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# Overview

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## 1 About this Report

This Report of the Comptroller and Auditor General of India (CAG) relates to matters arising from performance audit of selected programmes of Panchayat Raj and Rural Development (PR&RD) and Municipal Administration and Urban Development (MA&UD) departments implemented with involvement of Local Bodies along with compliance audit of PRIs and ULBs.

This report also contains overview of finances and accounts of local bodies and observations on financial reporting.

## 2 Significant Audit findings

This Audit Report includes results of one performance audit and three compliance audit paragraphs of PRIs and ULBs. Draft performance audit and compliance audit paragraphs were forwarded to Government and replies wherever received have been duly incorporated in the Report. Significant audit findings relating to their audits are discussed below.

### 2.1 Performance Audit on Infrastructural development in slums identified under IHSDP

*Integrated Housing and Slum Development Programme (IHSDP) is one of the components of Jawaharlal Nehru National Urban Renewal Mission (JNNURM) launched by Government of India (GoI) in December 2005 to encourage reforms and fast track planned development of identified cities. This programme combines the Valmiki Ambedkar Awas Yojana (VAMBAY) and National Slum Development Programme (NSDP) to bring about an integrated approach in improving the living conditions of urban slum dwellers by providing adequate shelters, amenities and community infrastructure. The programme is applicable to all the cities and towns as per census 2001 except those covered under JNNURM. The basic objective of the programme is to strive for holistic slum development with a healthy and enabling urban environment. Out of 27 projects sanctioned (2007-09) in the State for infrastructure development under IHSDP at a cost of ₹241.30 crore, ten<sup>1</sup> projects costing ₹110.43 crore were selected for detailed scrutiny based on the highest approved cost in each of the districts. Performance Audit of Infrastructural Development in slums identified under IHSDP revealed the following:*

*Programme was implemented in 27 non-notified slums, three hazardous/objectionable slums and 65 slums in private owned lands by incurring an expenditure of ₹44.93 crore in violation of Government orders.*

*(Paragraphs 4.6.1(iii, iv and v))*

<sup>1</sup> Anakapalli, Chirala, Kakinada, Kavali, Kurnool, Machilipatnam, Madanapalli, Narasaraopet, Pulivendula and Guntur (Pilot study)

*Preparation of Detailed Project Reports suffered from various deficiencies viz., non-inclusion of existing facilities/amenities in the slums, non-convergence with other departments etc.*

*(Paragraph 4.6.2)*

*Due to non-completion of housing components, infrastructure created at a cost of ₹16.38 crore in three layouts in Kakinada, Kavali and Madanapalli ULBs remained unutilised.*

*(Paragraph 4.7.2.1)*

*Due to non-availability of sites, construction of community utility centres and community toilets were not taken up. Further, eleven community utility centres constructed in test-checked projects were not put to use defeating the intended purpose.*

*(Paragraphs 4.7.2.5 & 4.7.4)*

*Despite completion of all the projects, State Level Nodal Agency (SLNA) retained an amount ₹57.10 crore as of March 2015 without refunding to the GoI/State Government.*

*(Paragraph 4.8.2)*

*Monitoring system was not effective as evident from shortfall in training programmes, non-conducting of social audits etc.*

*(Paragraphs 4.11.2, 4.11.3 & 4.11.4)*

*Despite implementation of various programmes/schemes for providing basic infrastructure facilities and improving conditions in the slums from time to time, de-notification process was not taken up by the ULBs of test-checked projects. The overall number of slums increased despite implementation of the programme.*

*(Paragraph 4.11.5)*

## **2.2 Compliance Audit Paragraphs**

### **2.2.1 Municipal Solid Waste Management (MSWM)**

*Government of India notified “The Municipal Solid Waste (Management and Handling) Rules 2000” in September 2000 to manage the increasing quantum of waste generated due to urbanisation. Pursuant to this, Government of the composite State of Andhra Pradesh formulated guidelines in June 2005 to promote awareness among the public about the principles of waste management and ensure that the cities and towns in the State are clean with high quality of public health.*

*Audit of implementation of Solid Waste Management (SWM) by Urban Local Bodies (ULBs) in Andhra Pradesh was conducted in five Municipal Corporations (Guntur, Kadapa, Nellore, Tirupati and Vijayawada) and four Municipalities (Adoni, Machilipatnam, Nandyal and Vizianagaram) in the State. It was observed*

*that ULBs have not been compliant with the Municipal Solid Waste (Management and Handling) Rules in several regards relating to collection, segregation, storage, processing and disposal.*

*Segregation of Municipal Solid Waste (MSW) was not done at source point and door-to-door collection of wastes was practiced sporadically.*

*(Paragraphs 5.1.4.2 (ii) & (iii))*

*Manpower was engaged and vehicles were procured in excess of requirement.*

*(Paragraphs 5.1.4.2 (v) & 5.1.4.3)*

*Appropriate technology was not adopted for processing of waste to minimize burden on landfill. Segregation of e-waste was not done either at source or at transfer station/dumping yard in any of the test-checked Municipalities/Corporations leading to environmental hazard.*

*(Paragraphs 5.1.4.4 & 5.1.4.4 (i))*

*There was no system for generation of power from garbage.*

*(Paragraph 5.1.4.5 (ii))*

*Monitoring mechanism was not adequate.*

*(Paragraph 5.1.4.6)*

## **2.2.2 Delayed remittances resulted in avoidable expenditure**

*Failure of the Society for Elimination of Rural Poverty (SERP) in remitting Provident Fund Contributions on time resulted in avoidable expenditure of ₹1.67 crore on damage charges and interest, besides incurring liability of ₹0.19 crore on pending charges.*

*(Paragraph 2.1)*

## **2.2.3 Avoidable late payment charges of ₹5.10 crore**

*Failure of Nellore Municipal Corporation to ensure payment of electricity bills in respect of eight High Tension services in time resulted in avoidable late payment charges to the tune of ₹5.10 crore.*

*(Paragraph 5.2)*