

कार्यालय महालेखाकार (लेखा परीक्षा) पंजाब, चंडीगढ़

1212
31/12/13

क्रमांक: - SS-I/ Vetting Section/13-14 / 1790-91-91A-91B

दिनांक: - 28-10-13
20-11-13

सेवा में,

Executive Officer
Municipal Council
Kharar

विषय: - 09/11 to 03/13 तक की अवधि का लेखा परीक्षा एवं निरीक्षण प्रतिवेदन।

इस कार्यालय की लेखा परीक्षा पार्टी द्वारा आपके कार्यालय के उक्त अवधि के लेखों की दिनांक 18/09/13 से 30/09/13 तक की गई लेखा परीक्षा की निरीक्षण रिपोर्ट आपको भेजी जाती है।

लेखा परीक्षा प्रतिवेदन का पूर्ण सुविधाजनक उत्तर एनोटिड फार्म में इस पत्र की प्राप्ति के चार सप्ताह के भीतर भेजने की कृपा करें।

पैरा नं. 1.2.4.3 जो कि गम्भीर आपत्ति है और उसे सी0ए0जी0 की रिपोर्ट में लेने का विचार है। इसलिए आप से अनुरोध है कि इस रिपोर्ट की प्राप्ति के 15 दिनों के भीतर इसका उचित उत्तर इस विभाग को भेज दें।

The Inspection Report has been prepared on the basis of information furnished and made available by above referred audited unit. The office of the Accountant General (Audit) Punjab, Chandigarh disclaims any responsibility for any mis-information and or non information on the part of auditee.

व. लेखा परीक्षा अधिकारी

प्रति निम्नलिखित को भेजी जाती है:-

1. The Director Local Government, Chandigarh
2. The Secy. Local Government, Chandigarh
3. Examiner, Local Fund Account, Chandigarh

— ६५१ —
व. लेखा परीक्षा अधिकारी

Audit and Inspection Report on the accounts of Executive Officer, Municipal Council, Kharar, for the period 09/2011 to 03/2013 under section 20 (1) of the CAG (DPC) Act, 1971

Part-I-A (i) Introductory..

Audit and Inspection report on the accounts of Executive Officer, Municipal Council, Kharar, for the period from 09/2011 to 03/2013 under section 20 (1) of the CAG (DPC) Act, 1971 was conducted by an audit party headed by Sh. Sanjay Sapru, Asstt. Audit Officer and supervised by Sh. R.K. Vashisht, Audit Officer from 18/09/13 to 30/09/13. The results of audit are embodied in the succeeding paragraphs.

The charge of the post of Executive Officer was held by following officer during the period covered under audit:-

Sr. no.	Name of E.O. Sh.	Period
1	Sukhjinder Singh Sidhu and Sarbjit Singh	04.04.2011 to 16.10.2011 02.08.11 to 20.11.2012
2.	Sukhjinder Singh Sidhu	27.12.11 to till date

The office is situated at Kharar near Bus Stand.

The system of pre-audit is not in existence. internal audit was conducted upto 03/2012 but the audit report not received in the Council till date.

The audit and inspection report is prepared on the basis of information/records supplied by the office of Executive Officer, Municipal Council, Kharar, and office of the Accountant General (Audit) Punjab, Chandigarh disclaims any responsibility for any misinformation and/or non-information on the part of audited entity.

The position of budget allotment and expenditure for the year 2011-12 & 2012-13 was as under:-

(Rs. in lakh)

Year	Income		Expenditure		
	Budget Estimate	Actual Income	Budget Estimate	Actual Expenditure	
				Establishment, Contingency & Committed Exp.	Development Works
2011-12	4,442.50	4,189.60	4,382.50	846.51	3,092.69
2012-13	4,772.17	3,488.53	4,646.98	900.15	3,134.04

Part-I-A (ii) Non Production of records.

1. Records of Advertisement Tax.
2. Records of Mobile Towers
3. Records of unauthorized colonies.
4. List of progress reports of works for the year 2011-12 and 2012-13.
5. Municipal Works (M.W.)-14 registers.

