

**An Overview of the serious irregularities found during the audit of
Municipal Corporation Shimla for the period 2009-10**

SrNo	Brief description of irregularity	Amount (` . in lac)	Para No.
1	Out standing Advances	` 2667.18	12
2	Establishment Expenditure in contravention to the Provisions of Section 75(1) of HP Municipal Corporation Act 1994.	` 2513.12	7
3	Unspent balance of G.I.A. as on 31-03-10	` 1825.40	5(2)
4	Loss of interest income due to making of FDRs for shorter period.	` 135.45	6(2)(b)
5	Loss of interest income due to investment in FDR's on a/c of GPF, CPS on lower rate of interest.	` 44.42	6(2)(a)
6	Loss of Rent Revenue due to Non/Less carrying over the previous year balances	` 21.97	6(5)
7	Unauthorized Expenditure out of Grant In Aid	` 8.61	5(3)
8	Non deduction and deposit of Worker cess from Contractor's Bill in respect of works of B& R Deptt. and WS&SD	` 6.36	10(17)
9	Loss of Tax Revenue due to Non Assessment of Property Tax/Irregular Remission	` 2.39	6(3)(a)
10	Short realization of Building Application Fee during the period 01.04.2009 to 31.03.2010	` 2.01	6(1)(a)
11	Irregular payment of 32% share of Lab Fees to Lab Staff	` 1.78	8(3)
12	Excess Payment to the various Contractors of WS&S Deptt. Due to Deviation of specification, Wrong measurements, Short recovery of stones, Payment of higher rates of extra/substitute items, non recovery of material issued to the Contractor.	` 1.78	10
13	Over payment of Pay & Allowances to the employees on account of wrong sanction of benefits under ACPS, Wrong pay fixation, Wrong sanction of family planning allowance & Deputation allowance.	` 1.50	7(2)&7(3)
14	Overpayment to the various Contractors of R&B Deptt. on account of Awarding rates over and above the departmental justification, Wrong measurements, Short recovery of stones	` 0.77	9

	& Road Roller Charges, Non recovery of water charges, Double measurements, Payment of higher rates of extra/substitute items .		
15	Overpayment of Retirement benefits	`0.60	13(1)
16	Non realization of Restoration charges from the consumers who did not deposit the water charges with in due date.	`0.45	6(4)
17	Loss of income due to Dishonored cheque	`0.26	6(6)
18	Loss of income due to difference between Tax assessed & demand raised	`0.22	6(3)(b)
19	Excess Consumption of Diesel/Petrol due to non maintaining the mileage fixed by the Municipal Corporation.	`0.19	11(1)
20	Late credit of Pension Contribution amounting to `78.72lacs into the Pension & Gratuity Fund during the 2009-10 resulting penal interest.	`0.17	13(2)
21	Reimbursement of inadmissible medicines.	0.02	8(2)

Audit & Inspection Report on the accounts of Municipal Corporation Shimla for the period 01.04.2009 to 31.03.2010

Part –I

Para -1(a) Introduction

The audit of Accounts of Municipal Corporation Shimla was previously being conducted under the control of Director Urban Development, H.P. as per provisions of Sub section 3 of Section 161 of HP Municipal Corporation Act 1994 (HP Act No. 12 of 1994). But due to amendment made vide Act No. 19 of 2007 effected from 29.09.2007 in sub section 3 of section 161 the audit of Municipal Corporation Shimla was entrusted to the Director, Local Audit Department H.P. Shimla-09 vide Govt. of Himachal Pradesh department of finance notification No.1-376/81-Fin(LA) –Vol. IV dated 16.10.08, accordingly the audit of Municipal Corporation Shimla was undertaken on behalf of Director, Local Audit Department H.P Shimla-09.

During the audit period, the charge of the office of the Hon'ble Mayor and the Commissioner was held by the following Officers:-

SrNo.		Period	
		From	To
(1)	The Hon'ble Mayor		
1	Sh.Narinder Kataria	01.04.2009	04.12.2009
2	Smt.Madhu Sood	05.12.2009	Till date
(2)	The Commissioner		
1	Sh.A.N.Sharma,IPS	01.04.2009	Till date

(b) An Overview of the serious irregularities

SrNo	Brief description of irregularity	Amount (₹in lac)	Para No.
1	Out standing Advances	₹2667.18	12
2	Establishment Expenditure in contravention to the Provisions of Section 75(1) of HP Municipal Corporation Act 1994.	₹2513.12	7
3	Unspent balance of G.I.A. as on 31-03-10	₹1825.40	5(2)
4	Loss of interest income due to making of FDRs for shorter period.	₹135.45	6(2)(b)
5	Loss of interest income due to investment in FDR's on a/c of GPF, CPS on lowere rate of interest.	₹44.42	6(2)(a)
6	Loss of Rent Revenue due to Non/Less carrying over the previous year balances	₹21.97	6(5)
7	Unauthorized Expenditure out of Grant In Aid	₹8.61	5(3)
8	Non deduction and deposit of Worker cess from Contractor's Bill in respect of works of B& R Deptt. and WS&SD	₹6.36	10(16)
9	Loss of Tax Revenue due to Non Assessment of Property Tax/Irregular Remission	₹2.39	6(3)(a)
10	Short realization of Building Application Fee during the period 01.04.2009 to 31.03.2010	₹2.01	6(1)(a)
11	Irregular payment of 32% share of Lab Fees to Lab Staff	₹1.78	8(3)
12	Excess Payment to the various Contractors of WS&S Deptt. Due to Deviation of specification, Wrong measurements, Short recovery of stones, Payment of higher rates of extra/substitute items, non recovery of material issued to the Contractor.	₹1.78	10
13	Over payment of Pay & Allowances to the employees on account of wrong sanction of benefits under ACPS, Wrong pay fixation, Wrong sanction of family planning allowance & Deputation allowance.	₹1.50	7(2)&7(3)
14	Overpayment to the various Contractors of R&B Deptt. on account of Awarding rates over and above the departmental justification, Wrong measurements, Short recovery of stones & Road Roller Charges, Non recovery of water charges, Double measurements, Payment of higher rates of extra/substitute items .	₹0.77	9

15	Overpayment of Retirement benefits	₹0.60	13(1)
16	Non realization of Restoration charges from the consumers who did not deposit the water charges with in due date.	₹0.45	6(4)
17	Loss of income due to Dishonoured cheque	₹0.26	6(6)
18	Loss of income due to difference between Tax assessed & demand raised	₹0.22	6(3)(b)
19	Excess Consumption of Diesel/Petrol due to non maintaining the mileage fixed by the Municipal Corporation.	₹0.19	11(1)
20	Late credit of Pension Contribution amounting to `78.72lacs into the Pension & Gratuity Fund during the 2009-10 resulting penal interest.	₹0.17	13(2)
21	Reimbursement of inadmissible medicines.	₹0.02	8(2)

(c) Comparative View of Financial Position (Income & Expenditure) for the last two years.

Income

(Rs. in Lac)

SNo	Particulars	2008-09	2009-10
1	Tax Revenue	`654.35	`743.97
2	Assigned Revenue and compensation.	`1035.68	`1041.79
3	Rental Income from Municipal Properties.	`192.75	`264.03
4	Fee & User Charges.	`888.80	`1029.41
5	Sale & Hire Charges	`9.29	`17.73
6	Revenue Grants, Contribution & Subsidies	`745.53	`329.44
7	Misc. Income	`244.86	`130.23

Expenditure (Excluding Provisions & Write Off and Depreciation)

(Rs. in Lac)

SNo	Particulars	2008-09	2009-10
1	Establishment Expenses	`2129.33	`2513.12
2	Administrative Expenses	`84.31	`100.33
3	Operation & Maintenance Expenses	`1922.49	`2811.20
4	Interest & Finance Expenses	`4.07	`0.60
5	Programme Expenses	`4.11	`1.39
6	Revenue Grants, Contribution & Subsidies	`0.18	`0.38

The brief comments on the comparative view of income and expenditure accounts of the Municipal Corporation are as under

I. Tax Revenue :-

The Income from Tax Revenue is consisting of income from Property Tax, Water Tax, Sewerage Tax, Vehicle Tax and Show Tax. The Tax Revenue has registered a increase of 13.69% during the year 2009-10 as compared to 2008-09. Although there is an over all increase in the tax revenue but the property tax on residential building was assessed during the year 2009-10 less by **₹239.50** lac as compared to 2008-09. Since the accounts of Municipal Corporation is being maintained on accrual basis therefore the decrease in Property tax on residential building needs detailed investigation. The results thereof may be reported to audit.

II Assigned Revenue and compensation :-

The Income from Assigned Revenue and compensation is comprising of Tax & Duties collected by others and receipt of Compensation of in lieu of the Octroi from State Government. The income under the head has shown a increase of 0.59% as compared to 2008-09. The increase in the income under the head is due to the enhancement of compensation in lieu of Taxes/Duties- Compensation in lieu of Octroi and Taxes & Duties Collected by Others- Tax on sale of Liquor during the year 2009-10 but there is a decrease of `3.98 lac in tax on consumption of electricity which needs attention of the authority.

III Rental Income from Municipal Properties :-

The Rental income from Municipal Properties is constituted of Rent from Markets, Shopping Complex, Community Halls, Guest Houses, Labour Hostel, Lease of Land etc. There is a 36.97% increase in the income of the years 2009-10 as compared to 2008-09 the increase is due to change in rents of the property and Rent from lease of Land etc.

IV Fee and User Charges :-

The main constitutes of Income from fee & user charges are Advertisement fees, Compounding fee, Slaughter house fee, Water Charges (Domestic), Water Charges (Commercial), Death & Birth, License Fee etc. There is an increase of 15.82% in the income during the year 2009-10 as compared to income received during 2008-09. However in the following subhead of accounts the decrease in income is observed. The reasons for decrease in income may be investigated and result thereof may be pointed out to audit.

(in Lac)

SrNo.	Sub Head	2008-09	2009-10
1.	Licensing Fees- Staff Quarter	`0.57	`0.51
2	Licensing Fees- Plumbing License	`0.55	`0.30
3	Water Tanker Charges	`11.64	`8.83
4	License Fee Hawking	`9.60	`8.57
5	Parking Fees	`101.41	`93.64
6	Telephone Tower Charges	`3.40	`1.10

V Sale & Hire Charges :-

The head of income comprises income from sale of Tender Form, Sale obsolete stores, Hire Charges of Vehicles, Road Roller etc. From the comparative view of income received during previous year it is observed that there is an increase of 90.80% in the income during the year 2009-10 as compared to income of 2008-09.

VI Revenue Grants, Contribution & Subsidies:-

Under this head, the receipt from Revenue Grants for development purposes, maintenance of work, reimbursement of Salary expenses of sanitary staff deputed for scavenging of roads in CPWD Colony are accounted for. The comparative view of the head shows that there is steep decrease of 126.30% as compared to the year 2008-09. The reasons for decrease in income may be investigated and result thereof may be pointed out to audit.

VII Establishment Expenses:-

The head of the expenditure includes salary and wages of staff reimbursement of medical expenses, LTC, leave encashment, payment of honorarium to councilors, employer contribution towards pension & gratuity fund etc. The expenditure has registered an increase of `383.79 lac during the year 2009-10 as compared to the year 2008-09. The increase in expenditure is due to the sanction of revision of pay scale. Besides this, the Corporation had filled the posts in excess to the sanctioned posts which also caused the heavy increase in establishment expenditure.

VIII Administrative Expenses:-

The expenses incurred on rent rate taxes, water and electricity charges, service postage, telephone expenses etc. are clubbed under this head of account. The comparative view of the expenditure under the head shows that there is increase of 19% in expenditure during the year 2009-10 as compared to the expenditure incurred during the year 2008-09. The authorities are advised to make the expenditure in most comparative and economic manner so as to minimize the deficit.

IX Operation & Maintenance Expenses:-

The operation and maintenance expenses includes the expenditure on power & fuel, bulk purchase of water and electricity, repair and maintenance of road and bridges, street lights, drain etc. There is an increase of 46.22% during 2009-10 as compared to 2008-09. The increase in expenditure during 2009-10 was due to increase in rate of purchase of electricity and water supply and repair and maintenance road and bridges, footpaths, residential buildings, garbage clearance. The authorities are advised to explore

the possibilities of levying/recovering user charges against the facilities provided in order to minimize the deficit.

X Interest & Finance Expenses:-

The expenses incurred on payment of interest on loans taken from Govt. and other financial institutions and payment of bank charges are clubbed under this head. The comparative view of the expenditure under the head shows and decreases during the year 2009-10 as compared to 2008-09.

