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लेखापरीक्षा विभाग, लेखापरीक्षा कार्यालय, शिमला-2

कार्यक्रम: सार्वजनिक लेखापरीक्षा 2017-18 आ. 14-2 निर्देशिका संख्या 15/17/18

समाप्त

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Commissioner	

Sat Rana  
15/11/18

आयुक्त  
समाप्त निर्देशिका  
शिमला-2

Commissioner  
D. No. 15/17/18  
Date: 10/11/18

लेखापरीक्षा एवं निरीक्षण टिप्पणी

Received  
on dated  
15/11/18

यह आपके कार्यालय के लेखाओं से संबंधित है। इस लेखापरीक्षा एवं निरीक्षण टिप्पणी को करतक मंड के सम्मुख रखने के लिए निम्नलिखित कार्य दिशानिर्देशों के माध्यम से कार्य को पूरा करने के दौरान इस कार्यालय को ध्यान में रखना होगा।

यस लेखापरीक्षा एवं निरीक्षण टिप्पणी का पैस सं 15, 16, 17, 18, 19, 20, 21 के प्रशासनिक प्रतिक्रिया (AIR) में सम्मिलित करने का निर्णय लिया गया है। अन्य सबका उक्त सूची टिप्पणी के अंतर्गत रखने का निर्णय आगे दिशानिर्देशों के माध्यम से कार्य को पूरा करने का निर्णय है। ऐसा न करने पर यह समझा जाएगा कि विभाग को इस विषय में कुछ नहीं करना है तथा उसे को रिपोर्ट में शामिल करने हेतु आगामी कार्यपत्रों को जारी करें।

The report has been prepared on the basis of the information furnished and made available by the MC Shimla (auditee) The office of the Accountant General (Audit) H.P. Shimla disclaims any responsibility for any misinformation and / or non-information on the part of auditee.

संलग्न: उपरोक्त

अधिसूचना,  
[Signature]  
वरिष्ठ लेखापरीक्षा अधिकारी  
(सार्वजनिक लेखापरीक्षा - II)

प्रतिलिपि लेखापरीक्षा एवं निरीक्षण टिप्पणी की प्रतिलिपि सहित निम्नलिखित को प्रेषित है:-

1. प्रधान सचिव, ग्रामीण विकास विभाग, शिमला-2
2. निदेशक, ग्रामीण विकास विभाग, शिमला-2
3. निदेशक, स्थानीय लेखापरीक्षा विभाग, शिमला-9
4. सहायक AIR को पैस सं 15, 16, 17, 18, 19, 20, 21 को सूची 10 आ. 14-2 में सम्मिलित करने हेतु प्रेषित है।

अज्ञात -  
वरिष्ठ लेखापरीक्षा अधिकारी  
(सार्वजनिक लेखापरीक्षा - II)

① PTO

COMPLIANCE AND INSPECTION NOTE ON THE ACCOUNTS OF OFFICE OF THE COMMISSIONER, MUNICIPAL CORPORATION, SHIMLA FOR THE PERIOD 2016-17

**Part-I Introduction**

The Compliance Audit of the Urban Development Department was carried out during November 2017 to January 2018. Records maintained in the office of Director, Urban Development Department and Municipal Corporation, Shimla

In Shimla district, main function of the Municipal Corporation is urban planning including town planning, regulation of land use and construction of buildings, planning for economic and social development, road and bridges, water supply for domestic, industrial and commercial purposes, public health, sanitation, conservancy and solid waste management etc.

**Scope of Audit**

In Shimla district records of Commissioner, Municipal Corporation Shimla was test checked

**Party composition and period of audit**

Compliance audit and general examination of the accounts of the office of the Commissioner, Municipal Corporation, Shimla was conducted by an audit party consisting of Sh. N.S. Verma, Sr. Audit Officer, Shri Singa Tiu, Asstt. Audit officer, Shriinder Singh Thakur, Sr. Auditor w.e.f. 27-11-2017 to 30-12-2017 and Shri Harish, Sr. Auditor w.e.f. 11-12-2017 to 30-12-2017.

**Budget and Expenditure**

(Rs. in Lakh)

year	Budget Allocation		Establishment expenditure	Non-Establishment expenditure	Total Expenditure
	Receipt	Expenditure			
2014-15	21652.75 (Estimated)	15664.86 (Estimated)	4362.82	3241.29	7604.11
2015-16	12172.30 (Estimated)	16612.30 (Estimated)	5013.63	6708.80	11722.43
2016-17	18196.60 (Estimated)	21517.52 (Estimated)	4710.28	4427.67	9137.95

Audit has been conducted in accordance with the applicable Auditing Standards of CAG.



## Part II Audit findings

The results of the current audit have been incorporated in the succeeding paragraphs.

### PART II (A) significant audit findings

**Para:1** Non-rehabilitation of water supply distribution system for Shimla city under (JNNURM) resulted in lapse of Govt grant (Rs.43.40 crore) and idle parking of funds (Rs.25.34 crore)

The DPR amounting to Rs.7236.00 lakh for Rehabilitation of water supply distribution system for Shimla City was approved on 20/2/2009 by the Govt. Ministry of Finance, Department of Expenditure, New Delhi under JNNURM. First installment of Rs.1447.20 lakh as Additional Central Assistance (ACA) has been released to State Govt. by Ministry of Finance Department of Expenditure, Govt, New Delhi vide sanction letter dated 22/5/2009. The total project cost is Rs.7236 lakh with the provision of Govt. of India share (Rs.5788.00 lakh), State share (Rs.723.60 lakh) and ULB share (Rs.723.60 lakh). Administrative approval and expenditure sanction of the Government on the DPR amounting to Rs.7236.00 lakh under JNNURM for renewal and rejuvenation of water supply for Shimla town was accorded by the Pr. Secretary (UD) to the Govt. of HP vide letter dated 18/7/2009. Cheque amounting to Rs.1591.92 lakh (Rs.1447.20 lakh: Centre share+Rs.144.72 lakh: State share) was released by the CEO-cum-Secretary, HIMUDA, Shimla vide letter dated 21/7/2010 to the Commissioner, MC, Shimla.

As per executive summary of the DPR, the existing system of water supply arrangement comprising tapping of raw water sources from nearby stream and springs and treating it to an appropriate degree and pumping the treated water into the storage tanks located in each water zones. These tanks are linked with pipe network system that carries the water to the consumer end. 30MLD of water is currently distributed to the city that falls quite short to the present and future requirement. Besides 25 to 30 percent of total water supply goes waste through leakages in old and worn out distribution pipes. To tide this crisis, the Govt. of HP and IPH Department conceived and formulated a scheme for drawing 45 MLD of water from upper sources of Pubber River through pipes under gravity up to Shimla to render adequate potable water to the citizens of Shimla with a planning period of 30 years ending 2039 AD. The system of distribution as it exists today is not even capable to distribute evenly and uniformly 30MLD of water which is currently available for distribution. It is, therefore, essentially required to renovate, re lay and strengthening the system of each zone with pipe network as well as

provision of additional storage tanks with feeder pipes linked with main storage tank of Sanjauli. DPR has been framed for re laying, strengthening and improving the distribution system of 14 water zones.

Scrutiny of records revealed that meeting to review the programme of JNNURM was held on 2/1/2010 in Committee Room, Armsdale Building, HP. Secretariat wherein representative of HIMUDA brought out that they are preparing tender documents directly on the basis of DPR to execute the project namely Rehabilitation of water supply distribution system for Shimla City on turnkey basis. At this, it was pointed out that out of 72.36 crore, an amount of Rs.29.01 crore pertain to various components like pumping machinery, piping mains, repair of weir at Gumma, repackaging of Rapid Sand Filters at Gumma and Dhalli etc. which are being maintained and operated by IPH Department and as such these components should be executed by IPH Department and thus this amount should also be deposited with IPH Department.

Further meeting was held on 14-11-2011 under the Chairmanship of Pr. Secretary (MPP & Rev.) to the Govt. of HP for deciding issues pertaining to RFP documents of project to Build, Refurbish, Operate and maintain the water supply and sewerage system of Shimla City against approval under JNNURM which is being executed on PPP Project mode. In the meeting, MC, Shimla informed that one DPR of water supply and two DPRs of sewerage system of Shimla City were submitted to GoI under JNNURM. Due to non-availability of requisite funds, the GoI had approved only two DPRs i.e. Rs.72.36 crore for water supply and Rs.54.74 crore for sewerage system (Phase-I), the Phase-II amounting to Rs.92.81 crore of sewerage system is yet to be approved by the GoI. As per the approval of the Govt., the MC Shimla has initiated execution of project on PPP mode by combining the approved two DPRs in accordance with the Govt. requirement. The execution of both project as a single project on PPP mode was approved by HPIDB on 15/2/2012, by the Hon'ble Cabinet on 28/3/2012 and by the Hon'ble MC House on 23/4/2012. After bidding thrice and on receipt of single bid, it was decided by the Govt. on dated 31/7/2013 that the Rehabilitation of water supply distribution system for Shimla City project be withdrawn and the entire project as a new scheme be implemented on EPC mode. IPH Department has prepared the DPR amounting to Rs.136.93 crores for the said project and the same was sent to the MoEA, GoI for approval and funding from World Bank. MC Shimla has already incurred the expenditure amounting to Rs.83.79 lakhs on account of preparation of DPR and other expenditure regarding calling of tenders and salary of consultant.



The MC, Shimla vide letter No. MCS/W&SD/BFR/2013/TT29/02/12/550 dated 14/2/2013 intimated the Addl. Chief Secretary (UD) to the Govt. of HP that all the projects sanctioned under the erstwhile JNNURM are allowed to utilize funds with a deadline of March 2014. For Shimla Water Supply and Sewerage Project, a further extension and spillover of funds upto March 2016 is required and requested to pursue the matter with the HPIDE and with the Govt. of India for obtaining clearance from CSMC for funding of the Shimla Water Supply and Sewerage Project upto March 2016. However, no spill over sanction was received.

As per Office Memorandum No 59(5)PE-1/2010 dated 21/9/2011 of Ministry of Finance, Department of Expenditure, Plan Finance-I, Division, GoI, New Delhi, the procedure for the adjustment of unutilized amount of ACA and interest thereon is prescribed as under:

- (i) The principal amount of unutilized ACA lying with the State may be adjusted against the fresh project/s or ongoing projects of that particular State only. Adjustment be made to the extent of instalment of admissible ACA, with any excess amount of unutilized ACA being liable for adjustment in subsequent instalment.
- (ii) In such cases where no new/on-going projects for the concerned State are available for adjustment, the unutilized ACA shall be recovered.
- (iii) Interest on unutilized ACA shall be charged from the date of release of the ACA till the date of its adjustment/recovery, from the State concerned.
- (iv) Unutilized ACA lying with the State shall be charged a rate of interest equivalent to lending rate applicable to 'Other Loans' for State Governments as determined by Central Government from time to time (the prevalent interest rate under the head is 9% effective since 2004-05).

However, neither the principal amount of unutilized ACA lying with the MC, Shimla nor interest accrued thereon was remitted to the GoI, as required.

Further the meeting was held on 14-10-2015 under the chairmanship of Addl Chief Secretary (UD) to the Govt. of HP regarding the physical and financial status of projects sanctioned under JNNURM wherein issue regarding Rehabilitation of water supply distribution system for Shimla City was deliberated. At present MC Shimla has funds amounting to Rs.230841151. In the meantime, MC, Shimla has prepared the estimates for construction of tanks in the areas where there is shortage of water and there is also urgent requirement for replacing the old pumping machinery with new one. Further the permission is granted to utilize the funds for construction of tanks, replacement of pumping machinery and rehabilitation of



water supply and related works as per the requirement of town in accordance with the JNNURM guidelines and approved DPR after seeking approval from the Govt. The MC, Shimla vide letter No. MCS/Comm/E/2016/838 dated 20/2/2016 requested the Addl. Chief Secretary (UD) to Govt. of HP to accord sanction to utilize the funds of Rehabilitation of water supply and distribution system for Shimla City sanctioned under JNNURM Scheme so that out of total funds i.e. Rs. 230844151 available with MC, Shimla, funds to the tune of Rs. 22.58 crore may be transferred to IPH Department and remaining Rs. 5044151 be kept with MC, Shimla for replacement of pumping machinery of Snowdon, Botlauganj pump houses. The replacement of pipes under the above said works will avoid the leakages in the old worn out pipes and will certainly help in improvement of bulk supply in the town. The Addl. Chief Secretary (UD) to the Govt. of HP vide letter No. UD-C(17) 5/2013-III dated 01/3/2016 accorded the approval of the Govt. for transfer of funds to IPH Department amounting to Rs. 22.58 crore for Rehabilitation of water and distribution system for Shimla City and directed to furnish the reason for not utilizing the funds under JNNURM for such a long period besides inquiry in the matter may be constituted, if required.

