

## CHAPTER IV

### AUDIT OF TRANSACTIONS (URBAN LOCAL BODIES)

#### 4.1 Splitting up of work

**Khowai Nagar Panchayat had taken up single work by splitting in smaller components to avoid technical sanction of higher authority in violation of CPWD Manual.**

According to para 2.47 (v) of CPWD Manual Vol-II (5<sup>th</sup> Edition 2002) as applicable in Tripura splitting up of work in smaller components or in phases for the purpose of avoiding technical sanction or invitation of tenders by lower authorities is prohibited unless such splitting is allowed by Chief Engineer. Further, according to Rule 130 of General Financial Rules, splitting up of works for the purpose of keeping tenders in his own competence by subordinate officers is an irregularity.

Test check (April 2013) of records of the Nagar Panchayat for the years 2011-12 and 2012-13 revealed that Nagar Panchayat had constructed a Gymnasium departmentally through the Junior Engineer (JE). It was observed that the JE had framed five separate estimates for the single work of construction of the Gymnasium as shown below:

Sl. No	Group	Estimated cost (₹ in lakh)
1.	Group-1	9.55
2.	Group-II	7.08
3.	Group-III	8.18
4.	Group-IV	9.38
5.	Group-V	1.20
<b>Total:</b>		<b>35.39</b>

Mention was made in the Annual Technical Inspection Report (ATIR) for the year ended 31 March 2009 regarding splitting up of single work into groups by the Khowai Nagar Panchayat. Despite reporting the matter of splitting up of the single work into groups in the ATIR the Nagar Panchayat had committed persistent irregularity in construction of the said Gymnasium.

On this being pointed out, the Executive Officer, however, assured that no such splitting up of work would be done in future

Thus, framing of estimate for single work by splitting up into several groups infringes provision of rules and was hence irregular.

#### **4.2 Diversion of funds**

**Kumarghat Nagar Panchayat placed ₹ 10 lakh with District Panchayat Officer, Unakoti District, for Solid Waste Management from Tripura Urban Employment Programme fund.**

As per Memorandum dated 15.05.2009, the Government of Tripura introduced the Tripura Urban Employment Programme (TUEP) scheme in order to provide employment opportunities in urban areas on a sustained basis to listed BPL families on the line of National Rural Employment Guarantee Act. TUEP is fully funded by state's own resources. The Urban Development Department, Government of Tripura sanctioned and placed fund to Urban Local Bodies with instruction that the fund cannot be diverted for any other purposes other than generation of man-days work by the job card holders of the respective Nagar Panchayat such as garbage collection & disposal, cleaning of roads, roadside jungle clearance, plantation, flood protection measures, new roads-brick soling, maintenance /beautification of parks, playground, water areas, community services, routine maintenance works for roads, schools/ colleges etc.

Test check (November-December 2013) of records of cash book, fund receipts register, cheque issue register and sanction memo file of Kumarghat Nagar Panchayat for the year 2011-12 and 2012-13 revealed that Nagar Panchayat placed (October 2012) ₹ 10.00 lakh to the District Panchayat Officer, Unakoti District, Kailashar for Solid Waste Management purposes by diverting funds from TUEP. Further, Nagar Panchayat has not received any Estimate/DPR of the project from the District Panchayat Officer, Unakoti District, Kailashar.

Thus, placement of funds from TUEP towards Solid Waste Management in rural areas led to diversion of ₹ 10.00 lakh.

