CHAPTER–V

Compliance Audit–ULBs

URBAN DEVELOPMENT AND HOUSING DEPARTMENT

Compliance Audit of Government Departments and their field formations brought out several instances of lapses in management of resources and failures in the observance of the norms of regularity, propriety and economy. For sound financial administration and control, it is essential that expenditure conforms to financial rules, regulations and orders issued by the competent authority. This not only prevents irregularities, misappropriation and frauds, but also helps in maintaining good financial discipline. Some of the audit findings on failure to comply with rules, orders etc. are discussed below.

5.1 Audit on Utilisation of Thirteenth Finance Commission Grants by Urban Local Bodies in the State of Jharkhand

5.1.1 Introduction

Under Article 275 of the Constitution of India, the Thirteenth Finance Commission (13 FC) recommended Grant-in-aid (GIA) to Urban Local Bodies (ULBs) for the period 2010-15 as a percentage of the previous year's divisible pool of taxes (over and above the share of the State). Ministry of Finance, Government of India (GoI) laid down (September 2010) guidelines for release and utilisation of grants on the basis of recommendation of 13 FC for rural and urban local bodies. Each of these grants had two components- a basic grant component and a performance based component. Thus, there were four sub-categories of grants which included General Basic Grant (GBG), General Performance Grant (GPG), Special Area Basic Grant (SABG) and Special Area Performance Grant (SAPG). The special area grant was a composite grant based on total population of special areas of the State. The period of 13 FC was 2010-15.

The ULBs functions under the administrative control of Urban Development and Housing Department (UD&HD), Government of Jharkhand (GoJ). The Municipal Commissioner/Executive Officer (EO) of the Municipal Corporation (MC)/Municipal Council or *Nagar Parishad* (NP) is appointed by the State Government and has executive powers for carrying out administration of the ULBs subject to the provisions of Jharkhand Municipal Act (JM Act), 2011 and any rules made there under. The setup of the ULBs includes a Council which is headed by the Mayor/Chairperson elected by the people. The members of committees/sub-committees of ULBs are elected from the elected Councillors.

Audit of utilisation of 13 FC grants by the ULBs covering the period 2011-2016 was conducted between April 2016 and August 2016 by test-check of records in the office of the UD&HD and in nine[1] out of 36 ULBs where elections have taken place. The ULBs were selected by stratified sampling and within each stratum, three ULBs were selected by Probability Proportional to

[1] **Municipal Corporations:** Deoghar, Dhanbad, Ranchi, ***Nagar Parishads:*** Chaibasa, Chatra, Dumka, Medininagar, Sahibganj, and ***Nagar Panchayat:*** Gumla.

Size sampling without Replacement. Besides, joint physical inspection of 33 works was also undertaken by audit.

An entry conference was held on 22 April 2016 with the Principal Secretary, UD&HD, GoJ to discuss the audit objectives, scope and methodology of audit. An exit conference was held on 2 March 2017 with the Joint Secretary, UD&HD, GoJ to discuss the audit findings. The replies of the Government have been suitably incorporated in the Report.

Audit Findings

5.1.2 Planning

As per Section 381 of JM Act, 2011, every Ward Committee comprising of the Councillor of the municipality representing the ward, the *Area Sabha* representative and not more than 10 persons representing the civil society of the ward nominated by the municipality shall prepare and submit every year a development plan for the ward along with an estimate of the expenditure to the municipality concerned. The municipality in turn shall prepare every year a development plan prioritising the projects on the basis of schemes beneficial to the municipality as a whole, those beneficial to a number of wards or for individual ward in that order for the municipal area for the next year. Further, each municipality shall also prepare a perspective five-year plan for its development.

5.1.2.1 Deficiency in planning

Audit noticed that Ward Committees were not constituted in the test-checked ULBs till February 2017. The development plans and perspective five-year plans as prescribed in the JM Act, 2011 were also not prepared.

In absence of planning majority of the works were selected and sanctioned by the HLMC at the department level without assessing the needs and aspirations of the people

In the absence of development plan, perspective five-year plan and Ward Committees, 299 works valued ₹ 457.55 crore were selected and sanctioned by the High Level Monitoring Committee (HLMC) in the State at the department level without prior approval of the Board of the concerned municipality and without assessing the needs and aspirations of the people.

As a result, 21 works estimated at ₹ 20.93 crore were cancelled due to public hindrance, absence of land, pre-existence of structure, stoppage of work on the recommendation of ward councillor etc. which ultimately resulted in poor utilisation of fund.

Further in the test-checked ULBs, 15 works estimated at ₹ 16.17 crore (out of 220 works valued ₹ 302.22 crore) were cancelled by HLMC while 42 works estimated at ₹ 113.41 crore could not be commenced as discussed in paragraph 5.1.4.2. This indicates that the selection of works were injudicious.

In the exit conference (2 March 2017), the Joint Secretary, UD&HD accepted the audit observations and stated that efforts would be made for constitution of Ward Committees at ULB level.

5.1.3 Financial Management

Entitlement and release of funds

The position of funds under 13 FC Grants provided by GoI to GoJ under general area for ULBs and special area composite grants for both ULBs and PRIs during 2010-15 is given in **Table-5.1.1**:

Table-5.1.1: Summary report of entitlement and release of funds

(₹ in crore)

Sub-Category	Entitlement	Released by GoI to GoJ	Shortfall in release of fund by GoI against entitlement	Released to ULBs by GoJ
GBG	278.34	278.86	Nil	281.58
GPG	147.33	18.32	129.01	18.32
Sub-total (General Area Grant)	**425.67**	**297.18**	**129.01**	**299.90**
Composite SABG (PRI & ULB)	175.00	122.50	52.50	22.00*
Composite SAPG (PRI & ULB)	122.50	101.97	20.53	27.80*
Sub-total (Special Area Grant)	**297.50**	**224.47**	**73.03**	**49.80**
Grand total	**723.17**	**521.65**	**-**	**349.70**

(Source: Copies of allotment letters issued by the department)

* Rest amount provided to *Panchayati Raj* Institutions

The GoI did not release 13 FC grant of ₹ 202.04 crore as State Government did not comply the mandatory conditions

As could be seen from Table-5.1.1, GoI released general area grant (GBG and GPG) of only ₹ 297.18 crore (70 *per cent*) against the entitlement of ₹ 425.67 crore during 2010-15. Further, against entitlement of special area composite grants (for PRIs and ULBs) of ₹ 297.50 crore, GoI released only ₹ 224.47 crore. Thus, the State lost 13 FC grant worth ₹ 202.04 crore which included ₹ 129.01 crore under GPG as ULBs share and ₹ 73.03 crore under special area composite share for both ULBs and PRIs.