Part-I-B Review of old objections.

-NIL- (Being first audit)

Part-II Section- 'A'

Para 1: Short levy of user charges for water and sewerage connections Rs.2.18 crore.

Govt. of Punjab Department of Local Government vide their notification no. 9/9/05/-3LG4/2322 dated 18/09/2009 has revised water supply and sewerage tariff with immediate effect and Rs.105/- per month is fixed as user charges for un-metered water connection and for sewer connections (Domestic) for above 5 marla and upto 10 marla connection and Rs.140 per month is fixed for above 10 marla water and sewerage connections.

Test check of records of water and sewerage connections maintained in O/o the Executive Officer, M.C., Kharar, it was noticed that during the year 2011-13 domestic water and sewerage connections for houses of more than five marlas were levied at the rate of Rs.10 per month for water connection for single tap and Rs. 10 per month for sewerage connections for single seat rather than as required under the Notification dated 18/09/2009. Further it was noticed that most of the water connections are with single/two tap and most of the sewerage connections are with single seat under this Council. Moreover, it was also noticed that the concerned branch had put the case for revision of water and supply bills but the President of the council has not approved the revised rate as per Government instructions. Due to short levy of user charges of water and sewerage connections the council had to suffer a loss of Rs.21760840 (Rs.15571080 Water Supply + Rs.6189760 Sewerage) as detailed given in Annexure 'A'.

On being pointed the Council stated that Punjab Government vide above said notification increased the rates of Water and Sewerage connections but M.C. Kharar had decided not to increase the user charges of Water and Sewerage connections vide resolution no. 50 dated 25.11.2009. Reply of the Council is not acceptable as due non increase the user charges the Council had to suffer a loss of Rs.2.18 crore during 2011-13.

Para 2: Non collection of water supply and sewerage charges Rs.80.24 lakh.

Govt. of Punjab Department of Local Government vide their notification dated 11/7/2006 with effect from 26/6/06 exempts all residential units having plot area upto 5 marla (125 sq. yard) situated within the limits of municipalities from payment of water supply and sewerage charges. Further Govt. vide Notification no. 9/9/05/-3LG4/2322 dt. 18/09/2009 has revised water supply and sewerage tariff with immediate effect and Rs.100/- is fixed as user charges for un-metered water connection (Domestic) and Rs. 70/- is fixed for sewer connections for upto 5 marla connection.

During the course of test checking of records of water and sewerage maintained in O/o the Executive Officer, M.C., Kharar, it was noticed that during the year 2011-12 total 12490 number of water connections and 5752 number of domestic sewerage connections and in 2012-13 total 13335 number of domestic water connections and 6447 number of sewerage connections available under the jurisdiction of MC Kharar and as per information supplied by the MC office no meter was installed with any of the above said connection. Further it was noticed that out of this, domestic water and sewerage connections of upto 5 marla houses, neither the user charges for water connections or for sewer connections as required under the Notification dt. 18/09/2009 was being taken during the audit period i.e. 2011-13, which resulted into loss of Rs.8064240 to M.C. Kharar as detailed below:

Year	No. of water connection upto 5 marla houses	User charges due for water connection	No. of sewerage connection upto 5 marla houses.	User charges due for sewerage connection
2011-12	2350	2820000	1118	939120
2012-13	2686	3223200	1288	1081920
	Total	6043200		2021040

On being pointed out the EO, MC replied that MC Kharar vide resolution no. 50 dated 25.11.2009 decided to collect the water and sewerage user charges from the house owners of upto 125 sq. yds. i.e. less than 5 marlas and forwarded to Director, Local Government Punjab, Chandigarh and Director office replied (dated 6.1.10) to MC Kharar that

resolution forwarded to Local Government, Branch-3 for appropriate action, but no direction/information given to this office, hence the recovery of Water and Sewerage charges not made from the house owners of up to 125 sq. yds. Reply of the department not acceptable as the Council has not taken up matter even a single time after 25.11.2009 which resulted into loss of Rs.80.64 lakh to Council.

