

# OVERVIEW

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This Report has nine chapters containing observations of audit on accounting procedures and financial management, receipts, establishment, material management and execution of works, implementation of schemes, Performance Audit as well as other important issues. A synopsis of the significant Audit findings is presented in this overview.

Fifteen Urban Local Bodies (ULBs) incurred excess revenue expenditure of ₹ 56.63 crore and seven ULBs had incurred excess capital expenditure of ₹ 40.52 crore over and above the budget provisions during 2010-13.

[Paragraph 2.1.1]

Twenty ULBs diverted ₹ 24.87 crore sanctioned for specific purposes during the years 2006-12 thereby depriving the beneficiaries of the intended benefits.

[Paragraph 2.3]

Twenty eight ULBs accumulated a liability of about ₹ 794.49 crore as of March 2012 due to non-payment of loan on time.

[Paragraph 2.4]

Despite transfer of liabilities of all primary schools under the ULBs to the District Primary School Council, nine ULBs incurred total expenditure of ₹ 3.70 crore towards salary of employees and maintenance of primary schools during the period 2007-12.

[Paragraph 2.6]

Advances aggregating to ₹ 15.12 crore granted by 21 ULBs to Chairmen, Councillors, employees, suppliers, contractors, etc. for various purposes remained unadjusted till March 2013.

[Paragraph 2.7]

Thirty-three ULBs sanctioned many building plans exceeding the estimated cost of ₹ 10 lakh, but did not collect or short collected the cess amounting to ₹ 11.09 crore by not complying with the Government order. Seven ULBs though deducted cess at source failed to deposit ₹ 2.69 crore to Government account till the closure of audit.

[Paragraph 2.10]

Delay in revision of annual valuation of property by six ULBs led to loss of property tax revenue amounting to ₹ 18.15 crore.

[Paragraph 3.2]

Remission allowed in property tax resulted in loss of revenue of ₹ 13.21 crore in two ULBs.

[Paragraph 3.3]

Non-imposition of surcharge on property tax (for commercial holdings) by 19 ULBs during April 2003 to July 2012 resulted in loss of revenue of ₹ 5.59 crore.

[Paragraph 3.4]

Thirty-one ULBs did not realize license fees of ₹ 4.93 crore at the end of March 2012.

[Paragraph 3.6]

Due to non-collection of revised building plan fees, seven ULBs lost ₹ 33.89 lakh during 2007-12.

[Paragraph 3.8]

An amount of ₹ 8.74 crore was collected by eight ULBs by imposing fees / levy from deviators in the shape of Development Fee for various purposes by regularizing unauthorized constructions in violation of the provision of the West Bengal Municipal Act, 1993.

[Paragraph 3.9]

Six ULBs irregularly spent ₹ 11.42 crore during 2008-12 on engagement of casual staff.

[Paragraph 4.1]

In absence of 'Special Fund' or due to inadequate contribution to the said fund, 10 ULBs created liability of ₹ 7.23 crore towards pension and gratuity as of December 2012.

[Paragraph 4.2]

Fourteen ULBs had not paid electricity charges amounting to ₹ 123.26 crore till the end of 2012.

[Paragraph 4.4]

Six ULBs either executed works or procured materials worth ₹ 9.45 crore without inviting open tender during 2008-12.

[Paragraph 5.1.1]

In four ULBs, even after incurring expenditure of ₹ 1.44 crore, works remained incomplete and proved futile and non-productive for years.

[Paragraph 5.2]

Eight ULBs spent ₹ 78.80 lakh on development works / procurement of goods for various welfare purposes which remained unutilized for years long rendering the expenditure non-productive.

[Paragraph 5.3]

Eight ULBs paid an excess amount of ₹ 38.26 lakh to contractors / suppliers during 2010-12.

[Paragraph 5.4]

Five ULBs spent ₹ 4.19 crore under the Employment Generation Scheme during 2009-12 without involving the Ward Committees / Community Development Societies. The expenditure on wages by four ULBs were below the requisite 40 *per cent* of the total cost of works during 2008-12, implying non-generation of employment of approximately 28073 man-days.

[Paragraphs 6.1.2 & 6.1.3]

Five ULBs executed works worth ₹ 2.55 crore during 2009-12 engaging contractors in violation of Government guidelines.

[Paragraph 6.1.6]

Nine ULBs incurred unauthorized expenditure of ₹ 4.18 crore for different purposes during 2007-12 in contravention of provision of guidelines.

[Paragraph 6.1.7]

Thirteen ULBs failed completely or partly to implement the Mid-day Meal Scheme in 316 schools. In six ULBs, 584.50 quintals of rice worth ₹ 9.04 lakh were damaged in the go-down during 2010-12. Eleven ULBs did not furnish utilization certificates to the Government either for rice component or cash component or for the both.

[Paragraph 6.2]

### **7.1 Implementation of Waiver Scheme, 2012 by Kolkata Municipal Corporation**

KMC collected only ₹ 345.99 crore (21 *per cent* of the qualified amount of ₹ 1647.41 crore) under the Scheme from 139039 assesseees (40 *per cent* of 348380 number of qualified assesseees).