The position of year wise fund received and expenditure incurred there against is as under:

Year	Funds received (Rs. in lakh)	Expenditure incurred (Rs. in lakh)
2009-10	1447.20	-
2010-11	144.72	0.86
2011-12	-	20.91
2012-13	-	21.89
2013-14	-	16.99
2014-15	-	23.03
2015-16	-	0.11
2016-17	-	10.81
2017-18 (up to 12/2017)	-	0.08
Total	1591.92	94.68

Note: The funds of Rs. 2.63 crore was invested in FDR, funds of Rs. 22.58 crore transferred to EE, IPH Division No. II Shimla (Now MC, Shimla) in March 2016 and there was



cash book balance of Rs 13.48 lakh as of 12/2017. The above amount includes interest accrued on the deposit received during 2009-10 and 2010-11.

It was further noticed that out of the funds of Rs 22.58 crore transferred to EE, IPH Div. No. II (Now MC, Shimla), funds of Rs 3.62 crore has been incurred on A/R&M/O and providing and laying of gravity main pipe of 400 mm and 600 mm dia from Carignao to Dhali and from Sanjauli to Ridge reservoir for LWSS Shimla town and remaining amount of Rs 18.96 crore lying with EE, Sewerage Division, MC, Shimla.

From the above it would be seen that poor planning of the department for the rehabilitation of the water supply distribution system for Shimla City, Govt funds allowed to be utilized under INNURM with a deadline of March 2014 could not be utilized which resulted in lapse of remaining Govt grant of Rs 43.40 crore. Further instead of remitting the unutilized ACA along with interest accrued thereon to Govt, as required, an amount of Rs 4.57 crore was incurred by the MC, Shimla and remaining amount of Rs 21.72 crore (Rs 2.63 crore invested FDR, Rs 18.96 crore lying with EE, Sewerage Division, MC and Rs 13.48 lakh lying with PD, MC) lying parked with the MC, Shimla for considerable period. Thus, the objectives of renewal and rejuvenation of water supply for Shimla town could not be achieved, as envisaged. Further, due to non-execution of the project public of the city were deprived of the adequate potable water facilities as 25 to 30% of the total water supply goes waste through leakages in old and worn out distribution system.

Audit Memo No.26 dated 21/12/2017 was issued to the department but despite repeated reminders and Audit Memo No.34 dated 29/12/2017 no reply was furnished by the department.

**Para:2 Non recovery of Annual Concession fee (Rs.158.35 lakh) and non-levy of damages for completion of car parking complex at Sanjauli (Rs.57.40 lakh)**

Municipal Corporation, Shimla and Himachal Pradesh Infrastructure Development Board, a nodal agency set up by Government of Himachal Pradesh for implementation and development of infrastructure projects under Public Private Partnership (PPP) format, has decided to develop a Parking Complex at Sanjauli through Public Private Participation mode on Design, Build, Operate and Transfer (DBOT) format. The proposed Project would improve the parking facility and is vital in the economic development of the city.

The work titled "Development of Car Parking Complex at Sanjauli" was awarded to M/s Tantia Sanjauli Parking Private Limited, Kolkata for concession period of 30 years on 18/11/2010 on Design, Build, Operate and Transfer (DBOT) basis. As per Concession Agreement (CA), the concession fee is Rs.95.00 lakh per annum with increase of 10% every two years over the previous annual concession fee. This parking complex is being constructed on 2500 square meter ground area and the structure will be nine storey structures out of which lowest seven floors meant for parking where about 400 car spaces will be available in these floors. The top two floors will be used as commercial purpose and the area of commercial space will be 40000 square feet. The tentative cost of this project is amounting to Rs.24.70 crore as per RFP. The Project construction period was one year from the date of signing of compliance certificate. The Construction Performance Security is Rs.1.00 crore.

It was noticed in audit that Concession Agreement (CA) for the Project "Development of car parking complex at Sanjauli, Shimla under PPP format" was signed on 4/2/2011 between Municipal Corporation, Shimla (the Concessions Authority) and M/s TantiaSanjauli Parking Private Limited (the Concessionaire). As per CA, Concessions Authority and Concessionaire had to complete certain conditions precedent within 90 days from the date of signing of agreement i.e. from 4/2/2011. However, the compliance certificate was signed on 8/10/2012

As per the CA the completion period was upto 7/10/2013. Further, Concessionaire had applied for time extension for one year. Therefore, M.C., Shimla had given one more year i.e. total two years for construction i.e. upto 7.10.2014. As per article 3.5 (b) of CA entered into between M.C. and the Concessionaire wherein it was agreed that in case of delay in completion after the construction completion date i.e. 7.10.2014, the Concessionaire shall pay to the Concessions Authority damages to the extent of 0.05% of the construction performance security per day i.e. 5000 per day for delay beyond the construction completion date and the same will continue till the completion of Project. Further as per the provision contained in Article 22 of the CA, if completion is not done within 120 days that was upto 5<sup>th</sup> Feb' 2015, the construction performance security will be invoked and the CA shall also be terminated.

Security of records further revealed that M.C., Shimla vide letter No.MCS/Comm/ PARKING/2015/1557-58 dated 3.11.2015 issued notice for delay in completion to M/s Tantia Sanjauli Parking Private Ltd., that the company had not completed the construction of the parking complex before the scheduled construction period i.e. 7.10.2014 besides extension granted on two occasions i.e. on 20/6/2015 and 31/7/2015. In addition, the



Independent Engineer in his monthly progress report has pointed out that the work is going on slowly which facts indicates the delay in completion of construction and same can be considered as Concessionaire event of default if the same is not rectified in stipulated time as per notice. Accordingly, the company was directed to complete the construction in all respect and ensure complete operation of the parking on or before 30/11/2015 and to pay Rs 20.95 lakh as damage @ Rs 5000/- per day for 419 days i.e. from 8/10/2014 to 30/11/2015 within 15 days failing which the construction performance security shall be forfeited and delay shall be considered as concessionaire event of default to initiate termination process as per Article 22 of the CA.

EE-cum-Project Director, vide letter No.1/07-09 dated 30/11/15 intimated the Concessionaire that four parking floor with 250 ECS out of total 400 ECS were opened for public usage on 09/4/2015. Further as per Article 5.1(c) of the CA, the Annual Concession fee to the tune of Rs.95.00 lakh per annum with increase of 10% after every two years over the previous annual fee shall be payable in advance on every year at the Concessions Authority's bank account payable at Shimla. The first annual concession fee shall be due and payable from the construction completion Date and accordingly requested the concessionaire to deposit the concession fee of Rs.95.00 lakh per annum in the MC, Shimla Account at the earliest.

Independent Engineer vide his letter dated 15/11/2016 intimated the EE-cum-Project Director, M.C., Shimla that working progress of work was very slow and unplanned. No serious steps have been taken by the Concessionaire to complete the work in the extended period upto 31/3/2017. Similarly, Independent Engineer vide his letter dated 12-08-2017 intimated the EE-cum-PD, MC, Shimla that work has been delayed abnormally, moreover, speed of the work is very slow (i.e. negligible). Furthermore, the company was asked to submit documents to process the extension of time case which is still pending, no response has been received in this regard from the company. It was, however, noticed that despite granting extension of three years five months which was upto 31.03.2017, further provisional extension of six months has been granted upto 30.09.2017 in order to keep the contract alive. Again provisional extension for six months to keep the contract alive has been proposed upto 31.08.2018 for which approval was accorded by the M.C. House on 28.09.2017.

M.C., Shimla vide letter No.1838-39 dated 25/10/2017 once again requested the concessionaire to deposit the Annual concession fee besides depositing the damages for delay in completion @ 5000 per day w.e.f. 8/10/2014 but till date the same has not been deposited.

From the above, it would be seen that the development of car parking complex at Sanjauli scheduled to be completed by the concessionaire latest by October 2014 is still

incomplete. Though, the four parking floors with 250 ECS, out of total 400 ECS, were opened for public usage w.e.f 10/4/2015 but neither concession fee was recovered from the concessionaire nor any penal action for not depositing the same was initiated against the concessionaire as required under article 5-1 (d) of the CA. Thus, due to non-receipt of annual concession fee, for usage of four parking floors with 250 ECS w.e.f 10/4/2015 to 9/12/2017 i.e. 2 years and 8 months, an amount of Rs.158.35 lakh (95.00 lakh\* 250/400=59.38 lakh per annum), if calculated proportionately, was recoverable as annual concession fee besides interest for delayed payment. This has resulted into loss to the State exchequer to that extent. Further, due to non-levy of damages for delay in completion of work amounting to Rs.57.40 lakh (w.e.f 10/10/2014 to 30/11/2017 i.e. for 1148 days @ Rs.5000/- per day) to the concessionaire, as required under article 3.5 (b) of the CA, undue financial favour has been extended to the concessionaire besides denial of intended parking facilities to the public, as envisaged.

Audit Memo No.27 dated 21/12/2017 was issued but despite repeated reminders and Audit Memo No.34 dated 29/12/2017 no reply was furnished by the department up to 30/12/2017.

**Para:3** Lapse of Govt grant sanctioned for housing scheme for urban poor (Rs.5.30 crore), idle parking of fund (Rs.2.75 crore) and irregular diversion of Govt funds (Rs.1.15 crore).

Shimla being capital and administrative center and major educational and tourist destination is the fastest growing hill town, there is increasing need and demand of land for housing in Shimla due to migration of both unskilled and skilled workforce. The land availability, affordable housing and services standards have not been able to keep pace with the influx. Moreover, severe cold climate of Shimla during winter threatens the survival of shelterless people. The MC, Shimla prepared DPR-Ashiana-I, A Housing scheme for poor of Shimla town for Rs.11.91 crore. The work was scheduled to be completed within two years.

A Housing Scheme for urban poor of Shimla town (under BSUP) Ashiana-I under JNNURM for construction of 252 dwelling unit at Totu was sanctioned by Govt during March 2007 for Rs.9.99 crore ( Rs.7.06 crore as Central share, Rs.2.27 crore as State share and Rs.0.66 crore as Beneficiary share). The first installment of Rs.265.34 lakhs received in HIMUDA in August 2007 (Central share of Rs.176.36 lakhs on dated 10/8/2007, State share of Rs.22.04 lakhs on 18/8/2007 and also State share of Rs.66.94 lakhs on 24/8/2007).



The land at site was forest land and case for diversion of 0.4387 ha. Of forest land for sanction under Forest Conservation Act (FCA) from Govt. was sent vide MC Shimla letter No.MCS/XEN/RB/07/407 dated 20/3/2007. The case was received back vide DFO, Shimla letter No.11857 dated 24/3/2008 with the observation that forest land cannot be diverted for housing project, MC, Shimla, therefore, identified another non forest land at Kh.No.1136 measuring 15674.07 sqm area at Mohal Dhali for this purpose. The revenue papers i.e. Jamabandi and Tatna was sent to HIMUDA vide MC, Shimla letter No.MCS/COMM/JNNURM/09-05-06 dated 2.1.2010 for necessary action. Other alternative site at Dhingu Dhar Dhali has been proposed and the relevant revenue papers have been submitted to HIMUDA on 29-11-2010. The CEO-cum-Secretary, HIMUDA, Shimla vide his letter No.HIMUDA/PP/BSUP/IHSDP/2011-VoLII dated 5/5/2011 intimated to the Commissioner, MC, Shimla that during first Review meeting of Task Force for issue and supervision of projects under JNNURM held on 21/4/2011 at Govt. level, it was decided that Housing scheme for the Poor of Shimla Town (Ashiana-I) shall be executed by MC, Shimla at the new identified site at DhinguDhar and against the first installment of Rs.265.34 lakhs received in HIMUDA, Cheque dated 3/5/2011 valuing Rs.264.27 lakhs is being remitted to MC, Shimla as an expenditure of Rs.106961 has been incurred on account of tendering process and foundation stone ceremony for taking further action.

