register, Muster roll Register, Cheque Issue Register and Receipt Register were not being maintained in GPs during 2017-19. There was a blockade of ₹ 48.17 crore of revolving fund which was to be utilized for the retirement and pension benefits of the staff of ZP.

(Paragraph 2.1.8)

Chapter-3: Overview of Urban Local Bodies

There are eight Nagar Nigams, 41 Nagar Palika Parishads and 43 Nagar Panchayats in the State. Overall control of the ULBs rests with the Principal Secretary (Urban Development) to the Government of Uttarakhand through the Director, Urban Development Department. Audit observed several deficiencies in the working of the Urban Local Bodies (ULBs) such as inadequate capacity to utilize the financial resources, unspent balances at the end of financial year, *etc*.

Chapter-4: Results of Audit of Urban Local Bodies

- The collection of house tax ranged from 13 to 74 *per cent* of the demand raised. Six out of 12 ULBs could not collect even 50 *per cent* house tax against the total tax demanded. Further, none of the ULBs was able to collect the house tax above 90 *per cent* during 2016-17 and 2017-18 as directed by the Directorate.

(Paragraph 4.2.1)

- Recovery of Shop rent charges amounting to ₹ 138.39 lakh and ₹ 62.52 lakh were pending in seven and four ULBs as on 31 March 2017 and 31 March 2018 respectively.

(Paragraph 4.2.2)

- The provisions of Solid Waste Management Rules were not being adhered to as the segregation and processing of the solid waste did not take place in 11 ULBs during 2016-17 and 2017-18 due to non-availability of compost plant, processing unit and scientific landfills.

(Paragraph 4.3)

- Records of four ULBs revealed that liabilities towards pension, retirement gratuity, provident funds, leave encashment and pay/arrears of retired/serving employees of the ULBs were ₹ 52.88 crores.

(*Paragraph 4.4*)

- None of the test-checked 15 ULBs implemented the provisions of New Contributory Pension Scheme in accordance with provisions of the scheme even after lapse of more than 12 years from the commencement of the scheme.

(*Paragraph 4.5*)

- There was short charging of Stamp Duty amounting to ₹ 33.31 lakh on immovable properties during the period 2016-18.

(*Paragraph 4.6*)

- Royalty amounting to ₹ 13.52 lakh was not deducted from the contractors' bills for construction works in NPPs Manglaur, Narendra Nagar, Pauri, Rishikesh, NP Swargashram Jonk, NPP Gopeshwar and NN Kotdwar.

(*Paragraph 4.7*)

- Nagar Palika Parishad, Nainital procured two vehicles costing ₹ 9.31 lakh for delivering the services of door to door collection and waste transportation to the landfill. Both the vehicles were lying idle since the date of purchase as they were not used for a single kilometer even after a lapse of five years.

(*Paragraph 4.8*)

- Labour cess (one *per cent*) amounting to ₹ 6.09 lakh was not deducted from the contractors' bills in NPP Gopeshwar, NPP Mussoorie and Nagar Nigam Kotdwar.

(*Paragraph 4.9*)

- NPP Nainital submitted the UCs of ₹ 40 lakh to the GoU without incurring any expenditure.

(*Paragraph 4.10*)

CHAPTER-1

OVERVIEW OF PANCHAYATI RAJ INSTITUTIONS

CHAPTER-1: OVERVIEW OF PANCHAYATI RAJ INSTITUTIONS

1.1 Introduction

The 73rd Constitutional Amendment accorded constitutional status to a three-tier system of Panchayati Raj Institutions (PRIs), established a uniform structure with regular elections and provided for regular flow of funds through the Finance Commissions. The State was required to entrust PRIs with such powers, functions and responsibilities so as to enable them to function as institutions of local self-government. In particular, PRIs were required to prepare plans and implement schemes for economic development and social justice, particularly on functions included in the XIth Schedule of the Constitution.

The State of Uttarakhand was carved out of the erstwhile State of Uttar Pradesh (UP) on 9th November 2000. The status of PRIs in the State is set out in the UP Kshetra Panchayat and Zila Panchayat Act, 1961, and the UP Panchayati Raj Act, 1947 which have been adopted by Uttarakhand through the Uttaranchal Amendment Act, 2002. The provisions of the UP Acts, as amended for Uttarakhand are, therefore, applicable to PRIs in the State. The State has passed its own Uttarakhand Panchayati Raj Act in April, 2016. However, its Rules have yet not been finalised.

1.2 Classification, Powers and Functions

The administrative set up of *Panchayats* in the State consists of a three-tier system: *Gram Panchayat* (GP) at the village level, *Kshetra Panchayat* (KP) at the Block level and *Zila Panchayat* (ZP) at the District level.

The State follows a bottom-up approach in preparation of plans. Due to decentralization in planning, the rights to prepare plans pertaining to the area under their jurisdiction, based on local problems and needs were given to the GPs. The *Gram Sabha* (consisting of all the adults of the village above the age of 18 who elect the members of the GP) recommends the said plans to the KP concerned. General meetings of the *Gram Sabha*, to be presided by the *Gram Pradhan* concerned, should be held on a quarterly basis to review the proposals framed at the GP level and their implementation.

KP, the intermediate tier of *Panchayats* at the block level, prepares an annual development plan of the block including and consolidating plans received from the GPs under its jurisdiction and submits the same to the ZP. The KPs do not have the resources of their own. However, it is their duty to inspect and monitor the works being carried out in the block to ensure that the quality of works is maintained, targets are achieved and necessary instructions and guidelines, received from district level, are followed.

ZP is responsible for preparing an annual plan for the district as a whole and submits the same to the District Planning Committee (DPC). The objective of the district plan is to ensure social justice and economic development of the district. ZP is also responsible for ensuring the implementation of the Government of India (GoI) Schemes, State Government Schemes, District Plans, externally aided projects, *etc*., and to co-ordinate, evaluate and monitor the activities at both the KP and the GP levels. ZP is also required to submit necessary demands to the State Government for development purposes as per the local needs. It is the duty of ZP to ensure that policies under national programmes and other functions entrusted by the State Government under special or general orders are adhered.

1.3 Organisational Structure

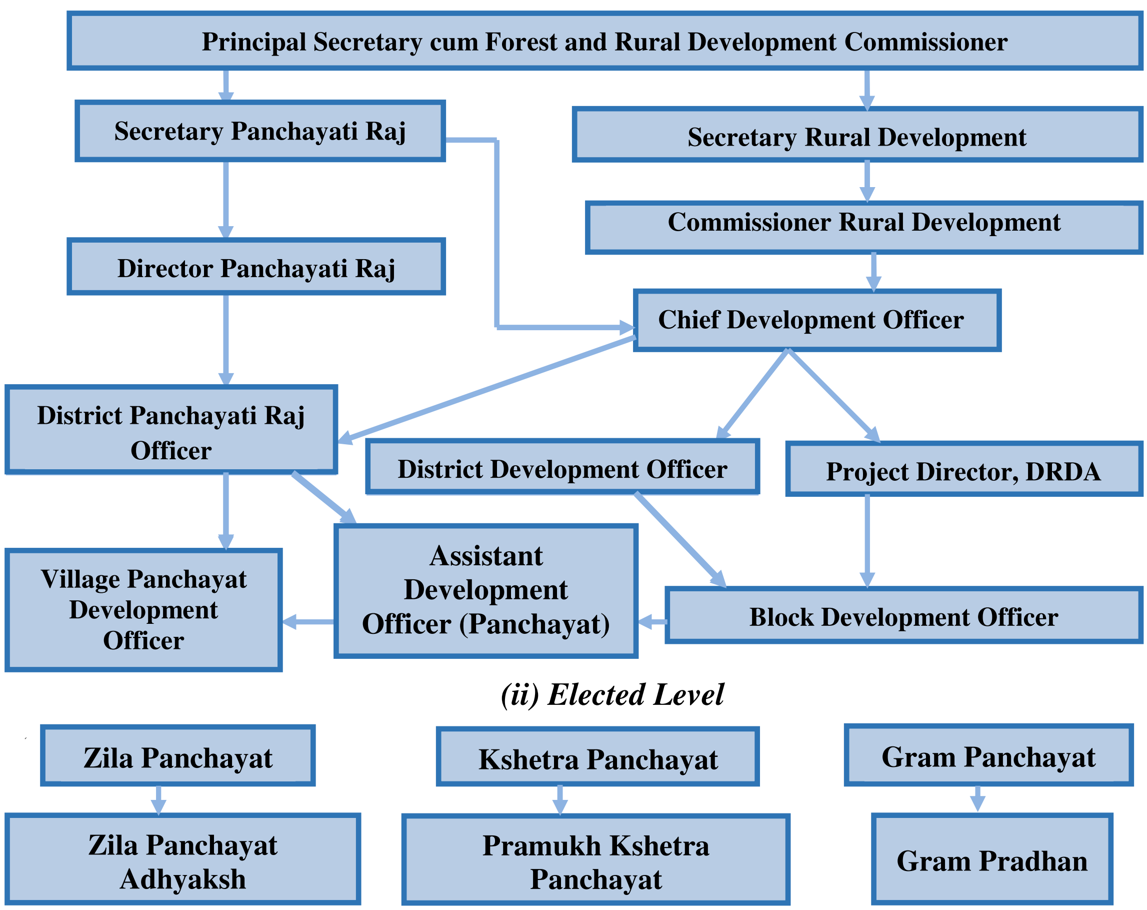
There are 13 *Zila Panchayats (ZP)*, 95 *Kshetra Panchayats (KP)* and 7,793 *Gram Panchayats (GP)* in the State of Uttarakhand (***Appendix-1.1***).

Principal Secretary cum Forest and Rural Development Commissioner is the administrative head of PRIs in the State. He/she is assisted by the Secretary, Panchayati Raj and the Secretary, Rural Development in exercising the overall control and supervision of functions and schemes at the State level.

All the PRIs are distinct legal authorities constituted for discharging the functions devolved under the provisions of Acts and Rules, and are functioning through democratically elected bodies. The Organizational Structure of PRIs at State, District, Block and Village levels is depicted in the ***Chart-1*** below:

Chart-1: Organizational Structure of Panchayati Raj Department, Uttarakhand:

(i) Administrative Level



1.4 Audit arrangement

The State Government has appointed the Director of Audit as the primary auditor of accounts of PRIs and Urban Local Bodies (ULBs) in the State. The State Government has entrusted (March 2013) the Comptroller and Auditor General (CAG) with the responsibility of providing suitable Technical Guidance and Support (TGS) under Section 20(1) of the CAG's DPC Act 1971. The State Government has accepted (March 2013) the parameters of TGS as laid down by the CAG. External audit of PRIs and ULBs is already being carried out under Section 14 of the CAG's DPC Act 1971. Annual Technical Inspection Report (ATIR) for the year 2016-17 has been placed in the State Legislature on 23 September, 2020.

1.4.1 Technical Guidance and Support (TGS)

The CAG may provide suitable TGS to primary auditors of PRIs for the purpose of strengthening public finance management and accountability in the PRI. The functions of the primary auditors are as below:

- Director of Audit (DA) shall prepare an annual audit plan for next financial year by the end of March every year.
- The audit methodology and procedure for the audit of ULBs by the DA shall be as per Statutes enacted by the State Government and guidelines prescribed by the CAG of India.
- Copies of Inspection Reports (IRs) shall also be forwarded by DA to the Pr. AG (Audit) for advice on further improvement.
- DA shall furnish returns in such format as may be prescribed by the CAG for advice and monitoring.
- The Pr. AG (Audit) shall conduct test check of some units in order to provide technical guidance and report of the test check would be sent to the DA for compliance.
- Irrespective of the money value, any serious irregularities shall be intimated to the Pr. AG (Audit).
- DA shall develop a system of internal control in his organization in consultation with the Pr. AG (Audit).
- The Pr. AG (Audit) shall also undertake training and capacity building of the staff of DA.

The Office of the Principal Accountant General (Audit) is conducting supplementary audit of PRIs and ULBs under the TGS mechanism.

During 2017-19, two meetings were held with the Secretary, Finance/ Director Audit and other officers of PRI Department on 20 July 2017 and 31 August 2017 to discuss issues relating to social audit; *PRIYA Soft* and other *E-Panchayat* softwares; certification of accounts; and TGS. In this regard a letter was also sent (28 March 2018) to the Director of Audit. After that a Government order to include the information like profile of GPs, men-in-position, status of computerisation, status of social audit, use of prescribed accounting format *etc*. in Inspection Reports was issued (17 May 2018) by the Director of Audit, Uttarakhand.

