

मान लेखाकार (लेखा परीक्षा) पंजाब, चंडीगढ़

आक: - SS-1/ Vetting Section/ 516/ 169-172

दिनांक: - 11/5/15

सेवा में,

Executive officer

Municipal Council
Near Bus Stand Kheran

विषय: - 4/13 to 3/15 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 7/4/15 से 22/4/15 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।

(dec A)
पैरा नं. 18.1A 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 Pr. Accountant General (Audit) Punjab, Chandigarh disclaims any responsibility for any mis-information and or non information on the part of auditee.

Encl: Annexure-

नीना
21/5/15
व० लेखा परीक्षा अधिकारी

प्रति निम्नलिखित को भेजी जाती है:-

1. Secy. Local Govt. PB. Chd.
Min. Self Secy. Chd.
2. Member Local Govt.
Sec 17. Chd.
3. Examiner Local fund
PB. Chd.

— 3el —
व० लेखा परीक्षा अधिकारी

**Inspection Report on the accounts of Executive Officer, Municipal Council,
Kharar, for the period 04/2013 to 03/2015 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 04/13 to 03/2015 under section 20 (1) of the CAG (DPC) Act, 1971 was conducted by an audit party headed by Sh. Arun Sharma, Supervisor, assisted by Sh. Rajinder Singh, Sr. Auditor and supervised by Sh. Rajiv Kumar, Audit Officer from 07/04/2015 to 22/04/2015. 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	27/12/11 to till date

The office is situated at Kharar near Bus Stand having telephone no. 0160-2283754.

The system of pre-audit is not in existence. Internal audit was conducted upto 03/2014.

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 Pr. Accountant General (Audit) Punjab, Chandigarh disclaims any responsibility for any misinformation and/or non-information on the part of audited entity.

The financial position for the audit period was as under:-

(Rs. in lakh)

Budget Provision	Year	O.Balance	Income including interest	Expenditure	Closing Balance
4772.17	2012-13	699.93	3488.53	4034.19	129.04
5447.00	2013-14	129.04	5411.73	5488.19	91.19
4270.68	2014-15	91.19	3276.79	3111.82	164.97

Details of grants received and expenditure are as under

(Rs. in lakh)

	Name of scheme	Amount received	Income including interest	Expenditure	Balance
2012-13	MPLAD	7.00	--	7.00	Nil
	13 th FC	20.63	--	20.63	Nil
2013-14	MPLAD	6.00	--	2.00	4.00
	13 th FC	52.05	--	52.05	Nil
2014-15	MPLAD	8.45	--	Nil	8.45
	13 th FC	43.24	--	43.24	Nil

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

Service Book of Sh. Surjit Singh, Accountant

Part-I-B Review of old objections

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

Section- 'A'

LAR 09/2011 to 03/2013

- Para 1:** Short levy of user charges for water and sewerage connections Rs.2.18 crore.
Para stands
- Para 2:** Non collection of water supply and sewerage charges Rs.80.24 lakh.
Para Stands
- Para 3:** Non-recovery of House tax Rs. 35.31 lakh from M/s Guru Gobing Singh College, Kharar.
Para stands

Section- 'B'

- Para 4:-** Low projection of budget/target for recovery of House Tax and non-recovery of House Tax Rs. 3.82 crore.
Para Stand
- Para 5:** Unfruitful expenditure of Rs.92.71 lakh due to non-completion of work
Para Settled
- Para 6:-** Pending recovery towards Sewerage Charges Rs. 71.99 lakh
Para Settled
- Para 7:** Pending shop rent Rs. 24.17 lakh
Para Settled
- Para 8:** Avoidable expenditure Rs.1.48 lakh
Para Stand
- Para 9:** Non adjustment of temporary advances.
Para Settled

(Rs. in lakh)

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	13 th FC	20.63	--	20.63	Nil
2013-14	MPLAD	6.00	--	2.00	4.00
	13 th FC	52.05	--	52.05	Nil
2014-15	MPLAD	8.45	--	Nil	8.45
	13 th FC	43.24	--	43.24	Nil

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Para Stand

Para 9: Non adjustment of temporary advances.

Para Settled

Irregular payment on items of non-approved rates

Para Stand

10(B): Delay in completion of work.

Para Settled

Para 11: Miscellaneous irregularities.

