

उत्तर प्रदेश लेखा विभाग
कमांक नं: १००
दिनांक: 14/5/18

कार्यालय प्रधान महालेखाकार (लेखा परीक्षा) पंजाब, चंडीगढ़

कमांक: - 18-19 SS-I/ Vetting Section/17-18/ 145-148

दिनांक. 21/5/2018

सेवा में.

Executive Officer,
Municipal Council,
Kharar, Distt. SAS Nagar

विषय:- 04/17 to 03/18 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 04/04/2018 to 11/04/2018 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. जो कि गम्भीर आपत्ति है और उसे सीओजीओ 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-

व. लेखा परीक्षा अधिकारी

प्रति निम्नलिखित को भेजी जाती है

1. The Director Urban Local Bodies, Punjab, Municipal Bhawan Sector- 35 Chd.
2. The Secy. Urban Local Bodies, Punjab Municipal Bhawan Sector- 35 Chd.
3. Director, Economic & statistical department Vitt Yojana Bhawan Plot-2B 33 A Chanidgarh.

व. लेखा परीक्षा अधिकारी

Audit and Inspection Report on the accounts maintained in the office of the Executive Officer, Municipal Council, Kharar, District Mohall for the period April 2017 to March 2018.

Part-I Introductory

Audit and Inspection report on the accounts maintained in the office of the Executive Officer, Municipal Council, Kharar Distt. Mohall for the period April 2017 to March 2018 was conducted by an audit party headed and supervised by *Sh. R K Sharma, Asstt. Audit Officer* from 04.04.2018 to 11.04.2018. *The Audit was assisted by Sh. Rohit Kumar, Asst. Audit Officer and Sh. Tarsem Lal Sr. Auditor.*

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 15 k.ms 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

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. Kulbhushan Goyal	09.01.2017 to 05.06.2017
2.	Sh. Sandeep Tiwari	05.06.2017 to till date

Budget allotment and Expenditure

The position of budget allotment and expenditure for the year 2017-18 was as under:

Year 2016-17	Opening Balance	Income	Total	Expenditure	Closing Balance
M.C. FUND	1336.71	4326.85	5663.56	4882.97	780.59
URBAN MISSION	96.52	3.16	99.68	-	99.68
MP LAD	11.36	0.43	11.79	-	11.79
14 th Finance Commission	45.87	127.82	173.69	79.43	94.26
IHC	3.82	10.63	14.45	3.31	11.14

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 1B Non production of records:- Contractor ledger for the year 2017-18

Part 1C Schedule of persistent irregularity:- Nil

Part-II (A) Significant Findings

Nil

Part-II (B) Other Audit findings

Para -1: Outstanding recoverable amount of water supply & sewerage charges-Rs.432-18 lakh

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.

During scrutiny of the record relating to water charges for the year 2017-18, it was revealed that as on 1/4/17, an arrear of Rs.18709568/- was lying outstanding which needs to be recovered from the defaulters. During the year 2017-18, demand of Rs.23060400/- was made with total recoverable amount aggregating to Rs.41769969/-, out of which only Rs.16459498/- was received including rebate from the defaulters and thus leaving a balance amount of Rs.25359331/- yet to be recovered along with penalty.

Similarly, scrutiny of the record relating to sewerage charges for the year 2017-18, revealed that as on 1/4/17, an arrear of Rs.10110425/- was lying outstanding which needs to be

recovered from the defaulters. During the year 2017-18, demand of Rs.17897951/- was made with total recoverable amount aggregating to Rs.28008376/-, out of which only Rs.10150020/- was received including rebate from the defaulters and thus leaving a balance amount of Rs.17858356/- yet to be recovered along with penalty.

On being pointed out in audit, the department that the said amount will be recovered soon.

Final reply is awaited.

