

AUDIT AND INSPECTION NOTE ON THE ACCOUNTS OF OFFICE OF THE COMMISSIONER, MUNICIPAL CORPORATION, SHIMLA FOR THE PERIOD 2018-19

Part-I

Introduction

The Compliance Audit of the office of the Commissioner, Municipal Corporation, Shimla was carried out from January, 2020 to March, 2020. The records maintained in the office of Commissioner, Municipal Corporation, Shimla were test checked during audit. 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

The records i.e. cash books, vouchers, pay bill register, service books, pass books, grant received under various schemes from central/state finance commission along with relevant documents maintained in the office have been test checked during audit for selected months. The month 07/2018 has been selected during audit on the basis of immense expenditure incurred in this month. (is this the scope of audit?)

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 S/Sh. Wangchhug, Sr. Audit Officer, Mukesh Kumar, Assistant Audit Officer and Vivek Arora, Sr. Auditor w.e.f. 20-01-2020 to 02-03-2020.

Budget and Expenditure

(Rs. in lakh)

Year	O.B. (a)	Grants Received during 2018-19 (b)	Own Income (c)	Total (a+b+c)	Expenditure from own income	Total Expenditure incurred during 2018-19	Closing Balance
2018-19	9040.97	9502.31	4032.37	22575.65	4032.37	13584.09	8991.56

Details of Percentage of expenditure test checked during audit out of total expenditure in audit period:-
(Municipal Corporation, Shimla)

Year	Amount of expenditure test checked	Total expenditure of the year	Percentage of expenditure test checked
2018-19	634036811	2749908816	23.05

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 Findings

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Part II-B Other Findings

Para: 1 Irregular expenditure under NDRF and SDRF amounting to ₹ 3.97 crore

Vide letter no.32-7/2014-NDM-1 dated 08.04.2015 Ministry of Home Affairs circulated revised list of items and norms of assistance from the State Disaster Response Fund and National Disaster Response Fund for the period 2015-20. Assistance under SDRF & NDRF was to be given for immediate relief during natural disasters for meeting the expenditure for providing immediate relief to the victims of cyclone, drought, earthquake, fire, flood, tsunami, hailstorm, landslide, avalanche etc. Further, under the guidelines of NDRF, expenditure from NDRF is meant to assist a State to provide immediate relief in those cases of severe calamity, where the expenditure required is in excess of the balance in the State's SDRF. Expenditure incurred on disaster preparedness, restoration, reconstruction and mitigation should not be a part of SDRF or NDRF and to be met from the normal budgetary heads/plan funds. As per guidelines of SDRF, the requirements of assistance for financing of the relief expenditure of immediate nature will be assessed by State Executive Committee (SEC) constituted by State Govt. and the Central team (in case of NDRF). Also, as per item no. 10 of permissible norms of assistance from NDRF and SDRF, as regards to repair of roads upto 20% of total ordinary repair and periodical repair is permissible out of Disaster Relief Funds in case of hilly areas.

During test check of records of Municipal Corporation Shimla, it was noticed that funds to

the tune of Rs. 5.00 Crore had been allocated vide letter no. Rev.(DMC)-(C)-1-1/2016-11(NDRF) dated 19-03-2019. Similarly, Funds to the tune of Rs. 1.00 crore (Assistance to local bodies) , Rs.2.00 crore (Repair and restoration) and Rs.50.00lakh (Assistance to Local Bodies) are allocated under SDRF to this office vide letter no. Div.Com (SML) C (16)9/2017-3119-27 dated 14-08-2018, Div.Com.(SML) C(16) 9/17-3128-36 dated 14-08-2018 and Div.Com.(SML)C(16)9/2018-616-24 dated 05-02-2019 respectively. It was further noticed that whole of the amount received under NDRF/SDRF during 2018-19 was spent by the MC Shimla on rain damages and other road maintenance works. Moreover, these works were also done by the MC without ascertaining the actual loss as the documents regarding assesment of requirements for assistance by SEC and

Comment [AH1]: Para nos. 1, 2, 5, 6, 7, 11, 12, 13, 14, 21, 24 and 26 are proposed to be included in ATIR 2019-20. Para nos. 19 and 20 are proposed to be recorded in OB.

Comment [L2]: 1. As per point no.10(Infrastructure) of Annexure 'F' of NDRF /SDRF Guidelines:

For repair of roads, in Hilly Areas, 20% of total of Ordinary repair(OR) and Periodical Repair(PR) is permissible out of Disaster Relief Fund.

It is further mentioned that In case OR or PR rate is not available, then assistance will be provided @ Rs.1.00 lakh/km for State highways and Major District road and @ 0.60 lakh/km for Rural roads.

Thus, the criteria of 20% of expenditure done doesnot apply here, as the rate of OR/PR has not been notified by the Govt.

2.In the ssancion order of NDRF funds, it is mentioned that funds sanctioned are utilized in accordance with the norms of HP Emergency Relief Manual.

Section 1.2 of Manual includes excessive rain under the Natural calamities of Himachal Pradesh. Hence, the proposed expenditure on Rain Damages could not be classified as assistance for immediate expenditure or RO/PRS.

3.As per point no.13(Infrastructure) of Annexure 'F' of NDRF /SDRF Guidelines, State specific disasters within the local context in the state, which are not included in the notified list in the disasters eligible for assistance from SDRF/NDRF, can be met from SDRF within the limit of 10% of the annual fund allocation.

The amount of Rain Damage expenditure mentioned in the para is 8.50 Crore, KD of which is not available in the IR. While, as per Momrandums, an amount of 1029.67 lakh (172 +682.85+174.82) has been estimated. Thus, in the absence of actual expenditure, the above 10% rule cannot be applied. Hence, the para is under consideration and may be issued after discussion please.

Comment [AH3]: The para is proposed to be issued as per modification.

Comment [DAG SS4]: Para proposed

Comment [AH5]: On page no. 139

Comment [AH6]: On page no. 147

Comment [WU7]: Please discuss.

damage report in reference infrastructure in MC area were not in the record of MC. Scrutiny of records further revealed that as regards to repair of roads, an amount of Rs. 22.65 crore had been incurred on ordinary repair and periodical repair works in MC Shimla for the period 2018-19, hence 20% expenditure of total amount i.e. Rs. 4.53 crore is permissible out of Disaster Relief Funds. Thus incurring whole amount of Rs. 8.50 crore resulted into excess expenditure of Rs. 3.97 crore (Rs. 8.50 crore – Rs. 4.53 crore) under this head which is contrary to the guidelines ibid and was also irregular.

In reply to audit memo no-05 dated 07-02-2020, while confirming the facts and figures as correct, it was stated by the MC that issue would be scrutinized and other technical aspects would be examined and compliance would be shown to audit.

Comment [AH8]: Only copy of budget estimate has been attached in support to this amount.

Para:2 Wasteful expenditure Rs. 269.85 lakh due to installation of rendering machine without assessment of its impact.

‘Establishment of Modern Slaughter House’ at Krishna Nagar Shimla was done under Project Abattoir and a lease agreement was signed between Municipal Corporation Shimla (Lessor) and M/s Micro Transmission System Noida (Lessee) on the date 10/06/2009 for the operation and maintenance of the Modern Slaughter House at Shimla with all its component. The award of contract was given at yearly lease rent of Rs. 36 lakh (total Rs. 180.00 lakh) to be paid in advance to lessor i.e. MC Shimla for the first five years. ‘Rendering-cum-Carcass Utilization Plant’, an component of the Slaughter House, having the capacity of 1000 kg/day was installed with an expenditure of Rs. 2,69,85,760/- vide payment order no. 20-02-2013, journal book no. 1581. Objectives of the Rendering Plant are as under:

1. Prevent the environment pollution and to provide protein and mineral-rich supplements such as meat meal, bone meal and meat cum bone meal to support poultry, piggery etc.
2. To collect, process and convert the dead animals and other meat waste into meat cum bone meal or poultry feed.

3. Quick and easy disposal of condemned meat and inedible byproducts from the slaughterhouses and other poultry processing plants into valuable products to generate income.
4. Improve the sanitary and public health conditions by timely removal of putrefactive carcasses thus preventing the spread of contagious diseases among livestock.

During test check of records of MC Shimla, audit noticed that the rendering cum carcass utilization plant was established, but it could not be put in effective use because of foul offensive smell coming out of the plant into the environment. As a result, the residents of Krishna Nagar locality had started pelting stones on the slaughterhouse and the use of rendering plant was stopped. Thus, due to the installation of a rendering machine without assessment of the impact of it on the local area, the whole amount of Rs. 2,69,85,760/- incurred on its installation resulted in a wasteful expenditure as the machine was lying idle.

While confirming facts and figures in reply to audit memo No-24 dated: 20-02-2020, the department has agreed with the contention of the audit. The machine was lying idle since its installation due to disagreeing with the residents of the surrounding localities.

Needful may be done now to select proper location to install the rendering machine so that the machine could be put in use.

Para: 3 Delay in completion of works resulting in unfruitful expenditure of Rs. 505.87 lakh and blockade of funds Rs. 733.24 lakh

The government of India had announced a scheme for slum dwellers named Rajiv Awas Yojna (RAY). Rajiv Awas Yojana envisages a "slum-free India" with inclusive and equitable cities in which every citizen has access to basic civic infrastructure, social amenities and decent shelter. Municipal Corporation Shimla had prepared a pilot detailed project report amounting to Rs. 3399.65 lakh for Krishna Nagar slum under Rajiv Awas Yojna. The Ministry of Housing & Urban Poverty Alleviation (MoHUPA), GOI had approved a pilot project for Krishna Nagar slum at Shimla city amounting to Rs. 33.99 crore. 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 the GOI and rest of 10% i.e. Rs. 637.43 lakh will be the state, ULB and beneficiaries

Comment [Sr.AO9]: The same para has been included in draft ATIR 2017-18 and hence not proposed to be taken again for ATIR 2019-20.

share. The first installment of Rs.1067.24lakh(920.74 lakh GOI and 146.46 lakh state share) had been released during 2013-14 by the State government to MC Shimla.