The Asstt. Commissioner, MC, Shimla vide letter No.886-89 dated 19.12.2011 requested the Engineer-in-Chief, HPPWD, Shimla to accord technical sanction for C/o 252 Dwelling unit so that the work could be taken up for execution. Chief Engineer (SZ) HPPWD, Shimla vide his letter No.922-23 dated 27/4/2012 accorded technical approval for detailed estimate for Rs.140901651 MC, Shimla had invited open tenders scheduled to be opened on 30/4/2012 but against the sanctioned amount of Rs.9.99 crore, the LI bid received was for Rs.17.41 crore. The contractor was called to reduce his quoted rates within justification but he refused to reduce his rates within justification amount which amounts to Rs.14.68 crore. Thereafter the tender had been cancelled and fresh tenders were called on 25/7/2012 but no contractor had applied for this project. The MC, Shimla had invited tenders a third time on 12/2/2014 but no contractor had participated in the bid. The case was sent to the State Govt. on 10/4/2014 vide which it was requested to provide the permission for calling the tenders once again for the said project. The project was going to close on 31/3/2015 so there was little time to recall the tender afresh to construct the dwelling units within the available time.



It was further noticed the commissioner, MC, Shimla vide his letter No 3733-36 dated 28/11/2014 intimated the Addl. Chief Secretary (UD) to the Govt. of HP that his office received a letter from the MoUD, GoI vide No.11027/18/2011-BSUP/Vol II Dated 24/12/2013 wherein it was informed that the BSUP projects are going to be closed by 31<sup>st</sup> March 2015, therefore, the projects which have not started till date and where there is no central ACA available needs de-sanction/cancellation. However, the States/UTs have the option to propose them afresh under RAY as per RAY guidelines. He further requested to kindly consider the matter and further direction to this office be made so that this project can be sustained by proposing it afresh under RAY. Accordingly, Addl. Chief Secretary (UD) to the Govt of HP vide letter No.UD-G (6)16/2008-II dated 2/2/2015 requested Joint Secretary & MD (JNNURM & RAY) MoHUPA, New Delhi that permission to divert/consider Ashiana-I Shimla sanctioned under BSUP to/under RAY may kindly be accorded. However, MoHUPA, JNNURM Directorate vide his letter No.11027/15/2011/BSUP/JNNURM/(FIS-11030) dated 20/3/2015 intimated that no new projects are being considered under RAY as the Ministry is in the process of launching a new comprehensive mission on Housing for all by 2022 shortly. Thus, ACA of Rs.1.76 crore released against cancelled Ashiana-I project (154<sup>th</sup> CSMC) may be returned with interest to the GoI immediately.

The Commissioner, MC, Shimla vide letter No. MCS/COMM/JNNURM/2015/1382 dated 24/9/2015 intimated the Addl. Chief Secretary (UD) to the Govt. of HP that now MoHUPA, GoI has extended the period up to 31/3/2017 to complete all projects under BSUP and HISDP under JNNURM. Therefore, this office has worked out the project cost of Ashiana-I which comes amounting to Rs.1533.32 lakh and requested to grant permission to either reduce the number of dwelling units within the sanctioned amount or additional funds may be provided for completion of the project. However, no sanction was received.

The position of year wise fund received and expenditure incurred there against is as under:

Year	Funds received (Rs. in lakh)	Expenditure incurred (Rs. in lakh)
2007-08	265.34	-
2008-09	-	-
2009-10	-	-
2010-11	-	-
2011-12	-	-
2012-13	-	12.71
2013-14	-	0.05
2014-15	-	0.10
		0.22

2015-16	-	0.67
2016-17	-	3.60
2017-18 (up to 12/2017)	-	4.50
Total	265.34	21.85

Note: The funds of Rs 1.15 crore was transferred to project Ashiana-II in October 2016. Rs 1.61 crore invested in FDR and funds of Rs 1.14 crore was cash book balance as of 12/2017. The above amount includes interest accrued on the funds received during 2007-08.

From the above it is evident that inability of the department to ensure encumbrance free site before conceiving the housing scheme for urban poor meant that the work could not be executed due to involvement of forest land in the selected site. Neither the funds of Rs 178.00 lakh received as first installment from Gol nor the interest accrued thereon was returned to Gol as directed and remained parked (Rs 2.75 crore) in the FDR/Saving Bank Account for prolonged period. Further, funds of Rs 1.15 crore was transferred to Ashiana-II project in October 2016 contrary to the direction of Gol besides expenditure of Rs 21.85 lakh incurred against the work was infructuous.

The Commissioner, MC, Shimla in reply to audit memo No 32 dated 23/12/2017 while confirming the facts and figure as correct stated that earlier due to non-diversion of forest land at Totu and non-availability of government land at Totu the work could not be started. MC land situated at Dhali was proposed for which tenders were called. The bid received was for Rs 17.41 crore against the sanctioned amount of Rs 9.99 crore. The contractor was called to reduce the rates but he refused. Thereafter tenders were cancelled and fresh tenders were called but no contractor participated. As the funds available under Ashiana-I are not sufficient to execute the work, the funds were diverted to Ashiana-II project. The reply is not acceptable because the failure of the department to ensure encumbrance free site before sanctioning of the project, the work could not be executed. thereafter, due to price escalation. Further, diversion of funds to Ashiana-II is contrary to the direction of the MoHUPA.



Para:4

Unfruitful expenditure on incomplete Vending Zone Complex (Rs.181.75 lakhs) and lapse of Govt. Grant (Rs.125.00 lakh)

Municipal Corporation, Shimla initiated a process of rehabilitation of Street Vendors under a Govt sponsored scheme titled "Challenge Fund" for which a DPR to the tune of Rs.3.85 crore was submitted to Ministry of Housing & Urban Poverty Alleviation (MoHUPA), New Delhi proposed to be constructed near Lift, which is in the heart of the city. In the proposed vendors shopping complex, total 222 Nos. of shops and terrace floor parking are to be constructed at the Bakery Building site. The building is proposed to be constructed within 15 months.

Human Settlement Management Institute (HSMI), Housing & Urban Development Corporation (HUDCO) in the capacity of Administrator (as appointed by MoHUPA, Govt) has already given in principal approval of DPR vide letter No HUDCO-HSMI/Challenge Fund/2013 dated 22/10/2013 amounting to Rs.2.50 crore. Accordingly, HUDCO had released 1<sup>st</sup> installment to M.C. Shimla amounting to Rs. 1.25 crore i.e. 50% of the sanctioned amount in May 2014. An amount of Rs.50.00 lakh was transferred by MC, Shimla from MC fund in April 2015. The balance amount of Rs.1.35 crore will be borne by the MC, Shimla and the beneficiaries contribution. M.C. Shimla as obtained technical sanction of the project amounting to Rs.489.59 lakhs from the Engineer-in-Chief, HPPWD, Shimla accorded vide letter No. 45-2015/12150 dated 14-01-2015.

Test check of records revealed that the work "C/o Vending Zone Complex for Street Vendors near Sabzi Mandi Ground (Bakery Building), Shimla including site development, C/o rain water harvesting tanks, internal WS&SI and electrical installation" was awarded to M/s Vishwa Bhumi Engineer Pvt. Ltd., Delhi, contractor vide award letter No. MC/AC/Challenge Fund/2015/622-25 dated 23/4/2015 at a tendered amount of Rs. 39266955 only which is 31.15% above on the amount put to tender after considering 5.5% discount on tendered amount approved by the Commissioner, M.C. Shimla with the stipulation to be completed within 15 months.

Accordingly, the contractor took up work for execution and executed the work to the extent of Rs.19252413 (5<sup>th</sup> R.A. Bill) paid vide MB No.2335/1015 Page 65.77 so far.

Scrutiny of records further revealed that M.C., Shimla vide its letter No. MCS/COMM/Challenge Fund/2016/1443-45 dated 20/11/2016 requested the Director (HFA-1), Govt, MoHUPA, Nirman Bhawan Delhi for financial assistance towards 2<sup>nd</sup> installment for the Challenge Fund Project. In response, the Director (HFA-1) MoHUPA, Delhi vide his letter No.P-18015/8/2012-HR/Vol.II(PP)(FTS-12155) dated 8/8/2016 stated that Ministry has already



informed the position vide letter of even No. dated 30/6/2016 wherein it was indicated that in accordance with the operational Manual for Challenge Fund Para 2(c) of the sanction letter-cum-agreement for Financial Assistance, the respective ULBs were required to utilize the financial assistance/installments released within a period of six months from the date of release. Further, since the SNPUPR-DFID (FA) programme was up to 30/6/2015, these projects were, therefore, sanctioned with the mutual understanding that all works will be completed on or before 30/6/2015. It was, therefore, expected on the part of the Municipal Corporation to claim 2<sup>nd</sup> installment of financial assistance within the prescribed period of six months and also before 31/3/2015 so that necessary budget provisions could be made during FY 2015-16 and reimbursement of the released amount settled with DFID by 30/6/2015. Since the SNPUPR-DFID programme (FA component) has ended on 30/6/2015, the DFID India has therefore, intimated that no FA money will be reimbursed beyond this date. Accordingly the Ministry has intimated that it was not feasible at this stage to proceed with the release of 2<sup>nd</sup> installment for the Challenge Fund Budget.

The position of year wise fund received and expenditure incurred there against is as under:

Year	Funds received (Rs. in lakh)	Expenditure incurred (Rs. in lakh)
2014-15	125.00	2.22
2015-16	50.00	5.63
2016-17	-	52.76
2017-18 (up to 12/2017)	-	121.14
<b>Total</b>	<b>175.00</b>	<b>181.75</b>

Note: The funds of Rs.125.00 lakh received from Govt. during 2014-15 and funds of Rs.50.00 lakh received from State Govt. during 2015-16 and remaining amount accrued as Bank interest. However, funds of Rs.17.17 lakh was cash book balance as of 12/2017.

From the above, it would be seen that the C/o Vending Zone Complex for street vendors under Challenge Fund scheduled to be completed by June 2015 is still incomplete. Thus slow progress in execution and not completing the codal formalities timely meant that the expenditure of Rs.181.75 lakh incurred on the work has remained unfruitful besides denial of intended benefits to the beneficiary, as envisaged. Non completion of the work within prescribed schedule has resulted in lapse of remaining Govt grant of Rs.125.00



lakh. Further, there is possibilities of cost overrun due to time overrun causing likely additional burden on the state exchequer.

Audit Memo No.20 dated 8/12/2017 was issued but in response the department furnished reply to point No.3 of the Memo only. further, counter Memo No.34 dated 29/12/2017 was issued for furnishing the complete reply of the Audit Memo No.20 dated 8/12/2017 and replies to remaining 24 Audit Memos but neither complete reply to Audit Memo No.20 dated 8/12/2017 was furnished nor reply to some memos were furnished by department up to 30/12/2017.

**Para:5** Unfruitful expenditure on incomplete Housing complex at Krishna Nagar slum area under RAY (Rs.4.93 crore) and likely lapse of remaining Govt grant due to non-completion of houses during Mission period 2013-17 (Rs. 23.50 crore)

Rajiv Awas Yojna envisages a 'Slum free India' with inclusion and equitable cities in which every citizen has access to basic civic and social services and decent shelter. The main focus of RAY is an integrated approach aimed at bringing within the formal system those who are forced to live in extra formal spaces and in denial of right to services and amenities available to those with legal title to city spaces, and to correcting the deficiencies of the formal system of urban development and town planning that have failed to create condition of inclusiveness and equity, so that, henceforth, new urban families, whether by way of migration or natural growth of population have recourse to housing with municipal service and are not forced to create encroachments and slums and live extra-legal lives in conditions of deprivation of rights and amenities. The duration of RAY will be in two phase. Phase-I for a period of two years from the date of approval of the scheme and phase-II which will cover the remaining period of the twelfth five year plan 2013-17. RAY will be run in a Mission Mode.

It was noticed in audit that Municipal Corporation, Shimla had prepared a Pilot DPR for Krishna Nagar slum under RAY amounting to Rs. 3399.65 lakh. The Ministry of Housing & Urban Poverty Alleviation (MoHUPA) Govt had approved pilot project (DPR) for Krishna Nagar Slum at Shimla City amounting to Rs. 33.99 Crore vide OM No. E. No.N-11011/10/2013/RAY-II dated 28/3/2013

Himachal Pradesh is a special category State which qualifies for 90:10 financial assistance under RAY i.e. 90% the project cost i.e. Rs. 2762.21 lakh will be funded by Govt and rest 10% Rs.489.56 will be the State, ULB and beneficiaries shares.



