



**Annual Technical Inspection Report  
on  
Urban Local Bodies  
FOR THE YEAR ENDED 31 MARCH 2016**



**GOVERNMENT OF MEGHALAYA**

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## Preface

*This Report for the year ended 31 March 2016 has been prepared for submission to the Government of Meghalaya in terms of the Technical Guidance and Support to the audit of Urban Local Bodies under Section 20(1) of the Comptroller and Auditor General's (Duties, Powers and Conditions of Services), Act, 1971.*

*The Report contains significant results of audit of the Urban Local Bodies in the State including the departments concerned.*

*The issues noticed in the course of test audit for the period 2015-16 as well as those issues which came to notice in earlier years, but could not be dealt within the previous Reports have also been included, wherever necessary.*

*The audit has been conducted in conformity with auditing standards issued by the Comptroller and Auditor General of India.*



# OVERVIEW





## OVERVIEW

This Annual Technical Inspection Report (ATIR) deals with the results of audit of accounts of five Municipal Boards (MBs) in Meghalaya and is presented in three chapters. Chapter I includes an overview of the functioning, accountability mechanism and financial reporting issues of MBs. Chapter II contains Performance Audit of 'Management of Own Fund by Municipal Boards including collection of Revenue' and Chapter III contains the compliance audit paragraphs relating to the MBs.

The draft ATIR was sent to the Additional Chief Secretary to the Government of Meghalaya, Urban Affairs Department with a request to furnish replies within six weeks. Reply to the draft ATIR is awaited.

### **CHAPTER-I: OVERVIEW OF THE FUNCTIONING, ACCOUNTABILITY, MECHANISM AND FINANCIAL REPORTING ISSUES OF URBAN LOCAL BODIES**

There are six Municipal Boards in Meghalaya which are covered under the Meghalaya Municipal Act, 1973. The Additional Chief Secretary, Urban Affairs Department, Government of Meghalaya is the administrative head of all MBs in the State and is responsible for exercising overall control and supervision of functions of MBs.

**(Paragraphs 1.1 & 1.2)**

Against the requirement of 18 functions to be transferred to MBs, the State Government had transferred only 16 functions.

**(Paragraph 1.3)**

None of the five test check MBs had constituted the Municipal Accounts Committees.

**(Paragraph 1.4.1)**

As of March 2016, against the six Municipal Boards there were 20 Inspection Reports containing 198 paragraphs that were lying outstanding for a period ranging between one to 27 years.

**(Paragraph 1.6.1)**

The revenue earned by the MBs in the State during last five years (except Tura MB) was not sufficient even to meet the expenditure required to fund the staff salaries. The shortfall in revenue required to meet the expenditure on staff salary ranged from ₹ 2.90 lakh to ₹ 7.66 crore.

**(Paragraph 1.14.2)**

Out of ₹ 88.20 crore allocated to the State MBs as per recommendation of the Thirteenth Finance Commission (XIII-FC) only ₹ 32.23 crore was released resulting in short release of grant by ₹ 55.97 crore.

**(Paragraph 1.14.3)**

## **CHAPTER-II**

Property tax is still being not levied by Resubelpara, Jowai and Williamnagar MBs.

**(Paragraph 2.6.1.2)**

As on 31 March 2016 there was outstanding property tax of ₹ 2.53 crore in Shillong MB, of which ₹ 1.34 crore involving 346 defaulters was lying unrealised for more than five years and in few cases upto 40 years.

**(Paragraph 2.6.1.3)**

The Meghalaya Property Tax Board (MPTB) constituted in March 2012 had not yet met to review and revise the present property tax system.

**(Paragraph 2.6.1.4)**

Due to non levy of Street Lighting Tax, the Tura MB has incurred avoidable expenditure of ₹ 14.26 lakh from its own revenue and ₹ 80.72 lakh of Grants-in-Aid for payment of Street Lighting Tax besides creating financial liabilities amounting to ₹ 93.99 lakh upto September 2016. Shillong, Tura and Williamnagar MBs also incurred avoidable extra expenditure of ₹ 1.33 crore toward surcharge on delayed payment of energy bills

**(Paragraph 2.6.1.6)**

None of the five MBs were maintaining the books of Accounts as prescribed in the Accounting Manual for ULBs in Meghalaya.

**(Paragraph 2.6.2.2)**

For the years 2011-12 to 2015-16 Jowai, Resubelpara, and Williamnagar MBs did not prepare their Annual Accounts at all. Tura MB did not prepare the Annual Accounts for the years 2014-15 and 2015-16. The Shillong MB had also not prepared its Annual Accounts for 2015-16 till the date of audit (November 2016), though these were due by 31 July 2016.

**(Paragraph 2.6.2.3)**

Lease Rent of public toilet, parking lots amounting to ₹ 0.60 crore was not realised from 12 lessees in respect of Shillong and Tura MBs.

**(Paragraph 2.6.3.2)**

The State Finance Commission is yet to be constituted by the State Government till date (November 2016).

**(Paragraph 2.6.4.1)**

In Shillong, Tura, Resubelpara and Williamnagar MBs 552 Receipt Books which were issued to different officials/collectors during the period from 2011-12 to 2015-16 were still not returned upto October 2016.

**(Paragraph 2.6.5.2)**

Except Shillong and Tura MBs, no other MBs had conducted survey to ascertain the number of private property holders, government offices, institutions, shops, restaurants, stalls, *etc.* so as to ensure that eligible assesses escape the assessment.

**(Paragraph 2.6.5.4)**

## COMPLIANCE AUDIT PARAGRAPHS

Upto march 2016, the Tura MB has failed to collect ₹ 37.19 lakh from the contractor operating 15 maxi cabs of the Board.

**(Paragraph 3.1.1)**

Purchase of five buses by the Jowai MB without ascertaining the public demands or the feasibility of earning revenue resulted in unfruitful expenditure of ₹ 0.56 crore besides loss of ₹ 1.10 lakh on its operations.

**(Paragraph 3.1.3)**

There was unfruitful expenditure of ₹ 29.07 lakh as well as avoidable expenditure of ₹ 7.12 lakh due to injudicious procurement of JCB Excavator fitted with chain wheel by the Jowai MB.

**(Paragraph 3.2)**

There was idle parking of ₹ 3.24 crore for more than two years and irregular expenditure of ₹ 15.40 lakh of funds meant for e-governance by the Shillong MB.

**(Paragraph 3.3)**

In Jowai, Resubelpara and Shillong MBs LED Solar lights valuing ₹ 1.11 crore were lying unfruitful for more than two and a half years due to purchases made without having immediate requirement.

**(Paragraph 3.5)**



# **CHAPTER-I**

## **AN OVERVIEW OF THE FUNCTIONING, ACCOUNTABILITY MECHANISM AND FINANCIAL REPORTING ISSUES OF URBAN LOCAL BODIES**



## Chapter - I: Overview of the Functioning, Accountability, Mechanism and Financial Reporting Issues of Urban Local Bodies

### 1.1 Introduction

The 74<sup>th</sup> Constitutional Amendment Act, 1992 paved the way for decentralisation of power and transfer of 18 functions as listed in the Twelfth Schedule of the Constitution to the Urban Local Bodies (ULBs) and to establish a system of uniform structure, conduct of regular elections and regular flow of funds through State Finance Commission. As a follow up, States were required to entrust the ULBs with such powers and authority as may be necessary to enable them to function as institutions of local self-help Government. Post 74<sup>th</sup> Constitutional Amendment Act, an amendment was made to the Meghalaya Municipal Act, 1973 by enacting the Meghalaya Municipal (Amendment) Act, 2012 passed in March 2012. There are six Municipal Boards (MBs)<sup>1</sup> in the State of Meghalaya as on 31 March 2016 and covered under the Meghalaya Municipal Act, 1973.

The statistics of urban population of Meghalaya is given in Table 1.1 below:

**Table-1.1**  
**Statistics of urban population of Meghalaya and number of ULBs**

Sl. No.	Indicator	Unit	State	Municipal (%)
1	Geographical area (state)	Sq.km	22429	61.49 (0.27)
2	Population	Number	2966889	303840 (10.24)
3	Population density	Persons /Sq.km.	132	2302
4	Urban population	Per cent	20	
5	Urban Sex Ratio	Per thousand	1001	
6	Urban Literacy Rate	Per cent	90.79	

*Source: Meghalaya Census Report 2011 and figures furnished by Director, Urban Affairs Department,*

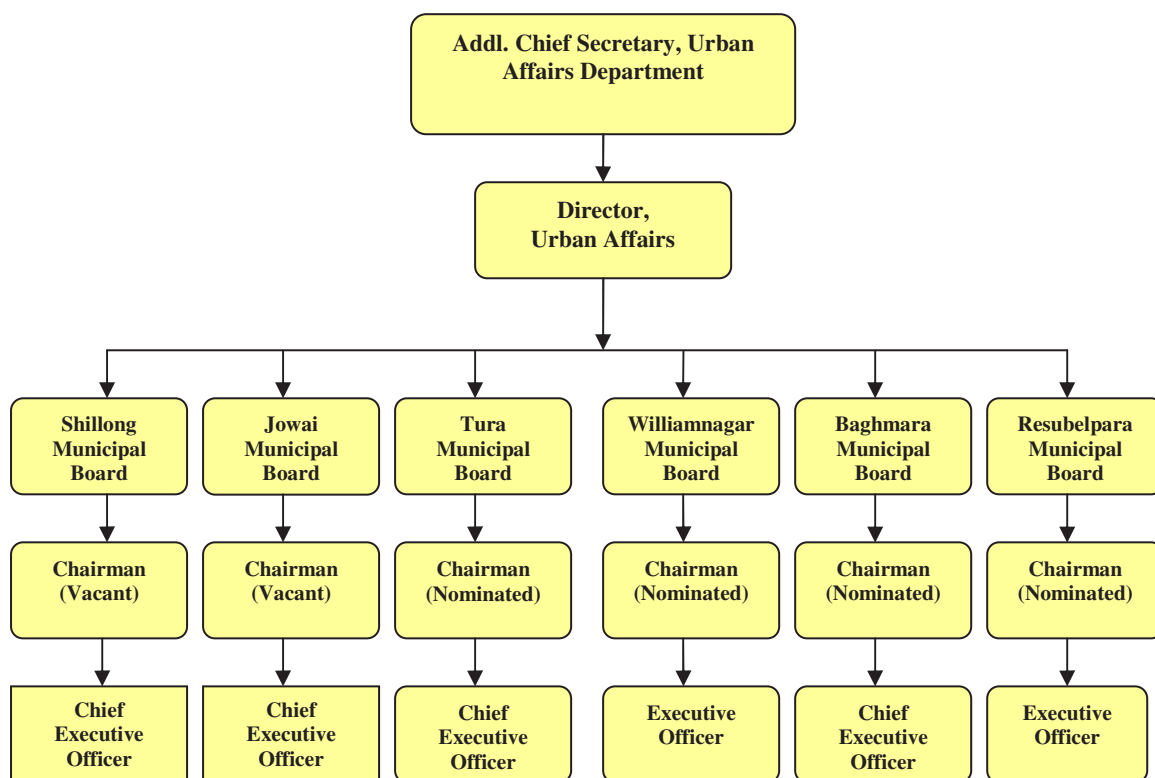
### 1.2 Organisational set-up of ULBs

The Additional Chief Secretary, Urban Affairs Department, Government of Meghalaya (GoM) is the administrative head of the MBs in the State. He is assisted by the Director, Urban Affairs in allocation of funds and in exercising overall control and supervision of functions and implementation of schemes at the State level with regards to all the MBs. An organogram of the Urban Affairs Department is shown as follows:

<sup>1</sup> 1. Baghmara Municipal Board, 2. Jowai Municipal Board, 3. Resubelpara Municipal Board, 4. Shillong Municipal Board, 5. Tura Municipal Board and 6. Williamnagar Municipal Board.

