Executive Summary

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This Report contains four chapters including Overview of Local Bodies of the State, Subject Specific Compliance Audit on Utilisation of Fifteenth Finance Commission grants by Panchayati Raj Institutions (PRIs), Function-Based Audit of Urban Local Bodies (ULBs) and Compliance Audit of Municipalities.

Chapter I: Overview of Local Bodies of the State

This chapter provides an overview of the Local Bodies including the sources of funds, devolution of functions to PRIs and ULBs, audit mandate etc. Main issues highlighted in the chapter are as below:

- Haryana has 6,390 PRIs (22 Zila Parishads, 143 Panchayat Samitis and 6,225 Gram Panchayats) and 88 ULBs (11 Municipal Corporations, 23 Municipal Councils and 54 Municipal Committees) serving rural and urban populations of 165.09 lakh and 88.42 lakh respectively.

(Paragraph 1)

- Out of the 29 functions enlisted in the Eleventh Schedule of the Constitution, PRIs have only five functions fully devolved to them; which have a limited role in five other functions and are mere implementing agency in six functions. The PRIs have insignificant role in the remaining thirteen functions.

(Paragraph 1.1.2)

- Audit observed significant shortfalls of manpower in the PRIs *viz*. 41 *per cent* in Zila Parishads and 20 *per cent* in Panchayat Samitis, as of March 2024. The position of manpower in the Gram Panchayats was largely satisfactory, with no significant vacancy position.

(Paragraph 1.1.3)

- Audit observed that the receipts of PRIs from various sources ranged from ₹ 3,687.12 crore to ₹ 5,528.40 crore during 2019-20 to 2023-24, whereas the overall expenditure varied between ₹ 2,024.86 crore to ₹ 4,532.82 crore during the same period. This highlighted the expenditure incurred by the PRIs was less than their receipts.

(Paragraph 1.1.4)

- Accounts of PRIs are largely maintained manually under single-entry system, with Zila Parishads completing accounts but Gram Panchayats showing major shortfalls. Audit coverage by Director, Local Audit remains negligible with no audits for Zila Parishad and Panchayat

Samitis, and only 22 to 30 *per cent* of Gram Panchayats audited, undermining transparency and governance.

(Paragraph 1.1.6)

- Out of 18 functions enlisted in the Twelfth Schedule, the ULBs have full jurisdiction over only four functions. They have overlapping role with other Departments/authorities in three functions, act as Implementing Agency in four functions, perform a limited role in five functions and have virtually no role in two functions.

(Paragraphs 1.2.2)

- There is substantial shortage of manpower in ULBs as against the sanctioned posts of 30,991, only 7,398 (23.87 *per cent*) regular posts were filled in, as of March 2024. Further, to meet the shortfall in manpower requirement, ULBs were largely depending on the contractual and outsourced employees.

(Paragraphs 1.2.3)

- During 2019-24, ULBs received total funds ranging from ₹ 5,576.26 crore to ₹ 8,286.92 crore, with expenditure varying from ₹ 5,597.56 crore to ₹ 7,856.51 crore. Substantial portion of the ULBs resources came from the grants provided by the Central and State Governments.

(Paragraph 1.2.4)

Chapter II: Subject Specific Compliance Audit on Utilisation of Fifteenth Finance Commission grants by PRIs

This chapter provides an overview of the utilisation of Fifteenth Finance Commission (XV-FC) grants by the PRIs.

The audit objectives were to assess compliance, with the prescribed codal provisions, of the utilisation of the FFC grants for the delivery of services by PRIs. The audit covered a sample of 77 Panchayati Raj Institutions (PRIs) comprising five Zila Parishads, 12 Panchayat Samitis and 60 Gram Panchayats. The major audit findings are as follows:

- During 2021-24, the Government of Haryana (GoH) received ₹ 2,468.71 crore from the Government of India as XV-FC grants for PRIs, of which ₹ 2,278.95 crore were transferred to the PRIs. However, the PRIs utilised ₹ 1,338.07 crore (58.71 *per cent*) out of ₹ 2,278.95 crore, during this period, highlighting under utilisation of funds.

