

## CHAPTER IV

### AUDIT OF TRANSACTIONS (URBAN LOCAL BODIES)

#### 4.1 Splitting up of work

**Udaipur Nagar Panchayat had taken up single work by splitting up in smaller components to avoid technical sanction of higher authority in violation of CPWD Manual.**

According to para 2.47 (v) of CPWD Manual Vol-II (5<sup>th</sup> Edition 2002) (applicable in Tripura), splitting up of work in smaller components or in phases for the purpose of avoiding technical sanction or invitation of tenders by lower authorities is prohibited unless such splitting is allowed by Chief Engineer.

Scrutiny (November 2012) of records of Udaipur Nagar Panchayat revealed that District Magistrate & Collector, South Tripura Udaipur accorded administrative approval and expenditure sanction for ₹ 15.00 lakh for construction of a drain from Bramhabari Udaipur to Amarpur Road in ward No. 18 of Udaipur Nagar Panchayat under MPLAD scheme in June 2011. The work was to be completed within 45 to 65 days from date of issue of work orders. The work orders were issued in November 2011 and April 2012 (Phase wise).

It was observed that Nagar Panchayat had taken up the above work departmentally through Junior Engineer in November 2011 by splitting up of the single work into 15 groups of ₹ 1.00 lakh each. The work started (phase-wise) in November 2011 and got completed in April 2012.

Thus, Nagar Panchayat had taken up the single work by splitting it into various groups to avoid technical sanction of the higher authority in violation of CPWD Manual. Further, approval of Chief Engineer for splitting up of the work was not obtained.

The Executive Officer agreed with the audit observation and assured that no such splitting of work would be done in future.

#### 4.2 Poor utilisation of SJSRY funds

**Due to non-selection of beneficiaries, huge amount of Swarna Jayanti Shahari Rojgar Yojana funds remained un-utilised.**

Swarna Jayanti Shahari Rojgar Yojana (SJSRY), a Centrally Sponsored Scheme was introduced in Tripura in the year 1998-99. The main objective of the scheme was to provide gainful employment to the urban un-employed and under-employed living below the poverty line through encouraging self employment ventures or provision of wage employment opportunities.

Test check of records (December 2012) of Sonamura Nagar Panchayat revealed that Nagar Panchayat had substantial funds for implementation of SJSRY scheme during 2010-11 and 2011-12 as shown in the following table:

Table No. 4.1

Year	Spillover	Fund received	Total	Expenditure	Balance
	(₹ in lakh)				
2010-11	29.87	2.00	31.87	0.43	31.44
2011-12	31.44	11.80	43.24	0.49	42.75

From the above it would be seen that during 2010-11 and 2011-12 the per centage of utilisation of funds was 1.34 *per cent* and 1.13 *per cent* respectively.

Similarly, Kailashahar Nagar Panchayat could utilise only 7.31 *per cent* out of available SJSRY fund of ₹ 73.57 lakh during 2011-12.

Scrutiny of records revealed that both the Nagar Panchayats failed to select any beneficiary for sanction of subsidy and individual loan by banks for self employment resulting into huge amount of SJSRY funds un-spent and consequent deprivation of people from intended benefit of the scheme.

#### **4.3 Irregular implementation of Member of Parliament Local Area Development Scheme**

##### **Non-adherence of prescribed guidelines resulted in irregular implementation of works under Member of Parliament Local Area Development Fund scheme.**

Para 2.1 of guidelines of the Member of Parliament Local Area Development Scheme (MPLADS) prohibits engagement of private contractor on MPLADS works.

Test check of records (May 2012) of Belonia Nagar Panchayat revealed that Nagar Panchayat had awarded (February 2012) a work to a private contractor for construction of a stall (single storied with RCC roof) on Pankaj Roy land, at Bidhyapit corner at a tendered value of ₹ 10.33 lakh under MPLADS. The contractor completed the work in September 2012.

This being pointed out, the Executive Officer replied (August 2012) that due to shortage of supervising staff and engineers the work was executed by the private concern through tender process.

Thus, execution of works under MPLADS by engaging private contractor was in violation of the guidelines.

#### **4.4 Non submission of utilisation certificates**

##### **Utilisation certificates to the extent of ₹ 3.78 crore were pending for submission.**

Scheme guidelines of Centrally Sponsored Schemes, CFC grants and State Government grants stipulate that utilisation certificates should be obtained from the grantees and submitted to GOI/State Government Department within six months from the date of their sanction unless specified otherwise.

Test check of records (November 2012 - January 2013) of Udaipur Nagar Panchayat and Kailashahar Nagar Panchayat revealed that utilisation certificates to the extent of ₹ 2.26 crore and ₹ 1.52 crore respectively were pending for submission to the sanctioning authorities till date of audit (November 2012 and January 2013) as shown in the following **Table**:

**Table No. 4.2**

Year	Name of Nagar Panchayat	Fund received	Amount for which utilization certificates were submitted	Amount for which utilisation certificates were outstanding
2011-12	Udaipur	7.44	5.18	2.26
2011-12	Kailashahar	3.26	1.74	1.52

Non- submission of utilisation certificates not only indicated possible delay in utilisation of funds for the intended purpose, but also led to violation of the conditions attached to sanction of grants.

