

OVERVIEW

This Report contains eight chapters, containing observations of audit on accounting procedures and financial management, revenue receipts, establishment, material management, implementation of schemes, performance audit as well as other important issues. A synopsis of the Audit findings is presented in this overview.

Excess expenditure of Rs 13.53 crore over the budget provision incurred by 12 ULBs during 2005-06 to 2007-08 has not been regularized.

[Paragraph 2.1.2]

Out of 40 ULBs in the Kolkata Metropolitan area, only two ULBs had submitted their accounts for 2006–07. All 85 ULBs in non-metropolitan area had not submitted even the opening balance sheets as on 1 April 2007.

[Paragraph 2.2]

Six ULBs did not reconcile their cash book balance with the bank balance and four ULBs had not prepared the Receipt and Payment Accounts for 2004–07.

[Paragraph 2.3.1 & 2.3.2]

Six out of 48 ULBs diverted Rs.79.33 lakh sanctioned for specific purposes during the years 2004–05 to 2006–07 depriving the beneficiaries of the intended benefits.

[Paragraph 2.6]

Fifteen ULBs accumulated a liability of about Rs.35.98 crore due to non-payment of loan in time. The increasing liabilities adversely impact the financial stability of the ULBs and in turn reduce their capacity to raise market loans for developmental works.

[Paragraph 2.8]

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 were deemed to be employed by DPSC with effect from 15 April 1992. Despite this arrangement for taking over liabilities of primary schools by DPSC, 14 ULBs incurred a total expenditure of Rs.5.59 crore towards salary of employees and maintenance of primary schools during the period 1992–08.

[Paragraph 2.11]

Delay by 11 ULBs ranging from one month to 10 years in crediting money into Provident Fund resulted in loss of interest on Provident Fund account to the tune of Rs.4.82 crore, thereby creating an additional burden on them.

[Paragraph 2.14]

Inadmissible remission allowed in property tax resulted in loss of revenue of Rs.89.64 lakh in three ULBs.

[Paragraph 3.3]

Non-imposition of surcharge on property tax for commercial holdings by 25 ULBs during 2001–08 resulted in loss of revenue of Rs 3.13 crore.

[Paragraph 3.4]

Eight ULBs sustained a loss of Rs.4.16 crore due to non imposition or under imposition of water charge during the period from February 2003 to the date of audit.

[Paragraph 3.5]

In violation of the norms fixed by the State Government regarding employment of staff, four ULBs irregularly spent Rs.3.71 crore during the years 2005–07 on engagement of excess casual staff.

[Paragraph 4.1]

In absence of Special Fund, five ULBs failed to pay gratuity and pension to the retired employees and accrued a liability of Rs.5.86 crore as of March 2007.

[Paragraph 4.2]

Coochbehar Municipality and Siliguri Municipal Corporation procured cement from local market instead of from the West Bengal Essential Commodity Supply Corporation (WBECSC) resulting in avoidable expenditure of Rs.23.39 lakh.

[Paragraph 5.1]

Developmental works left incomplete by six ULBs, even after the lapse of a considerable period, failed to generate expected revenue rendering the entire expenditure of Rs.3.55 crore unproductive.

[Paragraph 5.2]

Sixteen ULBs had not utilised Rs.10.78 crore out of Rs.23.13 crore received under Employment Generation Scheme grants as of March 2008. Seven ULBs expended Rs.5.18 crore under the scheme without involving the Community Development Societies (CDS). The expenditure on wages by seven ULBs was far below 40 *per cent* of the total cost of work, implying non-generation of employment of approximately 34782 mandays. Englishbazar and Alipurduar municipalities failed to utilise earmarked grants of Rs.35.58 lakh during 2005-08 for generation of employment among SC / ST category.

[Paragraph 6.1]

Eight ULBs had expended Rs.6.03 crore of the National Slum Development Programme fund during 2005-08 for development of the entire municipal area without targeting identified slum areas. Works valued at Rs.5.01 crore were executed through contractors by 15 ULBs during 2004-08 without involving CDS. Five ULBs diverted Rs.56.08 lakh during 2003 – 07. Fifteen ULBs did not take up any work against the earmarked fund of Rs.1 crore for construction of shelter during 2005-08.