It was noticed in audit that the performance grant under both general area and special area was not released by GoI as the State failed to comply with the mandatory conditions for release of performance grant such as adoption of accrual based accounting system, constitution of Director of Local Fund Audit and local body ombudsman, electronic transfer of fund to ULBs by the State, standardising service level benchmark etc. (**Appendix-5.1.1**). Further, delays in submission of Utilisation Certificates (UCs) by the State Government for 153 to 694 days also resulted in denial of general area performance grant as well as special area grant by GoI.

In the exit conference (2 March 2017), the Joint Secretary, UD&HD accepted the audit observation and stated that State Government tried to fulfil the mandatory conditions but could not achieve them within time which resulted in loss of grants.

5.1.3.1 Poor utilisation of available funds by the ULBs

To bolster the finances of ULBs, the 13 FC recommended transfer of grants-in-aid to ULBs in addition to their own tax revenues and other flows from State and Central Governments. These grants were untied to any conditions.

The percentage of utilisation of grants ranged between below three *per cent* and 51 *per cent* during 2011-16 in test-checked ULBs

Audit noticed that out of ₹ 210.51 crore provided by the State Government to the test-checked ULBs, only ₹ 106.37 crore (51 *per cent*) was utilised during 2011-16. Year-wise analysis of utilisation of grants in the test-checked ULBs revealed that percentage of utilisation of grants ranged between below three *per cent* and 51 *per cent* (**Appendix-5.1.2**). The main reasons for poor utilisation of fund were absence of planning, delayed release of fund by the State to ULBs, inaction on the part of ULBs to execute the works, imprudent selection of works, failure to complete the sanctioned works by the contractor etc. as discussed in paragraphs **5.1.2.1, 5.1.3.2 and 5.1.4.**

Poor utilisation of funds by the test checked ULBs deprived the people of intended benefits of the 13 FC grants.

In the exit conference (2 March 2017), the Joint Secretary, UD&HD accepted the audit observation and stated that steps would be taken for utilisation of funds by the ULBs to complete all pending works of 13 FC.

5.1.3.2 Delay in release of fund by the State to ULBs

As per Paragraph 4.2 of the guideline, funds received under 13 FC were to be transferred electronically to the ULBs by the State Government within five days of its receipt from GoI. In case of any delay, the State Government was required to release the instalment with interest, at the bank rate of Reserve Bank of India, for the number of days of delay.

The State Government released the 13 FC grants to ULBs with delays ranging from 24 to 962 days

Audit noticed that the State Government released the 13 FC grants to ULBs with delays ranging from 24 to 962 days. The delay was mainly due to receipt of fund from GoI at the fag end of the financial year and by that time the State Government prepared its budget. To draw the fund, the State Government made supplementary provision in the budget.

As a result of delay, State Government was required to pay ₹ 3.87 crore as penal interest but the Government paid (between March 2012 and September 2013) only ₹ 2.38 crore to the ULBs till February 2017 (**Appendix-5.1.3).**

Further, State Government directed (March 2012) the ULBs to utilise the interest amount for execution of new works after approval of the Board. However, the test checked ULBs did not utilise the penal interest worth ₹ 1.64 crore as of February 2017. Thus, by keeping the fund idle in municipal fund, the intended benefit of these funds could not reach the people.

In the exit conference (2 March 2017), the Joint Secretary, UD&HD accepted the audit observation and stated that instructions would be issued to ULBs for utilisation of penal interest on works duly selected by the Board.

5.1.3.3 Irregular distribution of grants to ULBs

The GoI released the 13 FC grants among the States considering the population, proportion of urban area, utilisation index of Finance Commission grants, per capita gross state domestic product and index of devolution. As per guideline, allocation of fund among various ULBs within the State was to be made by the respective States.

Audit noticed that GoJ distributed 13 FC grants among ULBs based on works sanctioned by the HLMC. During 2010-13, HLMC sanctioned works for only 15 out of 36 eligible ULBs and they received funds worth ₹ 73.13 crore while for the rest 21 ULBs, grants of ₹ 77.80 crore (22 *per cent* of total grants released by GoI) were made available only from January 2014 onwards. This indicated that GoJ did not ensure distribution of 13 FC grants among all the ULBs.

In the exit conference (2 March 2017), the Joint Secretary, UD&HD accepted the audit observation and stated that the department distributed grants to the ULBs as per works sanctioned by HLMC.

5.1.3.4 Irregular distribution of Special Area Grant

GoI allocated special area grant among 16 eligible States on per capita basis considering total population of special areas under these States. As per Paragraph 3.4 of the guideline, the States were required to allocate special area grant to the local bodies on the basis of proportionate population of special areas, without distinguishing between urban and rural areas.

Audit noticed that GoJ ignored the stipulated population weighted criteria for distribution of special area grant[2] and distributed it between RDD (PR) (for PRIs) and UD&HD (for ULBs) following the weighted criteria methodology, such as Index of Devolution, Area etc. of GoI which is applicable for distribution of general area grant among States.

Accordingly, UD&HD got ₹ 49.80 crore out of ₹ 224.47 crore released by GoI as special area grant to the State for distribution among 19 ULBs situated within special area of the State although the admissibility was only ₹ 30.00 crore. Further, UD&HD distributed the special area grant of ₹ 40.33 crore among 16 ULBs situated within special area and ₹ 9.47 crore among three ineligible ULBs[3] beyond the domain of special area. This deprived beneficiaries of at least three entitled ULBs[4] in which special area grant was not transferred by the State.

In the exit conference (2 March 2017), the Joint Secretary, UD&HD accepted that distribution of special area grant among ULBs was made as per criteria of General Area Grant.

5.1.3.5 Lapse/surrender of funds

- In NP, Chaibasa, ₹ 33 lakh released (January 2014) by UD&HD for construction of office building, installation of solar light and purchase of sanitary equipment lapsed as the ULB failed to draw the fund. Likewise, ₹ 5.04 lakh could not be credited to the municipal fund as UD&HD sent the demand draft to the ULB only after lapse of its validity.

- In NP, Dumka, ₹ 1.48 crore released (March 2011) for "Beautification of Shiv Pahar" was surrendered (January 2015) by the ULB after four years from date of its release as the work could not be started due to delay in technical sanction of DPR, failure to approve the bill of quantity and to finalise tender for the work.

Thus, due to lackadaisical attitude of the authorities, the intended objective of creation of asset of public utility remained unachieved.

In the exit conference (2 March 2017), the Joint Secretary, UD&HD accepted the audit observation.

