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ANNUAL TECHNICAL INSPECTION REPORT

ON

URBAN LOCAL BODIES

GOVERNMENT OF ODISHA

In terms of the Technical Guidance and Support (TGS) by the Comptroller and Auditor General of India

FOR THE YEAR ENDED MARCH 2014

Office of the Accountant General (G&SSA)

Odisha, Bhubaneswar

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Preface

This Report contains the results of audit of Urban Local Bodies *viz*. Municipal Corporations, Municipalities and Notified Area Councils of the State. Audit has been conducted under Section 20(1) of the CAG's DPC Act, 1971 and the report is submitted to Government of Odisha under Technical Guidance and Support arrangement.

The Report covering the period 2012-14, starts with an introductory Chapter I outlining an overview of Urban Local Bodies. Chapter II of the Report covers findings emerging from compliance audit conducted in 17 Urban Local Bodies while Chapter III indicates the response to audit.

The cases mentioned in this Report were among those which came to notice in the course of test audit of accounts of ULBs relating to the years 2012-14, as well as, those which came to notice of audit in earlier years but could not be dealt with in previous reports. Matters relating to the period subsequent to 2012-14 were also included wherever found necessary.

Overview

This Annual Technical Inspection Report of the Accountant General (General and Social Sector Audit), Odisha on the audit of Urban Local Bodies (ULBs) throws light on the organisational set up, finances, accounting and audit arrangements of the ULBs and deficiencies noticed in these areas. It includes findings arising out of compliance audit. Some of the significant observations are given below.

Significant observations of Compliance audit

In 12 test checked ULBs an amount of ₹ 2.39 crore was outstanding against 373 persons including employees (retired, transferred and Nominal Muster Roll), associated persons like advocates, contractors and Ex-Corporators.

(Paragraph 2.1.5.1)

In 14 test checked ULBs, scrutiny revealed that against total receipt of ₹ 660.59 crore during the period 2010-13, UCs for ₹ 288.01 (44 *per cent*) crore were not submitted.

(Paragraph 2.1.5.2)

In five ULBs, there was loss of interest of ₹ 65.28 lakh (calculated @ four *per cent* per annum) due to deposit of grants/ funds in Current A/Cs.

(Paragraph 2.1.5.3)

Due to improper financial management by five ULBs, undischarged liability towards energy charges of ₹ 7.66 crore was created putting extra financial burden on ULBs.

(Paragraph 2.1.7.1)

In 60 wards, due to over projection of waste generation and lapses in supervision of weighing exercise, BMC [illegible] excess expenditure of ₹15.18 crore towards transportation of 10[illegible] of solid waste.

[illegible]graph 2.2.3.2)

Cuttack Municipal Corporation (CMC) [illegible] of ₹ 1.67 crore due to its obligations in the defective agree[illegible]

[illegible]ph 2.2.9.2)

Since execution of the work was doubtful in ab[illegible]entation and payment was not made as per the agreement, expe[illegible]08 crore for mechanical sweeping was not justified.

(Para[illegible]h 2.2.9.3)

BMC's injudicious decision to enter into contract with Jagruti Welfare Organisation for transportation of garbage at higher rate led to excess expenditure of ₹ 1.50 cro[illegible]

(Paragraph 2.2.11)

There was idle investment on procurement of solid waste machineries worth ₹ 3.12 crore in test checked ULBs.

(Paragraph 2.2.14.1)

There was loss of ₹ 8.35 crore towards user fees for the service rendered for door to door collection of solid waste.

(Paragraph 2.2.14.2)

Due to inaction of the municipal engineers in 13 ULBs, penalty of ₹ 2.03 crore was not imposed /recovered extending undue benefit to the contractors.

(Paragraph 2.3.5.2)

Irregular purchase of electrical materials valued ₹ 97.28 lakh without approval of Government.

(Paragraph 2.4.2.1)

Joda Municipality suffered a loss of ₹ 1.64 lakh due to injudicious decision of the EO to accept item wise rate contract.

(Paragraph 2.4.3.5)

There was an additional burden of ₹ 10.05 crore on State exchequer due to delay in acquisition of land and subsequent cost escalation in implementing IHSDP Scheme in CMC.

(Paragraph 2.5.8)

In five ULBs, ₹ 68.49 crore was lying idle due to lack of proper planning in implementation of the IHSDP scheme.

(Paragraph 2.5.10.1)

BMC and CMC submitted Utilisation Certificate for ₹ 16.21 crore without utilization of IHSDP scheme fund.

(Paragraph 2.5.10.5)

Non-revision of annual value of holding tax in CMC led to annual loss of revenue of ₹ 1.93 crore.

(Paragraph 2.6.4.1)

Due to incorrect assessment of plinth area in CMC, there was loss of holding tax of ₹ 17.58 lakh to annual value.

(Paragraph 2.6.4.3)

Lack of response to Audit

As many as 3132 paragraphs relating to 211 Inspection Reports issued by the Senior Deputy Accountant General (Local Bodies, Audit and Accounts), Odisha to different Municipal Corporations, Municipalities and Notified Area Councils by 31 January 2015 remained unsettled (January 2015) for want of compliances from the respective local bodies.

(Paragraph 3.1)

No compliance was furnished by the Department in respect of the paragraphs of seven ATIRs issued for the years 2005-12 as of January 2015.

(Paragraph 3.2)

CHAPTER I

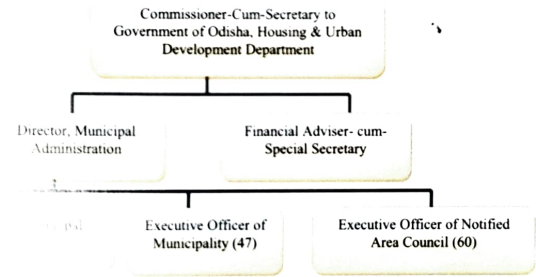
An overview of the Accounts and Finances of Urban Local Bodies

1.1 Introduction

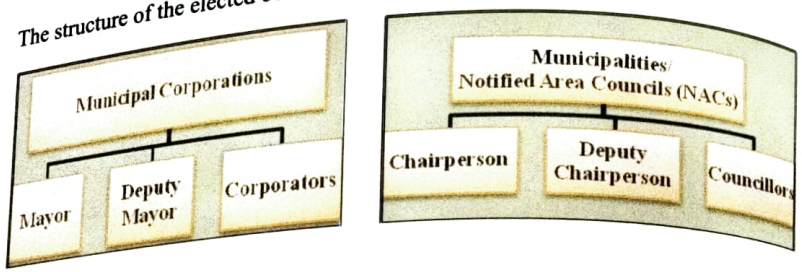
The Seventy-fourth Amendment to the Constitution of India mandated all State Governments to operationalise Urban Local Bodies (ULBs), as units of self-government. The Orissa Municipal Act, 1950 was amended (2007) for this purpose and the Orissa Municipal Corporation Act was enacted (2003) to ensure devolution of powers and responsibilities to ULBs, in relation to the subjects listed in the Twelfth Schedule of the Constitution.

1.2 Profile of Audited Entities

As per Census of 2011, the population of Odisha was 419.47 lakh, of which 69.96 lakh (16.68 *per cent*) reside in urban areas of the State. The decadal growth of urban population in the State during 2001-11 was 14 *per cent*. To provide better amenities to citizens residing in the cities of the State and to make the cities/towns beautiful, clean, living worthy and developed, 110 ULBs were set up in the State under three categories i.e. 3 Municipal Corporations, 47 Municipalities and 60 Notified Area Councils (NACs) as of March 2014. Each ULB is divided into a number of wards, each represented by a Ward Councillor. While a Municipal Commissioner is the executive head of Municipal Corporation, an Executive Officer functions as the executive head of a Municipality or NAC. At the State level, the Housing & Urban Development (H&UD) Department coordinates the functioning of all ULBs. The Municipalities and NACs are functioning under the provisions of the Orissa Municipal Act, 1950, while Municipal Corporations are functioning under the Orissa Municipal Corporation Act, 2003. The organisational hierarchy of the ULBs is indicated below.



The structure of the elected bodies of the ULBs is as under:-



Each Municipal Corporation is headed by a Mayor and each Municipality/ NAC by a Chairperson, who are elected amongst the Corporators/ Councillors of the respective ULBs.

1.3 Audit Arrangements

On the recommendation of the Thirteenth Finance Commission, the State Government entrusted (April 2011) the Comptroller and Auditor General of India (CAG) with audit of all the Urban Local Bodies (ULBs) of the State under Section 20(1) of the CAG's (Duties, Powers and Conditions of Service) Act, 1971. Besides, the CAG was also requested to provide Technical Guidance and Support (TGS) to the State Audit Agency viz., Local Fund Audit (LFA) for audit of ULBs. The Government notified (July 2011) the parameters of the TGS agreed to, in the Official Gazette.

Further, the Director, LFA, under the Finance Department, is the Statutory Auditor, who conducts audit of ULBs and certifies their accounts under Section 113 of the Orissa Municipal Act, 1950 and provisions of Odisha Local Fund Audit (OLFA) Act, 1948 through District Audit Officers (LFA), Audit Superintendents and Local Fund Auditors. Total number of ULBs planned for audit and actually audited by the Director, LFA during the years 2012-13 and 2013-14 is indicated in the table below.

Table 1.1: Statement showing the number of ULBs planned for audit and actually audited by the Director, LFA

Year	Total number of ULBs planned for audit	Total number of ULBs audited	Short fall	Reasons for shortfall
2012-13	103	97	6	Shortage of manpower
2013-14	103	55	48	Shortage of staff, Phailin, natural calamity and Bandh in Western Odisha

(Source: Information as furnished by Director of Local Fund Au...)

1.4 Powers and Responsibilities

The Twelfth Schedule (Article 243 W) of the Constitution of India envisages that the State Government may by law, endow the municipalities with such powers and authority as may be necessary to enable them to function as institutions of self-government. It listed 18 functions to be devolved upon the ULBs by the State Government. The State Government claimed to have already devolved 17 out of 18 functions as of March 2014 and the remaining one i.e., roads and bridges was not yet devolved. It was, however, noticed that out of these 17 functions, seven functions[1] were not yet devolved as they continued to be discharged by various line departments of the State Government.

1.5 Sources of Funds

For execution of various developmental works, the ULBs mainly receive funds from the State Government towards compensation and assignment revenue and grants from the Government of India (GoI) and State Government. Besides, as per the provisions of the Orissa Municipal Act, 1950, all collections such as tax on holdings, trades, rent on shops and buildings and other fees and charges etc., constitute the revenue receipts of the ULBs. The allocation of funds to the ULBs for the years 2011-12 to 2013-14 is indicated in the table below:

Table 1.2 Receipt and utilisation of funds by ULBs of the State

(₹ in crore)

ULBs	Compensation and Assignment			Plan			Non-plan		
	2011-12	2012-13	2013-14	2011-12	2012-13	2013-14	2011-12	2012-13	2013-14
MC	136.04	147.62	229.52	136.75	145.35	214.24	29.96	34.47	50.89
Municipality	158.65	169.99	239.57	5.29	41.69	218.67	46.77	55.15	71.69
NAC	95.50	101.54	133.11	26.33	140.46	70.41	25.24	30.17	49.48

(Source: Information furnished by H&UD Department.)

1.6 Maintenance of Accounts

In Municipal Corporations, the Chief Finance Officers/Finance Officers and in case of Municipalities and NACs, the Executive Officers are responsible for maintenance of accounts and preparation of Annual Accounts of the respective ULBs.

Adoption of modern accrual based, double entry system of accounting was mandatory for ULB level reform set by the GoI. The State Government decided (September 2007) to introduce double entry system of accrual based accounting in ULBs across the State. While, the Bhubaneswar Municipal Corporation (BMC) could adopt the accrual system of accounting only in February 2011, the ... system of accounting was still followed in the remaining 102 ULBs of the ... of March 2013 without switching over to the prescribed system. ... State Government has engaged (June 2013) Chartered Accountant

[1] ...ding town planning, Regulation of land use and construction of buildings, ...mestic, industrial and commercial purposes, Fire services, Urban forestry, ...ment and promotion of ecological aspects, Safeguarding the interests of ... including handicapped and mentally retarded

firms and instructed (September 2013) all the ULBs to purchase Accounting Package Software for implementation of double entry accrual based accounting system with effect from October 2013.

CHAPTER II

COMPLIANCE AUDIT

This Chapter contains the important findings emerging from transactions on functioning of 17 test checked Urban Local Bodies (ULBs) of the State. Audit was conducted on Financial Management, Solid Waste Management, Contract Management and Procurement Management in 14 ULB[1]s of the State. Audit on Collection of Holding Tax in Cuttack Municipal Corporation and Implementation of Integrated Housing and Slum Development Programme was conducted in five ULB[2]s.

2.1 Financial Management in Urban Local Bodies

2.1.1 Introduction

As per recommendation of 13th Finance Commission, Urban Local Bodies (ULB) need to be adequately empowered, both functionally and financially, to enable them to fulfill their role as local self-government as envisaged in the 74th Amendment of the Constitution of India. The Third State Finance Commission reiterated (January 2010) devolution of funds to local bodies to enable them to implement the tasks assigned to the ULBs. Accordingly, Orissa Municipal (Accounts) Rules, 2012 based on Orissa Municipal Accounts Manual and Orissa Municipal Rules, 1953 (to the extent relevant) are prescribed to ensure smooth financial management by ULBs. Orissa Municipal Act, 1950 was amended in 2007 and Orissa Municipal Corporation Act was enacted in 2003 in order to strengthen financial condition of ULBs.

Audit on Financial Management in 14 selected ULBs out of 103 in the State for the period 2010-13 was conducted during July to September 2014. Audit findings are discussed in the succeeding paragraphs.

2.1.2 Fund Flow Arrangement

The ULBs receive funds mainly from State Consolidated Fund as per State Finance Commission recommendations, Central Government/State Government for execution of Centrally Sponsored Schemes/State Sponsored Schemes, grants-in-aid as per Finance Commission recommendations and State Government, loans raised and grants and assistance received from other institutions. All sums received by or on behalf of the ULBs are credited to the Municipal Fund of the respective ULB to be paid into a Government Treasury or any Bank.

Audit found that the test checked ULBs had not maintained their accounts correctly as a result of which the opening balance of receipts for the year 2010-

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[1] Bhubaneswar Municipal Corporation(BMC), Cuttack Municipal Corporation(CMC), Joda municipality, Khordha municipality, Puri municipality, Rourkela municipality, Sambalpur municipality, Subarnapur municipality, Ganjam Notified area Council (NAC), Jaleswar NAC, Koraput municipality, Rambha NAC, Rairangpur NAC and Sunabeda NAC

[2] Berhampur Municipal Corporation (BAMC), BMC, CMC, Jharsuguda municipality and Keonjhargarh municipality

11 was not available with these ULBs. However, the receipt and expenditure for the period 2010-2013 without taking into account the opening balance is given in the table below.

Table 2.1 Receipt and expenditure for last three years

(₹ in crore)

Year	Receipt	Expenditure	Unspent amount	Percentage of expenditure
2010-11	45092.30	41307.79	3784.51	92
2011-12	37427.29	36435.44	991.85	97
2012-13	58394.63	45404.39	12990.24	78
Total	**140914.22**	**123147.62**	**17766.60**	

From the above table, it was noticed that the percentage of expenditure (excluding OB) which was 92 in 2010-11 was reduced to 78 during 2012-13, which indicated lack of monitoring for prompt utilisation of funds.

2.1.3 Budgetary Control

As per Section 104 of Orissa Municipal (OM) Act and Section 137 of Orissa Municipal Corporation (OMC) Act, the Chairperson of the ULB is required to present before the ULB complete accounts of its probable receipts and expenditure for the following financial year together with the actual of the current year at least two months before the closure of the financial year so that the approved budget will be available at the beginning of the next year.

2.1.3.1 Delay in preparation and approval of budget

As per Orissa Municipal Corporation (OMC) Act, 2003 and Orissa Municipal (OM) Rules, 1953, the budget estimates of Corporation and Municipality/Notified Area Council (NAC) are to be prepared and presented on or before 1 January and 1 February of the year respectively immediately preceding the financial year for which it is prepared. The budget after being passed by the Council is to be submitted to the Government for approval. As per Orissa Municipal Act, unless a provision has been made in that behalf in the municipal budget as approved by the State Government, no expenditure shall be incurred by the municipality without prior approval of the Director, Municipal Administration.

Audit found that 13 test checked ULBs (except BMC) prepared their budget with a delay ranging from three to 128 days. Further, there was delay upto 366 days at government level in approving the budget for nine ULBs. In respect of 12 ULBs, 25 out of 36 budget proposals were not approved during 2010-13 by the Government and the concerned ULBs had also not followed up for approval. Out of 25 budget proposals not approved, budget proposals for entire three years i.e. 2010-11 to 2012-13 were not approved in respect of five ULBs[3]. As a result, the expenditure made by these five ULBs became unauthorised. The reason is delay in approval of Budgets. The details of delay in preparation, approval and non-approval of the budget are given in *Appendix-2.1.1*. The ULBs made expenditure of ₹ 440.78 crore during 2010-13 without approved budget, year-wise break up of which is given in the following table.

[3] Ganjam, Subarnapur, Jaleswar, Sambalpur and Rourk

Table 2.2 Details of unauthorized expenditure without Budget approval

(₹in crore)

Sl. No.	Name of the ULB	2010-11	2011-12	2012-13	Total
1	Cuttack Municipal Corporation	0.00	0.00	107.89	107.89
2	Joda Municipality	0.00	0.00	11.36	11.36
3	Khordha Municipality	4.62	0.00	8.55	13.17
4	Puri Municipality	0.00	33.86	42.93	76.79
5	Rourkela Municipality	32.38	23.24	45.48	101.10
6	Subarnapur Municipality	2.84	3.04	5.62	11.50
7	Ganjam NAC	1.49	2.09	1.51	5.09
8	Jaleswar NAC	2.80	3.77	4.66	11.23
9	Koraput Municipality	0.00	0.00	13.09	13.09
10	Rambha NAC	1.90	0.00	2.00	3.90
11	Sunabeda NAC	0.00	0.00	11.93	11.93
12	Sambalpur Municipality	22.25	22.85	28.63	73.73
	Total	**68.28**	**88.85**	**283.65**	**440.78**

(Source: Budget of the respective ULBs and related files)

Thus, non-approval, delay in preparation and approval of the budget and incurring of expenditure without approval of Government resulted in violation of the provisions of the Act by the test checked ULBs.

The Commissioners/Executive Officers (EOs) assured (July-September 2014) to bring the case to the notice of the Council and move the Government for timely approval of budget.

2.1.3.2 Excess expenditure beyond Government approval

As per OM Act, after approval of the budget by the Government, the Municipal Council should not incur expenditure under any of the heads of the budget in excess of the amount provided under that head. In case of any variation/alteration, they should obtain approval of the State Government.

Audit observed that in 13 ULBs, expenditure of ₹ 49.68 crore was incurred over and above the approved amount of ₹ 197.33 crore under various heads such as Energy charges, Repair and Maintenance, Conservancy and Public Health etc. during 2010-13 as detailed in ***Appendix 2.1.2*** resulting in violation of rules/ manuals and Government directions, thus failing to bring the revised budget for approval.

The Commissioners/EOs stated (July–September 2014) that post-facto approval would be obtained to regularise the excess expenditure.

2.1.3.3 Preparation of unrealistic budget

As per OMC Act 2003 and OM Act 1950, Budget is to be prepared based on probable receipts and expenditures for the following financial year and the same is to be as practical and accurate as possible.

Scrutiny of Budget revealed that in all test checked ULBs, there was over estimation of receipts and expenditures provided in the Annual Budget during 2010-13 against the actual which varied between 14 and 91 *per cent* (Puri) under receipts and 12 and 84 *per cent* (Subarnapur) under expenditure. In Subarnapur and Sunabeda, though the provision was made under Public Health (₹ 1.30 lakh for 2010-11) and Public Convenience (₹ 106.87 lakh for 2011-13) respectively, no expenditure was made leading to 100 *per cent* savings for

which reasons were not recorded. Further, six[4] ULBs made provision of ₹ 1.65 crore towards repayment of loans and interest though there was no loan to be repaid, thus resulting in unnecessary estimation. EOs of the ULBs failed to assess the actual requirement under the head resulting in unnecessary saving. Despite wide variation between the estimated and actual receipt and expenditure under various heads during 2010-13, revised budget was not prepared for approval by the concerned Council as required under the Act. The details of over estimation in the budget are shown in ***Appendix 2.1.3 (A)*** and ***Appendix 2.13 (B).***

The Commissioners/EOs assured (July–September 2014) to prepare realistic budget based on the actual receipt and expenditure of the previous years.

2.1.3.4 Excess expenditure under General Office Establishment

As per the instructions of the Government contained in every budget approval order, the expenditure on General Office Establishment is to be limited to five *per cent* of the normal income of the ULB and should not exceed on normal conditions.

Audit found that the expenditure on General Office Establishment in respect of 14 test checked ULBs exceeded the limit of five *per cent* of income and during 2010-13, the total excess expenditure was ₹ 205.81 crore. The excess ranged from ₹ 9.17 lakh to ₹ 31.12 crore. Thus, due to incurring of more expenditure on office expenses, major amount of Municipal funds was diverted. One instance was non-clearing of street light energy charges in five ULBs[5] which was piled up with delayed payment surcharges every month (discussed in paragraph 2.1.7.1). Details of excess expenditure are given in ***Appendix 2.1.4.***

The Commissioners/EOs assured (July–September 2014) to restrict General Office Establishment to the prescribed limit.

2.1.4 Management of own source of revenue

ULBs also have its own source of fund under the provisions of the Act in force and they undertake various developmental works as well as meet day to day expenses out of it. All collections such as tax on holdings, water tax, latrine tax, lighting tax, tax on drainage, rent from municipal shops and buildings and other fees and charges etc. constitute the main source of revenue.

2.1.4.1 Non-realisation of shop license fee

Scrutiny of records revealed that shop rents amounting to ₹ 1.37 crore were not realised since 1972-73 from the licensees of five ULBs[6] (Puri and Subarnapur did not produce the related records) as of March 2013. Except CMC, the EOs of other ULBs did not make sustainable efforts to collect the arrear shop rents for which the arrear amount increased from ₹ 30.48 lakh in 2010 to ₹ 48.19 lakh in 2013 in those four ULBs. Commissioner, CMC served

[4] Subarnapur (₹ 25 lakh), Sunabeda (₹ 0.40 lakh), Rairangpur (₹ 3.08 lakh), Puri (₹ 1.00 crore), Sambalpur (₹ 16 lakh) and Rourkela (₹ [illegible] lakh)

[5] Jaleswar, Joda, Rairangpur, Sambalpur and Subarnapur

[6] Cuttack- ₹ 89.01, Joda- ₹ 1.57 lakh, Rourkela [illegible] lakh, Rairangpur-₹ 8.55 lakh and Sunabeda- ₹ 17.83 lakh

(June 2014) a seven days' notice to the defaulters which was yet to yield any result.

While other EOs assured (August & September 2014) to take suitable action to recover the arrear rents, Commissioner, CMC stated (July 2014) that another notice was being served through newspaper and appropriate action would be taken against the defaulters for non-collection of arrear dues.

2.1.4.2 Non-allotment of completed market complex resulting in loss of revenue

As per OMC Act, the Corporation may either on its own or through public or private sector agencies undertake construction of shopping centers, industrial estates and tourist lodges with commercial complexes etc. on commercial basis. As a general prudence, the commercial complexes after completion are to be let out as early as possible to augment the revenue of the ULBs. Audit scrutiny revealed that ULBs sustained loss of revenue of ₹ 29.42 lakh due to non-allotment of shops even after completion as discussed below.

- In CMC, 13 shops and 14 open pindis[7] of different sizes were constructed (August 2004) in Binod Bihari Market Complex (GF), Balubazar. After completion of these works, the Commissioner did not take any steps for allotment of shops as a result of which local vendors unauthorisedly occupied these shops without paying any rent to CMC. Thus, inaction by the Commissioners of CMC led to a loss of revenue of ₹ 25.65 lakh[8] from September 2004 to March 2014 (115 months) calculated on basis of the monthly rent for carpet area ranging between ₹ 400 and ₹ 1300.
- Joda municipality constructed (May 2010) 1st floor market complex with 14 shops rooms in Tarini Market at a cost of ₹ 17.45 lakh but the same was not let out till date of audit for which the ULB lost revenue of ₹ 2.51 lakh as of March 2014 (calculated on the basis of monthly rent of the ground floor shops ranging between ₹ 250X1 and ₹ 400X13 for 46 months).
- Similarly, Subarnapur Municipality constructed (September 2012) a market complex having 14 shops in Ghodaghatapada Chowk at a cost of ₹10.26 lakh but the same was not let out till date of audit for which the ULB lost revenue of ₹ 1.26 lakh as of March 2014 (calculated on the basis of monthly rent of ₹ 500 per shop for 18 months).

Commissioner, CMC stated (July 2014) that a team had been formed to collect information from the shops/pindis and after obtaining detailed information, a formal order of allotment would be given to the occupants retrospectively from September 2004. The rent will also be chargeable from September 2004. EO, Joda replied (August 2014) that the completed shops would be allotted soon to avoid further loss of revenue while EO, Subarnapur assured (August 2014) to bring the matter to the notice of Council. However, the ULBs sustained loss of revenue of ₹ 29.42 lakh due to non-allotment of shops even after completion.

[7] Open shop with RCC top cover (no side walls)

[8] Monthly rent of ₹ 22,300 for 27 shops/Pindis X 115 months

2.1.4.3 Non-collection of license fees on renewal of Telephone Infrastructure Towers

Government of Odisha, Commerce and Transport (Commerce) Department vide its Notification (August 2007) provided for collection of License fees at the rate of ₹ 10,000 per unit for installation of Telephone Infrastructure Tower (TOT) within the municipal areas and renewal of the same every year on payment of ₹ 1000 per annum per unit. In case, the service providers fail to apply for renewal of license before expiry of the period, penalty at the rate of ₹ 100 per month of delay shall be levied in addition to the renewal fee.

Scrutiny of the Mobile Tower Registers and related files maintained by EOs of six[9] ULBs revealed that 17 telephone service providers installed 131 TOTs during 2005 to 2013 in the municipal area but did not pay their annual renewal fees. Except Subarnapur, no other ULBs issued notice to the service providers for renewal which indicated lack of monitoring on realisation of revenue. Audit found that an amount of ₹ 14.85 lakh was due for collection towards renewal fees including penalty as detailed in ***Appendix 2.1.5.***

The EOs stated (July-September 2014) that the position would be reviewed and necessary steps would be taken to recover the amount of renewal fees with penalty from the service providers.

2.1.4.4 Misappropriation of revenue

Rule 19 of OM Rules stipulates entry of all collections on behalf of Municipality in the cash books on the same day of collection and Rule 24 provides for deposit of the same in the designated bank in the next working day. The EO was to review collection/realisation of revenue from all sources as well as accountal of the same in Municipal Funds.

Scrutiny of records revealed that NAC, Sunabeda had a Lodge (NAC Lodge, Sunabeda) having 10 rooms which had been maintained by EO, Sunabeda. The rents collected from the occupants of the rooms were to be deposited with the cashiers for accountal of the same in the municipal funds. Audit found that the Tax Collector who was in charge of the lodge during 2010-13 had collected room rents from the occupants and deposited the same with the cashier.

Further scrutiny of 36 receipt books (Book No 167 not produced) with reference to the check-in and check-out registers maintained in the lodge, revealed that during the period from April 2010 to March 2013, the registers showed collection of ₹ 1.79 lakh from the occupants of the rooms without issuing any receipt. However, as checked from relevant cash books of NAC, there was no evidence of receipt of that sum in the NAC accounts. The check-in and check-out register wise amount possibly misappropriated is given in ***Appendix 2.1.6***.

[9] Sunabeda (₹ 0.631 lakh), Subarnapur (₹ 1.20 lakh) , Rourkela (₹ [illegible]h), Rairangpur (₹ 1.72), Jaleswar (₹ 0.68 lakh) and Puri (₹ 8.37 lakh)

The EO did not review the actual position of occupation of rooms, collection of rent and deposit of the same during the entire period which indicated non-existence of internal control mechanism.

The EO, Sunabeda stated (September 2014) that steps would be taken to recover the alleged misappropriated amount from the Tax Collector after a special investigation.

2.1.4.5 Irregular retention of Government money/revenue

Finance Department, Government of Odisha prohibited (August 1981) retention of heavy cash balance. Rule 19 (2) of the OM (Accounts) Rules stipulates that all collections on behalf of the Municipality are to be entered in the cash books on the same day of collection and Rule 24 provides for deposit of the same in the designated bank accounts on the next working day.

The EOs of test checked ULBs disbursed the monthly old age pension to the pensioners through the Tax Collectors (TC) by withdrawing cash from bank account and the latter was required to refund the undisbursed pension amount to the cashier for deposit of the same in the bank account. Audit found in six[10] out of 14 test checked ULBs that heavy undisbursed cash ranging from ₹ 0.07 lakh to ₹ 11.68 lakh was irregularly retained by the TCs disbursing the pension for period ranging between five and 750 days. The EOs drew the full amount of monthly pension required for disbursement in subsequent months without taking into account the cash in hand as per the closing balance of the cash book.

Similarly, in six ULBs[11] revenue (Holding Tax and Shop rents) collected by the TCs was deposited belatedly with the cashiers and delay ranged between two and 365 days in 42 instances[12] during 2010-2013. The amount involved was ₹ 4.91 lakh. The EOs did not prevail upon the TCs for refund of unspent OAP funds and revenue immediately.

The Commissioner/EOs stated (July-September 2014) that the sub-disbursers (TCs) would be directed to refund the undisbursed pension soon after the disbursement and the same will be taken into account while drawing the pension for the next month. They further assured to direct TCs to deposit the collected revenue on the next day with the cashier.

2.1.5 Management of Government grants

2.1.5.1 Outstanding Advance

Rules 136 to 140 of the OM Rules and instruction of Finance Department (December 1986) provide that all money advanced to contractors or other

[10] CMC, Joda, Puri, Rourkela, Sambalpur and Rairangpur

[11] Joda, Jaleswar, Puri, Rourkela, Rairangpur and Sambalpur

[12] Joda-06, Jaleswar-07, Rourkela-04, Rairangpur-14, Sambalpur-05 and Subarnapur-06 instances

individuals required to be promptly adjusted within one month from the date of disbursement by submitting detailed accounts and refunding balances, if any. A second advance shall not be granted until the first Advance is adjusted. Besides, as per Rule 83 of OM (Accounting) Rules, the advance register (Form No.ACTN-16) and individual ledger account (Form No. XVIII) is also to be maintained.

Scrutiny of the cash books, advance ledgers and information furnished to Audit revealed that in 12 test checked ULBs an amount of ₹ 2.39 crore was outstanding till the date of audit against 373 persons including employees (retired, transferred and paid on Nominal Muster Roll), associated persons like advocates, contractors and ex-corporators disbursed during the period from April 2010 to March 2013 as detailed in the table below. ULB-wise details of outstanding advances are given in the ***Appendix 2.1.7.***

Table 2.3 Details of outstanding advances

(₹in lakh)

Details of particulars	Nos. of individuals	Amount of outstanding advance
Transferred employees	27	19.72
Retired/deceased employees	45	15.79
Present Employees	268	132.23
NMR employees, Advocates, contractors, suppliers, Ex-Corporators and other parties	33	20.97
Unclassified	number not available	49.86
TOTAL	**373**	**238.57**

(Source:-Information furnished by ULBs)

On detailed scrutiny Audit further noticed the following deficiencies:

- The Advance register was not maintained in prescribed Form No. ACTN-16 in any of the ULBs test checked. Besides, CMC and Jaleswar NAC did not maintain any advance ledger and Rairangpur NAC maintained the advance ledger only for 2010-11. Second and subsequent advances were sanctioned for the same purpose without watching the adjustment of the first advance. In Subarnapur and Rairangpur, advances were sanctioned and paid for the programme after the programme was over.
- In nine out of 14 ULBs[13], an amount of ₹ 19.72 lakh was outstanding against 27 transferred employees. Audit checked 17 personal files and found that in nine cases[14], LPCs were issued without mentioning recovery therein.
- Though an amount of ₹ 15.79 lakh was outstanding against 28 retired and 17 deceased employees of six ULBs, no steps were taken for recovery of the advances. In CMC, two pension cases and in Joda one case of provisional pension and gratuity were finalized without adjusting the outstanding advance.

[13] CMC, Joda, Puri, Rairangpur, Sambalpur, Subarnapur, Sunabeda, Bhawanipatna and Ganjam
[14] CMC-3, NAC Joda-1, Puri municipality-2, NAC Rairanpur-1 and Municipality-2

- In five ULBs[15] advances of ₹ 49.86 lakh which had been rolling down without any details since 1997-98 could not be analysed due to non-maintenance of records.

Thus, due to non-maintenance of Advance Register and individual ledger account in cash basis, the ULBs failed to watch adjustment of outstanding advances.

The Commissioners/EOs assured (July-September 2014) to improve the position by taking necessary steps for adjustment of the outstanding advances.

2.1.5.2 Non-submission of Utilisation Certificates

As per Rule 173 of OGFR, Utilisation Certificate (UC) is to be submitted to the proper quarter by 30th June of the subsequent year.

Scrutiny of records of 14 test checked ULBs revealed that against total receipt of ₹ 660.59 crore during the period 2010-13, UCs for ₹ 372.58 crore was submitted to Government and UCs for ₹ 288.01 crore (44 *per cent*) was not submitted as of June 2014. The details are shown in the ***Appendix 2.1.8.***

The EO, Puri stated (July 2014) that the implementing line departments would be moved for early utilisation of released funds and submission of UC thereof. The Commissioners/EOs of remaining 13 ULBs stated (July-September 2014) that steps would be taken for utilisation of allotted grants and submission of pending UCs.

