



FINANCE DEPARTMENT

LOCAL FUND AUDIT DEPARTMENT

CONSOLIDATED AUDIT REPORT 2016-17

Government of Tamil Nadu

REPORT NO. 2 – 2016-2017

Local Fund Audit Department

Genesis

Local Fund Audit Department has a long historical background. This department began to function under the administrative control of Accountant General and in the District level under the control of Local Boards, since 1849.

In the year 1880, the Local Fund Audit Department was created as per the provisions of Local Boards Act of 1844.

The Local Fund Audit Department began to function as separate department as per the G.O.Ms.No.609/Finance/dated 22.03.1880.

It was brought under the administrative control of District Collector as per the G.O.Ms.No.514/Finance/dated 10.03.1885. From 1885 to 1920 this department was functioning under the control of District Collector.

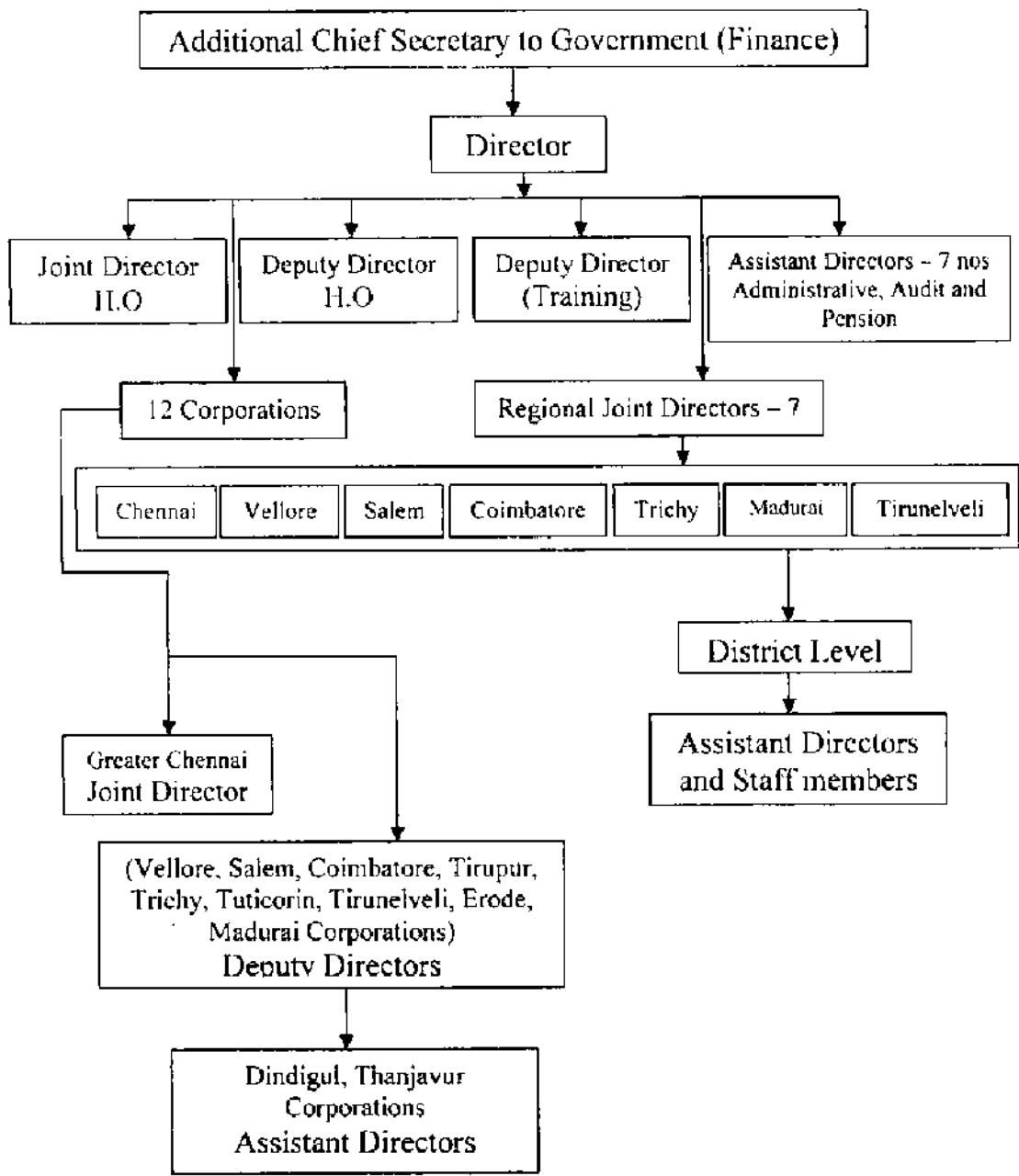
This department has been brought under the administrative control of Finance Department as per the recommendations of the expert committee appointed in the year 1920. The G.O.Ms.No.125/Finance dated.10.02.1921 has been issued in this regard.

The Examiner was appointed as the head of the department for the Local Fund Audit Department as per the G.O.Ms.No.1016/Finance dated 27.11.1922. From that day onwards this department began to function under his control.

As per the G.O.Ms.No.848/Finance (LF) dated 09.11.1995 the nomenclature of this department has been changed. The name "Examiner" has been changed as the Director and name of office has been changed as the Directorate of Local Fund Audit.

Administrative Setup

Local Fund Department is now functioning under the following administrative setup



Local Fund Audit Act - 24 / 2014

Second State Finance Commission recommended to enact a separate act to control and channalise the Local Fund Audit Department and to take up the audit of the Local body institutions and to empower the Director of Local Fund Audit Department to take up their audit. To implement these recommendations, the draft bill has been placed before the Legislative Assembly under the section 130 of Tamil Nadu Assembly rules on 05.12.2014. It has been enacted as the Local Fund Audit Act 24/2014 by the State Legislative Assembly.

The rules for the Local Fund Audit Act of 24/2014 has been issued through the G.O.(Ms) No.240/Finance (LF) Department dated 24.08.2016 and published in the Government Gazette on 24.08.2016. The audit of the year 2016-17 was conducted by this department and the consolidated report is now submitted before the Assembly of Tamil Nadu as per the instructions of Local Fund Audit Act 2014 (24/2014) Section 20.

The Audit Report in English is the translated version of the Tamil Audit Report. Utmost care has been taken to avoid discrepancies while translating into English. If any discrepancies occur, the point or meaning in Tamil version shall be the final.

Technical guidance of Accountant General

The Audit on the funds released to Local Bodies is undertaken by the Accountant General as per Section 20 of Auditor General of India's Act 1971. The Accountant General is providing Technical guidance and support to the Director of the Local Fund Audit Department.

In the section 15 (3) of the Local Fund Audit Act of 24/2014 and G.O.(Ms)No.93 / Finance (FCIV) department dated 28.03.2003, it is advised that the Local Fund Audit staff shall get the technical guidance, from the Accountant General in the matters to follow, during the course of Audit, approach, in drafting the audit paras, compiling the audit report in order to ensure the quality of the audit and audit report.

The Accountant General has issued the guidelines in this regard to this department through his letter no.Pr.AG (C&SSA) SS11/LB11 unit 11/ 14-15 / 219. dated 23.10.2014.

Audit Procedure

Concurrent Audit units have been created on 15.09.2000 for panchayat unions. 116 concurrent units are functioning in the 385 Panchayat unions in the 31 districts.

Concurrent Audit units are functioning in all special grade municipalities.

All corporations and 14 universities are being audited by the concurrent Audit unit staffs.

District Panchayats, Town Panchayats, Municipalities and other auditable institutions are being audited regularly by the District Audit staff annually.

As for as the Village Panchayat audit is concerned the Panchayat Union concurrent audit staff are auditing the village panchayats accounts. With the objective of completing

the test audit of all village panchayats in five years, 20% of village panchayats are test audited every year. Besides that, 2% of the village panchayat audit chosen by the Director of Rural department are also being taken up by this department.

Auditable Institutions

The audit of the following institutions is under taken by the Local Fund Audit Department, every year

S.No	Institutions	Nos
1	Municipal Corporations	12
2	Municipalities	124
3	Town Panchayats	528
4	District Panchayats	31
5	Panchayat Unions	385
6	Universities	23
7	Market Committee	24
8	Tamil Nadu Agriculture Engineering Division	01
9	Tamil Nadu District Marketing board	03
10	District Library Authority	32
11	National Social Schemes	32
12	Other Institutions	12
13	Local planning Authority	27
14	Village Panchayat Audit (Out of 12524 village panchayat every year 22% Audit)	2847

Other Special Works

1. The Local Fund Audit Department besides doing the audit of the above institutions, pension accounts for local body staff (Panchayat Union, Municipalities and Town Panchayats) are being maintained by this department. The Pension for retired employees is being paid every month by this department.
2. Interest on Provident Fund closing balance of the local bodies is being sanctioned by this department every year.

3. The Director acts as Treasurer for the Endowments entrusted to this department by the Government.

Submission of Audit Report to the Government – Objections rectified – Audit recovery to the tune of Rs. 85.05 lakhs.

The audit on the accounts of 2016-17 was completed and significant audit paras were selected to be placed in the Assembly. They were submitted to the Rural Development Department, Secretary to the Government, Commissioner of Municipal Administration, Director of Town Panchayats, Commissioner of Agricultural marketing and Agricultural Business and Director of libraries. The replies to the audit objections were received from them. It is verified that an amount to the tune of Rs.85.05 lakhs is recovered as audit recovery on the basis of audit paras. They are detailed below.

S. No	Institutions	No of Paras	Value of selected Paras for Assembly (Rs. in lakhs)	Value of Settled Paras (Rs. in lakhs)	Balance (Rs. in lakhs)
1	Greater Chennai Corporation	5	37.93	25.75	12.18
2	Other Municipal Corporations	10	654.00	-	654.00
3	Municipalities	9	335.21	-	335.21
4	Town Panchayats	7	83.46	9.07	74.39
5	Panchayat Unions	6	303.72	7.12	296.60
6	Village Panchayats	7	136.27	43.11	93.16
7	Universities	5	423.97	-	423.97
Total		49		85.05	

Audit Fees

Audit of all institutions for the year 2016-17 have been completed. The audit fees to be paid by the institutions worth Rs. 896.99 lakhs has been raised in the audit paras. Speedy action have to be taken to remit the above audit fees into the Government head of account.

Consolidated Audit Report – 2016-17

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1. Greater Chennai Corporation

S. No	Details of Objections	Loss Amount (Rs. in lakhs)	Amount Settled (Rs.in Lakhs)	Balance (Rs.Lakhs)	Page No.
1.11.1	Greater Chennai Corporation Zone 11 - Valasaravakkam - Building plan - Permission granted beyond sanctioning power - Property tax not Assessed on commercial basis - Avoidable Revenue loss - Rs.12.18 lakhs. Para No. 28/2016-17	12.18	-	12.18	12
1.11.2	Greater Chennai Corporation 2016-17 Zone-11 - Valasawakkam - short collection of building license fees - Amount Rs.7.38 lakhs -- To be recovered from the responsible person Para No. 29/2016-17	7.38	7.38	-	14
1.11.3	Storm water Drainage Department - 2016-17 - Jawaharlal Nehru Urban Renovation Scheme - Construction of Storm Water Drain to Otteri Nalla Water catchment area - Price Escalation deferred by the council resolution - But adopted - Loss Rs. 13.17 lakhs. Para No. 11/2016-17	13.17	13.17	-	15
1.11.4	Greater Chennai Corporation 2016-17 Audit - Zone-7 Ambathur -- Short Assessment of property tax to commercial building - Revenue loss to the tune of Rs.5.20 lakhs to corporation - Defect to be rectified Para No. 23/2016-17	5.20	10.40		16
1.11.5	Greater Chennai Corporation - Dr. Muthulakshmi Reddy Maternity Financial Assistance Scheme - Interest earned from bank Rs. 729.39 lakhs and previous years unspent Grant Rs.2733.64 lakhs - Not refunded to Government. Para No. 17(a) and 18/2016-17	-			17
		37.93			

2. Other Municipal Corporations

S. No	Details of Objections	Loss Amount (Rs. in lakhs)	Amount Settled (Rs.in Lakhs)	Balance (Rs.Lakhs)	Page No.
2.4.1	Vellore Corporation – 2016-17 audit - Short Assessment of property tax to 14 Residential and commercial building revenue Loss to Corporation to the tune of Rs. 34.45 lakhs – Serious irregularity – Loss to be collected or Recovered Para No. 15/2016-17	34.45	–	34.45	24
5.4.2	Vellore Corporation 2016-17 Audit – Excess Pension Payment made over the sanctioned order - pension and enhanced pension Continued over the time limit Loss Rs.11.62 lakhs. Para No. 33/2016-17	11.62	–	11.62	24
2.4.3	Vellore Corporation 2016-17 Audit – Water supply fund - Enhanced Road cut restoration charges not collected for New water connections – Monthly Water charges collected at the rate of Rs.30/- instead collected Rs.50/- from the areas added with corporations – short collection of both Deposit and Monthly service charge for Under Ground drainage connection for special Commercial Institutions – Loss of revenue to the corporation for the year 2016-17 alone Rs.49.72 lakhs. Para No. 11.12 and 15/2016-17	49.72	–	49.72	25
2.4.4	Salem Corporation – 2016-17 Audit – Scheme work Completed unspent balance Rs. 132.74 lakhs – Needs to be remitted to Government Para No. 47/2016-17	132.74	–	132.74	28
2.4.5	Dindugal Corporation – Service tax not collected along with Shopping Complex Rent and other lessees – Service tax with penalty deducted by bank on the basis of instructions of Excise Department – Loss to corporation Rs. 81.91 lakhs Para No 19/2016-17	81.91	–	81.91	28

2.4.6	Trichirappalli Corporation – 2016-17 Audit – Ariyamangalam and Ponmalai Division – Enhanced Monthly maintenance / Service charge not collected after implementation of new underground drainage scheme – Rs. 283.40 lakhs revenue loss occurred to corporation for the year 2016-17 Para No. 36/2016-17	283.40	–	283.40	29
2.4.7	Tirupur Corporation – 2016-17 Audit – without calling for tender – money value forms purchased with higher rate and due to implementation of centralized web based Accounting system - old forms excessively purchased were not put into use - Loss Rs. 11.37 lakhs. Para No. 39/2016-17	11.37	–	11.37	31
2.4.8 Fund	Thiruppur Corporation – Revenue and Capital Fund Basic Amnities and Infrastructure Development scheme 2014-15 Formation of SKY walker - Rs. 403 lakhs scheme – Work not completed – work cancelled – grant received not remitted into government account – wasteful Expenditure Para No. 40/2016-17	-	–	–	31
2.4.9	Erode Corporation 2016-17 Audit – Short Assessment of property tax and Vacant Land Tax to New Textile complex – Vacant Land Tax Assessed for half of the area – Property tax assessed on ‘C’ Zone rate instead to assess at ‘A’ Zone rate – Loss Rs. 20.30 lakhs. Para No. 17/2016-17	20.30	–	20.30	33
2.4.10	Madurai Corporation – 2016-17 Audit – Renewal fees not collected from 3 years lease Extension items and Lease amount not fixed on basic shop value after completion for 9 years lease Para No. 22/2016-17	28.49	–	28.49	34
		654.00		654.00	

3. Municipalities

S. No	Details of Objections	Loss Amount (Rs. in lakhs)	Amount Settled (Rs.in Lakhs)	Balance (Rs.Lakhs)	Page No.
3.14.1	Namakkal District Rasipuram Municipality - Water supply and Drainage Fund - As per Revised Water supply Scheme by law - Enhancement of water charge Deposit Amount for Residential purpose Rs. 3000 to Rs. 5000/- and for commercial purpose Rs.7000 to Rs. 10000/- difference amount not collected for Existing water connections - Loss Rs. 1,91,35,000/- Needs to be collected. Para No. 16/2016-17	191.35	20.96	170.39	43
3.14.2	Thanjavur District - Kumbakonam municipality - Infrastructure Gap filling fund - Pazhavathan Kattalai Vaikkal and Local Vaikkal desilting work - work not completed - Excess payment made - financial loss Rs. 29.73 lakhs Para No. 20/2016-17	29.73	-	29.73	44
3.14.3	Thiruvallur District - Avadi Special Grater Municipality Under Ground Sewerage Scheme under Jawaharlal Nehru Renovation Scheme - work commenced in 2008 - Not put into use even after 7 years - Purpose not served. Para No. 12/2016-17	-	-	-	45
3.14.4	Thiruvallur District - Avadi Municipality - Even after close of court case vacant land tax not remitted - Proper Administrative Action not taken - Loss Rs. 74.65 lakhs Para No. 21 C/2016-17	74.65	-	74.65	47
3.14.5	Thiruvallur District - Thiruttani Municipality - Service tax paid - service tax penalty and Additional penalty disposed off in Writ Appeal - Needs re-imbusement Rs. 6.71 lakhs Para No. 22 b/2016-17	6.71	-	6.71	48

3.14.6	Krishnagiri District - Krishnagiri Municipality Miscellaneous Demand - Current Demand not raised properly - omission in Current Demand 2016-17 - Loss Rs. 6.65 lakhs needs to be collected Para No. 34/2016-17	6.65	-	6.65	49
3.14.7	Ramanathapuram District - Rmanathapuram Municipality - MGR Nagar and Semmadam North Cement Road - Payment made twice by producing same Bank Payment voucher - Financial loss Rs. 17.75 lakhs Para No. 38/2016-17	17.75	-	17.75	50
3.14.8	Ramanathapuram District - Rameshwaram Municipality laying of Optical Fibre Cable in Roads - Short Collection of Road cutting Restoration Charges - Revenue loss Rs. 8.37 lakhs. Para No. 25 and 26/2016-17	8.37	-	8.37	50
3.14.9	Jayamkondam Municipality - Revenue Fund and capital fund - Works under taken - Mobilization advance sanctions - irregular - pending advance with interest of Rs 102.28 lakhs and 42.51 lakhs is to be collected respectively. Para No. 67/2016-17		-	-	51
		335.21			

4. Town Panchayat

S.No	Details of Objections	Loss Amount (Rs.in Lakhs)	Amount Settled (Rs.in Lakhs)	Balance (Rs. Lakhs)	Page No.
4.12.1	Pandamangalam Town Panchayat 2016 - 17 - Special Road Works scheme 2015 -16 -Laying of cement road for streets in ward numbers 01, 02, 03, 04, 05, 06, 09, 10, 11, 13 and 14 in Pandamangalam Town Panchayat of Namakkal district - Administrative sanction and technical sanction obtained for estimate of Rs. 50 lakhs containing component of Government grant Rs.24.50,000 and Town Panchayat contribution	8.19	-	8.19	59

	amount Rs. 25,50,000 - but work completion not done entirely as per the estimate amount - Instead work has been carried out for Rs. 33,27,067 only - Proportionate grant amount of Rs. 8,19,737 need to be remitted into Government account. Para No. 22/2016-17				
4.12.2	Namakkal district - Namagiripettai Town Panchayat Expenditure - Expenditure incurred from the Town Panchayat General fund but Town Panchayat Council has rejected sanction for the incurred expenditure - Administrative enquiry needs to be conducted for regularizing the incurred expenditure for which sanction has been rejected by the Council - Defects- Rs.19.79 lakhs. Para No. 19/2016-17	19.79	-	19.79	61
4.12.3	Thondi Town Panchayat - Receipts - Receipts as per Day Book - short remittance made into bank account by the Junior Assistant Defalcation amount remitted into bank by the third person not related with Town Panchayat establishment -- Action need to be taken on erring staff. Para No. 12/2016-17	21.49	-	21.49	62
4.12.4	Kanyakumari District - Anjugramam Town Panchayat - Labour Welfare Fund not remitted in the account concerned - Amount locked up in Town Panchayat account - Rs.9.07 lakhs -- Amount remitted based on audit objection raised. Para No. 44/2016-17	9.07	9.07	-	63
4.12.5	Virudhunagar district - Vathrairuppu Town Panchayat - Tamil Nadu Urban Road Infrastructure Project and Special Roads Programme - Allotment received from the Government for the year 2010 - Transaction not effected till date after 2013-14 - Amount kept idle - Need to be remitted into Government account - Rs.24.92 lakhs. Para No. 57/2016-17	24.92	-	24.92	64

4.12.6	Ariyalur district - Udayarpalayam Town Panchayat - Miscellaneous demand - Auction not effected for shops belonging to New Bus Terminus for the year 2016 - 17. Action to be taken for effecting auction Para No. 18/2016-17	-	-	-	64
4.12.7.	Thanjavur district - Construction of new office building to Ayyampettai Town Panchayat - Office functioning in Old building instead of New building - Defects. Para No. 17/2016-17	-	-	-	66
Total		83.46	9.07	74.39	

5. District Panchayats

S.No	Details of Objections	Amount (Rs.in Lakhs)	Amount Settled (Rs.in Lakhs)	Balance (Rs.Lakhs)	Page No.
No Paras selected					

6.Panchayat Union

S.No	Details of Objections	Amount (Rs.in Lakhs)	Amount Settled (Rs.in Lakhs)	Balance (Rs.Lakhs)	Page No.
6.9.1	Tiruvallore district - Tiruvelangadu Panchayat Union - Scheme Fund - Indhira Awaas Yojana - Unspent grant remitted to District Rural Development Agency - Acknowledgement not obtained - Scheme completed but balance amount as per cash book not remitted to Government account - Defects - Amount Rs. 134 lakhs. Para No. 11c/2016-17	134	-	134	76
6.9.2	Coimbatore district - Sultanpettai Panchayat Union - works - Sefakarichal Panchayat - Adidravidar colony in	11.93	-	11.93	77

	<p>Sidhanaikanpalayam – Construction of Community Hall till roof top under Member of Parliament Local Area Development Scheme for the year 2014-15 and Construction of bus-shelter on waterways under Member of Legislative Assembly -Area Development Programme for the year 2014-15 - Demolition of building by Sular Tehsildhar as per the Court direction Expenditure treated as loss to be recovered Amount Rs. 11.93 lakhs. Para No. 15/2016-17</p>				
6.9.3	<p>Villupuram district -- Vanoor Panchayat Union Periyar Memorial Samathuvapuram 2010 -11 -- Work not completed and brought in to public usage -- Government fund locked up without utilization in this scheme account – Action needs to be taken on the contractors responsible for incompleteness of work and deposit amount should be forfeited – Loss Rs. 124.75 lakhs. Para No. 48/2016-17</p>	124.75	-	124.75	79
6.9.4	<p>Villupuram District – Chinnasalem Panchayat Union Deposit amount – Double Payment made to the contractor for the same deposit amount in General Fund, MLA LAD Scheme and Rural Infrastructure Scheme (Road) accounts maintained by the Block Development Officer (Block Panchayat)- Serious irregularity -- Rs.711641 needs to be recovered -- Further disciplinary action</p>	7.12	7.12	-	79

	needs to be taken on the officials responsible for payment and its details may be furnished to audit - Amount recovered after objection pointed out in the audit . Para No. 34/2016-17				
6.9.5	Building plan approval - Tiruvallore Panchayat Union - Approval by Block Development Officer for Industrial building plans - Not in order Approval must be obtained from the Director of Town and Country Planning and Infrastructure and Amenities charges not collected- Loss- Rs.451630/- Para No. 4/2016-17	4.52	-	4.52	81
6.9.6	Vellore district - Katpadi Panchayat Union - General Fund Works relating to culvert, drinking water supply, laying of paver block road undertaken to the tune of Rs. 21.40 lakhs in unapproved layouts - Amount need to be recovered. Para No. 26/2016-17	21.40	-	21.40	82
	Total	303.72	7.12	296.60	

7. Village Panchayat

S.No	Details of Objections	Amount (Rs.in Lakhs)	Amount Settled (Rs.in Lakhs)	Balance (Rs.in Lakhs)	Page No.
7.9.1	Thanjavur District Village Panchayat - Short Remittance and non Remittance of cash collection Rs.11.71 lakhs - Defalcated - To be recovered - Rs.11.71 lakhs remitted after audit objections	11.71	11.71	-	86
7.9.2	Villupuram district - Kallakurichi Panchayat Union - Thenkeeranur Village Panchayat 2016- 17 audit 14 th Finance Commission grant amount not credited into Village Panchayat account - Credited into Noon meal centre account- Rs.18.23 lakhs. Para No. 32/2016-17	18.23	18.23	-	88
7.9.3	Village Panchayat - Collection of taxes and fees - Daily collection - Short remittance made - Loss of revenue - Rs.3.57 lakhs - 2.59 lakhs collected after pointed out in the audit.	3.57	2.59	0.98	89
7.9.4	Tirunelveli district - Thenkasi Panchayat Union, Kannakapillaivalasai Panchayat - Amount collected for Labour Welfare fund- Not remitted in Labour Welfare Fund account - Loss Rs.10.58 lakhs to Labour Welfare Fund. Para No. 34/2016-17	10.58	10.58	-	91
7.9.5	Virudhunagar district - Keezhkondraikulam Village Panchayat, Narikudi Panchayat Union - Cheques issued to third party from Account No. 2 -	9.00	-	9.00	92

	Irregularities - Rs.9 lakhs. Para No. 24/2016-17				
7.9.6	Perambalur District – Perambalur Panchayat Union – Siruvachur Village Panchayat – Short collection of building license fees – Loss of revenue – Rs. 60.26 lakhs Para No. 12/2016-17	60.26	-	60.26	93
7.9.7	Tiruvannamalai district – Arani Panchayat Union Ratinamangalam Panchayat Negligence in collection of pending water charges – loss of revenue - Rs.22.92 lakhs Para No. 8/2016-17	22.92	-	22.92	94
TOTAL		136.27	43.11	93.16	

8. University

S. NO.	Details	Amount Rs. (lakhs)	Amount Settled (Rs.in Lakhs)	Balance (Rs. Lakhs)	Page No
8.8.1	2016-17 - Audit - University of Madras and Tamil Nadu Open University excess pay paid to readers and selection grade lecturers who have not completed the required 3 years of service Para No.13 /2016-17	148.08	-	148.08	98
8.8.2	2016-17 - Audit - University of Madras — Excess expenditure incurred on award of selection grade at higher scale of pay and grade pay against the government order to six sergeants Para No. 17/2016-17	7.74	-	7.74	100
8.8.3	2016-17 - Audit - University of Madras - department of bio - Technology - Existence of teaching posts beyond the tenure period of five years set by UGC. Para No.20c /2016-17	65.58	-	65.58	101
8.8.4	2016-17 - Audit - University of Madras - Dr. Ambedkar centre for economic studies - Grant of Rs. 124.96 lakhs not collected from Dr. Ambedkar foundation and assistant professor on CAS granted to research officer against the guidelines of CAS (career advancement scheme) Para No. 47/2016-17	124.96	-	124.96	102
8.8.5	2016-17 - Audit - University of Madras - one crore special grant received from Government of Tamilnadu - During 2008-09 to develop dept of criminology (new building, equipment, other expert, etc) - furniture purchased - no other funds utilized from other heads - unspent amount of Rs. 77.61 lakh with interest to be remitted to govt Para No.50 /2016-17	77.61	-	77.61	104
		423.97	-	423.97	

9. Public Libraries

S.No	Details of Objections	Amount Rs. (lakhs)	Page No.
	No Paras selected		106

10. Market Committees

S.No	Details of Objections	Amount Rs. (lakhs)	Page No.
	No Paras selected		109

11. Non – Preparation & approval of Budget

S. No	Details of Objections	Loss Amount (Rs. in lakhs)	Page No.
11	Non – Preparation & approval of Budget	-	112

1. Greater Chennai Corporation

1.1 Preamble

As per 2011 census the total population of Chennai Corporation is 46.46 lakhs. Population of Chennai Corporation comprises of 23.36 lakhs men and 23.10 lakhs females. Total literacy rate is 90.18%. As per G.O.Ms.No.256 Municipal Administration and Water Supply Department dated.26.12.2009. 426 sq.km area of Kanchipuram and Thiruvallur District were annexed with Chennai Corporation.

