



सत्यमेव जयते

11747

**Report of the
Comptroller and Auditor General of India
(Local Bodies)
for the year ended 31 March 2013**



Government of Tamil Nadu

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**Government of Tamil Nadu
Report No.5 of 2014**

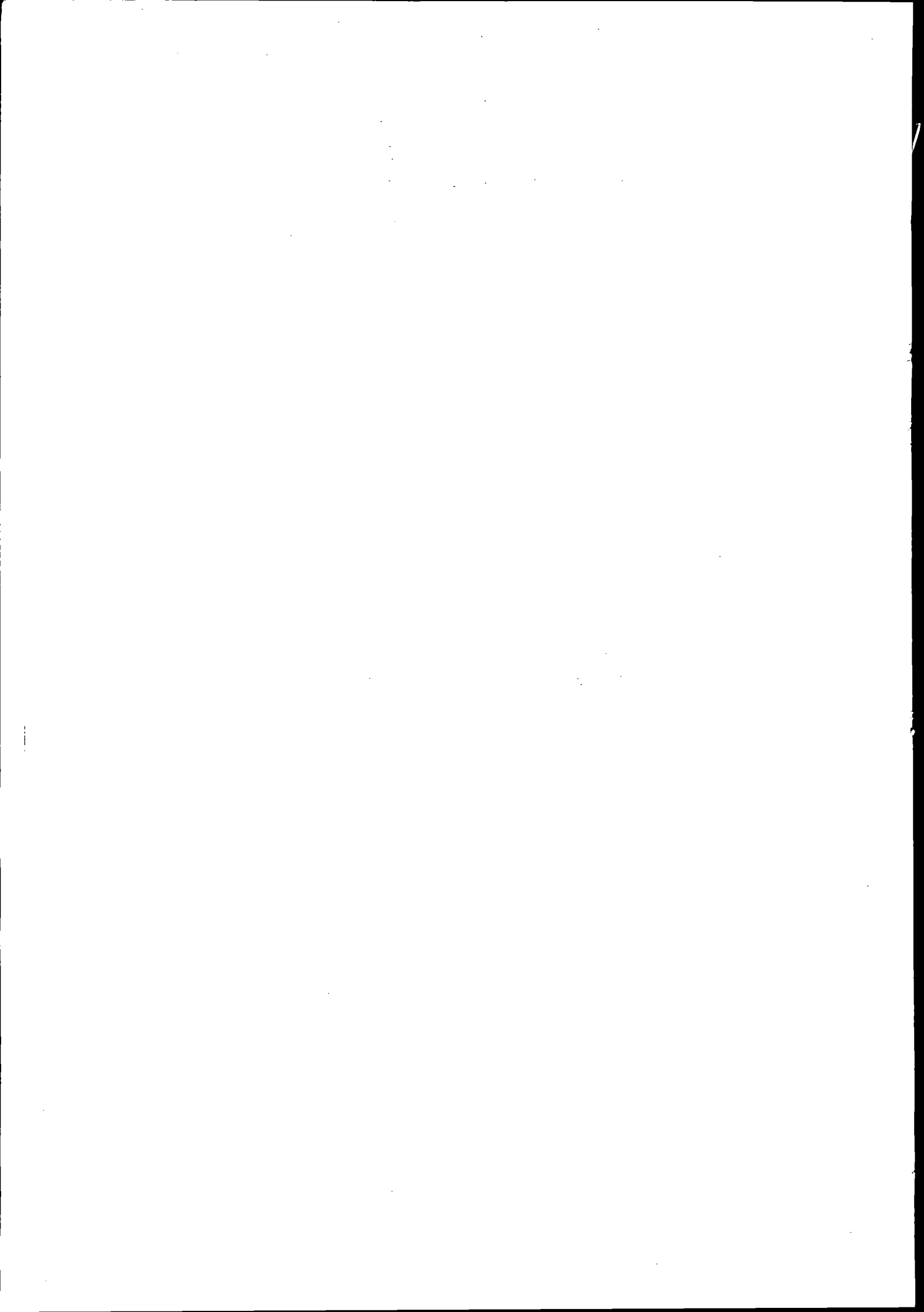


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PREFACE

1. This Report has been prepared for submission to the Governor under Article 151 of the Constitution.
2. The Report sets out the results of audit under various sections of the Comptroller and Auditor General of India's (Duties, Powers and Conditions of Service) Act, 1971 in respect of financial assistance given to Urban Local Bodies and Panchayat Raj Institutions.
3. Matters arising from the Finance and Appropriation Accounts and other points arising from audit of financial transactions relating to General and Social Sector departments, Economic Sector departments, revenue receipts, statutory Corporations and Government companies for the year 2012-13 are presented separately.
4. The cases mentioned in this Report are among those which came to notice in the course of test check of accounts of Urban Local Bodies and Panchayat Raj Institutions during the year 2012-13 as well as those which had come to notice in earlier years but could not be dealt with in previous Reports. Matters relating to the period subsequent to March 2013 have also been included, wherever necessary.
5. The audit has been conducted in conformity with the Auditing Standards issued by the Comptroller and Auditor General of India.



OVERVIEW



OVERVIEW

This Report contains five chapters. The first and the fourth chapters contain summary of finances and financial reporting of Urban Local Bodies and Panchayat Raj Institutions respectively. The second chapter contains one "Information Systems Audit on Computerised activities of five Municipal Corporations". The third chapter contains five paragraphs based on compliance audit of Urban Local Bodies. The fifth chapter contains two paragraphs based on compliance audit of Panchayat Raj Institutions. A synopsis of some of the findings contained in this Report is given below:-

I An Overview of Urban Local Bodies

All functions enlisted in the Twelfth Schedule of the Constitution have not yet been devolved to Urban Local Bodies (ULBs) as contemplated in the 74th amendment to the Constitution. Compilation of annual accounts by ULBs based on the updated municipal accounting manual was delayed since accounting software had to be created on the basis of new coding structure and training was to be imparted to the accounting staff and officers. Out of annual accounts submitted to Director of Local Fund Audit (DLFA) by ULBs, audit by DLFA was pending in respect of five Municipal Corporations, 42 Municipalities and 443 Town Panchayats for the year 2011-12 and one Municipal Corporation, 84 Municipalities and 496 Town Panchayats for the year 2012-13. Due to non-receipt of satisfactory replies, 791 Inspection Reports of the Principal Accountant General containing 3,633 paragraphs for the period 2004-05 to 2012-13 were pending settlement as of December 2013.

(Paragraphs 1.1 to 1.9)

II Performance Audit

Information Systems Audit on Computerised activities of five Municipal Corporations

Computerisation in five Municipal Corporations that took place in 2005 was incomplete even after eight years of its implementation and after incurring an expenditure of ₹ 3.74 crore during 2008-13. Application software implemented in the Corporations suffered from weak process controls resulting in lack of data integrity. This has also led to generation of inaccurate demands under Property Tax, Water Tax, Under Ground Drainage charges and Vacant Land Tax resulting in loss of revenue of ₹ 62.73 crore to the Corporations. The Profession Tax Assessment data were incomplete because of which the Corporations could not raise periodical demand against organisations and were forced to accept payment made by the Profession Tax assesseees. Discrepancies and errors were noticed in the Birth and Death registration database in all five Corporations. The State Government failed to appoint permanent IT personnel in the five Corporations to man the computerised activities as planned due to which the Server/database administration/networking etc., is administered by Junior Assistants who were not designated as Database Administrator in three Corporations and by outsourced firms in two other Corporations. Control over the process of general revision of Property Tax needed improvement. Control over assessment of Profession Tax and monitoring of the discrepancies in

capture of data in the system with manual records under birth/death registration needed reinforcement. The online payment facility which was initially commenced was discontinued in four out of five Corporations, rendering the objective of e-Governance largely unachieved.

(Paragraph 2.1)

III Compliance Audit - Urban Local Bodies

Levy and collection of Tax and Non-tax revenue in Tiruppur City Municipal Corporation

Existing procedure for assessment and collection of Property Tax, Vacant Land Tax and Profession Tax had certain shortcomings. Tiruppur City Municipal Corporation (TCMC) failed to levy and collect Non-tax revenues correctly as per the provisions of the Act/Rules/Orders and to collect arrears of both Tax and Non-tax revenues, which ultimately resulted in loss of revenue to TCMC.

(Paragraph 3.1)

Alienation and utilisation of Open Space Reservation Land

Primary objective of Open Space Reservation (OSR) land was to serve community and recreational purposes in layouts or sub-divisions for residential/commercial/industrial or combination of such uses. However, green spaces were found only in 151 cases (26 per cent) out of 582 cases test-checked. Local bodies could not develop parks/playfields in the balance 431 OSR land due to non-compliance with provisions of the Tamil Nadu Town and Country Planning Act, 1971/Development Control Rules and system to receive, take over, develop and maintain the OSR land as parks/playfields as envisaged in the Act was found to be ineffective.

(Paragraph 3.2)

Failure to revise the property tax assessment in respect of a Hotel by Corporation of Chennai resulted in loss of revenue of ₹ 61 lakh.

(Paragraph 3.3.1)

Failure of Palacode Town Panchayat to provide basic facilities in the conference hall resulted in unfruitful expenditure of ₹ 20 lakh.

(Paragraph 3.4.1)

Construction of new bus stand without getting clearance from National Highways Authority of India to have access point to the new bus stand from NH46 resulted in idle investment of ₹ 3.30 crore besides non-realisation of anticipated revenue due to non-leasing out the shops, restaurants etc.

(Paragraph 3.5.1)

IV An Overview of Panchayat Raj Institutions

Even though implementation of Panchayat Raj Institutions Accounting (PRIA) software was to be completed by March 2013, the same was not made fully operational. As of December 2013, 28,472 paragraphs in respect of Panchayat Unions and 212 paragraphs in respect of District Panchayats of Director of Local Fund Audit's Inspection Reports, relating to period upto 2010-11, were pending settlement. Out of 28,472 paragraphs pertaining to Panchayat Unions, 9,215 paragraphs (32 *per cent*) related to period prior to 2007-08. As of December 2013, 443 Inspection Reports issued by the Principal Accountant General containing 1,188 paragraphs for the period 2002-03 to 2012-13 were pending settlement.

(Paragraphs 4.1 to 4.9)

V Compliance Audit - Panchayat Raj Institutions

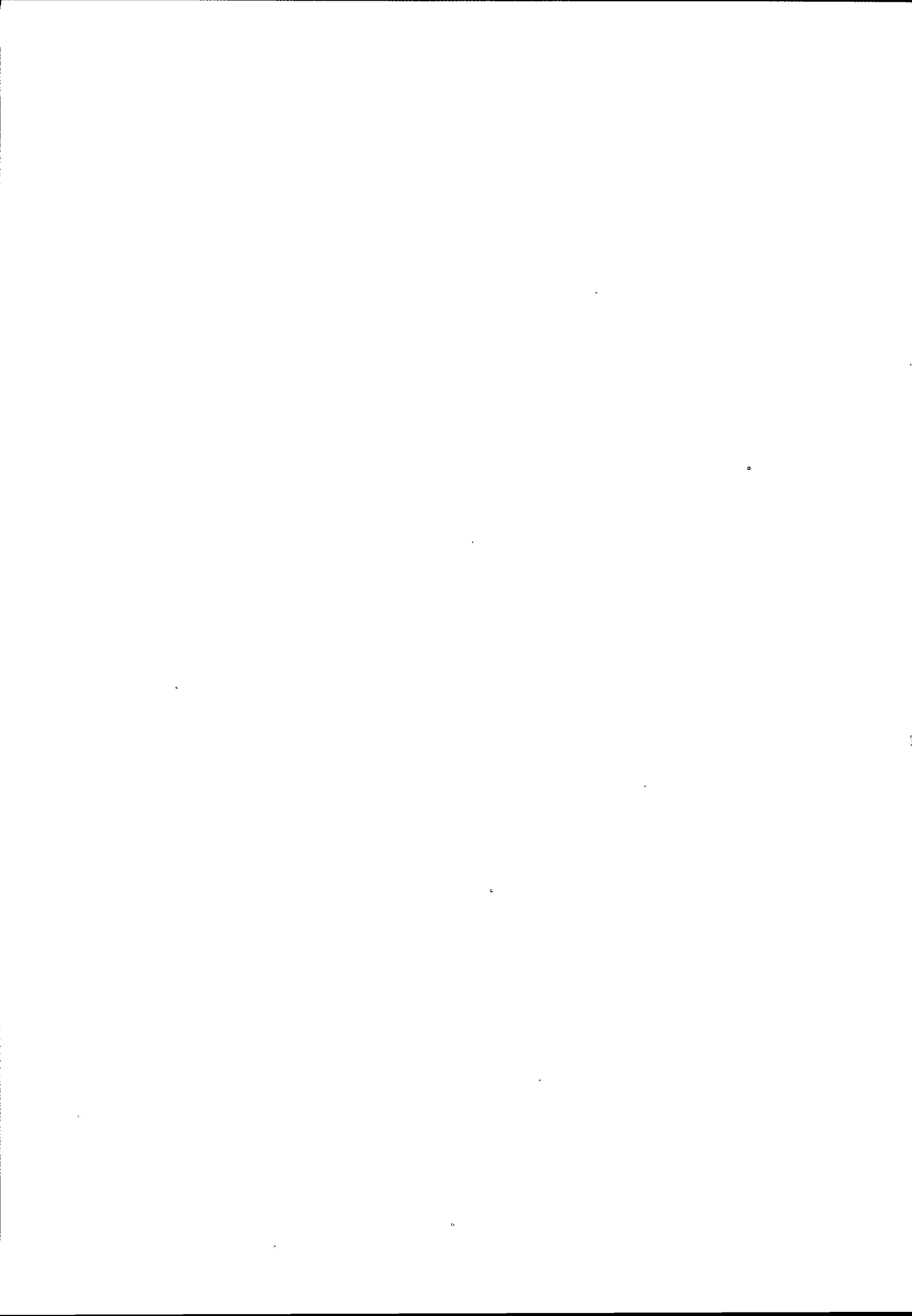
Provision of amenities to Panchayat Union Schools in Salem District

Audit of implementation of Comprehensive School Infrastructure Development Scheme (CSIDS) in Salem District during 2011-12 and 2012-13 revealed that all basic amenities such as new building, new/repair and renovation of kitchen sheds, toilets and water supply facilities could not be provided to Panchayat Union Primary and Middle Schools located in the identified Village Panchayats as contemplated in CSIDS guidelines. The authorities failed to form Selection Committee, make recommendations based on scheme guidelines, execute contract agreement within the prescribed time and levy penal charges on contractors for delay in completion of works.

(Paragraph 5.1)

Non-utilisation of bio-mass gasifiers due to non-availability of staff resulted in unfruitful expenditure of ₹ 35.67 lakh.

(Paragraph 5.2.1)



PART I
URBAN LOCAL BODIES

CHAPTER I
AN OVERVIEW OF
URBAN LOCAL BODIES

CHAPTER I

AN OVERVIEW OF URBAN LOCAL BODIES

1.1 Background

The 74th Constitutional amendment gave Constitutional status to Urban Local Bodies (ULBs) and established a system of uniform structure, regular election, regular flow of funds through Finance Commission etc. As a follow-up, the States were required to entrust these bodies with powers, functions and responsibilities so as to enable them to function as institutions of local self-government.

Accordingly, the State Legislature amended the Tamil Nadu District Municipalities Act, 1920 for transferring the powers and responsibilities to ULBs in order to implement schemes for economic development and social justice including those in relation to the matters listed in the Twelfth Schedule of the Constitution.

1.2 State profile

Tamil Nadu is one of the most urbanised States in India. As per the 2011 Census, urban population of the State was 3.49 crore constituting 48.45 *per cent* of the total population of 7.21 crore. Important statistics of the State regarding population and ULBs are given in **Table 1.1**.

Table 1.1: Important statistics of the State

Population	7.21 crore
Population density	555 persons per Sq.Km
Gender ratio	995 females per 1,000 males
Literacy	80.33 <i>per cent</i>
Urban population	48.45 <i>per cent</i>
Number of ULBs	664
- Municipal Corporations	10 ¹
- Municipalities	125
- Town Panchayats	529

(Source: 2011 Census figures and Policy Note of the Municipal Administration and Water Supply Department for 2013-14)

1.2.1 Classification of Urban Local Bodies

The Municipalities and the Town Panchayats are classified into different grades by the Government of Tamil Nadu (GoTN) based on their annual income, as given in **Table 1.2**.

¹ Chennai, Coimbatore, Erode, Madurai, Salem, Tiruchirappalli, Tirunelveli, Tiruppur, Thoothukudi and Vellore

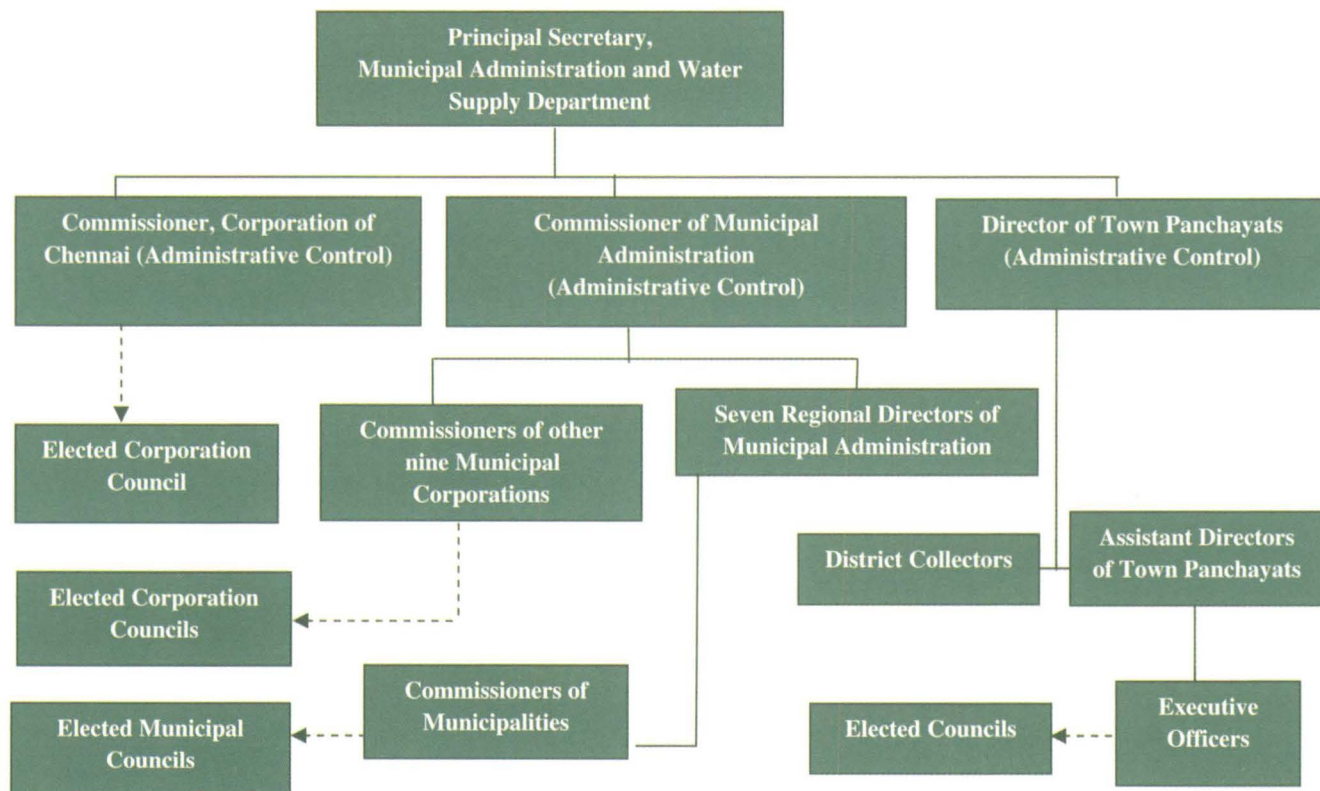
Table 1.2: Income-wise classification of ULBs

Category of ULB	Grade	Annual income	Number
Municipalities	Special grade	Above ₹ 10 crore	17
	Selection grade	₹ 6 crore and above but below ₹ 10 crore	31
	First grade	₹ 4 crore and above but below ₹ 6 crore	33
	Second grade	Below ₹ 4 crore	44
Total			125
Town Panchayats	Special grade	Above ₹ 20 lakh	12
	Selection grade	Above ₹ 16 lakh but below ₹ 20 lakh	222
	Grade I	Above ₹ 8 lakh but below ₹ 16 lakh	215
	Grade II	Above ₹ 4 lakh but below ₹ 8 lakh	80
Total			529

(Source: Policy Note 2013-14 of the Municipal Administration and Water Supply Department)

1.3 Organisational structure of Urban Local Bodies

The organisational structure for administration of ULBs in Tamil Nadu is as under:



(Source: Commissionerate of Municipal Administration)

1.4 Devolution of functions

Out of 18 functions enlisted in the Twelfth Schedule of the Constitution, 12 functions have been devolved to the Town Panchayats and 17 functions (except Fire Service) have been devolved to the Municipalities and the Municipal Corporations.

In respect of Corporation of Chennai, only 13 functions have so far been devolved out of which function of water supply is handled by the Chennai Metropolitan Water Supply and Sewerage Board.

1.5 Decentralised planning

As per Section 241(1) of the Tamil Nadu Panchayats Act, 1994, GoTN constituted a District Planning Committee (DPC) in each of the 31 districts except Chennai in Tamil Nadu. District Panchayat Chairperson is the Chairperson and District Collector is the Vice Chairperson of the Committee. Members of Parliament, Members of Legislative Assembly and representatives of Local Bodies are appointed as members subject to the norms and ceiling prescribed.

Functions of DPC were to consolidate the plans prepared by Rural Local Bodies and ULBs for the preparation of consolidated district plan, which would facilitate the State Planning Commission in the preparation of State Plan; identification of priority needs, determination of policies, programmes and priorities for development of the district; collection, compilation and updation of information on natural resources of the district to create a comprehensive database for decentralised planning; monitoring and evaluation of various developmental programmes in the district; encouraging the participation of voluntary organisations in the development process and advising the State Government with regard to implementation of the State schemes.

1.6 Financial profile

Funds flow to ULBs

Major resource base of ULBs consists of State Finance Commission (SFC) grants, Central Finance Commission (CFC) grants, Centrally Sponsored Schemes (CSS) grants, grants from GoTN, Own revenue, Assigned revenue and loans from Government of India (GoI), State Government and financial institutions.

A chart depicting various sources of revenue of ULBs is given in **Appendix 1.1**.

Table 1.3 below shows details of receipts and expenditure of ULBs for the period 2008-09 to 2012-13.

Table 1.3: Receipts and expenditure of ULBs

	(₹ in crore)				
	2008-09	2009-10	2010-11	2011-12	2012-13
Own revenue	1,742	1,992	2,174	4,858	4,828
Assigned revenue	451	370	372	821	1,225
Grants	1,944	2,658	3,969	4,136	8,655
Loans	353	428	636	225	328
Total receipts	4,490	5,448	7,151	10,040	15,036
Revenue expenditure	2,186	2,558	3,319	4,129	4,621
Capital expenditure	1,767	1,878	2,514	3,418	7,162
Total expenditure	3,953	4,436	5,833	7,547	11,783

(Source: Details furnished by the Commissioner of Corporation of Chennai, the Commissioner of Municipal Administration and the Director of Town Panchayats)

Percentage of expenditure and savings to the total receipts during 2008-09 to 2012-13 is given in **Table 1.4**.

Table 1.4: Percentage of expenditure and savings

	2008-09	2009-10	2010-11	2011-12	2012-13
Revenue expenditure	49	47	46	41	31
Capital expenditure	39	34	35	34	48
Savings	12	19	19	25	21

While capital expenditure over the years ranged between 34 and 48 *per cent* of the total receipts, revenue expenditure ranged between 31 and 49 *per cent* and savings were 12 to 25 *per cent* of the total receipts during 2008-13. ULBs failed to utilise these savings towards Capital expenditure for creating additional infrastructure.

1.7 Accounting arrangements

1.7.1 Accounts maintained by Urban Local Bodies

Corporation of Chennai maintains (i) a General Fund comprising both Revenue and Capital Funds and (ii) an Elementary Education Fund.

Following accounts are maintained by the other nine Municipal Corporations, all Municipalities and Town Panchayats:

- Revenue Fund and Capital Fund
- Water Supply and Drainage Fund (except Town Panchayats)
- Elementary Education Fund (except Town Panchayats)

1.7.2 Accounting framework

Accrual-based system of accounting is being followed in all ULBs. Tamil Nadu State adopted a State Accounting Manual. Consequent to the introduction of National Municipal Accounting Manual (NMAM), GoTN initiated action to prepare a new Accounting Manual incorporating principles laid down in NMAM to suit the requirement of ULBs in Tamil Nadu. Commissioner of Municipal Administration (CMA) stated (January 2014) that State Level Project Sanctioning Committee observed (November 2009) that updation of existing municipal accounting manual was need based and not merely to coincide with the NMAM. The updated municipal accounting manual and the municipal budget manual were approved by GoTN in May 2013 and GoTN directed ULBs to compile accounts based on the updated municipal accounting manual from 2013-14. CMA also stated that accounts on the basis of newly updated municipal accounting manual would be compiled from 2014-15 since accounting software had to be created on the basis of new coding structure and training had to be imparted to the accounting staff and officers.

1.8 Audit arrangements

GoTN entrusted (August 1992) audit of ULBs to the Director of Local Fund Audit (DLFA), who has to certify correctness of accounts, assess internal control system and report cases of loss, theft and fraud to the audited entities and to the State Government. The Principal Accountant General (General and Social Sector Audit) provides technical guidance and support to DLFA regarding audit in terms of GoTN's order of March 2003.

1.8.1 Arrears in Accounts

As per the decision taken by GoTN while accepting the Third State Finance Commission (TSFC) recommendations, ULBs should finalise their annual accounts within three months after the end of the financial year. Number of ULBs which did not submit their accounts to DLFA, as of February 2014, for the years 2010-11, 2011-12 and 2012-13 is given in **Table 1.5**.

Table 1.5 : Position of non-submission of accounts by ULBs to DLFA

Category of ULB	Total number of ULBs	Number of ULBs not submitted their accounts		
		2010-11	2011-12	2012-13
Municipal Corporations	10	Nil	5	9
Municipalities	150 125 (from 2011-12)	1*	16	40
Town Panchayats	559 529 (from 2011-12)	Nil	Nil	10

(Source: Details furnished by DLFA)

* Perambalur Municipality

Pendency in preparation of accounts by ULBs and the eventual delay in auditing their accounts by DLFA would deprive the respective councils of an opportunity to analyse the financial position of ULBs in time.

1.8.2 Arrears in Audit

Position of arrears in audit of ULBs, as of February 2014, is given in **Table 1.6**.

Table 1.6: Position of non-completion of audit of ULBs by DLFA

Category of ULB	Total number of ULBs	2011-12			2012-13		
		Accounts submitted to DLFA (A)	Audit completed out of (A) (B)	Audit pending (A)-(B) (C)	(A)	(B)	(C)
Municipal Corporations	10	5	0	5	1	0	1
Municipalities	125	109	67	42	85	1	84
Town Panchayats	529	529	86	443	519	23	496

(Source: Details furnished by DLFA)

As of February 2014, audit of all categories of ULBs was completed upto 2010-11. Reasons attributed (February 2014) by DLFA for arrears for 2011-13 in audit were non-submission of annual accounts by Municipal Corporations and submission of defective accounts by Municipalities and Town Panchayats.

A District High Level Committee (DHLC) for settling pending paragraphs of DLFA relating to Municipal Corporations (except Chennai) and Municipalities and a State High Level Committee (SHLC) for monitoring the functions of DHLC and for settling the pending paragraphs which were not settled by DHLC were formed in May 2007. In respect of Town Panchayats, DHLCs and SHLC were formed in January 2007. DLFA reported (January 2014) to Audit that for settling the pending paragraphs relating to Municipalities, eight meetings were held during 2012-13 wherein 1,000 paragraphs were settled. The Director of Town Panchayats (DTP) stated (February 2014) that

98 DHLC meetings and five SHLC meetings were held between January 2008 and January 2014 and 4,894 audit objections relating to Town Panchayats were settled in those meetings.

DLFA further reported (January 2014) to Audit that 3,10,455 paragraphs relating to Municipal Corporations, Municipalities and Town Panchayats included in his Inspection Reports relating to the years upto 2010-11 were pending settlement as of November 2013. The year-wise break-up is given in **Appendix 1.2**. Audit analysis of the data revealed that in respect of Municipal Corporations out of 1.11 lakh paragraphs pending, 85,914 paragraphs (78 per cent) related to period prior to 2006-07, of which 65,054 paragraphs pertained to Chennai, Coimbatore and Madurai Municipal Corporations. In these three Municipal Corporations, paragraphs relating to years prior to 2006-07 constituted 77, 89 and 94 per cent respectively of the number of paragraphs pending against them as of November 2013. This indicates that sufficient attention was not given to settle long pending paragraphs.