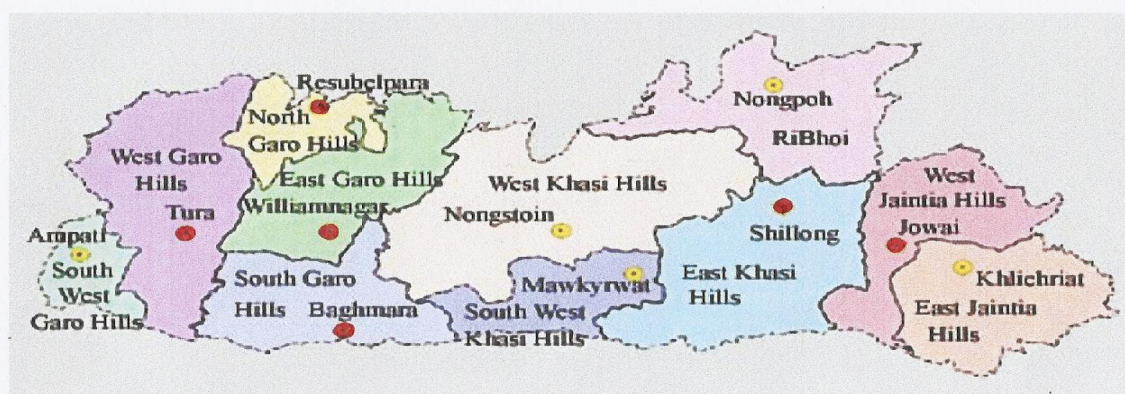


**Chart-1.1**



As per the Meghalaya Municipal Act, 1973, the Chairman is the Executive Head of the MB and is elected by the elected ward commissioners. During the period covered by audit, there was no elected body in any of the MBs in Meghalaya. In its absence, the power of the Board is vested in the Chief Executive Officer/ Executive Officer who in such situations functions as the Executive Head.

**Location of Municipal Boards in Meghalaya**



**References**

- District Headquarters with Municipal Board
- District Headquarters without Municipal Board

### 1.3 Functioning of ULBs

There are six MBs in Meghalaya governed under the provisions of Meghalaya Municipal Act 1973 and Meghalaya Municipal (Amendment) Act 2012. During the period covered by Audit, election of Ward Commissioners as provided under Section 12 of the Meghalaya Municipal Act, 1973 was not conducted in any of the MBs. In the absence of elected council, the MBs were being administered by an officer of the State government who is designated as Chief Executive Officer (CEO)/Executive Officer (EO). The basic information of the six MBs is tabulated in Table-1.2 below:

**Table- 1.2**  
**Basic information of six Municipal Boards in Meghalaya**

Sl. No.	Particulars	ULBs in the state					
		Baghmara MB	Jowai MB	Resubelpara MB	Shillong MB	Tura MB	Williamnagar MB
1	Year of establishment	1995	1995	1997	1913	1979	1995
2	Physical area coverage in sq.km	7.7	7.77	7.62	10.36	18.32	9.72
3	Population (2011 census)	13131	28430	19595	143229	74858	24597
4	No. of Wards	12	13	13	27	13	12
5	Last election held	No election till date	No election till date	No election till date	1966-67 <sup>2</sup>	No election till date	No election till date
6	Present incumbency	CEO	CEO	EO	CEO	CEO	EO

Source: Figures furnished by Director, Urban Affairs Department and CEO/EO of respective MBs.

The 74<sup>th</sup> Constitutional Amendment provides scope for devolution of funds and functions to ULBs (MBs) by the State Government with respect to preparation of plans and programmes for economic development and social justice relating to 18 subjects listed in the Twelfth Schedule of the Constitution of India. Government of Meghalaya has devolved 16 functions<sup>3</sup> to the MBs except for (i) Fire Services and (ii) Urban forestry, protection of the environment and promotion of ecological aspects.

<sup>2</sup> The election to the Shillong Municipal Board was held when the State of Meghalaya was not yet formed and was still a part of undivided State of Assam.

<sup>3</sup> (1) Urban planning including town planning; (2) Regulation of land-use and construction of buildings; (3) Planning for economic and social development; (4) Roads and bridges; (5) Water supply for domestic, industrial and commercial purposes; (6) Public health, sanitation conservancy and solid waste management; (7) Safeguarding the interests of weaker sections of society including handicapped and mentally retarded; (8) Slum improvement and upgradation; (9) Urban poverty alleviation; (10) Provision of urban amenities and facilities such as parks, gardens and playgrounds; (11) Promotion of cultural, educational and aesthetic aspects; (12) Burials and burial grounds; cremations, cremation grounds, and electric crematoriums; (13) Cattle pounds, prevention of cruelty to animals; (14) Vital statistics including birth and deaths; (15) Public amenities including street lighting, parking lots, bus stops and public conveniences; and (16) Regulation of slaughter houses and tanneries.

## **1.4 Formation of various Committees**

### **1.4.1 Municipal Accounts Committees**

Section 49A<sup>4</sup> of the Meghalaya Municipal Act, 1973 (as amended) specifies that the respective Boards may constitute Municipal Accounts Committee. The responsibilities of the Committee *inter alia* include (i) the examination of the accounts of the Board and also checking whether the audit observations and instructions made or given from time to time have been complied with; (ii) undertaking any physical verification of cash, stock and assets of the Board; and (iii) discharging such other function as may be entrusted.

Scrutiny of records of five out of six MBs in the State revealed that contrary to the provisions of the Act, none of the MBs had constituted Municipal Accounts Committees. Due to absence of the Municipal Accounts Committee, there was no authority to monitor and insist upon the preparation of Annual Accounts by the Boards.

## **1.5 Audit arrangement**

### **1.5.1 Primary Auditor**

Audit of the ULBs are conducted by the Examiner of Local Accounts (ELA), Meghalaya as per provision of the Assam Local Fund (Accounts and Audit) Act, 1930 and the Rules framed thereunder and the executive instructions issued from time to time as adopted by the Government of Meghalaya. ELA, Meghalaya is the primary auditor of the six ULBs in the State as per Meghalaya Municipal Act, 1973<sup>5</sup>.

The accounts of all the five test check MBs were audited by ELA upto 31 March 2014. The status of whether the Audit report on MBs by ELA is placed in the state legislature has been called for. Their reply is still awaited (November 2016).

### **1.5.2 Audit by the Comptroller & Auditor General of India**

Section 151J (2)<sup>6</sup> of the Meghalaya Municipal Act, 1973 specifies that the Comptroller & Auditor General (C&AG) of India shall provide Technical Guidance and Support (TG&S) for the proper maintenance of accounts and audit of the accounts of the Board and shall prepare an Annual Technical Inspection Report on the test check of accounts of the municipalities and forward a copy of the report to the State Government. The audit of accounts of the ULBs had been entrusted to the Comptroller and Auditor General of India (CAG) in March 2012 under Section 20(1) of CAG's (Duties, Powers and Conditions of Services) Act, 1971 by the State Government.

The Accountant General (Audit), Meghalaya, Shillong conducted performance audit of five<sup>7</sup> MBs during September to November 2016 under TG&S arrangement as per its Annual Audit Plan for 2015-16. The audit of Baghmara MB could not be taken up as the MB failed to

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<sup>4</sup> Inserted vide Meghalaya Municipal (Amendment) Act, 2012

<sup>5</sup> Section 151J (1) of the Act as inserted vide Meghalaya Municipal (Amendment) Act, 2012

<sup>6</sup> Inserted vide Meghalaya Municipal (Amendment) Act, 2012

<sup>7</sup> Jowai, Resubelpara, Shillong, Tura and Williamnagar.

furnish the records despite repeated requests (September 2016 to November 2016). An entry conference was held with the Joint Secretary, Urban Affairs Department, Government of Meghalaya, Officers of the Finance and Planning Department, Government of Meghalaya and the CEOs/EO/Officers of the MBs on 24 August 2016 wherein the audit objectives, scope, criteria and methodology were explained.

The audit findings were discussed with the Director, Urban Affairs Department, Meghalaya and the CEOs/representatives of the MBs in an exit conference held on April 4, 2017. Response of the Department/MBs received have been incorporated at appropriate places.

## 1.6 Response to audit observations

### 1.6.1 Inspection Reports

As of March 2016, against the six Municipal Boards in the State there were 20 Inspection Reports (IRs) containing 198 paragraphs issued by the Accountant General (Audit), Meghalaya that were lying outstanding for a period ranging between one to 27 years. The position of outstanding IRs and paragraphs against the five MBs in Meghalaya as of March 2016 was as follows:

**Table- 1.3**  
**Position of outstanding IRs and Paragraphs**

Name of the MB	No. of outstanding IRs	No. of outstanding paragraphs			Monetary value (₹ in lakhs)	No of years outstanding
		Part-II A	Part-II B	Total		
Baghmara	1	1	12	13	29.85	2
Jowai	2	2	22	24	60.71	1 to 2
Resubelpara	2	1	16	17	23.59	1 to 27
Shillong	11	24	84	108	4980.12	1 to 2
Tura	2	3	22	25	256.13	1 to 2
Williamnagar	2	-	11	11	124.28	1 to 2
<b>TOTAL</b>	<b>20</b>	<b>31</b>	<b>167</b>	<b>198</b>	<b>5474.68</b>	

While the IRs and paragraphs against Baghmara MB, Jowai MB, Resubelpara MB, Tura and Williamnagar MBs were lying outstanding for the period ranging from one to two years, the IRs and paragraphs against the Shillong MB have been outstanding for period ranging from one to 27 years. Further, Shillong MB has not furnished even the first reply to the outstanding IRs and paragraphs till date (December 2016) indicating a lackadaisical attitude towards settling audit observations.

