

CHAPTER-VII

OTHER IMPORTANT OBSERVATIONS

7.1. Surcharge under Local Fund Audit Act, 1925 made ineffective

Section 9 (2) (b) of the Jharkhand and Orissa Local Fund Audit Act, 1925 required the notices to be served upon the surchargees (responsible for irregular payments, loss of amount etc. ascertained in course of audit). The Examiner of Local Accounts (E.L.A.) sent the notices to the Collector of the District where the ULBs are situated for service to the surchargees.

Audit found that in the case of 12 ULBs, 63 notices covering Rs 34.99 lakh were issued during 2001-2006 but in no case the Collector of the District had sent to the E.L.A. the service reports of the notices. Further action viz issue of surcharge order and requisition of certificate for recovery of the amounts from the surcharges could not be taken (Appendix-15). The matter was taken up with the Chief Secretary also but no action has yet been taken.

7.2. Irregular appointment of Lawyers

As per Cabinet Secretariat, Government of Bihar letter no. 3/CS/M-704/94-3897 dated 16.08.1994, all civil suit cases relating to Boards, Corporation, Government/Semi-Government organizations under the Control of the State Government were to be dealt with by a panel of advocates constituted by the Law Department of the State Government. In violation of the above instructions, Ranchi Municipal Corporation directly engaged different lawyers to deal with their cases during the year 2005-06 and spent Rs 9.73 lakh on them (Appendix-16).

This vitiated the internal control mechanism of the department.

7.3. Irregular Payment of Deputation Allowance

As per Finance Department memo No. 3/F 1-9010/76-1866 F dated 25.2.1977, deputation allowance was not admissible to the officials temporarily transferred to the Corporation.

In violation of the above instruction, RMC paid Rs 0.20 lakh to Dr. (Mrs) Rekha Rani Singh during 26 December 2001 to 31 March 2006. No action was taken by RMC to recover the amount as of March 2007.

7.4 Cash and Account branches not kept distinct from each other

As per rule 2C of Bihar Municipal Accounts Rules, 1928, the cash and account branches of each Municipal office shall be kept distinct from each other and under distinct officer, who, for the purpose of these rule, will be termed Tax Daroga/Cashier and Accountant. In no case shall the same person compile the Municipal accounts and superintend the collection of the rates and other municipal income.

But in violation of the above instructions of the Government in Daltonganj and Chas Municipalities & Khunti and Bundu N.A.Cs, the cash and account branches were not kept distinct, and the same person compiled the municipal account and made/superintended the collection of the rates and other municipal income. This rendered the system vulnerable to financial irregularity.

7.5 Payment vouchers not produced to audit

In case of seven ULBs, payment vouchers for 2004-06 amounting to Rs 6.14 crore were not made available to audit for test check (Appendix -17).

Due to non production of the vouchers before audit, the genuineness of payment could not be ascertained in audit as the expenditure remained unscrutinised. Thus, non production of payment vouchers rendered the system vulnerable to fraud and corruption.