

CHAPTER-VII

OTHER IMPORTANT OBSERVATIONS

7.1 Response to Audit Observation

The Administrator, Special Officer and S.D.O are required to comply with observations contained in the Audit Reports (ARs) and rectify the defects and omissions and report their compliance through proper channel to Examiner of Local Accounts (E.L.A.) within three months from the date of issue of audit report. The number of Audit Reports and paragraphs outstanding as of 31 March 2007 are given below:

Sl. No	No. of Audit Reports pending	Year under audit	Name of the ULBs	Total no. of Paras		No. of Paras settled		No. of outstanding Paras	Value of outstanding Paras	
				N.M.V. ⁶	M.V. ⁷	N.M.V.	M.V.		Rs.	P.
1.	9	93-94 to 05-06	Ranchi	333	319	27	10	615	64,06,91,518.95	
2.	14	79-80 to 03-04	Dhanbad	334	228	133	60	369	9,14,05,505.89	
3.	2	2000-01 to 04-05	Giridih	66	35	44	4	53	1,69,89,145.15	
4.	6	83-84 to 04-05	Godda	123	64	19	3	165	2,01,08,346.30	
5.	6	87-88 to 06-07	Sahebganj	160	83	32	8	203	4,59,54,356.25	
6.	3	91-92 to 02-03	Madhupur	101	60	00	00	161	1,66,73,866.11	
7.	5	87-88 to 05-06	Pakur	135	51	28	5	153	19,71,28,040.05	
8.	3	2000-01 to 06-07	Jhumritelaiya	63	22	36	6	43	42,68,215.15	
9.	3	2000-01 to 05-06	Gumla	68	24	00	00	92	4,63,69,120.70	
10.	2	01-02 to 06-07	Chakradharpur	54	27	00	00	81	3,13,72,247.37	
11.	2	01-02 to 06-07	Jamshedpur	34	14	00	00	48	2,18,60,916.00	
12.	9	84-85 to 01-02	Adityapur	212	44	59	5	192	1,94,28,998.36	
13.	3	2000-01 to 05-06	Kharsawan	76	30	18	6	82	20,79,813.56	
14.	12	78-79 to 05-06	Simdega	201	68	103	11	155	75,88,964.61	
15.	9	82-83 to 06-07	Hussainabad	152	61	69	2	142	10849934.33	
16.	8	79-80 to 02-03	Jasidih	202	69	121	24	126	46,73,890.61	
17.	7	88-89 to 06-07	Rajmahal	135	49	27	4	153	2896283.96	
18.	6	87-88 to 02-03	Basukinath	126	39	98	2	65	5285625.17	

⁶ Non-money value Para

⁷ Money value Para

19.	8	86-87 to 05-06	Deoghar	309	131	127	21	292	64950256.93
20.	9	89-90 to 05-06	Hazaribagh	273	171	150	43	251	84690906.53
21.	3	98-99 to 05-06	Dumka	77	20	00	00	97	33636946.81
22.	9	85-86 to 04-05	Daltonganj	219	139	79	22	257	41794450.01
23.	7	93-94 to 05-06	Lohardaga	181	79	80	9	171	55819203.09
24.	15	80-81 to 05-06	Chaibasa	347	174	161	33	327	50147875.28
25.	10	84-85 to 05-06	Jugsalai	259	124	123	31	229	32688691.85
26.	8	85-85 to 05-06	Chas	166	84	8	2	240	75911693.62
27.	8	82-83 to 03-04	Mihijam	138	40	76	3	99	2362606.97
28.	11	84-85 to 06-07	Adityapur	267	71	59	5	274	63819537.32
29.	9	90-91 to 05-06	Khunti	193	54	112	16	119	59315171.45
30.	7	83-84 to 06-07	Bundu	135	39	67	03	104	29,76,333.61
31.	2	87-88 to 05-06	Chhatatand	42	18	00	00	60	6659638.60
32.	6	89-90 to 07-08	Garhwa	138	57	74	16	105	8530624.68
33.	2	84-85 to 05-06	Fusro	45	12	00	00	57	6444552.98
34.	5	82-83 to 03-04	Katras	96	28	00	00	124	10748522.16
35.	5	91-92 to 03-04	Latehar	104	15	58	3	58	4730777.80
36.	11	79-80 to 05-06	Chatra	226	111	83	19	235	6706734.52
37.	2	04-05 to 2000-01	Jamtara	40	20	11	00	49	5988896.15
Total				5830	2674	2082	376	6046	180,35,48,208.88

(Unit wise details given in APPENDIX- 15)

A review of the Audit Reports revealed that the Heads of the offices, whose records were inspected by the Examiner of Local Accounts (E.L.A.), did not send any reply in respect of most of the outstanding audit reports /paragraphs. The Secretary of the Urban Development Department, who was informed of the position, failed to ensure that concerned officers of the ULBs take prompt and timely action. The Secretary of the Urban Development Department and the Chief Secretary of the Government were also apprised of the position in meetings with the Government held on 03 August 2005 and 15 June 2006 respectively. The Secretary of the Urban Development Department and the Finance Department were once again requested through D.O. letters (May 2007 & January 2008) to take proper action for the disposal of outstanding paragraphs. The Chief Secretary to the State Government was also apprised of the fact (September 2007).

