

CHAPTER-III

**An overview of
Urban Local Bodies**

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DEPARTMENT OF HOUSING AND URBAN AFFAIRS

An Overview of the Urban Local Bodies

Functioning of the Urban Local Bodies in the State

3.1 Introduction

Article 243 of the Constitution of India and the Constitution (Seventy fourth Amendment Act), 1992, envisioned creation of Local Self Government (LSG) for the urban population, wherein municipal institutions were conferred with constitutional status for carrying out governance functions. The amendment empowered Urban Local Bodies (ULBs) to function efficiently and effectively as autonomous entities, to deliver services for economic development and social justice, with regard to 18 subjects (*Appendix-3.1*) listed in XIIth Schedule of the Constitution of India.

The ULBs consist of Municipal Corporations (MCs) and Municipal Boards (MBs) and they function independently. The legislative framework for conduct of business of the ULBs are based on:

- Guwahati Municipal Corporation Act, 1971 (GMC Act)
- Assam Municipal Act, 1956 (amended up to 2012) (AM Act)
- Assam Municipal Accounts Rules, 1961 (AMA Rules); and
- Government instructions, issued from time to time.

There were 101 ULBs in the State: one Municipal Corporation (MC) and 100 Municipal Boards (MBs) as on 31 March 2021. ULBs falling under the General Areas are governed according to the provisions of the AM Act, 1956, while areas listed under Sixth Schedule of the Constitution of India are governed by the rules framed by the respective Autonomous District Councils.

Statistics relating to the urban population of the State, as per Census 2011, are given in **Table 3.1:**

Table 3.1: Important Statistics of the State (Urban areas)

Sl. No.	Indicator	Unit	Value
1	Total Population of the State	Lakh	312
2	Population in urban areas	Lakh	44
3	Urban population	<i>Per cent</i>	14
4.	Overall Population density	Persons / Sq.km.	398
5.	Urban Sex Ratio	Per thousand	946
6.	Urban Literacy Rate	<i>Per cent</i>	88.47

Source: Census 2011 and Statistical Handbook, Assam 2021

3.2 Organisational setup in State Government and ULBs

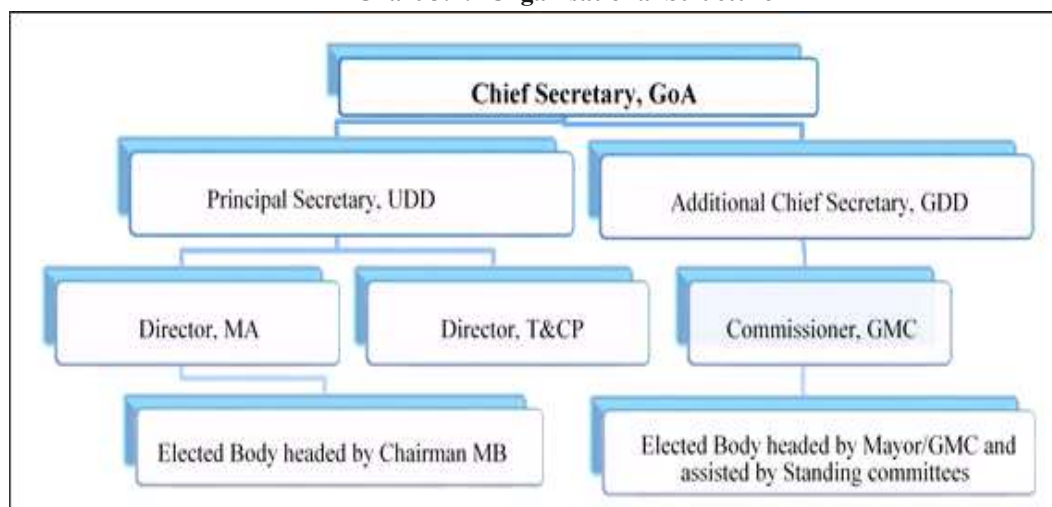
The urban governance in Assam was vested upon the following two Departments till July 2021¹⁷:

Urban Development Department: The Principal Secretary is the administrative head of the Urban Development Department (UDD), who looks after matters relating to the administration of the ULBs, allocation of funds as well as implementation of schemes at the State level. The Secretary is assisted by the Director, Municipal Administration (DMA) who functions as an interface between the State Government and ULBs. The Director, Town and Country Planning (T&CP) is responsible for Master Plan/ Development Plans/ Zonal Plans and enforcing master planning regulations in the urban areas other than Guwahati Metropolitan area.

