

## कार्यालय महालेखाकार (लेखा परीक्षा) II महाराष्ट्र, नागपुर

संख्या- एल.बी-II/नि.प्र./परभनी/2016-17/ 82

दिनांक : 15/02/2018

प्रति,

आयुक्त,  
परभनी शहर महानगर पालिका,

विषय: आपके कार्यालय के दि. 01/04/2016 से 31/03/2017 तक के लेखा का निरीक्षण प्रतिवेदन

महोदय,

आपके कार्यालय लेखाओं का निरीक्षण प्रतिवेदन भेजा जा रहा है। इसे जारी करने कि तिथि से एक माह के अंदर इसका अनुपालन इस कार्यालय को भेजें।

निम्नलिखित परिच्छेद इस निरीक्षण प्रतिवेदन में सम्मिलित नहीं है।

Period	Para No.
2011-2014	10,11,21,24
2014-2016	12

भवदीय

व. लेप अधिकारी/एल.बी

पंजीकृत डाक से,

संख्या- एल.बी-II/नि.प्र./परभनी /2016-17/

दिनांक : / /2018

निरीक्षण प्रतिवेदन टिप्पणी निम्नलिखित को भी सूचना एवं आवश्यक कार्यवाही हेतु भेजी जा रही है।

1. प्रधान सचिव, शहरी विकास विभाग, मंत्रालय मुंबई
2. मुख्य लेखा एवं वित्त अधिकारी, परभनी महानगरपालिका, परभनी
3. Director of Local Fund Audit, Konkan Bhawan, 6th Floor Navi Mumbai 400614

sd

व. लेप अधिकारी/एल.बी



REDMI NOTE 9 PRO MAX  
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**INSPECTION REPORT ON THE ACCOUNTS OF OFFICE OF THE  
COMMISSIONER, PARBHANI CITY MUNICIPAL CORPORATION, PARBHANI  
FOR THE PERIOD FROM 01/04/2016 TO 31/03/2017**

**Part I – Introduction**

Parbhani City Municipal Corporation (PCMC) is an Urban Local Body established on 01/11/2011 by the State Government vide notification No. MUM.1111 / Pr.Kr. 201 / NV-17 dated 01/11/2011 under the Bombay Provincial Municipal Corporation Act, 1949 for the purpose of carrying out developmental activities keeping in view the living environment of the people in the jurisdiction of Parbhani city healthy.

**DISCLAIMER STATEMENT**

This Inspection Report has been prepared on the basis of information furnished and made available by the Municipal Commissioner, Parbhani City Municipal Corporation (PCMC), Parbhani. Office of the Accountant General (Audit) II, Maharashtra, Nagpur disclaims responsibility for any mis-information and or non-information on the part of auditee unit.

**ORGANIZATIONAL SETUP**

The Urban Development Department of Government of Maharashtra headed by the Principal Secretary is responsible for overall control and monitoring of the working of Parbhani City Municipal Corporation Parbhani at government level and is assisted by the Director Nagar Parishad Administration Mumbai. The Commissioner is the executive head of the PCMC, Parbhani and is assisted by the Additional Commissioner, 2 Deputy Commissioners, 5 Assistant Commissioners, Chief auditor, City Engineer, Chief Accounts and Finance Officer, Health Officer, Town Planner, Education Officer, Chief Tax Inspector while exercising their duties and responsibilities from time to time.

**INTERNAL AUDIT**

Internal Audit wing of PCMC had not conducted the post-expenditure audit of any of the departments / wings of Municipal Corporation till date.

**APPROVAL OF ANNUAL ACCOUNTS**

Financial statements / accounts of the Municipal Corporation for the years 2011-12 to 2016-17 were not prepared and submitted to General Body as well as to Directorate of Municipal Administration for approval.

**Expenditure on Pay and allowances**

Expenditure incurred on account of Pay and Allowances, Travelling Expenses and Contingencies by the Commissioner, Parbhani City Municipal Corporation (PCMC), Parbhani during the period for 2016-17 was as under

(Rs. in lakh)

YEA R	PAY		TA		CONTIGENCY	
	GRANT	EXP.	GRAN T	EXP.	GRAN T	EXP.
2016- 17	32408600 0	20917739 0	465000	46400 3	770000	76920 3

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Expenditure on the schemes

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The schemes-wise grants received and expenditure incurred by Commissioner Parbhani City Municipal Corporation (PCMC), Parbhani during the period from 2016-17 was as under:-  
(Rs. in lakh)

Name of scheme	Opening Balance	Particulars	Grant received	Total	Expenditure	Closing Balance
UIDSS MT	19023059	11.11.16	116786000	135809059	107071895	28737164
Sujal-Nirmal	828984		828984			
		मनपाहिस सा	4879000			
		2.1.17	8327000	14034984	395592	13639392
13 <sup>th</sup> Finance Commission	120421275	निरंक	निरंक	120421275	83459650	36961625
14 <sup>th</sup> Finance Commission	232674103	6.9.16	59830000			
		25.1.17	58540000	351044103	40700000	310344103
Father and Tap water scheme for SC/Nav Baudha	29600000	निरंक	निरंक	29600000	निरंक	30000000
Dalit Wastor Sudhar Yojana	122203550	22.3.17	55000000	177203550	18378214	15882536
Flood	22422227				7608965	14813262
Primary Needs Scheme	108150596		00000	108150596	23304996	84845600
Nagrot han	2517012	31.7.16 NT	38672	2555684	00000	2555684

#### Entry Conference

An entry conference was held on 16-11-2017 with the PCMC, Parbhani to discuss objectives, and methodology of local audit.

### Scope of audit and methodology

A test check of accounts of office of the Municipal Commissioner, PCMC, Parbhani for the period from 01/04/2016 to 31/03/2017 was conducted locally by the Local Audit Party No. IV, which consisted of Shri S. M. Gupta, AAO, Shri. S. G. Nagdeote, AAO (16.11.2017 to 24.11.2017), Shri V.M. Wankhede, AAO (from 30.11.2017 to 19.12.2017, Shri S.K. Sinha, AAOs (from 30.11.2017 to 22.12.2017), Shri D.S. Hirekhen and S.K. Thule, Sr. Auditor of office of the Accountant General (Audit) II, Maharashtra, Nagpur between 15.11.2017 and 27.12.2017. The audit was supervised by Shri Pankaj Kumar, Sr. Audit Officer from 16.11.2017 to 27.12.2017. The last audit was supervised by Shri D. R. Mishra, Sr. Audit Officer.

For local audit month of March 2017 was selected for detailed scrutiny. Records of three Zonal offices were test checked.

Out of major schemes implemented by PCMC, Parbhani, test check of UIDSSMT, Road grant, Ramai Awas Yojana, Maharashtra Swachha Abhiyan, Water Supply Scheme, Solid Waste Management, Fourteenth Finance Commission, Nagri Dalit Wasti, Local Body Tax (LBT), Town Planning & Gunthewari cases along with general checking of cash book, bank pass book and vouchers was conducted. Further record of all the departments was test checked during audit. Audit was conducted to ascertain whether estimates have been prepared correctly, proper procedure have been adopted at the time of inviting tender, government instructions and provisions of various Act and Code applicable at the time of execution of work and have been followed correctly at the time of sanction and execution of work, whether measurement books have been maintained correctly and correct payment has been made to the contractor, whether property tax of the properties in Parbhani city have been determined correctly and recovery thereof is made effectively, whether rent of the property belonging to the PCMC have been determined correctly and recovery thereof is made effectively, whether Gunthewari Development Act have been implemented effectively, whether cases of development of plot and allotment development rights have been scrutinized correctly and correct development charges are levied and collected by the town planning department of PCMC, Parbhani.

### The Criteria

The criteria used for the local audit were:

- 1) The Bombay Provincial Municipal Corporation Act, 194
- 2) Development Control Regulations, 1986
- 3) Maharashtra Regional Town Planning Act, 1966
- 4) Manual of Maharashtra Public Works
- 5) Various Government Resolutions were issued by the Government of Maharashtra, UDD, from time to time.
- 6) General Body decision of PCMC, Parbhani
- 7) Guidelines of various schemes

### Exit Conference

The audit findings on local audit were discussed with the Deputy Commissioner, PCMC, Parbhani in the exit conference held on 27-12-2017.

Part - II – AUDIT FINDINGS  
Part II A- Major Irregularities

Para 1-Unauthorized payment of electricity charges of private consumers

The Parbhani Municipal Corporation (PMC) is receiving monthly electric charges bills from Maharashtra State Electricity Distribution Company Limited (MSEDCL), Parbhani towards consumption of electricity. The PMC has total 422 electric meter connections pertains to the public street lighting, supply of water and various building under their jurisdiction.

Scrutiny of electric bill payment correspondence file made available to audit revealed that the Superintending Engineer, MSEDCL, Parbhani had written a letter on 25<sup>th</sup> September 2017 to the Commissioner, PMC about huge outstanding electricity charges bill (i.e. Rs 18.06 crore) and its early payment. It was also mentioned in the letter that the payment made by the PMC towards electricity charges included payment of some other bills which were not related with the PMC. The records pertains to details of the payment of electric bills made to MSEDCL were not available to audit by the PMC. Hence on request MSEDCL available the records to audit for the period from November 2014 to September 2017. It was noticed that the consolidated payment of all electric meter bills (consumer number wise) paid once or twice in a month by PMC to the MSEDCL through RTGS and for this purpose MSEDCL against the payment issue receipt for each bill (consumer number wise) to PMC. The PMC paid Rs 896.43 lakh to the MSEDCL towards electricity charges for the period from 11/2014 to 9/2017.

During crossed check of some consumer numbers of payment list of PMC from the MSEDCL website and it was found that some consumer numbers not related with the PMC. The detailed scrutiny revealed that out of total amount Rs 896.43 lakh paid by PMC during the period from 11/2014 to 9/2017, an amount of Rs 69.79 lakh pertains to 757 bills of 369 private consumers. At the time of consolidated payment of electricity charges PMC officials included electricity bills of the private consumers. There was no monitoring and control over the payment of electricity bills of the PMC authority. This is resulted into irregular payment of Rs 69.79 lakh incurred by the PMC as detailed shown in the enclosed annexure A and also given undue benefit to the private consumers.

In reply the Deputy Commissioner accepted the fact and stated that proper checking would be done before payment to MSEDCL and further stated that the amount paid on account of private consumers would be adjusted.

The matter of unauthorised payment brings to the notice of the government for comments please.

(B) Huge consumption of power

However, in some bills it was observed that in two bills there was exorbitantly huge consumption of power in one month in comparison to other months which does not seem to be correct in normal circumstances and creates doubt either about unauthorized power consumption by others or wrong billing, as increased to more than five times in first case and around 30 times in second case. The details as shown below:

Consumer Number-530010299844/ Administrative building							
Bill month	July-16	Aug-16	Sept-16	Oct-16	Nov-16	Dec-16	Jan-17
Units		2000	4400	22532	994	1400	3778
Bill amount	1980	29428	58705	295140	16200	21342	54920
Consumer Number-530010029812/ Chasme Abu Hayat							
Units	1287	2300	1225	38959	1354	1460	1754
Bill amount	3984	6958	3669	108945	4547	4876	5787

There is no specific reply given by the Deputy Commissioner, PMC.

**Annexure A**

The statement showing the unauthorised payment towards electricity charges of the private consumers

S r N o	Month	Total RTGS amount	RTGS No	Total numb er of electri c bills	Total number of electric bills of private consumers	Amount involve d of private consum ers
	February 2015	1489886		228	8	72740
1	March 2015	595279	4500568	20	0	0
2	March 2015	2791048	4500569	281	16	120497
3	March 2015+May2014	2194694		217	8	78369
4	April2015+Mar ch 2015+May 2014	2796214	5600733	270	15	62088
5	May2015	1689307	5601009	173	11	48700
6	Jun2015+Jun20 14	3666668	5601296	275	12	74700
7	July2015+July2 014	3300262	5601417	275	16	68830
8	Aug2015+Aug2 014	3521598	5601559	264	11	49500
9	Sept2015+Sept 2014	3291067	5601787	278	15	79300
1 0	Oct2015+Oct20 14	3509646	5601941	276	16	81500
1 1	Nov2015+Nov2 014	3511276	5602023	273	11	59700
1 2	Dec2015+Dec2 014	3271268	5602327	281	14	104750
1 3	Jan2016	1527935	5602572	267	13	62800
1 4	Feb2016+Marc h2016	2954761		279	16	112200
1 5	Apr 2016	1702775	670246	292	20	105900
1 6	May 2016	1594087	670572	268	11	102200
1 7	Jun 2016	1718930	670796	282	19	101900
1 8	Jul 2016	1609226	671042	286	22	152010
1 9	Aug 2016	1762283	671251	284	19	157030
2 0	Sep 2016	1677398	671375	279	16	171620

21	Oct 2016	3247716	671553	280	23	135700
22	Nov 2016	3308074	671809	278	0	0
23	Dec 2016	2825394	67994	273	24	282463
24	Jan 2017	3304894	672151	285	23	207730
25	Feb 2017	8424581	572358	304	25	343180
26	Mar 2017	3305321	780082	307	28	200810
27	Apr 2017	3238098	780194	289	50	545960
28	May 2017	3350200	780354	277	69	779110
29	Jun 2017	3432741	780639	302	88	908650
30	Jul 2017	3243408	780936	275	54	644530
31	Aug 2017	3276866	781309	280	80	1064920
		21132901		2498	757	6979387

Para 2:- Undue benefit to the land owner amounting to Rs..60.71 lakh under Water Supply Scheme

The Commissioner, PCMC, Parbhani had purchased a land admeasuring about 3.2950 Hectare directly from the owner for the construction of Water Treatment Plant under the Water Supply Scheme. The land is situated in Taluka Dharmapuri, Gut No. 3 of the district Prabhani. The Commissioner has paid an amount of Rs.154.44 lakh to the owner Prem Kumar Dilip Kumar Daga for 00.58 Hectare and Rs.244.04 lakh to Shri Om Prakash Jaganath Daga for 2.71.50 Hectare i.e. total Rs.398.48 lakh for 3.295 hectare. The sale deed for the said lands was made on 08/12/2016.

As envisaged in the tender conditions, this was the responsibility of the Land owner to provide access to the Main Road. However, there was no access and it was made by way of procuring additional piece of land for the purpose of providing Road. To give access to the land from the Parbhani Jintur Road, the PCMC has purchased land admeasuring 0.58 hectare from Shri Prakash Jagganth Daga.

From which nine meter wide road up to the length of 270 meter was used. Therefore, out of 0.58 hectare land, total area used for the road was of 9 mtr X 270 mtr = 2430 sq mtr i.e. 0.243 hectare. For purchasing of the said land admeasuring 0.58 hectare, the PCMC had paid an amount of Rs.154.44 lakh, as detailed below.

Land Purchased	Market Value	Multiplying by	Cost of land	Add amount as per Section 30(1) 100%	Total amount payable	Add amount as per 13 25%	Proposed payable amount	Amount paid to the land owner
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00. 58 Htr	3088800	2	6177600	6177600	12355199	3088800	15443999	1544399
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On the same line, amount calculated for 0.243 hectare land was Rs.6070500/- (Rs.15443999/0.58 hectare x 0.243 hectare) which was to be borne by the land owner Shri Om Prakash Jagganthji Daga from whom land admeasuring 2.71 hectare was purchased for WTP resulting undue benefit to him. The extra expenditure/ undue benefit amounting to Rs.60.71 lakh towards the land 00.243 hectare to make accessibility from the road side is brought to the notice for confirmation and clarification.

On this being pointed out in audit the PCMC, Parbhani did not offer specific reply as to why the cost for providing approach road was borne by the PCMC. Relevant reply may be furnished.

#### Part II B: Other Observations

##### Para 3: - Failure of Control mechanism in revenue collection and accounting.

Financial rules envisage that there should be proper monitoring and control over the financial transaction at various levels. Each entry of receipt and payment was to be counter checked by the higher official or the official other than the person who makes initial entry.

There were three zones where demand for Property Tax of the respective zones are raised and realized by the respective Bill clerks of the zone and after realization it is remitted to the Municipal Fund through Cashier of the respective zone.

During scrutiny of record related to revenue collection for the year 2014-15 to 2016-17 made available to Audit, revealed the following irregularities:

1. Actual demand of Property Tax was not mentioned in each case in the register maintained for entry of tax collected against individual house/property owner in their ledger. Moreover, in some cases, demands were mentioned in some cases, however, there was no authenticity of its correctness as the register was not authorized by any competent authority.
2. The bill clerks, after recovery of property tax from the house owner issue a receipt against property tax & other tax to the house owner. Against such receipt, posting is made in the register giving reference to receipt number and not the amount recovered. There was no checking system by any superior authority/ official other than the bill clerk who made initial entry in the register.  
  
So therefore, the whole system about entry of Property Tax was handled by a single person and no counter check was provided in the system, the possibility of error/misappropriation in respect of Property tax could not be ruled out.
3. The register was handled by the Bill clerk only. They just make reference of receipt number in the register. On scrutiny of the receipt book, it was noticed that they recover the amount on their discretion as there was no any authentic document and post in the register. There was no counter check.  
In such case, possibility of any omission/ error/ misappropriation cannot be ruled out.
4. Sample test check of demand register revealed that some property tax recoveries are pending from the year 1960 to till date of audit, as detailed below:



Sl. No.	Property number	Name of property holder	Outstanding tax from the year	Amount of demand per month
1	35	Shri Bitthalrao H Lohgaonkar	1988	Rs. 2432
2	15	Jayvant B Astikar	1997	Rs. 89.50
3	64	Baburao V Mathpati	2000	Rs. 418
4	72	Nagoba B Tompe	1961	Rs. 10958
5	101	Lakshmanrao s Teli	2000	Rs. 679
6	104	Santram P Futane	1960	Rs. 2240
7	123	Sayyed Salauddin Sayyed Saruji	1987	Rs. 744
8	124	Sayyed Ratan Sayyad Hiraji	1994	Rs. 445
9	125	Md. Sultan Md. Hasan	2001	--
10	126	Abdul Rahman Seikh Fatrusab	1985	Rs. 863
11	127	Seikh Bunhan Md. Kasim	1989	Rs. 878
12	144	Sakkarji P. Bunhaji	1976	Rs. 4913
13	146	Md. Yusuf Md. Sab	1970	Rs. 936

Further, it is observed in above cases, no revision of property tax since last 57 years.

5. As per PCMC resolution the delay deposit of property taxes and water charges, penalty should be charged 2% per month. However, it was observed that there was no consistent system or procedure to charge the penalty as it differs from case to case. In some cases, these were charged as full @ 2% pm and in some case, it appears it was waived by the bill clerk itself. There was no provision in the Act/GR/ Resolution about the competency of the bill clerk of waiving penalty. The possibility of wrong practices cannot be ruled out as the bill clerk may waive penalty under his own will and desire. Some of the illustrative cases are as below.

S l. No.	Period of tax	No. of year outs tanding	Receipt No/ Book No	Total amount of tax	Penalty recovered	Rate of recovery	Due rate	Recover of penalty due	Difference
1	4/11 to 3/17 Water charges	5	11/3 85	763 8	3666	48%	12 0%	9157	5491
2	04/08 to 03/17	8	43/3 85	631 4	3030	48%	19 2%	1212 2	9092

3	04/02 to 03/17	14	53/385	15006	3436	23%	336%	50420	46984
4	10/10 to 03/17	6	12/452	5628	2701	48%	144%	8104	5403
5	04/13 to 03/17	3	28/452	2936	2114	72%	72%	0	0
6	04/05 to 03/17	11	29/423	770	554	72%	264%	2033	1479
7	04/11 to 03/17	5	39/412	19650	1420	8%	120%	23580	22160
	Tota l								90609

From above table it is observed that short penalty recovered by the bill clerk and differential amounts of penalty not recovered neither posted in demand register, so therefore the above amount would not be recovered in future from house owners.

This indicated weak Internal Control resulting in error/misappropriation in the system. There was no system based check or checking at higher level for the each entry of receipt against the property holder account made in the system. Also waiving of penalty/interest in some cases or and charging in some cases arbitrarily was also indication of weak Internal Control.

On this being pointed out in Audit, the Deputy Commissioner, PCMC stated that proper care would be taken so as to avoid any miss happening in future and waiver of penalty was made as per the order of the Commissioner.

Reply with respect to waiver of penalty is not acceptable as waiver of penalty was not supported by the order of the Commissioner.

This is brought to the notice of the UDD.

#### Para 4: Irregularities in payment under SBM

Under Swachchh Maharashtra Abhiyan, the Directorate, Swachchh Maharashtra Abhiyan, Urban Development Department Government of Maharashtra (GoM) vide Circular dated 27<sup>th</sup> July 2015 directed the Municipal Councils and the Municipal Corporations to provide the facility of house hold toilets or the Community toilets so as to avoid open defecation.

In this connection, a survey was directed to be conducted by the end of 25<sup>th</sup> July 2015 so as to decide number of toilets to be constructed.

As per guidelines, after sanctioning of the individual toilets costing Rs 12000/beneficiary and release of first instalment, the progress of the construction of toilets may be seen after every 15 days by the Deputy Engineer/ City Engineer and other officials.

During scrutiny of the records made available to Audit, it was seen that total number of 11058 beneficiaries were given first installment and second and third installment was given in 2020 beneficiaries and 4658 beneficiaries, respectively and following observations were made:

- (i) There were 31 beneficiaries to whom double payments of Rs. 223500/- were made as shown in the enclosed Annexure I
- (ii) Out of the above 10 beneficiaries were having same mobile numbers,
- (iii) An amount of Rs.1401000/- was refunded from the 247 beneficiaries as seen from the bank statement for the period from 2016-17, this needed verification. This indicates either there were wrong selection of beneficiaries or excess amount was paid. This needs confirmation.
- (iv) It was seen from the bank statement for the period 2016-17 that there were 6 debit entries amounting to Rs.570000/-, of which no account number was mentioned against 4 entries/ payment and an amount of Rs.3000/- was shown to have been withdrawal for self. An amount of Rs.78000/- was paid showing narration as "SHAUCHALAY ANUDHAN TO CBI CUS." Such entries/payment appears to be suspected and needs verification. On the similar line bank statement for other period needs scrutiny.

ACCO UNT	TXN DATE	JRNL_ NUMB ER	TXN_ DESC	TXN_R RANC H	TRAN_ AMOU NT	NARATI ON
348291 2461	300520 16	825551 49	DEBIT TRAN S	3674	-21000	
348291 2461	170620 16	203500 411	DEBIT TRAN S	3674	-18000	
348291 2461	291120 16	294741 723	WITH DRAW AL TRAN SFER	3674	-3000	TRF BY SELF
348291 2461	170320 17	279172 784	DEBIT TRAN S	3674	-444000	
348291 2461	240320 17	158264 4	DEBIT TRAN S	3674	-78000	SHAUC HALAY ANUDH AN TO CBI CUS
					-564000	

- (v) It was also observed out of 11058 beneficiaries; only 4658 have shown to have completed their toilets. Regarding other, justification for non-completion may be stated.
- (vi) It was also observed that the beneficiaries have been paid Rs.15000/- as their full installments, however, the GR specifies only Rs.12000/-.

On this being pointed out in Audit, the Deputy Commissioner, PCMC stated that action is being taken to recover the amount paid double to the beneficiaries.

This is brought to the notice of higher authority to make detailed investigation under intimation to audit.

