

कार्यालय प्रधान महालेखाकार (लेखा परीक्षा) पंजाब, चंडीगढ़

क्रमांक: SS-1/ Vetting Section/16-17/ 746-49

दिनांक. 23/8/2016

सेवा में,

Executive Officer,
Municipal Council
Kharar

801
29-8-16

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Acutt

विषय: - 04/2015 to 03/2016 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 21 /07/2016 to 29//07/2016 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 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-

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व. लेखा परीक्षा अधिकारी

प्रति निम्नलिखित को भेजी जाती है:-

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

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व. लेखा परीक्षा अधिकारी

Local Audit and Inspection Report on the accounts maintained in the office of Executive Officer, Municipal Council, Kharar for the period April 2015 to March 2016 under Section 20 (1) of the CAG (DPC) Act, 1971

Part-I-A (i) Introductory

Audit and Inspection on the accounts maintained in the office of Executive Officer, Municipal Council, Kharar for the period April 2015 to March 2016 under Section 20 (1) of the CAG (DPC) Act, 1971 was conducted by an audit party headed by Sh Vir Bhan, Asstt. Audit Officer and supervised by Sh Sanjay Sapru, Audit Officer. from 21/7/16 to 29/7/16. 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 Pr. Accountant General (Audit) Punjab, Chandigarh disclaims any responsibility for any mis-information and or non information on the part of the audited entity.”

The office of Municipal Council, Kharar is situated near bus stand Kharar having telephone No. 01602283754 and E-mail ID mck.kharar@yahoo.co.in

The charge of the post of the Executive Officer was held by Shri Sukhjinder Singh Sidhu during the period covered under audit.

The position of income and expenditure of the Council during the period covered under audit was as under:

(Fig. in lakh)

Year	Opening Balance	Income	Total	Expenditure	Closing Balance
2014-15	155.38	3276.79	3432.17	3111.10	321.07
2015-16	321.07	2937.61	3258.68	3057.52	201.16

Part 1-A (ii) Non-production of records

Nil

Part 1 B Review of old objections.

These paras are 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 connection 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 Gobind Singh College, Kharar.
 Para stands.

Section "B"

- Para 4 Low projection of budget/target fro recovery of House Tax and on recovery of House Tax Rs 3.82 crore.
 Para stands.
 Para 8 Avoidable expenditure Rs 1.48 lakh. ✓ (1)
 Settled.
 Para 10(A) Irregular payment on items of non approved rates.
 Settled. ✓ (7)

LAR 04/2013 to 03/2015

Section "A"

- Para 1 Utilization of grants without eligibility Rs 73.19 lakh.
 Para stands.
 Para 1 (A) Diversion of funds Rs 14.17 lakh.
 Para stands.

Section "B"

- Para 2(A) Short recovery of water and sewer charges Rs 2.46 crore.
 Settled. ✓ (2)
 Para 2(B) Non recovery of water and sewerage charges 133.28 lakh.
 Settled. ✓ (4)
 Para 2(c) Outstanding recoverable amount of water and sewerage charges Rs 49.46 lakh.
 Para stand .
 Para 3 Non recovery of EDC from developers Rs 552.25 lakh.
 Settled. ✓ (5)
 Para 4 Non auction of land deteriorated financial position of the Council Rs 27.00 crore.
 Para stands.
 Para 5 Unfruitful expenditure due to under use of Fogging Machine.
 Settled. ✓ (6)
 Para 6 Unfruitful expenditure on incomplete works Rs 78.28 lakh.
 Settled. ✓ (7)
 Para 7 Blockade of MPLAD funds Rs 12.45 lakh.
 Settled. ✓ (8)
 Para 8 Non submission of proof of purchase of paver blocks by the Contractors Rs 33.27 lakh.
 Para stand
 Para 9 Undue favour to the developers due to non completion of projects.

