



**REPORT OF
THE EXAMINER OF LOCAL ACCOUNTS, BIHAR
FOR THE YEAR ENDED
31 MARCH 2011**



**URBAN LOCAL BODIES
GOVERNMENT OF BIHAR**

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PREFACE

The **Examiner of Local Accounts (ELA), Bihar**, Patna heads the **Local Audit Department (LAD)** under the supervision of the **(Principal) Accountant General (Audit), Bihar**, Patna. The Government of Bihar has declared the ELA as statutory auditor of Urban Local Bodies (ULBs). The ELA conducts Audit of all the Local Bodies in Bihar in accordance to provisions contained in **Local Fund Audit (LFA) Act, 1925** and various other acts, rules and manuals of the Government of Bihar from time to time.

The ELA prepares report on the accounts of each ULB and sends such report to the Municipal Commissioner/Chief Executive Officer/Executive Officer and a copy thereof to the State Government.

This report is consolidation of major audit findings arising out of audit of accounts of ULBs and the performance audit conducted during 2010-11 as well as findings of earlier years which could not be dealt in previous report.

OVERVIEW

The report contains five chapters. A synopsis of the findings contained in paragraphs is presented in this overview:-

1. INTRODUCTION TO ULBs IN THE STATE OF BIHAR

- Five cases of surcharge involving ₹ 2.42 lakh were proposed and notices were issued for recovery by the ELA, Bihar in three ULBs, during the year 2010-11.
(Paragraph - 1.6)
- A sum of ₹ 22.99 lakh with respect to non/short credit, rent outstanding, bid money dues etc. was recovered at the instance of audit in 12 ULBs.
(Paragraph – 1.7)

2. FINANCIAL MANAGEMENT AND REPORTING

- The State Government was deprived of revenue to the tune of ₹ 13.68 crore due to non deposit of Education and Health Cess in Government Account by nine ULBs.
(Paragraph – 2.2.1)
- There was a huge outstanding holding tax of ₹ 12.26 crore against Government buildings in 16 ULBs.
(Paragraph – 2.2.2)
- In 14 ULBs, the unrealised taxes on private holdings stood at ₹ 28.20 crore.
(Paragraph - 2.2.3)
- A sum of ₹ 1.72 crore was outstanding as shop rent in 10 ULBs.
(Paragraph - 2.2.4)
- PMC suffered a revenue loss of ₹ 1.56 crore due to short realisation of royalty.
(Paragraph - 2.6.1)
- There was blockage of ₹ 72.97 crore in 19 ULBs for varying periods due to non-utilisation.
(Paragraph - 2.10.1)

3. INTERNAL CONTROL MECHANISM

- There was Poor/Non- Maintenance of Accounts by the ULBs.
(Paragraph - 3.2)

4. EXECUTION OF SCHEMES

- There was unfruitful expenditure of ₹ 2.24 crore on construction of drains and roads in Nagar Parishad, Bettiah.

(Paragraph – 4.1)

- There was irregular expenditure of ₹ 48.35 lakh in execution of BRGF schemes in Nagar Parishad, Masaurhi.

(Paragraph – 4.2.1)

- There was irregular payment of ₹ 52.38 lakh to ITI, Bangalore for computerisation (e-governance) in PMC.

(Paragraph - 4.6)

5. PERFORMANCE AUDIT OF RELEASE AND UTILISATION OF TWELFTH FINANCE COMMISSION (TFC) GRANTS BY ULBS IN THE STATE OF BIHAR

- In eight ULBs, ₹ 68.22 lakh was misutilised on purchase of walky-talky, biometric attendance machine and maintenance of office/municipal building etc. though not permissible under the guidelines.

(Paragraph – 5.6.2)

- Grants of ₹ 30.12 lakh released to four ULBs during 2009-10 lapsed due to delayed receipt by respective ULBs.

(Paragraph – 5.7.2)

- Despite expenditure of ₹ 59.13 lakh in 11 ULBs under e-governance, neither database was created nor accounts were maintained in computerised system.

(Paragraph - 5.8)

- State Government submitted utilisation certificate of ₹ 127.80 crore to Finance Department, Government of India just after its release which was not realistic.

(Paragraph - 5.10)

CHAPTER - I

INTRODUCTION - URBAN LOCAL BODIES IN THE STATE OF BIHAR

1.1 Constitutional Background

The Urban Local Bodies (ULBs) came into existence as institutions of Local Self Government in 1920. The 74th Constitutional Amendment Act, 1992 provided the State Government sufficient authority to make the ULBs full-fledged vibrant institutions of local self-governance by vesting them with powers, functions and responsibilities of various departments of State Government. Accordingly the ULBs were classified into Municipal Corporations/Nagar Nigams, Municipal Councils/Nagar Parishads and Nagar Panchayats (erstwhile Notified Area Committees). After the said Amendment, first election for constitution of elected bodies in ULBs was held in the year 2002 and subsequently in the year 2007. A new act namely Bihar Municipal Act, 2007 was enacted in January 2007. Presently, there are 11 Nagar Nigams, 42 Nagar Parishads and 86 Nagar Panchayats in the State of Bihar. At the State level, Urban Development and Housing Department (UD&HD) is the controlling Department. Important statistics of the State of Bihar are given in the table below:-

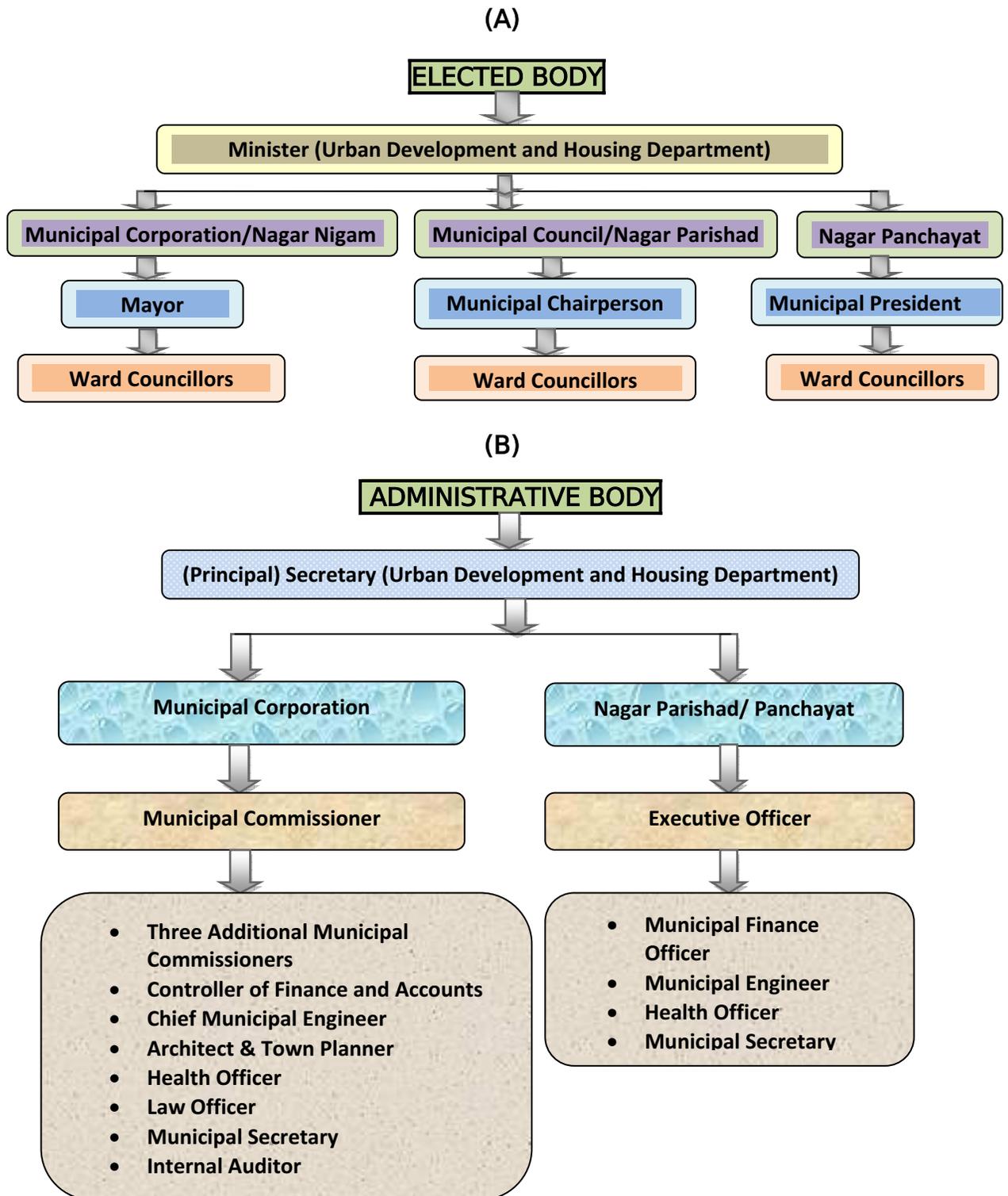
Table - 1
Important Statistics of the State of Bihar

Sl. No.	Particulars	Unit	State figure	Ranking among States	All India figure
1.	Share in Country's Population	<i>per cent</i>	17.90	3	---
2.	Share of Urban Population	<i>per cent</i>	11.30	---	31.16
3.	Total Area	<u>km²</u>	94,163	12	32,87,590
4.	Population Density	<u>per km²</u>	1102	1	382
5.	Literacy rate (2011)	<i>per cent</i>	63.82	28	74.04
6.	Sex ratio	per 1000	916	23	940

(Source: - Census 2011 (Provisional) and National Portal of India site (india.gov.in))

1.2 Organisational Structure of ULBs

The following flow chart depicts the organisational structure of the ULBs at different levels.



The following table depicts a brief summary of Powers and Role of State Government in relation to the ULBs under BMA, 2007.

Table - 2
Powers and Role of State Government

Authority	Powers and Role of State Government	Power utilised by the Government
Section 65 and 66 of BMA, 2007	<p>Power of State government to call for the records etc.- The State Government may, at any time, require any municipal authority -</p> <p>(a) to produce any record, correspondence, or other documents,</p> <p>(b) to furnish any return, plan, estimate, statement, accounts, or , statistics, and</p> <p>(c) to furnish or obtain any report and thereupon such municipal authority shall comply with such requirement.</p> <p>Power of State government to depute officers to make inspection or examination and report</p> <p>The State Government may depute any of its officers to inspect or examine any department, office, service, work or property of the Municipality and to report thereon, and such officer may, for the purpose of such inspection or examination, exercise all the powers of the State Government under section 65 provided that such officer shall be not below the rank of -</p> <p>(a) a Deputy Secretary to the State Government in the case of a Municipal Corporation, and municipal council of class "A" and "B",</p> <p>(b) an Under Secretary to the State Government in the case of a Class 'C' Municipal Council or Nagar Panchayat, as the case may be.</p>	Utilisation of such powers is yet to be reported.
Section 274 & 275 of BMA, 2007	<p>Representation in District Planning Committee or Metropolitan Planning Committee- Having regard to the provisions of article 243ZD and article 243ZE of the Constitution of India and of State law enacted under these articles, a Municipality shall participate in the election of members of the District Planning Committee or the Metropolitan Planning Committee, as the case may be, and such members shall actively represent the interests of the Municipality in such Committees.</p> <p>Municipality to implement development plans: -</p> <p>(1) Having regard to the draft development plan, as prepared by the District Planning Committee or the Metropolitan Planning Committee, as the case may be, and as approved by the State Government, the Municipality shall implement such components of such development plan as relates to its jurisdiction and carry out such functions as may be assigned to it in this behalf.</p> <p>(2) Without prejudice to the generality of the foregoing provisions of this section and subject to the provisions of section 10, the Municipality shall undertake -</p> <p>(a) preparation of plans for improvement under chapter XXXV, and</p> <p>(b) plans for infrastructure development including water supply, drainage and sewerage, solid waste management, roads, and transport system accessories.</p>	Plan prepared by the DPC is being approved by a high powered committee headed by the Chief Secretary of the State.

Authority	Powers and Role of State Government	Power utilised by the Government
Section 419 of BMA, 2007	<p>Power to make rules</p> <p>(1) The State Government may, by notification, and subject to the condition of previous publication, make rules for carrying out the purposes of this Act.</p> <p>(2) Any rule made under this Act may provide that any contravention thereof shall be punishable with fine which may extend to five thousand rupees.</p> <p>(3) Every rule made under this Act shall be laid as soon as may be after it is made before the State Legislature while it is in session for a total period of ten days which may be comprised in one session or in two or more successive sessions, and if, before the expiry of the session in which it is so laid or the successive sessions aforesaid, the State Legislature agrees in making any modification in the rules or the State Legislature agrees that the rules should not be made, the rule shall thereafter have effect only in such modified form or be of no effect, as the case may be, so, however, that such modification or annulment shall be without prejudice to the validity of anything previously done or omitted to be done under that rule.</p>	For conduct of business of ULBs the Government has prepared Draft of Bihar Municipal Accounts Rules which is yet to be approved by the State Legislature.

1.3 Audit Arrangement

With the enactment of BMA, 2007 and provisions thereunder, the State Government, in exercise of power conferred under Section 91 (1) of the Act, declared the Examiner of Local Accounts (ELA), Bihar as the Director, Local Fund Audit (DLFA) to conduct the audit of ULBs till further order in November 2007. The Principal Accountant General (Audit), Bihar authorised the ELA, Bihar to conduct the audit of ULBs as per provision of Bihar & Orissa Local Fund Audit Act, 1925 and the matter was intimated to the State Government in November, 2007.

Accordingly, the audit of ULBs is being conducted by the ELA under the supervision of the (Principal) Accountant General (Audit), Bihar. This Annual Report discusses the important audit findings in 57¹ ULBs audited during the year 2010-11. Replies furnished by the ULBs if any, have also been incorporated suitably in this report. Besides, the State Government has constituted three tier

¹ *NAGAR NIGAM - Ara, Begusarai, Bhagalpur, Biharsharif, Darbhanga, Gaya, Katihar, Munger, Muzaffarpur, Patna, and Purnea. NAGARPARISHAD - Araria, Aurangabad, Bagaha, Barh, Bettiah, Bhabhua, Buxar, Chapra, DehriDalmianagar, Dumraon, Gopalganj, Hajipur, Hilsa, Islampur, Jamalpur, Jehanabad, Khagaria, Khagaul, Lakhisarai, Masaurhi, Sasaram, and Sitamarhi. NAGAR PANCHAYAT - Bahadurganj, Bairganja, Barahia, Bodhgaya, Chanpatia, Daudnagar, Dighwara, Dumra, Hisua, Kesariya, Koath, Maharajganj, Mahnar, Mairwa, Maner, Murliganj, Nirmali, Rafiganj, Revilganj, Sahebganj, Shahpur, Sherghati, sugauli and Warsaliganj*

committees- District Level, Departmental Level and High Level to deal with the reports and compliance thereof.