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

Para Settled

2) Non maintenance of important record by Sanitation Wing.

Para Settled

Part-II Section 'A'

Para 1 Utilization of grant without eligibility Rs 73.19 lakh.

Guidelines to implement the 13th Finance Commission for Rural and Urban Local Bodies (Local Bodies Grant) were issued by the Ministry of Finance, Department of Expenditure, Finance Commission Division, New Delhi dated 23.09.2010. Condition No. 6 of the guidelines, for release of grants, Panchayats as defined in the constitution can exist only when they are constituted as per the provision of article 243 B and 243 C. Hence states covered under Part IX of the Constitution, where elections to panchayats have not been held will not be eligible for this grant for the period during which there are no elected panchayats. Similar condition will apply in case of ULB's as per the provisions of Articles 243 Q and 243 R of the Constitution.

Test check of records relating to release of grant under 13th Finance commission for the period 23/09/2013 to 08/03/2015 revealed that grant amounting to Rs 7319612/- was received by the Municipal Council Kharar as detailed below:

Sr. No.	Date	Grants Received
1.	29/10/2013	2803798
2.	24/03/2014	191656
3.	09/07/2014	1742566
4.	14/10/2014	2581592
	Total	7319612

Scrutiny further revealed that during this period there was no elected body and it was in the knowledge of the Local Government Punjab. Hence the council kharar was not eligible to be benefitted of this grant as per the condition No. 6 of the guidelines issued by the Government of India. The Council kharar has spent the whole amount of grant leaving a balance of Rs 0.53 lakh only. The released grant was to be utilized for the purposes as specified in the condition No. 6.4.10, where in the expenditure should have been incurred on following four sectors i.e. (i) Water Supply (ii) Sewerage (iii) Storm Water Drainage and (iv) Solid Waste Management. But the Grant has been utilized on fixing of paver blocks in

unds and advance payments for purchase of bitumen is made which is in violation of the Guidelines. Further under condition No. 9, every State shall constitute a High Level Monitoring Committee (HLMC) headed by the Chief Secy. to the State Government and will include Finance Secretary and Secretaries of the concerned department as members. HLMC shall be responsible for ensuring adherence to the specific conditions in respect of each category of grant, where applicable.

Had the HLMC monitored the working of the respective councils, then the said release of grant under 13th Finance Commission from 23/09/2013 to 08/03/2015 without the elected body could have been avoided.

On being pointed out in audit, the department stated in its reply that the grant under 13th Finance Commission was released by the Government of Punjab Local bodies and the same was utilized towards development works.

The reply of the department is not tenable, as the Municipal Council Kharar was not eligible for this grant due to non existence of elected body from 23.09.13 to 08.03.15.

Para 1 A Diversion of funds Rs 14.17 lakh.

Government of India released a grant of Rs 1417699 on 03/08/2011 under 13th Finance Commission, which was received in the office of the Municipal Council Kharar through Government of Punjab.

Test check of the records relating to release of grant of Rs 1417699/- under 13th Finance Commission revealed that the grant was received in a separate bank i.e. OBC Kharar saving account No. 06522010012310 on 03/08/2011. This account was operative for the utilization of the above mentioned grant as per the orders of the Government with a view to watch the actual execution on specified component of the scheme. But it was noticed in audit that the funds of Rs 14.17 lakh were transferred to General Cash Book Account on 13/09/2011. Thus the grant which was received for the purpose, was spent somewhere else is irregular. Moreover the department has further submitted UC of the same to the Government, which is also unjustified.

On being pointed out in audit, the department stated in its reply that the funds were utilised on the development works. The reply of department is not tenable as the funds were irregularly diverted in general cash book. The detail of development works, where the diverted grant was spent was not made available to audit.

Part II Section B

Para 2A Short recovery of water & sewer charges Rs 2.46 crore.

Government of Punjab, Department of Local Government (LG IV Branch) vide his no. 9/9/05-3LG 4/2322 dated 25.09.2009 issued notification and a direction was

the municipal councils and nagar panchayats in the state to implement the revised water supply & sewerage tariff with immediate effect and the rates for unmetered water & sewerage charge was also specified to be charged within 60 days.

