Report of the Comptroller and Auditor General of India

(Local Bodies)
for the year ended 31 March 2016

Government of Tamil Nadu
Report No. 8 of 2016

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PREFACE

This Report for the year ended March 2016 has been prepared for submission to the Governor of Tamil Nadu under the Comptroller and Auditor General of India's (Duties, Powers and Conditions of Service) Act, 1971.

The Report contains significant results of the audit of the Panchayat Raj Institutions and Urban Local Bodies in the State including the departments concerned.

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

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

OVERVIEW

OVERVIEW

This Report contains five chapters. The first and the third chapters contain an overview of the Functioning, Accountability Mechanism and Financial Reporting issues of Panchayat Raj Institutions (PRIs) and Urban Local Bodies (ULBs) respectively. The second chapter contains two paragraphs based on the audit of financial transactions of the PRIs. The fourth chapter contains one Performance Audit on Chennai Mega City Development Mission. The fifth chapter contains six paragraphs based on the audit of financial transactions of the ULBs. A synopsis of some of the findings contained in this Report is given below:-

I An Overview of the Functioning, Accountability Mechanism and Financial Reporting issues of Panchayat Raj Institutions

Eleventh Schedule of the Constitution of India empowered the State Legislatures to devolve 29 functions to PRIs. Government of Tamil Nadu (GoTN) delegated certain powers to the three tiers of Panchayats viz. District Panchayats, Panchayat Unions or Block Panchayats and Village Panchayats to supervise, assist and monitor the works, falling under the 29 subjects implemented by various departments, as envisaged in the Constitution (Seventy-third Amendment) Act, 1992. Out of 45,918 and 401 pending paragraphs of Director of Local Fund Audit relating to Block Panchayats and District Panchayats, 20,632 paragraphs (45 per cent) and 163 paragraphs (41 per cent) respectively related to period prior to 2013-14.

(Paragraphs 1.1 to 1.11)

II Compliance Audit (Panchayat Raj Institutions)

Provision of amenities in Panchayat Union Schools in selected Panchayat Unions of Sivagangai District under Comprehensive School Infrastructure Development Scheme

Government of Tamil Nadu introduced (December 2011) Comprehensive School Infrastructure Development Scheme (CSIDS) for provision of basic infrastructure and water supply facilities in the Panchayat Union Schools located in the rural areas. Audit scrutiny of implementation of the scheme in Sivagangai District revealed the following:

In four Panchayat Unions, 182 out of 518 works which were not included in the survey reports of Tamil Nadu Village Habitations Improvement Scheme were taken up under CSIDS. This indicated that though the survey reports were not complete and exhaustive, Government had instructed to execute the CSIDS works based on this report. Compound walls were constructed partially in seven schools at a cost of ₹ 15.47 lakh though other essential items of works were lacking. Owing to damages to the building, four classrooms in two Panchayat Union Schools could not be used and the students were forced to study in the passages/corridors and students of two different standards were accommodated in one classroom. There were leakages in ceiling in 20 out of 70 test checked schools. As the kitchen sheds were in damaged *condition in two schools, cooking of food for the children was done in open space. There was inadequate provision of toilets and the shortfall ranged between 33 and 100 per cent in 18 schools. Water facility was not provided to toilets in nine schools.*

(Paragraph 2.1)

Due to the failure of Block Development Officer, Kalrayan Hills to ensure provision of proper approach road and non-obtaining of approval from the Regional Transport Authority, the bus stand could not become operational despite investment of ₹ 69.98 lakh.

(Paragraph 2.2.1)

III An Overview of the Functioning, Accountability Mechanism and Financial Reporting issues of Urban Local Bodies

Out of 18 functions enlisted in the Twelfth Schedule of the Constitution, 12 functions have been devolved to the Town Panchayats and 17 functions (except Fire Service) have been devolved to the Municipalities and Municipal Corporations by the State Government as of November 2016. In respect of Chennai City Municipal Corporation, renamed as Greater Chennai Corporation (GCC) in October 2015, 13 out of 18 functions have been devolved so far (November 2016), of which the function of water supply is handled by the Chennai Metropolitan Water Supply and Sewerage Board. Out of 1,04,768, 1,09,610 and 64,466 paragraphs issued by Director of Local Fund Audit pending upto 2014-15 in respect of Municipal Corporations, Municipalities and Town Panchayats respectively, 96,314 paragraphs (92 per cent – Municipal Corporations), 96,589 (88 per cent - Municipalities) and 29,233 (45 per cent – Town Panchayats) related to the period upto 2011-12. Though the State Legislature had enacted the Tamil Nadu State Property Tax Board Act, 2013 in May 2013, the Board had not been constituted so far (November 2016).

(Paragraphs 3.1 to 3.13)

IV Performance Audit (Urban Local Bodies)

Chennai Mega City Development Mission

The Chennai Mega City Development Mission (CMCDM) was launched with an objective to improve the infrastructure facilities and basic amenities such as roads, water supply, sewerage and sanitation, storm water drains (SWDs) and street lights, in an integrated manner in Chennai and its Added Areas. The main thrust was to bring Added Areas at par with erstwhile Chennai Corporation i.e. the Core City. The following deficiencies were noticed in the implementation of the scheme:

As against the projected requirement of ₹ 9,228.51 crore by the implementing agencies, Government of Tamil Nadu sanctioned only ₹ 2,500 crore thereby limiting the scope of activities taken up under CMCDM. Though SWDs were to be designed based on topographical, meteorological and hydrological study, *they were executed without such a study, which resulted in construction of inadequate size of SWDs and required reconstruction of 51 of these at an estimated cost of ₹ 54.33 crore. Further, the SWDs were not ultimately linked to natural waterways/water bodies for efficient storm water runoff. Road works were executed without integrated SWDs, in contravention of the instructions of the Project Sanctioning Committee (PSC). There were delays ranging from 60 to 223 days in award of contracts in respect of Water Supply Scheme (WSS) and Under Ground Sewerage Scheme (UGSS), which resulted in non-completion of six WSS and five UGSS. Use of Cast Iron pipes instead of Ductile Iron pipes resulted in avoidable expenditure/liability of ₹ 35.97 crore. Entrustment of road works without calling for tenders resulted in excess expenditure of ₹ 4.69 crore. Lack of effective monitoring by PSC resulted in post facto sanction of 1,946 unapproved works.*

(Paragraph 4.1)

V Compliance Audit (Urban Local Bodies)

Management of Municipal Funds including collection of revenue by Municipalities in Kancheepuram and Tiruvallur Districts

There were significant budget variations as the Municipalities failed to carry out the variance analysis and prepare performance budget as prescribed in the Municipal Budget Manual. Due to negative fiscal balances, the Municipalities depended on Government grants for their functioning. There were underspending by the Municipalities on infrastructure projects as well as on Operation and Maintenance. There was a short release of Central Finance Commission grants amounting to ₹ 2.62 crore. There were lapses in levy and collection of property tax. Taxes amounting to ₹ 2.07 crore had become time barred due to failure of the Municipalities to collect taxes in time. Efficiency in collection of user charges on water supply and drainage by the Municipalities was far below the prescribed norms of 90 per cent*. There was loss of revenue of ₹ 2.99 crore due to non-provision of UGSS service connections by Pallavaram Municipality.*

(Paragraph 5.1)

Functioning of slaughter houses in Madurai City Municipal Corporation

Consent of Tamil Nadu Pollution Control Board for operating the modernised slaughter house at Anuppanadi was not renewed after March 2011. Food safety licence to be obtained from the Central Licensing Authority as prescribed under Food Safety and Standards (Licensing and Registration of Food Businesses) Regulations, 2011 was not obtained. Fitness of animals slaughtered was not assessed; resting and stunning of animals before slaughter was not followed and slaughtering of animals was not taking place in recognised places as prescribed in the Prevention of Cruelty to Animals (Slaughter House) Rules, 2001. In order to avoid obtaining sanction from the Government for estimates valuing more than ₹ 1 crore, the Corporation had *split the estimate for provision of machinery and equipment into five different works and awarded to the same contractor. Machinery and equipment purchased at a cost of ₹ 2.42 crore remained idle. Effluent Treatment Plant constructed at the modernised slaughter house at a cost of ₹ 25 lakh was not functioning.*

(Paragraph 5.2)

Failure of the Municipal Engineer to ensure the correctness of the specification of pipes used in the work by the contractor before recording measurements resulted in overpayment of ₹ 46.37 lakh.

(Paragraph 5.3.1)

Failure to adopt the revised property tax assessment method by Salem City Municipal Corporation resulted in short levy of ₹ 31 lakh.

(Paragraph 5.4.1)

Failure to exclude the exempted service tax component in the estimates prepared by Thanjavur City Municipal Corporation and Kumbakonam Municipality resulted in avoidable expenditure of ₹ 47.82 lakh.

(Paragraph 5.5.1)

Failure of Madurai City Municipal Corporation to get the fares fixed for prepaid Auto/Taxi system from the Regional Transport Authority resulted in non-achievement of the objective of regulation of auto/taxi fare.

(Paragraph 5.6.1)

PART - A

PANCHAYAT RAJ INSTITUTIONS

CHAPTER I

AN OVERVIEW OF THE FUNCTIONING, ACCOUNTABILITY MECHANISM AND FINANCIAL REPORTING ISSUES OF PANCHAYAT RAJ INSTITUTIONS

CHAPTER I

AN OVERVIEW OF THE FUNCTIONING, ACCOUNTABILITY MECHANISM AND FINANCIAL REPORTING ISSUES OF PANCHAYAT RAJ INSTITUTIONS

An Overview of the functioning of the Panchayat Raj Institutions in the State

1.1 Introduction

The 73rd amendment to Constitution accorded constitutional status to Panchayat Raj Institutions (PRIs) and established a system of uniform structure, election, regular flow of funds through the Finance Commission, etc. As a follow-up, the State Governments were required to entrust the PRIs with powers, functions and responsibilities to enable them to function as institutions of local self-government.

Consequent upon the 73rd amendment of the Constitution, the State Legislature enacted the Tamil Nadu Panchayats Act, 1994. Under this Act, a three-tier system of PRIs *viz*., Village Panchayats (VPs) at the village level, Panchayat Unions or Block Panchayats (BPs) at the intermediary level and District Panchayats (DPs) at the district level were established.

The demographic and developmental status of the State is given in **Table 1.1** below:

Table 1.1: Important statistics of the State

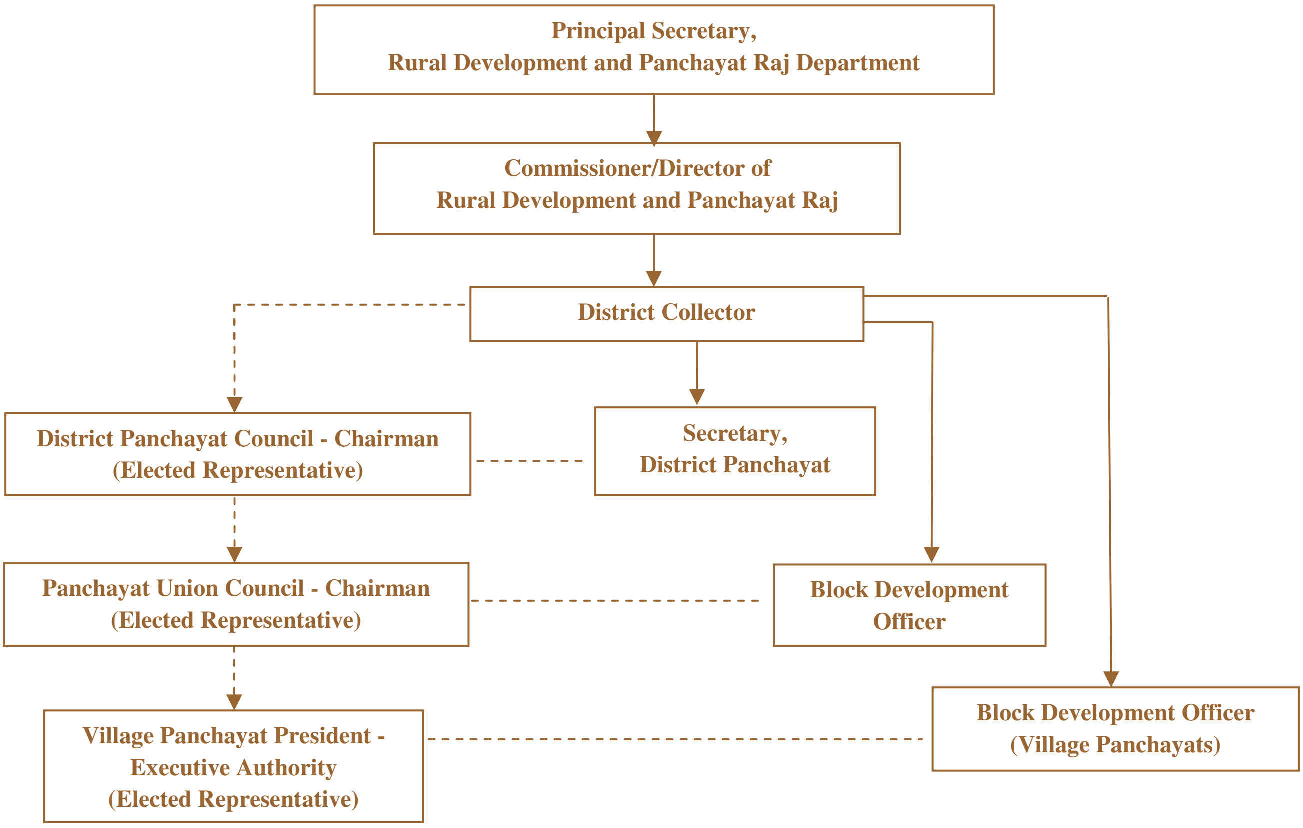
Population	7.21 crore
Population density	555 persons per Sq.Km.
Gender ratio	996 females per 1,000 males
Rural population	51.60 *per cent*
Literacy	80.09 *per cent*
Number of PRIs	12,940
- District Panchayats	31
- Block Panchayats	385
- Village Panchayats	12,524

(Source: Census of India 2011 and Policy Note of the Rural Development and Panchayat Raj Department for 2015-16)

Abbreviations used in this report are listed in the Glossary at Page 92

1.2 Organisational setup of PRIs

An organogram of PRIs as of March 2016 is given below:



1.3 Functioning of PRIs

Eleventh Schedule of the Constitution of India empowered the State Legislatures to devolve 29 functions to PRIs. Government of Tamil Nadu (GoTN) delegated certain powers to the three tiers of Panchayats to supervise, assist and monitor the works, falling under the 29 subjects implemented by various departments, as envisaged in the Constitution (Seventy-third Amendment) Act, 1992.

1.4 Formation of various Committees

(i) As per Section 241(1) of the Tamil Nadu Panchayats Act, 1994, out of 32 districts in Tamil Nadu, GoTN constituted a District Planning Committee (DPC) in each of the 31 districts (except Chennai District) in Tamil Nadu. District Panchayat Chairperson is the Chairperson and the District Collector is the Vice Chairperson of the DPC. Members of Parliament, Members of Legislative Assembly and representatives of Local Bodies are permanent special invitees of the Committee.

Functions of the DPC are, collection, compilation and updation of information on the natural resources of the district to create database for decentralised planning. It consolidates the plans prepared by Rural Local Bodies and Urban Local Bodies for preparation of consolidated district plan, which facilitates the State Planning Commission in preparation of State Plan. The Committee also advises the State Government with regard to the implementation of State Schemes.

(ii) Section 3 of the Tamil Nadu Panchayats Act, 1994 stipulates that there shall be a Grama Sabha for every Village Panchayat consisting of persons registered in the electoral roll relating to the Panchayat Village, comprised within the area of the said Village Panchayat. Guidelines and procedures for the conduct of Grama Sabha are prescribed in The Tamil Nadu Grama Sabha (Procedure for convening and conducting of Meeting) Rules, 1998. The Government order ensures conduct of Grama Sabha meetings for a minimum of four times a year i.e., on 26th January, 1st May, 15th August and 2nd October.

1.5 Audit arrangement

1.5.1 Primary Auditor

Director of Local Fund Audit (DLFA) is the statutory Auditor for BPs and DPs. The DLFA is conducting only test audit of VPs' accounts. The DLFA has to take up audit of 20 *per cent* of VPs and 2 *per cent* of the VPs selected by the Director of Rural Development and Panchayat Raj (DRDPR) every year. Deputy Block Development Officer (DBDO) audits the accounts of the VPs and certifies them.

Placing of Audit Report of DLFA

As per Section 20 of the Tamil Nadu Local Fund Audit Act, 2014, DLFA should submit annually a consolidated report of the accounts of local bodies audited by him to Government, which should cause it to be laid before the Legislative Assembly. As per Rule 19 of the Tamil Nadu Local Fund Audit Rules, 2016, the DLFA should, not later than 30th September of every year, send to the Government, a consolidated report of the accounts of local authorities audited by him during the previous financial year, containing such particulars which he intends to bring to the notice of the Government as per Section 20 of the Act. However, the report for the year 2015-16 was yet to be submitted to Government by DLFA, as the audit was not completed. The DLFA stated (November 2016) that the Audit Report for the year 2015-16 would be placed before the Legislative Assembly in September 2017.

Arrears in Audit by DLFA

(a) Audit of DPs and BPs by DLFA was completed upto 2014-15. Position of arrears in audit of DPs and BPs by DLFA for 2015-16, as of September 2016, is given in **Table 1.2.**

Table 1.2: Position of audit of DPs and BPs by DLFA

Category of PRI	Year	Total number	Accounts submitted	Audit completed	Pendency	
					In submission of Accounts	In completion of Audit
DPs	2015-16	31	5	5	26	Nil
BPs	2015-16	385	249	13	136	236

(Source: Details furnished by DLFA)

It may be observed from **Table 1.2** that there was huge pendency in submission of accounts by DPs and BPs and audit by DLFA in respect of BPs for the year 2015-16.

(b) The DLFA had completed audit of 2,802 out of 12,524 VPs for the year 2014-15 which was more than the mandatory limit of 22 *per cent* prescribed. However, out of 2,803 VPs to be audited by DLFA for the year 2015-16, audit of only 30 VPs was completed as of September 2016. DLFA stated (November 2016) that diversion of staff for General Assembly Election 2016 and vacancies in various cadres were the reasons for pendency in audit.

(c) As of October 2016, 45,918 and 401 paragraphs of DLFA's Inspection Reports relating to period upto 2015-16 in respect of BPs and DPs respectively were pending settlement as given in **Table 1.3.**

Table 1.3: Year-wise pendency of paragraphs of DLFA

Year of IR	Number of paragraphs pending in respect of	
	BPs	DPs
Upto 2011-12	14,662	81
2012-13	5,970	82
2013-14	7,420	52
2014-15	17,642	107
2015-16	224	79
Total	**45,918**	**401**

(Source: Details furnished by DLFA)

Audit analysis of the data revealed that in respect of BPs, 20,632 (45 *per cent*) out of 45,918 pending paragraphs and in respect of DPs, 163 (41 *per cent*) out of 401 pending paragraphs related to period prior to 2013-14. This indicated that adequate attention was not given to settle the long pending paragraphs.

The DLFA reported (October 2016) that 61 District High Level Committee meetings were held during 2015-16 and 2,445 paragraphs related to BPs were settled.

1.5.2 Audit by Comptroller and Auditor General of India (CAG)

Audit of PRIs is conducted under Section 20 of the CAG's (Duties, Powers and Conditions of Service) Act, 1971 in respect of financial assistance given to PRIs. Technical Guidance and Support (TGS) is provided by the CAG to DLFA.

Audit Reports of CAG

CAG's Audit Reports on PRIs for the years 2000-01, 2005-06 and 2006-07 were discussed and 46 recommendations were made by the Public Accounts Committee (PAC). As of October 2016, Action Taken Reports were pending from Rural Development and Panchayat Raj Department on 152 recommendations[1] relating to 1992-93 to 2008-09 for final settlement, which *inter-alia* consisted of paragraphs relating to PRIs included in the Audit Reports (Civil), (State Finances) and (Local Bodies).

1.6 Response to audit observations

Important irregularities detected by Audit during test-check of records of DPs and BPs are followed-up through Inspection Reports issued to the concerned DPs and BPs and DRDPR. As of October 2016, 1,326 paragraphs contained in 324 Inspection Reports issued upto 2015-16 were pending settlement for want of satisfactory replies.

Accountability Mechanism and Financial Reporting Issues

Accountability Mechanism

1.7 Ombudsman

As per Paragraph No.10.161(iii) of the recommendations of the Thirteenth Central Finance Commission (TCFC), the State Government must put in place a system of independent local body Ombudsman who will look into complaints of corruption and maladministration against the functionaries of local bodies, both elected members and officials and recommend suitable action against them. The Tamil Nadu Local Bodies Ombudsman Act, 2014, enacted by the State Legislature in December 2014, did not cover PRIs. However, 96 complaints received by the Ombudsman in respect of PRIs (VPs and BPs) during 2015-16 were forwarded to the concerned District Collectors for further necessary action.

[1] 1992-93(2), 1993-94(10), 1995-96(1), 1997-98(5), 1998-99(22), 1999-2000(17), 2000-2001(13), 2001-02(19), 2003-04(8), 2004-05(2), 2005-06(15), 2006-07(28), 2007-08(4) and 2008-09(SF)(6)

1.8 Social Audit

As per Section 15(5)(d) of the National Rural Employment Guarantee Act, 2005, Social Audit of all works in the jurisdiction of VP is to be carried out by the Grama Sabha and prompt action has to be taken on the objections raised during Social Audit. GoTN established (January 2013) an independent organisation *viz.* Social Audit Society of Tamil Nadu (SASTA), which was registered as a Society. During the year 2015-16, SASTA had conducted audit of 4,463 VPs out of 5,337 VPs planned for Social Audit and audit of 874 VPs was yet to be completed. The Director, SASTA stated (September 2016) that natural calamities and proclamation of model code of conduct by the Election Commission for General Assembly Election 2016 were the reasons for pendency in audit.

1.9 Submission of Utilisation Certificates

The Utilisation Certificates (UCs) for the Central Finance Commission (CFC) grants were required to be sent to Government of India (GoI). The DRDPR stated (November 2016) that UCs for CFC grants for the year 2015-16 were sent to GoI on 7 January 2016 (first instalment) and 28 April 2016 (second instalment) immediately after the actual utilisation of the grants at panchayat level.

1.10 Internal Audit and Internal Control System of PRIs

The VPs had to send a monthly report on the expenditure to the Block Development Officer (VPs). The DRDPR stated (November 2016) that the monthly reports were being received at Block and District level. Moreover, all the expenditure made in VPs was placed before the Grama Sabha. The DLFA had also conducted concurrent audit of accounts of Panchayat Unions.

1.11 Financial Reporting Issues

1.11.1 Source of funds

The source of receipts for VPs and BPs are non-tax revenue, assigned revenue from State Government and grants given by State Government, grants given by GoI for various purposes and State and Central Finance Commissions grants. In addition, VPs have been empowered to levy taxes like property tax, profession tax and advertisement tax. State Finance Commission (SFC) grants, CFC grants, grants given by State Government and GoI and assigned revenue were released by the DRDPR to the District Collectors.

Table 1.4 shows the details of receipts and expenditure of the PRIs for the period from 2011-12 to 2015-16.

Table 1.4: Details of receipts and expenditure of PRIs

(₹ in crore)

	2011-12	2012-13	2013-14	2014-15	2015-16
Own revenue	528	631	766	422	929
Assigned revenue	564	705	975	866	713
Grants	3,685	4,484	4,375	4,358	4,758
Total receipts	**4,777**	**5,820**	**6,116**	**5,646**	**6,400**
Revenue expenditure	623	1,294	1,025	3,154	1,711
Capital expenditure	940	1,308	1,813	2,385	1,985
Total expenditure	**1,563**	**2,602**	**2,838**	**5,539**	**3,696**
Percentage of capital expenditure to the total expenditure	**60**	**50**	**64**	**43**	**54**

(Source: Details furnished by DRDPR)

1.11.2 State Finance Commission Grant

Fourth SFC, constituted in December 2009, recommended (September 2011) a vertical sharing ratio of 56:44 between rural and urban local bodies. GoTN accepted (June 2013) the recommendations with modifications to adopt the vertical sharing ratio between rural and urban local bodies at 58:42 and the horizontal sharing ratio of SFC devolution funds at 60:32:8 among VPs, BPs and DPs respectively. The SFC grants released to the PRIs during 2015-16 were ₹ 3,811 crore.

1.11.3 Central Finance Commission Grant

The Fourteenth Finance Commission released ₹ 947.65 crore towards Basic Grant[2] for 2015-16. In addition, Tamil Nadu is eligible for drawal of General Performance Grant[3] only from 2016-17, as recommended by the Fourteenth Finance Commission.

1.11.4 Non-adjustment of Pending Advances

As per Article 99 of Tamil Nadu Financial Code Volume-I, any advance should be adjusted within three months from the date of its payment.

During the local audit in BP, Pallipalayam in Namakkal District, it was noticed that advances amounting to ₹ 2 crore paid during 1979 to 2016 were pending adjustment. In respect of BP, Kodumudi in Erode District advances amounting to ₹ 6.62 lakh paid during 2004 to 2014 were pending adjustment. The Block Development Officers stated (March and May 2016) that action would be taken to adjust the long pending advances.

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[2] The purpose of basic grant was to provide a measure of unconditional support to PRIs for delivering the basic functions assigned to them

[3] To be eligible for performance grants, the VPs have to submit audited annual accounts within the time schedule prescribed and should also show increase in revenue over the preceding year

1.11.5 Maintenance of accounts by PRIs

A new simplified accounting framework, namely the "Model Accounting System (MAS) for Panchayats" was developed in 2009 to bring about transparency and accountability in the maintenance of accounts of PRIs. Panchayat Raj Institutions Accounting Software (PRIA Soft) was developed by National Informatics Centre (NIC) in consultation with Ministry of Panchayati Raj (MoPR), GoI to establish centralised accounting software for use by all the three tiers of PRIs.

The DRDPR stated (November 2016) that all the DPs, BPs and VPs had completed online entries of accounts using PRIA Soft application up to 2015-16.