1.8.3 Audit of ULBs by the Principal Accountant General (G&SSA)

The Principal Accountant General also audits ULBs under Section 14(2) of the Comptroller and Auditor General of India's (Duties, Powers and Conditions of Service) Act, 1971. Audit of ULBs by test checking of records is followed-up through Inspection Reports issued to CMA and to ULBs concerned. Government had issued general orders in April 1967 fixing a time limit of four weeks for response by the audited entities for all paragraphs included in the Inspection Reports issued by the Principal Accountant General. As of December 2013, 3,633 paragraphs contained in 791 Inspection Reports for the period 2004-05 to 2012-13 were pending settlement for want of satisfactory replies.

Audit Reports on ULBs upto 2006-07 have been discussed by the Public Accounts Committee (PAC) and recommendations of PAC are awaited. As of February 2014, Action Taken Report on 48 recommendations² of the Municipal Administration and Water Supply Department was pending final settlement, which *inter alia* consisted of paragraphs relating to ULBs included in the Audit Reports (Civil).

1.9 Conclusion

All functions enlisted in the Twelfth Schedule of the Constitution have not yet been devolved to Urban Local Bodies (ULBs) as contemplated in the 74th amendment to the Constitution. Compilation of annual accounts by ULBs based on the updated municipal accounting manual was delayed since accounting software had to be created on the basis of new coding structure and training was to be imparted to the accounting staff and officers. Out of annual accounts submitted to Director of Local Fund Audit (DLFA) by ULBs, audit by DLFA was pending in respect of five Municipal Corporations, 42 Municipalities and 443 Town Panchayats for the year 2011-12 and one Municipal Corporation, 84 Municipalities and 496 Town Panchayats for the year 2012-13. Due to non-receipt of satisfactory replies, 791 Inspection Reports of the Principal Accountant General containing 3,633 paragraphs for the period 2004-05 to 2012-13 were pending settlement as of December 2013.

² 1985-86 (one), 1987-88 (five), 1990-91 (five), 1992-93 (15), 1993-94 (10), 1997-98 (two) and 1999-2000 (10)

CHAPTER II
PERFORMANCE AUDIT
(URBAN LOCAL BODIES)

CHAPTER II

PERFORMANCE AUDIT

MUNICIPAL ADMINISTRATION AND WATER SUPPLY DEPARTMENT

2.1 Information Systems Audit on Computerised activities of five Municipal Corporations

Executive Summary

Computerisation in five Municipal Corporations that took place in 2005 was incomplete even after eight years of its implementation and after incurring an expenditure of ₹ 3.74 crore during 2008-13. Application software implemented in the Corporations suffered from weak process controls resulting in lack of data integrity. This has also led to generation of inaccurate demands under Property Tax, Water Tax, Under Ground Drainage charges and Vacant Land Tax resulting in loss of revenue of ₹ 62.73 crore to the Corporations. The Profession Tax Assessment data were incomplete because of which the Corporations could not raise periodical demand against organisations and were forced to accept payment made by the Profession Tax assessees. Discrepancies and errors were noticed in the Birth and Death registration database in all five Corporations. The State Government failed to appoint permanent IT personnel in the five Corporations to man the computerised activities as planned due to which the Server/database administration/networking etc., is administered by Junior Assistants who were not designated as Database Administrator in three Corporations and by outsourced firms in two other Corporations. Control over the process of general revision of Property Tax needed improvement. Control over assessment of Profession Tax and monitoring of the discrepancies in capture of data in the system with manual records under birth/death registration needed reinforcement. The online payment facility which was initially commenced was discontinued in four out of five Corporations, rendering the objective of e-Governance largely unachieved.

2.1.1 Introduction

Major functional areas of Urban Local Bodies (ULBs) in the State are Birth and Death Registration, collection of Property Tax (PT)/Vacant Land Tax (VLT), Water Tax, Profession Tax and Underground Drainage charges and grant of building plan approval. Government of Tamil Nadu (GoTN) introduced (2002) e-Governance initiatives in all ULBs to provide online citizen services, information to all hierarchies, ensure transparency, accountability and quickness, provide a dynamic website to enable the citizens to obtain the services of ULBs and monitor the performance of ULBs in the State. A common application software developed in-house through Tamil Nadu Urban Development Project (TNUDP) was supplied in 2005 to all ULBs

in the State. The application software containing 14 modules¹ was developed with Oracle as back-end and Visual Basic as front-end. Municipal Corporations have been providing services relating to birth and death registration, grant of building plan approval, grievance redressal, collection of PT, Water Tax, underground drainage charges, Non-tax, trade licences etc. which were computerised through the TNUDP software in 2005. Out of 10 Corporations in the State, five² Corporations were taken up for Information Systems Audit. A sum of ₹ 2.02 crore was spent on purchase of hardware and networking components and ₹ 1.72 crore towards network charges during 2008-13 by the five Corporations.

Data stored centrally in the Server placed in the respective Corporation Main Office were connected to the zonal offices through leased line connectivity. The Collection Centers/Facilitation Centers created in each Corporation cater mainly to facilitate the public to pay the taxes with ease and are connected to the Central Server placed in the Corporation Main Office through Wide Area Network (WAN). The source code for TNUDP software was not supplied to any of the Corporations and only the executable version of the software was made available to ULBs. Over a period of time, in order to cater to their local requirements, Coimbatore and Tiruchirappalli Corporations developed web-based software applications through outsourcing and the remaining three Corporations continued using TNUDP software with minor changes to the database by developing add-on applications.

2.1.2 Organisational set up

Secretary, Municipal Administration and Water Supply (MAWS) Department is the overall administrative head at Government level. Commissioner of Municipal Administration (CMA) is head of the department. Each Corporation is headed by a Commissioner who is the executive head for implementing all functions of the Corporation in accordance with the resolutions passed by the respective Council.

2.1.3 Audit objectives

Audit of computerisation in the Corporations was undertaken to ascertain whether

- the envisaged objectives of introduction of e-Governance in the functional areas of the Corporations were achieved
- the guidelines stipulated in COBIT³ framework for establishing a full-fledged computerised system by an organisation were followed
- the application software is functioning effectively towards achieving the intended objectives
- the rules have been properly mapped in the application software and
- the IT systems were effectively monitored by the top management.

¹ Birth and Death registration, Property Tax, Water Tax, Non-tax, Profession Tax, Grievances, Trade licences, Under Ground Drainage, Building Plan approval, Financial Accounting System, Immovable and Movable properties, Solid Waste Management, Vehicles and Pay roll

² Coimbatore, Madurai, Salem, Tiruchirappalli and Tirunelveli

³ COBIT (Control Objectives in Information and Related Technology) is a framework for developing, implementing, monitoring and improving information technology (IT) governance and management practices

2.1.4 Audit criteria

The Information Systems (IS) Audit was benchmarked against criteria derived from following sources:

- Respective Municipal Corporation Act and Council resolutions/by-laws
- Instructions issued by the State Government in the form of Government Orders/Circulars etc.
- Instructions/guidelines issued by the Commissioners of the respective Corporations on collection of taxes
- Best practices in a computerised system with reference to COBIT guidelines.

2.1.5 Scope of Audit and Methodology

The IS audit was conducted in five Corporations on the functioning of their systems mainly with reference to COBIT guidelines. Development of TNUDP application software meant for all ULBs commenced prior to 2002 and was extended to all ULBs in 2005. Files/documents relating to development of the software such as Planning, User Requirement Specification, System Requirement Specification etc., were not available with CMA, Chennai and hence the scope of audit was limited to utilisation and operation of the software along with overall monitoring of the IT systems and its functioning.

Audit commenced with an Entry Conference (June 2013) with Secretary, MAWS Department followed by examination of records of CMA and five Corporations. The entire data for the period 2008-13 in respect of all the five Corporations were downloaded and examined through Computer Assisted Audit Techniques (CAATs) and Structured Query Language (SQL) queries to check the completeness and accuracy of the database and adequacy of controls in the application software covering major functional areas of computerisation in the five Corporations. Exit Conference was held with Secretary to Government, MAWS Department and CMA on 24 January 2014. CMA accepted the audit observations and stated that all the gaps including those in the database would be taken care of in the new application software being developed. Audit findings are discussed in the following paragraphs.

Audit findings

2.1.6 Implementation and Operation

2.1.6.1 *Birth and Death Registration Module*

On the occurrence of birth/death in a hospital or residence, details of the event are entered in Form I (Birth) or Form II (Death) by the Medical Officer. The Sanitary Inspector assigns manually a running serial number with date in the form. Then the details as available in the forms are captured in the computer system by the data entry operator and system generated birth/death certificates are issued to the applicant. The process of registration should be completed within 21 days from the date of occurrence of the event. In all ULBs, the

manual records i.e. Forms I and II shall be retained by the Sanitary Inspector in his office for a period of twelve months after the end of the calendar year to which they relate and the forms should be transferred to the safe custody of Statistical Officer (an Officer working on deputation from Health Department) in the Corporation. The Statistical Officer (Health Department) in each Corporation is responsible for compilation and permanent maintenance of Form I and Form II for birth and death registrations.

(i) Difference between manual records and data in computer system

A comparison of data captured in the computer system with that of manual records (Forms I and II) disclosed that in three⁴ Corporations, there were differences between manual records and data in the computer system in registration of birth and death during 2008-12 (**Appendix 2.1**). In Salem Corporation, during 2008-12, there was shortfall in capture of data ranging between 1 and 14 *per cent* and 13 and 67 *per cent* in birth and death registrations respectively. Further, in Madurai Corporation, there was shortfall in capture of data ranging between 15 and 57 *per cent* and 3 and 59 *per cent* for birth and death registrations respectively. In these cases, apart from delay in issue of manual certificate, computerised birth/death certificates could not be issued to the public by these Corporations. Further, the statistical figures communicated by the Statistical Officer to Government with reference to computer figure were inaccurate.

On this being pointed out, Tirunelveli Corporation replied (November 2013) that due to some authentication problem the difference had occurred and remedial action taken to avoid such difference. Salem Corporation in its reply (July 2013) accepted the audit observation and assured remedial action. Reply from Madurai Corporation has not been received (February 2014).

(ii) Errors in the database

Examination of the birth and death database disclosed that there were many types of errors in the database. Audit observed that under birth and death registration, errors such as future year of registration, date of birth of child left blank, abnormal weight of child, events registered before the date of occurrence, incorrect hospital code etc., were noticed due to input control deficiencies. It was also noticed that hospital code was captured with 'blank' in 49 births and 2,651 deaths. In 21,877 births and 8,640 deaths, the hospital code has been incorrectly captured. In all these cases, the print-out would not display the name of the hospital in the birth/death certificate issued to the applicants. Details of number of cases of such errors in each Corporation are furnished in **Appendix 2.2**. Above types of errors point to presence of risks due to lack of input controls in the system. By incorporating these checks in the application software, the errors in the data could have been minimised.

All the test-checked Corporations accepted the observations and stated (June to November 2013) that action would be taken to rectify the defects in the new application software.

⁴ Salem, Madurai and Tirunelveli (Coimbatore and Tiruchirappalli Corporations did not furnish the details of birth and death details with reference to Forms I and II for the period 2008-13)

2.1.6.2 Profession Tax Module

(i) Incomplete Profession Tax Assessment data

Every Individual (employee or self employed) or Trader or an Organisation is liable to pay Profession Tax to the Corporation, every six months, at the rate fixed by the Corporation Council, which was last revised on 01 October 2008. Corporations could raise half-yearly demands against the above three types of assessee only if the assessment data are complete, accurate and reliable in all respects.

Audit observed that in all five Corporations, the Profession Tax Assessment data were largely incomplete under “individual” category due to the following reasons:

Persons working in Government and Private Establishments and self employed people (Doctors, Engineers, Chartered Accountants etc.) are categorised as “Individuals” in the Corporation data. In four out of five Corporations, Audit observed that the number of individuals existing in Profession Tax Assessment data is insignificant when compared with number of individuals working in private organisations. In this regard, Audit made an attempt to compare the number of individuals working in private firms existing in Employees Provident Fund Organisation (EPFO) database with the Corporation data (which included individuals working in Government/private and self employed). Details are given in **Table 2.1**.

Table 2.1: Shortfall in number of assessment of “Individuals” in Profession Tax database

Corporation	Number of individuals existing in Assessment data during 2012-13*	Number of employees** existing in EPFO database during 2012-13	Percentage of shortfall
Coimbatore	7,158	2,89,461	98
Salem	0	61,657	100
Tirunelveli	3,356	71,544	95
Tiruchirappalli	571	83,456	99

* Includes individuals working in Government/Private/Self employed

** Individuals working in private organisations alone

From the above table, it is evident that the number of individuals in Corporation data is negligible and the shortfall ranges between 95 and 100 *per cent* in Assessment data in four out of five Corporations. Further, no Assessment data were maintained in Madurai Corporation, which showed that there was no system in the Corporation for assessment of Profession Tax.

In this regard Audit observed the following:

- No system exists in the Corporation to obtain or collect information about serving employees in each Organisation (Government/private) at the beginning of each half year.
- Corporations could not raise any demand against the Organisations through system due to non-availability of data in the system.
- Corporations receive whatever payment was made towards Profession Tax by the Organisations in a half year.

Hence, failure of the five Corporations to evolve a system to maintain a complete Assessment data through system makes the Profession Tax data largely incomplete under “Individual” category.

The above observations were accepted by all the Corporations except Madurai from which reply is yet to be received (February 2014).

(ii) Inaccuracies in Demand, Collection and Balance due

Profession Tax demand data contain information about demand raised in a half year, arrears due and outstanding balance. The collection data contain the half year-wise tax collected from the assessee in a year. The outstanding balance in the demand table is arrived at after adjusting the tax collected in the respective half year.

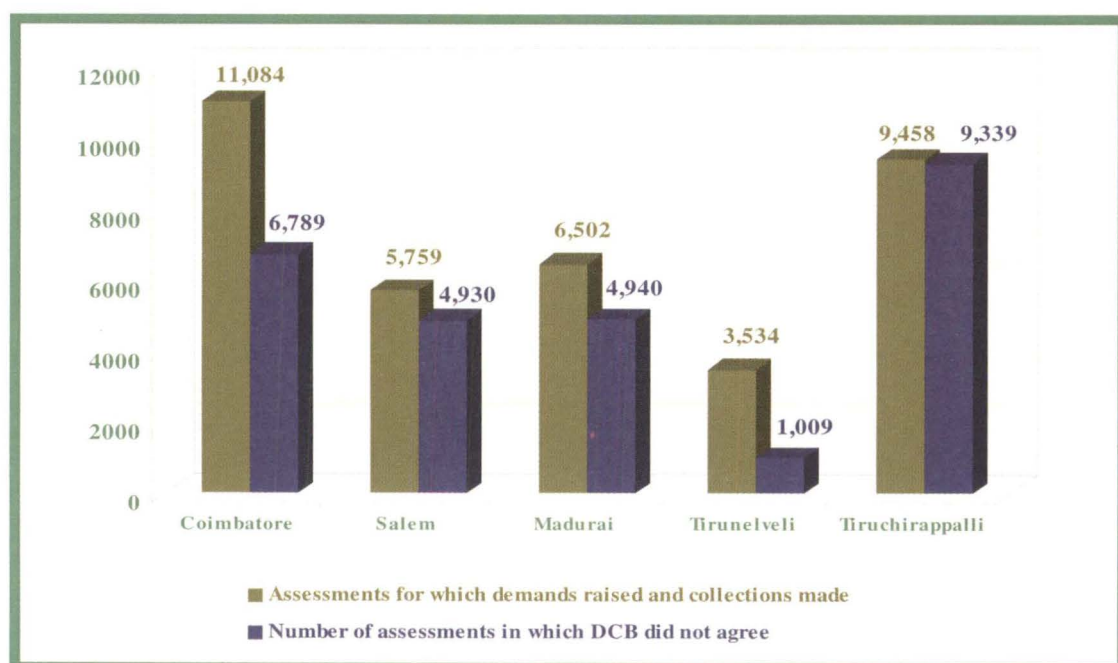
Application software should have built-in control so that the derived⁵ figure shown as outstanding is correct. Absence of process control in the system would lead to incorrect depiction of outstanding dues for an assessee.

To cite an illustration, in Coimbatore Corporation, for an assessee the total demand raised was ₹ 4,41,207 through eight demands. Against these eight demands, the collections amounting to ₹ 4,04,397 were made in seven instances. Hence, the balance outstanding works out to ₹ 36,810 whereas the system showed an outstanding amount of ₹ 1,00,830.

Keeping the above facts in view, the arithmetical accuracy of demand, collection and balance due for all assesseees during 2008-13 were examined and it was observed that they were inaccurate or contained discrepancies in 27,007 out of 36,337 assessments as depicted in **Chart 2.1**.

Chart 2.1: Inaccuracies in Demand, Collection and Balance

(In numbers)



⁵ (Demand + Arrears due - Collections made = Balance due)

Coimbatore, Salem and Tirunelveli Corporations generally accepted the observations and stated (June to November 2013) that action would be taken to rectify the defects.

2.1.6.3 Property Tax Module

According to Municipal Corporation Act, the Basic PT for a building shall be calculated at the rate fixed by the Council from which the concessions having regard to the age of the building at the rate fixed by the Council shall be deducted and the amount so arrived at shall be the PT payable in respect of any building for every half-year⁶ and shall be paid by the owner or occupier of such building within the half-year period. Where there is any land without any building situated within the City limit, the Commissioner shall determine the PT (or VLT) payable for such land at the rate fixed by the Council.

Application for assessment of PT is admitted from the property owners in a prescribed form at the Zonal offices of the respective Municipal Corporation. On receipt of an application, a unique serial number is manually assigned at the admission counter. Annual value of the property is determined after inspection by the Revenue Inspector concerned for verification of the property and its construction with reference to that application. If any deviation/unauthorised construction was found during site visit, PT for authorised and unauthorised area of construction is determined based on the annual value along with “penalty for unauthorised construction area”. Entries are made in the PT Assessment List Register (ML Register) and the PT demands are raised every half year and collected from the owner. Rates for levy of PT were determined by the respective Corporations (by passing Council Resolutions according to their local requirements and hence the rate fixed by the Corporations may differ from one Corporation to another).

(i) Capture of “0” value in vital parameters

GoTN issued (November 2007) orders for general revision of PT in all ULBs in the State with effect from 1 April 2008. CMA directed all the Corporations to update their PT database by cross-referring the records maintained in other Departments⁷ for finalising a “Master List” of Property Assessments.

Analysis of the PT assessment table disclosed that certain key fields like Property Area, Annual Value, Basic Tax, Library Cess, Education Cess etc. were captured with ‘0’ values while migrating the data from the legacy system as given in **Table 2.2**.

⁶ Half-year shall be from 01 April to 30 September and from 01 October to 31 March of a year

⁷ Housing Societies/Housing Boards, Civil Supplies Department for Ration Cards, Electoral Rolls and even the building applications and License Registers of Town Planning branches of the Corporations etc.

Table 2.2: Statement of number of Assessments showing "0" value in vital parameters

Corporation	Total number of Assessments	Invalid assessment date	Property area with "0" value	Annual value of the property with "0" value	Basic Tax, Library Cess and Education Cess with "0" values
Coimbatore	4,15,464	18	49,581 (12)	30,037 (7)	1,33,725 (32)
Salem	1,93,468	0	1,16,335 (60)	45,795 (24)	39,837 (21)
Madurai	3,23,455	87	0	1,36,607 (42)	1,55,890 (48)
Tirunelveli	1,52,113	0	2,816 (2)	14,642 (10)	14,641 (10)
Tiruchirappalli	1,90,911	0	1,07,740 (56)	1,19,627 (63)	98,324 (52)

(Figures in brackets denote percentage to total number of assessments)

From the above table, it is evident that during Master List preparation, the Corporations failed to carry out the exercise of removing '0' value in key fields and invalid assessment dates. Failure to ensure the completeness and correctness of the Master List preparation posed risk to the organisation. Audit could not ensure the correctness of the annual value of the property due to absence of values in the vital parameters. These missing information in the master tables would also be required for any revision of tax in future.

Coimbatore Corporation replied (June 2013) that action would be taken to rectify the defects in the system. Salem and Tirunelveli Corporations replied (July 2013 and November 2013) that the cases would be verified and final reply would be furnished.

(ii) Incorrect calculation of Property Tax and omission of Library/Education Cess

Calculation of the basic PT is based on the annual value of the property processed through system. The final PT is calculated by adding the Educational Cess and Library Cess on the basic tax.

Examination of data revealed the following:

- In three Corporations (Coimbatore, Salem and Tirunelveli), involving 3,661 assessments, the calculation of PT was found to be incorrectly generated by the system with reference to the annual value of the property. This has resulted in revenue loss of ₹ 1.15 crore till second half year of 2012-13.
- In Coimbatore Corporation, in 224 assessments, the basic tax of the assessments is equal to the final PT payable by the assessee. In these cases, the calculation of library cess and education cess were omitted by the system which resulted in incorrect generation of demand leading to shortfall in raising of demand to the tune of ₹ 0.04 crore till second half year of 2012-13.

Salem and Tirunelveli Corporations replied (July 2013 and November 2013) that a case to case verification would be made and action would be taken to rectify the defects.

(iii) Existence of missing demands

The computer system should generate half yearly demands (i.e. on 01 April and 01 October) every year in respect of all the live assessments existing in the assessment data. The software should have the required validations to generate half year-wise consecutive demands through demand data without any gap. Missing demands between two given half years without any audit trail renders the data incomplete resulting in loss of revenue to the Corporations.

Examination of data relating to the PT assessments and the demands raised through system revealed that there were many missing demands during the period from April 2008 to March 2013 in all the Corporations. Details are given in **Table 2.3**.

Table 2.3: Assessments with missing demands and resultant financial implications

Corporation	Total number of assessments	No. of assessments for which the demands are missing*	Total number of missing demands**	Missing Demand Amount (₹ in crore)
(1)	(2)	(3)	(4)	(5)
Coimbatore	4,15,464	90,162	5,29,278	24.87
Salem	1,93,468	13,681	48,182	2.50
Madurai	3,23,455	7,941	13,346	2.33
Tirunelveli	1,52,113	20,405	85,947	12.42
Tiruchirappalli	1,90,911	3,113	11,092	5.20
Total				47.32

* Assessments during April 2008 to March 2013 with one or more missing demands

** Total number of missing demands in respect of assessments in column (3)

Above error in raising demand on many assessments had occurred due to lack of validation control in the application software which resulted in loss of revenue of ₹ 47.32 crore to the Corporations. Salem and Tirunelveli Corporations replied (July 2013 and November 2013) that a case to case verification would be made and action would be taken to rectify the defects.

(iv) Incorrect calculation of penalty for unauthorised constructions

TNUDP software which is now in use in the Corporations has the provision to calculate the PT amount along with penalty, if any, if a whole or part of the property is constructed without proper authority. TNUDP software also has the provision to generate demand for these penalties every half-year. Audit noticed that in Coimbatore and Tirunelveli Corporations, there were 95,610 and 2,601 assessments respectively which were assessed with penalty, of which in 1,765 and 267 assessments respectively penalty levied through system was incorrectly calculated due to process failure or changes made to data in the back-end process and the demand raised. This resulted in loss of revenue of ₹ 0.75 crore to these Corporations.

Tirunelveli Corporation accepted (November 2013) the audit observation and stated that action would be taken to rectify the defects.

(v) Failure to levy Property Tax on Government Buildings

Even though PT for Government buildings as per the guidelines issued for general revision of PT with effect from 01 April 2008 was assessed by Tirunelveli Corporation, no demand was raised for 10 government buildings for the period 2008-09 to 2012-13 resulting in loss of revenue of ₹ 37.37 lakh to the Corporation (**Appendix 2.3**). In reply, Tirunelveli Corporation stated that action would be taken to raise demands for these assessments after verification.

(vi) Unauthorised alteration of Property Tax demand

Property Tax is assessed through system and stored in the PT Assessment table. Half yearly demands are generated by the system from the available data in the Assessment table. Under no circumstances, should the demand amount vary from the initial tax assessed. Audit noticed that there was scope for making data entry/unauthorised changes in the existing demand in the front-end screen itself. In Salem and Tirunelveli Corporations, audit noticed that the PT demands pertaining to as many as 26,735 out of 3,20,799 and 270 out of 1,39,897 assessments respectively during 2008-13 were altered in the database without authorisation and no trail was available in the database for these changes in the database.

On this being pointed out, Tirunelveli Corporation replied (November 2013) that in some of the cases, original demand was collected upto date and action would be taken to rectify defects in remaining cases.

(vii) Unauthorised cancellation of property Assessments

The application software has the provision to cancel an assessment if a building is demolished or destroyed based on the notice given by the owner to the Corporation. In these cancelled assessments, the assessment is moved with 'i' (invalid assessment) flag in the assessment table and the reasons for such cancellations get stored in a separate table simultaneously.

Examination of the PT data of five Corporations revealed that out of 25,659 cancelled assessments, 15,658 assessments were cancelled, as given in **Table 2.4**, without any valid reasons being recorded. It was also noticed that in Madurai and Tirunelveli Corporations, in 9,466 and 793 assessments respectively, though these assessments were captured as cancelled, the demands were continued to be raised by the system.

Table 2.4: Assessments cancelled without authorisation and generation of demands for such assessments

Corporation	Total number of assessments	No. of assessments indicated as invalid ('i' flag) in assessment table	No. of assessments cancelled with authorisation	No. of assessments cancelled without authorisation	No. of cancelled assessments for which demands were generated
Coimbatore	4,15,464	1,623	0	1,623	0
Salem	1,93,468	122	14	108	0
Madurai	3,23,455	28,216	17,861	10,355	9,466
Tirunelveli	1,52,113	5,373	5,300	73	793
Tiruchirappalli	1,90,911	5,971	2,472	3,499	0
Total	12,75,411	41,305	25,647	15,658	10,259

On this being pointed out, Tirunelveli Corporation stated (November 2013) that software is being rectified. Though rectification to software will avoid occurrence of such discrepancies in future, existence of errors in the data needs to be eliminated. No reply has been received from other four Corporations.

2.1.6.4 Water Tax

Water Tax is collected from the individuals/industries/educational institutions/hospitals etc. to whom protected drinking water was supplied by the Corporations from different sources. The Commissioner may, on application by the owner or occupier of any building, arrange to provide water supply, provided the building has been assessed for PT in accordance with the by-laws of the Corporations. Water Tax is fixed by the Councils and revised as and when required and the periodicity⁸ of raising Water Tax demand differs from one Corporation to another. The water connection is broadly classified as domestic and non-domestic.

(i) Failure to raise even the first demand for new water connections

In Coimbatore Corporation, all the water connections were provided with water meter and the meter reading is taken with the help of hand held device by the bill collector which is uploaded from the device to the Central Server. If the device is not working, then manual reading is taken and fed into computer system. Demand is generated after uploading the meter reading or capture of meter reading manually. In Coimbatore Corporation, out of 2,53,028 Water Tax assesseees existing in the assessment data as of March 2013, in respect of 2,471 valid assesseees, even the first demand was not generated due to failure in uploading/capturing the meter reading in the system. Audit noticed that there was no provision in the system to throw an alert message to the user showing non-generation of demands and in these 2,471 cases deficiency in the system design resulted in a loss of revenue of ₹ 1.66 crore.

On this being pointed out, Corporation replied that all the 2,471 water connections were disconnected due to non-payment of PT and Water Tax. It is pertinent to mention that even the first demand is yet to be raised in these cases. Further, the Corporation did not furnish any proof of disconnection in any sample cases. Examination of data also disclosed that no audit trail is available in the database for disconnection of these 2,471 cases due to deficiency in the system design.

(ii) Missing demands

In Tirunelveli Corporation, demands for Water Tax assessments are generated every year on 01 April for four quarters based on the last quarter of the previous year demand. Examination of data disclosed that the system failed to generate demands in respect of 5,282 assessments during the period 2011-12 and 2012-13 resulting in loss of revenue of ₹ 0.32 crore.

On this being pointed out, Tirunelveli Corporation accepted (November 2013) the audit observation and stated that defects were rectified in the computer

⁸ Monthly/quarterly/half-yearly/yearly

system and correct demands for domestic and non-domestic connections were generated successfully. However, proof of rectification of demand was furnished to audit in two sample cases only.

(iii) Short raising of demand for water charges

Tirunelveli Corporation resolved to charge ₹ 100 per month as water charges for each tap connection. Therefore, the system should be designed to generate ₹ 300 per quarter (Corporation raises quarterly water charges demand) as water charges for each tap connection. Due to lack of validation control in the system, in 260 (2011-12) and 5,825 (2012-13) instances, demands raised by the system were below the minimum charge resulting in loss of revenue ₹ 0.08 crore to the Corporation. On this being pointed out, Corporation did not adequately clarify the issue.

(iv) Incorrect raising of demand

In Coimbatore Corporation, an assessee should pay water charges every month based on the meter reading or ₹ 100 (minimum charges per month). In situations where meter reading was not taken in a month, the assessee should pay the minimum charge of ₹ 100 per month. In case the meter reading was taken belatedly, the minimum charges for the demand period (calculated on monthly basis at the rate of ₹ 100 per month) be worked out and compared with actual meter reading charges. The higher of the above two should be raised as water charges by the system.

Audit noticed that during 2008-12, in 22,774 assessments, apart from delayed raising of demand ranging between 3 and 43 months, the demand raised by the Corporation was below the minimum amount of ₹ 100 per month which resulted in loss of revenue of ₹ 1.67 crore. On this being pointed out, Corporation replied that assigning of assessment number for new water connection was done manually which resulted in omission of assessment and the same would be rectified in future.

