



**The Annual Technical Inspection Report
on
Panchayati Raj Institutions and Urban Local Bodies
for the year ended 31 March 2013**



Government of Himachal Pradesh

**Office of the Principal Accountant General (Audit)
Himachal Pradesh, Shimla**

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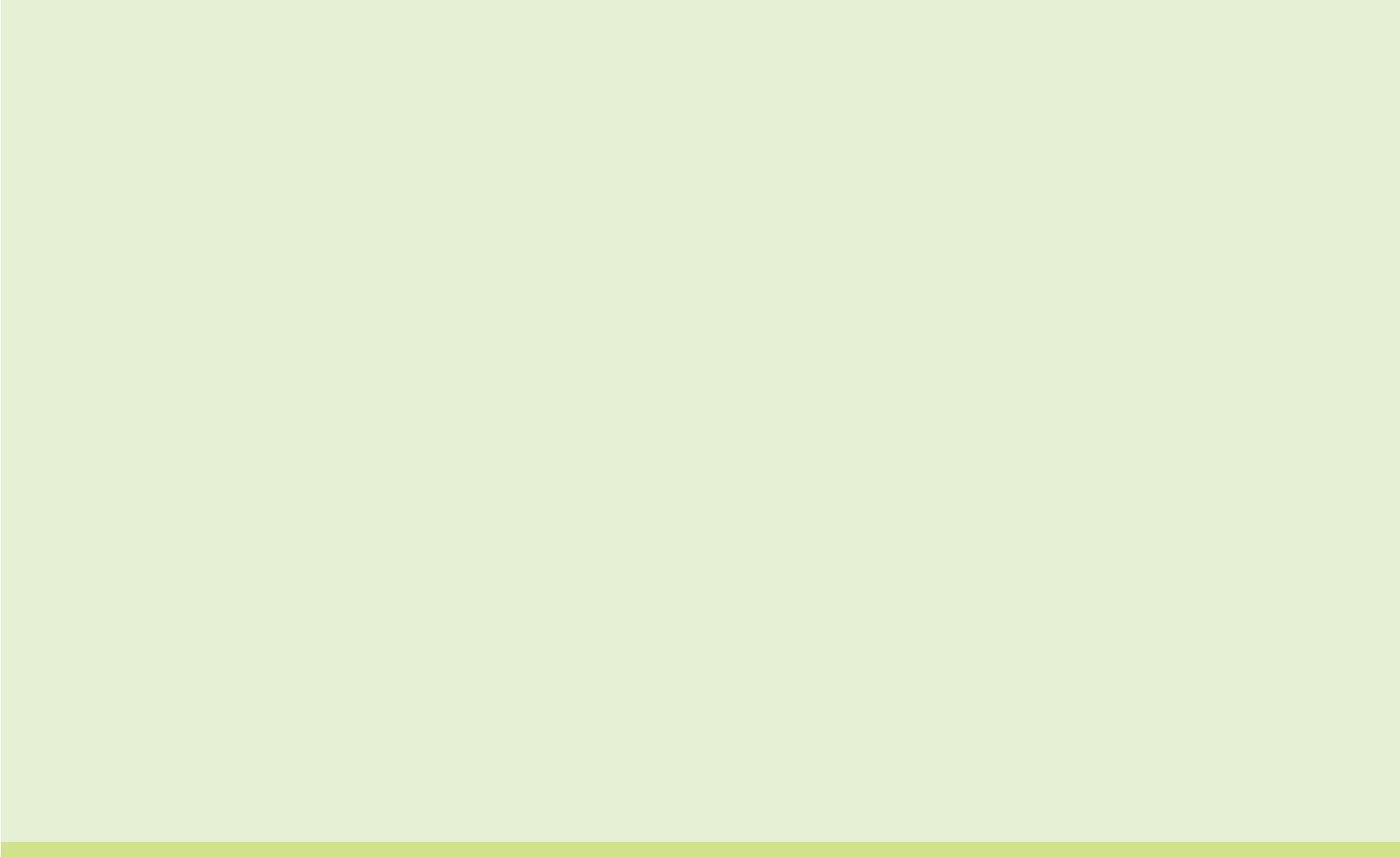
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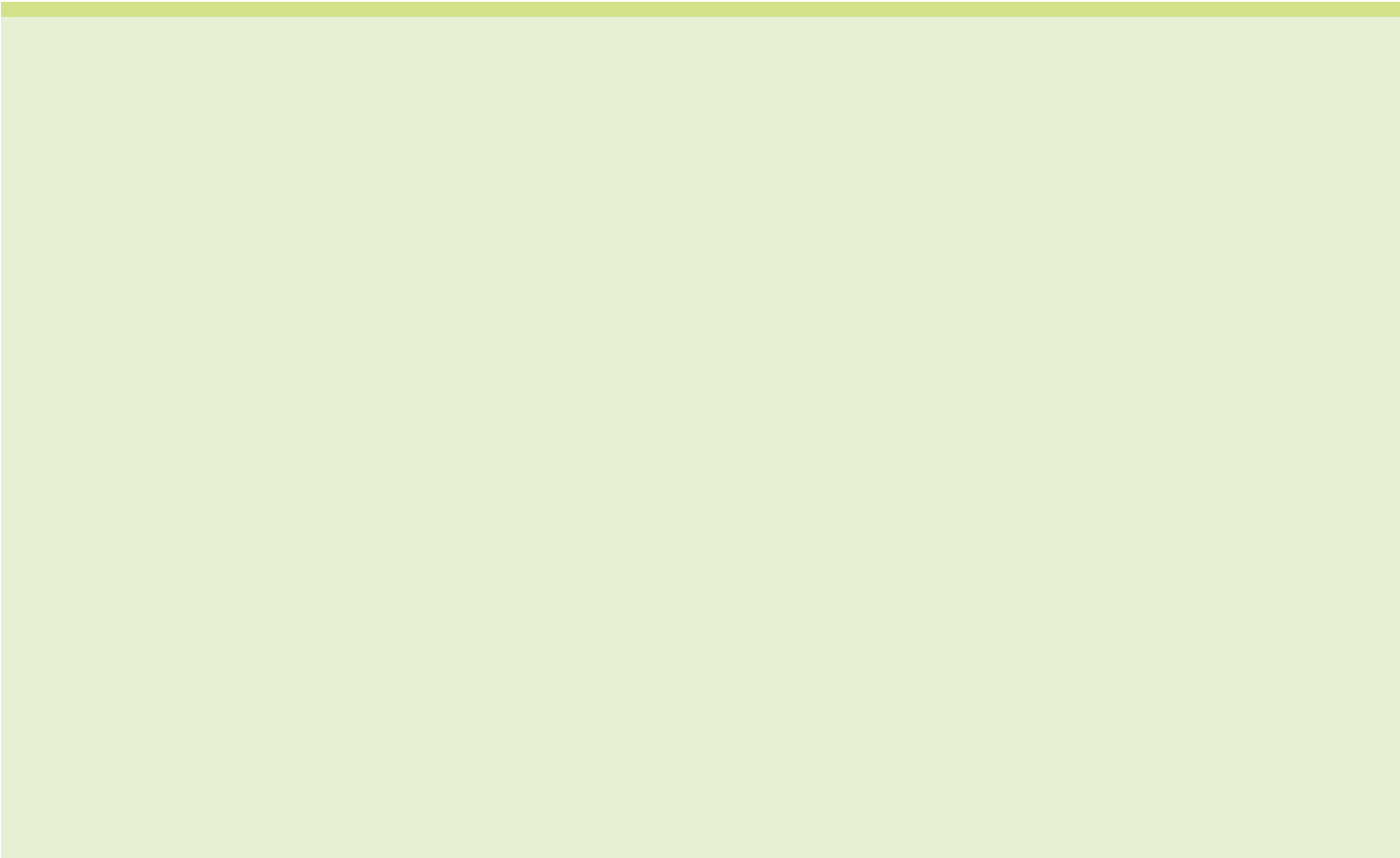
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PREFACE

1. The Annual Technical Inspection Report (ATIR) has been prepared for submission to the State Government to be placed before the State Legislature of Himachal Pradesh in accordance with the terms and conditions of Technical Guidance and Support (TGS) to the audit of Panchayati Raj Institutions (PRIs) and Urban Local Bodies (ULBs) as entrusted by the Government of Himachal Pradesh to the Comptroller and Auditor General (CAG) of India under 20(1) of CAG's DPC Act, 1971.
2. This Report provides an overview of the functioning of PRIs and ULBs in the State and draws the attention, of the executive departments, to major audit findings of audit, conducted during 2012-13, for taking appropriate remedial action.
3. The Report contains four chapters. Chapter-I and Chapter-III contain overview of PRIs and ULBs and the comments on financial reporting. Chapter-II and Chapter-IV contain findings emerging from transaction audits of PRIs and ULBs.
4. The cases mentioned in this Report are consolidation of major audit findings arising out of audit of accounts of 117 PRIs (six Zilla Parishads, 19 Panchayat Samities and 92 Gram Panchayats) and 15 ULBs (one Municipal Corporation, six Municipal Councils and eight Nagar Panchayats) and are among those which came to notice mainly in the course of test check of annual accounts (receipt and expenditure accounts) of Panchayati Raj Institutions and Urban Local Bodies conducted during the year 2012-13.



OVERVIEW



OVERVIEW

This Report is in two parts and consists of four chapters. Chapter 1 and 2 deal with Panchayati Raj Institutions and Chapter 3 and 4 deal with Urban Local Bodies. A synopsis of important audit findings is presented in this overview:

Profile of Panchayati Raj Institutions (PRIs)

The 73rd Constitutional amendment gave a constitutional status to the Panchayati Raj Institutions (PRIs). As a follow up, all the 29 functions listed in 11th Schedule of the Constitution were devolved by the Department to the PRIs. However, funds and functionaries remained to be devolved to the PRIs.

There are 12 Zila Parishads (ZPs), 77 Panchayat Samitis (PSs) and 3,243 Gram Panchayats (GPs) in the State. Test check of records of 6 ZPs, 19 PSs and 92 GPs during 2012-13 showed financial reporting issues, viz (a) non preparation of budget estimates, (b) non-maintenance of registers such as stock register, immovable property register, work register, muster roll register, etc, (c) improper maintenance of accounts of own resources and grant-in-aid/loans, (d) non-reconciliation between cash books and bank pass books, (e) non accountal of materials procured, (f) improper maintenance of accounts of works, (g) blocking of funds provided under Thirteenth Finance Commission.

(Chapter-1)

Results of audit of Panchayati Raj Institutions

Fifty one GPs did not realize house tax of ₹ 12.14 lakh. Ten PRIs failed to realize an amount of ₹ 35.77 lakh on account of rental charges of shops. Thirty GPs did not recover royalties amounting to ₹ 5.04 lakh from suppliers. Revenue of ₹ 4.02 lakh on account of installation/ renewal charges of Mobile Towers in 19 GPs remained un-realized. Seven GPs and one PS did not take action to recover/adjust the outstanding advances of ₹ 12.01 lakh. Forty five PRIs purchased material valued at ₹ 1.90 crore without invitation of quotations/ tenders. In 14 PRIs, funds of ₹ 62.87 lakh remained unspent due to

non-commencement of works. Six GPs deployed the same labourers on different works in the same period. GP, *Bairagarh* (Chamba district) paid ₹ 0.03 lakh as wages for non-existent dates of a calendar month. Mahatma Gandhi National Rural Employment Guarantee Scheme suffered from non-maintenance of wage-material ratio, delay in release of labour payment and payment of extra wages to elected members of Gram Panchayats.

(Chapter-2)

Profile of Urban Local Bodies (ULBs)

There is one Municipal Corporation, 25 Municipal Councils (MCs) and 23 Nagar Panchayats (NPs) in the State. The 74th Constitutional amendment paved way for decentralization of power and transfer of 18 functions listed in the 12th Schedule of the constitution along with funds and functionaries to the Urban Local Bodies (ULBs). Though all the 18 functions stand transferred to ULBs, yet funds and functionaries remain to be transferred to the ULBs. The State Government has not made any provision in the Acts/ Rules for certification of accounts. Test-check of the records of one Municipal Corporation, six Municipal Councils and eight Nagar Panchayats was conducted during 2012-13 showed financial reporting issues viz. (a) non-certification of accounts (b) non-preparation of budget estimates in a realistic manner.

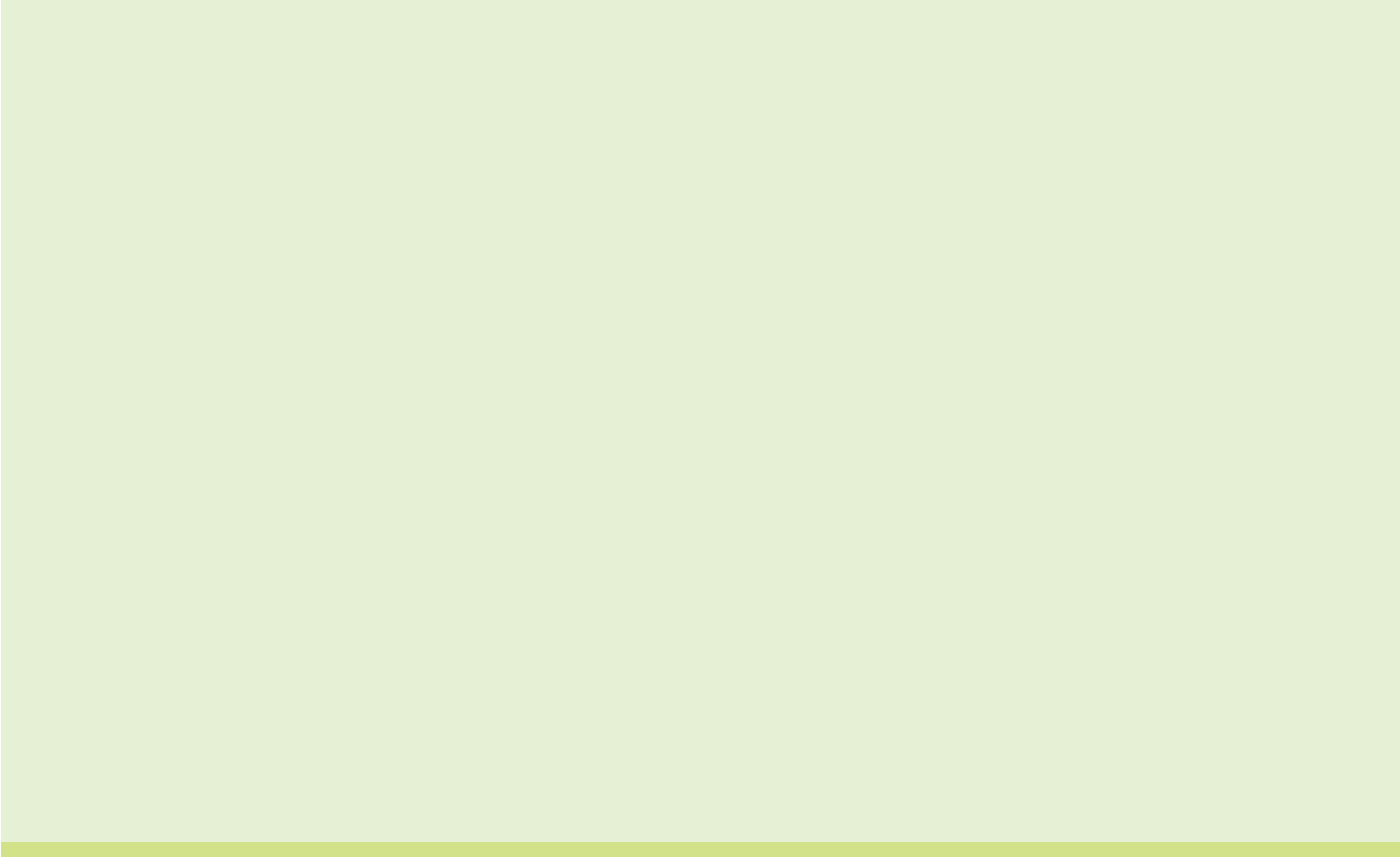
(Chapter-3)

Results of audit of Urban Local Bodies

Non-revision of rates of house tax by four Urban Local Bodies as per recommendations of State Finance Commission resulted in loss of revenue of ₹ 1.70 crore. Further, due to ineffective monitoring, revenue of ₹ 5.33 crore on account of house tax in eight Urban Local Bodies remained outstanding. MC, Baddi did not impose the house tax, also failed to impose sanitary tax amounting to ₹ 20.67 lakh and electricity tax amounting to ₹ 54.23 lakh. Seven Urban Local Bodies failed to realize the rent of shops amounting to ₹ 1.92 crore from the concerned allottees. Also, MC Shimla failed to recover the lease money of ₹ 32.84 lakh. Failure to realize the installation/ renewal charges of mobile towers

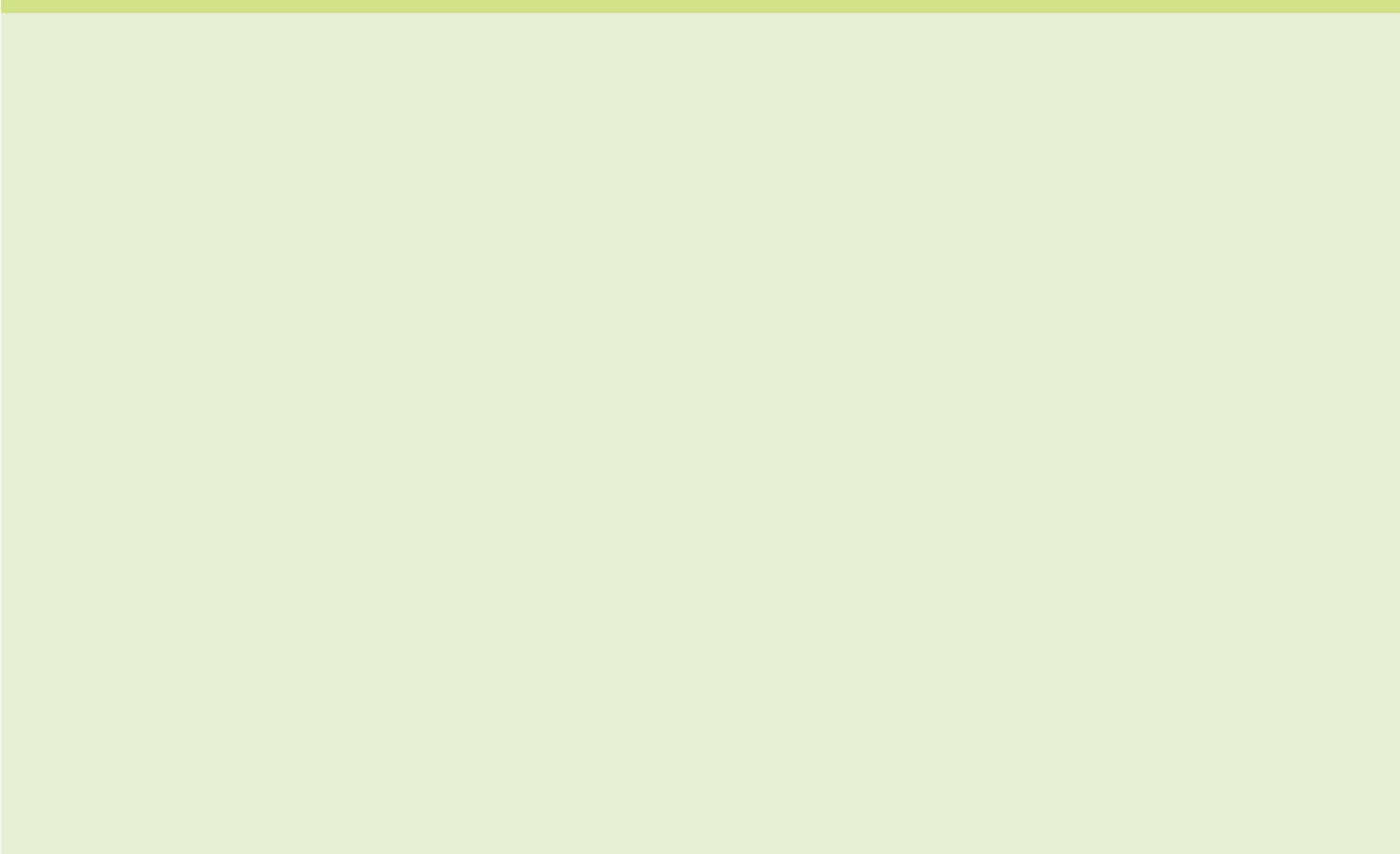
by seven ULBs resulted in loss of revenue of ₹ 47.05 lakh. Three ULBs incurred expenditure of ₹ 3.14 crore in excess of norms. Municipal Corporation, Shimla did not utilize ₹ 12.33 crore under JNNURM for rejuvenation of sewerage network in missing lines and left out/worn out sewerage in various zones of Shimla. It also failed to make payment of water bills resulting in creation of liability of ₹ 112.66 crore and did not adjust/recover contingent advance of ₹ 24.52 crore due to non availability of records. It also incurred an expenditure of ₹ 25.60 lakh on car parkings without proper planning. Nagar Panchayat, Bhota (Hamirpur district) failed to utilize the funds of ₹ 7.50 lakh provided for the purchase of hydraulic tipper for disposal of garbage.

