

कार्यालय प्रधान महालेखाकार लेखापरीक्षा हिमाचल प्रदेश, शिमला -3

कार्यांक: सोशल सेंक्टर II / ले090नि0डि0 2015-16/21-25 दिनांक 25/4/2016

सेवा में,

आयुक्त
नगर निगम, शिमला
जिला शिमला, हि0प्र0

शिमला नि05/21

विषय :- लेखापरीक्षा एवं निरीक्षण टिप्पणी ।

महोदय,

मे आपके कार्यालय के लेखाओं से सम्बन्धित 2014 से 2015 तक की लेखापरीक्षा एवं निरीक्षण टिप्पणी इस पत्र के साथ संलग्न कर रहा हूँ। इस लेखापरीक्षा एवं निरीक्षण टिप्पणी की प्रत्येक मद के सम्बन्धित उतर लिखकर अपने विभागाध्यक्ष के माध्यम से प्राप्त के एक मस के भीत इस कार्यालय को भेजने की व्यवस्था करें।

इस लेखापरीक्षा एवं निरीक्षण टिप्पणी का पैरा सं0 12(क)13,15 को वार्षिक प्रशासनिक प्रतिवेदन (ATR) में सम्मिलित करने का निर्णय लिया गया है। अतः इसका उतर पूर्ण टिप्पणी के उतर से पहले शीकतिशरीर अपने विभागाध्यक्ष की टिप्पणियों सहित सीधे तौर से इस कार्यालय को भिजवाने की व्यवस्था करें। ऐसा न करने पर यह समझा जाएगा कि विभाग को इस विषय में कुछ नहीं कहना है तथा पर जो रिपोर्ट में शामिल करने हेतु आगामी कार्यवाही की जाएगी।

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

संलग्न: उपरोक्त

भवदीय,

वरिष्ठ लेखापरीक्षा अधिकारी

सि० प्र०

(सोशल सेंक्टर - II)

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

1. प्रधान सचिव, शहरी विकास विभाग, शिमला-2
2. निदेशक शहरी विकास विभाग, शिमला-2
3. निदेशक, स्थानीय लेखापरीक्षा विभाग, शिमला-9
4. सहायक ATR को पैरा सं0 12(क)13,15 को ए0डि0आइ0आर0 में सम्मिलित करने हेतु प्रेषित है।

वरिष्ठ लेखापरीक्षा अधिकारी

(सोशल सेंक्टर - II)

*Audit and Inspection Note on the accounts of the Office of Commissioner,
Municipal Corporation, Shinda for the period 2014-15*

PART-I(A):INTRODUCTORY

(i) Party Composition and Period of Audit

Audit and Inspection on the accounts of the office of Commissioner, Municipal Corporation, Shinda for the financial year 2014-15 was conducted by an audit party comprising of Smt. Poonam Thakur, Senior Audit Officer, Shri Ram Doss Bhawani, Audit Officer, Shri Suresh Thakur, Supervisor and Shri Ramesh Rukta Sr. Auditor w.e.f. 04.03.16 to 31.03.16 and Shri Bhupender Pal Sharma, Supervisor w.e.f. 04.03.2016 to 28.03.2016 Shri Ishwar Dutt Sharma, Sr. Auditor w.e.f. 17.03.16 to 31.03.2016.

(ii) Officers' in charge

The charge of the office during the period covered under audit was held by the following:-

Sr. No.	Name	Designation	Period
1.	Sh. Amarjeet Singh, HAS	Commissioner	01.04.2014 to 03.11.2014
2.	Sh. Pankaj Rai, HAS	Commissioner	03.11.2014 to till date

(iii) Expenditure

The detail of expenditure incurred by the office during the last three years ending March, 2015 is tabulated below:

Year	Budget Allocation		Establishment Expenditure	Non Establishment Expenditure	Total Expenditure
	Receipt	Expenditure			
2012-13	11083.16 (Estimated)	25007.59 (Estimated)	3748.42	3385.84	7134.26
2013-14	18477.58 (Estimated)	21631.77 (Estimated)	3831.33	3850.90	7682.23
2014-15	21651.75 (Estimated)	15664.86 (Estimated)	4362.82	3241.29	7604.11

Note: Expenditure figures for the years 2012-13

(iv) Main Activities

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

(v) Sources of Funds

Sr. No.	Source	Amount (Rs. in Lakh)	Remarks
(i)	State Funds	2328.66	Grants received from State Govt. under State Finance Commission, Sewerage Scheme, maintenance of ULB roads, MPLADs/MLALAD funds and other schemes.
(ii)	Central Funds, JNNURM funds	910.68	Funds received under 13 th Finance Commission, Slaughter construction Project & SJSRY Scheme, Funds received under JNNURM Projects RAY, SWM, Beautification, PTU, Sainitary landfill sites etc.
(iii)	Funds under European Union	127.25	Funds received under Zero Waste Project funded by EU through MUAN and Project funded by European Union for strengthening and Empowering ULBs in Delivery of Decentralized Sanitation Services.
(iv)	Own Receipts	3498.71	Income from Property Tax, Rent, fees, User Charges and other receipts.
(v)	Other Receipts	174.58	Miscellaneous Income and interest.
	Total	7039.88	

Note: Expenditure figures for the year 2014-15

(vi) Detail of the bank Accounts

Sr. No.	Name of the Bank Accounts	Account No.	Officer authorised to operate	Total balance as on 31 st March, 2014	Nature of Account (Current/Saving)	Purpose
Detail attached						

The results of the current audit and inspection are incorporated in the succeeding paragraphs:-

PART-1(B):Review of Old Objections

The year wise position of old paras after review from the year 1982-83 to 2013-14 was as under:

Period	Para No.	Subject	Remarks
1982-83 to 1986-87	15	Shortage of store stock articles Rs 1.13 lakh.	Compliance awaited. Para stands.
	17	Unauthorised 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/-. Non payment 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 advance Rs 0.53 lakh.	Sincere efforts may be made to recover the