A meeting of the elected councillors, headed by Sh. Sukhwant Singh (President) on 25.11.09 passed a resolution No. 50 not to charge water & sewerage rates as per the notification. The rates already charged i.e. Rs 25 PM residential and Rs 25 PM upto 2 toilets, Rs 50 for 3 & Rs 100 from 5 to 6 toilets on account of water and sewer were made allowed to be applicable by the house.

Test check of records of the collection of water & sewer charges from the MC limits Kharar revealed that these charges @ Rs 50 PM are being collected as per passed resolution and not as per the notification of Punjab Government mentioned above. However the department has taken up the matter with the Local Government Punjab since 06/01/2010, but no decision has been taken up by the Government till date, which has resulted into short recovery amounting to Rs 24647340 from 01.04.13 to 31.03.15 only. Details are as under:

Year	Water connection above 5 marla	Less recovery @55 PM for 12 month	Sewer connection	Less recovery @55 PM for 12 month
2013-14	9728 x 55 x 12	6420480	5780 x 55 x 12	5548800
2014-15	10191 x 55 x 12	6726060	1200 x 55 x 12	5952000
	Total	13146540		11500800

Beside this huge expenditure is being incurred on installation of Tube well, maintenance for providing mandatory water & sewer supplies to the residents of this area by the council Kharar. Hence due to short recovery of water & sewerage from last 5 year, the financial position of council Kharar has been deteriorated.

The matter on this issue needs to be taken up again with the Local Government to resolve the issue at the earliest to enable the council Kharar to generate more revenue.

On being pointed out in audit, the department stated in its reply that the matter is pending with the Local Government, Government of Punjab.

Final decision of the Government is awaited in audit.

Para 2B Non recovery of water & sewerage charges Rs 133.28 lakh

Government of Punjab, vide notification No. 9/9/05/-3LG4/2322 dated 18/09/2009 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.

Test check of the records revealed that MC Kharar did not implemented the notification upto 5 marla connection in respect of water supply & sewerage. These charges were not levied by the council, because he charges were waived off vide resolution no. 50 dt 25/11/09 by the house of councils of Kharar. Details of beneficiaries under this resolution are as under:

Year	No. of water connection upto 5 marla houses	User charges due from consumer as per notification	No. of sewer connection	User charges due from consumer as per notification
2013-14	4200 x 100 x 12	5040000	1553 x 70 x 12	1304520
2014-15	4500 x 100 x 12	5400000	1885 x 70 x 12	1583400
	Total	10440000	Total	2887920
		GRAND TOTAL		13327920

The council kharar took up the matter with the Deputy Director, Urban Local bodies vide NO. 810 dated 27.11.09 alongwith a copy of resolution No. 50 dt 25.11.09 and sought advised on this issue. But the final reply from the competent authority is still awaited even after the lapse of 5 years. Thus due to non taking of appropriate decision by the Government, the council kharar has suffered a huge loss of Rs 13327920 from 2013-14 to 2014-15. Beside this the council has been overburdened financially due to maintenance of water & sewer supply without any income

Had the decision been taken in time by the Government then, the recovery on this account would have been income of the council. The matter in this regard may be taken up with the Government again and final orders, whether to implement the notification or the resolution passed by the council to be implemented.

On being pointed out in audit, the department stated in its reply that the matter is pending with the Local Government, Government of Punjab.

Final decision of the Government is awaited in audit.

Para 2C Outstanding recoverable amount of water and sewerage charges- Rs 49.46 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.

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

Test check of records and information obtained pertaining to water and sewerage charges for the year 2013-14 & 2014-15 showed that against the total demand of Rs 145.65 lakh including arrears of previous years, out of which an amount of Rs 96.19 lakh only was collected from the users which resulted in outstanding recoverable amount of Rs 49.46 lakh as on 31.03.2015. This has resulted into less receipts to that extent of the Council.

All efforts may be made to recover the outstanding amount under intimation to audit.

On being pointed out in audit, the department stated in its reply that notices have been issued for the recovery to these defaulters.

Final action taken is awaited in audit.

Para 3 Non recovery of EDC from developers Rs 552.25 lakh.

