

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 74th Constitutional 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, on 18 subjects (*Appendix-3.I*) 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:

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

There were 104 ULBs in the State: one Municipal Corporation (MC) and 103 Municipal Boards (MBs) as on 31 March 2023. 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 2022

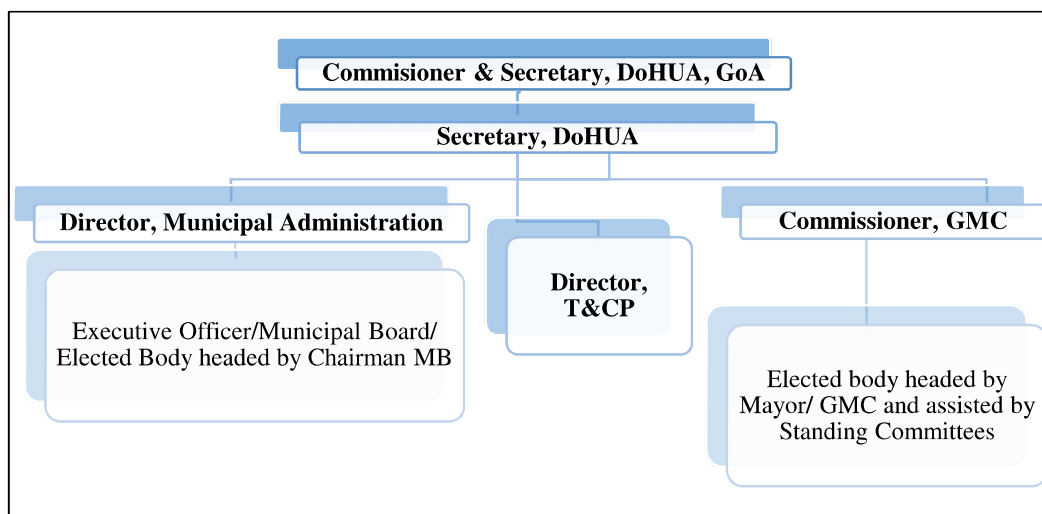
3.2 Organisational setup in State Government and ULBs

Government of Assam merged (July 2021) the Guwahati Development Department (GDD) and Urban Development Department (UDD) and renamed as Department of Housing and Urban Affairs (DoHUA). The Commissioner and Secretary is the

administrative head of DoHUA, who looks after the matters relating to the administration of ULBs, allocation of funds as well as implementation of schemes at the State level. The Commissioner and Secretary is assisted by the Secretary, DoHUA, who is further assisted by 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. The Commissioner is the executive head of Guwahati Municipal Corporation (GMC). GMC is governed by an elected body headed by the Mayor and assisted by standing committees.

In case of ULBs of the 6th Scheduled Areas, the funds are routed through the Principal Secretary of the Autonomous District Councils to the Executive Officers of the Municipal Boards. Organisational set-up of ULBs is shown in **Chart 3.1**:

Chart 3.1: Organisational structure of ULBs



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. Sub-section 2 under Section 53 of the AM 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 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

ULBs did not have any approved staffing pattern resulting in variation of the staff strength of ULBs from unit to unit, depending on its size and paying capacity.

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.

The 6th ASFC recommended that staffing pattern for ULBs needs to be adopted urgently and Service Rules of employees of ULBs finalised without delay. The Commission also recommended that a statutory autonomous “Assam Municipal Service Commission” should be set up for streamlining the staffing pattern of ULBs, besides recruiting technical and suitable persons to Municipal Services.

The Department stated (October 2023) that a one-man Commission has been formed in March 2023 to study the staffing pattern of all Municipal Boards of Assam.

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

The 74th Constitutional (Amendment) Act, 1992, empowers the ULBs to perform 18 functions enlisted in the XIIth Schedule of the Constitution of India. The Central Finance Commissions (CFC) and the State Finance Commissions (SFC) have emphasised the need for complete transfer of the funds, functions and functionaries (3Fs) to the ULBs related to the above functions, for meaningful devolution.

