

OVERVIEW

This Audit Report, dealing with the results of audit of accounts of Local Bodies, is prepared in two parts and consists of six chapters. Part I deals with Urban Local Bodies and part II on Panchayat Raj Institutions. A synopsis of important audit findings is presented in this overview.

I Accounts and finances of Urban Local Bodies

The urban population of the State as per the 2001 census was 2.75 crore constituting 44 *per cent* of the State population. The decadal growth rate of the urban population was 43 *per cent*.

The Director of Local Fund Audit is the statutory auditor for all the Urban Local Bodies. As of October 2008, Audit of Urban Local Bodies was mostly in arrears for a period ranging from one to three years. As of March 2008, the number of paragraphs of Inspection Reports issued by the Director of Local Fund Audit relating to Urban Local Bodies pending settlement aggregated to 3,36,239.

As against 18 functions listed in the Twelfth Schedule of the Constitution, only 13 functions were transferred to Municipalities and Municipal Corporations and 12 functions to Town Panchayats.

During 2007-08, own revenue collection of the Urban Local Bodies was Rs 1,368 crore of which tax-revenue was Rs 822 crore. During last three years, revenue collection by the Urban Local Bodies, instead of showing increasing trend, was widely fluctuating under Tax revenue, Non-Tax revenue including Professional Tax and Property Tax.

During 2006-07, Twelfth Finance Commission grants were released to Urban Local Bodies with delays ranging between two and 316 days. The State Government did not pay interest for the delayed release of grants.

Despite directions of the Public Accounts Committee for furnishing prompt replies, 121 recommendations of the Public Accounts Committee on the Reports of the Comptroller and Auditor General of India for the years 1985-86 to 1996-97 (seven reports) relating to the Municipal Administration and Water Supply Department were pending final settlement (December 2008).

(Paragraphs 1.1 to 1.13)

II Performance reviews - Urban Local Bodies

1 Functioning of Town Panchayats

Performance audit on functioning of 57 Town Panchayats out of 561 in the State in selected areas revealed the following:

- None of the test checked Town Panchayats prepared annual action plan/district development plan as contemplated in Article 243ZD of the Constitution.
- Failure of Panagudi Town Panchayat (Tirunelveli District) in collecting Property Tax, Licence Fee and half yearly fee from 196 windmills for the period from January 2004 to March 2008 has resulted in loss of revenue of Rs 3.10 crore.

- Failure to effect new water connections by two Town Panchayats in Tirunelveli District has deprived the Town Panchayats in getting additional revenue of Rs 2.06 crore (initial deposit: Rs 1.40 crore and water charges: Rs 0.66 crore).
- Fifty three Town Panchayats did not levy water cess amounting to Rs 99.17 lakh.
- Four Town Panchayats did not foreclose the loans availed from World Bank and another financial institution, though they had enough funds and paid avoidable interest of Rs 15.75 lakh.
- Town Panchayats failed to utilise funds of Rs 1.02 crore relating to Swarna Jayanthi Shahari Rozgar Yojana and upgradation of kutcha houses of rural poor due to non-identification of beneficiaries.
- Instances of partial to no collection of primary solid waste and non-segregation of waste into biodegradable and non-biodegradable including partial collection of secondary waste were noticed.

(Paragraph 2.1)

2 Health, family welfare and sanitation activities of Chennai City Municipal Corporation

Performance audit on provision of Health, family welfare and sanitation activities of Chennai City Municipal Corporation revealed the following:

- Chennai City Municipal Corporation failed to provide one urban primary health centre for every one lakh population as prescribed in the urban health care delivery policy of the State resulting in non-achievement of the objective of the policy to do away with the existing multiple agencies in different locations of Urban Local Bodies.
- Large vacancies in the posts of Medical Officers and Multipurpose Health Workers had adversely affected the delivery of health services including maternal and child health services.
- Active surveillance for malaria was absent and there was short procurement of chemicals required for control of malaria.
- Essential medicines like Erithromycin, B complex, vitamin A, ampiclox, amoxycillin, pencillin, paracetamol, deriphyllin, etc., were not available due to short procurement.
- School Health Programme was not effectively implemented.
- Acute shortage of Food Inspectors has adversely affected the testing of food/water samples
- Waste processing and disposal facilities were not yet set up though stipulated to be set up by December 2003.

(Paragraph 2.2)

3 Provision of amenities by Chennai, Coimbatore and Madurai City Municipal Corporations

Audit of provision of slaughterhouses, parks/playfields, public conveniences and solid waste management in Chennai, Coimbatore and Madurai City Municipal Corporations revealed the following:

- Shortfall in availability of slaughterhouses with reference to proportionate target for 2007-09 was 14 in Chennai, one in Coimbatore and two in Madurai.
- There were acute shortage of Veterinary Doctors in Chennai, Coimbatore and Madurai City Municipal Corporations.
- None of the eight slaughterhouses in the three City Municipal Corporations had rendering plant and four slaughterhouses were functioning without Effluent Treatment Plant.
- Land measuring 32,069 sq.m. handed over by promoters for open space reservation was not developed into parks in Chennai and Madurai City Municipal Corporations.
- There was shortfall in provision of toilet seats in slum areas with reference to proportionate target for 2007-09 in Chennai and Madurai City Municipal Corporations.
- Implementation of Municipal Solid Wastes (Management and Handling) Rules, 2000 in Coimbatore and Madurai was only partial as there were shortcomings in house-to-house collection, segregation and disposal of waste.

