

PREFACE

As per Article 243Z of the Constitution “The Legislature of a State may by law, make provisions with respect to the maintenance of accounts by the Municipalities and the auditing of such accounts”. Government of Jharkhand has adopted the Bihar & Orissa Local Fund Audit Act, 1925 under which the Examiner of Local Accounts, Jharkhand, who heads the Local Audit Department in the office of the Accountant General (Audit), Jharkhand, has been appointed for audit of all the Local Bodies in Jharkhand.

This Report is prepared under the direction of the Comptroller & Auditor General (C&AG) of India for submission to the Government of Jharkhand. The cases mentioned in the Report are among those, which came to notice in course of test audit of accounts of 18 ULBs during 2008-09 as well as those which had come to notice in earlier years.

The purpose of this report is to give an overview of the functioning of ULBs in the State of Jharkhand and to draw the attention of the State Government and ULBs for remedial action for improvement, wherever necessary.

This is the third Annual Audit Report of the Examiner of Local Accounts, Jharkhand on the ULBs. The first such report was prepared for the year ending March 2006.

OVERVIEW

The Report contains eight chapters containing observation of audit on accounts and financial management, revenue receipts, establishment, transaction audit, implementation of schemes, other important observations and conclusion and recommendations.

A synopsis of the audit findings contained in the Report is presented in this overview.

1. Introduction

State Government dissolved all ULBs during the period 1986 to 1995 and since then elections were not taken place. In some of the ULBs elections were conducted in March 2008. Due to non-holding of elections, the ULBs did not receive Rs. 85.69 crore and Rs. 36.86 crore upto 2007-08 under recommendations of the 11th & 12th Finance Commission and under Jawaharlal Nehru National Urban Renewal Mission (JNNURM) respectively.

ULBs are financially dependent on grants and loans from the Government and their own resources are meagre. The available manpower in ULBs is not sufficient. Shortage of staff ranges from 3.85 *per cent* to 100 *per cent*.

(Paragraph 1.1 to 1.10)

2. Accounts and Financial Management

In contravention of the provisions of the Act, 15 ULBs irregularly maintained 110 additional bank accounts and deposited Rs.18.32 crore in them.

(Paragraph 2.1)

Nine ULBs, out of 18 test checked ULBs, did not prepare budget estimates during 2006-08. Remaining nine ULBs prepared unrealistic budget and utilized only 2.37 *per cent* to 87.16 *per cent* of the budget provision.

(Paragraph 2.2)

11 ULBs incurred unauthorized expenditure of Rs. 48.30 crore during 2005-08 without preparing budget estimates.

(Paragraph 2.3)

The expenditure of Rs. 112.97 crore incurred by 17 ULBs could not be scrutinized due to non-preparation of Annual Accounts for the period 2005-08.

(Paragraph 2.4)

Only 41.68 *per cent* of grants & loans were utilized during 2005-08.

(Paragraph 2.5.1)

Basic records viz. Advance Ledger, Loan Register, Loan Appropriation Register, Grant Register, Demand and Collection Register of Holding Tax, Work Register, Unpaid Bill Register, Annual Report, Deposit Ledger, Register of lands, Register of revenue resources, Asset register were not being maintained by most of the ULBs.

(Paragraph 2.6.2)

In nine ULBs, a difference of Rs. 3.83 crore between balances as per Cash book and Bank /Treasury Account was not reconciled.

(Paragraph 2.6.3)

3. Revenue receipts

Koderma, Fusro, Latehar, Jharia and Katras NACs did not impose municipal taxes.

(Paragraph 3.1)

In 13 ULBs, unrealized property tax of Rs. 25.48 crore was outstanding.

(Paragraph 3.2)

Rates of taxes were not revised for the last 4 to 28 years from the date of due for revision despite the provision for its revision after every five years. This resulted in loss of revenue to the ULBs.

(Paragraph 3.4)

Due to non-serving the notices of demand and warrant to tax payers for collection of arrears of holding tax etc. Ranchi Municipal Corporation was deprived of Rs. 0.70 crore & Rs. 0.34 crore respectively in the shape of fine which could have been levied on the delayed payments.

(Paragraph 3.5)

The collecting staff of 11 ULBs misappropriated Rs. 7.85 lakh collected during 2006-2008. Out of this, Rs. 2.05 lakh was recovered from the staff of ULBs at the instance of audit and Rs. 5.80 lakh still lying with the collecting staff.

(Paragraph 3.6)

Rs. 26.97 lakh was outstanding against the settlement money in six ULBs during 2006-08.

(Paragraph 3.8)

Proceeds of the collection of Rs. 2.85 crore, on account of Education/Health Cess, were not remitted into the Government account.

(Paragraph 3.9)

Due to non-imposition of Education/Health cess by four ULBs, the State Government and the ULBs suffered a loss of Rs. 23.15 lakh and Rs. 2.56 lakh respectively.

(Paragraph 3.10)

Two ULBs realized Education Cess at the rate of 40 *per cent* of Holding tax instead of prescribed rate of 50 *per cent*, which resulted in loss of Rs. 22.63 lakh to the State revenue and Rs. 2.51 lakh to the ULBs.

(Paragraph 3.11)

Rs. 1.04 crore and Rs. 4.73 crore were outstanding on account of rent of municipal properties and on account of tax on Government buildings.

(Paragraph 3.12 & 3.13)

4. Establishment

Despite prohibition, 15 ULB's spent irregularly Rs. 4.31 crore during 2005-08 on engaging casual labour.

(Paragraph 4.1)

Rs. 1.71 crore was paid by the Ranchi Municipal Corporation to NGOs for cleaning road etc. without the approval of State Government.

(Paragraph 4.2)

RMC appointed lawyers without consulting Law Departmental of the State Govt. and incurred Rs. 2.45 lakh during 2007-08.

(Paragraph 4.3)

The employees of four ULB's sustained loss of interest due to non-remittance of Provident Fund subscription of Rs. 48.98 lakh in concerned bank accounts.

(Paragraph 4.5)

5. Transaction Audit

Tax deducted at sources of Rs. 29.25 lakh on account of Income Tax, Sales Tax and Royalty were not credited to the heads concerned of Government Accounts.

(Paragraph 5.1)

Rs. 59.64 lakh were paid improperly as contractors profit by ten ULBs to International Social Service Organization against the provision of State Public Works Account Code.

(Paragraph 5.2)

Recovery of Sulabh Shauchalaya loan of Rs. 1.92 crore and interest thereon neither effected nor any account for the same was being maintained.

(Paragraph 5.3)

Double payment of Rs. 3.36 lakh on duplicate invoice was noticed at Chaibasa.

(Paragraph 5.4)

Excess payments of Rs. 9.37 lakh due to non-deduction of Income Tax, Sales Tax, Royalty etc. from contractor's bills, were made by 13 ULB's.

(Paragraph 5.6)

Excess payment of Rs. 51.60 lakh due to non-deduction of penalty from contractor's bills was noticed in 13 ULB's.

(Paragraph 5.8)

Vouchers worth Rs. 3.80 crore for the period 2005-08 were not produced to audit.

(Paragraph 5.9)

6. Implementation of schemes

RMC created an additional liability on account of interest/penalty besides infructuous expenditure of Rs. 27.48 lakh due to non-execution of Lease deed in respect of Integrated Real Estate Project at Jaipal Singh Stadium, Ranchi.

(Paragraph 6.2)

Drain cleaning equipment and Road sweeper purchased at a cost of Rs. 10.77 lakh at Chaibasa remained idle.

(Paragraph 6.3)

Rs. 2.23 crore sanctioned for specific purposes was diverted towards payment of salary to staff.

(Paragraph 6.5)

Govt. Fund of Rs. 9.50 crore received for specific purposes was blocked for years.

(Paragraph 6.6.1)

Public money of Rs. 1.25 crore in respect of desilting of Kanke Dam, Ranchi was blocked for years.

(Paragraph 6.6.2)

Market complexes under IDSMT were not constructed at Hazaribag although 87% of estimated cost was incurred on it.

(Paragraph 6.6.4)

Payment of Rs. 1.47 crore was made to District Land Acquisition Officers without acquisition of land for Modern Bus Stand.

(Paragraph 6.7)

Estimate of Bundu Shahri Water Supply Scheme was enhanced by 70% due to delayed transfer of funds to PHED.

(Paragraph 6.8)

RMC executed agreement at unreasonably higher cost without approval of Central Govt. in respect of DPR under JNNURM

(Paragraph 6.9)

Objectives of Valmiki Ambedkar Malin Basti Awas Yojana (VAMBAY) were yet to be achieved although the scheme was launched on December 2001.

(Paragraph 6.10)

A number of schemes were to be executed departmentally but these schemes were executed through contractors resulted in loss of Rs. 14.95 lakh on account of contractors profit.

(Paragraph 6.11)

Acceptance of unreasonable rates for Detailed Project Report of Drainage cum Sewerage System at Ranchi.

(Paragraph 6.12)

Excess advance of Rs. 10.67 lakh after adjustment, was not refunded by Executing Agents.

(Paragraph 6.13)

7. Other important observations

There was poor response to outstanding audit observations. 6173 audit paras pertaining to the period from 1979-80 to 2007-08 involving Rs. 197.19 crore were outstanding as of December 2008.

(Paragraph 7.1)

Concerned Deputy Commissioners were not taking action on the Surcharge Notices issued by the Examiner of Local Accounts, Jharkhand, Ranchi. As a result, 119 notices involving Rs. 1.39 crore issued during 2000-2009, were pending.

(Paragraph 7.2)

Advances aggregating Rs. 25.73 crore were outstanding against employees, suppliers, Contractors and Engineers.

(Paragraph 7.3)

CHAPTER-I

INTRODUCTION

1.1. Background

Under Section 4 of the Jharkhand Municipal Act, 2000, the State Government may declare a town as a Municipal Corporation, a Municipality or a Notified Area Committee (N.A.C.), on the basis of a population of more than two lakh, not less than forty thousand and twelve thousand respectively and if the town has (1) an average number of not less than four hundred inhabitants per square Kilometer and (2) three-fourth of the adult population are engaged on pursuits other than agriculture.

The total population of Jharkhand State as per 2001 census was 26.95 million and the total population covered by the ULBs was 5.93 million. Two Municipal Corporations, 19 Municipalities and 18 NACs, declared by the State Government, fall under the jurisdiction of the State. Dhanbad Municipal Corporation was created (February 2006) by incorporating areas of Dhanbad Municipality and four NACs i.e. Jharia, Sindri, Katras and Chhatatand. The Municipal Corporations are governed by Ranchi Municipal Corporation (RMC) Act, 2001 whereas; Municipalities and NACs are governed by Jharkhand Municipal Act (JMA), 2000. The term of elected bodies of Municipal Corporation and Municipalities is five years. The State Government dissolved all local bodies during the period 1986 to 1995 and since then fresh elections were held only in March 2008 in 28 out of 39 ULBs. The other 11 ULBs are functioning without having elected bodies as yet. Elections in three ULBs* were not held due to pending court cases. Reason for non-holding of election in the remaining eight ULBs was not stated by the State Government.

In absence of elections, Urban Local Bodies, as envisaged by the 74th Constitutional Amendment, have not come into existence.

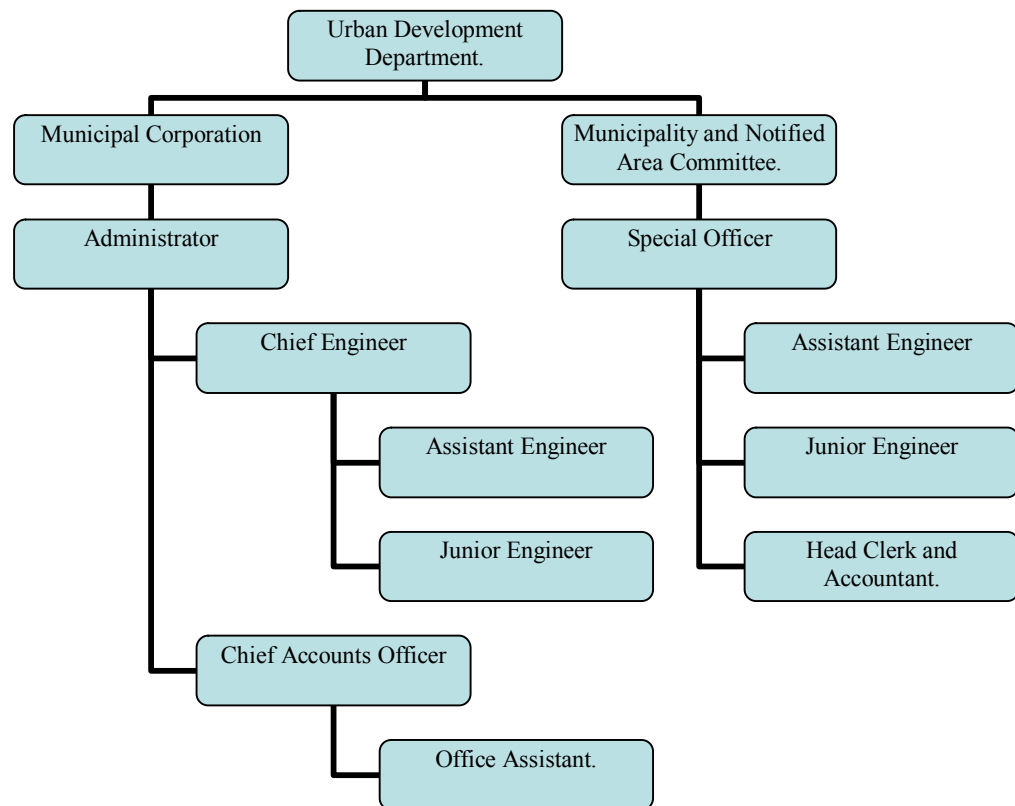
*Jamshedpur, Jugsalai and Mango.

1.2. Organizational setup

In absence of elected bodies, Municipal Corporations, Municipalities and NACs are being administered by an Administrator, a Special Officer and a SDO (Civil)-cum-ex-officio Chairman of the NACs respectively. The Secretary, Urban Development Department, Government of Jharkhand is the prime controlling authority at the State level.

Organograph

The following Organograph will show the Organisational structure of a ULB.



1.3 Powers and Functions

Powers and functions of the ULBs are described in Section 11 A of JMA, 2000 and Section 63 A of RMC Act, 2001. Some of the important functions of the ULBs are as follows:

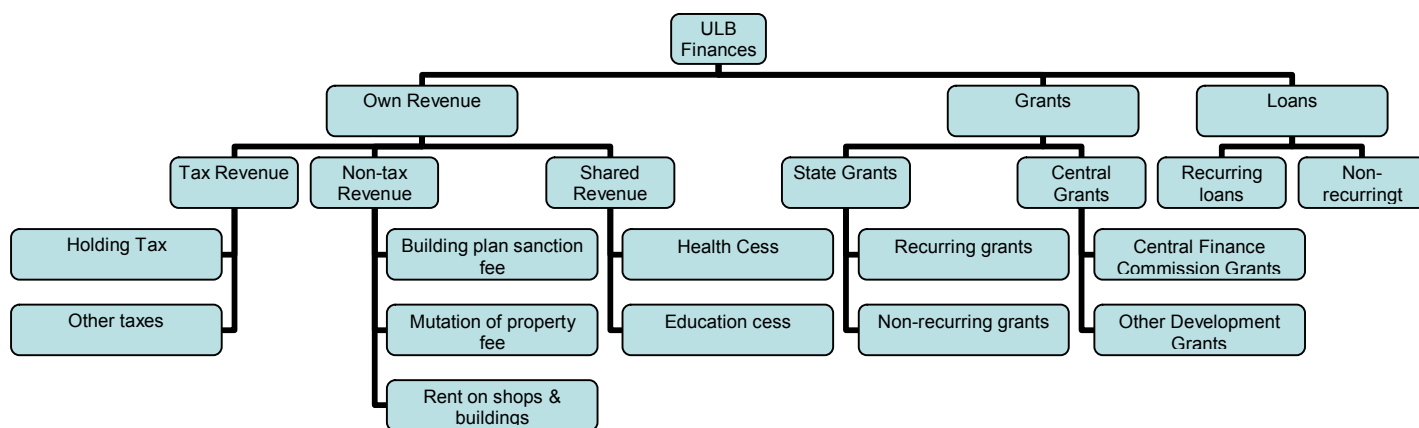
- Urban planning including town planning;
- Regulation of land use and construction of buildings;
- Construction of roads and bridges;

- Water supply for domestic, industrial and commercial purposes and
- Maintenance of public health, sanitation, conservancy and solid waste management.

In addition to the above functions, some other functions, which are also performed by the ULBs, are given in **APPENDIX-1**.

1.4. Financial Profile

The Urban Local Body Fund comprises of receipts from own resources and grants and loans from State Government. A flow chart of finances of the ULBs is as under:



Under the provisions of the Acts in force, all collections such as tax on holding; water tax; latrine tax; collection charges of Health Cess & Education Cess; tax on vehicles; tax on trades, professions, callings and employments; fee on registration of vehicles etc. are sources of tax revenue and building plan sanction fees, mutation of property fees, rent on shops & buildings, tolls and other fees and charges etc. constitute the main source of non-tax revenue. The State Government releases grant-in-aid and loans to the ULBs to compensate their establishment expenses. Grant and assistance are also received from the State Government and the Central Government for implementation of specific schemes and projects.

Financial profile of the 18 test checked ULBs were summarized below:

(Rs in lakh)

Sl. No	Name of ULBs	Period	Opening Balance	Receipts			Grand Total	Expenditure		Total	Closing Balance
				Grant	Loan	Own/Other Sources		Establis hment	Scheme		
1.	Ranchi	2007-08	3390.59	1123.43	734.26	1721.90	6970.18	2413.81	2079.64	4492.85	2477.23
3.	Deoghar	2006-08	859.02	1196.45	1194.54	261.50	3511.51	325.43	751.09	1076.52	2434.99
4.	Hazaribag	2006-08	649.48	519.88	412.89	266.85	1849.10	355.91	575.85	931.76	917.34
5.	Dumka	2006-08	694.75	900.52	1837.39	27.23	3459.89	54.59	1550.37	1604.96	1854.93
6.	Medninagar	2006-08	745.22	295.13	65.94	122.29	1228.58	114.35	340.01	454.36	774.22
7.	Pakur	2006-08	798.74	359.58	85.54	96.46	1340.32	36.98	918.73	955.71	384.61
8.	Jugsalai	2006-08	235.42	163.61	233.86	36.51	669.40	81.36	236.96	318.32	351.08
9.	Gumla	2006-08	779.26	292.27	340.60	129.62	1541.75	212.16	818.78	1030.94	510.81
10.	Lohardaga	2006-08	241.09	441.44	875.40	78.03	1645.96	82.67	738.83	821.51	824.45
11.	Chaibasa	2006-08	275.53	238.50	171.47	164.19	849.69	184.25	354.12	538.37	311.32
12.	Katras	2005-06	64.70	3.23	0.14	2.59	70.66	3.70	40.17	43.87	26.79
13.	Jharia	2005-06	92.57	38.95	10.95	5.70	148.17	26.37	100.59	126.96	21.21
14.	Bundu	2006-07	214.87	16.63	8.91	11.30	251.71	7.19	146.25	153.44	98.27
15.	Khunti	2006-08	142.92	159.27	167.45	1.00	470.64	5.00	356.07	361.07	109.57
16.	Mihijam	2006-07	450.05	45.95	22.14	3.18	521.32	16.18	87.86	104.04	417.28
17.	Latehar	2006-07	174.15	18.01	22.16	17.47	231.79	8.13	121.32	129.45	102.34
18.	Fusro	2006-07	244.24	86.66	51.58	17.99	400.47	NA	NA	127.11	273.36
19.	Koderma	2005-07	160.15	122.15	106.14	7.06	395.50	9.31	263.84	273.15	122.35

From the above table it is clear that the ULBs are financially dependent on grants/loans from the Government and their own revenues are meagre. Suitable action may be taken to enhance the percentage of collection of revenues by issuing more demand notices, warrants etc. to taxpayers, other collection drives alongwith penal measures against the taxpayers/collecting staff and to curtail avoidable expenditure, by the ULBs.