(W)

			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.
	4	Suspected/ non adjustment of LTC advance amounting to Rs 67149/- (balance amount recovery Rs 65,849/-)	Compliance awaited. Para stands.
	32(a)	Excess expenditure Rs 0.61 lakh for purchase of three light vehicles.	Compliance awaited. Para stands.
	32(b)	Accident of vehicles No. 1363 loss to Corporation Rs 2.49 lakh.	Compliance awaited. Para stands.
	41	Loss of revenue due to non reconciliation of cost of timber Rs 0.95 lakh.	Final compliance is still awaited. Para stands.
	44	Loss of revenue due to short receipt of timber Rs 36088/-.	Compliance awaited. Para stands.
1997-98 to 2000-01	2(i) to (iii)	Irregular award of work. Undue aid to contractor Rs 9.12 lakh. Non levy of compensation Rs 7.47 lakh and payment without approval Rs 30.39 lakh.	Compliance awaited. Para stands.

	23	Improvement of path from Baba Balak Nath to Jakhu Temple Rs 2.90 lakh.	Compliance awaited. Para stands.
2001-02	6	Irregular and unjustified expenditure Rs 4.33 crore. Regularization of daily wage workers.	Compliance awaited. Para stands.
	14	Irregular expenditure Rs 27.57 lakh	Compliance awaited. Para stands.
	18(ii)	Shortage of stores Rs 0.69 lakh.	Compliance awaited. Para stands.
	26	Irregular expenditure Rs 3.45 lakh.	Compliance awaited. Para stands.
2002-03	2	Unfruitful expenditure of Rs 66.35 lakh.	Compliance awaited. Para stands.
	6	Unfruitful expenditure of Rs 7.28 lakh. Blockade of Govt funds Rs 22.72 lakh (staff quarters at Krishna nagar.)	Compliance awaited. Para stands.
	8	Outstanding advance Rs 63.86 lakh. Non handing of charge.	Compliance awaited. Para stands.
	13	Irregular expenditure on hospitability charges Rs 11.10 lakh.	Compliance awaited. Para stands.
	14	Irregular purchase of pages and mobile phones Rs 4.99 lakh.	Compliance awaited. Para stands.
2003-04	17(i)	Shifting of sale depot of HPSFC from cart road (lift to kanlog).	Compliance awaited. Para stands.
	17(ii)	Non obtaining of permission for conversion of forest land for non forestry purpose.	Compliance awaited. Para stands.
	17(iii)	Non recovery of lease/ rent	Compliance awaited. Para

		lakh.	
	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 wara 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)	Loss of Rs 0.04 lakh due to suspected pilferage of diesel.	Compliance awaited. Para stands.
	16(a)	Non accountal of cement in Zonal JE stock registers amounting to Rs 2.28 lakh.	Compliance awaited. Para stands.
	16(b)	Non receipt of APRs Rs 1.45 crore.	Compliance awaited. Para stands.
	17	Excess expenditure on establishment Rs 2.34 crore.	Compliance awaited. Para stands.
23	Non production of records.	Compliance awaited. Para stands.	
2009-10	1	Non setting up of solid waste management plant Rs 1604 lakh.	Compliance awaited. Para stands.
	2	Non utilisation of funds Rs 1591.02 lakh under JNNURM for renewal and rejuvenation of WSS Shimla.	Compliance awaited. Para stands.
	3	Unused loan Rs 36.64 lakh.	Compliance awaited. Para stands.

		license fee from the MC employee Rs 1.35 lakh.	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 non ayment 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	Compliance awaited. Para stands.

	13.69 lakh.	
9(a)	Development funds Rs 6.45 crore kept in fixed deposit and remained unutilized.	Compliance awaited. Para stands.
9(b)	INNURM 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	Compliance awaited. Para stands.

		account of plying their personal vehicle within the sealed/ restricted area of the Shimla town.	
	26	Non deposit of penal interest amounting to Rs 0.48 lakh on account of late credit of pension & gratuity fund contribution of Rs 283.82 lakh for the year 2009-10 and 2010-11.	Compliance awaited. Para stands.
	27	Recovery of penal rent/ license fee from Sh. Subhash Chander 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	1	Non utilization of funds Rs 1233.11 lakh under JNNURM for the rejuvenation of sewerage network in missing lines and left out/ worn out sewerage in various zones of Shimla phase-I	Updated position has been incorporated in the current IR. Para No. 2 Hence, para is deleted from here.
	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.
	24	Awaited UCs worth Rs 2.24 crore.	Compliance verified. Para is settled.
	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.	Compliance awaited. Para stands.
2012-13	1	Wasteful expenditure on the construction of houses for stray dogs Rs 63.99 lakh.	Compliance awaited. Para stands.

2	Blockade of funds due to non implementation of E-Governance system Rs 238 lakh	Updated position has been incorporated in the current IR. Para no.1 Hence, para is deleted from here.
3	Blockade of Government funds due to non execution of the project Ashiana-I ` 265.34 lakh	Updated position has been incorporated in the current IR. Para no.3 Hence, para is deleted from here.
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.
10	Outstanding recovery of shop rent Rs 204.90 lakh.	Updated position has been incorporated in the current IR. Para No. 8 Hence, para is deleted.
11	Outstanding recovery of tehbazari Rs 2.48 lakh.	Updated position has been incorporated in the current IR. Para No. 9 Hence, para is deleted.
12	Outstanding recovery of general taxes of land and buildings Rs 6.42 lakh.	Updated position has been incorporated in the current IR. Para No. 13 Hence, para is deleted.
14	Non recovery of installation/renewable fee of mobile towers Rs 9,20,000/-.	Updated position has been incorporated in the current IR. Para No. 7 Hence, para

			is deleted.
	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.
	17	Outstanding liability of water charges to IPH Department Rs 135.41 lakh.	Updated position has been incorporated in the current IR. Para No. 6 Hence, para is deleted.
	18	Non adjustment of advances Rs 2145.11 lakh.	Updated position has been incorporated in the current IR. Para No. 14 Hence, para is deleted.
	19	Awaited Utilisation 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
	3	Non-utilization of funds amounting to Rs. 28.25 crore under JUNURM.	Updated position has been incorporated in the current IR. Para No. 2 Hence, para is deleted.
	4	Blocking of funds amounting Rs. 236.40 lakh due to non-start of Sanitary Landfill site Project and unfruitful expenditure amounting to Rs. 202.15 lakh.	Updated position has been incorporated in the current IR. Para No. 4 Hence, para is deleted.