Para-2 Unjustified expenditure on purchase of car Rs.40.48 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. Besides 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 levying 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 test check of records for the year 2017-18, it was found that One no. vehicle Innova was purchased in the month of 3/18 vide Vr.no 75 cheque No 087292 dt.22/3/2018 for Rs. 21.01 lakh but is being used by O/o Director U.L.B, Punjab, Chandigarh. Temporary No allotted to vehicle is PB 27-2785 ,INNOVA Car was also purchased on 15.02.2017 for Rs. 1947296/- for the use of Chief Vigilance Officer in the office of 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, which needs Justification.

On being pointed out in audit the department stated the expenditure was incurred with the orders of higher authority. The reply is not tenable as the expenditure seems to have been incurred arbitrarily. Final reply is awaited.

Para-3 Irregular drawl of Pay and Allowances due to diversion staff Rs.106.27 lac

The Govt. of Punjab Department of Finance vide its letter no.7/12/97/118600 dated 10.09.97 and no. 8/1/2003-05 FPI/dated 24.02.2003 stated that DDO should draw pay and allowances in r/o only those employees who are actually working in their establishment.

During test check of records office of Municipal Council Kharar, it was noticed that the of following official working at other place but their pay and allowances were drawn and paid by this office as detailed below-

(Rs.in lacs)

Sr No.	Name of Officers/ officials	Designation	Place of Posting	Period from	Pay & allowance drawn (Rs.)
1	Jagjit Singh Sahi	E.O	CVO office Chandigarh	17/6/17 till date	772668
2	Gurdeep Singh	Jr.Asstt	DLG office, Chandigarh	1/4/12 till date	3236604
3	Pankaj Raj	Clerk	DDR Office, Patiala	1/4/17	526428
4	Ashu Kalra	-do-	-do-	-do-	129780
5	Bharat Bhardhan	Peon	-do-	Since 2007	4971672
6	Sandeep Kumar	Sweeper	-do-	1/4/17	310368
7	Seenam Computer Operator	9200	-do-	1/4/15 till date	340000
8	Satbir	9200	-do-	-do-	340000
				Total Rs.	10627520

The above officials are working in another office and drawing pay and allowances from this office in contravention to the rules ibid.

On being pointed out in audit, the department stated the salary was drawn by the order of higher authority.

Final reply is awaited.

Para-4 Non levy of liquidated damages

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 of 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 ranging from one to three months from its actual date of completion. Thus the liquidated damages @ 10% on the total contract value of works executed were required to be levied. Neither the contractor applied for EOT, which in case of any hindrance was required to be applied within 15 days of occurrence of hindrance, nor the department levied liquidated damages which has resulted into undue favour to the contractors

On being pointed out in audit, the department stated that compliance will be made in future.

The final compliance is awaited.

Para-5 Non recovery of House tax & property tax Rs. 214.00 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 2018 and scrutiny of House tax record, it was noticed that an amount of Rs. 200.00 lakh was to be recovered from the defaulters as on 01.04.2017. But till 31.03.2018 only Rs.8.00 lakh were recovered and Rs.8.00 lakh were given as rebate on account of House tax with outstanding amount of Rs. 184.00 lakh which needs to be recoverable from the defaulters who have not 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.

Similarly, with the start of property tax there was no arrear at the beginning of FY 2017-18. However, a demand of Rs.250.00 was made as target, out of which Rs.190.00 lakh was achieved and Rs.30.00 lakh was given as rebate thus pending amount of property tax was also to be recovered.

On being pointed out in audit, the department stated that the house tax will be recovered soon.

Final compliance is awaited.

Para-6: Non-collection and contribution to Cancer & Drug Addiction Treatment infrastructure Fund Rs.3.80 lakh

Govt. of Punjab Department of Local Govt. (Local Govt.-3 Branch) vide letter no.2/7/2012-5SS3/227853/1 dated 26-5-2014 has intimated that property tax is being collected by the Councils/Councils in its respective jurisdiction in compliance to decision of the Council of Ministers Punjab on dated 15-6-2013, therefore 2% of such collected property tax is required to be

deposited to Punjab State Cancer and Drug Addiction Treatment Infrastructure Fund under Head of Account 0210-Medical & Public Health,80-General,800-Other receipts, 86-Punjab state Cancer & Drug Addiction Treatment Infrastructure Fund and a copy of challan in support of deposit of said amount may be sent to Managing Director, Punjab Health System Council, Mohali for information.