CHAPTER II

COMPLIANCE AUDIT (PANCHAYAT RAJ INSTITUTIONS)

CHAPTER II

COMPLIANCE AUDIT

Compliance Audit of Provision of amenities in Panchayat Union Schools in selected Panchayat Unions of Sivagangai District under Comprehensive School Infrastructure Development Scheme and Kalrayan Hills Panchayat Union brought out instances of lapses in management of resources and failure in the observance of the norms of regularity, propriety and economy. These have been presented in the succeeding paragraphs.

RURAL DEVELOPMENT AND PANCHAYAT RAJ DEPARTMENT

2.1 Provision of amenities in Panchayat Union Schools in selected Panchayat Unions of Sivagangai District under Comprehensive School Infrastructure Development Scheme

Government of Tamil Nadu (GoTN) introduced (December 2011) Comprehensive School Infrastructure Development Scheme (CSIDS) for provision of basic infrastructure and water supply facilities in the Panchayat Union Primary and Middle Schools located in the rural areas. The scheme was proposed to be implemented during the period 2011-16 and GoTN authorised the Commissioner of Rural Development and Panchayat Raj (CRDPR) to draw a sum of ₹ 100 crore every year from the State Finance Commission (SFC) grants share due to the Panchayat Unions (PUs) and District Panchayats in the ratio of 2:1 and to release the amount to the District Collectors for implementation of the scheme. Out of ₹ 7.44 crore allotted for execution of works under CSIDS during 2011-16 to selected PUs in Sivagangai District, 729 works were taken up and completed at a cost of ₹ 7.37 crore.

Audit scrutinised the records relating to provision of basic infrastructure facilities in the schools maintained by five[1] out of 12 PUs in Sivagangai District during the period 2011-16 and joint inspection of 70 out of 393 schools by Audit along with the departmental staff revealed the following deficiencies:-

(i) Selection of works

The scheme guidelines provided that list of works as indicated in the survey report of Tamil Nadu Village Habitations Improvement (THAI) Scheme for the years 2012-13 to 2015-16 should form the 'base list' for selection of works

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[1] Kannangudi, Singampunari, Sivagangai, Tirupathur and Tiruppuvanam

under CSIDS from 2012-13 to 2015-16. As per the scheme guidelines, a Selection Committee consisting of Block Development Officer (Block Panchayat) (BDO-BP), Assistant Engineer (Rural Development)/Junior Engineer and Headmaster of the school should inspect each and every school and list out the details of works to be done.

It was noticed that in four[2] PUs, 182[3] out of 518 works which were not included in the survey reports of THAI Scheme, were taken up under the CSIDS. The works were taken up under CSIDS based on recommendations of the Selection Committee on essential requirements of the schools. This indicated that though the reports of survey conducted under THAI Scheme were not complete and exhaustive, Government had instructed to execute the works based on the report, which was not dependable.

(ii) Partial construction of compound walls

According to scheme guidelines, construction of compound wall was not permissible upto 2011-12. However, from 2012-13 onwards, the scheme guidelines provided that compound walls for schools could be taken up based on necessity and availability of funds.

It was noticed in Audit that an amount of ₹ 1.09 crore was spent on construction of compound walls in 49 schools in the five test checked PUs during the period 2012-16. Joint inspection by Audit along with the officials of PUs revealed that compound walls were partially constructed in seven schools at a cost of ₹ 15.47 lakh. In these seven schools, there were other essential items of work such as repairs to ceiling/roof, flooring, provision of incinerator and water supply for toilets, which were lacking. Hence, the construction of compound walls, that too partially, in these seven schools instead of taking up the other essential items of work, deprived the students of basic infrastructure stipulated under the scheme. Moreover, partial construction of compound wall would not serve the intended purpose.

The Director of Rural Development and Panchayat Raj (DRDPR) stated (September 2016) that the remaining portion of the compound had been covered with barbed wire fencing. The reply was not tenable, as the amount spent on partial construction of compound walls could have been better utilised for provision of other essential amenities in the schools as mentioned above.

(iii) Provision of classrooms

As per the scheme guidelines, classrooms should be provided on the basis of the students' strength with approximately nine square feet per student. In the PU Primary School at Vaigai Vadagarai, out of four classrooms, two classrooms having plinth area of 775 sq.ft., could only be used to cater to the needs of 86 students as against 111 students studying in the school. The

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[2] Kannangudi, Singampunari, Tirupathur and Tiruppuvanam

[3] Kannangudi : 83 works, Singampunari : 37 works, Tirupathur : 35 works and Tiruppuvanam : 27 works

remaining two classrooms could not be used due to damages to the building. Though the Headmaster of the school had requested (June 2015) the BDO-BP, Tiruppuvanam PU for repairs, the defects were not rectified. Hence, students were forced to study in the passage/corridor of the school **(Picture 1).**

Picture 1: Students studying in the passage/corridor of PU Primary School at Vaigai Vadagarai for want of classroom

Similarly, in PU Middle School at Madapuram of Tiruppuvanam PU, out of five classrooms, two classrooms could not be used, due to damages to ceiling due to which, the fifth and seventh standard students were studying in the same classroom. Though requests were received from the head of the school for rectification of defects, no action was taken by the BDO to rectify the defects immediately for which no reasons were found on record.

The DRDPR replied (September 2016) that the renovation works would be taken up in both the schools using the General Fund of the Panchayat Union. However, the works were yet to commence (September 2016).

(iv) Poor condition of ceiling in classrooms

Joint inspection by Audit along with the officials of PUs during April and May 2016 revealed that in 21[4] out of 70 schools test checked, there were leakages in ceiling **(Picture 2)** in the five test checked PUs. The BDOs did not rectify the defects, despite request made by the heads of the schools.

Picture 2: Poor condition of ceiling in a classroom in S.Kovilpatti PU Middle School in Singampunari PU

The DRDPR replied (September 2016) that leakages had been rectified in 17 out of 21 schools. Audit verification (September 2016), however, revealed that rectification had been carried out in only one school (Panchayat Union Primary School (PUPS), Thenmapattu, Tirupathur PU).

[4] Kannangudi (two), Singampunari (six), Sivagangai (three), Tirupathur (eight) and Tiruppuvanam (two)

(v) Provision of kitchen sheds

As per the scheme guidelines, new kitchen sheds should be constructed in those schools where kitchen sheds were not available and existing kitchen sheds, which were in damaged condition, should be repaired or renovated.

In this regard, it was noticed during joint inspection by Audit along with the officials of PUs during April 2016 that in two[5] schools, though the kitchen sheds were in damaged condition for the past one year, repair works had not been taken up by the BDO despite having been requested (June 2015) by school authorities and cooking of food for the children was being done in open space in these schools. The DRDPR replied (September 2016) that defects in the kitchen sheds would be rectified during 2016-17.

Audit further noticed that a kitchen shed constructed at PUPS, Palamalai Nagar in Sivagangai PU at a cost of ₹ 2 lakh during 2011-12 was not used as there was no noon meal organiser for the school. The food for the students studying in the school was being prepared in another school and provided.

The DRDPR replied (September 2016) that the kitchen shed had been brought to use by using the services of the noon meal organiser of a nearby school. Audit verification (September 2016), however, revealed that the kitchen shed was not used due to non-appointment of noon meal organiser.

(vi) Provision of toilets

As per scheme guidelines, all the schools should have adequate toilet facilities for boys and girls separately and construction of new toilets should be taken up based on the strength of students. The scheme guidelines provided that water supply should be provided in the toilets either by providing taps and/or constructing storage tank. The scheme guidelines also stipulated that incinerators should be provided in the girls' toilet located in the PU Middle Schools.

(a) Inadequate provision of toilets

The norms for provision of flush-out latrines in schools were one per 25 girls and one per 50 boys. Scrutiny of records and joint inspection by Audit along with the officials of PUs during April 2016 revealed that adequacy of flush-out latrines as per norms was not ensured in 18 schools in the five test checked PUs and the percentage of shortfall ranged between 50 and 100 for boys and 33 and 100 for girls as detailed in **Appendix 2.1.** The DRDPR replied (September 2016) that sufficient number of toilets for girls and boys would be constructed during 2016-17.

(b) Provision of incinerators in girls' toilets

Scrutiny of records and joint inspection by Audit along with the officials of PUs during April 2016 revealed that incinerators were not provided in

5 Sivagangai PU : PUPS at Keelavaniyangudi and Vandavasi

13 schools[6] and in one school (Panchayat Union Middle School (PUMS), Mathur, Sivagangai PU), where incinerator was provided, the same was not in working condition. Due to this, safe disposal of sanitary napkins could not be ensured.

The DRDPR replied (September 2016) that action would be taken to provide incinerators during 2016-17.

(c) Provision of water supply facilities in toilets

The scheme guidelines provided that if the existing water supply system was damaged, repairs could be carried out and wherever required, extension of pipe line could be taken up and if required, new water supply connection should be provided from the nearby water supply line of the Panchayat with a storage tank for providing water facility to the school toilets. Scrutiny of records and joint inspection by Audit along with the officials of PUs during April and May 2016 revealed that water facility was not provided in toilets in nine out of 70 schools.

The DRDPR replied (September 2016) that water supply had been provided in three schools. Audit verification (September 2016), however, revealed that these schools had not been provided with water supply.

(vii) Poor utilisation of funds under Information, Education and Communication activities

As per guidelines issued for implementation of CSIDS, out of the fund allocation for the scheme, one *per cent* was allocated for documentation and other Information, Education and Communication (IEC) activities. Out of ₹ 100 crore allocated for each year, ₹ 1 crore should be earmarked for IEC activities every year. Out of ₹ 1 crore earmarked, ₹ 25 lakh should be allocated for IEC activities at Directorate level and the remaining ₹ 75 lakh to the districts.

The CRDPR allocated ₹ 4.84 lakh to the District Rural Development Agency (DRDA), Sivagangai for IEC activities for the year 2011-12 (₹ 2.42 lakh) and 2012-13 (₹ 2.42 lakh). Though the Project Director (PD), DRDA, Sivagangai directed the BDOs to utilise the funds for taking photographs for all the works as and when completed, funds were not released to BDOs and the amount remained unutilised. It was, however, noticed that the utilisation certificate was furnished by the PD to CRDPR in April 2016 without spending the amount, which was indicative of the fact of submission of false utilisation certificate, which calls for fixing of responsibility.

The matter was referred to Government in July 2016; reply had not been received (November 2016).

[6] Kannangudi (three), Singampunari (one), Sivagangai (two), Tirupathur (three) and Tiruppuvanam (four)

RURAL DEVELOPMENT AND PANCHAYAT RAJ DEPARTMENT

2.2 Idle investment

KALRAYAN HILLS PANCHAYAT UNION

2.2.1 Defective planning in construction of bus stand resulted in idle investment

Due to the failure of Block Development Officer, Kalrayan Hills to ensure provision of proper approach road and non-obtaining of approval from the Regional Transport Authority, the bus stand could not become operational despite investment of ₹ 69.98 lakh.

As per Rule 245 of the Tamil Nadu Motor Vehicle Rules, 1989, the local authority shall apply to the Regional Transport Authority (RTA) for approval of any scheme for construction of a public stand for any class of public service vehicles. The application should accompany the sketch of the proposed site and the blue print of the structures duly approved by the Director of Town and Country Planning (DTCP). The rule *ibid* further stipulates that the fact of completion of the scheme shall be reported to the RTA by the local authority and on conducting such inspection as it may deem fit, the RTA shall notify it for use as a public bus stand for a period of three years or such shorter period as may be specified in the order.

The Block Development Officer (BDO) of Kalrayan Hills Panchayat Union submitted (July 2010) a proposal to the District Collector (DC), Villupuram for constructing a bus stand at an estimated cost of ₹ 72.62 lakh based on the resolution passed (September 2009) by Vellimalai Village Panchayat without obtaining prior approval from the DTCP/RTA which was required as per Tamil Nadu Motor Vehicle Rules, 1989. The DC recommended (November 2010) the proposal to the Commissioner of Rural Development and Panchayat Raj, for sanction under "Scheme Component of Pooled Assigned Revenue 2010-11". The proposal was approved by the Committee headed by the Principal Secretary, Rural Development and Panchayat Raj Department in February 2011 and administrative sanction for the work was accorded by the DC, Villupuram in February 2011. Technical sanction was accorded by the Superintending Engineer, Rural Development and Panchayat Raj Department, Chennai in the same month.

During the course of audit conducted (May 2014) in the Office of the Commissioner, Panchayat Union Council, Kalrayan Hills, Villupuram District, it was noticed that the above work was awarded (February 2011) to a contractor at a cost of ₹ 71.49 lakh. The work commenced (February 2011) and was scheduled to be completed on or before 21 May 2011. Major components of the work *viz.,* construction of passenger shelter, shops and hotels, bus bays, compound wall, toilets, platform (CC pavement), urinals and drains were completed at a cost of ₹ 44.22 lakh and the bus stand was inaugurated in May 2012 though all items of works had not been executed. The remaining items of work of construction of drain around concrete pavement yard were completed after inauguration of bus stand in May 2012. The work was completed (October 2013) in all aspects at a total cost of ₹ 69.98 lakh. The BDO requested (August 2014) the Regional Transport Officer (RTO) to conduct inspection, who in turn would submit report to RTA[7] to operationalise the bus stand. Pending approval from the RTA, the bus stand was handed over to the Village Panchayat (November 2014) after a lapse of one year from completion of work.

On being asked by Audit (August 2015), the BDO requested (September 2015) RTO, Ulundurpet to issue necessary approval for operating the bus stand. The RTO, after inspecting the bus stand, informed (October 2015) the BDO to rectify the defect of steep approach road to the bus stand in order to avoid the difficulty in free entry of buses into the bus stand. The BDO stated (August 2016) that alternative alignment for the road would be made after acquisition of private land so as to make the bus stand operational. In the meantime, the defect was not rectified and the bus stand was not commissioned (October 2016) for public usage.

Thus, due to the failure of BDO, Kalrayan Hills to ensure provision of proper approach road and non-obtaining of approval from the RTA, the bus stand could not become operational despite investment of ₹ 69.98 lakh.

Director of Rural Development and Panchayat Raj replied (October 2016) that rectification work would be completed shortly for operationalisation of the bus stand.

The matter was referred to Government in August 2016; reply had not been received (November 2016).

7 The District Collector is the RTA and the issues relating to granting of approval for construction and inspection after construction of bus stand are carried out by RTO and the report submitted to RTA for necessary action

PART - B

URBAN LOCAL BODIES

CHAPTER III

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

CHAPTER III

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

An Overview of the functioning of the Urban Local Bodies in the State

3.1 Introduction

The 74th amendment to Constitution accorded constitutional status to Urban Local Bodies (ULBs) and established a system of uniform structure, regular election, regular flow of funds through Finance Commission etc. As a follow-up, the States are required to entrust these bodies with powers, functions and responsibilities so as to enable them to function as institutions of local self-government.

Accordingly, the State Legislature amended the Tamil Nadu District Municipalities Act, 1920 for transferring the powers and responsibilities to ULBs in order to implement schemes for economic development and social justice including those in relation to the matters listed in the Twelfth Schedule of the Constitution.

Tamil Nadu is one of the most urbanised States in India. As per the 2011 census, the urban population of the State was 3.49 crore constituting 48.40 *per cent* of the total population of 7.21 crore. Important statistics of the State regarding population and ULBs are given in **Table 3.1**.

Table 3.1: Important statistics of the State

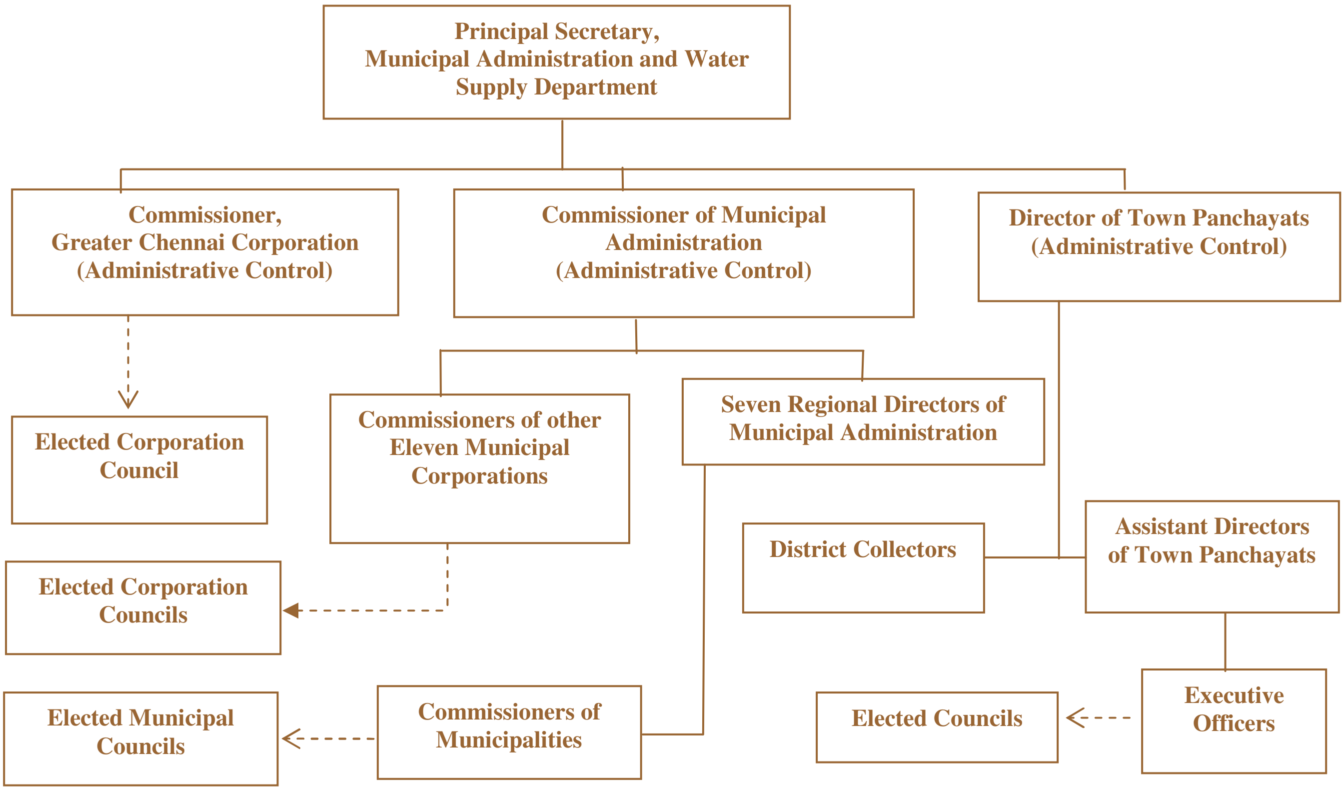
Population	7.21 crore
Population density	555 persons per Sq.Km.
Gender ratio	996 females per 1,000 males
Urban population	48.40 *per cent*
Literacy	80.09 *per cent*
Number of ULBs	664
- Municipal Corporations	12[1]
- Municipalities	124
- Town Panchayats	528

(Source: 2011 Census figures and Policy Note of the Municipal Administration and Water Supply Department for 2015-16)

[1] Chennai, Coimbatore, Dindigul, Erode, Madurai, Salem, Thanjavur, Thoothukudi, Tiruchirappalli, Tirunelveli, Tiruppur and Vellore

3.2 Organisational setup of ULBs

The organisational structure for administration of ULBs in Tamil Nadu as of March 2016 is as under:



(Source : Commissionerate of Municipal Administration)

3.3 Functioning of ULBs

Consequent upon the 74th amendment to the Constitution, the State Legislature amended the Tamil Nadu District Municipalities Act, 1920 for transferring the powers and responsibilities to ULBs. Out of 18 functions enlisted in the Twelfth Schedule of the Constitution, 12 functions have been devolved to the Town Panchayats and 17 functions (except Fire Service) have been devolved to the Municipalities and Municipal Corporations by the State Government as of November 2016. In respect of Chennai City Municipal Corporation, renamed as Greater Chennai Corporation (GCC) in October 2015, 13 out of 18 functions have been devolved so far (November 2016), of which the function of water supply is handled by the Chennai Metropolitan Water Supply and Sewerage Board.

3.4 Formation of various Committees

Out of 32 Districts in Tamil Nadu, Government of Tamil Nadu (GoTN) constituted District Planning Committees (DPC) in 31 districts except Chennai as per Section 241(1) of the Tamil Nadu Panchayats Act, 1994. Constitution and functions of the DPC are mentioned in Paragraph 1.4 of this Report.

GCC stated (November 2016) that Standing Committees for Public Health, Town Planning, Works, Taxation and Finance, Education, Accounts and Audit and Appointment were formed. Commissioner of Municipal Administration (CMA) stated (November 2016) that Standing Committees for Public Health, Town Planning, Works, Taxation and Finance, Education, Accounts and Appointment were formed in Municipal Corporations and Standing Committees for Contracts, Town Planning, Taxation Appeal and Appointment were formed in Municipalities. Director of Town Panchayats (DTP) stated (November 2016) that Standing Committees for Contracts, Town Planning, Taxation Appeal and Appointment were formed.

3.5 Audit arrangement

3.5.1 Primary Auditor

GoTN entrusted (August 1992) the audit of ULBs to the Director of Local Fund Audit (DLFA), who has to certify the correctness of accounts, assess internal control system and report cases of loss, theft and fraud to the audited entities and to GoTN. Position regarding placing of Audit Report of DLFA on the table of the Legislative Assembly is mentioned in Paragraph 1.5.1 of this Report.

Arrears in submission of accounts

ULBs should finalise their annual accounts within three months after the end of the financial year. Number of ULBs who did not submit their accounts to DLFA, as of September 2016, for the years 2013-14, 2014-15 and 2015-16 are given in **Table 3.2.**

Table 3.2: Position of non-submission of accounts by the ULBs to DLFA

Category of ULB	Total number of ULBs	Number of ULBs not submitted their accounts relating to		
		2013-14	2014-15	2015-16
Corporations	10 (2013-14) 12 (2014-15 and 2015-16)	Nil	Nil	9
Municipalities	126 (2013-14) 124 (2014-15 and 2015-16)	2	10	63
Town Panchayats	528	Nil	Nil	60

(Source: Details furnished by DLFA)

Arrears in Audit by DLFA

The position of arrears in audit of ULBs, as of September 2016, is given in **Table 3.3.**

Table 3.3: Position of non-completion of audit of ULBs by DLFA

Category of ULB	Total number	2014-15			2015-16		
		Accounts submitted to DLFA (A)	Audit completed out of (A) (B)	Audit pending (A)-(B) (C)	(A)	(B)	(C)
Corporations	12	12	6	6	3	Nil	3
Municipalities	124	114	98	16	61	Nil	61
Town Panchayats	528	528	450	78	468	21	447

(Source: Details furnished by DLFA)

DLFA reported (October 2016) that 2,78,844 paragraphs relating to Municipal Corporations, Municipalities and Town Panchayats included in their Inspection Reports relating to period upto 2014-15 were pending settlement as of September 2016. Audit analysis of the data revealed that out of 1,04,768, 1,09,610 and 64,466 paragraphs pending upto 2014-15 in respect of Municipal Corporations, Municipalities and Town Panchayats respectively, 96,314 paragraphs (92 *per cent* – Municipal Corporations), 96,589 (88 *per cent* - Municipalities) and 29,233 (45 *per cent* – Town Panchayats) related to the period upto 2011-12. This indicated that sufficient attention was not being given to settle the long pending paragraphs.

DLFA further reported (October 2016) that for settling the pending paragraphs relating to Municipal Corporations, Municipalities and Town Panchayats, 67 meetings were held during 2015-16 as a result of which 16,994 paragraphs were settled.

3.5.2 Audit by Comptroller and Auditor General of India (CAG)

The CAG also audits the ULBs under Section 14(2) of the CAG's (Duties, Powers and Conditions of Service) Act, 1971. Technical Guidance and Support (TGS) is provided by the CAG to DLFA.

Audit Reports of CAG

CAG's Audit Reports on ULBs upto 2006-07 were discussed and recommendations were made by the Public Accounts Committee (PAC). As of October 2016, Action Taken Reports were pending from Municipal Administration and Water Supply Department on 198 recommendations[2] relating to 1985-86 to 2007-08 for final settlement, which consisted of paragraphs relating to ULBs included in the Audit Reports (Civil) and (Local Bodies).

[2] 1985-86 (1), 1990-91 (5), 1992-93 (15), 1993-94 (2), 1997-98 (1), 1999-2000 (10), 2000-2001 (1), 2001-02 (9), 2002-03 (2), 2003-04 (28), 2004-05 (33), 2005-06 (55), 2006-07 (30) and 2007-08 (6)

3.6 Response to audit observations

Audit of ULBs by test checking of records is followed-up through Inspection Reports issued to the Commissioner, GCC (in respect of Greater Chennai Corporation), CMA, DTP and to the ULBs concerned. As of October 2016, 4,305 paragraphs contained in 795 Inspection Reports issued during the period from 2005-06 to 2015-16 were pending settlement for want of satisfactory replies.

Accountability Mechanism and Financial Reporting Issues

Accountability Mechanism

3.7 Ombudsman

As per Paragraph No.10.161(iii) of the recommendations of the Thirteenth Central Finance Commission (TCFC), the State Government must put in place a system of independent local body Ombudsman who will look into complaints of corruption and maladministration against the functionaries of local bodies, both elected members and officials and recommend suitable action and the system should be made applicable to all elected functionaries and officials in all Municipal Corporations, Municipalities and Zilla Parishads at least.

Subsequent to the enactment (December 2014) of Tamil Nadu Local Bodies Ombudsman Act, 2014, Ombudsman for the Municipal Corporations, Municipalities, Town Panchayats and District Panchayats in Tamil Nadu was established. Tamil Nadu Local Bodies Ombudsman stated (November 2016) that 190 complaints were received during 2015-16 against the ULBs and its public servants from various Municipal Corporations, Municipalities and Town Panchayats, out of which 156 have been disposed of and the remaining cases were under process.

3.8 Property Tax Board

The State Legislature enacted (May 2013) the Tamil Nadu State Property Tax Board Act, 2013 and GoTN framed (October 2014) the Tamil Nadu State Property Tax Board Rules, 2014. Though the State Legislature had enacted the Tamil Nadu State Property Tax Board Act, 2013 in May 2013, the Board had not been constituted so far (November 2016).

