

The Annual Technical Inspection Report

on

Panchayati Raj Institutions and Urban Local Bodies
for the year ended 31 March 2012

Government of Himachal Pradesh

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

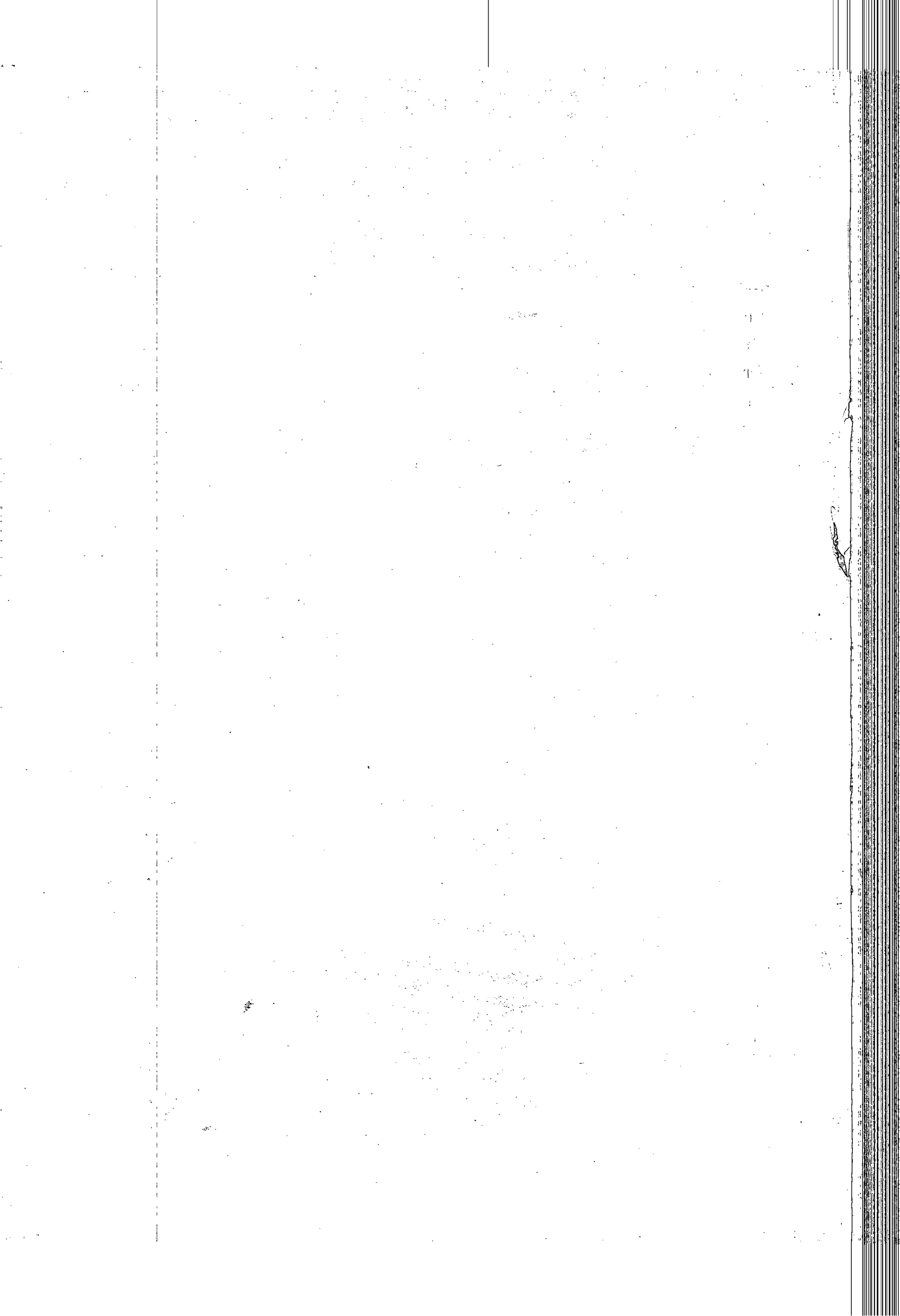


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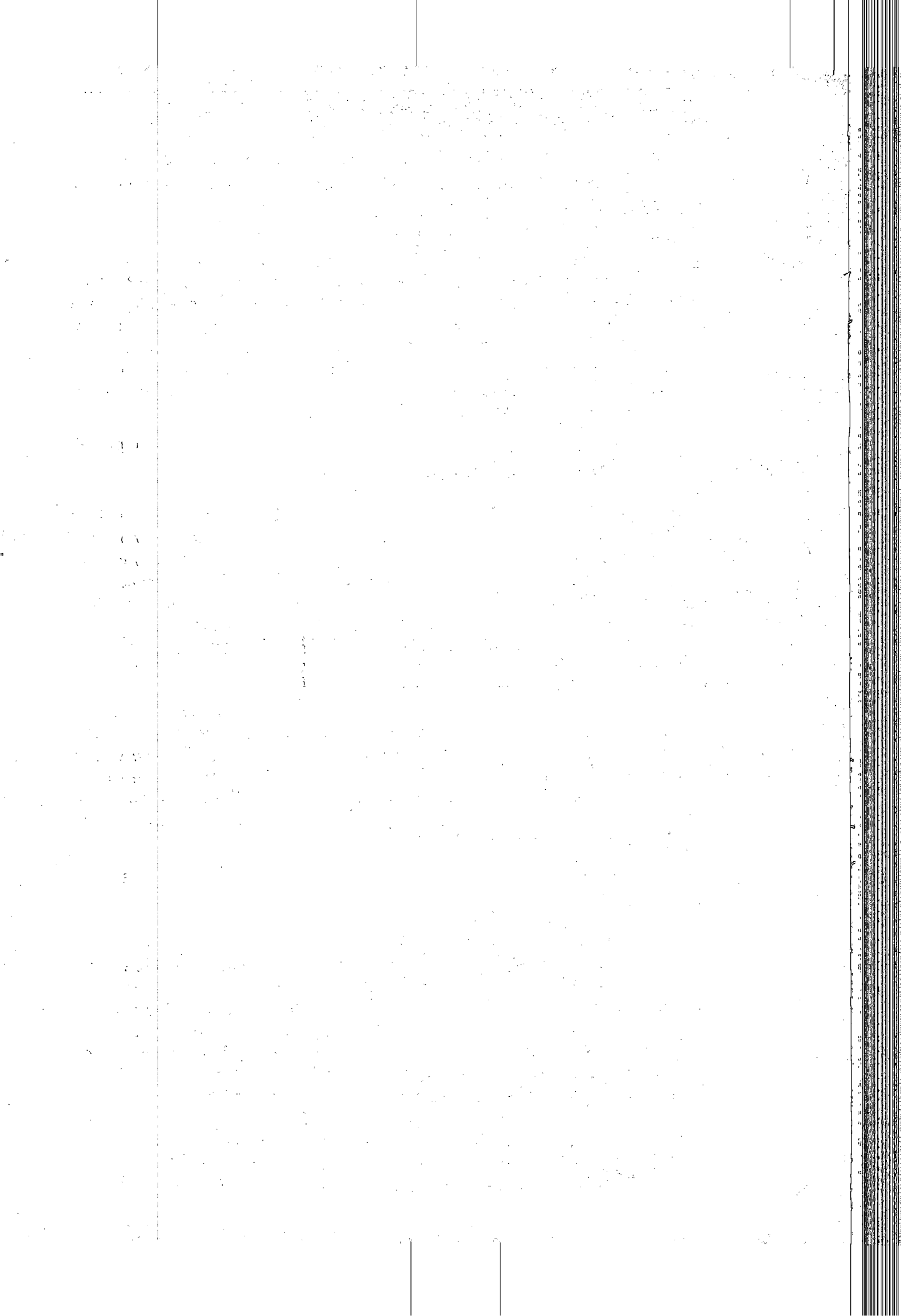
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PREFACE

1. This Report has been prepared for submission to the Secretary, Panchayat and Rural Development Department, Government of Himachal Pradesh and Principal Secretary, Urban Development Department, Government of Himachal Pradesh in accordance with the terms and conditions of Technical Guidance and Support (TGS) of audit of Panchayati Raj Institutions (PRIs) and Urban Local Bodies (ULBs) under Section 14 and 20(1) of CAG's DPC Act, 1971.
2. **Chapter-1** of this Report contains the background of PRIs, audit mandate, organizational structure of PRIs, financial profile, accountability framework, financial reporting and internal control systems.
3. **Chapter-2** of this Report contains Performance Audit of Backward Region Grant Funds.
4. **Chapter-3** of this Report contains the results of audit arising out of the audit of transactions of PRIs.
5. **Chapter-4** of this Report contains the background of ULBs, audit mandate, organizational structure of ULBs, financial profile, accountability framework, financial reporting and internal control systems.
6. **Chapter-5** of this Report contains the results of audit arising out of audit of transactions of ULBs.
7. This Annual Technical Inspection Report for the year 2010-12 is a consolidation of major audit findings arising out of audit of accounts of Panchayati Raj Institutions (PRIs) and Urban Local Bodies (ULBs) in the State of Himachal Pradesh during the period 2010-12.
8. The purpose of this Report is to give an overview of the functioning of PRIs and ULBs in the State and to draw the attention of the Executive department, PRIs and ULBs for taking remedial action for improvements, wherever necessary.
9. The cases mentioned in the Report are among those which came to notice mainly in the course of test check of Annual Accounts (Receipt and Expenditure Accounts) of Panchayati Raj Institutions and Urban Local Bodies conducted during the year 2010-12.

OVERVIEW

**AN OVERVIEW ON THE ACCOUNTS
AND FINANCES OF THE
PANCHAYATI RAJ INSTITUTIONS**



OVERVIEW

This Report is in two parts and consists of five chapters. Chapters 1, 2 and 3 deal with Panchayati Raj Institutions and Chapters 4 and 5 deal with Urban Local Bodies. A synopsis of audit finding is presented in this overview:

Profile of Panchayati Raj Institutions (PRIs)

There are 12 Zila Parishads (ZPs), 77 Panchayat Samitis (PSs) and 3243 Gram Panchayats (GPs) in the State. Audit observed several deficiencies in the working of the Panchayati Raj Institutions. Expenditure was incurred without approval of budget estimates. Important registers like stock register, immovable property register, works register, muster roll register, etc were not maintained. Reconciliation between cash books and bank pass books at the close of the year was not carried out. Outstanding Inspection Reports and paragraphs were on the increasing trend.

(Chapter 1)

Performance Audit on Backward Region Grant Fund

Backward Region Grant Fund (BRGF) programme was launched by the Prime Minister on 19 February, 2006 to redress regional imbalances in development by providing financial resources for supplementing and converging existing developmental inflows in identified districts. The programme was launched in 2006 - 07 by the Ministry of Panchayati Raj, Government of India (GOI) in Himachal Pradesh for two backward districts (Chamba and Sirmour). A performance audit of the programme revealed non-preparation of the district vision plan to bridge the critical gaps in local infrastructure and other development requirements at grass root level resulting in execution of works in an unplanned manner. While identifying the works/ schemes, the District Planning Committee ignored the instructions issued by the High Power Committee. As a result, sectors like Public Health, Animal Husbandry, Minor Irrigation, Drinking Water etc. were given least importance. An innovative feature of the BRGF programme was to ensure transparency by examination of peer review reports of the Gram Panchayats by the Review Committee at District level. However, the Review Committee constituted for examining the peer review reports neither inspected the works nor convened any meeting resulting in ineffective monitoring.

(Chapter 2)

Results of Audit of Panchayati Raj Institutions

In one GP there was no record of closing balance of ₹ 1.09 lakh. One ZP and five GPs retained cash in hand in excess of the prescribed limit. Eight GPs and two PSs did not take action to recover/ adjust the outstanding advances of ₹ 14.10 lakh. Funds amounting to ₹ 8.74 lakh earmarked for minor irrigation schemes remained un-utilised in Personal Ledger Account (PLA). Revenue of ₹ 3.07 lakh remained un-realised on account of installation/ renewal charges of Mobile Towers in 19 GPs. Thirty four GPs purchased material costing ₹ 2.09 crore without inviting quotations/ tenders. Forty five GPs did not realize house tax of ₹ 8.86 lakh. Ten PRIs failed to realize the rent of shops amounting to ₹ 14.14 lakh. Sixty two GPs did not recover royalties of ₹ 20.54 lakh from suppliers. Eighteen GPs deployed same labourers on different works in the same period. Six GPs paid ₹ 0.10 lakh as wages for non-existent dates of a calendar month. GP, Bhalwani made payment of ₹ 12.07 lakh without pass orders. Mahatma Gandhi National Rural

Employment Guarantee Scheme suffered from non-maintenance of wage-material ratio, delay in release of labour payment and payment of extra wages to elected members of Gram Panchayats.

(Chapter 3)

Profile of Urban Local Bodies (ULBs)

There is one Municipal Corporation, 25 Municipal Councils (MCs) and 23 Nagar Panchayats (NPs) in the State. Overall control of the ULBs rests with Pr. Secretary (Urban Development) to the Government of Himachal Pradesh, through Director, Urban Development Department. The State Government has not made provision in Acts/ Rules for certification of Accounts. Test-check of the records of one Municipal Corporation, eight MCs out of 25 Municipal Councils and five Nagar Panchayats out of 23 Nagar Panchayats were conducted during 2010-12.

(Chapter 4)

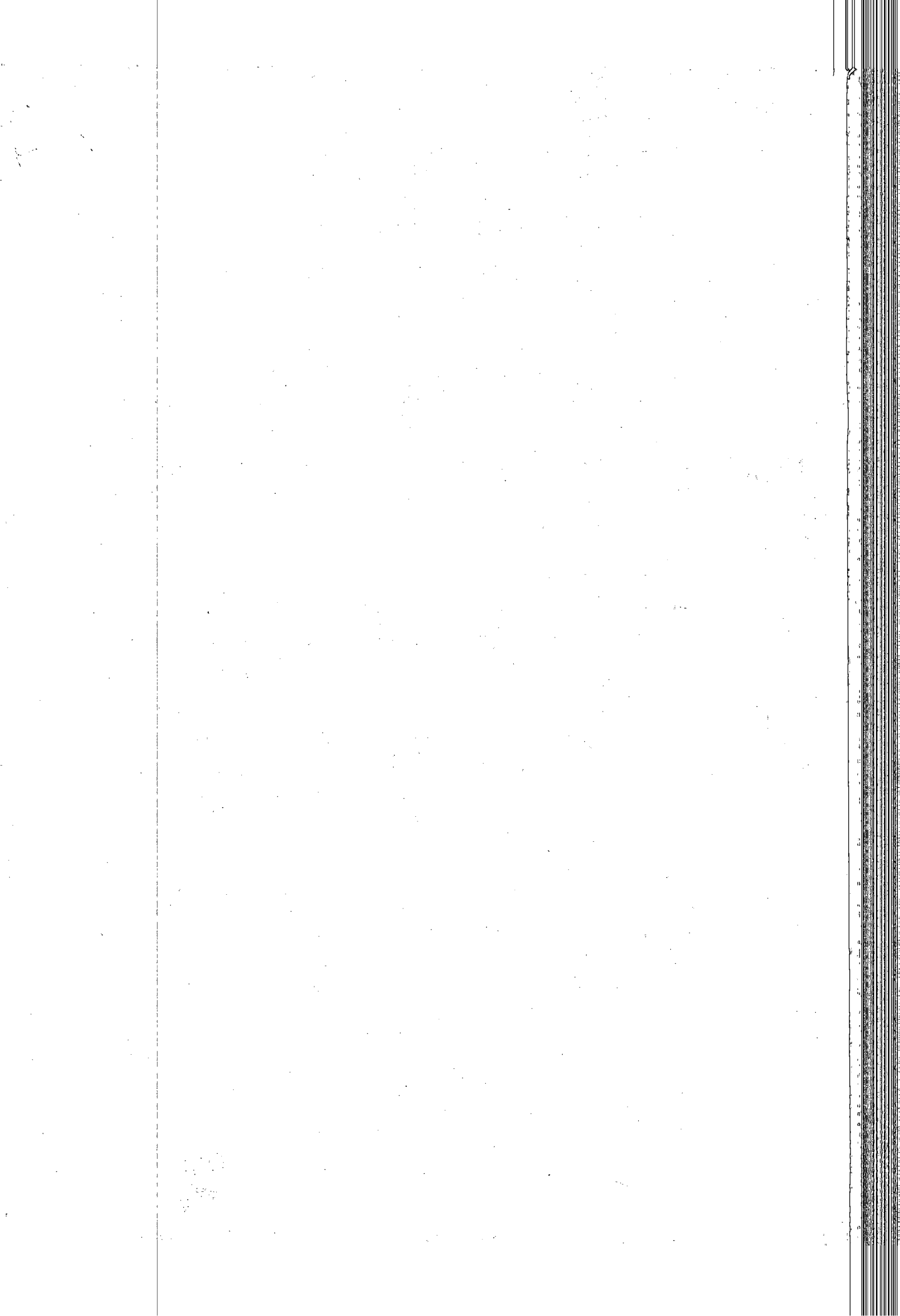
Results of Audit of Urban Local Bodies

Municipal Corporation failed to levy general tax of ₹ 15.73 crore from the owners of the newly merged areas. Municipal Council, Una failed to receive developmental grant of ₹ 91 lakh from GOI due to delay in commencement of work. Municipal Council Dalhousie failed to realize ₹ 5.19 crore lease money from various lessees. Non-revision of rates of house tax by six Urban Local Bodies as per recommendations of State Finance Commission resulted in loss of revenue of ₹ 1.18 crore. Fourteen Urban Local Bodies failed to realize the rent of shops from allottees amounting to ₹ 4.85 crore. Due to ineffective monitoring, revenue of ₹ 4.90 crore on account of house tax in thirteen Urban Local Bodies remained outstanding. Failure to realize the installation/ renewal charges of mobile towers by nine ULBs resulted in loss of revenue of ₹ 14.75 lakh. Due to non levy of Service Tax, Municipal Corporation, Shimla suffered avoidable financial burden of ₹ 57.74 lakh. Two Municipal Councils and one Nagar Panchayat irregularly incurred ₹ 85 lakh on developmental works on land not pertaining to these municipalities. Municipal Council Una did not utilize the building constructed at a total cost of ₹ 15 lakh.

(Chapter 5)

CHAPTER - 1

**PROFILE OF
PANCHAYATI RAJ
INSTITUTIONS**



CHAPTER 1

PROFILE OF PANCHAYATI RAJ INSTITUTIONS

1.1 Background of Panchayati Raj Institutions

The Seventy Third 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, etc. 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 included in the eleventh schedule of the Constitution.

Post seventy third amendment, 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 and Ministry of Panchayati Raj (MOPR) Government of India (GOI) has been adopted by the State Government and Annual Accounts (Receipts and Expenditure) are to be maintained by the PRIs accordingly.

1.2 State Profile

The State of Himachal Pradesh came into existence in 1971. The comparative demographic and developmental picture of the state is given in Table 1 below:

Table 1: Important statistics of the State.

Indicator	Unit	State value	National value	Rank amongst all States
Population in lakh	1,000s	6,856	1210,193	20
Population density	Sq.Km	123	382	22
Rural population	Per cent	89.96	68.84	01
Urban population	Per cent	10.04	31.16	35
Number of PRIs	Numbers	3332	246062	11
Number of District Panchayats ((DPs)	Numbers	12	543	09
Number of Block Panchayats (BPs)	Numbers	77	6087	09
Number of Village Panchayats (VPs)	Numbers	3243	239432	11
Number of Municipal Corporations	Numbers	01	139	06
Number of Municipal Councils	Numbers	25	1595	12
Number of Nagar Panchayats	Numbers	23	2108	16
Gender ratio	1,000s	974	940	10
Poverty ratio	Percentage	9.5	29.80	-
Literacy	Percentage	83.78	74.04	05

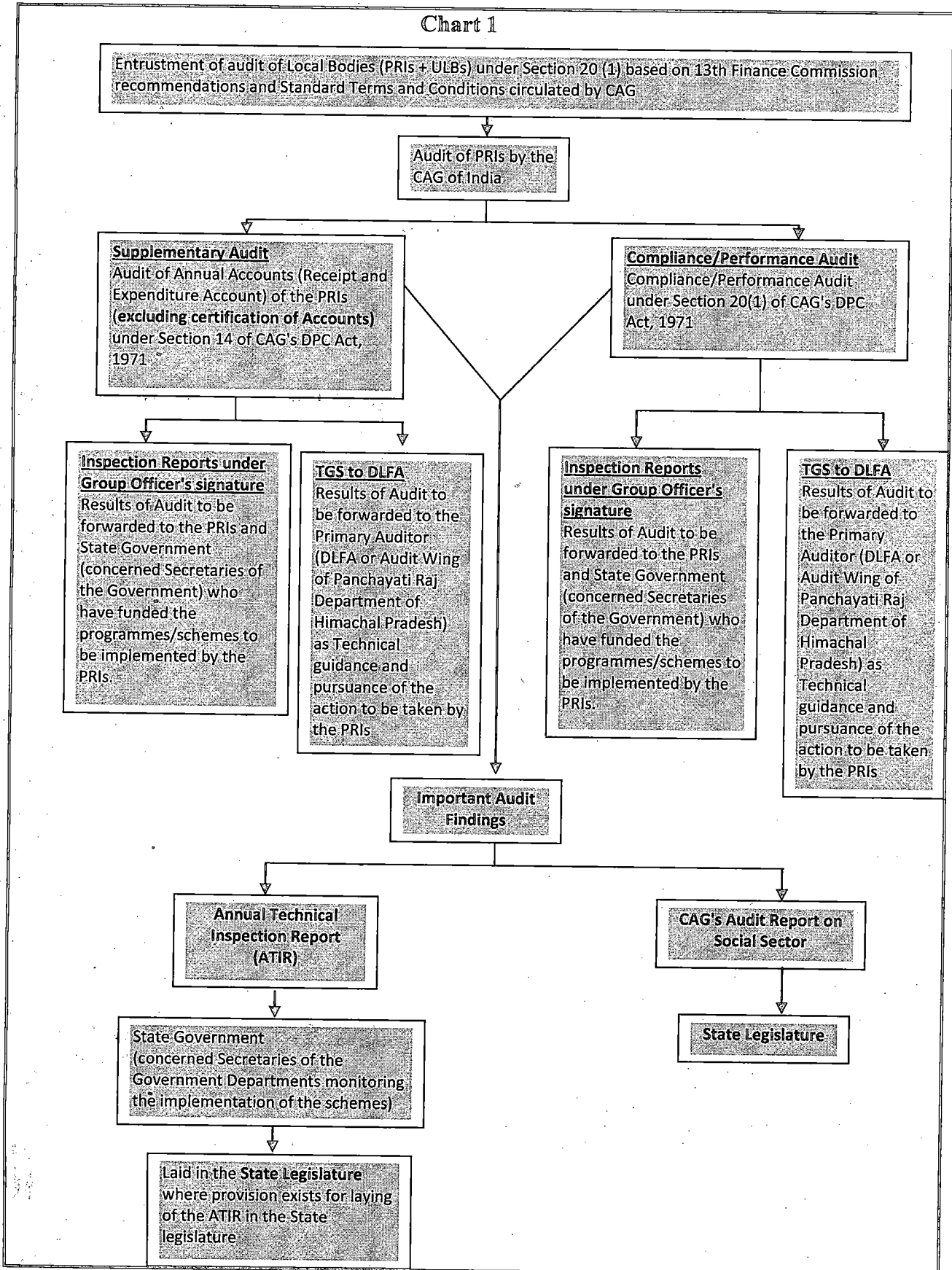
(Source: Census of India-2011(P) HP and Annexure to 13th Finance Commission Report)

1.3 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 20(1) of the CAG's DPC Act, 1971. Significantly financed PRIs are also audited by CAG under section 14 of the CAG's (DPC) Act, 1971. The results of audit i.e. Technical Inspection Report of PRIs is sent to the Director, Panchayati Raj Department and Local Audit Department. Annual Technical Inspection Report (audit of PRIs conducted during preceding year) is sent by the Pr.Accountant General (Audit) to the State Government by the end of June every year for necessary remedial action. The action taken by the executive department on the Annual Technical Inspection Report (ATIR) is intimated to the office of the Principal Accountant General (Audit).

