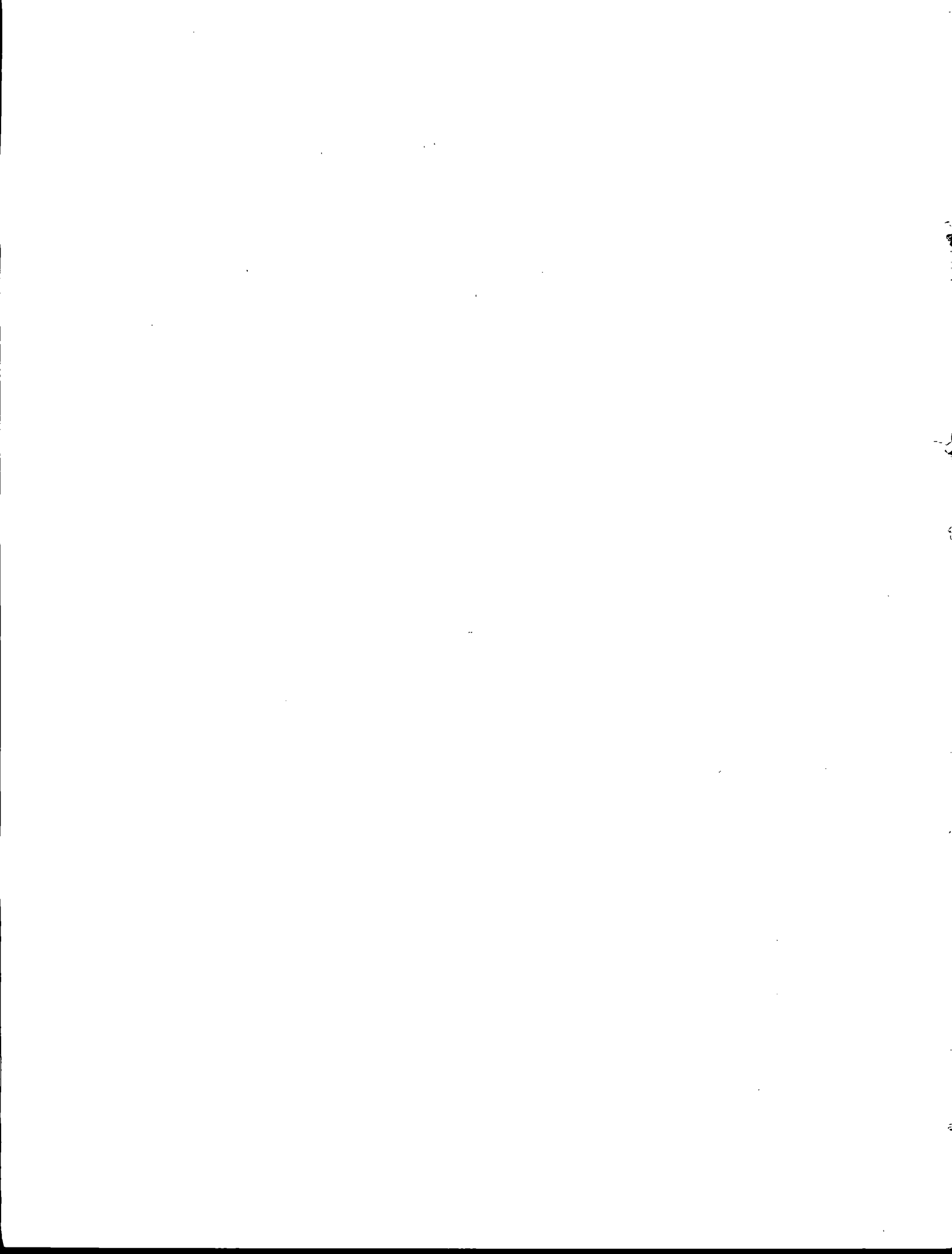


Annual Technical Inspection Report
on
Panchayati Raj Institutions and Urban Local Bodies
for the year 2013-14

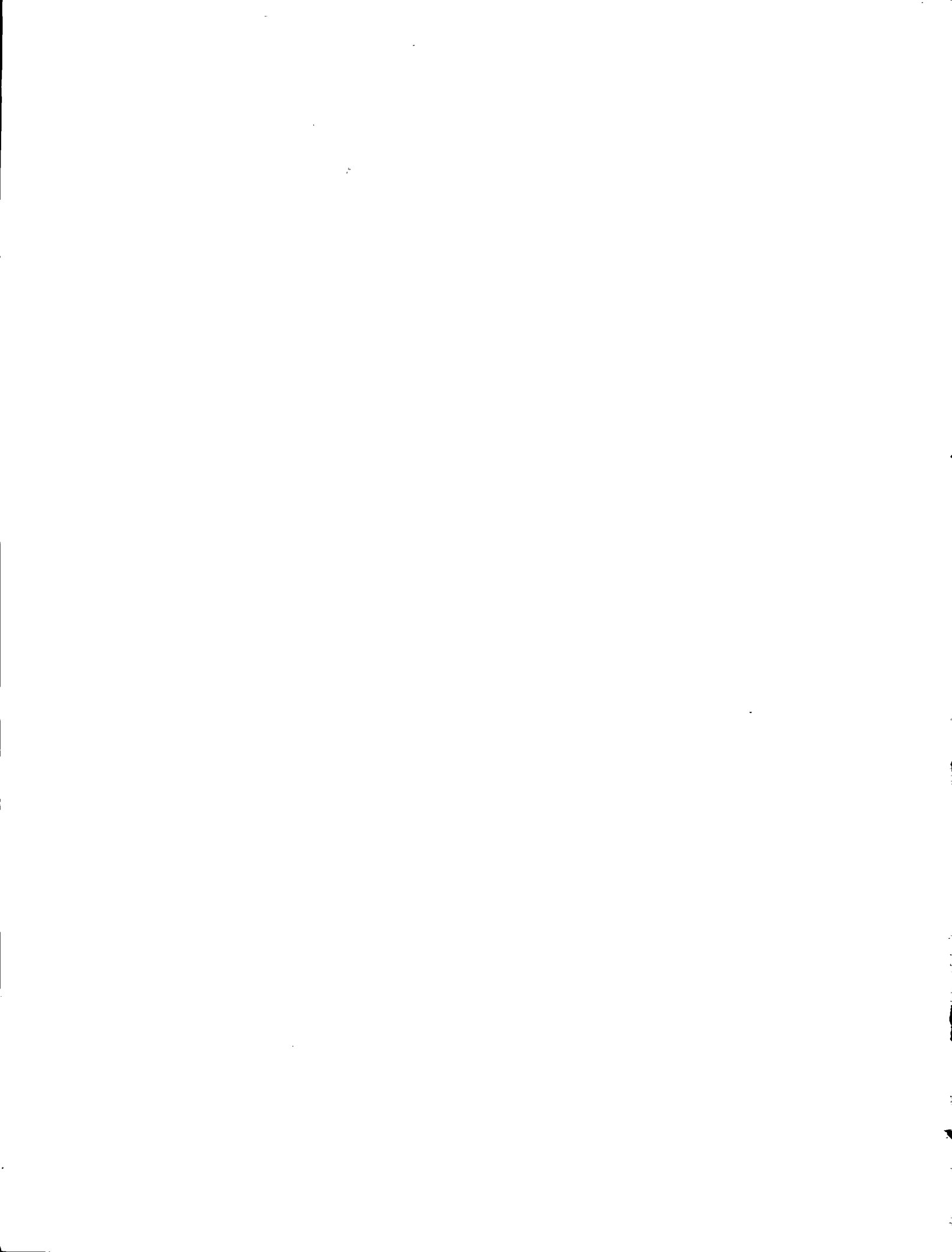
Office of the Accountant General (Audit),
Uttarakhand, Dehradun



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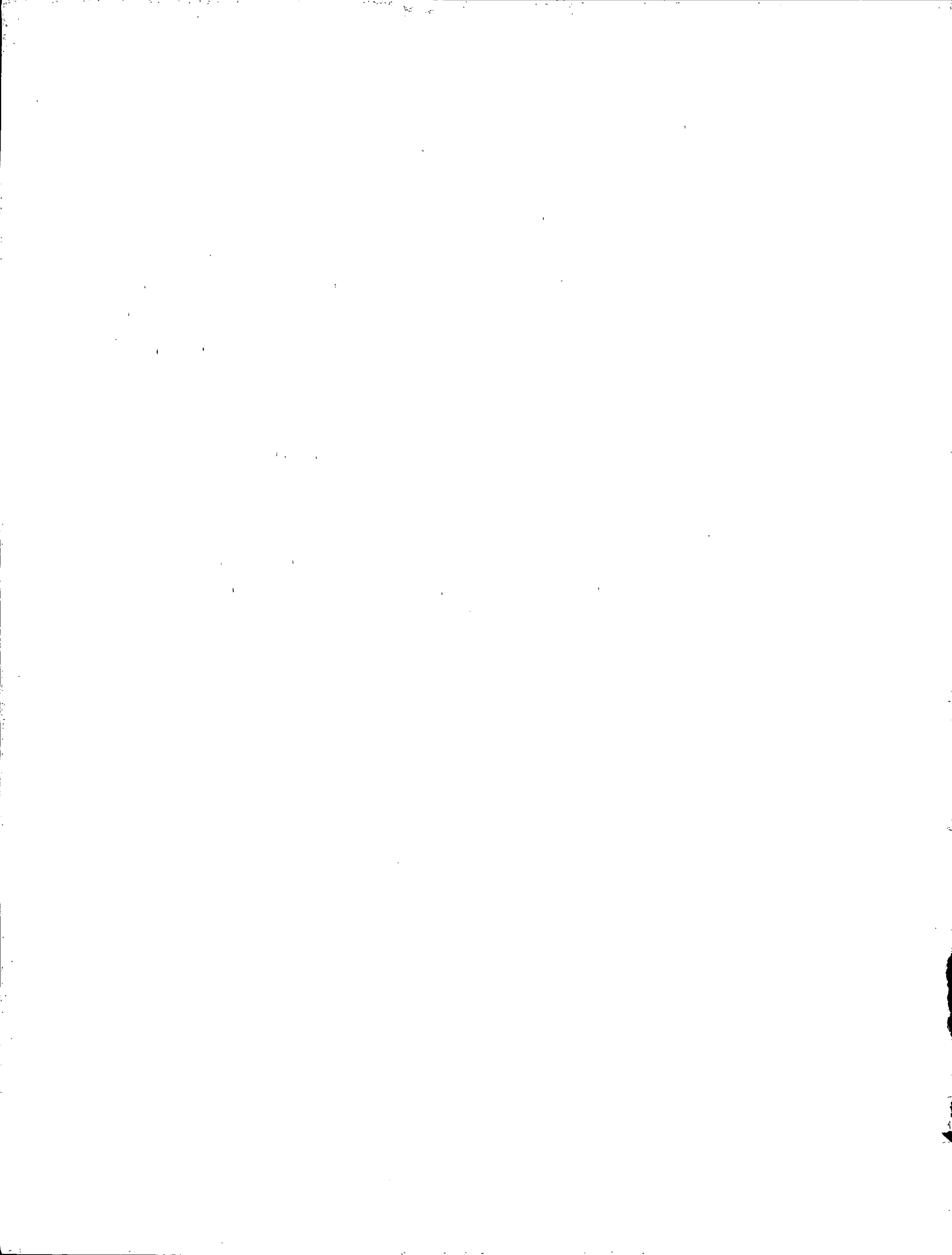


PREFACE

The Annual Technical Inspection Report (ATIR) has been prepared for submission to the Government of Uttarakhand in accordance with the terms and conditions of Technical Guidance and Support (TGS) on the audit of accounts of Panchayati Raj Institutions (PRIs) and Urban Local Bodies (ULBs) as entrusted by the Government of Uttarakhand to the Comptroller and Auditor General (CAG) of India under section 20(1) of the CAG's Duties, Powers and Conditions of service (DPC) Act, 1971. This is the first Report prepared on PRIs and ULBs in Uttarakhand.

The Report contains four Chapters. Chapter 1 and Chapter 3 contain profile of PRIs and ULBs and the comments on financial reporting. Chapter 2 and Chapter 4 contain findings emerging from transaction audits of PRIs and ULBs.

The cases mentioned in the Report are consolidation of major audit findings, relating to 476 PRIs (eight Zila Panchayats, 25 Kshetra Panchayats and 443 Gram Panchayats) and 15 ULBs (five Nagar Palika Parishads and 10 Nagar Panchayats), which were noticed during 2013-14.



Executive Summary

Executive Summary

This Report is in two parts and consists of four chapters. Chapter 1 and Chapter 3 contain profile of PRIs and ULBs and the comments on financial reporting. Chapter 2 and Chapter 4 contain findings emerging from transaction audits of PRIs and ULBs. A synopsis of audit finding is presented in this overview.

Profile of Panchayati Raj Institutions

There are 13 Zila Panchayats (ZPs), 95 Kshetra Panchayats (KPs) and 7,705 Gram Panchayats (GPs) in the State. Audit observed several deficiencies in the working of the Panchayati Raj Institutions (PRIs) such as non-preparation of cash book in prescribed format, non-maintenance of register of advances, non-maintenance of asset register, non-preparation of annual accounts, non-preparation of annual plan, non-preparation of budget, partial implementation of PRIA Soft software, non-devolution of subjects and lack of internal audit.

(Chapter 1)

Results of Audit of Panchayati Raj Institutions

- In six Zila Panchayats ₹ 4.01 crore pertaining to rents, taxes and fee were outstanding for recovery as on 31st March 2013 which could not be realized by the concerned ZPs.
- An amount of ₹ 34.59 lakh was outstanding on account of Lisa royalty share due to ZP, Almora relating to the year 2001-2004 from Forest Division, Almora. Details of royalty share for the year 2005-13 were not available in the records of ZP as the same were not notified by the Forest Department to ZP.
- Expenditure of ₹ 73.11 lakh was incurred on inadmissible works by three ZPs and five KPs during 2006-07 to 2012-13 in violation of the scheme guidelines.
- ₹ 66.42 lakh was incurred by three KPs in district Pauri Garhwal on 128 works upto March 2013 which were lying incomplete for a period ranging from three to nine years.
- Zila Panchayat, Bageshwar did not deduct royalty of ₹ 5.23 lakh on extraction of minor minerals from contractor's bills.
- Expenditure of ₹ 59.28 lakh was incurred by ZP, Tehri Garhwal and KP, Chamba, Tehri Garhwal against Backward Region Grant Fund guidelines.
- There was irregular retention of funds amounting to ₹ 32.29 lakh on account of non-execution of works by KP, Beeronkhal.

(Chapter 2)

Profile of Urban Local Bodies

There are six Nagar Nigams (NNs), 28 Nagar Palika Parishads (NPPs) and 38 Nagar Panchayats (NPs) in the State. Overall control of the ULBs rests with Pr. Secretary (Urban Development) to the Government of Uttarakhand, through Director, Urban Development Department. Audit observed several deficiencies in the working of the Urban Local Bodies (ULBs) such as unspent

balances at the end of financial year, non-preparation of annual development plan, non-reconciliation of cash balances, non-deposit of GPF contributions in the subscriber's account and non-renewal of shops rent.

(Chapter 3)

Results of Audit of Urban Local Bodies

- In two NPPs and three NPs, there was a blockade of funds of ₹ 11.51 crore on incomplete construction of dwelling units and unadjusted advance payment of ₹ 7.93 crore under Integrated Housing and Slum Development Programme (IHSDP).
- Nagar Palika Parishad (NPP), Pithoragarh incurred loss of premium of ₹ 6.93 lakh and rent of ₹ 25.30 lakh on the construction of commercial halls and shops without proper survey and assessing suitability of the site.
- There was non-utilization of revolving fund under Integrated Development of Small and Medium Towns (IDSMT) to the tune of ₹ 30.38 lakh for more than nine years in NPP, Jaspur.
- Deficiencies in the process of awarding of contract, implementation and monitoring of the work led to an infructuous expenditure of ₹ 24.79 lakh by NPP, Kotdwar under Solid Waste Management.
- Wrong selection of the sites by NPP, Kotdwar resulted in unfruitful expenditure of ₹ 38.07 lakh on construction of shopping complexes under Infrastructure Development Fund.
- There was irregular excess expenditure of ₹ 17.10 lakh on construction of tiles roads and double payment of ₹ 12.29 lakh under Infrastructure Development Fund (IDF) by NPP, Jaspur.
- There was unfruitful expenditure of ₹ 42.29 lakh on construction of crematorium and wasteful expenditure of ₹ 8.27 lakh in the construction of car parking under IDF by NPP, Pithoragarh.
- Non-utilization of ₹ 50.75 lakh under IDF meant for construction of a shopping complex and a marriage hall for more than seven years as availability of land was not ensured.
- NPPs had incurred irregular expenditure of ₹ 1.66 crore on the wages of contractual/daily wages/ad-hoc/safai staff between April 2008 and October 2013 contrary to State Finance Commission guidelines.

(Chapter 4)

CHAPTER-1
Profile of Panchayati Raj Institutions



CHAPTER-1

PROFILE OF PANCHAYATI RAJ INSTITUTIONS

1.1 Introduction

In order to strengthen Panchayati Raj Institutions at the grass-root level, the 73rd Constitutional Amendment gave constitutional status to the three-tier Panchayati Raj Institutions (PRIs), thereby establishing a system of uniform structure with regular elections, and provided for regular flow of funds through the Central Finance Commission (CFC) and the State Finance Commission (SFC). As a follow-up, the State was required to entrust PRIs with such powers, functions and responsibilities so as to enable them to function as institutions of local self government. In particular, PRIs were required to prepare plans and implement schemes for economic development and social justice including those functions included in the XI schedule of the Constitution.

The State of Uttarakhand was carved out of erstwhile State of Uttar Pradesh on 9th November 2000. The status of PRIs is set out in the U.P. Kshetra Panchayat & Zila Panchayat Act, 1961, and the U.P. Panchayat Raj Act, 1947 which is amended as Uttarakhand Amendment Act, 2002. The provisions of the UP Acts, as amended for Uttarakhand, are therefore, applicable to PRIs in Uttarakhand.