1.5. Audit Arrangement

The audit of the ULBs is conducted by the Examiner of Local Accounts, Jharkhand under Jharkhand & Orissa Local Fund Audit Act, 1925.

Under Section 120 (1) of RMC Act, 2001, the Annual Accounts of the Corporation shall be subject to audit under the Jharkhand and Orissa Local Funds Audit Act, 1925.

For the said Act, the Corporation shall be deemed to be a local authority whose accounts have been declared by the State Government to be subject to audit under Section 3 of the said Act and the municipal fund shall be deemed to be a local fund.

1.6. Audit coverage

Out of 39 ULBs, accounts of 18 ULBs (Eight NACs¹, Nine Municipalities² and

¹ Bundu, Fusro, Jharia, Katras, Khunti, Koderma, Latehar and Mihijam.

² Chaibasa, Deoghar, Dumka, Gumla, Hazaribag., Jugsalai, Lohardaga., Medninagar, and Pakur.

One Corporation³) *APPENDIX-II* covering the financial year 2005-06 to 2007-08 were test checked and findings of audit are discussed in the succeeding paragraphs.

1.7 Supercession and non-holding of election

Under Section 16 of the RMC Act, 2001 and Section 29 of JMA, 2000, the term of elected bodies of Municipal Corporation and Municipalities would be of five years. After expiry of the said period, the State Government, in exercise of powers conferred upon it under Section 530 of Patna Municipal Corporation Act, 1951 and Section 385 of Bihar Municipal Act, 1922, dissolved all local bodies during the period 1986 to 1995. Out of 39 ULBs, elections were held in 28 ULBs in March 2008. The other 11 ULBs are functioning without having elected bodies as yet. Elections in three ULBs⁴ were not held due to pending court cases. Reason for non-holding of election in the remaining eight ULBs was not stated by the State Government.

1.7.1 Loss of Rs.85.69 Crore due to non-receipt of grants under EFC and TFC.

Due to non-holding of elections for municipal bodies, the State Government did not receive Rs 85.69 crore upto 2007-08 as grants from Central Government on the recommendations of the Eleventh (Rs.26.89 crore) and Twelfth Finance Commission (Rs.58.80 crore).

1.7.2 Non-receipt of grants of Rs.1336.86 Crore under Jawaharlal Nehru National Urban Renewal Mission (JNNURM).

JNNURM was launched by Government of India (December 2005) to ensure sustainable development of selected cities. The scheme was to be implemented during 2005-2012. The State Government and ULBs seeking assistance under the JNNURM were required to enter into Memorandum of Agreement with Government of India and undertake reforms at municipal level with thrust areas like potable water supply, sewerage and sanitation, solid waste management, road network, transportation, integrated development of slums, street lighting etc. Under the scheme, three cities (Ranchi, Dhanbad and Jamshedpur) of Jharkhand were

³ Ranchi.

⁴ Jamshedpur, Jugsalai and Mango

selected, alongwith 63 cities in the country. For Mission coverage, the pre condition was that the cities should have elected bodies in position. As per the Mission overview, the investment requirement based on City Development Programme (CDP) for the selected ULBs was as under:

(Rs in crore)

Sl. No	Name of City/ULBs	Category	Annual Funds Requirements	Grant		Loan from Financial Institutions (Per cent)	Share of Central & State grant required per year	Total grant required during 2005-08	Grant received under BSUP during 2007-08	Non-receipt of Grants
				Central (Per cent)	State (Per cent)					
1.	Ranchi	Less than One Million population as per 2001 census	31.89	80	10	10	28.70	86.10	31.70	54.40
2.	Dhanbad	One Million plus but less than 4 Million populations as per 2001 census.	307.62	50	20	30	215.33	645.99	9.52	636.47
3.	Jamshedpur		307.62	50	20	30	215.33	645.99	Nil	645.99
Total							459.36	1378.08	41.22	1336.86

The Municipal Board of Ranchi came into existence in March 2008 but had not undertaken any reforms required under the Mission. However, against total requirement of funds of Rs 86.10 crore during 2005-08, RMC got Rs.31.70 crore only for implementation of schemes under JNNURM, whereas, Dhanbad and Jamshedpur neither had elected bodies nor had undertaken any reforms required under the Mission. Moreover, Dhanbad Municipal Corporation got Rs 9.52 crore against total requirement of Rs 645.99 crore for 2005-08. Due to non-fulfillment of conditions of JNNURM by Jamshedpur resulted in non-receipt of Rs 645.99 crore during 2005-08 with consequential impact on civic facilities/ development in the cities.

A few comments on utilization of amounts received have been incorporated in para 6.9 and 6.12 of the Report.

1.8 Accounting reforms

1.8.1 Finalization of "State Municipal Accounts Manual"

Based on CAG's Task Force Report on accrual accounting in ULBs, the National Municipal Accounts Manual was developed and circulated to all States and they were requested to prepare the State specific Accounts Manual (March 2004).

The Govt. informed (March 2007) that the draft of 'State Municipal Accounts Manual' had been prepared on the basis of National Municipal Accounts Manual

and is under review at the Govt. level. Despite reminder (January 2008 & July 2008), the Govt. had not intimated further progress in this regard (July 2009).

1.8.2 Non-constitution of Steering Committee

As per the decisions taken in the National Seminar organized (September 2003) by the Ministry of Urban Development, a Steering Committee was to be formed in all the states to oversee the implementation of budget and accounting formats in ULBs. A representative of Accountant General (AG) of the concerned state was also to be made as member of Steering Committee as an observer. Urban Development Department, Govt. of Jharkhand formed a Steering Committee (February 2004) without any representative of AG. The Government was requested (April 2004) to include the Examiner of Local Account, Jharkhand as Member-Observer of the Steering Committee and several correspondences were made for formation of the said Committee (last reminder in September 2007), but nothing has been heard from the Government (July 2009).

1.8.3 Adoption / acceptance of database formats on finances of ULBs

Formats of database on finances of ULBs prescribed by the C & AG as per Eleventh Finance Commission, was sent to the State Govt. (October 2003) and Hindi version of the same, as desired was also sent (August 2005) for adoption and implementation by ULBs.

In spite of several reminders, formal adoption / acceptance of the same has not been received from the Government (July 2009).

1.9 Devolution of functions, funds, and functionaries

Functions:

Visualizing ULBs as institutions of self-government, the 74th Constitutional Amendment Act, 1992 left the extent of devolution to the wisdom of the State Legislatures. Major elements of devolution are transfer of functions, functionaries and funds to ULBs, accompanied by administrative control over staff and freedom to take administrative and financial decisions at local level. The JMA, 2000 was amended by the Act 2 of 1995 and a new Section 11-A was inserted and the ULBs are entrusted with the functions listed in the 12th Schedule of the Constitution.

During audit it was noticed that out of 18 functions mentioned in the Schedule, five functions (S.No.7,8,9,13 & 15) are not being performed by the ULBs, whereas two functions i.e. Urban Planning including Town Planning and Regulation of Land use and Construction of buildings are not being performed by two Corporations i.e. Ranchi and Dhanbad. These functions are performed by Ranchi Regional Development Authority and Mineral Area Development Authority respectively at present.

Funds:

Devolution of fund to ULBs should be a natural corollary to implement the transferred function. The quantum of assistance provided to ULBs by the Govt. during 2003-08 was as under:

(Rs in crore)						
Sl. No.	Particulars	2003-04	2004-05	2005-06	2006-07	2007-08
1	Revenue receipt of the State Government	5638	6661	8464	10010	12027
2	Revenue expenditure of the State Government	5406	6976	8491	9064	10832
3	Financial assistance to ULBs	18.18	48.83	77.28	109.58	146.07
4	Assistance as percentage of revenue receipt of State Government.	0.32	0.74	0.91	1.10	1.27
5	Percentage of assistance to revenue expenditure of State government.	0.34	0.70	0.91	1.21	1.38

Though the financial assistance to ULBs has increased from 0.32 to 1.27 during 2003-08 as a percentage of revenue receipts of the State Government, it is still not enough keeping in view the insufficient resources of the ULBs and the fact that 22 *per cent* of the total population of the State resides in urban areas.

Functionaries:

Devolution of powers and functions on the ULBs requires availability of qualified and trained personnel at all levels for efficient discharge of these functions. The ULBs should have administrative control over the staff to command loyalty and directions of purpose in the new scenario. A review of the system of transfer of functionaries to ULBs revealed that the available manpower in ULBs is not sufficient and requires attention of the State Government.

The position of sanctioned post and men- in- position in respect of the 15 ULB was as under:

Sl.No.	Name of the ULBs	Sanctioned Strength	Men in Position	Shortage	Percentage of shortage	Position as of 31 st March
1.	Ranchi	1382	895	487	35.24	2008
2.	Deoghar	311	189	122	39.23	--do--
3.	Hazaribag	292	256	36	12.33	--do--
4.	Dumka	224	77	147	65.63	--do--
5.	Medninagar	197	87	110	55.84	--do--
6.	Jugsalai	143	63	80	44.06	--do--
7.	Chaibasa	107	62	45	42.06	--do--
8.	Lohardaga	62	49	13	20.97	--do--
9.	Gumla	36	10	26	72.22	--do--
10.	Pakur	26	25	01	3.85	--do--
11.	Mihijam	19	12	07	36.85	2006
12.	Katras	09	02	07	77.78	--do--
13.	Bundu	09	01	08	88.89	--do--
14.	Koderma	09	Nil	09	100.00	2007
15.	Khunti	07	Nil	07	100.00	--do--
Total		2833	1728	1105	39.01	

The above table shows that in Koderma and Khunti NACs, there was no permanent staff, whereas in other ULBs the shortage of staff ranged from 3.85 *per cent* to 88.89 *per cent*. Due to shortage of man power the ULBs were facing trouble in running offices and in performing their primary duties of sanitation as well as other civic facilities to their inhabitants

1.10 Non-receipt of grants from the State Finance Commission

The State Finance Commission (SFC) was constituted by the State Government in January 2004 under Section 80-B of JMA, 2000. The major function of the SFC was to frame the principle that would govern the distribution of the net proceeds of taxes, duties etc. between the State and ULBs and also the grants-in-aid to ULBs with the main aim of enhancing the financial position of ULBs. The State Government has informed (November 2008) that no recommendation had been made available by the State Finance Commission.

CHAPTER-II

ACCOUNTS AND FINANCIAL MANAGEMENT

2.1 Irregular lodgment of Municipal Fund

Rs 18.32 crore was lodged irregularly in 102 additional accounts.

Under Section 66 of the JMA all sums received on account of Municipal Fund shall be paid into a Government Treasury or into any Bank used as Government Treasury. But in contravention to the said provision, 15 ULBs maintained 110 additional Bank Accounts during 2005-08 without approval of the Government and Rs 18.32 crore, as detailed below, was lying in 102 additional bank Accounts of 15 ULBs. The balances of eight bank accounts of five ULBs were not available.

(Rs in crore)				
Sl.No.	Name of ULBs	As on 31 March	No. of additional Bank Accounts maintained	Balance
1.	Ranchi	2008	10	9.09
2.	Latehar	2008	04	1.51
3.	Fusro	2008	10	1.41
4.	Khunti	2008	09	1.22
5.	Pakur	2008	08	1.17
6.	Dumka	2008	07	0.90
7.	Deoghar	2008	03	0.72
8.	Jharia	2008	06	0.72
9.	Gumla	2008	08	0.49
10.	Bundu	2007	06	0.45
11.	Hazaribag	2008	13	0.23
12.	Medninagar	2007	09	0.16
13.	Lohardaga	2007	06	0.14
14.	Jugsalai	2008	09	0.09
15.	Katras	2006	02	0.02
Total			110	18.32

Maintenance of more than one account is not only in contravention of the Act but it also implies lack of proper control over finances.

2.2 Budget Estimates

As provided under Section 71 (Rule 8 to 14 of Bihar Municipal Accounts Rules, 1928) of JMA, 2000 and Section 94 of RMC, 2001, the budget estimates showing details of probable receipts and expenditure shall be prepared and placed before the Municipal Board/Standing Committee in their meeting to be held at least two months before close of the year. Further, the budget estimates shall be approved by

Eleven ULBs didn't prepare budget estimates and other seven ULBs utilized only 2.37 to 87.16 percent of the provision.

the Municipal Body/Corporation and copies thereof shall be submitted to the State Government. As the Municipal Bodies remained superseded during the period under test check, responsibility for preparation of budget estimates was on Administrator/ Special Officer appointed by the State Government.

As the budget proposals for these Local Bodies are to be the reflection of the aspirational needs of the people of these areas, utmost care in preparing budget proposals needs to be taken. It was, however, noticed in audit that there was total absence of control over the budget formulation rendering them unrealistic. Test check of records of 18 ULBs revealed that nine ULBs were not preparing budget estimates. Remaining nine ULBs had utilized only 2.37 per cent to 69.44 per cent and 4.76 per cent to 87.16 per cent of the budget provision during 2006-07 & 2007-08 as details below:

(Rs in lakh)					
Sl.No.	Name of ULBs			Percentage of Actual Expenditure	Saving(+)
		Budget Estimate	Actual Expenditure		
2006-07					
1.	Dumka	6689.49	325.70	4.87	6363.79
2.	Hazaribag	5150.14	435.20	8.45	4714.94
3.	Lohardaga	3501.15	292.91	8.37	3708.24
4.	Mihijam	2363.21	104.04	4.41	2259.17
5.	Jugsalai	2184.07	51.60	2.37	2132.47
6.	Latehar	1112.35	200.47	18.03	911.88
7.	Deoghar	663.58	460.78	69.44	202.80
2007-08					
1.	Hazaribagh	10591.07	503.56	4.76	10087.51
2.	Ranchi	10321.20	2851.16	27.63	7470.04
3.	Lohardaga	3749.74	529.30	14.12	3220.44
4.	Jugsalai	2133.99	143.66	6.74	1990.33
5.	Pakur	1538.94	537.79	34.95	1001.15
6.	Deoghar	706.50	615.74	87.16	90.76

From above, it is clear that Budgets were prepared in an unrealistic manner without assessing the actual requirement as such the public was deprived of the benefits of the development schemes included in the estimates.

2.3. Unauthorized/irregular expenditure without budget provision

Rs 48.30 crore incurred without preparation of budget estimates.

Section 76 of JMA, 2000 stipulates that no expenditure shall be incurred without making provisions in the budget. Audit scrutiny revealed that out of 18 ULBs test checked, 11 ULBs incurred expenditure of Rs 48.30 crore during 2005-08 without preparing budget estimates in contravention of the JM Act as detailed below:

(Rs in crore)

Sl.No.	Name of ULBs	Period for which Budget was not prepared	Expenditure
1.	Dumka	2007-08	12.80
2.	Gumla	2006-08	10.37
3.	Chaibasa	2006-08	5.38
4.	Medninagar	2006-08	4.54
5.	Pakur	2006-07	4.18
6.	Khunti	2006-08	3.79
7.	Koderma	2005-07	2.73
8.	Bundu	2006-07	1.53
9.	Jharia	2005-06	1.27
10.	Fusro	2006-07	1.27
11.	Katras	2005-06	0.44
Total			48.30

Thus, 11 ULBs incurred unauthorized/irregular expenditure of Rs 48.30 crore during 2005-08. Non-preparation of Budget tantamount to failure of budgetary control system in the said ULBs. Reasons for non-preparation of budget estimates were not on the records.

2.4. Annual Accounts not prepared

Rs.112.97 crore incurred without preparation of annual Accounts.

As per Section 83 of Bihar Municipal Accounts Rules, 1928 every Municipal body shall prepare an Annual Account at the end of each year but not later than 15 April and a copy of the same shall be sent not later than 30 April to the concerned District Magistrate. But scrutiny of records revealed that, none of the 18 ULBs (except Lohardaga) prepared Annual Accounts for the following period as detailed below:

(Rs in crore)

Sl.No.	Name of Municipal Fund	Period for which Annual Accounts not prepared	Expenditure incurred during the said period
1.	Ranchi	2007-08	28.51
2.	Dumka	2005-08	16.97
3.	Deoghar	2006-08	10.76
4.	Gumla	2006-08	10.37
5.	Hazaribag	2006-08	10.32
6.	Pakur	2006-08	9.56
7.	Chaibasa	2006-08	5.38
8.	Medninagar	2006-08	4.54
9.	Khunti	2006-08	3.79
10.	Jugsalai	2006-08	3.18
11.	Koderma	2005-07	2.73
12.	Bundu	2006-07	1.54
13.	Latehar	2006-07	1.30
14.	Jharia	2005-06	1.27
15.	Fusro	2006-07	1.27
16.	Mihijam	2006-07	1.04
17.	Katras	2005-06	0.44
Total			112.97

For want of the Annual Accounts, head wise receipt and expenditure, variation, if any there of, could not be ascertained.

2.5 Government Grants and Loans

Non-
preparation of
Grant/Loan
Appropriation
Register and
Loan Register

The State Government released Recurring Grants and Loans at the rate of 30 *per cent* and 40 *per cent* respectively for payment of salary and allowances to the regular employees (appointed within sanctioned strength) on the basis of annual demand furnished by the ULBs, whereas Non-Recurring Grants and Loans for specific purposes were suo-motu sanctioned by State Government or were sanctioned based on individual requests by the ULBs.

Despite repeated comments in successive audit reports, the ULBs failed to maintain grant/loan appropriation register showing the position of grants/loans received and spent during the year and balance of unutilized grants/loans at the end of the financial year. In absence of grant/loan appropriation register, audit checks were confined to grant/loan files, scheme registers and scheme files, to the extent produced before audit.

