

TENALI MUNICIPALITY

AUDIT REPORT FOR THE YEAR 2015-16

File Number : SA/GNT/TENALI/MC(10)/TENALI MUNICIPALITY SPECIAL
GRADE/2015-16

Name Of the Auditor (s) : 1. Mr/Mrs PADMAJA - ASSISTANT AUDIT OFFICER

Date Of Audit : From 20-01-2017 To 14-02-2017 Name (s) of Executive Authorities :

1.Mr Sri.Kothamasu Thulasee Das - Chair Person From 01-04-2015 To 31-03-2016

2.Mr Sri.P. Gopinath, M.C.M - Commissioner From 01-04-2015 To 19-04-2015

3.Mrs Smt K. Sakunthala, - Commissioner From 20-04-2015 To 31-03-2016

GENERAL FUND Para Number : 1 OTHERS (Code : 18) Rs : 0

PARA NO.1

CODE NO. 3

RECOVERY ACCOUNT (SALARY & PENSIONS) - MONTHLY INSTALMENTS TOWARDS ADVANCES ADJUSTED - BUT NOT REMITTED TO GENERAL FUND - IRREGULAR:-

As per G.O.Ms.No.179/MA&UD(G-1)Dept., Dt. 25-2-2009, the salaries are being paid under the Head of 010 from Treasuries w.e.f 1-4-2009. The Non-Government recoveries like Festival Advances, Marriage Advance, Bank Loans, Court recoveries etc. were adjusted to this account by the Treasury Department while passing the salary bills. The monthly installments of advances which were taken from Municipal General Funds were credited to this account as Non-Government recoveries. The credit installments were not remitted to Municipal General funds so far. As such huge amount relating general fund amount was available and kept idle. The executive authority did not take much interest for transfer of recovery amount to Municipal General Fund. However as there are no Government instructions for discontinuation of pay bill register, the office is not maintaining the pay bill registers, instead preparing pay bills on computer. As such it could not be ascertained in audit how much amount was adjusted in this account towards recovery of advance amount. Immediate action would need to be taken to remit to the Municipal General Funds

In this connection it was observed that an amount of Rs.407000/-(Festival Advance) was drawn and paid to the employees towards Festival advance from the fund which was created from non-government recoveries like Advances, Bank Loans, Court recoveries etc. This was not admissible in audit. The Executive Authority would need to take good steps to remit account concerned as and when adjusted to this fund in future.

PARA NO:2

CODE NO.8

ADVANCES - ADVANCES SANCTIONED DURING THE YEAR - BUT NOT ADJUSTED - NEEDS EARLY ADJUSTMENT-Rs. 1641600-00

According to the provisions laid down of A.P.F.C. Volume I, all advances that are paid to the employees for various purposes such as tour, purchases, works, etc., shall be adjusted through the submission of a detailed bill with in a period of one month from the date of payment of such advance. In the event of non submission of the adjustment bill within the stipulated period, the official concerned shall not be paid any further advance and the amount of advance outstanding shall be recovered from the official in lump sum.

As verified from the cash book and paid vouchers for the year 2015-16, an amount of Rs. 1641600-00 was sanctioned to the Municipal Employees towards various advances, as follows. However, the amounts were not adjusted even until close of the financial year which was irregular and as the register of advances was not made available for verification in Audit it could not possible to identify the arrear advances pending adjustments to the funds of Municipal Council Tenali. Immediate action may be initiated to get the amount adjusted or recovered from the persons concerned.

o	S.N	Vr.No/Dat e	Name	Description	Amount
1		269/4-6-15	SK Baji Hussain	D&O trade Licencess at JMJ College, for Auto charges, breakfast. Etc.,,	25000
2		309/10-6-15	E. Lakshmi, TPS	B.P.S padakam - pamplates, wall-posters, slides, publicity, etc.,	50000
3		339/24-6-15	E. Srinivas, A.E	P.M Sri Narendramo di - Smart City's, Atal Mission-	25000
4		564/21-8-15	SK Baji Hussain	Raini season start-purchase of plants-	30000
5		432/10-8-15	B. Kishore, B.E	pipes and repairs for toilets at 4th, 16th ward	50000
6		431/10-8-15	B. Kishore, B.E	palntaion and providing iron carpet and arrangements of chairs-	200000
7		565/21-8-15	K Ashok Kumar, TPS	Inaguration of Amara Veerula Stupamulu-	50000

8	430/4-8-15	V. Sarath Babu, H.M	Badi pilustundi programme	117000
9	921/12-10-15	B. Kishore, B.E	Ruthu Kosam, Chandranna Kosam, 2000no.s half ltr drinking water	20000
10	993/10-11-15	A. Srinivasa Rao, S.I	sending to Amaravathi, S.I, Sanitary Mastry, PH Workers total 150 no's.	100000
11	1037/19-11-15	SK Baji Hussain	for cyclone, Guduru	100000
12	1112/2-12-15	P Raghava Rao	Mana Tenai Programme	150000
13	1111/2-12-15	B.V Ramana, M.O	Swatcha Bharath, Mana Tenali	75000
14	1118/10-12-15	E. Srinivas, A.E	Mana Tenai Programme	200000
15	1311/13-1-15	V.M. Lakshmi Pathi, S.I	Sankaratri Sambaralu-2016	65000
16	1601/5-3-16	A. Srinivasa Rao, S.I	Budget Estimation 16-17	100000
17	1463/16-2-15	for below Head Masters. S.R.S.M.B. H SCHOOL- 28800 S.DI.M.G.H SCHOOL-43200 N.S.S.M.H SCHOOL - 50400 N.C.R.N.M.H SCHOOL - 43200 K.S.M.H SCHOOL - 35200 T.S.R.M.H. SCHOOL - 6800	Study hours-for 10th class students - poustika aharam	207600
18	1895/27-2-16	A. Srinivasa Rao, S.I	at road margins, grass cutting, etc.,	27000
19	1621/8-3-16	Prasad, Attender	Marriage Advance	50000
			Total:	1641600

PARA NO.3

CODE NO.9

RECOVERIES - REMITTED TO THE HEAD CONCERNED IN EXCESS/LESS OF THE RECEIPT AMOUNT - NOT ADMISSIBLE.

As verified from the challan Register & Cash Book for the year 2015-16 , it was observed that the recoveries which were effected from bills were remitted to the heads concerned in excess/less of the receipt amount . The register of the recoveries was not maintained properly and produced to audit. As such the correctness of remittance particulars could not be verified in audit. In the absence of the register of recoveries if any excess remittance as could be seen from the statement of receipt and payments was made the same would need to be adjusted in future remittances.

Sl.No	Name of the Recovery	Receipt	Remittance	Excess/Less
1	AP GST	6185993	7505321	1319328 (Excess)
2	Seignorage	1081469	2289258	1207789 (Excess)
3	Other recoveries from Contractors	1206010	1498338	292328 (Excess)
4	TDS (IT)	2567622	3220239	652617 (Excess)

PARANO 4

CODE NO 9

SANITATION - DEPLOYMENT OF CONTRACT LABOUR.

According to Section 480 to 572 of Hyderabad Municipal Corporation Act, 1955 Urban Local Bodies have the obligation to clean the roads and drains and collect, lift and carry the garbage to the dumping yards and dispose such garbage through scientific methods. Sanitation includes mainly cleaning of roads and drains. The CDMA, A.P., Hyderabad vide Roc No. 155/2012/H1 dt.29.12.2009, and Memo No. 155/2010/H1 dt.12.8.2010 issued comprehensive guidelines to be followed in engaging public health staff on outsourcing basis.

As the details of engaging outsourcing staff for the said purpose was not made available for verification in audit, It could not be identified whether those guidelines are being followed by the municipality in calculation of the total man power required or not.

Para No:5

Code No: 9

P.H WORKERS - IN SALARY PAYMENT SOME DEFECTS - NEEDS TO BE RECTIFIED.

During the course of audit of the salary bills of P.H Workers, the following defects in payment of salary bills were observed.

- ☞ P.H Workers entitled to avail 15 days of C.L's in one year, but in some cases they are utilized the C.L-s more than eligible 15 days which is irregular.

- ✍ In the Attendance Register in some divisions it was noted as O.D., but the details related to where and when the worker, are performed duty and the duty certificate are not enclosed to the bill.
- ✍ In some divisions Attendance Register S.I was Marked as -A- means Absent, while on totalin working days these are not excluded caused excess working days and it lead excess payment to the PH Workers.
- ✍ In some cases it was noticed that the substitute workers are allowed to work in the place of absentee for flexibility of work. But, in payment of Municipality share E.S.I @4.75% and E.P.F @13.61%was paid to the regular P.H Worker even to the absent days, it causes excess payment to the individual.
- ✍ In this connection the Executive Authority would need to take necessary action to regulate and rectified the above defects in future.

PARANO 6

CODE NO 9

ADMINISTRATIVE REPORTS OF THE MUNICIPALITY NOT PREPARED - NEEDS ACTION

Under the provision of Section 34 of A.P. Municipalities Act,1965, Council should submit as soon as may be after the first day of April in every year and not later than such date as may be fixed by the Govt. through the District Collector, a report on the administration of the Municipality during the preceding year in such form and with such details as the Govt., may direct, if the Collector makes any remarks on the report such remarks shall be forwarded to the council, and council shall be entitled within such time as the Govt., may fix, to offer or make such explanations or observations as the council thinks fit.

The Commissioner shall prepare the report and submit to the council. The Council shall consider the report and forward it to the Govt. with its resolution, if any.

The report and resolution, if any shall be published in the manner as the council may direct, subject to approval of the Government.

Action would need to be taken to prepare administrative reports here after and produce to audit.

PARANO 7

CODE NO

9 NON PREPARATION OF ACTION PLAN/DEVELOPMENT PLAN BY THE MUNICIPALITY RECENTLY.

The Urban Local Body should prepare Annual Action Plan/Development Plan/Budget at the beginning of the Financial Year to achieve the Targets/bench marks

prescribed and to review the shortfalls for the service sectors like water supply, sewerage and sanitation, solid waste management and storm water drainage, etc.

Similarly plan is required for increasing the revenue by introducing GIS system for mapping of the property which will reduce the Tax evasion, funds received through other sources like ET, VLT, PT, Surcharge on Registration, Rental Income, income of lease hold property, Grants (plan and non plan) and repayments of loan amounts, payment of power charges methods to be adopted to increase of the taxes.

The executive authority would need to take steps to prepare annual action plan/Development Plan for taking up developmental activities in municipality.

PARA NO 8

CODE NO

9 NON PAYMENT OF ROYALTY CHARGES

As per G.O.Ms.No.1276 Revenue (M) Dept, dated 30-11-76 every municipality is liable to pay the royalty charges to the government, for the water used by it. Accordingly the engineering authorities of irrigation department were raising demands for the same against the Municipality. However, the Municipality had not paid any amount towards royalty charges. and it is not known whether the budget allocation for such payment was made or not in absence of the budget copy for the year 2015-16.The demands raised by the engineering authorities were not consolidated and the actual demand, payment and outstanding amounts were not made available in audit.

PARA NO. 9

CODE NO.9

ESTABLISHMENT - TENALI MUNICIPAL COUNCIL - CONTINUATION OF SRI K. SRIDHAR AND K.SAIBABU TECHNICAL WORK INSPECTOR GRADE III-ON FOREIGN SERVICE BEYOND THE PERIOD OF 5 YEAR - IRREGULAR - NEEDS IMMEDIATE ACTION. - Rs. 968793-00

In spite of the defect pointed out in par No.37 of audit notes for the year 2014-15,the services of Sri K. Sridhar technical work inspectors grade III was continued in Tenali Municipality, though the period of tendered of foreign service has been lapsed by 16.3.2009. The last extension was up to 28-02-2009 vide council resolution No C.R.No.1677 dt.31.03.2009. Further Sri K.Saibabu another technical work inspector was also continuing on Foreign Service in Tenali municipality though he was completed 5 year of service on foreign service. But as per G.O.ms.No.10 GAD dated, the period of deputation on Foreign Service cannot be extended beyond 5 years. After 5 years, the Foreign Service tenors will automatically terminated and the

individuals have to be repatriated to their parent department. Hence the amounts paid towards Pay and Allowances Rs. 968793-00/- (as detailed in annexure as identified from produced vouchers and Cash book) for the year 2015-16 and after expiry of Foreign Service of those two individuals mentioned above should be calculated and remit to the Municipal General funds as early and action would need to be taken to repatriate the individuals to parent department immediately and fact may be intimated to audit.

Further the individuals pay was fixed in RSP-2015 Scales and subsequently increments sanctioned up-to-date by the commissioner, Tenali municipality is irregular.

The pay fixation and periodical increments have to be sanctioned by the parent department only. Even the pay fixation annexure were not certified by the competent checking authority, arrear bill paid to the individuals is highly irregular, in this connection the Drawing and Disbursement officer should take necessary action and fact need to be intimated to the audit.

S.No	For the Month	Name of the Employee	
		K. Sridhar, W.I	K. Sai Babu
1	3/15	33678	13709
2	4/15	33579	33627
3	5/15	33779	33805
4	6/15	33723	33678
5	7/15	33815	33684
6	8/15	40619	40902
7	9/15	41193	41233
8	10/15	40203	40336
9	11/15	40686	40842
10	12/15	40722	40888
11	1/16	40750	40857
12	2/16	36608	27177
13	S.L	21670	21670
14	PRC Arrear	27680	27680
	Total:	498705	470088

PARA NO.10

CODE NO.9

ADVANCE -ADJUSTMENTS -CERTAIN DEFECTS --- Rs. 406238-00

During the course of Audit for the year 2015-16 it was observed that advances were taken towards several issues and got adjusted for Rs. 406238-00 But they were not observed A.P Financial code rules. Some of the individuals submitted bills for adjustments after 6 months and 1 year above. Details of the adjusted purchase bills and dues are not submitted at the time of Audit. In the absence of the bills the genuineness of the expenditure incurred could not be verified in Audit. In view of the above, advance adjustment cannot be admitted in Audit and is held under objection and the same said would need to be produced.

ADVANCES ADJUSTMENT-001

Voucher No / Date	Particulars	Adjusted	Net	Total
898/17-10-15	Smt E. Sri Lakshmi	80000	10567	90567
1801/31-3-16	Sri B Venkata Ramana, M.H.O	50000	4000	54000
1803/31-3-16	Sri B Venkata Ramana, M.H.O	80000	971	80971
1799/31-3-16	Sri B Venkata Ramana, M.H.O	50000	10500	60500
1800/31-3-16	Sri B Venkata Ramana, M.H.O	120000	200	120200
			Total:	406238

Para No:11

Code No: 9

EMD WAS NOT FORFEIT FROM CONTRACTOR WHO WAS FAILED TO SIGN THE AGREEMENT WITH GIVEN PERIOD.

Work: construction of internal C.C drains and R.C.C culvert to 27th Ward.

Estt: 49.00 LAKhs

Tender Notice on: 13/13-14 Dt: 18-12-13

Tender Opened on: 22-2-2014

Successful Bidder: Sri K Subba Rao, Tenali

EMD 1% - 45500-00

Council Approval: on 1-3-2014 with R.S. No. 383 with less 4.59%

Work order given on: 19-5-14.

On verification of the file of the above work it was noticed that the contractor was failed to sign the Agreement within given period.

In case of successful tender, if he fails to sign the agreement for whatever the reason the 1% EMD should be forfeit under tender condition no: 14.7.

But in this case the 1% EMD was not forfeit, further the work was entrusted to the same contractor of the laps of 14 months without going for further call. The authority for such was entrustment to the contractor with a laps of 14 months was need to be explained to audit.

Para No: 12

Code No: 9

WORKS - EXTENSION OF TIME SANCTIONED - FINE WAS NOT IMPOSED - NEEDS ACTION TO COLLECT EOT FINE.

In Tenali municipality if works are not completed within given period, extension of time was given to the contractor by the executive authority, but in this connection not imposing fine on contractor is irregular. The E.O.T fine may be imposed Rs. 50/- per day or part of day per Rs. 1.00 Laksh subject to 10% of the contract value. It is requested to the Municipal Engineer to take necessary action to impose EOT fine and collect from contractor.

Para No: 13

Code No: 9

WORKS - FINAL PAYMENT MADE TO INCOMPLETED WORK - IS IRREGULAR.

Work: Providing barbed wire fencing to open site at B.C Colony.

Estt:0.98 Lacks.

On verification of the above work bill it was noticed that the work was incomplete but the final payment was made to the contractor is irregular. The work was estimated with item-s of work as detailed below.

- 1) Earth Work 4.32mm
- 2) C.C(1:4:8) 0.72mm
- 3) M¹⁰ Mixure 3.24mm
- 4) Galvanised steel barbed wire 900RMT
- 5) RCC Poles 80 No-s.

The work have to be completed as per above approval. The contractor was executed one item of work like supplied 116 No-s of RCC Poles only. No work was executed by the contractor except supply of poles but the final payment was made to the contractor which was highly irregular. The executive authority would need to take action in this regard and the loss sustained to the funds would need to be recovered from the persons responsible.

Para No: 14

Code No: 9

WORKS - EARTH WORKS EXCAVATION - BALANCE QUANTITY OF EXCAVATED QUANTITY NOT ACCOUNT FOR

Work: widening of Nelapadu road from Perantamma Temple:

Estt: 49.50 Lakhs.

