

# OVERVIEW



## OVERVIEW

*This Report contains five chapters. The first and the third chapters contain an overview of the Functioning, Accountability Mechanism and Financial Reporting issues of Panchayat Raj Institutions (PRIs) and Urban Local Bodies (ULBs) respectively. The second chapter contains two paragraphs based on the audit of financial transactions of the PRIs. The fourth chapter contains one Performance Audit on Chennai Mega City Development Mission. The fifth chapter contains six paragraphs based on the audit of financial transactions of the ULBs. A synopsis of some of the findings contained in this Report is given below:-*

### ***I An Overview of the Functioning, Accountability Mechanism and Financial Reporting issues of Panchayat Raj Institutions***

*Eleventh Schedule of the Constitution of India empowered the State Legislatures to devolve 29 functions to PRIs. Government of Tamil Nadu (GoTN) delegated certain powers to the three tiers of Panchayats viz. District Panchayats, Panchayat Unions or Block Panchayats and Village Panchayats to supervise, assist and monitor the works, falling under the 29 subjects implemented by various departments, as envisaged in the Constitution (Seventy-third Amendment) Act, 1992. Out of 45,918 and 401 pending paragraphs of Director of Local Fund Audit relating to Block Panchayats and District Panchayats, 20,632 paragraphs (45 per cent) and 163 paragraphs (41 per cent) respectively related to period prior to 2013-14.*

***(Paragraphs 1.1 to 1.11)***

### ***II Compliance Audit (Panchayat Raj Institutions)***

#### ***Provision of amenities in Panchayat Union Schools in selected Panchayat Unions of Sivagangai District under Comprehensive School Infrastructure Development Scheme***

*Government of Tamil Nadu introduced (December 2011) Comprehensive School Infrastructure Development Scheme (CSIDS) for provision of basic infrastructure and water supply facilities in the Panchayat Union Schools located in the rural areas. Audit scrutiny of implementation of the scheme in Sivagangai District revealed the following:*

*In four Panchayat Unions, 182 out of 518 works which were not included in the survey reports of Tamil Nadu Village Habitations Improvement Scheme were taken up under CSIDS. This indicated that though the survey reports were not complete and exhaustive, Government had instructed to execute the CSIDS works based on this report. Compound walls were constructed partially in seven schools at a cost of ₹ 15.47 lakh though other essential items of works were lacking. Owing to damages to the building, four classrooms in two Panchayat Union Schools could not be used and the students were forced to study in the passages/corridors and students of two different standards were accommodated in one classroom. There were leakages in ceiling in 20 out of 70 test checked schools. As the kitchen sheds were in damaged*

condition in two schools, cooking of food for the children was done in open space. There was inadequate provision of toilets and the shortfall ranged between 33 and 100 per cent in 18 schools. Water facility was not provided to toilets in nine schools.

*(Paragraph 2.1)*

Due to the failure of Block Development Officer, Kalrayan Hills to ensure provision of proper approach road and non-obtaining of approval from the Regional Transport Authority, the bus stand could not become operational despite investment of ₹ 69.98 lakh.

*(Paragraph 2.2.1)*

### ***III An Overview of the Functioning, Accountability Mechanism and Financial Reporting issues of Urban Local Bodies***

Out of 18 functions enlisted in the Twelfth Schedule of the Constitution, 12 functions have been devolved to the Town Panchayats and 17 functions (except Fire Service) have been devolved to the Municipalities and Municipal Corporations by the State Government as of November 2016. In respect of Chennai City Municipal Corporation, renamed as Greater Chennai Corporation (GCC) in October 2015, 13 out of 18 functions have been devolved so far (November 2016), of which the function of water supply is handled by the Chennai Metropolitan Water Supply and Sewerage Board. Out of 1,04,768, 1,09,610 and 64,466 paragraphs issued by Director of Local Fund Audit pending upto 2014-15 in respect of Municipal Corporations, Municipalities and Town Panchayats respectively, 96,314 paragraphs (92 per cent – Municipal Corporations), 96,589 (88 per cent - Municipalities) and 29,233 (45 per cent – Town Panchayats) related to the period upto 2011-12. Though the State Legislature had enacted the Tamil Nadu State Property Tax Board Act, 2013 in May 2013, the Board had not been constituted so far (November 2016).