The total project proposed to have three main activity areas in Krishna NagarSlum:-

1. Construction of Housing Complex (300 dwelling units) on the 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 the cost of infrastructure. The beneficiary's contribution will be Rs.0.66 lakh per unit.
2. Construction of community center near Coal Company(Social infrastructure)
3. Construction of children park at old slaughterhouse (Social infrastructure)

During test check of records in the office of MC Shimla, it was noticed that as per approved DPR and activity-wise, the tender was invited on 24-09-2015 by MC Shimla for construction of Housing Complex (296 dwelling units) and works were awarded to the contractors with agreed costs as detailed below:-

Sr. No.	Name of work	Estimated cost	Tendered amount	Time limit	Amount paid upto date	Date of award	Date of completion as per agreement	Status of work
1	C/o 208 dwelling Unit (SH: civil work, WSSS, solar system, rain water harvesting tank, fire fighting, storm water drainage and site development	138443216	204948912	24 months	12431122	17-11-2016	16-11-2018	Only 8% to 10% of the work has been done so far.
2	C/o 88 dwelling Unit (SH: civil work, WSSS, solar system, rain water harvesting tank, fire fighting, storm water drainage and site development	59933333	88267465	18 months	38156374	08-11-2016	07-04-2018	Almost 45% of the project has been completed as on date

	Total	198376549	293216377		50587496			
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It is clear from the above table that these works were still incomplete after the lapse of 15 to 22 months from the date of completion of works as per time allowed. No action had been initiated by the MC against the contractors, either to rescind the work or levy penalties for delay in execution of work as conditions provided in the agreement. This shows the lackadaisical approach and lack of monitoring in the ongoing works of the department. The audit further noticed that due to delay in execution of work and non-submission of utilization certificates, no further grants had been provided by the government under this scheme.

Thus, non-completion of these works had not only resulted into incurring an unfruitful expenditure of Rs. 505.87 lakh but also in the blockade of funds of Rs. 733.24 lakh including interest,,FDRs kept and other receipts in the bank. This also deprived of intended benefits to the beneficiaries and further lead to extra burden on the exchequer due to the escalation factor.

While confirming the facts and figures, in reply to audit memo no-16 dated 17-02-2020, no satisfactory reply was furnished by the MC Shimla which showed the lack of monitoring on ongoing projects and available funds.

Para: 4 Non- adjustment of advances Rs. 1638.14 lakh

Rule-226 of HP Financial Rule, 2009 provides that: (1) advances for Contingent and Miscellaneous purpose, the Head of the Office or any other authorized officer may sanction advances to a Government Servant for purchase of goods or services or any other special-purpose needed for the management of the office, subject to the following conditions:-

- (i) The amount of expenditure being higher than the Permanent Advance available, cannot be met out of it.
- (ii) The purchase or other purposes can not be managed under the normal procedures, envisaging the post-procurement payment system.
- (iii) The amount of advance should not be more than the power delegated for the purpose under the relevant SOE.

Comment [Sr.A010]: The same para has been included in draft ATIR 2017-18 and hence not proposed to be taken again for ATIR 2019-20.

(iv) The Head of the Office or the Controlling Officer, as the case may be shall be responsible for timely recovery or adjustment of the advance as per item 2 below.

(2) The adjustment bill, along with balance if any, shall be submitted by the government servant within fifteen days of the drawal of advance, failing which the advance or balance shall be recovered from his next salary (ies).

(3) No second advance would normally be granted until the adjustment of the first advance has been done.

During test check of the advance register, it was noticed thatMunicipal Corporation Shimla had beenmaking contingent advances from time to time within various departments of the MC to meet their immediate requirements for different purposes without adjustment of prior advance, which was in contravention to the Financial Rule. It was further noticed that advances of Rs.16,38,13,853/- were outstanding for adjustments as of 31.03.2019. Some of the advances were pending for adjustment since 1963 details of which are as under:-

S.R. NO.	HEAD OF ACCOUNT	DETAIL HEAD DESCRIPTION	PERIOD	OPENING BALANCE AS ON 31.03.2018	ADVANCE PAID DURING THE YEAR 2018-19	TOTAL	ADVANCE ADJUSTED UPTO 02/2019	BALANCE
1	460-40-01	Public Works	1.4.07 to 31.3.19	11129241	27800000	38929241	37911225	1018016
2	460-40-02	Store/material	1.4.07 to 31.3.19	68970610	16248487	85219097	83195938	2023159
3	460-50-01	Permanent Advance	1.4.07 to 31.3.19	31565	0	31565	0	31565
4	460-50-02	Project	1.4.07 to 31.3.19	9126477	0	9126477	100000	9026477
5	460-50-03	Scheme	1.4.07 to 31.3.19	4968820	10693109	15661929	15661929	0

6	460-50-05	Temporary Advance	1.4.63 to 31.3.19	178306664	7441265	1857479 29	87734607	980133 22
7	460-60-01	Street light	1.4.07 to 31.3.19	62448098	7495175	6994327 3	32133634	378096 39
8	460-60-03	Water Supply	1.4.07 to 31.3.19	16116827	0	1611682 7	235152	158816 75
9	460-33-01	Public lamp post	1.4.07 to 31.3.19	6830235	0	6830235	6830235	0
10	460-60-05	Others Water	1.4.07 to 31.3.19	10000	0	10000	0	10000
11	460-60-02	Computers Advances	1.4.07 to 31.3.19	2832	0	2832	2832	
		Total		357941369	69678036	4276194 05	26380555 2	163813 853

In reply to audit memo no-18 dated: 26-02-2020 , it was stated by the MC Shimla that the Commissioner had deputed Joint Commissioner as Nodel Officer to adjust the all outstanding advances and process is in progress. It was further stated that when the whole amount would be adjusted, compliance would be shown to audit.

Para: 5 Outstanding recovery of house tax of Rs. 453.55lakh

Section 258 (2) of the Himachal Pradesh Municipal Act, 1994 provides that any amount which is due to the municipality and remains unpaid for fifteen days after the same is due, the Executive Officer/Secretary, as the case may be, may serve a notice of demand upon the persons concerned.

The act also provides that any sum due for recovery, shall without prejudice to any other mode of collection, be recovered as an arrear of land revenue.

During test check of the house tax register of Municipal Corporation Shimla, it was noticed that the MC had imposed house tax on total 28018 no. of houses and collected Rs. 1341.87 lakh against the total demand of Rs. 1915.93 lakh (including Rs. 535.42 lakh as opening balance as on 01-04-2018+ current demand of Rs. 1380.51 lakh). Rebate amounting to Rs. 120,50,876/- was also given. The amount of house tax outstanding in respect of 1826 nos. of houses amounting to Rs. 4,53,54,503/- as on 03/2019 is detailed below:-

(Amount in Rs.)

Year	Opening balance as on April	Current demand	Total due	Actually collected	Rebate	Outstanding amount
2018-19	53541966	138050736	191592702	134187323	12050876	45354503

It is evident from the above table that no sincere efforts were made by the MC to recover such a huge outstanding amount of house tax from defaulters. Further, it was also observed that house tax amounting to Rs. 4,08,29,542/- had been outstanding against 11 nos. of houses/buildings out of which an amount of Rs. 3,91,98,802/- pertains to M/s C.K. Infrastructures Ltd., ISBT, Tutikandi, Shimla since 2017-18 (oldest case is 2014-15). However, there is a provision of imposing penalty @ 5% per month and interest @ one percent per month for delay payment of tax after one month of the due date.

In reply to audit memo 04 dated 05-02-2020, while confirming the facts and figures as correct, it was stated by the MC that frequent correspondence had been made against the defaulters as per rules. It was further stated that as and when the progress would be made, compliance be shown to audit.

Efforts may be made to recover the outstanding amount of house tax under intimation to audit.

Para: 6 Outstanding recovery of shops rent of Rs. 281.00 lakh

Section 258 (2) of the Himachal Pradesh Municipal Act, 1994 provides that any amount which is due to the municipality and remains unpaid for fifteen days after the same is due, the Executive Officer/Secretary, as the case may be, may serve notice of demand upon the persons

concerned. The act also provides that any sum due for recovery, shall without prejudice to any other mode of collection, be recovered as an arrear of land revenue.

During scrutiny of shop rent registers and information made available by the Municipal Corporation Shimla, it was noticed that the Municipal Corporation had rented out 997 shops under its jurisdiction to private individuals/parties on monthly rent basis. It was further noticed that collection of Rs. 365,78,281/- during 2018-19 had been made against the total demand of Rs. 646,78,075/- (including outstanding balance of Rs. 41178075/- as on 31st March, 2018 +Rs.235,00,000/-). Thus, an amount of Rs. 2,80,99,794/- was pending for recovery from the tenants of 96 shops as of March, 2019 as detailed below:-

(Amount in Rs.)

Year	Opening balance	Demand for the current year	Total demand	Collection	Remission	Balance
2018-19	41178075	23500000	64678075	36578281	-	28099794
	Total					28099794

It is evident from the above table that the authority of Municipal Corporation had not taken effective/remedial steps to recover the outstanding shop rent, which was adversely affecting the financial position of the Municipal Corporation. Further, it was observed that shop rent amounting to Rs. 38,70,461/- had been outstanding against 04 firms/individual viz. Sh. Harish Kashyap, Sh. Pratap Singh, M/s IVP Company and Sh. Krishan Chand since 2001-02 (oldest case). However, there is a provision of imposing interest @ 8% per year for the delayed payment of tax.

In reply to audit memo no. 11 dated: 11-02-2020, while confirming the facts and figures as correct, it was stated by the MC that outstanding shop rent would be recovered soon and compliance would be shown to audit. Efforts may be made to recover the outstanding amount of shop rent under intimation to audit.

Para: 7 Awaited Utilization Certificates Rs. 87.64 lakh

Rule 157 of the Himachal Pradesh Municipal Corporation Act, 1994 stipulates that Institutions or Organizations receiving grants shall furnish audited utilization certificates to the

Government after the utilization of grant-in-aid. As per provision contained in the Himachal Pradesh Financial Rules, the utilization certificates are required to be obtained within the year after the date of release of the grant.

