

***CHAPTER II***

***AUDIT FRAMEWORK***



## Chapter II

# Audit Framework

### 2.1 Audit objectives

This Performance Audit was conducted to assess:

- whether provisions of Seventy-fourth CAA have been adequately covered in State legislations;
- whether ULBs have been empowered by the State Government to discharge their functions effectively through the creation of appropriately designed institutions/institutional mechanisms;
- whether ULBs have access and powers to raise financial resources commensurate with their functions and ULBs are getting funds from Central and State Governments as envisaged;
- whether ULBs have powers to mobilise and incentivise human resources commensurate with their functions; and
- whether ULBs have been delivering services to citizens effectively.

### 2.2 Audit criteria

Audit criteria were adopted from the following:

- The Constitution (Seventy-fourth) Amendment Act, 1992;
- The Mumbai Municipal Corporation Act, 1888;
- The Maharashtra Municipal Corporation Act, 1949;
- The Maharashtra Municipal Councils, Nagar Panchayats and Industrial Townships Act, 1965;
- Central/State Finance Commission Reports; and
- Handbook of Service Level Benchmarks issued by the Ministry of Housing and Urban Affairs, Government of India.

### 2.3 Audit scope and methodology

The Performance Audit was conducted from December 2020 to March 2021, August 2021 and April 2022 to May 2022 covering the period 2015-16 to 2020-21, through test-check of records at Urban Development Department and Finance Department of Government of Maharashtra as well as records of the Directorate of Municipal Administration, Mumbai. Besides, records of 43 ULBs selected on simple random basis from each tier of the ULBs and three focus areas covering the water supply, sanitation and fire services functions of the ULBs, were test-checked. The list of selected ULBs is shown in **Table 2.1**.

**Table 2.1: List of selected Urban Local Bodies**

Sr. No.	Types of ULBs	Population-wise category	Total No. of units	Selected units	Name of the units
1	Municipal Corporations	Above 3 lakhs	27	07	Amravati, Latur, Nagpur, Nashik, Pimpri-Chinchwad, Thane, Vasai-Virar.
2	Municipal Councils	Above 25 thousand and below 3 lakh	241	24	Alibaug, Barshi, Chopada, Dhamangaon, Hinganghat, Ichalkaranji, Jalna, Katol, Khamgaon, Khopoli, Khultabad, Kulgaon-Badlapur, Mahabaleshwar, Malkapur, Nandurbar, Nandura, Nilanga, Osmanabad, Ramtek, Sillod, Sinnar, Talegaon-Dabhade, Trimbak, Yavatmal.
3	Nagar Panchayats	Above 10 thousand and below 25 thousand	128	12	Bhatkuli, Lakhani, Medha, Mohadi, Motala, Murbad, Renapur, Sakri, Sindkhed, Shirur-Anantpal, Shirala, Tala.
<b>Total</b>			<b>396</b>	<b>43</b>	

In addition to the 43 ULBs selected on random basis, the Municipal Corporation of Greater Mumbai (MCGM), which is the largest ULB in the State catering to a highly dense population, was also test-checked.

The audit objectives, audit scope and criteria were intimated (July 2021) to the Principal Secretary, UDD, GoM. The audit findings were discussed with the Principal Secretary, UDD, GoM in an exit conference held on 1 February 2022 and the responses of the department have been taken into consideration while drafting the Report.

#### **2.4 Acknowledgement**

Audit is thankful for the co-operation and assistance extended by Urban Development Department, Finance Department, Directorate of Municipal Administration and all the test-checked ULBs in providing records, information and clarifications from time to time for the smooth conduct of audit despite the constraints induced by COVID -2019 pandemic.

#### **2.5 Structure of the Report**

Audit findings are presented in the following chapters:

Chapter 3: Compliance to the provisions of the Constitution (Seventy-fourth) Amendment Act

Chapter 4: Empowerment of Urban Local Bodies and their functioning

Chapter 5: Financial resources of Urban Local Bodies

Chapter 6: Human resources in Urban Local Bodies

Chapter 7: Effectiveness of delivery of water supply, sanitation and fire services