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
8	Non recovery of installation/renewable fee of mobile towers Rs 12.07 lakh.	Updated position has been incorporated in the current IR. Para No. 7 Hence, para is deleted.
9	Non Outstanding recovery of Show Tax, Rs. 3.94 lakh.	Compliance awaited. Para stands
10.	Irregular payment of salary to the Municipal Corporation Employees amounting to Rs 2.26 lakh.	Compliance awaited. Para stands

Part-I(C): PERSISTENT IRREGULARITIES

--NIL--

Part-II: Current Audit Note

(A) : *Serious Irregularities*

Para 1- (i) Failure of MC Shimla to secure the sanctioned grant amounting to Rs 8.68 Crore due to non implementation of e-Governance Project under JNNURM.

(ii) Blocking of funds amounting to Rs. 244.55 lakh and wasteful expenditure on the preparation of DPR of the e-Governance project amounting to Rs 7.45 Lakh for want of implementation.

The Govt. of India has launched a National e-Governance plan under JNNURM which intends to institute and enable mechanism to improve the system of governance and to provide better services to the citizens by effective use of information and communication technologies. E-Governance in Municipalities is one of the mission mode project, which is expected to improve service delivery by local body to the citizens. The project aims at developing and implementing state level software solution with 22 modules en-compassing work being done by all departments of the Municipality. The main objective of implementing e-Governance in Municipal Commission Shimla is to improve efficiency, avoid delays and enhance accountability, transparency, objectivity and speed up the process of providing services and reducing the travel cost and time of public in availing the municipal services. With the implementation of e-Governance project, public can avail the on-line facilities of water connection, building approval, Birth & Death certificates, NOC and other different types of services and also know the status of applications, grievance lodged from the website of Municipal Corporation Shimla. For the implementation of the project, MC Shimla has appointed Consultant, M/S Feedback Venture Pvt. Ltd. Cyber City Gurgaon, Haryana and the DPR of the said project was got prepared (April 2011) at a cost of Rs 7.45 Lakh.

The Govt. of India has approved the DPR (February 2012) amounting to Rs 11.20 crore, which was to be shared between the GOI, State Govt. and MC Shimla in the ratio of 80:10:10 respectively. The whole amount was to be released in four equal installments as per conditions given below.

Fund installment	Percentage	Link to milestone	Eligibility for Release
First Installment	25%	Signing of MoA/Tripartite Agreement	Completion of DPR & Approval by Central Sanctioning & monitoring Committee (CSMC), Ministry of Urban Development
Second Installment	25%	Supply and installation of Hardware, Hosting of application	Certificate of receipt of supplies. Installation/ hosting with utilization certificate for 70% of fund released
Third Installment	25%	UAT and Project Go Live of all identified services and completion of capacity Building	Acceptance for go-live as per agreed acceptance criteria with Utilization certificate for 70% of fund released
Fourth Installment	25%	Project operational for 15 months from Go Live	Utilization certificate for 70% of fund released

Scrutiny of records revealed that an amount of Rs 224 lakh was released by the GOI and Rs. 28 lakh by the State Government during 2012-13 as first installment for the said project with the condition that the project will be completed in 12 months.

It has been further noticed that the MC Shimla has awarded the project for implementation of e-Governance in MC Shimla to M/S ABM Knowledge ware Ltd, ABM house, Plot NO. 268, linking road Bandra (West) Mumbai-400050, vide Letter dt. 29.03.14 for an amount of Rs 10.71 crore but no progress has been made till date (March 2016), except for submission of DPR. It has been also noticed that Ministry of Urban Development, GOI vide letter dt. 12.1.2015 intimated MC Shimla that JNNURM has come to end on 31st March 2014 and as

per directions of Ministry of Finance, all projects sanctioned before March 2012 have to be completed by respective State Government. from their own resources. The failure of MC Shimla to utilize the allotted funds in time and obtain rest of the sanctioned central/State grant amounting to Rs. 8.68 Crore (11.20 -2.52= 8.68) has resulted into non implementation of e-Governance project besides depriving citizens of MC area of facilities which were proposed to be provided under this project. Also, due to non obtaining of balance amount of grant from GOI an expenditure of Rs. 7.45 lakh incurred on preparation of DPR will be rendered infructuous.

It has been further noticed that Rs. 244.55 lakh (252 lakh -7.45 lakh) received from GOI are still lying unspent with the MC Shimla, which amounts to unnecessary blocking of Govt. funds.

While confirming the facts and figures in reply to audit memo No. 8 dated 16.03.2016, the Assistant Commissioner MC Shimla furnished a sequence of events which have taken place during the course of initialization of e-Governance project and stated that a meeting was held on 14.10.2015 under the Chairpersonship of Addl. Chief Secretary (UD) to the GoHP regarding the physical and financial status of project sanctioned under JNNURM and it was decided that committee of the officers of MC,IT department and representative of NIC and representative of ABM will decide the optimum utilization of the funds in the larger interest of public by prioritizing the modules which can be covered under the available funds and presently the e-Governance project is in the stage of signing of contract between MCS and M/s ABM Knowldedgeware Ltd., Mumbai.