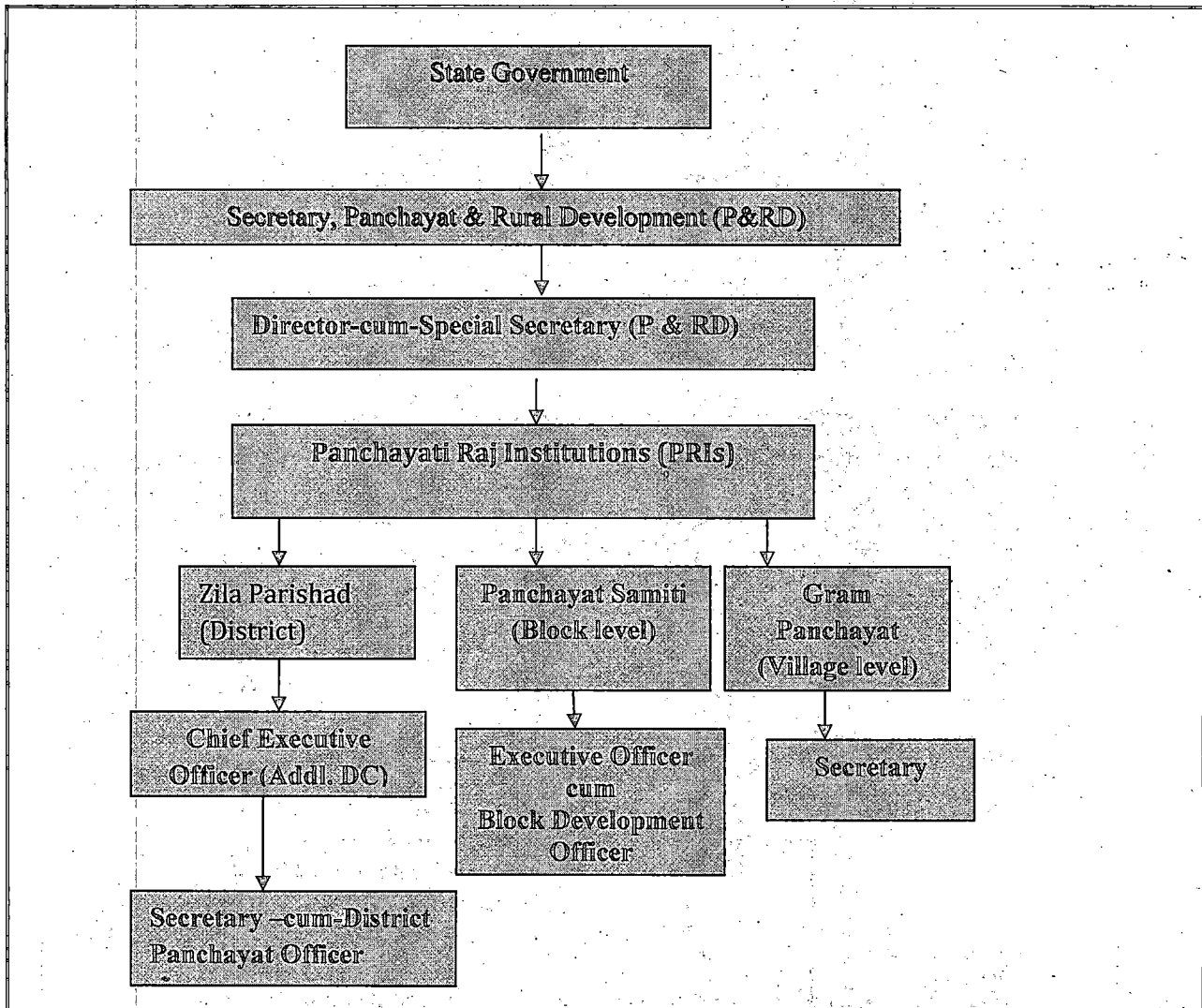
The procedure of audit of PRIs is depicted in Chart 1 below:

Chart 1



1.4 Organizational structure of Panchayati Raj Institutions

The figure given below depicts the organizational structure of the State Government, Panchayati Raj department and the Panchayati Raj Institutions at the Zila Parishad (ZP), Panchayati Samiti (PS), and Gram Panchayat (GP) level:



The Chairpersons of ZP and PS and the Pradhan of GP are the elected members and heads the ZPs, PSs and GPs respectively.

1.4.1 Standing Committees

Brief introduction to the working of PRIs and various Standing Committees involved in financial matters and implementation of schemes is given in Table 2 below:

Table 2: 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
District Panchayat	Chairperson	General Standing Committee	This Committee performs the functions relating to establishment matters, communications, buildings, etc.
		Finance, Audit and Planning Committee	This Committee performs the functions relating to the finances of the Zila Parishad.
		Social Justice Committee	This Committee performs the functions like promotion of education, economic, social, cultural and other interests of the SCs/STs/BCs.
		Education and Health Committee	This 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	This Committee performs the functions relating to agriculture production, animal husbandry, co-operation, village and cottage industries, etc.
Block Panchayat	Chairperson	General Standing Committee	This Committee performs the functions relating to the establishment matters and communications, etc.
		Finance, Audit and Planning Committee	This Committee performs the functions relating to the finance of the Panchayat Samiti.
		Social Justice Committee	This Committee performs the functions relating to promotion of education, economic, social, cultural and other interests of the SCs/STs/BCs, etc.
Village Panchayat	Pradhan	Works Committee	All developmental works of the Gram Panchayats are executed by this committee.
		Budget Committee	This Committee prepares the annual budget of the GP and submit the same to the Secretary

1.4.2 Institutional arrangements for implementation of schemes

The Panchayati Raj Institutions (PRIs) have technical and non-technical staff. Against 9256 sanctioned posts, 256 posts (Assistant Engineers: 4; Clerk: 9, Driver: 1 and Panchayat Sahayak: 242) are lying vacant as of 31 March 2012 (**Appendix-1(A)**). Panchayat Secretaries/Sahayaks are being imparted a basic training course of 45 days in Panchayati Raj Institutes. Besides, refresher courses including computer training are organized by the department to upgrade their skills.

1.5 Financial profile

1.5.1 Fund flow to PRIs

Fund flow: Source and custody of fund 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 fund-wise sources and their custody for each tier as well as the fund flow arrangements for flagship schemes are given in **Table 3** and **Table 4** below:

Table 3: Fund flow: Source and custody of funds in PRIs.

Nature of Fund	DPs		BPs		VPs	
	Source of fund	Custody of fund	Source of fund	Custody of fund	Source of fund	Custody of fund
Own receipts	ZPs	Bank	PSs	Bank	GPs	Bank
State Plan	State Government	Bank	State Government	Bank	State Government	Bank
State Finance Commission	State Government	Bank	State Government	Bank	State Government	Bank
Central Finance Commission	GOI	Bank	GOI	Bank	GOI	Bank
Centrally Sponsored Schemes	GOI	Bank	GOI	Bank	GOI	Bank

While Central and State grants are utilized by the PRIs for execution of Central and State sponsored schemes as per the guidelines issued by GOI and State Government in this regard, the own receipts of PRIs are utilized for execution of schemes/works formulated by the PRIs.

Table 4: Fund flow arrangements in major Centrally Sponsored flagship Schemes

Sl.No.	Scheme	Fund flow Arrangements
1	Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGA)	GOI and State Government transfer their respective shares of MGNREGA funds in a bank account, called State Employment Guarantee Fund (SEGF) which is set outside the State Accounts. Commissioner, State Rural Employment Guarantee is the custodian of SEGF and authorizes onward transfer of funds from it to ZPs, PSs and GPs.
2	Indira Awas Yojana (IAY)	The Indira Awas Yojana is a centrally sponsored scheme, funded on cost-sharing basis between the Government of India and the State Government in the ratio of 75:25. Funds are transferred directly to the beneficiaries' accounts in two installments. Second installment is released after construction reaches the lintel level.
3	Integrated Watershed Development Programme (IWDP)	Funds are released by DRDA to Watershed Committee which opens an account in the bank. Flow of funds under this scheme is from Department of Watershed Development (DoWD) to District Rural Development Agency (DRDA), DRDA to Project

Sl.No.	Scheme	Fund flow Arrangements
		Implementing Agency (PIA), PIA to watershed committee and watershed committee to executing agencies.
4	Swarnjayanti Gram Swarozgar Yojana (SGSY)	The total cost of the project is to be shared between Centre and State in the ratio of 75:25. The funds are released by the BDOs directly to the beneficiaries.
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 funds from GOI, the same alongwith matching share is released to the district's account by the RDD.

1.5.2 Resources: Trends and Composition

The resources of PRIs for the period from 2007-08 to 2011-12 are detailed in Table 5 below:

Table 5: Time series data on resources of PRIs

	(₹ in crore)				
	2007-08	2008-09	2009-10	2010-11	2011-12
Own Revenue	6.34	7.35	7.72	7.81	31.52
CFC transfers (Finance Commission devolutions)	29.40	29.40	29.40	52.14	80.80
SFC transfers (State Finance Commission devolutions)	13.30	51.80	51.83	48.02	67.53
Grants from State Government	141.02	65.93	69.87	71.65	72.88
Grant from Central Government	87.92	61.76	58.57	82.79	113.15
GOI grants for CSS	207.72	528.57	505.29	818.56	735.20
State Government grants for state schemes	4.78	22.02	25.99	33.24	22.20
Other receipt	5.71	3.38	3.55	3.60	1.00
Total	496.19	770.21	752.22	1117.81	1092.76

1.5.3 Application of Resources: Trends and Composition

The application of resources of PRIs for the period from 2007-08 to 2011-12 are detailed in Table 6 below:

Table 6: Application of resources sector-wise

	(₹ in crore)				
	2007-08	2008-09	2009-10	2010-11	2011-12
Expenditure from CFC transfers (Central Finance Commission devolutions)	29.40	29.40	29.40	52.14	80.80
Expenditure from SFC transfers (State Finance Commission devolutions)	13.30	51.80	51.83	48.02	67.53
Expenditure from grants from State Government and Centre Government.	241.19	138.42	128.44	154.44	187.02
Expenditure on CSS	176.09	398.80	643.58	594.89	591.35
Expenditure on State Schemes	4.78	21.31	25.24	32.18	21.49
Total	464.76	639.73	878.49	881.67	948.19

Source: Director, Panchayati Raj, 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.

1.6 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 (P&RD) and Panchayat Sahayak, appointed on contract basis by the Executive Officer -cum -Block Development Officer. In case of PSs, the accounts are maintained by the Accountants. Accounts of ZPs are maintained by Government officials of the office of DPO-cum-Secretary, ZP. There are no arrears in the maintenance of accounts.

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 MOPR, GOI have recommended Model Accounting Structure for PRIs in 2009. The Director, Panchayati Raj Department stated (August 2012) that the State Government has adopted PRIASOFT, a software 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.

1.7 Audit coverage

Audit of accounts of seven ZPs (out of 12), 19 PSs (out of 77) and 95 GPs (out of 3,243) was conducted by CAG during 2010-12 (**Appendix-1(B)**). Important audit findings are discussed in the following paragraphs:

1.8 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 is, thus, one of the attributes of good governance. The reports on compliance and controls, if effective and operational, assist the PRIs and the State Government in meeting its basic stewardship responsibilities, including strategic planning, decision making and accountability of the stakeholders. The following discrepancies were found in the Internal Control System:

1.8.1 Primary Audit of PRIs

The Local Audit Department (LAD) of the Panchayati Raj Department has been empowered to conduct the audit of PRIs as per amendment made in Section 118 of the Himachal Pradesh Panchayati Raj (HPPRA) Act, 1994. Till date, audit of PRIs has not been conducted by the LAD due to shortage of staff. Sub-Section (I) of Section 118 of the HPPRA, 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 during April 2010 to March 2012 is given in **Table 7** below:

Table: 7 Position of Internal Audit

Name of Institution	Total units	No. of units to be audited	No. of units audited	No. of units not audited	Percentage of short fall
1. Zila Parishad	12	06	05	01	17
2. Panchayat Samitis	77	56	30	26	46
3. Gram Panchayat	3243	1940	1053	887	46

Source: Director PRI

1.8.2 Non-preparation of Budget Estimates

Rule 38 of the Himachal Pradesh Panchayati Raj (HPPR) Rules, 2002 provides that the annual Budget estimates of ZPs and PSs showing the probable receipts and expenditure for the following year are required to be prepared and passed by the PS or ZP, as the case may be, by majority vote, before commencement of the next financial year.

It was observed that one ZP (out of seven ZPs), seven PSs (out of 19 PSs) and 6 GPs (out of 95 GPs) test checked, had not prepared the annual budget estimates for the period between 2008 and 2011. However, an expenditure of ₹ 9.80¹ crore had been incurred during this period without approval of the estimates which was contrary to the HPPR Rules, 2002 (Appendix-2).

While confirming the facts the concerned E.O./Secretaries stated (May 2011 to December 2011) that budget estimates could not be prepared due to engagement and pre-occupation of staff in Panchayat elections. They further stated that annual budget estimates would be prepared well in time in future. The reply is not acceptable as engagement of staff in Panchayat elections is for a small duration but budget estimates have not been prepared for a period of three years during 2008-11.

1.8.3 Non-maintenance of registers

Rule 31 of HPPR (Finance, Budget, Accounts etc) Rules, 2002 stipulates that every PRI shall maintain important records, register, forms, etc., as per detail mentioned in Rule 34 of HPPR. (General) Rules 1997.

¹ZPs: ₹ 0.22 crore; PSs: ₹ 6.90 crore and GPs: ₹ 2.68 crore.

It was observed that important registers like stock register, immovable property register, works register, muster roll register, etc. were not being maintained in four PSs² and 66 GPs audited during 2007-12 (Appendix-3). Due to non-maintenance of the records, correctness of financial transactions could not be ascertained. While advancing no reasons for non-maintenance of records, the concerned E.O./Secretaries stated (April 2011–February 2012) that the records will be maintained in future.

1.8.4 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.

However, it was noticed that difference of ₹ 5.14 crore (Appendix-4) between cash books and pass books at the close of the year 2010-12 was not reconciled by 78 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 (April 2011 - February 2012) that the differences would be reconciled.

1.8.5 Maintenance of cash books

Following irregularities in maintenance of cash books were noticed in audit during scrutiny:

- (a) In ZP, Kullu, PS, Lahaul & Spiti at Kaza and seven GPs (Bamsan Block: Bajroj, Kotlansa, Lamboo; Kullu Block: Nashogi; and Shillai Block: Jakando, Kota Pao and Koti utrad) erasures and over writings were made in the cash books and the same were not attested as required under Rule 7 and 15 of HPPR Rules, 2002. In some of the GPs, the wrong entries in cash book were corrected by using correcting fluid. As such, the authenticity of these erasures and overwriting could not be verified in audit.
- (b) In Panchayat Samiti Banjar, surprise check of cash book was not conducted during 2008-11 as required under Rule 15(11) of HPPR Rules, 2002.
- (c) In PS, Basantpur and three GPs (Shillai Block: Jhakando, Kota Pao and Koti Utrad), entries of receipts and payments were not attested by EO/Pradhan as required under Rule 7 and 15 of HPPR Rules 2002.

The concerned ZPs/PSs and GPs stated (July 2011- September 2011) that cash book would be maintained as per rules in future.

² Bamsan, Bhoranj, Jubbal Kotkhai and Kaza.

1.8.6 Outstanding Inspection Reports

As a result of audit of PRIs by the erstwhile Local Bodies Audit and Accounts Office under TGS, 1647 Inspection Reports containing 11399 paras were issued to the concerned PRIs during 2007-12. Of these, only one Inspection Report and 197 paras were settled leaving 1644 IRs and 10956 paras outstanding as of March 2012. The details are given in Table 8 below:-

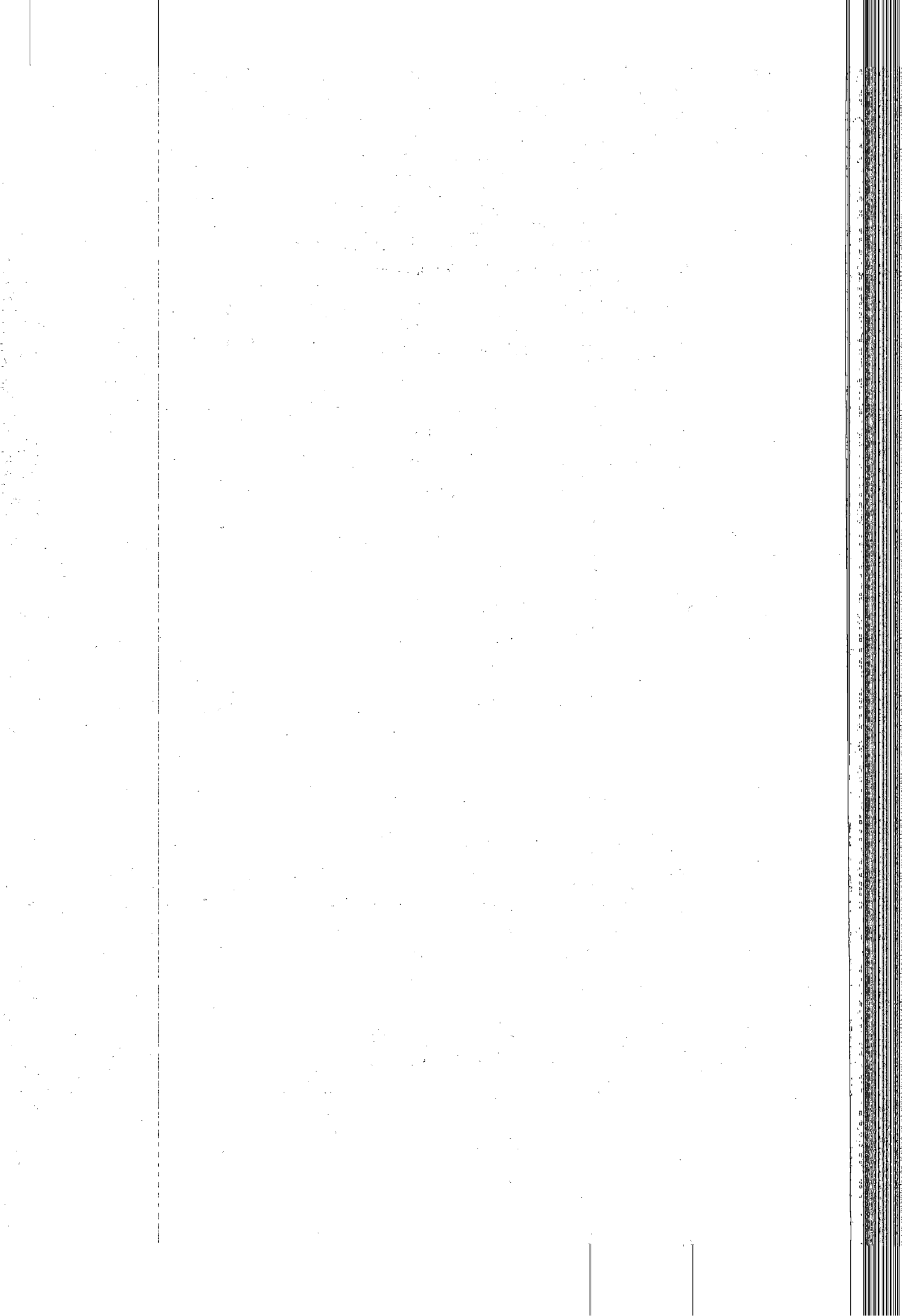
Table 8: Outstanding Inspection Reports

Sr. No.	Year of issue of Inspection Reports	No. of IRs. /Paras issued		Outstanding IRs/ Paras as on 31.03.2010		Total		No. of IRs/ paras settled during 2010-12		No. of outstanding IRs/Paras as on 31.03.2012.	
		IRs	Paras	IRs	Paras	IRs	Paras	IRs	Paras	IRs	Paras
1.	Upto 2007-08	531	2764	529	2607	529	2607	01	68	528	2539
2.	2008-09	320	2687	320	2630	320	2630	0	72	320	2558
3.	2009-10	336	2501	336	2469	336	2469	0	42	336	2427
4.	2010-11	334	2404	0	0	334	2404	0	15	334	2389
5.	2011-12	126	1043	0	0	126	1043	0	0	126	1043
	Total	1647	11399	1185	7706	1645	11153	01	197	1644	10956

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

CHAPTER - 2

**PERFORMANCE AUDIT
PERFORMANCE AUDIT ON
BACKWARD REGION GRANT FUNDS**



CHAPTER 2

PERFORMANCE AUDIT

PERFORMANCE AUDIT ON BACKWARD REGION GRANT FUNDS

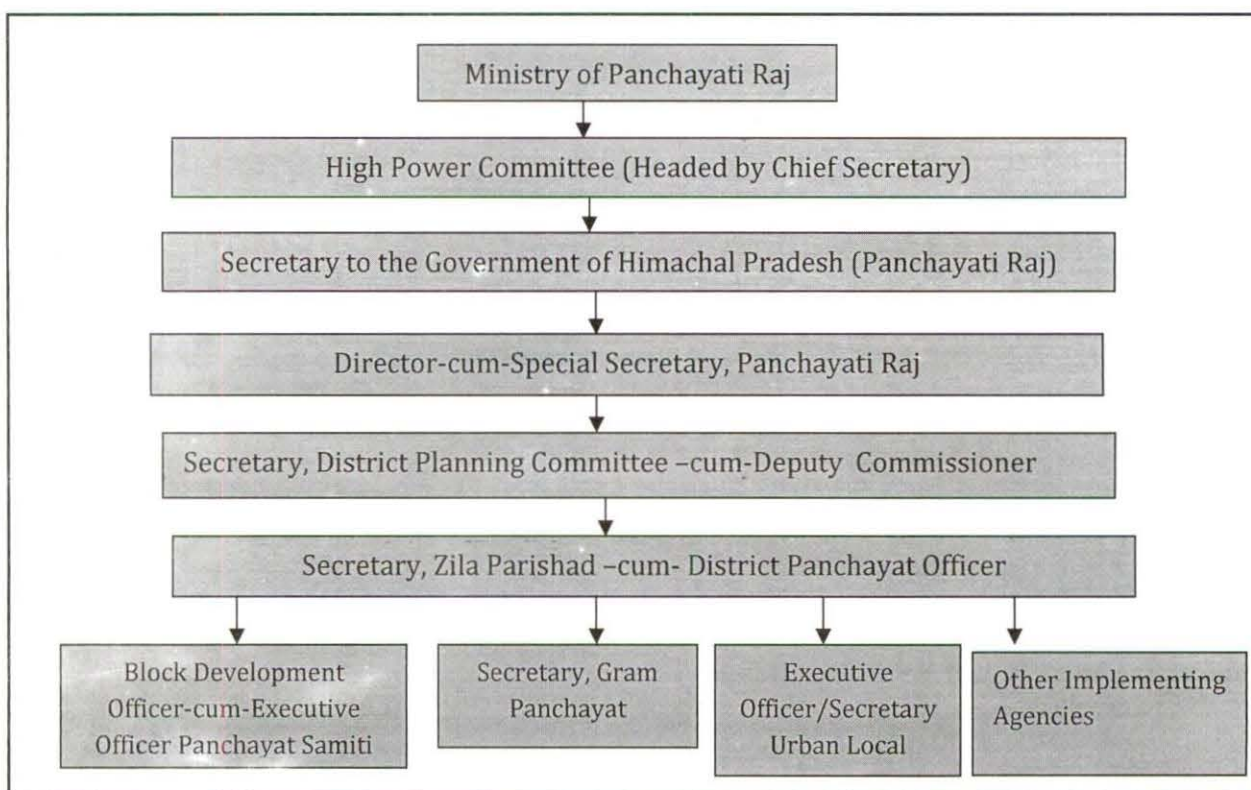
2.1. Introduction

Backward Region Grant Fund (BRGF) programme was launched by the Prime Minister on 19 February, 2006 to redress regional imbalances in development by providing financial resources for supplementing and converging existing developmental inflows in identified districts. The programme was launched in 2006 - 07 by the Ministry of Panchayati Raj, Government of India (GOI) in Himachal Pradesh for two backward districts (Chamba and Sirmour). The Programme was implemented from 2007-08 for providing financial resources to these two districts so as to:

- (a) Bridge critical gaps in local infrastructure and other development requirements that are not being adequately met through existing inflows.
- (b) Strengthen the Panchayat and Municipality level governance with more appropriate capacity building, facilitate participatory planning, decision making, implementation and monitoring, to reflect local felt needs.
- (c) Provide professional support to local bodies for planning, implementation and monitoring their plans.
- (d) Improve the performance and delivery of critical functions assigned to Panchayats.

2.2 Organizational set-up

Panchayati Raj Department of the State is the Nodal department for implementation of the BRGF Programme. The organizational set-up for implementation of the programme from Centre to State level and the field functionaries/lowest executive agency is as under:



2.3 Audit objectives

The Audit objectives were to assess whether:

- planning for implementation of the programme was effective;
- financial management was adequate;
- implementation of the programme was effective;
- monitoring and evaluation of the programme at different levels was adequate.

2.4 Audit Criteria

Audit criteria has been derived from the following sources:

- prescribed norms for planning and operation of the programme.
- programme wise physical and financial achievements.
- prescribed system for effective mechanism at different levels for monitoring and evaluation of BRGF outcomes.
- guidelines of BRGF, instructions/circulars/orders issued by MOPR, GOI.
- funding pattern of programme and criteria for distribution of funds.
- Acts/ Manuals/ Codes of H.P. Panchayati Raj and Municipalities.

2.5 Scope and methodology of audit

The review conducted during July to September 2011 covers the performance of the programme in one district (Chamba) during 2007-11. Audit test checked the records in the offices of the Director, Panchayati Raj (PR), District Panchayat Officer-cum-Secretary, Zila Parishad (DPO)

Chamba, three Panchayat Samities (PS)³ out of 7 PSs and 26 out of 283 Gram Panchayats under these PSs. Besides, two Municipal Councils (MCs) (Chamba and Dalhousie) out of three ULBs were also selected for test check. Selection of these units was made on the basis of allocation of funds in Chamba district.

2.6 Audit findings

2.6.1 Planning

Each Panchayat or Municipality within the backward district concerned was to be considered the unit for planning under BRGF. Plans prepared by each Panchayat or Municipality were to be consolidated into the District plan by the District Planning Committee (DPC). The planning exercise was to be done in accordance with the BRGF guidelines issued by the Planning Commission from time to time. Inclusion of disadvantaged groups was also to be ensured during consolidation of district plan and particular care was to be taken to ensure that the district plan addresses issues relating to SC/ST component.

2.6.2 Non-preparation of the District Vision Plan and District Perspective Plan

(a) The State Government did not prepare the district vision plan which was required to be prepared through participative process in the early part of 2006-07. Due to non preparation of district vision plan, most of the funds were released for maintenance of community assets and less importance was given to sectors like public health, animal husbandry and minor irrigation. The management attributed the reasons for non preparation of district vision plan to late constitution of District Planning Committee (DPC).

(b) At the instance of the Ministry of Panchayati Raj, the State Government awarded (March 2008) the work relating to preparation of five year district plan (2007 - 12) at a total cost of ₹ 10.00 lakh to Centre for Rural Research and Integrated Development (CRRID), Chandigarh so as to define the priority areas to facilitate advance planning and to provide a development perspective for the district.

