

## TABLE OF CONTENTS

|  | Paragraph  | Page |
|--|------------|------|
| <b>PREFACE</b>   |            | v    |
| <b>OVERVIEW</b>  |            | vii  |
| <b>PART A - PANCHAYAT RAJ INSTITUTIONS</b>   |            |      |
| <b>CHAPTER I - AN OVERVIEW OF THE FUNCTIONING, ACCOUNTABILITY MECHANISM AND FINANCIAL REPORTING ISSUES OF PANCHAYAT RAJ INSTITUTIONS</b>                           |            |      |
| Introduction   | 1.1        | 1    |
| Organisational setup of PRIs   | 1.2        | 2    |
| Functioning of PRIs  | 1.3        | 2    |
| Formation of various Committees  | 1.4        | 2    |
| Audit arrangement  | 1.5        | 3    |
| Response to audit observations   | 1.6        | 5    |
| Ombudsman  | 1.7        | 5    |
| Social Audit   | 1.8        | 6    |
| Submission of Utilisation Certificates   | 1.9        | 6    |
| Internal Audit and Internal Control System of PRIs   | 1.10       | 6    |
| Financial Reporting Issues   | 1.11       | 6    |
| <b>CHAPTER II - COMPLIANCE AUDIT (PANCHAYAT RAJ INSTITUTIONS)</b>  |            |      |
| <b>RURAL DEVELOPMENT AND PANCHAYAT RAJ DEPARTMENT</b>  |            |      |
| Provision of amenities in Panchayat Union Schools in selected Panchayat Unions of Sivagangai District under Comprehensive School Infrastructure Development Scheme | 2.1        | 9    |
| <b>Idle investment</b>   | <b>2.2</b> |      |
| Defective planning in construction of bus stand resulted in idle investment  | 2.2.1      | 14   |

|  | Paragraph | Page |
|--|-----------|------|
| <b>PART B - URBAN LOCAL BODIES</b>   |           |      |
| <b>CHAPTER III - AN OVERVIEW OF THE FUNCTIONING, ACCOUNTABILITY MECHANISM AND FINANCIAL REPORTING ISSUES OF URBAN LOCAL BODIES</b> |           |      |
| Introduction   | 3.1       | 17   |
| Organisational setup of ULBs   | 3.2       | 18   |
| Functioning of ULBs  | 3.3       | 18   |
| Formation of various Committees  | 3.4       | 18   |
| Audit arrangement  | 3.5       | 19   |
| Response to audit observations   | 3.6       | 21   |
| Ombudsman  | 3.7       | 21   |
| Property Tax Board   | 3.8       | 21   |
| Service Level Benchmark  | 3.9       | 21   |
| Fire hazard response   | 3.10      | 22   |
| Submission of Utilisation Certificates   | 3.11      | 22   |
| Internal Audit and Internal Control System of ULBs   | 3.12      | 22   |
| Financial Reporting Issues   | 3.13      | 22   |
| <b>CHAPTER IV - PERFORMANCE AUDIT (URBAN LOCAL BODIES)</b>   |           |      |
| <b>MUNICIPAL ADMINISTRATION AND WATER SUPPLY DEPARTMENT</b>  |           |      |
| Chennai Mega City Development Mission  | 4.1       | 25   |

|  | Paragraph  | Page |
|--|------------|------|
| <b>CHAPTER V - COMPLIANCE AUDIT (URBAN LOCAL BODIES)</b>   |            |      |
| <b>MUNICIPAL ADMINISTRATION AND WATER SUPPLY DEPARTMENT</b>  |            |      |
| Management of Municipal Funds including collection of revenue by Municipalities in Kancheepuram and Tiruvallur Districts               | 5.1        | 43   |
| Functioning of slaughter houses in Madurai City Municipal Corporation  | 5.2        | 60   |
| <b>Overpayment</b>   | <b>5.3</b> |      |
| Overpayment due to usage of lower cost pipes in water supply works   | 5.3.1      | 65   |
| <b>Loss of revenue due to short levy</b>   | <b>5.4</b> |      |
| Short levy of property tax   | 5.4.1      | 67   |
| <b>Avoidable expenditure</b>   | <b>5.5</b> |      |
| Avoidable expenditure due to non-exclusion of service tax component in the estimates   | 5.5.1      | 68   |
| <b>Idle investment</b>   | <b>5.6</b> |      |
| Non-achievement of the objective of regulation of auto/taxi fare despite investment on construction of prepaid Auto Bay and Taxi stand | 5.6.1      | 69   |

**APPENDICES**

| <b>Appendix No.</b> | <b>Subject</b>  | <b>Page</b> |
|---------------------|---|-------------|
| 2.1                 | Inadequate provision of toilets   | 73          |
| 4.1                 | SWDs constructed under CMCDM approved for reconstruction as per the reconstruction list of the DPR of ISWDS - Cooum Basin                             | 74          |
| 4.2                 | (A) Details of SWDs constructed under CMCDM which required reconstruction as per the new construction list of the DPR of ISWDS - Kosasthalaiyar Basin | 75          |
|                     | (B) Details of SWDs constructed under CMCDM which required reconstruction as per the new construction list of the DPR of ISWDS - Kovalam Basin        | 77          |
| 4.3                 | (A) Details of SWDs constructed under CMCDM which required reconstruction as per the new construction list of the DPR of ISWDS - Adyar Basin          | 79          |
|                     | (B) Details of SWDs constructed under CMCDM which required reconstruction as per the new construction list of the DPR of ISWDS - Cooum Basin          | 80          |
| 4.4                 | Statement showing the time taken from Administrative Sanction to award of contract – WSS  | 82          |
| 4.5                 | Statement showing the time taken from Administrative Sanction to award of contract – UGSS   | 83          |
| 4.6                 | Avoidable expenditure/liability due to usage of CI pipes instead of DI pipes  | 84          |
| 4.7                 | Excess expenditure due to entrustment of additional road works to the same contractor   | 87          |
| 5.1                 | (A) Avadi Municipality - Budget variances for the years 2013-14, 2014-15 and 2015-16  | 88          |
|                     | (B) Maraimalai Nagar Municipality - Budget variances for the years 2013-14, 2014-15 and 2015-16   | 89          |
|                     | (C) Pallavaram Municipality - Budget variances for the years 2013-14, 2014-15 and 2015-16   | 90          |
|                     | (D) Thiruverkadu Municipality - Budget variances for the years 2013-14, 2014-15 and 2015-16   | 91          |
|                     | Glossary of abbreviations   | 92          |