5.1.4 Execution of works

As per guideline, the grants under 13 FC for ULBs and special areas were untied to expenditure condition. The 13 FC funds were intended to provide services of public utility such as water supply, sanitation, solid waste

---

[2] Thirteen out of 24 districts of Jharkhand covering 19 ULBs are completely within special area.

[3] Chirkunda NP, Dhanbad MC and Garhwa NP

[4] Chakuliya NP, Dumka NP and Saraikela NP

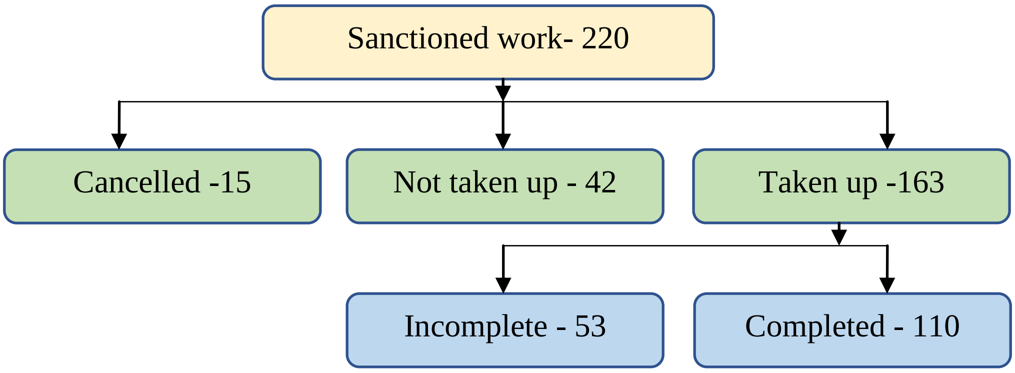
management, drainage, e-governance, transportation, strengthening of fire services and others etc.

In the State, HLMC sanctioned 299 works[5] valued at ₹ 457.55 crore during 2010-15 for 36 ULBs against the entitled fund of ₹ 475.47 crore under 13 FC from the GoI. However, the State received ₹ 349.70 crore from GoI as it could not comply with all the nine mandatory conditions to become eligible for receiving the performance grant during 2011-12 to 2014-15 as discussed in paragraph 5.1.3. This resulted in shortage of fund worth ₹ 107.85 crore to complete the sanctioned works.

As a result, 60 sanctioned works estimated at ₹ 256.66 crore could not be completed as only ₹ 148.81 crore was released for these works due to paucity of 13 FC fund. However, the department did not take any action to bridge the resource gap of ₹ 107.85 crore from the State fund or to complete these works by convergence with other ongoing schemes.

Further, in the test checked ULBs, 220 works valued ₹ 302.22 crore were sanctioned by the HLMC during 2010-15. Of this, 15 works valued ₹ 16.17 crore were cancelled while 42 works valued ₹ 113.41 crore could not be commenced. Out of the remaining 163 works taken up for execution, 53 works valued ₹ 126.36 crore were delayed between 91 and 937 days and lying incomplete (as of February 2017). On these incomplete works, an expenditure of ₹ 64.50 crore have been incurred. Details are represented through a flow diagram below.

Flow diagram showing status of work in test-checked ULBs



Audit also noticed misuse of the 13 FC grants worth ₹ 3.29 crore during test check of execution records of the sampled ULBs. These included fraudulent payment of ₹ 0.09 crore, irregular sanction of mobilisation advance ₹ 0.66 crore to contractors, irregularities in purchase of LED lights of ₹ 0.93 crore, avoidable payment of ₹ 0.57 crore, loss of ₹ 0.67 crore by making excess payment to contractors, unfruitful expenditure of ₹ 0.37 crore etc. as discussed in subsequent paragraphs.

In the exit conference (2 March 2017), the Joint Secretary, UD&HD accepted the audit observation and stated that efforts are being taken to complete these works by providing funds from 14 FC grants.

5 Audit worked out the figures on the basis of allotment letters of the department as UD&HD did not provide the number of works sanctioned under 13 FC

5.1.4.1 Incomplete works

In test-checked ULBs, 53 works estimated at ₹ 126.36 crore were delayed and lying incomplete despite expenditure of ₹ 64.50 crore

The following is an abstract of 163 works undertaken for execution during 2010-15 in the test-checked ULBs and works that remained incomplete as of February 2017.

Table-5.1.2 Physical status of work taken up in test-checked ULBs

(₹ in crore)

Sl. No.	ULB	Number of works taken up during 2010-15	Total exp.	Complete	Incomplete	Estimated cost of incomplete work	Expenditure on incomplete works
1	Chatra NP	02	0.37	01	01	0.24	0.16
2	Chaibasa NP	04	0.87	0	04	4.90	0.87
3	Deoghar MC	40	12.62	29	11	12.96	0.31
4	Dhanbad MC	21	16.05	04	17	15.00	10.85
5	Dumka NP	32	4.93	28	04	1.40	0.63
6	Gumla NP	11	2.27	10	01	0.20	0.15
7	Medininagar NP	02	1.72	01	01	4.21	1.23
8	Ranchi MC	36	37.05	25	11	35.44	21.48
9	Sahibganj NP	15	32.61	12	03	52.01	28.82
Total		**163**		**110**	**53**	**126.36**	**64.50**

(Source: Information furnished by the test-checked ULBs)

The main reasons for works remaining incomplete were unwillingness of contractors to complete the work, public hindrances, absence of encumbrance free land, mid-way stoppage of works by contractors due to price rise etc. Age analysis of incomplete works is presented in **Table-5.1.3**.

Table-5.1.3: Age analysis of incomplete works as of February 2017

ULB	No. of incomplete works	Incomplete for more than				
		Six years	Five years	Four years	Three years	Two years
Chatra NP	01	-	-	-	-	01
Chaibasa NP	04	-	-	-	-	04
Deoghar MC	11	08	-	-	-	03
Dhanbad MC	17	06	-	-	-	11
Dumka NP	04	-	03	-	-	01
Gumla NP	01	-	-	-	-	01
Medininagar NP	01	-	-	-	-	01
Ranchi MC	11	-	-	-	01	10
Sahibganj NP	03	01	-	01	-	01
Total	**53**	**15**	**03**	**01**	**01**	**33**

(Source: Information furnished by the test-checked ULBs)

It could be seen from the above table that 18 works were incomplete for more than five years while 35 works were incomplete for more than two to four years. However, the test checked ULBs did not take efforts to complete these works. As a result, the intended objectives of these works remained unachieved despite expenditure of ₹ 64.50 crore.