(d) Suggestions

- (i) Investment of Funds should be made in very comparative manner so that maximum interest could be earned. Proper financial management of idle/surplus money in FDRs may be insured.**
- (ii) Rationalization of staffing pattern and fixing responsibilities of Heads of the Section /Deptt to achieve required progress of work.**
- (iii) Organizing Training Programmes and refresher courses to the employees regarding computer application in day to day activities of the organization.**
- (iv) Making purchases in a most economic & competitive manner.**
- (v) Creation of Income generating assets like Shops, Community Centers, Commercial Complex etc. by utilizing the capital grant in aid with in stipulated period.**
- (vi) Periodical review of recovery of arrears of Property Tax, Water charges, Property Rent etc. by fixing targets for the same.**
- (vii) Fixing of water rates in such a manner so that at least cost of water and operation and maintenance charges are recovered.**
- (viii) The sale of water on average consumption may be stopped by applying the provisions contained in section 172(1) of the HP Municipal Act 1994 i.e the Consumer may be asked to provide water meters at their own cost.**
- (ix) Providing water meter at branch level by giving sufficient protection in order to avoid water theft and to save the time of meter reader.**

- (x) Conversion of commercial water connection into domestic connection only on submission of completion plan of complete building instead of single storey or otherwise.
- (xi) Practice of Dishonoured Cheques should be discouraged some penalty should be imposed against the defaulters on the lines of Bank.
- (xii) Exploring the possibilities for charging fee with regard to lighting as per the provisions of Section 85(1) of the HP MC Act 1994 since the corporation is incurring heavy expenditure on the payment of street light bills.
- (xiii) Exploring the possibility for charging fee with regard to scavenging.
- (xiv) Periodical review of utilization of Grant in Aid received for Assets creations.
- (xv) Physical Verification of Fixed Assets should be made Periodically.

(e) Outstanding old Paras :-

There are **3455 Nos audit paras/audit requisitions pending** for settlement. The year wise detail of pending audit paras /audit requisitions as per last audit and inspection note are as under :-

SrNo	Year	No of Audit Paras/Audit requisitions pending for settlement
1	1978-79	241
2	1979-80	209
3	1980-81	194
4	1981-82	164
5	1982-83	246
6	1983-84	119
7	1984-85	112
8	1985-86	137
9	1986-87	180
10	1987-88	272
11	1988-89	258
12	1989-90	252
13	1990-91	142
14	1991-92	291
15	1992-93	301
16	1993-94	Information not available
17	1994 to 1996	171
18	1996-2000	166
19	2000-2009	14
	Total	3469

The municipal authority vide audit requisition No. 20-21A dated 25.08.11 was requested to submit the year wise annotated reply to the pending audit paras/audit

requisitions but no serious efforts has been made by the authority to get these paras settled. Strenuous efforts are required to be taken by the authority for the early settlement of so long outstanding audit paras.

Part –II

Para 2 Present Audit :-

The present audit & inspection of the accounts of the Municipal Corporation Shimla for the period 04/2009 to 03/2010 was conducted by the audit party consisting of Assistant Controller, Section Officers and Junior Auditor under the supervision of Sh. Padam Singh Kanwar Deputy Director (Audit). During the period 02.08.2011 to 01.09.2011 The accounts for the months of 04/09 and 07/09 were selected for detailed checking of income and expenditure respectively, the results thereof have been incorporated in the succeeding paragraphs. All the records except mentioned hereinafter was made available to audit. **The Local Audit Department disclaim any responsibility for any misinformation or non submission of information on the part of auditee. The responsibility of audit is confined to the months selected for detailed check.**

Para 3 Audit Fee :-

The audit fee for conducting the audit and inspection of the accounts of the Municipal Corporation Shimla for the period 04/2009 to 03/2010 was worked out for `130800.00as per **Annexure–B** attached to this report. The Commissioner, Municipal Corporation Shimla vide audit requisition No. 82 MC/2011 dated 03-10-2011, was requested to remit `130800.00 to the Director, Local Audit Department, Block No. 38 SDA Complex, Kasumpti, Shimla09 at the earliest.

Para 4 Financial Position:-

The financial position of the Municipal Corporation Shimla for the period 01.04.2009 to 31.03.2010 was as under :-

(1) Municipal Fund including Grant in aid :-

The Municipal Corporation had shifted the maintenance of accounts from existing system i.e. single entry to double entry system on accrual basis by adopting Shimla Municipal Corporation Accounts Manual approved by the State Government vides its letter No. UDC (15) 5/2003-II dated 03.04.2007. The financial statements i.e. as Income & Expenditure Account for the period 01.04.09 to 31.03.2010 and balance sheet as on 31-03-10 prepared and checked by the Chartered Accountant were as under

(In lakhs)			
Code No.	Description of Item	Current Year Amount	Previous Year Amount
		(₹)	(₹)
	<u>LIABILITIES:-</u>		
	<u>Reserve & Surplus</u>		
310	Municipal General Fund	3962979344.90	4349352486
311	Earmarked Funds	194087163.62	195159364
312	Reserves	39787368.00	19285226
	Total Reserves & Surplus	4196853876.52	4563797076
320	Grants, Contributions for Specific Purposes	330834179.83	204521177
	<u>Loans:-</u>		
330	Secured Loans	20000000.00	20000000
331	Unsecured Loans	0.00	0.00
	Total Loans	20000000.00	20000000
	<u>Current Liabilities & Provisions</u>		
340	Deposits Received	24801152.00	22373878
341	Deposits Works	6806583.00	7360624
350	Other Liabilities (Sundry Creditors)	842463269.00	611105640
360	Provisions	0.00	0.00
	Total Current Liabilities & Provisions	874071004.00	640840142
	Total	5421759060.35	5429158395

BALANCE SHEET AS ON 31.03.2010

<u>ASSETS:-</u>			
	<u>Fixed Assets</u>		
410	Gross Block	4660838531.97	4736842240
411	Less:-Accumulated Depreciation	181005922.34	192197415
	Net Block	4479832609.63	4544644825
412	Capital Work In Progress	38224997.00	29437884
	Total Fixed Assets	4518057606.63	4574082709
	<u>Investments</u>		
420	Investments General Fund	191571710.07	225370216
421	Investment Other Funds	282414966.00	242740981
	Total Investments	473986676.07	468111197
	<u>Current Assets Loans & Advances</u>		
430	Stock in Hand (Inventories)	8699615.53	8710479
431	Sundry Debtors (Receivables) Gross	84656335.71	125394714
	Amount Outstanding		
432	Less:- Accumulated Provisions	0.00	0.00
	Against Bad & Doubtful Receivables		
	Net amount Outstanding	84656335.71	125394714
440	Prepaid Expenses	0.00	0.00
450	Cash and Bank Balance	68997056.91	41426196
460	Loans, Advances & Deposits	266718390.50	210498736
461	Less:- Accumulated Provisions	0.00	0.00
	Against Loans		
	Net Amount Outstanding	266718390.50	210498736
	Total Current Assets, Loans & Advances	429071398.65	386030125
470	Other Assets	328379.00	619364
480	Miscellaneous Expenditure(to the extent not written off)	315000.00	315000
	Total	5421759060.35	5429158395

Commissioner

Assistant Commissioner

Accounts Officers

Place: Shimla

Date: 18- January-2011

For: Rajeev Sood & Co.
Chartered Accountants

(Rajeev Sood)
Partner

Code No.	INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31.03.2010		
	Head of Account	Current Year Amount (₹)	Previous Year Amount (₹)
1	2	3	4
	INCOME:		
110	Tax Revenue	74397633.00	65435487
120	Assigned Revenues & Compensation	104179834.00	103568347
130	Rental Income from Municipal Properties	26403028.00	19275991
140	Fees & User Charges	102941352.00	88879776
150	Sale & Hire Charges	1773415.00	929484
160	Revenue Grants, Contributions & Subsidies	32944156.00	74553679
170	Income from Investments	10780484.06	21887455
171	Interest Earned	1478032.70	1508360
180	Other Income	764637.00	1090671
A	TOTAL INCOME:	355662571.76	377129250
	EXPENDITURE:		
210	Establishment Expenses	251311977.00	212933390
220	Administrative Expenses	10033168.00	8430639
230	Operations & Maintenance	281119927.00	192249636
240	Interest & Finance Expenses	60305.61	407032
250	Programme Expenses	139613.00	411376
260	Revenue Grants, Contributions & subsidies	37500.00	18316
270	Provisions & Write off	0.00	0
271	Miscellaneous Expenses	0.00	0
272	Depreciation	181013421.42	192197415
B	TOTAL EXPENDITURE:	723715912.03	606647804
A-B	<i>Gross surplus/ (deficit) of income over expenditure before Prior Period Items</i>	(368053340.27)	(229518554)
280	Add: Prior period Items (Net)	(17931295.00)	(13755522)
	<i>Gross surplus/ (deficit) of income over expenditure after Prior Period Items</i>	(385984635.27)	(243274076)

290	Less: Transfer to Reserve Funds		
<i>Net balance being surplus/ deficit carried over to Municipal Fund</i>		(385984635.27)	(243274076)

Schedule B-17 :Cash and Bank Balances [Code No 450]

Code No.	Particulars	Current year Amount (₹)
1	2	3
450-10-01	Cash	4006.00
Balance with Bank - Municipal Funds		
450-21-01	Nationalised Banks -SBI	29353.52
450-22-01	Other Scheduled Banks-HDFC Bank	603272.71
450-23-01	Scheduled Co-operative Banks-HPSCB (Main)	25319213.36
Sub-total		25951839.59
Balance with Bank - Special Funds		
450-41-01	Nationalised Banks-State Bank of Patiala	352463.84
450-41-02	Nationalised Banks-PNB (Main)	612192.00
450-41-03	Special Fund- SBI(P&G Fund)	4401718.00
450-43-01	Scheduled Co-operative Banks-HPSCB (Main) GP Fund	7091918.68
Sub-total		12458292.52
Balance with Bank - Grant Funds		
450-61-01	Nationalised Banks-PNB (Main)	0.00
450-61-02	Nationalised Banks-PNB (Near Lift)	50428.00
450-61-03	Nationalised Banks-UCO Bank(Main)	135369.00
450-61-04	Nationalised Banks-District Treasury Shimla(PLA)	3460304.00
450-61-05	Grant Fund- Indian Bank The Mall Shimla(JNNURM)	6355641.00

450-61-06	Grant Fund -SBI Shimla(ASCROW ACCOUNT)	16116642.00
450-62-01	Grant Fund-J and k Bank, The Mall, Shimla (JNNURM)	1262398.00
450-63-01	Scheduled Co-operative Banks-HPSCB (JNNURM)	3202136.80
Sub-total		30582918.80
Total Cash and Bank balances		68997056.91

1	BANK RECONCILIATION STATEMENT FOR HPSCB(2527) AS ON 1.3.2010 to 31.3.2010		
	Particulars	Amount (`) (+)	Amount (` .) (-)
	Balance as per Cash Book as on 31.3.2010	` 25319213.36	
	Add:Cheques issued but not presented for payment in Sept., 2009	2059	
	Add:Cheques issued but not presented for payment in Oct, 2009	2030	
	Add:Cheques issued but not presented for payment in Nov., 2009	150	
	Add:Cheques issued but not presented for payment up to 31.12.2009	2160	
	Add:Cheques issued but not presented for payment up to 31.1.2010	5202	
	Add:Cheques issued but not presented for payment upto 28.2.10	454746	
	Add:Cheques issued but not presented for payment upto 31.3.10	15402712	
	Less cheques presented in Bank but not collected by Bank up to 28.2.10	0	10700
	Less cheques presented in Bank but not collected by Bank up to 31.3.2010	0	2043747
	Total (+ & -)	15869059.00	2054447.00
	Balance as per cash Book as on 31.3.10		` 39133825.36
	Balance as per Bank Pass Book as on 31.3.10		` 39133825.36

2	BANK RECONCILIATION STATEMENT FOR SBI(10835924882) AS ON 1.4.2009 to 31.3.2010		
	Particulars	Amount (`)(+)	Amount (` .) (-)
	Balance as per Cash Book as on 31.3.2010	` 29353.52	
	Total (+ & -)	0.00	0
	Balance as per cash Book as on 31.3.2010		` 29353.52
	Balance as per Bank Pass Book as on 31.3.2010		` 29353.52

3	BANK RECONCILIATION STATEMENT FOR HDFC(5242320000183) A/C Municipal Fund AS ON 1.4.2009to 31.3.2010		
	Particulars	Amount (`)(+)	Amount (` .) (-)
	Bank Balance as per Cash Book as on 31.3.2010	` 603272.71	
	Total (+ & -)	0.00	0
	Balance as per cash Book as on 31.3.2010		` 603272.71
	Balance as per Bank Pass Book as on 31.3.2010		` 603272.71

4	Bank Reconcillation Statement in respect of PLA ACCOUNT as on 31.3.2010 A/No.8448-PLA with Distt. Treasury (Grant Fund)		
	Particulars	Amount(` .)	Amount(` .)
	Balance as per Cash Book as on 31.3.10		` 3460304.00
	Balance as per PLA Ledger/Statement as on 31.3.10		` 3460304.00

