

## Press Brief

The Report of the Comptroller and Auditor General of India on Local Self-Government Institutions for the year ended March 2022, Government of Kerala (Report No.4 of 2024) has been laid on the table of Kerala Legislative Assembly on 11 July 2024. The Audit Report has been presented to the Kerala Legislative Assembly in accordance with Article 151(2) of the Constitution of India.

The summary of the important points highlighted in the Report is given below:

### **Performance Audit on ‘Assessment, levy, collection and accounting of property tax in Urban Local Bodies’**

- The digital database prepared by test checked ULBs was incomplete and not supported by door-to-door enumeration. The Municipal Act/Rules did not have clear provisions mandating regular enumeration of properties, resulting in the ULBs not possessing a list of entire buildings that could be assessed to property tax.

*(Paragraphs 3.5.1 and 3.5.2)*

- The test checked ULBs failed in performing GIS mapping of properties for better realisation of property tax.

*(Paragraph 3.5.3)*

- Property tax was not being collected from many un-aided educational institutions, commercial buildings and from many GOI/GOK/BSNL buildings. In test-checked ULBs, 442 instances of non-assessment of property tax amounting to ₹10.20 crore (excluding penalty) were observed.

*(Paragraph 3.6.1)*

- Audit came across 10,285 instances of short assessment of property tax amounting to ₹38.27 crore.

*(Paragraph 3.6.2)*

- As ULBs are providing civic services to the public, they are rightly eligible to collect service cess as a percentage of property tax collected. Inaction by the ULBs in levying service cess resulted in loss of potential revenue of ₹84.40 crore.

*(Paragraph 3.7.1)*

- Substantial amount of tax remained uncollected in the test checked ULBs. On an average only 43 and 69 *per cent* of property tax demanded was collected by Municipal Corporations and Municipalities respectively.

*(Paragraph 3.8)*

- Audit observed several instances of monitoring failures which resulted in unauthorised constructions and lapses in internal control. Failure on the part of test-checked ULBs in detecting unauthorized constructions resulted in loss of ₹4.87 crore.

*(Paragraph 3.11)*

### **Subject-Specific Compliance Audit on ‘Implementation of Deen Dayal Upadhyaya Grameen Kaushalya Yojana’**

- Audit noticed awarding of projects worth ₹23.99 crore to ineligible Project Implementing Agencies (PIAs) and sanctioning of projects worth ₹12.26 crore in excess of eligibility, resulting in undue pecuniary benefits to PIAs.

*(Paragraph 4.6)*

- Various instances of malpractices and forgeries by PIAs such as use of forged bank statements to claim project cost, round tripping of money to show that salary was credited to the bank accounts of all candidates, showing existing employees as trainee candidates, etc., revealed ineffectiveness of internal controls in Kudumbashree. The PIAs involved in fraudulent practices were found to be awarded projects worth ₹28.23 crore.

*(Paragraphs 4.7.1, 4.7.1.2, 4.7.1.3, 4.7.1.5)*

### **Compliance Audit paragraphs**

- Lack of exercise of due care in ascertaining the genuineness of beneficiaries and in overseeing the mode of implementation of a loan-linked project by Thiruvananthapuram Municipal Corporation resulted in misappropriation of ₹5.79 crore through release of subsidy amount to persons who had not availed any loans.

*(Paragraph 5.1)*

- Defective planning and lack of feasibility study by District Panchayat, Kasaragod and the Project Officer, District Khadi and Village Industries Office, rendered expenditure of ₹44.01 lakh incurred on the purchase of 45 looms infructuous.

*(Paragraph 5.2)*