3.9 Service Level Benchmark

As per para 10.161 (viii) of the TCFC recommendations, State Governments must notify or cause all the Municipal Corporations and Municipalities to notify the service standards for four service sectors *viz.,* water supply, sewerage, storm water drainage and solid waste management proposed to be achieved by them by the end of the succeeding fiscal year. CMA stated (November 2016) that all the ULBs in the State had notified the service standards in the District Gazette.

3.10 Fire hazard response

As per para 10.161 (ix) of the TCFC recommendations, all Municipal Corporations with a population of more than one million must put in place a fire hazard response and mitigation plan for their respective jurisdictions. Notification accepting this recommendation of CFC was issued by GoTN in November 2013.

Municipal Corporations of Chennai, Coimbatore and Madurai released a sum of ₹ 2.68 crore, ₹ 0.51 crore and ₹ 0.49 crore respectively for the period 2011-15 and an amount of ₹ 1.53 crore, ₹ 0.17 crore and ₹ 0.19 crore was utilised by the Fire and Rescue Services Department from the amount released by the respective Corporations as of May 2016 for purchase of vehicles and equipment. However, the expenditure incurred during the period 2011-15 was only 57 *per cent*, 33 *per cent* and 39 *per cent* respectively. Director, Tamil Nadu Fire and Rescue Services stated (October 2016) that necessary steps were being taken to procure the balance items during the year 2016-17.

3.11 Submission of Utilisation Certificates

The GCC stated (November 2016) that the Utilisation Certificates (UCs) were issued after actual utilisation of the amount received from Government of India (GoI). CMA stated (November 2016) that the UCs were sent to GoI for the amount utilised out of the sanctioned grant for the specific period as prescribed in the sanctions. DTP stated (November 2016) that in case of some projects, UCs were sent directly to GoI and in respect of some projects these were sent through the nodal agencies.

3.12 Internal Audit and Internal Control System of ULBs

In GCC, the Financial Advisor was the overall controller for verification of audit and accounts and the Chief Accounts Officers were doing internal audit in their respective zones. DLFA was conducting concurrent Audit of 11 Municipal Corporations and 18 Special Grade Municipalities, having income of more than ₹ 10 crore.

3.13 Financial Reporting Issues

3.13.1 Source of funds

The resource base of ULBs consists of

(i) Own revenue,

(ii) Assigned revenue[3],

(iii) Grants from GoI and GoTN and

(iv) Loans from GoI/GoTN/financial institutions.

Table 3.4 shows the details of receipts and expenditure of the ULBs for the period from 2011-12 to 2015-16.

[3] Ninety *per cent* of the Entertainment Tax and 50 *per cent* of the Surcharge on Stamp Duty collected within the jurisdiction of the local body were assigned to the concerned local body

Table 3.4: Receipts and expenditure of ULBs

(₹ in crore)

	2011-12	2012-13	2013-14	2014-15	2015-16
Own revenue	2,148	2,467	2,957	3,133	3,607
Assigned revenue	780	1,084	1,211	1,255	1,964
Grants	3,220	4,020	4,391	4,232	5,650
Loans	225	323	903	850	1,319
Total receipts	**6,373**	**7,894**	**9,462**	**9,470**	**12,540**
Revenue expenditure	2,559	3,461	4,985	5,383	7,085
Capital expenditure	2,221	3,117	5,107	5,241	6,788
Total expenditure	**4,780**	**6,578**	**10,092**	**10,624**	**13,873**

(Source: Details furnished by GCC, CMA and DTP)

The percentage of expenditure and savings to the total receipts during 2011-12 to 2015-16 is given in **Table 3.5.**

Table 3.5: Percentage of expenditure and savings

	2011-12	2012-13	2013-14	2014-15	2015-16
Revenue expenditure	40	44	53	57	56
Capital expenditure	35	39	54	55	54
Savings(-)/Excess expenditure(+)	(-) 25	(-) 17	7	12	10

While Capital expenditure over the years ranged between 35 and 55 *per cent* of the total receipts, Revenue expenditure ranged between 40 and 57 *per cent* of the total receipts during 2011-16.

3.13.2 State Finance Commission (SFC) Grant

Fourth SFC, constituted in December 2009, recommended (September 2011) a vertical sharing ratio of 56:44 between rural and urban local bodies. GoTN accepted (June 2013) the recommendations with modifications to adopt the vertical sharing ratio between rural and urban local bodies at 58:42 and the horizontal sharing ratio of SFC devolution funds at 40:31:29 among Municipal Corporations, Municipalities and Town Panchayats respectively.

3.13.3 Central Finance Commission (CFC) Grant

A sum of ₹ 790.04 crore was sanctioned by GoI as Fourteenth CFC grant to the ULBs for the year 2015-16 in Tamil Nadu and the same was released by GoTN to the ULBs.

3.13.4 Maintenance of accounts by ULBs

Accrual-based accounting system is being followed in all the ULBs. The GCC stated (November 2016) that in conformity with the National Municipal Accounting Manual (NMAM), the chart of accounts was revised and accounts upto 2014-15 were finalised. CMA stated (November 2016) that consequent to the introduction of NMAM, GoTN initiated action to prepare a new Accounting Manual incorporating the principles laid down in NMAM, to suit the requirement of ULBs in Tamil Nadu on the principles of need base and not merely to coincide with NMAM. CMA further stated that accounts from 2014-15 were compiled based on this newly updated Municipal Accounting Manual adopting new accounting software.

CHAPTER IV

PERFORMANCE AUDIT

(URBAN LOCAL BODIES)

CHAPTER IV

PERFORMANCE AUDIT

This Chapter contains findings of Performance Audit of Chennai Mega City Development Mission.

MUNICIPAL ADMINISTRATION AND WATER SUPPLY DEPARTMENT

GREATER CHENNAI CORPORATION AND CHENNAI METROPOLITAN WATER SUPPLY AND SEWERAGE BOARD

4.1 Chennai Mega City Development Mission

Executive Summary

Government of Tamil Nadu (GoTN) launched in October 2011 the "Chennai Mega City Development Mission" (CMCDM) for Chennai and its Added Areas with an objective to improve the infrastructure facilities and basic amenities such as roads, water supply, sewerage and sanitation, storm water drains (SWDs) and street lights, in an integrated manner. The main thrust of the Mission was to bring Added Areas at par with erstwhile Chennai Corporation i.e., the Core City. The Performance Audit on the execution of the Scheme for the period from 2011-12 to 2015-16, conducted between February and August 2016, revealed the following:

As against the projected requirement of ₹ 9,228.51 crore by the implementing agencies, GoTN sanctioned only ₹ 2,500 crore thereby limiting the scope of activities taken up under CMCDM. Though SWDs were to be designed based on topographical, meteorological and hydrological study, they were executed without such a study, which resulted in construction of inadequate size of SWDs and required reconstruction of 51 of these at an estimated cost of ₹54.33 crore. Further, the SWDs were not ultimately linked to natural waterways/water bodies for efficient storm water runoff. Road works were executed without integrated SWDs, in contravention of the instructions of the Project Sanctioning Committee (PSC). There were delays ranging from 60 to 223 days in award of contracts in respect of Water Supply Scheme (WSS) and Under Ground Sewerage Scheme (UGSS), which resulted in non-completion of six WSS and five UGSS. Use of Cast Iron pipes instead of Ductile Iron pipes resulted in avoidable expenditure/liability of ₹35.97 crore. Entrustment of road works without calling for tenders resulted in excess expenditure of ₹ 4.69 crore. Lack of effective monitoring by PSC resulted in post facto sanction of 1,946 unapproved works.

4.1.1 Introduction

The Local Bodies (LBs) around Chennai Corporation had experienced rapid growth in population[1], making it imperative to provide suitable infrastructure to keep pace with the growing demand. It was felt by the Government of Tamil Nadu (GoTN) that the capacity to effectively deliver these services could be catered better only by an organised Urban Local Body like a Municipal Corporation, instead of a cluster of Municipalities, Town Panchayats and Village Panchayats. Hence, Corporation of Chennai area was expanded by GoTN in September 2011 by merging 42 LBs. These merged LBs were called as Added Areas[2] and erstwhile Chennai Corporation, termed as Core City. Chennai Corporation was renamed as Greater Chennai Corporation (GCC) in October 2015.

GoTN had launched in October 2011 the "Chennai Mega City Development Mission" (CMCDM) with a view to improve the infrastructure facilities and basic amenities such as roads, water supply, sewerage and sanitation, storm water drains (SWDs) and street lights in an integrated manner in Chennai and its Added Areas. The main thrust of the Mission was for Added Areas.

The scheme was designed for implementation over a period of five years from 2011-12 to 2015-16, which was later extended for another year up to 2016-17. GoTN appointed (January 2012) Tamil Nadu Urban Infrastructure Financial Services Limited (TNUIFSL), a public limited company promoted by GoTN, as the nodal agency for implementation of the scheme. The GCC was the implementing agency for laying of roads with integrated SWDs, street lighting system, cable ducts and Solid Waste Management (SWM) and Chennai Metropolitan Water Supply and Sewerage Board (CMWSSB) was responsible for provision of water supply and sewerage system. TNUIFSL was mandated to appraise the projects of GCC and CMWSSB and put up the proposals to the Project Sanctioning Committee (PSC)[3] for obtaining administrative sanction from GoTN. As against the projected requirement of ₹ 9,228.51 crore by GCC and CMWSSB, GoTN sanctioned only ₹ 2,500 crore. As such, the scope of the CMCDM was confined to the activities to be undertaken within the financial resources amounting to ₹ 2,500 crore only.

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1 Population in Core City and Added Areas was 46.81 lakh and 18.19 lakh respectively as per 2011 Census

2 The Added Areas consist of nine Municipalities, eight Town Panchayats and 25 Village Panchayats, which were situated in four basins *viz.* Adyar, Cooum, Kosasthalaiyar and Kovalam

3 The Committee comprised of Additional Chief Secretary to Government, Municipal Administration and Water Supply Department; Managing Director, CMWSSB; Secretary to Government (Expenditure), Finance Department of GoTN; Chairperson and Managing Director, TNUIFSL and Principal Secretary and Commissioner, Corporation of Chennai

4.1.2 Organisational setup

The Principal Secretary to GoTN, Municipal Administration and Water Supply (MAWS) Department was the Head of the Department at Government level. The Commissioner, GCC and the Managing Director, CMWSSB were the respective executive heads for implementing the scheme. Both the implementing agencies functioned under the administrative control of MAWS Department. The works in GCC relating to Bus Route Roads (BRR), SWDs and street lights were carried out by the Superintending Engineers under the control of Chief Engineer (General). The works relating to SWM were carried out by the Superintending Engineer (Mechanical) under the control of Chief Engineer (Buildings and Bridges). The overall control vested with the Deputy Commissioner (Works). In CMWSSB, water supply and sewerage works of CMCDM were carried out by five construction wings, headed by Superintending Engineers under the control of four Chief Engineers. Procurements were made by Superintending Engineer (Contracts and Management) and Planning and Design aspects were handled by the Superintending Engineer (Planning and Design).

4.1.3 Audit objectives

Audit objectives were to assess whether:

- urban infrastructure projects/works were efficiently planned in accordance with guidelines;
- financing pattern for projects/works were approved, funds were released in time and utilised economically;
- procurements and execution of projects/works were carried out economically and as per plan;
- monitoring mechanism was in place and effective.

4.1.4 Audit criteria

Audit findings were benchmarked against the following criteria:

- Guidelines and Procedures for the Operation and Management of Chennai Mega City Development Fund;
- The Tamil Nadu Transparency in Tenders Act, 1998;
- Indian Roads Congress (IRC) guidelines and Ministry of Road Transport and Highways (MORTH) specifications;
- Central Public Health and Environmental Engineering Organisation (CPHEEO) Manuals for Water Supply and Sewerage;
- GCC Council resolutions and CMWSSB resolutions on CMCDM;
- Government orders, executive instructions and circulars issued from time to time.

4.1.5 Scope and methodology of Audit

The Performance Audit was conducted between February and August 2016 covering the period 2011-16 in respect of grant of ₹ 2,500 crore sanctioned by GoTN. Records were test checked in the Secretariat, head office of GCC and its Zonal offices and head office of CMWSSB and its area offices by adopting simple random sampling method.

In GCC, works were sanctioned only during the years 2011-12 and 2013-14 in Added Areas i.e., eight zones, of which three zones (30 *per cent* packages from each zone) were selected. Similarly, during 2012-13 and 2015-16, the works sanctioned in five out of 15 zones (30 *per cent* packages from each zone) were selected for test check.

In CMWSSB, only improvement works were carried out during 2011-12, being the year of commencement of CMCDM. Thirty *per cent* of improvement works, valuing less than ₹ 5 crore and all works above ₹ 5 crore were fully (100 *per cent*) selected. As Water Supply Scheme (WSS) and Under Ground Sewerage Scheme (UGSS) packages only were sanctioned during the period 2012-14, 30 *per cent* packages were selected[4]. Further, procurement of machineries and vehicles made under all 13 contracts by GCC and CMWSSB were scrutinised by Audit. Entry conference for the Performance Audit was conducted on 05 July 2016 with the Principal Secretary, MAWS Department to discuss the audit objectives, scope, criteria and methodology. The Exit conference was held on 16 November 2016 with the Principal Secretary, MAWS Department along with the officials of CMWSSB, GCC and TNUIFSL and the audit findings were discussed. Replies wherever received have been incorporated with suitable rebuttal by Audit.

Audit Findings

The main objectives of the Mission could not be achieved within the scheduled period. Deficiencies noticed in planning, financial management, programme implementation and monitoring are brought out in the succeeding paragraphs.

4.1.6 Planning

4.1.6.1 Coverage of infrastructure facilities/basic amenities

The main objective of the Mission was to improve the infrastructure facilities and basic amenities in the city in an integrated manner and to bring these facilities in the Added Areas at par with the Core City. As against projected requirement of ₹ 9,228.51 crore, GoTN sanctioned only ₹ 2,500 crore, thereby limiting the scope of activities taken up under the CMCDM. Details of various infrastructure facilities/basic amenities planned, taken up and completed under the reduced scope of the Mission during the period 2011-16 are given in **Table 4.1**.

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[4] No projects were sanctioned to CMWSSB by GoTN for the period 2014-16

Table 4.1: Details of infrastructure facilities/basic amenities planned, taken up and completed under CMCDM

Infrastructure facilities/basic amenities	Planned (Nos./length in kms.)	Amount (₹ in crore)	Taken up under CMCDM	Amount (₹ in crore)	Completed under CMCDM
Roads	4,651 (Kms.)	5,555.25	1,138	1,244.44	974
Storm Water Drains (SWDs)	790 (Kms.)	1,077.23	169	174.60	168
Street Lights	82,000 (Nos.)	82.82	12,041	26.18	12,041
Solid Waste Management vehicles	490 vehicles	152.39	198	42.33	198
Water Supply Schemes (WSS)	32 (Nos.)	641.00	26	526.38	1
Under Ground Sewerage Schemes (UGSS)	32 (Nos.)	1.165.63	11	428.41	2
Sewage vehicles	Not Available	19.18	201	39.19	201
WSS and UGSS Improvement works	150	535.01	96	162.14	96
Total		**9,228.51**		**2,643.67***	

* As against the project cost of ₹ 2,643.67 crore, GoTN sanctioned only ₹ 2,500 crore as grant and the remaining cost was to be borne by implementing agencies.

(Source: Details worked out based on the Detailed Project Reports, Progress Reports of GCC and CMWSSB and Policy Note 2016-17 of MAWS Department)

It may be seen that due to restriction of sanction to ₹ 2,500 crore by GoTN there was shortfall in coverage of infrastructure facilities/basic amenities for which the implementing agencies had to depend on alternative sources for funding which postponed the overall achievement of the objective of the Mission. Though there was marginal shortfall in respect of road works completed by GCC, the WSS and UGSS works taken up by CMWSSB remained incomplete in respect of 25 and four LBs respectively, even after the due dates of completion were over, as discussed in Paragraph 4.1.8.2.

During the Exit conference, the Managing Director, CMWSSB admitted that there was limited allocation of funds under CMCDM and they were in touch with other funding agencies for implementing the works in Added Areas.

4.1.6.2 Construction of Storm Water Drains in the Added Areas without conducting topographical, meteorological and hydrological studies

As per CPHEEO Manual and IRC guidelines, the SWDs were to be designed based on topographical, meteorological and hydrological data. Developing a SWD design plan was essential to ensure that storm water runoff could be discharged from the catchment area in an efficient and timely manner with ultimate linkage to natural waterways/water bodies.

It was contemplated under CMCDM to execute 532 SWDs in the Added Areas in an integrated manner along with road works. However, only 446 SWD works were executed in the Added Areas at a cost of ₹ 169.22 crore during the period 2011-14. Audit scrutiny revealed that topographical, meteorological and hydrological data, essential for construction of SWDs, were neither available in the Detailed Project Report (DPR) of CMCDM nor from the records made available to Audit. Further, SWDs under CMCDM were not planned based on ultimate linkage to natural waterways/water bodies for efficient disposal of storm water runoff.

In this regard, Audit observed that during the course of execution of CMCDM, a DPR for another comprehensive scheme (not a part of CMCDM) *viz.,* "Integrated Storm Water Drain System (ISWDS)" covering the same Added Areas was formulated at an estimated cost of ₹ 3,531.43 crore during March 2014[5] by adopting basin concept i.e., ultimate linkage to four basins *viz*., Adyar, Cooum, Kosasthalaiyar and Kovalam. In the DPR of ISWDS, the proper size of the drains (width and depth) to be adopted for efficient discharge of storm water at different locations was arrived at from the data collected from topographical, meteorological and hydrological studies conducted in Added Areas. However, under CMCDM, SWDs were constructed adopting standard type designs (i.e., 0.60m x 0.75m and 0.90m x 0.90m), without conducting such study.

In the DPR of ISWDS, certain deficiencies were pointed out in the existing SWD system in the Added Areas, for example, the SWDs were not sufficient and adequate, and there was no proper connectivity and ultimate linkage of SWDs with natural waterways/water bodies resulting in flooding and water stagnation.

Further, comparison of the size of 446 SWDs constructed under CMCDM in the Added Areas with the DPR of ISWDS for same Added Areas, by Audit, revealed the following deficiencies:-

- In 51 locations, the size of SWDs constructed under CMCDM were inadequate. Six out of 51 SWDs constructed at a cost of ₹ 2.46 crore by GCC under CMCDM in Cooum Basin were approved for reconstruction, as observed from the reconstruction list of the DPR of ISWDS, as detailed in **Appendix 4.1.**
- The remaining 45 SWDs constructed under CMCDM at a cost of ₹ 18.12 crore (Kovalam and Kosasthalaiyar basins : ₹ 7.37 crore and Adyar and Cooum basins: ₹ 10.75 crore) also required reconstruction, as observed from the list of new construction works approved in the DPR of ISWDS, as detailed in **Appendices 4.2 and 4.3.**

Thus, execution of SWDs under CMCDM without topographical, meteorological and hydrological study and without ultimate linkage to natural waterways/water bodies had resulted in construction of SWDs with inadequate size, which would ultimately result in inundation of roads. Based on the DPR of ISWDS, the estimated reconstruction cost of 51 SWDs worked out approximately to ₹ 54.33 crore.

GoTN stated (November 2016) that the SWDs under CMCDM were constructed in the Added Areas of Adyar and Cooum Basins in the same

[5] Final DPR in March 2014 and Draft DPR in July 2012

alignment, inverts and networking as existed in the erstwhile Municipalities under the road network concept. Further, the basin concept for Added Areas was conceptualised only in 2012 under ISWDS and the survey and other works completed by 2014. However, before the survey was conducted under ISWDS, SWDs were constructed under CMCDM to provide relief to the people.

The reply was not tenable as construction of SWDs on basin concept was not new to GCC as the SWDs in the Core City had been executed under Jawaharlal Nehru National Urban Renewal Mission (JNNURM) during March 2010 to March 2013 adopting basin concept. The fact remains that the SWDs constructed under CMCDM were inadequate in size and lacked linkage to water bodies, requiring reconstruction of 51 SWDs subsequently under the newly proposed ISWDS.

4.1.6.3 Provision of Sodium Vapour Lamps instead of Light Emitting Diode

Street lighting is a basic amenity and one of the most important responsibilities of a local body. The implementation of uniform measures to increase energy efficiency and to reduce maintenance cost as well as to simultaneously deliver better service to the public is a major priority for all Urban Local Bodies. Light Emitting Diode (LED) lamps consume 45 *per cent* less power than Sodium Vapour Lamps (SVLs). The concept of providing LED lamps was introduced in GCC as early as in August 2011 under 'Basic Services to the Urban Poor Scheme'. The GCC had also included the LED lamps in their Electrical Schedule of Rates (SoR) in 2011-12.

CMCDM provided for installation of 12,952 SVLs during the years 2011-12 to 2013-14 at an estimated cost of ₹ 31.95 crore against which ₹ 26.18 crore was incurred towards installation of 12,041 SVLs.

Audit scrutiny revealed that GCC subsequently replaced 1,327 SVLs installed under CMCDM with LED lamps between November 2015 and April 2016 at a cost of ₹ 36.72 lakh. As such, GCC could have provided LED lamps under CMCDM instead of SVLs to save electricity. Failure to properly plan the provision of street lights resulted in avoidable expenditure of ₹ 36.72 lakh on SVL and fittings.

GoTN replied (November 2016) that LED street lighting was a new technology introduced in 2011-12. At the time of preparation of DPR for CMCDM, LED installation were only under trial, hence, it was not included in the large scale project like CMCDM. Further, when compared to SVL street light fittings, the cost of LED street light fittings was very high due to which LED street lights were used extensively after their study with effect from 2013-14.

The reply was not tenable as the Electrical Department of GCC had included the item "Supplying, fixing and maintenance for seven years of LED fittings" in their SoR for the years from 2011-12, which indicated that this technology was known to GCC during 2011-12 itself. As such, GCC could have provided LED street lights under CMCDM from 2011-12 itself to enhance energy efficiency.

4.1.7 Financial Management

GoTN sanctioned a project cost of ₹ 2,643.19 crore during 2011-16 (which was revised to ₹ 2,643.67 crore in February 2016) for CMCDM and allocated a grant of ₹ 2,500 crore. The differential cost was to be borne by the implementing agencies.

GoTN created (March 2012) a separate fund called Chennai Mega City Development Fund (CMCDF) for implementing CMCDM to be maintained by TNUIFSL. The Corpus for the fund would be provided through budgetary provision every year by GoTN. The year-wise details of grants sanctioned by GoTN, funds disbursed to implementing agencies by TNUIFSL and expenditure incurred by implementing agencies are detailed in **Table 4.2.**

Table 4.2: Details of grants sanctioned by GoTN, funds received by TNUIFSL and expenditure incurred by implementing agencies

(₹ in crore)

Year	Implementing Agency	Project Cost	CMCDM Grant sanctioned by GoTN	Agency contribu-tion	Grant released to TNUIFSL by GoTN	Grants released to implementing agencies by TNUIFSL	Expendi-ture
2011-12	GCC	333.89	308.00	25.89	-	-	-
	CMWSSB	175.93	175.93	-	-	-	0.01
	Sub Total	*509.82*	*483.93*	*25.89*	-	-	*0.01*
2012-13	GCC	403.98	403.98	-	-	144.51	130.98
	CMWSSB	452.77	390.20	62.57	-	28.17	25.89
	Sub Total	*856.75*	*794.18*	*62.57*	*500*	*172.68*	*156.87*
2013-14	GCC	373.35	280.01	93.34	-	245.93	407.95
	CMWSSB	513.33	513.33	-	-	230.16	199.85
	Sub Total	*886.68*	*793.34*	*93.34*	*500*	*476.09*	*607.80*
2014-15	GCC	-	-	-	-	313.37	391.24
	CMWSSB	-	-	-	-	125.32	174.71
	Sub Total	-	-	-	*500*	*438.69*	*565.95*
2015-16	GCC	322.99	242.24	80.75	-	361.56	376.96
	CMWSSB	-	-	-	-	214.93	186.93
	Sub Total	*322.99*	*242.24*	*80.75*	*200*	*576.49*	*563.89*
Total	***GCC***	**1,434.21**	**1,234.23**	**199.98**	**1,700**	**1,065.37**	**1,307.13**
	CMWSSB	**1,142.03**	**1,079.46**	**62.57**		**598.58**	**587.39**
GCC: Grant for Integrated Roads		53.34	40.01	13.33	-	-	-
CMWSSB: Grant for excess expenditure incurred in FY 2011-12 for procuring sewage vehicles		5.92	5.92	-	-	-	-
CMWSSB: Grant for excess expenditure incurred in FY 2012-13 for procuring sewage vehicles		8.17	8.17	-	-	-	-
Grand Total		**2,643.67**	**2,367.79***	**275.88**	**1,700**	**1,663.95**	**1,894.52**

* Out of ₹ 2,500 crore grant allocated to CMCDM, the balance grant of ₹ 132.21 crore was allocated for meeting the Urban Local Bodies' share for five water supply and two sewerage projects taken up under JNNURM/Metropolitan Infrastructure Development Fund for ₹ 119.31 crore; Sustainable Water Security Mission for ₹ 5 crore and Fees, technical assistance grant and other expenditure for ₹ 7.90 crore.

As against the sanction of ₹ 2,500 crore, GoTN released only ₹ 1,700 crore mainly due to pendency in completion of WSS and UGSS works by CMWSSB which are discussed in Paragraph 4.1.8.2.

The deficiencies noticed in management of finance are discussed in the succeeding paragraphs.

4.1.7.1 Financial deficiencies

(i) Incorrect booking of expenditure

The expenditure incurred towards street lights was booked by GCC under CMCDM Head of Account for respective years. Whenever recoveries were made from the contractors' bills for the unused materials supplied by the contractors, the same had to be credited back to the scheme account. However, it was observed that in three Zones (Zones 2, 3 and 5), the recoveries were incorrectly credited into Roads and Buildings Maintenance Account and under Miscellaneous Income instead of crediting to the CMCDM account. This incorrect booking had resulted in scheme expenditure getting inflated to ₹ 11.41 lakh.

GoTN accepted the audit observation (November 2016) and stated that the amounts would be rebooked to the proper accounts by instructing the concerned officials of the Zones/Department.