Further, none of the 18 test checked ULBs maintained Loan Register. As such, upto date position in respect of loans received, payable instalments alongwith interest accrued and amount repaid during the years could not be ascertained.

2.5.1 Poor utilization of Government Grants and Loans

Only 41.68
per cent of
Government
Grants and
Loans were
utilized.

Non-recurring Grants and Loans released by the State Government to the ULBs for execution of specific schemes are required to be utilized during the respective year. In absence of grant/loan appropriation register, it was not feasible to ascertain the exact utilization. However, the utilization was computed on the findings of the audit scrutiny of the Cash Books, Scheme Registers etc., and/or on the basis of information furnished by the ULBs. Utilization of grants and loans received for development purposes in respect of 18 test checked ULBs during the period 2005-08 was as under:

(Rs in crore)						
Opening balance	Grant received	Loan received	Total	Grant and loan spent	Closing balance	Percentage of utilization
107.22	57.71	60.20	225.13	93.84	131.29	41.68

ULB wise and year wise details are given in *APPENDIX-III*

Thus, non-recurring Grants and Loans amounting to Rs 131.29 crore were lying unutilized in 18 ULBs. Poor utilization of funds by the ULBs was mainly due to non-execution of schemes. Thus, delay in utilization of funds deprived the targeted beneficiaries of the desired benefits.

2.6 Internal Control Mechanism

Internal control system is an integral part of the functioning of an organization to govern its activities effectively to achieve its objectives. It is intended to provide reasonable assurance of proper enforcement of Act, Rules & bylaws. Various internal control measures in financial and operational activities are built into the departmental rules and manuals and their strict adherence will minimize the risk of errors and irregularities. Audit Scrutiny revealed that the provisions of internal controls were not effectively implemented by the officers of the ULBs.

2.6.1 Supervisory Checks

The supervisory checks prescribed in the Acts/Rules of the ULBs are important tools of internal control mechanism. But, such checks were not exercised by any of the 18 ULBs as discussed below:

Supervisory checks, an important control tool, not exercised as required under Acts and Rules.

- Rule 20 of Bihar Municipal Accounts Rules, 1928 provides that the Administrator/Special Officer/Chairman shall, once at least in every week, examine the Cashier's Cash Book together with the passbook so as to satisfy himself that all moneys received have really been remitted into the treasury without delay. He shall further, once at least in every fortnight, examine the Cashier's or the Accountant's Cash Book with all the subsidiary forms and registers in which deposits are given or collections recorded, to check whether all sums received are actually brought to account;
- Under Rule 64, *ibid*, the Accountant shall compare and verify the entries in pass book with the cashier's cash-book to ensure that all remittances have been duly brought to account;
- Rule 66, *ibid*, stipulates that the Cash Book shall be balanced and signed by the Administrator/Special Officer/Chairman. Further, the balance of the cash book shall agree with that of the Bank/Treasury pass book;

- Under Rule 105, *ibid*, the ‘Register of Rents’ shall be checked and signed by the authorities;
- Rule 126, *ibid*, provides for the checking of ‘Register of Works’ by the Accountant;
- Under Rule 30 of Municipal Account (Recovery of Taxes) Rules, 1951, the Tax-Daroga shall check the Daily Collection Registers of collecting Sarkars by comparing the credits with duplicate receipts;
- Rule 31, *ibid*, stipulates that the Administrator/ Special Officer/Chairman shall be responsible for ensuring that the postings of collection in Demand and Collection Register do not fall into arrears; and
- Under Rule 39, *ibid*, the Administrator/Special Officer/ Chairman shall periodically and always at the end of every half-year, cause a list of outstandings on account of taxes of current and previous years to be prepared from the Demand and Collection Register. The purpose of the list is to check the entries with Sarkar’s Ledger and Progress Statement and to reconcile the differences by tracing the error or recovering from the Tax Daroga or Sarkar and to detect any embezzlement in the collection.

Due to not exercising the prescribed supervisory checks, misappropriation and embezzlement made by the collecting staff/cashier could not be detected by the authorities. Also delay in execution of schemes and heavy outstanding revenues could not be minimized. These audit findings have been discussed in paras 3.2, 3.6 to 3.8, 3.11 to 3.13, 6.1 etc.

2.6.2 Non-maintenance of records/ registers

Maintenance of records, registers and accounts is also one of the important tools of an internal control mechanism. As per Rule 4-A of Bihar Municipal Accounts Rules, 1928 and Rule 9 of Bihar Municipal Accounts Rules (Recovery of Taxes), 1951, the ULBs were required to keep and maintain 86 Forms and Accounts against which ULBs maintained 10 to 25 only.

Even the prescribed basic records as detailed below were not being maintained by most of the ULBs. The implications of non-maintenance of these records are as follows:

Sl. No.	Records/Registers not maintained	Implication
1.	Advance Ledger	The purpose, age and amount of advance to be realized /adjusted as of 31 March each year could not be ascertained. Due to this there is always probability of loss to the ULBs.
2.	Grant / Loan Appropriation Register	Grant/loan received, purpose & date of receipt, appropriation made from time to time and amount lying unutilized in respect of a particular grant/loan as on 31 March 2007 could not be ascertained.
3.	Loan Register	The date of receipt, amount, condition attached and overdue instalment of loan with interest could not be ascertained.
4.	Demand & Collection Register	Demand, collection and balance for a particular year could not be ascertained. In absence of posting of the collection money in the register, the detection of fraud and embezzlement becomes difficult.
5.	Work Register	In absence of work Register, schemes taken up, estimated cost, agency, the progress of work and its details viz. value of work done, payment made, materials issued, date of completion, works not completed/ suspended, outstanding amount to be paid against the work executed could not be ascertained. Any excess payment, in terms of cash/ material, is difficult to be detected.
6.	Unpaid bill Register	In absence of Unpaid Bill register, the amount of claims alongwith the reasons for withholding the payment and the actual liability of the ULB could not be ascertained.
7.	Annual Report	The workings as well as functions of the ULBs with regard to the proper utilization of grants were not ascertainable.
8.	Deposit Ledger	Amount of the deposits and their adjustment could not be ascertained and therefore possibility of misappropriation and embezzlement of money could not be ruled out.
9.	Register of lands/ Register of Revenue Resources/Asset Register	Identification and valuation of assets, proper record of all lands, sites of buildings, tanks, ponds, ferries etc. could not be ascertained.

Some specific cases as noticed during audit are discussed later in this Report.

Provision for preparation of Balance Sheet (Assets & Liabilities) has not been made in the Municipal Act and Account Rules. As such, position of Assets and Liabilities are not depicted in the accounts of ULBs. Thus, the complete financial picture of the ULBs and their Assets and Liabilities could not be ascertained.

National Municipal Accounts Manual (NMAM) provides for preparation of Balance Sheet by the ULBs. But, the Government has not adopted it as yet

2.6.3 Bank Reconciliation statement not prepared

Cash Book and Bank statement /Treasury Pass Book balances at the end of the year was not reconciled by nine ULBs though there was a difference of Rs 3.83 crore as detailed below:

(Rs in lakh)					
Sl.No.	Name of ULBs	As on 31 st March	Balance as per Cash Book	Balance as per Pass Book	Difference
1.	Fusro	2007	273.36	143.29	130.07
2.	Ranchi	2008	2477.33	2589.98	112.65
3.	Gumla	2008	504.81	571.98	67.17
4.	Jharia	2006	21.21	71.62	50.41
5.	Chaibasa	2008	311.32	295.34	15.98
6.	Dumka	2008	1854.93	1859.94	5.01
7.	Hazaribag	2008	917.33	918.30	0.97
8.	Deoghar	2008	2490.76	2491.02	0.26
9.	Bundu	2007	98.28	98.33	0.05
Total					382.57

Due to non-reconciliation, possibility of financial irregularities could not be ruled out. The authenticity of balances appearing in Cash Books of nine ULBs also remained doubtful in the absence of reconciliation with Bank Statement. In case of three ULBs (Jugsalai, Katras & Latehar), difference between two sets of balances could not be worked out due to non-maintenance/ non-production of Treasury Pass Books.

2.6.4 Deficiencies in maintenance of Cash Books

Due to lack of internal controls, Cash Books had several deficiencies in many ULBs as below:

- Particulars of payment, voucher nos., cheque no., classification etc. were not indicated in the payment side of the Cash Book.
- Cash Book was not closed at the end of every month and signed by the Officer authorized.
- Deletion and overwritings were frequently made.
- Heads of receipts and expenditure were not allocated.
- List of uncashed cheques were not recorded in the Cash Book.
- Cash Book balances were not reconciled with the balances of Treasury/Bank in most of the ULBs.

2.6.5 Cash and Accounts 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 this 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 Katras, Gumla, Bundu, Medninagar, Khunti, Koderma and Jharia, 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.

2.7 Internal Audit

No provision of Internal Audit exists in the Acts or Rules.

Internal audit is a vital component of all controls to enable an organization to assure itself that the prescribed systems are functioning reasonably well. But, there is no specific provision either in the JMA, 2000, RMC Act, 2001 or in the Municipal Accounts Rules made there under for internal audit of accounts of ULBs. As such, no ULBs have internal audit wing. It is recommended that the provision for Internal Audit may be made to ensure compliance to the Internal Controls in all ULBs.

CHAPTER-III

REVENUE RECEIPTS

The revenue receipts of an Urban Local Body comprises of receipts from its own sources (tax & non-tax revenue), assigned revenue, grants & loans from the Governments. The deficiencies in management of resources, loss due to non-assessment, short/non-realization of the dues and charges etc. noticed during audit are discussed in the succeeding paragraphs.

3.1 Non imposition of Municipal Taxes/Cess/Fees.

Under Section 82 of the JMA, 2000, the Municipalities/NACs with the sanction of the State Government, are empowered to impose different taxes within their limits. But, Koderma, Fusro, Latehar, Jharia and Katras NACs did not impose Municipal Taxes till March 2008 whereas Khunti, Bundu, Mihijam NACs and Jugsalai Municipality imposed the same partly. Due to non-imposition of Taxes, the above ULBs were deprived of Municipal revenue that could have been used to provide better civic amenities/development in those cities.

Koderma, Fusro,
Latehar, Jharia,
Katras didn't
impose Municipal
Taxes.

3.2 Outstanding Holding tax

The position of Demand, Collection and Outstanding Holding tax in respect of 13 ULBs was as under:

(Rs in crore)			
Demand	Collection	Outstanding	Percentage of demand outstanding
34.44	8.96	25.48	73.99

(Unit-wise details are given in *APPENDIX- IV*)

Half yearly list of outstanding taxes as required under Rule 39 of Municipal Accounts Rules (Recovery of Taxes), 1951 was not prepared by the ULBs. Thus, year-wise break up of arrear demand could not be furnished.

ULBs did not take any of the following steps, prescribed in the Act, for recovery of outstanding dues:

- If the tax was not paid within fifteen days from the first day of the quarter, in which it was payable, the local body may issue demand notice under Section 205 and 123 of RMC and JMAs

Proper steps were not taken for realization of outstanding property tax of Rs 25.48 crore.

- If tax was not paid within twenty one/ fifteen days after receipt of the notice, *ibid*, the local body may issue warrant under Sections 206 and 124 respectively, of the Acts, *ibid*;
- ULBs may take action under Jharkhand and Orissa Public Demand Recovery Act, 1914 for recovery of the arrear as public demand under Section 218 and 129 A respectively, of the Act; and
- ULBs may bring suit in any civil court of competent jurisdiction for recovery of the arrears under Sections 219 and 130 respectively, of the Acts.

3.3. *Separate Accounts of Latrine and Water tax not maintained*

Rule 14 of Bihar Municipal Accounts Rules, 1928 stipulates that the net receipts on account of water and latrine taxes shall be spent only for the execution of works for water supply and cleansing of private and public latrines urinals and cess pool as required under Rule 69 (1). Further, under Rule 69 (2), money, which has been received for specific objects, shall not be expended on any other objects.

As the ULBs, as prescribed under the Rules, did not maintain separate Accounts of Latrine Tax and Water Tax, collections on these accounts and their proper utilization could not be ascertained in audit.

3.4. *Non-revision of Holding tax*

Non-revision of tax since long resulted into loss of revenue.

Section 138 of RMC Act, 2001 and Section 106 of JMA 2000 provide for revision of rate of tax once in every five years. Test check of assessment register revealed the following position:

Sl. No.	Name of ULBs	Year of Last Assessment	Year from when assessment due	Year from when initiated	Position of revision as of 31 March 2008
1.	Ranchi	1992-93	1997-98	1992-93	Not completed.
2.	Deoghar	1998-99	2003-04	Nil	Not initiated.
3.	Hazaribag	1994-95	1999-00	Nil	Not initiated.
4.	Dumka	1992-93	1997-98	Nil	Not initiated.
5.	Medninagar	1994-95	1999-00	1997-98	Not completed.
6.	Pakur	1998-99	2003-04	2006-07	Not completed.
7.	Jugsalai	1974-75	1979-80	1997-98	Not completed.
8.	Gumla	1984-85	1989-90	Nil	Not initiated.
9.	Lohardaga	1989-90	1994-95	1995-96	Not completed.
10.	Chaibasa	1982-83	1987-88	Nil	Not initiated.
11.	Bundu	1985-86	1990-91	2001-02	Completed.
12.	Khunti	1985-86	1990-91	2001-02	Not completed.
13.	Mihijam	2000-01	2005-06	Nil	Not initiated.

From the table it could be seen that:

- (1) Six ULBs had not initiated the revision of assessment process though it was due for the last 8 to 20 years;
- (2) In five other ULBs, the revision was pending for the last 17 to 28 years. The process of revision was initiated after a lapse of 4 to 28 years from the year in which revision was due. The process was still incomplete in all these cases; and
- (3) Non-revision of assessment in time resulted in loss of revenue to the ULBs. As provisions for the rate of increase or decrease per year were not laid down in the Municipal Act or Rules, the loss due to non- revision of Tax could not be quantified.

3.5 Loss of revenue due to non-realization of fee for delayed payment of Taxes

Fine of Rs 1.04 crore could not be levied and realized due to non-service of notice of demand & warrant to tax payers.

Section 205 of RMC Act, 2001, provides that if bills of taxes (Holding tax, Water tax and Latrine tax) are not paid within 15 days from their presentation under Section 204, *ibid*, a notice of demand shall be served upon the tax-payer and a fee of 25 paise per rupee of the demand shall be payable by him (tax payer) as per Rule 3 of RMC Accounts (Recovery of Taxes) Rules, 2001.

Further, if the taxpayer to whom notice of demand is served does not, within 21 days of the service of such notice, pay the sum demanded, a warrant may be issued under Section 206 for which a fee of 12 paise per rupee of the demand shall be charged, *vide* Rule 4 Ranchi Municipal Corporation neither maintained any register showing issue of notice of demand warrants and fee claimed and realized against it nor any amount was shown to have been realized by them in the shape of above fee.

Thus, due to non service of notice of demand and warrant to tax payers for collection of arrear of holding tax etc. as required above, Ranchi Municipal Corporation was deprived of revenue of Rs 1.04 crore in the shape of fine of Rs 0.70 crore (25 paise per rupee to be included in demand notice for failure to pay tax within 15 days from presentation of bill) and fine of Rs 0.34 crore (12 paise to be included in warrant for failure to pay tax within 21 days of issue of demand notice) as details below:

(Rs in crore)

Sl. No.	Name of Corporation	Period	Arrear Taxes collected	Amount of fee not levied @ Rs 0.25 per rupee (Demand Notice)	Amount of fee not levied @ Rs 0.12 per rupee (Warrant)	Total amount of fee not levied @ Rs 0.37 per rupee
1.	Ranchi	2007-08	2.80	0.70	0.34	1.04

3.6. Misappropriation of revenue collected

Rs 7.85 lakh misappropriated by the staff. Rs 5.80 lakh still lying in their personal custody.

As per instructions of the Government under Rule 22 of Bihar Municipal Accounts Rules, 1928, all money received on account of the Municipality shall be remitted into the treasury as often as can be conveniently managed. During the audit it was found that in contravention of the above rule, staff of 11 ULBs did not remit Rs 7.85 lakh of collected money during 2006-08. Out of this, Rs 2.05 lakh was recovered from the staff of the ULBs at the instance of audit as details below:

(Rs in lakh)

Sl. No.	Name of ULBs.	Period of Audit	Amount of Non/Short Credit	Recovery at the instance of Audit	Balance
1.	Medninagar	2006-07	4.80	0.01	4.79
2.	Lohardaga	2006-07	0.78	0.40	0.38
3.	Ranchi	2007-08	0.31	0.01	0.30
4.	Pakur	2006/07	0.34	0.05	0.29
5.	Khunti	2006-07	0.16	0.14	0.02
6.	Gumla	2006-07	0.15	0.14	0.01
7.	Chaibasa	2007-08	0.01	Nil	0.01
8.	Jugsalai	2006-07	0.01	0.01	Nil
9.	Deoghar	2006-07	0.78	0.78	Nil
10.	Hazribag	2006-07	0.50	0.50	Nil
11.	Dumka	2006-07	0.01	0.01	Nil
Total			7.85	2.05	5.80

Rs 5.80 lakh was lying with the officials concerned. Any action taken for recovery of this misappropriated money was not intimated to this office.

3.7 Receipt Books not produced before audit.

Sixty seven Money Receipt Books of different type, as detailed in **APPENDIX-V**, were not produced to audit by six ULBs:

Sl.No.	Name of ULBs	Period	No. of Books not produced
1.	Ranchi	2007-08	48
2.	Deoghar	2006-07	08
3.	Hazaribag	----do----	06
4.	Jugsalai	----do----	03
5.	Lohardaga	----do----	01
6.	Bundu	----do----	01
Total			67

Non production of Receipt Books is fraught with risk and it may lead to a serious financial irregularity in future. Thus, possibility of leakage of revenue in this regard could not be ruled out.

3.8 Short realization of Settlement amount

Short realization of bid money of Rs 26.97 lakh.

The ULBs derive their non-tax revenues by settlement of Bus Stand, Sairats⁵, Hats etc. every year. As per terms and conditions of settlements, 50 *per cent* of the bid money was to be realized at the time of agreement and balance 50 *per cent* in three equal instalments after the expiry of the month of the agreement, failing which the agreement was to be cancelled. These conditions were not followed by the six ULBs, which resulted in short realization of bid money of Rs 26.97 lakh during 2006-08 as detailed below:

(Rs in lakh)

Sl.No.	Name of the ULBs	Period	Settlement Amount	Amount realised	Unrealised Amount
1.	Ranchi	2007-08	57.21	45.73	11.48
2.	Medninagar	2006-08	10.95	5.16	5.79
3.	Lohardaga	2006-08	18.08	13.92	4.16
4.	Pakur	2006-07	16.91	13.02	3.89
5.	Gumla	2006-07	2.63	1.58	1.05
6.	Chaibasa	2006-08	3.88	3.28	0.60
	Total		109.66	82.69	26.97

Due to short realization of amount, the availability of fund to be spent on providing essential services to the inhabitants was reduced with ULBs. Action taken to realize the dues was not on record.