In execution of the above work Total quantity of 899.01 mm earth work excavated in loamy and clayey soil like B.C soil and the same was recorded in M.Book. out of 899.01 cbm quantity of earth work 273.05 cum quantity was carted away from the work spot. But remaining quantity of excavated earth work of 625.96 cum was not certified by the Engineering Authority wether these quantity was carted away or used in the work spot was not mentioned in M. Book. The deviation statement was not approval by the competent authority. In the absence of the above it could not be verified the correctness of the work executed in audit. If any loss caused in this regard would need to be recover from person responsible.

Para No: 15

Code No: 9

DISMANTLING OF RADIO BROADCASTING STUDIO - SERVICEABLE MATERIAL NOT HANDOVER TO MUNICIPALITY.

Work: Dismantling of existing Municipal Radio Broadcasting studio near T.B in Tenali Municipality.

While on verification of the above M.Book it was noticed that the following serviceable material was recorded. But it was not certified by the Engineering Authority whether these materials were re-used in another work or handed over to the Municipality. In the absence of the above it could not be verified in audit. The Executive Authority to take necessary action to hand over the material and made stock entry in relevant stock register and produce to audit for verification. If any loss caused in this regard would need to be recovered from the person responsible.

DISMANTLING OF

- | | |
|-------------------------------|-------------|
| 1) Reinforced cement concrete | 24 mm |
| 2) Brick Work | 55mm |
| 3) A.C Sheet roof | 21 Sq.Mtrs. |
| 4) County wood perlings | 8 No.s |
| 5) Doors | 6 No.s |
| 6) Windows | 6 No.s |

PARA NO.16

CODE NO 10

WATER CESS NOT PAID TO AP POLLUTION CONTROL BOARD - NEEDS PAID.

As per Section 3 of Water (Prevention and Control of Pollution) Cess Act-1977, water cess is to be paid on the quantity of Water supplied for domestic purpose. Further as per the provisions contained in the said Act all the ULB-s have to file the water cess returns duly mentioning the water supplied by ULB-s for domestic purpose.

The AP Pollution Control Board (APPCB) has to issue Amendments orders based on the water supply figures to be furnished by ULB-s as required under Sub-Section (i) of section 5 of the Act and the Sub-rule(i) of Rule 4 of the water (P&C of Pollution) Cess Rules 1978.

As per Section 12 of the said Act any amount due under this Act including any interest or penalty payable u/s 10 or 11 as the case may be from any local authority may be recovered by the Assisting Authority (APPCB) in the same manner as if it were an arrear of land revenue.

The CDMA of Hyderabad under Lr.RC.No.2189/2009/E1, dt.09.03.2005 and Lr.Rc.No.962-1/2010/H, dt.29.03.2010 requested all the Regional Directors - cum Appellate Commissioners of Municipal Administration and all Municipal Commissioners to pay water cess to APPCB as per the provisions of Act.

During the course of audit it was observed that no amount was paid to the AP Pollution Control Board towards water cess so far. As verified from the file no correspondence was made with the Irrigation Department for furnishing information. In

this regard if any penalty is imposed by APPCB, the said penalty will have to be recovered from the person or person responsible.

PARA NO 17

CODE NO.10

DEDUCTION MADE FROM WORK BILLS - NOT REMITTED TO HEAD OF ACCOUNTS CONCERNED - Rs.

The following deductions have made from the work bills pertaining to the works executed during the year 2015-16 as detailed below, but the same were not remitted to Heads of accounts concerned. The same would need to be remitted to the respective heads of accounts early and the remittance challans produced to audit.

S.No	Type of deductions	Amount
1	I.T	16215-00
2	VAT	60555-00
3	Senarage	15186-00
4	Labour Cess	12205-00
5	NAC	479-00
	Total:	104640-00

PARA NO 18

CODE NO.11

DEPOSITS REGISTERS NOT PRODUCED - LOSS IF ANY SUSTAINED TO MUNICIPAL FUNDS - NEEDS RECOVERY AND SUITABLE ACTION - NEEDS INITIATION AGAINST THE CONCERNED.

An amount of Rs. 5885143/-was identified as receipt towards several deposits (EMD,FSD,SD) and Rs.958917/- towards refund of deposits for the year 2015-16 as verified from cash book. But the register related to the deposits was not produced for verification in audit. Due to non production of the deposits register, it could not be verified in audit that the procedures Prescribed is maintenance of deposits register as detailed here under, is followed or not. In the absence of the deposit register the genuineness of the transition made during the year under repost could not be verified in audit. The loss if any sustained to the municipal funds, the same would need to be recovered from the concerned besides initiation of suitable action on the concerned.

That no item of receipt which can be clearly brought to account under the concerned head pay pension, leave salary on other allowance and fines is credited to deposits.

That the written order of the executive authority have been obtained in respect of every item credited to deposits.

1. That separate register or separate pages of the register have been seta past for recording cash transaction relating to different classers of deposits such on elector deposits, contractors deposits, reality deposits in cash of Municipal employee etc.
2. That transaction relating to deposits otherwise than in cash have been recorded in a separate register maintained for the purpose.

- II. That deposits taken exam contractor tender, municipal employers were in the from prescribed in the rule
1. that the deposits removed in cash have been prompt remitted in to the treasury and their received other wise than in cash have been kept by the executive authority in safe custody.
 2. that any depots or balance there of which has remained unclaimed for a period of three years from the date on which it be come repayable and any deposit or balance there of which doss not exceed one repet and which has remained unclaimed for a period of one very from the date on which it be come repayable have been credited to the appropriate recovery head of account, sanction of the council.
 3. Than the refunds have been drawn as prompt vouchers
 4. that a certificate to this effect that the entries in the register of deposable up to date have been recorded in the register by the executive authority at this end of each quartered.
 5. that monthly totals of receipts and refunds have been made in the deposits register and they agro with figures appearing in the posting regard.

Due to non production of the deposits register. It could not be verified in audit whether the sound procedure was follower or not.

PARA NO 19

CODE NO.11

MUNICIPAL COUNCIL TENALI - SCHEME ACCOUNTS - RECORDS NOT PRODUCED:

Cash Books, pass books, cheque book counterfoils, vouchers, sub-vouchers, stock registers etc., relating to the following scheme accounts for the year 2015-16 were not produced to audit for verification. In the absence of the same, the genuineness of the transactions made during 2010-11 could not be verified in audit.

Sl.No.	Name of the Scheme
1.	Library cess
2.	Water supply
3.	APURMSP IHSDP
4.	APUSP (C-MAPP)
5.	Cheque Deposit
6.	ILCS
7.	SJSRY
8.	PF Teachers
9.	Rajiv Gruha Kalpa
10.	Eco Budget
11.	SHG-INTERNET
12.	Contributory Pension Scheme
13.	Janasri Bhima
14.	Secondary Education
15.	Elementary Education
16.	Solid Waste Management (P.D.)
17.	Solid Waste Management
18.	B.P.S.
19.	City Development
20.	Indiramma Housing Scheme
21.	Indiramma Old Age Pension

- 22. Disabled Pensions
- 23. Widow Pensions
- 24. Deepam
- 26. Girl Child Protection Scheme

PARA NO 20

Code No.11

VOUCHERS NOT PRODUCED RS. 2,10,3,288-00.

The vouchers related to the expenditure made during the year under audit were not made available for verification. In absence of vouchers and relevant records the expenditure could not be admitted in audit for Rs. 21,03,288-00

S. No	Voucher No /Date	Description	Amount
1	35/13-4-15	Supply of Fogging oil	113813
2	36/13-4-15	9th Div Water pumping	9009
3	119/8-5-15	Technical & non-Technical Data Entry operator wages	454227
4	388/17-7-15	existing Mpl Radio broad coasting	44688
5	756/16-9-15	Stationary	28362

6	816/13-10-15	Construction of community hall	421785
7	877/17-10-15	ward members honorium	88000
8	887/17-10-15	BSNL Phone bill	29397
9	888/17-10-15	BSNL Phone bill	3532
10	889/17-10-15	BSNL Phone bill	11150
11	996/13-11-15	ward members allowances oct-15	88000
12	997/13-11-15	chairperson honorium	10000
13	1209/22-12-15	laying of 450mm at kaviraj park	508000
14	1309/11-1-16	providing cc road	253000
15	1333/13-1-16	cleening of community toilets	40325
		Total:	21,03,288-00

PARA NO. 21

CODE NO.11

PF LOANS & FINAL PAYMENTS GIVEN TO EMPLOYEES - personal Ledgers not produced

During the verification of records pertaining to Provident Fund of Municipal General Staff and school teachers, a separate cash book is being maintained but personal ledgers were not made available for verification to verify the amount of subscription, interest credited, drawls if any and balances at the end of the year has not been entered in the ledgers properly or not. The executive authority would need to take action in this regard for proper maintenance of subsidiary records related to PF Account.

PARA NO:22

CODE:11

MAINTENANCE OF VEHICLES - RELEVANT REGISTERS NOT MAINTAINED AND PRODUCED.

The following were the important registers to be checked in audit of bills relating to maintenance of Vehicles in Public Health Section.

1. Log book
2. Register showing the repairs ,replacements etc.,
3. Register showing the cost of Petrol, Oil etc.,
4. Register of Inventory of equipment
5. Hire charges payment Registers.
6. Registers of old parts collected after replacement
7. Register of Accidents

1. LogBook: During the course of audit due to non production of these books it could not be verified in audit whether the following procedure was followed.

1. That all the entries in the relevant columns in the log books were made
2. That the entries in log book were noted by the Officer who used the vehicle in his own hand, writing the mileage at the start and at the completion of their trips after verifying kilometers.
3. That Sufficient particulars were recorded regarding movements and purpose to indicate that the journeys were on Official business.
4. That the log book in respect of each Vehicle was closed at the end of the month and a summary prepared in the logbook showing details of duty and non duty journeys performed during the month in the prescribed proforma.
5. That the quantity of petrol, diesel oil purchased has been entered in the log book of the respective vehicle.
6. That the hire charges collected as per hire charges payment register have been entered in the concerned log book.
7. That the log book was scrutinized personally by the authority concerned, once in a month and his signature appended there in.
8. That the log books were written in the prescribed proforma with full details.

2. Register showing the repairs, replacements, spare parts etc.,

Due to non production of these registers it could not be verified in audit whether the following prescribed procedure was followed.

1. That the voucher No. and date and nature of repairs etc., together with amount were noted in the appropriate columns of the register.
2. That in the case of replacements etc., the old parts were disposed off in Public Auction noted and the sale proceeds credited to Municipal funds.
3. That in case of purchase of spare parts, the rules relating to the invitations and disposal of tenders have been observed.

3. Register showing the cost of petrol, Oil etc.,

Due to non production of this register, it could not be verified in audit whether the following prescribed procedure was followed or not.

1. That the details of expenditure incurred towards cost of Petrol, Oil etc., have been entered with reference to the voucher No. and date and the amount covered for the same.
2. That the consumption of the petrol, oil etc., date wise, has been entered there in.
3. That in respect of the contingent bills for the supply of petrol, diesel oil, the following certificates have been recorded by the authority concerned on the bills. Certified that quantities purchased have been entered in the log books of the respective vehicles. Certified that necessary recoveries under rules have been made from the parties concerned to the institution.

4. That the mileage run by the vehicle at particular period as per log book was in accordance with the issues of petrol and oil shown in this register.
5. That the propulsion charges or cost of fuel etc., received if any from the person who used the vehicle on non duty have been issued to the parties.
6. That the register was periodically checked by the concerned authority and a certificate to that effect has been recovered

4. Register of inventory of equipment.

Due to non production of this register, it could not be verified in audit whether the following prescribed procedure was followed or not.

1. That the nature of equipment purchased has been entered in this register together with the date of purchase and price etc., as per voucher.

2. That the inventory of equipment has been checked by the concerned authority every month and a certificate to that effect has been recorded there in.

3. That the Loss if any arising out of negligence or fault of any person has been recovered and credited to the funds.

PARA NO. 23

CODE NO. 11

STOCK REGISTER NOT PRODUCED:

The following important stock registers were not produced for verification in audit. In the absence of these registers the opening balance of the material purchases made during the year, utilized, issued and balance could not be verified in audit.

As per the rules, the stock register should be maintained with details of opening balance of material purchases of material issued, utilized, balance day by day should be maintained.

In the absence of these registers, the stock opening balance, received utilized, necessity of purchases, utilization & balance could not be certified in audit.

Losses if any sustained due to any irregularities noticed later, the same would need to be made good from the person(s) responsible.

1. Electrical Goods stock register.
2. Engineering stores stock register.
3. P.H. Stock register.
4. P.W.S. stock register.
5. And all other stock registers pertaining to Engineering, P.H, Town Planning, Main office R.O. section Secondary, Elementary section.

ESTABLISHMENT AUDIT REGISTER NOT PRODUCED:

Establishment Audit Register related to the Municipal Council, Tenali for the year 2015-16 was not made available for verification in audit. As per the procedure, all recurring charges have been entered in the establishment audit register and order-s sanctioning each post have been quoted in support. The order should be verified in every case in which the charges have been newly sanctioned or there has been change in them since last audit.

Due to Non- production of this register the following observations could not be made in audit.

1. That any excess over the sanctioned scale appeared in any month or of the whole period under audit and all excesses over the sanctioned monthly scale have been satisfactorily explained.
2. That the orders sanctioning the establishment have been noted in all cases and the amount entered to the sanctioned scale columns authenticated by the initials of the manager or executive authority
3. That all the alterations in the scale column have also been initialed by the manager or the executive authority and the dates from which they taken effect have been invariably noted .
4. That pensionary contribution if any, as well as house rents and fixed contingencies drawn along with pay have been properly posted in the audit register.
5. That refunds by short drawals, fines and amounts withheld for further payments have been correctly noted.
6. That the fly leaves have been correctly noted.
7. That the temporary establishments have been entered separately after the permanent establishments in the audit register the period for which sanction holds good has been noted and lines have been drawn across the pages or months previous and subsequent to such period and.
8. That the register has been maintained correctly and on the lines indicated in chapter V and posted monthly when pay bills are passed for payment.

PARA NO. 25 CODE
NO.11 INVESTMENTS - THE REGISTER OF INVESTMENTS NOT MAINTAINED PROPERLY
:-

The register of investments will show all investments belonging to the Municipality. They are considered as the assets of the Municipality. The purpose for which each investment made will be entered in the appropriate column.

No investment will be deleted from the register, unless they are realized or recovered or otherwise.

The register will also show interest due and realization of it from time to time. It has to be ensured that the amounts due are realized on due dates.

The total amount of investments need to be verified annually and a certificate of verification be appended in the register by the executive authority concerned

Immediate action may be taken to maintain the register, duly recording the information in M.F.No.97 (27 columns) and the fact informed to audit. Loss, if any caused to the Municipal funds, due to non/improper maintenance of the register, will have to be made good from the person or persons responsible. The defect was pointed out in the previous audit reports also, but to no effect.

PARA NO.26

CODE NO.11

PUBLIC HEALTH - CONSERVANCY ARTICLES STOCK REGISTER - INDENT ORDER /LETTERS -NOT OBTAINED AND PRODUCED.

As verified from the Public Health section Conservancy Articles Stock Register as well as indent orders/letters were not obtained and produced for verification in audit for the year 2015-16.

In the absence of the above the correctness of the stock, the issue and utilization of the articles could not be established. Loss, if any, caused in this regard would need to be made good from the person or persons responsible.

PARA NO. 27

CODE NO.11

PROVIDENT FUND ACCOUNT NOT MAINTAINED PROPERLY - NEEDS RECTIFICATION:-

Though subscribing to the provident fund is optional in Municipal Councils, the provident fund account with the existing balances of the employees, had to be maintained properly, as it was governed by the provident fund rules. The following important registers/Forms have to be maintained in connection with provident fund.

1. Forms of nomination.
2. Statement of annual account.
3. Notice to the nominee.
4. Abstract register.(not maintained properly updating)
5. Register of Temporary withdrawals and their recoveries.

But none of the above registers were maintained in Municipal Council, Tenali. As a result the correctness of the transactions carried out, under P.F. during

the year could not be verified in audit. Loss if any sustained by the Municipal Council as a result of non-maintenance of the above registers, would need to be made good from the person or persons responsible. Immediate action may be taken to maintain the above registers and produce the same to audit.

PARA NO 28

CODE NO.11

CONTRACTORS LEDGER - NOT PRODUCED

Contractors ledger for the year under audit was not made available for verification in audit for the year 2015-16. Due to non-production of this register the following observations cannot be made.

1. That a separate file was opened in this personal ledger teach contractor.
2. That the entries on the debts side show this payments made to contractors and those on creditor side the value of work done as shown in the contractor certificate passed from to from
3. That the account embraces all transactions to which this contractor was a party whether relating to one a several work or to material purchased from him
4. That the account show this number and amount of each passed bill and certificate and this balance due to a from this contractor an account of each work not settled in fall.
5. That the contractor has signed the allow at constant intervallic in taken of having receivable the sum.

PARA NO 29

CODE NO.11

PURCHASE OF AYURVEDIC/MEDICINES - CONNECTED PURCHASING BILL AND STOCK ENTRIS NOT PRODUCED Rs.73884-00

The following vouchers were debited to cash book towards purchase of Ayurvedic Medicines in the year 2015-16. But connected purchasing bills and stock register was not produced for verification in audit. In the absence of purchasing bills, this genuineness of the expenditure incurred could not be verified in audit. Further the stock register and this distribution was also not produced. In view of above the expenditure of Rs.73884/- incurred towards purchase of Ayurvedic Medicaines can not be admitted in audit and is held under objection the same would need to be produced to audit.