(ii) Expenditure incurred without sanction

As per the guidelines for the operation and management of CMCDF, all the eligible projects were to be approved by the PSC. The work of "Supply and installation of 101 six metre lamp posts at various places in Zone-2 of GCC" entrusted (June 2013) to a contractor for ₹ 35.54 lakh were completed (September 2013) at a cost of ₹ 35.50 lakh. This expenditure was booked under CMCDM 2011-12. Audit observed that the work was not approved by the PSC.

GoTN while accepting the audit observation (November 2016) stated that the works were approved by the competent authorities and taken up under CMCDM after following tender procedure. It was further stated that approval of PSC would be obtained.

(iii) Non-disclosure of interest earned

As per guidelines and procedure for operation and management of CMCDF, interest from investments and any other income earned or accrued to the fund should form part of its Corpus and should be applied for the objective for which the fund was created.

Scrutiny of bank statements of the four Savings Bank accounts operated separately by GCC for the years 2011-12, 2012-13, 2013-14 and 2015-16 revealed that the interest earned to the tune of ₹ 4 crore[6] was credited in Savings Bank account as of March 2016. However, the interest earned out of CMCDM funds was not disclosed in the Utilisation Certificates furnished by GCC to TNUIFSL. The details of interest earned by CMWSSB out of CMCDM funds called for by Audit was not furnished (November 2016).

GoTN replied (November 2016) that the interest earned by GCC would be brought to the notice of PSC and in the case of CMWSSB, the interest received for CMCDM was deposited in a common Capital Works Account and calculation of interest pertaining to CMCDM would be worked out and reported. The reply was not convincing as the interest amount still remained to be credited back to CMCDF.

(iv) Diversion of interest earned out of CMCDM funds

The bank reconciliation statements were prepared by GCC upto March 2015 for CMCDM accounts. On a review by Audit, it was noticed that a Real Time Gross Settlement (RTGS) payment of ₹ 81.86 lakh in November 2014 was debited to Savings Bank account of CMCDM 2012-13 and kept unreconciled as of 31 March 2015. On being asked by Audit, the GoTN replied (November 2016) that the amount related to the Savings Bank interest earned in the said CMCDM account had been transferred to GCC General Fund account and accounted for as Interest from Bank Accounts.

The reply was not tenable since as per guidelines, interest from investments earned or accrued to CMCDM Fund should form part of its Corpus and should be applied for the objective for which the fund was created and hence, transfer of interest of ₹ 81.86 lakh earned out of CMCDM Fund to GCC General Fund account was not in order.

In the Exit conference, the Principal Secretary, MAWS Department stated that the implementing agencies would be directed to propose new works with the interest earned out of CMCDM funds after getting PSC approval.

4.1.8 Programme Implementation

As per the Policy Note 2012-13 of MAWS Department, GoTN had contemplated integrated development of roads with SWDs, cable ducts, street lights and street furniture to bring the newly Added Areas of Chennai City at par with Core City under CMCDM.

The works sanctioned under CMCDM for GCC during the years 2011-12, 2012-13, 2013-14 and 2015-16 were termed as Grids of the respective years. Road works with integrated components *viz.*, SWDs, footpath, cable duct and street lights were proposed by respective Zones. Grid - 1 and Grid - 3 were specifically for Added Areas of eight Zones and Grid - 2 was executed in all the 15 Zones, including the Core City and Added Areas. Grid - 4 was proposed (without integration) for execution by the BRR Department of GCC.

[6] 2011-12: ₹ 169.58 lakh; 2012-13: ₹ 136.44 lakh; 2013-14: ₹ 67.22 lakh and 2015-16: ₹ 26.92 lakh **Total: ₹ 400.16 lakh (or) ₹ 4 crore**

Deficiencies noticed in execution of works with reference to the above, are discussed in the succeeding paragraphs.

4.1.8.1 Non-integration of SWDs with road works

As per the scheme guidelines, projects envisaged should be executed by following the integrated approach. The Secretary to Government (Expenditure), Finance Department while examining the proposal of GCC for 2011-12 had also emphasised in the PSC meeting held during February 2012 that, if SWDs were not constructed simultaneously, it would result in incomplete execution of roads and would defeat the entire purpose of funding under CMCDM. Hence, only those roads in which SWD work would be taken up simultaneously should be taken up under CMCDM. The GCC was also asked to ensure that proposed roads should not be opened up for SWD works in near future. Accordingly, GCC had submitted a revised proposal to PSC in February 2012 (Grid - 1) duly including the SWDs and other components.

The proposals for 2011-12 to 2013-14 (Grid - 1, Grid - 2 and Grid - 3) were sanctioned for execution of 2,666 road works at a cost of ₹ 892.61 crore under CMCDM, which included integration of 558 SWDs with road works.

Audit observed that there were savings of ₹ 219.77 crore in 2011-12 and 2012-13 works due to dropping of other components *viz*., SWDs, streetlights, cable ducts etc. Out of the savings, additionally 1,946 road works were taken up at a cost of ₹ 215.82 crore without integrating other components. Further, these road works were not proposed for approval of PSC and GCC obtained only *post facto* sanction from Government (January 2015).

The compliance of the scheme guidelines and the directions of PSC were further examined by Audit by comparing the road works executed under CMCDM without SWD with the DPR of ISWDS[7] in which SWDs were proposed for Added Areas of GCC. Audit comparison revealed that in respect of 913 road works[8] executed during 2011-14, SWDs were feasible under CMCDM but not constructed. Execution of road works under CMCDM without SWD component would result in cutting of roads while taking up SWD works under ISWDS, entailing additional expenditure.

GoTN replied (November 2016) that the existing roads were normally narrow and the side drains were also very small in size and these were unsewered areas. SWD works could not be taken up in these areas till completion of works by CMWSSB and all these roads had now been provided with street lights whereas SWDs would be taken up under ISWDS.

The reply was not tenable since GCC was aware of the fact that the WSS/ UGSS works were pending execution by CMWSSB and that the road works could not be integrated with SWDs as emphasised by the Secretary to Government (Expenditure), Finance Department. As such, the GCC should not

[7] In the ISWDS DPR, 1,172 SWDs in Adyar and Cooum Basins and 2,384 SWDs in Kosasthalaiyar and Kovalam Basins were proposed

[8] 372 road works out of 2,666 in original sanctions of Grid - 1, Grid - 2 and Grid - 3 and 541 road works out of 1,946 in savings

have proposed those works while submitting the proposals to PSC. Further, instead of bringing the fact of execution of works without integration to the notice of PSC, the GCC had executed 1,946 road works out of savings and obtained only *post facto* sanction.

4.1.8.2 Delay in implementation of WSS and UGSS

There were 31 and 20 erstwhile LBs in the Added Areas which were devoid of water supply and sewerage facilities respectively. WSS and UGSS had been sanctioned during 2012-14 under CMCDM to improve the inadequacies in water supply and sewerage infrastructure facilities. Seven WSS works (covering 25 LBs[9]) and seven UGSS works (covering 10 LBs[10]) were taken up under CMCDM during 2012-14. Out of the seven contracts for WSS, one contract was terminated in August 2015 due to slow progress of work by the contractor and the balance work was re-tendered and entrusted to another contractor in September 2016. The remaining six contracts were under progress with delays ranging from one month to one year as of August 2016. Similarly, out of the seven UGSS covering 10 LBs, one scheme (covering one LB) had been completed and one scheme (covering one LB) was at tender stage and remaining five UGSS (in eight LBs) were under progress. Out of five schemes under progress, three schemes (in four LBs - Kathivakkam, Ramapuram, Sholinganallur and Karapakkam) were already overdue and delays were up to six months as of August 2016. The remaining two schemes were scheduled to be completed in August-September 2017.

Since there were no norms in CMWSSB for tender processing, the timelines for finalisation of tender in respect of WSS and UGSS executed by CMWSSB were reviewed with reference to the norms prescribed by Public Works Department (PWD). In PWD, the time allowed for technical sanction was 90 days from the date of administrative sanction and the time limit for finalisation of tender was 52 days from the last date for receipt of tender. It was noticed that in respect of four WSS, the time taken from the date of administrative sanction to technical sanction was 102 days and the time taken for finalising the tender in respect of seven WSS ranged between 60 and 223 days. Similarly, in respect of three UGSS, the time taken from the date of administrative sanction to technical sanction was 137 days and the time taken for finalising the tender in respect of six UGSS ranged between 119 and 223 days. Time taken from the date of administrative sanction to award of works in respect of WSS and UGSS works are detailed in **Appendices 4.4 and 4.5** respectively. As a result of these delays, the intended objectives remained largely unachieved.

GoTN replied (November 2016) that delay in execution was due to delay in obtaining road cut permission by CMWSSB from GCC during monsoon period (three months for each year). As regards delay in tender processing, it was stated that the minimum time taken for a particular activity varied with

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9 Refer Appendix 4.4 for the list of 25 LBs

10 Annai Sivagami Nagar in Thiruvottiyur, Karapakkam, Kathirvedu, Kathivakkam, Mugalivakkam, Nolambur, Puthagaram, Ramapuram, Sholinganallur and Surapattu

the work load of the section and there was shortage of man power in CMWSSB. During Exit conference, Principal Secretary, MAWS Department stated (November 2016) that the WSS and UGSS works were collectively monitored for all schemes including CMCDM. In regard to delay in tender process, it was stated that the matter would be examined and CMWSSB would come out with suitable norms as is done in PWD. The reply was not tenable as the activities relating to WSS and UGSS were not completed within the time frame prescribed for the purpose.

4.1.8.3 Non-consideration of availability of equipment and key personnel before entrustment of work

As per the General condition No.4.5(B)(a) and (b) of the bid document of CMWSSB, each bidder should demonstrate the availability (either owned or leased or by procurement against mobilisation advances) of critical equipment required for the work specified therein and should also demonstrate the availability of a Project Manager with minimum 10 years experience in a project similar to the present work and other key personnel with adequate experience as indicated in the Contract Data for this work. Three[11] water supply works were awarded (March 2014) to a contractor for ₹ 194.10 crore under CMCDM 2013-14 and the works were scheduled to be completed by May 2016. The physical progress (July 2016) was only 34.67 *per cent* and 63.15 *per cent* in respect of two works and the third work was terminated (August 2015) due to slow progress of work.

Scrutiny of records revealed that the contractor had furnished the list containing the same critical equipment and personnel to be engaged for all the three works. As all the above three tenders were evaluated during January 2014, the aggregate requirement of equipment should have been considered before awarding the tender as the works involved deployment of equipment at various locations.

Non-consideration of actual requirement of equipment and personnel for all the three works before entrusting the works to the same contractor had resulted in slow progress of two works and termination of one work, resulting in postponement of the objective of providing safe drinking water supply.

GoTN replied (November 2016) that the bids submitted by the bidders for the three works had been evaluated for each bidder based on the conditions given in the bid document and that there was no mention in the bid documents regarding evaluating the aggregate requirement of equipment and personnel. In the Exit conference, the Principal Secretary, MAWS Department stated that the condition regarding aggregate requirement of equipment and personnel would be considered for inclusion in the bid documents.

[11] (i) Providing Comprehensive Water Supply Scheme to Edayanchavadi, Sadayankuppam, Kadapakkam, Vadaperumbakkam, Theeyambakkam, Chinnasekadu and Manali in Chennai City; (ii) Providing Comprehensive Water Supply Scheme to Kottivakkam, Palavakkam and Perungudi in Chennai City and (iii) Providing Comprehensive Water Supply Scheme to Pallikaranai and Mugalivakkam in Chennai City

4.1.8.4 Avoidable expenditure on usage of Cast Iron (CI) pipes

Paragraph 3.12 of Manual on Sewerage and Sewage Treatment Systems, 2013 of CPHEEO, read with Appendix A.3.10 deals with the suitability and limitations of various pipe materials for usage in sewerage mains. As per Paragraphs 3.12.6 and 3.12.8 of the Manual, both CI and Ductile Iron (DI) pipes could be used in sewerage pipe lines with cement mortar linings to protect against the high corrosive nature of the sewages. The cost of DI pipe was lesser than that of CI pipes.

The Indian Standards (CI pipes - IS 1536:2001; DI pipes - IS 8329:2000) specified minimum standards for CI (Class LA) and DI S/S (Class K9) pipes as given in **Table 4.3.**

Table 4.3: Details of Indian Standards for CI pipes and DI pipes

Description of standard	Standards prescribed	
	CI Pipes	DI Pipes
Tensile Strength (Minimum)	200 for pipes cast in metal moulds; 180 for pipes cast in sand lined moulds	Minimum 420
Hydraulic working pressure including surge (Maximum allowable)	1.0 (diameter 80 to 1,050 mm)	(i) 3.9 to 7.7 (diameter 80 to 750 mm)
		(ii) 3.6 to 3.8 (800 to 1,000 mm)
		(iii) 3.1 to 3.5 (1,100 to 2,000 mm)
Site test pressure (Maximum allowable)	(i) 1.6 (diameter 80 to 600 mm)	(i) 4.4 to 9.6 (diameter 80 to 750 mm)
	(ii) 1.5 (diameter 700 to 1,050 mm)	(ii) 3.6 to 4.3 (diameter 800 to 2,000 mm)

(Source: IS 1536:2001and IS 8329:2000)

It may be seen from the above table and from the CPHEEO Manual that DI pipes have some inherent advantages over CI pipes as they are more tensile and lighter which would result in less brittleness and easiness in laying and jointing. Further, DI pipes would withstand higher working pressures as compared to CI pipes. Audit scrutiny of DPRs and agreements for the UGSS works, taken up by CMWSSB under CMCDM, revealed that CI pipes were provided in sewerage works instead of DI pipes, without considering these factors. Thus, usage of CI pipes instead of DI pipes resulted in an avoidable expenditure of ₹ 26.40 crore and liability of ₹ 9.57 crore in 12 test checked UGSS works as detailed in **Appendix 4.6**. Further, it was noticed that DI pipes were used in the Avadi and Thirumazhisai UGSS formulated by CMWSSB in October 2007 and December 2008 and the Tamil Nadu Water Supply and Drainage Board which was executing sewerage schemes in the entire State of Tamil Nadu, except Chennai Metropolitan area was adopting DI pipes for pumping and gravity main in sewerage schemes.

GoTN in its reply (November 2016) while justifying the usage of CI pipes had stated in the Exit conference that action would be taken for evolving a piping policy for CMWSSB.

4.1.8.5 Entrustment of new road works without calling for tender

According to Section 3(1) of Tamil Nadu Transparency in Tenders Act, 1998, no procurement should be made by the procuring entity except by tender. Further, as per PWD Circular dated 19 April 2010, before sending proposals for entrusting additional items/additional quantities to the main contractor, the Engineers in charge of the work should examine thoroughly whether the same were "fairly contingent to the main contract" and could be executed only through the main work contractor due to exigencies of the work or on economic consideration or due to time overrun in selecting fresh agency.

Scrutiny of records relating to execution of road works in test checked Zones of GCC revealed that in respect of eight out of 24 selected packages, 70 road works for ₹ 18.96 crore were entrusted between September and December 2015 to the original contractors treating the works as additional quantities. As the works taken up were new road works at different locations and were different from original works entrusted to existing contractors, tenders should have been invited treating them as new works. However, GCC had not called for tenders and entrusted these new road works to the existing contractors in contravention to Tamil Nadu Transparency in Tenders Act, 1998.

The above works were executed at a cost of ₹ 17.66 crore. As the works taken up were new works, GCC should not have entrusted the works at the agreement rates of original works which were based on SoR 2014-15. The GCC should have entrusted the works by calling for tenders instead of treating the work as additional quantity since the rates for works involving bitumen were lesser as per the SoR 2015-16. This had resulted in excess expenditure of ₹ 4.69 crore (**Appendix 4.7).**

GoTN replied (November 2016) that as per the Tamil Nadu Transparency in Tenders Rules, 2000, the Tender Accepting Authority shall be ordinarily permitted to vary the quantity finally ordered to the extent of 25 *per cent* either way of the requirement indicated in the tender documents. If the tendering process was initiated, it would have further delayed the road laying by six months since the roads were in damaged condition.

The reply of GoTN was not factually correct as the additional works executed were not incidental to the main works and were executed at different locations. Further, if the works were of emergency nature, the GCC should have adopted the SoR 2015-16 due to reduction in the rate of bitumen and should have entrusted the works as an additional item at reduced rates instead of additional quantity at higher rates as the roads taken up were new works.

Thus, due to entrustment of work to original contractors at the agreement rates of original works instead of calling for new tender or to entrust the work as additional items had resulted in excess expenditure of ₹ 4.69 crore for which responsibility needs to be fixed for violation of Tamil Nadu Transparency in Tenders Rules, 2000, etc.

4.1.8.6 Excess expenditure on Camber correction work

The work of strengthening and relaying of seven BRR - Package 10 was entrusted (March 2015) to a contractor for ₹ 21.42 crore and work was completed (August 2016) at a cost of ₹ 16.62 crore. Scrutiny of tender documents revealed that the tender schedule included an item *viz*., "Providing and laying Dense Bituminous Macadam (DBM) upto 100 mm thickness Camber correction" for a total quantity of 2,396 cu.m. and the contractor quoted ₹ 7,000 per cu.m. for that item. After negotiation, the contractor reduced the rate to ₹ 6,000 per cu.m. However, agreement was entered (June 2015) into with the contractor for an amount of ₹ 20.92 crore after deleting the above item. Audit noticed that, in lieu of the deleted item, another item *viz*., "Camber correction work using Bituminous Macadam (BM) 50 mm thickness" was entrusted to the contractor as non-tendered item at the rate of ₹ 8,369.84 per cu.m. for a total quantity of 1,120 cu.m. As the contractor had quoted ₹ 6,000 per cu.m. for Camber correction with DBM during tender which was higher specification than BM[12], the GCC could have executed the Camber correction using the above item without deleting the same from the agreement. However, Camber correction for a total quantity of 1,440.241 cu.m. was executed using BM as a non-tendered item. Failure of GCC to make use of the lesser rates quoted by the contractor in Camber correction work had resulted in excess expenditure of ₹ 34.13 lakh[13].

GoTN replied (November 2016) that the excess expenditure of ₹ 34.13 lakh would be recovered from the contractor while making final payment.

4.1.8.7 Non-fixing of Global Positioning System (GPS) by CMWSSB for effective monitoring of sewage vehicles

GPS installed in vehicles facilitates timely delivery of service and also payments based on performance. The GCC, which outsourced operation and maintenance of its vehicles for SWM works, adopted a real-time vehicle tracking system using GPS for the purpose of effective monitoring of movement of vehicles. Payments to the contractors for the services rendered were made based on the GPS data.

It was noticed that CMWSSB procured 201 sewage vehicles for desilting work at a cost of ₹ 39.19 crore under CMCDM during 2011-13 and sewer maintenance works were outsourced. Though provision for installation of GPS in desilting machines and jet rodding machines was made at a cost of ₹ 56 lakh, yet CMWSSB did not procure and install GPS in these vehicles. Thus, the best practice adopted by GCC was not followed by CMWSSB for ensuring effective monitoring of movement of these vehicles.

GoTN replied (November 2016) that though there was provision for installation of GPS in the original proposal, funds were not provided under CMCDM. However, the Managing Director, CMWSSB stated in the Exit conference that proposal for installation of GPS was under consideration.

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[12] 1 cm. of BM = 0.7 cm. of DBM

[13] ₹ 2,369.84 per cu.m. (difference in rates) x 1,440.241 cu.m. (quantity executed) = ₹ 34.13 lakh

4.1.8.8 Inadequate size of cable ducts causing damage to roads

In order to avoid frequent road cutting by the user departments, provision for cable laying by using PVC pipes and inspection chamber were made in the roads under CMCDM.

Audit scrutiny of records revealed that though the eight roads in Zones 3 and 14 were provided with cable duct at a cost of ₹ 69.62 lakh, GCC had issued road cut permission during 2012-14 to Bharat Sanchar Nigam Limited (BSNL) and Tamil Nadu Electricity Board (TNEB) for laying cables. Though restoration charges for road cut were collected from the user departments, frequent road cuts would cause damage to roads, besides leading to public inconvenience.

GoTN replied (November 2016) that due to the population growth in the area most of the vacant lands were converted into residences, because of which the requirement for service connections was more than anticipated. Therefore, the provision of cable duct with 160 mm diameter was not adequate and hence, permission for road cut for laying cable was issued to BSNL and TNEB. The reply was not tenable as GCC had not assessed the requirements based on the population growth and development of the areas and made provision accordingly.

Thus, due to provision of inadequate size of cable ducts, the roads had to be cut which caused damage to roads and inconvenience to public.

4.1.9 Monitoring

As per the scheme guidelines, PSC should review and monitor the project implementation and the periodicity of the meeting to be decided by PSC. However, no periodicity was fixed by PSC and during 2011-16, only 10 meetings were held. Review of the minutes of the meetings revealed that the meetings were held mainly for sanctioning of works and the progress of individual works were not monitored. Lack of monitoring resulted in the following deficiencies as also pointed out in the preceding paragraphs.

- Though PSC observed that SWDs, if not constructed simultaneously with road works would result in incomplete execution of roads and would defeat the entire purpose of funding under CMCDM, this was not monitored by PSC which had resulted in execution of 913 road works by GCC without SWDs.
- GCC had taken up 1,946 additional road works at a cost of ₹ 215.82 crore from the savings of CMCDM 2011-12 and 2012-13. *Post facto* sanction was obtained (November 2014) by GCC from PSC after a lapse of 19 and 31 months respectively. Deficient monitoring by PSC had resulted in savings being utilised by GCC for the road works not approved by the PSC and which were not also proposed at the time of submitting the initial proposal by GCC.

During Exit conference, Principal Secretary, MAWS Department stated (November 2016) that WSS and UGSS works were monitored collectively for all schemes including CMCDM and in respect of road works it would be monitored in the PSC meetings and an Annual Report would be prepared for effective monitoring.

There is, thus, a need for strengthening of monitoring by PSC for effective implementation of the scheme.

4.1.10 Conclusion

As against the projected requirement of funds of ₹ 9,228.51 crore by the implementing agencies, GoTN sanctioned only ₹ 2,500 crore thereby limiting the scope of activities taken up under CMCDM. Execution of SWDs without topographical, meteorological and hydrological study resulted in construction of inadequate size of SWDs and required reconstruction of 51 of these at an estimated cost of ₹ 54.33 crore. Further, the SWDs were not ultimately connected to natural waterways/water bodies for efficient storm water runoff. Road works were executed without integrated SWDs, in contravention of the instructions of the PSC. There were delays ranging from 60 to 223 days in award of contracts in respect of WSS and UGSS, which resulted in non-completion of six WSS and five UGSS. Aggregate requirement of equipment and personnel were not considered for inclusion in the bid documents. Use of Cast Iron pipes instead of Ductile Iron pipes resulted in avoidable expenditure/liability of ₹ 35.97 crore due to absence of piping policy. Entrustment of road works without calling for tenders resulted in excess expenditure of ₹ 4.69 crore. Lack of effective monitoring by PSC resulted in *post facto* sanction of 1,946 unapproved works.

4.1.11 Recommendations

Government/implementing agencies may consider:

- Identification of funding sources at the planning stage for timely completion and overall achievement of the project objectives.
- Taking up of Strom Water Drain works after conducting proper topographical, meteorological and hydrological studies for efficient storm water runoff.
- Integration of road works with other components like SWDs, street lights, cable ducts to avoid cutting of roads.
- Fixing of timelines for sanctioning of estimates and finalisation of tenders in line with PWD norms to avoid unwarranted delay in execution of works.
- Inclusion of suitable clause regarding aggregate requirement of equipment and personnel in the bid documents.
- Evolving a uniform piping policy for WSS and UGSS for adoption by various implementing agencies in the State.

CHAPTER V

COMPLIANCE AUDIT
(URBAN LOCAL BODIES)

CHAPTER V

COMPLIANCE AUDIT

Compliance Audit on Management of Municipal Funds including collection of revenue by Municipalities in Kancheepuram and Tiruvallur Districts, Madurai, Salem and Thanjavur City Municipal Corporations and Keelakarai and Kumbakonam Municipalities brought out instances of lapses in management of resources and failure in the observance of the norms of regularity, propriety and economy. These have been presented in the succeeding paragraphs.

MUNICIPAL ADMINISTRATION AND WATER SUPPLY DEPARTMENT

5.1 Management of Municipal Funds including collection of revenue by Municipalities in Kancheepuram and Tiruvallur Districts

5.1.1 Introduction

The 74th Amendment to the Constitution of India paved the way for Urban Local Bodies (ULBs) to function as local self-government. A robust municipal finance system is necessary for effective implementation and management of India's urban policy agenda and sound municipal finance was a pre-requisite for improved service delivery.

The Audit of Management of Municipal Funds including collection of revenue by Municipalities in Kancheepuram and Tiruvallur Districts was conducted covering the period 2013-16 in four Municipalities (Avadi and Thiruverkadu in Tiruvallur District and Maraimalai Nagar and Pallavaram in Kancheepuram District), selected based on the highest revenue collected through property tax and corresponding increase in population between 2001 and 2011. The objective was to assess whether there was efficient financial management system involving budgeting and collection of revenue. Records were test checked in the four Municipalities besides records at Municipal Administration and Water Supply (MAWS) Department at the Secretariat, Commissionerate of Municipal Administration and Office of the Regional Director of Municipal Administration, Chengalpattu Region. A meeting was held with the Principal Secretary, MAWS Department on 16 November 2016 to discuss important audit observations. Audit findings are discussed in succeeding paragraphs.

Audit Findings

5.1.2 Budget

(i) The budget estimates and the actuals of the four Municipalities pertaining to the financial years of 2013-14, 2014-15 and 2015-16 are detailed in **Appendix 5.1.** As per Paragraph 3.39 of Municipal Budget Manual, a budget variance report showing the allocation against each budget head for the whole year and the quarter and the revenue/expenditure for the quarter and year to date against that budget head should be prepared and presented to the Council by the Municipal Commissioner at the end of every quarter. Audit scrutiny revealed that there were significant variations in respect of both income and expenditure of Revenue and Capital fund in respect of all the three Municipal fund accounts indicating that the budgets were not prepared realistically. The Municipalities had also not carried out any variance analysis.