### 1.6.2 Annual Technical Inspection Report

The Annual Technical Inspection Report (ATIR) for the year ended 31 March 2014 was laid in the Meghalaya Legislative Assembly on 24 September 2015. The Public Accounts Committee (PAC) of the Meghalaya Legislative Assembly discussed Paragraph 2.4 of the ATIR for the year ended 31 March 2014 on 10 May 2016. Recommendation of the PAC on the paragraph is awaited (December 2016).

## **Accountability Mechanism and Financial Reporting Issues**

### **Accountability Mechanism**

#### **1.7 Ombudsman**

There is no office of the Ombudsman in the State of Meghalaya.

#### **1.8 Social Audit**

There is no Social Audit arrangement for MBs in Meghalaya.

#### **1.9 Lokayukta**

Although Meghalaya has enacted the Meghalaya Lokayukta and Up-Lokayukta Act, 2000 in February 2002, there is no Lokayukta appointed in the state.

#### **1.10 Meghalaya Property Tax Board**

The finding is highlighted in paragraph 2.6.14 of this report.

#### **1.11 Service Level Benchmark**

The State Government notified the Service Level Benchmarks (SLBs) for water supply, sewerage, storm water drainage and solid waste management in March 2012 only for Shillong Municipal Board to be implemented in 2012-13. No records were available with the Shillong Municipal Board to indicate that the actual achievement against the SLBs has been assessed by the State Government. The Shillong Municipal Board has also not assessed on its own, the actual achievement against the SLBs nor has it put in place any mechanism to monitor the actual achievement *vis-à-vis* the SLBs for water supply, sewerage, storm water drainage and solid waste management. Moreover after March 2012, no further benchmarking was notified by the State Government.

The service level benchmarking for the other five MBs has also not been notified in the State.

#### **1.12 Fire hazard response**

The function of fire services has not yet been devolved to the MBs by the State Government.

#### **1.13 Internal Audit**

Paragraph 32.15 of the Accounting Manual for ULBs in Meghalaya states that the ULBs may get their accounts audited by internal audit. Audit however observed that none of the MBs had any system of Internal Audit, which was in contravention of the provisions of the Accounting Manual.

## 1.14 Financial Reporting Issues

### 1.14.1. Source of funds

The sources of funds of the ULBs comprise own revenues generated by the MBs from different sources, Central Finance Commission (CFC) grants and State Government grants released through the Director, Urban Affairs Department for maintenance and development purposes. The overall financial position of all the five MBs during the period from 2011-12 to 2015-16 is tabulated below:

**Table- 1.4**  
**Time series data on ULBs resources**

(₹ in crore)						
Source	2011-12	2012-13	2013-14	2014-15	2015-16	Total
Own Revenue of MBs	9.36	10.94	10.07	11.51	3.82	45.70
State (Plan/Non Plan)	1.04	6.58	7.18	7.52	1.62	23.94
Central Finance Commission (CFC) transfers	7.18	9.01	12.33	2.22	1.75	32.49
<b>Total</b>	<b>17.58</b>	<b>26.53</b>	<b>29.58</b>	<b>21.25</b>	<b>7.19</b>	<b>102.13</b>

Source: Figures furnish by the CEO/EO of test check MBs.

The figure under 'Own Revenue of MBs' for the year 2015-16 and under State (Plan/Non-Plan) during 2011-12 and 2015-16 does not include figures of Shillong MB since the Board failed to furnish the information despite requisition (02/12/2016). In the absence of the requisite figure, the analysis of the trend of revenue could not be carried out.

### 1.14.2. Own revenue

Under Section 68 of the Meghalaya Municipal Act, 1973 (as amended), the MBs can impose within their limits, taxes on holdings (property tax), water tax, light tax, latrine tax, drainage tax, private markets tax, fees on carts, carriages and animals, registration fees for dogs and cattle and any other tax, toll and fee duly sanctioned by the Government.

During 2011-16 the six MBs in the State earned ₹ 43.84 crore as 'own revenue' through imposition of these taxes. During the same period the MBs had however, incurred expenditure of ₹ 53.06 crore on salaries alone. Comparison of 'own revenue' of these MBs *vis-a-vis* expenditure incurred on salaries for the years 2011-12 to 2015-16 was as follows:

**Table 1.5**  
**MB wise collection of own revenue *vis-a-vis* expenditure on staff salaries**  
(₹ in lakh)

Municipal Board	Own revenue during 2012-16	Expenditure on salaries during 2012-16	Revenue shortfall (2-3)
Tura MB	1145.83	984.24	161.59
Shillong MB <sup>8</sup>	2832.43	3598.85	(-) 766.42
Jowai MB	124.03	380.22	(-) 256.19
Williamnagar MB	31.65	78.24	(-) 46.59

<sup>8</sup> Figures are for 2012-14 (four years) only



Municipal Board	Own revenue during 2012-16	Expenditure on salaries during 2012-16	Revenue shortfall (2-3)
Resubelpara MB	109.80	112.70	(-) 2.90
Baghmara MB	140.31	151.48	(-) 11.17
<b>Total</b>	<b>4384.05</b>	<b>5305.73</b>	<b>(-)921.68</b>

Source: Figures furnish by CEO/EO of respective MBs

As may be seen from the table above that revenue earned by the MBs in the state during the last five years (except Tura MB) was not sufficient even to meet the expenditure to fund the staff salaries. The shortfall in revenue required to meet the expenditure on staff salary ranged from ₹ 2.90 lakh to ₹ 7.66 crore. This indicates that except Tura MB, all the other five MBs are dependent on Grants-in-Aid from the Central/State Government even to pay staff salaries.

#### 1.14.3. Recommendations of the Central Finance Commission (CFC)

##### ➤ Short release of funds

As per the recommendations of the Thirteenth Finance Commission (XIII FC), an amount of ₹ 88.20 crore was to be released by Government of India (GoI) to the six MBs in the state as grants<sup>9</sup>. The release of grants was however, subject to fulfilling of a series of conditions as listed in **Appendix-I**. Upto March 2016, however, only ₹ 32.23 crore was released resulting in short release of grant by ₹ 55.97 crore. The position of grants allocated, release and shortfall is shown in the table below:

**Table 1.6**  
**Funds released to MBs under XIII FC**

(₹ in crore)							
Sl. No.	Name of MB	2010-11	2011-12	2012-13	2013-14	2014-15	Total
(A)	<b>Total allocation</b>	<b>8.40</b>	<b>13.04</b>	<b>18.95</b>	<b>22.07</b>	<b>25.74</b>	<b>88.20</b>
<b>Funds release</b>							
1	Baghmara	0.40	0.07	0.17	0.54	0.22	<b>1.40</b>
2	Jowai	0.85	0.25	0.11	1.01	0.39	<b>2.61</b>
3	Resubelpara	0.65	0.06	0.18	0.80	0.17	<b>1.86</b>
4	Shillong	3.84	3.03	4.61	3.70	2.59	<b>17.77</b>
5	Tura	1.89	1.57	0.40	2.02	0.13	<b>6.01</b>
6	Williamnagar	0.69	0.69	0.19	0.87	0.14	<b>2.58</b>
(B)	<b>Total released</b>	<b>8.32</b>	<b>5.67</b>	<b>5.66</b>	<b>8.94</b>	<b>3.64</b>	<b>32.23</b>
<b>Shortfall (A-B)</b>		<b>0.08</b>	<b>7.37</b>	<b>13.29</b>	<b>13.13</b>	<b>22.10</b>	<b>55.97</b>
<b>Shortfall percentage</b>		<b>0.95</b>	<b>56.52</b>	<b>70.13</b>	<b>59.49</b>	<b>85.86</b>	<b>63.46</b>

Source: Figures furnish by the Director, Urban Affairs Department

No records were available to indicate the reason for short release of fund by GoI. Director Urban Affairs Department admitted (May 2016) that there was a short release of funds by GoI, stated that the reason for short release of funds was not known to the Directorate.

Further in addition to the above, an amount of ₹ 5.55 crore was also released to the State Government under 'General Performance Grant' forfeited by non-performing states to performing and non-performing states during 2010-11 to 2014-15 as shown under:

<sup>9</sup> General Basic Grant, Special Area Basic Grant and General Performance grant

**Table- 1.7**

**Funds released to MBs under General Performance Grant forfeited by non-performing states to performing and non-performing states**

**(₹ in lakh)**

Sl. No.	GoI's sanction No. & Date	Amount (₹ in lakh)	Amount released to MBs					
			SMB	TMB	JMB	RMB	WMB	BMB
1	F.12(3)/FCD/2010 dt. 31.3.2012	58.09	32.57	17.39	2.42	3.21	1.25	1.25
2	F.12(3)/FCD/2010 dt. 30.3.2013	264.88	111.94	60.92	28.69	22.75	24.59	15.99
3	F.12(3)/FCD/2010 dt. 31.3.2014	51.02	33.02	18.00	-	-	-	-
4	F.12(3)/FCD/2013 dt. 24.3.2015	181.12	137.38	17.42	8.20	6.51	7.03	4.58
	<b>Total</b>	<b>555.11</b>	<b>314.91</b>	<b>113.73</b>	<b>39.31</b>	<b>32.47</b>	<b>32.87</b>	<b>21.82</b>

Source: Records of the Director, Urban Affairs department

Thus, a total amount of ₹ 37.78 crore was released by GoI to the State MBs under the XIII-FC.

#### ➤ Unspent balance

Even though there was short release of funds to the MBs an amount of ₹ 1.15 crore was still lying unspent with six MBs as on 31 March 2016. The MB-wise unspent balance is shown below:

**Table-1.8**

**Unspent balance funds with MBs as on 31 March 2016**

**(₹ in lakh)**

Sl. No.	Name of MB	Unspent balance as on 31/03/2016
1	Baghmara	17.24
2	Jowai	8.20
3	Resubelpara	1.95
4	Shillong	49.08
5	Tura	21.51
6	Williamnagar	17.24
<b>Total unspent balance</b>		<b>115.22</b>

Source: Figures furnish by CEO/EO of MBs

Reason for failing to utilise the fund was not available on records.

#### **1.14.4 Maintenance of database on the finances of Municipal Boards**

Government of Meghalaya notified 'Municipal Accounting Manual' in February 2012 in line with the National Municipal Accounts Manual (NMAM) approved by the Comptroller and Auditor General of India and circulated by Government of India. During audit of five Municipal Boards, it was observed that accounting system and policies defined in the State Manual were being adhered to.