1.2 Maintenance of Accounts

1.2.1 Introduction of new budget and accounting formats for PRIs

The XI Finance Commission (EFC) had recommended that the Comptroller and Auditor General of India (CAG) should be entrusted with the responsibility of exercising control and supervision over the proper maintenance of accounts for all PRIs. Accordingly, a set of budget and accounting formats (16 in number) has been devised and issued in 2005 to be implemented in all States replacing the existing old formats.

Government of Uttarakhand issued orders in 2005 adopting all the 16 budget and accounting formats prescribed by the CAG with effect from 1st April 2005 for all PRIs. These formats were further revised and limited to eight (simplified accounting formats). These were forwarded to the Director, Panchayati Raj, Uttarakhand on 30th November 2009 for adoption and which are yet to be implemented in the audited PRIs.

PRIA soft programme, developed by the NIC and the Ministry of Rural Development, Government of India for capturing data of Panchayati Raj Institutions, was introduced in Uttarakhand in October 2011. Director, Panchayati Raj, Uttarakhand has reported that PRIA Soft and Plan Plus¹ are being implemented in all the three tiers of PRIs in the State.

¹ Aim of plan plus is decentralization of planning and to simplify the sector-wise schemes at district level and to link and plan district schemes with other schemes with transparency.

1.3 Entrustment of audit (Audit Mandate)

In Uttarakhand, audit of Local Bodies is being conducted by the Audit Directorate, Uttarakhand. The State Government has entrusted (March 2013) to the Comptroller and Auditor General of India (CAG), the responsibility for providing Technical Guidance and Support under Section 20 (1) of the CAG's DPC Act, 1971 along with external audit of PRIs and ULBs. State Government has accepted vide letter No. 427/VA. Nid (13th FC)/2013 dated 19.03.2013, parameters of Technical Guidance and Support (TGS) as laid down by the CAG of India. However, the modalities of TGS such as coordinating the annual audit plan of Local Bodies prepared by the Audit Directorate, Uttarakhand, furnishing the format of returns to be submitted by the Primary Auditor, developing system of internal control, capacity building measures etc. are yet to be settled with the Director of Audit, Uttarakhand.

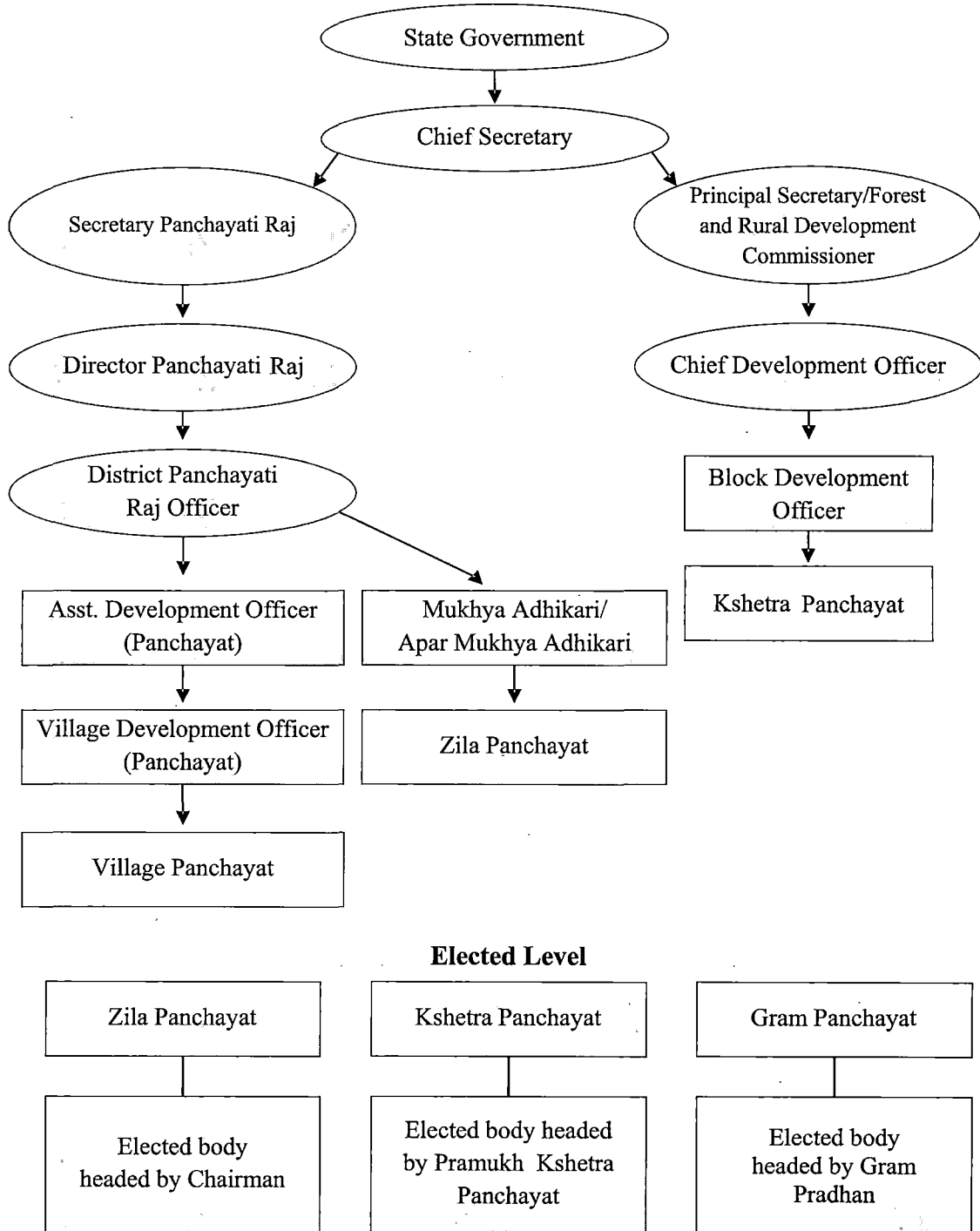
1.4 Organizational Structure of Panchayati Raj Institutions

1.4.1 Panchayati Raj Institutions

There are 13 Zila Panchayats, 95 Kshetra Panchayats and 7,705 Gram Panchayats in Uttarakhand (*Appendix-1.1*).

Chart- 1.1
Organisational Chart

Three tier Administrative Hierarchy of Panchayati Raj Department is depicted below:



1.5 Standing Committees

1.5.1 Committees in PRIs

In Uttarakhand, there are six committees in each tier of PRIs constituted under Section 64 of UP Kshetra Panchayat and Zila Panchayat Adhiniyam, 1961 and Government Order No. 4430/33-1-99-SPR/99 dated 29.07.1999 which was adopted by the Government of Uttarakhand through Uttarakhand Panchayati Raj Amendment Act, 2002. The various committees and their responsibilities are as under:

Table-1.1

| Level of PRIs | Standing Committee Headed by | Name of the Standing Committees | Roles and responsibilities of the Standing Committee |
|-----------------------|---|--------------------------------------|--|
| For all tiers of PRIs | Elected head and Executive head of the Panchayats | 1. Planning & Development Committee. | Preparation of plan of panchayat. Implementation of programme relating to Agriculture, Animal Husbandry and Poverty Alleviation. |
| | | 2. Education Committee | Implementation of programmes relating to Primary, Higher and Informal Education and literacy. |
| | | 3. Works Committee | Ensure quality and effective control over maintenance of all temporary and permanent works. |
| | | 4. Health & Welfare Committee | Implementation of programme relating to Medical, Health and Family Welfare. |
| | | 5. Administrative Committee | All subject matters relating to officials under control of Panchayat. All matters relating to PDS shops in Panchayats. |
| | | 6. Water Management Committee | Operation of tube wells and works relating to their maintenance. Operation of drinking water projects and schemes being implemented in Panchayats. |

1.6 Institutional arrangements for implementation of schemes

The Panchayati Raj Institutions have technical and non-technical staff. The PRIs are functioning with an overall shortage of 19 *per cent* whereas shortage in the cadre of Block Development Officers /Assistant Block Development Officers was 36 *per cent*. The cadre of Village Development Officers, who are the main functionaries at the village level, is deficient by 17 *per cent*. Besides, auxiliary staffs such as accountants and assistants are also in shortage (*Appendix-1.2*).

1.7 Financial profile

1.7.1 Fund flow to PRIs

The resource base of PRIs consists of own revenues, assigned and shared revenues, State Finance Commission (SFC) grants, Central Finance Commission (CFC) grants, State Government grants and Central Government grants for maintenance and development purposes. The fund-wise sources and their custody of each tier are given in the table 1.2 (a) below:

Table-1.2 (a)
Fund flow arrangements in major centrally sponsored flagship schemes of PRIs in Uttarakhand

| Sl. No. | Scheme | Fund flow Arrangements |
|---------|---|---|
| 1. | Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGA) | GOI and State Government transfer their respective shares of MGNREGA funds in a bank account, called State Employment Guarantee Fund (SEGF) which is set outside the State Accounts. Commissioner, State Rural Employment Guarantee is the custodian of SEGF and authorizes onward transfer of funds from it to ZPs, KPs and GPs. |
| 2. | Sarva Shiksha Abhiyan (SSA) | GOI and State Government transfer their respective shares to State Implementing Society (SIS) who in turn disburses the funds through State Project Director, SSA to the District Project Officer (DPO), Block Resource Coordinator, Cluster Resource Coordinator and Village Education Committee of Gram Panchayats. |
| 3. | National Rural Health Mission (NRHM) | Government of India releases the funds to State Government and State Government through State Health Mission transfers it to District and Block levels for Village Health and Welfare of Gram Panchayat |
| 4. | Backward Region Grant Fund (BRGF) | GOI transfers the funds to State Government. State Government routed the fund through PRI Directorate to the DPRs of selected districts for onward distribution to ZPs, KPs and GPs. |

Source: Panchayati Raj Institutions Directorate, Dehradun

The resources of the PRIs for the period from 2009-10 to 2013-14 are detailed in Table 1.2 (b) below:

Table-1.2 (b)
Resources: Trends and Composition
Time series data on resources of PRIs

| Resources | 2009-10 | 2010-11 | 2011-12 | 2012-13 | 2013-14 |
|---|---------------|----------------|---------------|---------------|----------------|
| Own Revenue | 15.77 | 18.53 | 16.89 | 18.37 | 17.13 |
| Assigned Revenue | 159.62 | 211.60 | 105.80 | 186.10 | 162.45 |
| State Grants | 24.53 | 29.00 | 28.50 | 8.99 | 8.01 |
| Other receipts | 32.45 | 54.61 | 71.49 | 81.80 | 90.40 |
| Transfers from Central Government | 0 | 0 | 0.67 | 2.91 | 2.52 |
| Transfers from Central Finance Commission | 32.45 | 54.36 | 70.67 | 69.35 | 90.40 |
| Devolution from State Finance Commission | 148.88 | 197.16 | 89.71 | 170.53 | 162.45 |
| Transfer from CSS | 507.06 | 560.36 | 587.07 | 439.73 | 500.90 |
| Total | 920.76 | 1125.62 | 970.80 | 977.78 | 1034.26 |

Source: Panchayati Raj Institutions Directorate, Dehradun

The application of resources for the period from 2009-10 to 2013-14 are detailed in Table 1.2 (c) below:

Table-1.2 (c)
Application of Resources: Trends and Composition
Application of resources in PRIs

| Type of Expenditure | (₹ in crore) | | | | |
|-------------------------------|---------------|---------------|---------------|---------------|---------------|
| | 2009-10 | 2010-11 | 2011-12 | 2012-13 | 2013-14 |
| Revenue Expenditure | 16.02 | 20.59 | 24.62 | 26.32 | 24.94 |
| Expenditure from CFC | 32.45 | 54.36 | 70.67 | 69.35 | 90.40 |
| Expenditure from SFC | 148.88 | 197.16 | 89.71 | 170.53 | 162.45 |
| Expenditure from State Grants | 24.53 | 29.00 | 28.50 | 8.99 | 8.01 |
| Expenditure on CSS | 407.79 | 508.68 | 538.07 | 407.75 | 433.45 |
| Total | 629.67 | 809.79 | 751.57 | 682.94 | 719.25 |

Source: Panchayati Raj Institutions Directorate, Dehradun

Overall there was non-utilisation of resources. On an average more than 20 per cent of the resources granted were not utilised.

The expenditure under major Centrally Sponsored Scheme are detailed in Table 1.2 (d) below:

Table- 1.2 (d)
Application of Resources Trends and Composition
Application of resources in PRIs

| Name of Scheme | Year | Opening Balance | Fund allotted during the year including other Receipt | Total fund available | Expenditure | (₹ in crore) |
|----------------|---------|-----------------|---|----------------------|-------------|--------------|
| | | | | | | Unspent Fund |
| MGNREGA | 2012-13 | 22.92 | 302.61 | 325.53 | 311.96 | 13.57 |
| | 2013-14 | 13.57 | 378.90 | 392.47 | 384.20 | 8.27 |
| IAY | 2012-13 | 11.87 | 61.35 | 73.22 | 60.21 | 13.01 |
| | 2013-14 | 13.01 | 80.90 | 93.91 | 40.99 | 45.37 |
| IWDP | 2012-13 | 8.94 | 5.41 | 14.36 | 12.82 | 1.54 |
| | 2013-14 | 1.54 | 5.34 | 6.88 | 5.26 | 1.62 |
| SGSY | 2012-13 | 2.26 | 24.36 | 26.62 | 22.76 | 3.87 |
| | 2013-14 | 3.87 | 3.77 | 7.64 | 3.00 | 4.64 |

Source: Rural Development Department, Pauri

As evident from the Table 1.2 (d), the unspent balances at the end of respective years were quite high.

1.8 Accountability framework (Internal Control System)

1.8.1 Authority and responsibility of State Government on PRIs

The Constitution of India empowers states to legislate on Panchayats. Further, in exercise of relevant Acts and Rules, the State Government exercises its powers in relation to PRIs as detailed in *Appendix-1.3*. The Uttarakhand Panchayat Act entrusts the State Government with powers such as call for any record, register, plan, estimate, information,

etc., from the PRIs; inspect any office or any record or any document of the PRIs; inspect the works and development schemes implemented by PRIs; and take action for default of a Panchayat President/Secretary so that it can monitor the functioning of the PRIs.

1.9 Audit mandate of Primary Auditor (Director of Audit)

The Uttarakhand Audit Act, 2012 made the provision for, and to regulate, audit of all Government machinery, Public Corporations, Government Companies, Institutions, Statutory Authorities, Panchayati Raj Institutions, Municipalities, Urban Local Bodies, and Governmental Committees in the State of Uttarakhand.

1.10 Accounting system

Article 243 J of the Constitution of India stipulates that the States would make provisions with respect to maintenance of accounts by PRIs. The provisions relating to maintenance of accounts, therefore, emanate from the governing statutes or rules framed there under. In the cases of Zila Panchayats and Kshetra Panchayats, budget preparation rules were prescribed in Section 110 & 115 of U.P. Kshetra Panchayat and Zila Panchayat Adhiniyam, 1961 respectively as modified by Government of Uttarakhand through Panchayati Raj Amendment Act, 2002. The accounting procedure is prescribed in paragraphs 397 to 400 D in Financial Hand Book, Volume V, Part-1.

The Rule 178 (Chapter X) of U.P. Panchayat Rules, 1947 as modified by the Government of Uttarakhand prescribes for maintenance of cash book, and registers and records by the Gram Panchayats.

1.10.1 Basis and Periodicity of Accounting

The books of account of PRIs are maintained on cash basis and single entry system of accounting. Receipts and expenditure are accounted for as and when money is received or paid and no part of the accounting is done on accrual basis. The accounting period of all PRIs is the financial year, *i.e.* from April to March.

1.10.2 Internal Control System

A sound internal control system significantly contributes to efficient and effective governance of the PRIs by the State Government. Compliance with financial rules, procedures and directives as well as the timeliness and quality of reporting on the status of such compliance is, thus, one of the attributes of good governance. The reports on compliance and controls, if effective and operational, assist the PRIs and the State Government in meeting their basic responsibilities, including strategic planning, decision making and accountability of the stakeholders.

1.11 Audit coverage

Audit of accounts of 476 units (ZPs: eight; KPs: 25 and GPs: 443) was conducted by the Office of the Accountant General (Audit), Uttarakhand, Dehradun during 2013-14. Important audit findings relating to financial reporting are discussed below:

1.11.1 Audit of accounts by Primary Auditor

The status of audit of accounts of PRIs conducted by Director of Audit, Uttarakhand during 2010-14 is detailed in table 1.3 below:

Table: 1.3

| PRIs | 2010-11 | | 2011-12 | | 2012-13 | | 2013-14 | |
|-------------------|-----------------|-------------------|-----------------|-------------------|-----------------|-----------------|-----------------|----------------|
| | Auditable Units | Units Audited | Auditable Units | Units Audited | Auditable Units | Units Audited | Auditable Units | Units Audited |
| Zila Panchayat | 13 | Nil | 13 | Nil | 13 | Nil | 13 | 4 |
| Kshetra Panchayat | 95 | Nil | 95 | Nil | 95 | Nil | 95 | 13 |
| Gram Panchayat | 7,299 | 1,197 | 7,358 | 1,065 | 7,358 | 715 | 7,358 | 104 |
| Total | 7,407 | 1,197(16%) | 7,466 | 1,065(14%) | 7,466 | 715(10%) | 7,466 | 121(2%) |

Source: Reports of the Audit Directorate, Uttarakhand

It may be seen from above that the coverage of the audit is not only inadequate but is also reducing over the years. Overall there is a declining trend varying from 16 to 2 per cent of audited units. Audit of GP declined from 16 per cent to 0.01 per cent. Review of staff position showed that the organization is functioning with an overall 84 per cent shortage of personnel (*Appendix-1.4*) whereas shortage in the cadre of Audit Officers was 39 per cent and that of Assistant Audit Officers, 62 per cent, which adversely affected the mandated functions of the organization.

