

ਦਫਤਰ ਨਗਰ ਕੌਮਲ ਖਰਾਰ

ਭਾਗਿਨੀ ਨੰ: 592

ਮਿਤੀ 18-5-17

ਕਾਰ्याਲਯ ਪ੍ਰਧਾਨ ਮਹਾਲੇਖਾਕਾਰ (ਲੇਖਾ ਪਰੀਖਾ) ਪੰਜਾਬ,
ਚੰਡੀਗੜ੍ਹ

ਕਮਾਂਕ: SS-I/ Vetting Section/16-17/201-204

ਦਿਨਾਂਕ. 11-5-17
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Mahar

ਸੇਵਾ ਮੈਂ,

Executive Officer,
Municipal Council
Kharar

AKH
11/5/17
18/5/17

ਵਿਸ਼ਯ: - 04/2016 to 03/2017 ਤਕ ਕੀ ਅਵਧਿ ਕਾ ਲੇਖਾ ਪਰੀਖਾ ਏਵੰ ਨਿਰੀਖਣ ਪ੍ਰਤਿਵੇਦਨ।

ਇਸ ਕਾਰਿਆਲਯ ਕੀ ਲੇਖਾ ਪਰੀਖਾ ਪਾਰਟੀ ਢਵਰਾ ਆਪਕੇ ਕਾਰਿਆਲਯ ਕੇ ਉਕਤ ਅਵਧਿ ਕੇ ਲੇਖੋਂ ਕੀ ਦਿਨਾਂਕ 05/04/2017 to 12/04/2017 ਤਕ ਕੀ ਗਈ ਲੇਖਾ ਪਰੀਖਾ ਕੀ ਨਿਰੀਖਣ ਰਿਪੋਰਟ ਆਪਕੋ ਭੇਜੀ ਜਾਤੀ ਹੈ। ਲੇਖਾ-ਪਰੀਖਾ ਪ੍ਰਤਿਵੇਦਨ ਕਾ ਪੂਰਣ ਸੁਵਿਧਾਜਨਕ ਉਤਰ ਏਨੋਟਿਟਿਡ ਫਾਰਮ ਮੈਂ ਇਸ ਪਤਰ ਕੀ ਪ੍ਰਾਪਤਿ ਕੇ ਚਾਰ ਸਪਤਾਹ ਕੇ ਭੀਤਰ ਭੇਜਨੇ ਕੀ ਕ੍ਰਪਾ ਕਰੋਂ।

ਪੈਰਾ ਨੰ: ਜੋ ਕਿ ਗਮਬੋਰ ਆਪਤਿ ਹੈ ਆਰ ਉਸੇ ਸੀ0ਏ0ਜੀ0 ਕੀ ਰਿਪੋਰਟ ਮੈਂ ਲੇਨੇ ਕਾ ਵਿਚਾਰ ਹੈ। ਇਸਲਿਏ ਆਪ ਸੇ ਅਨੁਰੋਢ ਹੈ ਕਿ ਇਸ ਰਿਪੋਰਟ ਕੀ ਪ੍ਰਾਪਤਿ ਕੇ 15 ਦਿਨੋਂ ਕੇ ਭੀਤਰ ਇਸਕਾ ਉਚਿਤ ਉਤਰ ਇਸ ਵਿਭਾਗ ਕੋ ਭੇਜ ਦੇਂ।

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

Encl: Annexure-

ਵ. ਲੇਖਾ ਪਰੀਖਾ ਅਢਿਕਾਰੀ

ਪ੍ਰਤਿ ਨਿਮਨਲਿਖਿਤ ਕੋ ਭੇਜੀ ਜਾਤੀ ਹੈ: -

1. The Director Urban Local Bodies, Punjab, Chandigarh
2. The Secy. Urban Local Bodies, Punjab
3. Examiner, Local Fund, Punjab, Sec-17 Chandigarh

SD

ਵ. ਲੇਖਾ ਪਰੀਖਾ ਅਢਿਕਾਰੀ

Audit and Inspection Report on the accounts maintained in the office of the Executive Officer, Municipal Council, Kharar, District Mohali for the period April 2016 to March 2017 under section 20 (1) of the CAG (DPC) Act, 1971.