2.1.5.3 Loss of interest due to parking of funds in Current Account/PL Account

(a) As per Rule 20(2) of OM Accounts Rules 2012, all moneys received shall be lodged in a Savings Accounts of Scheduled Bank to the credit of the municipality so that interest earned will form part of the municipal fund. Besides, the scheme guidelines of MPLAD and MLALAD provide for retention of scheme funds in interest bearing accounts.

Scrutiny of Personal Ledger (PL) Account Pass Books along with grant registers revealed that five out of 14 test checked ULBs had regularly kept grants received from Government in 13 Current Accounts of different banks as detailed in the following table:

Table 2.4 Details of loss of interest due to deposit of funds in Current Account

(₹in lakh)

Name of the ULB	No. of Current Accounts maintained	No. of Savings Bank Accounts maintained	Details of grants kept in Current Accounts	Loss of interest (@ 4% per annum)
Joda Municipality	3	18	NFBS, SOAP, R&B	9.67
CMC	5	65	Octroi compensation and other	39.97
Jaleswar NAC	2	10	NFBS, MP LAD, MLALAD	1.56
Sunabeda NAC	2	23	MBPY, SOAP/SOAP	2.30
Koraput Municipality	1		Scheme Funds	11.78
Total	**13**	**116**		**65.28**

(Source-As per information collected from cash and pass books of ULBs)

[15] Ganjam, Khordha, Rambha, Sambalpur and Koraput

Though the above five ULBs were operating 116 Savings Bank (SB) Accounts, yet the EOs deposited grants/funds in 13 Current Accounts which resulted in loss of interest of ₹ 65.28 lakh (calculated @ four *per cent* per annum) during 2010-13. This also proved the failure of internal control system and the EOs were responsible for not exercising financial prudence in managing Government money.

Finance Officer, CMC and EOs of Jaleswar, Sunabeda and Koraput assured (July-September 2014) to take action for converting the Current Accounts into SB Accounts. EO, Joda Municipality stated that two out of three Current Accounts would be closed.

The fact remains that Finance Officer/EOs failed to adhere to Government instructions to keep the funds in interest bearing accounts.

(b) Similarly, during 2010-2013 in three out of 14 test checked ULBs, an amount of ₹ 16.79 crore received under IHSDP, JnNURM, 13th F.C and UIDSSMT schemes as detailed in the ***Appendix 2.1.9*** were kept in PL Accounts for 14 to 386 days and this resulted in loss of interest amounting to ₹ 19.94 lakh calculated at the rate of four *per cent* per annum. Had the amount been kept in SB Accounts, the loss could have been avoided and respective scheme funds increased to that extent.

EO, Sambalpur Municipality stated (August 2014) that the delay was caused as the bills were to be passed by the Additional District Magistrate. EO, Puri Municipality assured to transfer the scheme funds to respective SB Accounts as and when received. The FO, CMC simply noted the audit observation.

2.1.5.4 Diversion of scheme fund

As per H&UD Department Circular (November 2009) as well as 13th FC guidelines, the scheme fund shall not be diverted for any other purposes other than the purposes for which it was sanctioned. Further, the sanction order of IHSDP fund clearly mentions that the sanctioned amount should not be utilised for staff and other establishment costs.

Scrutiny of pass books and cash books revealed that in four out of 14 test checked ULBs, an amount of ₹ 3.26 crore was diverted for establishment expenses (₹ 3.13 crore) and other expenses (₹ 0.13 crore) violating the government instructions and scheme guidelines as detailed in the following table:

Table 2.5 Details of diversion of funds

Sl. No.	Name of the ULB	Name of the scheme for which the fund received	Purpose for w... was d...	...fund	Amount (₹ in lakh)
01.	Khordha Municipality	Conversion of street light into CFL under 13th F.C.	Payment ma... energy charge...	...U for	10.00
02.	Ganjam NAC	State Old Age Pension	Purchase ... materials	...tricity	0.75
03.	Koraput Municipality	Biju KBK Yojana	Vitrified Car...		2.80
04	Subarnapur Municipality	IHSDP	Staff salary, purchase of ... installation of ...	...dues, and	312.61
		TOTAL			326.16

(Source- As per cash books maintained by ULB)

EO, Khordha municipality did not furnish any reply while EO, NAC Ganjam noted the audit observation. EO, Koraput municipality stated that the expenditure was incurred as resolved by the Council while EO Subarnapur municipality stated that the diversion was made to meet expenditure of urgent nature.

The replies of the EOs, Koraput and Subarnapur are not acceptable since scheme funds cannot be diverted for inadmissible purposes. Further, in Khordha municipality conversion of street light into CFL could not be done due to such unauthorised diversion.

2.1.5.5 Parking of scheme funds without utilization

As per provisions of Rule 171 of OGFR, unless otherwise specified by the Government, grants are to be utilised within one year of release and any portion thereof not required for expenditure is to be surrendered to the Government.

Scrutiny of the UC files and grant-in-aid registers of 10 out of 14 test checked ULBs revealed that funds aggregating to ₹ 27.13 crore received for implementation of various schemes during 2010 to 2013 (***Table-2.6***) remained unutilised and parked in SB Accounts as on date of Audit. The funds were neither utilised for the intended purposes nor were surrendered to the Government.

Table 2.6 Details of unutilized funds

(₹in lakh)

Sl. No.	Name of the ULB	2010-11	2011-12	2012-13	TOTAL
01	CMC	500.00	0	0	500.00
02.	Khordha Muncipality	4.74	0	268.37	273.11
03	Ganjam NAC	0	4.15	17.00	21.15
04	Rambha NAC	3.00	0	6.83	9.83
05.	Rairangpur NAC	3.12	19.15	55.63	77.90
06.	Sambalpur Municipality	0	0	271.21	271.21
07	Joda Municipality	31.00	0	273.74	304.74
08	Rourkela Municipality	21.83	36.93	38.14	96.90
09	Subarnapur Municipality	2.31	39.31	1006.22	1047.84
10.	Sunabeda NAC	6.50	2.80	100.79	110.09
	Total	**572.50**	**102.34**	**2037.93**	**2712.77**

(Source: Information furnished by ULBs)

EOs of Sambalpur and Joda assured to take steps for early utilisation of the scheme fund whereas EOs of Subarnapur, Rairangpur and Sunabeda stated to review the fund position for its utilisation. EO, Rourkela municipality stated that the unspent fund had already been utilised but records produced by him did not prove such utilisation. The Commissioner, CMC did not furnish any satisfactory reply.

2.1.5.6 Irregular retention of unspent fund of closed schemes

As per Rule 171 of OGFR, any portion of grants not ultimately required for expenditure should be surrendered to the Government.

Scrutiny revealed that in five test checked ULBs, an amount of ₹ 2.64 crore relating to closed schemes was kept in different SB A/Cs till date. Audit found that there were no transactions against the said accounts since September 2004. Due to non-review of unutilised balances of closed schemes, Government was

deprived of getting scope for utilisation of the surplus funds on other developmental works. The details of unspent funds are given in the table below.

Table 2.7 Details of retention of unspent funds of closed schemes

(₹in lakh)

Name of the ULB	Name of the Schemes	Unspent Balance
Rairangpur NAC	IDSMT, Public Toilet, 12th F.C	20.28
Subarnapur Municipality	T.F.C, IDSMT	44.46
Sunabeda NAC	SJSRY, IAP, 12th F.C	59.05
Sambalpur Municipality	12th F.C, UNDP, Earth Quake Grant, Latrine for foot path dwellers, Old Age Pension	57.56
Cuttack Municipal Corporation	Gift, NSDP, IDSMT, VAMBAY,RITES	82.50
TOTAL		263.86

(Source- As per cash books and pass books maintained by ULBs)

The Commissioner, CMC noted the audit observation while other EOs concerned stated (July-September 2014) to review the unspent fund position and refund the unspent amount if Government permitted.

2.1.5.7 Non encashment of matured bonds resulting in loss of interest

Scrutiny of records revealed that CMC invested ₹ 5 lakh in 21 secured bonds in SBI with date of redemption to be January 2004 bearing 12 *per cent* interest payable half yearly. Even though all the bonds have been matured since January 2004, the same were not encashed along with interest of ₹ 6 lakh.

2.1.5.8 Non-exhibition of matured value of fixed deposits in closing balance

As per OMA Rule the cash book is to be closed daily exhibiting the details of closing balance so drawn. Hence, the closing balance of cash book should reveal the actual balances lying under different modes.

In CMC, though seven fixed deposits amounting to ₹ 6.53 crore matured during 2012-13, interest of ₹ 52.83 lakh earned on these fixed deposits were not reflected in the closing balance as on 31 March 2014.

The Commissioner, CMC did not furnish any reply.

2.1.6 Non-maintenance of basic accounting records

2.1.6.1 Non-maintenance of Registers of Deposits

OMA Rules provides for maintenance of a Register of sits in Form ACNT-18 for all deposits received or recovered.

Scrutiny revealed that though deposits were regularly re received by ULBs, no Register of Deposit was maintained by any ULBs test checked during the period 2010-13. In the absence of the rs, the year-wise receipt of deposits on different heads, refund and d deposits thereof during the above years could not be ascertai Audit. The Commissioners/EOs assured (July-September 2014) to ma register.

2.1.6.2 Deficiency in maintenance of cash books

Scrutiny of records in Audit revealed the followin encies in maintenance of cash books in test checked ULBs:

- Contrary to Rule 14 of OMA Rules, separate book of account, separate financial statement for each fund and consolidated financial statement thereof were not maintained by 11[16] out of 14 ULBs test checked.
- Analysis of closing balance of cash book at the end of every month was not done by the EOs during the entire period of audit in 11 ULBs[17] out of 14 test checked ULBs as required under Rule 126 of OMR 1953.
- As per provisions of Rule 97 and 98 of OMA Rules, the bank reconciliation shall be carried out at the end of each month in order to ensure the correctness of bank balance shown in the cash book. The same was not done in nine ULBs[18] out of 14 test checked ULBs.
- In violation of Rule 128A (III), physical verification of the closing balance of cash books at the end of every month was not done by EOs of 11 ULBs[19] out of 14 test checked ULBs to ensure the correctness of closing balance.

The ULBs assured (July-September 2014) to take necessary steps accordingly.

2.1.7 Other points of interest

2.1.7.1 Creation of undischarged liability towards energy charges

As per the conditions contained in the energy bill of street light, in the event of non-payment/delayed payment, DPS at the rate of 1.25 *per cent* per month on the arrear charges is to be levied by the distribution company in the monthly energy bills.

Scrutiny of bills relating to street lighting of five out of 14 test checked ULBs revealed that energy charges amounting to ₹ 7.66 crore were outstanding for payment as of March 2013 which included DPS for ₹ 3.66 crore. The ULB-wise arrears are given in the following table:

Table 2.8 Details of outstanding energy bills with DPS

(₹in lakh)

Name of the ULB	Total amount ofenergy charges outstanding as on 31.3.13	Amount of DPS	Amount of lighting tax collected during 2010-13		Remarks
			Estimated	collected	
Jaleswar	117.95	57.06	6.60	8.67	The arrear amount was up to March 2012
Subarnapur	101.91	37.44	12.65	6.96	-
Rairangpur	3.70	2.08	12.87	2.39	Arrear amount was for two years (2010-11 and 2011-12)
Joda	10.82	5.38	0	0	-
Sambalpur	532.02	264.34	161.75	42.25	-
Total	766.40	366.30	193.87	60.27	

(Source- Energy files maintained by ULBs)

Audit noticed that only 31 *per cent* of lighting tax was being realised from the residents by those ULBs against huge claim of monthly energy bills by the

[16] Rairangpur, Rourkela, Samabalpur, Sunabeda, Subarnapur, Rambha, Ganjam, Koraput, BMC, Jaleswar and Joda

[17] Rairangpur, Rourkela, Samabalpur, Sunabeda, Subarnapur, Khordha, Rambha, Ganjam, BMC, Puri and Joda

[18] Rairangpur, Samabalpur, Sunabeda, Subarnapur, Khordha, Rambha, Ganjam, BMC and CMC

[19] Rairangpur, Rourkela, Samabalpur, Sunabeda, Subarnapur, Khordha, Rambha, Ganjam, Koraput, BMC and Joda

distribution companies. Besides, the ULBs were also unable to bear the huge expenses out of their own resources resulting in delayed payment/non-payment of monthly charges attracting DPS. Audit further found that even after serving of disconnection notices by the distribution companies, the ULBs failed to pay the arrears. Thus, due to improper financial management by these ULBs, undischarged liability of ₹ 7.66 crore was created putting extra financial burden on these ULBs.

The EOs stated (July-September 2014) that the distribution companies would be moved to waive DPS and steps would be taken to raise the income to meet arrears.

Fact remains that the EOs had not taken any action so far to augment their income as a result of which arrears were increasing.

2.1.7.2 Non-functioning of Finance Committee

Section 58 of OM Act envisages Municipal Council to constitute Finance Committee for proper management and monitoring of finances. Scrutiny of records revealed that the said Committees were formed in BMC, CMC and Puri Municipality out of 14 ULBs test checked. Though the said committee was formed in Sambalpur Municipality, the same was not made operational till March 2013. Thus, due to non-functioning of Finance Committee, major decisions taken by the Council to improve financial condition of ULBs including revision of Holding Tax were not implemented.

The Commissioners/EOs assured (July-September 2014) to bring this fact to the notice of the respective councils.

2.2 Management of Municipal Solid Waste in ULBs

2.2.1 Introduction

The management and handling of waste is regulated by the Environment (Protection) Act, 1986 and rules made thereunder viz. the Municipal Solid Waste (Management and Handling) Rules, 2000. The rules envisage that every municipal authority shall be responsible for collection, segregation, storage, transportation, processing and disposal of solid wastes. The basic principle to be adopted for managing waste is the hierarchy of 3Rs i.e. Reduce, Reuse and Recycle[20]. As per the Rule, Secretary in charge of Urban Development Department is responsible for implementation of the Rules. The Member Secretary, State Pollution Control Board (SPCB) is the prescribed authority to grant authorisation and oversee the implementation of the Rules.

2.2.2 Audit Findings

An Audit on management of municipal solid waste for the period 2010-2014 in the State was conducted during April to August 2014 in 14 ULBs selecting two Municipal Corporations (Cuttack and Bhubaneswar), six municipalities

[20] Reduce - to avoid unnecessary waste generation, Reuse - to use again and Recycle - to convert unwanted things into useful and marketable recycled products

and six Notified Area Councils (NACs). The findings of audit are discussed in subsequent paragraphs.

2.2.3 Planning

2.2.3.1 Assessment of waste generation

The Form-II of MSW Rules 2000 and paragraph 13.8 of MSW Management Manual requires the ULBs to maintain data on waste generation for submission of Annual Report. As per Central Pollution Control Board (CPCB) guidelines and Ministry of Urban Development Department Hand Book on SWM, the per capita waste generation is 450 to 500 grams.

Audit observed that the reports sent by the ULBs to the concerned authorities were not based on actual. None of the 14 ULBs followed CPCB criteria and carried out weighing exercise to assess the quantity of waste in their locality. They furnished an approximate figure of waste generated during the period from 2010-2014 (calendar year-wise) in the annual report. For example, in Cuttack, as per norm[21] the waste generation was to be 115078 MT in 2013 while the reported generation was 73700 MT and waste transported and paid was 58486 MT.

It was further observed that except Puri, Sunabeda and Subarnapur, all ULBs had reported less generation of waste. However, while making payment of transportation of waste, the ULBs had maintained a figure which was unconvincing since there had been discrepancy amidst reported generation, actual generation and waste transported. An example of such discrepancy in case of Bhubaneswar Municipal Corporation (BMC) is discussed in the next paragraph.

2.2.3.2 Excess expenditure of ₹ 15.18 crore by BMC due to over assessment

Due to shortage of staff, Government of Odisha instructed (December 2008) all ULBs to carry out SWM programme by outside agencies through tender process. Accordingly, BMC made agreements (16 January 2010) with four private contractors in 40 wards for cleaning and transportation of garbage from respective wards to transfer station. Another agreement was made (April 2010) for remaining 20 wards (where BMC staff did the sweeping and cleaning work) for lifting and transportation of garbage.

It was seen that before making the agreements, BMC had not considered the average per capita waste generation based on census data. According to CPCB's Status Report on MSWM published in 2012-13, the waste generation per day in Bhubaneswar in 2010-11 was 400 MT and per capita per day waste generation in 2012 and 2013 were 482 and 488 grams respectively.

Audit found that BMC paid a total amount of ₹ 24.39 crore (@ ₹ 390 to ₹ 460 per trip in different wards as per agreement during the period from 18 January 2010 to 30 April 2014) for transportation of garbage of 811669 MT[22] in 40

[21] As per the Annual Report submitted to SPCB, the norm fixed by CPCB holds 250 gram per day for NACs, 300 gram for municipalities and 450 gram for Corporations.

[22] Transportation was made in tractors with capacity of 3 cum which equals to 1.5 MT. So, 541112 trips will result in disposal of 811669 MT of waste, the per capita per day waste generation being 1005 grams.

wards. The details of excess payment made by BMC on transportation are given in the table below.

Table 2.9: Statement showing excess payment on transportation of garbage in 40 wards

Year	Population*	Waste transported (in MT)	No. of trips paid	Waste generated as per CPCB norm** (in MT)	No. of trips due	Excess trips	Excess payment @ ₹390-460 per trip (in ₹)
2010 (from February)	497723	175538	117025	77824	51883	65142	29243637
2011	509395	187571	125047	86237	57491	67556	33251245
2012	521108	192240	128160	91542	61028	67132	30143933
2013	532557	192240	128160	94492	62995	65165	29263930
2014 (upto April)	545354	64080	42720	32165	21443	21277	9555343
Total		**811669**	**541112**	**382260**	**254840**	**286272**	**131458088**

(Source: Records of Bhubaneswar Municipal Corporation)
**** Population of subsequent years was taken as per decadal growth of 2.3 per cent***
***** As per CPCB norm, waste generation should grow by 1.3 per cent***

It can be seen from the above table that as against the actual generation of waste, excess payment of ₹ 13.15 crore was made to the contractors. Further, Audit noticed that a site register as per Schedule-III of the MSW Rules was not maintained by BMC to ascertain actual trips of garbage transported everyday by contractors. Payments were made based on certificates given by Multi-purpose Health Workers of Sanitation (MPHSs) at the end of each month which was endorsed by the CHO. The details of transportation of waste for the above period are given in ***Appendix 2.2.1.***

In the remaining 20 wards where BMC was doing cleaning work, the transportation cost was fixed on KM basis[23] i.e. minimum ₹ 501 per trip. However, the disposal records of these 20 wards (70,694 MT in 2011) showed the per capita generation per day as 585 grams which exceeded the standards by a good margin. The projected carriage of 2,79,370 MT @ ₹ 501 per trip in the Audit period[24] which was in excess of 60,746 (40497 X 1.5) MT as per CPCB standards, cost BMC ₹ 2.03 crore resulting in excess payment to contractor. The details are given below.

Table 2.10: Statement showing excess payment on transportation of garbage in 20 wards

Year	Population*	Waste transported (in MT)	No. of trips paid	Waste generated as per CPCB norm** (in MT)	No. of trips due	Excess trips	Excess payment @ ₹501 per trip (in ₹)
September 2010 onwards	323622	21200	14133	18556	12371	1762	882767
2011	331288	70694	47129	57558	38372	8757	4387265
2012	338913	72518	48345	59788	39859	8486	4251546
2013	346802	86252	57501	61772	41182	16319	8176029
upto April	353343	28706	19137	20946	13964	5173	2591615
Total		**279370**	**186245**	**218620**	**145748**	**40497**	**20289222**

Records of Bhubaneswar Municipal Corporation)
vation of 20 wards derived by subtracting population of 40 wards from total population of the city

us, in 60 wards, BMC incurred an excess expenditure of ₹ 15.18 crore wards transportation of 10.91 lakh MT of solid waste.

CHO, BMC stated that the estimate was prepared by engineering section of BMC and there was no infrastructure at landfill to work as an office. Hence the

[23] For tractor having carriage capacity of three cum up to a distance of 10 kms @ ₹ 501, more than 10 kms up to 15 kms @ ₹ 622, more than 15 kms to up to 20 kms @ ₹ 738, more than 20 kms to 25 kms @ ₹ 857 and more than 25 kms to 30 kms @ ₹ 982

[24] September 2010 to April 2014 (during May 2010 to August 2010, generation of waste was within 470 grams)

trip-wise statements as prepared by the contractor were simply certified by the MPHSs without authenticity.

2.2.4 Policies and strategies for waste management

2.2.4.1 Non segregation of municipal solid waste

As per para-2 of Schedule-II of MSW Rules, in order to encourage the citizens, municipal authority shall organise awareness programmes for segregation of wastes and shall promote recycling or reuse of segregated material. The municipal authority shall undertake phased programmes to ensure community participation in waste segregation. For this purpose, regular meetings at quarterly intervals shall be arranged by the municipal authorities with representatives of local resident welfare associations and non-governmental organisations.

Further as per para-3(iii) of above rules, storage facilities or bins shall have easy to operate design for handling, transfer and transportation of waste and coloured bins should be used.

Audit observed that all the selected ULBs had not segregated waste in separate bins in any locations of the cities/towns which were also confirmed during joint physical inspection. The ULBs had not provided colour bins. Further, there was deficiency in organisation of public awareness programmes for segregation of waste. This closed the opportunities for scientific disposal of waste.

Non-provision of public awareness programme against open dumping

Ministry of Environment and Forests had directed (July 2005) SPCB to communicate all municipal authorities to display public notice at suitable locations stating legal/penal provisions against those found dumping any waste in open spaces, talavs (ponds), water bodies etc. Accordingly, SPCB communicated (October 2005) to all the Municipal authorities to display public notice in their jurisdiction.

Audit scrutiny revealed that the test checked ULBs had not issued any public notice or provided mass education in the localities against dumping of waste in public place.

While EO, NAC, Ganjam stated that adequate funds had not been received towards public awareness, EOs/Commissioners of the remaining ULBs assured to improve the position.

2.2.4.2 Collection of waste

As per MSW rules, primary collection is an important duty of the municipal authority who shall see that no municipal solid waste remains uncollected posing risk to public health and environment. Organised method of collection should be followed such as collection from all storage at source at regular pre-informed timings by alerting the people and notification of municipal authority regarding collection and segregation system.

Audit found that the quantity of waste reported to have been collected in the test checked ULBs ranged from 41 to 199 *per cent*. Percentage of collection was below 50 in four ULB[25]s and more than 50 in remaining ULBs. In respect of Rourkela, Subarnapur, Sunabeda, Koraput and Sambalpur, more than actual generation of waste (10 to 99 *per cent*) was shown collected which was unconvincing and led to overpayment to contractors. The uncollected waste dumped at the public places/roads created insanitary conditions. The transportation records showed that payment made for transportation and projected collection differed. For instance, in BMC transportation of waste was 708 MT in 2011 while MSW collected was 330 MT.

2.2.4.3 Storage facilities

As per Para 3 of Schedule-II, the Municipal authorities shall establish and maintain storage facilities in such a manner so that unhygienic and insanitary conditions are not created around it.

Audit observed in 14 selected ULBs that only two ULBs (CMC and BMC) had provided storage facilities. Due to non-provision of storage facilities in 12 test checked ULBs, waste was being dumped openly creating unhygienic and insanitary conditions around the locality as noticed by Audit during joint physical inspection. Since the landfill site was not functioning, NAC Ganjam dumped the daily collected wastes directly by the side of a pond which is just adjacent to the town.

Similarly, NAC Rambha used to dump the daily collection wastes in a private land. In Joda, huge quantity of wastes were dumped near river Sona where the local people take bath regularly.The wastes mingled with river water may endanger the hygiene of local people using the water.



View of wastes dumped on the bank of Sona river in Joda Municipality

Joint physical inspection to waste storage site at Satichaura, Cuttack with officials of CMC revealed that most of the MSW was stored in open air without segregation and was exposed to stray animals who spread these over a larger area. So, proper care was not taken by the CMC authorities for creating prescribed storage facility. SPCB had not monitored storage sites for ensuring safe storage.

2.2.4.4 Non-lifting of materials from temporary storage stations

As per MSW Rules on storage, the facility should be so placed that it is accessible to users and it is to be so designed that wastes stored are not exposed to open atmosphere and shall be aesthetically acceptable and user friendly. The MSW manual also prohibits throwing of any waste on the streets, footpaths, open spaces, drains or



View of Bermunda Bus Station, Bhubaneswar where waste was dumped inside the premises

[25] Jaleswar, Rairangpur, Ganjam and Rambha

water bodies. But, during joint physical inspection, Audit found that almost in every lane of the cities/municipalities/ NACs test checked, unauthorised temporary storage stations were created by locals apart from bins placed at some selected locations. Bins at some places in Khordha, Sambalpur, Rourkela and Puri were seen overflowing due to non-clearance in usual time. Even in the capital city of Bhubaneswar, these open-air temporary storage stations create insanitary condition emanating foul smell all around. Further, the stray animals frequently move around the sites and spread the waste over a larger area. This was happening due to lack of awareness of public regarding open dumping and delay on the part of the sanitation staff in clearance of the waste in time.

This indicated that adequate attention was not given to public hygiene by the municipal authorities.

2.2.5 Transportation of Solid Waste

Rule-6 (para-4 of Schedule II) of MSW Rules envisages that the vehicles used for transportation of waste shall be covered. Waste should not be visible to public, nor exposed to open environment preventing their scattering.

Audit noticed that in 13 out of 14 ULBs, vehicles were not covered and it was only in Bhubaneswar that waste was found covered. These uncovered vehicles emanate bad odour during transportation and also liable to scatter causing inconvenience to public. CHO, CMC stated (May 2014) that there was no system of open transportation in Cuttack and the cover on waste as shown in the photograph was pulled on temporarily. The other ULBs assured to instruct service providers to cover the waste during transportation.



View of uncovered waste trafficking at CMC

2.2.5.1 Undue payment on transportation due to dumping of garbage in a non-designated point

MSW Rules stipulate that the landfill sites shall be away from habitation clusters, water bodies, wetlands, national parks etc. In BMC, as per Item-3 of Agreement (Collection and Transportation of MSW), MSW which is generated from various sources and accumulated as mentioned in the agreement was to be collected and lifted from different collection points/dustbins of that particular ward and transported to the designated place/temporary transfer station as decided by BMC.From scrutiny of records and joint physical inspection, Audit found that total garbage collected during the contract period by the contractor in Old town area in four wards (ward No.55 to 58) were dumped in the side of South Eastern Railway near Lingaraj Station (Ward No.57) in an unscientific manner as could be seen from the photograph. Further, it was seen that the BMC had not identified the place and handed over to the contractor for dumping of garbage where the contractor dumped the garbage.

Since MSW of these four wards was not transported to the designated storage point at Chandrasekharpur and was dumped at a nearby place, the payment of ₹ 2.07 crore made by BMC to the contractor for transportation of garbage from above wards between February 2010 and April 2014 was not justified. The details of payments are given in ***Annexure 2.2.2***.



Unauthorised dumping at Lingaraj temple road

The CHO of the BMC stated that duties of MPHSs in the above ward were to look into the cleanliness of ward and lifting of garbage in time and the area where waste was shown dumped was not within the BMC.

The reply is not acceptable as the area is well within the BMC area and this was also in the knowledge of sanitary inspectors of BMC. Further, the contractor violated the contract by dumping MSW at a non-designated point.

2.2.6 Processing of municipal solid waste

As per clause 5 of rules 6 and 7 of MSW Rules, the Municipal authorities shall adopt suitable technology or combination of such technologies to make use of wastes so as to minimise burden on landfill. The biodegradable wastes shall be processed by composting, vermin composting, anaerobic digestion or any other appropriate biological processing for stabilisation of wastes.

Audit noticed that 13 ULBs (except Puri) did not make any arrangement for processing of solid waste. Apart from this, the agreements made between ULBs and the private contractors did not have such terms and conditions for execution for processing either by private contractors or by the concerned ULBs. It was also observed during test check of records that ULBs had not taken any steps for creation of SWM processing unit. In Puri, though there was a waste processing plant operated by a private party, but due to improper management of solid waste as per agreement, SPCB revoked the authorisation during April 2011. The plant though operating now, had failed to comply with the MSW Rules as reported by SPCB in April 2013. The ULBs stated that due to absence of land, prevailing land dispute and absence of infrastructure in the landfill site, processing units were not set up.

The replies are not acceptable as it was the responsibility of the Municipal Commissioners/EOs to process solid waste before disposal even by taking help of private entrepreneurs which they have not properly discharged.

2.2.7 Disposal of municipal solid waste

As per Rule 6 of Schedule-II of MSW Rules, Land filling should be restricted to non-biodegradable, inert waste and other waste that are not suitable either for recycling or for biological processing. The following observations were made by Audit on disposal of MSW by the test checked ULBs.

2.2.7.1 Inadequacy of land

Based on the projected population and waste generated, the landfill site should be selected in such a way that it should last for 20-25 years.

Audit found that out of 14 test checked ULBs, five ULBs[26] were operating landfill, four ULBs[27] had land but not operated and five ULB[28]s were not allotted land by Revenue Department. All the ULBs failed to assess continuance of the landfill sites for 20 to 25 years. As a result, the entire investment on infrastructure development at the landfill site will be made afresh apart from wastage of time. Due to non-availability and non-operation of landfill sites, the concerned ULBs failed to dispose waste scientifically as discussed below:

2.2.7.2 Disposal of waste in unscientific manner

As per para-22 (Schedule-III) of SWM Rules 2000, in order to prevent pollution problems from landfill operations, provision should be made for diversion of storm water drains to minimise leachate generation and prevent pollution of surface water and also for avoiding flooding and creation of marshy conditions. Provisions for management of leachate collection and treatment shall be made.

Audit found that none of the test checked ULBs had a leachate management plan or leachate treatment plant at landfill site to prevent pollution. They used to dump the garbage in open air at landfill site as well as in private land inviting stray animals and congenial pollution of air, land and water. This indicated that SPCB had not enforced leachate management over the ULBs.

2.2.8 Non-implementation of provision of plastic wastes

Rule 5(d) of Plastic Wastes (Management & Handling) Rules, 2011 envisages that sachets using plastic materials shall not be used for storing, packaging or selling Gutkha, tobacco and pan masala. As per Section 4 of said Rules, the Municipal authority concerned is responsible for enforcing the provisions related to use, collection, segregation, transportation and disposal of plastic waste.

SPCB instructed the Municipal Commissioners/ Executive Officers of all ULBs to prevent and control the menace of polythene carry bags of less than 20 micron by way of prohibition of sale and import. In the years 2011, 2012 and 2013, SBCB requested all the ULBs to submit compliance on implementing provisions of the Plastic Wastes Rules which the ULBs had not furnished as of October 2013.

Audit found that out of 14 test checked ULBs, eight ULBs had not followed the provision relating to use, collection, segregation, transportation and disposal of plastic waste. This led to several environmental issues such as

[26] Bhubaneswar, Cuttack, Joda, Puri and Rairangpur
[27] Khordha, Koraput, Sambalpur and Sunabeda
[28] Ganjam, Jaleswar, Rambha, Rourkela and Subarnapur

choking of drains, making land infertile and releasing toxic emission due to uncontrolled burning.

CHO, CMC stated that though they had conducted many activities for ban of plastic waste, these were not effective due to non-segregation at source. CHO, BMC stated that they had not made any provision for segregation of plastic waste at storage station and the ragpickers were doing the job.

2.2.9 Compliance to laws regulating municipal solid waste and monitoring mechanism

2.2.9.1 Grant of authorisation to ULBs

As per Rule 4(2) and Rule 6 (2), the municipal authority or an operator of a facility shall obtain authorisation for setting up waste processing and disposal facility including landfills from the State Board or the Committee in order to comply with the implementation programme laid down in Schedule I.

Audit scrutiny revealed that out of 14 test checked ULBs, only five ULBs[29] had received authorisation from SPCB. In case of remaining nine ULBs, SPCB did not grant authorisation due to their non-adherence to MSW Rules 2000 though they all had applied for an authorisation. Further, authorisation in respect of ULBs of Rourkela, Sambalpur and Puri were revoked by SPCB during the audit period due to lack of required infrastructure in the landfill site. It was found that four of the ULBs (Koraput, Subaranpur, Rourkela and Sambalpur) were dumping their waste in open space.

Thus, due to inaction of the ULBs to develop required infrastructure at landfill sites, objective of pollution control through SWM was not achieved.

2.2.9.2 Undue benefit to a firm

Cuttack Municipal Corporation entered into (March 2011) an agreement with Ramky Enviro Engineers Ltd. (REEL), Hyderabad for five years for SWM activities in the city. As per agreement, CMC obliged the firm to supply minimum quantity of 150 MT of waste per day and payment would be made as tipping fee. Total tipping fee charged by the firm was ₹ 1764 per MT with annual escalation rate of five *per cent*. In case of any shortfall in the assured quantity, the tipping fee shall be calculated for the minimum assured quantity of 150 MT per day. The scope of work fixed was as below:

Table 2.11 Details of scope of work with rate fixed as per agreement

Part	Description of work	Amount (in ₹)
A	Door to door collection, storage, transportation of MSW for 36 wards to transfer station (Satichaura). Storage & transportation of MSW from the remaining 18 wards out of 54 wards up to transfer station. Cleaning and transportation of drain waste from 36 wards to transfer station.	828.00
B	Manual sweeping of roads in 36 wards	360.00
C	Mechanical sweeping of main roads in all 54 wards	306.00
D	Construction, modification of the existing transfer station and O&M of transfer station Transportation of MSW from transfer station to landfill site	270.00

[29] Bhubaneswar, Joda, Rourkela, Subarnapur and Sunabeda

Part	Description of work	Amount (in ₹)
	Dumping of MSW and covering with earth and levelling at the land landfill site by mechanical means	
	Total	**1764***

(Source: Records of CMC)

**** The rate is subject to increase of five per cent per annum***

It may be mentioned here that the definition of tipping fee indicates the money charged per ton of waste transported/treated/disposed. But contrary to that, CMC made the agreement for primary collection, storage, drain cleaning, road-sweeping by both manual and mechanical means (Part A to C).