Government replied (November 2016) that suitable instructions have been issued to the Municipalities to ensure budgetary control to avoid variations in the budget provisions.

(ii) As per Paragraph 4.5 of the Municipal Budget Manual, every Municipality should prepare a performance budget along with the financial budget so as to measure the outcome of each project with reference to its corresponding outlay. It was observed that Pallavaram, Maraimalai Nagar and Thiruverkadu Municipalities had not prepared any performance budget during the last three years. Avadi Municipality prepared performance budget for 2013-14 only. As a result, the performance of the Municipalities could not be monitored by the Commissioner of Municipal Administration (CMA).

Government replied (November 2016) that due to shortfall in manpower, the Municipalities did not prepare performance budget; performance on implementation of each project with reference to the corresponding outlay was being critically reviewed periodically through Management Information System (MIS) available in the Municipalities and instructions were issued to the Municipalities to prepare performance budget along with financial budget in future.

The reply was not tenable in view of the fact that there were significant variations between Budget Estimate and actuals ranging between 50 and 125 *per cent* both on income and expenditure in 30 cases; staff constraint cannot be cited as reason for not performing essential municipal functions and reviewing MIS and issuing instructions cannot be a substitute for carrying out variance analysis and preparation of performance budget.

5.1.3 Finance

As per the Government Orders issued in January 2000, the Municipalities compile their accounts on accrual basis. The annual accounts comprising of three fund accounts *viz.* Revenue and Capital Fund, Water Supply and Drainage Fund and Elementary Education Fund are certified by the Director of Local Fund Audit (DLFA). The Municipalities should finalise their accounts within three months after the end of each financial year. All the four Municipalities had prepared their accounts and submitted the same to the DLFA within the scheduled dates. DLFA had certified the accounts upto 2013-14 for Pallavaram, Avadi and Thiruverkadu Municipalities and upto 2014-15 for Maraimalai Nagar Municipality.

Based on the final accounts of all the three Municipal fund accounts furnished by the Municipalities and after taking into account the actual revenue collected and actual expenditure incurred by them, the receipts and expenditure of the four Municipalities were worked out. The details for the years 2013-14 to 2015-16 are given in **Table 5.1.**

Table 5.1: Receipts and expenditure for the period 2013-16

(₹ in crore)

Particulars	Avadi			Maraimalai Nagar			Pallavaram			Thiruverkadu		
	2013-14	2014-15#	2015-16#	2013-14	2014-15	2015-16#	2013-14	2014-15#	2015-16#	2013-14	2014-15#	2015-16#
Revenue Receipts	68.61	70.13	81.87	42.47	47.57	36.79	60.95	61.01	69.55	25.82	22.90	27.32
Revenue Expenditure	47.03	39.74	45.19	11.10	10.90	10.93	31.68	31.90	38.71	4.84	6.30	7.45
Capital Receipts (Municipal contribution)	18.76	0	0	0	0	0	0	0	0	0	0	0
Capital Expenditure	122.66	61.09	86.23	71.18	77.40	39.57	48.55	42.53	47.12	32.54	18.88	36.72
Total Expenditure	**169.69**	**100.83**	**131.42**	**82.28**	**88.30**	**50.50**	**80.23**	**74.43**	**85.83**	**37.38**	**25.18**	**44.17**
Fiscal balance	(-)82.32	(-)30.70	(-)49.55	(-)39.81	(-)40.73	(-)13.71	(-)19.28	(-)13.42	(-)16.28	(-)11.56	(-)2.28	(-)16.85
Government Capital Grants	47.60	40.75	23.05	5.59	1.37	28.22	29.79	7.77	8.48	8.68	4.82	4.04

\# Accounts are yet to be audited and certified by the DLFA.

(Source : Figures worked out by Audit on actual basis from the Annual Accounts of the Municipalities)

It may be seen from the table that none of the Municipalities had contributed for Capital works from their income except Avadi Municipality, which had allocated ₹ 18.76 crore during 2013-14. Thus, the Municipalities had to largely depend on the Government grants for meeting their fiscal gaps, as discussed below:-

(i) Dependency factor on Grants

The main objective of the 74th Amendment of the Constitution of India was to enable the local bodies to function as local self-government and to achieve the same, the local bodies should raise their own revenue to become self reliant and be less dependent on Government grants. Further, as per the Fiscal Management principles stipulated in the Tamil Nadu Municipal Budget Manual, the ULBs should manage expenditure consistent with the level of revenue generated. The dependence on Government grants by the four Municipalities is indicated in **Table 5.2.**

Table 5.2: Dependency factor on grants for incurring expenditure during the period 2013-16

(₹ in crore)

Name of the Municipality	Actual revenue grant received	Actual capital grant received	Total Grants	Total expenditure (Both Revenue and Capital)	Dependency Factor (in percentage)
Avadi	96.82	111.41	208.23	401.94	51.81
Maraimalai Nagar	22.65	35.18	57.83	221.08	26.16
Pallavaram	61.74	46.04	107.78	240.49	44.82
Thiruverkadu	18.54	17.53	36.07	106.73	33.80

(Source: Figures worked out by Audit from the Annual Accounts of the Municipalities)

As may be seen from the above, the dependency factor on Government grants ranged from 26.16 to 51.81 *per cent,* thus making it imperative for the Municipalities to improve the level of efficiency in raising their tax and non-tax revenue like property tax, lease rent and user charges for water supply and sewerage, as discussed in Paragraphs 5.1.4 and 5.1.5 respectively.

While accepting the audit observation, Government stated (November 2016) that as the revenue receipts of the Municipalities were not sufficient to meet the expenditure, grants were given to them to compensate the deficit.

(ii) Trend of Receipts and Expenditure

The trend of Revenue Receipts, Revenue Expenditure and Capital Expenditure of the Municipalities, as per the accounts compiled on accrual basis, is given in **Table 5.3.**

Table 5.3: Trend of Receipts and Expenditure

(₹ in crore)

Name of the Municipality	Revenue Receipts			
	2013-14	**2014-15**	**2015-16**	**Percentage of increase - 2013-14 to 2015-16**
Avadi	66.27	66.01	80.41	21.34
Maraimalai Nagar	40.20	43.43	36.11	(-) 10.17
Pallavaram	56.89	58.87	70.78	24.42
Thiruverkadu	24.18	21.60	26.29	8.73
	Revenue Expenditure			
	2013-14	**2014-15**	**2015-16**	**Percentage of increase - 2013-14 to 2015-16**
Avadi	58.91	69.63	77.44	31.45
Maraimalai Nagar	30.19	33.74	20.82	(-) 31.04
Pallavaram	48.84	53.45	63.68	30.38
Thiruverkadu	19.41	20.19	25.63	32.04
	Capital Expenditure			
	2013-14	**2014-15**	**2015-16**	**Percentage of increase - 2013-14 to 2015-16**
Avadi	122.66	61.09	86.23	(-) 29.70
Maraimalai Nagar	71.18	77.40	39.57	(-) 44.41
Pallavaram	48.55	42.53	47.12	(-) 2.95
Thiruverkadu	32.54	18.88	36.72	12.85

(Source: Annual accounts of the Municipalities)

From the table, it may be seen that the rate of increase of revenue expenditure in three Municipalities (except Maraimalai Nagar) was more than the corresponding increase of revenue receipts during 2013-16. In Maraimalai Nagar Municipality, both the revenue receipts and the revenue expenditure had decreased during 2013-16. There was a decline in capital expenditure in all the Municipalities except Thiruverkadu Municipality during 2013-16.

Government replied (November 2016) that the trend of receipts of the Municipalities was not commensurate to meet the expenditure of the Municipalities and there was deficit in receipts. The increase in revenue expenditure was due to increase in salary, establishment cost, maintenance of assets etc., whereas the revenue receipts were more or less static. Government stated that the main reason for the decline in capital expenditure in Avadi and Pallavaram Municipalities was that the water supply projects being executed by Chennai Metropolitan Water Supply and Sewerage Board (CMWSSB) were nearing completion.

The reply was not tenable as the Municipalities had not taken effective measures to levy and collect tax and non-tax revenues and also failed to collect the user charges for water and sewerage at the prescribed norms, which would have enhanced the revenue receipts, as discussed in Paragraphs 5.1.4 and 5.1.5. The reply of the government with regard to capital expenditure in Avadi and Pallavaram Municipalities was not tenable as both the Municipalities had incurred capital expenditure on other core sectors such as storm water drains, roads and solid waste management, where their investments were much below the norms as indicated in **Table 5.4**.

(iii) Investment in infrastructure projects

A High Power Expert Committee (HPEC) was constituted (May 2008) by the Ministry of Urban Development, Government of India (GoI), to estimate the investment requirement for urban infrastructure services. The Committee in its report prescribed (March 2011) the investment requirements for core sectors like water supply, sewerage, solid waste management, storm water drains, urban roads and street lights. The assessment of investment requirements for fixing the expenditure norms was fixed by the HPEC based on the service standard benchmarks prepared by the Ministry of Urban Development, GoI.

Audit observed that the four Municipalities had been underspending on core activities such as water supply, sewerage, storm water drains, roads, street lighting and solid waste management, which was much below the norms as discussed below:-

- The investment requirement prescribed (March 2011) by the HPEC for the period 2012-31, based on 2009-10 prices for core urban infrastructure services and the actual investment made by the four Municipalities, is given in **Table 5.4**.

Table 5.4: Capital expenditure incurred by the Municipalities in core sectors upto 2015-16

(₹ in crore)

Core Sectors	Avadi Municipality		Maraimalai Nagar Municipality		Pallavaram Municipality		Thiruverkadu Municipality	
	Norms	Actual expenditure	Norms	Actual expenditure	Norms	Actual expenditure	Norms	Actual expenditure
Water Supply	204.20	0*	48.01	38.88	127.63	21.98	36.76	9.89
Under Ground Sewerage	117.58	0*	45.96	3.79	73.49	65.17	35.18	-
Storm Water Drains	178.38	39.51	22.78	24.02	111.50	31.08	17.44	16.42
Roads	1,010.84	197.95	182.25	152.27	631.81	139.47	139.53	109.90
Street Lighting	43.36	4.03	0.87	6.02	27.10	5.51	0.67	7.70
Solid Waste Management	14.13	3.47	1.66	2.60	8.83	4.31	1.27	1.95

* In Avadi Municipality, Water Supply and Under Ground Sewerage Schemes were in progress.

(Source: Details worked out by Audit based on the Report on Indian Urban Infrastructure and Services and Annual Accounts of Municipalities)

It may be seen from the above that the investment was far below the norms prescribed by HPEC in Avadi and Pallavaram Municipalities. In Maraimalai Nagar Municipality, the investment was below the norms in respect of water supply, under ground sewerage and roads. In Thiruverkadu Municipality, the investment was below the norms in respect of all core sectors except for street lighting and solid waste management.

Government replied (November 2016) that due to financial constraints, the Municipalities could not invest fund for capital expenditure on core sectors at the level prescribed by HPEC. The reply was not tenable in view of the fact that the Municipalities failed to improve the level of efficiency in raising their own revenue, which could have facilitated higher capital expenditure on core sectors as discussed in Paragraphs 5.1.4 and 5.1.5.

- The HPEC prescribed norms for per capita Operation and Maintenance (O&M) cost for various urban infrastructure services. The norms for O&M for the core sectors were reduced proportionately according to the actual capital expenditure incurred by the Municipalities. The details worked out by Audit and expenditure thereagainst are given in **Table 5.5.**

Table 5.5: Operation and Maintenance expenditure incurred by the Municipalities for core sectors

(₹ in crore)

Sector	Avadi Municipality		Maraimalai Nagar Municipality		Pallavaram Municipality		Thiruverkadu Municipality	
	Norms	Average O&M expenditure for three years	Norms	Average O&M expenditure for three years	Norms	Average O&M expenditure for three years	Norms	Average O&M expenditure for three years
Water Supply	NA	*	2.42	2.00	1.82	4.01	0.62	0.08
Under Ground Sewerage	NA	*	0.14	0	5.54	0	0	-
Storm Water Drains	0.60	0.29	0.36	0	0.47	0.11	0.25	0.07
Roads	3.56	0.09	2.50	0	2.51	0	1.81	-
Street Lighting	0.17	3.23	0.17	1.27	0.24	2.09	0.21	1.85
Solid Waste Management	1.14	2.40	1.44	0.39	1.42	2.51	1.08	0.55

NA : Not Applicable; As Water Supply and Under Ground Sewerage Schemes were in progress, norms were not worked out.

* In Avadi Municipality, Water Supply and Under Ground Sewerage Schemes were in progress

(Source : Details worked out by Audit based on the Report on Indian Urban Infrastructure and Services and Annual Accounts of Municipalities)

It may be seen from the above that all the four Municipalities had been spending more on maintenance of street lighting while Maraimalai Nagar and Thiruverkadu Municipalities were underspending on all other core sectors. Avadi Municipality spent less on maintenance of storm water drains and roads and more on solid waste management and Pallavaram Municipality spent less on maintenance of storm water drains and more on water supply and solid waste management.

Government replied (November 2016) that the O&M expenditure in road sector was reduced considerably due to adoption of latest standard specification of IRC 37:2012. The reply was not tenable as instead of maintaining the roads by incurring revenue expenditure for repair works as put forth in IRC 82:1982, the Municipalities were relaying the entire road by adopting IRC 37:2012 by incurring capital expenditure. Principal Secretary in the meeting (November 2016) further agreed that the benchmarks of HPEC would be analysed and strategy for adoption of norms worked out.

(iv) Short release of Central Finance Commission Grants

Based on the Fourth State Finance Commission (SFC) recommendations, Government of Tamil Nadu (GoTN) ordered (June 2013) to devolve 10 *per cent* of the net State's Own Tax Revenue as devolution grant and adopted the vertical sharing ratio of 58:42 between rural and urban local bodies and horizontal sharing ratio between the ULBs as 40:31:29 between Municipal Corporations, Municipalities and Town Panchayats. Further, GoTN had also ordered to adopt: (a) 2011 Census (80 *per cent*), (b) Area (15 *per cent)* and (c) Debt Outstanding (five *per cent),* as criteria and weightage for horizontal sharing of SFC devolution within each tier of ULBs. The same formula was to be adopted for release of Central Finance Commission (CFC) grants.

Scrutiny of records in the Office of the CMA revealed that while releasing the CFC Grants for the year 2014-15, CMA had adopted 2001 Census as criteria for apportionment of release of CFC grants between the Municipalities instead of adopting the 2011 Census and the formula prescribed by GoTN in June 2013. The incorrect adoption of population census by the CMA had resulted in short release of CFC grant to the test checked Municipalities, as given in **Table 5.6.**

Table 5.6: Short release of CFC grant

(₹ in crore)

Name of the Municipality	CFC grant eligible as per 2011 population	Grants actually released	Amount of short release of grant
Avadi	5.27	4.31	0.96
Maraimalai Nagar	1.52	0.91	0.61
Pallavaram	3.34	2.72	0.62
Thiruverkadu	1.03	0.60	0.43
Total	**11.16**	**8.54**	**2.62**

(Source : Details furnished by CMA)

Government replied (November 2016) that the proposal was prepared for the five year period 2011-15 adopting 2001 Census figures, which was available at that time and the grants were sanctioned by CFC accordingly.

The reply was not acceptable as the CFC guidelines clearly stipulated that the State Government should have applied the distribution formula of the most recent SFC. Since the GoTN had issued (June 2013) order accepting the Fourth SFC recommendation, the CMA should have apportioned the CFC grants for the year 2014-15 by adopting the 2011 Census population criteria as ordered by the GoTN in June 2013.

5.1.4 Revenue and Capital Fund

Revenue and Capital Fund consists of own revenue (tax revenue and non-tax revenue), assigned revenue, grants, contributions and loans. Property tax is a major source of tax revenue for the Municipalities. Deficiencies in levy and collection of own revenue are discussed below:

(i) Non-levy of Vacant Land Tax

As per Section 81 of the Tamil Nadu District Municipalities Act, 1920, (Act) property tax should be levied on all buildings and lands within the municipal limits. Section 81(3) (a) of the Act further stipulates that property tax should be levied on lands which are not used exclusively for agricultural purposes and are not occupied by, or adjacent and appurtenant to, buildings at such rates as the Council may fix, having regard to its location and subject to the minimum and maximum rates per sq.ft. as may be prescribed by the State Government. CMA instructed (July 1998) all the Municipalities to levy vacant land tax for the excess vacant land appurtenant to buildings over and above three times of plinth area of the building.

Scrutiny of records at Maraimalai Nagar Municipality revealed that land measuring 1,27,02,249 sq.ft. (291.336 acres (29,133.6 cents) x 436 sq.ft.) was owned by an industry. The vacant land available after deducting the plinth areas was 83,19,877 sq.ft. However, the Municipality had not levied vacant land tax for this area, which had resulted in a revenue loss of ₹ 3.29 crore[1] for the period from 2013-14 to 2015-16.

Government replied (November 2016) that the entire land measuring 1,27,02,249 sq.ft. mentioned by Audit was fully utilised by the Company by construction of buildings, roads, parking area, park, garden etc., and no open space was kept vacant; the entire property was assessed for property tax and the company was paying property tax without default and hence, there was no loss of revenue. The reply was not correct as no documentary evidence was furnished to Audit to substantiate the reply. The Principal Secretary agreed (November 2016) in a meeting to review and verify facts of the case.

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[1] 83,19,877 sq.ft. x ₹ 0.66 per sq.ft. x six half years

(ii) Non-levy of property tax

As per Section 89 of the Tamil Nadu District Municipalities Act, 1920, if any building in a municipality is constructed, the owner shall give notice to the executive authority within 15 days from the date of completion or occupation of the building whichever is earlier. Further, Section 91 of the Act stated that for the purpose of assessing the property tax, the executive authority, may, by notice, call on the owner or occupier of any building to furnish him the details of the building.

Scrutiny of records of Avadi Municipality revealed that a residential complex (Kendriya Vihar-II) had 572 dwelling units, out of which possession of 570 dwelling units had been taken (January 2014). The Municipality had, however, levied property tax only for 27 dwelling units. The Municipality replied (July 2016) that out of 572 dwelling units, only 27 units were assessed and applications for assessment of property tax were being received for the remaining units and action would be taken to assess all units. Thus, failure of the Municipality to levy and collect property tax for the remaining dwelling units had resulted in non-realisation of revenue of ₹ 0.79 crore.

On this being pointed out, the Principal Secretary of MAWS Department agreed (November 2016) to look into the matter.

(iii) Non-levy of property tax for Canteens

As per Section 83 of the Tamil Nadu District Municipalities Act, 1920, buildings used for educational purposes including hostels attached thereto are exempted from levy of property tax. In this connection, CMA had instructed (October 2005) all ULBs to levy property tax for residential quarters of educational institutions (excluding hostels) and commercial buildings within the campus like Kalyana Mandapam, Automated Teller Machine, Shops, Canteen, etc.

(a) Scrutiny of records in respect of four out of six cases (two in Maraimalai Nagar and two out of four in Pallavaram Municipalities) revealed that property tax was not levied for canteen buildings, in the educational institutions, measuring 35,937 sq.ft. (Maraimalai Nagar: 24,007 sq.ft. and Pallavaram: 11,930 sq.ft.). Further, Maraimalai Nagar Municipality had not levied property tax for two staff quarters of educational institutions measuring 38,524 sq.ft. This had resulted in non-levy of revenue of ₹ 15.41 lakh (Maraimalai Nagar : ₹ 9.70 lakh and Pallavaram :₹ 5.71 lakh) for the period 2013-14 to 2015-16.

Government replied (November 2016) that both the Municipalities had erroneously omitted to levy property tax and that the demand had since been issued by the respective Municipalities with retrospective effect to realise the property tax.

(b) Scrutiny of records in Thiruverkadu Municipality and joint inspection (October 2016) by Audit with Revenue Inspector of Thiruverkadu Municipality revealed that property tax was not levied for 12 cases in respect of canteen buildings, food stalls, shops and Automated Teller Machine, measuring a total area of 24,143 sq.ft. in five educational institutions. Similarly, property tax was not levied in respect of staff/residential quarters/nurses quarters and guest house measuring 84,282 sq.ft. in two educational institutions. Failure of the Municipality to levy property tax for those buildings resulted in a loss of revenue of ₹ 15.38 lakh for the period 2011-16.

CMA replied (November 2016) that the Commissioner, Thiruverkadu Municipality had been instructed to verify and take immediate action to realise the loss of revenue, if any.

Audit recommend that the CMA should review all such cases in all the municipalities and levy the tax and realise the revenue after following prescribed procedure.

(iv) Short assessment of property tax

In respect of one commercial assessment, Maraimalai Nagar Municipality levied (August 2009) and had collected ₹ 6.39 lakh per half year (upto 2012-13 second half year) as property tax for its 98,815 sq.ft. tiled structured building. The assessee sold out a portion of tiled structure measuring 24,000 sq.ft. in June 2013 and property tax for the sold out portion was levied (January 2014) separately. While reassessing property tax in December 2013 for the commercial establishment, the Municipality assessed property tax only for 48,600 sq.ft. instead of 74,815 sq.ft. (98,815 sq.ft. – 24,000 sq.ft.), which resulted in short assessment of property tax to the tune of ₹ 7.75 lakh for the period from 2013-14 to 2015-16 (six half years).

Government replied (November 2016) that the Municipality assessed and levied property tax for 98,815 sq.ft. on the basis of the planning permit, whereas the commercial establishment constructed the building only to an extent of 72,600 sq.ft. Government further replied that the property tax was correctly assessed for the actual tiled structure of 48,600 sq.ft. excluding the sold out portion of 24,000 sq.ft. and there was no short assessment of property tax.

The reply was not tenable as the total area of the building constructed was 98,815 sq.ft. as evident from the self assessment details furnished (July 2009) by the assessee at the time of initial assessment and property tax amounting to ₹ 6.39 lakh per half year was also levied (August 2009) and the assessee paid the property tax amount upto 2012-13 second half year on the total area of the building. As such, the Municipality was required to levy and realise property tax for the remaining area of 26,215 sq.ft. (74,815 sq.ft. – 48,600 sq.ft.).

(v) Non-collection of lease rent

Pallavaram Municipality leased out (March 2014) an office building located at Keelkattalai Bus Stand Shopping complex for the functioning of a Police Station at a lease rent of ₹ 25,000 per month with a condition to pay lease amount on or before 5th of every month. Audit scrutiny revealed that the lessee did not pay any lease rent for the premises occupied by them from April 2014 to June 2016 despite demand raised by the Municipality. This had resulted in loss of revenue of ₹ 6.75 lakh.

Government replied (November 2016) that the Police Department had not paid the lease rent despite demand raised by the Municipality and frequent reminders (November 2014, November 2015 and March 2016) were issued and stated that the lease amount would be paid by the Police Department on receipt of funds and the matter was being pursued to realise the revenue.

(vi) Time barred amount of taxes

Section 345 of the Tamil Nadu District Municipalities Act, 1920 stipulates that no distraint[2] should be made and no suit should be instituted and no prosecution should be commenced in respect of any sum due to the municipal council after expiration of 12 years from the date on which distraint might first have been made, a suit might first have been instituted, or prosecution might first have been commenced, as the case may be, in respect of such sum.

Audit scrutiny revealed that a sum of ₹ 2.07 crore[3] pertaining to property tax, profession tax and water tax (for the period from 1989-90 to 2003-04) had become time barred in the four Municipalities. Failure of the Municipalities to take effective steps to collect the taxes in time resulted in revenue loss of ₹ 2.07 crore.

Government replied (November 2016) that certain items of long pending arrears had become irrecoverable as there were no buildings existing during site inspection and the assessed property was demolished and sold out and the whereabouts of the owner were not known. As regards profession tax, Government stated that due to closure of private establishments and transfer of staff, the pending amount became irrecoverable. Government further stated that the Municipalities were also advised to write off the irrecoverable revenue and to take effective action to collect all the recoverable arrears in a time bound manner.

The reply was not justified as necessary systems and monitoring mechanism for review were not in place to see that cases do not become time barred. Also, the plea of staff transfers etc., was not tenable as raising and recovering correct and timely tax demand is a statutory requirement and not dependent on

[2] Seizure of property in order to obtain payment of money owed, especially rent

[3] Avadi : ₹ 1.20 crore (Property Tax); Maraimalai Nagar : ₹ 18.90 lakh (Property Tax) and ₹ 2.57 lakh (Water Tax); Pallavaram : ₹ 49.61 lakh (Property Tax), ₹ 8.54 lakh (Water Tax) and ₹ 5.06 lakh (Profession Tax) and Thiruverkadu : ₹ 2.74 lakh (Property Tax). **Total : ₹ 207.42 lakh (or) ₹ 2.07 crore**

such reasons. Accountability, thus, needs to be fixed for all such avoidable cases of loss of revenue to the Municipality.

5.1.5 Water Supply and Drainage Fund

As per the Accounting Manual for ULBs in Tamil Nadu, Water Supply and Drainage Fund consisted of water and drainage tax (apportioned from the property tax), user charges, grants and loans. Water Supply and Drainage Fund account was to be kept separate and distinct for accounting all income and expenditure pertaining to water supply and drainage in order to assess its self sufficiency. As per the reforms suggested by HPEC for strengthening non-tax revenue, user charges for water supply and sewerage should be so structured so as to meet O&M cost, debt servicing and depreciation towards the cost of the project by the Municipalities.

Audit observed that Water Supply Scheme (WSS) was fully completed (1983) and functional in Pallavaram Municipality. In Maraimalai Nagar Municipality, water was being supplied through pipeline only in seven out of 21 wards and while WSS was in progress in Avadi Municipality, there was no WSS in Thiruverkadu Municipality.

Under Ground Sewerage Scheme (UGSS) was completed (February 2012) and functional in Pallavaram Municipality. In Avadi and Maraimalai Nagar Municipalities, it was under progress. There was no UGSS in Thiruverkadu Municipality.