1.4.2 Audit coverage

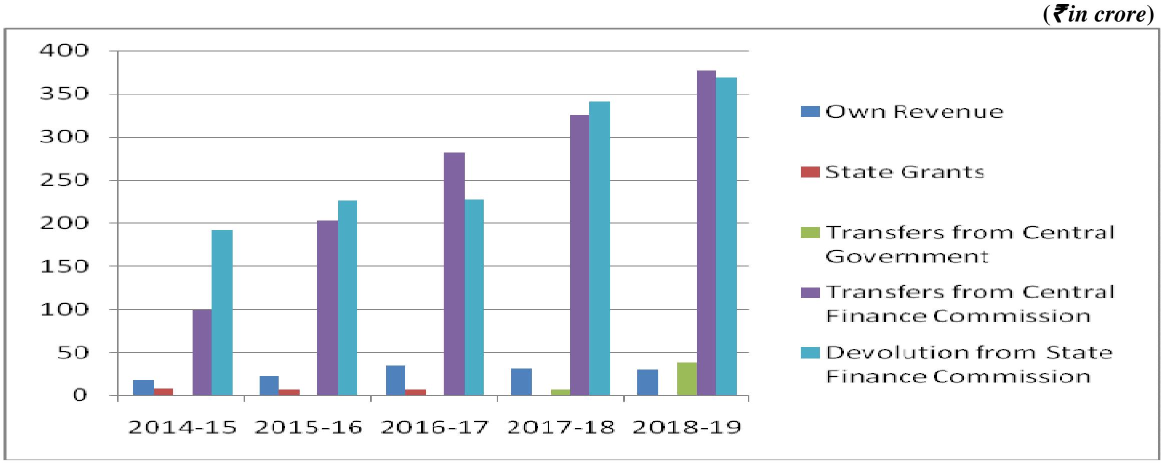
Audit of accounts of 151 units of PRIs {District Panchayati Raj Officer (DPRO): 09, ZPs: 09, KPs: 45 and GPs: 88} was conducted by the Office of the Principal Accountant General (Audit), Uttarakhand, Dehradun during 2017-18. Similarly, audit of 151 units of PRIs (DPRO: 07, ZPs: 11, KPs: 45 and GPs: 88) was conducted during 2018-19.

1.5 Resources: trends and composition

The trend of resource availability with the PRIs for the period from 2014-15 to 2018-19 is detailed in ***Chart-2*** below:

Chart-2: Resources: Trends and Composition/Time series data on resources of PRIs

(**₹*in crore***)

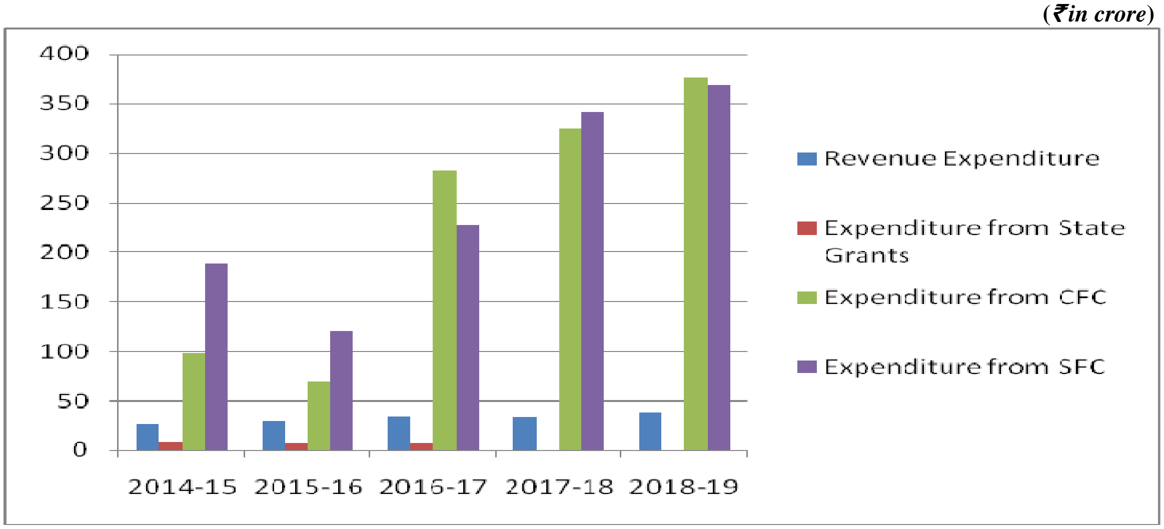


Source: PRIs Directorate, Dehradun and Rural Development Department, Pauri.

The application of resources for the period from 2014-15 to 2018-19 are detailed in ***Chart-3*** below:

Chart-3: Application of Resources: Trends and Composition/Application of resources in PRIs

(**₹*in crore***)



Source: PRIs Directorate, Dehradun.

In addition to the above, funds were received and expenditure incurred under various Centrally Sponsored Schemes (CSSs) as detailed in ***Table-1.1 (a)*** below:

Table-1.1 (a): Details of funds received and expenditure incurred under various Centrally Sponsored Schemes

(₹*in crore*)

Year	Opening Balance	Funds Received under Major CSSs	Other receipts[1]	Total funds available	Funds utilized	Closing Balance
2015-16	121.24	562.45	532.73	1,216.42	1,060.79	155.63
2016-17	155.63	783.70	544.94	1,484.27	1,336.08	148.19
2017-18	148.19	1,704.18	1.74	1,854.11	1,561.57	292.54[2]
2018-19	210.53	1,968.80	3.33	2,182.66	1,522.85	659.81

Source: Rural Development Department, Pauri.

The scheme wise receipts and expenditure under some major centrally sponsored schemes are detailed in ***Table-1.1 (b)*** below:

Table-1.1 (b): Financial Position of Major Centrally Sponsored Schemes

(₹*in crore*)

Name of Scheme	Year	Opening Balance	Fund allotted	Total funds available	Expenditure	Unspent Fund (*per cent*)
Mahatma Gandhi National Rural Employment Guarantee Act **(MGNREGA)**	2015-16	5.09	499.04	504.13	493.78	10.35 (*2*)
	2016-17	10.35	575.85	586.20	724.81	-138.61[3]
	2017-18	0.00	788.58	788.58	788.58	0.00
	2018-19	1.11[4]	649.80	650.91	649.98	0.93(*0.14*)
Indira Awaas Yojana **(IAY)**	2015-16	42.40	31.66	74.06	46.13	27.93 (*38*)
	2016-17	27.93	75.92	103.85	42.00	61.85 (*60*)
	2017-18	61.85	29.52	91.37	86.61	4.76 (*5*)
	2018-19	4.76	106.65	111.41	65.96	45.45 (*41*)
Border Area Development Programme **(BADP)**	2015-16	31.20	0.00	31.20	0.00	31.20 (*100*)
	2016-17	31.20	28.54	59.74	31.07	28.67 (*48*)
	2017-18	28.67	33.34	62.01	27.55	34.46 (*56*)
	2018-19	34.46	35.82	70.28	38.88	31.40 (*45*)

Source: Department of Rural Development, Pauri, Directorate PRI, Dehradun and State Rural Livelihood Mission, Dehradun.

As is evident from the above table, there were substantial unspent balances at the end of respective years under different schemes with the implementing Departments.

1.6 Human Resources

Human Resources in ZPs are categorised into two parts *viz.* centralised services and non-centralised services. The centralised cadre is drawn from the State Services whereas

[1] Receipts under Drought Prone Areas Programme (DPAP), Integrated Wasteland Development Project (IWDP), Bio Gas, Pradhan Mantri Gram Sadak Yojana (PMGSY), Members of Parliament Local Area Development Scheme (MPLADS), *etc*.

[2] Chief Engineer, URDDA vide letter no. 1837 dated 05 October 2018 conveyed that the amount of security deposit from the contractors was shown wrongly in the balance amount of PMGSY fund on 01.04.2018 (which was reduced after revision) and State Sponsored Schemes financed from NABARD under PMGSY were wrongly shown under centrally sponsored scheme till end of the year 2017-18.

[3] Under MGNREGA scheme a liability of ₹ 138.61 crore shown in the year 2016-17 was to be paid in the year 2017-18, as informed (July 2020) by Commissioner, Rural Development.

[4] As informed (July 2020) by Commissioner, Rural Development, ₹ 1.11 crore was returned by the districts to the MGNREGA cell which is shown as the OB of the year 2018-19.

the non-centralised cadre is specific to the PRIs. The Sanctioned Strength and the Men-in-Position in ZPs are detailed in ***Table-1.2*** below:

Table-1.2: Manpower position in ZPs as on 31st March 2019

Sl. No.	Type of service	Sanctioned posts	Men-in-position	Vacant posts	Percentage of shortage
1.	Centralised	123	68	55	*45*
2.	Non- Centralised	485	252	233	*48*
	Total	***608***	***320***	***288***	***47***

Source: Directorate PRI, Dehradun.

It is evident from the above table that the ZPs were functioning with an overall shortage of 47 *per cent.*

The PRIs comprise both the administrative officials/employees and the elected members. The shortfall of administrative officials at various levels is highlighted in ***Table-1.3*** below:

Table-1.3: Manpower position in PRIs

Designation	Sanctioned Post	Occupied Post	Vacant
District Panchayat Raj Officer (DPRO)	13	12	01
Assistant DPRO	13	13	00
Assistant Development Officer (Panchayat)	95	95	00
Panchayat Inspector (Industry)	10	01	09
Gram Panchayat Vikas Adhikari	1,175	849	326
Total administrative strength at DPRO, KPs and GPs	***1,306***	***970***	***336***

As depicted above, the vacancies at the level of Panchayat Inspector and *Gram Panchayat Vikas Adhikari* were 90 *per cent* and 28 *per cent* respectively. The shortage of manpower at critical levels adversely affected the supervision and monitoring of the schemes/ programs.

1.7 Audit of Accounts by Primary Auditor (PA)

The status of audit of accounts of PRIs conducted by the Director of Audit, Uttarakhand during 2015-19 is detailed in ***Table-1.4*** below:

Table-1.4: Status of Audit of accounts of PRIs

PRIs	2015-16		2016-17		2017-18		2018-19	
	Auditable Units	Units Audited	Auditable Units	Units Audited	Auditable Units	Units Audited	Auditable Units	Units Audited
ZP	13	04	13	05	13	06	13	06
KP	95	38	95	30	95	27	95	24
GP	7,705	816 *(10.59)*	7,581	1,788 *(23.59)*	7,850	1114 *(14.19)*	7,850	1854 *(23.62)*
Total	***7,813***	***858 (11)***	***7,689***	***1,823 (24)***	***7,958***	***1147 (14)***	***7,958***	***1,884 (24)***

Figures in the parentheses indicate percentage
Source: Reports of the Audit Directorate, Uttarakhand.

Though there was an increasing trend in the coverage of audit, yet the coverage was inadequate ranging from just 11 *per cent* to 24 *per cent* during the years from 2015-16 to 2018-19.

The Directorate of Audit was not able to set the required pace of auditing due to unavailability of officials as the shortage of staff was observed in almost all cadres. Such shortage ranged from 33 *per cent* to 100 *per cent* ***(Appendix-1.2)***, which adversely affected the mandated functions of the organization. The shortage of staff in PRIs has remained unchanged for the last several years. This fact has been reported in previous ATIRs also.

1.8 Non-devolution of subjects

As per the constitutional provisions (Article 243-G), Panchayats are responsible for preparation of plans and their execution for economic development and social justice with regard to 29 subjects (***Appendix-1.3***) listed in the XIth Schedule of the Constitution. The GoU had decided (October 2003) to transfer 14 subjects to PRIs in the first phase, and accordingly issued necessary GOs to this effect. However, as the Government failed to devolve necessary powers and resources to the Panchayats, the transfer of the said 14 subjects also remained ineffective.

1.9 Lack of internal audit

Internal Audit is an important instrument to examine and evaluate the level of compliance with rules and procedures as envisaged in the relevant Acts as well as in the Financial/Accounting Rules so as to provide independent assurance to the Management on the adequacy of the risk management and the internal control framework in the Local Bodies. It was found that Internal Audit, which has to be conducted by the Director of Audit, Uttarakhand in GPs, was not conducted in test checked GPs during 2017-19.

1.10 Computerisation

Computerization and IT enablement of government functioning has received a high impetus in various line departments of the State. Unfortunately, e-Governance has not been adopted in the PRIs in the State in a significant manner. As per the information provided by the PRI Directorate, only 1,939 out of 7,793 GPs had been provided with computers. Remaining 5,854 GPs were yet to be computerized.

1.11 Other irregularities

Audit observed irregularities with regard to the maintenance of books of accounts and preparation of budget. These irregularities have also been reported in the previous ATIRs. Significant irregularities observed in test check of PRIs during 2017-19 were:

1.11.1 Non-preparation of Cash Book in the prescribed format

During test-check of records of 176 Gram Panchayats, it was observed that cash books were not being maintained in 66 GPs (38 *per cent*) as per the format prescribed by the Comptroller and Auditor General of India.

1.11.2 Non-maintenance of register of Advances

As per the PRIs Manual, advances are being granted to the members and officials of GPs for the execution of works/provisioning of supplies. In test checked 176 GPs, it was observed that the advance registers for accounting of advances and watching recovery/adjustment thereof were not being maintained by 93 GPs (53 *per cent*). As a result, recovery/adjustment of such advances could not be ascertained.

