

# **The Annual Technical Inspection Report**

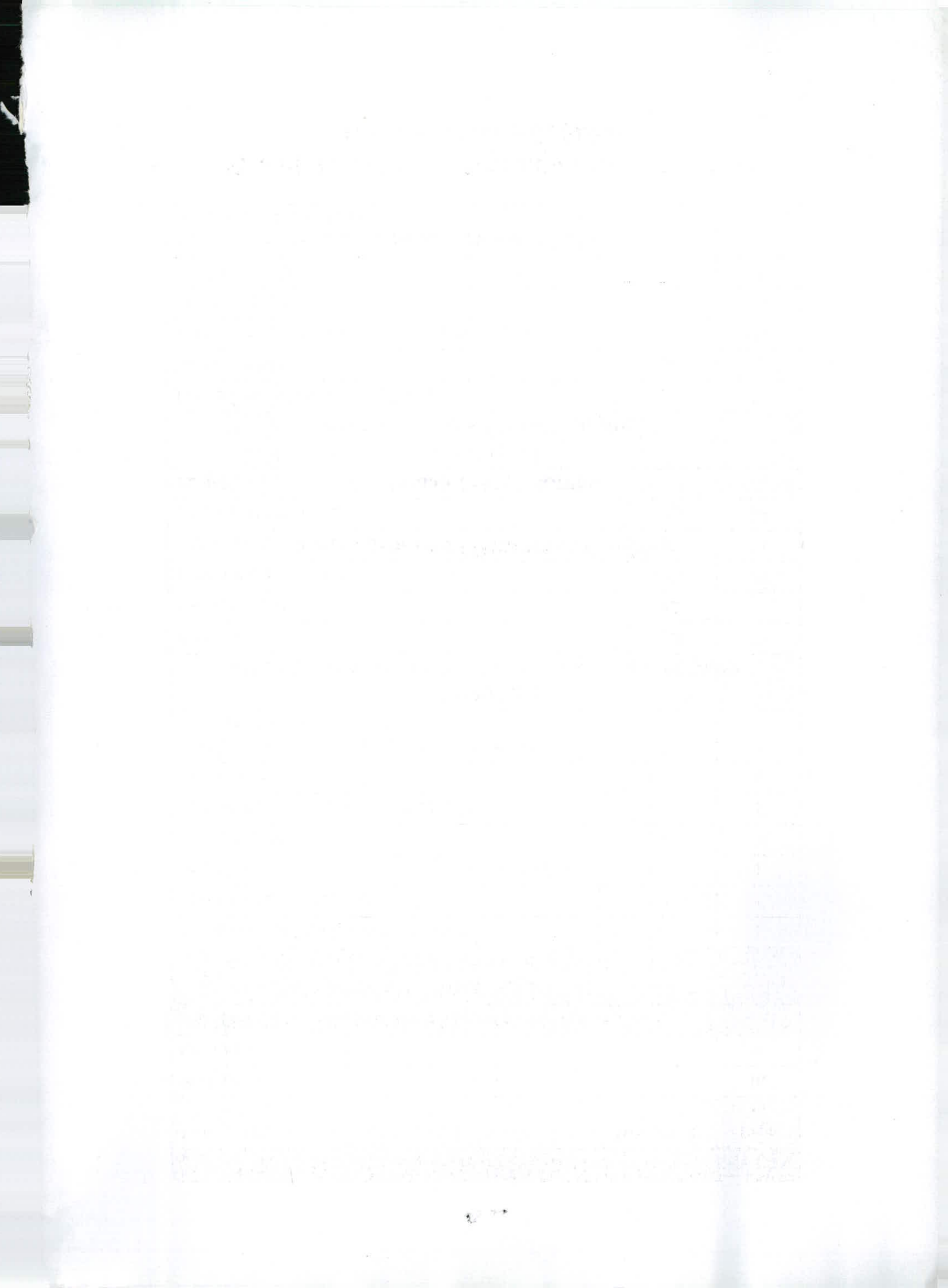
**on**

**Panchayati Raj Institutions and Urban Local Bodies  
for the year ended 31 March 2014**

Presented in the H.P. Vidhan  
Sabha on .....  
31 AUG 2015

**Government of Himachal Pradesh**

**Office of the Principal Accountant General (Audit),  
Himachal Pradesh, Shimla**



<b>TABLE OF CONTENTS</b>		
<b>Particulars</b>	<b>Paragraph</b>	<b>Page No.</b>
<b>Preface</b>		<b>iii</b>
<b>Overview</b>		<b>v</b>
<b>PART-A PANCHAYATI RAJ INSTITUTIONS</b>		
<b>CHAPTER-1</b>		
<b>PROFILE OF PANCHAYATI RAJ INSTITUTIONS</b>		
Background of Panchayati Raj Institutions	1.1	1
Audit mandate of the CAG	1.2	1
Organisational structure of Panchayati Raj Institutions	1.3	1
Financial profile	1.4	3
Accounting system in Panchayati Raj Institutions	1.5	5
Audit coverage	1.6	6
Financial reporting and accountability framework of PRIs (internal control system)	1.7	6
<b>CHAPTER-2</b>		
<b>RESULTS OF AUDIT OF PANCHAYATI RAJ INSTITUTIONS</b>		
Revenue	2.1	11
Blocking of funds	2.2	12
Doubtful deployments	2.3	13
Implementation of MGNREGS	2.4	13
Non-utilisation of asset	2.5	14
<b>Part-B URBAN LOCAL BODIES</b>		
<b>CHAPTER-3</b>		
<b>PROFILE OF URBAN LOCAL BODIES</b>		
Background of Urban Local Bodies	3.1	15
Audit mandate	3.2	15
Organisational structure of Urban Local Bodies	3.3	15
Financial profile	3.4	17
Audit coverage	3.5	19
Financial reporting and accounting framework of ULBs (internal control system)	3.6	19

<b>CHAPTER-4</b>		
<b>RESULTS OF AUDIT OF URBAN LOCAL BODIES</b>		
Revenue	4.1	23
Blocking of funds	4.2	26
Unfruitful expenditure	4.3	26
Injudicious expenditure	4.4	27
Non-utilisation of assets	4.5	27
Non-utilisation of funds	4.6	28

<b>APPENDICES</b>		
<b>Particulars</b>	<b>Appendix No.</b>	<b>Page No.</b>
Sanctioned strength and persons-in-position of PRIs	1	29
Audit coverage - Details of Panchayati Raj Institutions and Urban Local Bodies audited during 2013-14	2	30
Non-preparation of budget estimates	3	35
List of Panchayat Samities and Gram Panchayats who have not maintained records	4	36
Improper Maintenance of accounts of income from own resources and grant-in-aids	5	38
Non-reconciliation of difference between cash books with bank pass books	6	39
Non-accountal of material	7	42
Blocking of funds under 13 <sup>th</sup> Finance Commission	8	43
Blocking of funds due to non-start of works under 13 <sup>th</sup> Finance Commission	9	45
Non-recovery of house tax	10	46
Outstanding rent of shops	11	48
Blocking of funds due to non-start of works	12	49
Less expenditure on material components of works executed under MGNREGA	13	50
Delay in releasing payments under MGNREGA scheme	14	51
Sanctioned strength and persons-in-position of ULBs	15	52
Statement of budget estimates and actual expenditure of ULBs	16	54
Statement showing cases where cash book shows less balance than bank pass book	17	57
Outstanding house tax	18	58
Non-realisation of rent from shops/stalls	19	59

## PREFACE

1. The Annual Technical Inspection Report (ATIR) has been prepared for submission to the State Government to be placed before the State Legislature of Himachal Pradesh in accordance with the terms and conditions of Technical Guidance and Support (TGS) to the audit of Panchayati Raj Institutions (PRIs) and Urban Local Bodies (ULBs) as entrusted by the Government of Himachal Pradesh to the Comptroller and Auditor General (CAG) of India under section 20(1) of CAG's DPC Act, 1971.
2. The Report contains four chapters. Chapter-I and Chapter III contain overview of PRIs and ULBs and the comments on financial reporting. Chapter II and Chapter IV contain findings emerging from transaction audits of PRIs and ULBs respectively.
3. The cases mentioned in this Report are consolidation of major audit findings arising out of audit of accounts of 148 PRIs (10 Zila Parishads, 20 Panchayat Samities and 118 Gram Panchayats) and 17 ULBs (one Municipal Corporation, nine Municipal Councils and seven Nagar Panchayats) conducted during the year 2013-14.



# **OVERVIEW**

### **Profile of Urban Local Bodies (ULBs)**

There is one Municipal Corporation, 25 Municipal Councils (MCs) and 24 Nagar Panchayats (NPs) in the State. The 74<sup>th</sup> Constitutional amendment paved way for decentralisation of power and transfer of 18 functions listed in the 12<sup>th</sup> Schedule of the constitution along with funds and functionaries to the Urban Local Bodies (ULBs). Though all the 18 functions stand transferred to ULBs, yet funds and functionaries remains to be transferred to the ULBs. The State Government has not made any provision in the Acts/ Rules for certification of accounts by an independent agency. Test-check of the records of one Municipal Corporation, nine Municipal Councils and seven Nagar Panchayats conducted during 2013-14 showed financial reporting issues viz. (a) non- certification of accounts, (b) non-preparation of budget estimates in a realistic manner, (c) financial irregularity such as non-accountal of cash through cash book, (d) non-reconciliation of figures between cash books and bank pass books.

**(Chapter 3)**

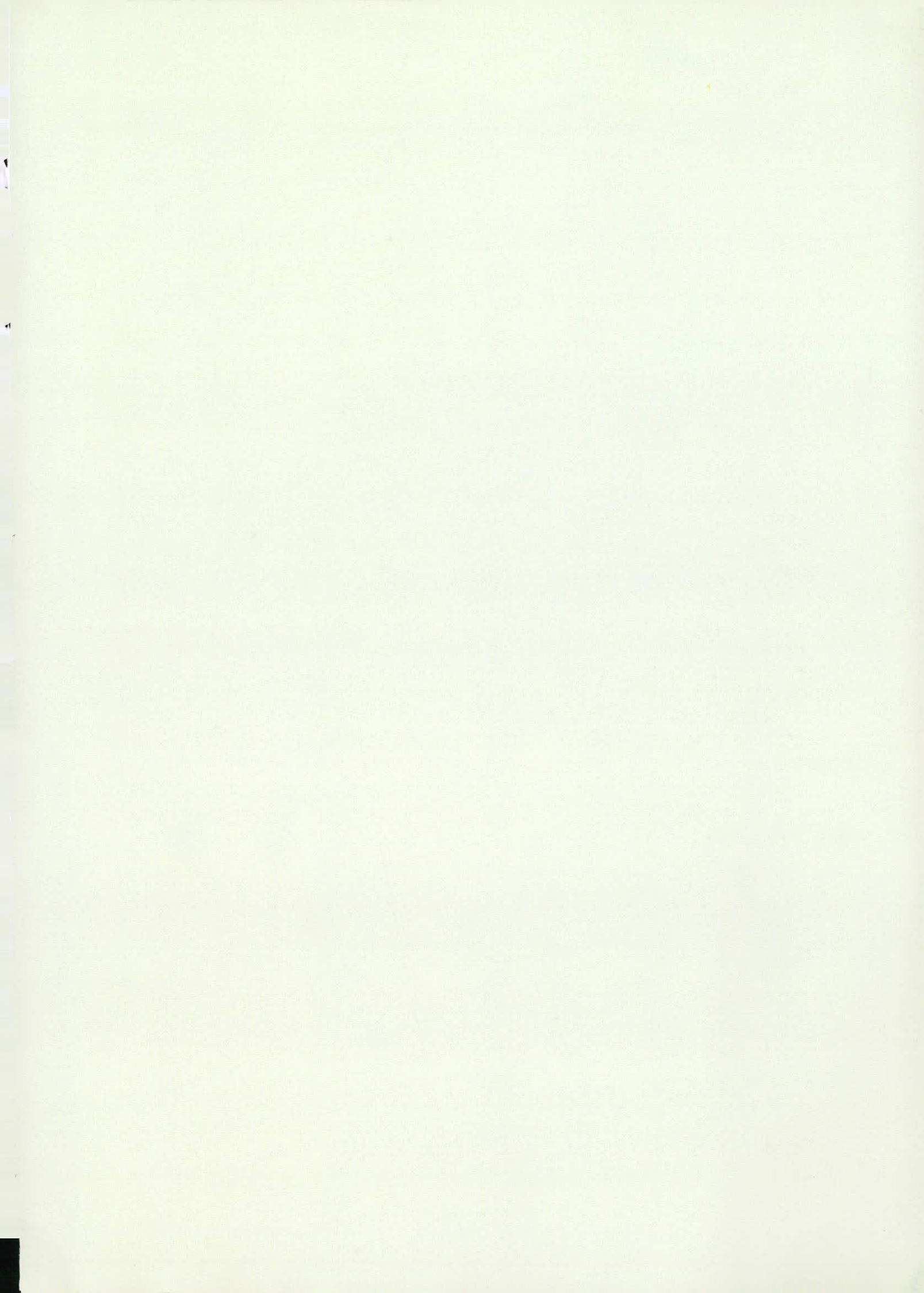
### **Results of audit of Urban Local Bodies**

Non-revision of rates of house tax by Nagar Panchayat, Banjar and Municipal Council, Rampur as per recommendations of State Finance Commission resulted in loss of revenue of ₹ 78.06 lakh. Further, due to ineffective monitoring, revenue of ₹ 3.68 crore on account of house tax in six Urban Local Bodies remained outstanding. Eleven ULBs failed to realise the rent of shops/ building/ booths amounting to ₹ 2.25 crore from the concerned allottees. Failure to realise the installation/ renewal charges of mobile towers by nine ULBs resulted in loss of revenue of ₹ 8.90 lakh. Municipal Council, Kullu did not recover the municipal share of dussehra income amounting to ₹ 60.53 lakh. Municipal Council, Solan failed to execute the works under Integrated Housing and Slum Development Programme resulting in blocking of ₹ 79.85 lakh. Municipal Council, Chamba made injudicious outsourcing of sweeping and garbage collection work resulting in loss of ₹ 41.71 lakh. Municipal Council, Kullu misutilised Rehan Basera building by putting it to commercial use and also did not utilise government funds amounting to ₹ 1.24 crore due to non-execution of works.

**(Chapter 4)**



**CHAPTER-1**  
**PROFILE OF PANCHAYATI RAJ**  
**INSTITUTIONS**



## CHAPTER 1

### PROFILE OF PANCHAYATI RAJ INSTITUTIONS

#### 1.1 Background of Panchayati Raj Institutions

The 73<sup>rd</sup> Constitutional amendment gave a Constitutional status to the Panchayati Raj Institutions (PRIs) and established a system of uniform structure, regular elections and regular flow of funds through Finance Commissions. As a follow up, the states were required to entrust these bodies with such powers, functions and responsibilities so as to enable them to function as institutions of local self government. In particular, the PRIs were required to prepare plans and implement schemes for economic development and social justice including those functions listed in the eleventh schedule of the Constitution. All the 29 functions listed in 11<sup>th</sup> Schedule of the constitution were devolved to the PRIs. However, funds were not being devolved by the departments. The Director, Panchayati Raj stated (August 2014) that the line departments have assigned functions but the matching funds and functionaries have not been provided to the PRIs despite various requests.

The State Government enacted the Himachal Pradesh Panchayati Raj Act, 1994 and framed the Himachal Pradesh Panchayati Raj (General) Rules, 1997 and the Himachal Pradesh Panchayati Raj (Finance, Budget, Accounts, Audit, Works, Taxation and Allowances) Rules, 2002 to enable these institutions to work as a third tier of the government. Accounting structure as prescribed by the Comptroller and Auditor General of India and Ministry of Panchayati Raj (MOPR), Government of India (GOI) in 2009 has been adopted by the State Government and annual accounts (receipts and expenditure) are being maintained by the PRIs accordingly.