(Chapter- 4)



CHAPTER-1

PROFILE OF PANCHAYATI RAJ INSTITUTIONS



CHAPTER-1

PROFILE OF PANCHAYATI RAJ INSTITUTIONS

1.1 Background of Panchayati Raj Institutions

The 73rd Constitutional amendment gave a Constitutional status to the Panchayati Raj Institutions (PRIs) and established a system of uniform structure, regular elections and regular flow of funds through Finance Commissions. As a follow up, the states were required to entrust these bodies with such powers, functions and responsibilities so as to enable them to function as institutions of local Self Government. In particular, the PRIs were required to prepare plans and implement schemes for economic development and social justice including those functions listed in the eleventh schedule of the Constitution. All the 29 functions listed in 11th Schedule of the constitution were devolved to the PRIs. However, funds were not being devolved by the departments. The Director, Panchayati Raj stated (October 2013) that the line departments are being pursued to devolve funds and functionaries in conformity with the functions devolved to the PRIs from time to time.

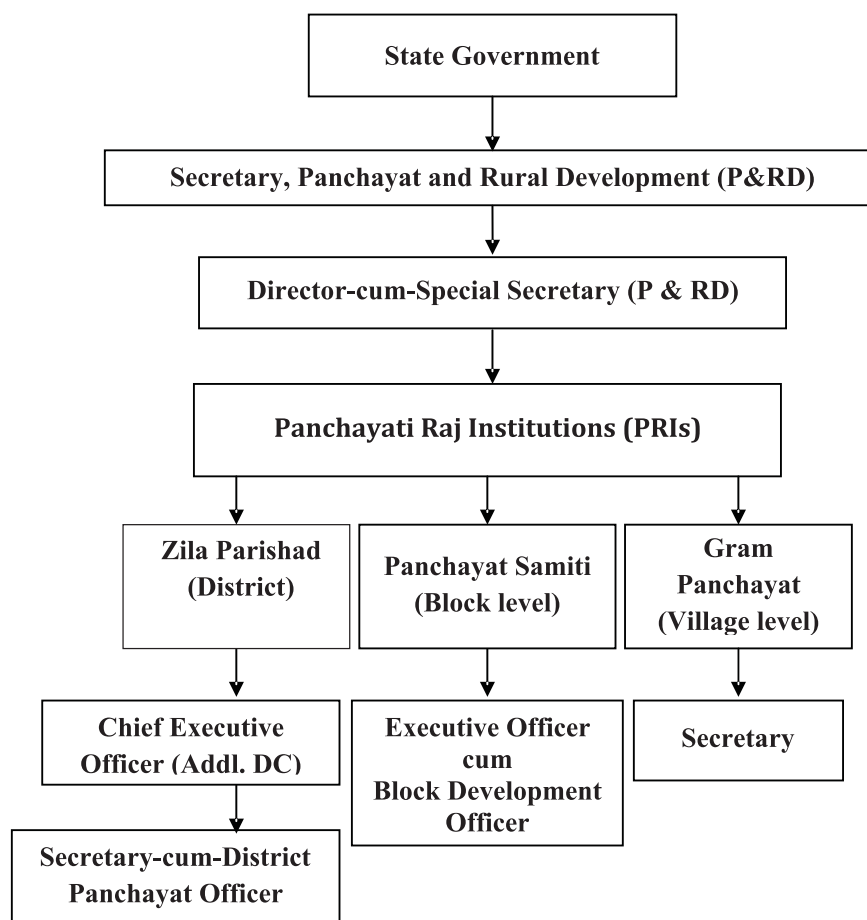
The State Government enacted the Himachal Pradesh Panchayati Raj Act, 1994 and framed the Himachal Pradesh Panchayati Raj (General) Rules, 1997 and the Himachal Pradesh Panchayati Raj (Finance, Budget, Accounts, Audit, Works, Taxation and Allowances) Rules, 2002 to enable these institutions to work as a third tier of the government. Accounting structure as prescribed by the Comptroller and Auditor General and Ministry of Panchayati Raj (MOPR), Government of India (GOI) in 2009 has been adopted by the State Government and annual accounts (receipts and expenditure) are being maintained by the PRIs accordingly.

1.2 Audit mandate of CAG

In Himachal Pradesh, audit of Panchayati Raj Institutions (PRIs) is being conducted by the audit wing of the Director, Panchayati Raj Department. The state government has entrusted (March 2011) audit of PRIs to the Comptroller and Auditor General of India (CAG) with the responsibility of providing Technical Guidance and Support under section 20(1) of the CAG's (DPC) Act, 1971. The results of audit are included in the Annual Technical Inspection Report (ATIR), which is to be placed before the state legislature as per section 118 of the Himachal Pradesh Panchayati Raj Act, 1994.

1.3 Organizational structure of Panchayati Raj Institutions

The chart given below depicts the organizational structure of the State Government, Panchayati Raj department and the Panchayati Raj Institutions at the Zila Parishad (ZP), Panchayat Samiti (PS), and Gram Panchayat (GP) level:



The chairperson of ZPs and PSs and the Pradhans of GPs are the elected members and head the ZPs, PSs and GPs, respectively. District level officers are required to attend the monthly meetings of ZPs to discuss the developmental activities.

1.3.1 Standing committees

The various standing committees in PRIs and their role and responsibilities are given in **Table 1**:

Table 1: Roles and responsibilities of the standing committees

Level of PRIs	Standing committee headed by	Name of the standing committees	Role and responsibilities of the standing committee
Zila Parishad	Chairperson	General Standing Committee	Performs the functions relating to establishment matters, communications, buildings, etc.
		Finance, Audit and Planning Committee	Performs the functions relating to the finances of the Zila Parishad.
		Social Justice Committee	Performs the functions like promotion of education, economic, social, cultural and other interests of the SCs/STs/BCs.
		Education and Health Committee	Undertakes the planning of education in the district within the framework of the national policy and the national and state plans.

		Agriculture and Industries Committee	Performs the functions relating to agriculture production, animal husbandry, co-operation, village and cottage industries, etc.
Panchayat Samiti	Chairperson	General Standing Committee	Performs the functions relating to the establishment matters and communications, etc.
		Finance, Audit and Planning Committee	Performs the functions relating to the finance of the Panchayat Samiti.
		Social Justice Committee	Performs the functions relating to promotion of education, economic, social, cultural and other interests of the SCs/STs/BCs, etc.
Gram Panchayat	Pradhan	Works Committee	All developmental works of the Gram Panchayats are executed by this committee.
		Budget Committee	Prepares the annual budget of the GP and submit the same to the Secretary

1.3.2 Institutional arrangements for implementation of schemes

The Panchayati Raj Institutions (PRIs) have technical and non-technical staff. Against 8186 sanctioned posts of various cadres, 200 posts of Panchayat sahayak/secretaries were lying vacant as of March, 2013 (**Appendix-1**).

Panchayat secretaries/sahayaks are being imparted a basic training course of 45 days in Panchayati Raj Institutes. Besides, refresher courses including computer training are organized by the department to upgrade their skills.

1.4 Financial profile

1.4.1 Fund flow to PRIs

Fund flow: Source and custody of funds in PRIs

The resource base of PRIs consists of State Finance Commission (SFC) grants, Central Finance Commission (CFC) grants, State Government grants and Central Government grants for maintenance/ development purposes and implementation of schemes. The fund-wise sources and their custody for each tier as well as the fund flow arrangements for flagship schemes are given in **Table 2** and **Table 3**:

Table 2: Fund flow: Source and custody of funds in PRIs.

Nature of Fund	ZPs		PSs		GPs	
	Source of fund	Custody of fund	Source of fund	Custody of fund	Source of fund	Custody of fund
Own receipts	ZPs	Bank	PSs	Bank	GPs	Bank
State Plan	State Government	Bank	State Government	Bank	State Government	Bank
State Finance Commission	State Government	Bank	State Government	Bank	State Government	Bank
Central Finance Commission	GOI	Bank	GOI	Bank	GOI	Bank
Centrally Sponsored Schemes	GOI	Bank	GOI	Bank	GOI	Bank

While Central and State grants are utilized by the PRIs for execution of central and state sponsored schemes as per the guidelines issued by GOI and State Government, the own receipts of PRIs are utilized for execution of schemes/works formulated by the PRIs.

Table 3: Fund flow arrangements in major centrally sponsored flagship schemes

Sr. No.	Scheme	Fund flow Arrangements
1.	Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGA)	GOI and state government transfer their respective shares of MGNREGA funds in a bank account, called State Employment Guarantee Fund (SEGF) which is set outside the state accounts. Commissioner, State Rural Employment Guarantee is the custodian of SEGF and authorizes onward transfer of funds to ZPs, PSs and GPs.
2.	Indira Awas Yojana (IAY)	The Indira Awas Yojana is a centrally sponsored scheme, funded on cost-sharing basis between the government of India and the state government in the ratio of 75:25. Funds are transferred by MORD, GOI to DRDAs, who are the custodian of these funds. The DRDAs release the funds to BDOs and BDOs to GPs. Further, GPs transfer funds directly to the beneficiaries' accounts in two installments. Second installment is released after construction reaches the lintel level.
3.	Integrated Watershed Development Programme (IWDP)	The Integrated Watershed Development Program is a centrally sponsored scheme, funded on cost-sharing basis between the government of India and the state government in the ratio of 5500:500 per hectare. Funds are released by District Rural Development Agency (DRDA) to watershed committee which opens an account in the bank. Flow of funds under this scheme is from GOI, Department of Watershed Development (DoWD) to the DRDA, DRDA to Project Implementing Agency (PIA), PIA to watershed committee and watershed committee to executing agencies.
4.	Swarnjayanti Gram Swarozgar Yojana (SGSY)	The total cost of the project is to be shared between Centre and State in the ratio of 75:25. Funds are transferred by MORD, GOI to DRDAs; the DRDAs release the funds to BDOs and the BDOs release funds directly to the beneficiaries.
5.	Total Sanitation Campaign (TSC)	Under this scheme, funds are shared in the ratio of 60:30:10 among the Centre, State and community, respectively. On receipt of funds from GOI, the same alongwith matching share is released to the district's account by the Rural Development Department (RDD). The community contribution, however, can be made by the Panchayat out of its own resources, from grants of the 13 th FC or from any other fund of the State duly permitted by it.

1.4.2 Resources: trends and composition

The resources of PRIs for the period from 2008-09 to 2012-13 are detailed in **Table 4:**

Table 4: Time series data on resources of PRIs

	(₹ in crore)				
	2008-09	2009-10	2010-11	2011-12	2012-13
Own Revenue	7.35	7.72	7.81	31.52	NA
CFC transfers (Finance Commission devolutions)	29.40	29.40	52.14	80.80	93.21
SFC transfers (State Finance Commission devolutions)	51.80	51.83	48.02	67.53	62.95
Grants from State Government	65.93	69.87	71.65	72.88	70.40
Grant from Central Government	61.76	58.57	82.79	113.15	131.16
GOI grants for CSS	528.57	505.29	818.56	735.20	488.57
State Government grants for state schemes	22.02	25.99	33.24	22.20	15.80
Other receipt	3.38	3.55	3.60	1.00	1.00
Total	770.21	752.22	1117.81	1124.28	863.09

NA: Not available.

Note: Decrease in GOI grants for CSS is due to less demand of funds under MGNREGS by the State Government.

1.4.3 Application of resources: trends and composition

The application of resources of PRIs for the period from 2008-09 to 2012-13 are detailed in **Table 5**:

Table 5: Application of resources sector-wise

(₹ in crore)

	2008-09	2009-10	2010-11	2011-12	2012-13
Expenditure from CFC transfers (Central Finance Commission devolutions)	29.40	29.40	52.14	80.80	93.21
Expenditure from SFC transfers (State Finance Commission devolutions)	51.80	51.83	48.02	67.53	62.95
Expenditure from grants from State Government and Centre Government.	138.42	128.44	154.44	187.02	202.52
Expenditure on CSS	398.80	643.58	594.89	591.35	544.51
Expenditure on State Schemes	21.31	25.24	32.18	21.49	16.26
Total	639.73	878.49	881.67	948.19	919.45

Source: Director, Panchayati Raj and Director, RDD, Himachal Pradesh.

It was noticed that all funds transferred by the Panchayati Raj Department to PRIs have been shown as expenditure. The exact figure of expenditure incurred by the PRIs was not available with the Panchayati Raj Department.

1.5 Accounting system in PRIs

The PRIs maintain their accounts in the proforma, prescribed under Himachal Pradesh Panchayati Raj General Rules, 1997. Accounts of the Gram Panchayats are maintained by the Panchayat Secretary, appointed by the Director-cum-Special Secretary Panchayati Raj & Rural Development Department (P&RD) and Panchayat Sahayak, appointed on contract basis by the Executive Officer -cum -Block Development Officer. In case of PSs, the accounts are maintained by the accountants of development blocks. Accounts of ZPs are maintained by government officials of the office of DPO-cum-Secretary, ZP. The accounts of the PRIs are not certified in the absence of any provision for certification of PRI accounts in the HP Panchayati Raj (General) Rules, 1997 and HP Panchayati Raj Rules, 2002.

The Eleventh Finance Commission (EFC) had recommended that the CAG must exercise control and supervision over maintenance of accounts of all the three tiers of PRIs. The CAG and MOPR, GOI had recommended Model Accounting Structure for PRIs in 2009. The Director, Panchayati Raj Department stated (August 2012) that the State Government had adopted PRIASOFT, a software developed by MOPR for maintaining the accounts of PRIs as per the Model Accounting Structure. Presently, the process of data upload is being carried out through this software.

1.6 Audit coverage

The Principal Accountant General (Audit), Himachal Pradesh conducts the audit of PRIs with the responsibility of providing Technical Guidance and Support under Section 20(1) of the CAG's (DPC) Act, 1971. Audit of accounts of six ZPs (out of 12), 19 PSs (out of 77) and 92 GPs (out of 3,243) was conducted by Office of the

Pr. Accountant General (Audit), Himachal Pradesh during 2012-13 (**Appendix-2**). Important audit findings are discussed in the following paragraphs.

1.7 Financial reporting and accountability framework of PRIs (internal control system)

A sound internal control system significantly contributes to efficient and effective governance of the PRIs by the State Government. Compliance with financial rules, procedures and directives as well as the timeliness and quality of reporting on the status of such compliance are the attributes of good governance. The reports on compliance and controls, if effective and operational, assist the PRIs and the State Government in meeting its basic stewardship responsibilities, including strategic planning, decision making and accountability of the stakeholders. The following discrepancies were found in the internal control system:

1.7.1 Primary audit of PRIs

The Local Audit Department (LAD) has been empowered to conduct the audit of PRIs as per amendment made in section 118 of the Himachal Pradesh Panchayati Raj Act (HPPRA), 1994. Till date, audit of PRIs has not been conducted by the LAD due to shortage of staff in their department. Sub-section (I) of section 118 of the HPPRA, 1994 also provides that there will be a separate and independent internal audit agency under the control of the Director, Panchayati Raj to audit the accounts of PRIs with a view to have proper financial control on income and expenditure. The position of internal audit conducted by the Audit wing under Director, Panchayati Raj during April 2010 to March 2012 is given in **Table 6**:

Table 6: Position of Internal Audit

Name of Institution	Total units	No. of units planned for audit	No. of units audited	No. of units not audited	Percentage of short fall
(1) Panchayat Samitis	77	67	49	18	27
(2) Gram Panchayat	3243	2411	1474	937	39

Source: Director, PRI.

Audit also noticed that the Audit wing under Director, Panchayati Raj had not planned internal audit of any of the ZPs during 2012-13. The Joint Director, PRI stated that the internal audit of ZPs could not be done because the post of the Deputy Controller (Audit) was lying vacant and one post of District Audit Officer and 22 posts of Panchayat Auditors were also vacant, due to which audit of PSs and GPs could not be accomplished as per plan.

1.7.2 Non-preparation of budget estimates

Rule 37 and 38 of the HPPR Rules, 2002 provide that the annual budget estimates of GPs, PSs and ZPs showing the probable receipts and expenditure for the following year are required to be prepared and passed by the Gram Sabha, PS or ZP, as the case may be, by majority vote, before commencement of the next financial year.

It was observed that one ZP (Out of 6 ZPs test checked), 8 PSs (Out of 19 PSs test checked) and 17 GPs (out of 92 GPs test checked) had not prepared the annual budget estimates for the period between 2008 and 2013. However, an expenditure of ₹ 24.26 crore¹ had been incurred during this period without approval of the estimates, which was contrary to the HPPR Rules, 2002 (**Appendix-3**).

While confirming the facts, the Executive Officers/Secretaries concerned stated (September 2012-February 2013) that budget estimates could not be prepared due to rush of work and would be prepared well in time in future.

1.7.3 Non-maintenance of registers

Rule 31 of HPPR Rules, 2002 stipulates that every PRI shall maintain important records, register, forms, etc., as detailed in Rule 34 of HPPR (General) Rules 1997.

It was observed that in one PS and 22 GPs audited during 2012-13 (**Appendix-4**) important registers like stock register, immovable property register, work register, muster roll register were not being maintained. Due to non-maintenance of the records, correctness of financial transactions could not be ascertained. The Executive Officers /Secretaries concerned admitted the facts (April 2012–February 2013) and assured to maintain these records in future.

1.7.4 Improper maintenance of accounts of income from own resources and grant-in-aid/ loans

As per rule 4 of HPPR Rules, 2002, every GP and PS is required to keep separate accounts of income from own resources and grant-in-aid and loans received for special purposes. While Account ‘A’ was to be maintained in the former case, Account ‘B’ was to be maintained in the later case.

It was noticed that in five GPs and one PS², the accounts were not maintained in the prescribed format and all the transactions were carried out through a single account in contravention of the rule *ibid* due to which the correctness of income from own resources and grant in aid/loans received could not be verified.

1.7.5 Preparation of bank reconciliation statements

Rule 15 (10) (b) of the HPPR Rules, 2002 provides that the reconciliation of any difference between the balances of cash book and bank accounts is required to be conducted every month. The difference, if any, shall be explained and accounted for in a foot note in the cash book.

However, it was noticed that difference of ₹ 3.51 crore (**Appendix-5**) between cash books and pass books at the close of the year 2012-13 was not reconciled by 53 PRIs. The authenticity of accounts of these PRIs could not be ascertained in the absence of reconciliation with bank statements. The officers of the concerned PRIs stated (April 2012–February 2013) that the differences would be reconciled.

¹ ZPs ₹ 5.14 crore: PSs ₹ 14.49 crore and GPs ₹ 4.63 crore

² Five GPs: Bandi, Dishti, Basha, Dashesda, Baggi (All from Mandi district)
One PS: Tissa (Chamba district)

1.7.6 Non-accounting of materials

Non-accountal of materials in stock register by the GPs.

Under rule 69 of HPPR Rules, 2002, all stores when received are required to be examined, counted, measured or weighed, as the case may be, at the time of taking delivery and should be entered in the stock register immediately. A certificate to the effect is also required to be given at the end of the entries for any single day by the official incharge of stores authorised by the Gram Panchayat or Secretary of the Panchayat Samiti or the Zila Parishad, as the case may be, stating that the stores have been received in proper condition and according to specifications. In the event of stores found surplus the same should be indicated as additional receipt and shortages, if any, should be indicated in red ink. Further, rule 70 of the HPPR Rules 2002 *ibid* stipulates that articles of stores shall be issued against proper indents.

In 20 GPs, items of stores such as steel, timber, furniture, hardware items etc. purchased at a cost of ₹ 1.59 crore were not accounted for in stock registers (**Appendix-6**). In the event of non-accounting of these stores the possibility of pilferage/ loss cannot be ruled out. This was indicative of ineffective monitoring on the part of GPs. In reply, the secretaries of GPs concerned stated (June 2012-March 2013) that the stores would be entered in the stock registers. The fact, however, remained that there was absence of proper check over maintenance of accounts by the GPs concerned.

1.7.7 Non-maintenance of accounts of works of ₹ 1.13 crore

Under rule 103 of HPPR Rules, 2002, the accounts of works taken up for execution in respect of panchayats are required to be maintained by the secretary himself or through officers/officials under him. The original receipts of all materials purchased, payments made or all other relevant records pertaining to the execution of works so maintained are subject to audit.

During audit of GP *Baghaigarh* (Chamba district), it was noticed that between April 2007 and August 2012, execution of 54 works costing ₹ 1.13 crore was taken up, but the work-wise details of amount sanctioned, amount utilized, physical and financial status of works were not maintained. The Secretary of the GP stated (October 2012) that the requisite records would be maintained in future.

1.7.8 Blocking of funds under 13th Finance Commission

Funds of ₹ 15.38 lakh remained unutilized under 13th Finance Commission in 19 GPs.

As per guidelines of 13th Finance Commission (13th FC), for utilization of grants released by the GOI to the State Government, the same were to be transferred by the State Government to the PRIs within 15 days from the date of their credit into the account of the State Government and completion of works should have been ensured within a period of six months from the date(s) of sanction(s).

It was noticed that in 19 GPs an amount of ₹ 15.44 lakh was received under 13th FC during 2010-12, of which an amount of only ₹ 0.06 lakh had been spent leaving ₹15.38 lakh unutilised as of March, 2013 (**Appendix-7**) for which Secretaries of concerned PRIs advanced no reasons. Thus, failure to utilise the available funds led to unnecessary blocking up of funds and also deprived the beneficiaries of the intended benefits.