1.11.3 Non-preparation of budget

Budget is the most important tool for financing, planning and ensuring accountability and control over performance. Section III of UP Zila Panchayat/Kshetra Panchayat (Budget and Account Rules, 1965) stipulates that the budget proposals containing detailed estimates of income and expenditure expected during the ensuing year were to be prepared by the respective ZP, KP and GP. It was observed that 164 GPs (93 *per cent)* out of test-checked 176 did not adhere to the above provisions.

1.12 Outstanding Inspection Reports (IRs)

As a result of audit of PRIs under TGS, 1,841 IRs containing 5,789 paragraphs were issued by Principal Accountant General (Audit), Uttarakhand to the concerned PRIs during the period 2012-19. Of these, only 61 paragraphs were settled during the period 2012-19 leaving 5,728 paragraphs outstanding as of March 2019. The details are given in ***Table-1.5*** below:

Table-1.5: Year wise position of Inspection Reports and paras in PRIs

Sl. No.	Year of issue	No. of Inspection Reports	No. of outstanding paras	No. of paras settled during the year	Total outstanding paras at the end of the financial year
1.	Up to 2012-13	428	1,404	02	1,402
2.	2013-14	279	679	02	677
3.	2014-15	468	1,580	29	1,551
4.	2015-16	266	820	20	800
5.	2016-17	98	375	06	369
6.	2017-18	151	498	Nil	498
7.	2018-19	151	433	02	431
	Total	***1,841***	***5,789***	***61***	***5,728***

Source: As per available records.

The above table depicts the increasing trend of outstanding IRs and paragraphs. It indicates inadequate response of the PRIs and their administrative department to audit observations. Lack of response indicates non-compliance and erosion of accountability in the PRIs.

CHAPTER-2

RESULTS OF AUDIT OF PANCHAYATI RAJ INSTITUTIONS

CHAPTER-2: RESULTS OF AUDIT OF PANCHAYATI RAJ INSTITUTIONS

2.1 Introduction

Out of 95 Kshetra Panchayats (KPs) and 13 Zila Panchayats (ZPs) in the State, the Office of the Principal Accountant General (Audit) Uttarakhand audited 45 KPs and nine ZPs during 2017-18; and 45 KPs and 11 ZPs were audited in 2018-19 (***Appendix-2.1***).

The deficiencies noticed during the audit of Panchayati Raj Institutions (PRIs) are discussed in the succeeding paragraphs.

2.1.1 Shortfall in Revenue Collection

According to the Article 165 to 190 of Uttarakhand Panchayati Raj Act, 2016 of Uttarakhand, Circumstances and Property Tax (CP Tax) should be imposed on individuals, who are residing in the rural areas and doing business subject to the condition that they have performed their business for not less than six months in the assessment year. Besides, other miscellaneous taxes and income from lease/rent should also be imposed.

In the test check of records during 2017-19 of 11 ZPs[1] out of 13 ZPs and further information collected, it was found that the assessment and realization of the CP tax was not being carried out in accordance with the extant provisions (Article 177) and the realization of the tax amounting to ₹ 9.04 crore[2] was still pending. The following shortcomings were noticed.

- There was no proper method for the assessment of the individuals who were residing and doing business in the area of Zila Panchayats to impose CP tax.
- There was no computerized data of taxpayers so that a proper planning could be done for the collection of taxes.
- Zila Panchayats had not updated their immovable properties to plan for recurring earnings.
- Fare of shops were not being increased after a fixed period of three years as mentioned in the agreement.

On this being pointed out, the *Apar Mukhya Adhikari* said that a proposal to increase own revenue would be presented in the board meeting and the pending taxes would be realized soon. The reply was not acceptable because nearly two decades has passed since inception of the State but the PRIs could not even chalk out a proper plan for increasing their revenue despite having relevant provisions in force.

During the audit of Directorate PRI, Dehradun, it was seen that the immovable properties of ZPs were not being utilized fully for increasing their own revenues. It was also seen

1 11 ZPs (1 ZP for the year 2017-18 and 10 ZPs for the year 2018-19).

2 Rudraprayag-₹ 25.13 lakh (Audit period 2017-18); US Nagar-₹ 96.63 lakh, Dehradun- ₹ 302.25 lakh, Uttarkashi-₹ 48.59 lakh, Pithoragarh-₹ 7.06 lakh, Champawat-₹ 17.11 lakh, Nainital-₹ 81.22 lakh, Chamoli-₹ 0.80 lakh, Pauri-₹ 216.73 lakh, Bageshwar-₹ 36.4 and Haridwar-₹ 72.53 lakh (Audit period 2018-19).

that neither any instruction for the collection of CP Tax/other was issued nor was there any planning for use of immovable properties to increase their own revenues.

On this being pointed out by audit, the Director, PRI, Dehradun replied that instructions would be issued soon. The reply was not acceptable because on the one hand the rest houses were not being repaired and hence not let out due to non-availability of fund and on the other hand there were pending recoveries of ₹ 9.04 crore.

As such, the ZPs failed to augment their revenues due to lack of proper planning and lack of proper utilization of the available immovable properties.

2.1.2 Backward Regions Grant Fund (BRGF)

The Backward Regions Grant Fund (BRGF) is a Government of India's scheme launched in 2006-07 to redress regional imbalances in development by way of providing financial resources for supplementing and converging existing developmental inflows into the identified critical gaps in local infrastructure and other development requirements of the region. In Uttarakhand, three districts[3] were selected for the BRGF.

During the test check of records for the year 2017-18 in Champawat and Chamoli districts, it was found that 528 works[4] costing ₹ 8.74 crore which were proposed under the scheme during 2011-12, were incomplete till the date of audit (2017-18) despite availability of adequate funds. An expenditure of ₹ 4.90 crore had been incurred on these works.

It was also seen in district Chamoli that four tourist guest houses were sanctioned under Border Area Development Programme (BADP) in August 2013 and were completed in 2015-16 after incurring an expenditure of ₹ 87.52 lakh. However, these guest houses were lying unutilized and no revenue was being generated. The Zila Panchayat Chamoli did not furnish any reasons for non-utilization of the guest houses.

2.1.3 Non deduction of Cess for welfare of the Building and other Construction Workers

The Chief Secretary, Government of Uttarakhand, issued a Government Order[5] (GO) for effective implementation of the "Building and other Construction Workers (Regulation of Employment and Conditions of Service) Act, 1996" and "Building and other Construction Workers' Welfare Cess Rules, 1998" in the State. The Act provides one *per cent* labour cess on the cost of the construction being carried out by the institutions and the fund so collected was to be utilized for the welfare of the labourers *i.e.* payment of pension, accidental compensation, compensation in case of death, financial aid for the children's education and provision of tool kits.

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[3] Chamoli, Champawat and Tehri.

[4] Construction works like small roads, security walls, toilets, rest houses, Panchayat Bhawans, drinking water works *etc*.

[5] No. 740/VIII/14-680 (Labour)/ 2002 TC-II dated: 13.08.2014.

Scrutiny of records (2017-19) of 18 PRIs[6] revealed that the provisions of the above Act were overlooked in preparation of the estimates of the construction works. This resulted in non-deduction of labour cess of ₹ 51.91 lakh ***(Appendix-2.2)*** from the contractors' bills.

On this being pointed out in audit, the units stated that they were unaware of the provisions of relevant rules and further stated that the deduction of the labour cess would be made in future.

2.1.4 Non-completion of Projects/Works

Scrutiny of records (2017-19) of the selected units revealed that works pertaining to six schemes[7] had been sanctioned for an amount of ₹ 24.62 crore during the year 2017-18. An amount of ₹ 17.16 crore had been released on the said projects/works. It was observed that despite availability of adequate funds, the said works delayed by one to six years ***(Appendix-2.3)*** from the stipulated date of completion.

On this being pointed out, the units stated that due to shortage of staff and geographical conditions of the site, the completion of the said works was delayed.

The reply was not acceptable as geographical conditions were known prior to the sanction and start of the works.

2.1.5 Irregular retention of interest earned

The guidelines of various schemes being implemented in the PRIs are silent about the treatment of interest earned on the funds released under various schemes/programmes. The State Government had issued (January 2013) instructions to PRIs to credit the interest earned on these funds to the relevant receipt head.

Scrutiny of records during 2017-19 of 31 PRIs[8] showed that an amount of ₹ 6.40 crore ***(Appendix 2.4)***, accrued as interest on various scheme funds as of March 2019, had not been credited to the relevant receipt head of the State Government.

The interest earned was, therefore, irregularly retained in the bank accounts of the concerned units. Thus, the Government instructions in this regard were flouted.

On this being pointed out, the entities replied that interest would be credited to the relevant head at the earliest. The reply was not acceptable as no action was taken by the PRIs despite clear instructions from State Government (January 2013) in this regard.

2.1.6 Non-deposit of Royalty

As per Section-2 of the notification issued (October 2009) by the Industries Department, Government of Uttarakhand (GoU), royalty has to be deducted from the contractors' bills as per specified rates for material extracted for construction from river beds or other places and was to be deposited in the concerned head of accounts (0853-Mines and Minerals). The rate of royalty was further revised in January 2016.

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6 {18 = 6+12}; 6 PRIs (ZP: 03, KP: 03) for the year 2017-18 and 12 PRIs (KP: 12) for the year 2018-19.

7 BADP, Tourism, SFC, MLALAD, MPLAD & Mera Gaon Meri Sadak.

8 {31=9+22}; 9 PRIs (DPRO: 01, ZP: 01, KP: 07) for 2017-18 and 22 PRIs (DPRO: 01, ZP: 01, KP: 14, GP: 06) for 2018-19.

Scrutiny of records during 2017-19 of ten PRIs[9] disclosed that royalty of ₹ 23.61 lakh ***(Appendix 2.5)*** was deductible from the contractors' bills. Out of this, an amount of ₹6.30 lakh was deducted by two PRIs[10] and the remaining amount of ₹ 17.31 lakh was not deducted by eight PRIs. Further, it was noticed that the royalty of ₹ 6.30 lakh deducted from the contractors' bills was not deposited in the concerned head of accounts.

On this being pointed out, the entities stated that due to non-receipt of Government Order, the royalty was not deducted and it would be deducted in future from the contractors' bills as per specified rates and deposited in the concerned head of accounts.

The reply was not tenable as the Government made rules in 2009 in this regard and these were also revised from time to time and available on website.

2.1.7 Persistent Irregularities

The following persistent irregularities were noticed in test check of 176 GPs[11] despite these being pointed out in audit in previous years.

- Internal audit was not being done in the GPs.
- Committees and sub-committees of 61 GPs were not conducting meetings for the purpose they were constituted.
- In 164 GPs, accounts were not being maintained in the format proposed by the CAG in collaboration with Ministry of Panchayati Raj.
- Bank reconciliation was not being done in 73 GPs.

2.1.8 Interesting points

Some interesting points noticed during the audit of PRIs in 2017-19 are mentioned below:

- It was observed that important registers like Bill Register, Advance Register, Stock Register, Immovable property Register, Muster roll Register, Cheque Issue Register and Receipt Register were not being maintained in GPs during 2017-19. Due to non-maintenance of these records, correctness of the financial transactions could not be ascertained in audit. The concerned Panchayat Secretaries assured to maintain these records in future.
- On the recommendation of State Finance Commission, 10.62 *per cent* of the fund allocated under SFC was to be deducted by Apar Mukhya Adhikari of Zila Panchayat and it was to be utilized for the retirement and pension benefits of the ZP staff. During the test check of records (March, 2018) of Directorate, Uttarakhand, it was seen that ₹ 48.17 crore of revolving fund was lying unutilized since creation of State as the amendment in Uttarakhand Service Rules for ZP was still awaited.
- According to the guidelines of Dr. APJ Abdul Kalam Gram Badlav Yojna, cash payment upto ₹ 2,000 was only allowed for purchasing of material and labour payment in any GP. In test check of 14 GPs, it was found that in violation of the above guidelines an amount of ₹ 2.04 crore ***(Appendix 2.6)*** was paid as cash.

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9 {10=3+7}; 3 PRIs (KP: 03) for 2017-18 and 7 PRIs (ZP: 01, KP: 05, GP: 01) for 2018-19.

10 KP Bin and KP Bageshwar.

11 176 GPs = 88 GPs (Audited in 2017-18) + 88 GPs (Audited in 2018-19).

CHAPTER-3

OVERVIEW OF URBAN LOCAL BODIES

CHAPTER-3: OVERVIEW OF URBAN LOCAL BODIES

3.1 Introduction

The 74th Constitutional Amendment gave constitutional status to the Urban Local Bodies (ULBs), thereby putting in place a uniform organizational structure, system of regular elections, and mechanism for ensuring regular flow of funds through the Central Finance Commission (CFC) and the State Finance Commission (SFC). As a follow-up, the States were also required to entrust the ULBs with such powers, functions and responsibilities as to enable them to function as institutions of Local Self Government. In particular, ULBs were required to prepare plans and implement schemes for economic development and social justice. Their jurisdiction also included functions contained in the XII Schedule of the Constitution.

The status of ULBs in Uttarakhand is set out in the U.P. Municipal Corporation Act, 1959, and the U.P. Municipalities Act, 1916 as adopted by the Government of Uttarakhand in 2002.

