

CHAPTER III

AN OVERVIEW OF THE URBAN LOCAL BODIES

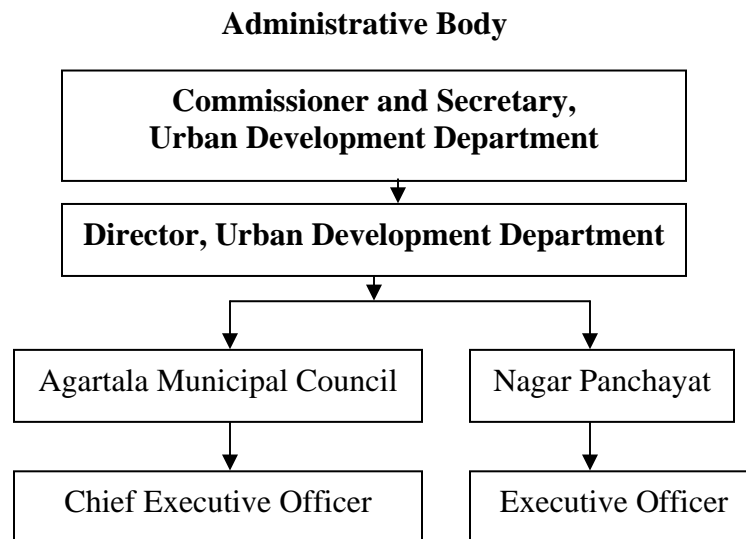
3.1 Introduction

Consequent upon the 74th amendment of the Constitution, the Government of Tripura enacted the Tripura Municipal Act, 1994, for transferring the powers and responsibilities to Urban Local Bodies (ULBs) in order to implement schemes for economic development and social justice including those in relation to the matter listed in the Twelfth Schedule of the Constitution of India. There were 16 Urban Local Bodies (1 Municipal Council and 15[◇] Nagar Panchayats) in the State as on 31.03.2010. At the State level, the Urban Development Department of the State Government coordinates and monitors the functioning of ULBs.

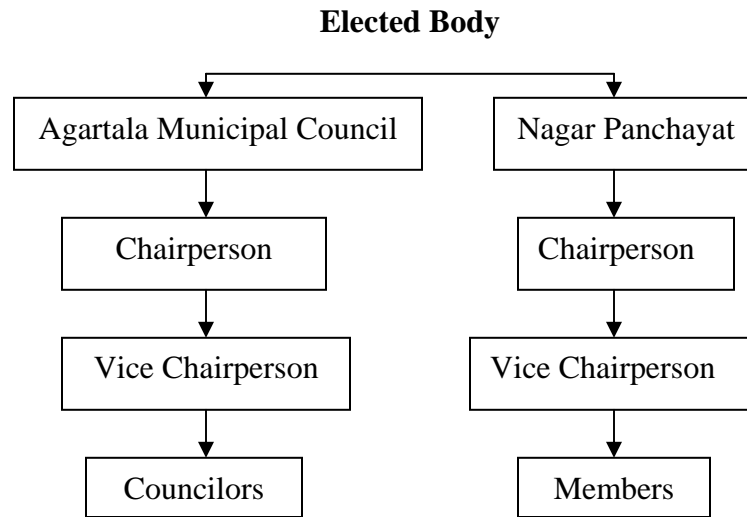
3.2 Organisational Structure of ULBs

The Chairperson elected by the majority of Councilors/Members is the executive head of the ULB. The executive powers of the ULB are exercised by the Council.

The organizational structure of the ULBs is as follows:



[◇] Three Nagar Panchayats viz Ambassa Nagar Panchayat, Bishalgarh Nagar Panchayat and Shantir Bazar Nagar Panchayat came into existence in March 2009.



3.3 Status of Devolution of Functions

The 74th amendment of the Constitution was enacted to decentralize the powers and functions to the Urban Local Bodies for ensuring proper and planned growth of cities and towns with adequate infrastructure and basic amenities. On the mandate of above, the Government of Tripura enacted the Tripura Municipal Act, 1994 for decentralization of powers and functions to ULBs. All the 18 functions listed in the 12th Schedule of the Constitution have been transferred by the State Government to the ULBs. But in practice, certain important functions like fire service, road and bridges are still controlled by the State Government departments.