PARA NO 30

CODE NO.11

MUNICIPAL COUNCIL TENALI -MAINTENANCE OF MUNICIPAL VEHICLES -LOG BOOK MAINTAINCE-CERTAIN DEFECTS -

As seen from cash book an amount of Rs.5329567/-was spent towards oil bills during the year 2015-16. As seen from the some of the log books produced related to the oil purchases for the year 2015-16 certain defects in maintenance of log book were observed

1. Log Book: As seen from the log book, it was noticed that the entries regarding purchase of oil were not made, the details of meter reading were not noted, abstracts was not made and not certified by the executive authority.
 1. That all the entries in the relevant columns in the log books were made.
 2. That the entries in log books were noted by the officer who used the vehicle in his own hand writing the mileage at the start and at the completion of their trips after verifying kilometers.
 3. That sufficient particulars were recorded regarding movement and purpose to indicate the journeys were on official business.
 4. That the log book in respect of each vehicle was closed at the end of the month and a summary prepared in the log book showing details of duty and non-duty journey performed during the month in the prescribed Performa
 5. That the quantity of petrol diesel oil purchased has been entered in the log book of the respective vehicle.
 6. That the hire charges collected as per hire charges payment register have been entered in the concerned log books.
 7. That the log book was scrutinized personally by the authority concerned once in amount and his signature appended there in
 8. That the log books was written in the prescribed Performa with full details.

PARA NO 31

CODE NO.11

MUNICIPAL COUNCIL TENALI - MUNICIPAL MAINTENANCE OF VEHICLES - NON PRODUCTION OF REGISTER SHOWING THE REPAIRS, REPALACEMENTS, SPARE PARTS ETC ..

A) An amount of Rs.4562743/- was drawn and spent towards maintenance of vehicles from the produced vouchers for the year under audit. But the records related to repairs, replacements and spare parts were not made available for verification in audit. Due to non-production of these registers, it could not be verified in audit whether the following prescribed procedure was followed.

- a) That the voucher No. and date and nature of repairs etc. together with amount were noted in the appropriate columns of the register.
- b) That in the case of replacement etc. the old parts were disposed off in public auction noted and the sale proceeds credited to municipal funds
- c) That in case of purchase of spare parts, the rules relating to the invitation and disposal of tenders have been observed.

A) REGISTER SHOWING THE COST OF PETROL, OIL, ETC

Due to non-production of this register, it could not be verified in audit whether the following prescribed procedure was followed or not.

- a) That the details of expenditure incurred towards cost of petrol etc. have been entered with reference to the voucher no. and date and the amount covered for the same.
- b) That the consumption of the petrol, oil, etc. date wise has been entered therein
- c) That in respect of the contingent bills for the supply of petrol/diesel oil, the following certificates have been recorded by the authority concerned on the bills
Certified that quantities purchased have been entered in the log book of the respective vehicle.

Certified that necessary recoveries under rules have been made from the parties concerned using the vehicles for non-duty journeys and the amounts credited to the institution.

That the mileage run by the vehicle during a particular period as per log book was in accordance with the issues of petrol and oil shown in this register.

- d) That the propulsion charges or cost of fuel etc., received if any from the persons who used the vehicle on non-duty have been entered in this register and a receipt to that effect has been issued to the parties.
- e) That the register was periodically checked by the concerned authority and a certificate to that effect has been recorded

PARA NO 32

CODE NO.11

MUNICIPAL COUNCIL TENALI - LAW CHARGES PAID - CONNECTED SUIT REGISTER - NOT PRODUCED - EXPENDITURE INCURRED Rs.162391-00 HELD UNDER OBJECTION

As verified from the Cash Book and paid vouchers for 2015-16, an amount of Rs. 162391-00 was paid towards legal charges. But the connected suit register was not made available for verification.

Due to non production of suit register, it could not be verified in audit whether the following procedure prescribed for maintenance of suit register was followed or not.

That all the suits to which the institution was a party were entered in the register.

- 1) That separate pages were allotted for each suit and that appeals were entered separately giving a cross reference to the original suit.
- 2) That the expenditure incurred on a suit was entered with full details in the appropriate columns of the register
- 3) That advances made to advocates and their adjustments on receipt of detailed bills was written up against the suit concerned
- 4) That particulars regarding, results of the suits, the sum decreed towards suit, costs etc were noted in the appropriate columns of the register
- 5) That recoveries made were also noted in it
- 6) That decrees were not allowed to become time barred and that execution petitions have been filed in time.

- 7) That the progress of suits, execution of decrees and recoveries of Amounts decreed were watched through this register by the institution
- 8) That half yearly returns showing the number of suits pending relating to previous year, number filed during the half year, the number disposed of and the number pending at the end of the half year have been obtained from the pleaders and checked with reference to the entries in this register.
- 9) That amounts decreed have been noted in the miscellaneous demand register with a view to watch their recovery.

PARA NO 33

CODE NO-11

EXECUTION OF WORKS - CONNECTED VOUCHERS ESTIMATES AND M.BOOKS NOT PRODUCED -----Rs.

In respect of the following payments were made towards execution of works as detailed below. The connected M.Books as prescribed in the paras 290 to A.P.W.D code and articles 171 to 174 of A.P. financial Code Vol-I would need to be produced for verification in audit to certify the genuineness of the expenditure incurred. In the absence of M.Books as prescribed above detailed design and estimates as prescribed vide para NO.173 of A.P.W.D code and completion report as specified vide article 181 of A.P. financial Code, the genuineness of the expenditure incurred and payment made could not be certified and admitted in audit. Hence the same would need to be produced for verification in audit.

Annexure I Enclosed

PARA NO.34

CODE NO 11

HALF MARGIN LETTERS ISSUED-INFORMATION NOT FORTHCOMING

During the course of audit of Municipal Council, Tenali for the year 2015-16, several half margin letters were issued to the heads of sections and other officers also requesting them to arrange for production of records under their control for audit scrutiny. But, no action was taken by the heads of the sections concerned to arrange for the production of the said records. In view of this several records could not be verified in audit and several objections involving substantial amounts had to be raised in the audit report. Non production of records speaks ill of the preparedness of the institution for audit.

PARA NO. 35

CODE NO.11

MUNICIPAL COUNCIL TENALI - REGISTER OF TELEPHONES - NOT MAINTAINED

During the year under Audit, an amount of Rs.418862/-was drawn and spent towards land line telephone bills in Municipal Council, Tenali. The register of telephones was not produced to audit for verification. In the absence of the same, the details of number of telephones of the institution, places where the telephones were used, expenditure incurred on each telephone and the details of personal calls, if any, could not be verified in audit. Early action may be taken for the maintenance of the register of telephones and produced to audit for verification.

Para No:36

Code No: 11

NON-PRODUCTION OF INSURANCE COVER TO WORKS.

The Insurance cover to the work which are executed during this financial year 2015-16 from the commencement of work to the end of the defects liability period including extended period of contract was not produced to audit for verification. The works should be insured at 0.385% of the estimate cost and the copy of document insurance coverage may be produce to audit. In the absence of the above the purpose was not serviced. The Engineering Authority is requested to Insure cover of all works which are executed in the Municipality area.

Para No: 37

Code No: 11

FINAL BILL CERTIFICATE BY THE ENGINEERING AUTHORITIES - DISCHARGE CERTIFICATE BY THE CONTRACTOR - NOT PRODUCED.

In the Municipal area after completion of the work, the final bill certificate by the engineering authority and discharge certificate by the contractor have to be noted in M.Book. On verification of M.Book these certificates are not given by the concerned. The Engineering Authority is requested to note the following certificate and take discharge certificate by the contract.

FINAL BILL CERTIFICATE.

- 1) certified that the work is completed in all aspects as per agreement.
- 2) Certified that the contractor has conveyed the material as per lead statement and brought from approval quarry.
- 3) Certified that there is no further dues to be recovered from the contractor.

DISCHARGE CERTIFICATE.

- 1) I here by release and discharge in full and final settlement of all my claims what so even arising investment the bill and agreement.
- 2) I agree for verified of any excess payment made and when even comes to light at later date.
- 3) I agree that the payment is full and final settlement of all demands.

Para No:38

Code No: 11

NON-PRODUCTION OF VOUCHERS, FILES M.BOOKS AND ETC.,

During the course of audit related to 13th F.C grant in Municipal Council, Tenali, the paid vouchers listed below amounting to Rs. 4021858-00 Were not produced for verification in audit. Hence the correctness of payments could not be verified in audit. Action would need to be taken to produce all records early.

Voucher No / Date	Particulars	Amount
1/13-4-15	Scrutiny test charges to pay & Accounts officer, W&P, Guntur	219138-00
2/21-9-15	Scrutiny test charges to Superintendent Engineer, P.H., Guntur.	96512-00
3/25-10-15	Construction of C.C drain to Mallepadu drain from Railway Track to R.R Colony.	101635-00
4/12-11-15	DEBAS 13 th Grant contingent amount to C&DMA, A.P. Hyd	2720000-00
5 to 7/20-11-15	Remittance of IT-150 Labour cess-417 VAT - 2082	2649-00
8/21-1-16	User charges payable to E.E., P.H., Guntur	464223-00
9/21-1-16	Scrutiny test charges to pay & Accounts officer, W&P, Guntur	417701-00
	Total:	4021858-00

Para No:39

Code No:13

WORKS - EXCESS PAYMENT PAID OVER AND ABOVE THE ESTIMATE COST - NEEDS RECOVERY - Rs. 6086-00

Work: supply, delivery and fixing of Bio-Metric V2 plus G.P.R-s in 9 sanitary divisions and 6 Municipal High Schools in Tenali Municipality.

Esst: 5.15 Lacks

M.B.No: 83/A/14-15

Vr No: 953/31-10-15

On verifying of the above work bill it was noticed that the final payment was made to the contractor over and above the estimate cost causing excess payment as detailed below.

The excess amount of Rs. 6086-00 would need to be recovered and credited to the 001 funds of Tenali Municipality.

Already paid at Page No: 18

To be Paid

Gross Rs. 521086-00

521086-00

Deductions: 425015-00 (Rounded to the Estimation Cost)

515000-00

Deductions: 425015-00

Net Paid: 96071-00

Net to be paid: 89985-00

Excess Paid: 6086-00

Para No: 40

Code No: 13

SHORT RECOVERY OF SEIGNIORAGE CHARGES - CAUSES EXCESS PAYMENT - NEEDS RECOVERY Rs. 1111-00

Work: Providing C.C Road ELSR beside road balance bit in 12th ward.

While on scrutiny of the above work bill it was noticed that the seignior age charges are worked out of Rs. 11735-00 at page no.5 of the M.book, but in the final bill seignior age charges are deducted of Rs. 10624-00 instead of Rs.11735-00causing excess payment made to the contractor. The excess amount of Rs. 1111-00 would need to be recovered and remitted to head of account concerned.

Para No:41

Code No: 13

WORK BILL SEIGNIORAGE ARE NOT DEDUCATED - CAUSES EXCESS PAYMENT - NEEDS RECOVERY - Rs. 1284-00

Work: laying of gravel dust road in palate vari street, 2nd cross road in Ward No-1

During the verification of the above work bill it was noticed that the stone dust was collected for the foundation of the work and completed, but the seigniorage charges was not recovered on final bill causes excess payment made to the contract. The excess amount would need to be recovered and remitted to head of account concerned.

Stone dust collected 25.68 mm

Seigniorage charges to be recovered $25.68 \times 50 = 1284-00$.

PARA NO. 42

CODE NO.16

NON-SUBMISSION OF UTILISATION CERTIFCATES:

According to Article 211 (A) of the Andhra Pradesh, Financial Code Vol-I it is the responsibility of the grant receiving authority to furnish U.C. to the grant releasing authority. The Utilization certificates would need to be furnished to the District Audit Officer, State Audit, in the proforma Prescribed for counter signature. But the utilization certificates for no accounts were furnished to audit for verification.

PARA NO 43

CODE 18

ADVERTISEMENT CHARGES PAID TO VARIOUS NEWES AGENCIES -AUTHORITY WANTING

As verified from cash book Rs. 258213-00 was paid during the year towards advertisement charges (print & Electronic media) to various news agencies directly. As per Government orders the advertisement charges should be paid through the information and public relation department. But payments of advertisement charges without routing them through proper channel for advertising violating existing rules getting prior permission from Government. In this regard the amounts which were paid to the news agencies is held under objections.

S.No	Vr.No/Date	Name	Description	Amount
1	316/16-6-15	Deccan Chronicle	E' Procurmenmt	1775 0
2	612/7-9-15	Deccan Chronicle	Tender Notice	2662 5
3	613/7-9-15	Prajasakthi Telugu Daily	Tender Notice	2352 0
4	614/7-9-15	Prajasakthi Telugu Daily	Tender Notice	8820
5	615/7-9-15	THE HINDU	Tender Notice	4357 5
6	1188	Andhra Jyothi	Tender Notice	1786 0
7	1189	Andhra Jyothi	Tender Notice	1984 5
8	1191	Sakshi Telugu Daily	Tender Notice	2116 8
9	1459	Deccan Chronicle	E' Procurmenmt	1331 2
10	1460	Prajasakthi Telugu Daily	E' Procurmenmt	1764 0
11	1461(A)	Sakshi Telugu Daily	Tender Notice	1881 6
12	1461	EENADU	E' Procurmenmt	2928 2
	Total:			2582 13

PARA NO 44

CODE NO.18

MUNICIPAL COUNCIL TENALI - ANNUAL REPORTS ON LOSSES/THEFTS/MISAPPROPRIATION OF FUNDS, CASES OF UNPROFITABLE OUTLAY IF ANY CAUSED DUE TO NEGLIGENCE OR MISCONDUCT OF ANY EMPLOYEE - NOT SENT TO AUDIT- IRREGULAR

The executive authority of the Municipal Council should annually report in respect of losses, thefts and misappropriation of funds, if any, to audit as required under para 33(1) and (2) of the instructions issued with G.O.No.686, Municipal Administration Department, dated 30-7-1968.

Such reports are not being sent to audit despite this defect was being pointed out in the earlier audit reports due to which the serious irregularities, if any, of such

type might go undetected in audit as the audit is confined to the transactions in the prime record such as cash book and other registers.

PARA NO 45

CODE NO. 18

REGISTERS NOT MAINTAINED:

The important registers to be maintained along with cash book were as detailed below. Early action would need to be taken to maintain these registers and produced the same for verification in audit.

1. Undisbursed pay register
2. Permanent advance register
3. Register of contingent charges
4. Register of A.G. Objections.
5. Stock register of Furniture
6. Establishment Audit register
7. Increment Watch register
8. Register showing the temporary establishment and their continuance.
9. Stock register of M.V. Forms
10. Register of Security deposits
11. Register of recoveries of loans granted to government servants for purchases of Bicycles, H.B.A.M.A., Motor cycle etc.,
12. Condemned articles register.
13. Mutation register
14. Stock register of P.H. articles.
15. Petty Cash book
16. Tools and Plants Register
17. Stock Register for Stationery
18. Register of V.L.T.
19. D.C.B of vacant Land Tax
20. D.C.B. of Advertisement Tax
21. Used Receipt Books for the taxes collected manually (WT VLT and M.R)
22. Register of Auction files of Vacant condemned

Para No: 46

Code No: 18

PREPARED UN-REALISTIC ESTIMATES.

The estimated cost of a work should be realistic, estimates have to be prepared on the basis of standard data, adoption of SSR-s by taking proper care to arrive rates for various items of work.

However, it was observed in audit that the most of estimates were un-realistic and these are revised as deviation statement while on execution of works. It is instructed to the Municipal Engineer more exercise is needed in preparation of estimates to be a realistic.

PARA NO.47

CODE NO.18

GRANTS RELEASED TO MUNICIPAL COUNCIL FOR VARIOUS PURPOSES - GRANTS APPROPRIATION REGISTER NOT MAINTAINED.

During the year under audit several grants both statutory and non-statutory were sanctioned and adjusted to Municipal Council. A separate register of appropriation of grants was not maintained and produced to audit. In the absence of which, it could not be verified in audit, whether the grants released to the ULB were utilized properly for the purposes for which they were sanctioned without diversion and within the time allowed for utilization. Action would need to be taken to maintain the grants appropriation register and the un-utilized balance, if any, would need to be refunded to Government and remittance challans produced for audit.

PARANO. 48

CODE NO.18

PAID VOUCHERS - -COUNCIL RESOLUTION- NUMBER WAS NOT NOTED ON THE PAID VOUCHERS :

As verified from the paid vouchers for the year 2015-16, it was noticed that the - Council Resolution- number was not noted on back side of some of the vouchers. In the absence of the same, the fact of obtaining the council resolution for the payments made could not be verified in audit. Action may be taken for noting the council resolution number and date for every paid voucher in future.

PARA NO.49

CODE NO.18

ADVANCES - ADVANCES RECOVERABLE REGISTER NOT MAINTAINED PROPERLY - IRREGULAR - NEEDS PROPER MAINTENANCE:-

As verified from the Advances recoverable register maintained for the year 2015-16, it was full of defects as detailed below.