1.4 Recommendations of the State Finance Commission

As per the Fourth State Finance Commission Report, the revenue management is the key to economic stability and development of urban infrastructure. In order to discharge its function properly and cater to the requirements of economic development, the ULBs have to generate adequate resources. The Commission recommended many steps for revenue augmentation of ULBs. Some of them are as under:-

1. Share of 7.5 *per cent* in State's own tax revenue, net of collection costs should be devolved on to the local bodies. Out of total devolution of taxes to local bodies, 30 *per cent* should be for ULBs.
2. Fifty *per cent* of the proceeds of entertainment tax from a municipal area be assigned to the municipality.
3. Arrears of retirement benefit to employees of local bodies should be cleared by giving one time lump sum Grant-in-Aid.

1.5 Status of Transfer of Funds, Functions and Functionaries

The 74th Constitutional Amendment Act, 1992 enables the State Government, under Article 243W of the Constitution to empower the ULBs with such powers and authority, by enacting law, to function on 18 subjects enlisted in the XII Schedule as institution of self-governance. Though, ULBs are carrying out functions related to 13 subjects, transfer of funds, functions and functionaries to ULBs related to rest of the five subjects is yet to be done by the State Government.

1.6 Status of Recovery by Surcharge Proceedings - ₹ 2.42 lakh

As per provisions contained in Section 9 of LFA Act, 1925, the Examiner of Local Accounts, Bihar is empowered to order recovery of any loss due to

negligence and misconduct of employees or every payment which appears to him to be contrary to law through surcharge from persons responsible.

In three ULBs, five Surcharge Notices involving ₹ 2.42 lakh were issued to the person(s) responsible for lapses through the District Magistrates (DMs) by the Examiner of Local Accounts, Bihar during the year ending 31 March 2011 (Table- 3).

Table - 3
Details of Surcharge Notices Issued

(₹ in Lakh)				
Sl.No.	Name of ULB	Period	No. of Surcharge Notices	Amount
1.	Biharsharif	2008-09	1	1.01
2.	Birpur	2004-05 to 2008-09	2	0.43
3.	Samastipur	2008-09	2	0.98
Total			5	2.42

1.7 Recovery at the Instance of Audit - ₹ 22.99 lakh

In 12 ULBs, ₹ 22.99 lakh was recovered from persons at fault during the course of audit (Appendix- I).

CHAPTER - II

FINANCIAL MANAGEMENT AND REPORTING

The people of Bihar, both rural and urban, by and large, suffer from a large number of social and economic problems. These problems primarily relate to water, health and sanitation, education, road, electricity, irrigation, housing *etc.* Providing access to the basic services such as water supply, sanitation, power, roads, housing, *etc.* at affordable prices helps improve the quality of life of the people in general and poor in particular. For this the proper management of funds and its utilisation are an essential pre-requisite.

2.1 Fund Flow Arrangement

The State Government, as a regular feature, transfers various types of grants and provides assistance to the ULBs, particularly in the light of the SFC recommendations which may be categorised as: -

- (i) The State Government from time to time transfers grants and/or financial assistance for use by the ULBs.
- (ii) The State Government provides grants and/or financial assistance to different kinds of ULBs for particular scheme with conditionalities imposed on there.
- (iii) That State Government would also provide for grant for partial or full execution of schemes included in the Annual Development Plans of the ULBs.

The ULBs also get funds from the Central Government under Centrally Sponsored Schemes and Centrally Assisted schemes.

Besides, the ULBs have their own sources of revenue through levy of taxes, fees, user charges *etc.* They may raise loans or receive grants and assistance from any other institutions. The position of Funds available (FA) with UD&HD and Funds Transferred (FT) to ULBs during the period 2007-08 to 2010-11, is as under: -

**Table- 4
Fund Flow**

(₹ in Crore)

Head	2007-08		2008-09		2009-10		2010-11	
	FA	FT	FA	FT	FA	FT	FA	FT
2215	94.03	65.20	158.97	131.31	193.14	73.77	126.00	95.29
2217	786.91	238.89	1127.42	569.50	993.90	850.96	937.00	319.18
4217	NA	NA	NA	NA	10.00	10.00	700.00	0
TOTAL	880.94	304.09	1286.39	700.81	1197.04	934.73	1763.00	414.47

(Source: UD&HD, 16/12/2011)

The unutilised balance of 56 ULBs as on 31 March 2010 was ₹ 325.63 crore (Appendix-II).

2.2 Revenue Receipts

2.2.1 Irregular Appropriation of Government Revenue towards Establishment - ₹ 13.68 Crore

As per the Bihar Primary Education Cess (Amendment) Act, 1959 and Bihar Health Cess Rules, 1972, the ULBs were authorised to collect education and health cess @ 50 per cent each of holding tax and the revenue so collected was to be deposited in appropriate heads of the Government accounts after deducting 10 per cent as collection charges. Nine ULBs² did not deposited 90 per cent of cess amounting to ₹ 13.68 crore collected during 2000-01 to 2009-10 in Government account, instead they appropriated the same towards payment of salary to staff and meeting other recurring expenditure.

2.2.2 Non-Realisation of Holding Tax Outstanding against Buildings owned by Government Departments - ₹ 12.26 Crore

In 16 ULBs, holding tax amounting to ₹ 12.26 crore was outstanding against building owned by Government Departments (Appendix-III). Effective steps were not taken by the Executives of those ULBs to recover the dues from concerned department/authorities resulting in deprivation of potential revenue to the ULBs.

² Bhagalpur (₹78.42 lakh), Chanpatia (₹2.05 lakh), Daudnagar (₹4.27 lakh), Gaya (₹519.86 lakh), Gopalganj (₹20.29 lakh), Lakhisarai (₹4.83 lakh), Muzaffarpur (₹680.72 lakh), Sasaram (₹55.84 lakh), Sahpur (₹1.52 lakh).

2.2.3 Non-Realisation of Holding Tax Outstanding against Private Buildings - ₹ 28.20 Crore

As per Rule 15 of Municipal Accounts Rules (Recovery of Taxes), 1951, the Demand and Collection Register is the principle record of the Assessment Department and the officer in charge of the department shall be responsible to see that it is correctly prepared and that all alterations therein are attested by the proper authority.

It was noticed that Demand and Collection Register of holding taxes in Form B was either not maintained or maintained improperly by the ULBs. As per figure furnished by 14 ULBs, unrealised holding tax on private buildings stood at ₹ 28.20 crore as on 31 March 2010 (**Appendix-IV**). The huge accumulation of tax was rendered possible due to non-issue of demand notice, warrants, distress warrants, besides non filing of money suits/certificate cases against defaulters as per provisions under Municipal Accounts Rules (Recovery of taxes), 1951.

2.2.4 Outstanding Rent - ₹ 1.72 Crore

As per section 247 of the Bihar Municipal Act, 2007 the Chief Municipal Officer either on his own or through any other agency, as the case may be, charge stallage, rent or fee for the occupation or use of facilities in a municipal market.

In 10 ULBs, shops/markets rent amounting to ₹ 1.72 crore was outstanding for varying periods as on 31 March 2010 (**Appendix-V**). Non realisation of rent from tenants deprived the ULBs of their own revenue in time. The ULBs failed to take effective steps to realise the dues.

2.3 Irregularities in Approval of Building Maps in PMC

- Section 316 of Bihar Municipal Act, 2007 stipulates that building plan approved by the Registered Architect is to be submitted to the Chief Municipal Officer.

Further, it also stipulates that on receipt of approved building plan, the Chief Municipal Officer may inquire and verify and satisfy himself that the building construction plan conforms building bye-laws and other parameters required

under this Act, but provisions of this section was not implemented by the PMC.

- As per Building Bye-Laws, Part II Bye-Laws no. 27, clearance of local fire brigade authority is needed in buildings having ground coverage area of 500 sq. meter and height above 15 meters. Further, By-Laws no. 27.2 clearly stipulates that in case of building having more than 15 meter height or 500 sq meter plinth area, a clear passage of 3.66 meter all around the building with clear height of five meter to facilitate the movement of fire vehicle shall be provided. On test check it was found that maps of multi-storeyed buildings were approved by PMC without fire clearance contrary to the provisions of the Building Bye-Laws.

2.4 Irregular Construction of Multi-storeyed Buildings on Plots Leased by PRDA

As per Rule 20 of Patna Regional Development Authority (Disposal of Land) Rules, 1978, no plot or part thereof leased by the authority shall be transferred by sale or gift without the permission of the authority. Further, where the authority grants permission for the transfer of land the allottee shall pay a mutation fee equal to 50 *per cent* of excess of sale price over the premium paid by him.

In eight cases test checked in PMC, it was observed that development agreements were signed between the builders and the lessee for construction of multi-storeyed buildings without permission from the Authority.

Thus, construction of multi-storeyed building on leased land of PRDA was in gross violation of the above Rule. Further, the PRDA (dissolved) was also deprived of mutation fee worth ₹ 1.43 crore (**Appendix-VI**). No reply was furnished in this regard.

2.5 Loss of Revenue due to Non-recovery of Penalty on Compounding Fee in PMC - ₹ 49.30 Lakh

Rule 10.2 of Building Bye-laws of the PRDA (Disposal of Land) Rules, 1978 provides for imposition of compounding fee in case the buildings are constructed in violation to the said Bye-laws. Further, the Municipal Commissioner ordered

(18/09/2007) to recover penalty at the rate of five times of compounding and other fee from the builders of such buildings.

Test check of records of PRDA (Dissolved) (now PMC), relating to approval of maps for construction of multi-storeyed building revealed that revised maps for additional floors on already constructed building were submitted to PMC for approval. The PMC approved the revised maps in 2009-10 without recovery or less recovery of penalty on compounding and other fee from the builders of the multi-storeyed buildings. This resulted in loss of revenue of ₹ 49.30 lakh **(Appendix-VII)**.

2.6 Irregularities in Realisation of Advertisement Tax/Royalty

2.6.1 Advertisement Tax/Royalty Outstanding with Advertising Agencies - ₹ 1.56 Crore

The PMC prescribed different rates of advertisement tax / royalty for Government/Non-Government / Private land @ Rs. 10/sq. feet which was to be effective from August 2007 against which 26 agencies deposited the advertisement tax / royalty @ ₹ 1 per sq. feet. Thus, a sum of ₹ 1.56 crore remained outstanding for realisation from the Agencies **(Appendix-VIII)**. No reason for realisation of advertisement tax / royalty at a lower rate was furnished to audit.

2.6.2 Loss due to Execution of Faulty Agreement with Advertising Agencies for Installation of Unipoles by PMC - ₹ 37.36 Lakh

The Empowered Standing Committee (ESC) in its meeting on 24/08/07 (Proposal No. 47) and general meeting on 29/09/07 (Proposal No. 13) decided to charge royalty @ ₹ 75,000 p.a. for each unipole. Accordingly, five advertising agencies requested for installation of 10 unipoles (size 20'x10' or 30'x10') each for one year while M/s Craft Outdoor Media Pvt. Limited requested for two years. PMC accepted their requests and agreements were executed between the Chief Municipal Commissioner and the representatives of the advertising agencies. The agreement was executed @ ₹ 80/sq.ft instead of ₹ 75,000/unipole. Due to execution of agreement @ 80/sq. ft, the amount of royalty for each unipole was

₹ 16000 (for size 200 sq. ft) and ₹ 24,000 (for size 300 sq.ft) which is much below the rate prescribed by PMC for each unipole i.e. ₹ 75,000. Four agencies paid royalty @ ₹ 80/ sq. ft. while M/s Bandhu Brothers did not deposit the royalty amount.

Thus, due to execution of faulty agreements at lower rate and non-recovery of royalty from M/s Bandhu Brothers with an intention to give undue benefit to the advertising agencies, the PMC sustained loss of ₹ 37.36 lakh (Table- 5).

Table- 5
Statement Showing Loss of Revenue due to Execution of Faulty Agreement

(Amount in ₹)

Name of advertising agency	Letter of approval of request by PMC & date of agreement	No. of unipole	Rate of each unipole	Amount to be deposited	Amount deposited@ 80/- sq.ft.	Loss
M/s Bandhu Brothers	233/Rev Pat dt. 21/08/09 (03/09/09)	10	75000	750000	NIL	750000
M/s Trimurti Publicity & Marketing Pvt. Ltd.	234/Rev Pat 21/08/09 (03/09/09)	10	75000	750000	136890	613110
M/s Klik Advertising &Marketing	236/Rev pat- 21/08/09 (02/09/09)	10	75000	750000	136890	613110
M/s Kraft Outdoor Media Pvt. Ltd.	235/Rev. dt 21/08/09 (02/09/09)	10	75000	1500000 *	352889	1147111
M/s Selvel Advertising Pvt. Ltd	232/rev pat. 21/08/09 (02/09/09)	10	75000	750000	136890	613110
(* For two years)					Total	3736441

2.7 Defalcation of Collected Money by Showing Fake Challan by the Cashier of New Capital Circle (NCC) in PMC - ₹ 3.84 Lakh

As per Rule 21 of Bihar Municipal Accounts Rule, 1928, all sums received on accounts of municipal fund shall be paid into a treasury.

Further, Rule 22 of Bihar Municipal Accounts Rule, 1928 stipulates that all money received by the municipality shall be remitted intact to the treasury as often as can be conveniently managed and shall on no account be appropriated towards expenditure.

Further, as per Rule 23 of Bihar Municipal Accounts Rule, 1928, all moneys paid into the treasury to the credit of the municipal fund, whether by servants of the municipality or others, shall be accompanied by a challan in the appended Form

IV. A sum of ₹ 3.84 lakh was shown deposited by the then Cashier of NCC, Patna through fake challans as detailed below: -

Table- 6
Amount Deposited through Fake Challan

Sl.No.	Date of deposit as per Cash Book	Challan no.	Amount (₹)	Remarks
1.	01/06/09	31	1,13,253	All these challans were made of A/c No. 1748 of Corporation Bank.
2.	02/06/09	32	85,369	
3.	09/06/09	38	1,13,633	
4.	10/06/09	39	71,995	
Total			3,84,250	

But, the same was not deposited in the Bank. However, after raising audit objection, the whole amount of ₹ 3.84 lakh was deposited by him in A/c No. 301000018708 of Bank of Baroda on 28/09/10. The NCC requested the PMC to take necessary action against him.