The reply is not tenable as MC Shimla has only reproduced the sequence of events that have taken place during the process of initialization of e-governance project. No sincere efforts have been made by the MC Shimla for implementation of the project despite having sufficient time since the approval of the project i.e.w.e.f. February, 2012, knowing very well that the project was to be completed by March, 2013. As such lack of proper planning and efficient timely action on the part of MC Shimla has resulted into loss of Govt. grant amounting to Rs.8.68 crore besides depriving the public of the facilities intended to be provided with the implementation of the project. Apart from this, the expenditure of Rs.7.45 lakh incurred by the MC Shimla on the preparation of DPR covering 22 Modules has rendered infructuous. Also, due to non implementation of the project in time grant of Rs 2.44 crore released by the central and state Govt. remained unutilized thereby resulting into blocking of Govt. funds .

(18)

The matter may also be brought to the notice of Addl. Chief Secretary (UD) to the GoHP for comments.

Para 2- Idle retention of funds of Rs.44.99 crore received under JNNURM for Rehabilitation of water supply distribution and Rejuvenation of Sewerage network in Shimla.

The main thrust of the sub-mission on Urban Infrastructure and Governance will be on major infrastructure projects relating to water supply including sanitation, sewerage, solid waste management etc. under JNNURM. The project Rehabilitation of water supply distribution system for Shimla city was sanctioned under JNNURM Scheme on 20-02-2009 amounting to Rs. 7236.00 lakh with the provision of 80% Govt. of India share (Rs.5788.80lakh), 10% state share (Rs.723.60lakh) and 10% MC share (Rs.723.60lakh) MC Shimla had received first installment of Rs. 1591.92lakh (GoI share Rs.1447.20lakh and State share Rs.144.72lakh). Likewise other project Rejuvenation of Sewerage network in Shimla was sanctioned on 22-01-2010 for Rs.5474.00lakh with the provision of 70% GoI share (Rs.3880.00lakh), state share 20% (Rs.1046.60) and MC share 10% (Rs.547.40). MC had received first installment of Rs.1233.11lakh (GoI share Rs.970.00lakh and state share Rs.263.11lakh).

Scrutiny of record of MC, Shimla revealed that the State Government decided in March 2012 to take up these projects on Public Private Partnership mode as an integrated water supply and Sewerage project amounting to Rs.25000 lakh. Tenders floated thrice time were not finalized due to participation of single bidder on these occasions and the State Government decided in July 2013 to withdraw these projects and implement a new scheme on Engineering Procurement and Construction mode. Further, it was also noticed that the IPH deptt. prepared the revised DPRs for these projects amounting to Rs.139.93crore and Rs.170.35crore respectively and the same were sent to the MoEA, GoI for approval and funding from World Bank. Out of funds meant for Rehabilitation of water supply project MC had incurred an expenditure of Rs. 83.79 lakh on account of preparation of DPRs and other expenditure regarding calling of tenders and salary of consultant etc. At present MC has funds of Rs. 250344693/ out of which an amount of Rs.225800000/ was transferred to Director (UD), vide cheque no. 782271 dt. 18-03-2016 conveyed vide letter no. MCS/Comm/JnNURM/2016-474-78 dt. 18-03-2016 for further transmission to IPH Deptt who will execute the some components of DPR. and Rs. 1081465/ will also be paid to IPH deptt. on account of consultancy fee for preparation of revised DPR. Besides, at present MC has funds of Rs. 199590161/ under the project Rejuvenation of Sewerage Network out of which Rs. 194202957/ stands transferred to Solid Waste Management Project dated on 24-12-2015.

It is evident from the above position that these projects which were scheduled to be completed within three years from their approval are still to be taken up for execution. This is indicative of the fact that the MC has failed to

implement these projects during extended period upto 2016 though it was decided in the meeting of UD Minister on 10-05-2010 conveyed vide letter no. UD-C(9)1/2004-VI Dt. 11-06-2010 from Special Secretary, Govt. of HP that entire work will be executed by the MC, Shimla but after a lapse of more than five years the funds are being transferred to the IPH Deptt. to execute some components of the DPR whereas the projects are going to be closed. Thus, MC could not be able to conceive a proper plan to implement these projects and deprived the public of Shimla to provide urban basic services and infrastructure as envisaged in the JNNURM mission of the Govt. of India and funds of Rs. 449934854/- (Rs. 250344693+Rs. 199590161) received under these projects remained unutilized and resulted into idle retention of funds.

In reply to audit memo no. 21 dated 30-03-2016 while confirming the facts MC stated that these projects could not be executed due to changing instructions and orders of the Government time to time which were bound to be adhered being an ULB. The reply is not acceptable as MC had to assess its capability at the onset of taking up these projects which results into failure of the MC to utilize the accrued funds of Rs.449934854/- under JNNURM and intended objectives of infrastructure and basic services were also forfeited.

Para-3 (i) Failure of MC Shimla to implement Ashiana-1 project worth Rs. 999.07 lakh sanctioned by Government of India under JNNURM

(ii) Non-refund of unutilized amount of grant of Rs. 176.36 lakh with interest (Centre share) released against cancelled project to the Govt. of India.

The main function of corporation is urban planning including town planning, regulation of land use and construction of building, planning for economic and social development etc.

During the course of audit, it was noticed that a housing scheme for urban poor has been sanctioned by the Govt. of India under JNNURM in favour of the Municipal Corporation Shimla on 21.03.2007 amounting to Rs. 999.07 lakh for the construction of 252 dwelling units under BSUP Scheme. The cost of the project was to be shared between the centre and the state Govt. and the beneficiaries in the ratio of 80:10:10.