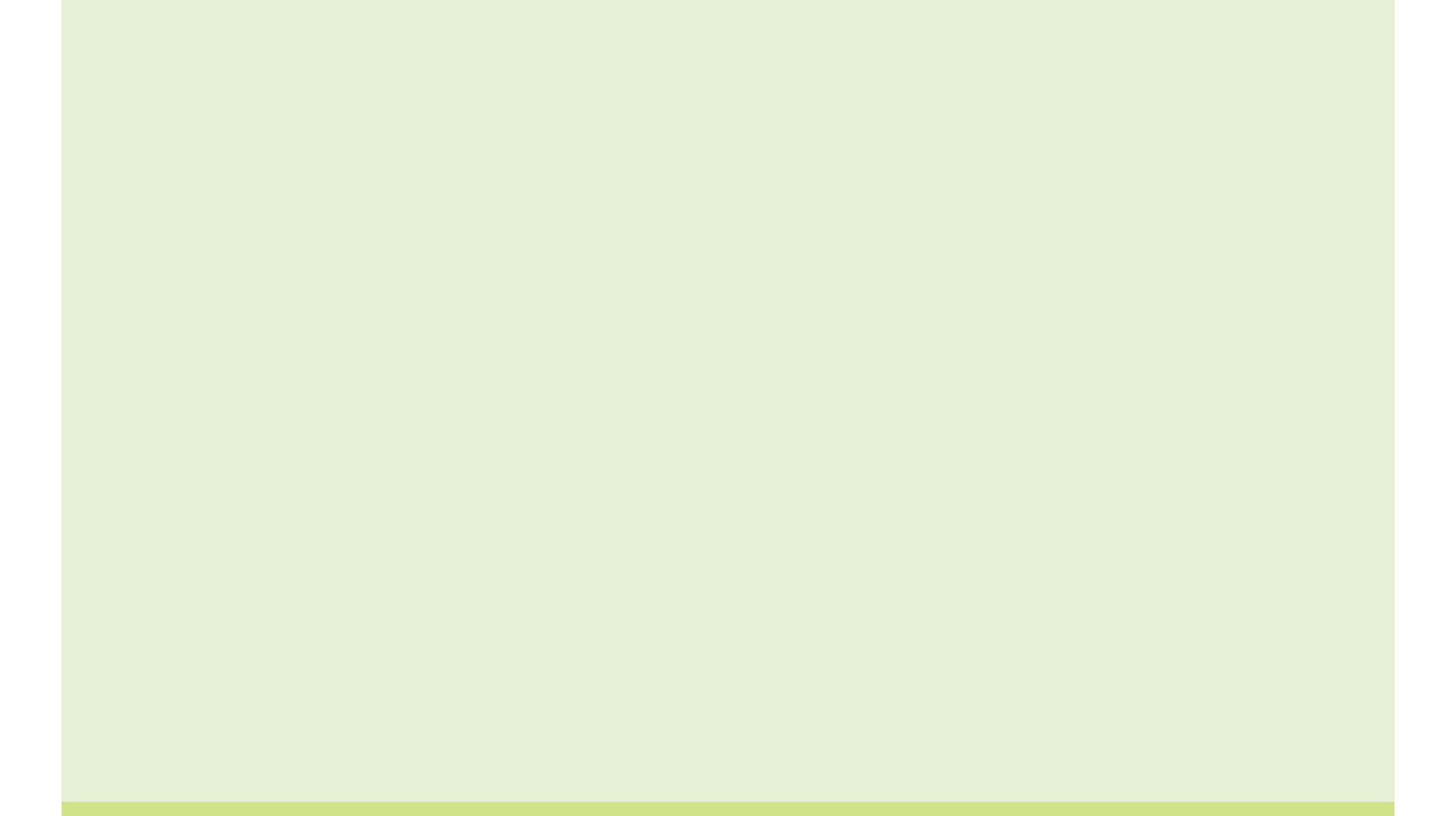
1.7.9 Outstanding inspection reports

As a result of audit of PRIs under TGS, 1760 inspection reports (IR) containing 11,859 paras were issued by the office of Principal Accountant General (Audit), Himachal Pradesh to the concerned PRIs during 2007-13. Of these, 59 paras were settled leaving 1760 IRs and 11,800 paras outstanding as of March 2013. The details are given in **Table 7**:

Table 7: Outstanding inspection reports

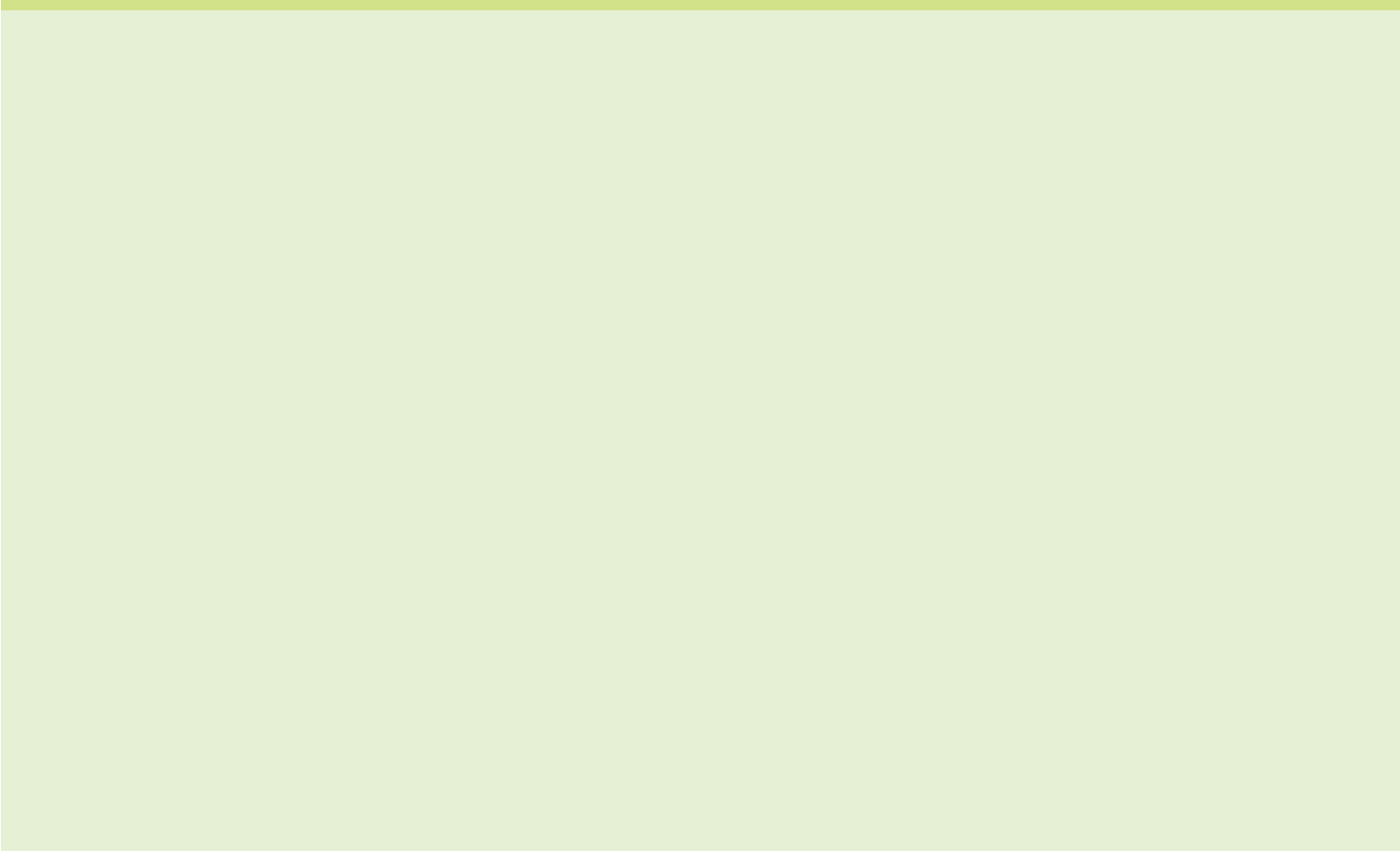
Sr. No.	Year of issue of Inspection Reports	Outstanding IRs/ Paras as on 31 March, 2012		Addition (No. of IRs/ paras issued during the year)		Total		No. of IRs/ paras settled during 2012-13		No. of outstanding IRs/Paras as on 31.03.2013	
		IRs	Paras	IRs	Paras	IRs	Paras	IRs	Paras	IRs	Paras
1.	2007-08	528	2539	-	-	528	2539	-	-	528	2539
2.	2008-09	320	2558	-	-	320	2558	-	14	320	2544
3.	2009-10	336	2427	-	-	336	2427	-	18	336	2409
4.	2010-11	334	2389	-	-	334	2389	-	22	334	2367
5.	2011-12	126	1043	-	-	126	1043	-	05	126	1038
6.	2012-13	-	-	116	903	116	903	-	-	116	903
	Total	1644	10956	116	903	1760	11859	-	59	1760	11800

Increasing trend of outstanding inspection reports and paras is indicative of non-compliance of audit observations which has resulted in erosion of accountability.



CHAPTER-2

RESULTS OF THE AUDIT OF PANCHAYATI RAJ INSTITUTIONS



CHAPTER-2

RESULTS OF THE AUDIT OF PANCHAYATI RAJ INSTITUTIONS

The deficiencies noticed in audit of Panchayati Raj Institutions conducted during 2012-13 are discussed in the succeeding paragraphs.

2.1 Revenue

2.1.1 Non-recovery of House Tax

Fifty one GPs did not realize house tax of ₹ 12.14 lakh.

Rule 33 of HPPR Rules, 2002, provides that the secretary of the GP shall see that all revenues are correctly, promptly and regularly assessed, realized and credited to the accounts of the fund of the Panchayat concerned.

In 51 GPs, house tax amounting to ₹ 12.14 lakh for the period 2006-13 was not recovered till March 2013 (**Appendix-8**). This was indicative of an ineffective monitoring on the part of GPs which may result in loss of revenue, if not recovered. Moreover, the GPs had not taken any action to levy penalty on the defaulters for non-payment of house tax in terms of provisions contained in Section 114 of HP Panchayati Raj Act, 1994. The secretaries of concerned GPs stated (June 2012-February 2013) that efforts would be made to recover the outstanding recovery of house tax.

2.1.2 Outstanding rent

Ten PRIs failed to realize rent of shops amounting to ₹ 35.77 lakh.

The ZPs, PSs and GPs had been maintaining shops in their jurisdiction and these were rented out to the public on monthly rental basis.

Scrutiny of records showed that in ten PRIs, an amount of ₹ 35.77 lakh³ on account of rent of 136 shops was outstanding as of March 2013 (**Appendix-9**). This amount was outstanding with effect from 2003-04 to 2012-13. The concerned PRIs stated (April 2012-March 2013) that the notices had been served to the defaulters to deposit the outstanding rent immediately; otherwise necessary steps would be taken to vacate the shops.

2.1.3 Non-recovery of royalty from suppliers

Thirty GPs did not recover royalties amounting to ₹ 5.04 lakh from suppliers.

As per instructions (February 1999) of the state government, form 'M' from Mining Officer is required to be obtained by the suppliers for supplying sand and bajri as a proof that royalty has already been paid by them. In case of non-submission of the above form, royalty at the rate of ₹20 per metric tonne is to be recovered from the bills of the suppliers by the GPs and the amount so realized is to be remitted to the

³ ZP: ₹ 0.43 lakh, PSs: ₹ 33.44 lakh and GPs: ₹ 1.90 lakh.

State Government. During 2006-13, 30 GPs purchased 25297.58 metric tonne of material like sand, bajri etc. without obtaining form 'M' from the suppliers and royalty amounting to ₹ 5.04 lakh (**Appendix-10**) was not recovered from the bills of the suppliers, resulting in loss of revenue to the State Government. The secretaries of the concerned GPs stated (July 2012- February 2013) that due to lack of knowledge of the relevant instructions of the State Government, royalty of supplied materials could not be deducted from the supplier's bills. However, they assured that the State Government instructions in this regard would be followed in future.

2.1.4 Non-recovery of duty

Revenue of ₹4.02 lakh remained un-realized on account of installation/renewal charges of mobile towers in 19 GPs.

The Government of Himachal Pradesh authorised (November, 2006) the GPs to levy duty on installation of mobile communication towers at the rate of ₹ 4,000 per tower and collect annual renewal fee at the rate of ₹ 2,000 per tower, installed in their jurisdiction.

In 19 GPs, 35 mobile towers were installed during 2006-2010 in their jurisdiction but the installation/renewal charges of ₹ 4.02 lakh had not been recovered from the concerned mobile companies as of March 2013 (**Appendix-11**). This deprived the GPs of their due share of revenue. The concerned secretaries of the GPs stated (April 2012-January 2013) that action would be taken to recover the dues shortly.

2.2 Outstanding advances

Seven GPs and one PS did not take action to recover/adjust the outstanding advances of ₹ 12.01 lakh.

(a) Rule 30 of the HPPR Rules, 2002 provides that whenever any advance is paid to an office bearer or officer/official of GP for carrying out the developmental works, a record thereof should be kept in the register of temporary advances and such advances should be adjusted regularly and promptly.

Scrutiny of the records of eight GPs and one PS showed that advances totalling ₹ 11.91 lakh were paid between 1990 and 2012 to various office bearers such as Pradhans, Up-pradhans, ward members, non-elected officials and panchayat officials for carrying out the developmental activities but remained unadjusted as of March 2013 (**Appendix-12**). There was nothing on record to show efforts were made to recover/ adjust these advances. In some of the cases, the advances remained outstanding for periods ranging from 1 to 23 years. Non-adjustment of these advances involves the risk of misappropriation of funds.

On this being pointed out, the concerned PRIs stated (July 2012-February 2013) that efforts would be made to recover these advances.

(b) During audit, it was noticed that the Panchayat Secretary of GP *Baghaigarh* (Chamba district) had been paid an advance of ₹ 10,849 in December, 2006. The official, however, submitted the vouchers for adjustment of ₹ 1000 before his transfer

in July, 2008. While adjustment of advance of ₹ 1000 was carried out in the cash book, the balance amount of ₹9,849 remained unadjusted/ unrecovered as of March, 2013. Thus, due to inaction on the part of the GP an amount of ₹9,849 remained with the Secretary concerned for more than six years, which tantamounts to misappropriation of funds.

2.3 Purchase of material without inviting quotations

Forty three PRIs purchased materials worth ₹ 1.90 crore without inviting quotations/tenders.

Rule 67 (5) (a) & (b) of the HPPR Rules, 2002 provides that for purchases of stores above ₹ 50,000, tenders should be invited and purchase of stores more than ₹ 1,000 but less than ₹ 50,000 should be made by inviting quotations.

It was observed that in one ZP, one PS and 41 GPs, materials costing ₹ 1.90 crore were purchased without inviting quotations during 2006-13 (**Appendix-13**). As such, the purchases were made without observing the prescribed procedures as envisaged in the rule *ibid*. The EOs/ secretaries of the concerned PRIs stated (April 2012- February 2013) that purchases would be made after inviting proper quotations/tenders in future.

2.4 Blocking of funds due to non-commencement of works

Funds of ₹ 62.87 lakh remained unutilised due to non-commencement of works by the PRIs.

Scrutiny of records showed that in one ZP, 3 PSs and 10 GPs (**Appendix-14**) there was an opening balance of ₹ 3.73 lakh during 2007-12 and ₹ 59.14 lakh was received between 2007-08 and 2011-12 for execution of 87 works. However, against the total availability of funds of ₹ 62.87 lakh, no expenditure was incurred on execution of works as of March 2013. Thus, non-utilisation of funds for developmental works resulted in unnecessary blocking up of funds and the intended beneficiaries were also deprived of the benefits. The Executive Officers/Secretaries of the PRIs concerned stated (April 2012-February 2013) that due to land dispute, litigations and limited working season etc, works could not be started. The reply is not convincing as such issues could have been resolved before getting the works sanctioned and funds released from the funding agencies.

2.5 Doubtful deployments

2.5.1 Irregularities in payment to labourers

Six GPs showed deployment of same labourers on different works in the same period.

Scrutiny of records showed that in six GPs, same labourers were shown as deployed for different works on different muster rolls in the same period during 2007-11, resulting in doubtful deployment and double payment of wages of ₹ 1.36 lakh (**Appendix 15**). The name of schemes/works for which these muster rolls were issued

had not been mentioned in most of the muster rolls, which was indicative of ineffective internal control mechanism. The concerned secretaries of the GPs stated (April 2012- December 2012) that the matter would be investigated and action taken accordingly.

2.5.2 Irregular payment

GP Bairagarh paid wages amounting to ₹ 0.03 lakh for non-existing dates of calendar months.

Test check of records of GP *Bairagarh* (Chamba district) showed that against muster rolls for the months of September and November, 2007 wages to labourers were paid for 31 days instead of 30 days. Thus, an excess payment of ₹ 3253 was made to the labourers. Besides, against muster rolls pertaining to the work ‘construction of *Pakki gali Parda*’, payment of ₹ 54,630 was made in July 2010 whereas total amount payable to labourers worked out to ₹ 54,030. This had also resulted in excess payment of ₹ 600. While admitting the facts, the Pradhan of GP concerned stated (October 2012) that excess payments were made by mistake and the same would be recovered. The fact however, remained that no check over preparation of muster rolls by the field staff was being exercised to prevent the chances of excess payments against muster rolls.

2.6 Implementation of Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS)

The main objective of the scheme is to enhance livelihood security in rural areas by providing at least 100 days of guaranteed wage employment in a financial year to every household whose adult members volunteer to do unskilled manual work. The funds relating to MGNREGS are being received by the GPs through District Rural Development Agencies (DRDAs) for implementation of Mahatma Gandhi National Rural Employment Guarantee ACT (MGNREGA). Irregularities noticed in implementation of the scheme during the course of audit of PRIs are discussed in the succeeding paragraphs.

2.6.1 Non- maintenance of wage material ratio

Sixteen GPs failed to adhere to the prescribed wage material ratio and accordingly made less provision of ₹ 51.10 lakh on labour component.

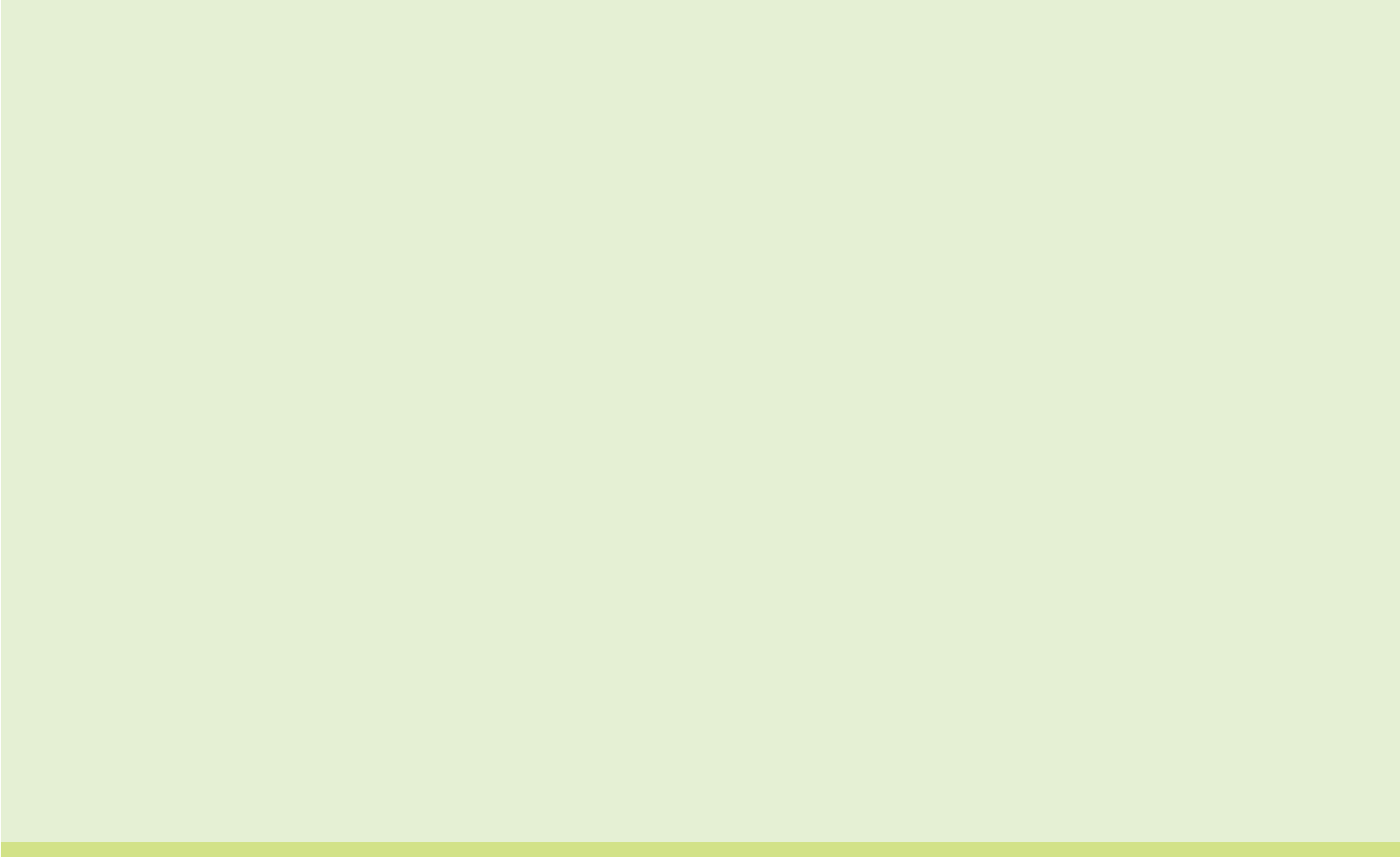
Para 7.4.1 of MGNREGA guidelines stipulates that ratio of wage cost to material cost should not be less than the minimum norm of 60:40. This ratio should be maintained at GP level for all works to be taken up by the GP and for works to be taken by all other agencies it should be maintained at the Block/ intermediate Panchayat level. Audit noticed that in 16 GPs, 393 works were got executed during 2008-13 at a total cost of ₹ 3.93 crore. Against the required expenditure of ₹ 2.35 crore to be incurred on wages, the amount spent on wage component was ₹ 1.85 crore. Thus, the purpose of prescribing higher ratio for wage component was defeated resulting in less availability of funds of ₹ 51.10 lakh (**Appendix 16**) for employment generation. Some secretaries of GPs attributed (October 2012- February 2013) non-maintenance

of prescribed ratio to non-receipt of orders in this regard, while no reasons for non-observing the prescribed wage and material ratio were furnished by others.