Total project proposes to have three main activity areas in the Krishna Nagar Slum -

1. Construction of Housing Complex (300 Dwelling Units) on three sites where 224 Nos. are beneficiary housing Units and 76 are Rental Housing Units the cost of per dwelling unit would be Rs.10.12 lakh including cost of infrastructure. The beneficiaries' contribution will be Rs.0.66 lakh per unit.
2. Construction of Community Centre near Coal Company (Social infrastructure)
3. Construction of Children Park at old slaughter house (social infrastructure)

The first installment of Rs.1067.24 lakh (Central Share: Rs.920.74 lakh and State Share: Rs.146.46 lakh) was released by the State Govt. to MC, Shimla in November 2013.

It was noticed in audit that:

- (i) The consultancy services for all activities for Project management supervision of the construction and supervision work of pilot project sanctioned under Rajiv Awas Yojna (RAY) for Krishna Nagar slum pilot project was awarded to M/s. Subhash Anita & Associates Chandigarh Vide letter No.MCS/Asstt.Comm/RAY/2013/2904 dated 5/9/2013 at the rate of 0.50% of civil cost of the project and agreement was signed on 25/11/2013. The total cost of the project shall be treated as civil cost of the DPR which is amounting to Rs.3035.40 lakh. The date of commencement shall be 25/11/2013 till the completion of the project as per the approved DPR.
- (ii) Tenders for C/o Community Center at Krishna Nagar under RAY at Shimla (SH: C/o Civil Works, site development and WS&SI etc) was opened on 22/12/2015 and work was awarded to M/s. Vishwa Bhumi Engineers, Delhi vide award letter No. MCS/XEN/3153/RB/16/2020 dated 15/9/2016 at a tendered amount of Rs.20910074 with the stipulation to complete the same within two months. Accordingly, the contractor took up the work for execution and has executed the work to the extent of Rs.8597865 (3<sup>rd</sup> R.A.Bill) so far. However, the work scheduled to be completed latest by November 2016 by the contractor is still incomplete but no penal action for delay was initiated against the contractor, as required under clause-2 of the agreement.
- (iii) Tenders were opened on 22/12/2015 for C/o proposed 208 dwelling unit on location No.5 Krishna Nagar under RAY (SH C/o Civil Works WS&SI, Solar System, Rain Water Harvesting tank, firefighting, Storm water drainage and site

development complete in ward No.11) and work awarded to M/s Vishwa Bhumi Engineer Delhi contractor vide award letter No.3418 dated 17/11/2016 at a tendered cost of Rs.204956712 (tendered amount restricted within technical sanction amount Rs.204024229 with the stipulation to complete the work within 24 months. Accordingly, the contractor took up the work for execution but no payment for work done was made to the contractor so far.

- (iv) Tenders for the C/o proposed 88 Dwelling units on location No.3 at Krishna Nagar under RAY at Shimla (SH: C/o Civil work, WS&SI, Solar System, Rain water Harvesting tank, firefighting, Storm Water Drainage and Site development complete) was opened on 22/12/2015 and work awarded to Sh. N.K.Vij, contractor vide award letter No.3331 dated 8/11/2016 at a tendered amount of Rs. 88267476 with the stipulation to complete the work within 18 months. Accordingly, the contractor took up the work for execution and executed the work to the extent of Rs.5257926 (1<sup>st</sup> R.A. Bill) so far.
- (v) Tenders for C/o approach road 3.50 width from New Slaughter house to location No.5 in Krishna Nagar, Shimla including cross drainage work were opened on 21/10/2015 and works awarded to Sh. Yashwant Diwan, contractor vide award letter No.1221 dated 28/5/2016 at a tendered amount of Rs.8529014 with the stipulation to complete within two months. Accordingly, the contractor took up the work for execution on 31/5/2016 (MB No.214/832 page 76) and executed the work to the extent of 6142446 paid vide MB No.2142/832, page 83 so far. However, the work scheduled to be completed by July 2016 is still incomplete but no action for delay in completion of work was initiated against the contractor so far as required under clause-2 of the agreement.
- (vi) The work for the C/o Children park for slum dweller under RAY in Krishna Nagar in Ward No.-11 was awarded to Sh. Rajesh Sharma, contractor vide award letter No. 2485 dated 25/11/2014 at a tendered amount of Rs.3003162 i.e. 17.77% above amount put to tender (Restricted to Rs.18.76 lakh) with the stipulation to be completed within two months. As per physical and financial progress report of work sent to the Director, UDD, vide M.C. Shimla letter No.1753 dated 2/8/2017, the work of C/o Children Park was shown complete.

The position of year wise fund received and expenditure incurred there against

as under:



Year	Funds received (Rs. in lakh)	Expenditure incurred (Rs. in lakh)
2013-14	1067.24	27.46
2014-15	-	21.44
2015-16	-	7.02
2016-17	-	23.75
2017-18 (up to 12/2017)	-	413.60
Total	1067.24	493.27

Note: The funds of Rs.11.32 crore have been invested in FDR besides there was cash book balance of Rs.28.52 lakh as of 12/2017. The above amount includes interest accrued on FDR/Bank Account on the fund received during 2013-14

Further scrutiny of records revealed that the M.C., Shimla vide letter No. MCS/Comm/RAY/2017/1576 dated 25/8/2017 requested the Director Urban Development Department, Shimla to take up the matter with higher authority for release of balance amount of Rs.23.50 crore. However, outcome of the same was still awaited. From the above it would be seen that the C/o houses for Krishna Nagar slum in Shimla under RAY scheduled to be completed during Twelfth Five Year Plan - 2013-17 in a Mission Mode is still incomplete. Thus, the possibilities of lapse of remaining Govt grant of Rs.23.50 crore could not be ruled out.

It would be seen from the above that lack of planning of the department, the expenditure of Rs.4.93 crore incurred on the execution of incomplete work has remained unfruitful besides denial of intended housing facilities to the slum of Krishna Nagar area and funds of Rs.11.61 crore (Rs.11.32 crore: FDR+Rs.0.29 crore cash book balance) remained blocked for considerable period. Further, due to time overrun there is possibility of cost overrun which will also result in additional financial burden on state exchequer as well as to the respective beneficiaries.

Audit Memo No.27 dated 6/12/2017 was issued to the department but no reply was furnished despite repeated reminders and Audit Memo No.28 dated 21/12/2017 and Audit



## PART - II : OTHER IRREGULARITIES

Para: 6 Non providing permanent solution to sinking of Ridge resulted in infructuous expenditure on temporary restoration - Rs.6.66 lakhs

In 2008 after heavy rainy spell, more than 15 shops were washed away when a part of Ridge sunk. On September 4, 2010, a 40 metre stretch on Ridge, built at the top of the town caved in after heavy rainfall. The road in front of Gaiety theatre sunk by almost six feet and slid at least three foot away from its original location. In all a 42 metre stretch of Ridge in front of Gaiety was sunk, out of which 20m sunk by more than 2m, posing a serious threat to the market and town located downhill. The cracks on the Ridge had prompted the Municipal Corporation to issue a public alert to warn against the possibility of any further damage which could cause damage to life or property. During August 2013, a gaping hole which was nearly 1 1/2 feet in diameter was created by incessant downpour in the Ridge. A crate wall beneath the hole was constructed to avoid further sinking. Recently this historical ridge has developed fresh cracks. Cracks have also appeared on a portion of the ridge overlooking Gaiety Theatre and Town Hall. The area around Gaiety Theatre has been sinking for a while now.

It was noticed in audit that cleaning of Ridge Reservoir was carried out by the staff of Municipal Corporation, Shimla on 29/1/2018 in the presence of Hon'ble Mayor, Dy Mayor and departmental officers. During cleaning process it was observed that some cracks were also developed in the five chambers in the internal walls and roof of the reservoir.

According to the 2008 Geological report, the hill slope where the Ridge is situated is covered with accumulated debris which is stable in dry state but is prone to sliding when there is ingress of water. The part of Ridge that collapsed is not a solid rock that gave way or moved. In fact, it is earth fill loosening due to persistent seepage. Britishers had placed water tank under the Ridge that was the town's main water supply and it is the earth fill that is disintegrating along the hill slope.

The civic body has proposal for construction of Rs.6.00 crore commercial complex beneath the Ridge, wherein about 60 shops are to be constructed. This would also prevent sinking of the Ridge. There was also a proposal for Rs.35.00 crore projects to restore the Ridge right from below the Lakkar Bazar bus stand and Rivoli. In September 2010, a consultant from the Asian Development Bank (ADB) took stock of the site and assured technical help for funding long-term protection measures. Tourism Director, Department of Tourism, Himachal Pradesh had submitted a proposal for Rs. 19.00 crore financial assistance from the ADB for infrastructural development of tourism including protection measures for the Ridge.



Test check of records revealed that huge expenditure was incurred on temporary restoration of sinking portion of Ridge. Few instances of expenditure incurred amounting to Rs 665901 on temporary restoration of sinking portion of Ridge during 28/11/2010 to 12/01/2018 is given in Annexure ..... to this para.

Sitting on a series of recommendations by different committees and reports of Geological Survey of India as well as several incidents of sinking since 2008, the civic body as well as the authorities have failed to provide a permanent solution for the sinking ridge.

From the above it would be seen that despite several incidents of sinking portion(s) of Ridge since 2008 and development of cracks in the Reservoir beneath Ridge no permanent solution for the sinking of Ridge has been carried out. Every time only temporary restoration/repair work of sinking portion of ridge had been carried out on which huge expenditure was incurred. Due to delay in providing permanent solution for the sinking portion of Ridge there is always possibility of any major casualty which could damage life or property.

Audit memo No.4 dated 19/2/2018 and Audit Memo No.5 dated 26/2/2018 was issued but no reply was furnished by the department.

**Para:7 Non-completion of work of refurbishment of labour hostels under Shelter for Urban Homeless (after expenditure of Rs.71.62 lakh) and non-levy of compensation to contractor (Rs.8.00 lakh)**

National Urban Livelihood Mission (NULM) aims at providing permanent shelter equipped with essential services to the urban homeless in a phased manner under the Scheme of Shelter for Urban Homeless (SUH). The operational guidelines for the scheme of Shelter for Urban Homeless (SUH) under the National Urban Livelihood Mission (NULM) have been issued vide Ministry of Housing & Urban Poverty Alleviation office Memorandum No. F.No.K-14014/58(19)/2012-USD dated 13/12/2013. As per guidelines, ULB will be required to submit proposal for construction and management of shelters with proposed date of completion, other timelines and costing details. The proposal should be forwarded by the ULB to SULM (nodal agency for implementation of (NULM) of the State.

It was noticed in audit that the Project sanctioning Committee under NULM in the meeting held on 5/11/2015 accorded approval for the project proposal for refurbishment of two labour hostels at Kot Hill and Chaura Maidan under Shelter for Urban Homeless for Rs. 47.20 lakh each. As per summary of DPR for shelter for Urban Homeless proposed date of

completion of shelter with time line was August 2016. Two No estimates amounting to Rs 399/996 for each has been framed for the work "proposed addition/alternation of existing labour hostel at Kot hill, Lakkar Bazar and Labour hostel at Chaura Maidan. As per proposal the condition of these labour hostels is very bad and required immediate repair so it is essential to execute this work in public interest. The work was scheduled to be completed within six months.

Scrutiny of records further revealed that the tenders were opened on 6/4/2016 for the work "Addition/alternation of existing Labour Hostel at ChauraMaidan, Shimla" and work was awarded to Sh. Ajay Hansretta, Govt. Contractor vide award letter No. MCS/XEN/3497/RB/15/2011 dated 19/9/2016 at a tendered amount of Rs. 39.98 lakh with the stipulation to complete the work within six months to be reckoned from seven days after the date of issue of the award letter. The contractor took up the works for execution and executed the work to the extent of Rs. 32,50,484/- paid vide ME No. 1944/634 & 2110/800 page No. 41 to 54 (2<sup>nd</sup> R.A. Bill) so far. Thus work scheduled to be completed on or before 26/3/2017 is still incomplete but no penal action for delay was initiated against the contractor as required under clause-2 of the agreement so far.