During scrutiny of records at CMC, Audit found that as per weigh bridge statement, 153343 MT of garbage was transported by the contractor during May 2011 to March 2014 (audit period). But as per agreement, CMC made a payment of ₹ 30.84 crore towards tipping fee for 166697 MT of waste calculated at the minimum quantity of 150 MT per day. This resulted in excess payment of ₹ 2.47 crore made for the differential quantity which is detailed in table below.

Table 2.12: Statement showing difference between weigh bridge statement & bill raised by REEL, the contractor

Period	Garbage qty. as per bill raised by REEL (in MT)	Rate as per agreement (increased at 5% per annum)	Garbage qty. as per weigh bridge (in MT)	Excess quantity (in MT)	Excess payment {Col.5 X Col.3} (in ₹)
05/2011 to 05/2012	61126	1764.00	56411	4715	8317260.00
06/2012 to 04/2013	51585	1852.20	47384	4202	7782944.40
05/2013 to 03/2014	53986	1944.81	49548	4438	8631066.78
TOTAL	**166697**		**153343**	**13355**	**24731271.18**

(Source: Bills preferred by REEL and weigh bridge statement of CMC)

However, only Part C and D of the clauses are coming under the purview of Tipping Fee. So, for 1.67 lakh MT of waste, ₹ 1188 (₹ 1764-576) per MT in the base year was excess due to wrong interpretation of tipping fee. The excess payment of ₹ 20.77 crore made on account of such misinterpretation is detailed in the table below. This constituted ₹ 1.67 crore calculated for 13355 MT which was extension of undue benefit to the firm for shortfall below 150 MT per day.

Table 2.13: Statement showing excess payment to REEL due to misinterpretation of tipping fee

Period	Garbage qty. as per REEL (in MT)	Rate to be deducted (misinterpreted as Tipping fee)	Excess payment (in ₹)
05/2011 to 05/2012	61126	1188.00	72617688
06/2012 to 04/2013	51585	1247.40	64347129
05/2013 to 03/2014	53986	1309.77	70709243
TOTAL	**166697**		**207674060**

(Source: Bills preferred by REEL and weigh bridge statement of CMC)

Thus, CMC made excess payment of ₹ 1.67 crore due to its obligations in the defective agreement made with the firm. CHO, CMC replied that quantity of garbage varied from season to season depending upon natural factors such as heat, humidity etc. and casual factors such as festivals and the claim of the firm was settled as per minimum assured quantity of 150 TPD.

The reply is not acceptable as during 2011-13, MSW weighed in CMC was always less than the MSW claimed to be disposed by the firm which led to excess payment to the firm.

2.2.9.3 Irregular payment towards machine sweeping

As mentioned in preceeding paragraph, in the agreement of CMC with REEL, Part C prescribes mechanical sweeping of main roads in all 54 wards of 28 roads and any other road as directed by MC and disposal of debris at different nominated site within 12 km radius as decided by CMC authority. The clause envisaged that payment for mechanical sweeping was to be made @ ₹ 306 per Ton per Day (TPD) or ₹ 92 per km[30] which was included in total tipping fee charged by the firm i.e. @ ₹ 1764 per MT with annual escalation rate of five *per cent*.

(i) Scrutiny of records revealed that during execution of mechanical sweeping, CMC had not maintained any log book, weighing record, road distance etc. except roads covered on a particular day. As such, works of collection of debris, transportation of same to transfer station and disposal at different nominated sites within 12 kms radius were not ensured. Further, weighing was not done as neither CMC nor REEL had installed any weigh bridge at any site. Even certification had not been given by CMC supervisors. While non-maintenance of these important records raised doubt about regular mechanical sweeping, CMC was used to pay REEL regularly at the rate ₹ 1764 per MT which was inclusive of ₹ 306 per TPD for mechanical sweeping. No separate claims towards mechanical sweeping were made by the firm though as per agreement, the components of sweeping, collection and transportation of waste was covered in Part A and B and mechanical sweeping in Part C.

Thus, inspite of absence of any measurement of distance covered or weighing exercise, the Municipal Commissioner paid to the firm for mechanical sweeping of total waste collected which was irregular. It also violated both clauses of payment i.e. on distance or weighing written in the agreement. REEL preferred claims of 1,66,697 MT for waste sweeping, collection and transportation for the period from May 2011 to April 2014 at the rate of ₹ 1764 to ₹ 1945 (at an annual increase of five *per cent*) which was inclusive of claims for machine sweeping.

CMC paid the firm deducting five *per cent* from payment for deficiencies as per clause 6 of the agreement. However, Audit calculated the payment towards machine sweeping as ₹ 5.08 crore as shown below.

Statement showing details of payment towards mechanical sweeping

	Rate (₹)	Quantity (MT)	Amount (₹)	Deduction (5 *per cent*)	Payment (₹)
	306.00	61126.00	18704556.00	935228.00	17769328.00
	321.00	51585.00	16558785.00	827939.00	15730846.00
	337.00	53986.00	18193282.00	909664.00	17283618.00
Total		**166697.00**	**53456623.00**	**2672831.00**	**50783792.00**

(Source: Information furnished by CMC)

[30] Calculation is based on assure quantity of 150 TPD i.e. (₹ 306 X 150)/500 km= ₹ 92

Since execution of the work was doubtful in absence of documentation and payment was not made as per the agreement, expenditure of ₹ 5.08 crore for mechanical sweeping was not justified and was an undue benefit to the firm.

(ii) The City Health Officer (CHO), BMC brought (March 2012) to the notice of Municipal Commissioner that some of the main roads visited by VIPs had not been cleaned properly and suggested mechanical sweeping (Vacuum cleaner) for VIP roads during night time from 11 PM to 4 AM for a better look and enhancing the beauty of the city. Subsequently, BMC made an agreement (March 2013) with Jagruti Welfare Organisation (JWO) for 11 months (from April 2013 to February 2014) selected on tender to sweep the listed roads and collect and fill up dust at points identified by BMC authority. Cleaning cost was fixed at ₹ 1440 per hour with stipulation to cover four km per hour.

The roads which were tendered for machine sweeping were coming under some of the wards where BMC was doing manual sweeping. Further, separate items of expenditure were included in the estimates while preparing the same for sanitation works, door to door collection, and sweeping of roads in respect of those wards during January 2010. As these roads were treated as VIPs roads, the expenditure on machine sweeping over and above the expenditure on manual sweeping was redundant. Further, as machine sweeping was being done in late hours of night and early mornings of day i.e. between 11 P.M to 4 A.M, there is little chance that the main roads have again accumulated dust/garbage before manual sweeping starts at 5.30 A.M onwards. So, due to lack of planning, BMC paid an extra amount of ₹ 27.86 lakh (amount spent on machine sweeping) to JWO.

Further, during the rainy season when roads are mostly muddy and watery, dusting of roads by machine is not possible. So, payment of ₹ 7.66 lakh made for machine sweeping between June 2013 and August 2013 was not justified and could have been avoided by excluding the rainy season from the scope of the agreement.

CHO stated that mechanized machine sweeping was used in important areas irrespective of the ward managed by the Sanitary Contractor/BMC. The machine was not used in rainy days when the road was wet.

The reply given by CHO is not tenable due to non-availability of information on identified roads with distance in the agreement. Further, the log books had been signed by MPHSs without indicating the distance covered during the day.

2.2.10 Landfill fire management

As per para 17.8.4.7 of MSW Manual, it is important for site operators to be aware of the dangers how to treat fires at the landfill site. All fires on-site should be treated as a potential emergency and dealt with accordingly. Further, Schedule II (1) (vii) envisages that waste (garbage, dry leaves) shall not be burnt.



View of waste burning at Chakradharpur landfill, Cuttack

The reply is not acceptable as during 2011-13, MSW weighed in CMC was always less than the MSW claimed to be disposed by the firm which led to excess payment to the firm.

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As mentioned in preceding paragraph, in the agreement of CMC with REEL, Part C prescribes mechanical sweeping of main roads in all 54 wards of 28 roads and any other road as directed by MC and disposal of debris at different nominated site within 12 km radius as decided by CMC authority. The clause envisaged that payment for mechanical sweeping was to be made @ ₹ 306 per Ton per Day (TPD) or ₹ 92 per km[30] which was included in total tipping fee charged by the firm i.e. @ ₹ 1764 per MT with annual escalation rate of five *per cent*.

(i) Scrutiny of records revealed that during execution of mechanical sweeping, CMC had not maintained any log book, weighing record, road distance etc. except roads covered on a particular day. As such, works of collection of debris, transportation of same to transfer station and disposal at different nominated sites within 12 kms radius were not ensured. Further, weighing was not done as neither CMC nor REEL had installed any weigh bridge at any site. Even certification had not been given by CMC supervisors. While non-maintenance of these important records raised doubt about regular mechanical sweeping, CMC was used to pay REEL regularly at the rate ₹ 1764 per MT which was inclusive of ₹ 306 per TPD for mechanical sweeping. No separate claims towards mechanical sweeping were made by the firm though as per agreement, the components of sweeping, collection and transportation of waste was covered in Part A and B and mechanical sweeping in Part C.

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Table 2.14: Statement showing details of payment towards mechanical sweeping

Period	Rate (₹)	Quantity (MT)	Amount (₹)	Deduction (*5 per cent*)	Payment (₹)
[illegible] 2012	306.00	61126.00	18704556.00	935228.00	17769328.00
[illegible] 2013	321.00	51585.00	16558785.00	827939.00	15730846.00
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Since execution of the work was doubtful in absence of documentation and payment was not made as per the agreement, expenditure of ₹ 5.08 crore for mechanical sweeping was not justified and was an undue benefit to the firm.

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As per para 17.8.4.7 of MSW Manual, it is important for site operators to be aware of the dangers how to treat fires at the landfill site. All fires on-site should be treated as a potential emergency and dealt with accordingly. Further, Schedule II (1) (vii) envisages that waste (garbage, dry leaves) shall not be burnt.



View of waste burning at Chakradharpur landfill, Cuttack

Audit noticed during joint physical inspection of Audit alongwith ULB authorities that none of the 14 test checked ULBs had made any provisions for treatment of fire management at the landfill sites. In dump yards/landfills of four[31] ULBs, wastes were being burnt by ragpickers/contractors for which the municipal authorities had not taken action.

In CMC, as per Part-D (c) of the Agreement, an amount of ₹ 27 per MT is to be paid for covering and leveling of garbage at landfill site with five *per cent* increase every year. But Audit found that entire garbage was being burnt by a contractor at landfill site without soil covering for which no mechanism existed in the landfill site too. The Audit failed to get any trace of earth digging and filling at the site. So, payment of ₹ 43.36 lakh for leveling of garbage and covering of soil was not ascertainable.

EO, Joda stated that due to non-availability of fire management system, wastes were automatically burnt. CHO, CMC stated that fire had not been a problem though he agreed that steps need to be taken for fire management. He further stated that though on the day of inspection garbage was being burnt, yet 50 to 60 *per cent* of land filling at the site proved that all garbage had not been burnt.

But during joint physical inspection alongwith ULB authorities, Audit witnessed burning of fire in CMC and there was no trace of leveling and soil covering in the landfill site, as stated by CHO and wastes were openly burnt by ragpickers.

2.2.11 Lack of prudence in finalising agreement resulted in excess payment to the transporter

As stated earlier, BMC entered into an agreement for SWM activities in January 2010 with four contractors for transporting garbage from 40 wards to transfer station. The transportation cost was fixed ward-wise as per distance ranging from ₹ 390 to ₹ 460 for tractors having three cubic metre capacity. The distance ranged between four and 10 km. Further, BMC made (April 2010) another agreement with a contractor on tender for transportation of garbage from 20 wards and against the offset price of ₹ 402 per trip, the rate was finalised @ ₹ 501 per trip for upto 10 km.

Audit scrutiny revealed that distance from the wards to transfer station in the 2nd agreement ranged from three to 10 km. So, BMC could prevail upon contractor to negotiate at the same rate i.e. ₹ 390 to ₹ 460 which was in vogue in respect of other 40 wards. The average rate was ₹ 425 [(₹ 390+460)/2]

But, Commissioner, BMC did not exercise due prudence while spending public money and made agreement at the higher side spending ₹ 76 extra (₹ 501 minus 425, the average rate) per trip. It may be mentioned here that only two parties had participated in the tender process quoting excess rate and BMC could cancel the tender process going for retender. So, BMC's injudicious decision to enter into contract led to excess expenditure of ₹ 1.50 crore ***(Annexure 2.2.3)***.

[31] Cuttack, Joda, Rairangpur and Sunabeda

2.2.12 Lack of monitoring

As per Para 5(1) of the Rules, the Secretary in charge of the Department of Urban Development of the State in metropolitan cities and as per Para 5(2), the District Magistrates within the territorial limits of their jurisdiction shall have the overall responsibility for enforcement of Rules. Further as per Para 6(1), the State Board (SPCB here) or Committee shall monitor the compliance of the standards regarding ground water, ambient air, leachate and the compost quality including incineration standards as specified under Schedule-II, III and IV.

But, Audit found that the department had not taken any fruitful steps towards enforcement of MSW rules in coordination with SPCB. Even the Board conducted only one meeting on implementation of SWM in May 2013 after a gap of eight years (the last State level interactive meet was in February 2004). However, it had requested the HUDD, all ULBs and Collectors of all districts from time to time for proper implementation of the provisions of MSW Rules. The Board further stated that it had taken action against ULBs violating the conditions of authorisation and had monitored the open dumpsites of several ULBs. HUDD stated that information about monitoring was only available with SPCB.

The concern of SPCB was restricted to revocation of authorisation to ULBs and filing of case (Puri municipality) and inspection of open dumpsites in 2007-08, which was not successful to arrest violation of MSW rules. More inspections should have been conducted by SPCB and HUDD to monitor the compliances of the prescribed standards.

2.2.13 Adequacy of funding and infrastructure

Thirteenth Finance Commission (TFC) funds constitute a major share which is provided for vehicles and equipments for sanitation. As per information collected from HUDD and selected ULBs, Government funding occupies the driver seat. It was found in 14 test checked ULBs that their total receipt was ₹1400.12 crore during 2010-11 to 2012-13 out of which fund allocated for SWM purpose was ₹ 29.16 crore (two *per cent*) only. Similarly, out of total expenditure of ₹ 1410.22 crore made by these 14 ULBs, expenditure on SWM activities was ₹ 26.88 crore (two *per cent*) only. Therefore, solid waste management being one of the core service sectors of ULBs is yet to receive proper attention as receipt and expenditure on SWM was restricted to two *per cent* only.

2.2.13.1 Idle investment on procurement of machineries

As per MSW Rule 2000, transportation of MSW is to be made hygienically through specially designed transport system to prevent foul odors, littering, unsightly conditions and accessibility to vectors. To comply with the said rule, HUDD advised (September 2008) all ULBs to procure machineries out of 12th FC funds for better implementation SWM in their localities.

Para 13.4.4 of the SWM Manual specifies the vehicles to be procured which can synchronise well with containers placed at temporary waste storage

depots. The selection of the type of vehicles should also be done keeping in view the quantity of waste to be transported, the distances to be travelled, road width, road condition, workshop facilities, etc. TFC provided ₹ 80.37 crore to HUDD under SWM which ordered the ULBs to spend the money towards purchase of machineries from the contracted firms. The test checked ULBs received ₹ 35.84 crore out of the said fund which was fully utilised towards procurement of machineries. However, Audit noticed the following irregularities in purchase of vehicles under TFC.

Table 2.15: Statement showing idling of machineries in test-checked ULBs

Name of machineries and equipments/ date of purchase	Name of the ULBs/ municipalities involved in procurement and No. of equipments	Amount involved towards procurement of machineries	Period of idling	Remarks
Hook loader lorry (6 No.) and bins (48 No. (9 MT) August 2009	BMC	₹ 2.42 crore (Hook loader lorry @ ₹ 20,70,473 and Dustbins @ ₹ 2,45,201)	5 years (from January 2010 to till date of audit)	Just after six month of purcha machineries, BMC privatised w lifting which led to damage of t due to normal wear and tear. A found eight bins lying in dam condition in the city, inside dump yard at Sainik school an the campus of BMC as well.
Auto Tipper (32 No.) ranging from June 2007 to August 2008	Khordha 2 (One in running condition), BMC 26 (auctioned 16 vehicles), Joda 2 and Rairangpur 2	35.73 lakh (Auto Tipper @ ₹ 2,38,231)	Ranging from one to four years (March 2010 to till date of audit)	The purchase was made wit consultation with the ULBs and to non-availability of spare par locality, the vehicles were idle the ULBs.
Dumper Bin (3MT) (6 No and dumper bins attachment (6 No.) for tractor ranging from July 2008 to August 2008	Khordha 2, Joda 2, Rambha 1, Ganjam 1.	₹ 3 lakh for dumper bin @ ₹ 50,152 and ₹ 12.19 lakh for dumper bin attachments @ ₹ 2,03,141	More than two years	The material was not used w led to eventual damage.
Tri-cycles (133 No.) ranging from March 2008 to June 2008	Puri 74, Rairangpur 20, Khordha 10, Ganjam 8, Jaleswar 14 (3 in running condition), Rambha 7	18.85 lakh (tri-cycles @ ₹ 14,502)	Six years (from date of purchase to till date of audit)	These equipments were not in and dumped in offices in dama condition.
Total		**311.77 lakh**		

(Source: Compiled by audit from the records of test checked ULBs)

2.2.13.2 Non-collection of MSW from door to door and charging of user fees therefor

HUDD communicated (December 2008) to all ULBs to take necessary steps for door to door collection of solid waste in every ward of the ULBs in phased manner starting from January 2009. Again in Gazette Notification of July 2012, HUDD made it mandatory for the ULBs to charge user fee at the recommended rates which was communicated to all ULBs in February 2013.

Audit found that none of test checked ULBs had collected door to door MSW as provided in 'User Chargers Advisory for ULBs in Odisha 2012' while in CMC and BMC, it was one of the clauses of the agreement made with the outsourcing agencies. If the user fees had been collected from March 2013 from 3,94,825 holdings from 14 ULBs at the prescribed rate, the Government would have realised a revenue of ₹ 8.35 crore up to March 2014.

The Commissioners/EOs of concerned ULBs assured to take necessary steps to impose user fees.

2.2.13.3 Non realisation of user fees (commercial)

The State Government has made commitments to the Government of India for implementing user charges reforms for full cost recovery of public services. All the ULBs must fully implement user charges reforms for 100 *per cent* cost recovery by 2010-11 and 2011-12.

In view of the above, GoO notified (August 2006) the rules and regulations and instructed BMC to implement the order with immediate effect. But BMC carried out the order in November 2009. The information furnished by BMC revealed that it has 1529 institutions (436 apartments, 632 hotels, 103 hospitals and nursing homes, 83 Kalyan mandaps and 275 hostels), out of which only 202 institutions were enrolled with BMC. However, CHO collected user charges (in lieu of special cleaning service provided by BMC) from other institutions enrolled with BMC except Kalyan Mandap and Hostels. No action had been initiated by BMC to enroll remaining 1327 institutions.

Audit found that an amount of ₹ 93.49 lakh was not collected from the users as against the dues of ₹ 2.10 crore for the enrolment period of November 2009 to April 2014 (54 months). CHO stated that user fees fixed for Express Services were quite low and required amendment and steps would be taken to recover unrealised user fees.

2.3 Contract Management in ULBs (Civil Works)

2.3.1 Introduction

The ULBs in Odisha receive various grants such as Road maintenance grants, Grants for roads and bridges, Grants from Special Relief Commissioner etc. for execution of various civil works for providing connectivity within each ward as well as to main/sub highways. Works are undertaken by the Municipalities departmentally as well as through contractors. Procedure for execution of civil works was mentioned in Rule 332, 386 and 399 of Orissa Municipal Rules 1953 and OPWD code.

An Audit of Contract management was conducted in 14 ULBs out of 103 covering the period from 2010-11 to 2012-13.

Audit findings

2.3.2 Execution of work without sanction/allotment

Clause 3.5.1 of the OPWD Code depicts that before entering in to contracts, it must be ensured that the pre-requisites required under para 3.7.1 ibid have been fulfilled. As per Para 3.7.1(a) of OPWD Code, no work shall be commenced and liability incurred in connection with it unless there is allotment of funds.

Scrutiny of budget files revealed that EO, Sunabeda NAC constructed (September 2010) a Sabjee Mandi at the cost of ₹ 37.02 lakh. The project proposed for execution in Backward Region Grant Fund (BRGF) was not

sanctioned by the Collector, Koraput and the above expenditure was finally met from municipal fund.

EO, Sunabeda stated that in anticipation of approval of Annual Action Plan and sanction of fund by the Collector, the work was executed out of the municipal fund.

The reply is not convincing as there was no sanction and budget provision to incur such expenditure out of the municipal fund.

2.3.3 Award of works in a fair and transparent manner

2.3.3.1 Avoidance of tender in executing additional/ balance works

As per OPWD code (Appendix-VII), tender shall ordinarily be invited for all works costing more than ₹ 50,000. As per clause 3.5.5(b) of the code, the currency of the contract will automatically cease after a period of six months from the date of execution of agreement.

Scrutiny of records revealed that four works awarded by three ULBs required some addition of works. Based on their willingness, these works were awarded to the existing contractors on nomination basis without inviting tenders as detailed in the following table:

Table 2.16: Execution of additional works without tender

(₹ in lakh)

Name of the ULB	Name of the work	Estimated cost	Agreement cost	Date of execution of agreement	Up to date payment	Estimate for addl. work	Date of execution. of agreement	Payment made
CMC	Construction of slaughter house	15.00	16.32	20.10.08	16.29	11.14	10.5.10	11.63
	Road from Patra electronics to JPN park	20.00	14.48	25.3.10	14.43	7.56	18.3.11	5.57
Joda	Boundary wall for solid waste management	15.00	16.50	24.01.09	7.161	9.22	10.09.09	9.22
Rourkela	Road from Bazi Chowk to Kumbharpada	41.68	43.76	10.10.12	31.26	14.17		14.17
	Total	**91.68**	**92.73**		**69.14**	**42.09**		**40.59**

(Source: Compiled by Audit from the records of audited ULBs)

The City Engineer, CMC stated that additional work of slaughter house was awarded to the same contractor to save time and money while EO, Joda municipality stated that necessary investigation would be conducted and suitable action initiated. EO, Rourkela municipality stated that due to site conditions, the construction of drain was necessary and hence, undertaken.

The reply is not acceptable as the additional/balance portion of the works were new works for which separate estimates were prepared and approved by the competent authority. Hence, these works were to be executed by inviting tender for ensuring transparency in contracts.

2.3.3.2 Splitting up of estimates to avoid sanction of the higher authority

As per para 6.3.2 of the OPWD code, the technical sanction for original works can be accorded by Assistant Engineer (AE) for estimated value upto ₹10 lakh,

Executive Engineer (EE) upto ₹ 50 lakh and Superintending Engineer (SE) for above ₹ 50 lakh to ₹ 3.00 crore.

- In Subarnapur NAC, the works such as 'Construction of road and drain at Budhiama Primary school' and 'Construction of Mega Market complex at Block Chhak' with estimated cost of ₹ 11.00 lakh each were split up into two parts and in Rambha NAC, 'Construction of compound wall in dumping yard' with estimated cost of ₹ 13 lakh was split up into two parts to avoid sanction of EEs concerned.
- In Jaleswar NAC, the work 'Construction of Mini Stadium - ₹2.04crore' was split up into five phases to avoid sanction of SE.

This indicated that the municipal engineers split up the estimate to avoid sanction of the higher authority. No specific reply was furnished.

2.3.3.3 Execution of works by calling quotation

As per OPWD code, contract of works estimated for more than ₹ 50,000 was to be executed by inviting tender through wide publication and settlement of rates by calling quotation shall be deemed as award of contracts without calling of tenders. Further, the guidelines and orders issued (January 2009) by HUDD in respect of e-procurement stipulated for adoption of e-procurement methodology for all the works more than ₹ 1.00 lakh by all ULBs. Further, Rule 10 below Appendix-IX of OPWD code depicts that minimum 10 days and maximum 15 days shall be provided for the works with cost not exceeding ₹ 50 lakh.

Scrutiny of the minutes of the Council meetings of Jaleswar NAC for 2010-11 to 2012-13 revealed that name of works were approved by the Council where the estimated cost of the works were not mentioned. Audit found that the NAC used to prepare estimate at a later date suitable to it after approval of the list of works by the Council. Further scrutiny revealed that 131 out of 173 works executed during 2010-13 were awarded to the contractors restricting the estimated cost between ₹ 25,000 and ₹ 99,000 (within rupees one lakh) to avoid e-tender. Instead of inviting tender, the EO called for quotations and awarded the works. Scrutiny of 25 files revealed that publicity of tenders was not made and only two days was given to bidders in 14 cases from date of sale of tender document to date of receipt of tenders instead of minimum 10 days prescribed in OPWD code.

EO, Jaleswar assured (June 2014) to verify all such cases and take action.

2.3.3.4 Execution of work departmentally with estimated cost more than ₹ 50,000

HUDD in its order (November 2009) had issued instruction to the ULBs against splitting up of the works exceeding ₹ 50,000 into multiple reaches to avoid the tendering process. It suggested for invitation of open tender for works costing more than ₹ 50,000. Departmental execution of work has been stopped by the amendment (October 2008) of Rule 338 of OMR which provided that the ULBs may take up any work, departmentally during an

urgent and calamitous situation with prior approval of the Collector of the district.

Scrutiny of the works bill register and case records revealed that 31 works with estimated cost more than ₹ 50,000 in each case were executed departmentally in two ULBs (Koraput & Subarnapur) as stated in ***Appendix 2.3.1***. The total project cost involved was ₹ 1.23 crore. However, no approval of Collector was obtained justifying the exigency of the said works.

The EO, Subarnapur municipality stated that though the works were executed, approval of the Collector was inadvertently not obtained.

2.3.3.5 Invitation of tender without wide publicity

As per rule 355 of OM Rules and Section 279 of OMC Act, wherever possible, the notice by advertisements inviting tenders for such contract was to be published in one or more newspapers in the municipality. It should be at least seven days before entering into any contract or the execution of any work or the supply of any materials or goods, which involve an expenditure of ₹ 20,000. As per rule 9(c) below Appendix-IX of the OPWD Code-Vol-II, tenders costing between ₹ 10 lakh and ₹ 100 lakh should be published in one Local English newspaper, two local dailies and be posted in the website of the State Government.

Scrutiny of work files of two out of 14 ULBs (Jaleswar and Khordha) revealed that in 12 works files, publication in one English and two Odia newspapers as required under the aforesaid authority was not made. In NAC Jaleswar, tenders for four works costing over ₹10 lakh were invited through two regional Odia newspapers. As a result, only two bidders participated in bid for each work.

While EO, Khordha stated that they had published the tender in one Odia newspaper, EO, Jaleswar did not give any specific reply.

2.3.3.6 Non-obtaining of approval of next higher authority in single tenders

OPWD code (Vol-I) Appendix-IX of Rule 29 stipulates that when single tender is received in response to a notice calling for tenders, the approval of the next higher authority was to be obtained if the tender was otherwise in order and was acceptable.

Scrutiny of records in four ULBs[32] revealed that though single tender was received for 13 works, yet the tender was accepted with estimated cost of ₹ 1.15 crore and the work was executed without obtaining approval of the next higher authority as stated in ***Appendix 2.3.2.***

While EO, Koraput assured to furnish compliance after proper investigation, EO, Sunabeda replied that the single tender was approved by the Inspector of Local Works. EO, Puri did not furnish reply and EO, Rairangpur intimated that the approval copy was misplaced somewhere and would be submitted to Audit after tracing out.

[32] Koraput, Sunabeda, Rairangpur and Puri

2.3.3.7 Award of work to ineligible contractor

(A) As per clause 3.5.9 (b) of the OPWD code (Vol-I), the tender for the works costing more than ₹ 50 lakh has to be invited in double covers (technical bid and financial bid). The Central Vigilance Commission (CVC) prescribed (February 2002) the prequalification criteria (PQ)[33] as a yardstick to participate in the bids.

Scrutiny of records of the Rourkela Municipality revealed that the tender in two bid system was invited for execution of two works namely "Construction of storm water drain at Mahatab Road" and "Improvement and widening of Mahatab Road" during October 2010 to July 2012 with estimated cost of ₹ 124.50 lakh and ₹ 99.56 lakh respectively. In response to tender, two works were awarded to the L1 tenderers on January 2011 and October 2012 at the offered price of ₹ 124.50 lakh and ₹ 108.52 lakh, with stipulated date of completion as August 2011 and April 2013 respectively.

Though clause 4.1(d) of the tender conditions in relation to the work experience states that bidders should have experience of successful execution of similar nature of works costing not less than 50 *per cent* of the value of work put to tender in the last five years, yet on evaluation of the technical bid of both the tenderers, it was seen that both the L1 contractors were not meeting the prescribed experience. Inspite of such deficiencies, their bids were not disqualified but the works were awarded to the respective unqualified lowest bidders. Further, scrutiny revealed that both the works remained incomplete till date of Audit. Thus, the EO awarded the contract without giving importance to the aforesaid pre-qualification criteria resulting in undue benefit to the contractors.

The EO, Rourkela municipality, with assurance to follow the CVC guideline in subsequent tender, replied that the works were awarded to the contractors based on their past experience in Rourkela municipality.

The reply is not acceptable as the work was awarded to the ineligible contractors who did not satisfy the pre-qualification criteria as per CVC guideline which also affected the completion of work.

(B) As per Rule 3 below Appendix-VIII of OPWD code, 'C' class contractors were to be awarded any work having estimated cost not exceeding ₹ 20 lakh.

Scrutiny revealed that in Jaleswar municipality, the work of "Construction of Mini Stadium" estimated at ₹ 2.04 crore was approved by the Chairman after splitting the entire work into five sub-works[34]. Only two labour contractors having 'C' class certificate of Works Department participated in tender and one firm became L1 for all the five phases of work. Accordingly, the work orders were issued to that firm in January 2011(phase I and II) and in May 2011 (phase III, IV and V) with stipulated period of

[33] Here experience of executing two similar works not less than 50 *per cent* of the estimated cost of the tendered work

[34] Phase-I (49.31 lakh), Phase-II (47.02 lakh), Phase-III (49.10 lakh), Phase-IV (48.90 lakh) and Phase-V (9.94 lakh)

completion within three months each. It may be mentioned here that except phase V, tender value of all four phases was above ₹ 20 lakh. Accordingly, the firm executed the work and was paid ₹ 1.09 crore (March 2011 to April 2013). The work was still to be completed whereas it was to be completed by August 2011.

Acceptance of the offer of the said 'C' Class contractor violated the provisions of OPWD code and the quality of work was at stake as an instance of which can be seen from the fact that the boundary wall of the stadium had fallen down during execution of work and was rectified subsequently.

In reply the EO, Jaleswar NAC stated that the matter would be examined and suitable action taken against the defaulting contractor.

2.3.4 Adherence to stipulated time in execution of contracts

2.3.4.1 Delay in disposal of tender

Rule 363(5) of OM Rules holds that there shall be no avoidable delay in the disposal of the tender after they are opened. The committee shall dispose the tenders ordinarily within a week from the date on which they are opened and in any case within a period not exceeding one month.

Scrutiny of tender files revealed that in nine ULBs[35] out of 14 ULBs, the tenders were disposed with delay ranging from 61 to 720 days as detailed in the ***Appendix 2.3.3***. This was due to delay in approval of the tenders and finalisation by the Standing Committee/Council. The delay in finalisation of tenders delayed the execution of works.

The EO, Rourkela municipality replied that the delay in disposal of tender was due to non-availability of the trained manpower whereas the City Engineer replied that the delay was due to late approval of the standing committee. The EOs of Sunabeda, Rairangpur, Jaleswar and Subarnapur accepted Audit observations.

2.3.4.2 Deviation of conditions of contract resulted in non-completion of projects

As per OPWD code, the contractor is required to maintain a certain rate of progress specified in the contract. Before acceptance of tender, the successful bidder is required to submit a work programme and milestone based on the financial achievement for completion of the work within the stipulated time. The contract can also be terminated with penalty when the progress of the work is not as per the conditions of the contract. However, if the L1 tenderer fails to execute the work, the second lowest tenderer may be invited to execute the work with the price of lowest one.

Audit found that 15 works of six test checked ULBs as detailed in the ***Appendix 2.3.4*** remained incomplete after delay of 11 to 43 months from the stipulated date of completion thereby rendering the expenditure of ₹ 2.94 crore

[35] BMC, Sunabeda. CMC, Rourkela, Rairangpur, Subarnapur, Puri, Sambalpur and Jaleswar

on these 15 projects unfruitful. Despite this, the ULBs neither furnished any work programme nor terminated the contract imposing penalty.

EO, Rourkela municipality assured (June 2014) to issue final notice to the contractor and take action as deemed fit as per clause of the agreement. The EOs of other ULBs did not furnish any replies.

2.3.4.3 Non-inclusion of "Conditions of Contracts" in the agreement

Para 3.5.4 of OPWD Code prescribes the detailed set of provisions/conditions comprising penalty for delay in completion of works, rescission of contract, maintenance of site order book etc. to be incorporated in the agreement while entering into contract for safeguarding Government property entrusted to a contractor. In addition, provision should be made in every contract to enable Government to revoke it with due notice.

Scrutiny of records in three (Subarnapur, Koraput and Jaleswar) out of 14 ULBs revealed that the set of conditions of contracts as prescribed in Para 3.5.4 was not incorporated in any of the agreements. As a result, the contractors failed to adhere to these conditions while executing the works. In absence of the above provisions, EOs could not initiate any action against the contractors for delay in completion in absence of above provisions.