- Para stands.
- Para 10 Non adjustment of temporary advances Rs 56.75 lakh.
Settled. ✓ (9)
- Para 11 Short recovery of Property tax Rs 1.66 lakh.
Settled. ✓ (10)
- Para 12 Non recovery of pending annual charges of Mobile Towers Rs 1.80 lakh.
Settled. ✓ (11)
- Para 13 Creation of liability Rs 7.97 lakh.
Settled. ✓ (12)
- Para 13(A) Unjustified expenditure Rs 1.83 lakh.
Para stands.
- Para 13(B) Irregular expenditure on drawl of pay and allowances.
Para stand
- Para 14 Outstanding recovery of Rent Rs 14.97 lakh.
Settled. ✓ (13)
- Para 15 Loss of revenue from unauthorized colonies.
Settled. ✓ (14)
- Para 16 Irregular retention of interest Rs 1.99 lakh.
Para stands.
- Para 17 Cash Book
- (i) Receipt of bank but not in cash book.
 - (ii) Non-verification of credit of VAT Rs 12.43 lakh
 - (iii) Non reconciliation of deposit and withdrawals.
Settled.
 - (iv) Difference of balances with bank and release of MPLAD fund.
Settled.
 - (v) Improper maintenance of 13th Finance Commission grant cash book.
Settled.
 - (vi) Multiple bank accounts.
Settled.

Part 1 C Schedule of persistent irregularities.

NIL

Part -II Section -A

NIL

Part -II Section - B

Para 1 Non-remittance of Labour Cess to the Punjab Building and Other Construction Workers' Welfare Board- Rs 141.00 lakh

Section 39(1) of the Building and Other Construction Workers' Welfare Cess Act, 1996 provides that cess would be collected at the rate of one percent of the construction cost. Further, Rule 5 (3) of the Building and Other Construction Worker' Welfare Cess Rules, 1998 provides that the cess collected should be remitted to the board within 30 days.

During test check of records and information obtained from accounts branch it was noticed that labour cess was collected during the 2015-16 by the office of the Municipal Council from the applicants for sanctioning layout plans for the construction of buildings and other construction works, but instead of remitting the collected cess to the Board treated it as its income and utilized it towards the expenditure, which was in contravention of the instructions issued by the Government.

Year	Labour cess collected	Amount sent to board	Amou not sent
2015-16	Rs 266.00 lakh	Rs 125.00 lakh	Rs 141.00 lakh

As evident from the above table Municipal Council had utilized huge amount of Rs 141.00 lakh instead of remitting the same to the board. The action of the Council in utilizing and retaining the labour beyond 30 days of its collection and treating the same as its income and utilizing it towards its own departmental expenditure was irregular.

On being pointed out it was stated that labour cess would be sent. Final action taken is awaited.

Para 2 Outstanding recoverable amount of House Tax/Property Tax- Rs 269.36 lakh

Municipal Council Kharar levies house tax on building under the jurisdiction of Municipal Council at the specified rates fixed by Government from time to time and makes collections against demands issued to the assesses. Section 104 of the Punjab Municipal Corporation Act, 1976 provides that Corporation/council shall prepare for whole or any part of the city a new assessment list every year, or adopt the rateable values contained in the list for any year with such alterations as may in particular cases be deemed necessary.

Test check of records and information obtained pertaining to house tax assessment and collection for the year 2013-14 to 2015-16 revealed that there was an

arrears of House Tax for Rs 381.00 lakh in the year 2013-14 and out of which only an amount of Rs 111.74 lakh was collected upto 31.03.2016 and an amount of Rs 269.36 lakh was still recoverable. Similarly, there are 33,288 property tax holders in the jurisdiction of MC Kharar, out of which property tax has been collected only from 17,542 property tax holders upto 31.03.2016. This has resulted into short realization of tax.

On being pointed out in audit it was replied that efforts are being made to recover the outstanding house tax/property tax.

Final action taken is awaited.

Para 3 Non-recovery of shop rent Rs. 20.85 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.

Test check of records relating to shops and information provided by the department to audit revealed 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. 49,604/- for 4 shops of Main Bazar and Rs. 20,35,733/- of 28 shops at the property of Government of India as on 31/03/2016.** However, there was no pendency on land of PWD Shops.