2.1.6.5 Underground Drainage (UGD) Deposit and maintenance charges

Non-collection of Deposit and Maintenance Charges

GoTN ordered (December 2003) that all the existing UGD connections and new UGD connections are to be assessed for collection of UGD deposit and maintenance charges payable on yearly basis in Madurai Corporation. Hence, all the existing PT assesseees (excluding added areas) who are covered under UGD scheme within the Corporation limit are liable to pay one-time payment of UGD deposit and Drainage Maintenance Charges (DMC) on yearly basis. The scheme which was initiated in 2003 was completed in March 2011. In this regard the following discrepancies were noticed in audit.

- Comparison of UGD data with Property Assessment data disclosed that the Corporation had not raised demand for 3,002 assesseees out of 1,86,440 assesseees covered under the scheme resulting in revenue loss of ₹ 1.24 crore to the Corporation.
- Examination of the assessment and demand data revealed that in respect of 9,393 assesseees who were covered under this scheme and

paid UGD deposit, no demand for DMC was raised in the computer system till date (July 2013). Though the scheme was completed by March 2011 and sewage connection had been established, no demand for DMC was raised by the Corporation for these cases resulting in a minimum deferred revenue loss of ₹ 2.82 crore (9,393 x 2 years x ₹ 1,500 (minimum annual DMC demand per year) to the Corporation.

2.1.6.6 Vacant Land Tax

Loss of revenue due to failure to raise demand for VLT assessments

According to Section 124 and the proviso contained therein of Coimbatore City Municipal Corporation Act, 1981, VLT is payable by all the land owners if the extent of such land with or without any building thereon, does not exceed 2,400 square feet.

All properties including vacant land are to be assessed for PT on half yearly basis as per Section 121(2) of City Municipal Corporation Act. The application software existing in the Corporations has the provision to maintain and raise periodical VLT demands. However, in Corporations (except Tirunelveli Corporation), VLT was collected from the assessee only at the time of according building plan approval. In Tirunelveli Corporation, the demand for VLT was generated along with PT demand.

Audit noticed that in Tirunelveli Corporation, in 753 VLT assessments out of 12,682 assessments, no demand was raised resulting in loss of revenue of ₹ 5.16 crore to the Corporation for the period 2007-13.

On this being pointed out, the Corporation accepted the observation and stated that action would be taken to rectify the same.

2.1.6.7 Financial Accounting System - Deficiencies

The Financial Accounting Software (FAS) module was developed mainly for the purpose of preparation of Journal, Ledger, Trial balance and to prepare Income and Expenditure Statement and Balance Sheet. In Salem and Tiruchirappalli Corporations, the Annual Accounts are prepared manually only and the FAS module was not put to use. In Coimbatore Corporation, the process of preparation of Annual Accounts is done through Tally package from 2013-14 onwards.

In Madurai and Tirunelveli Corporations, the FAS module was put to use for preparation of Journal, Ledger and Trial Balance only and the preparation of Annual Accounts is done through manual process. There were three⁹ important tables in the FAS database. Examination of the tables revealed the following:

- Every debit and credit posted in FA_TRAN table should agree in order to ensure basic accounting rules. In Madurai and Tirunelveli Corporations, during 2008-13, 26 and 342 valid transactions (i.e. transactions complete in all respects) did not agree with their debits and credits posting. In the circumstances, the trial balance was made to agree through manual intervention. The application software

⁹ a) FA_TRAN, b) FA_EJV and c) FA_HEAD

allowed capture of data entry without verifying the correctness of debits and credits posted against these transactions. Existence of such vital errors in the journal entries (FA_TRAN table) would impact the ledger balances and trial balance.

- Every record posted in FA_EJV table should find a place in the FA_TRAN table so that the preparation of Trial Balance done with reference to FA_TRAN would be complete, accurate and dependable. It was, however, seen that in Madurai and Tirunelveli Corporations, 46 and six vouchers respectively with monetary values during the period 2008-11, though existed in FA_EJV table (with a valid “V” flag) do not find a place in FA_TRAN. Therefore, without posting of the above vouchers in the trial balance, the annual accounts were prepared in the respective years.
- The FA_TRAN table contained financial year-wise transactions with a “V” flag representing that the transaction was valid. Each transaction contained multiple debits with single consolidated credit or single consolidated debit with multiple credits. Each transaction was stored in the table with a transaction reference number (voucher number) with date. In a given financial year, the transaction date should be relevant to that financial year and the software should be designed in such a way that transaction dates not falling within the relevant financial year were not allowed by the system. The table was analysed and it was found that during the period 2008-13, in the following transactions, date of transaction does not pertain to the financial year. Details are given in **Table 2.5**.

Table 2.5: Statement showing number of transactions not pertaining to the relevant financial year

Year	Madurai Corporation		Tirunelveli Corporation	
	No. of transactions	Value (₹ in crore)	No. of transactions	Value (₹ in crore)
2008-09	19	2.50	143	0.44
2009-10	69	3.16	22	0.13
2010-11	60	1.06	3	0.0032
2011-12	341	3.58	5	0.0099
2012-13	293	27.68	10	0.04

Hence, by giving effect to the above transactions not pertaining to the respective year, the annual accounts figure was inaccurate to that extent.

On these being pointed out, Tirunelveli Corporation had accepted the same and stated that action would be taken to rectify the defects in the FAS module. Reply from Madurai Corporation has not been received (February 2014).

2.1.7 Acquisition -Deficiencies in system design

2.1.7.1 No information on number of print-outs

According to rules in force, the first copy of the Birth Registration Certificate is issued to the applicant free of cost and the subsequent copies at a cost of ₹ 5 per copy. When the issue of birth certificate is only through computer

system, the application software and the data design should provide for storing the number of print-outs taken in birth details table for accountability purposes. However, no such details were captured in the table in any of the Corporations.

2.1.7.2 *No log for corrections made to database*

The birth table disclosed that there was only one column provided in the design to capture the date of creation of record. No field was provided to capture modification details in the table. Further, whenever any modification was made to the record, the latest date of modification got stored as the date of creation of record. There was no log available to show the changes made in a record.

Coimbatore Corporation replied (June 2013) that instructions had been issued to the birth/death Registrars for capture of correct information in the system. However, the reply was not pertinent to audit observation.

2.1.7.3 *Lack of correlation between Assessment and Demand data*

The initial assessment of PT is finalised and stored in the assessment data. The first demand is generated in the demand data with reference to assessment data. The system generates the subsequent demands based on the previous demand. Any change taking place in the property due to additions or modifications should be carried out in the assessment data from which the modified subsequent demands have to be generated. However, in all the five Corporations, the above procedure was not carried out. Instead, corrections due to additions or modifications in the property were carried out in the demand data itself. Details are given in **Table 2.6**.

Table 2.6: Number of assessments where discrepancy was noticed between assessment and demand

Corporation	Total number of assessments in PT data	No. of assessments where there is discrepancy between demand and assessment data in PT amount
Coimbatore	4,15,464	1,661
Salem	1,93,468	1,66,642
Madurai	3,23,455	1,51,710
Tirunelveli	1,52,113	1,025
Tiruchirappalli	1,90,911	103

Hence, no audit trail was available in the database for the changes affecting the annual value of the property, besides incorrect generation of MIS reports from assessment data.

2.1.7.4 *Improper handling of parameters in the software for migrated areas in Coimbatore Corporation*

In Coimbatore Corporation, eleven local bodies¹⁰ were merged (April 2008) with the Corporation. These merged areas were categorised as A, B and C zones and the property taxes were levied based on the Council resolution (December 2012).

¹⁰ Chinnavedampatti, Goundanpalayam, Kaalapatti, Kuniyamuthur, Kuruchi, Saravanampatti, Tudiyalur, Vadavalli, Veerakeralam, Vellakinaru and Vilankurichi

The system calculates the annual value of a property in the Corporation limit by referring to the values in the master tables available in the database. As and when a change takes place like rate of tax etc., the same needs to be incorporated in the master data by updating the values. However, in Coimbatore Corporation, though the above method was adopted for 'Residential' assessments, necessary change in parameters in respect of 'Commercial' and 'Industrial' were done through a separate procedure in the coding itself which was not desirable for the following reasons.

- This method increased dependency on the software developer when changes were required to be made in the basic parameters.
- No trail was available in the system for the changes made.

On this being pointed out, Corporation accepted (June 2013) the audit observation and stated that the issue would be addressed soon.

2.1.7.5 Ineffective linking of Property Tax module with Water Tax module

Every individual who is assessed for PT is eligible for a single water connection. There are few exceptions to the above rule such as flats/apartments, bulk connections etc. Examination of Water Tax data revealed that multiple water connections were provided to same individual due to improper linkage of Water Tax module with PT module at the design stage itself as given in **Table 2.7**.

Table 2.7: Statement showing multiple water connections

Corporation	No. of assessments with multiple water connections	No. of multiple water connections	Range of multiple water connections
Coimbatore	3,422	7,113	2 to 44
Madurai	393	817	2 to 11
Tirunelveli	225	529	2 to 15
Tiruchirappalli	597	1,650	2 to 74

In this connection, the following observations are made:

- In Coimbatore and Tirunelveli Corporations, no link between Property Tax and Water Tax modules was provided during customisation of the software.
- In Madurai Corporation, PT and Water Tax assessment numbers are common. Out of 817 multiple connections, dummy numbers were assigned in respect of 371 connections for which there was no corresponding "Property Tax Assessment number" in the PT database and hence they were unauthorised water connections.
- Further, 4,270 water connections were provided to assessees for whom no PT assessment details exist, which was irregular.
- In Tiruchirappalli Corporation, though link between the two modules was provided, PT assessment number was not captured in 92 per cent of the cases in Water Tax module resulting in provision of more than one water connection for single property.

It is clear from the above that TNUDP software has been customised by the above Corporations according to local requirement and there was no uniformity. The Commissioners of the Corporations failed to monitor and arrest the situation. Except Madurai and Salem Corporations, the other three Corporations accepted the observations and stated that action would be taken to rectify the problem.

2.1.7.6 Lack of provision in the system to capture water meter reading

In Tirunelveli Corporation, Government establishments/industrial consumers etc. were provided with metered water connection. The consumption of water as per meter reading was recorded and posted in a register maintained and charges calculated manually. However, these recordings could not be captured into the computer system, since there was no provision for the same. For these assessments, demands were generated by the system based on the previous year demand, ignoring the actual meter reading recorded in the manual register.

For instance, in one Assessment, demand was generated for ₹ 2.23 lakh for each quarter of the financial year 2013-14 (upto March 2014). This demand was posted by the system automatically with reference to 2012-13 last quarter demand. Examination of the manual meter reading records relating to the assessee disclosed that for the last quarter of 2012-13 and the first quarter of 2013-14, the water charges worked out to ₹ 1.38 lakh and ₹ 2.42 lakh respectively as per meter reading records. Due to absence of provision in the system to record and calculate Water Tax as per meter reading, there were incorrect generation of Water Tax demand in 1,275 cases during the period 2008-13. Reply of the Corporation was not pertinent to the point raised.

2.1.8 Delivery and Support

2.1.8.1 Staffing and key IT personnel

CMA invited (November 2006 - January 2010) particulars from all the Corporations regarding the existing IT personnel and number of IT posts actually required for the purpose of managing the IT related functions in the Corporations and also for framing Common Service Rules for IT staff.

In response, all the five Corporations sent (June 2009 to January 2010) the required information seeking appointment of number of IT personnel¹¹ in their Corporation on a regular basis. However, no action was taken by CMA/Government on the proposal sent by each Corporation to appoint permanent IT personnel so far (August 2013) even after a lapse of more than three years. Due to absence of regular IT personnel, in three Corporations (Salem, Madurai and Tirunelveli), the computer systems were administered by Junior Assistants who were not designated as Database Administrators and in the remaining two Corporations (Coimbatore and Tiruchirappalli), maintenance of entire IT systems was outsourced to private firms. Therefore, failure of CMA/Government to appoint regular IT Staff in each Corporation resulted in inability of the Corporations to manage the systems

¹¹ System Analyst, Programmers, Assistant Programmers and Data Entry Operators

effectively leading to potential operational vulnerabilities. Some of these vulnerabilities have led to problems as can be seen in the succeeding paragraphs.

2.1.8.2 Non-segregation of duties in the computer system

Major revenue modules of a Corporation are PT, Water Tax, Profession Tax etc. wherein the primary details of the assessee are captured in the Assessment table. In the system design (front end screen) itself, proper segregation of duties in capturing the primary data and its further authorisation should be in place, so as to minimise error in the data and avoid possible fraud. Audit, through examination of PT, Water Tax and Profession Tax assessment tables and birth and death data tables, found the following instances of high exposure to risk due to poor segregation of duties.

(i) In PT and Water Tax modules, though provision was available in the system to capture the primary data and its subsequent authorisation by two different persons, records were entered and authorised in the system by the same individual. Details are depicted in **Charts 2.2 and 2.3**.

Chart 2.2: Property Tax

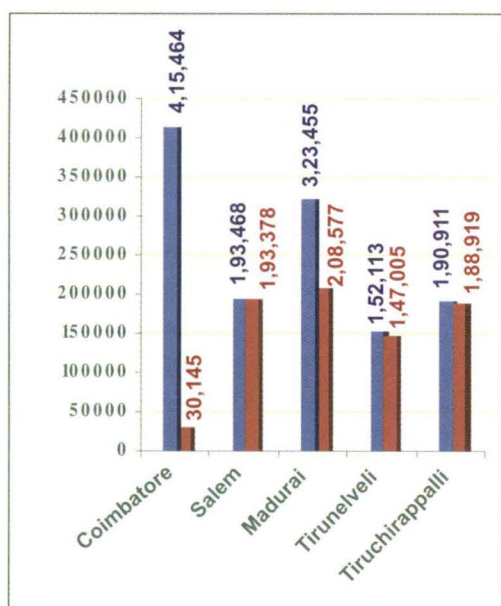
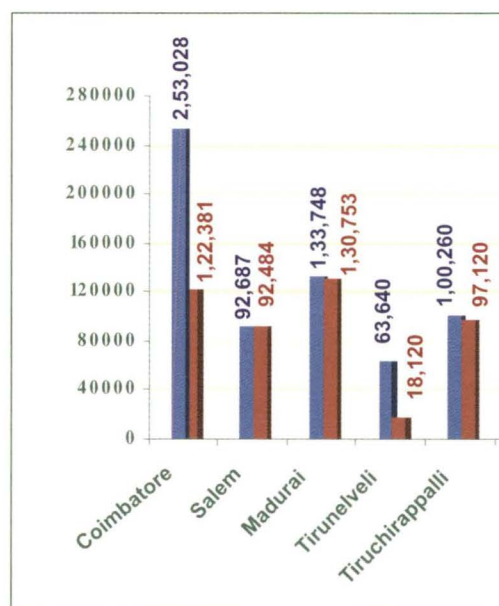


Chart 2.3: Water Tax



■ Total Number of records ■ No. of records entered and authorised by same person

(ii) Under birth and death registration and Profession Tax modules, due to deficiency in system design, the primary data is entered and authorised by the same individual. The Corporation-wise details of number of records which were entered and authorised by same person are given in **Table 2.8**.

Table 2.8: Statement showing number of records entered and authorised by the same person

Nature of service/revenue	Coimbatore	Salem	Madurai	Tirunelveli	Tiruchirappalli
Birth registration	4,66,935	2,50,866	8,57,294	2,35,380	4,26,525
Death registration	1,65,581	59,063	1,16,755	65,290	1,09,528
Profession Tax assessment	36,575	139	Not available	10,095	0

Hence, non-segregation of duties in the application software had rendered the data vulnerable to manipulation.

2.1.8.3 e-Security Policy

GoTN communicated (September 2010) the e-Security Policy 2010 to all departments with the objectives of ensuring availability, maintain confidentiality, integrity of the information and authenticity/non-repudiation of the business transaction as well as exchange of information. According to the guidelines of the e-Security Policy, a third party IT security assessments of all IT devices, applications and assets should be done annually.

Audit observed that except Coimbatore Corporation, the other four Corporations did not meet the above standard as stipulated in the e-Security Policy of the Government.

2.1.8.4 On-line payment of taxes

One of the objectives of introduction of e-Governance system in ULBs was to provide a dynamic website to enable the citizens to have access to all the services rendered by ULBs and also to enable the public to pay their taxes online using credit or debit cards or net banking system.

Audit observed that except Coimbatore Corporation, in the other four Corporations, the above facility though introduced in the initial stage has been withdrawn for reasons not on record. The Corporations failed to re-introduce the facility to public so far (August 2013). Salem, Tirunelveli and Tiruchirappalli Corporations had confirmed (July and November 2013) the above fact.

2.1.8.5 Building Plan approval software not put to use

To ensure speedy processing and approval of Building Plan applications, three (Coimbatore, Madurai and Tiruchirappalli) out of five Corporations developed building plan scrutiny software and the same was put to use by Coimbatore and Madurai Corporations through outsourcing.

In Tiruchirappalli Corporation, the software developed at a cost of ₹ 0.10 crore through a private firm (August 2010) was not put to use for want of trained manpower. The firm insisted the Corporation to identify the personnel for giving training in the software. However, it did not deploy the personnel to be trained. Hence, the software developed could not be put to intended use for want of trained personnel and the applications were processed only manually resulting in non-achievement of the objective of speedy processing and approval of building plans.

2.1.8.6 Touch Screen Kiosks kept idle for two years

In Tiruchirappalli Corporation, five Touch Screen Kiosks (one each in four collection centres and one in main office) were purchased and installed in May 2011 at a cost of ₹ 0.09 crore (Hardware: ₹ 7.81 lakh plus software: ₹ 1.61 lakh) to facilitate the public to know the tax dues, payment details etc. It was also certified (June 2011) that the machines were working properly.

Audit, through physical verification of two kiosks, one each at main office and collection centre, observed that the machines were not in working condition (August 2013). No effort was taken by the Corporation so far (August 2013) to repair the machines even after a lapse of more than two years resulting in an unfruitful expenditure of ₹ 0.09 crore. It was accepted by the Corporation that all the five machines in different locations became out of order from September 2011 and the machines could not be used by the public and added that the Kiosks have been brought into use now (November 2013).

2.1.8.7 Absence of Disaster Recovery Management System

In any organisation working in a computerised environment, existence of proper business continuity and disaster recovery plans is mandatory in nature, which should conform to organisational standards and Government regulations. In case of any eventuality, a tested plan ensures that information processing capabilities could be resumed after the occurrence of an event without any major interruption and loss of data. For this purpose, the back up copies of systems software, applications and data files were to be taken regularly. The back ups with system documentation should be kept in an off-site fire safe. Back ups so taken earlier have to be tested for data recovery.

In all the five Corporations, audit observed that no business continuity/disaster recovery plan is in existence and documented. No off-site back up with system documentation is in place to meet any eventuality. Coimbatore, Salem and Tirunelveli Corporations had confirmed that no off-site back up was in place in their Corporations.

2.1.9 Monitoring

2.1.9.1 Failure to monitor the updation of "Master List" preparation

As per guidelines issued (November 2007) by GoTN, all the existing buildings and lands are to be re-assessed for PT or VLT respectively. Further, all the additions/alterations, if any, which were omitted to be assessed earlier should also be brought under PT net. The Corporations were also instructed to cross refer the records maintained in other Departments. This "Master list" was to be used as a basic tax record before carrying out the general revision with effect from 01 April 2008.

The deficiencies found by examination of data relating to PT were elaborated in the previous paragraphs. Had the Corporations followed the guidelines issued by Government scrupulously and prepared a "Master List", the errors in the data could have been avoided to certain extent to prevent loss of revenue. The Commissioners of the respective Corporations who are the implementing authorities failed to carry out the revision process effectively. CMA also did

not monitor the updation of “Master List” preparation. To an audit query, all the Corporations had replied that a Master List was prepared and updated in the data. However, audit observed that this was not so.

2.1.9.2 Failure to monitor fixing up of separate basic value for Special Buildings

GoTN clarified (February 2008) to the guidelines already issued in November 2007 for General Revision of PT in all ULBs that in respect of buildings coming under specialised category like Star Hotels, Theme Park, Multiplex, Shopping Complex, Air-conditioned Marriage Hall, Super Speciality Hospital etc., separate basic value¹² should be fixed by the Corporations concerned.

Audit, through examination of the database, found that no separate basic value was available in the database in the five Corporations. On this being pointed out in four out of five Corporations, it was stated by Tirunelveli Corporation that all the above categories would be assessed manually and incorporated in the software in future. Reply furnished by Salem Corporation was not relevant to the point raised by audit and no reply has been received from Madurai and Tiruchirappalli Corporations (November 2013). CMA also did not monitor the fixing up of such specific rate for “Special Buildings” by the Corporations so far.

2.1.9.3 Ineffective monitoring of Information Systems

According to Tamil Nadu Birth and Death Rules, 2000, Commissioner of the Corporation is required to certify the number of birth and death registrations reported to the Chief Registrar who is the Director and administrative head of the Department of Public Health and Preventive Medicine. The Commissioner is also required to check the revision of PT assessments as contemplated in the General Revision guidelines.

Audit, through examination of data, found many types of errors in birth and death databases in all the five Corporations. Further, discrepancies in capture of birth/death data in the system with reference to manual records were also found in three out of five Corporations. In the case of registration of birth and death details, the correctness of the figures submitted to the Chief Registrar was not compared and verified with the data captured in the computer system by the Commissioners of the three Corporations. Further, revenue losses to the Corporations under PT, Water Tax, Profession Tax etc. were attributed to lack of controls, administrative control failure in assessment of Profession Tax, deficiencies in carrying out General revision of PT etc. and ineffective monitoring of the Information Systems by the Commissioners of the Corporations.

Though, TNUDP software was developed as common application software for all ULBs, ineffective monitoring on the part of CMA has led to adoption of different application software by the Corporations. The Corporations have also made changes to the design of the databases to cater to their local requirements which would lead to difficulties while developing common application software in future.

¹² Basic value is the value fixed for all the Municipalities/Corporations for different zones for the purpose of fixation of rental value of buildings and lands

2.1.9.4 Non-formation of Steering Committee

COBIT framework prescribes forming of Steering Committee for effective functioning of the IT systems. The Committee should periodically review the working of the systems to address critical issues which have a direct bearing on the revenue of the Corporations. Audit observed that no such Committee was formed in any of the five Corporations. At CMA level, though periodical reports on all TNUDP modules through online mode were received from all the Corporations and review meetings conducted with Commissioners of the Corporations by CMA, critical issues relating to deficiencies in the existing TNUDP software/database management etc. were not discussed and monitored by CMA so as to rectify the defects. Failure to monitor such critical issues had led to deficiencies in the database resulting in loss of revenue to Corporations as observed in earlier paragraphs.

2.1.10 Conclusion

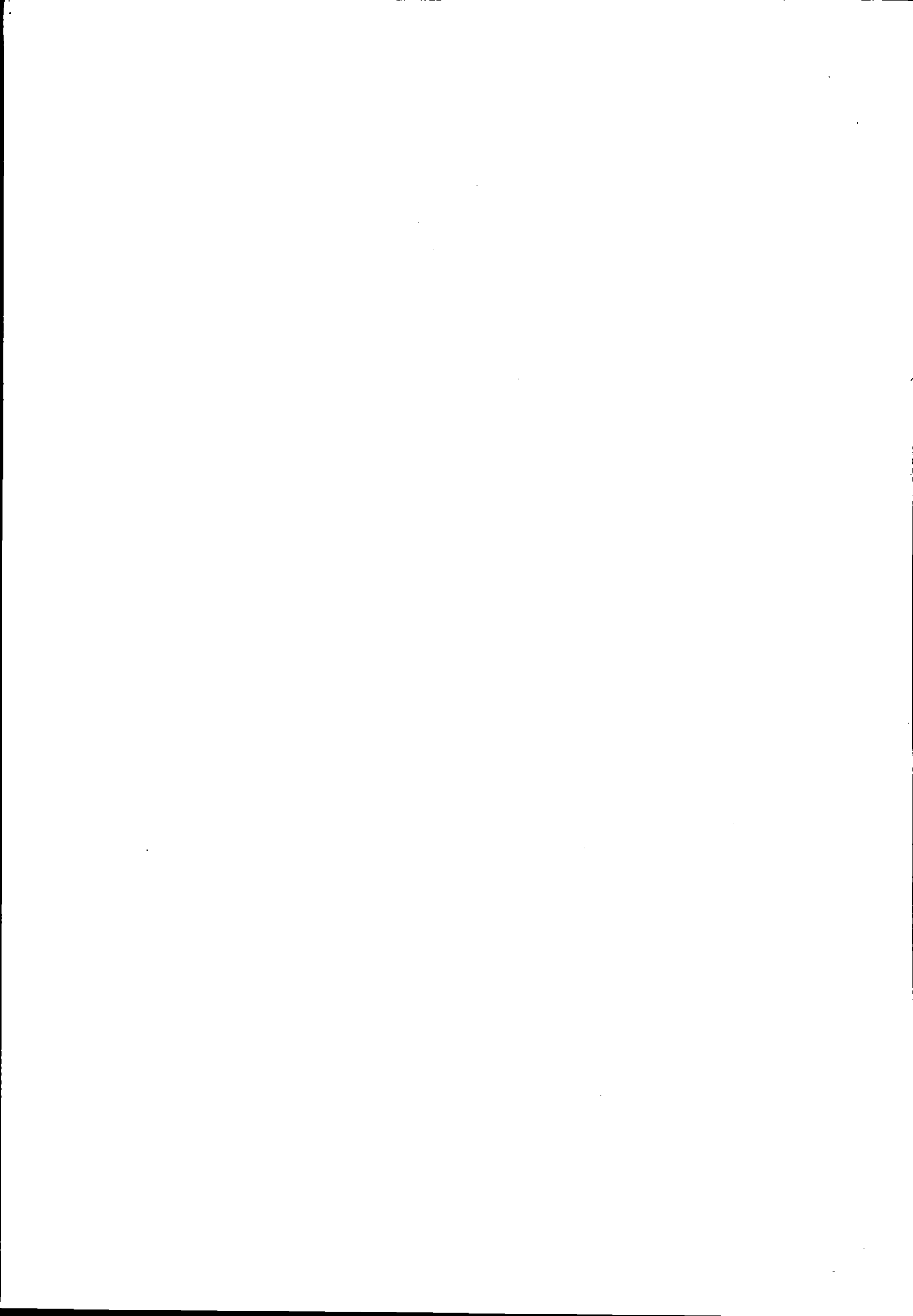
Computerisation in five Municipal Corporations that took place in 2005 was incomplete even after eight years of its implementation and after incurring an expenditure of ₹ 3.74 crore during 2008-13. Application software implemented in the Corporations suffered from weak process controls resulting in lack of data integrity. This has also led to generation of inaccurate demands under Property Tax, Water Tax, Under Ground Drainage charges and Vacant Land Tax resulting in loss of revenue of ₹ 62.73 crore to the Corporations. The Profession Tax Assessment data were incomplete because of which the Corporations could not raise periodical demand against organisations and were forced to accept payment made by the Profession Tax assesseees. Discrepancies and errors were noticed in the Birth and Death registration database in all five Corporations. The State Government failed to appoint permanent IT personnel in the five Corporations to man the computerised activities as planned due to which the Server/database administration/networking etc., is administered by Junior Assistants who were not designated as Database Administrators in three Corporations and by outsourced firms in two other Corporations. Control over the process of general revision of Property Tax needed improvement. Control over assessment of Profession Tax and monitoring of the discrepancies in capture of data in the system with manual records under birth/death registration needed reinforcement. The online payment facility which was initially commenced was discontinued in four out of five Corporations, rendering the objective of e-Governance largely unachieved.

2.1.11 Recommendations

- The system should be reviewed and identified gaps plugged.
- Government should take initiative to appoint designated/qualified personnel in all the Corporations.
- Controls/validations should be incorporated in the application software so as to avoid loss of revenue.
- Input controls should be incorporated in the system so as to generate error free birth and death certificates.

- CMA should monitor the overall computerisation in all Corporations and implementation of guidelines issued by him.
- IT Steering Committee should be formed for effective functioning of IT system.
- Commissioners should exercise control over IT administration and monitor effectively the changes that takes place in operation.

The matter was referred to Government in December 2013; reply has not been received (February 2014).



CHAPTER III
COMPLIANCE AUDIT
(URBAN LOCAL BODIES)

CHAPTER III

COMPLIANCE AUDIT

Compliance Audit of Municipal Administration and Water Supply Department, Housing and Urban Development Department, Corporation of Chennai, Tiruppur City Municipal Corporation and Chennai Metropolitan Development Authority brought out instances of lapses in management of resources and failures in the observance of the norms of regularity, propriety and economy. These have been presented in the succeeding paragraphs.

MUNICIPAL ADMINISTRATION AND WATER SUPPLY DEPARTMENT

3.1 Levy and collection of Tax and Non-tax revenue in Tiruppur City Municipal Corporation

3.1.1 Introduction

Tiruppur Municipality was constituted in 1917 and upgraded as Tiruppur City Municipal Corporation (TCMC) with effect from 01 January 2008. TCMC limit was extended in October 2011 by adding two adjacent Grade III Municipalities and eight Village Panchayats covering an area of 159.35 square kilometres. The entire TCMC area with a total population of 8.78 lakh is divided into four zones and the zones are further divided into 60 wards. As per Tiruppur City Municipal Corporation Act, 2008, all provisions of the Coimbatore City Municipal Corporation Act, 1981 (CCMC Act) including provisions relating to levy and collection of any tax or fee are extended to TCMC.