5	Bank Reconcillation Statement in respect of UCO Bank as on 31.3.2010 BEAUTIFICATION A/C No.82686 (Grant Fund)		
	Particulars	Amount(` .)	Amount(` .)
	Balance as per Cash Book as on 31.3.10	` 135369.00	
	Total (+ & -)	0.00	0.00
	Correct Balance as per Cash Book as on 31.3.11		` 135369.00
	Balance as per Pass Book/Bank Statement as on 31.3.10		` 135369.00

6	Bank Reconciliation Statement in respect of PNB(Near Lift) as on 31.3.2010 SJSRY Account No. 6428 (Grant Fund)		
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Particulars	Amount (₹) (+)	Amount (₹) (-)
Balance as per Cash Book as on 31.3.2010	₹ 50428.00	
Total (+ & -)	0.00	0.00
Correct Balance as per Cash Book as on 31.3.10		₹ 50428.00
Balance as per Pass Book/Bank Statement as on 31.3.10		₹ 50428.00

7	Modern Abbatoir (ESCROW) Account No.30577614909 (Grant Fund) as on 31.03.2010		
	Particulars	Amount (₹) (+)	Amount (₹) (-)
	Balance as per Cash Book as on 31.3.2010	₹ 16116642.00	
	Total (+ & -)	0.00	0.00
	Correct Balance as per Cash Book as on 31.3.10		₹ 16116642.00
	Balance as per Bank Pass Book as on 31.3.10		₹ 16116642.00

8	Bank Reconciliation Statement in respect of Indian Bank as on 31.3.10 JNNURM- Loan A/C No. 828450461 (Grant Fund)		
	Particulars	Amount (₹) (+)	Amount (₹)(-)
	Balance as per Cash Book as on 31.3.2010	₹ 6355641.00	
	Total (+ & -)	0.00	0
	Correct Balance as per Cash Book as on 31.3.10		₹ 6355641.00
	Balance as per Bank Pass Book as on 31.3.10		₹ 6355641.00

9	Bank Reconciliation Statement in respect of J & K Bank, The Mall, Shimla as on 31.3.10 JNNURM- A/C No. 4778		
	Particulars	Amount (₹) (+)	Amount (₹)(-)
	Balance as per Cash Book as on 31.3.2010	₹ 1262398.00	
	Total (+ & -)	0.00	0
	Correct Balance as per Cash Book as on 31.3.10		₹ 1262398.00
	Balance as per Bank Pass Book as on 31.3.10		₹ 1262398.00

10	Bank Reconciliation Statement in respect of HPSCB(JNNURM) as on 31.3.10 JNNURM- A/C No. 4380127752 (Grant Fund)		
	Particulars	Amount (₹) (+)	Amount (₹)(-)
	Balance as per Cash Book as on 31.3.2010	₹ 3202136.80	
	Total (+ & -)	0.00	0
	Correct Balance as per Cash Book as on 31.3.10		₹ 3202136.80
	Balance as per Bank Pass Book as on 31.3.10		₹ 3202136.80

(2) General Provident Fund (Actual Basis)

The financial position of General Provident Fund w.e.f 01.04.09 to 31.03.10 was as under:-

Year	Opening Balance	Income (Inclusive of intt.)	Total	Expenditure	Closing Balance
2009-10	₹ 1579696.68	₹ 39686040.00	₹ 41265736.68	₹ 34173818.00	₹ 70,91,918.68

Balance as on 31.03.10 as Bank Pass book A/c No 24944 of HPSC Bank, Shimla	₹ 70,91,918.68
Balance as per Cash Book as on 31.03.10	₹ 70,91,918.68

(3) Pension Fund (Actual Basis):-

Year	Opening Balance	Income (Inclusive of intt.)	Total	Expenditure	Closing Balance
2009-10	₹ 2762959.84	₹ 37403076.00	₹ 40166035.84	₹ 35411854.00	₹ 47,54,181.84

Balance as on 31.03.10 as Bank Pass Book A/C No. 30576178519 of SBI, Shimla	₹ 44,01,718.00
Balance as on 31.03.10 as Bank Pass Book A/C No. of SBOP, Shimla	₹ 3,52,463.84
Grand Total	₹ 47,54,181.84

(4) Contributory Pension Scheme:-

The Contributory Pension Scheme notified by the Govt. of Himachal Pradesh vide notification No. Fin(Pension)a(3)-1/96 dated 15.05.03 was adopted by the Municipal Corporation vide Commissioner's order No. MCS/EA/1377/Gen./06 -362 dated 05.02.2007. The scheme was made applicable to all the employees who were appointed on regular basis on or after 15.05.2003. The CPS Fund was established w.e.f 01.04.07. The financial position of the fund w.e.f 01.04.09 to 31.03.2010 was as under.

(Actual Basis)

Year	Opening Balance	Income (Inclusive of intt.)	Total	Expenditure	Closing Balance
2009-10	₹ 535646.00	₹ 10164396.00	₹ 10700042.00	₹ 10087850.00	₹ 612192.00

Balance as per Bank Pass Book A/c No. 0427002100575009 as on 31.03.10	₹ 612192.00
Balance as per Cash Book as on 31.03.10	₹ 612192.00

(5) Fixed Deposit Receipts:-

The Municipal Corporation Shimla had a balance of `4740.00 lac in FDR's as on 31.03.2010, the detail of which was as follows:-

Detail Of Investment

Name of Fund	Amount	Remarks
MC Fund Investment	`191571710.02	FDRs wise detail is given at Annexure "G" attached.
GP Fund Investment	`154078245.00	-----do-----
Pension Fund Investment	`19649891.00	-----do-----
CPS Investment	`15231019.00	-----do-----
Grant Fund Investment	`93455811.00	-----do-----
Total	`473986676.02	

(6) Comparison of Budgeted Expenditure with the Actuals

A comparison statement between the Budgeted expenditure and the actual expenditure is as under:-

Code No.	Head of Account	Budgeted Expenditure	Actual Expenditure	% Increase and Decrease
210	Establishment Expenses	2727.84	2513.12	(-) 7.87%
220	Administrative Expenses	127.28	100.33	(-) 21.17%
230	Operations & Maintenance	8527.65	2811.20	(-) 67.03%
240	Interest & Finance Expenses	0.15	0.60	(+) 300%
250	Programme Expenses	4.00	1.39	(-) 65.25%
260	Revenue Grants, Contributions & subsidies	0.00	0.37	

Para 5(1) Grant in Aid:-

The statement showing the position of GIA received, expenditure incurred there against along with unspent balance during the period 01/04/2009 to 31/03/2010 as supplied to audit by the municipal corporation authorities is given at **Annexure—D**

(2) Unspent balance of G.I.A. as on 31-03-10, `1825.40 Lac:-

The statement showing the position of G.I.A receipt, expenditure incurred there against along with unspent balance during the period 01/04/2009 to 31/03/2010 as supplied to audit by the municipal corporation is given at **Annexure—D**. From the perusal of the statement it is noticed that a huge amount of Grant-in-Aid remained unutilized as on 31-03-2010. The rules for utilization of Grant-in-Aid provide that the Grants will be spent upon the object with in a reasonable time period. The expiation “with in a reasonable time” for utilization of Grants-in-Aid ordinalerly used to be interpreted to mean one year. The Municipal Corporation is therefore, advised to utilize the unspent amount of Grant-in-Aid by obtaining the approval from the sanctioning authority besides intimating the reasons for not utilizing the same with in reasonable time.

(3) Unauthorised Expenditure of `8.61Lac out of Grant In Aid :-

The Grant in aid received, is to be utilized for the purpose for which it was sanctioned with in stipulated period. From the checking of GIA Register alongwith work register it is observed that a amount of `860672.00 was incurred after the stipulated period the detail of which is given in the **Annexure –D-1** attached to this report. The expost facto sanction of the expenditure incurred after stipulated period may be obtained from the Competent Authority and the same may be shown to audit failing which the unauthorized amount of `860672.00 may be refunded to the funding agency. The Compliance may be reported to audit.

Para 6 Income:-

The yearwise position of the income of the Municipal Corporation for the period under audit has been given in Para No. 4 of this audit report. The main constitute of the income is Govt. Grant in aid, Income from Taxes, Income from Sale of Water, Income

from Rental property & Misc. Income etc. An arrear of `846.56 lac was pending as on 31.03.2010 for recovery as per detail given below:-

1	Taxes	23460461.48
2	Water Charges	21562269.00
3	Medical Waste Disposal Charges	1614321.00
4	Rent from property	31964290.24
5	Other arrears	6054993.99
	Total	84656335.71

The Municipal authorities are advised to review of recovery of arrears of Property Tax, Water charges, Property Rent etc. periodically by fixing targets for the same.

(1) Short realization of Building Application Fee amounting to `2.01lac during the period 01.04.2009 to 31.03.10.

During the test check of building application fee received by the Municipal Corporation it is observed that an amount of `201731.65 was short realized from the applicants/ owner of the building due to non charging of fee for development of land @ `5.00 per sqm of plot area. The Govt. of Himachal Pradesh Town & country Planning Department vide its notification No. TCP –A (3)1/2005 dated 26.02.07 has fixed the fee @ `5.00 per sqm of plot area for development of land other than erection of building, the copy of which was forwarded to the Commissioner M.C Shimla for further taking necessary action. The Officials who calculated the building application fee did not account for the fee for development of land while calculating the building application fee to be paid by the applicant. The detail of short realization of building application fee amounting to `201731.65 is as per **Annexure--E** attached to the report. The reasons for short realization of building application fee may be intimated to audit besides effecting the recovery of such short realization.

(2)(a) Loss of income of Interest `44.42 lac due to investment in FDR from GPF, CPS on lower rate of interest .

While checking the FDR statement of GPF, CPS, Accounts it has been noticed that the following amounts were invested in FDR with HPSC bank for a period of three year as per detail given their against. The applicable rate of interest was 7.30% p.a but at present the rate of interest on FDRs is very high i.e. up to 10% p.a It is suggested that if these FDRs are pre maturely encashed and thereafter reinvested at the prevailing rates, the municipal corporation will earn lacs of rupees in shape of additional interest i.e. `44,42,601.00. The position may be reviewed in view of market interest rate and appropriate action may be taken immediately and the audit may be informed accordingly.

Sr.No.	Name of Bank	Date of Investment	Date of encashment	Amt. of Investment	Amt. due on Maturity	Rate of Investment
1	HPSC Bank	30.03.2010	30.03.2013	22679322.00	28176244.00	7.30%
2	HPSC Bank	31.03.2010	30.03.2013	68191900.00	84719974.00	7.30%
3	HPSC Bank	29.03.2010	29.03.2013	56015506.00	69592316.00	7.30%
4	HPSC Bank	29.03.2007	29.03.2010	4667184.00	5798397.00	7.30%
5	HPSC Bank	31.03.2010	31.03.2013	1200000.00	1490851.00	7.30%

(b) Loss of interest income of `135.45 lac due to making the FDRs for shorter period .

While checking the FDR records (detail of which is given below) of Municipal Corporation Shimla for the period under Audit, it is observed that FDRs are made for shorter period without assigning any reason. As a result, the amount invested in FDRs are getting less rate of interest i.e 5.05%, it is also seen that during the period of investment. The Municipal Corporation Shimla had sufficient fund and no additional fund is required for day to day working, it was also noticed that even after one year from the date of investment in FDRs the Municipal Corporation does not require the amount of various FD. In this way the MC authorities unnecessarily invest the municipal fund for shorter period rather than for medium to longer period say one year and getting there by

less interest rate i.e 5.50% if these fund are invested for longer period, the MCorp. may get the higher rate of interest i.e. 8.05% as is clear from the detail given below. In this way the Municipal Corporation Shimla suffered a loss of interest income amounting to **`13544091.90** by not managing the investment made in the FDRs in the right way and not watching /taking the proper decision in view of future urgency of funds. It is suggested that these investments may be made for longer period to get the higher rate of interest. The compliance may be shown to audit.