2.8 Loss due to Non-Realisation of Stamp Duty from the Bidder during Settlement - ₹ 6.62 Lakh

As per order of the Chief Secretary, Government of Bihar and order of the Secretary- cum- I. G. Registration, stamp duty @ three *per cent* of the settlement amount is to be realised from the bidder and thereafter agreement of the settlement may be done on that stamp paper.

In seven³ ULBs, stamp duty worth ₹ 6.62 lakh *i.e.* @ three *per cent* of the settlement amount was not realised and agreement was not done on the stamp paper. As such, the State Government sustained a loss of ₹ 6.62 lakh as stamp duty.

2.9 Revenue Expenditure

2.9.1 Direct Appropriation of Revenue Collected- ₹ 41.23 Lakh

As per Rule 22 of Bihar Municipal Accounts Rule, 1928, all money received by the municipality shall be remitted intact to the treasury as often as can be

³ Buxar NP (₹ 0.76 lakh), Darbhanga MC (₹ 0.88 lakh), Gaya MC (₹ 1.85 lakh), Hisua NP (₹ 1.13 lakh), Purnea NP (₹ 0.76 lakh), Sasaram NP (₹ 1.04 lakh), Warsaliganj NP (₹ 0.20 lakh)

conveniently managed and shall on no account be appropriated towards expenditure.

In five⁴ test checked ULBs, ₹ 41.23 lakh was directly appropriated towards expenditure instead of depositing the revenue collected into the municipal fund.

Besides, violation of rules, direct appropriation indicates lack of control over revenues as per rule 20, 30, 64, 69 and 79 of BMAR, 1928.

2.9.2 Excess Drawal through Self Cheque in Nagar Panchayat, Daudnagar - ₹ 1.61 Lakh

As per Rule 65 of the Bihar Municipal Accounts Rule, 1928, the payment side of the cash book shall be posted from the details of the vouchers and of the cheques drawn. The amount of each cheque shall be entered as soon as the cheque is signed. A sum of ₹ 1.61 lakh was drawn in excess through self cheque in Nagar Panchayat, Daudnagar. Against the vouchers for ₹ 6.56 lakh only, an amount of ₹ 8.17 lakh was withdrawn which clearly indicated irregular overdrawal (**Table-7**). This excess drawal was rendered possible by inadequate monitoring and lack of internal control by the Executive Officer of Nagar Panchayat. Further, misappropriation of excess amount cannot be ruled out.

Table- 7

Irregular Overdrawal

Sl.No.	Cheque No./Date	Amount (₹)	Voucher No.	Amount spent (₹)	Irregular drawal (₹)
1	385864/29-06-06	395492	8 to 13	394391	1101
2	385873/29-06-06	38500	9 to 11	35000	3500
3	385878/11-09-06	27257	16 to 20	17777	9480
4	385879/12-09-06	22763	21	21713	1050
5	385885/31-10-06	5000	27 to 28	4000	1000
6	385894/29-12-06	38250	40 to 43	33250	5000
7	534216/24-08-07	13000	30	12500	500
8	534226/22-09-07	25900	39	22400	3500

⁴ Dalmianagar NP (₹ 7.67 lakh), Mahnar NP (₹ 2.10 lakh), Maner NP (₹ 30.15 lakh), Rafiganj NP (₹ 1.10 lakh) and Sugauli NP (₹ 0.21 lakh)

Sl.No.	Cheque No./Date	Amount (₹)	Voucher No.	Amount spent (₹)	Irregular drawal (₹)
9	011876/25-05-07	20000	not recorded	2000	18000
10	011877/16-10-07	94000	not recorded	92000	2000
11	534276/08-05-08	12901	88	1290	11611
12	534248/27-12-07	92716	62	2000	90716
13	534249/31-12-07	12514	63	7500	5014
14	534255/15-01-08	6100	68	4000	2100
15	534267/16-04-08	12551	80	6582	5969
TOTAL		816944		656403	160541

2.9.3 Unauthorised Payment to Casual Labourers – ₹ 1.80 Crore

The Government of Bihar through various orders strictly prohibited engagement of persons on daily wages. Contrary to this, Muzaffarpur Nagar Nigam spent a sum of ₹ 1.80 crore on their wages.

2.10 Others

2.10.1 Blockage of Fund - ₹ 72.97 Crore

As per Rule 343 (ii) of Bihar Financial Rules, any portion of amount which is not ultimately required for expenditure upon that object should be duly surrendered to Government but test check of records revealed that ₹ 72.97 crore received during 2006-07 to 2009-10 for various purposes was blocked in 19 ULBs for varying periods (**Appendix-IX**). It hampered development works which were to be executed through these grants, resulting in deprivation of amenities to urban population. No reasons for non-utilisation of funds were furnished.

2.10.2 Sanctioned Strength vis-a-vis Men-in-Position

The strength of each ULB has been sanctioned by the State Government. Pay and allowance of personnel of Municipalities are paid from their own sources as well as grants received from the Government.

The following statistics would show the overall position of sanctioned strength and men-in-position of 111 ULBs as on 2006-07 in the State of Bihar.

Table- 8
Sanctioned Strength and Men-in-Position as on March 2007

Sl.No.	Type of ULBs	No. of units	Sanctioned Strength	Men in Position	Short	% Short
1.	Nagar Nigam	10	6190	3727	2463	39.79
2.	Nagar Parishad	56	5459	3277	2182	39.97
3.	Nagar Panchayat	45	1126	625	501	44.49
Total		111	12775	7629	5146	

(Source:- Fourth State Finance Commission)

It may be seen in the table above that there were acute shortage of men-in-position against the sanctioned strength. In light of the increased workload due to transfer of more fund by the State as well as Central Government to the ULBs filling up of vacant posts has become an essential requirement.

CHAPTER – III

INTERNAL CONTROL MECHANISM

3.1 Internal Control

Effective Internal Control System has to provide reasonable assurance of adherence to laws, rules, regulations and orders, safeguard against fraud, abuse and mismanagement and ensures reliable financial and management information to higher authorities. The control activities includes documentation, system of authorisation and approval of payments, segregation of duties, reconciliation & verification, inspection and audit, review of operating performance and monitoring.

3.2 Maintenance of Accounts by ULBs

Under Section 87 of BMA, 2007, the State Government is required to prepare and maintain a manual containing details of all financial matters and procedures relating thereto in respect of Municipality. This manual is under preparation.

As per Rules 82 to 84 of BMAR, 1928, each ULB is required to prepare Annual Accounts. Further, Section 88 and 89 of the Act provides for preparation of Annual Financial Statements containing Income and Expenditure Account and Balance Sheet in the formats prescribed by the Government of Bihar.

A Memorandum of Understanding (MOU) has been signed between the UD & HD, Government of Bihar and Planning & Resources on Urban Development Affairs (PRUDA) for preparation of Municipal Accounts Code and training and implementation of Accrual Based Double Entry Accounting System in 49 ULBs on 05 December 2007.

3.3 External Audit

The State Government had entrusted the audit of ULBs to Examiner of Local Accounts, Bihar who submits audit reports to ULBs after completion of audit in compliance to Section 8 of LFA Act, 1925. The ULBs have to send compliance of the Audit Report to the ELA within three months.

Under Section 91 (6) of BMA, 2007, the Empowered Standing Committee (ESC) shall consider the report and shall, if necessary, take prompt action thereon. The State Government has constituted three tier committees - High Level, Departmental Level and District Level to deal with the reports and compliance thereof (March 2010).

In spite of the above initiatives, the position of settlement of outstanding paragraphs of Audit Reports of ULBs was not satisfactory as is evident from the table below: -

Table- 9
Position of Outstanding Paras in ULBs for last 3 years

Year	Issued Audit Report		Settled Audit Report		Closing Balance	
	Audit Report	Paras	Audit Report	Paras	Audit Report	Paras
2008-09	87	1327	-	797	87	530
2009-10	45	1541	-	601	45	940
2010-2011	39	1043	-	386	39	657
Total	171	3911	-	1784	171	2127

CHAPTER – IV

EXECUTION OF SCHEMES

The ULBs executed schemes out of Finance Commission Grants, National Slum Development Programme (NSDP), Swarn Jayanti Sahari Rojgar Yojna (SJSRY), Backward Region Grant Fund (BRGF), Integrated Development of Small and Medium Town (IDSMT), Urban Integrated Development Scheme for Small & Medium Town (UIDSSMT), MP/MLA fund etc. Irregularities noticed by audit in implementation of schemes are discussed in the following paragraphs:-

4.1 Unfruitful Expenditure on Construction of Drain and Roads in Nagar Parishad, Bettiah - ₹ 2.24 Crore

The UD&HD, Government of Bihar released a sum of ₹ 94.99 lakh for construction of drain and ₹ 1.58 crore for construction or repair of PCC road in Bettiah Nagar Parishad. The entire work was divided in four groups covering 39 wards of the Nagar Parishad. Notice Inviting Tender (NIT) was issued for construction of drains and roads at a total estimate of ₹ 1.54 crore and ₹ 2.27 crore respectively. All schemes in each of the wards were allotted equal fund i.e. ₹ 2.43 lakh (construction of drain) and ₹ 4 lakh (construction/repair of road).

As per the grant sanctioning letter, list of the schemes to be taken up by the Nagar Parishad, Bettiah out of the available grant was to be sent to the State Government indicating the length and breadth of drain/road and population getting benefit out of it. Also, schemes were to be executed within the available grant so that work may not remain incomplete.

But, contrary to the above directives, schemes were undertaken whose estimates were not in parity with the available funds and as such against the total estimate of ₹ 1.54 crore and ₹ 2.27 crore, only ₹ 78 lakh and ₹ 1.46 crore could be spent out of the available funds for the construction/repairs of drains and roads, respectively which clearly indicates that all the works could have only been executed partially. The Nagar Parishad, Bettiah in its reply stated that in anticipation of further grant; schemes were taken up, which is not acceptable.

Thus, Government directives of not leaving any scheme incomplete were not adhered. As a result, the purpose for which grants were released stood defeated resulting in unfruitful expenditure of ₹ 2.24 crore.

4.2 Irregularities in Execution of BRGF Schemes

4.2.1 Irregular Expenditure in Nagar Parishad, Masaurhi – ₹ 48.35 lakh

As per Section 275 of BMA 2007, having regard to the draft development plan, as prepared by the District Planning Committee or the Metropolitan Planning Committee, as the case may be, and as approved by the State Government, the Municipality shall implement such components of such development plan as relates to its jurisdiction and carry out such functions as may be assigned to it in this behalf.

Government of Bihar directed in February 2009 that schemes related to administrative buildings of ULBs would not be executed from the funds of BRGF. In contravention of the above directives, six schemes of interior designing of administrative building were executed from the funds of BRGF during the year 2008-09 & 2009-10 by Nagar Parishad, Masaurhi. However, in above six schemes approval of the DPC and the State Government were not obtained. Thus, ₹ 48.35 lakh was irregularly spent on the execution of the said schemes grossly violating the directives of the Government and established rules.

4.2.2 Execution of Work in Violation of Guidelines in Nagar Parishad, Khagual- ₹ 5 Lakh

As per para 4.3.1 of BRGF programme guidelines, “The fund will be used for the execution of work which is included in District Plan and may not be used for construction of religious structures, structures in the premises of religious institutions *etc.*” In contravention of programme guidelines, Nagar Parishad Khagual spent a sum of ₹ 5 lakh on construction of boundary wall for Kabir Panthi Community Building which was not included in District Plan.

4.3 Irregularities in Tenders

4.3.1 Loss due to Wrong Disposal of Tender in Nagar Parishad, Sitamarhi - ₹ 9.46 Lakh

As per Rule 163 of Bihar Public Works Department Code, work would be awarded to the lowest tenderer but scrutiny of scheme files of various schemes revealed that in seven cases tenders were awarded to highest tenderer in place of lowest tenderer for the schemes executed by the Nagar Parishad, Sitamarhi in the year 2009-10. Envelopes of the lowest tenders were found sealed in the relevant files which were opened during audit. In response to audit query, the Executive Officer, Nagar Parishad, Sitamarhi referred the matter to the Superintendent Engineer, Rural Engineer Office, Muzaffarpur but no reply has been received yet. Due to wrong disposal of tender for schemes Nagar Parishad incurred an excess expenditure of ₹ 9.46 lakh with undue favour to the tenderers. The details are given below: -

Table- 10
Excess Payment due to Wrong Disposal of Tenders

(Amount in ₹)

Sl. No.	Fund of scheme	Name of work	Estimated value	Rate of lowest tenderer/Name of tenderer whose(envelope was sealed)	Rate of tender/Name of tenderer to whom work was awarded	Difference	Excess payment made
1	2	3	4	5	6	7	8
1.	For drain construction from the grant received by UDD	Construction of pucca drain from the house of Late BaldeoBabu to Laxmi High School's corner	9,96,800	15 per cent less from the scheduled rate (Sri Binod Kumar)	1.5 per cent less from the scheduled rate (Sri Sharafat Khan)	13.5 per cent	1,34,568.00
2.	For drain construction from the grant received by UDD	Construction of PCC road from the house of Sahdeo Sah's house to Sri NagendraTiwari's house in ward no.16	2,49,100	15 per cent less from the scheduled rate (Sri Mukesh Kumar)	1.5 per cent less from the scheduled rate (Sri Ajay Kumar)	13.5 per cent	33,628.50
3.	Grant received for renovation/ construction of road by UDD	Construction of PCC road in different link road in red light area in ward no. 9	7,60,400	15 per cent less from the scheduled rate (Sri Binod Kumar)	0.5 per cent less from the scheduled rate	14.5 per cent	1,10,258.00
4.	Mukhyamantr iSamekit Shahari Yojna	Construction of children park on Nagar Parishad Land near Civil Surgeon Office under municipal area	16,57,900	8 per cent less from the scheduled rate (Sri Niraj Kumar Singh)	0.5 per cent less from the scheduled rate (Sri Sujjan Kumar)	7.5 per cent	1,24,342.50

Sl. No.	Fund of scheme	Name of work	Estimated value	Rate of lowest tenderer/Name of tenderer whose(envelope was sealed)	Rate of tender/Name of tenderer to whom work was awarded	Difference	Excess payment made
5.	B. R. G. F.	Construction of road from Sri RandhirMandal's house to ring bandh in ward no.2	4,35,000	15 per cent less from the scheduled rate (Sri Binod Kumar)	1.5 per cent less from the scheduled rate (Sri Kush Kumar)	13.5 per cent	58,725.00
6.	B. R. G. F.	Construction of R/wall/ B/E soling road from Sri MunnaPandey's house to FulmataMandir in ward no.1	15,06,400	15 per cent less from the scheduled rate (Sri Surfath Khan)	1.5 per cent less from the scheduled rate	13.5 per cent	2,03,364.00
7.	B. R. G. F.	Construction of PCC road from Sri BaidyanathMahto's house to Murliyachak in ward no. 14	22,45,800	15 per cent less from the scheduled rate (Sri SurendraMahto)	2.5 per cent less from the scheduled rate (Sri Surfath Khan)	12.5 per cent	2,80,725.00
Total							9,45,611

4.3.2 Award of Schemes on Single Tender in Nagar Panchayat, Bodh Gaya - ₹ 8.54 Lakh

As per Rule 163 of Bihar Public Works Department Code, in case of single tender, the approval of the next higher authority will be taken to ensure that due procedure and publicity were ensured. However, where a tender is brought before the tender committee, its decision will be final.