To cite an example, in Subarnapur NAC, the agreement executed (September 2012) for "Repair and restoration of municipality staff quarters" at a cost of ₹ 4.00 lakh with the L1 contractor for completion within 30 days did not include the set of conditions. Though the work was completed in February 2014 with a delay of 495 days, penalty could not be imposed on the contractor for delayed execution of the work in absence of penalty clause which resulted in undue benefit to the contractor.

Similarly, it was also noticed in two ULBs (Rairangpur and Puri) that penalty clause for abandonment prescribed (July 2005) by Works Department was not incorporated in the clause of agreements. In Rairangpur municipality, the work "Renovation and beautification of Badabandha Phase-I and Phase-II" was awarded to the L1 contractors on November 2010 and December 2011 who abandoned the work after payment of ₹ 22.50 lakh and ₹ 37.75 lakh out of agreed cost of ₹ 23.68 lakh and ₹ 46.12 lakh respectively. However, penalty of ₹ 0.24 lakh for phase-I and ₹ 1.67 lakh for phase-II work was not realised from the respective contractors. Further, in Puri municipality, the work "Construction of Health Office and Council Hall" was awarded to L1 contractor during April 2011 at ₹ 47.38 lakh stipulating completion by October 2011. After payment of ₹ 11.68 lakh, the contractor abandoned the work which remained incomplete till date of audit but penalty of ₹ 7.14 lakh was not realised from the contractor.

2.3.5 Non-imposition of conditions of contract resulting in loss to ULBs

2.3.5.1 Non-imposition of penalty after rescinding the Contract

As per clause 3.5.5 (I and V) of the OPWD code, the contactor is required to maintain a certain rate of progress specified in the contract. The contract can

also be terminated with penalty when the progress of works is not as per the conditions of the contract.

Scrutiny of the records of BMC revealed that the work of "Improvement of road and drain from SUM Hospital to Plot No-546" was awarded in June 2011 to L1 contractor at ₹ 33.85 lakh with stipulated date of completion as January 2012. After payment of ₹ 4.99 lakh, the said contractor abandoned the work which remained incomplete till date of audit.

As per clause of agreement executed with the said contractor, 20 *per cent* of left over work was to be recovered if the contractor abandoned the work.

Further, scrutiny revealed that though the standing committee on contract approved (July 2013) cancellation of tender with imposition of penalty as per OPWD code and accordingly rescission order was issued (September 2013) to the said contractor with imposition of penalty of 20 *per cent* of left over work yet the penalty amount of ₹ 5.77 lakh was not recovered from the said contractor as of March 2014 which resulted an undue benefit to the contractor.

The reply is not acceptable as no tangible step was taken by BMC after lapse of more than 15 months from the date of cancellation of work order.

2.3.5.2 Non-imposition of penalty for delay in completion of works

As per Note (v) of Rule 4 below Appendix-VII of OPWD code, specific provisions are to be made in the contract for imposition of penalty in the event of failure to complete the work within stipulated time. Further, as per clause 2(a) of terms of conditions of agreement, the compensation is equal to one-third *per cent* on the estimated cost of every day's work subject to maximum of 10 *per cent* on the estimated cost as shown in the tender.

Scrutiny of the works files in 13 ULBs revealed that 115 works were awarded during 2010-11 to 2012-13 with stipulated period of completion as three to 12 months. However, the works remained incomplete with a delay ranging from 15 to 988 days as detailed in the table given below:

Table 2.17 Non levy of penalty due to delay in completion of works

Sl. No.	Name of the ULB	No. of cases	Range of delay (in days)	Total estimated cost (₹in crore)	Amount of penalty* (in ₹)
1	BMC	11	40-628	3.08	3087868
2	Koraput Municipality	2	43-49	0.10	101200
3	Sunabeda NAC	8	24-321	0.66	656765
4	Puri Municipality	12	31-640	1.91	1732419
5	Rourkela Municipality	13	69-988	7.79	7385779
6	Rairangpur NAC	12	88-484	0.45	345070
7	Subarnapur Municipality	9	68-601	0.60	600619
8	Sambalpur Municipality	14	62-725	2.05	2030762
9	Jaleswar NAC	7	15-410	0.18	62300
10	CMC	10	120-610	3.21	2880124
11	Joda Municipality	6	106-276	0.68	561170
12	Khordha	6	60-951	0.61	605360
13	Ganjam	5	107-538	0.25	250800
	Total	115		21.57	20300236

(Source: Compiled by audit from the records of audited ULBs)
** Penalty calculated at the rate of maximum 10 per cent of the estimated cost*

The delay was attributable to the contractors. Despite this, the extension of time was allowed by the EO/Commissioner without levy of penalty of ₹ 2.03 crore which resulted an undue benefit to the contractors.

2.3.5.3 Short realization of Security Deposit

As per Works Department order (August 2005), besides EMD and ISD, contractors of super, special, A and B classes have to furnish Security Deposit (SD) by way of deduction from their bills at the rate of five *per cent* of the gross amount of each bill and in case of C and D class contractors, such deductions would be at three *per cent* of the gross amount of each bill. However, it was seen that irrespective of the class of contractors, SD at three *per cent* had been deducted from the bills of contractors by two ULBs (Jaleswar and Rairangpur) resulting in less realization of ₹ 14.37 lakh as stated in ***Appendix 2.3.5***.

2.3.6 Execution of Agreement without availability of land

Clause 3.7.4 of the OPWD code states that no work should be commenced on land which has not been duly made over by a responsible civil officer. HUDD sanctioned (December 2007) ₹ 60 lakh out of the budget grant of 2007-08 in favour of EO, Puri municipality for development of parks in Municipal area in dispute free land. It was proposed to develop parks at Banki Muhan, at the back of the Hotel Holiday Resort with an estimated cost of ₹ 18.40 lakh.

EO, Puri municipality executed (May 2012) agreement with a contractor for development of park at Banki Muhan at tendered value of ₹ 15.86 lakh stipulating completion by November 2012 and subsequently requested (July 2012) the Tahasildar, Puri to issue NOC for Khata No.89 and plot No.315 measuring Ac 10.700. As no response was received, the EO approached (February 2014) the Collector, Puri to give possession of another patch of land bearing Khata No.11 and plot No.61. But, no land was alienated by the Collector or Tahasildar for which the work could not commence and funds to the tune of ₹ 15.86 lakh remained blocked with the municipality.

No reply was furnished by the EO, Puri municipality.

2.3.7 Non-commencement of work after issue of work order

For development of parks at Puri, ₹ 60 lakh were sanctioned by the HUDD (December 2007), out of which an estimate of ₹ 10.07 lakh was approved for development of a park near Sri Hari Hotel at Puri. Accordingly, the work order was issued (February 2011) to one firm of Kolkata at ₹ 9.32 lakh with stipulation to complete the work within two months. As no response was received from the contractor, the EO instructed (January 2012 and February 2012) to blacklist the firm and forfeit its EMD and security deposit. However, the firm did not respond to commence the work and the EO neither took any action to penalise the firm nor initiated any action to complete the work by inviting fresh tender. This resulted in blockage of funds to the tune of ₹ 9.32 lakh.

No reply was received from EO, Puri municipality.

2.3.8 Unfruitful Expenditure due to non completion of Boundary wall as per terms of agreement

The EO, Joda municipality proposed (December 2008) for construction of boundary wall around the solid waste dump yard in Municipal area to save environment from pollution. The work was split up into two parts and the first phase was completed during 2009-10 with an expenditure of ₹ 16.38 lakh. For execution of remaining portion of work, contract was made at ₹ 17.65 lakh (July 2010) with stipulation to complete the work within 90 days from the date of issue of work order.

After achievement of financial progress of ₹ 4.94 lakh upto March 2011, the contractor abandoned the work. No correspondence was made by the Municipal Engineer/EO to complete the left over work. Audit found that the dump yard could not be put to use due to non-completion of boundary wall at the proposed site.



Broken boundary wall of Joda municipality

Thus, even after incurring expenditure of ₹ 21.32 lakh, as the contractor failed to complete the project in time as per terms of agreement, the desired benefit to public was denied rendering the entire amount as unfruitful.

2.3.9 Absence of supervision on the quality of materials

As per clause D-iii below Appendix-II of the OPWD code (Vol-II), the quality of the materials should be tested in the control and testing laboratory to ascertain the prescribed specifications of the materials used in the particular work. The said condition also comprises one of the yardsticks in the clause of the agreement for quality execution of work.

Audit found that except Municipal Corporations of Cuttack and Bhubaneswar, no test certificate of materials was available from the file of the other ULBs. In absence of such test certificate of materials, quality of the work executed by the ULBs could not be ascertained. It was revealed from joint physical inspection conducted in Sunabeda on 2 June 2014 that vending zone constructed under BRGF was in damaged condition due to bad workmanship of the contractor. At one point, the roof slab of one pindi was not properly cast clearly exhibiting MS rod to outside as shown in photograph. Thus, in absence of the test certificate of the materials, the quality of the works executed by the ULBs could not be ensured.



Clear visible of MS Rod at the ceiling of the vending Zone

2.3.10 Irregular placing of MPLADS fund in a private body

Clause 1.5 of the MPLAD scheme envisages that it is the duty of the District Authority to get MPLADS works implemented either through Local Self

Governments or Government agencies. District Authority can also engage reputed Non Government Organizations (NGOs) for execution.

In Puri municipality, Audit found that the work of 'Construction of 2nd floor of school building of Saraswati Sishu Vidya Mandir (SSVM), Puri' under MPLADS was awarded (February 2012) to the Secretary of the SSVM. Accordingly, the EO placed ₹ 10 lakh with SSVM in February 2012 and the latter executed the work by December 2012. Thus, the EO violated the scheme guidelines and instead of executing the work through any government, agency/NGOs placed the funds with a private organisation without approval of the District authority.

Audit objection was also corroborated by the fact that out of ₹ 10 lakh, SSVM had submitted material vouchers of ₹ 51,111 and hand receipts of ₹ 7375 (labour payment) supporting the expenditure. Though the work was completed, vouchers for the balance amount were not available in the case record leading to doubtful expenditure of ₹ 9,41,514.

The EO of Puri municipality did not furnish any reply.

2.4 Procurement Management in ULBs

2.4.1 Introduction

ULBs spend a sizeable amount of their budget on procurement of various types of goods to discharge the duties and responsibilities assigned to it. It is imperative that these purchases should have been made following a transparent, systematic, efficient and cost effective procedure in accordance with the relevant rules and regulations of the Government. The ULBs are guided by Orissa Municipality Rules, 1953, Purchase Policy of Finance Department, Government of Odisha and Orissa General Financial Rules for making procurement towards welfare of their subjects. This purchase consists of vehicles and equipment used for lifting and disposal of solid waste, conservancy items, electrical items, furniture and equipment for street maintenance etc.

An Audit of procurement in ULBs was conducted covering the period from 2010-11 to 2012-13 in 14 ULBs.

Audit findings

2.4.2 Procurement made without adherence of the tender procedure

2.4.2.1 Purchase of goods without approval of competent authority

As per Section 277 of OMC Act, expenditure above ₹ 50 lakh are to be made by the Corporation after sanction by the Government whereas expenditure exceeding ₹ 10 lakh but not exceeding ₹ 50 lakh are to be made with due approval of the Corporation.

Scrutiny of the purchase files of Bhubaneswar Municipal Corporation (BMC) revealed that during 2010-11, hydraulic tractor and trailers with estimated cost of ₹ 42 lakh were purchased without approval of the Corporation whereas during 2012-13 the street light fittings and spare parts with an estimated cost

₹ [illegible] lakh and were procured without approval of the Government. Against such estimates, the firms were paid ₹ 29.26 lakh and ₹ 44.42 lakh for hydraulic tractor and trailers and street light fittings respectively.

Thus, purchase of materials of more than ₹ 87.20 lakh by awarding sanction of the Government/Corporation was irregular. No reply was received from Commissioner, BMC in this regard.

2.4.2.2 Purchase of materials without calling for tenders

As per H.D.D. circular March 2010 addressed to all municipalities/municipal corporations, quotation/tender for the whole of the financial year as to be made assessing requirement for the year. In case of violation of the guideline, the officers concerned would be held personally responsible and face stringent disciplinary action.

Scrutiny of procurement files revealed that in five out of 14 ULBs test checked, the EOs procured material of ₹ 60.16 lakh as given in the following table by placing the purchase orders to the firms in continuation of their previous contract without inviting fresh tender.

Table 2.10 Statement showing purchase of material without tender

Name of the ULB	Name of the materials	Name of the firms	Year of purchase	Value (in lakh)	EOs' No. and the year in which such material were procured
[illegible]	[illegible]	[illegible] Electricals	2011-12 and 2012-13	9.22	2029/1.10.2010
Puri	HT Materials	Kalyani Suppliers	2012-13	4.49	
		[illegible] Traders	2012-13	15.88	3202/10.05.2011
		Santosh Enterprises	2012-13	9.26	
Sambalpur	Electrical materials	Sandeep Enterprises	2010-11	1.39	29/10.06
		[illegible] Electrical	2010-11	4.64	29/10.06
		Priyadarshi Electrical	2010-11	8.56	29/10.06
Rourkela	Purchase of materials	M.K. Traders, Brajarajnagar	2012-13	1.10	5495/18.10.2009
[illegible]	Electrical materials	Shri Sridhar Electricals	2011-12 and 2012-13	10.65	955/22.05.2010
		Total		60.16	

Source: Purchase files of respective ULBs

While EO, Puri did not reply to Audit observation, EO, Sambalpur and Rourkela municipality stated that in view of the urgency, the materials were procured as per the previous approved rate.

The reply of EO, Sambalpur and Rourkela is not acceptable as no justification was made available to audit for procuring the goods on urgency.

2.4.2.3 Undue favour to the firm not fulfilling the tender conditions

Director Municipal Administration (DMA) directed (June 2011) all ULBs to ensure purchase of electrical items from the reputed and ISI certified firms/ manufacturers through tender process. Audit noticed that only three test checked ULBs included the requirement in the tender condition while procuring electrical items.

On scrutiny of records of two ULBs (Puri and Sambalpur) where ISI certification was a tender condition, it was revealed that

- For procurement of 42 items in ULB Sambalpur for the year 2012-13, Electronite Industry was L1 tenderer for 19 items in response to tender (April 2012). The purchase order was placed (December 2012, March 2013 and May 2013) and a sum of ₹ 8.39 lakh was paid to that firm as detailed in the ***Appendix 2.4.1***. On scrutiny, it was noticed that the said firm furnished the authorisation of the "SOLITE" brand products of United Engineering Syndicate, Kolkata which did not have ISI certification. On being asked by the EO, the firm submitted test certificates issued by Jadavpur University, Electronics Regional Test Laboratory (EAST) and Micro Small & Medium Enterprises Testing Centre, Kolkata instead of ISI certificate and the same was also accepted by the EO for evaluation.

- Similarly, in Puri municipality in response to the tender (May 2010) for purchase of 48 types of electrical material for the year 2010-11, Electro Power Engineering was the L1 tenderer for 30 items. The tender conditions stipulated for supply of specific brands of materials such as Philips, Bajaj, Crompton, Havells, G.E. and Wipro. The purchase order was placed to the firm and the material valuing ₹ 3.57 lakh was also purchased (June 2010 and January 2011) from that firm. Scrutiny revealed that the Electro Power Engineering furnished authorisation certificate from Pinpuk lighting, Kolkata instead of one of the specific brands as published in the tender condition.

Thus, irregular acceptance of offer in violation to the tender conditions resulted in undue benefit to the said firms.

The EO, Sambalpur stated (September 2014) that due to urgency, the firm was allowed and some material were purchased from the firm. However, EO, Puri did not furnish any compliance to the audit observation.

2.4.3 Management of stock

2.4.3.1 Receipt of materials without ensuring specifications

As per Rule 100 of OGFR, all stores received should be examined when delivery is taken and they should be taken in charge by a responsible Government Officer who should see that the stores are of requisite quality and quantities there of are correct. The officer receiving the stores should also be required to give a certificate that he has actually received the materials and recorded them in the appropriate stock register.

For control of flying insect pest like mosquito and houseflies, BMC used Kingling, an active ingredient. On scrutiny of the purchase file of Kingling in BMC, Audit found that based on the request (November 2011) of the City Health Officer (CHO), purchase order was placed (December 2011 and February 2012) for supply of 632 liters of Kingling. As per clause 2 of the terms and conditions, if material were found not in conformity with the prescribed standard, the orders shall stand cancelled and the EMD will be forfeited. The firm supplied the same during November 2011 to March 2012 and was paid of ₹ 11.50 lakh.

Scrutiny of the said file revealed that though the quantity was verified by the Deputy Commissioner and Establishment Officer, yet no report was made available to audit certifying the prescribed standard as a result the quality of the material could not be ascertained.

The authorities of BMC did not reply to the Audit observation.

2.4.3.2 Irregularities in receipt and issue of stores

As per Rule 101 of OGFR when material are issued from stock for departmental use, manufacture, sale, etc., the officer-in-charge of the stores should see that an indent in the prescribed form has been made by the authorised person under his signature. When the materials are issued, a written acknowledgement should be obtained from the person to whom they are ordered to be delivered or dispatched, or from a duly authorised agent.

On scrutiny of the receipt and issue register of electrical store in BMC, Audit noticed that all material were issued during 2010-11 to 2012-13 after receiving indents furnished by JE/Lighter without assessing the actual requirement. After receipt from the store keeper, JE was not maintaining any account of stores. Also, there was no acknowledgement made on issue register. Thus, in absence of proper procedure, proper utilisation of the materials received by the said officials was doubtful.

Similarly, BMC purchased 632 litre of Kingfog for ₹ 11.50 lakh during 2011-12 to 2012-13. Audit found that the entire quantity of insecticide was issued by the store to the CHO. The Sanitary Inspectors working under CHO had been directly receiving the insecticide from BMC stores as and when required. It was observed from the stock register of 2012-13 that CHO was not furnishing any indent for this purpose.

For effective operation, one litre of Kingfog (ULV) was to be diluted with 10 litres of diesel or kerosene. Audit cross verified the issue of diesel issued from mechanical section maintaining the stock and found that in 2012-13, 34154 litres of diesel were consumed whereas Kingfog issued in this year was 452 litres. As mentioned earlier, admissible diesel quantity was 4520 litres which showed that excess quantity of diesel i.e. 29634 litres was shown consumed which amounted to ₹ 12.97 lakh. So, either the quantity of diesel procured was doubtful or the insecticide mixture did not have any efficacy as the ratio of mixture was 1:76 as against 1:10 admissible. Again, the diesel/kerosene issued by the mechanical wing for the operation of Kingfog had not been entered in the stock register of the CHO. Thus, the utilisation of diesel stock valuing ₹ 12.97 lakh was doubtful.

2.4.3.3 Doubtful consumption of materials

In Joda municipality, the work of erection/dismantling of Pre-Stressed Concrete (PSC)/tubular pole was awarded (October 2010) to Jyotsna Electrical Appliances. For erection, 160 numbers of PSC poles were issued (February 2011 to September 2012) to the firm. Three other firms were separately contracted for supply of poles, electrical fittings in the pole and installation and commissioning.

Audit found that for fitting of each PSC/tubular pole, one 4X24 crypton fitting, four 4X24 crypton bulb, two pairs of clamp with nut bolt and one pair of bracket are required. Based on the requirement of the said fittings in 160 PSC poles, Audit found huge discrepancy in procurement and use of the fittings (compiled from issue register) which indicated excess procurement of fitting costing ₹ 84.23 lakh and issue of the fittings to the contractor as well as doubtful use of the material as detailed in the table below.

Table 2.19 Statement of doubtful consumption of electrical items during 2010-2013

Items required for fitting of each pole	Number	Total requirement	Total purchased	Total issued	Excess	Price per unit (₹)	Amount (₹)
4X24 Watt crypton fitting	1	160	1060	1039	879	7547.75	6634472
4X24 Watt crypton bulb	4	640	8650	7031	6391	147.55	942992
Clamp with nut bolt	2	320	1800	1366	1046	454	620164
One pair of bracket	1	160	900	658	498	452.86	225524
Total							8423152

(Source: Purchase files of electrical items in Joda municipality)

All the material were issued to the said contractor without any indent by the contractor or written order for issue of materials by the EO. Though there was no scope for excess use of the fittings against the requirement, none of the fittings was returned to the store by the firm. Thus, in absence of proper monitoring by the EO, the actual consumption of the aforesaid materials was doubtful and possible misappropriation of the fittings of ₹ 84.23 lakh could not be ruled out.

EO, Joda stated that the new fittings were issued from the store under proper acknowledgement which could not be produced before Audit now.

Similarly, EO, Sambalpur municipality purchased 50 ton of bleaching powder worth ₹ 7.88 lakh during 2010-11 to 2012-13 at EPM rate contract. Though the municipality showed use of such huge amount of bleaching powder during last three years, proper stock accounts like indent/requisition for issue of bleaching powder were not kept by the store keeper in support of bonafide use of the material. In some cases, the material was found issued to the councillors/ outside agencies like one Football Academy. In most of the cases, the actual quantity issued on stock register was manipulated/tampered subsequently by increasing the quantity without any authentication. This made the bonafide use of bleaching powder worth ₹ 30,048 issued from the store doubtful (***Appendix 2.4.2***) and the possibility of misappropriation could not be ruled out.

EO, Sambalpur stated that the quantity of bleaching powder issued was subsequently enhanced consequent upon request received from the councillors to meet the actual requirement. The reply is not acceptable as the EO, Sambalpur failed to produce before Audit any subsequent request made by the councillors for supply of bleaching powder.

2.4.3.4 Non-maintenance of transparency in tender procedure

In Joda municipality, spot quotations were collected (24 December 2012) by the Storekeeper from Bhubaneswar for purchase of chairs from three firms in

which M/s YN Style, Bhubaneswar became first L1 with the quoted price of ₹ 4,500 per chair. Purchase order was placed with the firm on the same date for supply of 14 chairs and the firm was paid ₹ 81,105 (₹ 71,505 towards cost of chairs plus ₹ 9,600 towards transportation). It was noticed that the agency was declared lowest bidder on 2.1.2013 and purchase of chairs was made from the Agency prior to purchase and supply of the chairs i.e. on 24.12.2012. This is indicative of lack of transparency in tender.

The EO, Joda assured (June 2014) to make proper inquiry into the matter and to take appropriate action as per the findings of the inquiry.

2.4.3.5 Excess payment on procurement of high mast light accessories

As per Note (II) (b) below para 3.5.18 of the OPWD code, the indefinite conditions which makes it difficult to assess the financial implications should be considered before acceptance of the tender.

Joda Municipality invited (June 2011) quotations from the authorised dealers/ manufactures of Havels/Bajaj/Philips for supply of 20 metre High Mast Light (HML) for which per unit rate was to be quoted. Out of three firms participated, though two firms offered the price of HML unit wise, Sanskruti Associates quoted ₹ 5.70 lakh which included cost per HML and item-wise cost of all materials like cable etc. and labour. Though the offer was in violation of the tender conditions, the same was accepted by the EO as L1 bidder. Accordingly, the firm supplied four 20 metre HMLs from July 2011 to March 2012 and was paid a sum of ₹ 24.46 lakh.

Further scrutiny revealed that the firm was paid at ₹ 6.11 lakh per HML as against contracted value of ₹ 5.70 lakh. This happened due to consideration of cost on actual consumption material and labour required for erection including the cost of HML. Thus, due to injudicious decision of the EO to accept item wise rate instead of per unit rate, the ULB suffered a loss of ₹ 1.64 lakh [(₹ 6.11 - ₹ 5.70 lakh)X4].

The EO, Joda Municipality assured (July 2014) to take appropriate action after making proper inquiry in the matter.

2.4.3.6 Non-taking of stock entry of items leading to misappropriation of funds

Rule 100 of OGFR clearly states that as soon as stock is received it should be examined and recorded in the appropriate stock register.

Scrutiny of Cash Book of CMC for the year 2010-11 and 2011-12 revealed that two mobile phones were purchased at ₹ 5,000 and ₹ [illegible] during 2010-11 for which payment was released on 20.05.2010 and [illegible]010. No indent justifying requirement of the procurement was found [illegible]d. Similarly, a Laptop was purchased for the Mayor for which a sum [illegible],836 was paid (May 2011). Stock entry and issue of these items was not [illegible]nd in Electrical, PH and General Stock and Issue Registers for the year 2010-11 to 2012-13 and the certificate given on the challan was not mentioning the number and page of

stock register. Due to non-maintenance of any record, possibility of theft and misappropriation cannot be ruled out.

The City Engineer, CMC stated (July 2014) that reply would be submitted within seven days but no subsequent reply was submitted to Audit.

2.4.3.7 Non refund of defective materials

In Joda municipality, procurement of electrical materials for the year 2011-12 and 2012-13 respectively was made from one firm. Audit found that 351 items were found defective after receipt and the firm was requested (February and June 2012) to replace the said items. But as the firm had already received payment for the supply and there was no clause in the tender conditions regarding return of defective materials, the farm neither replaced the items nor refunded the cost of the items. The procedure of payment after obtaining stock entry certificate was ignored. Thus, the ULBs suffered a loss of ₹ 1.01 lakh. The details are given in the table below.

Table 2.20 Statement showing details of defective material Joda municipality

Sl. No.	Name of the materials	Quantity	Rate per unit (₹)	Amount (₹)
1	4x24 watt crypton choke	41	1248.50	51188.50
2	4x24watt crypton bulb	36	147.55	5311.80
3	85watt CFL(B-22) bulb	6	726.40	4358.40
4	Contracter	3	4512.76	13538.28
5	Timer	3	8853.00	26559.00
	TOTAL			100955.98

(Source: Compiled by Audit from the store and stock register of ULBs)

The EO, Joda assured to make proper investigation in the matter and recover excess payment if any made to the supplier.

2.4.3.8 Non conduct of periodical inspection

As per Rule 111, a physical verification of all stores should be made at least once in every year by the Head of office concerned or such other officer as may be specially authorised by him in this behalf.

During scrutiny of records in 14 ULBs, Audit observed that EOs of test checked ULBs had not conducted half-yearly or annual physical verification of stores. There were discrepancies between stock register and actual balance (***Appendix 2.4.3***), stores had been lying idle ranging from one year to three years which were not treated as surplus items and disposed of during the year. This was attributed to non-conduct of periodical inspection/verification. The FA-cum-Joint Secretary, HUD Department during special audit of BMC also commented upon lack of periodical inspection of stock and store.

While City Engineer of CMC agreed (July 2014) to conduct physical verification every year to remove the discrepancy in stock account, no reply was furnished by other test checked ULBs.

2.5 Implementation of Integrated Housing and Slum Development Project in selected cities of Odisha

2.5.1 Introduction

With a view to give service delivery to urban poor, two schemes i.e. the Basic Services for Urban Poor (BSUP) and Integrated Housing and Slum Development Programme (IHSDP) were launched in December 2005 under Jawaharlal Nehru National Urban Renewal Mission (JnNURM). The aim of the schemes was to provide basic amenities and services such as housing security, health and education and water supply and sanitation etc. to the urban poor, especially slum dwellers, in the identified cities.

BSUP and IHSDP schemes are financed and monitored by the Government of India and the State Government on 80:20 sharing basis. State share comprises contribution of States/implementing agencies raised from their own resources or from contribution from beneficiary/financial institutions.

The Audit on slum development in five ULBs[36] of Odisha was conducted from June 2014 to September 2014. Audit conclusions were drawn from test check of records, interviews with 358 beneficiaries and joint physical inspection of 26 slums of five ULBs.

Audit findings

2.5.2 Planning for slum development under city development Plan

As per mission (JNNRUM) strategy, a perspective plan for 20-25 years (with five yearly updates) indicating policies, programmes and strategies of meeting fund requirements is to be prepared by every identified city. This is to be followed by City Development Plans (CDP) for accessing Mission Fund under JNNURM indicating expenditure on each possible development sectors of the city. Slum development is one of the components of CDP. The ULBs are required to prepare Detailed Project Reports (DPRs) for each component showing plan of expenditure for projects under identified areas.

Scrutiny of records in five test checked ULBs revealed that only BMC and CMC had prepared perspective plans while other three ULBs were yet to prepare perspective plans. Similarly, CMC, BMC and BAMC had prepared CDPs during 2008-09 while Keonjhargarh and Jharsuguda municipalities had not prepared any CDP till the date of Audit. However, all the test checked ULBs had prepared DPR on IHSDP and BSUP schemes during 2008-2010.

This indicates that the municipalities of Keonjhargarh and Jharsuguda prepared DPRs after launching of the slum development schemes in 2005 in order to exhaust scheme funds. Since DPR was to be a part of CDP, this made the ULBs miss out a broad vision of planned development.

The EOs of Jharsuguda and Keonjhargarh municipality stated (August-September 2014) that the CDP was under preparation.

[36] Berhampur Municipal Corporation (BAMC), Bhubaneswar Municipal Corporation (BMC), Cuttack Municipal Corporation (CMC), Jharsuguda Municipality and Keonjhargarh Municipality

The reply is not acceptable as they should have prepared CDP before preparation of DPR.

2.5.3 Non maintenance of transparency in identification of site/ beneficiaries

As per Para 4.5 of IHSDP Modified Guidelines, State Urban Development Agency (SUDA)/ULBs/Nodal Agencies authorised by the State Government are to select beneficiaries for providing housing. Again, as per instructions (March 2011) of Central Sanctioning and Monitoring Committee (CSMC), poverty alleviation survey of slums and potential beneficiaries for coverage under BSUP and IHSDP projects is compulsory for the meaningful formulation of DPRs.

A general review of process of identification of sites and beneficiaries revealed that out of five ULBs, only Jharsuguda municipality had conducted socio-economic survey and identification of sites as required under the guideline. Survey made in other four ULBs lacked accuracy in selection of sites and beneficiaries. Instances of inaccurate survey by other ULBs were as under:

- CMC had not possessed land before preparation of DPR as required under the guidelines. The DPR of CMC contained 60 ghost beneficiary families who were not found during bio-metric survey
- In BAMC and BMC, ineligible beneficiaries having pucca houses were included in the DPR and
- In BMC and Keonjhargarh, beneficiaries having disputed land were included in the DPR.

A case study on inaccurate biometric survey in Keonjhargarh municipality is given below.

*Keonjhargarh Municipality prepared **a DPR under IHSDP** programme for 891 dwelling Units (DUs) with infrastructure facilities covering 13 slums out of 48 identified slums. DPR was **prepared and biometric** survey conducted (January 2009) by Narichetana **Mahila Institute** (NAMI) at a cost of ₹ 25.27 lakh (₹ 18.15 lakh + ₹ 7.22 **lakh** respectively) through Expression of Interest.*

*During the process of execution (2010-11), Municipal Council decided (December **2010**) in a resolution that out of 891 dwelling units, 630 dwelling units would be **surrendered** due to (i) family disputes in possession of land, (ii) incapability to deposit beneficiary share and (iii) increase in cost of building materials. This matter was communicated to HUDD by the EO in January 2011. As the dwelling units were reduced to 261 (891 - 630), a revised DPR was prepared with a project cost of ₹ 6.70 crore by the same consultant (NAMI). For the revised DPR, the consultant on negotiation was paid ₹ 5.42 lakh approved by HUDD. This indicated that the agency had not made proper survey identifying the eligible beneficiary which led to exclusion of 71 per cent beneficiaries necessitating a second survey.*

Thus, due to inaccurate survey, the entire expenditure of ₹ 23.25 lakh incurred on the preparation of 1st DPR (₹ 18.15 lakh) and biometric survey for 630 dwellers (₹ 5.10 lakh) was rendered futile.

Commissioner, CMC did not furnish any specific reply on missing beneficiaries. Commissioner, BMC stated that during execution of the scheme some beneficiaries had sold their land and some beneficiaries were not interested due to lack of funds at the initial stage of construction. While Commissioner BAMC stated that transparency was observed in selection of beneficiaries, the EO, Keonjhargarh municipality accepted the Audit observations.

The replies of the Commissioners, BMC and BAMC are not acceptable as this indicated that socio-economic survey was not properly conducted in the identified slums before preparation of DPR and there was departure from CSMC's instructions.

2.5.4 Avoidable expenditure on Biometric survey of IHSDP beneficiaries

As per CSMC instructions, States/UTs are to issue bio-metric identity cards to beneficiaries based on socio-economic survey.

Scrutiny of records of EO, Jharsuguda municipality revealed that for conducting biometric survey of the selected beneficiaries under IHSDP, the EO invited Expression of Interest (EoI) in February 2009 in which previous experience in the field was a pre-condition/criteria for participation in the bidding process. In response, three quotations were received among which two had previous experience in biometric survey. However, the lowest quoted rate of a contractor was accepted at a price of ₹ 500 per beneficiary. But, after issue of work order (February 2009) and payment of ₹ 50,000 as 1st advance (May 2009), the contractor refused to take up the work and returned the amount (July 2009) without conducting the survey.

The EO invited second EoI in October 2009 in which three bidders participated in the process. M/s Narichetana Mahila Institute (NAMI), being the L1 negotiated with municipality @ ₹ 1300 per beneficiary. The firm completed biometric survey and other ancillary works and was paid ₹ 10.22 lakh (April 2010 to August 2010).

The process of selection and acceptance of the 1st contractor was not in order as he was not meeting the pre-condition. Since out of three contractors two were meeting the pre-condition, the EO could have [illegible] the offer of lowest one of them. As in second EoI, the work was [illegible] awarded to NAMI who had quoted rate of ₹ 770 in first EoI, the [illegible] incur an extra expenditure of ₹ 4,16,580 (₹ 1021800 - 605220[37]) [illegible] with the offered price of NAMI in the first EoI. Thus, the [illegible] of the EO to award work to an inexperienced contractor [illegible] condition, resulted in avoidable expenditure of ₹ 4.17 lakh apart [illegible] of eight months in completion of the work.

The EO, Jharsuguda municipality accepted the audit observations.

[37] ₹ 770 X 786 = ₹ 605220 (Rate quoted in 1st EOI by M/s NAMI as per tender schedule)

2.5.5 Non allotment of household in the name of female members of family

As per provisions of Para 4.2 of Modified Guidelines for projects of IHSDP, the title of the land preferably was to be in the name of wife and alternatively jointly in the name of husband and wife. In exceptional cases, title in the name of male beneficiary may be permitted.

