

OVERVIEW

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

During 2003-04 to 2005-06, the shortfall in revenue expenditure in 18 ULBs ranged between 20 and 78 *per cent* affecting the quality of civic services to the people.

[Paragraph 2.1(b)]

The expenditure under capital section for creation of assets had decreased by four *per cent* from Rs 59.10 crore in 2003-04 to Rs 56.83 crore in 2004-05. Although increased by 48 *per cent* to Rs 84.06 crore during 2005-06, there was a shortfall of 45 *per cent* in utilisation vis-à-vis the budget provisions. The decreasing trend of mobilisation of capital fund and under utilisation narrowed the scope of augmentation / extension of services to the tax payers.

[Paragraph 2.1(c)]

The excess expenditure of Rs.19.17 crore incurred by 10 ULBs during 2003-04 to 2005-06 has not been regularized.

[Paragraph 2.1(d)]

The expenditure of Rs 221.49 crore incurred during 2001-02 and 2005-06 by 22 ULBs could not be vouchsafed due to non preparation of annual financial statements for periods ranging from one year to eight years.

[Paragraph 2.2(a)]

Due to non-preparation of Balance Sheets by 65 ULBs, the financial status of these local bodies could not be verified.

[Paragraph 2.3(a)]

The Balance Sheet of KMC for the year ending 31 March 2005 revealed that several items under liability were understated to the extent of Rs.404.49 crore and assets were overstated by Rs.105.59 and excess of income over expenditure was overstated by Rs.73.13 crore.

[Paragraph 2.3(c)]

Non reconciliation of the cash balance of KMC as on 31 March 2005 has resulted in overstatement of assets by Rs.31.19 crore, underlining the need for resolution of the issue.

[Paragraph 2.3(d)]

Fifty four *per cent* of available resources could not be utilised by 55 ULBs in 2004-05 mainly due to non execution/ delay in implementation of schemes.

[Paragraph 2.4]

Ten ULBs diverted Rs.2.67 crore sanctioned for specific purposes during the years 2001-02 to 2005-06 depriving the beneficiaries of the intended benefits.

[Paragraph 2.5]

Twelve ULBs did not repay loan of Rs.15.15 crore and accumulated huge liability of Rs.38.95 crore. The increasing liabilities adversely impact the financial stability of the ULBs and in turn constricts their capacity to raise market loans and develop infrastructural facilities for the rate payers.

[Paragraph 2.7]

All primary schools under the municipalities stood transferred to the District Primary School Council (DPSC) together with their lands, buildings and other properties. All teachers and other staff shall be deemed to be employed by DPSC with effect from 15 April 1992.

Despite the above arrangement for taking over liabilities of primary schools, nine municipalities incurred a total expenditure of Rs 10.58 crore towards salary of employees and maintenance of primary schools during the period 1992-2006.

[Paragraph 2.10]

The delay ranging from one month to 21 years in crediting of Provident Fund money by 13 ULBs resulted in loss of interest on Provident Fund account to the tune of Rs. 4.22 crore accrued during the intervening period which created an additional burden on them.

[Paragraph 2.14]

Rishra, Jhalda and Mekhliganj municipalities did not maintain 'Pension and Gratuity Fund' to ensure timely payment of retirement benefits to their employees.

[Paragraph 2.15]

No arrangement has been made in 69 ULBs for internal audit of their accounts.

[Paragraph 2.21]

Due to delay in revision of property tax ranging from 3 months to 17 years, 14 ULBs suffered a loss of revenue of Rs.28.84 crore.

[Paragraph 3.3]

Inadmissible remission allowed in property tax resulted in loss of revenue of Rs.78 lakh in 13 ULBs.

[Paragraph 3.4]

Non imposition of surcharge on commercial / industrial holdings by 25 ULBs resulted in loss of revenue of Rs.3.01 crore during 1994-2006.

[Paragraph 3.5]

Thirteen ULBs sustained a loss Rs.5.21 crore due to non imposition or under imposition of water charge during February 2002 to March 2006.

[Paragraph 3.6]

Despite prohibition, 27 ULBs irregularly spent Rs.16.59 crore during the years 1995-96 to 2005-06 on engagement of casual staff.

[Paragraph 4.2]

Six ULBs purchased materials worth Rs.1.38 crore without inviting any tender/ quotations and four other municipalities executed works for Rs.1.75 crore without open competition during 2002-05.

[Paragraph 5.1]

The failure to complete works within the stipulated dates by 16 ULBs deprived the local people of the benefits and blocked funds of Rs.4.98 crore.

[Paragraph 5.5]

Low utilisation of grants under National Slum Development Programme (NSDP) during 2004-05 undermined efforts of the Government in providing basic amenities to slum dwellers.

Thirty five ULBs spent Rs.24.51 crore under NSDP during 2001-06 without declaring slum areas which frustrated the objectives. Works valued at Rs.17.25 crore were executed through contractors by 34 ULBs without involving the beneficiaries.

Twenty six ULBs diverted Rs.5.22 crore from NSDP grants during 2002-06 and 17 ULBs did not take up any work for construction of shelters during 2001-06, thus depriving shelterless beneficiaries from getting the benefit of earmarked funds of Rs.1.10 crore.

[Paragraph 6.1]

The percentage of utilisation of Basic Minimum Service grants during 2004-05 ranged from zero *per cent* to 17 *per cent* in 16 ULBs.

Seven ULBs engaged contractors for execution of works valuing Rs. 2.16 crore under BMS thereby losing Rs.21 lakh towards contractors' profit. Further eight ULBs diverted Rs.93.92 lakh from BMS beyond the scope/purview of the scheme.

[Paragraph 6.2]

The percentage of utilisation of Swarna Jayanti Sahari Rozgar Yojana grants in 47 ULBs during 2003-04 was 58 *per cent* only.

[Paragraph 6.3]

Twenty ULBs diverted Eleventh Finance Commission grant of Rs.2.04 crore for executing works not covered under the objectives of the grant.

[Paragraph 6.4.2]

Leasing out 228.31 cottahs of land on lease on EM Bye-Pass at a lower premium caused loss of Rs.4.09 crore to Kolkata Municipal Commission.

[Paragraph 7.1]

The Bus Terminus constructed by Bishnupur Municipality in 1989 remained unutilised for 18 years resulting in unfruitful expenditure of Rs.30.53 lakh.

[Paragraph 7.2]

The non functioning of the Bus Terminus and the Market Centre constructed by Gobardanga Municipality resulted in blocking of funds of Rs 66.32 lakh and adversely impacted the scope for improving the resource generation capacity of the Municipality.

[Paragraph 7.3]