Details FDRs made out of Municipal Fund during the year 2009-10											
Sr. No.	Particulars		Page No.	Name of Bank	Amount	Period	Rate of Interest	Maturity date	Total Interest	Maturity Amount	Remarks (If any)
	FDR No.	Date									
1	515173	19.3.09	42	UCO Bank Ram Bzr.	5300000.00	181 days	8.00%	16.9.09	210257.53	5510257.53	Reinvested
		16.9.09	42	UCO Bank Ram Bzr.	5510257.53	91 days	5.50%	16.12.09	75558.37	5585815.90	Reinvested
		16.12.09	52	UCO Bank Ram Bzr.	5585815.90	91 days	5.50%	17.3.10	76595.00	5662410.90	Reinvested
		17.3.10	52	UCO Bank Ram Bzr.	5662410.90	91 days	5.50%	16.6.10	77645.00	5740055.90	
2	515174	19.3.09	42	UCO Bank Ram Bzr.	5300000.00	181 days	8.00%	16.9.09	210257.53	5510257.53	Reinvested
		16.9.09	42	UCO Bank Ram Bzr.	5510257.53	91 days	5.50%	16.12.09	75558.37	5585815.90	Reinvested
		16.12.09	42	UCO Bank Ram Bzr.	5585815.90	91 ddays	5.50%	17.3.10	76595.00	5662410.90	Reinvested
		17.3.10	42	UCO Bank Ram Bzr.	5662410.90	91 days	5.50%	16.6.10	77645.00	5740055.90	

3	515178	21.3.09	43	UCO Bank Ram Bzr.	2058433.00	181 days	8.05%	18.9.09	82170.95	2140603.95	Reinvested
		18.9.09	51	UCO Bank Ram Bzr.	2140603.95	91 days	5.50%	18.12.09	29353.00	2169956.95	Reinvested
		19.12.09	51	UCO Bank Ram Bzr.	2169956.95	91 days	5.50%	19.3.10	29755.00	2199711.95	Reinvested
		19.3.10	71	UCO Bank Ram Bzr.	2199711.95	91 days	5.50%	18.6.10	30163.00	2229874.95	
4	515179	21.3.09	43	UCO Bank Ram Bzr.	9000000.00	181 days	8.05%	18.9.09	359272.60	9359272.60	Reinvested
	515541	18.9.09	51	UCO Bank Ram Bzr.	9359272.60	91 days	5.50%	18.12.09	128337.00	9487609.60	Reinvested
		18.12.09	52	UCO Bank Ram Bzr.	9487609.60	91 days	5.50%	19.3.09	130097.00	9617706.60	Reinvested
		19.3.09	51	UCO Bank Ram Bzr.	9617706.60	91 days	5.50%	18.6.10	131881.00	9749587.60	
5	515180	21.3.09	43	UCO Bank Ram Bzr.	9000000.00	181 days	8.05%	18.9.09	359272.60	9359272.60	Reinvested
	11763	18.9.09	51	UCO Bank ARTRAC	9359272.60	91 days	5.50%	18.12.09	128337.00	9487609.60	Reinvested

	11763	18.12.09	51	UCO Bank ARTRAC	9487609.60	91 days	5.50%	19.3.09	130097.00	9617706.60	Reinvested
	11763	19.3.09	69	UCO Bank ARTRAC	9617706.60	91 days	5.50%	18.6.10	131881.00	9749587.60	
6	515192	26.3.09	19	UCO Ram Bazar	8998622.34	181 days	8.05%	23.9.09	359217.59	9357839.93	Reinvested
	515559	23.9.09	19	UCO Ram Bazar	9357839.93	91 days	5.50%	23.12.09	128318.00	9486157.93	Reinvested
		23.12.09	19	UCO Ram Bazar	9486157.93	91 days	5.50%	24.3.10	130077.00	9616234.93	Reinvested
	515894	24.3.10	77	UCO Ram Bazar	9616234.93	91 days	5.50%	23.6.10	131861.00	9748095.93	
7	515193	26.3.09	1	UCO Ram Bazar	335138.00	181 days	8.05	23.9.09	13295.34	348433.34	Reinvested
	515560	23.9.09	47	UCO Ram Bazar	348433.34	91 days	5.50%	23.12.09	4778.00	353211.34	Reinvested
	13571	23.12.09	47	UCO Bank ARTRAC	353211.34	91 days	5.50%	24.3.10	4843.00	358054.34	Reinvested
	13571	24.3.10	78	UCO Bank ARTRAC	358054.34	91 days	5.50%	23.6.10	4910.00	362964.34	
8	515196	27.3.09	44	UCO Ram Bazar	5795854.79	181 days	8.05	24.9.09	231365.77	6027220.56	Reinvested
	515561	25.9.09	44	UCO Ram Bazar	6027220.56	91 days	5.50%	24.12.09	82647.00	6109867.56	Reinvested
	515733	24.12.09	44	UCO Ram Bazar	6109867.56	91 days	5.50%	25.3.10	83781.00	6193648.56	Reinvested

	515892	25.3.09	75	UCO Ram Bazar	6193648.56	91days	5.50%	24.6.10	84929.00	6278577.56	
9	515197	27.3.09	44	UCO Ram Bazar	5795854.79	181 days	8.05	24.9.09	231365.77	6027220.56	Reinvested
	515562	24.9.09	44	UCO Ram Bazar	6027220.56	91 days	5.50%	24.12.09	82647.00	6109867.56	Reinvested
	515734	24.12.09	44	UCO Ram Bazar	6109867.56	91 days	5.50%	25.3.10	83781.00	6193648.56	Reinvested
	515893	25.3.10	76	UCO Ram Bazar	6193648.56	91 days	5.50%	24.6.10	84929.00	6278577.56	
10	515198	27.3.09	22	UCO Ram Bazar	9900000.00	181 days	8.05	24.9.09	395199.86	10295199.86	Reinvested
A	515572	24.9.09	22	UCO Ram Bazar	5000000.00	91 days	5.50%	24.12.09	68562.48	5068562.48	Reinvested
	13588	24.12.09	47	Uco Bank ARTRAC	5068562.48	91 days	5.50%	25.3.10	69502.00	5138064.48	Reinvested
	11892	25.3.10	72	Uco Bank ARTRAC	5138064.48	91 days	5.50%	25.6.10	70455.00	5208519.48	
B	515574	24.9.09	22	UCO Ram Bazar	5295199.86	91 days	5.50%	24.12.09	72609.52	5367809.38	Reinvested
	515574	24.12.09	47	Uco Bank ARTRAC	5367809.38	91 days	5.50%	23.3.10	73605.00	5441414.38	Reinvested
	11891	25.3.09	73	Uco Bank ARTRAC	5441414.38	91 days	5.50%	24.6.10	74614.00	5516028.38	
11	515199	27.3.09	22	UCO Ram Bazar	9242685.77	181 days	8.05	24.9.09	368960.43	9611646.20	Reinvested

	515558	24.9.09	22	UCO Ram Bazar	9611646.20	91 days	5.50%	24.12.09	131798.00	9743444.20	Reinvested
	515735	24.12.09	22	UCO Ram Bazar	9743444.20	91 days	5.50%	25.3.10	133605.00	9877049.20	Reinvested
	515891	25.3.09	74	UCO Ram Bazar	9877049.20	91 days	5.50%	24.6.10	135437.00	10012486.20	
12	424717	27.3.09	46	UCO Nigam Vihar	5000000.00	181 days	8.05	24.9.09	199596.00	5199596.00	Reinvested
	424717	24.9.09	46	UCO Nigam Vihar	5199596.00	91 days	5.50%	24.12.09	71299.00	5270895.00	Reinvested
	424717	24.12.09	57	UCO Nigam Vihar	5270895.00	91 days	5.50%	25.3.10	72276.00	5343171.00	Reinvested
	424717	25.3.10	57	UCO Nigam Vihar	5343171.00	181 days	6%	22.9.10	158978.00	5502149.00	
13	424718	27.3.09	21	UCO Nigam Vihar	9242685.77	181 days	8.05	24.9.09	368960.00	9611645.77	Reinvested
	424718	24.9.09	46	UCO Nigam Vihar	9611645.77	91 days	5.50%	24.12.09	131798.05	9743443.82	Reinvested
	424928	26.12.09	59	UCO Nigam Vihar	9743443.82	91 days	5.50%	25.3.10	133605.00	9877048.82	Reinvested
	424928	25.3.10	59	UCO Nigam Vihar	9877048.82	181 days	6%	22.9.10	293876.00	10170924.82	

14	424719	27.3.09	21	UCO Nigam Vihar	9900000.00	181 days	8.05	24.9.09	395200.00	10295200.00	Reinvested
A	424719	24.9.09	46	UCO Nigam Vihar	7000000.00	91 days	5.50%	24.12.09	95986.00	7095986.00	Reinvested
	424719	24.12.09	56	UCO Nigam Vihar	7095986.00	91 days	5.50%	25.3.10	97302.00	7193288.00	Reinvested
	424719	25.3.10	56	UCO Nigam Vihar	7193288.00	181 days	6%	22.9.10	214025.00	7407313.00	
B	424841	25.9.09	46	UCO Nigam Vihar	3295200.00	91 days	5.50%	24.12.09	45185.00	3340385.00	Reinvested
	424841	25.12.09	58	UCO Nigam Vihar	3340385.00	91 days	5.50%	26.3.10	45804.00	3386189.00	Reinvested
	424841	26.3.09	58	UCO Nigam Vihar	3386189.00	181 days	6%	23.9.10	100751.00	3486940.00	
15	6631	28.3.09	45	Urban Bank	724703.00	181 days	8.75	25.9.09	31445.00	756148.00	Reinvested
	6631	25.9.09	45	Urban Bank	756148.00	91 days	6%	25.12.09	11311.00	767459.00	Reinvested
	432	25.12.09	45	Urban Bank	767459.00	91 days	5.50%	26.3.10	10524.00	777983.00	Reinvested
	514	26.3.10	45	Urban Bank	777983.00	181 days	6.50%	23.9.10	25077.00	803060.00	

16	515206	28.3.09	48	UCO Ram Bazar	9000000.00	181 days	8.05	25.9.09	359272.60	9359272.60	Reinvested
	15564	25.9.09	48	UCO Ram Bazar	9359272.60	91 days	5.50%	25.12.09	128337.00	9487609.60	Reinvested
	515564	25.12.09	53	UCO Ram Bazar	9487609.60	91 days	5.50%	26.3.10	130097.00	9617706.60	Reinvested
	515564	26.3.10	53	UCO Ram Bazar	9617706.60	6 months	6%	26.9.10	290695.00	9908401.60	
17	515207	28.3.09	48	UCO Ram Bazar	9000000.00	181 days	8.05	25.9.09	359272.60	9359272.60	Reinvested
	515207	25.9.09	48	UCO Ram Bazar	9359272.60	91 days	5.50%	25.12.09	128337.00	9487609.60	Reinvested
	51565	25.12.09	54	UCO Ram Bazar	9487609.60	91 days	5.50%	26.3.10	130097.00	9617706.60	Reinvested
	515565	26.3.10	54	UCO Ram Bazar	9617706.60	6 months	6%	26.9.10	290695.00	9908401.60	
18	515209	28.3.09	48	UCO Ram Bazar	9000000.00	181 days	8.05	25.9.09	359272.60	9359272.60	
	515207	25.9.09	48	UCO Ram Bazar	9359272.60	91 days	5.50%	25.12.09	128337.00	9487609.60	Reinvested
	515567	25.12.09	55	UCO Ram Bazar	9487609.60	91 days	5.50%	26.3.10	130097.00	9617706.60	Reinvested
	515567	26.3.10	55	UCO Ram Bazar	9617706.60	6 months	6%	26.9.10	290695.00	9908401.60	
19	11569	30.3.09	49	UCO Nigam Vihar	5000000.00	181 days	8.05	27.9.09	199596.00	5199596.00	Reinvested

	11569	27.9.09	49	UCO ARTRAC	5199596.00	91 days	5.50%	27.12.09	71299.00	5270895.00	Reinvested
	11569	27.12.09	49	UCO ARTRAC	5270895.00	91 days	5.50%	28.3.10	72276.00	5343171.00	Reinvested
	11569	28.3.10	49	UCO ARTRAC	5343171.00	91 days	5.50%	27.6.10	73267.00	5416438.00	
				Total	`531140858.73						
	Amount of loss of interest				`13544091.90						

(3)(a) Loss of Tax Revenue Amounting to `2.39 lacs Due to the Non Assessment of Property Tax/Irregular Remission.

During the course of audit of Tax Revenue, the following instances have come to the notice of the audit wherein no assessment was being done and irregular remission was allowed to the assessee. This has resulted the loss of `238882.00 to the municipal fund. Therefore the authorities may rectify the errors and recovered the amount due from the assessee under intimation to the audit.