3.1.2 Organisational set up

Secretary, Municipal Administration and Water Supply (MAWS) Department is the overall head at the Government level. Commissioner of Municipal Administration (CMA) is the head of the Department. TCMC is headed by a Commissioner who is the executive head for implementing all functions of the Corporation in accordance with the resolutions passed by the TCMC Council. Assistant Commissioner (Revenue) who is the head of the Revenue section is responsible for levy and collection of Tax and Non-tax revenues.

3.1.3 Scope of Audit and Audit objectives

Audit of levy and collection of Tax¹ and Non-tax² revenue was conducted in all four zones in TCMC during August and September 2013 by test-check of records relating to the period 2010-13. Out of 11,396 assessments,

¹ Tax Revenue includes Property Tax, Vacant Land Tax, Profession Tax and Advertisement Tax

² Non-tax revenue comprises (i) lease of land, markets, pay and use toilets, shops, vehicle parking stands, bus stand entry fees and slaughter house; (ii) water and sewerage user charges and (iii) annual track rent

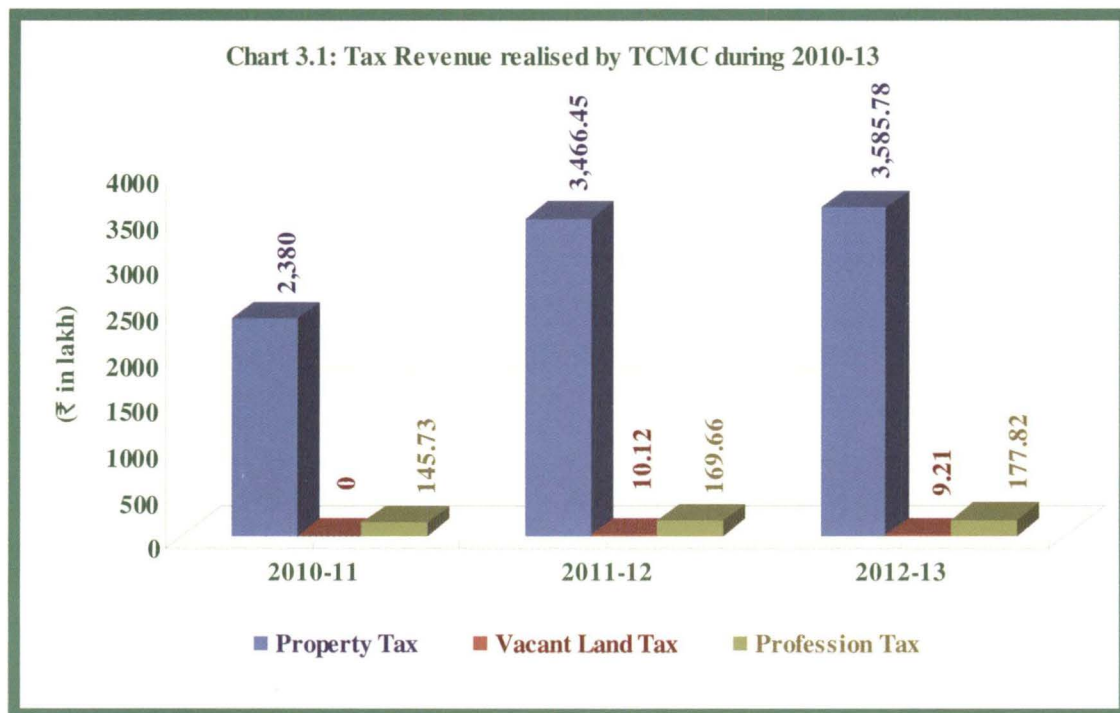
252 assessments (163 residential, 67 commercial and 22 industrial) were randomly selected and test-checked. As regards Profession Tax and Vacant Land Tax (VLT), TCMC had not raised demand but had accepted the payment as paid by the deductors/assesseees. All 695 Non-tax items as per Demand, Collection and Balance (DCB) statement for the period 2010-13 were checked to assess whether there is a proper system for assessment and collection of taxes and Non-taxes, whether the taxes are levied as per the orders and rules and accounted for correctly. Results of audit are presented in the succeeding paragraphs.

Audit findings

3.1.4 Collection of Tax revenue

Main components of tax revenue are Property Tax (PT), VLT and Profession Tax. PT was assessed based on the self assessment details furnished by the assessee and collected for all buildings and lands every half year³. PT and VLT have to be paid by the assessee within 15 days after the commencement of every half year. Profession Tax has to be recovered from the pay bill of the employees by the Drawing and Disbursing Officers of the offices concerned once in six months at the rate fixed by the Council and remitted before 15th September and 15th February of every year.

Details of tax revenue realised by TCMC during the years 2010-11, 2011-12 and 2012-13 are given in **Chart 3.1**.



(Source: DCB statement furnished by TCMC)

³ First half year - 01 April to 30 September; Second half year - 01 October to 31 March

Total tax revenue for the years 2010-11, 2011-12 and 2012-13 was ₹ 2,525.73 lakh, ₹ 3,646.23 lakh and ₹ 3,772.81 lakh respectively. There was an increase of 44 *per cent* in the collection of tax revenue during the year 2011-12 compared to the previous year 2010-11. The increase was mainly due to merger of two Municipalities and eight Village Panchayats with TCMC in October 2011.

3.1.5 Property tax

PT is a major source of Tax revenue. As per Section 121 of CCMC Act, PT should be levied on all buildings and lands within the city at such percentage of the annual value of buildings or lands which are occupied by or adjacent and appurtenant to buildings or both. Further, as per Section 122 of CCMC Act, every building should be assessed for PT together with its site and other adjacent premises occupied as appurtenance thereto, unless the owner of the building is a different person from the owner of such site or premises. TCMC assessed, levied and collected PT on buildings and lands within its jurisdiction under Sections 121 and 122 of CCMC Act.

3.1.5.1 *Lack of coordination between Town Planning section and Revenue section*

CCMC Act provides that construction or re-construction of a building should be completed within two years from the date on which permission was given for construction or re-construction. As per Article 342A of Municipal Manual Volume-I, there should be coordination between Town Planning section and Revenue section in Urban Local Bodies (ULBs) to ensure that the PT is assessed without omission. Two check registers, one in Revenue section and the other in Town Planning section were to be maintained. These registers should be scrutinised by the Commissioner once a month. CMA's circular issued in March 2006 also reiterated adherence to the guidelines given in Municipal Manual Volume-I to ensure that there would not be any omission in the assessment of buildings due to lack of coordination between Town Planning section and Revenue section.

Test check of records of Town Planning section and Revenue section relating to the period 2008-11 revealed that details regarding completion of building or issue of fresh licence for buildings which were not completed within two years from the date of initial approval were not entered in the register (MF 146-A) maintained by Town Planning section and Tax Revision Register (MF 12 – III) maintained in the Revenue section did not contain details such as plan approval number, completion reports etc., even though columns were provided for in both the registers. Details of assessments made by Revenue section were not furnished to the Town Planning section and details of building licences issued by Town Planning section were not furnished to Revenue section as provided in the Manual. This indicated that there was lack of coordination between these sections on the vital issue involving revenue of TCMC. The registers maintained by both the sections were also not subjected to periodical scrutiny by the Commissioner.

PT assessments were being made based on details furnished by applicant in the application and there was no evidence of verification of details furnished by the applicant. Details of building licence issued by Town Planning section

were not available in Revenue section. Similarly, details of assessment of PT made by Revenue section were not available in Town Planning section. Therefore, details furnished by the applicant for assessment of tax could not be verified by Revenue section and unauthorised constructions could not be watched by Town Planning section. Short levy and collection of PT due to lack of coordination between these two sections and non-verification of completion are given in succeeding paragraphs.

3.1.5.2 Short levy of Property Tax

PT assessments were being made based on the details furnished by applicant in the application for assessment of tax. Cross verification of building plan approvals and tax assessment records by Audit revealed that in 12 out of 67 test-checked assessments for commercial properties, assessments were made without considering actual area constructed in Zones III and IV. Instead, assessments were made for lesser areas than the actual construction area based on details furnished by the assesseees without verifying details, which resulted in short collection of PT of ₹ 71.27 lakh in 12 cases for the period from the second half year of 2010-11 to the first half year of 2013-14 as detailed in **Table 3.1**.

Table 3.1: Details of PT leviable, collected and short collection

Sl. No.	Assessment Numbers	Area as per construction (in sq.ft.)	Area assessed for PT (in sq.ft.)	PT leviable per half year (in ₹)	PT collected per half year (in ₹)	Short collection of PT per half year (in ₹)	No. of half years	Total short collection of PT as of 2013-14 (I half year) (in ₹)
1.	63979 63980 63981 63982 63983 63984	81,096	11,000	11,02,460	1,49,540	9,52,920	6	57,17,520
2.	11711 11712 11713	50,494	18,600	2,74,940	1,01,277	1,73,663	5	8,68,315
3.	62002 62004 62005	13,300	6,550	1,79,317	89,044	90,273	6	5,41,638
	12							71,27,473.

When incorrect assessments and consequent short collections were brought to notice, Commissioner of TCMC accepted the defects in assessments and attributed (September 2013) them to incorrect data entry and oversight. In respect of Sl.No. 2 mentioned in **Table 3.1**, the Commissioner stated that assessment was made by the erstwhile Nallur Municipality which was merged with the TCMC. In respect of all the three cases, he further replied that revised demands would be raised after measuring the buildings concerned.

3.1.5.3 Short levy of PT due to non-verification of unauthorised construction

As per Section 282 of CCMC Act, if the Commissioner finds that the work is otherwise than in accordance with the plans or specifications which have been approved, or contravenes any of the provisions of the Act, or any rule, by-law, order or declaration made under the Act, he may by notice require the owner of the building, within a period stated, either to make such alterations as may be specified in the said notice with the object of bringing the work in conformity with the said plans, specifications or provisions or to show cause why such alterations should not be made. If the owner does not show cause as aforesaid, he shall be bound to make the alterations specified in such notice. Further, Government ordered (November 2000) levy of PT for unauthorised buildings. As per the approved (April 2004) building plan, one assessee was permitted to construct a building at 162, Kumaran Road, Tiruppur, with ground floor and first floor measuring each 483 sq.ft. Audit scrutiny of files maintained in Revenue section revealed that the assessee had constructed additional area/floors without approval from Local Planning Authority (LPA), Tiruppur. However, three assessments for a total area of 4,600 sq.ft. were made (April 2007) by TCMC and PT of ₹ 31,691 per half year was levied with effect from April 2007.

The LPA issued (October 2007) a notice seeking explanation from the assessee for the unauthorised construction and directed him to demolish unauthorised construction and bring the building to its original condition. The assessee then submitted (December 2007) a revised plan for construction area of 13,221 sq.ft for approval of LPA through TCMC, which was pending approval at Directorate of Town and Country Planning (December 2013).

Scrutiny of the inspection note (December 2007) of the Town Planning Inspector revealed that the assessee had unauthorisedly constructed (April 2007) cellar plus four floors deviating from the building plan approved in April 2004. Thus, failure of the Commissioner to verify details furnished by the assessee with reference to actual construction and take action as per the Act and levy PT for unauthorised construction led to underassessment. PT assessable as per actual constructed area worked out to ₹ 1.70 lakh per half year for 2007-08 and ₹ 1.79 lakh from 2008-09 onwards. The resultant short collection of PT was ₹ 18.78 lakh as detailed in **Appendix 3.1**. On this being pointed out, Commissioner of TCMC stated (September 2013) that PT would be revised based on revised plan and difference would be collected from the assessee.

3.1.6 Vacant Land Tax

Section 121 (4) (a) of the CCMC Act provides for the levy of PT on vacant lands which are not used exclusively for agricultural purposes and are not occupied by, or adjacent or appurtenant to, buildings having regard to its location and subject to the minimum and maximum rates per square foot as may be prescribed by the State Government. Government of Tamil Nadu (GoTN) notified (August 2009) minimum and maximum rates of PT leviable on vacant land for three different grades of ULBs with effect from

01 September 2009. Accordingly, TCMC resolved (November 2009) to collect VLT at the revised rates as given in **Table 3.2**.

Table 3.2: Rates of Vacant Land Tax

Sl. No.	Location of the vacant land	Tax (in ₹ per square foot)
1.	Streets in residential area	0.20
2.	Main roads and bus roads other than those which lead to arterial road	0.30
3.	Arterial roads and bus route roads which lead to arterial road	0.40

3.1.6.1 Deficiencies in the system of collection of Vacant Land Tax

Details of demand raised and collection made towards VLT during 2011-13 are given in **Table 3.3**. During 2010-11, VLT was not shown separately in the DCB statement but was included in PT statement.

Table 3.3: Details of demand, collection and balance of VLT during 2011-13

(₹ in lakh)

Year	Demand raised		Collection made		Closing balance		Percentage of collection	
	Arrears	Current	Arrears	Current	Arrears	Current	Arrears	Current
2011-12	16.42	5.02	6.81	3.31	9.61	1.71	41.47	65.93
2012-13	23.67	5.02	5.56	3.65	18.11	1.37	23.49	72.71

(Source: DCB statement furnished by TCMC)

(i) Percentage of collection of arrear demand during the years 2011-12 and 2012-13 was 41.47 and 23.49 respectively. When reasons for poor collection efficiency were called for (September 2013), Commissioner of TCMC attributed (September 2013) the shortfall to demands inadvertently raised for the vacant lands in which buildings were already constructed. He further stated that Revenue Inspectors had been instructed to verify details with Town Planning Section and rectify the defects in DCB statement.

(ii) As per Section 126 of CCMC Act, VLT shall be levied every half year and be paid by the assessee within 15 days after commencement of the half year. It was observed that the VLT was assessed and collected only when the individual applied for assessment of PT and hence no separate system for assessment and collection of VLT existed in TCMC. Besides, Audit scrutiny revealed that a demand of ₹ 5.02 lakh each was raised against 2,071 and 2,577 assessments during 2011-12 and 2012-13 respectively. This indicated that the system of preparation of demands lacked accuracy. When this was pointed out (September 2013), Commissioner of TCMC replied that incorrect raising of demand during 2012-13 would be rechecked and correct demand raised.

3.1.6.2 Non-conduct of survey

The guidelines issued (September 2009) by CMA for effective and efficient implementation of new system of assessment of PT on vacant lands in Municipal Corporations and Municipalities insisted on conducting a quick

survey of vacant lands in the entire Corporation area to assess ward-wise, survey number-wise details of extent of vacant lands (assessed and not assessed) and preparation of a computerised master list of such vacant lands with complete details. Audit scrutiny revealed (September 2013) that no survey was conducted by TCMC to assess extent of vacant lands. On this being pointed out, Commissioner of TCMC stated (September 2013) that no survey has been conducted for identification of vacant lands in the Corporation area.

3.1.6.3 Non-updation of records

CMA instructed (September 2009) that in order to update the records of VLT assessments after completion of general revision, all registrations of properties happening after 01 September 2009 should be watched closely through receipt of 'M' Notices from Registration Department. For this purpose, an employee of the Municipal Corporation should be deputed regularly to Registration Department to note down changes including address of purchaser to update the Corporation records.

Audit scrutiny revealed that no such exercise was conducted by TCMC. On this being pointed out, Commissioner of TCMC replied (September 2013) that due to shortage of manpower, the above exercise could not be conducted and the needful would be done.

3.1.7 Profession Tax

CCMC Act provides for levy of tax on profession, trade, calling and employment. The employer should deduct and pay the tax on behalf of employees and every employer liable to pay tax should file a return to the Commissioner showing salaries paid by him to the employees and amount of tax deducted by him in respect of such employees. In case any employer fails to file a return or the return filed by him appears to be incorrect, the Commissioner, after giving reasonable opportunity to the employer, should determine the tax, assess the employer and issue a notice of demand for tax so assessed.

3.1.7.1 Deficiencies in collection of Profession Tax

Demand, collection and balance in respect of Profession Tax during 2010-13 are as given in **Table 3.4**.

Table 3.4: Details of demand, collection and balance of Profession Tax

(₹ in lakh)

Year	Demand raised		Collection made		Closing balance		Percentage of collection	
	Arrears	Current	Arrears	Current	Arrears	Current	Arrears	Current
2010-11	219.79	135.63	33.91	104.54	185.88	31.09	15.43	77.08
2011-12	160.93	176.00	32.10	137.56	128.83	38.44	19.95	78.16
2012-13	167.27	177.00	25.37	152.45	141.90	24.55	15.17	86.13

(Source: DCB statement furnished by TCMC)

Percentage of arrear collection ranged between 15.17 and 19.95 during the period 2010-13. It was noticed from the records produced to Audit that no action was taken by the TCMC by way of issuing notices as per Section 169 E (2) of the CCMC Act for collection of arrears from the employers. Failure of TCMC to take action as per the CCMC Act resulted in arrears of ₹ 166.45 lakh in Profession Tax as of 31 March 2013. In reply, Commissioner of TCMC stated (September 2013) that Revenue Inspectors were instructed to issue notices to concerned organisations to remit arrears of Profession Tax.

3.1.8 Advertisement Tax

Non-receipt of Advertisement Tax due to TCMC

As per Rule 19 of Tamil Nadu ULBs Licensing of Hoardings and Levy and Collection of Advertisement Tax Rules, 2003 (Advertisement Tax Rules) and amendments issued in December 2008, the District Collector should levy and collect every half year advertisement tax and arrange to remit 100 *per cent* of the tax collected on the advertisements made on the hoardings permitted in the municipal area to Personal Deposit account of the ULB concerned in the District Treasury or Sub-Treasury, as the case may be, once in a year between April and June of the succeeding year.

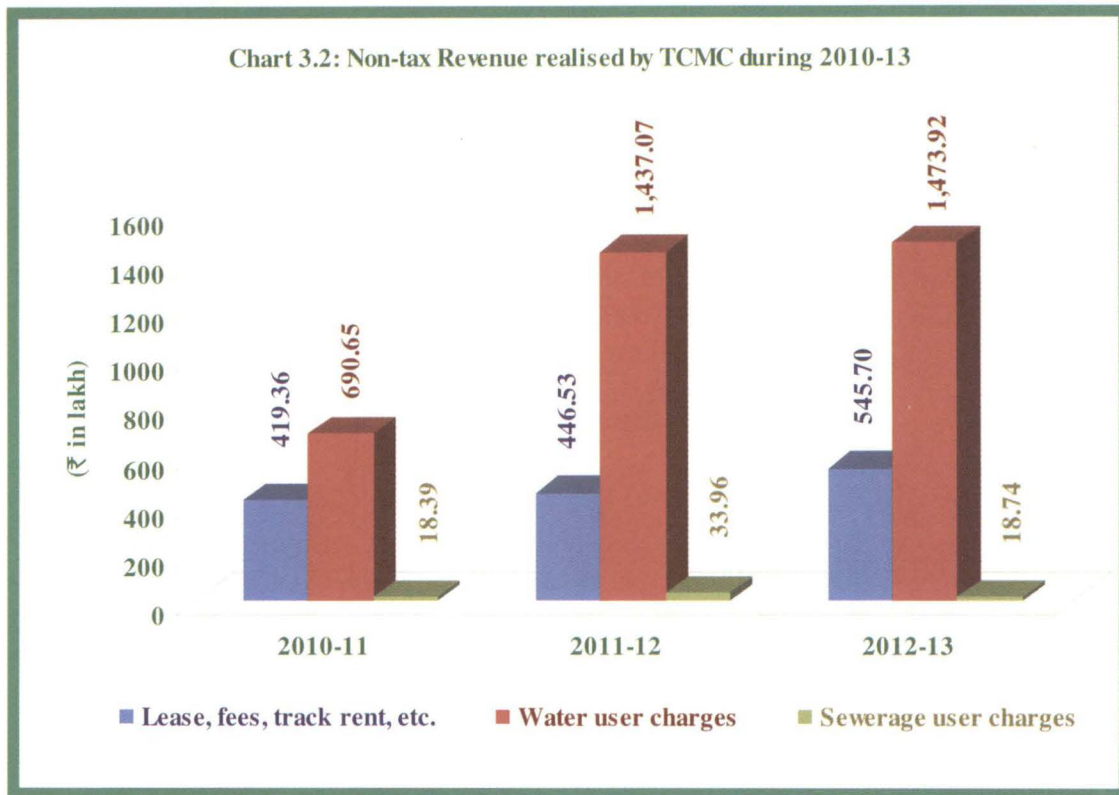
Scrutiny of records, however, revealed that the TCMC had not received any amount towards advertisement tax from the District Collector so far and TCMC did not maintain any record for recording details of issue of 'No Objection Certificate' for the hoardings erected in the TCMC limits. Failure of the Commissioner, TCMC to take up the matter with the District Collector resulted in non-realisation of revenue of TCMC towards advertisement tax. When this was brought (September 2013) to notice of the Commissioner, he stated (October 2013) that the District Collector had been addressed in this regard and the reply was awaited.

3.1.9 Levy and collection of Non-tax Revenue

Following are the Non-tax revenues of TCMC:

- i) Lease of land, markets, pay and use toilets, shops, vehicle parking stands, bus stand entry fees, slaughter houses, etc.
- ii) Water and sewerage user charges
- iii) Annual track rent

Details of Non-tax revenue realised by TCMC during the period 2010-13 are given in **Chart 3.2**.



(Source : DCB statement furnished by TCMC)

Total Non-tax revenue for the years 2010-11, 2011-12 and 2012-13 was ₹ 1,128.40 lakh, ₹ 1,917.56 lakh and ₹ 2,038.36 lakh respectively. There was an increase of 70 per cent in the collection of Non-tax revenue during the year 2011-12 compared to the previous year 2010-11. The increase was mainly due to merger of two Municipalities and eight Village Panchayats with TCMC in October 2011.

Scrutiny of records relating to Non-tax revenue revealed following deficiencies:

3.1.9.1 Lease rent and fees

(i) Non-recovery of lease rent from Public Private Partnership

Two pieces of land of TCMC measuring 14.892 acres and 13.77 acres were leased out (August 2002 and August 2007) to New Tiruppur Area Development Corporation Limited (NTADCL), a partner in Public Private Partnership arrangement, for implementing Tiruppur Water Supply and Sanitation Project at a lease rent of ₹ 4.44 lakh per annum and ₹ 4.11 lakh per annum respectively. The lease rent totalling to ₹ 73.48 lakh for the period from August 2002 to August 2013 had not been collected from NTADCL as of August 2013.

In reply, Commissioner of TCMC stated (September 2013) that lease rent was yet to be realised from NTADCL and action would be taken to collect the amount.

(ii) Loss of revenue due to non-renewal of recognition of new bus stand

Lease to collect entry fees for buses at the new bus stand was given (March 2010) to a contractor for ₹ 8.02 lakh per annum for 2010-11, renewable for a further period of two years, with an annual increase of five per cent in the lease amount.

The Regional Transport Authority (RTA), Tiruppur (North) Region renewed (June 2011) the recognition of the Tiruppur bus stand as 'A' class for a period of one year from 20 May 2011 to 19 May 2012. TCMC applied (March 2012) to RTA for renewal of recognition of bus stand for three years from 20 May 2012 to 19 May 2015. After an inspection (May 2012), RTA pointed out deficiencies in the bus stand to be rectified for issue of renewal. TCMC rectified certain deficiencies in the bus stand pointed out by RTA and again sought (June 2012) for renewal of recognition of the bus stand. RTA again inspected (August 2012) the bus stand and pointed out certain deficiencies which were rectified by TCMC and intimated RTA in August 2013 and sought for renewal.

As the recognition of the bus stand was not renewed from 20 May 2012, the contractor was not able to collect bus entry fee and requested TCMC to refund deposit amount after deducting proportionate lease amount of ₹ 1.19 lakh. TCMC could not collect entry fee from 20 May 2012. Thus, failure of TCMC to renew recognition of bus stand resulted in revenue loss of ₹ 13.39 lakh as detailed in **Table 3.5**.

Table 3.5: Loss of revenue due to delay in renewal of recognition of Bus Stand

(in ₹)

Annual lease amount for 2012-13	8,84,205
Less: Lease amount for the period 01/04/2012 to 19/05/2012	1,18,701
Balance lease amount from 20/05/2012 to 31/03/2013	7,65,504
Add : Entry fees from 01/04/2013 to 31/08/2013 (250 buses x ₹ 15 per day x 153 days)	5,73,750
Loss of revenue	13,39,254

On this being pointed out, Commissioner of TCMC stated (September 2013) that all works had been completed and on receipt of renewal certificate from RTA, auction for lease for collection of entry fees would be conducted to avoid further loss of revenue. However, the fact remains that TCMC failed to maintain bus stand to renew the recognition which resulted in a revenue loss of ₹ 13.39 lakh.

(iii) Non-levy of penal interest for belated payment of lease amount

TCMC leased out shops, land, pay and use toilets etc., on yearly and monthly rental basis. Arrears of lease amount pending collection as of March 2012 was ₹ 1.57 crore for the period 1986-87 to 2010-11 (**Appendix 3.2**). Year-wise break up details of arrears at the end of March 2012 and March 2013 were not furnished to Audit.

Despite Government instructions (January 1994) to levy penal interest at the rate of 18 *per cent* per annum for the belated payment of lease rent, TCMC did not levy any penal interest on the arrear amounts. Non-levy of penal interest on the amounts due towards lease rent resulted in foregoing of revenue of ₹ 1.28 crore for the period from 1994-95 to 2010-11 as detailed in **Appendix 3.2**.

On this being pointed out, Commissioner of TCMC replied (September 2013) that the Corporation had not invoked penal clause on defaulters of Non-tax so far and henceforth penal interest at 18 *per cent* per annum for belated payment of lease amount would be levied and collected from the defaulters.

3.1.9.2 Water and sewerage user charges

(i) Review of demand statement for water charges

A general review of demand statements of TCMC revealed that the computerised system of raising of demands contained certain major flaws as discussed below:

(a) It was noticed that abnormal meter readings and consequent abnormal demands were exhibited in the demand list and a few examples extracted for the years 2009-13 are listed in **Appendix 3.3**. The illustrative list includes demands like ₹ 357.83 crore, ₹ 572.40 crore, ₹ 212.99 crore and ₹ 128.94 crore based on those abnormal readings. This indicated that data entry of meter readings was inaccurate.

(b) It was noticed that in demand statements for the year 2012-13, demands were raised for the first quarter of 1970 which would not be correct. Raising of incorrect demands was due to error in the computerised programme and lack of validation control system. Illustrative cases are given in **Appendix 3.4**. In reply, Commissioner of TCMC stated (September 2013) that the computation of demands for water charges was carried out using computer programmes and that the entire meter reading data would be examined in detail and necessary rectification made.

(ii) Loss of revenue due to incorrect calculation of demands

As per by-law No. 9 (a) and 9 (b) of water supply by-laws of TCMC, water charges at a minimum charge of ₹ 150 per month shall be charged upto 10,000 litres for non-domestic commercial water connections. In addition, ₹ 10 shall be charged for every additional 1,000 litres of water and ₹ 4 for meter maintenance charges per month. There is no free water supply for non-domestic industrial/commercial water connections.

Scrutiny of demand statements for the period 2009-13 for water supply charges for non-domestic commercial water connections revealed that there were errors in demands raised by TCMC.

Minimum water charges to be charged for non-domestic commercial water connections was ₹ 462 (₹ 150 x 3 + ₹ 4 (meter maintenance charges) x 3) per quarter and water consumed in excess of 30 Kilolitres (KL) was chargeable at the rate of ₹ 10 per KL. However, instead of programming the water consumed as in excess of 30 KL, the same was incorrectly taken as in excess

of 36/45 KL which resulted in loss of revenue of ₹ 72.46 lakh⁴ during 2009-13 as detailed in **Appendix 3.5**.

On this being pointed out, Commissioner of TCMC replied (September 2013) that the financial loss would have been on account of error in the programming and suitable instructions would be given to the persons concerned.

(iii) Non-collection of revised deposit amount

Deposits for existing House Service Connections (HSCs) for water supply were revised (March 2005) from ₹ 2,000 to ₹ 5,000 and ₹ 5,000 to ₹ 10,000 respectively for domestic and non-domestic users. There were 38,757 domestic and 4,781 non-domestic connections in existence at the time of revision and the anticipated deposit amount was ₹ 14.02 crore ((₹ 3,000 x 38,757) + (₹ 5,000 x 4,781)). However, the additional deposit amount was yet to be collected from 38,169 domestic and 4,669 non-domestic consumers resulting in non-realisation of difference in deposit amounts of ₹ 13.79 crore (38,169 x ₹ 3,000 + 4,669 x ₹ 5,000). Further, at the time of enhancing the deposit, the Council resolved (December 2004) to repay outstanding loan amount of ₹ 33.39 crore (Principal : ₹ 21.52 crore and interest : ₹ 11.87 crore) obtained for second water supply scheme out of the deposit so collected. However, this objective was not realised as TCMC failed to collect ₹ 13.79 crore from existing water supply HSC users.

On this being pointed out, Commissioner of TCMC stated (September 2013) that action would be taken to collect balance deposit amount from beneficiaries by serving demand notices.