Similarly, the work "Addition/alternation of existing labour Hostel at Kot Hill, Lakkar Bazar" was awarded to Sh Ajay Hansretta, contractor vide award letter No. MCS/XEN/3496/RB/15/2014 dated 19/9/2016 at a tendered amount of Rs. 39.98 lakh with the stipulation to complete it within six month to be reckoned from seven days after the date of issue of award letter. The contractor took up the work for execution and executed the work to the extent of Rs.3921013 (2<sup>nd</sup> R.A. Bill) so far. Thus the work scheduled to be completed on or before 26/3/17 is still incomplete but no penal action for delay was taken against the contractor as required under clause-2 of the agreement so far.

The position of year wise fund received and expenditure incurred there against as under:

Year	Funds received (Rs. in lakh)	Expenditure incurred (Rs. in lakh)
2015-16	37.88	-
2016-17	-	-
2017-18 (up to 12/2017)	56.52	71.62
Total	94.40	71.62



From the above it would be seen that the labour hostels scheduled to be completed by August 2016 at a cost of Rs 94.40 lakh (Rs 47.20 lakh each) are still incomplete despite receipt of entire funds. The works were awarded to the contractor (September 2016) after scheduled date of completion (August 2016). Thus, delay in implementation by the department caused delay in completion of the work. Further, penalty of Rs 8.00 lakh i.e. 10% of the tendered amount of Rs 79.96 lakh (Rs 39.98 lakh+Rs 39.98 lakh) for delay has not been from imposed on the contractor. The work remains incomplete after expenditure of Rs 71.62 lakh resulting in denial of timely benefit of shelter for Urban Homeless.

Audit Memo No.10 dated 1/12/2017 was issued but no reply was furnished by the department despite repeated reminders and Audit Memo No.28 dated 21/12/2017 and Audit Memo No.34 dated 29/12/2017 up to 30/12/2017

**Para:8 Non adjustment of advances: Rs. 31.02 crore**

Municipal Corporation Shimla is making contingent advances from time to time to various Departments to meet their immediate requirement for different purposes but advances of Rs. 31,02,76,119/- were outstanding as on 31.03.2017. These advances are lying unadjusted since 1963 as detailed below:

( Amount In Rupees)

SR N O.	HEAD OF ACCO UNT	DETAIL HEAD DESCRIP TION	PERI OD	OPENIN G BALANC E AS ON 31.3.16	ADVANC E PAID DURING THE YEAR 2016-17	Total	ADVANC E ADJUSTE D DURING THE YEAR 2016-17	BALANCE
1	460-40-01	Public Works	1.4.07 to 31.3.17	11,29,241	1,00,00,000	1,11,29,241	0	1,11,29,241
2	460-40-02	Store/material	1.4.07 to 31.3.17	1,68,71,606	1,50,27,511	3,18,99,117	0	3,18,99,117

3	460-50-01	Permanent Advance	1.4.07 to 31.3.17	31,565	0	31,565	0	31,565
4	460-50-02	Project	1.4.07 to 31.3.17	91,26,477	0	91,26,477	0	91,26,477
5	460-50-03	Scheme	1.4.07 to 31.3.17	49,68,820	0	49,68,820	0	49,68,820
6	460-50-05	Temporary Advance	1.4.63 to 31.3.17	17,25,08,612	1,15,07,163	18,40,15,775	72,18,481	17,67,97,294
7	460-60-01	Street light	1.4.07 to 31.3.17	4,41,96,218	1,58,43,051	6,00,39,269	0	6,00,39,269
8	460-60-03	Water Supply	1.4.07 to 31.3.17	1,61,16,827	0	1,61,16,827	0	1,61,16,827
9	460-33-01	Public lamp post	1.4.07 to 31.3.17	0	1,57,509	1,57,509	0	1,57,509
10	460-60-05	Others Water	1.4.07 to 31.3.17	0	10,000	10,000	0	10,000
		<b>TOTAL</b>		<b>26,49,49,366</b>	<b>5,25,45,234</b>	<b>31,74,94,600</b>	<b>72,18,481</b>	<b>31,02,76,119</b>

In reply to audit memo 30 dated 30.12.2017, the MC Shimla while confirming the facts and figures stated that instructions have been issued to adjust the outstanding advances with



the concerned department the outcome of which will be intimated to audit accordingly. The reply is not acceptable to audit as the advances were pending since the year 1963.

Sincere efforts for adjustment of outstanding advances may be made under intimation to audit.

**Para:9 Non condemnation of vehicle worth Rs 29.12 lakh**

Government of HP, General Administration Department's notification No. GAD-A(A)3-1/99 dated 15.5.2000 provides that the Government vehicles should be condemned after covering a distance of 2.40 lakh Kms or eight years of service.

During scrutiny of records it was noticed that 5 Nos of vehicles were lying idle/off the road since 2014 as detailed below:-

Attached

Sr. No.	Vehicle No.	Model	Year of purchase	Date from off the road	Mileage covered (Km)	Expenditure on repair	Cost of vehicle
1	HP07-2905 Water Tanker	1995	1995	2014	2,93,339	4,46,364/-	2,90,304/-
2	HP07-3906 Tata Tipper	1999	1999	2014	2,23,665	6,52,024/-	8,36,520/-
3	HP07-5384 Canter Twinner	2001	2001	2014	1,40,445	2,49,737/-	5,85,785/-
4	HP07-3507 Swaraj Mazda	1997	1997	6/2014	2,49,382	--	--
5	Excavator-cum-loader	1998	1998	2014	--	--	12,00,000/-

It is evident from the above table that the 5 Nos. of Govt. vehicle were lying idle for prolonged period but no action for its repair /disposal have been taken by the department, So for.

Audit Memo No.33 dated 26/12/2017 was issued to the department but no reply was furnished up to 30/12/2017.

**Para:10 Non disposal of unserviceable dumpers/dumpers containers worth Rs.7.29 lakhs**

Rule 15.3 HPER Vol (i) 1971 stipulates that unserviceable store articles/stock should be disposed immediately after observing codal formalities to avoid deterioration, so that their condition may now deteriorate with the passage of time and also to avoid any expenditure for the storage and watch and word thereof.

During audit it was noticed that 96 dumpers and 19 Pcs. of dumper containers are not serviceable valuing Rs.729600/- were lying unserviceable since 10/2016 but were yet to be disposed of till the date (December, 2017).

Reasons for non-disposal of unserviceable items may be intimated besides doing the needful now and compliance be shown to audit.

Audit Memo No.29 dated 29/12/2017 was issued to the department but no reply was furnished up to 30/12/2017.

**Para:11 Lack of responsiveness of the department to Audit**

The Pr. Accountant General (Audit) Himachal Pradesh conducts periodic inspection of Government departments by test check of transactions and verify the maintenance of important accounting and other records as per the prescribed rules and procedures. These inspections are followed by issue of Audit Inspection Reports (IRs). When important irregularities etc. detected during audit inspection are not settled on the spot, these IRs are issued to the heads of offices inspected, with a copy to the next higher authorities.

The Heads of offices and next higher authorities are required to report their compliance to the Pr. Accountant General (Audit) within four weeks of the receipt of IRs. Serious irregularities are also brought to the notice of the Heads of the departments by the office



of the Pt. Accountant General (Audit) through a half yearly report of pending IRs sent to the Principal Secretary (Finance).

It was noticed in audit that there were large number of paras outstanding for settlement pertaining to the period from 1982-83 to 2014-15. The detail of old outstanding paras during last inspection (2015-16) was as under:

Sr. No.	Year	Total no. of paras outstanding	Paras settled during audit	Paras updated during audit	Balance outstanding paras after audit
1.	1982-83 to 1986-87	10	-	-	10
2.	1993-94 to 1996-97	7	-	-	7
3.	1997-98 to 2000-01	3	-	-	3
4.	2001-02	4	-	-	4
5.	2002-03	5	-	-	5
6.	2003-04	4	-	-	4
7.	2004-05 to 2005-06	8	-	-	8
8.	2006-07	8	-	-	8
9.	2007-08	4	-	-	4
10.	2008-09	10	-	-	10
11.	2009-10	18	-	-	18
12.	2010-11	21	-	-	21
13.	2011-12	18	-	-	18
14.	2012-13	10	-	-	10
15.	2013-14	7	-	-	7
16.	2014-15	15	-	8	7
	<b>TOTAL</b>	<b>152</b>	<b>-</b>	<b>8</b>	<b>144</b>

From the above position, it reveals that no serious efforts were made for the settlement of old paras during last inspection as no para was got settled except few paras updated during audit. Further during last inspection (2015-16) party had framed 21 paras plus TAN (one para). The IR for the same was issued vide letter No. SS-II/IR 2015-16/346-50 dated 3/5/2017. The annotated reply of the report was required to be furnished within one month to audit office; however, the same was not furnished to audit.

Similarly no serious efforts were made for the settlement of old paras during current audit also due to which no para could be settled except few paras updated in the current report despite issuing audit memo No. 4 dated 30/11/2017 for the settlement of old paras. The

pendency of large number of paragraphs even after being point out in audit indicated lack of response of MC, Shimla.

Audit memo no.4 dated 30/11/2017 regarding settlement of old outstanding paras was issued but no reply thereto was furnished.

It is recommended that the Department may look into the matter to ensure prompt and proper response to audit observations.

**Para:12 Irregularities in the maintenance of cash book**

During test check of records the following irregularities were noticed in the maintenance of cash book.

**(i) Non-verification of cash balance in the Cash Book.**

Rule 2.2 (iv) of HPFR, 18/1 Vol-I provides that at the end of each month, the head of office/DDO should verify the cash balance in the cash book as correct and record a signed and dated certificate to that effect.

It was, however, noticed in audit that in Cash Book of HPSCB A/C No.438022527 (430-23-01) neither the cash balance has been verified as correct and recorded certificate to this effect nor the cash book signed at the end of each month, as required, during 2016-17 by the DDO as required.

**(ii) Non-totalling of the cash book**

Rule 2.2 (3) of HPFR Vol-I provides that the cash book should be closed regularly and completely checked. The head of the office should verify the totaling of the cash book or have this done by some responsible subordinate other than the writer of the cash book and initial it as correct.

During audit it was noticed that neither the totaling of cash book was done at the end of the month nor the certificate regarding verifying the totaling of cash book as correct has been recorded at the end of the month, as required.

**(iii) Non-recording of particulars of receipt in Cash Book**

Financial rules provide that full particulars of receipt and expenditure should be written in the cash book.



It was, however, noticed that particulars of amount received in the receipt side of the cash book in many cases were not written. Few such examples are in cash book of State Bank of India (450-21-01) A/C No.108359224882 on dated 3/5/2016 at page No 38 to 41 (R/No.16 to 32, 34, 35) Page No. 43 (R/No.38 to 41), Page No.56 (R/No.56,58 to 61) Page No 73 (R/No 47 to 122) Page No.97 (R/No.191 to 195) Page No. 112 (R/No.220 to 336) etc. Reasons for the lapse may be intimated.

**(iv) Cutting and use of fluid in cash book**

Use of fluid and cutting in the cash book is not permissible however, it was noticed in audit that there was cutting and fluid in many cases which at cash book no. 108359224882 SBI: 450-21-01 at cash book page No.76 (dated 4/10/2016),84,86, 87 to 89, 91,93,99,100,101,102 etc. which is contrary to the financial rules.

**(v) Other irregularities**

Financial rules provide that no page should be kept blank in the cash book and entries should be made continuously. However, it was noticed in audit that in the cash book referred to above large number of pages were left blank viz. Cash Book HPSCB (A/c - 438022577) 450-23-01 w.e.f. 3-6-16 to 18-8-16 Page No. 62-63 dated 5/7/16, 69, 75, 89, 93, etc. which is contrary to the financial rules.

Reasons for non-maintenance of cash book as required may be intimated. These cases are only illustrative, irregularities in other Cash Book may also be looked into and action taken accordingly. Needful may be done now and compliance be shown to audit.

Audit Memo No.35 dated 30/12/2017 was issued but no reply was furnished up to 30/12/2017 by the department.

Para: 13

**Outstanding recovery of different taxes Rs.735.79 lakh**

As per rule 84 of Himachal Pradesh Municipal Corporation Act 1994, the Corporation shall, for the purpose of this Act, levy the following taxes:

- (a) Taxes on buildings and lands
- (b) Such other taxes, at such rates as the State Government may, by notification, in each case direct.