**CHAPTER-II**  
**PERFORMANCE AUDIT ON**  
**MANAGEMENT OF OWN FUNDS**  
**BY MUNICIPAL BOARDS**  
**INCLUDING COLLECTION OF**  
**REVENUE**



## **Chapter-II: Performance Audit on Management of own Funds by Municipal Boards including collection of Revenue**

### **2.1 Introduction**

Municipal Board (MB) plays an important role in the democratic process and in providing basic civic facilities like water supply, drainage, garbage disposal, construction and maintenance of roads and sanitation in urban areas. In order to carry out these functions, it is important that the MBs have adequate financial resources at their disposal. The main sources of revenue for MBs apart from their own revenue generated by imposing taxes and fees *etc.*, are the funds received from the State and Central Government.

### **2.2 Audit Objective**

The objective of the Performance Audit was to assess whether:

1. The taxes, fees, rent, *etc.*, have been assessed, imposed and collected for strengthening the revenue regime of the MBs.
2. Municipal Fund has been formed and accounts thereof maintained properly.
3. The Municipal Fund has been appropriated properly and for the purposes as laid down under the Act.
4. The infrastructure for collection and application of revenue by MBs was adequate.
5. The role of Government in mobilisation of revenue resources of MBs was adequate.
6. The monitoring mechanism existed for improving the revenue raising capabilities and its application.

### **2.3 Scope and Methodology of Audit**

The Performance Audit covered the period of five years from 2011-12 to 2015-16. The records of five<sup>1</sup> out of six MBs in the State were test checked along with records in the Director of Urban Affairs relating to the functioning of MBs.

### **2.4 Audit Criteria**

The following sources of audit criteria were used to benchmark the audit findings:

- Meghalaya Municipal Act, 1973 as amended from time to time and Rules framed thereunder;
- Accounting Manual for ULBs in Meghalaya, 2010;
- The Meghalaya State Finance Commission Act, 2012 and the Meghalaya State Finance Commission Rules, 2013;

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<sup>1</sup> Jowai, Resubelpara, Shillong, Tura and Williamnagar MBs.

- Guidelines for release and utilisation of grant recommended by the Thirteenth Finance Commission for ULBs;
- Instructions or important circular issued by State Government/ GoI.

## 2.5 Trend and revenue of MBs

The trend of resources of MBs for the period from 2011-12 to 2015-16 is shown below:

**Table- 2.1**  
**Time series data on ULBs resources**

(₹ in crore)						
Source	2011-12	2012-13	2013-14	2014-15	2015-16	Total
Own Revenue of MBs	9.36	10.94	10.07	11.51	3.82	45.70
State (Plan/Non Plan)	1.04	6.58	7.18	7.52	1.62	23.94
Central Finance Commission (CFC) transfers	7.18	9.01	12.33	2.22	1.75	32.49
<b>Total</b>	<b>17.58</b>	<b>26.53</b>	<b>29.58</b>	<b>21.25</b>	<b>7.19</b>	<b>102.13</b>

Source: Figures furnish by the CEO/EO of test check MBs.

The figure under 'Own Revenue of MBs' for the year 2015-16 and under State (Plan/Non-Plan) during 2011-12 and 2015-16 does not include figures of Shillong MB since the Board failed to furnish the information despite requisition (02/12/2016). In the absence of the requisite figure, the analysis of the trend of revenue could not be carried out.

## 2.6 Audit Findings

### 2.6.1 Audit Objective-1: Whether the taxes, fees, rent, etc., has been assessed, imposed and collected for strengthening the revenue regime of the MBs

#### 2.6.1.1 Sources and imposition of taxes, fees and rents

Under Section 68 of the Meghalaya Municipal Act, 1973 the MBs in the State are to impose various taxes, fees, tolls or any of the items listed under the said Section of the Act *ibid*. In addition, the MBs also earn revenue from registration of birth and death, hire charges of cesspool and water tanker, sale of tender forms *etc*. Taxes and fees collected by the MBs from different sources during 2011-16 are as under:

**Table - 2.2****Taxes and fees collected by the MBs from different sources during 2011-16**

Sl. No.	Name of MB	Component of own revenue including taxes and fees	Revenue collection during the last five years (₹ in lakh)
1	Shillong MB	<ul style="list-style-type: none"> <li>➤ Property tax from residential, commercial and State government buildings</li> <li>➤ Service charges from Central government buildings</li> <li>➤ Rental income from municipal properties</li> <li>➤ Fees &amp; user charges</li> <li>➤ Solid waste management - Garbage collection fees</li> <li>➤ Parking fees, toilet fees and water fees</li> <li>➤ Market rents</li> <li>➤ Advertisement tax</li> <li>➤ Cost of Dog Tickets</li> <li>➤ Birth &amp; death certificate fees</li> <li>➤ Licensing from shops</li> <li>➤ Septic tank cleaning charges (cesspool)</li> </ul>	2832.43*
2	Tura MB	<ul style="list-style-type: none"> <li>➤ Property tax</li> <li>➤ Toll tax</li> <li>➤ Lease of land</li> <li>➤ Lease of parking lots &amp; toilets</li> <li>➤ Rental income</li> <li>➤ Fees &amp; user charges</li> <li>➤ Sales &amp; hire charges</li> <li>➤ Sales of forms</li> <li>➤ Sales of product ( eg. Compost)</li> </ul>	1145.83
3	Resubelpara MB	<ul style="list-style-type: none"> <li>➤ Market rents</li> <li>➤ Rent from parking lots</li> <li>➤ Revenue from Public toilets</li> <li>➤ Entry gate tax</li> <li>➤ Monopoly and line shop collections</li> </ul>	109.80
4	Jowai MB	<ul style="list-style-type: none"> <li>➤ License for motor workshop, industry, printing press, hotel &amp; restaurant</li> <li>➤ Fees for installation of faxes, cyber cafe, Xerox machines, etc.</li> <li>➤ NOC for electricity and water connection, book maker, commercial cable connection</li> <li>➤ Registration of dog</li> <li>➤ Service charges for waste disposal</li> </ul>	124.03
5	Williamnagar MB	<ul style="list-style-type: none"> <li>➤ Rent from markets</li> <li>➤ Revenue from Parking lots and public toilet, Toll gate &amp; Ghat</li> <li>➤ Sales of tender forms</li> </ul>	31.65

Source: Information furnished by the CEO/EO of the respective MBs

\* Shillong MB figure is for four years since the Annual Account for the year 2015-16 was not yet finalised.

It can be seen from the table above that Shillong MB and Tura MB imposed and collected maximum taxes and fees from multiple sources. While the other three MBs (Jowai MB, Resubelpara MB and Williamnagar MB) who did not impose taxes and fees on as many sources, collected lesser revenue.

### 2.6.1.2 Collection of property tax

The Meghalaya Municipal Act, 1973 stipulates payment of property tax on the annual value of holdings on quarterly basis. It may be mentioned that failure to collect property tax by the MBs was pointed out under paragraph 2.1.1 of Chapter-II of the ATIR for the year ending 31 March 2014 which was placed in the State Legislative Assembly on 24 September 2015. In the said paragraph recommendation was made to ensure timely payment of property tax by all the owners.

Even after being pointed out by Audit, property tax is not being levied by Resubelpara, Jowai and Williamnagar MBs till March 2016. Even a survey to ascertain the numbers of property holders within the municipal limits is yet to be conducted by the three MBs. This indicates lack of serious effort by the three MBs to increase generation of own revenue.

### 2.6.1.3 Shortfall in collection of property tax

Property tax is being levied and collected only by Shillong and Tura MBs. These two MBs have however, failed to fully realise the demand raised during the period from 2011-12 to 2015-16. The year-wise demand, collection *vis-a-vis* shortfall in collection of property tax by Shillong MB and Tura MB is shown below:

**Table- 2.3**  
**Shortfall in collection of property tax by Shillong and Tura MBs**

(₹ in crore)

Year	Shillong MB						Tura MB					
	O/B	Demand	Total	Collec-tion	Short - fall	Percen-tage	O/B	Demand	Total	Collec-tion	Short-fall	Percen-tage
2011-12	4.19	3.53	7.72	5.29	2.43	31	0.02	0.05	0.07	0.03	0.04	57
2012-13	2.43	3.82	6.25	3.52	2.73	44	0.04	0.16	0.20	0.08	0.12	60
2013-14	2.72	3.86	6.58	3.88	2.70	41	0.12	0.26	0.38	0.17	0.21	55
2014-15	2.70	3.92	6.62	4.04	2.58	39	0.21	0.26	0.47	0.15	0.32	68
2015-16	2.59	4.01	6.60	4.07	2.53	38	0.32	0.29	0.61	0.19	0.42	69
<b>Total</b>		<b>19.14</b>	<b>33.77</b>	<b>20.80</b>				<b>1.02</b>	<b>1.73</b>	<b>0.62</b>		

O/B=Opening balance

Source: Figures furnished by CEOs of SMB and TMB

As may be seen from the above table, the two MBs could not collect the property tax as per their demand during the period from 2011-12 to 2015-16. There was persistent shortfall ranging from 31 *per cent* to 69 *per cent*. As compared to 2011-12, by 2015-16 the shortfall in collection of property tax in respect of Shillong MB rose from 31 *per cent* to 38 *per cent* while in case of Tura MB the shortfall rose from 57 *per cent* to 69 *per cent*.

Audit further observed that out of the outstanding property tax of ₹ 2.53 crore as on 31 March 2016 in respect of Shillong MB, ₹ 1.34 crore (53 *per cent*) involving 346 defaulters was lying unrealised for more than five years and in few cases upto 40 years. The ward wise outstanding amount is given in **Appendix-II**. Other than issuing

demand notice/reminder no punitive action in the form of attachment of moveable assets/properties as provided under the provision of Meghalaya Municipal Act, 1973 against the persistent defaulters was initiated. No physical inspection of the sites to ascertain the reason for not responding to the demand notice or the actual existence of the holders was also found to have been taken up by the Shillong MB.

While in Tura MB, even though the shortfall in realising the property tax upto 2015-16 was ₹ 0.42 crore and is increasing, the Tax Collectors engaged for collection of property tax have failed to return the used Receipt Books, resulting in the risk that the money collected are not being accounted for and deposited into the MB's accounts. This issue is highlighted in paragraph 2.6.5.2.

The above indicates that enough efforts in collecting the Property tax were not put by the Shillong and Tura MBs, resulting in property tax of ₹ 2.53 crore and ₹ 0.42 crore remaining unrealised upto March 2016.

#### ***2.6.1.4 Constitution of State Level Property Tax Board***

According to Section 67 A of the Meghalaya Municipal Act, 1973<sup>2</sup> the State Government shall by notification constitute a State Level Property Tax Board to enumerate all properties within the jurisdiction of the municipalities; review the present property tax system and make recommendations on the basis of assessment and valuation of properties and modalities for periodic revision.