2.6.2 Delay in release of labour payment

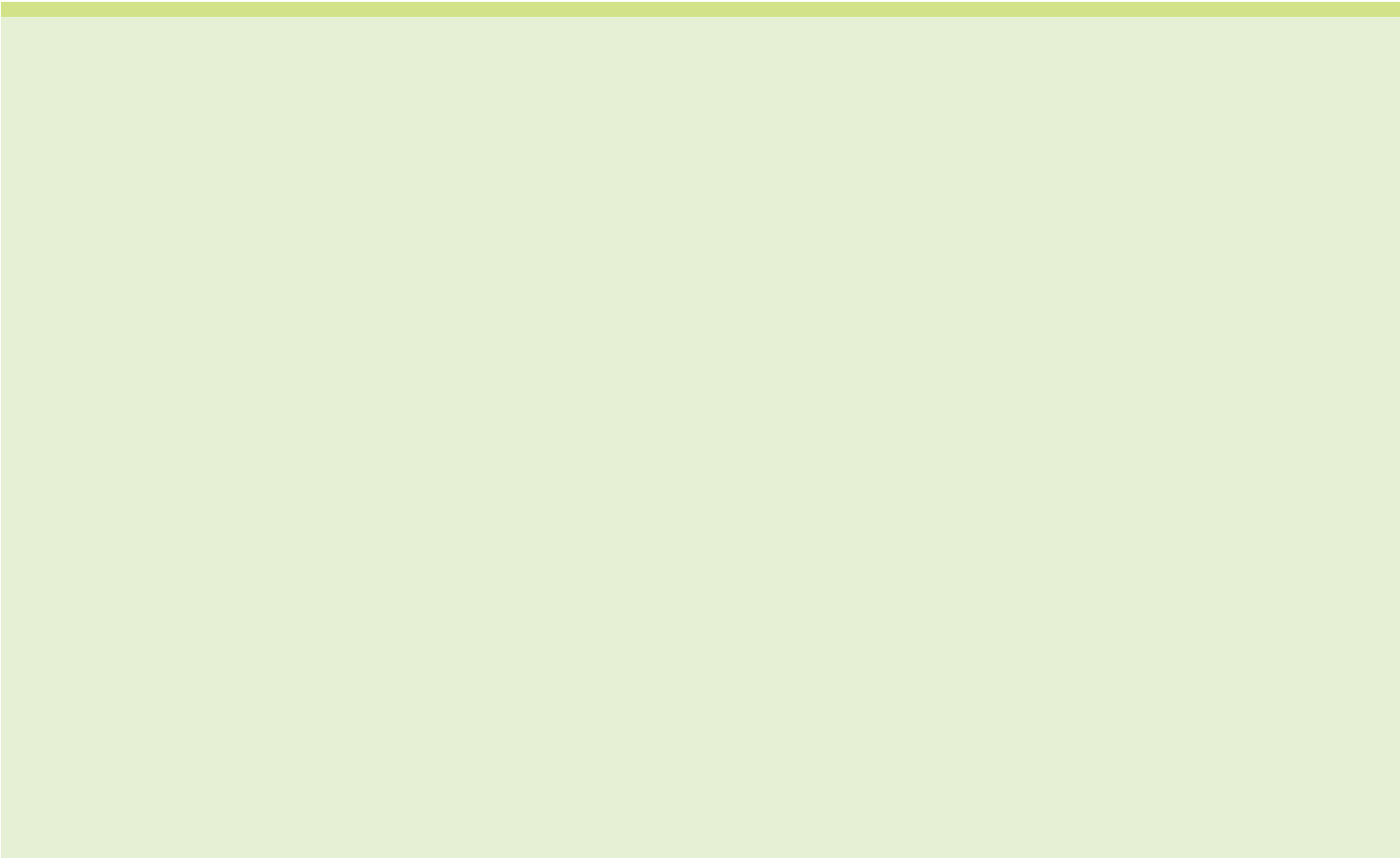
Thirteen GPs delayed payment of wages of ₹ 1.09 crore to labourers for periods ranging between 1 and 690 days.

As per Para 7.1.5 of MGNREGS guidelines, workers were to be paid wages on a weekly basis and in any case not beyond a fortnight from the date on which work was done. In the case of delay beyond a fortnight, workers were entitled for compensation as per the provisions of 'Payment of Wages Act, 1936'. It was noticed in audit that 13 GPs made payment of ₹ 1.09 crore to the workers under MGNREGS after a delay ranging from 1 to 690 days (**Appendix-17**) which was contrary to the provisions of MGNREGS guidelines. No compensation was paid to the labourers for delayed payment. The secretaries of the GPs concerned stated (December 2012-March 2013) that the delay in payment of wages occurred due to late receipt of funds from Block Development Officers and delay in evaluation of works.



CHAPTER-3

PROFILE OF URBAN LOCAL BODIES



CHAPTER-3

PROFILE OF URBAN LOCAL BODIES

3.1 Background of Urban Local Bodies

The 74th Constitutional amendment paved the way for decentralization of power and transfer of 18 functions, listed in the twelfth schedule of the Constitution along with funds and functionaries to the Urban Local Bodies (ULBs). Though all the 18 functions stand transferred (August 1994) to ULBs except fire services, yet funds and functionaries remained to be transferred to the ULBs. To incorporate the provisions of the 74th Constitutional amendment, the Government of Himachal Pradesh (Local Self Government) enacted the Himachal Pradesh Municipal Corporation Act, 1994 and the Himachal Pradesh Municipal Act, 1994 for transferring the powers and responsibilities to the Urban Local Bodies. However, some obligatory and discretionary functions like maintenance of roads, streets, street lights, cleanliness etc. were being implemented by the ULBs prior to enactment of these Acts.

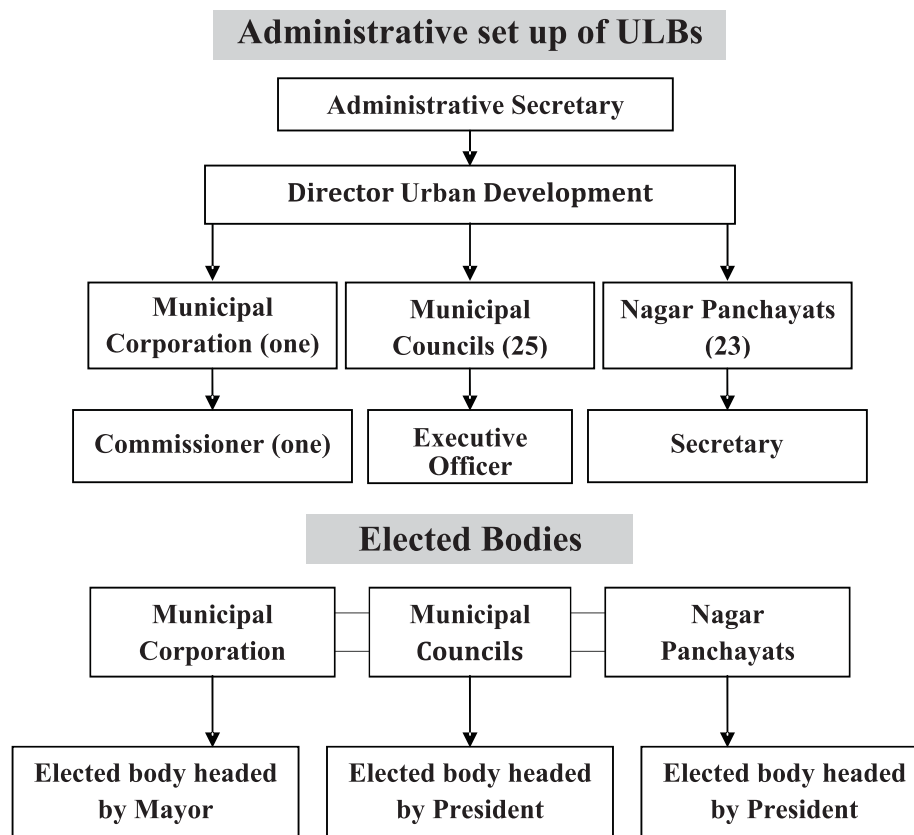
3.2 Audit mandate

In Himachal Pradesh, audit of ULBs is being conducted by the Director, Local Audit Department. The state government has entrusted (March 2011) audit of ULBs to CAG with the responsibility of providing Technical Guidance and Support under Section 20(1) of the CAG's DPC Act, 1971. The results of audit are included in the Annual Technical Inspection Report (ATIR).

3.3 Organizational structure of Urban Local Bodies

There is one Municipal Corporation, 25 Municipal Councils (MCs) and 23 Nagar Panchayats (NPs) in the State.

The overall control of the ULBs rests with the Principal Secretary (Urban Development) to the Government of Himachal Pradesh through Director, Urban Development Department. The organisational set-up of Urban Local Bodies is as under:



3.3.1 Standing committees

Various standing committees involved in financial matters and implementation of schemes are detailed in **Table 8** :

Table 8 : Roles and responsibilities of the standing committees

Level of ULBs	Name of the standing committee	Standing committee headed by	Roles and responsibilities of the standing committee
Urban Local Bodies (ULBs)	General Standing Committee	Mayor in Municipal Corporation and President in Municipal Council/ Nagar Panchayat	Performs functions relating to the establishment matters, communications, buildings, urban housing and provision of relief against natural calamities, water supply and all residuary matters.
	Finance, Audit and Planning Committee		Performs functions relating to the finances of municipality, framing of budget, scrutinizing prospects of increase of revenue, examination of receipts and expenditure statements, etc.
	Social Justice Committee	Deputy Mayor in Municipal Corporation and President in Municipal Council/ Nagar Panchayat	Performs functions relating to promotion of education and economic, social, cultural and other interests of SC&ST and backward classes, women and other weaker sections of the society.

3.3.2 Institutional arrangements for implementation of the schemes

In the Directorate of Urban Development, one project officer and two statistical assistants have been posted in the project section for overseeing implementation of various schemes by the ULBs. Against 3571 sanctioned posts, 655 posts (18.3 percent) were lying vacant in various categories in the ULBs and 240 employees were in excess in the MC Shimla (**Appendix-18**) as on 31 March, 2012. While advancing no justification regarding operation of excess posts, the commissioner, MC Shimla stated (November 2013) that MC provides basic facilities like water supply, construction of roads, drainage and paths etc. and also arranges cleanliness for the general public for which adequate number of workers are required. MC further stated that a number of drivers have been deployed for plying vehicles purchased under different schemes. The reply is not tenable as the number of posts against which excess staff deployed needs to be got sanctioned from the competent authority. The training plan of the department of Urban Development has been approved by the State Government on the basis of training calendar prescribed in the training manual. In addition, employees of ULBs are also deputed for training from time to time to various institutions/departments.

3.4 Financial profile

3.4.1. Fund flow to ULBs

For execution of various developmental works, the ULBs receive funds mainly from GOI and the State Government in the form of grants. GOI grants include grants assigned under the recommendations of the Central Finance Commission and grants for implementation of various schemes. The State Government grants are received through devolution of net proceeds of the total tax revenue on the recommendations of the State Finance Commission (SFC) and grants for implementation of state sponsored schemes. Besides, revenue is also mobilized by the ULBs in the form of taxes, rent, fees, issue of licenses, etc. The fund-wise source and its custody for each tier and the fund flow arrangements in flagship schemes are given in **Table 9 and 10** :

Table 9 : Fund flow: Source and custody of funds in ULBs

Nature of Fund	Municipal Corporation		Municipal Councils (MCs)		Nagar Panchayats (NPs)	
	Source of fund	Custody of fund	Source of fund	Custody of fund	Source of fund	Custody of fund
Own receipts	Municipal Corporation	Bank	MCs	Bank	NPs	Bank
State Plan	State Government	Bank	State Government	Bank	State Government	Bank
State Finance Commission	State Government	Bank	State Government	Bank	State Government	Bank
Central Finance Commission	GOI	Bank	GOI	Bank	GOI	Bank
Centrally Sponsored Schemes	GOI	Bank	GOI	Bank	GOI	Bank

While Central and State grants are utilized by the ULBs for execution of Central and State sponsored schemes as per the guidelines issued by GOI and State Government,

the own receipts of ULBs are utilized for administrative expenses and execution of schemes/works formulated by the ULBs.

Table 10 : Fund flow arrangements in major centrally sponsored flagship schemes

Sr. No.	Scheme	Fund flow Arrangements
1.	Swaran Jayanti Shahari Rojgar Yojana (SJSRY)	Funding under SJSRY is shared between the Centre and the State in the ratio of 75:25. The Central share is released to the state government in the form of demand draft and state share is apportioned through State budget.
2.	Urban Infrastructure Development Scheme for Small and Medium Towns (UIDSSMT)	Grant-in-aid is to be shared by central and state government in the ratio of 80:10 and balance 10 percent to be arranged by the ULBs from own sources.
3.	Integrated Housing & Slum Development Programme (IHSDP)	Eighty percent of the cost of the scheme flows from the Centre in the form of grants in aid. The remaining 20 per cent is shared by the state government, ULBs, parastatal agencies. The ULBs raise their contribution from their own resources or from beneficiary contribution.
4.	Urban Infrastructure and Governance (UIG)	Funding under UIG is shared between the Centre, State and ULBs in the ratio of 80:10:10. Sanction of Central share is released by Government of India to State Government. Accordingly, Central share and State share under this scheme are released through state budget to the ULBs. The ULBs raise their contribution from financial institutions.
5.	Basic Service to the Urban Poor (BSUP)	Eighty percent of the cost of the scheme flows from the Centre in the form of grants in aid. The remaining 20 per cent is shared by the state government, ULBs, parastatal agencies. The ULBs raise their contribution from beneficiary contribution.

3.4.2 Resources: Trends and Composition

The resources of ULBs for the period from 2008-13 are detailed in **Table 11:**

Table 11: Time series data on resources of ULBs

	(₹ in crore)				
	2008-09	2009-10	2010-11	2011-12	2012-13
Own Revenue	46.98	50.87	NA	NA	NA
CFC transfers (Finance Commission devolutions)	1.60	1.60	7.77	24.30	30.97
SFC transfers (State Finance Commission devolutions)	41.76	41.77	46.12	51.88	57.07
Grants from State Government	22.39	20.45	31.30	33.72	74.11
GOI grants for CSS	13.25	52.57	19.50	25.83	3.90
State Government grants for State schemes	59.90	63.82	85.19	109.90	78.01
Total	185.88	231.08	189.88	245.63	244.06

NA: Not available.

Note: The figures for 'Own Revenue' in respect of ULBs are not being compiled at the Directorate level due to shortage of staff at the Directorate.

Source: Director, Urban Development.

3.4.3 Application of Resources: Trends and Composition

The application of resources of ULBs for the period from 2008-09 to 2012-13 are detailed in **Table 12** :

Table 12 : Application of resources sector-wise

	(₹ in crore)				
	2008-09	2009-10	2010-11	2011-12	2012-13
Expenditure from own revenue	NA	NA	NA	NA	NA
Expenditure from CFC transfers (Central Finance Commission devolutions)	1.60	1.60	7.77	24.30	30.97
Expenditure from SFC transfers (State Finance Commission devolutions)	41.76	41.77	46.12	51.88	57.07
Expenditure from grants from State Government and Centre Government	102.10	110.17	85.81	110.45	78.01
Total	145.46	153.54	139.70	186.63	166.05

NA: Not available.

Source: Director, Urban Development.

It was noticed that all funds transferred by the Directorate of Urban Development to ULBs have been shown as expenditure. The exact figure of expenditure incurred by the ULBs was not available with the Directorate of Urban Development.

3.5 Audit coverage

Test-check of the records of Municipal Corporation, Shimla, six Municipal Councils⁴ and eight Nagar Panchayats⁵ was conducted during 2012-13 (**Appendix-2**). Important audit findings have been incorporated in Chapter 4 of this Report.

3.6 Financial reporting and accounting framework of ULBs (internal control system)

A sound internal control system significantly contributes to efficient and effective governance of the ULBs by the State Government. Compliance with financial rules, procedures and directives as well as the timeliness and quality of reporting on the status of such compliance is, thus, one of the attributes of good governance. The reports on compliance and controls, if effective and operational, assist the ULBs and the State Government in meeting their basic stewardship responsibilities including strategic planning, decision making and accountability of the stakeholders. The following weaknesses/gaps were noticed in the internal control system:

3.6.1 Non-certification of Accounts

Instructions have been issued by the Director, Urban Development Department to all the ULBs to maintain their accounts from April 2009 on an accrual basis. All 49 ULBs test checked in audit had maintained their accounts on accrual based system. The Himachal Pradesh Accounts Manual for ULBs has been prepared and adopted by the State Government (April 2007) on the basis of National Municipal Accounts Manual (NMAM). The ULBs were also directed (April 2009) to switch over to the

⁴ Baddi, Mandi, Sundernagar, Manali, Nahan, Bilaspur.

⁵ Bhota, Arki, Chopal, Gagret, Bhunter, Narkanda, Sunni, Sarkaghat.

double entry system. In the absence of specific provisions in the State's Acts/Rules, certification of accounts by an independent agency remained non-existent in the ULBs.

3.6.2 Budget estimates

The budget estimates of ULBs are to be prepared as per Himachal Pradesh Municipal Code, 1975 in the prescribed form, keeping in view the budget estimates of expected income and expenditure for the next financial year and are placed before the House of the Committee for passing the same. After passing of the budget by the House of the Committee, it is submitted to the Director, Urban Development for approval. The year-wise position of budget provision and the expenditure by the test-checked Municipal Corporation, MCs and NPs during 2009-12 is given in **Table 13** :

Table 13 : Budget estimates *vis-à-vis* expenditure

(₹ in crore)				
Year	Budget Estimate	Actual Expenditure	Savings (-) Excess (+)	Percentage of saving/ excess
2009-10	173.07	75.41	(-)97.66	56
2010-11	196.47	77.68	(-)118.79	60
2011-12	118.63	75.11	(-)43.52	37

Note: Unit-wise position is given in **Appendix-19**

It is evident from the table 14 that preparation of budget estimates was not done in a realistic manner resulting in persistent savings ranging from 37 to 60 *percent* during the above period.

3.6.3 Internal audit of ULBs

Under Section 161(3) of Himachal Pradesh Municipal Corporation Act and Section 255(1) of Himachal Pradesh Municipality Act, 1994, the accounts of the ULBs are to be audited by a separate and an independent agency. The State Government issued (October 2008) a notification, according to which the Director, Local Audit was required to prepare annual plan for the conduct of audit. As per audit plan for the year 2012-13, all 21 ULBs planned for audit have been audited upto 31st March 2013.