Guwahati Development Department: The Additional Chief Secretary, Guwahati Development Department (GDD), is the administrative head of the Department. The Commissioner is the executive head of the GMC. The GMC is governed by an elected body headed by the Mayor and assisted by standing committees.

Organisational set-up of ULBs is shown in **Chart 3.1:**

Chart 3.1:- Organisational Structure



3.3 Functioning of ULBs

As per Section 53 of AM Act, 1956, it is mandatory for the State Government to appoint Executive Officers (EOs) in every MB and Town Committees (TC). Government of Assam directed (March 2015) that Indian Administrative Service (IAS)/ Assam Civil Service (ACS) officers be entrusted with additional charge of Executive Officers in the ULBs. Further, sub-section 2 under Section 53 of the said Act mentions that all financial matters, particularly those relating to the implementation of schemes by the Municipalities funded by Government of India (GoI) or the State Government, shall

¹⁷ In July 2021, the UDD and the GDD were merged into one department viz., Department of Housing Urban Affairs

invariably be routed through the concerned EOs. Further, GoA vide notification No. UDD (M) 263/2017/13 dated 11 October 2018 converted and renamed all Town Committees as Municipal Boards.

3.3.1 Staffing pattern of ULBs

The ULBs lack any approved staffing pattern resulting in variation of the staff strength of ULBs from unit to unit, depending on its size and paying capacity. However, UDD and GDD had submitted study reports on the staffing pattern of the ULBs and GMC to Fourth Assam State Finance Commission (ASFC), in December 2011 and in February 2012, respectively. Accordingly, the staffing pattern of ULBs had been drafted by the departments but approval from the Finance Department was awaited (December 2021). Appropriate manning of ULBs is important for efficient and effective management of funds received as well as their accounting in a proper manner considering the enhanced workload entrusted to ULBs under different programmes, schemes and projects.

3.3.2 Status of devolution of Funds, Functions and Functionaries (3Fs)

The 74th Constitutional (Amendment) Act, 1992, empowers the ULBs to perform functions. The Central Finance Commissions (CFC) and the State Finance Commissions (SFC) have emphasised the need for complete transfer of the 3Fs (funds, functions and functionaries) related to 18 subjects listed in XIIth Schedule of the Constitution of India, to the ULBs for meaningful devolution. However, in Assam, out of the 18 functions, ULBs were solely responsible for three functions¹⁸; had no role in two functions¹⁹ and in the remaining 13 functions²⁰, the ULBs were mere implementing agencies with minimum role or were having overlapping jurisdiction with State departments and parastatal bodies. As such, the 3Fs have still not been completely devolved to the ULBs.

3.4 Formation of various Committees

3.4.1 Committee for transfer of 3 Fs

As per Section 53 (A) (2) of the AM Act, 1956, there shall be a committee comprising of Minister in Charge, UDD as the Chairman, senior-most Secretary, UDD as Vice-Chairman, DMA as Member Secretary and members from other departments to monitor the matter of early and smooth transfer of the 3Fs to Municipalities. The Committee was to meet from time to time to monitor the progress of transfer of 3Fs to

¹⁸ (i) Burials and burial grounds, crematoriums, cremation grounds, electric cremation grounds, electric crematoriums; (ii) Cattle pounds, prevention of cruelty to animals; (iii) Regulation of slaughterhouses and tanneries, as detailed in Appendix 4.4 (C)

¹⁹ (i) Urban Planning including Town Planning and (ii) Fire Services as detailed in Appendix 4.4 (A)