Sr. No	Name of the Assessee	Account No./ID No.	Amount of Tax Due/ Irregular Rebate & Remission	Remarks
1	Smt. Ginni Goyal w/o Sh. Ajay Goyal, Chaura Maidan , Ward No. 3, Shimla	1769/814, 10350864	93903.00	Non Assessment of Property Tax w.e.f 10.09.04 to 31.03.11. The purchase value of Property was `954700.00 (Sale Deed dated 10.09.04 `717000.00 + Sale Deed dated 10.09.04 `237700.00)
2	Hotel SunView Chapsely, Lakkar Bazar, Ward No. 14, Shimla	22/1030A/1004A	63990.00	Non Assessment of Property Tax w.e.f 01.04.07 to 31.03.10 (The annual Rent of the Hotel w.e.f 01.04.07 to 31.03.08 @`6500.00 PM and thereafter @`16500 PM)
3	Sh.L.D.Paul, Ward No. 3 Paul House Kaithu, Shimla	721/1224, 10350771	47740.00	Remission of Tax w.e.f 16.09.07 to 31.03.11 amounting to `105106.00 was granted against the actual remission of `57366.00 worked out on the basis of annual rent of basement i.e. `10000PM w.e.f 16.09.07 to 31.03.11
4	Sh. I.J.Kumar, E.W.Ward , Chotta Shimla, Shimla	43/943/308/197	33249.00	Wrong Remission of Tax amounting to `33249.00 for the period w.e.f 01.07.07 to 31.03.2010. The rent of the property w.e.f 01.07.07 to

				31.03.2010 as per Declaration form and Tax return worked out for `195120.00 against the actual of `134400.00. The date of increase of Rent was tempered from 01.07.2007 to 01.07.2009
		Total	`238882.00	

(b) Loss of Tax Revenue of `0.22 lac due to difference between Tax assessed & demand raised

On random checking of tax assessment register it is observed that in some cases, the demand of Tax was raised less than the tax assessed during the year 2009-10. This has resulted the loss of tax income amounting to `**21762.00** As per detail given below. The authorities may therefore rectify the errors and in future the correct demand of tax may be ensured.

Period	Ward No.	Account No/ Assessee ID No.	Name & Address of Assessee	Amount of Tax as per Tax Assessment Register	Amount of Tax as per Tax Demand & Collection Register	Difference (5-6)
1	2	3	4	5	6	7
01.02.07 to 31.03.07	1	22/2288A, 10150085	Sh.Surender Chand, Shimla	3602.00	1391.00	2211.00
15.01.08 to 31.03.10	1	1596/1285 1050433	Sh.Rishi Paul, Shimla	7984.00	2123.00	5861.00
06.08.09 to 31.03.09	17	81/842 11750081	Sh.Jagat Ram, Shimla	5956.00	5370.00	586.00
31.12.08 to 31.03.10	3	846 10350896	Sh.Surender Kumar, Shimla	3693.00	3611.00	82.00

09.09.08 to 31.03.10	3	336/754 10350386	Hotel LandMark, Shimla	811761.00	804844.00	6917.00
01.04.09 to 31.03.11	25	1579 (123/1621)	Sh.Munish Kumar, Shimla	51390.00	45285.00	6105.00
		Total				` 21762.00

(4) Non realization of Restoration charges amounting to `0.45lac from the consumers who did not deposit the water charges with in due date.

From the checking of ledger accounts of water consumers it is observed that, in the following cases the payment of water charges were not made with in stipulated period and the same were made on later dates. The condition No. 6 of the water charges bill printed on overleaf laids that, in case, the payment is not made by due date, the water supply connection shall be disconnected with out any notice and the restoration charges will be charged as applicable from time to time. The Municipal Corporation vide its resolution No. 3(14) of meeting dated 31.08.02 and resolution No. 3(11) dated 16.11.02 had approved the restroation charges @ ` 150.00 per connection. The restroation charges were applicable wef 01.01.03. In the cases list of which is attached at **Annexure-“C”** the charges for restoration of water supply were not realized from the consumers who did not deposit the water charges with in due dates. Therefore **` 45150.00** (301 Nos cases X ` 150.00 per case) may be recovered from the consumers and compliance thereof may be shown to audit. Besides it the other similar cases may be examined at departmental level and recovery of non realized restoration charges may also be effected please.

(5) Loss of Rent Revenue of ` 21.97lac due to Non/ less carrying over of Previous year balances of Rent.

The test check of Carrying over the balances of Rent Revenue from demand and collection register for the yaer 2008-09 to Demand & collection Register of 2009-10 revealed that in the following cases the closing balances of lease rent was either less carried over or not carried over to the next year i.e 2009-10. The non/less carrying over of closing balance of Rent had resulted a loss of Rent revenue amounted to ` 21,97,811.00. It is further observed that the closing blances in the D&C Register were written with lead pencil

whereas it should be in ink. The reasons for not carrying over the arrears of rent revenue may be intimated to audit besides doing the needful.

Sr.No. Of Rent D& C register	Name	Arrear to be carried over to 2009-10	Arrear actually carried over	Amount less carried over
24	Sh.Sandeep Sharma, Shop No. 20, D Complex Lakkar Bazar	23958.00	Nil	23958.00
138	Sh.Rajive Gupta, Shop No. 6	65710.00	55710.00	10000.00
90/93	Sh.DC Sharma Petrol GodwanNo. Bus Stand	3842.00	Nil	3842.00
94/97	Sh.Balbir Singh Rickha Shed No. 19, Bus Stand	126680.00	101680.00	25000.00
136/147	Sh.Rajesh Kumar, Shop No. 3, Shimla	225360.00	Nil	225360.00
51/151	Sh.Krishan Lal, Shop No. I Padam Dev Complex, Shimla	271172.00	Nil	271172.00
152/152	Sh.Irshad Ahmed , Shop No. 2, Padam Dev Complex, Shimla	839615.00	Nil	839615.00
154/154	Smt.Kanchan Sood, Padam Dev Complex, Shimla	424366.00	Nil	424366.00
156/156	Sh.Rakesh Bashar, Shop No. 16, Padam Dev Complex, Shimla	196172.00	Nil	196172.00
153/165	Smt. Jasbir Kukreja, Rain Besra Car Parking 4 th Floor, Lakkar Bazar	10821.00	Nil	10821.00
154/166	Smt. Jasbir Kukreja, Rain Besra Car Parking Terrace Floor, Lakkar Bazar	65004.00	Nil	65004.00
129/129	The Managing Director, HPMC, Shimla	1067507.00	915506.00	152501.00
	Total			`2197811.00

(6) Loss of Income due to Dishonoured Cheques amounting to `26325.00

During audit of the Cheques (detail of which is given below) received from Asha Devi, A/C No. 21/2/11 on account of Parking Fee, Estate Deptt. It is observed that the cheque are being dishonoured frequently and demand amounting to `26325.00 as a result of dishonoured cheques not entered in the Demand & Collection Register, as a result, the amount could not be realized from Asha devi. In this way the municipal corporation suffered a loss of `26325.00 which may be recovered from the Officer/Official at fault under intimation to audit.

LIST OF DISHONOURED CHEQUES DURING THE YEAR 2009-10					
Cheque Dishonoured/Returned by Bank				Status	Name of Bank
Sr.	Ch. No.	Date	Amount		
1	68537	20.6.09	8775.00	Dishonoured	HPSCB (Main)
2	68538	20.7.09	8775.00	Dishonoured	HPSCB (Main)
3	68539	20.8.09	8775.00	Dishonoured	HPSCB (Main)
			`26325.00		

Para 7 Establishment:-

Establishment Expenditure of `2513.12 lacs has been incurred in contravention to the Provisions of Section 75(1) of HP Municipal Corporation Act 1994.

The section 75(1) of HP Municipal Corporation Act, 1994 provides that the total expenditure on establishment shall not exceed one third of the total expenditure of the Corporation whereas from the perusal of income & expenditure statements for the period from 04/2009 to 03/2010, it is seen that the expenditure on establishment for `2513.12 lacs has been incurred in contravention to the provisions of the ibid section. The detail of the Establishment Expenditure incurred over and above the ceiling is given below.

Sr. no	Period	Total Expenditure excluding Depreciation and Provision & written off (`in Lacs)	Expenditure on Establishment (`in Lacs)	% of Establishment Expenditure to the Total Expenditure	Admissible expenditure on Establishment i.e 1/3rd of total Expenditure	Irregular Expenditure on Establishment
1	04/2009 to 03/2010	5427.02	2513.12	46.30%	1809.00	704.11

From the perusal of above table it is very much clear that in the last year, the expenditure on establishment is registering an increase in the percentage of establishment expenditure bears to the total expenditure over and above the prescribed ceiling which is alarming position in respect of establishment. The authorities are requested to supply the

reason for the same alongwith the measures which are being proposed to bring the establishment expenditure within prescribed ceiling provided in the act.

(1) Excess Payment of leave encashment of `3412/- in respect of Sh.Krishan, Foreman, WS&SD MC Shimla vide cash Voucher No. 438 dated 22.06.2009

An payment of `188500/- was paid to Sh.Krishan, Foreman on account of leave encashment for 300 days of earned leave ($6800 + 3400 + 2040 + 6610 = 18850 \times 300 / 30 = 188500$) From the perusal of personal file Page No. 234 of the official concerned it is seen that 5 days earned leave i.e. w.e.f 03.03.03 to 07.03.03 was availed by the official but the same has not been debited in his leave account. As such the Official was paid `3142/- excess for 300 days instead of 295 days ($18850 \times 295 / 30 = 185358$) Hence recovery of `3142/- may be made from the official under intimation to audit.

(2) Overpayment due to incorrect Pay Fixation amounting to `1.10

As per clause 3(b)(iii) of the Govt.of H.P. Deptt. of Finance (Pay Revision Section) notification dated 13th October, 2009, “an employee who reaches at the maximum of the Pay Band shall be placed in the higher Pay Band after one year without any change in the Grade Pay. At the time of such placement benefit of one increment shall be given and there after, the employee shall continue to draw increment in the higher pay band till his pay reaches at the maximum of pay band”

During test check of the Service Book of various employees it was noticed that the pay of Class IV employees of the MCorp. Shimla who reaches at the maximum of their pay band have been awarded one additional increment alongwith their normal increment which is contravention of the provision of the notification referred above. Consequent upon wrong pay fixation of the Class-IV employees, the employees has been overpaid to the tune of `109995.00 Detail is given at Annexure-“F”. The overpayment made to the employees the detail of them is given below, may be recovered from them under intimation to audit.

1. Sh.Sant Ram , Mazdoor

Date	Due	Drawn	Pay Scale
31.12.05	5160.00		2820-4400
01.01.06	9600+1650GP	9940+1650GP	4900-10680+1650 (GP)

01.09.06	9940+1650GP	10290+1650GP	
01.09.07	10290+1650GP	10650+1650GP	
01.09.08	10650+1650GP	11020+1650GP	
01.09.09	10680+1650GP	11400+1650GP	
01.09.10	11050+1650	11800+1650GP	5910-20200+1650 (GP)

2. Sh.Bishan Dutt, Mazdoor

Date	Due	Drawn	Pay Scale
31.12.05	4850.00		2720-4260
01.01.06	9350+1400GP	9350+1400GP	4900-10680+1400 (GP)
01.01.07	9680+1400GP	10020+1400GP	
01.01.08	10020+1400GP	10370+1400GP	
01.01.09	10370+1400GP	10730+1400GP	
01.01.10	10680+1400GP	11100+1400GP	
01.01.11	11050+1400GP	11480+1400GP	5910-20200+1400 (GP)

3. Sh.Amar Singh, Peon

Date	Due	Drawn	Pay Scale
31.12.05	5160.00		2820-4400
01.01.06	9940+1650GP	9940+1650GP	4900-10680+1650 (GP)
01.01.07	10290+1650GP	10290+1650GP	
01.01.08	10650+1650GP	10650+1650GP	
01.01.09	10680+1650GP	11030+1650GP	5910-20200+1650 (GP)
01.01.10	11050+1650GP	11410+1650GP	
01.01.11	11440+1650GP	11810+1650GP	

4. Sh.Dila Ram , Chowkidar, Law Branch

Date	Due	Drawn	Pay Scale
01.07.2010	10680+1400GP	11030+1400GP	4900-10680+1400 (GP)
01.07.2011	11050+1400GP	11410+1400GP	5910-20200+1400 (GP)

5. Sh.Gulam Mohd., Peon, Tax Deptt.

Date	Due	Drawn	Pay Scale
01.01.2009	10660+1650GP	10660+1650GP	4900-10680+1650 (GP)
11.08.2009	10660+1650GP	11030+1650GP	
01.01.2010	10680+1650GP	11410+1650GP	
01.01.2011	11030+1650GP	11800+1650GP	5910-20200+1650 (GP)

(3) Over payment of Pay & Allowances of `0.41lac to the employees on account of wrong sanction of benefits under ACPS.