(iv) Non-levy and non-collection of additional surcharge on arrears amount

As per Rule 51(5) of Rules framed under TCMC by-laws for Under Ground Drainage (UGD) Scheme published in Coimbatore District Gazette dated 12 May 2006, an additional surcharge of 18 *per cent* should be collected from the owners if service charges are not paid within 15 days of receipt of the notice from the Municipal Commissioner.

However, it was noticed that additional surcharge amounting to ₹ 5.31 lakh was not levied and collected from the users who had not paid the service charges amounting to ₹ 29.52 lakh during the period 2009-12.

On this being pointed out, Commissioner of TCMC stated (September 2013) that penal provision on defaulters was not invoked and action would be taken to levy penalty.

(v) Non-levy and non-collection of annual rent from cable television operators

As per the Cable Television Networks (Regulation) Act 1995, any person who is operating or is desirous of operating a cable television network may apply for registration as a cable operator to the registering authority. The Head Post Master of a Head Post Office of the area in whose territorial jurisdiction

⁴ Restricting the computation of revenue loss in respect of demands less than or equal to 60 KL per quarter, to eliminate abnormal readings discussed in sub paragraph 3.1.9.2(i)(a)

the office of the cable operator is situated, has been notified as the Registering Authority under the Act. As per the Tamil Nadu Municipalities Television Cable Installation Regulation Rules 2000, rent at the rate of ₹ 6,300 per annum per kilometre should be collected for installation of television cable for using the street light poles and for erecting additional poles.

TCMC had not levied and collected the track rent from the cable television operators till August 2013. It was noticed from the records of Head Post Office, Tiruppur that 1,396 new cable television operators had registered with the Post Office during the period 2010-13. However, the details of actual length of cable laid were not available. In the absence of actual length of cables laid, the loss of revenue could not be worked out by audit. TCMC maintained neither any record of the total number of cable television operators operating in their jurisdiction nor the length of cables laid by them for assessment.

On this being pointed out, Commissioner of TCMC stated (September 2013) that the details of cable television operators would be obtained from the Head Post Office and necessary track rent would be levied and collected from the cable television operators.

3.1.10 Conclusion

Existing procedure for assessment and collection of Property Tax, Vacant Land Tax and Profession Tax had certain shortcomings. Tiruppur City Municipal Corporation (TCMC) failed to levy and collect Non-tax revenues correctly as per the provisions of the Act/Rules/Orders and to collect arrears of both Tax and Non-tax revenues, which ultimately resulted in loss of revenue to TCMC.

The matter was referred to Government in November 2013; reply has not been received (February 2014).

HOUSING AND URBAN DEVELOPMENT DEPARTMENT AND MUNICIPAL ADMINISTRATION AND WATER SUPPLY DEPARTMENT

3.2 Alienation and utilisation of Open Space Reservation Land

3.2.1 Introduction

Tamil Nadu Town and Country Planning Act, 1971 (TTCP Act) and Development Control Rules and Regulations framed under the Act stipulate reservation of 10 *per cent* of area (excluding area for roads) for community and recreational purposes in layouts or subdivisions for residential/commercial/industrial or combination of such uses exceeding 3,000 sq.m. and 2,500 sq.m. respectively for Chennai Metropolitan Area and other districts. Primary objective of Open Space Reservation (OSR) Land is to meet the community and recreational requirements. Directorate of Town and Country Planning (DTCP) and Chennai Metropolitan Development Authority (CMDA) are the regulating authorities for compliance with the provisions of the TTCP Act.

As per the procedure prescribed by the DTCP, on receipt of application for approval of layout in the prescribed format from the applicant, the local body, after scrutiny, would forward the application to the Regional Deputy Director of Town and Country Planning concerned in respect of areas other than Chennai Metropolitan Area and to CMDA in respect of Chennai Metropolitan Area. On receipt of layout proposals technically approved by the planning authority concerned i.e. DTCP or CMDA, the executive authority of the local body would direct the applicant to hand over the open spaces and roads, through a registered gift deed, after duly forming them. On completion of this process, the council of the local body concerned would grant the approval for the layout and the local bodies would take over the street and public purpose reservation in the approved layouts and maintain the same properly.

3.2.2 Scope of Audit and Audit objectives

Audit on the compliance aspects of alienation and usage of OSR land in Chennai Metropolitan Area, Kancheepuram and Thiruvallur districts was taken up between March 2013 and July 2013 covering the period from 2007 to 2012 to assess (i) compliance with provisions of TTCP Act/Development Control Rules (DCR) by local bodies and CMDA, (ii) effective usage of OSR land and (iii) efficiency of local bodies/CMDA in employing OSR land as parks/playfields for use by public.

3.2.3 Audit methodology

The sample OSR land in 10 zones of Corporation of Chennai were selected through stratified sampling from the layouts approved by CMDA during 2007-12 and all layouts approved during 2007-12 in eight Municipalities and 15 Town Panchayats in Kancheepuram and Thiruvallur districts respectively and old OSR items pending action by local bodies were also selected. An entry conference was conducted with Secretary to Government, Municipal Administration and Water Supply (MAWS) Department on 17 June 2013. Exit conference was held with Secretary to Government, MAWS Department on 24 January 2014. Results of audit are presented in the succeeding paragraphs.

Audit findings

3.2.4 Position of OSR land

Overall position of OSR land approved during 2007-12 and also the old OSR items pending action in Corporation of Chennai/CMDA and the test-checked urban local bodies are given in **Appendix 3.6**. Details of OSR land not developed/maintained are given in **Appendix 3.7**.

Some important points noticed were:

- Out of 582 cases of OSR land test-checked, only 151 cases of OSR land (26 *per cent*) were developed as parks.
- Improper use of OSR land valuing ₹ 442.84 crore.
- Illegal occupation of OSR land valuing ₹ 21.20 crore.
- Unauthorised sale of OSR land valuing ₹ 3.80 crore.

3.2.5 Non-compliance with provisions of the TTCP Act

Despite existence of the procedures prescribed by the Directorate of Town and Country Planning for approval of layout/handing over of OSR land through a gift deed by the applicant to the local bodies, scrutiny of records and site visits by audit teams along with department officials revealed that the procedures were not scrupulously followed by the test-checked local bodies. Some of the instances of non-compliance are highlighted in the succeeding paragraphs.

3.2.5.1 Non-receipt of gift deeds

(i) As per procedures prescribed by the DTCP, approval for the layouts would be given only after executing the gift deeds for the open spaces. Gift deeds for OSR land measuring 10,959 sq.m. in respect of seven layouts were not received by two Municipalities (two cases in Maduranthagam where approval was given for residential layout in 1994 and 2002 and in five cases in Thiruthani where approval was given for residential layout between 1980 and 2007). The two municipalities failed to get the gift deeds.

(ii) In respect of Thiruvallur and Thiruverkadu Municipalities, out of 61 and 51 cases respectively, gift deed details for 49 and 24 cases respectively were not available with the municipalities and hence the details of extent of OSR land to be transferred to the municipalities by the applicants could not be ascertained by Audit for these 73 cases.

3.2.5.2 Unauthorised occupation in OSR land

As per DCR, CMDA reserves the right to enforce the maintenance of OSR land by the owner/developer to its satisfaction or order the owner/developer to transfer the said land to itself or to any local body designated by it, free of cost through a gift deed. Audit scrutiny of records and site visit by Audit along with department officials (July 2013) revealed that in Velacherry village of Adyar Zone of the Corporation of Chennai, OSR land measuring an extent of 4,379.82 sq.m. was gifted to the Corporation by the owner in 2001. However, the Corporation failed to initiate any action to demarcate the said OSR land and bring it under its control. As a result, 33 houses were built in the OSR land by private parties. When audit brought it to the notice of the Zonal authorities, they initiated action (July 2013) under Sections 56 and 57 of TTCP Act. Thus, OSR land valuing ₹ 21.20 crore⁵ was under illegal occupation of private parties.

3.2.5.3 Unauthorised sale of OSR land

As per Section 197 of the Tamil Nadu District Municipalities Act, 1920, municipality has to give planning permission for the construction of building in the approved layout as per approved plan. If the proposed building would be an encroachment upon government or municipal land, the building permission may be refused as per Section 203 of the Act.

Audit noticed that out of OSR land measuring an extent of 12,931.88 sq.m. pertaining to six approved layouts in Thiruvallur Municipality, an extent of 5,135.69 sq.m. was sold to 21 persons between 1986 and 2009 by the

⁵ 1 sq.m. = 10.76 sq.ft.; 4,379.82 sq.m x 10.76 x present guideline value of ₹ 4,500 per sq.ft.= ₹ 21.20 crore

promoters of the layouts. Of those 21 persons, eight persons obtained planning permission for construction of buildings from the Municipality and houses were constructed. Other 13 persons constructed houses without getting planning permission from the Municipality. However, the building permission was given in the land marked as OSR without following the procedure stipulated in the Act. Thus, OSR land to the extent of 5,135.69 sq.m. valuing ₹ 3.80 crore (calculated at the present guideline value) was sold in contravention of the provisions of TTCP Act.

3.2.5.4 *Improper use of OSR land*

Primary objective of OSR land was to serve for community and recreational purposes in layouts or sub-divisions for residential or commercial or industrial or combination of such uses. However, on scrutiny of records and site visits by Audit along with departmental officials, it was noticed that in 21 cases (16 in Corporation of Chennai, four in three Municipalities and one in a Town Panchayat), OSR land measuring 68,427.67 sq.m. was used for dumping of debris, car parking, rest sheds for workers, stock yard etc. Thus, OSR land valued at ₹ 442.84 crore (calculated at the present guideline value) was improperly used in contravention of the Act.

3.2.5.5 *Non-reservation and non-taking over of OSR land*

(i) DTCP is the regulating authority for compliance with the provisions of the TTCP Act. However, the Executive Officer of Uthukkottai Town Panchayat regularised (March 2001) an unapproved residential layout measuring an extent of 7.803 acres and 10 *per cent* reservation for OSR (excluding the area for roads) was not made.

(ii) As per DCR, OSR land should be transferred to the concerned local body. However, OSR land of 15,344.11 sq.m. relating to Avadi Municipality handed over to CMDA by the developers (while getting approval) through gift deeds, between 2003 and 2012 are yet to be transferred to the Municipality by CMDA for development and maintenance. On this being pointed out (April 2013), Commissioner of Avadi Municipality replied (April 2013) that after field verification of OSR land by the Revenue Department and on receipt of survey report, OSR land would be taken over for maintenance. Thus, the objective of serving the community/giving recreational facility to the public was not achieved.

3.2.5.6 *Incorrect acceptance of alternate OSR land*

As per DCR, OSR land should be earmarked in the same layout. Mamallapuram Town Planning Authority approved (July 2009) construction of a private hotel to the extent of 36.46 acres in Mamallapuram Town Panchayat. OSR land measuring 3.95 acres (16,019 sq.m.) in Survey No.172/2, which was far away from the hotel site, was taken over (June 2009) by the Town Panchayat. However, in this case, OSR land was allocated outside the approved layout. When pointed out, Commissioner of Town and Country Planning accepted (February 2014) the fact and stated that the applicant had been requested to submit a revised proposal for getting revised technical clearance.

3.2.5.7 Non-publication of lists of OSRs in the Government Gazette

As per Section 3 of the Tamil Nadu Parks, Playfields and Open spaces (Preservation and Regulation) Act, 1959 (TPPO Act), executive authority of every local authority was to prepare and submit for the approval of the Government, a correct and complete list with plans and maps of the parks, playfields and open spaces within their jurisdiction. Such lists would be approved by the Government under Sections 4(1) to 4(3) of the TPPO Act and published in the Government Gazette. However, scrutiny of records of Corporation of Chennai and other test-checked ULBs (eight Municipalities and 15 Town Panchayats) revealed that no such lists were prepared by executive authorities of the local bodies and submitted to Government for publishing in the Government Gazette though 151 OSR cases had been developed as parks/playfields out of 582 cases reviewed.

3.2.5.8 Non-transfer/Non-utilisation of Development charges and Open Space Regulation charges

The Third State Finance Commission recommendation which was accepted (June 2010) by the Government of Tamil Nadu (GoTN) stipulated that 75 per cent of Development charges and Open Space Regulation charges collected by DTCP/CMDA were to be passed on to the respective local body without any condition. CMDA had instructed (October 2010) that Open Space Regulation charges should be utilised only for the specific purpose of provision of open spaces such as parks, playfields or improvement of existing ones and in case there was no such open space to maintain, the amount would be utilised for implementation of Detailed Development Plan/Master Plan with the approval of the Head of the Department concerned.

CMDA did not allot any funds to the Corporation of Chennai and had released ₹ 16.56 crore to four Municipalities (Avadi, Pallavaram, Tambaram and Thiruverkadu) between March 2011 and March 2013 and the four Municipalities did not incur any expenditure till date (May 2013). CMDA stated (July 2013) that it gave delegation of powers for issue of planning permission to Corporation of Chennai subject to the condition that the Development charges and Open Space Regulation charges collected at the time of issue of planning permission should be transferred to CMDA. CMDA further stated that Corporation of Chennai was requested to follow the new core banking system to make remittances directly to CMDA and Corporation of Chennai did not follow the core banking system and also did not furnish the year-wise details of Development charges collected so far (July 2013). CMDA further stated that no fund allotment was made to Corporation of Chennai for developing these OSR land pending realisation of Development charges due from Corporation of Chennai.

3.2.6 Conclusion

Primary objective of Open Space Reservation (OSR) land was to serve community and recreational purposes in layouts or sub-divisions for residential/commercial/industrial or combination of such uses. However, green spaces were found only in 151 cases (26 per cent) out of 582 cases test-checked. Local bodies could not develop parks/playfields in the balance 431 OSR land due to non-compliance with provisions of the Tamil Nadu Town

and Country Planning Act, 1971/Development Control Rules and system to receive, take over, develop and maintain the OSR land as parks/playfields as envisaged in the Act was found to be ineffective.

The matter was referred to Government in September 2013; reply has not been received (February 2014).

MUNICIPAL ADMINISTRATION AND WATER SUPPLY DEPARTMENT

3.3 Loss of revenue

CORPORATION OF CHENNAI

3.3.1 Loss of revenue due to short assessment of Property Tax

Failure to revise the property tax assessment in respect of a Hotel by Corporation of Chennai resulted in loss of revenue of ₹ 61 lakh.

Under Section 99 of Chennai City Municipal Corporation Act, 1919 (Act) property tax should be levied on all buildings and lands within the city. As per Section 100 of the Act, resolution passed by the Council in August 2008 and the Government Order issued in April 1972, property tax for a private hotel (Hotel) within Corporation of Chennai (Corporation) limits was to be levied at 12.40 per cent of Annual Value⁶ and the same has to be paid half yearly.

Scrutiny of records (March 2013) in the Zonal Office of the Corporation revealed that the Corporation levied ₹ 3.36 lakh as half yearly property tax from the second half of 1998-99. A comparison of records of assessment of property tax of the Hotel with the returns filed by the Hotel with the Commercial Taxes Department of Government of Tamil Nadu disclosed that the Corporation had adopted lower tariff ranging from ₹ 500 to ₹ 1,200 for arriving at the annual income for assessment of property tax, whereas tariff charged by the Hotel ranged from ₹ 3,000 to ₹ 7,500 for the period from April 2010 to March 2013. Corporation failed to revise the assessment in respect of the Hotel which resulted in loss of revenue of ₹ 61 lakh (excluding the property tax leviable for commercial areas like bars, shops, restaurants etc.) for the period 2010-11 to 2012-13.

At the instance of Audit, the Corporation raised (December 2013) demand for property tax at the revised rate. The Corporation further replied (February 2014) that an amount of ₹ 1.97 crore was to be recovered from the Hotel towards arrears of property tax for the period from the first half year of 2008-09 to the second half year of 2013-14. However, recovery details are awaited (February 2014).

The matter was referred to Government in September 2013; reply has not been received (February 2014).

⁶ Annual Value = (Number of rooms x Room Tariff x 365 days x 10 per cent + estimated income per year for other areas used for commercial purposes like bars, shops, restaurants etc./12 x 10.92 (multiplying factor))

3.4 Unfruitful expenditure

PALACODE TOWN PANCHAYAT

3.4.1 Unfruitful expenditure on construction of conference hall

Failure of Palacode Town Panchayat to provide basic facilities in the conference hall resulted in unfruitful expenditure of ₹ 20 lakh.

For strengthening of existing civic infrastructural facilities and creation of requisite amenities in town panchayats, Government of Tamil Nadu introduced (July 2007) 'Anaithu Peruratchi Anna Marumalarchi Thittam' (APAMT) to be implemented during 2007-11. Under this scheme, ₹ 50 lakh per town panchayat was to be allocated for creation and strengthening of infrastructural facilities.

Palacode Town Panchayat (Town Panchayat) in Dharmapuri district resolved (April 2010) to construct a conference hall with dining facility in the first floor of the existing shops at the bus stand at a cost of ₹ 20 lakh under APAMT. Administrative sanction was accorded (June 2010) by the Collector, Dharmapuri District. Technical sanction for the work was given by the Assistant Executive Engineer, Town Panchayat, Dharmapuri Zone in June 2010. The work was awarded (July 2010) to a contractor and the same was completed in March 2011 at a cost of ₹ 20 lakh. The Town Panchayat Council (Council) fixed (September 2011) an amount of ₹ 1,500 per day as rental charges for the conference hall. Though the Council resolved (August 2012) to provide water facilities for the hall and basic dining facilities such as cement tables/benches required for dining, the same were not provided till date (November 2013) which resulted in idling of conference hall constructed at a cost of ₹ 20 lakh.

Government replied (October 2013) that the conference hall was inaugurated in June 2013. Government further stated that the Council passed (May 2013) a resolution to collect ₹ 2,000 per day as rental charges for the hall and ₹ 2,000 was collected towards rental charges for a marriage function held on 10 September 2013. However, on further scrutiny, Audit observed (December 2013) that the conference hall was rented out only for one day in September 2013 during the 32 months between April 2011 and November 2013, which was also confirmed (December 2013) by the Executive Officer of the Town Panchayat.

3.5 Idle investment

VANIYAMBADI MUNICIPALITY

3.5.1 Idle investment on construction of bus stand and non-realisation of revenue

Construction of new bus stand without getting clearance from National Highways Authority of India to have access point to the new bus stand from NH 46 resulted in idle investment of ₹ 3.30 crore besides non-realisation of anticipated revenue due to non-leasing out the shops, restaurants etc.

In January 2007, Vaniyambadi Municipal Council resolved to construct a new additional bus stand to cope with traffic congestion as there was no scope for extension of the existing bus stand. The Director of Municipal Administration accorded (October 2009) administrative sanction for construction of the new bus stand in Vaniyambadi Municipality (Municipality) at an estimated cost of ₹ 3.30 crore. The Chief Engineer, Office of the Commissioner of Municipal Administration, Chennai accorded (December 2009) technical sanction for the detailed estimate. The proposed bus stand should comprise 30 bus bays, 28 shops and two restaurants with other facilities like pay and use toilet, cycle shed, etc.

The work was completed in March 2012 at a cost of ₹ 3.30 crore and the bus stand was opened for public on 15 October 2012. However, the bus stand was not put to use (June 2013) due to non-availability of approaches and access point from NH 46 to the new bus stand and as a result the shops, restaurants and other public facilities were also not put to use (June 2013).

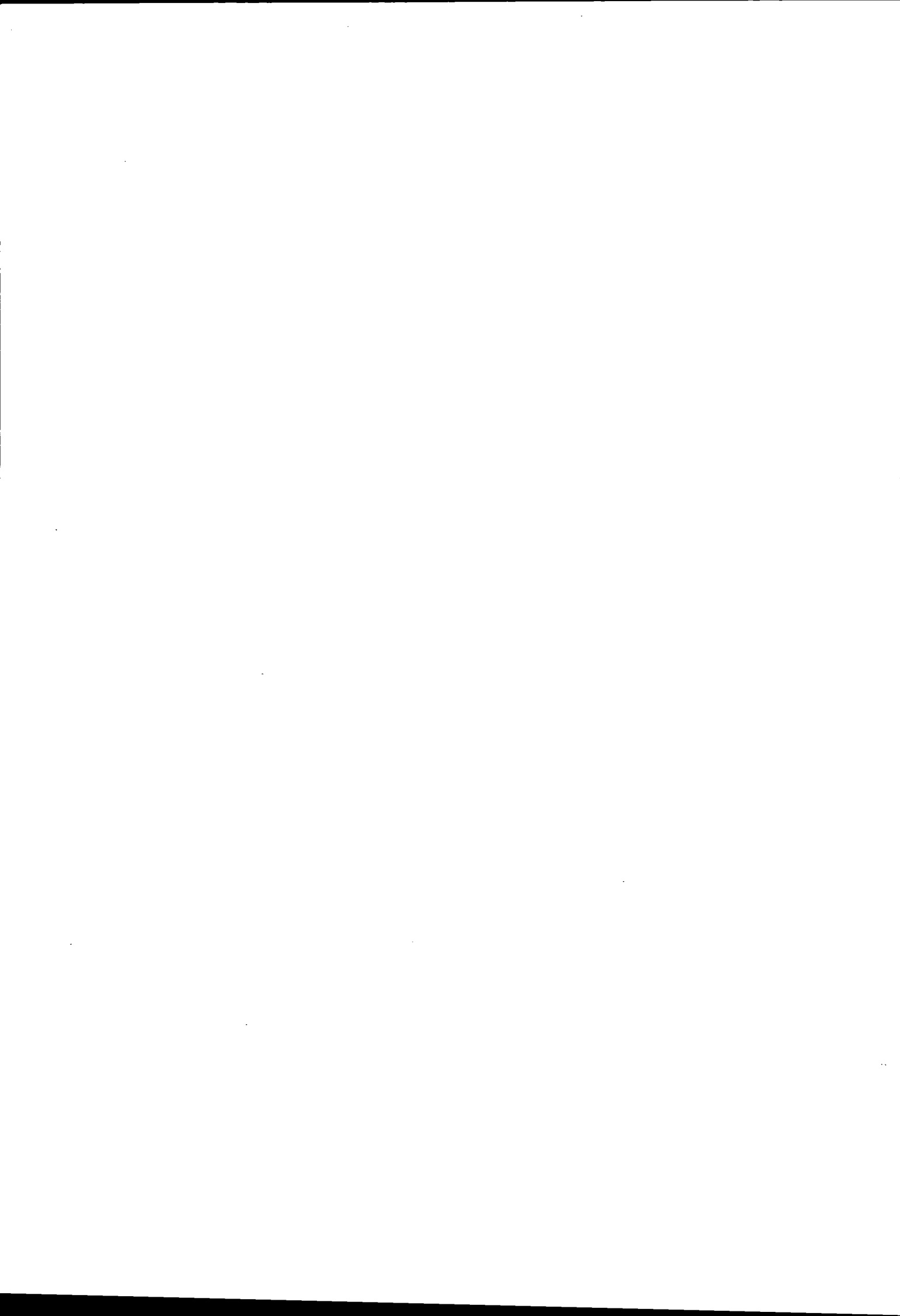
Scrutiny of records (June 2012) revealed that private land measuring an extent of 2.69 acre along NH 46 by-pass road was acquired (September 2008) for ₹ 18.56 lakh. When the Municipality sent the proposal (January 2008) to the Project Director, National Highways Authority of India (NHAI), Vellore seeking his opinion on traffic point of view and other suggestions, he returned (February 2008) the proposal citing non-compliance with the instructions of Ministry of Shipping, Road, Transport and Highways.

Only after completion of construction of the new bus stand, did the Municipality request (June 2012) NHAI to (i) provide approach road from NH to bus stand, (ii) construct the storm water drain from km 50/700 – km 50/600 and (iii) open the centre median in reach km 50/700 – 50/650 for the purpose of entry of buses to the bus stand for making the bus stand operational. However, the NHAI refused (October 2012 and December 2012) permission stating that access to the new bus stand could be considered only after completion of six laning of Krishnagiri – Walajahpet section of NH 46 along with all project facilities including widening of the existing service road to 8.0m from 6.0m and construction of a minor bridge at about 200m away from the bus stand. The work on six laning of NH 46 in the Krishnagiri – Walajahpet section taken up in May 2010 was proposed to be completed in December 2013 by NHAI. It was contended by NHAI that if access to new bus stand was given before completion of widening of the service road and

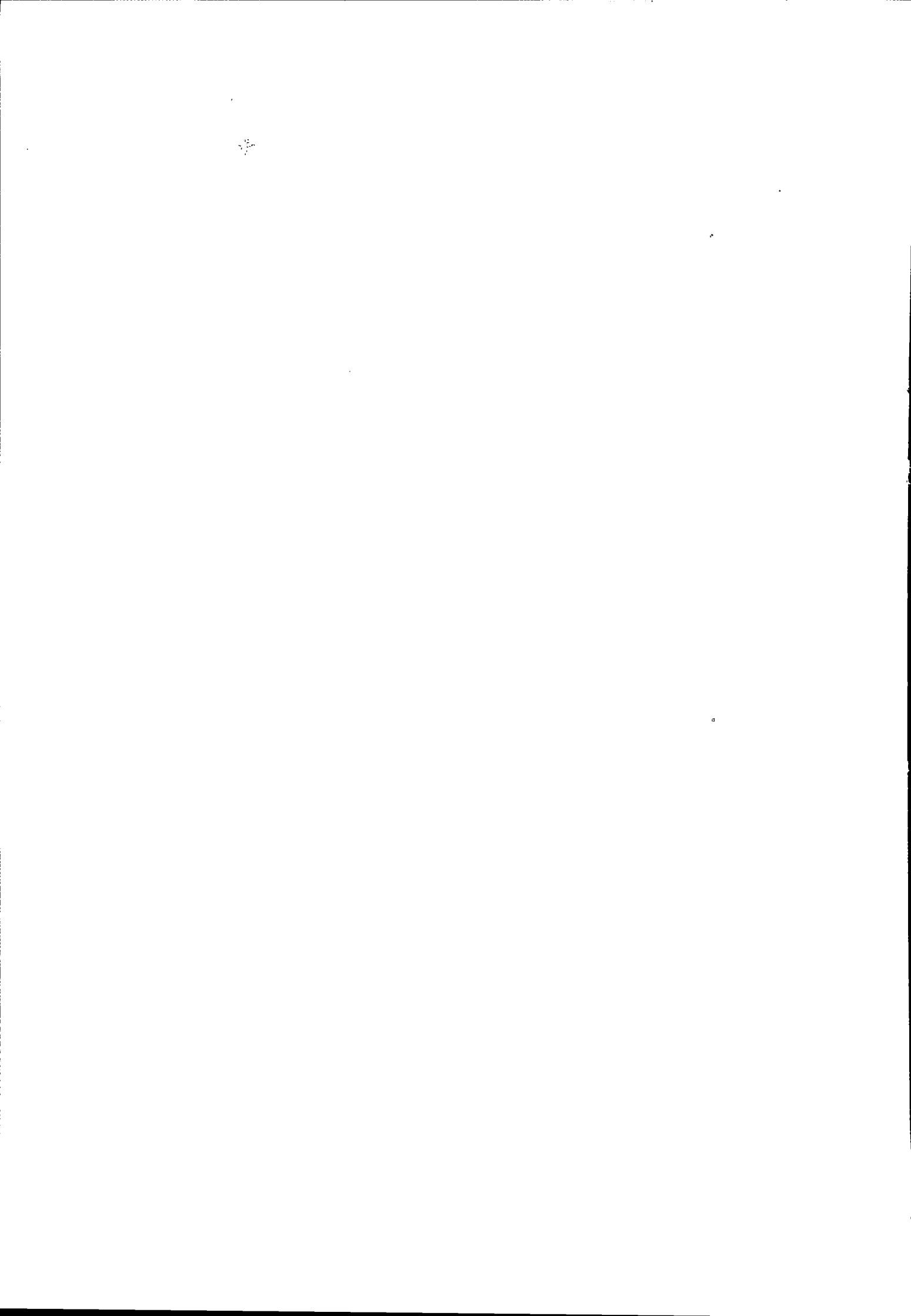
construction of minor bridge, the buses using the narrow service road from Vaniyambadi town to the new bus stand for two way movement would be a potential traffic hazard.

At the time of conceptualisation, the Municipality failed to foresee the necessity of obtaining clearance required from the NHAI to route the buses from Bangalore-Chennai side of NH 46 to the new bus stand and formation of approaches from the National Highway to the new bus stand. Failure to synchronise access to the bus stand with its approaches resulted in idle investment of ₹ 3.30 crore for more than four years besides non-realisation of anticipated revenue of ₹ 42.32 lakh per annum on lease of shops, restaurants and other public facilities created in the bus stand.

The matter was referred to Government in May 2013. In reply, Government admitted (July 2013) the observations of audit and stated that necessary action would be taken for conducting public auction for leasing out the shops/restaurants/pay and use toilets after the new bus stand was put into use.



PART II
PANCHAYAT RAJ
INSTITUTIONS



CHAPTER IV
AN OVERVIEW OF
PANCHAYAT RAJ INSTITUTIONS

CHAPTER IV

AN OVERVIEW OF PANCHAYAT RAJ INSTITUTIONS

4.1 Background

The 73rd Constitutional amendment gave Constitutional status to Panchayat Raj Institutions (PRIs) and established a system of uniform structure, election, regular flow of funds through the Finance Commission etc. As a follow-up, the State Governments were required to entrust the PRIs with powers, functions and responsibilities to enable them to function as institutions of local self-government.