ANNEXURE-B

Details of duplicate name to whom payment under SBM has made

Sl. NO	Name of Applicant	Residential Address	Mobil e No.	Name of Bank	Applicant's Account Number	Amount
4999	SHOBHABAI BABAN SHINDE	LAHUJI NAGAR, PARBHANI	88887 12178	STATE BANK OF HYDERAB AD	622653568 84	6000
4103	DHIMRAO MAHADU BARE	VISHWAS NAGAR PARBHANI	99257 45120	BANK OF MAHARAS HTRA	201020009 13	6000
8066	SHAIKH JAVEED SHAIKH SATTAR	MAHATAM GANDHI NAGAR PARBHANI	96230 89056	STATE BANK OF INDIA	342166794 38	6000
5097	PUSHPA SANTOSH MORE	VRNDAVAN COLONY KAREGAW RAOD PARBHANI	88579 04239	BANK OF MAHARAS HTRA	800232446 38	6000
6959	CHANDRAKALA BHASKAR SALVE	KAPIL NAGAR KAREGAON ROAD PARBHANI	86053 49677	STATE BANK OF INDIA	078110110 004580	6000
8232	SHAIKH JAVEED SHAIKH SATTAR	AMBEEN COLONY PARBHANI	96230 89056	ANDHRA BANK	041510100 064795	6000
7524	MAHADU NAGORAO SARODE	ANAND NAGAR PARBHANI	91589 05622	CENTRAL BANK OF INDIA	392589891 3	6000
5404	YASHWANT VIKRAM KAPURE	HARSH NAGAR PARBHANI	98232 13672	STATE BANK OF HYDERAB AD	621344323 25	6000
7760	MAHADU NAGORAO SARODE	ANAND NAGAR PARBHANI	72181 81169	CENTRAL BANK OF INDIA	392589893 3	6000
5154	MOHAMMADI BEGUM MOHAMMAD FAROOQ	WANGI ROAD PARBHANI	89750 80043	BANK OF MAHARAS HTRA	602337490 71	6000
5399	SURYABHAN TULSHIRAM JOGDAND	VISHVAS NAGAR PARBHANI	96376 14638	BANK OF BARODA	013228100 005923	6000
7025	RAMABAI RASHTRAPAL AMBHORE	SWACHATA COLONY WANGI ROAD PARBHANI	98224 98194	AXIS BANK	914010038 84956	6000

5084	ANWAR KHAN SAHEB KHAN PATHAN	AMIN COLONY DHAR ROAD PARBHANI	90491 36044	IDBI BANK	063710400 0132664	6000
6687	SARASWATI GANGADHAR JADHAV	M.GANDHI NAGAR PARBHANI	95611 01266	STATE BANK OF HYDERAB AD	623584801 47	6000
4329	NIRMALA SHIVAJIRAO SHINDE	ASEF NAGAR PARBHANI	77748 43008	YES BANK	20697	6000
7223	SARA BEGUM ANSAR MUNEERUDDIN	GARIB <del>NAVAJ</del> COLONY PARBHANI	<del>97207</del> 09222	IDBI BANK	<del>062710400</del> 0148429	6000
8659	shaikh sadula shaikh aman	rahim nagar darga raod parbhani	90751 23774	STATE BANK OF HYDERAB AD	624885451 42	6000
7343	SHOBHABAI BABAN SHINDE	LAHUJI NAGAR PARBHANI	88620 85100	INDIAN OVERSEAS BANK	224201000 004523	6000
5045	ASHABAI MUNJAJI KHANPATE	USMANYA COLONY WANGI ROAD PARBHANI	90496 14891	STATE BANK OF INDIA	343954590 96	6000
5046	YASHWANT VIKRAM KAPURE	SWACHATA KAMGAR COLONY WANGI ROAD PARBHANI	94054 73254	AXIS BANK	914010051 279571	6000
5218	BHIMRAO MAHADU BARE	VISHWAS NAGAR WANGI ROAD PARBHANI	99237 45120	STATE BANK OF INDIA	355479487 60	6000
8076	RAMABAI RASHTRAPAL AMBHORE	SWACHHTA KAMGAR COLONY PARBHANI	95617 45358	BANK OF BARODA	322810000 5912	6000
8079	ASHABAI MUNJAJI KHANPATE	WANGI ROAD PARBHANI	90496 14891	STATE BANK OF HYDERAB AD	622394201 94	6000
2942	ASHOK MAROTI SHINDE	<del>KAVACHHIL</del> NAGAR PARBHANI	97642 00107	ANDHRA BANK	041510100 087307	6000
3495	PIRABAI YADAV GAWARE	INFRONT Z.P.PAKIJA MOHALLA, PARBHANI	86985 50408	YES BANK	21506	9000

9035	RUBINA SHAIKH JUBER	HAI HAMEED COLONY PARBHANI	96234 71612	CENTRAL BANK OF INDIA	397684635 0	9000
9042	SHAIKH SADULA SHAIKH AMAN	HAI HAMEED COLONY PARBHANI	90753 45141	STATE BANK OF INDIA	624885451 42	9000
9097	VIMAL MOKINDA SHINDE	AMAAN NAGAR DHAR ROAD	95527 33860	BANK OF MAHARAS HTRA	602015009 73	9000
9141	SHAIKH FARUKH ABDUL SHAKUR	BARAKAT NAGAR PARBHANI	99600 34169	STATE BANK OF INDIA	359859500 65	9000
9296	NIRMALA SHIVAJIRAO SHINDE	DARGA ROAD AASEF NAGAR PARBHANI	96238 53989	BANK OF INDIA	755101100 01809.00	9000
9253	SURYABHAN TULSHIRAM JOGDAND	VISHWAS NAGAR PARBHANI	96376 14638	BANK OF BARODA	132281000 03923	9000
9726	PADMINBAI DIGAMBAR SAVANDKAR	KAKADE NAGAR	77700 83287	BANK OF BARODA	132281000 01264	9000
1009 7	PIRABAI YADAV GAWARE	SHKHALA PLOT	88061 37266	STATE BANK OF INDIA	362768361 92	9000
1009 1	VIJAY GOUTAM MAKASARE	SAI BABA NAGAR PARBHANI	99706 81983	STATE BANK OF HYDERAB AD	620976604 85	9000
1076 3	SHER KHAN RAHIM KHAN PATHAN	ALIBAG NAGAR PARBHANI	99759 09516	STATE BANK OF HYDERAB AD	623826197 51	9000
1070 9	VIMAL MOKINDA SHINDE	AMAN NAGAR PARBHANI	70578 98672	STATE BANK OF INDIA	363135000 35	9000
1103 2	FATEMA BEGUM SHAIKH SAMAD	DARGA ROAD PARBHANI	99706 80704	ALLAHAB AD BANK	503086071 74	9000
1097 5	ANWAR KHAN SAHEB KHAN PATHAN	AMIN COLONY PARBHANI	90491 36044	IDBI BANK	637104000 132664	9000
1105 6	VIJAY GOUTAM MAKASARE	SAI BABA NAGAR PARBHANI	99706 81983	STATE BANK OF HYDERAB AD	629076604 85	9000
1118 9	CHANDRAKALA BHASKAR SALVE	KAPIL NAGAR PARBHANI	88558 10435	BANK OF MAHARAS HTRA	800196398 36	9000
1137 0	RUBINA SHAIKH JUBER	DARGA ROAD	96234 71612	CENTRAL BANK OF INDIA	397684635 0	9000

1138 4	REHANABI SHEKH VAJR	AANSAR COLONY	98224 51369	CENTRAL BANK OF INDIA	397634595 5	9000
1140 0	REHANABI SHEKH VAJR	ANSAR COLONY PARBHANI	73854 54526	CENTRAL BANK OF INDIA	430684244 791	9000
1151 6	DEVIDAS TIKARAM MASKE	KARIM NAGAR PARBHANI	88881 40375	STATE BANK OF INDIA	364758596 68	9000
MH1 6000 8302 7	JAHIRABI SHAIKH USMAN	BHAIYA SAHEB AMBEDKAR NAGAR PARBHANI	96239 07755	STATE BANK OF INDIA	342243516 01	6000
MH1 6000 8297 4	SARASWATI GANGADHAR JADHAV	SANJAY GANDHI NAGAR PARBHANI	70389 38321	BANK OF MAHARAS HTRA	601212222 93	6000
MH1 6G01 1825 0	SHER KHAN RAHIM KHAN PATHAN	HAJI HAMEED COLONY, PARBHANI	97653 26927	UCO BANK	241901100 15216	6000
MH1 6000 8565 4	BISMILLABI SHAIKH ILAHI	KADRABAD PLOT PARBHANI	73856 77843	STATE BANK OF INDIA	011900714 63	6000
MH1 6000 8323 7	SHAIKH AHMAD SHAIKH YASIN	KADRABAD PLOT, PARBHANI	90492 44024	UCO BANK	241932110 04479	6000
MH1 6Q01 0872 2	BISMILLABI SHAIKH ILAHI	KADRABAD PLOT PARBHANI	98235 49545	STATE BANK OF INDIA	111834788 72	6000

Para 5: Non-starting of e-governance in the Civic Body for providing civic amenities and facilities to the citizen

The Government of Maharashtra has issued GR dated 28<sup>th</sup> July 2009 directing all municipal corporations/councils (MCs) to introduce e-governance as implemented in Kalyan Dombivalli

Municipal Corporation (KDMC) so as to give transparency in the activities and facilitate to be provided to the citizen by the civic bodies more easily.

M/s ABM Knowledgeware Ltd. (agency) was selected by the GoM through which modules related to following subjects were to be started:

- (i) Birth/ Death certificate,
- (ii) Property tax,
- (iii) Water Tax,
- (iv) Issue of License,
- (v) Accounts Department,
- (vi) Grievance,
- (vii) Receipt and Dispatch,

- (viii) Town Planning,
- (ix) Food Supply,
- (x) Nagrik Suvidha Kendra.

In this connection, the Commissioner and Director, Municipal Administration, Maharashtra State, Dhule (DMA) has issued a DO letter dated 13<sup>th</sup> May 2013 to the Collector, Parbhani to start e-governance in the Parbhani Municipal Corporation (PMC).

It was specifically mentioned in the letter that the Chief Minister has expressed his displeasure over unsatisfactory progress for e-governance and was directed to start all such modules full fledged by March 2014.

The DMA vide letter dated 1<sup>st</sup> June 2015 directed all MCs to incur expenditure for the project under 13<sup>th</sup> Finance Grant.

It was observed that the KDMC modules were started on 31<sup>st</sup> March 2013 in the PCMC. However, out of ten modules, only four were made live and other six could not be started. As suggested by the PMC to make some amendments adding some more provisions in the system by the Agency related to Water Supply/Town Planning etc., but, the agency could not make such provisions in the system. Thus, bill amounting to Rs.2365480/- submitted by the Agency was not paid attributing the reason that other modules were not made live. Therefore, the agency stopped the work since 16<sup>th</sup> October 2015. The matter was reported to the DMA on 29<sup>th</sup> May 2017.

Meanwhile, the PMC in its GB passed a resolution dated 12<sup>th</sup> February 2016 to call for fresh tenders for preparing web sites for e-governance i.e. "Implementation of integrated e-governance system in PMC". In this respect, e-tender Notice No.29 dated 5<sup>th</sup> July 2016 was published. Only one agency submitted its bid for Rs. 25466145/- for the above work which included annual maintenance contract for a period of five years. As per noting of the Commissioner dated 23/09/2016, the agency was to be called for negotiation. However, thereafter, no progress was made as nothing was available in the file for further action. And, thus, the digitalization/ e-governance was standstill.

On this being pointed out in Audit, the Deputy Commissioner, PCMC stated that the agency was called for negotiation, but did not turn up. Hence, nothing could be done.

Reply is not acceptable as this being important function for the PCMC, they should have taken more attempts to start e-governance.

This is brought to the notice of the UDD for comments.

#### Para 6: Entrustment of work involving financial job to the Contractual employees

Generally, contractual/ daily wages employees are not assigned the duty which involves financial or sensitive jobs.

In this connection, various agencies/ authority appointing manpower on contractual basis have issued some guidelines. For example, Delhi Development Authority (DDA) had laid down some procedures and terms and conditions for appointment of persons on contract basis. This *inter alia* includes the condition that the appointee shall not be deployed or associated in any manner on sensitive seats/jobs, financial transactions, tenders etc.

It is seen that time to time, the Parbhani Municipal Corporation, Parbhani (PCMC), has been making some contractual appointments. The information given by the PCMC revealed that there were 21 Employees appointed on contract basis working during the period of Audit. Of which



16 employees were working as Engineers in various departments. It was also observed that there were no regular engineers in any of the Departments.

Even the post of the City Engineer, Engineer in charge of the Water Supply Department, Electrical Department, Mechanical Department etc. were vacant and temporarily the works were looked after by the persons employed on contractual basis. There were huge developmental works undertaken under the PCMC wherein huge expenditure was incurring. All the work related to execution of various works was supervised by such contractual employees. Recording in respect of execution of works were made by the Engineer in charge deputed for supervision of the work. Since all the Engineers were contractual, the same were made by them only.

After entries being made in the MBs, payments were made by the PCMC. It was observed that the PCMC was wholly dependent on these Engineers for making payment in respect of execution for various works as tenders were finalized by them, recordings in the MBS were made by them and on the basis of such entries in the MB, payments were made by the PCMC.

As the contractual employees were appointed for a period of eleven months or the period specified and after the expiry of the period, their services were terminated, if not extended. Once, they leave the job, their all dues were cleared and any responsibility towards any substandard work/ omissions involving financial irregularities consequently leading to any loss to the PCMC with respect to the work done during their services does not continue.

In such circumstances, any misappropriation or loss occurred due to such employees may not be recovered.

On this being pointed out in Audit, the Deputy Commissioner, PCMC stated that due the posts being vacant and non-availability of regular employees, such contractual appointments were made and regular appointment from the Government for these posts would be filled in.

As such, the persons employed on contractual basis was looking after various important sensitive and financial job, which is not healthy for the the PCMC.

This is brought to the notice of the UDD for comments.

#### Para 7: Weak Internal Control in the PMC

Municipal Chief Auditors (MCA) are appointed under Section 78(a) of the BMC Act 1888 or Section 45(i) of the BPMC Act, 1949. Section 105 of the BPMC Act 1949 and Section 135 of the BMC Act, 1888 provide that an MCA should audit the municipal accounts and submit a report thereon to the Standing Committee. This report should comment on instances of material impropriety or irregularities which the MCA may, at any time, observe in the expenditure or in the recovery of the money due to the Corporation. Besides, the MCA has been entrusted the work of pre-audit in view of section 468, 469 and 470 of the Municipal Council Account Code, 2011.

There were seven posts sanctioned for the Audit wing of MCA, as detailed below:

Sr. No.	Name of the posts	Sanctioned posts	Actual
1	Chief Auditor	1	
2	Assistant Auditor	2	
	Junior Clerk cum Computer operator	2	

4	Peon	2	
	Total	7	

As against sanctioned posts, there were one post of Municipal Auditor, one post of clerk, one clerk on contractual basis and one peon.

It was observed that actual works of Auditing as prescribed under the Act was not being done in the PMC, as the Municipal Auditor was assigned the duty of the Deputy Commissioner as regular charge. He was also entrusted the work of Education Officer in the PMC. Therefore, the MCA was involved in the day-to-day activities of the Corporation and not able to conduct regular Audit as envisaged in the Act. Moreover, the official involved in the routine activities of the PMC is not expected to conduct free and fair auditing and moreover, an official cannot conduct audit scrutiny on his own working.

Therefore, the very purpose of appointment of the MCA is not served. As a result, the effectiveness of the Internal Control Mechanism in the Civic Body is not assessed. It is pertinent to mention that in regular course of Audit, various issues have been observed which concludes that Internal Control mechanism in the PMC is poor.

On this being pointed out in Audit, the Deputy Commissioner while accepting the fact stated that there are heavy vacancies in the PCMC. Therefore, the works are effected.

This is brought to the notice of the UDD for comments.

**Para 8 :- Undue benefit to the contractor of Rs.50.26 lakh on account of insurance charges under the scheme UIDSSMT**

The Government of Maharashtra (GoM) in Finance Department (FD) vide GR No. Vimsa-1098/Pra.Kra.28/98/Shashan Hami dated 19.8.98, Director of Insurance. M.S., Mumbai vide letter dated 08.04.05 and circular No. Pra. Vi. Ni./2306/PWD/Contract work dated 17.10.06 read with GoM, PWD Mumbai's letter No. Misc/07/05/285/Bldg-2 dated 23.07.06 insisted that all the Works Contract entrusted to the Contractor of B-1/B-2 agreements or on Built operate and Transfer basis should have been insured with the Government Insurance Fund mandatorily. It was also stated that implementing agency should incorporate a clause of Insurance as Special Condition of Contract a copy of which is required to be sent to the Director, Government Insurance Fund, Mumbai. The Contractor Should furnish the copy of Insurance Policy before the starting the work in support of Insurance of the work with Government Insurance Fund, failure to do so by contractor 1% amount of contract should be recovered from contractor's 1<sup>st</sup> bill immediately towards Insurance Charges and same should have been remitted to the Director, Government Insurance Fund Mumbai.

Scrutiny of the records of the Commissioner, PCMC, Parbhani revealed that the PCMC accepted a tender above 111.73% of the original cost of Rs.41.52 Crore i.e. Rs.87.91 Crore under the scheme UIDSSMT and had issued work order in connection with the II<sup>nd</sup> phase i.e. Part-II of water supply scheme of PCMC to the R & B infra Project Pvt. Ltd., Mumbai on 13.01.2012. The clause No. 60 of the tender document envisages that Contractors shall take out necessary insurance policy/policies so as to provide adequate insurance cover for execution of the awarded contract work from the Director of Insurance Maharashtra State, Mumbai-51 only. It is pertinent to mention that estimate of the project includes cost of insurance @ 1% of estimate value.

Insurance policy/policies taken out from any other company will not be accepted. However, if the contractor desire to effect insurance with local office of any insurance company, the same should be under the co-insurance cum servicing arrangements approved by the Director of Insurance.

The PCMC, Parbhani has deducted the amount of Rs.29.71 lakh from the contractors VII<sup>th</sup> Running Account bill towards Insurance. Thereafter, the contractor had made an insurance policy having sum insured of Rs.87.91 Crore on 24.12.2016 (12.43 pm) with the New India Assurance Co. Ltd. for the period covered up to 30.03.2020 (11.50 pm) paying insurance premium of Rs.7.94 lakh.

There was inclusion of 1% insurance premium which was Rs.87.91 lakh (1% of Rs.87.91 crore) in the estimate, as against which, only an amount of Rs. 37.65 lakh (Rs.29.71 lakh+ Rs.7.94 lakh) was either incurred by the contractor or deducted from their account on account of insurance premium. This resulted in undue benefit to the contractor to Rs. 50.26 lakh (Rs.87.91 lakh- Rs.37.65 lakh).

On this being pointed out in audit the PCMC, Parbhani stated that the amount would be recovered.

Further progress may be intimated.

#### Para 9:- Non crediting the amount of Rs.143.17 lakh of Labour Welfare Cess/Insurance

As per Govt. of Maharashtra, Industry, Energy and labour Department circular No. BCA-2007/pra.kra.123/labour 7A dated 26-10-2009 and Rural Development Department Circular No. Misc-2009/ pra.kra.123/labour 7 dated 30-10-2009, read with Government of Maharashtra, Finance Department GR dated 19/8/98 bearing No. Vimas/1098/PraKra-28/98 Shashan Hami and PWD Circular dated 23/7/2005 No. Sankirna/07/05/285/Building-2, a labour welfare cess @ 1% of the total cost of work (excluding cost of land) as provided under sub-section 3(1) of the Labour Welfare Cess Act 1996 is to be recovered w.e.f. 01-01-08 from the bills of Executive Agency/Contractors and remitted to the Maharashtra Labour Welfare Board, Mumbai. The Government of Maharashtra (GoM) in Finance Department (FD) vide GR No. Vimsa-1098/Pra.Kra.28/98/Shashan Hami dated 19.8.98, further, as per the Director of Insurance. M.S., Mumbai letter dated 08.04.05 and circular No. Pra. Vi. Ni./2306/PWD/Contract work dated 17.10.06 read with GoM, PWD Mumbai's letter No. Misc/07/05/285/Bldg-2 dated 23.07.06, all the Works Contract entrusted to the Contractor of B-1/B-2 agreements or on Built operate and Transfer basis should have been insured with the Government Insurance Fund mandatorily. It was also stated that implementing agency should incorporate a clause of Insurance as Special Condition of Contract a copy of which is required to be sent to the Director, Government Insurance Fund, Mumbai. The Contractor Should furnish the copy of Insurance Policy before payment of 1<sup>st</sup> R.A. bill to contractor, failure to do so by contractor 1% amount of contract should be recovered from contractor's 1<sup>st</sup> bill immediately towards Insurance Charges and same should have been remitted to the Director, Government Insurance Fund Mumbai.

Further from time to time the Government had issued various GRs and made it clear that from 01.07.2010 the recovery of labour welfare cess @ 1% is mandatory from the Running Account bills of Contractors. It is a statutory deduction and should have been credited to Government account immediately.

Scrutiny of records of the Commissioner, Parbhani Municipal Corporation, Parbhani revealed that so many works have been executed under various schemes by the PCMC, Parbhani during 2012-13 to 2016-17, however it is noticed that the PCMC, Parbhani had not credited Labour Welfare Cess and Insurance to the Government Account. Further it is seen that the PCMC, Parbhani has opened a Saving Bank Account No. 62033681740 separately in the State Bank of Hyderabad, Parbhani Main, Jawaharlal Nehru Road, Parbhani wherein amount of welfare cess and insurance so deducted from the RA bill is credited. The details of amount so deposited in the saving bank account is given in the tabular form below as opening balance, deposits and closing balance in respect of LWCF/Insurance for the period from 2012-13 to 2016-17.

Year		Opening balance	Deposits	Deposit with Govt., FDR, bank charges	Closing balance	Remarks if any
2013-4	02.04.13 to 29.03.14	Rs.1398252	Rs.472082	Rs.00	Rs.1870334	Amount not credited to Government
2014-5	11.04.14 to 31.03.15	Rs.1870334	Rs.3958101	Rs.300	Rs.5828135	--do--
2015-6	15.04.15 to 31.03.16	Rs.5828135	Rs.3832517	Rs.300	Rs.9660352	--do--
2016-7	02.04.16 to 31.03.17	Rs.9660352	Rs.6354021	Rs.12996702	Rs.3017671	3096402 Deposited + 300 Bank Charges + 990000 FDR
			Rs.14616721	Rs.12997302		

From the above position it is indicated that the PCMC, Parbhani has not been crediting the amount regularly so recovered from the Running Account Bills of the contractor towards the Labour Welfare Cess/Insurance and instead credited in Municipal Fund's bank account.

On this being pointed out in audit the PCMC, Parbhani stated that the amount would be credited to relevant account.

✓ Para 10: Short recovery of Property Tax and arrears accrued amounting to Rs. 1293.41 lakh

Property tax is major source of the revenue for Local Bodies. It is levied, demanded & recovered by the Local Bodies from the owners/ lessee of properties under its jurisdiction based on the category i.e. on open plot, Non-residential, State Government, Central Government, Residential and Mixed properties etc.

During scrutiny of records of property tax for the year 2016-17, it is observed that an amount of Rs.1293.41 lakh is outstanding for recovery towards Property tax and other taxes as on 31/03/2017 as detailed below.

(Rupees in lakh)

Sr. No.	Type of Tax	Previous outstanding	Demand during 2016-17	Total	Recovery made	Balance to be recovered	Percentage of recovery
1	Property Tax	550.11	290.27	840.38	279.58	560.8	33.2

2	Education Cess	31.61	18.40	50.01	18.93	31.08	37.8
3	EGS Cess	8.87	8.18	17.05	7.00	10.05	41.0
4	Water Cess	586.71	288.18	874.89	182.51	692.38	20.8
Total				1782.3 3	488.02	1294.3 1	27.3

From the above table, it is observed that percentage of recovery of all taxes is ranging between 20.86 to 41.05% and especially recovery of Water Tax only 20.86 per cent is very poor. Therefore, short collection on account of the major source of revenue for the Civic Body would definitely affect the economic health of the body. It is pertinent to mention that the financial condition of the PCMC is not sound and thereby many developmental works are badly affected. Moreover, discharging of many committed liability such as payment of salary is also not up-to-date.

This poor recovery indicates laxity on the part of the PCMC for effecting adequate recovery on account of property tax despite sufficient human resources for effecting such recoveries.

In reply department stated that the assessment of property tax was under process, hence adequate recovery could not be effected. It would be done after assessment under intimation to audit.

Further, progress may be intimated to audit.

**Para 11: Cartelization in the bidding process to provide undue benefit to the contractor on account of repair work of VT Pump**

City Engineer of Parbhani Municipal Corporation prepared a proposal for repair and rewinding work of 250 Vertical Turbine Pumps at Rahati Water purification centre.

On scrutiny of tender file, it was observed that the tender notice was published for repairing of one motor pump and rewinding of other pump. It was seen from the tenders received from these bidders M/s National Electricals Nanded, M/s Mor Engineering Comp Jalna and Sri Sai Electricals Parbhani that the particulars i.e. rate of each item was quoted in all three tenders in same handwriting as appears from the tendered documents. It is pertinent to mention that the word "thousand" was mis-spelt in each tendered document as "thousend" 27 times.