The test check of service books of Municipal employees was exercised and it is observed that in the following cases an amount of `41677.00 was paid excess on account of pay & allowances due to wrong sanction of benefits under ACPS, Wrong pay fixation, the detail of which is given below:-

(i) During the test audit of Service Books of General Branch's employees it is observed that the benefit under Assured Career Progressive Scheme was allowed to the various Clerks after completion of requisite period of service prescribed under the Rules. The following Clerks who did not qualify the type test within prescribed period had also been granted the benefits under ACPS after completing the requisite period of service counted from the date of appointment on regular basis. But the department of Finance vide Office Memo No. Fin(PR) B(7)-51/98 dated 27.03.02 clarified **“since the incumbent is not allowed to draw annual increments for wants of passing requisite type/short hand test, the next higher pay scale/ benefits under ACPS should also not be allowed from the due date. However the same can be allowed notionally from the due date and factually from the date of passing of test”**. Keeping in view the above clarification, the benefit under ACPS should have been allowed notionally from the due dates and factually from the date of passing of test but the municipal authority had sanctioned and paid the ACPS benefits to the Clerks who had not passed the type test within stipulated period from the due date which has resulted in an over payment of pay and allowances to the tune of `40601.00 as detailed below :-

Sr No	Name of Employee & Designation	Date of Appointment on regular basis	Date of passing of type test	Date of grant of next higher scale under ACPS	Due date of grant of next higher scale under ACPS as per clarification	Payment of excess pay and allowances as detailed in attached Annexure 'H-1'.	The letter No vide which the next higher scale under ACPS was granted.
1	Sh.Yog Raj Sharma, Clerk, Law Branch	23.04.00	06.05.08	23.04.08	06.05.16	25822.00	MCS/EstAsstt/2009-3194dated 24.07.2009w.e.f 23.04.2008
2	Sh.Ramesh Chander, Clerk, Law Deptt.	23.04.00	19.03.09	23.04.08	19.03.17	14779.00	MCS/Estt/2010-3559dated 10.12.2010 w e.f 23.04.08
	Total					40601.00	

The similar type of other cases needs to be examined at departmental level and excess payment of pay & allowances may also be made good from the Officials under intimation to the audit.

(ii) During checking of service of the employees of WS&SD, it was observed that the amount of `1039/- was paid excess due to wrong fixation of pay under ACP's and revision of pay scale, the detail of which is as under:-

During the test audit of service book of Sh.Rajinder paul Sharma s/o Salig Ram Sharma Mazdoor of WS&SD Deptt. It was observed that benefit under ACP's was allowed to above mentioned employee vide commissioner office order No. MCS/EA/2008-2003 dated 29.7.2008 from 6.6.2007 whereas the deptt. has fixed his pay by way of giving one increment under ACP's on 11.3.2007.which has resulted over payment of pay and allowances to the tune of `1039/-. The detail of which as under:-

PERIOD	B.P.	D.A	Total	B.P.	D.A.	TOTAL	DIFF.	EXCESS AMOUNT
11.3.2007 TO 31.3.2007	8080	485	8565	7740	464	8204	361	242.00
1.4.2007 to 31.5.2007	8080	485	8565	7740	464	8204	361	762.00
1.6.2007 to 06.06.07	8080	485	8565	7740	464	8204	361	72.00
							Total	`1076.00

(4) While checking the Service Books of Sh.Chater dev S/o Sh Sukh Ram of health department was on leave without pay other than on medical ground as per detail given below:

Period	Days
17.8.2007, 27.8.2007, 28.8.2007, 3.9.2007 to 7.9.2007, 29.11.2007, 30.11.2007, 3.12.2007 to 07.12.2007, 17.12.2007, 20.12.2007, 28.12.2007 to 21.1.2008, 22.1.2008 to 25.1.2008, 29.1.2008, 30.1.08 to 1.2.2008, 5.2.2008 to 8.2.2008, 13.2.2008 to 14.2.2008, 15.2.2008.	57days
1.4.2009 to 31.5.2009 and 1.6.2009 to 4.7.2009	92 days

The annual increment was not sanctioned and drawn by extending the normal date of increment by the period of leave without pay other than on medical ground. In this way he was entitled the following pay and allowances

Pay as on 01.3.2008 `9400+1400 PM

Pay as on 27.4.2008 `9730+1400PM (Normal Date of annual increment i.e 01.3.2008 extended by 57days)

Pay as on 1.6.2009 `10420+1400 P.M (The normal date of annual increment i.e. 1.03.2009 was extended by 92 days)

In this way he was paid excess pay and allowances amounting to `738 as detail in given below:-

Due				Drawn				TOTAL
period	B.P	D.A	Total	B.P	D.A	TOTAL	DIFERENCE	
1.3,2008 TO 26.4.2008	9400 +1400	1296	12096	9730 +1400	1336	12466	370	703.00
1.3.2010 TO 31.5.2010	10070 +1400	3524	14995	10420 +1400	4137	15957	962	2886.00
							Total	`3589.00

Therefore recovery of **above** may be made from him and compliance may be reported to audit. Similar such cases may also be examined departmentally and excess payment of pay & allowances may also be recovered.

During the checking of Service Books of Saraswati devi SS of Health deptt. It is observed that he was granted the benefit of annual increment w.e.f 1.4.2007 by raising her pay from `7750+1400 grade pay to `8030+`1400 Grade pay per month but during previous year he was on leave without pay other than on medical ground for 5 days as per detail given below:-

27.12.06to31.12.2006=**5 days**,

Hence he was entitled to get the benefit of annual increment on 6.4.2007 instead of 1.4.2007 Resulting it the excess pay amounting to `49/- paid to the employee which may be recovered from the employee and compliance thereof may be shown to audit the detail of excess pay is as under:-

Due				Drawn				TOTAL
period	B.P	D.A	Total	B.P	D.A	TOTAL	DIFERENCE	
1.4.2007	7750	549	9699	8030	565	9995	296	49.00
T0	+1400			+1400				
5.4.2007								
							Total	` 49.00

Para 8 Expenditure:-

The position of expenditure during the audit period is exhibited in para 4 of the audit report. The main constitute of the expenditure are Establishment Expenses, Administrative Expenses, Operation & Maintenance Expenses, Interest & Finance Expenses, Programme Expenses Revenue Grants, Contribution & Subsidies.

(1) Less Recovery of Store Material amounting to `43440.00 to various works executed by the WS&SD Deptt.

During the detail audit of works bills of the WS &SD MC Shimla it is observed that the value of Cement issued to the various Contractors for using the same in the works was not debited on the basis of actual cost but the same was debited on the basis of Store recovery rate. This has costed less valuation of various works executed. The few examples of the works where such type of irregularity is observed are detailed below

Statement of less Recovery of Store Material									
Sr. No.	Indent No.And Date	Zone	Name of Material/Article	No's	Store Issue Rate	Recovery Rate	Defference	Nos. of Articals	Total Diff.
1	2165 of 3/2010	J.E.Sanjauli	G.I.Tee 3"x3"x1"	1	166	117	49	1	49
2			G.I.Union2.5"	6	271	178	93	6	558
3			G.I.Union1.5"	4	105	55	50	4	200
4			G.I.Union1"	8	60	39	21	8	168
5			G.I.Tee1"x1"x1"	5	38	20	18	5	90
6			G.I.Pipe3/4"	37.2	95	83	12	37.2	446.4
7	137 of 3/2010	J.E.L.Bazar	G.I.Pipe1/2"	6.2	215	94	121	6.2	750.2
8			G.I.Union3"	1	415	165	250	1	250

9			Hexa Nipple 1.5"	2	56	38	18	2	36
10			G.I.Union1.5"	2	105	55	50	2	100
11			G.I.Elbow1.5"	4	38	36	2	4	8
12			G.I.Tee 1"x1"x1.5"	2	22	21	1	2	2
13			G.I.Plug 1"	1	16	12	4	1	4
14			Hexa Nipple 1"1/4"	1	29	21	8	1	8
15			Peet Valve 1/2"	3	153	82	71	3	213
16	3919 of 7/2009	J.E.Chotta Shimla	G.I.Nipple 1.5"	4	56	38	18	4	72
17			G.I.Union 1.5"	4	105	55	50	4	200
18			G.I.Union 2"	4	102	86	16	4	64
19			G.I.Union 2.5"	4	271	178	93	4	372
20			G.I.Union 3"	2	402	248	154	2	308
21			Peet Valve 1/2"	3	177	153	24	3	72
22	3920 of 7/2009	J.E.Chotta Shimla	G.I.Nipple 1"	4	17	15	2	4	8
23	2547 of 7/2009	J.E.Chaura Maidan	G.I.Union 1"	8	60	39	21	8	168
24			G.I.Tee 3"x1.5"	1	237	155	82	1	82
25	2548 of 7/2009	J.E.Chaura Maidan	G.I.Union 3"	1	402	271	131	1	131
26			G.I.Elbow 3"	1	137	63	74	1	74
27			C.I.Bend 6" 90 degree	2	2588	1590	998	2	1996
28			C.I.Tee 6x6"	1	801	680	121	1	121
29	3969 of 3/2010	J.E.Chotta Shimla	G.I.Union 1"	6	60	45	15	6	90
30			G.I.Elbow 2.5"	3	138	56	82	3	246
31			G.I.Union 2.5"	3	271	178	93	3	279
32	3970 of 3/2010	J.E.Chotta Shimla	G.I.Tee 1"	2	38	12	26	2	52

33			G.I.Tee 2.5"x2.5"x2x3/4"	1	67	34	33	1	33
34			G.I.Union 3"	1	415	248	167	1	167
35			G.I.Pipe 3"	6.2	504	220	284	6.2	1761
36	3971 of 3/2010	J.E.Chotta Shimla	G.I.Socket 1/2"	21	8	7	1	21	21
37			G.I.Bend 2"	4	424	106	318	4	1272
38			Ball Cock	2	269	259	10	2	20
39	2590of 3/2010	J.E.Chaura Maidan	G.I.Tee 3"x1/2"	1	237	155	82	1	82
40			G.I.plug 2"	1	42	32	10	1	10
41			Saluice Valve 6"	1	6258	2547	3711	1	3711
42	2591of 3/2010	J.E.Chaura Maidan	G.I.Union 1"	1	60	39	21	1	21
43	2592of 3/2010	J.E.Chaura Maidan	Greese Packing 500 gms.	1	147	95	52	1	52
44			G.I.Tee 2"x1/2"	4	63	52	11	4	44
45			G.I.Pipe 3"	36	504	312	192	36	6912
46			G.I.Union 3"	5	415	271	144	5	720
47			G.I.Elbow 3"	8	137	63	74	8	592
48			G.I.Tee 1"	2	38	20	18	2	36
49	2593of 3/2010	J.E.Chaura Maidan	C.I.Bend 6" 90 degree	2	2583	1590	993	2	1986
50			D.I.Pipe 6"	27.5	1673	990	683	27.5	18783
								Total	43440

(2) Reimbursement of inadmissible medicines costing `0.02lac

While examining the medical reimbursement bills. It is observed that the cost of some inadmissible medicines were reimbursed to the claimant. Besides this the cost of allopathic medicines prescribed by the Ayurvedic Medical Officer had also been reimbursed. The reimbursement of such type of medicines are not admissible under medical attendance rules. The cost of inadmissible medicines and allopathic medicines prescribed by Ayurvedic Medical Officer is worked out for `2653.30 as per the detail given below. The necessary recovery of `2653.30 may be effected from the claimants and credit thereof into the municipal fund may be pointed out to the audit.

Vr. No.	Date	Name of Claimant	Total Amt	Inadmissible amount	Reasons
548	07.07.09	Sh.Mehar Chand	1488.00	188.00	The Allopathic medicine prescribed by Aurvedic Medical Officer not admissible.
548	07.07.09	Sh.Pankaj Thakur	1267.00	906.40	The Hair 4-45% is type of Hair Tonic hence not admissible under MAR.
565	07.07.09	Sh.Ramesh	2590.00	554.50	Medicine named Powergeneric & Chynocal Forte are not admissible under MAR.
565	07.07.09	Sh.Sant Ram	4022.47	20.30	Medicine is not admissible under MAR.
565	07.07.09	Sh.Jeet Singh	3464.00	727.02	Medicine named Powergeneric & Chynocal Forte are not admissible under MAR.
566	07.07.09	Sh.Ramesh	2850.00	257.10	Medicine named Powergeneric & Chynocal Forte are not admissible under MAR.
		Total		2653.30	

(3) Regarding Payment of 32% share amounting to `178516.00 to the Laboratory Staff of Municipal Coproration

While checking the expenditure of the Municipal Corporation it has been noticed that 32% share of Laboratory Fees so collected was distributed amongst the Laboratory Staff irregularly. The staff of Municipal Health Deaprtment i.e Laboratory Staff is getting the pay & allowances at par with that of State Govt. and such type of extra benefits are not allowed to Govt. servants by the State Govt. The Corporation Health Officer and Laboratory Staff is getting pay Scale + NPA at par with their counterparts in the State Govt. Health Department/Laboratories. There is no pratice in the State Govt. Health Department that the fees realized from the Laboratory tests are apporportioned/distributed between the Lab Staff. In this way the municipal authorities paid the 32% share i.e `1,78,516.00 during the year 2009-10 to the Lab Staff. This practice should be stopped with immediate effect and irregular payment so made may be recoved from the Officer/Official under intimation to audit the matter is also brought to the notice of the Principal Secretary (Urban Development) to the Govt. of H.P. for taking necessary action.