3.2 Framing of Act

Article 243W of Constitution of India provides that the Legislature of a State may, by law, endow the Municipalities with such powers and authority as may be necessary to enable them to function as institutions of self-government and such law may contain provisions for the devolution of powers and responsibilities upon Municipalities.

Audit observed that the State did not frame its own Municipalities Act even after lapse of more than 19 years since its creation. However, it adopted the Uttar Pradesh Municipalities Act, 1916 and the same was being followed by the municipalities.

3.3 Position of Urban Local Bodies

The position of Urban Local Bodies in terms of number and population is detailed in ***Table-3.1*** below:

Table-3.1: Position of Urban Local Bodies in terms of number and population

Level of ULB	Number	Population
Nagar Nigam	08	21,11,679
Nagar Palika Parishad	41	10,49,093
Nagar Panchayat	43	2,78,421

Source: Urban Development Directorate, Uttarakhand.

3.4 Audit Mandate

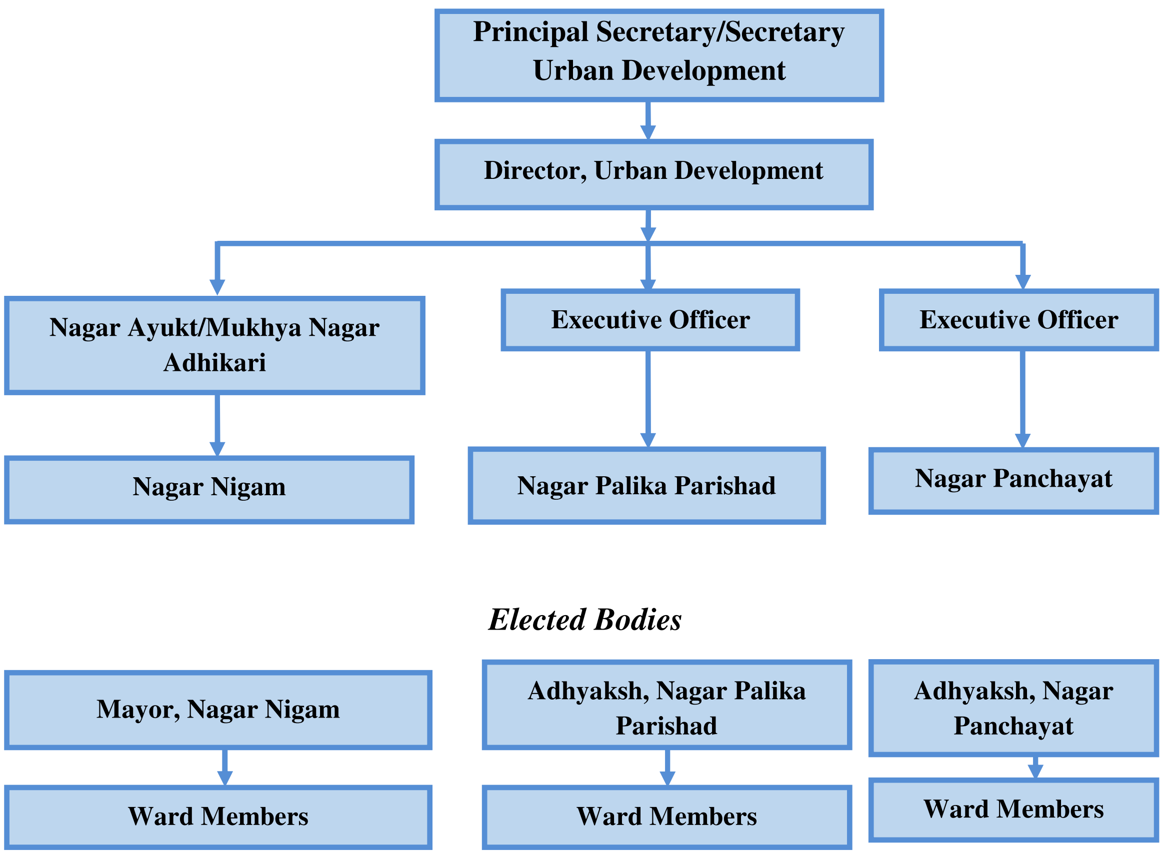
The State Government has entrusted (March 2013) to the CAG the responsibility of providing suitable Technical Guidance and Support (TGS), under Section 20(1) of the CAG's DPC Act 1971. External audit of PRIs and ULBs is already being carried out under Section 14 of the CAG's DPC Act 1971. The results of audit, *i.e.* the Inspection Reports (IRs) of ULBs, are sent to the Director, Urban Development Department. Annual Technical Inspection Report (ATIR) on the audit of Local Bodies (LBs) is sent by Principal Accountant General (Audit) to the State Government for being placed in the

State's Legislative Assembly. Accordingly, ATIR for the year 2016-17 was placed in the State Legislature on 23 September, 2020.

3.5 Organisational Structure of Urban Local Bodies

There are eight Nagar Nigams (NNs), 41 Nagar Palika Parishads (NPPs) and 43 Nagar Panchayats (NPs) in the State ***(Appendix-3.1)***. The overall control of the ULBs rests with the Principal Secretary (Urban Development) to the Government of Uttarakhand. He/she is assisted by the Director, Urban Development at the State level. The organisational set up of ULBs is given in ***Chart-3.1*** below:

Chart-3.1: Administrative Hierarchy of Urban Development Department, Uttarakhand



The term of an elected head in an ULB is five years from the date of first meeting after the election. The elections to the ULBs were last held in November 2018.

3.6 Standing Committees

Uttar Pradesh Municipal Corporation Act, 1959 (Section 95) and Uttar Pradesh Municipalities Act, 1916 (Section 104 to 110) contain provisions to constitute Standing Committees in ULBs for performing assigned functions. As per the information obtained from the ULB Directorate, the committees were constituted only in four Nagar Nigams, 17 Nagar Palika Parishads and five Nagar Panchayats during 2017-18 ***(Appendix-3.2)*** whereas no information was provided by the Directorate for the period 2018-19.

3.7 Human Resources

Human Resources in ULBs are categorised into two parts *viz.* centralised services and non-centralised services. The centralised cadre is drawn from the State Services whereas the non-centralised cadre is specific to the municipal bodies. For non-centralised cadre, the Urban Local Body is the appointing and the controlling authority. The Sanctioned Strength and the Men-in-Position in ULBs in both streams are detailed in ***Table-3.2*** below:

Table-3.2: Human Resources position in ULBs as on 31st March 2019

Sl. No.	Type of service	Sanctioned posts	Men-in-position	Vacant posts (percentage of shortage)
1.	Centralised Cadre	798	182	616 (*77*)
2.	Non- Centralised Cadre	985	432	553 (*56*)
3.	Others[1] (Non-centralised)	8,102	3,489	4,613 (*57*)

Source: Urban Development Directorate, Uttarakhand.

As observed from the table above, there is shortage of staff in both the centralised as well as the non-centralised cadres. The percentage of shortage of staff in centralised cadre remains unchanged as compared to the position of staff in the previous year as reported in the ATIR for the year 2016-17. The shortage has, however, increased from 28 *per cent* to *56 per cent* in non-centralised cadre during 2017-19. Unless the ULBs are optimally staffed, it would not be possible for these local bodies to execute their functions effectively.

3.8 Financial profile of Local Bodies

3.8.1 Fund flow in ULBs

The sources of revenue for the ULBs are own revenue, Central Finance Commission (CFC) grants, State Finance Commission (SFC) grants, Central Government grants for Centrally Sponsored Schemes (CSS) and State Government grants for State Schemes. Own revenue resources comprise 'Tax' and 'Non-Tax' revenue realised by the ULBs as per the provisions made in the Uttaranchal (Uttar Pradesh Municipal Corporation Act, 1959) (Amendment) Act, 2002 and the Uttar Pradesh Municipalities Act, (Uttaranchal *Sanshodhan*) 2001.

3.8.2 Resources of ULBs: Trends and Composition

The resources of the ULBs for the period from 2014-15 to 2018-19 are detailed in ***Table-3.3(a)*** below:

[1] Outsourced employees.

Table-3.3(a): Time Series data on resources of ULBs

(*₹in crore*)

Resources of ULBs	2014-15	2015-16	2016-17	2017-18	2018-19
Own Revenue	67.56	86.12	97.43	180.41	130.07
CFC transfers (Central Finance Commission devolution)	29.12	22.27	41.55	107.56	108.69
SFC transfers (State Finance Commission devolutions)	254.04	254.04	254.11	579.78	591.97
GoI grants for CSS	54.28	72.68	119.33	91.61	162.35
State Govt. grants for State schemes	26.03	46.88	29.56	26.66	7.84
Total	***431.03***	***481.99***	***541.98***	***986.02***	***1,000.92***

Source: Urban Development Directorate, Uttarakhand.

3.8.3 Application of Resources: Trends and Composition

The application of resources for the period from 2014-15 to 2018-19 is detailed in ***Table-3.3(b)*** below:

Table-3.3(b) Time Series data on Application of resources of ULBs

(*₹in crore*)

Application of Resources	2014-15	2015-16	2016-17	2017-18	2018-19
Expenditure from own resources	63.91	78.14	87.68	108.00	87.28
Expenditure from CFC transfers (Finance Commission devolutions)	23.73	19.27	0.00	41.51	102.08
Expenditure from SFC transfers (State Finance Commission Devolutions)	250.41	252.79	249.02	426.61	436.79
Expenditure against Centrally Sponsored Schemes	9.29	54.30	39.43	44.59	133.68
State Govt. grants for State schemes	11.26	8.26	23.65	3.57	7.84
Total Expenditure (Percentage of expenditure in respect to available fund)	***358.60 (83)***	***412.76 (86)***	***399.78 (74)***	***624.28 (63)***	***767.67 (77)***

Source: Directorate of Urban Development, Uttarakhand.

Overall, there was significant non-utilisation of resources ranging from 14 *per cent* to 37 *per cent* during 2014-19. Further, only 63 and 77 *per cent* of allotted funds were utilized during the financial year 2017-18 and 2018-19 respectively.

3.8.3.1 Unspent balances

As per the information provided by the Director, UDD, the position of ULBs with respect to funding from the Central Finance Commission (CFC), the State Finance Commission (SFC), and the revenues realised from own and other resources, the expenditure incurred there against, and the savings during the period 2016-17 to 2018-19, is detailed in ***Table-3.4*** below:

Table-3.4: Year-wise details of Receipt and Expenditure

(*₹ in crore*)

Year	Opening Balance	Receipt under CFC	Receipt under SFC	Receipt under own resources	Other receipts and interest (various schemes)	Total funds available	Expenditure (*per cent* to total fund available)	Savings (*per cent* to total fund available)
2016-17	422.69	41.55	254.11	97.43	148.89	964.67	605.55 (*63*)	359.12 (*37*)
2017-18	359.12	107.56	579.78	180.41	118.27	1345.14	814.00 (*61*)	531.14 (*39*)
2018-19	531.14	108.69	591.97	130.07	105.10	1466.97	1068.85 (*73*)	398.12 (*27*)

Source: Directorate of Urban Development, Uttarakhand.

As is evident from the above table, the ULBs could not match the pace of expenditure with the flow of funds during 2016-19. The percentage of expenditure as against the available funds ranged between 61 and 73 *per cent* in the ULBs. Consequently, a huge amount was lying unspent at the end of each financial year, which is indicative of poor planning and implementation on the part of the ULBs in achieving intended objectives within the prescribed period.

3.9 Devolution of functions

As a follow-up of the 74th Constitutional (Amendment) Act, 1992, the Government of Uttarakhand was required to entrust and transfer 18 functions to the ULBs. Out of these, 14 functions have been transferred to ULBs and four functions are yet to be transferred as detailed in ***Table-3.5(a)*** and ***Table-3.5(b)*** below:

Table-3.5(a): Functions entrusted and transferred to ULBs

Sl. No.	Particulars
1.	Vital statistics including registration of births and deaths
2.	Slum improvement and upgradation
3.	Urban poverty alleviation
4.	Provision for urban amenities and facilities such as parks, gardens, playgrounds
5.	Burials and burial grounds; cremations, cremation grounds; and electric crematoriums
6.	Cattle pounds; prevention of cruelty to animals
7.	Regulation of slaughter houses and tanneries
8.	Public amenities including street lighting, parking lots, bus stops and public conveniences
9.	Planning for economic and social development
10.	Safeguarding the interests of weaker sections of society, including the handicapped and mentally retarded
11.	Promotion of cultural, educational and aesthetic aspects
12.	Roads and bridges
13.	Public health, sanitation conservancy and solid waste management
14.	Urban planning including town planning

Table-3.5(b): Functions not transferred to ULBs

Sl. No.	Particulars
1.	Regulation of land-use and construction of buildings
2.	Urban forestry, protection of the environment and promotion of ecological aspects
3.	Fire Services
4.	Water supply for domestic, industrial and commercial purposes.

The State Government departments are implementing the above-mentioned four functions.