After this annexation the population of Chennai increased to 70 lakhs. Chennai Corporation is functioning with 15 Zones and 200 divisions w.e.f 25.10.2011. The name of Chennai Corporation was modified as "Greater Chennai Corporation" w.e.f October 2015.

Out of 18 functions, enlisted in the Twelfth schedule of the constitution, thirteen functions have been devolved to Greater Chennai Corporation which is functioning as per "Chennai City Municipal Corporation Act 1919".

1.2 Functions

Among the thirteen functions devolved by the State Government, the function of providing infrastructure and basic amenities like Road, Storm water drain, Street lights, Solid waste, conservancy, Education, Public Health, Park and also the function of issuing birth and death certificate are carried out by the Greater Chennai Corporation. There are fifteen zones and Twenty seven departments to provide the above services to the public.

S.No	Name of the Zones	Name of the Region
1	Tiruvottiyur	Northern Region
2	Manali	
3	Madhavaram	
4	Tondairpet	
5	Royapuram	
6	Thiru.vi.ka Nagar	

7	Ambattur	Central Region
8	Anna Nagar	
9	Tenampet	
10	Kodambakkam	
11	Valasaravakkam	Southern Region
12	Alandur	
13	Adayar	
14	Perungudi	
15	Sholinganallur	

Name of the Departments

1. Public Health
2. Solid waste Management
3. District Family Welfare
4. Bus Route Road
5. Revenue
6. Storm water drain
7. Bridges
8. Buildings
9. General Department
10. Mechanical Engineering
11. Land and Estate
12. Electrical
13. Accounts central cell

14. Works Department
15. Parks and playgrounds
16. Council Department
17. Tax appalate Tribunal
18. Pension Fund
19. General Provident Fund
20. Elementary Education Fund
21. Secondary Education Fund
22. Quality control
23. Speccial Schemes
24. Legal Cell
25. Chief Engineer (General)
26. Chief Engineer (Buildings)
27. Chief Engineer (Planning)

The following units are also functioning

S.No	Name of the Units	No of units
1	Maternity Hospital	15
2	Urban Health Centre	140
3	Infective Disease Hospital	1
4	Diagnostic Centre	6
5	Public Laboratory	1
6	Dispensary	75
7	Printing press	1

8	Community Hall	55
9	Modern Slaughter House	3
10	Relief Centres	5
11	Amma Canteen	407
12	Parks	525
13	Play grounds	210
14	Gymnastic centre	96
15	Swimming Pool	2
16	Community colleges (Nursing computer science, Banking etc)	4
17	Industrial Training Institute	1
18	Nursery schools	175
19	Elementary, Higher & Higher secondary schools	281
20	Lorry station	15
21	Sub station	71
22	Ayush Hospital	3
23	Garbage Dumping Yard	2
24	Garbage Transfer Station	11

The following standing committees are also functioning (each consists of 15 members)

1. Tax & Finance
2. Education (Parks & Playgrounds)
3. Health & Family welfare
4. Works
5. Town planning
6. Accounts & Audit

1.3 Maintenance of Accounts

Accrual based Accounting system is maintained for property Tax w.e.f 01.04.1982. As per schedule V part III Rule 17 of Chennai City Municipal Act 1919 and Section 7 of Local Fund Audit Act 2014 (Section 7 of Rule 2016) the annual accounts of the corporation shall be furnished to audit before 30th June of the succeeding year.

The demand collection and balance of 11,95,723 no of Property Tax Assessments

S.No	Year	Demand (Crores)	Collection (Crores)	Balance (Crores)	Percentage
1	2014-15	500.11	319.43	180.68	63.87
2	2015-16	565.51	326.89	238.62	57.80
3	2016-17	579.84	367.34	212.50	63.35

1.4 Details of Income and Expenditure

The details of Income and Expenditure of the Greater Chennai Corporation for the year 2016-17 are furnished below.

Income

S. No	Details	General Fund		Education Fund		Total (Rs. in lakhs)
		(Rs. in lakhs)	%	(Rs. in lakhs)	%	
1	Tax items	71117.69	36.80	14914.11	99.99	86031.80
2	Non Tax items	15724.72	8.13	0.17	-	15724.89
3	Assigned Revenue	55148.20	28.54	-	-	55148.20
4	Grants of contribution	35183.15	18.22	-	-	35183.15
5	Interest on investments	293.24	0.15	-	-	293.24
6	Interest earned	423.58	0.22	-	-	423.58
7	Miscellaneous Receipts	15336.88	7.94	0.35	0.01	15337.23
	Total Income	193227.46	100	14914.63	100	208142.09

Expenditure

S. No	Details	General Fund		Education Fund		Total (Rs. in lakhs)
		(Rs. in lakhs)	%	(Rs. in lakhs)	%	
1	Employees salary	104271.07	35.43	1204.50	44.58	105475.57
2	Administrative expenses	11012.19	3.74	226.86	8.39	11239.05
3	Operation & maintenance	76236.77	25.91	335.96	12.43	76572.73
4	Interest & Bank charges	10627.73	3.61	-	-	10627.73
5	Plan expenses	326.23	0.11	4.35	0.16	330.58
6	Miscellaneous expenses	124.82	0.04	359.13	13.29	483.95
7	Depreciation	91665.90	31.16	571.02	21.15	92236.92
8	Total Expenses	249264.71	100.00	2701.82	100.00	296966.53
9	Accumulated surplus/deficit	56037.25	-	12212.81	-	-
	Total Expenditure	193227.46	-	14914.63		

1.5 Expenditure incurred for private conservancy

Expenditure details

S. No	Head	Account code	Expenditure in (Rs. in lakhs)		
			2014-15	2015-16	2016-17
1	Private conservancy	230150100	18167.59	21575.69	25153.43

During 2016-17, the expenditure incurred for private conservancy is Rs.25,153.43 lakhs and the salary paid to sanitary worker is Rs.21,017.91 lakhs amounting the total conservancy expenditure to the total of Rs.46,171.34 which is 31.51% of revenue of corporation. Action may be taken to improve the revenue of the corporation to match the expenses.

1.6 Revenues receivable

S.No	Head	Amount in (Rs. in lakhs)
1	Property Tax	21250.49
2	Other Taxes	2746.03
3	Advances for works	3957.87
4	Other advances	16592.81
5	Miscellaneous receipts	20286.71
	Total	64833.91

The details of assets and liabilities is provided in the Audit report.

1.7 Investments

The details of investments made by the corporation during 2016-17 is furnished below.

S. No	Fund (Account code)	Opening Balance	Investments	Amount received on maturity	Balance
1	Capital Fund fixed (420800100)	186878200	325605693	-	512483893
2	General fund fixed (420800100)	44400000	1887311	44343692	1943619
				Total	514427512

The loan liability of the corporation by the end of 2016-17 is furnished below.

S.No	Head	Amount loan pending as on 31.03.17 in (Rs. in lakhs)
1	State Government loan without interest	20785.02
2	Other loans with interest (TUFIDCO, TNUDF, Indian Bank, ICICI etc.)	162308.16
	Total	183093.18

Appropriate or suitable action shall be taken to improve the income of the corporation to reduce loan liability (Annexure)

Annexure

Loan details of Greater Chennai Corporation for 2016-17

S. No	Account Code	Head	Opening Balance as on 01.04.2016 (Rs. in lakhs)	Loan obtained during 2016-17 (Rs. in lakhs)	Refund of loan during 2016-17 (Rs. in lakhs)	Balance amount of loan as on 31.03.17 (Rs. in lakhs)	Interest paid during 2016-17 (Rs. in lakhs)
I. Govt. Loan without Interest							
1.	330-10-01-01	JNNURM Bridge	867.10	-	82.20	784.90	-
2.	330-10-01-02	JNNURM-Stormwater drain	19296.59	-	-	19296.59	-
3.	330-10-01-03	JNNURM - Heritage Buildings	70.83	-	13.07	57.76	-
4.	330-10-01-04	JNNURM - Solid Waste Management	273.57	-	78.16	195.41	-
5.	330-20-01-02	Ways & Means Advance Capital	400.00	-	-	400.00	-
6.	330-20-01-00	Loans for Capital Works	50.36	-	-	50.36	-

II. Other Loan with Interests							
7	330-30-01-00	TUFIDCO- MCP	100.32	-	65.08	35.24	3.04
8	330-30-02-00	TUFIDCO- MIDF	20150.66	21201.06	3863.47	37488.25	1393.98
9	330-30-03-00	TNUDF- KfW	12783.75	8432.00	1311.06	19904.69	1407.17
10	330-30-04-00	WORLD BANK- INSUDP(I-SWD)	-	19000.00	-	19000.00	433.84
11	330-60-00-02	Other Loans - Indian Bank	24868.50	12502.00	-	37370.50	3219.68
12	330-60-00-03	Other Loans - ICICI Bank	7947.90	-	-	7947.90	761.27
13	330-60-00-04	Other Loans -CANARA Bank	-	19651.50	-	19651.50	1086.61
14	330-80-00-00	Loans of local bodies merged with Corporation	197.25	-	72.67	124.58	4.81
		Total	87006.83	80786.56	5485.71	162307.68	8310.40

1.8 Education Tax

There is surplus balance of Rs.14554.99 Lakhs in Elementary Education Fund. This amount shall be utilized for capital works pertaining to education.

The details of education tax collected from 1990-91 to 2016-17 is furnished below.

S.No	Year	Tax Collected	Expenditure	Balance
		(Rs. in lakhs)		
1.	1990-91 to 2008-09	57888.01	2046.60	55841.41
2.	2009-10	7869.50	227.53	7641.97
3.	2010-11	8212.93	267.76	7945.17
4.	2011-12	7405.50	266.55	7138.95
5.	2012-13	7635.10	240.54	7394.56
6.	2013-14	6202.77	218.31	5984.46
7.	2014-15	16320.34	314.10	16006.24
8.	2015-16	12405.23	306.38	12098.85
9.	2016-17	14914.11	359.12	14554.99
	Total	138853.49	4246.89	134606.60

1.9 Library cess

The library cess amount Rs.2928.91 lakhs is lying in revenue fund at the end of 2016-17. This amount is to be remitted to Chennai District Local Library Authority.

As per G.O.Ms.No.92, School Education Department, dt.23.04.2008 the library cess has to be collected at the enhanced rate of 10 paise instead of 5 paise for every one rupee of Property tax. But the library cess is collected at 5 paise in 7 Zones (4, 5, 6, 8, 9, 10 and 13) of Greater Chennai Corporation. This defect shall be rectified immediately.

1.10 Amma Canteen

As per G.O.Ms.No.21 Municipal Administration & Water Supply department, dt.17.01.2013, 200 nos of Amma Canteen, one each for every Division / Ward, were started to provide hygienic food to down-trodden at low rate. As per G.O.Ms.No.18 Municipal Administration & Water Supply department, dt.26.09.2014, 100 more numbers of Amma Canteen were started taking the total numbers of Amma Canteen to 407 during 2016-17.

The following food items are provided in Amma Canteen at low rate.

S.No	Food Items	Rate (Rs)
1	Idly (1 No)	1
2	Chappathi (2 Nos)	3
3	Mixed Rice	5
4	Curd Rice	3

As the Amma Canteens are functioning for the welfare of the poor people, action is being taken in corporation file no.B2/3132/2016/Health Department to get the accumulated excess expenditure from the year 2013-14 to 2016-17 in respect of functioning of Amma Canteen Rs.323.32 Crores from the Government.

1.11 Serious defects noticed in Audit

The Audit of the Greater Chennai Corporation is done as per Rule 19D of Schedule V of Chennai City Municipal Corporation Act 1919 and Section 2 (g)(i) of Tamil Nadu Local Fund Audit Act 2014. Only selected objections are being brought to the notice of the Government as per Section 20 of Tamil Nadu Local Fund Audit Act 2014.

1.11.1 – Greater Chennai Corporation – Zone 11 – Valasaravakkam - Building plan – Permission granted beyond sanctioning power – Property tax not Assessed on commercial basis – Avoidable Revenue loss – Rs.12.18 lakhs.

Para No. 28/2016-17

During the year 2016-17 in valasarawakkam Zone, planning permission was given in planning permit No. WDC11/PPA/06182/2016 to Thiru. R. Sapabathy for the construction of 3260 sq.m. comprised of 2000 sq.m. commercial building and 1260 sq.m residential building. But in the calculation sheet 300 sq.m. has been shown and infra structure and amenities charges of Rs.1.13,000/- was collected.

In assessment No.11 -153 -12621-000 - property tax was assessed from 2017-18 first half year at Rs.1.93.841/- per Half year for 35,600 sq.ft. commercial building.

As per Chennai Metropolitan Development authority Development Rules 2010, the Zonal Executive Engineer has been delegated to sanction planning permission for commercial complex upto 300sq.m.only. But Permission was given to 3260 sq.m. and shown wrongly as 2000 sq.m. only for commercial and 1260 sq.m. for Residential. Planning permission application if properly submitted to Chennai Metropolitan Development authority, revenue loss incurred to Chennai Metropolitan Development authority would have been avoided.

As like, if Building planning fees had been calculated on commercial basis, the loss made to Greater Chennai Corporation would have been avoided (Calculation para is enclosed)

It is pointed out in audit that necessary administrative action may be taken for the permission granted beyond the power delegated limit.

Head	Deposit Amount	CMDA Charges	Building Licence Fees	Basic Intrastructure Fees	Total
To be collected	1.96	0.93	3.49	12.22	18.60
Amount collected	1.58	0.62	2.09	1.13	6.42
Short collection	0.38	0.31	0.40	11.09	12.18

Reply

This para was communicated vide this office. Na.Ka.No. 12801/MA4 dated 16/05/2019 to the Commissioner of Greater Chennai Corporation. But no reply was received.

1.11.2 – Greater Chennai Corporation 2016-17 Audit Zone-11 – Valarasawakkam – short collection of building licence fees – Amount Rs.7.38 lakhs – To be recovered from the responsible person

Para No.29 /2016-17

Building / planning permission WDC11/PPA/04420/2016

No and Date : dated: 29.09.2016

Name of the Owner / Address : Tmt. K. Latha,

P.No.403, Astalakshmi Nagar,

2nd Main Road, Chennai – 95

During the year 2016-17 on verification of Valasarawakkam Zone Building plan permission applications Audit, when planning permission given to above mentioned address, instead of collecting open space reservation charge as per the Guideline Value. of Rs.3500 / sq.ft.. Rs.1100 / sq.ft was only collected from the owner and made loss to the tune of Rs. 7.38 lakhs to corporation as mentioned below.

Amount due to be collected

Open Space reservation charge to be

collected (292.19 X 10.76 X 10... X 3500) : Rs. 11.02 lakhs

Already collected (330 X 1100) = (363000 – 1000) : Rs. 3.64 lakhs

Loss due to be collected : Rs. 7.38 lakhs

As said above, short collection of open space reservation charge is to be collected from the person responsible.

Reply Received

As per Greater Chennai Corporation Zonal officer-11, in Lr.No.R.C. No.C6/2223 /2019, dated 25.02.2019, intimated that the amount mentioned in this audit para Rs.7.38 lakhs was already remitted on 14.02.2019 through Bank of India, Demand Draft No. 457360 dated 13.02.19. The amount mentioned was collected.

1.11.3 – Storm water Drain Department - 2016-17 – Jawaharlal Nehru Urban Renovation Scheme – Construction of Storm Water Drain to Otteri Nalla Water catchment area – Price Escalation deferred by the council - But adopted – Loss Rs. 13.17 lakhs.

Para No. 11 – Storm Water Drain

To renovate Otteri Nalla Water catchment area under Jawaharlal Nehru Urban Renovation Scheme, M/S. Neev Infrastructure (p) Ltd was selected and agreement was made to the tune of Rs.67.74 crores on 02.11.2010 As per the agreement work to be completed on 23.12.2012

Due to in completion of the work, the time limit as per council resolution passed, was extended upto 23.06.2013, 23.12.2013, 23.03.2014, 30.06.2014 and upto 31.08.2014 and the work was completed on 30.08.2014.

As per council resolution No.299/2014, when extending the work period from 24.03.2014 to 30.06.2014 it was informed that price escalation charge will strictly not allowed for the period from 24.03.2014 to 30.06.2014

In contrary, during the year 2016-17 price escalation was calculated and paid Rs. 13.17 lakhs in the final bill for the above mentioned period and payment was made in voucher No. 18585/30.11.2016. So loss to the tune of Rs.13.17 lakhs was incurred to scheme fund.

Reply

After raising the para, the Greater Chennai Corporation took the action. It is replied that Rs.13.17 lakhs was got adjusted from concerned contractors Retention amount through GJV 2/00000/165/05/2019-20.

1.11.4 Greater Chennai Corporation 2016-17 Audit – Zone-7 Ambathur – Short Assessment of property tax to commercial building – Revenue loss to the tune of Rs.5.20 lakhs to corporation – Defect to be rectified

Para No. 23 /2016-17

The commercial building comprised of 47,958 sq.t belonging to Thiru. Y. Ponnudurai in Ambathur Zone(7) of Greater Chennai Corporation, was constructed and completed on 01.04.2016. Property tax to be fixed to this building from 2016-17 first half year is Rs. 377396. The working sheet for this is given below.

Property tax Assessment No.07-088-07481-000

commercial – Permanent

1. Annual rectal Value

(47208 X 2.75 X 3 X 12) - Rs.46,73,592

2. Land Value (1/3) - Rs.15,57,864

3. Building Value (1-2) - Rs. 31,15,728

4. Maintenance charge on

Building Value 10% - Rs. 3,11,573

5. Annual Rental Value (1-4) - Rs.43,62,019

6. Half yearly Property tax

(8.55% on Annual Rental Value) – Rs. 3.72,952

Commercial – Semi Permanent

1. Annual Rental Value

(750X2.75X3x12) - Rs. 74,250

2. Land Value (1/3) - Rs.24,750

3. Building Value (1-2) - Rs.49,500

4. Maintenance charge on

Building Value 10% - Rs. 4,950

5. Annual Rental Value (1-4) - Rs.69,300

6. Discount 25% - Rs.17,325

7. Net Annual value(5-6) - Rs.51,975

8. Half yearly property tax (8.55%

on Annual Rental Value) - Rs. 4,444

Property tax to be fixed : Rs.372952 + Rs. 4444

Rs. 3,77,396/-

But, in contrary to the above calculation, Rs. 117291 was fixed as property tax per half year which led to the revenue loss to the tune of Rs. 5,20,210/- per year

1. Total property to be Assessed

(372952 + 4444) - Rs. 3,77,396

2. Property tax Assessed - Rs. 1,17,291

3. Loss per half year - Rs. 2,60,105

4. Loss for one year (260105 x 2)- Rs. 5,20,210

Above mentioned defect should be rectified and the demand should be revised from the year 2016-17 and the loss made Rs. 5.20 lakhs to be collected from the owner.

Reply Received

As mentioned in this audit para, New Assessment was made in Assessment No. 07-088-07481-000 and Rs. 10,40,436 was collected.

1.11.5 – Greater Chennai Corporation (GCC) – Dr. Muthulakshmi Reddy Maternity Financial Assistance Scheme – Interest earned from bank Rs. 729.39 lakhs and previous years unspent Grant Rs.2733.64 lakhs – Not refunded to Government.

Para No. 17(a) and 18 (District Family Welfare Department)

As per G.O.MS.No.184/Health and Family Welfare Department dated 11.09.2006, Financial assistance of Rs.6000/- (each child) was paid to first two children, to pregnant

women those who are living below poverty line. The financial assistance was enhanced to Rs.12000/- w.e.f 01.06.2011 as per G.O.MS.No.276/Health and Family Welfare Department dated 03.11.2011

The first installment of Rs.4000/- is being paid during 7th month, second installment of Rs.4000/- during delivery and final installment of Rs.4000/- paid after vaccination.

During the financial year 2016-17, Rs. 3730.52 lakhs received from the Government for the implementation of the scheme was remitted into Greater Chennai Corporation Indian overseas bank savings account No.3535. Then, the amount was distributed to the beneficiaries / through concerned. Zonal Medical officer.

Grant received from the Government was distributed to Zones, and separate account was maintained and it shows that the whole amount was unutilized for the purpose for which it was obtained.

After the distribution of the grant to the beneficiaries every financial year, unspent Grant was kept idle in the bank account maintained by Zonal medical officer for the period from 2014-15 & 2015-16. The unspent Grant to be refunded to Government, but not refunded so far. As on 31.03.2017 a sum of Rs.2733.64 lakhs, unspent or unutilized Grant for previous years were kept idle.

Grant amount of Kanchipuram and Thiruvallur District beneficiaries for the period 2014-15 and 2015-16 was already sent, through Deputy Director of Public Health Services of concerned district, so need not arise to sent again from GCC pertaining to the financial year 2014-15 and 2015-16. The grant due to the beneficiaries of added areas from Kanchipuram and Thiruvallur district was already released to Deputy Director of Public Health . Hence no need to distribute the grant to these areas again.

The Grant distributed to Zones were detailed in respective Paras. Hence, the unutilized Grant with interest, both to be remitted to respective Government head of account.