Scrutiny of records maintained in the office of Municipal Corporation Shimla revealed that funds amounting to Rs. 87,64,160/- were paid to the HPSEB Shimla as grant for the installation/repair and maintenance of street lights, LED bulbs and other materials excluding LED fixtures. Details of the outstanding utilization certificate from the Executing Agency viz. City Electrical Division, Shimla electrical division no. I and Shimla electrical division no. II. for the period 2018-19 are as follows:

Name of Executing Agency	Name of work	Cheque No. & Date	Estimated Amt. (In Rs.)
City Division HPSEB	Regarding repair of non functional lights in Rivoli Tunnel at Lower Bazar	011529, 03.05.2018	54180
	Providing 5 Nos new street light points near type IV Qtrs at Brock Hurst	011818, 23.06.2018	30220
	Providing 30 Nos new LED type street light fixtures/points in ward No.34 in Charlie Villa Section	067030, 08.08.2018	450910
	Providing new street light points near Manu Tea Stall Lehnu Bhawan Jakhu in Electrical Section Snowdon	067181, 29.08.2018	50420
	Providing 5 Nos new street light points with new poles at ward No.4 Gowahi in Electrical Section under ESD Idgah	067440, 22.10.2018	122405
	Providing 1 No new street light points Set No. 3 at Housing Board Colony Jakhu Shimla	067484, 31.10.2018	21061
	Providing 3 Nos new street light points near Club Lodge in U.S. Club Section	067558, 03.11.2018	67550
	Providing 4 Nos street light points in ward No.19 at Jan Dev Colony in Sanjauli	067500, 02.11.2018	19885
	Estimate for shifting of 3 phase LT line pole near temple in Police Line Kaithu	067501, 02.11.2018	43675
	Providing 7 Nos new street light points along with 5 Nos STP 9 Mtr long at Kamna Devi in Ghora Chowki Section	067599, 03.11.2018	108705
	Providing new street light point near Block No.1 Type III residence at Nabha	067560, 03.11.2018	22140
	Providing 2 Nos street light points LED dype at Stockes Place in ward No.17	067626, 29.11.2018	30500
	Providing 18 Nos new street light points/fixtures at different locations in ward No. 13 in Electrical Section Subji Mandi and Bazar Section	067813, 10.01.2019	253855

	Providing 2 Nos new street light points from B.M. Motors to Himalvi Kothi in Chhotta Shimla	067793, 03.01.2019	45725
	Providing 8 Nos new street light points with new poles at ward No.2 in Electrical Section Idgah	049004, 26.02.2019	182000
	Providing 8 Nos new street light points on wall in ward No.18	049087, 15.03.2019	31490
	Providing 37 Nos new street light points in ward No.1	049086, 15.03.2019	394525
	Providing 6 Nos new street light points in ward No.4 in Gawahi	049047, 02.03.2019	160345
	Estimate for SOP to Multi Storey Car parking at Bye-pass Tuti Kandi Crossing under ESD B/Ganj	049120] 20.03.2019	1246520
	Estimate for providing 2 Nos street light points with STP on the path between Knools wood &Khalini in Allu Park Section	049154, 26.03.2019	40795
Shimla electrical division no. I	Providing 37 Nos new street light points at different locations in ward No.33 electrical section Kamlahi	011548, 08.05.2018	610278
	Providing 30 Nos new street light points in ward No.24 on new and existing poles/walls in Housing Board Colony Section under ESD Dhalli	011549, 08.05.2018	337300
	Providing 12 Nos new street light points with new poles and 3 Nos fixtures on existing poles in ward No.20 in Dhalli Section	011638, 22.05.2018	307800
	Providing 1 No. New street light points with new pole near Block B-24 at Phase-III New Shimla	011829, 26.06.2018	27950
	Providing 7 Nos new street light points with new poles and 3 Nos fixture on existing poles in ward No.20	067092, 14.08.2018	309400
	Providing new street light points in Kuftadhar area in ward No.2	067188, 31.08.2018	267625

	Providing new SLP in ward NO.31 Pateog of M.C. Shimla under ESD new Shimla HPSEBL Khalini	067295, 19.09.2018	60824
	Providing 2 Nos new street light points with poles in Sector-3 new Shimla	067562, 03.11.2018	47200
	Providing new street light points in ward No.30 of M.C. Shimla	067561, 03.11.2018	532500
	Providing 43 Nos new street light points in ward No. 23 in Electrical Section Cemetery	067574, 17.11.2018	350700
	Providing 5 Nos street light points with new poles and 3 Nos new street light fixtures on existing poles from Lakhanpal House to SankatMochan and 12 Nos new street light points in Panjari area in ward No.10 Tuti Kandi under ESD Khalini	067689, 14.12.2018	383300
	Providing 34 Nos new street light points with new polces and existing poles in ward No.22 in ESD Dhalli	067868, 21.01.2019	706440
	Estimate for shifting of 3 phase LT line near Old Chiranji Lal Building at Totu	067870, 22.01.2019	56690
	Estimate for providing new street light points at different locations in ward No.9 Kachighati under Electrical Section Taradevi	067297, 19.09.2018	223015
	Estimate for providing new street light points in ward No.32 of MC area	067296, 19.09.2018	100175
	Providing 9 Nos new street light points in ward No.29	067931, 05.02.2019	201800
Shimla electrical division no. II	Providing new street light points near Tara Bhawan at Malyana	011581, 16.05.2018	63250
	Providing new street light points in ward No.27 at Jiwnoo Colony &Parimahahal	011577, 16.05.2018	267900
	Providing 3 Nos new street light points on link road	067356, 16.05.2018	72957

	from Shakti Vihar to Bye-pass road Panthaghati under ESD Kasukpti	03.10.2018	
	Providing new street light points at Shiv Nagar below SartzAppartments in ward No.26 in Electrical Section Panthaghati	049238, 16.04.2019	114150
	Providing 17 Nos new street light points in Tibetan Colony Panthaghati	049088, 15.03.2019	346000
	Total		8764160

For the above mentioned works, no utilization certificates were obtained by the MC Shimla. In the absence of UCs, it could not be ascertained and verified whether the grants released were fully utilized for the purpose these were granted.

In reply to audit memo no. 15 dated 15-02-2020, while confirming the facts and figures, it was stated by the MC that meeting had been held with the HPSEB officials and the HPSEB assured that necessary outstanding utilization certificates would be issued after completion of all codal formalities. Further compliance would be shown to audit.

Needful may be done under the intimation of audit.

Para:8 Loss of revenue due to non-obtaining performance security amounting to Rs. 102.47 lakh.

Rule 120 of Himachal Pradesh Financial Rules, 2009 provides that performance security shall be obtained from the successful bidder on the award of contract irrespective of his registration status, which shall be for an amount between five to ten percent of the value of the contract. Such security shall be furnished in the form of an Account Payee Demand Draft or duly pledged fixed deposit receipt or bank guarantee from a commercial bank, as the case may be, in an acceptable form with a view to safeguarding the interest of the department. The performance security shall remain valid for a period of sixty days from the date of completion of the contract to the best of satisfaction of the department.

During test check of records, it was noticed that a work C/o 208 dwelling Unit (SH: civil work, WSS, solar system, water harvesting tank, fire fighting rainwater drainage and site development) was awarded to a contractor with tender cost of Rs.20,49,48,912/- with stipulated time for completion of the project in 24 months on 17-11-2016. The contractor failed to complete the work within the stipulated period and only 10% of work had been executed by the contractor till the date of audit (02/2020). At the time of awarding tender, only earnest money was obtained from the contractor whereas the department needed to obtain performance security amounting to Rs. 1,02,47,445/- @ 5% of the tender cost to safeguard the department's interest, but MC Shimla had not obtained the same which was in contravention to the financial rule. Non-obtaining performance security from the contractor resulted in a loss of revenue to the tune of Rs. 1,02,47,445/- on account of non-completion of work.

Comment [AH11]: KD not found attached.

In reply to audit memo dated 17-02-2020, while confirming facts and figures, it was stated by the department that performance security would be deducted from the concerned and the compliance would be shown to the audit.

Para:9 Idle parking of fund amounting to Rs. 116.42 lakh in a different bank account.

During test check of records of Municipal Corporation, Shimla, it was found that there were three bank accounts in which funds were blocked and no transaction had been taken place since long time. Details of these accounts are given in the table below:-

Bank Name & AC. No.	Project Name	Balance	Date of Last Transaction	Remarks
J&K Bank & 04778	Solid Waste Management Project	6062439 (as on 31-01-2020)		SWM Project had been completed and UCs submitted.
ICICI & 09050	Water supply distribution system in Shimla	1486609 (as on 31-12-2019)	06-06-2016	Separate corporation Jal Nigam formed and all the works of this project had been shifted to Jal Nigam.
Indusind Bank &	Sanitary Landfill Site	4093502 (as on 31-03-2019)	18-03-2017	The work is being carried out in phased manner.

59425				
Total		11642550		

As evident from the table, an amount of Rs. 1,16,42,550/- was pending idle in these bank accounts.

In reply to audit memo no. 25 dated 19-02-2020, it was stated by the MC that necessary steps were being taken to utilize the unspent balance under these head after obtaining necessary approval from the competent authorities.

Comment [AH12]: Addition made by AAO is deleted as out of Rs. 1,16,42,550/-, it is not possible to convert Rs. 5,49,45,161/- into term deposit.

Para: 10 Loss of Rs. 22.43 lakh in respect of Chemicals & Equipments due to non-functioning of MC Laboratory

The MC Shimla Laboratory at Ridge was established in the year 1904 and is one of the oldest labs in the Himachal Pradesh. The laboratory was set up with a view to doing analysis or examination of water, food and drugs for the detection of diseases or research connected with the public health or medical relief. The Director of NRHM had donated a full auto analyzer in 2015-16 costing of Rs. 9,75,800/- through which different medical/biochemistry tests were being facilitated.

Comment [AH13]: KD not found attached.

During the test check of records of the Municipal Corporation Shimla, it was noticed that 4992 no. of tests were conducted during the year 2015-16, whereas only 399 no. tests were conducted during 2016-17. This resulted not only into continuous decline in the tests conducted but also in declining revenue for the period 2017-18 and 2018-19. The details are as follows:

(Amount in Rs.)

Sr. no.	Approximate value of Chemicals at Lab	Approximate value of Equipments at Lab	Total value of stock	Revenue collected during 2015-16	Revenue collected during 2016-17	Revenue collected during 2017-18 and 2018-19
1	1,53,792/-	20,89,679/-	2243471	188525	21690	Nil

It is evident from the above table that MC Shimla had suffered the loss of revenue amounting to Rs. 3,60,000/- approximately (based on 2015-16 revenue) due to non-functioning of laboratory for the period of 2017-18 and 2018-19. Also, due to non-maintenance/non-functioning of

the laboratory, chemicals and other lab articles amounting to Rs. 1,53,792/- and Rs. 20,89,679/- respectively(Annexure A)werelying obsolete till the date of audit. Thus, the possibility of their pilferage/deterioration could not be ruled out.Further, it also deprived the intended benefit of the residents of the MC Shimla from the services of laboratory.

In reply to audit memo 26 dated: 24-02-2020, while confirming facts and figures, it was stated by the department that presently work of the laboratory was being done by the SRL labs for all the government hospitals of Himachal Pradesh. MC Shimla is in the same lines of handing over the laboratory to SRL labs as per the terms and conditions of other hospitals of GOHP. Further progress would be shown to the audit. Needful may be done now taking proper action in this regards under intimation to audit.

Para: 11Non recovery of renewal fees on account of installation of MobileTowers in MC area resulting into loss of revenue Rs. 09.46 lakh

As per the policy for setting up Mobile Communication Towers intimated by the Secretary (IT) to the Govt. of Himachal Pradesh vide their Letter No. DIT-Dev.(IT)-2005(Misc) dated 22-08-2006 circulated vide Director Urban Development Letter No. UD-H (A)(7)-1/2006-10396-10444 dated 25.09.2006, every Municipality has been authorized to charge the installation fee on account of the installation of Mobile Communications Tower in MC area. The installation fee will be charged at the rate of Rs. 10,000 per tower and after every one year, the renewal fee will be charged at the rate of Rs. 5,000/- per tower which were increased Rs. 50,000/- andRs. 25,000/- per tower respectively as per notification no. DIT-Dev.(IT)-2005(Misc)96 dated 21-06-2017. There will be 25% increase in renewal fees after every 5 years and 40% rebate can be allowed if 5 years fees are deposited in advance.