3.9. Education Cess/Health Cess realized but not credited into Government Account.

Rs 2.85 crore on account of Education & Health Cess not remitted into Government account.

Education Cess and Health Cess at the prescribed percentage (50 *per cent* of each of the holding tax) is to be levied & collected by the Municipalities/NACs under the Bihar Primary Education (Amendment) Act, 1959 and Bihar Health Cess Ordinance, 1972 (Bihar Ordinance No.2 of 1972) in the Municipal areas from 1 April 1959 and 4 May 1972 respectively. These cess are collected for providing better health and education services to the inhabitants. The proceeds of the Cess are to be credited into the State revenue after deducting 10 *per cent* as collection charge. It was observed that Rs 3.16 crore as detailed below was collected on account of Health Cess and Education Cess by nine ULBs during 2005-08. Total

⁵ Properties to be settled annually or to be leased out.

Rs 2.85 crore was to be credited to State revenues after retaining 10 per cent as collection charges, but the same was not done and the ULBs spent the total collection money of Education and Health Cess on administrative expenditure. This was in violation of the ordinance and resulted in loss of Government revenue of Rs 2.85 crore. However, the direct impact of non remittance of cess to Government accounts could not be ascertained.

(Rs in lakh)

Sl.No.	Name of ULBs	Period	Amount of Cess collected			Less 10 percent as collection charges	Amount to be remitted to Govt. Treasury
			Health Cess	Education Cess	Total		
1.	Ranchi	2007-08	107.38	85.90	193.28	19.33	173.95
2.	Hazaribag	2006-08	21.60	17.99	39.59	3.96	35.63
3.	Deoghar	2006-08	19.02	19.02	38.04	3.80	34.24
4.	Medninagar	2006-08	9.41	9.41	18.82	1.88	16.94
5.	Chaibasa	2006-08	6.72	6.72	13.44	1.34	12.10
6.	Dumka	2006-08	2.39	2.39	4.78	0.48	4.30
7.	Pakur	2006-08	1.91	1.91	3.82	0.38	3.44
8.	Gumla	2006-08	1.33	1.32	2.65	0.27	2.38
9.	Lohardaga	2006-08	0.95	0.96	1.91	0.19	1.72
Total			170.71	145.62	316.33	31.63	284.70

3.10. Non- collection of Education /Health Cess

Loss of Rs 23.15 lakh due to non-collection of Education & Health Cess by three ULBS.

The Government of Bihar, under Bihar Primary Education (Amendment) Act, 1959 and Bihar Health Cess Rules, 1972, as amended from time to time, issued orders to the Municipalities in the State for collection of Education /Health Cess. However, it was observed that Bundu, Khunti, Mihijam, Jugsalai did not collect the above Cess. Consequently, not only did the State Government, suffer loss of Rs 23.15 lakh, but the ULBs itself suffered a loss of Rs 2.56 lakh during 2006-08 in the shape of 10 per cent collection charges, which form part of Municipal revenue as detailed below:

(Rs in lakh)

Sl. No	Name of ULBs.	Period	Holding Tax realized	Loss of Health Cess	Loss of Education Cess	Total	Loss to Govt.	Loss of ULBs as 10% collection charges
1.	Jugsalai	2006-08	19.17	9.59	9.58	19.17	17.25	1.92
2.	Khunti	2006-08	3.69	1.85	1.84	3.69	3.33	0.36
3.	Mihijam	2006-07	1.52	0.76	0.76	1.52	1.37	0.15
4.	Bundu	2006-07	1.33	0.66	0.67	1.33	1.20	0.13
Total			25.71	12.86	12.85	25.71	23.15	2.56

3.11. Short realization of Education Cess.

Two ULBs realized Education Cess at lesser rate resulting loss of revenue of Rs 25.14 lakh.

Under the Bihar Primary Education (Amendment) Act, 1959, Education Cess was levied by the State Government from the year 1959-60 @6.25% of Holding Tax, which was revised from time to time to 50% of Holding Tax w.e.f.1 April 1982. But in contravention of the said provision, two ULBs realized Education Cess at the rate of 40 *per cent* of Holding Tax resulting in loss of Rs 22.63 lakh to State revenue as well as loss of Rs 2.51 lakh to ULBs as 10 *per cent* collection charges, as detailed below:

(Rs in lakh)						
Sl.No.	Name of ULBs	Period	Holding Tax Realised	Education Cess to be realized @50% of Holding Tax	Amount of Education Cess actually realized	Short Realisation of Cess.
1.	Ranchi	2007-08	214.76	107.38	85.90	21.48
2.	Hazaribag	2006-08	39.52	19.76	16.10	3.66
Total			254.28	127.14	102.00	25.14
Less 10% as collection charges (loss to ULBs)						2.51
Loss to State Revenue						22.63

Reason for collection of cess at lower rate was not furnished (July 2009).

3.12. Outstanding Rent of Municipal Properties

In 13 ULBs, Rs 1.04 crore was outstanding on account of rent of Municipal shops etc. to be realized from the allottees as detailed below:

(Rs in lakh)			
Sl. No.	Name of ULBs	As on 31 st March	Outstanding Shop Rent
1.	Ranchi	2008	27.15
2.	Medninagar	2008	20.43
3.	Dumka	2008	14.37
4.	Lohardaga	2008	13.68
5.	Deoghar	2008	7.46
6.	Hazaribag	2008	6.60
7.	Gumla	2008	5.39
8.	Chaibasa	2008	4.61
9.	Khunti	2008	2.01
10.	Katras	2006	1.66
11.	Jugsalai	2008	0.25
12.	Pakur	2008	0.14
13.	Latehar	2007	0.12
Total			103.87

Non-realization of rent from tenants deprived the ULBs of their own revenue in time. Action taken such as issue of demand notices, warrants, institution of Certificate cases, if any to realize outstanding rent was not on record.

3.13 Outstanding Taxes on Government Buildings

Taxes outstanding against Government Buildings are payable by the concerned departments of State Government. In 13 ULBs, taxes of Rs 4.73 crore were outstanding against Govt. Buildings as detailed below:

(Rs in lakh)

Sl. No.	Name of ULBs	As on 31 st March	Outstanding tax on Government Buildings
1.	Medninagar	2008	154.00
2.	Ranchi	2008	126.31
3.	Chaibasa	2008	59.51
4.	Deoghar	2008	48.66
5.	Lohardaga	2008	30.15
6.	Dumka	2008	22.33
7.	Hazaribag	2008	19.25
8.	Jugsalai	2008	7.01
9.	Pakur	2008	4.53
10.	Bundu	2007	0.77
11.	Latehar	2007	0.73
12.	Khunti	2007	0.16
13.	Mihijam	2007	0.04
Total			473.45

The ULBs made no effort to recover these dues from concerned department/authorities of the State Government. No reason for non-realization was furnished to audit by the ULBs.

CHAPTER-IV

ESTABLISHMENT

4.1 Irregular engagement of casual labourers

Rs 4.31 crore was spent irregularly on wages of casual staff.

To combat the shortage of staff, 15 ULBs had engaged large number of casual staff/labourer and spent Rs 4.31 crore during 2005-2008 on wages (**APPENDIX-VI**) despite prohibition on engaging casual labourer as per Personnel and Administrative Reforms Department letter No. 3/LB-102/85-7639 dated 11 June 1986.

Appointment of regular staff against vacancy may be considered instead of engaging labourers on casual basis.

4.2 Irregular expenditure on payment to N.G.Os for cleaning of roads etc.

Without sanction of the Government Rs 1.71 crore was paid irregularly to NGOs.

The engagement of N.G.Os for the purpose of cleaning of road etc. was made without obtaining sanction of the State Government as required under Section 63 (aaa) of RMC Act, 2001 and Rs 1.71 crore was irregularly and unauthorizedly spent on payment to the following N.G.Os during 2007-08 by Ranchi Municipal Corporation:

(Rs in lakh)		
Sl. No.	Name of NGOs	Amount paid
1.	Creative International, Ranchi	87.98
2.	Gramin Mahila and Yuva Vikas Samiti, Ranchi	43.99
3.	Express Seva Sansthan, Ranchi	33.34
4.	Nav Bharat Jagriti Kendra, Ranchi	5.51
Total		170.82

Registration Certificate under the Societies Registration Act, 1860, byelaws and labour certificate by Labour Department, Government of Jharkhand and the Audit Report of these NGOs were not made available to audit.

In the absence of relevant documents, the genuineness of the N.G.Os could not be ascertained.

4.3 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, and 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 five lawyers, other than from panel, to deal with their cases during 2007-08 and spent Rs 2.45 lakh on them, which was irregular.

This vitiated the internal control mechanism of the Department.

4.4 Avoidable expenditure on delayed payment surcharge (D.P.S.) on electricity Bills

A total sum of Rs 1.34 crore was paid to Jharkhand State Electricity Board by Ranchi Municipal Corporation vide Cheque no. 926717 dated 31st March 2008 on account of energy charges and delayed payment surcharge against a total bill of Rs 1.78 crore upto February 2008 as indicated below:

(Rs in crore)				
Amount of electricity bill	Amount of DPS charged	Total amount of bill	Amount paid	Balance
1.65	0.13	1.78	1.34	0.45

The aforesaid payment included an amount of Rs 13.28 lakh irregularly paid as DPS on energy charges which could have been avoided by making timely/monthly payments as financial position of RMC during the last three years 2005-06, 06-07 and 07-08 was sound as it had sufficient balance of Rs.38.72 cr, 33.86 cr and Rs.24.78 cr respectively in its Municipal Fund.

4.5 Loss of interest due to non-deposit of 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 48.98 lakh, as detailed below, deducted from salary of employees during 1988-89 to 2007-08 in respect of four ULBs, was not remitted to concerned individual bank accounts till March 2008 and the deducted amounts remained in the Municipal Funds.

(Rs in lakh)			
Sl.No.	Name of ULBs	Period of deduction	Amount deducted but not deposited
1.	Ranchi	3/07 to 2/08	21.70
2.	Dumka	1/89 to 11/95 & 2/08	12.26
3.	Hazaribagh	12/05 to 2/08	7.96
4.	Chaibasa	3/2003 to 3/2008	7.06
Total			48.98

Hence, the employees sustained loss of interest due to non-deposit of P.F. money.

CHAPTER-V

TRANSACTION AUDIT

5.1. Taxes deducted at source not deposited into Government accounts

Tax deducted at sources of Rs. 29.25 lakh on account of Income Tax, Sales Tax and Royalty were not credited to the heads concerned of Government Accounts.

Rs 29.25 lakh deducted on account of Income Tax, Sales Tax and Royalty not credited into Government Account.

Income Tax, Sales Tax and Royalty deducted from bills of contractors/suppliers were required to be credited to the respective heads of Government accounts within financial year.

Test check of records revealed that seven ULBs deducted Income Tax, Sales Tax and Royalty of Rs 29.25 lakh, as detailed below, but had not credited it in the respective heads of government accounts and instead retained the money in their respective funds.

(Rs in lakh)						
Sl. No.	Name of ULBs	Period	Amount of Sales Tax deducted	Amount of Income Tax deducted	Amount of Royalty deducted	Total
1	Ranchi	2007-08	3.79	4.24	11.96	19.99
2	Medininagar	2006-08	0.54	0.54	1.11	2.19
3	Lohardaga	2006-07	0.53	0.48	0.81	1.82
4	Fusro	2006-07	----	1.04	0.61	1.65
5	Deoghar	2006-07	0.05	1.06	0.50	1.61
6	Koderma	2005-07	----	0.80	0.72	1.52
7	Jharia	2005-06	--	0.29	0.18	0.47
Total			4.91	8.45	15.89	29.25

This affected the budgetary provision of Government to the extent of Rs 29.25 lakh.

5.2. Improper grant of contractor's profit

Rs. 59.64 lakh were paid improperly as contractors profit by ten ULBs to International Social Service Organization against the provision of State Public Works Account Code.

Improper payment of Rs 59.64 lakh to SISO as 10 per cent contractor's profit on estimated cost in addition to 15 per cent supervision charges.

The Government of Jharkhand sanctioned Grants and Loans (50 per cent each) during 2002-07 for construction of Sulabh Sauchalayas and conversion of dry latrines into septic ones within Municipal areas. The Government directed (February 2002) that (i) the estimates for construction of Shauchalayas would be prepared on the basis of schedule of rates and technical approval would be taken

from Public Health and Engineering Department (ii) the work would be executed by the Sulabh International Social Service Organization (SISSO) and 10 per cent contractor's profit would be paid to the SISSO on the estimated cost in addition to 15 per cent supervision charges. Scrutiny revealed that payment to SISSO includes 15 per cent supervision charge over and above the estimated cost and the government did not take into account this aspect while issuing directive for payment of 10 per cent contractor's profit on estimated cost. The State Public Works Account Code, which is applicable to municipal works, does not provide for payment of both supervision charges to a Contractor/Agency and contractor's profit involved in the estimated cost.

Further, SISSO is a voluntary organization working on no profit no loss basis. As such, payment of contractors' profit in addition to supervision charge was not justified. Due to injudicious decision of the Government, Rs 59.64 lakhs was improperly paid as contractor's profits to the Organization on account of construction of Sulabh Sauchalayas and for conversion of dry latrines into septic ones by 10 ULBs as detailed below:

(Rs in lakh)				
Sl.No.	Name of ULBs	Period	Total amount paid	Amount paid to SISSO as 10% contractor's profits
1.	Ranchi	2007-08	433.67	37.72
2.	Koderma	2005-07	41.61	3.62
3.	Chaibasa	2006-08	40.26	3.50
4.	Bundu	2006-07	35.88	3.26
5.	Hazaribag	---do---	28.57	2.49
6.	Pakur	---do---	23.10	2.10
7.	Deoghar	2006-07	21.71	1.89
8.	Khunti	2006-07	20.80	1.81
9.	Mihijam	---do---	20.72	1.80
10.	Gumla	---do---	16.61	1.45
Total			682.93	59.64

5.3 Non-recovery of Sulabh sauchalaya Loan

Recovery of Sulabh Shauchalaya loan of Rs. 1.92 crore and interest thereon neither effected nor any account for the same was being maintained.

Recovery of Sulabh Sauchalaya loan of Rs 1.92 lakh and interest thereon neither effected nor any account for the same was being maintained.

The Government released 50 per cent grant and 50 per cent loan to ULBs for construction / conversion of dry latrines into septic ones during 1993-94 to 2007-08. As per terms and conditions of the scheme 50 per cent of the construction cost was to be borne by the Government as subsidy and balance 50 per cent i.e. loan portion along with interest was to be borne by the beneficiaries, whose dry latrines were converted into septic ones.

During audit, it was noticed that an expenditure of Rs 3.84 crore was incurred on account of construction/conversion of 2153 dry latrines into septic ones by eight ULBs, but recovery of such loan of Rs 1.92 crore (50 per cent of Rs 3.84 crore), as detailed below, was neither effected nor any account for the same was maintained by the concerned ULBs:

(Rs in lakh)				
Sl. No.	Name of ULBs	Period	No.of conversions	Amount of Loan recoverable
1	Ranchi	2004-08	419	35.29
2	Khunti	2002-07	232	33.45
3	Deoghar	2001-07	379	30.76
4	Bundu	2002-07	156	25.71
5	Lohardaga	2001-06	287	23.41
6	Medininagar	2001-07	257	21.07
7	Latehar	NA	144	11.71
8	Koderma	1993-94 to 2006-07	279	10.85
Total			2153	192.25

For want of maintenance of loan accounts, dues against each beneficiary, whose dry latrine was converted into septic latrine, were not ascertainable at any date. Further, the liability of the ULBs on account of repayment of loan with interest thereon was increasing with the lapse of time and chances of recovery were also becoming remote.

5.4 Suspected payment of Rs. 3.36 lakh at Chaibasa.

Double payment of Rs. 3.36 lakh on duplicate invoice was noticed at Chaibasa.

Payment of Rs 14.13 lakh was made to M/S Apee Automobiles Pvt. Ltd. vide Voucher No. 55 dated 15.4.06 through cheque No.A/2 380053 against their bill/invoice detailed below:

(Rs in lakh)				
Sl.No.	In voice No.	Date	Amount	Particulars of supply
1	RSB/Fab/06/044	29.3.06	3.50	One road sweeper having 2.2 on width brush
2	RSB/Fab/06/041	29.3.06	3.36	7 Nos 4.5 cubic meter closed containers
3	RSB/Fab/06/042	29.3.06	7.27	Nala cleaning equipments mounted on a hydraulic tipping trailer takes drive from the P.T.O of suitable tractor
Total			14.13	

Again, Apee Automobiles Pvt.Ltd, Ratu Road, Ranchi was paid Rs 6.72 lakh vide Voucher No.226/16.6.06 against invoice mentioned below:

(Rs in lakh)				
Sl.No.	In voce No.	Date	Amount	Particulars of supply
1	RSB/Fab/06/040	27.3.06	3.36	7 Nos 4.5 cubic meter closed containers suitable for loading on tractor Eicher 10.59 ECBC Dumper placer
2	RSB/Fab/06/041	27.3.06	3.36	-Do-

Thus, the Firm Apee Automobiles Pvt.Ltd was paid Rs 3.36 lakh twice against one invoice No.RSB/Fab/06/041 through Vr.No.55 dated 15.4.06 and Vr.No.226 dated 16.6.06.

The invoice No.RSB/Fab/06/041 vide which Rs 3.36 lakh was paid through Vr.No.55 dated 15.4.06 appeared to be duplicate. In spite of repeated requests, the concerned purchase file and stock register of container were not produced before audit. As a result, the actual position of quantity received against payments made on the said invoice could not be ascertained in audit.

Compliance of the Municipality in this regard is still awaited (July 2009).

5.5. Irregular payment of cost of materials of Rs 56.44 lakh on Hand Receipts

ULBs made payment to the Executing agents on Hand Receipt instead of proper purchase voucher/cash memo.

During the course of execution of departmental work, the Executing Agents purchased the materials (Chips, Sand, Bricks, Cement, M.S.Rod etc.) for schemes and payments were made on Hand Receipts instead of proper purchase voucher/cash memo etc. As per PWD Accounts Code, only departmental supply should be made on Hand Receipts, but in contravention of the said provision, the Executing Agents of the following two ULBs paid Rs.56.44 lakhs as cost of materials through Hand Receipts, which was irregular:

(Rs in lakh)

Sl.No.	Name of ULB	Period	Amount paid on Hand Receipts
1.	Hazaribag	2006-07	54.09
2.	Gumla	2006-07	2.35
Total			56.44

(Details of payment made to Agent and the works are given in *APPENDIX-VII*)

5.6 Excess payment due to non-deduction of taxes

Excess payments of Rs. 9.37 lakh due to non-deduction of Income Tax, Sales Tax, Royalty etc. from contractor bills, were made by 13 ULB's.