As WSS and UGSS were completed and functional in Pallavaram Municipality, Audit examined the levy of water and sewerage charges and observed as under:-

(i) Collection efficiency of Water Charges

The demand, collection and balance in respect of water charges in Pallavaram Municipality for the period 2013-16 is given in **Table 5.7.**

Table 5.7: Demand, Collection and Balance of water charges

(₹ in crore)

Year	Demand	Collection	Balance	Collection ratio *(in percentage)*
2013-14	3.38	0.95	2.43	28.10
2014-15	2.38	0.84	1.54	35.29
2015-16	2.79	0.74	2.05	26.52

(Source: DCB statement in Final Accounts for the respective years)

The water charges collection ratio in the Municipality ranged between 26.52 *per cent* and 35.29 *per cent,* which was far below the prescribed norms of 90 *per cent* for ULBs as prescribed in the Tamil Nadu Municipal Budget Manual.

As per the Gazette Notification (December 2002) for water supply connections for Pallavaram Municipality, water charges were to be paid within ten days from the due date i.e. last day of the month. If not paid, fine at the rate of ₹ 2 for every 100 rupees per day for the belated payments had to be levied. If the amount was not paid within 15 days from the due date, water connections were to be disconnected. However, fine was not levied by the Municipality.

Government replied (November 2016) that the water charges would be collected after improvement of existing water supply project, which was not adequate. The reply was not tenable as the Municipality should have taken action to levy penalty for non-payment of water charges as stipulated in the Gazette, to ensure collection of water charges.

(ii) Deficit position in Water Supply and Drainage account

The details of revenue income and O&M expenditure for water supply in Pallavaram Municipality during the period 2013-16 are given in **Table 5.8.**

Table 5.8: Details showing the deficit position in Water Supply and Drainage account

(₹ in crore)

Year	Revenue Income	O&M Expenditure excluding hire charges	Deficit in Income
2013-14	2.19	4.02	(1.83)
2014-15	2.48	3.66	(1.18)
2015-16	2.27	4.35	(2.08)

(Source: Revenue accounts of Water Supply and Drainage account of respective years)

Audit noticed that water charges were last revised by Pallavaram Municipality in 2002. Non-revision of water charges for the past 14 years had pushed the Municipality into a deficit position in Water Supply and Drainage Account and the Municipality could not meet even its O&M expenditure with its corresponding revenue income from water charges and water tax collected during the period 2013-16.

Government replied (November 2016) that due to insufficient water supply and public agitation and protest by the residential welfare associations, the Municipal Council had not increased the water charges. Government further stated that for meeting the shortfall, the Municipality was purchasing water from CMWSSB. Besides, the Municipality was incurring recurring expenditure on maintenance of hand pumps and mini power pumps and distribution of water through lorries to the uncovered and slum areas which led to increase in O&M expenditure. As the Municipality could not meet the O&M expenditure with the revenue income from water charges and water tax, the same was being met from the General Fund of the Municipality.

The reply was not tenable as even after excluding the lorry hire charges from the O & M cost, there was deficit in the account and the additional expenditure on O & M cost had eroded the General Fund of the Municipality.

(iii) Collection efficiency of UGSS charges and O&M expenditure

The demand, collection and balance in respect of UGSS charges in Pallavaram Municipality for the period 2013-16 is given in **Table 5.9.**

Table 5.9: Demand, Collection and Balance of UGSS charges

(₹ in crore)

Year	Demand	Collection	Balance	Collection ratio (in percentage)
2013-14	4.21	0.85	3.36	20.19
2014-15	5.75	1.58	4.17	27.48
2015-16	8.12	2.08	6.04	25.62

(Source: DCB statement in Final accounts for the respective years)

The UGSS charges collection ratio ranged between 20.19 *per cent* and 27.48 *per cent,* which was far below the prescribed norms of 90 *per cent* for ULBs as prescribed in the Tamil Nadu Municipal Budget Manual.

As per the Gazette Notification (November 2011) for UGSS connections for Pallavaram Municipality, UGSS charges should be paid within 15 days from the date of receipt of notice from the Municipality; if not paid within 15 days, an additional surcharge of 18 *per cent* for the belated payment should be collected. However, neither charges were recovered nor fine was levied by the Municipality.

Government replied (November 2016) that the public and residential welfare associations were objecting to the rates fixed by the Municipality and refused to pay the UGSS charges that these rates were felt to be on higher side. Due to this, the Municipality could not achieve the prescribed level of collection. The reply was not tenable as the Municipality should have initiated action to levy additional surcharge of 18 *per cent* as stipulated in the Gazette.

(iv) Loss of revenue due to non-provision of UGSS service connections

Pallavaram Municipality completed (February 2012) the UGSS at a cost of ₹ 65.17 crore under Tamil Nadu Urban Development Fund Scheme. It was proposed to cover 35,866 domestic connections and 239 non-domestic connections within three years from the completion date. The Municipality fixed (November 2011) the user charges as ₹ 150 per month for domestic connections and ₹ 450 per month for non-domestic connections. However, as of March 2016, after four years of the completion of the scheme, the Municipality had given only 19,670 connections (domestic: 19,516 and non-domestic: 154). As per provisions contained in the Tamil Nadu District Municipalities Act, 1920, it was mandatory that domestic / non-domestic users to take sewerage connections. Thus, the failure of the Municipality to provide service connections as per the provisions of the Act resulted in a revenue loss of ₹ 2.99 crore[4] for the period from April 2015 to March 2016.

[4] 16,350 domestic connections (35,866 – 19,516) x ₹ 150 per month x 12 months : ₹ 294.30 lakh; 85 non-domestic connections (239 – 154) x ₹ 450 per month x 12 months : ₹ 4.59 lakh. **Total : ₹ 298.89 lakh (or) ₹ 2.99 crore**

Government replied (November 2016) that the Municipality had provided 22,897 domestic connections against the proposed 35,866 connections upto August 2016, and that the work of laying pipeline for collection system to the extended area, omitted area and developing area was in progress which was planned to be completed in April 2017. The reply was not tenable as the above work was meant for the extended, omitted and developing areas.

5.1.6 Elementary Education Fund

Section 35 (1)(b) of the Tamil Nadu Elementary Education Act, 1920 provides for the levy of Education Tax at a rate not exceeding five *per cent* per annum and credited to Elementary Education Fund (EEF) to improve the infrastructure facilities in municipal schools. The details of receipts and expenditure of the Municipalities (except Maraimalai Nagar and Thiruverkadu Municipalities, which did not have any municipal school under its jurisdiction) under EEF for the period 2013-16 is given in **Table 5.10.**

Table 5.10: Details of Receipts and Expenditure under EEF for the period 2013-16

(₹ in crore)

Particulars	Avadi Municipality			Pallavaram Municipality		
	2013-14	2014-15	2015-16	2013-14	2014-15	2015-16
Revenue Fund						
Income	2.46	2.78	2.46	3.76	3.370	3.38
Expenditure	0.90	0.38	0.32	0.02	0.005	0.01
Capital Fund						
Income	0.90	0	0	0	0	0
Expenditure	1.00	2.81	4.51	1.48	1.390	2.39

(Source: Annual Accounts of the Municipalities)

It may be seen from the table that the Pallavaram Municipality was spending less on improvement of infrastructure facilities in municipal schools when compared to the revenue earned.

Government replied (November 2016) that fast growth of private schools and socio-economic condition of the people resulted in parents admitting their children in private schools, which consequently resulted in reduction of admission in municipal schools; hence, creation of additional infrastructure was not warranted which led to accumulation of surplus fund in the EEF. The reply was not tenable as it was against the responsibility of the Municipality towards promotion of cultural, educational and aesthetic aspects entrusted to them under Schedule X (10) of the Tamil Nadu District Municipalities Act, 1920.

(i) Non-execution of work contemplated in the Budget Estimate

Pallavaram Municipality in its Budget Estimate for EEF for the year 2014-15 had proposed construction of buildings/additional buildings, toilets and maintenance works in municipal schools at a cost of ₹ 1.35 crore. Audit observed that construction of additional building for Hasthinapuram Higher Secondary School, estimated at ₹ 0.17 crore, was not taken up inspite of funds being provided in the budget estimate for 2014-15 and availability of sufficient balance in the EEF account during the period 2013-16. As a result, the school had to accommodate students in the school laboratory.

Government replied (November 2016) that due to steep increase in the cost of cement and other building materials and shortage in supply of sand, the contractors had not taken up the work during 2014-15. Government further stated that work orders were issued in January 2016 and the work was in progress. The reply was not tenable as the balance amount in EEF could have been utilised to ensure timely completion of work.

5.1.7 Conclusion

There were significant budget variations as the Municipalities failed to carry out the variance analysis and prepare performance budget as prescribed in the Municipal Budget Manual. Due to negative fiscal balances, the Municipalities depended on Government grants for their functioning. There were underspending by the Municipalities on infrastructure projects as well as on Operation and Maintenance. There was a short release of Central Finance Commission grants amounting to ₹ 2.62 crore. There were lapses in levy and collection of property tax. Taxes amounting to ₹ 2.07 crore had become time barred due to failure of the Municipalities to collect taxes in time. Efficiency in collection of user charges on water supply and drainage by the Municipalities was far below the prescribed norms of 90 *per cent*. There was loss of revenue of ₹ 2.99 crore due to non-provision of UGSS service connections by Pallavaram Municipality.

5.1.8 Recommendations

Government/Municipalities may consider:

- Adherence to the provisions of Municipal Budget Manual while preparing the budget estimates.
- Adoption of norms prescribed by HPEC for provision of urban infrastructure facilities and their maintenance.
- Review of cases of non-levy/short levy of taxes and user charges to enhance the revenue of the Municipalities.
- Creation of monitoring mechanism to ensure the realisation of revenue of the Municipalities in time.

MUNICIPAL ADMINISTRATION AND WATER SUPPLY DEPARTMENT

MADURAI CITY MUNICIPAL CORPORATION

5.2 Functioning of slaughter houses in Madurai City Municipal Corporation

5.2.1 Introduction

In Madurai City Municipal Corporation (Corporation) two slaughter houses - one conventional slaughter house in Nelpettai and the other one, a modernised slaughter house at Anuppanadi were functioning since 1915 and 2013 respectively. Based on the directions issued by the Supreme Court of India in the year 2000 that the local bodies should maintain slaughter houses so as to avoid slaughtering of animals in public places and to meet the conditions stipulated for ethical treatment of animals, the modernised slaughter house was established at Anuppanadi. Both the slaughter houses were leased out from April 2015 to private parties for slaughtering of animals. Records relating to these two slaughter houses for the period 2013-14 to 2015-16 were scrutinised in the Corporation during June and July 2016 to verify whether they complied with the norms prescribed by the Tamil Nadu Pollution Control Board (TNPCB) for operation of slaughter houses, food safety standards prescribed under Food Safety and Standards (Licensing and Registration of Food Businesses) Regulations, 2011 and Prevention of Cruelty to Animals (Slaughter House) Rules, 2001. The deficiencies noticed are discussed in the succeeding paragraphs.

(i) Operation of slaughter house without the consent of TNPCB

As per Section 21 of the Air (Prevention and Control of Pollution) Act, 1981, consent of the TNPCB was to be obtained for operating slaughter houses. The consent obtained by the Corporation in August 2010 to operate the modernised slaughter house at Anuppanadi was valid till March 2011. Thereafter, the same was not renewed till July 2016 and slaughtering of animals was being carried out without getting the consent of TNPCB.

Government replied (September 2016) that action was initiated to obtain licence for 2016 and the same would be continued for subsequent years. Further, Corporation replied (October 2016) that it had applied for renewal of licence on 14 October 2016. The reply was not tenable as the slaughter house was functioning without renewing the licence after March 2011 in violation of the Air (Prevention and Control of Pollution) Act, 1981.

(ii) Non-compliance of rules

(a) Food safety license not obtained

As per Regulation 2.1.2(3) read with Schedule I and Regulation 2.1.3 of Food Safety and Standards (Licensing and Registration of Food Businesses) Regulations, 2011 issued (August 2011) by Ministry of Health and Family Welfare, license for slaughter houses equipped to slaughter 150 or more small animals including sheep and goats should be obtained from the Central Licensing Authority[5]. However, the Corporation, which had leased out the slaughter houses, had not obtained the license from the Central Licensing Authority even though 250 goats/sheep were slaughtered at the conventional slaughter house at Nelpettai and the modernised slaughter house at Anuppanadi was equipped to slaughter 600 goats/sheep per day.

On this being pointed out by Audit, Government replied (September 2016) that action had been initiated by the Corporation to obtain licence from Food Safety and Standards Authority of India.

(b) Fitness of animals slaughtered not assessed

As per Rule 3(2) of Prevention of Cruelty to Animals (Slaughter House) Rules, 2001, no animal which was pregnant or has an offspring less than three months old or under the age of three months or not certified by a veterinary doctor that it was in a fit condition should be slaughtered. Rule 4(2) of the above Rules also stipulates that a veterinary doctor should not examine more than 12 animals per hour and not more than 96 animals per day.

In this regard, Audit observed that on an average, 250 animals were being slaughtered in the Nelpettai slaughter house since December 2013, which required three veterinary doctors. In the modernised slaughter house at Anuppanadi, on an average 30 animals were being slaughtered daily, which required the services of one veterinary doctor. Thus, as against the requirement of four veterinary doctors, the Corporation was having only one doctor and that post too was lying vacant since April 2013. In the absence of veterinary doctors, it could not be ensured in Audit as to how the norms prescribed in the above Rules were being complied with.

Corporation replied (July 2016) that a proposal has been sent to the Commissioner of Municipal Administration (CMA) for posting suitable number of veterinary doctors either through deputation or transfer from Veterinary Department. Government replied (September 2016) that Senior Health Inspector of the Corporation was temporarily looking after the fitness of animals. The reply was not acceptable as the Senior Health Inspector was not an authorised person under the above Rules to certify the fitness of animals. Moreover, no records were maintained by the Corporation to ensure that the fitness of animals was certified by the Senior Health Inspector.

(c) Resting of animals before slaughter not followed

As per Rule 5 of Prevention of Cruelty to Animals (Slaughter House) Rules, 2001, every animal after being subjected to veterinary inspection should be passed on to a lairage for resting for 24 hours before slaughter and such lairage should be constructed so as to protect the animals from heat, cold and rain. However, lairages were not available in both the slaughter houses and animals were directly taken for slaughtering. Thus, the norms prescribed in the above

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[5] Central Licensing Authority means a designated officer appointed by the Chief Executive Officer of the Food Safety and Standards Authority of India in his capacity of Food Safety Commissioner

Rules for resting of animals for 24 hours before slaughter were not being followed.

(d) Stunning of animals before slaughter not done

As per Rule 6(4) of Prevention of Cruelty to Animals (Slaughter House) Rules, 2001 and as per the letter of Animal Welfare Board of India issued (July 2010) to all the Municipal Corporations in the State, stunning[6] of animals should be done before slaughtering them. However, the same was not followed by the Corporation in view of the stated reason of practice of stunning being against the religious belief of butchers.

Government endorsed (September 2016) the reply furnished by the Corporation in July 2016, which stated that the Corporation could not create the anticipated awareness to the public as well as to the butchers' unions and make them shift over to the hygienic and pollution free new techniques in the art of slaughtering the animals. Government further stated that the Corporation required time to create more awareness in public, butcher groups and associations to overcome the orthodox beliefs and religious sentiments. The reply was not acceptable as the Corporation failed to enforce the provisions of rules made under Prevention of Cruelty to Animals Act, 1960 and should have taken adequate awareness measures to address the issues.

(e) Slaughtering of animals at unrecognised places

The conventional slaughter house at Nelpettai was closed on 24 August 2010 and the modern slaughter house was inaugurated at Anuppanadi on 25 August 2010. However, the butchers' association submitted (March 2011) a representation to the Corporation to establish sufficient number of slaughter houses in Madurai City. Further, based on the Writ Petition filed by the association in this regard, the High Court directed the Corporation to dispose off the representation on its own merits and in the light of provisions of Madurai City Municipal Corporation Act, 1971. Subsequently, in December 2013, the slaughter house at Nelpettai was reopened after renovation. As there was no response for the newly constructed modernised slaughter house at Anuppanadi due to it being at a distance from the city as claimed by the butchers' association and also based on their reluctance to accept the practice of stunning of animals before slaughter, it was also not operational till May 2013. On being asked by Audit as to how the animals were slaughtered when the slaughter house at Nelpettai was closed, the engineering and sanitary officials of the Corporation stated (July 2016) that few animals were slaughtered at the modernised slaughter house and major portion of goats/sheep were slaughtered by private butchers in their respective shops. This was against Rule 3 of Prevention of Cruelty to Animals (Slaughter House) Rules, 2001 which stipulated that no person should slaughter any animal within a municipal area except in a slaughter house recognised or licensed by the concerned authority empowered under the law for the time being in force to do so.

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[6] Stunning is a process of rendering animals immobile or unconscious without killing the animal prior to their slaughtering

Government replied (September 2016) that no such incidents had occurred within the Corporation's limits and sometimes, the private butchers used to slaughter the animals outside the Corporation area and transport the same during nights. The reply was not acceptable as the Corporation levied a fine of ₹ 18,950 on 38 occasions during 2010-16 (upto October 2016) for slaughtering of animals at unrecognised places, including a fine of ₹ 1,300 collected on four occasions during the period from 26 August 2010 to 14 May 2013 when both the slaughter houses were not functioning, which proves that slaughtering of animals was taking place at unrecognised places.

(iii) Splitting up of works

As per Tamil Nadu Government Extraordinary Gazette Notification No.258 dated 26 August 2008, approval has to be obtained from the Government for any work estimated above ₹ 1 crore.

Scrutiny of records revealed that the Corporation Council had resolved (March 2007) construction of a new modernised slaughter house at Anuppanadi at an estimated cost of ₹ 75 lakh for which administrative sanction was accorded by the CMA in April 2007. The work was awarded to a contractor in September 2007.

When the construction work was in progress, estimates were prepared in March 2008 and January 2009 for provision of machinery and equipment in the modernised slaughter house at a cost of ₹ 0.49 crore (two works) and ₹ 1.93 crore (five works) and work orders were issued (June 2008 - November 2009) to the same contractor after following tender procedure. The works were completed at a cost of ₹ 2.42 crore. However, Audit observed that the Corporation had split the estimate prepared in January 2009 for provision of machinery and equipment into five different works and awarded to the same contractor, in order to avoid obtaining sanction from the Government, though the total value of the work had exceeded ₹ 1 crore.

On this being pointed out by Audit, the Government replied (September 2016) that splitting up of works was done by the Corporation only in the interest of public welfare. The reply was not acceptable as the action of splitting up of work was against the Government notification. Also, the fact that the preparation of five estimates for procurement of machinery and equipment was done on the same date and awarded to the same contractor was indicative that this was done to avoid Government sanction, for which responsibility may be fixed, after investigating the matter about violation of existing instructions/orders on the issue.

(iv) Idle investment

(a) Purchase of machinery and equipment

Audit observed that after completion of civil works and supply of machinery and equipment, the modernised slaughter house at Anuppanadi was inaugurated on 25 August 2010. It was noticed from the records of Revenue Section of the Corporation that the modern slaughter house started functioning only from May 2013 using conventional method of *Halal*[7]. Joint inspection by Audit along with Corporation officials revealed that the machinery and equipment procured at a cost of ₹ 2.42 crore resultantly remained idle for more than six years as these were to be used for new method of slaughter based on stunning.

Government replied (September 2016) that modernisation of slaughter house was done not on commercial venture, but to provide basic amenity to the public and no time frame could be fixed for ascertaining the optimum utilisation of the created capital asset. The reply was not tenable as efforts should have been made for utilising the machinery and equipment purchased at a cost of ₹ 2.42 crore within a stipulated time frame instead of keeping them idle for more than six years. Thus, the Government had failed to achieve the objective of establishing hygienic and pollution free slaughter houses.

(b) Construction of Effluent Treatment Plant

The Effluent Treatment Plant (ETP) constructed at the modernised slaughter house at a cost of ₹ 25 lakh (August 2010) could not be tested for effluent treatment as the slaughter house was not functional till May 2013 and the collection of effluent from May 2013 was meagre to run the ETP. Further, it was noticed during the Joint Inspection (July 2016) by Audit along with Corporation officials that the entire ETP was surrounded by bushes and was not under use. Government replied (September 2016) that the ETP was functioning normally. The reply was not acceptable as the Joint Inspection conducted again in November 2016 revealed that the ETP was still not utilised for want of collection of effluent and the Corporation was not maintaining any log book for operation of ETP, as it was not functional since inception.

Thus, Audit observed from the above that the directions of the Supreme Court of India for ethical treatment and care of animals were compromised, as there were deficiencies in the functioning of slaughter houses. The Corporation, therefore, needs to take appropriate action in the matter.

[7] Halal is a Quranic term which means 'permitted, allowed, authorised, approved, sanctioned or lawful' method

MUNICIPAL ADMINISTRATION AND WATER SUPPLY DEPARTMENT

5.3 Overpayment

KEELAKARAI MUNICIPALITY

5.3.1 Overpayment due to usage of lower cost pipes in water supply works

Failure of the Municipal Engineer to ensure the correctness of the specification of pipes used in the work by the contractor before recording measurements resulted in overpayment of ₹ 46.37 lakh.

As per Para 4.2.3 of Engineering Manual for Urban Local Bodies in Tamil Nadu, the Municipal Engineer was responsible for seeing that Measurement Books are carefully kept and measurements are properly recorded. Para 4.3.9 of the Manual also stipulated that municipal works should be test checked by the concerned Regional Executive Engineer in order to ensure that the work was done generally in accordance with plans and estimates and to satisfy himself about the quality of work. Further, as per Para 18 of Tamil Nadu Building Practice Code, all materials, articles supplied by the contractor should conform to the contract specifications.

With a view to improving the basic amenities, Government of Tamil Nadu sanctioned (January 2012) ₹ 58.80 crore under Integrated Urban Development Mission for water supply works in Urban Local Bodies. Commissioner of Municipal Administration (CMA) accorded (February 2012) administrative sanction for ₹ 1 crore for taking up water supply works by Keelakarai Municipality (Municipality). Further, as per the administrative sanction, photographs were to be taken by the Municipality before commencement, during execution and after completion of the work. Technical sanction was accorded (February 2012) by the Regional Executive Engineer (REE), Office of the Regional Director of Municipal Administration, Madurai for executing the work of renovation of pipe lines in the East and West zones of the Municipality at an estimated cost of ₹ 50 lakh each. Tenders were invited (February 2012) combining both the works as a single package and the work was awarded (May 2012) to a contractor for ₹ 95.49 lakh (4.65 *per cent* above the cost put to tender). The works were completed in January 2014 at a cost of ₹ 99.97 lakh.

Scrutiny of records in the Municipality relating to the period 2013-15 revealed (December 2015) that the estimate technically sanctioned by the REE provided laying of 100 mm dia Ductile Iron Class K9 Flanged Pipes as per IS 8329/2000 in the works and the same was adopted in the tender schedule and bid documents. It was noticed from the photographs taken by the Municipality during execution of the work and also from the manufacturer's test certificate furnished by the contractor that the contractor executed the work using Ductile Iron Class K7 Socket/Spigot Pipes, the cost of which was lesser than the Ductile Iron Class K9 Flanged Pipes. Audit observed that despite the use of Ductile Iron Class K7 Socket/Spigot Pipes in the work, Municipal Engineer made incorrect entries of use of Ductile Iron Class K9 Flanged Pipes in the Measurement Book. The REE, who verified the Measurement Book, also failed to notice this discrepancy. Though the agreement conditions stipulated that third party checks and inspection by State Quality Monitors would be taken up to ensure quality of work, the Municipality had failed to observe these requirements. However, payment was made by the Municipality based on the incorrect entries made in the Measurement Book for the higher cost pipe i.e. Ductile Iron Class K9 Flanged Pipes for a length of 5,524 metres, which resulted in overpayment of ₹ 40.33 lakh[8].

Further, it was also seen that for joining the Ductile Iron Class K9 Flanged Pipes, 1,400 joints (700 joints in each work) were provided in the estimate taking into account the quantity of pipes required (2,800 metres for each work) and the length of one pipe as four metres. The rate provided in the estimate for the joint was ₹ 111 per joint and the rate quoted by the contractor for the same was ₹ 116.30 per joint. Payment of ₹ 6.42 lakh was made for the entire length of 5,524 metres of pipe work executed instead of restricting the payment for the required 1,381 joints (5,524 metres/4 metres). By adopting the rate for joining the Ductile Iron Class K7 Socket/Spigot Pipes, which was ₹ 27.21 per joint (4.65 *per cent* above the Schedule of Rates (SoR) of ₹ 26 of Tamil Nadu Water Supply and Drainage (TWAD) Board for the year 2011-12), the overpayment worked out to ₹ 6.04 lakh[9].

Thus, the failure of the Municipal Engineer to ensure the correctness of the specification of pipes used in the work before recording measurements and the failure of the REE to verify its correctness with regard to the plans and estimates had resulted in overpayment of ₹ 46.37 lakh as referred to above, which calls for fixing of responsibility of the officials at fault for failing to perform their assigned duties.

The matter was referred to Government in June 2016. Government replied (September 2016) that an amount of ₹ 24.39 lakh had been recovered from the deposit/withheld amount of the contractor and the balance amount of ₹ 21.99 lakh would be recovered from the contractor from the next running account bills of ongoing works. The fact, however, remains that Government was yet (September 2016) to fix the responsibility of the concerned officials for their lapses. Besides, action against the contractor may be taken for not executing the work as per terms and conditions of the work, entailing extra expenditure as brought out above.

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8 Rate quoted by the contractor - ₹ 1,605 per metre (4.65 *per cent* above the estimate price for the same pipe); Cost of one metre of Ductile Iron Class K7 Socket/Spigot Pipes as per SoR of TWAD Board for the year 2011-12 - ₹ 836; Rate arrived at 4.65 *per cent* above the estimate price for the same pipe - ₹ 874.87 per metre; Excess payment : ₹ 730.13 per metre (₹ 1,605 (-) ₹ 874.87) x 5,524 metres = ₹ 40,33,238 (or) **₹ 40.33 lakh**

9 Payment made : ₹ 6.42 lakh (-) payment to be made : ₹ 0.38 lakh (1,381 joints x ₹ 27.21 per joint)

MUNICIPAL ADMINISTRATION AND WATER SUPPLY DEPARTMENT

5.4 Loss of revenue due to short levy

SALEM CITY MUNICIPAL CORPORATION

5.4.1 Short levy of property tax

Failure to adopt the revised property tax assessment method by Salem City Municipal Corporation resulted in short levy of ₹ 31 lakh.