Audit noticed that the formats developed by the CRRID upto July 2008 for collecting data for preparing the district perspective plan were complicated and were not helpful. As a result, the department could not prepare the District Perspective Plan in the absence of desired data relating to infrastructure, service and livelihood sectors.

2.6.3 Non-inclusion of disadvantaged group in the District Plan

BRGF guidelines provide that the programmes benefiting SCs/STs should be allocated funds in proportion to the population of these communities in the area for which the plan has been prepared. The guidelines issued (January 2006) by the Planning Commission provide that the villages with 50 *per cent* and above SC/ST population may be selected first and work related to development activity taken up.

It was observed in audit that DPC, Chamba did not prepare a separate sub plan for issues relating to SC/ST development as required under the programme. During 2007-08, no specific allocation

³ Bharmour, Bhatiyat and Mehla

of funds was made towards the development of targeted population. During 2008-11, against ₹ 10.17 crore (Village Population: ₹ 9.77 crore and Urban Population: ₹ 40 lakh) kept for SC/ST component, ₹ 8.92 crore (91 per cent) were sanctioned to 106 villages where SCs/STs population was below 50 per cent and ranged between 9 and 49 per cent. Further, out of 95 villages having more than 50 per cent population of SCs/STs, only 28 villages were covered with a sanctioned amount of ₹ 85 lakh (9 per cent) leaving 67 villages uncovered. Thus, lack of proper planning in allocating the funds to the tune of ₹ 8.92 crore not only led to violation of BRGF guidelines but also deprived the disadvantaged group of the intended benefits of the programme.

2.6.3.1 Non-provision of funds for priority programmes under SC/ST Plan

As per BRGF guidelines, priority was to be given to schemes like providing one time support of about ₹ 20 lakh to reputed NGOs who have land for setting up of secondary schools/colleges for girls, providing of tractor trolleys and agriculture implements to self help groups of 20 small/marginal SC/ST farmers, training of educated youth in areas such as computers, repair of mobile phones, driving etc.

It was observed in audit that funds were not provided during 2008-11 for the above priority schemes in contravention of the guidelines *ibid*.

The management stated (July 2011) that funds were released for cluster of work in SC/ST component plan. The reply is not acceptable as the criteria of sanctioning priority schemes for SC/ST population was not adhered to.

2.7 Financial performance

The year wise position of funds released by the GOI under BRGF and further released by the State Government to Director, PR for Chamba district and expenditure there against during 2007-11 is given in Table 9 below:

Table-9 Year wise position of funds released to Chamba District under BRGF

(₹ in Crore)

Year	Annual entitlement of the District Chamba	Funds released by the Govt. of India	Funds released by the State Govt.	Expenditure
2007-08	15.53	15.53	13.98	13.98
2008-09	15.53	10.11	12.96	12.96
2009-10	15.53	13.98	13.98	13.98
2010-11	15.53	15.53	15.53	15.53
Total	62.12	55.15	56.45	56.45

The year wise position of funds received and expenditure incurred in the 31 test checked units is given in Table 10 below:

Table 10: Year wise position of funds released and expenditure incurred in test checked units
(₹ in Crore)

Year	Opening Balance	Funds received	Total	Expenditure	Closing Balance
2007-08	0	0.98	0.98	0.54	0.44
2008-09	0.44	10.37	10.81	3.44	7.37
2009-10	7.37	4.25	11.62	8.04	3.58
2010-11	3.58	3.35	6.93	3.35	3.58

Out of 31 test checked units, the percentage of utilisation of funds in 27 units during 2007-11 ranged between 31 and 91, as per detail given in (Appendix-5), whereas the released amount was treated as expenditure at the State level by the Director, Panchayati Raj. Thus, a clear picture of actual expenditure incurred on the programme was not available at the State level.

2.7.1 Non-fulfillment of prescribed conditions for release of funds

GOI imposed a cut of ₹ 6.97 crore during 2008-10 and as against the entitlement of ₹ 31.06 crore (₹15.53 crore of each year) for Chamba district, the district received only ₹24.09 crore (2008-09: ₹ 10.11 crore and 2009-10: ₹ 13.98 crore) from the GOI under the BRGF. The central assistance was lost due to non-submission of required utilisation certificate, non-embezzlement/non diversion certificate along with submission of programme wise physical and financial achievements within the stipulated period prescribed by the GOI.

2.7.2 Non-payment of interest to the implementing agencies for delayed release of funds

As per BRGF guidelines, central funds were required to be transferred to the Panchayats and Municipalities by the State Government within 15 days of the release of funds by GOI. In case of delay in release of funds to the implementing agencies, the State Government was required to pay penal interest at the rate prescribed by the Reserve Bank of India. Audit noticed that the Director (PR) released ₹ 20.07 crore to DPO with a delay ranging between 18 and 79 days during 2007-11. Similarly, the delay in release of funds of ₹ 50.79 crore to the implementing agencies by DPO Chamba ranged between 4 and 258 days.

Audit noticed that the interest of ₹ 70 lakh (Director (PR): ₹ 59 lakh and DPO: ₹ 11 lakh) payable to implementing agencies for the delay in release of funds was not paid. The delay in release of funds was attributed by the DPO, Chamba to late formation of DPC and non-organization of meetings of DPC in time.

2.8 Implementation of Scheme

In order to redress regional imbalances, BRGF is designed to provide financial resources for supplementing and converging existing developmental inflows so as to bridge critical gaps in local infrastructure and other development requirements that are not being adequately met through existing inflows. Following points relating to utilization of funds under the programme were noticed in audit.

2.8.1 Irregular allocation of funds

As per instructions issued (May 2010) by the High Power Committee (HPC), sectors like Public Health, Animal Husbandry, Drinking Water, Minor Irrigation, Land Improvement etc. were to be given top priority. Contrary to these instructions, DPC proposals included creation of community assets like construction of Community Bhawan, Panchayat Ghar, Pucca Path, retaining wall etc. for which ₹ 28.36 crore (70 per cent) were allocated out of total release of ₹ 40.44 crore for bridging the gaps in local infrastructure and converging existing development during 2007-11.. Thus, the objective of the programme to bridge critical gaps in local infrastructure and other development requirements where the existing fund flows were not adequate, could not be achieved fully.

The Secretary, Zila Parishad-Cum-DPO, Chamba stated (July 2011) that critical gaps were to be looked into by CRRID who did not visit the units at the grass root level and as such, district plan could not be prepared properly.

2.8.2 Inadmissible expenditure

BRGF guidelines provide that BRGF funds will not be used for structures in the premises of religious institutions. Contrary to this, an expenditure of ₹ 66 lakh was incurred during 2008-11 against 27 schemes like construction of committee bhawan, retaining wall, ground, toilet etc within the religious premises in Chamba district. This indicated lack of planning as the DPC did not scrutinize the propriety of proposals for execution of works under BRGF.

The Secretary, ZP, Chamba stated (July 2011) that plan for these works were approved by the Gram Sabhas. The reply is not acceptable as the expenditure was incurred in contravention of the guidelines of the programme.

2.8.3 Diversion of funds

- A sum of ₹ 30 lakh (Municipal Council, Dalhousie: ₹ 17 lakh; Directorate PR: ₹ 13 lakh) was irregularly diverted during 2009-11 for making payment of salaries of its existing staff in contravention of the BRGF guidelines. The EO, Municipal Council, Dalhousie stated (August 2011) that the BRGF grant was utilised on the salary of the municipal staff due to low income of Municipal Council. The reply is not acceptable as BRGF was not meant for meeting the administrative expenditure of the Municipal Council.
- The Director (PR) diverted (2008-11) ₹ 2.20 crore meant for capacity building for purchase of two mobile vans (₹ 20.00 lakh) for Panchayati Raj Training Institute, Mashobra in Shimla district and for construction and strengthening of Training Institute at Baijnath in Kangra district (₹ 2.00 crore). Diversion of BRGF funds of ₹ 2.20 crore to districts not covered under BRGF was irregular.

The Director, PR stated (October 2011) that GOI has given full powers to HPC to approve some additional activities. The reply is not acceptable as no document in support of this was produced to audit.

2.8.4 Unauthorized execution of works under BRGF

As per BRGF guidelines, no special bodies, management committees, societies etc. shall be set up for implementation of the programme at any Panchayat or ULB level. Contrary to the provisions of the guidelines, the DPO, Chamba entrusted execution of 357 works valued at ₹ 7.76 crore to different "participatory committees" during 2007-11. These committees were not formed by the Zila Parishad as per rule 93 of HP Panchayati Raj Rules, 2002. Besides, estimates, bills/ vouchers of the works executed by these Committees were also not available with the Secretary, Zila Parishad/Executive Officer (PS). The concerned Panchayat Samities made the payments to these committees without obtaining bills/vouchers and without ascertaining the account of assets in the records of the concerned Gram Panchayats.

The Secretary, Zila Parishad, Chamba stated (July 2011) that funds were allocated to participatory committees on the recommendations of the DPC. The reply is not acceptable as works were executed in contravention of guidelines of BRGF.

2.8.5 Irregular inclusion of the schemes in the district plan

The DPC, Chamba included 448 schemes/ works valued at ₹ 5.50 crore during 2008-11 in the district plan on the recommendations of members of Zila Parishads in contravention of BRGF guidelines which provide that priorities of works to be executed were to be decided by the Gram Sabhas.

On being pointed out, the DPO, Chamba stated (July 2011) that CRRID had not visited the units at grass root level for preparation of district plan.

2.8.6 Non-contribution of funds from other sources

BRGF guidelines provide that development grants can be utilised on physical infrastructure for the conduct of Panchayat affairs including office infrastructure/ building, provided 30 per cent of the cost is contributed from other sources.

Audit noticed that DPC, Chamba released ₹ 2.74 crore to different implementing agencies between June 2008 and February 2011 for creation of physical infrastructure like construction of Panchayat Ghars, meeting hall of Panchayats, Community Bhawans etc. without ensuring contribution of ₹ 82 lakh (30 per cent) from other sources.

The Secretary, ZP Chamba stated (July 2011) that it was not possible to implement the guidelines of BRGF on the newly constructed infrastructure. The reply is not acceptable as no margin money was contributed in contravention of guidelines *ibid*.

2.8.7 Fictitious submission of utilization certificates (UCs)

As per BRGF guidelines, UCs were required to be submitted within one year of the release of funds. During 2007-10, DPO, Chamba released ₹ 47.89 crore to various implementing agencies for execution of 2047 works/ schemes. Of this, UCs for ₹ 7.19 crore for 446 works were awaited from implementing agencies as of July 2011 whereas DPO, Chamba issued (September 2009 to December 2010) UCs for 100 *per cent* of released amount. This indicated that UCs were submitted to GOI without ensuring the actual utilization of funds by the implementing agencies.

The Secretary, ZP, Chamba admitted (July 2011) the facts.

2.9 Monitoring and evaluation

Monitoring and evaluation of BRGF provide for regular physical and financial audit of works by the local fund auditors or by Chartered Accountants, examination of utilization certificates, regular review by the High Powered Committee, social audit and regular review of monthly and annual progress reports.

2.9.1 Review Committee at District level

The Review Committee constituted (July 2009) by the Secretary, Zila Parishad for examining the peer review reports, prepared by the Panchayats and overseeing the implementation of works being executed under BRGF, neither inspected the works executed under the BRGF nor convened any meeting since its formation which is indicative that the Review Committee remained non-functional. The Secretary, ZP-cum-DPO, Chamba while confirming the facts, stated (July 2011) that review committee would review the developmental works in near future.

2.10 Conclusion

Non-preparation of the district vision plan to bridge the critical gaps in local infrastructure and other development requirements at grass root level resulted in execution of works in an unplanned manner. While identifying the works/ schemes, the District Planning Committee ignored the instructions issued by the High Power Committee. As a result, sectors like Public Health, Animal Husbandry, Minor Irrigation, Drinking Water etc. were given least importance. An innovative feature of the BRGF programme was to ensure transparency by examination of peer review reports of the Gram Panchayats by the Review Committee at District level. However, the Review Committee constituted for examining the peer review reports neither inspected the works nor convened any meeting resulting in ineffective monitoring.

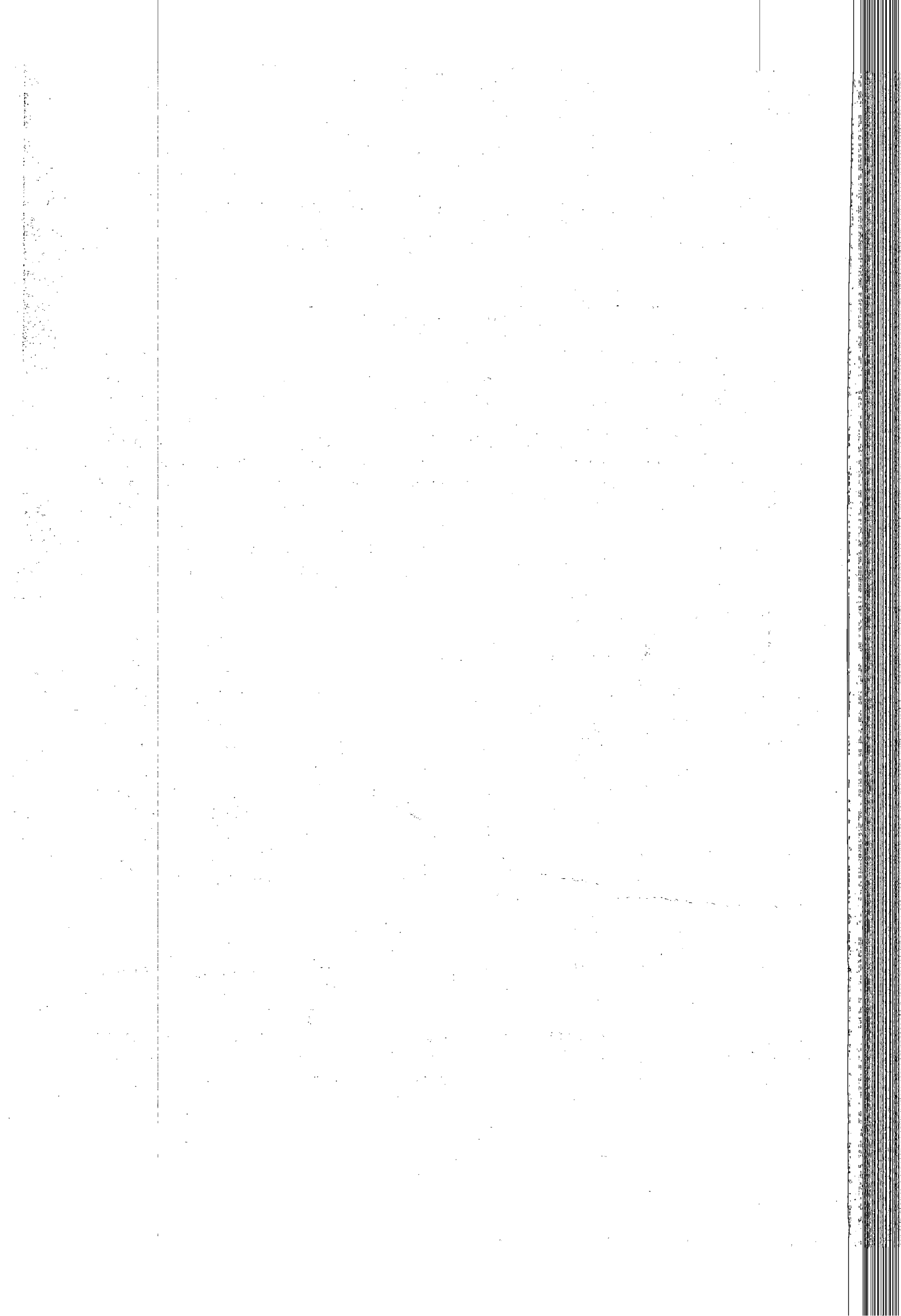
2.11 Recommendations:

The Government may consider to:

- bridge critical gaps in local infrastructure and for strengthening the PRIs/ULBs, a survey at grassroot level may be conducted for ascertaining the priority work areas and preparation of District perspective plan accordingly;
- provide funds for priority schemes under SC/ST plan and make allocations proportionately keeping in view the SC/ST population of the area;
- ensure timely release of funds to the implementing agencies as prescribed by the GOI;
- ensure that the District Planning Committee and the District Review Committee holds their meetings as per prescribed intervals and inspect the works to effectively implement the peer review system.

CHAPTER - 3

**RESULTS OF AUDIT OF
PANCHAYATI RAJ
INSTITUTIONS**



CHAPTER 3

RESULTS OF AUDIT OF PANCHAYATI RAJ INSTITUTIONS

3.1 Suspected embezzlement

In one GP, there was no record of closing balance of ₹ 1.09 lakh

Scrutiny of Cash Book of GP Bhalwani (Bhoranj Block of Hamirpur District) revealed that the closing balance of ₹ 1.09 lakh was not carried over to next page on 7 June 2010 (*Cash Book page 11*). The amount was shown as advance with a Pradhan and two Secretaries. After 7 June 2010, no entries were made in the Cash Book till 5 December 2010 and *page 12* of the Cash Book was left blank. The Cash Book was re-started on 6 December 2010 (*Page 13*) with a nil opening balance. Thus, ₹ 1.09 lakh appears to have been embezzled as no details of the advances given to the Pradhan and the two Secretaries were entered in the Cash Book. Besides, ₹ 3.19 lakh was withdrawn from banks and ₹ 2.36 lakh was deposited in the banks by the Gram Panchayat between 8 June 2010 and 5 December 2010 as verified from bank pass books. Neither the details in this regard were entered in the Cash Book nor were the vouchers of these transactions made available to audit. While admitting the facts, the Secretary of the GP stated (September 2011) that the matter would be investigated and outcome intimated to audit.

3.2 Retention of cash in hand

Retention of cash-in-hand in excess of prescribed limit by PRIs.

Rules 18 (2) and 10 (3) of HPPR Rules, 2002 provide that the ZPs, PSs and GPs may allow the accumulation of cash in the departmental cash chest upto a maximum limit of ₹ 5,000 ₹ 2,500 and ₹ 1,000 respectively at a time.

Contrary to these rules, ZP, Shimla kept cash ranging between ₹ 7,844 and ₹ 41,724 in the chest during 2010-11 at a time. Similarly, five 5 GPs, (Appendix-6), retained minimum and maximum cash ranging between ₹ 1,010 and ₹ 48,899 for the days ranging between 12 and 132 days in the chest during 2006-11. The retention of cash in excess of prescribed limit was irregular. The concerned PRIs admitted the facts and stated (May 2011 to September 2011) that the excess cash beyond the prescribed limit was kept in the cash chest for miscellaneous payments and such irregularities would be avoided in future.

3.3 Outstanding advances

Eight GPs and two PSs did not take action to recover/ adjust the outstanding advances of ₹ 14.10 lakh.

Rule 30 of the HPPR Rules, 2002 provides that whenever any advance is paid to an office bearer or officer/ official of GP for carrying out developmental works, a record thereof shall be kept in the Register of Temporary Advances and such advances should be adjusted regularly and promptly.

Scrutiny of the records of eight GPs and two PSs revealed that ₹ 14.10 lakh sanctioned as advances during 2007-11 to various office bearers such as Pradhan, Up-pradhan, Ward Members and non-elected officials for carrying out the developmental activities remained unadjusted (**Appendix-7**) as of March 2011. No efforts were made to recover these advances and in certain cases advances remained outstanding for periods ranging from one to four years. Lack of effective action to recover/ adjust the old outstanding advances may lead to loss with the passage of time.

On this being pointed out, the concerned PRIs stated (May 2011 to October 2011) that the accounts have not yet been submitted by the officials and efforts would be made to recover the advances.

3.4 Blocking of funds in Personal Ledger Account (PLA)

Funds of ₹ 8.74 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 utilized within one year from the date of sanction.

Scrutiny of records revealed that out of ₹ 13.10 lakh available with seven PSs for execution of schemes during 2008-11, an expenditure of ₹ 4.36 lakh was incurred leaving an unspent balance of ₹ 8.74 lakh in PLA of these PSs as of March 2011 (**Appendix-8**). 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 (June 2011 to December 2011) that funds were not utilized due to slow progress of works reported by GPs and the un-utilized amount would be spent after getting the schemes approved by the elected House. The reply is not acceptable as funds deposited in PLA were required to be utilized within one year from the date of sanction.

3.5 Non-recovery of duty

Revenue of ₹ 3.07 lakh remained un-realised on account of installation/renewal charges of mobile towers in 19 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.

In 19 GPs, 40 mobile towers were installed during 2006-2010 but the installation/renewal charges of ₹ 3.07 lakh (Installation charges: 0.84 and Renewal charges: 2.23) had not been recovered from the concerned mobile companies as of March 2012 (**Appendix-9**). This deprived the GPs of their due share of revenue. The concerned Secretaries of the GPs stated (April 2011 to December 2011) that action would be taken to recover the dues shortly.

3.6 Purchase of material without inviting quotations

Thirty four GPs purchased materials worth ₹ 2.09 crore without inviting quotations/tenders.

Rule 67 (5) (a) & (b) of the HPPR Rules, 2002 provides that for purchases of stores above ₹ 50,000, tenders should be invited and purchase of stores more than ₹ 1,000 but less than ₹ 50,000 should be made by inviting quotations.

It was observed that in 34 GPs, materials costing ₹ 2.09 crore were purchased during 2006-12 without inviting quotations (Appendix-10). As such the purchases were made without observing the prescribed procedures and the possibility of payment of higher rates could not be ruled out. The Secretaries of the concerned GPs stated (April 2011 to December 2011) that purchases would be made after inviting proper quotations/tenders in future.

3.7 Non-recovery of House Tax

Forty five GPs did not realize house tax of ₹ 8.86 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, realized and credited to the accounts of the fund of the Panchayat concerned.

In 45 GPs, house tax amounting to ₹ 8.86 lakh for the period 2006-12 was not recovered till March 2012 (Appendix-11). This was indicative of an ineffective monitoring on the part of GPs and resulted in a loss of revenue which could have been utilized for developmental works of the concerned GPs. 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 concerned GPs stated (April 2011 to December 2011) that efforts would be made to recover the outstanding recovery of house tax.

3.8 Outstanding rent

Ten PRIs failed to realize rent of shops amounting to ₹ 14.14 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 revealed that in ten PRIs, an amount of ₹ 14.14 lakh⁴ on account of rent of 56 shops was outstanding as of March 2011 (Appendix-12). This amount was outstanding with effect from 1999-2011. The concerned PRIs stated (April 2011 to January 2012) that notices have been served to the defaulters to deposit the outstanding rent immediately; otherwise necessary steps would be taken to vacate the shops. The Secretary, ZP Sirmour at Nahan stated (April 2011) that due to pending cases in courts, the outstanding amount of rent could not be recovered from the defaulters.

⁴ZP: ₹ 9.74, PSs: ₹ 3.12 and GPs: ₹ 1.28

3.9 Non-recovery of royalty from suppliers

Sixty two GPs did not recover royalties amounting to ₹ 20.54 lakh from suppliers.

As per instructions (February 1999) of the State Government, form 'M' from Mining Officer is required to be obtained by the suppliers for supplying sand and bajri as a proof that royalty has already been paid by them otherwise royalty at the rate of ₹ 20 per metric tonne was to be recovered from the bills of the suppliers by the GPs and the amount so realized was to be remitted to the State Government. During 2006-12, 62 GPs purchased 102780 metric tonne of material like sand, bajri etc. without obtaining form 'M' from the suppliers and royalty amounting to ₹ 20.54 lakh (**Appendix-13**) was not recovered from the bills of the suppliers, resulting in loss to the State Government. The Secretaries of the concerned GPs stated (April 2011-February 2012) that due to lack of knowledge of the relevant instructions of the State Government, royalty of supplied materials could not be deducted from the supplier's bills. However, they stated that the State Government instructions in this regard would be followed in future.

3.10 Doubtful deployments

3.10.1 Irregularities in payment to labourers

Eighteen GPs deployed same labourers on different works in the same period.

Scrutiny of records revealed that in eighteen GPs, same labourers were deployed for different works in different muster rolls in the same period during 2006-11 resulting in doubtful deployment and double payment of wages to the tune of ₹ 0.65 lakh (**Appendix 14**). 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 inadequate and ineffective internal control mechanism. The concerned Secretaries of the GPs stated (June 2011 to February 2012) that the matter would be investigated and action taken accordingly.

3.10.2 Irregular payment

Six GPs paid ₹ 0.10 lakh as wages for non-existent dates of a calendar month

During test-check of records it was noticed that six GPs released ₹ 2.72 lakh through 12 muster rolls to the labourers deployed on various works. Though the calendar months for which these muster rolls were prepared were of 28 and 30 days, yet ₹ 10503 were paid for the days beyond 28th and 30th for those calendar months during 2005-10 as detailed in **Appendix 15**. Thus, excess payment of ₹ 10503 was made to the labourers. While confirming the facts, the concerned Secretaries of the GPs stated (June 2011 to August 2011) that the excess payment was made by mistake and the same would be recovered. The replies were not acceptable as the authenticity of the MRs on which these payments were released were doubtful which is indicative of failure of internal control management in the PRIs.

3.10.3 Irregular payment without pass orders

GP Bhalwani made payment of ₹ 12.07 lakh without pass orders

Rule 7(1) of HPPR Rule, 2002 provides that each transaction of income and expenditure shall be got verified by the Pradhan and every voucher should bear resolution number and date vide which the expenditure was authorized by the Gram Panchayat. Contrary to this, the Secretary, GP Bhalwani made payment of ₹ 12.07 lakh to labourers, suppliers, honorarium to office bearers of GP etc. during 2007-10 without verification of the expenditure by the Pradhan and without mentioning the resolution number of the Gram Panchayat. Even the pass orders on the vouchers were not made by the Secretary. Hence the payment of ₹ 12.07 lakh made without pass order was irregular.