Para 3: Non-recovery of House tax Rs. 35.31 lakh from M/s Guru Gobind Singh College, Kharar.

Chapter VII.1 (2) of Municipal Account Code states that the tax Superintendent in addition to any other duties imposed upon them by these rules shall be responsible for the assessment and collection in accordance with these rules of all taxes other than octroi, and of such other fees and dues as the Corporation or committee may direct.

During test check of house tax maintained in O/o E.O., Municipal Council, Kharar it was noticed that M/s Guru Gobind Singh College, Kharar has not paid the house tax since 2007-08. Municipal Council, Kharar under section 103 of the Punjab Municipal Corporation Act.1976 vide no. 81/12 dated 18.10.12 has proposed yearly rent which was assessed Rs. 35,31,150 up to year 2012-13 as detailed below:

Balance as on 01.04.2012	= Rs. 2,21,250
Interest up to 01.04.12	= Rs. 8,76,150
Interest for year 2012-13	=Rs. 4,42,500
Total	=Rs. 35,31,150

On being pointed out the Council replied that in this regard case was filed in the court by Deputy Director, Local Government Department but due to non-delegation of powers the case is pending till date. Compliance awaited in audit.

Section 'B'

Para 4:- Low projection of budget/target for recovery of House Tax and non-recovery of House Tax Rs. 3.82 crore.

During test check of records relating to recovery of House Tax by the o/o Municipal Council, Kharar it was noticed that the amount due to be recovered, target fixed and achieved and balance during the financial year was as under :-

(Fig. in Rupees)

Period	Total Arrears	Demand	Achieved	Balance
2011-12	4,05,20,415	97,87,434	64,41,732	3,40,78,683
2012-13	4,38,66,117	97,87,434	56,92,870	3,81,73,247

On meticulous examination of the data above, it is beyond imagination why the target for recovery of total arrears was fixed at approximately 24 % of actual dues during 2011-12, which was further reduced to 22% during 2012-13. Since the target was not increased proportionately with the increase in dues in the successive year, the achievement also stood at 66% and 58% of the targets and as low as 16% and 13% of the total dues during the financial year 2011-12 and 2012-13 respectively.

The total arrears stands at Rs.3,81,73,247/- at the end of the financial year 2012-13, which is a huge amount and fixation of low targets is the basic reason for arrears which should be made good by fixation of high targets.

Kindly justify why audit should not observe that the department is not affirmative / optimistic in recovery of dues, and the targets / budget are proposed / fixed on the basis of the anticipated recovery that the department could make good during the year, to prove its good performance for the achievement of targets in contrast of actuals. Consequently, due to low fixation of targets the achievements has also been drastically low.

The comments of the Director, Urban Local Bodies Punjab, Chandigarh is solicited for the rationale adopted by that office for fixation of recovery target and achievement.

On being pointed out the department stated that this outstanding recovery is pending before 2007-08, and being old balance of house tax the case has been filed in the court of Dy. Director cum Collector and the decision is pending. Final reply will be awaited.

Para 5: Unfruitful expenditure of Rs.92.71 lakh due to non-completion of work

During test check of records maintained in O/o the M.C. Kharar it was noticed that work orders were issued during the period 01/04/11 to 31/03/12, out of which 22 works are incomplete till date (Annexure 'B'). Time limit for completion of these works was 1 to 5 months but even after lapse of 12 to 24 months these works were not completed. Reasons for non completion of these works may be intimated to audit as due to non completion of work the payments of Rs. 92,71,134 made to the contractors in running bills for the incomplete works remains unfruitful.

Reasons for non-completion of these works were asked, it was also asked from the council that what action taken against the concerned contractors regarding non-completion of works.

In view of reply the Council stated that record will be examined and reply will be given later on.

Para 6:- Pending recovery towards Sewerage Charges Rs. 71.99 lakh

During test check of records of the sewerage wing of the o/o M.C. Kharar it was revealed that there was an unrecovered balance of Rs. 43.81 lakh and Rs. 52.97 lakh towards sewerage tax during of 2011-12 and 2012-13 respectively, whereas the recoveries has been 62 % and 68% of the balances in the corresponding years.