Under Section 121 of Coimbatore City Municipal Corporation Act, 1981 (Act) (which was applicable to Salem City Municipal Corporation), property tax should be levied on all buildings and lands within the city. Government of Tamil Nadu (GoTN) ordered (November 2007) revision of property tax in all the Municipal Corporations, Municipalities and Town Panchayats with effect from 01 April 2008. Instructions issued (February 2008) by GoTN *inter alia* provided for fixation of separate basic value by the concerned local body in respect of buildings coming under special category such as star hotels, theme parks, multiplexes, shopping malls, etc. Accordingly, Salem City Municipal Corporation Council resolved (March 2008) to revise the property tax with effect from 01 April 2008 and fixed the basic value for special category of buildings at four times of the basic value applicable to the area in which the property lies for arriving at the annual value for special category for assessing property tax.

Scrutiny of records (June 2015) relating to the period 2014-15 revealed that in respect of one assessment (Shopping Mall), property tax was short levied by adopting three times of the basic value treating it as commercial building instead of four times applicable for special category buildings for arriving at the annual value. This had resulted in short levy of ₹ 31 lakh for the period from the second half year of 2013-14 to the second half year of 2015-16 as detailed below**:-**

Sl. No.	Type of Special Building	Area (in sq.ft.)	Annual Value adopted (₹ in lakh)	Annual Value to be adopted (₹ in lakh)	Tax levied and collected (₹ in lakh)	Actual Tax to be levied (₹ in lakh)	Short levy of property tax for one half year (Col.7 - Col.6) (₹ in lakh)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1.	Shopping Mall	4,17,847	150.42	185.52	26.56	32.76	6.20
Total							**6.20***

* ₹ 6.20 lakh x 5 half years (from the second half year of 2013-14 to the second half year of 2015-16) = **₹ 31 lakh**

The matter was referred to Government in July 2016. Government accepted (August 2016) the audit observation and stated that notice revising the property tax had been issued to the assessee. However, the differential amount was yet to be collected by the Salem City Municipal Corporation (August 2016).

MUNICIPAL ADMINISTRATION AND WATER SUPPLY DEPARTMENT

5.5 Avoidable expenditure

THANJAVUR CITY MUNICIPAL CORPORATION AND KUMBAKONAM MUNICIPALITY

5.5.1 Avoidable expenditure due to non-exclusion of service tax component in the estimates

Failure to exclude the exempted service tax component in the estimates prepared by Thanjavur City Municipal Corporation and Kumbakonam Municipality resulted in avoidable expenditure of ₹ 47.82 lakh.

As per Clause 12(e) of Notification No.25/2012-Service Tax dated 20 June 2012 of Ministry of Finance, Government of India (GoI), services provided to the Government, local authority or a governmental authority by way of construction, erection, commissioning, installation, completion, fitting out, repair, maintenance, renovation, or alteration of pipeline, conduit or plant for (i) water supply, (ii) water treatment, or (iii) sewage treatment or disposal were exempted from paying Service Tax from 01 July 2012.

Thanjavur City Municipal Corporation (Corporation) and Kumbakonam Municipality (Municipality) resolved (July 2012 and March 2012 respectively) to engage private contractors for the work of Operation and Maintenance (O&M) of sewage pumping stations, sewage collection system and sewage treatment plant. Estimates for the work were prepared by the Corporation and the Municipality for a period of three years from 2013-14 allowing an escalation of 10 *per cent* over the previous year's rate. Commissioner of Municipal Administration (CMA) and Chief Engineer of the Office of CMA accorded clearance for the bid documents for the above work relating to the Municipality and Corporation in May 2013 and January 2014 respectively. The works were awarded to the successful bidders during August 2013 and March 2014 in respect of the Municipality (₹ 5.30 crore) and Corporation (₹ 5.12 crore) respectively.

Scrutiny of records relating to execution of the work revealed that the Corporation and the Municipality incorrectly included the Service Tax component at 12.36 *per cent* in the approved bid documents. Accordingly, the monthly payments inclusive of Service Tax were made (Corporation from April 2014 to March 2015 and Municipality from 16 September 2013 to January 2016) to the contractors. As the estimates were prepared by the

Corporation and the Municipality only after the issue of Service Tax exemption notification, they should not have included the Service Tax component in the estimates and also in the bid documents.

Thus, failure on the part of the Corporation and the Municipality to exclude the Service Tax component while preparing the estimates and bid documents resulted in avoidable expenditure of ₹ 47.82 lakh[10] for the period from 16 September 2013 to 31 January 2016.

The matter was referred to Government in July 2016. Government replied (October 2016) that in respect of Thanjavur City Municipal Corporation, the Service Tax amount was remitted by the contractor to the Government account. The reply was not tenable as the work was exempted from Service Tax, payment of Service Tax to Government was avoidable. Further, payment of the amount to GoI deprived the local body of funds to the tune of ₹ 13.82 lakh. In respect of Kumbakonam Municipality, Government replied (November 2016) that recovery orders had been issued (August 2016) by the Municipality to adjust ₹ 19.02 lakh from the retention money available with them; ₹ 4.13 lakh had been recovered during August 2016 from the O&M bills of the contractor and the balance amount would be recovered from the remaining O&M bills.

Thus, the amount of Service Tax paid in both the above cases, requires to be recovered as it was not payable as per GoI's notification as referred to above.

MUNICIPAL ADMINISTRATION AND WATER SUPPLY DEPARTMENT

5.6 Idle investment

MADURAI CITY MUNICIPAL CORPORATION

5.6.1 Non-achievement of the objective of regulation of auto/taxi fare despite investment on construction of prepaid Auto Bay and Taxi stand

Failure of Madurai City Municipal Corporation to get the fares fixed for prepaid Auto/Taxi system from the Regional Transport Authority resulted in non-achievement of the objective of regulation of auto/taxi fare.

In order to decongest the traffic in front of the Madurai Mattuthavani Bus Terminus (MMBT) and to regulate the fare of the Autos/Taxis, Madurai City Municipal Corporation (MCMC) decided (June 2013) to construct a prepaid

[10] Thanjavur City Municipal Corporation : **₹ 13.82 lakh** (₹ 1,15,190 per month x 12 months from April 2014 to March 2015) and Kumbakonam Municipality : **₹ 34 lakh** (₹ 11,84,036 from 16 September 2013 to 31 August 2014 and ₹ 22,16,172 from September 2014 to January 2016) **Total : ₹ 47.82 lakh**

Auto Bay and Taxi stand in MMBT. The Madurai Corporation Council resolved (June 2013) for laying of paver block for the Auto Bay and Taxi stand at an estimated cost of ₹ 33.30 lakh and ₹ 33 lakh respectively. Both the works were awarded (August 2013) to a contractor and were completed (October 2013) at a total cost of ₹ 66.10 lakh.

Subsequently, another work of construction of prepaid token counter and stainless steel pipe chain link arrangement for the Auto Bay and Taxi stand was approved (July 2013) at an estimated cost of ₹ 34.50 lakh. The work was also awarded (February 2014) to the same contractor, after following proper tender procedure, and completed (April 2014) at a cost of ₹ 34.45 lakh. Though the above works were completed in all aspects, the Auto Bay and Taxi stand was yet (October 2016) to be commissioned for public usage.

As per the amendment to Sections 97, 98 and 99 of MCMC Act, 1971 issued in August 2008, the approval of State Government is required for executing works valuing above ₹ 1 crore. However, as seen from above, the MCMC split up the same work into three components *viz.* (i) laying of paver block for Auto Bay (₹ 33.30 lakh), (ii) laying of paver block for Taxi stand (₹ 33 lakh) and (iii) construction of prepaid token counter and stainless steel chain link arrangements (₹ 34.50 lakh) and each of it was approved separately, almost during the same period in June-July 2013. The defective planning and failure in taking up the above mentioned works in a holistic manner led to splitting up of the works, apparently to avoid prior sanction from the State Government.

Audit further observed that as per Section 67 (1) (d) (i) of the Motor Vehicles Act, 1988, the State Government was empowered to fix the fares and freights for stage carriages, contract carriages and goods carriages. In this regard, scrutiny of records revealed (February 2016) that the Commissioner of MCMC requested (November 2014) the Regional Transport Authority (RTA) of the district *viz.,* the District Collector to fix the fares for Autos/Taxis. Audit requested (July 2016) the RTA calling for the reasons for not fixing the fares for prepaid Autos/Taxis. Subsequently, RTA informed (July 2016) MCMC that the letter sent by MCMC in November 2014 was not traceable. Further, Audit observed that neither follow-up action was taken by MCMC after November 2014 to expedite the matter with RTA inspite of several periodical road safety meetings convened by the District Collector nor the RTA had taken any action. The fares for Autos/Taxis were not fixed by the RTA till July 2016.

After Audit pointed this out, the RTA stated (July 2016) that the letter sent by MCMC was not acted upon and had requested the MCMC to furnish necessary details in this regard. Further, the MCMC replied (July 2016) to an audit query that the prepaid Auto Bay and Taxi stand would be put to public usage after the receipt of the prepaid fares from the Government.

Thus, the lackadaisical attitude of MCMC to take effective follow-up action and inaction by RTA to fix the fares for prepaid Auto/Taxi resulted in the infrastructure facilities created at MMBT at a cost of ₹ 1.01 crore remaining idle for more than two years and non-achievement of the objective of fixation of auto/taxi fares. Moreover, the work was split into three parts to avoid the approval of the State Government though the cost of the entire works was more than ₹ 1 crore, for which responsibility needs to be fixed.

Government replied (October 2016) that the Auto Bay/Taxi stand was being used as parking place of vehicles by auto and taxi drivers at present. The reply was not acceptable as the objective of regulation of auto/taxi fare had not been achieved even after construction of prepaid Auto Bay and Taxi stand, on which an amount of ₹ 1.01 crore was incurred.

(ALKA REHANI BHARDWAJ)
Accountant General
(General and Social Sector Audit),
Tamil Nadu and Puducherry

Chennai
The 27 February 2017

Countersigned

(SHASHI KANT SHARMA)
Comptroller and Auditor General of India

New Delhi
The 01 March 2017

APPENDICES

Appendix 2.1

(Reference: Paragraph 2.1 (vi) (a); Page 12)

Inadequate provision of toilets

Sl. No.	Name of the school	Strength		Toilet seats required		Toilet seats available		Shortfall		Shortfall in percentage	
		Boys	Girls	Boys	Girls	Boys	Girls	Boys	Girls	Boys	Girls
		(In numbers)									
Sivagangai Panchayat Union											
1	PUPS, Palamalainagar	37	50	1	2	1	1	0	1	Nil	50
2	PUPS, Keelakandani	44	34	1	2	1	1	0	1	Nil	50
Tiruppuvanam Panchayat Union											
3	PUPS, Vaigai Vadagarai	58	53	2	3	1	1	1	2	50	67
4	PUPS, Poovanthi	55	75	2	3	1	1	1	2	50	67
5	PUMS, Madapuram	60	60	2	3	1	1	1	2	50	67
6	PUMS, Tirupuvanam South	75	61	2	3	4	2	-	1	Nil	33
7	PUMS, Tirupuvanam North	40	35	1	2	1	1	0	1	Nil	50
8	PUPS, Tirupuvanam West	82	86	2	4	2	2	0	2	Nil	50
9	PUPS, T Palayur	39	29	1	2	0	0	1	2	100	100
10	PUPS, Allinagaram	52	93	2	4	1	2	1	2	50	50
Tirupattur Panchayat Union											
11	PUPS, 11th Ward	28	33	1	2	1	1	0	1	Nil	50
12	PUPS, T Pudupatti	63	54	2	3	2	2	0	1	Nil	33
13	PUMS, Thiruvudaiyarpatti	59	63	2	3	2	2	0	1	Nil	33
Singampunari Panchayat Union											
14	PUMS, Vengaipatti	57	78	2	4	1	1	1	3	50	75
15	PUMS, Kapparapatti	54	62	2	3	2	2	0	1	Nil	33
16	PUPS, A Kalappur	68	73	2	3	2	1	0	2	Nil	67
17	PUMS, S Kovilpatti	65	84	2	4	1	1	1	3	50	75
Kannangudi Panchayat Union											
18	PUPS, Kappaloor	8	9	1	1	0	2	1	-	100	Nil

PUPS : Panchayat Union Primary School; PUMS : Panchayat Union Middle School

Appendix 4.1

(Reference: Paragraph 4.1.6.2; Page 30)

SWDs constructed under CMCDM approved for reconstruction as per the reconstruction list of the DPR of ISWDS - Cooum Basin

Sl. No.	Zone/ Grid No.	Name of the Road/Street	Length executed under CMCDM (in km)	Expenditure (₹ in crore)	Length proposed as per the DPR of ISWDS (in km)	Length adopted by Audit (in km) (least of Col.(4) or Col.(6))	Proportionate cost (₹ in crore) (Col.(5) x Col.(7))/Col.(4)	Size of SWD constructed under CMCDM	Size of SWD proposed as per the DPR of ISWDS	Rate per metre (Minimum size adopted by Audit)	Estimated cost of reconstruction under ISWDS (₹ in crore) (Col.(7) x 1,000) x Col.(11)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
1	7/I	Central Avenue Road	1.4	1.89	0.54	0.54	0.73	0.90 m x 0.90 m	2.00 m x 2.00 m, 2.30 m x 1.65 m and 0.90 m x 1.05 m	19,081 (0.90 m x 1.05 m)	1.03
2	11/I	Sri Devi Kuppam Main Road	0.95	0.75	0.95	0.95	0.75	0.90 m x 0.90 m	2.40 m x 1.70 m, 2.40 m x 1.85 m and 5.20 m x 3.10 m	43,716 (2.40 m x 1.70 m)	4.15
3	11/I	Kamarajar Salai	0.58	0.57	0.541	0.541	0.53	0.90 m x 0.90 m	0.90 m x 1.05 m and 1.20 m x 1.20 m	19,081 (0.90 m x 1.05 m)	1.03
4	11/II	Dhanalakshmi Nagar	0.8	0.32	0.294	0.294	0.12	0.60 m x 0.75 m	2.00 m x 2.00 m	39,906 (2.00 m x 2.00 m)	1.17
5	11/II	Krishna Nagar 1st Main Road	0.52	0.61	0.229	0.229	0.27	0.60 m x 0.75 m and 0.90 m x 0.90 m	1.20 m x 1.20 m	24,396 (1.20 m x 1.20 m)	0.56
6	11/II	Krishna Nagar 2nd Main Road	0.37	0.43	0.051	0.051	0.06	0.60 m x 0.75 m and 0.90 m x 0.90 m	1.20 m x 1.20 m	24,396 (1.20 m x 1.20 m)	0.12
		Total					**2.46**				**8.06**

Appendix 4.2

(Reference: Paragraph 4.1.6.2; Page 30)

(A) Details of SWDs constructed under CMCDM which required reconstruction as per the new construction list of the DPR of ISWDS - Kosasthalaiyar Basin

Sl. No.	Zone/ Grid No.	Name of the Road/Street	Length executed under CMCDM (in km)	Expenditure (₹ in crore)	Length proposed as per the DPR of ISWDS (in km)	Length adopted by Audit (in km) (least of Col.(4) or Col.(6))	Proportionate cost (₹ in crore) (Col.(5) x Col.(7))/ Col.(4)	Size of SWD constructed under CMCDM	Size of SWD proposed as per the DPR of ISWDS	Rate per metre (Minimum size adopted by Audit)	Estimated cost of reconstruction under ISWDS (₹ in crore) (Col.(7) x 1,000) x Col.(11)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
1	1/II	Ambedkar Nagar Main Street	0.19	0.43	0.408	0.19	0.43	0.60 m x 0.75 m	0.90 m x 1.05 m	19,081 (0.90 m x 1.05 m)	0.36
2	1/II	TKS Nagar Main Street	0.36	0.53	0.109	0.109	0.16	0.90 m x 0.90 m	0.90 m x 1.05 m	19,081 (0.90 m x 1.05 m)	0.21
3	1/II	Thiruveethi Amman Kovil Street	0.38	0.54	0.307	0.307	0.44	0.60 m x 0.75 m and 0.90 m x 0.90 m	0.90 m x 1.05 m	19,081 (0.90 m x 1.05 m)	0.59
4	3/II	Padmavathi Nagar Main Street	0.44	0.65	0.343	0.343	0.51	0.60 m x 0.75 m	0.90 m x 1.05 m	19,081 (0.90 m x 1.05 m)	0.65
5	3/II	Ayyan Thiruvalluvar Salai	0.99	1.13	0.659	0.659	0.75	0.60 m x 0.75 m	1.20 m x 1.20 m and 2.00 m x 2.00 m	24,396 (1.20 m x 1.20 m)	1.61

Sl. No.	Zone/ Grid No.	Name of the Road/Street	Length executed under CMCDM (in km)	Expenditure (₹ in crore)	Length proposed as per the DPR of ISWDS (in km)	Length adopted by Audit (in km) (least of Col.(4) or Col.(6))	Proportionate cost (₹ in crore) (Col.(5) x Col.(7))/ Col.(4)	Size of SWD constructed under CMCDM	Size of SWD proposed as per the DPR of ISWDS	Rate per metre (Minimum size adopted by Audit)	Estimated cost of reconstruction under ISWDS (₹ in crore) (Col.(7) x 1,000) x Col.(11)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
6	3/II	Veeraraghavalu Main Street	0.295	1.00	0.413	0.295	1.00	0.60 m x 0.75 m	0.90 m x 1.05 m	19,081 (0.90 m x 1.05 m)	0.56
7	7/I	Gnanamurthy Nagar	0.4	0.41	0.206	0.206	0.21	0.90 m x 0.90 m	1.50 m x 1.70 m	30,511 (1.50 m x 1.70 m)	0.63
8	7/I	Lower Canal Road	0.45	0.32	0.699	0.45	0.32	0.90 m x 0.90 m	1.20 m x 1.20 m	24,396 (1.20 m x 1.20 m)	1.10
9	7/III	Vijayaragavan Street,Vinobaji Street and Cross Street	0.4	0.39	0.191	0.191	0.19	0.90 m x 0.90 m	0.90 m x 1.05 m and 2.90 m x 1.95 m	19,081 (0.90 m x 1.05 m)	0.36
		Total (A)					*4.01*				*6.07*

(B) Details of SWDs constructed under CMCDM which required reconstruction as per the new construction list of the DPR of ISWDS - Kovalam Basin

Sl. No.	Zone/ Grid No.	Name of the Road/Street	Length executed under CMCDM (in km)	Expenditure (₹ in crore)	Length proposed as per the DPR of ISWDS (in km)	Length adopted by Audit (in km) (least of Col.(4) or Col.(6))	Proportionate cost (₹ in crore) (Col.(5) x Col.(7))/ Col.(4)	Size of SWD constructed under CMCDM	Size of SWD proposed as per the DPR of ISWDS	Rate per metre (Minimum size adopted by Audit)	Estimated cost of reconstruction under ISWDS (₹ in crore) (Col.(7) x 1,000) x Col.(11)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
1	12/II	Marrison Street 2nd Street	0.24	0.02	0.25	0.24	0.02	0.60 m x 0.75 m	0.90 m x 1.05 m	19,081 (0.90 m x 1.05 m)	0.46
2	14/I	Anna Nedunsalai	1.3	0.81	0.768	0.768	0.48	0.90 m x 0.90 m	1.20 m x 1.20 m	24,396 (1.20 m x 1.20 m)	1.87
3	14/I	Ram Nagar 8th Cross Street	0.39	0.94	0.258	0.258	0.62	0.90 m x 0.90 m	0.90 m x 1.05 m	19,081 (0.90 m x 1.05 m)	0.49
4	14/II	Pillaiyar Koil Street	0.52	0.49	0.482	0.482	0.45	0.60 m x 0.75 m	1.50 m x 1.70 m	30,511 (1.50 m x 1.70 m)	1.47
5	15/I	Mount Peten Road	0.3	0.26	0.315	0.3	0.26	0.90 m x 0.90 m	2.00 m x 2.00 m	39,906 (2.00 m x 2.00 m)	1.20
6	15/I	Pillaiyar Koil Street	0.8	0.49	0.552	0.552	0.34	0.90 m x 0.90 m	0.90 m x 1.05 m	19,081 (0.90 m x 1.05 m)	1.05
7	15/I	Rajiv Garden 1st Main Road	0.23	0.24	0.559	0.23	0.24	0.90 m x 0.90 m	1.20 m x 1.20 m and 2.00 m x 2.00 m	24,396 (1.20 m x 1.20 m)	0.56

Sl. No.	Zone/ Grid No.	Name of the Road/Street	Length executed under CMCDM (in km)	Expenditure (₹ in crore)	Length proposed as per the DPR of ISWDS (in km)	Length adopted by Audit (in km) (least of Col.(4) or Col.(6))	Proportionate cost (₹ in crore) (Col.(5) x Col.(7))/ Col.(4)	Size of SWD constructed under CMCDM	Size of SWD proposed as per the DPR of ISWDS	Rate per metre (Minimum size adopted by Audit)	Estimated cost of reconstruction under ISWDS (₹ in crore) (Col.(7) x 1,000) x Col.(11)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
8	15/I	Secretariat Colony 1st Main Road	0.36	0.26	0.282	0.282	0.2	1.20 m x 1.20 m	3.00 m x 2.00 m	60,244 (3.00 m x 2.00 m)	1.70
9	15/II	Kannagi Nagar 5th Main Road	0.3	0.19	2.2	0.3	0.19	0.90 m x 0.90 m	0.90 m x 1.05 m, 1.20 m x 1.20 m, 1.50 m x 1.50 m and 2.00 m x 2.00 m	19,081 (0.90 m x 1.05 m)	0.57
10	15/II	New Kumaran Nagar 1st and 2nd Main Road	0.5	0.56	0.731	0.5	0.56	0.90 m x 0.90 m and RCC Hume pipe	0.90 m x 1.05 m, 2.90 m x 1.95 m and 3.20 m x 2.10 m	19,081 (0.90 m x 1.05 m)	0.95
		Total (B)					*3.36*				*10.32*
		Grand Total (A+B)					**7.37**				**16.39**

Appendix 4.3

(Reference: Paragraph 4.1.6.2; Page 30)

(A) Details of SWDs constructed under CMCDM which required reconstruction as per the new construction list of the DPR of ISWDS - Adyar Basin

Sl. No.	Zone/ Grid No.	Name of the Road/Street	Length executed under CMCDM (in km)	Expenditure (₹ in crore)	Length proposed as per the DPR of ISWDS (in km)	Length adopted by Audit (in km) (least of Col.(4) or Col.(6))	Proportionate cost (₹ in crore) (Col.(5) x Col.(7))/Col.(4)	Size of SWD constructed under CMCDM	Size of SWD proposed as per the DPR of ISWDS	Rate per metre (Minimum size adopted by Audit)	Estimated cost of reconstruction under ISWDS (₹ in crore) (Col.(7) x 1,000) x Col.(11)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
1	11/I	Majestic Colony Main Road	0.407	0.43	0.208	0.208	0.22	0.60 m x 0.75 m and 0.90 m x 0.90 m	2.00 m x 2.00 m	39,906 (2.00 m x 2.00 m)	0.83
2	11/I	Ramakrishna Nagar Main Road	0.515	0.51	0.353	0.353	0.35	0.60 m x 0.75 m and 0.90 m x 0.90 m	1.20 m x 1.20 m	24,396 (1.20 m x 1.20 m)	0.86
3	11/II	Perumal Koil Street	0.51	0.65	0.478	0.478	0.61	0.60 m x 0.75 m	1.50 m x 1.70 m	30,511 (1.50 m x 1.70 m)	1.46
4	11/III	Egambaram Estate Main Road and Egambaram Estate 1st Street to 5th street	0.882	0.81	0.291	0.291	0.27	0.90 m x 0.90 m	1.50 m x 1.70 m	30,511 (1.50 m x 1.70 m)	0.89
5	12/I	Thiruvalluvar Street	0.11	0.11	0.389	0.110	0.11	0.60 m x 0.75 m and 0.90 m x 0.90 m	0.90 m x 1.05 m	19,081 (0.90 m x 1.05 m)	0.21
		Total (A)					*1.56*				*4.25*

(B) Details of SWDs constructed under CMCDM which required reconstruction as per the new construction list of the DPR of ISWDS - Cooum Basin

Sl. No.	Zone/ Grid No.	Name of the Road/Street	Length executed under CMCDM (in km)	Expendi-ture (₹ in crore)	Length proposed as per the DPR of ISWDS (in km)	Length adopted by Audit (in km) (least of Col.(4) or Col.(6))	Propor-tionate cost (₹ in crore) (Col.(5) x Col.(7))/ Col.(4)	Size of SWD constructed under CMCDM	Size of SWD proposed as per the DPR of ISWDS	Rate per metre (Minimum size adopted by Audit)	Estimated cost of reconstruction under ISWDS (₹ in crore) (Col.(7) x 1,000) x Col.(11)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
1	7/II	Seethakathi Salai	1.00	1.77	0.526	0.526	0.93	0.90 m x 0.90 m	0.90 m x1.05 m and 1.20 m x 1.20 m	19,081 (0.90 m x 1.05 m)	1.00
2	7/III	Kalamegham Salai	0.73	0.57	0.898	0.73	0.57	0.90 m x 0.90 m	0.90 m x1.05 m, 1.20 m x 1.20 m and 2.20 m x 1.60 m	19,081 (0.90 m x 1.05 m)	1.39
3	7/III	Kamber Salai	0.72	0.45	0.694	0.694	0.43	0.90 m x 0.90 m	0.90 m x 1.05 m	19,081 (0.90 m x 1.05 m)	1.32
4	11/I	Bharathi Salai	0.60	0.82	0.513	0.513	0.70	0.90 m x 0.90 m	1.20 m x1.20 m and 1.50 m x 1.70 m	24,396 (1.20 m x 1.20 m)	1.25
5	11/I	Phase II Salai	0.30	0.41	0.265	0.265	0.36	0.90 m x 0.90 m	0.90 m x 1.05 m	19,081 (0.90 m x 1.05 m)	0.51
6	11/I	Union Road	1.60	2.18	0.362	0.362	0.49	0.90 m x 0.90 m	1.50 m x 1.70 m and 2.00 m x 2.00 m	30,511 (1.50 m x 1.70 m)	1.10
7	11/I	Radha Avenue Main Road	0.45	0.35	0.662	0.45	0.35	0.90 m x 0.90 m	0.90 m x 1.05 m and 1.50 m x 1.70 m	19,081 (0.90 m x 1.05 m)	0.86
8	11/I	Metukuppam Road	0.63	0.67	0.631	0.63	0.67	0.90 m x 0.90 m	1.20 m x 1.20 m and 2.00 m x 2.00 m	24,396 (1.20 m x 1.20 m)	1.54
9	11/I	Chettiar Agaram Main Road	3.35	0.73	2.01	2.01	0.44	0.90 m x 0.90 m	1.20 m x 1.20 m, 1.50 m x 1.70 m, 3.00 m x 2.00 m and 3.20 m x 2.10 m	24,396 (1.20 m x 1.20 m)	4.90
10	11/II	Abirami Nagar R/1	0.55	0.22	0.453	0.453	0.18	0.90 m x 0.90 m	2.00 m x 2.00 m	39,906 (2.00 m x 2.00 m)	1.81
11	11/II	Lakshmi Nagar	0.20	0.08	0.184	0.184	0.07	0.90 m x 0.90 m	0.90 m x 1.05 m	19,081 (0.90 m x 1.05 m)	0.35
12	11/II	Rajiv Gandhi Nagar	0.60	0.24	0.569	0.569	0.23	0.90 m x 0.90 m	1.50 m x 1.70 m	30,511 (1.50 m x 1.70 m)	1.74