3.11 Implementation of Mahatma Gandhi National Rural Employment Guarantee Scheme

The main objective of the Act 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 Mahatma Gandhi National Rural Employment Guarantee Scheme (MNREGA) are being received by the GPs through the District Rural Development Agencies (DRDAs) for implementation of MNREGA. Irregularities noticed in implementation of the Scheme during the course of audit of PRIs are given in the succeeding paragraphs.

3.11.1 Non-maintenance of wage material ratio

Fifteen Gram Panchayats failed to adhere to the prescribed wage material ratio and accordingly made less provision of ₹ 29.74 lakh on labour component.

Para 6.2 of MNREGA guidelines provides that ratio of wage costs to material cost should not be less than the minimum norm of 60:40. This ratio should be applied preferably at Gram Panchayat, block and district levels. Audit noticed that in 15 GPs, 222 works were executed during 2008-11 at a total cost of ₹ 2.35 crore. Against the required expenditure of ₹ 1.41 crore to be incurred on wages, the amount spent on wage component was ₹ 1.11 crore (**Appendix 16**). Thus, the purpose of prescribing higher ratio for wage component was defeated resulting in less availability of funds of ₹ 0.30 crore for employment generation. Some Secretaries of GPs attributed (January 2012) non-maintenance of prescribed ratio due to non-receipt of orders in this regard, while no reasons for non-observing the prescribed wage and material ratio were given by others.

3.11.2 Delay in release of labour payment

Twenty seven Gram Panchayats delayed payment of wages of ₹ 2.98 crore to labourers for periods ranging between 3 and 420 days.

As per Para 7.1.5 of MNREGA guidelines, workers were to be paid wages on a weekly basis and in any case not beyond a fortnight from the date on which the work was done. In 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 27 GPs made payment of ₹ 2.98 crore to the workers under MNREGA after a delay ranging between 3 and 420 days which was contrary to the provisions of MGNREGS guidelines (Appendix-17). No compensation was paid to the labourers for the delayed payment. The Secretaries of the GPs concerned stated (April 2011 to January 2012) that the delay in payment of wages occurred due to late receipt of funds from Block Development Officers and delay in evaluation of works.

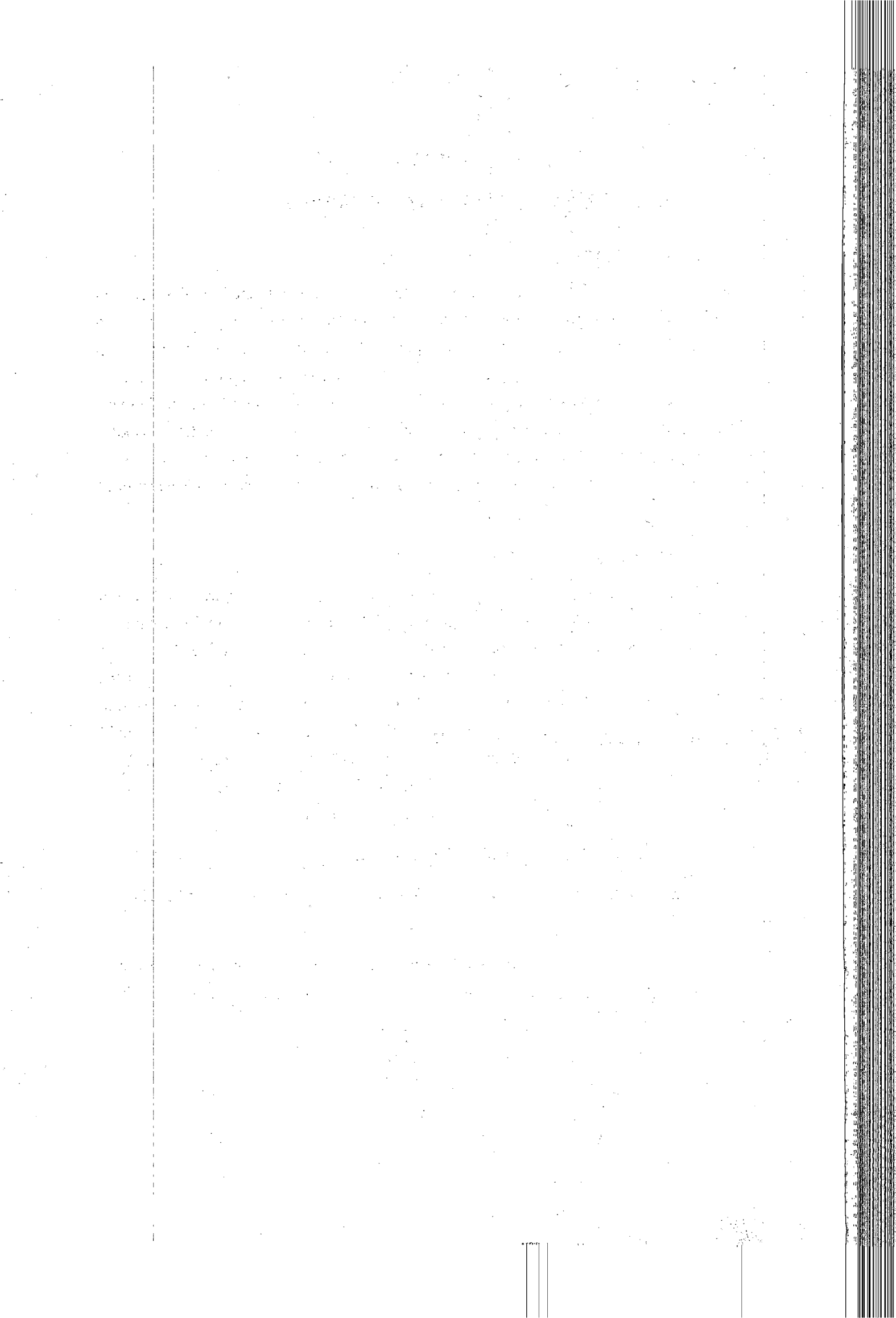
3.11.3 Payment of extra wages to elected members of GPs

Twenty seven Gram Panchayats paid extra wages of ₹ 0.40 lakh to elected members of GPs in addition to honorarium.

Some of the elected members supervise the works under MNREGS for which they are paid wages. Scrutiny of the proceeding registers of the GPs *vis-a-vis* Muster Rolls under MNREGS revealed that during 2007-11, elected members in 27 GPs attended the meetings of the GPs on various occasions/days and also marked their attendance for those days in the muster rolls for which wages of ₹ 0.40 lakh (Appendix-18) were paid to them in addition to the honorarium. The payment of wages in the above cases raises doubt about the authenticity of muster rolls and needs investigation. The Secretaries of the concerned GPs stated (June 2011 and January 2012) that the matter would be investigated and amount would be recovered from the concerned members.

CHAPTER - 4

PROFILE OF URBAN LOCAL BODIES



CHAPTER-4

PROFILE OF URBAN LOCAL BODIES

4.1 Background of Urban Local Bodies

The Seventy Fourth Constitutional amendment paved the way for decentralization of powers and transfer of 18 functions, listed in the twelfth schedule of the constitution along with funds and functionaries to the Urban Local Bodies. To incorporate the provisions of the seventy fourth 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 Urban Local Bodies (ULBs). 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.

4.2 Audit Mandate

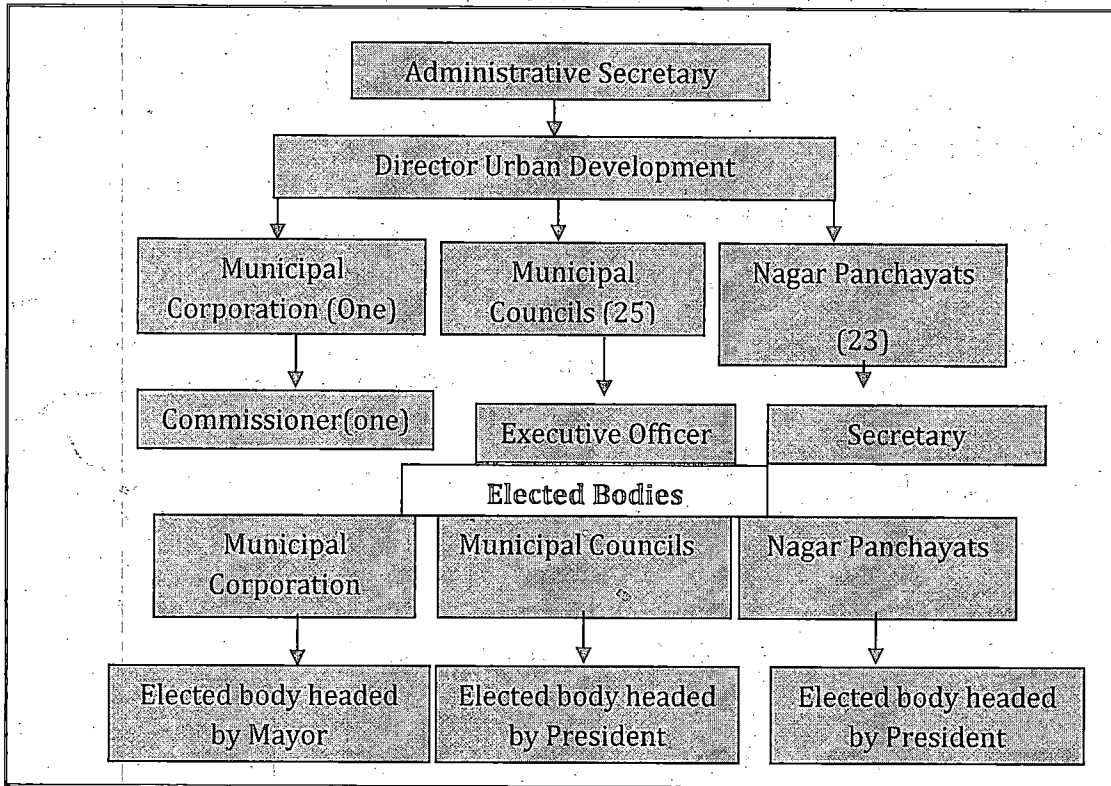
In Himachal Pradesh, audit of ULBs is being conducted by the Director, Local Audit Department. The State Government has entrusted (March 2011) audit of ULBs to CAG with the responsibility of providing Technical Guidance and Support under Section 20(1) of the CAG's DPC Act, 1971. Significantly financed ULBs are also audited by CAG under Section 14 of the CAG's (DPC) Act, 1971. The results of audit i.e. Technical Inspection Report of ULBs is sent to the Director, ULBs and Local Audit Department. Annual Technical Inspection Report (audit findings arising out of audit of ULBs during preceding year) is sent by the Pr.Accountant General (Audit) to the State Government (to the concerned Secretaries of the Administrative Departments) by the end of June every year for necessary remedial action.

4.3 Organizational structure of Urban Local Bodies

There is One Municipal Corporation, 25 Municipal Councils (MCs) and 23 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 Organizational set-up of Urban Local Bodies is as under:-

Administrative set up of ULBs



4.3.1 Standing Committees

Brief introduction on the working of ULBs and various standing committees involved in financial matters and implementation of schemes is detailed in Table 11 below:

Table 11: Roles and responsibilities of the Standing Committees

Level of ULBs	Standing Committee Headed by	Name of the Standing Committees	Roles and responsibilities of the Standing Committee
Urban Local Bodies (ULBs)	President	General Standing Committee	This committee performs the 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	This committee perform the functions relating to the finance of municipality, framing of budget, scrutinizing prospects of increase of revenue, examination of receipts and expenditure statements, etc.
		Social Justice Committee	This committee performs the functions relating to promotion of education and economic, social, cultural and other interests of SC&ST and backward classes, women and other weaker sections of the society.

4.3.2 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 the implementation of the various schemes by the ULBs. Against 1105 sanctioned posts, 106 posts are lying vacant in various categories in the ULBs as of 31 March 2012 (Appendix-19(A)). The training plan of the department of Urban Development are approved by the Government on the basis of training calendar prescribed in the training manual and the training is to be imparted to the staff accordingly. In addition to above, employees of ULBs are also deputed for training from time to time to various institutions/departments.

4.4 Financial Profile

4.4.1. 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 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 mobilized by the ULBs in the form of taxes, rent, fees, issue of licenses, etc. The fund-wise source and its custody for each tier and the fund flow arrangements in flagship schemes are given in Table 12 and 13 below:

Table: 12 Fund flow: Source and custody of funds in ULBs.

Nature of Fund	Municipal Corporation		Municipal Councils (MCs)		Nagar Panchayats (NPs)	
	Source of fund	Custody of fund	Source of fund	Custody of fund	Source of fund	Custody of fund
Own receipts	Municipal Corporation	Bank	MCs	Bank	NPs	Bank
State Plan	State Government	Bank	State Government	Bank	State Government	Bank
State Finance Commission	State Government	Bank	State Government	Bank	State Government	Bank
Central Finance Commission	GOI	Bank	GOI	Bank	GOI	Bank
Centrally Sponsored Schemes	GOI	Bank	GOI	Bank	GOI	Bank

While Central and State grants are utilized by the ULBs for execution of Central and State sponsored schemes as per the guidelines issued by GOI and State Government in this regard, the own receipts of ULBs are utilized for administrative expenses and execution of schemes/works formulated by the ULBs.

Table 13: Fund flow arrangements in major Centrally Sponsored flagship Schemes

Sl.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 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 percent to be arranged by the ULBs from own sources.
3	Integrated Housing & Slum Development Programme(IHSDP)	Eighty percent 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 their own resources or from beneficiary contribution.
4	Urban Infrastructure and Governance (UIG)	Funding under UIG is shared between the Centre, State and ULBs in the ratio of 80:10:10. The ULBs raise their contribution from financial institutions.
5	Basic Service to the Urban Poor (BSUP)	Eighty percent 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 beneficiary contribution.

4.4.2 Resources: Trends and Composition

The resources of ULBs for the period from 2008-12 are detailed in Table 14 below:

Table 14: Time series data on resources of ULBs

	(₹ in crore)				
	2007-08	2008-09	2009-10	2010-11	2011-12
Own Revenue	44.26	46.98	50.87	NA	NA
CFC transfers (Finance Commission devolutions)	1.60	1.60	1.60	7.77	24.30
SFC transfers (State Finance Commission devolutions)	30.52	41.76	41.77	46.12	51.88
Grants from State Government	22.24	22.39	20.45	31.30	33.72
GOI grants for CSS	13.44	13.25	52.57	19.50	25.83
State Government grants for State schemes	54.37	59.90	63.82	85.19	109.90
Total	166.43	185.88	231.08	189.88	245.63

Source: Director, Urban Development.

4.4.3 Application of Resources: Trends and Composition

The application of resources of ULBs for the period from 2007-08 to 2011-12 are detailed in Table 15 below:

Table 15: Application of resources sector-wise

	(₹ in crore)				
	2007-08	2008-09	2009-10	2010-11	2011-12
Expenditure from own revenue	NA	NA	NA	NA	NA
Expenditure from CFC transfers (Central Finance Commission devolutions)	1.60	1.60	1.60	7.77	24.30
Expenditure from SFC transfers (State Finance Commission devolutions)	30.52	41.76	41.77	46.12	51.88
Expenditure from grants from State Government and Centre Government.	85.90	102.10	110.17	85.81	110.45
Total	118.02	145.46	153.54	139.70	186.63

Source: Director, Urban Development.

4.5 Audit Coverage

Test-check of the records of Municipal Corporation, Shimla, eight Municipal Councils (MCs)⁵ out of 25 MCs and five Nagar Panchayats (NPs)⁶ out of 23 NPs was conducted during 2010-12. In addition, a performance review of State Scheme viz. Backward Region Grant Fund (BRGF) covering two⁷ out of three ULBs of Chamba district was also done. Audit findings of the review on BRGF are incorporated in Chapter 3 and important audit findings are incorporated in Chapter-5 of the Report.

4.6 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 its basic stewardship responsibilities including strategic planning, decision making and accountability of the stakeholders. The following discrepancies were found in the Internal Control System:

⁵ Chamba, Dalhousie, Dharamsala, Ghumarwin, Nagrota Bagwan, Naina Devi, Palampur and Una.

⁶ Jawalamukhi, Nadaun, Santokhgarh, Sujampur and Talai.

⁷ Chamba and Dalhousie.

4.6.1 Non-Certification of Accounts

All the 49 ULBs have maintained their accounts on an accrual based system. 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 National Municipal Accounts Manual (NMAM) prescribed by MOUD in consultation with CAG has not been adopted by the State Government. With no specific provision in the State Acts/Rules, certification of accounts by an independent agency was non-existent in the ULBs.

4.6.2 Budget Estimates

The budget estimates of ULBs are 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 for passing the same. After passing of the budget by the House of the Committee, it is submitted to the Director, Urban Development for approval. The budget provision and the expenditure thereagainst for the test-checked Municipal Corporation, seven Municipal Councils and five Nagar Panchayats for the years 2008-09 to 2010-11 is given in Table 16 below:

Table 16: Budget estimates *vis-à-vis* expenditure

(₹ in crore)

Year	Budget Estimate	Actual Expenditure	Savings (-) Excess (+)	Percentage over all utilization
2008-09	141.51	63.57	(-)77.94	44.92
2009-10	164.48	77.16	(-) 87.33	46.91
2010-11	189.77	80.31	(-)109.46	42.32

(Unit-wise position is given in Appendix-19-B)

It is evident from the above table that preparation of budget estimates was not done in a realistic manner resulting in significant savings over the budget estimates.

4.6.3 Pending Audit objections

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 erstwhile Local Bodies Audit and Accounts Office and 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 March 2012 are included in Table 17 below:

Table 17: Position of pending IRs/Paras.

Sr. No.	Year of issue of Inspection Reports	Outstanding IRs/ Paras as on 31.03.2010		Addition		Total		No. of IRs/ paras settled during 2010-12		No. of outstanding IRs/Paras as on 31.03.2012.	
		IRs	Paras	IRs	Paras	IRs	Paras	IRs	Paras	IRs	Paras
1.	2008-09	69	600	-	-	69	600	0	137	69	463
2.	2009-10	16	213	-	-	16	213	0	0	16	213
3.	2010-11	0	0	15	157	15	157	0	0	15	157
4.	2011-12	0	0	15	194	15	194	0	30	15	164
	Total	85	813	30	351	115	1164	0	167	115	997

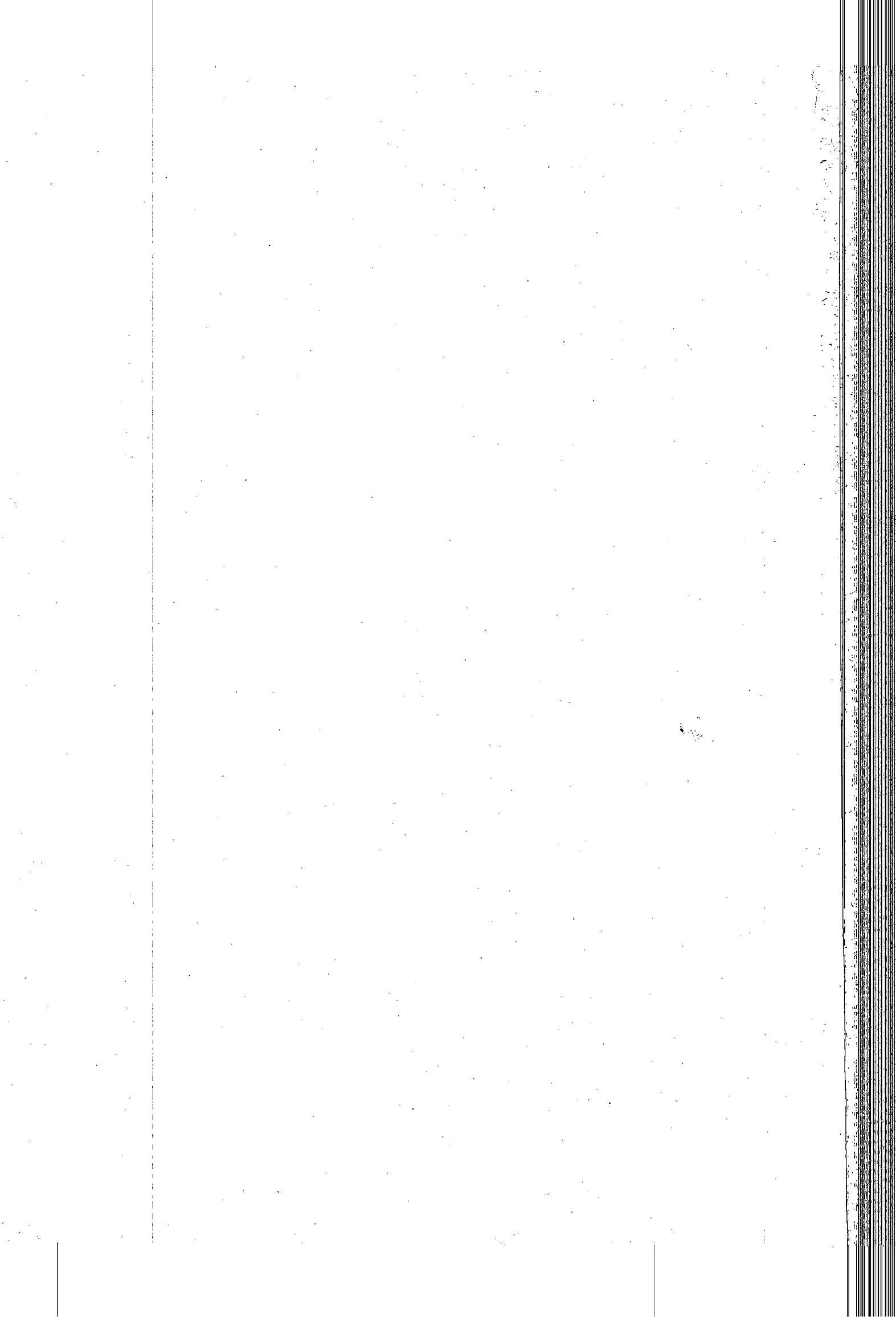
Increasing trend of Inspection Reports and Paras are indicative of inadequate response to audit findings and observations which resulted in erosion of accountability.

4.6.4 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 Local Bodies are to be audited by a separate and independent agency. The Government of Himachal Pradesh issued (October 2008) a notification, according to which the Director, Local Audit will prepare Annual Audit Plan. As per Audit Plans for the year 2010-12, all 24 ULBs planned for audit, have been covered upto 31st March 2012.

CHAPTER - 5

RESULTS OF AUDIT



CHAPTER -5

RESULTS OF AUDIT

5.1 Loss of Revenue

5.1.1 Non-realization of general tax.

Municipal Corporation, Shimla failed to levy general tax of ₹ 15.73 crore from the owners of the newly merged areas.

As per notification (August 2006), the Government of Himachal Pradesh altered the limits of Municipal Corporation, Shimla by including therein the special areas of New Shimla (Kasumpati), Dhalli and Totu with the exemption of general tax on the land and buildings for a period of 2 years. Thereafter, the general tax on land and buildings was to be levied at the rate of 15 per cent per annum from the owners of land and buildings of the newly merged areas.

Scrutiny of records, however, revealed that contrary to the provisions of the notification *ibid*, a general tax of ₹ 15.73 crore⁸ on land and buildings, as worked out (between April 2010 and December 2012) in the survey conducted by the Municipal Corporation through an agency, was due from the owners of the newly merged areas.

While admitting the facts, the Secretary (Tax) stated (February 2012) that existing staff was already overburdened owing to which the general tax could not be levied. The reply was not acceptable as no action was initiated by the department for the realization of general tax despite lapse of more than three years after the survey.

Thus, delay on the part of the Department in realization of general tax from the owners of the newly merged areas in Municipal Corporation, resulted in loss of revenue of ₹ 15.73 crore.

5.1.2 Blockade of funds

Municipal Council, Una failed to receive developmental grant of ₹ 91 lakh from GOI due to delay in commencement of work

The District Tourism Development Officer (DTDO), Kangra conveyed (May 2009) to the EO, Una regarding sanction of three schemes by the Ministry of Tourism, Government of India for ₹ 1.30 crore. For the implementation of these schemes, DTDO released (May 2009) ₹ 39 lakh being 30 per cent of the sanctioned amount of ₹ 1.30 crore, as detailed in Table 18 below:

Table 18: Funds sanctioned/released by the Ministry of Tourism

(₹ in lakh)

Sr. No.	Name of the scheme	Sanctioned amount	Amount released	Balance amount to be released
1.	Provision of parking facility for 150 vehicles	60.00	18.00	42.00
2.	Construction of Tourism Reception Centre(TRC)	30.00	9.00	21.00
3	Face lifting of Saloh Signi Dhar by way of lighting pathways, toilets, trekroutes, benches and rain shelters	40.00	12.00	28.00
Total		130.00	39.00	91.00

⁸ September 2008 to 31.03.2011.

During its meeting held (May 2009) with the Tourist Information Officer (TIO), the Municipal Council, Una intimated that it had 2 kanal land near the truck union for creation of parking facility and construction of Tourist Reception Centre (TRC). EO further intimated TIO that the Municipal Council had already done some work at Saloh Dhar. The DTDO, while releasing 30 *per cent* grant, requested the EO, Municipal Council to submit the revenue papers of these sites alongwith detailed estimates and drawings.