Firstly, the project was proposed to be constructed on forest land at Tutu. The funds amounting to Rs. 1.98 crore (176.36 lakh as centre share and 22.05 lakh as state share) were released to the HIMUDA (Nodal Agency) for the

execution of the project on 07.08.2007. But due to non – diversion of forest land at Tutu the site was abandoned. Therefore, another site was finalized at Dhingudhar in Sanjauli. The tender were called thrice, but cancelled due to cost escalation and excessive site development cost.

It has also been noticed that being a time bound project GOI was pressing hard for the implementation of the project and utilization of funds released. But no action plan has been finalized by MC Shimla till March 2015. Ministry of Housing and Urban Poverty Alleviation , GOI vide letter dated 24.12.2013 has intimated that extension for completion of project sanctioned under BSUP of INNURM up to 31 March 2012 have now been made till 31 March 2015 and the formal request for cancellation/de-sanctioned of the non – starter project as also projects sanctioned in anticipation of availability of Additional Central Assistance may be got approved by the CSMC/CSC at the earliest so that final projects which are in implementation stage along with number of Dwelling Units being constructed can be worked out to bring a clear picture of implementation of the scheme. In response to the Govt. of Himachal Pradesh letter dated 02.02.2015 regarding consideration of BSUP(Ashiana-I) under Rajiv Awas Yojna the GOI vide letter dated 20.03.2015 informed that no new projects are being considered under RAY and has asked the State Govt. to return ACA of Rs. 1.76 crore released against cancelled Ashiana-I Shimla (154th meeting) project with interest (Rs. 50.69 lakh) immediately. Scrutiny of record further revealed that action in this regard has not been taken by the MC Shimla till date(March 2016).

In reply to audit memo No: 19 dated 01.04.2016 while confirming the facts and figures the MC stated that in the meeting held on 14.10.2015 under the chairpersonship of Addl. Chief Secretary (UD) to the GoHP it was resolved that funds available under Ashiana-I amounting to Rs. 2.90 crore are not sufficient to execute the said project costing around Rs. 16.00 crore and therefore the same can be utilized for completion of Ashiana-II project, so that the facilities can be extended to urban poor at the earliest as the mandate of both the projects is same. The reply is not tenable as the Ashiana -I project has since been declared a non starter project by GOI and the State Govt. has been asked to return the ACA of Rs. 1.76 crore released against cancelled Ashiana-I Shimla (154th meeting) project with interest immediately. Above mentioned facts revealed that the MC Shimla has failed to implement/start the Ashiana-I project and utilize the funds received as 1st installment from Govt of India inspite of the fact that sufficient time was available with the MC Shimla including extension upto 31.03.2015. It is therefore evident that lack of proper planning on the part of MC Shimla has deprived the Urban poor

beneficiaries of availing the housing facilities envisaged under BSUP scheme of INNURM which has not been started as of date. The MC Shimla has also failed to return the funds received with interest for this project despite being asked for by Govt of India. The MC Shimla should either return the amount of 1.76 crore with prescribed interest or get the same revalidated for the Ashiana -II project from Government of India under intimation to audit.

Para4: (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.

(ii) Non-refund of ACA amounting to Ra. 210.13 lakh released against this project to GOI.

(iii) Unfruitful expenditure amounting to Rs. 191.40 lakh incurred on land acquisition for the project.

Project for development of Sanitary Landfill site for the Solid Waste Management Plant established at village Bhariyal, District- Shimla was approved By the MoUD, GOI, New Delhi on 20th March, 2012 for Rs. 1050.62 lakh with the implementation period of 12 months. The project of Landfill Site was of utmost importance for scientific management of inert matter generated from the Solid Waste Management Plant which will help in preservation of environment of fragile hilly eco-system. The Funds amounting to Rs. 210.13 lakh were released as first installment by the GOI for construction of Sanitary Landfill site at Bhariyal on 17.05.2012. The MC Shimla had also spent Rs. 191.40 lakh during March 2010 for land acquisition and forest clearance of the site over which the said project was proposed to be set up.

During scrutiny of records it was noticed that the sanitary landfill site project has not been started by the MC Shimla till date (March 2016) and has since been declared as non-starter project by the GOI despite persistent directions from GOI to complete the project within extended mission (INNURM) period i.e. March 2014, preferably before January, 2014.

Test check of records further revealed that Ministry of Urban Development (JNNURM-v) GOI vide office memorandum dated 16.3.2015 has circulated the minutes of 136th meeting of the Central Sanctioning and Monitoring Committee under Urban infrastructure and Governance JNNURM, whereby it has been decided that the non-starter project of Sanitary Landfill site Solid Waste Management plant at village Bhariyal has been withdrawn due to non-progress (Single bid) and further directed that the state would refund the ACA released in respect of the above mentioned project alongwith prescribed interest as per the guidelines of MOF, GOI.

Thus non starting of project resulted into not only lapse of GOI's grant amounting to Rs. 840.50 lakh but also deprived the public of intended benefits. Also the expenditure of Rs. 1.91 crore incurred on diversion of forest land has become infructuous due to non start of project.

In reply to audit memo no.25 dated 01.04.2016 the MC Shimla stated that a request letter has been sent to the GOI by the State Govt for the extension of the time period and expenditure of the allocated funds. The reply is not convincing as no sincere efforts have been made to execute the project within the prescribed time frame which led the GOI to declare and withdraw the project being non -starter project. As a sequel, the MC Shimla has been deprived of central grant of Rs. 840.50 lakh. The MC Shimla has also failed to return ACA amounting to Rs. 210.13 lakh released against this project to GOI besides having been directed to do so. Due to non execution of project at Bharyal the expenditure amounting to Rs. 191.40 lakh already incurred on land acquisition for the project has also been rendered infructuous.

Para 5 :- Idle investment on construction of Rest House Rs.67.37lakh and loss of revenue Rs.26.25lakh due to non putting in operational.