Part-I Introductory

Audit and Inspection report on the accounts maintained in the office of office of the Executive Officer, Municipal Council, Kharar Distt. Mohali for the period April 2016 to March 2017 under section 20 (1) of the CAG (DPC) Act, 1971 was conducted by an audit party headed by **Sh. Rajesh Devgan, Asstt. Audit Officer, Sh. Arun Sharma Supervisor, Sh. Rajinder Singh Sr. Auditor** under the supervision of **Sh. Shashi Kumar, Sr. Audit Officer** from 05.04.2017 to 12.04.2017.

The results of audit are embodied in the succeeding paragraphs.

"The inspection report has been prepared on the basis of information furnished and made available by audited entity. The office of the Principal Accountant General (Audit) Punjab, Chandigarh disclaims any responsibility for any mis-information and/or non-information on the part of the audited entity."

Functional

The functions of the Municipal Council Kharar, Distt. Mohali is to execute the development works such as construction of roads, streets, providing water supply & sewerage system etc., out of the grants received from various government agencies. Beside this the Municipal Council, Kharar is to generate its own funds by the way of levying property tax EDC, CLU, water and Sewerage bills, Map file, regularization fee, renewal of licenses etc.,

Geographical jurisdiction

Beside the Kharar territory, 7 villages i.e., (i)Jhungian (ii)Jandpur (iii) Harlalpur (iv)Khanpur (v) Bhagomajra (vi) adala (vii) Nayashehar are also Under the jurisdiction of office of the Executive officer, Municipal Council, Kharar

The office of the Municipal Council Kharar is located approximately 10 kilometres from Chandigarh on Ludhiana Road. The office of the Executive Officer, Municipal Council Kharar is situated near Bus Stand of Kharar, having telephone no.0160-2280218

Budget allotment and Expenditure

The charge of the post of the DDO was held by following officers during the period covered under audit:-

Sr. no.	Name of the Executive Officer	Period
1	Sh. Sukhinder Singh Siddhu	01.04.2016 to 09.01.2017
2.	Sh. Kulbhushan Goyal	09.01.2017 to date

The position of budget allotment and expenditure for the year 2014-15 was as under:-

Year 2016-17	Opening Balance	Income	Total	Expenditure	Closing Balance
M.C. FUND	201.16	5580.79	5781.95	4743.86	1038.09
URBAN MISSION	189.89	200.00	389.89	293.37	96.52
MP LAD	6.36	16.00	22.36	11.00	11.36
WATER/SEWERAGE	99.77	273.73	373.50	74.88	298.62
ISHL	1.48	3.82	5.30	1.48	3.82

Scope of Audit

- i) To check the financial position of the Municipal Council Kharar
- ii) To check all the grants received under various schemes of Central Government as well as of Punjab State.
- iii) To check the receipt received on account of various sources from the residence end.

Sampling process & Audit sample

The sampling process is selected at HQ level and its execution is done at the field level accordingly.

Part-II Section B Audit findings

Para 1 ***Non-remittance of Labour Cess to the Punjab Building and Other Construction Workers' Welfare Board Rs.411.95 lakh***

Section 3(1) of the Building and Other Construction Workers' Welfare Cess Act, 1996 provides that cess would be collected at the rate of one *per cent* of the construction cost. Further, Rule 5(3) of the Building and Other Construction Workers' Welfare Cess Rules, 1998 provides that the cess collected should be remitted to the Board within 30 days after deducting the collection charges at the rate not exceeding one *per cent* of the cess collected.

During the audit of office of the Executive Officer, Municipal Council, Kharar Distt. Mohali for the year 2016-17 and scrutiny of records relating to cess collection that an amount of **Rs.4,03,26,675/-** was collected as cess from the applicants for approval of their layout plans for the construction of buildings and other construction works during the period from April 2016 to March 2017. Only an amount of **Rs.1,32,32,118/-** could be remitted to the Board and thus leaving a balance amount of **Rs.2,70,94,557/-** yet to be remitted which is in contravention of the above rules.