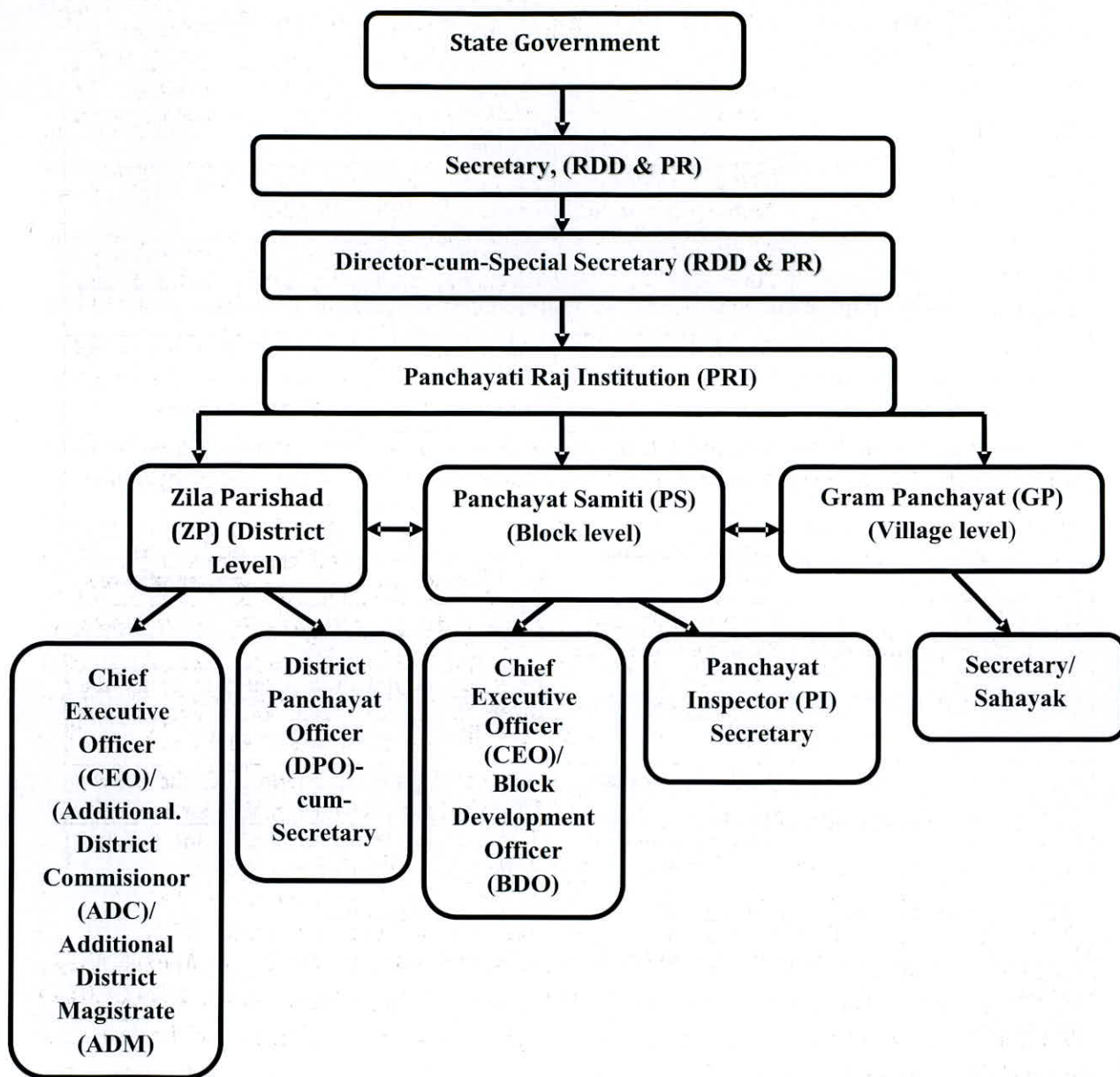
#### 1.2 Audit mandate of CAG

In Himachal Pradesh, audit of Panchayati Raj Institutions (PRIs) is being conducted by the audit wing of the Director, Panchayati Raj Department. The State Government has entrusted (March 2011) audit of PRIs to the Comptroller and Auditor General of India (CAG) with the responsibility of providing Technical Guidance and Support under section 20(1) of the CAG's (DPC) Act, 1971. The results of audit are included in the Annual Technical Inspection Report (ATIR), which is to be placed before the State Legislature as per section 118 of the Himachal Pradesh Panchayati Raj Act, 1994.

#### 1.3 Organisational structure of Panchayati Raj Institutions

There are 12 Zila Parishad(ZPs), 77 panchayat Samitis(PSs) and 3243 Gram Panchayats(GPs) in the state. The chart given below depicts the organisational structure of the State Government, Panchayati Raj Department and the Panchayati Raj Institutions at the Zila Parishad (ZP), Panchayat Samiti (PS), and Gram Panchayat (GP) level:

### Organisational Set up



The chairperson of ZPs and PSs and the Pradhans of GPs are the elected members and head the ZPs, PSs and GPs, respectively. District level officers are required to attend the monthly meetings of ZPs to discuss the developmental activities.

#### 1.3.1 Standing committees

The various standing committees in PRIs and their role and responsibilities are given in **Table 1:**

Table 1: Roles and responsibilities of the standing committees

Level of PRIs	Standing committee headed by	Name of the standing committees	Role and responsibilities of the standing committee
Zila Parishad	Chairperson	General Standing Committee	Performs the functions relating to establishment matters, communications, buildings, etc.
		Finance, Audit and Planning Committee	Performs the functions relating to the finances of the Zila Parishad.
		Social Justice Committee	Performs the functions like promotion of education, economic, social, cultural and other interests of the SCs/ STs/ BCs.
		Education and Health Committee	Undertakes the planning of education in the district within the framework of the national policy and the national and state plans.
		Agriculture and Industries Committee	Performs the functions relating to agriculture production, animal husbandry, co-operation, village and cottage industries, etc.
Panchayat Samiti	Chairperson	General Standing Committee	Performs the functions relating to the establishment matters and communications,
		Finance, Audit and Planning Committee	Performs the functions relating to the finance of the Panchayat Samiti.
		Social Justice Committee	Performs the functions relating to promotion of education, economic, social, cultural and other interests of the SCs/STs/BCs, etc.
Gram Panchayat	Pradhan	Works Committee	All developmental works of the Gram Panchayats are executed by this committee.
		Budget Committee	Prepares the annual budget of the GP and submit the same to the Secretary

### 1.3.2 Institutional arrangements for implementation of schemes

The Panchayati Raj Institutions (PRIs) have technical and non-technical staff. Against 4873 sanctioned posts of various cadres, 264 posts were lying vacant as of March 2014 (Appendix-1).

Panchayat secretaries/ sahayaks are being imparted a basic training course of 47 days in Panchayati Raj Institutes. Besides, refresher courses including computer training are organized by the Department to upgrade their skills.

## 1.4 Financial profile

### 1.4.1 Fund flow to PRIs

#### Fund flow: Source and custody of funds in PRIs

The resource base of PRIs consists of State Finance Commission (SFC) grants, Central Finance Commission (CFC) grants, State Government grants and Central Government grants for maintenance/ development purposes and implementation of schemes. The funds allotted to the PRIs through different resources are kept in banks.

While Central and State grants are utilised by the PRIs for execution of central and state sponsored schemes as per the guidelines issued by GOI and State Government, the own receipts of PRIs are utilised for execution of schemes/works formulated by the PRIs. The fund flow arrangements for flagship schemes are given in **Table 2**

**Table 2: Fund flow arrangements in major centrally sponsored flagship schemes**

Sr. No.	Scheme	Fund flow Arrangements
1	Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGA)	GOI and State Government transfer their respective shares of MGNREGA funds in a bank account, called State Employment Guarantee Fund (SEGF) which is set outside the state accounts. Commissioner, State Rural Employment Guarantee is the custodian of SEGF and authorises onward transfer of funds to ZPs, PSs and GPs.
2	Indira Awas Yojana (IAY)	The Indira Awas Yojana is a centrally sponsored scheme, funded on cost-sharing basis between the GOI and the State Government in the ratio of 75:25. Funds are transferred by Ministry of Rural Development (MoRD), GOI to District Rural Development Agencies (DRDAs), who are the custodian of these funds. The DRDAs release the funds to BDOs and BDOs to GPs. Further, GPs transfer funds directly to the beneficiaries' accounts in two instalments. Second instalment is released after construction reaches the lintel level.
3	Integrated Wasteland Development Programme (IWDP)	The Intergrated Wasteland Development Programme is a centrally sponsored scheme, funded on cost-sharing basis between the GOI and the State Government in the ratio of 5500:500 per hectare. Funds are released by District Rural Development Agency (DRDA) to watershed committee which opens an account in the bank. Flow of funds under this scheme is from GOI, Department of Land Resources to the DRDAs, DRDAs to Project Implementing Agencies (PIAs) and PIAs to watershed committees being the executing agencies.
4	Integrated Watershed Management Programme (IWMP)	The Nodal Ministry / Department of GOI would allocate the budgetary outlay for the projects among the States keeping in view the following criteria and past performance of the state (physical and financial) viz. unspent balance, outstanding utilisation certificates, percentages of completed projects out of total projects etc except in those schemes where States have flexibility to allocate funds between watershed and other schemes. The State level nodal agencies will distribute funds to the districts keeping in view the following criteria:- (i) District level perspective and strategic plans in watershed based development projects. (ii) Percentage of rainfed area in the district to the total cultivated area of the state. (iii) Percentage of wastelands/ degraded lands/ panchayat lands in the district to the total geographical area of the state. Under this scheme, funds are shared in the ratio of 90:10 among the Centre and the State.
5	Total Sanitation Campaign (TSC)	Under this scheme, funds are shared in the ratio of 60:30:10 among the Centre, State and community, respectively. On receipt of funds from GOI, the same alongwith matching share is released to the district's account by the Rural Development Department (RDD). The community contribution, however, can be made by the Panchayat out of its own resources, from grants of the 13 <sup>th</sup> FC or from any other fund of the State duly permitted by it.

### 1.4.2 Resources: trends and composition

The resources of PRIs for the period from 2009-10 to 2013-14 are detailed in **Table 3:**

**Table 3: Time series data on resources of PRIs**

(₹ in crore)					
Particulars	2009-10	2010-11	2011-12	2012-13	2013-14
Own Revenue	7.72	7.81	31.52	NA	NA
Grants from State Government	69.87	71.65	72.88	70.40	81.55
Grant from Central Government	58.57	82.79	113.15	131.16	202.07
GOI grants for CSS	505.29	818.56	735.20	488.57	163.68
State Government grants for state schemes	25.99	33.24	22.20	15.80	15.97
Other receipt	3.55	3.60	1.00	1.00	0.67
<b>Total</b>	<b>670.99</b>	<b>1017.65</b>	<b>975.95</b>	<b>706.93</b>	<b>463.94</b>

Source: Director, Panchayati Raj & RDD, Himachal Pradesh.

NA: Not available.

Note: Decrease in GOI grants for CSS is due to less demand of funds under MGNREGS by the State Government.

### 1.4.3 Application of resources: trends and composition

The application of resources of PRIs for the period from 2009-10 to 2013-14 are detailed in **Table 4:**

**Table 4: Application of resources sector-wise**

(₹ in crore)					
Particulars	2009-10	2010-11	2011-12	2012-13	2013-14
Expenditure from grants from the State Government and Central Government	128.44	154.44	187.02	202.52	284.29
Expenditure on CSS	643.58	594.89	591.35	544.51	161.86
Expenditure on State Schemes	25.24	32.18	21.49	16.26	14.31
<b>Total</b>	<b>797.26</b>	<b>781.51</b>	<b>799.86</b>	<b>763.29</b>	<b>460.46</b>

Source: Director, Panchayati Raj & RDD, Himachal Pradesh.

It was noticed that all funds transferred by the Panchayati Raj Department to PRIs have been shown as expenditure. The exact figure of expenditure incurred by the PRIs was not available with the Panchayati Raj Department.

## 1.5 Accounting system in PRIs

The PRIs maintain their accounts in the proforma, prescribed under Himachal Pradesh Panchayati Raj General Rules, 1997. Accounts of the Gram Panchayats are maintained by the Panchayat Secretary, appointed by the Director-cum-Special Secretary Panchayati Raj & Rural Development Department (P&RD) and Panchayat Sahayak, appointed on contract basis by the Executive Officer -cum -Block Development Officer. In the case of PSs, the accounts are maintained by the accountants of development blocks. Accounts of ZPs are maintained by government officials of the office of DPO-cum-Secretary, ZP. The accounts of the PRIs are not certified in the absence of any provision for certification of PRI accounts in the HP Panchayati Raj (General) Rules, 1997 and HP Panchayati Raj Rules, 2002.

The Eleventh Finance Commission (EFC) had recommended that the CAG must exercise control and supervision over maintenance of accounts of all the three tiers of PRIs. The CAG

and Ministry of Panchayati Raj (MOPR), GOI had recommended Model Accounting Structure for PRIs in 2009. The State Government had adopted (August 2012) software PRIASOFT developed by MOPR for maintaining the accounts of PRIs as per the Model Accounting Structure. Presently, the process of data upload is being carried out through this software.

### **1.6 Audit coverage**

The Principal Accountant General (Audit), Himachal Pradesh conducts the audit of PRIs with the responsibility of providing Technical Guidance and Support under Section 20(1) of the CAG's (DPC) Act, 1971. Audit of accounts of 10 ZPs (out of 12), 20 PSs (out of 77) and 118 GPs (out of 3,243) was conducted by Office of the Pr. Accountant General (Audit), Himachal Pradesh during 2013-14 (**Appendix-2**). Important audit findings are discussed in the following paragraphs.

### **1.7 Financial reporting and accountability framework of PRIs (internal control system)**

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

#### **1.7.1 Primary audit of PRIs**

The Local Audit Department (LAD) has been empowered to conduct the audit of PRIs as per amendment made in section 118 of the Himachal Pradesh Panchayati Raj (HPPR) Act, 1994. Audit of PRIs is not being conducted by the LAD due to shortage of staff in their Department. Sub-section (I) of section 118 of the HPPR Act, 1994 also provides that there will be a separate and independent internal audit agency under the control of the Director, Panchayati Raj to audit the accounts of PRIs with a view to have proper financial control on income and expenditure. The position of internal audit conducted by the Audit wing under Director, Panchayati Raj during April 2013 to March 2014 is given in **Table 5**:

**Table 5: Position of Internal Audit**

Name of Institution	Total units	No. of units planned for audit	No. of units audited	No. of units not audited	Percentage of short fall
Panchayat Samitis	77	47	35	12	25
Gram Panchayat	3243	1865	1505	360	19

Source: Director, PRI.

Audit also noticed that the Audit wing under Director, Panchayati Raj had not planned internal audit of any of the ZPs during 2013-14. The Director, PRI stated (August 2014) that



the internal audit of ZPs could not be conducted due to post of the Deputy Controller (Audit), two posts of District Audit Officers and eight posts of Panchayat Auditors lying vacant. The fact, however, remains that a large number of units remained unaudited during the year.

### 1.7.2 Non-preparation of budget estimates

Rule 37 and 38 of the HPPR Rules, 2002 provide that the annual budget estimates of GPs, PSs and ZPs showing the probable receipts and expenditure for the following year are required to be prepared and passed by the Gram Sabha, PS or ZP, as the case may be, by majority vote, before commencement of the next financial year.

It was observed that six PSs<sup>1</sup> and seven GPs<sup>2</sup> had not prepared the annual budget estimates during 2008-13. However, an expenditure of ₹15.59 crore<sup>3</sup> had been incurred by these PSs and GPs (**Appendix-3**) during the above period without approval of the estimates, which was contrary to the HPPR Rules, 2002.

While confirming the facts, the Executive Officers/ Secretaries concerned stated (May 2013-January 2014) that budget estimates could not be prepared due to rush of work and would be prepared timely in future.

### 1.7.3 Non-maintenance of registers

Rule 31 of HPPR Rules, 2002 stipulates that every PRI shall maintain important records, registers, forms, etc., as detailed in Rule 34 of HPPR (General) Rules 1997.

It was observed that in three PSs and 53 GPs test-checked during 2013-14 (**Appendix-4**) important registers like stock register, immovable property register, work register, muster roll register were not being maintained. Due to non-maintenance of the records, correctness of financial transactions could not be ascertained. The Executive Officers/ Secretaries concerned admitted the facts (May 2013-March 2014) and assured to maintain these records in future.

### 1.7.4 Improper maintenance of accounts of income from own resources and grant-in-aid/ loans

As per Rule 4 of HPPR Rules, 2002, every GP and PS is required to keep separate accounts of income from own resources and grant-in-aid and loans received for special purposes. While Account 'A' was to be maintained in the former case, Account 'B' was to be maintained in the later case.

It was noticed that in five PSs and 22 GPs (**Appendix-5**), the accounts were not maintained in the prescribed format and all the transactions were carried out through a single account in contravention of the rule *ibid* due to which the correctness of income from own resources and grant in aid/loans received could not be verified.

### 1.7.5 Preparation of bank reconciliation statements

Rule 15 (10) (b) of the HPPR Rules, 2002 provides that the reconciliation of any difference between the balances of cash book and bank accounts is required to be conducted every month. The difference, if any, shall be explained and accounted for in a foot note in the cash book.

<sup>1</sup> Bhawarna, Chamba, Hamirpur, Paonta Sahib, Sulah and Theog.

<sup>2</sup> Amarkot, Chandi, Charudi, Kandla, Tikkari, Tissa-II and Tundaha.

<sup>3</sup> PSs: ₹ 13.66 crore: GPs: ₹ 1.93 crore.

However, it was noticed that difference of ₹ 19.36 crore (**Appendix-6**) between cash books and pass books at the close of the year 2012-13 was not reconciled by 58 PRIs. The authenticity of accounts of these PRIs could not be ascertained in the absence of reconciliation with bank statements. The officers of the concerned PRIs stated (May 2013-March 2014) that the differences would be reconciled.

#### **1.7.6 Non-accounting of materials**

**Materials of ₹ 1.37 crore was not accounted for in the stock registers by the 25 PRIs.**

Under rule 69 of HPPR Rules, 2002, all stores when received are required to be examined, counted, measured or weighed, as the case may be, at the time of taking delivery and should be entered in the stock register immediately. A certificate to the effect is also required to be given at the end of the entries for each single day by the official incharge of stores authorised by the Gram Panchayat or Secretary of the Panchayat Samiti or the Zila Parishad, as the case may be, stating that the stores have been received in proper condition and according to specifications. In the event of stores found surplus the same should be indicated as additional receipt and shortages, if any, should be indicated in red ink. Further, rule 70 of the HPPR Rules, 2002 *ibid* stipulates that articles of stores shall be issued against proper indents.