3.4 Sources of Funds

For execution of various developmental works, the ULBs mainly receive funds from the Government of India and the State Government in the form of grants. The GOI grants include grants assigned under the recommendations of Eleventh Finance Commission and Twelfth Finance Commission. The State Government Grants are received through devolution of net proceeds of the total tax revenue under the recommendations of State Finance Commission. Besides, the sources include the revenue mobilized by the ULBs in the form of taxes, rent, fees, issue of licenses, etc. Receipts of funds from various sources for the last five years are given in table below:

Table No.9

(Rupees In crore)

Head	2005-06	2006-07	2007-08	2008-09	2009-10
Central share	5.01	5.61	8.22	37.65	27.06
State share	7.96	5.25	10.14	5.19	15.78
Grants-in-aid (Share of taxes)	14.72	19.62	18.13	25.70	30.59
Central FC grants(EFC/TFC)	0.80	0.80	0.80	-	1.60
Own source	NA	NA	8.27	14.15	15.27
Total	28.49	31.28	45.56	82.69	90.30

Source: Urban Development Department.

3.5 Functioning of ULBs

The ULBs perform their functions through the supervision of different Standing committees, such as Committee on Finance, Public Health and Public Works.

3.6 Accounting Arrangement

The Chief Finance Officer is responsible for maintenance of accounts of Agartala Municipal Council whereas the Executive Officers in case of Nagar Panchayats maintain the accounts with the assistance of accountants.

3.7 Audit Coverage

The audit of the accounts of Agartala Municipal Council and 10 Nagar Panchayats was test checked during 2010-11. Important audit findings are summarized in the succeeding paragraphs and chapter.

3.8 Audit Arrangement

As per Section 264, 265 and 266 of the Tripura Municipal Act, 1994, the accounts of the Municipality shall be examined and audited by an auditor appointed in that behalf by the State Government. The State Government shall, by rules, make provision with respect to the maintenance of accounts of the Municipalities and auditing of such accounts, including the power of the auditor. The auditor shall submit the audit report to the Chairperson of the Municipality and a copy thereof to the State Government. But no such arrangement has been made by the State Government. In October 1996, the Government of Tripura entrusted audit of accounts of Agartala Municipal Council and all Nagar Panchayats to the C&AG of India under Section 20(1) of the C&AG's (DPC) Act, 1971 on permanent basis.

3.9 COMMENTS ON ACCOUNTS

3.9.1 Receipts and expenditure

The funds in the form of grants received along-with unspent balance of previous year vis-à-vis the expenditure incurred by the 11 ULBs during 2009-10 is as under:

Table No. 10

(Rupees in crore)

Type of ULBs	Receipts	Expenditure	Balance
Agartala Municipal Council	48.26	21.59	26.67
Nagar Panchayats	49.66	26.81	22.85
Total	97.92	48.40	49.52

The above ULBs have not utilized about 50 *per cent* of the fund received indicating poor and slow implementation of different development schemes.

3.9.2 Non-finalisation of Annual Accounts

The ULBs have not finalized their annual accounts. The accounts of Agartala Municipal Council and all the Nagar Panchayats are in arrears since their inception. Urban Development Department, Government of Tripura has prepared the Tripura Municipal Accounts Manual (volume I & II) 2006 based on the National Municipal Accounts Manual which has not yet been adopted by the State Government.

3.9.3 Certification of Accounts

The State Government has not made any provisions in the State Acts/Rules for certification of accounts for the ULBs by the Examiner of Local Fund Audit or any other Auditing Authority.

3.9.4 Status of Database on the Finances of ULBs

On the recommendations of the EFC, database on finances as prescribed by the C&AG were required to be maintained at all levels of ULBs for securing accountability and transparency in maintenance of accounts. But the database on finances has not yet been developed by the ULBs.

3.9.5 Status of preparation of Budget

Under section 260(1) of the Tripura Municipality Act, 1994, the Budget Estimates of Municipality for a year shall be prepared in the prescribed form and presented before a meeting of Municipality, specially convened for the purpose, not later than the tenth day of March every year and shall be adopted after discussion within two weeks of presentation. A copy of the Budget Estimates adopted by the Municipality shall be sent to the State Government and a revised budget for the current year shall be framed in the prescribed form and presented before the Municipality for adoption after the first day of October, but not later than the thirty first day of December each year.

Test check of records of 10 Nagar Panchayats revealed that none of the Nagar Panchayats has prepared the Budget Estimates till now and expenditures were incurred without preparation and approval of the budget. Non preparation of budget indicates lack of internal control in the management of finances in the ULBs.