Consequent upon the 73rd amendment of the Constitution, the State Legislature enacted the Tamil Nadu Panchayats Act, 1994. Under this Act, a three-tier system of PRIs viz., Village Panchayats (VPs) at the village level, Panchayat Unions (PUs) or Block Panchayats at the intermediary level and District Panchayats (DPs) at the district level was established.

4.2 State profile

The demographic and developmental status of the State is given in Table 4.1.

Table 4.1: Important statistics of the State

Population	7.21 crore
Population density	555 persons per Sq.Km
Gender ratio	995 females per 1,000 males
Literacy	80.33 per cent
Rural population	51.55 per cent
Number of PRIs	12,940
- District Panchayats	31
- Panchayat Unions	385
- Village Panchayats	12,524

(Source: 2011 Census figures and Policy Note of the Rural Development and Panchayat Raj Department for 2013-14)

4.2.1 Classification of Panchayat Raj Institutions

The income-wise classification of Village Panchayats is given in Table 4.2.

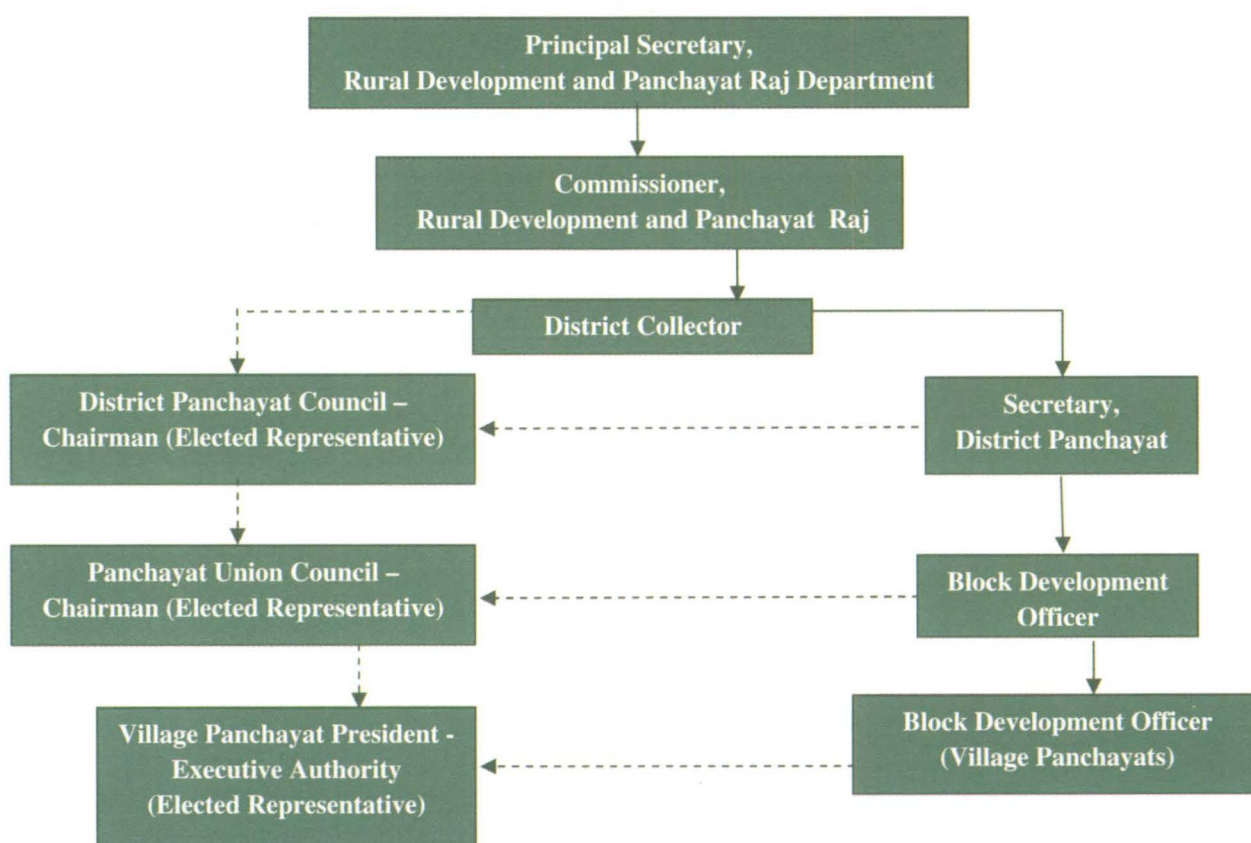
Table 4.2: Income-wise classification of Village Panchayats

Income range	Number of Village Panchayats
₹ 3 lakh to ₹ 5 lakh	1,268
₹ 5 lakh to ₹ 7 lakh	1,455
₹ 7 lakh to ₹ 10 lakh	2,351
₹ 10 lakh to ₹ 20 lakh	4,563
₹ 20 lakh to ₹ 50 lakh	2,524
₹ 50 lakh to ₹ 1 crore	293
Above ₹ one crore	70
	12,524

(Source: Policy Note of Rural Development and Panchayat Raj Department for 2013-14)

4.3 Organisational structure of Panchayat Raj Institutions

An organogram of PRIs is as given below:



4.4 Devolution of functions

Eleventh Schedule of the Constitution of India empowered the State Legislatures to devolve 29 functions to PRIs. As per details furnished (September 2013) by Commissioner of Rural Development and Panchayat Raj (CRDPR) to Audit, only three functions are carried out by Rural Development and Panchayat Raj Department. Even after enacting the Tamil Nadu Panchayats Act in 1994, remaining 26 functions are not devolved to PRIs but are carried out by other departments.

4.5 Decentralised planning

As per Section 241(1) of the Tamil Nadu Panchayats Act, 1994, the State Government constituted a District Planning Committee (DPC) in each of the 31 districts except Chennai in Tamil Nadu. The role and responsibility of DPCs are mentioned in Paragraph 1.5 of this Report.

4.6 Financial profile

Funds flow to PRIs

The source of receipts for VPs and Panchayat Unions are non-tax revenue, assigned revenue from State Government and grants given by State Government and Government of India (GoI) for various purposes and State and Central Finance Commissions grants. In addition, VPs have the power to levy taxes.

Table 4.3 below shows the details of receipts and expenditure of PRIs for the period 2008-09 to 2012-13.

Table 4.3: Details of receipts and expenditure of PRIs

(₹ in crore)

	2008-09	2009-10	2010-11	2011-12	2012-13
Own revenue	277.77	309.83	382.07	426.83	464.57
Assigned revenue	459.85	220.73	154.72	374.42	537.03
Grants	1,718.50	1,926.57	2,961.23	3,353.96	4,484.23
Total receipts	2,456.12	2,457.13	3,498.02	4,155.21	5,485.83
Revenue expenditure	2,579.24	3,044.41	3,829.72	4,193.92	1,702.58
Capital expenditure	505.21	471.61	527.73	602.40	889.83
Total expenditure	3,084.45	3,516.02	4,357.45	4,796.32	2,592.41
Percentage of capital expenditure to the total expenditure	16	13	12	13	34

(Source: Details furnished by CRDPR)

The expenditure for the years 2008-09 to 2011-12 was more than the receipts as the details of scheme grants routed through District Rural Development Agencies (DRDAs) and funds for the schemes released by GoI directly to DRDAs were not included.

4.7 Accounting framework

Accounts format

Thirteenth Central Finance Commission stated (December 2009) that for the period 2011-15, a State Government would be eligible to draw its general performance grant, only if it followed the conditions stipulated by the Commission. One of the conditions was that the PRIs should follow the Model Panchayat Accounting System prescribed by the CAG and the Ministry of Panchayat Raj. The State Government has to certify that the accounting system as recommended by the Ministry of Panchayat Raj has been introduced in all PRIs.

GoTN ordered (April 2012) implementation of the Panchayat Raj Institutions Accounting (PRIA) software in all the VPs, PUs and DPs from 2012-13. CRDPR reported (February 2014) that computers, printers and uninterrupted power supply units were installed in all 12,524 VPs and broadband connectivity has been provided in 9,373 VPs. CRDPR further stated that online entry of accounts for 2012-13 was completed in all 31 DPs, 220 PUs and 11,159 VPs.

4.8 Audit arrangements

In accordance with Section 193 of the Tamil Nadu Panchayats Act, 1994, GoTN appointed Auditors for PRIs as given in **Table 4.4**.

Table 4.4: Audit arrangements for PRIs

Tier of PRI	Auditors	Periodicity
District Panchayats	Director of Local Fund Audit (DLFA)	Annual
Panchayat Unions	DLFA	Quarterly
Village Panchayats	(i) Deputy Block Development Officer (DBDO) except audit of scheme accounts	Quarterly
	(ii) Assistant Director of Rural Development (Audit) to follow up the audit of DBDO	Quarterly
	(iii) DLFA for audit of scheme accounts	Annual (test check)

DLFA is the statutory Auditor for PUs and DPs. Based on the recommendation of the Second State Finance Commission (SSFC), DLFA is conducting only test audit of VPs' accounts including scheme accounts. The Deputy Block Development Officer audits all the General Fund accounts of VPs and certifies them.

Accounts of DPs and Panchayat Unions are audited by the Principal Accountant General (General and Social Sector Audit) also under Section 14(1) of the Comptroller and Auditor General of India's (Duties, Powers and Conditions of Service) Act, 1971. Further, technical guidance and support is provided by the Principal Accountant General to DLFA regarding audit of DPs and PUs in terms of order of GoTN issued in March 2003.

4.8.1 Arrears in Audit by DLFA

(a) Position of arrears in audit of DPs and PUs by DLFA as of January 2014 is given in Table 4.5.

Table 4.5: Position of audit of District Panchayats and Panchayat Unions by DLFA

Category of PRI	Year	Total number	Accounts submitted	Audit completed	Audit pending
District Panchayats	2011-12	31	20	20	Nil
	2012-13	31	5	5	Nil
Panchayat Unions	2011-12	385	385	88	297
	2012-13	385	6	6	Nil

(Source: Details furnished by DLFA)

(b) Though 2,505 VPs (20 per cent of 12,524 VPs) were to be audited by DLFA, audit of 397 VPs only was completed for 2011-12. DLFA reported (February 2014) that the annual accounts of VPs were not submitted to DLFA and hence audit of VPs for 2012-13 was pending.

(c) As of December 2013, 28,472 paragraphs in respect of PUs and 212 paragraphs in respect of DPs of DLFA's Inspection Reports relating to period upto 2010-11 were pending settlement as given in Table 4.6.

Table 4.6: Year-wise pendency of paragraphs of DLFA

Year of IR	Number of paragraphs pending in respect of	
	Panchayat Unions	District Panchayats
Upto 2006-07	9,215	7
2007-08	1,575	4
2008-09	2,444	7
2009-10	4,722	15
2010-11	10,516	179
Total	28,472	212

(Source: Details furnished by DLFA)

Audit analysis of the data revealed that in respect of PUs, out of 28,472 paragraphs pending, 9,215 paragraphs (32 per cent) related to period prior to 2007-08. This indicates that sufficient attention was not given to settle the long pending paragraphs.

The State Government appointed State High Level Committee (SHLC) in November 1997 with CRDPR as Chairman, DLFA as Deputy Chairman and assisted by three¹ members and District High Level Committee (DHLC) headed by District Collector as Chairman, Project Officer, DRDA as Deputy

¹ Financial Advisor and Chief Accounts Officer of CRDPR; Chief Engineer/ Superintending Engineer of Tamil Nadu Water Supply and Drainage Board and Chief Engineer (Highways and Rural Works)

Chairman assisted by three² members and one Secretary for settlement of outstanding paragraphs.

The DLFA reported to Audit (January 2014) that for settling pending paragraphs relating to PUs, 105 high level committee meetings were held during 2012-13 and 1,880 paragraphs were settled.

4.8.2 Audit of PRIs by the Principal Accountant General (G&SSA)

Audit of PRIs is conducted under Section 14(1) of the Comptroller and Auditor General of India's (Duties, Powers and Conditions of Service) Act, 1971 in respect of financial assistance given to PRIs. Important irregularities detected by Audit during audit of PRIs by test check of records are followed-up through Inspection Reports issued to the PRIs concerned and CRDPR.

Government had issued general orders in April 1967 fixing a time limit of four weeks for response by the audited entities for all paragraphs included in the Inspection Reports. However, as of December 2013, 1,188 paragraphs contained in 443 Inspection Reports issued during the period 2002-03 to 2012-13 were pending settlement for want of satisfactory replies.

CAG's Audit Reports on PRIs for the years 2000-01, 2005-06 and 2006-07 were discussed by the Public Accounts Committee (PAC) and recommendations of PAC are awaited. As of February 2014, Action Taken Reports on 184 recommendations³ of PAC in respect of Rural Development and Panchayat Raj Department were pending settlement, which *inter alia* consisted of paragraphs relating to PRIs included in the Audit Reports (Civil).

4.9 Conclusion

Even though implementation of Panchayat Raj Institutions Accounting (PRIA) software was to be completed by March 2013, the same was not made fully operational. As of December 2013, 28,472 paragraphs in respect of Panchayat Unions and 212 paragraphs in respect of District Panchayats of Director of Local Fund Audit's Inspection Reports, relating to period upto 2010-11, were pending settlement. Out of 28,472 paragraphs pertaining to Panchayat Unions, 9,215 paragraphs (32 *per cent*) related to period prior to 2007-08. As of December 2013, 443 Inspection Reports issued by the Principal Accountant General containing 1,188 paragraphs for the period 2002-03 to 2012-13 were pending settlement.

² Deputy Director, DLFA; Executive Engineer, DRDA; Deputy Director, Rural Development and Panchayat Raj Department as members and PA (Audit) to District Collector as Secretary

³ 1988-89 (51), 1992-93 (two), 1993-94 (108), 1995-96 (one) and 1998-99 (22)

CHAPTER V
COMPLIANCE AUDIT
(PANCHAYAT RAJ INSTITUTIONS)

CHAPTER V

COMPLIANCE AUDIT

Compliance Audit in six Panchayat Unions in Salem District on Provision of amenities to Panchayat Union Schools and five Panchayat Unions in Krishnagiri District under the administrative control of Rural Development and Panchayat Raj Department brought out instances of lapses in management of resources and failures in observance of regularity, propriety and economy. These have been presented in the succeeding paragraphs.

RURAL DEVELOPMENT AND PANCHAYAT RAJ DEPARTMENT

5.1 Provision of amenities to Panchayat Union Schools in Salem District

5.1.1 Introduction

Government of Tamil Nadu (GoTN) is implementing Tamil Nadu Village Habitations Improvement (THAI) Scheme to overcome the disparities in the developmental process and to ensure minimum basic infrastructure facilities to all habitations aiming at creation of urban standards in every village habitation. This scheme has been scheduled to be implemented for five years and every Village Panchayat (VP) would be taken up for implementation proportionately every year from 2011-12.

GoTN introduced (December 2011) Comprehensive School Infrastructure Development Scheme (CSIDS), a separate scheme, to provide all basic infrastructure facilities like new building, new/repair and renovation of kitchen sheds, toilets and water supply facilities in Panchayat Union Primary and Middle Schools. GoTN authorised Commissioner of Rural Development and Panchayat Raj (CRDPR) to deduct a sum of ₹ 100 crore every year from the State Finance Commission Grant share of Panchayat Unions (PUs) and District Panchayats (DPs) and to release the same to District Collectors who in turn reallocate the funds to Panchayat Unions to be released by the Project Director (PD), District Rural Development Agency (DRDA) for implementation of CSIDS. The scheme was implemented for the years 2011-12 and 2012-13.

5.1.2 Organisational set up

Principal Secretary, Rural Development and Panchayat Raj Department is the overall head at Government level. CRDPR is the Head of the Department. District Collector is the authority to accord administrative sanction for the works selected and to be executed under CSIDS. Block Development Officer (Block Panchayat) (BDO (BP)) is the executing authority at block level.

5.1.3 Scope, methodology and objective of Audit

Audit was conducted between July 2013 and September 2013 covering the period 2011-12 and 2012-13 in Salem District. Out of 20 PUs in Salem District, six¹ PUs were selected by random sampling. Out of 424 schools functioning in the selected PUs, 92 schools were covered under THAI scheme during 2011-12 (44 schools) and 2012-13 (48 schools) which were test-checked. One hundred and forty six works taken up in all 92 schools under CSIDS were checked (except seven works for which files were not produced to Audit) to assess whether (i) planning was adequate based on survey of schools and inspection of amenities required in the schools and (ii) the works were executed according to the proposals/needs without any delay.

5.1.4 Finance

GoTN sanctioned ₹ 100 crore each for the years 2011-12 and 2012-13 for implementation of CSIDS. Out of this, ₹ 2.74 crore and ₹ 4.72 crore were sanctioned for Salem District for the years 2011-12 and 2012-13 respectively.

5.1.5 Audit findings

5.1.5.1 Assessment of requirement

As per the guidelines for the years 2011-12 and 2012-13, a Selection Committee² should visit each and every school in the villages selected under THAI Scheme and list out the requirements of the schools and submit the recommendations to DRDA. The DRDA, in turn, selects the works to be executed and calls for detailed estimates from the BDOs (BP). On receipt of detailed estimates for the works from the BDOs, accompanied by the recommendations of the Selection Committee and photographs indicating inner and outer views of the school building, kitchen shed and toilet which are proposed to be taken up under CSIDS, District Collector accords administrative sanction and allots funds for execution of works. On receipt of administrative sanction and funds, BDOs execute the works.

Out of six PUs test-checked in audit, Selection Committees were formed in three PUs (Ayothiappattinam, Mecheri and Salem) and in other three PUs (Peddanaickenpalayam, Veerapandi and Yercaud), Selection Committees were not constituted as per the guidelines. However, in three PUs where Selection Committees were not constituted, BDOs and Union Engineers (UEs) of the PUs concerned visited the schools and assessed the needs and submitted recommendations to DRDA, Salem.

Test check by Audit revealed that the required amenities were not recommended by the Selection Committee, BDOs and UEs in the schools mentioned in the succeeding paragraphs.

¹ Ayothiappattinam, Mecheri, Peddanaickenpalayam, Salem, Veerapandi and Yercaud

² Selection Committee consists of Block Development Officer (Block Panchayat), Assistant Engineer (Rural Development)/Junior Engineer, Assistant Elementary Educational Officer concerned, Headmaster of the Panchayat Union School, President of the Village Panchayat and Panchayat Union Ward Member concerned for 2011-12 and Block Development Officer (Block Panchayat), Assistant Engineer (Rural Development) and Headmaster of the school concerned for 2012-13

(i) Inadequate provision of toilets

As per CSIDS guidelines, all PU schools should have adequate toilet facilities for boys and girls and construction of new toilets should be taken up based on the strength of students and number of possible staggered intervals of usage.

It was noticed that out of 92 schools in the selected PUs, only one toilet was available in each of the 48 schools (52 per cent) including eight middle schools to cater to the needs of 3,663 students of both boys (1,778) and girls (1,885) as listed in **Appendix 5.1**. Though the scheme guidelines provided for taking up construction of new toilets in the schools, this amenity was not provided to the above 48 schools. BDOs (BP) replied (September 2013) that action would be taken to provide amenities to the schools under General Fund subject to availability of funds.

(ii) Non-provision of incinerators

As per scheme guidelines, incinerators should be provided in the girls toilet located in the middle schools. There were 32 middle schools in the selected PUs and all those middle schools were functioning under co-education pattern. Though separate toilet facilities for boys and girls were available in 24 out of 32 middle schools, incinerators were provided only in six middle schools and in the eight middle schools where no separate toilet facilities for boys and girls were available, incinerators were provided in only one school. In all, out of 32 middle schools in the selected PUs, incinerators were not provided in 25 schools (78 per cent).

(iii) Non-selection of damaged kitchen sheds for renovation

As per the guidelines, new kitchen sheds should be constructed in those schools where they were not available and existing kitchen sheds which were in damaged condition should be repaired or renovated. Audit scrutiny revealed that though kitchen sheds were in damaged condition in five³ schools in Yercaud PU, they were not taken up for repairs or renovation under CSIDS during 2012-13. BDO (BP), Yercaud PU replied (September 2013) that the works would be executed in future out of General Funds.

5.1.5.2 Preparation of estimates for works

As per scheme guidelines, District Collector should accord administrative approval based on the detailed estimates submitted by BDOs along with recommendations of Selection Committee and photographs depicting repairs/renovation works to be taken up in school buildings, kitchen sheds and toilets.

(i) Non-preparation of estimates by a Panchayat Union

In Peddanaickenpalayam PU, 26 works were selected for implementation under CSIDS at a cost of ₹ 63.75 lakh during 2011-12. Though PD, DRDA, Salem instructed (April 2012) the BDOs in Salem District to prepare and submit estimates for the works selected by the Selection Committee for according administrative sanction, BDO of Peddanaickenpalayam PU did not

³ Middle School at Muluvi and Elementary Schools at Kothumuttal, Kottachedu, Mundagambadi and Senthittu

submit the detailed estimates and reason for the same was not furnished to Audit. As such, all the 26 works were not taken up in the schools located in Peddanaickenpalayam PU for the year 2011-12. Failure of the BDO (BP) in preparation of estimates and getting administrative sanction in 2011-12 itself resulted in non-achievement of objective of providing amenities to the schools despite availability of funds.

On this being pointed out, PD, DRDA, Salem replied (October 2013) that action taken against the BDO for non-submission of estimates would be intimated to Audit. Failure of PD, DRDA to monitor the utilisation of funds for the intended purpose also contributed to non-provision of amenities to the schools.

5.1.5.3 Execution of works

Basic aim of CSIDS was to provide all basic infrastructure facilities in PU Primary and Middle schools. As such, any deficiency in execution of works would result in deprivation of benefits to the students studying in those schools. Audit scrutiny revealed that there were deficiencies in execution of works as discussed below.

(i) Deficiencies in contract management

Audit scrutiny revealed that BDOs of the selected PUs did not ensure execution of agreements with the contractors within the stipulated time mentioned in work order during the period 2011-12 and 2012-13. The agreements were executed (i) on the day of passing final bills in respect of 27 cases in four PUs, (ii) after passing of final bills in one case in one PU and (iii) blank agreement was signed only by the BDO of the concerned PU in 10 cases in three PUs. This showed not only the non-adherence by BDOs to provision stipulated for executing agreements before commencement of the works, but also their failure to ensure collection of penal charges of ₹ 5.13 lakh as detailed in **Appendix 5.2** for belated execution of works.

BDOs replied (July, August and September 2013) that even though agreements were obtained from the contractors belatedly, there had not been serious violations of the conditions of contract and that, in future, the contract agreements would be obtained from the contractors as and when work orders are issued.

Work orders issued to successful contractors stipulated execution of agreement within seven days from the date of award of work and the work should be completed within the stipulated time mentioned in the work order, failing which penalty at the rate prescribed in the work order would be recovered. Out of 139 works scrutinised by Audit, there were delays of more than 100 days in respect of 75 cases (54 per cent) in completion of work during the years 2011-12 and 2012-13. Further, penalty at the rate of 10 per cent on the estimate value amounting to ₹ 5.13 lakh (**Appendix 5.2**) in respect of 43 cases for which penalty provision was included in the work order, was not levied. As no provision for levying penalty was included in the work order in respect of 32 cases, penalty could not be levied though there was a delay of more than 100 days in completion of work (**Appendix 5.3**).

(ii) Kitchen shed at unhealthy site

In PU Elementary School at Nagalur village of Yercaud PU, a kitchen shed was constructed (May 2013) at a cost of ₹ 3 lakh under CSIDS for 2011-12. During joint inspection (September 2013) along with department officials, it was noticed that a Veterinary Dispensary was functioning within school premises and the kitchen shed was constructed adjacent to the Veterinary Dispensary. Provision of kitchen shed near a Veterinary Dispensary would be detrimental to the health of the children studying in the school and taking food prepared in that kitchen shed may expose them to infections.



Kitchen shed near Veterinary Dispensary

BDO, Yercaud PU stated (September 2013) that action would be taken to address the Assistant Director of Veterinary Hospital, Yercaud to vacate the dispensary early.

(iii) Defective repair works

Salem PU renovated (January 2013) two school buildings with tiled roofing at a cost of ₹ 2.60 lakh at Thirumalaigiri. It was noticed during joint inspection (September 2013) by Audit along with departmental officials that out of two renovated tiled buildings, one tiled building still remained unfit for conducting classes due to opening and leakage in the roof. The building could not be put to use due to defective repair works. BDO (BP), Salem PU replied (September 2013) that action would be taken to carry out the repair works.

5.1.6 Conclusion

Audit of implementation of Comprehensive School Infrastructure Development Scheme (CSIDS) in Salem District during 2011-12 and 2012-13 revealed that all basic amenities such as new building, new/repair and renovation of kitchen sheds, toilets and water supply facilities could not be provided to Panchayat Union Primary and Middle Schools located in the identified Village Panchayats as contemplated in CSIDS guidelines. The authorities failed to form Selection Committee, make recommendations based on scheme guidelines, execute contract agreement within the prescribed time and levy penal charges on contractors for delay in completion of works.

The matter was referred to Government in November 2013; reply has not been received (February 2014).

**RURAL DEVELOPMENT AND PANCHAYAT RAJ
DEPARTMENT**

5.2 Unfruitful expenditure

**BARGUR, HOSUR, THALLI, UTHANGARAI AND
VEPPANAPALLI PANCHAYAT UNIONS**

5.2.1 Unfruitful expenditure on installation of bio-mass gasifiers

Non-utilisation of bio-mass gasifiers due to non-availability of staff resulted in unfruitful expenditure of ₹ 35.67 lakh.

Bio-mass gasification is a process in which solid bio-mass i.e. organic materials of agricultural waste, crop residue, coconut fronds, fire wood, etc., are converted into gaseous form. Using the gas produced, it is possible to generate electricity and operate diesel engine on dual fuel mode. The process of gasification is done by a device called gasifier.

Government of India (GoI), Ministry of Non-conventional Energy Sources (MNES) provided subsidy up to ₹ 15,000 for installed capacity of each kilowatt (kW) of bio-mass gasifier system to the beneficiaries through Tamil Nadu Energy Development Agency (TEDA) for such installations in Tamil Nadu. The balance cost of bio-mass gasifiers and other expenditure towards construction of shed, providing electrical lines etc. for installing the gasifiers should be borne by the beneficiaries. The subsidy was released through TEDA in three instalments i.e. first instalment of 20 per cent without any condition; second instalment of 50 per cent on supply/receipt of equipment at site and third and final instalment of 30 per cent on erection and commissioning and after three months (or) 1,000 hours of trouble free operation of the whole system whichever was earlier. Further, GoI conditions for release of subsidy *inter alia* prescribed annual maintenance contract for five years after the guarantee period with the manufacturer/supplier and an undertaking by the beneficiary to keep the system operational at least for a period of ten years.

In Tamil Nadu, 60 gasifiers were installed in Village Panchayats (VPs) of 13 districts with GoI subsidy of ₹ 65.07 lakh during the period 2003-11 with necessary provisions for shed, electrical lines etc. In Krishnagiri District, eight gasifiers were installed in eight⁴ VPs of five Panchayat Unions⁵ during 2005-06 at a total cost of ₹ 35.67 lakh including cost of erection, with GoI subsidy of ₹ 6.88 lakh (64 per cent) received through TEDA. The balance of ₹ 3.92 lakh (36 per cent) was not received from MNES due to non-functioning of gasifiers.

Audit scrutiny (March 2013) revealed that based on the VPs' resolutions Project Director (PD), District Rural Development Agency (DRDA), Krishnagiri purchased eight gasifiers which were installed and commissioned

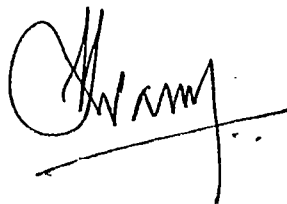
⁴ Belagondapalli, Chennasandiram, Jawalagiri, Kalugondapalli, Kundukottai, Nochipatti, Parandapalli and Zuzuwadi

⁵ Bargur, Hosur, Thalli, Uthangarai and Veppanapalli

between June 2005 and March 2006. The gasifiers were operated only for a period of two months after commissioning as trial run and thereafter they were not functioning till March 2013 due to break-down of equipment, improper load connection, lack of trained personnel etc.

PD, DRDA, Krishnagiri accepted the audit observation and attributed (October 2013) the reasons for non-functioning of gasifiers to non-availability of staff. Thus, expenditure of ₹ 35.67 lakh (**Appendix 5.4**) on installation of eight bio-mass gasifiers became unfruitful besides non-achievement of objective of utilisation of non-conventional energy sources.

The matter was referred to Government in November 2013; reply has not been received (February 2014).