²⁰ (i) Regulation of land use and construction of building (ii) Slum improvement and up gradation (iii) Roads and Bridges (iv) Urban Forestry, protection of the environment and promotion of ecological aspects (v) Safeguarding the interests of weaker sections of society, including the handicapped and mentally retarded, (vi) Vital Statistics including registration of Births and Deaths (vii) Planning for economic and social development (viii) Urban poverty alleviation (ix) Water Supply for domestic, industrial, and commercial purposes, (x) Public Health, Sanitation, Conservancy, Solid Waste Management, (xi) Provision of Urban amenities and facilities such as parks, gardens, playgrounds, (xii) Promotion of cultural, educational, and aesthetic aspects (xiii) Public amenities including street lighting, parking lots, bus stops and public conveniences. as detailed in Appendix 4.4 (B)

the municipalities and to suggest the respective Departments for effective implementation of this Section.

The DMA stated (March 2021) that there was a committee for monitoring smooth transfer of 3Fs. However, no details were provided about constitution and functioning of the Committee (March 2022).

3.4.2 Standing Committees

The AM Act, 1956 does not provide for the constitution of any standing committee in ULBs. Though Section 20 of GMC Act, 1971 provides for constitution of Standing Committees²¹ to deal respectively with Taxation and Finance, and Planning and Development (or Standing Finance Committee); Public Works; Public Health, conservancy and water supply; Assessment, Markets and Trades; and Appeals, no such Committee was formed by GMC.

3.4.3 Metropolitan Planning Committees

Article 243ZE of the Constitution of India states that “there shall be constituted in every Metropolitan area with a population of 10 lakh or more, a Metropolitan Planning Committee to prepare a draft development plan for the Metropolitan Region as a whole” making it mandatory for the States to set up Metropolitan Planning Committees (MPCs) in the metropolitan areas of the country. However, MPCs are yet to be constituted in the State (August 2021).

3.5 Audit arrangement

3.5.1 Primary Auditor of ULBs

Director of Audit, Local Fund (DALF), Assam, established under the Assam Local Funds (Accounts & Audit) Act, 1930, is the Primary Auditor of all tiers of ULBs in the State. The Directorate is responsible for (i) carrying out audits of Local Funds with the help of 20 Circle Offices, each of which is headed by an Assistant Director at the District level; and (ii) facilitating submission of Audit Reports of the Administrative Departments. The audit is conducted in conformity with the Assam Audit Manual and other prescribed Government Rules and Amendments thereto declared by Government from time to time.

3.5.1.1 Audit coverage by DALF

The arrears in the audit of ULBs by the DALF during the period 2016-21, ranged between 35 and 55 *per cent*. The year-wise position of units planned to be audited and those actually audited, are detailed in **Table 3.2**.

Table 3.2: Coverage of ULBs planned for audit by DALF

Year	No. of Units Planned for Audit	No. of Units Audited	Shortfall	Percentage of shortfall
2016-17	76	49	27	35
2017-18	82	41	41	50
2018-19	74	44	30	41

²¹ Each Standing Committee shall consist of five members elected by the Corporation from its own members other than the Mayor.

Year	No. of Units Planned for Audit	No. of Units Audited	Shortfall	Percentage of shortfall
2019-20	69	31	38	55
2020-21	69	37	32	46

Source: Information furnished by DALF, Assam

There was continuous shortfall in coverage of audit by DALF during 2016-17 to 2020-21. The DALF stated (August 2021) that shortage of manpower, staff engagement in updation of National Registrar of Citizens (NRC), election duty, non-submission of accounts and records by accounting authorities and Covid-19 were the main reasons for shortfall in audit coverage. Further, the follow-up action and Action Taken Report by Finance Department on the Annual Consolidated Audit Reports of DALF was also wanting, weakening the accountability mechanism of ULBs as discussed in **Paragraph 1.5.1.2.**

3.5.2 Audit by Comptroller and Auditor General of India

The audit of ULBs is conducted by the CAG under Section 20(1) of the CAG's Duties, Powers and Conditions of Service (DPC) Act, 1971 as per the Technical Guidance and Support (TGS) arrangements as entrusted by the State Government in May 2002 followed by acceptance of standard terms and conditions of TGS (May 2011) pursuant to the 13th FC recommendations. CAG being the secondary auditor for the Local Bodies in Assam, only selective audit of ULBs are done. As such, during April 2017 to March 2021, accounts of 115 ULBs were audited.