Eight schemes under BRGF and Nagar Panchayat fund were undertaken on single tender basis by the Executive Officer, Nagar Panchayat, Bodh Gaya during the year 2008-09. Neither the tender was re-invited nor the sanction of higher authority obtained. Thus, the expenditure of ₹ 8.54 lakh was incurred on the said schemes violating the relevant procedure.

4.3.3 Loss due to Tampering of Rates in Tender in Nagar Parishad, Sitamarhi - ₹ 61,522/-

A short term open tender notice was issued in June 2009 by Nagar Parishad, Sitamarhi for execution of schemes in the financial year 2009-10 from grants received for different works.

Separate sealed envelopes for both bids (technical bid and financial bid) were called from the tenderers.

It was noticed that rates quoted by the tenderer were tampered in order to keep the lowest tenderer out from the competition as detailed below: -

**Table- 11
Loss due to Tampering of Rates in Tenders**

Sl. No	Name of work	Estimated cost (₹)	Rate given by the tenderer	Rate after tampering	Approved rate	Loss
1.	Construction of drain from Sahdeo Sah's house to Nagendra Tiwari's house in ward no. 16	1,91,200	15% less from the scheduled rate	18% less from the scheduled rate	1.5% less from the scheduled rate	$191200 \times 13.5\% = 25812$
2.	Construction of PCC road from Narendra Singh's house to NH 77 in ward no. 27	3,16,100	5% less from the scheduled rate	25% less from the scheduled rate	At scheduled rate	$316100 \times 5\% = 15805$
3.	Construction of PCC road from Bye pass Road to Maharani Asthan in ward no. 13	3,98,100	5% less from the scheduled rate	25% less from the scheduled rate	At scheduled rate	$398100 \times 5\% = 19905$
TOTAL						61522

Approval of higher rates and keeping the lowest tenderer out of competition due to tampering rates led to loss of ₹ 61,522/-.

4.4 Irregularities in Purchase Vouchers

4.4.1 Doubtful Work in Munger Nagar Nigam - ₹ 12 Lakh

Test check of eight schemes under MP-LAD scheme revealed that materials required for execution of work amounting to ₹ 12 lakh were purchased one to 61 days after the completion of work, thus, creating doubts over its execution. Even there was discrepancy in serial no. of cash memos of purchases made earlier and later.

Table – 12

Doubtful Execution of Work

Sl. No.	Scheme No.	Name of Executing Agent	Exp. on scheme	Date of completion as per M.B./M.R	Material Purchased/Qty	Date of purchase	Remarks
1	2/07-08	Sri Rajesh Kr., Assistant	1,49,900	10/03/09	Cement 315 bag	24/03/09 to 26/03/09	After 14 to 16 days
2	3/07-08 (M.P. Fund)	Sri Rajesh Kr., Assistant	1,49,900	05/04/09	Cement 281 bag	25/05/09	Purchased after 50 days
3	6/07-08 (M.P. Fund)	Sri Jai Prakash Pd., Asstt	1,99,905	06/04/09	Cement 443 bag	07/04/09 to 11/04/09	After one to five days
4	9/07-08 (M.P. Fund)	Sri Vijay Kr. Sah, Assistant	2,00,000	20/04/09	Cement 384 bag	02/05/09	After 12 days
5	11/07-08 (M.P. Fund)	Sri Ajay Kr. Ambastha, Assistant	1,50,000	10/04/09	Cement 290 bag	23/04/09 to 16/05/09	After 13 to 36 days
6	13/07-08 (M.P. Fund)	Sri Ajay Kr. Ambastha, Assistant	1,00,000	10/04/09	Bricks- 7000 no.	25/04/09	After 15 to 61 days
					S. Chips 850 cft	25/04/09	
					Cement 180 bag	02/05/09 to 11/06/09	
7	14/07-08	Sri Jai Prakash Pd., Asstt	1,00,000	06/04/09	Cement 185 bag	05/05/09	After 30 days
8	16/07-08	Sri Vijay Kr. Sah, Assistant	1,50,000	06/04/09	Cement 281 bag	23/05/09	After 47 days
Total			1199705				

The above instances raise doubt over not only on purchase of materials but also on the execution of work.

4.4.2 Doubtful Purchase of Material in Nagar Parishad Sitamarhi – ₹ 9.48 Lakh

Test check of seven scheme files for construction / renovation of road funded out of grant for construction and repairing of PCC roads received during 2007-08 in Nagar Parishad, Sitamarhi revealed that Sone sand amounting to ₹ 2.68 lakh and Stone Chips amounting to ₹ 6.80 lakh were purchased for these schemes.

Scrutiny of challans for transportation of minor mineral revealed the following facts:

- Capacity of Truck for sand and stone chips as per schedule is five cubic meter *i.e.* 176.55 cubic feet but the trucks used in carrying materials were found to be supplying four times more than the scheduled capacity of the truck.

Table - 13
Details of challan for Sone Sand

Date of supply	Quantity (cft)	Challan No.	Scheme No.
09/02/08	640	358	6/07-08
10/04/08	700	355	5/07-08
05/02/08	500	24	1/07-08
15/05/08	700	17	3/07-08

Table- 14
Details of challan for Stone Chips

Date of supply	Quantity (cft)	Challan No.	Scheme No.
09/04/08	700	533	5/07-08
10/04/08	550	529	4/07-08
15/05/08	636	28	2/07-08
28/05/08	800	26	7/07-08

- Sl. No. of challan of material issued later was found to be of earlier date than the Sl. No. of challan of materials issued earlier (which was later dated).
- None of the challan contained any seal/ signature of authority of mining dept. of State Government.

Thus, above irregularity raised doubt on purchase of material apart from actual execution of Schemes.

4.4.3 Irregular Payment on Schemes

- Scrutiny of various schemes implemented from funds received under 11th FC, 12th FC, State Plan Schemes *etc.* revealed that bills against purchase of materials for execution of schemes amounting to ₹ 8.16 lakh passed by Nagar Parishad Dumraon were not bearing Serial Number/ Date/ Signature of Shopkeeper, Executing Agency certifying the purchase/VAT Reg. No. *etc.* (**Appendix-X**). This raises doubt on genuineness of the bill.

- Vouchers for purchases of materials in seven works undertaken by the Nagar Parishad, Bettiah showed following irregularities:-
- (a) Materials were purchased by Sri Sujoy Suman, J.E. on contract, from M/s Janta Traders, Bettiah but it was noticed that serial no. of cash memos of purchases made earlier was of later date than the purchases made later as detailed below:-

Table- 15

Incoherent Serial Number and Date of Purchase Vouchers

Sl. No.	Name of the firm	Cash memo no.	Date	Amount (₹)
1.	Janta Traders	37	15/03/10	1037
2.	Janta Traders	44	15/01/10	13733
3.	Janta Traders	48	15/03/10	3492
4.	Janta Traders	46	15/01/10	17391
5.	Janta Traders	82	03/08/09	9608
6.	Janta Traders	83	23/04/09	2164
7.	Janta Traders	84	24/04/09	35003
8.	Janta Traders	85	03/07/09	5951
9.	Janta Traders	91	10/06/09	10527
Total				98906

- (b) Similar cases were also found in purchase made from J.P. Traders, Jai Hind Traders and CKO Bricks as mentioned below: -

Table – 16

Incoherent Serial Number and Date of Purchase Vouchers

Sl. No.	Name of the firm	Cash Memo no.	Date	Amount (₹)
1.	J. P. Traders	662	25/04/09	2826
2.	J. P. Traders	672	04/07/09	9025
3.	J. P. Traders	674	06/05/09	26103
4.	J. P. Traders	675	11/06/09	6720
5.	J. P. Traders	676	03/08/09	4479
6.	Jai Hind Trader	94	14/06/09	2000
7.	Jai Hind Trader	95	07/07/09	1500
8.	CKO Bricks	28	08/05/09	11279
9.	CKO Bricks	30	03/08/09	1265
10.	CKO Bricks	27	28/05/09	3955
Total				69152

Above instance clearly indicates that vouchers were not genuine and the purchases amounting to ₹ 1.68 lakh were made on fake vouchers.

4.5 Excess Payment due to Non Deduction of Penalty from Contractor's Bill in Gaya Nagar Nigam- ₹ 17.83 Lakh

As per clause 2 of the terms and conditions of agreement with the contractors for execution of civil works “In case, work is not completed within stipulated time, penalty is to be charged @ of 0.5 *per cent* per day of the work value for the period of delay subject to a maximum of 10 *per cent* value of work done”.

In contravention of the said provision, Gaya Municipality did not deduct such penalty from the contractor's bill. This resulted in excess payment of ₹ 17.83 lakh to the contractors.

4.6 Unfruitful Expenditure on Computerisation (e-governance) of PMC - ₹ 52.38 Lakh

The computerisation (e-governance) work of PMC was given to Indian Telephone Industries (ITI), Bangalore, a unit of Government of India on basis of proposal approved by the board of PMC in pursuance of Hon'ble High Court Patna directive for computerisation of PMC. Accordingly, work order was issued in September 2007 for supply of computer and other equipments and supply order was given in October 2007. An agreement was signed with the firm on 20/12/07. As per agreement ITI Ltd. had to provide e-governance solution to PMC within four month on 14 items costing ₹ 80 lakh.

The PMC paid ₹ 52.38 lakh (₹ 39.09 lakh for e-governance package + ₹ 8.29 lakh for supply of computer and others equipments + ₹ 5 lakh for software) to the firm, but the e-governance Project was not completed and the purpose of making various works of PMC people friendly could not be achieved leading to unfruitful expenditure of ₹ 52.38 lakh.

4.7 Fraudulent Payment on Two-way Communication System in PMC - ₹ 18.09 Lakh

To strengthen the communication system a sum of ₹ 18.09 lakh was paid to M/S ICOTEC, Chennai against their retail invoice of ₹ 18.09 lakh (March 2010) for providing two-way communication system in PMC as under: -

**Table 17
Fraudulent Payment on Two-way Communication System**

Sl. No.	Cheque No. & Date	Amount paid(₹)	Description
1	323837 & 10/9/09	631875	For supply of Motorola GP 328 Walky talky 75No. @ 16850/-(50 per cent)
2	905660 & 4/11/09	252750	For supply of Motorola GP 328 Walky talky 75No. @ 16850/- (20 per cent)
3	121849 & 5/10/09	450000	For installation of tower at three places @ 3 lakh each
4	905660 & 4/11/09	360000	For installation of tower at three places @ 3 lakh each
5	905660 & 4/11/09	114625	For installation of Motorola GMB38 base station
Total		1809250	

In Stock Register, there was entry of 75 PP-328 walkie-talkie but the store keeper denied any such supply. No distribution was shown in the stock register. Two-way Communication System was not started in PMC (December 2010).

Thus, it could not be established whether walkie-talkies were actually supplied & distributed and tower and base stations were established. So, the payment of ₹ 18.09 lakh made to the firm was fraudulent.

4.8 Unfruitful Expenditure on Purchase of Generator Set in Begusarai Nagar Nigam- ₹ 3.05 Lakh

The Empowered Standing Committee in its meeting (24/09/2008) decided to purchase a 15 KVA capacity silent generator for coping up with power shortage in Begusarai Nagar Nigam. Accordingly, a 15KVA generator set was purchased for ₹ 3.05 lakh. At the time of purchase of Generator Set, Begusarai Municipal Corporation was paying rent @ ₹ 3150/- per month for supply of electricity (through generators) to private party.

Further, in a meeting of Empowered Standing Committee dated – 18/11/09 (Proposal no. 11- 01) it was decided that as 15 KVA Generator set consumed more fuel, so earlier alternative arrangement of electricity may be continued, *i.e.* from private parties and the rate was hiked from ₹ 3150/- to ₹ 8750/- per month w.e.f. October 2009, (178 *per cent* more than the previous rate). Details are as under:-

Table-18
Expenditure for Supply of Electricity from Private Party

Sl. No.	Vr. No.	Date	Amount (in ₹)	Particulars
1.	730	10/12/09	15750	May 2009 to Sep. 2009
2.	731	10/12/09	17500	Oct. 2009 to Nov. 2009
3.	886A	26/02/10	8750	Jan.2010
4.	886B	26/02/10	8750	Feb. 2010
Total			50750	

Thus, decision for purchase of 15 KVA generators was not judicious as the Corporation continued to purchase electricity from private party. As a result, expenditure on purchase of generator set of ₹ 3.05 lakh was completely unfruitful. Moreover, Municipal Corporation was compelled to purchase electricity at a higher rate.