Scrutiny of the records revealed that eighty-two towers of fourteencompanies were erected in the Municipal Corporation Shimla area. The position of the demand and collection of tower fee outstanding from the following telecom companies as on 31.3.2019 are as under:-

(Amount in Rs.)

Comment [L14]: As per the reply incorporated of MC Shimla, an amount of Rs. 25.90 lakh has been collected against the due of 35.36 lakh as on 01/02/2020. Hence, the amount of non-recovery may be reduced to Rs. 9.46 lakh please.

Comment [AH15]: As per reply of MC, Shimla outstanding amount has been reduced and also commented in the para pl.

Comment [DAG SS16]: Para proposed with corrections

Sr. No.	Name of company	Date of installation	Opening balance as on 04/18	Demand/renewal fee	Total	Collection	Rebate	Balance amount for collection as on 31-03-2019
1	Vodaphone 23 nos	2008-09	242000	1047279	1289279	0	Nil	1289279
2	Dishnet 1 nos.	2007-08	12500	41,079	53579	0	Nil	53579
3	CNIL 13 nos	2007-08	309750	517,484	827234	0	Nil	827234
4	Bharti Infratel 11 nos	2013-14	55000	469,673	524673	361671	Nil	163002
5	Reliance jio 15 nos	2012-13	160000	523394	683394	636723	Nil	46671
6	Videocon Telecommunications 1 nos	2010-11	65000	34726	99726	0	Nil	99726
7	Reliance Communications 1 no.	2014-15	93125	138552	231677	0	Nil	231677

8	BSNL 6 nos.	2016-17	0	437592	437592	0	Nil	437592
9	Sewason Pvt. Ltd. 3 nos.	2010-11	37500	104178	141678	141678	Nil	0
10	Voim Network 2 nos.	2009-10	32500	71397	103897	0	Nil	103897
11	Idea Telecomm unications 2 nos.	2007-08	15625	90497	106122	0	Nil	106122
12	Idea cellular Pvt. Ltd. 1 no.	2006-07	23125	43407	66532	0	Nil	66532
13	Idea towers 2 nos.	2007-08	31250	64590	95840	0	Nil	95840
14	Tata tele services 1 no.	2007-08	0	22920	22920	22920	Nil	31250

	Total					1162992		3552401
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From the above table, it is evident that neither the aforesaid companies were paying nor the Municipal Corporation Shimla was collecting the renewal fee regularly. This resulted into accumulation of arrears amounting to Rs. 35,52,401/- as on 31.03.2019. It was also found that out of total outstanding amount of Rs.35,52,401/-, a sum of Rs.25,90,196/- was recovered from companies till 01-02-2020 and hence Rs. 9,45,800/- remains outstanding till the date of the audit. Thus, MC Shimla had suffered financial loss upto that extent. However, notices/warning letters were issued to the defaulters to recover the outstanding dues timely.

In reply to audit memo 12 dated: 11-02-2020, it was stated by the MC that a renewal fee for the period from 21-06-2017 to 31-03-2018 was issued to the companies at an increase rate in 2018-19 due to which, companies asked for details about renewal fee for this period. So, the renewal fee of mobile towers could not be collected on time.

Needful may be done now by taking the proper action in this regard under intimation to audit.

Para:12 Non recovery of electricity cess -Rs. 93.34 lakh

As per resolution no. 3(6) dated 23-04-2012 passed by MC house, electricity cess was taxable @ 10 paise per unit on the electricity consumption by the consumers residing within the Municipal Corporation Shimla jurisdiction areas. The electricity cess was to be collected by the Himachal Pradesh State Electricity Board and kept 10% of collected amount i.e. @ 1 paise per unit. The rest amount @ 9 paise per unit will be paid to MC Shimla on a quarterly basis.

During scrutiny of the records, it was noticed that the Municipal Council Shimla collected the electricity cess from the three HPSEB divisions namely City Electrical Division, Shimla electrical division no. I and Shimla electrical division no. II. Further, it was noticed that electricity cess from 04/2017 to 03/2019 was not collected by the MC Shimla from Shimla electrical division no. I. Details of the same are given below:

Sr. no.	Name of the division	Period of Last receipt	Period of the due amount	Monthly average amount of Electricity cess (In Rs.)	Total approximate due amount (In Rupees)
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1	Shimla electrical division no. I	03/2017	04/2017 to 03/2019	388897	9333528
	Total				9333528

It is evident from the above table that an amount of Rs. 93,33,528/- (calculated on the basis of last receipt in 2016-17) was recoverable from the HPSEB Shimla Electrical Division no. I on account of electricity cess. This resulted in less receipt of revenue during 2017-18 to 2018-19 to the MC. Moreover, the number of the electricity units were nowhere mentioned in the receipt of the same without which actual units of the electricity consumed could not be verified in audit.

In reply to audit memo No-02 dated 23-01-2020, it was stated by the MC that outstanding electricity cess would be recovered soon. It was added that the matter regarding no. of unit and outstanding amount had been taken up with Sr. Executive Engineer, Electrical Division-1 and the compliance would be shown to the audit as and when the same recovered.

Needful may be done now under intimation to audit.

Para:13 Non recovery of the liquor fee of Rs. 127.95 lakh

As per the procedure laid down in Section 85 under Chapter-VIII of H.P. Municipal Corporation Act, 1994, the Tax Department under Municipal Corporation Shimla is responsible for the collection of Municipal taxes. The liquor cess was to be collected by the Himachal Pradesh Excise and Taxation Department, Shimla and passed on to Municipal Council/Corporation concerned. The liquor fee on the sale of liquor in MC area forms the part of Municipal income. Further, the liquor cess will be charged @ 2 rupees per bottle on the sale of liquor within the Municipal Corporation Shimla jurisdiction areas.

During scrutiny of the records, it was noticed that the Municipal Corporation Shimla collected the liquor cess upto 2016-17 from the Himachal Pradesh Excise and Taxation Department, Shimla @ 2 rupees per bottle on the sale of liquor within its jurisdiction areas. Further, it was also noticed that liquor cess for the period 2017-18 and 2018-19 had not been collected by the MC and remained outstanding. Details of the same are given below:

(Amount in Rupees)

Sr. no.	Period of last receipt	Amount deposited during 2016-17 as liquor cess	Period of default	Yearly average amount of Liquor cess (In Rs.)	Total approximate due amount (In Rupees)
1	2016-17	63,14,587/-	2017-18 to 2018-19	6397326	12794652
			Total		12794652

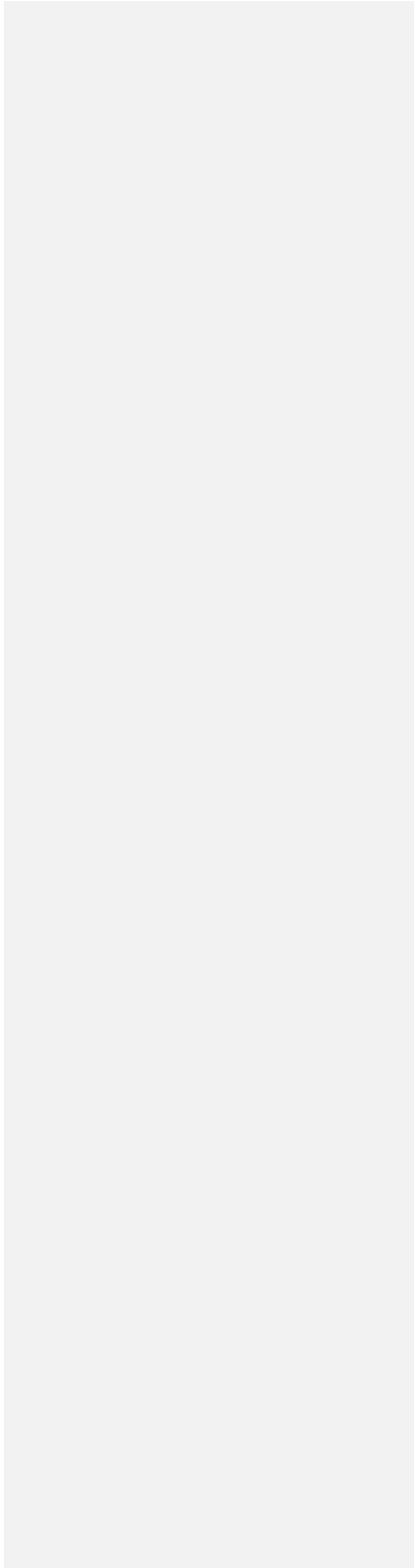
It is evident from the above table that an amount of Rs. 1,27,94,652/- (based on the cess deposited in 2016-17) was recoverable from the Himachal Pradesh Excise and Taxation Department, Shimla on account of liquor cess and thus MC had suffered less receipt of revenue due to non recovery of the same during the period 2017-18 and 2018-19. Moreover, the number of the bottles sold/consumed in the MC area were nowhere mentioned in the receipt of the same without which actual due amount could not be verified in audit.

In reply to audit memo No-03 dated 24-01-2020, it was stated by the MC that outstanding/due liquor cess from Excise and Taxation Department, Shimla for the period 2017-18 to 2018-19 would be recovered soon. It was further stated that the letter regarding outstanding arrear/liquor tax had already been conveyed vide letter no. MCS-AST-2020-42 dated 27-01-2020 to the Assistant Commissioner, Excise and Taxation Department, Shimla. The compliance would be shown to the audit after recovery of the same.

Needful may be done under intimation to audit.

Para:14 Non recovery of show tax from the owner of cinema hall resulted into loss of revenue amounting to Rs. 11.14 lakh

Section 85 of the Himachal Pradesh Municipal Corporation Act, 1994 provides that the corporation may levy a fee and user charges for the services provided by it at such rates and in such manner as may be determined by the corporation from time to time. Section 121 of



		2013-14	72000			50,000/- R/No. 684417, 21.5.2018	
		2014-15	72000			50,000/- R/No 688786, 01.08.2018	
		2015-16	72000			50,000/- R/No 690089, 06.09.2018	
		2016-17	72000				
		2017-18	72000				
		2018-19	72000+ 5%= 74090 (01.09.20 18 to 31.03.19)				
		Total	460170	471129	931299	200000	731299
2.	Shahi Cinema	2015-16	55150 (Arrear)			72,000/- R.No. 685772 dated 4.06.18	

		2016-17	72000			5,000/- 688741, 01.8.2018	
		2017-18	72000			20,000/- R/No. 693131, dated 15.01.2019	
		2018-19	72000+5 % = 74090 (01.09.20 18 to 31.03.19)				
		Total	273240	206110	479350	97,000/-	382350
		Grand total	733410	677239	1410649	297000	1113649

In reply to audit memo No-01 dated 22-01-2020, it was stated by the MC that notices had already been issued to the owners of proprietors. As and when the outstanding amount would be recovered, compliance be reported to audit.