The same irregularity amounting to Rs.141.00 lakh was pointed out vide Para 01 of Audit report for the period 04/2015 to 03/2016 and hence the total amount of labour cess retained by

MC Amritsar as on 31/03/2016 was Rs411.95 lakh (141.00+270.95 lakh) .In this regard, the reasons for non-remittance of the Cess amount to Punjab Building and Other Workers' Welfare Board, Chandigarh and treating the same as income during the period from April 2015 to March 2017 may be made known to Audit.

On being pointed out in audit, the department stated in his reply that needful will be done shortly

Final reply is awaited.

Para 2

Unjustified expenditure on purchase of car Rs.19.41 lakh

Municipal Council Kharar is meeting up the expenditure relating to salaries, etc. of their staff out of Vat share received from the Govt. of Punjab from time to time and out of own income. Beside this the Council is bearing the expenses of vehicles falling under their control to inspect the various sites for development works. The other sources of income of the council are by the way of living property tax EDC, CLU, water and Sewerage bills etc., Out of the said income, the Council is engaged in the execution of development works.

During the scrutiny of the records in audit for the year 2016-17, it was noticed that a INNOVA CAR was purchased on 15.02.2017 for Rs. 1947296/- for the use of Chief Vigilance Officer in the Directorate Local Government of Punjab Sector 35 Chandigarh vide his letter No.17/8228 dated 15.02.2017. In the letter it was also directed that beside the purchase of this car, all the expenses such as registration fee, oil and repair etc will also be paid by the council kharar, is totally unjustified.

On being pointed out in audit. The department stated in his reply that the car was purchased as per the order of the Directorate Local Govt. (Pb) and the same has been handed over to them. The expenditure incurred on purchase of this car was borne by the Council Kharar. The reply of the department is not tenable as each office has its own sanctioned strength and accordingly the budget for each F.Y is allocated. Hence the above said expenditure incurred by Council is unjustified. Which regularization from the Finance Department Government of Punjab under intimation to audit.

Final reply is awaited.

Para 2A

Irregular expenditure on petrol/diesel/repair Rs. 6.00 lakh

During scrutiny of the records relating to vehicles of M.C.Kharar for the year 2016-17, it was noticed that two no. of vehicles (detail given below) have been transferred to the Chief Engineer, Local Government of Punjab Sector 35 Chandigarh. These Vehicles are put into use by that department and the monthly expenditure of Rs.25,000/- approximately on each vehicles on account of purchase of fuel and its repair is also borne by the M.C.Kharar authorities which is totally irregular

Sr.No.	Vehicle No.	To whom Transferred	Monthly Exp (Rs.).	Period	Total (Rs. In lakh)
1	PB08B47006	Chief Engineer	25,000	1.4.16 to 31.3.16	3.00
2	PB23F-3042	-DO-	25000	-DO-	3.00
Total					6.00

On being pointed out in audit. The department stated in his reply that expenditure incurred on purchase of petrol/diesel and repair on these vehicles is paid by the councils as per the order of the Directorate Local Government (Punjab) Chandigarh. The reply of the department is not acceptable as each office has its own sanctioned strength and accordingly the budget for each F.Y is allocated. Hence the above said expenditure incurred by Council is unjustified.

Final action is awaited.

Para 2B Irregular expenditure on diversion of staff Rs.77.00 lakh

During scrutiny of pay and allowance in audit for the year 2016-17, it was noticed that the following staff has been posted in the office of the Directorate Local Government Punjab Chandigarh but their pay and allowances are being paid by the M.C. Kharar is irregular

Sr.No.	Name & Designation S/Shri	Salary Per Month (Rs.)	Since	Total (Rs)
1.	Gurdeep Singh Clerk	45000	1.4.2012 till date	27,00,00
2	Bharat Pardhan Peon	38000	2007 onwards	45,60,000
3	Seenam Computer Operator	9200	2 years	2,20,000
4.	Satbir	9200	-do-	2,20,000
Total				77,00,800

Under which rules the salary to the diverted staff is being paid by M.C.Kharar needs detailed justification.

On being pointed out in audit. The department stated in his reply that the staff has been posited as per the order of the Directorate Local Government (Punjab), Chandigarh. The reply of the department is not acceptable as each office has its own sanctioned strength and accordingly the budget for each F.Y is allocated. Hence the above said expenditure incurred by Council is unjustified. The same may be not regularized from the Finance Department Government of Punjab under intimation to audit.

Final reply is waited.