1.11.2 Non-preparation of Cash Book in prescribed format

During test-check of 476 PRIs (ZPs: eight; KPs: 25 and GPs: 443), it was observed that the cash book was not being maintained in the format prescribed by the Comptroller and Auditor General of India. Cash book being maintained/used by the State PRIs did not have classification codes of subjects mentioned in the XI schedule of the Constitution and in 'Receipts and Payments' side of the cash book, sub columns like trifurcation into cash, PLA and bank were absent. As a result the objective of the preparation of Cash Book in prescribed format could not be ensured in audit.

1.11.3 Non-maintenance of register of advances

As per Panchayati Raj Institutions Manual, GPs granted various advances to the members and officials for execution of works/supplies, etc. In 443 GPs it was observed that advance registers for accounting of advances and watching recovery/adjustment thereof

were not being maintained. As a result, recovery/ adjustment could not be ascertained and the possibility of treating release of money as final expenditure cannot be ruled out.

1.11.4 Non-maintenance of asset register

Rule 136 of UP Panchayati Raj Act, 1947 (as applicable in Uttarakhand) is related to the maintenance of asset register and records by the GPs. Register of immovable property/asset register is required to be maintained in Form 13 by the GP. Scrutiny of records of 225 GPs out of 443 GPs revealed that the register was not maintained by any of these PRIs. In the absence of non maintenance of asset register, existence of assets created under various schemes could not be ascertained.

1.11.5 Non-preparation of annual accounts

The Government of Uttarakhand accepted the accounting formats prescribed by the CAG for PRIs. However, the monthly and annual accounts, in the prescribed formats, were not being prepared in all the 443 GPs test-checked.

1.11.6 Non-preparation of annual plan

As per Section 15-A of U.P Panchayat Act, 1947 (as applicable in Uttarakhand) every Gram Panchayat shall prepare every year, a development plan² for the panchayat area and submit it to the concerned Kshetra Panchayat. During the scrutiny of records, it was ascertained that 26 GPs out of 443 GPs had not prepared the annual plan. Due to this, the purpose of micro level planning was defeated and capacity building at the grass-root level was not strengthened.

1.11.7 Non-preparation of budget

Budget is the most important tool for financing, planning and ensuring accountability and control over performance. Section III of UP Zila Panchayat/Kshetra Panchayat (Budget and Account Rules, 1965) provides that the budget proposals containing detailed estimates of income and expenditure expected during the ensuing year were to be prepared by the respective ZP, KP and GP. However, two test-checked KPs out of 25 KPs did not prepare their budget for the year 2012-13.

Similarly, it was observed that out of 443 GPs test checked, 342 GPs did not adhere to these provisions.

1.11.8 Partial implementation of PRIA Soft

A new simplified accounting framework, namely the 'Model Accounting System for Panchayats' (MAS) was developed in 2009 after a detailed exercise involving the C&AG, Ministry of Panchayati Raj (MoPR), Ministry of Finance, Planning Commission, etc. with full participation of the States. Uttarakhand adopted the MAS in October 2011

² Components of development plan are:

- (a) Identifying the needs
- (b) Prioritising the needs
- (c) Identifying the resources for plan implementation.

Director, Panchayati Raj, Uttarakhand has reported that PRIA Soft and Plan Plus are being implemented in the three tiers of PRIs. However, during the scrutiny of record of 443 GPs, it was seen that PRIA Soft was partially in use. Only the village-wise summary report was being generated using PRIA Soft, while remaining other e-accounting formats³ were not being put to use.

1.11.9 Non-devolution of subjects

As per Constitutional provisions, 29 functions (subjects), mentioned in the XI Schedule of the Constitution have to be transferred to Panchayats. Government of Uttarakhand, through executive orders, has transferred only 14 functions (subjects) of 11 departments to all tiers of Panchayats in 2004-05 and remaining 15 are still with the State Government (*Appendix-1.5*). These functions are being discharged by the respective departments. During test-check, it was found that neither the functions nor the functionaries pertaining to these subjects have been transferred to Panchayats at the grass-root level so far. Consequently, the devolution of functions to PRIs has not been effected in actual.

1.11.10 Lack of internal audit

Internal Audit is an important instrument to examine and evaluate the level of compliance with rules and procedures as envisaged in the relevant Acts as well as in the Financial/Accounting Rules so as to provide independent assurance to the Management on the adequacy of the risk management and internal control framework in the Local Bodies. It was found that Internal Audit, which has to be conducted in every quarter by the planning and development committee in GPs, was not conducted in 363 GPs out of 443 GPs audited by the Accountant General (Audit), Uttarakhand during 2013-14.

1.12 Response to audit observations

Results of Audit of the accounts of PRIs, conducted by the Office of the Accountant General (Audit), Uttarakhand, were communicated to the respective units in the form of Inspection Reports (IRs) with a copy to the State Government. PRI authorities were required to comply with the observations contained in the Inspection Reports (IRs), rectify the defects and omissions pointed out, and report their compliance to audit within one month from the date of issue of the IRs.

The details of IRs and the outstanding paragraphs are given in the following table:

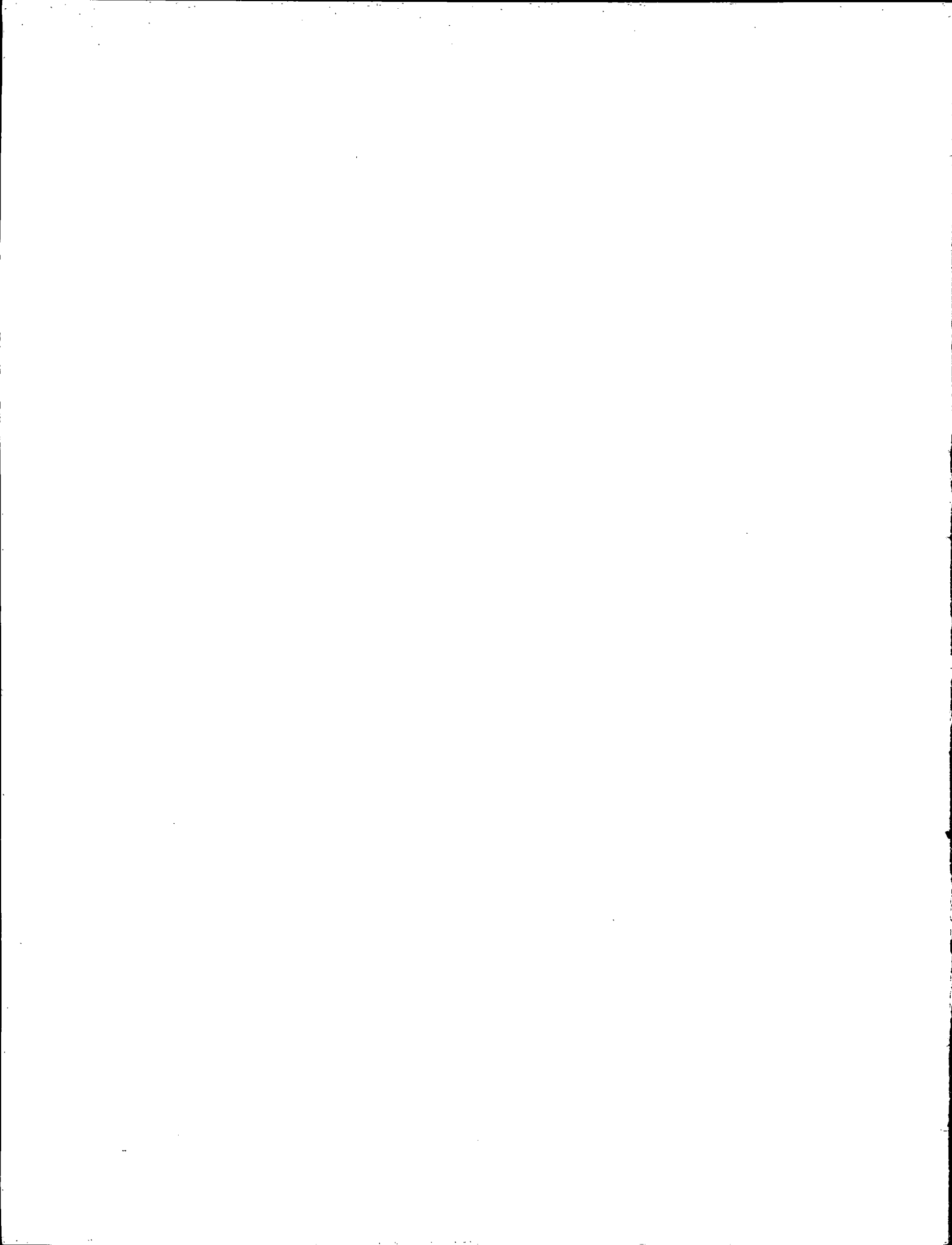
³ Day Book, Monthly Cash Book, Ledger Book, Register of advances, Register of Receivable and Payable, Stock Register, Bank Reconciliation statement etc.

Table-1.4

| Sl. No. | Year of issue | No. of Inspection Reports (PRIs) | No. of outstanding paras (PRIs) | No. of paras settled during the year | Total outstanding paras at the end of the financial year |
|--------------|---------------|----------------------------------|---------------------------------|--------------------------------------|--|
| 1. | Upto 2008-09 | 326 | 748 | Nil | 748 |
| 2. | 2009-10 | 20 | 102 | Nil | 102 |
| 3. | 2010-11 | 17 | 134 | Nil | 134 |
| 4. | 2011-12 | 35 | 200 | Nil | 200 |
| 5. | 2012-13 | 30 | 220 | Nil | 220 |
| 6. | 2013-14 | 279 | 679 | Nil | 679 |
| Total | | 707 | 2,083 | Nil | 2,083 |

Source: As per available records

A review of the IRs is pending due to non-receipt of replies from the auditee units test-checked upto 2013-14. The matter has been intimated at the Government level and also raised during the Audit Committee Meeting. The reply of the State Government was awaited (March 2015).



CHAPTER-2

Results of Audit of Panchayati Raj Institutions



CHAPTER-2

Results of Audit of Panchayati Raj Institutions

2.1 Outstanding revenue receipts

The main sources of income of Zila Panchayats (ZP) are rents of shops, residences, circumstances and property tax¹ and license fees. In six ZPs audited during 2013-14, it was noticed during audit scrutiny that ₹ 4.01 crore pertaining to rents, taxes and fee were outstanding for recovery as on 31st March 2013 (*Appendix-2.1*) which could not be realised by the concerned ZPs.

On being pointed out, Apar Mukhya Adhikari (AMA) of three ZPs² accepted the facts and replied that due to shortage of staff, recovery could not be realized. AMAs of remaining three ZPs³ replied that notices or recovery certificates were being issued to the defaulters.

The reply is not acceptable as the revenue dues have not been realized and is fraught with the risk of non-realization of dues with the passage of time.

2.2 Outstanding Lisa royalty from Forest Department

As per standing orders of the Chief Conservator of Forest (August 1995), 20 *per cent* amount of cost of Lisa (Pine Resin) sold (after deducting 10 *per cent* administrative charge) in a year by each Forest Division has to be remitted to ZPs through concerned District Magistrates.

During the scrutiny of the records of ZP Almora (December 2013), it was noticed that an amount of ₹ 34.59 lakh was pending on account of Lisa royalty share due from Forest Division, Almora relating to the year 2001-2004. Further, details of royalty share for the year 2005-13 were not available in the records of ZP as the same were not notified by the Forest Department to ZP. It was also noticed that no records were being maintained by Zila Panchayat for monitoring the realization of Lisa royalty. Due to non availability of the records, Audit could not ascertain the total outstanding royalty amount.

On this being pointed out, AMA, ZP, Almora replied (December 2013) that correspondence in this regard is being made with the Forest Department. He further stated that Lisa royalty register will be maintained in future.

The matter was referred to the Government and reply was awaited (March 2015).

¹ A tax may be imposed on any person residing or carrying on business in the rural area provided that such person has so resided or carried on business for a total period of at least six months in the year under assessment.

² Pauri Garhwal, Dehradun and Chamoli.

³ Almora, Bageshwar and Tehri Garhwal.

2.3 Inadmissible/prohibited expenditure

As per the guidelines of MLALAD/MPLAD schemes, the MLALAD/MPLAD funds will not be utilized in construction/ improvement of office buildings, residential buildings and other buildings, places of religious worship, and land belonging to, or owned by religious faith/groups, and any assets to be named after any living person. Works of religious nature are also inadmissible under State Finance/Central Finance Funds.

Test-check of records of ZPs/KPs⁴ revealed that an expenditure of ₹ 73.11 lakh was incurred in 136 inadmissible works (*Appendix-2.2*) during 2006-07 to 2012-13.

On this being pointed out, the concerned officers of KPs /ZPs stated that plans for these works had not been framed at the block level but were carried out as per the instructions of the higher authorities at the district level. The reply is not acceptable as expenditure incurred upon inadmissible works was in clear violation of the scheme guidelines.

The matter was referred to the Government and reply was awaited (March 2015).

2.4 Violation of procurement rules

As per para 38 and 39 of Uttarakhand Procurement Rules, 2008 (amended in 2011), construction works of emergent nature or small works costing more than ₹ 15,000 and upto ₹ 1,00,000 should be carried out by inviting quotations from at least three registered contractors. In case of works costing more than ₹ one lakh, tenders should be invited.

The records of four ZPs⁵ and eight KPs⁶ showed that 2,727 works (*Appendix-2.3*) relating to the funds of MLALAD, Kshetra Panchayat Nidhi, State Finance Commission and Central Finance Commission amounting to ₹ 21.02 crore were executed on muster roll basis during the period 2010-2013 without obtaining quotations/inviting tenders as provided in the rules *ibid*.

The concerned officers of KPs/ZPs stated that works had been carried out as per instructions of the higher authorities. However, in future the procurement rules would be followed.

The matter was referred to the Government and reply was awaited (March 2015).

2.5 Non-compliance of Government Order

Finance Department, Government of Uttarakhand instructed (January 2013) all PRIs to deposit interest earned on unspent balances of various schemes viz. Rajya Vitta Aayog, Kendriya Vitta Aayog, Kshetra Vikas Nidhi, Sansad Nidhi, Vidhayak Nidhi , PMGSY, MNREGA etc. lying in various banks into treasury.

During scrutiny of records (December 2012 to March 2013) of seven KPs/ZPs, it was observed that interest earned on unspent balances of various schemes amounting to

⁴ ZPs: Pauri Garhwal, Bageshwar and Udhm Singh Nagar.

KPs: Kashipur, Bhagwanpur, Narendra Nagar and Rudrapur.

⁵ Pauri Garhwal, Almora, Bageshwar and Chamoli.

⁶ Pokhra, Rikhanikhal, Kashipur, Dasoli, Jaspur, Bageshwar, karanprayag and pokhri.

₹ 72.22 lakh⁷ were not deposited into the treasury. In reply, BDO Pokhra, Tarikhet, Kaljikhhal, and AMA ZP Bageshwar stated that earned interest will be deposited in treasury. BDOs of Haulbagh and Dugadda stated that interest has been deposited with the Rural Development Department. BDO Bahadrabad, however, stated that earned interest was being utilized in the concerned scheme which is in contravention to the Government orders.

The reply is not acceptable as not depositing interest is against the provisions.

The matter was referred to the Government and reply was awaited (March 2015).

2.6 Wasteful expenditure on incomplete works

During scrutiny of records of KPs⁸, it was noticed that ₹ 66.42 lakh was incurred on 128 works (*Appendix-2.4*) upto March 2013 which were lying incomplete for a period ranging from three to nine years.

Further, it was also noticed that in KP, Beeronkhal, advance of ₹ 0.67 lakh had been given to three Gram Panchayat Adhikaris during 2006-07 to 2008-09 for executing works. The amount was lying unadjusted with them as the said works could not be started upto March 2014.

On this being pointed out, BDO, KP Beeronkhal stated that the said works had not been measured. BDO, KP, Pokhra accepted the facts and assured taking prompt recovery/adjustment and ensuring completion of incomplete works. On the other hand, KP, Kaljikhhal replied that all works were complete and would be measured by concerned Junior Engineers after inspections.

The reply was not acceptable as no evidence of completion was available in the records of concerned KPs.

The matter was referred to the Government and reply was awaited (March 2015).

2.7 Non-deduction of royalty from contractors' bills

As specified in notification issued (October 2009) by Industries Development Section-2, Uttarakhand Government and instructions of District Magistrate, Bageshwar (December 2012), royalty has to be deducted from contractors' bills as per specified rates for material extracted for construction from river beds or other places. This royalty has to be deposited in the concerned heads of accounts (0853-Mines and Minerals).

During scrutiny of records (February 2014) of Zila Panchayat, Bageshwar, it was noticed that 40 works costing ₹ 2.07 crore of *Daivi Aapda* were carried out during 2011-12 and 2012-13 where royalty amounting to ₹ 5.23 lakh (on 11,619.45 cum Minor Mineral @ ₹ 45/- per cum) was not deducted.

⁷ ₹ 19.18 lakh (ZP, Bageshwar)+ ₹ 17.04 lakh (KP, Pokhra, Pauri Garhwal)+ ₹ 1.56 lakh (KP, Tarikhet, Almora)+ ₹ 6.97 lakh (KP, Kaljikhhal, Pauri Garhwal)+ ₹ 2.56 lakh (KP, Hawalbagh, Almora) + ₹ 15.10 lakh (KP, Dugadda, Pauri)+ ₹ 9.81 lakh (KP, Bahadarabad, Haridwar) = ₹ 72.22 lakh.

⁸ KPs Beeronkhal, Pokhra, Kaljikhhal of District Pauri Garhwal.

It was stated in reply by the Apar Mukhya Adhikari, ZP Bageshwar that in pursuance of above orders, Chairman of the Zila Panchayat has verbally ordered to deduct the royalty from the next financial year. In future, royalty would be deducted as per rules and orders.