On verification of the bank pass book as of now unutilized Grant amount of Rs. 5158.27 lakhs with interest was kept as balance. Out of which the interest earned for the year 2016-17 and unutilized Grant up to the financial year 2016-17, need to be remitted to Government Account.

Sl. No.	Zone	IOB Savings Account No.	Interest earned from 2011-12 To 2016-17 (Rs.)	Balance as on 31.03.2017	Date	Balance in Bank as on date
1	Head Office	3535	20718265	57685494	01.03.2019	132126322
2	Hospital Zone-1	30000	1272585	6320325	18.02.2019	23952168
3	Hospital Zone-2 (Manali)	5600	670554	342328	28.02.2019	4000498
4	Hospital Zone-3	5694	723322	4739301	04.02.2019	13479881
5	Hospital Zone-4	0099	11233981	53605493	28.02.2019	88170163
6	Hospital Zone-5	2406	5269554	32310872	02.02.2019	33450109
7	Hospital Zone-6	3335	5078531	28141377	28.02.2019	58896536
8	Hospital Zone-7	5561	1626079	3712795	28.02.2019	21408530
9	Hospital Zone-8	4358	4990356	22971816	27.02.2019	32657182
10	Hospital Zone-9	7371	6812238	25992760	27.02.2019	36802362
11	Hospital Zone-10	0961	5864502	18043580	13.02.2019	15513938
12	Hospital Zone-11 (Valasarawakkam)	6922	1774271	917243	22.02.2019	3538982
13	Hospital Zone-12	6611	1038064	3363750	31.12.2018	8639077
14	Hospital Zone-13	9302	4288520	20408358	01.03.2019	32104025
15	Hospital Zone-14	7425	790923	403403	18.02.2019	2713003
16	Hospital Zone-15	1013	787219	405644	12.06.2018	8374975
	Total		72938964	273364539		515827751

Reply:- This para has been Communicated vide Lr. No. R.C. No.012801/MA4/2019, dated.16.5.2019, to Commissioner Greater Chennai Corporation No reply has been received.

Other Municipal Corporations

(except Chennai Corporation)

2.1 Out of 18 functions enlisted in the Twelfth Schedule of the constitution, 17 functions have been devolved to the municipal corporations by the government of Tamil Nadu. There are eleven municipal corporation (other than Greater Chennai Corporation) functioning in Tamil Nadu. They are

S.No	Corporation	Year of the enactment of Act
1	Madurai	1971
2	Coimbatore	1981
3	Thiruchirapalli	1994
4	Salem	1994
5	Tirunelveli	1994
6	Erode	2008
7	Tiruppur	2008
8	Vellore	2008
9	Tuticorin	2008
10	Tanjore	2013
11	Dindigul	2013

2.2 The above eleven corporations are functioning as per the Act mentioned against each municipal corporation. The total area of the corporation is 1193.35 sq.km and the population is 80,64,605. Among the above total population, men are 40,39,514 and women are 40,25,091. The literacy rate of the total population is 82.33%. There are totally 19,40,451 numbers of Property Tax Assessments. Out of this only 10,86,431 assessments are provided with water connections. The demand of revenue receipt is Rs.53184.84 lakhs. The outstanding loan amount in Revenue Fund of the eleven corporation is Rs.142513.55 lakhs. The balance amount of revenue receipt to be collected at the end of 2016-17 is Rs.124623.53 lakhs. The demand of Audit fees for the year 2016-17 is Rs.399.52 lakhs only. The above eleven corporations have to finalise their Annual Accounts within three months from the completion of the respective financial year. As per section 4, 6 and 15 of the Local Fund Audit Act 2014 and section 10 of the Rule 2016, the audit on the accounts of the corporations is conducted and the Audit Report is issued by the Local Fund Audit Department.

S. No	Corporations	Year of Enactment of Act	Area Sq.km	Population		Literacy (%)	Property Tax		Water Supply		No of Amma Canteen
				Male	Female		No of Assessment	Demand	No of Assessment	Demand	
1	Madurai	1971	147.99	7,35,598	7,33,401	56.60	197104	20465.94	80734	2101.86	12
2	Coimbatore	1981	257.04	7,94,063	7,90,656	91.3	477821	15757.76	298735	3938.40	12
3	Thiruchirappalli	1994	167.23	5,14,317	5,08,183	91.38	206516	3298.56	109769	4264.64	11
4	Salem	1994	91.34	4,17,317	4,11,950	76.37	201107	3093.05	99159	2263.92	11
5	Tirunelveli	1994	108.65	2,34,639	2,40,195	81.49	159436	2433.12	75276	932.54	10
6	Erode	2008	110	2,49,906	2,48,563	76.42	134336	908.23	77001	480.00	11
7	Tirupur	2008	159.35	4,47,931	4,31,129	84.53	225402	4569.99	180477	1404.15	11
8	Vellore	2008	87.94	2,47,002	2,57,077	86.40	107964	1612.65	60825	302.35	10
9	Tuticorin	2008	13.47	1,86,515	1,85,893	86	143152	1486.16	48482	1177.80	10
10	Thanjavur	2013	36.33	1,09,199	1,13,744	91.27	44342	894.20	28509	259.24	2
11	Dindigul	2013	14.01	1,03,027	1,04,300	83.89	43271	835.72	27464	170.58	2
Total			1193.35	40,39,514	40,25,091	82.33	1940451	33981.21	1086431	16815.48	102

2.3 The above eleven corporations are maintaining separate accounts under three heads namely Revenue & capital fund, water supply fund and Elementary Education fund. These accounts are being maintained through centralized web based software in a phased manner w.e.f 11.09.2015 in all eleven corporations. The abstract of the above three accounts is furnished below.

Income and Expenditure 2016-17

Income

S. No.	Nature of Income	Total (in lakhs)
1	Property Tax	44257.25
2	Other Taxes	8927.59
3	Assigned Revenue	22068.30
4	Devolution Fund	53287.15
5	Service charge & fees	28163.53
6	Grants	12829.05
7	Sales & Hire charges	1773.72
8	Other income like Rent, Interest etc.,	32669.80
9	Deficit	38722.99
Total		242699.38

Expenditure

S. No.	Nature of Expenditure	Total (in lakhs)
1	Personnel cost - salaries	57994.05
2	Personnel Costs – others	6619.28
3	Terminal & Retirement benefit	23715.59
4	Operating Expenses	36207.30
5	Repair & Maintenance	21033.17

6	Programme (Training & Campaign) Expenses	3836.72
7	Administrative Expenses	16147.54
8	Finance Expenses	15757.19
9	Other expenditure	2433.91
10	Depreciation	58954.63
Total		242699.38

Assets

S. No.	Nature of Assets	Total (in lakhs)
1	Fixed Assets	1157564.01
2	Cash & Bank Balance	67875.97
3	Stock	7976.82
4	Tax & fees receivable	124624.53
5	Staff Advance	3524.38
6	Other Advance	136536.47
7	Investment & Interest	54801.72
Total		1552903.90

Liabilities

S. No.	Nature of Liabilities	Total (in lakhs)
1	Grants and Contributions	478586.49
2	Loans	142513.55
3	Interest on loans	4270.23
4	Recoveries from staff pay bill	9353.78
5	Accounts payable (Street light charge, salary, contractor, supply in Railway)	111071.76

6	Deposits Repayable	60679.38
7	Tax deducted payable	23511.32
8	Other liabilities	100221.33
9	Other Bank balances	1180.46
10	Accumulated Depreciation	332816.85
11	Accumulated Surplus	288698.75
Total		1552903.90

2.4 Only a few objections involving serious irregularities raised during 2016-17 audit of above eleven corporations are hereby being brought to the notice of the Government as per section 20 of the Tamil Nadu Local Fund Audit Act 2014. These objections are consolidated corporation wise and furnished below.

2.4.1 – Vellore Corporation – 2016-17 audit – Short Assessment of property tax to 14 Residential and commercial building revenue Loss to Corporation to the tune of Rs. 34.45 lakhs – Serious irregularity – Loss to be collected or Recovered

Para – 15

While comparing and verifying the 4 Zones of Vellore Corporation underground drainage (UGD) applications, files and property tax receipt attached with it for the year 2016-17, the following defects and revenue loss made in the property tax assessment was noticed. While scrutinizing the UGD applications the Executive Engineer made the spot visit and measured the area of the building. The Audit party compared this onsite report with property tax Assessment. Huge difference in the area is noticed for 14 buildings. Thereby under assessment of property tax is noticed. Detailed defect was incorporated in connected paras for the 14 items.

Due to the above defect noticed in the property tax assessment revenue loss to the tune of Rs.163.07 lakhs, for 5 half years from 2015-16 II half year to 2017-18 II half year led to the to Vellore Corporation. Loss to be made good from the owners of the building, if not amount due needs to be recovered from the officers concerned. In addition to that correct demand should be raised for the 14 buildings as mentioned in the para and the

details should be produced to audit Legal action has to be initiated against the illegal construction.

Reply

This para was communicated vide this office, Na.Ka.No. 12801/MA4/16.05.2019 to the Commissioner of Municipal Administration. Interim reply was received to rectify the defect.

2.4.2 Vellore Corporation 2016-17 Audit – Excess Pension Payment made over the sanctioned order - pension and enhanced pension Continued over the time limit – Loss Rs.11.62 lakhs.

Para No.33/2016-17

On verification of the Vellore Corporation 2016-17 pension payment, it was noticed that, pension payment was made in excess over the sanctioned pension and enhanced pension continuously paid in excess even after completion of time limit (upto 7 years or 65 years of age which is earlier). Detail defect was incorporated in connected para.

Due to this defect, loss of of Rs.11.62 lakhs was made to corporation funds upto 30.09.2017. The objection raised in for 19 pensioners account is to be given proper attention and the pension / family pension has to be revised and further loss is to be curtailed. The excess payment of Rs. 11.62 lakhs noted in audit is to be recovered from the person's concerned.

Reply

This para was communicated vide this office, Na.Ka.No. 12801/MA4/16.05.2019 to the Commissioner of Municipal Administration. Interim reply was received to recover the amount.

2.4.3 Vellore Corporation – 2016-17 Audit – Water supply fund – Enhanced Road cut restoration charges not collected for New water connections – Monthly Water charges collected at the rate of Rs.30/- instead collected Rs.50/- from the areas added with corporations – short collection of both Deposit and Monthly service charge for Under

Ground drainage connection for special Commercial Institutions – Loss of revenue to the corporation for the year 2016-17 alone Rs.49.72 lakhs.

Para No. 11,12 and 15 (Water supply fund)

a) As per G.O.Ms.No.67/ Municipal administration and water supply department dated 12.07.2007 and Commissioner of Municipal administration circular R.C.No.748/2008/W.S.2 dated 21.09.2009, Road cut restoration charges is to be collected for New water connections as mentioned below in Municipality/Corporations.

Sl.No.	Road length	Road cut Restoration Charges to be Collected		
		Gravel Road (Rupees)	Bituminous Road (Rupees)	Cement Road (Rupees)
1	0 -30 m	1050	2250	2600
2	Above 30 m upto 90 m	1650	2850	3200

Commissioner of Municipal administration has instructed in the circular that the above rate should be implemented from 2009-10 and the rate should be enhanced 5% every year. But in Vellore Corporation, without collecting this charge at the enhanced rate, the new connection were permitted during the year 2016-17. The charges were collected at the basic rate fixed for the year 2009-10 alone. So, loss of revenue to the tune of Rs.5.96 lakhs was occurred to the corporation during the year 2016-17. The loss of revenue occurred was mentioned in connected paras.

b) Water supply charges of Rs.50/- per month is being collected in Vellore Corporation. As per Commissioner of Municipal administration Circular No.1581/2002/E1 dated 25.03.2002, monthly water changes of Rs. 50/- is to be collected for added areas of corporation/Municipality.

Instead of collecting water charges at Rs. 50 per month Rs 30/- per month only is collected as water charges from the village panchayat added with corporation from 28.10.2011. This led to the loss of revenue amount Rs. 33.70 lakhs during 2016-17.

c) As per Vellore Corporation, council resolution No.1043 dated 26.02.2010, when underground drainage connection made to special commercial buildings the following Deposit amount and Monthly service charge are to be collected.

Type of the building – commercial - special.

Deposit Amount to be collected Rs. 1,00,000/-

Monthly service charge Rs. 1000/-

The above rate was included and published in the By-Law. On verification of Underground Drainage connection files for the year 2016-17, it was noticed in the audit that without collecting deposit amount and monthly service charge as per council resolution and by-law, short collection was made from 11 special commercial buildings. So loss to the tune of Rs. 10.06 lakhs was occurred to corporation for the year 2016-17. The detailed loss was mentioned in connected para.

ABSTRACT

<i>Para</i>	<i>Amount (in lakhs)</i>
a	5.96
b	33.70
c	10.06
Total	49.72

The loss mentioned in the para Rs.49.72 lakhs needs to be collected.

Reply

This para was communicated vide this office, Na.Ka.No. 12801/MA4/16.05.2019 to the Commissioner of Municipal Administration. Interim reply was received to recover the amount.

2.4.4 Salem Corporation – 2016-17 Audit – Scheme work Completed unspent balance Rs. 132.74 lakhs – Needs to be remitted to Government

Para 47

1. In Salem Corporation, Central Health Department have maintained 13 bank Accounts for Golden jubilee Rural Employment Scheme. The above scheme was completed during the year 2015-16. But unspent amount Rs. 132.74 lakhs was kept in 13 bank accounts as on 31.03.2017.

2. It includes Rs. 5.48 lakhs as on 31.03.2017, kept in syndicate bank savings bank account belongs to Dr.Muthulakshmi Reddy Scheme. The scheme amount was transferred to pay and accounts department during the year 2013-14

3. As the scheme completed as mentioned in serial No. 1 and the scheme amount transferred to pay and account department as mentioned in serial no.2 the balance available amount Rs.132.74 lakhs is kept idle in the bank. It is pointed out in audit that the amount should be remitted to Government Account.

Reply

This para has been communicated vide this office, Na.Ka.No. 12801/MA4/16.05.2019 to the Commissioner of Municipal Administration. It is replied that action is being taken.

2.4.5 Dindugal Corporation – Service tax not collected along with Shopping Complex Rent and other lessees – Service tax with penalty deducted by bank on the basis of Notice of Excise Department – Loss to corporation Rs. 81.91 lakhs

Para No. 19 (File No 6752/2010/A9)

1. Commissioner of Central Excise, Madurai in the show cause notice no 7/2012-ST- (C.No. V/ST/15/122/2011 – ADJN dated 09.10.2012) requested to pay Rs. 81.64 lakhs as service tax for Rs. 745 lakhs as income derived by way of Rent/ lease amount for the period from 2007-08 to 2010-11. Then as per the request made by the Commissioner, the Central Excise Department has fixed Rs. 54.83 lakhs as service tax for the above period.

2. In addition Rs. 8.45 lakhs and Rs. 18.33 lakhs was levied as service tax for the period 2011-12 and 2012-13 respectively total service tax for six years Rs. 81.61 lakhs and surcharge Rs. 0.19 lakhs, totally Rs. 81.80 lakhs was fixed as service tax.

3. Due to non - remittance of service tax Rs. 81,91,613/- was debited by bank from this corporation account as per the request made by the Assistant Commissioner of Central Excise, Dindugul in Letter No. C.No.IV/16/24/2014 STV dated 09.04.2019. It was intimated to corporation on 10.04.2015.

4. Dindugul Corporation filed a case in Madurai High Court on 23.04.2015 against the action taken by bank and Central Excise Department and the case is pending in the court.

5. The service tax is to be worked out and collected by the corporation commissioner from the lessees and it is the duty of the corporation to remit the same to the Government account. The Commissioner of Municipal administration instructed all the commissioners through the circular no 9291/2009/R2 dated 12.11.2012 to collect the service tax and remit the same. As the commissioners failed to do so, the Central Excise Department adjusted the corporation fund for the service tax due. This led to the loss of Rs. 81.91 lakhs. It is pointed in the audit that the loss is to be recovered from the officials whose negligence led to such action by the Central Excise Department.

Reply:

This para has been communicated vide this office, Na.Ka.No. 12801/MA4/16-05-2019. Interim reply has been received stating that the matter is subjudice in the Madurai Bench of the Madras High Court.

2.4.6 Trichirappalli Corporation – 2016-17 Audit – Ariyamangalam and Ponmalai Division – Enhanced Monthly maintenance / Service charge not collected after implementation of new underground drainage scheme – Rs. 283.40 lakhs revenue loss occurred to corporation for the year 2016-17

Para No.36/2016-17

1. As per Trichirappalli Corporation Act 1994, under section 209 to 243 and council resolution No 395 dated 29.09.1999 underground drainage by law was published in District Gazettes No.11/2000 dated 27.03.2000. After the implementation of underground drainage scheme, enhanced Monthly maintenance service charge to be collected from the person who get UGD connection is as mentioned below.

Sl.No.	Year	Usage	
		Residential (Rs-p)	Other items (Rs-p)
1	From 2002-03 to 2006-07	103	196
2	From 2007- 08 to 2011-12	136	263
3	From 2012-13 to 2016-17	181	349
4	From 2017-18 to 2021-22	241	465

2. As per the schedule mentioned above service charge at the rate of Rs.181/- for residential and Rs.349/- for other items are to be collected for the year 2016-17. But, without collecting the enhanced rate for Residential items, old rate of Rs.30/- only collected in Ariyamargalam and Ponmalai Divisions. Due to non adaption of enhanced rates loss of revenue worth Rs. 2,82,25,524 was occurred to the corporation for the year 2016-17. Loss is worked out for 15511 house hold connection at Rs. 151/- P.M per connection.

3. In Ponmalai division, for 30 non-residential connections instead of collecting Rs. 349/- p.m. Rs. 30 p.m. was collected which led to the loss of revenue of Rs. 1,14,840 during the year 2016-17 (319 X 30 X 12).

Abstract

<u>Para</u>	<u>Loss (in lakhs)</u>
para II	282.25
para 3	1.15
Total	283.40

Enhanced service charge to be collected for new underground drainage connection and the above loss Rs.283.40 lakhs to be avoided in future.

Reply:

This para has been Communicated vide Office, Na.Ka.No. 12801MA4/16-05-2019, No reply has been received.

2.4.7 Tirupur Corporation – 2016-17 Audit – without calling for tender - money value forms purchased with higher rate and due to implementation of centralized web based Accounting system - old forms excessively purchased were not put into use - Loss Rs. 11.37 lakhs.

Para No. 39

1. All types of forms and registers were purchased for the official use of Tirupur Corporation for the year 2016-17 from Erode District Women Co-operative press. 7,00,000 computerized receipts were purchased at the rate of Rs. 2.97/ per Receipt / form.

2. During the year 2017-18, 1,00,000 computer sheets were purchased from Tamil nadu Multi Co-operative society at the rate of Rs. 1.77/per Receipt

3. As per Tamilnadu transparency Tender Act 1998 and Rule 2000, if the value exceeds Rs.10,000/- Purchase should be made through Tender. But during the year 2016-17 due to direct Purchase made by the corporation without following the tender rules. loss to the tune of Rs.8.40 lakhs was incurred at the rate of Rs. 1.20/ per receipt (2.97 – 1.77) for 7,00,000 receipts.

4. In addition, due to implementation of 7 digit New Accounting System from 2017-18 (Centralized web based Accounting System) 1,00,000 receipt kept in balance during the year 2016-17 were not able to put into use in 2017-18. So, the payment made Rs.2.97 lakhs (2.97 x 1,00,000) for the purchase of 1,00,000 receipt was loss to corporation. It is considered as unfruitful expenditure.

5. Non adherence of tender rules and improper calculation of demand by the official led to the loss of funds to the tune of Rs. 11.37 lakhs to the corporation.

Reply:

This para has been Communicated vide Office, Na.Ka.No. 12801MA4/16-05-2019, No reply has been received.

2.4.8 Tiruppur Corporation – Revenue and Capital Fund – Basic Amenities and Infrastructure Development scheme 2014-15 Formation of SKY walker – Rs. 403 lakhs scheme – Work not completed – work cancelled – grant received not remitted into government account – wasteful Expenditure

Para No.40/2016-17

As per the Tiruppur Corporation resolution no 321 dated 28.03.2012 it is decided to provide SKY walker in 6 places for the plastic wage. The government ordered to take up this work under Basic Amenities and Infrastructure Development scheme through GO.(MS) No. 609/M.A and W.S (MA6) department dated 16.12.2013

Estimate was prepared for Rs.403 lakhs and tender was conducted on 20.11.2014. For this work, work order was given to M/S Saravana Construction on 08.12.2014 and to complete the work within a period of 3 months duration. To take up this work, prior permission of High ways Department should have been obtained before selecting the work place. Evidence for such approval obtained was not available in the file.

During 2015-16, Rs. 188.05 lakhs was given to the construction company to meet out the purchase of such stocks. Stock account of such stocks was not shown to audit. The stock was not utilized so far. It is kept idle till today.

Due to non feasibility of work at Kumaran Nagar, Avinasi Road Junction the council resolved through the resolution no 119/28.08.2017 to remit the grant Rs. 158 lakhs to the concerned account. The Government accepted the request and accorded permission through the GO.MS.No 509/NA & WS/ Department dated 14.12.2018 to cancell the work and to remit the amount. But till today such remittance was not made.

The council by the resolution no 104/20.06.2016 to take up work at which is originally allowed at Rocky palayam -- Kangeyam Road Junction. Due to court case against the council by the resolution no 364/06.12.2018 decided to change the work place. Revised proposal is prepared in order to send it to the Government for approval.

Improper planning in selecting the work place led to the cancellation of work worth Rs. 158 lakhs. Due to negligence of the officials, stock worth Rs. 188 lakhs was purchased and kept idle without any usage till date. Hence, it is pointed out in the audit that unfruitful expenditure was made.

Reply

In para communicated to the Commissioner of Municipal administration vide this office letter no 12801/MA4/ dated 16.05.2019. It is replied that Rs. 158 lakhs related to cancelled work was already remitted into Government on 22.03.2019

2.4.9 Erode Corporation 2016-17 Audit – Short Assessment of property tax and Vacant Land Tax to New Textile complex – Vacant Land Tax Assessed for half of the area – Property tax assessed on ‘C’ Zone rate instead of assess at ‘A’ Zone rate – Loss Rs. 20.30 lakhs.

Para No.17/2016-17

On verification of the property tax Assessment files of Erode Corporation for the year 2016-17, it was noticed that property tax and vacant land tax was short assessed to Erode Textile Mall constructed near National Highways.

a) Short Assessment of Vacant land tax

As per sub-registrar office of perundurai, registration no 3530 dated 13.07.2016, the complex is situated in the land area of 14.69 acre or 6,39,896 sq.ft. As per file no A1/13170/2016 dated 13.07.2016, vacant land tax to be collected at the rate of Rs. 0.20/sq.ft. for 13 half years. But vacant land tax was collected only for 3,05,240 sq.ft. leaving the balance area 3,34,656 sq.ft (639896-305240) So loss to the tune of Rs. 9.57 lakhs occurred to corporation for 13 half year at Rs. 73,624/- half year. Detailed objection is incorporated in connected para.

b) Property tax Assessed on ‘C’ zone rate basis instead of Assess on ‘A’ zone rate

Erode Textile Mall is constructd with seven floors situated in 1,13,760 sq.ft area. The building is situated adjoining to National Highways connecting bus route roads with main roads. As per G.O.Ms.No. 151/ Municipal administration and water supply Department/ dated 20.08.2009 and Commissioner of Municipal administration circular No. 41802/2009/R-1. Property tax to be assessed for the complex at Rs. 0.20 sq.ft on ‘A’ zone rate basis. Property tax is also assessed to the complex on 16.02.2017 at ‘A’ zone basis.

Then on 03.03.2017, property tax assessment was changed to 'C' zone and tax arrived at Rs. 0.16 sq.ft. So loss to the tune of Rs. 10.73 lakhs occurred to corporation from 2016-17 second half year to 2017-18 / II half year for 3 half years. Detailed objection was raised in connected para.

Abstract

Para (a)	Rs. 9.57 lakhs
Para (b)	Rs. 10.73 lakhs
Total	Rs. 20.30 lakhs

Reply: No reply was received

2.4.10 Madurai Corporation – 2016-17 Audit – Renewal fees not collected from 3 years lease Extension items and Lease amount not fixed on basic shop value after completion for 9 years lease – Loss Rs. 28.49 lakhs.