Position of Targets fixed and achieved for Sewerage Charges. (Fig. in lakh)

Period	Total Arrears	Achieved	Balance
2011-12	43.81	27.24	16.57
2012-13	52.97	36.23	16.74

Although the amount of recovery has been increased from Rs. 43.81 lakh to 52.97 lakh in the successive year, but overall balance at the end of the year has increased marginally from 16.57 lakh to 16.74 lakh, instead of reduction during the following year.

Similarly, as per statement of pending water charges, although an amount of Rs.69.34 lakh has been recovered during the year 2012-13 there was a balance of Rs. 54.25 lakh during the year 2012-13.

Position of Targets fixed and achieved for Water Supply. (Rs. in lakh)

Period	Total Arrears	Achieved	Balance
2011-12	123.44	57.02	66.42
2012-13	123.59	69.34	54.25

Efforts being made by the department to make the recovery may please be explained to audit.

On being pointed out the Council has not given the reply. Reply awaited.

7: Pending shop rent Rs. 24.17 lakh

During test check of records / Demand and Collection Registers of the rent of shops in the o/o Municipal Council, Kharar it was noticed that rent of shops as detailed in the Annexure 'C' is pending of few allottees long before the period of audit 2011-13. Moreover, the demand and collection register for the period 2011-13 has not been signed by the superintendent / Executive officer due to which the authenticity of register cannot be verified in audit. The detail of vacant shops may also be provided to audit.

Reasons for pending rent of shops, and action taken by the department to recover the amount, may kindly be intimated to audit immediately as non collection of rent of shops is resulting in loss of income to the Municipal Council, Kharar.

On being pointed out the Council replied that Case has been filed under PP Act due to non-payment of Shop rent. Final reply will be awaited.

Para 8: Avoidable expenditure Rs.1.48 lakh

Directorate local government Punjab, Chandigarh (Account branch) vide memo. N0. PCDCFA-DLG-96/62 dated 22.1.96 issued the orders regarding remittance of monthly contribution to the pension fund that 'remittance of monthly contribution to the Pension Fund alongwith interest/penal interest to the Directorate regularly by 7th of every month be ensured by each local body. Further vide memo no. DLG-Pen-pol-99/2066-71 dated 21.5.99 revised the penal interest @ 18 per cent on the amount due for the period from 12/94 to the date of its actual payment.

Test check of record maintained in O/o the E.O., M.C., Kharar it was noticed that amount of pension contribution of the employees was not paid on due dates to the Dy. Director office by the M.C. office Kharar. Due to late payment of pension contribution of employees the Council has to pay the avoidable penal interest of Rs.148814 @ of 18 per cent during 2011-12 and 2012-13, detail given below:

Sr. No.	Name of Employee	Designation	Date of Retirement	Total pension contribution	Interest	Date of payment
1	Bhushan Lal	Jr. Asstt.	31.12.11	4,57,945	29,988	20.12.11

2.	Harbans Singh	Mali	30.6.12	3,04,435	27,775	16.8.12
3.	Sohan Lal Sharma	Jr. Asstt.	31.1.13	5,21,594	45,642	4.1.13
4.	Sushil	Jr. Asstt.	31.3.13	4,41,477	45,409	21.1.13
	Total				1,48,814	

On being pointed out the department stated that reply will be submitted after examination of the records. Final reply will be awaited.

Para 9: Non adjustment of temporary advances.

Municipal Council, Kharar sanctions temporary advances to the officers of council and other agencies to meet the cost of various purposes and works to be executed. Account of such advances are required to be rendered as early as possible and unspent balances, if any, should be refunded during the same financial year.

During test check of records and information supplied by the council it was noticed that an amount of Rs.178.01 lakh on account of temporary advances towards the various cadres of council staff and various other deptts. / agencies for the period from January 2011 onwards were outstanding for adjustment as on 31/03/2013. Further it was noticed that no record available with council regarding completion of the works for which huge amount given to the other department.