1. Many sanctioned during the year were not entered in the register which is highly irregular. The advances sanctioned during the year were detailed in the next page (Annexure).
2. Previous balances were not forward to by the advances sanctioned during the financial year, leaving the outstanding advances that were sanctioned in previous years without accounting for which is highly irregular.
3. Recoveries were not posted in the register by noting the installment numbers. As such, how much amount was recovered and how much balance was left out for that year could not be checked in audit.
4. Advances account not prepared for the year. D.C.B. was not produced.

In view of the above defects in maintenance of advances recoverable register, the advances account could not be finalized and also whether they are being recovered or not could not be checked in audit. As such the loss if any caused to municipal

Para Number : 2STATUS OF OBJECTIONS (Code : 19) Rs : 0

PARA NO

CODE NO.19

STATUS OF AUDIT OBJECTIONS:-

2979 No. of objections involving amount of Rs. 481741747-00 as detailed below are pending settlement, at the close of audit.

Year	No.of Objection	Amount
1957-58 to 1997-98	2144	86828716
1997-98	61	13156179
1998-99	25	12625842
1999-2000	30	18955485
2000-01	24	15085671
2001-02	75	6099862
2002-03	25	3906268
2003-04	33	6533172
2004-05	33	47454743
2005-06	27	5838254
2006-07	18	83918784
2007-08	30	2879988
2008-09	24	15630619
2009-10	25	17937171
2010-11	44	22196823
2011-12	96	12676699
2012-13	113	25416514
2014-15	103	44689235
2015-16	49	39911722
Total:	2979	481741747

CODE-19

ABSTRACT

Code No	Para No	Amount
3	1	
8	2	1641600
9	3	
	4	
	5	
	6	
	7	
	8	
	9	968793
	10	
	11	

	12	
	13	
	14	
	15	
10	16	
	17	104640
11	18	
	19	
	20	2103288
	21	
	22	
	23	
	24	
	25	
	26	
	27	
	28	
	29	73884
	30	
	31	
	32	
	33	30989178
	34	
	35	
	36	
	37	
	38	4021858
13	39	6086
	40	1111
	41	1284
16	42	
18	43	
	44	
Total:	<u>45,46,47,48,49</u> 49	Total: 39911722-00

Para Number : 3OTHERS (Code : 18) Rs : 0

GENERAL FINANCIAL REVIEW:

The receipts and payments during the year were shown in the Receipts & Payments statement together with the opening and closing balance. The opening balance in the cash book was in agreement with the closing balance of the previous year. The consolidated annual account was showing the closing balance of Rs.47,68,92,744-40/-(General Fund and Capital Project Fund) as on 31-3-2016. As verified from the cash book, the cash book was not closed every month. The monthly abstract and yearly abstract was not arrived at and not noted in the cash books. The reconciliation statements produced were not tallying with the closing balance of the reconciliation statement and the figures of the cash book and treasury pass book as on 31-3-2016. As such the correctness of the closing balance of the cash book could not be certified in audit. Immediately the reconciliation between Cash Book and Pass Book would need to be made and produced to audit.

DETAILS OF THE CLOSING BALANCES AS PER RECEIPTS AND PAYMENTS STATEMENT AS ON 31-3-2015

SL.NO	DETAILS	MGF	CPF	TOTAL
1	Cash on Hand	nil	nil	nil
2	Cash at Bank	Rs.37,34,39,711-41	Rs.10,29,62,532-99	Rs.47,64,02,244-40
3	Cheque in Hand	Rs.4,90,500-00/-	nil	Rs.4,90,500-00
	TOTALS	Rs.37,39,30,211-41	Rs.10,29,62,532-99	Rs.47,68,92,744-40

DETAILS OF CONSOLIDATED CLOSING BALANCE:

C.B as per the Municipal General Fund : Rs.37,39,30,211-41

C.B as per the Capital Project Fund : Rs. 10,29,62,532-99

Total : Rs.47,68,92,744-40

DIFFERENCE CLOSING BALANCE WITH OPENING BALANCE OF ANNUAL ACCOUNTS - NEEDS RECTIFY

The opening balance of general fund and capital fund in annual account for the year 15-16 as on 01-04-2015 is not agreement with closing balance of previous year 2014-15 annual account as on 31-03-2015 and it was also not agreement with the treasury passbook balances as detailed below.

Differences in opening balances of general fund and capital funds as on 01-04-15 in annual account would need to be rectified and explain to audit.

<u>GENERAL FUND</u>		<u>CAPITAL FUND</u>	
Cash	: 6430943-00	Cash	: 1515700-00
Bank	: 429101786-74	Bank	: 59404229-51
Cheque on hand:	8190883-00	Cheque on hand:	4038723-00
Total	: 443723612-74	Total:	64958652.51
<u>OB as per Annual A/c15-16 as on 01-04-2015</u>		<u>OB as per Annual A/c 15-16 as on 01-04-2015</u>	
Cash:	-	Cash:	-
Bank:	439617986-41	Bank:	56144896-99
Cheque:	--	Cheque:	--
	439617986-41		56144896.99
Difference:	4105626-33	Difference:	8813755.52

FINANCIAL POSITION

The resources of ULBs consist of grants and assistance from the Government of India (GOI) and the State Government under various schemes, loans from Financial Institutions (HUDCO etc.,) and own revenue generated through various tax and non-tax collections. The tax revenue mainly accrues from property tax and taxes on advertisement, while non-tax revenue comes from water charges, encroachment fee, developmental charges, building fee, etc. The financial position of the ULB has been analyzed with reference to the figures provided in the budget. But during the year under audit, the Budget Copy and the subsidiary registers related to individual Head of Account were not produced, the actual receipts in respect of revenue were taken based on the Annual Account figures. And the difference in between budget figures and actual receipts are as detailed below.

Sl.No.	Head of Account	Budget estimates	Actual
1	Property Tax from Public-General Tax	Rs.5,50,70,000/-	Rs.10,48,16,604/-
2	Vacant land tax	Rs.15,00,000/-	Rs.23,83,948/-
3	Entertainment Tax	Rs.2,50,00,,000/-	Rs.25,92,908/-
4	Advertisement Tax	Rs.15,00,000/-	Rs.4,22,430/-
5	Water tax/ fees	Rs.30,00,000/-	Rs. 1495000/-

6	Rent from Markets, Shopping Complexes/Office Buildings / Canteens	Rs.3,22,65,000/-	Rs.1,42,73,764/-
7	D & O Trades license fee	Rs.50,00,000/-	Rs.24,22,656/-
8	Birth and Death Register Extract Fee	Rs.30,00,000/-	Rs.49,819/-

a) TAX REVENUE RAISED BY THE MUNICIPAL COUNCIL:-

The tax revenue consists of property tax, water tax and advertisement tax etc. Tax on property is the main source which constituted the bulk of revenue receipts of Municipal Council during the year. An analysis of tax revenue for the current year and the preceding two years is given below.

Sl. No.	Nature of Tax	Collection			Increase/Decrease with ref. to previous years
		2013-14 (Rs.)	2014-15(Rs.)	2015-16 (Rs)	
					Rs.
1	Property tax	6,46,92,129/-	8,46,65,359/-	93733000	
2	Advertisement tax	4,08,950/-	3,00,000/-	1407156	
3	Vacant land tax	23,40,609/-	32,22,267/-	2383948	
4	License fee	35,36,455/-	2,18,867/-	2422656	
5	Leases	4,77,57,243/-	1,41,60,396/-	2588008	
6	Entertainment tax	0	1,67,24,478/-	2592908	
7	Encroachment fee	14,60,465/-	13,01,360/-	1073110	
	Total	12,01,95,851 /	12,05,92,727 /	10620078	6

b) NON-TAX REVENUE OF THE MUNICIPAL COUNCIL:-

Building rents, leases of markets, slaughter houses, betterment charges etc., form the non-tax revenue and constituted percentage of revenue of the municipal council. An analysis of the non-tax revenue under some principal heads for the year and during the preceding 2 years is given here under.

Sl. No.	Item of revenue	Collection			Increase/Decrease with ref. to previous years
		2013-14 (Rs.)	2014-15 (Rs.)	2015-16 (Rs.)	
1	Water charges	16,37,515/-	14,45,239/-	1495000	
2	Slaughter house	-----	-----	----	
3	Building license fee	2,36,934/-	37,77,566/-	4197361	
4	Rent on Vacant land	0	0	0	
5	Leases of markets and shop room rents	47757243/-	-	3258298	
	Total	49631692/-	52,22,805/-	8950659	

C) REVENUE RECEIPTS AND ITS ANALYSIS:-

The source of revenue receipts during the year was through (1) revenue raised by the Municipal Council (2) receipts from the state government towards share of entertainment tax, M.V. tax, land cess and surcharge on stamp duty etc (3) Grant-in-aid received from the Government. An analysis of receipts under the above heads during the year along with corresponding figures for the preceding 2 years is given below.

I. No.	Item of revenue	RECEIPTS		
		2013-14 (Rs.)	2014-15 (Rs.)	2015-16 (Rs)
1	Revenue raised by Municipal Council			
	a) Tax Revenue	Rs.12,01,95,851/-	12,05,92,727/-	116246848
	b) Non-tax revenue leases, fees and rents etc	49631692/-	52,22,805/-	45046234
	Total:	169827543/-	12,58,15,532/-	161293082
2.	Receipts from Government.			
	a) Surcharge on stamp duty	3,25,36,519/-	3,83,49,841/-	29139408
	b) P.T.	60,915/-	30,000/-	20000
	c) Population grant	0	0	0
	Total	Rs.3,25,97,434/-	Rs.3,83,79,841/-	29159408

BUDGET:-

According to rule 8 of the rules relating to the preparation of the budget, allotment and transfer of funds issued with G.O.Ms.No.619, MA.,Dt.7-10-67, the budget should be submitted to Government through the District Collector and the Director of Municipal Administration, for approval by 31st December of each year. But in the copy of budget which was produced, the date of submission of the Budget is not available to check whether the Budget was submitted in time or not.

AUDIT OBJECTIONS

PARA NO. 1

CODE NO.1

RECONCILIATION DONE BETWEEN CASH BOOK AND TREASURY PASS BOOK/BANK PASS BOOKS WITHOUT CLOSING CASH BOOK- OTHER DEFECTS - NEEDS ACTION:-

According to para 196 of A.P. Budget Manual read with G.O.Ms.No.318, Finance & Planning Department , dated 10.11.1980 and orders of Government issued from time to time, the Departmental expenditure and receipt figures should be got reconciled (Major Head of accounts wise) with those booked by the Treasury every month in order to ensure that no misclassification or wrong accounting of expenditure and receipts took place and also to detect fraudulent draws if any.

The reconciliation statements were produced along with annual account during the year. On a verification of the same some defects were noticed as a result of which the reconciliation statement could not be verified and the correctness of the annual account could not be verified with reference to cash book and pass books in audit. The executive authority would need to take good steps for rectification of the defects pointed out at an early date.

- A) The cash books (manual) which were maintained in the municipality (all schemes and funds) were not closed monthly and not even annually under the hand and seal of the Commissioner. The closing balance was also not arrived at monthly and annually. In the absence of the maintenance of the cash books and their regular and proper closing could not be verified in audit.
- B) The relevant register of DD/MO received was also not maintained properly. As such the classification of the receipt could not be known in audit. The receipt side of the cash book was not maintained at all as such the treasury adjustments, voucher adjustments etc., could not be verified. The figures in the annual account were not supported by any subsidiary registers which were ought to be maintained. In the absence of the same the executive authority would need to explain as to how the figures exhibited in the annual account were correct and reflect true and fair view of the transactions contained therein.

PARA NO. 2

CODE NO.2

EXPENDITURE INCURRED IN EXCESS OVER THE BUDGET PROVISION:-

As the copy of Budget was not produced for verification in audit it could not be verified whether excess expenditure was incurred over and above the budget provision.

Amount in Rs.

Sl.No.	Head of Account	Budget Provision in Rs.	Actual expenditure in Rs.	Excess incurred In Rs.
1	Stationary	450000	657717	207717
2	Consultancy Charges	-	1303308	1303308
3	CC Charges	12500000	17535507	5035507
4	Legal Charges	150000	162391	12391
5	Furniture	1000000	1039059	39059
6	Special Festival Advance		407000	407000

PARA NO.3**CODE NO.2****DEMAND COLLECTION BALANCNCES**

As verified from the Annual Account with reference to computer generated D.C.B there was a difference in collection shown during the year under audit (2014-15) as per DCB statement and the Receipts and Charges statement as detailed below. As the subsidiary Registers related to the collection were not produced for verification, it could not possible to verify the reasons for the said differences.

AS PER DCB STATEMENT

Sl.No	Head of the Account	Year	Demand	Collection	Balance	Collection as per R&C Statement In Lakhs
1	Property tax	15-16	1353.47	937.33	416.14	1048-16
2	D&O Trades	15-16	24.22	24.22	-	
3	Advertisement Tax	15.16	16.22	14.07	2.15	Not shown in A/c
4	Water tax	15-16	24.20	14.95	9.25	4.98
5	V.L.T	15-16	89.12	23.84	65.28	-
6	Water Donations	15-16	8.11	8.11	-	-
7	Market Rents	15-16	25.88	25.88	-	32.58
8	Encroachment Fee	15-16	10.73	10.73	-	-
9	Building License Fee	15-16	41.97	41.97	-	-
11	Shop Room Rents	15-16	1.33	1.16	0.17	106.25

PARA NO: 4**CO
DE NO.7****TIME
BARRED
TAXES
AND
FEES:**

The arrears of taxes and fees relating to the year 2012-13 which were allowed to be time barred by limitation

of time prescribed under section 365(1) of the A.P. Municipalities Act, 1965 during the current financial year. According to section 365 (2) of the A.P. Municipal Act 1965 it is the duty of the Commissioner to place before the council a list of arrears due to the Municipal Council which are likely to become time barred, at least one year before the limitation stating the reasons for the non-collection of such taxes and seek instructions of the council in regard to recovery of such taxes. According to section 365(3), if the Commissioner fails to submit such list or omits or show in such list any arrears due to failure on the part of bill collector to any other employee as the case may be, is deemed to be negligent and action under the section 374(1) of the Act for the recovery of all such recoveries should be taken against him. Record showing the placement of the matter before the council in respect of the taxes and fees which are allowed to become time barred was not -pointed out. Under section 374(1) the loss caused to the Municipality due to the above defect has to be assessed and made good from the persons responsible. Further it was noticed in audit that though elaborate procedure was prescribed in rules to take action on the taxes likely to become barred by time in practice the Arrear demand registers were not being maintained to quantify the taxes that are likely to be barred by time. This deficiency of not maintaining the ADRs relating various taxes and non taxes is resulting in the inability of the MC even to quantify the loss on account of barring by limitation of time.

1. Property Tax ----- ADR not maintained
2. Vacant land tax ----- ADR not maintained

PARA NO.5

CODE NO.7

SHOP RENTS - NON COLLECTION OF SHOP RENTS - HUGE AMMOUNT WAS PENDING - NEEDS COLLECTION Rs. 1740327-00

In Tenali municipality for the year 2015-16 a huge amount was pending collection, in respect of shop rents ending with March 2016 as detailed below. The reasons were not explained in audit for non collection of shop rents related to Mahatma Gandhi Vegetable Market shop rents since 13-14, and what steps are being taken to collect shop rents were also not produced to audit.

	<u>Demand</u>	<u>Collection</u>	<u>Balance</u>
Municipal shopping complex rents:	13052963/-	11312636/-	1740327/-

PARA NO-6**CODE NO.7****VACANT OF SITE IN SECOND AND THIRD FLOOR OF MAHATAMA GANDHI VEGETABLE MARKET COMPLEX - LOSS OF REVENUE - NEEDS ACTION TO LEASE-OUT**

On verification MDR and file related to Mahatama Gandhi vegetable market complex for the year 2015-16, it was noticed that the space available in 2nd and 3rd floor were kept idle from 3 years causing loss of revenue to Tenali Municipality.

The Mahatama Gandhi vegetable market complex construction was completed 3 years ago by Municipal Funds and main objective was to improve financial position of Tenali Municipality by developing of Market and Shoping complex. The shops in 1st floor are leased out by open auction process, but in the 2nd and 3rd floor was kept idle since 3 years. The executive authority here with instructed to take necessary steps to lease out of 2nd and 3rd floors.

PARA NO-7**CODE NO.7****NON-COLLECTION OF GARBAGE CHARGES & USER CHARGES - NEEDS COLLECTED**

The Municipal bodies as per the guidelines of -Total sanitation programme- are required to collect garbage charges from the eating establishments, hospitals, diagnostic centers, clinics, theatres, function halls, lodges, shopping complexes etc., since these establishments generate garbage in bulk. The bulk garbage charges and user charges are to be collected as per the bed strength in respect of the hospitals and nursing homes and at flat rate as assessed by the Municipal body in respect of cinema halls and other places of entertainment.

However it was noticed that an amount of Rs.12,00,000/- was estimated towards such collection in Budget estimates in this Municipality for 2015-16 . But no amount found collected as per Annual Account towards garbage charges and user charges by the municipality during the year of audit and no reasons were forthcoming in audit for non collection of the same.