Test check of records in the office of Executive Officer, Municipal Council, Kharar for the year 2017-18, it was noticed that an amount of Rs. 190.00 lakh was collected during the above year as property tax but the department neither collected ,nor contributed an amount of **Rs 3.80 lakh**, @ 2 per cent of Rs 190.00 lakh,to Cancer & Drug Addiction Treatment Infrastructure Funds, which resulted into non adherence of Government instructions ibid.

On being pointed out in audit, the department stated that the contribution of the said amount will be remitted soon.

Final reply is awaited.

Para-7 Non-recovery of shop rent Rs.20.31 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 2017-18, it was noticed that there were in all 68 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 20 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.2031387/- being unpaid rent of shops as on 31/03/2018.

On being pointed out in audit, the department stated in its reply that the shop rent will be recovered soon. Final reply is awaited.

Para-8: Misc irregularities in respect of works

(1) Works of paver blocks:- During test check of records of works executed under jurisdiction of M C Kharar during the period covered under audit,it has been noticed that the different works were executed from MC funds and grants including laying of paver blocks. As per guidelines, minimum five years experience is required for a contractor/Firm for the above work and a certificate of experience must be enclosed with

the file. Further tiles of BIS approved are required to be used but no certificate was found attached in this regard. In some cases field and lab test reports from an engineering college/Technical institution as approved by Punjab Government was not found attached in contravention of the rules.

(2) **Non covering of road taxes with premix:-** The executing agency should ascertain that work up to SDBC level is completed in r/o roads/streets or if completed up to WBM level, a binder of track coat is necessary.

During test check of records relating to construction of roads, it was noticed that work up to the WBM level was executed in few cases including one in ward No.8 which was completed in 06/13 but no bitumen work was exerted to cover the ready laid WBM/Gatka (Pavements stone). Due to this the surface started uplifting in a portion of street road in new Mata Gujri enclave, Mundi Kharar. The work was executed by M/s Oasis technos ltd but no penalty was imposed by the M C for this irregularity and expenditure incurred became unfruitful.

(3) **Incomplete documentation:-** Test check of record relating to works provided to various contractor/Firms revealed that work order was allotted to them without complete documentation as briefed below-

- Contract agreements were entered into with the contractor in a casual manner. The same were not signed by witnesses, no work order/date was mentioned in most of the agreement. The agreements was signed late ranging from 30 to 45 days after giving work order, resulting into late start and completion of works
- Date of start, date of completion of works and extension, if any demanded and given not mentioned in any work.
- No certificate from the contractors/Firms enclosed showing being black listed by the MCs.
- As per conditions previous three ITRs are required to be furnished by the contractors on application for allotment of works but no ITRs were find enclosed.
- Resolution No. and date not mentioned in rough coast sheet

(4) **Non refund of security deposit: -** Security deposit @ 10% of total cost is being deducted from bills of contractor which was to be refunded within three months after completion of works. Test check of records revealed that an amount of Rs.12.89 lakh deducted as security deposit from 16 No's of contractor (list enclosed) was still not refunded to them.

(5) Non maintenance of contractor ledger.

Rule XIII.15 of the Punjab Municipal Account Code, 1930 provides that a contractor ledger shall be maintained in the account office of the corporation in Form MW 15, in which details of all the transactions in connection with the works of contractors shall be entered.

However, test check of records revealed that no contractor ledger is being maintained in this office. In the absence of which the details of works executed by the contractors, payment made to them and other details cannot be verified in audit.

On being pointed out in audit, the department stated the compliance will be made in future.

Final reply is awaited.