(Paragraph 2.5)

- The difference between the bank balances and the cash book balances ranged from ₹ 13 to ₹ 2.49 crore in 59 PRIs, while the difference between the bank balances and balances reflected on eGramSwaraj portal ranged from ₹ 15,729 to ₹ 8.55 crore in 75 PRIs.

(Paragraph 2.6.1)

- PRIs planned 4,260 activities under the XV-FC grants, out of which only 1,215 (28.52 *per cent*) were completed or ongoing, 680 (15.96 *per cent*) were abandoned and 2,365 (55.52 *per cent*) were not initiated.

(Paragraph 2.6.2)

- Audit observed that the tied grants of ₹ 5.27 crore were released to the selected six PRIs despite non-preparation of the prescribed development plans.

(Paragraph 2.6.3)

- Selected 17 PRIs made payments of ₹ 7.76 crore through cheques or National Electronic Funds Transfer (NEFT) to various vendors without mandated eGramSwaraj–PFMS interface. Payments of ₹ 3.95 crore were made to the vendors through intermediary bank accounts, reducing transparency and increasing the risk of financial irregularities.

(Paragraph 2.6.4)

- The Block Development and Panchayat Officers (BDPOs) of selected 10 Panchayat Samities deducted ₹ 1.91 crore from the XV-FC grants on account of contingency charges during April 2021 to March 2024, in contravention of the prescribed guidelines.

(Paragraph 2.6.6)

- Audit observed that inadmissible expenditure of ₹ 1.73 crore was incurred by the 29 selected PRIs, out of the XV-FC grants.

(Paragraph 2.6.9)

- Audit observed that the Utilisation Certificates of ₹ 144.66 crore for XV-FC grants were not submitted by the selected PRIs as of March 2024.

(Paragraph 2.6.10)

- Irregular procurement of ₹ 6.90 crore bypassed mandatory e-tendering and prescribed procedures.

(Paragraph 2.6.11)

- In two selected GPs, ₹ 23.77 lakh was withdrawn from the XV-FC grants by ex-Sarpanches, despite dissolution of Panchayats.

(Paragraph 2.6.12)

- Audit observed the non-maintenance of public toilets in Saraswati Nagar (ZP Yamunanagar) and ZP Palwal. Further, the instances of non-collection and improper disposal of solid waste were also observed, which led to the accumulation of the garbage in public places, creating insanitary conditions and potential health hazards for residents, thereby affecting delivery of sanitation services.

(Paragraph 2.7.3 and 2.7.4)

Recommendations:

State Government may consider following -

- *Ensure adherence to codal provisions and reinforce financial controls to prevent irregularities.*
- *District and Village Action Plans must be prepared and implemented in a time-bound manner.*
- *The eGramSwaraj–PFMS interface must be fully utilized to promote transparency and accountability.*
- *All procurement activities should be carried out in accordance with the prescribed procurement procedures.*

Chapter III: Function-Based Audit of ULBs

The Function-Based Audit of selected ULBs focused on three devolved functions namely street lighting, cattle pounds and prevention of cruelty to animals and regulation of slaughterhouses and tanneries. Audit observed the following deficiencies:

Street lighting (Panipat & Fatehabad Districts)

- The Centralized Control and Monitoring System (CCMS) panels facilitate the remote monitoring of lighting operations, such as turning lights on or off, dimming them and tracking energy consumption. These panels also provide real-time data and can automatically report faults or send alerts for issues like over/under voltage, short circuits, or other malfunctions. Audit observed that the CCMS panels were not installed in five ULBs despite directives, affecting remote monitoring, fault detection, and timely restoration.

(Paragraph 3.5.1.1)

- Audit observed that the selected ULBs had not established a mechanism to collect citizen feedback on street lighting services to identify/locate recurring issues such as faulty lights, inadequate coverage, delayed repairs etc.

(Paragraph 3.5.1.2)

- During Joint Physical Verification regarding the street lighting function, various deficiencies such as irregular pole placement, dark stretches, absence of preventive maintenance, manual complaint registers etc. were observed in Samalkha. In Fatehabad, six of the eight inspected sites had non-functional lights. In Bhuna, the complaint register did not contain the closure details.

