

OVERVIEW

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This Report comprises of five chapters under two sections. Section A includes two chapters containing observations on the Accounts and Finances of Panchayati Raj Institutions and three transaction audit paragraphs. Section B comprises of three chapters containing observations on the Accounts and Finances of Urban Local Bodies, one Performance Audit on Delivery of basic civic services by select municipal councils and four transaction audit paragraphs. A summary of major audit findings is presented in this overview.

1. Accounts and Finances of Panchayati Raj Institutions

The allocation from total revenue of the state to Panchayati Raj Institutions showed a marginal decrease from 17.38 per cent in 2009-10 to 15.16 per cent in 2013-14. The total allocation to Local Bodies during the same period also showed a marginal decrease from 19.92 per cent to 19.48 per cent as against 40 per cent recommended by the Second Maharashtra State Finance Commission.

Though the accounts of all the 33 Zilla Parishads up to the year 2010-11 were published and submitted to the State Legislature, the accounts for the year 2011-12, 2012-13 and 2013-14 were yet to be finalised and published.

The State Government had so far not amended (March 2015) the Maharashtra Zilla Parishads and Panchayat Samitis Account Code, 1968 and Bombay Village Panchayat (Budget and Accounts) Rules, 1959 to maintain annual accounts in the format prescribed by the Comptroller and Auditor General of India.

(Paragraphs 1.5, 1.8.4 and 1.8.5)

2. Transaction Audit Findings - Panchayati Raj Institutions

The Minor Irrigation Divisions of Zilla Parishads took up Minor Irrigation works in an ad-hoc manner without preparing any long term district-wise master plans. There were significant time and cost overrun in execution of Minor Irrigation works by the nine selected Zilla Parishads. A number of Minor Irrigation works were taken up without computing cost benefit ratio and works awarded as early as April 1999 to February 2011 remained incomplete as of March 2015 despite incurring substantial expenditure.

Works were irregularly spilt up and awarded to Labour Cooperative Societies in order to bring them within the financial threshold stipulated for award of works to the Societies.

The monitoring and inspection of Minor Irrigation works by the Zilla Parishads was deficient. Payments were released to the contractors even though the quality control procedures were not adhered to by them during the execution of works. There were significant shortfalls in creation and utilisation of irrigation potential against the potential envisaged to be created and actually created.

(Paragraph 2.1)

During 2009-14, the receipts of Panchayati Raj Institutions from own sources was merely 4.84 per cent of the total receipts and the Panchayati Raj Institutions were largely dependent on Government grants for developmental works. The Government did not release various grants due to the ZPs and there was shortfall in disbursement of grants to the Zilla Parishads, which significantly affected the receipts of Zilla Parishads and its further distribution to GPs. There were also heavy arrears in collection of various taxes by the Zilla Parishads. The monitoring and internal control in Panchayati Raj Institutions was weak. There were many cases of misappropriation/ embezzlement involving ₹ 56.39 crore which were pending settlement.

(Paragraph 2.2)

Despite deteriorating financial position of District Central Co-operative Banks in six Zilla Parishads, the Government of Maharashtra did not take early preventive action to transfer the deposits from these banks to other Nationalised Banks, leading to blockage of ₹ 520.75 crore.

(Paragraphs 2.3)

3. Accounts and Finances of the Urban Local Bodies

The total receipts of 26 Municipal Corporations in the State during 2013-14 was ₹ 40,012 crore which was higher by eight per cent over the previous year. The major contribution in total receipts was from rent and taxes (50.42 per cent) and other income (41.18 per cent).

The Government of Maharashtra published the Maharashtra Municipal Account Code, 2013 in January 2013 prescribing the procedure for maintenance of accounts of receipts and disbursements only for the Municipal Councils. The Government issued the notification for implementation of the Municipal Account Code after a delay of nearly two years in November 2014.

Information furnished by 17 of the 26 Municipal Corporations, which have prepared their annual accounts, revealed that audit by Municipal Chief Auditor had been completed up to 2012-13 in five Corporations and up to 2013-14 in six Corporations and the reports have been submitted to the Standing Committees of the respective Corporations. In the remaining six Municipal Corporations, there were arrears in audit by Municipal Chief Auditor ranging between two and 11 years.

