

## TABLE OF CONTENTS

| Particulars  | <i>Reference to</i> |          |
|--|---------------------|----------|
|  | Paragraph No.       | Page No. |
| PREFACE  | -                   | iii      |
| OVERVIEW   | -                   | v        |
| <b>CHAPTER 1</b>   |                     |          |
| <b>An Overview of the Functioning, Accountability Mechanism and Financial Reporting</b>                      |                     |          |
| Introduction   | 1.1                 | 1        |
| Organisational set up of Urban Local Bodies (ULBs)   | 1.2                 | 2        |
| Functioning of ULBs  | 1.3                 | 2        |
| Formation of various Committees  | 1.4                 | 3        |
| Audit arrangement  | 1.5                 | 3        |
| Response to Audit observations   | 1.6                 | 4        |
| Property Tax Board   | 1.7                 | 5        |
| Service Level Benchmark  | 1.8                 | 5        |
| Fire-hazard response   | 1.9                 | 6        |
| Submission of Utilisation Certificates   | 1.10                | 6        |
| Financial reporting  | 1.11                | 6        |
| Conclusion   | 1.12                | 11       |
| <b>CHAPTER 2</b>   |                     |          |
| <b>Performance Audit</b>   |                     |          |
| Performance Audit on “Municipal Solid Waste Management by Urban Local Bodies”                                | 2                   | 13       |
| <b>CHAPTER 3</b>   |                     |          |
| <b>Compliance Audit</b>  |                     |          |
| Audit on “Management of own funds by Municipal Boards including collection of Revenue in Urban Local Bodies” | 3.1                 | 43       |
| <b>Audit Paragraphs</b>  |                     |          |
| Wasteful expenditure in <i>Nagar Nigam</i> Varanasi  | 3.2                 | 56       |
| Unfruitful expenditure in <i>Nagar Palika Parishads</i> Khatauli and Bangarmau                               | 3.3                 | 57       |
| Unfruitful expenditure in <i>Nagar Nigam</i> Allahabad   | 3.4                 | 59       |
| Violation of pollution norms in <i>Nagar Nigams</i> Agra and Lucknow   | 3.5                 | 60       |
| Loss of revenue in <i>Nagar Palika Parishad</i> Hathras  | 3.6                 | 61       |
| Loss of revenue in <i>Nagar Nigam</i> Varanasi   | 3.7                 | 62       |

| <b>Appendices</b> |   |                    |
|-------------------|---|--------------------|
| <b>Number</b>     | <b>Particulars</b>  | <b>Page Number</b> |
| 1.1               | Functions of Urban Local Bodies   | 65                 |
| 1.2               | Functions performed exclusively by Urban Local Bodies   | 65                 |
| 1.3               | Sharing of functions between Urban Local Bodies and Government Agencies                       | 66                 |
| 1.4               | Functions performed by Government departments/ agencies                                       | 66                 |
| 1.5               | Details of maintenance of records, SLBs <i>etc.</i>   | 67                 |
| 1.6               | Details of difference in figures  | 69                 |
| 1.7               | Revenue realised from own resources   | 70                 |
| 2.1               | List of Sampled ULBs  | 71                 |
| 2.2               | Status of MSW Processing and Disposal facility in the State                                   | 72                 |
| 2.3               | Details of projects entrusted to M/s A2Z Waste Management Ltd.                                | 75                 |
| 2.4               | Status of unmanaged Municipal Solid Waste at processing plant, <i>Nagar Nigam</i> (NN) Kanpur | 76                 |
| 2.5               | Non imposition of penalty   | 76                 |
| 2.6               | Pollution control norms not adhered   | 77                 |
| 2.7               | Specification for compost quality laid down in MSW Rules 2000                                 | 77                 |
| 3.1.1             | List of Sampled ULBs  | 78                 |
| 3.1.2             | List of 39 items of license fees  | 78                 |
| 3.1.3             | Financial position of test checked ULBs   | 79                 |
| 3.1.4             | Revenue realisation against budget provisions in test checked ULBs                            | 83                 |
| 3.1.5             | Loss of revenue due to decreasing in Annual Rental Value (ARV) of properties by ULBs          | 85                 |
| 3.1.6             | Loss of revenue on water charge   | 86                 |
| 3.1.7             | Loss of revenue due to non-levy of license fees on wine shops in NN Moradabad and NN Jhansi   | 88                 |
| 3.1.8             | Loss of revenue to NN Jhansi due to non-charging of license fees on medical activities        | 89                 |
| 3.1.9             | Outstanding dues of own funds in test checked ULBs  | 90                 |
| 3.1.10            | House Tax and water tax arrears   | 91                 |
| 3.2               | Details of purchased vehicles   | 94                 |
| 3.3               | Loss of revenue from parking places   | 95                 |
| 3.4               | Recoverable license fees during 2014-16   | 95                 |