This is indicative of the fact that though there were three different bidders, the particulars in the tenders were filled in by one person only. Therefore, the purpose of calling tenders to get the competitive rates is not served and also indicates cartelization of bidders with the involvement of employees of PCMC. This is the issue of serious concern needs personal involvement of the commissioner to probe the issue.

The lowest one was awarded to M/s National Electricals Nanded for 30 types of items costing Rs. 4,03,590/- for repair and rewinding Work. However, while issuing work order, quantity of work for which order was issued was in excess to the quantity mentioned in the tender i.e. as against repairing of one motor pump and rewinding of other pump, the work order was issued for rewinding of three pumps and repairing of one pump.

Further, scrutiny of the vouchers revealed that as against 30 types of items entered in the tendered document, 36 types of items were supplied at the cost of Rs. 9,20,650/- (four vouchers) and thus, 6 types of items supplied was not in the list of tendered items.

In the above case, Audit is of the opinion that such purchases were managed among three bidders making them aware of the rates quoted in all three biddings as the tenders were filled in by the same person. This indicates wrong practice adopted in the procurement and needs probe and this is a case of cartelisation.

On this being pointed out in audit the PCMC, Parbhani had not given specific reply to the query raised by the Audit.

Above procurement process may be probed so as to find out any wrong practice involved in the matter and outcome of such probe may be communicated to Audit.

#### **Para 12 - Inadmissible payment of HRA**

In view of the GR dated 25<sup>th</sup> April 1998 of the Government of Maharashtra, Government official provided with the Government accommodation is not entitled for House Rent Allowance (HRA).

On enquiry from the PCMC about the officials residing in the Government quarters, no information was made available.

Further, on enquiry with the Executive Engineer, PWD, Parbhani (EE), it was learnt that the Collector, Parbhani has directed the EE vide letter dated 26<sup>th</sup> August 2015 to allot the Quarter to the Commissioner, PCMC. Accordingly, the quarter was allotted to him as confirmed from the letter dated 23<sup>rd</sup> October 2015 by the Commissioner, PCMC. However, actual date of possession was not available either with the PWD or the PCMC.

Scrutiny of pay bill made available for the year 2016 - 17 onwards, it was noticed that the Commissioner was being paid the HRA though he was residing in the Government accommodation.

Since, actual date of possession of the quarter was not available, but as per the documents, it was ascertained that he had been residing in the quarter not later since 23<sup>rd</sup> October 2015.

However, details of pay bills for the period October 2015 to march 2016 was not made available, Audit has calculated HRA paid for the period April 2016 to November 2017. Such

payments appear to be inadmissible which is amounting to Rs.1,30,300/-, as detailed below:

Period of pay	House rent paid per month	Total Amount
04/16 to 07/16	Rs. 2715/-	Rs. 10800/- (4 X Rs.2715/-)
08/16 to 06/17	Rs. 7400/-	Rs. 81400/- (11 X Rs.7400/-)
07/17 to 11/17	Rs.7620/-	Rs. 38100/- (5 X Rs.7620/-)
Total		Rs. 1,30,300/-

On this being pointed out in audit the PCMC, Parbhani stated that the Government quarter was allotted in view of the Resolution passed by the PCMC and Rent, if any, charged by the PWD would be paid by the PCMC.

Reply is not acceptable as the Official residing in the Government Quarter is not admissible for HRA.

This is brought to the notice of the UDD for comments.

#### **Para 13: Non-preparation of Annual Accounts and Audit thereof.**

Section 93 of the BMC Act, 1949 and Section 123 of BMC Act, 1888 provide that the accounts of the Corporations should be maintained in the prescribed formats. In pursuance of the EFC recommendations, C&AG have prescribed an accrual based accounting system for ULBs in the National Municipal Accounts Manual (NMAM).

The Government of Maharashtra adopted (July 2005) the NMAM from the financial year 2005-06. The State Accounting Manual, in conformity with the NMAM was under preparation. Until the finalization of the Manual, all Corporations were directed to maintain their accounts on accrual basis from the year 2005-06, by following the NMAM guidelines.

The GoM published (January 2013) the Maharashtra Municipal Account Code, 2013 prescribing the procedure for maintenance of accounts of receipts and disbursements of all the Municipal Councils.

As per guidelines of the JNNURM, mandatory reforms were to be adopted for modern accrual-based double entry accounting system.

As per Rule 60 and 61 of the Municipal Council Account Code 1971, the Annual Account of the institution is to be submitted to the MCA before 31<sup>st</sup> July of the subsequent year to which the Account relates.

Municipal Chief Auditors (MCA) are appointed under Section 78(a) of the BMC Act 1888 or Section 45(i) of the BPMC Act, 1949, as applicable 4.9.2 Section 105 of the BPMC Act 1949 and Section 135 of the BMC Act, 1888 provide that an MCA should audit the municipal accounts and submit a report thereon to the Standing Committee. This report should comment on instances of material impropriety or irregularities which the MCA may, at any time, observe in the expenditure or in the recovery of the money due to the Corporation.

However, it was observed that Annual Account for the period 2011-12 onwards was not prepared by the Municipal Corporation. Though the issue was raised in the previous Audit also but there was no response from the executive about the speedy preparation of Annual Account in which complete activities of the Municipal Corporation is reflected. Moreover, as prescribed, the Municipal Accounts has not been switched over to Accrual based Account which is mandatory to be observed.

However, it was also observed that the Utilization Certificates issued by the Corporation in respect of various GoI/GoM grants was wrongly submitted to GoM to the aspect that Double entry system was in existence in the PCMC.

Further, as prescribed, the Annual Account is to be Audited by the MCA, however, neither the Accounts so prepared was submitted to MCA nor it was raised as Audit observation by the MCA.

On this being pointed out in Audit, the Deputy Commissioner, PCMC stated that the Annual accounts for the period 2013-14 to 2016-17 have been prepared, but for want of signature of the Chartered Accountant, not laid before Standing Body of the PCMC.

Expeditious action may be taken to complete the process for finalisation of Annual Accounts and intimated to Audit.

#### **Para 14: Inadmissible payment of Transport Allowance**

While accepting recommendation of Sixth Pay commission by the Government of Maharashtra (GoM), the GoM had issued GR dated 3<sup>rd</sup> March 2010 revising various allowances admissible to

Government employees. According to which, Mileage allowance for the travelling made in the *Dudhla istarwat (Government duty)* and with GR dated 5<sup>th</sup> April 2010 read with GR dated 4<sup>th</sup> June 2014, Conveyance allowance (transport allowance) admissible to the Government employees, wef 1<sup>st</sup> April 2010 is as under:

### Mileage Allowance

Category	Grade Pay	Motor Car/ Jeep		Motor Cycle (Rs.)	Moped/Luna (Rs.)	Other vehicle (Rs.)
		Petrol driven vehicle (Rs.)	Diesel driven vehicle (Rs.)			
Class I	Rs.6600/- and above	9.00	7.00	3.50	1.75	----
Class II	Rs.4400/- to less than Rs.6600/-	9.00	7.00	3.50	1.75	1.00
	Rs.Rs. 4200/- to less than Rs.4400/-	----	----	3.50	1.75	1.00
Class III	Below Rs.4200/-	----	----	----	1.75	1.00

### Conveyance Allowance

Sr.No.	Grade Pay	Conveyance Allowance for A Class city	Conveyance Allowance for other area
1	Rs.5400/- and above	2400	1200
2	Rs.4400/- to below Rs.5400/-	1200	600
3	Below Rs.4400/-	400	400

The PMC vide its GB Resolution dated 07/07/2014 approved to provide private vehicle on hiring basis to Shri Ranjit Patil, Deputy Commissioner. Further, it was seen that the Commissioner, PMC approved to pay Transport allowance to Shri Anil Gite @Rs.15000/-+ 50 liters diesel per month for the period starting from 18/05/2016 as he was using his vehicle. The PCM vide its Resolution dated 24/01/2017 approved to pay transport allowance to Shri Anil Gite @Rs.26000/-for his personal vehicle used. This was effective from retrospective effect.

While enquiring from the Department they could not satisfy the Audit as to whether such officials were entitled for Government vehicles or not. In absence of specific order for entitlement of Government vehicles for such employees, payment of Transport allowance does not seem to be correct.

Moreover, it was also observed that such officials, who were either provided vehicles or paid transport allowance were also being paid conveyance allowance @ Rs.1200/- pm as admissible under the 6<sup>th</sup> Pay Commission recommendation which is not regular and needs clarification.



In this connection, detailed information in respect of employees getting both the allowances were not furnished by the Department, hence, it could not be ascertained in Audit as to how many employees were getting both the allowances.

On this being pointed out in Audit, the Deputy Commissioner, PCMC stated that detailed reply would be furnished.

Reply may be furnished soon.

Para 15:- Irregular retention of grant of Rs.3.60 lakh and fund of Rs.37.80 lakh due to non action by the department

On the line of Indira Awas Yojana (IAY) the scheme Ramai Awas Yojana (RAY) was introduced in the State so as to provide houses in the rural area to homeless families belongs to the Schedule Caste and Nav Baudha community. 100% assistance was to be provided by the Social Justice and Special Assistant Department of the Government of Maharashtra. The assistance was of Rs.150000/- for Municipal Councils and Rs.200000/- to the Municipal Corporations vide GR dated 15.11.2008 of Social Justice and Special Assistance Department of the GoM. The scheme of RAY was to be implemented through the Commissioner, Municipal Corporation concerned in Urban areas.

Sr. No.	No of Instalments	Amount to be released upto 2012-13	Amount to be released from 2013-14
		Municipal Councils	Municipal Corporations
01	Ist Instalment after selection of beneficiaries @ 50%	Rs.75000	Rs.100000
02	IInd Instalment up to Construction of lential/door level @ 40%	Rs.60000	Rs.80000
03	IIIrd Instalment after completion of work @ 10%	Rs.15000	Rs.20000
	<b>TOTAL</b>	<b>Rs.150000</b>	<b>Rs.200000</b>

The guidelines were also issued vide GR No. BCH-2009/Pr.Kr.159/MVK-2 dated 9.3.2010 by the Social Justice and Special Assistance Department in this regard so that the scheme would be implemented smoothly through out in the state.

Details of funds released for incomplete construction are as under:

**Ramai Awas Yojan (RAY)**

Year	Total Sanctioned House under the scheme RAY	Ist Instalment released @ Rs. 20000 but not started construction by the beneficiaries	IInd Instalment released @ Rs. 20000 + 40000 but houses not completed by the beneficiaries	IIIrd instalment released @ Rs. 20000 + 40000 but houses not completed by the beneficiaries	Total fund released to the beneficiaries as Ist instalment	Total fund released to the beneficiaries as IInd instalment	Total fund released to the beneficiaries as IIIrd instalment
2-13	679	12	10	08	240000	600000	880000
3-14	00	00	00	00	00	00	00
4-15	00	00	00	00	00	00	00
5-16	190	00	00	00	00	00	00

6-17	00	06	09	16	120000	540000	1760000
total	869	18	19	24	360000	1140000	2640000

From the above table, it is observed that 59 beneficiaries paid Ist, IInd and IIIrd instalments could not complete the work. Of which, 18 beneficiaries, who were released Ist instalment amounting to Rs.3.60 lakh did not start the construction work of dwelling units. In such condition, it cannot be ruled out that the amount of Rs.3.60 lakh has temporarily been misappropriated or un-authorizedly retained by these beneficiaries of housing scheme.

The department has not taken any action against the beneficiaries to start the work or recover the amount from these beneficiaries as no progress in the said matter was found.

Apart from above it is also revealed that the department has released the fourth instalment to 108 beneficiaries but they also have not completed the dwelling units.

On this being pointed out in audit the PCMC, Parbhani stated that the action is being taken to complete the work.

Further progress may be intimated.

**Para 16 :- Irregular Fixed Deposit of Rs.99.00 lakh from the fund of Labour Welfare Cess Fund**

One per cent amount towards Labour Welfare Cess Fund (LWCF) had to be deducted from the contractors Running Account bill and the amount so deducted should have been credited in favour of the Commissionerate, Labour Welfare Cess, Worli, Mumbai's account immediately without fail.

However, during scrutiny of records of the Commissioner, Parbhani City Municipal Corporation, Parbhani revealed that the PCMC has opened a bank account in the State Bank of India on the name of 1% Kamgar Kalyan Nidhi i.e. 1% Labour Welfare Cess fund bearing Saving Bank Account No. 62033681740. The PCMC has credited the amount in the said bank so deducted from the Contractors Running Account Bill from time to time. The bank account statement furnished to audit for the period from 01.04.2016 to 01.2017 revealed that the PCMC has credited only an amount of Rs.61.92 lakh out of balances lying in LWCF liable to be credited to the Commissioner, LWCF, Worli, Mumbai.

Further it is also noticed that the PCMC has made a Fixed Deposit of Rs.99.00 lakh from the fund Labour Welfare Cess Fund account of SBI as on 10.03.2017 which is highly irregular and violation of the guidelines of the Government issued from time to time in respect of LWCF.

In this connection, kindly state that the reasons for keeping an amount of LWCF in FDR or furnish any authority to keep the fund in FDR if received from Government.

On this being pointed out in audit the PCMC, Parbhani stated that the amount would be credited to the relevant account.

Further progress may be intimated to Audit.

**Para 17: Outstanding recovery of shop rent/security deposit amounting to Rs. 33.34 crore**

Section 272 of Maharashtra Municipal Councils, Nagar Panchyats and Industrial Township Act, 1965 provides that rent on shopping blocks / centres should be recovered from the licensees for carrying out of business activities. Accordingly, the rent should be assessed yearly and demand for recovery of rent should be raised from the licensee. PCMC had 716 shops and 54 shopping platform (otas).

As per resolution No 57 dated 25.05.2015, The PCMC has fixed the shop rent in year 2014 @ Rs. 232/- per square feet, in subsequent year, rent was increased @ 10% and wef 01.04.15, it was increased @ 35%. Thereafter, it was to be increased @ 10% every year. Security deposit was also to be fixed by increasing 35%.

During scrutiny of records related to shop rent, in view of the aforesaid resolution, the PCMC has revised rent and security deposit of 716 shops and 54 platforms. As against demand of total rent and security deposit of Rs.33,38,00,265/- an amount of Rs. 4,02,880/- was only recovered leaving balance of Rs.33.34 crore. Details of outstanding rent and security deposit as on 31-03-2017 are as below:

(In Rs.)

Year	As per resolution 2015 Shop Rent/security deposit fixed					Outstand ing Recovery of rent/secu rity deposit	Recover y per cent of rent
	Total shops & platform m	Rent per month	Yearly rent	Total recovery of rent at old rate	Security Deposit		
2016- 17	770	48720 11	584641 32 (48720 11 X 12)	40288 0	2753361 33	3333973 85	0.69

From the above table, the PCMC failed to recover rent from the shopkeeper. it is observed that there was meagre recovery on account of such rents, which was 0.69 per cent.

It is pertinent to mention that the financial condition of the PCMC is not sound and thereby many developmental works are badly affected. Moreover, discharging of many committed liability such as payment of salary is also not up-to-date.

This was one of the major source of revenue, hence, short collection on this account would definitely affect the economic health of the body.

On this being pointed out in audit the PCMC, Parbhani stated that after the increase in the rent, the shopkeepers approached the court and the matter is pending in the court. Hence, recovery is pending.

Further progress in the matter may be intimated to Audit.

**Para 18: Outstanding recovery of rent on account of Mobile Tower Rs.3.52 crore**

As per rule 45 of Maharashtra Regional & Town Planning Act 1966, development charges are recoverable from the Mobile Tower Companies. Accordingly, demand should be raised and realised from time to time from the Mobile Tower owners.

As per resolution dated 9.12.15, monthly rent was fixed Rs. 15000/- for authorized tower and Rs.30000/- for unauthorized tower. Thereafter, it was increased 10% every year.

During scrutiny of the records relating to mobile tower tax for the year 2014-15 to 2016-17 made available to Audit, it was observed that there were 103 mobile towers installed under the ~~jurisdiction of PCMC. In the XXXXXXXXXXXX XXXX XXXX XXXXX XXXXXXXXXXXX XX XXXXXXXX XX XXXXXXXX~~ from such tower owners. However, the PCMC failed to affect the recovery adequately so as to reduce pendency on account of rent on mobile towers. There was pending recovery of Rs.630.96

lakh. Recovery percentages is ranging between 25.62 to 77.64% and especially in the year 2016-17 it was only 33.83 per cent which is very poor. Details are as under.

(Rs. In lakh)

Year	Old Outstanding	Current Demand	Total demand	Recovery made	Outstanding	Percentage recovery
2014-15	113.72	64.20	177.92	45.60	132.32	25.62
2015-16	132.32	385.20	517.52	370.80	146.72	71.64
2016-17	146.72	385.20	531.92	180.00	351.92	33.83
Total	392.76	834.6	1227.36	596.4	630.96	

Further, it is observed that M/s Indus Tower Company Limited has 22 towers under jurisdiction of PCMC. The PCMC has charged Rs. 30000/- per month from company as the towers were unauthorized. The company has not paid rent to PCMC from April 2015 to March 2017 (24 months), So outstanding amounting of rent was Rs. 158.40 lakh (Rs. 30000/- X 22 X 24 months = 158,40,000/-). There was no efforts appears to have been taken to recover the amount.

This being one of the major source of revenue for the PCMC, effective steps should have been taken to recover the amount. However, no efforts appeared to have been taken in this connection despite the [poor financial condition of the PCMC.

On this being pointed out in audit the PCMC, Parbhani stated that the recovery would be made. Further progress may be intimated.

#### Para 19: Inadequate Fire Services in the PCMC.

Directorate of Municipal Council Administration, Department of Urban Development vide order No MCD/Fire Services/2005/Pra.Kra 314/9 dated 25<sup>th</sup> April 2005 ordered to establish fire services where it is not in existence and to strengthen the same where it is already in existence up to the mark, as these services are of emergency nature and have to be kept ready 24X7 to respond the unforeseen circumstances.

Government of Maharashtra has enacted the Fire prevention and life safety Measures Act 2006 to make more effective the services to be provided and measures to be adopted for preventing lives against the incidences of fires occurs in various types of buildings.

There was one Fire station in the PCMC. As per staffing pattern of the PCMC for fire and emergency services, posts sanctioned, men in position and posts vacant are given as detailed below:

Sr. No	Name of the post	Posts sanctioned	Men in position	Posts vacant
--------	------------------	------------------	-----------------	--------------

1	Chief Fire Officer	01	00	01
2	Dy. Fire Officer	1	00	1
3	Sub Fire Officer	3	1	2
4	Leading Fireman	3	00	3
5	Driver	6	1 (Permnet) 1 (Temp.)	4
6	Fireman	18	3 (contractual)	15
<b>Total</b>		<b>32</b>	<b>6</b>	<b>26</b>

Analysis of above data revealed that out of 32 posts, 26 posts (81.2 per cent) are vacant. This vacancy includes vital posts of Chief Fire Officer, Dy. Fire Officer, Leading Fireman. Besides, there was only one Sub Fire Officer, 2 drivers and 3 Fireman which control and monitor the activities of fire services. These services are very essential services and are required to be available 24x7 to respond the unforeseen fire and emergency event in the city.

Further, scrutiny of Call book Register it is observed that the PCMC has provided the following services to citizens i.e. Fire Call, Pumping Call, Rescue Call, Bandobast Call and other calls etc. from January 2013 to May 2016. Total number of 868 calls was attended by Fire Department. The details are as under:

Year	Total Call
Jan.to Dec. 13	265
Jan.to Dec. 14	253
Jan.to Dec. 15	238
Jan.to May. 16	112
June 16 to December	Not provided

These indicate that there were heavy calls on account of Fire services. However, the human resources were not adequate to resolve the issues. Thus, these were done with short manpower.

#### B. Under-equipped fire stations

Efficient and well-equipped fire services are essential to respond to fire hazards. Mock drill towers are essentially required in the fire stations to the firemen practice/perfrom rescue drills. During Scrutiny of records of Fire station, it is observed that the fire station has not the facility of Mock drill towers for fireman practice to perform rescue drills. On this being pointed out in audit the PCMC, Parbhani stated that the matter may be pursued with the Government level to fill up the vacant posts. Further progress may be intimated to Audit.

#### Para 20: Irregular purchase of spare parts amounting Rs.28.79 lakh without calling tender/quotation

GoM Industries Energy and Labour Department resolution dated 30/10/2015 clearly indicated that purchase should ordinarily be made when the cost of items to be purchased is above Rs 5000 but less than Rs 300000 by calling three quotations and for purchases above Rs 300000, e-tendering is required to avail competitive rates.

During scrutiny of records of Mechanical Department it is observed that Parbhani Municipal Corporation(PMC) has given purchase order of electrical spare parts & repair works for pump at Rahati Water purification centre at a total cost of Rs 28,79,149/-by not calling quotations/tender. Since the individual costs of works procurement exceeded Rs. 300000, PMC should have resorted to e- tendering for ascertaining the reasonability of rates, as per the provision laid down in the GR *ibid*.  
Details of procurement without adopting tendering process are as below.

S r. N o.	Name of the Work	Name of agency	Year of Work	Cost of spare parts/work (Amt. In Rs.)	Tender/Quotation
1.	Spare parts of pump No.1 at Rahati Water purification centre	Wilo Mather & Plant Pump Pvt. Ltd, Pune	2014-15	949756	single quotation/ No Tender
2.	Spare parts of pump No.1 at Rahati Water purification centre	M/s Skyline Distributors, Aurangabad	2014-15	587938	Without quotation/ Tender
3.	Repair works of pump No.2 at Rahati Water purification centre	Deepak Engineering and Electrical Works	2015-16	472885	Without quotation/ Tender
4.	Purchase of spare parts of pumps at Rahati Water purification centre	M/s Skyline Distributors, Aurangabad	2015-16	868570	Without quotation/ Tender
<b>Total</b>				<b>2879149</b>	

On this being pointed out in audit the PCMC, Parbhani stated that the parts were procured from the Authorised dealer.

Reply is not acceptable as tendering process is necessary and there is no other option provided in the rules.

This is brought to the notice of the UDD for comments.

**Para 21- Incomplete work of up-gradation of Maulana Azad library building and non-deduction of penalty for delayed execution of the work**

The work of up-gradation of Maulana Azad library building for competitive Exam/ studies, under Navinya Purna Yojna was administratively approved by the Collector Parbhani Vide letter No. Ja.Kra.V1-Jmis-2012-13 /Pra.Ma. /368 dated 05-05-2015 at an estimated cost of Rs 40.00 lakhs which was revised to Rs 54.89 lakh. The technicalsanction for the above work was accorded by the Executive Engineer, Maharashtra Jeevan Pradhikaran Parbhani vide letter No.DB /267 /13 dated 11-02-2013 and 03/2013. The work was taken up under the District Annual Plan for the year 2012-13.

The work was awarded to Shri. R.G. Deshmukh vide work order No.73/2015 dated 10-08-2015 @ 10.11 % lakhs below the estimated cost of Rs. 54.89 lakh put to tender with the stipulated date of completion within six months from the date of issue of work order. As per the condition mentioned in the Work order, in the event of non completion of work with the stipulated period, the penalty @ 200/- per day will be imposed on the contractor.

As the progress of the work was not satisfactory. Time to time, the PCMC had issued notices to the contractor to expedite the work and complete otherwise penalty @Rs.200/- day would be levied. Moreover, the work was stopped since 30/01/2017, as mentioned in the noting file. However, it was seen that as per 3<sup>rd</sup> RA bill dated 23/02/2017, an amount of Rs.5017874/- was paid to the contractor without deducting any penalty. The work was still incomplete. Therefore, it appears that despite specific clause in the work order and notices being issued by the PCMC, while releasing the payment, no penalty was recovered which has been calculated by the Audit as Rs.132000/- (approx.) (11/02/2016 to 30/11/2017). Moreover, the work has also not been completed resulting non-providing intended benefit to the students. On this being pointed out in audit the PCMC, Parbhani stated that notice would be issued to the contractor to complete the work expeditiously. Further progress along with the penalty, if any, recovered may be intimated to Audit.

✓ **Para 22: Outstanding payment of Rs.8.68 crore (including extra liability of Rs 2.81 crore on account of penalty and late fee of Rs.1.21 crores) due to non payment of water bills to Purna Irrigation division Basmatnagar in time**

PCMC lifts water from Purna Irrigation Project, Basmatnagar for supplying drinking water to Parbhani city. For this purpose PCMC receives monthly water bills form Purna Irrigation Project which was to be paid regularly and timely so as to avoid interest / delay payment charges.