In one ZP, one PS, 23 GPs, items of stores such as steel, timber, furniture, hardware items etc., purchased at a cost of ₹ 1.37 crore were not accounted for in stock registers (**Appendix-7**). In the event of non-accounting of these stores the possibility of pilferage/ loss cannot be ruled out. This was indicative of ineffective monitoring on the part of PRIs. In reply, the Executive Officers/ Secretaries of PRIs concerned stated (May 2013-March 2014) that the stores would be entered in the stock registers. The fact, however, remained that there was absence of proper check over maintenance of accounts by the PRIs concerned.

#### **1.7.7 Blocking of funds under 13<sup>th</sup> Finance Commission.**

**Funds of ₹ 22.51 crore remained unutilised under 13<sup>th</sup> Finance Commission in 70 PRIs on account of incomplete works and non-start of works.**

The funds are sanctioned under 13<sup>th</sup> Finance Commission (13<sup>th</sup> FC) to the PRIs for various developmental works with the condition that approved works shall be completed within a period of three months from the date of sanction.

(i) It was, however, noticed that in 58 PRIs against an amount of ₹ 76.68 crore received under 13<sup>th</sup> FC during 2010-13, an expenditure of ₹ 61.42 crore was incurred and the balance amount of ₹ 15.26 crore was lying unutilised as of October 2013 (**Appendix-8**) for which the Executive Officers/ Secretaries of concerned PRIs advanced no reasons. Thus, failure of PRIs to utilise the available funds within the stipulated period led to unnecessary blocking up of funds and denial of intended facilities to the beneficiaries.

(ii) It was further noticed that in 12 PRIs, 347 works having an estimated cost of ₹ 7.25 crore (Appendix-9) received under 13<sup>th</sup> FC during 2010-13 had not been taken up for execution as of March 2013 due to non-completion of codal formalities. Evidently, the entire amount remained blocked with the PRIs as of October 2013. The Executive Officers/ Secretaries of concerned PRIs stated (October 2013-January 2014) that works could not be taken up for execution due to non-receipt of land papers/ NOCs. The reply is not convincing as prior formalities for the start of work should have been completed before the sanction of funds.

### 1.7.8 Outstanding inspection reports

**Inadequate response to Audit findings and observations resulted in erosion of accountability.**

As a result of audit of PRIs under TGS, 1909 inspection reports (IR) containing 12,824 paras were issued by the office of Principal Accountant General (Audit), Himachal Pradesh to the concerned PRIs during 2008-14. Of these, three IRs and 238 paras were settled leaving 1906 IRs and 12,586 paras outstanding as of March 2014. The details are given in Table 6:

**Table 6: Outstanding inspection reports**

Sr. No.	Year of issue of Inspection Reports	(In numbers)									
		Outstanding IRs/ Paras as on 31 March 2014		Addition ( No. of IRs/ paras issued during the year)		Total		No. of IRs/ paras settled during 2013-14		No. of outstanding IRs/Paras as on 31 March 2014.	
		IRs	Paras	IRs	Paras	IRs	Paras	IRs	Paras	IRs	Paras
1.	Upto 2008-09	848	5083	--	--	848	5083	02	74	846	5009
2.	2009-10	336	2409	--	--	336	2409	--	55	336	2354
3.	2010-11	334	2367	--	--	334	2367	01	53	333	2314
4.	2011-12	126	1038	--	--	126	1038	--	45	126	993
5.	2012-13	116	903	01	5	117	908	--	11	117	897
6.	2013-14	--	--	148	1019	148	1019	--	--	148	1019
	<b>Total</b>	<b>1760</b>	<b>11800</b>	<b>149</b>	<b>1024</b>	<b>1909</b>	<b>12824</b>	<b>03</b>	<b>238</b>	<b>1906</b>	<b>12586</b>

Increasing trend of outstanding inspection reports and paras is indicative of non-compliance of audit observations which has resulted in erosion of accountability.

Audit findings were referred to Government in December 2014. The reply was awaited (May 2015).



**CHAPTER-2**  
**RESULTS OF THE AUDIT OF**  
**PANCHAYATI RAJ INSTITUTIONS**



## CHAPTER 2

### RESULTS OF AUDIT OF PANCHAYATI RAJ INSTITUTIONS

The deficiencies noticed in audit of Panchayati Raj Institutions conducted during 2013-14 are discussed in the succeeding paragraphs.

#### 2.1 Revenue

##### 2.1.1 Non-recovery of House Tax

**Seventy seven GPs did not realise house tax of ₹ 17.41 lakh.**

Rule 33 of HPPR Rules, 2002, provides that the secretary of the GP shall see that all revenues are correctly, promptly and regularly assessed, realised and credited to the accounts of the fund of the Panchayat concerned.

Audit noticed that in 77 GPs, house tax amounting to ₹ 17.41 lakh for the period 2012-13 was not recovered as of March 2014 (**Appendix-10**). This was indicative of an ineffective monitoring on the part of GPs which may result in loss of revenue, if not recovered. Moreover, the GPs had not taken any action to levy penalty on the defaulters for non-payment of house tax in terms of provisions contained in Section 114 of HP Panchayati Raj Act, 1994. The Secretaries of concerned GPs stated (May 2013-March 2014) that efforts would be made to recover the outstanding house tax.

##### 2.1.2 Outstanding rent

**Fifteen PRIs failed to realise rent of shops amounting to ₹ 35.40 lakh.**

The ZPs, PSs and GPs had been maintaining shops in their jurisdiction and these were rented out to the public on monthly rental basis.

Scrutiny of records showed that in 15 PRIs, an amount of ₹ 35.40 lakh<sup>4</sup> on account of rent of 113 shops was outstanding as of March 2014 (**Appendix-11**). This amount was outstanding with effect from 2000-01 to 2013-14. This indicated that the process of rent collection had not been given due attention by the PRIs. The concerned PRIs stated (June 2013-March 2014) that the notices had been served to the defaulters to deposit the outstanding rent immediately or else necessary steps would be taken to vacate the shops.

##### 2.1.3 Non-recovery of duty for installation of Mobile Towers

**Revenue of ₹ 3.12 lakh remained un-realised on account of installation/renewal charges of mobile towers in 20 GPs.**

The Government of Himachal Pradesh authorised (November 2006) the GPs to levy duty on installation of mobile communication towers at the rate of ₹ 4,000 per tower and collect annual renewal fee at the rate of ₹ 2,000 per tower, installed in their jurisdiction.

<sup>4</sup> ZP: ₹ 19.33 lakh, PSs: ₹ 12.94 lakh and GPs: ₹ 3.13 lakh.

In 20 GPs, 38 mobile towers were installed during 2005-14 in their jurisdiction but the installation/renewal charges of ₹ 3.12 lakh had not been recovered from the concerned mobile companies as of March 2014. This deprived the GPs of their due share of revenue. The concerned Secretaries of the GPs stated (May 2013-March 2014) that action would be taken to recover the dues shortly.

#### **2.1.4 Non-recovery of Labour Cess**

**Non-deduction of labour cess of ₹ 1.05 lakh from a contractor by the Zila Parishad Reckong Peo, was a violation of Cess Act, 1996.**

In compliance to the Building and other Construction Workers Welfare Cess Act, 1996, the State Government made rules (December 2008) to levy Cess at the rate of one *per cent* of the total cost of construction. Every establishment which employ 10 or more workers in any building or other construction works are liable to pay cess under the Cess Act except individual residential houses whose total cost of construction did not exceed ₹ 10 lakh.

Scrutiny of records (November 2013) of Zila Parishad Reckong Peo at Kinnaur showed that payment of ₹ 1.05 crore was made between July 2007 and March 2012 to a contractor for construction of Zila Parishad Bhawan at Reckong Peo. However, one *per cent* cess of ₹ 1.05 lakh was not deducted from the concerned contractor by the Zila Parishad. Non-deduction of cess was a violation of the Cess Act *ibid*, undue benefit to contractor and also resulted in non-remittance of ₹ 1.05 lakh to the Board for welfare measures of the construction workers. In reply, the Secretary, Zila Parishad stated (November 2013) that labour cess would be recovered from the concerned contractor and deposited in the account of the Board.

## **2.2 Blocking of funds**

### **2.2.1 Blocking of funds due to non-commencement of works**

**Funds of ₹ 74.02 lakh remained unutilised due to non-commencement of works by the PRIs.**

Scrutiny of records showed that in four PSs and 12 GPs (**Appendix-12**) ₹ 74.02 lakh was received between 2009-10 and 2012-13 for execution of 83 works under various schemes. However, no expenditure was incurred on execution of works as of March 2014. Thus, non-utilisation of funds for developmental works resulted in unnecessary blocking up of funds and the beneficiaries were also deprived of the intended benefits. The Executive Officers/ Secretaries of the PRIs concerned stated (May 2013-March 2014) that due to land dispute, litigations and limited working season, etc, works could not be started. The reply is not convincing as such issues should have been resolved before getting the works sanctioned and funds released from the funding agencies.

### **2.2.2 Blocking of Backward Region Grant Funds (BRGF)**

**Failure of the Zila Parishad Sirmaur to execute works under BRGF resulted in blocking of ₹ 2.46 crore.**

Paragraph 1.1 of BRGF stipulates that the grant funds shall provide financial resources for supplementing and converging existing development inflows in identified districts. Audit noticed (December 2013) that 56 works costing ₹ 2.46 crore were sanctioned by the Deputy Commissioner Sirmaur at Nahan under BRGF during 2009-13. The works were stipulated for



completion within 12 months from the date of sanction. However, these works were not taken up for execution by the concerned ZP/ GPs as of December 2013 even after the lapse of nine to 57 months from the date of sanction due to local disputes, non-availability of land, etc., thus, depriving the beneficiaries of the intended benefits of the scheme.

While confirming the facts, the Secretary Zila Parishad stated (December 2013) that executing agencies would be directed to start the works at the earliest.

### 2.2.3 Blocking of funds in Personal Ledger Account (PLA)

#### **Funds of ₹ 12.90 lakh earmarked for minor irrigation schemes remained un-utilised in Personal Ledger Accounts.**

The PSs had been maintaining Personal Ledger Account (PLA) for crediting the grants received from government for execution of minor irrigation and water supply schemes in rural areas. As per condition of sanctions, the funds are required to be drawn within one month and utilised within one year from the date of sanction.

Scrutiny of records showed that out of ₹ 14.96 lakh available with six PSs for execution of schemes during 2009-13, an expenditure of ₹ 2.06 lakh was incurred leaving an unspent balance of ₹ 12.90 lakh in PLA of these PSs as of March 2013. Non-utilisation of funds placed in PLA resulted in unnecessary blocking of funds and the beneficiaries were also deprived of the intended benefits of the schemes.

The concerned PRIs stated (May 2013-March 2014) that funds were not utilised due to slow progress of works reported by GPs and the un-utilised amount would be spent after getting the schemes approved by the elected House. The reply is not acceptable as funds deposited in PLAs were required to be utilised within one year from the date of sanction.

## 2.3 Doubtful deployments

### 2.3.1 Irregularities in payment to labourers

#### **Six GPs showed deployment of same labourers on different works in the same period.**

Scrutiny of records showed that in six GPs, same labourers were shown as deployed for different works on different muster rolls in the same period during 2005-11, resulting in doubtful deployment and double payment of wages of ₹ 0.69 lakh. The name of schemes/ works for which these muster rolls were issued had not been mentioned in most of the muster rolls, which was indicative of ineffective internal control mechanism. The concerned Secretaries of the GPs stated (June 2013-November 2013) that the matter would be investigated and action taken accordingly.

## 2.4 Implementation of Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS)

The main objective of the scheme is to enhance livelihood security in rural areas by providing at least 100 days of guaranteed wage employment in a financial year to every household whose adult members volunteer to do unskilled manual work. The funds relating to MGNREGS are being received by the GPs through District Rural Development Agencies (DRDAs) for implementation of Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA). Deficiencies noticed in implementation of the scheme during the course of audit of PRIs are discussed in the succeeding paragraphs.

#### 2.4.1 Non-maintenance of wage material ratio

**Eight GPs failed to adhere to the prescribed wage material ratio and accordingly made less provision of ₹ 33.47 lakh on material component.**

Para 7.4.1 of MGNREGA guidelines stipulates that ratio of wage cost to material cost should not be less than the minimum norm of 60:40. This ratio should be maintained at GP level for all works to be taken up by the GP and for works to be taken up by all other agencies it should be maintained at the Block/ intermediate Panchayat level. Audit noticed that in eight GPs, 352 works were got executed during 2009-14 at a total cost of ₹ 3.53 crore. Against the required expenditure of ₹ 1.41 crore to be incurred on material, the amount spent on material component was ₹ 1.08 crore. Thus, funds of ₹ 33.47 lakh (**Appendix-13**) were spent less on material component resulting in violation of *ibid* provision of MGNREGA guidelines. The Secretaries of concerned GPs attributed (August 2013- March 2014) that maintenance of prescribed ratio would be taken care of in future.

#### 2.4.2 Delay in release of labour payment

**Seven GPs delayed payment of wages of ₹ 35.15 lakh to labourers for periods ranging between five and 293 days.**

As per Para 8.3.1 of MGNREGS guidelines, workers were to be paid wages on a weekly basis and in any case not beyond a fortnight from the date on which work was done. In the case of delay beyond a fortnight, workers were entitled for compensation as per the provisions of 'Payment of Wages Act, 1936'. It was noticed in audit that seven GPs made payment of ₹ 35.15 lakh to the workers under MGNREGS after a delay ranging between five and 293 days (**Appendix-14**) which was contrary to the provisions of MGNREGS guidelines. No compensation was paid to the labourers for delayed payment. The Secretaries of the GPs concerned stated (May 2013-March 2014) that the delay in payment of wages occurred due to late receipt of funds from Block Development Officers. The reply is not acceptable as delay in payment of wages denied the beneficiaries of timely benefits.

#### 2.5 Non utilisation of Asset

**Zila Parishad Kangra did not utilise the shopping complex constructed at a cost of ₹ 62 lakh due to lack of basic amenities.**

Zila Parishad Kangra constructed (March 2012) a shopping complex at a cost of ₹ 62 lakh. Audit noticed that the shopping complex remained idle since completion (March 2012) due to non-providing of basic amenities such as electricity and water. While admitting the facts, Secretary ZP, Kangra stated (December 2013) that MC, Dharamshala had been approached to issue NOC so that the water and electricity connections could be provided by the concerned departments. The reply is not convincing as all such requirements should have been worked out well in advance so as to provide timely benefits to the intended beneficiaries. Thus, due to non-utilisation of shopping complex for the intended purpose the expenditure of ₹ 62 lakh on its construction had remained largely unfruitful.

Audit findings were referred to Government in December 2014. The reply was awaited (May 2015).

**CHAPTER-3**  
**PROFILE OF URBAN LOCAL BODIES**



## CHAPTER 3

### PROFILE OF URBAN LOCAL BODIES

#### 3.1 Background of Urban Local Bodies

The 74<sup>th</sup> Constitutional amendment paved the way for decentralization of power and transfer of 18 functions, listed in the twelfth schedule of the Constitution along with funds and functionaries to the Urban Local Bodies (ULBs). Though all the 18 functions stand transferred (August 1994) to ULBs except fire services, yet funds and functionaries remained to be transferred to the ULBs. To incorporate the provisions of the 74<sup>th</sup> Constitutional amendment, the Government of Himachal Pradesh (Local Self Government) enacted the Himachal Pradesh Municipal Corporation Act, 1994 and the Himachal Pradesh Municipal Act, 1994 for transferring the powers and responsibilities to the Urban Local Bodies. However, some obligatory and discretionary functions like maintenance of roads, streets, street lights, cleanliness etc. were being implemented by the ULBs prior to enactment of these Acts.

#### 3.2 Audit mandate

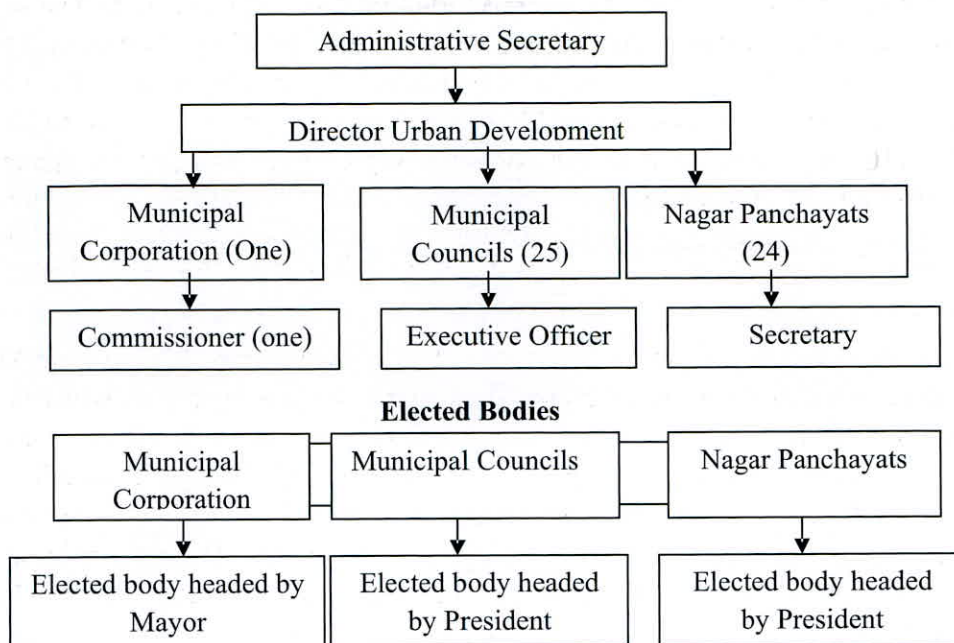
In Himachal Pradesh, audit of ULBs is being conducted by the Director, Local Audit Department. The State Government had entrusted (March 2011) audit of ULBs to CAG with the responsibility of providing Technical Guidance and Support under Section 20(1) of the CAG's DPC Act, 1971. The results of audit are included in this Report (ATIR).