A sum of Rs 9.37 lakh as detailed in *APPENDIX-VIII*, was not deducted from running bills of civil works as Income Tax (Rs 1.23 lakh), Sales Tax (Rs 6.72 lakh), Royalty (Rs 0.76 lakh) and cost of empty cement bags (Rs 0.66 lakh), resulting in excess payment of Rs 9.37 lakh to the concerned Executing Agents/Contractors/Suppliers.

5.7 Non-recovery of cost of excess Cement issued Rs. 4.42 lakh

Issue of cement bags in excess to requirement and non-recovery of its cost from executing agents.

The Hazaribag Municipality issued cement from stock in excess of requirement for execution of development works. As per Rule, the cement bags issued in excess to the requirement should have been returned to stock or cost of the same to be recovered at market rate. But, the Municipality did not recover the cost of cement issued in excess, resulting excess payment of Rs.4.42 lakh to the concerned executing agent, who happens to be employee of the Municipality (**APPENDIX-IX**)

5.8 Excess payment due to non-deduction of penalty from contractor's bills.

Excess payment of Rs. 51.60 lakh due to non-deduction of penalty from contractor's bills was noticed in 13 ULB's.

The ULBs executed many civil works (construction of P.C.C.Road, Drains, and Culverts etc.) either by departmentally or by tender. The civil works, whose estimated cost was more than five lakh, were to be executed through tender for which the Local Bodies executed agreement with the contractors. As per clause no.02 of the agreement, the work shall be completed within stipulated time otherwise penalty will be charged at the rate of 0.5 *per cent* per day of the remaining work for the period of delay or maximum 10 *per cent* of value of work done, provided that no extension of time was granted by the ULBs. But in contravention of the said provision, 13 ULBs neither granted extension to contractors nor deducted such penalty from their bills, resulting in excess payment of Rs 51.60 lakh to the contractors as detailed below:

(Rs in lakh)				
Sl.No.	Name of the ULBs	Period	No. of schemes/ works	Amount of Penalty not deducted.
1.	Ranchi	2007-08	12	12.45
2.	Hazaribag	2006-08	24	9.95
3.	Lohardaga	2006-08	07	7.13
4.	Gumla	2006-08	12	5.58
5.	Jugsalai	2006-08	04	4.44
6.	Jharia	2005-06	02	4.11
7.	Deoghar	2006-08	03	2.60
8.	Medininagar	2006-08	03	1.85
9.	Fusro	2006-07	01	1.01
10.	Khunti	2006-07	02	0.90
11.	Koderma	2005-07	01	0.73
12.	Dumka	2006-08	01	0.45
13.	Chaibasa	2006-08	01	0.40
Total			73	51.60

5.9 Payment vouchers not produced to audit

Vouchers worth Rs. 3.80 crore for the period 2005-08 were not produced to audit.

In case of nine ULBs, 442 payment vouchers (Establishment as well as Schemes) worth Rs 3.80 crore pertaining to the period 2005-08 were not made available to audit for test check as detailed below:

(Rs in lakh)

Sl.No.	Name of ULBs	Period of audit	No.of Vouchers not produced	Amount involved
1.	Chaibasa	2006-08	205	115.24
2.	Medninagar	2006-07	38	110.18
3.	Ranchi	2007-08	66	84.88
4.	Deoghar	2006-07	76	36.22
5.	Jharia	2005-06	23	15.87
6.	Lohardaga	2006-07	17	10.36
7.	Jugsalai	2006-07	05	5.39
8.	Dumka	2006-07	04	0.92
9.	Mihijam	2006-07	08	0.72
Total			442	379.78

Due to non-production of the vouchers to 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.

CHAPTER-VI

IMPLEMENTATION OF SCHEMES

ULBs were assigned the implementation of various Central/State sponsored developmental schemes during the period under audit. Various irregularities including blockade of Government funds, infructuous expenditure, irregular engagement of contractors, diversion of Government specific grants and other shortcomings in the implementation of the schemes are described in the subsequent paragraphs. These are indicative of poor planning and lack of monitoring by the respective ULBs.

6.1 Incomplete Civil Works

116 civil works taken up during 2005-08 are still incomplete though Rs 3.32 crore was spent on them.

Failure in completing the works within the timeframe resulted in blockade of fund

The Govt. released non-recurring grants & loans for various schemes of construction/renovation of roads, drains, drilling of tube wells, water supply schemes etc. during 2005-08. During audit, it was noticed that 116 schemes taken up by 12 ULBs during 2005-08 remained incomplete till December 2008, although Rs 3.32 crore, as detailed below, was spent against these pending schemes:

(Rs in lakh)

Sl. No.	Name of ULBs	Position as of 31 March	No. of pending works	Estimated expenditure on incomplete works	Expenditure incurred on incomplete works
1.	Ranchi	2008	35	312.49	138.41
2.	Lohardaga	2008	11	53.30	42.79
3.	Gumla	2008	13	71.67	28.96
4.	Jharia	2006	12	32.01	24.59
5.	Medininagar	2008	11	51.28	23.42
6.	Khunti	2007	06	16.87	15.25
7.	Koderma	2007	06	23.91	14.27
8.	Dumka	2008	05	31.63	12.74
9.	Katras	2006	05	19.72	12.62
10.	Pakur	2008	05	13.95	9.60
11.	Deoghar	2008	03	37.01	6.39
12.	Hazaribagh	2008	04	3.74	2.84
Total			116	667.58	331.88

The said works remained incomplete even after lapse of considerable period beyond the scheduled date of completion. The execution of the works was delayed due to improper planning, constraints of funds and lack of monitoring by the ULBs.

Failure in completing the works within the stipulated dates not only deprived the local people from intended benefits but also caused blockade of fund of Rs.3.32 crore. Reasons for non-completion of these pending works were not stated.

A few major works of higher money value were examined in details and findings are discussed in the succeeding paragraphs.

6.2 Failure to obtain State Government's prior approval resulted in infructuous expenditure

RMC created an additional liability on account of interest/penalty besides infructuous expenditure of Rs. 27.48 lakh due to non-execution of Lease Lead in respect of Integrated Real Estate Project at Jaipal Singh Stadium, Ranchi.

Govt of Jharkhand, Nagar Vikas Vibhag vide its letter no 265 dated March 06 sanctioned Rs. 86.00 lakh (Loan) to RMC for payment of professional fee to Infrastructure Development Corporation Limited- IIDC (IL & FS), appointed as process manager for real estate/commercial development of six acres of land at Jaipal Singh stadium site by the Govt.

As per agreement executed (March 2006) between RMC and IL&FS, the consultancy fee to be paid was Rs 25 lakh plus service-tax for carrying out the project development process. As per Govt. letter, expenditure on Preliminary Project Report (PPR) was to be recouped by the Developer and the amount was to be used by the RMC in its different scheme in the shape of Revolving Fund.

PPR was submitted by the IL & FS and accordingly Rs 27.48 lakh was released to the firm as consultancy fee. Later on, the highest bidder M/S PARSVNATH DEVELOPERS LTD., NEW DELHI was selected as Developer (January 2007). As per Letter of Agreement (LOA), the developer deposited Rs 26.60 crore to RMC through Demand Drafts besides Bank Guarantees of Rs.40.29 crore prior to signing of lease deed.

As per Section 76(5) (ii) of the Ranchi Municipal Corporation Act 2001, the land whose market value is more than Rs 10,000 may be leased or sold after approval of the State Government. But RMC made agreement with the developer and accepted a huge amount of Rs. 66.89 crore for signing lease deed without prior approval of the State Government, which was irregular. Although, RMC vide its several letters issued after LOA, requested the Govt of Jharkhand for granting permission to execute the lease but nothing has been heard in this regard. In the meantime, elected body of RMC Board came into existence (March 2008). The Govt. requested RMC

(August 2008) to send the above proposal after approval of the Municipal Board. But, the proposal was rejected by the Board and thus, the scheme could not be taken up by the developer. Further, RMC created an additional liability on account of huge interest as well as penalty on cash deposits of Rs 26.60 crore of the developer, which may be claimed by him.

As the scheme could not be executed by the developer therefore the expenditure made on account of preparation of PPR i.e. Rs.27.48 lakh paid to the IL&FS consultancy might not be recouped by the developer due to failure on the part of RMC and Govt. Hence, the entire expenditure of Rs 27.48 lakh incurred on account of payment of professional fee to IL&FS proved unfruitful.

6.3 *Infructuous Expenditure on purchase of drain Cleaning Equipment and Road Sweeper at Chaibasa*

Drain cleaning equipment and Road sweeper purchased at a cost of Rs. 10.77 lakh at Chaibasa remained idle.

(A) A drain cleaning equipment mounted on a hydraulic tipping trailer was purchased from Apee Automobiles Pvt. Ltd., an authorized dealer of Eicher Motors Ltd. and Eicher Tractors, Ratu Road, Ranchi vide invoice No.RSB/Fab/06/042 dated 29.3.2006 and payment of Rs 7.27 lakh was made vide Voucher No.55 dated 15.4.06.

Utilisation of machine could not be done. It was stated by the Executive of the municipality (June 2008) that this machine has no utility in Chaibasa municipal area, as there was no such big drain in Municipal area where this machine could be utilized. Thus, the machine was lying idle since its purchase. Reasons for purchase of machine, which had no utility in Chaibasa municipal area, were not stated to audit and the expenditure incurred on purchase of drain cleaning machine proved infructuous. A reminder seeking compliance of the same was issued to ULB (February 2009) but reply is still awaited.

(B) Like wise, one Road Sweeper, which can be fitted on tractor, was purchased under invoice No.RSb/Fab/06/044 dated 29.3.2006 and payment of Rs 3.5 lakh was made to Apee automobiles Pvt.Ltd vide Voucher No.55 dated 15.4.06. The, “Sweeper machine” was lying idle since its purchase. As there was no utility of this machine, the purpose of purchase of the same was beyond imagination. Thus, expenditure of Rs. 3.50 lakh towards the purchase of sweeper

machine became wasteful. A reminder seeking compliance of the same was issued to ULB (July 2009) but reply is still awaited.

6.4 Irregular Payment of Advance

Payment of Rs. 8.82 lakh Advance to contractor against the total value of work done of Rs. 3.24 lakh.

The Urban Development Department, Govt. of Jharkhand, vide letter no. 467 dated 25.02.02 sanctioned Rs 9.34 lakh as Grant to N.A.C., Jharia for construction of slaughter house and administrative approval was accorded in December 2002. The work was to be executed by Shri Akhtar Hassan, T.C.(Feb 2004). As per work order issued, the construction of the same was to be completed in 75 days i.e. by 15.05.04.

Scrutiny of files revealed that against total value of work done of Rs 3.24 lakh, Sri A.Hassan was paid Rs 8.82 lakh as advance in 7 instalments (Rs 4.57 lakh during 2004-05 and Rs 4.25 lakh during 2005-06), without measurement and ascertaining the progress of work which remained incomplete (November 2008) even after lapse of more than 4 years since issue of work order. As the previous advances of Rs 4.57 lakh paid during 2004-05 was not adjusted from subsequent bills, the payment of 7th advance to the tune of Rs 4.25 lakh to the agent without further measurement/progress, was highly irregular. Reasons for such undue favour to the agent were not known to audit. Non-completion of the scheme defeated the very purpose of the grant as the beneficiaries were also deprived of the benefits of the scheme and expenditure of Rs 8.82 lakh became infructuous

6.5 Diversion of grants and loans

Rs. 2.23 crore sanctioned for specific purposes was diverted towards payment of salary to staff.

Specific grant and loan amounting to Rs 1.04 crore diverted towards payment of salary.

Under Rule 14 A of Bihar Municipal Accounts Rules, 1928, any grant made by the Government for specific purpose shall not be spent for any other purpose. Further, under Section 89 of the JMA, 2000, unspent balance amount of Government loan for specific purpose shall not be appropriated even temporarily for any other purpose. However, in contravention of the above instructions of the Govt., two ULBs as detailed below, diverted Rs 2.23 crore towards payment of salary of staff, execution of different schemes etc. during 2003-08:

(Rs in lakh)

Sl. No.	Name of ULBs	Period	Purpose of Fund	Amount diverted	Amount refunded	Amount remained diverted	Purpose for which diverted
1.	Hazaribag	2003-07	(i) VAMBAY* A/C No. 6038.	70.46	32.21	38.25	Salary of Staffs & other civil works ----do-----
			(ii) VAMBAY* A/C No. 23876	102.34	66.42	35.92	Salary of Staffs
			(iii) Construction of Modern Bus Stand.	50.00	20.00	30.00	
			Total	222.80	118.63	104.17	
2.	Gumla	2006-07	Development Work	0.21	Nil	0.21	Purchase of Diesel/Mobil
Total				223.01	118.63	104.38	

*Valmiki Ambedkar Malin Basti Awas Yojna

Out of Rs 2.23 crore, Rs 1.19 crore was refunded to the concerned Head. Thus, a sum of Rs 1.04 crore remained still diverted (March 2009). Due to the diversion of above funds, physical targets of the schemes concerned could not be achieved.

6.6 BLOCKING OF GOVERNMENT FUND

6.6.1 Blockage of Govt. Fund of Rs 9.50 crore received for specific purposes.

Govt. Fund of Rs. 9.50 crore received for specific purposes was blocked for years.

A sum of Rs 9.50 crore as detailed below, received for specific purposes viz. Modern Bus Stand, drainage-cum-sewerage system etc. during the period 2001-04 by five ULBs remained unutilized as on 31 March 2008:

(Rs in lakh)

Sl. No.	Name of ULB	Purpose	Year of receipt	Grant received	Loan received	Total	Actual expenditure	Balance	Remarks
1.	Medininagar	Drainage cum-sewerage System	2001-02	171.21	171.21	342.42	Nil	342.42	Inception report submitted by M/s M Tech India, Ranchi (September 2004), but not accepted by Municipality. Due to non-payment of consultancy fee of Rs 4.97 lakh, the firm lodged case in Indian Council of Arbitration (ICA)(August 2007).
2.	Hazaribagh	Modern bus stand	2001-02	125.00	125.00	250.00	0.40	249.60	Neither site has been selected nor has land been acquired as yet, although Rs 33 lakh was transferred to the Land Acquisition Officer. Rs 30 lakh was diverted towards pay & allowances of staff.

Sl. No.	Name of ULB	Purpose	Year of receipt	Grant received	Loan received	Total	Actual expenditure	Balance	Remarks
3.	Dumka	-do-	-do-	113.55	113.55	227.10	Nil	227.10	Concerned records not made available.
4.	Pakur	Water supply scheme	2003-04	28.41	85.24	113.65	2.23	111.42	As per Govt. direction, E.E., Drinking water & sanitation deptt. was requested several times to prepare an observation report regarding surface water position in Pakur. But, reply is still awaited.
5.	Bundu	Construction of Town Hall	2002-03	16.42	NIL	16.42	NIL	16.42	Nothing has been initiated as yet.
Total				454.59	495.00	949.59	2.63	946.96	

The aforesaid funds were released by the Govt. without ensuring proper planning and ascertaining the requirement of the cities. Even after 4-7 years of the sanction/ release of the funds, no fruitful action/initiation has been taken by the ULBs for implementation of the schemes. Thus, the Government fund was blocked for years and public were deprived of the benefits of the scheme.

6.6.2 Blockade of fund of Rs.1.25 crore

Public money of Rs. 1.25 crore in respect of desilting of Kanke Dam, Ranchi was blocked for years.

State Government approached (December 2001) National Environmental Engineering Research Institute (NEERI), Nagpur for consultancy of desilting work at Kanke dam as per direction of Honorable High Court,, Jharkhand . The NEERI suggested (January 2002) to the State Government that desilting was not a prior activity for protection of dam and may be deferred for the present as it has sufficient water holding capacity in relation to current water supply pattern. and further suggested to construct a comprehensive management plant covering the issues related to the dam and waste water treatment plant. In between, Urban Development Department, Government of Jharkhand released (December 2001) Rs. 2.28 crore to Ranchi Municipal Corporation for desilting work and construction of sewerage treatment plant at Kanke Dam. RMC transferred Rs 81.26 lakh to PHED for construction of sewerage treatment plant and Rs.22.00 lakh to Executive Engineer, KDW & S Deptt. Gonda division (March 2007) as consultancy fee for desilting work at Kanke Dam. and balance amount of Rs 1.25 crore was lying in the P/L Account of RMC as yet without any purpose. Thus, the grant was blocked for more than seven years.

6.6.3 Swarna Jayanti Shahari Rojgar Yojna (SJSRY) Grant remained unutilized

Due to non-implementation of SJSRY, the beneficiaries were deprived of the intended facility and opportunity apart from blocking of fund.

The Government sanctioned Rs 101.41 lakh to the RMC and NAC, Koderma during 1999-2000 to 2003-04 under Swarna Jayanti Shahari Rojgar Yojana (SJSRY) for training to the unemployed persons in different professions and to support them financially, so that they may start their business/profession for their livelihood. The portion of the funds released, utilized and amount lying unutilized is given below:

							(Rs in lakh)
Sl. No.	Name of ULBs	Authority	Year of receipt	Amount of grant	Bank interest earned	Total amount lying unutilised	Remarks
1.	Ranchi	UDD, Govt. of Jharkhand	2003-04	100.00	18.91	118.91	Kept in Savings Bank Account
2.	Koderma	UDD, Govt. of Bihar letter no. 175/03.08.1999	1999-2000	1.41	---	1.41	Kept in P.L. Account
Total				101.41	18.91	120.32	

But, the ULBs neither initiated any action for implementation of the scheme nor refunded the same sanctioning authority as required under Rule 14 A of the Bihar Municipal Accounts Rules, 1928 and the amount remained unutilized (January 2009). Due to non-implementation of scheme the beneficiaries were deprived of the intended facility and opportunity apart from blocking of fund.

6.6.4 Non-completion of Market complexes under Integrated Development of Small and Medium Town Scheme (IDSMT) at Hazaribag.

Market complexes under IDSMT were not constructed at Hazaribag although 87% of estimated cost was incurred on it.

The Integrated Development of Small and Medium Town Scheme (IDSMT), a centrally sponsored scheme, was launched in the year 1979-80 with the objectives of development of small and medium towns by improving economic and physical infrastructure as well as promoting resources generation for Urban Local Bodies. Against the sanctioned amount of Rs 9.68 crore for Centrally sponsored scheme of IDSMT, the State Govt. released (September 2003) grant of Rs 2.20 crore. The Deputy Commissioner, Hazaribag, transferred the amount to Municipality in

March 2004. The Municipality proposed to construct Market Complexes at Matwari in 8 Blocks (10 Shops in each block) under the scheme.