Para 3 Unfruitful expenditure on W.B.M Rs.18.90 lakh

When so ever new road is constructed, it is the responsibility of the department to ascertain that work up to SDBC level is completed, which enables the department to protect the base surface up to W.B.M i.e stone metal. In case the department is facing funds problem to execute the work up to SDBC level, then the roads up to W.B.M level can be constructed but at least with binder of track coat. This level protects the road surface for some time. But the department should pay all the care to cover the sub base with the bituminous layer as soon as it is possible so that the stone metal laid is not uprooted/uplifted.

During scrutiny of the records relating to the development work under the jurisdiction of M.C.Kharar for the year 2016-17, it was noticed that work unto WBM only was executed (Detail

enclosed) and no bituminous work was exerted to cover the already laid WBM. Thus due to non-covering of WBM with bitumen, the whole expenditure incurred to the tune of Rs.18,90,000/- remained unfruitful and due to moving of traffic on WBM for long time, the whole or the part of laid WBM has been uprooted.

On being pointed out in audit, the department stated in its reply that reply will follow shortly.

Final reply is awaited.

Para 4 Undue favour to the contractor Rs.46.00 lakh

The Contractor M/s Jaswant Rai Verma was awarded a work for laying 50MM B>M and 25 MM SDBC in ward No. 8 & 11 vide W.O No. 07 dated 26.05.2014 at the cost of Rs.46.00 lakh with a time limit of 6 months Hence the work was to be completed by 25.11.14. The bitumen was to be supplied by the department as per the condition of work order. But there was no mention of the aggregate to be mixed in B.M. & SDBC, whether to be supplied by the department or to be arranged by the contractor itself. The same was also not mentioned in the estimate.

During Scrutiny of the record it was revealed that the said work was completed during 10/2016 and the payment of Rs.16,72,776/- was made to the contractor after deducting the cost of consumed bitumen of 57.866 MT @ Rs.51,000/- M.T, which work out to Rs.29,51,166/- without the production of consumption statement and of original bitumen invoice with Vr. No. 36 of 06/16. In the absence of these two vital documents, the deduction of bitumen supplied by the department could not be verified in audit. Beside this no bitumen expansion tests for the executed quantity of B.M & SDBC of 1262.07 MT were got conducted to enable the exact quantity of aggregate.

Thus in the above position, it is evident that the said work was got executed with an un professional manner, which resulted into un due favour to the contractor at every stage. Had the work been allotted to the contractor against through rates, then the un due benefit given to the contractor for Rs.29,51,166/- as advance procurement of bitumen the department could be avoided. Beside this undue benefit to the contractor the department also paid carriage charges of bitumen amounting to Rs.29,806/- is also irregular.

On being pointed out in audit, the department stated in its reply that reply will be furnished shortly.

Final reply is awaited.

Para 5 Excess expenditure due to richer specification Rs.20.68 lakh

As per Government of Punjab instructions, paver blocks having size of 60mm should be placed in the streets. Paver blocks of 80 mm are only to be placed with detailed justification of heavy moving traffic and the permission from the high authority is also to be sought before its execution.

During test check of the records relating to construction of drains and roads with paver blocks, it was noticed that in 5 no. of works (List enclosed) paver block of 80mm instead of 60mm size were got executed, which resulted into excess expenditure to the tune of Rs.20,68,575/- due to richer specification.

On being pointed out in audit, the department stated in his reply that final reply will be furnished shortly.

Final reply is awaited.

Para 6A Irregularities in preparation of estimates

Estimates should be prepared in such manner, that the previous history of the case, geographical conditions and reasons to execute a particular work should be depicted on the body as "history". This practice will not only help the department to bring transparency, but also will avoid the overlapping of work. In case of estimates in of roads the life is defined as 5 years, where in bituminous work previously are carried out. Thus last date of work done by department need to be depicted on the body of estimate to enable the technical sanctioning authority its factual position.