The status of discussion of the Audit Report by the Committee on Local Fund Accounts (CoLFA) is shown in **Table 1.6.**

3.5.3 Response to Audit Observations

Inspection Reports (IRs) were issued by Principal Accountant General (Audit), Assam, to audited ULBs, with a copy to the State Government. ULBs were required to comply with the observations contained in the IRs, rectify the defects and omissions and report their compliance promptly after the issue of IRs. Important audit findings were processed for inclusion in the CAG's Audit Report/ ATIR on Local Bodies

The details of outstanding paragraphs, in respect of ULBs (as of March 2021), are shown in **Table 3.3.**

Table 3.3: Details of outstanding IRs and paragraphs in respect of ULBs

Year of Issue	No. of Inspection Reports	No. of Outstanding Paras	First reply furnished
2016-17	15	206	0
2017-18	15	141	0
2018-19	23	256	0
2019-20	15	132	0
2020-21	04	23	0
Total	72	758	0

Source: Progress Register of the Principal Accountant General (Audit), Assam

As of March 2021, settlement of 758 paragraphs were pending for want of replies from ULBs concerned indicating that compliance to the audit observation was not taken seriously. The Administrative Heads of the Departments concerned also did not take steps to ensure that the concerned officers of the ULBs took prompt and timely action

in furnishing replies to IRs, thereby weakening the accountability mechanism of ULBs in Assam.

Accountability Mechanism of ULBs

3.6 Ombudsman

As per guidelines issued by the Ministry of Finance on implementation of the recommendations of the 13th FC, the State Government was required to appoint an Ombudsman, to act as an independent quasi-judicial authority for LSGI at the State level, conduct investigations and enquiries in respect of any complaints of corruption and maladministration against the functionaries of Local Bodies (both elected members and officials) and recommend suitable action in accordance with the provisions of the Act. There was no provision in the AM Act, 1956 and GMC Act, 1971 regarding setting up of an Ombudsman for ULBs. As a result, there was no scope for the Ombudsman to conduct investigation into aforesaid areas.

3.7 Social Audit

The primary objective of Social Audit (SA) is to bring the activities of ULBs under close surveillance, to enable records and documents of ULBs accessible to public as this would promote transparency and accountability in the day-to-day functioning of ULBs.

The State Finance Department issued guidelines (May 2009) for SA which, *inter alia*, included the following:

- Use of Ward Committees as important vehicles for spread of awareness about social audit;
- Appointment of nodal officer at the level of Ward Committee who would register complaints and fix the date for social auditing;
- Wide publication of the date of social audit through local newspapers, hand bills, leaflets and notice boards, *etc.*; and
- Presentation by the representatives of ULBs of the relevant data on revenue and expenditure of their organisations including bills, vouchers, muster rolls, measurement books, copies of sanction orders and other books of accounts and papers necessary for the purpose of social auditing.

However, the State Government had not amended (up to December 2021) the relevant Municipal Act to include a statutory provision for social audit.

3.8 Lokayukta

The Assam Lokayukta and Upa-Lokayukta Act, 1985 (Assam Act XX of 1985) was introduced to improve the standard of Public Administration, through investigation of complaints received against ministers, legislators and public functionaries, including those of Local Bodies.

The institution of the Lokayukta was headed by the Upa-Lokayukta since March 2001, as the post of Lokayukta had been lying vacant. Audit observation on the issue has been discussed in Paragraph 1.9.

3.9 Service Level Benchmark

In 2009, the Ministry of Urban Development (MoUD), GoI initiated the process of Service Level Benchmarking (SLB) for basic urban services to ensure performance-based accountability and optimal utilisation of infrastructure investments. The 13th FC also included SLB as one of the nine conditions to be met by State Governments to avail performance grants.