#### 3.3 Organisational structure of Urban Local Bodies

There is one Municipal Corporation, 25 Municipal Councils (MCs) and 24 Nagar Panchayats (NPs) in the State.

The overall control of the ULBs rests with the Principal Secretary (Urban Development) to the Government of Himachal Pradesh through Director, Urban Development Department. The organisational set-up of Urban Local Bodies is as under:-

**Administrative set up of ULBs**



**3.3.1 Standing committees**

Various standing committees involved in financial matters and implementation of schemes are detailed in **Table 7:**

**Table 7: Roles and responsibilities of the standing committees**

Level of ULBs	Name of the standing committee	Standing committee headed by	Roles and responsibilities of the standing committee
Urban Local Bodies (ULBs)	General Standing Committee	Mayor in Municipal Corporation and President in Municipal Council/ Nagar Panchayat	Performs functions relating to the establishment matters, communications, buildings, urban housing and provision of relief against natural calamities, water supply and all residuary matters.
	Finance, Audit and Planning Committee		Performs functions relating to the finances of municipality, framing of budget, scrutinising prospects of increase of revenue, examination of receipts and expenditure statements, etc.
	Social Justice Committee	Deputy Mayor in Municipal Corporation and President in Municipal Council/ Nagar Panchayat	Performs functions relating to promotion of education and economic, social, cultural and other interests of SC&ST, backward classes, women and other weaker sections of the society.

### 3.3.2 Institutional arrangements for implementation of the schemes

In the Directorate of Urban Development, one Project Officer and two statistical assistants have been posted in the project section for overseeing implementation of various schemes by the ULBs. Against 3844 sanctioned posts, 668 posts (17 *per cent*) were lying vacant in various categories in the ULBs and 423 employees were in excess in some ULBs (MC Shimla: 410; NP Chuwari: two; NP Joginder Nagar: eight and NP Mehatpur: three) (Appendix-15) as on 1<sup>st</sup> January 2014.

### 3.4 Financial profile

#### 3.4.1. Fund flow to ULBs

For execution of various developmental works, the ULBs receive funds mainly from GOI and the State Government in the form of grants. GOI grants include grants assigned under the recommendations of the Central Finance Commission and grants for implementation of various schemes. The State Government grants are received through devolution of net proceeds of the total tax revenue on the recommendations of the State Finance Commission (SFC) and grants for implementation of state sponsored schemes. Besides, revenue is also mobilised by the ULBs in the form of taxes, rent, fees, issue of licenses, etc. The funds allotted to the ULBs through various resources are kept in banks.

While Central and State grants are utilised by the ULBs for execution of Central and State sponsored schemes as per the guidelines issued by GOI and State Government, the own receipts of ULBs are utilised for administrative expenses and execution of schemes/ works formulated by the ULBs. The fund flow arrangements in flagship schemes are given in **Table 8:**

**Table 8: Fund flow arrangements in major centrally sponsored flagship schemes**

Sr. No.	Scheme	Fund flow Arrangements
1.	Swaran Jayanti Shahari Rojgar Yojana (SJSRY)	Funding under SJSRY is shared between the Centre and the State in the ratio of 75:25. The Central share is released to the state government in the form of demand draft and state share is apportioned through State budget.
2.	Urban Infrastructure Development Scheme for Small and Medium Towns (UIDSSMT)	Grant-in-aid is to be shared by Central and State Government in the ratio of 80:10 and balance 10 <i>per cent</i> to be arranged by the ULBs from own sources.
3.	Integrated Housing & Slum Development Programme (IHSDP)	Eighty <i>per cent</i> of the cost of the scheme flows from the Centre in the form of grants in aid. The remaining 20 <i>per cent</i> is shared by the State Government, ULBs and parastatal agencies. The ULBs raise their contribution from their own resources or from beneficiary contribution.

Sr. No.	Scheme	Fund flow Arrangements
4.	Urban Infrastructure and Governance (UIG)	Funding under UIG is shared between the Centre, State and ULBs in the ratio of 80:10:10. Sanction of Central share is released by Government of India to State Government. Accordingly, Central share and State share under this scheme are released through state budget to the ULBs. The ULBs raise their contribution from financial institutions. For BSUP: 80% Central Grant, 20% State /ULB/ Parastatal share including Beneficiary contribution
5.	Basic Service to the Urban Poor (BSUP)	Eighty per cent of the cost of the scheme flows from the Centre in the form of grants in aid. The remaining 20 per cent is shared by the state government, ULBs, parastatal agencies. The ULBs raise their contribution from beneficiaries. A minimum of 12 per cent beneficiary contribution has been stipulated, which in case of SC/ST/BC/OBC/PH and other weaker sections shall be 10 per cent.

### 3.4.2 Resources: Trends and Composition

The resources of ULBs for the period from 2009-10 to 2013-14 are detailed in Table 9:

Table 9: Time series data on resources of ULBs

	(₹ in crore)				
	2009-10	2010-11	2011-12	2012-13	2013-14
Own Revenue	50.87	NA	NA	NA	NA
CFC transfers (Finance Commission devolutions) including center sponsored schemes	1.60	7.77	24.30	30.97	46.88
SFC transfers (State Finance Commission devolutions)	41.77	46.12	51.88	57.07	68.08
GOI grants for CSS	52.57	19.50	25.83	3.90	149.16
State Government grants for State schemes	63.82	85.19	109.90	78.01	8.84
<b>Total</b>	<b>210.63</b>	<b>158.58</b>	<b>211.91</b>	<b>169.95</b>	<b>272.96</b>

NA: Not available.

Note: The figures for 'Own Revenue' in respect of ULBs are not being compiled at the Directorate level due to shortage of staff at the Directorate.

Source: Director, Urban Development.

### 3.4.3 Application of Resources: Trends and Composition

The application of resources of ULBs for the period from 2009-10 to 2013-14 are detailed in Table 10:



**Table 10: Application of resources sector-wise**

	(₹ in crore)				
	2009-10	2010-11	2011-12	2012-13	2013-14
Expenditure from own revenue	NA	NA	NA	NA	NA
Expenditure from CFC transfers (Central Finance Commission devolutions)	1.6	7.77	24.3	30.97	35.39
Expenditure from SFC transfers (State Finance Commission devolutions)	41.77	46.12	51.88	57.07	68.08
Expenditure from grants from State Government and Centre Government.	110.17	85.81	110.45	78.01	169.49
<b>Total</b>	<b>153.54</b>	<b>139.70</b>	<b>186.63</b>	<b>166.05</b>	<b>272.96</b>

NA: Not available.

*Source: Director, Urban Development.*

It was noticed that all funds transferred by the Directorate of Urban Development to ULBs have been shown as expenditure. The exact figure of expenditure incurred by the ULBs was not available with the Directorate of Urban Development. Directorate also do not have receipts figures of own revenue and expenditure from the same.

### 3.5 Audit Coverage

Scrutiny of records of Municipal Corporation, Shimla, nine Municipal Councils and seven Nagar Panchayats was conducted during 2013-14 (**Appendix-2**). Important audit findings have been incorporated in Chapter-4 of this Report.

### 3.6 Financial reporting and accounting framework of ULBs (internal control system)

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

#### 3.6.1 Non-certification of Accounts

Instructions have been issued by the Director, Urban Development Department to all the ULBs to maintain their accounts from April 2009 on an accrual basis. The Himachal Pradesh Accounts Manual for ULBs was prepared and adopted by the State Government (April 2007) on the basis of National Municipal Accounts Manual (NMAM). The ULBs were also directed (April 2009) to switch over to the double entry system. In the absence of specific provisions in the State's Acts/ Rules, certification of accounts by an independent agency remained non-existent in the ULBs.

### 3.6.2 Budget estimates

The budget estimates of ULBs are to be prepared as per Himachal Pradesh Municipal Code, 1975 in the prescribed form, keeping in view the budget estimates of expected income and expenditure for the next financial year and are placed before the House of the Committee. After passing of the budget by the House of the Committee, it is submitted to the Director, Urban Development for approval. The year-wise position of budget provision and the expenditure by the test-checked Municipal Corporation, MCs and NPs during 2010-13 is given in **Table 11**:

**Table 11: Budget estimates vis-à-vis expenditure**

Year	Budget Estimate	Actual Expenditure	Savings (-) Excess (+)		Percentage of saving/ excess
			(-) 52.98		
2010-11	144.58	91.60	(-) 52.98		37
2011-12	153.87	86.01	(-) 67.86		44
2012-13	180.33	95.27	(-) 85.06		47

(₹ in crore)

Note: Unit-wise position is given in **Appendix-16**.

It is evident from the **Table 11** that preparation of budget estimates was not done in a realistic manner resulting in persistent savings ranging from 37 to 47 per cent during the above period.

### 3.6.3 Internal audit of ULBs

Under Section 161 (3) of Himachal Pradesh Municipal Corporation Act and Section 255 (1) of Himachal Pradesh Municipality Act, 1994, the accounts of the ULBs are to be audited by a separate and an independent agency. The State Government issued (October 2008) a notification, according to which the Director, Local Audit was required to prepare annual plan for the conduct of audit. As per audit plan for the year 2013-14, 23 ULBs were planned for audit, of which, 20 ULBs were covered upto 31<sup>st</sup> March 2014.

### 3.6.4 Financial Irregularity

**Nagar Panchayat, Rajgarh did not route the revenue receipts of ₹ 41.55 lakh through cash book.**

As per rule 19 (2) of State Municipal Account Code, 1975 the cash book is required to be written regularly and each transaction is to be attested by the head of office. The rule further provide that cheques /cash /drafts received on account of rent, fee, etc., should immediately be taken into cash book and thereafter deposited into Government or Nagar Panchayat account so that the figures entered in the cash book tallies with the figures in the bank pass book.

Audit noticed that contrary to above provision, revenue received (between August 2010 and June 2012) by the NP Rajgarh on account of rent of a building, registration fee and other receipts amounting to ₹ 41.55 lakh was deposited in savings bank account without their entries in the cash book and other related records. It was indicative of lack of financial control in the NP and led to violation of the rule *ibid*. In the absence of proper records the possibility of misappropriation of the Nagar Panchayat cash could also not be ruled out. The Secretary of NP stated (October 2013) that the cash collected was deposited in the bank account directly. The reply does not explain the reasons for non-accountal of the receipts.

### 3.6.5 Non-preparation of bank reconciliation statements

As per rule 19 (2) of the State Municipal Accounts Code 1975, the general cash book shall each day be checked item wise, closed and signed by the Executive Officer. At the end of month it shall be compared and agreed with the bank pass book. Every item of receipt and expenditure shall be checked with the entries of cash book and differences shall be explained and accounted for in the general cash book.

It was, however, noticed that there was a difference of ₹ 19.69 lakh (**Appendix-17**) between cash books and bank pass books at the close of the year 2012-13 which was not reconciled by three ULBs as of August 2013. The authenticity of accounts of these ULBs could not be ascertained in the absence of reconciliation with bank statements. The Executive Officers of the concerned ULBs stated (August 2013-January 2014) that the differences would be reconciled shortly.

### 3.6.6 Pending audit observations

#### Inadequate response to Audit findings and observations resulted in erosion of accountability.

The Commissioner, Executive Officer, Secretary of the Municipal Corporation, Municipal Council and Nagar Panchayat, respectively, are required to comply with the observations, contained in the Inspection Reports (IRs) issued by the Principal Accountant General (Audit), Himachal Pradesh, rectify the defects/ omissions and report their compliance to settle the observations. The details of IRs and paragraphs issued, settled and outstanding as on 31<sup>st</sup> March 2014 are included in **Table 12**:

**Table 12: Position of pending IRs/ Paras.**

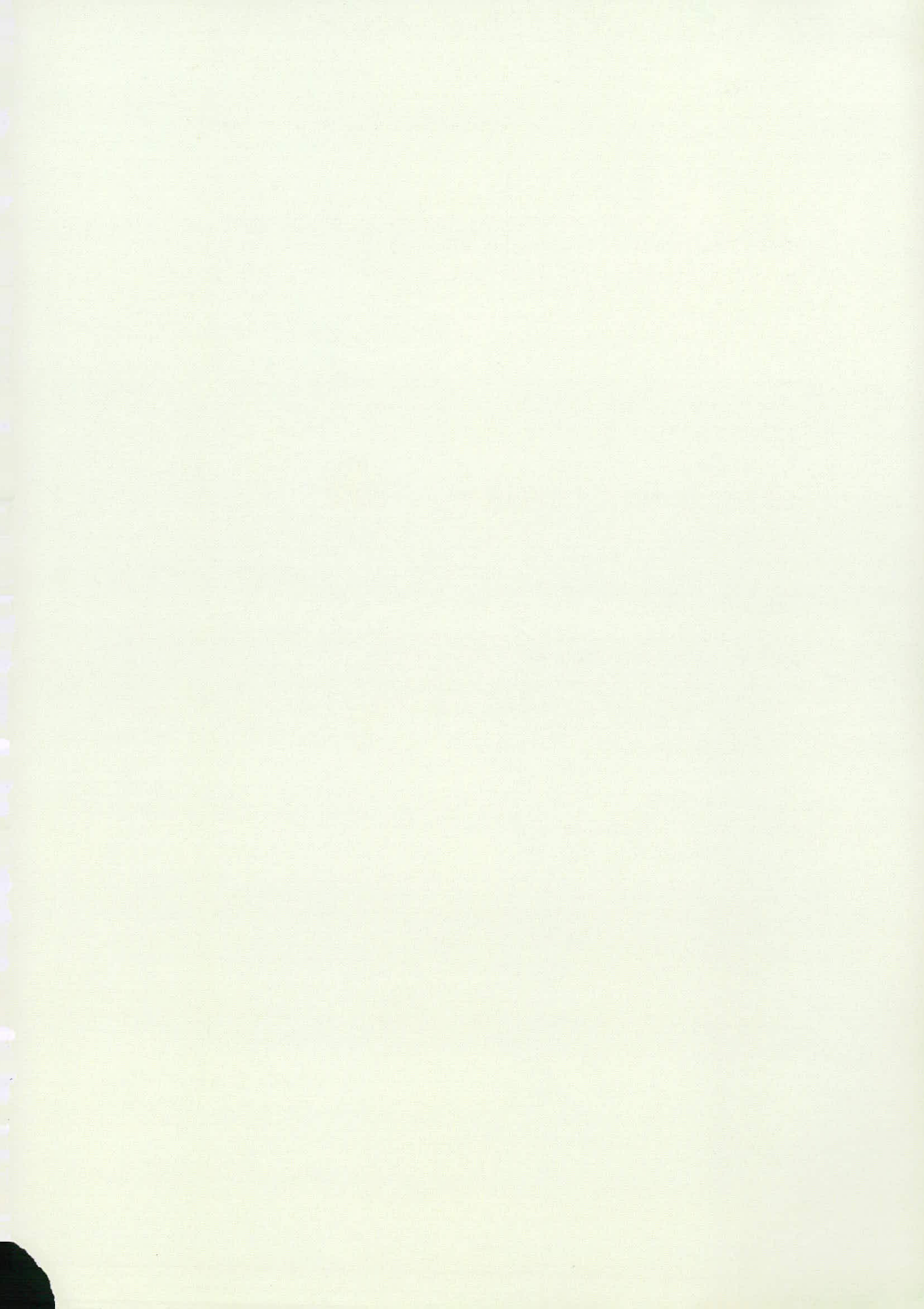
Sr. No.	Year of issue of Inspection Reports	Outstanding IRs/ Paras as on 31 March 2013		Addition		Total		No. of IRs/ paras settled during 2013-14		No. of outstanding IRs/Paras as on 31 03.2014.	
		IRs	Paras	IRs	Paras	IRs	Paras	IRs	Paras	IRs	Paras
1.	Upto 2009-10	85	623	-	-	85	623	1	59	84	564
2.	2010-11	15	148	-	-	15	148	-	39	15	109
3.	2011-12	15	164	-	-	15	164	1	26	14	138
4.	2012-13	15	175	-	-	15	175	-	-	15	175
5.	2013-14	-	-	17	218	17	218	-	-	17	218
	<b>Total</b>	<b>130</b>	<b>1110</b>	<b>17</b>	<b>218</b>	<b>147</b>	<b>1328</b>	<b>2</b>	<b>124</b>	<b>145</b>	<b>1204</b>

Increasing trend of inspection reports and outstanding paras is indicative of inadequate response to audit findings and observations, which resulted in erosion of accountability.

Audit findings were referred to Government in December 2014. The reply was awaited (May 2015).



**CHAPTER-4**  
**RESULTS OF AUDIT OF URBAN LOCAL BODIES**



## CHAPTER-4

### RESULTS OF AUDIT OF URBAN LOCAL BODIES

The deficiencies noticed in audit of Urban Local Bodies during 2013-14 are discussed in the succeeding paragraphs.