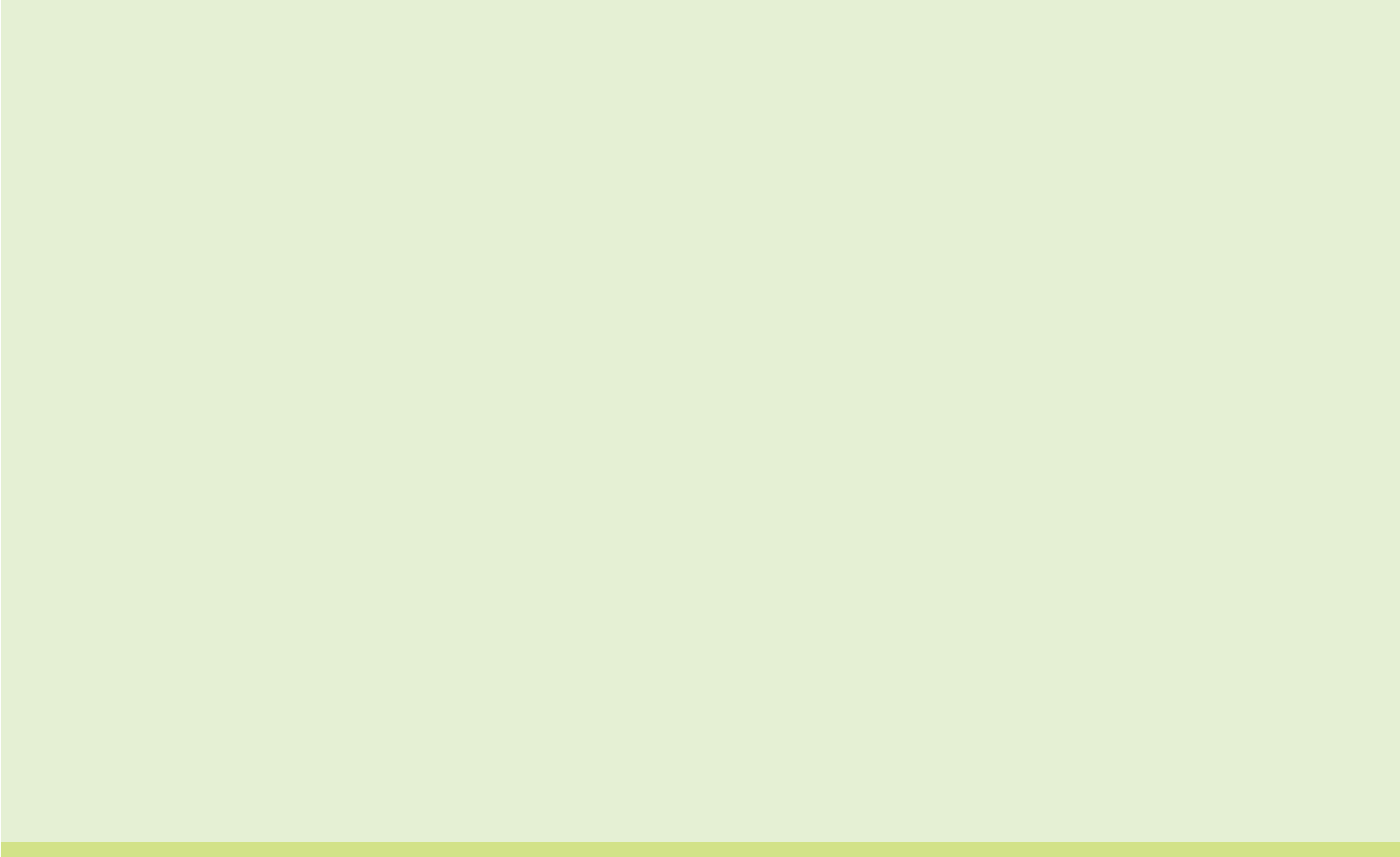
3.6.4 Pending audit observations

The Commissioner, Executive Officer, Secretary of the Municipal Corporation, Municipal Council and Nagar Panchayat, respectively, are required to comply with the observations, contained in the Inspection Reports (IRs) issued by the Principal Accountant General (Audit), Himachal Pradesh, rectify the defects/omissions and report their compliance to settle the observations. The details of IRs and paragraphs issued, settled and outstanding as on 31st March 2013 are included in **Table 14** :

Table 14 : Position of pending IRs/Paras.

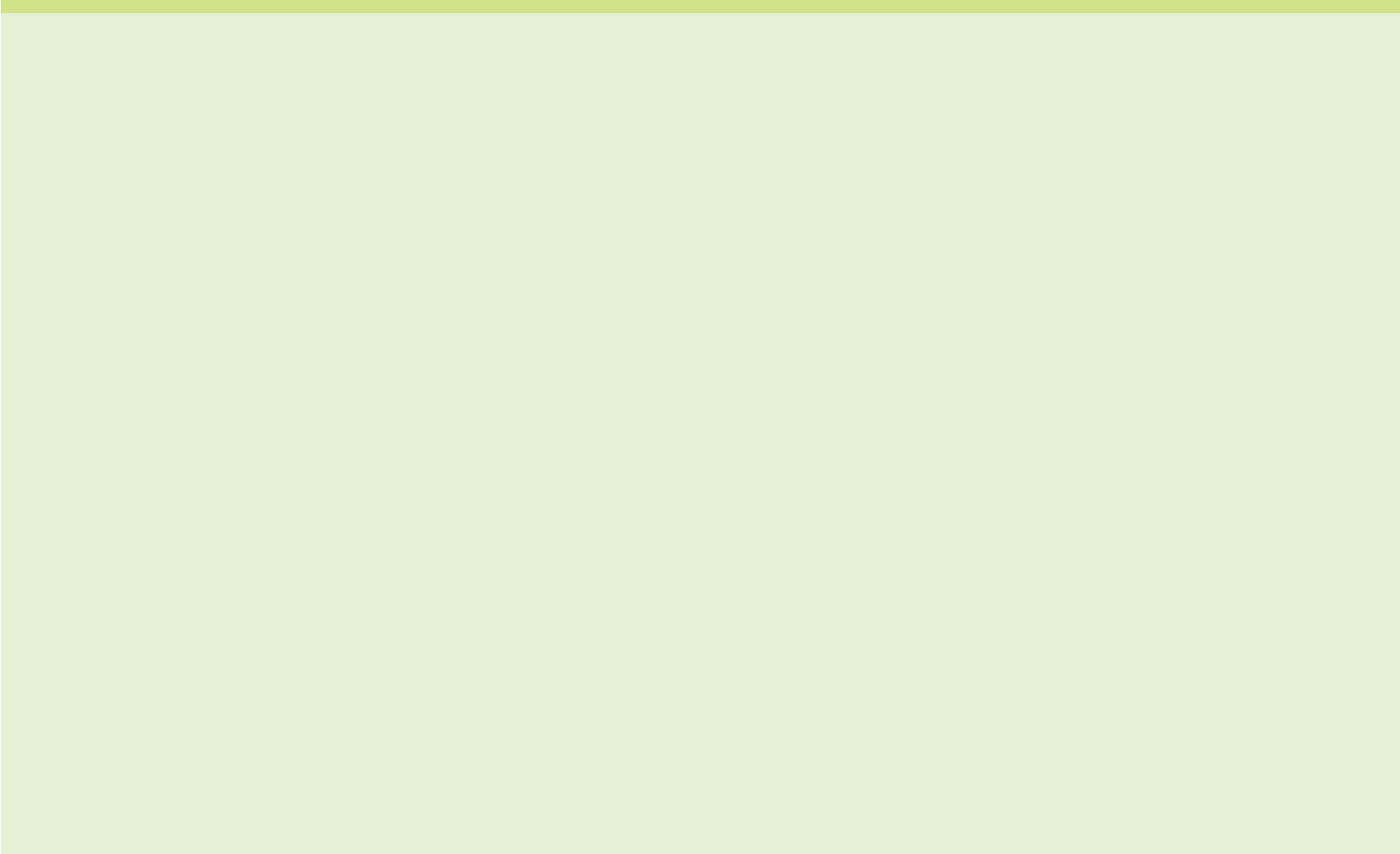
Sr. No.	Year of issue of Inspection Reports	Outstanding IRs/ Paras as on 31.03.2012		Addition		Total		No. of IRs/ paras settled during 2012-13		No. of outstanding IRs/Paras as on 31.03.2013.	
		IRs	Paras	IRs	Paras	IRs	Paras	IRs	Paras	IRs	Paras
1.	Upto 2009-10	85	676	-	-	85	676	-	53	85	623
2.	2010-11	15	157	-	-	15	157	-	09	15	148
3.	2011-12	15	164	-	-	15	164	-	-	15	164
4.	2012-13	-	-	15	175	15	175	-	-	15	175
	Total	115	997	15	175	13	1172	-	62	130	1110

Increasing trend of inspection reports and outstanding paras is indicative of inadequate response to audit findings and observations, which resulted in erosion of accountability.



CHAPTER-4

RESULTS OF AUDIT OF URBAN LOCAL BODIES



CHAPTER-4

RESULTS OF AUDIT OF URBAN LOCAL BODIES

The deficiencies noticed in audit of Urban Local Bodies during 2012-13 are discussed in the succeeding paragraphs.

4.1 Revenue

4.1.1 Loss due to non-revision of rates of house tax

Non-revision of rates of house tax by four ULBs as per recommendations of SFC resulted in loss of revenue of ₹ 1.70 crore.

Rule 65 of Himachal Pradesh Municipal Act, 1994 provides that MC is empowered to impose house tax on buildings and land which shall not be less than 7.5 percent and more than 12.5 percent on the annual value of such buildings and land. The Director, Urban Development directed (November, 2003) all the ULBs that as per recommendations of the 2nd State Finance Commission (SFC) there shall be one percent increase in the rate of house tax every year from 2002-03 onwards so as to attain the level of 12.5 *per cent* at the end of 2006-07.

It was, however, noticed in audit that four ULBs (**Appendix-20**) had not followed the instructions for revision of rates of house tax and demand for house tax was levied at various rates ranging between 7.5 *percent* and 10 percent, resulting in loss of revenue of ₹ 1.70 crore during 2003-12. The ULBs concerned stated (October 2012- February 2013) that action would be taken to enhance the rates of house tax.

4.1.2 Outstanding house tax

Due to ineffective monitoring, revenue of ₹ 5.33 crore on account of house tax in eight ULBs remained outstanding.

In eight ULBs (Municipal Councils: 2 and Nagar Panchayats: 6), there was an opening balance of outstanding house tax of ₹ 5.10 crore as of March 2008 and demand of ₹ 1.18 crore was raised during the period 2008-13 (**Appendix-21**). However, the collection of house tax was to the extent of only ₹ 0.95 crore during the corresponding period, leaving an outstanding balance of ₹ 5.33 crore as of March 2013. The pace of recovery was slow as even the current demand could not be recovered. Non-recovery of house tax has impacted the revenue receipts of ULBs to the above extent which could have been utilized for other developmental works. The Secretary, Nagar Panchayat Sarkaghat stated (November 2012) that people were not making payment of house tax and demanding sanitation facilities. The reply is not tenable because Nagar Panchayat is already providing basic facilities like street lights, roads, drainage, cleanliness of streets etc. but adequate efforts are not being made to recover House Tax. The Executive Officers/Secretaries of the remaining ULBs stated (November 2012-February 2013) that notices had been issued against the defaulters for recovery of arrears.

4.1.3 Non-imposing of House Tax

MC, Baddi did not impose the house tax.

The State Government vide its notification of January 2004 had empowered the Nagar Panchayat Baddi (upgraded as MC Baddi from November 2009) for imposing the house tax not less than seven and half percent of the annual value of such building and land.

During audit, it was noticed that there were 2,553 households in the area of MC Baddi, but the house tax as per provision of the Act and notification ibid had not been imposed as yet. Thus, due to non-imposing of house tax, the MC Baddi is deprived of the revenue which could have been utilized on multifarious developmental activities.

4.1.4 Non-recovery of sanitary tax

MC, Baddi failed to impose sanitary tax amounting to ₹ 20.67 lakh.

As per notification (August, 1990) of the State Government, the municipality is empowered to impose a sanitary tax at the rate of ₹ 5 per month on each private building / other residential building and at the rate of ₹ 7.50 per month for each shop falling under the jurisdiction of municipality concerned.

It was noticed in audit that there existed 2,553 residential buildings and 80 hotels/guest houses within the area of MC, Baddi but no sanitary tax at the prescribed rate had been recovered. This resulted in non-recovery of ₹ 20.67 lakh⁷ for the period from December 1999 to December 2012.

The Executive Officer, MC Baddi stated (December 2012) that the matter to levy the sanitary tax would be brought before the House of the MC. The reply is not tenable because due to non-imposition of sanitary tax MC Baddi was deprived of the income of ₹20.67 lakh.

4.1.5 Non-recovery of electricity tax

MC Baddi failed to impose electricity tax amounting to ₹ 54.23 lakh

The State Government authorized (April, 2002) the MCs to collect tax at the rate of one paisa per unit on the consumption of electricity by any person within the limits of MC area.

During audit of MC Baddi, it was noticed that from April 2008 to March 2012 within the MC area, consumption of electricity was 54,23,05,600 units and electricity tax on it worked out to ₹ 54.23 lakh. However, the MC had not realised it from the HPSEBL, which was to collect it from the consumers. While admitting the facts the Executive Officer, MC Baddi stated (December 2012) that efforts would be made to recover the tax.

4.1.6 Non-realization of rent

Seven ULBs failed to realize the rent of shops from allottees amounting to ₹ 1.92 crore.

Section 258 (i) (b) (2) of the Himachal Pradesh Municipal Act, 1994 provides that any amount which is due to the municipality and remains unpaid for fifteen days after the

⁷ No. of buildings (2553+80) = 2633; Period Involved = 157 months;
Amount Recoverable = 2633x5x157 = ₹ 20,66,905 or say ₹ 20.67 lakh.

same is due, the Executive Officer/Secretary, as the case may be, may serve notice of demand upon the persons concerned. The Act also provides that any sum due for recovery, shall without prejudice to any other mode of collection, be recovered as arrear of land revenue.

It was noticed that in seven ULBs (three MCs and four NPs), recovery of rental charges amounting to ₹ 2.00 crore were pending for recovery as on March 2011 (**Appendix-22**) against the allottees of shops/stalls, owned by these ULBs. Further, demand of ₹1.33 crore was raised against the tenants/ lessees of these shops/stalls during 2008-13. Against the total demand of ₹ 3.33 crore, only ₹ 1.41 crore had been recovered leaving outstanding recovery of ₹ 1.92 crore as of March 2013. The ULBs stated (December 2012-February 2013) that notices had been issued to the defaulters and the amount would be recovered shortly.

4.1.7 Outstanding recovery of lease money

Municipal Corporation, Shimla failed to recover the lease money of ₹ 32.84 lakh.

MC, Shimla has leased out shops/stalls and lands developed by it to the private individuals on rent basis.

During audit, it was noticed that 852 shops/stalls were leased on rent to private individuals prior to 2009-10 and an amount of ₹ 32.84 lakh as lease rent for the period 2009-13 remained unrecovered as of March 2013.

The year wise details of rental charges due and actually received are given in **Table 15 below**:

Table 15 : Details of outstanding recovery of lease money

Year	Opening Balance	Demand	Total	Collection	(₹ in lakh)
					Outstanding
2009-10	14.62	178.82	193.44	3.26	190.18
2010-11	190.18	69.79	259.97	181.70	78.27
2011-12	78.27	29.00	107.27	9.46	97.81
2012-13	97.81	29.33	127.14	94.30	32.84
Total		306.94		288.72	

As seen from the above table, during 2009-13, the MC Shimla collected ₹ 288.72 lakh against the due amount of ₹ 321.56 lakh (opening balance in the beginning of 2009-10: ₹ 14.62 lakh + amount of ₹ 306.94 lakh due for recovery during 2009-13). The MC while advancing no reasons for non-realization of rent stated (September 2012) that the notices were being issued to the defaulters for realising the outstanding dues.

4.1.8 Non-recovery of installation/renewal charges on mobile towers.

Failure to realize the installation/renewal charges on mobile towers by seven ULBs resulted in loss of revenue of ₹ 47.05 lakh.

Himachal Pradesh Government authorized (August 2006) the ULBs to levy duty on installation of mobile communication towers at the rate of ₹ 10,000 per tower and annual renewal fee at the rate of ₹ 5,000.

In seven ULBs, mobile towers were installed in their jurisdiction during 2004-12 but the concerned ULBs had not recovered the charges of ₹ 47.05 lakh as of March 2011 in respect of 83 towers (**Appendix-23**). The ULBs concerned stated (April 2012-December 2012) that action would be taken shortly to recover the dues.

4.2 Excess expenditure on establishment

Three ULBs incurred expenditure of ₹ 3.14 crore in excess of norms.

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

In three ULBs, total expenditure of ₹ 18.75 crore was incurred during 2009-12, but the expenditure on establishment was not regulated in accordance with the above provisions as against the permissible limit of ₹ 6.25 crore to be spent on establishment, these ULBs had incurred an expenditure of ₹ 9.39 crore. Thus, expenditure aggregating ₹ 3.14 crore was incurred in excess of the prescribed norms during 2009-12 (**Appendix-24**). The EOs of ULBs concerned stated (December 2012-January 2013) that the excess expenditure was incurred due to enhancement of rates of dearness allowance, revision of pay scales and regularization of services of daily waged staff. The reply was not tenable as expenditure on salary in excess of permissible limits is contrary to the provisions of Himachal Pradesh Municipal Act.

4.3 Blocking of funds under Jawahar Lal Nehru National Urban Renewal Mission (JNNURM).

Municipal Corporation, Shimla did not utilize ₹ 12.33 crore under JNNURM for rejuvenation of sewerage network in missing lines and left out/worn out sewerage in various zones of Shimla.

The existing sewerage network in Shimla city, which was laid during the British period is very old and due to increase in population and the extended areas of municipal limits, this sewerage network is not sufficient to cater to the present and future demands of the city. In order to improve the existing sewerage network, the Central Sanctioning and Monitoring Committee of JNNURM approved (February, 2010) rejuvenation of sewerage network in missing lines and left out area for ₹ 54.74 crore. The cost sharing between centre, state and MC Shimla was in the ratio of 80:10:10.

As per detailed project report (DPR), the said project was to be completed within a period of 36 months from the date of approval. The MC, Shimla received ₹ 12.33 crore (₹ 9.70 crore as central share and ₹ 2.63 crore as state share) as first installment in May 2010 for carrying out rejuvenation of the sewerage network.

As per guidelines of JNNURM, quarterly progress reports, showing status of works executed and funds utilised on these works were required to be submitted to the funding agency.

It was noticed that the work had not been taken up for execution as of March, 2013. The Municipal Commissioner stated (September 2012) that prior to sanction of this project, GOI had approved (February 2009) another DPR amounting to ₹ 72.36 crore for rejuvenation of water supply (WS) of Shimla and the State Government had decided (March 2011) to abort the bidding process of sewerage network and call fresh bids to execute both the projects in a public private partnership (PPP) mode instead of

Engineering, Procurement and Construction (EPC) mode. The process of invitation of fresh bids was taken up by MC Shimla in April, 2012 and the process for finalisation of technical bids was stated to be still under way. The reply is not convincing as in the DPR approved by the GOI, the fact of sanction of WS scheme of Shimla should have been taken into account to ensure execution of works in a systematic manner. Also, the issue of execution of both the works in a PPP mode should have been decided well in advance before getting the DPR sanctioned from the GOI.

Thus, inaction on the part of MC, Shimla resulted in blocking of funds of ₹ 12.33 crore for three years. Besides, the problem of worn-out sewerage network remained unresolved resulting in unhygienic conditions in the town.

4.4 Creation of liability

Failure to make payment of water bills resulted in creation of liability of ₹ 112.66 crore.

The MC, Shimla is responsible for ensuring water supply in the town. However, water is being supplied by the Irrigation and Public Health (I&PH) department and bills are raised at the rates approved from time to time.

It was noticed that the MC, Shimla had outstanding liability of ₹ 112.66 crore on account of water bills payable to I&PH department as of March, 2012. It was also seen that I&PH department was supplying water at the rate of ₹ 14.20 per kilolitre whereas water charges were being received from the domestic consumers at the rate of ₹ 7.50 per kilolitre. Thus, there was a huge difference between rates charged by I&PH department and those being charged from domestic consumers. The difference in rates of cost of water payable to the I&PH department and actually charged from the domestic consumers had led to creation of liability of ₹ 112.66 crore. No cogent reasons were advanced for huge variation in rates and liquidation of liability of ₹ 112.66 crore recoverable from the users as of March 2013.

4.5 Non-adjustment of contingent advances

Municipal Corporation (MC) Shimla did not adjust/recover contingent advance of ₹ 24.52 crore due to non availability of records.

To defray contingent expenses, temporary/ contingent advances are paid by the MC, Shimla to its various departments from time to time. It was noticed that at the end of March, 2012 contingent advance totaling ₹ 24.52 crore were pending for adjustment. The department-wise details of advances awaiting adjustment are given in Table 16 below :

Table 16 : Details of unadjusted advances

(₹ in lakh)								
Sr. No.	Head of Account	Detail Head Description	Period	OB as on 31.03.11	Addition during 2011-12	Total	Adjusted during 2011-12	Outstanding as on 31.3.12
1.	460-10-01	HBA	1.4.07 to 31.3.12	0.16	0	0.16	0.12	0.04
2.	460-10-01	Conveyance	1.4.07 to 31.3.12	4.27	9.08	13.35	13.17	0.18
3.	460-10-01	Vehicle	1.4.07 to 31.3.12	0.17	0	0.17	0.09	0.08
4.	460-10-01	WCA	1.4.07 to 31.3.12	35.00	0	35.00	28.63	6.37

Sr. No.	Head of Account	Detail Head Description	Period	OB as on 31.03.11	Addition during 2011-12	Total	Adjusted during 2011-12	Outstanding as on 31.3.12
5.	460-10-01	Medical	1.4.07 to 31.3.12	1.75	4.39	6.14	1.67	4.47
6.	460-10-01	Public Works	1.4.07 to 31.3.12	2.69	4.30	6.99	0	6.99
7.	460-10-01	Store/ Material	1.4.07 to 31.3.12	54.80	102.08	156.88	131.40	25.49
8.	460-10-01	Permanent Advance	1.4.07 to 31.3.12	0.38	0.78	1.16	0.77	0.39
9.	460-10-01	Project	1.4.07 to 31.3.12	518.23	11.94	530.17	0	530.17
10.	460-10-01	Scheme	1.4.07 to 31.3.12	5.52	46.26	51.78	2.09	49.68
11.	460-10-01	Temporary	1945 to 31.3.12	1542.45	73.54	1615.99	173.16	1442.83
12.	460-10-01	Street Light	1.4.07 to 31.3.12	215.43	58.30	273.73	49.74	224.00
13.	460-10-01	Water Supply	1.4.07 to 31.3.12	128.96	32.21	161.17	0	161.17
		Total		2509.81	342.88	2852.69	400.84	2451.86 or say ₹ 24.52 crore

Year-wise details of these advances were not available with the MC, Shimla despite the fact that the House of MC Shimla had instructed (June 2006) the concerned authorities to scrutinize the records after 1996 and to take steps for ensuring adjustment of long outstanding advances. No action in this regard was taken by the authorities. While admitting the facts, the Assistant Commissioner, MC, Shimla stated (July 2012) that due to non-availability of old records, the advances could not be adjusted. This indicated casual approach of the authorities for ensuring adjustment of huge amount of advances fraught with the risk of fraud or misappropriation of funds cannot be ruled out.