Record revealed that PCMC had not paid water bills regularly from 1999-2000 till date. The bill submitted by the Executive Engineer Purna Irrigation Division Basmatnagar for the period 1-12-2016 to 31-12-2016 revealed that there is a water bill payment of Rs. 8.68 crores on account of water bills including arrears. This included extra liability of Rs 2.81 crore in the form of penalty and late fee of Rs.1.21 crores. This had created due to not making timely payment. Details are given below.

Year	Quant ity of water used (L)	Total water bill (Rs)	Water charges	Amount of penalty (Rs)	Local cess (Rs)	Late fee (Rs)
1-12- 216 to 31-12- 2016	0.5777 5 Mcum	86859640	388243 75	2812930 4	7767542	1213841 9
<b>Total</b>				<b>86859640</b>		

On this being pointed out in audit the PCMC, Parbhani stated that this may be verified and detailed reply would be submitted.

Detailed reply may be furnished.

✓ **Para 23: Loss of interest of Rs.7052940/- due to keeping amount in current account instead of saving account in SJSRY scheme**

Government of India in Ministry of Urban Affair and Employment, Department of Urban Employment and Poverty Alleviation, New Delhi vide letter No. K-14011/6/99- UPA /USEP /DWOUA dated 17th March 1999 issued guidelines regarding fund released by central Government as well as state Government, Union Territory administration to the urban local bodies for the implementation of the Swarna Jayanti Shiksha Rajgar Yojna (SJSRY). Under the guidelines, it is stipulated that the fund released by the above government is required to be deposited in a saving bank account and such deposit would earn the normal interest at the

applicable rates from time to time as per the instruction of the Reserve Bank of India. Further the clause (3) of the above letter instructed that the total interest earned on such deposits in the savings bank accounts under SJSRY will be distributed between all the components of the scheme on the pro-rata basis and the expenditure out of such interest income regulated accordingly.

SJSRY scheme came into existence w.e.f. December 1997 for the purpose of upliftment of poor people residing in urban area. In place of SJSRY scheme, Central Government launched National Urban livelihoods Mission and State Government Livelihood Mission w.e.f. 28 August 2014 for the purpose of upliftment of individual Enterprises, Group Enterprises, formation of task force, selection of beneficiaries for employment etc.

Parbhani Municipal Council Parbhani was converted in Parbhani City Municipal Corporation (PCMC) wef 1st November 2011.

For implementation of SJSRY scheme, PCMC (earlier Council) had opened current account bank in State Bank of Hyderabad Parbhani bearing account NO. 62001805141 (the SBI Hyderabad was merged in SBI) which was further continued by Parbhani Municipal Corporation in the State Bank of India Parbhani having same bank account number as current account.

Due to keeping the amount in current account, no interest was earned. As a result the PCMC suffered a loss of Interest amounting to Rs.7052940/- as detailed below. The interest has been calculated on yearly basis.

(Amt. in Rs.)

Date	Amount in current account	Rate of Interest @	Loss of interest
13-3-2007	6296525	4%	251861
31-3-2008	16402785	4%	656111
20-3-2009	6348252	4%	253930
30-3-2010	12630366	4%	505214
30-3-2011	25221554	4%	1008862
21-3-2012	26154255	4%	1046170
30-3-13	40642382	4%	1625695
31-3-14	37411222	3.5 %	1309392
31-3-15	32226618	3.5 %	1127931
31-3-16	9490555 ( FD of Rs.20000000)	3.5 %	332169
31-3-17	1815316 (FD of Rs.12500000)	3.5 %	63536
		Total	70,52940,

On this being pointed out in audit the PCMC, Parbhani stated that the account would be converted in saving bank account.

Reply is not acceptable as the fund suffered a loss due to not following the provisions/rules and the cannon of Financial Propriety.

This is brought to the notice of the UDD for comments.

#### Para 24:- Improper maintenance of Cash Book

Maharashtra Municipal Account Code 2011 laid down the procedure for receipt of Government money and payment of such money into the Government Account.

Scrutiny of General Cash Book 2016-17 revealed following irregularities.

1. At the end of each month, the head of the office should verify the cash balance in the Cash Book and record a signed and detailed certificate to that effect mentioning therein the balance both in words and figures. This was not done.



2. Erasing or overwriting of entries in the Cash Book is strictly prohibited. If a mistake is found, it should be corrected by scoring the incorrect entry and inserting the correct one in red ink between the lines. Such corrections should invariably be authorised under the signature. However, there were corrections which were not authenticated viz. General Cash Book 1.4.16 to 8-11-16 - page 15 dt. 20-4-26, 25 dt. 5-5-16, 36 dt. 17-5-16, 37 dt. 19-5-16 88 dt. 11-7-16, 147 dt. 19-9-16. General Cash Book 9-11-16 to 20-2-17 page No 4 dt. 11-11-16, 29 dt. 7-12-16 & 61 dt. 18-01-17 & General Cash Book 21-2-17 to 31-3-2017 Page No. 19 dt. 8-3-17, 23 dt 10-3-17 & 43 dt. 30-3-17 .

3. As per Rule 396 of the Maharashtra Municipal Account Code, monthly reconciliation between Cash Book closing balance and the closing balance of the Bank Pass Book should be done (in Form 5C ) regularly. The monthly abstract should be prepared at the last day of month. However, it was noticed during scrutiny of General Cash Book that no certificate has been mentioned in respect of reconciliation between closing balance of cash book and bank statement and monthly abstract was not prepare at the last day of month.

Further, it is noticed that there is a difference of Rs. 35011575/- between the closing balance of cash book and closing balance of bank statement as on 31-03-2017, as detailed below:-

**General Cash Book balance as on 31/03/2017 & Rs. 229322013/-**

**Cashier Cash book balance as on 31.3.2017 Rs.--NIL---**

**Bank Statement as on 31/03/2017**

Tree Tax SBH A/c No. 1165 Rs. 240973/-

Fire brigade SBH A/c No. 3995 Rs. 1017641/-

Water Supply SBH A/c No.5289 Rs. 14636077/-

LBT SBH A/c No. 1912 Rs. 344124/-

Lokwargani SBH A/c 5894 Rs. 3621793/-

LBT SBH A/c No. 2712 Rs. 22222/-

MA Kalam Lib. SBH A/c No. 6637 Rs. 548089/-

Commissioner CBI A/c No. 2195 Rs. 6658891/-

Commissioner SBI A/c No. 2216 Rs. 12235/-

Commissionr SBH A/c No 6047 Rs. 21763519/-

Sarvasadharan SBH A/c No.8089 Rs. 1614927/-

Reserve fund SBH A/c No. 4626 Rs. 5779261/-

**Schemewise Bank Pass Book**

Ekatmik Sahar Vikas SBI A/c No. 9413 Rs. 385080/-

DVSY SBH A/c No. 3899 Rs. 54356395/-

MLA Fund IDBI A/c No. 5982 Rs. 134546247/-

Nagrouthan SBHA/c No. 3327 Rs. 3975798/-

Sujal Nirmal Yojna SBH A/c 2979 Rs. 1239092/-

Atiwristi Scheme Union Bank A/c No. 6509	Rs. 811433/-
13th F.C. SBH A/c No. 9947	Rs. 2261325/-
Maleriya SBI A/c No. 8780	Rs. 7832784/-
Ekatmik Sahar Vikas SBI A/c No. 8212	Rs. 2291886/-
MLA fund SBH A/c 6127	Rs. 373796/-
<b>Total :-</b>	<b>Rs. 264333588/-</b>
<b>Difference in Cash Book &amp; Bank Statement</b>	<b>Rs.35011575/-</b>

On this being pointed out in audit the PCMC, Parbhani stated that the reconciliation would be made under intimation to Audit.

Further progress may be intimated.

**Para 25:- Short receipt of Rs.13007/- in the General Receipt cash book**

The Parbhani City Municipal Corporation, Parbhani has maintained General cash book for taking all the receipts and expenditure of the PCMC in this cash book. The Cash book receipts viz. sell of forms, deposits of election, birth and death certificate, public contribution etc. The cash book is being maintained in the form 18 as per rule 32 laid down in the BPMC Act 1949.

Test check of cash book revealed that total receipts amounting to Rs. 4061261/- was entered in the receipt side of the cash book, however, after verification, it was found that actual receipt was Rs. Rs.4074268/- which has resulted in short entries of receipt mounting to Rs.13007/- in the cash book.

On this being pointed out in Audit, the PCMC while accepting the fact stated that the short amount so pointed out was credited to the Municipal Fund.

This indicates that there was lack of effective Internal Control System in the Financial Management. Thus, it is needed to review the complete cash book by the higher authorities and results thereof may communicated to Audit.

**Para 26:- Creation of extra liabilities of Rs. 3.96 crore due to delay in payment of electric bill of Public Street light.**

The Parbhani City Municipal Corporation is operating and maintaining the public street light system of Parbhani Urban area for which PMC, Parbhani is receiving monthly electric bills from Maharashtra State Electricity Distribution Company Limited (MSEDCL), Parbhain. The Commissioner, PMC, Parbhani is to ensure that electric bill received should be paid regularly in time to avoid interest/delay payment charges.

During scrutiny of electric bills of 5 zones, it is observed that an amount of electric bills of Rs. 15.54 crore is due for payment of electric bill to MSEDCL, Parbhani as on March 2017 towards public street light system of five zones coming under Parbhani Municipal Corporation (PMC), Parbhani city which includes Rs.3.96 crore as interest on previous arrears of Rs. 11.42 crore. The electric bills of public street light system were not paid regularly due to which there was a previous arrears of Rs. 11.42 crore on which on MSEDCL, Parbhani charge interest of Rs. 3.96 crore is as under :-

(Amount in rupees)

Zone No.	Previous Arrears	Interest	Current Bill	Total Bill
1	26148727.87	8792818.05	328369.27	35269915.19
2	23680412.21	8566056.29	374310.57	32620779.07
3	24114546.03	7622471.06	304005.67	32041022.76
4	22323764.91	8600218.20	267443.44	31191426.55
5	17979899.65	6065329.21	277872.04	24323100.90
<b>Total</b>	<b>114247350.67</b>	<b>39646892.81</b>	<b>1552000.99</b>	<b>155446244.47</b>

Had the PMC, Parbhani paid the electric bill of public street light system regularly / in time, the creation of extra liability of Rs. 3.96 crore in the form of interest on the previous arrears could have been avoided.

On this being pointed out in audit the PCMC, Parbhani stated that due to shortage of funds ,electric bill could not be paid in time:

The PCMC may take effective step to discharge such committed liability in time.

### PART - III - FOLLOW UP ON FINDINGS OUTSTANDING PARAS FROM PREVIOUS INSPECTION REPORTS

The following paras are outstanding from the previous inspection that was carried out for the period from 01/11/2011 to 31/03/2014. Expeditious action is required to be taken to furnish replies to these paras.

#### Para 1: Blocking up of investment of Rs. 104 crore due to execution of work of Water Treatment Plant Parbhani water supply scheme without acquiring land

Under centrally sponsored Urban Infrastructure Development Scheme for Small Towns (UIDSSMT), Parbhani City Municipal Corporation (PCMC) had taken up the work of augmentation to Parbhani water supply scheme. As the existing source of water inadequate, the proposed work envisaged tapping water from Yeldari dam 55 km away from Parbhani. As per Detailed Project Report(DPR) prepared in the year 2006, this work gross costing Rs 1,40,33,59,300 was expected to cater to the water demand till the year 2038. The scope of the work was construction of head work (intake channel, intake well, connecting main, jack well and pump house), raw water pumping machinery, raw water rising main, break pressure tank (BPTs), raw water gravity main, water treatment plant (WTP), pure water pumping machinery, pure water rising main, Elevated Service Reservoir (ESR) and distribution system.

Under UIDSSMT Central contribution was 80 per cent, 10 per cent contribution from State Govt. and remaining 10 per cent from PCMC. State Level Sanctioning Committee approved the project on 24/12/2008 for Rs 104.76 crore. During the years 2009 to 2011, PCMC received Rs 83.58 crore from Centre, Rs 10.42 crore from State and its own contribution was to be Rs 10.44.

As per the meeting on UIDSSMT works held in Mantralaya on 05/05/2009, one of the important conditions was that the land / site required for the project should be in possession of the Local Body so as to ensure completion of work in optimum time. In the DPR, PCMC had given a certificate that land required for WTP, MBR, ESRs and BPT was in its possession.

Tenders were called for and no response was received to the first notice inviting tender, hence the work was split in to two phases with Phase I containing items of head work to Water Treatment Plant (WTP) and Phase II containing items of WTP to distribution system. On second notice inviting tenders (dated 20/03/2009), M/s Maharashtra Agency, Aurangabad emerged as L1 bidder for Phase I with quotation of 99.45 per cent above the cost put to tender Rs 54,30,32,716 (estimated on MJP DSR 2006-07), i.e. Rs 108,30,78,752. Work order was given to M/s Maharashtra Agency on 27/08/2009 with stipulated Period of completion being 18 months (i.e. on 26/02/2011) vide agreement no. B-1/1/2009-10.

The contractor could finished work worth Rs 66,50,31,137 (4<sup>th</sup> R A Bill), which was 61 per cent of total work at the end of stipulated period of completion of work. The PCMC on 10/02/2012 extended the period till 26/08/2012 and the contractor could finish work worth Rs 22,28,79,622 (5<sup>th</sup> and 6<sup>th</sup> R A Bills). The work could not be completed within extended period also.

It was observed from the contractor's letters dated 04/02/2011, 02/07/2011 and 30/12/2011 that (i) site for WTP was not available hence the work of laying pipe could not be completed, (ii) site for Break Pressure Tank of 125.8 lakh litres capacity was not available as proposed at Mankeshwar, (this land was handed over to contractor in April 2011) (iii) work had to be intermittently stopped as PCMC did not get timely permissions from PWD Sub-divisions at Jintur and Parbhani to lay pipes by the road-side.

The details of work done and payment made are tabulated below.

RA Bill no.	Dates of measurement	Cost of work done (Rs)	Details of payment
1	18/11/2009	21,03,20,025	Chq. No. 588402 / 5004SBH dated 18/11/2009 for Rs 201131143
2	23/02/2010	20,47,79,064	Chq. No. 588405 / 5004 dated 24/02/2010 for Rs 195564006
3	06/07/2010	10,63,54,597	Chq. No. 588415 / 5004SBH dated 07/07/2010 for Rs 50000000 and chq. No. 588416 / 5004SBH dated 20/08/2010 for Rs 49441548
4	16/08/2010	14,35,77,451	Chq. No. 000003 / 5224 Axis Bank dated 20/08/2010 for Rs 134241071
5	31/05/2011	19,10,47,613	Chq. No. 509943 / 3431 for Rs 60000000 dated 01/08/2011 and Chq. No. 170480 / 3431 for Rs 117205518 dated 14/02/2012
6	03/04/2012	3,18,32,009	Chq. No. 4061 dated 12/04/2012 for Rs 29722614
7	19/06/2013	15,50,73,841	Not paid yet.
<b>Total work done</b>		<b>1,04,29,84,600</b>	

Out of total government grant received amounting to Rs 94 crore, Rs 88.79 crore was spent on Phase I so far.

As on date of audit (March 2015), the work was in suspended stage since June 2013, after incurring expenditure of Rs 88.79 crore. Further, liability of Rs 15.51 crore was also created for work executed, measured but not paid. PCMC had failed to acquire land for the WTP and the contractor (through his letters) had expressed a logical inability to complete the work.

If the land for WTP had been acquired in time, Phase I work would have been completed by February 2011. However, despite passage of more than four years after stipulated completion period the work was incomplete. The paramount work of acquisition of WTP site would not only complete Phase I work by laying of remaining pipes, but also allow Phase II to commence, which would begin only after establishing WTP. As period of execution of Phase II is 48 months, the project in totality would take off only after completion of four years from the date of acquisition of WTP land. Thus, the project would see its completion not earlier than 2019, i.e. a decade later from its start. Clearly, the goods were not delivered despite passage of so much time and investment of hefty amount of public money.

Thus, PCMC gave a false certificate as to the availability of land for the project in the DPR. Knowing this fact well, PCMC still had sufficient time to acquire land required for the project before commencement of work in November 2009, as the DPR was prepared as early as in the year 2006. It was not understood as to how PCMC convinced UIDSSMT authorities of availability of required land, which was one of the important pre-requisites to commence the project of such a huge proportion.

When brought to notice, the Commissioner, PCMC stated that acquisition of land for WTP was under process and the matter was also raised with the GoM for early action; as soon as the land was acquired, the work of WTP would be executed.

Reply is not acceptable since commencement of work when the sites for execution of work were not acquired led to the project remaining incomplete even after incurring expenditure of Rs 104.30 crore (including liability to pay Rs 15.51 crore) for almost two years now.

The project would see completion after four years from date of land acquisition for WTP, not earlier than in the year 2019. Till this period, the investment incurred would remain blocked and the citizens of Parbhani deprived of getting the benefit of piped water supply. Further, deterioration in structures and machineries/ equipment due to weathering / wear & tear can not be ruled out. This may result into extra expenditure on replacements/repairs etc.

This situation was brought to notice of UDD of Govt. of Maharashtra for comments.

This para may remain as it is being processed by DP Cell at HQ Office, Nagpur.

In current audit (2016-17), no compliance was furnished to audit.

Para may remain in Inspection Report.

**Para 2 : Parbhani water supply scheme : installation of heavy electrical machinery worth Rs 2.45 crore without possibility of its utilisation for a long period**

In Phase I of Parbhani water supply scheme, Sub-work no. 6 of Raw water pumping machinery 440 BHP VT pumps comprising of electrical components was sub-let by the contractor M/s Maharashtra Agencies to M/s Jyoti Ltd.

As per the estimate prepared by Maharashtra Jeevan Pradhikaran (MJP), the scope of this Sub-work was as under :

Providing, erecting, commissioning and testing Vertical Turbine (VT) pumpset of following HP of Kirloskar or Jyoti make with all required electrical equipments like panel board / ACB / OCB all types of sluice valves, NRVs at delivery upto mentioned (site) complete. 4 X 440 BHP VT Pumps 4 no.s (including 100 % standby) discharging 846.93 cum / Hr against Head 84 m. (Cost as per detail items enclosed.)	Rs 1,51,87,689
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The detailed items of this Sub-work were providing, erecting, commissioning and testing of VT pumps, CIDF Sluice Valves, CIDF Reflux Valves, Kinetic Air Valves, MSDF Pipes & Specials, Pressure Guages, Motors, LT Panels, Motor Starters, Transformers, Sub-station, 11 KV VCB Panel, Relay & Metering panel, Outdoor ACB Panel, Cables, Earthing, Hand Operated Crane, etc.

M/s Maharashtra Agencies submitted the Sub-work designs and drawings prepared by M/s Jyoti Ltd. in October 2012 to PCMC, which were approved by MJP on 06/02/2013. Apart from these details, documents of sub-contract, bills of work done by the sub-contractors, Guarantee / Warrantee of the heavy electrical equipment components installed, defect liability of M/s Jyoti Ltd. etc. were not on record. These documents were of utmost importance and needed to be maintained in the records of PCMC for any eventuality and in aid of the work. These documents were not produced for audit scrutiny.

The Measurements were recorded on 19/06/2013 for the Sub-work costing Rs 1,22,78,220 as per 7<sup>th</sup> R A bill. As the electrical components in the Sub-work were not commissioned and tested, a part rate of 80 per cent of agreed cost only was considered. Considering 99.45 per cent above the rate, cost of the Sub-work come to Rs 2,44,88,910 (out of total claim of Rs 15,50,73,841 in a 7<sup>th</sup> R A Bill).

The 7<sup>th</sup> R A Bill was not yet paid, but was recorded and liability was created for PCMC to make payment. Though, this Sub-work belonged to Phase I of the Water Supply Project, testing and commissioning of its components could not be done unless the project (both Phases) is complete. As the Phase I as still in complete and Phase II had 48 months completion period by conservative estimate the project in totality would take off not earlier than 2019. In such a situation testing and commissioning of electrical components in the Sub-work remained suspended.

These electrical components costing Rs 244.89 lakh remained without use for almost two years after their installation and would remain without any utilisation for a long time to come. This would result not only in lapse of guarantee / warrantee of these components and defect liability on part of M/s Jyoti Ltd. the sub-contractor (if any) but also in their deterioration with age.

When pointed out, the Commissioner, PCMC stated that all requisite documents such as sub-contract agreement executed between M/s Maharashtra Agencies and M/s Jyoti Ltd under aegis of PCMC to carry out the Sub-work, guarantee / warrantee on the heavy electrical equipments from M/s Jyoti Ltd., defect liability clause and bills received by M/s Maharashtra Agencies from M/s Jyoti Ltd for execution of work, etc would be obtained from the contractor and put on record.

Reply is not acceptable since installation of heavy electrical pumping machinery without any possible utilization for a considerable period has led to blocking up of Rs 2.45 crore. Further, its deterioration with age and lapse of its guarantee / warrantee / defect liability entailing further avoidable expenditure on their replacements/repairs can not be ruled out.

This para may remain as it is being processed by DP Cell at HQ Office, Nagpur.

In current audit (2016-17), no compliance was furnished to audit.

Para may remain in Inspection Report.

### Para 3: Payment of Mobilisation Advance of Rs 2 crore defying contract conditions

Government of Maharashtra has explicitly disallowed Mobilisation Advance to be paid to contractors. Central Vigilance Commission (CVC) has time and again issued guidelines regarding payment of Mobilisation Advance. As per CVC Circular dated 10/04/2007,

~~The Commission discourages payment of interest free Mobilisation Advance to contractors.~~

- However, if felt necessary it should be clearly stipulated in tender document upfront and its recovery should be time based and not linked with progress of work. This is to curb misuse of such advance.

- Part Bank Guarantees (BGs) against the Mobilisation Advance should be taken in as many numbers as the proposed recovery instalments and should be equivalent to the amount of each instalment. This would ensure that at any time even if the contractor's money on account of work done is not available with the organisation, recovery of such advance could be ensured by encashing the BG for the work supposed to be completed within a particular period of time.

- There should be a clear stipulation of interest to be charged on delayed recoveries.

- Utilisation Certificate from the contractor for the Mobilisation Advance should be obtained.

Further CVC Circular dated 17/02/2011 states that

- BGs taken towards security of Mobilisation Advance should be atleast 110 per cent of the advance so as to enable recovery of principal as well as interest amounts.

- The Mobilisation Advance should not be paid in less than two instalments in order to keep check on the contractor misutilising the full amount of advance, when work is delayed considerably.

The Phase II of work of augmentation to Parbhani Water Supply Scheme under UIDSSMT was awarded to M/s R & B Infra Project Pvt. Ltd., Mumbai at 111.73 per cent above the cost put to tender of Rs 41,30,32,716/- on 13/01/2012. The contract was a B-1 tender, which did not provide for Mobilisation Advance to be paid to the contractor by the PCMC.

~~THE ISSUE OF MOBILISATION ADVANCE SHOULD BE IN THE DIRECTOR CONSIDERATION UNDER THE 10/04/2007 CVC CIRCULAR~~  
PCMC stated that such advance could not be given as per B-1 contract conditions, however the issue would be placed in the General Body.

On 07/09/2012 the contractor applied for Mobilisation Advance in order to procure material required for the work with the condition that the advance might be deducted @ 10 per cent from his bills. On 28/09/2012 PCMC General Body (Decision no. 41) approved the same. The contractor was paid the Mobilisation Advance of Rs 2 crore on 29/09/2012 alongwith payment of his 2<sup>nd</sup> R A Bill for Rs 1.77 crore.

In this regard, the following observations were made –

1. The Mobilisation Advance of rupees two crore was given to the contractor, although the contract document did not have any provision for the same.
2. The Mobilisation Advance was given interest-free without any written agreement as to terms of re-payment, re-payment tenure, rate of penal interest in case of late re-payment, etc. Further, in order to safeguard its interest and in aid of timely work execution, PCMC did not take corresponding Bank Guarantee from the contractor.
3. The work was lost measured on 28/09/2012 and 3<sup>rd</sup> R A bill was paid (gross upto date work done worth Rs 4.35 crore and net amt. Rs 54.84 lakhs). Scrutiny of R A bills revealed that the contractor had so far only supplied the material required for the work. Despite payment of the Mobilization Advance, work had remained stranded for more than 2 ½ years now. Thus, after receiving the Mobilization Advance of 2 crore, the contractor did not execute much work. The payment of Mobilization Advance instead of supplementing the pace of work, turned out to be an undue source of financial benefit to the contractor.
4. Instead of deducting 10 per cent of Mobilization Advance amounting to Rs 20 lakh from R A Bill no. III, only Rs 5,48,379/- was deducted.