During scrutiny of the records relating to preparation of estimates in M.C.Kharar, it was noticed that no such details were depicted on the body of all the estimates and these were also got sanctioned from the respective competent authorities which is totally in contravention of PWD Codal provisions. Under these circumstances when was the last work done by the department could not be ascertained in audit and overlapping of the work cannot be ruled out. Beside this the area under M.C. is distributed among 27 ward. But during execution of work relating to roads/streets etc. total length, breath of the roads/street are not defined. In the portion of a particular ward, where these works executed and the status of balance portion of the stretch , where work not executed. No status has also been mentioned. Hence under these circumstances possibility of giving undue favour to particular area where execution already carried out cannot be ruled out.

6(b) Faulty agreements

Agreements are prepared in such a manner that all the clauses relating to a particular work are inserted and then got it signed by the contractor/department thus it becomes a legal document. But the scrutiny of the agreement in all the cases revealed that agreements are entered in an un professional manner, on single page. Beside this no signature of contractor are there. Under these circumstances in case of litigation the department will be the loser.

During scrutiny of agreements in audit for the year 2016-17, it was noticed that the agreements on single stamped paper were executed late that too by 1 ½ months after the issue of work orders is totally unjustified. The time limit to complete these works in 3 months and the agreements were executed when half of the time of the contract elapsed. Beside this the signature with stamp of the contractor, Engineer in charge and of the witness is mandatory. But from the agreements it was also seen no such practice was adopted under these circumstances these documents remained illegal and in case of any dispute, the department will suffer due to unjustified execution of these agreements.

Detailed justification as to why these agreements were not executed in proper format as these are executed in the PWD, B&R divisions, of the state of Punjab. All the works in the M.C. are being got executed as per PWD guidelines, then why the most important document such as agreement was not executed as per PWD guidelines.

On being pointed out in audit. The department stated in his reply that the practice of preparation of estimate and agreement is being adopted in all ULB's , however needful will be done in future preparation of estimates and agreements.

The final compliance is awaited.

Para 7

Improper MTC of MB and non-physical verification at Hot mix plants.

All the development works are being executed by the contractual agencies on through rates, which means all the materials is to be arranged by contractor itself. To ascertain the genuiness of the material etc., it is the entire responsibility of the engineering department to verify it at contractor site in case of bituminous work. As all the bituminous mixtures are prepared at Hot mix plants of the contractors with in the radius of 25 KM. At the time of laying of BM & SDBC, the engineering experts should be at the Hot mix plant to verify the exact mixture is prepared by the contractor and the temperature of the mixture remains at 142 degrees. After that the tare weight and the material weight of vehicle should be checked by the engineering experts. Then a record entry alongwith date and quantity is to be recorded in the M.B on day to day basis , which enables the department the correct exact execution on a particular day.

During scrutiny of M.B's ,it was noticed that no day to day entries were recorded. Beside this no such physical verification at Hot mix plants of the contractors were made at the time of preparation of mixtures. Under these circumstances, possibility of carrying less mentioned at the site by the contractors cannot be ruled. Though the testing reports of bituminous contents were made available to audit.

On being pointed out in audit, the department stated in his reply that needful will be done in future as per the instruction of audit. The compliance will be shown to audit at the time of next audit.

Final compliance is awaited.

Para 8

Non levy of liquidated damages Rs.12.23 lakh

Under clause 2 of the General Conditions of the agreement, if any work is executed late beyond its time limit, then liquidated damages @ 1% per week of the total award contract is to be levied by the Engineering department. But it should not be more than 10% in any case.

Similarly as per CVC guidelines under chapter 11.1.2 all the hindrances with data of occurrence and removal are to be noted in the hindrance register. Record of hindrance is not only required for extension of time, but also required for early removal of hindrance by the site officials etc. Extension of time is only granted, where in it is felt that the occurrence of delay is on the part or the department. But in case contractor is at fault, then the clause 2 of the general conditions of the agreement is inserted.

During scrutiny of record relating to the execution of the work by the contractor, it was noticed that the enlisted work were completed late by 4 months from its actual date of completion. Thus the liquidated damages @ 10% on the total contract value i.e Rs. 122.37 lakh were required to be levied. Neither the contractor applied for EOT, which in case of any hindrances was required to be applied within 15 days of occurrence of hindrance, nor the department levied liquidated damages, on 122.37 lakh @ 10%. Which has resulted into undue favour to the contractors for Rs.12,23,000/-.

On being pointed out in audit, the department stated in its reply that the matter will be looked into and recovery will be affected.

The final compliance is awaited.