4.6 Idle investment

Municipal Corporation, Shimla incurred an expenditure of ₹ 25.60 lakh on construction of car parkings without planning resulting in idle investment.

To provide parking facility in Shimla town, MC Shimla had constructed two car parkings near Community Centre at Kaithu and Aggarwal Dharamshala Longwood in August 2006 and June 2011, respectively, after incurring an expenditure of ₹ 25.60 lakh.

It was noticed that both the car parkings had remained unutilised since the date of construction. The MC, Shimla stated (August 2012) that tenders were invited for leasing out these parkings but no party responded to these tenders as the same fell outside the city. This was indicative of selection of unsuitable sites and defective planning for construction of parkings and resulted in idle investment of ₹ 25.60 lakh.

4.7 Non-utilization of assets

MC Baddi did not utilize the community hall, constructed at a total cost of ₹ 4.38 lakh.

MC, Baddi constructed (May, 2010) a community hall in ward No.8, (Dhaknu Mazra) at a cost of ₹ 4.38 lakh. It was noticed in audit that the community hall was never put to use after completion due to non providing of the facilities like electricity and water.

While admitting the facts, Executive Officer, MC Baddi stated (December, 2012) that the matter would be put up before the MC House very soon. Thus, due to non-utilization of community hall, the expenditure of ₹ 4.38 lakh had largely remained unfruitful and the public was also deprived of the intended benefits.

4.8 Blocking of funds

Nagar Panchayat, Bhota failed to utilize the funds of ₹ 7.50 lakh meant for the purchase of Hydraulic Tipper for disposal of municipal garbage.

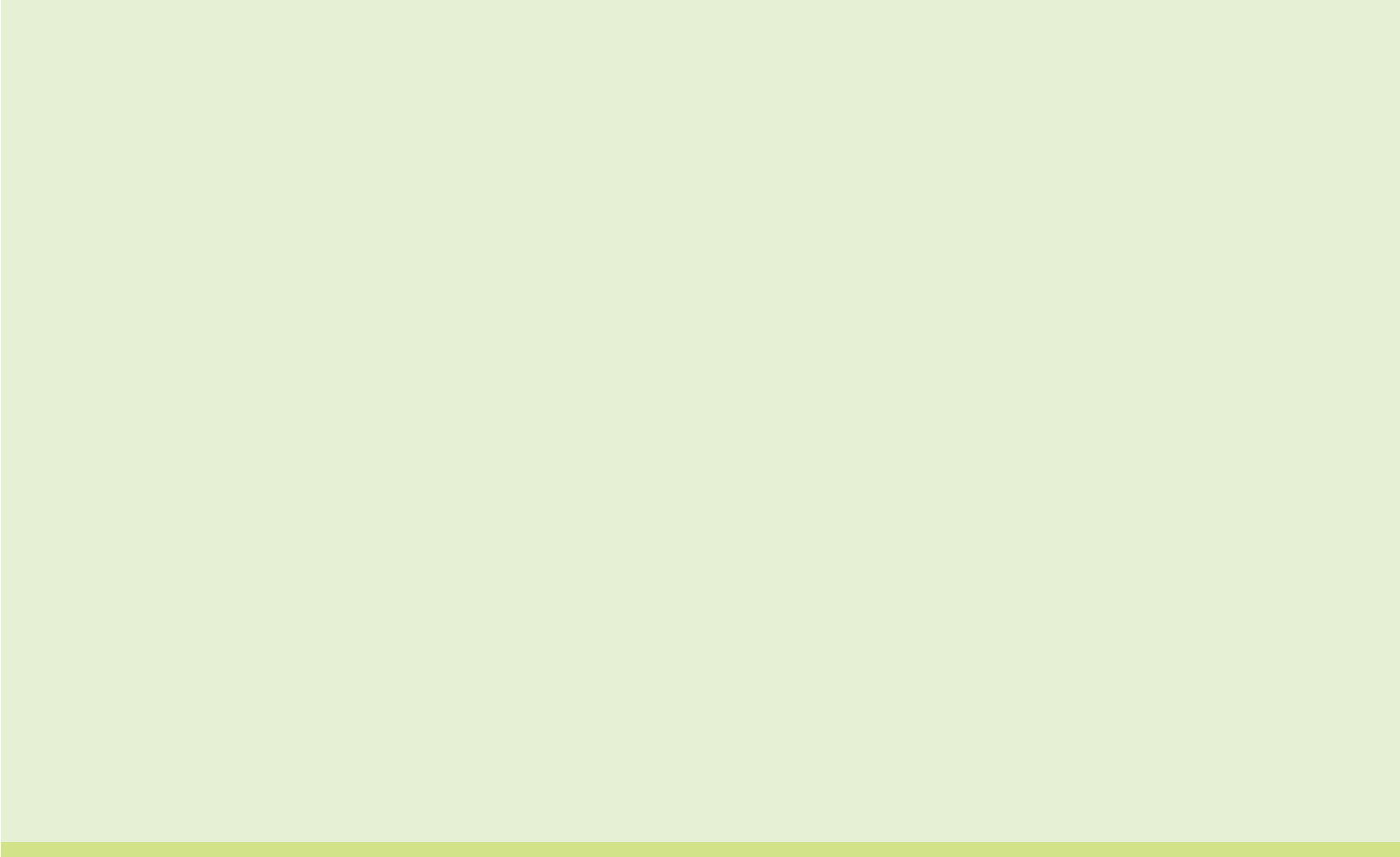
The Director, Panchayati Raj Department, Shimla released an amount of ₹ 7.50 lakh in August 2009 (₹ 5.50 lakh) and January 2011 (₹ 2.00 lakh), respectively, to the NP, Bhota for purchase of Hydraulic Tipper for disposal of municipal garbage. The purchase was required to be made within a month from the manufacturing company/authorized dealer directly after observing all codal formalities.

During audit, it was noticed that the NP had not purchased the required vehicle as of November 2012 and the whole amount remained parked in a savings bank account. The secretary of the NP stated (December 2012) that due to shortage of funds and non-existence of the post of driver, for which the matter had been taken up with the Government, the vehicle could not be purchased. The reply was not tenable as NP failed to pursue the matter to get the additional funds and post of driver sanctioned from the government.

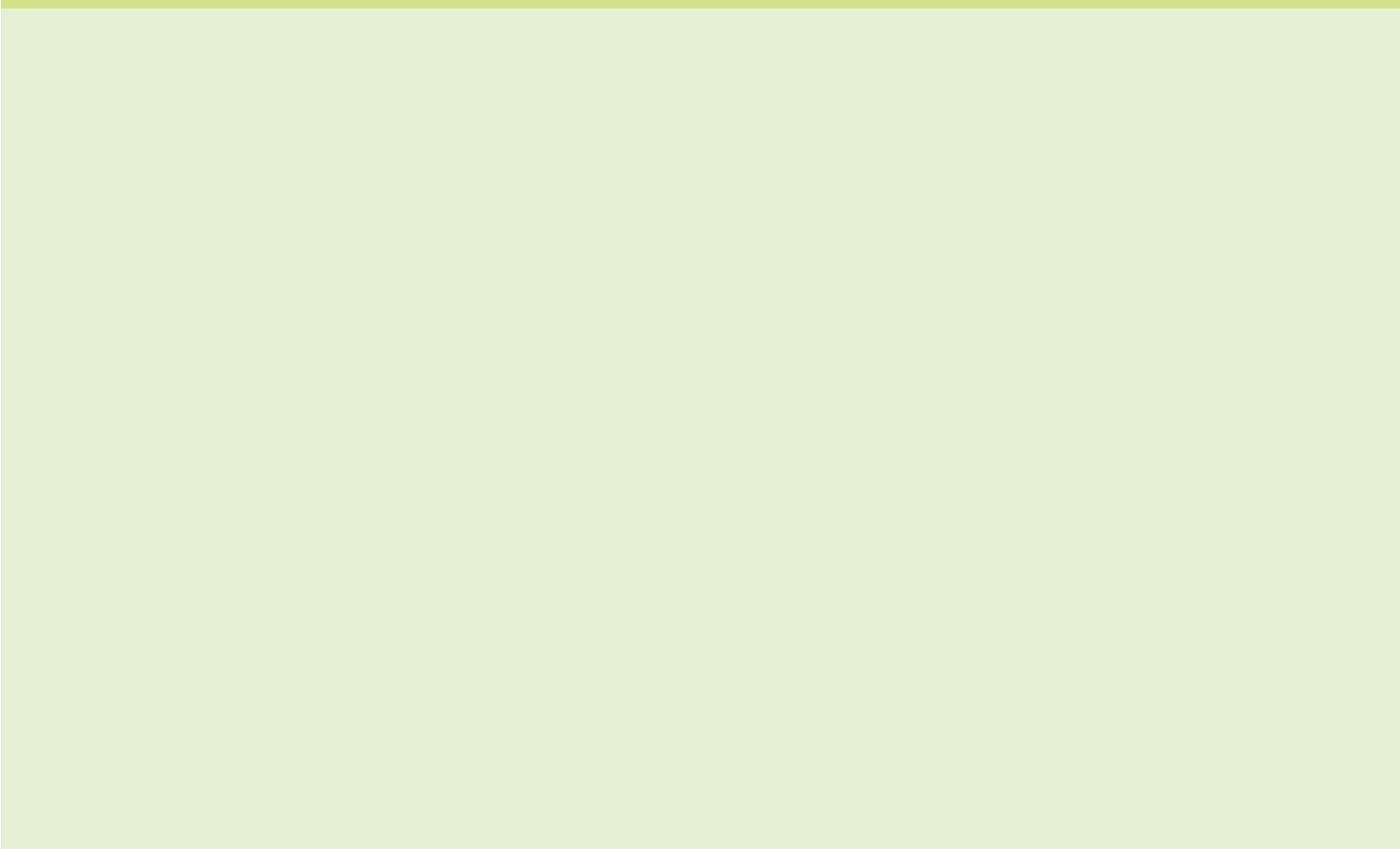
The audit findings were referred to the Government in September 2013. Reply is awaited.

Shimla
Dated:


(Satish Loomba)
Pr. Accountant General (Audit)
Himachal Pradesh



APPENDIX



Appendix-1

(Reference Paragraph 1.3.2, Page-3)

Sanctioned strength of PRIs

Sr. No.	Name of post	Sanctioned strength		In position		No. of vacant posts as of March 2013
		Regular	Contract	Regular	Contract	
1.	Junior Engineers	102	85	102	85	00
2.	Assistant Engineers	01	03	01	03	00
3.	Tailoring Teachers	00	2212	00	2212	00
4.	Panchayat Sahayaks	00	2518	00	2318	200
5.	Panchayat Chowkidars	00	3243	00	3243	00
6.	Jr.Accountants	08	02	08	02	00
7.	Jr.Scale Steno	02	10	02	10	00
Total		113	8073	113	7873	200

Appendix-2

(Reference Paragraph 1.6, Page-6 and Paragraph 3.5, Page-21)

Audit coverage- Details of Urban Local Bodies and Panchayati Raj Institutions audited during 2012-13

Municipal Corporation

Sr.No.	Name of Municipal Corporation
1.	Shimla

Municipal Council

Sr.No.	Name of Municipal Council
1.	Baddi
2.	Nahan
3.	Mandi
4.	Sunder Nagar
5.	Manali
6.	Bilaspur

Nagar Panchayat

Sr. No.	Name of Nagar Panchayat
1.	Sarkaghat
2.	Bhota
3.	Arki
4.	Chopal
5.	Buntar
6.	Narkanda
7.	Sunni
8.	Gagret

Zila Parishad

Sr. No.	Name of Zila Parishad
1.	Una
2.	Bilaspur
3.	Hamirpur
4.	Kullu
5.	Chamba
6.	Kinnaur

Panchayat Samitis

Sr. No	Name of Panchayat Samiti
1.	Nerchowk
2.	Mandi
3.	Una
4.	Tissa
5.	Salooni
6.	Pangi
7.	Amb
8.	Kalpa at Reckong Peo
9.	Bangana
10.	Nichar
11.	Mehla
12.	Nadaun
13.	Bharmour
14.	Bhijhari
15.	Seraj at Janjehli
16.	Bilaspur
17.	Ghumarwin
18.	Sujanpur Tihra
19.	Jhanduta

Gram Panchayats

Sr.No.	GPs	Name of Block	Name of District
1.	Jangi	Pooh	Kinnaur
2.	Kanam	Pooh	Kinnaur
3.	Rispa	Pooh	Kinnaur
4.	Thangi	Pooh	Kinnaur
5.	Pooh	Pooh	Kinnaur
6.	Rarang	Pooh	Kinnaur
7.	Lavrang	Pooh	Kinnaur
8.	Murang	Pooh	Kinnaur
9.	Spilo	Pooh	Kinnaur
10.	Ribba	Pooh	Kinnaur
11.	Bari	Nichar	Kinnaur
12.	Kafnu	Nichar	Kinnaur
13.	Nichar	Nichar	Kinnaur
14.	Paunda	Nichar	Kinnaur
15.	Lower Rewalsar	Balh	Mandi
16.	Sidhyani	Balh	Mandi
17.	Hudan Bhatoni	Pangi	Chamba
18.	Dharwas	Pangi	Chamba
19.	Bairagarh	Churah	Chamba
20.	Baghaigarh	Churah	Chamba
21.	Baggi Tungal	Sadar Mandi	Mandi

Sr.No.	GPs	Name of Block	Name of District
22.	Aut	Sadar Mandi	Mandi
23.	Bahadpur	Fatehpur	Kangra
24.	Vadagra	Bharmour	Chamba
25.	Bandla	Mehla	Chamba
26.	Aura	Bharmour	Chamba
27.	Chagaon	Nichar	Kinnaur
28.	Bagheda	Sujanpur Tihra	Hamirpur
29.	Chansu	Kalpa Reckong Peo	Kinnaur
30.	Banal	Sujanpur Tihra	Hamirpur
31.	Bairi	Sujanpur Tihra	Hamirpur
32.	Badahni	Bamsan	Hamirpur
33.	Amman	Bamsan	Hamirpur
34.	Chaloh	Sujanpur Tihra	Hamirpur
35.	Bagachanogi	Seraj at Janjehli	Mandi
36.	Chamiyana	Sujanpur Tihra	Hamirpur
37.	Barot	Drang at Padhar	Mandi
38.	Dehra	Sujanpur Tihra	Hamirpur
39.	Badhi Rohra	Karsog	Mandi
40.	Bagaila	Karsog	Mandi
41.	Balhdi	Gohar	Mandi
42.	Dhamdiyana	Sujanpur	Hamirpur
43.	Bada	Gohar	Mandi
44.	Dasheda	Balh at Ner Chowk	Mandi
45.	Badheri	Drang at Padhar	Mandi
46.	Batari	Drang at Padhar	Mandi
47.	Tihra	Sujanpur	Hamirpur
48.	Bhanera	Karsog	Mandi
49.	Bandhi	Sadar Mandi	Mandi
50.	Bhradu	Drang at Padhar	Mandi
51.	Dishti	Gohar	Mandi
52.	Bhargaon	Sadar Mandi	Mandi
53.	Basa	Gohar	Mandi
54.	Bahlidar	Seraj at Janjehli	Mandi
55.	Bijni	Sadar Mandi	Mandi
56.	Bakhtpur	Mehla	Mandi
57.	Beer	Sadar Mandi	Mandi
58.	Bhadiyara Buhla	Chauntra	Mandi
59.	Bharol	Chauntra	Mandi
60.	Badhiyana	Chauntra	Mandi
61.	Baag	Chauntra	Mandi
62.	Anjauli	Una	Una
63.	Ajnauli	Una	Una
64.	Abada Barana	Una	Una
65.	Andora	Amb	Una
66.	Amb Tilla	Amb	Una
67.	Dohgi	Bangana	Una
68.	Arlu Khas	Bangana	Una
69.	Ambehda Dheeraj	Bangana	Una

Sr.No.	GPs	Name of Block	Name of District
70.	Domehar	Basantpur	Shimla
71.	Dharogda	Basantpur	Shimla
72.	Kotla	Basantpur	Shimla
73.	Singhda	Bilaspur	Bilaspur
74.	Bandla	Bilaspur	Bilaspur
75.	Karyali	Basantpur	Shimla
76.	Mandot Ghat	Basantpur	Shimla
77.	Khatnol	Basantpur	Shimla
78.	Devla	Basantpur	Shimla
79.	Chewri	Basantpur	Shimla
80.	Auhar	Jhandutta	Bilaspur
81.	Bakhaul	Jubbal Kotkhai	Shimla
82.	Baghi	Jubbal Kotkhai	Shimla
83.	Amarpur	Jhandutta	Bilaspur
84.	Balthata	Jubbal Kotkhai	Shimla
85.	Bhilad	Jubbal Kotkhai	Shimla
86.	Barota	Ghumarwin	Bilaspur
87.	Darkoti	Jubbal Kotkhai	Shimla
88.	Bhapral	Ghumarwin	Bilaspur
89.	Devri Khaneti	Jubbal Kotkhai	Shimla
90.	Sungra	Pooh	Kinnaur
91.	Badehda	Nadaun	Hamirpur
92.	Balduhak	Nadaun	Hamirpur

Appendix-3

(Reference Paragraph 1.7.2, Page-7)

Non-preparation of budget estimates

(₹ in lakh)

Sr. No.	Name of ZPs/PSs	Period	Amount spent
Zila Parishad			
1.	Una	2011-12	513.84
		Total (ZPs)	513.84
Panchayat Samities			
1.	Bharmour	2009-10	54.26
		2010-11	62.55
		2011-12	67.50
2.	Nadaun	2005-06	4.54
		2006-07	16.69
		2007-08	30.95
		2008-09	10.79
		2009-10	30.68
		2010-11	34.65
		2011-12	137.60
3.	Amb	2011-12	59.69
4.	Mehla	2008-09	37.95
		2009-10	80.65
		2010-11	124.64
		2011-12	171.01
5.	Salooni	2009-10	40.90
		2010-11	81.90
		2011-12	53.17
6.	Tissa	2010-11	48.57
		2011-12	53.41

7.	Bijhari	2009-10	18.33
		2010-11	30.44
		2011-12	36.18
8.	Sadar Mandi	2009-10	35.13
		2010-11	50.12
		2011-12	76.83
		Total (PSs)	1449.15

Gram Panchayats

Sr. No.	Name of District	Name of Block	Name of GPs	Period	Amount
1.	Una	Amb	Amb Tilla	2009-12	21.50
2.	Kinnaur	Nichar	Chagaon	2009-10	11.66
				2010-11	13.78
				2011-12	9.75
3.	Kinnaur	Kalpa Reckongpeo	Chansu	2009-10	11.48
				2010-11	13.26
				2011-12	14.50
4.	Shimla	Basantpur	Dharogda	2010-11	5.94
				2011-12	11.22
5.	Kinnaur	Nichar	Paunda	2009-12	13.93
6.	Mandi	Balh	Lower Rewalsar	2006-12	28.36
7.	Chamba	Bharmour	Vadagra	2007-09	22.40
8.	Mandi	Sadar	Aut	2007-12	3.05
9.	Mandi	Balh	Sidhyani	2006-11	9.54
10.	Mandi	Sadar	Baghi Tungal	2006-09	13.29
11.	Chamba	Churah	Baghaigarh	2007-12	120.00
12.	Chamba	Bharmour	Chamba	2009-12	20.00
13.	Mandi	Karsog	Baghaila	2009-12	20.91

14.	Mandi	Sadar Mandi	Bhargaon	2009-10	14.94
15.	Bilaspur	Bilaspur	Singhra	2009-10	16.05,
				2010-11	11.75
				2011-12	10.15
16.	Bilaspur	Bilaspur	Bandla	2009-10	7.15,
				2010-11	3.98
				2011-12	10.12
17.	Shimla	Basantpur	Devla	2011-12	23.89
Total (GPs)					462.60
Grand Total					2425.59

Source: Audit findings.