The Commissioner, PCMC in reply stated that necessary Bank Guarantee and utilization certificate for the amount of advance would be obtained from the contractor.

Reply is not tenable as payment of Mobilization Advance of rupees two crore without charging any interest and without any provision for the same in the contract document was highly irregular and proved to be an undue source of financial benefit to the contractor.

This para may remain as it is being processed by DP Cell at HQ Office, Nagpur.

In current audit (2016-17), no compliance was furnished to audit.

Para may remain in Inspection Report.

#### Para 4 : Non-recovery of Rs 93.14 lakh as Labour Welfare Cess from bills of contractors

As per the provisions of Building and Other Construction Labour Welfare Cess Act, 1968 read with Building and Other Construction Labour (Employment and Service Conditions) Act, 1998, one per cent Labour Welfare Cess on the amount of construction cost (excluding cost of land) is required to be deducted from the bills paid to the contractors

GOM vide Industry, Energy and labour Department circular No. BCA-2007 / Pr.Kr.123 / Labour 7A dated 26/10/2009 and Rural Development Department circular No. Misc-2009/ Pr.Kr.123 / Labour 7 dated 30/10/2009 reiterated deduction of Labour Welfare Cess @ one per cent of the total cost of work (excluding cost of land) from the bills of executing agencies / contractors and its remittance to Maharashtra Labour Welfare Board, Mumbai.

Further Chief Engineer, Project Management Consultancy Services, Maharashtra Jeevan Pradhikaran, Pune vide letter no 231 / 2011 dated 14/12/2011 while analysing 'above' quotation received in tendering process of work of augmentation to Parbhani Water Supply Scheme under UIDSSMT (Phase II) has instructed PCMC to recover Labour Welfare Cess from the bills payable to contractor and deposit the same with Government of Maharashtra.

Running account bills of work of augmentation to Parbhani Water Supply Scheme under UIDSSMT (Phase II) revealed that Labour Welfare Cess was not being deducted despite explicit instructions.



The last R A Bill (numbered III) was paid with gross upto date work done worth Rs 4.35 crore. Accordingly, Labour Welfare Cess amounting to Rs 4.35 lakh should have been recovered.

Similarly, Labour Welfare Cess was not being deducted from R A Bills relating to Phase I of the above work, which was entrusted to contractor in August 2009. The last Running account bill (numbered VI) was paid with gross upto date work done worth Rs 88.79 crore. Hence, Rs 88.79 lakh should have been recovered as Labour Welfare Cess from the bills.

The Commissioner, PCMC in reply stated that Labour Welfare Cess was not deducted from Phase I work as it was not included in the estimate and that in case of Phase II work it would be deducted henceforth.

The reply is not tenable as deduction of Labour Welfare Cess was a mandatory deduction to be made as prescribed by Government of India and was not to be loaded in the estimate. It was needed to be deducted from payment made to the contractors and deposited in an account earmarked by GoM in aid of welfare of labourers.

Non-deduction of Labour Welfare Cess amounting to Rs 93.14 lakh was thus highly irregular and is brought to notice of UDD of Govt. of Maharashtra for comments.

This para may remain as it is being processed by DP Cell at HQ Office, Nagpur.

In current audit (2016-17), no compliance was furnished to audit.

Para may remain in Inspection Report.

**Para 6 : Illegal disposal of municipal solid waste over the years and failure to encash bank guarantee worth Rs 10 lakh**

The Municipal Solid Wastes (Management & Handling) Rules, 2000 issued by Government of India apply to every municipal authority responsible for collection, segregation, storage, transportation, processing and disposal of municipal solid waste (MSW). The Twelfth Finance Commission (12FC) while extending special grants to Urban Local Bodies emphasized the need for solid waste management and earmarked grant for the purpose.

Rule 4 of these rules stipulated the following implementation schedule for the development of infrastructure and oversight for the solid waste management.

Completion criteria	Schedule
Setting up of waste processing and disposal facilities	By 31 December 2003 or earlier.
Monitoring the performance of waste processing and disposal facilities.	Once in six months.
Improvement of existing landfill sites as per provision of these rules.	By 31 December 2001 or earlier.
Identification of landfill sites for future use and making sites ready for operation.	By 31 December 2002 or earlier.

Records revealed that on 13/06/2006 Maharashtra Pollution Control Board (MPCB) gave prosecution notice under Section 15 of Environment (Protection) Act, 1986 to PCMC for disposing off the MSW directly in open, without scientifically processing / treating it. GOM vide UDD resolution dated 16/10/2006 prescribed scientific processing of MSW and developing a proper land fill site for the purpose by 30/06/2007. Further, GOM vide UDD letter dated 22/04/2013 reiterated the prime responsibility of Local Bodies to scientifically process the MSW and develop adequate infrastructure for the purpose, in line with decision of High Court in writ petition no. 1740 / 1998.

PCMC General Body on 10/08/2007 decided to construct an MSW management infrastructure on build, operate, own and transfer (BOOT) basis on 2.40 Ha., land in Borwand, Gangakhed

As per the notice inviting tender, Parbhani city produced 60 to 100 MT MSW daily. PCMC General Body on 09/10/2007 approved offer of M/s Hydroair Tectonics (PCD) Ltd, Navi Mumbai, (Agency) with whom an agreement was entered into on 12/10/2007 to complete the project in 15 months on joint venture basis.

The processing capacity of the proposed project was 150 MT MSW daily. The Agency was to employ the technique of accelerated aerobic bio-conversion under controlled conditions to treat MSW to produce fertilizer and Refused Derived Fuel (RDF). PCMC had to collect MSW and provide it to Agency on daily basis at site and latter was to process it.

The cost of project was Rs 750 lakh of which PCMC was to contribute 25 per cent (Rs 187.50 lakh from 12FC funding), Agency 25 per cent (Rs 187.50 lakh) and rest 50 per cent (Rs 375 lakh) was to be raised by Agency by way of loan. The fund from all three sources was to be culled in a joint account and expenditure incurred therefrom towards execution of work. The period of operation of project on joint venture basis was 30 years.

As per contract condition 2, Agency was to obtain authorization from MPCB, approval from State Screening Committee, technical sanction for various estimates from competent authorities and administrative approval from 12FC within the first three months. Within 15 days of completion of work as per condition 2, Agency was bound to submit a work programme based on PERT / CPM techniques. PCMC was expected to check progress of work vis-à-vis submitted work programme. Further, condition no. 10 stipulated Agency to furnish a bank guarantee worth Rs 10 lakh to Council and keep the same valid by renewing it every year, till repayment of loan. PCMC was empowered to put an end to the contract with Agency by tendering a month's advance notice.

Pace of work execution was not satisfactory as per the provisions of contract, hence PCMC on 20/08/2008, 05/10/2010, 30/12/2010 and 03/01/2011 issued notices to Agency to speed up the work.

In the meanwhile MPCB vide letter dated 30/04/2013 stated that PCMC had dumped unprocessed MSW at Borwand without valid MPCB authorization over the years hence the site was to be discontinued with immediate effect being unsuitable for further such use. The letter further stated that it was indispensable for PCMC to earmark another site for the purpose under approval of MPCB and submit a definite course of action to be followed in this direction with bar chart.

In DO letters dated 24/09/2013 and 27/01/2014 MPCB reprimanded PCMC for not heeding to instructions contained in letter dated 30/04/2013 and stated that 64 MT unprocessed MSW per day was being illegally dumped at Borwand. PCMC had neither identified an alternate site nor obtained authorization from MPCB authorities in the wake of which impending stringent action was notified.

It was observed that on 02/02/2014 PCMC applied to MPCB for authorisation for site at Borwand despite explicit and strong directives of MPCB to discontinue with it.

PCMC General Body on 01/03/2014 decided to cancel the contract with M/s Hydroair Tectonics (PCD) Ltd, Navi Mumbai and issued letter to Agency to that effect on 12/08/2014.

PCMC till date of audit could neither get a No Objection Certificate from the District Collectorate for land fill site at Borwand nor authorization from MPCB.

In this regard following observations were made :

1. There was undue delay in adopting to the prescription of Municipal Solid Wastes (Management & Handling) Rules, 2000, to set up an infrastructure to treat MSW as soon as was practical for PCMC.
2. There was an undue delay on part of PCMC to terminate the contract with M/s Hydroair Tectonics (PCD) Ltd, Navi Mumbai. It was not understood why the contractual condition of one month advance notice was not invoked to terminate the contract earlier and rope in another agency to expeditiously establish the essential infrastructure.

3. PCMC did not effectively monitor progress of work to timely enforce provisions of contract. As a fall out of such neglect, PCMC failed to encash Rs 10 lakh bank guarantee from the defaulting Agency.
4. A 'risk and cost' clause was not incorporated in the contract to ensure financial and performance commitment from Agency.
5. Despite strict directives from MPCB, PCMC continued with the already saturated Borwand site. MPCB had explicitly warned of stringent criminal action against PCMC for illegally using Borwand site for disposing untreated MSW. In reply, the Commissioner, PCMC accepted that as M/s Hydroair Tectonics Ltd failed to execute work as per contract conditions, PCMC could not provide funds for the project and Bank Guarantee of Rs 10 lakh remained to be encashed. He further stated that action of getting authorization from MPCB was underway, search for an alternate site was being done and that as alternate site was not decided new agency to carry out work could not be appointed. Reply is not acceptable as the action taken by PCMC to dispose off MSW without any authorization from MPCB since the year 2007 is illegal. This led to pollution thereby threatening the ecology in the areas surrounding Borwand. MPCB had warned of criminal action against PCMC for illegally using Borwand site. There seems a high likelihood that course of action of PCMC may end in regret. Further, PCMC failed to encash the bank gurantee Rs. 10 lakh for default on the part of agency. This para was brought to notice of GOM for comments. During current audit (2016-17) PCMC did not furnish any reply on the issue.

In current audit (2016-17), no compliance was furnished to audit.

Para may remain in Inspection Report.

#### **Para 8: Payment of interest on delayed payment of DCRG and Leave Encashment**

As per Rule 129-A of Maharashtra Civil Services (Pension) Rules 1982, (1) if the payment of gratuity has been authorized after three months from the date when its payment became due and it is clearly established that the delay in payment was attributable to administrative lapse, interest on the amount of gratuity in respect of the period beyond three months shall be paid, (2) On an application made by the pensioner the concerned Administrative Department in Mantralaya shall consider the request for payment of interest and where the department is satisfied that the delay in the payment of gratuity was caused on account of administrative lapse, that department shall make a recommendation to the Finance Department for the payment of interest. (3) If the recommendation of the Department made under sub-rule (2) is accepted by the Finance Department, the Department concerned shall issue Government sanction for the payment of interest, (4) In all cases where the payment of interest has been authorized with the concurrence of the Finance Department, the Department concerned shall fix the responsibility and take disciplinary action against the Government servant or servants concerned who are found responsible (for the delay in the payment of gratuity and recover the amount of interest required to be paid from the Government servant, or servants concerned, including the concerned officer, who are found responsible for the delay in the payment of gratuity).

Records revealed that following payments were made by PCMC towards interest on delayed payment to pensioners.

S r. N o.	Amount of Voucher (Rs)	Voucher No. / Date	Interest on delayed payment of			
			DCR G (Rs)	Leave Encashme nt (Rs)	Commutati on (Rs)	Increment Arrears (Rs)
1	67,568	1245/16-8- 2013	76,296	23,569	--	--
2	71,707	1246/16-8- 2013	50,498	27,620	--	--
3	2,70,258	1247/16-8- 2013	1,14,349	56,587	--	--
4	56,207	1248/17-8- 2013	60,352	49,006	--	--
5	36,925	1249/17-8- 2013	39,047	35,560	--	--
6	34,813	1250/17-8- 2013	33,003	38,854	--	--
7	17,548	-----/23- 11-12	5,799	1,410	9,311	1,028
<b>Total</b>			<b>2,91,087</b>	<b>2,31,196</b>	<b>9,311</b>	<b>1,028</b>

PCMC made these payments without any concurrence of Finance Department. More over no responsibility was fixed and disciplinary action taken against Government servant(s) causing delay in payment of gratuity. As per norms, interest paid on account of delay was needed to be recovered from the officers / officials responsible for such delay. In this connection, the circumstances and authority under which the interest was paid, (especially when there was no provision for interest payment on delayed payment of Leave Encashment, Commutation and Pay Arrears) were called for in audit. In reply, the Commissioner, PCMC stated that ex-post-facto approval of interest paid on delayed payment of Leave Encashment, Commutation and Pay Arrears would be obtained from GoM. The reply is not tenable since interest was not payable on delayed payment of leave encashment, commutation and pay arrears. In respect of interest paid on delayed payment of gratuity responsibility needed to be fixed and interest amount be recovered from official responsible for delayed payment. The matter was brought to notice of UDD for comments. During current audit (2016-17) PCMC stated that due to poor financial conditions, the payments could not be made in time and hence interest had to be paid. However, ex-post-facto approval of interest paid with orders of Finance Department was not produced. The para may remain.

In current audit (2016-17), no compliance was furnished to audit.

Para may remain in Inspection Report.

On this being pointed out, the Commissioner, PCMC stated that the action for recovery was in progress through special drives and balance amount would soon be recovered.

No progress was seen in this regard during the current audit (2014-16); the para may remain.

Para is updated in current Inspection Report 2016-17, hence proposed for closure.

**Para 12 : Non-observance of provisions of MRTP Act in issue of Occupancy Certificates, conducting inspections and non imposition of penalty on irregular construction**

Under the provisions of section 253 of Bombay Provincial Municipal Corporation (BPMC) Act, 1949, applications are being received in PCMC to erect buildings or to make additions etc. to the existing buildings. As per provisions contained in section 261 and 262, Municipal Corporations shall inspect progress of work and enforce provisions concerning building works.

Municipal Commissioner may, at any time during erection of a building or execution of any such work as aforesaid or at any time within three months after completion thereof by written notice specify any matter in respect of which the erection of such building or execution of such work may be in contravention of any provision of this act or of any rule or bye-law and require the person erecting or executing (or who has erected or executed such building or work) to cause the time of the notice the owner thereof, then the owner of such building or work) to cause anything done contrary to any such provision rule or bye-law to be amended, or to do anything which by any such provision, rule or bye-law may be required to be done but which has been omitted to be done.

Under section 263(2) no person shall occupy or permitted to occupy any such building or use or permitted to use the building or part thereof affected by any work until (a) permission has been received from the Commissioner in this behalf, or (b) The Commissioner has failed for 21 days after the receipt of the notice of completion to intimate his refusal or the said permission. Section 263(A) of BPMC Act provides power to Commissioner for demolition or alteration of constructed huts or sheds infringing rules or bye-laws.

Further, any person who contravenes any of the provision of bye-laws of (Development Control Rule of city-II or any requirement or obligations imposed on him by virtue of these bye-laws be punished by a fine as decided by authority and as stipulated in section 52 of the Maharashtra Regional & Town Planning Act, 1968 and Section 399 of BPMC Act for development work. The Authority shall take suitable action including demolition of unauthorized work as stipulated under section 53 of the MRTP Act and Sections 267 and 478 of BPMC Act.

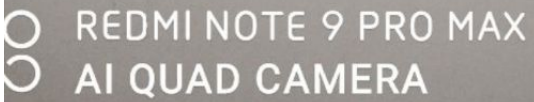
Records revealed that during years 2011-12, 2012-13 and 2013-14, PCMC issued 1818 building permits and as against these only four Occupancy Certificates were issued as tabulated below.

Year	No. of Building Permits issued	No. of Occupancy Certificates issued
2011-12	678	00
2012-13	671	02
2013-14	469	02
<b>Total</b>	<b>1818</b>	<b>04</b>

PCMC had not enforced the above provisions by linking mandatory issue of Occupancy Certificate with other essential services (say providing No Objection Certificate for electricity connection only to properties with Occupancy Certificates).

In audit action taken by PCMC against the persons occupying buildings without Occupancy Certificates and details of inspection carried out by PCMC were called for. The Commissioner, PCMC stated that due to shortage of concerned officers with PCMC, it was not possible to enforce the provisions mentioned above and conduct inspections.

2. Further records revealed that PCMC did not have any Development Control byelaws for planned development of Parbhani city and relied on GOM sanctioned Development Control and Promotion Regulations, 2013 for Municipal Councils. As a result, it did not have any penal provisions in cases of infringement of rules during building construction. PCMC did not have any statistics as to the number of houses / constructions in city without seeking its permission. It was observed that houses constructed without valid Building Permit from PCMC were regularized in due course of time without imposition of any penalty. Thus in such cases, not only PCMC was deprived of the Building Permits fees, but also of the amount of penalty leviable.



Inaction by the PCMC defeated the very purpose of City Survey and Town Planning Department's existence. This was brought to notice of UDD for comments. During current audit (2014-16) PCMC did not furnish any reply on the issue, hence the para may remain.

In current audit (2016-17), no compliance was furnished to audit.

Para may remain in Inspection Report.

**Para 13: Shrinking Property Tax collection net**

PCMC is required to recover Property Tax from its citizens regularly and in time towards services rendered by it. With time the net of tax levying should gradually expand proportionate to rising population and new constructions in order to accommodate them. This should result in obvious increase in tax collection.

Records revealed that during last three years PCMC had issued building permits. Despite such addition to the number of buildings in the city, the Property Tax collection did not expand, as can be seen from the yearly demand below.

Year	No. of Building Permits issued	Demand of Property Tax during the year
2011-12	678	Rs 241.86 lakh
2012-13	671	Rs 227.13 lakh
2013-14	469	Rs 227.13 lakh

It was observed that the demand came down from Rs 241.86 lakh in year 2011-12 to Rs 227.13 lakh in subsequent year and then remained constant, defying the expected increase. Obviously, during these years, the new construction was not being included in the tax-net. Steps need to be taken to revamp the tax structure so as to make it more realistic, based on authentic data. Further, the tax-net should be comprehensive, ever-expanding covering all new construction. This area gains more importance especially as Property Tax is the major source of revenue for the cash strapped PCMC.

The Commissioner, PCMC stated that exercise of revision of Property Tax was underway and on its completion it would be levied on all structures.

Reply is not acceptable as declining yearly trend in Property Tax demand instead of rising one was not based on actual number of building and thus was irregular. Further, exercise of revision of property tax has not relation to buildings more numbers of properties under tax net. This was brought to notice of UDD for comments.

During current audit (2014-16) PCMC did not furnish any reply on the issue, hence the para may remain

In current audit (2016-17), no compliance was furnished to audit.

Para may remain in Inspection Report.

**Para 14 : Irregular tendering of Parbhani Water Supply Scheme (Phase II) at higher rates**

Government of Maharashtra (GoM) in Urban Development Department (UDD) circular no. UID-2009 / Pr.Kr. 158 / NV-133 dated 10/08/2009 laid down norms of acceptance of tenders for works under Urban Infrastructure Development Scheme for Small Towns (UIDSSMT). This circular states that as per GoM norms of 1993<sup>1</sup>, tender rates obtained for a work above 10 per cent of its estimate recasted on current DSR were being referred to GOM for approval; now in such cases for UIDSSMT works, instead of referring to GOM, item-wise rates should be got analysed in detail from Maharashtra Jeevan Pradhikaran (MJP) and under technical consultation with MJP, decision to re-call tender should be taken at Local Body (LB) level in the financial interest of LB.

The Phase II work of augmentation to Parbhani water supply scheme under UIDSSMT was estimated to cost Rs 41.71 crore based on MJP DSR 2006-07. Numerous notices inviting tender (NITs) for the work received very high quotes and hence were rejected. In response to fifth NIT dated 07/10/2011, M/s R&B Infra Project Pvt. Ltd., Mumbai emerged as L1. After negotiations, the bid was accepted at Rs 87,91,42,913 and on 13/01/2012 work order was issued. Chief Engineer, MJP, Pune vide letter no. 231 / 2011 dated 14/12/2011 carried out detailed rate analysis and arrived at current estimate cost of the work as Rs 77,47,83,137/- based on MJP DSR of 2011-12. An amount of Rs 10,43,59,776 was considered separately on request of PCMC as possible price escalation in the period of work execution owing to royalty charges, cost of material / labour and transportation. The total cost of the work was thus evaluated as Rs 87,91,42,913 (Rs 77,47,83,137 + Rs 10,43,59,776). Further the Chief Engineer, MJP had explicitly stated in his letter that this evaluated cost of work required approval from GOM before its adoption by PCMC.

In response to fifth NIT, the L1 agency M/s R&B Infra Project Pvt. Ltd., had quoted rates 185 per cent above the cost put to tender (Rs 41.71 crore). This was reduced to 139 per cent above (Rs 99,23,57,803) after negotiations. However, this was still 12.88 per cent above the evaluated cost (Rs 87,91,42,913). After further negotiations with the contractor, the work was awarded at the evaluated cost of Rs 87,91,42,913.

As per GoM circular dated 20/10/1993, the comparison of quotation is to be made with the estimated cost based on current DSR. The basic intention of such comparison is to take into account the price escalation in differential period in cost of work based on old and current DSR. However, it was observed in present case that to the estimated cost based on current DSR (MJP DSR 2011-12) of Rs 77,47,83,137, an extra amount of Rs 10,43,59,776 was added which was unwarranted. The work was awarded at the evaluated cost of Rs 87,91,42,913. This cost was still 13.5 per cent above the estimate cost based on MJP DSR 2011-12 and hence not being within the accepted norms, needed GoM approval. The case was referred to UDD vide letter dated 27/12/2011 and latter returned it referring to UDD circular of 10/08/2009 that decision be taken at LB level. Thus the evaluated rate of Rs 87,91,42,913 which was 13.5 per cent above the estimate current cost did not get GoM approval.

The Commissioner, PCMC stated that the case was referred to the Government and as per decision of General Body Meeting of 02/01/2012, the work was awarded.

The reply is not tenable on the following grounds :

1. An explicit GoM approval was not obtained as per advice of the Chief Engineer, MJP.
2. As per GOM circular dated 20/10/1993, comparison of the quoted bid was to be made with the estimate cost based on current DSR and the quoted bid beyond 10 per cent of the current estimate cost needed GOM approval. The quoted bid in this case was 13.5 per cent above the current estimate cost.

<sup>1</sup>GOM circular No. GEN-1093 / 2365 / Pr.Kr.126 / 93 / NV-14 dated 20/10/1993

3. The evaluated cost included an additional amount of Rs 10.44 crore for price escalation which was unwarranted. The matter was brought to notice of UDD for comments. During current audit (2014-16) PCMC did not furnish any reply on the issue, hence the para may remain.

In current audit (2016-17), no compliance was furnished to audit.

Para may remain in Inspection Report.

**Para 15 : Short -recovery of stamp duty by Rs 4.30 lakh**

Agreements of works contract executed by Municipal Corporation with contractors are subject to payment of stamp duty as per Article 63 of Bombay Stamp Act, 1958 with effect from 01/05/2006.

As per Article 63, for work contracts below or upto Rs. 10 lakh, stamp duty of Rs.100 should be paid and for contracts above Rs. 10.00 lakh, stamp duty of Rs. 100 should be paid for every Rs. one lakh or part thereof subject to maximum ceiling of Rs. 5.00 lakh on a single work contract.

The work of augmentation to Parbhani Water Supply Scheme under UIDSSMT was awarded in two phases. As per the Notice Inviting Tender in both phases, the stamp duty was payable 'as per Government rules and regulations'. Thus the stamp duty was payable by the contractors as per the norms *ibid*. However, records relating to tendering procedure revealed that stamp duty was short paid by Rs 4,30,300 as detailed below.

(Amount in Rs.)

Phase	Contractor	Amount of contract	Stamp duty payable	Stamp duty paid	Short payment
I	M/s Maharashtra Agencies, Aurangabad	Rs 1,08,30,78,752	Rs 5,00,000	Rs 2,18,000	Rs 2,82,000
II	M/s R & B Infra Project Pvt. Ltd., Mumbai	Rs 87,91,42,913	Rs 5,00,000	Rs 3,51,700	Rs 1,48,300
<b>Total amount of short payment of Stamp Duty</b>					<b>Rs 4,30,300</b>

When pointed out, the Commissioner, PCMC accepting the short payment stated that henceforth, the Stamp Duty would be charged as per Article 63 of Bombay Stamp Act, 1958. The issue of stamp duty of Rs 4,30,300 is brought to notice of UDD for comments.