Para-9 Non-recovery of annual renewal charges for Mobile Towers-Rs 71.42 lakh

The Government of Punjab, Department of Information and Technology vide its letter dated 11.02.2005 had fixed one time installation charges @ Rs 10000 and annual renewal charges @ Rs 5000 of BTS/CDMA Mobile Towers. Further, vide No. INFRA/GUIDELINES/TELECOM INFRASTRUCTURE/13546A dated December 5th, 2013, Government of Punjab Department of Industries and Commerce issued guidelines regarding revision of one time installation charges of mobile towers in corporations/MCs. Accordingly Rs 25000/- for one time installation charges has been prescribed in C class MCs.

During test check of records and information obtained in respect of Mobile Towers installed within the jurisdiction of Municipal Council Kharar, it has been noticed that Municipal Council has not recovered annual renewal charges of Rs 71.42 lakh from various Companies of Mobile Communication Towers upto the year 2015-18 as per detailed below:

Sr. No.	Name of agency	No of tower	Period	Pending amount in Rs. lakh
1	Bharti Airtel	10	2015 -16 to 2017-18	11.50
2	Voda fone	10	-do-	11.05
3	Hutch	1	-do-	1.15
4	Excel	1	-do-	1.10
5	Reliance Infra	3	-do-	3.30
6	Indus	2	-do-	2.30

7	Tata Tele	1	-do-	1.15
8	Reliance Jio	38	-do-	23.15
9	BSNL	3	-do-	3.22
10	Viom	10	-do-	8.00
11	Videocon	6	-do-	4.00
12	Tower Vision	2	-do-	1.00
13	Ascend	1	-do-	0.50
			Total Amount	71.42

On being pointed out in audit, the department stated in its reply that due to rise in charges of renewal, the companies filed case against the council. The balance recovery will be made soon.

Final reply is awaited.

Para-10 Un-authorized occupation of Municipal, land.

Rule (5) (2) of Punjab public Premises and land (Eviction and Rent Recovery) Act, 1073 relating to eviction of unauthorized persons provides that if any person refuses or fails to comply with the order of eviction within thirty days of the date of its publication under sub-section (l), the collector or any other officer duly authorized by him in this behalf may evict that person from and take possession of the public premises it any, for that purpose, use such force as may be necessary.

During test of records of Municipal Council ,Kharar it was revealed that land measuring 520 Kanal, 11 marla of 09 villages (under MC kharar) was illegally occupied by various persons as detailed below:

Name of Area MC.	Area of land (kanal-marla)	Since occupied
Kharar	9-11	No record provided
Khanpur	8-12	-do-
Auzala	48.05	-do-
Khuni Majra	3.00	-do-
Chajumajra	3.08	-do-

Bhadala Naia	132-13	-do-
Mundi kharar	38.14	-do-
Chugian	86-14	-do-
Fathehulapur	187-06	-do-
Total Rs.	520-11	-do-

On being pointed out in audit, the department stated in its reply that the final decision of court is awaited

Final reply is awaited.

Para-11: Irregular expenditure on petrol/diesel/repair Rs. 13.72 lakh

During scrutiny of the records relating to vehicles of M.C.Kharar for the year 2016-18, 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	PB23F-3042	Chief Engineer	25000	04/16 to 03/17	3.00
2	PB08B47006	Chief Engineer	25,000	1.4.16 to 31.3.17	3.00
	-Do-	-Do-		1.4.17 to 31.3.18	4.28
3	CHC01GA 2004	DLG		-Do-	1.86
4	CHC01GA 2009	CAO		-Do-	1.58
Total					13.72

On being pointed out in audit, the department stated in its reply that as per instruction issued by the higher authority and expenditure was incurred. Reply is not tenable as the expenditure incurred was not covered under any rules and was irregular.

Final reply is awaited.

Para-12: Non disposal of unserviceable articles Rs 0.95 lac

Rule 15.3 of PFR Vol-1 providing that all head of offices/department should prepare a list of unserviceable items for machinery/ stores every year on 1st January and 1st July and should forwarded to the committee for the propose of the findings and ensure disposal of unserviceable articles so as to fetch revenue by its auction/sale .