In order to ensure timely execution of infrastructural development works for providing the basic civic services at door step of the area bounded by town planning, other schemes & non scheme area the Government has decided that the cost of providing the basic infrastructure shall be recovered in the form of fee by the ULB from the applicant concerned land owner at the prescribed rates. These orders were implemented by the Department of Local Government memo No. CTP (LG)-2011/134-280 dated 07-02-2011. The land owner shall be required to deposit 25% of the total amount of fee at the time of submission of request for sanction of scheme/group housing project/commercial project. Another 15% of fee and the amount of urban development cess @ 4% of the total amount of fee payable at the time of final adoption of scheme/sanction of project by the ULB. Balance 60% can be deposited in lumpsum or in instalment. In case the applicant applies for withdrawal of request for framing of scheme/sanction of project over his land, 10% of the total amount of fee shall be forfeited.

Test check of the records of collection of external development charges from the developers (Annexure A enclosed) revealed that an amount of Rs 552.25 lakh was lying outstanding to be recovered by the council kharar. Beside this the urban development Cess @ 4% is also recoverable. All out efforts may be made to recover the pointed out amount against EDC alongwith interest as applicable under intimation to audit. Similar cases may be reviewed at your end.

On being pointed out in audit, the department stated that all efforts are being made to recover the EDC charges alongwith interest.

Final compliance and action taken in this regard is awaited in audit.

Non auction of land deteriorated financial position of the council Rs 27.00 crore

A proposal to auction approximate 9 acres of land related to Municipal Council Kharar was prepared on 28.12.2009 and sent to the Director, Local Government (Government of Punjab) for approval. The land fallied in village Jhugian. The purpose to sale the land was to upkeep the water supply, sewerage and development works in the Jurisdiction of council Kharar.

Test check of the records revealed that though the proposal was sent to the Government of Punjab since 2009, yet the approval from the Government to auction the said land is under process. The land could not be auctioned due to non existence of elected body from 23.09.13 to 08.03.2015. This delay in auction of land has resulted into deteriorating the financial position of the council. Thus the department works and water supply & sewerage works are hampering and the residents of this area are deprived off the basic facilitation. If the land was auctioned on collectorate rate only even then Rs 27.00 crore (i.e. Rs 3.00 crore per acre) could have been earned by the council and with these resources not only the financial position of the council would have improved but also the upkeeping of water supply , sewerage and development works could have been executed. . All out efforts may be made to auction the land by taking the matter with the Government of Punjab.

On being pointed out in audit, the department stated in its reply that matter is pending at Government level. The land would be auctioned as per the order of the Government.

Final action taken by the Government is awaited in audit.

Para 5 Unfruitful expenditure due to under use of Fogging Machine.

As per guidelines for Dengue Surveillance and mosquitoes control 2nd addition of World Health Organisation (i) The environmental sanitation measures to reduce mosquito breeding sites, such as physical management of water containers improvement of water supplies and solid waste management (ii) chemical methods directed against adult mosquitoes such as insecticide space spray or residual spray. Legislation must play role with in larger context of community involvement in dengue vector central programmes launch space sprays operations in localities with the most cases and in crowded areas such as schools & Hospitals. Repeat applications after 7 to 10 days, if sufficient intercede is available. The vehicle should be driven at a steady speed of 6-8 km/h alongwith streets. Spray production should be turned off when the vehicle is stationery. At the time of spraying residents are requested to leave doors and windows open.

Scrutiny of the records relating to fogging machine usage revealed that in total no. wards, 9 villages and of dumping ground falling under jurisdiction of Kharar Council, are sprayed hardly once in a month w.e.f.19.04.13 to 31.03.2015, whereas at least three times in a month in each ward, village the spray cycle through fogging machine should have been completed against adult mosquitoes. Thus the expenditure incurred on the purchase and usage of 60300 litre diesel, 3350 litre petrol and medicine of 3350 litre remained unfruitful due to non adoption of the guidelines.

On being pointed out in audit, the department stated in its reply that there is only one fogging machine in the council and with this equipment one cycle in each ward and villages under the control of council can be used. However efforts are being made to purchase more fogging machine.

Reply of the department is not tenable due to non adherence of the guidelines issued by the WHO. The expenditure incurred on purchase of diesel petrol and medicines remained unfruitful.

Para 6 Unfruitful expenditure on incomplete works Rs 78.28 lakh.

It is the responsibility of the Executive Officer/Engineer to ensure the site hinderance free before floating of the tenders, so that the works should be executed completely in the stipulated time and within the estimated cost.