In current audit (2016-17), no compliance was furnished to audit.

Para may remain in Inspection Report.



**Para 16 : Injudicious utilization of Thirteen Finance Commission grant**

The Urban Development Department, Government of Maharashtra vide Govt. Resolution dated 25/10/2010 issued guidelines for utilization of Thirteen Finance Commission (TFC) grant at Municipal Corporations level. According to the guidelines, following nature of works of infrastructural facilities were permissible to be undertaken for execution from TFC grant.

1. Solid waste management works
2. Water supply and sanitation works (water / electric bills allowed to be paid)
3. Works of development of social basic facilities
4. Works related to improvement of Municipal Corporations.
5. Other permissible works (payment of pay arrears and pension to staff may be paid with prior permission of State Government)

Record revealed that Rs 2.87 crore out of Rs 3.52 crore received under TFC during 2011-12 was utilized on payment of electric bills and pay arrears of retired staff. Similarly entire amount of Rs 3.38 crore received under TFC during 2012-13 was utilized on payment of salary to staff, electric / water bills and public contribution towards Sujal Nirmal Yojana. Thus the entire amount of TFC grant was spent on payment of salary, electric bills, water bills, etc. and works of providing various types of infrastructural facilities to Parbhani city was ignored during these two years resulting in unjudicious expenditure of TFC grant.

Further, it was seen that Rs 1,41,88,131 (Rs 31,09,823 in 2011-12 and Rs 1,10,78,308 in 2012-13) was utilized on making payment of pay arrears to staff without obtaining a prior approval of the State Government.

Thus apathy towards development of infrastructural facilities in Parbhani city and disbursing of pay arrears / pension to staff without obtaining prior approval of State Government from TFC funds was in violation of GR *ibid*.

The Commissioner, PCMC in reply stated that the above payments were of urgent nature and hence had to be made and added that *ex-post-facto* approval of expenditure of TFC funds on pay arrears and pension would be obtained from State Government. The matter was brought to notice of UDD for comments.

During current audit (2014-16) PCMC reiterated that *ex post facto* sanction from GoM would be obtained for the expenditure irregularly incurred from TFC grant. The para may remain.

In current audit (2016-17), no compliance was furnished to audit.

Para may remain in Inspection Report.

**Para 18 : Extra liability of Rs.2.91 crore due to delay in payment of water bills**

PCMC lifts water from Purna Irrigation Project, Basmatnagar for supplying drinking water to Parbhani city. For the purpose PCMC receives monthly water bills form Purna Irrigation Project. Regular and timely payment of water bill should be ensured in order to avoid interest / delay payment charges.

Record revealed that PCMC had not paid water bills regularly in time from 1999-2000 till date. This resulted in creation of extra liability of Rs 2.91 crore in the form of penalty. The department had paid Rs 2.60 crore out of Rs 7.70 crore water bills received till date as detailed below.

2013-14	6,45,76	28,91,31	1,38,241	13,45,628	45,75,062	29,82,000
April to June 2014	1,64,25	6,91,080	1,37,008	3,45,701	11,75,162	21,50,000
Total				1,91,46,16	7,70,26,53	2,60,49,00



S r . N o	Year	Quantity of water used (L)	Total water bill (Rs)	20 % surcharge (Rs)	Amount of penalty (Rs)	Total amount of water bill (Rs)	Water bill paid (Rs)
1	1999-2000	5,75,678	16,00,257	3,20,050	32,00,516	51,20,824	59,000
2	2000-01	5,73,676	20,65,235	4,13,046	41,30,470	66,08,751	0
3	2001-02	5,86,287	17,56,708	3,51,342	35,13,416	56,21,466	2,00,000
4	2002-03	6,20,333	14,30,955	2,86,192	17,69,565	34,86,712	0
5	2003-04	6,32,128	15,39,904	3,07,981	7,69,955	26,17,840	25,79,000
6	2004-05	5,54,760	26,63,076	5,32,616	13,31,543	45,27,235	15,00,000
7	2005-06	3,06,639	15,33,201	3,06,642	7,66,603	26,06,446	25,12,000
8	2006-07	5,74,681	31,43,747	6,28,750	15,71,877	53,44,374	29,35,000
9	2007-08	5,78,131	37,39,240	4,47,848	18,69,623	63,56,711	10,34,000
10	2008-09	6,07,730	40,11,018	8,02,204	20,05,512	68,18,734	12,00,000
11	2009-10	6,41,020	42,30,732	8,46,144	21,15,369	71,92,245	17,94,000
12	2010-11	6,23,640	36,23,796	7,24,759	18,11,900	61,60,455	14,00,000
13	2011-12	6,63,300	22,77,467	4,55,494	11,38,736	38,71,697	25,00,000
14	2012-13	6,92,565	29,08,773	5,81,755	14,54,390	49,44,918	32,00,000
15	2013-14	6,40,765	26,91,213	5,38,241	13,45,608	45,75,062	29,86,000
16	April to June 2014	1,64,295	6,90,039	1,37,008	3,45,021	11,73,068	21,50,000
<b>Total</b>					<b>2,91,40,104</b>	<b>7,70,26,538</b>	<b>2,60,49,000</b>

Had PCMC paid water bills regularly in time, creation of extra liability of Rs. 2.91 crore in the form of penalty could have been avoided.

When pointed out, the Commissioner, PCMC stated that a detailed reply on the issue would be furnished at a later date.

During current audit (2014-16) PCMC did not furnish any reply on the issue, hence the para may remain.

During current audit (2016-7) the PCMC, Parbhani stated that current position of the recovery is furnished to audit.

In current audit (2016-17), no compliance was furnished to audit.

Para may remain in Inspection Report.

**Para 19 : Irregular work of repair to Parbhani Water Supply Scheme under Vaishistya Purna Scheme**

The Directorate of Municipal Council Administration, Mumbai vide order No.DMCA/V.P.V.A./09-10/P.K.14/08/Section-11 dated 30/03/2010 had categorically stated that works under taken for execution under Vaishistya Purna Scheme should be of capital nature so that Municipal Corporation may become financially independent.

Records revealed that PCMC had undertaken the work of repairing of Parbhani Water Supply Scheme costing Rs 38.03 lakh under the above scheme during the year 2011-12. The 1<sup>st</sup> RA bill amounting to Rs 7.38 lakh was paid to the contractor and work was still to be completed. Similarly the work of repairing to Rahati Water Works costing Rs 9.29 lakh was also undertaken under the above scheme during the same year, wherein the contractor was paid Rs 7.48 lakh upto 2<sup>nd</sup> RA bill and work was still incomplete.

These works were of recurring nature and selection of these works not of capital nature, for execution through Vaishistya Purna Scheme was highly irregular and violated Government order.

In audit, the reasons for execution of these works under Vaishistya Purna Scheme were called along with their Administrative Approval, Technical Sanction, Estimate, Measurement Books, Running bills, etc. The Commissioner, PCMC stated that the work was done only on getting approval from the District Collector and General Body of PCMC on 10/01/2011. No records were produced for further scrutiny.

The reply is not tenable as the work execution flouted the Government norms. Further, records of the works executed were not produced to audit. The matter was brought to notice of the UDD for comments.

During current audit (2014-16) PCMC did not furnish any reply on the issue, hence the para may remain.

In current audit (2016-17), no compliance was furnished to audit.

Para may remain in Inspection Report.

**Para 20 : Non production of 12<sup>th</sup> Finance Commission records**

The Urban Development Department vide resolution dated 28/07/2009 had categorically stated that all Municipal Corporations should utilize 56.50 per cent of fund received under Twelfth Finance Commission strictly on solid waste management programme and remaining 43.50 per cent on other works such as water supply, drainage, rain water harvesting etc. It was observed from the Utilization Certificate (UC) that PCMC was in receipt of Rs. 1.52 crore and Rs. 0.98 crore under Twelfth Finance Commission during 2011-12 and 2012-13, respectively. However, the UCs did not bear the subject on which expenditure was incurred.

In this connection PCMC was asked to furnish all files / documents relating to expenditure incurred from Twelfth Finance Commission for verification, but despite many oral and written requests, PCMC failed to produce them to audit.

The Commissioner, PCMC stated that the expenditure from Twelfth Finance Commission was incurred only on the works approved in PCMC General Body Meetings. However, no related records were produced for audit scrutiny.

Reply is not tenable as no records were produced for audit scrutiny of the claim of the PCMC. Same may be produced for audit scrutiny.

During current audit (2014-16) PCMC did not furnish any reply on the issue or any record relating to it, hence the para may remain.

In current audit (2016-17), no compliance was furnished to audit.

Para may remain in Inspection Report.

**Para 22: Irregular expenditure of Rs.42.70 lakh on work of Street lights and Solar Power Packs Navinaya Purna Yojana :**

The Planning Department of Government of Maharashtra vide letter dated 19/01/2012 had granted sanctioned to eight different works under 'Navinyana Purna Yojana' during the year 2011-12 as under.

(Rs. In lakh)

Sr. No	Name of Work	Cost
1	Construction of District Scout Guide building	20.00
2	Providing RCC dust bins at various places in Parbhani	25.003
3	Maintenance, repairs and beautification of Hutatma Smarak Kranti Chowk, Parbhani	25.00
4	Purchase of breath alcohol Analyzer	11.10
5	Providing drinking water facilities to Animal Husbandry Societies	25.00
6	Construction of toilets in Ward No. 20, Nagar Parishad Selu, Parbhani	9.99
7	Construction of community Hall Self-Help Group in Nagar Parishad Pathri, Parbhani	13.66
8	Rural technical service extension programme	5.00

Records revealed that PCMC vide order dated 28/02/2012 placed as order with the Rate Contract firm, M/s Jain Irrigation System, Jalgaon for supply and installation of 200 LED street lights in Parbhani city costing Rs 31.40 lakhs and installation of Solar Power Packs at PCMC building costing Rs 5.34 lakh under 'Navinyana Purna Yojana' 2011-12. Accordingly, the supplier complied and payment was made to him. However, this order did not belong to the list of approved works under the scheme.

Thus, execution of work of supply and installation of LED street lights at Parbhani city and Solar Power Pack at PMC building under 'Navinaya Purna Yojana' 2011-12 was highly irregular.

The circumstances and the authority under which the above work had been carried out under 'Navinaya Purna Yojana' 2011-12 were called for in audit to which no reply was given.

The Commissioner PCMC stated that works enlisted at serial no. 1, 2 and 3 in table above were done after getting due administrative approval from competent authority. The matter was brought to notice of UDD for comments. During current audit (2014-16) PCMC did not furnish any reply on the issue, hence the para may remain.

In current audit (2016-17), no compliance was furnished to audit.

Para may remain in Inspection Report.

**Para 25: Poor implementation of Development Plan**

Maharashtra Regional Town Planning (MRTP) Act, 1966 makes mandatory for every planning authority to prepare a draft DP for the area under its jurisdiction. PCMC implements the Development Plan (DP) drafted in the year 1999 which should be reviewed after 20 years as per provision of DCR.

MRTP Act extends liability of acquisition of public sites reserved in DP with the Municipal Corporation (MC) irrespective of authority for development of the same. GoM (May 2006) further instructed all planning authorities to provide at least 20 per cent of their total budgetary expenditure for towards acquisition of reserved lands.

The DP drafted in 1999 identified 252 sites admeasuring 382.675 Ha, as reserved for public purposes in Parbhani city. Out of these, land acquisition of 217 reserved sites admeasuring 284.42 Ha, was proposed in six years in phase-wise manner as under.

Year	No. of sites	Area (Ha)	Cost of acquisition (Rs)
I	42	62.58	5,75,78,370
II	39	53.68	4,24,56,710
III	38	35.81	4,04,39,800
IV	34	40.84	3,23,15,220
V	29	21.29	2,04,25,250
VI	35	70.22	3,22,96,180
<b>Total</b>	<b>217</b>	<b>284.42</b>	<b>22,55,11,530</b>

The DP further proposed structured growth of Parbhani city by phase-wise developing the reserved sites by the Municipal Council / Corporation in 10 years' period as under.

Year	No. of sites	Area (Ha)	Cost of development (Rs)
I	17	18.88	2,94,94,600
II	27	35.45	7,06,16,200
III	29	55.18	9,32,88,800
IV	30	37.22	10,98,75,600
V	30	22.72	9,94,04,000
VI	31	33.59	11,63,82,000
VII	24	17.42	10,32,29,000
VIII	20	17.93	9,20,77,000
IX	18	58.62	9,36,59,000
X	08	10.99	2,93,69,000
<b>Total</b>	<b>234</b>	<b>308.00</b>	<b>83,73,95,200</b>

However, PCMC had not earmarked any fund for acquisition of reserved land, as a result no land was acquired as required in the DP of Parbhani city.

After the DP of PCMC came into existence only 10 sites were developed fully/partially and 6 cases were deleted from the DP out of 234 sites reserved under DP. This shows the laxity on the part of PCMC in implementing DP for Parbhani City. Poor implementation of DP was brought to notice but no reply was furnished by PCMC.

During current audit (2014-16) PCMC did not furnish any reply on the issue, hence the para may remain.

In current audit (2016-17), no compliance was furnished to audit.

Para may remain in Inspection Report.

#### **Para 26 : Adoption of irregular procurement / purchase procedure**

As per Paragraphs 200 and 202 of Maharashtra Public Works Manual and instructions issued by Government of Maharashtra from time to time, tender should be invariably invited for purchases over Rs. 50,000. The mechanism of calling tenders is to ensure competitive rates.

A test check of records of various wings under PCMC revealed that procurement / purchases were made from open market without calling tenders in the following cases :

1. **Irregular procurement of hydraulic tippers worth Rs. 1.59 crore :** Record of Solid Waste Management Wing revealed that PCMC had purchased 40 four-wheeler hydraulic tippers of Ape Piaggio make costing Rs.1.59 crore without inviting tenders. Tippers numbering 30 and 10 were purchased respectively from M/s Shree Vaidyanath Auto Agencies, Parli Vajinath and M/s Sahara Motors Parbhani, at the rate of Rs. 3,99,942 each after making oral enquiry with the suppliers. Both suppliers submitted rates of tippers which were accepted and order was placed with them. Further, PCMC had not made any enquiries about Rate Contract, if any in existence for purchase of these tippers.

Thus procurement of hydraulic tippers costing Rs 1.59 crore without inviting / calling for tender was highly irregular.

In reply it was stated that rates of tipper were confirmed by the Mayor, Standing Committee and the Commissioner and that the purchase was approved by the PCMC General Body.

2. **Purchase of Electricals Goods worth Rs. 31.93 lakh :** Records of Stores Wing revealed that PCMC directly procured various electrical goods for periodical maintenance of street light system of Parbhani city from M/s Swami Samarth Multi Services, Parbhani without inviting tender/Quotations. The agency supplied the electrical goods worth Rs 31,93,700 on 17/12/2012 and payment was made to agency on 15/04/2013.

It was observed that M/s Swami Samarth Multi services, Parbhani was not dealer of electrical goods. The Industries, Energy and Labour Department had issued license of electric contractorship to the said firm for erection, commissioning and installation of lighting system. Thus irregular purchase was made from an agency which did not have license of dealing in and selling electrical goods and no quotations/tenders were called for the same.

In reply it was stated that the purchase was made in view of demand placed by Electric Inspector.

3. **Irregular purchase of furniture worth Rs 8.49 lakh :** According to Industries, Energy and Labour Department of GOM circular dated 02/01/1992, Steel and Wooden furniture for office use is required to be procured from Maharashtra Small Scale Industries Development Corporation (MSSIDC) on priority basis. MSSIDC is a GoM undertaking providing marketing facilities to regional Small Scale Industries.

Record revealed that PCMC had directly purchased the steel and wooden furniture worth Rs 8.49 lakh from M/s Mitesh Furniture, Parbhani in 2012-13 without inviting any tenders in contravention of the GoM instructions regarding procurement of furniture items from MSSIDC

In reply it was stated that the purchase was made only by calling tenders. However, PCMC did not produce any record in support of its reply.

4. **Irregular purchase of cloth worth Rs 7.18 lakh** : According to Industries, Energy and Labour Department of GOM circular dated 02/01/1992, the cloth / dress of staff is required to be purchased from Maharashtra State Textile Corporation on priority basis.

Record revealed that PCMC had purchased cloth / dress worth Rs 7,18,241 from M/s Rajnandani Parbhani on 30/05/2013 without inviting tenders which is highly irregular.

In reply it was stated that the purchase was made only by calling tenders. However, PCMC did not produce any record in support of its reply.

Non adherence to the purchase / procurement procedure in all above cases was brought to notice of UDD for comments.

During current audit (2014-16) PCMC did not furnish any reply on the issue, hence the para may remain.

In current audit (2016-17), no compliance was furnished to audit.

Para may remain in Inspection Report.

**Para 27 : Discrepancies in the work of Installation of Traffic Light in Parbhani city**

The Collector, Parbhani vide order dated 28/03/2013 accorded Administrative Approval for installation of Traffic Signals at squares in Parbhani city under Navinaya Purna Scheme for 2012-13 and for the purpose released an amount of Rs 45 lakh to PCMC on 29/03/2013.

Accordingly tenders were called and M/s Trafi Tronics Company, Pune being the lowest bidder was issued the work order by PCMC on 18/11/2013. The 2<sup>nd</sup> and final bill amounting to Rs.13,03,245 was paid to the contractor on 10/09/2014.

In this connection, following observations were made :

1. As against the District Collector's orders and Administrative Approval , PCMC added the work of installation of Close Circuit TV Cameras within the sanctioned cost of Rs 45.00 lakh under the Scheme. The work of installation of traffic signals at only four squares at the cost of Rs 40,99,807 and the work of installation of CC TV camera at Dr. Ambedkar square and Shivaji square, Parbhani costing Rs. 2,40,000/- was irregularly carried out.
2. As per terms and conditions of work order, the contractor was liable to complete the work within two months from the date of issue of work order, otherwise penalty @ Rs 600 per day was to be levied and recovered from the bill. Records revealed that extension up to 30/05/2014 was granted to the Contractor by City Engineer and not by the Commissioner, PCMC. As such extension given was not authentic and penalty @ Rs 600 per day for the period from 18/01/2014 to 30/05/2014 for 133 days amounting to Rs.79,800 stood recoverable from the contractor.
3. The Chief Engineer, Public Works (Electrical) Dn., Mumbai vide letter No. 3464 dated 02/08/2013 accorded Technical Sanction to said work with a condition that the work should be carried out by an electrical contractor registered with Government of Maharashtra. However registration certificate of M/s Trafi Tronics Company, Pune was not on record.
4. The Performance Guarantee of a Nationalized Bank of 10 per cent of the total cost of work valid for next five years amounting to Rs 4.50 lakh was not obtained from the contractor to ensure smooth commissioning / functioning of traffic lights for next five years.

When pointed out, the Commissioner, PCMC stated that Administrative Approval of traffic signals and CC TV cameras was obtained from the competent authority.

However, records with Administrative Approval of traffic signals and CC TV cameras were not



During current audit (2014-16) PCMC did not furnish any reply on the issue, hence the para may remain.

In current audit (2016-17), no compliance was furnished to audit.

Para may remain in Inspection Report.

**Para 28: Shortage of staff.**

GOM vide Urban Development Department Circular No. *Tha Ma Pa 2002 / 821 / Pr. Kr. 86/ NaVi-23*, dated 02/07/2008 issued a 'Model Recruitment Rules' for the appointments to the various posts of the Municipal Corporation. It was also directed that every Municipal Corporation should prepare its recruitment rules based on these model recruitment rules.

Records revealed that PCMC did not frame any recruitment rules / byelaws in order to recruit staff. As against the sanctioned strength of staff of 762, PCMC (as in May 2013) had 409 men-in-position. This pointed out to huge vacancy of 353 men, which worked out to more than 46 per cent of the sanctioned strength.

Owing to the shortage of staff the day to day working of PCMC like ensure of occupancy certificates, conducting inspections and imposition of penalty on irregular construction etc. would not be carried out effectively. Expeditious action was required to be taken to recruit adequate staff in order to achieve smooth functioning at PCMC. This was brought to notice of UDD for comments.

During current audit (2014-16) PCMC did not furnish any reply on the issue, hence the para may remain.

In current audit (2016-17), no compliance was furnished to audit.

Para may remain in Inspection Report.

**Para 29: Non-preparation of Proforma Accounts of heavy vehicles.**

As per Maharashtra Public Works manual monthly Proforma account is required to be prepared for all heavy vehicles / machinery and subsequently annually, in order to assess their viability by way of comparing their profit and loss.

However, it was observed that PCMC had not prepared Proforma Accounts in respect of following heavy vehicles.

Sr. No	Registration No of Vehicle	Nature of Vehicle
1	MH-22-8017	TRUCK
2	MH-22-7094	Mahindra Tractor
3	MH-22-7095	Mahindra Tractor
4	Road Roller	Road Roller Big
5	MH-22-6485	HMT Tractor
6	MH-22-6472	Swaraj Tractor
7	MH-22-522	Tata 407
8	MH-22-523	Tata 407
9	MH-22-7853	Tata 407
10	MH-22-7854	Tata 407
11	MH-22-7855	Dozer come Bacon
12	JCB	Ford Tractor
13	MH-22-9172	Water Supply Tractor
14	MH-22-7340	Fire Vehicle Big
15	MH-22-7837	Fire Vehicle Small
16	MH-22-923	



PCMC further failed to produce details / records in support of number of drivers/ staff engaged in operating above vehicles, amount paid for fuel, oil, lubricants, wages, log books, history etc. of all above vehicles for audit scrutiny. The Commissioner PCMC stated that the Proforma Accounts would be prepared in respect of all these vehicles. During current audit (2014-16) PCMC did not furnish any reply on the issue, hence the para may remain.

In current audit (2016-17), no compliance was furnished to audit.

Para may remain in Inspection Report.

### INSPECTION REPORT FOR THE PERIOD FROM 01.04.2014 TO 31.03.2016

#### Para 1 : Irregular planning of work led to unfruitful expenditure of Rs 210.02 lakh

Government of Maharashtra (GoM) in view of completion of 50 years of creation of Maharashtra state in 2010-11, determined vide Water Supply and Sanitation Department resolution dated 22/10/2008 to achieve such targets as urban water supply, sewerage, construction of toilets and solid waste management with stipulated good quality at optimal service charges by the year 2010-11. Thus, *Maharashtra Sujal va Nirmal Abhiyaan* (MSNA) came into existence.

MSNA 2008-09 took up augmentation of the existing water supply scheme of Parbhani city, with the following scope of the work:

1. Provision of branch rising main, construction of two elevated storage reservoirs (ESRs), distribution system, water supply arrangement in tanker-fed areas, work of gravity main of old water works and renewal of pure water pumping machinery.
  2. Reform works : Consumer survey, Water Audit, Energy Audit, provision of Flow meters, Hydraulic modeling, GIS Mapping, computerization of water charges billing and recovery.
2. Maharashtra Jeevan Pradhikaran (MJP) on 24/02/2009 accorded technical sanction to these works at total cost of Rs 4,24,03,000 based on DSR 2008-09 as under.

Sr	Description of sub-work	Amount (Rs)
1	Part A : Works under Sujal & Nirmal Abhiyan	18,75,000
2	Part B : Branch Rising Main, RCC ESRs 2 No.s & Distribution System	3,61,61,000
3	Part C : Water supply arrangement where there is no water supply system available i.e., Bore wells & Small tanks	22,60,000
4	Part D : Replacement of Pumping Machinery @ Old Head works and arrangement for canal water intake	21,07,000
<b>Total</b>		<b>4,24,03,000</b>

While GoM administratively approved the same on 16/07/2009 for Rs 4,87,88,700 as under.

Scheme works	Components	Cost (Rs)
	Provision of rising main, construction of elevated storage reservoirs (ESRs), laying of distribution system using HDPE pipes	2,44,21,700
Water supply management using borewells and water tanks.	22,60,000	
Renewal of pumping machinery (old head works)	21,07,000	
<b>Sub-total</b>	<b>2,87,88,700</b>	

Reform works	Consumer survey, Water Audit, Energy Audit, provision of Flow meters, Hydraulic modeling, GIS Mapping, computerization of water charges billing and recovery.	2,00,00,000
	<b>Total</b>	<b>4,87,88,700</b>

While granting administrative approval, GoM had put a condition for the work to commence only after obtaining necessary technical sanction from competent authority (here MJP).