The matter was referred to the Government and reply was awaited (March 2015).

2.8 Expenditure against BRGF guidelines

Backward Region Grant Fund (BRGF) programme was launched by the Prime Minister on 19th February 2006 to redress regional imbalances in development by providing financial resources for supplementing and converging existing developmental inflows in identified districts.

BRGF guidelines provide that the funds will not be used for construction and beautification of temples, mosques, churches and welcome gates. In addition, the BRGF will not be meant for CC roads, marriage halls, *Mahila Milan Kendra*, travellers' waiting rooms, *etc.* as for these constructions, funds are allotted from other schemes. Test-check of the records (December 2013) of ZP and KP Chamba, Tehri Garhwal showed that works involving expenditure of ₹ 59.28 lakh were executed during 2010-12 in contravention to the provision of the guidelines.

Apar Mukhya Adhikari ZP, Tehri stated (November 2013) that plans for these works were approved by the District Planning Committee after getting proposals from ZP Members while BDO, KP Chamba accepted the facts (December 2013).

The reply was not acceptable as expenditure was incurred in contravention of the guidelines.

The matter was referred to the Government and the reply was awaited (March 2015).

2.9 Irregular retention of funds

As per Commissioner, Pauri Garhwal's instructions (January 2011) given to executing agencies, in case of non-availability of land for sanctioned works under MLALAD, the land has to be provided by the SDM. In case of non-execution of work, the released amount should be returned immediately and the fact has to be intimated to the MLA accordingly.

During test-check (February 2014) of records of the Kshetra Panchayat, Beeronkhal, it was observed that an amount of ₹ 43 lakh was sanctioned for 48 works. Accordingly, ₹ 32.29 lakh were released between 2004-05 and 2012-13 to Kshetra Panchayat, Beeronkhal. The works could not be started upto February 2014 for want of land and allotment of sufficient budget. The Kshetra Panchayat, Beeronkhal neither refunded the amount nor intimated the fact to the concerned MLA. The said amount is lying unutilized with the Kshetra Panchayat, Beeronkhal for a period ranging from one to nine years.

In reply, it was stated that (February 2014) action is being taken to refund the amount.

The matter was referred to the Government and reply was awaited (March 2015).

2.10 Unfruitful expenditure

Under MLALAD sanctioned works are to be generally completed in short time *i.e.* three to six months.

Scrutiny (December 2013) of the records of ZP Almora & KP Jaiharikhal, Pauri Garhwal revealed that ₹ 16.50 lakh was released for execution of two works⁹ sanctioned at a cost of ₹ 17.33 lakh. After incurring an expenditure of ₹ 13.24 lakh the works of Jan Milan Kendra in Betaleshwar was lying incomplete due to non-plastering, unexecuted doors & windows work since September 2006, while Vridha Ashram work in Samkhal near Jaiharikhal, district Pauri Garhwal was lying incomplete due to non completion of water and electricity fittings since December 2013.

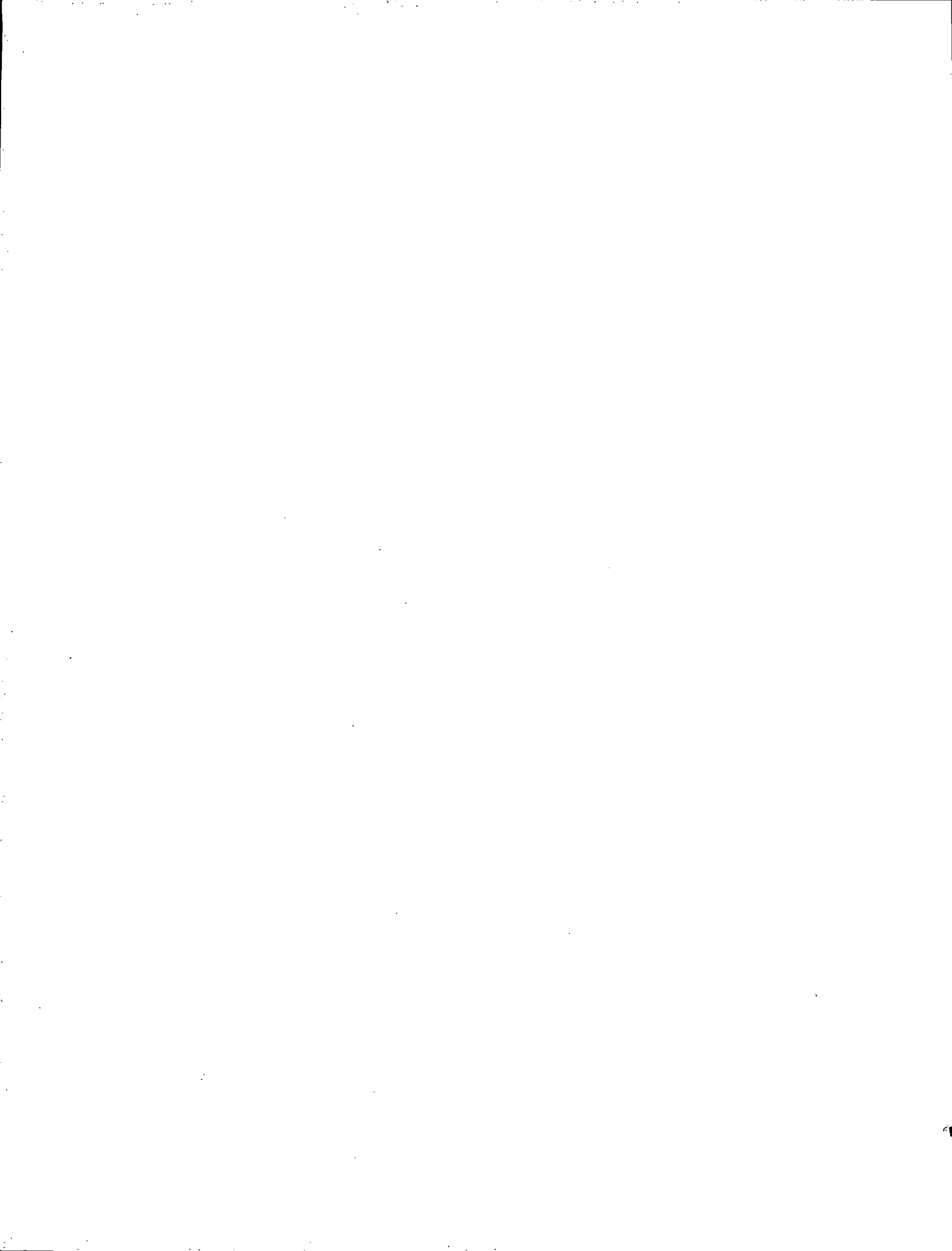
In reply AMA, ZP, Almora stated that the work is in progress and will be completed after getting remaining amount while BDO, KP Jaiharikhal did not give any reason for non-completion of work and stated that action is being taken to complete the works.

The reply was not acceptable as no efforts were made to complete the works. In view of the long time span, the possibility of deterioration of the construction could not be ruled out.

The matter was referred to the Government and reply was awaited (March 2015).

9

| Sl. No. | District | Description of works | Year of Sanction | Sanctioned cost | Released amount to Executive Agency | Total Expenditure incurred |
|---------|---------------|-------------------------------|------------------|-----------------|-------------------------------------|----------------------------|
| 1. | Almora, | Jan Milan Kendra, Betaleshwar | 2005-06 | ₹ 7.33 lakh | ₹ 6.50 lakh | ₹ 6.23 lakh |
| 2. | Pauri Garhwal | Vridha Ashram, Samkhal | 2009-10 | ₹ 10 lakh | ₹ 10 lakh | ₹ 7.01 lakh |
| | | | | ₹ 17.33 lakh | ₹ 16.50 lakh | ₹ 13.24 lakh |



CHAPTER-3
Profile of Urban Local Bodies



CHAPTER-3

PROFILE OF URBAN LOCAL BODIES

3.1 Introduction

In order to strengthen the Municipal Bodies at the grass-root level, the Seventy Fourth (74th) Constitutional Amendment gave constitutional status to the Urban Local Bodies (ULBs), thereby establishing a system of uniform structure, regular elections and regular flow of funds through the Central Finance Commission (CFC) and the State Finance Commission (SFC). As a follow-up, the States were required to entrust ULBs with such powers, functions and responsibilities so as to enable them to function as institutions of local self government. In particular, ULBs were required to prepare plans and implement schemes for economic development and social justice. Their jurisdiction also included functions contained in the XII Schedule of Constitution.

The State of Uttarakhand was carved out of erstwhile State of Uttar Pradesh on 9th November 2000. The status of ULBs is set out in the U.P. Nagar Nigam Adhiniyam, 1959 and the U.P. Municipal Act, 1916 as adopted by the Government of Uttarakhand in 2002. The provisions of the UP Acts, as amended for Uttarakhand, are therefore applicable to ULBs in Uttarakhand.

3.2 Maintenance of Accounts

3.2.1 Introduction of new budget and accounting formats for ULBs

National Municipal Accounting Manual (NMAM) was developed by the Ministry of Urban Development, Government of India under the guidance of the CAG of India in November 2004. On the basis of this manual, the Uttarakhand Government had prepared in December 2011, its own Uttarakhand Local Urban Bodies Accounting Manual (ULBAM) for all the tiers of Urban Local Bodies in the State. The State Government has also issued directions to all ULBs in the State to adopt the double entry accounting system for maintaining their accounts.

3.3 Audit Mandate

The State Government has entrusted (March 2013) to the Comptroller and Auditor General of India (CAG), the responsibility for providing Technical Guidance and Support under section 20 (1) of the CAG's DPC Act, 1971 along with external audit of PRIs and ULBs. The results of audit, i.e. the Audit Inspection Report of ULBs, are sent to the Director, Urban Development Department. Annual Technical Inspection Report (ATIR), on the audit of Local Bodies conducted during preceding year, will be sent by the Accountant General (Audit) to the State Government for necessary remedial action. As

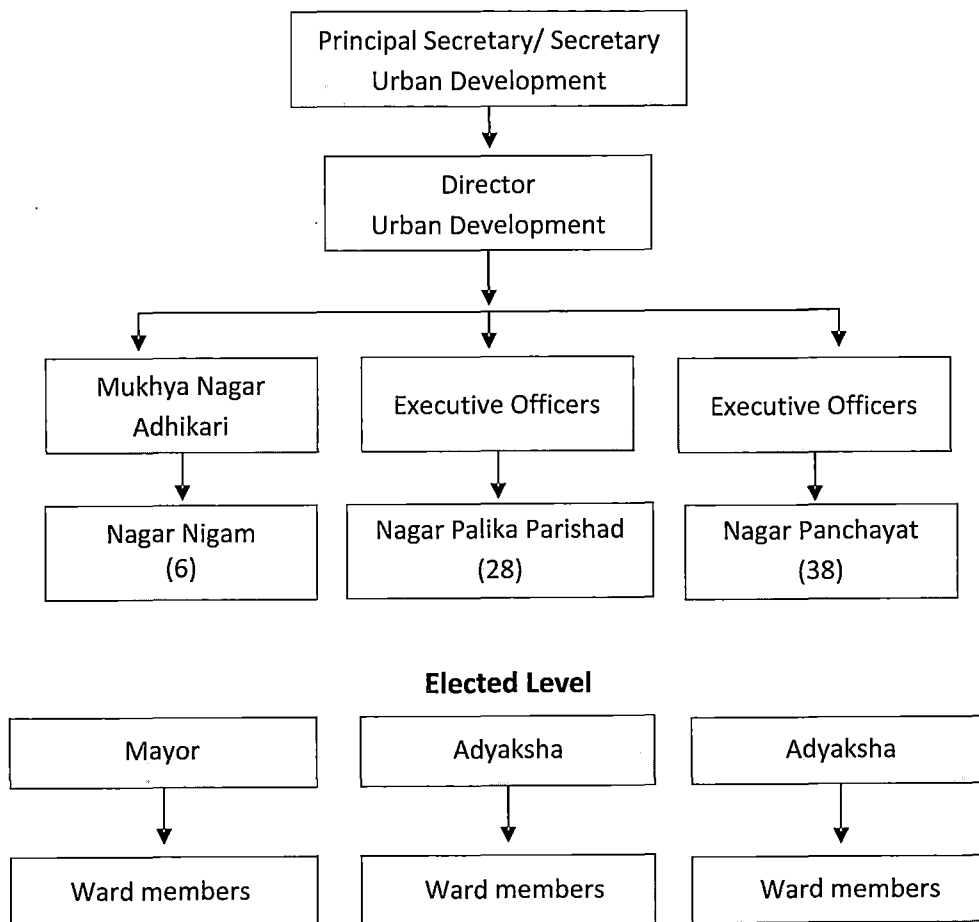
per the Finance Department, the ATIR for each year is to be laid in the State's Legislative Assembly.

3.4 Organizational structure of Urban Local Bodies

3.4.1 Urban Local Bodies

There are six Nagar Nigams, 28 Nagar Palika Parishads and 38 Nagar Panchayats in the State (*Appendix-3.1*). The overall control of the ULBs rests with the Principal Secretary/Secretary (ULB) to the Government of Uttarakhand through Director, Urban Development Directorate. The organizational set-up of ULBs in Uttarakhand is as under:

**Chart- 3.1
Organizational setup**



The term of elected head in an ULB is five years from the date of first meeting after the elections. The last elections in Urban Local Bodies were held on 28th April 2013.

3.5 Standing Committees of Local Bodies

3.5.1 Committees in ULBs

In a Nagar Nigam, Standing Committees have to be constituted under Section 95 of UP Nagar Nigam Adhiniyam, 1959 for undertaking various activities provided in its mandate. In Nagar Palika Parishad and Nagar Panchayats, Standing Committees have to be constituted under Section 104 to 110 of U.P. Nagar Palika Adhiniyam, 1916, which is also applicable in Uttarakhand. On being inquired about at the Directorate level, it was observed that no information regarding constitution of Standing Committees in various ULBs is available with them.

3.6 Institutional arrangements for implementation of schemes

Human resource arrangement for implementation of schemes in Urban Local Bodies is categorized into two parts, viz. centralized services and non-centralized services. The centralized cadre services are the State services whereas the non-centralized cadre is specific to the municipal bodies. In non-centralized cadre, the Urban Local Body appoints and controls the cadre. The human resource arrangement in ULBs is detailed in the following table:

Table: 3.1
Manpower position in ULBs

| Sl. No. | Type of service | Sanctioned posts | Men in position | Vacant posts (percentage of shortage) |
|---------|-----------------|------------------|-----------------|---------------------------------------|
| 1. | Centralised | 395 | 117 | 278 (70) |
| 2. | Non-Centralised | 5,766 | 4,716 | 1,050 (18) |

Source: Urban Development Directorate, Uttarakhand

The Urban Local Bodies are functioning with an overall personnel shortage of 22 per cent. Shortage in the cadre of centralized Cadre was 70 per cent. In the case of non-centralized Cadre, there was a shortage of 18 per cent, which adversely affected the mandated functions of the Urban Local Bodies in the State.

3.7 Training arrangements

The Department neither prepared any training calendar nor was any training imparted to the staff by the Department to enhance their knowledge and skills. However, ₹ 44.14 crore was received (6th July 2014) by the Directorate to impart training in ensuing financial years.

3.8 Financial profile of Local Bodies

3.8.1 Fund flow to ULBs

The resource base of ULBs consists of own revenues, assigned and shared revenues, State Finance Commission (SFC) grants, Central Finance Commission (CFC) grants, State Government grants and Central Government grants for maintenance and

development purposes. The fund-wise sources and their custody of each tier are given below:

Table: 3.2 (a)

Fund flow arrangement in major Centrally sponsored flagship schemes in ULBs

| Sl. No. | Scheme | Fund flow Arrangements |
|---------|--|--|
| 1. | <i>JnNURM</i> | GOI (Ministry of Urban Development and Ministry of Poverty Alleviation and Housing) transfers the funds to the State Government, who in turn through Directorate Urban Development disbursed it to the Implementing Agency of selected ULBs. |
| 2. | Swarana Jayanti Shahri Rojgar Yojana | GOI (Ministry of Urban Development and Ministry of Poverty Alleviation and Housing) transfers the funds to the State Government, who in turn through Directorate Urban Development disbursed it to the Implementing Agency of selected ULBs. |
| 3. | Integrated Low Cost Sanitation Scheme | GOI (Ministry of Urban Development and Ministry of Poverty Alleviation and Housing) transfers the funds to the State Government, who in turn through Directorate Urban Development disbursed it to the Implementing Agency of selected ULBs. |

Source: Urban Development Directorate, Uttarakhand

3.8.2 Resources of ULBs: Trends and Composition

The resources of the ULBs for the period from 2009-10 to 2013-14 are detailed in Table: 3.2 (b) below:

Table: 3.2 (b)

Time series data on resources of ULBs

(₹ in crore)

| Resources of ULBs | 2009-10 | 2010-11 | 2011-12 | 2012-13 | 2013-14 |
|--|---------------|---------------|---------------|---------------|---------------|
| Own Revenue | 40.49 | 41.52 | 44.17 | 47.83 | 49.38 |
| CFC transfers (Finance Commission devolutions) | 17.51 | 11.10 | 11.34 | 12.61 | 12.62 |
| SFC transfers (State Finance Commission devolutions) | 112.63 | 127.32 | 133.07 | 254.60 | 251.32 |
| GOI grants for CSS | 129.76 | 73.32 | 94.54 | 149.61 | 68.66 |
| State Govt. grants for State schemes | 4.09 | 1.98 | 3.91 | 3.46 | 6.70 |
| Total | 304.48 | 255.24 | 287.03 | 468.11 | 388.68 |

Source: Urban Development Directorate, Uttarakhand

3.8.3 Application of Resources: Trends and Composition

The application of resources for the period from 2009-10 to 2013-14 are detailed in Table 3.2 (c) below:

Table: 3.2 (c)

Application of resources in ULBs

(₹ in crore)

| | 2009-10 | 2010-11 | 2011-12 | 2012-13 | 2013-14 |
|---|---------|---------|---------|---------|---------|
| Expenditure from own resource | 39.00 | 40.10 | 42.79 | 45.37 | 48.64 |
| Expenditure from CFC transfers (Finance Commission devolutions) | 16.24 | 9.76 | 10.83 | 10.96 | 7.67 |

| | | | | | |
|---|---------------|---------------|---------------|---------------|---------------|
| Expenditure from SFC transfers (State Finance Commission devolutions) | 109.58 | 125.69 | 129.76 | 247.51 | 248.62 |
| Expenditure on CSS | 108.27 | 32.52 | 52.98 | 59.65 | 19.88 |
| State Govt. grants for State schemes | 2.59 | 1.98 | 0.11 | Nil | Nil |
| Total | 275.68 | 210.05 | 236.47 | 363.49 | 324.81 |

Source: Directorate of Urban Development, Uttarakhand Dehradun

Overall there was non-utilisation of resources. The non-utilization of resources ranged from 9.4 per cent (2009-10) to 22.34 per cent (2012-13).