During test check of records it was noticed that unserviceable articles valuing Rs. **95282/-** as detailed below were lying in the O/O M.C.Kharar required to be disposed off.

S.No	Name of Item/Article	Qty	Money value(Rs)
1	70W Choke	1850	12950
2	150W Choke	409	3681
3	70 W Bulb	4531	2265
4	150 W Bulb	1028	524
5	Igniter	1392	1392
6	40 W Choke	142	710
7	10 MM Wire	70Kg	700
8	6MM Wire	85 Kg	850
9	4MM Wire	55KG	550
10	2.25MM Wire	26Kg	260
11	Garlage	15 Nos	45000
12	Wheel Barrow	20 Nos	5400
13	Waste Newspaper	2000Kg	14000
14	Almirha Big	5	7000
		Total Rs.	95282

On being pointed out in audit, the department stated in its reply that it has been noted for future compliance.
Final reply is awaited.

Para-13 Unspent balance of various schemes: Rs. 117.20 lakh

As per sanctions of various schemes funds should be utilized for the purpose for which it has been received and unspent amount, if any, should be refunded to the respective agency at the earliest.

During test check of cash book of grants, it was noticed that an amount of Rs. 117.20 lakh was unutilized as on 31.03.2018. The details of unutilized funds is as under:-

Sr.No	Name of the Grant	Unutilized amount as on 31.03,2018
1	Swachh Bharat Mission	9426430
2	PIDB & 14 th Finance Commission	9426430
3	MPLAD	1179724
Net		11720711

On being pointed out in audit, the department stated in its reply that the unspent balance will be utilized in due course.
Final reply is awaited.

Para-14: Low achievement of target

Chapter VII, I (2) of Municipal Account code states that tax supdt. in any other duty imposed upon them by those rules shall be responsible for the assessment and collection in accordance with these rules of all the taxes and of such other fees and dues as the corporation or committee may direct.

During examination of the Income statement of Municipal council Kharar it was noticed that target fixed were not achieved during 2017-18, as for details given below.

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Head	Budget in lakh	Income in lakh actual	Deficit	Percentage achieved
Octroi on electricity	120	55.68	64.32	46.4
Property tax/House tax	250	198.88	51.12	79.55
Water rate/Sewerage	350	270	79.28	77
Advertisements	20	14.15	5.85	71
Sale of property	2200	Nil	2200	0
License fee	3.00	2.23	0.77	74

Above Table shows that target were not achieved ranging between 0 to 54 percentage. All out efforts may be made to achieve the required the targets.

On being pointed out in audit, the department stated in its reply that the efforts are being made for achievement of the target.

Final reply is awaited.

Para-15 Excess expenditure on establishment against the norms fixed by the govt.

The Government of Punjab, Department of Local Government issued instructions every year to all the Urban Local Bodies regarding preparation of budget estimates of respective years and to keep the expenditure on establishment against the annual total income of MC in the range between 35 per cent to 20 per cent. Where the total annual income of MC is upto Rs 2.00 crore percentage of expenditure on establishment should not be more than 35 per cent and where the total annual income of MC exceeds Rs 10.00 crore, percentage of expenditure on establishment should not be more than 20 per cent of total annual income.

During test check of records and information obtained for the period 2017-18 from the office, it has been noticed that expenditure on establishment was incurred amounting to Rs. 1040.55 lakh against the total income of Rs.43265.85 lakh which was more than 20 percentage of total income that is Rs.90.55 lakh in contravention to the instructions issued by

the Government. Similarly, expenditure on contingency was incurred in excess over the budget provision i.e.27.66 lakh (129.16 lakh-101.50 lakh)

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under:

On being pointed out in audit, the department stated in its reply that these expenditure exceeded as per order of the Director Local Government Punjab.

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Final reply is awaited.