The Municipal Commissioners/EOs of all the test-checked ULBs accepted (March 2017) the audit observations and stated that steps would be taken to complete these works. However, the source of fund to complete these works was not furnished to audit.

In test-checked ULBs, ₹ 55.47 crore released for execution of 42 works remained blocked as these works could not be commenced due to public hindrance, absence of land, faulty preparation of DPR, failure to finalise tender, delay in release of fund etc.

5.1.4.2 Unsuccessful commencement of sanctioned works

Audit noticed that in the test-checked ULBs, 42 works estimated at ₹ 113.41 crore sanctioned between 2010-15 for construction of market complex, bus stand, marriage hall, town hall, park, installation of LED lights etc. could not be commenced till February 2017, though, ₹ 55.47 crore was released by the department for execution of these works during 2010-15 as detailed in **Table-5.1.4**.

Table-5.1.4: Statement showing parking of fund in test-checked ULBs

(₹ in crore)

Year of sanction of works	Number of works	Estimated cost	Amount released
2010-11	01	1.41	1.41
2011-12	01	0.20	0.20
2012-13	05	26.63	5.40
2013-14	18	31.60	25.08
2014-15	17	53.57	23.38
Total	**42**	**113.41**	**55.47**

(Source: Information furnished by the test-checked ULBs)

The main reasons for failure to take up construction of these works were public hindrance, absence of land, faulty/absence of preparation of Detailed Project Reports (DPR), delay in release of fund, failure to finalise tenders and purchase equipments to implement fire hazard and mitigation plan etc. As a result, the funds worth ₹ 55.47 crore released for these works remained blocked. Some of the major works in which funds were blocked with their causes are discussed in following paragraphs:

Absence of land

- In NP, Chaibasa, HLMC released (August 2012) ₹ three crore for renovation of a bus stand without ensuring the availability of land for the purpose. Audit noticed that acquisition of land in two villages for this purpose could not be done due to protest by villagers. Subsequently, it was decided (March 2016) to utilise 0.74 acres of land from the existing bus stand along with 2.01 acres of land from the Government bus stand abutting it. However, this decision was not implemented as the Transport Department, GoJ did not transfer the land to the ULB. As a result, the work could not be commenced till February 2017 while the entire amount of ₹ three crore released under 13 FC grant remained blocked in the municipal fund.

- In MC, Dhanbad, construction of a marriage hall in Hirapur valued at ₹ one crore was approved by HLMC in May 2014. However, the work was cancelled (October 2014) as the Municipal Commissioner failed to acquire land despite issuance (August 2013) of No Objection Certificate by the Circle Officer, Dhanbad. After cancellation of the work, HLMC again sanctioned (October 2014) it at a higher cost of ₹ 2.42 crore without specifying the site.

Audit noticed that the MC again selected the same site for its execution without ensuring availability of land and signed (March 2015) an agreement with a contractor. Despite repeated request (between July 2015 and May 2016) by the contractor, MC failed to provide land and as a result, the work could not be taken up. Ultimately, the contractor showed (June 2016) his inability to execute the work on the agreed rates due to price rise and requested cancellation of the agreement. Till February 2017, the MC neither cancelled the work nor took any action to commence the work. Thus, due to lackadaisical attitude of the municipal authorities, the intended asset of public utility could not be created in more than two years of its sanction while the entire fund released for the purpose remained blocked.

In the exit conference (2 March 2017), the Joint Secretary, UD&HD accepted the audit observations and stated that due to land acquisition problem, these three works could not be started.

Failure to finalise tender

In NP, Dumka, construction of marriage hall at Shiv Pahar valued at ₹ 2.42 crore was sanctioned by HLMC in May 2014. After opening of bid (March 2015) the tender committee found all the four bidders technically qualified but did not analyse their financial bids without assigning any reason. On request (October 2015) of bidders, NP released the performance security deposited by the bidders. Thus, failure to finalise the tender prevented commencement of the project in more than two years of sanction of the work while the entire amount of ₹ 2.42 crore remained unutilised.

Faulty preparation of DPR

HLMC sanctioned (October 2013) construction of a Musical fountain with laser in Birsa Munda Park, Dhanbad at an estimated cost of ₹ 2.50 crore. DPR of the work was prepared (June 2015) by a consultant for which ₹ 2.94 lakh was paid (July 2015) as consultancy fee. However, the consultant prepared the DPR for Musical Dancing fountain instead of laser Musical fountain as required. Further, the DPR was also not supported by detailed design, drawing, layout plan and other necessary documents. This fact was brought to the notice of the ULB by the contractor in April 2015 but when the ULB asked (June 2015 and October 2015) these details from the consultant, there was no response. The work was cancelled (March 2016) by the ULB and fund of ₹ 2.50 crore remained unutilised.

Thus, preparation and approval of faulty DPR resulted in unfruitful expenditure of ₹ 2.94 lakh as consultancy fee and blockage of ₹ 2.50 crore while the sanctioned work could not be commenced.

Due to lackadaisical attitude of RMC and lack of monitoring at the department level, essential fire-fighting equipment could not be procured and the funds of ₹ 16 crore remained unutilised released for the purpose

Failure to implement fire hazard and mitigation plan

To restructure fire and emergency services in the urban areas having population of one million, 13 FC recommended that a portion of the grants provided to the ULBs be spent on revamping of the fire services within their respective jurisdiction. The ULBs may provide financial support to the State Fire Services Department to meet this objective. The State Government notified (May 2014) the Fire Hazard Response and Mitigation Plan for Dhanbad, Jamshedpur and Ranchi having populations of more than 10 lakh after a delay of more than two years.

Against this, in Ranchi, funds worth ₹ 16 crore provided (between May 2014 and March 2015) by HLMC for procurement of fire-fighting equipment[6] was not transferred by RMC to Deputy Inspector General of Police, Fire Service till January 2017 despite being pointed out (December 2015) by the Director General of Police, Fire Services, Jharkhand to Principal Secretary, UD&HD.

[6] Aerial ladder platform, advanced rescue vans, water tenders, water bouzer, foam tenders, portable pumps etc.

As purchases of fire fighting equipment could not be made and fund remained blocked in RMC, Additional State Fire Officer, Jharkhand reported to Audit that 1889 cases of fire have taken place in Ranchi during 2010-15.

In the exit conference, MC, Ranchi replied (2 March 2017) that steps would be taken to transfer the fund.

5.1.4.3 Deficiencies in completed works

In the sampled ULBs, 110 works taken up for construction have been completed during 2011-16. However, completion of these works suffered from various deficiencies as discussed below.