The State Government constituted the Meghalaya Property Tax Board (MPTB) in March 2012 under the chairmanship of the Principal Secretary, Urban Affairs Department. Despite MPTB's constitution, it had not convened any meeting till date (December 2016) and hence no enumeration of properties and review of property tax was done.

#### ***2.6.1.5 Criteria for classification of holdings not fully adopted***

The State Government vide Notification dated 20 May 2004, notified the Assessment of Annual Rental Value of Holdings Rules, 2004. As per Rule 3 of the said Rules, the holding in the Municipal area shall be classified by the MBs on the following criteria:

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<sup>2</sup> Inserted vide Meghalaya Municipal (Amendment) Act 2012.



**Table- 2.4**  
**Criteria to classify the holdings in the Municipal area**

Sl. No.	Particulars	Criteria
1.	Situation of holdings:	<ul style="list-style-type: none"> <li>Holdings on Main road</li> <li>Holdings on other road</li> <li>Holdings on footpath</li> <li>Holdings other than above</li> </ul>
2.	Use of holdings:	<ul style="list-style-type: none"> <li>Purely residential</li> <li>Purely commercial (whether self-owned or otherwise)</li> <li>Purely institutional</li> <li>Purely industrial</li> <li>All holdings other than (i), (ii) &amp; (iv) above</li> </ul>
3.	Type of construction:	<ul style="list-style-type: none"> <li>Pucca buildings with RCC roof</li> <li>Pucca buildings with asbestos/corrugated sheet roof</li> <li>All other buildings not covered by the above</li> </ul>

Source: Rule-3 of the Assessment of Annual Rental Value of Holdings Rules, 2004

Scrutiny of records revealed that classification had been partially adopted and criteria under 'situation of holdings' was not taken into consideration. Thus, assessment of annual rental value of holdings was not being done as provided under the Rules *ibid* by Shillong and Tura MBs.

#### **2.6.1.6 Assessment and Collection of light tax**

Sections 68(1)(c) and 71(a)(ii) of the Meghalaya Municipal Act, 1973, provides for installation of Street lighting within the municipal limits and imposition of light tax on annual value of holdings or at a prescribed rates.

The Shillong MB had collected Light Tax from the public on the basis of 1.5 *per cent* on the annual value of the holding or ₹ 70 per month, whichever is higher. The Board had maintained separate account for street lighting fund. The remaining MBs did not collect light taxes from the residence/public. While Tura and Williamnagar MBs depended on Government grants for payment of electricity bills for street lighting Jowai and Resubelpara MBs informed that they could not look after the maintenance of street lighting.

The position of collection of light tax and payment of electricity bills by Shillong, Tura and Williamnagar MBs is as under:

**Table- 2.5****Collection of light tax and payment of electricity bills by Shillong, Tura and Williamnagar MBs**

(₹ in lakh)

Sl No.	Particulars	SMB	TMB	WMB	Total
1	Outstanding bill amount as of March 2011 (Opening balance)	108.74	23.59	4.37	<b>136.70</b>
2	Energy charge during the audit period ( <i>Fixed charge + Govt. duty</i> )	436.19	63.34	2.07	<b>501.60</b>
3	Surcharge on late payment during the audit period	29.15	102.04	2.33	<b>133.52</b>
4	<b>Total payable energy bills</b>	<b>574.08</b>	<b>188.97</b>	<b>8.77</b>	<b>771.82</b>
5	Bill paid/cleared during the period	566.04	94.98	8.13	<b>669.15</b>
6	Outstanding liabilities as of September 2016	8.04	93.99	0.64	<b>102.67</b>
7	Collection under 'light Tax' during 2011-16	<b>526.51</b>	Nil	Nil	<b>526.51</b>

Source: Figures as per records of CEO of Shillong and Tura MBs and EO of Williamnagar MB

➤ ***Diversion from collections of light Tax by Shillong MB***

It can be seen from the above table, that though Shillong MB collected ₹ 5.27 crore as light tax, which was 92 *per cent* of the amount payable under electricity charges, the electricity bills were however not paid out of it. Instead the taxes so collected were utilised towards payment of salary and other works. Consequently, Shillong MB borrowed an 11 *per cent* interest bearing loan of ₹ 0.95 crore from Meghalaya Urban Development Agency (MUDA) on 23 July 2012 to clear the outstanding electricity bills. Upto September 2016 Shillong MB repaid ₹ 1.06 crore (which included interest of ₹ 9.41 lakh and penal interest of ₹ 1.81 lakh) of the loan to MUDA.

➤ ***Avoidable expenditure from own revenue by Tura MB towards payment of energy bills due to non levy of lighting tax***

It can be seen from the table 2.5, that during the review period Tura MB paid ₹ 0.95 crore against the total energy bill of ₹ 1.89 crore. This payment was made from the Board's own fund (₹ 14.26 lakh) and Grants-in-Aid received from the State Government (₹ 80.72 lakh).

Even though Tura MB had to utilise its scarce resources in paying the energy bills, it has not taken any step to assess and levy lighting tax. The inaction of the Tura MB to levy street lighting tax has not only resulted in avoidable expenditure of ₹ 14.26 lakh from its own revenue and ₹ 80.72 lakh of Grants-in-Aid funds but has also created financial liabilities to the Tura MB amounting to ₹ 93.99 lakh as of September 2016.

➤ ***Avoidable extra expenditure toward surcharge on delay payment of energy bills***

As can be seen from table 2.5, failure of Tura and Williamnagar MBs to levy and collect light tax from the resident/public made these MBs dependent on Government grants for payment of energy bills. Consequently, these Boards could not pay the energy bills in time resulting in levy with surcharge for delayed payment amounting to ₹ 1.04<sup>3</sup> crore.

In the case of Shillong MB, Lighting Tax was levied regularly, but due to irregular diversion of funds, the Shillong MB could not pay the energy bills within due time which attracted surcharge amounting to ₹ 29.15 lakh.

Thus, it can be seen that the MBs had not assessed, levied and collected taxes properly and there was still scope for the MBs to enhance their revenue base.

**Recommendation No. 1: The Meghalaya Urban Affairs Department should ensure that Meghalaya Property Tax Board (MPTB) enumerates all properties within the jurisdiction of the municipalities; reviews the present property tax system and make necessary recommendations on the basis of assessment and valuation of properties in all municipalities and works out the modalities for its periodic revisions without any further delay.**

**Recommendation No. 2: All MBs should consider levying Property tax and Light tax without further delay. The MBs should also ensure prompt collection of property tax and light tax from all assesses.**

***2.6.2 Audit Objective-2: Whether Municipal Fund has been formed and accounts thereof maintained properly***

***2.6.2.1 Formation of Municipal Fund***

Section 58 of the Meghalaya Municipal Act, 1973 envisages constitution of Municipal Fund (MF) by each Municipal Board wherein all sums received by, or on behalf of the Board, and all sums received sanction by the statement as Grant-in-Aid has to be placed to the credit thereof. The Act further stipulate that unless the State Government, shall otherwise, direct, the MF shall be paid into a government treasury or into any bank or branch thereof used as a government treasury and shall be credited to the account of the Municipal Board. It also provides that the Board may invest any money not required for immediate use, either in government securities or in any other form of security, which may be approved of, by the State Government.

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<sup>3</sup> Tura MB - ₹ 1.02 crore + Williamnagar MB - ₹ 2.33 lakh

In Meghalaya none of the MBs have constituted Municipal Fund (MF) on the line as envisaged in the Act. The MBs only maintained a fund namely 'Own fund' wherein all the revenue receipts of the Board such as taxes, rents, fees and interest accrued are credited. The fund is maintained as saving bank account by all MBs.

Scrutiny of annual accounts of the Shillong MB for the year 2011-12 to 2014-15 revealed that the Board invested in fixed deposit of ₹ 32.30 crore in a bank out of its own fund and funds received from the Government for implementing of schemes. The detail of fixed deposit made is shown under:

**Table 2.6**  
**Details of fixed deposits made by Shillong MB**

(₹ in lakh)						
Sl. No.	Particulars of Fixed Deposit made (Code No. of funds)	2011-12 (OB)	2012-13	2013-14	2014-15	Total
1	General fund (4208001)	5.00	0.00	29.50	0.00	34.50
2	Other fund-SUWP (4218001)	800.00	769.89	758.03	867.71	3195.63
	<b>Total</b>	<b>805.00</b>	<b>769.89</b>	<b>787.53</b>	<b>867.71</b>	<b>3230.13</b>

Sources: Records of the CEO, Shillong MB

However, no records were available to indicate that these fixed deposits were made with the approval of the Government.

#### **2.6.2.2 Maintenance of books of Accounts:**

According to the provision of the Accounting Manual for ULBs in Meghalaya, the MBs were to maintain the books of accounts as per the prescribed format.

Scrutiny of records revealed that none of the five MBs maintained books of accounts as prescribed in the manual, including important records such as cash book (Form GEN-1), journal book (Form GEN-2), Ledger (Form GEN-3), Contra Vouchers (Form GEN-6), Receipt Register (Form GEN-9), Collection Register (Form GEN-11), Cheque Register (Form GEN-15), Register of Advance (Form GEN-16), Deposit Register (Form GEN-18), etc.

#### **2.6.2.3 Preparation of Annual Accounts**

Sections 151F to 151H of the Meghalaya Municipal Act, 1973 provide for preparation of annual financial statement (Income & Expenditure, Receipts & Payments and Balance Sheet) within three months of the next financial year for the preceding financial year.

Scrutiny revealed that during the period covered by Audit (2011-12 to 2015-16) three MBs (Jowai, Resubelpara and Williamnagar) did not prepare their Annual Accounts at all, Tura MB did not prepare the Annual Accounts for the years 2014-15 and 2015-16. The Shillong MB also failed to prepare its Annual Accounts for 2015-16 till the date of audit (November 2016), even though it was due by 31 July 2016. In the

absence of approved financial statements, the actual position of finances as well as assets and liabilities of the five selected MBs for the years 2012-16 could not be vouchsafed in Audit.

#### **2.6.2.4 Preparation of Annual Budget**

Section 151A of the Meghalaya Municipal Act, 1973 stipulates preparation of Annual Budget by each MB every year for the ensuing financial year in the format prescribed in the Meghalaya Municipal Accounting Manual. Section 151B of the Act *ibid* further provided for submission of the annual budget, duly approved by the Board, to the State Government for inclusion in the State budget as a supplement to State budget for ULB before 31<sup>st</sup> January each year.

Scrutiny of the records revealed that that all the five audited MBs prepared their annual budgets and submitted to the State Government through the Director, Urban Affairs Department. It was however observed that Shillong, Resubelpara, Jowai and Williamnagar MBs could not submit the Annual budget within the prescribed time of 31<sup>st</sup> January each year. The actual date of sending their annual budgets (2011-16) to the State Government was however not furnished by any of the MBs. Records were also not available with the MBs to indicate whether annual budgets of the MBs were included as a supplement to the State Budget.