#### 4.1 Revenue

##### 4.1.1 Loss due to non-revision of rates of house tax

**Non-revision of rates of house tax by two ULBs as per recommendations of State Finance Commission resulted in loss of revenue of ₹ 78.06 lakh.**

Rule 65 of Himachal Pradesh Municipal Act, 1994 provides that MC is empowered to impose house tax on buildings and land which shall not be less than 7.5 *per cent* and more than 12.5 *per cent* on the annual value of such buildings and land. The Director, Urban Development directed (November 2003) all the ULBs that as per recommendations of the 2<sup>nd</sup> State Finance Commission (SFC) there shall be one *per cent* increase in the rate of house tax every year from 2002-03 onwards so as to attain the level of 12.5 *per cent* at the end of 2006-07.

It was, however, noticed that two ULBs (NP Banjar and MC Rampur) had not followed the instructions for revision of rates of house tax and demand for house tax was levied at various rates ranging between 8.5 *per cent* and 10 *per cent*, resulting in loss of revenue of ₹ 78.06 lakh<sup>5</sup> during 2004-13. The Secretary, NP Banjar stated (August 2013) that action would be taken to enhance the rates of house tax and recover the balance amount. The Executive Officer, MC Rampur stated (January 2014) that the matter of enhancing the tax was put before the honorable house but the resolution could not be adopted. The fact, however, remained that the rates of house tax was not increased as per recommendations of SFC during 2004-13 resulting in loss of revenue to the two ULBs.

##### 4.1.2 Outstanding house tax

**Due to ineffective monitoring, revenue of ₹ 3.68 crore on account of house tax in six ULBs remained outstanding.**

In six ULBs (Municipal Councils: three and Nagar Panchayats: three), there was an opening balance of outstanding house tax of ₹ 3.58 crore as of March 2012 and demand of ₹ 0.93 crore was raised during the period 2012-13 (**Appendix-18**). However, the collection of house tax was to the extent of only ₹ 0.81 crore and rebate amounting to ₹ 0.02 crore was allowed by the ULBs during the corresponding period, leaving an outstanding balance of ₹ 3.68 crore as of March 2013. The pace of recovery was slow as even the current demand could not be recovered. Non-recovery of house tax has impacted the revenue receipts of ULBs to the above extent which could have been utilised for other developmental works. The Executive Officers/Secretaries of ULBs stated (August 2013- January 2014) that notices had been issued against the defaulters for recovery of arrears and legal action if needed will be initiated with the approval of the house against major defaulters.

<sup>5</sup> NP Banjar: ₹ 11.81 lakh; MC Rampur: ₹ 66.25 lakh.

#### 4.1.3 Non-realisation of rent

**Eleven ULBs failed to realise the rent of shops/ building /booths from allottees amounting to ₹ 2.25 crore.**

Section 258 (i) (b) (2) of the Himachal Pradesh Municipal Act, 1994 provides that any amount which is due to the municipality and remains unpaid for fifteen days after the same is due, the Executive Officer/ Secretary may serve notice of demand upon the persons concerned. The Act also provides that any sum due for recovery, shall without prejudice to any other mode of collection, be recovered as arrear of land revenue.

(i) It was noticed that in 11 ULBs (Five MCs<sup>6</sup> and Six NPs<sup>7</sup>), rental charges amounting to ₹ 1.71 crore were pending for recovery as on March 2012 (**Appendix-19**) against the allottees of shops/ stalls, owned by these ULBs. Further, demand of ₹ 1.51 crore was raised against the tenants/ lessees of these shops/ stalls during 2012-13. Against the total demand of ₹ 3.22 crore, only ₹ 1.13 crore had been recovered leaving outstanding recovery of ₹ 2.09 crore as of March 2013. The ULBs stated (August 2013- January 2014) that notices had been issued to the defaulters and the amount would be recovered shortly.

(ii) The ground floor of MC Kullu building was rented out (April 2004) to the District Election Officer, Kullu on a monthly rent of ₹ 7,500. Since its occupancy, the MC, Kullu had not realised the rent and an amount of ₹ 8.78 lakh was outstanding as of December 2013. While admitting the facts, the Executive Officer stated (January 2014) that the matter would be taken up with the concerned Department to settle the rent. The reply is not convincing as no action has been initiated by the MC for the demand/ realisation of rent despite lapse of more than nine years showing ineffective system control in MC.

(iii) The MC Kullu had 23 numbers of booths. These booths had been rented out to various individuals since 2002. Audit noticed that there was an opening balance of outstanding booth rent of ₹ 5.79 lakh as of April 2012 and demand of ₹ 1.58 lakh was raised during the period 2012-13. However, the collection of booth rent was only to the extent of ₹ 0.15 lakh during the corresponding period, leaving an outstanding balance of ₹ 7.22 lakh as of March 2013. The pace of recovery was slow as even the current demand was not recovered. The Executive Officer stated (January 2014) that efforts for recovery would be made effectively.

#### 4.1.4 Non-recovery of installation/ renewal charges on mobile towers

**Failure to realise the installation/ renewal charges on mobile towers by nine ULBs resulted in loss of revenue of ₹ 8.90 lakh.**

Himachal Pradesh Government authorized (August 2006) the ULBs to levy duty on installation of mobile communication towers at the rate of ₹ 10,000 per tower and annual renewal fee at the rate of ₹ 5,000.

In nine ULBs, mobile towers were installed in their jurisdiction during 2004-13 but the concerned ULBs had not recovered the charges of ₹ 8.90 lakh as of March 2013 in respect of 86 towers. The ULBs concerned stated (August 2013 to January 2014) that action would be taken shortly to recover the dues.

<sup>6</sup> Kullu, Nurpur, Paonta Sahib, Rampur and Solan.

<sup>7</sup> Banjar, Daulatpur Chowk, Joginder Nagar, Kotkhai, Mehatpur and Rajgarh.



#### 4.1.5 Non-recovery of Labour Cess

**Municipal Council Solan did not recover the labour cess of ₹ 2.17 lakh from contractors during 2009-12, which was a violation of Cess Act, 1996.**

In compliance to the Building and other Construction Workers Welfare Cess Act, 1996, the State Government made rules (December 2008) to levy Cess at the rate of one *per cent* of the total cost of construction. Every establishment which employ 10 or more workers in any building or other construction works are liable to pay cess under the Cess Act except individual residential houses whose total cost of construction did not exceed ₹ 10 lakh.

Audit noticed that payment of ₹ 2.17 crore was made by the MC Solan to various contractors during 2009-12 on account of works carried out by them within the MC area. However, one *per cent* cess of ₹ 2.17 lakh was not deducted from bills of these contractors during the above period. Non-deduction of cess was a violation of the Cess Act *ibid*, undue benefit to contractors and also resulted in non-remittance of ₹ 2.17 lakh to the Board for welfare measures of the construction workers. While admitting the facts, the Executive Officer of MC stated (November 2013) that amount would be recovered from the contractor in future. The reply does not explain as to why the mandatory deduction of cess was not effected.

#### 4.1.6 Outstanding municipal share of Dussehra income

**Municipal Council, Kullu did not recover the Municipal share of Dussehra income of ₹ 60.53 lakh.**

As per Himachal Pradesh Language, Arts and Culture Department's order (April 2005), Municipal Council, Kullu was entitled to 37 *per cent* of the total income of the Kullu Dussehra Mela. Audit noticed (January 2014) that there was an outstanding opening balance of ₹ 36.15 lakh on account of Dussehra income as of April 2011 and demand of ₹ 59.38 lakh on account of 37 *per cent* share of the total income was raised during the year 2011-12. However, an amount of ₹ 35 lakh was only received from District Administration during the corresponding year, leaving an outstanding balance of ₹ 60.53 lakh as of March 2012. The outstanding amount had not been recovered as of January 2014 which deprived the MC of its due share of revenue. The Executive Officer stated (January 2014) that the matter regarding release of balance share of income from the Dussehra festival would be taken up with the District Administration. The reply is not acceptable as revenue from Dussehra festival is the main source of income of the MC Kullu which should have realised in a time bound manner.

## 4.2 Blocking of Funds

### 4.2.1 Blocking of funds due to non-start of work

Scrutiny of records showed that in two MCs and three NPs funds amounting to ₹ 1.38 crore<sup>8</sup> were available during 2008-13 for various development works. It was noticed that no expenditure was incurred on execution of works as of March 2014. Thus, non-utilisation of funds for development works resulted in unnecessary blocking up of funds and the intended beneficiaries were also deprived of the benefits. The Executive Officers of the concerned ULBs stated (October 2013-January 2014) that due to land dispute, non-completion of codal formalities and shortage of technical staff, etc, works could not be started. The reply is not convincing as such issues could have been resolved before getting the works sanctioned and funds released from the funding agencies.

### 4.2.2. Blocking of Integrated Housing and Slum Development Programme funds

**The MC Solan failed to execute the works under Integrated Housing and Slum Development Programme resulting in blocking of ₹ 79.85 lakh.**

The “Integrated Housing and Slum Development Programme (IHSDP)” has been introduced by the GOI for improvement of slums in the cities/ towns not covered under JNNURM in the country. The GOI sanctioned (2007-08) ₹ 9.58 crore under IHSDP for Solan district on cost sharing basis of 90:10 between the Central and State Governments.

Audit noticed (November 2013) that against the approved project cost of ₹ 9.58 crore, the Himachal Pradesh Urban Development Authority (HIMUDA) being a nodal agency released (July 2012) a sum of ₹ 85.59 lakh as first instalment of IHSDP for construction of 84 dwelling units. Of this, MC paid ₹ 5.74 lakh on account of charges for preparation of estimates, etc., to the HIMUDA. However, the work on the project remained uncommenced as of November 2013 even after lapse of more than one year from the date of release of first instalment which was attributed to shortage of technical staff in the MC. Resultantly, the remaining amount of ₹ 79.85 lakh remained locked up with the MC resulting in denial of intended benefits to the beneficiaries.

While admitting the facts, the Executive Officer stated (November 2013) that the proposal was being placed before the house to get the amount transferred to HIMUDA for execution of work. The reply is not acceptable as the MC had not refunded the grants even after lapse of one year from the receipt of funds.

## 4.3 Unfruitful expenditure

**Expenditure of ₹ 7.68 lakh on purchase of Hydraulic Tipper by the Nagar Panchayat, Kotkhai proved unfruitful.**

The Director, Urban Development, Shimla released (July 2009) an amount of ₹ 5.50 lakh to the NP, Kotkhai for purchase of Hydraulic Tipper for disposal of Municipal garbage with the condition that the extra funds will be arranged by the NP itself. The NP, Kotkhai purchased a Hydraulic Tipper at a cost of ₹ 7.68 lakh in October 2010.

<sup>8</sup> MC Kullu: ₹ 13.96 lakh, MC Poanta Sahib: ₹ 79.50 lakh, NP Rajgarh: ₹ 3.84 lakh, NP Mehatpur: ₹ 9.95 lakh and NP Kotkhai: ₹ 31.11 lakh.

During audit, it was noticed that the Hydraulic Tipper could not be put to use as of November 2013 due to non availability of driver. The action of NP to purchase Hydraulic Tipper without ensuring the services of the driver had not only rendered expenditure of ₹ 7.68 lakh unfruitful but also led to deterioration of the asset with the passage of time. The Secretary of NP stated (November 2013) that Hydraulic Tipper was purchased as per allotment of funds and despite repeated requests the State Government had neither created the post of driver nor given sanction to engage the driver on daily wage basis. The reply is not acceptable as this aspect should have been taken into consideration before the purchase of vehicle.

#### 4.4 Injudicious expenditure

##### **MC Chamba made injudicious outsourcing of sweeping and garbage collection work resulting in loss of ₹ 41.71 lakh.**

The MC Chamba had sanctioned staff strength of 38 persons for sweeping, collection and disposal of garbage within the MC area. Against this, 28 persons were in position as of May 2011.

It was, however, noticed that MC decided (May 2011) to outsource the work of sweeping, collection of garbage and cleaning of toilets within MC area despite having an adequate staff for the purpose. The work was outsourced to a contractor for a period of one year from 1 August 2011 to 31 July 2012 for ₹ 26.36 lakh, which was extended upto 31 March 2013. The MC incurred an expenditure of ₹ 41.71 lakh on payment to the outsourced persons besides, an expenditure of ₹ 92.51 lakh on payment of pay and allowances to its existing staff, who in the presence of outsourced workers remained idle during the aforesaid period. Thus, avoidable expenditure of ₹ 41.71 lakh was incurred by the MC due to injudicious outsourcing of work.

The Executive Officer stated (May 2013) that the work of sweeping, garbage collection, etc., was outsourced as per decision of the house of the MC. It was further stated that the MC area is very scattered due to which sweeping and garbage collection work was not properly done by the permanent Safai staff of the MC. The reply is not convincing as the decision of the house had put an extra avoidable burden on MC.

#### 4.5 Non-utilisation of assets

##### **Municipal Council Kullu had misutilised Rehan Basera building constructed at a cost of ₹ 11.13 lakh.**

With the objective to provide overnight staying facility to the poor slum dwellers, the Municipal Council, Kullu constructed (February 2007) a building of Rehan Basera near Nehru Park at a cost of ₹ 11.13 lakh (State: ₹ 9.00 lakh and own funds: ₹ 2.13 lakh). The Rehan Basera was to be run/ managed by the MC itself. It was, however, noticed that instead of being utilised for providing overnight staying facility to the poor at affordable rates, the same had been rented out (June 2012) to the State Bank of India on a monthly rental of ₹ 0.55 lakh. This had not only defeated the very purpose of Rehan Basera for which it was constructed but also led to misutilisation of Rehan Basera building for deriving commercial benefits. The Executive Officer stated (January 2014) that the Rehan Basera was put to commercial use in order to generate additional income for the MC. The reply is not acceptable as the bonafide purpose to construct the Rehan Basera has been defeated.

**4.6 Non-utilisation of funds**

**Municipal Council Kullu did not utilise Government funds of ₹ 1.24 crore.**

Audit noticed (January 2014) that the grants amounting to ₹ 1.24 crore were received by the Municipal Council, Kullu from Director, Urban Development Department between May 2011 and November 2012. These grants were to be utilised within a period of one year from the date of sanction for maintenance of roads, construction of parks, drainage, solid waste management, etc, but the funds remained unutilised due to non-execution of works as of January 2014. Funds provided by the government were lying in the savings bank account operated by the MC. Non utilisation of the grants for the intended purpose had not only resulted into blocking of government funds but also deprived the public of the benefits of the works/ schemes. The Executive Officer stated (January 2014) that the grants were received just recently as such could not be utilised. The reply is not acceptable as a period of two to three years has already elapsed since receipt of the aforesaid grants.

Audit findings were referred to Government in December 2014. The reply was awaited (May 2015).



**(Ram Mohan Johri)**  
**Pr. Accountant General (Audit)**  
**Himachal Pradesh**

**Shimla**

**Dated: 18 AUG 2015**

# APPENDIX



### Appendix-1

(Refer paragraph 1.3.2; page 3)

#### Sanctioned strength and persons in position of PRIs

(In numbers)

Sr. No.	Name of post	Sanctioned strength		In position		Vacant posts as of March 2014
		Regular	Contract	Regular	Contract	
1.	Junior Engineers	112	75	112	65	10
2.	Assistant Engineers	2	2	2	1	1
3.	Tailoring Teachers	-	2102	-	2102	-
4.	Panchayat Sahayaks	-	2522	-	2277	245
5.	Junior Accountants	8	2	8	2	-
6.	Junior Scale Steno	8	4	8	4	-
7.	Clerks	12	-	07	-	05
8.	Drivers	12	-	09	-	03
9.	Peon	12	-	12	-	-
<b>Total</b>		<b>166</b>	<b>4707</b>	<b>158</b>	<b>4451</b>	<b>264</b>

## Appendix-2

(Refer paragraphs 1.6 and 3.5; pages 6 and 19)

### Audit coverage- Details of Panchayati Raj Institutions and Urban Local Bodies audited during 2013-14

#### Zila Parishad

Sr. No.	Name of Zila Parishads
1.	Lahaul and Spiti
2.	Shimla
3.	Kullu
4.	Kinnaur at Reckong Peo
5.	Sirmour
6.	Kangra
7.	Bilaspur
8.	Mandi
9.	Una
10.	Solan

#### Panchayat Samitis

Sr. No	Name of Panchayat Samiti
1.	Lahaul and Spiti
2.	Kunihar
3.	Theog
4.	Nurpur
5.	Nalagarh
6.	Chopal
7.	Kandaghat
8.	Sulah
9.	Pooh
10.	Padhar
11.	Bhawarna
12.	Bajjnath
13.	Panchrukhi
14.	Paonta Sahib
15.	Bhatiyat
16.	Hamirpur
17.	Rait
18.	Kangra
19.	Chamba
20.	Nagrota Bagwan



