

OVERVIEW

This Report comprises four chapters of which Chapters I and II contain an overview of structure, accountability, finances and financial reporting issues of Local Self Government Institutions (LSGIs) and comments arising from supplementary audit under the scheme of providing Technical Guidance and Supervision (TGS) arrangement. Chapters III and IV contain two thematic reviews and six transaction audit paragraphs. Copies of draft thematic reviews and transaction audit paragraphs were forwarded to the Government and replies wherever received have been duly incorporated.

Finances and financial reporting issues of LSGIs

The “Development Expenditure Fund to LSGIs” funded from State Budget constituted 22 per cent of the State Plan Outlay. As against revenue of ₹ 438.56 crore collected by LSGIs, the expenditure on establishment was ₹ 464.06 crore. The share of GOI grant in the total receipts increased from nine per cent in 2006-07 to 16 per cent in 2010-11. Out of ₹ 1888.38 crore released by Government of India/State Government for Centrally Sponsored Schemes, an amount of ₹ 670.94 crore was retained by SLNAs/PAUs. The LSGIs had completed only 30 per cent of the projects formulated during 2010-11. Most LSGIs were not adhering to the procedures relating to reporting monthly progress of expenditure. Defective preparation of Annual Financial Statements, non-preparation of Monthly Accounts, improper maintenance of asset register, etc., were noticed.

(Paragraph 2.1 to 2.8)

Collection of taxes in Kochi Corporation

There is no fair and transparent system for assessment of property tax. There were wide variations in computation of property tax for similar properties in the same area. Corporation has no mechanism to watch the stage of construction relating to lapsed permits. Due to lack of co-ordination between Town Planning Section and Revenue Section, property tax assessments were not made even though Occupancy Certificates were issued in respect of certain buildings. Due to dispensing with the need to obtain Occupancy Certificate issued by the Town Planning Section as the sole basis for getting water and electricity connection, a vital control mechanism to bring new buildings into tax net has been lost. The collection of profession tax has suffered due to lack of comprehensive database. Profession tax was not being realised from all traders/professionals in the Corporation area. The inspections as laid down for monitoring collection of Entertainment tax are not being carried out.

(Paragraph 3.1)

Waste Management in Thiruvananthapuram Corporation

The Solid Waste Management during the period 2000 onwards was not satisfactory due to several deficiencies in the operation of the plant by the operator and TMC. Though State Pollution Control Board, in its

authorisation, specifically mentioned that leachate treatment plant and sanitary land filling were to be provided before commissioning the plant, this was not done. Rupees 7.48 crore given to the operator towards cost of the plant and the operational loss incurred/suffered during seven years, was outside the scope of the agreement. Due to deficiencies in the plant set up by the operator a further substantial amount of ₹ 9.56 crore is required for upgradation of the facility. The plant was closed in December 2011 seriously affecting the Solid Waste Management in the city with adverse implication on environment.

(Paragraph 3.2)

Transaction Audit

Audit of financial transactions subjected to test check in various LSGIs revealed instances of unfruitful expenditure, infructuous/unproductive expenditure, excess/avoidable payment, idle investment and other irregularities as mentioned below:

No benefits had accrued till date from a minor irrigation project of District Panchayat, Wayanad on which an expenditure of ₹ 36.56 lakh was incurred.

(Paragraph 4.1)

Failure of 40 Local Self Government Institutions in four districts to demand road restoration charges at prescribed rates led to short realisation of ₹ 15.32 crore from Kerala Water Authority, affecting their financial position.

(Paragraph 4.2)

Servicing of a loan of ₹ 2.48 crore borrowed for financing construction of a bus stand - cum - shopping complex by Manjeri Municipality increased as construction was not completed within the stipulated period of 18 months.

(Paragraph 4.3)

A market building consisting of 33 stalls completed in January 2007 by Kodungallur Municipality at Kavilkkadavu could not be let out even after five years for want of demand resulting in idle investment of ₹ 33.05 lakh. Consequently, a waste water treatment plant constructed at a cost of ₹ 23.30 lakh also remained idle for the past three years.

(Paragraph 4.4)

District Panchayat, Ernakulam paid more than 80 per cent of the total cost for installation of biogas plants in advance to the service provider in violation of Government orders, without ensuring feasibility of project and availability of land, resulting in Development Expenditure Fund of ₹ 66.40 lakh remaining with the service provider for over 44 months.

(Paragraph 4.5)

Madhuram, a project for production of honey implemented by District Panchayat, Pathanamthitta to provide income to BPL women resulted in net loss of ₹ 1.18 crore.

(Paragraph 4.6)