PARA NO-8**CODE NO.7****CELL TOWERS - TAX ON CELL TOWERS - NOT COLLECTED:**

As per GO. Ms No.183 Municipal Administration & Urban Development (M) Department Dt. 27.02.2008 All the Commissioners of Municipal Corporations, Municipalities, and Vice Chairmen of Urban Development Authorities in the State shall

accord permission to all the existing and proposed cell tower installations, both land based and rooftop installations, as per rules, subject to fulfilling the following conditions by the applicants namely:

- i). The applicant shall obtain necessary approval of the Air Traffic Controller, Airport Authority of India (where applicable).
- ii). The applicant shall take special precaution for fire safety and lightening etc.
- iii). The applicant shall furnish a legally valid undertaking that they are solely responsible for any damage to the building and for public safety.

In this connection the Commissioner has to give notices to the property owners in whose premises, the towers were installed duly fixing rates for installation and rennual charges from time to time. But the information related to the cell phone towers located in the municipal premises, Tenali was not stated by the Town Planning authorities and no such amount received towards cell phone towers installation or rennual charges was identified in annual account. Action would need to be taken in this regard by the executive authority and the amounts would need to be collected at an early date and credited to municipal funds.

PARA NO -9

CODE NO.7

NON COLLECTION OF ADVERTISEMENT TAX ON CABLE TVs.

Vide G.O. Ms No.266, M.A. Dt.05.05.2000 clause 7B of Advertisement Tax rules was incorporated and as per G.O. Ms.No.487, M.A. Dt.20.04.2000, Advertisement Tax on Cable T.V. Advertisements @ 10% of the Cost of the Advertisement has to be collected by the Municipality .

During the scrutiny of Town Planning Section records of the Municipality it was noticed that advertisement tax was not being collected from the cable T.V. operators.

Action may be taken to obtain the monthly statements of advertisements and the tax collected accordingly.

When non collection of advertisement tax was brought to notice it was replied that necessary arrangements would be made to obtain the particulars of Cable TV Advertisements from the Cable operators and tax would be collected.

PARA NO-10**CODE NO.7****NON COLLECTION TOWARDS SLAUGHTER HOUSES**

During the course of audit it was noticed that an amount of Rs.16,305/- was collected towards slaughter house tax for the year 2012-13 .But no amount was shown for the year 2015-16 (No collection in 2013-14 and 2014-15 also) in DCB as well as in Annual Account. No sufficient explanation was forthcoming in this regard from municipal Authorities. If any loss occurred due to this to the Municipal Funds action would need be initiated upon the persons responsible by the Executive Authority.

Para No-11**Code No.7****TOWN PLANNING SECTION- SHORT COLLECTION OF 14% OPEN SPACE COST, LABOUR CESS & Betterment Charges RS.1,60,211/-**

As verified from Building Applications and connected files it was observed that an amount of Rs.111026/- was short collected towards 14% of Open Space cost and Labour Cess as detailed below

Sl.No	BA.No	Name of the Applicant	Amount to be collected towards 14% open Space in Rs.	Amount Collected Rs.	Short Collection Rs.
1	152/16/G2	M. Srinivasa Rao	131487/-	84000/-	47487/-
		Betterment Charges	13000/-	10000/-	3000/-
2	97/G1/	Smt K. Jyothi	155558/-	107030/-	48528/-
3	111/G1	G. Lakshmi Prasanna	56000/-	48720/-	7280/-
4	97/G1	Smt K. Jyothi (Betterment Charges)	11613/-	5330/-	6283/-
Total:					112578/-

Sl.No	BA.No	Name of the Applicant	Labar cess to be collected	Amount Collected Rs.	Short Collection Rs.
1	53/G1	P. Pitchi Babu	13146/-	0	13146/-
2	76/G1	P. Lalitha Kumari	11216/-	0	11216/-

3	83/G1	K. Rayappa	11775/-	0	11775/-
4	127/G1	Sk. Basheer	13496/-	0	11496/-
Total:					47633/-

The Executive authority shall take necessary steps to collect the amounts to be collected, from the persons responsible and fact reported to audit.

PARA NO-12

Code No.9

ADVERTISEMENTS - EXHIBITED WITHOUT WRITTEN PERMISSION OF THE COMMISSIONER - FINE NOT IMPOSED -LOSS TO THE MUNICIPALITY- NEEDS ACTION.

No person shall without the written permission of the Commissioner, erect, exhibit, fill or retain any advertisement whether now existing or not upon any land, building, wall, hoarding or structure-. The word -structure- in this section shall include, a tram car, Omni bus and any other vehicle and any movable board used primarily as an advertisement or an advertising medium.

Further, according to Municipal Act, for exhibiting an advertisement without permission, a fine up to Rs.1,000 can be imposed and in no case, it shall be not less than Rs.500.

As seen from the Annual Accounts an amount of Rs.4,22,430/- was received towards advertisement tax for the year 2015-16 in the Municipal Council, Tenali. But records relating to tax on advertisement and applications received and permissions issued to erect, exhibit, fix or retain the advertisements for which tax was levied during the year 2015-16 were not furnished to audit. Therefore, it was construed that, those advertisements were noticed during the inspections of the town planning personnel. As the advertisements were exhibited without the written permission of the Commissioner, fine has to be imposed from Rs.500 to 1,000 on the owners of those advertisements. But, the same was not imposed and the Municipal body suffered loss of revenue to that extent. Therefore, action would need to be taken to impose fine and report compliance to audit.

PARA NO-13

CODE NO. 9

D & O TRADERS - LICENSE FEE COLLECTED LICENSES NOT ISSUED TO TRADERS - IRREGULAR:

The counter foils of the licenses issued to the traders i.e. form No. 8 for the year 2015-16 were not made available for verification in audit. The license fees collected through challans were not produced to audit for verification. It was irregular to allow the traders to conduct the business without issue of license even though they had paid the fees.

Therefore action would need to be taken to issue the licenses to the traders and counter foils produced to verification.

PARA NO-14

CODE NO. 9

DEPOSITS - PENDING FROM YEARS TOGETHER SHOULD BE LAPSED - NEEDS ACTION:

Deposits remaining unclaimed for three completed years after their refunds fall due and surplus proceeds of distraint property not claimed within six months from the date of sale should be lapsed and credited to the revenue Head of account. The deposits thus lapsed shall be entered in a register called -Register of Lapsed Deposits- which should be maintained in the form set out in Annexure VII to the rules relating to Deposits issued in G.O.Ms No. 519 MA dated 04-07-1970 as amended in G.O.Ms No. 385 M.A. Dt. 12-07-1974. For the claims subsequently made and admitted, the amounts concerned may be refunded from the general balance of the Municipal Council with the sanction of the Council.

Therefore action would need to be taken accordingly under a report to audit.

PARA NO-15

CODE NO.9

VACANT LAND TAX - DEMAND FOR THE CURRENT YEAR NOT FIXED:

In exercise of the powers conferred under Section 197, 198 and 199 of H.M.C., Act, 1955, the Municipal Corporation, Guntur, vide its notification No.1129/01/A1, dated 8-5-02 (published in the District gazette No.XLIII, Dated 13-5-02) had specified that the tax on vacant land be levied at 1% of the value of that landed property prevailing in the market, as determined by the registration department.

The monthly lists of vacant lands (requiring the levy of tax) prepared as per the property tax assessment register for the year 2015-16 were not made available for verification in audit. The demand under vacant land tax for the year 2015-16 was not fixed duly maintaining the current and arrear demand registers.

Further, the tax on vacant land was found to have been levied based on the property tax assessments made from time to time. Instead of preparing the lists of vacant lands on the basis of the property tax assessments, an independent survey by the out door staff would need to be got done for identification of the vacant lands in the limits of the Corporation and there by demand fixed properly, both current and arrear.

OBSERVATIONS ON VACANT LAND TAX:

A) Non identification of vacant plots for levy:

Section 85(3) of the Municipalities Act, 1965 read with instructions issued by Govt of AP provides for levy of a tax on vacant lands in Municipal limits@ 0.10% per annum of the capital value of the site/land. The levy of VLT has been long neglected by the Municipalities even though this is a potential source of income. But the collection of Tax is indeed difficult. In view of the difficulty in finding the actual owners of the site. This information can possibly be obtained from the Registration Department:

(A) Audit Observed that:

? The Municipality had not made any effort for identification and collection of Vacant Land Tax. In view of the fact that the Municipality has been receiving requests for approval for construction of buildings this information can be utilized for collection of Vacant Land Tax.

? Even though the VLT was being collected by the Town Planning Wing at the time of giving approvals for Building constructions for the previous 3 years, the fee thus collected was not being accounted for under the VLT.

? The Municipality needs to urgently identify all the vacant sites Within Municipal limits.

B) Improper maintenance of VLT records:

As the DCB register for VLT was not made available for verification in audit, it could not be verified the number of assessments as on date and balance amount need to be collected (including arrears and current balances).

It could not be verified in absence of the same

- (i) Even though the land owners applied for building permissions and constructed the houses in the vacant lands, the same were updated or not in the VLT demand register.
- (ii) At the time of granting permission for building construction, the municipality had been charging the VL Tax (by town planning section) at the rate fixed to the normal demand. However, the same was not updated in VLT demand register.

As such the municipality need to review all the outstanding VLT cases along with town planning records and the actual position ascertained. A fresh DCB for VLT may be prepared and furnished to audit.

PARA NO-17

CODE NO.9

INFORMATION NOT FURNISHED REGARDING PROPERTY TAX- NEEDS MAINTAINED

The Revenue Officer/Revenue Inspectors and the Bill Collectors shall in their capacities undertake field visits within their jurisdiction for detection of any unauthorized constructions and other properties which were yet to be identified and brought under the Property Tax net. The property tax shall be levied for every half year and it is the duty of the assesses to pay it within 30 days after the commencement of each half year i.e., 30th April/31st of October. In this regard the records of such visits or any details of properties identified were not maintained in this municipality. Loss, if any sustained by the institution due to non-collection of tax within time specified as per Municipal Act, the Executive Authority will have to be held responsible.

PARA NO-18

CODE NO.9

NON MAINTENANCE OF DEMAND AND ARREAR DEMAND REGISTERS OF PROPERTY TAX (MANUAL):

It was noticed during the audit that both the Demand and Arrear Demand Registers of property tax for the year 2015-16 were prepared based on the computer generated data and the correctness of the data shown there in was not certified to by the executive authority.

Manual registers for either current demand or arrear demand were not maintained and produced to audit. Similarly register of transfer of titles, mutation register, register of remission, write off register and register of appeals were not made available for verification.

Further, the page wise totals along with the final abstract were not enclosed to the ward wise computer generated demand and arrear demand registers for the year 2015-16.

Consequently, cross checking of computer generated data with that of manual registers, as required to be maintained in accordance with the instructions contained in para 3 of the fax message in Roc.No.4994/04/03/(B5), dated 18-3-2004 of the Commissioner and Director of Municipal Administration, A.P., Hyderabad could not be done and the correctness of the number of assessments coming under tax fold could not be ensured in audit.

PARA NO-19**CODE NO.9****CASH BOOK AND SUBSIDIARY REGISTERS NOT MAINTAINED PROPERLY - ENTRIES ON THE RECEIPTS SIDE NOT MADE, NOT TOTALLED, NOT BALANCED AND NOT RECONCILED WITH THE PASS BOOK BALANCES - IRREGULAR.**

As per the -Andhra Pradesh Municipal Accounts Manual- the Urban Local bodies should maintain each financial year the -General cash book- in form GEN-1, which shall be the Book of original entry for recording transactions involving cash and /or bank pass book. The cash book has two sides Viz.-Receipts- and -payments-. All collections on behalf of the ULB shall be recorded on the -Receipts- side and all payments shall be recorded on the -payment- side. Separate cash books (Subsidiary) shall be maintained in respect of each bank account. Designated Bank accounts may be operated for deposit of collections pertaining to property and other Taxes, Supply, Public works, Special funds etc., as has been provided in the applicable rules and regulations. Monthly Abstract should be recorded in the General Cash Book showing the balances of all the subsidiary cash books (General Fund Cash Book, DDO Current A/c, Grants cash Book, FDR, Permanent Advances Register etc.,) and the balance of Bank so that the Head of the institution could know the actual balance available in the institution on any particular date.

There were no periodical closings under proper attestation. Reconciliation of balances of cash book with those of banks was not made regularly. Erroneous/Fraudulent draws can be detected only through reconciliation. Such an important financial internal control mechanism was ignored.

No pages should be left blank and each page should be serially numbered duly enclosing a certificate to the extent of pages in the cash book. However many pages were left blank in between transaction and have not been cancelled under attestation.

Most of the entries were being made in pencil which was highly irregular.

The details of book adjustments, treasury receipts, the details of MRs were not recorded in cash book.

PARA NO-20**CODE NO.9****ENCROACHMENT - CLASSIFICATION NOT DONE:-**

The list of encroachments in the Municipal area was not got prepared by the Municipal surveyor/Building inspector and verified by the Commissioner. The encroachments were not got classified as objectionable and non-objectionable by the Municipal Commissioner and got approved by the Municipal council and the District Collector. All the objectionable encroachments have to be licensed under section 193 of the Act duly collecting the requisite fee. An amount of encroachment fee Rs.10,73,110/- collected was treated as demand under this item as no separate demand was fixed which was not correct. In the absence of proper demand having been fixed with reference to the encroachment list, the correctness of the collections made and balance left could not be ascertained in audit. Immediate action may be taken to rectify the defect.

PARA NO-21

CODE NO.9

TAXES - PROPERTY TAX - DEMAND NOT FIXED:-

As per Annual Account an aggregate amount of Rs. 10,48,16,604/- was realized under property tax and Rs. 14,95,000/- towards water tax during the year under audit. But the Demand for the current financial year was not fixed and ward wise register was also not produced to audit for verification in audit. Separate Demand has to be maintained under this item and basing on this Demand, collection has to be made. But this was not done. In the absence of the Demand register, it could not be ascertained whether the entire amount due has been collected or not. Immediate action may be taken to fix the demand with reference to ward wise Assessment list, and arrive at the D.C.B. under the authorization of the Executive Authority. Immediate action may be taken in this regard. Any loss, sustained by municipal funds due to non-preparation of D.C.B. would have to be made good from the person or persons responsible.

PARA NO-22

CODE NO 9

MUNICIPAL FUNDS - UTILISATION OF MUNICIPAL FUNDS IN SLUM AREAS FOR WATER SUPPLY AND SANITATION - GOVERNMENT INSTRUCTIONS NOT FOLLOWED:

G.O.Ms.No. 265 MA&UD(K2) Dept. dt: 19.7.04 has instructed all the Municipalities to spend at least 40% of the net funds available in slum areas giving priority for provision of water supply and sanitation besides earmarking compulsory expenditure of 15% of all the budget expenditure for the welfare of SC-s and 7.5% expenditure for the welfare of S.Ts in addition to 5% of reservation of funds for the welfare of Women & Children. However, as verified from the connected record and the Annual account for the year 2015-16 no such expenditure has been earmarked and expenditure incurred thus violating the Govt. instructions which was highly irregular. The details are as shown below.

Gross Receipt of the MC (excluding O.B.)

Rs.23,92,65,849/-

Deduct:

E M D	Rs.39,28,986/-
GPF	Rs.1,36,75,049/-
TDS	Rs.25,67,622/-
APGST	Rs.61,85,993/-
FSD	Rs.1,29,477/-
SEIGNORAGE CHARGES	Rs.21,25,451/-
OTHERS RECOVERES	Rs12,06,010/-
QC	Rs.3,16,985/-
SD	Rs.18,26,680/-
Service Tax	Rs.10,81,469/-
LibraryCess	Rs.16,436
L.I.C	Rs.3,31,693/-
G.I.S	Rs.50,682/-
R.M.D	Rs.9,66,410/-
Total:	Rs.3,44,08,943/-

NET AMOUNT

RS.20,48,56,906/-

As per the instructions issued in the said G.O., 40% of the Net funds available i.e.,8,19,42,762/- has to be spent for water supply and sanitation in slum areas. But this has not been done, thus defeating the purpose of instructions of the Govt. Further, the records do not reveal the observance of Govt. instructions regarding earmarking of funds for the welfare of SC-s (15%), ST-s (7.5%) and W&CW(5%). This is highly objectionable and would have a negative effect on the welfare measures of the Govt. immediate action would need to be taken in this regard.

PARA NO-23**CODE NO.9****D&O TRADES LICENCE FEE - DEMAND NOT FIXED AND PRODUCED:-**

As per annual account an aggregate amount of Rs.24,22,656/- was realized under D & O Trades License fees during the year under report. But the demand for the year under audit was not fixed. The register of D & O trades was maintained division wise. The register was maintained based on the collection. The abstract of the collection was not mentioned in this register. The registers relating to the year 2015-16 were not produced to audit and the trader-s list, division wise was not produced for verification in audit. In the absence of the same, it could not be verified in audit whether all the amounts collected from the traders under D & O trades license fee were remitted to Municipal Funds. As a result, the correctness of the receipts realized under this head of account could not be ascertained in audit. The Executive authority did not take much interest in this regard. Loss if any caused due to above omission would need to be made good from the Person or Persons responsible.

PARA NO-24**CODE NO.9****TOWN PLANNING: ENCROACHMENT - REGISTERS OF ENCROACHMENT NOT MAINTAINED PROPERLY:**

As per annual account an amount of Rs.10,73,110/- was adjusted to municipal funds towards encroachment fee. Further as the register of encroachments was not produced for the year 2015-16, it could not be verified whether the following were processed or not

1. A list of encroachments were prepared by the town planning officers or building inspectors and certified by the Commissioner .
2. The encroachments were got classified as objectionable or non- objectionable.
3. The notification for the levy of fees on non objectionable encroachments was made available.
4. The action taken for the removal objectionable encroachments.
5. The sanction of higher authorities was obtained in respect of encroachments allowed for more than one year.
6. The monthly lists of addition and omission were at all obtained, from the out door staff.