Effective steps may be taken to recover the show tax as per rule under intimation to audit.

Comment [WU17]: Please discuss

**Para:15 Loss due to not claiming the agency discount of 15% to DAVP
for advertisement in different newspapers amounting to Rs. 0.69lakh**

The Directorate of Advertising and Visual Publicity (DAVP) is the nodal agency of the Government of India for advertisements by various Ministries and Organisations of Government of India including public sector undertakings and autonomous bodies routed through Department of Information and Public Relations, Himachal Pradesh. As per the New Advertisement policy issued by DAVP and as per the Advertising Rate Contract Agreement signed between DAVP, Ministry of I&B, GOI and the publisher, a govt. agency is eligible for a discount of 15% to the agreed rate per sq.cm.

During test check of records of Municipal Corporation Shimla, it was noticed that MC had given advertisements in different newspapers during the period of 2018-19. It was further noticed that MC had paid the amount of bill as per agreed rate and did not claim the discount of 15% to the agreed rate. Details of the same are given below:-

Sr. no.	Name of the Branch	Expenditure incurred on Advertisement (Amount in Rupees)	Discount @15%
1	Road & Building branch	67706	
2	Estate branch	40245	
3	Smart City Project	231308	
4	Health branch	122747	
	Total	462006	69300

It is evident from the above table that MC Shimla had suffered the loss amounting to Rs. 69,300/- due to non claiming of agency discount of 15% on the total amount of Rs. 462006/-.

These cases are illustrative only not exhaustive, similar cases if any, may also be scrutinized and results thereof may be shown to audit.

In reply to audit memo No-22 dated 17-02-2020, while confirming the facts and figures, it was stated by the MC that the matter would be examined after suitable consultation with Department of Information and Public Relations, HP. Further progress in this regard would be shown to the audit.

Needful may be done now under intimation to audit.

Para:16 Pilferage of Journeys

Comment [WU18]: How much is the amount?

As per the Govt. order published in official gazette of Himachal Pradesh dated 27-11-2018, the recovery on account of private journeys would be made @ Rs. 13.14 per Km from official persons. In case of pooled vehicle, requisition slip register is to be maintained for all the authorized journey performed without which journey performed may be deemed as private journey. Also vide letter no. MCS/Assistant Commissioner/392 dated 18-02-2013, it has been directed that attached as well as pooled Govt. vehicle at Shimla will be entitled to a maximum of 75 litres per month for authorized local journey. Maximum petrol entitlement for authorized local journey at District Headquarters will be 40 litres, at Sub Divisional Headquarter will be 25 litres and at other locations, it will be 15 litres. Entire cost of the petrol will have to be borne by the controlling officers beyond these limits.

Scrutiny of records regarding pooled vehicles in the Office of the Municipal Corporation Shimla revealed that vehicles had been plied beyond the permissible limits without the approval of the competent authority. Further, it was observed that in some of the cases, no proper place of journey had been mentioned despite in most of the cases Official journey was recorded. Details of the same are as follows:

Vehicle no. HP07-C-1064			Vehicle no. HP07-A-0714			Vehicle no. HP07-A-0565			Vehicle no. HP-7B-0202		
Month	Fuel Consumed	Excess fuel	Month	Fuel Consumed	Excess fuel	Month	Fuel Consumed	Excess fuel	Month	Fuel Consumed	Excess fuel

04/18	NIL		04/18	150	75	04/18	131	56	04/18	254	179
05/18	245	170	05/18	231	156	05/18	232	157	05/18	405	325
06/18	No monthly abstract		06/18	221	146	06/18	290	215	06/18	48	0
07/18	403	328	07/18	319	244	07/18	268	193	07/18	Nil	
08/18	243	168	08/18	273	198	08/18	228	153	08/18	Nil	
09/18	214	139	09/18	278	203	09/18	204	129	09/18	52.82	0
10/18	110	35	10/18	263	188	10/18	225	150	10/18	No monthly abstract	
11/18	153	78	11/18	190	115	11/18	105	30	11/18	146	71
12/18	235	160	12/18	132	57	12/18	58	0	12/18	No monthly abstract	
01/19	197	122	01/19	199	124	01/19	55	0	01/19	147.5	72.5
02/19	195	120	02/19	195	120	02/19	100	25	02/19	No monthly abstract	
03/19	117	42	03/19	187	112	03/19	105	30	03/19	No monthly abstract	
	(A)	1192		(B)	1738		(C)	1138		(D)	647.5
Total of fuel consumed in excess (A+B+C+D)- 4715.5 litres											

It was also noticed that cutting, overwriting and use of correction fluid had been extensively done in the Log books without the attestation of higher officers. Without maintaining the requisition slip register, the actual purpose/places of journey cannot be verified in audit and thus misappropriation/misuse of the said vehicles could not be ruled out.

In reply to audit memo No-32 dated 25-02-2020, while confirming facts and figures as correct, it was stated by the MC that requisition slip register would be maintained as per the prescribed proforma. Rules and regulations would be strictly adhered to and the irregularities as pointed out by the audit would be taken care of.

Needful may be done now under intimation to audit.

Comment [WU19]:

Comment [WU20]: Please discuss

Comment [DAG SS21]: Para may not be issued but this issue needs to be discussed next time

Para:17 Overpayment of the salary of Rs. 1.54 lakh due to wrong calculation of annual increment

During test check of service books in the office of MC Shimla, it was noticed that Sh. Dinesh Chand, Peon was drawing salary in the pay scale of Rs. 10450+1900 GP and his next date of annual increment was on 01-01-2015. While calculating his annual increment, basic pay was fixed at Rs.11820+1900 GP on 01-01-2015 instead of Rs. 10820+1900 GP. The pay fixation/ annual increment was countersigned by the Superintendent General branch/AO but error in the calculation was not noticed by these officers. This resulted into excess payment of Rs.1,54,409/- w.e.f. 01-01-2015 to 29-2-2020 including DA as details given in Annexure C to this para.

In reply to audit memo No-30 dated 24-02-2020, it was stated by the MC that the recovery of excess salary paid to Sh. Dinesh Chand, Peon due to wrong calculation of increment would be made from the salary of the official on installment basis.

Needful may be done now under intimation to audit.

Comment [AH22]: Annexure not signed by the party.

Para:18 Loss of revenue due to non-renewal of lease deeds

In the house meeting of MC Shimla held on 24-12-2018, it was decided to increase the lease as per Land Lease Rules 2013 i.e. lease amount shall be enhanced every 5 years at the rate of 5% of existing lease rate. Lease deed and lease rate shall be renewed on the basis of latest circle rate and annual lease amount at the rate of 10% on total fix amount of lease shall be collected from the leasee.

Comment [AH23]: The copy resolution passed by house of MC was not attached by the party.

During test check of agreement files, lease deeds and other connected records of MC Shimla, it was noticed that MC had entered lease agreements/lease deeds of lands/ places. Out of these agreements, 103 lease deeds were very old (oldest case of 1931) but no further steps were taken by MC Shimla for the renewal of these lease deeds (as on Feb. 2020). It was further noticed that these deeds were neither renewed as per latest circle rate nor annual lease amount at the rate of 10% on total fix amount of lease was being collected from the leasee. As a result of non-renewal of lease deeds and lease rates, MC Shimla was suffering a financial loss to that extent. The detail is given in **Annexure B** to this para.

Comment [AH24]: KD regarding period and condition of leases not attached by the party.

Comment [AH25]: Annexure not signed by the party.

In reply to audit memo No-14 dated 12-02-2020, it was stated by the MC that annual circle rate had been prescribed by estate branch and lease bills for the year 2018-19 would be issued shortly. It was further stated that some lease deeds had not been renewed since long time. On receiving the amount of the lease deed, action would be taken for renewal of the same.

Needful may be done as per intimation to audit.

Para:19 Suspicious expenditure paid as Pollution fee, green tax and late fee due to late passing of vehicle of Rs. 0.75 lakh

During test check of records of Municipal Corporation, Shimla it was found that as per voucher number 664 of cash book dated 07/07/2018, a payment of Rs.75000/- was made to health department for green tax, pollution fee and late fee for passing of vehicle (Pick up), but the copies of the challans of the same were not attached with the voucher. In the absence of challan, voucher could not be verified.

It was further noticed that late fee was paid for passing of the vehicle and reason provided for late passing was mentioned as the shortage of driver. On the contrary, as per the information provided by the department that total posts were filled against sanctioned strength, it cannot be a valid reason for getting late for passing of vehicle. As a result the chances of suspicious expenditure by the department could not be ruled out.

In this regard audit memo no. 28 dated 24-02-2020 was issued but no reply was furnished by the MC during audit.

Para:20 Suspected mis-utilization of government vehicle

As per instructions issued by the Finance Department Government of Himachal Pradesh vide letter No-Fin-1©/14-1/92-Vo-II dated 27.5.2006, the ceiling of petrol was fixed 70 liters per month per vehicle for State headquarter, Shimla. The entire cost of petrol will be borne by the controlling officers beyond the limit. In this connection, Asstt. Commissioner, Municipal Corporation had also directed all the officers to comply with the instruction of government and if any, additional journey was required to perform in excess of the ceiling limit, the approval of the Commissioner, MC is required.

In reference to complaint received by HQ pertaining to the misuse of a government vehicle audit test -checked records in the office of MC Shimla and it was noticed that a vehicle bearing registration No.-HP-07A-0781 was attached with the Additional Commissioner (Legal). Scrutiny of log book further revealed that in most of the cases, vehicle was used by the officer from 8.40 AM to 8.00 PM. In some instances, 2,086 Kms journey was performed by the officer for the inspection of various works at different places within the jurisdiction of MC area and outside during 2015-16 to 2018-19 as per the details given in **Annexure D** to this para. The copy of approved tour programmes of the officer was not made available to party. In the absence of approved tour programmes, all the journey performed by the officer was irregular. Scrutiny of logbook further revealed that in some months (details given in annexure D of this para), the vehicle had consumed more petrol than the ceiling limit which was also in contravention to the instructions issued by the Finance Department as well as directions of the higher authority of the MC Shimla.

In reply to audit memo No-13 dated 15-2-2020, it was stated by the MC that officer was competent to perform the local journey, journey outside the limit of MC, inspection of projects, visit various offices in connection with court cases. Reply is not tenable as document regarding approved tour diary, permission for excess consumption of petrol and journey outside the limit of MC were not produced to audit.

Sanction from the competent authority may be obtained to regularize the entire journey performed by the officer for the inspection of work otherwise recovery from the officer may be effected as per applicable rate fixed by the government.