(Paragraph 2.3)

III Audit of transactions in Urban Local Bodies

Failure to collect deposit for water supply connection by five Municipalities and enhanced water charges by a municipality resulted in non-realisation of Rs 3.67 crore.

(Paragraph 3.1.1)

Failure of Palladam Municipality to provide new water supply connections, inspite of availability of sufficient water, resulted in loss of revenue of Rs 1.89 crore.

(Paragraph 3.1.2)

Inaccurate amendment of by-law for enhancement of deposit for water supply by Kodaikanal Municipality resulted in loss of revenue of Rs 57.18 lakh.

(Paragraph 3.1.3)

Construction of shops without assessing the demand by Surampatti Municipality resulted in loss of anticipated revenue of Rs 36.16 lakh besides unproductive investment of Rs 14.18 lakh.

(Paragraph 3.1.4)

Failure of Pammal Municipality to invoke provisions of Tamil Nadu District Municipalities Act, 1920 for collection of Property Tax led to accumulation of arrears of Rs 26.10 lakh, which were eventually written off.

(Paragraph 3.1.5)

Failure to ascertain technical feasibility before taking up construction of an over head tank by Palladam Municipality resulted in unfruitful expenditure of Rs 15.51 lakh.

(Paragraph 3.2.1)

Failure of Dindigul Municipality to maintain the power factor at the required level resulted in avoidable expenditure of Rs 19.59 lakh.

(Paragraph 3.3.1)

Failure of Arcot Municipality to settle the overdue loan liability even though sufficient funds were available, resulted in avoidable interest liability of Rs 16.63 lakh.

(Paragraph 3.3.2)

Failure to assess the suitability of the site before constructing the shopping complex under Integrated Development of Small and Medium Towns scheme by Sivakasi Municipality resulted in idle investment of Rs 74.57 lakh.

(Paragraph 3.4.1)

Construction of shops without assessing demand by Harur Town Panchayat resulted in idle investment of Rs 17.07 lakh.

(Paragraph 3.4.2)

IV Accounts and finances of Panchayat Raj Institutions

There were 12,618 Village Panchayats, 385 Panchayat Unions and 30 District Panchayats in the State as of March 2008.

The envisaged data base creation in Panchayat Raj Institutions has not yet been fully operationalised.

The Director of Local Fund Audit is the statutory auditor for District Panchayats and Panchayat Unions. The audit of accounts of two Panchayat Unions for 2006-07 and 10 District Panchayats and 361 Panchayat Unions for 2007-08 was pending. Test check of Village Panchayats (22 per cent per annum) by the Director of Local Fund Audit is pending for the periods ranging from one to three years.

Though all the 29 functions listed for devolution to Panchayat Raj Institutions were reported as transferred, Government had not transferred the functionaries required for carrying out these functions.

Twelfth Finance Commission grants were released by Government to the Panchayat Raj Institutions with delays ranging between eight days and 183 days during 2006-07. Interest of Rs 2.64 lakh relating to 197 Panchayat Raj Institutions for the delayed release was not paid by the State Government.

The expenditure incurred by all the three tiers of Panchayat Raj Institutions showed an increasing trend during 2005-08.

Despite directions of the Public Accounts Committee for furnishing prompt replies to the pending recommendations, 240 recommendations of 10 Audit Reports relating to Rural Development and Panchayat Raj Department for the period 1982-83 to 1996-97 (upto which the discussion was completed) were pending final settlement for want of required particulars from the department.

(Paragraphs 4.1 to 4.11)

V Performance review - Panchayat Raj Institutions

1 Anaithu Grama Anna Marumalarchi Thittam

Audit of Anaithu Grama Anna Marumalarchi Thittam, a State Government sponsored scheme revealed the following:

- Six districts showed ineligible items amounting to Rs 120.98 crore as dovetailed under Anaithu Grama Anna Marumalarchi Thittam, thus inflating the achievement in dovetailing.
- The Grama Sabhas conducted in 26 Village Panchayats for approval of works did not had the required public participation.
- Rupees 38.22 lakh were kept unutilised under information, education and communication component during 2006-08.
- Due to non-provision of electricity connection, five community halls constructed in Madurai and Sivagangai Districts at a cost of Rs 23.94 lakh were not made use of.
- Due to provision of combined courts for volley ball, badminton and tennicoit in 76 Village Panchayats in Sivagangai District, all games could not be played at the same time.
- As books were not supplied, 83 new library buildings constructed at a cost of Rs 1.74 crore in 12 Panchayat Unions in Coimbatore, Madurai and Perambalur Districts were not utilised to optimum level.

(Paragraph 5.1)

VI Audit of transactions in Panchayat Raj Institutions

Failure to provide basic amenities resulted in idle investment of Rs 16.21 lakh on construction of four community halls in T.Kallupatti and Kodaikanal Panchayat Unions.

(Paragraph 6.2.1)

Kodaikanal Panchayat Union did not provide electricity connection to the shopping complex constructed, resulting in idle investment of Rs 13 lakh.

(Paragraph 6.2.2)