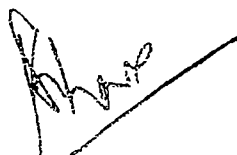


(K. SRINIVASAN)

Principal Accountant General
(General and Social Sector Audit),
Tamil Nadu and Puducherry

Chennai
The 16 May 2014

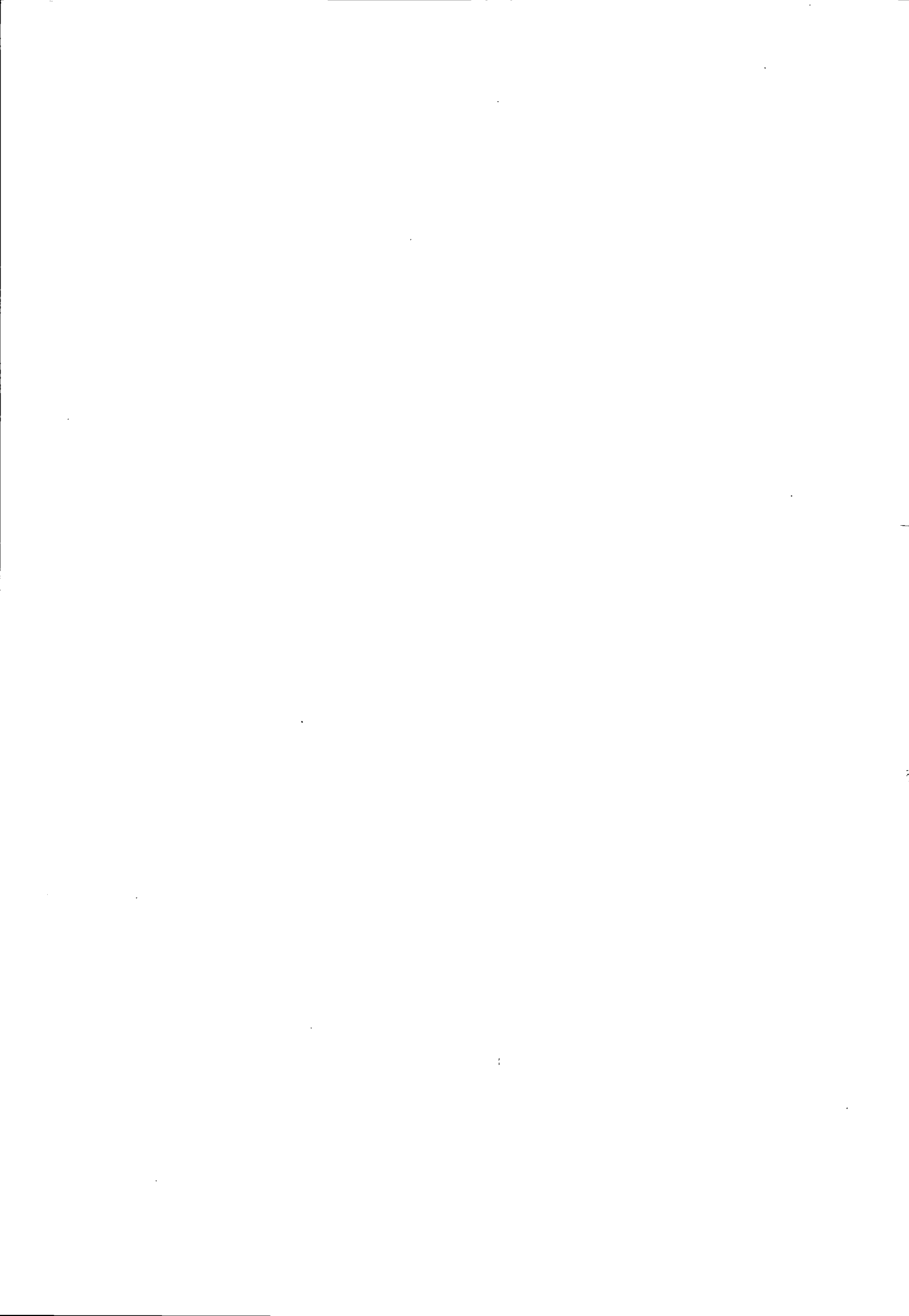
Countersigned



(SHASHI KANT SHARMA)

Comptroller and Auditor General of India

New Delhi
The 30 May 2014

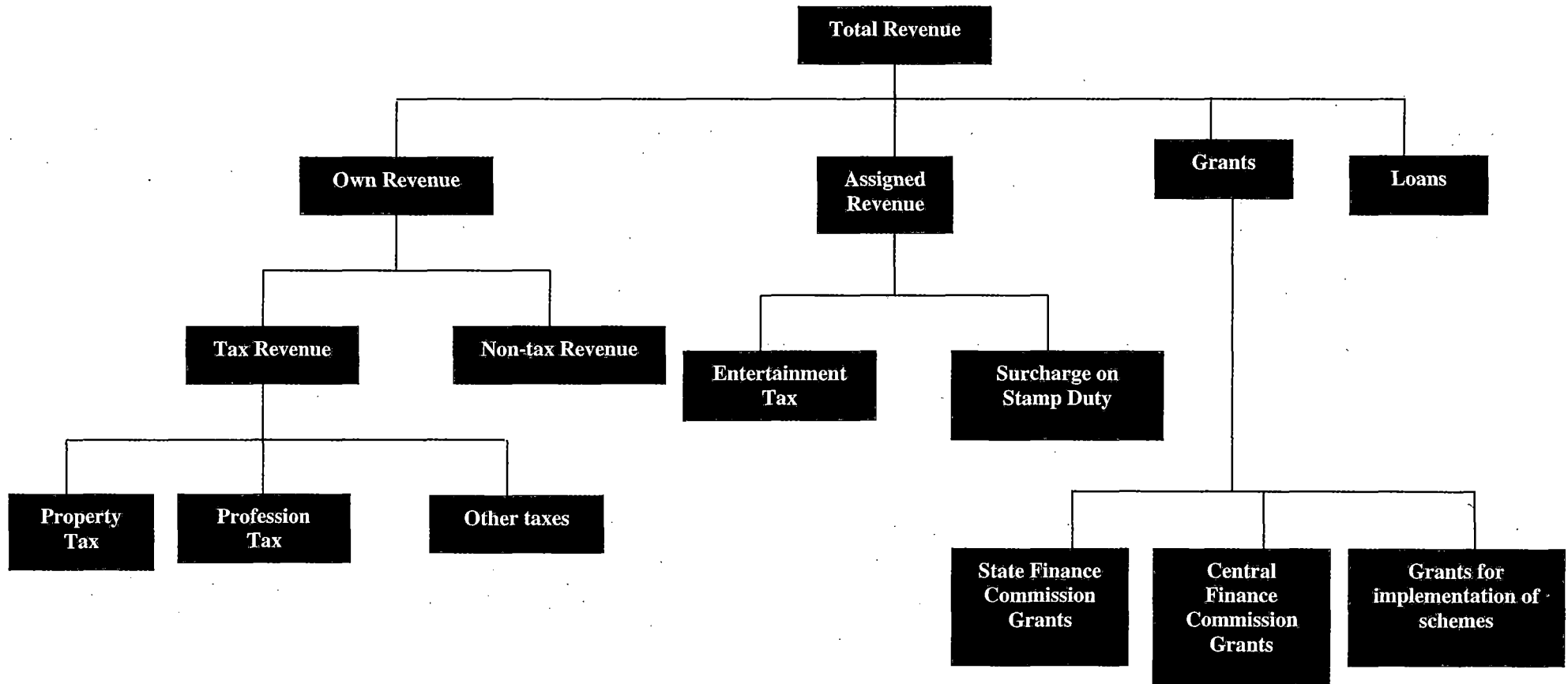


APPENDICES

Appendix 1.1

(Reference : Paragraph 1.6; Page 3)

Sources of revenue of Urban Local Bodies



Appendix 1.2

(Reference : Paragraph 1.8.2; Page 6)

Number of audit paragraphs relating to Urban Local Bodies pending settlement as of November 2013

Year	All Municipalities	Town Panchayats	Municipal Corporations										Total	Grand Total
			Chennai	Coimbatore	Madurai	Salem	Tiruchirappalli	Tirunelveli	Tiruppur	Erode	Vellore	Thoothukudi		
Upto 2005-06	32,340	25,311	28,508	14,360	22,186	6,639	3,748	2,786	2,116	2,205	-	3,366	85,914	1,43,565
2006-07	49,352	3,357	1,670	311	692	322	320	340	134	33	-	219	4,041	56,750
2007-08	24,135	5,119	2,041	401	121	438	480	395	107	45	-	212	4,240	33,494
2008-09	23,152	8,976	2,031	542	90	396	450	400	82	75	990	238	5,294	37,422
2009-10	12,456	9,595	2,183	539	252	465	453	476	95	59	160	193	4,875	26,926
2010-11	3,127	2,794	696	-	281	450	433	428	117	36	3,936	-	6,377	12,298
Total	1,44,562	55,152	37,129	16,153	23,622	8,710	5,884	4,825	2,651	2,453	5,086	4,228	1,10,741	3,10,455

Appendix 2.1

(Reference : Paragraph 2.1.6.1(i); Page 10)

Discrepancy between manual records and computer system in Registration of Births and Deaths during 2008-12

Year	Birth			Death		
	Registration as per Form I	Registration as per system	Difference	Registration as per Form II	Registration as per system	Difference
Salem Corporation						
2008	25,840	22,284	3,556 (14)	6,443	5,505	938 (15)
2009	26,064	23,152	2,912 (11)	6,495	4,412	2,083 (32)
2010	25,610	25,397	213 (1)	7,120	6,223	897 (13)
2011	27,189	27,114	75 (0.27)	7,507	5,842	1,665 (22)
2012	29,121	28,630	491 (2)	8,349	2,744	5,605 (67)
Madurai Corporation						
2008	32,576	34,430	-1,854	9,361	9,408	-47
2009	31,543	33,068	-1,525	10,888	10,514	374 (3)
2010	32,129	32,864	-735	11,170	11,275	-105
2011	33,514	28,533	4,981 (15)	12,255	7,938	4,317 (35)
2012	37,564	16,324	21,240 (57)	15,656	6,346	9,310 (59)
Tirunelveli Corporation						
2008	16,506	16,557	-51	5,469	5,504	-35
2009	16,590	16,634	-44	5,977	5,937	40 (0.66)
2010	16,688	16,764	-76	6,299	6,425	-126
2011	17,756	17,838	-82	6,208	6,333	-125
2012	18,342	18,542	-200	6,574	6,632	-58

(Figures in brackets indicate percentage to registration per Form)

Appendix 2.2

(Reference : Paragraph 2.1.6.1(ii); Page 10)

Errors in Birth and Death Registration data

Type of errors	Coimbatore	Salem	Madurai	Tirunelveli	Tiruchirappalli
Birth Registration					
Total records	1,63,132	1,26,577	1,45,219	86,335	1,24,993
Future year of Registrations	20	0	0	0	0
Child weight blank	2,802	72	6,678	15,460	3,464
Irrelevant child weight at the time of birth	287	-	-	-	-
Registration date before Date of Birth	156	649	1,663	241	136
Hospital code with Null value	49	0	0	0	0
Incorrect hospital code	7,371	0	523	5,139	8,844
Availability of field for capturing number of print outs taken	No	No	No	No	No
Log for modifications carried out in the data	No	No	No	No	No
Delay in Registration of birth	485 (31 to 1,326 days)	410 (60 to 394 days)	1,749 (31 to 631 days)	235 (31 to 1,551 days)	736 (31 to 1,655 days)
Delay in entering the data in system	1,13,118 (31 to 4,019 days)	41,842 (60 to 500 days)	70,454 (31 to 1,818 days)	38,898 (31 to 1,075 days)	1,16,544 (31 to 1,947 days)
Entered date blank	0	0	0	54,421	0
Death Registration					
Total records	70,728	24,726	45,481	30,831	39,641
Registration date before Date of death	68	392	63	38	54
Entered date before registration date	121	87	11	24	13
Entered date before Date of Death	19	0	0	15	0
Hospital code with Null value	2,646	5	0	0	0
Incorrect hospital code	2,166	1,080	952	90	4,352
Log for modifications carried out in the data	No	No	No	No	No
Delay in registration of death	448 (31 to 491 days)	194 (61 to 4,387 days)	1,356 (31 to 1,579 days)	1,309 (31 to 537 days)	3,744 (31 to 1,522 days)
Delay in entering the data in system	0	4 (151 to 198 days)	19,217 (31 to 1,758 days)	7,959 (31 to 491 days)	16,951 (31 to 1,881 days)
Name of the deceased person blank	0	2,866	107	731	730
Entered date blank	0	0	0	8,352	0

Appendix 2.3

(Reference : Paragraph 2.1.6.3(v); Page 16)

Non-raising of demand of Property Tax for Government Buildings

(Calculated from 1.4.2008 to 31.3.2013 being the audit period - 10 half years)

Sl. No.	Assessment Number	Name of the Government Building	Demand Amount (in ₹)	Total due (in ₹)
1.	9311	Nurses Quarters, GH, PWD(GB)	990	9,900
2.	9312	Compounder Quarters, PWD(GB)	666	6,660
3.	9351	Railway Engineer Bungalow(GB)	2,532	25,320
4.	9482	Pump Room DIC(GB)	236	2,360
5.	9488	Police Quarters, Block No.5 CP(GB)	11,433	1,14,330
6.	9511	EE PWD Building, Construction Maintenance DN2(GB)	2,37,309	23,73,090
7.	9514	Assistant Engineer, PWD Project Circle, Palayamkottai(GB)	12,840	1,28,400
8.	9516	Tamil Nadu Police Housing Board(GB)	1,07,133	10,71,330
9.	520031	City Commissioner of Police	264	2,640
10.	520032	City Commissioner of Police	264	2,640
				37,36,670

Appendix 3.1

(Reference : Paragraph 3.1.5.3; Page 35)

Short levy of Property Tax due to non-verification of unauthorised construction

PT to be levied for 2007-08 I & II Half year

Floor	Area constructed (in sq.ft.)	Half yearly PT to be levied (in ₹)
Cellar	1,893	24,387
Mezzanine	2,832	36,483
First	2,832	36,483
Second	2,832	36,483
Third	2,832	36,483
Total leviable		1,70,319
PT actually levied per half year		31,691
Short levy		1,38,628
Total short levy for 2007-08 (I & II half year) (A)		2,77,256

PT to be levied from 2008-09 I Half year due to general revision

Floor	Half yearly PT to be levied as on 31/03/2008 (in ₹)	5 per cent increase w.e.f. 01/04/2008 due to general revision (in ₹)	Half yearly PT to be levied w.e.f. 01/04/2008 (in ₹)
Cellar	24,387	1,219	25,606
Mezzanine	36,483	1,824	38,307
First	36,483	1,824	38,307
Second	36,483	1,824	38,307
Third	36,483	1,824	38,307
Total leviable			1,78,834
PT actually levied per half year			33,276
Short levy per half year			1,45,558
Total short levy for 2008-09 (I half year) to 2013-14 (I half year) - 11 half years (B)			16,01,138

Total short levy of PT : (A) + (B) = ₹ 2,77,256 + ₹ 16,01,138 = ₹ 18,78,394

Appendix 3.2
(Reference : Paragraph 3.1.9.1(iii); Pages 40 and 41)
Non-levy of penal interest

(in ₹)

Year	Daily Market fees	Weekly Market fees	Cart Stand fees	Rent on lease of land	Rent on shopping complex	Bus stand shops	Weekly sandhai shops	Old Bus stand shops	Jaivaibai School road shops	Mattukottai and New Bus stand shops	Pay and Use toilet	Rent on buildings	Total	Interest	No. of years
1986-87	38,000												38,000		
1987-88			5,600		18,600								24,200		
1988-89			37,545		22,740								60,285		
1989-90					22,740								22,740		
1990-91					32,976								32,976		
1991-92					65,461								65,461		
1992-93					38,340								38,340		
1993-94		12,000			23,022								35,022		
1994-95	15,500	16,250			0		25,908						57,658		
1995-96					2,279								2,279	6,564	16
1996-97					33,974								33,974	91,730	15
1997-98					79,329								79,329	1,99,909	14
1998-99				5,925	50,621							1,200	57,746	1,35,126	13
1999-2000					99,343	678						2,190	1,02,211	2,20,776	12
2000-01				52,260	45,933	3,441		1,234		87,900		1,744	1,92,512	3,81,174	11
2001-02				1,75,000	80,774	6,684		27,023	45,376	87,900		600	4,23,357	7,62,043	10
2002-03				1,75,000	1,69,140	4,702		2,01,286	15,800	50,300	6,000	8,028	6,30,256	10,21,015	9
2003-04				2,56,588	1,73,688	5,724		3,23,140	6,615	17,800		1,200	7,84,755	11,30,047	8
2004-05	300			2,29,501	6,51,209	8,700	37,380	8,34,662	31,745	1,29,565		6,530	19,29,592	24,31,286	7
2005-06				2,11,822	6,20,021		41,538	6,28,142	43,239	3,65,600		8,100	19,18,462	20,71,939	6
2006-07				2,44,030	5,03,963		1,52,084	6,05,311	34,479	2,83,328		13,668	18,36,863	16,53,177	5
2007-08			12,800	2,37,086	5,55,294		17,286	1,76,867	51,730	1,45,458		22,160	12,18,681	8,77,450	4
2008-09	300			2,36,969	7,02,231		30,040	21,986	6,058	2,00,591		12,156	12,10,331	6,53,579	3
2009-10	1,800			3,47,656	7,58,929		1,64,283	1,88,781	31,414	1,97,808		57,573	17,48,244	6,29,368	2
2010-11				8,70,761	10,80,110		1,40,161	3,07,476	1,66,954	2,39,543	2,24,823	83,918	31,13,746	5,60,474	1
Total	55,900	28,250	55,945	30,42,598	58,30,717	29,929	6,08,680	33,15,908	4,33,410	18,05,793	2,30,823	2,19,067	1,56,57,020	1,28,25,657	

Appendix 3.3

(Reference : Paragraph 3.1.9.2(i)(a); Page 41)

Statement showing abnormal water meter readings

Assesment No.	Financial Year	Quarter	Initial Reading	Final reading	Demand raised (in ₹)
50426	2009-2010	01-Jul-2009	27,07,000	59639,27,32,000	3,57,83,40,162
50417	2009-2010	01-Jul-2009	5,12,83,000	13230,00,50,418	79,34,92,620
78431	2009-2010	01-Oct-2009	3,93,000	3790,00,78,432	22,73,98,128
81027	2009-2010	01-Oct-2009	1,35,000	820,00,16,032	8,19,98,832
50131	2009-2010	01-Apr-2009	12,66,000	555,13,08,000	3,33,00,264
77682	2009-2010	01-Jul-2009	4,33,000	473,00,77,683	2,83,77,882
78375	2009-2010	01-Oct-2009	3,19,000	359,00,78,376	2,15,38,572
2239	2009-2010	01-Oct-2009	15,00,000	154,20,02,242	92,43,030
2682	2009-2010	01-Oct-2009	23,80,000	820,00,20,683	49,05,750
60063	2003-2004	01-Apr-2003	0	62,61,01,000	37,56,618
58302	2003-2004	01-Apr-2003	0	55,24,57,000	33,14,754
50388	2009-2010	01-Apr-2009	24,27,000	55,24,68,000	33,00,258
51328	2009-2010	01-Apr-2009	24,59,000	54,25,00,000	32,40,258
56933	2003-2004	01-Apr-2003	0	52,25,81,000	31,35,498
72130	2008-2009	01-Jan-2009	12,85,000	47,13,25,000	28,20,252
118420	2009-2010	01-Oct-2009	16,17,000	95400,01,18,422	5,72,39,91,024
109934	2009-2010	01-Jul-2009	33,50,000	35500,01,09,935	2,12,99,80,572
53302	2009-2010	01-Oct-2009	30,09,000	21490,00,53,304	1,28,93,82,282
71475	2009-2010	01-Jul-2009	7,18,62,000	19350,00,71,477	1,16,05,69,272
52660	2009-2010	01-Oct-2009	42,72,000	5750,00,52,664	34,49,74,698
52664	2009-2010	01-Oct-2009	41,72,000	5290,00,52,734	31,73,75,298
64862	2009-2010	01-Oct-2009	6,42,000	2850,00,64,868	17,09,96,550
604	2009-2010	01-Jul-2009	20,40,000	116,20,00,605	69,59,778
7957	2009-2010	01-Oct-2009	9,40,000	98,10,07,958	58,80,420
71153	2009-2010	01-Jul-2009	11,77,000	77,12,19,000	46,20,264

Assesment No.	Financial Year	Quarter	Initial Reading	Final reading	Demand raised (in ₹)
71101	2009-2010	01-Jul-2009	21,33,000	77,21,73,000	46,20,252
68424	2009-2010	01-Apr-2009	30,000	60,00,68,425	36,00,246
11933	2009-2010	01-Jul-2009	34,22,000	31130,00,11,934	1,86,77,79,552
103219	2009-2010	01-Jul-2009	11,00,000	15000,01,03,220	89,99,94,036
11933	2009-2010	01-Oct-2009	3,11,30,00,11,934	31740,00,11,934	3,66,00,012
106006	2009-2010	01-Jul-2009	0	587,10,43,000	3,52,26,270
6144	2009-2010	01-Oct-2009	1,35,000	21,00,06,145	12,59,244
116886	2009-2010	01-Jul-2009	1,06,000	1300,01,16,887	7,80,00,078
300020	2009-2010	01-Jul-2009	0	1160,84,57,000	6,96,50,754
12543	2008-2009	01-Jan-2009	0	65,55,40,000	39,33,252
53286	2010-2011	01-Apr-2010	14,54,000	14,98,00,000	8,90,088
61374	2010-2011	01-Oct-2010	35,65,000	3,61,10,000	1,95,282
3892	2010-2011	01-Apr-2010	24,04,000	2,44,46,000	1,32,264
73165	2011-2012	01-Oct-2011	22,56,000	2,29,70,000	1,24,296
54082	2011-2012	01-Oct-2011	22,43,000	2,28,40,000	1,23,594
8072923	2012-2013	01-Oct-2012	1,38,000	2,81,84,000	1,68,288
12001705	2012-2013	01-Oct-2012	1,29,000	2,21,74,000	1,32,282
8200606	2012-2013	01-Oct-2012	1,38,000	2,11,84,000	1,26,288

Appendix 3.4

(Reference : Paragraph 3.1.9.2(i)(b); Page 41)

Raising of incorrect demands for water and sewerage user charges

Assessment Number	Financial Year	Quarter	Demand raised (in ₹)
10050164		01-Jan-1970	558
10050762		01-Jan-1970	558
10072827		01-Jan-1970	558
10076343	2012-2013	01-Jan-1970	558
10076635		01-Jan-1970	558
10076643		01-Jan-1970	558
10076800		01-Jan-1970	528
10076908		01-Jan-1970	558
12015701	2012-2013	01-Jan-1970	502
12015808	2012-2013	01-Jan-1970	462
12015809	2012-2013	01-Jan-1970	462
12066999	2012-2013	01-Jan-1970	502
12069697	2012-2013	01-Jan-1970	502
12069698	2012-2013	01-Jan-1970	502
12084243		01-Jan-1970	462
12086245		01-Jan-1970	462
12087004	2012-2013	01-Jan-1970	502
12087005	2012-2013	01-Jan-1970	502
12087008	2012-2013	01-Jan-1970	502
12087011	2012-2013	01-Jan-1970	462
12087016	2012-2013	01-Jan-1970	502
12087017	2012-2013	01-Jan-1970	502
12087018	2012-2013	01-Jan-1970	502
12087020	2012-2013	01-Jan-1970	502
12087027	2012-2013	01-Jan-1970	502
12087028	2012-2013	01-Jan-1970	502
12087034	2012-2013	01-Jan-1970	502
12087035	2012-2013	01-Jan-1970	502
12087053	2012-2013	01-Jan-1970	502
12087062	2012-2013	01-Jan-1970	502
12087067	2012-2013	01-Jan-1970	502
12087068	2012-2013	01-Jan-1970	502
12087071	2012-2013	01-Jan-1970	502
12087073	2012-2013	01-Jan-1970	502
12087075	2012-2013	01-Jan-1970	462
12087080	2012-2013	01-Jan-1970	502
12087082	2012-2013	01-Jan-1970	502
12087087	2012-2013	01-Jan-1970	502
12087088	2012-2013	01-Jan-1970	502
12087089	2012-2013	01-Jan-1970	502
12087093	2012-2013	01-Jan-1970	502
12087120	2012-2013	01-Jan-1970	502
12087127	2012-2013	01-Jan-1970	502
10050164		01-Jan-1970	558

Assessment Number	Financial Year	Quarter	Demand raised (in ₹)
12087129	2012-2013	01-Jan-1970	502
12087130	2012-2013	01-Jan-1970	502
12087136	2012-2013	01-Jan-1970	502
12087141	2012-2013	01-Jan-1970	502
12087142	2012-2013	01-Jan-1970	502
12087144	2012-2013	01-Jan-1970	502
12087147	2012-2013	01-Jan-1970	502
12087157	2012-2013	01-Jan-1970	502
12087159	2012-2013	01-Jan-1970	502
12087160	2012-2013	01-Jan-1970	502
12087164	2012-2013	01-Jan-1970	502
12087168	2012-2013	01-Jan-1970	502
12087170	2012-2013	01-Jan-1970	502
12087180	2012-2013	01-Jan-1970	502
12087186	2012-2013	01-Jan-1970	502
12087188	2012-2013	01-Jan-1970	502
12087189	2012-2013	01-Jan-1970	502
12087190	2012-2013	01-Jan-1970	502
12087191	2012-2013	01-Jan-1970	502
12087192	2012-2013	01-Jan-1970	502
12087193	2012-2013	01-Jan-1970	502
12087195	2012-2013	01-Jan-1970	502
12087203	2012-2013	01-Jan-1970	502
12087204	2012-2013	01-Jan-1970	502
12087205	2012-2013	01-Jan-1970	502
12087206	2012-2013	01-Jan-1970	502
12087207	2012-2013	01-Jan-1970	502
12087209	2012-2013	01-Jan-1970	502
12087213	2012-2013	01-Jan-1970	502
12087214	2012-2013	01-Jan-1970	502
12087219	2012-2013	01-Jan-1970	502
12087220	2012-2013	01-Jan-1970	502
12087235	2012-2013	01-Jan-1970	502
12087249	2012-2013	01-Jan-1970	502
12087255	2012-2013	01-Jan-1970	502
12087262	2012-2013	01-Jan-1970	502
12087271	2012-2013	01-Jan-1970	502
12087273	2012-2013	01-Jan-1970	502
12087278	2012-2013	01-Jan-1970	502
12087279	2012-2013	01-Jan-1970	502
12087283	2012-2013	01-Jan-1970	502
12087284	2012-2013	01-Jan-1970	502
12087303	2012-2013	01-Jan-1970	512
12087304	2012-2013	01-Jan-1970	512
12087305	2012-2013	01-Jan-1970	502
12087312	2012-2013	01-Jan-1970	462
12087316	2012-2013	01-Jan-1970	502
12087320	2012-2013	01-Jan-1970	502
12087332	2012-2013	01-Jan-1970	502

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Assessment Number	Financial Year	Quarter	Demand raised (in ₹)
12088074	2012-2013	01-Jan-1970	502
12088096	2012-2013	01-Jan-1970	502
12088673	2012-2013	01-Jan-1970	502
12088688	2012-2013	01-Jan-1970	462
12088689	2012-2013	01-Jan-1970	462
12088705	2012-2013	01-Jan-1970	462
12250062	2012-2013	01-Jan-1970	502
13015005	2012-2013	01-Jan-1970	532
13064963		01-Jan-1970	528
13065193	2012-2013	01-Jan-1970	786
13066851	2012-2013	01-Jan-1970	2592
13066896		01-Jan-1970	528
13074740		01-Jan-1970	528
13084068	2012-2013	01-Jan-1970	532
13087031	2012-2013	01-Jan-1970	532
13087038	2012-2013	01-Jan-1970	532
13087042	2012-2013	01-Jan-1970	532
13087063	2012-2013	01-Jan-1970	532
13087105	2012-2013	01-Jan-1970	532
13087112	2012-2013	01-Jan-1970	532
13087115	2012-2013	01-Jan-1970	532
13087143	2012-2013	01-Jan-1970	532
13087155	2012-2013	01-Jan-1970	532
13087156	2012-2013	01-Jan-1970	532
13087161	2012-2013	01-Jan-1970	502
13087165	2012-2013	01-Jan-1970	532
13087173	2012-2013	01-Jan-1970	532
13087175	2012-2013	01-Jan-1970	532
13087179	2012-2013	01-Jan-1970	532
13087181	2012-2013	01-Jan-1970	532
13087196	2012-2013	01-Jan-1970	532
13087200	2012-2013	01-Jan-1970	532
13087237	2012-2013	01-Jan-1970	532
13087256	2012-2013	01-Jan-1970	532
13087257	2012-2013	01-Jan-1970	532
13087259	2012-2013	01-Jan-1970	512
13087285	2012-2013	01-Jan-1970	502
13087314	2012-2013	01-Jan-1970	502
13087322	2012-2013	01-Jan-1970	532
13087323	2012-2013	01-Jan-1970	532
13087336	2012-2013	01-Jan-1970	532
13087337	2012-2013	01-Jan-1970	502
13087546	2012-2013	01-Jan-1970	532
13250061	2012-2013	01-Jan-1970	532

Appendix 3.5

(Reference : Paragraph 3.1.9.2(ii); Page 42)

Loss of revenue due to incorrect calculation of demand

Year	Zone No./Ward No.	Demand undercharged (in ₹)
2009-10	Zone – I - 1-15	5,58,398
	Zone – II - 16-30	6,59,325
	Zone – III - 31-45	3,62,399
	Zone – IV - 46-60	95,070
	Total	16,75,192
2010-11	Zone – I - 1-15	4,64,691
	Zone – II - 16-30	5,45,639
	Zone – III - 31-45	3,47,630
	Zone – IV - 46-60	99,349
	Total	14,57,309
2011-12	Zone – I - 1-15	4,75,700
	Zone – II - 16-30	5,61,710
	Zone – III - 31-45	3,78,230
	Zone – IV - 46-60	95,340
	Total	15,10,980
2012-13	Zone – I - 1-15	6,17,331
	Zone – II - 16-30	8,83,328
	Zone – III - 31-45	5,91,898
	Zone – IV - 46-60	5,10,435
	Total	26,02,992
	Grand Total	72,46,473

Appendix 3.6

(Reference : Paragraph 3.2.4; Page 44)

Position of OSR land

Sl. No.	Description of Local bodies	Total No. of cases of OSR land	Total area in sq.m.	Total No. of cases reviewed	Cases in which gift deeds were not received		Cases in which pattas were not transferred though gift deeds were received		Cases in which OSR land not developed/ maintained	
					No. of cases	Extent in sq.m.	No. of cases	Extent in sq.m.	No. of cases	Extent in sq.m.
1.	Corporation of Chennai	208	6,74,972	103	Nil	Nil	103	3,07,830	65	2,37,672
2.	Municipalities	260	5,91,842	260	8	10,959	177	5,78,238	165	4,83,338
					73	N.A				
3.	Town Panchayats	219	5,20,181	219	6	4,738	198	4,83,845	201	4,90,674
Total		687	17,86,995	582	87	15,697	478	13,69,913	431	12,11,684

N.A: Details not available

(Source : Details furnished by the Corporation of Chennai, CMDA and the test-checked Municipalities and Town Panchayats)

Appendix 3.7

(Reference : Paragraph 3.2.4; Page 44)

Details of OSR land not developed/maintained

Sl. No.	OSR land not developed/ maintained due to	No. of cases	Area in sq.m.	Value (₹ in crore)
1.	Illegal occupation	1	4,380	21.20
2.	Sale and construction in OSR land	6	5,136	3.80
3.	Improper use of OSR land	21	68,428	442.84
4.	Incorrect acceptance of OSR land	1	16,019	N.A
5.	Others	402	11,17,721	N.A
	Total	431	12,11,684	467.84

N.A: Details not available.