Appendix-4

(Reference Paragraph 1.7.3, Page-7)

Non-maintenance of records by GPs during 2007-13

Sr.No.	Name of District	Name of Block	Name of GPs
1.	Kinnaur	Pooh	Thangi
2.	Kinnaur	Pooh	Rarang
3.	Kinnaur	Pooh	Ribba
4.	Una	Bangana	Ambheda Dhecaj
5.	Hamirpur	SujanpurTihra	Bagheda
6.	Mandi	Balh	Sidhayani
7.	Kinnaur	Nichar	Kafnu
8.	Shimla	Basantpur	Dharogda
9.	Kinnaur	Nichar	Nichar
10.	Shimla	Jubbal Kotkhai	Darkoti
11.	Mandi	Gohar	Balhdi
12.	Hamirpur	Sujanpur Tihra	Dhamdiyana
13.	Mandi	Gohar	Bara
14.	Mandi	Drang at Padhar	Batheri
15.	Mandi	Drang at Padhar	Batari
16.	Mandi	Drang at Padhar	Bharadu
17.	Mandi	Karsog	Bhanera
18.	Mandi	Gohar	Dishti
19.	Hamirpur	Sujanpur Tihra	Tihra
20.	Mandi	Gohar	Basha
21.	Shimla	Jubbal Kotkhai	Bakhaul
22.	Shimla	Basantpur	Devla

Sr.No.	Name of District	Name of Panchayat Samiti
1.	Bilaspur	Ghumarwin

Source: Audit findings.

Appendix-5

(Reference Paragraph 1.7.5, Page-7)

Non-reconciliation of difference of cash books with bank pass books

Cases where pass book shows less balance than cash book

Panchayat Samitis				(₹ in lakh)
Sr. No.	Name of Panchayat Samiti	Balance as per Pass Book on 31.03.2012	Balance as per Cash Book on 31.03.12	Difference
1.	Nichar	23.83	33.42	9.59
2.	Seraj at Janjehli	83.85	87.72	3.87
3.	Sadar Mandi	156.47	165.62	9.15
Total		264.15	286.76	22.61

Gram Panchayats						
Sr. No.	Name of District	Name of Block	GPs	Balance as per Pass Book on 31-03-12	Balance as per Cash Book on 31.03.12	Difference
1.	Una	Bangana	Dohgi	16.84	18.36	1.52
2.	Hamirpur	SujanpurTihra	Bagheda	5.56	5.90	0.34
3.	Hamirpur	SujanpurTihra	Banaal	12.85	13.62	0.77
4.	Hamirpur	SujanpurTihra	Chamyana	12.65	13.97	1.32
5.	Shimla	Basantpur	Dharogda	8.66	9.86	1.20
6.	Mandi	Balh	Lower	15.46	17.76	2.30
7.	Kinnaur	Nichar	Paunda	2.35	5.87	3.52
8.	Mandi	Sadar	Aut	1.25	1.27	0.02
9.	Kinnaur	Nichar	Nichar	6.98	96.97	89.99
10.	Mandi	Chauntra	Bhadyara	3.62	8.38	4.76
11.	Shimla	Jubbal Kotkhai	Barthata	15.55	16.17	0.62
12.	Shimla	Jubbal Kotkhai	Bholar	11.44	12.75	1.31
13.	Shimla	Jubbal Kotkhai	Devri Khaneti	13.05	13.07	0.02
Total				126.26	233.95	107.69
Grand Total				390.41	520.71	130.30

Cases where Cash book shows less balance than Pass book
--

Panchayat Samities

(₹ in lakh)

Sr.No.	Name of Panchayat Samiti	Balance as per Pass Book on 31.03.2012	Balance as per Cash Book on 31-03-12	Difference
1.	Balh	198.33	193.31	5.02
2.	Amb	217.02	126.88	90.14
3.	Nadaun	30.99	30.61	0.37
4.	Una	161.27	158.22	3.05
Total		607.61	509.02	98.58

Gram Panchayats

Sr. No.	Name of District	Name of Block	GPs	Balance as per Pass Book on 31-03-12	Balance as per Cash Book on 31-03-12	Difference
1.	Una	Bangana	Ambehda Dheeraj	20.64	19.89	0.75
2.	Una	Amb	Amb Tilla	8.07	6.48	1.59
3.	Una	Una	Anjauli	11.15	10.90	0.25
4.	Una	Una	Abada	3.79	2.06	1.73
5.	Una	Bangana	Arloo Khas	8.84	8.47	0.37
6.	Kinnaur	Nichar	Chagaon	15.55	12.20	3.35
7.	Kinnaur	Pooh	Lavrang	8.01	3.80	4.21
8.	Kinnaur	Kalpa Reckongpeo	Chansu	8.92	7.03	1.89
9.	Chamba	Mehla	Bandla	14.24	10.87	3.37
10.	Hamirpur	Sujanpur Tihra	Chaloh	5.46	5.41	0.05
11.	Chamba	Mehla	Bakhtpur	15.32	12.23	3.09
12.	Hamirpur	Sujanpur Tihra	Dera	4.29	4.20	0.09
13.	Shimla	Basantpur	Domahar	4.73	4.64	0.09
14.	Shimla	Basantpur	Kotla	4.29	3.69	0.6
15.	Mandi	Balh	Sidhyani	9.76	8.52	1.24
16.	Kinnaur	Nichar	Kafnu	2.05	1.83	0.22
17.	Shimla	Jubbal Kotkhai	Darkoti	9.05	8.26	0.79
18.	Mandi	Drang at Padhar	Batheri	20.02	11.38	8.64
19.	Mandi	Drang at Padhar	Batari	7.93	4.43	3.5
20.	Mandi	Drang at Padhar	Bharadu	10.60	4.78	5.82
21.	Hamirpur	Sujanpur Tihra	Tihra	1.85	1.34	0.51
22.	Mandi	Karsog	Baghaila	4.26	0.83	3.43
23.	Mandi	Chauntra	Bharyara	10.93	6.44	4.49
24.	Mandi	Gohar	Basha	5.59	4.84	0.75
25.	Mandi	Karsog	Badhorohara	36.84	4.00	32.84
26.	Shimla	Basantpur	Karyali	7.60	6.14	1.46
27.	Shimla	Basantpur	Khatnol	8.66	7.89	0.77

Sr. No.	Name of District	Name of Block	GPs	Balance as per Pass Book on 31-03-12	Balance as per Cash Book on 31-03-12	Difference
28.	Shimla	Basantpur	Chebra	5.20	4.82	0.38
29.	Bilaspur	Jhandutta	Auhar	18.97	0	18.97
30.	Shimla	Jubbal Kotkhai	Baghi	15.93	14.99	0.94
31.	Bilaspur	Jhandutta	Amarpur	6.53	0	6.53
32.	Shimla	Basantpur	Devla	11.01	9.36	1.65
33.	Bilaspur	Ghumarwin	Bhapral	8.15	0	8.15
Total				334.23	211.72	122.51
Grand Total				941.84	720.74	221.09

Summary of Difference between cash book and pass books

Sr.No.	Kind of Unit	No. of Units	Difference between Cash Book and Pass Book
1.	PS	7	121.20
2.	GP	46	230.20
Grand Total		53	351.40

Source: Audit findings.

Appendix-6**(Reference Paragraph 1.7.6, Page-8)****Non-accountal of material****(₹ in lakh)**

Sr. No.	Name of Distirct	Name of Block	Name of GPs	Period of purchase	Amount
1.	Kinnaur	Pooh	Pooh	2009-11	0.28
2.	Kinnaur	Pooh	Rarang	2009-11	9.10
3.	Kinnaur	Pooh	Lavrang	2008-10	0.48
4.	Mandi	Drang	Barot	2008-10	3.47
5.	Chamba	Bharmour	Badagra	2007-12	0.95
6.	Chamba	Bharmour	Aura	2008-09	2.57
7.	Hamirpur	Bamsan	Amman	2009-11	0.09
8.	Hamirpur	Bamsan	Badhani	2008-10	0.40
9.	Mandi	Seraj (Janjehli)	Bagachanogi	2007-09	0.16
10.	Mandi	Balh	Lower	2006-12	39.01
11.	Mandi	Balh	Sidhyani	2007-12	2.49
12.	Kinnaur	Nichar	Kafnu	2011-12	1.52
13.	Chamba	Churah	Bairagarh	2008-11	17.67
14.	Mandi	Sadar	Baggi tungal	2006-12	69.21
15.	Kangra	Fatehpur	Bahadpur	2008-09	0.36
16.	Mandi	Gohar	Bara	2010-12	0.25
17.	Mandi	Balh at Nerchowk	Dasehda	2007-12	0.13
18.	Mandi	Drang at Padhar	Bharadu	2008-09	0.65
19.	Mandi	Chauntra	Bharyara	2007-12	0.96
20.	Chamba	Tissa	Baghaigarh	2007-12	9.48
Total					159.23

Source: Audit findings.

Appendix-7

(Reference Paragraph 1.7.8, Page-9)

Blocking of funds under 13th Finance Commission**Gram Panchayat****(₹ In lakh)**

Sr.No.	Name of GPs	Distt	Period	Receipt	Expenditure	Balance
1.	Anjauli	Una	2010-12	1.21	0	1.21
2.	Ajnauli	Una	2011-12	0.59	0.02	0.58
3.	Andauri	Una	2010-12	1.07	0	1.07
4.	Chaloh	Hamirpur	2011-12	1.50	0	1.50
5.	Domehar	Shimla	2011-12	0.52	0	0.52
6.	Puanda	Kinnaur	2011-12	0.28	0	0.28
7.	Nichar	Kinnaur	2010-11	1.23	0	1.23
8.	Darkoti	Shimla	2010-12	0.90	0	0.90
9.	Dhamdiyana	Hamirpur	2011-12	0.51	0.04	0.47
10.	Bara	Mandi	2011-12	1.20	0	1.20
11.	Dasheda	Mandi	2011-12	0.60	0	0.60
12.	Bandhi	Mandi	2011-12	0.75	0	0.75
13.	Dishti	Mandi	2011-12	0.74	0	0.74
14.	Bijni	Mandi	2011-12	0.61	0	0.61
15.	Basha	Mandi	2010-11	1.01	0	1.01
16.	Bharol	Mandi	2011-12	0.34	0	0.34
17.	Khatnol	Basantpur	2011-12	0.55	0	0.55
18.	Amarpur	Bilaspur	2011-12	1.06	0	1.06
19.	Bhapral	Bilaspur	2010-12	0.77	0	0.77
Total				15.44	0.06	15.38

Appendix-8

(Reference Paragraph 2.1.1, Page-11)

Non-recovery of house tax 2007-2012

(₹ In lakh)

Sr. No.	Name of District	Name of Block	GPs	Amount Outstanding
1.	Una	Bangana	Ambehda Dheeraj	0.16
2.	Kinnaur	Pooh	Ribba	0.17
3.	Una	Amb	AmbTilla	0.09
4.	Una	Una	Anjauli	0.24
5.	Una	Una	Ajnauli	0.06
6.	Kinnaur	Pooh	Thangi	0.10
7.	Kinnaur	Pooh	Rarang	0.51
8.	Kinnaur	Pooh	Moorang	0.28
9.	Kinnaur	Pooh	Lavrang	0.10
10.	Kinnaur	Pooh	Spilo	0.09
11.	Chamba	Bharmour	Aura	0.34
12.	Chamba	Bharmour	Vadagra	0.25
13.	Hamirpur	SujanpurTihra	Bagehra	0.19
14.	Mandi	Drang at Padhar	Barot	0.54
15.	Chamba	Mehla	Bakhtpur	0.13
16.	Mandi	Balh	Lower rewalsar	0.18
17.	Kinnaur	Nichar	Paunda	0.14
18.	Mandi	Sadar	Aut	0.61
19.	Mandi	Balh	Sidhyani	0.11
20.	Mandi	Sadar	Baggi Tungal	0.32
21.	Kangra	Fatehpur	Bahadpur	0.14
22.	Shimla	Jubbal Kotkhai	Darkoti	0.29
23.	Mandi	Gohar	Balhdi	0.09
24.	Mandi	Gohar	Bara	0.51
25.	Mandi	Balh at Nerchowk	Dasehda	0.07
26.	Mandi	Drang at Padhar	Batheri	0.25
27.	Mandi	Drang at Padhar	Batari	0.09
28.	Mandi	Sadar	Bandhi	0.33
29.	Mandi	Drang at Padhar	Bharadu	0.18
30.	Mandi	Karsog	Bhanera	0.26
31.	Mandi	Gohar	Dishti	0.29
32.	Hamirpur	Sujanpur Tihra	Tihra	0.10
33.	Mandi	Karsog	Baghaila	0.22
34.	Mandi	Chauntra	Bharyara	0.21
35.	Mandi	Chauntra	Bhadyara Bulha	0.23
36.	Mandi	Gohar	Basha	0.30
37.	Mandi	Sadar Mandi	Bhargaon	0.15
38.	Mandi	Chauntra	Bharol	0.22
39.	Mandi	Chauntra	Bag	0.22

Sr. No.	Name of District	Name of Block	GPs	Amount Outstanding
40.	Mandi	Sadar Mandi	Bir	0.71
41.	Bilaspur	Bilaspur	Singhra	0.18
42.	Shimla	Basantpur	Karyali	0.13
43.	Shimla	Basantpur	Mandhorghat	0.02
44.	Shimla	Basantpur	Chebra	0.07
45.	Shimla	Jubbal Kotkhai	Bakhaul	0.22
46.	Shimla	Jubbal Kotkhai	Baghi	0.20
47.	Bilaspur	Jhandutta	Amarpur	0.48
48.	Shimla	Jubbal Kotkhai	Barthata	0.20
49.	Bilaspur	Ghumarwin	Barota	0.45
50.	Bilaspur	Ghumarwin	Bhapral	0.23
51.	Shimla	Jubbal Kotkhai	Devri Khaneti	0.49
Total				12.14

Source: Audit findings.

Appendix-9

(Reference Paragraph 2.1.2, Page-11)

Outstanding rent of shops

(₹ In lakh)

Sr.No.	Name of ZPs/PSs /GPs	Period	No. of Shops	Amount
Zila Parishad				
1.	Bilaspur	2006-12	1	0.43
Total			1	0.43
Panchayat Samities				
1.	Kalpa Reckong Peo	2007-12	4	1.56
2.	Amb	2006-12	41	17.19
3.	Sujanpur Tihra	2009-12	9	0.22
4.	Salooni	2009-12	13	2.41
5.	Bilaspur	2007-11	11	1.39
6.	Ghumarwin	2012-13	18	5.92
7.	Una	2003-12	13	4.75
Total			109	33.44

Gram Panchayats

Sr. No.	Name of District	Name of Block	GPs	Period	No of Shops	Amount
1.	Kangra	Fatehpur	Bahadpur	2003-12	7	1.34
2.	Mandi	Gohar	Basha	2009-13	19	0.56
Total					26	1.90
Grand Total					136	35.77

Source: Audit findings.

Appendix-10

(Reference Paragraph 2.1.3, Page-12)

Non-recovery of royalty from contractors/suppliers during 2006-12

(₹ In lakh)

Sr. No.	Name of District	Name of Block	GPs	Quantity (MT)	Amount Outstanding
1.	Una	Bangana	Dohgi	1021.24	0.20
2.	Una	Bangana	Ambahda Dheeraj	852	0.17
3.	Una	Amb	AmbTilla	381	0.08
4.	Una	Una	Anjauli	261	0.05
5.	Una	Una	Ajnauli	601.53	0.12
6.	Una	Una	Abada Barana	476.64	0.10
7.	Una	Amb	Andori	1280	0.26
8.	Una	Bangana	ArlooKhas	739	0.15
9.	Kinnaur	Pooh	Ribba	-	0.05
10.	Shimla	Basantpur	Domehar	507	0.10
11.	Shimla	Basantpur	Dharogda	183	0.04
12.	Shimla	Basantpur	Kotla	281	0.06
13.	Mandi	Sadar	Baghi Tungal	826	0.94
14.	Kangra	Fatehpur	Bahadpur	1558.23	0.31
15.	Shimla	Jubbal Kotkhai	Darkoti	512	0.10
16.	Mandi	Sadar	Bandhi	208.56	0.04
17.	Mandi	Gohar	Dishti	592.5	0.12
18.	Kinnaur	Pooh	Spilo	-	0.07
19.	Chamba	Mehla	Bandla	2822.62	0.56
20.	Chamba	Mehla	Baktpur	176.06	0.26
21.	Kinnaur	Nichar	Paunda	182	0.04
22.	Mandi	Karsog	Baghaila	1258	0.25
23.	Mandi	Sadar Mandi	Bhargaon	420.75	0.13
24.	Shimla	Basantpur	Karyali	836	0.17
25.	Shimla	Basantpur	Khatnol	740	0.15
26.	Shimla	Basantpur	Chebra	202.45	0.04
27.	Shimla	Jubbal Kotkhai	Bakhaul	468	0.09
28.	Shimla	Jubbal Kotkhai	Baghi	534	0.11
29.	Shimla	Basantpur	Devla	6450	0.09
30.	Shimla	Jubbal Kotkhai	Barthata	927	0.19
Total				25297.58	5.04

Source: Audit findings.

Appendix-11

(Reference Paragraph 2.1.4, Page-12)

Non-recovery of duty on account of installation of Mobile Towers

Gram Panchayat						(₹ in lakh)			
Sr. No.	Name of Block	Name of GPs	Year of installation	No. of towers	Period from when due	Amount			
						Installation	Annual renewal Fee	Amount paid	Amount to be recovered
1.	Bangana	Ambahda Dheeraj	2010	1	2010-12	0.04	0.02	0	0.06
2.	Una	Anjauli	2010	1	2010-12	0.04	0.04	0.04	0.04
3.	Nichar	Chagaon	2010	3	2010-12	0.12	0.12	0.08	0.16
4.	Kalpa	Chansu	2006,08	2	2006-12	0.08	0.25	0.00	0.33
5.	Sujanpur Tihra	Bairi	2006	1	2006-12	0.04	0.13	0.00	0.17
6.	Sujanpur Tihra	Bagheda	2010	1	2010-12	0.04	0.04	0.00	0.08
7.	Drang at Padhar	Barot	2006	2	2006-13	0.08	0.24	0.04	0.28
8.	Sujanpur Tihra	Dera	2004, 06,09, 10	6	2004-10	0.24	0.49	0.40	0.33
9.	Basantpur	Dharogda	2007	1	2007-12	0.04	0.10	0	0.14
10.	Nichar	Chagaon	2010	3	2010-12	0.12	0.12	0.08	0.16
11.	Nichar	Bari	2006	1	2006-12	0.13	0.04	0	0.17
12.	Gohar	Dishti	2006	2	2006-12	0.04	0.22	0	0.26
13.	Sadar Mandi	Bijni	2007-08	1	2007-12	0.10	0.09	0	0.19
14.	Gohar	Basha	2006	2	2006-12	0.08	0.10	0	0.18
15.	Sadar Mandi	Bhargaon	2007	3	2007-12	0.30	0.75	0	1.05
16.	Basantpur	Chebra	2008	1	2008-12	0.04	0.08	0.04	0.08
17.	Jubbal Kotkhai	Bakhaul	2006	1	2007-12	0.04	0.10	0	0.14
18.	Jubbal Kotkhai	Baghi	2007,09	2	2007-12	0.08	0.16	0.14	0.10
19.	Jubbal Kotkhai	Devri Khaneti	2006	1	2006-12	0.04	0.10	0.04	0.10
Total				35		1.69	3.19	0.86	4.02

Source: Audit findings.

Appendix-12

(Reference Paragraph 2.2, Page-12)

Outstanding advances

Panchayat Samiti

(₹ in lakh)

Sr. No.	Name of PS	Pending Since	Officers/Officials	Others Elected/Non-elected	Total
1.	Una	2009-11	Chairman	Clerk, sweeper	0.48
Total					0.48

Gram Panchayats

Sr. No.	Name of District	Name of Block	GPs	Pending since	Outstanding		
					Officers/Officials	Others Elected/Non-elected	Total
1.	Una	Bangana	Dohgi	2008-11	Pardhan	-	0.16
2.	Kinnaur	Nichar	Chagaon	1990-99	-	-	0.95
3.	Chamba	Pangi	Dharawas	2009	Pardhan		1.20
4.	Shimla	Jubbal Kotkhai	Darkoti	2007-12	Committee Member	-	0.30
5.	Mandi	Gohar	Balhdi	2007-12	Pardhan	-	0.78
6.	Kinnaur	Pooh	Lavrang	2002-10	Committee Members	-	7.24
7.	Shimla	Jubbal Kotkhai	Devri Khaneti	2011-12	Pardhan	Members	0.80
Total							11.43
Grand Total							11.91

Source: Audit findings.