Test check of the records of development works revealed in 4 No. of works expenditure to the tune of Rs 2771019/- was incurred from 2013 till date, but these works remained incomplete due to none lying of sewer pipes. These works were started from 02/09/2013 with a time limit of six month, but due to this hinderance these works have been upheld till date. Similar objection was raised in the previous Inspection report amounting to Rs 92.71 lakh on 22 numbers of works. But by now 13 numbers of works after incurring an expenditure amounting to Rs 50.57 lakh are still incomplete. Latest position of these works has been incorporated in this Inspection report (annexure B enclosed) Thus the expenditure incurred amounting to Rs. 78. 28 lakh (Rs 50.57 lakh +Rs 27.71 lakh) remained unfruitful, as these works could not be put into use in full for the general public. All out efforts may be made to get these works completed within the allotted rates from these contractors. Similar cases may be reviewed at your end under intimation to audit.

On being pointed out in audit, the department in its reply stated that all efforts are being made to get these works completed.

Final compliance and action taken is awaited in audit.

Blockade of MPLAD funds Rs 12.45 lakh.

MPLAD funds are released by the MP's for the minor construction works/aff works. These funds are released by the concerned MP Alongwith full particulars of the works to be done, specifying the amount. As per guidelines of MPLAD funds, these should be spent during the same financial year and in case any funds are left with the executing agency for any reasons, the same needs to be refunded back so that these funds could be utilized in other works.

Test check of records of MPLAD funds revealed that the funds amounting to Rs 12.45 lakh was received by the Municipal council Kharar for the execution of 10 No. of works (Annexure C enclosed), but these works could not be started due to hindrance created by the organiser of these institutions. The delay in execution of these works will escalate in future and these works may not be completed within the received grant. Hence all out efforts may be made to execute these works to avoid escalation or the funds which are blocked be refunded back to the MPLAD funds under intimation to audit. As per bank statement Rs 1564587 is the balance. Hence it also needs reconciliation.

On being pointed out in audit, the department stated in its reply that these works were under process and final progress would be intimated shortly.

Final outcome is awaited in audit.

Para 8

Non submission of proof of purchase of Paver blocks by the Contractors Rs 33.27 lakh.

All the development works are being executed by the Government Departments on through rates, wherein the contractor at his own will arrange all the materials, labour etc. to be used. The Departments prepare analytical rates of each item to be executed in a particular work by adding the cost of material, VAT, excise duty, carriage, cost of labour and 10% contractor profit. Then the tenders are floated in open market to have competitive rates. Simultaneously it is the responsibility of the department concerned to keep a vigilant check on the purchase of material by the contractors, by verifying the original invoices to ensure that the element of all the taxes, which were included in the analytical rates have been paid by the contractors actually and the quality of the material purchased is ascertained.

Test check of the records relating to providing & fixing of Paver blocks in 6 numbers of wards/ villages falling under the jurisdiction of Kharar council revealed that expenditure to the tune of Rs 3327485 was incurred on purchase of paver blocks by the contractors. But no proof of genuine purchase i.e. invoice was produced by these agencies. In the absence of these invoices, there can be possibility of non payment of excise duty and other taxes by the contractor. Hence at random the invoices may be demanded from the contractors to verify the genuiness of these paver blocks and the taxes have actually been paid or not.

On being pointed out in audit, the department stated in its reply that the purchases of paver blocks will be obtained from the contractors and facts will be to the audit party at the time of next audit.

Final action taken by the department is awaited.

Para 9 Undue favour to the developers due to non completion of Project

Test check of the records of council Kharar revealed that Model & Extension No. 1 having total area of 14.35 Acres license was issued by GAMADA dated 03.09.2004. As per license developer was required to complete the development works such as construction of inner roads, construction of parks, construction of boundry wall, providing water supply & sewer within three years. Beside this as per lay out plan a site for construction of school and a community centre was to be left and required to be constructed by the developer inside the colony to facilitate the resident of the colony. It was noticed that the developer did not construct the community centre till date. Besides this 5 number of parks are also not maintained and the road conditions are also not good inside the colony. Thus the developer could not be issued completion certificates due to existence of such shortcomings.