On being enquired the right / rationale to receive the rent of the shops belonging to properties other than Municipal Council which must be in the **agreement / files of the shops**, and **reasons for non-recovery of rent amounting to Rs. 20,85,337/-**, it was stated that files related to the shops would be searched out as these are about 50 years old and action would be taken as per agreement. Final action taken is awaited.

Para 4 Non-recovery of annual renewal charges for Mobile Towers-Rs 6.58 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.

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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 Khara it was noticed that Municipal Council had not recovered annual renewal charges of Rs 6.58 lakh from Vodafone Company, upto the year 2015-16 as per annexure attached.

On being pointed out in audit it was replied that efforts are being made to recover the outstanding Mobile towers fee. Final action is awaited.

Para 5 Non-submission of utilization certificates of grants-Rs 199.33 lakh ✓

As per Rule 8.14, of Punjab Financial Rules, Vol. I, the Head of office is required to obtain the utilization certificates within prescribed period from the body/agency to whom the grants were released so as to ascertain that funds were actually been utilized for the purpose for which these were released. If no time limit is fixed by the sanctioning authority and the portion of amount not ultimately required for expenditure upon the object should be surrendered to the Government immediately.

During test check of records and information obtained for the year 2015-16 relating to grants received and its utilization it was noticed that various grants were received for development works under the jurisdiction of Council, but the same had not been fully utilized (July 2016). This had resulted into non submission of utilization certificates as detailed below:

(Fig. in lakh)

Sr. No.	Purpose	Date	Amount
1.	14 th Finance Commission	01.09.2015	8592117
2.	PMIDC	11.02.2016	2943000
3.	Urban Mission	31.03.2016	7398000
		Total	18933117

It was evident from the above table that the grants received, were neither fully utilized, nor utilization certificate sent by the Council.

On being pointed out during audit it was replied by the Council that utilization certificate would be sent after utilizing the full amount. However, final compliance awaited. in audit

Para 6 Outstanding amount of advertisement fee-Rs 6.01 lakh.

The Municipal Council, Kharar issued work order No. 272 dated 01.06.2015 for outdoor advertisement to Media Solution, SCO No. 24, Industrial Area, Phase 2, Ram Darbar Chandigarh for a period of three years. The yearly fee relating to outdoor advertisement was Rs 19.20 lakh which was to be deposited on monthly basis. An amount of Rs 6.01 lakh was outstanding out of Rs 16.00 lakh as on 31.03.2016. No action was taken against the firm by the Council to recover the outstanding amount of Advertisement fee which resulted inaction by the Council, in contravention of the agreement made between Municipal Council and firm.

On being pointed out in audit it was stated that efforts would be made to recover the balance amount of advertisement. Final action taken is awaited.

Para 7 Improper maintenance of General Cash Book.

According to Rule III.1 of Municipal Account Code 1930, all money received or spent by or on behalf of the Corporation shall without any reservation be brought to account in the General Cash book to be maintained in Form G.2. A Chest book in Form G.2-A shall also be maintained. It shall contain day to day record of the cash received and disbursed/credited. Cash book (Form G.2) shall each day be checked, closed, balanced and signed by the authority competent and at the end of each month it shall be compared and agreed with the bank/treasury records. Further, Rule III (4), provides that if, on comparison of the General Cash book with the bank records/treasury it appears that any cheque has remained uncashed for an unduly long period, enquires shall be made with regard to such cheque and, if it cannot be traced, payment of the same shall be stopped by order of the drawing officer.

During test check of General Cash Book and connected records for the year 2015-16, the following deficiencies were noticed during the month of March 2016:

- i) **An old amount of Rs 1,33,25,955/- was entered as minus entry in the cash book in the month of March 2016 which was deposited as per cash book, but was not yet credited into bank.** This was a serious financial irregularity, and Executive Officer was required to take immediate steps to settle this financial matter. This type of irregularity can lead to embezzlement, fraud, misappropriation of Council receipt which may remain undetected for the passage of time.