It was noticed in audit that the Extension Officer (EO), Municipal Council, Una neither submitted the revenue papers of these sites nor prepared the detailed estimates of these works due to non-selection of sites. Instead, a sum of ₹ 12 lakh was deposited (November 2009) with the Executive Engineer, Himachal Pradesh Public Works Department, Bangana for the face lifting work of Saloh Signi Dhar. The remaining amount of ₹ 27 lakh was deposited in the Bank and all the works were yet (November 2011) to be started. The remaining amount of ₹ 91 lakh was yet to be released by DTDO. Thus, non-starting of works and non-completion of codal formalities resulted in blockade of ₹ 39 lakh and the Municipal Council was also deprived of the additional grant of ₹ 91 lakh.

The EO, Municipal Council, Una stated (September 2011) that the parking component was in progress alongwith the parking already being constructed under Rajiv Gandhi Urban Renewal Facility (RGURF) funds. As regard construction of TRC, the EO stated that site was being selected. The reply is not acceptable as EO in its meeting held with TIO in May 2009 had intimated that the sites of these works had already been selected.

5.1.3 Loss due to non-realization of lease money

Municipal Council, Dalhousie failed to realize ₹ 5.19 crore lease money from various lessees

The State Government issued (December 1984) instructions to all the DCs that lease amount in all cases of Government land (fresh or renewal of existing lease) was to be charged per annum at the rate of 18 *per cent* of current prevailing highest market price of the kind of land to which the land to be leased out/ renewed belongs. DC, Chamba circulated (November 2003) these instructions to EO, Municipal Council, Chamba.

Municipal Council, Chamba had leased out Municipal Council land/ houses/ shops etc to 53 parties between 1931 and 1938 for 90 years. As per agreements entered into, each lease deed was to be renewed after every 30 years but not exceeding original aggregate period of 90 years. The renewal of these lease deeds was due between 1961 and 1968 and thereafter between 1991 and 1998. It was noticed in audit that Municipal Council, Chamba enhanced only once, fifty *per cent* lease amount in 1984-85 in respect of few leases which were due for renewal. Thereafter, neither the lease deeds were renewed nor lease amount enhanced as per instructions issued by the State Government.

The current (July 2006) prevailing highest market price of leased property, intimated by revenue department was ₹ 7.21 crore and 18 *per cent* of this amount works out to ₹ 1.30 crore per annum. Thus, the total amount from July 2006 to June 2010 works out to ₹ 5.19 crore which the Municipal Council did not recover as of December 2011, as detailed in (Appendix-20) to this report. While admitting the facts, EO, Municipal Council, Chamba stated (August 2011) that as

per section 57(4)(ii) of H.P. Municipal Act, 1994, EO of Municipal Council was empowered to grant a lease in perpetuity in respect of immovable property which does not exceed ₹ 1 lakh. The reply is not acceptable as State Government had already directed (July 2000) to dispose off lease cases at the level of Municipal Council itself on merit.

5.1.4 Loss due to non-revision of rates of house tax

Non-revision of rates of house tax by six Urban Local Bodies as per recommendations of SFC resulted in loss of revenue of ₹ 1.18 crore.

The Director, Urban Development directed (November, 2003) all the ULBs that as per recommendations of the Second State Finance Commission (SFC), there shall be one percentage point increase in the rate of house tax every year so as to reach the level of 12.5 *per cent* at the end of 2006-07 from 7.5 *per cent* as of 2002-03. Accordingly, the rates were to be enhanced at the rate of one *per cent* each year from 2002-03 onwards.

In six ULBs (Appendix-21), the instructions had not been followed for revision of rates of house tax and demand for house tax was levied at uniform rates ranging between 7.5 *per cent* and 12 *per cent* resulting in loss of revenue to the tune of ₹1.18 crore. The concerned officers of ULBs stated (July 2011 to November 2011) that action would be taken to enhance the rates of house tax.

5.2 Non-realization of rent

Fourteen Urban Local Bodies failed to realize the rent of shops from allottees amounting to ₹ 4.85 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 (EO)/Secretary, as the case may be, 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 arrears of land revenue.

It was noticed that in fourteen ULBs, (Municipal Corporation, Shimla, eight Municipal Councils and five Nagar Panchayats), rent of ₹ 2.12 crore was pending as of April 2008 (Appendix-22) against the allottees of shops/ stalls, owned by these ULBs. Further, demand of ₹ 7.94 crore was raised against the tenants/ lessees of these shops/ stalls during 2008-11. Against the total demand of ₹ 10.06 crore, only ₹ 5.21 crore was recovered leaving rent of ₹ 4.85 crore outstanding as of March 2011. The Municipal Corporation, Shimla stated (February 2012) that the matter for recovery of rent of shops was under process as the lessee(s) had sold their property to other persons while other ULBs stated that notices have been issued to the defaulters and the amount would be recovered shortly.

5.3 Outstanding house tax

Due to ineffective monitoring, revenue of ₹ 4.90 crore on account of house tax in thirteen Urban Local Bodies remained outstanding.

In thirteen ULBs (Municipal Councils: 8 and Nagar Panchayats: 5) there was an opening balance of outstanding house tax of ₹ 3.91 crore as of April 2008 and demand of ₹ 6.27 crore was raised during the period 2008-11 (Appendix-23). However, the collection of house tax was to the extent of ₹ 5.28 crore during the corresponding period, leaving an outstanding balance of ₹ 4.90 crore as of March 2011. The pace of recovery was slow as even the current demand could not be recovered. Non-recovery of house tax has deprived the ULBs of revenue which could have been utilized for other developmental works. The EOs/Secretaries of concerned ULBs stated (July 2011 to February 2012) that notices have been issued against the defaulters for recovery of arrears.

5.4 Non-recovery of installation/ renewal charges for Mobile Towers.

Failure to realize the installation/ renewal charges of mobile towers by nine ULBs resulted in loss of revenue of ₹ 14.75 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 1989-2011 but the concerned ULBs had not recovered the charges of ₹ 14.75 lakh (installation charges ₹ 1.10 lakh and renewal charges ₹ 13.65 lakh) as of March 2011 in respect of 68 towers (Appendix-24). The concerned ULBs stated (April 2010 to February 2012) that notices have been issued to the concerned companies to remit the arrear immediately.

5.5 Non-recovery of Service Tax.

Due to non levy of Service Tax, Municipal Corporation, Shimla suffered avoidable financial burden of ₹ 57.74 lakh

Section 65(105) of Finance Act, 1994 provides that Service Tax is to be paid on sale of space or time for advertisement. Similarly renting of immovable property is also taxable under service tax provisions, as also defined in Section 65(98) of the aforesaid Act.

During 2006-10, the Municipal Corporation, Shimla received ₹ 4.03⁹ crore on account of above services. It was noticed in audit that contrary to the provisions of the Act *ibid*, Municipal Corporation did not levy and collect service tax from the service receivers and ₹ 57.74 lakh¹⁰ on account of service tax was deposited with the Central Excise department from its own sources.

⁹ ₹ 4.03 crore (2006-07: ₹ 13.04 lakh; 2007-08: ₹ 75.17 lakh; 2008-09: ₹ 1.31 crore and 2009-10: ₹ 1.84 crore.)

¹⁰ ₹ 57.74 lakh (October 2010: ₹ 22.33 lakh and December: ₹ 35.41 lakh)

The Superintendent Estate stated (January 2012) that service tax could not be levied and collected because the matter remained under correspondence with the Central Excise Department. The reply was not acceptable as the services like sale of space or time for advertisements and renting of immovable property were already taxable under the Finance Act, 1994. Thus, non collection of service tax from service receivers resulted in loss of ₹57.74 lakh.

5.6 Irregular expenditure on developmental works

Two Municipal Councils and one Nagar Panchayat irregularly incurred ₹ 85 lakh on developmental works on the land not pertaining to these Municipalities.

- (a) The Director, UDD, Himachal Pradesh released (July 2009) ₹ 10 lakh to Nagar Panchayat, Santokhgarh for construction/ development of park near Rehan Basera at Santokhgarh for which technical sanction of ₹ 42.23 lakh was obtained (April 2010) from the Superintending Engineer, Himachal Pradesh Housing and Urban Development Authority (HIMUDA). As per technical sanction, fourteen items of works were to be executed. The Secretary, Nagar Panchayat, Santokhgarh invited (June 2010) tenders for construction of park for the estimated cost of ₹ 10 lakh for spread work (Item No. 10 of the work) and the work was awarded (July 2010) to the lowest bidder. The work was completed at a total cost of ₹ 13.75 lakh against which payment of ₹ 10.01 lakh was released to the contractor and balance amount is still (December 2011) to be paid. It was noticed in audit that the land, on which the work was executed, is forest protected land. Neither a 'No Objection Certificate' was obtained from the Forest Department nor the land was got transferred in the name of Nagar Panchayat, Santokhgarh. Thus, the expenditure of ₹ 13.75 lakh has been irregularly incurred on the land not in the name of Nagar Panchayat. The Secretary, Nagar Panchayat, Santokhgarh stated (September 2011) that the matter regarding transfer of forest protected land was in progress, The reply is not acceptable as the expenditure was incurred on the forest land before transfer of the aforesaid land.
- (b) The Director, UDD released (February 2009) ₹ 50 lakh grant from Rajiv Gandhi Urban Renewal Fund (RGURF) to Municipal Council, Dharmsala for construction of parking lot near HRTC Bus stand, Dharmsala. The EO, MC, Dharmsala awarded (July 2010) the work to a contractor for ₹ 36.87 lakh without obtaining technical sanction. The work was stipulated to be completed within six months. It was noticed in audit that the title of the land (Khasra No. 1837, 1838 and 1839) measuring 596.23m², on which the work started, was not in the name of the Municipal Council and was on lease upto July 2036 in favour of a private person. A total payment of ₹ 33.93 lakh was released between March 2011 and May 2011 to the contractor upto 1st running bill. The work was still (December 2011) in progress. Thus, the expenditure so incurred on the land, not belonging to Municipal Council, without obtaining technical sanction was irregular. While admitting the facts, the EO, Municipal Council, Dharmsala stated (August 2011) that though the land was in the name of Raghuvir Singh, but DC is the Chairman of Raghuvir Singh club and the map of the construction of parking/ shopping complex was approved by him. The reply is not acceptable as the interest of Municipal Council was not kept in view while spending the Municipal Council funds on the land, not pertaining to Municipal Council.

5.7 Excess expenditure on establishment.

Six Urban Local Bodies incurred expenditure of ₹ 25.23 crore in excess of norms and failed to collect outstanding taxes of ₹ 7.45 crore which could have been utilized thereby reducing the percentage of establishment expenditure.

As per Section 53 (i) (c) of Himachal Pradesh Municipal Act and Section 75 (i) of the Himachal Pradesh Municipal Corporation Act, 1994, the expenditure on establishment charges should not exceed one third of the total expenditure of the ULBs.

In six ULBs, total expenditure of ₹ 155.20 crore was incurred during 2008-11. As per provisions of the Himachal Pradesh Municipal Corporation Act, 1994 and Himachal Pradesh Municipal Act, 1994 ₹ 50.73 crore was to be spent on establishment whereas these ULBs incurred ₹ 75.96 crore resulting in excess expenditure of ₹ 25.23 crore beyond prescribed norms during 2008-11 (**Appendix-25**). The EOs of concerned ULBs stated (August 2011 to February 2012) that the excess expenditure was due to enhanced rates of dearness allowance, revision of pay scales and regularization of services of daily waged staff. The reply was not acceptable as excess expenditure was due to not taking effective steps to ensure optimum collection of ₹ 7.45 crore¹¹ on account of various taxes by these ULBs. The execution of various developmental works could have been taken up with these funds, had the limit of one third expenditure on establishment been ensured.

5.8 Non-maintenance of records

Rule 192 of Municipal Account Code 1975, read with Rule 53(3), 58(1) & 58(2) of Municipal Act 1994 stipulates that every ULB shall maintain important records, registers, forms, etc.

It was observed in audit that important registers like stock register, immovable property register, works register, muster roll register, etc. were not being maintained in 4 ULBs¹² during the period 2008-11. Due to non-maintenance of records, correctness of financial transactions could not be ascertained. Reasons for non-maintenance of records were not intimated by the concerned ULBs. However, they stated (August 2011-September 2011) that the records would be maintained in future.

5.9 Unauthorized collection of Taxes

Municipal Council, Dalhousie burdened the public by levying unauthorized conservancy and water tax of ₹ 45 lakh.

Section 66 of Himachal Pradesh Municipal Act 1994 provides that a municipality may, from time to time, impose in the whole or any part of the municipality any tax, as mentioned in this section. In addition, any other taxes can also be imposed with the previous sanction of the State

¹¹ Municipal Corporation, Shimla: ₹ 5.07 crore; MCs: ₹ 1.16 crore (Dalhousie ₹ 0.43 ; Dharmshala ₹ 0.16 ; Ghumarwin ₹ 0.50 and Nagrota Bagwan: ₹ 0.07) & NPs: ₹ 1.22 crore (Jawala Mukhi ₹ 0.80; Sujampur Tihra: ₹ 0.20 and Talai: ₹ 0.22)

¹² Dharamshala (MC), Naina Devi (MC), Palampur (MC) and Santokhgarh (NP)

Government. It was noticed in audit that Municipal Council, Dalhousie had irregularly imposed conservancy tax at the rate of twelve *per cent* and water tax at the rate of six *per cent* without prior sanction of the State Government though these items of taxes have not been mentioned in section 66 of Municipal Corporation Act, 1994. During 2008-11, Municipal Council, Dalhousie collected ₹ 45.24 lakh from public as conservancy and water tax, as detailed in Table 19 below:

Table 19: Details of Conservancy and Water tax collected by Municipal Council Dalhousie

(₹ in lakh)

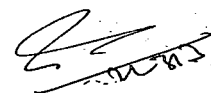
Year	Number of cases	Conservancy Tax	Water tax	Total
2008-09	1056	8.58	4.19	12.77
2009-10	1173	12.23	5.90	18.13
2010-11	1188	9.62	4.73	14.35
Total		30.43	14.82	45.25

The EO, Municipal Council, Dalhousie stated (August 2011) that these taxes were being collected prior to implementation of MC Act, 1994. The reply is not acceptable as there are no provisions in MC Act, 1994 to impose these taxes without prior sanction of the State Government.

5.10 Non-utilization of assets

Municipal Council, Una did not utilize the Rehan Basera building, constructed at a cost of ₹ 15 lakh.

Municipal Council Una constructed (February 2010) Rehan Basera¹³ building at a total cost of ₹ 15.30 lakh (NSDP grant: ₹ 10 lakh and Municipal Council Funds: ₹ 5.30 lakh) consisting of four one bed room sets and dormitory having 10 beds capacity. It was noticed in audit that the building was never put to use after completion. While admitting the facts, EO, Municipal Council, Una stated (September 2011) that the building could not be put to use due to non-availability of chowkidar. Thus, due to non-utilization of building, the expenditure of ₹ 15.30 lakh largely remained unfruitful and the public was also deprived of the intended benefits.

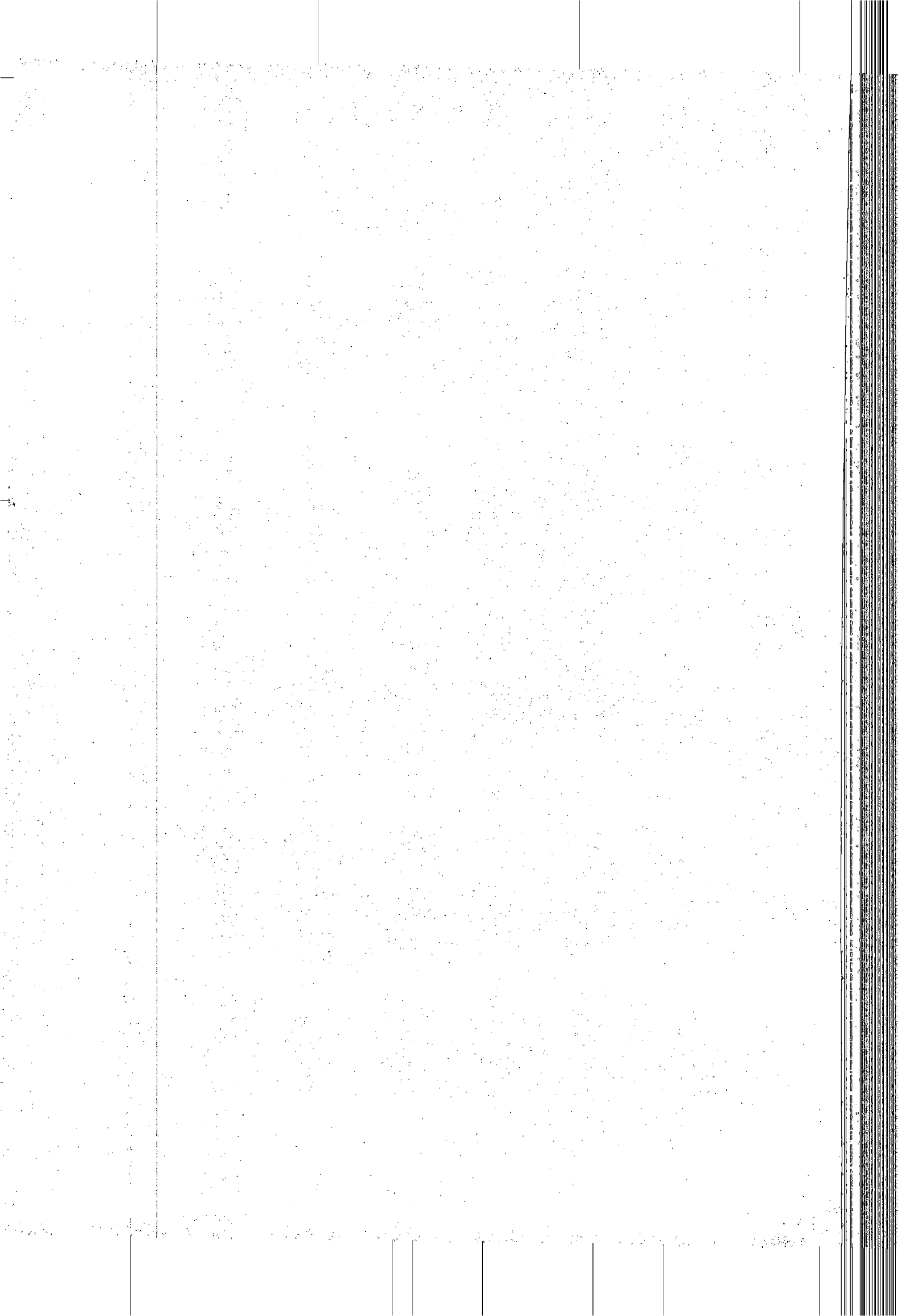


(Satish Loomba)

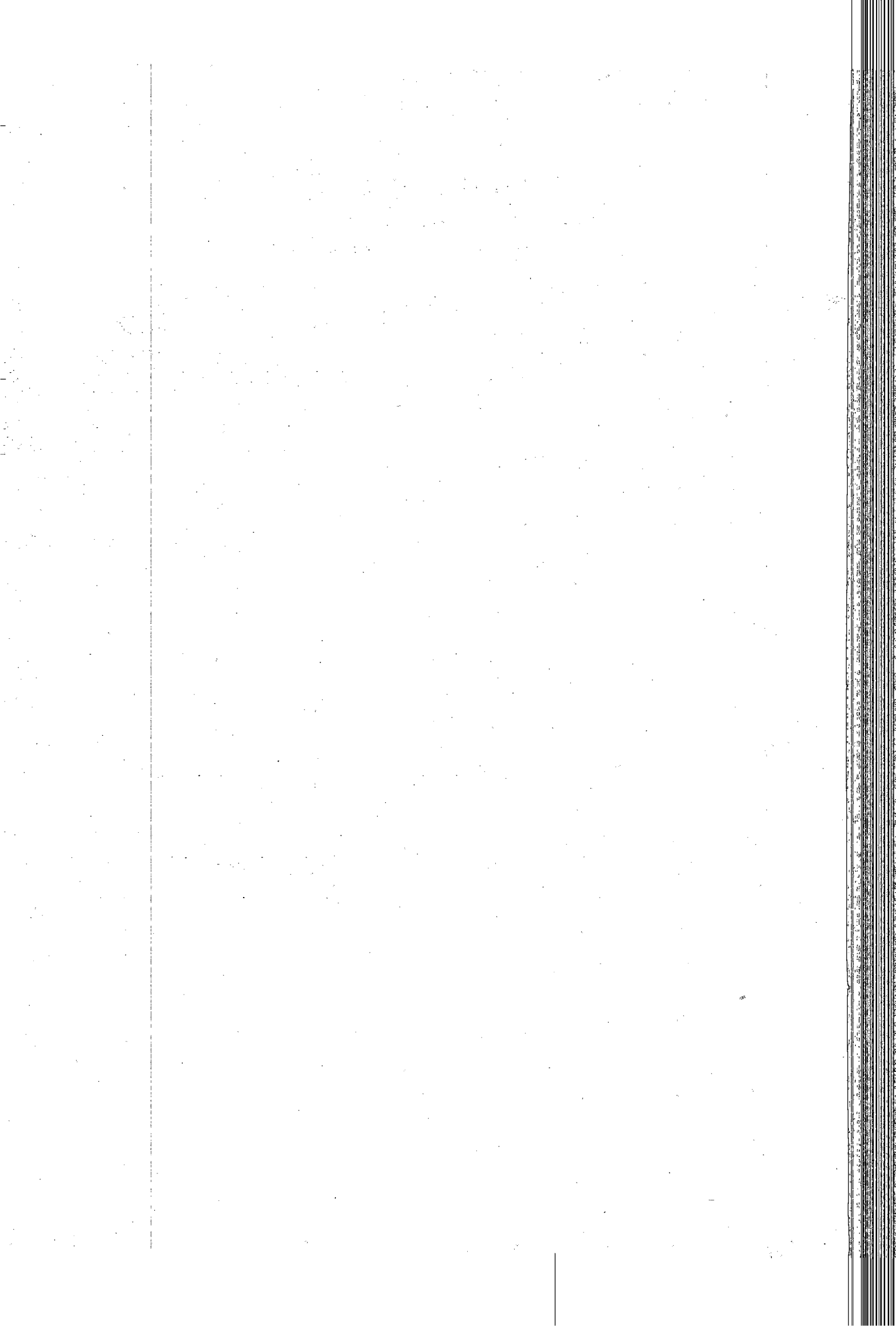
Pr. Accountant General (Audit),
Himachal Pradesh.