4.9 Double Payment in Execution of State Plan Schemes in Mahnar Nagar Panchayat

In Mahnar Nagar Panchayat, Payment on two sets of muster rolls, showing engagement of same labourers for same period in two State Plan Schemes was made. As a result fraudulent drawal of ₹ 34,244 was done as under:-

Table- 19
Double Payment in Execution of Schemes

State Plan Scheme No.	Period of Muster Roll	Date of Payment	No. of Labourers	Fraudulent drawal on Muster Roll (₹)
14/06-07	18/07/06 to 24/07/06	25/07/06 & 30/07/06	42	20916
12/06-07	18/05/06 to 24/05/06	14/06/06 & 14/07/06	14	13328
Total				34244

CHAPTER - V

PERFORMANCE AUDIT OF “RELEASE & UTILISATION OF TWELFTH FINANCE COMMISSION (TFC) GRANT BY THE ULBS IN THE STATE OF BIHAR DURING 2005-10”

Highlights

- *In eight ULBs, ₹ 68.22 lakh was misutilised on purchase of walky-talky, biometric attendance machine and maintenance of office/municipal building etc. though not permissible under the guidelines.*
(Paragraph – 5.6.2)
- *Grants of ₹ 30.12 lakh released to four ULBs during 2009-10 lapsed due to delayed receipt by respective ULBs.*
(Paragraph – 5.7.2)
- *Despite expenditure of ₹ 58.72 lakh in 11 ULBs under e-governance, neither database was created nor accounts were maintained in computerised system.*
(Paragraph - 5.8)
- *State Government submitted utilisation certificate of ₹ 127.80 crore to Finance Department, Government of India just after its release which was not realistic.*
(Paragraph - 5.10)

5.1. Introduction

The TFC was required to make recommendations on the measures needed to augment the Consolidated Funds of the States to supplement the resources of the Panchayats and ULBs on the basis of the recommendations of the SFCs.

The objective of the Local Body Grants Scheme was;

- (i) to improve the service delivery in respect of water supply and sanitation,
- (ii) to create database and maintain the accounts at the grass root level and
- (iii) to stress the importance of public private partnership to enhance service delivery of Solid Waste Management (SWM) services in the urban areas.

The states may require ULBs (Town of over one lakh population as per 2001 census) to prepare comprehensive schemes including composting and waste to energy programmes to be undertaken in the private sector for appropriate funding from the grants recommended by the TFC. At least 50 *per cent* of the grants

should be earmarked for this purpose *i.e.* for Solid Waste Management and remaining 50 *per cent* of the grants should be for capacity building of City Managers (one *per cent*), e-governance which will include maintenance of accounts and creation of database (one to three *per cent*) and provision of Civic amenities viz. Drinking water, Road Construction, Drain Construction and Street lighting (46 to 48 *per cent*). The allocation amongst various ULBs would be made by the State. The ULBs should concentrate on collection, segregation and transportation of solid waste. The cost of these activities whether carried out in house or outsourced could be met from the grants.

5.2 Audit Objectives

The audit objectives were to assess whether;

- Adequate funds were released in time by the State Government to ULBs;
- ULBs prepared comprehensive schemes including composting and waste to energy programmes in public-private partnership to enhance service delivery of SWM services;
- Grants earmarked for different purposes were utilised in an economic, efficient and effective manner;
- High priority was given for creation of data base and maintenance of accounts at the grass root level;
- Utilisation Certificates were realistic and reliable;
- The monitoring system was adequate and effective;
- Infrastructure created was effectively utilised.

5.3 Audit Criteria

The audit criteria used to evaluate the utilisation of grants were -

- Guidelines for Release and Utilisation of Grants recommended by the TFC for ULB;
- Municipal Solid Waste (Management and Handling) Rules, 2000;
- Bihar Financial Rules (BFR);
- Bihar Public Works Code (Account & Department);

- Grants Release order & Guidelines issued by the State Government from time to time;
- Bihar Municipal Accounts Rules, 1928.

5.4 Scope of Audit & Methodology

Performance audit of release and utilisation of TFC grants (2005-10) of ULBs was conducted through test check of records in the UD & HD and Finance Department, Government of Bihar and 28⁵ ULBs (three Nagar Nigams, Nine Nagar Parishads and 16 Nagar Panchayats) between January 2011 and June 2011⁶. The ULBs were selected by applying Simple Random Sampling without Replacement (SRSWOR) method apart from PMC.

An entry and exit Conference was held on 07/01/2011 and 17/10/2012 respectively with Principal Secretary, UD&HD in which audit objectives, criteria and methodology were explained. The performance audit was undertaken under section 14 of DPC Act, 1971, LFA Act, 1925 and para 7 of the Guidelines of TFC.

5.5 Audit Findings

5.5.1 Planning

Guidelines of TFC stipulated for preparation of comprehensive schemes including composting and waste to energy programmes to be undertaken in the private sector for appropriate funding from the grants of TFC by those Municipalities of town having more than one lakh population as per 2001 census. State Government had also directed all heads of ULBs of Grade - 1 city to prepare comprehensive

⁵ NAGAR NIGAM - Darbhanga, Muzaffarpur, Patna. NAGAR PARISHAD - Bhabhua, Chappra, Hajipur, Jamui, Jehanabad, Khagaria, Saharsa, Samastipur & Sheikpura. NAGAR PANCHAYAT – Barahiya, Belsand, Dalsingsarai, Dhaka, Dighwara, Forbesganj, Jhanjharpur, Kahalgaon, Maharajganj, Naugachhiya, Nokha, Piro, Sonapur, Sugauli, Thakurganj, Warsaliganj.

⁶ 19/01/2011 to 21/02/2011, 11/03/2011 to 16/04/2011 & 16/05/2011 to 11/06/2011.

schemes in the beginning and the last stage of the programme. 50 *per cent* of the grants were earmarked for the scheme *i.e.* for SWM through public- private partnership. The Municipalities were to concentrate on collection, segregation and transportation of solid waste. The cost of these activities carried out in house or outsourced could be met from the grants.

However, it was seen in the audit of selected ULBs that no comprehensive plan / scheme for the management of SWM was prepared and passed. The department replied that a circular would be issued regarding preparation of comprehensive plan by the ULBs.

5.6 Financial Management

5.6.1 Funding Pattern

The TFC had recommended grants to States for ULBs amounting to ₹ 5,000 crore payable during the period 2005-10. In this allocation, share of Bihar was 2.84 *per cent i.e.* ₹ 142 crore which was to be released in terms of annual allocation of ₹ 28.40 crore per year in two equal instalments in July and January every year. States have to mandatorily transfer the grants released by the Centre to the ULBs within 15 days of the same being credited to the States account. In cases of delayed transfer of grants to ULBs beyond the specified period of 15 days, the State Government shall transfer amount of interest at the rate equal to the RBI Bank rate along with such delayed transfer of grants to ULBs.

5.6.2 Utilisation of Funds

Funds provided by Government of India and released by State Government to ULBs and expenditure during the year 2005-10 under TFC Grants were as following:-

Table- 20
Release and Utilisation of TFC Grant

(₹ in Crore)

Year	Funds Released by the GOI to GOB	Funds Released by GOB to ULBS	Opening Balance	Total	Expenditure / Utilization	Closing Balance	Percentage of Saving
2005-06	14.20	28.40	NIL	28.40	NIL	28.40	100
2006-07	28.40	14.20	28.40	42.60	42.60	NIL	NIL
2007-08	28.40	42.60	NIL	42.60	28.90	13.70	32
2008-09	14.20	0.45	13.70	14.15	NIL	14.15	100
2009-10	56.80	56.35	14.15	70.50	56.30	14.20	20
Total	142.00	142.00	-----	----	127.80	14.20	

(Source:- Urban Development & Housing Department)

The analysis of the above table and scrutiny of records showed that

- During 2005-06 and 2007-08 Government of Bihar released more funds than the funds released by Government of India.
- Un-utilised funds ranged between 20 per cent and 100 per cent and in last year 2009-10 funds amounting to ₹ 14.20 crore were not utilised.

The details of available funds and expenditure incurred in test checked 28 ULBs during 2005-10 were as follows: -

Table- 21

Details of Available Funds and Expenditure

(₹ in Crore)

Year	Opening Balance	Funds Received from State Government	Total	Expenditure /Utilisation	Closing Balance	Percentage of Saving
2005-06	Nil	7.09	7.09	2.71	4.38	62
2006-07	4.38	7.77	12.15	6.98	5.17	43
2007-08	5.17	7.85	13.02	8.14	4.88	37
2008-09	4.88	6.36	11.24	3.68	7.56	67
2009-10	7.56	17.19	24.75	6.73	18.02	73
Total		46.26		28.24	18.02	39

(Source :- Test Checked ULBs Offices)

The analysis of data in the table and test check of records disclosed that:

- The total utilisation of funds was 61 *per cent*.
- In eight⁷ ULBs, ₹ 68.22 lakh was misutilised on purchase of Walky Talky, Biometric Attendance Machine and maintenance of office/Municipal Building *etc.* which were not permissible under the guidelines. The department replied that the matter would be looked into.
- Nine⁸ ULBs diverted funds of ₹ 40.74 lakh from the earmarked fund of SWM to other scheme/ works/ equipment during 2005-10. The funds so diverted were not recouped as of March 2010.

5.7 Release of Grants

5.7.1 Delayed Release of Grants by the State Government to ULBs

As per guidelines of the TFC for release and utilisation of grants to ULBs, States have to mandatorily transfer the grants released by the Centre to the ULBs within 15 days of the same being credited to the State's account. In case of delayed transfer to ULBs beyond the specified period of 15 days the State Government shall transfer to ULB amount of interest at the rate equal to the RBI Bank Rate along with such delayed transfer of grants.

Scrutiny of receipts vis-a-vis release of the grant by the State Government revealed that on six occasions release of Grants was delayed from 18 to 218 days but no interest amount was transferred to ULBs account at the RBI Bank rate of six *per cent* for the delayed period leading to loss of ₹ 1.10 crore to the ULBs.

Details are as follows: -

⁷ *Darbhanga MC (₹ 20.98 lakh), Dhaka Nagar Panchayat (₹ 3.17 lakh), Muzaffarpur MC (₹ 0.85 lakh), Patna MC (₹ 38.83 lakh), Saharsa Nagar Parishad (₹ 1.45 lakh), Shekhpura Nagar Parishad (₹ 0.51 lakh), Sonapur Nagar Panchayat (₹ 0.28 lakh) and Warsaliganj Nagar Panchayat (₹ 2.15 lakh)*

⁸ *Dighwara Nagar Panchayat (₹ 2.98 lakh), Hajipur Nagar Parishad (₹ 3.53 lakh), Jehanabad Nagar Parishad (₹ 12.44 lakh), Kahalgaon Nagar Panchayat (₹ 1.50 lakh), Muzaffarpur MC (₹ 3.35 lakh), Naugachhiya Nagar Panchayat (₹ 1.55 lakh), Sonapur Nagar Panchayat (₹ 3.69 lakh), Sugauli Nagar Panchayat (₹ 2.21 lakh) and Warsaliganj Nagar Panchayat (₹ 9.49 lakh).*

Table- 22

Delayed Release and Non-Transfer of Interest Amount to ULBs

(₹ in Crore)

Sl. No.	Particular of Release of Grants by G.O.I	Amount	Particular of Release of Grants by GOB	Amount	Delay (days)	Interest at RBI Bank rate
1	Letter No.12/2007-08 OF MOF. Govt. of India date 03/09/2007	14.20	(i) Letter No. 572 of UD & HD dt. 5/10/2007	0.20	18	0.0006
			(ii) Letter No. 5674 of UD & HD Dt. 19/12/2007	14.00	92	0.2117
2	Letter No. 13/2009-10 of MOF Govt. of India Dt. 27/07/2009	42.60	(i) Letter No. 117 of UD & HD Dt. 10/09/2009	13.75	30	0.0678
			(ii) Letter No. 118 of UD & HD Dt. 10/09/2009	6.388	30	0.0315
			(iii) Letter No. 27 of UD & HD Dt. 17/03/2010	7.812	218	0.2799
			(iv) Letter No 28 of UD & HD Dt. 17/03/2010	14.20	218	0.5087
Total		56.80		56.35		1.1002

5.7.2 Grants Lapsed due to Delayed Receipt

Grants of ₹ 30.12 lakh released to four ULBs namely Belsand (₹ 3.37 lakh), Jamui (₹ 13.30 lakh), Barahiya (₹ 7.53 lakh) and Warsaliganj (₹ 5.92 lakh) by the State Government on 25/03/2010 could not be credited into their account and lapsed due to delayed receipt by the respective ULBs.

The release orders were issued in last week of financial year leading to lapse of grants and unit were deprived of the benefit of ₹ 30.12 lakh. The department replied that such incidences would not reoccur in future.

5.8 Execution of Schemes

On the recommendation of TFC, Government of India released the grants of ₹ 142 crore to Bihar Government for execution of different schemes in ULBs of Bihar. The Bihar Government released the grants to their ULBs accordingly with

instructions to utilise the grants in four sectors. The utilisation of grants in 28 ULBs were as follows:

Table – 23
Utilisation of Grants by ULBs

(₹ in Crore)

Sl. No.	Sector	Total Available Grants 2005-10	Total Expenditure 2005-10	Balance 2005-10	Percentage of Saving
1	S.W.M (50 per cent) Solid Waste Management	23.13	11.51	11.62	50
2	E-Governance (Creation of Data base and maintenance of a/cs)	1.39	0.59	0.8	58
3	Capacity Building of City manager (One per cent)	0.46	0.02	0.44	96
4	Civic Amenities	21.28	16.12	5.16	24
Total		46.26	28.24	18.02	39

(Source: Test checked ULBs offices)

(i) Solid Waste Management (SWM)

The Government of India, Ministry of Forest and Environment has notified Municipal Solid Waste (Management and Handling) Rules, 2000 under which rules have been framed for management of the municipal solid waste.

- In 28 test checked ULBs total grants in SWM was ₹ 23.13 crore out of which only ₹ 11.51 crore was spent leaving ₹ 11.62 crore unutilised.
- Schemes of Composting and Waste to Energy Programme were to be undertaken in the private sector for appropriate funding from the grants of TFC but no such scheme was undertaken in any test checked ULB which defeated the very purpose of TFC for S.W.M.

In disregard to the guidelines,

- 16⁹ ULBs (test checked) had utilised ₹ 6.94 crore for payment of labour contract bill/sanitation bills and Fuel bills engaged in transportation of Solid Waste Management which was a day to day activity of the ULBs.
- Seven¹⁰ test checked ULBs had incurred expenditure of ₹ 84.01 lakh on miscellaneous head such as purchase of land, construction of dustbin, advertisement etc. which was not permissible as per guidelines of Twelfth Finance Commission. Thus the expenditure on miscellaneous head was not justified.

(ii) e-Governance.

The TFC recommended for high priority of expenditure on creation of database and maintenance of accounts through the use of modern technology and management systems, wherever possible. In all test checked ULBs it was observed that –

- Only 42 *per cent* fund was utilised which was much less than the requirement.
- 17¹¹ ULBs did not utilise the fund and no database was created in the ULBs
- Despite expenditure of ₹ 59.13 lakh in 11¹² ULBs over purchase of computer, laptop, wages to operator etc. under e-governance, neither database was created nor accounts were maintained in computerised system which defeated the very purpose of the TFC grants.