#### **4.3 Irregular implementation of Member of Parliament Local Area Development Scheme**

**Non-adherence of prescribed guidelines resulted in irregular implementation of works under Member of Parliament Local Area Development Fund Scheme.**

Under the MPLAD Scheme, each MP will have the choice to suggest works to the tune of ₹ 5 crore per year, to be taken up in his/her constituency to the head of the District. The work under the scheme shall be development in nature based on locally felt needs. The emphasis is on creation of durable assets. Fund provided under the scheme should not be based for incurring revenue expenditure. The funds can also be used for purposes such as

provision of service support facilities. However, these would not include any recurring expenditure like staff payments to maintain such facilities. After receipt of recommendation from MP, as far as possible, all sanction for works should be accorded within 45 days from the date of receipt of proposal from the concerned MP. The district authority is to examine within the prescribed period and the time limit for completion of sanctioned work should generally not exceed more than one year. For the works relating to urban areas their implementation can be done through Commissioner, Chief Executive Officers of corporation, Municipalities, etc. or through the Head of District concerned as per the option of the MPs.

Para 2.1 of Guidelines of the Member of Parliament Local Area Development Scheme (MPLADS) prohibits engagement of private contractor on MPLADS works.

Test check of records (March-April 2013) of Agartala Municipal Council (AMC) for the year 2011-12 revealed that AMC had spent ₹ 12.17 lakh under MPLAD Scheme on installation of air circulation system at Hawkers Corner, a commercial establishment at Agartala. Besides, AMC utilised ₹ 1.50 lakh and ₹ 7.00 lakh on construction of retaining wall for maintenance of road and construction of market sheds respectively. It was further observed that AMC constructed a Madrasa at a cost of ₹ 7.32 lakh under MPLADS through private contractor.

Similarly, test check (April 2013) of records of Khowai Nagar Panchayat for the years 2011-12 and 2012-13 revealed that Nagar Panchayat had executed works valuing ₹ 1.22 lakh through private contractor for construction of drain, road etc. under MPLADS during 2011-12.

Thus, execution of non-permissible works under MPLADS and engagement of private contractor in contravention to the guidelines was irregular.

On this being pointed out in audit, the Chief Executive Officer of the AMC replied that the projects were implemented as per sanction of the District Magistrate & Collector, West Tripura while the Executive Officer of the Nagar Panchayat stated that such work will not be taken up by engaging private contractor in future.

The reply of the Chief Executive Officer was not tenable in audit as Section 3.12 of the Guidelines of MPLAD Scheme states that District Authority itself could verify the eligibility /feasibility of each recommended work. If any work is not eligible/ feasible, District Authority shall intimate the same to honourable MP concerned and also

Government of India. But in this case, no such formality was followed and non-permissible works to the extent of ₹ 21.89 lakh<sup>1</sup> were carried out under MPLAD Scheme.

#### 4.4 Poor/non utilisation of funds

##### There was poor/non utilisation of developmental funds under different schemes in Amarpur Nagar Panchayat.

As per Rule 290 of CTR (Volume I), no money shall be drawn unless it is required for immediate disbursement or in anticipation of demands or to prevent the lapse of budget grants; keeping the same in the bank accounts for future use is also not admissible by financial rules, as it might lead to loss or misappropriation of Govt. fund.

Scrutiny (August 2013) of cash book, registers related to different schemes and other relevant documents of Amarpur Nagar Panchayat for the period from April 2011 to June 2013 revealed that Nagar Panchayat retained considerable amount of unspent balance each month resulting in huge accumulation of funds under various schemes. It was noticed that out of ₹ 537.53 lakh (including spill over fund of previous year), only ₹ 178.53 lakh was utilised and 66.79 per cent of the total funds remained un-utilised as of June 2013. Details are shown below:

(₹ in lakh)

Sl. No.	Name of the scheme	Total receipts including opening balance as on 31.3 2013	Amount utilised	Amount not utilised	Percentage of non-utilisation
1	Share of Taxes	66.23	17.10	49.13	74.18
2	Land Acquisition	10.59	-	10.59	100
3	13 <sup>th</sup> Finance Commission grants	24.07	-	24.07	100
4	Tripura Urban Employment Programme	45.93	0.09	45.84	99.80
6	Solid waste Management	2.74	-	2.74	100
7	Swarna Jayanti Shahari Rojgar Yojana	10.36	0.10	10.26	99.03
8	SNP Godown	11.81	1.92	9.89	83.74
9	ILCS with BC	20.11	-	20.11	100
10	Dumping Ground	12.80	-	12.80	100
11	Motor Stand	315.00	157.50	157.50	50
12	Other	17.89	1.82	16.07	89.79
<b>Total</b>		<b>537.53</b>	<b>178.53</b>	<b>359.00</b>	<b>66.79</b>