3.9 Devolution of functions and functionaries to Local Bodies

In the follow-up to the 74th Constitutional (Amendment) Act, 1992, the State Legislature has enacted laws for devolving 13 functions out of 18¹ enshrined in XII Schedule of the Constitution to the ULBs leaving out five² functions. In addition, one function, other than the 18 functions, namely 'parking places for vehicles', was also devolved. Devolution of the remaining five functions was under process.

3.10 Accountability framework (Internal Control System)

Internal control mechanism is an integral function of an organization which helps it to govern its activities effectively, economically and efficiently for achieving objectives. It is intended to provide reasonable assurance of proper enforcement of Acts, Rules and by-laws. Various internal control measures in financial and operational activities were built into the departmental rules and manuals and their strict adherence would minimize the risk of errors and irregularities.

3.11 Accounting system in local bodies

3.11.1 Statutory requirements and accounting arrangements

Article 243-Z of the Constitution of India mandates that the States would make provisions with respect to maintenance of accounts in ULBs. The provisions relating to

¹ (i) Urban Planning including town planning, (ii) Regulation of land use and construction of buildings, (iii) Planning for economic and social development, (iv) Roads and bridges, (v) Water supply for domestic, industrial and commercial purposes, (vi) Public health, sanitation conservancy and solid waste management, (vii) Fire services, (viii) Urban forestry, protection of environment and promotion of ecological aspects, (ix) Safeguarding the interests of weaker section of society including the handicapped and mentally retarded, (x) Slum improvement and up-gradation, (xi) Urban poverty alleviation, (xii) Provision for urban amenities and facilities such as parks, gardens and play grounds, (xiii) Promotion of cultural, educational and aesthetic aspects, (xiv) Burials and burials ground, cremations, cremation grounds and electric crematorium, (xv) Cattle ponds and prevention of cruelty to animals, (xvi) Vital statistics including registration of births and deaths, (xvii) Public amenities including street light, parking lots, bus stops and public convenience, (xviii) Regulation of slaughter houses and tanneries.

² (i) Urban Planning including town planning (ii) Regulation of land use and construction of buildings (iii) Roads and bridges (iv) Fire services (v) Promotion of cultural educational and aesthetic aspects.

maintenance of accounts, therefore, emanate from the governing statutes or rules framed there under.

3.11.2 Basis and periodicity of accounting

ULBs in Uttarakhand are required to maintain their accounts according to the double entry system as per State's Gazette Notification No. 1608/IV(2)-UD-11-264(Sa)/04 dated 13.12.2011 and provisions of the Uttarakhand Municipal Accounting Manual.

The accounts are to be maintained as per the official financial year. However, in spite of the directions given to the Urban Local Bodies for maintaining accounts in double entry system, the Urban Local Bodies were still maintaining the accounts as per single entry system.

3.12 Financial reporting

Financial Reporting in the Local Bodies is a key element of ensuring accountability. Matters relating to drawal of funds, form of bills, incurring of expenditure and maintenance of primary financial records are governed by the provisions prescribed by the State Government.

3.12.1 Audit of accounts of local bodies by primary auditor

The status of audit of accounts of ULBs conducted by the Director of Audit, Uttarakhand (erstwhile DLFA³) during 2011-12 to 2013-14 is detailed in table below:

Table: 3.3

| Local Body | 2011-12 | | 2012-13 | | 2013-14 | |
|-----------------------|-----------------|----------------|-----------------|-----------------|-----------------|-----------------|
| | Auditable units | Units audited | Auditable units | Units audited | Auditable units | Units audited |
| Nagar Nigam | 03 | Nil | 04 | 01 | 04 | 01 |
| Nagar Palika Parishad | 30 | 10 | 32 | 18 | 32 | 10 |
| Nagar Panchayat | 32 | 11 | 30 | 08 | 30 | 07 |
| Total | 65 | 21(32%) | 66 | 27 (41%) | 66 | 18 (27%) |

Source: Directorate of Audit, Uttarakhand

As is evident from the above table, audit coverage is inadequate (41 to 27 per cent). The low coverage of the Urban Local Bodies was attributed to shortage of staff in the Directorate of Audit, Uttarakhand.

3.13 Audit coverage

Audit of accounts of 15 units (five NPPs and 10 NPs) was conducted by the Accountant General (Audit), Uttarakhand during 2013-14 (*Appendix-3.2*). Important audit findings relating to financial reporting are discussed below:

³ Director of the Local Fund Audit.

3.13.1 Internal Audit

Internal audit of Nagar Nigam is required to be conducted by Chief Municipal Audit Officer under Section 142 of UP Nagar Nigam Adhiniyam, 1959. The internal audit of Nagar Palika Parishads and Nagar Panchayat is required to be conducted under Section 95(e) of UP Municipal Act, 1916 which is applicable in Uttarakhand.

Test-check of the records of five NPPs⁴ and 10 NPs⁵ revealed that none of the NPPs and NPs audited by the Accountant General (Audit), Uttarakhand had ensured internal audit.

3.13.2 Unspent balances

The status of test-checked NPPs⁶ and NPs⁷ funded from the Twelfth and Thirteenth Finance Commissions (TFC/ThFC), State Finance Commission (SFC), revenues realized from own and other resources, the expenditure incurred there against, and the savings during the period 2010-13 is as under:

Table: 3.4

| Year | Opening Balance | | | | | (₹ in crore) | | |
|--------------|-----------------|-------------------------|-------------------|-----------------------------|---|-----------------------|--|--|
| | | Receipt under TFC /ThFC | Receipt under SFC | Receipt under own resources | Other receipts & interest (various schemes) | Total funds available | Expenditure (per cent to total fund available) | Savings (per cent to total fund available) |
| 2010-11 | 14.33 | 2.75 | 22.76 | 4.10 | 31.58 | 75.52 | 56.34 (75) | 19.18 (25) |
| 2011-12 | 19.18 | 3.85 | 19.15 | 4.73 | 10.48 | 57.39 | 37.15 (65) | 20.24 (35) |
| 2012-13 | 20.24 | 0.77 | 42.56 | 5.07 | 10.17 | 78.81 | 50.41 (64) | 28.40 (36) |
| Total | | 7.37 | 84.47 | 13.90 | 52.23 | | 143.90 | |

Source: Information furnished by NPPs/NPs

It would be seen from the above table that the prime contributor to the receipts of the NPPs/NPs were grants received under the recommendations of TFC/SFC followed by income generated through their own resources. Further, it was noticed that in framing of the budget of each NPP/NP, maintenance of minimum closing balances were not specified as envisaged in Section 101 of the UP Municipalities Act, 1916. Moreover, it was also noticed that the NPPs/NPs could not match the pace of expenditure with the flow of funds during 2010-13. The percentage of expenditure as against the available funds ranged between 64 to 75 per cent in test-checked NPPs/NPs. Consequently, a huge amount was lying unspent at the end of each financial year which is indicative of poor planning on part of NPPs/NPs in achieving intended objectives within the prescribed time frame.

⁴ 1.Roorkee,2.Pithoragarh,3.Jaspur,4.Kotdwar and 5.Vikasnagar.

⁵ 1.Chamba, 2.Champawat, 3.Dineshpur, 4.Doiwala, 5.Kelakhera, 6.Lalkuan, 7.Landhoura, 8.Lohaghat, 9.Mahuadabra and 10.Shaktigarh.

⁶ 1.Roorkee,2.Pithoragarh,3.Jaspur,4.Kotdwar and 5.Vikasnagar.

⁷ 1.Chamba, 2.Champawat, 3.Dineshpur, 4.Doiwala, 5.Kelakhera, 6.Lalkuan, 7.Landhoura, 8.Lohaghat, 9.Mahuadabra and 10.Shaktigarh.

3.13.3 Non-preparation of Annual Development Plan (ADP)

Section 127 (A) & (B) of UP Nagar Palika Act, 1916 envisages preparation of Annual Development Plan (ADP) by ULBs, which should be submitted to the District Planning Committee (DPC) for integration with overall District Development Plans (DDPs). The preparation of ADPs by NPPs/NPs and their consolidation along with the District Plans is crucial to ensure incorporation of local needs and provisioning of basic amenities in the developmental process.

Records showed that no initiative was taken by the Executive Officers (EOs) of the all test-checked NPPs and NPs to prepare an ADP. As a result, the objective to consolidate plans with the District Plans to ensure incorporation of local needs and basic amenities in the developmental process was defeated.

3.13.4 Non-reconciliation of cash balances

Each item of receipts and expenditure as per the cash book should be compared with the treasury/bank statements at the end of each month and the differences, if any, should be reconciled. However, during the test check, four NPPs⁸ and one NP⁹ had a total difference of ₹ 6.04 crore (*Appendix-3.3*) as on March 2013 in the records of cash book and treasury/bank statements. The un-reconciled differences were fraught with risk of misuse/misappropriation of funds.

3.13.5 Non-deposit of PF contributions in subscribers' accounts

As per the provisions for management of Provident Fund (GPF) under section 297 (1) (I) of the UP Municipalities Act, 1916, NPPs are required to deposit 10 *per cent* amount of the basic salary in the savings bank account of each subscriber.

The records of the NPP Roorkee (now Nagar Nigam) showed (October 2013) that contrary to the above mentioned provisions of the Act, NPP had deducted ₹ 19.64 lakh on account of GPF contribution of 118 employees (subscribers), from their monthly salary bills during 1998-2000 but had not deposited the same in their savings bank accounts. Despite allocation of sufficient funds under Salary head from the State Finance Commission (SFC), the employees were deprived of the due principal amount plus accrued interest thereon on account of their PF contribution as of October 2013.

On this being pointed out, Sahayak Nagar Adhikari (SNA) stated (October 2013) that the funds could not be drawn on account of PF deduction due to paucity of funds during 1998-2000. The reply of SNA was not acceptable as sufficient funds were available with the NPP in subsequent years.

⁸ Jaspur, Kotdwar, Pithoragarh and Roorkee.

⁹ Champawat.

3.13.6 Non-renewal of shops rent

As per U.P. Government Order (1st September 1977) as adopted in Uttarakhand, State residential and non-residential buildings are to be allotted for a maximum period of 15 years on lease with increment of rent at the rate of 12.5 *per cent* every five years. The re-allotment of residential and non-residential buildings shall be done on enhancement by 50 *per cent* of the rent applicable at that time (after 15 years).

The test check of records of NPPs¹⁰, showed (October-December 2013) that none of the NPPs had followed the above procedures. The actual loss of rent on account of non-renewal of agreement of shops could not be ascertained in audit, due to improper maintenance of rent registers.

On this being pointed out, Executive officers of the NPPs accepted the above facts and stated that the procedure would be followed in future.

3.13.7 Response to audit observations

Results of Audit of the accounts of ULBs, conducted by the Office of the Accountant General (Audit), Uttarakhand, were communicated to the respective units in the form of Inspection Reports (IRs) with a copy to the State Government. ULB authorities were required to comply with the observations contained in the Inspection Reports (IRs), rectify the defects and omissions pointed out, and report their compliance to audit within one month from the date of issue of the IRs.

The details of IRs and the outstanding paragraphs are given in the following table:

Table-3.5

| Sl. No. | Year of issue | No. of Inspection Reports (ULBs) | No. of outstanding paras (ULBs) | No. of paras settled during the year | Total outstanding paras at the end of the financial year |
|--------------|---------------|----------------------------------|---------------------------------|--------------------------------------|--|
| 1. | Upto 2008-09 | 05 | 27 | Nil | 27 |
| 2. | 2009-10 | 05 | 85 | Nil | 85 |
| 3. | 2010-11 | 02 | 17 | Nil | 17 |
| 4. | 2011-12 | 02 | 17 | Nil | 17 |
| 5. | 2012-13 | 05 | 34 | Nil | 34 |
| 6. | 2013-14 | 15 | 83 | Nil | 83 |
| Total | | 34 | 263 | Nil | 263 |

Source: As per available records

A review of the IRs is pending due to non-receipt of replies from the auditee units test checked upto 2013-14. The matter has been intimated at the Government level and also raised during the Audit Committee Meeting. The reply of the State Government was awaited (March 2015).

¹⁰ Jaspur, Kotdwar, Pithoragarh and Roorkee



CHAPTER-4

Results of Audit of Urban Local Bodies



CHAPTER-4

Results of audit of Urban Local Bodies

Out of 72 ULBs, 15 ULBs¹ (five NPPs & 10 NPs) were audited during 2013-14. The major sources of funds of ULBs are Grants from Central Government/Central Finance Commission CFC, State Finance Commission Grants, own sources, *etc.* Three main centrally sponsored schemes, *viz.* (i) Integrated Housing and Slum Development Programme (IHSDP), (ii) Urban Infrastructure Development Scheme for Small and Medium Town (UIDSSMT), and (iii) Urban Infrastructure and Governance (Solid Waste Management) under 'JnNURM'², were being implemented within the municipal areas in the State of Uttarakhand during the audit coverage period (2010-13).

Scheme-wise audit observations, as a result of the test-check, are described in the succeeding paragraphs.

4.1 Blockade of fund and un-adjusted advance under Integrated Housing and Slum Development Programme.

IHSDP aims at an integrated approach in ameliorating the conditions of the urban slum dwellers. Based on the assessment of the conditions of urban poverty pockets after the requisite survey, six Detailed Project Reports (DPRs) in two NPPs and three NPs³ were prepared under IHSDP⁴ for the construction of 1191 dwelling units at a cost of ₹ 44.32 crore (*Appendix-4.1*). The DPRs were approved by the Government of India (GoI) in 2010 after the approval of the State Steering Committee with the condition that no extra expenditure was permissible on account of escalation of costs due to any time over-runs. The Directorate, Urban Development allotted ₹ 26.60 crore to the concerned NPPs/NPs between April 2010 and March 2012. The NPPs/NPs awarded the contract to M/s Project Corporation Limited, Uttar Pradesh (an enlisted working agency for the State of Uttarakhand). As per the agreements, the scheduled dates of start, completion and handing over of the work of the project were fixed between June 2010 and March 2012.

The records of the above mentioned two NPPs and three NPs showed the following irregularities from planning to monitoring level.

¹ NPPs: (i) Jaspur, (ii) Kotdwar (iii) Pithoragarh (iv) Roorkee (v) Vikas Nagar, NPs: (i) Chamba (ii) Champawat (iii) Dineshpur (iv) Doiwala (v) Kelakhera (vi) Lalkuan (vii) Landhoura (viii) Lohaghat (ix) Mahuadabara (x) Shaktigarh.

² Jawaharlal Nehru National Urban Renewal Mission.

³ NPPs: Pithoragarh and Jaspur; NPs: Landhoura, Dineshpur and Lalkuan.

⁴ BCost shared by Government of India and State Government for construction of 1191 dwelling units at a cost of ₹ 44.32 crore. Beneficiaries bear 10 *per cent* of cost of house.

i) The contracts were awarded on quotation basis (October 2009) by the NPPs/NPs⁵ for preparation of DPRs to M/s Global Creation Limited, Dehradun, instead of tendering for outsourcing as per Rule 60 (b) of Uttarakhand Procurement Rules, 2008. Further, Audit scrutiny revealed that the area measuring 0.5020 *hectare* was lying under dispute in Jaspur till 1st July 2011. The said NPPs and NPs had submitted the DPRs to the State Steering Committee for approval, without ensuring proper survey of the site and availability of land, free from all encumbrances. Seismic provisions and beneficiary-wise allotment of land, which otherwise should have formed a part of the DPRs, were also not mentioned. Further, NPP Pithoragarh had prepared a fresh DPR after incorporating changes in the design of the dwelling units, incurring an extra expenditure of ₹ 8.80 lakh. The fresh DPR was not approved by the State Government since escalation in the cost was inadmissible (clause 19 of GO, August 2010). Poor planning and erroneous preparation of DPRs by NPPs of Jaspur and Pithoragarh rendered the expenditure of ₹ 16.14 lakh⁶ wasteful.

ii) As per paragraphs 2 and 3 of the bid document, the payments were to be made based on the actual achievements against the time-bound targets. Audit observed that, contrary to this provision of clause 3 of the *Memorandum of Understanding*, the said NPPs and NPs had released ₹ 19.44 crore in advance (*Appendix-4.1*) to the working agency without measuring the work that was already executed. The working agency started (June-August 2010) construction of only 740 houses and allied work (62 *per cent*) against the required 1,191 houses and infrastructure projects. Only 36 works were completed (October 2012) by the working agency in NPP Jaspur (phase-II), leaving 704 houses and allied works incomplete at various levels at a cost of ₹ 11.51 crore. The agency stopped the works of various projects in the month of October 2012, upon the instructions of the State Government after a Third Party Inspection and Monitoring Agency (TPIMA) report. The executed works of the above projects were measured by the M/s Global Creation, Dehradun, which estimated the cost of executed works at ₹ 11.51 crore (*Appendix-4.1*). An unadjusted advance of ₹ 7.93 crore was lying with working agency till the date of audit (December 2013). Besides, there was a blockade of funds to the tune of ₹ 11.51 crore.

iii) Monitoring and inspection of the projects under the IHSDP was neither carried out at the level of apex authorities nor at the executing agency level. The serious technical faults reported upon by the TPIMA in the projects were also not rectified as of December 2013.