⁹ Barahiya NP (₹ 0.58 lakh), Bhabua NP (₹ 0.04 lakh), Chappra NP (₹ 57.08 lakh), Dalsingsarai NP (₹ 3.90 lakh), Darbhanga NP (₹ 10.73 lakh), Dighwara NP (₹ 1.32 lakh), Hajipur NP (₹ 2.27 lakh), Jamui NP (₹ 10.58 lakh), Jehanabad NP (₹ 11.20 lakh), Jhanjharpur NP (₹ 2.25 lakh), Kahalgaon NP (₹ 18.10 lakh), Nokha (₹ 0.65 lakh), Patna MC (₹ 561.12 lakh), Piro (₹ 1.30 lakh), Rafiganj NP (₹ 4.38 lakh), Warsaliganj NP (₹ 8.51 lakh).

¹⁰ Patna Nagar Nigam (₹ 32.22 lakh), Muzaffarpur Nagar Nigam (₹ 34.81 lakh), Darbhanga Nagar Nigam (₹ 4.29 lakh), Jhanjharpur Nagar Panchayat (₹ 0.72 lakh), Thakurganj Nagar Panchayat (₹ 1.35 lakh), Nokha Nagar Panchayat (₹ 0.38 lakh), Piro Nagar Panchayat (₹ 10.24 lakh)

¹¹ Baraiya NP, Belsand NP, Chapra NP, Dhaka NP, Dighwara NP, Hajipur NP, Jhanjharpur NP, Naugachiya NP, Nokha NP, Piro NP, Saharsa NP, Samastipur NP, Shekhpura NP, Sonapur NP, Sugauli NP, Thakurganj NP, Warsaliganj NP

¹² Patna (₹ 42.00 lakh), Muzaffarpur (₹ 5.39 lakh), Darbhanga (₹ 5.85 lakh), Jamui (₹ 1.08 lakh), Jehanabad (₹ 0.29 lakh), Bhabhua (₹ 0.31 lakh), Khagaria (₹ 1.90 lakh), Maharajganj (₹ 0.63 lakh), Rafiganj (₹ 0.82 lakh), Dalsinghsarai (₹ 0.68 lakh), Kahalgaon (₹ 0.18 lakh)

- In Five¹³ ULBs funds were not utilised due to non-approval of projects regarding e-governance by the Municipal Board.

(iii) Capacity Building of the City Managers:-

As per the guidelines of the TFC one *per cent* of the fund was to be earmarked for capacity building of the city managers.

- In 28 test checked ULBs, ₹ 46 lakh was earmarked for capacity building of city managers but only ₹ 2 lakh was utilised leaving unspent balance of ₹ 44 lakh *i.e.* 96 *per cent* of the fund remained unutilised.
- Out of 28 test checked ULBs, 25¹⁴ ULBs did not spend any fund in capacity building of the city managers.

The department replied that a circular would be issued regarding preparation of comprehensive plan by the ULBs and regular training classes and feedbacks would be given to the city managers for capacity building.

5.8.1 Wasteful Expenditure on Abandoned / Incomplete Schemes - ₹ 11.49 Lakh

As per Bihar P.W.A. Code resolution no. 9 (4.5), civil works should be started after clearance of land, sanction of estimates, administrative approval and fund provision. In seven¹⁵ test checked ULBs, 13 schemes were abandoned due to land dispute, one scheme due to controversy regarding site selection and another six schemes due to seizure of records by District Administration/S.D.O. and four schemes remained incomplete, resulting in wasteful expenditure of ₹ 11.49 lakh.

¹³ Baraiya NP, Belsand NP, Kahalgaon NP, Naugachiya NP, Thakurganj NP.

¹⁴ NAGAR NIGAM – Darbhanga, NAGAR PARISHAD – Chhapra, Hajipur, Jamui, Jehanabad, Khagaria, Saharsa, Samastipur & Sheikhpura. NAGAR PANCHAYAT – Barahiya, Belsand, Dalsinghsarai, Dhaka, Dighwara, Forbesganj, Jhanjharpur, Kagalgaon, Maharajganj, Naugachhiya, Nokha, Piro, Sonapur, Sugauli, Thakurganj, Warsaliganj.

¹⁵ Patna (₹2.40 lakh), Hajipur (₹0.30 lakh), Jehanabad (₹0.17 lakh), Saharsa (₹1.01 lakh), Digwara (₹5.95 lakh), Maharajganj (₹0.50 lakh), Warsaliganj (₹1.16 lakh)

5.8.2 Outstanding Advances - ₹ 24.73 Lakh

In Seven¹⁶ out of 28 test checked ULBs it was seen that ₹ 24.73 lakh was given as advances to nine Government officials (Three JEs, one AE, one Accountant, one Sanitary Inspector, one Cashier, one Tax Daroga and one Safai Jamadar) for execution of schemes etc. The advances were pending for adjustment till June 2011 (**Appendix- XI**). The department assured of recovery of unadjusted advance.

5.9 Other Points

5.9.1 Idle Investment on Machine

Without assessing the immediate requirement, a Mobile Jetting Machine worth ₹ 9.50 lakh was purchased in Muzaffarpur Municipal Corporation and a Pay Loader worth ₹ 4.25 lakh was purchased in Dhaka Nagar Panchayat which is lying idle in the ULBs. The department replied that inter-municipality hiring of vehicles is being mooted so as to have a judicious use of resources and preventing them from lying idle.

5.9.2 Purchase at Higher Rate

As per Rule 131 (I) of Bihar Financial Rules limited tender enquiry may be adopted but it was seen that in two¹⁷ ULBs purchase order for supply of CFL bulbs (85 watt) with set were issued to higher bidder ignoring the rate of lowest bidder, thus, procurement at higher rate resulted in loss of ₹ 10.95 lakh to the ULBs. The department replied that action would be taken in this regard.

¹⁶*Thakurganj Nagar Panchayat (₹ 0.15 lakh), Saharsa Nagar Parishad (₹ 1.05 lakh), Samastipur Nagar Parishad (₹ 9.5 lakh), Darbhanga Nagar Nigam (₹ 1.20 lakh), Jamui Nagar Parishad (₹ 0.58), Chhapra Nagar Parishad (₹ 12.00 lakh), Dighwara Nagar Panchayat (₹ 0.25 lakh).*

¹⁷*Darbhangha Nagar Nigam (₹ 7.81 lakh) and Khagaria Nagar Parishad (₹ 3.15 lakh)*

5.10 Utilisation Certificates

As per the guidelines of TFC and State Government, each ULB was required to submit utilisation certificate to the State Government by 15 February. In test checked ULBs deficiencies were noticed in utilisation certificates as discussed below: -

(a) Non Submission of Utilisation Certificates

In 20 ULBs out of test checked 28 ULBs, the actual utilisation of funds were ₹ 23.41 crore where as utilisations were shown as ₹ 16.22 crore as per utilisation certificate leading to exhibition of short utilisation of ₹ 7.19 crore as on 31/03/2010 (Appendix- XII).

(b) Inflated utilisation certificate

Test check of utilisation certificates of five ULBs revealed incorrect information of ₹ 87.05 lakh as detailed below: -

Table No. 24
Inflated Utilisation Certificate

(Amount in ₹)

Sl.No.	Name of ULB	Letter No. of U.C.	Amount for which U.C. furnished	Actual expenditure incurred as per Cash Book	Excess for which U.C. furnished
1	Bhabhua NP	381 dt. 30/07/2007	1564380	1096916	467464
2	Jehanabad NP	10 dt. 17/01/2007	3886941	2832654	1054287
3	Maharajganj NP	50 dt. 09/03/2007	578225	277500	300725
4	Hazipur NP	1694 dt. 09/11/2009	9241159	4324352	4916807
5	Sugauli NP	282 dt. 22/03/2010	4553382	2587267	1966115
Total			19824087	11118689	8705398

(c) Un-realistic utilisation certificate

State Government submitted (March 2010) utilisation certificate of ₹ 127.80 crore to Ministry of Finance, Government of India just after release of fund to different ULBs, which was not realistic because the fund was simply transferred to different ULBs rather made expenditure.

In respect of the above mentioned points the department assured of better and realistic utilisation of grants before furnishing utilisation certificates to the grant sanction authority.

5.11 Monitoring

Every state would constitute a High Level Committee (HLC) to ensure proper utilisation of Local Bodies Grants. The HLC comprising the Chief Secretary of the State Government as head and the Finance Secretary and the Secretary of concerned department as members, was responsible for the following:-

(i) Approval of the projects, quantify the targets, both in physical & financial terms and lay down a time table for achievement of specific milestones.

(ii) Monitoring both physical and financial targets and ensuring adherence to the specific conditional ties in respect of each grant, wherever applicable.

Further, the HLC would meet at least once in every quarter to review the utilisation of grants and to issue directions for mid course corrections, if considered necessary.

Though the Chief Secretary convened 16 meetings of HLC for review of utilisation of the T.F.C. grant during 2005-10 but Physical and Financial targets were not monitored, targets were not quantified for which HLC was responsible. The HLC only stressed for furnishing utilisation certificate and failed to monitor the utilisation of grants in proper way. State Government too did not monitor the work of the ULBs and the ULBs also did not furnish any comprehensive schemes to the State Government.

Thus due to lack of proper monitoring by the HLC as well as State Government most of the Grant were not utilised within such long period of five years.

The department said that regular meetings are now being held to make everyone accountable. Districts are being allocated among the officers to have a better monitoring mechanism. Physical and financial targets are being monitored. Also, compliance to audit reports would be treated as an item of monitoring.

5.12 Action Taken by the State Government on Earlier Examiner's Reports

It was mentioned in Para 2.3.1.3 and 5.5 of Report of the Examiner of Local Accounts, Bihar for the year 2006-07 and Para no. 2.9 and 5.8 of the year 2007-08 regarding utilisation of the TFC grant. The reports were submitted to the Government of Bihar on 20 October 2008 and 6 October 2009 respectively.

The system deficiencies pointed out in the earlier Reports of the Examiner of Local Accounts, Bihar such as diversion of funds, incomplete /abandoned schemes, nil expenditure under SWM, E-Governance in many ULBs of the State persisted up to March 2010.

5.13 Conclusion

There was substantial shortfall in utilisation of Twelfth Finance Commission Grants every year besides diversion of funds to other non specified works. Major portion of the grants remained unutilised. The waste processing facilities and landfill sites did not exist; as a result, open dumping was done in all the test checked ULBs. Despite availability of funds, creation of data base and computerisation of accounting were not done even after lapse of grant period. Irregularities in utilisation of grants and diversion of funds were also noticed. Ward wise distribution of grants for selection of scheme to that extent was also noticed which was irregular.

5.14 Recommendations

The Solid Waste (Management and Handling) Rules, 2000 with regard to segregation of waste, storage, transportation, processing and disposal should be fully complied with.

- High Level Committee after regular review should ensure immediate full utilisation of unutilised grant in proper way.
- Creation of database and computerisation of accounting should be ensured with the remaining fund.
- Optimum utilisation of the assets created and its proper maintenance should be ensured.
- Installment of grants released to the ULBs but could not be credited in concerned ULB's account and lapsed should be immediately released.

CHAPTER – VI

CONCLUSION AND RECOMMENDATIONS

6.1 Conclusion

The position of management of finances of accounts in ULBs is far from satisfactory. Non-adherence to Accounting and Budgetary procedures weakened the system of internal controls. The maintenance of Accounts and Records was deficient as all the transactions were not compiled. Even basic records such as Govt. Grant Register, Loan Register, Advance Ledger, Deposit Ledger, Asset Register, etc. were either not maintained or improperly maintained.

Loss of revenue due to delay in assessment/under assessment of taxes, non/short accountal of receipts reflect non-observance of the provisions of Acts/Rules.

Infructuous expenditure and poor utilisation of grant, blockage of fund, improper implementation of scheme, etc. were noticed. Thus, the objectives for which development grants were released by the Government to the ULBs were defeated.

6.2 Recommendations

The ULBs may prepare Annual Account and realistic budget in the prescribed format. Internal control systems and financial management may be strengthened and accountability may be fixed for lapses in budgetary control and implementation of schemes. Transfer of functionaries and fund may be made

effective. Maintenance of basic records should be ensured. Enhancement of manpower in the ULBs is needed through regular appointment. Close monitoring and periodical evaluation of achievements of schemes is required.



Place: Patna
Date: 16.12.2013

(Azhar Jamal)
DAG (SS-I)-cum-Examiner, LAD
Bihar, Patna.

Countersigned



Place: Patna
Date: 16.12.2013

(P.K. Singh)
Accountant General (Audit),
Bihar, Patna.