Imprudent selection of work

HLMC sanctioned (March 2011) work of laying of precast interlocking paver blocks on both side flanks of 7.5 km road from Jasidih Railway Station to Tower Chowk in Deoghar district. The estimated cost of the work was ₹ 1.40 crore and scheduled period of completion was three months.

Audit noticed that the contractor executed work valued ₹ 6.68 lakh and thereafter stopped (February 2013) it. A joint inspection team[7] of Executive Engineers constituted (February 2013) to ascertain feasibility of the work recommended (March 2013) that the work was not technically feasible as the paver block of the road ends would be broken due to heavy vehicles and there was possibility of water logging during rainy season. The Municipal Commissioner reported (July 2016) to audit that the work has been cancelled by the department as per orders (December 2013) and security deposit was refunded (September 2014) to the contractor.

Thus, sanction of technically unfeasible work led to wasteful expenditure of ₹ 6.68 lakh on the paver blocks which served no purpose. Besides, the balance fund of ₹ 1.33 crore was blocked.

Selection of work beyond jurisdiction of ULB

Section 70 (c) (vi) of JM Act, 2011 prohibits ULBs to construct and maintain National Highways, State Highways and major District roads. Regardless of this, HLMC sanctioned widening of NH-32 (Goal building to Railway station in Dhanbad) for ₹ 12.08 crore and released (March 2011) ₹ 9.36 crore to MC, Dhanbad. However, upon the violation being pointed out by MC, Dhanbad, HLMC cancelled (December 2011) the work and sanctioned (December 2011) 12 new works valued ₹ 12.11 crore for execution.

Audit noticed that the 12 works included one road work worth ₹ 37.54 lakh falling under rural area which was cancelled (October 2014) as Rural Works Division, Dhanbad had already planned to construct the road while another road work worth ₹ 51.93 lakh falling under Bharat Coking Coal Limited (BCCL) area was cancelled (October 2014) as open cast mining was proposed by BCCL in that area. Thus, sanction and cancellation of the works by HLMC indicated imprudent selection of works.

In the exit conference (2 March 2017), the Joint Secretary, UD&HD accepted the audit observation and stated that the works were immediately cancelled on being noticed.

---

7 Constituted as per orders of Deputy Commissioner, Deoghar vide letter no. 273 dated 19 February 2013

5.1.4.4 Fraudulent payment

As per Jharkhand Municipal Accounts Manual (JMAM) 2012, local bodies, bidders, suppliers and contractors are required to observe highest standard of ethics during the procurement and execution of contracts. Audit noticed the following cases of fraudulent payment to contractors in MC, Deoghar:

In MC Deoghar, fraudulent payment of ₹ 8.66 lakh was made to contractors by manipulating rates in tender paper and agreement or recording false entries in measurement book

- In two works[8] valued ₹ 56.18 lakh, tender committee allotted the works to contractors at their quoted rate of ₹ 50.56 lakh which was 10 *per cent* below the estimated cost. However, the agreement values were fraudulently increased from ₹ 50.56 lakh to ₹ 55.92 lakh by manipulating the rates to 0.2 *per cent* below estimated cost in one work and 1.9 *per cent* below in the other work by cutting out and overwriting in the comparative statement, tender paper and agreement. Due to manipulation in rates, ₹ 4.37 lakh was paid in excess out of a total payment of ₹ 46.03 lakh made till August 2016.

- Supply and installation of equipment worth ₹1.38 crore in two children parks[9] was allotted (June 2015) to a contractor who was paid ₹ 1.36 crore till June 2016. Audit conducted (June 2016) a joint physical verification of both parks and observed that the contractor neither supplied nor installed equipment worth ₹ 4.29 lakh such as rower, arch swing, water storage tank, balancing bridge etc. The payments were thus made by recording false entries in the measurement book. In addition, physical verification also revealed that equipment worth ₹ 12.55 lakh could not be installed due to substandard material while health equipment worth ₹ 7.07 lakh were found damaged and unworkable. These equipment were lying idle since supply as shown in photograph below.

Figure 1: Equipment lying idle in store in Rohini Park, Deoghar

Figure 2: Jalsar Park, Deoghar

In the exit conference (2 March 2017), the Joint Secretary, UD&HD accepted the audit observations and assured of examining the matter at department level. He further replied that instructions would be issued to all ULBs to avoid recurrence of such type of incidents in future.

5.1.4.5 Irregular sanction of mobilisation advance

The Central Vigilance Commission, GoI directed (April 2007) that the provision of mobilisation advance should essentially be need based and preferably be given in instalments. Subsequent instalments should be released

[8] (i) Laying of paver blocks from Shitla Mata Mandir to Kesharwani chowk- ₹ 9.08 lakh
(ii) Construction of karam shed near Derwa bridge in three wards- ₹ 47.10 lakh

[9] Children park in Jalsar and Rohini in Deoghar

after getting satisfactory UC from the contractor for the earlier ones. Further, as per Rule 4.8.6 (h) of JMAM 2012, in respect of contracts above ₹ 45 lakh, mobilisation advance for equipment and materials may be paid for civil works at the rate of five *per cent* of contract price against bank guarantee of similar amounts. The entire amount of advance must be recovered within completion period of the work.

In ULBs Chaibasa and Ranchi, undue favour was extended to the contractors by irregular sanction of mobilisation advance in excess of permissible limit

Audit noticed that in two works[10] under NP, Chaibasa and MC, Ranchi, mobilisation advance of ₹ 1.44 crore[11] was paid at the rate of 10 *per cent* of contract value of ₹ 14.44 crore to the contractors instead of five *per cent*. As a result, ₹ 0.66 crore was paid in excess. Further, MC, Ranchi, recovered the mobilisation advance after a delay of 11 months while in NP, Chaibasa, mobilisation advance of ₹ 37.91 lakh was lying unrecovered from the contractor despite lapse of more than one year from the date of first instalment of advance as on February 2017.

Thus, irregular sanction of mobilisation advance in excess of permissible limit besides delay/failure to recover the advances as per schedule resulted in undue favours to the contractors.

In the exit conference (2 March 2017), the Joint Secretary, UD&HD accepted the audit observation and stated that instruction would be issued to NP, Chaibasa to recover the advance from the contractor. However, no justification could be given for sanction of excess mobilisation advances.

5.1.4.6 Avoidable payment of ₹ 56.74 lakh for price escalation

As per Rule 4.11 of JMAM 2012, price escalation clause may be included in the agreement only in cases where the completion period of the work exceeds 18 months and contract price is more than ₹ 45 lakh.