Comment [AH26]: The para is in reference to complaint received from HQ pertaining to the misuse of a government vehicle Sh. Joginder Chauhan, Addl. Commissioner (Legal), Municipal Corporation, Shimla.

Comment [AH27]: Annexure not signed by the party.

Para:21 Outstanding recovery of Tehbazari fee- Rs. 0.40 lakh

The Municipal Council (MC), Shimla had 161 numbers of individuals to whom tehbazari sites had been allotted on the basis of Rs. 3,600/- per year.

Test-check of records of Municipal Council, Shimla revealed that an amount of Rs. 39,600/- was outstanding on account of Tehbazari fee from the 161 allottees of sites upto 31-03-2019. The details are as under:-

(Amount in Rs.)

Year	Opening balance as on 01.04.2018	Demand during the year	Total	Collection during the year	Balance outstanding as on 31.03.2019
2018-19	39600	543600	583200	543600	39600

From the above table it is evident that against the total demand of Rs. 5,83,200/- (Current Demand Rs. 5,43,600/- + OB Rs. 39,600/- upto 01/04/2018), an amount of Rs. 5,43,600/- had been collected from the allottees of sites. An amount of Rs. 39,600/- was still recoverable from the defaulters as on 31-03-2019. Thus, non-collection of fee as per demand resulted into loss of revenue to the M.C. Shimla to the tune of Rs. 0.40 lakh.

Further, scrutiny of record revealed that no specific efforts were made by the MC to recover the outstanding amount of tehbazari fee and matter was also not brought to the notice of the house of MC. Also, there was no provision of imposing penalty/surcharge for delay in the payment of fee which should have been proposed to higher authority/house to recover the outstanding dues timely.

In reply to audit memo No-10 dated 10-02-2020, it was stated by the MC that the outstanding tehbazari fee of Rs. 39,600/- would be recovered upto 31-03-2020.

Remedial action may be taken to recover the pending fee from the defaulters and results thereof may be shown to audit.

Para:22 Irregular Re-imbusement of Medical claims of Rs. 0.37 lakh

As per the Medical attendance rules, cost of inadmissible medicines should not be reimbursed to the claimants. Besides, in the case of treatment taken at private hospitals/clinics, the charges of tests and other medical tests should be restricted to the Govt. rates for the reimbursement.

During test check of records in the O/o Municipal Corporation Shimla, it was noticed that the MChad paid an amount of Rs. 36,853/- for in-admissible medicines/excess payment on account of medical expenses as per **Annexure E**. This was in contravention to the Medical rules and resulted into a loss of Govt. revenue to that extent.

Comment [AH28]: Annexure not signed by the party.

The cases taken are illustrative only not exhaustive, similar other cases if any, may also be reviewed and compliance shown to audit.

In reply to audit memo No-06 dated 07-02-2020, while confirming the facts and figures, it was stated by the MC that recovery would be made from the salary of concerned officials and compliance would be shown to audit.

Needful may be done as per intimation to audit.

Para:23 Defective implementation of database of property tax.

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

On the basis of analysis of property tax data of the MC Shimla, the following observations were made: .

1. According to Municipal Corporation Shimla (Property Taxation) Bye-laws, 2013, Rateable area was calculated as 90% of property area multiplied by relevant factors (90% of area *f1*f2*f3*f4*f5). Further as per municipal Corporation Shimla (property Taxation) Bye-laws, 2014 and Municipal corporation Shimla (property Taxation) Bye-laws, 2015, Rateable area should be taken as the property area multiplied by relevant factors (Area of property *f1*f2*f3*f4*f5). During analysis of data, in 1,85,280 of cases from 2014-15 till now, Rateable area was being calculated as 90% of area multiplied by relevant factors as against 100% of

rateable area. Therefore , there was a lack of implementation/mapping of business rules which had resulted in a loss of revenue amounting Rs. 9,25,95,179/-.

3. 2. In 8861 cases, it was observed during analysis that the tax percentage which should be applied as per business rules was different from the percentage rate applied in the system. For example in some cases, where tax percentage was mentioned as 3&6 and area was >100, there tax percentage should be applied as 6, but actual percentage was less than 6. Further in 2049 cases, the rateable area was observed to be calculated in excess of what it should have been resulting in over charging of property tax from customers.
4. It was also observed in 9 cases that customer property name, customer name, customer address was null or 0 or 00 but for such cases property area and property tax had been calculated (property tax paid for these by consumers=Rs 7828) whereas there are 684 cases where the property area and property tax was also null.5. There were 777 cases, where it was observed that the property details were available but the property area had been mentioned as 0 , therefore no property tax had been calculated for such properties.
6. It was further observed that there were 7725 cases where both contact details i.e. mobile number and email were null, whereas in 28,436 cases, either of them was Null)
7. Moreover, there were 3 cases where previous arrear and interest were not added to current property tax, while generating the billresulting into loss of revenue to that extant.
8. There were 3041 cases, where Amount paid was0,Payment mode was “cash”, payment status was “accepted”, payment date '00-00-0000'.
9. There were 142 rows, where amount payment mode was Cheque and amount was paid but the cheque number had been mentioned as 0..
10. There were 1292 rows where STATUS was showed as ‘Received’ but the TRN Message like % failure %, %Decline% or %fail%’ were shown. Due to which, it was not possible to predict whether the complete bank transaction had occurred or not.
11. There were 19,607 rows, where online payment/ transaction STATUS is shown as ‘Pending’ from 31/05/2015 to 15/03/2019-

12. There are 1126 cases in [mcs_cust_bill] table where the customer bill status had been mentioned as 'cancelled', whereas in another table [mcs_bill_receipt], the same bill status had been mentioned as 'Received', which shows the existence of non-concurrence in the database..

13. There were 56,459 cases where amount due date had been mentioned as '01-01-1900' , due to which it was difficult to ascertain whether the amount had been paid before or after the due date. Moreover there were 12,979 cases, where customer arrear to and customer arrear from dates were mentioned as '01=01=1900' and arrear was non-Zero due to which, it was difficult to ascertain whether the penalties applied were correct or not (which is at the rate of one percent per month for every calendar or part thereof).

14. In 204 cases, payment of Rs 12,70.914/- was made through cash or cheque but the receipt number was mentioned as 0. In reply to audit memo no. 09 dated 10.02.2020 while confirming facts and figures, it was stated by the MC that:

- The cases mentioned in point no.1 rateable area had been calculated as per Property Taxation Bye Laws -2015 and there was no lack of implementation.
- There was no loss of revenue amounting to Rs.9,25,95,179/-, cases mentioned in point no.2 had no any relevance and could be clarified from the Property Tax assessment Form-E.
- In the cases mentioned in point no.3, there was no any complaint observed regarding excess calculation of rateable value and it could also be confirmed from Form-E (Self assessment) filled by the owner.
- The cases mentioned in point no. 4,5 and 6 were the cases of double entries. The entries remained in the system would be deleted after consulting the Directorate of Information and Technology Department.
- For Case mentioned in point no.7, arrear amount had wrongly been added while generating bill and the actual bill had been deposited by the concerned department.
- The cases mentioned in point no.9 &10 were software technical faults and had been discussed with DIT and the DIT have solved the above issues in the current financial year.
- The cases mentioned in point no. 12 &13 as observed during Property Tax Data Analysis was to be shared with DIT and after seeking necessary clarifications, compliance would be shown to the audit.

No reply was given in reference to point no. 14. The reply is not tenable because no proper record was made available by MC to audit about the implementation of Property Tax Byelaws-2015 and clarification about the objections raised by audit.

Para:24 Non preparation of annual accounts

As per the section 252 and 253 of HP Municipal Act 1994, accounts of the income and 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 end 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, forward to the Director an account in the prescribed form in this behalf and shall furnish such detail and vouchers relating to the same as the Director may furnish from time to time.

During test check of records of Municipal Corporation Shimla, it was noticed that the annual accounts were not prepared for the period 2015-16 to 2018-19, whereas these accounts were required to be prepared and approved by the elected house of the municipality. This is in contravention to the provisions of the Act *ibid*. This point had also been raised by the audit party as para no. 20 in Audit and Inspection Note for the year 2016-17, but MC did not take any step for compliance and irregularity persists till date.

In reply of memo no. 07 dated 07-02-2020 while confirming facts and figures, it was stated by the MC that the annual accounts/Balance sheet for the year 2016-17, 2017-18 & 2018-19 was under finalization. It was further stated that the balance sheets were not prepared due to vacant post of Accountant and Chief Accountant and lack of proper knowledge of Double Entry system/Accrual based Accounting system.

Needful may be done now under intimation to audit.

Para:25 Non maintenance of fixed asset register of buildings/roads

Rule 16.2 of HPFR Vol-I provides that a constitutional work of which the estimated cost is to exceed Rs. 10,000/- should not be entrusted outside firms or contractors for

execution by the department without previously consulting the Finance Department. Also, as per the instructions issued by the Himachal Pradesh Govt., assets register (Road and buildings register) containing full description of the assets/works should be maintained by every drawing and disbursing officer. Further, The final bill of the contractor should be passed for any new construction/assets creation till the entry is properly made in the relevant register and verified by the head of the executing department.

During test check of record maintained in the Municipal Corporation Shimla for the period 2018-19, it was noticed that fixed register of roads, buildings and other relevant registers (R&B and Estate branch) were not being updated from the period 2016-17 to 2018-19.

It was further noticed that assets register for the assets created during years 2016-17 to 2018-19 was not maintained in the absence of which verification of the assets created during 2016-17 to 2018-19 could not be ascertained during audit.

In reply to memo no. 20 dated 17-02-2020 ,while confirming the facts and figures as correct, it was stated by the MC that the relevant fixed assets register of roads and buildings would be completed/updated after completing all the codal formalities and the same would be shown to the audit.

Needful may be done now under intimation to audit.

Para:26 Non - conducting of physical verification of store and stock

Rule 15.17 of Himachal Pradesh Financial Rules-1971 (Vol-I) stipulates that the physical verification of all the stores is required to be made at least once in every year by the officers/officials other than the custodian of store. The work of the physical verification should be entrusted to Govt. servant who is independent as the executive officer incharge of store. A certificate of verification of stores with its result is also required to be recorded on the list of inventory or account by whom such verification is carried out.

During scrutiny of records of the O/o Municipal Council Shimla it was noticed that physical verification of store and stock of the office, electrical stock register, sanitation stock register, laboratory stock etc. had not been conducted for the last eight years i.e. 2011-12 to 2018-19. This point had also been raised by the audit party as para no. 27 in Audit and Inspection Note for the year 2011-12, but MC did not take any step for compliance and irregularity

persists till date. In the absence of the requisite physical verification of stores and non preparation of inventory of stores, the very purpose of conducting of annual physical verification with regard to assess the shortages/damages as well as unserviceable stores was defeated.