Scrutiny of records in five test checked ULBs revealed that out of 2595 IHSDP beneficiaries, 783 houses in four ULBs were in the name of female members of the families and the rest 1812 houses were in the name of male beneficiaries. As the Records of Rights (ROR) were mostly in the name of the male members of the family, the ULBs adopted the method of allotting the dwelling units in the name of male members. The details of allotment of dwelling units of four ULBs are given below:

Table 2.21 Allotment of dwelling units to male/female beneficiaries

Name of the ULB	No. of beneficiaries	Allotted to female member	Allotted to male member	%age of allotment of female member to total allotment
BAMC	1092	448	644	41
Keonjhar Municipality	261	54	207	21
Jharsuguda Municipality	786	162	624	21
CMC	456	119	337	26
Total	**2595**	**783**	**1812**	**30**

(Source: DPRs of respective ULBs)

Thus, due care was not taken by the ULBs to adhere to the guideline for which the objective of giving priority to women in housing schemes was not achieved.

The Commissioner, CMC stated (June 2014) that at the time of allotment of dwelling units it would be in the name of female head of the household or female head would be co-owner of the household. The reply of CMC is not tenable as the allotment to 456 beneficiaries had already been made in the name of male beneficiaries at the time of selection of the beneficiaries. The other ULBs confirmed the facts.

2.5.6 Tardy Implementation of the IHSDP/BSUP projects

BSUP was intended for integrated development of slums including housing and related infrastructure and provision of civic amenities and universal access of basic services to urban poor. The Mission (JNNRUM) period was initially declared for seven years starting from 2005-06 to 2012-13 stipulating completion period of BSUP and IHSDP projects as 12 to 15 months. However, due to poor progress (IHSDP : 37 *per cent* and BSUP: 43 *per cent* as of April 2013) in implementation of the scheme, GoI, Ministry of Urban Housing and Poverty Alleviation (MoUHPA) extended (September 2013) the mission period upto 2014-15.

As per the instruction issued by HUDD in May 2010, the beneficiaries are to start the work from their own resources and payments will be made on staggered basis (maximum nine instalments) after due verification by the JE/AE concerned. The overall status of implementation of IHSDP and BSUP schemes during 2009-10 to 2013-14 in the State of Odisha is given below:

Table 2.22 Status of implementation of dwellings units in the State

Name of the scheme	No. of DU sanctioned	Completed	Under progress	Not started	%age of achievement
IHSDP	12821	6848	4266	1707	53
BSUP	2508	1552	283	673	62
Total	**15329**	**8400**	**4549**	**2380**	**55**

(Source: MPR of July 2014 of HUDD)

It was observed that out of total 15329 dwelling units sanctioned under the two schemes, only 8400 (55 *per cent*) DUs have been completed, 4549 (30 *per cent*) DUs are under progress and 2380 (15 *per cent*) units are yet to start. This was due to (i) non-starting of DUs and lack of interest by the beneficiaries, (ii) non-availability of initial funds with the beneficiaries, (iii) non-response of contractors for execution of projects through tender and (iv) non-deposit of ULB share (10 *per cent*) towards infrastructure by Kendrapara municipality. Though periodical review meetings were conducted at the department level to sort out the bottle necks in implementation of the project, no follow up action was taken by the concerned ULBs. Thus, inspite of grant of extension for two years, the State was unable to make sound progress.

All the projects came under in situ projects except one project in CMC which was a rehabilitation project. The status of implementation of IHSDP and BSUP projects in five selected ULBs during the period 2009-10 to 2013-14 was as under:

Table 2.23 Status of implementation of dwelling units

Sl. No.	Name of the ULBs	No of dwelling units sanctioned as per DPR	No. of dwelling units taken up for execution	No. DUs not taken up by the ULBs (3 – 4)	No. of completed DUs	%age of achieve-ment	No. of ongoing project	No of DUs not started [4 - (6 + 8)]
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1	BAMC	1202	1092	110	503	46	383	206
2	Keonjhargarh municipality	261	261	0	181	69	80	0
3	Jharsuguda municipality	786	786	0	498	63	210	78
4	CMC	456	192	0	0	0	192	264
5	BMC	1961	1449	512	1291	89	158	0
	Total	**4666**	**3780**	**622**	**2473**	**65**	**1023[38]**	**548**

(Source: Correspondence files and MPRs maintained at ULB level)

The overall percentage of achievement in five test checked ULBs was 65 as of July 2014 and it varied from zero (CMC) to 89 *per cent* (BMC). The number of houses remaining incomplete was 1571 out of which 1023 houses were in ongoing stage and 548 houses had not started due to lack of interest and poor financial condition of the selected beneficiaries.

During joint physical inspection of dwelling units in five ULBs, it was noticed that 203 dwelling units were completed and the rest 155 dwelling units were incomplete. It was ascertained in beneficiary interview that 37 *per cent* of beneficiaries were unable to complete their dwelling units due to shortage of funds and the ULBs did not sensitise the beneficiaries about Differential Rate of Interest (DRI) loan facility given by banks.

[38] The number of houses lying incomplete at various stages are (i) layout-51, foundation-270, plinth-200, lintel-210, roof-89 and roof casting-203

Audit found that out of 358 houses inspected, beneficiaries of 19 incomplete houses had received first installment of ₹ 15,300 and 41 beneficiaries had received both first and second installment (₹ 15,300 + ₹ 10,200) and the works were under progress.

The delay in implementation of housing projects was mainly due to poor response of bidders to construct low cost houses, abnormal increase in rates of building materials, poor financial condition of the beneficiaries to start the dwelling units for in situ projects, sale of land by selected beneficiaries before issue of work order, legal disputes in ownership of land and delay in completion of construction of DUs by contractors of BMC, BAMC and CMC.

2.5.7 Provision of infrastructure

As per BSUP and IHSDP guidelines, project component shall contain provision of physical amenities like water supply, storm water drains, community bath, widening and paving of existing lanes, sewers, community latrines and street lights etc. The completion period was within 12 to 15 months.

Scrutiny of records in five ULBs revealed that no work had started in CMC. In rest four ULBs, the mission of infrastructure development had suffered due to non-participation of bidders and other reasons as stated below:

Table 2.24: Financial status of infrastructure projects in selected ULBs *(₹in crore)*

Name of the ULBs	Amount sanctioned	Total expenditure incurred as on 31.7.2014	%age of expenditure	Reasons
Jharsuguda Municipality	8.60	0.11	1	Non-participation of bidders despite repeated tenders and non-commencement of tender process (one project).
Keonjhargarh Municipality	2.96	0.83	28	Delay in tender call notice by EO and encroachment of land for community hall
BMC	21.08	12.03	57	Non-response of bidders to contract as DPR was prepared taking Schedule of Rate 2007, non-execution of work by the SPARC (NGO) in two clusters in Bharatpur and Nayapalli Sabarasahi and slow progress of electrification work by CESU for installation of transformer and 11 KV and LT line in all clusters.
BAMC	13.77	2.53	18	Poor response of bidder in spite of repeated tenders and abnormal increase in rate of building materials.
Total	**46.41**	**15.5**	**33**	

(Source: Data maintained at respective ULBs)

Audit observed that out of total funds of ₹ 46.41 crore released during the period 2009-10 to 2013-14 under infrastructure, only ₹ 15.50 crore (33 *per cent*) had been utilised and balance amount of ₹ 30.91 crore (67 *per cent*) remained unutilised as on July 2014. As could be seen above, the reason was mostly lack of interest of the bidders. Due to delay in provision of basic urban infrastructure facilities in the slums, the dwellers were deprived of improved living conditions.

All the ULBs stated (June to September 2014) that the projects would be completed soon.

2.5.8 Fund Management

2.5.8.1 Receipt and utilisation of fund under IHSDP/BSUP

Scrutiny of records relating to the receipt and release of IHSDP scheme funds of the State revealed that during the period 2009-10 to 2013-14, a total amount of ₹ 138.20 crore (CS: ₹ 112.63 crore + SS: ₹ 25.57 crore) was available with the State for implementation of the IHSDP scheme out of which the State had utilised ₹ 128.32 crore (93 *per cent*) as on March 2014. The receipt and utilisation of funds in the selected ULBs were as follows:

Table 2.25 Receipt and utilisation of funds in selected ULBs (₹ *in crore*)

Sl. No.	Name of the ULB	Year	GIA receipt	Misc. receipt	Total fund	Expenditure	Savings	Spending efficiency (in per cent)
1	CMC (IHSDP)	2010-14	12.5	10.77	23.27	13.57	9.7	58
2	BAMC (IHSDP)	2009-14	25.61	5.58	31.19	6.97	24.22	22
3	Jharsuguda Municipality (IHSDP)	2009-14	16.38	1.17	17.55	6.93	10.62	40
4	Keonjhar Municipality (IHSDP)	2009-14	8.29	0.90	9.19	2.27	6.92	25
5	BMC (BSUP)	2007-14	45.85	0	45.85	28.82	17.03	63
	Total	**2007-14**	**108.63**	**18.42**	**127.05**	**58.56**	**68.49**	**46**

(Source: Cash books, Grant registers, MPRs of respective ULBs)

As could be seen from the above table, 46 *per cent* funds remained unspent during 2009-10 to 2013-14. The percentage of utilization ranged between 25 and 63. The low spending was due to (i) delay in tender process for infrastructure work, (ii) non-response of bidders to housing projects implementation due to increase in cost of projects, (iii) slow progress of work by the contractors in BMC due to improper supervision and (iv) non-commencement of DUs by the beneficiaries.

Thus, due to lack of proper planning in implementation by the ULBs, huge unspent balance of ₹ 68.49 crore had been lying in the Bank accounts without fruitful utilisation.

2.5.8.2 Inadmissible expenditure under the BSUP scheme

As per para 7(B) of BSUP guideline, the projects pertaining to (i) power, (ii) telecom, (iii) wages employment programme and staff component and (iv) creation of fresh employment opportunities were inadmissible under the scheme.

Scrutiny of the BSUP cash book of Dumuduma (Raghunath Nagar) projects in BMC revealed that expenditure of ₹ 1.33 lakh on remuneration, TA bills and expenditure on other scheme (UIDSSMT) were charged to the BSUP scheme which are inadmissible under the scheme.

The Project Officer, BMC stated that due to shortage of funds, the amount was transferred as a temporary measure. However, on receipt of funds under respective heads, the amount would be recouped.

The reply is not acceptable as no such provisions were made in the ULB budget to recoup the amount as the expenditure was made since 2011-12.

2.5.8.3 Non maintenance of separate Bank account for scheme funds

Para 15.2 of IHSDP guideline requires the ULB to open and maintain separate bank account for each project in a commercial bank. A separate cash book may also be operated for better financial monitoring and management.

Audit found that three ULBs (CMC, BAMC and Keonjhargarh municipality) had not maintained separate Bank accounts for IHSDP funds. In CMC, the transactions on IHSDP were made in more than one account. It was observed that the 1st instalment of ₹ 5.32 crore was received in February 2011 and the same was deposited in nine banks. Again, IHSDP grant of ₹ 7.18 crore received in 2013-14 was deposited in the Account of Rajiv Awaas Yojana (RAY), Urban Infrastructure Development Scheme for Small and Medium Towns (UIDSSMT) etc maintained with SBI. In BAMC, three SB Accounts of IHSDP funds were operated in two banks. In Keonjhargarh municipality, 10 SB Accounts were operated in 10 different banks.

Due to this, the actual interest accrued on IHSDP fund could not be ascertained and this indicates ineffective fund management by the Commissioners of ULBs.

All the ULBs admitted the fact and assured (June 2014 to October 2014) to maintain a separate bank account afterwards for each scheme.

2.5.8.4 Non submission of Utilisation Certificates

Scrutiny of UC file and information furnished by HUDD revealed that against the total expenditure of ₹ 128.32 crore incurred under IHSDP by 38 ULBs, HUDD had submitted UCs for ₹ 65.73 crore to GOI as of March 2014. UCs for an amount of ₹ 62.59 crore (₹ 128.32 crore – ₹ 65.73 crore) are pending for submission as on 31 March 2014. The delay in submission of UCs was due to delay /non-submission of UCs by the implementing ULBs.

2.5.8.5 Submission of inflated Utilisation Certificate

Scrutiny of UC files of CMC and BMC revealed that these ULBs had received a total fund of ₹ 51.85 crore and utilized ₹ 14.59 crore against which UC for ₹ 30.80 crore were submitted. This resulted in submission of inflated UC of ₹ 16.21 crore as shown in the following table.

Table 2.26 Submission of inflated Utilisation Certificate (₹*in crore*)

Name of the ULBs	Name of the Scheme	Amount received	Actual expenditure incurred	Amount for which UC submitted	Inflated UC submitted
BMC	BSUP	28.5839	14.5440	17.2341	2.69
CMC	IHSDP	23.27	0.05	13.57	13.52
Total		**51.85**	**14.59**	**30.80**	**16.21**

(Source: UC file and Implementation of scheme file)

- CMC had submitted UCs for ₹ 13.52 crore to HUDD in December 2013, which was actually an advance to the OPHWC.

[39] Bharatpur: ₹ 27.06 crore and Nayapalli Sabarsahi: ₹1.52 crore

[40] Bharatpur: ₹ 13.91crore (as on 2 July 2013) and Nayapalli Sabarsahi: ₹ 0.63 crore (as on 19 November 2013)

[41] Bharatpur: ₹ 16.29 crore (as on 3 July 2013) and Nayapalli Sabarsahi: ₹ 0.94 crore (as on 26 November 2013)

- The BMC made an expenditure of ₹ 14.54 crore in two projects but it had submitted UCs of ₹ 17.23 crore on the assurance (July and November 2013) of the Executive Engineer, Division-I to incur the expenditure within a short span.

While Commissioner, CMC stated that as per the advice of HUDD, the interim UC was submitted, BMC stated that the guideline would be followed strictly.

2.5.9 Monitoring and evaluation

As per para 13 of the IHSDP guideline and para 24 of the BSUP guideline, State Level Nodal Agency (SLNA) has to send quarterly/ monthly progress reports to MoHUPA. For a consolidated report at State level, the concerned ULB has to send the progress report to the SLNA.

Scrutiny of records of HUDD revealed that SLNA had submitted regular Monthly Progress Reports (MPRs) to MoHUPA based on information received from ULBs indicating the physical and financial progress on implementation of IHSDP/BSUP under JnNURM. However, out of five ULBs test checked, Audit found only in Jharsuguda municipality that there was misreporting in their MPRs submitted to HUDD as MPR figure as on 7 August 2014 showed that out of 786 dwelling units taken up, 498 dwelling units were completed and other 288 dwelling units were under progress. On verification of correspondence file and MPR file revealed that actually 78 houses were yet to start as of July 2014. So, the MPRs submitted to the Government of Odisha were not accurate and it was ascertained that the discrepancies had been continuing since long and was not rectified till date.

2.5.9.1 Irregular payment to Third Party Inspection and Monitoring Agency (TPIMA)

As per instructions (January 2010) of MoHUPA and decision taken (August 2010) in 88th meeting of the Central Sanctioning & Monitoring Committee (CSMC), a Third Party Monitoring Agency (TPIMA) was appointed by SLNA for the State of Odisha. Subsequently, an agreement was signed (March 2011) among HUDD, GoI and M/s BLG Construction Services (P) Ltd. for contract value of ₹ 1.44 crore for supervision and monitoring of six BSUP and 32 IHSDP projects. As per special conditions of contract, the currency of contract was 12 months which could be extended upto a period of three years on mutual agreement by both the parties. The first year of contract was from 15 March 2011 to 14 March 2012.

Audit observed that during the period 15 March 2011 to 14 March 2012, TPIMA had undertaken only three visits apart from one partial visit to different ULBs for monitoring the above centrally sponsored schemes. However, the firm undertook three more visits to different ULBs after expiry of the contract period without extension of contract period mutually with HUDD. Thus, the payment made by HUDD for the visits after 14 March 2012 was irregular. HUDD paid the firm a total amount of ₹ 97.29 lakh for the visits from April 2011 to January 2013. As the contract period was not extended by both the parties, the firm was only eligible for payment upto 14 March 2012.

The firm's claim for the visits upto 14 March 2012 was ₹ 39.05 lakh. However, HUDD paid ₹ 33.75 lakh to the firm for the said admissible period.

The rest amount of ₹ 63.54 lakh (₹ 97.29 lakh – ₹ 33.75 lakh) paid to the firm for the period after 14 March 2012 was irregular and resulted in extension of undue benefit to the agency.

2.6 Assessment and collection of holding tax in Cuttack Municipal Corporation

2.6.1 Introduction

Holding tax and Property tax are major sources of revenues for ULBs which is utilised to provide basic civic amenities to the residents in municipal areas. While property tax is charged on the annual value of any land or building in the Corporation area, holding tax is imposed on the annual value of holdings (excluding landed property) situated within the municipality. Property tax is regulated under Section 198 of Orissa Municipal Corporation (OMC) Act, 2003 while holding tax is regulated under Section 131 of Orissa Municipal (OM) Act, 1950. Under the provision of Section 142 of OM Act, State Government has established a Valuation Organisation under HUDD to help ULBs assessing holding tax and has also appointed Valuation Officers (VOs), who shall, determine annual value of the holdings within the municipality by notification and prepare the valuation list. Pending appointment of a VO, the Executive Officer of each municipality is to exercise the power and perform the duty of a VO. Municipality has to determine the percentage of Annual Rental Value at which the holding tax is to be realised (Section 144 of OM Act).

Audit was conducted on "Assessment and Collection of holding tax" by Cuttack Municipal Corporation (CMC) for the period from 2011-12 to 2013-14 during September 2014.

2.6.2 Present set up of holding tax collection in CMC

Cuttack Municipality was made a Corporation in August 2003. The Executive wing, headed by the Municipal Commissioner, looks after the day-to-day functioning and supports the elected body of Municipal Council in the decision-making process. The Holding tax wing in CMC is headed by the Recovery Officer. Tax is determined by the Municipal Council and is collected by the Tax Collectors (TCs) under the supervision of Tax Daroga and deposited in the concerned ULB Account known as Municipal Fund.

The entire CMC is divided into 37 tax wards for collection of holding tax from where tax is collected from 54,617 holdings.

Audit findings

2.6.3 Mandate

2.6.3.1 Non administration of Property Tax due to inadequate institutional arrangement

CMC was governed under the provisions of the Orissa Municipal Corporation (OMC) Act, 2003. Section 657 of the Act required framing of detailed rules and bye-laws for administration of taxes etc., while Section 215 and 218 required constitution of "Corporation Valuation Committee" by the Corporation and "Assessment Tribunal" by the Government respectively. The committee portrays the role of a valuation organisation for collection of property tax. A tribunal is to hear and dispose the appeal preferred by any owner or occupier of any land and buildings aggrieved by any order of the Commissioner u/s 210 or by the determination of annual value u/s 226 of OMC Act. 13th Finance Commission also recommended constitution of State Property Tax Board (SPTB).

Audit found that, above institutional arrangements as required under the Act, were not taken up in CMC even after 11 years of enactment of the Act. Due to non-formation of the valuation committee by CMC, the Municipal Corporation was deprived of proper guidance and recommendation in matters of classification of lands and buildings, determination of valuation of holdings etc., for effective administration of property tax. Besides, due to non-constitution of "Corporation Assessment Tribunal", effective appellate mechanism against the grievances involving incorrect assessment by the Corporation was not available. It is to mention here that SPTB had also not been set up as of March 2014 at State level.

Audit found that instead of imposing property tax on land and buildings in the Corporation area, CMC had been assessing and collecting holding tax. Audit failed to find from records any tangible effort made by CMC in this regard. This inaction by CMC to levy property tax led to loss of additional revenue.

The Recovery Officer, CMC stated (September 2014) that property tax will be implemented after approval of the Corporation and direction from the Government.

2.6.3.2 Non assessment of holding Tax on railway land, agricultural land and industrial areas

As per Section 131(1) (a) of the OM Act, the municipalities shall impose tax on holdings situated within the municipality on their annual value. Further, as per the provisions {Section 131 (2)(b)} of the Act, municipality shall levy holding tax on annual value of railway lands situated within the municipalities which are not used exclusively for agricultural purposes and are not occupied by or adjacent and appurtenant to any buildings. The annual value was to be determined by a Committee consisting of Executive Officer/Municipal Commissioner of the ULB, Collector and one representative of Railway. Similarly, for agricultural land, Section 131 (3) (a) of the OM Act, 1950 stipulated that holding tax was to be levied proportionately on lands situated within the municipal area and used exclusively for agricultural purposes. As

per State Industrial Policies Resolution (IPR) 2001 and 2007, the industrial estates/areas etc. were to be excluded from the tax liability of the municipality and other local authorities provided that the local Industries' Associations undertake to maintain the infrastructure of the industrial estates either directly or through other agencies by taking consent of the Odisha Industrial Infrastructure Development Corporation (IDCO) and HUDD by way of amendment to the concerned Act.

Audit scrutiny in CMC revealed that:

- CMC did not form the Committee for determining the annual value of the railway land. Moreover, railway lands were not identified by the CMC.
- Holding tax was neither assessed nor imposed on 4127.036 acres of land used exclusively for agriculture purpose resulting in loss of revenue. As proportion of tax on these lands had not been fixed by CMC, it was not possible on the part of Audit to quantify the loss.
- HUDD passed an order in April 2012 wherein the payment of holding tax by industries situated in industrial estates were deferred for 10 years from the date of allotment of land. Although no such order was passed prior to April 2012 yet tax had not been assessed and imposed on 554 holdings situated in Jagatpur Industrial Estate (IE) upto March 2012. In IE at Khapuria, out of 152 units, CMC was collecting holding tax from 105 units the total annual demand being ₹ 1.54 lakh. Thus, as many as 601 industries remained outside the tax net and CMC was losing ₹ 8.82 lakh per annum calculated at the average rate of ₹ 1467 (₹ 154117/105) per unit per annum in IE Khapuria.

In respect of identification of railway and agriculture lands, the Recovery Officer (RO), CMC stated (September 2014) that steps would be taken for imposition of holding tax on railway land and land exclusively used for agricultural purpose after due approval of the Corporation.

Fact remains that even after 64 years of enactment of the Act; enough steps were not taken for identification of railway/ agricultural land which could have earned additional revenue to the Corporation.

In respect of holdings in Jagatpur Industrial Estate, the RO stated (September 2014) that IDCO who had allotted land to industries, was collecting maintenance charges for roads and street light. So, the industries were opposing CMC for assessment of holding tax and an attempt made in this regard during 2010 had failed. However, the RO stated to take up the issue with the Government.

The reply is not acceptable as maintenance charge was different from holding tax and CMC was fully empowered under the Act to make assessment of all holdings under its jurisdiction.

2.6.4 Assessment of holding tax

Section 131 of the OM Act, 1950 empowered the ULBs to impose a tax on holdings situated within the municipality at a rate not exceeding 10 *per cent* on the annual value of holdings. The Act prescribed the annual value of a holding to be the gross annual rental at which the holding might reasonably be expected to let out less 15 *per cent* towards allowance for repair and the annual value of a holding, which was not intended for either letting on rent or residence of the owner himself, to be calculated at 7.5 *per cent* of the erection cost of the building and a reasonable ground rent for the land comprised in the holding [Section 137(1) and Section 137(2)].

Audit scrutiny of the assessment procedure revealed that the Corporation was deprived of earning additional revenue of ₹ 2.27 crore towards holding tax due to non-revision of annual value, non-revision of rate chart, non-addition of ground rent in holding tax and under assessment of annual value of holdings by reducing plinth areas etc. as discussed in the succeeding paragraphs:

2.6.4.1 Non revision of annual value leading to loss of revenue

As per section 146 of the OM Act, 1950 unless otherwise directed by the State Government, new valuation and assessment list should be prepared once in every five years. Audit found that the general revision of valuation of holdings in CMC was not carried out for more than 50 years. As ascertained, the last revision though was made during 1961-62 was not yet adopted by CMC.

During 2010-11, the Valuation Organisation revised the assessment of annual value of holdings in 11 ULBs in which CMC was not included. In the revised assessment list, it was noticed that the annual value of holdings was enhanced[42] ranging from 1.57 times (Khordha municipality) to 29.28 times (Banki NAC) of the last valuation of the holdings.

In CMC, the demand for the year 2013-14 was ₹ 3.37 crore. Had there been revision of annual value of the holdings of CMC by the Valuation Organisation, the demand would have been increased to ₹ 5.30 crore calculated at 1.57 times (the minimum rise) of current demand. As a result, the ULB was deprived of generating additional revenue of ₹ 1.93 crore (₹ 5.30 - ₹ 3.37 crore) annually.

In reply, the Recovery Officer, CMC stated (September 2014) that the Valuation Organisation had not revised the annual value.

The reply is not acceptable because as per Section 143-A, the Municipal Commissioner can exercise the power and perform the duties of VO in respect of that Municipality and the Municipal Commissioners had not attempted to revise the assessment list during last 50 years.

[42] Based on the sale data for last three years and benchmark valuation, the land value is revised. The areas of an ULB are divided into four categories. In addition holdings are categorised in three different types.

2.6.4.2 Annual loss of holding tax of ₹ 32.20 lakh due to non-adoption of revised building cost and non-addition of reasonable ground rent in valuation of commercial holdings

The OM Act envisages that annual value of buildings not intended for letting out or to be used by the owner for residential purposes shall be at 7.5 *per cent* of the erection cost in addition to a reasonable ground rent for the land utilised for construction of the building.

Further, the Valuation Organisation calculated the annual value of commercial building at 7.5 *per cent* of erection cost of the building plus five *per cent* of land value and HUDD advised (February 2001) all the ULBs to adopt revised rate chart based on revised schedule of rates of the PWD for assessing the annual value of the holding. Only in case of difficulty/dispute, ULBs were instructed to seek clarification from Government.

The office of Engineer-in-Chief (Civil), Works Department, Odisha prescribed (March 2011) a revised rate chart for adoption of a uniform cost estimate for construction of residential and non-residential buildings.

Scrutiny of assessment files for the period 2011-14 revealed that CMC neither implemented the above provision of the OM Act nor followed the instructions of the VO as well as EIC rate of 2011 in valuation of commercial buildings. Annual Rental Value (ARV) of holdings had been assessed at the rate of ₹ 2.00 per sft vide Council Resolution of March 1997. The Council further approved (October 2000) ARV of buildings of "Special" class[43] at the rate of ₹ 10 per sft which were used for Bank, Insurance Company, 1st Class[44] Hotel/Lodging and for higher class of business, buildings of "A" class assessed at the rate of ₹ 7 per sft which were used for nursing home, hotel/lodging, shops, transport company and jewelry shops and the buildings of "B" class [45] assessed at the rate of ₹ 5 per sft which were used for business other than "Special" and "A" Class.

Further scrutiny of assessment sheets of 366 holdings revealed that in 84 among these, buildings used for commercial purpose were assessed at the rate which were approved in CMC Council in October 2000 without following the EIC rate (March 2011) and instructions of VO which resulted in underassessment of Annual Value of ₹ 3.03 crore and loss of holding tax of ₹ 30.28 lakh[46] annually.

The Recovery Officer stated (September 2014) that the assessment of annual value and imposition of tax were made as per rate approved by the council.

The reply is not acceptable as CMC should have followed the provisions of OM Act and Government instruction for assessing the annual value of commercial holdings.

[43] Special class-Bank, Insurance, Hotel, Lodgings
[44] A Class- Nursing Home, Small hotel, lodgings, shops
[45] Other buildings except Special & A class
[46] The calculation sheet of underassessment being large, is kept as Key Document

2.6.4.3 Loss of holding tax due to incorrect assessment of plinth area

To ascertain the effectiveness in monitoring and working of the Taxation Wing, Audit Team conducted joint physical inspection of 22 commercial holdings with representatives of CMC to cross check the constructed plinth area for comparison with the assessed plinth area. It was noticed that in 12 cases, the plinth areas of the buildings were less assessed as given below.

Table 2.28 Statement showing loss of holding tax due to incorrect assessment of plinth areas

Sl. No.	Name of the holding	Plinth area in sq. ft. as per measurement	Plinth area in sq. ft. as per assessment	Difference in plinth area	Assessed rate per sq. ft.	Difference in annual valuation
1	Cambridge School, KVK road	81470	49840	31630.00	5	158195.00
2	Satya Sai School, KVK road	17844	8520	9324.00	5	46620.00
3	DAV Public School, Gandarpur	33364	31872	1492.00	5	7460.00
4	Pramod Resorts	14407.11	11300	3107.11	5	15535.00
5	Aswini Hospital	69625.00	63634	5991.00	7	41941.00
6	United Builders	182343	35472	146601.00	7	1026207.00
7	Hospital Sadguru	47342	45130	2212.00	7	15484.00
8	ABIL, CDA	259813.29	193099	66714.29	5	333571.45
9	DAV Public School	104391.55	99969	4422.55	5	22112.75
10	Saraswati Sishu Mandir, Sector-9	12613.98	12389	226.98	5	1134.90
11	Reverune Hospital, Sector-8	33515.78	22564	10951.78	7	76662.46
12	Popular Nursing Home	14212.55	12296	1916.55	7	13415.85
	Total	892953.86	608085	284598.86		1758339.41

Source: the assessment files of CMC

** Plinth area of Sl. No. 1 &2 were derived by dividing the annual value of the holdings by ₹ 5.00*

As could be seen from the above, 284598.86 sft of constructed plinth area was out of the tax net leading to undervaluation of annual value of the holdings by ₹ 17.58 lakh in 12 cases. The tax collection was also reduced by the equal amount.

The Recovery Officer, CMC accepted the undervaluation and assured to reassess the cases and follow the OM Act after getting approval of the council.

2.6.4.4 Non assessment of residential holdings in rental basis

As stated earlier, the annual value of a holding shall be the expected gross annual rental after deducting 15 *per cent* towards repairs.

Scrutiny of assessment sheets revealed that CMC had been assessing annual value of holdings @ ₹ 2 per sft of built up/plinth area. It was noticed that 12 flats in three apartments under CMC were not assessed on rental basis though these were found to be put on rent by their owners during joint physical inspection. The loss of holding tax could not be computed in audit due to non-availability of rental value of holdings.

Recovery Officer stated that as per Council resolution (March 1997), the rented houses were not treated as separate as self-residential.

The reply is not acceptable as it directly contradicts the provision of OM Act.

2.6.4.5 Arbitrariness in assessment of holding tax

Scrutiny of assessment records of 12 flats under one apartment (Swostik Enclave) revealed that the holding taxes were imposed differently for the same plinth area and same tax was imposed on the owners of holdings with different plinth area indicating arbitrariness in assessment as discussed below.

- In one residential apartment (Swostik Enclave) under CMC area, Audit found that, holding taxes for three flats with same plinth area (1025 sft) were assessed differently as ₹ 205 (two flats) and ₹ 220 (one flat) per quarter.
- In three apartments, CMC had been collecting tax at the same rate from holdings with different plinth area as shown in the following table.

Table 2.29 Statement showing collection of taxes at same rate from different holdings

Sl. No.	Name of the Apartment	Flat No.	Plinth area (in sft.)	Tax imposed per annum (₹)
1	Swostik Enclave, Buxi bazaar, Cuttack	1/A	1230	250.00
2		2/A	1230	250.00
3		1/D	1225	250.00
4		2/D	1225	250.00
5	Chiranjiv Complex, Buxi bazaar, Cuttack	3/C	1000	200.00
6		2/C	980	200.00
7	Metro River View Apartment, Nayasarak, Cuttack	3rd floor	1200	240.00
8		4/1st floor	1154	240.00

Recovery Officer stated that henceforth the holdings having equal plinth area would be taxed at the same rate.

2.6.4.6 Non- raising of demand towards collection of Holding Tax

Out of 37 tax collection wards consisting of 54,617 holdings, a test check of Current Demand Register (CDR) for the year 2011-12 in eight wards having 13618 holdings revealed the following irregularities in 140 cases:-

a) In 78 cases, neither the name of the holding owner nor the annual value of the property was mentioned in the CDR. No demands were raised also.

b) In 52 cases, neither the annual value of the property was mentioned nor was demand raised against the holding owners though the name of holding owners was there.

c) In 10 cases, though the name of the holding owners and the annual value of the property were mentioned but no demand was raised against them.

Thus, due to improper maintenance of the register, the Corporation had been losing revenue annually from the above 140 holdings in eight wards.

Recovery Officer stated (September 2014) that proper care would be taken for maintenance of CDR and lapses pointed out by audit would be taken care of.

2.6.5 Recovery of holding tax

2.6.5.1 Inadequate measures for collection of arrears

Section 161 and 162 of OM Act authorises a ULB to issue notice or warrant for distress and sale of any movable property belonging to the defaulter, if the holding tax is not paid within the stipulated period. The ULB may also move

the District Collector for recovery or may sue the person liable to pay the same in any court of competent jurisdiction (Section 169 and 170).

During 2011-12 to 2013-14 CMC had not issued annual demand notice to individual tax payers and subsequently Distress Warrant to defaulters. It had not instituted civil suits against the defaulters as an alternate measure.

Audit noticed that against a demand of ₹ 12.82 crore, ₹ 9.20 crore was realised as of March 2014 leaving ₹ 3.62 crore (28 *per cent*) unrealised ranging from one to 39 years. The unrealised dues included *inter alia* ₹ 3.48 lakh locked in civil suits and ₹ 2.26 lakh pending under appeal. The huge arrears which could be realised by adoption of measures were pending due to lack of follow up by CMC.

2.6.5.2 Inaction of Council for collection and remission of arrears

Rule 200 of the Orissa Municipal Rules, 1953 authorises preparation of a progress statement in Form-N, of each month which shall represent position of collection accounts as a whole and be submitted to the council who shall carefully scrutinise with a view to adoption of measures for the collection or remission of arrears.