The Municipality prepared estimate of Rs. 7.62 lakh for each block of Market Complexes. For execution of work, the Municipality awarded the work to Sri Kedar Singh, Asstt. under the supervision of Sri C.B.Singh,JE and Sri S.Singh, AE. Construction of Market Complex at Block A to H was taken up at a time and Rs 48.64 lakh was granted as advance to Sri Kedar Singh (March 2004, September 2004 and during 2005-06). In addition to this, 3100 bags of cement amounting to Rs 4,62,400/- was issued to him during 2004-06, thus a total amount of Rs 53,26,400/- was paid as an advance out of total estimate of Rs 60,96,000/-. The Schemes were not completed, whereas 87% of estimate cost was paid as advance to Sri Kedar Singh, the executing agent. The Executing agent had neither completed the work after lapse of four years nor refunded the advance money. Since it had been remunerative scheme, therefore, the Municipality has been losing a handsome amount as rent of shops as well as interest of deposit money, which might have been deposited by the shopkeepers. Secondly, Rs.53.26 lakh of Govt. fund was blocked for years and people were deprived of the benefits of the scheme.

6.6.5 Non-completion of District Science cum Technical Library Building at Hazaribag.

Although 75% of total estimated cost was already incurred, the construction of District Science Centre cum Technical Building at Hazaribag was not completed, the beneficiaries were deprived of the benefits.

A sum of Rs 15.00 lakh was released (September 2003) by the Deputy Commissioner, Hazaribag for construction of District Science Centre cum Technical Building at Hazaribag at an estimated cost of Rs 41.40 lakh. Further, allotment of Rs 21.83 lakh was also released (December 2005 and January 2007) from District for Rs 8.33 lakh and Rs 13.50 lakh. The work was initially allotted (October 2003) to Sri Chandra Bhushan Singh, JE and Sri Kedar Singh, Store keeper. Later on transferred to Sri Chandra Bhushan Singh, JE(January 2006). A total sum of Rs 26.45 lakh, as detailed below, was paid to the Executing Agents as advance.

(Rs in lakh)

Sl No.	Cheque No. & Date	Amount of Advance	Whether adjusted	Value of Work Done	Net Payment	To Whom Paid (S/Sri)
1.	826951/11.10.03	10.00	Yes	16.50	1.10	C.B.Singh,JE
2.	826953/07.11.03	3.50	Yes	-	-	----do----
3.	826964/13.06.07	3.00	---do---	-	-	----do---
4.	826961/13.04.07	2.00	No	-	-	----do----
5.	826963/25.05.07	1.50	--do--	-	-	----do---
6.	826965/24.03.08	0.95	---do---	-	-	----do---
7.	826958/06.01.06	2.50	---do---	-	-	Kedar Singh, S/K
8.	826970/16.01.06	3.00	--do---	-	-	----do----
Total		26.45		16.50	1.10	

Thus, a total sum of Rs 26.45 lakh was advanced to the Executing Agents. In addition advance of Rs 26.45 lakh, the Municipality had also issued 3000 bags of Cement (2000 bags to Sri C.B.Singh, JE in August 2003 and 1000 bags to Sri Kedar Singh, Store-Keeper in January 2006). Out of advance of Rs 20.95 lakh to Sri C.B.Singh, JE, Rs 13.50 lakh was adjusted and recovery of 1100 bags of cement was made from total value of work of Rs 20.56 lakh. Thus Rs 12.95 lakh as advance and Rs 2.56 lakh as cost of 1900 bags of cement @ Rs.135/- each totalling Rs 15.51 lakh was remained unadjusted against the executing agents and the construction work was still incomplete, although 75% of total estimated cost was already incurred.

Due to inordinate delay in completion of the scheme, the very purpose of the same was defeated and the public were deprived of the benefits of the scheme.

6.6.6 Non-completion of Market Complexes under Self Financed Schemes at Hazaribag.

Huge public money was blocked for years and the beneficiaries were deprived of the benefits of the scheme since long.

The Municipality proposed for construction of Market Complexes within Municipal area under self financed scheme during 2006-07 at three places. a) Buddhwa Mahadev-2 blocks, b) near Hindu High School- 11 blocks and c) Ravindra Path- 8 blocks. Accordingly, the proposed shops were auctioned through open bid under close supervision of District Administration. The work of construction of Complexes was initially allotted to Sri Kedar Singh, Storekeeper and Sri Nagendra Sharma, Assistant. Later on the work was transferred to Sri Chandra Bhushan Singh, JE. The Municipality paid an amount of Rs 66.60 lakh (Rs 4.30 lakh adjusted during 2007-08), as advance, to the executing agent in addition to 3850 bags of Cement worth Rs 5.20 lakh issued to them till 31 March 2008 as detailed below:

(Rs in lakh)

Sl. No.	Name of the Advance Holder (S/Sri)	Amount of advance paid	No. of Cement Bags issued	Rate of Cement	Total Cost of Cement	Total amount of Advance
1.	Kedar Singh, StoreKeeper	28.81	1800	@Rs.135/-	2.43	31.24
2.	Chandra Bhushan Singh, JE	22.69	1150	--do--	1.55	24.24
3.	Nagendra Sharma, Asstt	15.10	900	--do--	1.22	16.32
Total		66.60	3850		5.20	71.80

Thus, a total sum of Rs 71.80 lakh was incurred as of March 2008 on construction of Market Complexes, but the same has not been completed as yet.

Due to delay in completion of scheme, the Municipality sustained recurring loss of Shops Rent, which might have enhanced the income of Municipality to sort out the financial imbalance. Secondly, huge public money was blocked for years and the beneficiaries were deprived of the benefits of the scheme since long.

6.7 Payment to District Land Acquisition Officers without acquisition of land for construction of Modern Bus Stand

Payment of Rs. 1.47 crore was made to District Land Acquisition Officers without acquisition of land for Modern Bus Stand.

Govt. of Jharkhand, Urban Development Department (UDD) released Rs 1.66 crore to the following three ULBs for acquisition of land for construction of Modern bus stand and on demand, the ULBs transferred Rs 1.47 crore to the concerned District Land Acquisition Officers to make the land available by making payment of compensation to the land owners at Govt. rates:

(Rs in lakh)

Sl. No.	Name of ULBs	Period of receipt	Amount received			Amount transferred	Balance
			Grant	Loan	Total		
1.	Lohardaga	2005-06	30.00	30.00	60.00	48.00	12.00
2.	Hazaribagh	2006-07	40.06	Nil	40.06	33.00	7.06
3.	Khunti	2005-07	43.24	22.29	65.53	65.53	Nil
Total			113.30	52.29	165.59	146.53	19.06

Although, the cost of land was transferred to the District Land Acquisition Officers during 2006-08, the land had not been acquired /made available to the ULBs. As such, the construction of modern bus stand had not been started resulting time overrun as well as cost overrun. In case of Lohardaga, the proposal for acquisition of land at Katmu village was rejected by the Government (May 2008) and the amount of Rs 48 lakh was lying with the District Land Acquisition Officer till January 2009. No action was taken by the authority for refund of the said amount.

Thus, due to non-acquisition of land, the construction of modern Bus Stand could not be started defeating the very purpose of Govt. fund apart from blocking of fund of Rs.48.00 lakh.

6.8 Reorganisation of Bundu Shahri Water Supply Scheme- estimate enhanced due to delayed transfer of funds to PHED.

Estimate of Bundu Shahri Water Supply Scheme was enhanced by 70% due to delayed transfer of funds to PHED.

The UDD, Govt. of Jharkhand released (February 2004) Rs. 96.89 lakh (Rs. 24.22 lakh as loan and Rs. 72.67 lakh as grant) to Bundu NAC for reorganization of Bundu Shahari Water Supply Scheme at an estimated cost of Rs. 96.89 lakh including construction of a Jal Minar and an infiltration at Kanchi river. As per direction of the Secretary, UDD, Government of Jharkhand regarding transfer of Rs. 96.89 lakh to P.H.E.D, Rs. 30 lakh only was transferred by (August 2004) for execution of the said scheme. The PHED requested NAC several times for transfer of balance amount of Rs. 66.89 lakh for execution of the scheme but the same was transferred to PHED only in February 2007. Due to delay in transfer of fund of Rs. 66.89 lakh to PHED the cost of the scheme enhanced from Rs. 96.89 lakh to Rs. 164.93 lakh although revised estimate was not sanctioned by the Government and the scheme had not been completed. Against payment of Rs. 96.89 lakh to PHED, utilization certificate of Rs. 28.34 lakh only was sent by PHED (November 2007). It was stated by the Special Officer, NAC, Bundu that due to non-receipt of utilization of 1st instalment of Rs. 30 lacs from PHED, the final transfer of Rs. 66.89 lakh was not made previously. In the light of State Government direction to transfer the whole amount of Rs. 96.89 lakh to PHED for execution of scheme, reply is not tenable and satisfactory.

Thus, due to delayed transfer of funds to PHED, not only the costs of the scheme enhanced by 70 *per cent* of the original cost but also the people were deprived of the benefits of the scheme. (April 2008).

6.9 Agreement at unreasonably higher cost without approval of Central Govt. in respect of preparation of DPR for providing Basic Services to Urban Poor (BSUP) under JNNURM by RMC.

RMC executed agreement at unreasonably higher cost without approval of Central Govt. in respect of DPR under JNNURM

M/s Infrastructure Professional Enterprises Pvt. Ltd. was appointed (June 2007) consultant by RMC for preparation of Detailed Project Report for providing Basic Services to Urban Poor of Ranchi. An agreement was executed with the firm for the said task at Rs 2.20 crore including service tax. As the cost of DPR was to be reimbursed by the Ministry of Housing & Urban Poverty Alleviation Department, Government of India with the maximum ceiling limit of Rs. 75 lakh, the execution of agreement with the firm at a higher cost of Rs. 2.20 crore without approval of Central Govt. was not regular. Reasons for entering into the agreement at an unreasonably higher cost i.e. approx. three times the maximum limit without prior approval of the Government was not explained.

RMC approached UDD several times for release of fund of Rs. 2.20 crore for payment of consultancy fee of DPR. Last reminder was issued in May 2008. But, no amount was released by the Government. (December 2008). However, Rs. 1.49 crore was paid to the firm (till December 2008) by diverting funds from the other head. The impact of such diversion on other schemes could not be specified as a huge fund on account of Grants and Loans were available in the PL Account.

6.10 Non-fulfilment of objectives of Valmiki Ambedkar Malin Basti Awas Yojana (VAMBAY)

Objectives of Valmiki Ambedkar Malin Basti Awas Yojana (VAMBAY) were yet to be achieved although the scheme was launched on December 2001.

Valmiki Ambedkar Malin Basti Awas Yojana, a centrally sponsored scheme was launched on (December 2001) to ameliorate the conditions of the urban slum dwellers below poverty line. The objective of the scheme was primarily to provide shelter to people living below the poverty line in urban slums. The financial limit for construction of a dwelling unit under this scheme was Rs 40000/-. The cost of providing shelter was to be shared on 50:50 basis between Central & State Govt. The funds of the scheme were released by the Govt. during 2004-06.

Following was the position of utilization of funds and physical achievement of the scheme by seven ULBs as on 31 March 2008:

(Rs in lakh)

Sl. No.	Name of ULB	Utilization of funds				Physical achievement				
		Amount received	Amount utilized	Balance	Percentage of fund utilized	No. of units proposed	No. of units selected	No. of units completed	No. of units incomplete	Percentage of units completed in comparison to proposed
1.	Deoghar	89.00	77.08	11.92	86.61	223	197	177	20	79.38
2.	Gumla	58.80	43.40	15.40	73.81	144	144	87	57	60.42
3.	Medininagar	80.00	71.00	9.00	88.75	200	200	124	76	38.00
4.	Pakur	89.80	18.97	70.83	21.13	225	56	54	02	24.00
5.	Hazaribagh	438.40	402.40	36.00	91.79	1096	1009	62	947	5.66
6.	Ranchi	999.20	563.20	436.00	56.37	2498	2498	Nil	2498	0.00
7.	Dumka	50.00	14.35	35.65	28.70	100	30	Nil	30	0.00
Total		1805.20	1190.40	614.80	65.95	4486	4134	504	3630	11.24

From the above table it is evident that seven ULBs utilized 66 per cent of their funds but 11.24 per cent of proposed dwelling units only were completed till December 2008. RMC and Hazaribagh Municipality executed agreement with HUDCO during 2005-06 for construction of 3440 (2498 and 942 respectively) units and paid Rs. 9.40 crore (Rs.5.63 crore and Rs.3.77 crore respectively) to the Agency as of March 2008. But, the dwelling units were not constructed and dwelling units, the BPL beneficiaries were deprived of the benefits of the scheme and the objectives of the VAMBAY were yet to be achieved.

6.11 Loss of Rs 14.95 lakh due to execution of schemes by contractors in lieu of departmental work.

A number of schemes were to be executed departmentally but these schemes were executed through contractors resulted in loss of Rs. 14.95 lakh on account of contractors profit.

As per instruction of Urban Development Department (June 2005), schemes with estimated cost below Rs. Five lakh were to be executed departmentally. But, in contravention of the said instruction, five ULBs executed 68 schemes at a cost of Rs. 1.49 crore through contractors though the ULBs had its own technical staff for execution of the schemes. Due to this, the ULBs sustained a loss of Rs. 14.95 lakh on account of Contractor's Profit (10 per cent) as under:

(Rs in lakh)

Sl. No.	Name of ULBs	Period	No. of schemes	Total value of work done	Total loss @10 per cent as Contractor Profit.
1.	Hazaribagh	2006-08	31	56.26	5.63
2.	Ranchi	2007-08	19	51.11	5.11
3.	Gumla	2007-08	10	23.76	2.38
4.	Medininagar	2007-08	07	14.14	1.41
5.	Jugsalai	2006-07	01	04.17	0.42
Total			68	149.44	14.95

6.12 Unreasonable Rates acceptance of Detailed Project Report (DPR) of Drainage cum Sewerage system at Ranchi.

Acceptance of unreasonable rates for Detailed Project Report of Drainage cum Sewerage System at Ranchi.

The Urban Development Department, Government of Jharkhand, appointed(2005-06) an agency as consultant for “Project Management consultancy Services including detailed Engineering Design and Construction, supervision for the capital city of Ranchi. The consultancy fee was fixed by the Government as below:

(Rs in crore)		
Sl. No.	Phase	Demand
A	Design phase	16.04
B	Construction/Supervision phase	5.36
Total		21.40

A total sum of Rs. Four crore was released by the Government as Grant and Loan during 2005-06 for the aforesaid purpose in addition to unspent balance of Rs. 0.94 crore of 2001-02.

The agency submitted the final DPR (December 2007) which was approved by the Government (December 2007). The Corporation paid Rs 6.12 crore to the agency against their bills which includes mobilization advance of Rs 1.60 crore. However, a sum of Rs 64.17 lakh was adjusted from subsequent bills. The agency also submitted bill of Rs 9.01 crore for final PPR and draft DPR which is pending for payment for want of funds.

Scrutiny of agreement records revealed that the proposed salary/payment of deputed Engineers/other personnel shown in the agreement was much higher i.e. inconsistent with any norms/criteria and seems to be very much inflated as compared to prevailing market rates, so as to achieve the project cost of Rs 21.40 crore. A few instances are shown below:

(Rs in lakh)						
Sl. No.	Name of personal	Designation	Total no. of post	Rate per month	Months	Total amount
1.	Junaid Qureshi	Structural Engineer	1	6.50	4	26.00
2.	C.C.Cheung	Electrical Engineer	1	6.50	4	26.00
3.	-	Project Management Planner	1	6.50	6	39.00
4.	-	Catchment Management Expert	1	6.50	3	19.50
5.	-	Drainage System Modeling Expert	2	6.50	5	65.00
6.	-	Sewarage system modeling Expert	2	6.50	5	65.00
7.	-	Sewage treatment Expert	2	6.50	5	65.00
8.	-	Chemical Engineer	1	6.50	4	26.00

The proposed payment and cost of different items of work shown in the agreements as lump sum were also unreasonably/ abnormally high so as to achieve the cost of agreed cost of Rs. 21.40 crore. A few examples are shown below:

(Rs in lakh)

Sl. No.	Name of work	No.of items	Rate per month	Month	Total
1.	Specialist Software	1	23.20	1	23.20
2.	Training and orientation	1000	0.13 per KM		130.00
3.	Water Quality testing	-	-	-	15.00
4.	Soil investigation	-	-	-	30.00
5.	Environmental Impact/Assessment	-	-	-	40.00
6.	Report preparation	-	-	-	50.00
7.	Tender preparation and documents	-	-	-	50.00
8.	Courier charges	-	-	-	10.00

The basis on which aforesaid quoted rates of payments/cost of items of different works were generated was not shown to audit. The rates were neither negotiated nor analyzed by the Technical Committee/Technical Experts of the Government. Thus the quoted rates were very far from authenticity and were not beyond doubt. Further, as per agreement, the DPR was to be submitted by (December 2006) but the same was submitted after a year i.e. on (December 2007). The consultant had made provision of interest @ 18% p.a. in the agreement for delayed payments but the Corporation had not made any provision of penalty for delay in execution of work in the contract. Due to the provision of interest in the agreement, RMC may have to pay a huge amount of accrued interest @ 18% to the firm. UDD had informed (November 2006) that the responsibility of making such payment of interest to the firm goes to RMC and its authority concerned.

6.13 Non-refund of balance amount of advance after adjustment.

Excess advance of Rs. 10.67 lakh after adjustment, was not refunded by Executing Agents.

The ULBs executed schemes departmentally whose estimated cost was upto Rs Five lakh. For execution of schemes, the Local Bodies paid advance to the executing agents. The executing agents of Hazaribag Municipality and Fusro NAC completed the schemes below the estimated cost and advance of Rs 10.67 lakh, remained unadjusted in hands of executing agents as detailed below:

(Rs in lakh)

Sl. No.	Name of ULBs	Period	Amount of advance paid	Value of work executed	Amount of unadjusted advance not refunded
1.	Hazaribag	2001-07	115.33	107.02	8.31
2.	Fusro	2006-07	6.06	3.70	2.36
Total			121.39	110.72	10.67

(Details vide *APPENDIX-X*)

CHAPTER-VII

OTHER IMPORTANT OBSERVATIONS

7.1 Response to Audit Observation

There was poor response to outstanding audit observations. 6173 audit paras pertaining to the period from 1979-80 to 2007-08 involving Rs. 197.19 crore were outstanding as of December 2008.

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 the Examiner of Local Accounts (E.L.A.) within three months from the date of issue of Audit Report. As on 31 December 2008, 272 Audit Reports containing 6173 paragraphs involving total amount of Rs. 197.19 crore were outstanding.