Sl. No.	Zone/ Grid No.	Name of the Road/Street	Length executed under CMCDM (in km)	Expenditure (₹ in crore)	Length proposed as per the DPR of ISWDS (in km)	Length adopted by Audit (in km) (least of Col.(4) or Col.(6))	Proportionate cost (₹ in crore) (Col.(5) x Col.(7))/ Col.(4)	Size of SWD constructed under CMCDM	Size of SWD proposed as per the DPR of ISWDS	Rate per metre (Minimum size adopted by Audit)	Estimated cost of reconstruction under ISWDS (₹ in crore) (Col.(7) x 1,000) x Col.(11)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
13	11/II	Karunigar Street	0.43	0.55	0.027	0.027	0.03	0.60 m x 0.75 m and 0.90 m x 0.90 m	0.90 m x 1.05 m	19,081 (0.90 m x 1.05 m)	0.05
14	11/II	Madha Koil Street	0.78	1.00	0.495	0.495	0.63	0.60 m x 0.75 m and 0.90 m x 0.90 m	1.20 m x 1.20 m	24,396 (1.20 m x 1.20 m)	1.21
15	11/II	Anbu Nagar Main Road	0.5	0.51	0.903	0.5	0.51	0.60 m x 0.75 m and 0.90 m x 0.90 m	0.90 m x 1.05 m, 1.20 m x 1.20 m and 1.50 m x 1.70 m	19,081 (0.90 m x 1.05 m)	0.95
16	11/II	Krishna Nagar Main Road	0.7	0.71	0.419	0.419	0.42	0.60 m x 0.75 m and 0.90 m x 0.90 m	1.50 m x 1.70 m, 2.30 m x 1.65 m and 2.60 m x 1.80 m	30,511 (1.50 m x 1.70 m)	1.28
17	11/II	Krishnamachari Nagar	0.3	0.35	0.224	0.224	0.26	0.90 m x 0.90 m	0.90 m x 1.05 m	19,081 (0.90 m x 1.05 m)	0.43
18	11/III	Phase II, 2nd Main Road	0.135	0.18	0.798	0.135	0.18	0.90 m x 0.90 m	1.50 m x 1.70 m	30,511 (1.50 m x 1.70 m)	0.41
19	11/III	Phase I, 4th Main Road and Phase II, 4th Main Road	0.482	0.97	0.657	0.482	0.97	0.90 m x 0.90 m	1.20 m x 1.20 m	24,396 (1.20 m x 1.20 m)	1.18
20	11/III	Agathiyar Street	0.3	0.21	0.466	0.3	0.21	0.90 m x 0.90 m	1.20 m x 1.20 m	24,396 (1.20 m x 1.20 m)	0.73
21	7/III	Bazaar Road and Valaiyapathy Road	0.8	0.84	0.53	0.53	0.56	0.90 m x 0.90 m	1.50 m x 1.70 m and 2.00 m x 2.00 m	30,511 (1.50 m x 1.70 m)	1.62
		Total (B)					*9.19*				*25.63*
		Grand Total (A+B)					**10.75**				**29.88**

Appendix 4.4

(Reference: Paragraph 4.1.8.2; Page 36)

Statement showing the time taken from Administrative Sanction to award of contract - WSS

Sl. No.	Name of the work	Estimate cost (₹ in lakh)	Tender cost (₹ in lakh)	Date on which AS was given	Date on which TS was given	Time taken from AS to TS (in days)	Due date for submission of bid	Date of award of contract	Time taken from due date of bid to award of contract (in days)
1	Providing Comprehensive WSS to Karambakkam, Nolambur and Injambakkam	6,086	5,167.11	14-10-2012	22-10-2012	8	10-01-2013	09-05-2013	119
2	Providing Comprehensive WSS to Ramapuram, Manapakkam, Okkiam-Thoraipakkam and Nandambakkam	9,546	7,839.00	14-10-2012	22-10-2012	8	10-01-2013	21-08-2013	223
3	Providing Comprehensive WSS and providing Comprehensive Sewerage Scheme to Sholinganallur and Karapakkam in Dn.197 and 198 - Zone 15 in Chennai city	3,570	2,759.00	14-10-2012	22-10-2012	8	10-01-2013	21-05-2013	131
4	Providing Comprehensive WSS to Edayanchavadi, Sadayankuppam, Kadapakkam, Vadaperumbakkam, Theeyampakkam, Chinnasekkadu and Manali in Chennai city	8,054	6,155.59	11-07-2013	21-10-2013	102	03-01-2014	04-03-2014	60
5	Providing Comprehensive WSS to Pallikaranai and Mugalivakkam in Chennai city	7,419	6,618.00	11-07-2013	21-10-2013	102	03-01-2014	04-03-2014	60
6	Providing Comprehensive WSS to Kottivakkam, Palavakkam and Perungudi in Chennai city	9,200	6,636.00	11-07-2013	21-10-2013	102	03-01-2014	04-03-2014	60
7	Providing Comprehensive WSS to Surapattu, Kathirvedu, Putthagaram and Puzhal in Chennai city	8,261	5,912.00	11-07-2013	21-10-2013	102	03-01-2014	30-05-2014	147

AS : Administrative Sanction; TS : Technical Sanction; WSS : Water Supply Scheme

Appendix 4.5

(Reference: Paragraph 4.1.8.2; Page 36)

Statement showing the time taken from Administrative Sanction to award of contract - UGSS

Sl. No.	Name of the work	Estimate cost (₹ in lakh)	Tender cost (₹ in lakh)	Date on which AS was given	Date on which TS was given	Time taken from AS to TS (in days)	Due date for submission of bid	Date of award of contract	Time taken from due date of bid to award of contract (in days)
1	Kathivakkam UGSS	8,615.00	7,509.95	14-10-2012	22-10-2012	8	10-01-2013	09-05-2013	119
2	Ramapuram UGSS	4,850.00	4,165.00	14-10 -2012	22-10-2012	8	10-01-2013	21-08 -2013	223
3	Sholinganallur and Karapakkam UGSS	11,090.00	8,726.00	14-10 -2012	22-10-2012	8	10-01-2013	21-05 -2013	131
4	Providing UGSS to Nolambur and Surapattu in Chennai city	2,835.00	2,412.24	11-07 -2013	25-11-2013	137	17-01-2014	15-07 -2014	179
		3,849.00	3,222.09						
5	Providing UGSS to Puthagaram and Kathirvedu in Chennai city	6,599.98	5,195.20	11-07 -2013	25-11-2013	137	17-01-2014	15-07-2014	179
6	Providing UGSS to Annai Sivagami Nagar in Thiruvottiyur in Chennai city	934.00	616.73	11-07 -2013	25-11-2013	137	17-01-2014	30-05 -2014	133

AS : Administrative Sanction; TS : Technical Sanction; UGSS : Underground Sewerage Scheme

Appendix 4.6

(Reference: Paragraph 4.1.8.4; Page 38)

Avoidable expenditure/liability due to usage of CI pipes instead of DI pipes

Sl. No.	Name of the work	Diameter of CI pipes used (mm)	Estimate quantity of CI pipes (m)	Schedule of Rates adopted in the estimate	Rate adopted per meter in the estimate (₹)	Rate for DI (K9) pipe per meter as per Schedule of Rates (₹)	Difference in rates (₹)	Quantity of CI pipes used (m)	Avoidable expenditure on CI pipes used (₹)	Quantity of CI pipes still to be laid (m)	Avoidable liability on CI pipes to be laid (₹)	Remarks
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8) (6) - (7)	(9)	(10) (8) x (9)	(11)	(12) (8) x (11)	(13)
1	Providing Comprehensive WSS and UGSS to Sholinganallur and Karapakkam in Dn.197 and 198 - Zone 15 in Chennai city	150	3,400	2012-13	1,996.05	1,430.00	566.05	3,800.00	21,50,990.00	0	0	Work under progress
		200	200		2,921.42	1,906.00	1,015.42	200.00	2,03,084.00	0	0	
		250	5,665		3,937.12	2,544.00	1,393.12	5,622.95	78,33,444.10	0	0	
		300	3,108		5,077.15	3,172.00	1,905.15	3,120.00	59,44,068.00	0	0	
		350	7,685		6,396.49	4,055.00	2,341.49	7,685.00	1,79,94,350.65	0	0	
		400	3,688		7,783.92	4,713.00	3,070.92	3,698.00	1,13,56,262.16	0	0	
		450	5,256		9,386.02	5,722.00	3,664.02	5,528.15	2,02,55,252.16	0	0	
		500	3,600		10,988.05	6,747.00	4,241.05	3,199.00	1,35,67,118.95	401.00	17,00,661.05	
		700	3,850		19,053.91	11,662.00	7,391.91	3,742.00	2,76,60,527.22	108.00	7,98,326.28	
2	Providing UGSS to Nolambur and Surapattu in Chennai city	150	450	2013-14	2,117.00	1,472.00	645.00	336.80	2,17,236.00	113.20	73,014.00	Work under progress
		200	1,675		3,098.00	1,946.00	1,152.00	500.50	5,76,576.00	1,174.50	13,53,024.00	
		250	9,653		4,175.00	2,606.00	1,569.00	4,007.24	62,87,359.56	5,645.76	88,58,197.44	
		300	3,810		5,384.00	3,310.00	2,074.00	1,371.95	28,45,424.30	2,438.05	50,56,515.70	
		350	2,274		6,782.00	4,025.00	2,757.00	958.10	26,41,481.70	1,315.90	36,27,936.30	
		400	2,149		8,253.00	4,833.00	3,420.00	585.00	20,00,700.00	1,564.00	53,48,880.00	
		500	2,130		11,651.00	6,650.00	5,001.00	2,417.00	1,20,87,417.00	0	0	
		600	507		15,527.00	8,801.00	6,726.00	0	0	507.00	34,10,082.00	
		700	218		20,002.00	11,220.00	8,782.00	0	0	218.00	19,14,476.00	

Sl. No.	Name of the work	Diameter of CI pipes used (mm)	Estimate quantity of CI pipes (m)	Schedule of Rates adopted in the estimate	Rate adopted per meter in the estimate (₹)	Rate for DI (K9) pipe per meter as per Schedule of Rates (₹)	Difference in rates (₹)	Quantity of CI pipes used (m)	Avoidable expenditure on CI pipes used (₹)	Quantity of CI pipes still to be laid (m)	Avoidable liability on CI pipes to be laid (₹)	Remarks
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8) (6) - (7)	(9)	(10) (8) x (9)	(11)	(12) (8) x (11)	(13)
3	Providing UGSS to Puthagaram and Kathirvedu in Chennai city	200	1,900	2013-14	3,098.00	1,946.00	1,152.00	2,016.00	23,22,432.00	0	0	Work under progress
		250	6,757		4,175.00	2,606.00	1,569.00	1,889.03	29,63,888.07	4,867.97	76,37,844.93	
		300	1,183		5,384.00	3,310.00	2,074.00	337.38	6,99,726.12	845.62	17,53,815.88	
		350	2,171		6,782.00	4,025.00	2,757.00	55.00	1,51,635.00	2,116.00	58,33,812.00	
		400	863		8,253.00	4,833.00	3,420.00	0	0	863.00	29,51,460.00	
		450	403		9,952.00	5,750.00	4,202.00	0	0	403.00	16,93,406.00	
		500	151		11,651.00	6,650.00	5,001.00	0	0	151.00	7,55,151.00	
		600	2,200		15,527.00	8,801.00	6,726.00	0	0	2,200.00	1,47,97,200.00	
4	Supply and laying of 500 mm dia CI sewage pumping main from Chetput Pumping Station upto the existing Bell Mouth chamber at Flowers Road in Area VIII	500	1,110	2012-13	12,951.58	6,747.00	6,204.58	951.00	59,00,555.58	0	0	Work completed
5	Improving the capacity of pumping main in Periyar Nagar SPS in Area XIII (old Area XB)	400	1,450	2012-13	7,783.22	4,713.00	3,070.22	1,231.00	37,79,440.82	0	0	Work completed
6	Expansion of capacity of conveyance system of Perambur STP in Area III	750	2,588	2011-12	17,943.00	11,805.79	6,137.21	2,390.00	1,46,67,931.90	0	0	Work completed
7	Improving the capacity of pumping main of Besant Nagar-II Pumping Station by laying 450 mm dia CI pipeline in Area XIII	450	1,800	2012-13	9,386.02	5,722.00	3,664.02	1,772.00	64,92,643.44	0	0	Work completed

Sl. No.	Name of the work	Diameter of CI pipes used (mm)	Estimate quantity of CI pipes (m)	Schedule of Rates adopted in the estimate	Rate adopted per meter in the estimate (₹)	Rate for DI (K9) pipe per meter as per Schedule of Rates (₹)	Difference in rates (₹)	Quantity of CI pipes used (m)	Avoidable expenditure on CI pipes used (₹)	Quantity of CI pipes still to be laid (m)	Avoidable liability on CI pipes to be laid (₹)	Remarks
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8) (6) - (7)	(9)	(10) (8) x (9)	(11)	(12) (8) x (11)	(13)
8	Laying of 300 mm dia CI pipe pumping main from link road to LG pumping station in depot 63	300	1,088	2012-13	5,843.65	3,172.00	2,671.65	1,208.40	32,28,421.86	0	0	Work completed
9	Enlargement of sewage pumping main for Kilpauk PS in Area VIII	750	2,200	2012-13	23,259.95	14,492.00	8,767.95	2,026.00	1,77,63,866.70	0	0	Work completed
10	Improving the capacity of pumping main of Indira Nagar SPS in Area XIII (old Area-XB)	900	2,700	2011-12	28,931.15	14,404.63	14,526.52	2,472.70	3,59,19,726.00	227.30	33,01,878.00	Work under progress
11	Rerouting and improving the capacity of pumping main of Velachery PS in area XII	750	7,200	2011-12	19,020.00	11,805.79	7,214.21	3,760.50	2,71,29,036.71	3,439.50	2,48,13,275.30	Work under progress
12	Improving the capacity of pumping main of Saligramam SPS in Area-X (Old AreaVIII)	600	1,100	2012-13	17,324.00	8,724.00	8,600.00	1,091.20	93,84,320.00	0	0	Work completed
								Total	**26,40,24,916.01 or ₹ 26.40 crore**		**9,56,78,955.88 or ₹ 9.57 crore**	

CI : Cast Iron; DI: Ductile Iron; SPS: Sewage Pumping Station; STP : Sewage Treatment Plant; WSS : Water Supply Scheme; UGSS : Under Ground Sewerage Scheme.

Appendix 4.7

(Reference: Paragraph 4.1.8.5; Page 39)

Excess expenditure due to entrustment of additional road works to the same contractor

Sl. No.	Package No.	Executed by	Year of the Scheme	Amount (in ₹)
1	26	BRR Department	2015-16	88,38,113
2	10	BRR Department	2015-16	2,10,29,118
3	18	BRR Department	2015-16	69,37,641
4	7	BRR Department	2015-16	25,29,057
5	33	BRR Department	2015-16	32,42,691
6	9	BRR Department	2015-16	14,56,568
7	1	Zone II	2013-14	19,97,576
8	1	Zone III	2013-14	8,77,747
		Total		**4,69,08,511**

BRR : Bus Route Roads

Appendix 5.1

(Reference: Paragraph 5.1.2 (i); Page 44)

(A) Avadi Municipality - Budget variances for the years 2013-14, 2014-15 and 2015-16

(₹ in crore)

	2013-14			2014-15			2015-16		
	Budget estimates	Actuals as per accounts	Difference in *per cent*	Budget estimates	Actuals as per accounts	Difference in *per cent*	Budget estimates	Actuals as per accounts	Difference in *per cent*
Revenue and Capital Fund Account									
Revenue Fund									
Income	41.13	55.30	34.45	60.34	53.82	(-) 10.81	58.72	69.34	18.09
Expenditure	39.78	34.27	(-) 13.85	59.59	33.65	(-) 43.53	76.67	38.70	(-) 49.52
Capital Fund									
Income	71.11	57.65	(-) 18.93	13.99	7.79	(-) 44.32	55.12	23.05	(-) 58.18
Expenditure	76.11	90.84	19.35	13.99	41.95	199.86	55.12	67.12	21.77
Water Supply and Drainage Fund Account									
Revenue Fund									
Income	25.27	10.85	(-) 57.06	28.15	13.53	(-) 51.95	24.03	10.07	(-) 58.09
Expenditure	24.18	11.86	(-) 50.95	28.05	5.71	(-) 79.64	23.84	6.17	(-) 74.12
Capital Fund									
Income	140.34	7.82	(-) 94.43	150.47	32.97	(-) 78.09	32.01	0	(-) 100.00
Expenditure	140.34	30.82	(-) 78.04	150.47	16.32	(-) 89.15	32.01	14.59	(-) 54.42
Elementary Education Fund Account									
Revenue Fund									
Income	2.84	2.46	(-) 13.38	3.33	2.78	(-) 16.51	2.92	2.46	(-) 15.75
Expenditure	0.74	0.90	21.62	0.85	0.38	(-) 55.29	1.03	0.32	(-) 68.93
Capital Fund									
Income	2.10	0.90	(-) 57.14	2.10	0	(-) 100.00	1.88	0	(-) 100.00
Expenditure	2.00	1.00	(-) 50.00	2.00	2.81	40.50	2.00	4.51	125.50

(B) Maraimalai Nagar Municipality - Budget variances for the years 2013-14, 2014-15 and 2015-16

(₹ in crore)

	2013-14			2014-15			2015-16		
	Budget estimates	Actuals as per accounts	Difference in *per cent*	Budget estimates	Actuals as per accounts	Difference in *per cent*	Budget estimates	Actuals as per accounts	Difference in *per cent*
Only consolidated Revenue and Capital Fund Account was maintained and no separate Water Supply and Drainage Fund Account was maintained									
Revenue Fund									
Income	35.55	42.47	19.47	36.89	47.57	28.95	40.39	36.79	(-) 8.91
Expenditure	33.80	11.10	(-) 67.16	35.19	10.90	(-) 69.03	40.33	10.93	(-) 72.90
Capital Fund									
Income	22.45	5.59	(-) 75.01	50.24	1.37	(-) 97.28	41.99	28.22	(-) 32.79
Expenditure	22.45	71.18	217.06	50.24	77.40	54.06	41.99	39.57	(-) 5.76

(C) Pallavaram Municipality - Budget variances for the years 2013-14, 2014-15 and 2015-16

(₹ in crore)

	2013-14			2014-15			2015-16		
	Budget estimates	Actuals as per accounts	Difference in *per cent*	Budget estimates	Actuals as per accounts	Difference in *per cent*	Budget estimates	Actuals as per accounts	Difference in *per cent*
Revenue and Capital Fund Account									
Revenue Fund									
Income	38.07	40.99	7.67	46.16	42.68	(-) 7.54	50.87	50.39	(-) 0.94
Expenditure	40.93	22.95	(-) 43.93	43.71	23.15	(-) 47.04	50.63	27.83	(-) 45.03
Capital Fund									
Income	53.60	23.94	(-) 55.34	57.22	3.37	(-) 94.11	50.19	6.63	(-) 86.79
Expenditure	53.60	31.90	(-) 40.49	57.22	26.94	(-) 52.92	50.19	34.71	(-) 30.84
Water Supply and Drainage Fund Account									
Revenue Fund									
Income	12.35	16.19	31.09	20.94	14.95	(-) 28.61	30.52	15.79	(-) 48.26
Expenditure	12.24	8.70	(-) 28.92	18.74	8.75	(-) 53.31	28.31	10.87	(-) 61.60
Capital Fund									
Income	176.77	5.85	(-) 96.69	158.26	4.40	(-) 97.22	10.34	1.85	(-) 82.11
Expenditure	176.77	15.17	(-) 91.42	158.26	14.20	(-) 91.03	10.34	10.02	(-) 3.09
Elementary Education Fund Account									
Revenue Fund									
Income	2.47	3.77	52.63	4.85	3.37	(-) 30.52	3.73	3.38	(-) 9.38
Expenditure	2.29	0.02	(-) 99.13	3.90	0.01	(-) 99.74	3.71	0.01	(-) 99.73
Capital Fund									
Income	2.00	0	(-) 100.00	3.50	0	(-) 100.00	3.20	0	(-) 100.00
Expenditure	2.00	1.48	(-) 26.00	3.50	1.39	(-) 60.29	3.20	2.39	(-) 25.31

(D) Thiruverkadu Municipality - Budget variances for the years 2013-14, 2014-15 and 2015-16

(₹ in crore)

	2013-14			2014-15			2015-16		
	Budget estimates	Actuals as per accounts	Difference in *per cent*	Budget estimates	Actuals as per accounts	Difference in *per cent*	Budget estimates	Actuals as per accounts	Difference in *per cent*
Only consolidated Revenue and Capital Fund Account was maintained and no separate Water Supply and Drainage Fund Account was maintained									
Revenue Fund									
Income	15.44	25.82	67.23	19.69	22.90	16.30	27.51	27.32	(-) 0.69
Expenditure	15.33	4.84	(-) 68.43	19.04	6.30	(-) 66.91	27.38	7.45	(-) 72.79
Capital Fund									
Income	16.28	8.68	(-) 46.68	96.86	4.82	(-) 95.02	141.25	4.04	(-) 97.14
Expenditure	16.28	32.54	99.88	96.86	18.88	(-) 80.51	141.25	36.72	(-) 74.00

Glossary of abbreviations

Abbreviation	Full Form
BDO	Block Development Officer
BDO-BP	Block Development Officer (Block Panchayat)
BDO-VPs	Block Development Officer (Village Panchayats)
BM	Bituminous Macadam
BPs	Block Panchayats
BRR	Bus Route Roads
BSNL	Bharat Sanchar Nigam Limited
CAG	Comptroller and Auditor General of India
CFC	Central Finance Commission
CI	Cast Iron
CMA	Commissioner of Municipal Administration
CMCDF	Chennai Mega City Development Fund
CMCDM	Chennai Mega City Development Mission
CMWSSB	Chennai Metropolitan Water Supply and Sewerage Board
CPHEEO	Central Public Health and Environmental Engineering Organisation
CRDPR	Commissioner of Rural Development and Panchayat Raj
CSIDS	Comprehensive School Infrastructure Development Scheme
DBDO	Deputy Block Development Officer
DBM	Dense Bituminous Macadam
DC	District Collector
DCB	Demand Collection and Balance
DI	Ductile Iron
DLFA	Director of Local Fund Audit
DPC	District Planning Committee
DPR	Detailed Project Report
DPs	District Panchayats
DRDA	District Rural Development Agency
DRDPR	Director of Rural Development and Panchayat Raj
DTCP	Director of Town and Country Planning
DTP	Director of Town Panchayats

Abbreviation	Full Form
EEF	Elementary Education Fund
ETP	Effluent Treatment Plant
GCC	Greater Chennai Corporation
GoI	Government of India
GoTN	Government of Tamil Nadu
GPS	Global Positioning System
HPEC	High Power Expert Committee
IEC	Information, Education and Communication
IRC	Indian Roads Congress
ISWDS	Integrated Storm Water Drain System
JNNURM	Jawaharlal Nehru National Urban Renewal Mission
LBs	Local Bodies
LED	Light Emitting Diode
MAS	Model Accounting System
MAWS	Municipal Administration and Water Supply
MCMC	Madurai City Municipal Corporation
MIS	Management Information System
MMBT	Madurai Mattuthavani Bus Terminus
MoPR	Ministry of Panchayati Raj
MORTH	Ministry of Road Transport and Highways
NIC	National Informatics Centre
NMAM	National Municipal Accounting Manual
O&M	Operation and Maintenance
PAC	Public Accounts Committee
PD	Project Director
PRIA Soft	Panchayat Raj Institutions Accounting Software
PRIs	Panchayat Raj Institutions
PSC	Project Sanctioning Committee
PUMS	Panchayat Union Middle School
PUPS	Panchayat Union Primary School
PUs	Panchayat Unions
PWD	Public Works Department
REE	Regional Executive Engineer

Abbreviation	Full Form
RTA	Regional Transport Authority
RTGS	Real Time Gross Settlement
RTO	Regional Transport Officer
SASTA	Social Audit Society of Tamil Nadu
SFC	State Finance Commission
SoR	Schedule of Rates
SVLs	Sodium Vapour Lamps
SWDs	Storm Water Drains
SWM	Solid Waste Management
TCFC	Thirteenth Central Finance Commission
TGS	Technical Guidance and Support
THAI	Tamil Nadu Village Habitations Improvement
TNEB	Tamil Nadu Electricity Board
TNPCB	Tamil Nadu Pollution Control Board
TNUIFSL	Tamil Nadu Urban Infrastructure Financial Services Limited
TWAD	Tamil Nadu Water Supply and Drainage
UCs	Utilisation Certificates
UGSS	Under Ground Sewerage Scheme
ULBs	Urban Local Bodies
VPs	Village Panchayats
WSS	Water Supply Scheme