Para 9 Works:-

Overpayment of `0.77 lac to the various Contractors of R&B Deptt. on account of Awarding rates over and above the departmental justification, Cutting & overwriting in tender document, , Wrong measurements, Short recovery of stones & Road Roller Charges, Non recovery of water charges, Double measurements, Payment of higher rates of extra/substitute items .

The work bills of R&B Deptt. for the period under audit were examined. It is observed that an amount of `**76825.00** was paid excess to the various contractor on account of Awarding rates over and above the departmental justification, Cutting & overwriting in tender document, Wrong measurements, Short recovery of stones, Non recovery of water charges, Double measurements and Payment of higher rates of extra/substitute items. The detail of excess payment is given in the following sub paras.

(1) Excess payment amounting to `21114/-

Cash Voucher No. 1220 Dated 14.07.09 for `261918/-

Vide Cash Voucher cited above, the payment of `261918/- was made to Sh Gurcharan Industries, Contractor on a/c of 1st & Final Bill for the work “**Providing Steel Channel Railing in MC Road from Harwinton Chowk to Bharari RD 400 to 490**”. From the perusal of tender documents & MB etc. of the work, the following observation were noticed which may be attended to please.

1. Item No. 3 of DNIT/ Schedule of Qty i.e. Steel Work welded in built up section was paid for 49.84qtl @ `5400.00 per qtl vide Page 20 of MB 1898/588. From the perusal of record entry made at page 15 of the same MB it has been noticed that the measurement of the item was done by taking into account quantity of steel channel ISMC 100 were as per provision made in the estimate and approved design it should be executed /worked out for steel channel ISMC 75. In this way the Contractor has been paid irregularly `**21114.00** (14.98-11.07= 3.91Qtl X `5400.00) which may be recovered from the official /Officer at fault under intimation to audit. The detail of excess Qty. so paid, is as here under

Measurement taken in MB	Measurement should be
<u>ISMC 100</u>	<u>ISMC 75</u>
Post 63+ 25=88 Nos.	Post 63+ 25=88 Nos.
Channel Vertical 1.40	Channel Vertical 1.40
Hook L <u>0.45</u>	Hook L <u>0.45</u>
1.85RMT	1.85RMT
1.85RMTX9.20= 17.02qtlX88= 1497.76kg or say 14.98qtl	1.85RMTX6.80X88= 1107kg or say 11.07qtl

(2) Loss to Municipal Fund `5813.00

Cash Voucher No. 1145 Dated 07.07.09 for `251748/-

Vide Cash Voucher cited above, the payment of `251748/- was made to Sh Rajesh Sharma, Contractor on a/c of 1st & Final Running Bill for the work “Resurfacing of MC Road from Kelstern Chowk to Kelstern Park”. From the perusal of tender documents & MB etc. of the work, the following observation were noticed which may be attended to please.

1. Item No. 1 of DNIT/ Schedule of Qty i.e. preparing the surfacing by brushing with wire brushes was paid for 1107.42sqm @ `60.00 per 10 sqm vide Page 37 of MB 1562/252. From the perusal of record entry made at page 29, 30 of MB 1840/530. It has been noticed that the measurement of the item was taken as 1107.42 sqm for the RD 0/ 0 to 204.80, where as it should be worked out as 1076.42sqm. Calculation of work done for RD 132 to 137 taken as $5 \times 4.40 + 8.00/2 = 62.00$ sqm where as it should be 31.00sqm, resulting excess quantity taken as 31sqm. In addition to the above it has also stated that the same error has also been noticed in item No. 4(2), 5 & 6 as the quantity in same RD has been worked on the same basis. Therefore, by this way the Contractor has been paid excess by `5812.50 as per detail below. `5813.00 which may be recovered from the Officer/Official at fault under intimation to this Audit.

Agreement Item No.	Qty paid	Qty should be	Excess Qty paid	Rate	Over Payment
1 Preparing the surfacing by brushes with wire brushes	1107.42sqm	1076.42sqm	31.00sqm	60.00 per 10 sqm	186.00

4(2) P/A Tack Coat	1107.42sqm-377.21sqm=730.21sqm	1076.42sqm-377.21sqm=699.21sqm	31.00sqm	225.00 per 10sqm	697.50
5 2cm Pre carpet Surfacing	1107.42sqm	1076.42sqm	31.00sqm	1150.00 per 10 sqm	3565.00
6 Prefixed Seal Coat	1107.42sqm	1076.42sqm	31.00sqm	440.00 per 10sqm	1364.00
	Total				`5812.50

(3) Loss to Municipal Fund `28823.00

Cash Voucher No. 1179 Dated 08.07.09 for `257636.00 (JV No. 582 dated 07.07.09).

Vide Cash Voucher cited above, the payment of `257636.00 on a/c of 1st running bill for the work "C/O V shape drain on Ambulance Road from Rajender Sharma's House to Tara Hall School at Dhalli, Shimla was made to Sh Vikrant Keprate. The work was awarded to him vide letter No. MCS/XEN/2105/RB/08-2545 dated 24.12.08 for `351124/- which was 74.67% above the amount put to tender with a time limit of two months for its completion. From the perusal of tender documents & MB etc. of the work, the following observations were noticed which may be attended to under intimation to the Audit.

1. From the perusal of detail justification of the following items it is noticed that the cost of Cement was taken `4800 per MT whereas the Executive Engineer vide his Office letter No. MCS/XEN/4258/ RB /09/1949 dated 24.10.09 intimated, the issue rate of Cement is `165/- per bag or `3300.00 per MT for the year 2008-09. The tender were received & opened on 03.10.08. In the detailed justification of the following items of the work, the cost of Cement was taken on higher side by `1500/- per MT which caused higher justification of the items of the work & resulted awarding of higher rates.

(i) Item No. 4 of the DNIT P/L CC 1:6:12, 20 MM in foundation & plinth was executed for 32.92cum & paid to the Contractor @ `1900/- per cum vide Page 50 of MB 1831/521. The detail justification of the item was prepared for `2023/- per cum & the same was awarded @ `1900 per cum against the quoted rate of `2200/- per cum. The detail analysis was prepared on higher side by `192.60 per cum as detail below:-

Difference of cost of Cement for one cum of CC 1:6:12 (` 4800 per MT – ` 3300per MT)
X 0.11tonne = ` 165.00

Add: 1.5% Water Charges ` 2.48

Total ` **167.48**

Add: 15% CP & OH ` 25.12

Total ` **192.60**

The detail justification of CC 1:6:12 should be ` 1830.40 per cum (` 2023.00 - ` 192.60) and the rate of the item should not be awarded more than ` 1830.00 per cum but the item was awarded @ ` 1900 per cum. In this way the Contractor was paid excess for ` **2304.00** [(` 1900 per cum – ` 1830 per cum) X 32.92 cum]. The same may be made good from the Officer/Official at fault and compliance thereof may be reported to audit.

2 Item No. 5 of the DNIT P/L CC 1:2:4, 20 MM in foundation & plinth was executed for 52.10cum & paid to the Contractor @ ` 3151.00 per cum vide Page 50 of MB 1831/521. The detail justification of the item was prepared for ` 3192.40 per cum & the same was awarded @ ` 3100 per cum against the quoted rate of ` 3200/- per cum. The detail analysis was prepared on higher side by ` 560.30 per cum as detail below:-

Difference of cost of Cement for one cum of CC 1:2:4 (` 4800 per MT – ` 3300per MT) X 0.32 tonne = ` 480.00

Add :1.5% Water Charges ` 7.20

Total ` **487.20**

Add: 15% CP & OH ` 73.08

Total ` **560.28**

or say ` 560.30

The detail justification of CC 1:2:4 should be ` 2590.70 per cum (` 3151 – ` 560.30) and the rate of the item should not be awarded more than ` 2591.00. per cum but the item was awarded @ ` 3100 per cum. In this way the Contractor was paid excess for ` 26518.90 Or Say ` **26519.00** [(` 3100 per cum – ` 2591 per cum)X 52.10 cum] The same may be made good from the Officer/Official at fault and compliance thereof may be reported to audit.

(4) Excess payment amounting to ₹6552.00

Cash Voucher No. 1168/583 Dated 08.07.09 for ₹140020.00

Vide Cash Voucher cited in the subject, the payment of ₹140020.00 on a/c of 1st & final bill for the work “Restoration of rain damages from Thakur House to Devi Chand House, W.No.24 Shimla was made to Sh Dev Parkash. The work was awarded to him vide letter No. MCS/XEN/3274/RB/08-2318 dated 25.11.08 for ₹177997/- which was 95.71% above the amount put to tender with a time limit of one month for its completion. From the perusal of tender documents & MB etc. of the work, the following observation was noticed which may be attended to under intimation to the Audit.

1. Item No. 4 of the DNIT P/L CC 1:2:4 20 MM in foundation & plinth was executed for 11.70cum & paid to the Contractor @ ₹3120 per cum vide Page 55 of MB 1779/469. The detail justification of the item was prepared for ₹3125 per cum & the same was awarded @ ₹3120 per cum against the quoted rate of ₹3400/- per cum. The detail analysis was prepared on higher side by ₹560.30 per cum as detail below:-

Difference of cost of Cement for one cum of CC 1:2:4 (₹4800 per MT – ₹3300 per MT) X 0.32 tonne =	₹480.00
Add :1.5% Water Charges	<u>₹7.20</u>
Total	₹487.20
Add: 15% CP & OH	<u>₹73.08</u>
Total	<u>₹560.28</u>
	or say ₹560.30

The detail justification of CC 1:2:4 should be ₹2560.00 per cum (₹3120 – ₹560.30) and the rate of the item should not be awarded more than ₹2560.00. per cum but the item was awarded @ ₹3120 per cum. In this way the Contractor was paid excess for **₹6552.00** [(₹3120 per cum – ₹2560 per cum) X 11.70 cum] The same may be made good from the Officer/Official at fault and compliance thereof may be reported to audit.

(5) Excess/irregular payment amounting to `14523.00

Cash Voucher No. 1148 Dated 07.07.09 for `21103.00 (JV No. 549 dated 06.07.09)

Vide Cash Voucher cited in the subject, the payment of `21103.00 on a/c of unloading and staking charges of Bitumen Drum & Cement at MC Store Phagli made to Sh. Abdul Razak Butt. On checking of the bill it was found that bill No. 2037 dated 20.05.09 for unloading charges of Bitument Drum amounting to `6103.00 was found in the record, only where as the Contractor was paid `21103.00. In this way the Contractor was paid excess `14523.00. Which may be recovered from the Officer/Official at fault under intimation to the audit unless justified?

Para 10 Works (WS&SD) Excess Payment of `1.78 lac to the various Contractor of WS&S Deptt. due to Deviation of specification, Wrong measurements, Short recovery of stones, Payment of higher rates of extra/substitute items, non recovery of material issued to the Contractor.

The work bills of WS&S Deptt. for the period under audit were examined. It is observed that an amount of `177668.00 was paid in excess to the various contractor on account of Deviation of specification, Wrong measurements, Short recovery of stones, Payment of higher rates of extra/substitute items, non recovery of material issued to the Contractor. The detail of excess payment is given in the following sub paras.

(1) Excess Payment amounting to `6464.00

Cash Voucher No. 1261 Dated 17.07.09 for `217035/-

Vide Cash Voucher cited above, the payment of `217035/- was made to Sh Raman Kant, Contractor on a/c of 1st Running Bill for the work “**P/L 150MM Dia D.I. Sewerage Line From Sangti Bowri to IPH Line at Sangti at Saunjali**”. The work was awarded to him vide letter No. MCS/Purchase/4670/WS/2008-7474 dated 28.11.08 for `291390.00 from the perusal of tender documents & MB etc. of the work, the following observation were noticed which may be attended to please.

1. Item No. 2 of the DNIT i.e laying in trenches CI Pipe for 150mm dia was executed for 93.05 running meter and was paid to the Contractor @ `2085.00 per RMT. From the perusal of the record entry made at Page No.16 of MB No. 1829/519, it is seen that the measurement of the item was done by taking into account the quantity of length by

deducting the fittings like CI Bend and Tee as 20 Nos ($20 \times 0.40 = 8$ mtrs). Whereas, as per specification the deduction should be taken for 17Nos Bend and 3 Nos, Tee as $17 \times 0.60 + 3 \times 0.30 = 11.10$ RMT) therefore, the net quantity should have been paid to the Contractor $101.05 - 11.10 = 89.95$ RMT only in this way the Contractor was paid excess `6463.50 ($93.05 \text{ RMT} - 89.95 \text{ RMT} = 3.10 \text{ RMT} \times `2085.00 = `6463.50$) **`6464.00** may be recovered from the Officer/Official at fault under intimation to audit.