## Gram Panchayats

Sr.No.	GPs	Name of Block	Name of District
1.	Grima	Bharmour	Chamba
2.	Kuleth	Bharmour	Chamba
3.	Tundah	Bharmour	Chamba
4.	Durgheti	Bharmour	Chamba
5.	Lagu	Bharmour	Chamba
6.	Jagat	Bharmour	Chamba
7.	Ulosa	Bharmour	Chamba
8.	Siyur	Bharmour	Chamba
9.	Kuthehar	Bharmour	Chamba
10.	Saangh	Bharmour	Chamba
11.	Tikkari	Chamba	Chamba
12.	Chandi	Chamba	Chamba
13.	Rajpura	Chamba	Chamba
14.	Kandla	Chamba	Chamba
15.	Saho	Chamba	Chamba
16.	Palyur	Chamba	Chamba
17.	Chihal Bangla	Chamba	Chamba
18.	Sach	Chamba	Chamba
19.	Panjoh	Chamba	Chamba
20.	Paluhi	Chamba	Chamba
21.	Saprot	Tissa	Chamba
22.	Tissa-1	Tissa	Chamba
23.	Seikothi	Tissa	Chamba
24.	Tissa-2	Tissa	Chamba
25.	Devikothi	Tissa	Chamba
26.	Junas	Tissa	Chamba
27.	Diyola	Tissa	Chamba
28.	Charori	Tissa	Chamba
29.	Bharara	Tissa	Chamba
30.	Bhanjrar	Tissa	Chamba
31.	Bajdoh	Bamsan	Hamirpur
32.	Bajrol	Bamsan	Hamirpur
33.	Bakri	Bamsan	Hamirpur
34.	Balh	Hamirpur	Hamirpur
35.	Drogan Patti Kot	Hamirpur	Hamirpur
36.	Brahladi	Hamirpur	Hamirpur
37.	Awairi	Baijnath	Kangra
38.	Bahi	Baijnath	Kangra
39.	Beed	Baijnath	Kangra
40.	Chobeen	Baijnath	Kangra
41.	Diyol	Baijnath	Kangra
42.	Chogan	Baijnath	Kangra

Sr.No.	GPs	Name of Block	Name of District
43.	Aima	Bhawarna	Kangra
44.	Aarth Jhikli	Bhawarna	Kangra
45.	Bagauda	Bhawarna	Kangra
46.	Aghar	Nurpur	Kangra
47.	Baduhi	Nurpur	Kangra
48.	Batrahan	Nurpur	Kangra
49.	Ronhi Lagod	Nurpur	Kangra
50.	Danni	Nurpur	Kangra
51.	Baleta	Nurpur	Kangra
52.	Chhatroli	Nurpur	Kangra
53.	Khel	Nurpur	Kangra
54.	Charuri	Nurpur	Kangra
55.	Chhattar	Nurpur	Kangra
56.	Chhattar Jogiya	Nurpur	Kangra
57.	Dhaneti Garla	Nurpur	Kangra
58.	Hadal	Nurpur	Kangra
59.	Hathidhar	Nurpur	Kangra
60.	Chhitkul	Kalpa	Kinnaur
61.	Shong	Kalpa	Kinnaur
62.	Rakcham	Kalpa	Kinnaur
63.	Chango	Pooh	Kinnaur
64.	Vishaladhar	Anni	Kullu
65.	Banogi	Banjaar	Kullu
66.	Bada Bhuin	Kullu	Kullu
67.	Barahar	Kullu	Kullu
68.	Bashauna	Kullu	Kullu
69.	Badagra	Naggar	Kullu
70.	Archhandi	Naggar	Kullu
71.	Nalda	Keylong	Lahaul and Spiti
72.	Shansha	Keylong	Lahaul and Spiti
73.	Tano	Spiti	Lahaul and Spiti
74.	Masauli	Drang	Mandi
75.	Latran	Drang	Mandi
76.	Shilag	Drang	Mandi
77.	Siyun	Drang	Mandi
78.	Tarswan	Drang	Mandi
79.	Silh Budhani	Drang	Mandi
80.	Chakli	Nahan	Sirmaur
81.	Dadahu	Nahan	Sirmaur
82.	Birla	Nahan	Sirmaur
83.	Badripur	Paonta Sahib	Sirmaur
84.	Amboya	Paonta Sahib	Sirmaur
85.	Amarkot	Paonta Sahib	Sirmaur
86.	Andheri	Sangrah	Sirmaur

Sr.No.	GPs	Name of Block	Name of District
87.	Badol	Sangrah	Sirmaur
88.	Badlag	Dharampur	Solan
89.	Badiyan	Dharampur	Solan
90.	Banasar	Dharampur	Solan
91.	Chail	Kandaghat	Solan
92.	Bisha	Kandaghat	Solan
93.	Anhech	Solan	Solan
94.	Badog	Solan	Solan
95.	Andora Upper	Amb	Una
96.	Badhmana	Amb	Una
97.	Duhal Bhatwala	Amb	Una
98.	Bhagrah	Amb	Una
99.	Ghangret	Amb	Una
100	Gindpur Malaun	Amb	Una
101	Diyada	Amb	Una
102	Bahudi	Bangana	Una
103	Bairiyan	Bangana	Una
104	Balagad	Bangana	Una
105	Balh	Bangana	Una
106	Abhaypur	Gagret	Una
107	Amboya	Gagret	Una
108	Badoh	Gagret	Una
109	Bhanjal Lower	Gagret	Una
110	Bhanjal Upper	Gagret	Una
111	Bhadrakali	Gagret	Una
112	Bhadhodi	Haroli	Una
113	Badedha	Haroli	Una
114	Bhadiyara	Haroli	Una
115	Baliwal	Haroli	Una
116	Bathadi	Haroli	Una
117	Chandpur	Haroli	Una
118	Chhetran	Haroli	Una

### **Municipal Corporation**

<b>Sr.No.</b>	<b>Name of Municipal Corporation</b>
1.	Shimla

### **Municipal Council**

<b>Sr.No.</b>	<b>Name of Municipal Council</b>
1.	Hamirpur
2.	Chamba
3.	Paonta Sahib
4.	Nalagarh
5.	Solan
6.	Kangra
7.	Rampur
8.	Nurpur
9.	Kullu

### **Nagar Panchayat**

<b>Sr. No.</b>	<b>Name of Nagar Panchayat</b>
1.	Banjar
2.	Dehra
3.	Rajgarh
4.	Mehatpur
5.	Kotkhai
6.	Daulatpur Chowk
7.	Joginder Nagar

### Appendix-3

(Refer paragraph 1.7.2; page 7)

#### Non-preparation of budget estimates

(₹ in lakh)

Sr. No.	Name of PSs	Period	Amount spent
1.	Bhawarna	2008-09	69.57
		2009-10	94.07
		2010-11	107.36
2.	Chamba	2010-11	40.97
		2012-13	61.51
3.	Theog	2010-11	29.02
		2011-12	58.22
		2012-13	54.72
4.	Sulah	2010-11	39.71
		2011-12	63.18
		2012-13	87.87
5.	Paonta Sahib	2011-12	235.06
		2012-13	198.34
6.	Hamirpur	2009-10	90.96
		2010-11	44.82
		2011-12	90.22
		<b>Total (PSs)</b>	<b>1365.60</b>

#### Gram Panchayats

Sr. No.	Name of GPs	Name of Block	Name of District	Period	Amount
1.	Tissa-II	Tissa	Chamba	2008-09	9.00
				2009-10	1.00
				2011-12	6.50
2.	Tundaha	Bharmour	Chamba	2008-13	NA
3.	Kandla	Chamba	Chamba	2008-13	33.98
4.	Chandi	Chamba	Chamba	2008-13	39.15
5.	Tikkari	Chamba	Chamba	2009-11	62.35
6.	Amarkot	Paonta Sahib	Sirmaur	2008-13	12.37
7.	Charudi	Nurpur	Kangra	2010-13	28.95
				<b>Total (GPs)</b>	<b>193.30</b>
				<b>Grand Total</b>	<b>1558.90</b>

Source: Audit findings.

### Appendix-4

(Refer paragraph 1.7.3; page 7)

#### Lists of Panchayat Samitis and Gram Panchayat who had not maintained records

##### Panchayat Samitis

Sr. No.	Panchayat Samitis	District
1.	Kangra	Kangra
2.	Nagrota Bagwan	Kangra
3.	Hamirpur	Hamirpur

##### Gram Panchayat

Sr.No.	Name of GPs	Name of Block	Name of District
1.	Panjoh	Chamba	Chamba
2.	Jagat	Bharmour	Chamba
3.	Siyur	Bharmour	Chamba
4.	Tundah	Bharmour	Chamba
5.	Saproat	Tissa	Chamba
6.	Palyur	Chamba	Chamba
7.	Saho	Chamba	Chamba
8.	Cheehal Bangla	Chamba	Chamba
9.	Paluhi	Chamba	Chamba
10.	Kuther	Bharmour	Chamba
11.	Saha	Bharmour	Chamba
12.	Chandi	Chamba	Chamba
13.	Sach	Chamba	Chamba
14.	Dadahu	Nahan	Sirmaur
15.	Badol	Sangrah	Sirmaur
16.	Chail	Kandaghat	Solan
17.	Bariyan	Dharampur	Solan
18.	Badhmana	Amb	Una
19.	Bada Bhuin	Kullu	Kullu
20.	Barahar	Kullu	Kullu
21.	Bashouna	Kullu	Kullu
22.	Vishladhar	Anni	Kullu
23.	Balagadh	Banjar	Kullu
24.	Archandi	Naggar	Kullu
25.	Baragrah	Naggar	Kullu

Sr.No.	Name of GPs	Name of Block	Name of District
26.	Dhaneti Garlan	Nurpur	Kangra
27.	Hathi Dhar	Nurpur	Kangra
28.	Danni	Nurpur	Kangra
29.	Charudi	Nurpur	Kangra
30.	Aghar	Nurpur	Kangra
31.	Chattar Jogian	Nurpur	Kangra
32.	Charudi	Nurpur	Kangra
33.	Chattar	Nurpur	Kangra
34.	Chaubeen	Baijnath	Kangra
35.	Diyol	Baijnath	Kangra
36.	Masauli	Drang at Padhar	Mandi
37.	Latran	Drang at Padhar	Mandi
38.	Silag	Drang at Padhar	Mandi
39.	Siyuh	Drang at Padhar	Mandi
40.	Tarswan	Drang at Padhar	Mandi
41.	Chitkul	Kalpa	Kinnaur
42.	Shong	Kalpa	Kinnaur
43.	Rackcham	Kalpa	Kinnaur
44.	Chango	Pooh	Kinnaur
45.	Averi	Baijnath	Kangra
46.	Bhagra	Bhawarna	Kangra
47.	Arath Jhikli	Bhawarna	Kangra
48.	Chugan	Baijnath	Kangra
49.	Tabo	Kaza	Lahaul and Spiti
50.	Nalda	Keylong	Lahaul and Spiti
51.	Shansha	Keylong	Lahaul and Spiti
52.	Drogan Pattikot	Hamirpur	Hamirpur
53.	Brahladi	Hamirpur	Hamirpur

Source: Audit findings.

### Appendix-5

(Refer Paragraph 1.7.4; page 7)

#### Improper maintenance of accounts of income from own resources and grant-in-aids

Sr. No.	PS	District
1.	Baijnath	Kangra
2.	Kangra	Kangra
3.	Pachad	Sirmaur
4.	Sulah	Kangra
5.	Nagrota Bagwan	Kangra

Sr. No.	GPs	Block	District
1.	Cheel Banglow	Chamba	Chamba
2.	Badol	Sangrah	Sirmaur
3.	Andheri	Sangrah	Sirmaur
4.	Badog	Solan	Solan
5.	Bisha	Kandaghat	Solan
6.	Bada Bhuin	Kullu	Kullu
7.	Vishaladhar	Anni	Kullu
8.	Banogi	Banjar	Kullu
9.	Balagarh	Banjar	Kullu
10.	Archhandi	Naggarr	Kullu
11.	Badagra	Naggarr	Kullu
12.	Badhmana	Amb	Una
13.	Gindpur Mallaun	Amb	Una
14.	Diyada	Amb	Una
15.	Haddal	Nurpur	Kangra
16.	Chaubeen	Baijnath	Kangra
17.	Averi	Baijnath	Kangra
18.	Bahi	Baijnath	Kangra
19.	Bagoda	Baijnath	Kangra
20.	Aarth Jhikli	Bhawarna	Kangra
21.	Aima	Bhawarna	Kangra
22.	Shong	Kalpa	Kinnaur



## Annexure – 6

(Refer paragraph 1.7.5; page 8)

### Non-reconciliation of difference between cash books with bank pass books

#### Cases where pass book shows less balance than cash book

(₹ in lakh)

#### Zila Parishad

Sr.No.	Name of Zila Parishad	Balance as per Pass Book on 31 March 2013	Balances as per Cash Book on 31 March 2013	Difference
1.	Kangra	363.80	2033.19	1669.39
<b>Total</b>		<b>363.80</b>	<b>2033.19</b>	<b>1669.39</b>

#### Panchayat Samitis

Sr.No.	Name of Panchayat Samiti	Balance as per Pass Book on 31 March 2013	Balances as per Cash Book on 31 March 2013	Difference
1.	Chamba	23.98	37.89	13.91
2.	Kandaghat	47.96	57.22	9.26
3.	Bhawarna	103.60	108.52	4.92
<b>Total</b>		<b>175.54</b>	<b>203.63</b>	<b>28.09</b>

#### Gram Panchayats

Sr No	GPs	Name of Block	Name of District	Balance as per Pass Book on 31 March 2013	Balances as per Cash Book on 31 March 2013	Difference
1.	Jagat	Bharmour	Chamba	8.98	10.01	1.03
2.	Tundah	Bharmour	Chamba	7.03	8.20	1.17
3.	Sah	Bharmour	Chamba	8.47	10.24	1.77
4.	Kandla	Chamba	Chamba	2.93	3.16	0.23
5.	Lamu	Bharmour	Chamba	5.31	5.35	0.04
6.	Amboya	Paonta Sahib	Sirmaur	2.68	20.71	18.03
7.	Andheri	Sangrah	Sirmaur	13.67	13.83	0.16
8.	Charudi	Nurpur	Kangra	5.11	7.92	2.81
9.	Khel	Nurpur	Kangra	4.52	6.29	1.77
10.	Dhanti	Nurpur	Kangra	2.06	3.32	1.26
11.	Chaugan	Baijnath	Kangra	5.32	6.41	1.09
12.	Masauli	Drang	Mandi	12.19	12.78	0.59
13.	Taraswan	Drang	Mandi	6.27	10.05	3.78
<b>Total</b>				<b>84.54</b>	<b>118.27</b>	<b>33.73</b>
<b>Grand Total</b>				<b>623.88</b>	<b>2355.09</b>	<b>1731.21</b>

**Cases where Cash book shows less balance than Pass book**

(₹ in lakh)

**Panchayat Samities**

Sr.No.	Name of Panchayat Samiti	Balance as per Pass Book on 31 March 2013	Balances as per Cash Book on 31 March 2013	Difference
1.	Theog	71.80	66.95	4.85
2.	Kangra	95.86	91.30	4.56
3.	Sulah	88.14	82.57	5.57
4.	Nagrota	75.76	42.79	32.97
5.	Hamirpur	24.25	14.41	9.84
<b>Total</b>		<b>355.81</b>	<b>298.02</b>	<b>57.79</b>

**Gram Panchayats**

Sr. No	GPs	Name of Block	Name of District	Balance as per Pass Book on 31 March 2013	Balances as per Cash Book on 31 March 2013	Difference
1.	Panjoh	Chamba	Chamba	14.18	2.03	12.15
2.	Siyuar	Bharmour	Chamba	4.00	2.25	1.75
3.	Saprot	Tissa	Chamba	6.54	4.49	2.05
4.	Palure	Chamba	Chamba	15.71	14.87	0.84
5.	Saho	Chamba	Chamba	30.54	27.28	3.26
6.	Cheehal	Chamba	Chamba	4.38	2.42	1.96
7.	Kuther	Bharmour	Chamba	4.31	4.18	0.13
8.	Chandi	Chamba	Chamba	6.27	2.34	3.93
9.	Tikkari	Chamba	Chamba	14.96	14.60	0.36
10.	Rajpura	Chamba	Chamba	8.61	8.09	0.52
11.	Durgethi	Bharmour	Chamba	16.40	10.57	5.83
12.	Paluhi	Chamba	Chamba	12.39	10.77	1.62
13.	Sach	Chamba	Chamba	4.42	0.54	3.88
14.	Ullansa	Bharmour	Chamba	14.98	12.40	2.58
15.	Badripur	Paonta Sahib	Sirmaur	7.78	3.26	4.52
16.	Badol	Sangrah	Sirmaur	5.06	2.82	2.24
17.	Amarkot	Paonta Sahib	Sirmaur	19.14	11.77	7.37
18.	Anhech	Solan	Solan	1.34	0.95	0.39
19.	Badhmana	Amb	Una	11.50	-	11.50
20.	Duhal Bhatwalen	Amb	Una	11.90	-	11.90
21.	Bhanjal	Gagret	Una	0.56	0.41	0.15
22.	Deol	Baijnath	Kangra	4.01	1.50	2.51
23.	Choubeen	Baijnath	Kangra	11.18	9.98	1.20
24.	Aghar	Nurpur	Kangra	4.88	4.85	0.03

Sr. No	GPs	Name of Block	Name of District	Balance as per Pass Book on 31 March 2013	Balances as per Cash Book on 31 March 2013	Difference
25.	Chattar	Nurpur	Kangra	7.23	6.77	0.46
26.	Gehin Lagord	Nurpur	Kangra	3.46	0.61	2.85
27.	Charolli	Nurpur	Kangra	6.12	5.42	0.70
28.	Batrahon	Nurpur	Kangra	0.77	0.46	0.31
29.	Averi	Baijnath	Kangra	6.50	-	6.50
30.	Beed	Baijnath	Kangra	0.76	-	0.76
31.	Bagoda	Bhawrana	Kangra	1.80	-	1.80
32.	Bahi	Baijnath	Kangra	3.26	-	3.26
33.	Shong	Kalpa at Reckong Peo	Kinnaur	25.36	-	25.36
34.	Rakcham	Kalpa at Reckong Peo	Kinnaur	12.48	-	12.48
35.	Chitkul	Kalpa at Reckong Peo	Kinnaur	5.23	-	5.23
36.	Tabo	Spiti	Lahaul and Spiti	9.07	4.50	4.57
<b>Total</b>				<b>317.08</b>	<b>170.13</b>	<b>146.95</b>
<b>Grand Total</b>				<b>672.89</b>	<b>468.15</b>	<b>204.74</b>

#### Summary of Difference between cash book and pass books

Sr.No.	Kind of Unit	No. of Units	Difference between Cash Book and Pass Book
1.	ZP	1	1669.39
2.	PS	8	85.88
3.	GP	49	180.68
<b>Grand Total</b>		<b>58</b>	<b>1935.95</b>

Source: Audit findings.