Municipal Corporation (MC), Shimla is one of the oldest municipalities of India and out of its main functions includes also economic development, public conveniences and amenities. An estimate for construction of Rest House near Eversunny, Bharari was approved in March, 1992 for Rs. 1058421/ and awarded to a contractor (Sh. Roshan Lal) at a tendered amount of Rs.1628044/ stipulated to be completed within one year. The contractor executed the work upto Rs.1825363/ and he was asked to close the execution as some discrepancies such as use of substandard material and negligence in work were noticed. A revised estimate amounting to Rs. 2450000/ was approved in January, 1997 by including alteration, addition and substitution came during its execution and executed under separate agreements.

During scrutiny of record of MC, Shimla it was noticed that accommodation of the Rest house had never been put to use and the structure remained in idle state thus, due to lack of proper care the condition of said structure became very deteriorated. An estimate amounting to Rs.1717800/ was approved in July, 2011 for its renovation. The work of renovation was awarded to a contractor (Sh. A. R. Vatt) at a tendered amount of Rs.1554319/ in September, 2013 and he executed the work to the extent of Rs. 1581375/ (2nd Running bill) but during execution of work at site some extra items were executed for which a revised estimate for Rs.2358185/ was framed against sanctioned estimate of Rs. 1717800/. The contractor completed the work to the extent of Rs. 2394724/ in July, 2014 besides, an amount of Rs.50989/ was paid to Architect for preparation of the estimate. Thus, an amount of Rs.6737247/ (Rs.1825363 paid to first contractor+4911983/ paid during 2013-14 on renovation=6737247/) had so far been incurred on the construction of Rest house which resulted into idle investment of public money.

Further Scrutiny of records revealed that Rest house having 337.34 sqm carpet area comprising of 10 suites, 01 VIP suite, 01Dinning hall, 04 stores, 01kitchen, 01chowkidar room, 01 office and a reception, the present value of which works out to Rs.15150000/ and rent assessment per annum works out to Rs.1575000/. Though, the work of Rest house had since been completed in July 2014 but MC has failed to make it operational by way of renting or leasing out till date (March, 2016) which resulted into loss of revenue Rs.2625000/ ($1575000/12=131250*20\text{months}=2625000/$).

MC had taken up the construction of Rest house more than 20 years but could not be put to use till date due its ill planning and non synchronization of

20

items of work which is indicative of failure of MC to provide public convenience. The investment of Rs.67.37lakh on the C/o Rest house at Bharari so made remained idle and due to its non leasing/renting out, MC has lost probable revenue of Rs.26.25lakh.

In reply to Audit memo no. 22 dated. 26-03-2016 MC while confirming the facts stated that the delay in completion of rest house was due to administrative and vigilance case and tenders for leasing out the rest house were called for March, 2015, September, 2015 and November, 2015 but no bids were received, now the earnest money has been slashed to Rs.7.50 lakh and fresh tenders are being called for. The reply is not tenable as MC could not made sincere effort for completion and leasing out the rest house.

Needful may be done now under intimation to audit.

B - Other irregularities

Para 6:- Unsustainable procurement of water from IPH Deptt. resulting in liability of Rs. 190.42 crore.

As per the provisions of HPMC Act, 1994 water supply for domestic, industrial and commercial purposes is an essential function of the MC. The MC Shimla receives water from the State Irrigation and Public Health Department (IPHD). The operation and maintenance of water supply schemes was also being done by IPHD. The MC was responsible for distribution of water for domestic and commercial use and raises the bills to consumers according to category of the consumers as per rates prescribed by the MC time to time.

During scrutiny of records of MC Shimla it was noticed that for the year 2014-15 IPH deptt. raised the bill for the supply of water to the tune of Rs.304605795/- with the upto date arrear of Rs.1,90,42,23,799/- whereas MC has raised the water bills to the tune of Rs. 14,32,17,225/ from the end consumers for the year 2014-15 out of which an amount of Rs. 11,99,56,397 was collected and outstanding balance of Rs.2,32,60,828/ was yet to be recovered.

It is evident from the above that against the cost of procurement of Rs.304605795/ for the year 2014-15 MC is selling the water to the end consumers at a cost of Rs. 143217225/ which works out 112.68% (304605795-

143217225=161388570/143217225*100=112.6879%) higher cost of procurement of water. Thus, MC is purchasing the water from the IPH deptt. at 112.68% higher cost of water as compare to the sale of the water to their consumers which resulted into accruing liability of Rs. 1904223799/- at the end of March, 2015 which is indicative of the fact that unsustainable procurement of water is being done by MC.

In reply to Audit memo no. 20 and 24 dated. 23-03-2015 and 31-03-2015 while confirming the facts MC stated that the outstanding arrears of water charges to I&PH deptt. have been accumulated due to slashing of Govt. grant from Rs. 1.00 crore to Rs. 34.56 lakh since 1998-1999 and 10% increase on 1st of April every year since 2005. The reply of the MC is not acceptable as sustainability of water purchase from I&PH deptt. is not viable from the point of view of 112.68% higher cost of purchase of water as compare to sale of water to the consumers. Efforts be made to create own infrastructure for augmentation of water supply.

Para7:- Non recovery of installation/ renewable fee of mobile towers Rs 11.10 lakh.

The Govt. of H.P. vide letter no DIT Dev-(IT) 2005 (Misc) 2317 Department of Information and Technology dated 26.08.2006 framed the policy for setting up mobile communication towers. As per the policy prior permission of the local body/ SADA (as the case may be) will be obtained for raising any construction including tower installation and renewal fee was to be charged from the mobile companies at the following rates:

(i) Municipal Corporation Shimla : Installation fee @ Rs 20,000/- per tower and Annual renewal @ Rs 10,000/- per annum per tower.

