

## 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 conclusions.

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 had not taken place till March 2008. In 28 out of the 39 ULBs, elections were held in March 2008. Due to non-holding of elections, the ULBs did not receive Rs 90.85 crore and Rs 1707.77 crore upto 2008-09 under the 11<sup>th</sup> & 12<sup>th</sup> Finance Commissions and the Jawaharlal Nehru National Urban Renewal Mission respectively. Devolution of functions, funds and functionaries to ULBs as envisaged in the 74<sup>th</sup> Constitutional Amendment Act, 1992 had not taken place as yet.

ULBs were financially dependent on Grants and Loans from the Government as their own resources were meager. The available manpower in ULBs was not sufficient. Shortage of staff ranged from 11.64 *per cent* to 77.77 *per cent*.

[Paragraph 1.1 to 1.10]

### 2. Accounts and Financial Management

In contravention to the provisions of the Act, 17 ULBs irregularly maintained 106 additional Bank accounts and deposited Rs17.47 crore in 93 accounts.

[Paragraph 2.1]

Eleven out of 17 test-checked ULBs had not prepared Budget Estimates during 2002-08. Remaining six ULBs prepared unrealistic budgets and utilized only 3.13 *per cent* to 31.13 *per cent* of the Budget provision.

[Paragraph 2.2]

Eleven ULBs incurred unauthorized expenditure of Rs 41.03 crore during 2002-08 without preparing Budget Estimates.

[Paragraph 2.3]

The expenditure of Rs 97.51 crore incurred by 17 ULBs could not be scrutinized due to non-preparation of Annual Accounts for the period 2002-09.

**[Paragraph 2.4]**

Only 39.82 per cent of specific Grants & Loans was utilized during 2002-09.

**[Paragraph 2.5.1]**

Internal control was very weak. The prescribed supervisory checks were not carried out. Basic records viz. Advance Ledger, Loan Register, Loan Appropriation Register, Grant Register, Demand and Collection Register, Work Register, Unpaid Bill Register, Annual Report, Deposit Ledger, Register of Lands, Register of Revenue Resources, Asset Register etc were not maintained by most of the ULBs.

**[Paragraph 2.6.1 & 2.6.2]**

In 10 ULBs, a difference of Rs. 1.49 crore between balances as per Cash book and Bank /Treasury Account was not reconciled.

**[Paragraph 2.6.3]**

Seven ULBs did not produce vouchers worth Rs 3.03 crore for the period 2002-09 before Audit.

**[Paragraph 2.6.7]**

Advances aggregating Rs 17.93 crore were outstanding against employees, suppliers, contractors and engineers of 14 ULBs.

**[Paragraph 2.6.8]**

### **3. Revenue Receipts**

Nine ULBs did not impose prescribed Municipal taxes.

**[Paragraph 3.1]**

Fourteen ULBs did not take prescribed steps for recovery of outstanding Holding tax, although a huge sum of Rs 29.56 crore was outstanding.

**[Paragraph 3.2]**

Rates of taxes were not revised for the last 8 to 47 years despite provision for revision after every five years. This resulted in loss of revenue to the ULBs.

**[Paragraph 3.5]**

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Due to non-serving the notices of demand and warrant to tax payers for collection of arrears of taxes, Ranchi Municipal Corporation was deprived of Rs 0.39 crore as fee which could have been levied on the delayed payments.

[Paragraph 3.6]

**The collecting staff of 13 ULBs misappropriated Rs 13.51 lakh collected during 2004-2009. Out of this, Rs 1.48 lakh was recovered from the staff of ULBs at the instance of audit and Rs 12.03 lakh was still lying with the collecting staff.**

[Paragraph 3.7]

Eighty-four Money Receipt Books were not produced before audit by eight ULBs.

[Paragraph 3.8]

The settlement amount of Rs 28.34 lakh was outstanding from 2004-05 to 2008-09 in nine ULBs.

[Paragraph 3.9]

Proceeds of the collection of Rs 2.44 crore on account of Health/Education cess during 2001-09 were not remitted into the Government account.

[Paragraph 3.10]

Due to non-collection of Health/Education cess by six ULBs, the State Government and the ULBs suffered a loss of Rs 57.75 lakh and Rs 6.42 lakh respectively during 2006-08.

[Paragraph 3.11]

Seven ULBs realized Education cess at less than the prescribed rate of 50 *per cent*, which resulted in loss of Rs 23.30 lakh to the State revenue and Rs 2.59 lakh to the ULBs during 2001-09.

[Paragraph 3.12]

Rupees 18.65 crore was outstanding on account of rent and taxes of Government buildings.

[Paragraph 3.15 & 3.16]

#### **4. Establishment**

Eleven ULBs irregularly spent Rs 3.05 crore during 2004-09 on engaging casual staff despite Government prohibition.

[Paragraph 4.1]

Three ULBs paid Rs 2.18 crore to NGOs for cleaning roads etc. without the approval of State Government.