Appendix 5.1
(Reference : Paragraph 5.1.5.1(i); Page 61)

Inadequate provision of toilets

Sl. No.	Panchayat Union	Village	School	No. of students			Incinerators available Yes/No
				Boys	Girls	Total	
1	Ayothiapattinam	Veeranam	PUES, Veemanur	60	60	120	NA
2			PUES, Perumanur	31	48	79	NA
3			PUES, N.Thathanur	45	61	106	NA
4		M.Thathanur	PUES, Kuttakkadu	13	9	22	NA
5		M.Perumapalayam	PUES, M.Perumapalayam	23	17	40	NA
6		Udayapatti	PUES, Gundukkallur	76	82	158	NA
7			PUMS, Varagampadi	62	51	113	Y
8			PUES, Paraikkadu	47	76	123	NA
9		Anuppur	PUES, Pusaripatti	37	26	63	NA
10		A.N.Mangalam	PUES, S.N.Mangalam	41	60	101	NA
11		D.Perumapalayam	PUES, Karaikadu	10	15	25	NA
12		Vellalagundam	PUES, Vellalagundam	116	112	228	NA
13			PUES, Kamarajapuram	17	13	30	NA
14	Mecheri	Kuttapatti	PUES, Ellaikuttaiyur	8	9	17	NA
15			PUES, Kanakkupatti	9	15	24	NA
16			PUES, Kuttapatti	22	26	48	NA
17			PUES, Palakkanur	12	18	30	NA
18			PUES, Madhanaickenpatti	11	24	35	NA
19		Pallipatti	PUES, Kaminaickenpatti	22	17	39	NA
20			PUES, Kalandiyur	16	17	33	NA
21		Virudhasampatti	PUES, Kaliyur	6	10	16	NA
22			PUES, Kundrivalavu	5	18	23	NA
23			PUES, Palankottai	14	19	33	NA
24	M.Kallipatti	PUES, Pichaikaranur	13	16	29	NA	
25	Peddanaickenpalayam	Periyakalrayanmalai Mealnadu	PUES, Mannur	38	26	64	NA
26			PUES, Perandur	20	15	35	NA
27		Periyakalrayanmalai Keelnadu	PUES, Thalakkurai	21	13	34	NA
28			PUES, Pachadu	25	32	57	NA
29		Idayapatti	PUMS, Idayapatti	87	83	170	N
30			PUES, Neyyamalai	8	15	23	NA
31			PUES, Alangadai	11	12	23	NA
32		Periyakrishnapuram	PUES, R.K.Puram	37	40	77	NA

Sl. No.	Panchayat Union	Village	School	No. of students			Incinerators available- Yes/No
				Boys	Girls	Total	
33	Salem	Mallamooanpatti	PUES, Chittanur	45	61	106	NA
34			PUES, Ramagoundanur	56	49	105	NA
35		Erumpalayam	PUES, Neikuthiparai	43	43	86	NA
36		Thalavaipatti	PUES, Thalavaipatti	88	72	160	NA
37	Veerapandi	Rajapalayam	PUES, R.Pethampatti	8	6	14	NA
38		Perumampatti	PUMS, Kothanur	200	201	401	N
39		Maramangalathupatti	PUES, Maramangalathupatti	20	24	44	NA
40			PUMS, M.G.R Nagar	156	172	328	N
41		Veerapandi	PUMS, Veerapandi	50	58	108	N
42	Yercaud	Nagalur	PUMS, Muluvi	29	40	69	N
43			PUES, Karadiyur	14	14	28	NA
44		Maramangalam	PUMS, Maramangalam	47	43	90	N
45			PUES, Kottachedu	10	9	19	NA
46			PUES, Senthittu	9	9	18	NA
47			PUES, Kovilur	8	6	14	N
48			PUMS, Thappakadu	32	23	55	N
			Total			1,778	1,885

NA : Not applicable

Appendix 5.2
(Reference : Paragraph 5.1.5.3(i); Page 62)

Non-levy of penal charges for delayed execution of work

Sl. No.	Name of the Village Panchayat	Name of the work	Estimate Value (in ₹)	Work order No. and date	Due date of completion	Actual Date of completion	Delay (in days)	Penalty to be levied (at 10 per cent of estimate cost) (in ₹)	Agreement Date
Ayothiappattinam Panchayat Union 2011-12									
1.	Veeranam	Construction of new borewell at PUE School, Narayanathathanur	2,00,000	180/12/A2, 01.02.13	03.03.13	29.07.13	148	20,000	29.07.13
2.	Masinaickenpatty	Repair to school toilet at PUE School, Kasi Nagar	64,000	620/12/A2, 31.07.12	30.08.12	03.01.13	126	6,400	10.01.13
3.	Perumapalayam	Repair to school toilet at PUE School, Selliyamman Nagar	53,000	620/12/A2, 31.07.12	30.08.12	22.12.12	114	5,300	20.11.12
4.	Maisnaickenpatty	Repair to school toilet at PUE School, Ramakrishnapuram	38,000	620/12/A2, 31.07.12	30.08.12	07.01.13	130	3,800	10.01.13
5.	M.Perumapalayam	Repair to school toilet at PUE School, M.perumapalayam	36,200	620/12/A2, 31.07.12	30.08.12	12.12.12	104	3,620	20.11.12
Ayothiappattinam Panchayat Union 2012-13									
6.	Valasaiyur	Repair to school building at PUE School, Valasaiyur	1,37,000	2077/12/A2, 18.10.12	02.11.12	27.03.13	145	13,700	05.04.13
7.	D.Perumapalayam	Repair to school building at PUE School, D.Perumapalayam	1,33,000	2077/12/A2, 18.10.12	02.11.12	24.04.13	173	13,300	25.02.13
8.	D.Perumapalayam	Repair to school building at PUE School, D.Perumapalayam	1,27,000	2077/12/A2, 18.10.12	02.11.12	27.02.13	117	12,700	25.02.13
9.	Minnampalli	Repair to school building at PUE School, Minnampalli North Side	1,04,000	2077/12/A2, 18.10.12	02.11.12	20.03.13	138	10,400	04.02.13

Sl. No.	Name of the Village Panchayat	Name of the work	Estimate Value (in ₹)	Work order No. and date	Due date of completion	Actual Date of completion	Delay (in days)	Penalty to be levied (at 10 per cent of estimate cost) (in ₹)	Agreement Date
10.	A.N.Magalam	Repair to school toilet at PUE School, A.N.Magalam	94,500	2077/12/A2, 18.10.12	02.11.12	12.04.13	161	9,450	25.02.13
11.	Anuppur	Repair to school toilet at PUE School, Anuppur	92,500	2077/12/A2, 18.10.12	02.11.12	08.04.13	157	9,250	19.03.13
12.	Minnampalli	Repair to school building at PUE School, Minnampalli	80,000	2077/12/A2, 18.10.12	02.11.12	04.03.13	122	8,000	19.03.13
13.	Aladipatty	Repair to school toilet at PUES, Aladipatty (Chinnavelampatty)	78,000	2077/12/A2, 18.10.12	02.11.12	12.04.13	146	7,800	02.05.13
14.	A.N.Magalam	Repair to kitchen shed at PUE School, A.N.Magalam	72,000	2077/12/A2, 18.10.12	02.11.12	08.04.13	157	7,200	26.04.13
15.	Minnampalli	Repair to school toilet at PUE School, Selliyampalayam	72,000	2077/12/A2, 18.10.12	02.11.12	19.02.13	109	7,200	28.02.13
16.	Minnampalli	Repair to school building at PUE School, Selliyampalayam	70,000	2077/12/A2, 18.10.12	02.11.12	19.02.13	109	7,000	28.02.13
17.	A.N.Magalam	Repair to kitchen shed at PUE School, A.N.Magalam(Eripudur)	70,000	2077/2012/A2, 18.10.12	02.11.12	08.04.13	157	7,000	26.04.13
18.	Minnampalli	Repair to school building at PUE School, Selliyampalayam	66,000	2077/12/A2, 18.10.12	02.11.12	19.02.13	109	6,600	28.02.13
19.	D.Perumapalayam	Repair to school toilet at PUE School, D.Perumapalayam	64,000	2077/2012/A2, 18.10.12	02.11.12	28.02.13	118	6,400	19.03.13
20.	Anuppur	Repair to school toilet at PUM School, Melakkadu	57,000	2077/2012/A2, 18.10.12	02.11.12	08.04.13	157	5,700	19.03.13
21.	Aladipatty	Repair to school toilet at PUE School, Sirumalai	54,000	2077/12/A2, 18.10.12	02.11.12	04.03.13	122	5,400	08.03.13
22.	Minnampalli	Repair to school toilet at PUE School, Minnampalli	31,000	2077/2012/A2, 18.10.12	02.11.12	28.03.13	146	3,100	04.02.13

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Sl. No.	Name of the Village Panchayat	Name of the work	Estimate Value (in ₹)	Work order No. and date	Due date of completion	Actual Date of completion	Delay (in days)	Penalty to be levied (at 10 per cent of estimate cost) (in ₹)	Agreement Date
23.	D.Perumapalayam	Repair to school toilet at PUE School, Karaikadu	30,000	2077/12/A2, 18.10.12	02.11.12	01.03.13	119	3,000	19.03.13
24.	Minnampalli	Repair to kitchen shed at PUE School, Minnampalli	25,000	2077/12/A2, 18.10.12	02.11.12	19.02.13	109	2,500	04.03.13
Salem Panchayat Union 2012-13									
25.	Thirumalaigiri	Renovation of school Building at PUM school, Thirumalagiri	2,60,000	238/12/A2 29.10.12	28.12.12	13.06.13	167	26,000	20.06.13
26.	Mallamoopampatti	Repair to Kitchen shed at PUE school, Ramagoundanur, Mallamopampatti	1,00,000	238/12/A2 29.10.12	28.12.12	20.04.13	113	10,000	30.05.13
Veerapandi Panchayat Union 2011-12									
27.	Kalparapatti	Construction of kitchen shed at PUE School, Sevampalayam	2,00,000	279/12/A2 24.08.12	23.09.12	24.03.13	182	20,000	26.04.13
28.	Perumampatty	Repair to kitchen shed of PUE School, Perumampatty	32,000	270/12/A2 24.08.12	23.09.12	30.04.13	219	3,200	03.05.13
29.	Perumampatty	Repairs to school toilet at PUM school, Kothanur	30,000	279/12/A2 24.08.12	23.09.12	18.04.13	207	3,000	03.05.13
30.	Perumampatty	Repair to school Building of PUE School, Kothanur	25,000	279/12/A2 24.08.12	23.09.12	30.04.13	219	2,500	03.05.13
Veerapandi Panchayat Union 2012-13									
31.	Chennagiri	Construction of Compound wall at PUMS, Irusanampatti	10,42,000	2454/12/A2 19.12.12	08.01.13	13.06.13	146	1,04,200	13.03.13
32.	Inambiroji	Construction of compound wall at PUE School, Palagan Theru	3,58,000	2454/12/A2 11.10.12	10.11.12	27.02.13	109	35,800	28.02.13
33.	Periyaseeragapadi	Construction of compound wall at PUE School, Pothiyan Theru	2,65,000	2454/12/A2 11.10.12	10.11.12	19.04.13	160	26,500	30.04.13

Sl. No.	Name of the Village Panchayat	Name of the work	Estimate Value (in ₹)	Work order No. and date	Due date of completion	Actual Date of completion	Delay (in days)	Penalty to be levied (at 10 per cent of estimate cost) (in ₹)	Agreement Date
34.	Veerapandi	Construction of compound wall at PUE School, JJ Nagar	2,60,000	2454/12/A2 11.10.12	10.11.12	05.04.13	146	26,000	09.04.13
35.	Maramangalathu-patty	Construction of compound wall at PUE School, Ganapathipalayam	2,15,000	2454/12/A2 11.10.12	10.11.12	14.03.13	124	21,500	03.04.13
36.	Maramangalathu-patty	Construction of compound wall at PUM School, MGR Nagar	1,88,000	2454/12/A2 11.10.12	10.11.12	03.05.13	174	18,800	20.05.13
37.	Chennagiri	Repair to School building at PUM School, Irusanampatty	1,20,000	2454/12/A2 09.11.12	09.12.12	09.05.13	151	12,000	28.05.13
38.	Chennagiri	Repairs to school Toilet at PUM School, Irusanampatty	42,000	2454/12/A2 09.11.12	09.12.12	02.05.13	144	4,200	28.05.13
39.	Maramangalathu-patty	Repairs to school building(North) at PUMS, Chinnapoosaliur	36,000	2454/12/A2 09.11.12	09.12.12	31.05.13	173	3,600	05.08.13
40.	Maramangalathu-patty	Repairs to school Toilet at PUM School, MGR Nagar	31,000	2454/12/A2 09.11.12	09.12.12	05.04.13	117	3,100	20.05.13
41.	Chennagiri	Repairs to school Toilet at PUE School, Vedichipalayam	28,000	2454/12/A2 09.11.12	09.12.12	02.05.13	144	2,800	28.05.13
42.	Maramangalathu-patty	Repairs to School toilet at PUM School, Chinnapoosaliyur	28,000	2454/12/A2 09.11.12	09.12.12	02.04.13	114	2,800	20.05.13
43.	Chennagiri	Repairs to School Building of PUM School Irusanampatty	25,000	2454/12/A2 09.11.12	09.12.12	05.04.13	117	2,500	28.05.13
Total								5,13,320	

Appendix 5.3
(Reference: Paragraph 5.1.5.3(i); Page 62)

Details of non-specification of penal provision in the work order

Sl. No.	Name of the Village Panchayat	Name of the work	Estimate Value (in ₹)	Work order No. and date	Due date of completion	Actual Date of completion	Delay (in days)	Agreement Date
Mecheri Panchayat Union 2011-12								
1.	Pallipatti	Construction of school building at PU Middle School, Pallipatti	10,00,000	143/12/A2 02.08.12	30.10.12	28.05.13	210	25.02.13
2.	Kuttapatti	Repair to Kitchenshed at PUES, Ellakuttaiyur	32,000	143/12/A2 24.07.12	23.08.12	18.02.13	179	28.03.13
3.	Kuttapatti	Repair to School Toilet at PUES, Malayadipatti	27,000	143/12/A2 24.07.12	23.08.12	18.02.13	179	28.03.13
4.	Kuttapatti	Repair to School Toilet at PUES, Ellakuttaiyur	26,000	143/12/A2 24.07.12	23.08.12	18.02.13	179	28.03.13
Mecheri Panchayat Union 2012-13								
5.	Koonandiyur	Construction of compound wall at PUES, Konandiyur	2,30,000	1759/12/A2 19.10.12	03.12.12	14.03.13	101	18.03.13
6.	Virudasampatti	Providing new borewell at PUES, Virudasampatti	2,20,000	1759/12/A2 19.10.12	03.12.12	21.05.13	169	24.05.13
7.	Virudasampatti	Construction of compound wall at PUES, Mallappanur	2,10,000	1759/12/A2 19.10.12	03.12.12	28.03.13	115	28.03.13
8.	Virudasampatti	Construction of new kitchen shed at PUES, Palankottai	2,00,000	1759/12/A2 19.10.12	03.12.12	19.07.13	228	18.06.13
9.	M.Kalipatti	Construction of school toilet (Girls) at PUES, Amaradhanur	1,86,000	1759/12/A2 19.10.12	18.12.12	24.05.13	157	05.07.13
10.	Virudasampatti	Construction of school toilet (Boys) at PUES, Virudasampatti	1,77,000	275/12/A2 19.10.12	04.12.12	22.05.13	170	23.05.13
11.	M.Kalipatti	Construction of compound wall at PUES, Gugalpatti	38,000	1759/12/A2 19.10.12	18.11.12	03.04.13	136	22.04.13

Sl. No.	Name of the Village Panchayat	Name of the work	Estimate Value (in ₹)	Work order No. and date	Due date of completion	Actual Date of completion	Delay (in days)	Agreement Date
Peddanaickenpalayam Panchayat Union 2012-13								
12.	Periya-krishnapuram	Construction of new School building at PUE School, Mathur	8,40,000	255/12/A3 22.10.12	21.12.12	24.07.13	215	08.05.13
13.	Periya-krishnapuram	Construction of compound wall at PUE School, Mathur	3,50,000	255/12/A3 19.10.12	03.12.12	21.06.13	200	01.07.13
14.	Periya-krishnapuram	Construction of kitchen shed at PUE School, Mathur	2,00,000	255/12/A3 22.10.12	21.12.12	10.04.13	110	08.05.13
15.	Periya-krishnapuram	Constn of school toilet at PUE School, Mathur	1,86,000	255/12/A3 22.10.12	06.12.12	24.03.13	108	22.04.13
16.	Periya-krishnapuram	Construction of school toilet (Boys) at PUE School, Mathur	1,77,000	255/12/A3 22.10.12	20.11.12	29.03.13	128	22.04.13
17.	Thalavaipatti	Construction of new bore well at PUE School, Sundarapuram	1,60,000	255/12/A3 19.10.12	18.11.12	28.02.13	102	18.01.13
18.	Periya-krishnapuram	Construction of new bore well at PUE School, Mathur	1,55,000	255/12/A3 19.10.12	18.11.12	28.02.13	102	18.01.13
Yercaud Panchayat Union 2011-12								
19.	Nagalur	Construction of New School Building at PUES, Nagalur	14,00,000	1253/12/A2 28.08.12	27.10.12	13.06.13	229	No Agreement
20.	Maramangalam	Construction of New Kitchen Shed at PUES, Chinnamathur	2,50,000	1253/12/A2 15.10.12	14.12.12	14.06.13	182	No Agreement
21.	Maramangalam	Construction of New Kitchen Shed at PUES, Kombuthookki	2,50,000	1253/12/A2 15.10.12	14.12.12	14.06.13	182	No Agreement
22.	Maramangalam	Construction of New Bore well at PUES, Arangam	2,00,000	1253/12/A2 15.10.12	14.12.12	24.05.13	161	No Agreement

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Sl. No.	Name of the Village Panchayat	Name of the work	Estimate Value (in ₹)	Work order No. and date	Due date of completion	Actual Date of completion	Delay (in days)	Agreement Date
23.	Maramangalam	Construction of New Bore well at PUES, Chinnamathur	2,00,000	1253/12/A2 15.10.12	14.12.12	24.05.13	161	No Agreement
24.	Maramangalam	Construction of New Bore well at PUES, Kombuthookki	2,00,000	1253/2012/A2 15.10.12	14.12.12	24.05.13	161	No Agreement
25.	Maramangalam	Construction of New Bore well at PUES, Maramangalam	2,00,000	1253/12/A2 15.10.12	14.12.12	24.05.13	161	No Agreement
26.	Maramangalam	Construction of New Bore well at PUES, Pelakkadu	2,00,000	1253/12/A2 15.10.12	14.12.12	24.05.13	161	No Agreement
27.	Maramangalam	Construction of New Bore well at PUES, Senthittu	2,00,000	1253/12/A2 15.10.12	14.12.12	24.05.13	161	No Agreement
28.	Maramangalam	Construction of School Toilet (Girls) at PUES, Arangam	1,86,000	1253/12/A2 15.10.12	14.12.12	14.06.13	182	No Agreement
29.	Maramangalam	Construction of School Toilet (Girls) at PUES, Chinnamathur	1,86,000	1253/12/A2 15.10.12	14.12.12	14.06.13	182	No Agreement
30.	Maramangalam	Construction of School Toilet (Girls) at PUES, Keelaiyur	1,86,000	1253/12/A2 15.10.12	14.12.12	14.06.13	182	No Agreement
31.	Maramangalam	Construction of School Toilet (Girls) at PUES, Maramangalam	1,86,000	1253/12/A2 15.10.12	14.12.12	14.06.13	182	No Agreement
32.	Maramangalam	Construction of School Toilet (Girls) at PUES, Senthittu	1,86,000	1253/12/A2 15.10.12	14.12.12	14.06.13	182	No Agreement

Appendix 5.4

(Reference : Paragraph 5.2.1; Page 65)

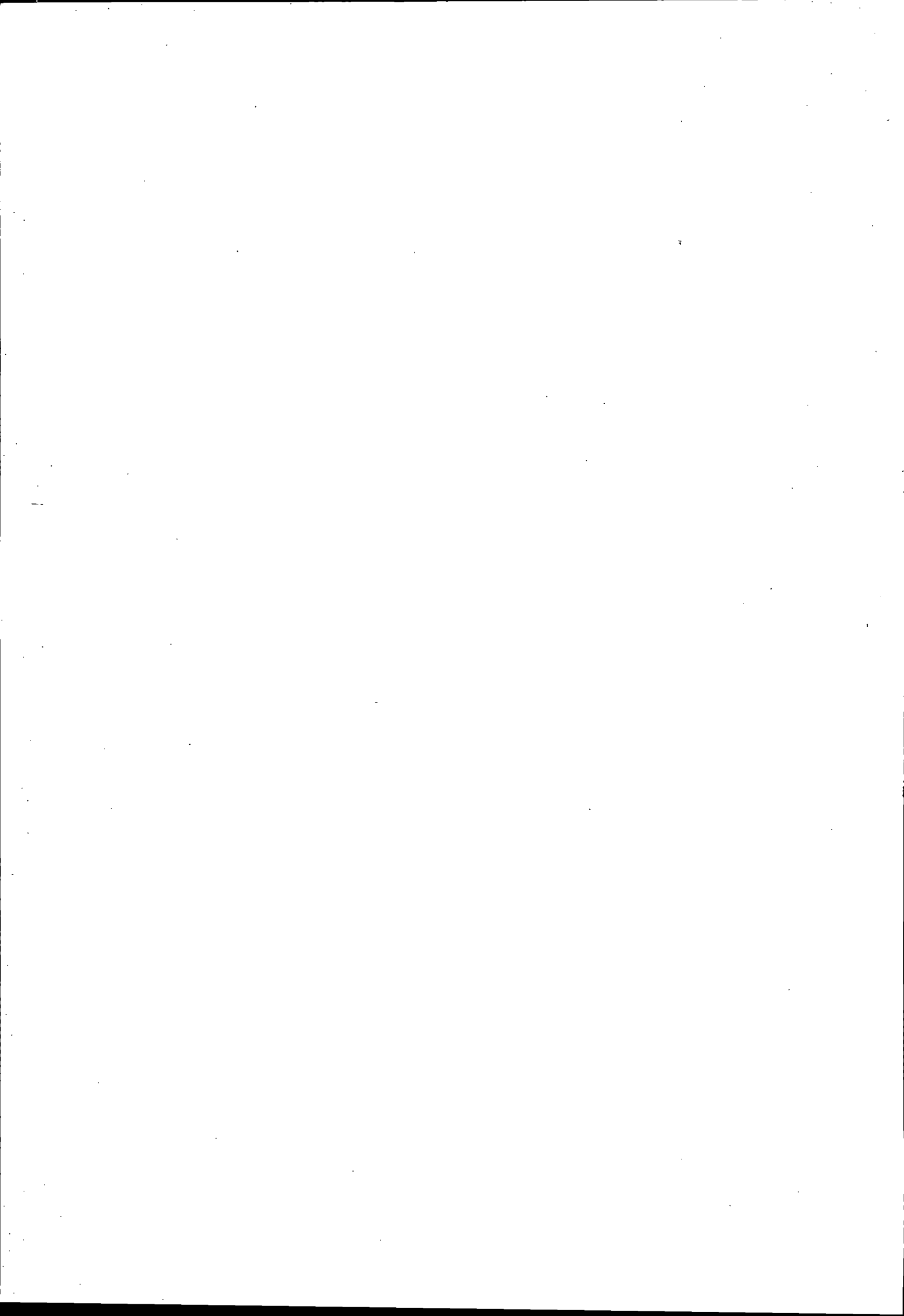
Unfruitful expenditure on installation of bio-mass gasifiers

Name of the Village Panchayat	Number of bio-mass gasifier installed	Cost of installation including civil works (in ₹)	Date of installation and date of commissioning
Belagondapalli	1	4,74,394	10.07.2005/29.03.2006
Chennasandiram	1	4,37,952	26.01.2006/26.01.2006
Jawalagiri	1	4,20,000	20.12.2005/20.12.2005
Kalugondapalli	1	4,74,394	18.07.2005/18.07.2005
Kudukottai	1	4,34,394	20.12.2005/20.12.2005
Nochipalli	1	4,84,394	29.03.2006/29.03.2006
Parandapalli	1	4,08,652	05.06.2005/05.06.2005
Zuzuwadi	1	4,33,315	22.07.2005/22.07.2005
Total		35,67,495	

List of abbreviations used in the Report

Abbreviations	Full form
APAMT	Anaithu Peruratchi Anna Marumalarchi Thittam
BDO (BP)	Block Development Officer (Block Panchayat)
CAAT	Computer Assisted Audit Techniques
CCMC Act	Coimbatore City Municipal Corporation Act, 1981
CFC	Central Finance Commission
CMA	Commissioner of Municipal Administration
CMDA	Chennai Metropolitan Development Authority
COBIT	Control Objectives in Information and Related Technology
CRDPR	Commissioner of Rural Development and Panchayat Raj
CSIDS	Comprehensive School Infrastructure Development Scheme
CSS	Centrally Sponsored Schemes
DBDO	Deputy Block Development Officer
DCB	Demand, Collection and Balance
DCR	Development Control Rules
DHLC	District High Level Committee
DLFA	Director of Local Fund Audit
DMC	Drainage Maintenance Charges
DPC	District Planning Committee
DPs	District Panchayats
DRDA	District Rural Development Agency
DTCP	Director of Town and Country Planning
DTP	Director of Town Panchayats
EPFO	Employees Provident Fund Organisation
FAS	Financial Accounting Software
GoI	Government of India
GoTN	Government of Tamil Nadu
HSCs	House Service Connections
IS	Information Systems
KL	kilolitre
kW	kilowatt
LPA	Local Planning Authority

MAWS	Municipal Administration and Water Supply
MNES	Ministry of Non-conventional Energy Sources
NHAI	National Highways Authority of India
NMAM	National Municipal Accounting Manual
NTADCL	New Tiruppur Area Development Corporation Limited
OSR	Open Space Reservation
PAC	Public Accounts Committee
PD	Project Director
PRIs	Panchayat Raj Institutions
PT	Property Tax
PUs	Panchayat Unions
RTA	Regional Transport Authority
SFC	State Finance Commission
SHLC	State High Level Committee
SQL	Structured Query Language
SSFC	Second State Finance Commission
TCMC	Tiruppur City Municipal Corporation
TEDA	Tamil Nadu Energy Development Agency
THAI	Tamil Nadu Village Habitations Improvement
TNUDP	Tamil Nadu Urban Development Project
TPPO Act	Tamil Nadu Parks, Playfields and Open Space (Preservation and Regulation) Act, 1959
TSFC	Third State Finance Commission
TTCP Act	Tamil Nadu Town and Country Planning Act, 1971
UEs	Union Engineers
UGD	Under Ground Drainage
ULBs	Urban Local Bodies
VLT	Vacant Land Tax
VPs	Village Panchayats
WAN	Wide Area Network



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