3.10 Accounting System in Local Bodies

3.10.1 Statutory requirements and accounting arrangements

Article 243-Z of the Constitution of India mandates that the States would make provisions with respect to maintenance of accounts in ULBs. The provisions relating to maintenance of accounts, therefore, emanate from the governing statutes or rules framed thereunder.

3.10.2 Basis and periodicity of accounting

National Municipal Accounting Manual (NMAM) was developed (November 2004) by the Ministry of Urban Development, Government of India under the guidance of the Comptroller and Auditor General (CAG) of India. On the basis of this manual, the Uttarakhand Government had prepared (December 2011) its own Uttarakhand Municipal Accounting Manual (UMAM) for all the tiers of Urban Local Bodies in the State. The State Government has also issued directions to all ULBs in the State to adopt the double entry accounting system for maintaining their accounts.

The Directorate informed audit that out of total 92 ULBs, only 34 ULBs for 2017-18 and 78 ULBs for 2018-19 had prepared and finalized their Balance Sheets.

3.11 Audit Coverage

Audit of accounts of 31 units of ULBs ***(Appendix-3.3)*** was conducted by the Principal Accountant General (Audit), Uttarakhand during 2017-18 and 28 units of ULBs during 2018-19.

3.11.1 Audit of Local Bodies by Primary Auditor

The status of audit of accounts of ULBs conducted by the Director of Audit, Uttarakhand (erstwhile DLFA[2]) during 2015-19 is detailed in ***Table-3.6*** below:

Table-3.6: Status of audit of accounts of ULBs

Local Body	2015-16		2016-17		2017-18		2018-19	
	Auditable units	Units audited	Auditable units	Units audited	Auditable units	Units audited	Auditable units	Units audited
Nagar Nigam	06	03	06	03	08	02	08	04
Nagar Palika Parishad	32	20	32	18	40	24	40	24
Nagar Panchayat	30	20	45	15	34	21	41	22
Total	***68***	***43(63)***	***83***	***36(43)***	***82***	***47(57)***	***89***	***50(56)***

Figures in the parentheses indicate percentage
Source: Directorate of Audit, Uttarakhand.

As is evident from the above table, the audit coverage ranged between 43 *per cent* and 63 *per cent* during 2015-19. Further, 1,508 IRs were forwarded during 2017-18 and 1,956 IRs during 2018-19 to the Office of the Principal Accountant General (Audit) by the Director (Audit) as the primary auditor (PA). Observations on the scrutiny of 311 IRs for the year 2017-18 and 500 IRs for the year 2018-19 were referred to the Director (Audit) for initiating corrective measures. The observations included matters relating to delayed submission of the reports, flaws in reporting patterns and on selection of topics for audit.

3.11.2 Response to Audit observations

Audit of ULBs, through test check of records by the Office of the Principal Accountant General (Audit), Uttarakhand is followed up by issuing of Inspection Reports (IRs) to the State Government/ULB Directorate with a copy to the concerned ULB. Time limit of four weeks is fixed for prompt response by the authorities to all such paragraphs included

[2] Director of the Local Fund Audit.

in the IRs issued by the Audit. The details of IRs and the outstanding paragraphs are given in ***Table-3.7*** below:

Table-3.7: Year- wise details of IRs issued and paragraphs outstanding as of March 2019

Sl. No.	Year of Issue	No. of IR issued (ULBs)	No. of outstanding Paragraphs (ULBs)	No. of Paragraphs settled during the year	Total outstanding Paragraphs at the end of the financial year
1.	Upto 2012-13	19	180	NIL	180
2.	2013-14	15	83	02	81
3.	2014-15	11	88	03	85
4.	2015-16	21	118	07	111
5.	2016-17	21	129	NIL	129
6.	2017-18	31	175	10	165
7.	2018-19	28	126	01	125
Total		***146***	***899***	***23***	***876***

As of March 2019, 876 paragraphs pertaining to 146 IRs were yet to be settled for want of satisfactory replies. Lack of adequate response indicates non-compliance and erosion of accountability in the ULBs.

CHAPTER-4

RESULTS OF AUDIT OF URBAN LOCAL BODIES

CHAPTER 4: RESULTS OF AUDIT OF URBAN LOCAL BODIES

4.1 Introduction

Out of six *Nagar Nigams* (NNs), *43 Nagar Palika Parishads* (NPPs) and 43 *Nagar Panchayats* (NPs) in the State, four NNs, 12 NPPs and 15 NPs were audited during 2017-18 and out of eight *Nagar Nigams*[1] (NNs), *41 Nagar Palika Parishads* (NPPs) and 43 *Nagar Panchayats* (NPs) in the State, three NNs, 13 NPPs and 12 NPs were audited during 2018-19 as detailed in ***(Appendix-4.1)***. These Urban Local Bodies (ULBs) were mainly funded by grants from the Central Government on the recommendations of Central Finance Commission (CFC) and the State Finance Commission (SFC) besides from their own sources of revenue.

Audit brought out several instances of lapses in management of resources and failures in the observance of norms of regularity, propriety and economy. These have been described in the succeeding paragraphs:

4.2 Short realization of Revenue

Own revenue collection in the form of taxes is necessary for the local bodies under the provisions made in the Uttar Pradesh Municipalities Act, 1916 (as applicable in Uttarakhand). The 14th Central Finance Commission emphasised that performance grants will be disbursed to those municipalities which will show an increase in their own revenue. In addition to the above, the Director, Urban Development Directorate, Uttarakhand had also directed[2] (July 2014) all ULBs to ensure that collection of taxes levied by ULBs should be more than 90 *per cent.*

4.2.1 Short collection of House Tax

Scrutiny of records of 12 test checked ULBs ***(Appendix-4.2)*** during 2017-18 and 2018-19 revealed that none of the ULBs was able to collect the house tax above 90 *per cent* during 2016-17 and 2017-18 as directed by the Directorate. Further, it was also noticed that the collection of house tax ranged from 13 to 74 *per cent* of the demand raised. Six out of 12 ULBs could not collect even 50 *per cent* house tax against the total tax demanded. Further, it was also noticed that none of the ULBs received any performance grants and these ULBs failed to augment their own resources by collecting house tax.

On this being pointed by Audit, the ULBs accepted the facts and stated that due to shortage of manpower full collection could not be achieved. The ULBs further stated that efforts for full collection of house tax were being made.

The short collection of tax not only hampered the public services to be provided by the ULBs as funds were not available for taking up infrastructure projects but also deprived

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1 NPP Rishikesh and NPP Kotdwar were upgraded to Nagar Nigam in 2018-19.

2 No. 760/श.वि.नि.-1213/अधि.नि./2008/2014 dated 17 July 2014.

the ULBs from receiving the performance grant. The State Government should provide adequate manpower to the ULBs so that ULBs are able to perform the functions assigned to them and are able to achieve the target set for collection of revenue.

4.2.2 Non-realisation of Shop Rents of ₹2.01 crore

It was noticed that in seven ULBs, rental charges amounting to ₹ 138.39 lakh were pending recovery as on 31 March 2017 and in four ULBs, rental charges amounting to ₹ 62.52 lakh were pending recovery as on 31 March 2018. The rental charges were pending against those individuals who had been allotted shops owned by these ULBs (***Appendix 4.3***).

The concerned ULBs stated that notices would be served upon the defaulters, and the amount would be recovered shortly.

4.3 Non-compliance to Solid Waste Management Rules, 2016

According to Municipal Solid Waste (Management and Handling) Rules 2000, issued by the Ministry of Environment and Forest, GoI, every municipal authority is responsible for collection, segregation, storage, transportation, processing and disposal of municipal solid wastes. Amending the Municipal Solid Waste (Management and Handling) Rules 2000, Solid Waste Management Rules, 2016 were prepared which are applicable outside the boundaries of the municipal areas also.

As per various sections of Solid Waste Management Rules, 2016 it is the duty of the municipal authorities to:

- frame bye-laws incorporating the provisions of these rules within one year from the date of notification of these rules and ensure timely implementation {section 15 (e)};
- ensure that the operator of a facility provides personal protection equipment including uniform, fluorescent jacket, hand gloves, raincoats, appropriate foot wear and masks to all workers handling solid waste and the same are used by the workforce {section 15 (zd)};
- prepare and submit annual report in Form IV on or before the 30th April of the succeeding year to the Commissioner or Director, Municipal Administration or designated Officer {section 15 (za)}; the annual report shall then be sent to the Secretary-in-charge of the State Urban Development Department or village panchayat or rural development department and to the respective State Pollution Control Board or Pollution Control Committee by the 31 May of every year {section 15 (zb)}; and
- educate workers including contract workers and supervisors for door to door collection of segregated waste and transporting the unmixed waste during primary and secondary transportation to processing or disposal facility {section 15 (zc)}.

During the scrutiny of records pertaining to period 2016-17 and 2017-18 of seven and four ULBs respectively (***Appendix-4.4***), it was found that out of total 170 metric tons, 153.7 metric tons solid waste generated within the municipal limit was being collected from houses without scientific segregation and also community bins were not kept in the municipal areas. Apart from it, it was also found that:

- for processing of solid waste and landfills no authorization letter was obtained from the Uttarakhand Environment Protection and Pollution Control Board (UEPPCB), as required under rule 15 (y);
- annual report was not being sent to Urban Development Directorate and UEPPCB except by NPP Herbertpur, as required under rule 24 (2);
- no compost plant, processing unit and scientific landfills were available within the municipal limit. That resulted in unauthorized dumping of unprocessed collected waste on the Forest land, as required under rule 15 (v) and 15 (w); and
- no training was provided to workers engaged in segregation and collection of solid waste as required under rule 15 (i) of Solid Waste Management Rules, 2016.

On being pointed out in audit, the ULBs while admitting the facts and figures replied that the entire solid waste could not be collected because of scarcity of vehicles and the solid waste could not be segregated because of non-availability of compost plant, processing unit and scientific landfills.

4.4 Creation of ₹52.88 crore liabilities of retired/serving employees

Records of NN Haridwar, NPPs Ramnagar, Tanakpur and NN Haldwani revealed that liabilities towards pension, retirement gratuity, provident funds, leave encashment and pay/arrears of retired employees of NN Haridwar, NPPs Tanakpur and Ramnagar were ₹ 14.67 crore, ₹ 1.66 crore and ₹ 2.19 crore respectively. In addition, NN Haridwar had liabilities of ₹ 7.07 crore of serving employees towards their pay arrears and PF contributions pertaining to the period from January 2006 to March 2017. Further, NN Haldwani had liabilities of ₹ 27.28 crore. Details of liabilities of test checked ULBs are at ***Appendix-4.5***.

On being pointed out by Audit, NNs accepted the fact and stated that due to non-availability of funds, the payments could not be made and the Government had been requested to make funds available for the same. NPP Tanakpur stated that due to implementation of 6th Pay Commission in ULBs, the payment could not be made due to limited sources of NPP; and the matter had been referred to the Government. NPP Ramnagar stated that the payment of retired employees would be made from grants of State Finance Commission as and when made available.

The replies of the NN/NPPs are not acceptable as the GoU had already directed to the Urban Development Department that the additional burden on account of implementation of 6th Pay Commission in ULBs will have to be borne by the respective ULBs from their own resources and no additional financial assistance will be provided by the Government.

4.5 Implementation of New Contributory Pension Scheme

In accordance with the Government of Uttarakhand (GoU) order dated 25 October 2005, the implementation of New Contributory Pension Scheme (NPS) was made compulsory for all new entrants in Government Services and in all Autonomous Bodies under control of Government from 01 October 2005. GoU by its order dated 21 November 2007 had further clarified that Autonomous Bodies and Local Bodies where Contributory Pension Scheme was implemented and salary was not being disbursed under Integrated Pay and Accounts System, would make safe investment of NPS contribution in the Nationalised Banks or in such agencies where the rate of interest will not be less than the GPF rate of interest till the time of appointment of Fund Manager for Pension Fund of Uttarakhand State and as and when the Fund manager is appointed, the NPS amount including the interest amount along with the details of each employee will be transferred to Fund Manager[3].

In test checked 15 ULBs[4] during 2018-19, it was found that none of these ULBs implemented the provisions of NPS in accordance with provisions of the scheme even after lapse of more than 12 years from the commencement of the scheme. The details of irregularities in test checked 15 ULBs are at ***Appendix-4.6***. However, the major observations are given below:

- The Permanent Retirement Account Number (PRAN) had not been issued to any of the employees of the test checked 15 ULBs and contributions share of the employees and/or employers were being deposited in the Saving Bank Accounts with minimal rate of interest.
- In seven NPPs[5], neither contribution of employers' share nor the employees share were being deducted and deposited into the NPS Accounts. No individual bank accounts were opened for employees covered under NPS.
- In NPP Srinagar, only the contribution of employers at the rate of 12 *per cent* of emoluments against prescribed 10 *per cent* was being deposited into NPS Saving Bank Accounts of individual employees. However, compulsory deduction of 10 *per cent* from salary of employees was not being made and deposited into the NPS Saving Bank Accounts.
- In NPP Pauri, Laksar and NP Kirtinagar, NPS contribution of employees were being deposited in a single Palika Pension Account and no separate accounts were being maintained.