**Recommendation No. 3: The Urban Affairs Department should ensure that all book of accounts as prescribed in the Accounting Manual of ULBs in Meghalaya are maintained by all MBs and MBs should ensure timely preparation and submission of Annual Accounts/ Annual Financial Statement.**

#### **2.6.3 Audit objective -3: Whether the infrastructure for collection and application of revenue by MBs was adequate**

##### **2.6.3.1 Management of Municipal Property**

Accounting Manual for ULBs in Meghalaya provides for maintenance of fixed assets of the Board in register as per prescribed format.

Audit observed that Shillong, Tura, Resubelpara and Williamnagar MBs had asset like markets, parking lots, public toilets, *etc.*, which are the regular sources of revenue to these MBs. These MBs however did not maintain any assets register as per prescribed format. Jowai MB however, had no revenue generating infrastructure under its position.

### **2.6.3.2 Collection of rents from public toilet and parking lots**

Section 115 of the Meghalaya Municipal Act, 1973 empowers the MBs to initiate legal proceeding against any persons defaulting in payment of tax and dues payable to the Board.

Scrutiny of records of Shillong and Tura MBs revealed that parking lots and public toilets were leased yearly by MBs through tendering process. As per the tender agreement, the lessees were to deposit 75 *per cent* of the total bid amount in advance and the balance 25 *per cent* was to be deposited after six months. Further scrutiny however, revealed that an amount of ₹ 0.60 crore being lease rents of public toilets, parking lots remained un-realised from 12 lessees for a period ranging from 9 months to 3 years 9 months in respect of Shillong and Tura MBs upto November 2016 (*Appendix –III*). No action has been initiated by the MBs against the defaulting lessees. Failure to realise rents from the toilets and parking lots indicates not only lack of effort to realise the rent but also absence of a robust rent collection system.

### **2.6.3.3 Administration of Municipal Boards**

The preceding paragraphs highlighted the deficiencies in the management of own revenues by the MBs. Audit did not notice any efforts made by the MBs to analyse the resource position and take effective steps to increase the tax base. Jowai, Resubelpara and Williamnagar MBs have not taken any initiative to start imposition of property tax. On the other hand, Audit also noted that the facilities provided by the MBs left much to be desired.

- Only Shillong MB was engaged in supplying water to households within its jurisdiction.
- Except for installing the LED solar streetlights procured under XIII FC 2013-14 (**pointed out in Paragraph 3.5**), the work of providing street lighting within their Municipal limits was not among the list of services carried out by the Jowai MB and Resubelpara MB.

Despite these shortcomings none of the MBs still have elected bodies and the Board is being administered by a senior officer of the State government who is designated as Chief Executive Officer (CEO)/Executive Officer (EO).

### **2.6.3.4 Human Resource Management**

None of the test checked MBs provided details of sanctioned strength and Men in position.

#### **2.6.3.5 Poor management of Records**

As per Para 5.5 of the Accounting Manual for ULBs in Meghalaya, Demand Register and Stock Account of Receipt Books were to be maintained by the MBs in the prescribed form.

Scrutiny of records revealed the followings:

- Though Shillong and Tura MBs were maintaining the Demand registers, no action was taken by these Boards against the defaulters to recover the pending dues resulting in accumulation of huge outstanding dues and less collection of tax as pointed out in paragraph 2.6.1.3.
- Jowai and Resubelpara MBs did not maintain any stock account of Receipt books, while the stock account maintained by Shillong and Williamnagar MBs were not as per prescribed format.

**Recommendation No.4: Steps should be taken to strengthen rent collection system from the lessees of parking lots and public toilets.**

#### **2.6.4 Audit Objective-4: Whether the role of Government in mobilisation of revenue resources of MBs was adequate**

##### **2.6.4.1 Constitution of State Finance Commission**

The 74<sup>th</sup> Constitutional Amendment mandated the constitution of State Finance Commission every five years to determine sharing of revenue between the State and the local bodies. Accordingly, the Government of Meghalaya enacted the Meghalaya State Finance Commission Act, 2012 on 30 March 2012. As per Section 3(1) of this Act, the State Government shall as soon as possible (may be one year) from the enactment of the Act and thereafter at the expiry of every fifth year, constitute a body to be known as the Meghalaya State Finance Commission to review the financial position of the traditional bodies, municipalities or municipal boards notwithstanding any term by which ULBs are called in the State. As per Section 10 of this Act, the State Government had also framed the Meghalaya Finance Commission Rules, 2013 which was notified in the Gazette of Meghalaya in December 2013.

The State Finance Commission is yet to be constituted by the State Government till date (November 2016). Thus, the provision of the Act *ibid* remained unfulfilled.

**Recommendation No.5: The State Government should constitute the State Finance Commission at the earliest as per the provisions of the Meghalaya Finance Commission Act, 2012**



### **2.6.5 Audit Objective -5: Whether Proper monitoring and evaluation system exists in the MBs for collection of revenue and its application**

The existing monitoring mechanism for improving the revenue raising capacities of the MBs were test checked and the findings are given below:

#### **2.6.5.1 Target not fixed for tax collector**

In order to ensure maximum collection of revenue and for effective utilisation of the services of tax collectors, MBs were expected to fix a target for tax collectors. Audit, however, observed that though tax collectors were issued receipt books for collection of taxes, rents and fees, no targets were fixed for tax collector to be accomplished within the financial year. No records were also available with the MBs to indicate year-wise total collection made by the tax collectors, thus, hindering the process of evaluating the performance of these concerned officials.

#### **2.6.5.2 Failure to return Receipt Books**

Mention was made under paragraph-2.1.3 of the Annual Technical Inspection Report on Urban Local Bodies for the year ended 31 March 2014 regarding failure to return receipt books by the Tax Collector of Tura MB. Further scrutiny revealed that no follow up action was taken by the Tura MB or by the other MBs to reduce such irregularities. Instead, Audit noticed that further 552<sup>4</sup> Receipt Books in four MBs (Shillong, Tura, Resubelpara and Williamnagar), which were issued to different officials/collectors during the period from 2011-12 to 2015-16 were also not returned. The stock accounts of receipt books of Shillong and Williamnagar MBs did not even record the name and designation of the officials to whom the receipt books were issued and only signature of the officials were recorded. The names of the officials/collectors who failed to return the receipt books in respect of Tura and Resubelpara MBs are given in **Appendix-IV**. The MBs have neither called for explanation from these tax collectors for failure to return the receipt books nor is any record available to indicate the extent of use of these receipt books.

Failure to recall the used receipt books is fraught with the risk of misappropriation besides risk of incorrect/partial accounting of revenue collected.

#### **2.6.5.3 Revision of tax**

According to Section 85 of Meghalaya Municipal Act, 1973 a new valuation list for assessing the annual value of holding shall, unless otherwise ordered by the State Government, be prepared in the same manner as the original list once in every five years.

4

Name of MB	No. of Official/Collectors	No. of Receipt books not return
Shillong MB	NA	474
Tura MB	14	59
Resubelpara MB	02	10
Williamnagar MB	NA	09
<b>Total</b>		<b>552</b>



Audit observed that during the period of audit (2011-16) the rate of taxes/valuation list had not been revised by any of the MBs despite formation of Meghalaya State property Tax Board. No records were available to indicate that the MBs have sought Government direction to revise the valuation list in order to increase the revenue generation.

#### **2.6.5.4 Survey not conducted**

As per Meghalaya Municipal Act, 1973 municipal taxes in the form of property tax from private holdings and service charges from government offices, license fee from shops, restaurant, tea stall, *etc.*, which are renewable on payment of prescribed rate of renewal fee are to be collected by all MBs. In order to ensure that no eligible assessee escape assessment, the MBs should conduct a periodical survey to detect new private property holders, government offices, institutions and business establishments falling under their municipal limit.

Audit observed that except Shillong and Tura MBs, no other MBs had either conducted survey to ascertain the number of private property holders, government offices, institutions, shops, restaurants, stalls, *etc.*, so as to impose the mandated taxes.

**Recommendation No. 6: MBs should take necessary steps to improve their monitoring and evaluation system for collection of revenue. The MBs should consider fixing collection targets against each tax collector.**

**Recommendation No. 7: MBs should also ensure proper maintenance of stock account of Receipt Books in the prescribed format and should also ensure that the revenue collection and receipts books are promptly accounted for so as to avoid misappropriation and incorrect accounting.**

# **CHAPTER-III**

## **COMPLIANCE AUDIT PARAGRAPHS**



## CHAPTER III : COMPLIANCE AUDIT PARAGRAPHS

### 3.1 Operation of public transport services

For providing low cost public transport services and to enhance the revenue generation of the Municipal Boards (MBs), transport vehicles were purchased by the MBs under the XIII FC award. Scrutiny of records of Tura and Jowai MBs regarding operation of these vehicles for public transport services revealed irregularities as discussed in the succeeding paragraphs.

#### 3.1.1 Failure to realise revenue

Tura MB procured (July 2012) 15 TATA Ace Magic (Maxi Cabs) at a total cost of ₹ 0.52 crore from M/s Modrina Auto Enterprises, Shillong under the XIII FC (2011-12) award. Expression of Interest (EOI) was invited (August 2012) by the Board for management and operation of these vehicles and five EOIs were received. The contract was initially offered to M/s Larry Enterprise who quoted the highest bid of ₹ 6943.36 per month per vehicle. The bidder however, turned down the offer on the same day on the ground that it is unable to engage the required drivers and staffs to operate the Maxi cab. The contract was then awarded (August 2012) to the second highest bidder, M/s Nokreh Midan Co-operative Society (M/s NMCS), who offered to pay ₹ 6658.21 per month per vehicle.

Scrutiny of records of Tura MB revealed the following irregularities:

- Despite the proprietor of M/s Larry Enterprise, the highest bidder and the Secretary of M/s NMCS who was the second highest bidder being the same person and thus having a common pecuniary interest, the Tura MB permitted the highest bidder to withdraw his bid and awarded the bid to the second highest bidder violating the principle of fairness of tendering.
- As per the conditions laid down in the EOI, the successful bidder was to furnish a bank guarantee of ₹ one lakh as security deposit. M/s NMCS however, made a security deposit of ₹ 0.60 lakh only vide cheque dated 22 August 2012. The Tura MB has not yet asked (October 2016) the operator to deposit the balance amount.
- The EOI had also stipulated that an agreement would be executed with the successful operator. The Board however, awarded the contract without any agreement and hence no terms and condition was laid down on the operator for maintenance or for penalty in case of default.
- Against the total amount of ₹ 42.95 lakh<sup>1</sup> receivable upto March 2016, till the date of audit (October 2016) the operator paid only ₹ 5.76 lakh, thus resulting in short payment of ₹ 37.19 lakh. Except for sending reminder, no other action has been initiated by the Tura MB.