During test check of records and information furnished by the M.C. Shimla it was noticed that during the year 2016-17, recovery on account of different taxes were outstanding to the tune of Rs. 7,35,65,339/- as detailed below:-

(In Rupees)

Sl. no.	Name of the tax	Outstanding amount as on 1.04.2016	Demand raised during 2016-17	Total demand outstanding during 2016-17	Tax realized during 2016-17	Outstanding tax as on 31.03.2017
1	Property tax	2,00,82,669	17,39,17,449	19,40,00,118	12,74,21,497	6,65,78,621
2	Fee/Tax on electricity Cess	Nil	1,25,77,306	1,25,77,306	1,25,77,306	Nil
3	Tax on liquor	64,83,803	63,93,588	1,28,77,391	64,83,803	63,93,588
4	Show Fee	6,22,630	2,88,000	9,10,630	3,17,500	5,93,130
5	Professional tax	Nil	Nil	Nil	Nil	Nil
	<b>Total</b>	<b>27189102</b>	<b>193176343</b>	<b>220365445</b>	<b>146800106</b>	<b>7,35,65,339</b>

It is evident from the above table that M.C. Shimla had failed to recover the outstanding taxes amounting to Rs 2,71,89,102/-.

In reply to Audit memo no.18 dated 08.12.2017, the Assistant Secretary (Tax) furnished the above information and during discussion it was stated that due to shortage of staff, lack of stringent law to recover outstanding tax could not be recovered. Reply of the department is not acceptable as large amount on account of outstanding property tax shows insincere approach of the department toward recovery of the same.

Needful may now be done for early recovery of the taxes under intimation to the Audit.

Para: 16

**Outstanding recovery of shop rent Rs 424.24 lakh.**

The Municipal Corporation Shimla has been leasing out the shops/ stalls and lands constructed by it to the private individual on rent basis.

During test check of records it was noticed that during the year 2016-17 an amount of Rs 4,24,24,457/- was outstanding on account of recovery of shop/ stall/rooms rent as on March 2017 as detailed below:



(Amount in Rupees)

Total number of shops registered with MC.	Opening balance	Rent due for realisation during the year 2016-17	Total Rent due for realisation during the year 2016-17	Rent realised during the year 2016-17	Rent outstanding for realisation as on 31.03.2017
987	4,15,64,437	2,28,00,000	6,43,64,437	2,19,40,000	4,24,24,437

Further, scrutiny of records revealed that no specific efforts were made by the MC to recover the outstanding amount of shop rent and matter was also not raised in the house of MC.

In reply to audit memo No 12 dated 29.12.2017 the M C Shimla while confirming the facts and figures stated that action is being taken to recover the outstanding arrears. The reply of the department is not acceptable as no such record of efforts made by the MC were found/produced to audit.

Action may be taken to recover the outstanding shop rent from defaulters under intimation to Audit.

**Para: 15** Non collection of property tax of Rs. 209.59 lakh from M/s CK Infrastructure Ltd, ISBT Tutikandi, Shimla.

Section 90(1) of HPMC Act 1994 provides that the taxes on lands and buildings shall be primarily liveable upon the owner and in the absence of the owner, it shall be liveable and recovered from the occupier including tenants.

During the scrutiny of the records of MC Shimla it was noticed that project - site sub lease deed was made on 12.10.2011 between HP bus stand management & development authority (the lessor) and M/s CK infrastructure Ltd, ISBT Tutikandi, Shimla to design, finance, construct, operate & maintain the Shimla Tutikandi bus terminal project at Shimla, on a built, operate and transfer basis. Para 17 of the said lease deed provides that the lease shall be liable to pay all taxes etc., imposed by the state Government/Municipal Committees during the lease period on the structure/ land. However, the liability of the lessee under this clause shall not be in derogation of clause 12.1(b), section II of the concession Agreement, and the contents of said clause 13.1(b), shall be read as part and parcel of clause 17 of this project site Sub lease deed.

Scrutiny of records further revealed that MC has raised the bills of property tax for the period 2011-12 to 2016-17 amounting to Rs. 2,09,59,386/- as detailed below in favour of

M/s CK Infrastructure Ltd, ISBT Tutikandi, Shimla but MC failed to collect the said amount as of Nov, 2017.

Name of the tax	Opening balance as on 01-04-16	Demand raise during the year 2016-17	Total bill amount	Method	outstanding Amount as on 31.03.17
Property Tax	1,77,10,712	32,48,674	2,09,59,386	Unit Area Method	2,09,59,386

In reply to audit memo No.19 dated 08.12.2017 the M.C. Shimla while confirming the facts and figure stated that since the matter is pending before the Divisional Commissioner Shimla Division. Therefore the outstanding amount cannot be realized.

Early steps for settle down the case and recovery of property tax may be taken under intimation to Audit.

**Para : 16** Outstanding recovery of lease money Rs. 173.86 Lakh.

MC Shimla has been leasing out the shops/stalls and lands constructed by it to the private individual on rent basis.

During test check of records it was noticed that 153 shops/stalls were rented out on lease basis by the M.C. Shimla to private individual and an amount of Rs. 173.86 Lakh was lying outstanding as of March, 2017. The position of recovery was as under:-

(Amount in Rupees)

Total number of shops/Staff /registered with MC.	Opening balance as on 01-04-16	Rent due for realisation during the year 2016 17	Total due for realisation during the year 2016-17	Rent for Collection during the year 2016-17	outstanding Amount as on 31.03.17
153	33,63,692	1,62,70,996	2,16,34,688	42,48,393	1,73,86,093

Further, scrutiny of record revealed that no specific efforts were made by the MC to recover the outstanding lease money and matter was also not raised in the house of MC

In reply to Audit memo no 14 dated 29.12.2017, the M.C. Shimla while confirming the facts and figures stated that action is being taken to recover the outstanding



absence of lease money. The reply is not acceptable to the audit as no prior notices to deposit the lease money from lessee were found on record.

Necessary action for affecting the lease money may be taken under intimation to the Audit.

**Para: 17 Outstanding recovery of tehbazari Rs. 0.80 Lakh**

As per letter no LSG-A(9) 8/11 dated 01.04.13 of Local Self Department, Govt of Himachal Pradesh notified The Municipal Corporation Shimla (Control & Regulation) Hawkers Bye laws for assessing, regulating and recovery of license fee from hawkers. Further vide proposal No 4 (4)18 dated 11.03.2008, the House fixed the rate of tehbazari @ Rs 700 per month.

During test check of records it was noticed that during the year 2016-17, tehbazari rent amounting to Rs 80,000 was outstanding for recovery as on March 2017 as detailed below:

(Amount in Rupees)

Total number of tehbazar registered with MC.	Rent outstanding for realization as on 01.04.2016	Rent due for realization during the year 2016-17	Total Rent due for realization during the year 2016-17.	Rent Realised during the year 2016-17.	Rent outstanding for realization as on 31.03.2017
118	1,51,000	5,26,000	6,87,000	6,07,000	80,000

Further, scrutiny of records revealed that no specific efforts were made by the MC to recover the outstanding amount of tehbazari and matter was also not raised in the house of MC.

In reply to Audit memo no 11 dated 14.12.2017, the MC Shimla while confirming the facts and figures stated that notices have been served to recover the tehbazari rent from the Tehbazaris. The reply is not acceptable to audit as no prior notices to deposit the tehbazari rent were found on record.

Effort to recover the tehbazari rent by establishing an effective system may be done under intimation to audit.

**Irregular reimbursement of medical claims Rs. 57,321/-.  
 (a)**

Under Rule 4 of medical attendance Rules, 1944 an employee who claims the medical reimbursement of their dependents should submit a dependency certificate to the effect that income from all sources of their parents is less than Rs. 3500/- per month in every calendar year and that they are wholly dependent upon them.

During last check of records, it was noticed that following officials had been paid Rs. 57,321/- on account of M.R. claims for their dependent parents without obtaining the dependency certificates from the concerned employees during the year 2016-17 which was irregular. The detail of claims is given below:-

Sl. No.	Name of employees Sno./Sl.	Bill No & Date	Relation	Amount
1	Kesar Ram	435-452 dt 6/2016	Father	1577
2	Kesar Ram	435-452 dt 6/2016	Mother	2520
3	Sunita Devi c-iv	435-452 dt 6/2016	Mother-in-law	699
4	Dy Arun Serkeck	435-452 dt 6/2016	Mother	17617
5	Hem Singh	435-452 dt 6/2016	Father	4221
6	Babu Ram c IV	149-160 dt 17-2 2017	Mother	3251
7	Mohan Lal VRO	2178-2214 dt 3/2017	Father	17768
8	Panna Lal c-iv	435-452 dt 6/2016	Mother	14702
			<b>Total</b>	<b>57321</b>

In reply to audit memo 15 dated 29.12.2017, the MC Shimla while confirming the facts and figures stated that dependency certificates will be obtained from the concerned officers/officials. Needful may be done under intimation to audit.



**Para:19 Non-preparation of Annual Action Plan & Development Plan and Non-preparation of Annual Administrative Report**

(1) The office manual of the State Govt. required the MC to prepare Annual Action Plan (AAP) for proper and systematic conceptualization and implementation of programs. Further, as per the provision of HPMC Act 1994, every MC was required to prepare a Development Plan (DP) for the areas under its jurisdiction and submit the same to the District Planning Committee for consolidation into a development plan of the District.

(2) The HPMC Act, 1994 provide the MC to prepare Annual Administrative Report (AAR) each year showcasing its activities and achievements of the preceding year and submission of the same to the State Govt. through the Director, Urban Development.

It was, however, noticed in audit that neither the Annual Action Plans nor Development Plans were prepared during the period 2014-15 to 2017-18 as required under HPMC Act, 1994. Similarly, Annual Administrative Reports required to be prepared each year were not prepared during 2014-15 to 2016-17 as required HPMC Act, 1994.

In reply to audit memo No.6 dated 30/11/2017 the department stated that no Annual Action Plans and Development Plans have been prepared by the department during the 2014-15 to 2017-18. Similarly, no Administrative Reports have been prepared/submitted for the year 2014-15 to 2016-17 to the Government by the department. The reply is not acceptable as non-preparation of Annual Action Plan and Development Plan as well as Non-preparation and submission of Annual Administrative Reports to the government is contrary to the provision of HPMC Act, 1994.

Needful may be done under intimation to audit.

**Para:20 Non preparation of annual accounts for the period 2015-16 and 2016-17**

As per rule 252 of HP Municipal Act 1994 accounts of the Income & expenditure of the Municipality shall be kept in accordance with such rules as may be prescribed. The municipality shall within a period not exceeding three months after the close of the financial year pass the accounts of that year.

The Municipality shall as soon as the annual accounts have been finally passed by it, transmit thus to the Director.

During test check of the records of MC Shimla, it was noticed that the annual accounts for the years 2015-16 and 2016-17 were not prepared where as these accounts were required to be prepared and approved by the elected house of the municipality.

In reply to audit memo no. 16 dated 30.12.2017 the MC Shimla while confirming the facts stated that the annual accounts/ balance sheet for the year 2015-16 & 2016-17 are under finalization. The reply is not acceptable as in the absence of annual accounts the true financial position of the organization could not be ascertained.

Early efforts may be made to finalize the annual accounts for the year 2015-16 and 2016-17 under intimation to audit.

**Para: 20** Non recording of entries in the service books.

It was noticed in audit that various service related entries viz-pay leave account, service verification etc were not filled- in most of the Service book due to which service books could not checked in audit few such examples of such lapses are detailed in annexure - A to this para.

Reasons for the lapse may be intimated /justified to audit.

Audit Memo No.36 dated 30/12/2017 was issued but no reply was furnished by the department up to 30/12/2017

**Para: 21** Non preparations of Monthly Abstracts of Log Books.

As per instructions issued by the State Govt from time to time in regard to vehicles repair and maintenance monthly abstract for the consumption of fuel with reference to coverage mileage etc. was required to be prepared in the log book at the end of each month and attested by the H O. D. so as to ascertain the average achieved by the vehicle.