(Paragraph 7.1.4)

KMC updated principal demand of ₹ 102.50 crore in respect of 22377 assesseees (16 *per cent* of 139039 number of assesseees who availed the Scheme) during the period of Waiver Scheme, through the process of 'manual demand update'. KMC did not intimate (till June 2013) whether the amount was actually deposited in the accounts of KMC, or not.

(Paragraph 7.1.5.5)

## **8.1 Internal Control & Service Delivery Mechanism – Maheshtala municipality**

There was a shortfall of ₹ 20.22 crore in collection of property tax during 2007-08 to 2011-12

[Paragraph 8.1.6.3(c)]

Due to non-renewal of trade licenses, Maheshtala municipality suffered loss of revenue amounting to ₹ 19.31 lakh.

[Paragraph 8.1.6.3(d)]

The authorized distributor of Maheshtala municipality lifted only 2413.95 quintal of rice out of total allotment of 5010 quintal during 2011-12 resulting in lapse of allotment of 2596.05 quintal of rice.

[Paragraph 8.1.6.6(a) (iii)]

## **8.2 Performance Audit of ‘Management of Water Supply in Urban Area’**

Around 35 to 45 *per cent* of population in selected ULBs remained outside the urban water supply network.

[Paragraph 8.2.7.3]

Out of 33 ULBs whose information was available, only seven ULBs could achieve the benchmarked *per capita* Supply of Water. The average *per capita* water supply in nine ULBs was less than 50 *per cent* of the stipulated benchmark.

[Paragraph 8.2.7.3 (b)]

Monitoring and testing of quality of water was not done in most (31 out of 35) of the ULBs.

[Paragraph 8.2.7.3(f)]

Blocking of fund of ₹ 61.58 crore and avoidable expenditure to the extent of ₹ 1.24 crore was noticed in Durgapur Municipal Corporation.

[Paragraph 8.2.7.5(a)(i) & (iii)]

Unfruitful expenditure of ₹ 18.28 crore and wasteful expenditure ₹ 0.36 crore due to delayed execution of approved water supply project under Jawaharlal Nehru National Urban Renewal Mission was noticed in Kulti municipality.

[Paragraph 8.2.7.5(b)(i)]

Blocking of ₹ 7.23 crore in Siliguri Municipal Corporation towards non-completion of water supply scheme Zone X resulted in beneficiaries being deprived of treated water facility.

[Paragraph 8.2.7.5(d)(ii)]

Exclusion of an item of work costing ₹ 7.87 crore, which was an essential requirement of the project, in the DPR under a JNNURM project resulted in loss of opportunity to avail Central assistance of ₹ 2.75 crore as well as incurring additional expenditure of ₹ 1.18 crore by Nabadiganta Industrial Township Authority due to reducing private partner's share of expenditure to 50 *per cent* from 65 *per cent*.

[Paragraph 8.2.7.6(c)]

Kolkata Municipal Corporation (KMC) leased out a prime piece of land to a private medical research institute (MRI) irregularly. It also reduced the lease rent by one third. KMC did not take adequate measures to safeguard its financial interest and suffered loss of municipal revenue on multiple fronts.

[Paragraph 9.1]

Kolkata Municipal Corporation did not collect cess of ₹ 41.34 crore at the time of sanctioning building plans during 2008 – 09 to 2011 – 12 and suffered a minimum loss of ₹ 41.34 lakh towards cost of collection.

[Paragraph 9.2]

Kolkata Municipal Corporation executed repairing and maintenance works involving expenditure of ₹ 53.18 lakh in nine bridges / flyovers during the period February - March 2012 beyond its jurisdiction.

[Paragraph 9.3]

Kulti municipality procured 35 Auto Tippers at the cost of ₹ 0.79 crore but failed to utilize the same even for a single day since last four and half years resulting in idle expenditure of ₹ 0.79 crore.

[Paragraph 9.4]

Uluberia municipality, for house to house collection of solid waste, procured containers at a cost of ₹ 41.60 lakh in advance without ascertaining immediate need and dumped the containers in the open space resulting in damage of containers worth ₹ 34.60 lakh.

[Paragraph 9.5]

Taherpur Notified Area Authority incurred excess expenditure of ₹ 5.42 lakh while paying honorarium to the *Sahayikas* of *Sishu Siksha Kendra* for the months of April & May 2010.

[Paragraph 9.6]

Kharagpur municipality did not take any tangible action for reduction of contract load in order to cut down the huge demand towards electricity charges resulting in payment of excess demand charges of ₹ 27.98 lakh during 2010-12.

[Paragraph 9.7]

Kharagpur municipality failed to pay its electricity bills regularly which not only increased its liability to the tune of ₹ 430.87 lakh but also led to avoidable payment of ₹ 45.81 lakh towards late payment surcharge as of March 2012.

[Paragraph 9.8]

Durgapur Municipal Corporation could not implement 3<sup>rd</sup> phase of Basic Services for Urban Poor Project which rendered the entire expenditure of ₹ 29.55 lakh incurred towards preparation of the detailed project report wasteful.

[Paragraph 9.9]