## Appendix-7

(Refer paragraph 1.7.6; page 8)  
Non-accountal of material

(₹ in lakh)

## Zila Parishad

Sr. No.	Name of Zila Parishad	Period of purchase	Amount
1.	Kangra	2012-13	0.46
<b>Total</b>			<b>0.46</b>

## Panchayat Samitis

Sr. No.	Name of Panchayat Samiti	Period of purchase	Amount
1.	Hamirpur	2011-12	0.50
<b>Total</b>			<b>0.50</b>

## Gram Panchayats

Sr. No.	Name of GP	Name of Block	Name of District	Period of purchase	Amount
1.	Panjoh	Chamba	Chamba	2008-13	3.61
2.	Deyol	Tissa	Chamba	2008-12	2.37
3.	Junesh	Tissa	Chamba	2007-11	1.77
4.	Charodhi	Tissa	Chamba	2008-11	3.22
5.	Seikothi	Tissa	Chamba	2010-12	3.57
6.	Tissa-II	Tissa	Chamba	2009-12	5.86
7.	Bhanjrado	Tissa	Chamba	2008-12	2.11
8.	Palure	Chamba	Chamba	2008-12	8.64
9.	Saho	Chamba	Chamba	2008-12	6.87
10.	Cheel Banglow	Chamba	Chamba	2007-11	5.13
11.	Bharada	Tissa	Chamba	2008-12	1.61
12.	Kandla	Chamba	Chamba	2008-13	3.98
13.	Tissa-I	Tissa	Chamba	2008-13	1.72
14.	Chandi	Chamba	Chamba	2008-13	5.44
15.	Tikkari	Chamba	Chamba	2008-13	2.12
16.	Rajpura	Chamba	Chamba	2008-13	5.87
17.	Paluhi	Chamba	Chamba	2008-13	4.74
18.	Sach	Chamba	Chamba	2007-11	7.27
19.	Batrahan	Nurpur	Kangra	2008-13	7.15
20.	Arath Jhikli	Bhawarna	Kangra	2008-13	4.46
21.	Aghar	Nurpur	Kangra	2011-13	13.74
22.	Badoh	Gagret	Una	2008-12	0.11
23.	Chitkul	Kalpa at Reckong Peo	Kinnaur	2008-12	34.45
<b>Total</b>					<b>135.81</b>
<b>Grand Total</b>					<b>136.77</b>

Source: Audit findings.

## Appendix-8

(Refer paragraph 1.7.7; page 8)

### Blocking of funds under 13<sup>th</sup> Finance Commission

(₹ in lakh)

#### Zila Parishads

Sr. No.	ZP	District	Period	Receipt	Exp	Balance
1.	Shimla	Shimla	2010-13	928.38	888.05	40.33
2.	Reckong Peo	Kinnaur	2012-13	28.46	19.07	9.39
3.	Dharamshala	Kangra	2010-13	2296.96	1982.46	314.50
4.	Bilaspur	Bilaspur	2012-13	373.26	249.60	123.66
5.	Una	Una	2012-13	653.47	272.98	380.49
6.	Mandi	Mandi	2010-11	2350.79	2075.89	274.90
<b>Total</b>				<b>6631.32</b>	<b>5488.05</b>	<b>1143.27</b>

#### Panchayat Samitis

Sr.No.	PS	District	Period	Receipt	Exp	Balance
1.	Theog	Shimla	2010-13	98.42	59.38	39.04
2.	Baijanth	Kangra	2011-13	217.42	128.25	89.17
3.	Kandaghat	Solan	2010-13	99.49	67.63	31.86
4.	Panchrukhi	Kangra	2010-13	154.39	79.59	74.80
5.	Pachad	Sirmaur	2010-13	61.17	45.47	15.70
6.	Bhawrana	Kangra	2010-13	166.67	113.68	52.99
7.	Paonta Sahib	Sirmaur	2010-13	160.03	120.85	39.18
<b>Total</b>				<b>957.59</b>	<b>614.85</b>	<b>342.74</b>

#### Gram Panchayat

Sr.No.	Name of GPs	Block	District	Period	Receipt	Exp	Balance
1.	Cheel Banglow	Chamba	Chamba	2011-13	0.38	0.01	0.37
2.	Tikkari	Chamba	Chamba	2011-13	0.65	0.34	0.31
3.	Andheri	Sangrah	Sirmaur	2011-13	1.77	1.04	0.73
4.	Chakli	Nahan	Sirmaur	2011-13	2.02	1.85	0.17
5.	Badhag	Dharampur	Solan	2011-13	0.96	0.71	0.25
6.	Chail	Kandaghat	Solan	2010-13	0.75	0.60	0.15
7.	Bariyan	Dharampur	Solan	2012-13	1.79	1.44	0.35
8.	Bada Bhuin	Kullu	Kullu	2012-13	1.15	0.23	0.92
9.	Badahar	Kullu	Kullu	2011-13	0.68	0.57	0.11
10.	Bashouna	Kullu	Kullu	2011-13	8.56	6.24	2.32
11.	Vishladhar	Anni	Kullu	2011-13	3.76	1.92	1.84
12.	Balghaghad	Banjar	Kullu	2010-13	1.55	0.63	0.92
13.	Archandi	Naggar	Kullu	2011-13	1.65	0.92	0.73
14.	Baragran	Naggar	Kullu	2010-13	5.19	4.96	0.23
15.	Andora Uppar	Amb	Una	2010-13	2.78	1.11	1.67

16.	Bhadauri	Haroli	Una	2011-13	0.81	0.12	0.69
17.	Bhadmana	Amb	Una	2010-13	0.59	0.02	0.57
18.	Duhal Bhatwalan	Amb	Una	2010-13	1.45	0.23	1.22
19.	Amboa	Gagret	Una	2011-13	0.57	0.13	0.44
20.	Banjaj Upper	Gagret	Una	2011-13	1.24	1.10	0.14
21.	Badoh	Gagret	Una	2011-13	1.08	0.02	1.06
22.	Bhagrah	Amb	Una	2010-13	0.58	0.01	0.57
23.	Batheri	Haroli	Una	2011-13	3.74	0.39	3.35
24.	Bhadhiyara	Haroli	Una	2011-13	0.60	0.01	0.59
25.	Bhateda	Haroli	Una	2011-13	1.95	0.02	1.93
26.	Chandpur	Haroli	Una	2011-13	0.74	0.01	0.73
27.	Chetran	Haroli	Una	2011-13	1.15	0.05	1.10
28.	Diyada	Amb	Una	2011-13	2.74	1.05	1.69
29.	Gindpur Mallaun	Amb	Una	2011-13	1.83	1.55	0.28
30.	Aghar	Nurpur	Kangra	2010-13	1.15	0.10	1.05
31.	Chhattar	Nurpur	Kangra	2011-13	1.33	0.97	0.36
32.	Dhaneti Garlan	Nurpur	Kangra	2011-13	0.94	0.08	0.86
33.	Deyol	Baijnath	Kangra	2010-13	0.84	0.16	0.68
34.	Chhattar Jogian	Nurpur	Kangra	2011-13	1.45	0.48	0.97
35.	Charudi	Nurpur	Kangra	2011-13	0.76	0.12	0.64
36.	Silag	Drang	Mandi	2011-13	0.98	0.79	0.19
37.	Siyun	Drang	Mandi	2011-13	0.68	0.25	0.43
38.	Averi	Baijnath	Kangra	2011-13	1.81	1.01	0.80
39.	Bahi	Baijnath	Kangra	2010-13	1.45	0.83	0.62
40.	Chaugan	Baijnath	Kangra	2010-13	2.05	1.18	0.87
41.	Bagora	Bhawarna	Kangra	2010-13	1.20	0.89	0.31
42.	Arth Jhikli	Bhawarna	Kangra	2010-13	1.30	0.80	0.50
43.	Balh	Hamirpur	Hamirpur	2011-13	4.76	1.52	3.24
44.	Brahladi	Kot	Hamirpur	2011-13	4.73	1.96	2.77
45.	Bajrol	Bapsan	Hamirpur	2010-13	1.19	0.78	0.41
<b>Total</b>					<b>79.33</b>	<b>39.20</b>	<b>40.13</b>
<b>Grand Total</b>					<b>7668.24</b>	<b>6142.10</b>	<b>1526.14</b>

Source: Audit findings.

### Appendix-9

(Refer paragraph 1.7.7; page 9)

### Blocking of funds due to non-start of works under 13<sup>th</sup> Finance Commission

#### Zila Parishad

Sr. No.	ZP	Period	Receipt	Exp	Balance
1.	Bilaspur	2011-13	96.27	-	96.27
2.	Sirmaur	2011-13	566.10	-	566.10
<b>Total</b>			<b>662.37</b>	<b>-</b>	<b>662.37</b>

#### Panchayat Samitis

Sr. No.	PS	Distt	Period	Receipt	Exp	Balance
1.	Kandaghat	Solan	2011-12	23.13	-	23.13
2.	Panchrukhi	Kangra	2010-13	25.21	-	25.21
3.	Rait	Kangra	2011-13	4.85	-	4.85
<b>Total</b>				<b>53.19</b>	<b>-</b>	<b>53.19</b>

#### Gram Panchayats

Sr.No.	Name of GPs	Block	Distt	Period	Receipt	Exp.	Balance
1.	Palure	Chamba	Chamba	2012-13	0.86	-	0.86
2.	Banogi	Banjar	Kullu	2011-13	0.48	-	0.48
3.	Bhadarkali	Gagret	Una	2011-13	1.63	-	1.63
4.	Banjai Lower	Gagret	Una	2011-13	0.54	-	0.54
5.	Taraswan	Drang	Mandi	2010-13	1.32	-	1.32
6.	Chaubeen	Baijnath	Kangra	2010-13	1.12	-	1.12
7.	Drogan Patikot	Kot	Hamirpur	2012-13	3.25	-	3.25
<b>Total</b>					<b>9.20</b>	<b>-</b>	<b>9.20</b>
<b>Grand Total</b>					<b>724.76</b>	<b>-</b>	<b>724.76</b>

## Appendix-10

(Refer paragraph 2.1.1; page 11)

## Non-recovery of house tax

Sr. No.	GPs	Name of Block	Name of District	(₹ in lakh)
				Amount Outstanding
1.	Panjoh	Chamba	Chamba	0.31
2.	Deyol	Tissa	Chamba	0.20
3.	Junesh	Tissa	Chamba	0.24
4.	Jagat	Bharmour	Chamba	0.49
5.	Siyuar	Bharmour	Chamba	0.24
6.	Charodhi	Tissa	Chamba	0.25
7.	Seikothi	Tissa	Chamba	0.07
8.	Tissa-II	Tissa	Chamba	0.16
9.	Tundah	Bharmour	Chamba	0.18
10.	Saprot	Tissa	Chamba	0.24
11.	Greema	Bharmour	Chamba	0.21
12.	Bhanjraroo	Tissa	Chamba	0.59
13.	Palure	Chamba	Chamba	0.29
14.	Paddhar Saho	Chamba	Chamba	0.12
15.	Cheel Bunglow	Chamba	Chamba	0.16
16.	Bharada	Tissa	Chamba	0.23
17.	Kuleth	Bharmour	Chamba	0.11
18.	Sah	Bharmour	Chamba	0.07
19.	Ullasna	Bharmour	Chamba	0.40
20.	Kandla	Chamba	Chamba	0.35
21.	Palohin	Chamba	Chamba	0.27
22.	Sach	Chamba	Chamba	0.40
23.	Tissa-I	Tissa	Chamba	0.17
24.	Badol	Sangrah	Sirmaur	0.15
25.	Andheri	Sangrah	Sirmaur	0.34
26.	Chakli	Nahan	Sirmaur	0.04
27.	Badog	Solan	Solan	0.12
28.	Banasar	Dharampur	Solan	0.10
29.	Badlagh	Dharampur	Solan	0.02
30.	Bada Bhuin	Kullu	Kullu	0.16
31.	Barahar	Kullu	Kullu	0.10
32.	Bashouna	Kullu	Kullu	0.24
33.	Vishladhar	Anni	Kullu	0.14
34.	Balghaghadh	Anni	Kullu	0.13
35.	Banogi	Banjar	Kullu	0.17
36.	Archandi	Naggar	Kullu	0.20
37.	Baragrah	Naggar	Kullu	0.35
38.	Baduhi	Bangana	Una	0.16



Sr. No.	GPs	Name of Block	Name of District	Amount Outstanding
39.	Bhadauri	Haroli	Una	0.06
40.	Barian	Bangana	Una	0.14
41.	Duhal Bhatwalan	Amb	Una	0.07
42.	Bhadarkali	Gagret	Una	0.10
43.	Banjol Lower	Gagret	Una	0.07
44.	Bhanjal Upper	Gagret	Una	0.10
45.	Badaoh	Gagret	Una	0.18
46.	Amboa	Gagret	Una	0.04
47.	Ambaypur	Gagret	Una	0.05
48.	Bhagrah	Amb	Una	0.02
49.	Bathri	Haroli	Una	0.03
50.	Bhadiyara	Haroli	Una	0.12
51.	Bhateda	Haroli	Una	1.37
52.	Chandpur	Haroli	Una	0.28
53.	Chetran	Haroli	Una	0.42
54.	Gindpur Mallaun	Amb	Una	0.02
55.	Diyada	Amb	Una	0.15
56.	Shong	Kalpa at Kinnaur	Kinnaur	0.06
57.	Chango	Pooh	Kinnaur	0.19
58.	Shilag	Drang at Padhar	Mandi	0.16
59.	Latran	Drang at Padhar	Mandi	0.30
60.	Masauli	Drang at Padhar	Mandi	0.57
61.	Taraswan	Drang at Padhar	Mandi	0.13
62.	Charudi	Nurpur	Kangra	0.20
63.	Dhaneti Garlan	Nurpur	Kangra	0.24
64.	Aghaar	Nurpur	Kangra	0.32
65.	Hathidhar	Nurpur	Kangra	0.23
66.	Batrahan	Nurpur	Kangra	0.73
67.	Deol	Baijnath	Kangra	0.23
68.	Chaubin	Baijnath	Kangra	1.04
69.	Averi	Baijnath	Kangra	0.24
70.	Bagora	Bawarna	Kangra	0.23
71.	Arth Jhikli	Bawarna	Kangra	0.21
72.	Chaugan	Baijnath	Kangra	0.20
73.	Tabo	Kaza	Lahaul & Spiti	0.04
74.	Nalda	Keylong	Lahaul & Spiti	0.14
75.	Shansha	Keylong	Lahaul & Spiti	0.13
76.	Brahladi	Hamirpur	Hamirpur	0.24
77.	Drogan Pati Kot	Hamirpur	Hamirpur	0.19
			<b>Total</b>	<b>17.41</b>

### Appendix-11

(Refer paragraph 2.1.2; page 11)

#### Outstanding rent of shops

(₹ in lakh)

Sr.No.	Name of ZPs/PSs /GPs	Period	Number of Shops	Amount
<b>Zila Parishad</b>				
1.	Mandi	2009-13	7	19.11
2.	Sirmaur at Nahan	2011-13	1	0.22
<b>Total</b>			<b>8</b>	<b>19.33</b>
<b>Panchayat Samities</b>				
1.	Chamba	2012-13	2	0.14
2.	Bajjnath	2001-13	20	2.00
3.	Kangra	2009-13	11	1.02
4.	Panchrukhi	2006-13	4	4.85
5.	Kandaghat	2007-13	6	2.76
6.	Pachhad	2012-13	2	0.09
7.	Paonta Sahib	2009-13	21	1.80
8.	Nagrota Bagwan	2010-13	15	0.28
<b>Total</b>			<b>81</b>	<b>12.94</b>

#### Gram Panchayats

Sr. No.	GPs	Name of Block	Name of District	Period	No of Shops	Amount
1.	Bhanjaroo	Tissa	Chamba	2005-13	6	1.35
2.	Saho	Chamba	Chamba	2008-13	5	0.20
3.	Dadahu	Nahan	Sirmour	2005-11	5	0.48
4.	Chaubeen	Bajjnath	Kangra	2009-12	4	0.34
5.	Bathari	Haroli	Una	2000-14	4	0.76
<b>Total</b>					<b>24</b>	<b>3.13</b>
<b>Grand Total</b>					<b>113</b>	<b>35.40</b>

Source: Audit findings.