From the above, it would be seen that in several schemes large amount of funds remained un-utilised which ranged between 50 per cent and 100 per cent of the total receipts. Non-utilisation of funds under 13th FC grants was indicative of failure to provide basic service

<sup>1</sup> (₹12.17 lakh + ₹ 1.50 lakh + ₹ 7.00 lakh + ₹ 1.22 lakh) = ₹ 21.89 lakh.

delivery to the people as envisaged in the 13th FC guidelines. Utilisation of funds under Tripura Urban Employment Programme (TUEP) a State Sponsored Scheme and Swarna Jayanti Shahari Rojgar Yojana (SJSRY) a Centrally Sponsored Scheme was discouraging. This indicated that Nagar Panchayat failed to provide wage employment and employment opportunities to the poor despite having substantial funds under the schemes.

On this being pointed out, the Executive Officer stated (August 2013) that steps would be taken to reduce the unspent balances.

Latest position had not been furnished (March 2014).

#### **4.5 Outstanding revenue**

**Kumarghat Nagar Panchayat could not collect revenue to the extent of ₹ 10.67 lakh and therefore it remained unrealised.**

Section 192 & 193 of the Tripura Municipal Act 1994 authorize Municipality to levy, collect and appropriate property tax and Section 201 of the said Act provides that the amount of fees on license and permits issued by a Municipality, shall be determined by the Municipality from time to time with the approval by the State Government and any profession, trade, calling and employment or any other gainful activities in the Municipal area which require a license or a permit under any other law shall also require a Municipal license or permit to be obtained and renewed in such manner as may be provided in the regulation.

As per Jawaharlal Nehru National Urban Reforms Mission agenda, there should be 85 *per cent* coverage of property tax by the ULBs. The 13<sup>th</sup> Finance Commission had also made this condition mandatory for release of the performance grants to the States. As per Memorandum dated 25.03.2011, the Urban Development Department, Government of Tripura decided that Agartala Municipal Council and all Nagar Panchayats shall adhere to the stricture of 85 *per cent* coverage of property tax by ULBs with immediate effect in order to meet the stipulation of the 13<sup>th</sup> Finance Commission.

Test check (November-December 2013) of records of Kumarghat Nagar Panchayat for the years 2011-12 and 2012-13 revealed that the revenue to the extent of ₹ 4.58 lakh during 2011-12 and ₹ 6.09 lakh during 2012-13 remained unrealised as the Nagar Panchayat could not collect the revenue as shown in **Appendix 4.1**. During 2012-13,

the collection of property tax was very poor, only ₹ 0.61 lakh (23.87 per cent) was collected against the target of ₹ 2.56 lakh.

The Executive Officer stated (December 2013) that special efforts would be made for collection of revenue.

#### **4.6 Conclusion and recommendations**

Splitting up of single work into groups, poor/non utilisation of funds, engagement of private contractor in MPLAD Scheme, outstanding revenue etc., were instances indicating inadequate internal control mechanism in the ULBs.

The following recommendations are made for consideration of the Government:

- Splitting up of one work into small groups should be avoided;
- Scheme funds should be utilised in timely manner;
- Engagement of private contractor in MPLAD work should be avoided;
- Internal control mechanism should be strengthened.

Agartala  
The

(S. K. Garg)  
Sr. Deputy Accountant General (Audit)

Countersigned

Agartala  
The

(R. K. Agrawal)  
Accountant General (Audit),  
Tripura