(Central office para no 22)

a) As per para 4(IV) of G.O MS.No 92/ Municipal administration and Water supply Department/dated 03.07.2007. if lease is extended for further 3 years for the existing lessees, renewal fees to be collected as mentioned below in column (3)

S.No	Area of the shop (in sq.ft)	Renewal fees to be collected	No of leased items	Total Loss
(1)	(2)	(3)	(4)	(5)
1	100	500	1989	9,94,500
2	100 to 499	1000	1346	13,46,000
3	500 to 1000	1500	20	30,000
4	1000 above	2000	34	68,000
		Total	3389	24,38,500

But due to non-collection of renewal fees during the time of 3 years lease Extension for 3389 shops/Lands belonging to Madurai Corporation, loss to the tune of Rs 24.39 lakhs occurred to Madurai Corporation as mentioned in column (5)

Due to non-fixing of lease on basic shop value as mentioned in the above Government order and council resolution No 185 dated 11.08.2007, loss was occurred to corporation for 3389 leased items after the completion of 9 years.

b) In addition, 604 shops situated in Madurai Central Vegetable Shop were leased out in 2010 for 6 years was completed in 2016 and the lease was extended to existing lessees. But renewal fees were not collected as mentioned in the above Government order. So loss to the tune of Rs. 4.10 lakhs occurred as mentioned below.

S.No	Area of the shop (in sq.ft)	Renewal fees to be collected	No of shops	Total Loss Amount (Rs)
1	100	500	389	1,94,500
2	100 to 500	1000	214	2,14,000
3	1000 above	2000	1	2,000
Total				4,10,500

Abstract

Para	Loss (in lakhs)
Para (a)	24.39
Para (b)	4.10
Total	28.49

Reply: No reply was received

3. Urban Local Bodies – A Review

3.1 By making 74th Amendment to the constitution of India, the Government of India, provided higher place to the local body institutions by way of giving importance to their role in the development activities. The government enhanced the local body contribution towards development by announcing regular elections and providing grants through finance commission. The State Government allowed autonomy to these institutions to take decisions and implement them without any hindrance. These institutions were empowered through decentralization. Necessary amendments were made to the Tamil Nadu District Municipalities Act of 1920 for transferring the powers and responsibilities to ULBS to implement the schemes for economic development and social justice with regard to the matters listed in the 12th schedule of the Indian constitution.

3.2 General Information

Among the Indian states, the state of Tamil Nadu consists of numerous towns. The total population of the state as per the 2011 census is 7.24 crores. Out of 7.24 crores 3.49 crore people are living in the towns. The town population represents 48.40% of total population.

General Details

Total Population	7.21crores
Population of urban local bodies	3.49 crores
Percentage	48.40 %
Total no of urban local bodies	664
Corporations	12
Municipalities	124
Town Panchayat	528

3.3 Municipal Corporation – Population as per 2011 census.

The total population of Municipal Corporations in Tamil Nadu is 1,07,94,507. Male population 53,81,437 and Female population 54,13,070. Total number of households in the municipal corporations is 27,72,310.

3.4 Gradation of Municipalities

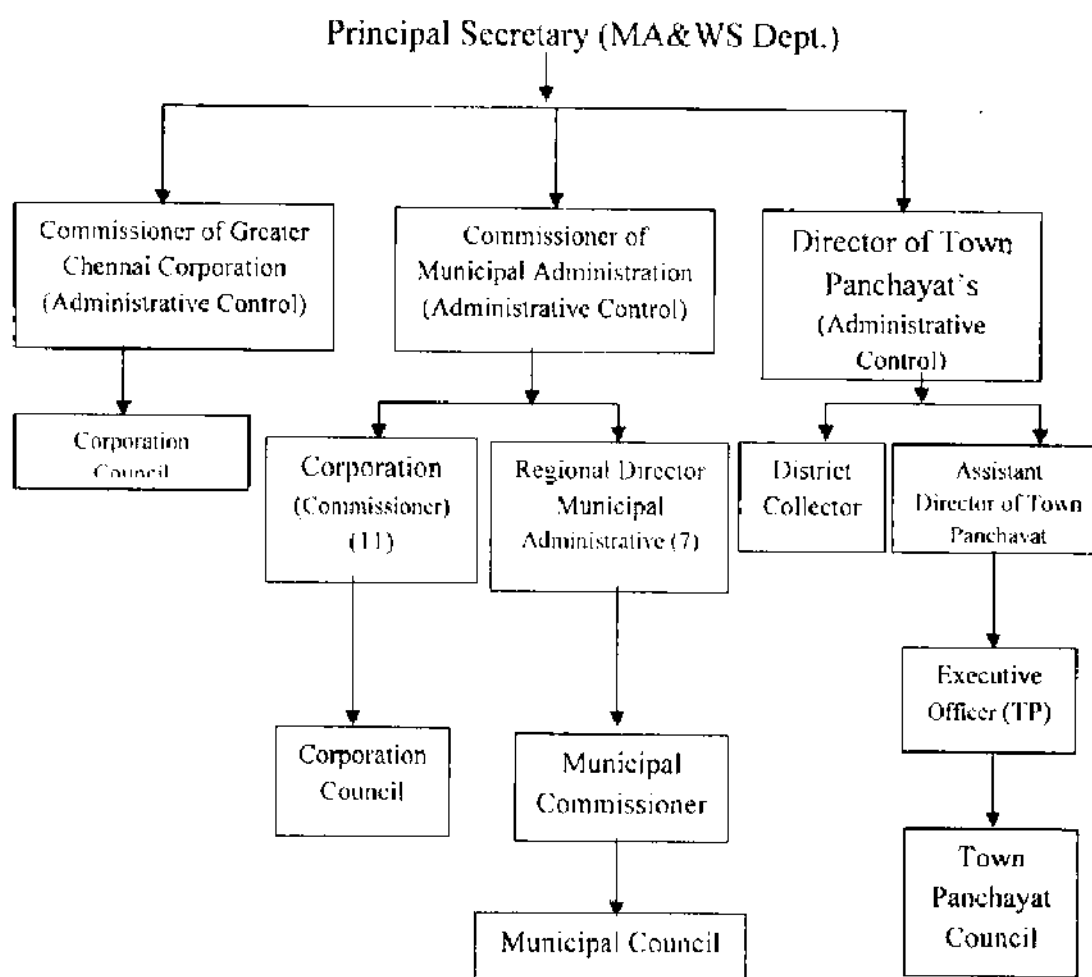
On the basis of the income of these municipalities, the following gradation has been given.

Grade	Annual Income	Number of Institutions
Special Grade	10 crores and above	17
Selection Grade	6 crores but below 10 crores	30
I st Grade	Above 4 crores but below 6 crores	33
II nd Grade	Below 4 crores	44
		124

Source – G.O.(Ms) No.238/Municipal Administration and Water Supply (MA5) department dated:02.12.2008 and G.O.(Ms).No.154 / Municipal Administration and Water Supply (MA5) department / dated:09.08.2010.

3.5 Administrative set up of Urban Local Bodies

The following are the administrative set up of the Urban Local Bodies in Tamil Nadu.



3.6 Functioning of ULBs

Consequent to the 74th amendment of the Constitution, the State Legislature amended the Tamil Nadu District Municipalities Act, 1920 for transferring the powers and responsibilities to ULBs. Out of 18 functions enlisted in the Twelfth Schedule of the Constitution, 12 functions have been devolved to the Town Panchayats and 17 functions (except Fire Service) have been devolved to the Municipalities and Municipal Corporations by the State Government.

3.7 Decentralization of Planning

Section 241 (1) of The Tamil Nadu Panchayat Act of 1994 provides way to form the District level planning committee. Out of 32 districts in Tamil Nadu 31 such committees are formed in 31 districts except Chennai District. This District planning committee plans for the development of three tier rural local bodies, municipalities and Town Panchayats.

The District Panchayat Chairman is the chair person for this committee and the District Collector is the Vice President. The members of parliament, Legislative Assembly and the representatives of the local bodies are the members of this planning committee.

3.8 Source of Revenue

The central and the State Government Finance commission grants, grants sanctioned by the central government for special schemes, State government grants, own revenue, assigned revenue, loans drawn from the central and state government and other financial institutions are the main sources of income for the urban local bodies.

3.9 Income and Expenditure 2016-17

The total income and expenditure of the 124 municipalities of the State of Tamil Nadu for the financial year 2016-17 are as follows.

Income and Expenditure - 2016-17

Income	Amount (in lakhs)	Expenditure	Amount (in lakhs)
Own Revenue	104031.67	Revenue Expenditure	159507.33
Assigned Revenue	10599.65	Capital Expenditure	42928.98
Grants	36849.74	Depreciation	95330.19
SFC	83716.31	Others	3.49
Loans	1410.66		
Interest on Fixed Deposit	6069.51		
Others	601.05		
Deficit	54491.40		
Total	297769.99	Total	297769.99

Assets & Liabilities

Assets

S.No	Assets	Amount (in lakhs)
1	Assets	1321260.33
2	Cash and Bank Balance	165722.39
3	Stocks	41489.44
4	Tax and Non Tax receivable	79714.08
5	Staff Advance	18979.10
6	Other Advance	203511.17
7	Investment & Interest	61748.55
8	Grant receivable	17822.45
9	Loan receivable	28.37
10	Others	17204.38
	Total	19,27,480.26

Liabilities

S.No	Liabilities	Amount (in lakhs)
1	Grants and Contribution	940521.66
2	Loans	110064.74
3	Interest on Loans	3449.19
4	Pay recoveries	8646.38
5	Payable Accounts	64350.12
6	Deposits Payable	51949.95
7	Other Taxes Payable	28334.75
8	Other liabilities	99721.08
9	Other Bank Balance (Deficit balance)	28054.68
10	Accumulated Depreciation	549459.89
11	Accumulated Surplus	42927.82
	Total	19,27,480.26

Out of total income of the year 2016-17, the percentage of capital expenditure is 17.65% and revenue expenditure is 65.56%

At the end of the financial year, the balance sheet shows that taxes receivable is worth Rs.79714.08 lakhs. It has happened due to inaction on the part of the administrative side. Had they taken any coercive action to collect the taxes in time it not only helped to enhance the financial position of the local bodies but also put check in the progress of time barred taxes.

In the same manner advance amount of Rs.222490.27 lakhs is left uncollected at the end of the year. It shows the administrative negligence. If the administration fails to take appropriate action, the advance may become time barred items.

It is suggested in the audit that the proper action has to be taken before it becomes time barred and legally uncollectable.

Maintenance of Accounts

In the 11 Corporations and 124 municipalities, Three types of accounts are maintained.

Revenue Fund and Capital Fund Account

Water Supply and Drainage Fund Account

Elementary Education Fund Account

3.10. Accounting System

3.10.1 The following 3 kinds of Accounts are maintained in the 11 corporations and 124 municipalities.

Revenue Fund and Capital Fund Account

Water Supply and Drainage Fund Account

Elementary Education Fund Account

3.10.2 Accounting Structure

In the Urban Local Bodies, Accrual based accounting system is being followed from 2002-2003 financial year onwards. It is based on the system of Tamil Nadu Accounting

Manual. Now National Accounting Manual has been introduced. Necessary action has been taken by the State Government to turn over to this system of accounting from 2013-14 onwards. It has been ordered to follow the accounting system in the ULB'S in Tamil Nadu on the basis of the New Municipal Accounting Manual and Budget Manual.

Software has been prepared on the basis of the seven digit accounting system in all municipalities from 2016-17.

3.11 Audit arrangement

The audit of Urban local bodies are entrusted to the Director, Local Fund Audit Department by the following Acts and Government orders.

S. No	Institutions	Section of Acts	Government Order
1	Corporations	1. Chennai City Municipal Corporation Act 1919 Section 140 2. Other Municipal Corporations Section 171 of Concerned corporation Acts.	G.O.MS.No.93 Finance dated:28.03.2003
2	Municipalities	Tamil Nadu District Municipality Acts 1920 Section 122	G.O.MS.No.93 Finance dated:28.03.2003
3	Town Panchayats	Tamil Nadu District Municipality Acts 1920 Section 122	G.O.MS.No.1155 / Local Administration dated:11.06.1952

3.12 Submission of Accounts

As per the 4th State Finance Commission recommendation, and Tamil Nadu Local Fund Audit Act 2014 section 7(1), the accounts for the particular financial year has to be prepared and submitted by the local bodies within three months of the succeeding financial year.

3.13 Pendency of Audit

The audit of the local bodies and other institutions for the year 2016-17 to be audited by the Local Fund Audit Department has been completed with out any pendency.

3.13.1 Audit Fees

The audit of 124 municipalities for the year 2016-17 has been completed and the audit fees to be paid by them was worked out for Rs.174.08 lakhs. It has been pointed out in the Audit to remit the amount to the government head of account.

3.14. Audit objections

Some of the audit objections raised in the 2016-17 audit in 124 municipalities are consolidated to place it before the Legislative Assembly as per the section 20 of Tamil Nadu Local Fund Audit Act 2014.

3.14.1 – Namakkal District – Rasipuram Municipality - Water supply and Drainage Fund – As per Revised Water supply Scheme bye law – Enhancement of water charge Deposit Amount for Residential purpose Rs. 3000 to Rs. 5000/- and for commercial purpose Rs.7000 to Rs. 10000/- difference amount not collected for Existing water connections – Loss Rs. 191.35 lakhs Needs to be collected.

Para No. 16 /2016-17

As per Rasipuram Municipality Water Supply bye laws of Namakkal Municipality Audit – Report section 8(c) and Local Administration department Lr.No.4226/2013/C2 dated 13.11.2014, water charges deposit amount was enhanced as mentioned below.

Sl.No	Usage	Deposit Amount (Rs.)		Enhanced Amount Rs.
		Old Rate Rs.	New Rate Rs.	
1	Residential	3000	5000	2000
2	Commercial	7000	10000	3000

It is also mentioned that within a period of six months the difference of deposit amount should be remitted as additional deposit by the Rasipuram water supply connection holders. But details of collection made was not shown to audit. Hence, the loss of revenue occurred to the Municipality work to the extend of Rs. 1.19.35,000 is pointed out in audit. The loss needs to be collected.

Details of Tape connection upto the year 2016-17

Sl.No	Usage	Loss/Connection Rs.	No of Connection	Total fees Rs.
1	Residential	2000	9338	18676000
2	Commercial	3000	153	459000
		Total	9491	19135000

Reply

This para was communicated vide this office, Letter Na.Ka.No. 12801/MA4/16.05.2019 to the Commissioner of Municipal Administration. No reply was received. But the Commissioner of Rasipuram Municipal in Letter No. 52/17/A5 dated 27.03.19, interim reply was sent to Assistant Director of Local Fund Audit, Namakkal District that Rs.2096500/- was collected upto 25.03.19 and action is being taken to collect the balance amount of Rs.1,70,38,500/-

3.14.2 Thanjavur District – Kumbakonam municipality – Infrastructure Gap filling fund – Pazhavathan Kattalai Vaikkal and Local Vaikkal desilting work – work not completed – Excess payment made – financial loss Rs. 29.73 lakhs

Para No. 20 / 2016-17

To desilt Pazhavathan Kattalai Vaikkal in Kumbakonam municipality, Estimate was prepared for Rs.40.00 lakhs and work order was issued to Thiru. Rajendiran contractor on 15.12.2015. Work order was issued to desilt 33844 cu.m to the length of 5125 meter. But

desilting work was done for 10520 cu.m. only. As on date this work remains without any progress.

Part payment amount of Rs.27.61 lakhs was paid to this work. 30% of the work only completed. It is pointed out in audit that not only excess payment Rs.15.18 lakhs was paid ($40,00,000 / 33844 \times 10520 \text{ cu.m} = 12,43,352/-$ (12.43 lakhs)) but also the purpose for which the amount sanctioned is not fulfilled.

Para No. 21

As said above, to desilt Local Vaikkal, Estimate was prepared for Rs.40.00 lakhs and work order was issued to Thiru. Selvaraj contractor on 15.12.2015

To desilt 31490 cum to the length of 3500m. But only 6556.83 cu.m desilting work was completed. But payment was made to the tune of Rs.22.88 lakhs. As on date no further progress in this work. Excess payment was made Rs. 14.55 lakhs ($40,00,000 / 31490 \times 6556.83 \text{ cu.m} = 832878$)

Excess payment made in these two works Rs. 29.73 lakhs needs to be collected.

Reply

No reply was received.

3.14.3 Thiruvallur District – Avadi Special Grade Grater Municipality – Under Ground Sewerage Scheme under Jawaharlal Nehru Reconvension Scheme – work commenced in 2008 – Not put into use even after 7 years – Purpose not served.

Para No. 12 / 2016-17

Avadi Township established on 20.11.1970 was upgraded to Municipality in 1993. Now it functions as Special Grade Municipality. Total area of the Municipality is 65 sq.Kilometer. As per 2011 census, population of the municipality is 344701. Municipality consisted of 9 Revenue villages and 48 wards.

Considering the quantity in population of Avadi Greater Municipality, to prevent the Environment and pollution free Ground Water, Municipal council in its meeting held on 20.08.1997 passed a resolution to implement under Ground sewerage scheme. (Resolution No. 230/20.08.1997). Council has decided to request the Government to implement this scheme through CMWSSB as pioneer in the scheme in Government Departments.

This scheme was brought into comprehensive sewerage scheme monitoring committee. CMWSSB has planned the project after several rounds of meeting and decided to implement the project in its 47th meeting held on 29.02.2008 from the funds created and collected is as mentioned below.

Central Government share Rs	55.31 cr
State Government interest free Loan Rs.	23.70 cr
Municipal share and loan from Institutions Rs	79.02 cr *
Total project Estimate Rs.	158.03 cr

* TUFIDCO Loan Rs. 39.51 cr

Public Contribution Rs. 39.51 cr

In addition to that, Under JNNURM Scheme, as per G.O. MS. No 20/MANS/Department dated 22.01.2008, drainage and sewerage scheme is being under taken in whole city through CMWSSB at estimated cost of Rs. 158.05 lakhs

The following works are being under taken as mentioned below.

Drainage tape length	:	328.32 m
Borewells	:	12111
Drainage station	:	16
Drainage Pumping station	:	1

Drainage Purification

station : 2 (Sequential batch reactor method)

Avadi, Paruthipattu - 36.M.E.D capacity purification station

Mutha pudupet - 4 M.L.D capacity purification station

Out of Rs. 158.05 crores so far a sum of Rs. 154.88 crores was paid to CMWSSB from Avadi Municipality From Public Rs. 3797 lakhs (Rs. 37.97cr) was collected as initial deposit.

As on 08.01.2018, drainage and sewerage connection given is as mentioned below

Ward No.	Connection given
1	67
2	6
48	303
Total	376

The Scheme should have been brought into use for public from 06/2010, even though entire amount was fully utilized, the purpose of the scheme was not fulfilled even after lapse of 7 years.

Reply

This para was communicated vide this office, Letter Na.Ka.No. 12801/MA4/16.05.2019 to the Commissioner of Municipal Administration. Interim reply was received stating that work had been in progress.

3.14.4 Thiruvallur District – Avadi Municipality – Even after close of court case vacant land tax not remitted – Proper Administrative Action not taken – Loss Rs. 74.65 lakhs

Para No. 21(C)/2016-17

In Avadi Greater Municipality area limit in ward No 16, Sa.Va.No.657/1A1 and 657/1A2 and 102 paruthipattu village abutting area of 436872 sq. ft of vacant land

belonging to M/S. Jyswarya Properties is to pay vacant land tax of Rs. 26.01 lakhs. The same was remitted on 21.04.2010. Then demand for the half years Rs. 1.55 lakhs was remitted on 24.04.2010.

In continuation demand was raised Rs. 38.85 lakhs for 5 half years and notice was sent on 26.10.2012. Appeal was made against the demand in W.P.No.1431/2009, W.P.No. 32942/2012 and W.P.No. 32843/2012. As per G.O.MS.No. 151/ Municipal Administration and water supply / dated 20.08.2009 and based on the council resolution vacant land tax was revised. The institution accepted to pay the demand and the case was closed.

In the Meantime, even though court case was closed, the institution fails to pay the demand. Action may be taken to collect.

Vacant land tax Assessment No. 216036

Name . Ishwarya properties

Balance Amount . Rs. 74.65 lakhs

Early Action shall be taken to collect and credit to Municipal fund.

Reply: It has replied that out of 6 Vacant Land Tax assessments 2 assessments have been converted to property tax new assessments and for the remaining 4 assessments Vacant Land due was collected. However no files/reloads were produced to verify the correctness.

3.14.5 Thiruvallur District – Thiruttani Municipality – Service tax paid – service tax penalty and Additional penalty disposed off in Writ Appeal – Needs re-imburement Rs. 6.71 lakhs

Para No. 22(b) /2016-17

Commissioner of Central Excise, Chennai has requested to pay the service tax due Rs. 6.62 lakhs, penalty Rs. 6.61 lakhs and Additional penalty Rs. 0.10 lakhs totally Rs. 13.33 lakhs, for shops, pay and use toilets belonging to Thiruttani municipality for the period from 2008-2009 to 2011-12

In the Meantime, without concurrence of the commissioner Rs. 13.33 lakhs was seized from State Finance Commission Scheme A/C No 11143073973 of the municipality to service tax Account on 02.03.2015 Acknowledgement was received for the same on 04.03.2015 through State Bank of India.

Writ appeal was filed in Commissionerate of Central Excise against the action taken by Central Excise Chennai in Case No.25/2016. Final order was issued on 16.02.2016 and is as follows.

1. Service tax demand raised for pay and use toilet and entry fees for buses was cancelled.
2. Service tax penalty imposed was cancelled.
3. Additional penalty imposed was cancelled.

As per the above final order, out of the amount Rs. 13.33 lakhs collected from SFC scheme fund of Thiruttani Municipality, Rs. 6.71 lakhs (Penalty Rs. 6.61 lakhs + Additional Penalty) needs to be reimbursed from Central Excise Department.

As permitted in Central Excise Writ Appeal, Administrative Action would need to be taken to reimburse the amount of Rs. 6.71 lakhs from Central Excise, Ranipet division office credited into Municipal fund.

Reply

This para was to the Commissioner of Municipal Administration vide this office. Letter Na.Ka.No. 12801/MA4/16.05.2019. Commissioner of Municipal Administration has replied without providing any documents as evidence that service tax due for the period 2014-15 to 2016-17 was adjusted.

3.14.6 Krishnagiri District – Krishnagiri Municipality Miscellaneous Demand – Current Demand not raised properly – omission in Current Demand 2016-17 – Loss Rs. 6.65 lakhs needs to be collected

Para No 34 /2016-17

On verification the demand raised for shops for the year 2016-17, it was noticed that demand raised for the year 2015-16 was not carried over for the year 2016-17. So Loss to the tune of Rs. 6.65 lakhs was incurred to Municipality. Hence, the Loss amount to be collected and demand details to be produced audit.

Reply

No reply was received.

3.14.7 Ramanathapuram District – Ramanathapuram Municipality – MGR Nagar and Semmadam North Cement Road – Payment made twice by producing same Bank Payment voucher – Financial loss Rs. 17.75 lakhs

Para No 38 /2016-17

Cement road work was carried out in MGR Nagar and Semmadam North area belonging to Rameshwaram municipality. Bank payment voucher No's 251/23.10.2016 and 253/26.10.2016 were prepared to pay amount of Rs. 9,83,959/- and Rs. 9,91,780/- respectively. Contractor journal voucher's 58 and 59/21.10.2016 was prepared for the same. After deduction Rs. 2,00,682/- from the grant amount of Rs. 19,75,739, net amount of Rs. 8,83,937/- and Rs. 8,91,120/- was settled through union bank cheque No's 2013064 and 2013066.

Again without preparing contractor journal voucher bank payment vouchers entry was made in payment books on 24.03.2017, second time payment of Rs. 883937/- and Rs.891120/- was made to the contractor Thiru. V. A. Ramachandran, in cheque No's 2017068 and 2017069 respectively. So, the loss of Rs. 17.75 lakhs was incurred to Municipality General Fund. The excess payment should be recovered from the persons responsible.

Reply

This para was to the Commissioner of Municipal Administration vide this office, Letter Na.Ka.No. 12801/MA4/16.05.2019. No reply was received.

3.14.8 Ramanathapuram District – Rameshwaram Municipality laying of Optical Fibre Cable in Roads – Short Collection of Road cutting Restoration Charges – Revenue loss Rs. 8.37 lakhs.