In Ranchi, due to irregular inclusion of price escalation clause in agreement, ₹ 56.74 lakh was paid in excess to the contractor

In MC, Ranchi, agreement of ₹ 10.65 crore was executed (July 2013) with a contractor for Renovation and Beautification of Birsa Bus Stand, Khadgarha, Ranchi. The scheduled period of completion of work was 12 months. Audit noticed that the contractor completed the work in July 2015 after a delay of 12 months for which no time extension was granted by the competent authority. Moreover, while executing the agreement with the contractor, RMC incorrectly included the clause for adjustment of price in violation of rule as the time allowed for completion of work in the agreement was less than 18 months. As a result, ₹ 56.74 lakh paid for price escalation was avoidable.

In the exit conference (2 March 2017), the Joint Secretary accepted the audit observation. However, no action was taken or contemplated for initiating recovery from the contractor or to fix responsibility against the officials who failed to protect the interest of the ULBs.

5.1.4.7 Loss due to payment of bitumen at higher rate

As per notification[12] (December 2008) of the Road Construction Department (RCD), GoJ, in case of decline in the price of bitumen, deduction will be made from the cost of bituminous items in the agreement accordingly. This

[10] Renovation and Beautification of Birsa Bus Stand, Ranchi of agreement value ₹10.65 crore and Construction of town hall at Chaibasa of agreement value ₹ 3.79 crore

[11] ₹1.06 crore in Ranchi MC (October 2013) and ₹ 37.91 lakh in two installments in Chaibasa NP (July 2015 and January 2016)

[12] Notification no. 8145 dated 29/12/08 of Road Construction Department, GoJ

ULBs Dhanbad and Sahibganj suffered a loss of ₹ 0.67 crore due to payment for bituminous items of work as per agreed rate without considering decline in market rates

arrangement was required to be mentioned in the NIT as well as in agreement as special condition. Although the JM Act, 2011 mandates the ULBs to follow the PWD codes and orders of Government departments, the notification was not considered to frame the NIT and agreement terms for contractors.

MC, Dhanbad paid ₹ 2.61 crore (between May 2015 and March 2016) to contractors for 518.60 MT[13] bitumen on the basis of rates prescribed in the agreement though the market rates of bitumen reduced to ₹ 2.03 crore during this period. Likewise, NP Sahibganj, paid ₹ 51.26 lakh (between March 2015 and June 2016) to contractors for 100.07 MT[14] bitumen based on rates mentioned in the agreements though the actual market price of bitumen was reduced to ₹ 43.31 lakh during this period. Thus, the ULBs suffered a loss of ₹ 0.67 crore by making excess payments to the contractors in violation of instructions of the State Government **(Appendix-5.1.4)**. Further, NP Sahibganj paid ₹ 1.14 crore to the contractors for execution of bituminous work without verification of invoice of bitumen from oil companies.

In the exit conference (2 March 2017), the Joint Secretary, UD&HD accepted the audit observations and stated that instruction would be issued to Municipal Commissioner, Dhanbad to meticulously frame the terms and conditions as per prevalent Government order and keeping in view the principle of economy. He further stated that instructions would be issued to EO, NP, Sahibganj to verify the bitumen challan from the oil companies at earliest.

5.1.4.8 Unfruitful expenditure of ₹ 37.13 lakh

In MC, Deoghar, expenditure of ₹ 37.13 lakh was incurred on construction of three cremation shed (*Karm shed*) estimated at ₹ 47.10 lakh. Audit conducted (June 2016) a joint physical verification and found that the works were not completed by the contractor even after lapse of more than 19 months from scheduled date of completion (January 2015) for which neither any time extension was applied by the contractor nor any action was taken by the Municipal Commissioner against the contractor as per terms of agreement. As a result, the intended objective of 13 FC grant could not be achieved while the entire expenditure of ₹ 37.13 lakh remained unfruitful.

Incomplete Karm shed, Deoghar

In the exit conference (2 March 2017), the Joint Secretary, UD&HD accepted the audit observation. Fact remains that neither further timeline was given to the contractor to complete the work nor any penalty was levied.

5.1.4.9 Irregular procurement of LED light

The UD&HD prepared (May 2014) a model estimate (41 LED lights each on a 1.50 meter long arm on 41 poles of 9 meter height in a stretch of one

---

[13] Emulsion (RS-I)- 36.60 MT (Range of Percentage decline in rate- 3 to 10 *per cent*), Packed Bitumen- 326.40 MT (Range of Percentage decline in rate- 6 to 35 *per cent*), Bulk Bitumen- 155.60 MT (Range of Percentage decline in rate- 25 to 30 *per cent*)

[14] Emulsion (RS-I and SS-I)- 14.40 MT (Range of Percentage decline in rate- 3 to 10 *per cent*), Packed Bitumen- 85.67 MT (Range of Percentage decline in rate- 6 to 35 *per cent*)

kilometre) of ₹ 20.05 lakh for installation of LED lights. However, the ULBs were instructed to revise the model estimate as per ground reality or site condition. The objectives of introducing LED based street lighting were to minimise street lighting cost, reduce energy use and provide greater safety and security to the citizen.

The following irregularities were noticed in procurement and installation of LED lights in test-checked ULBs:

MC Dhanbad

MC Dhanbad prepared an estimate for installation of 809 LED lights worth ₹ 4.15 crore and allotted (between October 2014 and February 2015) the work to 10 contractors for completion of works between February 2015 and July 2015. The contractors supplied 795 lights till June 2016 and received payment of ₹ 3.63 crore. The MC changed[15] the technical specifications while inviting tender by reducing the wattage, LED efficiency and ingress protection of LED lights as provisioned in the model estimate, without reducing its price.

In Dhanbad, due to mal-functioning of 171 street lights, the expenditure of ₹ 0.79 crore on these lights was unfruitful

To ascertain the successful installation of LED lights audit conducted (July 2016) a joint physical verification of 237 LED lights (30 *per cent* of 795 lights installed) and found that 171 (72 *per cent*) LED lights were either not functional or were functioning improperly on grounds of absence of connection of feeder pillar with transformer, absence of timer, earthing, defects in LED panel etc. which were responsibilities of the contractor as per agreement. Thus, payment of ₹ 0.79 crore on these 171 LED lights which could not be put to use or were not functioning properly was unfruitful.

The Joint Secretary, UD&HD accepted (March 2017) the audit observation and stated that instruction would be issued to Municipal Commissioner to take necessary measures for proper functioning of light as these are within warranty period.

NP Dumka

As per Rule 87 of JMAM 2012, for the execution of work of any description the Municipal authority should take five *per cent* security at the time of agreement and additional five *per cent* as performance security from the bills of contractor on account of work done as a safeguard against possible loss to the Municipality.