As per the 13th FC recommendations, State Governments were to notify or cause all the ULBs to notify the service standards for four basic sectors: *water supply, sewerage, storm water drainage and solid waste management* proposed to be achieved by them at the end of the succeeding fiscal year. GoA accordingly notified (March 2011) service standards for four Service Sectors to be achieved by the ULBs. However, SLB for these basic services remained unachieved partially due to inadequacy/ absence of provisions for core basic services in the Urban Local Bodies (ULBs), as discussed in the Performance Audit Report on “Delivery of Core Basic Services by Urban Local Bodies” featured in Report of the Comptroller and Auditor General of India on Social, General and Economic (Non PSUs) Sectors for the year ended 31 March 2018. The basic civic services of water supply and sanitation were not addressed adequately by the Government. Most alarming was the fact of absence of Sewage Treatment Plants (STPs) in the State leading to constant pollution of water bodies, which had serious implications on human health and aquatic life. There was overall lack of attention on part of Housing and Urban Development Department, which did not notify the Service Level Benchmarking (SLBs) for the GMC catering to the biggest urban settlement in the State. There was absence of necessary systems for capturing data on basic services, preparation of performance report in line with the suggestion made in the Handbook on SLB, and implementation of corrective action plan for improving delivery of basic services. This indicated that ULBs as well as GoA failed to discharge their responsibility in relation to identification of gaps in service delivery and taking corrective measures to mitigate the gaps and improve the service delivery mechanism.

3.10 Internal Audit and Internal Control System in ULBs

3.10.1 Internal Audit

Internal Audit is an important instrument for examining and evaluating the level of compliance with rules and procedures, as envisaged in the relevant Acts and Financial/ Accounting Rules, so as to provide independent assurance to management on the adequacy of the risk management and internal control framework in the ULBs.

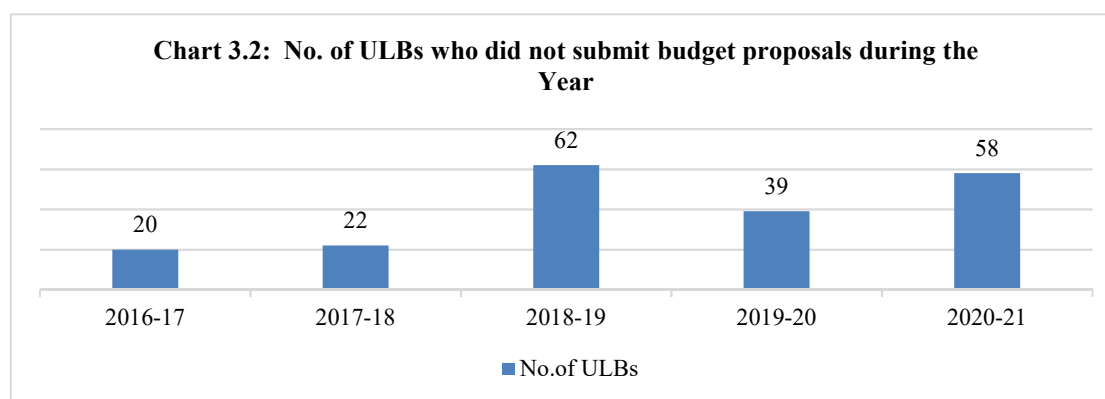
The system of Internal Audit has not been introduced in the Municipalities in Assam, as there is no provision for Internal Audit in the relevant Municipal Acts and Rules

3.10.2 Internal control mechanism in ULBs

The internal control mechanism is an integral function of an organisation, which helps it to discharge its activities effectively to achieve its objectives. It is intended to provide reasonable assurance of proper enforcement of Acts, Rules and Bye-laws minimising the risk of errors and irregularities.

The following deficiencies were observed in the functioning of the ULBs, indicating lack of an effective internal control mechanism therein:

- Periodical reports/returns in respect of implementation of various schemes and other activities in the district, were not submitted to higher authorities. Thus, an effective monitoring system, ensuring compliance in terms of the physical and financial implementation of schemes/programmes did not exist.
- Many of the 100 ULBs did not submit their budget proposal as shown in **Chart 3.2**.