During 2003-07, 10 ULBs spent Rs.4.44 crore without setting up Neighbourhood Committee / Slum Development Committee.

[Paragraph 6.2]

Burdwan Municipality paid old age pension to 426 beneficiaries under National Old Age Pension Scheme during March 2000 to March 2008 though the pensioners were below the age of 65 years at the time of sanction.

[Paragraph 6.3.2]

PERFORMANCE AUDIT

INTERNAL CONTROL MECHANISM IN BIDHANNAGAR MUNICIPALITY

Internal controls of the Bidhannagar Municipality were inadequate and ineffective. The Municipality had unspent fund of Rs.8.07 crore, some of which had been received in 2003-04. The Cash Book was not written on the day of transaction and the Annual Accounts for 2006-07 was not submitted to Audit. Under-valuation of three holdings had led to loss of property tax of Rs.9.86 crore upto second quarter of 2005. Advances of Rs.79.60 lakh were booked in final head of account without adjustment vouchers. Materials worth Rs.44.51 lakh were purchased during 2005-06 to 2007-08 without inviting tender / quotations. The whereabouts of 12 submersible pumps valuing Rs.18.77 lakh was not known to the Municipality. The works of Rs.31.29 lakh were not recording in the measurement book.

[Paragraph 7.1]

SOLID WASTE MANAGEMENT

The management of municipal solid waste is the responsibility of the municipality under the 74th Constitutional amendment. The Kolkata Municipal Corporation (KMC) has the responsibility of managing about 4000 tones per day of solid waste. A review of the management of solid waste by KMC revealed non-compliance with the Rules issued by the Government of India, with serious implications for health and environmental hazards.

The provisions of the Municipal Solid Waste (Management and Handling) Rules, 2000 (MSWMHR) have not been implemented even 8 years after they came into force. House to house waste collection was not regular and satisfactory. The reducing, recycling and reusing of waste as well as reducing load on transportation and land fill were not achieved due to non-segregation of waste at source. Insufficient number of containers and existence of open storage points led to littering and non compliance of the norms for storage safety. Less than half of the existing transportation capacity was being utilised and the cost of transportation was high, indicating inefficiencies in the transportation management. There was uneven deployment of working force in collection and transportation of waste and the monitoring staff did not do their allotted duty. KMC did not take any protective measures to prevent adverse effect on the health of the conservancy staff engaged in manual handling of solid waste. Improper disposal system led to contamination at Dhapa site with adverse environmental consequences which were not addressed. No action has been taken to prevent recycling of toxic waste through consumption of

agricultural and horticultural produce from the area. Absence of processing of waste led to production of green house gas which caused land subsidence and environmental degradation.

(Paragraph 7.2)

CAR PARKING PROJECTS ON PPP BASIS

KMC awarded two multistoried car parking projects at Rowdan Street and Lindsay Street to a private partner without competitive bid. The financial and other interests involving investment of land by KMC were not safeguarded. The agreed annual revenue was only five *per cent* of gross revenue of the parking projects. Even after investment of land valued at Rs.29.14 crore, KMC gave interest free loan of Rs.3.00 crore to the private partner resulting in loss of interest of Rs.3.53 crore. KMC did not opt to share lease premium of commercial outlets at Lindsay Street mall which resulted in huge monetary loss. The projects failed to achieve the objective of easing traffic congestion in the project areas and to maintain on-the-street parking income prevailing prior to execution of the projects. In the whole process, the private partner was allowed all the benefits disregarding public safety and the investment made by KMC.

(Paragraph 7.3)

OTHER IMPORTANT CASES

Violating its own code, KMC awarded supply-contract of ductile iron pipe to a company without inviting tender during 2003-2005. Again ignoring the lowest offer received against limited quotations KMC awarded the contract at a higher rate to the same company resulting in excess expenditure of Rs.76.33 lakh.

(Paragraph 8.1)

In Dum Dum Municipality, the revenue of Rs.7.67 lakh collected during June 2005 to March 2007 was not deposited with the Municipality till May 2008 resulting in misappropriation of municipal fund.

(Paragraph 8.2)