Shimla
Dated:

¹³ Night Shelter for homeless



APPENDIX



Appendix – 1(A)

(Reference Paragraph 1.4.2, Page-5)

Sanctioned Strength of PRIs

Sr No.	Name of post	Sanctioned strength		In position		No. of vacant posts
		Regular	Contract	Regular	Contract	
1	Junior Engineers	38	149	38	149	0
2	Assistant Engineers	1	3	0	0	4
3	Tailoring Teachers	0	2212	0	2212	0
4	Panchayat Sahayaks	0	2483	0	2241	242
5	Panchayat Chowkidars	0	3243	0	3243	0
6	Jr. Accountants	5	5	5	5	0
7	Jr. Scale Steno	0	12	0	12	0
8	Clerks	12	0	03	0	9
9	Drivers	12	0	11	0	1
10	Technical Assistants	0	1069	0	1069	0
11	Peon	12	0	12	0	0
Total		80	9176	69	8931	256

Appendix - 1(B)

(Reference Paragraph 1.7, Page-8)

Details of Panchayati Raj Institutions audited during 2010-12

Zila Parishad

Sr. No.	Name of Zila Parishads
1.	Hamirpur
2.	Kullu
3.	Lahaul Sapiti at Keylong
4.	Mandi
5.	Shimla
6.	Sirmour at Nahan
7.	Solan

Panchayat Samitis

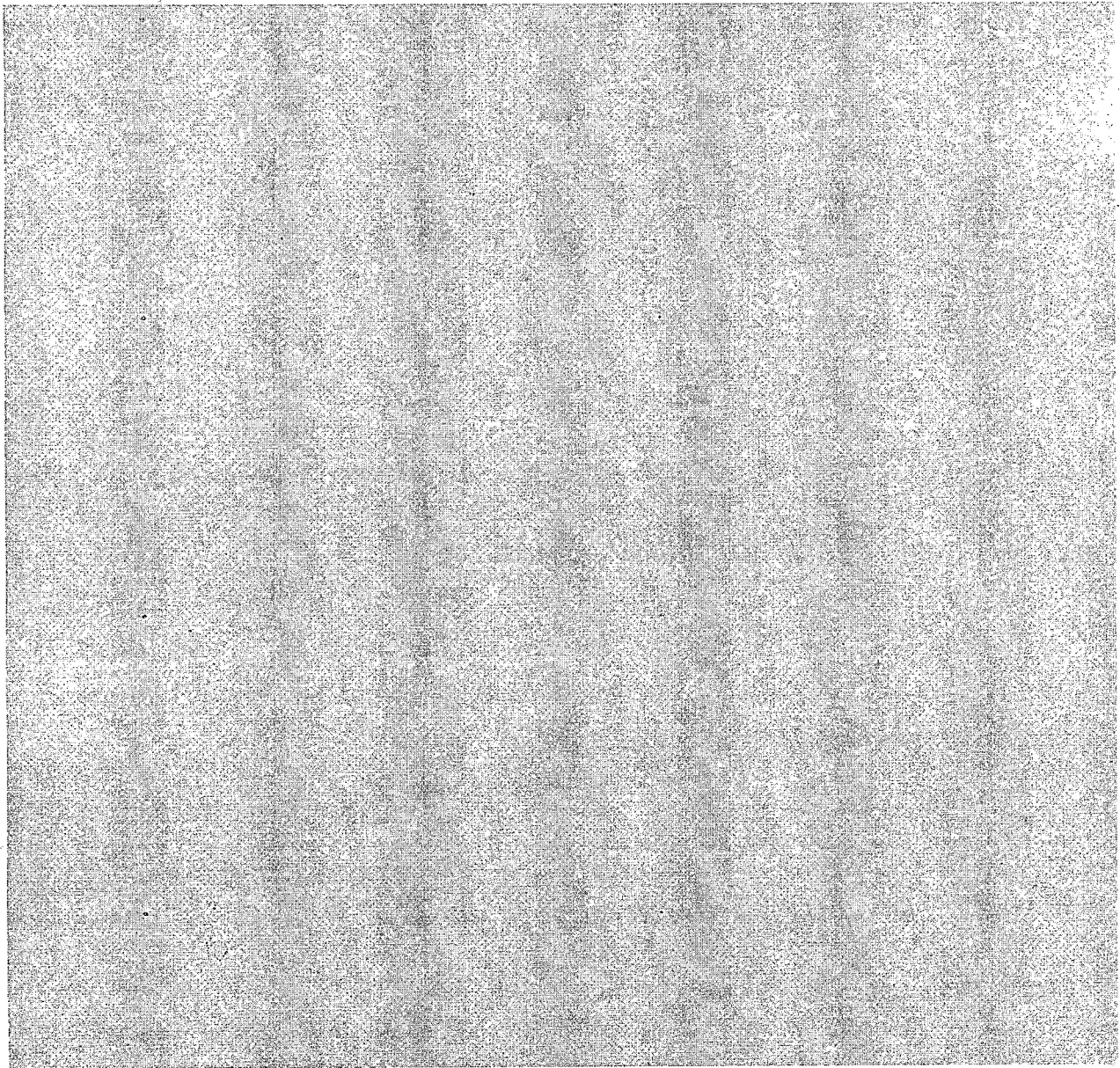
Sr. No	Name of Panchayat Samiti
1.	Bamsan
2.	Banjar
3.	Basantpur
4.	Bhoranj
5.	Chirgaon
6.	Dharampur (Solan)
7.	Gohar
8.	Indora
9.	Jubbal Kotkhai
10.	Karsog
11.	Kaza
12.	Kullu
13.	Lambagaon
14.	Naggar
15.	Nagrota Surian
16.	Rajgarh
17.	Rohroo
18.	Sangrah
19.	Shilai

Gram Panchayats

Sr.No.	GPs	Name of Block	Name of District
1.	Agghar	Bhoranj	Hamirpur
2.	Bajroh	Bamsan	Hamirpur
3.	Bhoranj	Bhoranj	Hamirpur
4.	Dugga	Bamsan	Hamirpur
5.	Lambloo	Bamsan	Hamirpur
6.	Bhalwani	Bhoraj	Hamirpur
7.	Karota	Bhoraj	Hamirpur
8.	Balakh	Indora	Kangra
9.	Bhalli	Nagrota Surian	Kangra
10.	Bhtoli Fakorian	Dehra	Kangra
11.	Chackwari	Fatehpur	Kangra
12.	Dhann	Nagrota Surian	Kangra
13.	Diana	Fatehpur	Kangra
14.	Dini Khas	Indora	Kangra
15.	Duhak	Lambagaon	Kangra
16.	Gummer	Dehra	Kangra
17.	Gurial	Fatehpur	Kangra
18.	Indpur	Indora	Kangra
19.	Kaloha	Pragpur	Kangra
20.	Kurang	Lambagaon	Kangra
21.	Kurna	Pragpur	Kangra
22.	Lahru	Lambagaon	Kangra
23.	Landihra	Pragpur	Kangra
24.	Nadholi	Nagrota Surian	Kangra
25.	Nandpur Bhatoli	Nagrota Surian	Kangra
26.	Paisa	Dehra	Kangra
27.	Polian	Fatehpur	Kangra
28.	Rapper	Indora	Kangra
29.	Silh	Dehra	Kangra
30.	Thural	Lambagaon	Kangra
31.	Ujhey Khas	Pragpur	Kangra
32.	Bahu	Banjar	Kullu
33.	Bara Bhuin	Kullu	Kullu
34.	Jiya	Kullu	Kullu
35.	Shamshi	Kullu	Kullu
36.	Tug	Banjar	Kullu
37.	Mohani	Banjar	Kullu
38.	Nashoghi	Naggar	Kullu
39.	Khabal	Banjar	Kullu
40.	Bhuin	Kullu	Kullu
41.	Duwara	Naggar	Kullu

Sr.No.	GPs	Name of Block	Name of District
42.	Mandalghat	Naggar	Kullu
43.	Darwar	Kaza	Lahaul & Spiti
44.	Khurik	Kaza	Lahaul & Spiti
45.	Kibber	Kaza	Lahaul & Spiti
46.	Dhankar	Kaza	Lahaul & Spiti
47.	Bassi	Gohar	Mandi
48.	Bella	Gohar	Mandi
49.	Khadara	Karsog	Mandi
50.	Lot	Gohar	Mandi
51.	Nandi	Gohar	Mandi
52.	Sambin Dhann	Karsog	Mandi
53.	Shakra	Karsog	Mandi
54.	Shorshan	Karsog	Mandi
55.	Arhal	Rohroo	Shimla
56.	Bainsh	Basantpur	Shimla
57.	Bhapad	Chirgaon	Shimla
58.	Dewla	Basantpur	Shimla
59.	Dharara	Rohroo	Shimla
60.	Domehar	Basantpur	Shimla
61.	Gaonsari	Chirgaon	Shimla
62.	Khatnol	Basantpur	Shimla
63.	Kotla	Basantpur	Shimla
64.	Prém Nagger	Jubbal Kotkhai	Shimla
65.	Purali	Jubbal Kotkhai	Shimla
66.	Badruni	Jubbal Kotkhai	Shimla
67.	Sundha	Chirgaon	Shimla
68.	Bhaoura	Chirgaon	Shimla
69.	Rantari	Rohroo	Shimla
70.	Kiari	Jubbal Kotkhai	Shimla
71.	Andheri	Sangrah	Simour
72.	Bhatan Banjond	Sangrah	Simour
73.	Ganog	Sangrah	Simour
74.	Jhakando	Shillai	Simour
75.	Kota Pab	Shillai	Simour
76.	Koti Dhaman	Sangrah	Simour
77.	Koti Utrad	Shillai	Simour
78.	Lana Cheta	Sangrah	Simour
79.	Manal	Shillai	Simour
80.	Rasat	Shillai	Simour
81.	Shamra	Sangrah	Simour
82.	Danoghati	Sangrah	Sirmaur
83.	Thina Basotari	Sangrah	Sirmaur
84.	Bharari	Sangrah	Sirmaur

Sr.No.	GPs	Name of Block	Name of District
85.	Chokar	Sangrah	Sirmaur
86.	Nai Neti	Sangrah	Sirmaur
87.	Shalana	Rajgarh	Sirmaur
88.	Bhatan	Sangrah	Sirmaur
89.	Ser Tendula	Sangrah	Sirmaur
90.	Bhuvai	Sangrah	Sirmaur
91.	Danoghato	Sangrah	Sirmaur
92.	Rana Ghat	Rajgarh	Sirmour
93.	Shaya Sanaura	Rajgarh	Sirmour
94.	Thaina Basotari	Rajgarh	Sirmour
95.	Jagjitnagar	Dharampur	Solan



Appendix - 2

(Reference Paragraph 1.8.2, Page-9)

Non-preparation of Budget Estimates

(₹ in lakh)

Sr. No.	Name of ZPs/PSSs	Period	Amount spent
Zila Parishad			
1.	Shimla	2010-2011; ₹ 22.12	22.12
Panchayat Samities			
1.	Bamsan	2008-09; ₹ 34.16, 2009-10; ₹ 57.96, 2010-11; ₹ 51.21	143.33
2.	Dharmpur(Solan)	2010-11	39.00
3.	Indora	2008-09; ₹ 27.36; 2009-10 ₹ 38.15; 2010-11; ₹ 47.37	112.88
4.	Kiaza	2008-09; ₹ 34.06, 2009-10; ₹ 18.26, 2010-11; ₹ 41.38	93.70
5.	Rajgarh	2008-09; ₹. 18.76, 2009-10; ₹ 34.37, 2010-11; ₹ 26.05	79.18
6.	Sangrah	2008-09; ₹ 86.55, 2009-10; ₹ 40.42, 2010-11; ₹ 32.74	159.71
7.	Shillai	2008-09; ₹ 17.41, 2009-10; ₹ 28.86, 2010-11; ₹ 16.21	62.48
Total			690.28

Gram Panchayats

Sr. No.	Name of District	Name of Block	GPs	Period	Amount
1.	Hamirpur	Bhoranj	Karota	2008-09; ₹ 2.93, 2009-10; ₹ 3.20; 2010-11; ₹ 5.95	12.08
2.	Kullu	Banjar	Mohani	2008-09; ₹ 23.72, 2009-10; ₹ 34.16, 2010-11; ₹ 44.75	102.63
3.	Kullu	Kullu	Shamshi	2008-09; ₹ 4.35, 2009-10; ₹ 6.91, 2010-11; ₹ 9.06	20.32
4.	Kullu	Naggar	Mandalgarh	2008-09; ₹ 13.77, 2009-10; ₹ 6.52, 2010-11; ₹ 5.03	25.32
5.	Lahaul -Spiti	Kaza	Khurik	2008-09; ₹ 11.13, 2009-10; ₹ 7.09, 2010-11; ₹ 14.36	32.58
6.	Lahaul -Spiti	Kaza	Kibber	2008-09; ₹ 29.65, 2009-10; ₹ 17.88, 2010-11; ₹ 26.93	74.46
Total					267.39
Grand Total					979.79

Source-Audit findings

Appendix - 3

(Reference Paragraph 1.8.3, Page- 9)

Non-maintenance of records by GPs during 2007-12

Sr.No.	Name of District	Name of Block	GPs
1.	Hamirpur	Bamsan	Bajroh
2.	Hamirpur	Bamsan	Dugga
3.	Hamirpur	Bhoranj	Agghar
4.	Hamirpur	Bhoranj	Bhoranj
5.	Kangra	Dehra	Bhtoli Fakorian
6.	Kangra	Dehra	Gummer
7.	Kangra	Dehra	Paisa
8.	Kangra	Dehra	Silh
9.	Kangra	Fatehpur	Chackwari
10.	Kangra	Fatehpur	Diana
11.	Kangra	Fatehpur	Gurial
12.	Kangra	Fatehpur	Polian
13.	Kangra	Indora	Balakh
14.	Kangra	Indora	Dini Khas
15.	Kangra	Indora	Indpur
16.	Kangra	Indora	Rapper
17.	Kangra	Lambagaon	Duhak
18.	Kangra	Lambagaon	Kurang
19.	Kangra	Lambagaon	Lahru
20.	Kangra	Lambagaon	Thural
21.	Kangra	Nagrota Surian	Bhalli
22.	Kangra	Nagrota Surian	Dhann
23.	Kangra	Nagrota Surian	Nadholi
24.	Kangra	Nagrota Surian	Nandpur Bhatoli
25.	Kangra	Pragpur	Kaloha
26.	Kangra	Pragpur	Kurna
27.	Kangra	Pragpur	Landihra
28.	Kangra	Pragpur	Ujhey Khas
29.	Kullu	Banjar	Bahu
30.	Kullu	Banjar	Tug
31.	Kullu	Kullu	Bara Bhuin
32.	Kullu	Kullu	Jiya
33.	Kullu	Kullu	Shamshi
34.	Mandi	Gohar	Bassi
35.	Mandi	Gohar	Bella
36.	Mandi	Gohar	Lot
37.	Mandi	Gohar	Nandi
38.	Mandi	Karsog	Khadara
39.	Mandi	Karsog	Sambin Dhann

Sr.No.	Name of District	Name of Block	GPs
40.	Mandi	Karsog	Shakra
41.	Mandi	Karsog	Shorshan
42.	Shimla	Basantpur	Bainsh
43.	Shimla	Basantpur	Dewla
44.	Shimla	Basantpur	Domehar
45.	Shimla	Basantpur	Khatnol
46.	Shimla	Basantpur	Kotla
47.	Shimla	Chirgaon	Bhapad
48.	Shimla	Chirgaon	Gaonsari
49.	Shimla	Jubbal Kotkhai	Prem Nagger
50.	Shimla	Rohroo	Arhal
51.	Shimla	Rohroo	Dharara
52.	Simour	Sangrah	Andheri
53.	Simour	Sangrah	Bhatan Banjond
54.	Simour	Sangrah	Ganog
55.	Simour	Sangrah	Koti Dhaman
56.	Simour	Sangrah	Lana Cheta
57.	Simour	Sangrah	Shamra
58.	Simour	Shillai	Jhakando
59.	Simour	Shillai	Kota Pab
60.	Simour	Shillai	Koti Utrad
61.	Simour	Shillai	Manal
62.	Simour	Shillai	Rasat
63.	Sirmour	Rajgarh	Rana Ghat
64.	Sirmour	Rajgarh	Shaya Sanaura
65.	Sirmour	Rajgarh	Thaina Basotari
66.	Solan	Dharampur	Jagjitnagar

Source-Audit findings

Appendix - 4

(Reference Paragraph 1.8.4, Page-10)

Non-reconciliation of balances of cash book & bank pass book.

Cases where pass book shows less balance than cash book

Zila Parshid

(₹ in lakh)

Sr.No.	Name of ZP	Balance as per Pass Book on 31.03.2011	Balances as per Cash Book on 31-03-11	Difference
1.	Lahaul Sapiti at Keylong	44.02	44.68	0.66

Panchayat Samitis

1.	Indora	49.43	58.74	9.31
2.	Kullu	56.91	58.39	1.48
3.	Sangrah	38.58	38.80	0.22
Total		144.92	155.93	11.01

Gram Panchayats

Sr No	Name of District	Name of Block	GPs	Balance as per Pass Book on 31-03-11	Balances as per Cash Book on 31.03.11 31-03-11	Difference
1.	Hamirpur	Bamsan	Bajroh	2.17	2.87	0.70
2.	Hamirpur	Bamsan	Kotlangsa	1.78	3.01	1.23
3.	Kangra	Dehra	Bhtoli Fakorian	2.62	3.84	1.22
4.	Kangra	Dehra	Paisa	5.97	7.03	1.06
5.	Kangra	Dehra	Silh	6.24	6.29	0.05
6.	Kangra	Fatehpur	Diana	1.35	3.29	1.94
7.	Kangra	Pragpur	Kaloha	8.72	9.67	0.95
8.	Kangra	Pragpur	Kurna	5.39	5.80	0.41
9.	Kangra	Pragpur	Landihra	5.13	5.36	0.23
10.	Kangra	Pragpur	Ujhey Khas	2.25	3.65	1.40
11.	Kullu	Banjar	Mohani	2.45	5.36	2.91
12.	Kullu	Naggar	Nashogi	6.30	8.17	1.87
13.	Mandi	Gohar	Nandi	4.83	8.59	3.76
14.	Shimla	Jubbal Kotkhai	Purali Badrunir	5.12	6.02	0.90
15.	Shimla	Rohroo	Arhal	5.73	6.06	0.33
16.	Shimla	Rohroo	Dharara	3.11	3.88	0.77
17.	Sirmour	Rajgarh	Shaya Sanora	10.58	12.38	1.80
18.	Sirmour	Sangrah	Andheri	3.11	4.02	0.91
19.	Sirmour	Sangrah	Bhatan Banjond	5.77	6.72	0.95
20.	Sirmour	Sangrah	Danoghati	6.44	7.94	1.50
21.	Sirmour	Sangrah	Shamra	7.85	13.11	5.26
22.	Sirmour	Shillai	Jhakando	10.32	11.23	0.91
23.	Sirmour	Shillai	Manal	8.23	9.47	1.24
Total				121.46	153.76	32.30
Grand Total				310.40	354.37	43.97

Cases where cash book shows less balance than pass book

Zila Parishad

(₹ in lakh)

Sr.No	Name of ZP	Balance as per Pass Book on 31.03.2011	Balances as per Cash Book on 31-03-11	Difference
1.	Hamirpur	200.75	197.93	2.82
2.	Kullu	262.11	257.53	4.58
3.	Mandi	511.52	508.31	3.21
4.	Shimla	321.17	3.62	317.55
Total		1295.55	967.39	328.16

Panchayat Samities

1.	Bamsan	35.46	29.83	5.63
2.	Banjar	31.16	29.08	2.08
3.	Basantpur	15.86	8.64	7.22
4.	Chirgaon	37.58	36.23	1.35
5.	Gohar	71.35	59.38	11.97
6.	Jubbal Kotkhai	47.12	40.91	6.21
7.	Kaza	86.69	78.39	8.30
8.	Lambagaon	68.54	59.02	9.52
9.	Naggar	46.02	44.15	1.87
10.	Nagrota Surian	70.22	50.72	19.50
11.	Rohru	32.90	32.02	0.88
Total		542.90	468.37	74.53

Gram Panchayats

Sr. No	Name of District	Name of Block	GPs	Balance as per Pass Book on 31-03-11	Balances as per Cash Book on 31-03-11	Difference
1.	Hamirpur	Bamsan	Dugga	9.66	5.48	4.18
2.	Hamirpur	Bamsan	Lambloo	4.38	3.83	0.55
3.	Kangra	Dehra	Gummer	10.41	8.80	1.61
4.	Kangra	Indora	Dini Khas	2.98	1.34	1.64
5.	Kangra	Indora	Balakh	6.95	6.41	0.54
6.	Kangra	Lambagaon	Kudang	5.77	5.22	0.55
7.	Kangra	Nagrota Surian	Nadhali	10.60	9.68	0.92
8.	Kangra	Nagrota Surian	Bhalli	9.83	7.55	2.28
9.	Kangra	Nagrota Surian	Dhann	2.75	1.74	1.01

Sr. No	Name of District	Name of Block	GPs	Balance as per Pass Book on 31-03-11	Balances as per Cash Book on 31-03-11	Difference
10.	Kullu	Banjar	Khabal	15.47	13.54	1.93
11.	Kullu	Banjar	Tug	6.66	4.43	2.23
12.	Kullu	Kullu	Bhuin	5.26	1.97	3.29
13.	Kullu	Kullu	Jiya	4.41	3.54	0.87
14.	Lahaul Sapiti	Kaza	Darwar	4.21	3.40	0.81
15.	Lahaul Sapiti	Kaza	Khurik	2.33	1.52	0.81
16.	Mandi	Gohar	Bassi	8.55	6.41	2.14
17.	Mandi	Gohar	Bella	8.65	7.81	0.84
18.	Mandi	Karsog	Shorshan	4.04	2.26	1.78
19.	Mandi	Karsog	Sambin Dhann	6.48	5.45	1.03
20.	Mandi	Karsog	Shakara	6.63	6.52	0.11
21.	Mandi	Karsog	Khadara	4.57	2.11	2.46
22.	Mandi	Gohar	Lot	19.60	17.57	2.03
23.	Shimla	Basantpur	Bainsh	6.82	6.80	0.02
24.	Shimla	Basantpur	Dewla	3.91	3.65	0.26
25.	Shimla	Basantpur	Khatnol	8.22	6.65	1.57
26.	Shimla	Basantpur	Kotla	5.34	4.56	0.78
27.	Shimla	Chirgaon	Gaonsari	5.06	3.34	1.72
28.	Shimla	Chirgaon	Sundha Bhaoura	3.84	1.65	2.19
29.	Shimla	Rohroo	Rantari	18.51	7.80	10.71
30.	Sirmour	Rajgarh	Thena Basotary	8.57	7.46	1.11
31.	Sirmour	Sangrah	Bharari	9.16	5.70	3.46
32.	Sirmour	Sangrah	Chokar	5.18	3.28	1.90
33.	Sirmour	Sangrah	Gonag	4.78	2.56	2.22
34.	Sirmour	Sangrah	Koti Dhaman	6.80	3.15	3.65
35.	Sirmour	Sangrah	Lana Cheta	6.56	2.33	4.23
36.	Solan	Dharampur	Jagjitnagar	3.30	2.94	0.36
Total				256.24	188.45	67.79
Grand Total				2094.69	1624.21	470.48

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	05	328.82
2.	PS	14	85.54
3.	GP	59	100.09
Grand Total		78	514.45

Source-Audit findings

Appendix – 5

(Reference Paragraph 2.7, Page-15)

Details of funds received and actual expenditure thereagainst during 2007-11.

(₹ in lakh)

Sr. No.	Name of the unit	Total number of the works	Funds received	Funds utilized	Percentage utilization
Municipal Councils					
1.	Chamba	40	210.23	89.27	42
2.	Dalhousie	31	104.94	60.39	58
Block Development Officers					
3.	Bharmaur	268	221.09	173.93	79
4.	Bhatiyat	334	678.61	619.55	91
5.	Mehla	0	366.73	327.49	89
GPs, Bharmaur Block					
6.	Chobia	4	3.51	2.20	63
7.	Gareema	13	20.26	10.26	51
8.	Garola	13	13.59	11.63	86
9.	Holi	15	24.16	20.86	86
10.	Kuleth	11	14.93	12.55	84
11.	Nayagroan	8	4.82	1.48	31
GPs, Bhatyat Block					
12.	Bhatyat	10	16.65	13.74	83
13.	Dhalog	10	11.08	10.11	91
14.	Garnota	8	14.10	9.81	70
15.	Jandrog Osal	15	21.45	14.53	68
16.	Khargat	10	9.40	6.07	65
17.	Pandrota	12	15.17	12.38	82
18.	Rajain	13	14.05	8.25	59
19.	Shivanta	10	14.72	6.81	46
20.	Thuel	13	16.92	13.98	83
21.	Tunda	12	11.43	8.86	78
GPs, Mehla Block					
22.	Bhakhatpur	10	5.09	2.94	58
23.	Kapara	13	20.38	12.89	63
24.	Kilori	13	9.52	7.82	82
25.	Kiri	7	8.24	7.43	90
26.	Mehla	9	9.43	7.80	83
27.	Raddi	6	8.91	5.61	63
Total		908	1869.41	1478.64	79

Source – Information furnished by the test checked ULBs & PRIs.

Appendix - 6

(Reference Paragraph 3.2, Page-20)

Retention of cash in hand in excess of prescribed limit during the period 2006-11.

Gram Panchayats

(In ₹)

Sr No	Name of District	Name of Block	GPs	Minimum	Maximum
1.	Hamirpur	Bamsan	Dugga	1093	15438
2.	Hamirpur	Bamsan	Kotlangsa	1047	48899
3.	Hamirpur	Bamsan	Lambloo	₹477	2045
4.	Hamirpur	Bhoranj	Bhoranj	1010	11454
5.	Kullu	Naggar	Nashogi	1750	14682

Source-Audit findings

Appendix - 7

(Reference Paragraph 3.3, Page-21)

Outstanding advances.

(₹ in lakh)

Panchayat Samiti					
Sr. No	Name of PS	Pending Since	Officers/Officials	Others Elected/Non-elected	Total
1.	Lambagaon	2009-10	Junior Engineer		0.80
2.	Rohroo	2009-10	-	Working committee members	3.50
Total					4.30

Gram Panchayats

Sr No	Name of District	Name of Block	GPs	Pending Since	Outstanding		
					Officers/Officials	Others Elected/Non-elected	Total
1.	Shimla	Jubbal Kotkhai	Kiari	2008-11	Pardhan/Up Pardhan and Panch	Gramin Samiti Halwai	2.75
2.	Shimla	Jubbal Kotkhai	Prem Nagar	2010-11	Ward Panch	Committee Pardhan	1.40
3.	Shimla	Jubbal Kotkhai	Purali	2007-08	-	Pardhan Yuvak Mandal	0.20
4.	Shimla	Rohroo	Dharara	2008-10	-	Committee members	2.05
5.	Shimla	Rohroo	Rantari	2007-08 & 2008-09	-	Committee members	1.00
6.	Sirmour	Rajgarh	Nai Neti	2007-10	Pardhan/Up Pardhan	-	1.47
7.	Sirmour	Rajgarh	Shaya Sanora	2008-11	Pardhan	-	0.53
8.	Sirmaur	Shillai	Manal	2010-11	Pardhan	-	0.40
Total							9.80
Grand Total							14.10

Source-Audit findings

Appendix - 8

(Reference Paragraph 3.4, Page-20)

Blocking of funds in PLA.

Panchayat Samities

(₹ in lakh)

Sr.No.	Name of PSs	Period	OB	Receipt	Total	Expenditure	Balance
1.	Bhoraj	2008-09	0.42	0.68	1.10	0.14	0.96
2.	Chirgaon	2008-11	0.38	0.53	0.91	0	0.91
3.	Indora	2008-11	0.01	1.01	1.02	0	1.02
4.	Jubbal Kotkhai	2008-11	0.64	0.83	1.47	0	1.47
5.	Kullu	2008-11	0.30	1.20	1.50	0.25	1.25
6.	Naggar	2008-11	2.43	0.82	3.25	0.23	3.02
7.	Nagrota Surian	2008-11	3.34	0.51	3.85	3.74	0.11
Total			7.52	5.58	13.10	4.36	8.74

Source-Audit findings

Appendix - 9

(Reference Paragraph 3.5, Page-21)

Non-recovery of duty on account of installation of Mobile Towers.

