



OVERVIEW



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This Report is in two parts and consists of four chapters. Chapter 1 and 2 deal with Panchayati Raj Institutions and Chapter 3 and 4 deal with Urban Local Bodies. A synopsis of important audit findings is presented in this overview:

Profile of Panchayati Raj Institutions (PRIs)

The 73rd Constitutional amendment gave a constitutional status to the Panchayati Raj Institutions (PRIs). As a follow up, all the 29 functions listed in 11th Schedule of the Constitution were devolved by the Department to the PRIs. However, funds and functionaries remained to be devolved to the PRIs.

There are 12 Zila Parishads (ZPs), 77 Panchayat Samitis (PSs) and 3,243 Gram Panchayats (GPs) in the State. Test check of records of 6 ZPs, 19 PSs and 92 GPs during 2012-13 showed financial reporting issues, viz (a) non preparation of budget estimates, (b) non-maintenance of registers such as stock register, immovable property register, work register, muster roll register, etc, (c) improper maintenance of accounts of own resources and grant-in-aid/loans, (d) non-reconciliation between cash books and bank pass books, (e) non accountal of materials procured, (f) improper maintenance of accounts of works, (g) blocking of funds provided under Thirteenth Finance Commission.

(Chapter-1)

Results of audit of Panchayati Raj Institutions

Fifty one GPs did not realize house tax of ₹ 12.14 lakh. Ten PRIs failed to realize an amount of ₹ 35.77 lakh on account of rental charges of shops. Thirty GPs did not recover royalties amounting to ₹ 5.04 lakh from suppliers. Revenue of ₹ 4.02 lakh on account of installation/ renewal charges of Mobile Towers in 19 GPs remained un-realized. Seven GPs and one PS did not take action to recover/adjust the outstanding advances of ₹ 12.01 lakh. Forty five PRIs purchased material valued at ₹ 1.90 crore without invitation of quotations/ tenders. In 14 PRIs, funds of ₹ 62.87 lakh remained unspent due to

non-commencement of works. Six GPs deployed the same labourers on different works in the same period. GP, *Bairagarh* (Chamba district) paid ₹ 0.03 lakh as wages for non-existent dates of a calendar month. Mahatma Gandhi National Rural Employment Guarantee Scheme suffered from non-maintenance of wage-material ratio, delay in release of labour payment and payment of extra wages to elected members of Gram Panchayats.

(Chapter-2)

Profile of Urban Local Bodies (ULBs)

There is one Municipal Corporation, 25 Municipal Councils (MCs) and 23 Nagar Panchayats (NPs) in the State. The 74th Constitutional amendment paved way for decentralization of power and transfer of 18 functions listed in the 12th Schedule of the constitution along with funds and functionaries to the Urban Local Bodies (ULBs). Though all the 18 functions stand transferred to ULBs, yet funds and functionaries remain to be transferred to the ULBs. The State Government has not made any provision in the Acts/ Rules for certification of accounts. Test-check of the records of one Municipal Corporation, six Municipal Councils and eight Nagar Panchayats was conducted during 2012-13 showed financial reporting issues viz. (a) non-certification of accounts (b) non-preparation of budget estimates in a realistic manner.

(Chapter-3)

Results of audit of Urban Local Bodies

Non-revision of rates of house tax by four Urban Local Bodies as per recommendations of State Finance Commission resulted in loss of revenue of ₹ 1.70 crore. Further, due to ineffective monitoring, revenue of ₹ 5.33 crore on account of house tax in eight Urban Local Bodies remained outstanding. MC, Baddi did not impose the house tax, also failed to impose sanitary tax amounting to ₹ 20.67 lakh and electricity tax amounting to ₹ 54.23 lakh. Seven Urban Local Bodies failed to realize the rent of shops amounting to ₹ 1.92 crore from the concerned allottees. Also, MC Shimla failed to recover the lease money of ₹ 32.84 lakh. Failure to realize the installation/ renewal charges of mobile towers

by seven ULBs resulted in loss of revenue of ₹ 47.05 lakh. Three ULBs incurred expenditure of ₹ 3.14 crore in excess of norms. Municipal Corporation, Shimla did not utilize ₹ 12.33 crore under JNNURM for rejuvenation of sewerage network in missing lines and left out/worn out sewerage in various zones of Shimla. It also failed to make payment of water bills resulting in creation of liability of ₹ 112.66 crore and did not adjust/recover contingent advance of ₹ 24.52 crore due to non availability of records. It also incurred an expenditure of ₹ 25.60 lakh on car parkings without proper planning. Nagar Panchayat, Bhota (Hamirpur district) failed to utilize the funds of ₹ 7.50 lakh provided for the purchase of hydraulic tipper for disposal of garbage.

(Chapter- 4)