The NP issued orders (October 2015 and February 2016) to a firm for supply and installation of 1200 LED lights worth ₹ 1.92 crore within one month from the date of order. Audit noticed that the NP did not adhere to its own order and included lump-sum security of ₹ three lakh in the NIT and agreement. The contractor supplied 885 LED lights worth ₹ 1.42 crore till July 2016. However, no security was deducted from the bills of the contractor. Thus, by violating the provision of JMAM 2012, undue favour was extended to the contractor by accepting security of only ₹ three lakh instead of ₹ 16.70 lakh (five *per cent* of ₹ 1.92 crore and five *per cent* of bill value of ₹ 1.42 crore).

In the exit conference (2 March 2017), the Joint Secretary, UD&HD accepted the audit observation and stated that instructions would be issued to EOs to investigate the matter.

---

[15] Wattage of LED was reduced to 90 Watt from 120 Watt, efficiency reduced to 80 lumen/watt from 125 lumen/watt, ingress protection from IP-68 to IP-65 etc.

5.1.4.10 Loss of revenue to the government

Royalty

As per Rule 55 of the Jharkhand Minor Mineral Concession (JMMC) Rules 2004, purchase of minor minerals can be made from lessees/ permit holders and authorised dealers only for which submission of Transport Challans along with affidavits in form 'O' and particulars in form 'P' is required.

Audit noticed that in 28 works in five[16] ULBs royalty amounting to ₹ 15.47 lakh was not deducted from the bills of the contractors. Also, no records evidencing extraction of minerals from legal mining was produced to audit.

Labour cess

Labour cess at the rate of one *per cent* of value of construction works is required to be deducted (effective from October 2009) from bills of executing agencies and contractors and credited to concerned Government Head.

Audit noticed that in 42 works under five ULBs[17], labour cess amounting to ₹ 15.17 lakh was not deducted from the bills of the executing agencies and contractors. As a result, the State Government sustained a loss of ₹ 30.64 lakh.

In the exit conference (2 March 2017), the Joint Secretary, UD&HD accepted the audit observation and stated that instruction would be issued for recovery of dues as per provision.

Penalty

According to clause 2 of terms and conditions of F2 agreement (JPWD Code) penalty at 0.5 *per cent* of the estimated cost of unexecuted work per day (subject to maximum of 10 *per cent* of total estimate) shall be levied on the contractor in the event of failure to complete the work within stipulated period.

Audit noticed that in 48 out of the 163 executed works in the sampled ULBs, penalty amounting to ₹ 2.15 crore was either not deducted or deducted in short though, the contractors failed to complete the works within stipulated periods which ultimately resulted in excess payment to that extent **(Appendix-5.1.5)**.

In the exit conference (2 March 2017), the Joint Secretary, UD&HD accepted the audit observation and stated that instruction would be issued for recovery of dues as per provision.

5.1.5 Monitoring

The 13 FC guideline stipulated that HLMC, headed by the Chief Secretary of the State, was responsible for ensuring adherence to the specific conditions of each category of grants. Audit noticed the following deficiencies in monitoring of utilisation of 13 FC grants:

- HLMC failed to achieve and meet seven out of nine conditions as well as failed to submit UCs in time which was mandatory for release of performance/basic grant. As a result, the State was deprived of performance/basic grant of ₹ 202.04 crore as mentioned in paragraph 5.1.3.

[16] Chatra, Deoghar, Dhanbad, Medininagar and Sahibganj

[17] Chaibasa, Deoghar, Dumka, Medininagar and Sahibganj

- HLMC failed to ensure adherence to 13 FC condition and irregularly transferred the special area grants of ₹ 9.47 crore to three ineligible ULBs.
- No concrete step was taken by the HLMC to ensure timely utilisation of fund by the ULBs to avoid blockage of fund.

In absence of ward committees in the test-checked ULBs, social audit of works could not be conducted

- As per order (August 2014) of the department to ensure transparency in execution of works, Social Audit of each work was necessary. However, due to failure to constitute the ward committees in the test-checked ULBs, Social Audit was not conducted till March 2017. As a result, participation of people in planning and monitoring of works could not be ensured in test-checked ULBs.

5.1.6 Conclusion

State Government was deprived of 13 FC grant of ₹ 202.04 crore due to failure to submit UCs on time and comply with the mandatory conditions for release of performance grants. Further, the State government distributed special area grant of ₹ 9.47 crore among three ineligible ULBs beyond the domain of special area which deprived three entitled ULBs to get the grant.

State Government failed to complete construction of 60 sanctioned works estimated at ₹ 256.66 crore during the 13 FC period (2010-15) as only ₹ 148.81 crore could be released for these works due to paucity of fund. During the same period, there was under utilisation of 13 FC grant between 49 *per cent* and more than 97 *per cent* in the sampled ULBs. Thus, paucity of fund coexisted with under utilisation of fund but the State Government neither resolved the financial imbalance nor took up convergence measures with other scheme funds to complete these works within the 13 FC period.

Absence of planning facilitated HLMC to sanction 299 works worth ₹ 457.55 crore against the availability of 13 FC grant worth ₹ 349.70 crore. In the sampled ULBs, 42 works estimated at ₹ 113.41 crore were not taken up for construction after according sanction while 53 works estimated at ₹ 126.36 crore were lying incomplete despite expenditure of ₹ 64.50 crore having been made.

Inaction on the part of ULBs as well as lack of monitoring both at department and ULBs level resulted in misuse of 13 FC grants worth ₹ 19.21 crore resulting from failure to procure essential fire-fighting equipments, fraudulent/excess/irregular payments to contractors, irregular sanction of mobilisation advances, irregularities in purchase and installation of LED lights etc. and loss to ULBs.

5.1.7 Recommendations

Although the 13 FC period is over, the following recommendations are aimed at improving the general governance and implementation of schemes:

Timely transfer of Finance Commission Grant to ULBs on uniform/prescribed criteria should be ensured for equitable distribution of fund among ULBs. Further, timely submission of UCs should be ensured to avoid loss of Central grant.

Steps should be taken to complete the pending works by removing the bottlenecks such as paucity of funds, public hindrance, land disputes etc.

ULBs should ensure preparation of development plans and five years perspective plans involving ward committees to address the needs and aspirations of the people.

Monitoring mechanism should be strengthened and financial rules/codal provisions as provided in JMAM, 2012 should be strictly followed in contracts, procurements and payments.