Para 09

Outstanding recoverable amount of water charges-Rs.2.05 Crore

Municipal Council, Kharar levies water and sewerage charges on residential/commercial households situated under the jurisdiction of Corporation at the specified rates fixed by the Government from time to time and makes collections against demands issued to the users.

During scrutiny of the record relating to water charges revealed that as on 31.03.2016, an arrear of Rs.1,34,81,648/- was lying outstanding to be recovered from the defaulters. During the year 2016-17 only an amount of Rs.37,54,143 as old arrear could be recovered from the defaulters and thus leaving a balance amount of Rs.97,37,505/- yet to be recovered along with 18% P.A which workout to Rs.17,50,950. Hence the total arrear of water charges along with interest is R.1,14,78,455/- till date

Beside this demand of Rs.2,07,67,200/- was raised as water charges from the consumers with effect from 1.4.2016 to 31.03.2017. But only Rs.1,17,85,136/- could only be recovered and thus leaving a balance of Rs.89,82,064/- yet to be recovered. Hence a total of Rs.2,04,60,519 (1,14,78,455 + 89,82,064) is yet to be recovered from the defaulters. Beside this no action has been taken by the council against the defaulters for recovery. All efforts may now be made to recover the outstanding amount under intimation to audit.

On being pointed out in audit, the department stated in his reply that all efforts are being made to recover the outstanding amount of water charges.

Final compliance is awaited.

Para 10

Non recovery of House tax Rs. 199.02 lakh

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 the audit of the Executive Officer, Municipal Council Kharar for the year 2015-17 and scrutiny of House tax record, it was noticed that an amount of Rs. 200.70 lakh was recoverable from the defaulters as on 31.03.2016. As on 31.03.2017 only 1.68 lakh were collected on account of House tax remaining an amount of Rs. 199.02 lakh recoverable from the defaulters who have not yet deposited the house tax till date. Now the Government has implemented property tax w.e.f. 01.04.2013 by replacing house tax. It will be very difficult to recover the huge outstanding recoverable amount on account of house tax from the defaulters. Thus non recovery of house tax will affect the financial position of the Municipal Council.

On being pointed out in audit, the department stated in its reply that all efforts are being made to recover the outstanding amount of water charges.

Final compliance is awaited.

Para 11 Short recovery of Property Tax from 17332 units

Punjab Government Gazette (Ex property, which came into force on and with effect from the 1st of April, 2013. Hence amendment in section 2 of Punjab Act 42 of 1976 of the Punjab Municipal Act, 1976 was made. Further, November 22, 2013 notified to levy property tax on residential, commercial and Industrial owner or the occupant, as the case may be, shall be at liberty to pay the tax on building and or land for be financial year 2013-14 and as per the calculation to be made in accordance with the provisions of either the Principal Act as

amended by the M.C (2nd amendment) Act, 2013, as the may deem fit. Where the tax collected under sub-section (1) is not fully paid by 31st December of the relevant financial year as aforesaid and is paid on or before 31st March of that financial year, a penalty of 20% of the remaining amount of tax so calculated by him shall be payable along with 18% interest per annum.

During the audit of the Executive Officer, Municipal Council Kharar for the year 2016-17 and scrutiny of property tax record, it was noticed that total no.47614 property was liable for property tax, but tax amounting to Rs. 200.16 lakh was recovered from 30282 no. of properties, thus remaining 17332 property is still to pay property tax along with 18% interest per annum and penalty.

On being pointed out in audit, the department stated in his reply that notices are being issued to the defaulters.

Final compliance is awaited.

Para 12 Irregular retention of MP LAD funds Rs.11.36 lakhs

MP LAD grants are released at regular intervals by the concerned MP's of the particular area. These grants are released with a view to given facilitations to the residents and these funds are released by the MP's for very urgent need based works. As per M.P LAD guidelines, the funds released in a specific financial year should be spent in the same financial year for those works only, for which purpose these grants are released. Any interest earned against these funds can be utilized for those works only against which these funds were received. Otherwise the element of interest earned may be refunded back to the funding agency.