Para No 25&26 /2016-17

a) Tele communication Consultant India Limited (TCIL), requested permission on 17.03.2015 to lay optical fiber cable for India Navy through NFS Scheme applied with drawing to the length of 1850 metre in municipal area belonging to Rameshwarm Municipality during the year 2016-17. Municipal Commissioner in letter No. 603/2016/A2 dated 18.10.2016, intimated to pay road cutting restoration charges of Rs. 7.59 lakhs for 1500 metre. But the institution had paid only Rs. 4.55 lakhs on 14.03.2017. So, revenue loss of Rs. 3.04 lakhs was occurred. This amount has to be collected.

b) Though the institution had applied to lay OFC Cable for 1850 metre, the Commissioner has demanded the amount for 1500 metre only. Due to non raising of demand for remaining 350 metres, revenue loss to the tune of Rs. 1.88 lakhs was made.

c) JID Telecommunication institution in its letter dated 05.02.2015 applied to carry out the work to the length of 1073 metre. But paid only Rs. 1.91 lakhs for 400 metre. Due to non-collection of remaining 673metre, loss to the tune of Rs. 3.45 lakhs was occurred. The amount pointed out in sub para (b) and (c) may be recovered from the persons responsible.

Reply

This para was to the Commissioner of Municipal Administration vide this office, Letter Na.Ka.No. 12801/MA4/16.05.2019. No reply was received.

3.14.9 Jayamkondam Municipality – Revenue Fund and capital fund – Works undertaken - Mobilization advance sanctioned – irregular – pending advance with interest of Rs 102.28 lakhs and 42.51 lakhs is to be collected respectively.

Para No. 67 /2016-17

During the financial year 2016-17 in Jayamkondam Municipality mobilization advance of Rs 13293600 was given to the contractors who under taken the following works.

While scrutinizing the files related with the above works it is noticed in audit that the condition of giving mobilization advance to the contractor was not incorporated in the

tender notice, work order and in tender agreement. But mobilization advance of Rs. 1,32,93,600 was paid to the concerned contractor. It is an irregular action. Out of the total advance of Rs. 1,32,93,600, Rs. 30,65,644 was adjusted during 2016-17. Till today Rs 1,02,27,956 was pending adjustment.

Sanction of mobilization advance without any authority is irregular act. Hence interest is worked out in audit for Rs. 1,32,93,600 as per GO MS No 208/Finance (Loans and Advances) Department, dated 08.07.2016 at rate of 13.50% per year. Hence, interest amount of Rs.4250654/- as worked out in the audit is to be collected and remitted in to proper head of account.

Reply

No reply was received.

4. Town Panchayat

4.1 Town Panchayat - Introduction

Tamil Nadu is the only state in India, where Town Panchayats are created between the rural and urban local bodies for the first time.

For the past 100 years Town Panchayat administration is functioning here. The prime duty of the Town Panchayat is providing basic amenities to the people. Effective accounting structure and audit structure are prevailing in the Town Panchayats.

The Town Panchayats are under the administrative control of Municipal Administration. The Town Panchayats are established in the Tehsils, pilgrim centres, tourist spots, industrial & commercial zones etc.

The Town Panchayats are brought under the Tamilnadu District Municipality Act 1920 by making 73 & 74th amendment in the year 1993. Separate section is provided in the act for Town Panchayats. The Administrative control is brought under the Municipal Administration and Water Supply Department.

4.2 Population as per 2011 Census

There are 21,09,317 households in 528 Town Panchayats as per 2011 census. 80,90,847 people are living in these household. The Town Panchayats population comprise of 40,29,486 males and 40,61,361 females .

4.3 Gradation of Town Panchayats

On the basis of the own revenue of the Town Panchayats, they are classified as detailed below as per G.O.(M.S) no.142, Municipal Administration and Water Supply (TPH) Department dated.21.11.2014 and Government Gazette No.9/2.03.2016.

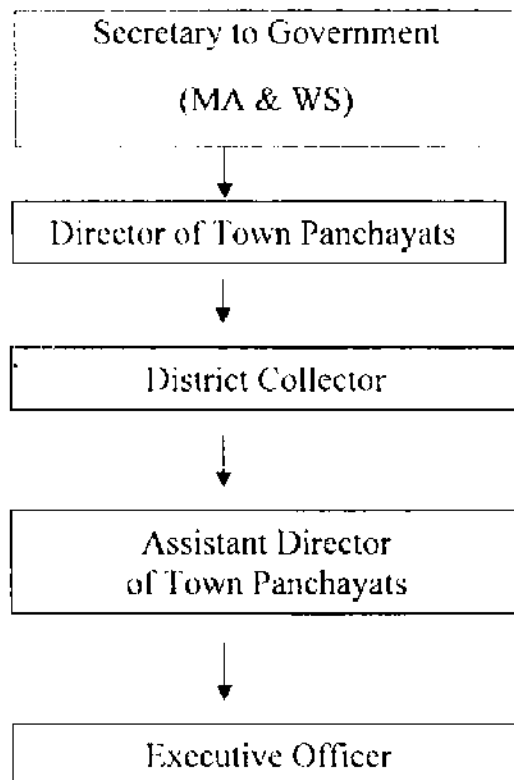
Grade	Average Income for Year	No of TP
		2016-17
Special Grade	Above 200 Lakhs	64
Selection Grade	100 Lakhs upto 200 Lakhs	202
First Grade	50 Lakhs upto 100 Lakhs	200
Second Grade	Below 50 Lakhs	62
Total		528

4.4 Principles and Goal of Town Panchayats

1. Providing transparent administration and people friendly administration .
2. Providing clean and good administration to install confidence in the minds of the people.
3. Ensuring proper implementation of schemes.

4.5 Administrative set up

The Administrative set up of the Town Panchayats are as follows.



4.6 Town Panchayats Administration

The Executive head of the Town Panchayats is Executive Officer. Head clerk, Junior Assistant, Revenue Assistant, Typist, Technical wing staff, and public health wing staff are assisting him in day to day administration. They are maintaining registers and records, assessing and collecting the taxes, maintaining accounts and maintaining assets.

4.7 Duties of the Town Panchayats

I. Providing following basic amenities.

1. Roads
2. Street Light
3. Water Supply
4. Public Health
5. Drainage

II Assesment of Tax and Fees

1. Property Tax
2. Vacant Land Tax
3. Profession Tax
4. Non Tax Items
5. Water Charges

III Others

1. Approving Layout
2. Building License
3. Trade License
4. Birth and Death Certificate
5. Implementation of State / Central Schemes

4.8 Revenue of Town Panchayats

The Town Panchayat revenue comprises of the following

1. Property Tax
2. Profession Tax
3. License fees, Lease, Rent & Water Charges

4. Surcharge on Stamp Duty
5. SFC Grant
6. Interest on Investment and Bank Interest
7. Government Grants

4.9 Services Provided

1. Water Supply
2. Building License
3. Trade License
4. Birth and Death Certificate
5. SJSRY
6. Providing Basic Amenities
7. Online Services

4.10 Income and Expenditure of Town Panchayats-2016-17

Accounts of 528 Town Panchayats are consolidated. As per the consolidated accounts, the following are the Income and Expenditure and Assets and Liabilities for the financial year 2016-17.

Income

S. No.	Income	Amount (Rs. in Lakhs)
1.	Property Tax	13635.93
2	Other Taxes	7951.77
3.	Revenue	14163.93
4.	Devolution Fund	79589.77
5.	Service Charges & Fees	16128.23
6.	Grants and Contributions	33563.70
7.	Sales & Hire charges	3296.49
8.	Other Income	24107.14
9.	Net Accumulated Deficit Accumulated Deficit = 49965.16 Accumulated Surplus = 2138.61 Net Acc. Deficit = 47826.55	47826.55
Total		240263.51

Expenditure

S. No.	Expenditure	Amount (Rs. in Lakhs)
1.	Personal Cost Salaries	36096.49
2	Personal Cost Others	1517.46
3.	Terminal & Retirement Benefits	5597.97
4.	Operating Expenses	41636.72
5.	Repairs and Maintenance	26327.12
6.	Programme Expenses	30124.98
7.	Administrative Expenses	17454.14
8.	Finance Expenses	4637.57
9.	Depreciation	76871.06
Total		240263.51

Details of Assets and Liabilities - Assets

S. No.	Assets	Amount (Rs. in Lakhs)
1.	Fixed Assets	947271.27
2	Cash and Bank Balances	110688.32
3.	Stocks	4183.72
4.	Taxes and Fee Receivable	22156.56
5.	Staff Advances	2368.41
6.	Other Advances	24757.22
7.	Investment and Interest	8497.48
8.	Net Accumulated Deficit	176348.36
	Accumulated Deficit = 199170.03	
	Accumulated Surplus = <u>22821.67</u>	
	Net Acc. Deficit = <u>176348.36</u>	
Total		1296271.34

Liabilities

S. No.	Liabilities	Amount (Rs. in Lakhs)
1.	Grants and Contribution	701566.40
2	Loan	18924.62
3.	Interest on Loans	6217.85
4.	Recoveries From Staff pay Bill	1074.34
5.	Accounts Payable	6141.63
6.	Deposit Repayable	27557.29
7.	Tax Deducted Payable	8969.42
8.	Other Liabilities	32499.09
9.	Other Bank Balances	2402.42
10.	Accumulated Depreciation	490918.28
Total		1296271.34

As on 31.3.2017 Taxes and fees worth Rs. 22156.56 lakhs remain uncollected. Proper action has to be taken to collect the arrears, otherwise it would affect the own revenue. At the end of the financial year advances are pending worth Rs.24757.22 lakhs. Action has to be taken to collect the advances pending.

At the end of the financial year taxes worth Rs. 8969.42 lakhs to be remitted to other department Accounts are shown as Liability. Necessary action has to be taken to remit the same.

4.11 Computerized Tax collection and Accounting.

From 2013-14 financial year onwards collection of taxes and maintenance of Accounts are computerized. This work has been entrusted to private company namely Primatix Software Solution. This Company doing this work in all 528 Town Panchayat without any Government Order.

This work has been started without uploading the certified accounts and registers and demand and certified subsidiary registers. Due to this, objections were raised by the audit department pointing out the defects.

There is no administrative control over this private company. No changes can be made in the computer directly by the Town Panchayat without the help of this company.

So many mistakes are being happened in the Town Panchayats due to this company. For example, Profession Tax collection made through cheque can be posted for Property Tax. One cheque can be used as collection for many assessments.

Cheque collection made through the banks are first taken credit to this company's accounts and then transferred to the bank account of Town Panchayats.

30% discount on property tax for owner occupation was disallowed during revision of 2008-09. But still today such discount is being allowed. It shows that the necessary changes are not made in software used by this private company.

To avoid all these defects, software is to be prepared as used in the Municipal Administration. It is suggested in the audit that centralized software has to be used through the Directorate of Town Panchayat.

4.12 Audit Objection

Some of the Audit objections raised during the 2016-17 Audit are consolidated in order to place before the Legislative Assembly as per the section 20 of the Tamil Nadu Local Fund Audit Act 2014.

4.12.1 Namakkal district - Pandamangalam Town Panchayat– Special Road Works scheme 2015 – 16 – Laying of cement road for streets in ward numbers 01, 02, 03, 04, 05, 06, 09, 10, 11, 13 and 14 in Pandamangalam Town Panchayat of Namakkal district - Administrative sanction and technical sanction obtained for estimate of Rs. 50 lakhs containing component of Government grant Rs.24,50,000 and Town Panchayat contribution amount Rs. 25,50,000 – but work completion not done entirely as per the estimate amount – Instead, work has been carried out for Rs. 33,27,067 only -

Proportionate grant amount of Rs. 8,19,737 need to be remitted into Government account.

Para No.22/2016-17

1.	voucher No./date	288/13.01.2017
2.	Details of work	SRP -2015-16 laying of cement concrete road
3.	Estimate	Rs.50 lakhs
4.	Source of fund for this scheme	Government grant Rs.24,50,000 TownPanchayat Contribution -- Rs.25,50,000 Total -- <u>Rs.50,00,000</u>
5.	Value of work done as per completion report	Rs.33,27,067
6.	Contractor	Thiru.C.Ashok

The Director of Town Panchayat, in the proceeding No.5879/2015/B5 dt.07.09.2015, has accorded administrative sanction and that the Superintendent-Engineer of the Directorate Town Panchayat in R.C.No.5879/2015/B5 dt.16.09.2015 accorded technical sanction for laying 1750mtrs cement concrete road in this Town Panchayat in Ward numbers 1,2,3,4,5,6,9,10,11,13 and 14 at an estimate of Rs.50,00,000 under the SRP Scheme 2015-16. Out of 50 lakhs, Government grant is Rs.24,50,000 and Town Panchayat contribution amount is Rs.25,50,000.

As per completion report and measurement books, cement road was laid for 996 mts only, for which expenditure was incurred for Rs.33,27,067 only.

However, Rs.24,50,000 was received by this Town Panchayat for this work as Government grant. Total allotment amount was not utilized fully. The works completed for Rs.33.27 lakhs and payment was made. Hence, it is pointed out in the audit, proportionate

amount of unutilized grant amount of Rs.8.20 lakhs needs to be remitted into the Government account.

Calculation of eligible Government grant for the value of work done as per completion report.

1.	Total Estimate	:	Rs. 50,00,000/-
2.	Source of fund :		
	1.Government grant	:	Rs.24,50,000/-
	2. Town Panchayat contribution		Rs.25,50,000/-

			Rs.50,00,000/-

3.	Value of work done as per completion report	:	Rs.33,27,067/-
4.	Eligible Government grant as per completion report	:	$\frac{2450000 \times 3327067}{5000000}$ =Rs.16,30,263/-
5.	Government grant received for 100% work completion	:	Rs.24,50,000/-
6.	Eligible grant for the completed work	:	Rs.16,30,263/-
7.	Excess grant received for the work done	:	Rs.8,19,737/-

Reply to Audit

Excess grant not remitted into the Government account, instead ratification of the District Collector has been obtained and shown. Reply not acceptable.

4.12.2. Namakkal district – Namagiripettai Town Panchayat – Expenditure – Expenditure incurred from the Town Panchayat General fund but Town Panchayat

Council has not approved the incurred expenditure – Administrative enquiry needs to be conducted for regularizing the incurred expenditure for which sanction has been rejected by the Council – Defects- Rs.19.79 lakhs.

Para No. 19/2016-17

During the course of audit for the year 2016-2017, on verification of Minutes Book of the Town Panchayat Council, it was noticed in audit that in the Council resolution Nos.344(1)/09.09.2016 and 353(20)/09.09.2016, the Council has rejected Rs.19.79 lakhs expenditure incurred.

The Council cannot revoke the resolution already passed. In such cases, the Director of Town Panchayat in the capacity of Inspector of Town Panchayat is empowered to revoke such rejected Council resolution. Till date no such action was taken.

Reply to Audit

Orders rejecting Council resolution not obtained from the Director of Town Panchayat and shown to audit.

4.12.3. Ramanathapuram District - Thondi Town Panchayat – Receipts – Receipts as per Day Book – short remittance made into bank account by the Junior Assistant – Defalcation amount remitted into bank by the third person not related with Town Panchayat establishment – Action need to be taken on erring staff.—Rs. 21,49,634/-.

Para No.12/2016-17

Audit of Thondi Town Panchayat for the period 2016-17 was taken up during 28.02.2018 to 14.03.2018. Connected bank scrolls was sought from the Executive officer in audit slip No.1/02.03.2018 and 3/06.03.2018 for verification of remittance of cash collection into bank account. It was stated, Rs.21,49,634/- was defalcated by the Junior Assistant, since the amount was not remitted into bank account and that it was confirmed on verification of bank scroll.

Bank account number 4585 Rs.6,57,634.00

Bank account number	52541	<u>Rs.14,92,000.00</u>
	Total	<u>Rs.21,49,634.00</u>

The Executive officer of Thondi Town panchayat sought explanation in Ir.R.c.No.141/2017 dt.05.03.2018. Later on, Rs.17,42,000 was remitted vide cheques No.248277 and 248278/12.03.2018 by Thiru.Kalandharbasha, who is not related to this Town panchayat in anyway. Similarly, pending balance of Rs.4,07,634/- and interest amount Rs.44,690/- was remitted by Tmt.Vasumathi.

Disciplinary action has been taken under 17(b) of TamilNadu Civil Services(Discipline and Appeal) Rules against the Junior Assistant, Tmt.Gunasekari, by the District Collector of Ramnad in Proceeding R.C.No.1075/2018/dt.10.07.2018.

It is not in order to permit the persons not related to the Town Panchayat to remit this amount. The Executive officer is also responsible for such improper procedure. Administrative enquiry may be done and proper action may be taken.

Reply to Audit

Reply not received.

4.12.4. Kanyakumari District – Anjugramam Town Panchayat – Labour Welfare Fund not remitted in the account concerned – Amount locked up in Town Panchayat account – Rs.9.07 lakhs – Amount remitted based on audit objection raised.

Para No.44/2016-17

In this Town Panchayat , it was noticed that while issuing the building licenses and passing the work bills, labour welfare fund was collected and deducted as per G.o.Ms.No.295/Labour and employment department dt.17.12.2013, but not remitted immediately to the respective head of account and that Rs.9.07 lakhs was kept in Town Panchayat account as per code number 4036. Due to this the Labour Welfare Board suffers loss of revenue to the tune of Rs.9.07 lakhs.

Reply to Audit

The Director of Town Panchayat informed in the audit office Ir.R.C.No.2607/TPA1/2019. dt.14.05.19. After this cheque issued (cheque No.118040188,118040195 and 118040213) on 04.07.2019 and remitted to labour welfare Board for which acknowledgment obtained on 05.07.19 and the para was dropped.

4.12.5. Virudhunagar district – Vathrairuppu Town Panchayat – Tamil Nadu Urban Road Infrastructure Project and Special Roads Programme – Allotment received from the Government for the year 2010 – Transaction not effected till date after 2013-14 – Amount kept idle - Need to be remitted into Government account – Rs.24.92 lakhs.

Para No. 57/2016-17

a. Under Special Roads Programme – 2010 . in Vathrairuppu Town Panchayat, Virudhunagar district, saving account no. 335602011109890 was opened on 23.02.2011 in Union Bank Branch and grant amount of Rs. 80.00 lakhs was credited in this account. After this, Rs.46,98,000 received under the Tamil Nadu Urban Road Infrastructure Project 2013-14 and 2014-15 was credited in the same bank account and expenditure was incurred.

In this instance, after the year 2013-14, no transaction was effected till date and Rs. 24,92,329 remains as balance as on 31.03.2018. Out of this amount, Rs. 7,40,630 is the interest earned for the Government grant amount kept in the bank. This amount may be remitted back to TURIP account and the details of the same may be furnished to audit.

b. It may be intimated to audit, whether the remaining balance amount of Rs. 17,51,699 pertains to the savings amount for the work undertaken under this project or it relates to other items. Further, this amount may be remitted back to the related project account and the details may be furnished to audit.

Reply to Audit

Interim reply furnished

4.12.6. Ariyalur district – Udayarpalayam Town Panchayat – Miscellaneous demand – Auction not effected for shops belonging to New Bus Terminus for the year 2016 – 17 – Action to be taken for effecting auction .

Para No. 18 (File – 36/2010)

In Survey No.184/5 of Udayarpalayam Town Panchayat, Ariyalur district, construction of New Bus Terminal with 10 shops, 1 restaurant and 1 pay & use toilet was undertaken at the estimate cost of Rs. 80.00 lakhs . For lease of these shops, restaurant, pay & use toilet, auction was effected on 17.03.2010. In the Council resolution No. 213/28.04.2010 of this Town Panchayat this lease was approved. Accordingly, the Executive Officer in R.C.No.36/2010 dated.06.04.2010 accorded lease sanction to the concerned lessee for these shops for a period of 3 years from 2010 – 11 to 2012 – 13. On this basis demand was raised for these shops from 2011 – 12 to 2012 – 13 .

Lease period was completed in the year 2012 – 2013. It was known in audit that auction was again conducted on 30.11.2015. In this occasion rental amount auctioned per month was Rs.7450 as per the bidding. Deposit amount of Rs.2000 per shop was received and taken into account in Register of Deposit (4018).

However, these shops were neither run by the lessee nor remitted the installment amount due. This has resulted, in loss of Rs. 89,400 during the financial year. Hence, forfeiture of deposit amount in the lessees account may be effected and the amount may be credited to the Town Panchayat account. Action may be taken to realize the balance amount.

Out of the loan amount of Rs. 35 lakhs received from TUFIDCO for the purpose of construction of this bus terminal and shops in the year 2010, at an estimate value of Rs.80 lakhs, Rs.396849 (Principle Rs.352941 + Interest Rs. 43908) was repaid for the loan during the audit period. In this instance, Town Panchayat has not received any revenue from these shops till date. Hence, necessary action may be taken to receive revenue from these shops.

Reply to Audit

The Director of Town Panchayat was informed by the audit office Ir.R.C.No.2607/TPA1/2019, dt.14.05.2019. Interim reply received stating that action is being taken.

4.12.7. Thanjavur district – Construction of new office building to Ayyampettai Town Panchayat – Office functioning in Old building instead of New building – Defects.

Para No. 17/2016-17

Due to non-availability of space for Ayyampettai Selection grade Town Panchayat, in Thanjavur district, sanction was accorded for construction of new office building in Shanti Nagar at an estimate of Rs.20 lakhs from State Devolution fund and construction work was completed. However, the office of this Town Panchayat was not shifted to new building till date and that it continues to function in old building. Ayyampettai Police station functions from this new office building. It was stated that it was rented out to the Police station based on the Council resolution. Sanction was not obtained from the Director of Town Panchayat for letting to Police station. It is not in order to let out on rent to the Police station without obtaining the approval of the Director of Town Panchayat. Further, rent was not received till date from the Department of Police. Rental amount must be collected on the basis of square feet estimate of P.W.D. for the period of occupation of new building by the police station. Further ratification may be obtained from the Director of Town Panchayat for letting out to the Police station.

File No. R. C. No.469 /A1 / 2011 (Remarks)

As per Thanjavur, P.W.D. division (b&m) Executive Engineer Ir. R.C. No. 483/F 203-1 /2013/JDO2 dated 30.08.2013 monthly rental was fixed at Rs.16,700. For this, rental amount of Rs. 6,01,200 (Rs. 16700 x 36 months) for the period from 01.02.2012 to 31.01.2015 was remitted as per Thanjavur district Superintendent of Police vide Ir.R.C. No. 112/33609/2014 dated 17.10.2016. As per the letter received from the Inspector of Police, Divisional office it was stated that the building was vacated on 11.03.2017. Hence, rental

due for the balance period from 01.02.2015 to 11.03.2017 may be claimed and to be credited to the Town Panchayat fund, the details of the same may be submitted to audit.

Reply to Audit

The Director of Town Panchayat was informed in the Directorate of Local Fund Audit office L.r.R.C.No.2607/TPA1/2019, dt.14.05.2019. In reply, the Director of Town Panchayat has requested to drop this para as the objection relates to Government department in L.r.R.C.No.5509/2019/f2, dt.15.07.2019. Reply not acceptable, since it is loss to the Town Panchayat.

5. District Panchayats

Panchayat Raj institutions are functioning as three tier system namely District Panchayat, Panchayat unions and village Panchayat. In Tamil Nadu except Chennai district there are 31 District panchayats. The State Government sanctions Devolution Fund to the District Panchayats. This Devolution Fund is apportioned among the Panchayat union and Village Panchayat for implementing the schemes.

The Director of Local Fund Audit Department is the Statutory auditor for District Panchayat.

Audit for the year 2016-17 were completed in all 31 District Panchayats.

The State Government sanctioned 24845.64 lakhs as State Finance Commission grant for the year 2016-17.

During the year 2016-17, the State government sanctioned Rs 12957.70 lakhs as grant and Rs.12024.66 lakhs to take up the various works.

During the year 2016-17, the District Panchayat accounts commenced with the opening Balance of Rs.16179.17 lakhs and ended with a closing balance of Rs.16190.71 lakhs. No details were available for undisbursed grants.

During the Audit Period, the unspent grant of the scheme accounts for the previous years were accumulated to the tune of Rs.77.18 lakhs and it was remitted into District Panchayat head of account. It was pointed out in audit to remit the unspent grant to the Government head of account.

The interest earned on the balance of grants Rs.547.38 lakhs was not remitted into government head of account. A balance of Rs.16190.71 lakhs was kept unspent at the close of the year (31.03.2017). These funds may be utilized to complete the pending works and if any unspent grant is available it shall be refunded to government head of account.