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3 The registration of Urban Development Directorate as Fund Manager is still awaited from NSDL.

4 NN:- Dehradun and Haridwar, NPPs:- Mussoorie, Nainital, Kichha, Srinagar, Laksar, Manglaur, Pauri, Tanakpur, Joshimath, Harbertpur, Almora, NPs:- Sultanpur and Kirtinagar.

5 NPPs: Mussoorie, Nainital, Manglaur, Pauri, Tanakpur, Joshimath and Herbertpur.

On this being pointed out, the Urban Development Directorate, Uttarakhand stated that separate accounts had been opened for the centralized employees in which NPS contribution would be collected from the units and transferred to NSDL. Directorate also informed that ULBs have not provided information related to NPS of non-centralized employee to the Directorate. Hence, NPS was still non-functional in ULBs of the State.

4.6 Short charging of Stamp Duty on agreements

Section 16 and Article 35 of Schedule (1) (b) of the Indian Stamp Act, 1899 stipulate imposition of stamp duty on making of lease / agreement or transfer of immovable property to increase the Government revenue.

The Inspector General (Registration), Government of Uttarakhand had also reiterated[6] that lease agreement / transfer of property deeds had to be made on the stamp of value of two *per cent* of the total value of agreement.

Scrutiny of records of ten ULBs[7] during 2017-18 and 2018-19 revealed that these ULBs collected only ₹ 0.11 lakh stamp duty on immovable property during the period 2016-18 instead of required stamp duty of ₹ 33.42 lakh, causing revenue loss of ₹ 33.31 lakh[8] to the Government.

On this being pointed out by audit, the concerned ULBs accepted the facts and stated that short collection of stamp duty was due to lack of relevant Government Orders and assured that recovery of outstanding stamp duty shall be made.

The reply is not acceptable as collection of stamp duty was to be made by the concerned officials as per Indian Stamp Act while making lease/agreement and order of Inspector General, (Registration) Uttarakhand was only reiteration of what was already mentioned in Stamp Duty Act.

4.7 Non-deduction of Royalty from contractor's bills

As per the notifications (January 2013, February 2016 and May 2016) issued by the Industries Department, royalty had to be deducted from contractor's bills as per specified rates for material extracted for construction from river beds or other places. This royalty had to be deposited in the concerned heads of accounts (0853-Mines and Minerals).

During scrutiny of records, (2017-19) of NPPs Manglaur, Narendra Nagar, Pauri, Rishikesh, NP Swargashram Jonk, NPP Gopeshwar and NN Kotdwar, it was noticed that

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6 No. 375/IG (R)/2012-13 dated 13.07.2012.

7 NN Haridwar, NPP Bageshwar, NPP Kichha, NPP Laksar, NPP Pauri, NPP Ramnagar, NP Kelakhera, NP Sultanpur Patti, NPP Nainital and NN Kotdwar.

8 (i) NN Haridwar: ₹ 2,98,560 (ii) NPP Bageshwar: ₹ 22,869 (iii) NPP Kichha: ₹ 2,02,066 (iv) NPP Laksar: ₹ 44,294 (v) NPP Pauri: ₹ 36,741 (vi) NPP Ramnagar: ₹ 2,12,055 (vii) NP Kelakhera: ₹ 72,180 (viii) NP Sultanpur: ₹ 1,62,580 (ix) NPP Nainital: ₹ 22,33,159 and (x) NN Kotdwar: ₹ 46,425. **Total: ₹ 33,30,929.**

royalty amounting to ₹ 13.52 lakh[9] on 131 works was to be charged from the contractors on extraction of minor minerals by them. However, the same was not deducted from their bills, resulting in the loss of royalty of ₹ 13.52 lakh to the exchequer.

On this being pointed out, the concerned ULBs accepted the facts and stated that royalty would be deposited in the concerned head of accounts after recovery from the related contractors.

4.8 Wasteful expenditure of ₹9.31 lakh

Under the schemes of Jawaharlal Nehru Urban Renewal Mission (JNNURM), Nagar Palika Parishad, Nainital procured (June 2013) two vehicles[10] costing ₹ 9.31 lakh as per approved Detailed Project Report (DPR). Both the vehicles were procured for delivering the services of door to door collection and waste transportation to the landfill. However, both the vehicles were not used for a single kilometer even after a lapse of five years till the date of audit (April 2018) and were lying idle since the date of purchase.

On being pointed out, NPP replied that the vehicles were purchased for transportation of waste to trenching/composting ground but due to non-availability of land for trenching ground, vehicles could not be utilised. The NPP, therefore, failed to utilise the vehicles since their purchase resulting in blocking of funds of ₹ 9.31 lakh. During physical verification, it was noticed that both the vehicles were lying idle in a deteriorated condition.

4.9 Non-deduction of Labour Cess

As per the Building and other Construction Workers (Regulation of Employment and Conditions of Service) Act, 1996 and "Building and other Construction Workers' Welfare Cess Rules, 1998", there shall be levied and collected a cess at the rate of one *per cent* on the cost of construction incurred by employers with a view to augmenting the resources of the building and other construction workers' welfare boards constituted under the said Act.

In compliance of the above, the State Government issued a notification (May 2012) which stated that every establishment, which employs 10 or more workers in any building, or other construction works, are liable to pay cess under the Act including individual residential houses whose total cost of construction exceeds ₹ 10 lakh.

Scrutiny of records of one NN[11] and two NPPs[12] revealed that 40 construction works costing ₹ 6.09 crore were carried out during the period 2016-17 to 2017-18, but labour

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9 (i) NPP Manglaur: ₹ 1,87,207 (ii) NPP Narendra Nagar: ₹ 2,73,366 (iii) NPP Pauri: ₹ 27,763 (iv) NPP Rishikesh: ₹ 5,31,610 (v) NP Swargashram Jonk: ₹ 45,470 (vi) NPP Gopeshwar: ₹ 1,12,712 and (vii) NN Kotdwar: ₹ 1,74,249.

10 Twin bin dumper placer structure with two garbage bins.

11 Nagar Nigam Kotdwar.

12 NPP Gopeshwar and NPP Mussoorie.

cess amounting to ₹ 6.09 lakh was not deducted from the contractors' bills resulting in extending an undue benefit to the contractors besides non-compliance of the notification.

On this being pointed out in audit, the Executive Officers of the said ULBs replied that the deduction of the labour cess would be ensured in future. However, reply was silent about the cases pointed out by audit.

4.10 Submission of UCs worth ₹40 lakh without incurring any expenditure

NPP Nainital received (November 2015) ₹ 40 lakh as first installment against the approved work plan of ₹ 56.41 lakh for renovation of *Durga Shah Municipal Library* on the recommendations (November 2015) of the third State Finance Commission. However, it was noticed (April 2018) that the NPP forwarded (April 2016) UCs of the entire amount to the GoU without incurring any expenditure. Further, NPP had also requested GoU for release of the remaining amount, which was yet to be released (May 2018).

The NPP stated (May 2018) that UCs were sent by mistake and the correspondence in this regard was being done with the Government.

Place: Dehradun
Date: 07 October 2021

(Yogesh Agrawal)
Deputy Accountant General
(Local Bodies)

Countersigned

Place: Dehradun
Date: 07 October 2021

(Pravindra Yadav)
Principal Accountant General (Audit)
Uttarakhand

APPENDICES

Appendix-1.1

(Reference: Paragraph No. 1.3; Page No. 2)

District-wise number of Panchayats in Uttarakhand

Sl. No.	Name of District	Numbers of *Kshetra Panchayats*	Numbers of *Gram Panchayats*
1.	Almora	11	1,166
2.	US. Nagar	07	376
3.	Champawat	04	313
4.	Nainital	08	479
5.	Pithoragarh	08	686
6.	Bageshwar	03	407
7.	Uttarkashi	06	508
8.	Chamoli	09	610
9.	Tehri	09	1,035
10.	Dehradun	06	401
11.	Pauri Garhwal	15	1,174
12.	Rudraprayag	03	336
13.	Haridwar	06	302
	Total	***95***	***7,793***

Appendix-1.2

(Reference: Paragraph No. 1.7, Page No. 7)

Manpower arrangement in Directorate of Audit

Sl. No.	Name of Post	Sanctioned Strength				Shortage in percentage
		Cooperative and Local Funds section		Director of Audit		
		Sanctioned	Men-in-position	Sanctioned	Men-in-position	
1.	Director	-	-	01	01	*0*
2.	Additional Director	-	-	02	-	*100*
3.	Joint Director	-	-	04	-	*100*
4.	Deputy Director	-	-	08	2	*75*
5.	Audit Officer Grade	-	-	50	12	*76*
6.	Assistant Audit Officer	-	-	110	36	*33*
			Total	***175***	***51***	

Source: Directorate of Audit, Uttarakhand.

Appendix-1.3
(Reference: Paragraph No. 1.8; Page No. 7)

Devolution of Subjects in XIth Schedule of Constitution

Subject devolved	Subjects yet to be devolved
1. Drinking Water **2.** Rural Housing **3.** Poverty Alleviation Programme **4.** Education including primary and secondary schools **5.** Adult and non formal education **6.** Libraries **7.** Cultural Activities **8.** Family Welfare **9.** Health and sanitation, including hospitals, primary health centres and dispensaries **10.** Women and Child Development **11.** Social Welfare including welfare of the handicapped and mentally retarded **12.** Public Distribution System **13.** Minor Irrigation, water management and watershed development **14.** Agriculture, including agricultural extension.	**1.** Land improvement, implementation of land reforms, land consolidation and soil conservation. **2.** Animal husbandry, dairying and poultry. **3.** Fisheries. **4.** Social forestry and farm forestry. **5.** Minor forest produce. **6.** Small scale industries, including food processing industries. **7.** *Khadi*, village and cottage industries. **8.** Fuel and fodder. **9.** Roads, culverts, bridges, ferries, waterways and other means of communication. **10.** Rural electrification, including distribution of electricity. **11.** Non-conventional energy sources. **12.** Technical training and vocational education. **13.** Markets and fairs. **14.** Welfare of the weaker sections, and in particular, of the Scheduled Castes and the Scheduled Tribes. **15.** Maintenance of community assets.

Appendix-2.1

(Reference: Paragraph No. 2.1; Page No. 9)

Number of PRIs audited during 2017-18 and 2018-19

Sl. No.	Name of Audited Units	
	2017-18	2018-19
Zila Panchayats		
1.	Zila Panchayat Dehradun	Zila Panchayat Dehradun
2.	Zila Panchayat Haridwar	Zila Panchayat Haridwar
3.	Zila Panchayat Almora	Zila Panchayat Almora
4.	Zila Panchayat Chamoli	Zila Panchayat Chamoli
5.	Zila Panchayat Champawat	Zila Panchayat Champawat
6.	Zila Panchayt Nainital	Zila Panchayat Nainital
7.	Zila Panchayat Rudraprayag	Zila Panchayat Bageshwar
8.	Zila Panchayat U.S.Nagar	Zila Panchayat U.S.Nagar
9.	Zila Panchayat Uttarkashi	Zila Panchayat Uttarkashi
10.		Zila Panchayat Pithoragarh
11.		Zila Panchayat Pauri
Kshetra Panchayats		
1.	Kshetra Panchayat Chakrata	Kshetra Panchayat Doiwala
2.	Kshetra Panchayat Raipur	Kshetra Panchayat Kalsi
3.	Kshetra Panchayat Vikas Nagar	Kshetra Panchayat Sahaspur
4.	Kshetra Panchayat Bhikiyasain	Kshetra Panchayat Tarikhet
5.	Kshetra Panchayat Chaukhutia	Kshetra Panchayat Dhauladevi
6.	Kshetra Panchayat Hawalbagh	Kshetra Panchayat Dwarahat
7.	Kshetra Panchayat Sult	Kshetra Panchayat Champawat
8.	Kshetra Panchayat Syalde	Kshetra Panchayat Pati
9.	Kshetra Panchayat Takula	Kshetra Panchayat Kapkot
10.	Kshetra Panchayat Bageshwar	Kshetra Panchayat Garur
11.	Kshetra Panchayat Dasholi	Kshetra Panchayat Ghat
12.	Kshetra Panchayat Gairsain	Kshetra Panchayat Karnprayag
13.	Kshetra Panchayat Joshimath	Kshetra Panchayat Tharali
14.	Kshetra Panchayat Barakot	Kshetra Panchayat Bhagwanpur
15.	Kshetra Panchayat Lohaghat	Kshetra Panchayat Khanpur
16.	Kshetra Panchayat Bahadarabad	Kshetra Panchayat Narsan
17.	Kshetra Panchayat Laksar	Kshetra Panchayat Bhimtal
18.	Kshetra Panchayat Roorkee	Kshetra Panchayat Kotabag
19.	Kshetra Panchayat Betalghat	Kshetra Panchayat Okhalkanda
20.	Kshetra Panchayat Dhari	Kshetra Panchayat Ramgarh
21.	Kshetra Panchayat Haldwani	Kshetra Panchayat Dugadda
22.	Kshetra Panchayat Ramnagar	Kshetra Panchayat Dwarikhal
23.	Kshetra Panchayat Beeronkhal	Kshetra Panchayat Ekeshwar
24.	Kshetra Panchayat (Lansdowne) Jaiharikhal	Kshetra Panchayat Khirsu
25.	Kshetra Panchayat Nainidanda	Kshetra Panchayat Pauri
26.	Kshetra Panchayat Pabo	Kshetra Panchayat Dharchula
27.	Kshetra Panchayat Rikhnikhal	Kshetra Panchayat Munsyari
28.	Kshetra Panchayat Thalisain	Kshetra Panchayat Munakot
29.	Kshetra Panchayat Yamkeshwar	Kshetra Panchayat Agastyamuni
30.	Kshetra Panchayat Berinag	Kshetra Panchayat Jakholi
31.	Kshetra Panchayat Didihat	Kshetra Panchayat Pratapnagar
32.	Kshetra Panchayat Gangolihat	Kshetra Panchayat Bhilangana
33.	Kshetra Panchayat Kanalichhina	Kshetra Panchayat Jakhnidhar
34.	Kshetra Panchayat Pithoragarh	Kshetra Panchayat Kirtinagar
35.	Kshetra Panchayat Ukhimath	Kshetra Panchayat Bazpur
36.	Kshetra Panchayat Chamba	Kshetra Panchayat Kashipur
37.	Kshetra Panchayat Jaunpur (Thatyud)	Kshetra Panchayat Khatima
38.	Kshetra Panchayat Thauldhar	Kshetra Panchayat Chinyalisaur
39.	Kshetra Panchayat Gadarpur	Kshetra Panchayat Naugaon
40.	Kshetra Panchayat Jaspur	Kshetra Panchayat Purola
41.	Kshetra Panchayat Sitarganj	Kshetra Panchayat Pokhara
42	Kshetra Panchayat Rudrapur	Kshetra Panchayat Dewal
43.	Kshetra Panchayat Bhatwari	Kshetra Panchayat Bhaisiya chhana
44.	Kshetra Panchayat Dunda	Kshetra Panchayat Kot
45.	Kshetra Panchayat Mori	Kshetra Panchayat Lomgra