Check of Council Resolution Books revealed that though 29[47] Council meetings were held during the period 2011-14, no action was taken for collection of arrears. No discussion on collection or remission of arrears of taxes was also held in the Standing Committee on Taxation, Finance and Accounts.

Recovery Officer stated (September 2014) that CMC was taking steps for collection of arrears by pursuing the tax payers.

2.6.5.3 Inadequate incentives for timely payment and collection

As per Section 159A (1) (2) of the OM Act, rebate can be granted on advance payment of tax either annually or quarterly. The ULB is to establish a system of punishments and rewards to Tax Collectors as envisaged under Rule 201(2) of the OM Rules for ensuring effective collection of tax.

Scrutiny of Rebate File, Council Resolution Books and Current Demand Register revealed that rebate on tax at the rate of five *per cent* was allowed to the tax payer who had paid annual taxes in advance during April and May when arrears of taxes were not outstanding. But, no resolution was made for grant of rebate to the tax payers. Further scrutiny revealed that provision was not made for grant of rebate on tax if paid in advance for any quarter and also there was no mechanism established, either to punish or reward the Tax Collectors on the basis of their performance in collecting taxes.

Due to non-allowing of rebate to boost payment of tax and absence of any mechanism to punish/reward the tax collectors on the basis of their

[47] 2011-12: 9 meetings, 2012-13: 13 meetings and 2013-14: 7 meetings

performance, holding tax accumulated to large arrears of ₹ 3.62 crore as of March 2014.

Recovery Officer of CMC assured to follow audit observation after approval by the Council.

2.6.6 Inadequate monitoring and supervision to safeguard the leakage in assessment and collection of revenue

As per Section 143(1) of the Act, in respect of municipalities, where the annual value of holdings has not been determined, the valuation officer, shall determine the annual value of all holdings within the municipality and shall prepare a valuation list containing such particulars as may be prescribed. Besides, ULB level reforms on property tax under JnNURM emphasise the need for a proper mapping of properties using a Geographical Information System (GIS) so that the ULB is able to have a full record of properties in the city and bring them under the tax net. Further, audit of ULBs are to be conducted annually by the Local Fund Auditors and their observations are to be duly complied with to safeguard leakages in assessment, collection, and deposit of revenue.

Scrutiny of records revealed that CMC officials were not regularly surveying municipal areas to prepare a valuation list of all new holdings for imposition of tax. CMC did not contemplate introducing a GIS, an authentic means of mapping for tracking the households under municipal area. Though audit by the LFA were completed and reports on holding tax upto the year 2012-13 received, the audit observations were not complied with till the end of August 2014.

Joint physical inspection by Audit revealed that 12 (23 *per cent*) out of 52 holdings inspected were out of the tax net.

It was also found that progress statement was not prepared at all during 2011-14 and though the demand, collection, and balances (DCB) statement of tax were prepared, those were not submitted to the Corporation/Council of ULBs for scrutiny and remedial action.

2.7 Conservation of Bindusagar Lake

2.7.1 Introduction

Bindusagar is one of the heritage and holy lakes in Bhubaneswar City. Due to flow of waste water and sewage from the surrounding buildings, offerings and flowers from the temples, the lake became gradually polluted.

To restore water in lake, Government of Odisha submitted (2005) Detailed Project Reports (DPRs) through Bhubaneswar Municipal Corporation (BMC) for improving water quality as well as peripheral development of the lake to Government of India (GoI) in 2005. The DPRs were approved by concerned Ministries with minor changes. Ministry of Environment and Forests (MoEF) in National River Conservation Directorate (NRCD) under the scheme National Lake Conservation Plan (NLCP) sanctioned the project 'Conservation

and Management of Bindusagar Lake' in March 2006 with cost sharing of Central and State at 70:30. Subsequently, GoI in Ministry of Urban Development (MoUD) under Jawaharlal Nehru National Urban Renewal Mission (JnNURM) scheme sanctioned the project 'Peripheral development of Bindusagar Lake' in March 2007 with cost sharing of Central, State and ULB at 80:10:10 respectively.

Implementation of projects

2.7.2 Funding

Funds received under various components and expenditure incurred by BMC during 2006-14 are detailed below:

Table 2.30 Statement of Receipt and expenditure

(₹in lakh)

Name of the scheme	Amount sanctioned: Name of the Component	Sanctioned project cost	Amount released	Expenditure incurred	Funds unutilised
NLCP (NRCD)	Removal of floating weeds, water hyacinth	1.42	1.42	0.00	**1.42**
	Dredging/de-silting	21.68	21.68	8.90	**12.78**
	Diversion of domestic sewerage generated from the catchment area	56.84	56.84	67.18	**(-) 10.34**
	Storm water catch drain with two silt traps	24.00	24.00	26.00	**(-)2.00**
	Bio-remediation	73.00	73.00	29.04	**43.96**
	Sulabha Souchalaya (10 seater community toilet)	7.50	7.50	5.49	**2.01**
	Damaged wall repairing, stone pitching and earth filling	46.65	46.65	46.65	**0.00**
	Construction of parikrama, railing sating and renovation of Ghats	71.94	71.94	71.94	**0.00**
	Water quality soil monitoring	3.00	3.00	0.00	**3.00**
	Environmental/awareness//community participation	5.00	5.00	0.00	**5.00**
	Sub-Total	**311.03**	**311.03**		**55.81**
	Centages 8 per cent	24.88	10.98		10.98
	Total	**335.91**	**322.01**	**255.20**	**66.81**
JNNURM (MoUD)	Restoration & development of Lake periphery	**541.15**	-	-	-
	Centages 10 per cent	60.13	-	-	-
	Total	**601.28**	**776.02**	**776.02**	
	Grand total	**937.19**	**1098.03**	**1031.22**	-

(Source: Data compiled by Audit from the BMC records)

Audit noticed the following irregularities on receipt and utilization of funds.

- As evident from the above table, against the sanctioned amount ₹ 9.37 crore BMC received ₹ 10.98 crore which included Central, State and BMC share for development of Bindusagar lake. As against NLCP sanction of ₹ 3.36 crore, BMC received ₹ 3.22 crore out of which it could spend ₹ 2.55 crore. Reason for non-utilisation of fund was non-completion of bio-remediation and dredging work which were important activities of water quality management.

- As per condition laid down by NRCD, any unspent amount should be surrendered to the Directorate. For carrying forward any unutilised amount beyond the specified time limit of one year from the date of sanction, prior approval of NRCD should be obtained. Audit scrutiny revealed the unutilised fund of ₹ 66.81 lakh was not surrendered till date of Audit.

- Though the sanction order of NRCD stipulated for maintenance of separate accounts, BMC had not maintained a separate account and accounted for all the grants received from NRCD. As a result, the

balance of the pass book was ₹ 0.43 lakh against the unutilised balance of ₹ 66.81 lakh (₹ 322.01- ₹ 255.20 lakh) as on 5 February 2013 apart from interest earned on scheme funds.

- As against the sanctioned project cost of ₹ 6.01 crore, a sum of ₹ 7.76 crore was spent by BMC on the JnNURM component 'Restoration and development of lake periphery'. Thus, there was excess expenditure of ₹ 1.75 crore which was met from municipal funds of which ₹ 0.34 crore was incurred without sanction of the Corporation.

2.7.3 Execution of the project

The following irregularities were noticed during execution under NLCP and JnNURM schemes.

2.7.3.1 Engagement of consultant on nomination basis

According to Central Vigilance Commission's Office Memorandum (November 2002), appointment of consultants in government organisations should be made in a transparent manner through competitive bidding. Further, OPWD code stipulates that contract involving ₹ 50,000 and above should be executed by inviting tender and if not, reasons for not inviting tender should be recorded.

Scrutiny of records at BMC between March and May 2014 revealed that a high level committee meeting chaired by Chief Secretary in March 2005 unanimously decided to appoint M/s INTACH (Indian National Trust Art and Cultural Heritage) as the consultant for periphery development and preparation of the DPR without inviting any tender. An amount of ₹ 6.00 lakh was sanctioned and paid to M/s INTACH (October 2006).

Similarly, NLCP made a provision of ₹ 71.94 lakh for the component 'Construction of Parikrama wall (retention wall) around the lake'. Commissioner, BMC entrusted (August 2005) construction of wall of 310 meters out of 1245 metres of perimeter of the lake to M/s INTACH at an estimated cost of ₹ 62 lakh without inviting tender.

Thus, engagement of INTACH without inviting tender for both the works indicated that BMC had not maintained transparency in award of works.

Reply to the above audit observation is not received (September 2014).

2.7.3.2 Non-imposition of penalty leading to extra expenditure

BMC awarded the work 'Construction of Parikrama wall (retention wall of 310 metres) around the lake' to INTACH at ₹ 62 lakh stipulating completion within one year. Audit noticed that though the firm delayed execution of the work, yet BMC released ₹ 61.72 lakh as advance to it in four installments between 2005 and 2007. Inspite of slow progress of the work, BMC could not take any action against the firm.

The agreement with the firm had not contained the conditions stipulated in clause 2.3.1 (Compensation for delay) of OPWD Code though the legal

retainer engaged by BMC had suggested for inclusion of penalty clause for arbitration, default, deficient/defective work. Audit found that the firm had demanded (August 2006) ₹ 1.03 crore towards cost escalation for time overrun without assigning any reason.

As BMC rejected the demand, the firm abandoned (November 2007) the work after executing 154 mtrs (50 *per cent*). The Contract committee of BMC rescinded the agreement as late in January 2012 as the firm did not turn up to complete the balance work. But, by then the firm had already received full payment of ₹ 61.72 lakh for 310 mtrs of work in shape of advances. Though the stipulated period of completion was over by five and half years (from July 2006 to January 2012), due to absence of penalty clause, BMC could not claim any compensation for delay from the firm. Thus, the contractor was paid an excess of ₹ 31.04 lakh (₹ 61.72 - ₹ 30.66 lakh due) despite non-execution of 154 mtrs of Parikrama wall.

BMC executed the left over portion of the work through other agencies between 2009 and 2011 at a total project cost of ₹ 2.16 crore. Thus, there was an additional burden of ₹ 1.54 crore (₹ 2.16 crore less ₹ 0.62 crore) for BMC due to departure from formal tender procedure and deficient execution of agreement with INTACH.

2.7.3.3 Non-imposition of penalty on Bio-remediation and dredging work

As per Works Department's order (May 2005), to rescind the contract (of which rescission notice in writing to the Bidder under the hand of the undersigned, shall be conclusive evidence), 20 *per cent* of the value of left over work will be realised from the Bidder as penalty.

Audit noticed that NRCD sanctioned ₹ 3.36 crore (March 2006) for Bindusagar project stipulating completion by March 2007. Major components of the project were bioremediation[48], dredging and diversion of domestic sewerage generated from catchment. Scrutiny of records revealed that important components like bioremediation, dredging and de-silting work was put to tender and agreement was executed (October 2008) with L1 bidder (M/s ACE Housing) for ₹ 1.04 crore stipulating for completion by October 2009.

But in the agreement, BMC in lieu of keeping the clause prescribed by Works Department, incorporated Clause 9 of the Special conditions which envisaged that in case of non-completion of the work, the Mayor should have the right to rescind the contract and entrust the balance portion of the work to such agency as deemed fit and excess expenditure if any, incurred during the process of execution of balance quantity of work should be recovered from the contractor.

Audit found that BMC rescinded the contract in February 2011 i.e. 16 months after the scheduled date of completion due to slow progress of work. The firm was paid ₹ 29.04 lakh for the bioremediation work executed out of total works valuing ₹ 1.04 crore. But, BMC revised the scope of balance work from

[48] Bioremediation is a waste management technique that involves the use of organisms to remove or neutralize pollutants from a contaminated site

bioremediation to dredging of the entire lake for which scope for application of Clause 9 of special conditions for imposition of penalty was lost.

Thus, in absence of appropriate clause prescribed by Works Department, BMC failed to realise penalty of ₹ 14.99 lakh[49] on balance work from the firm.

The reply of the Government in this regard was not received (September 2014).

2.7.3.4 Extra cost due to delay in closure of contract and execution of left over work

Housing and Urban Development Department proposed (August 2005) NRCD for periphery dredging using mini-mobile dredger based on the calculation of 15 mtrs of periphery alongside entire one Km of the perimeter of the lake for the minimum depth of one meter. The total volume of silt to be removed was 15,000 cum. However, NRCD sanctioned dredging/de-silting of 22,590 cum at a cost of ₹ 21.68 lakh. BMC awarded the work (October 2008) to M/s ACE Housing. But due to slow progress of the work, the agreement was cancelled in February 2011 after issuing show cause notice (25 January 2010 and 24 April 2010).

On the basis of the decision (February 2012) of Bhubaneswar Old town committee chaired by Special Secretary, GA Department, the work of dredging of entire lake (118572 cum) was awarded (May 2013) to Orissa Construction Corporation at ₹ 3.07 crore through tender.

Audit found that in the new work, expenditure incurred on dredging/silting of 22590 cum was ₹ 58.51 lakh @ ₹ 259 per cum as against ₹ 21.68 lakh at the rate of ₹ 95.97 per cum (tendered rate of 2008). Had this work been completed by M/s ACE Housing or put to tender for completion of balance work, excess expenditure of ₹ 36.83 lakh[50] could have been avoided.

Thus, due to 16 months delay in cancellation of tender and more than two years delay in award of fresh dredging work, BMC had to incur extra expenditure on dredging of the lake.

Reply of Government is awaited (September 2014).

2.7.3.5 Wasteful expenditure due to non-improvement of quality of water

As described earlier, apart from NRCD's sanction of ₹ 3.36 crore, Ministry of Urban Development (MoUD) under JnNURM approved (March 2007) ₹ 6.01 crore for Bindusagar project excluding the components already covered under NLCP. The project period was five years as per JnNURM guidelines. In January 2014, the project was shown completed by BMC in its status report submitted to MoUD. The main aim of both the schemes was to make the lake amiable for pilgrimage and public bathing.

[49] [20 *per cent* of (₹ 104.00-29.04 lakh)]

[50] 22590 cum @ ₹ 259 per cum = ₹ 58.51 less by ₹ 21.68 lakh = ₹ 36.83 lakh

Scrutiny of records at BMC revealed that important components like bio-remediation, dredging and de-silting work taken up under NLCP by M/s ACE Housing at the contract value of ₹ 1.04 crore remained incomplete due to abandonment of work. Meanwhile, an amount of ₹10.31 crore (NLCP: ₹ 2.55 crore, JnNURM ₹ 6.01 crore and BMC ₹ 1.75 crore) had already been spent on the project. Dredging of the entire lake started in July 2013 is in progress.

Test of water quality of the lake taken by State Pollution Control Board in the year 2008 (prior to start of project) and 2013 revealed that water quality (for bathing) had not improved during the years and had rather deteriorated allowing significant variations in critical parameters like pH, BOD, DO, TC and FC[51]. Though SPCB sends its annual reports on the water quality of the lake to BMC and Forest and Environment Department regularly, the latter have not taken any fruitful action to check the pollution. Rise of values like BOD and TC in the water during the years confirmed the presence of animal and human waste in the water which indicated that some sewerage lines were still passing into the lake. It may be mentioned here that PH Division-I, Bhubaneswar already had completed the work 'diversion of domestic sewerage generated from catchment' in 2007 by at a cost of ₹ 67.18 lakh.

As the objective of improving water quality remain unachieved, entire expenditure of ₹ 10.31 crore made on quality and infrastructural development failed to bear fruit even after lapse of five and half years. The lake is still not fit for public bathing and conduct of rituals.

Commissioner, BMC has not replied (August 2014) to most of the above Audit observations. The matter has been referred (September 2014) to the Commissioner-cum-Secretary, HUDD; reply is not received.

2.8 Loss of interest and deduction of CPF money towards payment of EPF dues

BMC deposited CPF money in SB Account which resulted in loss of interest of ₹ 18.65 lakh to its employees. Due to BMC's default in submitting EPF return, RPFC attached ₹ 1.21 crore from BMC's CPF account which resulted in further interest loss of ₹ 19 lakh.

The Contributory Provident Fund Rules (CPF) scheme, 1962 was applicable to all the regular staff working under the then Bhubaneswar Municipality and Bhubaneswar Municipal Corporation (BMC). During the period 2010-2014, 935 to 1064 non-pensionable employees of BMC have been covered under the CPF scheme.

Rule-6 of the scheme provides that an account in the books of Government[52] shall be opened in the name of each subscriber containing subscriptions, contributions made by Government, interest both on subscription and contribution, bonus and advances and withdrawals from the Fund. As per

[51] pH-A measurement of the potential activity of hydrogen ions (H+) in the sample, BOD-Biochemical Oxygen Demand, DO-Dissolved Oxygen, TC-Total Coliform and FC-Fecal Coliform

[52] 8009-State Provident Fund under Minor Head 01-Civil and Detailed Head 102-CPF

Rules, rates of subscription shall not be less than 10 *per cent* of the emoluments and not more than his emoluments. The employer's contribution shall be such percentage of the subscriber's emoluments drawn on duty during the year or period as prescribed by Government and it shall be credited to the subscriber's account in each month. HUDD in its Gazette Notification (May 2010) has made 'Orissa Municipal Employees General Provident Fund Rules, 2010' rule 10 of which envisages for investment of the entire contribution in any of the Nationalised Banks within the jurisdiction of the concerned Urban Local Bodies giving maximum interest.

Scrutiny of yearly CPF Calculation sheets at BMC during March to May 2014 revealed that contribution of employer's share was not credited to the employees' account. This not only deviated from the rules, but also resulted in non-accrual of interest of ₹ 7.49 lakh from employer's contribution in subscriber's account. As per Rule 12, the Government shall pay to the credit of the account of a subscriber, interest at such rate, as may be fixed from time to time for the payment of interest on subscription to the General Provident Fund (GPF) on the amount of his credit in the Fund. Interest on GPF was eight *per cent* during April 2010 to November 2011, 8.6 *per cent* from December 2011 to March 2012 and 8.8 *per cent* for 2012-13. While BMC had to pay interest at such rates, as per extant rule, funds should have been invested in a Nationalised bank so that BMC is able to earn higher interest and credit the same to the employee's account.

It was further observed that employees' subscription was kept in a Savings Bank Account in Neelachal Gramya Bank (NGB) with interest at 3.5 *per cent* per annum.. This resulted in loss of interest of ₹ 18.65 lakh to the BMC employees between April 2010 and March 2014 as shown in the Table below.

Table 2.31 Statement showing employees' and employer's share and interest

(in ₹)

Year	Deposits			Withdrawals	Interest due (GPF rate)	Interest paid @ 3.5%	Loss of interest
	Employees share	Employer's share	Total				
2010-11	19144987	19144987	38289974	29833644	1113571	513360	600211
2011-12	26642003	26642003	53284006	23668618	720887	274710	446177
2012-13	27411694	27411694	54823388	26933802	884352	377602	506750
2013-14	26951480	26951480	53902960	31533067	644526	333000	311526
Total	**100150164**	**100150164**	**200300328**	**111969131**	**3363336**	**1498672**	**1864664**

(Source- Records of BMC)

Further, due to non-deposit of monthly and annual returns under EPF and MP Act[53] for the period April 2001 to May 2005 in respect of its NMR/DLR[54] employees, the Regional Provident Fund Commissioner (RPFC) attached (January 2011) BMC's SB Account at NGB, Bhubaneswar. It may be mentioned here that the attached SB Account was in fact CPF Account of BMC and RPFC attached ₹ 1,20,61,274 from the Account. In the meantime, due to withdrawal of such huge amount i.e. ₹ 1.21 crore, BMC lost interest of ₹ 19 lakh for which it had to pay to its subscriber staff as CPF from its own budget. Calculated at the prevalent GPF rate, loss of interest to the employees will be the differential interest amount i.e. ₹ 17.81 lakh (₹ 36,81,420 -

[53] Employees' Provident Funds And Miscellaneous Provisions Act, 1952

[54] NMR-Nominal Muster Roll and DLR- Daily Labour Rate

₹ 19,00,421 = ₹ 17,80,999). Calculation of interest at both the rates is given below:

Table 2.32 Statement showing loss of interest

(in ₹)

Year	Principal	Rate of interest (GPF) and period	Amount of interest	Total (Col.2+4)	Interest at Bank rate (3.5%)	Amount of interest	Total (Col.2+7)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
2010-11	12061274	8% for 3 months	241225	12302499	3.5% for 3 month	105536	12166810
2011-12	12302499	8% upto 11.2011	656133	13311304	3.5% for full year	425838	12592648
		8.6% (12.2011 to 03.2012)	352672			440743	13033391
2012-13	13311304	8.8%	1171395	14482699	-do-	456169	13489560
2013-14	14482699	8.7%	1259995	15742694	-do-	472135	13961695
Total			**3681420**			**1900421**	

(Source- Records of BMC)

Thus, the total interest loss to the employees on their CPF account was ₹ 36.46 lakh (₹ 18.65 lakh + ₹ 17.81 lakh) apart from the BMC's loss of ₹ 19 lakh.

The decision of the Commissioner, BMC to keep the public money in a rural bank instead of in a Nationalised Bank and non-compliance with the requirement of EPF Act led to a loss of ₹ 19 lakh apart from depriving the non-pensionable Government servants of the Corporation of their legitimate dues.

The matter was referred (September 2014) to the Commissioner, Housing and Urban Development Department; their reply is awaited (October 2014).

2.9 Avoidable payment of interest on unpaid returns of EPF

Due to non-submission of monthly/Annual EPF return, three ULBs paid interest of ₹ 2.08 crore to the Regional Provident Fund Commissioner.

Government of India in exercise of powers conferred by Section 5 of the Employees' Provident Funds And Miscellaneous Provisions Act, 1952 framed Employees' Provident Funds (EPF) Scheme, 1952 to provide social security benefits to the workers. Para 36 of the EPF scheme requires every employer to send consolidated returns to the Regional Provident Fund Commissioner (RPFC) in such form as specified by him.

Further, Para 76(b) stipulates that any person failing/refusing to submit any return, statement or other document required by this Scheme, shall be punishable with imprisonment which may extend to one year or with fine which may extend to four thousand rupees or with both.

Scrutiny of records (March to August 2014) three ULBs i.e. BMC and municipalities of Puri and Rourkela revealed that the Municipal Commissioners had not followed the EPF scheme in letter and spirit. The above ULBs defaulted in submitting monthly and annual returns, employer's share and employees' share to RPFC resulting in payment of interest of ₹ 2.08 crore[55] apart from creation of additional liability of ₹ 0.93 crore[56].

[55] BMC- ₹ 58.85 lakh, Puri municipality- ₹ 3.77 lakh and Rourkela municipality- ₹ 145 lakh
[56] Puri municipality- ₹ 11.82 lakh and Rourkela municipality- ₹ 81 lakh

- In **BMC**, monthly and annual returns for the period from April 2001 to May 2005 were not submitted in respect of its NMR/DLR employees. RPFC issued a show cause notice (February 2011) for such non-submission under Section 14 of the EPF & MP Act 1952 read with aforesaid Para 76(b). In reply, BMC pleaded the period under question as pre-discovery period[57] and appealed (September 2010) for a review in the court of RPFC who after hearing BMC passed an order on 23 November 2010 for payment of ₹ 1,20,61,274 (employer's share: ₹ 61,76,472 and interest ₹ 58,84,802 @ 12 *per cent* per annum waiving employee's share for the pre-discovery period) within 15 days. As BMC did not pay the amount within due date, RPFC deducted (January 2011) ₹ 1.21 crore from BMC's SB account at Neelachal Gramya Bank which was a Contributory Provident Fund account.

  Thus, failure of the Commissioner, BMC to comply with the EPF Act and Rules resulted in an avoidable payment of interest to the tune of ₹ 58.85 lakh.

- In **Puri municipality**, 233 employees were covered under the said scheme since January 2011. But, instead of remitting the contributions for the whole enrolled period, the EO of the municipality remitted (November and December 2013) the employer's contribution only amounting to ₹ 5.77 lakh for three months (June 2012 to August 2012). On the ground of such delayed/non-payment of statutory dues, RPFC attached savings bank account of the EO and debited (March 2013) ₹ 39.31 lakh which included arrear contribution of both employee and employer's share of ₹ 35.55 lakh and interest of ₹ 3.77 lakh for the period January 2011 to May 2012. Further, due to non-payment of contributions of ₹ 41.32 lakh for the period from September 2012 to March 2013, RPFC again submitted (March 2014) a demand comprising contribution of ₹ 7.99 lakh and interest of ₹ 3.83 lakh calculated @ 12 *per cent* per annum up to March 2014.

  Thus, due to non-payment of EPF contributions to RPFC in time by the Commissioner, the municipality had to pay penal interest of ₹ 3.77 lakh apart from creation of additional liability of ₹ 11.82 lakh.

- In **Rourkela municipality**, 419 employees had been covered under the scheme since 2001. Due to non-payment of EPF dues, RPFC issued (May 2012) a demand of ₹ 3.05 crore (contribution and subscription ₹1.60 crore and interest ₹ 1.45 crore @ 12 *per cent* per annum) for the period April 2001 to August 2007. Though EO deposited ₹ 0.85 crore in July 2012, RPFC debited (August 2012) the balance ₹ 2.20 crore from SB A/C of municipal fund. Further, RPFC claimed ₹ 0.81 crore (March 2014) towards EPF dues upto September 2013. The same was not paid till date of audit.

[57] Period prior to the date from which the establishment comes under the purview of the EPF and MP Act

Thus, delay in payment of EPF dues not only resulted in payment of interest amount of ₹ 1.45 crore but also in creation of undischarged liability of ₹ 0.81 crore.

While Commissioner, BMC did not furnish a reply, EO, Puri municipality stated that the EPF dues were not paid due to financial crisis. EO, Rourkela municipality stated that they had made a Resolution in August 2007 to extend the benefit of EPF scheme to temporary employees of the municipality w.e.f September 2007 for which return for the prior period was not submitted.

The replies are not acceptable as it was the statutory duty of the Executive of the ULBs to submit returns to RPFC and financial crisis of ULB should not come in the way of payment of EPF dues.

The matter was referred (September 2014) to the Commissioner, HUDD; their reply is awaited (October 2014).

2.10 Purchase of materials against hand receipts

Five Urban Local Bodies purchased material worth ₹ 1.22 crore from unregistered local suppliers against hand receipts in deviation of codal procedures.

As per Rule 96 of OGFR reiterated by Finance Department, Government of Odisha in February 2012, procurement of road metal and construction materials were to be made from dealers registered with sales tax authorities on tender/quotation basis observing codal procedures and payment to the registered dealers/suppliers was to be made in A/C payee cheques. Further, Housing and Urban Development Department had instructed (November 2009) that purchase/procurement of stores should be made strictly as per the requirement from the dealers/sellers which are registered under Orissa VAT Act having TIN/SRIN Number. Purchase of the material from local dealers against Hand Receipt (HR) is prohibited in departmental execution.

During audit of five ULBs during 2013-14, Audit found that in 109 projects, material like chips, metal, sand and laterite stone were purchased against hand receipts in violation of the above codal procedure. In 91 out of 109 case records checked, revenue stamp was not affixed on these hand receipts beyond money value of ₹ 5,000 while in 83 cases, payer had not signed the receipts in evidence of making payment against the supplies made. Similarly, 69 vouchers were not dated and 85 vouchers were not passed for payment by the competent authority indicating possible fraudulent payment based on fake vouchers. The total purchase in these 109 cases was ₹ 1.22 crore as given in following table.

Table 2.33 Statement showing total purchases using fake vouchers

(in ₹)

Sl. No.	Name of the PS	No. of projects	Amount paid on HR (₹)
1.	CMC	61	10283413
2.	Sonepur Municipality	17	837395
3.	NAC Jajpur	8	632914
4.	Choudwar Municipality	9	311790
5.	NAC Konark	14	117456
	Total	**109**	**12182968**

In CMC, Audit found use of hand receipts in lieu of vouchers in 61 out of 64 departmental works test checked. These hand receipts were given on contractor's pads as the evidence of payment for all sorts of construction material.

Thus, in absence of printed money receipt from registered dealers, quality and quantity of works material costing ₹ 1.22 crore could not be ensured by the Commissioner/EOs of ULBs concerned.

City Engineer of CMC stated (September 2014) that all material was purchased from registered dealers having TIN/SRIN[58] and the works were completed too. EO, Sonepur municipality stated (August 2014) that the practice had already been stopped since last year.

The reply of CMC is not acceptable as use of contractor's pad as sub-voucher itself indicated that the Corporation had not given due importance to voucher as a supporting document for payment. Though CMC stated (September 2014) that materials were purchased from registered dealers having TIN/SRIN, the receipt did not have registered number and TIN/SRIN.

The matter has been referred to Commissioners-cum-Secretary, HUDD for their comments; reply is awaited (October 2014).

[58] Taxpayers' Identification Number (TIN) and Small Retailers Identification Number (SRIN)

CHAPTER III

Response to Audit

Timely response to audit findings is one of the essential attributes of good governance, as it provides assurance that the government takes its stewardship role seriously.

As entrusted by the State Government under Section 20(1) of CAG's (DPC) Act 1971, Audit conduct periodical inspection of ULBs according to the procedure laid down in the Regulations on Audit and Accounts, 2007 to test check a few transactions on sample basis. During these inspections, Audit verified the quality and timeliness of maintenance of important accounting and other records, as per prescribed rules and procedures and express opinion not only on the truthfulness and fairness of the accounts so maintained but also on the economy, efficiency and effectiveness aspects of the transactions connected with such accounts. These comments and opinions are incorporated through Inspection Reports (IRs), which are sent to the Executive Officers of the ULBs and also to the Secretary to the Housing and Urban Development Department.

Regulations 195 and 196 of Regulations of Audit and Accounts, 2007 require that each audited entity is to maintain proper records relating to receipt of IRs and progress of their settlement and may initiate action for settlement of audit observations with reference to the audit memos issued during audit, without waiting for formal receipt of the IRs from the Audit Office. Regulation 197 requires that the officer in-charge of the audited entity is to send the reply to IR paragraphs to the respective Audit office within four weeks of its receipt. Even if it is not feasible to furnish the final replies to some of the observations in the IRs within the aforesaid time limit, the first reply was not to be delayed, and an interim reply was to be given indicating the likely date by which the final reply would be furnished. Thus, all defects and acts of omissions and commission are expected to be attended to promptly and compliance reported to the Accountant General (G&SSA) after taking due executive/ administrative action to set right/ remedy such defects/ acts.

A review of the IRs issued up to March 2012 to different ULBs revealed that response of the ULBs to the IRs was poor, as indicated in succeeding paragraphs.

3.1 Lack of response to Inspection Reports

As of 31 January 2015, 3132 paragraphs relating to 211 Inspection Reports (IRs) issued by the office of the Accountant General (G&SSA), Odisha to different ULBs remained unsettled, for want of required compliances. Further, Triangular Committee Meetings were not arranged by the Department for settlement of these outstanding paragraphs.

3.2 Follow up action

The Office of the Accountant General (G&SSA), Odisha issued seven Annual Technical Inspection Reports (ATIRs) on Urban Local Bodies relating to the years 2005-06 to 2011-12, wherein major audit findings on the transactions of

ULBs of the State were reported. Even after convening meetings with the Commissioner-cum-Secretary of the Department and making number of correspondences demi-officially with Chief Secretary to Government of Odisha, no information on remedial action taken by the Government on any of the paragraphs of these seven ATIRs was received as of January 2015.

Government decided to constitute a State level Audit Monitoring Committee and District Audit Monitoring Committees (DAMC) to examine the Audit paragraphs. The State level Audit Monitoring Committee was constituted in May 2009, but the Committee did not meet as of March 2014. Out of 30 districts, DAMCs were constituted in three districts only (Boudh, Kandhamal and Mayurbhanj) in April 2011. However, no meeting was held by the Committees (March 2014).