6. Rural Development and Panchayat Raj Department – Panchayat Union

6.1 Panchayat Raj

The 73rd amendment to Constitution accorded Constitutional status to Panchayat Raj institutions. Consequent upon the 73rd amendment of the Constitution, the State legislature enacted the Tamil Nadu Panchayats Act 1994 (G.O.No.84, Rural Development Department dated.24.04.1994). Under this Act, a three-tier system of Panchayat Raj institutions namely, Village Panchayats at village level, Panchayat Unions or Block Panchayats at the intermediary level and District Panchayats at the District level were established. In Tamil Nadu except Chennai District there are 31 District Panchayats, 385 Panchayat unions and 12524 Village Panchayats.

6.1(i) Powers of the Panchayat Unions

1. All expenditure of General Fund should be made with the approval of the council (sec 190, 191)
2. Other schemes shall be implemented only after obtaining the approval for the budget (sec 192)
3. Panchayat Union surplus funds may be invested after obtaining the approval of the District Collector. (sec 181A)
4. The Panchayat Union may sanction loan to other panchayat institutions to implement the development schemes (sec 181D)
5. Water sources in the Panchayat Union areas may be developed by the Panchayat Union and collect the charges from the public (sec 133(2))
6. License for fishing right in the Panchayat Union and Public Works Department water sources. (sec 133(3))
(G.O.No.169 Rural Development Department dated 16.08.1999)
7. Maintenance of water sources which is less than 100 acres.

Apart from mandatory and discretionary functions, sections 113 & 114 permits the Panchayat Union to implement the schemes announced by the Government, as agency function.

6.2 Important statistics of the State

The demographic and developmental status of the state is given below.

Head	Important Statistics
Population	7,21,38,958 (as per 2011 census) Male – 3,61,58,871 Female – 3,59,80,087
Population density	555 persons per Square k.m
Gender ratio	996 females per 1000 males
Rural population	56.10 percent
Literacy	80.09 percent
District Panchayats	31 (Except Chennai District)
Block Panchayats (Panchayat Unions)	385
Village Panchayats	12524
Total Number of Panchayat Raj institutions	12940

(Source: Census of India 2011)

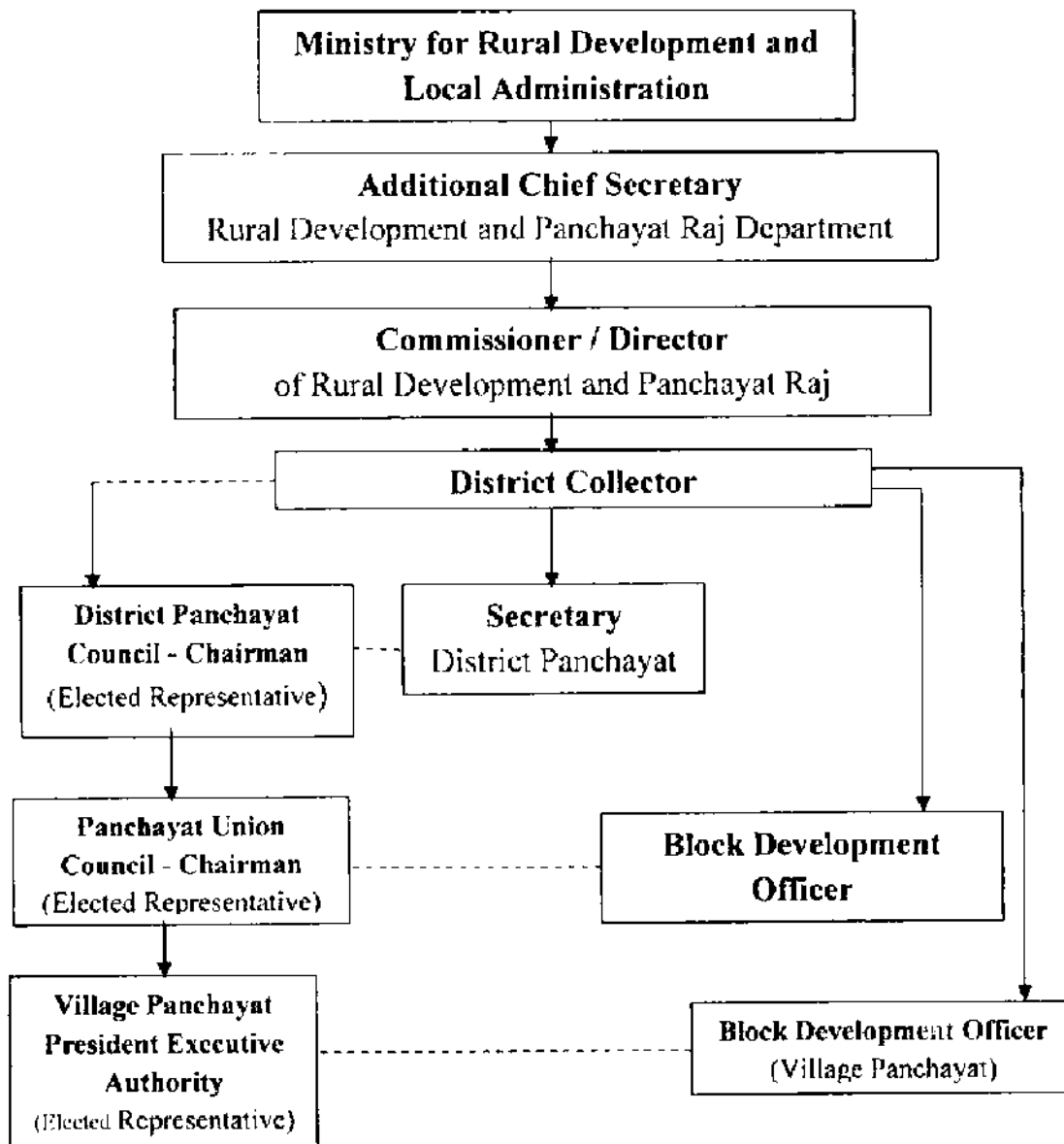
6.2.1 Audit Arrangement – Primary Auditor

The Director of Local Fund Audit is the statutory Auditor for Panchayat Union (G.O.No.1722 Local Department dated 15.10.1960). The Tamil Nadu Panchayat Act 1994 section 193 and the Tamil Nadu Panchayat Act 1958 section 141(2). As per the G.O.(Ms)No.95 Rural Development Department dated 10.04.2000. The Director of Local Fund Audit has to take up audit of 20 percent of Village Panchayats and 2 percent of the village Panchayats selected by the Director of Rural Development. The Tamil Nadu Panchayat Act 1994 Section 193 & 242 and as per G.O.(Ms).No.265 Rural Development (C3) Department dated 21.12.1999. The District Panchayats are audited by the Director of Local Fund Audit. As per section 7 of the Tamil Nadu Local Fund Audit Act 2014 and as

per section 7 (1) of the Local Fund Audit Rules 2016 the annual accounts of a local authority or Local Fund shall be prepared within three months from the end of the financial year in the form and manner prescribed by the respective Administrative Departments.

6.3 Organisational Setup

The following is the organizational set up of the Rural Development and Panchayat Raj institutions in Tamil Nadu.



6.3(i) Preparation of Budget

In the Tamil Nadu Panchayat Act 1994 Section 192 and Panchayat Manual part II Chapter 2 para 27, the instructions are given how to maintain Accounts in Panchayat Union

and preparation of budget. There should not be any deficit in the receipts. Net closing balance should not be deficit balance. Provision should be given in the budget for the works to be undertaken in the financial year. Provisions should be given in the budget for the minimum working Balance of 5% of the estimated receipts of the year for which the budget has been prepared.

6.3 (ii) Budget Approval Procedure

The Panchayat Union Commissioner shall prepare the preceding year budget on 1st November and forward it to the members of the council for their perusal and their suggestions. After that, four copies of the budget with annexures have to be sent to the Assistant Director of Rural Development (Panchayats) by 15th November.

The Assistant Director of Rural Development (Panchayat) scrutinizes it thoroughly and pointed out his suggestions if any in the format prescribed in the G.O.No.582 Rural Development and Local Administration department dated 15.03.1964 and submits it to the District collector by 30th November.

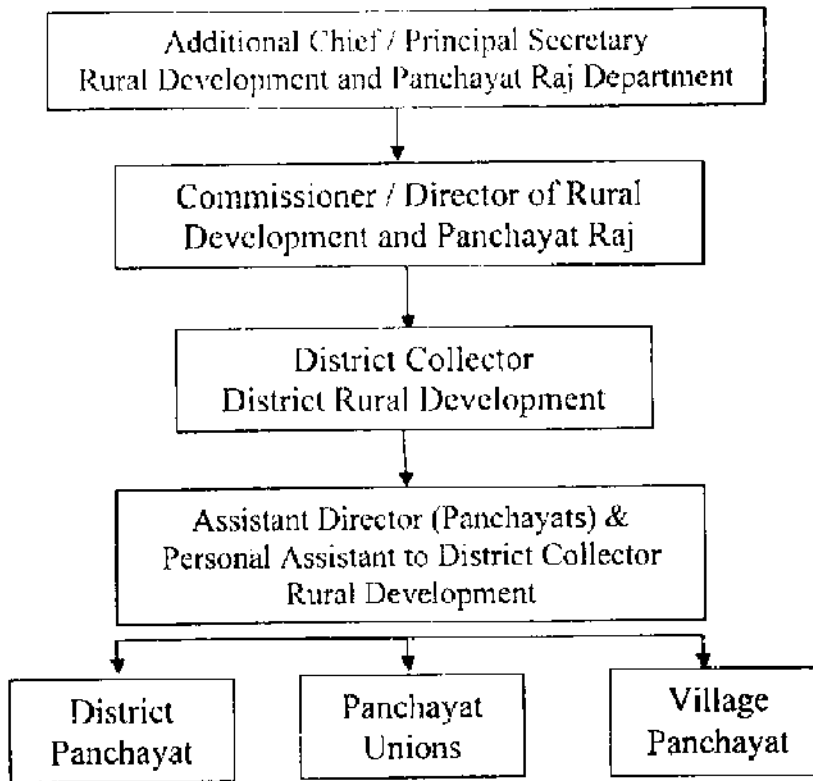
The District Collector, in turn scrutinize it and pointed out his remarks if any and he shall return the Budget to the Commissioner with his remarks by 15th January. The Commissioner shall again place the Budget with all correction and modifications before the council.

The council shall approve the budget by 20th February.

One copy of the approved budget must be sent to the concerned district Assistant Director of Local Fund Audit.

Budgets are not being prepared by adopting the above rules in all 385 panchayats union. Every year it is pointed out in the audit. But still no action is taken by the administration in this regard.

6.3(iii) Administrative chart for the Panchayat Raj Institutions



6.4 Suggestions to improve the revenue of the Panchayat Union

Building rent, Ferry rent, Lease of Fruit bearing or Avenue trees and market license fees were fixed several years before. The income received from them were very meagre. Hence the income collected were very low. Now it is time to reconsider the old rates and shall be raised fairly. If the rates are revised, it would increase the income of the Panchayat Union.

6.5 Audit Objectives

1. To see whether all income pertaining to Panchayat Raj institutions are collected without any omission and credited.
2. To ensure that the grants received are accounted in proper head of accounts.
3. To see whether there is proper control in monitoring of receipts.
4. To ensure that all expenditure are made as per the Acts, Rules and Government orders, whether the accounts represent a true and fair view of the State of affairs.

5. To ensure that the State Government and Central Government schemes are executed properly and the expenditure are in order.
6. To ensure that the grants received are spent for the purpose for which they are sanctioned.

6.6 (i) Source of Funds

The source of receipts for village panchayat and Panchayat Unions are non-tax revenue, assigned revenue from State Government and grants given by State Government, grants given by the Government of India for various purposes and State and Central Finance Commissions grants. In addition, Village Panchayat have been empowered to levy taxes like House Tax, Profession Tax and Advertisement Tax. State Finance commission grants, Central Finance commission grants, given by State Government and the Government of India. The assigned revenues are released by the Director of Rural Development and Panchayat Raj to the District Collectors.

6.6 (ii) Receipts and Payments (2016-17)

Panchayat Unions

Details	Amount (Rs. Crores)
Own revenue	797
Assigned Revenue	333
Grants	5711
Total Receipts	6841
Revenue expenditure	1941
Capital expenditure	3019
Total Expenditure	4960
Percentage of capital expenditure to the total expenditure	61%

Source: Report of the Comptroller and Auditor General of India Report No.1 of 2018.

6.6 (iii) State Government Grants

During the Financial year 2016-17, the Government of Tamil Nadu sanctioned grants to the tune of Rs.5711 Crores. Out of this Rs.1941Crores were spent as Revenue expenditure and Rs.3019 Crores as capital expenditure.

In the financial year 2016-17, the capital expenditure is 61% of the total expenditure. As a result of this, the creation of new assets became very low.

6.7 Submission of Audit Report

As per Rule 19 of the Tamil Nadu Local Fund Audit Rules, 2016, the Director shall, not later than 30th September of every year, send to the Government a consolidated report of the accounts of local authorities audited by him during the previous financial year, containing such particulars which he intends to bring to the notice of the Government as per section 20 of the Act. As per this rule, the consolidated audit report of the financial year 2016-17 is being placed before the Legislative Assembly.

6.8 Settlement of Audit objections

Settlement of Audit objections is one of the functions of this Department. The serious irregularities noticed during the course of concurrent Audit, are immediately taken to the notice of the Panchayat Union Commissioner as audit slips. If appropriate replies to the Audit slips are received the settlement of the objections are made immediately.

The unsettled audit objections are taken to audit report. If the replies submitted by the Commissioner at the time of local passing the Assistant Director of Local Fund Audit will scrutinize the replies and settle it.

Further the settlement of audit objections will be taken up by the Regional Joint Director of Local Fund Audit through Joint sittings arranged by the concerned administrative departments.

Those objections and special letter paras which are not settled in Joint sitting, are taken to the District High level Committee headed by the District collector for further settlement.

The unsettled special letter paras which are not settled in District High level Committee shall be taken to State High level committee and settlement is made there.

6.9 Pending paras as on 31.08.2019

There are 40681 paras to the value of Rs.201758.04 lakhs are pending as on 31.08.2019 (for the period from 2009-10 to 2015-16)

During year 2016-17 out of 22255 objections raised 6102 objections alone were not settled.

Audit for all the 385 Panchayat Unions are completed and some of the selected objections are consolidated as detailed below.

6.9.1 Tiruvallore district – Tiruvelangadu Panchayat Union - Scheme Fund – Indhira Awaas Yojana - Unspent grant remitted to District Rural Development Agency – Acknowledgement not obtained – Scheme completed but balance amount as per cash book not remitted to Government account – Defects – Amount Rs. 134 lakhs

Para No -11(c) / 2016 – 17

a) During the course of audit for the year 2016 – 17 in Tiruvelangadu Panchayat Union, unspent grant amount of Rs.17.40 lakhs in the Scheme fund account for Indhira Awaas Yojana scheme shown was booked as expenditure in voucher No.1/ 29.04.2016 as refund to DRDA. However, acknowledgement was not obtained from the District Rural Development Agency for such amount. As a result, the correctness of expenditure could not be ensured in audit. Hence, immediate action may be taken to obtain the acknowledgement from the District Rural Development Agency.

b) Though the above scheme was completed still the above scheme account shows closing balance of Rs. 134 lakhs as on 31.03.2017 apart from the amount remitted stated in the above para no (a). This amount relates to the interest earned and unspent balance grant amount in this account. The above amount was not remitted immediately to the Government account and remains locked up for several years which is not in order. Hence, swift action may be taken to remit the above amount to the Government account and the details of the same may be furnished to audit.

Reply to Audit:

For the amount of Rs.134 lakhs pointed out in the audit objections, interim reply received stating that in voucher no.1/01.06.18, cheque no.551727/01.06.2018 sent for the interest amount of Rs.34.89.545/- pertaining to the period 2007-2008 to 2017-2018 was sent to the Project officer, District Rural Development Agency in Ir.R.C.No.564/2008/A5 dt.01.06.2018 by the Block Development Officer (Village Panchayat), Tiruvelangadu.

Remarks of Audit

Interim reply furnished to audit.

6.9.2. Coimbatore district – Sultanpettai Panchayat Union – works – Selakarichal Panchayat – Adidravidar colony in Sidhanaikanpalayam – Construction of Community Hall till roof top under Member of Parliament Local Area Development Scheme for the year 2014-15 and Construction of bus-shelter on waterways under Member of Legislative Assembly -Area Development Programme for the year 2014-15 - Demolition of building by Sulur Tahsildar as per the Court direction – Expenditure treated as loss – to be recovered -- Amount Rs. 11.93 lakhs.

Para No. 15 / 2016 -17.

The land identified in Survey No. 214 / 2B1 and 214 / 2A1 classified as manthai and odaiporamboke (land earmarked near a stream) was chosen for construction of Community Hall under MPLA Fund for the year 2014 -- 15 in Adidravidar colony , Sidhanaikanpalayam, Selakarichal Panchayat, Sultanpettai Block & taluk in Coimbatore district. Rain water flows through this land during rainy days and reaches the water body being a large kulam.

The Hon'ble High Court of Madras in its judgement passed for the cases filed by Tmt. Late. Ranganayagi (Case No. 17093/2013) & Thiru. Veeran (Case No. 15698/2013) quashed free pattas issued for waterways and ordered eviction of encroachment under Tamil Nadu Protection of Tanks and Eviction of Encroachment Act of 2007. Following this, the District Collector of Coimbatore in Proc. No. 18257/2015/B2 dated. 30.11.2016 ordered Sulur Tahsildar to evict existing residential construction, community hall and bus-shelter.

The Block Development Officer (Block Panchayat) in Proc. R. C. No. 104/15/A2 dated.12.12.2016, stated that the community hall and bus-shelter was demolished on 11.12.2016.

Even before the administrative sanction was accorded, the petitioners intimated that the chosen land for construction of Community Hall and Bus-shelter is on waterways and furnished the details of the cases filed by them for eviction of encroachment and construction works not to be undertaken in this land as per Tamil Nadu Protection of Tanks and Eviction of Encroachment Act of 2007. the work order was issued by the executive authority. The work was commenced based on work order issued and 1st & part amount released for this scheme for the work undertaken has resulted in loss of Rs.10.36 lakhs. This amount may be recovered from the Block Development Officer and Engineer concerned who neglected the objections.

As per the Cement Stock Register page no.161, 300 bags of cement was issued to the contractor for undertaking this work. No recovery was effected. Hence, double the cost of Rs. 1.58 lakhs for 300 bags (300 X 263 X 2) from the persons concerned is to be recovered.

Details of Loss	Amount (Rs. in lakhs)
Construction of Community Hall I and part bill amount	9.83
Cost of cement	1.58
Bus shelter construction under Member of Legislative Assembly fund	0.52
Total	11.93 lakhs

Due to the above defects, loss to the extent of Rs. 11.93 lakhs for State and Central Government scheme funds had occurred. The loss amount may be recovered and make good from the Block Development Officer and Engineer concerned.

Reply to Audit

The Director , Panchayat Raj and Rural Development Department was informed in Local Fund Audit office Lr.R.C.No.1939/PU1/14.05.19. Reply not received.

6.9.3. Villupuram district – Vanoor Panchayat Union – Periyar Memorial Samathuvapuram – 2010 -11 – Work not completed and brought in to public usage – Government fund locked up without utilization in this scheme account – Action needs to be taken on the contractors responsible for incompleteness of work and deposit amount should be forfeited – Loss Rs. 124.75 lakhs.

Para No. 48 /2016-17.

File No. 1117/ A3/ 2006 and 4771/ 2010.

As per G.O. No. 247, R.D & P.R department dated.19.05.2010, under Periyar Memorial Samathuvapuram scheme for the year 2010-11, Villupuram District Collector in Proc. R.C. No. B10/ 641/ 2/ 2010, dated.24.06.2010, 01.08.2010, 20.11.2010, 04.01.2011 and 27.01.2011 accorded administrative sanction for construction of new Periyar Memorial Samathuvapuram in Kozhuvuri Panchayat, Vanoor Panchayat Union, Villupuram district at an estimate of Rs. 237.98 lakhs, out of this Rs. 215.00 lakhs has been released.

1. Approximately 52% work has been completed in the last 7 years.
2. The registration of the contractor may be cancelled and black- listed along with forfeiture of deposit amount of Rs. 4.53 lakhs.
3. Rs.124.75 lakhs was spent for this work. Even after 7 years still it is not completed.
4. Loss of interest Rs. 5.23 lakhs @ 4.5% for closing balance of Rs.122.24 lakhs in the scheme account as on 31.03.2017 may be recovered from the officials concerned.

Reply to Audit

The Director , Panchayat Raj and Rural Development Department was informed in Local Fund Audit office Lr.R.C.No.1939/PU1/14.05.19. Reply not received.

6.9.4 Villupuram District – Chinnasalem Panchayat Union - Deposit amount – Double Payment made to the contractor for the same deposit amount in General Fund, MLA

LAD Scheme and Rural Infrastructure Scheme (Road) accounts maintained by the Block Development Officer (Block Panchayat)- Serious irregularity – Rs.711641 needs to be recovered – Further disciplinary action needs to be taken on the officials responsible for payment and its details may be furnished to audit - Amount recovered after objection pointed out in the audit .

Para No.34/2016-17

The Register of deposits for scheme accounts maintained by the Block Development Officer (Block Panchayat) in this Panchayat Union was verified for 2016-2017 audit period. It was found in audit, that double payment was made to the contractor as per the vouchers detailed in the annexure by mentioning same deposit number in the Register of deposits for General Fund, Member of Legislative Assembly, Local Area Development Scheme and Rural Infrastructure Scheme (Road) account. Details given in the annexure. This amount of Rs.711641 may be recovered immediately from the contractor or from the Accountant, Manager and Block Development Officer responsible for making such payment. Disciplinary action may be taken on the officials responsible and the details of the same may be furnished to audit.

Sl.No.	Scheme	Amount (in Rs.)
1.	General Fund	592401.00
2.	MLA LAD Scheme	15750.00
3.	Rural Infrastructure Scheme (Road)	103490.00
	Total	711641.00

Reply to Audit

The amount of Rs.711641.00 pointed out in the audit objection was made good from the contractor's deposit amount through Transfer Entry voucher and shown, following which the para was dropped in the joint sitting held on 12.03.2019.

6.9.5.Thiruvallore district – Thiruvallore Panchayat Union Building plan approval – Approval by Block Development Officer for Industrial building plans – Not in order – Approval must be obtained from the Director of Town and Country Planning and Infrastructure and Amenities charges not collected- Loss- Rs.451630/-

Para No.04/2016-17

During 2016-17 audit, files relating to building plan approval given by the Block Development Officer for Industrial purpose as detailed in the annexure was verified.

Thiruvallore Panchayat Union, only two Village Panchayats namely Pakkam and Nathamedu are within the limit of the CMDA. For building plan approval in these two villages, the Member Secretary of CMDA delegated the powers to the Block Development Officer, to issue building license based on the recommendation of the Planner of the CMDA.

However, the entire Industrial building plan approvals, mentioned in the annexure comes under the limits of the Town and Country Planning. There is no such delegation of power sanctioned by the Director of Town and Country Planning. Approval of Regional Deputy Director of Town and Country Planning of Thiruvallore must be obtained. However, it is not in order on the part of the Block Development Officer to sanction building plan approval for industrial building without obtaining approval from the Director of Town and Country Planning and without technical scrutiny, as per the annexure. Plan approval must be obtained from the Director of Town and Country Planning for the industrial building plans stated in the annexure.

Further, Infrastructure and Amenities charges must be collected for such industrial buildings as per G. O. No. 191, Housing and Urban Development Department dated 01.06.2007.

If the building plans for the Industries cited in the reference were approved by the Director of Town and Country Planning, Infrastructure and Amenities charges to the tune of Rs. 451630/- would have been collected. Due to the approval by the Block Development

Officer. Infrastructure and Amenities charges was not collected resulting in loss of Rs. 451630/- to the Government fund.

Reply to Audit

The Director, Panchayat Raj and Rural Development Department was informed in Local Fund Audit office Lr.R.C.No.1939/PU1/14.05.19. Reply not received.

6.9.6. Vellore district – Katpadi Panchayat Union – General Fund – Works relating to culvert, drinking water supply, laying of paver block road undertaken to the tune of Rs. 21.40 lakhs in unapproved layouts – Amount need to be recovered.

Para No. 26 / 2016-17.