⁵ NPPs: Jaspur and Pithoragarh, NPs: Landhoura, Dineshpur and Lalkuan.

⁶ DPRs: Jaspur: ₹ 2.94 lakh, Pithoragarh: ₹ 4.40 lakh and extra expenditure on fresh DPR: ₹ 8.80 lakh=₹ 16.14 lakh.

On these being pointed out, the Executive Officers (EOs) of the concerned NPPs/NPs accepted (October-December 2013) the above facts.

Thus, the lackadaisical approach and ineffective planning, execution and monitoring by the department as well as the executing agency resulted in blockade of ₹ 11.51 crore on the executed projects. Besides, an unadjusted advance of ₹ 7.93 crore was lying with the agency. Moreover, the people of the NPPs and NPs were also deprived of intended benefits of the projects.

The matter was referred to the Government and reply was awaited (March 2015).

4.2 Loss of premium and rent under Integrated Development of Small and Medium Towns.

Nagar Palika Parishad (NPP), Pithoragarh had constructed (2005-06) two commercial halls and 15 shops at the cost of ₹ 61.17 lakh under IDSMT in order to generate income for the NPP. The commercial halls and shops were to be allotted in the government approved ratio⁷ for identified categories as per Government Orders issued in November 1980.

The records (November 2013) of the NPP showed that two commercial halls and 15 shops were constructed (August 2006) without any proper survey and study of feasibility of the proposed site. Tenders for allotment of halls and shops at a total premium cost of ₹ 27.93 lakh⁸ and monthly rent of ₹ 0.50 lakh⁹ were invited thrice¹⁰ but no one from any category expressed any interest in bidding for allotment of premises. Keeping in view the non-suitability of the site and recurring revenue loss to the NPP, the Board of NPP decided to let the commercial halls and 15 shops to an individual and invited (June 2008) tenders. After completion of the tendering process, the two commercial halls and shops were allotted for 20 years on lease basis for establishing a hospital to the higher bidder (lessee) at a monthly rent of ₹ 0.28 lakh and premium cost of ₹ 21 lakh. Both parties entered (July 2008) into an agreement with the condition that no change in the original structure of the two commercial halls and 15 shops and encroachment in the adjacent area would be allowed, without the proper permission of the NPP.

It was observed during audit that the lessee had changed the original structure of the commercial halls and shops and extended the construction works upto the road side without the permission of the NPP against which no action was initiated as of November 2013.

⁷ Scheduled Caste: 18 per cent, Scheduled Tribe: 2 per cent, Other Backward Caste: 15 per cent and additionally one shop to Physically Handicapped.

⁸ Premium cost of each shop was ranging from ₹ 1.21 lakh to ₹ 1.47 lakh in terms of area of the shop and ₹ 8 lakh for two commercial halls.

⁹ Monthly rent of each shop was ₹ 2,500 and commercial hall ₹ 12,500 = ₹ 50,000.

¹⁰ 4th August 2006, 18th April 2007 and 21st June 2007.

On this being pointed out (November 2013), the EO, NPP, Pithoragarh accepted the above facts and assured to take action to dispossess the lessee. An enquiry was ordered (October 2013) by the Chairman, the report of which was not submitted by the authorities as of November 2013.

Thus, the construction of commercial halls and shops without any proper survey and assessing suitability of the site resulted in loss of premium of ₹ 6.93 lakh¹¹ and a sum of monthly rent of ₹ 25.30 lakh¹². Besides, the lessee violated the allocation policy (November 1980) but the NPP failed to initiate any action to dispossess him.

The matter was referred to the Government and reply was awaited (March 2015).

4.3 Blockade of revolving fund under IDSMT

Nagar Palika Parishad (NPP), Jaspur had received ₹ 54.66 lakh¹³ during 2002-04 as a revolving fund under IDSMT scheme from the State Government and the NPP deposited the amount in savings bank accounts in Allahabad Bank and Nainital Bank Limited (Jaspur branch). The fund was meant for self-financed infrastructural developmental work. Out of the total revolving fund, 70 *per cent* was to be utilised on normal works and 30 *per cent* on the maintenance of the assets created.

Test check of records of the NPP, Jaspur showed that out of ₹ 54.66 lakh, an expenditure of ₹ 38.83 lakh was incurred between December 2002 and March 2004 on construction of roads/trenching ground road, installation of street lights and purchase of one tractor. The project could not be completed due to dispute on proposed project site resulting in blocking of funds for 10 years. Further, The expenditure of ₹ 3.15 lakh on purchase of tractor was inadmissible as per Government Orders issued in this regard.

As per provisions of the guidelines, unutilized amount should be surrendered and utilisation certificate should be submitted to the State Government. The NPP has kept the balance amount of ₹ 15.83 lakh along with accrued interest of ₹ 14.55 lakh in contravention to the provisions.

On this being pointed out, the EO NPP, Jaspur stated (December 2013) that revolving fund could not be utilized due to disputes in proposed project sites. EO, further, intimated (October 2014) that accrued interest would be surrendered to the Government and extension for utilization of principal amount would be obtained from the Government.

The reply was not acceptable as the NPP did not follow the scheme guidelines and no action was initiated as of October 2014.

¹¹ Difference of the first and executed premiums: ₹ 27.93 lakh – ₹ 21 lakh = ₹ 6.93 lakh.

¹² Monthly rent: (i) from September 2006 to June 2008 (from first tender date to date of allotment) @ ₹ 50,000 per month = 22 months * ₹ 50,000 = ₹ 11 lakh (ii) Difference of monthly rent: ₹ 50,000 – ₹ 28,000 = ₹ 22,000 = total loss of the monthly rent from July 2008 to November 2013 = 65 months * ₹ 22,000 = ₹ 14.30 lakh, (iii) total loss of rent ₹ 11 lakh + ₹ 14.30 lakh = ₹ 25.30 lakh.

¹³ ₹ 50.18 lakh in Allahabad Bank and ₹ 4.48 lakh in Nainital Bank Limited.

The matter was referred to the Government and reply was awaited (March 2015).

4.4 Wasteful expenditure under Solid Waste Management (SWM)

Management¹⁴ of solid waste in the city is to be ensured as per provisions contained in the Municipal Solid Waste (Management and Handling) Rules, 2000 and 2003. Nagar Palika Parishad (NPP), Kotdwar decided¹⁵ (April 2011) to accept a proposal of a Non Government Organisation¹⁶ (NGO) worth ₹ 25.80 lakh¹⁷ to start the work. Further, as per Purchase Rule 8 and 12(1) of Uttarakhand Procurement Rules, 2008, the procurement of goods upto ₹ 15 lakh requires limited tender enquiry in which the rates of minimum three bidders needs to be obtained.

The records of NPP, Kotdwar (December 2013) showed following irregularities in the preparation of agreement, execution of works and monitoring:

- i) NPP entered (May 2011) into an agreement with the NGO without ensuring the prescribed tendering process. The agreement did not contain any provision for safeguarding the Government interest in case of breach of the agreement. Later on, the NGO stopped (June 2012) execution of works. NPP failed to take any action against the NGO as of December 2013 in absence of any penal provision in the agreement. Thus, the procedure adopted for the preparation of the agreement was erroneous.
- ii) Solid Waste Management Work is part of Centrally Sponsored Scheme. NPP had funded the project from SFC Funds. An amount of ₹ 13.15 lakh was paid (May 2011) from SFC funds as advance to the NGO for incurring expenditure on fixed cost of five items¹⁸ of the project. The NGO submitted (May 2012) bills of ₹ 11.86 lakh¹⁹ against only three items, without including sewing machine, which is essential equipment for this project. NPP paid ₹ 11.64 lakh as operational cost during August 2011 and June 2012 without ensuring segregation, processing and disposal of the collected solid wastes by the NGO. The NGO stopped (June 2012) the collection work without intimating the NPP due to non-payment of charges by the public for collection of wastes. The recycling machine, costing ₹ 8.73 lakh, was lying idle as of December 2013. In the absence of installation of recycling machine and sewing machine, the disposal work could not be performed which rendered the whole expenditure of ₹ 23.50 lakh wasteful besides ₹ 1.29 lakh lying with NGO as unadjusted advance till the date of audit (December 2013).

¹⁴ 1. Collection 2. Segregation 3. transportation 4. processing and 5. Disposal of municipal solid waste.

¹⁵ Boards proposal no 6(3) dated 11th April 2011.

¹⁶ M/s Muskan Jyoti Samiti, Lucknow, Uttar Pradesh.

¹⁷ Fixed cost: ₹ 13.15 lakh, Operational cost: ₹12.65 lakh per annum.

¹⁸ 1. Recyclable machine 01 no: ₹ 8 lakh, 2. Rickshaw Trolley 08 nos: ₹ 2.40 lakh, 3. Sewing Machine 01 no.: ₹ 1 lakh, 4. Office furniture and computer etc. ₹ 1 lakh and 5. Technical support: ₹0.75 lakh= ₹ 13.15 lakh.

¹⁹ 1. Recyclable machine: ₹8.73 lakh, 2. Rickshaw trolley: ₹2.15 lakh, 3. Office items: ₹0.98 lakh= ₹11.86 lakh.

iii) No authority at NPP level had monitored any stage of the SWM project being operated by the NGO. As a result, the project failed. The collected waste, dumped at the trenching ground, is lying unprocessed and becoming hazardous to the environment.

On this being pointed out in audit, the EO, NPP stated (December 2013) that the NGO had purchased recycling machine on the basis of its utility to the project. Action would be taken against the NGO. However, a new agreement with a new agency was being worked out and the purchased machine would be utilized after conclusion of the agreement with the new agency. The reply of the NPP is not acceptable as no action was initiated against the earlier NGO. The process for entering into new agreement was also not initiated by the NPP as of December 2013.

Thus, the deficiencies in the process of awarding of contract, implementation and monitoring of the work led to an infructuous expenditure of ₹ 24.79 lakh²⁰.

The matter was referred to the Government and reply was awaited (March 2015).

4.5 Unfruitful expenditure on construction of shopping complexes under Infrastructure Development Fund (IDF)

Government of Uttarakhand accorded (February 2006) administrative approval and financial sanction to two estimates costing ₹ 12 lakh each for construction of shopping complexes²¹ at *Jaunpur* and *Jhula Basti* to provide employment to the weaker sections of the society and to generate income for the NPP, Kotdwar, under IDF. Government released (March 2006) ₹ 24 lakh for this work. Technical sanctions of the detailed estimates were accorded²² by the Superintending Engineer (SE) 36th circle PWD, Pauri. As per the decision (November 2007) of the Board, the escalated cost of the works was to be borne from the savings at the disposal of the Board.

After the tendering process, NPP, Kotdwar entered (December 2007) into an agreement with executing agencies²³ at rates much higher than estimated costs (19.45 *per cent*: ₹ 14.87 lakh and 19.85 *per cent*: ₹ 12.63 lakh respectively). As per the agreement, the stipulated dates of start and completion of the works were fixed as 18th December 2007 and 17th May 2008 respectively.

The records of the NPP, Kotdwar showed (December 2013) that estimates were prepared without proper survey and feasibility of the sites as the proposed land at *Jhula Basti* was under unauthorised possession of a private person while land at *Jaunpur Basti* was to be cleared by demolition of a slaughter house situated there. As a result, the work started late in January 2008 and January 2009 respectively. Due to delay in start of the works,

²⁰ Advance payment : ₹ 13.15 + operational cost: ₹ 11.64 = ₹ 24.79 lakh.

²¹ 13 shops at Jaunpur basti and 12 shops at Jhula basti.

²² Date of technical sanction was not mention in the relevant records.

²³ M/s JDS construction and Jaideep Agrawal, Kotdwar district Pauri.

the cost of material and labour escalated and both the estimates were revised at a cost of ₹ 18.91 lakh and ₹ 19.20 lakh which were approved by the Board itself without obtaining the approval of the Government. The works were completed at a cost of ₹ 18.91 lakh and ₹ 19.16 lakh in July and November 2009 respectively.

Audit further observed that both the shopping complexes were lying un-occupied as of December 2013 despite inviting tenders twice and reducing rent rate of each shop (average area 13.09 sq. meter) @ ₹ 1,000/- per month against the circulated rates by the District Magistrate, ₹ 80/- per sq. meter/per month. None of the targeted people made a bid due to wrong selection of the site.

On this being pointed out, the EO of the NPP accepted the facts and stated (December 2013) that no agreements for letting out the shopping complexes were made due to high rent and premium fixed by the Board. Action is being initiated in this regard.

The fact remains that the assets created in 2009 have not been put to use even after more than four years resulting in unfruitful expenditure of ₹ 38.07 lakh on construction of both the shopping complexes.

The matter was referred to the Government and reply was awaited (March 2015).

4.6 Irregular expenditure on construction of tiles roads under IDF

Government of Uttarakhand accorded (February 2006) administrative approval and financial sanction of ₹ 291.83 lakh in respect of two estimates²⁴ for construction of 88 works²⁵ under IDF in Nagar Palika Parishad (NPP) Jaspur and released ₹ 271.04 lakh to the NPP to complete the work by March 2007 which was further extended up to December 2007.

The test-check of records of the NPP Jaspur showed (December 2013) that out of total 51 works of first estimate, 26 CC roads, which were to be converted in CC tiles roads, were completed at a cost of ₹ 56.22 lakh, much higher than the sanctioned estimate of ₹ 39.12 lakh by diverting the funds pertaining to other items of the estimate. This was not permissible as envisaged in the clause 3 of the GO (February 2006), which resulted in irregular expenditure of ₹ 17.10 lakh. The NPP failed to obtain the requisite approval for the same as of October 2014.

On this being pointed out, the EO of NPP Jaspur accepted the facts and stated (October 2014) that action is being initiated for obtaining requisite approval of the Government.

²⁴ First estimate for 51 works for ₹ 194.18 lakh, second estimate for 37 works for ₹ 97.65 lakh=₹ 291.83 lakh.

²⁵ Two *mulla* works were replaced by *Id-gah* and burial ground works (GO: August 2007). CC, khadanza and cc tiles and bitumen road, *mulla*, and building work etc as detailed below:

| Phase | CC road | Khadanza road | CC tiles road | Nulla | Bitumen road | Building | Total |
|--------------|---------|---------------|---------------|-------|--------------|----------|-------|
| Phase I | 26 | 19 | 00 | 04 | 01 | 01 | 51 |
| Phase II | 00 | 03 | 34 | 00 | 00 | 00 | 37 |
| Total | 26 | 22 | 34 | 04 | 01 | 01 | 88 |

Thus, in the absence of Government approval, expenditure of ₹ 17.10 lakh incurred on construction of CC tiles roads was rendered irregular.

The matter was referred to the Government and reply was awaited (March 2015).

4.7 Double payment under IDF

NPP Jaspur took up the project to construct CC tiles roads in lieu of 26 CC roads and entered into contract agreement with 20 contractors. The contract provided for laying of CC tiles with materials. The EO invited (March 2006) tender to supply various materials along with CC tiles. The supplier supplied a total quantity of 1,08,880 nos. of CC tiles²⁶ during May, 2006 costing of ₹ 12.29 lakh to the work agent of NPP, which was issued to the 20 contractors without obtaining any receiving and making stock entries.

Audit observed (December 2013) that paid bills for the contractors included cost of tiles, though tiles were separately procured and provided to the contractors by the NPP. This has resulted in double payment of ₹ 12.29 lakh on account of tiles. NPP had issued (October 2014) Recovery Certificate (RC) for recovery of cost of tiles amounting to ₹ 7.95 lakh only against the total cost of CC tiles amounting to ₹ 12.29 lakh. Further, scrutiny showed that, the supplier of tiles had filed a case for non- payment of CC tiles in the Court of Pargana Magistrate, various other Courts and also in the Hon'ble High Court at Nainital in which NPP was held liable for payment of the cost of CC tiles ₹ 12.29 lakh. On the basis of the order of the Hon'ble High Court, NPP paid (March 2013) ₹ 12.29 lakh to the supplier as the cost of CC tiles which resulted in a double payment by the NPP for the same material.

Due to absence of documentary evidence of issuance of tiles, NPP paid the cost of these tiles, along with the work cost, to the 20 contractors resulting in double payment.

On this being pointed out (December 2013), the EO, NPP accepted the above facts and further informed (October 2014) that letter is being issued to *Tehsildar*, Jaspur for recovery of the amount of ₹ 7.95 lakh.

The matter was referred to the Government and reply was awaited (March 2015).

4.8 Unfruitful expenditure on construction of crematorium under IDF

Government of Uttarakhand accorded (August 2011) an administrative approval of ₹ 63.36 lakh for the construction of crematorium at *Chandrabhaga* in Pithoragarh town under IDF and released ₹ 30 lakh with the condition to utilize the funds by March 2012 and physical and financial progress report be sent to the Government.

The records of NPP, Pithoragarh (November 2013) showed that NPP had awarded (November 2011) the construction works of crematorium at a cost of ₹ 54.19 lakh²⁷ (15 per cent below of the estimated cost) to a contractor²⁸ on the basis of only two bids that

²⁶ 60 mm: 99,380 nos., 80 mm 9,500 nos. total 1,08,880 nos. of CC tiles.

²⁷ (i) Crematorium: ₹43.66 lakh, (ii) Culvert: ₹ 4.24 lakh, (iii) Boundary wall gate: ₹ 2.90 lakh, (iv) Boundary wall including ancillary works : ₹ 3.39 lakh = Total ₹54.19 lakh.