(ii) Test check of records, it was noticed that during the year 2014-15 Rs. 11,09,500 for outstanding recoveries from Mobile companies on account of mobile tower installation/ renewal fees as detailed below:

(Amount in Rupees)

Total number of mobile towers sanctioned within the MC Area.	Opening balance of outstanding amount as on 01.04.2014	Current demand during the year 2014-15	Total amount	Collection during the year	Balance as on 31.03.2015
70	14,05,000	7,67,500/-	2172500/-	10,63,000	11,09,500/-

In reply to audit memo No.10 dated 18.3.2016, the MC stated that efforts are being made to recover the outstanding amount by issuing the notices to the defaulters. The reply is not acceptable to the audit as no sincere efforts have been made by the MC to recover the outstanding amount. Needful may now be done for recovery of outstanding amount under intimation to Audit.

Para8:- Outstanding recovery of shop rent Rs. 405.76 lakh.

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

During test check of records it was noticed that an amount of Rs 405.76 lakh was outstanding on account of recovery of shop rent for the year 2014-15 as detailed below:

(Amount in lakh)

Total number of shops registered with MC.	Opening balance	Rent due for realisation during the year 2014-15	Total Rent due for realisation during the year 2014-15.	Rent realised during the year 2014-15.	Rent outstanding for realisation as on 31.03.15.
987	392.67	191.69	584.36	178.60	405.76

In reply to audit memo No. 13 dated 22.03.2016 the MC while confirming the facts and figures stated that the efforts are being made to recover the outstanding arrears of rent despite the fact that shortage of staff is the main reason for the shortcoming in the recovery process. The reply is not acceptable as the MC fails to recover the rent from the shopkeepers due to lack of proper system. Efforts for making the recovery of rent by establishing an effective system may be made under intimation to audit.

Para9: Outstanding recovery of tehbazari Rs 1.19 lakh.

As per letter no LSG-A(9)-8/81 dated 04.04.83 of Local Self Department, Govt of Himachal Pradesh notified The Municipal Corporation Shimla (Control & Regulation) Hawkers Bye laws for assessing, regulating and recovery of licence fee from hawkers. Further vide proposal no 4 (4)38 dated 31.03.08, the House fixed the rate of tehbazari @ Rs 300 per month.

During test check of records it was noticed that during the year 2014-15, tehbazari rent amounting to Rs 1.19 lakh was outstanding for recovery as on March 2015 as detailed below:

(Rs. In lakh)

Total number of tehbazar registered with MC.	Rent outstanding for realisation as on 01.04.14	Rent due for realisation during the year 2014-15	Total Rent due for realisation during the year 2014-15.	Rent realised during the year 2014-15.	Rent outstanding for realisation as on 31.03.15.
168	0.64	5.36	6.00	4.81	1.19

In reply to Audit memo No: 14 dated 29.03.2016 the MC while confirming the facts and figures stated that the recovery could not be effected from the Tehbazaries due to their non presence at their marked places when the employees of the MC were sent for collection. The reply is not acceptable as the MC fails to recover the rent from the tehbazaries due to lack of proper system. Efforts for

28

making the recovery of rent by establishing an effective system may be made under intimation to audit.

Para 10 :- Outstanding recovery of lease money Rs. 32.89 Lakh.

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

During test check of records it was noticed that 151 shops/stalls were rented out on lease basis by the M.C. Shimla to private individual and an amount of Rs. 32.89 lakh was lying outstanding as of March, 2015. The position of recovery was as under:-

(Rs. in Lakh)

Year	Opening Balance	Demand	Total	Collection	Outstanding
2014-15	33.20	34.32	67.52	34.63	32.89

In reply to Audit memo No: 15 dated 30.03.2016 the MC while confirming the facts and figures stated that the efforts are being made to recover the outstanding arrears of rent despite the fact that shortage of staff is the main reason for the shortcoming in the recovery process. The reply is not acceptable as the MC fails to recover the rent from the tenants due to lack of proper system. Efforts for making the recovery of rent by establishing effective/proper system may be made under intimation to audit.

Para11: Reimbursement of inadmissible medical claims Rs. 0.16 lakh.

Rule 9.5 of the Notification of Health and Family Welfare Department of H.P. Govt. no.NO. HFW - B (F) 1-112008 dt 21.06.2008 stipulates that in case treatment is taken in a private empanelled institution located within the state and the procedure/test is available in the IGMC, Shimla (and attached hospital i.e. Kamla Nehru Hospital of Mother and Child Care)/Dr RPGMC, Tanda/Government Dental College Shimla, reimbursement shall be restricted to the rates of the concerned institution's RKS.

During scrutiny of medical bills of the office of Municipal Corporation Shimla it was noticed that amount of Rs. 16085/-as detailed in Annexure 'A.....' was reimbursed to the officials for test/ inadmissible/ treatment taken in the private hospitals but rates reimbursed for treatment were not restricted to the rates of Govt. institutions/ hospitals/ Concerned Rogi Kalyan Samiti which was in-contravention of the reimbursement policy of the Govt.

In reply to audit memo No.6 dated 11.03.2016 the MC stated that cost of inadmissible medicines would be recovered from the paybills of the concerned officer/official. Action as per rules may be taken under intimation to audit.

Para12(A):- Non execution of MLALAD works Rs 30.18 lakh.

Member Legislative Assembly Local Area Development (MPLAD) is a centrally sponsored scheme launched in the country during 1993. The main objective of this scheme is to enable MPs to recommend works of development nature with emphasis on the durable community assets based on the locally felt needs to be taken up in their constituencies as well as in the whole country. Under this scheme funds are being released to the district authorities by the Govt of India for the execution of works recommended by the respective MLAs through various executing agencies as per the establishment procedure of works. Rule 4.10.1 of the guidelines further provides that MLALAD works should be completed within 18

months and in no case any extension will be given and the concerned authorities should be held responsible in case of any lapse in this regard.

Scrutiny of records revealed that during the period 2012-13 to 2014-15 out of the total sanctioned 24 works costing to Rs. 42,70,000/- seventeen works remained incomplete out of which Rs. 30,18,531/- stands blocked with the MC as per details given in Annexure 'B' to this Para. Thus non execution of these works had resulted not only in blockade of Govt. funds but the people of area had also been deprived of the intended benefits of these works.