During test check of records of MC Shimla, it was noticed that the monthly abstracts of vehicles as detailed given below have not been prepared in the log books besides no authenticity of mileage covered by the vehicle was found recorded in the log books by the concerned controlling officers during the period 2016-17. The vehicle wise detail is as under:-



Sr. No	Vehicle No.	Description of vehicle	Log books not signed by the responsible officer.
1	HP07A-0565	VAN	2016-17
2	HP07A-0715	Pick-up	2016-17
3	HP07B-0733	Dumper	2016-17
4	HP07A-0644	Mazda Tipper	2016-17
5	HP07B-0735	Dumper	2016-17
6	HP07C-1067	Balero Pick-up	2016-17
7	HP07B-0730	Dumper	2016-17
8	HP07A-0752	Pick-up	2016-17
9	HP07B-0734	Dumper	2016-17
10	HP07B-0731	Dumper	2016-17
11	HP07B-0748	Pick-up	2016-17
12	HP07B-0760	Pick-up	2016-17
13	HP003-2849	Tipper	2016-17
14	HP07B-0732	Dumper	2016-17
15	HP07B-0758	Pick-up	2016-17
16	HP07B-0747	Pick-up	2016-17
17	HP07B-0752	Pick-up	2016-17
18	HP07B-0759	Pick-up	2016-17
19	HP07B-0750	Dumper	2016-17
20	HP07A-0755	Balero Pick-up	2016-17
21	HP07A-0648	Mazda Tipper	2016-17
22	HP07B-0746	Pick-up	2016-17
23	HP07B-0756	Pick-up	2016-17
24	HP07C-2954	Water Tanker	2016-17

In the absence of monthly abstracts, the journey was not verified/ attested by the authorised officer and thus, authenticity/ genuineness of plying of vehicle and average achieved with reference to mileage covered and consumption of diesel could not be ascertained in audit.

In reply to audit memo no. 23 dated 29.12.2017, the MC Shimla while confirming the facts stated that all the concerned drivers have been directed to make the monthly abstract for consumption of fuel with reference to coverage mileage duly authenticated by the Controlling Officer. The reply is not acceptable to audit as the directions of the proper officers should have been made time to time to know the authenticity and genuineness of plying of vehicles. Needful may be done under intimation to audit.

Part-III

Follow up on findings outstanding from previous reports

Review of old objections.

The year wise position of old Paras after review from the year 1982-83 to 2015-16 was as under

Period	Para No.	Subject	Remarks
1982-83 to 1986-87	15	Shortage of store stock articles Rs 1.13 lakh.	Compliance awaited. Para stands.
	17	Unauthorized expenditure for trapping and exporting monkeys creating nuisance Rs 0.56 lakh	The requisite ex-post-facto sanction awaited. Para stands
	20	Infructuous expenditure Rs 40.00 lakh.	Compliance awaited. Para stands.
	21	Short receipt of material Rs 53,753/- . Nonpayment of demurrage charges.	Compliance awaited. Para stands.
	23	Suspected misappropriation of stores Rs 1.72 lakh.	Compliance awaited. Para stands.
	26	Suspected misappropriation of Rs 4214.15.	Compliance awaited. Para stands.
	28	Theft of white metal Rs 10867/-.	Compliance awaited. Para stands.
	32	Non-recovery of TA advances Rs 0.53 lakh.	Compliance awaited para stands.
	33	Non-recovery of LTC advance and interest amounting to Rs 0.80 lakh.	Compliance awaited. Para stands.
	40	Unutilized register machine, wasteful expenditure Rs 0.35 lakh.	Compliance awaited. Para stands.
1993-94 to 1996-97	9	Irregular award of work exceeding Rs 5.00 lakh in each case without approval of the Govt. Rs 64.56 lakh.	Compliance awaited. Para stands.
	22	Irregular purchase of furniture/ fixture Rs 5.00 lakh.	Compliance awaited. Para stands.
	27 (b)	Theft of battery Rs 4063/-.	Compliance awaited. Para stands.



	29	Suspected/ non-adjustment of LTC advance amounting to Rs 67149/- (balance amount recovery Rs 65,849/-)	Compliance awaited. Para stands.
	32(a)	Excess expenditure Rs 0.61 lakh for purchase of three light vehicles.	Compliance awaited. Para stands.
	32(b)	Accident of vehicles No. 1363 loss to Corporation Rs 2.49 lakh	Compliance awaited. Para stands.
	41	Loss of revenue due to non-reconciliation of cost of timber Rs 0.95 lakh.	Final compliance is still awaited. Para stands.
	44	Loss of revenue due to short receipt of timber Rs 36088/-.	Compliance awaited. Para stands.
1997-98 to 2000-01	2(i),to(iii)	Irregular award of work. Undue aid to contractor Rs 9.12 lakh. Non-levy of compensation Rs 7.47 lakh and payment without approval Rs 30.39 lakh.	Compliance awaited. Para stands.
	5(iii)	Blockade of Govt funds Rs 20 lakh.	Compliance awaited. Sub Para stands.
	23	Improvement of path from Baba BalakNath to Jakhu Temple Rs 2.90 lakh.	Compliance awaited. Para stands.
2001-02	6	Irregular and unjustified expenditure Rs 4.33 crore. Regularization of daily wage workers.	Compliance awaited. Para stands.
	14	Irregular expenditure Rs 27.57 lakh	Compliance awaited. Para stands.
	18(ii)	Shortage of stores Rs 0.69 lakh.	Compliance awaited. Para stands.
	26	Irregular expenditure Rs 3.45 lakh.	Compliance awaited. Para stands.
2002-03	2	Unfruitful expenditure of Rs 66.35 lakh.	Compliance awaited. Para stands.
	6	Unfruitful expenditure of Rs 7.28 lakh. Blockade of Govt funds Rs 22.72 lakh (staff quarters at Krishna nagar.)	Compliance awaited. Para stands.
	8	Outstanding advance Rs 63.86 lakh. Non handing of charge.	Compliance awaited. Para stands.

	13	Irregular expenditure on hospitability charges Rs 11.10 lakh.	The approval of the above irregular expenditure has been obtained by the MC Shimla vide resolution No. 09 dated 21.09.98 and resolution No. 2 (ii) dated 27.11.04. But the approval of the administrative Department required under H.P. Finance Department letter No. Fin-1-2(1A) 1183 dated 06.09.95 was still awaited. Para stands.
	14	Irregular purchase of pages and mobile phones Rs 4.99 lakh.	Compliance awaited Hence para stands.
2003-04	17(i)	Shifting of sale depot of HPSEFC from cart road (liff to kanfog).	Compliance awaited Para stands.
	17(ii)	Non obtaining of permission for conversion of forest land for non forestry purpose.	Compliance awaited. Para stands.
	17(iii)	Non recovery of lease/ rent from the HDSFC resulting into loss of revenue of MC Shimla amounting to Rs 14.57 lakh.	Compliance awaited. Para stands.
	25	Avoidable expenditure Rs 14.60 lakh.	Compliance awaited. Para stands.
	27	Transfer of forest land for the construction of road. Non recovery of net present value and other related charges Rs 7.79 lakh (c/o dhalli bye pass)	Compliance awaited. Para stands.
	31(i)	Irregular purchase of mobile phone Rs 1.94 lakh and irregular payment of mobile batteries.	Compliance awaited. Para stands.
	31(ii)	Cost of batteries of mobile phones Rs 1080/-.	Compliance awaited. Para stands.
	31(iii)	Unauthorized payment of mobile phone bills Rs 26,197/-.	Compliance awaited. Para stands.
2004-05 to 2005-06	3	Leasing out of Ashiana and Goota's Restaurant. Non recovery of lease money amounting to Rs 58.33 lakh.	Matter is sub judice. Para stands.
	9	Irregular allotment of Ice cream parlour at Ridge Shimla.	Matter is sub judice. Para stands.



	11(a)	Non implementation of user charges for sewerage. Loss of revenue Rs 40.80 lakh.	Compliance awaited. Para stands.
	11(b)	Non implementation of decision of house relating to imposition of fees on photographers.	The matter regarding levy of user charges on photographers working on the Ridge Maidan is still to be put up before the MC Shimla. Final outcome is awaited. Para stands.
	15	Non revision of lease deeds.	Compliance awaited. Para stands.
	17	Shortage of stores of WS and SD Rs 5.60 lakh.	Compliance awaited. Para stands.
	22	Overpayment of salary and allowances.	Compliance awaited. Para stands.
	24(a)	C/o Car parking at Cart Road. Irregular payment without approval of deviation Rs 68.68 lakh.	Compliance awaited. Para stands.
	24(c)	Unfruitful expenditure on help up works Rs 2.21 lakh.	Compliance awaited. Para stands.
	24(d)	Unauthorized recovery of Rs 18079 from contractor.	Compliance awaited. Para stands.
	26(a)	Unauthorized occupation of corporation shops.	Matter is subjudice. Para stands.
2006-07	3(b)	Huge unspent amount Rs 17.47 lakh and issue of utilization certificate for unspent amount in r/o installation of signage.	Compliance awaited. Para stands.
	9	Shortage of store/ stock items Rs 7.80 lakh.	Compliance awaited. Para stands.
	10	Excess consumption of diesel Rs 0.43 lakh in running of incinerator plant.	Compliance awaited. Para stands.
	12	Unauthorized payment of telephone bills.	Compliance awaited. Para stands.
	14	Irregular award of works on disputed site Rs 3.62 lakh.	Compliance awaited. Para stands.
	20(a)	Blockade of funds Rs 12.41 lakh due to non-execution of works by contractors. Non forfeiture of earnest money Rs 24817/-.	Compliance awaited. Para stands.
	23	Irregular expenditure on surplus staff Rs 287.59 lakh.	Compliance awaited. Para stands.
	29	Non implementation of SISRY scheme.	Compliance awaited. Para stands.

2007-08	5(ii)(a)	Irregular payment of warm clothing advances Rs 2.48 lakh.	Compliance awaited. Para stands.
	16	Overpayment of Rs 2.68 lakh due to wrong promotion orders of employees.	Compliance awaited. Para stands.
	18	Encroachment cases.	Compliance awaited. Para stands.
	19	Non accountal of dismantle pipe to the tune of Rs 0.39 lakh.	Compliance awaited. Para stands.
2005-09	2	Blockade of funds due to non start of work Rs 1.10 crore. Avoidable loss of Rs 2.62 lakh.	Compliance awaited. Para stands.
	3	Blockade of funds Rs 41.80 lakh due to non-start of work of community centre in Shimla.	Compliance awaited. Para stands.
	5	Unjustified advance to HIMUDA for the construction of slaughter house Rs 11.76 lakh.	Compliance awaited. Para stands.
	6	Irregular expenditure under ETUS/ NSDP scheme Rs 93.17 lakh.	Compliance awaited. Para stands.
	9(a)	Overpayment of Rs 0.44 lakh due to wrong promotion orders of employees.	Compliance awaited. Para stands.
	9(b)	Excess drawl of salary Rs 2.84 lakh.	Compliance awaited. Para stands.
	10(a)(iii)	Loss of Rs 0.04 lakh due to suspected pilferage of diesel.	Compliance awaited. Para stands.
	16(a)	Non accountal of cement in Zonal JE stock registers amounting to Rs 2.28 lakh.	Compliance awaited. Para stands.
	16(b)	Non receipt of APRs Rs 1.45 crore.	Compliance awaited. Para stands.
	17	Excess expenditure on establishment Rs 2.34 crore.	Compliance awaited. Para stands.
	23	Non production of records.	Compliance awaited. Para stands.
2009-10	1	Non setting up of solid waste management plant Rs 1604 lakh.	Compliance awaited. Para stands.
	2	Non-utilization of funds Rs 1591.02 lakh under INNURM for renewal and rejuvenation of WSS Shimla.	Position reviewed and incorporated in the current report, hence para is deleted from here.
	3	Unused loan Rs 36.64 lakh.	Compliance awaited. Para stands.
	4	Irregular/ unauthorized purchase of vehicles worth Rs 99.94 lakh.	Compliance awaited. Para stands.