Appendices

APPENDIX-I**Statement Showing Amount Recovered at the Instance of Audit**

(Reference: Para-1.7/Page No.6)

Sl. No.	Name of ULBs	Amount (₹in lakh)	A.R. No. (Para No)
1	Bahadurganj	0.66	542/10-11 (24)
2	Barahia	0.10	205/11-12 (24)
3	Biharsharif	0.19	602/10-11 (45)
4	Daudnagar	0.20	658/10-11(53)
5	Gopalganj	10.00	184/11-12 (38)
6	Hajipur	0.93	226/11-12 (31)
7	Islampur	0.59	165/11-12 (22)
8	Maharajganj	0.14	643/10-11 (20)
9	Mairwa	0.05	664/10-11 (21)
10	Murliganj	0.97	554/10-11 (21)
11	Patna	9.11	722/10-11 (31)
12	Revelganj	0.05	58/11-12 (23)
	TOTAL	22.99	

APPENDIX-II

Statement Showing The Position of Fund Flow in 56 ULBs

(Reference: Para No.2.1/Page No. 8)

(₹ in Lakh)

Sl No.	Name of ULB	Opening Balance	Receipt	Total	Expenditure	Closing Balance	Remarks
1	Ara	3572.04	904.33	4476.37	745.57	3730.80	
2	Araria	92.06	629.74	721.80	237.43	484.37	
3	Aurangabad	110.34	756.47	866.81	383.74	483.07	
4	Bagha	53.38	233.86	287.24	77.55	209.69	
5	Bahadurganj	61.30	240.13	301.43	205.03	96.40	
6	Bairgania	27.53	188.50	216.03	89.92	126.11	
7	Barahiya	19.22	148.62	167.84	106.21	61.63	
8	Barh	51.06	741.27	792.33	194.38	597.95	
9	Begusarai	1386.84	789.30	2176.14	775.85	1400.29	
10	Bettiah	N.A	1203.91	N.A	1149.43	N.A	
11	Bhabhua	326.71	941.09	1267.80	1035.00	232.80	
12	Bhagalpur	4514.10	3290.23	7804.33	3310.20	4494.13	
13	Biharsarif	1681.24	910.62	2591.86	589.84	2002.02	
14	Bodh Gaya	36.90	400.07	436.97	172.11	264.86	Consolidated 2007-08 to 2009-10
15	Buxar	119.30	646.57	765.87	431.65	334.22	
16	Chanpatia	57.88	278.00	335.88	186.26	149.62	
17	Chapra	284.17	1014.94	1299.11	784.92	514.19	
18	Darbhangha	1867.97	2154.97	4022.94	1194.79	2828.15	
19	Daudnagar	30.90	356.05	386.95	175.47	211.48	
20	Dehri-Dalmianagar	198.77	485.44	684.21	276.41	407.80	
21	Dighwara	75.01	127.23	202.24	49.04	153.20	
22	Dumra	12.32	180.37	192.69	111.27	81.42	Consolidated 2006-07 to 2009-10
23	Dumraon	164.86	104.17	269.03	80.09	188.94	
24	Gaya	1940.33	2203.27	4143.60	1371.30	2772.30	
25	Gopalganj	195.50	677.46	872.96	520.64	352.32	

Sl No.	Name of ULB	Opening Balance	Receipt	Total	Expenditure	Closing Balance	Remarks
26	Hajipur	291.14	1033.25	1324.39	874.85	449.54	
27	Hilsa	99.00	850.63	949.63	751.95	197.68	
28	Hisua	39.90	205.10	245.00	156.91	88.09	
29	Islampur	54.47	371.19	425.66	240.87	184.79	Consolidated 2007-08 to 2009-10
30	Jamalpur	110.67	854.20	964.87	674.50	290.37	
31	Jehanabad	174.37	777.44	951.81	479.07	472.74	
32	Katihar	347.52	342.41	689.93	385.30	304.63	
33	Kesaria	0.00	129.07	129.07	54.81	74.26	
34	Khagaria	9.31	302.36	311.67	11.36	300.31	
35	Khagaul	99.27	415.32	514.59	300.71	213.88	
36	Koath	12.22	197.42	209.64	139.78	69.86	
37	Lakhisarai	283.08	963.38	1246.46	748.13	498.33	
38	Maharajganj	8.73	122.05	130.78	62.16	68.62	
39	Mahnar	34.18	314.27	348.45	224.08	124.37	
40	Mairwa	26.80	307.50	334.30	199.70	134.60	
41	Masaurhi	103.86	407.75	511.61	368.04	143.57	
42	Munger	396.35	913.36	1309.71	472.43	837.28	
43	Murliganj	15.21	128.41	143.62	112.26	31.36	
44	Muzaffarpur	1429.95	2447.02	3876.97	1470.98	2405.99	
45	Nirmali	9.26	97.39	106.65	55.28	51.37	
46	Patna	N.A	N.A	N.A	N.A	N.A	
47	Purnea	1075.53	1959.56	3035.09	1165.28	1869.81	
48	Rafiganj	6.14	80.30	86.44	87.21	-0.77	
49	Rivilganj	19.03	310.13	329.16	115.21	213.95	
50	Sahebganj	N.A	76.06	N.A	10.96	N.A	
51	Sasaram	180.23	1183.42	1363.65	594.54	769.11	
52	Shahpur	34.79	45.77	80.56	35.11	45.45	
53	Sherghati	40.35	270.30	310.65	164.81	145.84	
54	Sitamarhi	106.37	436.21	542.58	251.31	291.27	
55	Sugauli	96.61	126.81	223.42	144.28	79.14	
56	Warsaliganj	32.80	129.64	162.44	132.71	29.73	Consolidated 2006-07 to 2009-10
TOTAL		22016.87	35404.33	56141.23	24738.69	32562.93	

APPENDIX-III

**Statement Showing Holding Taxes Outstanding Against Buildings
Owned by Government Department as on 31 March 2010**

(Reference: Para No.2.2.2/Page No. 8)

Sl. No.	Name of ULB	Audited Period	Amount (₹ in Lakh)	A.R.No. (Para No)
1	Araria	2008-09 to 2009-10	19.68	163/11-12(20)
2	Begusarai	2009-10	31.01	70/11-12(19)
3	Bhagalpur	2009-10	261.76	560/10-11(19)
4	Biharsharif	2009-10	80.48	602/10-11(23)
5	Chanpatia	2007-08 to 2009-10	3.93	692/10-11(11)
6	Gaya	2009-10	26.22	513/10-11(16)
7	Gopalganj	2008-09 to 2009-10	36.18	184/11-12(18)
8	Hilsa	2008-09 to 2009-10	10.35	69/11-12(16)
9	Hisua	2007-08 to 2009-10	0.92	250/11-12(16)
10	Khagaria	2008-09 to 2009-10	5.92	731/10-11{9(1)}
11	Khagaul	2008-09 to 2009-10	46.02	636/10-11(14)
12	Lakhisarai	2008-09 to 2009-10	16.44	726/10-11{9(1)}
13	Mahnar	2006-07 to 2009-10	2.46	623/10-11(16)
14	Mairwa	2006-07 to 2009-10	2.70	664/10-11(12)
15	Muzaffarpur	2009-10	227.86	688/10-11(13)
16	Purnea	2009-10	454.43	21/11-12(16)
TOTAL			1226.36	

APPENDIX-IV

**Statement Showing Non-Realisation of Holding Taxes
Outstanding Against Private Buildings
(Reference: Para No.2.2.3/Page No. 9)**

Sl.No.	Name of ULB	Period of Audit	Amount (₹ in Lakh)	A.R.No.(Para No)
1	Barh	2008-09 to 2009-10	37.31	25/11-12{16,i}
2	Bhagalpur	2009-10	478.28	560/10-11{18 (1)}
3	Biharsharif	2009-10	499.51	602/10-11(15)
4	Chanpatia	2008-09 to 2009-10	4.34	692/10-11(11)
5	Darbhangha	2009-10	719.53	39/11-12(17)
6	Gaya	2009-10	524.69	513/10-11(16)
7	Hisua	2007-08 to 2009-10	2.16	250/11-12(13)
8	Katihar	2009-10	77.87	26/11-12(14)
9	Khagaria	2008-09 to 2009-10	8.00	731/10-11(9)
10	Khagaul	2008-09 to 2009-10	21.51	636/10-11(13)
11	Lakhisarai	2008-09 to 2009-10	181.30	726/10-11(9)
12	Muzaffarpur	2009-10	230.53	688/10-11(12)
13	Nirmali	2006-07 to 2007-08	26.52	566/10-11(11)
14	Rafiganj	2007-08 to 2009-10	8.70	588/10-11(6)
Total			2820.25	

APPENDIX-V**Statement Showing Details of Shop Rent Outstanding**
(Reference: Para No.2.2.4/Page No. 9)

Sl. No.	Name of ULB	Period of Audit	Outstanding Rent (₹ in Lakh)	AR. No. (Para No)
1	Araria	2008-09 to 2009-10	0.67	163/11-12(21)
2	Bettiah	2008-09 to 2009-10	1.24	547/10-11(16)
3	Dehri Dalmia Nagar	2008-09 to 2009-10	15.78	64/11-12(20)
4	Dumraon	2008-09 to 2009-10	2.70	164/11-12(16)
5	Gaya	2009-10	18.32	513/10-11(21)
6	Gopalganj	2008-09 to 2009-10	7.82	184/11-12(16)
7	Hisua	2007-08 to 2009-10	2.47	250/11-12(15)
8	Katihar	2009-10	70.65	26/11-12(17)
9	Sasaram	2008-09 to 2009-10	31.31	558/10-11 {12(i)}
10	Sherghati	2007-08 to 2009-10	20.77	147/11-12(13)
TOTAL			171.73	

APPENDIX-VI

**Statement Showing Passing of Maps without Obtaining NOC from PRDA(Dissolved)
(Reference: Para No.2.4/Page No. 10)**

Sl. NO.	Name of the place and Plot of PRDA	Name of the person/Date of lease	Premium Amount	Name of the buyer / Date	Present plot holder / Date	Type of Building	Name of the map passing architect	Value of land (of column 2)	50% of Mutation amount (9 – 4)	Name of Architect/Engineer who prepared map
1	2	3	4	5	6	7	8	9	10	11
1	PMC/Rajendra Nagar(R)-01/10 dated 21/4/10 105B, Block A Rajendra Nagar	Smt. Chummi Devi 05/10/1962	9400.69	Sri Prabhat Kumar Prasad, Sri Santosh Kumar, Sri Ratan Kumar & Alok Kumar/08.0210	as on column 5 & M/s Shiv Aradhana Developers Pvt. Ltd./agreement in 2009	G + 4 floor	Sri Madhu Shree Raut 20/2009	5220000	2605299.66	Shailesh Ranjan (according to development agreement)
2	AKS-201-PMC/100/22.12.09 M218 SectorM2 Sri Krishnapuri	Sri Ashwani Kumar Sinha in the year 1962	9600.00	Sri Ramesh Prasad 03/12/07	Sri Ramesh Prasad	G + 2 floor	Sri Arun Kumar Singh, 15/2009	2431000	1210700	-do-
3.	13699/38/R-04-15/30.06.10 49 Block C, Rajendra Nagar Road No.10	Sri Parmanand Prasad in the year 2002	50419.00	-	Sri Ramanand Prasad & Jascon Buildcon Pvt. Ltd. (15/12/09)	G + 5 floor	Sri Sunil Kumar 38/2009	2378000	1163790.50	Shyam Prasad 35/2009
4	25514/06/R-05-07/29.01.10 142A, Block B, Rajendra Nagar	Sri Shyam Bihari Mishra in 07/06/90	70000.00	-	Sri Shyam Bihari Mishra & M/s Shreya Construction Patna (22/05/09)	G + 4 floor	Sri Amit Kumar 06/2009	5115000	2522500	Praddeep Kumar
5	PRN-4-12/101/2010/13.02.10 51-E, Block C, Rajendra Nagar	Sri Parmeshwar Prasad Singh 15/05/1982	44462.00	Sri Amarnath Singh 14/07/2009	Sri Amarnath Singh	G + 3 floor	Sri Arun Kumar 12/2009	4216000	2085769	Shailesh Ranjan Pathak

Sl. NO.	Name of the place and Plot of PRDA	Name of the person/Date of lease	Premium Amount	Name of the buyer / Date	Present plot holder / Date	Type of Building	Name of the map passing architect	Value of land (of column 2)	50% of Mutation amount (9 – 4)	Name of Architect/Engineer who prepared map
1	2	3	4	5	6	7	8	9	10	11
6	13699/38/R-05-116.04.10 Block 3 type-I, Rajendra Nagar	Srimati Satwati Singh 16/09/61	9459.98	-	Srimati Satwati Singh & Hope Homes & Finance Pvt Ltd, Patna (18/06/07)	G + 4 floor	Sri Sunil Kumar 38/2009	3030157	1510348.51	Shailesh Ranjan
7	19721/35/R-05-06/19.04.10 45, Block C, Rajendra Nagar, Road No.10B	Sri Sudena Mukherji 05/02/1962	6354.31	Sri Arun Kumar Basant 11/03/98	Sri Arun Kumar Basant & Ashok Kumar Sinha (Replica Pvt. Lid 12/08/2009	G + 4 floor	Sri Shyam Prasad 35/2009	3492000	1742822.85	Sunil Kumar 38/2009
8	P/Rajendra Nagar/PRN-5-038 HA6 (ix) 8.4.10, 228C, Block B Rajendra Nagar	Srimati Zamila Khatoon 01/08/1986	6001.83	Sri Hannan,Srimati Shabiha Rahman, Srimati Waziha Khatoon & Srimati Safiha Khatoon 22/02/10	as on column 5 & M/s Silver Eogtoon Pvt Lid Builder & Developer	G + 4 floor	Sri Pradip Kumar Sinha 26/2009	3000000	1496999.09	Pawan Kumar
TOTAL									14338229.61	

APPENDIX-VII

**Statement Showing Loss of Revenue Due to Non-Recovery of Penalty on Compound Fee
(Reference: Para No.2.5/Page No. 10)**

Sl No	Plan Case No.	Building name	Original Map Approval Date	Approved for	Revised Map Submitted for	Date of approval of revised map by PRDA (Dissolved)	Compounding and other fee calculated By the PRDA (dissolved) plus penalty	Compound ing & other fee received	Loss	Remarks
1	P/Shekhapura/PR N-5-981/06	Shiv Radhika complex	17/07/07	G+4 floor	G+5 floor	29/05/09	612174	102029	510145	NOC from Airport Authority given upto 19.11m but in plan approval of 19.40m given. Road in front of building in 12m as such approval of construction above 15m could not to be given.
2	P/Dhakampur/PR N-5-1205/01	Asha Apartment Boring Road	11/4/02	B+G+4 floor (Height 74.95 metres)	B+G+4 floor (Height 74.85 metres)	2/11/09	1369962	30751	1339211	NOC from Fire Brigade office was not obtained.
3	P/Dhakampur/PR N-5/195/08	Anil Kr Singha Punai Chowk	10/11/08	B+G+4 floor	B+G+5 floor	13/06/08	759330	NIL	759330	Approval of B+G4 floor 14.85m height blg approved on 10/11/08. NOC taken from Fire Brigade office on the ground that front road which was 12 feet was to be increased to 20 feet. Later blgd revised to B+G5 floor and approval taken on 13/06/09 but no NOC taken from Fire Brigade office.
4	P/Mohrampur/PR N-6-1183/02	Hemendra Kr Singh	30/5/05	B+G+4 floor	B+G+6 floor	12/06/08	927560	NIL	927560	NOC from Fire Brigade office was not obtained.
5	P/Durga/PRN-11-449/07	Navneet Jhunjhunwala	25/5/08	G+5 floor	G+8 floor	30/4/09	100000 (Building fee)	25000	75000	NOC for increased height not taken from Fire Brigade office. Not recognised by Water Resource Deptt. Certificate of structural engineer for const. of additional 3 floors not obtained.
6	P/Mohrampur/P RN-9-532/07	Navneet Jhunjhunwala	3/2/01	B+Lower G floor+Upper G floor+4 floor	Basement+ lower G floor+Upper G floor+5 floor	18/5/09	995958	165993	829965 +93341*	NOC from Airport Authority and Fire Brigade office not taken. * this amount was not recovered earlier .
7	PCN-4/439/06	Plot no .D5/2 Lohianagar (Housing Board Plot) Plot of Sri Upendra Prasad Singh	19/2/02 (Lease deal forty years) 14/11/06	B+G+2 floor (Commercial)	B+G+4 floor	22/5/09	474258	79043	395215	NOC from Awas Board not taken.
Total									4929767	