During scrutiny of the records relating to MP LAR grants for the year 2016-17, it was noticed that Rs.6.00 lakh against the work construction of hall in Dharmshala Ram Bhawan at Kharar, which were received by Council Kharar on 14.12.2016 in PNB Bank Kharar A/c no. 32526000100073601 were not utilized till date Beside this Rs.5.57 lakh pertaining to interest and of pending securities of contractor's was lying with the council. The amount of interest earned against the said deposit may be refunded back to the funding agency. Beside this the grant received against the work either be spent on the work or be refunded back under intimation to audit.

On being pointed out in audit, the department stated in his reply that needful will be done shortly.

Final reply is awaited.

Para 13 **Non-collection and contribution to Cancer & Drug Addiction Treatment infrastructure Fund Rs 11.01 lakh.**

Test check of records in the office of Executive Officer, Municipal Council, Kharar for the year 2016-17, it was noticed that an amount of Rs 200.16 lakh was collected during the above years as property tax but the department neither collected nor contributed to Cancer & Drug Addiction Treatment Infrastructure Funds, an amount of **Rs 4.00 lakh**, @ 2 per cent of Rs 200.16 lakh, as required was not submitted which resulted into non adherence of Government instructions *ibid*.

The same irregularity amounting to Rs.7.01 lakh was pointed out vide Para 08 of Audit report for the period 04/2015 to 03/2016 and hence the total amount of Cancer & Drug Addiction Treatment infrastructure fund retained by MC Kharar as on 31/03/2016 is Rs. 11.01 lakh (7.01 +4.00

lakh) In this regard, the reasons for non-remittance of the **Cancer & Drug Addiction Treatment infrastructure fund** and treating the same as income during the period from April 2015 to March 2017 may be made known to Audit.

On being pointed out in audit, the department stated in its reply that needful will be done shortly.

Final reply is awaited.

Para 14 Non-recovery of shop rent Rs.16.47 lakh

Shops of the Municipal Council are leased / rented out along with agreement of lease deed along with some conditions to be complied by the tenant.

During the test check of records relating to shops and information provided by the department to audit for the year 2016-17, it was noticed that there were in all **69 shops under possession of MC**, which are situated in three bazaars / areas i.e. **28 shops on land belonging to MC in Main Bazar, 20 shops on land belonging to Government of India and 21 shops on land belonging to Public Works Department.**

Further scrutiny of ledger revealed that **no penalty or interest was charged for delay in receipt of rent of the shops. There was a total pendency of Rs.1647590/- of 27 shops as on 30/03/2017.**

On being pointed out in audit, the department stated in its reply that all efforts are being made to recover the outstanding amount of rent.

Final reply is awaited.

Para 15 Miscellaneous irregularities

During test check of records maintained by the Municipal Council, Kharar pertaining to the year 2016-17, following irregularities were noticed:

(i) Improper maintenance of Grant Register

Rule III 8 of the Punjab Municipal Account Code, 1930 provides that Corporation/Council shall maintain a Register of Govt. grants in form G-6 in which detail of each grant received and payment made against each grant as soon as may be shall be recorded and at the end of year a statement to this effect in form G-6A shall be forwarded to the Government various grants were received by the Municipal Council, but grant register maintained by the Council was not in accordance with the provisions contained in the Municipal Account Code 1930. In the absence of which actual number of grants received and payment made there against could not be verified. Further annual statement of this, sent to the Government was also not made available to audit.

(ii) Non conducting of physical verification of store/stock

Rule 17.12 of Punjab Municipal Account code 1930 provides that the whole of the property of the committee, movable and immovable including investments shall be verified at least one in three years by a member or members of the Committee special appointed.

Test check of records of stores and stocks showed that physical verification of the stores and stocks was not conducted during the year 2016-17 which was in contravention to the rule *ibid*.

(iii) **Multiple bank account**

As per instructions issued by the Department of Finance, Government of Punjab from time to time relating to mis-utilization of Govt. funds/opening of saving bank accounts only one saving bank account must be opened/operated under each scheme. However, multiple bank accounts for a scheme by the Municipal Council were operated as detailed below:

SrNo.	Name of Scheme	Account NO.	Name of Bank
1	Municipal Fund	55030160845	S.B.O.P
		08121450000282	HDFC Bank
		06522010009180	OBC Bank

As evident from the above table, there were three bank account operated for Municipal funds which was in contravention to the instructions issued by the Govt. from time to time.