However, out of the 18 functions, ULBs in Assam were solely responsible for three functions⁷; had no role in two functions⁸ and in the remaining 13 functions⁹, the ULBs were mere implementing agencies with minimum role or were having overlapping jurisdiction with State departments and parastatal bodies.

In case of Guwahati Municipal Corporation, though the sanitation and SWM related works are done by GMC, sanitation works are also done by PHE Department, and water supply is provided by Guwahati Jal Board, GMDA, PHE Department and GMC in different parts of the city. Further, the licensing of shops/ restaurants and property tax, *etc.* are done by GMC.

As such, the 3Fs have still not been completely devolved to the ULBs.

⁷ (i) Burials and burial grounds, crematoriums, cremation grounds, electric cremation grounds, electric crematoriums; (ii) Cattle pounds, prevention of cruelty to animals; (iii) Regulation of slaughter houses and tanneries.

⁸ (i) Urban Planning including Town Planning and (ii) Fire Services.

⁹ (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.

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

However, no such committee has been formed to look after the matter of 3Fs (Funds, Functions & Functionaries) (September 2023).

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 Committees¹⁰ 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 (MPC) to prepare a draft development plan for the Metropolitan Region as a whole” making it mandatory for the States to set up MPCs in the metropolitan areas of the country.

However, MPCs are yet to be constituted in the State (October 2023).

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.

¹⁰ Each Standing Committee shall consist of five members elected by the Corporation from its own members other than the Mayor.

3.5.1.1 Audit coverage by DALF

The arrears in the audit of ULBs by the DALF during the period 2018-23, ranged between 41 and 74 *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 (<i>per cent</i>) |
|---------|--------------------------------|----------------------|-------------------------------|
| 2018-19 | 74 | 44 | 30 (41) |
| 2019-20 | 69 | 31 | 38 (55) |
| 2020-21 | 69 | 37 | 32 (46) |
| 2021-22 | 57 | 15 | 42 (74) |
| 2022-23 | 57 | 31 | 26 (46) |

Source: Information furnished by DALF, Assam

The above table shows that there was continuous shortfall in coverage of audit by DALF during 2018-19 to 2022-23 ranging from 41 *per cent* to 74 *per cent*.

The DALF stated (September 2023) that the shortfall in audit coverage was due to insufficient audit staff, engagement of audit personnel in specially entrusted accounts by the Government from time to time, election duty, *etc.*

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 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 is done. As such, during April 2021 to March 2023, accounts of 15 ULBs were audited.

The status of discussion of the Audit Report by the Committee on Local Fund Accounts (CoLFA) is shown in **Table 1.5**.

3.5.3 Response to Audit Observations

Inspection Reports (IRs) were issued by 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 on Local Bodies.

The details of outstanding paragraphs, in respect of ULBs (as of March 2023), are shown in **Table 3.3**.

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

| Year | No. of IRs issued | No. of Paras | First reply furnished |
|--------------|-------------------|--------------|-----------------------|
| 2018-19 | 23 | 256 | 0 |
| 2019-20 | 15 | 132 | 0 |
| 2020-21 | 04 | 23 | 0 |
| 2021-22 | 04 | 118 | 0 |
| 2022-23 | 07 | 26 | 0 |
| Total | 53 | 555 | 0 |

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

As of March 2023, settlement of 555 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.

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 (October 2023) 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. The Upa-Lokayukta received 16 complaints during the years 2021-23, out of which none of the cases were related to ULBs.

The State Government needs to intensify efforts to educate the public about the existence and jurisdiction of the institution of the Lokayukta in the State.

3.9 Service Level Benchmark

The Ministry of Urban Development (2009) has set Service Level Benchmarks (SLBs) at the national level for service provision in four key sectors – water supply, sewerage, Solid Waste Management (SWM) and storm water management. The objective of SLB is to monitor activities against the performance indicators to assess performance level in delivery of services in the ULBs.