APPENDIX-VIII

**Statement Showing Details of Advertisement Tax/ Royalty Outstanding
Computed on The Basis of Notice Issued on 27/07/2009
(Reference: Para No.2.6.1/Page No. 11)**

(Amount in ₹)

Sl.No.	Name of Advertising agency	Registration No. P.N.N	Royalty total demand	Royalty amount deposited	Royalty outstanding
1	Adcare	27/08	83,308	3,492	79,816
2	Bandhu Brothers	08/08	9,21,528	67,217	8,54,311
3	Central Adv. Agency	06/08	6,48,360	82,770	5,65,590
4	Jayanti Adv. Agency	29/08	57,392	1,688	55,704
5	Dristi	26/08	1,99,500	16,200	1,83,300
6	Craft	09/08	2,13,384	35,000	1,78,384
7	Klick	04/08	11,74,248	93,927	10,80,321
8	Craft Outdoor Media Pvt. Ltd.	11/08	14,46,408	1,50,000	12,96,408
9	Modern Adv. Media	25/08	3,82,200	26,889	3,55,311
10	Modern Ad Agency	23/08	4,76,880	19,870	4,57,010
11	Nilgiri Publicity	22/08	8,55,000	1,02,335	7,52,665
12	Narmada Publicity	21/08	7,46,400	72,400	6,74,000
13	Pratibha Advertising	19/08	14,12,856	1,08,869	13,03,987
14	Shalini Media Consultant	28/08	6,68,999	71,665	5,97,334
15	Sailbhel	05/08	11,50,248	87,927	10,62,321
16	Sign Media	31/08	2,60,520	26,235	2,34,285
17	Somdatt Creations	30/08	1,63,080	6,795	1,56,285
18	Sri Bihari Neon Signs	13/08	3,17,856	37,128	2,80,728
19	Sumitra Adv. & Marketing Services	10/08	2,47,584	29,218	2,18,366
20	Trimurti	07/08	5,70,804	50,576	5,20,228
21	Tribero	12/08	96,000	14,000	82,000
22	Adam Media & Relation Pvt. Ltd.	17/08	3,97,647	1,50,000	2,47,647
23	Lucky	20/08	93,220	3,880	89,340
24	View Point	24/08	1,25,064	5,211	1,19,853
25	Magadh Adv. Bureau	45/08	23,17,096	2,84,640	20,32,456
26	P.T.N.	15/08	23,29,352	1,74,852	21,54,500
Total			17354934	1722784	15632150

APPENDIX-IX

**Statement Showing Details of Blockage of Fund
(Reference: Para No.2.10.1/Page No. 15)**

Sl. No.	Name of ULB	Period	Amount (₹ in Lakh)	Remarks	AR. No. (Para No.)
1	Aurangabad	2008-09	70.00	Civic amenities	740/10-11 {7(iii)}
2	Barh	2008-09 to 09-10	428.10	Water supply, Administrative Building, E-Governance, const. of Ghat & XII FC	25/11-12(8)
3	Begusarai	2009-10	107.29	BRGF	70/11-12(24)
4	Bhabhua	2008-09	38.58	Constn. of Pokhar/Ghat/ Park etc.	148/11-12(30)
5	Bhagalpur	2009-10	38.47	XIth FC, hand tubewell, excavator	560/10-11(10)
6	Biharsharif	2009-10	345.71	BRGF	602/10-11(39)
7	Darbhanga	2009-10	2812.64	Xth FC, XIth FC, XIIth FC, BRGF, SJSRY, NSDP, Balika Samridhi Yojana, Civic amenities, NUIS & NUDS&I, assistance grant for const. of drains and roads, const. of administrative & technical bldg	39/11-12(10)
8	Daudnagar	2006-07 to 2009-10	17.92	Water supply	658/10-11(40)
9	Dighwara	2007-08 to 2009-10	51.06	IDSMT, Basic Infra, NSDP	76/11-12 {9(iv)}, 9 (ii)
		2008-09	11.45	Water supply	
10	Gaya	2009-10	2646.40	NSDP, SJSRY, XIIth FC, BPL Survey etc.	503/10-11(9)
11	Gopalganj	2008-09	38.79	Administrative Building	184/11-12(22)
12	Jehanabad	2006-07	19.93	IDSMT	742/10-11/(10)
		2007-08	38.79	Construction of Admn. Building	
13	Katihar	2007-08 to 2009-10	66.99	NSDP, MLA/MP Fund, Balika Samridhi Yojana, Surface drain etc.	26/11-12/{8(ii)}, 13
14	Khagaria	2006-07 to 2009-10	83.04	XI th FC, Sanitary equipment Admn. Building Hand pump const. of Pokhar & Ghat	731/10-11/{7(i)}
15	Maner	2008-09	50.50	IDSMT, const. of Pond, Ghat, Park etc.	83/11-12/8 (ii) & (iii)
		2008-09	5.47	SJRY	
16	Patna	2009-10	131.65	Xith FC	722//11-12{9(iii)}
17	Revelganj	2006-07 to 09-10	200.72	XI FC, XII FC, Sanitary equipment const. of road, water supply Admn. building BRGF	88/11-12/{8(ii)}
18	Sahebganj	2008-09	37.37	Water supply, Const. of Drain & Road	66/11-12/(7)
		2008-09	23.22	XIIth FC, BRGF	
19	Shahpur	2008-09 to 2009-10	3.56	SJSRY	647/10-11/(9)
		2009-10	5.48	NSDP	
		2008-09 to 2009-10	15.92	BRGF	
		2007-08 to 2008-09	7.98	XII th FC	
TOTAL			7297.03		

APPENDIX-X

Statement Showing Bills Without Serial No./Date/Signature of Shopkeeper etc.

(Reference: Para No.4.4.3/Page No. 25)

Sl.No.	Name of Agency	Bill No.	Date	Regn. No.	Amount (in ₹)	Remarks
1	A to Z home material	62	-	10031010076	6569.00	11th FC
2	do	54	-	do	6569.00	Do
3	do	57	-	do	6569.00	Do
4	do	61	-	do	6569.00	Do
5	do	59	-	do	6569.00	Do
6	do	56	-	do	6569.00	Do
7	do	64	-	do	6569.00	Do
8	do	50	-	do	6569.00	Do
9	do	51	-	do	6569.00	Do
10	do	55	-	do	6569.00	Do
12	do	-	03/07/05	do	6569.00	Do
13	do	-	26/04/05	do	6569.00	Do
14	do	-	26/04/05	do	6569.00	Do
15	do	-	15/05/05	do	6569.00	Do
16	do	36	01/06/05	do	6569.00	Do
17	do	-	26/04/05	do	6569.00	Do
18	do	37	01/06/05	do	6569.00	Do
19	do	34	26/04/05	do	6569.00	Do
20	do	-	07/05/05	do	6569.00	Do
21	do	-	01/05/06	do	6569.00	Do
22	Sanjay Machinery	19	-	10030235046	6185.07	Do
23	Sanjay Machinery	16	-	do	6185.07	Do
24	Sanjay Machinery	21	-	do	6335.47	Do
25	Sanjay Machinery	22	-	do	6176.38	Do
26	Sanjay Machinery	23	-	do	6410.23	Do
27	A to Z home material	-	-	10031010076	6569.00	Do
28	A to Z home material	23	-	do	6569.00	Do

Sl.No.	Name of Agency	Bill No.	Date	Regn. No.	Amount (in ₹)	Remarks
29	Sanjay Machinery	20	-	do	6568.76	Do
30	do	18	-	do	6648.76	Do
31	do	17	-	do	6183.57	Do
32	do	18	-	do	6648.76	Do
33	do	17	-	do	6183.51	Do
34	Shiv Shakti building material	-	07/06/08	-	23583.50	12th FC
35	Pratap bricks	-	20/08/07	-	10092.00	State Scheme
36	Jai Maa Ganga Enterprises	29	10/11/06	-	19885.00	Do
37	Vikas Battery & Repairing Works	-	03/09/08	-	37440.00	Solar light
38	do	-	03/09/08	-	37440.00	12th FC
39	do	-	29/08/08	-	78000.00	Do
40	Prabhat It Udhyog	963	-	-	100062.00	State Scheme
41	Prajapati building material	-	-	-	58650.00	State Sch.no.3 (no Sign)
42	do	-	22/08/08	-	92827.00	Do
43	Vikas Battery & Repairing Works	-	21/08/08	-	78000.00	12th FC Solar light(ward -14)
44	Rohit furniture	-	15/12/06	-	11100.00	Furniture
45	Dara baba building	-	15/11/06	-	38798.00	State Sch.no.5
46	do	83	-	-	5072.00	Do
47	Prakash furniture	-	-	-	2193.00	Do
48	Ajay Electric Centre	-	-	-	1550.00	Do
49	Vikas Battery & Repairing Works	-	30/04/09	-	12000.00	Battery for tractor
50	do	-	26/10/08	-	1530.00	Self's with for tractor
Grand Total					816266.08	

APPENDIX – XI

Statement Showing Unadjusted Advance

(Reference: Para No.5.8.2/Page No. 40)

Sl.No.	Name of UL Bs	Amount of Unadjusted Advance (₹)	Particulars
1	Thakurganj N Panchayat	15000	Sri Raghunath Prasad Sinha,J.E
2	Saharsa N Parishad	105000	For Six Schemes-J.E
3	Samastipur N Parishad	630000	Sri Arvind Kumar,J.E.for five Schemes
		320000	Sri A.K.Gupta ,accountant for one scheme
4	Darbhanga MC	120000	Sri Saud Alam,Assistant Engineer
5	Jamui N Parishad	57500	Sri Md.Sagir Ahmad,Sanitary Inspector
6	Chhapra N Parishad	1200000	Sri B.P. Singh,Cashier
7	Dighwara N Panchayat	10000	Sri K.M.Prasad,Tax Daroga
		15000	Sri T.Mahto,Safai Jamadar
Total		2472500	

APPENDIX – XII

**Statement Showing Non-Submission of Utilisation Certificate
(Reference: Para No.5.10/Page No. 41)**

Sl.No.	Name of Unit	Actual amount of expenditure (₹)	Amount for which U.C. furnished (₹)	Short (₹)
1	Patna MC	142637521	117481881	25155640
2	Darbhangha MC	19509750	11522433	7987317
3	Chhapra N Parishad	11865098	8453661	3411437
4	Jamui N Parishad	8786882	2351647	6435235
5	Jehanabad N Parishad	10693140	3886941	6806199
6	Bhabhua N Parishad	2811430	1564380	1247050
7	Saharsha N Parishad	4588210	1209250	3378960
8	Sheikpura N Parishad	3189092	2140301	1048791
9	Sonepur N Panchayat	2574487	833911	1740576
10	Dighwara N panchayat	2302901	684901	1618000
11	Jhanjharpur N Panchayat	1458593	1237516	221077
12	Dhaka N Panchayat	3158886	2401625	757261
13	Nokha N Panchayat	2115948	743007	1372941
14	Piro N Panchayat	1997932	1828465	169467
15	Warsaliganj N Panchayat	3321828	482761	2839067
16	Rafiganj N Panchayat	2497005	1355047	1141958
17	Kahalgaon N Panchayat	4274207	2618274	1655933
18	Naugachhia N Panchayat	3058824	0	3058824
19	Thakurganj N Panchayat	1804305	1244982	559323
20	Belsand N Panchayat	1438858	152000	1286858
TOTAL		234084897	162192983	71891914

APPENDIX XIII**Glossary of Abbreviations**

Sl.No.	Particulars	Details
1	AG	Accountant General
2	B &OLFAA	Bihar and Orissa Local Fund Audit Act
3	B&OMA,1922	Bihar and Orissa Municipal Act,1922
4	BD	Bank Draft
5	BMA	Bihar Municipal Act
6	BMAR	Bihar Municipal Accounts Rules
7	BRGF	Backward Region Grant Fund
8	C & AG	Comptroller and Auditor General of India
9	CMIDS	Chief Minister Integrated Development Scheme
10	CMUDS	Chief Minister Urban Development Scheme
11	CSS	Centrally Sponsored Schemes
12	DCO	District Certificate Officer
13	DDO	Drawing and Disbursing Officer
14	DLFA	Director Local Fund Audit
15	DM	District Magistrate
16	DPR	Detailed Project Report
17	ELA	Examiner of Local Accounts
18	EOI	Expression of Interest
19	ESC	Empowered Standing Committee
20	FC	Finance Commission
21	HLC	High Level Committee
22	HUDCO	Housing and Urban Development Corporation
23	IDSMT	Integrated Development for Small and Medium Towns
24	IHSDP	Integrated Housing and slum Development Programme
25	JE	Junior Engineer
26	LAD	Local Audit Department
27	LB	Local Bodies

Sl.No.	Particulars	Details
28	LFA	Local Fund Audit
29	MAR	Municipal Accounts Rules
30	MLA	Member of Legislative Assembly
31	MLC	Member of Legislative Council
32	MoU	Memorandum of Understanding
33	MP	Member of Parliament
34	NA	Not Applicable/Not Available
35	NGO	Non Government Organisation
36	NP	Nagar Parishad
37	NSDP	National Slum Development Programme
38	PCC	Plain Concrete Cement
39	PDRA	Public Demand Recovery Act
40	PF	Provident Fund
41	PL	Personal Ledger
42	PMC	Patna Municipal Corporation
43	PMCA	Patna Municipal corporation Act
44	PRDA	Patna Regional Development Authority
45	PRI	Panchayat Raj Institutions
46	PRUDA	Planning & Resources on Urban Development Affairs
47	RSVY	Rashtriya Sam Vikash Yojna
48	SDO	Sub Divisional Officer
49	SFC	State Finance Commission
50	SJSRY	Swarn Jayanti Shahri Rojgar Yojna
51	SRSWOR	Simple Random Sampling without Replacement
52	SWM	Solid Waste Management
53	TFC	Twelfth Finance Commission
54	UD & HD	Urban Development and Housing Department
55	ULBs	Urban Local Bodies

**FOR FURTHER SUGGESTIONS AND QUERIES, PLEASE CONTACT
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