Gram Panchayats

(₹ in lakh)

Sr. No.	Name of Block	Name of GPs	Year of installation	No. of towers	Period from when due	Amount		
						Installation	Annual renewal Fee	Total
1.	Banjar	Bahu	2006-07	2	2006-08	0.04	0.12	0.16
2.	Banjar	Tug	2006-07	1	2006-07	0.04	0.08	0.12
3.	Chirgaon	Gaonsari	2007-10	2	2007-10	0.05	0.06	0.11
4.	Dehra	Paisa	2006	2	2008-09	0	0.08	0.08
5.	Hamirpur	Dugga	2006-09	3	2006-07	0.13	0.21	0.34
6.	Jubbal Kotkhi	Purali	2007-08	1	2008-09	0	0.06	0.06
7.	Kullu	Bhuin	2006-07	6	2006-07	0.18	0.54	0.72
8.	Kullu	Jiya	2006-09	2	2007-08	0	0.12	0.12
9.	Kullu	Shamshi	2008-09	1	2008-09	0	0.04	0.04
10.	Naggar	Duwara	2006-07	3	2006-07	0.08	0.18	0.26
11.	Naggar	Mandalgar	2006-07	3	2006-07	0.08	0.18	0.26
12.	Naggar	Nashogi	2006-09	3	2008-09	0.04	0.12	0.16
13.	Nagrota Surian	Bhalli	2007	2	2008-09	0	0.08	0.08
14.	Pragpur	Kurna	2008	1	2008-09	0.04	0.04	0.08
15.	Pragpur	Kaloha	2007	1	2008-09	0	0.06	0.06
16.	Rajgarh	Shalana	2006-08	2	2008-09	0.04	0.08	0.12
17.	Sangrah	Andheri	2007-09	2	2007-08	0.08	0.10	0.18
18.	Sangrah	Bhatan Bhanjond	2007-08	1	2009-10	0	0.04	0.04
19.	Sangrah	Chokar	2009-10	2	2009-10	0.04	0.04	0.08
Total				40		0.84	2.23	3.07

Source-Audit findings

Appendix - 10

(Reference Paragraph 3.6, Page-22)

Material purchased without inviting quotations.

(₹ In lakh)

Sr. No	Name of District	Name of Block	GPs	Amount
1.	Hamirpur	Bamsan	Bajroh	5.06
2.	Hamirpur	Bamsan	Dugga	9.94
3.	Hamirpur	Bamsan	Lambloo	8.42
4.	Kangra	Pragpur	Ujhey Khas	3.00
5.	Kangra	Pragpur	Kurna	1.53
6.	Kangra	Pragpur	Landihra	2.38
7.	Kangra	Nagrota Surian	Nadholi	4.03
8.	Kangra	Nagrota Surian	Nandpur Bhatoli	3.38
9.	Kangra	Nagrota Surian	Bhalli	2.83
10.	Kangra	Nagrota Surian	Dhann	3.67
11.	Kangra	Dehra	Bhtoli Fakorian	3.86
12.	Kangra	Dehra	Gummer	6.56
13.	Kangra	Dehra	Paisa	4.60
14.	Kangra	Dehra	Silh	4.18
15.	Kullu	Naggar	Duwara	9.52
16.	Kullu	Naggar	Nashogi	5.92
17.	Kullu	Banjar	Bahu	5.99
18.	Kullu	Banjar	Mohani	8.15
19.	Lahaul Sapiti	Kaza	Kibber	8.47
20.	Shimla	Chirgaon	Bhapad	5.76
21.	Shimla	Chirgaon	Gaonsari	3.59
22.	Shimla	Chirgaon	Sundha Bhaoura	10.50
23.	Shimla	Rohroo	Rantari	3.90
24.	Shimla	Jubbal Kotkhai	Purali Badruni	7.89
25.	Shimla	Jubbal Kotkhai	Kiari	13.11
26.	Shimla	Jubbal Kotkhai	Prem Nagger	4.84
27.	Sirmour	Rajgarh	Nai Neti	4.26
28.	Sirmour	Rajgarh	Shaya Sanora	9.51
29.	Sirmour	Sangarh	Andheri	5.29
30.	Sirmour	Sangarh	Bhatan	8.08
31.	Sirmour	Sangarh	Chokar	8.55
32.	Sirmour	Sangarh	Danoghato	7.09
33.	Sirmour	Sangarh	Ganog	7.41
34.	Sirmour	Sangarh	Ser Tendula	7.76
Total				209.03

Source-Audit findings

Appendix - 11

(Reference Paragraph 3.7, Page-22)

Non-recovery of House Tax 2006-11

Sr. No.	Name of District	Name of Block	GPs	Amount Outstanding
1.	Hamirpur	Bhoranj	Bhalwani	0.25
2.	Hamirpur	Bhoranj	Karota	0.25
3.	Kangra	Dehra	Bhtoli Fakorian	0.12
4.	Kangra	Dehra	Gummer	0.02
5.	Kangra	Dehra	Paisa	0.12
6.	Kangra	Dehra	Silh	0.01
7.	Kangra	Indora	Balakh	0.16
8.	Kangra	Indora	Rapper	0.28
9.	Kangra	Nagrota Surian	Bhalli	0.04
10.	Kangra	Nagrota Surian	Dhann	0.09
11.	Kangra	Nagrota Surian	Nadholi	0.23
12.	Kangra	Nagrota Surian	Nandpur Bhotli	0.31
13.	Kangra	Pragpur	Kaloha	0.11
14.	Kangra	Pragpur	Kurna	0.03
15.	Kangra	Pragpur	Landihra	0.02
16.	Kangra	Pragpur	Ujhey Khas	0.01
17.	Kullu	Banjar	Khabal	0.19
18.	Kullu	Banjar	Mohini	0.25
19.	Kullu	Kullu	Bada Bhuin	0.14
20.	Kullu	Kullu	Shamshi	0.11
21.	Kullu	Naggar	Duwara	0.17
22.	Kullu	Naggar	Nashogi	1.17
23.	Kullu	Naggar	Raisan	0.32
24.	Lahaul Sapiti	Kaza	Khurik	0.13
25.	Shimla	Chirgaon	Bhapad	0.06
26.	Shimla	Chirgaon	Gaonsari	0.12
27.	Shimla	Chirgaon	Sundha Bhaoura	0.09
28.	Shimla	Jubbal Kotkhai	Kiari	0.62
29.	Shimla	Jubbal Kotkhai	Prein Nagar	0.17
30.	Shimla	Jubbal Kotkhai	Purali Badruni	0.28
31.	Shimla	Rohroo	Dharara	0.55
32.	Sirmour	Rajgarh	Nai Neti	0.12
33.	Sirmour	Rajgarh	Shalana	0.11
34.	Sirmour	Rajgarh	Shaya Sanora	0.16
35.	Sirmour	Sangarh	Andheri	0.21
36.	Sirmour	Sangarh	Bharari	0.63

Sr. No.	Name of District	Name of Block	GPs	Amount Outstanding
37.	Sirmour	Sangarh	Chokar	0.12
38.	Sirmour	Sangrah	Bhuvai	0.14
39.	Sirmour	Sangrah	Danoghato	0.07
40.	Sirmour	Sangrah	Ganog	0.27
41.	Sirmour	Sangrah	Koti Dhaman	0.08
42.	Sirmour	Sangrah	Lana Cheta	0.12
43.	Sirmour	Sangrah	Shamara	0.11
44.	Sirmour	Sangrah	Ser Tandula	0.25
45.	Solan	Dharampur	Jagjitnagar	0.05
			Total	8.86

Source-Audit findings

Appendix - 12

(Reference Paragraph 3.8, Page-22)

Outstanding Rent of Shops.

(₹ In lakh)

Sr.No.	Name of ZPs/PSs/GPs	Period	No. of Shops	Amount
Zila Parishad				
1.	Mandi	2009-2011	7	7.84
2.	Sirmour at Nahan	1999-2010	2	1.90
Total			9	9.74
Panchayat Samities				
1.	Bhoranj	2005-11	20	2.02
2.	Chirgaon	2008-11	2	0.21
3.	Jubbal Kotkai	2008-11	6	0.41
4.	Naggar	2010-11	6	0.10
5.	Rajgarh	2010-11	5	0.38
Total			39	3.12

Gram Panchayats

Sr.No.	Name of District	Name of Block	GPs	Period	No of Shops	Amount
1.	Hamirpur	Bamsan	Lambloo	2005-11	2	0.73
2.	Kangra	Dehra	Bhatoli Fakorian	2006-11	3	0.46
3.	Shimla	Chirgaon	Gaonsari	2006-11	3	0.09
Total					8	1.28
Grand Total					56	14.14

Source-Audit findings

Appendix - 13

(Reference Paragraph 3.9, Page-23)

Non-recovery of royalty from contractors/suppliers during 2006-12.

(₹ In lakh)

Sr.No.	Name of District	Name of Block	GPs	Quantity (MT)	Amount Outstanding
1.	Hamirpur	Bamsan	Dugga	4808	0.96
2.	Hamirpur	Bamsan	Kotlangsa	1263	0.25
3.	Hamirpur	Bamsan	Lambloo	3030	0.61
4.	Kangra	Dehra	Bhtoli Fakorian	2358	0.47
5.	Kangra	Dehra	Gummer	3578	0.72
6.	Kangra	Dehra	Paisa	815	0.16
7.	Kangra	Dehra	Silh	1727	0.35
8.	Kangra	Fatehpur	Chackwari	2612	0.52
9.	Kangra	Fatehpur	Diana	476	0.10
10.	Kangra	Fatehpur	Polian	1074	0.21
11.	Kangra	Indora	Balakh	2359	0.47
12.	Kangra	Indora	Dini Khas	2583	0.52
13.	Kangra	Indora	Indpur	1077	0.22
14.	Kangra	Indora	Rapper	4416	0.88
15.	Kangra	Lambagaon	Duhak	1513	0.30
16.	Kangra	Lambagaon	Laharu	760	0.15
17.	Kangra	Lambagaon	Thural	1611	0.32
18.	Kangra	Nagrota Surian	Bhalli	2535	0.51
19.	Kangra	Nagrota Surian	Dhann	2513	0.50
20.	Kangra	Nagrota Surian	Nadholi	3016	0.60
21.	Kangra	Nagrota Surian	Nandpur Bhatoli	2630	0.53
22.	Kangra	Pragpur	Kaloha	1865	0.37
23.	Kangra	Pragpur	Kurna	658	0.13
24.	Kangra	Pragpur	Landihra	2370	0.47
25.	Kangra	Pragpur	Ujhey Khas	1073	0.21
26.	Kullu	Banjar	Mohani	1566	0.31
27.	Kullu	Kullu	Bhuin	1070	0.21
28.	Kullu	Kullu	Jiya	1866	0.37
29.	Kullu	Kullu	Shamshi	433	0.09
30.	Kullu	Naggur	Duwara	1254	0.25
31.	Kullu	Naggur	Raisan	1657	0.33
32.	Mandi	Gohar	Bassi	1513	0.30
33.	Mandi	Gohar	Bella	2306	0.46
34.	Mandi	Gohar	Lot	5361	1.07
35.	Mandi	Gohar	Nandi	2231	0.45
36.	Shimla	Basantpur	Bainsh	380	0.08

Sr No.	Name of District	Name of Block	GPs	Quantity (MT)	Amount Outstanding
37.	Shimla	Basantpur	Dewla	293	0.06
38.	Shimla	Basantpur	Domehar	286	0.06
39.	Shimla	Basantpur	Khatnol	310	0.06
40.	Shimla	Chirgaon	Bhapad	892	0.18
41.	Shimla	Chirgaon	Gaonsari	398	0.08
42.	Shimla	Jubbal Kotkhai	Kiari	1238	0.25
43.	Shimla	Jubbal Kotkhai	Purali Badruni	1466	0.29
44.	Shimla	Rohroo	Arhal	2028	0.41
45.	Shimla	Rohroo	Dharara	1183	0.24
46.	Shimla	Rohroo	Rantari	2214	0.44
47.	Sirmour	Rajgarh	Rana Ghat	580	0.12
48.	Sirmour	Rajgarh	Shaya Sanora	461	0.09
49.	Sirmour	Sangrah	Andheri	569	0.11
50.	Sirmour	Sangrah	Bhatan-Bhujond	1130	0.23
51.	Sirmour	Sangrah	Bharari	1169	0.23
52.	Sirmour	Sangrah	Bhubai	705	0.14
53.	Sirmour	Sangrah	Danoghato	625	0.13
54.	Sirmour	Sangrah	Ganog	600	0.12
55.	Sirmour	Sangrah	Koti Dhaman	4519	0.90
56.	Sirmour	Sangrah	Lana Cheta	737	0.15
57.	Sirmour	Sangrah	Ser Tandula	1471	0.29
58.	Sirmour	Sangrah	Shamra	859	0.17
59.	Sirmour	Shillai	Kando Bhatnol	2129	0.43
60.	Sirmour	Shillai	Loja Manal	1820	0.36
61.	Sirmour	Shillai	Rasat	975	0.20
62.	Solan	Dharampur	Jagjitnagar	1766	0.35
Total				102780	20.54

Source-Audit findings

Appendix - 14

(Reference Paragraph 3.10.1, Page-23)

Details of double payment on Muster rolls.

(In ₹)

Sr. No.	District	Block	Name of GPs	Period	Amount
1.	Kangra	Indora	Balakh	2009-10	3080
2.	Kangra	Indora	Dini Khas	2006-07	1647
3.	Kangra	Indora	Indpur	2007-08	1655
4.	Kangra	Indora	Rapper	2009-10	1960
5.	Kangra	Lambagaon	Lahru	2006-08	2570
6.	Kangra	Lambagaon	Thural	2008-09	1000
7.	Kangra	Nagrota Surian	Nadholi	2008-10	3817
8.	Kangra	Nagrota Surian	Nandpur Bhatoli	2006-07	509
9.	Kangra	Pragpur	Kurna	2007-08	1550
10.	Kangra	Pragpur	Landihra	2008-09	4878
11.	Mandi	Gohar	Bassi	2007-08	5310
12.	Mandi	Gohar	Nandi	2006-07	1190
13.	Mandi	Karsog	Shakara	2006-07	4005
14.	Mandi	Karsog	Shorshan	2007-08	1617
15.	Shimla	Basantpur	Domehar	2007-08	9585
16.	Shimla	Basantpur	Khatnol	2007-08	3870
17.	Shimla	Rohroo	Arhal	2008-11	4080
18.	Shimla	Rohroo	Ratandi	2006-09	12695
				Total	65018

Source-Audit findings

Appendix - 15

(Reference Paragraph 3.10.2, Page-23)

Double payment of wages for non-existent dates of a calendar month.

(In ₹)

Sr. No.	Name of District	Name of Block	Name of GPs	MR No. calendar month of MR	Number of persons deployed	Amount	Total Amount of MR	Name of work
1.	Kullu	Banjar	Mohani	154, June 2008	20	3000	30000	C/O drainage village Sandha
2.	Lahaul Sapiti	Kaza	Dhankar	Not mentioned, Sept. 2008	4	500	22875	C/o bridal path
				Not mentioned, Sept. 2008	5	625	19375	C/O tank
				Not mentioned, Sept. 2008	6	750	24000	C/O Pth Ludian to Dhankar
3.	Shimla	Basantpur	Domehar	6, Sept. 2008	4	400	23929	C/O GPS Khab
				2, June 2008	6	690	18940	C/O rain shelter Domehar
4.	Shimla	Basantpur	Dewla	gjitnagar007	6	504	20640	C/O Pucca Rasta
5.	Shimla	Chirgaon	Sundha Bhaoura	42, Sept.2007	15	1095	29556	C/O Shamsan Ghat Bhaura
				32, April.2010	9	1080	30300	C/O Pucca Path Mandli
6.	Shimla	Rohroo	Ratnari	Not mentioned, Feb.2006	2	280	4385	CO Mahila Mandal
				Not mentioned, June 2007	11	923	28630	C/O Panchayat Complex Seema
				Not mentioned, Sept.2007	8	656	19530	C/O Panchayat Complex Seema
Total					96	10503	272160	

Source-Audit findings

Appendix - 16

(Reference Paragraph 3.11.1, Page-24)

Excess expenditure on material components of works executed under MNREGA.

(₹ in lakh)

Sr. No.	Name of District	Name of Block	Name of GPs	No. of works	Amount paid	Required 40% material payment	Actual Material payment	Required 60% labour payment	Actual labour payment	Difference (Col. 9-10)
1	2	3	4	5	6	7	8	9	10	11
1.	Hamirpur	Bamsan	Dugga	34	39.09	15.64	23.47	23.45	15.61	7.84
2.	Hamirpur	Bamsan	Kotlanga	8	3.75	1.50	1.98	2.25	1.77	0.48
3.	Hamirpur	Bamsan	Lambloo	33	34.81	13.93	20.58	20.89	14.23	6.66
4.	Hamirpur	Bhoranj	Bhoranj	9	7.03	2.81	3.11	4.22	3.92	0.30
5.	Hamirpur	Bhoranj	Karota	16	14.71	5.88	6.41	8.83	8.31	0.52
6.	Kangra	Dehra	Gummer	11	18.64	7.46	11.53	11.18	7.11	4.07
7.	Kangra	Pragpur	Kaloha	23	30.83	12.33	13.50	18.50	17.33	1.17
8.	Kangra	Lambagaon	Lahru	6	5.82	2.33	3.28	3.49	2.54	0.95
9.	Kullu	Kullu	Shamshi	6	7.43	2.97	3.34	4.46	4.09	0.37
10.	Kullu	Naggar	Duwara	4	9.54	3.81	4.21	5.72	5.32	0.40
11.	Kullu	Naggar	Mandalgarh	5	4.73	1.89	2.40	2.84	2.33	0.51
12.	Mandi	Karsog	Sambin Dhann	11	11.95	4.78	6.83	7.17	5.12	2.05
13.	Mandi	Karsog	Shorshan	22	27.85	11.14	13.70	16.71	14.14	2.57
14.	Shimla	Chirgaon	Bhapad	23	9.22	3.69	4.89	5.53	4.33	1.20
15.	Sirmour	Sangrah	Andheri	11	9.78	3.91	4.56	5.86	5.21	0.65
Total				222	235.18	94.07	123.79	141.1	111.36	29.74

Source-Audit findings

Appendix - 17

(Reference Paragraph 3.11.2, Page-25)

Delay in releasing payments under MNREGA scheme.

(₹ in lakh)

Sr. No.	Name of District	Name of Block	Name of GPs	Period	Delay in days	Amount
1.	Hamirpur	Bamsan	Kotlagsa	2008-09	15-66	4.98
2.	Kangra	Fatehpur	Chackwari	2008-11	30-90	1.09
3.	Kangra	Fatehpur	Diana	2008-10	30-240	2.60
4.	Kangra	Fatehpur	Polian	2007-11	30-150	2.21
5.	Kangra	Indora	Bhalak	2008-10	60-270	2.94
6.	Kangra	Indora	Dini Khas	2008-09	39-140	5.66
7.	Kangra	Indora	Indpur	2008-11	40-135	3.43
8.	Kangra	Indora	Rapper	2009-11	42-193	5.84
9.	Kangra	Lambagaon	Kudang	2008-09	30-244	2.89
10.	Mandi	Gohar	Bassi	2008-11	17-420	63.33
11.	Mandi	Gohar	Bella	2008-11	15-120	56.29
12.	Mandi	Gohar	Lot	2008-11	15-270	30.19
13.	Mandi	Gohar	Nandi	2008-11	16-330	45.98
14.	Mandi	Karsog	Khadara	2007-11	15-90	24.14
15.	Mandi	Karsog	Shakara	2008-11	15-90	3.48
16.	Shimla	Basantpur	Bainsh	2006-11	30-337	3.18
17.	Shimla	Basantpur	Dewla	2006-11	36-234	5.20
18.	Shimla	Basantpur	Khatnol	2006-11	52-215	2.89
19.	Shimla	Basantpur	Kotla	2006-11	7-161	3.90
20.	Sirmour	Sangrah	Bharari	2010-11	42-187	4.04
21.	Sirmour	Sangrah	Buyai	2010-11	3-76	4.05
22.	Sirmour	Sangrah	Koti Dhaman	2010-11	3-147	5.24
23.	Sirmour	Sangrah	Lana Cheta	2010-11	24-135	2.30
24.	Sirmour	Sangrah	Shamra	2010-11	11-190	3.19
25.	Sirmour	Sangrah	Ser Tandula	2008-09	13-160	2.52
26.	Sirmour	Shillai	Kando Matnol	2007-09	65-351	2.77
27.	Solan	Dharampur	Jagjitnagar	2008-11	15-300	3.63
Total						297.96

Source-Audit findings

Appendix - 18

(Reference Paragraph 3.11.3, Page-25)

Irregular payment to panchayat members.

(In ₹)

Sr. No.	Name of Distirct	Name of Block	Name of GPs	Period	Amount
1.	Hamirpur	Bhoranj	Bhoranj	2008-10	410
2.	Kangra	Fatehpur	Chackwari	2006-10	3025
3.	Kangra	Fatehpur	Polian	2007-10	1625
4.	Kangra	Indora	Balakh	2006-10	1575
5.	Kangra	Indora	Dini Khas	2005-06	1200
6.	Kangra	Indora	Indpur	2005-08	1575
7.	Kangra	Indora	Rapper	2006-08	1150
8.	Kangra	Lambagaon	Kudang	2008-10	600
9.	Kangra	Nagrota Suian	Bhalli	2008-09	2100
10.	Kangra	Nagrota Surian	Nandpur Bhatoli	2008-09	1320
11.	Kangra	Pragpur	Ujhey Khas	2009-10	640
12.	Kullu	Banjar	Khabal	2008-10	540
13.	Kullu	Kullu	Bada Bhuin	2007-10	1125
14.	Kullu	Kullu	Jiya	2007-10	1650
15.	Kullu	Naggar	Nashogi	2009-10	1200
16.	Mandi	Gohar	Bassi	2006-08	1150
17.	Mandi	Gohar	Lot	2008-10	2600
18.	Mandi	Gohar	Nandi	2008-10	727
19.	Mandi	Karsog	Khadara	2008-09	425
20.	Mandi	Karsog	Sambin Dhann	2008-11	2700
21.	Mandi	Karsog	Shakara	2007-08	1775
22.	Mandi	Karsog	Shorshan	2009-10	1130
23.	Shimla	Basantpur	Bainsh	2008-09	150
24.	Shimla	Basantpur	Dewla	2007-09	425
25.	Shimla	Basantpur	Domehar	2008-09	450
26.	Shimla	Chirgaon	Sundha Bhaoura	2007-11	8100
27.	Shimla	Rohroo	Dharara	2008-11	825
Total					40192

Source-Audit findings

Appendix – 19(A)

(Reference Paragraph 4.3.2, Page-27)

Sanctioned Strength of ULBs

Municipal Corporation

Name of category	Sanctioned strength	Posts filled in				Excess (+)/ Shortfall (-)
		On Regular basis	On Daily wages	On Contract basis	Total	
Jr.Draftsman	1	1	0	1	2	1 (+)
Driver	19	31	0	7	38	19 (+)
De-rating Mate/Other Mate	9	26	0	0	26	17(+)
Mason	11	23	0	0	23	12 (+)
Peon Chowkidar	51	47	3	6	56	5 (+)
Mazdoor	229	421	28	6	455	226 (+)
Rate Beldar	4	8	0	0	8	4 (+)
Total	324	557	31	20	608	284 (+)
Remaining categories	781	603	39	33	675	106 (-)

Municipal Councils

Name of Municipal Councils	Sanctioned strength	Posts filled in	On Daily wages	On Contract basis	Shortfall
Baddi	18	5	0	1	12
Bilaspur	68	53	0	2	13
Chamba	100	72	14	0	14
Dalhousie	87	64	1	0	22
Dharamsala	161	138	5	3	15
Ghumarwin	28	23	1	1	3
Hamirpur	77	55	3	2	17
Kangra	56	32	3	0	21
Kullu	157	114	17	0	26
Manali	62	57	5	3	-3
Mandi	164	114	1	2	47
Nagrota	41	32	3	1	5
Nahan	184	121	27	4	32
Nainadevi	16	6	0	3	7
Nalagarh	60	43	0	2	15
Nurpur	39	26	0	2	11
Palampur	43	28	0	1	14
Paona	51	35	10	0	6

Name of Municipal Councils	Sanctioned strength	Posts filled in	On Daily wages	On Contract basis	Shortfall
Parwanoo	42	34	0	1	7
Rampur	50	36	2	2	10
Rohru	22	16	2	1	3
Solan	219	186	9	1	23
Sundernagar	96	80	1	3	12
Theog	24	13	1	0	10
Una	69	49	0	2	18
G.total	1934	1432	105	37	360

Nagar Panchayats

Name	Sanctioned strength	Posts filled in	On Daily wages	On Contract basis	Shortfall
Arki	24	14	1	2	7
Banjar	20	6	0	0	14
Bhota	19	5	0	0	14
Bhuntar	23	16	0	0	7
Chopal	18	4	0	0	14
Chuwari	18	11	11	1	-5
Daulatpur	18	8	0	2	8
Dehra	37	28	0	0	9
Gagret	19	5	0	1	13
Jawalamukhi	56	45	1	0	10
Jogindernagar	30	19	16	2	-7
Jubbal	18	4	1	3	10
Kotkhai	18	5	1	0	12
Mehatpur	19	17	4	1	-3
Nadaun	35	29	1	0	5
Narkanda	18	7	0	0	11
Rajgarh	18	3	0	1	14
Rewalsar	20	8	7	0	5
Santokhgarh	19	12	1	0	6
Sarkaghat	19	15	0	4	0
Sujanpur	30	21	1	4	4
Suni	18	4	0	2	12
Talai	18	12	5	0	1
G.total	532	298	50	23	161

Appendix – 19 (B)

(Reference Paragraph 4.6.2, Page-30)

Statement of Budget Estimates and actual expenditure of ULBs for the year 2008-09.