The 13th and 14th FC also included SLB as one of the nine conditions to be met by State Governments to avail Performance Grants. Under 15th FC, funds were allotted to the urban local bodies for meeting service level benchmarks on drinking water supply, rainwater harvesting and water recycling, SWM and sanitation. GoA notified (March 2011) service standards for four Service Sectors to be achieved by the ULBs.

However, SLB for these basic services remained unachieved due to inadequacy/absence of provisions for core basic services in 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 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 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. Regarding achievement of SLB in management of solid waste, none of the 10 test-checked ULBs could meet the SLB of 100 *per cent* segregation of waste at source and the performance of the majority of sampled ULBs was less than 50 *per cent* of the SLB, as discussed in paragraph 4.8.3 of this Report.

This indicated that ULBs as well as GoA failed to discharge their responsibility in relation to identification of gaps in service delivery of above mentioned four key sectors 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, 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.

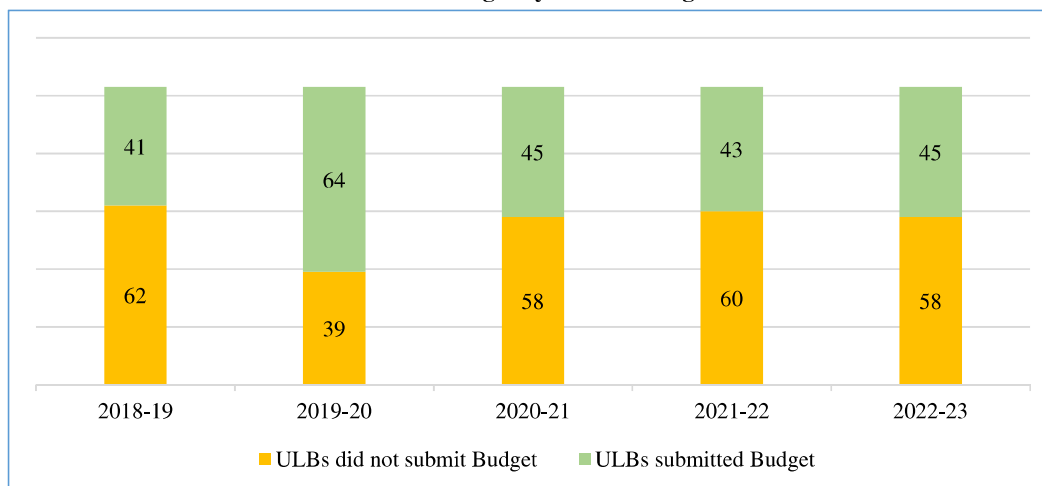
3.10.2 Internal control mechanism in ULBs

The internal control mechanism is an integral function of an organisation, which helps 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:

- There was shortfall in coverage of audit by the primary Auditor (DALF) ranged between 41 and 74 *per cent* against units planned for audit during 2018-2023.
- Delay in submission of Audit Report by DALF and no follow up action been taken by the concerned Department on the report submitted by the DALF.
- Huge numbers of Inspection Reports issued by the office of the Principal Accountant General (Audit) remained unattended by the ULBs as well as the concerned Department.
- The Assam Municipal Act does not have provision for appointment of Ombudsman to act as an independent quasi-judicial authority for LSGI at the State level.
- During the period 2018-19 to 2022-23, the ULBs did not submit their Budget proposal to DMA for approval. **Chart 3.2** depicts the position of submission of budget by the ULBs during 2018-19 to 2022-23:

Chart 3.2:-Position of submission of budget by ULBs during the Year 2018-19 to 2022-23



It can be seen from the chart above that out of 103 ULBs (excluding GMC), the numbers of ULBs ranging between 39 and 62 did not submit their budget to the concerned authority during the years 2018-19 to 2022-23. Submission of Budget proposals by ULBs during 2019-20 to 2022-23 decreased further from 64 in 2019-20 to 45 in 2022-23 indicating that rigour and discipline in the financial and budgeting process in the ULB ecosystem was yet to be firmly established.