Similarly in the Shiva enclave Kurali road, Kharar License No. 1445 dated 28.02.2005 was granted as promoter for developing a colony under the Punjab Apartment & Regulation Act 1995 on the land of 9.71 Acres. Senior Town planner SAS Nagar has approved the site plan of the project. The developer was required to complete the development work by 26.05.2008. But till date all the basic essential facilities regarding roads street lights, safety wall, gate sewerage system, park and development work not done by the developer. MC Kharar is responsible for issuance of approval duly approved by the STP Punjab for discharge of its treated sewerage water of the colony into sewerage system of MC Kharar at their own cost, but till date sewerage is being dropped out in open public plots of the colony causing pollution & threat to health of residents. On this issue the Hon'ble Court has also given their verdict. But nothing has been done so far.

All out efforts may be made to get these similar colonies regularised/ completed from the developers which will enable the MC Kharar to provide basic required services to the residents of these colonies and council will start generating revenue to its income. Similar cases may be reviewed at your end under intimation to audit.

On being pointed out in audit in audit, the department stated that the matter is pending with the Hon'ble court. Final outcome would be taken on the basis of the order of the Court.

Final compliance/ action taken in this regard is awaited in audit.

Non-adjustment of temporary advances-Rs 56.75 lakh

As per instructions of Government any temporary advance granted to Government employees/individuals and other agencies for specific purposes, accounts 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.

Test check of records and information obtained from the Municipal Council, Kharar showed that an amount of Rs 5674987 on account of temporary advances sanctioned to different agencies/officials for various purposes upto 31.03.2015 which has not been adjusted, details of which are as under.

Sr. No.	Name of Person/ Agency	Purpose of Advance	Amount outstanding as on 31.03.2015
1.	IOC Ltd.	Supply of Bitumen	5202037
2.	Shri Prem Lal Jr. Asstt.		4400
3.	Shri Sham Lal SI	Service of JCB	20000
4.	Shri Harpreet Singh, JE		83550
5.	Shri Hardarshanjit Singh, SI		365000
		Total	5674987

Non-adjustment of temporary advances for such a long period may lead to the possibility of misappropriation of amount/irregular retention of unspent balances. Moreover the Government has banned procurement of Bitumen since 2014, thus all out efforts may be made either to demand the required Bitumen from the IOC or the refund. In case the Bitumen is received, then consumption statement of the same may be shown to the Audit party at the time of next audit party.

On being pointed out in audit, the department stated in its reply that all efforts are being made to adjust these advances.

Final action taken is awaited.

Para 1.1 Short recovery of Property Tax Rs 1.66 crore.

Punjab Government Gazette (Extra) November 22, 2013 notified to levy property tax on residential, commercial and Industrial property, which came into force on and w.e.f the 1st day of April, 2013. Hence amendment in section 2 of Punjab Act 42 of 1976 of the Punjab Municipal Act, 1976 was made. Further, that the owner or the occupant, as the case may be, shall be at liberty to pay the tax on building and or land for the financial year 2013-14 as per the calculations 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. Revised notification was issued by the Punjab Government for payment of property tax for the year 2014-15, wherein the plot holders were exempted where the construction work was not started.

Test check of records revealed that there was short recovery of property tax amounting to Rs 1.66 crores from the defaulters since 01.04.2013 till date. All out efforts may be made to recover the outstanding amount of property tax under intimation to audit.

On being pointed out in audit, the department stated in its reply that notices under section 81 have been issued to the defaulters for the recovery of property tax alongwith interest.

Final recovery is awaited in audit.

Para 1.2 Non-Recovery of pending annual charges of Mobile Towers ₹1.80 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.

Test check of the records / files relating to mobile towers revealed that there was pending recovery amounting to Rs. 180000 recoverable from 7 numbers mobile

1.03.2015. (Annexure E enclosed). All out efforts may be made to recover amount under intimation to audit.

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

Final recovery is awaited in audit.

Para 13 Creation of liability Rs. 7.97 lakh.

Resolution no. 23 dated 07/05/2013 was passed by the elected body of the Council Kharar to purchase the vehicle for looking after the field works by the Engineering wing due to increase of area falling in the limits of MC Kharar. A Bolero ZLX 1353 was purchased for Rs 797160 on 18.06.14. Scrutiny further revealed that the said vehicle was handed over to the SDM cum administrator Kharar. Thus the purpose for which the vehicle was purchased remained forfeited.