3. Though MJP in technical sanction had considered ductile iron (DI) pipes for distribution system, GoM while according administrative approval accommodated the increased cost of Reform Works within the overall cost by replacing DI pipes by high density polyethylene (HDPE) pipes. Without seeking a revised technical sanction from MJP for the change in specifications, PCMC in general body resolution dated 27/07/2009 decided to call tenders. After due tendering process, the Scheme Work was awarded to Shri. S. D. Lahane on 31/10/2011 at 74 per cent above the estimated cost of Rs 2,87,88,700 for 18 months (i.e. till 30/04/2013).

4. The contractor's letter dated 04/08/2012 revealed that he had not started the work by then stating that PCMC did not have funds for the purpose but showed willingness to start the work after technical approval of ESR designs. On 02/09/2012 the ESR designs were technically approved and on 12/12/2012 the contractor was paid first running account (RA) bill amounting to Rs 69,97,559. The contractor on 30/03/2013 stated that due to absence of a revised technical sanction to estimate involving HDPE pipes, his bills were not being passed / paid by PCMC.

5. On 12/04/2013, PCMC intimated GoM the need for a revised technical sanction from MJP for the changed specifications in distribution part of the Scheme Work. After many reminders from PCMC, MJP on 30/07/2013 gave a revised technical sanction as under.

Branch Rising Main, RCC ESRs 2 No.s & Distribution System	Original TS	AA	Revised TS
	Rs 3,61,61,000	Rs 2,44,21,700	Rs 2,58,62,600

6. Meanwhile, the period of work execution ended on 30/04/2013 and the contractor on 06/05/2013 alleged irregularity on part of PCMC in award of the work before technical sanction and requested finalization of the work by clearing his dues and termination of the contract. He had stopped the work of ESR at Rajgopalchari Garden and had not initiated any work of ESR at Rameshwar plot; he had executed only the other components of the work viz., distribution system. An MJP report revealed that the earmarked site of ESR at Rameshwar plot was at a lower level than highest level of the zone, making it difficult to regulate flow of water under gravity.

7. As the work of ESRs was altogether halted, on 29/08/2013 the General body of PCMC decided to enter into a tri-party cum sub-contract agreement for construction of ESRs while the original contractor was to execute the remaining works. Consequently, a tri party agreement between PCMC, the original contractor Shri. Lahane and the sub-contractor Shri. S. T. Bhagwat was entered on 31/08/2013. PCMC issued work order to Shri. Bhagwat on 19/09/2013 for a period of 18 months (i.e. upto 18/03/2015).

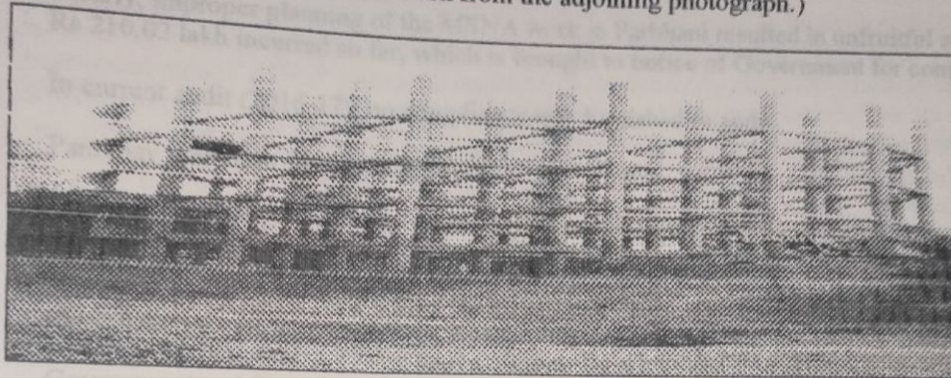
The contractor for the unsatisfactory part of work execution as per contract conditions. The contractor on 04/08/2012 had stated that he had not commenced any work till then (which corresponded to nine months out of the stipulated 18 months). This should have called for a strict action against him under clause 2 (execution of work proportionate to passage of time) and clause 17 (penalty to be imposed for bad / unsatisfactory work execution) under B1 contract.

No reference was ever made to the contractor in order to invoke provisions under clause 15 (regarding compensation against any alteration / restriction of work or any part of it) of B1 contract.

The other components of the work i.e., distribution system, etc. were of no use until ESRs were installed to feed them. During the present audit (February-March 2017), tenders were being invited for balance work of ESRs.



8. The progress of the work executed by Shri. Bhagwat was not satisfactory. MJP, being project management consultant of the work, intimated PCMC vide letters dated 01/10/2013, 25/02/2014, 16/04/2014 and 26/06/2014 of slow progress of work, failure on part of the contractor (Bhagwat) to furnish RCC design for ESRs and non start of work of ESR at Rameshwar plot. Despite numerous PCMC reminders to speed up the work, Shri. Bhagwat on 31/12/2015 expressed difficulties in completing the work. PCMC after warning him on 28/01/2016, terminated his contract on 18/02/2016. (The present status of construction of ESR at Rajgopalchari Garden can be seen from the adjoining photograph.)



9. Measurement Book revealed that to date five RA bills were paid with total expenditure of Rs 2,10,01,795 of which that incurred on ESR sub-work so far was Rs 94,23,298.

The work of ESRs had remained stranded after incurring Rs 94.23 lakh. The work, as envisaged in MSNA, was to be completed by the year 2010-11 (golden jubilee year of creation of Maharashtra state) or by April 2013 (as per work order). More than five years had passed since the awarding of contract and yet there was no sign of it getting completed and being put into service of a water-scarce city of Parbhani. It was observed that -

- i. The work was irregularly tendered without proper technical sanction. No heed was paid to the condition laid down in GR dated 16/09/2009 that the work was to be commenced after obtaining technical sanction from MJP. The revised technical sanction was obtained after the work execution period of the contract was over. As a result, the bills of contractor remained in abeyance resulting in his apathy towards work execution.
- ii. The site of ESR at Rameshwar plot was improperly chosen, without heeding to rudimentary requirement of its height for gravitational flow and distribution of water.
- iii. A part of work was sub-tendered against rules. There is no provision of tri-party cum sub-contractor agreement in either B1 contract or Maharashtra Municipal Account Code, 1971 or Maharashtra Public Works Manual or Municipal Corporation bye-laws.
- iv. PCMC failed to take any legal action against the contractor for the unsatisfactory pace of work execution as per contract conditions. The contractor on 04/08/2012 had stated that he had not commenced any work till then (which corresponded to nine months out of the stipulated 18 months). This should have called for a strict action against him under clause 2 (execution of work proportionate to passage of time) and clause 17 (penalty to be imposed for bad / unsatisfactory work execution) under B1 contract.
- v. No reference was ever made to the contractor in order to invoke provisions under clause 15 (regarding compensation against any alteration / restriction of work or any part of it) of B1 contract.
- vi. The other components of the work i.e., distribution system, etc. were of no use until ESRs were put in place to feed them. During the present audit (February-March 2017), tenders were being called afresh to complete the balance work of ESRs.



When pointed out, PCMC accepted that the tendering and awarding of work was done without proper technical sanction and stated that A) a revised technical sanction was obtained at a later date. B) Work order was issued on 31/10/2011; after that, revised technical sanction was obtained from MJP and only thereafter the work begun. C) To avoid loss of time, effort and water shortage in targeted area, the work was sub-tendered on advice of MJP, which was approved by General Body of PCMC. The cost of balance work of ESRs which was being tendered afresh was stated to be Rs 158.27 lakh and it was expected to complete by March 2018. However PCMC failed to provide any reason for tendering of work without proper technical sanction or quote authority for sub-tendering of work or fix responsibility for improper selection of site for ESR at Rameshwar Plot. Clearly, improper planning of the MSNA work in Parbhani resulted in unfruitful expenditure of Rs 210.02 lakh incurred so far, which is brought to notice of Government for comments.

In current audit (2016-17), no compliance was furnished to audit.

Para may remain in Inspection Report.

**Para 2 : Wasteful expenditure of Rs. 138 lakh on Detailed Project Report for a project that remained un-implemented**

Government of India introduced Integrated Housing and Slum Development Programme (IHSDP) vide G.O. 12/2005 which aimed at combining the existing schemes of Valmiki Ambedkar Awas Yojana (VAMBAY) and National Slum Development Programme (NSDP). The Central Government and State Government/Urban local Bodies were to share funds in the ratio of 80:20 to implement the programme. The basic objective of IHSDP was to strive for holistic slum development with a healthy and enabling urban environment by providing adequate shelter and basic infrastructure facilities to the slum dwellers of the identified urban areas. Besides this, eradication of slum areas was also objective of IHSDP. According to the modified ISHDP guidelines of February 2009, cost of land for such projects was not to be provided under the programme and was to be borne by the State Government/ Urban Local Bodies. Further 5 per cent of the total funds allocation was to be utilized for preparation of Detailed Project Reports and for administrative purpose. The scheme was to be implemented through a designated State level nodal agency and Central assistance released was to go directly to such nodal agency identified by the State Government.

Government of Maharashtra vide Housing Department resolution dated 18/09/2006 appointed Maharashtra Housing and Area Development Authority (MHADA) as a nodal agency for the programme and vide resolution dated 25/06/2007 the department began implementation of the scheme on Central Government guidelines.

Parbhani Municipal Council vide letter dated 27/09/2006 to MHADA submitted a certificate for availability of land for IHSDP project, which was free from reservation and not affected by flood zones. On 06/02/2007 Parbhani Municipal Council invited tenders and appointed (01/03/2007) M/s Arc Associated, Aurangabad as architectural consultants for preparation of Detailed Project Report (DPR) of ISHDP for getting it approved from nodal agency MHADA and Government of India. Arc Associates prepared DPR of 2798 dwelling units for Rs 5617.18 lakh and submitted it to MHADA for onwards submission to Central Government. The DPR was approved and Central Government on 28/01/2009 accorded sanction for construction of 2798 dwelling units in Parbhani. As against the project cost of Rs. 5644.127 lakh, MHADA on 14/07/2009 released first installment of Central share of Rs 775.56 lakh to Parbhani Municipal Council. On direction of MHADA (29/08/2009), Parbhani Municipal Council released consultancy charges of Rs 1,00,00,000 and Rs 38,02,550 to M/s Arch Associates on 31/08/2009 and 30/09/2009, respectively towards preparation of DPR.

Parbhani Municipal Council however failed to start construction of dwelling units under IHSDP in time. As a result, Government of Maharashtra vide Housing Department letter dated 11/03/2011 cancelled the ISHDP project. Accordingly MHADA directed (30/12/2011) Parbhani Municipal Council to refund grant of Rs. 775.56 lakh with interest as the period of IHSDP had expired. As against refund order of Rs. 775.56 lakh, (now) Parbhani City Municipal Corporation (PCMC) refunded Rs 650 lakh on 23/04/2015 and interest of Rs 165.69 lakh on 18/09/2015 to MHADA stating that land was not got available for implementation of ISHDP project.

However the reason given for surrender of fund was not true as PCMC vide letter dated 27/09/2006 had already certified the availability of land to MHADA on the basis of which, the IHSDP project was sanctioned to Parbhani city.

Though there was sufficient time, PCMC showed apathy towards implementation of IHSDP scheme in its area despite availability of both land and funds. The DPR prepared for implementation of IHSDP project could not be put to use as the State Government cancelled the IHSDP project. As a result entire expenditure of Rs. 1.38 crore incurred on its preparation proved wasteful. Furthermore, the urban poor were bereft of the benefit of affordable housing. In this regard, reasons for non implementation of IHSDP project despite availability of land, fund and sufficient time were called along with such related record as proposal of IHSDP submitted by PCMC to MHADA, Union Government letter dated 28/01/2009 sanctioning construction of 2798 dwelling units, a copy of DPR, etc.

None of the above records were produced for scrutiny; it was stated that the same would be traced out and furnished to the Accountant General Office in due course of time. It was reiterated that non-implementation of the scheme was due to non-availability of land.

The wasteful expenditure of Rs. 138 lakh on Detailed Project Report for a project that remained un-implemented is brought to notice of Urban Development Department for comments.

In current audit (2016-17), no compliance was furnished to audit.

Para may remain in Inspection Report.

**Para 3: Loss of Rs 59.12 lakh due to payment of interest on over draft**

The Commissioner, PCMC, Parbhani had taken an over draft with CC limit of Rs three crore from the State Bank of Hyderabad (SBH), Parbhani against fixed deposit of Rs seven crore of Integrated Housing and Slum Development Project (IHSDP). The account operated in the name of MHADA - Parbhani City Municipal Corporation bearing No. 62261749347. Records revealed that PCMC had taken over draft of Rs. three crore for payment of pending electricity bills under Abhav Yojna.

Scrutiny of bank statements of OD account revealed that PCMC had to pay an interest of Rs 59,12,482 as detailed in Annexure C.

Details of over draft (as to date of initiating, terms and conditions, rate of interest, purpose, etc.) could not be checked as no record in this regard was made available to audit despite several oral reminders. The amount of interest corresponding to period prior to 14/12/2012 could not be known; chances of increase in overall amount of interest beyond Rs 22.36 lakh cannot be ruled out.

3. There was a specific provision that the electricity bills could be paid from 13<sup>th</sup> Finance Commission (13FC) grants. PCMC had ample grants under 13FC as seen from the utilization certificates that PCMC had submitted showing unspent balances as tabulated below.

Year	Unspent balance (Rs)
2010-11	6,72,896
2011-12	65,06,115
2012-13	50,81,732
2013-14	3,82,82,946

The reasons for resorting to over draft and bearing interest of Rs. 59.12 lakh were called in audit. PCMC accepted the above facts but failed to state any reasons for the OD when it had ample 13FC grant.

The loss of Rs 59.12 lakh on payment of interest despite availability of grant is brought to notice of Government of Maharashtra for comments.

In current audit (2016-17), no compliance was furnished to audit.

Para may remain in Inspection Report.

#### Annexure C

#### Statement showing details of payment of interest on over draft

Sr. No.	Date	Interest paid (Rs)	Sr. No.	Date	Interest paid (Rs)
01	31.12.2012	51154	25	31.12.2014	115902
02	31.01.2013	137462	26	31.01.2015	97620
03	28.02.2013	167732	27	28.02.2015	71931
04	31.03.2013	236052	28	31.03.2015	71489
05	30.04.2013	228127	29	30.04.2015	57114
06	31.05.2013	262901	30	31.05.2015	47540
07	30.06.2013	258247	31	30.06.2015	37823
08	30.06.2013	266510	32	31.07.2015	35718
09	31.07.2013	266478	33	31.08.2015	34923
10	31.08.2013	258085	34	30.09.2015	31768
11	30.09.2013	266341	35	31.10.2015	30702
12	31.10.2013	257718	36	30.11.2015	27647
13	31.11.2013	266199	37	31.12.2015	26407
14	31.12.2013	266165	38	31.01.2016	24235
15	31.01.2014	240376	39	29.02.2016	20621
16	28.02.2014	246771	40	31.03.2016	19819
17	31.03.2014	212226	41	30.04.2016	10042
18	30.04.2014	214817	42	31.05.2016	15133
19	31.05.2014	207226	43	30.06.2016	12445
20	30.06.2014	212327	44	31.07.2016	10563
21	31.07.2014	164490	45	31.08.2016	8249
22	31.08.2014	144577	46	30.09.2016	5724
23	30.09.2014	138267	47	31.10.2016	3558
24	31.10.2014	115604	48	30.11.2016	1144
				<b>Total</b>	<b>5912482</b>

**Para 4: Wasteful expenditure of Rs 28 lakh on work of survey and computerization of Property Tax**

According to the provisions of the Bombay Provincial Municipal Corporations (BPMC) Act, 1949, all lands and buildings within the limits of Municipal Corporation area are subject to levy of Property Tax (PT) unless exempted. PT is a major source of revenue of Municipal Corporations and is levied as a percentage of Rateable Value (RV) of building or land assessable for PT in Municipal Area. As per the BPMC Act, PT is to be revised after every five years. Rule 39 of the Taxation Rules under the BPMC Act, 1949 stipulates that the Municipal Commissioner should serve a bill for a sum due as PT to a person liable for payment. As seen from the records, Parbhani Municipal Council (before coming into existence of **Parbhani Municipal Corporation** from 01/11/2011) had decided to revise PT, as the same was last revised in 2000-2001. In view of this, an agreement was made on 30/07/2008 between the Council and M/s Shivsai Engineer Associates, Latur to survey properties situated in area under Municipal Council and provide software for making data entry of all the properties along with levy of PT on these properties. The contractor was to be paid as under.

Built/constructed house	Rs.140 per house	0.45 x Rs 2,87,88,700
Open land	Rs.69 per plot	1.39 x 44,014
Huts/old <i>kutch</i> house	Rs.70 per house	to a second call with an expectation to lower

There were 62,230 properties found in survey undertaken in 2008-09. The stipulated period for completion of work was 30/05/2009 and the payment was to be given phase wise (in five phases), which if not completed, penalty @ Rs 100 per day was to be levied.

As the contractor did not fulfill conditions of the contract despite several instructions, Parbhani Municipal Corporation vide General body meeting dated 19/08/2014 cancelled the contract. The Municipal Commissioner /Council had paid Rs 28 lakh to the contractor before finalization of the agreement.

On 06/08/2013 Municipal Commissioner published a notice inviting tenders in a newspaper for the same work *i.e.* revision and assessment of PT to facilitate municipal taxes with Geographical Information System (GIS), as the old contractor did not fulfill the terms and conditions of the agreement.

Due to incomplete work done by the contractor the Municipal Commissioner could not revise PT in the municipal area which resulted in huge loss of revenue to the Corporation.

In audit, details of payments made to the contractor were called for scrutiny, which however were not produced. Accepting the payment of Rs 28 lakh made to the contractor, it was stated that the Corporation could not implement the new tax rates from 2008 and that the exercise of revision of tax started in 2015 was underway at present.

Thus despite expenditure of Rs 28 lakh on survey work, the Corporation failed to revise the property tax, which formed a major source of revenue. The wasteful expenditure is brought to notice of Urban Development Department for comments.

In current audit (2016-17), no compliance was furnished to audit.

Para may remain in Inspection Report.

**Para 5: Creation of extra liability of Rs 1.30 crore due to inaction during first call of tender**  
Scrutiny of records revealed that under Maharashtra Sujal va Nirmal Abhiyaan (MSNA), for the composite work of construction of ESRs, distribution system, pumping machinery renewal, management of water supply from tanks and borewells, etc. in Parbhani, the State Government on 16/07/2009 had provided administrative approval for Rs 2,87,88,700. Tenders were called for the work, vide notice inviting tenders dated 05/08/2009. In response, L1 contractor (Shri. M. T. Phad) had quoted 29 per cent above the cost put to tender. General Body PCMC vide resolution dated 20/02/2010 approved execution of work at current (prevalent) DSR rates which came to 17.62 per cent above the estimate.

However, the contractor refused to execute work at the rates approved and suggested by General Body. As a result, the tender was cancelled.

In response to a fresh tender inviting notice published in newspapers on 31/03/2010, L1 contractor (Shri. S. D. Lahane) bid 119 per cent above the estimated cost. On negotiations with the contractor, he agreed vide his letter dated 25/02/2011 to execute the work at 74 per cent above. The General body of PCMC vide resolution dated 10/01/2011 approved and prescribed the rate of 9.99 per cent above the current DSR rates. The contractor did not agree to this. The rate was again put up in General body meeting of 22/06/2011 wherein, the contractor's quoted rate of 74 per cent above the estimated cost was approved.

PCMC on second instance thus had to accept the quotation of 74 per cent above and it ended in entering into a contract that was costlier by 45 per cent of the cost put to tender, which resulted in creation of extra liability of Rs 1.30 crore, as calculated below.

Rate quoted by L1 contractor at first instance	29 per cent.....(1)
Rate quoted by L1 contractor at second instance	74 per cent.....(2)
Excess over the cost put to tender {(2) less (1)}	45 per cent
Excess over the cost put to tender in amount	= 0.45 x Rs 2,87,88,700
	= <b>Rs 1,29,57,915</b>

When pointed out it was stated that PCMC resorted to a second call with an expectation to lower the bids. However, due to binding of time, PCMC had no option but to accept the second call which emerged costlier.

PCMC should have analysed the estimate vis-à-vis the market rates and earnestly strived in time to get the quotation of L1 contractor approved from General body in the first instance itself. Further, negotiations with L1 contractor should have been attempted to lower the bid. Not taking a justified action in time resulted in creation of extra liability of Rs 1.30 crore for an already cash-strapped Municipal Corporation, which is brought to notice of higher authority for comments.

In current audit (2016-17), no compliance was furnished to audit.

Para may remain in Inspection Report.

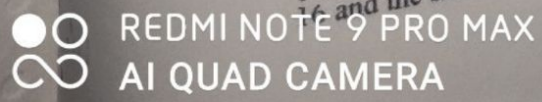
**Para 6 : Non-payment of outstanding water charges : loss of Stamp Duty Grant of Rs 360 lakh**

Records revealed that Maharashtra Jeevan Pradhikaran (MJP) supplied drinking water to the habitant of Parbhani city before handing over of Parbhani Water Supply Scheme to the Parbhani Municipal Council in the year 1999. As per MJP, though PCMC recovered water charges from its consumers, it failed to pay the bills raised by MJP. Consequently the water charges payable by PCMC piled up. MJP vide letter dated 15/01/2015 stated that as on 31/12/2014, Rs. 6181.67 lakh had remained unpaid comprising of Rs.715.80 lakh as principal and Rs. 5465.87 lakh as delayed payment charges (DPC).

MJP on 18/02/2015 apprised PCMC of Nirbhay scheme that was launched vide Government Resolution dated 16/01/2015 wherein if PCMC deposited the principal amount of water charges by 31/07/2015, DPC and interest amounts would be waived off. MJP vide letter dated 01/06/2015 intimated PCMC the total balance of Rs.6831.87 lakh, of which Rs.1069.02 lakh was to be deposited and Rs.5762.85 lakh was to be waived off.

The PCMC General body in its meeting held on 24/08/2015 approved Rs.1030.40 lakh for payment of MJP's water charges. However, due to delayed decision, PCMC failed to deposit the amount with MJP. PCMC issued a number of letters to MJP seeking extension of Nirbhay Scheme, but to no avail.

As per MJP letter dated 23/10/2015, the Directorate of Municipal Administration deducted Rs 360 lakh from one per cent Stamp Duty Grant that was payable to PCMC in the year 2015-16 and the same was credited to MJP through ECS against outstanding water charges.





Thus, PCMC was deprived of one per cent Stamp Duty Grant amounting to Rs.360 lakh due to delay in benefitting under Nirbhay Scheme. Therefore the principal amount of water charges remained unpaid at Rs.715.80 lakh whereas DPC was reduced by Rs.360 lakh. Gradual increase in water charges with passage of time cannot be ruled out. When pointed out it was stated due to delayed decision, the benefits of Nirbhay scheme could not be accrued. In 2017, the scheme was slated to be offered again to PCMC; with General Body resolution in place, full benefit of the scheme would be utilized and the adjustment of one per cent Stamp Duty Grant would be reversed. The matter is brought to notice of higher authority for comments. Progress made on this issue may be intimated to audit.

In current audit (2016-17), no compliance was furnished to audit.

Para may remain in Inspection Report.

**Para 7 : Avoidable expenditure of Rs 207.53 lakh on supply of water through tankers**

Under centrally sponsored Urban Infrastructure Development Scheme for Small Towns (UIDSSMT), Parbhani City Municipal Corporation (PCMC) had taken up the work of augmentation to Parbhani water supply scheme. As per Detailed Project Report (DPR) prepared in the year 2006, this work gross costing Rs 1,40,33,59,300 was expected to cater to the water demand till the year 2038. Similarly, PCMC under Maharashtra Sujal va Nirmal Abhiyan (MSNA) 2008-09 took up the work of supply of water to the Parbhani city.

However, the works under the above schemes could not be completed despite passage of considerable period and after incurring a considerable expenditure. Consequently, the city faced severe scarcity of water. PCMC had to perforce resort to supply of water through tankers from May 2015 to June 2016 on which expenditure of Rs 207.53 lakh was incurred under Water Scarcity Programme. The supply of water through tankers was being done by appointing new contractors and water was sourced from Yeldari dam. Refer Annexure B for details of expenditure incurred over supply of water through water tankers.