If any loss caused due to the above lapse it would need to be made good by the persons responsible.

Para Number : 40 OTHERS (Code : 18) Rs : 0

PARA NO-25**CODE NO.9****REGISTER OF BUILDING APPLICATION - MAINTENANCE DEFECTS:-**

As seen from the register of building applications maintained for the year 2015-16 the following defects were noticed in audit.

1. In column No.15 the dates of completion of building were not noted duly obtaining the completion reports.
2. All the columns in the register were not filled in with appropriate information or particulars.
3. Challan No & date in respect of building fees paid in respect of each case were not noted.
4. Compounding fees levied and collected were not noted.
5. Further action taken for the renewal of license fee the building not completed within one year from the date of granting the same was not noted.
6. Renewal of license of any granted and fee collected was not noted.
7. Objectionable constructions were not taken to unauthorized construction register and further action not watched through it.
8. Monthly reports from building inspectors were not obtained and produced for audit.
9. Register of unauthorized constructions was not produced for audit.
10. As seen from the building applications the challans where in the fees paid were not enclosed.

In the absence of the above details whether the building newly constructed were property assessed to property any in time or not could not be verified in audit.

Para No-26

Code No.9

General Observations in Town Planning Section

While verifying the Building Applications for the year 2015-16 it was observed that

- ? Some of the applications were found with xerox copies for labour cess challans and some applications found without remittance details and it is not come to identify the total amount collected towards labar cess and their remittance particulars during the year under audit due to non maintainance of such records.
- ? Some of the Applications were approved without enclosing the copy of plan for existing floors while giving permission for construction of another floor.
- ? Some of the applications were found without enclosing latest property tax/Vacant land Tax Receipts
- ? Some applications contained copy of approved Existing construction but deviations were noticed from the plan which was approved for old construction.

But no action was forthcoming from Town planning Section while approving the New proposal though there was a deviation in old approved plan and permission for

new proposal was given. There was no assurance in audit whether suitable penalty was imposed for deviation in construction in old plan.

The executive Authority would need to initiate action upon the persons responsible, if any loss sustained to the Municipal Funds due to deviation in constructions, and if any loss occurred to the department concerned due to enclosure of xerox copies of labour cess and non production of collection and remittance particulars of labour cess.

PARA NO-27

CODE NO:9

MISCELLANEOUS DEMAND REGISTER - COLLECTION OF SHOP ROOM RENTS - MARKET LEASES ETC., DEFECTS:

A) The MDR provides a record of demand, collection and balance of misc. items of revenue. It is one of the important registers and plays a key role in revenue accounts. The collection of revenues under non-taxes mentioned below will be watched through this register.

1. Market leases
2. Rents from shop rooms, shopping complexes, building and lands
3. Slaughter house leases
4. Fish tank leases
5. Produce from land and gardens
6. Revenue receipts
7. Rents from Municipal Quarters
8. Decrial amounts from the courts
9. Recoveries from the ILCS rooms etc.,

In addition to the above sources, the following revenues will also be monitored through separate MDR.

- a) Non-Plan Grants
- b) Plan grants
- c) Entertainment tax
- d) Profession tax
- e) Surcharge on Stamp duty.

Demand:

The demand, i.e. monthly lease amounts/rents or annual/one time payments fixed need be gathered from the register of revenues yielding properties and the sole lists approved by the council or the contract committee.

Collection:

Collections will have to be posted month wise from the entries or register of Miscellaneous receipts. There will be provision of penal interest under market leases and shop rooms rents, if payments are not made in time.

Balance:

Balances in the register, both normal lease amounts/rents and penal interests at the close of the year will be transferred to the MDR of the following year. There will be no separate Arrear Demand Register for miscellaneous receipts as in the case of property tax.

At the end of the year the demand collection and balance will have to be struck. During the scrutiny of ledgers for the year 2015-16 pertaining to the rents received in respect of shops, it was noticed that ledgers were not maintained. Rent to be received (closing balance) during the year was not taken as arrears (opening balance) of the next year properly. Abstracts were not prepared and DCBs were not maintained by the municipality to ascertain the arrears of rents to be collected from the shops, markets etc.,

However, as seen from the MDR for the year 2015-16 none of the conditions stated above were fulfilled. No demand was fixed the collections were not totaled and balances arrived at. The entries in the register were neither authenticated by the clerk concerned nor by the executive authority. The connected files were also not produced to audit, despite repeated reminders. In these circumstances the correctness of the collections which were made during the year 2015-16 could not be certified in audit. In this connection immediate action may be taken to rectify the defects stated above and the corrected MDR shown to audit early.

PARA NO-28**CODE NO.9****PROPERTY TAX AND ITS COMPONENTS - NOT IMPLEMENTED**

According to the provision of Sec.85 of the A.P. Municipalities Act, 1965, the government have fixed ceiling to the rate of property tax inclusive of Education tax and library cess that it should not exceed 25% of A.R.V in respect of residential buildings and 33% of A.R.V. in respect of non-residential buildings. The property tax should be allocated to the following components to provide for expenses under each head.

1. General purpose
2. Water supply tax
3. Drainage tax
4. Scavenging tax
5. Lighting tax
6. Education tax
7. Library cess

As verified from the annual account the property tax was not apportioned among the applicable components in the above stated heads. This was contrary to the objective of the provisions made under the said section of the Municipal Act. The same would need to be rectified and the prescribed procedure followed in future. The Commissioner would need to take earnest steps for allocation of property Tax as per the provisions in the Municipal Act to fulfill statutory obligation.

PARANO-29

CODE NO 9

NON ISSUANCE OF OCCUPANCY CERTIFICATE AND CONSEQUENT LOSS

Occupancy Certificate shall be mandatory for all buildings and unless such certificate has been granted by the sanctioning authority no person shall occupy or allow any other person to occupy any building or part of the building. The Property owners consequent upon completion of the construction have to intimate the Municipality of the same in the prescribed proforma to facilitate the ULB to issue occupancy certificate and levy of PT. It was observed that there was no such arrangement indicating failure of the Municipality in enforcing the provisions laid down. Government have issued G.O.Ms.No.168 MA&UD(M) Department Dated 07.04.2012 and as per Rule 26(d) the rate of compounding fee shall be equivalent to 100% of the value of the land as fixed by the Registration Department at the time of compounding for the violated portion. As the files concerned were not produced to audit the observance of the rules issued in the said G.O by the ULB could not be checked in audit.

Further clause -g- under Rule 26 of GO.Ms.No.168 MA & UD (M) Dept. dated 07-04-2012 the functional/line agencies shall not give regular connections of power, water, sewerage etc., unless such occupancy certificate is produced or alternatively may charge three times the tariff till such time occupancy certificate is produced. It was noticed in audit that in most of the cases the said connections were given even without issuing the occupancy certificate and normal tariffs are charged.

PARA NO-30

CODE NO.9

TOWN PLANNING-TENALI MUNICIPAL COUNCIL-NON COLLECTION OF COMPOUNDWALL FEE FOR NEW BUILDING APPLICATIONS-POINTED OUT

Under section 219(1)(3) of AP Municipal Act and as per the Gazette publication CR No 22 Dated: March 2010 of AP supplementary Gazette, Tenali Municipal Council, Guntur District related to Town Planning section it is to collect an amount of Rs.250/-for 10 running meters or minimum fee Rs.100/- towards construction of compound wall for new building applications. But it was not done in the applications produced for verification for the year 2015-16 . The authorities concerned would need to take action in this regard duly calculating and collecting the fee towards construction of compound wall and it is instructed to initiate action upon the persons responsible for non collection of such amount causing loss to the Municipal funds.

PARANO-31

CODE NO 9

NON-REMITTANCE OF EDUCATION CESS BY MUNICIPALITY - NEEDS ACTION

As per section 37 (1) of the Andhra Pradesh Education Act, 1982 any Municipal Council may, with the previous sanction of the Government, and shall if so

directed by them, levy within its jurisdiction, taxes for the purposes of this Act, at such rates as may be considered necessary, as an addition to the taxation levied in the Municipality under the A.P. Municipalities Act, 1965 under the head of property tax or profession tax or under both these heads. Govt. of A.P. GAD (V&E) dept., vide alert note no.38, dated 14.3.05, directed the ULBs to remit the Education cess arrears to the Officers concerned.

As it was seen from financial statements for the year 2015-16 it was observed that no amount was remitted to Education cess to the competent authority. Reasons if any were not explained to audit as to why the Education cess was not remitted to so far. Immediately the executive authority would need to take good steps to remit education cess at an early time.

PARA NO-32

CODE NO.9

DISPOSAL OF OLD NEWS PAPERS NOT POINTED OUT.

As verified from the Cash Book with references to paid vouchers during the year under audit, amounts were drawn and paid towards supply of various news papers like Enadu, Vartha, Andhra Jyothi, Sakshi etc. and journals. But no amount found towards receipt of auction of old news papers that seems the old news papers were not auctioned. It would need to be auctioned and the amounts would need to be credited to Municipal General funds duly intimating the fact to the audit.

The loss if any on account of this it would made good from the persons responsible.

PARA NO-33

CODE NO.9

COMPOST - COMPOST MANURE PITS NOT-AUCTIONED

During the course of audit it was noticed that compost manure pits were not auctioned resulting a loss to the municipal funds. Action would need to be taken to auction the compost manure pits and credit the sale proceeds to the municipal funds

PARA NO-34

Code No.11

D & O TRADES- MONTHLY LISTS - NOT PRODUCED IRREGULAR.

During the course of audit for the year 2015-16 under D&O trades the monthly lists in inspect of all Divisions were not produced for verification in audit. Loss if any, sustained due to non production of the monthly lists would need to be made good to the Municipal funds.

PARA NO-35

CODE NO:11

PROPERTY TAX - GOVERNMENT OFFICES LOCATED IN PRIVATE BUILDINGS AND PAYING RENT TO OWNERS - REGISTERS NOT MAINTAINED AND PRODUCED TO AUDIT.

Information relating to Govt. Offices located in private buildings was not available to verify whether property Tax was levied as per the rents paid by Government offices to the building owners. A register containing Government offices located in private buildings should be maintained so as to verify whether Property Tax was being levied as per the rent paid by the Government Offices or not and in order to prevent leakage of revenue to the Municipality similarly a register containing Central and State Government Offices located in their own buildings also needs to be maintained so as to verify the correctness of levy of Property Tax as per rules relating to levy and collection of the P.T on Government buildings.

PARA NO-36

CODE NO.11

PROPERTY TAX APPEALS - RECORDS NOT PRODUCED :

The appeals and connected files relating to property tax, in respect of all wards including appeals pending in courts were not produced to audit. In the absence of the same, the correctness of the assessments of the tax due to appeals could not be verified in audit. Due to non production of records in this regard, it could not be verified whether the corporation was collecting the admitted assessed amount of tax or not. Hence, early action would need to be taken to produce the property tax appeals to audit for verification.

PARA NO-37

CODE NO:11

IMMOVABLE PROPERTY - CONSOLIDATED REGISTER OF PROPERTIES NOT MAINTAINED AND STATUS OF THE PROPERTIES NOT FURNISHED:

Consolidated register showing the properties owned by the Municipal Council, Tenali was not maintained. In the absence of the same, the details of the buildings, lands, shops, vacant sites etc., owned by the council and the properties utilizing by the council, properties leased out, properties encroached etc., could not be verified in audit. Action may be taken for the preparation of consolidated register of properties owned by the Municipality duly recording the present status, certified and produced to audit for verification.

Loss, if any, caused due to not safe guarding/non-leasing of assets may be worked out and made good from the person or persons responsible.

PARA NO-38

CODE NO.11

GRANTS RELEASED TO MUNICIPALITY FOR VARIOUS PURPOSES - GRANTS APPROPRIATION REGISTER NOT MAINTAINED:

During the year under audit several grants both statutory and non-statutory were sanctioned and adjusted to Municipal Council, Tenali. A separate Register of Appropriation of Grants was not maintained and produced to audit. In the absence of which, it could not be verified in audit, whether the grants released to Municipality were utilized properly for the purposes for which they were sanctioned without diversion and within the time allowed for utilization. Action would need to be taken to maintain the Grants Appropriation Register and the un-utilized balance, if any, would need to be refunded to Government and remittance challans produced for audit.

PARA NO-39

CODE NO.11

MONEY VALUE FORMS - STOCK REGISTER NOT PRODUCED:

The money value forms stock register for the year 2015-16 was not produced. In the absence of the same, the opening balance of the money value forms received, utilized balance as on 31-03-2016 and as on the date of audit could not be verified in audit.

In the absence of the same it could not be verified in audit as to who was the custodian of the money value forms and the procedure adopted in issuing the M.V. forms and the watch kept over the return of the bill book.

Further the amount collected, credited to municipal funds by using the money value forms could not be certified in audit.

Losses if any noticed later, the same would need to be made good from the person(s) responsible and remitted to municipal funds under intimation to audit.

PARA NO-40

CODE NO.11

UNAUTHORISED CONSTRUCTIONS- REGISTER OF UN-AUTHORIZED CONSTRUCTIONS NOT MAINTAINED - IRREGULAR.

During the course of audit, the register of unauthorized constructions was not produced for verification in town planning section. Where as on verification of records relating to revenue section, it was noticed that, a huge No. of unauthorized buildings were constructed during 2015-16 and house tax was imposed with 10% penalty which

was irregular and the corporation sustained huge loss due to the non imposition of penalty on U.C.S. as per G.O. No. 49 MA Dt. 30-7-98.

PARA NO-41

CODE NO.11

PUBLIC HEALTH - D&O TRADES - DELETIONS LIST NOT PRODUCED TO AUDIT - NEEDS ACTION.

As verified from the D&O Trade license fees register, division wise during the year 2015-16 many new licenses were sanctioned. But the details as to of how many licenses were renewed and how many licenses were cancelled, were not produced to audit for verification. The deletions list duly enclosing the stoppage letters from the traders along with council resolution were not produced for verification. It would need to be produced early. In the absence of the deleted list, loss if any caused in this regard would need to be made good from the person or persons responsible.

PARA NO-42

CODE NO.11

WATER SUPPLY - NEW CONNECTIONS REGISTER & APPLICATIONS NOT PRODUCED.

During the year under audit an amount of Rs. 8,11,400/- was received towards tap donations as per the annual account. But the tap donations received register relating to the water supply through new connections and the individual applications, connected files along with sanction proceedings were not produced to audit. In the absence of the tap donation received register, connected applications and sanction proceedings along with all relevant files, the correctness of the new connections, fee collected could not be verified in audit. Loss if any, sustained on this count would need to be recovered and remitted to the municipal funds under intimation to audit.

PARA NO-43

CODE

NO.11 PROPERTY TAX ASSESSMENT FILES NOT PRODUCED

Property tax of all assessments were fixed through MLs in respect of all the new and additional assessments etc., Elaborate procedure was prescribed to fix the property tax in Circular instructions issued in Cir.-1 in Roc.No.11646/2006-F1-1 Dated 12-12-2006 of CDMA, AP, Hyderabad The measurements entered in the MLs with regard to the buildings assessed by the Bill Collectors were to be verified by the RI/RO and finally approved by the Commissioner and orders to be passed. The assessment files maintained if any were not produced to audit to verify the correctness of the same during the year under audit.

PARA NO-44

CODE NO.11

REGISTER OF REVISION PETITIONS AND APPEALS ALONG WITH FILES NOT FURNISHED

The records relating to the revision petitions received and allowed were not produced to audit for the year 2015-16. Hence it could not be verified in audit whether RPs were allowed or not if allowed whether the same was done as per rules and eligibility or not could not be verified. Further it was noticed that the window for modification was being allowed in the month of April by the e-Suvidha for a

predetermined period and there was no assurance in audit that in the said period only RPs allowed by the Commissioner were modified as the system allows modification of any of the assessments there was scope for misuse of the facility more so when the DEO was operating all the three logins of the DEO, RO/RI and the Commissioner. The Executive Authority would need to produce the same to audit for verification.

PARA NO-45

CODE NO.11

REGISTER OF REMISSIONS AND WRITEOFFS NOT PRODUCED

The records relating to the remissions and write offs allowed were not produced to audit. It was not made known as to how much was allowed as remissions and write offs in the financial year 2015-16. In the absence of the same the quantum of remission and write off and whether the same was allowed as per the provisions of the Act or not could not be verified in audit. The same would need to be produced immediately.

PARA NO-46

CODE NO.11

MUTATION REGISTER NOT PRODUCED

During the course of audit the register containing all the permanent changes made either by the Commissioner or by the Appellant Authority in the assessment of house and land taxes after the demand registers for the tax concerned was written up for the year was not maintained and produced for the year under audit i.e., 2015-16. In the absence of the same whether the procedure prescribed in arriving at the changes in the assessments were made and recorded properly or not could not be checked in audit. This important register may be maintained and produced to audit.

PARA NO-47

CODE NO.11

REGISTER OF BUILDINGS EXEMPTED FROM THE PAYMENT OF PROPERTY TAX - NOT MAINTAINED AND PRODUCED TO AUDIT.