(S LAKSHMI NARASIMHAN)
Deputy Accountant General
(Social Sector Audit-I)

Bhubaneswar
The----- day of----- 2015

31 MAR 2015

Countersigned

(AMAR PATNAIK)
Accountant General
(General and Social Sector Audit)
Odisha, Bhubaneswar

Bhubaneswar
The ---- day of ---- 2015

31 MAR 2015

Appendix 2.1.1
(Refer Paragraph 2.1.3.1)

Statement of delay and approval of Budget at different stages

Name of the ULB	Year	Schedule date of preparation and presentation to Council	Actual date of submission	Period of delay (in days)	Period of delay (in days)	Schedule date of approval by Government	Actual date of approval by Government	Period of delay (in days)
BMC	2010-11	On or before 1st January	Not available			Before 1st April	Not available	
	2011-12		Not available		No delay		Not available	
	2012-13		Not available		No delay		Not available	
CMC	2010-11	On or before 1st January	27.01.10	26	No delay	Before 1st April	29.04.10	28
	2011-12		February 2011	58	1		31.05.11	60
	2012-13		Not on record		No delay		Not approved	
Joda Municipality	2010-11	On or before 1st February.	15.02.10	14	17	Before 1st April	3.5.10	32
	2011-12		4.2.11	3	No delay		5.12.11	248
	2012-13		28.2.12	27	31		-	Not approved by Government
Khordha Municipality	2010-11	On or before 1st February.	June 2010	120		Before 1st April		Not Approved
	2011-12		April 2011	60				
	2012-13		March 2012	30				Not Approved
Puri Municipality	2010-11	On or before 1st February.	26.2.10	25	61	Before 1st April	6.1.11	280
	2011-12		14.2.11	13	49		Compliance furnished on 1.2.12	Not approved till date.
	2012-13		15.3.12	43	174		-	Not approved till date.
Rourkela Municipality	2010-11	On or before 1st February	15.03.2010	42	71	Before 1st April	-	Objection raised by Govt. not complied, the budget not approved
	2011-12		29.01.2011	No delay	No delay		-	Not approved
	2012-13		29.02.2012	28	10		-	Not approved
Sambalpur Municipality	2010-11	On or before 1st February.	31.03.2010	58	109	Before 1st April	28.02.2011	333
	2011-12		06.04.2011	63	90		23.03.2012	357
	2012-13		25.02.2012	23	47		-NA-	-NA-
Subarnapur Municipality	2010-11	On or before 1st February.	First of week of March	28	13	Before 1st April	Not approved.	Objection raised by Govt. vide letter No. 24336 dt. 9.11. 2010, not complied.
	2011-12		07.02.2011	6	196		Not approved	Objection raised by Govt. vide letter No. 14643 dt. 23.5. 2012, not complied
	2012-13		30.01.2012	No delay	29		Not approved	
Ganjam NAC	2010-11	On or before	March 2010	30		Before 1st April		Not approved

Name of the ULB	Year	Schedule date of preparation and presentation to Council	Actual date of submission	Period of delay (in days)	Period of delay (in days)	Schedule date of approval by Government	Actual date of approval by Government	Period of delay (in days)
	2011-12	1st February.	May 2011	90				Not approved
	2012-13		April 2012	60				Not approved
Jaleswar NAC	2010-11	On or before 1st February.	19.2.10	18	84	Before 1st April		Not approved
	2011-12		10.3.11	37	39			Not approved
	2012-13		7.3.12	34	20			Not approved
Koraput Municipality	2010-11	On or before 1st February	03.03.10	30	105	Before 1st April	12.10.10	194
	2011-12		24.03.11	51	54		02.04.12	366
	2012-13		Not available		4			Not approved
Rambha NAC	2010-11	On or before 1st February.	March 2010	30		Before 1st April		Not approved
	2011-12		April 2011	60				
	2012-13		March 2012	30				Not approved
Rairangpur NAC	2010-11	On or before 1st February.	30.4.2010	88	112	Before 1st April	8.12.2010	251
	2011-12		24.1.2011	No delay	No delay		9.11.2011	222
	2012-13		15.2.2012	14	6		5.10.2012	187
Sunabeda NAC	2010-11	On or before 1st February.	January 2010	No delay	64	Before 1st April	04.10.2010	186
	2011-12		April 2011	59	42		17.01.2012	291
	2012-13		11.03.2012	39	10		Not approved and communicated	

Appendix 2.1.2
(Refer Paragraph 2.1.3.2)

Details of Expenditure in excess of approved amount

(₹in lakh)

Name of ULB	Head of Expenditure	2010-11			2011-12			2012-13		
		Budgeted Expenditure	Actual Expenditure	Excess	Budgeted Expenditure	Actual Expenditure	Excess	Budgeted Expenditure	Actual Expenditure	Excess
BMC	Fuel	200.00	225.69	25.69	0	0	0	0	0	0
	Hire charges of vehicle	30.00	38.83	8.83	0	0	0	0	0	0
	Street sweeping	0	0	0	1600.00	1616.53	16.53	1700.00	1745.50	45.50
	Solid Waste Management	200.00	339.22	139.22	600.00	784.51	184.51	800.00	1222.60	422.60
	Repair & Maintenance of Road	0	0	0	200.00	215.07	15.07	200.00	509.81	309.81
	Repair of Vehicle	0	0	0	5.00	20.19	15.19	0	0	0
	Energy Charges	500.00	553.68	53.68	500.00	672.22	172.22	800.00	820.96	20.96
Total		**930.00**	**1157.42**	**227.42**	**2905.00**	**3308.52**	**403.52**	**3500.00**	**4298.87**	**798.87**
CMC	Salary	2000	2687.95	687.95				2450	2817.57	367.57
	Wages	0	0	0	400	436.89	36.89	400	586.26	186.26
	Cost of Disinfectant/ Larvasite	60	90.52	30.52	0	0	0	50	69.88	19.88
	Conservancy Articles	0	0	0	50	51.05	1.05	50	67.28	17.28
	Road	0	0	0	400	438.35	38.35	300	384.81	84.81
	Electrical Repair and Maintenance	300	555.84	255.84	450	673.32	223.32	600	609.33	9.33
	Drainage	217.15	330.37	113.22	250	319.44	69.44	200	328.68	128.68
Total		**2577.15**	**3664.68**	**1087.53**	**1550**	**1919.05**	**369.05**	**4050**	**4863.81**	**813.81**
Joda	Collection of tax	40.49	51.36	10.87	39.21	44.65	5.44	0	0	0

Name of ULB	Head of Expenditure	2010-11			2011-12			2012-13		
		Budgeted Expenditure	Actual Expenditure	Excess	Budgeted Expenditure	Actual Expenditure	Excess	Budgeted Expenditure	Actual Expenditure	Excess
Municipality	and fee									
	Public Safety	43.59	69.51	25.92	0	0				
	Public Health & Sanitation	99.57	112.25	12.68	109.20	110.84	1.64			
Total		**183.65**	**233.12**	**49.47**	**148.41**	**155.49**	**7.08**	-	-	-
Khordha Municipality	General Administration & Collection charges	-	-	-	-	-	-	165.01	170.16	5.15
Total		-	-	-	-	-	-	**165.01**	**170.10**	**5.15**
Rourkela Municipality	Collection of tax and fee	-	-	-	-	-	-	200.84	222.52	21.68
	Public Safety	147.30	154.95	7.65	134.30	230.52	96.22	184.10	288.36	104.26
	Public Convenience	-	-	-	-	-	-	83.25	89.07	5.82
	Conservancy	1303.73	1427.53	123.80	-	-	-	-	-	-
Total		**1451.03**	**1582.48**	**131.45**	**134.3**	**230.52**	**96.22**	**468.19**	**599.95**	**131.76**
Sambalpur Municipality	Collection of tax and fee	56.66	103.14	46.48	-	-	-	31.16	63.77	32.61
	Others	114.20	123.05	8.85	-	-	-	-	-	-
	Medical	-	-	-	32.14	32.85	0.71	23.48	35.73	12.25
	Public health	-	-	-	-	-	-	540.67	701.78	161.11
Total		170.86	**226.19**	**55.33**	**32.14**	**32.85**	**0.71**	**595.31**	**801.28**	**205.97**
Subarnapur Municipality	General Administration	33.21	40.40	7.19	-	-	-	-	-	-
	Public safety	-	-	-	16.32	51.96	35.64	16.32	18.33	2.01
	Public Health	-	-	-	1.80	16.54	14.74	-	-	-
Total		**33.21**	**40.40**	**7.19**	**18.12**	**68.50**	**50.38**	**16.32**	**18.33**	**2.01**
Ganjam NAC	Public Safety	20.40	32.00	11.60	0	0	0	8.80	11.13	2.33
	Miscellaneous	14.98	33.83	18.85	15.13	61.75	46.62	0	0	0
	General Administration	0	0	0	35.98	39.77	3.79	0	0	0
Total		**35.38**	**65.83**	**30.45**	**51.11**	**101.52**	**50.41**	***8.80***	***11.13***	***2.33***

Name of ULB	Head of Expenditure	2010-11			2011-12			2012-13		
		Budgeted Expenditure	Actual Expenditure	Excess	Budgeted Expenditure	Actual Expenditure	Excess	Budgeted Expenditure	Actual Expenditure	Excess
Jaleswar NAC	-	-	-	-	-	-	-	44.99	53.71	8.72
Total		-	-	-	-	-	-	**44.99**	**53.71**	**8.72**
Rambha NAC	Public Safety	23.00	40.89	17.89	28.50	46.62	18.12	0	0	0
	Public health	12.00	19.99	7.99	0	0	0	19.53	25.94	6.41
	Miscellaneous	0	0	0	15.20	42.01	26.81	0	0	0
	General Administration and Collection charges	0	0	0	0	0	0	51.47	62.52	11.05
Total		**35.00**	**60.88**	**25.88**	**43.70**	**88.63**	**44.93**	**71.00**	**88.46**	**17.46**
Rairangpur NAC	General Administration	13.74	16.08	2.34	-	-	-	-	-	-
	Collection of tax and fee	36.59	48.33	11.74	42.89	49.56	6.67	44.85	57.53	12.68
	Collection of ferry rent	-	-	-	-	-	-	3.69	16.24	12.55
	Public Safety	-	-	-	-	-	-	20.99	22.56	1.57
	Public health	-	-	-	-	-	-	51.06	70.38	19.32
	Public Convenience	3.63	6.53	2.90	-	-	-	5.80	13.95	8.15
	Conservancy	12.34	21.76	9.42	12.60	14.73	2.13	14.49	18.98	4.49
Total		**66.30**	**92.70**	**26.40**	**55.49**	**64.29**	**8.80**	**140.88**	**199.64**	**58.76**
Sunabeda NAC	General Administration	-	-	-	17.15	39.80	22.65	25.60	129.85	104.25
	Collection charges	-	-	-	37.68	39.73	2.05	-	-	-
Total		-	-	-	**54.83**	**79.53**	**24.7**	**25.60**	**129.85**	**104.25**
Koraput Municipality	Equipment	11.00	20.58	9.58	20.00	49.33	29.33	40.00	65.05	25.05
	Energy Charges	25.00	54.11	29.11	20.00	27.98	7.98	55.00	76.43	21.43
Total		**36.00**	**74.69**	**38.69**	**40.00**	**77.31**	**37.31**	**95.00**	**141.48**	**46.48**

Appendix 2.1.3(A)
(Refer Paragraph 2.1.3.3)

Statement of Actual Receipt against Budget Estimates

(₹in lakh)

Sl. No.	Name of the ULB	2010-11				2011-12				2012-13			
		Total Estimated Receipts	Actual Receipts	Shortfall	%age of shortfall	Total Estimated Receipts	Actual Receipts	Shortfall	%age of shortfall	Total Estimated Receipts	Actual Receipts	Shortfall	%age of shortfall
1	BMC	36619.78	21706.35	14913.43	40.73	38386.71	16078.47	22308.24	58.11	42827.30	25786.07	17041.23	39.79
2	CMC	13485.76	9844.16	3641.60	27	15467.34	9367.83	6099.51	39.43	19545.59	12520.73	7024.86	35.94
3	Joda municipality	1391.83	925.29	466.54	33.52	1546.52	900.96	645.56	41.74	1716.44	1252.08	464.36	27.05
4	Khordha municipality	2887.58	621.34	2266.24	78.48	3150.18	605.00	2545.18	80.79	2864.84	989.87	1874.97	65.45
5	Puri municipality	16098.61	3761.17	12337.44	76.63	18748.50	1630.61	17117.89	91.30	21644.56	4950.99	16693.57	77.16
6	Rourkela municipality	4856.15	3061.02	1795.13	36.97	6080.77	2291.73	3789.04	62.31	6851.82	4017.97	2833.85	41.36
7	Sambalpur municipality	5646.91	2094.66	3552.25	62.90	5723.30	2624.67	3098.63	54.14	4255.71	2991.74	1263.97	29.70
8	Subarnpur municipality	1359.08	228.00	1131.08	83.22	1961.62	527.72	1433.90	73.09	2070.31	1481.78	588.53	28.43
9	Ganjam NAC	290.35	181.83	108.52	37.38	286.00	213.97	72.03	25.19	355.95	152.37	203.58	57.19
10	Jaleswar NAC	460.59	319.76	140.83	30.57	631.76	318.51	313.25	49.58	636.93	545.75	91.18	14.31
11	Koraput municipality	1634.46	795.02	839.44	51.36	1616.78	994.21	622.57	38.50	2272.14	1419.82	852.32	37.51
12	Rambha NAC	231.29	186.57	44.72	19.34	276.84	226.51	50.33	18.18	304.54	257.53	47.01	15.44
13	Rairangpur NAC	633.65	489.10	144.55	22.81	698.38	580.56	117.82	16.87	712.35	580.00	132.35	18.58
14	Sunabeda NAC	1184.93	878.03	306.90	25.90	1407.31	1066.54	340.77	24.21	1675.56	1447.93	227.63	13.59

Appendix 2.1.3(B)
(Refer Paragraph-2.1.3.3)

Statement of Actual Expenditure against Budget Estimate

(₹in lakh)

Name of the ULB	2010-11				2011-12				2012-13			
	Budgeted expenditure	Actual expenditure	Savings	% age of shortfall in utilisation	Budgeted expenditure	Actual expenditure	Savings	% age of shortfall in utilisation	Budgeted expenditure	Actual expenditure	Savings	%age of shortfall in utilisation
BMC	38233.77	18629.12	19604.65	51.28	36725.61	13558.74	23166.87	63.08	39288.85	16416.37	22872.48	58.22
CMC	13494.36	8482.16	5012.20	37.14	15434.49	10083.77	5351.49	34.67	19443.59	10789.28	8654.31	44.51
Joda municipality	1365.61	912.21	453.40	33.20	1529.10	696.98	832.12	54.42	1697.70	1135.85	561.85	33.09
Khordha municipality	2757.80	462.39	2295.41	83.23	2757.80	529.71	2228.09	80.79	2689.66	854.81	1834.85	68.22
Puri municipality	16148.54	4771.43	11377.11	70.45	18487.48	3385.73	15101.75	81.68	21224.41	4292.97	16931.44	79.77
Rourkela municipality	4947.51	3237.73	1709.78	34.56	5973.30	2324.10	3649.20	61.09	7448.16	4547.58	2900.58	38.94
Sambalpur municipality	5593.65	2225.07	3368.58	60.22	5712.28	2284.67	3427.61	60.00	4288.13	2863.36	1424.77	33.23
Subarnpur municipality	1303.45	284.38	1019.07	78.18	1959.60	304.18	1655.42	84.48	2039.40	561.53	1477.87	72.47
Ganjam NAC	268.47	149.31	119.16	44.38	282.17	208.79	73.38	26.01	327.09	151.21	175.88	53.77
Jaleswar NAC	460.59	279.76	180.83	39.26	631.76	376.89	254.87	40.34	636.93	465.70	171.23	26.88
Koraput municipality	1600.19	551.86	1048.33	65.51	1711.21	936.62	774.59	45.27	2119.95	1308.74	811.21	38.27
Rambha NAC	230.05	190.49	39.56	17.20	272.45	221.05	51.40	18.87	299.70	200.37	99.33	33.14
Rairangpur NAC	628.55	438.23	190.32	30.28	691.40	467.09	224.31	48.02	710.26	623.46	86.80	12.12
Sunabeda NAC	1120.73	693.65	427.08	38.10	1371.04	1057.12	313.92	22.90	1787.52	1193.16	594.36	33.25

Appendix 2.1.4
(Refer Paragraph 2.1.3.4)

Statement of Excess expenditure under General Office Establishment

(₹ in lakh)

Name of the ULB	Year	Total normal income	Admissible Office Establishment expenses	Actual expenditure	Excess expenditure
BMC	2010-11	3236.25	161.81	2872.40	2710.59
	2011-12	4500.03	225.00	2994.23	2729.23
	2012-13	5843.19	292.16	3501.21	3209.05
CMC	2010-11	805.41	40.27	3140.90	3100.63
	2011-12	660.48	33.02	3179.92	3146.90
	2012-13	536.50	26.83	3512.15	3485.32
Puri municipality	2010-11	278.03	13.90	133.88	119.98
	2011-12	330.62	16.53	127.17	110.64
	2012-13	356.98	17.85	326.57	308.72
Jaleswar municipality	2010-11	10.53	0.52	14.65	14.13
	2011-12	14.70	0.74	26.26	25.52
	2012-13	21.58	1.08	17.02	15.94
[illegible]	2010-11	28.42	1.42	40.40	38.98
	2011-12	35.34	1.77	31.35	29.58
	2012-13	32.99	1.65	31.54	29.89
[illegible]	2010-11	122.97	6.15	24.62	18.47
	2011-12	93.86	4.69	22.50	17.81
	2012-13	71.07	3.55	23.36	19.81
Rourkela municipality	2010-11	301.37	15.07	52.23	37.16
	2011-12	375.17	18.76	65.94	47.82
	2012-13	555.87	27.79	127.98	100.19
Sambalpur municipality	2010-11	178.09	8.90	163.41	154.51
	2011-12	211.02	10.55	116.77	106.22
	2012-13	211.31	10.57	105.86	95.29

Name of the ULB	Year	Total normal income	Admissible Office establishment expenses	Actual expenditure	Excess expenditure
Khordha municipality	2010-11	283.24	14.16	148.89	134.73
	2011-12	159.06	7.95	142.58	134.63
	2012-13	220.89	11.04	170.16	159.12
Sunabeda NAC	2010-11	49.06	2.45	15.69	13.24
	2011-12	51.13	2.56	39.80	37.24
	2012-13	85.50	4.28	129.85	125.57
Rairangpur NAC	2010-11	32.92	1.65	16.08	14.43
	2011-12	36.72	1.84	15.56	13.72
	2012-13	41.70	2.09	19.92	17.83
Koraput municipality	2010-11	76.97	3.85	18.57	14.72
	2011-12	85.03	4.25	23.39	19.14
	2012-13	96.75	4.84	26.59	21.75
Rambha NAC	2010-11	15.18	0.76	26.91	26.15
	2011-12	18.41	0.92	25.56	24.64
	2012-13	20.11	1.01	62.52	61.51
Ganjam NAC	2010-11	35.33	1.77	28.42	26.65
	2011-12	56.79	2.84	39.77	36.93
	2012-13	61.34	3.07	29.40	26.33
Total		**20237.91**	**1011.91**	**21631.98**	**20580.71**

Appendix 2.1.5
(Refer Para 2.1.4.3)

Details of outstanding renewal fees with penalty

(in ₹)

Name of the ULB	Name of the Service provider	Month/ Year of installation	Period of arrear of renewal fees	Amount of renewal fees	Period of penalty up to 2012-13 (₹ 100 per month)	Amount of penalty	Total amount	Remarks
Sunabeda	Aircel Pvt. Ltd. (1 tower).	4/2008	2012-13 (1 year)	1000	5/09 to 3/13 (83 months)	8300	9300	Renewal fees for 2009-10 to 2011-12 paid vide DD No.42347 dt 29.5.12 Penalty for late payment calculated
	Aircel Pvt. Ltd. (1 tower).	10/2009	2010-11 to 2012-13 (3 years)	3000	11/10 to 3/13 (51 months)	5100	8100	
	Quippo Telecom Infrastructures Ltd.(1 tower)	9/2009	2010-11 to 2012-13 (3 years)	3000	10/10 to 3/13 (54 months)	5400	8400	
	Quippo Telecom Infrastructures Ltd.(1 tower)	11/2009	2010-11 and 2012-13	2000	12/10 to 3/13 (32 months)	3200	5200	Renewal fees for 2011-12 paid
	Wireless TT Info services (1 tower)	4/2010	2012-13	1000	5/12 to 3/13 (11 months)	1100	2100	
	Reliance Infocom Ltd. (1 tower)	05/2006	Nil	0	6/06 to 3/13 (300 months)	30000	30000	Renewal fees of ₹ 8000 for 8 years from 2005-06 to 2012-13 paid vide DD No 178977 dated 16.8.13
Subarnapur	M/s Reliance Telecom Ltd (1 tower)	05/2006	2007-08 to 2012-13 (6 years)	6000	6/07 to 3/13 (240 months)	24000	30000	Demand Notice sent vide letter No-2574 dated 31.12.14 for ₹28,800
	(1 tower)	3/2006	-do-	6000	4/07 to 3/13 (252 months)	25200	31200	-do-
	Dishnet Wireless TT Info Services (now Chennai Network	1/2008	2008-09 to 2012-13 (5 years)	10000	2/09 to 3/13 (260 months)	26000	36000	Demand Notice sent vide letter No.1034 dated 01.7.2013 for ₹20200

Name of the ULB	Name of the Service provider	Month/ Year of installation	Period of arrear of renewal fees	Amount of renewal fees	Period of penalty up to 2012-13 (₹ 100 per month)	Amount of penalty	Total amount	Remarks
	Infrastructure Ltd. (2 Towers)							
	Wireless TT Info Services (now Viom Network Ltd. (3Towers)	3/2008	2012-13 (1 year)	1000	4/12 to 3/13 (12 months)	1200	2200	Demand Notice sent vide letter No.1036 dated 01.7.2013 for ₹10200
		8/2009	-do-	1000	9/12 to 3/13 (6 months)	600	1600	-do-
		10/2009	-do-	1000	11/12 to 3/13 (5 months)	500	1500	-do-
	Ascend Telecom Infra Pvt. Ltd. (1Tower)	12/2011	2012-13 (1 year)	1000	12/12 to 3/13 (3 months)	300	1300	Demand Notice sent vide letter No.1032 dated 01.7.2013 for ₹1300
	Essar Telecom Infrastructure Ltd.(2 Towers)	6/2007	2010-11 to 2012-13 (3 years)	6000	1/12 to 3/13 (102 months)	10200	16200	Amount of ₹ 13400 collected vide DD No.874256 dated 04.4.14
Rourkela	Airtel Bharati Infratel Limited (11 towers)	11/2006	2009-10 to 2010-11 (2 years)	22000	12/09to 3/13 (748 months)	74800	96800	
	(2 towers)	11/08	-do-	4000	12/09 to 3/13 (136 months)	13600	17600	
	(1 tower)	3/09	-do-	2000	3/10 to 3/13 (62 months)	6200	8200	
	Dishnet Wireless Ltd. (5 towers)	6/2005	2010-11 to 2012-13 (3 years)	15000	7/10 to 3/13 (315 months)	31500	46500	
	(2 towers)	2/2006	-do-	6000	3/11 to 3/13 (39 months)	3900	9900	
	(1 tower)	11/2005	-do-	3000	12/10 to 3/13 (48 months)	4800	7800	
	Essar Telecom Infrastructure Ltd.(3 towers)	3/2008	2011-12 to 2012-13 (2 years)	6000	4/11 to 3/13 (108 months)	10800	16800	

Name of the ULB	Name of the Service provider	Month/ Year of installation	Period of arrear of renewal fees	Amount of renewal fees	Period of penalty up to 2012-13 (₹ 100 per month)	Amount of penalty	Total amount	Remarks
	(1 tower)	9/2008	-do-	2000	10/11 to 3/13 (24 months)	2400	4400	
	Reliance Telecom Ltd. (5 towers)	5/2007	2012-13 (1 year)	5000	6/12 to 3/13 (50 months)	5000	10000	
	(3 towers)	3/2009	-do-	3000	4/12 to 3/13 (36 months)	3600	6600	
Rairangpur	Aster Infra Pvt. Ltd.(1 tower)	8/2008	2009-10 to 2012-13 (4 years)	4000	9/09 to 3/13 (100 months)	10000	14000	
	Aircel Pvt. Ltd. (1 tower).	4/2008	2009-10 to 2012-13 (4 years)	4000	5/09 to 3/13 (116 months)	11600	15600	
	Essar Telecom Infra Pvt. Ltd. (4 towers)	10/2008	2009-10 to 2012-13(4 years)	16000	11/09 to 3/13 (368 months)	36800	52800	
	GTL Infra Ltd. (2 towers)	11/2009	2010-11 to 2012-13 (3 years)	6000	12/10 to 3/13 (138 months)	13800	19800	
	Quippo Telecom Infrastructures Ltd.(1 towers)	8/2009	2010-11 to 2012-13 (3 years)	3000	9/10 to 3/13 (57 months)	5700	8700	
	(1 tower)	11/2009	-do-	3000	12/10 to 3/13 (48 months)	4800	7800	
	[illegible] tower)	11/2008	2009-10 to 2012-13 (4 years)	4000	12/09 to 3/13 (88 months)	8800	12800	
	TATA Tele Service Ltd(1 tower)	6/2009	2010-11 to 2012-13 (3 years)	3000	7/10 to 3/13 (63 months)	6300	9300	
	Reliance Telecom Infra Ltd.(2 towers)	4/2008	2009-10 to 2012-13 (4 years)	8000	5/09 to 3/13 (232 months)	23200	31200	
Jaleswar	Aster Infrastructure Ltd.(Tata	2005	2011-12 and 2012-13 (2 years)	2000	4/11 to 3/13 (36 months)	3600	5600	Month of installation not found hence installation year taken as 2005-06

Name of the ULB	Name of the Service provider	Month/ Year of installation	Period of arrear of renewal fees	Amount of renewal fees	Period of penalty up to 2012-13 (₹ 100 per month)	Amount of penalty	Total amount	Remarks
	Indicom) (1 tower)							
	Dishnet Wireless Ltd. (Aircell) (2 towers)	2006	2010-11 to 2012-13 (3 years)	6000	4/10 to 3/13 (144 months)	14400	20400	Month of installation not found hence installation year taken as 2006-07
	Reliance Infratel Ltd. (RIM) (1 tower)	2008	2009-10-2012-13(4 years)	4000	4/09 to 3/13 (120 months)	12000	16000	Month of installation not found hence installation year taken as 2007-08
	VIOM Network, Ltd (1 tower)	2008	2011-12 to 2012-13	2000	4/11 to 3/13 (36 months)	3600	5600	Month of installation not found hence installation year taken as 2008-09
	-do-	2009	2010-11 to 2012-13	3000	4/10 to 3/13 (72 months)	7200	10200	Month of installation not found hence installation year taken as 2009-10
	Quippo Telecom Infrastructure Ltd.(1 tower)	2009	2010-11 to 2012-13	3000	4/10 to 3/13 (72 months)	7200	10200	Month of installation not found hence installation year taken as 2009-10
Puri	Xcell Telecom Pvt. Ltd (1 tower)	6/ 2009	2010-11 to 12-13(3 years)	3000	4/10 to 3/13 (63 months)	6300	9300	
	Xcell Telecom Pvt. Ltd (3 towers)	7/ 2009	2010-11 to 12-13 (3years)	9000	8/10 to 3/13 (180 months)	18000	27000	
	Tata Info. Service (1 tower)	12/2009	2010-11 to 12-13(3 years)	3000	1/11 to 3/13 (45 months)	4500	7500	
	Tata Telecom Services Ltd. (11 towers)	9/2009	2010-11 to 12-13(3 years)	33000	10/10 to 3/13 (594 months)	59400	92400	
	Vodafone Essar Company (10 towers)	2/2008	2008-09 to 2012-13(5 years)	50000	3/09 to 3/13 (1250 months)	125000	175000	Renewal fees for 2008-09, 2009-10, 2010-11, 2012-13 not paid for 10 towers

Name of the ULB	Name of the Service provider	Month/ Year of installation	Period of arrear of renewal fees	Amount of renewal fees	Period of penalty up to 2012-13 (₹ 100 per month)	Amount of penalty	Total amount	Remarks
	(16 towers)	2/ 2008	2010-11 and 2012-13	32000	3/10 to 3/13 (416 months)	41600	73600	-do-
	ATC India Tower Pvt. Ltd. (4 towers)	9/ 2009	2010-11 to 12-13 (3 years)	12000	10/10 to 3/13 (216 months)	21600	33600	
	Bharati Infra. Telecom Ltd (8 towers)	5/ 2007	2012-13	8000	6/08 to 3/13 (1104 months) & 6/12 to 3/13 (80 months)	118400	126400	Penalty for 2008-09 to 10-11 since renewal fees paid in July 2011 and renewal fees with penalty for 2012-13
	Quippo Telecom Infra Ltd. (7 towers)	6/2009	2010-11 to 12-13 (3 years)	21000	7/10 to 3/13 (441 months)	44100	65100	
	Quippo Telecom Infra Ltd. (2 towers)	7/ 2009	2010-11 to 12-13 (3 years)	6000	8/10 to 3/13 (120 months)	12000	18000	
	Quippo Telecom Infra Ltd. (4 towers)	11/ 2009	2010-11 to 12-13 (3 years)	12000	12/10 to 3/13 (192 months)	19200	31200	
	Quippo Telecom Infra Ltd.(2 towers)	1/ 2010	2010-11 to 12-13 (3 years)	6000	7/10 to 3/13 (84 months)	8400	14400	
	Wireless Infra Service Ltd (2 towers)	7 /2009	2010-11 to 12-13 (3 years)	6000	8/10 to 3/13 (120 months)	12000	18000	
	Wireless Infra Service Ltd (1 tower)	11/2009	2010-11 to 13-14 (3 years)	3000	12/10 to 3/13 (48 months)	4800	7800	
	Reliance Smart (6 towers)	3/ 2007	2008-09 to 2012-13 (5 years)	30000	4/08 to 3/13 (1080 months)	108000	138000	
Total				**415000**		**1070000**	**1485000**	

Appendix 2.1.6
(Refer Para 2.1.4.4)

Details of amount of possible misappropriation

(in ₹)

Period of collection	Volume No. of the register	No of Receipt books	Amount collected without receipts and not deposited	Remarks
01.4.2010 to 19.12.2010	01	130, 133, 137, 139, 141, 145, 149, 154, 157	33640	
20.12.2010 to 10.7.2011	02	157, 161, 162, 164, 167, 172, 176, 179, 181, 183, 185	29690	
11.7.2011 to 18.12.2011	03	185, 187, 189, 194, 198, 200	30820	
19.12.2011 to 06.3.2012	04	200, 203, 206	11750	
07.3.2012 to 27.5.2012	05	206, 211, 214,	17150	
27.6.2012 to 11.12.2012	06	217,220, 223, 227, 231, 236	31750	Entry from 28.5.2012 to 26.6.2012 not available in Vol-6 register
12.12.2012 to 31.3.2013	07	236, 240, 248, 251	24650	
Total			**179450**	

Appendix 2.1.7
(Refer Paragraph 2.1.5.1)

Statement showing outstanding advance

(₹in lakh)

Sl. No.	Name of the ULB	No. of retired employees	Amount of outstanding advance	Retired/ deceased employees	Amount of outstanding advance	Present employees	Amount of Outstanding Advance	NMR employees/ contractors/ Advocates & other parties	Amount of outstanding advance	Unclassified amount
1	CMC	2	857000	7	886700	26	2908090	12	355500	0
2	Joda municipality	1	20000	2	43000	3	58500	0	0	0
3	Puri municipality	3	57000	6	389900	42	3357643	4	417000	0
4	Rairangpur NAC	2	105000	0	0	2	22433	2	203000	0
5	Sambalpur muncipality	0	0	0	0	3	920829	0	0	1890316
6	Sunabeda NAC	1	120000	2	98000	6	465128	1	300000	0
7	Sonepur muncipality	4	608000	2	51200	5	1014273	7	650000	0
8	Khordha muncipality	11	205200	0	0	0	0	5	144000	2301600
9	Rambha NAC	0	0	0	0	2	6000	0	0	740035
10	Ganjam NAC	0	0	0	0	2	41500	1	19600	7100
11	BMC	0	0	26	110000	166	2525040	0	0	0
12	Koraput municipality	0	0	0	0	11	1903894	1	8000	46981
Total		**27**	**1972200**	**45**	**1578800**	**268**	**13223330**	**33**	**2097100**	**4986032**

Appendix 2.1.8
(Refer Paragraph 2.1.5.2)

Statement showing outstanding Utilisation Certificates

(₹ in crore)

Sl. No.	Name of the Unit	Amount of Grants received	Amount for which UC submitted	Amount for which UC outstanding
1	CMC	196.18	165.43	30.75
2	Jaleswar NAC	2.58	1.72	0.86
3	Joda municipality	21.74	18.69	3.05
4	Puri municipality	19.42	7.78	11.64
5	Rairangpur NAC	8.53	7.62	0.91
6	Rourkela municipality	63.51	59.71	3.8
7	Sambalpur municipality	52.66	33.73	18.93
8	Sunabeda NAC	19.74	18.53	1.21
9	Sonepur municipality	22.96	8.74	14.22
10	Khordha municipality	15.63	11.81	3.82
11	Rambha NAC	3.26	0.81	2.45
12	Ganjam NAC	4.96	3.80	1.16
13	BMC	221.04	27.62	193.42
14	Koraput municipality	8.38	6.59	1.79
Total		**660.59**	**372.58**	**288.01**

Appendix 2.1.9
(Refer Paragraph 2.1.5.3)

Statement showing parking of funds in PL Account

(in ₹)

Name of the ULB	Name of the Scheme	G.O. No/Date	Amount	Date of deposit in PL Account	Date of deposit SB Account	No. of days kept in PL Account	Loss of interest
Sambalpur Municipality	IHSDP	36010/29.12.11	674000	13.1.12	14.2.12	32	2363
		36015/29.12.11	3339000	13.1.12	14.2.12	32	11709
		36020/29.12.11	891000	13.1.12	14.2.12	32	3124
		1512/16.1.12	1878000	31.1.12	14.2.12	14	2881
		1517/16.1.12	502000	31.1.12	14.2.12	14	770
		1522/16.1.12	379000	31.1.12	14.2.12	14	581
		27163/27.9.12	8854000	30.11.12	9.7.13	220	213466
Puri Municipality	JnNURM	1310/18.1.10	4554000	8.3.10	28.3.11	386	192640
		1306/18.1.10	653104	8.3.10	28.3.11	386	27627
		1302/18.1.10	229104	8.3.10	28.3.11	386	9691
		959/14.1.10	6784000	8.3.10	25.3.11	383	284742
		28688/31.12.10	8090000	3.2.11	25.3.11	51	45215
		28682/31.12.10	1632000	3.2.11	25.3.11	51	9121
		28676/31.12.10	2158000	3.2.11	25.3.11	51	12061
CMC	UIDSSMT		21468000	14.9.10	31.12.10	108	25408
	13th FC		27346000	10.2.12	2.3.12	20	5993
			28440000	6.12.12	8.1.13	32	9973
	IHSDP		5000000	11.2.11	22.2.11	11	602
			5000000	11.2.11	3.3.11	20	1095
			5000000	11.2.11	9.3.11	26	1424
			5000000	11.2.11	30.7.11	170	9315
			5000000	11.2.11	26.8.11	196	10739
			20000000	11.2.11	1.8.12	172	37698
			5000000	11.2.11	20.11.12	283	15506
Total			**167871208**				**19935843**

Appendix 2.2.1

(Refer paragraph No 2.2.3.2)

Statement showing the details excess payment on transportation of garbage for the period from February 2010 to April 2014