Para-16: Non reconciliation of transactions with the bank

Financial Rules provide that the reconciliation at the end of every month between the cashbook balances and pass book balance to get the difference, if any, between the two.

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During the test check of records the Office of M C Khakar, Audit observed that the reconciliation of funds/income collected is not being made due to which the following differences between the cash book and pass book balance was noticed as on 31.03.2018:

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Date	Balance as per pass book	Balance as per cash book	Difference
31.03.2018	8,71,08,08,571	10,80,01,96,724	2,08,93,88,153

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On being pointed out in audit, the department stated in its reply that the difference between the figure as per bank and cash is due to non encashment of cheques. The cheques will be encased soon

Final reply is waited.

Para-17: Non-remittance of Labour Cess to the Punjab Building and Other Construction Workers' Welfare Board Rs.412.22 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 2017-18 and scrutiny of records relating to labour cess collection it was noticed that an amount of Rs.4,87,04,498/- was collected as labour cess from the applicants for approval of their layout plans for the construction of buildings and other construction works during the period from April 2017 to March 2018 and An amount of Rs.10,60,20,300/- could be remitted to the Board

but 6,47,97,385/- has been remitted to the Board till 31.03.2014. The summary of labour cess is as under:-

Previous outstanding labour cess due to remit as on 31.03.17	Labour cess collected from 04/17 to 03/18	Total Labour cess	Remitted labour cess as on 31.03.18	Net labour cess due to remit as on 31.03.18
5,73,15,802	4,87,04,498	10,60,20,300	6,47,97,385	4,12,22,915

On being pointed out in audit, the department stated in its reply that the labour cess will be remitted soon and shown to audit

Final reply is waited.

Para-18 Non-conducting of physical verification of stores/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 once in three years by a member or members of the Committee specially appointed.

Test check of records of stores and stocks showed that physical verification of the stores and stocks was not conducted during the audit period which was in contravention to the rule ibid.

On being pointed out in audit, the department stated that physical verification of stores/stock for the audit period will be made soon and shown to audit.

Final reply is awaited.

Part-III Follow up on findings outstanding from previous report

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	Low projection of budget/target from recover of House Tax	stand

	Section B	and on recovery of House Tax Rs 3.82 crore.	
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
	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	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
	9	Improper issue of licenses for trade premises in MC area	stand
2016-17	1	<i>Non-remittance of Labour Cess to the Punjab Building and Other Construction Workers' Welfare Board Rs.411.95 lakh</i>	Settled
	2	unjustified expenditure on purchase of car Rs.19.41 lakh	Settled
	2A	Irregular expenditure on petrol/ diesel for Rs. 6.00 lakh	Settled
	2B	Irregular expenditure on diversion of staff Rs.77.00 lakh	Settled
	3	Unfruitful expenditure on W.B.M Rs.18.90 lakh	Settled
	4	Undue favour to the contractor Rs.46.00 lakh	Stand
	5	Excess expenditure due to richer specification Rs.20.68 lakh	Settled
	6A	Irregularity in preparation of estimates	Settled
	6B	Faulty agreements	Para stand
	7	Improper MTC of MB and non-physical verification at Hot mix plants.	Stand
	8	Non levy of liquidated damages Rs.12.23 lakh	Stand
	9	Outstanding recoverable amount of water charges-Rs.2.05 Crore	Settled

10	Non recovery of House tax Rs. 199.02 lakh	Settled
11	Short recovery of Property Tax from 17332 units	Settled
12	Irregular retention of MP LAD funds Rs.11.36 lakhs	Stands
13	Non-collection and contribution to Cancer & Drug Addiction Treatment infrastructure Fund Rs 11.01 lakh.	Settled
14	Non-recovery of shop rent Rs.16.47 lakh	Settled
15	Miscellaneous irregularities:- 1.Improper maintenance of Grant register II. Non conducting of physical verification III. Multiple bank account	Stand Settled Settled Para stand
16	Para 16 Physical Verification	Stand

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 are 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.


Sr. Audit Officer(V)