(Paragraphs 3.4.6, 3.6.2 and 3.7.3)

4. Performance Audit - Urban Local Bodies

Delivery of Basic Civic Services by Select Municipal Councils

A performance audit of delivery of three basic civic services i.e. water supply, solid waste management and sewage management by 36 Municipal Councils was conducted between February and August 2014 covering the period 2011-14. The performance audit revealed that average water supply in 17 of 36 Municipal Councils ranged between 25 and 69 lpcd against the mandated 70 lpcd, due to losses from the distribution system, reduced efficiency of Water Treatment Plants and irregular electric supply. Twenty one water supply augmentation projects taken up by 20 Municipal Councils at a cost of ₹ 708

crore under one Central Scheme and two States Schemes suffered from significant time and cost overruns. The reforms in water supply services taken up by 24 Municipal Councils at a cost of ₹ 33.57 crore were lagging behind.

Only one of the 36 Municipal Councils was segregating Municipal Solid Waste and the remaining 35 Municipal Councils were dumping unprocessed solid waste in the landfill sites in a non-environment friendly manner or directly in the pits/near water bodies/road sides. Bio-gas plants and vermi/mechanical composting plants constructed/partially constructed at a total cost of ₹ 6.29 crore by 11 of the 36 Municipal Councils could not be put to optimal use due to repair and maintenance problems, lack of demand for the end product (cooking gas) etc. A number of Municipal Councils did not have valid authorisation from the State Pollution Control Board for setting up waste processing and disposal facilities in landfill areas or for operating slaughter houses.

The sewage collection and disposal system in 32 of the 36 Municipal Councils was inadequate. Waste water was connected either to open drains or storm water drains leading to the nearby rivers. In 34 Municipal Councils, 208.51 MLD was being discharged without treatment either due to inadequate capacity of Sewage Treatment Plants or non-functioning of Sewage Treatment Plants. Only two of the 10 capital projects sanctioned between March 2008 and February 2014 at a total cost of ₹ 612.17 crore for upgradation of underground sewage system in 10 Municipal Councils were commissioned.

None of the 36 Municipal Councils were able to achieve the Service Level Benchmarks prescribed by Ministry of Urban Development, Government of India against various performance indicators in water supply, solid waste management and sewage management.

(Paragraph 4.1)

5. Transaction Audit Findings - Urban Local Bodies

The Ulhasnagar Municipal Corporation could not achieve the Service Level Benchmarks against majority of the nine performance indicators in water supply due to delay in implementation of a water supply augmentation project approved in December 2008 by Government of India at a cost of ₹ 127.65 crore. Further, due to non-availability of its own source of water, the Corporation was purchasing bulk water from Maharashtra Industrial Development Corporation at a significantly higher cost. However, the Corporation has not revised the water charges rates and it continues to charge its consumers at flat rates irrespective of actual consumption of water, which has widened the gap between operating revenue and operating expenses of the Corporation.

There were shortfalls in achievement of Service Level Benchmarks in solid waste management despite engagement of a contractor for a period of nine years and an annual recurring expenditure of ₹ 4.38 crore. This was due to shortfalls in household level coverage for collection of waste, non-segregation/recycling of collected waste, unscientific disposal of waste at landfill site etc.

The sewage network system in Ulhasnagar Municipal Corporation was very old and damaged. Consequently, only 12 per cent of the total sewage generated by the city was reaching the Sewage Treatment Plant for treatment and the remaining 88 per cent was flowing directly into river/open nallahs. This has also adversely affected the achievement of Service Level Benchmarks.

Though the City Sanitation Plan was proposed to be implemented during 2012-16 with an estimated expenditure of ₹366.63 crore on solid waste management, sewage management and storm water drainage, only ₹4.25 crore was provided for solid waste management during 2012-14 against which, no expenditure was incurred.

(Paragraph 5.1)

Failure of Municipal Corporation of Greater Mumbai to collect Octroi directly from Bharat Petroleum Corporation Limited for crude oil imported by it resulted in avoidable payment of commission of ₹101.32 crore during 2010-13.

(Paragraph 5.2)

Aurangabad Municipal Corporation has been incurring an estimated recurring loss of ₹1.33 crore annually due to non-issue of licences to various establishments.

(Paragraph 5.3)

Four Municipal Corporations failed to avail of exemption of electricity duty during 2009-14, resulting in avoidable expenditure of ₹3.42 crore.

(Paragraph 5.4)