In reply to audit memo no 18 dated 22.03.2016 the Commissioner furnished the detail of works sanctioned under MLALAD.

Audit Recommendation:- Effective steps may be taken to complete the works under intimation to audit.

Para-12 (B):- Non execution of MPLAD works Rs. 22.23 lakh.

Member Parliament Local Area Development (MPLAD) is a centrally sponsored scheme launched in the country during 1993. The main objective of this scheme is to enable MLAs to recommend works of development nature with emphasis on the durable community assets based on the locally felt needs to be taken up in their constituencies as well as in the whole country. Under this scheme funds are being released to the district authorities by the Govt of India for the execution of works recommended by the respective MPs through various executing agencies as per the establishment procedure of works. Rule 4.10.1 of the guidelines further provides that MPLAD works should be completed within 18 months and in no case any extension will be given and the district authorities should be held responsible in case of any lapse in this regard.

Scrutiny of records revealed that during the period 2012-13 to 2014-15 out of the total sanctioned 22 works costing to Rs. 57,00,000/- , 13 works remained incomplete of Rs. 22,22,685/- stands blocked with the MC as per details given in Annexure 'C' to this Para. Thus non execution of these works had resulted

not only in blockade of Govt. funds but the people of area had also been deprived of the intended benefit of these works.

In reply to audit memo no 17 dated 22.03.2016 the Commissioner furnished the detail of works sanctioned under MPLAD. The works sanctioned under MPLAD may be completed at the earliest under intimation to audit.

Para-13 Outstanding recovery of general taxes of land and buildings Rs 4.58 crore.

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

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

During test check of records it was noticed that during the year 2014-15, recovery on account of general taxes and buildings were outstanding to the tune of Rs 4.58 crore as detailed below:

(Amount in Rs.)

Year	Opening balance	Demand during the year	Total demand	Collection during the year	Balance outstanding
2014-15	64304475	75963555	140268030	94480306	45787724

In reply to Audit memo no 23 dated 29.03.2016 the Assistant Secretary (Tax) furnished the above information and during discussion it was stated that due to shortage of staff, taxes could not be recovered.

Reply is not acceptable as large amount on account of property tax shows insincere approach of the department toward recovery of the same. Needful may now be done for recovery of the same.

Para:-14 Non adjustment of contingent advances: Rs. 24.20crore

Municipal Corporation Shimla is making contingent advances from time to time to various Departments to meet their immediate requirement for different purposes but advances of Rs. 24,20,29,910/- were outstanding as on 31.03.2015. These advances are lying unadjusted since 1945 as detailed below:

In Rupees

SR. NO.	HEAD OF ACCOUNT	DETAIL HEAD DESCRIPTION	PERIOD	OPENING BALANCE AS ON 31.3.14	ADVANCE PAID DURING THE YEAR 2014-15	Total	ADVANCE ADJUSTED DURING THE YEAR 2014-15	BALANCE
1	460-40-01	Public Works	1.4.14 to 31.3.15	11,29,241	0	11,29,241	0	11,29,241
2	460-40-02	Store/material	1.4.14 to 31.3.15	97,02,019	40,65,892	1,37,67,911	0	1,37,67,911
3	460-50-01	Permanent Advance	1.4.14 to 31.3.15	39,028	25,280	64,308	28,533	35,775
4	460-50-02	Project	1.4.14 to 31.3.15	91,26,477	0	91,26,477	0	91,26,477
5	460-50-03	Scheme	1.4.14 to 31.3.15	49,68,820	0	49,68,820	0	49,68,820
6	460-50-05	Temporary Advance	1.4.14 to 31.3.15	14,51,77,780	1,78,99,696	16,30,77,476	10,34,289	16,20,43,187
7	460-60-01	Street light	1.4.14 to 31.3.15	3,07,27,557	41,14,115	3,48,41,672	0	3,48,41,672
8	460-60-03	Water Supply	1.4.14 to 31.3.15	1,61,16,827	0	1,61,16,827	0	1,61,16,827
		TOTAL		21,69,87,749	2,61,04,983	24,30,92,732	10,62,822	24,20,29,910

In reply to audit memo No 4 dated 08.03.2016 MC stated that the concerned departments have been instructed to take serious steps to ensure the adjustment of these outstanding advances. The reply of the MC is not acceptable as against the outstanding advances of Rs. 243092732/- only 1062822/- could be adjusted during the year 2014-15 which is indicative of the effect that no sincere efforts were

made. Effective steps may be taken to adjust the advances under intimation to audit.

Para 15 : Non maintenance of Annual Accounts for the year 2014-15.

As per Section 161 of the Himachal Pradesh Municipal Corporation Act, 1994 the accounts of the municipalities shall be kept in such manner and in such form as may be prescribed by regulations accounts of receipts and expenditure of the corporation.

During course of audit it has been observed that the annual accounts for the year 2014-15 has not been prepared by the M C Shimla till date (March 2016).

In reply to audit memo No. 9 dated 16.3.2016 the MC stated that the balance sheet for the year 2014-15 is under process and delay to finalized the same is due to shortage of staff in various internal departments of the corporation. The reply is not acceptable to the audit as more than one year has been elapsed but annual accounts for the year 2014-15 are yet to be finalized due to which the true picture of the financial position of the MC could not be ascertained.

Early efforts may be made to finalize the annual accounts for the year 2014-15 under intimation to audit.

Part-III

Test Audit Note

All the minor points noticed during audit were settled on the spot.
Hence, no separate test audit note was issued.

Seen, discussed and facts verified.

Sd/-

Commissioner
Municipal Corporation
Shimla

Sd/-

Sr. Audit Officer
Camp MC Shimla

Attested

[Handwritten Signature]
28/4/14
Asstt. Audit Officer