On being pointed out in audit, the department stated in its reply that needful will be done under intimation to audit.

Final reply is waited.

Para 35 **Physical Verification**

The following observations were notice during physical verification of IHHL beneficiary In respect of ward no. 03 and 06 under jurisdiction of office of the Executive Officer , Municipal Council, Muzaffargarh, Distt. Mchali.

- (i) In ward no. 03 & 06 it was noticed that no sewerage system existed and even in the houses there is no provision for septic tank, hence there is no drain out system exists.
- (ii) In ward no. 6 Sh. Ram Ashra beneficiary has finally constructed final IHHL but he did not receive IInd Installment of Rs.3333/-.
- (iii) B beneficiary of ward no. 3&6 did not start the construction of IHHL even after receipt of 1st installment of Rs.2000/-. They still go on open defecation.
- (iv) In ward no. 6 Sh Hans Raj, beneficiary stated that the 1st installment of Rs.2000/- has not been transferred in his bank account (Photo copy of account enclosed)

On being pointed out in audit, the department stated in its reply that reply will be furnished after verification of report.

Final reply is awaited.

These paras are recommended for settlement to the condition that no SIR/DP para is involved

LAR	Para no.	Title of the Para	Remarks
09/2011 to 03/2013	1 Section A	Short levy of user charges for water and sewerage connection Rs 2.18 crore.	stand
	2 Section A	Non collection of water supply and sewerage charges Rs 80.24 lakh.	stand
	3 Section A	Non-recovery of House Tax Rs 35.31 lakh from M/s Guru Gobind Singh College, Kharar.	stand
	4 Section B	Low projection of budget/target from recover of House Tax and on recovery of House Tax Rs 3.82 crore.	stand
04/13 to 03/15	1 Section A	Utilization of grants without eligibility Rs 73.19 lakh.	stand
	1A Section A	Diversion of funds Rs 14.17 lakh.	stand
	2C Section B	Outstanding recoverable amount of water and sewerage charges Rs 49.46 lakh.	Settled
	4	Non auction of land deteriorated financial position of the Council Rs 27.00 crore.	stand
	8	Non submission of proof of purchase of paver blocks by the Contractors Rs 33.27 lakh	stand
	9	Undue favour to the developers due to non-completion of projects	stand
	13A	Unjustified expenditure Rs 1.83 lakh.	stand
	13B	Irregular expenditure on drawl of pay and allowances	stand
	16	Irregular retention of interest Rs 1.99 lakh.	stand
	17	Cash Book (i)Receipt of bank but not in cash book. (ii)Non-verification of credit of VAT Rs 12.43 lakh	stand
04/15 to 03/16	1 Section B	Non-remittance of Labour Cess to the Punjab Building and Other Construction Workers' Welfare Board- Rs 141.00 lakh	Settled
	2	Outstanding recoverable amount of House Tax/Property Tax- Rs 269.36 lakh	Settled
	3	Non-recovery of shop rent Rs. 20.85 lakh	Settled
	4	Non-recovery of annual renewal charges for Mobile Towers-Rs 6.58 lakh	stand
	5	Non-submission of utilization certificates of grants-Rs 189.33 lakh	stand

6	Outstanding amount of advertisement fee-Rs 6.01 lakh.	stand
7	Improper maintenance of General Cash Book.	stand
8	Non-collection and contribution to Cancer & Drug Addiction Treatment infrastructure Fund. Rs 7.01 lakh	settled
9	Improper issue of licenses for trade premises in MC area	stand
10	Non-conducting of physical verification of stores/stock	settled
11	Irregular expenditure on pay and allowances Rs 12.70 lakh.	Settled

Part-IV Best practice

No best practice was noticed in the M.C. Kharar. However, due to immense increase in population, there is shortage of staff and with the existing staff, the council authorities still looking after the development works, collection of EDC, CLU, Property tax, water sewerage bills etc.

Part-V Acknowledgement

The department Co-operation in all matters such as production of records/information relating to regular audit as well as theme audit SBM, physical verification of IHHL, preparation of budget allotment and expenditure as desired by audit.

Departmental Appreciation Note

During the audit no appreciation was noticed.


Sr. Audit Officer(V)