**[Paragraph 4.2]**

Four ULBs appointed lawyers without approval of the State Government and incurred Rs 1.58 lakh during 2004-08.

**[Paragraph 4.3]**

The employees of four ULBs sustained loss of interest due to non-remittance of Provident Fund subscription of Rs. 10.81 lakh in the concerned bank accounts.

**[Paragraph 4.4]**

## **5. Transaction Audit**

Taxes deducted at source of Rs 35.11 lakh on account of Income Tax, Sales Tax and Royalty were not credited to the Government Accounts.

**[Paragraph 5.1]**

Eight ULBs irregularly paid Rs 24.21 lakh as contractor's profit to Sulabh International Social Service Organization against the provision of State Public Works Account Code.

**[Paragraph 5.2]**

Ten ULBs neither made any recovery of Sulabh Shauchalaya Loan of Rs 1.03 crore and interest thereon nor maintained any account for the same.

**[Paragraph 5.3]**

Hazaribagh Nagar Parishad made payment of Rs 27.23 lakh to the Executing Agents on Hand Receipts instead of proper vouchers.

**[Paragraph 5.4]**

Ten ULBs made excess payment of Rs 10.98 lakh due to non-deduction of Income Tax, Sales Tax, Royalty etc. from contractors' bills.

**[Paragraph 5.5]**

Excess payment of Rs. 35.70 lakh due to non-deduction of penalty from contractors' bills was noticed in 12 ULBs.

**[Paragraph 5.6]**

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Rupees 5.75 lakh incurred on creation of Boating infrastructure at Chas was proved infructuous.

[Paragraph 5.7]

## 6. Implementation of Schemes

Failure in completing the works within the timeframe resulted in blockade of Rs 7.21 crore in 15 ULBs.

[Paragraph 6.1]

Three ULBs diverted Rs 0.81 crore sanctioned for specific purposes towards payment of salary to staff.

[Paragraph 6.2]

Government Grant/Loan of Rs 7.04 crore received for specific purposes/schemes was blocked for the period ranging from one to seven years in eight ULBs, depriving the people of the benefits of these schemes.

[Paragraphs 6.3.1, 6.3.2 & 6.3.3]

The purpose of *Jawaharlal Nehru National Urban Renewal Mission* was defeated as the Central/ State Grant of Rs 148.80 crore remained unutilized at RMC.

[Paragraph 6.3.4]

Undue favour to a consultant for preparation of Detailed Project Report for construction of Bye Pass/Ring Road at Hazaribagh resulted in irregular expenditure of Rs 52.00 lakh.

[Paragraph 6.4]

The construction/ beautification of Park at Simdega remained incomplete even after lapse of three years leading to infructuous expenditure of Rs 24.77 lakh.

[Paragraph 6.5]

Due to non release of fund in subsequent years, Dhanbad Municipality could not complete 22 roads resulting into unfruitful expenditure of Rs 22.27 lakh.

[Paragraph 6.6]

Splitting of work of construction of Town Hall in two parts to avoid technical sanction of higher authority led to its abandonment which ultimately resulted into unfruitful expenditure of Rs 16.84 lakh at Godda.

**[Paragraph 6.7]**

Ditch Cleaning equipment and Road sweeper purchased at a cost of Rs 10.15 lakh at Dhanbad remained idle.

**[Paragraph 6.8]**

The construction of Indira Park at Giridih was not completed even after lapse of more than three years resulting into infructuous expenditure of Rs 6.54 lakh.

**[Paragraph 6.9]**

Objectives of Valmiki Ambedkar Malin Basti Awas Yojana were yet to be achieved in four test checked ULBs.

**[Paragraph 6.10]**

Two ULBs sustained a loss of Rs 13.65 lakh on account of Contractors' Profit as the schemes, required to be executed departmentally, were executed through contractors.

**[Paragraph 6.11]**

In nine ULBs, excess amount of Rs 7.78 lakh was paid to the executing agents over and above the agreed rates/estimates.

**[Paragraph 6.12]**

## **7. Other important observations**

There was poor response to outstanding audit observations. 5590 audit paras pertaining to the period 1979-80 to 2009-10 involving Rs 189.95 crore were outstanding as of February 2010.

**[Paragraph 7.1]**

Concerned Deputy Commissioners were not taking action on the Surcharge Notices issued by the Examiner of Local Accounts, Jharkhand. As a result, 126 notices involving Rs 1.43 crore issued during 2000-2010 were pending.

**[Paragraph 7.2]**

As a result of audit of 17 ULBs, a sum of Rs 2.97 crore was suggested for recovery, of which Rs 1.96 lakh was recovered during audit, whereas Rs 10.98 crore was held under objection.

**[Paragraph 7.3]**

Replies/Action Taken Notes on the paras appeared in the previous Reports of the Examiner of Local Accounts, Jharkhand were not furnished by the State Government.

**[Paragraph 7.4]**