

Table of Contents

Paragraph Number	Contents	Page Number
	<i>Preface</i>	<i>v</i>
	<i>Executive Summary</i>	<i>vii-xii</i>
Chapter – I	Introduction	
1.1	74 th Constitutional Amendment	1
1.2	Trend of urbanisation in Himachal Pradesh	1
1.3	Profile of Urban Local Bodies in Himachal Pradesh	1
1.4	Organisational Structure of Urban Governance in Himachal Pradesh	2
Chapter – II	Audit Framework	
2.1	Audit objectives	3
2.2	Audit criteria	3
2.3	Audit scope and methodology	3
2.4	Acknowledgement	4
2.5	Organisation of audit findings	4
Chapter – III	Compliance with provisions of 74th CAA	
3.1	Comparison of State level legislations with 74 th CAA	5
Chapter – IV	Devolution of Functions & Empowerment of Urban Local Bodies	
4.1	Actual status of devolution of Functions	7
4.1.1	Activity Mapping of Functions	12
4.2	Institutional mechanisms for empowerment of Urban Local Bodies	13
4.2.1	State Election Commission	13
4.2.1.1	Composition of Municipalities	13
4.2.1.2	Reservation of seats	14
4.2.1.3	Status of elections and formation of councils	14
4.2.1.4	Election of Mayor, Deputy Mayor and their term	14
4.2.1.5	Election of President and Deputy President of Councils	15
4.2.1.6	Frequency of meetings of ULBs	15
4.2.2	Standing Committees in ULBs	15
4.2.3	Formation of Ward Committees in ULBs	16
4.2.4	Formation of District Planning Committee	17
4.2.5	State Finance Commission	17
4.2.5.1	Constitution of SFCs and implementation of recommendations	17
4.2.5.2	Response of the State Government to SFC recommendations	18
4.2.6	Property Tax Board	20

Paragraph Number	Contents	Page Number
4.3	Powers of the State Government over ULBs	21
4.4	Parastatals, their functions and impact on Urban Local Bodies	23
4.4.1	Shimla Jal Prabhandhan Nigam Limited	23
4.4.2	Himachal Pradesh Housing and Urban Development Authority (HIMUDA)	24
4.4.3	Himachal Pradesh State Industrial Development Corporation Limited (HPSIDC)	24
4.4.4	Smart City Mission	25
4.5	Summary of Audit Findings	26
4.6	Recommendations	27
Chapter – V	Financial Resources of ULBs	
5.1	Sources of revenue	29
5.2	Fiscal transfers to Urban Local Bodies	30
5.2.1	State Finance Commission grants	30
5.2.2	Central Finance Commission grants	31
5.2.2.1	Allocation and release of CFC grants	31
5.3	Assigned Revenue	33
5.4	Own Revenue of Urban Local Bodies	34
5.4.1	Property Tax (01 of 05 selected areas)	36
5.4.1.1	Methods of calculating Property Tax in the Himachal Pradesh	36
5.4.1.2	Assessment of Property Tax	37
5.4.1.3	Collection and Arrears of Property Tax	39
5.4.1.4	Conservancy Tax	40
5.4.2	Rent from commercial establishments	41
5.4.3	Trade License Fee	42
5.4.4	Advertisement Fee	43
5.5	Water Supply (02 of 05 selected areas)	43
5.6	Water Tax/Charges (03 of 05 selected areas)	44
5.7	Public Health, Sanitation (04 of 05 selected areas) Conservancy and Solid Waste Management	46
5.7.1	Sewerage Management	47
5.8	Solid Waste Management (05 of 05 selected areas)	48
5.8.1	Financial Management of Solid Waste Management	48
5.8.2	Collection of user charges	48
5.9	Preparation of Budget	49
5.9.1	Unrealistic budget exercise	50
5.9.2	Non-preparation and non-presentation of budget and accounts	50

Paragraph Number	Contents	Page Number
5.10	Expenditure of Urban Local Bodies	51
5.11	Resource-expenditure gap	51
5.12	Extent of utilisation of funds	52
5.13	Analysis of financial data of Urban Local Bodies	52
5.14	Financial powers of Urban Local Bodies	54
5.14.1	Powers to accord Technical Sanction	54
5.15	Summary of Audit Findings	55
5.16	Recommendations	56
Chapter – VI	Human Resources of ULBs	
6.1	Recruitment of staff	57
6.2	Limited powers over manpower	58
6.3	Assessment of staff in ULBs	58
6.4	Staff position in Urban Local Bodies of Himachal Pradesh	59
6.4.1	Sanctioned strength of test-checked ULBs	60
6.4.2	Persons-in-position of test-checked ULBs	61
6.4.3	Staff position in test-checked ULBs	61
6.5	Capacity Building	63
6.6	Summary of Audit Findings	64
6.7	Recommendations	65
Chapter – VII	Conclusion	67

Appendices		
Appendix No.	Contents	Page Number
1.1	Organisational Structure in respect to functioning of ULBs in the State	73
1.2	List of parastatals and their functions	74
2.1	List of selected ULBs	75
4.1	Details of number of Meetings of Municipalities held during 2015-20	76
4.2	Non/partial implementation of SFCs recommendations	77
5.1(A)	Service Level Benchmark indicators of 2017-18 for the Performance Grant of 2018-19	80
5.1(B)	Service Level Benchmark indicators of 2018-19 for the Performance Grant of 2019-20	81
5.2	Detail of revenue receipts received in test-checked ULBs during the period 2015-16 to 2019-20	82
5.3	Methods of calculation of property tax	86

Appendix No.	Contents	Page Number
5.4	Statement showing demand and collection of charges against the water supply and expenditure on O&M incurred by the various agencies	87
5.5	Statement of collection of user charges, collectable user charges and revenue expenditure on Solid Waste Management	88
5.6	Statement showing variation in budget in each category of ULB	89
6.1	Statement showing detailed position of vacancies in various posts of the test-checked ULBs in the State	91