- There was no readily available data on “Own revenue resources” of the ULBs and expenditure incurred thereagainst. In spite of repeated requests, the DMA could not provide information on overall collection of own revenue by the ULBs. The DMA stated (March 2022) that there was no centralised system of maintenance of database.

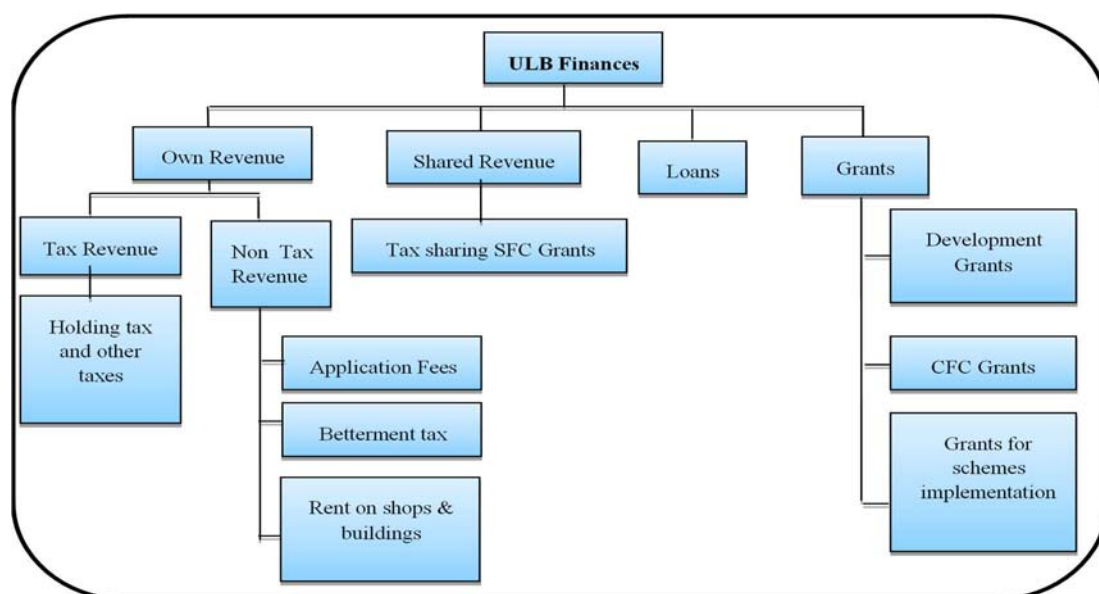
Though these shortcomings were pointed out to ULBs and the State Government in previous Audit Reports, no corrective action in this regard was available on records. The Government may initiate necessary action so that the ULBs prepare and submit their budgets regularly.

Financial Reporting Issues of ULBs

3.11 Sources of Funds

The principal sources of revenue of ULBs are (i) collection from tax and non-tax sources allocated to them under the relevant Act; (ii) resource transfers from the State in the form of devolution of shared taxes and duties; (iii) Grants-in-Aid from GoA and (iv) Grants-in-Aid from GoI under various Centrally Sponsored Schemes (CSS) and under award of successive FCs. Besides, ULBs also obtain loans from financial institutions for implementation of various schemes relating to Urban Development, Water Supply and Roads, *etc.* The funds flow of ULBs is depicted in **Chart 3.3**:

Chart 3.3: Fund flow of ULBs



Under the provision of the Acts in force, all collections such as taxes on holdings, water tax, latrine tax, *etc.*, are sources of tax revenue while building plan sanction fees, rents from shops and buildings, tolls and other fees and charges constituted the main sources of non-tax revenue.

The State Government releases Grants-in-Aid and loans to the ULBs to compensate their establishment expenses. ULBs also receive grants and assistance from the State and Central Governments for implementation of various schemes and projects.

3.11.1 Resource trends of ULBs and their composition

The trend of resources of ULBs during 2016-17 to 2020-21 are shown in the following Table 3.4.

