

CHAPTER-IV

OTHER INTERESTING TOPICS

4.1 Blocking of funds in Personal Ledger Account

(i) The State Government had been releasing funds to Municipal Corporation Shimla for execution of various developmental works such as laying of water lines, construction of rain shelter, renovation of public toilets etc. The funds released by the State Government were credited into Personal Ledger Account (PLA) of the Municipal Corporation. The funds were to be utilised within one year from the date of its release.

Test check of record of Municipal Corporation Shimla revealed that the total funds of Rs. 221.39 lakh received from the State Government was deposited in PLA during 1997-98 to 2004-05, out of which Rs. 159.58 lakh was spent leaving unspent balance of Rs. 61.81 lakh (as on 31st March 2008) resulting into blockade of funds.

(ii) Similarly an amount of Rs. 1.85 lakh was drawn by E.O. MC Rampur Bushahr in *July, 1998* and kept in PLA. The amount was lying in PLA unutilised, which has resulted into blockade of Government funds.

4.2 Excess expenditure on establishment.

As per section 53 (i) (c) of Himachal Pradesh Municipal Act and section 75 (i) of Himachal Pradesh Municipal Corporation Act, 1994 the expenditure on establishment charges should not exceed one third of the total expenditure of the ULBs.

In seven¹⁴ ULBs test checked, the expenditure of Rs.164.23 lakh was incurred in excess of prescribed norms during 2004-05 to 2006-07. The test checked ULBs stated (November 2007 to March 2008) that the excess expenditure was due to increase of allowances/regularization of services of daily waged staff etc. The reply was not tenable as excess expenditure was due to non restricting establishment charges upto one third of total expenditure of the ULBs and by not taking effective

¹⁴ MC Kangra Rs. 38.97 lakh, Nurpur Rs. 33.41 lakh and Theog Rs. 22.81 lakh.
NP Banjar Rs. 9.33 lakh, Chowari Rs. 0.68 lakh, Dehra Rs. 45.37 lakh & Joginder Nagar Rs. 13.66 lakh.

steps by the concerned local bodies to ensure optimum collection of various taxes for the execution of various developmental works so that the limit of one third expenditure on establishment could be ensured.

4.3 Conclusion and Recommendation.

(i) Conclusion

The department has not issued final notification for technical guidance by CAG relating to exercising control and supervision over maintenance of accounts by ULBs and their audit. Funds under TFC for Solid Waste Management were not properly utilised. Budget proposals/ estimates were found to be un-realistic. Accounting irregularities such as unreconciled balances, excess expenditure over allotted funds, diversion of funds, long outstanding advances and pending UCs were noticed. The projects were constructed in non-identified pockets and various components of projects were lying incomplete.

(ii) Recommendation

Following measures are recommended to ensure financial discipline in ULBs and to improve efficiency in implementation of various developmental programmes and schemes

- ✓ **Budget proposals need to be prepared on realistic basis.**
- ✓ **TFC grants specially for Solid Waste Management scheme needs to be utilised on priority.**
- ✓ **The Government should suitably amend the relevant Acts / Rules to incorporate provisions for certification of accounts by the statutory auditors.**
- ✓ **Incomplete works need to be given priority for completion before taking up any new work.**

Shimla
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