Year	Days	Population (calculated as per decadal growth @ 2.3 *per cent*)	Waste generated per day reported to 500 gm in MT			Amount paid on cleaning (in ₹)	Amount paid on transportation (in ₹)	As per agreement (in MT)	As per agreement number of trips	Excess generated (Col. 5-4)	No of trips in excess quantity generation (Col. 11/1.5)	Excess payment @ ₹390 to 460
1	*2*	*3*	*4*	*5*	*6*	*7*	*8*	*9*	*10*	*11*	*12*	*13*
February to December 2010	334	497723	77824	175538	117025	85438396	52467396	176220	117480	97714	65143	29243637
2011	365	509395	86237	187571	125047	93135567	57400742	192240	128160	101333	67555	33251245
2012	366	521108	91542	192240	128160	93278701	57416010	192240	128160	100698	67132	30143933
2013	365	532557	94492	192240	128160	142966611	57461400	192240	128160	97748	65165	29263930
January to April 2014	120	545354	32165	64080	42720	48330374	19133111	64080	42720	31915	21276	9555343
Total	**1550**		**382260**	**811668**	**541112**	**463149649**	**243878659**	**817020**	**544680**	**429408**	**286272**	**131458087**

Appendix 2.2.2
(Refer paragraph 2.2.5.1)

Statement showing the details of garbage generated and transported by the private contractor and dumped outside the storage station for the period from February 2010 to April 2014

Ward No.	Population as per census 2011	Garbage generated as per SUEF reports (MT)	No of trips due	As per agreement the waste transported (MT)	No. of trips	No. of vehicle used	Number of labour engaged	No. of supervisor engaged	Dumping yard register wise trips	Amount paid on cleaning (in ₹)	Amount paid on transportation (in ₹)
55	11398	7062	4708	18338	12225	2	51	0	NA	9615858	5497348
56	11228	6957	4638	16181	10787	2	50	0	NA	10766311	4854150
57	11325	7017	4678	18324	12216	2	51	0	NA	10404646	5497200
58	11998	7434	4956	16019	10679	2	55	0	NA	13034888	4805550
Total											**20654248**

Appendix 2.2.3
(Refer para 2.2.11)

statement showing the details of excess payment on transportation charges due to overassessment

Year	Days	Population	Waste generated as per status report of CPCB	Due in trips	Waste transported (in MT)	No. of trips	Total amount paid	Excess transportation made by the contractor (in MT)	No of trips shown as excess by the contractor	Amount paid as excess @ ₹501/- per trip	Excess lifting charges for ₹76 (390+460/2=425) (501-425=76)
September to December 2010	**122**	**323622**	18556	12371	21199.5	14133	7080633	2643	1762	882767	1920672
2011	365	331288	57558	38372	70694	47129	23611629	13136	8757	4387265	3581804
2012	366	338913	59788	39859	72518	48345	24220845	12729	8486	4251546	3674220
2013	365	346802	61772	41182	86252	57501	28808001	24479	16319	8176029	4370076
January to April 2014	120	353343	20946	13964	28706	19137	9587637	7759	5173	2591615	1454412
Total	**1338**		**218621**	**145748**	**279368**	**186245**	**93308745**	**60746**	**40497**	**20289221**	**15001184**

Appendix 2.3.1
(Refer paragraph 2.3.3.4)

Statement showing execution of departmental works with estimated cost more than ₹ 50000

Name of ULB	Sl. No	Name of the work	Expenditure incurred	Name of the scheme
Sonepur municipality	1.	Improvement of Subarnpur temple premises	249000	Own fund
	2.	Completion of pavilion of cricket ground	350000	MPLAD
	3.	Construction of CC Road in ward No-1	200000	BRGF
	4.	Improvement of road towards Santinagar	200047	Road Development
	5.	Construction of culvert at Kankamunda	70000	Road Development
	6.	Improvement of road from Ramjee temple	245928	Road Development
	7.	Concreting town hall entrance road	211826	Road Development
	8.	Construction of CC road towards hospital	296237	Road Development
	9.	Improvement of road to electricity office	81436	Road Development
	10.	Improvement of road to Parida house	93620	Road Development
	11.	Colouring of town hall	268738	Non residential building
	12.	Construction of boundary wall of town hall	407978	Boundary wall
Koraput municipality	13.	Construction of Kalyan Mandap	1500000	Biju KBK
	14.	Construction of community hall	352171	Biju KBK
	15.	Construction of Kalyan Mandap	428855	Biju KBK
	16.	Construction of community centre	247356	Biju KBK
	17.	Construction of multipurpose hall	682213	Biju KBK
	18.	Construction of community hall	150000	Biju KBK
	19.	Construction of community hall	150000	Biju KBK
	20.	Construction of community hall	100000	Biju KBK
	21.	Construction of multipurpose hall	250000	Biju KBK
	22.	Construction of community hall	1147829	Biju KBK
	23.	Construction of multipurpose hall	317787	Biju KBK
	24.	Construction of Scout and Guide Bhawan	500000	Biju KBK
	25.	Construction of canteen complex	961197	IAP
	26.	Construction of Kalyan Mandap	1071145	Biju KBK
	27.	Construction of CC Road	300000	Biju KBK
	28.	Extension of labour room at DHH	612730	IAP
	29.	Construction of community hall	150000	SJSRY
	30.	Extension of labour room	500000	IAP
	31.	Construction of canteen complex	250000	IAP
Total			12346093	

Appendix-2.3.2

(Refer paragraph 2.3.3.7)

Cases where acceptance of single tender by next higher authority

Name of ULB	Sl. No.		Estimated cost	Authority by whom the technical sanction was obtained	TCN No. and Date	Agreement cost	Authority by whom the tender was accepted	Next higher authority
Koraput municipality	1.	Improvement of [illegible] village to Rayagada road	500000	EE,PH	852 21.4.12	474182	EE,PH	SE, PH
	2.	Improvement of Road [illegible] Nuagaon, Kudaiguda	600000	EE,PH	852 21.4.12	600000	EE,PH	SE, PH
	3.	Completion of ongoing work of Malana Tank renamed as Chandan Pokhari	2000000	EE,PH	852 21.4.12	1938032	EE,PH	SE, PH
Sunabeda NAC	4.	Construction of CC Drain	957182	EE/ILW	485/19.02.11	944640	EE/ILW	SE, PH
	5.	S/R to Road for NAC	1878155	EE/ILW	4011/15.12.11	1518876	EE/ILW	SE, PH
	6.	Improvement of Parking area	1361241	EE/ILW	1584/05.05.11	1197892	EE/ILW	SE, PH
	7.	Construction CC Drain	929084	EE/ILW	485/19.02.11	767404	EE/ILW	SE, PH
	8.	Construction of Retaining wall	639023	EE/ILW	485/19.02.11	632346	EE/ILW	SE, PH
	9.	Construction of CC Drain	930000	EE/ILW	485/19.02.11	858375	EE/ILW	SE, PH
	10.	Development of Burrial Ground	990908	EE/ILW	485/19.02.11	956551	EE/ILW	SE, PH
Rairangpur NAC	11.	renovation and Beautification of Indira Gandhi Sisu Udyan	1416790	EE,PH	1/10-11	1266200	EE,PH	SE, PH
Puri municipality	12.	CC road from Bijay Mohanty to Dakhineswari lane	517000	EE	47/2.7.11	617000	EE	SE, PH
	13.	Improvement of VIP work Section	5,10,000	EE-cum ME,	4716/2.7.11	510000	EE-cum ME,	SE, PH circle, BBSR
Khordha municipality	14.	Construction of Road from Podasahi upara munda club to NH-5	100000	AE-cum ME,	3174/23.12.2010	99990	AE-cum ME,	EE, PH circle
	15.	Construction of Road from Ahmed Khan house to Kanhei Gadia	200000	AE-cum ME,	3174/23.12.2010	200000	AE-cum ME,	EE, PH circle
	16.	Construction of Road from Kabaristan to Dalei Chhak	100000	AE-cum ME,	3174/23.12.2010	100000	AE-cum ME,	EE, PH circle
	17.	Improvement of Road from Tala Munda Kua towards Ray Singh Sir's house	100000	AE-cum ME,	3174/23.12.2010	99990	AE-cum ME,	EE, PH circle
	18.	Improvement of road from Behera Babu's house towards Chotrary Babu's house	100000	AE-cum ME,	3174/23.12.2010	100000	AE-cum ME,	EE, PH circle
	19.	CC road from Routray Babu's towards Mahapatra Babu's house	100000	AE-cum ME,	3174/23.12.2010	98000	AE-cum ME,	EE, PH circle
	20.	Improvement of Road from Old Dharmasala Chhak towards Dora babu's house	200000	AE-cum ME,	3174/23.12.2010	2000000	AE-cum ME,	EE, PH circle
	21.	Maintenance and Repair and Improvement of road from Town UP School Chhak towards Kanhu Sagar Pond	125000	AE-cum ME,	3174/23.12.2010	125000	AE-cum ME,	EE, PH circle

Appendix 2.3.3
(Refer para 2.3.4.1)
Statement showing delay in disposal of tender

Name of ULB	Sl. No.	File No	Estimated cost	TCN No.	Date of agreement/ Work Order	Time taken (in days)
BMC	1.	1098/2010	34,19,600	04/2010-11 dt. 30.08.10	96/25.06.2011	300
	2.	1258/2011	16,22,300	02/2012-13/28.04.12	316/17.11.12	200
	3.	557/2011	970000	14503/30.06.12	29.11.12	180
	4.	590/2012	637200	24.05.12	295/30.10.12	150
	5.	372/2011	1654300	25/11-12dt.1.1.12	124/8.05.12	128
	6.	267/2011		22276/29.09.11	2.7.12	275
	7.	469/11	1143000	9235/20.04.12	18.12.12	240
	8.	293/11	3775000	24401/1.11.11	115/30.04.12	120
	9.	1127/2010	3218600	4/10-11dt.30.08.10	47/13.04.11	223
	10.	1119/11	4357300	13/11-12/25.11.11	247/20.07.12	240
	11.	1153/2011	569000	1/12-13 dt.4.4.12	270/3.09.12	150
	12.	1016/11	3371900	12/11-12dt.18.10.11	285/18.09.12	365
	13.	1193/11	4365500	15/11-12/.23.12.11	24dt.20.07.12	210
	14.	2181/09	1934000	14833/dt.4.06.09	4.11.09	180
	15.	1048/10	2205500	4/10-11dt.30.08.10	259/23.08.12	720
	16.	1160/10	3469500	16/11-12DT.1.03.12	254/2.08.12	150
	17.	1121/11	3040600	13/11-12dt25.11.11	271/13.09.12	300
	18.	465/12	1041800	18/12-13/8.04.13	1.08.13	12
Sunabeda NAC	19.	76/2012	990918	1221/17.04.2012	20.07.2012	73
	20.	233/2011	1878155	4011/15.12.2011	176/2011-12/ 17.03.2012	84
	21.	167/2012	746445	2237/04.07.2012	129/2012-13/ 25.09.2012	69
	22.	52/2011	237015	485/19.02.2011	38/2011-12/ 17.05.12	61
Puri municipality	23.	378/2012	13,49,000	7748	5.12.13	578
	24.	366/2011	5,30,000	23/2011-12	30.4.12	145
	25.	326/2010	1296700	7589/14.12.2010	7.5.11	125
	26.	9/2011	3818723	PM-34/2012-13	27.4.13	68
	27.	337/2008	4900000	5233/05.08.2008	21.5.12	152
Rourkela municipality	28.	321/12-13	41,68,000	EORM/11/2012	10.10.2012	91
Rairangpur NAC	29.	114/12-13	200000	461/07.02.13	27.07.2013	152
	30.	100/10-11	250000	1195/4.5.11	23.07.2011	64
	31.	138/12-13	900000	461/07.02.13	20.07.2013	143
	32.	126/12-13	408000	461/07.02.13	20.07.2013	150
	33.	116/12-13	500000	461/07.02.13	27.07.2013	150
	34.	01/11-12	1635000	1683/ 05.05.11	28.09.2011	126
Sonepur municipality	35.	1/2012	400000	2462/19.12.11	17.09.2012	257
	36.	5/2012	800000	689/19.12.11	19.03.2012	75
	37.	1/2013	1000000	3147/24.12.12	26.12.2012	109
	38.	28/2012	1000000	2462/19.12.11	01.10.2013	321
	39.	4/2012	600000	2550/18.10.12	03.10.2013	323
Sambalpur municipality	40.	35/09-10	1000000	2778/10.07.09	22.4.10	132
	41.	07/2010-11	1917038	1012/17.03.10	20.7.10	100
	42.	09/10-11	3000000	2778/10.07.09	18.1.10	175
	43.	14/11-12	2078000	6266/02.08.2011	26.6.12	309
	44.	206/12-13	2378646	2252/07.06.2012	19.10.12	107
Jaleswar	45.	176/2010-2011	99000	Tender not invited	12.09.2011	61

Name of ULB	Sl. No.	File No	Estimated cost	TCN No.	Date of agreement/ Work Order	Time taken (in days)
NAC	46	65/10-11	100000	01/2011-12	22.07.2011	85
	47	38/11-12	99000	03/2011-12	25.06.2012	182
	48	37/10-11	99000	Tender not invited	22.02.2011	153
	49	36/10-11	99000	Tender not invited	22.02.2011	154
	50	134/10-11	150000	01/2011-12	26.12.2011	243
	51	39/10-11	53000	Tender not invited	22.02.2011	154
CMC	52	1573/09	3700000	02/09-10/22.2.2010	6234/26.5.10	79
	53	1913/2010	4999000	11538/27.10.2010	24.2.11	105
	54	2249/2010	4255309	29/10-11	13.5.11	78
	55	1559/2011	1488800	06/2012-13	6.11.12	75
	56	700/10	2104600		3447/21.4.12	530
	57	Construction of dispensary building	3117300		3213/9.4.13	81
	58	2004/10	3374000	24/10-11	7657/15.7.11	184

Appendix 2.3.4
(Refer paragraph 2.3.4.2)
Blockage of fund due to non-completion of project

Name of ULB	Sl. No.	Name of the work	Work order No	Agreement cost	Stipulated date of completion	Up to date payment	Delay (as on [illegible])
Rourkela municipality	1.	Improvement of Road from BM/5 to Kumbharpada Chowk	7377 dt.12.10.12	4935982	16.04.13	2894734	17months
	2.	construction of storm water drain at Mahatab Road	7175 dt.10.10.12	108.52 lakh	12.04.13	3450385	17months
	3.	Improvement and widening of Mahatab Road (Balance portion)	652 dt.31.1.11	12450023	3.08.11	6428887	36monts
Rairangpur NAC	4.	Renovation and Beautification of Badabandha (Phase-I)	482 dt.8.11.10	2368461	8.2.11	2250230	43months
	5.	Renovation and Beautification of Badabandha (Phase-II)	2786 dt.5.12.11	4566438	5.5.12	3275202	28months
	6.	Renovation of Gandipark	2383 dt.28.09.11	1521218	28.12.11	1108869	33months
Sunabeda NAC	7.	construction of RCC roofed shed at Biju patanaik vending Zone	3974 dt.12.12.11	1650141	11.06.12	1285068	27months
Puri municipality	8.	Construction of Toilet at Penthakata	5302 dt.27.8.10	1485000	27.2.11	569108	43months
	9.	Construction of Road at Markanda Tank	3043 dt.7.5.11	1091821	1.7.11	126887	26months
	10	Construction of Health office	27.4.13	3788577	24.10.11	3218453	36months
	11	Improvement of ME/EO Qtrs.	2709 dt.25.04.11 & 5246 dt.2.08.13	2625000	25.10.2011	2529494	36months
	12	Development of Park near Dhipa Jaga	3582 dt.7.5.12	1954022	9.9.12	891565	24months
Sambalpur municipality	13	construction of Anganwadi Centre at Ramgarh	176 dt.4.12.12	234500	4.2.13	235137	19months
	14	Construction of Community centre near Dalai pada school	7344 dt.19.10.12	2378646	19.4.13	396000	17months
Joda municipality	15	Re-construction of Drain from Tanya Hotel to Binu Pattnaik house	457 dt.3.3.11	1002274	3.6.11	691844	39months
Total						**29351863**	

Appendix 2.3.5
(Refer para 2.3.5.3)
Statement of less deduction of Security Deposits from the contractors

Name of ULB	Sl. No.	Name of the work	Name of the contractor	Class of registration	Amount paid (in ₹)	SD due @ 5%	SD deducted @ 3%	Less deduction made
Rourkela municipality	1.	Improvement of Roadfrom Bazichowk to Kumbharpada	Asok Mohanty	A class	3125725	156286	93772	62514
	2.	Improvement of road from BM-5 to Kumbharpada	B.M.Pillay	Super class	2894734	144737	86842	57895
	3.	Construction of stadium at Udit Nagar	Ranjan Ku Nayak	A class	5294672	264734	158840	105894
	4.	Construction of new Office Building	Golak Prasad Mohapatra	A class	4561720	228086	136852	91234
	5.	Contruction of new office building	Golak Prasad Mohapatra	A Class	3733347	186667	112000	74667
	6.	Furnishing of Council Hall	Golak Prasad Mohapatra	A Class	2612805	130640	78384	52256
	7.	Upgradation of Mahatab Road	B.M.Pillay	Super class	9165052	458253	274952	183301
	8.	Restoration and Reconstruction of Road of left Embankment of Brahmani	Narottam Samal	A class	3444772	172239	103343	68896
	9.	Construction of new office building	Golak Pr Mohapatra	A class	4025523	201276	120766	80510
	10.	Improvement of Road Connecting Main Road	Sameer Ku Bhuyan	Special	6683780	334189	200513	133676
	11.	Improvement of Road from Dl Chowk to BM-5	B.M.Pillay	Super class	3452042	172602	103561	69041
	12.	Improvement of Road by the side of Govt.College	Sameer ku Bhuyan	Special	4894644	244732	146839	97893
	13.	Construction of Storm Water Drain	B.R.M.Pillay	Super class	3798530	189927	113956	75971
	14.	Imp. &Widening of Mahatab Road	B.M.Pillay	Super class	6428536	321427	192856	128571
Rairangpur NAC	15.	Construction of CC drain from GopalGiri house to Jujhar Majhi house,W.No-1	Sandeep Kumar Rajak	Super class	1,62,498	6500	4875	1625
	16.	Road facility at Solid Waste Management Treatment plant	Rajesh Kumar Sethi	Super class	2,80,665	12227	8420	3807
	17.	Construction of CC road from Gulzari Mohanta house to main road		Super class	3,68,033	14721	11041	3680
	18.	Const.of CC road with drain		Super class	6,00,000	24000	18000	6000
	19.	Construction of Guard wall(both side) of temple road at Thakurani beda	Abhishek Shaw	Super class	3,90,294	15612	11709	3903
	20.	Construction of CC road with drain from Matha Padia to Suku Mohanta house	Avishek Shaw	Super class	4,03,955	16158	12119	4039
	21.	Construction of CC road with drain from Gura Sahu house toBhanga beda Curlvert	Lalit Bharati	Super class	5,93,440	23738	17803	5935
	22.	Construction of CC road with drain from Bus stand to Leprosy colony adjacent to RWSS office	Jayram Behera	Super class	5,33,165	21327	15995	5332
	23.	Repairing of road from Debabrata Das house to R.N.Jew matha	Kuanr Naik	Super class	4,46,325	17853	13380	4473
	24.	Const.of cc road from Birendra mohanta house to existing B.T.Road	Ranjan Kumar Ram	Super class	2,75,379	11015	8250	2765
	25.	Const.of CC road from Main road to Marandi Babu House	Ranjan Kumar Ram	Super class	1,78,047	7122	5317	1805
	26.	Const.of CC road from Sheet Babu house to Pattnayak Babu house	Munindra Kumar Nag	Super class	2,80,495	11220	8350	2870
	27.	Const. Of CC road from False cause way from Aswini Giri House to	Harishankar Behera	Super class	2,75,010	11000	8250	2750

Name of ULB	Sl. No.	Name of the work	Name of the contractor	Class of registration	Amount paid (in ₹)	SD due @ 5%	SD deducted @ 3%	Less deduction made
		pond at pantha sahi						
	28.	Construction of road from Saroj Mandal house to PCM School	Munindra Kumar Nag	Super class	2,79,414	11177	8382	2795
	29.	Rep. And Extension of Office Building	Ranjan Kumar Ram	Super class	2,15,839	8634	6475	2159
	30.	Improvement of road from Sujit Mohanta house to Subodh Giri house	Sipun Kumar Murrmu	Super class	1,87,070	7483	5612	1871
	31.	Const. Of CC road with Drain from Pattnaik babu house to Nala	Sandeep Kumar Rajak	Super class	1,89,113	7565	5673	1892
	32.	Upgradation of Road from Rly –Level Crossing to Mousima Mandir	Sandeep Kumar Rajak	Super class	1,86,688	7468	5601	1867
	33.	Const. Of CC road with Drain from Surathapattnaik house to Harijan Sahi	Sushil Kumar Naik	Super class	4,00,015	16001	12000	4001
	34.	Construction of CC road from Dhunda Mohanta House to Harijan Sahi	Sushil Kumar Naik	Super class	3,83,270	15331	11498	3833
	35.	Improvement of road and drain from TATA Karanjia main road to Drupada Dagra House		Super class	3,15,003	12600	9481	3119
	36.	Construction of CC Road from Tala Majhi Sahi to Baidaposi School	Munindra Kumar Nag	Super class	3,95,810	15832	11874	3958
	37.	Improvement of Road from Karanjia Main Road to end of the NAC	Rajesh Kumar Sethi	Super class	5,92,568	23703	17777	5926
	38.	Construction of CC road from existing CC road towards Munindra Nag House	Sushil Kumar Naik	Super class	4,27,717	17109	12832	4277
	39.	Construction of CC drain from Joyesh Gangji House to Shiv Mandir	Sandeep Kumar Rajak	Super class	4,90,229	19609	14707	4902
	40.	Construction of Cc road with drain from Mohapatra Babu house to Ramdas Hembram House	Sandeep Kumar Rajak	Super class	4,32,675	17307	12980	4327
	41.	Construction of CC road at Link Road		Super class	16.18,097	64724	48635	16089
Jaleswar NAC	42.	Construction of Guard Wall near the Roadside of Pond Hemanta Parida in W.No.17	Paresh Ch Das	C Class	99,000	3960	2970	990
	43.	Construction of CC road from JBC road to Partha Sarathi Kar House in W.No-11			99,000	5940	2970	2970
	44.	Construction of CC road From JBC road to Pravakar Jena house W.No-12	Prabir ku Das	B Class	1,00,000	6000	2000	4000
	45.	Construction of CC Road from Sanysi Parida House to Ratnakar Barik House in W.No-15	Jagdish ch Nandy	D class	1,33,400	5336	2670	2666
	46.	Construction of Common Room(Meeting Hall)	Chitta Ranjan Mohanty	C Class	47882	1915	0	1915
	47.	CC Road from JBC road to Jaleswar Women's college in W.No-12	Rajni kant Dhal	C class	5,42,000	32,520	21680	10840
	48.	Construction of GuardWall in Satya Kar Tank from Kars sahi to sib mandir			85,000	3400	2550	850
	49.	Construction of GuardWall in Satya Kar Tank from Kars sahi to sib mandir			99,000	3960	2970	990
	50.	Repairing&Restoration of CC road from Budan house to Katar house	Kalpana Kar	C class	93,000	3720	2790	930
	51.	Repairing & Restoration of road from Lal Mohammad house to Budan house	Kalpana Kar	C class	99,000	3960	2970	990
	52.	Construction of CC [illegible]	Jagdish ch Nandy	D class	99,000	3960	1980	1980
	53.	Repairing &Restoration of [illegible] Hemran House			99,000	3960	2970	990
	54.	Construction of Guest Room(Meeting Hall) in NAC			23,943	958	0	958
	55.	Construction of meeting Hall in NAC	Chitta Ranjan Mohanty	C Class	99,000	3960	1400	2560

Name of ULB	Sl. No.	Name of the work	Name of the contractor	Class of registration	Amount paid (in ₹)	SD due @ 5%	SD deducted @ 3%	Less deduction made
	56.	Construction of CC Road from Pravakar Jena house to Srinibash Dey house in W.No-12	Jagdish ch Nandy	D class	1,39,000	5560	4171	1389
	57.	Construction of road from Jamalpur road to Singh Babu house in ward.No.5	Paresh Ch Das	C Class	84,000	5040	2520	2520
	58.	Construction of Guard wall near Hemanta Senapati pond in W.No-10	Krupasindhu Kar	C class	1,43,619	5745	4309	1436
	59.	Construction of CC road from Kapasia road to Surendra Sahoo house	Paresh Ch.Das	C Class	85,625	5138	858	4280
	60.	Repairing &Restoration of NAC Building	Prabir Ku Das	B Class	53,481	2139	1069	1070
Total								**1436643**

Appendix 2.4.1
(Refer Paragraph 2.4.2.3)

Details of electrical goods purchased by EO, Sambalpur municipality

Sl. No.	Purchase Order No./ Date	Bill No./Date	Details of items purchased from M/s Electrolite Industries	Quantity	Amount (in ₹)
1	3265/ Dt.27.12.2012	EI.37/12-13. Dt.01.02.2013	4X24 Watt T5 fitting with tube, aluminium housing, aluminium pipe mounting arrangement with IP65 protection	100 nos.	318500.00
			4" GI bend pipe (3' length)	200 nos.	43120.00
			2.5 mm twin core wire (90 mtr)	20 coils	9016.00
TOTAL (a)					**370636.00**
2.	1336/ Dt.12.03.2013	03/13-14 Dt.17.04.2013	400 Watt SV/MH copper choke	20 nos	22540.00
			E/40 SV Holders	50 nos	3450.00
			4x4 Wooden Board	50 nos.	750.00
TOTAL (b)					**26740.00**
3.	2415/ Dt.24.05.2013	09/13-14	400 Watt MH Copper Choke	40 nos.	44178.00
			Flexible wire	5 coils	1273.00
			2.5 mm twin core Aluminium wire	50 coils	22540.00
			6 mm twin core aluminium wire	20 coils	12014.00
			150 watts MH Lamp E.27	100 nos.	318500.00
			1¼" GI bend pipe	200 nos.	43120.00
TOTAL (c)					**441626.00**
GRAND TOTAL (a+b+c)					**839002.00**

Appendix 2.4.2
(Refer Paragraph 2.4.3.3)

Details of doubtful issue of bleaching powder due to want of acknowledgement of the recipient

Date of Issue	To whom issued	Quantity Issued (25 kg bag)
11.04.2012	Issued to Ward No.15 through M. Panigrahi	01
12.04.2012	Issued to Ward No.6 through Rajesh Behera	02
13.04.2012	Issued to Ward No.13 through Umesh Kalet	02
23.04.2012	Issued to Ward No.19 through Anil Suna	02
23.04.2012	Issued to Football Academy through Mathura Organisation	03
23.04.2012	Issued to Lingaraj Sahu	01
23.04.2012	Issued to Sankavasi Mandir through Suhari Panigrahi	01
23.05.2012	Issued to Chandan Service through Ghadi Jena	20
23.05.2012	Issued to P.N.T. Colony through Arnapurna Barik	01
24.05.2012	Issued to Ward No.11 through Ludu	06
TOTAL		**39 bag (975 kgs)**

Purchase value of 39 bags of Bleaching powder (as per Invoice No.SPC-705/24.02.2012) is Rs.15837

Details of doubtful issue of bleaching powder due to overwriting and corrections

Date of Issue	To whom issued	Actual Quantity Issued (25 kg bag)	Overwriting made showing quantity issued	Doubtful Issue
17.09.2012	Issued to Ward No.20 through Hadi Sahu	01	02	01
19.09.2012	Issued to Ward No.10 through Rabi Mukhi	01	02	01
25.09.2012	Issued to Ward No.6 through Rajesh Behera	01	04	03
26.09.2012	Issued to Ward No.15 through P. Behera	01	02	01
27.09.2012	Issued to Ward No.20 through Hadu Sahu	01	05	04
27.09.2012	Issued to Ward No.18 through Kamdev	01	04	03
28.09.2012	Issued to Ward No.17 through Laxman Tudu	01	05	04
28.09.2012	Issued to Ward No.03 through Abdula	01	02	01
28.09.2012	Issued to Ward No.28 through Suraj Naik	01	02	01
28.09.2012	Issued to Ward No.2 through Sujan Behera	01	02	01
28.09.2012	Issued to Ward No.8 through Sushanta Majhi	01	04	03
26.10.2012	Issued to Ward No.8 through Sushanta Majhi	01	02	01
31.10.2012	Issued to Arabinda School through Sushanta Majhi	01	02	01
01.10.2012	Issued to Ward No.16 through Supakar	01	02	01
14.11.2012	Issued to Ward No.29 through Manua Sura	01	02	01
27.11.2012	Issued to Ward No.02 through Sajan Behera	01	05	04
27.11.2012	Issued to Ward No.29 through Manua Sura	01	04	03
TOTAL		**17**	**51**	**34**

Purchase value of 34 bags of bleaching powder as per Invoice No.SPC-846/16.10.2012 is Rs.14211

Appendix 2.4.3
(Refer Paragraph 2.4.3.8)

Statement showing the discrepancy of Electrical items in the Stock Registers of ULBs

Name of the ULB	Name of the materials'	Opening Balance as on 31.03.10 as per stock register	Procurement in			Total	Total Issue in three years	Closing Balance as on 31.03.13	Closing Balance as per stock register	Discrepancy (surplus is shown as minus)	Cost of the items (₹)
			2010-11	2011-12	2012-13						
Jaleswar NAC	400 watt S.V.Choke	1	24	6	12	43	34	9	8	1	2975
	400 watt SV Bulb	9	21	12	24	66	47	19	16	3	1227
	63 AMP Kit Kat	12	37	24	12	85	81	4	3	1	400
	250 watt S.V.Bulb	4	18	12	24	58	47	11	10	1	826
Joda municipality	Ignitor	27	450	200	200	877	635	234	242	(-)8	0
	Clamp with nut bolt	168	100	400	1044	1712	1274	434	438	(-)4	0
	bracket	84	50	200	522	856	625	242	231	11	4982
	4X24watt T5lamp	180	750	1700	4804	7434	5825	1619	1609	10	1476
Puri municipality	40 watt tube light	634	1525	2095	2665	6919	6807	112	24	88	3596
	70/250 Ignator	78	970	910	1103	3061	2960	101	4	97	14642
	40 watt choke	36	518	620	1040	2214	2006	208	34	174	23699
Subarnapur municipality	Bar Holder	56	50	60	150	316	201	115	95	20	431
	Service wire	466 mtrs	900 mtrs	1530 mtrs	1350 mtr	4246	4468	(-) 222mtrs	10	(-)232	0
	400 watt SV lamp	17	34	20	00	71	62	9	7	2	1238
	40 watt Choke	45	50	80	80	255	262	(-)7	44	(-)51	0
Rourkela municipality	Ignitor	132	1297	700	300	2429	2189	240	236	4	368
	2X36 watt CFL Fitting	971	1217	0	500	2688	2489	208	199	9	12033
	36 watt CFL Choke	0	990	1765	500	3255	3202	72	53	19	6879
	MS Clamp (9" size)	100	2545	0	530	3175	2021	1160	1154	6	857
TOTAL											75629

GLOSSARY OF ABBREVIATIONS

AAP	Annual Action Plan
AHL	A Heritage Lab
ATIR	Annual Technical Inspection Report
BAMC	Berhampur Municipal Corporation
BMC	Bhubaneswar Municipal Corporation
BRGF	Backward Region Grant Fund
BSUP	Basic service to Urban Poor
C&AG	Comptroller and Auditor General of India
CHO	City Health Officer
CLR	Casual Labour Roll
CMC	Cuttack Municipal Corporation
CPCB	Central Pollution Control Board
CPF	Contributory Provident Fund
CVC	Central Vigilance Commission
DC	Deputy Commissioner
DCR	Demand and Collection Register
DDO	Drawing and Disbursing Officer
DD	Demand Draft
DLR	Daily Labour Roll
DPC	Duties Power and Conditions of Service
DPR	Detailed Project Report
DPS	Delayed Payment Surcharge
EMD	Earnest Money Deposit
EO	Executive Officer
EPF	Employee's Provident Fund
ESI	Employees State Insurance
FO	Finance Officer
GIS	Geographical Information System
GoI	Government of India
HML	High Mast Light
HUDD	Housing and Urban Development Department
IDCO	Odisha Industrial Infrastructure Development Corporation
IHSDP	Integrated Housing Slum Development Project
INTACH	Indian National Trust Art and Cultural Heritage
IR	Inspection Report
IT	Income Tax
JnNURM	Jawaharlal Nehru National Urban Renewal Mission
JWO	Jagruti Welfare Organisation

LFA	Local Fund Audit
MC	Municipal Corporation/ Council
MLALAD	Member of Legislative Assembly Local Area Development
MPLAD	Member of Parliament Local Area Development
MPHS	Multi-purpose Health Workers of Sanitation
MoUD	Ministry of Urban Development
NAC	Notified Area Council
NGO	Non-Government Organisation
NMR	Nominal Muster Roll
NLCP	National Lake Conservation Programme
NRCD	National River Conservation Directorate
OGFR	Orissa General Financial Rules
OLFA	Odisha Local Fund Audit
OMA	Orissa Municipal Act
OMC	Orissa Municipal Corporation
OPWD	Odisha Public Works Department
PHEO	Public Health Engineering Organisation
PIL	Public Interest Litigation
REEL	Ramky Enviro Engineers Limited
RPFC	Regional Provident Fund Commissioner
SB	Savings Bank
SE	Superintending Engineer
SLNA	State Level Nodal Agencies
SPCB	State Pollution Control Board
SPTB	State Property Tax Board
SVO	State Valuation Organisation
SWM	Solid Waste Management
TC	Tax Collector
TCN	Tender Call Notice
TFC	Thirteen Finance Commission
TGS	Technical Guidance and Support
TOT	Telephone Infrastructure Tower
TPD	Ton Per Day
UC	Utilisation Certificate
UIDSSMT	Urban Infrastructure Development Scheme for Small and Medium Towns
ULB	Urban Local Body
VAT	Value Added Tax
VO	Valuation Officer

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