

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)