Appendix-2.2

(Reference: Paragraph No. 2.1.3; Page No. 11)

Details of Labour Cess not deducted

(₹in lakh)

Sl. No.	Name of Unit	District	Expenditure incurred	Labour Cess (One *per cent* of Expenditure incurred)
1.	Zila Panchayat, Uttarkashi	Uttarkashi	100.97	1.01
2.	Zila Panchayat, Champawat	Champawat	950.24	9.50
3.	Zila Panchayat, Haridwar	Haridwar	2,340.43	23.40
4.	Kshetra Panchayat, Laksar	Haridwar	166.48	1.66
5.	Kshetra Panchayat, Yamkeshwar	Pauri	102.00	1.02
6.	Kshetra Panchayat, Rudrapur	US Nagar	141.39	1.41
7.	Kshetra Panchayat, Kalsi	Dehradun	102.52	1.03
8.	Kshetra Panchayat, Bhagwanpur	Haridwar	125.17	1.25
9.	Kshetra Panchayat, Pratapnagar	Tehri	101.89	1.02
10.	Kshetra Panchayat, Dugadda	Pauri	118.86	1.19
11.	Kshetra Panchayat, Pokhra	Pauri	128.00	1.28
12.	Kshetra Panchayat, Khirsu	Pauri	103.35	1.03
13.	Kshetra Panchayat, Bazpur	US Nagar	131.18	1.31
14.	Kshetra Panchayat, Kashipur	US Nagar	103.28	1.03
15.	Kshetra Panchayat, Khatima	US Nagar	114.33	1.14
16.	Kshetra Panchayat, Bhimtal	Nainital	134.33	1.34
17.	Kshetra Panchayat, Kotabag	Nainital	124.07	1.24
18.	Kshetra Panchayat, Garur	Bageshwar	105.00	1.05
		Grand Total	***5,193.49***	***51.91***

Appendix-2.3
(Reference: Paragraph No. 2.1.4; Page No. 11)

Details of Incomplete Projects

(₹in lakh)

Sl. No.	Name of Scheme	No. of Incomplete Projects	Sanctioned Amount	Released/ Expenditure Incurred Amount	Period of Delay (in years)
1.	BADP[1]	18	115.00	61.66	2
2.	Tourism[2]	77	132.39	122.21	2-6
3.	SFC[3]	46	55.80	55.80	2-5
4.	MLALAD[4]	617	714.63	493.51	1-5
5.	MPLAD[5]	220	318.24	278.86	1-4
6.	Mera Gaon Meri Sadak[6]	27	1125.93	703.59	1-3
	Total	***1,005***	***2,461.99***	***1,715.63***	

Source- Information provided by DDOs, DRDAs & ZPs.

[1] Information collected from ZPs audited in the year 2018-19.
[2] Information collected from ZPs audited in the year 2017-18.
[3] Information collected from ZPs audited in the year 2017-18.
[4] Information collected from DDOs audited in the year 2018-19.
[5] Information collected from DRDAs audited in the year 2017-18 and 2018-19.
[6] Information collected from DDOs audited in the year 2018-19.

Appendix-2.4

(Reference: Paragraph No. 2.1.5; Page No. 11)

Details of Interest not deposited in the relevant head

(₹in lakh)

Sl. No.	Name of Unit	District	Amount
Audit period 2017-18			
1.	District Panchayati Raj Officer, Champawat	Champawat	27.84
2.	Zila Panchayat, Champawat	Champawat	51.66
3.	Kshetra Panchayat, Jaunpur	Tehri	17.84
4.	Kshetra Panchayat, Thalisain	Pauri	12.27
5.	Kshetra Panchayat, Rikhnikhal	Pauri	14.35
6.	Kshetra Panchayat, Bageshwar	Bageshwar	13.21
7.	Kshetra Panchayat, Syaldey	Almora	13.46
8.	Kshetra Panchayat, Betalghat	Nainital	10.31
9.	Kshetra Panchayat, Berinag	Pithoragarh	19.68
		Total	***180.62***
Audit period 2018-19			
1.	District Panchayati Raj Officer, Dehradun	Dehradun	138.00
2.	Zila Panchayat, Almora	Almora	28.96
3.	Kshetra Panchayat, Tarikhet	Almora	11.10
4.	Kshetra Panchayat, Tharali	Chamoli	21.35
5.	Kshetra Panchayat, Agastyamuni	Rudraprayag	11.20
6.	Kshetra Panchayat, Jakholi	Rudraprayag	12.92
7.	Kshetra Panchayat, Jakhnidhar	Pauri	19.82
8.	Kshetra Panchayat, Dugadda	Pauri	14.42
9.	Kshetra Panchayat, Pauri	Pauri	25.79
10.	Kshetra Panchayat, Ekeshwar	Pauri	11.46
11.	Kshetra Panchayat, Bhagwanpur	Haridwar	19.05
12.	Kshetra Panchayat, Khatima	US Nagar	29.74
13.	Kshetra Panchayat, Munsyari	Pithoragarh	62.37
14.	Kshetra Panchayat, Dharchula	Pithoragarh	10.92
15.	Kshetra Panchayat, Kapkot	Pithoragarh	10.28
16.	Kshetra Panchayat, Munakot	Pithoragarh	23.99
17.	Gram Panchayat, Badkot Mafi (KP Doiwala)	Dehradun	1.04
18.	Gram Panchayat, Dhakiya Kala (KP Kashipur)	US Nagar	1.82
19.	Gram Panchayat, Chakarpur (KP Bazpur)	US Nagar	1.45
20.	Gram Panchayat, Mahragaon (KP Bheemtal)	Nainital	1.62
21.	Gram Panchayat, Khetamanmati (KP Dewal)	Chamoli	1.15
22.	Gram Panchayat, Paingarh (KP Tharali)	Chamoli	1.22
		Total	***459.67***
		Grand Total	***640.29***

Appendix-2.5
(Reference: Paragraph No. 2.1.6; Page No. 12)

Details of Royalty not deposited in the relevant head

(₹in lakh)

Audit period 2017-18			
Sl. No.	**Name of Unit**	**District**	**Amount**
1.	Kshetra Panchayat, Laksar	Haridwar	1.03
2.	Kshetra Panchayat, Bin	Pithoragarh	1.29
3.	Kshetra Panchayat, Bageshwar	Bageshwar	5.01
		Total	***7.33***
Audit period 2018-19			
1.	Zila Panchayat, Almora	Almora	2.50
2.	Kshetra Panchayat, Bhilangana	Tehri	1.24
3.	Kshetra Panchayat, Agastyamuni	Rudraprayag	1.82
4.	Kshetra Panchayat, Bazpur	US Nagar	2.88
5.	Kshetra Panchayat, Khatima	US Nagar	4.76
6.	Kshetra Panchayat, Munakot	Pithoragarh	1.86
7.	Gram Panchayat Badkot Mafi (KP Doiwala)	Dehradun	1.22
		Total	***16.28***
		Grand Total	***23.61***

Appendix-2.6

(Reference: Paragraph No. 2.1.8; Page No. 12)

Details of Cash Payment in Gram Panchayats

(₹in lakh)

Sl. No.	Name of units	District	Amount
1.	GP Rishikesh, KP Doiwala	Dehradun	8.96
2.	GP Badkot, KP Doiwala	Dehradun	22.54
3.	GP Sahaspur, KP Sahaspur	Dehradun	89.32
4.	GP Sarmoli, KP Munsyari	Pithoragarh	9.86
5.	GP Bajli, KP Pauri	Pauri	8.44
6.	GP Ramtoli, KP Dharchula	Pithoragarh	5.77
7.	GP Gathigada, KP Munakot	Pithoragarh	5.42
8.	GP Gagar, KP Pati	Champawat	8.03
9.	GP Chhataula, KP Ramgarh	Nainital	5.01
10.	GP Bohrakot, KP Ramgarh	Nainital	5.78
11.	GP Khalsi, KP Chinyalisaur	Uttarkashi	6.89
12.	GP Jeshtwadi, KP Chinyalisaur	Uttarkashi	10.16
13.	GP KadiyalGaon, KP Purola	Uttarkashi	11.33
14.	GP Khadkyasem, KP Purola	Uttarkashi	6.15
		Total	***203.66***

Appendix-3.1
(Reference: Paragraph 3.5; Page No. 14)

District-wise number of ULBs in Uttarakhand (as on 31 March 2019)

Sl. No.	Name of District	Nagar Nigams	Nagar Palika Parishads	Nagar Panchayats
1.	Dehradun	NN Dehradun	NPP Vikas Nagar	NP Selaqui
		NN Rishikesh	NPP Mussoorie	
			NPP Herbertpur	
			NPP Doiwala	
2.	Haridwar	NN Haridwar	NPP Manglaur	NP Jhabreda
		NN Roorkee	NPP Laksar	NP Landhaura
			NPP Shivalik Nagar	NP Bhagwanpur
				NP Piran Kaliyar
3.	Uttarkashi		NPP Uttarkashi	NP Naugaon
			NPP Barkot	NP Gangotri
			NPP Chinyalisaur	NP Purola
4.	Chamoli		NPP Joshimath	NP Badrinath
			NPP Gauchar	NP Nandprayag
			NPP Karnprayag	NP Pokhari
			NPP Gopeshwar	NP Gairsain
				NP Tharali
				NP Pipalkoti
5.	Tehri Garhwal		NPP Tehri	NP Kirtinagar
			NPP Narendranagar	NP Ghansali
			NPP Chamba	NP Gaja
			NPP Devprayag	NP Lamgaon
			NPP Munikireti - Dhalwala	NP Chamiyala
6.	Rudraprayag		NPP Rudraprayag	NP Kedarnath
				NP Agastyamuni
				NP Ukhimath
				NP Tilwara
7.	Pauri Garhwal	NN Kotdwar	NPP Pauri	NP Swargashram (Jaunk)
			NPP Srinagar	NP Satpuli
			NPP Dugadda	
8.	Pithoragarh		NPP Pithoragarh	NP Gangolihat
			NPP Dharchula	NP Berinag
			NPP Didihat	
9.	Champawat		NPP Champawat	NP Lohaghat
			NPP Tanakpur	NP Banbasa
10.	Almora		NPP Almora	NP Dwarahat
			NPP Ranikhet	NP Bhikiyasain
				NP Bhatrojkhan
11.	Bageshwar		NPP Bageshwar	NP Kapkot
12.	Nainital	NN Haldwani	NPP Nainital	NP Kaladhungi
			NPP Ramnagar	NP Lalkuan
			NPP Bhawali	NP Bhimtal
13.	Udham Singh Nagar	NN Kashipur	NPP Gadarpur	NP Mahuwa Dabra Haripura
		NN Rudrapur	NPP Jaspur	NP Sultanpur
			NPP Bajpur	NP Kelakheda
			NPP Kichchha	NP Dineshpur
			NPP Sitarganj	NP Shaktigarh
			NPP Khatima	NP Nanakmatta
			NPP Mahuwakhera Ganj	NP Gularbhoj