Had the UIDSSMT and MSNA projects completed in time, the expenditure of Rs 207.53 lakh could have been avoided.

Stating reasons for payment of water supply through tankers PCMC that due to non-availability of site for water treatment plant under UIDSSMT, the project could not be completed; now the site was acquired, hence soon the project would be completed and water tankers would not be needed.

The avoidable expenditure of Rs 207.53 lakh is brought to the notice of higher authority for comments.

In current audit (2016-17), no compliance was furnished to audit.

Para may remain in Inspection Report.

**Annexure B :**  
Statement showing the amount paid to the contractors towards water supply through the tankers

Sr. No.	Date of Payment	Particulars	Name of the Contractors	Amount paid (Rs)
01	08.06.2015	Office order No. 216 dt. 05.2015 water supply through tanker from 08.05.2015 to 27.05.2015	Sk. Salim Sk Ibrahim, Parbhani	3,53,520
02	08.06.2015	Office order No. 215 dt. 6.5.2015 water supply through water tanker from 08.05.2015 to 27.05.2015	M/s Kohinoor Transport Co. Parbhani	6,90,120
03	17.07.2015	water supply through water tanker from from 28.05.2015 to 15.06.2015	Sk. Salim Sk Ibrahim, Parbhani	2,50,000
04	08.07.2015	water supply through water tanker from from 28.05.2015 to 15.06.2015	M/s Kohinoor Transport Co. Parbhani	8,00,000
05	17.07.2015	12000 liters tanker taken on rent	M/s Kohinoor Transport Co. Parbhani	3,00,000
06	05.09.2015	--do--	M/s Kohinoor Transport Co. Parbhani	8,49,904
07	14.09.2015	6000 liters tanker taken on rent from	Sk. Salim Sk Ibrahim, Parbhani	1,50,994
08	02.11.2015	--do-- from 21.07.2015 to 10.09.2015	Sk. Salim Sk Ibrahim, Parbhani	4,12,300
09	02.11.2015	12000 liters tanker taken on rent from 21.07.2015 to 10.09.2015	M/s Kohinoor Transport Co. Parbhani	13,65,216
10	11.12.2015	12000 liters tanker taken on rent from 11.09.2015 to 20.11.2015	M/s Kohinoor Transport Co. Parbhani	20,15,208
11	11.12.2015	6000 liters tanker taken on rent from 11.09.2015 to 20.11.2015	Sk. Salim Sk Ibrahim, Parbhani	5,01,420
12	28.12.2015	12000 liters capacity tanker taken on rent from 21.11.2015 to 20.12.2015	M/s Kohinoor Transport Co. Parbhani	7,51,206
13	29.12.2015	6000 liters capacity tanker taken on rent from 21.11.2015 to 20.01.2016	Sk. Salim Sk Ibrahim, Parbhani	2,31,237
14	30.01.2016	12000 liters capacity tanker taken on rent from 21.12.2015 to 20.01.2016	M/s Kohinoor Transport Co. Parbhani	10,79,646

Sr. No.	Date of Payment	Particulars	Name of the Contractors	Amount paid (Rs)
15	30.01.2016	6000 liters capacity tanker taken on rent from 21.12.2015 to 20.01.2016	Sk. Salim Sk Ibrahim, Parbhani	3,18,880
16	04.03.2016	12000 liters capacity tanker taken on rent from 21.01.2016 to 25.02.2016	M/s Kohinoor Transport Co. Parbhani	15,10,224
17	04.03.2016	6000 liters capacity tanker taken on rent from 21.01.2016 to 25.02.2016	Sk. Salim Sk Ibrahim, Parbhani	4,11,100
18	04.04.2016	12000 liters capacity tanker taken on rent from 26.02.2016 to 31.03.2016	M/s Kohinoor Transport Co. Parbhani	18,78,222
19	04.04.2016	6000 liters capacity tanker taken on rent from 26.02.2016 to 31.03.2016	Sk. Salim Sk Ibrahim, Parbhani	6,90,170
20	29.04.2016	6000 liters capacity tanker taken on rent from 01.04.2016 to 25.04.2016	Sk. Salim Sk Ibrahim, Parbhani	5,27,000
21	29.04.2016	12000 liters capacity tanker taken on rent from 01.04.2016 to 25.04.2016	M/s Kohinoor Transport Co. Parbhani	15,47,976
22	26.05.2016	Water Tank of Khwaja Dolji	Sk. Salim Sk Ibrahim, Parbhani	26,753
23	10.06.2016	12000 liters capacity tanker taken on rent from 26.04.2016 to 25.05.2016	M/s Kohinoor Transport Co. Parbhani	18,20,226
24	10.06.2016	6000 liters capacity tanker taken on rent from 26.04.2016 to 25.05.2016	Sk. Salim Sk Ibrahim, Parbhani	5,62,430
25	01.07.2016	12000 liters capacity tanker taken on rent from 26.05.2016 to 25.06.2016	M/s Kohinoor Transport Co. Parbhani	14,20,492
26	01.07.2016	6000 liters capacity tanker taken on rent from 26.05.2016 to 25.06.2016	Sk. Salim Sk Ibrahim, Parbhani	2,88,470
<b>Total</b>				<b>2,07,52,714</b>

**Para 8 : Irregular claim of reimbursement of Salary Rs 67.65 lakh**

Malaria Department in Parbhani City Municipal Corporation (PCMC) has been working for eradication of Malaria. Under Urban Malaria Scheme, Joint Director of Health Services, Malaria and Filariasis, Pune with National Malaria Eradication Programme, released grants in aid towards reimbursement of salary of staff carrying out anti-malaria activities in Parbhani since long.

Records revealed that out of 77 sanctioned posts in Malaria Department, many officials were on deputation to other departments in PCMC since 2012. PCMC should have claimed reimbursement of salary only in respect of officials actually engaged in anti-malaria work. Salary of the employees on deputation to other departments of PCMC should have been paid from the Municipal Fund / Salary Grant. However, PCMC demanded reimbursement of salary for the entire staff of Malaria Department resulting in an excess claim amounting to Rs 67,64,737, which was irregular. To that extent an excess burden was created on the Government head. The details of such officials are given in Annexure A.

When pointed out it was merely stated that henceforth PCMC would not depute the Malaria Department staff elsewhere.

Creation of an excess burden Rs 67,64,737 on the Government head as pointed out above is irregular and brought to notice of the State Government for comments.

In current audit (2016-17), no compliance was furnished to audit.

Para may remain in Inspection Report.

Sl. No.	Name	From	To	Duration	Particulars	Amount
					X 12	Rs 6,44,00
					Rs 32230	
					X 12	
					Rs 32230	
					X 08	
02	Shankar	05/2013	02/2014	21 months	Rs 28924	Rs 3,47,08
					X 12	Rs 2,94,59
					Rs 32730	
					X 09	
03	Sheikh Amir M Rahib	04/2013	06/2014	14 months	Rs 28924	Rs 3,47,08
					X 12	Rs 65,40
					Rs 32730	
					X 02	
04	Shaha Adnan U Ali Qadri	10/2014	Continued on deputation	27 months	Rs 11950	Rs 1,43,80
					X 12	Rs 1,63,64
					Rs 13637	Rs 52,32
					X 12	
					Rs 17443	
					X 03	
05	Mohd Razaq Mohd Sudik Khan	08/2012	Continued on deputation	55 months	Rs 14401	Rs 1,72,81
					X 12	Rs 1,95,48
					Rs 46290	Rs 2,21,44
					X 12	Rs 2,83,47
					Rs 18434	Rs 1,18,11
					X 12	
					Rs 23623	
					X 12	
					Rs 23623	
					X 05	
06	Kashan Kishan Paik	04/2013	Continued on deputation	45 months	Rs 11252	Rs 1,35,03
					X 12	Rs 1,52,76
					Rs 12730	Rs 1,73,54
					X 12	Rs 1,66,53
					Rs 14462	
					X 12	
					Rs 18504	
					X 09	
07	Gajanan G Swami	05/2014	04/2015	11 months	Rs 19570X	Rs 2,15,27
					11	

**Annexure A**  
Statement showing excess claim of reimbursement of salary

Sr. No.	Name of the Official Shri/Smt. Who were on deputation to PCMC	Month & Year from Deputation	Month of returned to Malaria Department	Total Period of Deputation till date of audit	Gross Salary (pay considered for April of respective year)*	Total Salary claimed from Malaria Departmen Pune
01	B.L. Chavhan	04/2013	12/2015	32 months	Rs.28487 X 12 Rs.32230 X 12 Rs.32230 X 08	Rs.3,41,84 Rs.6,44,60
02	Rama Bharade	05/2013	02/2015	21 months	Rs.28924 X 12 Rs.32730 X 09	Rs.3,47,08 Rs.2,94,57
03	Sheikh Aamir Sk Habib	04/2013	06/2014	14 months	Rs.28924 X 12 Rs.32730 X 02	Rs.3,47,08 Rs.,65,46
04	Shaha Adnan UI Hk Qadri	10/2014	Continued on deputation	27 months	Rs.11990 X 12 Rs.13637 X 12 Rs.17443 X 03	Rs.1,43,88 Rs.1,63,64 Rs.52,32
05	Mohd Razzak Mohd Sadik Khan	08/2012	Continued on deputation	53 months	Rs.14401 X 12 Rs.16290 X 12 Rs.18454 X 12 Rs.23623 X 12 Rs.23623 X 05	Rs.1,72,81 Rs.1,95,48 Rs.2,21,44 Rs.2,83,47 Rs.1,18,11
06	Keshav Kishan Paike	04/2013	Continued on deputation	45 months	Rs.11252 X 12 Rs.12730 X 12 Rs.14462 X 12 Rs.18504 X 09	Rs.1,35,02 Rs.1,52,76 Rs.1,73,54 Rs.1,66,53
07	Gajanan G. Swami	05/2014	04/2015	11 months	Rs.19570X 11	Rs.2,15,27

08	Bhagwat L. Sawant	04/2014	Continued on deputation	33 months	Rs.21150 X 12 Rs.23879 X 12 Rs.29948 X 09 Rs.10597 X 08 Rs.11990 X 12 Rs.13637 X 12 Rs.17443 X 08 Rs.14662 X 12	Rs.2,53,800 Rs.2,86,540 Rs.2,69,530
09	Ananta B. Khule	08/2013	12/2016	40 months	Rs.10597 X 08 Rs.11990 X 12 Rs.13637 X 12 Rs.17443 X 08 Rs.14662 X 12	Rs.84,770 Rs.1,43,880 Rs.1,63,640 Rs.1,39,540
10	Renuka R Bankar	01/2016	01/2017	12 months	Rs.14662 X 12	Rs.1,75,940
11	Mukund R. Rudrawar	04/2014	Continued on deputation	33 months	Rs.21150 X 12 Rs.23879 X 12 Rs.30617 X 09 Rs.14662 X 12	Rs.2,53,800 Rs.2,86,540 Rs.2,75,550
12	Santosh Tukaram Lokhande	05/2014	04/2015	11 months	Rs.14662 X 12	Rs.1,75,940
Total					56,986	Rs.67,64,730

\* For the ease of calculations, salary for the month of April for each respective year has been considered.

**Para 9 : Extra payment of Rs 3.91 lakh towards power factor penalty**

According to a commercial circular issued by the Maharashtra State Electricity Distribution Company Limited (MSEDCL) on 15/06/2010 regarding revised applicability of Power Factor Incentive / Penalty, if capacitors were functioning to their fullest capacity, the power factor (PF) component of the electrical circuit ranged between 0.9 and 1. If this value fell below 0.9, MSEDCL levied power factor penalty (PFP) in monthly electric bills. Capacity of electrical circuits gets reduced due to improper maintenance, which can be enhanced by installing additional power factor component (APFC) panels.

PCMC has its water supply scheme at Rahati through which drinking water is supplied to entire Parbhani city. Scrutiny of electric bills of Rahati water supply scheme for the period from April 2014 to December 2015 revealed that heavy PFP was levied by the MSEDCL, Parbhani in monthly electric bills of June 2014, November 2014 and July-December 2015 as PF was lower than 0.9. As a result, PCMC had to incur a penal expenditure of Rs 3.91 lakh, as detailed below.

Sr. No	Month of Electric bill	Power factor penalty levied on electric bill (Rs)
1	June / 2014	58,944
2	November / 2014	63,840
3	July/ 2015	56,986
4	August/ 2015	57,710
5	September/ 2015	46,148
6	October/ 2015	44,247
7	November/2015	31,699
8	December/2015	31,853
	<b>Total</b>	<b>3,91,427</b>

PCMC did not make any efforts to install additional capacitors to keep the PF value up at the desired reading and went on paying power factor penalty.

When pointed out, PCMC accepted absence of APFC panels at Rahati site and stated that tenders were being called for the same.

Extra payment of Rs 3.91 lakh owing to power factor penalty is brought to notice of higher authority for comments.

In current audit (2016-17), no compliance was furnished to audit.

Para may remain in Inspection Report.

**Para 10 : Utilization of Gunthewari development charges**

The Maharashtra Gunthewari Development (Regularization, Upgradation and Control) Act, 2001, was enacted by the State Legislature for the regularisation and upgradation of certain Gunthewari development i.e. plots formed by unauthorized sub-division of private lands with buildings on the plots. The Act envisaged that Planning Authority (Municipal Corporation) should collect compounding fee from the holders of such unauthorized layouts. Rule 6 of the Act provides that,

1. The amounts accruing to the Planning Authority on account of compounding fees/development charges collected from the plot holders while regularising them under Gunthewari Act should be kept by the Planning Authority (Municipal Corporation) in a separate head of account, layout-

wise and utilised for providing on-site infrastructure in the layout (other than electricity supply).  
The Planning Authority can retain only 15 per cent of such amount towards administrative charges.

2. The on-site development of the layout should be undertaken in proportion to the amount of compensation received by the Planning Authority.  
Audit observed that Parbhani City Municipal Corporation (PCMC) had collected development charges for layouts regularised under Gunthewari Act, 2001 as under (as seen from Revised Budget for the year 2016-17) during 2013-17.

2013-14	Rs 7,16,311
2014-15	Rs 1,99,330
2015-16	Rs 3,72,906
2016-17 (till 11/2016)	Rs 2,38,666

It was however observed from PCMC records that no separate account was operated for depositing compounding fee/development charges ever since the beginning of implementation of the Act and the amounts were being kept in the Municipal Fund Account held with State Bank of Hyderabad, Parbhani. Further, no layout wise account of receipt and expenditure was maintained as envisaged in the Act.  
Municipal Fund Accounts is used for meeting contingent expenditure such as office expenses, purchase of stores, repairs of motor vehicles, fuel charges, payment of electricity / telephone charges, payment of water supply tanker operators, expenses on obligatory social functions organised by PCMC under various government programmes, etc. Thus, PCMC utilized entire sum of development charges on items not permissible under the provisions of the act *ibid*. Further, no work for providing on-site infrastructure in gunthewari layouts was carried out.

The lackadaisical approach of PCMC towards management of development charges received from holders of gunthewari layouts/plots was evident. In this regard details of expenses from the gunthewari amount and amount collected for regularisation of gunthewari layouts since the 2001 were called for inspection.

When pointed out it was stated that henceforth a separate account would be opened for Gunthewari charges and the details of such charges collected from 2001 would be furnished to audit.

Further progress in this regard may be intimated to audit.

In current audit (2016-17), no compliance was furnished to audit.

Para may remain in Inspection Report.

**Para 11: Extra payment of Rs.17.89 lakh towards penalty on water charges**

The Irrigation Department of Government of Maharashtra vide circular dated 07/04/2003 issued instructions to all the user<sup>2</sup> agencies availing water reservations (for non-irrigation use) to install electronic water measuring device for the use of water. Failure to do so, the concerned Irrigation Division would levy penalty.

PCMC lifted non-irrigation water from Siddheswar dam, Parbhani for drinking purpose, for which it received monthly water bills from Purna Irrigation Division, Basmatnagar. Scrutiny of water bills for the period from October 2014 to December 2015 revealed that penalty charges of Rs 26,41,648 were levied for failure on part of PCMC to install electronic water measuring device on the site of Siddheswar dam as tabulated below.



Sr. No	Bill period	Water charges (Rs)	Penalty charges (Rs)	Penal charges paid (Rs)
1	31-10-2014 to 30-11-2014	2,21,760	1,10,880	88,000
2	30-11-2014 to 31-12-2014	2,22,600	1,11,300	0
3	31-12-2014 to 31-01-2015	2,18,820	1,09,410	0
4	31-01-2015 to 28-02-2015	2,19,723	1,09,861	2,20,666
5	28-02-2015 to 31-03-2015	2,25,519	1,12,759	0
6	31-03-2015 to 30-04-2015	2,32,260	1,16,130	2,94,118
7	30-04-2015 to 31-05-2015	2,43,831	1,21,915	0
8	31-05-2015 to 30-06-2015	2,20,857	1,10,428	0
9	30-06-2015 to 31-07-2015	2,58,951	1,29,475	2,35,298
10	31-07-2015 to 31-08-2015	2,63,529	1,31,764	0
11	31-08-2015 to 30-09-2015	2,36,061	1,18,030	0
12	30-09-2015 to 31-10-2015	10,34,649	11,17,084	3,52,994
13	31-10-2015 to 30-11-2015	2,43,789	1,21,894	0
14	30-11-2015 to 31-12-2015	2,41,437	1,20,718	5,97,647
<b>Total</b>		<b>Rs 40,83,786</b>	<b>Rs 26,41,648</b>	<b>Rs 17,88,723</b>

Thus non installation of electronic water measuring device on the site and non-payment of water bill in time resulted in extra payment of Rs 17,88,723 to Purna Irrigation Division, Basmatnagar. When pointed out it was stated that PCMC had not paid any penalty over the water charges levied and that the irrigation division was levying incorrect water bills.

The reply is not tenable as it is seen from the irrigation division water bills that PCMC had made payment of penalty, as also brought out in table above. The matter is brought to notice of higher authority for comments.

In current audit (2016-17), no compliance was furnished to audit.

Para may remain in Inspection Report.

### Para 13: Non utilization of 10 per cent of road grant on traffic management

Governments of Maharashtra vide Urban Development Department resolution dated 18/07/2011 had explicitly prescribed all Urban Local Bodies to annually utilize 10 per cent of Road grant for traffic management related expenses such as Traffic Control Management System (TCMS), sign boards, zebra crossing, road dividers, etc.

PCMC had received Rs 86.18 lakh as Road grant during the years 2013-16 for construction and up-gradation of roads under its jurisdiction as tabulated below.

Year	Road Grant (Rs)
2013-14	65,82,891
2014-15	19,58,344
2015-16	76,844
TOTAL	86,18,079

However it was observed that PCMC failed to utilize 10 per cent of above grant amounting to Rs 8.61 lakh on management of traffic during the corresponding period. The entire grant received was utilised on construction, up gradation of roads by PCMC, which was irregular.

When pointed out it was stated that henceforth due care would be exercised to spend the due portion of Road Grant as per resolution *ibid*.

The matter is brought to notice of higher authority for comments.

In current audit (2016-17), no compliance was furnished to audit.

Para may remain in Inspection Report.

#### Para 14 : Improper maintenance of Cash Book

The following irregularities were noticed in maintenance of Cash Book and other records in Accounts Department:

1. As per Maharashtra Municipal Account Code 1971 has laid down the procedure for receipt of Government money and payment of such money into the Government Account. The procedure laid down vouches for the safe practice in handling of government money and its proper documentation.

It was observed from the General Cash Book 2014-15 and 2015-16 that the following procedure was not observed in its maintenance.

- The Cash Book was not closed regularly and completely checked. The head of the office should verify the entries of the Cash Book either himself or cause it to be verified by a responsible subordinate other than the writer of cash book. The officer verifying should put his dated initials as a token of check and correctness.
- At the end of each month, the head of the office should verify the cash balance in the Cash Book and record a signed and detailed certificate to that effect mentioning therein the balance both in words and figures. This was not done.
- Erasing or overwriting of entries in the Cash Book is strictly prohibited. If a mistake is discovered it should be corrected by scoring the incorrect entry and inserting the correct one in red ink between the lines. Such corrections should invariably be initialized and dated. However the norm was not practiced.

2. As per Maharashtra Municipal Account Code, monthly reconciliation between Cash Book closing balance and the closing balance of the Bank Pass Book should be done (in Form 5) regularly. This is of paramount importance so as to timely avoid any chances of misappropriation and in general acts as an effective tool for financial management. However, it was observed that the Accounts Department did not carry out bank reconciliation with bank book details.

3. Government of Maharashtra from time to time had instructed that separate cash book should be maintained for each scheme with a view to avoid diversion of funds from one scheme to other scheme.

Records revealed that though PCMC is operating 51 accounts in banks in respect of various schemes sponsored by State and Central Government, no separate cash books were maintained and all the transactions of these schemes were routed through only one cash book, which was highly irregular. In absence of separate cash books, diversion of funds from one scheme to another, if any could not be ascertained in audit. Further it became difficult to assess the balance in a particular fund at any juncture. When specifically asked, PCMC failed to state in details the *modus operandi* it adopted to ascertain the status of funds at any given time.

4. As per Maharashtra Municipal Account Code Cash book balance should match with opening balance and closing balance with monthly expenditure detail. Arithmetical accuracy should strictly be maintained in order to show true picture of grants, cash in hand, etc. with the office, after carefully passing entries of day to day transactions. While arithmetically checking transactions for the month of March 2015, it was observed that closing balance Rs 24,57,77,260 of 28/02/2015 was carried forward to 02/03/2015 as opening balance (01/03/2015 being Sunday). There was no receipt on 02/03/2015 whereas expenditure amounting to Rs 23,62,566 was incurred on the day vide vouchers numbered from 2309 to 2352. However in the cash book an expenditure of Rs 4,55,740 only was booked resulting in closing balance of Rs 24,53,21,520 (Rs 24,57,77,260 less Rs 4,55,740). Thus an expenditure of Rs 19,06,826 has not been booked in the cash book, though recorded on its page 149 against vouchers no. 2309 through 2340. The details are tabulated below.

(Amount in Rupees)

Date	Opening Balance	Receipt + OB	Expenditure booked in Cash Book	Actual Expenditure	Closing Balance as per Cash book	Expected Closing Balance	Difference
02/03/15	245777260	245777260	455740	2362566	245321520	243414694	190682

Further following arithmetical errors were noticed.

- On 10/03/2015 (page 157), in place of receipt of Rs 6,71,002, an amount of Rs 6,91,002 was taken (difference of Rs 20,000).
- On 16/03/2015 (page 163), in place of expenditure of Rs 2,48,221, an amount of Rs 2,48,210 has been recorded (difference of Rs 11).
- On 30/03/2015 (page 184), in place of actual expenditure of Rs 40,72,980, an amount of Rs 40,56,069 only has been recorded (difference of Rs 16,911).

It is to be noted that the above irregularities were not rectified in subsequent period and had been carried on as no reconciliation of cash book was ever done with bank records. In such a scenario, chances of misappropriation while handling cash cannot be ruled out. A thorough check of whole cash book was needed to be done and rectification carried out under responsible authority.

When pointed out, it was stated that the above observations would be complied to and progress thereof shown during the next inspection.

In current audit (2016-17), no compliance was furnished to audit.

It may remain in Inspection Report.

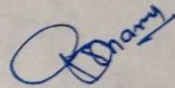
**Para 15 : Non production of records**

During audit the following records were not produced for scrutiny despite various oral and written reminders.

1. Records relating to solid waste management (SWM) such as manpower engaged thereon / attendance registers, Vehicles / drivers engaged for the purpose, bills paid towards SWM, log books, segregation of solid waste, construction at dumping yard, record of garbage collected, etc.
  2. Records relating to over draft amounting to Rs 3 crore such as correspondence files, authority / justification for seeking over draft, etc.
  3. Records of works department such as list of works done / completed / incomplete during the period 2014-16, Agreement / Tender Register, correspondence/ bill files of such works, etc.
- In absence of the above listed records, audit scrutiny remained incomplete. This is brought to notice of Urban Development Department for information and necessary action. During the current audit (16-17) the Commissioner, PCMC, Parbhani stated that the records have been produced to audit for scrutiny.

In current audit (2016-17), no compliance was furnished to audit.

Para may remain in Inspection Report.



Sr. Audit Officer /LB (HQ)