The register of buildings exempted from payment of property tax during the year 2015-16 was not maintained and produced to audit for verification. In the absence of the same, it could not be ensured in audit whether such buildings were assessed to other taxes/charges such as water tax, drainage tax and primary service charges etc.

Early action would, therefore, need to be taken to get the register written up and maintained up to date.

PARA NO-48

CODE NO.11

PROPERTY TAX APPEALS - RECORDS NOT PRODUCED.

The appeals and connected files relating to property tax, in respect of all wards including appeals pending in courts were not produced to audit. In the absence of the same, the correctness of the assessments of the tax due to appeals could not be verified in audit. Due to non production of records in this regard, it could not be verified whether the ULB was collecting the admitted assessed tax or not. Hence, early action would need to be taken to produce the property tax appeals to audit for verification.

PARA NO-49

CODE NO.11

TAXES - PROPERTY TAX COLLECTED THROUGH E.SEVA CENTRES - DETAILS NOT PRODUCED

As verified, collection was being made through E-Seva, towards Property tax and adjusted through Cheques to the P.D. Account of Municipality from the assesses during the year under audit. But the details i.e. date of collection, Assessment No.s, classification of arrear and current year amounts etc., were not produced for verification in audit. In the absence of the same it could not be verified in audit whether all the amounts due and collected from the tax payers under property tax were remitted to Municipal funds or not. As a result the correctness of the receipts realized under this head of account could not be certified in audit. The Executive authority would need to take much interest in this regard. Loss if any caused due to the above omission would need to be made good from the person or persons responsible.

PARA NO-50

CODE NO. 11

VACANCY REMISSION REGISTERS - NOT PRODUCED:

During the course of audit, the register of vacancy remissions was not produced for verification in audit. In absence of the same, it could not be verified in audit whether the following conditions on which the remission of property tax could be granted were fulfilled.

- i) The building should be vacant and unlet for a considerable period of 36 or more days in the half year.
- ii) There should be a notice of vacancy from the owner either in that half year or in the proceeding half year indicating the period of vacancy.
- iii) There should be a demand for remission of tax either in that half year or in the succeeding half year.

- iv) The amount of remission shall be proportional to the period of vacancy and it shall not exceed half of the amount of tax.

Hence the above register would need to be written up and produced to audit early for verifying whether the above conditions were fulfilled.

PARA NO-51

CODE NO.11

TAXES - ARREAR DEMAND REGISTERS ALONG WITH OUTSTANDING BILLS NOT PRODUCED:-

In respect of the following taxes, arrears demand registers along with outstanding bills were not produced for verification in audit. In the absence of the same, the genuineness of the taxes actually collected and arrears to be collected as on 31-03-2016 could not be ascertained in audit.

1. Water tax.
 2. M.V. Tax
 3. Advertisement tax.
 4. Vacant land tax.
 5. Property tax
 6. Leases, rents and fees etc.,
- Immediate action may be taken to produce the same.

PARA NO-52

CODE NO.11

ENCROACHMENT FEES - DEMAND AND ARREAR DEMAND REGISTERS NOT MAINTAINED AND PRODUCED

The register of encroachment fee (current) provides a record of all encroachments identified, and demand, collection and balance of license fees from objectionable encroachments. This register provides information for 5 years.

Similarly, the Arrear Demand Register provides record of all balances of encroachments fees outstanding at the end of the year. But the above registers were not maintained and produced to audit. However, an amount of Rs. 10,73,110/- was shown as collection towards encroachment fees, during the year under audit. Since the above registers were not maintained, the accuracy of the amounts collected could not be verified in audit. Hence, immediate action may be taken to maintain the register (MF.No.197) duly incorporating the required information. Any further delay in this regard would cause serious loss to the funds of Municipal council.

PARA NO-53

CODE NO.11

REGISTER OF REVENUE YIELDING PROPERTIES NOT MAINTAINED AND PRODUCED

In order to guard any item of Municipal revenue being left out in the M.D.R., a register of Revenue yielding properties and other miscellaneous sources of revenue of the municipality will have to be maintained. It has to be ensured that all the items shown in this register with the exception of those that are managed departmentally are entered in the M.D.R. for watching the realization of the revenue due. The register also helps in watching the rise or fall of revenue over several years and also to make investigations, if necessary.

However, this important register was not maintained. As a result it could not be fully ascertained in audit, whether revenue from all sources was being recorded or there were any leakages. It could not be verified in audit, whether all the sources of revenue were included in the M.D.R. due to non-maintenance of the above register. Immediate action may be taken to maintain the register and produce the same to audit.

PARA NO-54

CODE NO.11

BUILDING LICENCES - FILES RELATING TO BUILDING LICENCE FEE NOT PRODUCED

During the year under audit, during the course of audit on Town Planning section the files related to building license fees were not made available for verification of correctness of recovery towards plane approval charges.

Annexure V Enclosed

PARA NO-55

CODE NO 11

HALF MARGIN LETTERS ISSUED-INFORMATION NOT FORTHCOMING

During the course of audit of Municipal Council, Tenali for the year 2014-15, several half margin letters were issued to the heads of sections and other officers also requesting them to arrange for production of records under their control for audit scrutiny. But, no action was taken by the heads of the sections concerned to arrange for the production of the said records. In view of this several records could not be verified in audit and several objections involving substantial amounts had to be raised in the audit report. Non production of records speaks ill of the preparedness of the institution for audit.

PARANO-56

CODE.NO.11

RENTAL COLLECTIONS FROM TRAVELERS BUNGALOW-CONNECTED BOOKS NOT PRODUCED TO AUDIT.

In respect of rental collections from Municipal Council travelers bungalow, connected records and receipt books for the year 2015-16 were not produced for verification in audit. The bye-laws prescribing the tariff of rent were also not made available for verification.

In absence of the same the correctness of the rental charges collected and accounted for could not be ensured in audit.

Loss, if any caused in this regard would need to be recovered from the person or persons responsible.

PARA NO-57

CODE NO.18

CHITTA - CHITTA NOT MAINTAINED PROPERLY - NOT IN ACCORDANCE WITH THE INSTRUCTIONS SPECIFIED IN THIS REGARD - LOSS IF ANY SUSTAINED TO THE MUNICIPAL FUNDS - NEEDS RECOVERY.

During the course of audit it was notice that the chitta produced to audit was not maintained properly i.e. in accordance with the instructions specified in this regard as follows.

1. That the entries in the chitta were made in accordance with the rules and instructions on the subject (Note. The Secretaries of all Municipal Councils except in the third grade Municipal Councils are required to follow the triplicate challan system for payment of miscellaneous dues into Municipal treasuries)

When the payment of miscellaneous dues were made by the parties themselves into municipal Treasuries, they should prepare a challan in the form

appended to G.O.Ms No.439 M.A Dt.2-9-1960 on triplicate showing the full particulars of the amount sought to be paid. The challan wise first be presented to the concerned JA/SA in Municipal Office, who will examine it and initial it in the left hand top corner of the original if he finds it correct in regard to all particulars. The party should then present it with the money to the shroff who will received the money enter it in a separate chitta to be maintained for recording the receipts on triplicate challans, number the cahllan in a consecutive order, sign it and send it to the JA/SA maintaining the register of miscellaneous receipts or the JA/SA who maintains the register of license and permissions. The later will enter the challans number particulars and amount in his register sign the challan in all the three forms of challans and end the asme to the SA who is to be authorized to sign the challans. This SA will be designated as a cashier. After satisfying himself from the entries on the challan that the amount has been made independently by another JA in the register of miscellaneous receipts or register of license and permission, the SA to be called cashier will sign the callan intended to the party. The duplicate will be sent to the accountant and the original be retained by the cashier. At the end of the day all such original should be arranged serially, stitched together and traced by the cashier into the register of miscellaneous receipts and register of licenses and permissions. He should then tally the total collections for the days with the totals in those two registers and the totals in the sheriffs chitta mentioned above should be taken to the main chitta before reconciliation of the total there of with the cash book at the end of every day. The chalans to be arranged and situated will be produced for audit (G.O.Ms.No.439, M.A dt.2.9.1960)

2. That the amounts shown as realized were remitted into the treasury without delay and that no portion was with held
3. That the total cash balance at the end of the each day includig balance, if any left un-remitted from the previous day-s collections is verified by the Mananger or other head ministerial officer at the close of each day nad by the Municpal Commissioner at least once a week, and the balance so verified was stated in words over the initials of the verifying officer.
4. That the total were correct
5. That revenue brought to credit by transfer of adjustments as well as amounts of grants etc., adjusted in the Treasury were not entered in the register and
6. That cheques received in payment of Municipal dues were not credited before realization.

PARA NO-58

CODE NO.18

**TREASURY PASS BOOK - NOT IN ACCORDANCE WITH THE INSTRUCTIOS
SPECTIFIED IN THIS REGARD**

During the course of audit as observed from the Treasury Pass book it was noticed that the Treasury pass book was not in accordance with the instructions specified in this regard.

1. That the collections remitted into the Treasury or the bank have been duly credited and that only the amounts cheques issued by the Executive authorities upon the Treasury or the bank have been debited in the pass book
2. That all receipts from the local bodies or other institutions paid into the Treasury direct to the credit for Municipal funds and amounts of grants etc., adjusted to the credit of the Municipality at the Treasury Audit Report credited in the cash book and the posting register
3. That the book was written up at the Treasury or bank and that each receipt entry was duly authenticated.
4. That the balance shown in the passbook at the close of the year agrees with the entered in the Bank or Treasury column of the cashbook for the month of march after making the necessary allowances for uncashed cheques etc.,

PARA NO-59

CODE NO.18

MUNICIPAL COUNCIL TENALI - ANNUAL REPORTS ON LOSSES/THEFTS/MISAPPROPRIATION OF FUNDS, CASES OF UNPROFITABLE OUTLAY IF ANY CAUSED DUE TO NEGLIGENCE OR MISCONDUCT OF ANY EMPLOYEE - NOT SENT TO AUDIT- IRREGULAR

The executive authority of the Municipal Council should annually report in respect of losses, thefts and misappropriation of funds, if any, to audit as required under para 33(1) and (2) of the instructions issued with G.O.No.686, Municipal Administration Department, dated 30-7-1968.

Such reports are not being sent to audit despite this defect was being pointed out in the earlier audit reports due to which the serious irregularities, if any, of such type might go undetected in audit as the audit is confined to the transactions in the prime record such as cash book and other registers.

PARA NO-60

CODE NO.18

MUNICIPAL COUNCIL TENALI - ASSET MANAGEMENT - NOT PURSUED IMMEDIATE NEED FOR PURSUASION

Urban Local Bodies are required to maintain separate registers for movable and immovable assets as per the orders issued in G.O.Ms.No.1512 Local Administration, Dated 5-8-1948.

Municipal council, Tenali, Guntur District is endowed with large and varied assets i.e., Grade-I Municipality. It should be ensured that the resources are used in the most optimum and efficient manner. However, it was noticed in audit that the Municipal council, Tenali Guntur District failed to maintain an assets register and produce to audit.

An asset register must be maintained ensuring that all the physical assets held by it were faithfully entered in it and it will facilitate and secure the physical control and security of these asset provide information and values for insurance and accounting purposes facilitate the provision of detailed statistical information like numbers, location etc.

All new purchases of assets and the value addition due to improvements should be captured in the asset register including the gifted assets that become the property of the corporation.

The external sale, write off or scrapping of any asset has to be recorded in the asset register showing the disposal of any asset.

The transfer of ownership from one section to another was done properly or not would need to be watched.

A periodical inspection of the assets by the heads of the sections would need to be conducted to check the accuracy of the details held in the asset register.

In the absence of assets registers showing all the above, it could not be held in audit that the Municipal council, Tenali, Guntur District is pursuing a sound policy of asset management. The council has to evolve a system of asset management on a scientific basis to safe guard the assets and provide for periodical valuation of assets and to give necessary treatment in the accounts by allowing depreciation of assets as per the norms and to secure the assets from encroachment and to watch that the assets are utilized in an optimum way so as to minimize maintenance costs and realize maximum benefit form the assets owned by it.

PARA NO-61

CODE NO.18

DATA BASE OF THE RECORDS OF TAXATION - EFFICACY OF THE SOFTWARE

During the course of audit, it was noticed that the Demand Registers (both current and arrear) of property tax and other tax and non tax revenues were maintained based on the computer generated data. Manual maintenance of the same was dispensed with though there were instructions to maintain the same. The actual demand for the current and arrear years was not certified by the competent authority and produced to audit.

Collection of property tax and other revenues is done in many ways like remittance in e-seva, by online remission, payment by way of Cheque or Demand Draft

etc., from the tax payers. Whether the software takes care of various ways of collections of taxes was not explained to audit.

As seen from the Cheques received register, the corresponding credit entries in the Bank account could not be traced in audit and the amount realized in lump sum on a day is taken to receipt.

As seen from the Cash Book, the receipt side of the cash book was not at all maintained. Treasury adjustments, voucher adjustments etc., were not carried out.

Registers of appeals, revisions, mutations, writes off, remissions etc., were not maintained and produced to audit. Monthly lists of out door staff whether given effect, if so whether given effect promptly within the time or not were not borne by record and as no manual demand registers were maintained whether all such changes were effected in the demand or not could not be verified in audit.

In the absence of maintenance of subsidiary registers connected with levy, collection of property tax and other taxes and non taxes, the demand generated by the computer data base whether can be taken as authentic and certified demand or not, could not be decided in audit. The Executive Authority therefore would need to look in to the matter and test the efficacy of the soft ware in place and furnish certified demand to audit so as to verify the same.

PARA NO-62

CODE NO.18

DD/CHEQUE REGISTERS NOT MAINTAINED PROPERLY.

Scrutiny of the -DD/Cheque registers- revealed that the Municipality was receiving DD/Cheques for various purposes such as PT, EMDs, Tender schedules, BPS etc. Though the particulars such as date of receipt, received from whom, purpose columns were being entered in the register, the actual date of realization to the concerned account was not entered in this register. Some of the DD-s were returned by the banks for revalidation. Action may be taken for obtaining the adjustment particulars and intimated to audit. The abstract may be prepared monthly in the register, duly recording the total DD-s/cheques received, adjusted and outstanding, under the signature of the Commissioner.

PARA NO-63

CODE NO.18

ENTERTAINMENT TAX- FILES RELATING TO ET OF CINEMA AND CABLE T.V NOT MAINTAINED

As per GO.Ms No.1644 Revenue (CT-IV) Department dt.8.11.2006, the levy, assessment, collection and enforcement of Entertainment Tax on Cinema, Cable TV networks shall be vested with commercial Tax Department. According to section 4 of APET Act 1939 (The Act originally passed by the Madras Provincial Legislature as Madras Entertainment Tax Act 1939) 90 percent of the total proceeds of the Entertainment Tax collected in the Municipal area by the CT department is required to be apportioned to the local authority every quarter. No amount of was adjusted towards

Entertainment Tax to this municipality during the year. The executive authority would need to take action in this regard to collect Tax towards entertainment.

PARA NO-64

CODE NO. 18

SPECIAL NOTICES ISSUED - RECORD NOT MAINTAINED

In case of all the new and additional assessments made during the financial year were entered in the e-Suvidha package and the special notices of demands fixed were obtained from the package and the same were said to have been issued through the bill collectors concerned to the property owners. But there was no assurance in audit that all the notices were issued in time by the bill collectors concerned. The special notice number and the date of issue had to be entered in the ML at Col.No.45 and 46 respectively but the details were not being entered in the MLs in majority of the cases. Further the revenue section of the ULB did not maintain the copies of the special notices obtained from the package. In the absence of the same the correctness of the demand fixed and timely issuance of the same could also be not verified in audit.

PARA NO-65

CODE NO.18

REGISTER OF LIBRARY CESS NOT MAINTAINED

(A) As per GO.Ms No 68 dt.12.9.2009, under Section 85(2) of the AP, Municipality Act read with Section 20 of Andhra Pradesh Libraries Act 1960, the Municipal Council is required to levy and collect the amount of Library Cess @ 8 paise for every rupee on the property Tax collected and transfer the same to Zilla Grandhalaya Samstha (ZGS) concerned to provide library service to public. The register of library Cess was not maintained in this municipality. As such it could not be known how much the amount was pending to remit to ZGS towards library cess in audit. The executive authority would need to work out and arrive at the remitted Library Cess which was pending prior to 26-10-2009 and same would need to be remitted to ZGS early.

(B) Government issued orders vide GO. No 122 Education (PE Prog.I) Department Dt:26.10.2009 para 5 of (II) directing of Library Cess @ 8 percent on property tax collected, at e-seva center level and remit the same to City/Zilla Grandhalaya Samstha (ZGS) concerned through e-seva. However it was observed from the copies of statements furnished by Administrative Officer, e-seva ---., that library cess was not collected at the rate prescribed by Government i.e @ 8 percent. The executive authorities would need to take good steps to collect library cess as per Government norms.

PARA NO-66

CODE NO.18

DEPARTMENTAL INSPECTION AND INTERNAL AUDIT OF THE OFFICE NOT DONE.

Departmental Inspection:- According to the Government orders in G.O.Ms.No.247,GAD,dated 8.2.1962 and instructions issued from time to time. District

Officers and their subordinate officers are required to be inspected by the Heads of Departments periodically and furnish Inspection Reports in the form of Questionnaire prescribed therein. The need for inspection of Government offices periodically was also emphasized in Government Memo.