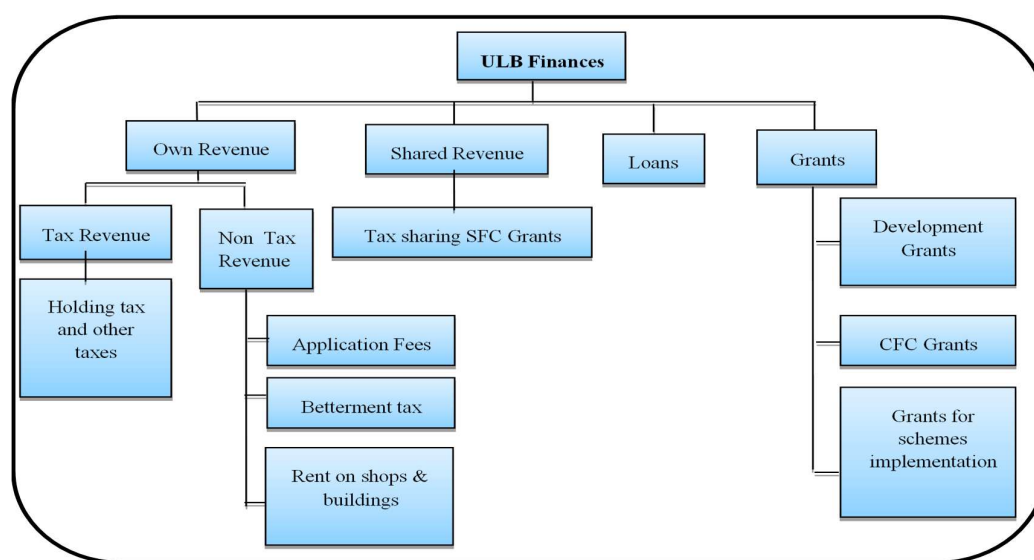
Though these shortcomings were pointed out to ULBs and the State Government in previous Audit Reports, no corrective action in this regard was available on records. The Government may initiate necessary action so that the ULBs prepare and submit their budgets regularly.

3.11 Financial Reporting Issues of ULBs

3.11.1 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.

3.11.2 Resource trends of ULBs and their composition

The trend of resources of ULBs during 2018-19 to 2022-23 are shown in **Table 3.4**.

Table 3.4: Time-series data on resources of ULBs

| (₹ in crore) | | | | | |
|--------------------------------------------|---------------|---------------|---------------|---------------|---------------|
| Source | 2018-19 | 2019-20 | 2020-21 | 2021-22 | 2022-23 |
| Own Revenues* | 92.89 | 81.88 | 96.08 | 94.64 | 59.49 |
| SFC transfers | 68.94 | 56.72 | 0.00 | 54.26 | 159.18 |
| CFC Grants | 155.35 | 0.00 | 172.52 | 0.00 | 108.16 |
| Interest for delayed payment of CFC Grants | 0.00 | 0.00 | 0.13 | 0.00 | 0.00 |
| Total | 317.18 | 138.60 | 268.73 | 148.90 | 326.83 |

Source: Information furnished by Finance (Economic Affairs) Department, GoA, and DMA

* Only GMC

Consolidated figure of actual receipts in respect of own revenue of all the ULBs in Assam was not available with DoHUA which indicated lack of monitoring by the Government on the resources of ULBs. Data of Own Revenue was available only for GMC. As can be seen from the Table above, Own Revenue of GMC had decreased considerably in 2022-23 indicating lack of initiative by GMC to augment their own sources of revenue and reduce their dependence on the Government Grants.

3.11.3 Poor utilisation of allotted funds

Audit noticed persistent savings under two Grants related to Urban Development during the years 2018-19 to 2022-23. The Budget provision has been significantly underutilised as detailed in **Table 3.5**.