(₹ in lakh)

Sr. No.	Name of ULBs	Budget Estimate	Actual Expenditure	Saving(-) Excess (+)	Percentage of over all utilization
Municipal Corporation					
1.	Shimla	12057.76	4283.62	(-) 7774.14	35.53
Municipal Councils					
1.	Chamba	290.55	279.50	(-)11.05	96.20
2.	Dalhousie	152.42	169.95	(+)17.53	111.50
3.	Dharmshala	314.31	586.21	(+)271.90	186.50
4.	Ghumarwin	111.31	80.94	(-)30.37	72.72
5.	Nagrota Bagwan	96.30	72.91	(-) 23.39	75.71
6.	Naina Devi	218.81	54.99	(-)163.82	25.13
7.	Palampur	□66.58	118.65	(-)147.93	44.51
8.	Una	173.45	228.79	(+)55.34	131.91
Total		1623.73	1591.94	(-)31.79	98.04
Nagar Panchayats					
1.	Jawalamukhi	111.92	136.18	(+)24.26	121.67
2.	Nadaun	133.45	57.25	(-)76.20	42.89
3.	Santokhgarh	60.10	137.31	(+)77.21	228.46
4.	Sujanpur	136.26	99.71	(-)36.55	73.18
5.	Talai	27.95	50.93	(+) 22.98	182.22
Total		469.68	481.38	(+) 11.70	102.49
Grand Total		14151.17	6356.94	(-)7794.23	44.92

Source-Concerned ULBs

Statement of Budget Estimates and actual expenditure of ULBs for the year 2009-10.

(₹ in lakh)

Sr. No.	Name of ULBs	Budget Estimate	Actual Expenditure	Saving(-) Excess (+)	Percentage of over all utilization
Municipal Corporation					
1.	Shimla	14008.62	5427.03	(-) 8581.59	38.74
Municipal Council					
1.	Chamba	363.19	304.32	(-)58.87	82.43
2.	Dalhousie	173.99	231.57	(+)57.58	133.09
3.	Dharmshala	347.46	533.42	(+)185.96	153.65
4.	Ghumarwin	122.47	93.95	(-)28.52	76.71
5.	Nagrota Bagwan	101.73	78.95	(-) 22.78	77.61
6.	Naina Devi	250.51	97.83	(-)152.68	39.05
7.	Palampur	273.90	150.23	(-)123.67	54.85
8.	Una	242.71	315.72	(+)73.01	130.08
	Total	1875.96	1805.99	(-)69.97	96.27
Nagar Panchayats					
1.	Jawalamukhi	147.27	128.49	(-)18.78	87.25
2.	Nadaun	134.65	69.94	(-)64.71	51.94
3.	Santokhgarh	73.25	103.06	(+)29.81	140.70
4.	Sujanpur	147.02	124.22	(-)22.80	84.49
5.	Talai	61.70	56.78	(-) 4.92	92.02
	Total	563.89	482.49	(-)81.40	85.56
	Grand Total	16448.47	7715.51	(-)8732.96	46.91

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 (+)	Percentage of over all utilization
Municipal Corporation					
1.	Shimla	15977.66	5366.87	(-)10610.79	33.59
Municipal Councils					
1.	Chamba	436.99	250.41	(-)186.58	57.30
2.	Dalhousie	208.98	270.20	(+)61.22	129.29
3.	Dharmshala	350.42	651.59	(+)301.17	185.95
4.	Ghumarwin	141.37	122.41	(-)18.96	86.59
5.	Nagrota Bagwan	151.25	96.49	(-)54.76	63.80
6.	Naina Devi	248.61	144.78	(-)103.83	58.24
7.	Palampur	402.00	150.56	(-)251.44	37.45
8.	Una	279.99	317.03	(+)37.04	113.21
Total		2219.61	2003.47	(-) 216.14	90.26
Nagar Panchayat					
1.	Jawalamukhi	223.59	169.40	(-)54.19	75.76
2.	Nadaun	141.15	89.71	(-)51.44	63.56
3.	Santokhgarh	88.05	122.01	(+)33.96	138.57
4.	Sujanpur	233.72	157.11	(-)76.61	67.22
5.	Talai	93.38	122.59	(+)29.21	131.28
Total		779.89	660.82	(-)119.07	84.73
Grand total		18977.16	8031.16	(-)10946	42.32

Source-Concerned ULBs

Appendix - 20

(Reference Paragraph 5.1.3, Page-33)

Details showing the cases where lease amount was not realised by the M.C Dalhousie.

(₹ in lakh)

Sr. No.	Name of Lessee	The Period of lease deed from to	Name of the Present lessee Mohall Bakrota	Market Value of land as assessed by the Patwari in July, 2006	Lease 18% of the present market value (Per Annum)	Lease amount due from July, 2006 to June 2010 (4 years)	Area of land/ Hect. in /Sqr meters.
1.	Smt. Harbans Kaur Chimney W/o Capt. SBS Chimney. Moon Plasier	19-09-1936 to 18-09-2026	The Chairman D.P.S. Dlu.	1000482	180087	720348	0.21.29
2.	Dr. Amir Ud Din S/o Shekh Shah Budin Jeet Villa (B.S. Jootla)	10-05-1932 to 10-04-2022	Sh. Balbir Singh Jootla	11076605	1993789	7975156	0.71.00
3.	Sh. P.D Tandon Tandon House	10-04-1938 to 10-03-2028	Sh. Raj Krishan S/o Prithi Dass	1034154	186148	744592	0.43.08
4.	Arpna reach and Charity Trust	12-04-1997 to 12-03-2037	Arpna Trust.	328095	59057	236228	0.04.73
5.	Smt. Krishana Kumari W/o Harbans Lal Krishana Cottage	15-08-1933 to 14-08-2023	Smt. Krishana Kumari Wd/o Harbans Lal	346135	62304	249216	0.40.44
6.	Sh. K.C. Joshi C.E. S/O Pt. Daulat Ram Joshi Good View	19-10-1937 to 18-10-2027	Smt. Kaushalaya Devi D/O Kahan Chand	621180	111812	447248	0.06.12
7.	Sh. Naubat Raj S/o Sh. Ganga Ram Seth Swastika.	22-09-1932 to 21-09-2022	Sh. Ashok Lal & others Wd/o Sh. Surinder Lal	1269174	228451	913804	0.50.45

Sr. No.	Name of Lessee	The Period of lease deed from to	Name of the Present lessee Mohall Bakrota	Market Value of land as assessed by the Patwari in July, 2006	Lease 18% of the present market value (Per Annum)	Lease amount due from July, 2006 to June 2010 (4 years)	Area of land/ Hect. in /Sqr meters.
8.	S.B Mehtab Singh Jeet Villa (Geetanjali)	08-02-1932 to 08-01-2022	Sh. Tarlochan Singh S/o Sh. Bhagat Singh	1336687	240604	962416	0.40.46
9.	Sh. Naubat Raj S/o Sh. Ganga Ram Seth Tilak Cottage	22-09-1932 to 21-09-2022	Sh. Tilak Kumar Baldev Kumar	140225	25241	100964	0.34.27
10.	Sh. Diwan Chand Cont. Daljit Cottage & Tara Kuti	04-12-39 to 03-12-29	Sh. Daljit Singh S/o Sh. Faquir Chand	472990	85138	340552	0.04.66
11.	Lala Ram Dass S/o Lachman Dass ChadhaGeeta	26-09-1932 to 25-09-2022	Sh. Dhruv Mohan S/o Sh. Puran Chand	1025893	184661	738644	0.43.29
12.	S. Nihal Singh (Mrs. P. Vadera Ishveena)	10-07-1938 to 10-06-2028	Brig S.C Vadera S/o Sh. Harbans Lal	1533742	276074	1104296	0.56.23
13.	Sh. RSL Hargovind Sun Shine	19-09-1936 to 18-09-2026	Sh. Rajinder Lal & Smt. Kanta Devi	2961016	532983	2131932	0.64.92
14.	Mrs. V.D. Tandon Laul Cottage	19-09-1936 to 18-09-2026	Sh. Rajan and Raghu S/o Kundan Lal	578478	104126	416504	0.15.67
15.	Lala Ram Dass S/o Lachman Dass Chadha-Indurekha	26-09-1932 to 25-09-2022	Sh. N. Charath S/o M.M Chatrath.	781701	140706	562824	0.43.33
16.	Sh. Nautan Dass S/o Seth Khan Chand Tej Niwas & Ganga Niwas	19-10-1937 to 18-10-2027	Vishasher Nath S/o Puran Chand	133567	24042	96168	0.46.10

Sr. No.	Name of Lessee	The Period of lease deed from to	Name of the Present lessee Mohall Bakrota	Market Value of land as assessed by the Patwari in July, 2006	Lease 18% of the present market value (Per Annum)	Lease amount due from July, 2006 to June 2010 (4 years)	Area of land/ Hect, in /Sqr meters.
17.	Sh. Vikram Singh Cottage Vikram Singh	19-10-1937 to 18-10-2027	Smt. Vijay W/o Balwinder Singh	1473744	265274	1061096	0.44.64
18.	Sh. K.C Joshi C.E S/o Pt. Daulat Ram Joshi Good View Annexe	19-10-1937 to 18-10-2027	Sh. B.B Joshi S/o Sh. Bir Bhadu	838450	150921	603684	0.13.9
19.	Sh. Boota Singh S/o Sh. Bhadhur Singh Mohindroo Niwas Visdom Tandon House	10-04-1938 to 10-03-2028	Sh. Boota Singh S/o Sh. Jagat Singh	546726	98411	393644	0.36.77
20.	L Sardari Lal and Roshan Lal Green Lald	19-10-1937 to 18-10-2027	Sh. Suresh Kumar Talwar S/o Sardari Lal	937201	168696	674784	0.24.84
21.	Mola Bux S/o Mohd. Ibrahim Dalan & Gabri	16-09-1936 to 15-09-2026	Capt. S.K Behal	618348	111303	445212	0.31.56
22.	Sh. Naubat Rai S/o Sh. Ganga Ram Seth Versha	22-09-1932 to 21-09-2022	Sh. Surinder Nath S/o Shiv Dayal	1392700	250686	1002744	0.15.80
23.	Smt. Harbans Kaur Chimney W/o Capt. SBS Chimney Moon Plasier	19-09-1936 to 18-09-2026	The Chairman D.P.S Dlu	735080	132314	529256	0.31.15
24.	Sh. Makhan Singh Hon'ble Magistrate Chandan Kothi	11-06-1931 to 11-05-2022	Sh. Hem Raj Gohar Kishore	286230	51521	206084	0.02.8

Sr. No.	Name of Lessee	The Period of lease deed from to	Name of the Present lessee Mohall Bakrota	Market Value of land as assessed by the Patwari in July,2006	Lease 18% of the present market value(Per Annum)	Lease amount due from July, 2006 to June 2010 (4 years)	Area of land/ Hect. in /Sqr meters.
25.	Sh. Makhan Singh Hon'ble Magistrate Chandan Annexe	11-06-1931 to 11-05-2022	Sh. Arun Kumar Monohar Lal	725824	130648	522592	0.49.72
26.	Sh. Ram Partap Vashisth. Vashisth House	10-04-1938 to 10-03-2028	The Arpna Trust	895676	161222	644888	0.44.72
27.	R.B. Manmohan Baital Fazal	19-09-1936 to 18-09-2026	The Chairman Dalhousie Public School	1274260	229367	917468	0.42.66
28.	R.B Janki Dass Janak Lodge	19-10-1937 to 18-10-2027	The Punjab Stores Pvt. Ltd The Mall Shimla	667299	120114	480456	0.37.58
29.	RBL Bal Mukand S/o L. Sohan Lal Ekantika	10-04-1938 to 10-03-2028	The Secretary External Affairs G.O.I	627783	113001	452004	0.32.40
30.	Mr. Fazal Din S/o Sh. Kher Din Feroz Villa	19-10-1937 to 18-10-2027	The Chair man D.P.S	4179216	752259	3009036	0.95.13
31.	Mistri Chandu Ram Vasdev Lodge	19-10-1937 to 18-10-2027	Sh. Vas Dev S/o Chandu Ram	255636	46014	184056	0.15.21
32.	Bibi Malan Belbase	19-09-1936 to 18-09-2026	M/S J.M.P Manufacturing Co	453427	81617	326468	0.32.70
33.	Bibi Malan Belmorai	19-09-1936 to 18-09-2026	Sh. Amar Deep & Desh Deep Relhan	273984	49317	197268	0.38.08
34.	H.P. State Elet Borar	24-03-1987 to 23-03-2017	H.P. State Elet Borar	514800	92664	370656	0.09.36

Sr. No.	Name of Lessee	The Period of lease deed from to	Name of the Present lessee Mohall Bakrota	Market Value of land as assessed by the Patwari in July, 2006	Lease 18% of the present market value (Per Annum)	Lease amount due from July, 2006 to June 2010 (4 years)	Area of land/ Hect, in /Sqr meters.
35.	M/S Agya Ram Atma Ram Sahani Sons of S. Amar Singh Sahani Amar Villa	10-04-1938 to 10-03-2028	Sh. Avtar Singh Viney & Jai Deep etc.	531120	95602	382408	0.14.53
36.	Sht. Rukmani Devi W/o Sh. Bashi Ram Pine Lodge	10-04-1938 to 10-03-2028	Sh. Kamla W/o PD Singh Daughter	445687	80224	320896	0.21.71
37.	Dr. Mohd. Sharif S/o Mian Allah Bux Bedi Niwas	10-04-1938 to 10-03-2028	Sh. Gurdeep Singh	566608	101989	407956	0.27.07
			Jagdip Singh & others	129800	23364	93456	0.2.36
38.	M/S Agya Ram Atma Ram Sahani Sons of S. Amar Singh Sahani Amar Villa	10-04-1938 to 10-03-2028	Sh. Avtar Singh Viney & Jai Deep etc.	331120	59602	238408	0.14.53
39.	M/S Karim Bux & Sons Thakur Villa	19-10-1937 to 18-10-2027	Smt. Padma thakur	551552	99279	397116	0.18.83
40.	M/S Karim Bux & Sons Malhotra Cottage	19-10-1937 to 18-10-2027	Sh. Vijay Kumar S/o Ram Dass	278109	50060	200240	0.08.07
41.	Sh. Tek Singh Bhalla	10-04-1938 to 10-03-2028	Smt. Swaran Lata W/o Brij Bhushan	750879	135158	540632	0.25.02
42.	Sh. Kanhiya Lal Plaha Joti Ram	25-01-1938 to 24-01-2028	Sh. Kishori Lal & Rjeev Kumar & others S/o Joti Ram	1547500	278550	1114200	0.06.19

Sr. No.	Name of Lessee	The Period of lease deed from to	Name of the Present lessee Mohall Bakrota	Market Value of land as assessed by the Patwari in July,2006	Lease 18% of the present market value(Per Annum)	Lease amount due from July, 2006 to June 2010 (4 years)	Area of land/ Hect, in /Sqr meters.
43.	Sh. Kanhiya Lal Plaha Sonam Guest House	25-01-1938 to 24-01-2028	Smt. Keshri Devi D/o Rikhi Ram	1385900	249462	997848	0.05.84
44.	Sh. Telu Ram Jain Ingle Neok	01-10-1938 to 01-09-2028	Smt. Asha Rani Aggarwal and Aruna Aggarwal	10690481	1924287	7697148	0.45.91
45.	L. Bilas Ram S/o R.S L. Rang Ram Roseland	31-07-1934 to 30-07-2024	Sh. Kharaiti Lal Puri G.P.O	1435000	258300	1033200	0.05.74
46.	L. Bilas Ram S/o R.S L. Rang Ram Rozely	31-07-1934 to 30-07-2024	Sh. Mohan Lal & Satish Kumar S/o Ksturi Lal	857500	154350	617400	0.03.43
47.	L. Bilas Ram S/o R.S L. Rang Ram Rozely	31-07-1934 to 30-07-2024	Sh. Kharaiti Lal G.P.O	137500	24750	99000	0.0.55
48.	L. Bilas Ram S/o R.S.L Rang Ram Roseland	31-07-1934 to 30-07-2024	Sh. Narinder Puri S/o Sh. Janak Raj G.P.O	1052500	189450	757800	0.04.21
49.	S/Sh. Janak Raj Kasturi Lal & Janak Raj	31-07-1934 to 30-07-2024	S/Sh. Janak Raj Kasturi Lal & Janak Raj	150000	27000	108000	0.0.60
50.	M/S Hira Lal Narain Dass Khanna S/o L. Maharaj Mal Hira Lal Bldg. Upper Jagdish Cottage	10-04-1938 to 10-03-2028	Smt. Jagdish Kumari W/o Tirth Dass Relhan	1141210	205418	821672	0.6.61
51.	M/S Hira Lal Narain Dass Khanna S/o L. Maharaj Mal Hira Lal Bldg. Upper	10-04-1938 to 10-03-2028	M/S Hira Lal Narain Dass Khanna S/o L. Maharaj Mal Hira Lal Bldg. Upper	1485000	267300	1069200	0.05.94

Sr. No.	Name of Lessee	The Period of lease deed from to	Name of the Present lessee Mohall Bakrota	Market Value of land as assessed by the Patwari in July,2006	Lease 18% of the present market value(Per Annum)	Lease amount due from July, 2006 to June 2010 (4 years)	Area of land/ Hect. in /Sqr meters.
52.	M/S Hira Lal Narain Dass Khanna S/o L. Maharaj Mal Hira Lal Bldg. Lower	10-04-1938 to 10-03-2028	Smt. Bimla W/o Rattan Chand & others	1080000	194400	777600	0.04.32
53.	Sh. Satya Pal Aggarwal Crages	07-02-1943 to 07-01-2033	Sh. Lal Chand S/o Sh. Hira Lal	4021508	723871	2895484	0.42.11
54.	The DFO Dalhousie	19-10-62 to 18-10-2027	The D.F.O Dalhousie	2203202	396576	1586304	0.34.22
Total				72108684	12979564	51918256	

Source-Audit findings

Appendix – 21

(Reference Paragraph 5.1.4, Page-34)

Loss of revenue due to non-revision of rates of house tax.

(₹ in lakh)

Sr. No.	Name of ULBs	Period from when rates not revised	Percent Rates at which the demand was raised	Demand raised upto 2010-11	Required demand as per revised rates	Less demand raised
Municipal Councils						
1.	Dharmshala	2006-07	12%	389.63	405.86	16.23
2.	Palampur	2008-09	8.5%	144.74	212.86	68.12
Total				534.37	618.72	84.35
Nagar Panchayats						
1.	Jawalamukhi	2008-09	7.5%	23.24	38.73	15.49
2.	Nadaun	2008-09	10%	26.33	32.91	6.58
3.	Talai	2005-11	7.5% to 9.5% ¹⁴	10.91	22.05 ¹⁵	11.14
Total				60.48	93.69	33.21
Grand Total				594.85	712.41	117.56

Source-Audit findings

¹⁴ 2008-09: 7.5%; 2009-10: 8.5% and 2010-11: 9.5%

¹⁵ 22.05 (2008-11: ₹16.07 plus previous amount to be raised: ₹5.98)

Appendix – 22

(Reference Paragraph 5.2, Page-34)

Non-realization of rent from shops/stalls (2008-11).

(₹ In lakh)

Sr. No.	Name of MCs	Opening balance on 1.04.2008	Demand raised during 2008-11	Total	Collection during 2008-11	Outstanding amount
Municipal Corporation						
1.	Shimla	14.13	251.43	265.56	15.83	76.02 ¹⁶
Municipal Councils						
1.	Chamba	13.42	94.89	108.31	78.59	29.72
2.	Dalhousie	21.52	40.07	61.59	34.92	26.67
3.	Dharmshala	14.60	84.19	98.79	96.26	2.53
4.	Ghumarwin	2.78	5.70	8.48	5.13	3.35
5.	Nagrota Bagwan	15.33	24.46	39.79	24.67	15.12
6.	Naina Devi	5.27	68.31	73.58	57.97	15.61
7.	Palampur	56.17	50.14	106.31	36.85	69.46
8.	Una	14.32	73.44	87.76	71.58	16.18
Total		143.41	441.20	584.61	405.97	178.64
Nagar Panchayats						
1.	Jawalamukhi	38.00	46.79	84.79	51.54	33.25
2.	Nadaun	6.08	31.24	37.32	27.27	10.05
3.	Santokhgarh	6.64	9.69	16.33	8.42	7.91
4.	Sujanpur	3.94	12.70	16.64	11.75	4.89
5.	Talai	0.14	0.92	1.06	0.90	0.16
Total		54.80	101.34	156.14	99.88	56.26
Grand Total		212.34	793.97	1006.31	521.68	484.63

¹⁶ Rs ₹.76.02 lakh {Total Rs.249.73 - ₹.173.71(₹170.15 lakh rates reduced from 18% to 5% and Rs.3.56 lakh waived off.)}

Appendix – 23

(Reference Paragraph 5.3, Page-34)

Non-recovery of house tax (2008-11).

(₹ in lakh)

Sr. No.	Name of MCs	O.B. as on 1.04.2008	Demand raised during 2008-11	Total Demand	Collection during 2008-11	Outstanding amount
1.	Chamba	16.34	53.02	69.36	27.32	42.04
2.	Dalhousie	16.65	34.90	51.55	35.83	15.72
3.	Dharmshala	101.77	241.52	343.29	224.92	118.37
4.	Ghumarwin	34.35	28.43	62.78	12.26	50.52
5.	Nagrota Bagwan	4.57	7.51	12.08	4.64	7.44
6.	Naina Devi	9.18	11.98	21.16	11.10	10.06
7.	Palampur	30.72	53.49	84.21	59.86	24.35
8.	Una	25.69	84.27	109.96	83.78	26.18
Total		239.27	515.12	754.39	459.71	294.68
Nagar Panchayats						
1.	Jawalamukhi	58.29	23.24	81.53	0.95	80.58
2.	Nadaun	27.14	26.33	53.47	14.95	38.52
3.	Santokhgarh	24.50	12.32	36.82	2.32	34.50
4.	Sujanpur	22.56	38.97	61.53	41.66	19.87
5.	Talai	19.71	10.90	30.61	9.03	21.58
Total		152.20	111.76	263.96	68.91	195.05
Grand Total		391.47	626.88	1018.35	528.62	489.73

Source-Audit findings

Appendix - 24

(Reference Paragraph 5.4, Page-35)

Non-recovery of duty on account of installation of Mobile Towers.

(₹ In lakh)

Sr.No.	Name of MC/NP	Year of installation	No. of towers	Period from when due	Amount		
					Installation	Annual renewal Fee	Total
Municipal Corporation							
1.	Shimla	2009-11	41	2009-10	0.80	10.30	11.10
Municipal Councils							
1.	Ghumarwin	2007-08	1	2009-10	0	0.10	0.10
		2009-10	1	2010-11	0	0.05	0.05
		2006-07	1	2010-11	0	0.05	0.05
2.	Nagrota Bagwan	1989-2009	8	2006-11	0	1.45	1.45
3.	Palampur	2009-10	3	2009-10	0.15	0.15	0.30
4.	Una	2006-07	1	2009-10	0	0.10	0.10
		2007-08	1	2008-09	0	0.15	0.15
		2008-09	2	2009-10	0	0.15	0.15
		Total	18		0.15	2.20	2.35
Nagar Panchayats							
1.	Jawalamukhi	2006-07	1	2006-07	0.10	0.20	0.30
2.	Nadaun	2006-07	1	2009-10	0	0.10	0.10
		2008-09	1	2010-11	0	0.05	0.05
3.	Santokhgarh	2004-05	2	2006-07	0.05	0.35	0.40
		2007-08	1	2010-11	0	0.05	0.05
		2008-09	1	2010-11	0	0.05	0.05
4.	Talai	2007-08	2	2008-09	0	0.35	0.35
		Total	9		0.15	1.15	1.30
		Grand Total	68		1.10	13.65	14.75

Source-Audit findings

Appendix - 25

(Reference Paragraph 5.7, Page-37)

Expenditure incurred on establishment in excess of prescribed norms during 2008-11.

(₹ in crore)

Sr. No.	Name of ULBs	Total Expenditure	Required 1/3 rd on Estt.	Expenditure on Estt	Exptd. in exce of norms	Total Expenditure	Required 1/3 rd on Estt.	Expenditure on Estt	Exptd. in exce of norms	Total Expenditure	Required 1/3 rd on Estt.	Expenditure on Estt	Exptd. in exce of norms
		2008-09,				2009-10,				2010-11			
Municipal Corporation													
1.	Shimla	4152.55	1384.18	2129.33	745.15	5427.02	1809.01	2513.11	704.10	5663.30	1787.77	2781.45	993.68
Municipal Council													
1.	Dalhousie	1.70	0.57	1.14	0.57	2.32	0.77	1.37	0.60	6.72	2.24	4.12	1.88
2.	Dharamshala	5.86	1.95	1.99	0.04	5.33	1.78	2.12	0.34	0	0	0	0
3.	Ghumarwin	0.81	0.27	0.36	0.09	0.94	0.31	0.35	0.04	1.20	0.40	0.47	0.07
4.	Nagrot Bagwa	72.91	24.30	44.73	20.43	78.95	26.32	49.96	23.64	96.49	32.16	63.41	31.
Total		81.28	27.09	48.22	21.13	87.54	29.18	53.8	24.62	104.41	34.80	68.00	33.
Nagar Panchayat													
1.	Jawalamukhi	1.36	0.45	0.85	0.40	1.28	0.43	0.83	0.40	1.69	0.56	0.83	0.27
Grand Total		4235.19	1411.72	2178.40	766.68	5515.84	1838.62	2567.74	729.12	5769.40	1823.13	2850.28	1027.

*Expenditure on establishment was within the limit

Year	Total Expenditure	Expenditure on Estt.	Required 1/3 ^r Expenditure	Excess Expenditure
2008-09	4235.19	2178.40	1411.72	766.68
2009-10	5515.84	2567.74	1838.62	729.12
2010-11	5769.40	2850.28	1823.13	1027.15
Total	15520.43	7596.42	5073.47	2522.95

Source-Audit findings