5.2 Failure to collect /short collection of service tax

Municipal Corporations Ranchi, Dhanbad and Deoghar failed to levy and collect service tax of ₹ 2.29 crore from the renters of municipal assets

Service tax introduced (July 1994) by Government of India (GoI) through the Finance Act, 1994 (Act) is levied on specified services and the responsibility for payment of the tax rests on the service provider except for certain specified services. Further, section 65 (105) (zzzz) of the Act introduced in May 2007 stipulates levy of service tax in respect of renting of immovable property with effect from 01 June 2007. The notification also stipulates that if the total rent received exceeds ₹ eight lakh per year (from 1 April 2007) or ₹ 10 lakh per year (from 1 April 2008) the service provider is liable to pay service tax at the rates prescribed to the Central Excise Department (CED). If service tax is not paid within the prescribed time, interest at the rate of 13 *per cent* (31 March 2011)/ 18 *per cent* (from 01 April 2011) of service tax up to the date of payment along with penal interest is payable (Section 75).

Audit noticed (July 2016) that Municipal Corporations Ranchi (RMC), Dhanbad (DhMC) and Deoghar (DMC) collected rents worth ₹ 30.03 crore between 2007-08 and 2015-16 by settlement of bus/taxi stand, hat bazaar, parking areas and lease of shops on rent etc. to the private persons through bidding/lease. Pursuant to the above notification, the Municipal Corporations were required to levy service tax worth ₹ 3.66 crore on total value of services rendered for ₹ 30.03 crore on account of settlement/lease of immovable property (**Appendix 5.1.6**).

However, RMC and DhMC levied and collected (between April 2013 and March 2016) ₹ 1.37 crore as service tax against the leviable amount of ₹ 2.93 crore while DMC did not levy service tax worth ₹ 73 lakh. Thus, service tax worth ₹ 2.29 crore was neither levied nor collected by RMC, DhMC and DMC.

This resulted in a liability of ₹ 2.29 crore on these ULBs in the event of payment of service tax to GoI and failing to recover it from the renters/lease holders.

Municipal Commissioner (MC), RMC stated (July 2016) that service tax was not collected due to absence of information about service tax in time. Deputy MC, DhMC stated (July 2016) that service tax was not realised due to ignorance whereas CEO, DMC stated (July 2016) that in absence of any direction from Urban Development and Housing Department, Government of Jharkhand, service tax was not collected.

The replies were not tenable as the Act empowers the service provider to levy and collect service tax and for this instruction from the department was not required. Further, ignorance of law by RMC and DhMC was not tenable as they have levied and collected service tax of ₹ 1.37 crore against the leviable amount of ₹ 2.93 crore. However, no action was taken against the officials who failed to levy and collect service tax of ₹ 2.29 crore.

The matter was referred to Government in August 2016 followed by reminders between October 2016 and January 2017. However, no reply has been received (20 March 2017).

5.3 Loss of Government money

Failure to levy and collect Labour Welfare Cess by Urban Local Bodies deprived the 'Building and other Construction Workers Welfare Board' of ₹ 1.40 crore

As per directives (July 2012) of Labour, Employment and Training Department, Government of Jharkhand (GoJ), local bodies are mandated to levy one *per cent* of labour cess payable to Jharkhand Building and other Construction Workers' Welfare Board (JBWWB) on approximate cost of construction in a year, along with applications received for approval of building plan. Further, Urban Development and Housing Department (UD&HD), GoJ fixed (September 2012) the construction cost of Private Buildings/Apartments at the rate of ₹ 800 per square feet in order to bring uniformity in the rate of Labour Welfare cess and to assess minimum labour cess. The proceeds of the cess collected by local authority shall be paid to JBWWB after deducting the cost of collection of such cess not exceeding one *percent* of the amount collected.

Audit noticed (December 2015 and January 2016) that Municipal Corporation (MC) Chas and *Nagar Panchayat* (NP) Jamtara sanctioned 539 building plans between 2012-13 and 2015-16 and collected ₹ 7.42 lakh as labour welfare cess on construction cost of Private Buildings/Apartments instead of ₹ 1.49 crore as shown in the **Appendix 5.1.7**.

Thus, failure to observe the applicable provisions deprived the JBWWB of labour welfare cess worth ₹ 1.40 crore besides loss of revenue of ₹ 1.41 lakh as cost of collection to ULBs.

MC, Chas (January 2016) and NP Jamtara (May 2016) stated that in future labour cess would be deducted as per rule. Reply was not tenable as failure of these ULBs to realise labour welfare cess deprived the JBWWB of ₹ 1.40 crore. Also no effort was made by the ULBs to raise demand to collect the outstanding labour cess.

The matter was reported to Government in June 2016 and reminded between August 2016 and January 2017. However, no reply has been received (20 March 2017).

5.4 Loss of interest

Unauthorised deposit of government money in current account of a private bank led to loss of interest of ₹ 40.33 lakh to Municipal Corporation Dhanbad

Section 105 (2) of JM Act 2011 mandate every Municipality to constitute a 'Basic Services to the Urban Poor (BSUP) Fund' for delivering basic services to urban poor including the inhabitants of slum areas. Further, Section 105 (6) provides that the Municipality shall open a separate bank account with a nationalised bank called BSUP Fund Account, wherein a minimum of 25 *percent* of the funds within the Municipality's budget shall be credited on yearly basis. Besides, as per Finance Department, GoJ directives (June 2015), Government money should not be deposited in private banks as the Reserve Bank of India order restricted deposit of Government money into private banks.

Scrutiny (April 2015) of the records of Municipal Corporation Dhanbad (DMC) revealed that against the above provisions, BSUP Fund of ₹ 25.29 crore was unauthorisedly transferred by erstwhile Municipal Commissioner to current account of a private bank (Kotak Mahindra Bank) from the savings account of a nationalised bank (Allahabad Bank) between August 2014 and March 2015. As a result, ₹ 25.29 crore remained out of savings bank account of nationalised bank for periods ranging from four months to seven months. This led to loss of interest of ₹ 40.33 lakh at the rate of four *per cent* per annum to DMC (**Appendix-5.1.8**) as the current account in the private bank did not provide any interest on deposits. The unauthorised deposit of BSUP fund in the current account of a private bank by withdrawing it from the Saving Bank accounts of a nationalised bank violated the directives of GoJ and needed investigation.

DMC stated (August 2016) that the amount was transferred to the private bank by verbal order of the then Municipal Commissioner.

The matter was reported to Government in June 2016 followed by reminders between August 2016 and January 2017. However, no reply has been received (20 March 2017).

Ranchi, **(NAROTTAM MOYAL)**
The **Deputy Accountant General**
Social Sector-II, Jharkhand

Countersigned

Ranchi, **(C. NEDUNCHEZHIAN)**
The **Accountant General (Audit), Jharkhand**