- i) An amount of Rs 2,48,07,657/- shown as credited by bank but was not recorded in Cash Book, Rs 6,38,657/- shown as adjustment of excess debited and Rs 42,94,993/- was shown as adjustment of excess credited in cash book, which was also a serious irregularity and needs justification;
- iii) The cheques which remained uncashed for more than three months were required to be taken as receipts in the Cash Book, but the same was not done which was also in contravention to the codal provisions.

An amount of Rs 45,43,987/- of cheques issued but not presented for payment lies uncanceled. The old cheques issued are required to be cancelled and action should be taken accordingly, as envisaged in Municipal Account Code 1930.

Non-deposit of receipts into Bank and non-entry of receipts in the Cash Book and huge differences may lead to embezzlement, misappropriation etc. In this regard Drawing and Disbursing Officer was required to take strenuous efforts to set out the above irregularities.

On being pointed out in audit it was stated that compliance would be made. Final compliance is awaited.

Para 8 Non-collection and contribution to Cancer & Drug Addiction Treatment infrastructure Fund. Rs 7.01 lakh

Test check of records in the office of Executive Officer, Municipal Council, Kharar for the year 2013-14 to 2015-16 it was noticed that, however an amount of Rs 350.33 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 7.01 lakh**, @ 2 per cent of Rs 350.33 lakh, as required was not submitted which resulted into non adherence of Government instructions *ibid*.

On being pointed out, it was assured that required amount would be contributed. Final compliance is awaited.

Para 9 Improper issue of licenses for trade premises in MC area.

According to Chapter XVIII of the Punjab Municipal Corporation Act, 1976 the Commissioner, when authorized by the Corporation in this behalf, may provide and

maintained municipal markets and may charge such fees as he thinks fit to impose for the grant of a license to carry out a trade.

During test check of records it was noticed that no survey relating to assessment of total number of trade premises available in the jurisdiction of Municipal Council for issue of licenses and enforcement thereof was so far carried out. Further, no data base was maintained to watch the renewal of license issued earlier for the respective period. In the absence of which issue/renewal of trade license could not be watched, this resulted into deprival of revenue to the department. Had a proper survey been conducted to identify the total number of trade units available in the MC area, and the enforcement thereof, revenue as notified by the Government on January 2015 on account of license fee/renewal fee could have been received.

On being pointed out it was stated that compliance would be made. Final compliance is awaited.

Para 10 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/stocks and properties registers of the Council it raveled that physical verification as required was not conducted during the year 2015-16, which was in contravention to the rule *ibid*.

On being pointed out it was stated that compliance would be made. Final compliance would be awaited.

Para 11 Irregular expenditure on pay and allowances Rs 12.70 lakh.

As per financial rules, staff in an office should be posted as per sanctioned strength and salary may be drawn accordingly. Further Govt. of Punjab, Department of Finance vide letter no 8/1/3/03-5FBI-spl dated 24-2-2003 imposed a ban on posting of staff at places/offices other than that for which their posts were sanctioned and any deviation required prior approval of the Finance Department.

During test check of records for the year 2015-16 in the office of Executive Officer, Municipal Council, Kharar it was noticed that pay and allowances of the staff as detailed below was drawn and disbursed by Executive Officer, Municipal Council, Kharar whereas the services of the officials were utilized in other offices. This had resulted into irregular payment of pay and allowances amounting to Rs. 12.70 lakh in contravention of the Government instructions.

Sr. No.	Name	Designation	Date from working	Salary 2015-16	Office name where working
1.	Gurdeep Singh	--	--	471336	Director, Local Govt. Punjab, Chandigarh
2.	Bharat Pardhan	--	--	351684	-do-
3.	Ashu Kalra	--	--	10300	-do-
4.	Pankaj Kumar	--	--	436332	Dy. Director, ULB, Patiala
			Total	1269652	

The above irregularity was also pointed out during last audit but no action in this regard was taken by the Council.

On being pointed out it was stated that matter would be taken up to higher authorities and final reply would be submitted accordingly. Final reply would be awaited.

Part-III Test Audit Note

No test audit note was issued separately as all the minor irregularities noticed during the course of audit were got settled on the spot during discussion.


Sr. Audit Officer (Vetting)