Table 3.5: Grants/Appropriations where budget utilisation was < 50 per cent

| (₹ in crore) | | | | | | |
|--------------------------------------------------|---------------------------|----------|----------|----------|----------|----------|
| Grant Details | | 2018-19 | 2019-20 | 2020-21 | 2021-22 | 2022-23 |
| 34- Urban Development (Municipal Administration) | Appropriation | 1,114.12 | 1,635.74 | 1,504.56 | 1,810.03 | 2,655.21 |
| | Expenditure | 410.96 | 517.77 | 358.32 | 672.92 | 1,236.92 |
| | Savings | 703.16 | 1,117.97 | 1,146.24 | 1,137.11 | 1,418.29 |
| | Utilisation of budget (%) | 37 | 32 | 24 | 37 | 47 |
| 73- Guwahati Development Department | Appropriation | 1,524.84 | 993.81 | 1,130.15 | 1,156.49 | 1,140.91 |
| | Expenditure | 322.98 | 353.38 | 168.04 | 791.83 | 434.26 |
| | Savings | 1,201.86 | 640.43 | 962.11 | 364.66 | 706.65 |
| | Utilisation of budget (%) | 21 | 36 | 15 | 68 | 38 |

Source: Appropriation Accounts

It can be seen from the table above that the percentage of utilisation of budget provision in respect of Grant No. 34 and 73 was significantly low ranging between 15 and 68 per cent. 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 more than actual requirement and inability to utilise the same, deprives allocation of resources to priority sectors and leads to poor legislative control over public finances.

State Government needs to examine the reasons for poor utilisation of allocated funds in these Grants and take appropriate corrective action expeditiously.

3.11.4 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 220 UCs for grants paid during 2003-04 to 2020-21 to the Guwahati Development Department amounting to ₹1,295.90 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.

3.12 Maintenance of records

Maintenance of records and registers is one of the important tools of internal control mechanism.

However, it was revealed that out of 15 ULBs audited during 2021-22 and 2022-23, three ULBs viz., North Lakhimpur MB, Jorhat MB and Tezpur MB did not maintain basic records such as Stock Register and Register of Receipts. In the absence of these records, actual receipt and utilisation of material could not be monitored by the ULBs. This could lead to mis-utilisation of material intended for implementation of the schemes. Further, non-maintenance of the Register of Receipt Book may lead to embezzlement/ misappropriation of fund.

3.13 Non-reconciliation of Cash and Bank Balances

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

During audit, it was seen that three ULBs¹¹ did not reconcile the balances in the Cash Book with the Bank Pass Book during 2021-22 and 2022-23 resulting in un-reconciled balances with differences ranging from ₹58.14 lakh to ₹2.23 crore.

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. 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.

¹¹ Bongaigaon MB, Hojai MB and Dabaka MB.

3.14 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) Principal 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.

Though, two VOs were deputed by the DMA to monitor the rates of collection and time taken for collection in a particular year, no CVO was deputed for the purpose.

The DMA informed (May 2023) that works on assessment of Property Tax are going on in all ULBs of Assam and a “Reform Cell” has been constituted. Further, online property tax assessment and payment system as per the revised law of Assam Municipal Act, 1956 is being introduced.

3.15 Maintenance of Accounts

Government of Assam (GoA) 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 Receipts and Payment Accounts, at the end of each quarter.

The DMA stated (May 2023) that most of the ULBs are maintaining Cash Based Accounting System and only a few ULBs have introduced the Accrual Based Double Entry Accounting System. Further, it was stated that the accounts of ULBs were audited by Chartered Accountant (CA) till 2021-22. However, no data in this regard was produced to Audit.

3.16 Maintenance of database

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.

The Director, Municipal Administration (DMA) stated (May 2023) that the Central Government had launched <https://www.cityfinance.in> portal to maintain the database of 15th FC Grants. However, no centralised database was developed (October 2023) by the

ULBs for Own revenue of ULBs and for other scheme funds and State Finance Commission funds released by the Government.

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.