Table 3.4: Time-series data on resources of Urban Local Bodies

Source	2016-17	2017-18	2018-19	2019-20	2020-21
Own Revenues*	93.59	82.35	92.89	81.88	96.08
SFC transfers	92.59	140.88	68.94	56.72	0
CFC Grants	98.39	112.12	155.35	0	172.52
CSS (Central Sponsored Scheme)	90.87	262.88	210.29	350.88	500.99
Interest for delayed payment of CFC Grants	1.51	0	0	0	0.13
Total	376.95	598.23	527.47	489.48	769.72

Source: Information furnished by Finance (Economic Affairs) Department, GoA, DMA and Director, T&CP GoA. * Only GMC

Consolidated figure of actual receipts in respect of own revenue of all the ULBs in Assam was not available with the UDD which indicated lack of monitoring by the Government on the resources of ULBs.

3.11.2 Poor utilisation of allotted funds

Audit noticed that the budget utilisation was less than 50 per cent during the years 2015-16 to 2019-20 in respect of Grant No: 31, 34 & 73. Detailed position is shown in Table 3.5:

Table 3.5: Grants/Appropriations where budget utilisation was < 50 per cent
(Figures in per cent)

Sl. No.	Grant	2015-16	2016-17	2017-18	2018-19	2019-20
1	31 Urban Development (Town and Country Planning)	8.5	54.4	45.6	18.0	42.8
2	34 Urban Development (Municipal Administration)	8.7	29.1	20.6	36.9	31.7
3	73 Urban Development (Guwahati Development Department)	23.2	67.5	28.8	21.2	35.6

Source: State Finance Audit Report 2019-20

This is indicative of systemic issues that warrants a critical review by the Government to enable initiation of expeditious corrective measures. Budget provision sought and obtained by the Departments far in excess of actual requirement and inability to utilise the same, deprives allocation of resources to priority sectors and also leads to poor legislative control over public finances.

Further, improving urban infrastructure is a challenge faced by the State, and the low utilisation of the three Grants directly related to urban infrastructure viz., 34 Urban Development (Municipal Administration), 31 Urban Development (Town and Country Planning), and 73 Urban Development (Guwahati Development Department) is a cause for concern. State Government needs to examine the reasons for poor utilisation of allocated funds in these Grants and take appropriate corrective action expeditiously.

3.11.3 Delay in Submission of Utilisation Certificates

Rule 517 (Appendix 16) of Assam Financial Rules provides that every grant made for a specified object is subject to the implied conditions such as (i) the grant shall be spent for the intended purpose, and within a reasonable time if no time limit has been fixed by the sanctioning authority, and (ii) any portion of the amount which is ultimately not required for expenditure for the purpose, shall be duly surrendered to the Government.

State Government authorities who have received conditional grants are required to furnish Utilisation Certificates (UCs) about the proper utilisation of the grants, to the Accountant General (A&E) within 12 months of the closure of the financial year in which grants have been released, unless specified otherwise.

Audit scrutiny revealed that 83 Utilisation Certificates for grants paid during 2003-04 to 2018-19 to the Guwahati Development Department amounting to ₹ 619.06 crore were outstanding. In the absence of the UCs, it could not be ascertained whether the recipients had utilised the grants for the purposes for which those were given.

3.11.4 Maintenance of records

Maintenance of records and registers is one of the important tools of internal control Mechanism. However, it was revealed that 19 out of 115 ULBs audited during 2017-18 to 2020-21 did not maintain basic records such as Stock Register and Register of Receipt as shown in **Table 3.6**.

Table 3.6: List of ULBs not maintaining Basic records

Records not maintained	Name of ULBs	Implication
Stock Register and Register of Receipt Book	Director, T&CP, Director, Municipal Administration, Guwahati Municipal Corporation, Lakhipur MB, Demow MB, Naharkatia MB, Mariani MB, Tiatbor MB, Patacharkuchi MB, Chapar MB, Tihu MB, North Guwahati MB, Bijni MB, Dibrugarh MB, Jorhat MB, Lakhipur MB, Dhing MB, Tangla MB, Gossaigaon MB	Actual receipt and utilisation of material could not be monitored by the ULBs.