Internal Audit:- As per the orders in G.O. Ms.No.34, F & P Department dated 1-7-1997, it was the responsibility of the Accounts Branch of the Head of the Department to conduct Internal Audit of the Regional offices, District offices, unit offices etc., periodically at least once in a year and furnish report.

The copies of the Departmental Inspection notes and Internal Audit notes were not produced to audit. In the absence of the said copies it could not be known whether the inspection either departmental or internal was conducted in time or not. The same may be furnished to audit.

PARA NO-67

CODE NO.18

NON EXCHANGE OF INFORMATION BETWEEN TOWN PLANNING AND REVENUE SECTION:

The Revenue Wing of the Municipality did not have access to the Building Approvals plans form the town Planning wing as there was no system to furnish copies of approvals by the Town planning Wing to the Revenue Wing for monitoring of the buildings and asses it under PT in accordance with the details therein. The Revenue wing similarly did not follow the procedure to bring to the notice of the Town Planning Wing in respect of buildings that have been constructed unauthorized for taking further necessary action. Details of visits made by the Building inspectors for verification of the status of the buildings for which permissions were given were not forthcoming in audit. The U.C. Registers maintained showing the details of the notices given for the deviations noticed and the unauthorized constructions against which action was taken were not produced to assess the work of the town planning wing of the ULB.

PARA NO-68

CODE NO.18

DEMAND REGISTER - WATER TARRIF FOR HOUSE HOLD WATER SUPPLY SERVICE CONNECTIONS (HSCs) - NOT MAINTAINED:-

As per G.O.ms.No.303 Municipal Administration & Urban Development (A2) Department, dated 3-8-2004 the Government have decided to formulate a new strategy for the urban poor i.e. Below Poverty Line house holds, for provision of house service connections. Accordingly the following orders are issued.

1. Any Below Poverty Line house holders, possessing a White Ration Card and not having access to house service connection, shall be granted one HSC on

payment of Rs.1200/- per connection including the cost of pipes and road cutting charges. The cost of tap, however shall be borne by the individual.

2. The beneficiary shall be given the option of paying the amount in 12 equal monthly installments without interest. The house service connection shall be given after payment 1st installment and the rest shall be recovered along with the monthly/bi monthly billing for water consumed.

The proof of receiving the installments and the schedule of the giving connections was not produced to audit. But the Demand register of water tariff was not maintained and produced to audit. In the absence of the same, it could not be verified whether the installments were being collected regularly or not. Loss, if any, caused in this regard would need to be recovered from the person or persons responsible. The above said register would need to be prepared and produced to audit early.

PARA NO-69

CODE NO.18

INCONSISTENCIES IN THE E-SUVIDHA PACKAGE RESULTING IN LOSS TO THE MC.

Certain inconsistencies were noticed in the e-Suvidha package during the course of audit which had a bearing on the correctness or otherwise of the PT fixed and collected accordingly. The package was not levying the deviation penalties even when there were deviations from permitted extent as per building permission. It only levied penalty for unauthorized construction penalty. There was no assurance in audit that the calculations of PT was correct in the system. The special notice generated by the package was being used and the copy of the same was not made available in audit. There was no assurance in audit that the three logins were not misused as it was noticed that the DEO was using all the three logins freely and there was no check on the use of the logins. There was no assurance in audit that the Spl. demand notice was compared properly before the facsimile of the Commissioner was appended.

PARA NO-70

CODE NO.18

NON-UTILISATION OF FEE TOWARDS PUBLICATION OF BUILDING PERMISSION IN NEWSPAPERS COLLECTED FROM THE APPLICANTS SEEKING PERMISSION FOR HOUSE-PLAN AND FOR HOUSE CONSTRUCTION

In accordance with Government memo.no.22889/MA/97, MA&UD, dated 1-11-1997, an amount of Rs.100/- from individuals and Rs.1000 from apartment builders, are being collected by the municipal authorities towards fee for publication of building permissions in newspapers while according approval for house plans. The amounts collected shall be utilized towards publication charges payable to news media for printing the particulars viz., name of the applicant/GPA, sanction, total sq.ft sanctioned, total floors sanctioned, number of flats per floor, area of flats, parking space, etc., as a measure of transparency.

It was observed during the scrutiny of the records that the particulars of building permissions were not made public through the press utilizing the publication charges collected from the applicants in contravention of the Government orders. No separate account was maintained as regards publication charges so far collected.

This was not in order. The lists of all unauthorized constructions noticed especially regarding apartments, office complexes were not published in the newspapers every month for information of general public.

Para No-71

COMMENTS ON ANNUAL ACCOUNT

1) CERTAIN TRANSACTIONS NOT CAPTURED - NEEDS TO BE RECTIFIED

During verification of account in DEABAS it was noticed that certain transactions were not captured in the account. The details of receipts and expenditure entries that were omitted in the new account when compared with the manual records/registers maintained. As the entries were not captured in the DEABAS, the Balance Sheet, Income and Expenditure and Receipts and payments statements and Trial Balance account which were arrived at without the entries shown in Annexure-I could not be held to be correct and comprehensive. The same would need to be taken in to the account and revised account be produced to audit early.

2) NON MAINTENANCE OF REGISTERS PRESCRIBED IN THE MANUAL

The APMAM prescribed maintenance of certain registers and forms. The formats of the books, registers and forms referred to in Table 4.1 of Chapter 4 of APMAM need to be maintained. But it was observed that all the registers and forms were not maintained during the year 15-16 contrary to the instructions contained in the manual. The registers and forms would need to be maintained and produced to audit for verification of annual account along with the registers.

3) VERIFIED FOBS NOT FURNISHED

The OBs of the respective G.L. accounts were drawn from the OBs provided in the FOBS furnished to audit. The said FOBS was verified and certain material deviations from the instructions envisaged in the APMAM, and instances of under/over stating of value of assets and non-identification of assets etc., were pointed out and communicated to the Executive Authority for rectification. But the said FOBS was not returned duly rectifying the defects pointed out or existed in the FOBS. The annual accounts for the years 2009-10 to 2015-16 furnished were prepared with the OBs as arrived at in the FOBS. Thus adopting of incorrect OBs rendered the annual account for the year 2009-10 to 2015-16 not reliable and could not be held to reflect the true and fair view of the transactions of the accounting period. In view of the non rectification/ remedying the defects pointed out in FOBS issued to the Municipal Council persisted in the final accounts also and as such the defects already pointed out in the verified FOBS may be read as part and parcel of this audit report.

4) NON-IDENTIFICATION OF MANY ASSETS

Many assets were not identified in spite of pointing out relevant objections in the FOBS verification report. The Executive Authority of the ULB ought to have shown much more interest in identifying valuable assets and taken steps to include the same in the Balance Sheet.

5) RECEIVABLES AND PAYABLES NOT ASCERTAINED PROPERLY

APMAM mandates that the receivables in case of tax income shall be ascertained for the last five years and in case of non tax income for the last three years. But the same was not adopted either in the FOBS or in the account rendered now to audit. If the receivables and payables were not assessed properly now there was every chance that of the institution suffers at a later date. However the basis for the amounts arrived at as receivables and payables was also not made known to audit.

6) RECEIVABLES NOT RECONCILED

The Accounts Section and the Tax Section shall reconcile the balance at the beginning of the accounting year in respect of the year wise property and other tax receivables as appearing in the balance sheet of the previous year with the year wise total of the arrears recorded in the demand register as per the provisions contained in APMAM. But during the verification of the annual accounts it was noticed that the arrear demand registers were not maintained by the ULB and as such the amount shown in the balance sheet could not be held to be correct and the basis on which the figures had been finalized was also not made known to audit.

7) ADVANCE COLLECTION OF D&O TRADE FEES INCLUDED IN THE I&E STATEMENT

The convention in the ULBs with regard to the collections of D & O trade fees was to collect the same in advance for the subsequent year i.e., before February of an year. The collections made after February are to be made along with collection of belated fees. The advance collection made shall be kept under deposit for that year and adjusted to General funds in the subsequent year. But during the course of verification of account it was noticed that the said distinction was not observed and the collections made were not classified based on the year to which they pertain. As a result of which the entire amount collected was reflected as income in the Income and Expenditure statement for the year 2016-17 though the income actually pertains to the subsequent year 2015-16. The correctness of the Income and Expenditure statement to that extent suffered due to the above defect pointed out.

8) RECEIPT ENTRIES WERE BASED ON CHITTA

It was observed in audit that the base document that was considered for recording receipt entries in the new system of accounting was Chitta. The endeavour of the accountant who prepared annual accounts was to faithfully account for all the entries in the Chitta as receipt entries in the annual accounts. But no effort was made to trace amounts collected by the collection staff and remained unremitted if any.

9) SOME OTHER MATERIAL OBSERVATIONS

- ? As verified from the Schedules enclosed to the -Income and Expenditure statement-, it was noticed that the amounts relating to the -previous year- were not furnished.
- ? As verified from the Schedules enclosed to the -Balance Sheet-, it was noticed that the details of -additions- and -deletions- during the year 2015-16 were not furnished.
- ? Statement of cash flows (a summary of ULBs cash flow for the period from 1-4-2015 to 31-3-2016) was not furnished.
- ? Financial performance indicators were not furnished.
- ? Financial ratios were not calculated and produced.

10) FIXED ASSETS REGISTER NOT MAINTAINED

The A.P. Municipal Asset Valuation Methodology Manual provides for maintenance of Fixed Assets Register for 11 categories of assets and formats were prescribed in Annexure-6 and as per instructions the register has to be maintained updating the details of acquisition/construction/improvement of assets for each particular year. But it was noticed during audit that no such registers have been maintained under certification by the competent authority for the years 2009-10 to 2015-16 duly incorporating the assets identified in FOBS/rectified FOBS.

No effort has been made either to maintain Fixed Asset Register as part of preparation of annual account in the year 2009-10 and no updation was recorded by capturing the additions/deletions during the year 2015-16 in the annual accounts for the year 2015-16

Non maintenance of the important Asset register by the ULBS having significant and valuable assets, impairs the asset management system and proper watch on the cost of the assets/improvement to assets would not be possible.

11)NOTES TO ACCOUNTS NOT ENCLOSED TO FINANCIAL STATEMENTS

The Notes to accounts comprising of the statement of significant accounting principles followed by the ULB in respect of accounting for its transactions and its preparation and presentation of the financial statements, statement of contingent liabilities representing obligations relating to past transactions and claims against the ULBs which were contingent on the happening of future uncertain events, subsidy report in accordance with the provisions of the Act and rules governing the ULBs and instructions of the Government in respect of certain services along with many other disclosures like details of honorarium paid to mayor/chair person, amount of refunds, remissions and writes of etc., were not enclosed with the financial statements and in the absence of the same the annual account prepared could not be analysed fully during the course of audit.

12) RECONCILIATION PROCEDURES NOT OBSERVED:

A.P.M.A.M., prescribed reconciliation procedures with an objective to ensure that the accounting information is recorded at more than one place, there are no discrepancies between the different sets of records. The procedures include the following.

a) Bank reconciliation: aiming at reconciliation of bank, treasury balances with cash book balances.

b) Inter Unit reconciliation: intending to identify the disputed/un accepted inter unit transactions and to take appropriate action for rectification which is necessary in the process of consolidation of ULB at the head office level as the balances of inter unit account balances shall be nullified.

c) Reconciliation of Deposits: Aiming at reconciliation the balance of EMD/SD etc., and any other deposits received by the ULB. The reasons for differences shall be identify and rectification entries passed whenever required by the section concerned.

d) Reconciliation of receivables and collections : The receivables and collections shall be reconciled on a quarterly basis or such other shorter time intervals, however the procedure for reconciling outstanding balances of receivables and collections of all kinds of receivables namely viz., property tax receivables, Water tax receivables etc., is the same.

e) Reconciliation of Advances given: Advances given shall also be reconciled on a quarterly basis including advances given to employees of ULB, sections of the ULB and contractors and suppliers.

Further A.P.M.A.M. envisaged reconciliation of loans taken, reconciliation of payables, reconciliation of ledger balances etc., also.

But during the scrutiny in audit it was observed that these procedures prescribed were not followed and no reconciliation statements were enclosed to the final accounts, in the absence of reconciliation of receivables and collections the balances shown as either receivable or collected could not be held to be correct. Urgent steps would need to be taken by the Executive Authority to cause preparation of the reconciliation statements as per the instructions of the A.P.M.A.M.,

13)MANY ITEMS WERE BOOKED UNDER THE HEAD -OTHERS- FOR NOT KNOWING CORRECT CLASSIFICATION

It appears that while making data entry and creating vouchers many items were booked under the head -others- either due to lack of understanding at data entry level or because of the complexity involved in deciphering the correct classification of the expenditure as per the Chart of Accounts prescribed by the APMAM.

14) MIS-CLASSIFICATIONS

Instances of misclassifications are many and some of the misclassifications may have material effect in reflecting the true and fair view of the accounts so prepared.

15) VOUCHERS NOT VERIFIED DURING DATA ENTRY

It appears that at data entry level the original vouchers were not verified and as such the vouching appears to have been done based on the entries in the cash book leading to many misclassifications and incorrect totaling etc.,

16)IRREGULAR CALCULATION OF DEPRECIATION

As per para 5.2.1 of A.P. Municipal Asset Valuation Methodology Manual Depreciation shall be provided at full rates for assets purchased/constructed before October 1st and at half rates if purchased/constructed on or after October 1st of an accounting year. As the depreciation statements were not produced to audit, it could not be known whether the procedure as per said manual at the time of calculation of depreciation was followed or not.

17)PROPERTY TAX AND ITS COMPONENTS - NOT FOLLOWED CORRECTLY

According to Sec.85 of the A.P. Municipalities Act, 1965, the government have fixed ceiling to the rate of property tax inclusive of Education Tax and Library Cess that it should not exceed 25% of ARV in respect of residential buildings and 33% of ARV in respect of non-residential buildings. The property tax should be allocated to the following components

1. General purpose
2. Water supply tax
3. Drainage tax
4. Scavenging tax
5. Lighting tax
6. Education tax
7. Library cess

As verified from the annual account, the property tax was not allocated as per the said provision of the Municipal Act. This is contrary to the A.P. Municipal Act. The allocation would need to be done.

Further the authority concerned would need to examine whether the compliance of this mandate of the A.P. Municipal Act was loaded in the software or not and whether the software is giving such a report or not. In case the same is not supported by the

software steps should be taken for the inclusion of the logic pertaining to this aspect in the software.

Para Number : 5STATUS OF OBJECTIONS (Code : 19) Rs : 0

PARA NO

CODE NO.19

STATUS OF AUDIT OBJECTIONS:-

2924 No. of objections involving amount of Rs. **522543483-00** as detailed below are pending settlement, at the close of audit.

Year	No.of Objection	Amount
1957-58 to 1997-98	2144	86828716
1997-98	61	13156179
1998-99	25	12625842
1999-2000	30	18955485
2000-01	24	15085671
2001-02	75	6099862
2002-03	25	3906268
2003-04	33	6533172
2004-05	33	47454743
2005-06	27	5838254
2006-07	18	83918784
2007-08	30	2879988
2008-09	24	15630619
2009-10	25	17937171

2010-11	34	22196823
2011-12	19	11425127
2012-13	33	25416514
2013-14	41	40152770
2014-15	103	44689235
2015-16(Part-I)	49	39911722
2015-16(Part-II)	71	1900538
Total	2924	522543483

CODE-19

ABSTRACT

Code No	Para No	Amount
1	1	
2	2	
2	3	
7	4	
7	5	1740327
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7	11	160211
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18	71	
Total	71	1900538

Para Number : 6RECEIPTS & CHARGES (Code : 20) Rs : 0

RECEIPTS AND CHARGES:-

The gross receipts and Charges of the Municipal Council, Tenali for the year 2015-16 are as furnished below.

General Fund-

Receipts : **Rs. 23,92,65,849-00 (General Fund)**
Rs.5,97,69,491-00 (Capital Project Fund)
Expenditure : **Rs.30,49,53,624-00 (General Fund)**
Rs.1,29,51,028-00 (Capital Project Fund)

Para Number : 7OTHERS (Code : 18) Rs : 0

**GOVERNMENT OF ANDHRA PRADESH
STATE AUDIT DEPARTMENT**

From:

Sri N. Nagendra Kumar
District Audit Officer,
State Audit,
Guntur

To:

Smt K. Sakunthala
The Commissioner
Municipal Council,
Tenali

Spl.Lr.S.A.No. 09 Dt: 28-04-2017

Sir,

I have the honour to invite your attention to Para Nos.____ Part-I: 2, 9, 20, 38, 39, 40, 41 and Part-II: 5, 11, 54 only of the Audit Report on the accounts of **Municipal Council, Tenali** for the year **2015-16** and to state that unless the defects pointed out there in are rectified and fact reported to this office with in 4 months from the date of receipt of this Spl. Letter, Surcharge action will be initiated as per Rule 8(1) & 9 of A.P. State Audit rule 2000 issued Vide G.O.Ms.No.130 F&P (FW.Admn.II) Department, Dt:8-9-2000 and under section 10 of A.P.State Audit Act, 1989.

Yours faithfully,

District, Audit Officer,
State Audit, Guntur

Enclosures:

Extract of the Paras

DAO (Signature) **Enclosures :-** I.[Employee Particulars Report](#) II.[Inventory Report](#)----

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