It is noticed in audit, development activities were undertaken in the private unapproved layout. While approving the layouts, the promoter should register the OSR land, parks and roads in the name of Executive authority of the Local body. Then only development works may be undertaken thereby utilizing the Government grants and General Fund. Much against to this practice, development works worth of Rs.21.40 lakhs were undertaken in the unapproved layouts which led to the loss of funds. Amount has to be recovered from the officials concerned.

Reply to Audit

The Director , Panchayat Raj and Rural Development Department was informed in Local Fund Audit office Lr.R.C.No.1939/PU1/14.05.19. Reply not received.

7.Village Panchayat

7.1 The Tamil Nadu Panchayat Act 21/1994 – Special features as follows.

Grama Sabha (Section 2(13) and Section 3)

As per section 3(2) of the Tamil Nadu Panchayats Act 1994, the Grama Sabha should be convened at least two times in a year. There shall be an interval of 6 months between the sittings. The government ordered to convene the Grama Sabha on the following days January- 26, May -1, August -15 and October- 2. The Grama Sabha shall be convened on such a date as announced either by the president of the village panchayat or the district collector. The Quorum needed to Conduct Grama Sabha is fixed as follows. Female, should be 1/3 of the population. The participants of SC and ST peoples should be according to their population.

7.2 Budget

The Budget of the Village Panchayat shall be prepared as per the guidelines given in Section 192 of Tamil Nadu Panchayats Act 1994.

Every year the Budget should be prepared and the approval of the village Panchayat should be obtained by December 31, approval of the Grama Sabha by January 26 and to be sent to Deputy Block Development Officer (Audit) by January 31.

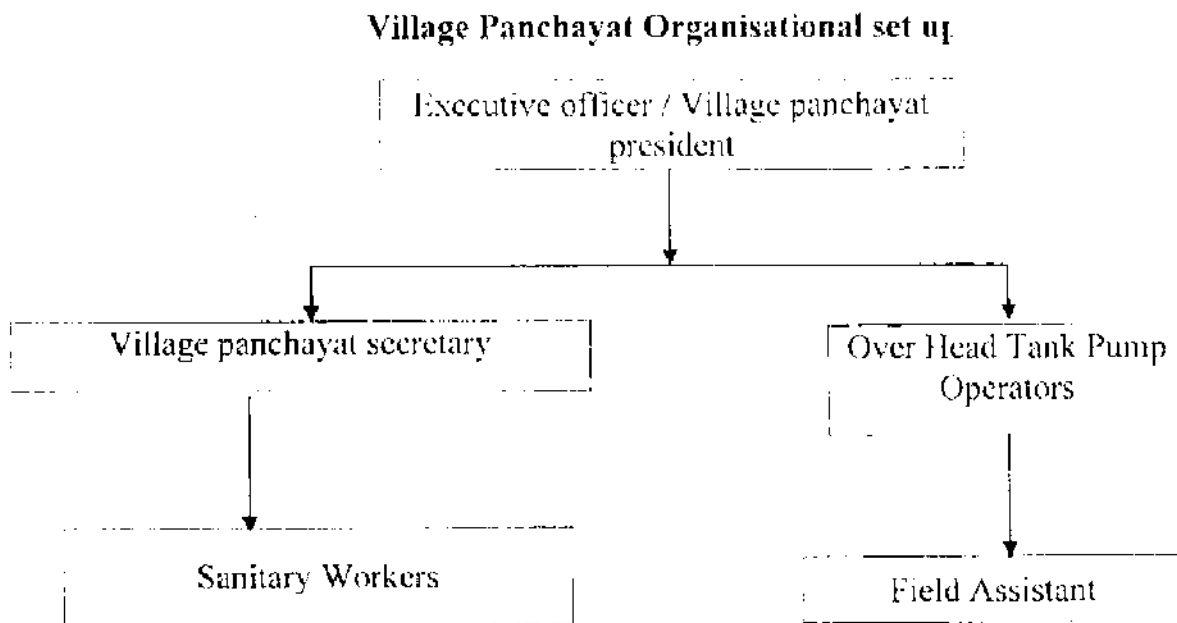
The Deputy Block Development Officer Should verify the budget and send to the executive authority of the village with his remarks by 28th February and the executive authority should obtain the approval of the Village Panchayat by March -15. Within 7 days after getting the approval of the Village Panchayat, the copies of the Budget shall be sent to Deputy Block Development Officer, Assistant Director(Audit) and the Inspector (Collector) Expenditure which is not included in the budget, which is in excess of budgetary provisions, should not be sanctioned by the Village Panchayat.

The provisions given in the budget shall not be transferred to other head of expenditure without the sanction of the Inspector (District Collector).

If expenditure exceeds above the 5% of budgetary provision, Sanction of the Inspector (District Collector) is required for each and every items.

7.3 Organisational set up

The following is the organizational set up of the Village Panchayats in Tamil Nadu.



7.4 The Source of Receipt

Among the three-tiers of Panchayat raj institutions, Village Panchayats alone have the power to levy taxes.

7.5 The Source of Revenue

The following are the Receipts of the Village Panchayats:

1. Taxes
2. Assigned Revenue
3. Fees
4. Fines
5. Miscellaneous Revenue
6. Government grants
7. Others

7.6 Source of Fund

The Source of receipts for Village Panchayats are non-tax revenue, assigned Revenue, State and Central Government grants for various purposes and State and Central Finance Commission Grants. In additions, Village Panchayats have been empowered to levy taxes like House Tax, Profession Tax and Advertisement Tax, State Finance Commission Grants, Central Finance Commission Grants are given by State Government and Government of India. The assigned revenues are released by the Director of Rural Development and Panchayat Raj to the District Collectors.

7.7 Accounts maintained in Village Panchayats

1	Village Panchayats Fund Account	Account No.1
2	Village Panchayat payment to Tamil Nadu Generation and Distribution Corporation (TANGEDCO) and /or Tamil Nadu Water Supply and Drainage Board (TWAD) and / or District Collector Account	Account No.2
3	Village Panchayat Centrally Sponsored Schemes Fund Account	Account No.3
4	Village Panchayat Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS) Accounts	Account No.4
5	Village Panchayat State Funded schemes Account	Account No.5
6	Village Panchayat Chief Minister 's Solar Power Green House Scheme	Account No.6
7	Village Panchayat Staff Salary Account	Account No.7

Source: Go (MS) No.89 Rural Development and Panchayat Raj (PR-1) Department dated: 15.06.2015)

7.8 Audit Arrangement

Under Section 193 (1) of the Tamil Nadu Panchayat Act 1994, The Government shall appoint auditor for the Audit of Accounts of the receipt and payments of the funds of the Village Panchayats.

The Government of Tamil Nadu appointed the following Audit personnel for village panchayats as per Go(Ms) No.265/Rural Development (C3) Dept date. 21.12.1999.

1	Village Panchayat	a) Deputy Block Development officer (Excluding Scheme Audit) b) Assistant Director (Rural Development Audit) (Excluding Scheme) c) Director of Local Fund Audit Dept Schemes Audit only.
2	Test Audit Go Ms.No.95/ Rural Development Dept. date.10.04.2000	20% Village Panchayat Test Audit. Director of Local Fund Audit and 2% audit of selected Village Panchayats.

7.9 Audit objectives

1. To ensure that the State Government and Central government grants are accounted properly and expenditure were in order.
2. To ensure that all expenditures are incurred as per the Acts, Rules and Government orders.
3. To ensure that the grants received are spent for the purpose for which it is sanctioned.
4. To ensure the correctness of accounts.
5. To ensure that all receipts are taken to village panchayat accounts without any omission.

During the year 2016-2017 Village panchayats on 20% selection and Village Panchayats on 2% selection were audited. The serious irregularities noticed are brought to submission in the Assembly

7.9.1.Thanjavur District – Village Panchayat - Short Remittance and non Remittance of cash collection Rs.11.71 lakhs - Defalcated – To be recovered – Rs.11.71 lakhs remitted after audit objections.

During the course of audit for the following village panchayats in Thanjavur District for the period 2016-17. on verification of remittance of tax and fees collected by cash. it is

found that short remittance and non-remittance of collection amount. The remittance amount in bank only was accounted for in Annual accounts. Rs.11.71 lakhs which was not remitted led to the loss of revenue to the panchayats. Audit objections were raised to recover this from the persons concerned.

S.N	Panchayat Union	Village Panchayat	Para No	Amount Collected	Remittance into Bank	Loss	Amount collected based on audit objection
1.	Orathanadu	Aayankudi	9	64002	54546	9456	9456
2.	Orathanadu	Vellore	9	37160	15000	22160	22160
3.	Orathanadu	Aamlapattu	9	115727	7922	107805	107805
4.	Orathanadu	Murthiyammalpuram	12	330989	210179	120810	120810
5.	Orathanadu	Aalivaikkal	9	65376	19299	46077	46077
6.	Orathanadu	Karaimindarkottai	17	49668	12967	36701	36701
7.	Orathanadu	Urantharaayam mudikadu	9	145516	107500	38016	38016
8.	Orathanadu	Vadakkartherkku	12	26454	14563	11891	11891
9.	Orathanadu	Thekkur	10	270258	124813	145445	145445
10.	Orathanadu	Thirumangalam Kottai	9	41573	29355	12218	12218
11.	Madukkur	Pulavanchi	11	288483	161178	127305	127305
12.	Madukkur	Vikiramam	11	475194	445186	30008	30008
13.	Thiruvonam	Kaavalippatti	7	546707	190110	356597	356597
14.	Thiruvonam	Thooppuviduthi	9	-	-	106249	106249
					Total	1170738	1170738

Reply to Audit

Based on the audit objections for non-remittance. Rs.11.71 lakhs was collected and remitted in respective Panchayat general fund and bank. After this, objections were dropped in joint sittings held on 24.07.2019.

7.9.2 Villupuram district – Kallakurichi Panchayat Union – Thenkeeranur Village Panchayat - 2016- 17 audit – 14th Finance Commission grant amount not credited into Village Panchayat account– Credited into Noon meal centre account- Rs.18.23 lakhs.

Para No-32/2016-17

On verification in audit, it was found that in Thenkeeranur Panchayat of Kallakurichi Panchayat Union, Villupuram district, amount of Rs.17.40 lakhs released by the District Collector as 14th Finance Commission grant in 2016-17-Rs.6.47 lakhs on 03.08.2016, Rs.6.47 lakhs on 13.03.17 and Rs.4.46 lakhs on 25.03.2017 respectively was not credited in SBI account no.11164218997 maintained for this scheme account. On the contrary, it was found that this amount was credited in Bank account No. 11164219627 maintained for the Vilambar Colony Elementary School Noon meal centre.

It was seen that in the year 2015-16 also similarly, Rs.5.55 lakhs was credited on 03.09.2015 and Rs.5.55 lakhs on 16.03.2016 in the same Noon meal centre account and then later transferred on 11.08.2016 belatedly.

On the basis of audit objection raised Rs.18,09,922 and interest Rs.16,846 was credited on 27.10.2017 and on 11.12.2017 respectively to this scheme account. Necessary action may be taken against the erring staff.

Reply to Audit

This amount Rs.18,26,768 was transferred to the respective account based on objection raised in the audit report. After this, connected details were shown and the para was dropped in the joint sitting held on 24.07.2019.

7.9.3 Village Panchayat – Collection of taxes and fees – Daily collection – Short remittance made – Loss of revenue – Rs.3.57 lakhs -2.59 lakhs collected after pointed out in the audit.

The procedure for tax and fees collection in Village Panchayat is given in the section 172 of Tamilnadu Panchayat Act 1994.

Sole responsibility for tax collection vested with the President in the capacity of Administrative officer. However, Village Panchayat Secretary may be engaged for this purpose.

Daily collection must be entered in the relevant category in the collection book and total struck by the tax collecting officials. This amount must be handed over to the Village Panchayat President on daily basis and attestation of the President to be obtained in the tax collection register. Cash collection amount obtained should be kept in the safe custody.

Collection amount must be remitted in to Bank Account of Village Panchayat, on that day or the very next day. If the distance of the bank in which account is maintained happens to be more than 5 k.m. then remittance may be made at the week-end.

Contrary to the above procedures, in the following Village Panchayats, instances of remittance not made / short remittance, was found. This has resulted in loss of revenue of Rs.3.57 lakhs to these Village Panchayats. Further accounts were prepared based on the remittance made in bank account only. Hence, loss amount Rs.3.57 lakhs may be recovered from the President / Secretary. It is pointed out in Audit , that the Special Officers are responsible for taking over the accounts without verifying the loss incurred during the tenure of the Presidents.

S.No	Panchayat Union	Village Panchayat	Para No.	Amount Collected	Remittance into Bank	Loss	Amount collected based on audit objection
				(Rs. in lakhs)			Rs.
1. Thirunelveli District							
1.	Vasudevanallur	Tirumalapuram	8	1.41	1.31	0.10	11582
2.	Vasudevanallur	Tirumalapuram	9	0.34	0.29	0.05	6337
3.	Vasudevanallur	Viswanathaperi	9	0.86	0.74	0.12	12425
4.	valliyur	Thanakarkulam	10	0.12	-	0.12	13991
5.	Chengkottai	Ilanthur	8	6.47	6.31	0.16	16175
6.	Kadayam	Sivakilam	9	1.88	1.20	0.68	Monthly Instalment recovery (First installment recovered Rs. 3663)
7.	Nanguneri	Santhaneri	10	1.80	1.51	0.29	29413
2. Virudhunagar District							
8.	Rajapalayam	Melvittam Karisalkulam	11	0.03	0.02	0.01	1156
9.	Rajapalayam	Melvittam Karisalkulam	12	0.27	-	0.27	27163
10.	Rajapalayam	Ramalingapuram	10	0.14	0.02	0.12	11631
11.	Rajapalayam	Ganapathi Sunthara Nachiyarpuram	10	2.26	2.14	0.12	11877
3. Ramanathapuram District							
12.	Nayinarkoil	Nayinarkoil	23	5.47	4.49	0.98	Pending
4. Sivagangai District							
13.	Thirupuvanam	Pottappalayam	17	20.34	19.79	0.55	54599
Total				41.39	37.82	3.57	

Reply to Audit

Based on the audit objections Rs.2.59 lakhs was recovered and Rs.0.98 lakhs alone is pending in the Nayinarkoil Panchayat.

7.9.4 Tirunelveli district – Thenkasi Panchayat Union, Kanakapillaivalasai Village Panchayat - Amount collected for Labour Welfare fund- Not remitted in-to Labour Welfare Fund account – Loss Rs.10.58 lakhs to Labour Welfare Fund.

Para No – 34/2016-17

As per G.O.No.295/Labour and employment department dt.17.12.2013 1% amount must be deducted on the estimate amount towards labour welfare fund for building licenses issued from the work Bills passed by the local bodies and to be remitted to the Labour Welfare Board .

It was found in 2016-17 audit in , Kanakapillaivalasai of Thenkasi Panchayat Union, Tirunelveli District Rs.10.58 lakhs collected towards labour welfare fund from the Building licenses detailed below was not remitted to the Labour Welfare Board. Due to this, the Board suffers loss of revenue for Rs.10.58 lakhs.

S.No.	Building License number/date	Welfare Fund amount
1.	1/22.04.2016	4500.00
2.	2/28.03.17	10,53,378.00
Total		10,57,878.00

Reply to Audit

Based on the audit objections out of Rs.10,57,878/-, Rs.7.00 lakhs and the balance amount Rs.3,57,878/- was remitted during 2018-19 and 2019-20 respectively. After verification of records in audit, this para was dropped on 26.07.2019.

7.9.5 Virudhunagar district – Narikudi Panchayat Union – Keezhkondraikulam Village Panchayat - Cheques issued to third party from Account No. 2 – Irregularities - Rs.9 lakhs.

Para No. 24/2016 – 17

Payments related to Electricity charges, Water charges and Services charges to Tamil Nadu Water Supply and Drainage Board only be effected from Account No.II of Village Panchayat. Surplus balance amount must be remitted to District Collector. As per G.O.(Ms) No. 180/ PR & RD department dated 01.12.2008, cheques issued for such payments should be sealed as Tamil Nadu Electricity Board / Tamil Nadu Water Supply and Drainage Board / Surplus fund to District Collector.

Contrary to the above instructions, in Keezhkondraikulam Village Panchayat, third party cheques were issued in the name of Thiru. Muniasamy and encashed from the bank as detailed below.

Sl.NO	Cheque no/Date	Amount
1	511079 / 01.09.2016	Rs.3.00.000
2	511080 / 01.09.2016	Rs.3.00,000
3	511081 / 14.09.2016	Rs.3.00.000
Total		Rs.9.00.000

Later when the details of this amount was found, the Block Development Officer (Village Panchayat) in Letter No. 1833/2016/B dated 26.09.2016, made complaint to the District Police Superintendent to take criminal action against Keezhkondraikulam Village Panchayat President Tmt.V. Karpagam and Vice President Tmt.T.Ayyamal. Expeditious action may be taken to recover the amount. The First Information Report is not filed till date.

Reply to Audit

The Director, Panchayat Raj and Rural Development Department was informed by Local Fund Audit office L.F.A.No.1939/PU/14.05.19. Reply not received.

7.9.6.Perambalur District – Perambalur Panchayat Union – Siruvachur Village Panchayat – Short collection of building license fees – Loss of revenue – Rs. 60.26 lakhs.

Para No.12/2016-17.

The maximum and minimum rate to be adopted and collected while approving the building plans as per section 110(a.a) & section 242, 242(2)(3) of TamilNadu Village Panchayat Act, 1994 and G. O. (Ms) No.255/ PR(C.2) department dated 18.08.1997 is fixed. The maximum rate is - Rs.100/sq.mt and its multiples. minimum rate is Rs.5 and its multiples.

On this basis, the District Collector issued orders in Proc. R.C.No.A3/ 970/2013 dated 23.04.2013, the rate to be adopted w.e.f.23.04.2013 as follows.

Building area - 1. Residential purpose Rs. 25 / sq.mt

2. Industrial purpose Rs. 50 / sq.mt

In the year 2016 - 17, in Siruvachur Village Panchayat of Perambalur Panchayat union the following 3 commercial building licenses were issued. Instead of collecting the fees at the rate of Rs.50, short collection was made resulting in loss of revenue to the tune of Rs. 60.26 lakhs to this Village Panchayat. The loss is worked out in the audit as follows.

S.No.	Name of the institution	Building area (Square meters)	Amount to be collected	Actual collection	Loss of revenue
1.	Dhanalakshmi Medical College	146247.92	73,12,896	15,74,215	57,38,681
2.	Greenpark Matriculation School	3706.07	1,85,863	39,582	1,46,281
3.	Almighty Vidhyalaya School	3577.27	1,79,423	38,489	1,40,934
		Total	76,78,182	16,52,286	60,25,896

Reply to Audit

The Director , Panchayat Raj and Rural Development Department was informed in Local Fund Audit office Lr.R.C.No.1939/PU1/14.05.19. Reply not received.

7.9.7 Tiruvannamalai district – Arani Panchayat Union Ratinamangalam Panchayat Negligence in collection of pending water charges – loss of revenue –Rs.22.92 lakhs.

Para No.8 /2016-17.

During the course of 2016-17 audit in Ratinamangalam Village Panchayat of Arani Panchayat Union, Tiruvannamalai district on scrutiny of Demand collection balance register for water charges Rs.22.92 lakhs was shown as pending collection as on 31.03.2017.

Arrear Demand –Rs.20.90 lakhs

Current demand - Rs.2.02 lakhs

As per 2016-17 accounts, Rs.0.14 lakhs is the collection amount for the year 2016-17. It shows that sufficient action was not taken to collect the water charges in due time. It is pointed out in audit that this amount will result in revenue loss, if it becomes time-barred. It is pointed in audit, developmental activities may be stalled since collection amount from other taxes are utilised for water maintenance works from General fund.

Reply to Audit

The Director , Panchayat Raj and Rural Development Department was informed by Local Fund Audit office Lr.R.C.No.1939/PU1/14.05.19.Reply not received.

8. Universities

8.1 Structure of Universities

Both Central and State Governments separately passed Acts to provide higher education to students of Tamil Nadu. Accordingly, in Tamil Nadu twenty three (23) independent and autonomous Universities are established to provide higher education.

8.2 Authority for University Audit

During the commencement of each and every University, separate Government Order is issued to handover the audit to Local Fund Audit Department. According to the order, auditing functions are carried out by this department. Moreover according to Tamil Nadu Local Fund Audit Act 2014, Section 2g Schedule No.7, the Director of Local Fund Audit is the Statutory Auditor.

8.3 Performing the Audit Functions

Among the 23 Universities, 14 are concurrently audited while remaining 9 are annually audited.

8.4 Annual Accounts

Every University, according to its prescribed Act and financial rules, maintain their annual accounts. Generally the following Accounts are being maintained by most of these Universities.

1. General Accounts
2. Endowments Account
3. Examination Accounts
4. Fees Accounts
5. Pension Accounts
6. Distance/Postal Education Accounts
7. Plan Accounts
8. Other Plan Accounts

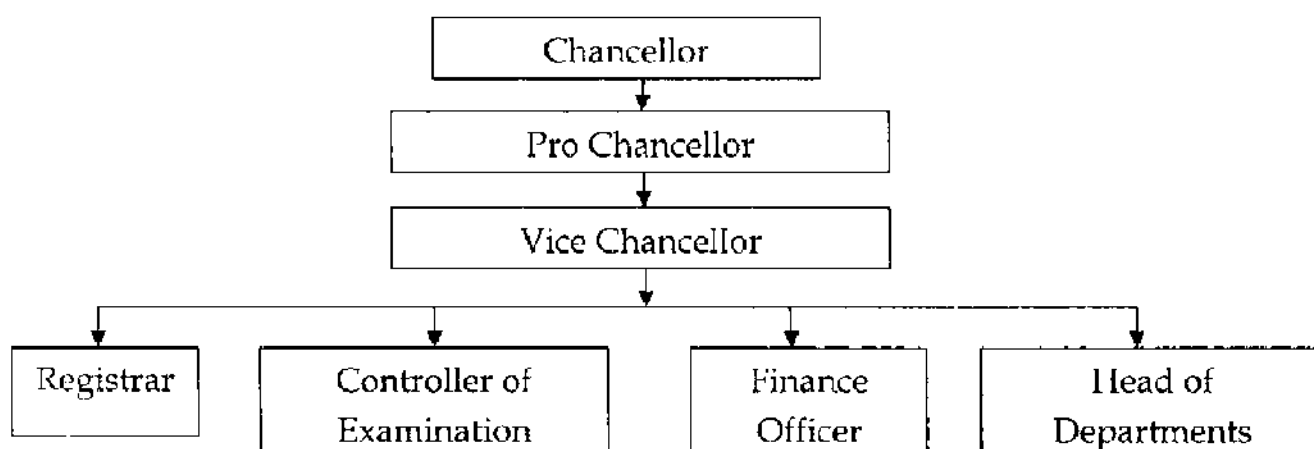
8.5 Grants

Independent autonomous Universities, which are created under individual Acts, obtain the Grants based on Grant rules of Central and State Governments. And those Universities functioning under Higher Education Department receive their Block Grants for day-to-day administrative functions as per G.O. (Ms). No.226/Higher Education (K2)/1999. dt.17.05/1999. It should be noted that, the expenditure for the sanctioned posts as on 1.1.1996 shall be eligible for Block Grant. The block grant has been revised vide GO (Ms) No. 110 Higher Education (K1) Department dated 12.06.2018 with monetary effect from 01.04.2018. Other Universities receive Salary Grant, Maintenance Grant, Non Lapseable Lumpsum Grant and various other Grants, along with Special Capital Grants funding the Buildings and procurement of accessories.

8.6 Administrative Structure

The administrative structure of Universities is given below:

Most of the Universities are functioning under the State Government Departments such as Higher Education, Animal husbandry, Dairy Development and Agriculture, Tamil Development and information, Health and Family Welfare, Law, Tourism, Hindu Religious Charitable Culture, Youth Welfare and Sports Development, etc.



