

OVERVIEW

This Report comprises three chapters of which Chapters I and II contain an overview of structure, accountability, finances and financial reporting issues of Local Self-Government Institutions (LSGIs) and comments arising from supplementary audit under the scheme of providing Technical Guidance and Supervision (TGS) arrangement by the Comptroller and Auditor General of India. Chapter III contains two compliance audits and six individual compliance paragraphs. Copies of draft compliance audits and transaction audit paragraphs were forwarded to the Government and replies wherever received have been duly incorporated.

Accountability framework, finances and financial reporting issues of LSGIs

The LSGIs were required to formulate projects under three Sectors viz., Productive, Service and Infrastructure. Productive sector, including Agriculture, Fisheries, Industries, etc. were the most neglected sector with a meager expenditure of ₹493.10 crore out of total expenditure of ₹6134.87 crore (8.04 *per cent*). During 2014-15, though the LSGIs in Kerala had formulated projects under productive sector to the tune of ₹1183.68 crore, the amount actually utilized was ₹493.10 crore only (41.66 *per cent*). During 2014-15, though the LSGIs in Kerala had formulated projects under Women Component Plan for ₹1072.69 crore, the amount actually utilized was ₹491.78 crore only (45.85 *per cent*). During the five year period 2010-15, the increase in total receipts of the LSGIs was 82 *per cent*. Of the total receipts during the five year period, the percentage share of State, Central and Own revenue was 63, 23 and 11 respectively. Out of ₹3410.97 crore allotted by the State Government to LSGIs during 2014-15, ₹526.71 crore was surrendered. Entire fund allotted under 2217-Urban Development for implementation of projects for IHSDP and Modernisation of Slaughter Houses was surrendered. There was no increase in the collection of own revenue. The percentage share of own revenue to total revenue during 2010-11 to 2014-15 was 12.80, 12.32, 13.16, 11.87 and 8.14 respectively. During 2014-15, though there was increase in collection of tax revenue, there was drastic reduction in collection of non-tax revenue.

(Chapters I & II)

Implementation of Building Rules in Thiruvananthapuram (TVM) And Thrissur (TCR) Municipal Corporations

Regulation of building construction is one of the mandatory functions of Municipalities and Municipal Corporations as per the Kerala Municipality Act, 1994 (KM Act). Government of Kerala (Government) formulated Kerala Municipality Building Rules, 1999 (KMBR) with effect from 01 October 1999

for the planned development of Municipalities/Municipal Corporations, and also for the safety and well being of the occupants and public.

Major lapses were noticed in the maintenance of basic records relating to building permits by both Corporations. Abnormal delay was noticed in TVM and TCR for processing permit applications and issuing permits. There were various instances of issuing permits for buildings violating provisions including those relating to Zoning/Coastal Zone Regulations and FAR restrictions. There were also instances of resorting to constructions without permits/deviating from permits and also occupying buildings without Occupancy Certificate. There was lack of coordination between Revenue and Engineering sections with regard to identification and follow up of unauthorised constructions. Proper records were not being maintained by both Corporations relating to unauthorised constructions. Monitoring was ineffective and the authorities have failed to take credible action against officials who abetted violation of rules. Corporations were not taking strict action to regularize/demolish unauthorized constructions, including those brought to notice by the vigilance department.

(Paragraph 3.1)

Maintenance of Environmental Hygiene By Urban Local Bodies

Though maintenance of environmental hygiene is a key function of Urban Local Bodies (ULBs) under Kerala Municipality Act, 1994, ULBs failed to discharge their responsibilities as per the provisions of Acts and Rules for the maintenance of environmental hygiene. The programmes and activities of the ULBs were inadequate for the proper maintenance of environmental hygiene. The functioning of Health Standing Committees and Ward Health Sanitation Committees were deficient in many respects. The ULBs had not ensured that the public toilets were functioning in clean and hygienic manner. Many of the public toilets provided at bus stands and markets were not functioning for want of repairs, non-availability of water, malfunctioning of septic tanks, etc. All the slaughter houses and markets in the test checked ULBs were not functioning with requisite facilities as stipulated in the Acts and Rules. The discharges from these establishments were let into water bodies, open spaces without any treatment causing severe environmental pollution. Six water bodies in the test checked ULBs were highly polluted due to discharge from industries, hospitals and other commercial establishments. There was no control over the disposal of septage in open places near human settlements.

(Paragraph 3.2)

Other Compliance Audit Observations

Audit of financial transactions subjected to test check in various LSGIs revealed instances of infructuous/unproductive expenditure, idle investment and other irregularities as mentioned below:

Improper selection of site by Kozhikode Corporation for the construction of Sewage Treatment Plant resulted in wasteful expenditure of ₹60 lakh.

(Paragraph 3.3)

Failure of Puthur Grama Panchayat in commissioning the Brick Manufacturing Unit, despite availability of infrastructural facilities, resulted in unfruitful expenditure of ₹31.68 lakh.

(Paragraph 3.4)

Kalady Grama Panchayat failed to establish a jute sack manufacturing project, despite construction of building, purchase of machinery and raw material and imparting training, rendering the investment of ₹15.70 lakh unfruitful.

(Paragraph 3.5)

Construction of houses by Ponnani Municipality in a rehabilitation package with less than prescribed minimum floor area led to public protest, stoppage of work and infructuous expenditure of ₹2.89 crore.

(Paragraph 3.6)

Failure of Alapuzha Municipality in rectifying the defects of e-toilets and providing facilities for making them functional rendered expenditure of ₹17.56 lakh unfruitful.

(Paragraph 3.7)

Purchase of plastic shredding machines by Kalpatta Block Panchayat without conducting feasibility study on the availability of plastic waste, methodology of disposal of plastic granules and without ensuring the infrastructure facilities resulted in idle investment of ₹34.82 lakh.

(Paragraph 3.8)