(Paragraph 3.5.1.3)

Cattle Pounds & Animal Welfare (Panipat & Fatehabad Districts)

- The Animal Welfare Board of India stated (July 2018) that all local bodies are responsible to provide shelter, water, sufficient food, medical facilities etc. for stray animals. For this purpose, the municipalities have to revive/construct cattle pounds with requisite infrastructure specially shelter, water, feed, medical facilities, etc. Audit observed that none of the selected ULBs constructed the required shelters.

(Paragraph 3.5.2.1)

- In Panipat, 6,187 dogs were sterilised till June 2022, however, no survey of dog population was conducted before awarding the work of sterilisation. No sterilisation of dogs was conducted in 2023-24 despite the budget allocation ₹ 96 lakh. The number of dog bite cases increased sharply from 17,766 in the year 2022-23 to 36,336 in the year 2024-25.

(Paragraph 3.5.2.2)

Slaughterhouses & Tanneries (Sirsa & Karnal Districts)

- Audit observed that three slaughterhouses constructed during 2001 to 2003 in Sirsa, Mandi Dabwali and Ellenabad were lying closed. Further, there were 38 unlicensed meat shops operating in Sirsa. The meat market consisting of 16 shops, built by Municipal Committee, Nissing in June 2021 at a cost of ₹ 54.99 lakh, were lying unused due to its non-allotment to the meat vendors.

(Paragraph 3.5.3.1)

Recommendations:

- *State Government should ensure that ULBs introduce an appropriate complaint system for proper recording and tracking of the same.*

Further, feedback mechanisms such as mobile apps, helplines, surveys, or community meetings etc. may be considered by the ULBs for efficiency in street-light maintenance.

- *State Government should ensure that Municipalities construct cattle pounds for impounded stray animals, make dog registration mandatory with prescribed fees, to support regulatory functions and Municipal revenue generation and constitute a three-tier committee to achieve dog-sterilisation targets.*
- *State Government should ensure the functioning of the authorised slaughterhouses in the municipal areas for scientific and hygienic slaughtering as well as to control the spread of unauthorised meat shops. Further, the municipalities should maintain proper records of licensed and unlicensed meat shops and take appropriate action against the unauthorised slaughtering activities.*

Chapter IV: Compliance Audit of Municipalities

Short recovery of conversion charges due to utilization of site for operation of Banquet Hall instead of Recreational purposes

The Director, Urban Local Bodies had granted (4 December 2019) change of land use (CLU) for the land measuring 7,655.43 sq. meter in the revenue estate of village Tikri, Gurugram for recreational activities. Audit observed that the site was being utilised as banquet hall with commercial name of GNH Convention. This resulted in a short recovery of ₹ 3.44 crore towards the CLU charges. Municipal Corporation Gurugram did not independently verify the misuse, highlighting weak enforcement of the CLU conditions and poor accountability in recovering dues.

(Paragraph 4.1)

Recommendations:

The State Government should ensure strict enforcement of Change of Land Use conditions by conducting periodic inspections and promptly initiating penal action in cases of unauthorised change in land use and Municipal Corporations should immediately assess and recover short levy of conversion charges, including applicable penalties and interest, from CLU holders, found violating the permitted land use.

Non-achievement of intended objective of development of lake due to lack of timely action by Municipal Corporation, Panipat

The revival project of Hali Park Lake in Panipat, awarded in December 2017 for ₹ 23.40 crore, faced delays of over three years due to delays in obtaining the prescribed clearances and incomplete works. Despite spending ₹ 23.56 crore, the Hali Park lake remains unutilised as the water supply from the Delhi Canal is not available, leaving the intended recreational hub unrealised and highlighting weak coordination and planning.

(Paragraph 4.2)

Recommendations:

The State Government should ensure strict compliance with the Haryana PWD Code by mandating that Local Bodies obtain requisite clearances prior to awarding works, and by strengthening inter-departmental coordination to avoid delays in permissions. Further, the Government should review the award of work for the development of Hali Park Lake undertaken without prior approvals, and initiate appropriate corrective measures, including fixing responsibility for the lapses.