Similarly another Mahindra Bolero PD 65L 5700 which was also under the control of SDM Kharar was stolen on 27/04/2014 was also the property of the council. The claim from the insurance company is under process.

Due to handing over the vehicle to the SDM Kharar the council has not only created a liability for Rs 7.97 lakh but also the purpose (i.e. to look after the field works by the Engineering Department) remained forfeited.

On being pointed out in audit, the department in its reply stated that the vehicle was handed over to SDM Kharar cum administrator as per the orders of Local Govt., Government of Punjab.

Reply of the department is not tenable, as the vehicle was demanded to look after the field works falling under the jurisdiction of the council, but the Engineering wing was deprived of from this facilitation due to transfer of the vehicle to the SDM.

Para 14 (A) Unjustified expenditure Rs 1.83 lakh

Municipal Council, Kharar is being run out of their own resources and the payment of pay & allowances etc of the employees who works in the council are made out of their income. Thus proper care should be made to avoid unjustified expenditure.

Test check of records of the council Kharar revealed that an expenditure amounting to Rs 183350 was incurred on POL and these cars belonged to other departments which was unjustified. Details are as under:

Sr. No.	Vr. No. & Date	Amount	Vehicle No.
1.	88 of 09/13	20817	Staff Car PB-23F-3042 (OSD Local Govt.)
2.	77 of 01/14	48347	CH01-GA-1005 (Chief Townplanner)
3.	95 of 09/13	4383	PB08BV-8041 (Repair Bill)
4.	112 of 09/13	14000	PB 11 BC 3034 (Insurance payment)

	13	30000	Pay to Sh. Ram Nath, Retd. Supdt. Election Office Chandigarh pay for 08/13
	of 12/14	7400	PB08-BG-7006 (Repair)
	92 of 02/15	10400	PB08-BG-9006 (Insurance)
	103 of 02/15	19946	PB65-6776 (Insurance)
9.	27 of 03/15	28057	PB65-B-1520 Petrol (Local govt.)
		183350	

Where as 2% from vat share etc is being deducted by the Local Govt., Govt. of Punjab from the council to meet up their administrative expenditure. The said expenditure on pol/etc. repair & insurance of vehicle should had been met up out of those deduction by the Local Govt. and not from council resources. Thus the said expenditure incurred on the vehicles pertaining to local govt. remained unjustified.

Para 1.3 (8) Irregular expenditure on drawl of pay & allowances

Similarly the employees who are getting pay & allowances from MC Kharar, but working in other offices is also irregular. (Details given below:)

- | | |
|-----------------------------------|-----------------|
| 1. Smt. Sunita Kumari, Jr. Asstt. | DDLG Chandigarh |
| 2. Sh. Gurdip Singh, Clerk | -do- |
| 3. Sh. Bharat Pardhan, Peon | -do- |
| 4. Sh. Pankaj Kumar, Clerk | DDLG Patiala |

Matter in this regard may be taken up with the Secy. Local Government under intimation to audit.

On being pointed out in audit, the department stated in its reply that the matter will be taken with the Government on this issue.

Final action taken is awaited in audit.

Para 1.4 Outstanding recovery of Rent- Rs 14.97 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.

Municipal Council, Kharar has its shops under its jurisdiction in different markets which have been provided to the tenants on monthly rent basis at the prescribed rates, as per agreement entered into between the M.C. and concerned tenants. The tenants are required to pay the prescribed amount of rent of respective shops to the Council.

During test check of records of Rent Branch and information supplied by the concerned branch it has been noticed that as on 31.03.2015, an amount of Rs 1496531 was outstanding against 28 numbers of shops on account of rent of Council Kharar shops.

On being pointed out in audit, the department stated in its reply that these 28 colonies are situated on Kharar Landra National Highway since long. As per the orders of the Punjab & Haryana High Court, due to widening of national highway the shop should not be rented out any more. However these shopkeepers are running their businesses prior to the order of court. All out efforts are being made to recover the rent through issuance of notices under PP Act.

Final recovery is awaited.