Reasons for non-submission of utilisation certificates were not on records.

Both the Executive Officers stated that utilisation certificates would be submitted shortly under intimation to audit.

Latest position had not been intimated (November 2013).

#### **4.5 Non submission of adjustment**

##### **Non adjustment of advances of ₹ 2.91 crore.**

During test check of records (November 2012) of Udaipur Nagar Panchayat for the years 2010-11 and 2011-12 it was noticed that Nagar Panchayat had been paying advances to the implementing officers for implementation of various works under its jurisdiction. Scrutiny of records revealed that an amount of ₹ 28.57 lakh (2010-11: ₹ 15.83 lakh and 2011-12: ₹ 12.74 lakh) remained un-adjusted with the implementing officers till the date of audit (November 2012) as detailed in **Appendix-4.1**. Besides, the line departments/ executing agencies also had not submitted adjustments and ₹ 2.62 crore was pending for submission to Nagar Panchayat (**Appendix-4.2**).

The Executive Officer ensured that immediate steps would be taken for obtaining adjustments. Latest position had not been furnished (November 2013).

#### **4.6 Outstanding revenue**

##### **Revenue to the extent of ₹ 19.43 lakh remained outstanding.**

As per Section 192 and 193 of The Tripura Municipal Act, 1994 a municipality may levy, collect and appropriate various taxes, duties, tools and fees.

Test check of records (December 2012) of Dharmanagar Nagar Panchayat revealed that revenue to the extent of ₹ 19.43 lakh was outstanding as of 31<sup>st</sup> March 2012 as shown in the following Table:

**Table No. 4.3**

Source of revenue	Amount outstanding during 2010-11	Current demand	Total	Amount realised during 2011-12	Amount not yet realised
<i>(₹ in lakh)</i>					
Stall rent	1.08	13.27	14.35	3.50	10.85
Property tax	2.37	20.00	22.37	16.57	5.80
Water tax	0.31	18.58	18.89	16.11	2.78
<b>Total</b>	<b>3.76</b>	<b>51.85</b>	<b>55.61</b>	<b>36.18</b>	<b>19.43</b>

From the above, it would be seen that the collection of stall rent was very poor and only 24.39 per cent was collected during 2011-12.

The Executive Officer (December 2012) replied that action would be taken for realisation of outstanding revenue.

**4.7 Non imposition of property tax**

**Ambassa Nagar Panchayat was sustaining loss of revenue due to non-imposition of property tax.**

The Tripura Municipal Act 1994 envisages that property tax @ 7 % shall be realised on land & building on Annual Rental Value (ARV) from the land owner residing within the Nagar Panchayat area from the date of holding the property. The property tax consists of the following components.

- 1. Holding tax            3%
- 2. Conservancy tax    3%
- 3. Lighting tax         1%

Test check of records (January 2013) of Ambassa Nagar Panchayat revealed that Nagar Panchayat had neither assessed property tax nor imposed the same till date of audit. Due to non-imposition of property tax Nagar Panchayat was sustaining loss of revenue. As the property tax had not been assessed till date of audit, the actual loss of revenue could not be ascertained.

Reasons for non assessment/non imposition of property tax were not stated to audit.

On this being pointed out, the Executive Officer stated that effective steps would be taken for realisation of property tax. Latest position had not been furnished (October 2013).

**4.8 Outstanding service charges**

**Service charges of ₹ 7.07 lakh remained un-realised for five to six years.**

As per Notification (dated 7<sup>th</sup> December 2004) issued by the Government of Tripura, Urban Development Department, service charges on Government land for non-residential purpose is required to be collected at the following rate:

i) On service for conservancy:	3% of Annual Rental Value (ARV)
ii) <u>On service for street lighting:</u>	<u>1% of ARV</u>
<b>Total</b>	<b>4% of ARV</b>

Accordingly, Udaipur Nagar Panchayat imposed service charges on 17 out of 29 Government Offices. During audit (November 2012), it was observed that 15 offices were not paying service charges regularly to the Nagar Panchayat and ₹ 7.07 lakh was outstanding as of 31<sup>st</sup> March 2012 as detailed in **Appendix 4.3**.

Out of 29 offices, service charge of 12 offices had not been imposed by the Udaipur Nagar Panchayat till date of audit (November 2012).

#### **4.9 Conclusion and recommendations**

Splitting up of single work into groups in violation of CPWD Manual, poor utilisation of SJSRY funds, engagement of private contractor in MPLAD Scheme, non-submission of utilisation certificates, outstanding revenue etc., were instances indicating inadequate internal control mechanism in the ULBs.

The following recommendations are made for consideration of the Government:

- Splitting up of work should be avoided;
- Engagement of private contractor in MPLAD work should be avoided;
- Outstanding advances should be adjusted on completion of works;
- Outstanding revenues should be collected promptly; and
- Internal control mechanism should be strengthened.

Agartala

(S. K. Garg)  
Sr. Deputy Accountant General (Audit)

Countersigned

Agartala

(R. K. Agrawal)  
Accountant General (Audit),  
Tripura