In addition, the Chief Secretary to the State Government was also requested to take action for the disposal of outstanding paragraphs having surcharge cases.

7.2. 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 surcharges, 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 21 ULBs, 125 notices covering Rs 138.50 lakh issued during 2000-2007 were pending due to non-receipt of service reports of the notices from the concerned Deputy Commissioners. As a result, further action viz. issue of surcharge order and requisition of certificate for recovery of the amounts from the surcharges could not be taken (APPENDIX-16). The matter was taken up with the Chief Secretary (August 2006, November 2006, May 2007) also but no action has yet been taken.

7.3 Result of Audit

Besides proposal for recovery by surcharge, as dealt in previous paragraph, excess and irregular payment amounting to Rs 35.05 crore, which were detected in audit in 18 ULBs were suggested for recovery from person(s) responsible. At the instance of audit Rs 7.14 lakh were recovered from the persons responsible during the period of audit.

Owing to non-production of records/vouchers/supporting documents/sanction of competent authority, Rs 33.91 crore was held under objection. (APPENDIX- 17)

7.4 Non-adjustment of Advances

Advances aggregating to Rs 24.71 crores, as detailed in APPENDIX-18 to the report, granted by 18 ULBs to employees, suppliers, contractors and engineers for various purposes up to 2006-07 were yet to be adjusted.

Laxity in adjustment of advances over the years has encouraged undesirable practice of blocking of institutional funds for indefinite period and is fraught with the risk of defalcation/misappropriation of Government money. The ULBs had also not maintained the ledger accounts properly. Category wise and year-wise analysis of outstanding advances as of 31 March 2007 could not be prepared due to non/improper maintenance of ledger.

7.5 Loss of interest on Provident Fund

Provident Fund subscription collected by ULBs by deduction from salary of the employees is required to be credited to the fund accounts at Bank between the first and fourth of the next month to avoid loss of interest payable to the subscribers. However, it was noticed that Rs 25.76 lakh, as detailed below, deducted from salary of employees during 1994-95 to 2006-07 in respect of seven ULBs, was not remitted to concerned individual Bank Accounts till March 2007 and the deducted amounts remained in the Municipal Funds.

(Rs in lakh)				
<i>Sl.No.</i>	<i>Name of ULBs</i>	<i>Period of deduction</i>	<i>Amount deducted but not deposited</i>	<i>Minimum loss of interest @ 5% p.a.</i>
1.	Dhanbad	3/2006 to 2/2007	17.29	0.86
2.	Giridih	1/1995 to 3/2005	4.46	2.29
3.	Madhupur	23/8/2000 to 8/10/2002	0.46	0.03
4.	Chakradharpur	5/2005 to 3/2007	1.68	0.16
5.	Jasidih	5/2000 to 3/2006	1.53	0.23
6.	Rajmahal	3/2002 to 7/2004	0.05	0.01
7.	Basukinath	1/2006 to 3/2007	0.29	0.02
Total			25.76	3.60

Hence, the employees sustained a loss of interest of Rs 3.60 lakh upto March 2007 due to non-deposit of P.F. money.

7.6 Payment vouchers not produced to audit

In case of 13 ULBs, payment vouchers for the years 2000-07 amounting to Rs 9.67 crore were not made available to audit for test check (APPENDIX-19).

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

7.7 Irregular appointment of lawyers

As per Cabinet Secretariat, Govt. of Bihar letter no. 3/CS/M-704/94-3897 dated 16 August 1994, all civil suits cases relating to Boards, Corporations, Govt./semi-Govt. 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 Govt. In violation of the above instruction, Ranchi Municipal Corporation directly engaged lawyers other than from panel to deal with their cases during 2005-07 and spent Rs 17.71 lakh on them, which was irregular.

This vitiated the internal control mechanism of the Department.

7.8 Follow up action on previous Annual Audit Report

The Urban Development Department, Government of Jharkhand did not send any reply/ action taken notes as of March 2008, on the paragraphs appeared in the Annual Audit Report for the year ended March 2006, which was forwarded to the Government in September 2007.

Government was also requested for incorporating a suitable clause in the Acts providing institutional arrangement for discussion on the Report. Their response is still awaited (March 2008).