3.11.5 Balances not reconciled

Chapters 24 & 25 of the Assam Municipal Accounting Manual emphasise the need for reconciliation of Cash Book with Bank accounts.

During the audit, instances of un-reconciled balances, with differences ranging from ₹0.67 lakh to ₹4.50 lakh were found in four ULBs²².

As no reconciliation was done by the ULBs, differences in figures of Cash Book and Bank Pass book remained undetected until pointed out by Audit. Further, status of reconciliation was not furnished by these ULBs till March 2021.

Thus, failure to maintain the Cash Books, in terms of the provisions of the financial rules/ manuals, indicates irregularities in cash management. In addition, it could also facilitate fraud and embezzlement of Government money.

The Government should take steps to ensure that all the ULBs reconcile their Cash Book with their Bank accounts on monthly basis.

3.11.6 Property Tax Board

As recommended under Paragraph 10.161 (vii) of the 13th FC, GoA constituted a Property Tax Board (PTB), in March 2011, comprising of (i) Pr. Secretary, UDD as the Chairman, (ii) Commissioner & Secretary, GDD as Vice-Chairman, (iii) Director, Municipal Administration as Member Secretary (iv) Commissioner, GMC and (v) Director, Town & Country Planning as Members. The objective of the Committee was to assist all the Municipalities of the general areas of the State to put in place an independent and transparent procedure for assessing Property Tax. The Board was to monitor the matter of enumeration and assessment of all types of properties by the Urban Local Bodies as per the provision of the Assam Municipal Act, 1956.

Accordingly, the Director of Municipal Administration (DMA) was required to depute the Chief Valuation Officer (CVO) and other Valuation officers (VO) in the field to monitor the rates of collection and time taken for collection in a particular year.

As per information provided by the DMA, no CVOs/VOs were deputed in ULBs during 2011-12 to 2020-21 to monitor the rates of collection. Moreover, no records in respect of suggestions/recommendations made, if any, by the Property Tax Board during these years were provided to audit. As such, the objective of formation of the Property Tax Board remained unachieved.

²²Tihu MB: ₹1,19,157; Howly MB: ₹4,50,000; Patacharkuchi MB: ₹67,000; Kamrup MB: ₹54,000

3.11.7 Maintenance of Accounts

The Government of Assam had accepted (March 2011) the National Municipal Accounting Manual (NMAM), which recommends introduction of the accrual-based double entry system and improved financial management in all ULBs. As per the NMAM, the ULBs are required to maintain their accounts on accrual basis and to prepare financial statements such as Balance Sheets, Income and Expenditure Statements, Statements of Cash flows and Receipt and Payment Accounts, at the end of each quarter.

Although the DMA stated that the Accrual Based Double Entry Accounting System has been implemented by few of the ULBs, the details were not provided to audit. Further, no information on the present status of preparation of accounts *i.e.*, up to which years the accounts were finalised, was available with the DMA.

During the period covered in audit (up to March 2021) none of the test-checked ULBs had prepared the annual accounts. GMC, however, prepared its annual accounts up to 2013-14. As the Annual Accounts were not maintained, head-wise receipts and expenditure and the financial performance of ULBs could not be ascertained.

3.11.8 Maintenance of database for Tax & Revenue Management System in ULBs

For ULBs, GoA released an amount of ₹1.65 crore (₹5.00 lakh each for 33 MBs) during 2012-13 out of 13th FC Grants for preparation of database software for tax and revenue management system.

However, no centralised database was developed by the ULBs (March 2021).

As maintenance of a database is a major tool for monitoring and analysing the functioning of Local Bodies, implementation of the programme on database of finances needs to be reviewed and effective steps are required to be taken to develop the database at the earliest.

Although these shortcomings were regularly pointed out to the Local Bodies, as well as to the State Government, through Inspection Reports and Audit Reports/Annual Technical Inspection Reports, no effective measures for improvement were noticed.