<u>Period</u>	<u>No. of month</u>	<u>No. of vehicles</u>	<u>Rate per month</u>	<u>Amount payable</u>
1/9/12 to 31/03/16	43	15	6658.21	4294545.45

### **3.1.2 Accounts not submitted by the operators**

Tura MB also procured (November 2013) 20 Maxximo Mini Vans under the XIII FC award at a cost of ₹ 0.80 crore. Tenders were invited (October 2013) by the Board for operation of these vehicles on profit sharing mode from the interested operators. In response the Board received four bids and M/s Areng Industries, Tura who offered to fully bear the maintenance cost of the vehicles and also to share gross monthly income in a ratio of 65:35 (Operator 65 *per cent* and Tura MB 35 *per cent*) was awarded the contract for operating 19 Mini Vans<sup>2</sup> for a period of one year to be reviewed annually. An agreement was signed with the operator on 13 December 2013 and the 19 Mini Vans were handed over on 07 January 2014. The agreement laid down that the operator shall submit financial statement (profit and loss account/balance sheet and Bank Reconciliation statement) monthly by the 10<sup>th</sup> of the following month and also submitted accounts quarterly, half yearly and annually to the Tura MB.

Audit however observed that the operator failed to submit any accounts and no action was taken by the Tura MB to rectify this default. Audit also noticed that during the period from 07 January 2014 upto the date of Audit (October 2016) the operator had paid only ₹ 6.45 lakh to the Tura MB. There was no record to indicate which period the payments were made for and how Tura MB had ascertained whether its full dues were paid by the operator in absence of any accounts.

Further even though the agreement was to be reviewed annually there was no record of review carried out by the Board.

### **3.1.3 Unfruitful expenditure of ₹0.56 crore**

Jowai MB purchased (March 2012) five Marco Polo buses (24 seater) at a total cost of ₹ 0.56 crore under XIII-FC award. The buses were operated by the Jowai MB as 'Jowai Public Transport Services (JPTS)' by engaging drivers and managers on contract basis.

Scrutiny of records revealed that the JPTS was neither able to fulfil the objective of providing low cost Public Transport Services to the public/citizens of Jowai Township as the Board failed to efficiently run the transport services nor was it also able to improve the Board's revenue. Just after a year of operation, it started incurring loss and from the period of its operation upto March 2016, the Board suffered a loss of ₹ 1.10 lakh, thus draining its already scarce resource. The revenue collection *vis-a-vis* expenditure incurred towards operation/running cost of the five buses during the period from its commissioning upto 31 March 2016 is shown below:

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<sup>2</sup> One Mini Van was kept with the Tura MB for emergency and official purpose.

**Table- 3.1**  
**Revenue collection vis-a-vis expenditure incurred in operating five buses**  
**(Amount in ₹)**

Year	Total Revenue generated	Operation cost			Net profit (2-5)
		Driver & Manager's salary	POL/ Maintenance	Total	
2012-13	1949959	494855	1336988	1831843	118116
2013-14	1715960	674000	1234087	1908087	-192127
2014-15	1157915	370000	828323	1198323	-40408
2015-16	212120	80000	128110	208110	4010
<b>Total</b>	<b>5035954</b>	<b>1618855</b>	<b>3527508</b>	<b>5146363</b>	<b>-110409</b>

Source: Figures furnish by the CEO, Jowai MB

Further out of the five Buses available with the Board none is now being utilised for public service since three buses have been leased out to North Liberty Higher Secondary School, Jowai since 08 February 2016 at the rate of ₹ 6,000 per bus per month for one year. One bus was being used to carry and drop the staff of PWD, NEC Division, Khliehriat from Jowai to Khliehriat *vice-versa* on daily basis and one bus bearing registration No. ML01-3135 was lying off-road in a dilapidated condition within the office premises of the Board after running 3 years *i.e.*, from 31 March 2012 to 30 March 2015. No action was also taken to repair the bus and make it operational.



*During a joint physical inspection of the Bus bearing Regd. No. ML01-3135 conducted on 08/09/2016 it was seen that the ignition slot of the bus was missing, tyres of the bus were taken off, most of the glasses of the windows were missing and passengers' seats were in a dilapidated conditions*

On the losses being pointed out, the CEO, Jowai MB stated (September 2016) that the buses were not allowed to stop/park in all designated parking lots in the Jowai town by the local taxi drivers association and as a result passengers were not boarding the buses. He further stated that local people prefer to board other vehicles and the buses ply empty all the time in Jowai town.

The reply indicates that the buses were procured without ascertaining the public demand and also without examining the feasibility of earning revenue in operating the buses. This has led to the expenditure of ₹ 0.56 crore incurred on procurement of five buses becoming unfruitful besides creating a loss making venture for the Jowai MB.

### **3.2 Unfruitful/avoidable expenditure due to injudicious purchase of JCB excavator**

The Jowai MB procured (November 2013) one JCB excavator (JCB) fitted with steel chains wheel at an expenditure of ₹ 29.07 lakh under XIII-FC for the purpose of removal, relocation, clearance and levelling of garbage at the dumping site at Mynkjai. The purchase of steel chains wheel JCB excavator instead of a rubber tyre wheel was made on the advice of the Urban Affairs Department.

Scrutiny of records however, revealed that as the JCB was fitted with steel chains wheel, the PWD did not permit it to ply on the black metal road. Further the Board did not also have any transport vehicle to carry the excavator from its premises to the dumping site and *vice-versa* or any secured structure at the dumping site to park the excavator, the JCB was stationed idle in the office premises of the JMB from 21 November 2013 till the date of audit (09 September 2016). No action was taken by the Urban Affairs Department on the request of the CEO, Jowai MB to hire out the JCB excavator to private parties in order to earn revenue (July 2014) or to replace the steel chain wheel excavator with a rubber tyre excavator (September 2015 and October 2015).



**Photographs of JCB fitted with steel chain wheel lying idle in the office premises of Jowai MB taken on 08/09/2016**

Audit scrutiny further revealed that from the date of delivery of the JCB (21/11/2013) upto the date of Audit (09/09/2016) the JMB incurred expenditure of ₹ 7.12 lakh towards hiring JCB from private parties for removal, relocation, clearance and levelling of garbage at the dumping site at Mynkjai.

Thus, due to injudicious purchase of JCB fitted with steel chains wheel instead of rubber tyre has resulted not only unfruitful expenditure of ₹ 29.07 lakh but also led to avoidable expenditure of ₹ 7.12 lakh in hiring JCB from private parties for removal, relocation, clearance and levelling of garbage at the dumping site.

On being pointed out (September 2016 and November 2016) the Director, Urban Affairs Department stated that a JCB with rubber wheel purchased earlier for Shillong MB incurred huge expenditure because of tyre puncture and damages due to nature of garbage and hence, a JCB fitted with steel chain wheel was purchased for JMB. He further stated that the matter has been resolved and the JCB has been leased to the Shillong MB at the rate of ₹ 1.00 lakh per month.



### **3.3 Idle parking of ₹3.24 crore and irregular expenditure of ₹15.40 lakh**

Government of Meghalaya, Urban Affairs Department sanctioned (January 2014) an amount of ₹ 2.92 crore (Central share: ₹ 2.63 crore + State share: ₹ 0.29 crore) for implementation of e-governance in municipalities under JNNURM and released the fund to the Shillong in March 2014. The Shillong MB investing the funds received for implementing e-governance in fixed deposits and from March 2014 to August 2016 earned an interest of ₹ 0.61 crore taking the total funds available under the scheme to ₹ 3.53 crore.

Scrutiny revealed that even after more than two years after receipt of funds, the Board had utilised only ₹ 29.49 lakh and kept the remaining fund of ₹ 3.24 crore idle thus delaying the whole objective of implementing the e-governance in the Shillong MB.

Further even though the funds were meant for e-governance, only ₹ 14.09 lakh were utilised towards e-governance and ₹ 15.40 lakh were irregularly utilised towards payment of staff salary (₹ 14.23 lakh) and purchase of two computers (₹ 1.17 lakh). Reason for utilisation of the e-governance scheme funds towards payment of staff salary and procurement of computers was not stated, though called for.

### **3.4 Unauthorised diversion of funds**

For providing water supply to Dhankheti, Chinapatti, Nongshilliang, Pdengshnong and Keating Road by bringing direct line topping from the reservoir at Malki Reserved Forest Government of Meghalaya, Urban Affairs Department released (November 2013) ₹ 30.85 lakh to the CEO, Shillong MB under the XIII FC award.

Scrutiny of records of the CEO, Shillong MB however, revealed that the Board had already taken up part of the work under 'Special Urban Works Programme' (SUWP) and hence it requested the Government (June 2014) to permit it to utilise the released amount of ₹ 30.85 lakh towards payment of staff salaries. Accordingly the High Level Monitoring Committee set up to review the utilisation of grants recommended by the XIII-FC headed by the Chief Secretary, permitted the diversion in its meeting held on 08 September 2014 on the ground that the guidelines are silent regarding payment of salary. No approval of the Government of India (GoI) was however, sought for this diversion. Without obtaining GoI's approval, the Shillong MB irregularly utilised (October 2014) the fund towards payment of staff salaries.

Further, despite requisition and reminder (November 2016) the Shillong MB also failed to produce record showing that the work of providing water supply to Dhankheti, Chinapatti, Nongshilliang, Pdengshnong and Keating Road by bringing direct line topping from the reservoir at Malki Reserved Forest was carried out under SUWP.

### **3.5 Installation of LED based solar street light**

Between June 2012 and March 2014, the Director, Urban Affairs and the five test check MBs procured 1804 LED solar street lights at a cost of ₹ 3.42 crore under XIII FC (2013-14) from an Andhra Pradesh based firm. The solar bulbs carried a five years warranty period.



These solar street lights were distributed amongst the respective MBs and were to be installed within their jurisdiction to light up the municipality.