Para 15 Loss of revenue from unauthorized colonies

Unauthorized colony means a colony which has been developed in contravention of the provision of the Punjab Apartment and property Regulation Act 1995. Under this policy, the developer of the colony shall be bound to pay composition fee as fixed by the Government for getting the offence compounded. This policy shall provide one time settlement to unauthorised colonies in the state of Punjab. The composition fee charges are collected by the Deputy Director Local bodies Patiala after the necessary documentation alongwith application submitted by the applicant is verified by the experts of concerned councils. When finally the colony is approved to be regularised, then the concerned council receives a huge amount on account of passing of map fee as prescribed by the Government from time to time, depending on the size of each plot.

Test check of the records unauthorized colonies revealed that there are 229 numbers of colonizers submitted their applications to get them regularized. The MC Kharar after verification the application documents, sent all the documents to the Dy. Director Local Bodies Patiala for regularization. But by now only 39 colonies out of 229 have been approved, thus leaving 190 number of colony applications are pending. Hence due to non passing/regularization of these colonies by the Dy. Director Patiala, the Council Kharar have been loosing huge revenue on account of "map passing fee". As the maps can only be passed when these colonies are approved as regularized by the competent authority.

The matter needs to be taken up with the competent authority for early compliance to enable the council Kharar to receive revenue on account of map passing fee.

On being pointed out in audit, the department stated in its reply that the matter has been taken up with the competent authority for the regularization of these colonies. Final result would be conveyed to audit shortly.

Final outcome is awaited in audit.

Para 16 Irregular retention of Interest Rs 1.99 lakh

When so ever any grant is received for the execution of a particular scheme by the State Government/ Government of India/ MPLAD funds etc., then at the time of

Interest earned if any on these grants should either be spent on the scheme for which grant was received or the same may be refunded back to the agency.

Test check of the records relating to the grants i.e. 13th Finance Commission & MPLAD it was noticed that interest amounting to Rs 199893/- was earned since 2011-12 onwards, but the same was not refunded back to these fund releasing agencies. The amount earned as interest on this scheme may be refunded back under intimation to audit.

On being pointed out in audit, the department stated in its reply that the interest accrued of grant MPLAD & 13th Finance commission would be spent on development works.

Final action taken is awaited in audit.

Para 17 Cash Book

Following irregularities were noticed during scrutiny of bank statement and cash book.

(i) Receipt in Bank but not in cash book.

Scrutiny of the bank statement revealed that in the following instances the amount are appearing on the receipt side of bank statement but these have not been found entered in cash book.

SBOP A/C no. 5530160845

13-12-13	Centex Dep.	17496
31-12-13	CR INT CR	21920
19-12-14	Centex Dep.	28596
31-12-14	CR INT CR	16524

(ii) Non verification of credit of VAT Rs. 12.43 lakh.

VAT share amounting Rs. 12.43 lakh was taken in the receipt side of the Cash book on 26.03.2013 by book transfer. But the detail such as the credit pertained to which year/quarter/month was not made available to audit. This may be reconciled.

(iii) Non reconciliation of deposit and withdrawals

The reconciliation of deposits and withdrawals including interest earned was not done w.e.f. 01/2015 till date. The same may be done under intimation to audit of all the six bank accounts maintained in the council.

(iv) Difference of balance with the bank and release of MPLAD fund.

As per budget supplied by the department the balance of MPLAD fund is Rs 64587/- as on 31.03.2015. But as per Cash book and bank statement the balance of MPLAD fund is Rs 44074 whereas bank statement dated 05/01/2015 the balance shown as Rs 56690. The cash book needs to be maintained from day to day basis. Moreover interest amounting to Rs 12728 on 05.01.15 not incorporated in cash book. This may please be reconciled under intimation to audit.

(v) **Improper maintenance of 13th Finance Commission grant cash book**

Scrutiny of the cash book of 13th Finance Commission revealed that it has been maintained upto 14/11/2014 showing the balance of Rs 44074 whereas bank statement dated 05/01/2015 the balance shown as Rs 56690. The cash book needs to be maintained from day to day basis. Moreover interest amounting to Rs 12728 on 05.01.15 not incorporated in cash book.

(vi) **Multiple bank accounts**

It was further 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
	S.B.O.P Kharar	55030160845
	H.D.F.C. Bank Kharar	08121450000282

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

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

Part- III 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.


21/5/15
Sr. Audit Officer (vetting)