²⁸ Shri Shamsher Singh Saun .

were received, without giving any justification against the minimum three bids required as laid down in Section 12(2) of Uttarakhand Procurement Rules, 2008 and executed an agreement (December 2011) with the contractor. Further, the stipulated dates of start and completion of the works were 10th December 2011 and 31st March 2012 respectively. However, due to the protest by the local people on the proposed site, the work was started with a delay of seven months (June 2012). The NPP had incurred expenditure of ₹ 42.29 lakh against the sanction of ₹ 30.00 lakh on construction of crematorium works by diverting ₹ 12.29 lakh from SFC funds. Further, the work was stopped (December 2012) due to paucity of funds and also due to non-release of second instalment by the Government as of December 2013.

On this being pointed out (November 2013) the EO, NPP accepted the facts and stated that the construction of crematorium work had been taken up in anticipation of release of second instalment by the Government.

The matter was referred to the Government and reply was awaited (March 2015).

4.9 Wasteful expenditure for construction of car parking under IDF

Government of Uttarakhand accorded administrative approval and financial sanction (February 2009) of ₹ 4.60 crore²⁹ for construction of car parking, adjacent to *Devi Singh* play ground in Nagar Palika Parishad (NPP), Pithoragarh under IDF and released first instalment of ₹ 50 lakh. NPP released (September 2009) ₹ 49.15 lakh to the Provincial Division, PWD (executing agency) for construction of the car parking.

The records of the NPP (November 2013) showed that NPP was not in possession of proposed site for car parking. However, it incurred expenditure of ₹ 0.85 lakh on soil testing. The executing agency had also incurred expenditure of ₹ 7.42 lakh on drawing and design for construction of the car parking. Due to a dispute at the proposed site, the NPP decided (September 2012) to construct the multi-storey car parking at the new bus station and the executive agency refunded (September 2012) the remaining funds of ₹ 41.73 lakh to NPP after three years of release of the funds.

Thus, preparation of drawing and design without possession of land rendered an expenditure of ₹ 8.27 lakh on soil testing and preparation of designs, wasteful.

The matter was referred to the Government and reply was awaited (March 2015).

4.10 Blockade of funds under IDF

Government of Uttarakhand accorded (March 2006) administrative approval and financial sanction to two estimates of ₹ 100.90 lakh³⁰ and ₹ 30.75 lakh³¹ under IDF for construction of a shopping complex and a marriage hall respectively at the *tehbazari* area in Ward-V of the NP. To generate income and to provide employment to the people of Nagar Panchayat Dineshpur, Udham Singh Nagar, Government released (March 2006)

²⁹ GO No. 274/IV(2)-SHA.VI-09-04(Mukhyamantri Ghoshna)/08 dated:14 February 2009.

³⁰ GO No. 472/V-SHA VI -06-188-(SA)/05 TC-1 dated:6th March 2006.

³¹ GO.No.399/V-SHA VI-06-188(SA)/05 dated: 3rd March 2006.

₹ 20 lakh and ₹ 30.75 lakh to the Director, Urban Development Department, Uttarakhand (Directorate) with the condition that funds were to be drawn after ensuring availability of land. Further, Directorate released (August 2006) above funds to the NP to complete the works.

The test-check of records of the NP Dineshpur showed (November 2013) that Directorate had released the above funds without ensuring availability of the land. As a result, construction of shopping complex and marriage hall could not be started as of November 2013 due to vehement protest by the fruit sellers of the area. Consequently, The entire sum of ₹ 50.75 lakh was lying unspent/ blocked in the savings bank account of NP for more than seven years.

On this being pointed out, EO accepted the above facts. Thus, due to poor planning, an amount of ₹ 50.75 lakh has remained blocked for more than seven years.

The matter was referred to the Government and reply was awaited (March 2015).

4.11 Irregular expenditure under State Finance Commission

As per the orders³² of the Hon'ble Supreme Court of India (dated 10th April 2006), the appointment/promotion of the contract, daily wages, *ad-hoc* and work charged staff was prohibited. Consequently, Government of Uttarakhand also issued orders (May, 2008) to restrict such appointments. Further, SFCs guidelines provided that no funds were to be spent on payments to the contractual/daily wages/*ad-hoc* staff.

The records of the test-checked NPPs³³ showed (October-December 2013) that NPPs had incurred expenditure of ₹ 1.66 crore (*Appendix-4.2*) on the wages of 66 contractual/daily wages/*ad-hoc/safai* staff between April 2008 and October 2013 (date of audit) contrary to the Hon'ble Supreme Court/State Government orders. This expenditure was met by the NPPs by diverting the funds from the allocation made by the SFC, in contravention of the guidelines *ibid*. Thus, the appointment on such categories of staff without ensuring adherence to the extant recruitment rules, and the expenditure incurred on the payment of wages by the NPPs from SFC funds, was irregular, besides creating an undue burden on the State exchequer.

On this being pointed out, EOs of NPPs stated (October-December 2013) that the matter had been referred to the Directorate. The reply was not acceptable as the Hon'ble Supreme Court/ Government orders as well as the guidelines of the SFC were available with the NPPs, making the entire expenditure irregular.

The matter was referred to the Government and reply was awaited (March 2015).

4.12 Non renewal of lease of shops

As per U.P. Government order (September 1977) as adopted in Uttarakhand State, residential and non-residential buildings are to be allotted on lease for a maximum period

³² State of Karnataka V/s Uma Devi.

³³ NPPs Jaspur (District: U S Nagar), Pithoragarh and Kotdwar (District: Pauri-Garhwal).

of 15 years on rent with increase in rent by 12.5 *per cent* every five years and renewal thereof to be done on enhancement of the rent by 50 *per cent* thereafter.

The records of the NPP, Kotdwar showed (December 2013) that 202 shops were allotted during July 1973 to March 2013, out of which 90 shops (45 *per cent*) were allotted prior to 15 years without revising the rates which was in contravention of the above mentioned Government orders. Besides, the NPP failed to recover outstanding rent amounting to ₹ 5.27 lakh from 28 lessees as of October 2013.

On this being pointed out in audit, the NPP accepted the facts and stated (December 2013) that action will be taken against the lessee to recover the outstanding rent.

The matter was referred to the Government and reply was awaited (March 2015).

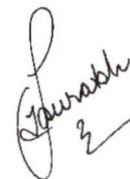
Date: 4 जनवरी 2016
Place: Dehradun



(Anubhav Kumar Singh)
Senior Deputy Accountant General
(Local Bodies)

Countersigned

Date: 4 जनवरी 2016
Place: Dehradun



(Saurabh Narain)
Accountant General (Audit)
Uttarakhand



APPENDICES



Appendix-1.1
(Reference: Paragraph No. 1.4.1: Page No. 2)
District-wise number of Panchayats in Uttarakhand

| Name of District | Numbers of <i>Kshetra Panchayats</i> | Numbers of <i>Gram Panchayats</i> |
|-------------------------|---|--|
| 01. Uttarkashi | 6 | 477 |
| 02. Chamoli | 9 | 602 |
| 03. Rudraprayag | 3 | 327 |
| 04. Tehri Garhwal | 9 | 1,004 |
| 05. Dehradun | 6 | 422 |
| 06. Pauri Garhwal | 15 | 1,216 |
| 07. Pithoragarh | 8 | 677 |
| 08. Champawat | 4 | 303 |
| 09. Almora | 11 | 1,158 |
| 10. Bageshwar | 3 | 404 |
| 11. Nainital | 8 | 463 |
| 12. U.S. Nagar | 7 | 336 |
| 13. Haridwar | 6 | 316 |
| Total | 95 | 7,705 |

Source: Letter No.1343/3-p/GP/vividh/2012-13 dated 27.12.2012 and Uttarakhand Panchayat Darshan published by PRI Directorate.

Appendix- 1.2
(Reference: Paragraph No. 1.6: Page No. 4)
Manpower position in PRIs

| Sl. No. | Name of posts | Zila Panchayats | | Kshetra Panchayats | | Gram Panchayats | |
|---------|--------------------------------|--------------------------|-----------------|--------------------|-----------------|---------------------------|-----------------|
| | | Sanctioned post | Men in position | Sanctioned post | Men in position | Sanctioned post | Men in position |
| 1. | Apar Mukhya Adhikari | 13 | 12 | | | | |
| 2. | Karya Adhikari | 13 | 03 | | | | |
| 3. | Engineers | 13 | 07 | | | | |
| 4. | Tax Officer | 13 | 01 | | | | |
| 5. | Jr. Engineers | 45 | 29 | | | | |
| 6. | Sr. Clerks/Clerks | - | - | | | | |
| 7. | Block Development Officers | - | - | 95* | 56 | Post does not exist GP | |
| 8. | Asstt. Development Officer (P) | - | - | 95 | 66 | | |
| 9. | Gram Panchayat Vikas Adhikari | Posts do not exist in ZP | | - | - | 1,175 | 1,052 |
| 10. | Gram Vikas Adhikari | | | 950 | 711 | Post does not exist in GP | |
| 11. | Accountant | | | 280 | 269 | | |
| 12. | Chief Assistant | | | 74 | 64 | | |
| 13. | Assistant Accountant | | | 69 | 24 | | |
| 14. | Senior Assistant | | | 128 | 109 | | |
| 15. | Junior Assistant/DEO | | | 152 | 139 | | |
| 16. | Junior Clerk | | | 03 | 03 | | |
| 17. | Driver | | | 116 | 77 | | |
| 18. | Group D | | | 316 | 256 | | |
| 19. | Sweeper/Chowkidar | | | 91 | 63 | | |

Source: Rural Development Department, Pauri and Panchayati Raj Institutions Directorate, Dehradun.

*Block Development Officers and officials of Kshetra Panchayat are regular employees of the Rural Development Department of the State Government.

Appendix-1.3

(Reference: Paragraph No. 1.8: Page No. 6)

Authority and Responsibility of State Govt. on PRIs

| Provision | Authority | Powers exercised by Government |
|---|--|--|
| Budget of Gram Panchayat | Section 41 of 1947 UP Panchayati Raj Act. | Every Gram Panchayat shall within such period and in such manner as may be prescribed, prepare a statement of the estimated receipts and expenditure of the Gram Panchayat for the financial year commencing on the first day of April next following which shall be passed by the Gram Panchayat by a simple majority of the members present and voting at a meeting of the Gram Panchayat. |
| Audit of Gram Panchayats | Section 40 of 1947 UP Panchayati Raj Act. | The accounts of every Gram Panchayat and Nyaya Panchayat shall be audited every year in such manner, and on payment of such fee as may be prescribed. |
| External Control | Section 95 of 1947 UP Panchayati Raj Act. | By an order in writing call for and inspect a book or document in the possession or under the control of a gram Panchayat or a Joint committee or a Nyaya Panchayat. Institute any enquiry in respect of any matter relating to a Gram Sabha, Gram Panchayat or Nyaya Panchayat. If at any time it appears to the State Government that the Gram Sabha or it by or under this or any other enactment, the State Government may by order in writing fix a period for the performance of the duty. |
| Powers of State Government to make rules. | Section 110 of 1947 UP Panchayati Raj Act. | Power to frame rules. Government may, by notification in Gazette, make rules to carry out all or any purpose of State Act. |

Appendix-1.4
 (Reference: Paragraph No. 1.11.1: Page No. 8)
Manpower arrangement in Directorate of Audit

| Sl. No | Name of Post | Sanctioned Strength | | | |
|--------------|---|-------------------------------------|-----------------|-------------------|------------------|
| | | Cooperative and Local Funds section | | Director of Audit | |
| | | Sanctioned | Men-in-position | Sanctioned* | Men-in- position |
| 1. | Director | - | - | 01 | 01 |
| 2. | Additional Director | 02 | - | 01 | - |
| 3. | Joint Director | 04 | 01 | 02 | - |
| 4. | Deputy Director | 04 | 02 | 04 | - |
| 5. | Assistant Director/ Audit Officer Grade I | 09 | 04 | - | - |
| 6. | District Audit Officer | 25 | 17 | 25 | - |
| 7. | Assistant Audit Officer | 49 | 19 | 75 | - |
| 8. | Senior Auditor Grade I | 13 | 13 | 02 | - |
| 9. | Senior Auditor | 303 | 32 | - | - |
| 10. | Auditor | 75 | 09 | - | - |
| TOTAL | | 484 | 97 | 110 | 01 |

Source: Directorate of Audit, Uttarakhand.

Appendix-1.5*(Reference: Paragraph No. 1.11.9: Page No. 10)***Devolution of subjects in XI schedule of Constitution**

| Subject devolved | Subjects yet to be devolved |
|---|--|
| <ol style="list-style-type: none"> 1. Drinking Water 2. Rural Housing 3. Poverty Alleviation Programme 4. Education including primary and secondary schools 5. Adult and non formal education 6. Libraries 7. Cultural Activities 8. Family Welfare 9. Health and sanitation, including hospitals, primary health centers and dispensaries 10. Women and Child Development 11. Social Welfare including welfare of the handicapped and mentally retarded 12. Public Distribution system 13. Minor Irrigation, water management and watershed development 14. Agriculture, including agricultural extension. | <ol style="list-style-type: none"> 1. Land improvement, implementation of land reforms, land consolidation and soil conservation. 2. Animal husbandry, dairying and poultry. 3. Fisheries. 4. Social forestry and farm forestry. 5. Minor forest produce. 6. Small scale industries, including food processing industries. 7. Khadi, village and cottage industries. 8. Fuel and fodder. 9. Roads, culverts, bridges, ferries, waterways and other means of communication. 10. Rural electrification, including distribution of electricity. 11. Non-conventional energy sources. 12. Technical training and vocational education. 13. Markets and fairs. 14. Welfare of the weaker sections, and in particular, of the Scheduled castes and the Scheduled Tribes. 15. Maintenance of community assets. |

Appendix: 2.1

(Reference: Paragraph No. 2.1: Page No. 13)

Outstanding revenue receipts: ₹ 401.14 lakh

(₹ in lakh)

| Sl. No. | Name of ZP | Nature of tax/fee | Amount to be recovered |
|---------------|-------------------|-----------------------------------|-------------------------------|
| 1. | ZP, Pauri Garhwal | Rent of shops | ₹ 42.54 lakh upto March 2013 |
| | | C P Tax | ₹ 139.12 lakh upto March 2013 |
| 2. | ZP, Almora | Rent of shops | ₹ 14.01 lakh upto March 2013 |
| 3. | ZP, Bageshwar | Rent of shops | ₹ 38.24 lakh |
| 4. | ZP, Dehradun | C P Tax | ₹ 61.33 lakh upto March 2013 |
| | | Rent of shops/residences | ₹ 12.40 lakh upto March 2013 |
| 5. | ZP, Tehri | C P Tax | ₹ 37.30 lakh upto March 2012 |
| | | Contractors' license fees | ₹ 16.32 lakh upto March 2012 |
| | | License fees from village markets | ₹ 9.14 lakh upto March 2012 |
| | | Income from toll posts | ₹ 7.07 lakh upto March 2012 |
| | | Rent of shops/residences | ₹ 1.76 lakh upto March 2012 |
| 6. | ZP, Chamoli | Rent of shops/residences | ₹ 21.91 lakh upto March 2013 |
| Total: | | | ₹ 401.14 lakh |

Appendix: 2.2
(Reference: Paragraph No. 2.3 : Page No. 14)
Inadmissible/ Prohibited expenditure

(₹ in lakh)

| Sl. No. | Year | Name of Kshetra /Zila Panchayat | No. of works | Amount Sanctioned | Amount expended | Nature/brief description of works |
|--------------|-------------------|---|--------------|-------------------|-----------------|---|
| 1 | 2012-13 | KP Kashipur, Udham Singh Nagar. | 3 | 4.25 | 4.24 | Religious places related /Monuments related works |
| 2 | 2012-13 | KP Bhagwanpur, Haridwar | 4 | 11.00 | 8.88 | Religious places related /Departmental works |
| 3 | 2006-07 | KP Narendra Nagar(Fakot), Tehri Garhwal | 17 | 9.30 | 7.37 | Religious places related Works |
| 4 | 2011-12 | KP Rudrapur, Udham Singh Nagar. | 1 | 2.5 | 1.87 | Freedom fighter Kirtistambh Work |
| 5 | 2010-11 | Zila Panchayat,Pauri Garhwal | 5 | 3.85 | 3.85 | Religious places related Works |
| 6 | 2011-12 & 2012-13 | Zila Panchayat, Bageshwar | 104 | 44.22 | 43.40 | Religious places related Works |
| 7 | 2011-12 &2012-13 | Zila Panchayat, Udham Singh Nagar | 2 | 3.50 | 3.50 | Monument / private asset related Works. |
| Total | | | 136 | | 73.11 | |

Appendix: 2.3
(Reference: Paragraph No. 2.4 : Page No. 14)
Violation of procurement rules

(₹ in lakh)

| Sl. No. | Year | Name of ZPs & Kshetra Panchayat | Number of works | Amount |
|---------------------------|-------------------------------|----------------------------------|-----------------|-----------------|
| Kshetra Panchayats | | | | |
| 1. | 2010-11 2011-12 2012-13 | Pokhra, Pauri Garhwal | 442 | 234.17 |
| 2. | 2010-11 2011-12 | Rikkhanikhal, Pauri Garhwal | 313 | 231.46 |
| 3. | 2012-13 | Kashipur, Udham Singh Nagar | 6 | 19.47 |
| 4. | 2011-12 | Dasholi, Chamoli | 40 | 106.47 |
| 5. | 2011-12 | Karanprayag, Chamoli | 45 | 40.45 |
| 6. | 2011-12 | Pokhri, Chamoli | 76 | 60.44 |
| 7. | 2012-13 | Jaspur, Udham Singh Nagar | 6 | 21.60 |
| 8. | 2010-11 2011-12 2012-13 | Bageshwar | 303 | 222.47 |
| Zila Panchayats | | | | |
| 1. | 2012-13 | Zila Panchayat, Pauri Garhwal | 544 | 448.00 |
| 2. | 2012-13 | Zila Panchayat, Almora | 38 | 28.12 |
| 3. | 2011-12 & 2012-13 | Zila Panchayat, Bageshwar | 425 | 218.66 |
| 4. | 2012-13 | Zila Panchayat, Chamoli | 489 | 470.60 |
| Total | | | 2,727 | 2,101.91 |