In reply of memo no. 19 dated 17-02-2020 while confirming facts and figures, it was stated by the MC that committee had been constituted for physical verification of stores and stock of the office, electrical stock register, sanitation registers etc and, after verification, compliance would be shown to the audit.

Needful may be done now under intimation to audit.

Para:27 Miscellaneous irregularities/Non maintenance of records

As per H.P. Govt. Municipal Account Code 1975, all the records should be maintained by the office necessarily. During scrutiny of records of MC Shimla for the period 2018-19, it was noticed that

(A) the following records were not maintained by the office:

1. Agreement Register
2. Site order book
3. General cash book.

In view of the non-maintenance of these records as provided in 'National Municipal Account Code' and H.P. Govt. Municipal Account Code 1975, records could not be verified in audit and chances of misappropriation of govt. funds could not be ruled out.

(B) Apart from above, the following irregularities were also found:-

1. No mandatory prescribed return (monthly/quarterly) submitted at Directorate which results into non monitoring of the same.
2. Non conducting of Physical inspection of deposit works
3. Non reconciliation of balances of cash book and pass book on monthly bases.

In reply to audit memo no. 23 dated 18-02-2020 while confirming facts and figures, it was stated by the MC that all the relevant records would be maintained as prescribed under HP Municipal Account Code and as per National Municipal Account Code and the same would be shown at the time of next audit.

Needful may be done now under intimation to audit.

Para-28: Overpayment of pay and allowance of Rs. 25,674/- to Sh. Joginder Singh Chauhan, Addl. Commissioner (legal)

Comment [Sr.AO29]: The para has been added as per verbal instruction of worthy DAG.

In compliance to the complaint case received by Headquarter office pertaining to Sh. Joginder Singh Chauhan, Addl. Commissioner (Legal) of MC Shimla, audit test checked the matter. It was noticed that Shri Joginder Singh Chauhan, Manager (legal), Agro Industrial Packaging India Limited was deployed as Law officer in pay scale of Rs. 10025- 15100 on the secondment basis in the MC Shimla vide letter no. AIPIL/5-59/89-1553 dated 23-08-2005. Further, the Govt. of Himachal Pradesh Department of Urban Development vide notification no. UD-A(3)-16/2004 dated 13th January, 2006 notified terms and conditions for permanent absorption of Shri Joginder Singh Chauhan, Manager (Legal), Agro Industrial Packaging India Limited as Law officer in pay scale of Rs. 10025- 15100 in the MC Shimla in the public interest and the same was notified by the Commissioner Municipal Corporation, Shimla vide order no. MCS/FA/4598/Mukhya/05-191 dated 13-01-2006.

Scrutiny of service book of the officer further revealed that he had been sanctioned higher pay scale of Rs. 12000-15500 w.e.f. 01-12-2005 under ACP Scheme vide order no. AIPIL/5-59/89-2648 dated 27-12-2005 instead of pay scale of Rs. 12000-15100 which is the next higher pay scale after the pay scale of Rs. 10025- 15100 on which the officer was deployed. This resulted in grant of higher grade pay of Rs. 7600/- instead of Rs. 7400/- in the revision of pay scale w.e.f. 01-01-2006. Thus, excess amount of Rs. 25,674/- (**Annexure-F**) was paid to the officer upto 08/2013. Since 08/2013 onwards, after completion of five year as Law Officer, the post of had been re-designated as Joint Commissioner (Legal) in grade pay of Rs.8400/- as per the condition provided in section 46 of HP Municipal Corporation Act,1994. However, similar issue had been pointed out by the HP State Audit Department during 2014-15, but neither re-fixation of the pay of the officer nor recovery of the amount as pointed out by the HP SAD was made by MC.

In this context Audit Memo no. 33 dated 13.08.2020 was issued to the MC via e-mail, but no reply regarding the memo was furnished by the MC.

Needful may be done under intimation to audit.

Part-III

Review of old objections.

The year wise position of old paras after review from the year 1982-83 to 2017-18 was as under:

Period	Para No.	Subject	Remarks
1982-83	15	Shortage of store stock articles Rs 1.13 lakh.	Compliance awaited. Para stands.

Comment [AH30]: Para nos. 27/2011-12, 9/2013-14, 7/2014-15, 10/2015-16, 20/2016-17 and 4, 26, 27, 28, 29, 30, 36/2017-18 have been updated in current IR, hence proposed to be deleted from here.

	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(ii) i)	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	Compliance awaited. Para stands.

		crore. Regularization of daily wage workers.	
	14	Irregular expenditure Rs 27.57 lakh	Compliance awaited. Para stands.
	18(i) i)	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 hospitality charges Rs 11.10 lakh.	Compliance awaited Hence 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 HPSFC from cart road (lift to kanlog).	Compliance awaited. Para stands.

	17(i) i)	Non obtaining of permission for conversion of forest land for non forestry purpose.	Compliance awaited. Para stands.
	17(i) ii)	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(i) i)	Cost of batteries of mobile phones Rs 1080/-.	Compliance awaited. Para stands.
	31(i) ii)	Unauthorised payment of mobile phone bills Rs 26,197/-.	Compliance awaited. Para stands.
2004-05 to 2005- 06	3	Leasing out of Ashiana and Goofa 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.	Compliance 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.
2008-09	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 EIUS/ 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.

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.
5	Irregular expenditure under EIUS Rs 23.53 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 Boileuganj Shimla.	Compliance awaited. Para stands.
10	Unfruitful expenditure on the C/o Modern Abattoir at BoileuganjRs 53.19 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	Compliance awaited. Para stands.

		the bank Rs 66675/-.	
	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.
	29	Infructuous expenditure Rs 0.72 lakh.	Compliance awaited. Para stands.
2010-11	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 1.45 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 &	Compliance awaited. Para stands.

		gratuity fund contribution of Rs 283.82 lakh for the year 2009-10 and 2010-11.	
	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	Non-recovery of rent from M/s Shimla Poly Clinic & Tara Hospital Rs 47.20 lakh.	Compliance awaited. Para stands.

3	Short realization of penalties amounting to Rs 3.48 lakhs.	Compliance awaited. Para stands.
4	Non-recovery of fine on account of polythene/carry bags Rs 1.03 lakh.	Compliance awaited. Para stands.
5	Infructuous expenditure on abandoned works Rs 15.20 crore.	Compliance awaited. Para stands.
6	Blockade of fund due to non start of works Rs 675.54 lakh.	Compliance awaited. Para stands.
7	Blockade of funds Rs 115.78 lakh and unfruitful expenditure of Rs 238.40 lakh.	Compliance awaited. Para stands.
8	Blockade of funds Rs 80.80 lakh due to non start of work.	Compliance awaited. Para stands.
11	Overpayment of pay and allowances due to wrong fixation of pay Rs 0.54 lakh.	Compliance awaited. Para stands.
12	Less deduction of standard license fee Rs. 1.40 lakh.	Compliance awaited. Para stands.
13	Wasteful expenditure on construction of car parking Rs. 25.60 lakh.	Compliance awaited. Para stands.
15	Blockade of funds due to excess purchase of material Rs 10.72 lakh.	Compliance awaited. Para stands.
16	Non disposal of unserviceable articles Rs 10.33 lakh.	Compliance awaited. Para stands.

	17	Excess expenditure in respect of Petrol charges on attached vehicles Rs 12.88 lakh.	Compliance awaited. Para stands.
	18	Wasteful expenditure amounting to Rs 3.59 lakh.	Compliance awaited. Para stands.
	21	Injudicious payment made to the SEHB Society Shimla Rs 33.21 lakh.	Compliance awaited. Para stands.
	25	Non utilization of funds under SISRY for Rs 1.04 lakh.	Compliance awaited. Para stands.
	26	Non revision of slaughter house fee.	Compliance awaited. Para stands.
	27	Non conducting of Physical verification of store.	Latest position has been incorporated in current Audit and Inspection Note in para no. 26. Hence para is deleted from here.
2012-13	1	Wasteful expenditure on the construction of houses for stray dogs Rs 63.99 lakh.	Compliance awaited. Para stands.

	4(i)	Wasteful expenditure Rs 13.08 lakh	Compliance awaited. Para stands
	4(ii)	Loss of interest Rs 145.27 lakh	Compliance awaited. Para stands
	5	Unfruitful expenditure on the construction of Ashiana-II Rs 408.55 lakh	Compliance awaited. Para stands.
	6	Non-execution of MPLAD works Rs 74.10 lakh.	Compliance awaited. Para stands.
	7	Non-recovery of Advances Rs 34.75 lakh.	Compliance awaited. Para stands.
	8	Outstanding recovery of parking fee for extended period from contractors Rs 3.19 lakh plus taxes.	Compliance awaited. Para stands.
	9	Loss of revenue due to non-tendering of parking Rs 80,000/-.	Compliance awaited. Para stands.
	15	Outstanding liability on account of payment to SEHB Society Rs 197.82 lakh.	Compliance awaited. Para stands.
	16	Loss due to short receipt of water from IPH Department Rs. 4.82 lakh.	Compliance awaited. Para stands.
	19	Awaited Utilization Certificates Rs 62.30 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
	5	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.	Latest position has been incorporated in current Audit and Inspection Note in para no. 14. Hence para is deleted from here.
	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 JnNRUM for Rehabilitation of water supply distribution and Rejuvenation of Sewerage network in Shimla.	Compliance awaited. Para stands.
4	(i) Failure of MC Shimla to start sanitary landfill site project resulted into declaring it as non-starter project by GOI and lapse of GIA amounting to Rs. 840.50 lakh.	Compliance awaited. Para stands.
	(ii) Non-refund of ACA amounting to Ra. 210.13 lakh released against this project to GOI.	Compliance awaited. Para stands.
	(iii) Unfruitful 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.67.37lakh and loss of revenue Rs.26.25lakh due to non-putting in operatPional.	Compliance awaited. Para stands.
7	Non-recovery of installation/ renewable fee of mobile towers Rs 11.10 lakh	Latest position has been incorporated in current Audit and Inspection Note in para no. 11. Hence para is deleted from here.
11	Reimbursement of inadmissible medical claims	Compliance awaited. Para stands.