## Appendix-12

(Refer paragraph 2.2.1; page 12)

### Blocking of funds due to non-start of works

#### Panchayat Samities

(₹ in lakh)

r.No.	Name of PSs	Period	No. of works	Receipt	Total	Expenditure	Balance
1.	Chamba	2011-13	12	8.93	8.93	-	8.93
2.	Theog	2011-12	16	11.65	11.65	-	11.65
3.	Pachhad	2011-12	15	5.63	5.63	-	5.63
4.	Paonta Sahib	2011-13	9	11.40	11.40	-	11.40
<b>Total</b>			<b>52</b>	<b>37.61</b>	<b>37.61</b>	<b>-</b>	<b>37.61</b>

#### Gram Panchayat

Sr. No.	Name of GPs	Distt	Period	No. of Works	Receipt	Total	Exp	Balance
1.	Panjoh	Chamba	2009-13	5	5.79	5.79	-	5.79
2.	Chandi	Chamba	2010-11	1	2.61	2.61	-	2.61
3.	Tikkari	Chamba	2010-11	1	2.21	2.21	-	2.21
4.	Duhal Bhatwalan	Una	2010-11	2	1.37	1.37	-	1.37
5.	Ambaypur	Una	2010-13	2	3.00	3.00	-	3.00
6.	Amboa	Una	2009-10	4	2.64	2.64	-	2.64
7.	Bhgrah	Una	2012-13	3	3.45	3.45	-	3.45
8.	Badoh	Una	2012-13	2	1.90	1.90	-	1.90
9.	Bhanjal Upper	Una	2012-13	4	2.01	2.01	-	2.01
10.	Banjol Lower	Una	2010-12	2	2.00	2.00	-	2.00
11.	Bhadrakali	Una	2009-13	4	1.68	1.68	-	1.68
12.	Rakchham	Kinnaur	2011-12	1	7.75	7.75	-	7.75
<b>Total</b>				<b>31</b>	<b>36.41</b>	<b>36.41</b>	<b>-</b>	<b>36.41</b>
<b>Grand Total</b>				<b>83</b>	<b>74.02</b>	<b>74.02</b>	<b>-</b>	<b>74.02</b>

Source: Audit findings.

### Appendix-13

(Refer paragraph 2.4.1; page 14)

#### Less expenditure on material components of works executed under MGNREGA

(₹ in lakh)

Sr. No.	Name of GPs	Name of Block	Name of District	No. of works	Amount paid	Required 40% material payment	Actual Material payment	Required 60% labour payment	Actual labour payment	Difference (col 7-8)
1.	Bashouna	Kullu	Kullu	-	86.92	34.77	30.61	52.15	56.31	4.16
2.	Vishladhar	Anni	Kullu	103	50.57	20.23	13.33	30.34	37.24	6.90
3.	Banogi	Banjar	Kullu	40	10.71	4.28	3.51	6.43	7.20	0.77
4.	Balagarh	Banjar	Kullu	174	104.57	41.83	29.33	62.74	75.24	12.50
5.	Archandi	Naggah	Kullu	12	24.54	9.82	7.28	14.72	17.26	2.54
6.	Badol	Sangrah	Sirmaur	23	17.29	6.92	4.77	10.37	12.52	2.15
7.	Bhadiyara	Haroli	Una	-	13.29	5.32	3.82	7.97	9.47	1.50
8.	Bada Bhuin	Kullu	Kullu	-	45.46	18.18	15.23	27.28	30.23	2.95
<b>Total</b>				<b>352</b>	<b>353.35</b>	<b>141.35</b>	<b>107.88</b>	<b>212</b>	<b>245.47</b>	<b>33.47</b>

Source-Audit findings

### Appendix-14

(Refer paragraph 2.4.2; page 14)

#### Delay in releasing payments under MGNREGA scheme

(₹ in lakh)

Sr. No.	Name of GPs	Name of Block	Name of District	Period	Delay in days	Amount
1.	Jagat	Bharmour	Chamba	2009-13	57-293	6.23
2.	Saproat	Tissa	Chamba	2012-13	51-109	10.00
3.	Ullansa	Bharmour	Chamba	2011-13	31-122	4.10
4.	Badol	Sangrah	Sirmour	2012-13	05-127	NA
5.	Andheri	Sangrah	Sirmour	2012-13	12-137	5.38
6.	Latran	Drang at Padhar	Mandi	2008-10	15-34	2.24
7.	Taraswan	Drang at Padhar	Mandi	2008-10	7-150	7.20
<b>Total</b>						<b>35.15</b>

Source: Audit findings.

## Appendix-15

(Refer paragraph 3.3.2; page 17)

## Sanctioned strength and persons-in-position of ULBs

## Municipal Corporation

Name of category	Sanctioned strength	Posts filled in				Excess (+)	Shortfall (-)
		On Regular basis	On Daily wages	On Contract basis	Total		
Draftsman	3	2	0	0	2	-	-1
Jr. Draftsman	1	0	0	1	1	-	-
Driver	19	26	0	7	33	+14	-
De-rating Mate/ Other Mate	9	28	0	0	28	+19	-
Mazdoor	229	384	33	6	423	+194	-
Rate Beldar	4	6	0	0	6	+2	-
<b>Total</b>	<b>265</b>	<b>446</b>	<b>33</b>	<b>14</b>	<b>493</b>	<b>+229</b>	<b>-1</b>
<b>Remaining categories</b>	<b>1105</b>	<b>1163</b>	<b>70</b>	<b>53</b>	<b>1286</b>	<b>+181</b>	<b>-</b>

## Municipal Councils

Name of Municipal Councils	Sanctioned strength	Posts filled in on regular basis	On Daily wages	On Contract basis	Excess (+)/	Shortfall (-)
Baddi	18	7	0	2	-	-9
Bilaspur	70	47	1	1	-	-21
Chamba	100	72	14	0	-	-14
Dalhousie	87	64	1	0	-	-22
Dharamsala	161	138	5	3	-	-15
Ghumarwin	25	21	0	1	-	-3
Hamirpur	76	49	3	3	-	-21
Kangra	56	32	3	0	-	-21
Kullu	157	97	15	0	-	-45
Manali	62	57	0	0	-	-5
Mandi	164	93	1	2	-	-68
Nagrota	41	29	3	1	-	-8
Nahan	184	121	27	4	-	-32
Nainadevi	16	6	0	2	-	-8
Nalagarh	61	37	0	1	-	-23
Nurpur	39	23	0	2	-	-14
Palampur	43	28	0	1	-	-14
Paonta Sahib	53	38	2	1	-	-12
Parwanoo	42	36	0	0	-	-6

Name of Municipal Councils	Sanctioned strength	Posts filled in on regular basis	On Daily wages	On Contract basis	Excess (+)/	Shortfall (-)
Rampur	50	33	2	0	-	-15
Rohru	22	15	1	1	-	-5
Solan	219	186	9	1	-	-23
Sundernagar	96	70	1	2	-	-23
Theog	24	11	2	1	-	-10
Una	68	42	1	0	-	-25
<b>Total</b>	<b>1934</b>	<b>1352</b>	<b>91</b>	<b>29</b>	<b>-</b>	<b>-462</b>

## Nagar Panchayats

Name	Sanctioned strength	Posts filled in on regular basis	On Daily wages	On Contract basis	Excess (+)/	Shortfall (-)
Arki	25	13	1	2	-	-9
Banjar	20	6	0	0	-	-14
Bhota	19	5	0	0	-	-14
Bhuntar	23	16	0	0	-	-7
Chopal	18	3	0	0	-	-15
Chuwari	18	9	10	1	+2	-
Daulatpur	18	8	0	2	-	-8
Dehra	37	20	0	0	-	-17
Gagret	20	6	0	0	-	-14
Jawalamukhi	58	39	1	0	-	-18
Jogindernagar	31	24	13	2	+8	-
Jubbal	18	4	1	3	-	-10
Kotkhai	18	4	1	0	-	-13
Mehatpur	19	17	4	1	+3	-
Nadaun	32	25	2	0	-	-5
Narkanda	18	7	0	0	-	-11
Rajgarh	18	5	0	0	-	-13
Rewalsar	20	8	7	0	-	-5
Santokhgarh	20	13	0	0	-	-7
Sarkaghat	19	15	0	1	-	-3
Sujanpur	30	24	1	2	-	-3
Sunni	18	7	0	0	-	-11
Talai	18	12	3	0	-	-3
Karsog	5	0	0	0	-	-5
<b>Total</b>	<b>540</b>	<b>290</b>	<b>44</b>	<b>14</b>	<b>+13</b>	<b>-205</b>
<b>Grand Total</b>	<b>3844</b>	<b>3251</b>	<b>238</b>	<b>110</b>	<b>+423</b>	<b>-668</b>

**Appendix-16**

(Refer paragraph 3.6.2; page 20)

**Statement of budget estimates and actual expenditure of ULBs for the year 2010-11**

(₹ in lakh)

Sr. No.	Name of ULBs	Budget Estimate	Actual Expenditure	Saving(-) Excess (+)
<b>Municipal Corporation</b>				
1.	Shimla	8445.26	5366.87	-3078.39
<b>Municipal Councils</b>				
1.	Solan	1209.32	942.83	-266.49
2.	Nurpur	215.92	161.04	-54.88
3.	Rampur	537.73	315.84	-221.89
4.	Hamirpur	362.20	333.30	-28.90
5.	Kullu	414.93	343.35	-71.58
6.	Nalagarh	535.47	265.14	-270.33
7.	Chamba	441.91	250.41	-191.50
8.	Paonta Sahib	666.30	236.99	-429.31
9.	Kangra	364.93	206.45	-158.48
<b>Total</b>		<b>4748.71</b>	<b>3055.35</b>	<b>-1693.36</b>
<b>Nagar Panchayat</b>				
1.	Rajgarh	56.96	32.44	-24.52
2.	Kotkhai	201.82	118.81	-83.01
3.	Mehatpur	380.24	227.15	-153.09
4.	Dehra	124.39	86.92	-37.47
5.	Banjar	28.11	26.75	-1.36
6.	Joginder Nagar	243.04	83.47	-159.57
7.	Daulatpur Chowk	229.55	162.73	-66.82
<b>Total</b>		<b>1264.11</b>	<b>738.27</b>	<b>-525.84</b>
<b>Grand total</b>		<b>14458.08</b>	<b>9160.49</b>	<b>-5297.59</b>

Source: Concerned ULBs.



**Statement of budget estimates and actual expenditure of ULBs  
for the year 2011-12**

(₹ in lakh)

Sr. No.	Name of ULBs	Budget Estimate	Actual Expenditure	Saving(-) Excess (+)
<b>Municipal Corporation</b>				
1.	Shimla	8499.43	4448.91	-4050.52
<b>Municipal Councils</b>				
1.	Solan	1281.22	1001.93	-279.29
2.	Nurpur	214.67	157.52	-57.15
3.	Rampur	478.54	279.09	-199.45
4.	Hamirpur	586.80	432.50	-154.30
5.	Kullu	536.22	443.13	-93.09
6.	Nalagarh	597.34	264.15	-333.19
7.	Chamba	670.78	357.92	-312.86
8.	Paonta Sahib	962.94	327.39	-635.55
9.	Kangra	446.38	258.50	-187.88
<b>Total</b>		<b>5774.89</b>	<b>3522.13</b>	<b>-2252.76</b>
<b>Nagar Panchayat</b>				
1.	Rajgarh	44.18	27.05	-17.13
2.	Kotkhai	111.32	54.46	-56.86
3.	Mehatpur	338.96	212.38	-126.58
4.	Dehra	149.63	109.61	-40.02
5.	Banjar	31.02	29.42	-1.60
6.	Joginder Nagar	241.92	80.35	-161.57
7.	Daulatpur Chowk	195.69	116.84	-78.85
<b>Total</b>		<b>1112.72</b>	<b>630.11</b>	<b>-482.61</b>
<b>Grand Total</b>		<b>15387.04</b>	<b>8601.15</b>	<b>-6785.89</b>

Source: Concerned ULBs.

**Statement of budget estimates and actual expenditure of ULBs  
for the year 2012-13**

(₹ in lakh)				
Sr. No.	Name of ULBs	Budget Estimate	Actual Expenditure	Saving(-) Excess (+)
<b>Municipal Corporation</b>				
1.	Shimla	9739.10	4726.20	-5012.90
<b>Municipal Councils</b>				
1.	Solan	1726.05	1282.77	-443.28
2.	Nurpur	226.53	146.44	-80.09
3.	Rampur	503.86	411.43	-92.43
4.	Hamirpur	715.14	599.70	-115.44
5.	Kullu	669.41	425.50	-243.91
6.	Nalagarh	639.44	361.11	-278.33
7.	Chamba	851.07	398.31	-452.76
8.	Paonta Sahib	1248.43	336.55	-911.88
9.	Kangra	594.05	190.83	-403.22
<b>Total</b>		<b>7173.98</b>	<b>4152.64</b>	<b>-3021.34</b>
<b>Nagar Panchayat</b>				
1.	Rajgarh	77.86	50.79	-27.07
2.	Kotkhai	95.54	36.30	-59.24
3.	Mehatpur	288.09	211.22	-76.87
4.	Dehra	179.78	122.92	-56.86
5.	Banjar	34.24	32.37	-1.87
6.	Joginder Nagar	256.36	95.45	-160.91
7.	Daulatpur Chowk	188.28	98.75	-89.53
<b>Total</b>		<b>1120.15</b>	<b>647.80</b>	<b>-472.35</b>
<b>Grand Total</b>		<b>18033.23</b>	<b>9526.64</b>	<b>-8506.59</b>

Source-Concerned ULBs.

### Appendix-17

(Refer paragraph 3.6.5; page 21)

#### Statement showing cases where cash book shows less balance than bank pass book

(₹ in lakh)

Sr.No.	Name of MC/NP	Balance as per Cash Book on 31 March 2013	Balances as per Pass Book on 31 March 2013	Difference
<b>Municipal Council</b>				
1.	Solan	443.27	446.88	3.61
<b>Total</b>		<b>443.27</b>	<b>446.88</b>	<b>3.61</b>
<b>Nagar Panchayat</b>				
1.	Joginder Nagar	27.88	43.71	15.83
2.	Banjar	21.51	21.76	0.25
<b>Total</b>		<b>49.39</b>	<b>65.47</b>	<b>16.08</b>

#### Summary of Difference between cash book and pass books

(₹ in lakh)

Sr. No.	Unit	Number of Units	Difference between Cash Book and Pass Book
1.	Municipal Council	1	3.61
2.	Nagar Panchayat	2	16.08
<b>Grand Total</b>		<b>3</b>	<b>19.69</b>

### Appendix-18

(Refer paragraph 4.1.2; page 23)

#### Outstanding house tax

(₹ in lakh)

Sr. No.	Name of MCs	O.B. as of April 2012	Demand during 2012-13	Total Demand	Rebate	Collection during 2012-13	Outstanding amount as of March 2013
1.	Kullu	22.32	12.91	35.23	0.86	17.68	16.69
2.	Nurpur	25.46	5.84	31.30	Nil	10.60	20.70
3.	Rampur	63.25	42.30	105.55	0.31	46.24	59.00
<b>Total</b>		<b>111.03</b>	<b>61.05</b>	<b>172.08</b>	<b>1.17</b>	<b>74.52</b>	<b>96.39</b>
<b>Nagar Panchayats</b>							
1.	Banjar	3.63	3.89	7.52	Nil	Nil	7.52
2.	Mehatpur	192.95	23.26	216.21	0.70	4.99	210.52
3.	Joginder Nagar	51.05	4.47	55.52	Nil	1.82	53.70
<b>Total</b>		<b>247.63</b>	<b>31.62</b>	<b>279.25</b>	<b>0.70</b>	<b>6.81</b>	<b>271.74</b>
<b>Grand Total</b>		<b>358.66</b>	<b>92.67</b>	<b>451.33</b>	<b>1.87</b>	<b>81.33</b>	<b>368.13</b>

Source: Audit findings.

### Appendix-19

(Refer paragraph 4.1.3; page 24)

#### Non-realisation of rent from shops/ stalls

(₹ in lakh)

Sr. No.	Name of MCs	Opening balance as on 1 April 2012	Demand during 2012-13	Total	Collection	Outstanding amount (as on 31 March 2013)
<b>Municipal Councils</b>						
1.	Kullu	18.72	39.62	58.34	40.09	18.25
2.	Paonta Sahib	26.50	19.02	45.52	13.72	31.80
3.	Rampur	14.94	7.40	22.34	7.65	14.69
4.	Solan	59.34	48.15	107.49	22.37	85.12
5.	Nurpur	13.74	6.80	20.54	7.13	13.41
<b>Total</b>		<b>133.24</b>	<b>120.99</b>	<b>254.23</b>	<b>90.96</b>	<b>163.27</b>
<b>Nagar Panchayats</b>						
1.	Rajgarh	NA	2.41	2.41	Nil	2.41
2.	Daulatpur Chowk	0.58	12.02	12.60	11.84	0.76
3.	Kotkhai	25.89	10.07	35.96	5.51	30.45
4.	Banjar	2.10	1.97	4.07	1.41	2.66
5.	Mehatpur	6.33	1.87	8.20	1.87	6.33
6.	Joginder Nagar	2.69	2.19	4.88	1.83	3.05
<b>Total</b>		<b>37.59</b>	<b>30.53</b>	<b>68.12</b>	<b>22.46</b>	<b>45.66</b>
<b>Grand Total</b>		<b>170.83</b>	<b>151.52</b>	<b>322.35</b>	<b>113.42</b>	<b>208.93</b>

