

OVERVIEW

This Report is in two parts and consists of four chapters. Chapters 1 and 2 pertain to Panchayati Raj Institutions and Chapters 3 and 4 pertain to Urban Local Bodies. A synopsis of important audit findings is presented in this overview.

Profile of Panchayati Raj Institutions (PRIs)

The 73rd Constitution Amendment Act accorded constitutional status to Panchayati Raj Institutions (PRIs). Twenty-nine functions listed in 11th Schedule of the Constitution were to be devolved by the States to the PRIs, along with funds and functionaries.

The Government of Himachal Pradesh enacted the Himachal Pradesh Panchayati Raj Act in 1994. Functions relating to 15 line departments have been assigned by the State Government to PRIs. There are 12 Zila Parishads (ZPs), 78 Panchayat Samitis (PSs), and 3,243 Gram Panchayats (GPs) in the State.

(Chapter-1)

Results of audit of Panchayati Raj Institutions

During 2016-17, audit of six ZPs, six PSs and 128 GPs was conducted. Audit of PRIs highlighted (a) differences between figures of receipts and expenditure furnished to audit and those uploaded on PRIASoft; (b) non-maintenance of accounts through PRIASoft; (c) non-maintenance of National Assets Directory (NAD); (d) non-maintenance of registers such as stock register, immovable property register, work register, muster roll register, temporary advance register, grants-in-aid register, cheque issue and receipt register, etc.; (e) improper maintenance of accounts of income from own resources and grants-in-aid/ loans; (f) non-reconciliation of balances with bank statements; (g) non-conducting of physical verification; and (h) non-accounting of material in stock registers by PRIs.

Seventy-eight GPs did not realise house tax of ₹ 22.80 lakh upto the period 2015-16. Fifteen PRIs failed to realise an amount of ₹ 11.31 lakh on account of rental charges of shops. Revenue of ₹ 12.25 lakh on account of installation and renewal charges of mobile towers in 42 GPs remained unrealised. An expenditure of ₹ 68.71 lakh was incurred by two PRIs without preparing/ passing budget estimates during 2013-16. In 28 GPs, funds of ₹ 74.97 lakh remained unspent due to non-commencement of works. In 33 PRIs, funds of ₹ 1.44 crore remained unspent due to non-completion of works. In 51 PRIs, funds from 13th Finance Commission amounting to ₹ 11.96 crore remained unutilised on account of non-commencement of works, incomplete works and non-release of funds. Funds of ₹ 4.41 crore under 14th Finance Commission remained unutilised in 58 PRIs owing to non-start and non-completion of works. Funds of ₹ 6.16 lakh earmarked for minor irrigation schemes remained unutilised in Personal Ledger Account of three PSs. Funds of ₹ 6.09 lakh received under Nirmal Bharat Abhiyan remained unutilised in one GP. Funds of ₹ 0.20 lakh earmarked for Sampooran Sawachata Abhiyan remained unutilised in one GP. Six GPs deployed the same labourers on different works in the same period. Two GPs incurred expenditure amounting to ₹ 0.31 lakh on wages of nine workers without completing muster rolls. Four GPs paid wages amounting to ₹ 0.21 lakh to 15 workers without documentary proof. Implementation of Mahatma Gandhi National

Rural Employment Guarantee Scheme suffered from delay in release of labour payments as wages of ₹ 1.18 crore to labourers was delayed for period ranging between one and 178 days. GP Barto incurred doubtful expenditure on works under Sectoral Decentralised Planning scheme amounting to ₹ 0.19 lakh. Temporary advances amounting to ₹ 0.50 lakh remained outstanding for a period of one to 31 years in two GPs.

(Chapter-2)

Profile of Urban Local Bodies (ULBs)

The 74th Constitution Amendment Act paved the way for decentralisation of power and transfer of 18 functions listed in the 12th Schedule of the Constitution alongwith funds and functionaries to Urban Local Bodies (ULBs).

In Himachal Pradesh, 17 functions stand transferred to ULBs. The Government of Himachal Pradesh enacted the Himachal Pradesh Municipal Corporation Act, 1994 and the Himachal Pradesh Municipal Act, 1994 for transferring powers and responsibilities to ULBs. There are two Municipal Corporations, 30 Municipal Councils (MCs) and 22 Nagar Panchayats (NPs) in the State.

(Chapter-3)

Results of audit of Urban Local Bodies

During the year 2016-17, audit of one Municipal Corporation, 11 Municipal Councils and four Nagar Panchayats was conducted. Audit of ULBs *inter alia* highlighted (a) non-preparation of annual accounts; (b) non-preparation of budget estimates; (c) non-reconciliation with bank statements; and (d) non-accounting of materials.

In 12 ULBs, recovery of house tax of ₹ 8.11 crore remained unrealised as of March 2016. Sixteen ULBs failed to realise rent from shops, booths and stalls amounting to ₹ 7.30 crore. Failure to realise installation and renewal charges on mobile towers by 15 ULBs resulted in loss of revenue of ₹ 34.06 lakh. Collection of sanitation/ *safai* tax, *rehri/ tehbazari* fee and trade tax remained pending in four ULBs resulting in loss of revenue of ₹ 53.84 lakh. In Municipal Corporation, Shimla revenue of ₹ 53.64 lakh on account of lease money from shops and stalls remained unrealised. Non-collection of property tax of ₹ 1.77 crore from the lessee deprived the Municipal Corporation Shimla of its due share of revenue. Funds of ₹ 4.39 crore remained blocked in 10 ULBs on account of non-start of works and incomplete works. In Municipal Council, Shri Naina Devi Ji, funds from 13th Finance Commission amounting to ₹ 93.23 lakh remained unutilised on account of non-commencement of works. In Nagar Panchayat, Daulatpur Chowk (Una district), funds from 14th Finance Commission amounting to ₹ 11.52 lakh remained unutilised. Funds of ₹ 1.80 crore earmarked for sewerage schemes remained unutilised in three ULBs. Three Municipal Councils sanctioned temporary advances amounting to ₹ 18.84 lakh during 1988-89 to 2016-17 without adjustment of previous advances.

(Chapter- 4)