(Rs in crore)

S.No.	Year	No. of Audit Reports	Outstanding Paras	Amount
1.	Upto 2000	126	2179	20.28
2.	2000-01	15	403	17.23
3.	2001-02	04	154	0.51
4.	2002-03	22	489	16.69
5.	2003-04	14	370	12.76
6.	2004-05	17	462	23.82
7.	2005-06	14	421	16.16
8.	2006-07	26	648	44.25
9.	2007-08	16	618	30.20
10.	2008-09	18	429	15.29
Total		272	6173	197.19

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 would 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 (August 2005 and June 2006 respectively). The Secretary of the Urban Development Department and the Finance Department were requested severally through D.O. letters (May 2007, January 2008, and December 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

(February 2009) to take action for the disposal of outstanding paragraphs having surcharge cases.

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

Concerned Deputy Commissioners were not taking action on the Surcharge Notices issued by the Examiner of Local Accounts, Jharkhand, Ranchi. As a result, 119 notices involving Rs. 1.39 crore issued during 2000-2009, were pending.

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 serving the notices to the surchargees.

Audit found that in the case of 18 ULBs, 119 notices covering Rs 1.39 crore, issued during 2000-2009 (upto September 2008) 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 surchargees could not be taken.

(Rs in lakh)				
Sl. No.	Name of ULB	Period	No. of proposed surcharge cases	Amount involved
1.	Ranchi	2000-02	42	10.68
2.	Pakur	2001-02	6	2.50
3.	Godda	2001-02	4	1.56
4.	Mihijam	2001-02	3	14.00
5.	Madhupur	2004-09	12	3.42
6.	Jugsalai	2002-03	1	0.53
7.	Lohardaga	2002-06	5	13.96
8.	Khunti	2003-04	1	0.26
9.	Jharia	2003-04	5	67.80
10.	Chas	2003-04	18	12.26
11.	Garhwa	2004-05	10	3.91
12.	Jamtara	2004-05	1	2.75
13.	Hazaribag	2005-06	3	0.50
14.	Gumla	2005-07	3	3.62
15.	Medininagar	2005-06	1	0.52
16.	Simdega	2006-07	1	0.02
17.	Dhanbad	2006-07	2	0.90
18.	Sahebganj	2007-08	1	0.25
Total			119	139.44

The matter was taken up with the Chief Secretary (August 2006, November 2006, May 2007, and December 2008) but no action was taken.

7.3 Non-adjustment of Advances

Advances aggregating Rs. 25.73 crore were outstanding against employees, suppliers, Contractors and Engineers.

Advance Ledger for the period under audit (2005-08) was either not maintained or maintained improperly by the ULBs. Deficiencies noticed during audit are listed below:

- i) Entries in the Ledger were not certified by any authority.
- ii) Break-up of opening balance brought forward from the previous year was not recorded.
- iii) Category wise and year-wise analysis of outstanding advances at the end of the year was not prepared by any ULBs.
- iv) Quarterly list of outstanding advances as required under Rule 78 (Form XVA) of Bihar Municipal Accounts Rules, 1928, was not prepared.
- v) Second and subsequent advances for the same purpose were made without adjustment of previous ones.
- vi) Advances are made for meeting immediate and urgent nature of work but the same was not adjusted promptly.

Thus, Rules 74 to 78 of the Bihar Municipal Accounts Rules, 1928 were not followed strictly.

On scrutiny of the register it was observed that the advances aggregating to Rs 25.73 crore, as detailed in (*APPENDIX–XI*), granted to employees, suppliers, contractors and engineers for various purposes up to 2005-08 by 15 ULBs were yet to be adjusted (March 2009).

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. It is also indicative of weak internal control mechanism to follow up regular adjustment of advances.

7.4 Result of Audit

Besides proposal for recovery by surcharge, as dealt in previous paragraph, excess and irregular payment amounting to Rs 6.12 crore, which were detected in audit in 18 ULBs were suggested for recovery from person(s) responsible. At the instance of audit Rs 2.11 lakh was recovered from the persons concerned.

Owing to non-production of records/vouchers/supporting documents/sanction of competent authority, Rs 15.18 crore was held under objection. (*APPENDIX- XII*)

7.5 Follow up action on previous Annual Audit Report

The Urban Development Department, Government of Jharkhand did not send any reply/ action taken notes (March 2009), on the paragraphs appeared in the Annual Audit Report for the year ended March 2006 and March 2007, which were forwarded to the Government in September 2007 & July 2008 respectively.

Government was also requested for incorporating a suitable clause in the Acts for providing institutional arrangement for discussion on the Report. Their response is still awaited (July 2009).

CHAPTER-VIII

CONCLUSIONS AND RECOMMENDATIONS

8.1 Finance and Accounts

Non-preparation of Budget estimates and Annual Accounts in contravention of the provision of the Jharkhand Municipal Act rendered the expenditure incurred by the ULBs irregular/ unauthorized. Budget estimates and Annual Accounts should be prepared in time.

8.2 Maintenance of records

Out of 86 Forms and Accounts, prescribed under the Rules, ULBs maintained only 10 to 25. Maintenance of primary accounting records is in complete disarray. Cash Books were not reconciled with the bank statements. Due to non-maintenance of basic records viz. Asset Register, Grant/Loan Appropriation Register, Advance Ledger, Demand & Collection Register, Work register, Unpaid bill Register, true & fair view of accounts of ULBs could not be ascertained.

Reconciliation of Cash Book with the bank Pass Book should be carried out on a monthly basis. It should be ensured that the Accounts/ Records prepared by the ULBs are as per the provision of the Acts & Rules.

8.3 Accounting reforms

The State Municipal Accounts Manual has not been finalized (July 2009). Formats of database on finances of ULBs as prescribed by the C & AG have not been adopted (March 2009). The format may be adopted by the Govt. and preparation of database by ULBs should be ensured.

8.4 Revenue Receipts

Non imposition of Municipal taxes, short realization of tax, non-revision of tax, non-realization of fee for delayed payment and misappropriation of revenue collected, huge outstanding tax & rent were indicative of non-compliance to the provision of Acts.

Overall financial management needs to be strengthened by improving collection of revenues and preventing leakage of revenue due to delay in assessment.

Misappropriation cases should be investigated on priority and recovery should be made from the persons concerned. Collection of taxes, fees and cess on behalf of Government should be remitted timely to the Government.

8.5 Implementation of Schemes

Poor utilization of assistance under several schemes indicated insufficient appreciation of Government objectives and policies for providing basic amenities and services. Non/improper implementation of schemes frustrated the objectives for which the Government released development grants to the ULBs. Therefore, close monitoring of the utilization of assistance and periodical evaluation of achievement of schemes is needed.

8.6 Unadjusted advances

Advances given by the ULBs were found to have been lying unadjusted since long. Advance Ledger did not contain the required details and adjustments were not monitored on regular basis. Laxity on the part of ULBs in respect of timely monitoring and adjustment of advances should be viewed seriously and proper maintenance of records and adjustments of advances should be ensured.

8.7 Internal control

Non-remittances of Government money collected by the ULBs, excess and irregular payments, misappropriation of collection money etc indicated that the internal control system was weak and non-functional. Non-utilization of grants/loans, diversion & blockade of funds indicated weak operation control. There was no mechanism of internal audit and no efforts were made by the ULBs for the settlement of paras raised in the Audit Report.

Internal Audit Wing in the Department should be established through State enactment for audit of ULBs. Supervisory control, as prescribed in the Acts or Rules should be exercised invariably.

Ranchi,
The

(R.K.Agrawal)
Examiner of Local Accounts,
Jharkhand

Countersigned

Ranchi,
The

(Mukesh P. Singh)
Accountant General (Audit),
Jharkhand

APPENDIX-I
List of other functions and powers of ULBs as per Act with 74th Constitution
Amendment Schedule XII
(Reference to: para 1.3; page 3)

- The preparation of plans for economic development and social justice;
- Planning for economic and social development;
- Fire Services;
- Urban forestry, protection of the environment and promotion of ecological aspects;
- Safeguarding the interests of weaker sections of society including the handicapped and mentally retarded;
- Slum improvement and up gradation;
- Urban poverty alleviation;
- Provision of urban amenities and facilities such as parks, gardens, playgrounds;
- Promotion of cultural, educational and aesthetic aspects;
- Burials and burial grounds; cremations, cremation grounds and electric Crematoriums;
- Cattle ponds, prevention of cruelty to animals;
- Vital statistics including registration of births and deaths;
- Public amenities including street lighting, parking lots, bus stops and public conveniences;
- Regulation of slaughter houses and tanneries;

APPENDIX-II

Statement showing name and period of 18 Urban Local bodies (ULBs) test checked in audit.

(Reference to: para; 1.6, page 4)

Sl.No.	Name of ULBs	District	Period of Audit.
1.	Ranchi Municipal Corporation	Ranchi	2007-08
2.	Hazaribag Municipality	Hazaribag	2006-07
3.	Deoghar Municipality	Deoghar	2006-07
4.	Dumka Municipality	Dumka	2006-07
5.	Medninagar Municipality	Palamau	2006-07
6.	Pakur Municipality	Pakur	2006-07
7.	Jugsalai Municipality	West Singhbhum	2006-07
8.	Gumla Municipality	Gumla	2006-07
9.	Lohardaga Municipality	Lohardaga	2006-07
10.	Chaibasa Municipality	East Singhbhum	2006-08
11.	Katras NAC	Dhanbad	2005-06
12.	Jharia NAC	Dhanbad	2005-06
13.	Bundu NAC	Ranchi	2006-07
14.	Khunti NAC	Khunti	2006-07
15.	Mihijam NAC	Jamtara	2006-07
16.	Latehar NAC	Latehar	2006-07
17.	Fusro NAC	Bokaro	2006-07
18.	Koderma NAC	Koderma	2005-07

APPENDIX-III

Statement showing position of Non-Recurring Grants & Loans received for development purposes during 2005-08.

(Reference to : para; 2.5.1, page 14)

(Rs in Crore)

Sl. No.	Name of ULBs	Period	Opening Balance	Grants	Loans	Total	Grant & Loan spent	Closing Balance as on 31March	Percentage of utilisation
1.	Ranchi	2007-08	41.33	10.85	6.24	58.42	20.80	37.62	35.60
2.	Deoghar	2006-08	8.59	11.61	11.45	31.64	7.51	24.13	23.73
3.	Hazaribag	2006-08	6.86	4.84	3.70	15.40	6.32	9.08	41.07
4.	Dumka	2006-08	6.95	8.94	18.29	34.18	15.63	18.55	45.73
5.	Medninagar	2006-08	8.93	2.85	0.53	12.31	3.40	8.91	27.62
6.	Pakur	2006-08	6.30	3.53	0.80	10.63	7.06	3.57	66.42
7.	Jugsalai	2006-08	2.35	1.47	2.17	5.99	2.37	3.62	39.57
8.	Gumla	2006-08	7.19	2.90	3.38	13.47	8.43	5.04	62.59
9.	Lohardaga	2006-08	2.36	4.45	8.76	15.57	7.38	8.19	47.39
10.	Chaibasa	2006-08	3.39	2.29	1.51	7.20	3.54	3.66	49.21
11.	Katras	2005-06	0.64	0.00	0.00	0.64	0.39	0.25	60.65
12.	Jharia	2005-06	0.93	0.39	0.11	1.42	1.01	0.41	70.57
13.	Bundu	2006-07	1.93	0.16	0.09	2.18	1.45	0.73	33.40
14.	Khunti	2006-08	1.43	1.59	1.67	4.70	3.56	1.14	75.82
15.	Mihijam	2006-07	4.50	0.45	0.21	5.16	0.88	4.28	17.04
16.	Latehar	2006-07	1.66	0.18	0.22	2.06	1.21	0.85	58.96
17.	Fusro	2006-07	0.60	0.01	0.01	0.62	0.56	0.06	91.90
18.	Koderma	2005-07	1.28	1.20	1.06	3.54	2.34	1.20	66.15
Total			107.22	57.71	60.20	225.13	93.84	131.29	41.68

APPENDIX-IV

Statement showing arrear of Holding Tax.

(Reference to : para; 3.2, page 21)

(Rs in lakh)

Sl.No.	Name of ULBs	Period	Arrear Demand	Current Demand	Total Demand	Collection	Arrear	Percentage of collection
1.	Ranchi	2007-08	2290.38	479.31	2769.69	665.73	2103.96	24.04
2.	Deoghar	2007-08	124.39	63.02	187.41	77.66	109.75	41.44
3.	Hazaribag	2007-08	NA-	NA	175.60	69.27	106.33	39.45
4.	Dumka	2007-08	18.69	16.21	34.90	7.93	26.97	22.73
5.	Medninagar	2007-08	NA	NA	60.00	21.67	38.33	36.12
6.	Pakur	2007-08	NA	NA	16.22	10.14	6.08	62.52
7.	Jugsalai	2007-08	2.59	8.35	10.94	9.26	1.68	84.65
8.	Gumla	2007-08	NA	NA	12.00	3.23	8.77	26.92
9.	Lohardaga	2007-08	NA	NA	88.91	20.83	68.08	23.43
10.	Chaibasa	2007-08	NA	NA	23.04	6.11	16.93	26.52
11.	Bundu	2006-07	11.69	3.93	15.62	0.42	15.20	2.69
12.	Khunti	2007-08	NA	NA	44.82	2.58	42.24	5.76
13.	Mihijam	2006-07	3.86	1.54	5.40	1.52	3.88	28.15
Total			NA	NA	3444.55	896.35	2548.20	26.03

APPENDIX-V

Statement showing list of Receipt Books not produced before audit.

(Reference to: para; 3.7, page 24)

Sl.No.	Name of the ULBs	Receipt Book	Date of issue of Books.	To whom issued (S/Sri)	No.of Books	Type of Receipt Books
1.	Ranchi Municipal Corporation	1901 to 2000	23.08.07	Professional Tax Section	03	Misc.
		3901 to 4000	19.09.07			
		8001 to 8100	21.11.07			
		11301 to 11400	26.12.07	Computer Section	08	Misc.
		17201 to 17300	26.02.08			
		17801 to 17900	04.03.08			
		18401 to 18500	13.03.08			
		19201 to 19300	29.03.08			
		97901 to 98000	12.07.07			
		81101 to 81200	12.07.07			
		15701 to 15800	07.02.08			
		15101 to 15200	01.02.08	Cashier	06	Misc.
		19001 to 19100	26.03.08			
		99701 to 99800	04.07.07			
		99801 to 99900	06.07.07			
		5401 to 5500	12.11.07			
		97101 to 97200	21.05.07			
		2701 to 2800	07.09.07	Md.Naseem	03	Misc.
		9301 to 9400	05.12.07			
		99101 to 99200	21.06.07			
		19151 to 19200	18.01.08	Water Board	11	Misc.
		19551 to 19700	06.02.08 to 01.05.008			
		19701 to 19750	19.02.08			
		19801 to 19900	25.02.08			
		19951 to 20000	28.02.08			
		20201 to 20250	10.03.08			
		20451 to 20500	14.03.08			
		20551 to 20650	24.03.08			
		3601 to 3700	12.09.07	Rickshaw Licence	01	Misc.
		13901 to 14000	18.01.08	Dog Registration	01	--do--
		5801 to 5900	20.11.07	Licence	01	--do--
		15201 to 15300	01.02.08	Store	01	--do--
		81101 to 81300	12.07.07	Accounts Section	02	--do--
		329101 to 329200	26.04.07			
		184901 to 185000	29.11.07	Tax-Section	02	'H' Receipt
		337201 to 337300	05.07.07			
		281901 to 282100	01.08.07	N.K.Lal	03	---do---
		256901 to 257000	17.08.07			
		257901 to 258000	28.08.07	Triveni Ram	01	--do--
		273501 to 273600	10.10.07	C.K.Sharma	01	--do--
352901 to 353000	15.03.08	Deepak Rajak	01	--do--		
353601 to 353700	20.03.08	Kashinath	01	--do--		
353701 to 353800	20.03.08	P.D.Sahu	01	--do--		
353101 to 353200	28.03.08	Pawan Kachhap	01	--do--		
	Total				48	
2.	Deoghar	1401-1500	06.05.05	Shanker Nath Jha	04	Misc.
		1701-1800	06.05.06			
		1801-1900	29.06.05			
		2501-2600	04.08.05			
		3201-3300	05.09.05	Balanand Jha	03	Holding
		15301-15400	04.10.06			
		17401-17500	03.02.07			
	301-400	-----	Shyam NathMishra	01	Dormitory reservation	
	Total				08	

Sl.No.	Name of the ULBs	Receipt Book	Date of issue of Books.	To whom issued (S/Sri)	No.of Books	Type of Receipt Books
3.	Hazaribagh	13301-13400	26.08.06	Inam Ashraf	04	Holding
		15401-15500	22.11.06			
		17401-17500	18.01.07			
		19001-19100	07.03.07			
		23001-23100	31.10.06	Vijay Kr.Gupta	02	Misc.
		25501-25600	15.03.07			
	Total				06	
4.	Jugsalai	6501-6600	NA	Ram Tahal Ram	03	Misc.
		7001-7100	NA			
		2901-3000	NA			
5.	Lohardaga	17701-17800	NA	Gopal Singh,Acctt.	01	Misc.
6.	Bundu	37001-37100	NA	Accountant	01	Misc.
	Total				05	
	Grand Total				67	

APPENDIX-VI

Statement showing expenditure made on account of Salary to Daily Wages Staffs.

(Reference to: para; 4.1, page 29)

(Rs in lakh)			
Sl.No.	Name of ULBs	Period	Amount incurred
1.	Ranchi	2007-08	176.51
2.	Chaibasa	2006-08	115.24
3.	Hazaribag	2006-08	47.18
4.	Medninagar	2006-08	32.18
5.	Deoghar	2006-08	20.43
6.	Gumla	2006-08	13.07
7.	Lohardaga	2006-08	5.62
8.	Dumka	2006-08	5.38
9.	Khunti	2006-08	4.31
10.	Latehar	2006-07	3.51
11.	Pakur	2006-08	3.45
12.	Koderma	2005-08	1.27
13.	Jugsalai	2006-08	0.90
14.	Bundu	2006-07	0.86
15.	Mihijam	2006-07	0.66
	Total		430.57

APPENDIX-VII

Statement showing Cost of Materials paid on Hand Receipts.