Appendix: 2.4*(Reference: Paragraph No. 2.6 : Page No. 15)***Wasteful expenditure on incomplete works:****(A) Kshetra Panchayat Beeronkhal, Pauri Garhwal***(₹ in lakh)*

| Year | Number of works | Sanctioned amount | Received amount | Expenditure incurred |
|--------------|-----------------|-------------------|-----------------|----------------------|
| 2004-05 | 07 | 6.30 | 4.98 | 4.73 |
| 2005-06 | 09 | 6.60 | 4.97 | 4.97 |
| 2006-07 | 03 | 2.25 | 1.68 | 1.43 |
| 2007-08 | 10 | 5.05 | 3.80 | 2.92 |
| 2008-09 | 12 | 6.15 | 4.61 | 3.54 |
| 2009-10 | 20 | 23.00 | 17.25 | 12.91 |
| Total | 61 | 49.35 | 37.29 | 30.50 |

(B) Kshetra Panchayat Pokhra, Pauri Garhwal*(₹ in lakh)*

| Year | Number of works | Sanctioned amount | Received amount | Expenditure incurred |
|--------------|-----------------|-------------------|-----------------|----------------------|
| 2003-04 | 01 | 1.00 | 0.60 | 0.60 |
| 2004-05 | 02 | 1.05 | 0.79 | 0.53 |
| 2005-06 | 08 | 3.50 | 2.65 | 2.65 |
| 2006-07 | 03 | 1.35 | 1.02 | 1.02 |
| 2007-08 | 11 | 11.40 | 8.57 | 8.53 |
| 2008-09 | 10 | 5.90 | 4.52 | 2.58 |
| 2009-10 | 20 | 19.93 | 15.22 | 8.91 |
| Total | 55 | 44.13 | 33.37 | 24.82 |

(C) Kshetra Panchayat Kaljikhil, District Pauri Garhwal*(₹ in lakh)*

| Year | Number of works | Sanctioned amount | Received amount | Expenditure incurred |
|--------------|-----------------|-------------------|-----------------|----------------------|
| 2005-06 | 04 | 5.00 | 3.76 | 3.76 |
| 2006-07 | 01 | 1.00 | 0.75 | 0.75 |
| 2007-08 | 03 | 4.25 | 3.29 | 3.19 |
| 2009-10 | 04 | 4.50 | 3.40 | 3.40 |
| Total | 12 | 14.75 | 11.20 | 11.10 |

Appendix-3.1

(Reference: Paragraph No. 3.4.1: Page No. 20)

District-wise number of Urban Local Bodies in Uttarakhand

| Sl. No. | Name of district | Name of Urban Local Bodies |
|---------|------------------|---|
| 01. | Dehradun | 1.Nagar Nigam, Dehradun 2.Nagar Palika Parishad, Vikas Nagar 3. Nagar Palika Parishad, Mussoorie 4. Nagar Palika Parishad, Rishikesh 5. Nagar Panchayat, Harbertpur 6. Nagar Panchayat, Doiwala |
| 02. | Haridwar | 1. Nagar Nigam, Hardwar 2.Nagar Nigam, Roorkee 3.Nagar Palika Parishad, Manglaur 4. Nagar Panchayat, Jhabrera 5. Nagar Panchayat, Luxar 6. Nagar Panchayat, Landhaura |
| 03. | Uttarkashi | 1.Nagar Palika Parishad, Uttarkashi 2. Nagar Panchayat, Barkot 3. Nagar Panchayat, Gangotri 4. Nagar Panchayat, Purola 5. Nagar Panchayat, Chinyali saur |
| 04. | Chamoli | 1.Nagar Palika Parishad, Chamoli (Gopeshwar) 2.Nagar Palika Parishad, Joshimath 3.Nagar Panchayat, Badrinath 4.Nagar Panchayat, Nand Prayag 5.Nagar Panchayat, Gauchar 6.Nagar Panchayat, Karan Prayag 7.Nagar Panchayat, Pokhari 8. Nagar Panchayat, Gairsain |
| 05. | New Tehri | 1.Nagar Palika Parishad, New Tehri 2. Nagar Palika Parishad, Narendra Nagar 3. Nagar Panchayat, Chamba 4. Nagar Panchayat, Kirti Nagar 5. Nagar Panchayat, Dev Prayag 6. Nagar Panchayat, Munikireti |
| 06. | Rudrapryag | 1.Nagar Palika Parishad, Rudrapryag 2. Nagar Panchayat, Kedar Nath 3. Nagar Panchayat, Agastyamuni 4. Nagar Panchayat, Ukhimath |
| 07. | Pauri | 1.Nagar Palika Parishad, Pauri 2.Nagar Palika Parishad, Srinagar 3.Nagar Palika Parishad, Dugadda 4.Nagar Palika Parishad, Kotdwar 5. Nagar Panchayat, Swargashram Jaunk |
| 08. | Pithoragarh | 1.Nagar Palika Parishad, Pithoragarh 2. Nagar Panchayat, Dharchula 3. Nagar Panchayat, Didihat 4. Nagar Panchayat, Gangolihat |
| 09. | Champawat | 1.Nagar Palika Parishad, Tanakpur 2. Nagar Palika Parishad, Champawat 3. Nagar Panchayat, Lohaghat |
| 10. | Almora | 1. Nagar Palika Parishad, Almora 2. Nagar Panchayat, Dwarahat |
| 11. | Bageshwar | 1.Nagar Palika Parishad, Bageswar 2. Nagar Panchayat, Kapkot |
| 12. | Nainital | 1.Nagar Nigam, Haldwani 2.Nagar Palika Parishad, Nainital 3.Nagar Palika Parishad, Ramnagar 4.Nagar Palika Parishad, Bhawali 5. Nagar Panchayat, Kaladhungi 6. Nagar Panchayat, Lalkuan 7. Nagar Panchayat, Bhimtal |
| 13. | Udhansingh Nagar | 1.Nagar Nigam, Kashipur 2.Nagar Nigam, Rudrapur 3.Nagar Palika Parishad, Gadarapur 4.Nagar Palika Parishad, Jaspur 5.Nagar Palika Parishad, Bazpur 6.Nagar Palika Parishad, Kichha 7.Nagar Palika Parishad, Sitarganj 8.Nagar Palika Parishad, Khatima 9. Nagar Panchayat, Mahuwadabra 10.Nagar Panchayat, Mahwakheda ganj 11.Nagar Panchayat, Sultanpur Patti 12.Nagar Panchayat, Kelakhera 13.Nagar Panchayat, Dinesh pur 14.Nagar Panchayat, Shakti garh |

Source: Letter No.1343/3-p/GP/vividh/2012-13 dated 27.12.2012

| | |
|----------------------------|-----------|
| 1. Nagar Nigams: | 06 |
| 2. Nagar Palika Parishads: | 28 |
| 3. Nagar Panchayats: | 38 |
| Total ULBs: | 72 |

Appendix-3.2*(Reference: Paragraph No. 3.13: Page No. 24)***Number of Urban Local Bodies audited during the financial year 2013-14**

| Name of the NPP: | Name of the NP: |
|-------------------------|------------------------|
| 1. Roorkee | 1. Chamba |
| 2. Pithoragarh | 2. Champawat |
| 3. Jaspur | 3. Dineshpur |
| 4. Kotdwar | 4. Doiwala |
| 5. Vikasnagar | 5. Kelakhera |
| | 6. Lalkuan |
| | 7. Landhaura |
| | 8. Lohaghat |
| | 9. Mahuadabra |
| | 10. Shaktigarh |

Appendix-3.3

(Reference: Paragraph No. 3.13.4 : Page No. 26)

Non - Reconciliation of Cash Balances as on 31st March 2013

(₹ in Crore)

| Sl. No. | Name of ULBs | Balance as per pass book | Balance as per cash book | Difference |
|----------------|---------------------|---------------------------------|---------------------------------|-------------------|
| 1 | Champawat | 0.23 | 1.71 | -1.48 |
| 2 | Jaspur | 2.04 | 1.95 | 0.09 |
| 3 | Kotdwar | 1.41 | 2.98 | -1.57 |
| 4 | Pithoragarh | 2.37 | 7.10 | -4.73 |
| 5 | Roorkee | 3.67 | 2.02 | 1.65 |
| | Total | 9.72 | 15.76 | -6.04 |

Appendix- 4.1
(Reference: Paragraph No. 4.1 : Page No.29)
Details of construction of dwelling units under IHSDP

(₹ in crore)

| Name of NPP/NP | No. of dwelling units approved | Approved cost of DPRs by GOI | Release of funds by govt./directorate to Executing Agency | Works undertaken by executing agency | Date of M.O.U. | Date of start | Stipulated date of completion | Stipulated date of handing over | Release of funds to working agency | Expenditure incurred by Oct. 2012 as per M.B. | Excess expenditure |
|--------------------|-----------------------------------|------------------------------|---|--------------------------------------|----------------|---------------|-------------------------------|---------------------------------|------------------------------------|---|--------------------|
| NPP Pithoragarh | 200 | 10.96 | 9.21 | 172 | 07.08.2010 | 07.08.2010 | 28.01.2012 | 08.02.2012 | 5.61 | 3.53 | 2.08 |
| NPP Jaspur | 240 (Phase I-192, phase II-48) | 7.87 | 5.40 | 133 | 29.07.2010 | 29.07.2010 | 28.02.2012 | 30.03.2012 | 3.42 | 2.03 | 1.39 |
| Total | 440 | 18.83 | 14.61 | 305 | | | | | 9.03 | 5.56 | 3.47 |
| NP Landhoura | 264 (Phase- I) | 10.12 | 5.77 | 136 | 30.06.2010 | 30.06.2010 | 30.09.2011 | 30.11.2011 | 4.19 | 2.97 | 1.22 |
| NP Dineshpur | 387 | 11.78 | 4.73 | 199 | 04.08.2010 | 04.08.2010 | 05.01.2012 | 05.02.2012 | 4.73 | 2.28 | 2.45 |
| NP Lalkuan | 100 | 3.59 | 1.49 | 100 | 12.08.2010 | 12.08.2010 | 13.01.2012 | 13.02.2012 | 1.49 | 0.7 | 0.79 |
| Total | 751 | 25.49 | 11.99 | 435 | | | | | 10.41 | 5.95 | 4.46 |
| Grand Total | 1,191 | 44.32 | 26.6 | 740 | | | | | 19.44 | 11.51 | 7.93 |

Contd.....

| Name of NPP/NP | Approved cost of DPRs by GOI | Approval Date of DPRs | Break up of funds released by Government/Directorate to executing agency | Date of release | Break up of release of funds to working agency | Date of release |
|--------------------|------------------------------|-----------------------|--|-----------------|--|-----------------|
| NPP Pithoragarh | 10.96 | 26.02.2010 | 4.40 | 30.04.2010 | 2.00 | 18.08.2010 |
| | | | 0.41 | 28.01.2011 | 2.00 | 28.12.2010 |
| | | | 0.99 | 27.02.2012 | 0.21 | 01.07.2011 |
| | | | 0.16 | 27.02.2012 | 0.40 | 04.07.2011 |
| | | | 3.25 | 15.03.2012 | 1.00 | 04.08.2012 |
| Total | 10.96 | | 9.21 | | 5.61 | |
| NPP Jaspur | 7.87 | 01.05.2010 | 0.64 | 16.09.2010 | 0.50 | 07.10.2010 |
| | | | 0.06 | 21.01.2012 | 0.14 | 04.10.2011 |
| | | | 0.55 | 30.08.2012 | 0.04 | 04.10.2011 |
| | | | 2.60 | 16.09.2010 | 1.50 | 07.10.2010 |
| | | | 0.24 | 21.01.2011 | 1.00 | 06.12.2010 |
| | | | 1.31 | 31.07.2012 | 0.10 | 04.10.2011 |
| | | | 0.00 | | 0.14 | 04.10.2011 |
| Total | 7.87 | | 5.40 | | 3.42 | |
| NP Dineshpur | 11.78 | 26.02.2010 | 4.73 | 23.04.2010 | 2.00 | 15.02.2011 |
| | | | | | 0.73 | 03.10.2011 |
| | | | | | 2.00 | 06.09.2010 |
| Total | 11.78 | | 4.73 | | 4.73 | |
| NP Landhoura | 10.12 | 18.02.2010 | 4.19 | 07.09.2010 | 1.00 | 21.12.2010 |
| | | | 1.58 | 31.07.2012 | 2.00 | 21.03.2011 |
| | | | | | 1.00 | 31.05.2011 |
| | | | | | 0.19 | 05.06.2012 |
| Total | 10.12 | | 5.77 | | 4.19 | |
| NP Lalkuan | 3.59 | 26.02.2010 | 1.49 | 23.04.2010 | 0.80 | 21.12.2010 |
| | | | | | 0.69 | 30.03.2011 |
| Total | 3.59 | | 1.49 | | 1.49 | |
| Grand Total | 44.32 | | 26.6 | | 19.44 | |

Appendix-4.2

(Reference: Paragraph No. 4.11 : Page No. 38)

List of contractual staff in the NPPs

| Sl.No. | Name of the employee | Post | Amount paid from April 2008 to October 2013 (₹ in lakh) |
|---------------------------------------|----------------------|--------------------|--|
| Nagar Palika Parishad ,Jaspur | | | |
| 1. | S/Shri /Ms Billu | Swachchhata Samiti | 1.60 |
| 2. | Umesh | Swachchhata Samiti | 1.60 |
| 3. | Sunil | Swachchhata Samiti | 1.60 |
| 4. | Sanjeev Kumar | Swachchhata Samiti | 1.60 |
| 5. | Deepak | Swachchhata Samiti | 1.60 |
| 6. | Sohan Lal | Swachchhata Samiti | 1.60 |
| 7. | Krishna | Swachchhata Samiti | 1.60 |
| 8. | Rahul | Swachchhata Samiti | 1.60 |
| 9. | Sangeet | Swachchhata Samiti | 1.60 |
| 10. | Vimal kumar | Swachchhata Samiti | 1.60 |
| 11. | Raj bahadur | Swachchhata Samiti | 1.60 |
| 12. | Sheetal | Swachchhata Samiti | 1.60 |
| 13. | Vipin kumar | Swachchhata Samiti | 1.60 |
| 14. | Sanjeev kumar | Swachchhata Samiti | 1.60 |
| 15. | Sagar kumar | Swachchhata Samiti | 1.60 |
| 16. | Sanjay kumar | Swachchhata Samiti | 1.60 |
| 17. | Rakesh | Swachchhata Samiti | 1.60 |
| 18. | Saurav kumar | Swachchhata Samiti | 1.60 |
| 19. | Sanjay kumar | Swachchhata Samiti | 1.60 |
| 20. | Surendra kumar | Swachchhata Samiti | 1.60 |
| 21. | Sunil kumar | Swachchhata Samiti | 1.60 |
| 22. | Manoj kumar | Swachchhata Samiti | 1.60 |
| 23. | Virendra kumar | Swachchhata Samiti | 1.60 |
| 24. | Rakshak kumar | Safai Karmchari | 3.03 |
| 25. | Rajan kumar | Safai Karmchari | 3.03 |
| 26. | Ajay kumar | Safai Karmchari | 3.03 |
| 27. | Arun kumar | Safai Karmchari | 3.03 |
| 28. | Neeraj kumar | Safai Karmchari | 3.03 |
| 29. | Varun kumar | Safai Karmchari | 2.59 |
| 30. | Prem lata | Safai Karmchari | 3.03 |
| 31. | Ram sumer | Safai Karmchari | 3.03 |
| 32. | Maya devi | Safai Karmchari | 3.03 |
| 33. | Ajay | Safai Karmchari | 3.03 |
| 34. | Mohd. Mustkeem | Other | 5.90 |
| 35. | Mohd. Haseen | Other | 5.90 |
| 36. | Mohd. Sharif | Other | 5.90 |
| 37. | Nasir | Other | 3.03 |
| Nagar Palika Parishad, Kotdwar | | | |
| 38. | Kali ram | Clerk | 2.91 |
| 39. | Pushkar singh Negi | Lightman | 2.39 |
| 40. | Vinay singh panwar | Computer operator | 1.01 |
| 41. | Khem singh bisht | Truck driver | 3.62 |
| 42. | Surabhi | Clerk | 0.21 |

| Sl. No. | Name of the employee | Post | Amount paid from April 2008 to October 2013 (₹ in lakh) |
|---|------------------------|-------------------|--|
| 43. | Ranjit singh | Clerk | 0.13 |
| 44. | Sandeep | Peon | 0.08 |
| 45. | Arshad | Gardener | 0.09 |
| 46. | Rajesh | Car driver | 1.38 |
| 47. | Chatar pal | Tractor driver | 3.15 |
| 48. | Ashu | Helper | 0.66 |
| 49. | Shahjad | Helper | 0.04 |
| Nagar Palika Parishad, Pithoragarh | | | |
| 50. | Kailash chand joshi | Junior Engineer | 4.94 |
| 51. | Pooran singh khadayat | Work supervisor | 5.09 |
| 52. | Bhagwati Prasad pandey | Computer operator | 5.18 |
| 53. | Anita shahi | Clerk | 4.96 |
| 54. | Tej singh | Lightman | 2.88 |
| 55. | Bhopal singh | Gardener | 2.86 |
| 56. | Saroj | Gardener | 2.89 |
| 57. | Upendra kumar | Driver | 4.60 |
| 58. | Rajendra kumar | Driver | 4.60 |
| 59. | Zahir baksh | Driver | 4.59 |
| 60. | Keshav ram | Driver | 4.32 |
| 61. | Dipak punetha | Driver | 2.78 |
| 62. | Manoj mehra | Library in charge | 4.55 |
| 63. | Hoshiyar singh | Cleaner | 2.48 |
| 64. | Tara | Gardener | 2.64 |
| 65. | Dewani ram | Beldar | 2.66 |
| 66. | Vikram singh lunthi | Gardener | 1.06 |
| Total | | | 166.24 |