8.7 Authorities for Audit and Revenue and Expenditure of financial year 2016-17

The Details of entrustment of University audit to Local Fund Audit Department and Revenue & expenditure of each University for the financial year 2016-17 are given below

Sl.No.	Name of the Universities	Entrustment of Audit (G.O)	Income Rs. (in lakhs)	Expenditure Rs. (in lakhs)
1	University of Madras	G.O.Ms.No.986. Fin(Fds) dt.17.10.86	99905.86	99425.58
2	Madurai Kamaraj University	G.O.Ms.No.990 Fin dt.29.08.66	22776.02	22410.19
3	Annamalai University	G.O.Ms.No.1705. Edu, dt.04.09.46	184064.00	188647.99
4	Anna University	G.O.Ms.No.520. Fin (Fds) dt.29.05.1980	235696.46	224314.38
5	TN Agricultural University	G.O.Ms.No.734.Fin (Fds) dt.01.06.1972	62168.81	64208.62
6	TANUVAS	G.O.Ms.No.1118, Fin I.F dt.25.10.1990	35518.00	29620.00
7	Bharathidasan University	G.O.Ms.No.450. Fin (Fds) dt.16.07.1982	44306.77	43249.06
8	Bharathiyar University	G.O.Ms.No.450, Fin (Fds) dt.16.07.1982	54414.84	53139.61
9	Alagappa University	G.O.Ms.No.916 Fin (Fds) dt.29.10.1987	18584.52	15911.97
10	Famil University	G.O.Ms.No.450 Fin (Fds) dt.16.07.1982	6402.86	7265.51
11	TN Dr. M.G.R Medical University	G.O.Ms.No.192 H.I.M & H & F.W dt.03.02.1990	12705.13	9367.39
12	Avinasilingam University for Women	G.O.Ms.No.328 Fin (I.F) dt.03.05.1991	15785.17	15917.90
13	Mother Teresa Women's University	G.O.Ms.No.293 Fin (Fds) dt.07.04.1986	7278.79	7532.36
14	Manonmaniam Sundaranar University	G.O.Ms.No.148 Fin (I.F) dt.03.03.1992	14244.42	12441.71

15	TN Dr. Ambedkar Law University	G.O.Ms.No.826 Fin (LF) dt.11.10.1999	6749.20	6802.46
16	Periyar University	G.O.Ms.No.491 Fin (LF) dt.17.05.2000	42490.25	42397.16
17	Thiruvalluvar University	G.O.Ms.No.133 Fin (LF) dt.04.04.2005	11442.73	11950.85
18	TN Open University	G.O.Ms.No.171 Fin (LF) dt.02.05.2005	5119.53	6102.28
19	TN Sports and Physical Education University	G.O.Ms.No.43 Fin (LF) dt.14.12.2005	1681.97	1330.05
20	TN Teacher Education University	G.O.Ms.No.504 Fin (LF) dt.01.07.2008	3044.59	1789.16
21	TN Dr. J. Jayalalitha Fisheries and Research University	G.O.Ms.No.174 Fin (LF) dt.30.05.2013	12958.00	11632.00
22	National Law School Trichy	G.O.Ms.No.299 Finance (LF) Dept., dt.26.12.2014	2569.21	2396.91
23	TN Music and Fine Arts University	G.O.Ms.No.23 Fin (LF) dt.27.01.2015	314.62	164.74

8.8 Audit Objections Raised

According to Local Fund Audit Act 2014-Section 20, after conducting the audit of Universities for the year 2016-17, only selective audit objections of important nature are consolidated and submitted before the Legislative Assembly.

8.8.1 2016-17 – Audit - University of Madras and Tamil Nadu Open University excess pay paid to readers and selection grade lecturers who have not completed the required 3 years of service Rs. 148.08 lakhs

(University of Madras Para No.14 and Tamil Nadu Open University Para No.13) /2016-17

As per GO (Ms) No 350 Higher Education (H1) Department dated 09.09.2009, the Pay Band of Rs. 37400 – 67000 with Academic Grade Pay (AGP)

Rs. 9000/- is applicable only to the incumbent Readers and selection grade Lecturers who have completed 3 years of service as on 01.01.2006.

The incumbent Readers and selection grade Lecturers who have not completed 3 years of service as on 01.01.2006 shall be allowed to fix their pay in the Pay Band of 15600 - 39100 with AGP Rs. 8000/- as per the above G.O.

Meanwhile, GO. (Ms) No 179 Higher Education dated 14.10.2014 allowed the Readers who were appointed during the period from 01.01.2006 to 09.09.2009 to fix their pay in the Pay Band of Rs. 37400 - 67000 with AGP Rs. 9000/-. However, in GO (Ms) No. 328 Higher Education Department dated 16.11.2017 cancelled the GO. (Ms) No 179 Higher Education dated 14.10.2014 and restored the status quo as maintained in the GO (Ms) No 350 Higher Education (III) Department dated 09.09.2009. Also, it has directed to recover excess pay paid if any under GO. (Ms) No 179 Higher Education dated 14.10.2014

The following Readers of University of Madras and Tamil Nadu Open University who had not completed the stipulated period of three years as on 01.01.2006 have been paid pay in the Pay Band of 37400 - 67000 with AGP Rs.9000/- as against the guidelines of the above cited Government orders with effect from their respective date of joining as shown against each and a consolidated excess payment of Rs. 148.08 Lakh has been incurred up to 2016-17:

S.No	Readers Name	Date of Joining	Excess pay sanctioned upto 2016-17
	University of Madras		
1	Dr. K. Ravichandran	01.07.2009	14,16,474
2	Dr. J. Lavanya	03.04.2008	11,69,348
3	Dr. R. Srinivasan	03.04.2008	14,36,096
4	Dr. N. Godhantaraman	26.11.2008	14,05,174

5	Dr. R. Rangarajan	20.08.2009	16.15.215
6	Dr. Elangovan Vellaichamy	10.04.2006	16.28.517
7	Dr. S. Balakumar	10.11.2008	14,60,657
8	Dr. S Janarthanan	05.03.2008	16,60,427
9	Dr. M. Srinivasan	21.07.2009	15,90,054
	Tamil Nadu Open University		
10	Dr. M. Manivannan	28.06.2007	14,26,060
		Total	1,48,08,022

In Audit it is insisted to the University authorities that the details of action taken in the subject matter be informed to the Government. No detail of action taken is intimated yet.

A consolidated excess payment of Rs. 148.08 lakh made to be recovered from the individuals concerned.

Reply received from Madras University:

Necessary action is being taken to implement the GO (Ms) No. 328 Higher Education Department dated 16.11.2017.

Audit Remarks:

Only the Interim reply is submitted to audit.

8.8.2 2016-17 – Audit - University of Madras – Excess expenditure incurred on award of selection grade at higher scale of pay and grade pay against the government order to six sergeants—Rs. 7.74 lakhs.

(Para no.17) /2016-17

As per GO Ms No. 234 Finance (Pay Cell) dated 01.06.2009, only the Pay Band of Rs. 5200 -- 20200 with GP Rs. 2200/- is allowed to the post of Sergeant in University of Madras. As per GO Ms No. 237 Finance (Pay Cell) dated 22.07.2013, on award of selection

grade on or after 01.01.2006 to Sergeants only two increments at 3% + 3% be sanctioned in the Pay Band of Rs. 5200 – 20200 with GP Rs. 2200/-.

But, contrary to the above mentioned Government order University of Madras has fixed the Pay Band of Rs. 9300 - 34800 with GP Rs. 4300/- to six Sergeants on completion of 10 years of service in sergeant post.

In the government letter No 7495/14/2014 Higher Education dated 02.01.2015 it is ratified that Non-Teaching posts in University of Madras are being governed by the State Government scales of pay. The scale of pay applicable to the post of Sergeant in Secretariat cannot be adopted to the post of Sergeant in University of Madras as the former post is being filled from the post of Sub Inspector of Police by transfer, who have served for a period of not less than 3 years.

As the Sergeant post in University of Madras is not being filled from the post of Sub-Inspector of Police by transfer and the minimum educational qualification of Bachelor Degree prescribed for appointment of Sub-Inspector in Police Department is not being adopted as a prescribed minimum educational qualification for appointment of Sergeant in University of Madras, the Pay Band allowed is against the guidelines issued by Government. Hence, the excess expenditure of Rs.7.74 lakh incurred towards Pay and Allowance to six Sergeants is not taken for calculation of annual additional grant.

Reply

Salary was claimed as per Syndicate decision dated 23.11.2010

Audit remarks

Government instructions to be followed.

8.8.3 2016-17 – Audit - University of Madras – Department of Bio – Technology – Existence of teaching posts beyond the tenure period of five years set by UGC – Rs. 65.58 lakh incurred in excess

(Para No. 20.c) /2016-17

Vide UGC Letter No. F 11-1/69 (CA/Bio-COS-1) dated 27.03.1999, Bio-Technology Department of University of Madras was sanctioned with an UGC assistance of Rs. 31 Lakh for a Scheme along with creation of one Professor and two Lecturer posts with a tenure period of 5 years starting from 01.04.1996. The tenure period of the said Scheme has already lapsed on 31.03.2001. Thereafter, Government approval would have been obtained for continuance of the said Scheme. But without obtaining Government approval, the above cited Teaching posts with an additional three Teaching post created later have been allowed to exist with effect from 01.04.2001. It is observed in audit that a sum of Rs. 65.58 lakh has been incurred towards Pay and Allowance in respect of the above mentioned Teaching Posts for the year 2016-17.

Reply received from Madras University:

The expenditure was met from the head of Non-plan Expenditure.

Audit Remarks:

It is insisted to obtain Government approval for the existence of Teaching Posts.

8.8.4 2016-17 – audit - university of madras – dr. ambedkar centre for economic studies – grant of rs. 124.96 lakhs not collected from dr. ambedkar foundation and assistant professor on cas granted to research officer against the guidelines of cas. (career advancement scheme)

Para No. 47/2016-17

Dr. Ambedkar chair for Economic Studies at University of Madras is functioning with effect from the month of May 1996 under the aegis of Dr. Ambedkar Foundation, Ministry of Social Justice and Empowerment, GOI, New Delhi.

With effect from the financial year 2011-12, the annual grant of the chair has been enhanced to 35 lakh with a sub allotment of 25 lakh towards “Salaries Head ”

to staff and 10 lakh towards the scheme of "Twelve Broad Activities". In addition, the following four posts have been created:-

S.No	Name of the Post	No of Posts	Pay Scale (Rs)
1	Professor	One	37,400-67,000+GP 10,000/-
2	Research Officer	One	15,600-39,100+GP 5,400/-
3	Stenographer	One	9,300-34,800+GP 4,200/-
4	Peon	One	5,200-20,200+GP 1,800/-

The syndicate - in circulation, dated 23.09.1998 considered the Chair as an Independent Department with a separate account with a opening deficit balance of Rs. 94.88.124/-. Without receiving any receipts and by incurring further an additional expenditure of Rs. 30,08,099/- the cumulative deficit of the account as on 31.03.2017 was increased to Rs. 1.24.96,223/-. The amount was not met from Part I Non plan expenditure of the University. The cumulative amount incurred as on 31.03.2017 shall be re-imbursed from the Dr. Ambedkar Foundation, Ministry of Social Justice and Empowerment.

The eligible grant -in- aid for eight financial years starting from 2009-10 to 2016-17 is Rs. 230 lakh and the break-up details of year wise eligibility is as follows:-

S.No	Year	Amount (Rs)
1	2009-10	10,00,000
2	2010-11	10,00,000
3	2011-12	35,00,000
4	2012-13	35,00,000
5	2013-14	35,00,000
6	2014-15	35,00,000
7	2015-16	35,00,000
8	2016-17	35,00,000
	TOTAL	2,30,00,000

But, the eligible grant-in-aid of 230 lakh is not yet demanded and collected from the funding agency concerned. As the eligible grant in-aid was not fully utilised, the reimbursement shall necessarily be restricted only to the actual cumulative expenditure of Rs. 124.96. In future the entire eligible annual grant-in-aid of Rs.35 lakh would be collected in advance and fully utilised .

Mr. S. Ramachandran being employed at this centre has been sanctioned with the scale of pay equivalent to that of University Teaching staff. No clarification has been obtained from the Dr..Ambedkar Foundation in this regard even though queries were raised in 2005 and 2006. Besides, Mr. S. Ramachandran is not fully qualified in the prescribed Evaluation of Publications which is a basic criterion for promotion of Associate Professor under CAS (Career Advancement Scheme). Hence, excess pay and allowances paid to the individual is objected to in Audit.

Reply received from Madras University: A Writ Petition filed by Mr. S. Ramachandiran at the Hon'ble Madras High Court is pending.

Audit Remarks: Only the Interim reply is submitted.

8.8.5 2016-17 – AUDIT - UNIVERSITY OF MADRAS – ONE CRORE SPECIAL GRANT RECEIVED FROM GOVERNMENT OF TAMILNADU – DURING 2008-09 TO DEVELOP DEPT OF CRIMINOLOGY (NEW BUILDING, EQUIPMENT, OTHER EXPDR, ETC) – FURNITURE PURCHASED – NO OTHER FUNDS UTILISED FROM OTHER HEADS – UNSPENT AMOUNT OF Rs. 77.61 LAKH WITH INTEREST TO BE REMITTED TO GOVT

Para No 50 /2016-17

Based on the proposal of the Registrar, University of Madras, Government of Tamil Nadu vide GO MS No. 375 Higher Education Department dated 11.09.2008 sanctioned a Non-Recurring Special Grant of One crore to develop the Department of Criminology of University of Madras as a Centre of Excellence. The Syndicate at its meetings held on 21.11.2008 has approved to sub allot the Grant as detailed below:

1	Building	Rs. 50 lakh
2	Equipments	Rs. 31 lakh
3	Other Expenditure	Rs. 19 lakh
Total		Rs. 100 lakh

The Hon'ble Governor of Tamil Nadu vide letter No. 1040/UA2/2011 dated 25.08.2011 has assented to upgrade the department of Criminology to the centre for Excellence in Cyber forensic and Information Security.

The building committee in its meeting held on 20.04.2011 has approved the proposal of raising 3rd floor over the Students Amenity Centre Block for an exclusive usage for the wing of Excellence in Cyber Forensic and Information Security. In this regard, the syndicate at its meeting held on 21.04.2011 has approved to meet out Rs. 40 lakh from the Government source and the rest of Rs.60 lakh from University Capital Fund.

Out of the special grant of One crore received, only a sum of Rs. 22.39 has been incurred towards purchase of Equipments. The balance of Rs.77.61 lakh is pending outstanding without any utilization for the last 10 years.

Even after the lapse of XI plan period on 31.03.2012, the creation of the desired wing of "Excellence in Cyber Forensic and Information Security" is not yet materialized. Moreover, Government instructions and Syndicate resolutions in this regard are not followed. It is instructed in audit to remit the unspent balance amount of 77.61 lakh with interest due to Government.

Reply received from Madras University: No time limit is fixed by the Government for utilization of the fund. However, the outstanding grant would be utilized in the current financial year.

9. Public Libraries

9.1 Tamil Nadu is the first State in Independent India where Public Libraries Act of 1948 was passed. It came into force from 01.04.1950. The Public Libraries Act has 19 Sections. In this Act, provision was made to establish Public Libraries all over the State and to appoint a Director to administer them. Section 12 (2) of the Public Libraries Act of 1948 paves the way to collect the library cess along with property tax and house tax being collected by the local bodies. As per the contents of the Act, 10 paise for every 1 rupee of property tax and house tax has to be collected as Library cess

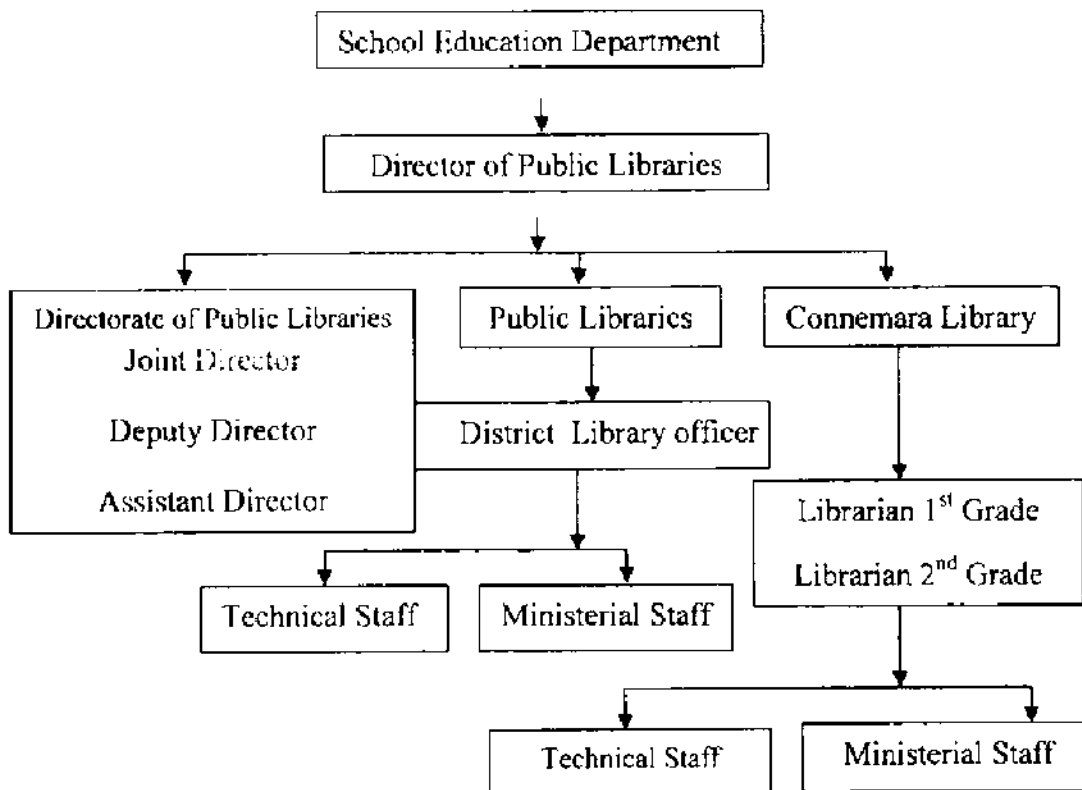
9.2 Moreover, as per Section 13 (3) of Public Libraries Act provision was made for equal contribution to be paid by Government to that of Library cess so collected to all the District Libraries except Chennai District.

9.3 There are totally 3924 Public Libraries in Tamil Nadu under the Department of Public Libraries. They are as follows.

1.	State Public Library	:	1
2.	District Libraries	:	30
3.	Branch Libraries	:	1667
4.	Mobile Libraries	:	12
5.	Rural Libraries	:	1727
6.	Part Time Libraries	:	487
	Total		3924

9.4 Administration setup

The Structure of Public Libraries administration is as follows



9.5 Public Library Department is functioning under the control of the Director of Libraries. The Director is being helped by the Joint Director, Deputy Director, Assistant Director, District Library Officer, Technical and Ministerial Staff in the day to day administration.

9.6 As per G.O. (Ms). No. 820/ Education Science and Technical Department dated 03.05.1982 District Library Staff are declared as Government Servants from 01.04.1982 onwards. Initially pay and allowances are being drawn from the Government fund. Later on the pay and allowances drawn from Government Head are being reimbursed from the Library Fund.

9.7 Duties of the Public Libraries

The following are the important duties of Public Libraries.

1. To inculcate the habit of reading among the people and to help them all to be educated.
2. Creating basic infrastructure facilities for inculcating reading habits.
3. Providing readable books to the public.
4. Uplifting of general knowledge and enhancing the financial position of the Libraries.

9.8 Authority for Audit

The Chennai District Library Authority was opened as per G.O.(Ms). No. 1634 / Education Department dated 30.05.1950. The audit of the District Libraries has been entrusted to the Local Fund Audit Department as per Section 16 and 17 of Public Libraries Act of 1948 and G.O. (Ms).No.1634/ Education Department dated 30.5.1950.

As per Section 2(g), Schedule S.No. 8 of the Local Fund Audit Act 2014, the Director of Local Fund Audit is the Statutory Auditor of District Libraries.

10. Market Committees

10.1 Market Committees are formed in all districts with the aim to help the farmers and traders and to regulate the sales. These market committees are functioning under the control of Department of Agriculture.

As per the Commercial Crop Act of 1933 Market Committee was formed first at Chennai in the year 1952. This Act and other Acts enacted later on were annulled. At present the Tamil Nadu Agricultural Marketing Products Regulating Act of 1987 is in vogue.

The Government has constituted the State Agricultural Marketing Board as an apex body to control and co-ordinate the Market Committees and Uzlavar Sandhais. At present there are 22 Market Committees and three Engineering wings at Vellore, Chennai and Madurai to undertake the construction works.

10.2 Authority for Audit

As per Rule No 40 of the Tamil Nadu Agriculture Produce Sales Act of 1959, G.O.(Ms). No.1581/ Agriculture department dated 04.07.1973 and section 2(g) schedule S.No. 9 of the Tamil Nadu Local Fund Audit Act of 2014 the audit of Market Committees is entrusted to the Local Fund Audit Department.

10.3 Source and Revenue

1) License Fees:

As per Section 8 (1) of the Tamil Nadu Agriculture Produce Sales (Regulating) Act of 1987, license fee has to be collected from the trader selling the agricultural products.

2) Sales charges

Sales charges are collected in markets where the purchases and sales activities are being under taken. This charge is collected at 1% of the selling and purchase cost. This is the main source of income for the Market Committee.

All expenditure including the establishment charges are met out from the above sale charges in the Market Committees.

10.4 Mortgage loan

In the Godowns constructed in the Regulated Market the farmers are allowed to keep their produce. Moreover, they can avail loan at 75% on the prevailing market rates of such products or Rs. 2 lakhs whichever is less.

The loan has to be repaid within a duration of six months.

10.5 Income & Expenditure:

22 Market Committees income for the year 2016-17 is Rs.21368.89 lakhs and the expenditure is Rs.21421.93 lakhs.

Income of the 3 Agriculture Engineering Section for the year 2016-17 is Rs. 13584.12 lakhs and the Expenditure is Rs.7281.11 lakhs .

Koyambedu Market Committee Income for the year 2016-17 is Rs. 1601.63 lakhs and the Expenditure is Rs.1479.68 lakhs.

Total Income for the Agriculture Marketing Board Chennai is Rs. 24179.21 lakhs and the Expenditure is Rs.20733.70 lakhs.

District Market Committee – Income and Expenditure

S. No	Districts	Income (Rs. in lakhs)	Expenditure (Rs. in lakhs)
1	Vellore	441.47	464.52
2	Ramanathapuram (at Viruthunagar)	2070.85	2287.16
3	Salem	2184.40	1365.15
4	Coimbatore	1462.89	1032.96
5	Cuddalore	595.94	454.38
6	Dharmapuri	369.96	294.97

7	Villupuram	1774.92	1843.91
8	Thanjavur	2074.27	2070.37
9	Kanniyakumari (Nagarcoil)	1257.19	1201.97
10	Thiruvannamalai	505.64	627.58
11	Pudukottai	196.47	161.29
12	Madurai	971.66	920.20
13	Kanchipuram	364.66	450.40
14	Tiruchirappalli	375.78	115.96
15	Tirunelveli	853.55	1289.34
16	Thiruvarur	366.09	261.10
17	Dindigul	1922.67	1984.05
18	Nagapattinam	209.21	123.42
19	Theni	570.72	132.13
20	Nilagiri (Ooty)	36.07	33.59
21	Tirupur	1282.68	547.77
22	Erode	1481.80	3759.71
	Total	21368.89	21421.93
23	Vellore (Engg.) Section	2814.00	2292.79
24	Madurai (Engg.) Section	3180.97	2563.25
25	Guindy (Engg.) Section	7589.15	2425.07
	Total	13584.12	7281.11
26	Koyambedu	1601.63	1479.68
27	Tamil Nadu Agriculture Marketing Board, Chennai	24179.21	20733.70

11. Non – Preparation & approval of Budget

Budget estimate of Local bodies for the succeeding financial year are to be got approved in the current financial year. On the basis of the approved Budget the receipt should be watched and the expenditure should be incurred. It is noticed and pointed out in Audit such procedures are not being adhered to. Further, in the Annual Report on the Technical Guidance and Support to this Department issued by the Office of the Principal Accountant General (G&SSA) in Pr.AG.(G&SSA)/SS II/Tech Cell/TG&S/2019-2020/12, dated 10.06.2019, it was suggested that the Local Fund Audit should strictly insist the Local Bodies for preparation of the Annual Budget and it is to be highlighted in the Local Fund Audit Report. Hence, it is suggested in audit that the Director of Rural Development and Panchayat Raj Department, Director of Town Panchayat and Director of Municipal Administration to take appropriate action to prepare the Budget and watch the flow of income and expenditure.

P. Velsamy
03/03/2020

(P. Velsamy)
Director

Directorate of Local Fund Audit

Chennai – 35
Date : 03.03.2020