*(Paragraphs 3.1 to 3.13)*

### ***IV Performance Audit (Urban Local Bodies)***

#### ***Chennai Mega City Development Mission***

The Chennai Mega City Development Mission (CMCDM) was launched with an objective to improve the infrastructure facilities and basic amenities such as roads, water supply, sewerage and sanitation, storm water drains (SWDs) and street lights, in an integrated manner in Chennai and its Added Areas. The main thrust was to bring Added Areas at par with erstwhile Chennai Corporation i.e. the Core City. The following deficiencies were noticed in the implementation of the scheme:

As against the projected requirement of ₹ 9,228.51 crore by the implementing agencies, Government of Tamil Nadu sanctioned only ₹ 2,500 crore thereby limiting the scope of activities taken up under CMCDM. Though SWDs were to be designed based on topographical, meteorological and hydrological study,

they were executed without such a study, which resulted in construction of inadequate size of SWDs and required reconstruction of 51 of these at an estimated cost of ₹ 54.33 crore. Further, the SWDs were not ultimately linked to natural waterways/water bodies for efficient storm water runoff. Road works were executed without integrated SWDs, in contravention of the instructions of the Project Sanctioning Committee (PSC). There were delays ranging from 60 to 223 days in award of contracts in respect of Water Supply Scheme (WSS) and Under Ground Sewerage Scheme (UGSS), which resulted in non-completion of six WSS and five UGSS. Use of Cast Iron pipes instead of Ductile Iron pipes resulted in avoidable expenditure/liability of ₹ 35.97 crore. Entrustment of road works without calling for tenders resulted in excess expenditure of ₹ 4.69 crore. Lack of effective monitoring by PSC resulted in post facto sanction of 1,946 unapproved works.

(Paragraph 4.1)

## V Compliance Audit (Urban Local Bodies)

### **Management of Municipal Funds including collection of revenue by Municipalities in Kancheepuram and Tiruvallur Districts**

There were significant budget variations as the Municipalities failed to carry out the variance analysis and prepare performance budget as prescribed in the Municipal Budget Manual. Due to negative fiscal balances, the Municipalities depended on Government grants for their functioning. There were underspending by the Municipalities on infrastructure projects as well as on Operation and Maintenance. There was a short release of Central Finance Commission grants amounting to ₹ 2.62 crore. There were lapses in levy and collection of property tax. Taxes amounting to ₹ 2.07 crore had become time barred due to failure of the Municipalities to collect taxes in time. Efficiency in collection of user charges on water supply and drainage by the Municipalities was far below the prescribed norms of 90 per cent. There was loss of revenue of ₹ 2.99 crore due to non-provision of UGSS service connections by Pallavaram Municipality.

(Paragraph 5.1)

### **Functioning of slaughter houses in Madurai City Municipal Corporation**

Consent of Tamil Nadu Pollution Control Board for operating the modernised slaughter house at Anuppanadi was not renewed after March 2011. Food safety licence to be obtained from the Central Licensing Authority as prescribed under Food Safety and Standards (Licensing and Registration of Food Businesses) Regulations, 2011 was not obtained. Fitness of animals slaughtered was not assessed; resting and stunning of animals before slaughter was not followed and slaughtering of animals was not taking place in recognised places as prescribed in the Prevention of Cruelty to Animals (Slaughter House) Rules, 2001. In order to avoid obtaining sanction from the Government for estimates valuing more than ₹ 1 crore, the Corporation had

*split the estimate for provision of machinery and equipment into five different works and awarded to the same contractor. Machinery and equipment purchased at a cost of ₹ 2.42 crore remained idle. Effluent Treatment Plant constructed at the modernised slaughter house at a cost of ₹ 25 lakh was not functioning.*

***(Paragraph 5.2)***

*Failure of the Municipal Engineer to ensure the correctness of the specification of pipes used in the work by the contractor before recording measurements resulted in overpayment of ₹ 46.37 lakh.*

***(Paragraph 5.3.1)***

*Failure to adopt the revised property tax assessment method by Salem City Municipal Corporation resulted in short levy of ₹ 31 lakh.*

***(Paragraph 5.4.1)***

*Failure to exclude the exempted service tax component in the estimates prepared by Thanjavur City Municipal Corporation and Kumbakonam Municipality resulted in avoidable expenditure of ₹ 47.82 lakh.*

***(Paragraph 5.5.1)***

*Failure of Madurai City Municipal Corporation to get the fares fixed for prepaid Auto/Taxi system from the Regional Transport Authority resulted in non-achievement of the objective of regulation of auto/taxi fare.*

***(Paragraph 5.6.1)***