Non-adjustment of temporary advances may lead to the possibility of misappropriation of amount/mis-utilisation of funds/irregular retention of unspent balances. Reasons for non-adjustment of temporary advances may be intimated to audit, it may also be intimated what action had been taken up by this office in this regard.

On being pointed out the Council stated that UCs will be collected from the concerned department and intimated to audit. Final reply will be awaited.

Para 10(A):- Irregular payment on items of non-approved rates

Rules provide that rates of non-schedule items should be approved by the competent authority before the approval of estimate/start of work.

Test check of records maintained in O/o the E.O., M.C., Kharar it was noticed that the non schedule items used in the development works were not approved by the competent authority, in the absence of which the rates of non scheduled items are not justified

These were not approved by the higher authority as well. Thus the payment of Rs. 3736988 (Annexure 'D') against the NS items resulted into irregular and needs justification.

On being pointed out the Council stated that record will be examined and reply will be given later on. Final reply will be awaited.

Para 10(B): Delay in completion of work.

As per clause 2 of condition of contract regarding compensation for delay of work, it has been stated that the time allowed for carrying out the work as entered in the tender shall be strictly observed by the contractor. He shall pay as compensation an amount equal to one percent of the amount of estimated cost of whole work as shown by the tender for every day that the work remains un-commenced or unfinished after the proper dates. The entire amount of compensation shall not exceed 10% of the estimated cost of work.

During the course of test checking of records maintained in O/o the E.O., M.C., Kharar, it was noticed that the following works executed even after the lapse of stipulated time. Further it was noticed that penalty as required in contract not imposed on the contractor which resulted into loss of Rs.523403 lakh (Annexure 'E') as compensation was not deducted from the bills of contractors:

Similar cases may be detected under intimation to audit and reasons for not deducting penalty from the contractor bills may be justified to audit.

On being pointed out the council stated that record will be examined and reply will be given later on. Final reply will be awaited.

Para 11: Miscellaneous irregularities.

1) Maintenance of more than one bank account for a single scheme

During test check of cash books and bank accounts as produced to audit it was noticed that more than one bank account (as detailed below) is being maintained in the o/o Municipal Council, Kharar for a single scheme in contravention of orders of Department of Finance, which restricts maintenance of only one bank account for a single scheme.

Purpose	Name of Bank	Account No.
Municipal Fund (Gen.)	O. B. C. Kharar	06522010009180
	O. B. C. Kharar	06522010017800
	H.D.F.C. Bank Kharar	08121450000282

	H.D.F.C. Bank Landran	3029145000018
	SAS Nagar Central Co-op Bank, Kharar.	1212
	Bank of Maharashtra	20103000100073601

Reasons for maintenance of more than one bank account for a single scheme may be justified to audit.

On being pointed out the Council replied that excess accounts will be closed as per rules and intimated to audit. Final reply will be awaited.

2) Non maintenance of important record by Sanitation Wing.

The Executive Officer, MC Kharar was requested to supply the following records relating to the contract given to contractors for hiring safai sevaks for sanitation/maintenance of cleanliness.

Contracts were given during the period 2011-12 and 201-13 for a period of one year, separately for each ward for hiring safai sevaks at D. C. rate for all the 15 wards.

As per points mentioned below of the agreement signed between the contractor and the Municipal Council, Kharar :-

1. The Safai Sevaks will be engaged to work daily, and in case of they are found absent the amount of wages will be deducted.
2. The Sanitary Inspector may check the work / presence of the Safai Sevaks at any time.
3. The complaints lodged in the first meeting shall have to be rectified by the second meeting.

In this context following records were sought to be produced to audit, but the department has not produced the requisite records.

1. All Attendance Registers
2. Sanitary Inspector Inspection Report
3. Complaint Register
4. Copy of the complaint slip daily handed over to the contractor for rectification / cleanliness.

In view of reply the Council stated that above record will be maintained and shown to next audit.

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Test Audit Note

No separate audit note was issued as all the minor points were noticed during the audit have been settled on the spot after the discussion/compliance.


Sr. Audit Officer
(Vetting)