Appendix-3.2

(Reference: Paragraph 3.6; Page No. 14)

Details of Standing Committees constituted in Urban Local Bodies (ULBs)

S. No.	Name of District	Nagar Nigams	Nagar Palika Parishads	Nagar Panchayats
1.	Dehradun	NN Dehradun	NPP Vikas Nagar	
			NPP Mussoorie	
			NPP Herbertpur	
2.	Haridwar	NN Roorkee		
3.	Uttarkashi			
4.	Chamoli		NPP Gopeshwar	
			NPP Joshimath	
			NPP Gauchar	
5.	Tehri Garhwal		NPP Chamba	NP Kirtinagar
6.	Rudraprayag		NPP Rudraprayag	
7.	Pauri Garhwal		NPP Pauri	
			NPP Srinagar	
8.	Pithoragarh		NPP Pithoragarh	
			NPP Didihat	
9.	Champawat			
10.	Almora			
			NPP Almora	NP Dwarahat
11.	Bageshwar			
12.	Nainital	NN Haldwani	NPP Nainital	NP Kaladhungi
			NPP Bhawali	
13.	Udham Singh Nagar	NN Rudrapur	NPP Gadarpur	NP Sultanpur
			NPP Sitarganj	NP Dineshpur

Appendix-3.3

(Reference: Paragraph 3.11; Page No. 18)

Number of ULBs audited during the Financial Years 2017-18 and 2018-19

Sl. No.	Name of audited units	
	2017-18	**2018-19**
Nagar Nigams		
1.	Rudrapur	**1.** Haridwar
2.	Roorkee	**2.** Haldwani
3.	Haridwar	**3.** Kotdwar
4.	Dehradun	
Nagar Palika Parishad		
1.	Rishikesh	**1.** Ranikhet-Chiniyanaula
2.	Manglaur	**2.** Gopeshwar, Chamoli
3.	Kichha	**3.** Champawat
4.	Joshimath	**4.** Vikas Nagar
5.	Narendra Nagar	**5.** Mussoorie
6.	Rudraprayag	**6.** Nainital
7.	Pauri	**7.** New Tehri
8.	Srinagar	**8.** Dugadda
9.	Ramnagar	**9.** Pithoragarh
10.	Tanakpur	**10.** Gadarpur
11.	Almora	**11.** Bazpur
12.	Bageshwar	**12.** Barkot
		13. Chinyalisaur
Nagar Panchayat		
1.	Harbertpur	**1.** Bhikiyasain
2.	Laksar	**2.** Kapkot
3.	Landhaura	**3.** Badrinath
4.	Purola	**4.** Banbasa
5.	Pokhari	**5.** Bhagwanpur
6.	Gairsain	**6.** Lalkuan
7.	Kirti Nagar	**7.** Ghansali
8.	Agastyamuni	**8.** Satpuli
9.	Swargashram Jaunk	**9.** Berinag
10.	Gangolihat	**10.** Kedarnath
11.	Dwarahat	**11.** Mahuwadabra
12.	Bhimtal	**12.** Nanakmatta
13.	Sultanpur Patti	
14.	Kelakhera	
15.	Shakti Garh	

Appendix-4.1
(Reference: Paragraph No. 4.1; Page No. 21)

List of Audited units of ULBs

Sl. No.	Name of audited units	
	2017-18	**2018-19**
Nagar Nigams		
1.	Rudrapur	**1.** Haridwar
2.	Roorkee	**2.** Haldwani
3.	Haridwar	**3.** Kotdwar
4.	Dehradun	
Nagar Palika Parishad		
1.	Rishikesh	**1.** Ranikhet
2.	Manglaur	**2.** Gopeshwar
3.	Kichha	**3.** Champawat
4.	Joshimath	**4.** Vikas Nagar
5.	Narendra Nagar	**5.** Mussoorie
6.	Rudraprayag	**6.** Nainital
7.	Pauri	**7.** New Tehri
8.	Srinagar	**8.** Dugadda
9.	Ramnagar	**9.** Pithoragarh
10.	Tanakpur	**10.** Gadarpur
11.	Almora	**11.** Bazpur
12.	Bageshwar	**12.** Barkot
		13. Chinyalisaur
Nagar Panchayat		
1.	Harbertpur	**1.** Bhikiyasain
2.	Laksar	**2.** Kapkot
3.	Landhaura	**3.** Badrinath
4.	Purola	**4.** Banbasa
5.	Pokhari	**5.** Bhagwanpur
6.	Gairsain	**6.** Lalkuan
7.	Kirti Nagar	**7.** Ghansali
8.	Agastyamuni	**8.** Satpuli
9.	Swargashram Jaunk	**9.** Berinag
10.	Gangolihat	**10.** Kedarnath
11.	Dwarahat	**11.** Mahuwadabra
12.	Bhimtal	**12.** Nanakmatta
13.	Sultanpur Patti	
14.	Kelakhera	
15.	Shakti Garh	

Appendix-4.2
(Reference: Paragraph No. 4.2.1; Page No. 21)
Short Collection of house tax

(**₹*in lakh***)

House tax collection details in ULBs								
Sl. No.	**Name of ULB**	**Opening Balance**	**Current Demand**	**Total Demand**	**House Tax Collected**	**Collection in *per cent***	**Closing Balance**	**Year**
1.	NPP Almora	29.87	89.37	119.24	88.50	*74*	30.74	2016-17
2.	NPP Joshimath	7.78	13.62	21.40	14.85	*69*	6.55	
3.	NPP Pauri	73.75	41.95	115.70	31.08	*27*	84.62	
4.	NPP Ramnagar	113.62	83.46	197.08	94.88	*48*	102.20	
5.	NPP Rudraprayag	7.28	8.42	15.70	8.48	*54*	7.22	
6.	NPP Srinagar	34.35	18.73	53.08	15.81	*30*	37.27	
7.	NP Kelakhera	5.71	3.10	8.81	1.24	*14*	7.57	
8.	NP Kirtinagar	0.95	0.76	1.71	0.92	*54*	0.79	
9.	NP Shaktigarh	15.84	11.16	27.00	3.54	*13*	23.46	
10.	NP Sultanpur	2.19	0.84	3.03	0.55	*18*	2.48	
11.	NPP Gopeshwar	14.81	25.69	40.50	21.13	*52*	19.37	2017-18
12.	NN Kotdwar	8.17	24.59	32.76	21.76	*66*	11.00	
Total		***314.32***	***321.69***	***636.01***	***302.74***	***48***	***333.27***	

Source: concerned ULBs.

Appendix-4.3

(Reference: Paragraph No. 4.2.2; Page No. 22)

Details of pending shop rents

(₹ *in lakh*)

Sl. No.	Name of ULB	Pending shop rent	Year
1.	NPP Srinagar	29.84	2016-17
2.	NPP Rudraprayag	5.92	
3.	NPP Pauri	4.47	
4.	NPP Joshimath	22.00	
5.	NPP Almora	25.79	
6.	NPP Ramnagar	47.21	
7.	NP Sultanpur Patti	3.16	
	Total	***138.39***	
8.	NN Kotdwar	4.79	2017-18
9.	NPP Barkot	5.27	
10.	NPP Vikasnagar	13.51	
11.	NPP Gopeshwar	38.95	
	Total	***62.52***	
	Grand Total	***200.91***	

Source: concerned audited units.

Appendix-4.4
(Reference: Paragraph 4.3; Page No. 23)

Details of Solid Waste

(in metric ton)

Sl. No.	Name of ULB	Quantity of solid waste	Collected solid waste	Year
1.	NPP Rudraprayag	3.00	2.50	2016-17
2.	NPP Ramnagar	19.00	15.20	
3.	NPP Harbertpur	4.00	4.00	
4.	NPP Pauri	10.00	8.00	
5.	NP Joshimath	5.00	5.00	
6.	NPP Rishikesh	30.00	22.00	
7.	NPP Sultanpur Patti	3.00	3.00	
8.	NN Haldwani	80.00	80.00	2017-18
9.	NPP Vikasnagar	8.00	8.00	
10.	NPP Gopeshwar	6.00	5.00	
11.	NP Bhagwanpur	2.00	1.00	
	Total	***170.00***	***153.70***	

Source: concerned audited units.

Appendix-4.5

(Reference: Paragraph No. 4.4; Page No. 23)

Details of liabilities on account of dues of retired/serving employees

(₹ in lakh)

Sl. No.	Name of ULB	Type of Liability	Amount
1.	**NN Haridwar**	**Retired Employees**	
		Pension arrears	885.06
		Retirement Gratuity	463.62
		Employees Provident Fund	5.42
		Leave Encashment	31.91
		Pay/ACP Arrears	81.12
		Serving Employees	
		Pay/ACP Arrears	692.17
		Employees Provident Fund	15.16
		Total	***2,174.46***
2.	**NPP Tanakpur**	Pension arrears	120.20
		Retirement Gratuity	34.41
		Pay/ACP Arrears	11.40
		Total	***166.01***
3.	**NPP Ramnagar**	Pension arrears	292.67
		Retirement Gratuity	166.50
		Less paid in May and August 2017	240.03
		Total	***219.14***
4.	**NN Haldwani**	Pension arrears	1,098.57
		Retirement Gratuity	977.48
		Employees Provident Fund	88.50
		Leave Encashment	292.10
		6^{th} & 7^{th} Pay commission Arrears	271.58
		Total	***2,728.23***
		Grand Total	***5,287.84***

Source: concerned ULBs.

Appendix-4.6

(Reference: Paragraph No. 4.5; Page No. 24)

Details of irregularities observed regarding NPS in ULBs

Sl. No.	Name of ULBs	Irregularities observed during the audit
1.	**NN Dehradun**	**1.** NPS contribution was being deposited in Saving Bank Accounts with normal interest rate. **2.** No NPS ledger and individual pass books were being maintained for employees.
2.	**NN Haridwar**	**1.** NPS contribution was being deposited in Saving Accounts with normal interest rate. **2.** Out of 127 *Safai Karmcharis* covered under NPS, contribution of 119 employees for period of September 2016 to Mar 2017 was not deposited into their bank accounts. Bank accounts of remaining eight employees were not opened till the date of Audit.
3.	**NPP Kichha**	**1.** NPS contribution was being deposited in Saving Accounts with normal interest rate. **2.** Out of 25 employees covered under NPS, only five employees' individual bank pass books were being maintained. No NPS ledger was maintained.
4.	**NPP Srinagar**	**1.** NPS contribution of Employer share (12 *per cent* of Basic Pay + Grade Pay+ DA) was being deposited in Saving Accounts with normal interest rate. **2.** Employees' share of NPS was not being deducted from the salary of the employees.
5.	**NPP Laksar**	**1.** Out of 12 employees covered under NPS, the contribution (Employees & Employers' share) of only six employees was being deposited in a single Account maintained by NPP. **2.** Neither any deduction of remaining six employees being made nor being deposited into any account.
6.	**NPP Manglaur**	No NPS contribution was being deducted and deposited from the date of joining of the employees. However, 10 employees joined NPP after 01 October 2005.
7.	**NPP Pauri**	**1.** No NPS contribution was being deducted and deposited from the date of joining of the employees. However, 24 employees joined NPP after 01 October 2005. **2.** Pension contribution like old pension schemes in NPPs (12 *per cent* of Basic Pay + Grade Pay + DA) was being deposited in Palika Pension Account.

8.	**NPP Tanakpur**	No NPS contribution was being deducted and deposited from the date of joining of the employees. However, 19 employees joined NPP after 01 October 2005.
9.	**NPP Joshimath**	1. No NPS contribution was being deducted and deposited from the date of joining of the employees. However, 14 employees joined NPP after 01 October 2005. **2.** Pension contribution from Palika Funds (12 *per cent* of Basic Pay + Grade Pay+ DA) in respect of three employees was being deposited into their saving bank accounts.
10.	**NPP Harbertpur**	No NPS contribution was being deducted and deposited from the date of joining of the employees. However, 10 employees joined NPP after 01 October 2005.
11.	**NPP Almora**	**1.** NPS contribution of Employer share (10 *per cent* of Basic Pay + Grade Pay+ DA) was being deposited in Saving Accounts with normal interest rate. **2.** Employees' share of NPS was not being deducted from the salary of the employees.
12.	**NP Sultanpur**	**1.** NPS contribution was being deposited in Saving Accounts with normal interest rate. **2.** In the NPS ledger, the contribution of employees was being shown as PF and Employer's contribution as was NPS contribution. **3.** Frequent withdrawal was being made by the employees from these accounts.
13.	**NP Kirtinagar**	Employees & Employers contribution towards NPS was being deposited in "Palika Pension Account" being operated for old pension schemes. No individual record of NPS was being maintained by the NP.
14.	**NPP Mussoorie**	No NPS contribution was being deducted and deposited from the date of joining of the employees. However, 10 employees joined NPP after 01 October 2005.
15.	**NPP Nainital**	No NPS contribution was being deducted and deposited from the date of joining of the employees. However, 10 employees joined NPP after 01 October 2005.