(Reference to: para; 5.5, page 34)

A. HAZARIBAG.

(In Rupees)

Sl. No.	Name of Scheme	Executing Agent (S/Sri)	Chips		Sand		Bricks		MS Rod / Cement		Total Amount
			Qty. (in Cum)	Amount	Qty. (in Cum)	Amount	Qty. (Nos.)	Amount	Qty.	Amount	
1.	Beautification of Dr.Zakir Hussain Park.	Pradeep Kumar, JE	47.20	31,057	55.07	10,518	18502	38,262	Nil	Nil	79,837
2.	Constn. of PCC Road from Ram Chandra Gope house to the House of Mahendra Kishore.	B.P.Singh, JE	48.69	32,069	64.38	13,520	16081	33,265	Nil	Nil	78,854
3.	Constn. of PCC Road Near Bihari Girls School	Bhim Gope, Cashier	96.36	45,770	144.53	23,125	33600	60,480	Nil	Nil	1,29,375
4.	Construction of PCC Road in ward no.4, Baban Singh House to DAV School.	----do----	Nil	Nil	171.40	28,795	33000	54,450	Misc.	71,750	1,54,995
5.	----do---- in Bhuiatoli, Babugaon.	----do----	Nil	Nil	81.88	14,575	29000	46,400	Misc.	28,080	89,055
6.	Costn. Of Drain bith side in Dr.Zakir Hussain Road	G.C.Choudhary, JE	74.90	43,495	200.89	41,124	116734	2,12,301	2290 Kgs	57,628	3,54,548
7.	Constn. of PCC road and Drain from Satish Girija House to Jha Jee House	----do----	97.65	59,528	170.86	34,789	66791	138162	511 Kgs	13,541	2,46,020
8.	Constn. of PCC Road from the House of Ratan Ram to the House of Raju Paswan.	----do----	72.70	44,319	63.50	12,891	9609	18,738	33 Bags Cement	4,455	80,403
9.	Constn. of PCC Road from the House of Putul Ram to the House of Bhola Bhuian.	----do----	30.61	18,660	40.642	9,494	9039	18,698	25 Bags Cement	4,375	51,227
10.	Constn. of PCC Road in 4 th Lane GandhiNagar	----do----	50.00	30,481	145.45	29,617	27385	56,648	Nil	Nil	1,16,746
11.	Construction of Drain—do-----	G.C.Choudhary, JE	38.97	23,757	58.48	11,908	24600	50,887	MSRod 1210 Kgs 200Bags Cement	26,840 31,000	1,44,392
12.	Construction of Drain from the house of Prof.R.S.Lal to the house of Sri Das.	----do----	4.68	2,817	9.427	2,506	3834	8,994	MS Rod 205 Kgs	5,986	20,303
13.	Construction of PCC Road in DipuGarha.	----do----	45.62	27,810	53.608	12,523	10899	24,577	Nil	Nil	64,910
14.	Construction of Drain at Khirgaon	----do----	32.95	20,087	71.53	16,710	41285	93,100	MS Rod 1621 Kgs Misc.	42,332 26,710	1,98,939
15.	Construction of PCC Road in Matwari	----do----	38.15	23,257	63.10	14,741	23076	52,036	32 Bags Cement Misc.	4,320 2,200	96,554

16.	Construction of Drain in Chhota toli.	----do----	13.92	8,486	39.613	8,066	20200	41,785	18 Bags Cement MS Rod289 Kgs Misc.	3,150 7,659 9,703	78,849
17.	Construction of Well in Munda Toli.	----do---	0.65	396	2.74	640	1674	3,566	16 Bags Cement Misc.	2,800 3,730	11,132
18.	Constn. of Drain in Post Office Road	Kedar Singh, store-Keeper	20.39	20,000	43.30	14,100	48,700	87,660	Nil	Nil	1,21,760
19.	Construction of PCC Road near Dakbunglow Road .	----do----	26.155	15,955	39.21	9,097	9250	20,813	Nil	Nil	45,865
20.	Construction of Udghatan Patti.	----do----	1.13	520	8.5	1,650	6800	11,240	Misc.	14,450	27,860
21.	Construction of Drain in Kani Bazar Chamar Toli W.No.20 fro Kedar Nath Sahay to Dhanesh House.	----do----	26.50	16,165	57.20	13,270	37500	84,375	Misc.	9,020	1,22,830
22.	Construction of PCC Road and Drain	----do----	86.42	42,346	153.034	33,668	52400	95,106	Misc.	24,085	1,95,205
23.	Construction of S/R Road	Kedar Singh, store-Keeper	189.85	72,308	Nil	Nil	Nil	Nil	Nil	Nil	72,308
24.	Beutification of Hirabag Chowk.	Sunil Kr.Jha,JE	40.77	27,872	51.95	10,578	16059	31,212	Nil	Nil	69,662
25.	Construction of PCC Road from the House of Ranjit Kumar to the house of Khaita Tirkey.	----do----	43.33	29,881	56.64	13,900	12200	27,511	19 Bags Cement	3,325	74,617
26.	Construction of PCC Road in Korrah Hath Tola	----do----	19.97	13,769	23.36	5,033	4700	9,729	Sign Board & Photogra ph.	1,800	30,331
27.	Construction of PCC Road and Culvert.	----do----	138.78	98,000	164.96	40,600	36400	76,440	Misc.	21,500	2,36,540
28.	Beautification of Chowk.	----do----	52.03	34,269	Nil	Nil	20410	46,025	Misc.	10,317	90,611
29.	Construction of PCC Road in Mandai	Arvind Kumar, JE	Nil	Nil	Nil	Nil	Nil	Nil	Misc.	52,277	52,277
30.	----do---- from NH 100 to St.Robert School.	----do----	Nil	Nil	Nil	Nil	Nil	Nil	Misc.	36,366	36,366
31.	Construction of PCC Road from Jain Petrol Pump to the house of Gopal	Nagendra Sharma, Asstt.	155.83	37,399	133.70	82,900	31500	70,875	Hire Charge of Mixture	12,000	2,03,174
32.	----do---- Near Digamber Jain Mandir Gali	----do----	8.113	3,854	12.162	2,554	2900	5,220	Misc.	8,190	19,818
33.	Construction of Drain from Annapurna Hotel to Banshilal Chowk.	O.P.Gupta, JE	4.02	2,641	13.75	3,352	9542	21,470	Nil	Nil	27,463
34.	----do---- G.K.Mishra Road Both Side.	Satrughan Nayak, Asstt.	63.72	33,750	36 Trucks	23,400	47500	85,500	Disposal of Earth 66 Trucks	23,100	1,65,750
35.	----do----at Annada Chowk	----do----	33.98	19,200	45.32	10,400	20500	36,900	Misc.	16,500	83,000
36.	----do---- Old Bus Stand to Annada Chowk.	----do----	Nil	Nil	Nil	Nil	Nil	Nil	Misc.	83,900	83,900
37.	Construction of Drain from the house of Ramadhin to the house of Hamil Ram	C.B.Singh, JE	7.724	4,749	11.572	2,777	2750	6,188	Nil	Nil	13,714
38.	Construction of Boulder Pitch in Lake	----do----									1,00,669

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39.	Stone Boulder Pitching at Lake Road, 'Gr.E'	----do----	25.345 Metal 9.264 Boulder 44.15	11,494 3,020 11,788	23.63	4,431	2300	3,887	Misc.	15,420	50,040
40.	Improvement of Hurhuru Path	C.B.Singh,JE	858.14 Metal 82.13	3,80,500 35,600	Nil	Nil	Nil	Nil	Misc.	18,500	4,34,600
41.	Construction of Drain in Lochan Path	Shyam Sunder Prasad, JE	82.13	33,350	186.21	33,575	98000	1,76,890	Misc.	56,146	2,99,961
42.	Construction of Drain in Mission Hospital Road	----do----	118.95	48,300	249.23	46,600	126450	2,28,242	Misc.	59,760	3,82,902
43.	Construction of Drain in Tutu Imam Gali.	----do----	114.70	46,575	243.56	45,600	124000	2,23,820	Misc.	55,790	3,71,785
		Total									54,09,147

B. GUMLA

1.	Construction of PCC Road from Nebul Toppo House to the House of Nebul Minz.	K.D.Oraon, Tax-Collector	60.70 Boulder 70.28	19,901 13,915	111.17	28,001	Nil	Nil	Misc.	14,275	76,092
2.	----do----from the house of Khaitu Oraon in Kadam Toli	----do----	61.95 Boulder 65.37	20,312 13,946	1016.14	26,735	Nil	Nil	Misc.	14,000	74,993
3.	Construction of Drain from the House of Aditya Narsariya to the house of Ratan Munshi.	P.Kindo, Head Clerk.	11.750	42,000	37.854	6,255	18690	35,340	Nil	Nil	83,595
		Total									2,34,680
		Grand Total									56,43,827

APPENDIX-VIII

Statement showing excess payment due to non-deduction of Income Tax, Sales Tax, Royalty and Cost of Empty Cement Bags from Contractors Bill.

(Reference to: para; 5.6, page 34)

(Rs in lakh)

Sl.No.	Name of Municipal Fund	Period	Income Tax	Sales Tax/VAT	Royalty	Cost of empty cement bags	Total
1.	Ranchi	2007-08	Nil	1.09	Nil	Nil	1.09
2.	Hazaribag	2006-07	0.70	0.88	Nil	Nil	1.58
3.	Medninagar	2006-07	Nil	0.81	Nil	0.07	0.88
4.	Pakur	2006/07	Nil	0.49	Nil	Nil	0.49
5.	Jugsalai	2006-07	Nil	Nil	0.09	0.04	0.13
6.	Gumla	2006-07	0.39	0.29	Nil	Nil	0.68
7.	Lohardaga	2006-07	Nil	2.28	0.22	0.25	2.75
8.	Chaibasa	2006-08	0.08	Nil	Nil	Nil	0.08
9.	Katras	2005-06	Nil	0.40	0.25	0.11	0.76
10.	Jharia	2005-06	Nil	0.28	0.18	0.08	0.54
11.	Bundu	2006-07	Nil	Nil	Nil	0.02	0.02
12.	Khunti	2006-07	0.06	Nil	0.02	0.02	0.10
13.	Koderma	2005-07	Nil	0.20	Nil	0.07	0.27
	Total		1.23	6.72	0.76	0.66	9.37

APPENDIX-IX

Statement showing excess payment due to non- recovery of Cost of excess Cement issued by Hazaribag Municipality

(Reference to: para 5.7, page 35)

(In Rupees)

Sl .No.	Name of the Scheme	Name of Executing Agent (S/Sri)	No.of Cement Bags Issued	No.of Cement Bags used as per MB	Excess	Rate at which to be recovered	Total amount to be recovered.
(A) Personal Ledger Account.							
1.	Construction of Drain in Zakir Hussain Road	G.C.Choudhary.,JE	1200	1195	05	@ Rs.200/- Per Bag	1,000
2.	----do----from S.G.House to Zafar	-----do-- ----	814	805	09	---do---	1,800
3.	-----do-----from Harihar Munda house to Jodha House	-----do-- ----	78	76	02	---do---	400
4.	-----do-----from Roshan Oraon house to Ramadhin House	-----do-- ----	59	47	12	---do---	2,400
5.	Road from Ramchandra Gope to Mahendra Kishore House	B.P.Singh, JE	400	308	92	---do---	18,400
6.	-----do-----Chistiya Mohalla from Muzib House to Jamil	Nagendra Sharma, Asstt.	357	268	89	---do---	17,800
7.	Road & Drain from PCC Road to Sri Ram Chandra Babu house	Kedar Singh, Store-Keeper	700	135	565	---do---	1,13,000
8.	Stone Boulders Pitching at H'Bag Lakr Gr'D'	C.B.Singh, JE	705	Nil	705	---do---	1,41,000
9.	-----do-----Gr 'E.	-----do-- ----	600	540	60	---do---	12,000
10.	Construction of PCC Road from Babban Singh house to DAV School	Bhim Gope, Cashier	500	Nil	500	---do---	1,00,000
	Total						4,07,800
(B) Other than Personal Ledger Account)							
1.	Construction of Drain & Road in Kalyan Singh Road	Satrughan Nayak, Asstt.	800	728	72	---do---	14,400
2.	Construction of PCC Road in New Area 4 th Lane	B.K.Soni, T.C.	300	202	98	---do---	19,600
	Total						34,000
	GRAND TOTAL						4,41,800

APPENDIX-X

Statement showing excess payment of Advance not refunded after adjustments by the Executing Agents.

(Reference to: para ;6.13, page 51)

(In Rupees)

Sl. No.	Name of the Fund.	Name of Scheme	Name of Executing Agent(S/Sri)	Advance Paid	Value of Work	Excess Payment	Total
1.	HazariBag Municipality	i) Special repair of Hurhuru Marg	C.B.Singh, JE	6,50,000	5,56,678	93,322	1,01,891
		ii) Stone Boulder Pitching at H'Bag Lake. 'Gr'D	----do----	2,25,000	2,19,978	5,022	
		iii) Carriage of Bitumen from Haldia	----do----	50,000	46,453	3,547	
		iv) PCC Work in Bank Coloney	Kedar Singh,Store-Keeper	2,55,000	2,48,738	6,262	2,19,079
		v) Special repair of Okni Marg	----do----	1,00,000	87,575	12,425	
		vi) Construction of PCC Road and Drain from PCC to Ramchandra Babu House	----do----	3,50,000	3,48,205	1,795	
		vii) Construction of Drain in Kani Bazar (Chamar Toli) W.No. 20	----do----	2,09,000	1,93,138	15,862	
		viii) Construction of Slaughter House.	----do----	7,75,000	7,42,265	32,735	
		ix) Construction of PCC road from Kallu Chowk to Niyogi Marg	----do----	8,00,000	6,50,000	1,50,000	
		x) Construction of Drain in Both Side of Tutu Imam Road.	Shyam Sunder Pd, Asstt.(Retd.)	7,20,000	6,87,628	32,372	
		xi) ----do---- from Mission Hospital to Hurhuru Road.	----do----	6,50,000	6,02,220	47,780	1,84,883
		xii) ----do---- in Lochan Path, Matwari.	----do----	5,50,000	5,48,350	1,650	
		xiii) S/R to Hurhuru Marg.	----do----	7,00,000	5,96,919	1,03,081	
		xiv) Installation of Tube Wells	Shatrughan Nayak, Asstt.	18,00,000	17,38,898	61,102	
		xv) Construction of Bridge on Main Drain (Femin Marg)	----do----	3,40,000	3,10,355	29,645	1,14,113
		xvi) Construction of PCC Road from Kabiraj Lane to Jullu Park.	----do----	1,25,000	1,19,732	5,268	
		xvii) Construction of Drain at State Bank of India	----do----	1,50,000	1,49,600	400	
		xviii) ----do---- from the house of Tribhuwan Babu to the house of Jagarnath Babu	----do----	3,00,000	2,82,302	17,698	
		xix) Construction of PCC Road in Bhuinya Toli.	Bhim Gope ,Cashier	1,00,000	95,628	4,372	
		xx) ----do---- from the house of Babu Singh to DAV School	----do----	1,80,000	1,72,073	7,927	

		xxi) Construction of PCC Lane and Drain in Parnala Bhuiyan Toli.	----do----	415,000	3,92,049	22,951	35,250
		xxii) ----do----from NH100 to Main Road	Nagendra Sharma,TC.	3,00,000	2,57,094	42,906	93,122
		xxiii) ----do---- in Digamber Jain Gali.	----do----	40,000	27,155	12,845	
		xxiv) ----do---- in Chistiya Mohalla (Firdausi Saheb house to Idris House)	----do----	1,00,000	92,741	7,259	
		xxv) ----do---- from the house of Muzib to the house of Jamil Khan	----do----	1,00,000	98,706	1,294	
		xxvi) Installation of Sardar Patel Statue at Indra Puri Chowk.	----do----	1,53,675	1,33,875	19,800	
		xxvii) S/R from Forest Office to Sardar Chowk.	----do----	1,00,000	90,982	9,018	
		xxviii) Lightening and Water Supply in Town Hall	Mahendra Kishore, Asstt.	7,15,000	6,77,945	37,055	37,055
		xxix) Construction of PCC Road in Okni 4 th Lane	B.K.Soni, TC	75,000	36,979	38,021	38,021
		xxx) Construction of Platform in Stadium Market	C.R.Yadav, Retd.Asstt.	2,00,000	1,92,421	7,579	7,579
		xxxi) Construction of Market Complex at Budhawa Mahadev.	Sanjay Kumar, TC.	3,05,000	3,04,974	26	26
		Total		1,15,32,675	1,07,01,656	8,31,019	8,31,019
2.	Fusro, NAC	i) Construction of PCC Road from NSD Hospital to Namniya Landa	Dwarika Pathak, JE	2,91,560	1,57,933	1,33,627	
		ii) ----do----from Kargali Shiv Mandir Pulia to Gurudwara and Durga Mandir	----do----	2,27,918	2,11,784	16,134	
		iii) Construction of Drain from Karipani Ramkali Mukya Path to Sadabul Seroof	----do----	86,618	Nil	86,618	
		Total		6,06,096	3,69,717	2,36,379	2,36,379
		Grand Total		1,21,38,771	1,10,71,373	10,67,398	10,67,398

APPENDIX-XI

Statement showing position of Outstanding Advances.

(Reference to: para ; 7.3, page 55)

Sl.No.	Name of ULBs	Position as of 31 st March	(Rs in lakh)		
			Amount of Advances Outstanding		
			Municipal Staff	Others	Total
1.	Ranchi	2008	NA	NA	661.33
2.	Deoghar	2008	NA	NA	444.09
3.	Hazaribag	2008	NA	NA	624.36
4.	Dumka	2008	NA	NA	4.64
5.	Medninagar	2008	NA	NA	47.29
6.	Pakur	2008	NA	NA	14.26
7.	Jugsalai	2008	NA	NA	0.97
8.	Gumla	2008	NA	NA	157.13
9.	Lohardaga	2008	NA	NA	275.94
10.	Chaibasa	2008	NA	NA	219.58
11.	Katras	2006	NA	NA	9.88
12.	Jharia	2006	NA	NA	15.69
13.	Bundu	2007	00.15	66.20	66.35
14.	Mihijam	2007	NA	NA	20.40
15.	Koderma	2007	NA	NA	10.68
	Total				2572.59

APPENDIX-XII

Statement showing Result of Audit.

(Reference to: para 7.4, page 56)

(Rs in lakh)

Sl. No.	Name of ULBs	Period of Audit	Amount suggested for recovery	Amount Recovered at the instance of audit	Amount held under objection
1.	Ranchi	2007-08	162.69	0.01	527.01
2.	Deoghar	2006-07	225.79	0.78	47.29
3.	Hazaribag	2006-07	24.44	0.50	96.97
4.	Dumka	2006-07	41.08	0.01	254.18
5.	Medninagar	2006-07	12.21	0.005	138.71
6.	Pakur	2006-07	35.82	0.05	24.89
7.	Jugsalai	2006-07	35.39	0.01	91.92
8.	Gumla	2006-07	2.23	0.19	11.77
9.	Lohardaga	2006-07	34.44	0.40	11.89
10.	Chaibasa	2006-08	7.34	Nil	147.58
11.	Katras	2005-06	2.42	Nil	21.26
12.	Jharia	2005-06	4.65	Nil	21.76
13.	Bundu	2006-07	0.82	Nil	0.86
14.	Khunti	2006-07	2.29	0.15	2.00
15.	Mihijam	2006-07	5.59	Nil	22.11
16.	Latehar	2006-07	4.43	Nil	12.94
17.	Fusro	2006-07	3.45	Nil	Nil
18.	Koderma	2005-07	7.00	Nil	84.16
	Total		612.08	2.11	1517.30