	7	Irregular expenditure under EIU% Rs 21.11 lakh	Compliance awaited Para stands
	8	Irregular expenditure under solid waste management project Rs 29.60 lakh	Compliance awaited Para stands
	9	Blocking of funds Rs 5.00 crore due to non construction of modern abattoir at Doileangan Shimla	Compliance awaited Para stands
	10	Unfruitful expenditure on the C/O Modern Abattoir at Doileangan Rs 51.19 lakh	Compliance awaited Para stands
	12	Non levy of penalty amounting to Rs 4.05 lakh	Compliance awaited Para stands
	13	Non coverage of all house holders of Shimla town under door to door garbage collection scheme Rs 54.00 lakh	Compliance awaited Para stands
	14	Non providing of ambulance roads Rs 71.81 lakh	Final compliance awaited Para stands
	15(a)	Unnecessary retention of funds after completion of works Rs 22.63 lakhs	Compliance awaited Para stands
	17	Deficiencies in receipt of material worth Rs 29.78 lakh.	Compliance awaited Para stands
	19	Overpayment of Value Added Tax (VAT) amounting to Rs 95,114/-	Compliance awaited. Para stands.
	20	Loss of interest due to late deposit of cheques in the bank Rs 66675/-.	Compliance awaited Para stands.
	21	Purchase of sub standard water meters work Rs 4.91 lakh.	Compliance awaited. Para stands.
	22	Short deduction of standard license fee from the MC employee Rs 1.35 lakh.	Compliance awaited. Para stands.
	28	Infructuous expenditure Rs 0.72 lakh.	Compliance awaited. Para stands.
<b>2010-11</b>	1	Loss of revenue due to non levy of General tax on land and building on the newly merged area in the Municipal Corporation Rs 15.73 crore.	Compliance awaited. Para stands.
	2	Unutilized fund Rs 2.64 crore under JNNURM on account of basic services to the urban poor due to ill planning of the implementing agency.	Compliance awaited. Para stands.
	3	Extra financial burden of service tax due to inaction of the MC Shimla Rs 57.74 lakh.	Compliance awaited. Para stands

4(a)	Unauthorized possession of MC immovable property worth Rs 1.43 crore with the HPSEB by the MC Shimla.	Compliance awaited. Para stands.
4(b)	Non reconciliation of rent/ lease money Rs 72.30 lakh by the MC Shimla from the HPSEB on account of unauthorized occupied land/ immovable property.	Compliance awaited. Para stands.
5	Avoidable surcharge on account of nonpayment of electricity bill in time Rs 4.28 crore.	Compliance awaited. Para stands.
6	Improper functioning of LED streetlights installed in MC area involving Rs 75.56 lakh.	Compliance awaited. Para stands.
7	Delay in implementation of property tax reform project under JNNURM Rs 49.71 lakh.	Compliance awaited. Para stands.
8	Loss of revenue due to non levy of development of land fee Rs 13.69 lakh.	Compliance awaited. Para stands.
9(a)	Development funds Rs 6.45 crore kept in fixed deposit and remained unutilized.	Compliance awaited. Para stands.
9(b)	JNNURM project funds of Rs 39.05 crore kept in fixed deposit and remained unutilized.	Compliance awaited. Para stands.
10	Irregular payment of pay and allowances amounting to Rs 2.81 crore during the period 2010-11 due to filling of posts in excess of sanctioned strength.	Compliance awaited. Para stands.
11(a)	Undue benefit to contractor for carrying out advertisement hoarding even after expiry of contract period Rs 14.05 lakh.	Compliance awaited. Para stands.
11(b)	Non completion of tax from contractor M/s Media Hype Chandigarh on account of advertisement hoarding Rs 10.80 lakh.	Compliance awaited. Para stands.
14	Excess expenditure on establishment Rs 24.43 crore.	Compliance awaited. Para stands.
15	Irregular payment of VAT and income tax amounting to Rs 18.32 lakh.	Compliance awaited. Para stands.
19	Deviation in purchase worth Rs 11.65 lakh.	Compliance awaited. Para stands.
20	Non-refund of GIA/ PLA fund Rs 18.42 lakh.	Compliance awaited. Para stands.



	21	Irregular purchase of water meter worth Rs 9.24 lakh.	Compliance awaited. Para stands.
	23	Over payment of pay Rs 2,09,927/- allowances.	Compliance awaited. Para stands.
	24	Injudicious payment of permit fee Rs 2.04 lakh to the Mayor/ Dy. Mayor/ Counselors on account of plying their personal vehicle within the sealed/ restricted area of the Shimla town.	Compliance awaited. Para stands.
	26	Non-deposit of penal interest amounting to Rs 0.48 lakh on account of late credit of pension & gratuity fund contribution of Rs 283.82 lakh for the year 2009-10 and 2010-11.	Compliance awaited. Para stands.
	27	Recovery of penal rent/ license fee from Sh. SubhashChander on account of unauthorized permission of MC residence Rs 7.26 lakh.	Compliance awaited. Para stands.
	29	Purchase of material worth Rs 17.64 lakh in anticipation of requirement.	Compliance awaited. Para stands.
2011-12	2	<i>Estate</i> Non-recovery of rent from M/s Shimla Poly Clinic & Tara Hospital Rs 47.20 lakh.	Compliance awaited. Para stands.
	3	<i>Health</i> Short realization of penalties amounting to Rs 3.48 lakhs.	Compliance awaited. Para stands.
	4	<i>Health</i> Non-recovery of fine on account of polythene/ carry bags Rs 1.03 lakh.	Compliance awaited. Para stands.
	5	<i>PSD works</i> Infructuous expenditure on abandoned works Rs 15.20 crore.	Compliance awaited. Para stands.
	6	<i>PSD works</i> Blockade of fund due to non start of works Rs 675.54 lakh.	Compliance awaited. Para stands.
	7	<i>PSD works</i> Blockade of funds Rs 115.78 lakh and unfruitful expenditure of Rs 238.40 lakh.	Compliance awaited. Para stands.
	8	<i>PSD works</i> Blockade of funds Rs 80.80 lakh due to non start of work.	Compliance awaited. Para stands.
	11	<i>General</i> Overpayment of pay and allowances due to wrong fixation of pay Rs 0.54 lakh.	Compliance awaited. Para stands.
	12	<i>Estate</i> Less deduction of standard license fee Rs. 1.40 lakh.	Compliance awaited. Para stands.
	13	<i>Estate</i> Wasteful expenditure on construction of car parking Rs. 25.60 lakh.	Compliance awaited. Para stands.

2013-14	1	Non-fixing the liability of the Operator of the Solid Waste Management Project through Insurance under Project Public Liability Insurance Act, 1991 for Rs 5.00 Crore.	Compliance awaited. Para stands
	2	Suspected misappropriation of Rs. 1.57 Crore and blockade of funds Rs 2.26 Crore.	Compliance awaited. Para stands
	3	Slow pace of implementation of the Challenge Fund Project resulted in blockade of fund Rs 1.25 Crore.	Compliance awaited. Para stands
	6	Blockade of funds due to non start of works under various schemes amounting to Rs. 86.52 lakh.	Compliance awaited. Para stands
	7	Irregular payment of retainer-ship fee to the Standing Council amounting to Rs 14.17 lakh.	Compliance awaited. Para stands
	9	Non-Outstanding recovery of Show Tax, Rs. 3.94 lakh.	Compliance awaited. Para stands
	10	Irregular payment of salary to the Municipal Corporation Employees amounting to Rs 2.26 lakh.	Compliance awaited. Para stands
2014-15	1	(i) Failure of MC Shimla to secure the sanctioned grant amounting to Rs. 8.06 Crore due to non-implementation of e-Governance Project under JNNURM.	Compliance awaited. Para stands
		(ii) Wasteful expenditure on The Preparation of DPR of the e-Governance project amounting to Rs 10.11 Lakhs for want of implementation.	Compliance awaited. Para stands.
		(iii) Blocking of funds amounting to RS. 214 lakh lying unutilized.	Compliance awaited. Para stands.
	2	Idle retention of funds of Rs.44.99 crore received under JnNURM for Rehabilitation of water supply distribution and Rejuvenation of Sewerage network in Shimla.	Compliance awaited. Para stands.
	3	(i) Failure of MC Shimla to implement Ashiana-1 project worth Rs. 999.07 lakh sanctioned by Government of India under JNNURM.	Position reviewed and incorporated in the current report, hence sub-para is deleted is deleted from here.
		(ii) Non-refund of unutilized amount of grant of Rs. 176.36 lakh with interest (Centre share) released against cancelled project to the Govt. of India.	Position reviewed and incorporated in the current report, hence sub-para is deleted is deleted from here.



	4	(i) Failure of MC Shimla to start sanitary landfill site project resulted into declaring it as non-started project by UOI and lapse of CIA amounting to Rs. 840.30 lakh	Compliance awaited. Para stands.
		(ii) Non refund of ACA amounting to Rs. 268.18 lakh released against the project to UOI	Compliance awaited. Para stands.
		(iii) Unbudgeted expenditure amounting to Rs. 191.40 lakh incurred on land acquisition for the project.	Compliance awaited. Para stands.
	5	Idle investment on construction of Rest House Rs. 67.37 lakh and loss of revenue Rs. 20.22 lakh due to non-starting of operational.	Compliance awaited. Para stands.
	6	Non recovery of installation/renewable fee of mobile towers Rs. 11.10 lakh	Compliance awaited. Para stands.
	11	Reimbursement of inadmissible medical claims Rs. 0.03 lakh	Compliance awaited. Para stands.
2018-19	1	Loss of revenue of Rs. 161.49 lakh due to non-collection of property tax from the properties belonging to Union of India	Compliance awaited. Para stands.
	2	Undue favour to contractor Rs. 178.00 lakh by making irregular advances before completion of awarded works.	Compliance awaited. Para stands.
	3	Non-collection of property tax of Rs. 177.10 lakh from M/s CK Infrastructure Ltd. ISBT Tutikandi, Shimla	Position reviewed and incorporated in the current report, hence sub-para is deleted from here.
	4	Irregular payments of Rs. 56.00 lakh to partner (CDD) under European Union Project.	Compliance awaited. Para stands.
	5	Non utilization of funds received under JnNURM Rs. 2517.74 lakh	Compliance awaited. Para stands.
	6	Unauthorized occupants in Working Women's Hostel and less realization of rent Rs. 0.56 lakhs	Compliance awaited. Para stands.

7	Diversion of funds from the Rejuvenation of Sewerage Network Project to Solid Waste Management Project of Rs.19.42 crore	Compliance awaited. Para stands.
8	Unsustainable cost of procurement of water from IPH Department Rs.22247.64 lakh and outstanding amount of water bill Rs.505.40 lakh	Compliance awaited. Para stands.
9	Non-adjustment of advances. Rs.26.49 crore	Position reviewed and incorporated in current report, hence para is deleted from here.
10	Outstanding recovery of installation/renewable fee of mobile towers Rs.18.84 lakh.	Compliance awaited. Para stands.
11	Outstanding recovery of different taxes Rs.272.89 lakh	Position reviewed and incorporated in current report, hence para is deleted from here.
12	Outstanding recovery of tehbazari Rs.1.51 lakh	Position reviewed and incorporated in current report, hence para is deleted from here.
13	Outstanding recovery of lease money Rs.53.64 lakh	Position reviewed and incorporated in current report, hence para is deleted from here.
14	Blocking of funds due to non-execution of MLALADS works Rs.52.28 lakh.	Compliance awaited. Para stands.
15	Blocking of funds under MPLADS due to non-start of works Rs.89.75 lakh & non completion of works Rs.32.75 lakh	Compliance awaited. Para stands.
16	Non start of works earmarked under SDRF/DCP Rs.75.44 lakh	Compliance awaited. Para stands.



17	Blocking of funds under 13 <sup>th</sup> Finance Commission Rs. 258.46 lakh.	Compliance awaited. Para stands.
18	Outstanding recovery of shop rent Rs. 415.64 lakh	Position reviewed and incorporated in current report, hence para is deleted from here.
19	Irregular reimbursement of medical claims Rs. 1.19 lakh.	Compliance awaited. Para stands.
TAN-I	Non-preparation of Monthly Abstracts of Log Books and not authentication of mileage covered by the vehicle.	Compliance awaited. Para stands.
TAN-II	Non-maintenance of important statistics	Compliance awaited. Para stands.

Part-IV

Best Practices

Part-V

Acknowledgement

The Commissioner, Municipal Corporation, Shimla extended his co-operation during the audit and also directed the staff under their control for early production of record and reply of audit memos during audit. The audit observations were discussed in the audit meeting concluded on 30.12.2017 and all minor points noticed during the course of audit were also discussed and settled on the spot. The Commissioner assured an early compliance of the audit observations raised by the Audit Party. The meeting held in cordial manner.

Detail of charge held by the Commissioner, Municipal Corporation, Shimla:

Sr. No.	Name	Period from	Period to
1.	Shri. Pankaj Rai, HAS	03.11.2014	04.04.2017
2.	Shri. Gian Chand Negi, IAS	05.04.2017	To date

Seen, discussed and facts verified.

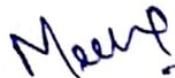
-Sd-

Commissioner  
Municipal Corporation  
Shimla (H.P.)

-Sd-

Sr. Audit Officer

Attested by



Asstt. Audit Officer