Scrutiny of records of the Director, Urban Affairs and the five test check MBs regarding the number of solar street lights procured by each MB, their installation and functional status as on November 2016 was as under:

**Table- 3.2**  
**Status of the LED solar street lights as of November 2016**


Sl. No.	Name of MB	No. procured	Total cost (₹ in crore)	Qty. Installed	No. lying in the Store	Functional	Non-functional
1	Jowai MB	105	0.24	105	5	NA	NA
2	Resubelpara MB	205	0.47	181	24	162	19
3	Shillong MB	1019	1.62	453	558 <sup>3</sup>	299	154
4	Tura MB	270	0.62	270	-	228	42
5	Williamnagar MB	205	0.47	205	-	NA	NA
<b>Total</b>		<b>1804</b>	<b>3.42</b>	<b>1209</b>	<b>587</b>	<b>689</b>	<b>221</b>

Source: Figures furnish by the CEO/EO of respective MBs

It can be seen from the above that, out of the 1804 solar street lights purchased, only 1209 street lights have been installed upto November 2016. Jowai MB, Resubelpara MB and Shillong MB still have 587 solar street lights valuing ₹ 1.11 crore<sup>4</sup> in there stores. Thus, ₹ 1.11 crore of scarce resources of the MBs were lying unfruitful for more than two and half years due to purchases made without having immediate requirement.

Further, out of the installed solar lights, 221 solar lights within the three MBs (Resubelpara, Shillong and Tura) were not functioning for reasons such as battery and/or solar plate being stolen, damages occurring due to flood, etc., Jowai MB and Williamnagar MB did not carry out any inspection and hence could not confirm the status of these solar street lights within their jurisdiction. Further even though these street lights had a warranty period of five years, no action was initiated with the supplier firm by the MBs to either rectify or replace the defective solar lights.

**Shillong**  
**The**

  
(Stephen Hongray)  
Principal Accountant General (Audit)  
Meghalaya

<sup>3</sup> Does not include eight damaged LED solar street lights

<sup>4</sup> Total cost of 1804 LED solar light = ₹ 3,42,06,000  
Average cost of one LED solar light = ₹ 18,961  
Cost of 587 LED solar lights = ₹ 1,11,30,223

# APPENDICES



## APPENDIX-I

(Reference: Paragraph 1.14.3; Pages 8, 9)

### Conditions for release of grants as prescribed in the guidelines of the XIII FC

1. States covered under Part IX of the Constitution, where elections to ULBs have not been held, will not be eligible for this grant for the period during which they are not elected.
2. Release of any instalment will be subject to a utilization certificate for the previous instalment drawn.
3. First installment of 2010-11 will be released unconditionally.
4. For the second installment of 2010-11 onward, states need to send a utilization certificate (UC) for the previous installment drawn to Ministry of Finance. The UC for the ULB portion of the grant will need to be endorsed to Ministry of Urban Development.
5. The UC will provide details of distribution and release of the relevant installments to ULBs as per formats at V of the guidelines.
6. The State Government must put in place a supplement to the budget documents separately for ULBs, furnishing details (other than those relating to Finance Accounts) as under: (i) the details of plan and non-plan wise classification of transfers separately for all categories of ULBs, from major head to object head, which have been depicted in the main budget under the minor heads 196, 197 and 198; and 191, 192 and 193 respectively (para 10.110); (ii) details of funds transferred directly to the local bodies outside the State Government's budget; and (iii) details of spatial distribution of transfers at least upto district level.
7. States should implement in all ULBs an accounting framework consistent with accounting format and codification pattern suggested in the National Municipal Accounts Manual.
8. The State Government must put in place an **audit system** for all categories of ULBS. C&AG must be asked for Technical Guidance and Supervision (TG&S) for the audit of all the rural local bodies in a state at every tier and his Annual Technical Inspection Report as well as the Annual Report of the Director of Local Fund Audit must be placed before the state legislature. Certification from the C&AG will demonstrate compliance of this condition [(para 10.161(ii))].
9. The State Government must put in place a system of independent local body **ombudsmen** who will look into complaints of corruption and mal-administration against the functionaries of local bodies, both elected members and officials, and recommend suitable action. All elected functionaries and officials in all municipal corporations and municipalities at least should come under the purview of ombudsman. The passage of relevant legislation and its notification will demonstrate compliance of this condition.

10. In the event that all or a class of the functionaries mentioned above fall under the jurisdiction of the Lok Ayukta of the state, it will be upto the State to decide whether to continue with these arrangements or to shift the functionaries to the jurisdiction of the Ombudsman. Self- certification by State Governments will demonstrate compliance of this condition.
11. The State Governments must prescribe through an Act the qualifications of persons eligible for appointment as members of the State Finance Commissions (SFCs) consistent with Article 243 I (2) of the Constitution. The passage of relevant legislation and its notification will demonstrate compliance of this condition.
12. All local bodies must be fully enabled to levy **property tax** (including tax for all types of residential and commercial properties) and any hindrance in this regard must be removed. Self-certification by the State Government will demonstrate compliance of this condition.
13. State Governments must put in place a state level **Property Tax Board**, which will assist all Municipalities and Municipal Corporations in the state to put in place an independent and transparent procedure for assessing property tax.
14. State Governments must gradually put in place standards for delivery of all essential services provided by local bodies. For a start, State Governments must notify or cause all the Municipal Corporations and Municipalities to notify by the end of a fiscal year (31 March) the service standards for four service sectors: water supply, sewerage, storm water drainage, and solid waste management proposed to be achieved by them by the end of the succeeding fiscal year.
15. All Municipal Corporations with a population of more than 1 million (2001 census) must put in place a **fire hazard response and mitigation plan** for their respective jurisdictions.
16. State Governments will need to provide information, along with requisite certificates/documents in compliance of conditions for drawal of Performance based grant prior to the release of each tranche of the General Performance Grant and Special Area performance Grant.

## APPENDIX-II

(Reference: Paragraph 2.6.1.3; Pages 14, 15)

Statement showing ward-wise numbers of defaulters and outstanding amount of property tax in respect of Shillong MB

Ward No.	No. of defaulters	Outstanding amount	Period of outstanding (in years)
1	43	992437	6-32
2	15	392,170	6-15
3	12	2,289,599	6-14
4	16	1,068,202	6-20
5	17	328,249	6-21
6	20	355,655	6-31
7	1	27,473	6-10
8	2	113,281	6-10
9	7	1,448,705	6-10
10	5	169,909	6-21
11	6	115,086	6-37
12	9	757,606	6-11
13	17	306,352	6-11
14	10	157,418	6-27
15	7	152,881	6-40
16	3	40,974	6-14
17	7	608,632	6-12
18	9	652,791	6-10
19	23	463,331	6-29
20	10	235,694	6-10
21	5	153,276	6-15
22	5	116,206	6-15
23	24	789,948	6-23
24	10	501,113	6-17
25	7	326,735	6-16
26	37	510,175	6-32
27	19	365,461	6-23
<b>Total</b>	<b>346</b>	<b>13439359</b>	

## APPENDIX- III

(Reference: Paragraph 2.6.3.2; Page 21)

## Non-realisation of revenue from infrastructure/assets by Shillong and Tura MBs

(₹ in lakh)

Name of MB	Sl. No.	Name of the assets	Amount of rent un-realised	Lessee/contractor selected through bidding process	Period of due
Shillong MB	1.	Public toilet, keating road	4.57	Headman/ President, Keating road Welfare Assn.	12/2012 to 12/2016
	2.	Mawlong Hat parking lots	21.25	Shri Mac Donie Langstieh	8/2014 to 11/2016
	3.	Parking lots Opp. Anjalee Cinema Ground Floor	21.82	Shri Fielding Syiem	2/2016 to 11/2016
Sub-Total			47.64		
Tura MB	1.	Basement parking in Tura super market	0.71	Smti Wishilina Marak	2012-13
			2.47	Shri Sanjay A. Sangma	2013-14
			2.72	-do-	2014-15
	2.	Truck loading & unloading place in Tura super market	0.54	Shri David Sangma	2012-13
			1.85	Smti Hetlish A. Sangma	2013-14
	3.	Auto parking in Tura super market	0.17	-do-	2013-14
			0.37	Shri Jethar A. Sangma	2014-15
	4.	Toilet in Tura super market	0.77	Smti Wilinda Ch. Momin	2014-15
			2.19	Shri Balbo P. Marak	2015-16
Sub-Total			11.79		
Grand total			59.43		

Source: Figures furnished by respective CEO

## APPENDIX-IV

(Reference: Paragraph 2.6.5.2; Page 23)

## Statement showing details of Receipt Books not returned

Sl. No.	To whom issued	Designation	Total Books	Book No.	Date of issue	Purpose
(A) CEO, Tura Municipal Board						
1.	Smti Sukla A. Sangma	UDA	38	62, 65, 70, 77, 79, 81, 86, 89, 91, 95, 98, 99, 102, 103, 107, 108, 111, 112, 114, 120, 131, 134, 137, 142, 147, 150, 153, 160, 172, 176, 178, 180, 193, 239, 240, 255, 256, 258	2/5/2011 to 26/6/2015	Holding Tax
2.	Shri Amit Sangma	Sectional Asstt.	1	149	5/11/2012	Garbage disposal fee
3.	Shri E.G. Momin	Head Asstt.	1	100	23/3/2012	Fines, <i>etc.</i>
4.	Shri Karan Ch. Momin	Sectional Asstt.	1	211	9/10/2013	Labour Registration
5.	Shri Lebingstone Sangma	Tax Collector	3	72	26/5/2011	Rent of Nakam bazar
				116	31/7/2012	Trade Lic_fees
				175	8/4/2013	Trade Lic_fees
6.	Shri Majing Sangma	Tax Collector	3	66	11/5/2011	Rent of Bazar shed
				115	27/7/2012	Trade Lic_fees
				174	8/4/2013	Trade Lic_fees
7.	Shri Partha Bhattacharjee	Supervisor cum Foreman	1	241	12/3/2015	Sale of Vermi Compost
8.	Shri Stemson Sangma	Enf. Checker	1	63	3/5/2011	Fines for illegal activities
9.	Shri Thome Sangma	Care Taker of SMT	2	48	20/4/2011	Night parking fees from TSM
				85	28/9/2011	NA
10.	Smti Berdina M. Sangma	UDA	1	90	19/12/2011	NOC fee for fire crackers
11.	Smti E.K.B. Sangma	CO	1	44	7/4/2011	Registration of NGO
12.	Smti N.R. Marak	Head Asstt.	1	171	15/3/2013	Sales of quotation forms
13.	Smti Nithila R. Marak	Head Asstt.	1	96	20/2/2012	Appl. Fee for Ringreng market, <i>etc.</i>
14.	Smti Omega M. Sangma	LDA	4	82	26/8/2011	NOC fees <i>etc.</i>
				113	2/7/2012	NOC fees <i>etc.</i>
				144	15/10/2012	NOC fees <i>etc.</i>
				173	3/4/2013	NOC fees <i>etc.</i>
Sub-total			59			
(B) CEO, Resubelpara MB						
1	Smti Manoah Momin	LDA	3	120, 123, 128	13/11/2013 to 21/7/2015	
2	Shri Baburim Sangma	Peon	7	121, 124-127, 129	13/11/2013 to 24/11/2015	
Sub-total			10			
Grand Total			69			



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