		Rs. 0.03 lakh	
2015-16	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.
	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 Rs19.42 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.
	10	Outstanding recovery of installation/renewable fee of mobile towers Rs.18.84 lakh.	Latest position has been incorporated in current Audit and Inspection Note in para no. 11. 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 th Finance Commission Rs.258.46 lakh.	Compliance awaited. Para stands.
	19	Irregular reimbursement of medical claims Rs.1.19 lakh.	Compliance awaited. Para stands.
	TA N-I	Non-preparation of Monthly Abstracts of Log Books and not authentication of mileage covered by the vehicle.	Compliance awaited. Para stands.
	TA N-II	Non-maintenance of important statistics	Compliance awaited. Para stands.
2016-17	1	Non-rehabilitation of water supply distribution system for Shimla city under (JNNURM) resulted in lapse of GoI grant (Rs.43.40 crore)	Compliance awaited. Para stands.

		and idle parking of funds (Rs.25.34 crore)	
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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)	Compliance awaited. Para stands.
3	Lapse of GoI grant sanctioned for housing scheme for urban poor (Rs.5.30 crore), idle parking of fund (Rs.2.75 crore) and irregular diversion of GoI funds (Rs.1.15 crore).	Compliance awaited. Para stands.
4	Unfruitful expenditure on incomplete Vending Zone Complex (Rs.181.75 lakhs) and lapse of GoI Grant (Rs.125.00 lakh)	Compliance awaited. Para stands.
5	Unfruitful expenditure on incomplete Housing complex at Krishna Nagar slum area under RAY (Rs.4.93 crore) and likely lapse of remaining GoI grant due to non-completion of houses during Mission period 2013-17 (Rs. 23.50 crore)	Compliance awaited. Para stands.
6	Non providing permanent solution to sinking of Ridge resulted in infructuous expenditure on temporary restoration – Rs.6.66 lakhs	Compliance awaited. Para stands.
7	Unfruitful Non-completion of expenditure on 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)	Compliance awaited. Para stands.
9	Non condemnation of vehicle worth Rs 29.12 lakh	Compliance awaited. Para stands.
10	Non disposal of unserviceable dumpers/dumpers	Compliance awaited. Para stands.

		containers worth Rs.7.29 lakhs	
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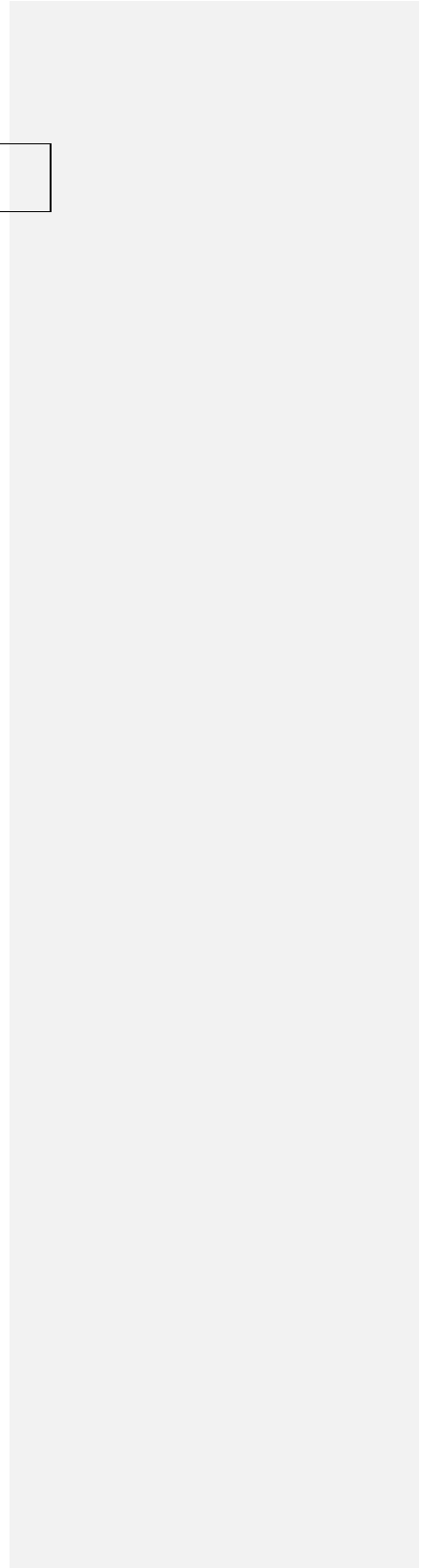
11	Lack of responsiveness of the department to Audit	Compliance awaited. Para stands.
12	Irregularities in the maintenance of cash book Non-verification of cash balance in the Cash Book (ii)Non-totalling of the cash book (iii)Non-recording of particulars of receipt in Cash Book (iv)Cutting and use of fluid in cash book (v)Other irregularities	Compliance awaited. Para stands.
13	Outstanding recovery of different taxes Rs.735.79 lakh	Compliance awaited. Para stands.
15	Non collection of property tax of Rs.209.59 lakh from M/s CK Infrastructure Ltd, ISBT Tutikandi, Shimla.	Compliance awaited. Para stands.
18	Irregular reimbursement of medical claims Rs:- 0.57Lakh	Compliance awaited. Para stands.
19	Non-preparation of Annual Action Plan & Development Plan and Non-preparation of Annual Administrative Report	Compliance awaited. Para stands.
20	Non preparation of annual accounts for the period 2015-16 and 2016-17	Latest position has been incorporated in current Audit and Inspection Note in para no. 24. Hence para is deleted from here.

	21	Non recording of entries in the service books.	Compliance awaited. Para stands.
	22	Non preparations of Monthly Abstracts of Log Books.	Compliance awaited. Para stands.
2017-18	1	Non recovery of concession fee and damage charges in respect of Car Parking Complex at Lift, Shimla Rs.190.11 lakh (Concession fee Rs. 130.41 lakh and damage charges Rs. 59.70 lakh)	Compliance awaited. Para stands.

2	ty of concession fee and damage charges in respect of Car Parking Complex at Sanjauli Rs.35.20 lakh (Concession fee Rs. 29.15 lakh and damage charges Rs. 6.05 lakh)	Compliance awaited. Para stands.
3	on adhering of good principles of procurement while awarding the work of e-governance to DoIT and making advance payment of Rs. 25.71 lakh	Compliance awaited. Para stands.
4	Non adjustment of advances: Rs. 35.79 crore	Latest position has been incorporated in current Audit and Inspection Note in para no. 4. Hence para is deleted from here.
5	ure on repair and and maintenance of vehicles Rs. 6 lakh	Compliance awaited. Para stands.
6	Lack of responsiveness of the department to Audit.	Compliance awaited. Para stands.
7	e expenditure toward salary of employees under Basic Service to the Urban Poor (BSUP) Mission Rs. 6.30 lakh	Compliance awaited. Para stands.
8	work to single contractor without obtaining sanction from the Govt. and amount paid over and above from the tender amount Rs. 0.99 lakh	Compliance awaited. Para stands.
9	Blocking of funds under ICLEI-SA Rs. 12.40 lakh and inadmissible expenditure of funds Rs. 1.25 lakh	Compliance awaited. Para stands.
10	ssible expenditure of funds under IEC component	Compliance awaited. Para stands.

Comment [Sr.AO-II31]: Last year same para amounting to Rs215.75 has already been forwarded to ARC as PDP.Hence updated position is proposed to be transferred to ARC section.

		SBM Rs. 1.00 lakh	
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11	lization of funds received under Pradhan Mantri Avas Yojana (PMAY) Rs. 29.87 lakh.	Compliance awaited. Para stands.
12	Non reconciliation of figures of bank pass book and cash book resulted in difference of Rs. 2.82 lakh	Compliance awaited. Para stands.
13	Irregular maintenance of two cash books under head-beautification account	Compliance awaited. Para stands.
14	missible expenditure under NULM Rs. 0.84 lakh	Compliance awaited. Para stands.
15	Non obtaining the bills from contractors on account of goods purchased from open market Rs. 14.24 lakh	Compliance awaited. Para stands.
16	Non-adhering the provisions of HP VAT, Act and non deduction of Work Contract Tax (WCT) from the bills of works contractor Rs. 3.92 lakh	Compliance awaited. Para stands.
17	Non preparation of Annual Action Plan, Development Plan, Annual Administrative Report, Annual Account/Balance Sheet for the year 2017-18	Compliance awaited. Para stands.
18	Non -obtaining of utilization certificate from Technical Support Group Rs. 0.65 lakh	Compliance awaited. Para stands.
19	ence of cash book under IHHL component of SBM	Compliance awaited. Para stands.
20	No Non-maintenance/completion of cash book pertaining to MC funds	Compliance awaited. Para stands.
21	Non execution / renewal of lease of stalls/shops, loss of revenue to MC	Compliance awaited. Para stands.

22	of condemned vehicles and irregular expenditure on vehicles declared condemned by condemnation board Rs. 0.45 lakh	Compliance awaited. Para stands.
23	Non condemnation/disposal of vehicle	Compliance awaited. Para stands.
24	Non preparation of Monthly Abstracts of Log Books.	Compliance awaited. Para stands.
25	(a) Loss of revenue due to non verification of Form-E (Self Assessment submitted by the owner or occupier of a unit of land and building) Non maintenance of categorized data of household/commercial establishment	Compliance awaited. Para stands.
26	of show tax from the owner of cinema hall resulted into loss of revenue amounting to Rs. 11.94 lakh (including interest)	This para has been updated as Para 14 of the current IR. Hence, para is deleted from here.
27	Outstanding recovery of shop rent Rs 411.78 lakh.	Latest position has been incorporated in current Audit and Inspection Note in para no. 06. Hence para is deleted from here.

28	Recovery of lease money amounting to Rs 7.67 lakh.	Latest position has been incorporated in current Audit and Inspection Note in para no. 18. Hence para is deleted from here.
29	Outstanding recovery of tehbazari Rs. 0.40 Lakh.	Latest position has been incorporated in current Audit and Inspection Note in para no. 21. Hence para is deleted from here.
30	Recovery of renewal fee from Mobile Towers companies Rs. 12.76 Lakh	Latest position has been incorporated in current Audit and Inspection Note in para no. 11. Hence para is deleted from here.
31	Non-production of records.	Compliance awaited, hence para stands.
32	Irregular reimbursement of medical claims Rs. 0.13 Lakh	Compliance awaited, hence para stands.
33	Inadmissible claim of medicines Rs. 0.04 Lakh.	Compliance awaited, hence para stands.
34	Non verification of service books and non production of service books	Compliance awaited, hence para stands.
35	Non-disposable of unserviceable articles	Compliance awaited, hence para stands.
36	Non-conducting of physical verification of stores	This para has been updated as para 26 of current IR, hence para is deleted from here .

Part-IV Best practices

No best practices were observed at the instance of audit.

Part-V Acknowledgement

The O/o MC Shimla extended all possible co-operation and the records called for audit were produced. The environment of audit was very cordial and professional on the either sides. At the time of audit, the following officials are holding leadership positions in the office of MC Shimla;

- (a) Sh. Pankaj Raj , Commissioner
- (b) Sh. Ajit Bhardwaj, Joint Commissioner
- (c) Sh. Amar Dutt, Accounts Officer.

Seen, discussed and facts verified.

Sd/-

**O/o The Commissioner,
Municipal Corporation,
Shimla, H.P.**

Sd/-

**Sr. Audit Officer
Camp at Shimla**