Appendix-13

(Reference Paragraph 2.3, Page-13)

Material purchased without inviting quotations

(₹ In lakh)

Sr. No.	Name of Zila Parishad	Period	Amount
1.	Una	2011	0.64
Total			0.64

Sr. No.	Name of District	Name of Panchayat Samiti	Period	Amount
1.	Chamba	Tissa	2010	3.47
Total				3.47

Sr. No	Name of District	Name of Block	GPs	Amount
1.	Una	Una	Ajnauli	2.44
2.	Una	Bangana	Dohgi	8.13
3.	Una	Bangana	Ambahda Dheeraj	8.07
4.	Una	Una	Ajauli	4.30
5.	Una	Una	Abada barana	2.97
6.	Una	Amb	Andora lower	2.30
7.	Kinnaur	Pooh	Jangi	7.25
8.	Kinnaur	Pooh	Thangi	0.32
9.	Kinnaur	Pooh	Pooh	2.32
10.	Kinnaur	Pooh	Rispa	3.95
11.	Kinnaur	Pooh	Lavrang	1.69
12.	Hamirpur	Bamsan (Touni)	Ammn	3.76
13.	Hamirpur	Bamsan	Badhani	3.03
14.	Hamirpur	Sujanpur Tihra	Dera	2.61
15.	Shimla	Basantpur	Kotla	4.14
16.	Shimla	Basantpur	Domahar	1.81
17.	Shimla	Basantpur	Dharogra	3.63
18.	Mandi	Balh	Lower rewalsar	0.90
19.	Mandi	Sadar	Aut	1.71
20.	Mandi	Balh	Sidhyani	2.55
21.	Kinnaur	Nichar	Nichar	2.92
22.	Kinnaur	Nichar	Bari	3.05
23.	Mandi	Sadar	Baggi Tungal	5.95

24.	Shimla	Jubbal Kotkhai	Darkoti	8.00
25.	Mandi	Karsog	Bhanera	5.19
26.	Kinnaur	Pooh	Spilo	1.70
27.	Chamba	Bharmour	Vadagra	0.88
28.	Chamba	Mehla	Bandla	11.17
29.	Mandi	Chauntra	Bhadyara Bulha	4.37
30.	Mandi	Chauntra	Bharol	5.62
31.	Shimla	Basantpur	Karyali	4.40
32.	Shimla	Basantpur	Mandhorghat	3.14
33.	Shimla	Basantpur	Khatnol	2.56
34.	Shimla	Jubbal Kotkhai	Bakhaul	6.46
35.	Shimla	Jubbal Kotkhai	Baghi	11.11
36.	Shimla	Basantpur	Devla	1.90
37.	Shimla	Jubbal Kotkhai	Barthata	11.56
38.	Chamba	Pangi	Hudan Bhatoni	1.92
39.	Chamba	Pangi	Dharwas	1.36
40.	Chamba	Tissa	Baghaigarh	7.08
41.	Chamba	Churah	Bairagarh	17.53
Total				185.75
Grand Total				189.86

Appendix-14

(Reference Paragraph 2.4, Page -13)

Blocking of funds due to non-start of works

Zila Parishad

(₹ In lakh)

Sr. No.	Name of ZPs	Period	No. of works	OB	Receipt	Total	Expenditure	Balance
1.	Kullu	2010-11	30	0	16.40	16.40	0	16.40
Total			30	0	16.40	16.40	0	16.40

Panchayat Samities

(₹ In lakh)

Sr. No.	Name of PSs	Period	No. of works	OB	Receipt	Total	Expenditure	Balance
1.	Ghumarwin	2009-10	21	0	5.95	5.95	0	5.95
2.	Una	2008-10	16	1.90	6.94	8.84	0	8.84
3.	Kalpa	2007-11	3	0	11.32	11.32	0	11.32
Total			40	1.90	24.21	26.11	0	26.11

Gram Panchayat

Sr. No.	Name of GPs	Distt	Period	No. of works	OB	Receipt	Total	Expen-diture	Balance
1.	Bagehda	Hamirpur	2011-12	2	0	3.40	3.40	0	3.40
2.	Hudan Bhatoni	Chamba	2005-12	7	0	2.25	2.25	0	2.25
3.	Paunda	Kinnaur	2009-12	1	0	2.38	2.38	0	2.38
4.	Nichar	Kinnaur	2009-12	1	0	3.42	3.42	0	3.42
5.	Dhamdiyana	Hamirpur	2012	1	1.83	0	1.83	0	1.83
6.	Dasehda	Mandi	2011	1	0	0.04	0.04	0	0.04
7.	Bharyara	Mandi	2011-12	1	0	1.29	1.29	0	1.29
8.	Bag	Mandi	2011-12	1	0	1.00	1.00	0	1.00
9.	Bir	Mandi	2009-10	1	0	3.40	3.40	0	3.40
10.	Auhar	Bilaspur	2007-11	1	0	1.35	1.35	0	1.35
Total				17	1.83	18.53	20.36	0	20.36
Grand Total				87	3.73	59.14	62.87	0	62.87

Source: Audit findings.

Appendix-15

(Reference Paragraph 2.5.1, Page-13)

Details of double payment on muster rolls

(In ₹)					
Sr. No.	District	Block	Name of GPs	Period	Amount
1.	Una	Bangana	Dohgi	2010	6250
2.	Una	Bangana	AmbahdaDheeraj	2011	7563
3.	Una	Bangana	Arloo khas	2010	10010
4.	Chamba	Mehla	Bakthpur	2009	550
5.	Mandi	Gohar	Bara	2007-08	3525
6.	Chamba	Mehla	Bandla	2010-11	107820
Total					1,35,718

Source: Audit findings.

Appendix-16

(Reference Paragraph 2.6.1, Page-14)

Excess expenditure on material components of works executed under
MGNREGA

(₹ in lakh)

Sr. No.	Name of District	Name of Block	Name of GPs	No. of works	Amount paid	Required 40% material payment	Actual Material payment	Required 60% labour payment	Actual labour payment	Difference (col 9-10)
1	2	3	4	5	6	7	8	9	10	11
1.	Una	Una	Anjauli	7	7.58	3.03	3.77	4.55	3.80	0.75
2.	Una	Una	Ajnauli	13	11.19	4.47	5.73	6.71	5.45	1.26
3.	Una	Una	Abada barana	10	11.62	4.64	5.19	6.97	6.42	0.55
4.	Una	Amb	Andouri	20	21.37	8.54	8.77	12.82	12.60	0.22
5.	Hamirpur	SujanpurTihra	Bagheda	15	17.28	6.91	12.18	10.37	5.10	5.27
6.	Hamirpur	SujanpurTihra	Banaal	14	13.40	5.36	8.68	8.04	4.72	3.32
7.	Hamirpur	SujanpurTihra	Bairi	44	28.60	11.44	16.69	17.16	11.91	5.25
8.	Hamirpur	SujanpurTihra	Dera	39	15.47	6.18	9.24	9.28	6.23	3.05
9.	Hamirpur	SujanpurTihra	Chaloh	8	3.66	1.46	2.17	2.20	1.50	0.70
10.	Mandi	Gohar	Balhdi	19	34.49	13.80	19.45	20.69	15.03	5.66
11.	Mandi	Balh at Nerchowk	Dasehda	12	9.76	3.90	6.39	5.85	3.36	2.49
12.	Mandi	Gohar	Dishti	8	20.29	8.11	10.59	12.17	9.70	2.47
13.	Hamirpur	Sujanpur Tihra	Tihra	71	56.73	22.69	29.47	34.04	27.26	6.78
14.	Mandi	Chauntra	Bhadyara Bulha	27	28.34	11.33	14.96	17.00	13.38	3.62
15.	Mandi	Gohar	Basha	6	20.35	8.14	14.24	12.21	6.11	6.10
16.	Mandi	Sadar Mandi	Bir	80	92.99	37.20	40.80	55.79	52.18	3.61
Total				393	393.12	157.20	208.32	235.85	184.75	51.10

Source: Audit findings.

Appendix-17

(Reference Paragraph 2.6.2, Page- 15)

Delay in releasing payments under MGNREGA scheme

						(₹ in lakh)
Sr. No.	Name of District	Name of Block	Name of GPs	Period	Delay in days	Amount
1.	Chamba	Mehla	Bandla	2008-12	20-508	12.96
2.	Una	Bangana	Ambheda	2008-09	3-64	2.48
3.	Chamba	Mehla	Bakhtpur	2008-12	12-690	14.96
4.	Una	Amb	Andauri	2008-12	2-161	NA
5.	Una	Amb	Ambtilla	2009-12	2-70	NA
6.	Shimla	Basantpur	Domehar	2010-11	1-15	5.05
7.	Mandi	Gohar	Bara	2010	30-300	2.26
8.	Mandi	Gohar	Dishti	2007-10	6-220	NA
9.	Mandi	Chauntra	Bhadyara Bulha	2008-11	60-362	NA
10.	Mandi	Gohar	Basha	2008-10	7-102	4.38
11.	Shimla	Basantpur	Mandhorghat	2011-12	5-17	1.24
12.	Shimla	Basantpur	Chebra	2009-12	27-90	65.65
13.	Shimla	Basantpur	Devla	2011-12	10-37	NA
Total						108.98

NA: Not Available.

Source: Audit findings.

Appendix-18

(Reference Paragraph 3.3.2, Page-19)

Sanctioned Strength of ULBs

Municipal Corporation

Name of category	Sanctioned strength	Posts filled in				Excess (+)/ Shortfall (-)
		On Regular basis	On Daily wages	On Contract basis	Total	
Draftsman	3	4	0	0	4	1 (+)
Driver	19	24	0	7	31	12 (+)
De-rating Mate/Other Mate	9	30	0	0	30	21(+)
Mason	11	21	0	0	21	10 (+)
Mazdoor	229	392	24	6	422	193 (+)
Rate Beldar	4	7	0	0	7	3 (+)
Total	275	478	24	13	515	240 (+)
Remaining categories	830	653	27	16	696	134 (-)

Municipal Councils

Name of Municipal Councils	Sanctioned strength	Posts filled in	On Daily wages	On Contract basis	Shortfall
Baddi	18	5	0	1	12
Bilaspur	68	53	0	2	13
Chamba	100	72	14	0	14
Dalhousie	87	64	1	0	22
Dharamsala	161	138	5	3	15
Ghumarwin	28	23	1	1	3
Hamirpur	77	55	3	2	17
Kangra	56	32	3	0	21
Kullu	157	114	17	0	26
Manali	62	57	5	3	-3
Mandi	164	114	1	2	47
Nagrota	41	32	3	1	5
Nahan	184	121	27	4	32
Nainadevi	16	6	0	3	7
Nalagarh	60	43	0	2	15
Nurpur	39	26	0	2	11
Palampur	43	28	0	1	14
Paonta	51	35	10	0	6
Parwanoo	42	34	0	1	7
Rampur	50	36	2	2	10
Rohru	22	16	2	1	3
Solan	219	186	9	1	23

Name of Municipal Councils	Sanctioned strength	Posts filled in	On Daily wages	On Contract basis	Shortfall
Sundernagar	96	80	1	3	12
Theog	24	13	1	0	10
Una	69	49	0	2	18
Total	1934	1432	105	37	360

Nagar Panchayats

Name	Sanctioned strength	Posts filled in	On Daily wages	On Contract basis	Shortfall
Arki	24	14	1	2	7
Banjar	20	6	0	0	14
Bhota	19	5	0	0	14
Bhuntar	23	16	0	0	7
Chopal	18	4	0	0	14
Chuwari	18	11	11	1	-5
Daulatpur	18	8	0	2	8
Dehra	37	28	0	0	9
Gagret	19	5	0	1	13
Jawalamukhi	56	45	1	0	10
Jogindernagar	30	19	16	2	-7
Jubbal	18	4	1	3	10
Kotkhai	18	5	1	0	12
Mehatpur	19	17	4	1	-3
Nadaun	35	29	1	0	5
Narkanda	18	7	0	0	11
Rajgarh	18	3	0	1	14
Rewalsar	20	8	7	0	5
Santokhgarh	19	12	1	0	6
Sarkaghat	19	15	0	4	0
Sujanpur	30	21	1	4	4
Suni	18	4	0	2	12
Talai	18	12	5	0	1
Total	532	298	50	23	161

Appendix-19

(Reference Paragraph 3.6.2, Page-22)

Statement of Budget Estimates and actual expenditure of ULBs for the year 2009-10

(₹ in lakh)

Sr. No.	Name of ULBs	Budget Estimate	Actual Expenditure	Saving(-) Excess (+)
Municipal Corporation				
1.	Shimla	14008.62	5427.03	(-)8581.59
Municipal Council				
1.	Baddi	251.50	216.96	(-)34.54
2.	Nahan	392.86	317.72	(-)75.14
3.	Mandi	777.63	482.18	(-)295.45
4.	Sunder Nagar	594.73	333.72	(-)261.01
5.	Manali	318.98	176.52	(-)142.46
6.	Bilaspur	184.82	136.29	(-)48.53
Total		2520.52	1663.39	(-)857.13
Nagar Panchayats				
1.	Chopal	70.15	26.05	(-)44.10
2.	Arki	63.84	40.87	(-)22.97
3.	Bhota	49.87	18.59	(-)31.28
4.	Sarkaghat	208.73	149.45	(-)59.28
5.	Narkanda	51.55	14.11	(-)37.44
6.	Bhuntar	71.71	64.24	(-)7.47
7.	Sunni	64.21	30.72	(-)33.49
8.	Gagret	197.43	106.55	(-)90.88
Total		777.49	450.58	(-)326.91
Grand Total		17306.63	7541.00	(-)9765.63

**Statement of budget estimates and actual expenditure of ULBs
for the year 2010-11**

(₹ in lakh)

Sr. No.	Name of ULBs	Budget Estimate	Actual Expenditure	Saving(-) Excess (+)
Municipal Corporation				
1.	Shimla	15977.66	5366.87	(-)10610.79
Municipal Councils				
1.	Baddi	262.68	183.87	(-)78.81
2.	Nahan	508.12	322.22	(-)185.90
3.	Mandi	827.50	602.42	(-)225.08
4.	Sunder Nagar	701.67	392.28	(-)309.39
5.	Manali	401.12	257.72	(-)143.40
6.	Bilaspur	299.70	209.78	(-)89.92
Total		3000.79	1968.29	(-)1032.50
Nagar Panchayat				
1.	Chopal	69.91	31.31	(-)38.60
2.	Arki	75.00	45.59	(-)29.41
3.	Bhota	62.08	38.16	(-)23.92
4.	Sarkaghat	104.56	38.44	(-)66.12
5.	Narkanda	42.89	63.40	(+)20.51
6.	Bhuntar	75.66	63.98	(-)11.68
7.	Sunni	69.22	18.13	(-)51.09
8.	Gagret	169.58	134.22	(-)35.36
Total		668.90	433.23	(-)235.67
Grand total		19647.35	7768.39	(-)11878.96

Source: Concerned ULBs.

**Statement of budget estimates and actual expenditure of ULBs
for the year 2011-12**

(₹ in lakh)

Sr. No.	Name of ULBs	Budget Estimate	Actual Expenditure	Saving(-) Excess (+)
Municipal Corporation				
1.	Shimla	6949.01	4448.91	(-) 2500.10
Municipal Councils				
1.	Baddi	366.36	115.25	(-)251.11
2.	Nahan	563.90	379.76	(-)184.14
3.	Mandi	827.50	562.91	(-)264.59
4.	Sunder Nagar	795.00	420.52	(-)374.48
5.	Manali	570.81	380.17	(-)190.64
6.	Bilaspur	471.96	437.91	(-)34.04
Total		3595.53	2296.52	(-)1299.00
Nagar Panchayats				
1.	Chopal	73.37	34.10	(-)39.27
2.	Arki	65.98	64.53	(-)1.45
3.	Bhota	70.67	33.07	(-)37.60
4.	Sarkaghat	539.40	214.11	(-)325.29
5.	Narkanda	252.19	205.75	(-)46.44
6.	Bhuntar	83.53	83.86	(+)0.33
7.	Sunni	87.27	26.39	(-)60.88
8.	Gagret	145.59	103.19	(-)42.40
Total		1318.00	765.00	(-)553.00
Grand Total		11862.54	7510.43	(-)4352.10

Source: Concerned ULBs.

Appendix-20

(Reference Paragraph 4.1.1, Page-25)

Loss of revenue due to non-revision of rates of house tax

(₹ in lakh)

Sr. No.	Name of ULBs	Period from when rates not revised	Percent Rates at which the demand was raised	Demand raised upto 2011-12	Required demand as per revised rates	Less demand raised
Municipal Councils						
1.	Mandi	2005-12	10	355.42	441.54	86.12
2.	Manali	2007-12	10	251.89	304.06	52.17
3.	Sundernagar	2007-12	10	128.11	157.13	29.02
Total				735.42	902.73	167.31
Nagar Panchayats						
1.	Narkanda	2003-12	7.50	7.57	10.50	2.93
Total				7.57	10.50	2.93
Grand Total				742.99	913.23	170.24

Source: Audit findings.

Appendix-21

(Reference Paragraph 4.1.2, Page-25)

Outstanding house tax (2008-13)

(₹ in lakh)

Sr. No.	Name of MCs	O.B.	Demand	Total Demand	Collection during 2009-12	Outstanding amount
1.	Mandi	260.49	61.33	321.82	64.65	257.17
2.	Sundernagar	139.71	25.54	165.25	15.29	149.96
Total		400.20	86.87	487.07	79.94	407.13
Nagar Panchayats						
1.	Gagret	26.31	5.12	31.43	4.89	26.54
2.	Sarkaghat	19.34	4.92	24.26	1.59	22.67
3.	Arki	34.90	7.28	42.18	4.28	37.90
4.	Bhota	7.86	1.57	9.43	1.40	8.03
5.	Sunni	17.79	11.55	29.34	2.08	27.26
6.	Narkanda	3.26	0.68	3.94	1.00	2.94
Total		109.46	31.12	140.58	15.24	125.34
Grand Total		509.66	117.99	627.65	95.18	532.47

Source: Audit findings.

Appendix-22

(Reference Paragraph 4.1.6, Page-27)

Non-realization of rent from shops/stalls

(₹ In lakh)

Sr. No.	Name of MCs	Opening balance (as on 1 April 2011)	Demand during 2011-12	Total	Collection during (2011-13)	Outstanding amount (as on 31 March 2013)
	Municipal Councils					
1.	Mandi	85.84	46.45	132.29	51.41	80.88
2.	Manali	73.30	66.48	139.78	71.18	68.60
3.	Sundernagar	15.35	3.32	18.67	4.32	14.35
	Total	174.49	116.25	290.74	126.91	163.83
	Nagar Panchayats					
1.	Gagret	5.97	3.37	9.34	3.42	5.92
2.	Arki	3.10	2.89	5.99	2.79	3.20
3.	Sunni	1.94	1.82	3.76	1.54	2.22
4.	Narkanda	14.86	8.99	23.85	6.70	17.15
	Total	25.87	17.07	42.94	14.45	28.49
	Grand Total	200.36	133.32	333.68	141.36	192.32

Appendix-23

(Reference Paragraph-4.1.8, Page-28)

Non-recovery of duty on account of installation of mobile towers

(₹ In lakh)

Sr. No.	Name of MC/NP	Year of installation	No. of Towers	Period from when due	Amount			
					Installation	Annual renewal Fee	Amount received	Outstanding amount
	Municipal Corporation							
1.	Shimla	2010-11	41	2010-11	8.20	16.80	17.75	7.25
Total			41		8.20	16.80	17.75	7.25
	Municipal Councils							
1.	Mandi	2001-06	17	2001-12	7.65	0	0	7.65
2.	Manali	2006-09	12	2006-12	1.20	2.44	1.45	2.19
Total			29		8.85	2.44	1.45	9.84
	Nagar Panchayats							
1.	Arki	2007-12	2	2007-12	20.00	74.00	66.00	28.00
2.	Sunni	2005-06	2	2005-12	0.20	0.55	0.00	0.75
3.	Narkanda	2004-07	5	2004-12	0.50	1.94	1.69	0.75
4.	Gagret	2004-10	4	2004-12	0.10	0.36	0	0.46
Total			13		20.80	76.85	67.69	29.96
Grand Total			83		37.85	96.09	86.89	47.05

Source: Audit findings.

Appendix-24

(Reference Paragraph-4.2, Page-28)

Expenditure incurred on establishment in excess of prescribed norms
during 2009-12

(₹ in lakh)

Sr. No.	Name of ULBs	Total Expenditure	Required 1/3 rd on Estt.	Expenditure on Estt.	Exp. in excess of norms	Total Expenditure	Required 1/3 rd on Estt.		Expenditure on Estt.	Exp. in excess of norms	Total Expenditure	Required 1/3 rd on Estt.	Expenditure on Estt.	Exp. in excess of norms
		2009-10				2010-11				2011-12				
Municipal Council														
1.	Mandi	482.18	160.73	208.38	47.65	602.42	200.80		266.12	65.32	562.91	187.64	382.32	194.68
Total		482.18	160.73	208.38	47.65	602.42	200.80		266.12	65.32	562.91	187.64	382.32	194.68
Nagar Panchayat														
1.	Arki	40.86	13.62	15.28	1.66	45.59	15.20		15.48	0.28	64.53	21.51	22.14	0.63
2.	Sunni	31.54	10.51	10.72	0.21	18.12	6.04		9.58	3.54	26.38	8.79	9.01	0.22
Total		72.4	24.13	26	1.87	63.71	21.24		25.06	3.82	90.91	30.30	31.15	0.85
Grand Total		554.58	184.86	234.38	49.52	666.13	222.03		291.18	69.14	653.82	217.94	413.47	195.63

Year	Total Expenditure	Expenditure on Estt.	Required 1/3 rd Expenditure	Excess Expenditure
2009-10	554.58	234.38	184.86	49.52
2010-11	666.13	291.18	222.04	69.14
2011-12	653.82	413.47	217.94	195.53
Total	1874.53	939.03	624.84	314.19

Source: Audit findings.