(2) Excess Payment amounting to `5136.00

Cash Voucher No. 1174 Dated 14.07.09 for `252603/-

Vide Cash Voucher cited above, the payment of `252603/- was made to Sh Kedar Singh, Contractor on a/c of 1st Running Bill for the work **“P/L 150MM Dia D.I. Sewerage Line From Bhardwaj’ House to IPH Line Cemetry”**. The work was awarded to him vide letter No. MCS/Purchase/3891/WS/2008-7614 dated 06.12.08 for `367272.00 from the perusal of tender documents & MB etc. of the work, the following observation were noticed which may be attended to please.

1. Item No. 2 of the DNIT i.e Laying in trenches CI Pipe for 150mm dia was executed for 135.00 running meter and was paid to the Contractor @ `2200.00 per RMT. From the perusal of the record entry made at Page No.42 of MB No. 1826/516, it was seen that the measurement of the item was done by taking into account the quantity of length by deducting the fittings like CI Bend as 8 Nos ($8 \times 0.40 = 3.20$ mtrs) . Whereas as per specification the deduction should be taken for 8Nos Bend as $8 \times 0.60 = 4.80$ RMT) therefore the net quantity should have been paid to the Contractor $138.20 - 4.80 = 133.40$ RMT only in this way the Contractor have been paid excess of `6463.50 ($135.00 \text{ RMT} - 133.40 \text{ RMT} = 1.60 \text{ RMT} \times `2200.00 = `3520.00$) **`3520.00** may be recovered from the Officer/Official at fault under intimation to audit.

2. Item No. 1 of the DNIT/ Schedule of Qty i.e Excavation in foundation & trenches in all kind of Soil was paid for 65.13cum @ `130.00 per cum vide Page 45 of MB No 1826/516. From the perusal of the record entries made at page 41 of the same MB, it is seen that the excavation for laying the 150mm CI Pipe was measured for average width of 0.60mtr + 0.75mtr. But the specification for laying and jointing of CI Pipe and fitting (External Work) provides that the width of trench shall be the nominal dia meter of the

pipe+40cm but it shall not be less than 55 cm in cases of all kind of soil. Hence as per the provision laid down in the specification regarding the width of the trench, the excavation was to be done and measured for 0.55 mtrs in width and the Contractor was to be paid for 52.70 cum Qty as detailed below :-

Part -I

RD 0/00 to RD 0/13 = $13 \times 0.55 \times 0.90 =$ 6.43 cum

RD 13 TO 14.20 = $1.20 \times 1.20 \times 0.30 =$ 0.43cum

RD 27.20 TO RD 38.20 = $11 \times 0.30 \times 0.68 =$ 2.24cum

RD 0/38.20 to RD 0/44.20 = $6 \times 0.55 \times 0.60 =$ 1.99 cum

Part-II

RD 0/00 to RD 0/13 = $13 \times 0.55 \times 0.60 =$ 4.29 cum

RD 13 TO 14.20 = $1.20 \times 1.20 \times 0.30 =$ 0.43cum

RD 0/14.20 to RD 0/31.20 = $17 \times 0.55 \times 0.90 =$ 8.42 cum

RD 31.20 TO 32.40 = $1.20 \times 1.20 \times 1 =$ 1.44cum

RD 0/32.40 to 0/43.40 = $11 \times 0.55 \times 0.85 =$ 5.14 cum

RD 0/43.40 to 0/60.40 = $17 \times 0.55 \times 0.75 =$ 7.01 cum

RD 60.40 TO 61.60 = $1.20 \times 1.20 \times 1.00 =$ 1.44cum

RD 0/61.60 to 0/88.60 = $27 \times 0.55 \times 0.70 =$ 11.13 cum

RD 0/88.60 to 0/95.60 = $7 \times 0.55 \times 0.60 =$ 2.31 cum

Total = **52.70cum**

But the Contractor was paid excavation in foundation trenches for the laying the pipe 150mm Dia for 65.13cum. In this way the Contractor was paid 12.43cum excess by deviating the provisions of specification. Hence `1616.00 paid excess on this account which may be made good from the Officer/Official at fault under intimation to audit.

(3) Excess Payment of `19975.00

Cash Voucher No. 1141 Dated 07.07.09 for `120680/-

Vide Cash Voucher cited above, the payment of Rs.120680/- was made to Sh. Kulbushan Verma, Contractor on a/c of 2nd and final Bill for the work “**P/L 150MM Dia Sewerage Line From Narmada Niwas to IPH at lower Khilini**”. The work was awarded to him vide letter No. MCS/Purchase/3779/WS/2008-551 dated 11.02.09 for

₹484036.00 from the perusal of tender documents & MB etc. of the work, the following observation was noticed which may be attended to please.

1. Item No. 2 of the DNIT i.e laying in trenches CI Pipe for 150mm dia was executed for 151.45 running meter and was paid to the Contractor @ ₹2125.00 per RMT. From the perusal of the record entry made at Page No.47 & 53 of MB No. 1612/302, it is seen that the measurement of the item was done by taking into account the quantity of length by deducting the fittings like CI Bend and Tee as 9 Nos ($9 \times 0.40 = 3.60$ mtrs). Whereas as per specification the deduction should be taken for 17Nos Bend, 1 Collar and 8 Tee ($17 \text{Nos} \times 0.60 + 1 \text{Nos} \times 0.40 + 8 \text{Nos} \times 0.30 = 13.00 \text{RMT}$) therefore the net quantity should have been paid to the Contractor $155.05 - 13.00 = 142.05 \text{RMT}$ only. In this way the Contractor had been paid excess of ₹19975.00 (i.e $151.45 \text{ RMT} - 142.05 \text{ RMT} = 9.40 \text{RMT} \times ₹2125.00 = ₹19975.00$). **₹19975.00** may be recovered from the Officer/Official at fault under intimation to audit.

(4) Excess Payment of ₹4782.00

Cash Voucher No. 1141 Dated 07.07.09 for ₹208822/- & 1359 Dated 30.07.09 for ₹108533 /-

Vide Cash Vouchers mentioned above, the payment of ₹208822/- was made to Sh. Kulbushan Verma, Contractor on a/c of 2nd and Final Bill for the work “**P/L 150MM Dia DI Sewerage Line From Block C32 to C35 to Swami Sadan at Vikas Nagar**”. The work was awarded to him vide letter No. MCS/Purchase/8301/WS/2008-2823 dated 16.06.2009 for ₹418826.00 From the perusal of tender documents & MB etc. of the work, the following observations were noticed which may be attended to please.

1. Item No. 2 of the DNIT i.e. Laying in trenches CI Pipe for 150mm dia was executed for 141.00 running meter and was paid to the Contractor @ ₹2200.00 per RMT. From the perusal of the record entry made at Page No.87 and 92 of MB No. 1677/377, it is seen that the measurement of the item was done by taking into account the quantity of length by deducting the fittings like CI Bend, Tee and Collar as 10 Nos ($11 \times 0.40 = 4.00$ mtrs). Whereas as per specification the deduction should be taken for 8Nos Bend, 1 Collar.1 Tee ($8 \text{Nos} \times 0.60 + 1 \text{Nos} \times 0.40 + 1 \times 0.30 = 5.50 \text{RMT}$) therefore the net quantity should have been paid to the Contractor $141.00 - 5.50 = 135.50 \text{RMT}$ only. In this way the Contractor has been

paid excess of `3300.00 (i.e 137.00 RMT-135.50 RMT= 1.50RMT X `2200.00= `3300.00). `3300.00 may be recovered from the Officer/Official at fault under intimation to audit.

2. Item No. 1 of the DNIT/ Schedule of Qty i.e Excavation in foundation & trenches in all kind of Soil was paid for 50.91cum @ `130.00 per cum vide Page 94 of MB No 1677/367. From the perusal of the record entries made at page 84 & 90 of the same MB, it is seen that the excavation for laying the 150mm CI Pipe was measured for average width of 0.60mtr + 0.75mtr. But the specification for laying and jointing of CI Pipe and fitting (External Work) provides that the width of trench shall be the nominal dia meter of the pipe+40cm but it shall not be less than 55 cm in cases of all kind of soil. Hence as per the provision laid down in the specification regarding the width of the trench, the excavation was to be done and measured for 0.55 mtrs in width and the Contractor was to be paid for **39.51cum** cum Qty as detailed below:-

RD 0/24.40 to RD 0/35.90	11.50 X0.55X0.90 =	5.69 cum
RD 0/35.90 to RD 0/50.90	15X0.55X0.85=	7.02cum
RD 0/50.90 to RD 0/61.90	11X0.55X0.79=	4.78cum
RD 0/61.90 to RD 0/76.90	15X0.55X0.75=	6.19cum
RD 0/76.90 to 0/92.50	15.60X0.55X0.71=	6.09cum
RD 92.50 to 93.70	1.20X1.20X1=	1.44cum
RD 93.70 to 96.10	2.40X0.55X0.60=	0.79cum
RD 72.0 to 1.40	1.40X0.55X0.60=	0.46cum
RD 1.40 to 5.60	4.20X0.55X0.60=	1.38cum
RD 10.90 to 12.10	1.20X0.55X1.00=	0.66cum
RD 0/23.20 to 0/11	6X0.55X0.30=	0.99cum
RD 23.20/11 to 12.20	1.20X1.20X1=	1.44cum
RD 12.20 to 23.90	11.70X0.55X0.40=	<u>2.58cum</u>
Total	=	<u>39.51cum</u>

But the Contractor was paid excavation in foundation trenches for the laying the pipe 150mm Dia for 39.51cum. In this way the Contractor was paid 11.40cum excess by deviating the provisions of specification. Hence `1482.00 paid excess on this account which may be made good from the Officer/Official at fault under intimation to audit.

(5) Excess Payment of `7769.00

Cash Voucher No. 1358 Dated 27.07.09 for `20899/-

Vide Cash Voucher cited above, the payment of `20899/- was made to Sh. Tara Chand, Contractor on a/c of 3rd and Final Bill for the work “**Shifting of water pipe line from Drain at Ghora Chowki Totu & Boileegang Shimla**”. From the perusal of tender documents & MB etc. of the work, the following observations were noticed which may be attended to please.

1. Item No. 1 of the DNIT/ Schedule of Qty i.e Excavation in foundation & trenches in all kind of Soil was paid for 101.25cum @ `115.00 per cum vide Page 62 of MB No 1733/423. From the perusal of the record entries made at page 54, 57 & 61 of the same MB, it is seen that the excavation for laying the 50mm GI Pipe was measured for average width of 0.40mtr + 0.60mtr. But the specification for laying and jointing of GI Pipe and fitting (External Work) provides that the width of trench for 50mm Dia GI pipe shall be taken as 30cm. Hence as per the provision laid down in the specification regarding the width of the trench, the excavation was to be done and measured for 0.30 mtrs in width and the Contractor was to be paid for 56.84 cum Qty as detailed below :-

1X15X0.30X0.50=	2.25cum
1X15X0.30X0.60=	2.70cum
1X15X0.30X0.50=	2.25cum
1X5X0.30X0.45=	0.68cum
1X10X0.30X0.30=	0.90cum
1X15X0.30X0.30=	1.35cum
1X15X0.30X0.30=	1.35cum
1X15X0.40X0.30=	1.35cum
1X15X0.30X0.45=	2.03cum
2X15X0.30X0.30=	2.70cum
1X15X0.30X0.40=	1.80cum
1X15X0.30X0.60=	2.70cum
1X15X0.30X0.40=	1.80cum
1X15X0.30X0.40=	1.80cum
1X10X0.30X0.80=	2.40cum

	1X15X0.30X0.45=	2.02cum
	1X15X0.30X0.45=	2.02cum
RD 0/250 TO 0/265	1X15X0.30X0.50=	2.25cum
	1X15X0.30X0.45=	2.02cum
	1X4X0.30X0.50=	0.60cum
	2X10X0.30X0.30=	1.80cum
	1X10X0.30X0.35=	1.05cum
	1X10X0.30X0.25=	0.75cum
	3X10X0.30X0.25=	2.25cum
	1X15X0.30X0.30=	1.35cum
	1X3X0.30X0.20=	0.18cum
	1X12.10X0.30X0.30=	1.09 cum
	1X10X0.30X0.40=	1.20cum
	1X8X0.30X0.50=	1.20cum
	1X10X0.30X0.50=	1.50cum
	2X10X0.30X0.60=	3.60cum
	1X10X0.30X0.60=	1.80cum
	2X5X0.30X0.60=	1.80cum
	1X2.50X0.30X0.40=	<u>0.30cum</u>
	Total	<u>56.84cum</u>

But the Contractor was paid excavation in foundation trenches for the laying the pipe 50mm Dia for 101.25cum. In this way the Contractor was paid 44.41cum excess by deviating the provisions of specification. Hence `5107.00 paid excess on this account which may be made good from the Officer/Official at fault under intimation to audit.

2. Item No. 2 of DNIT P/L in trenches GI pipe of 50mm Dia has been paid for 473.00 RMT @ `355/- . From the perusal of the record entry made at page no. 61 of the same MB, it is seen that measurement of GI pipe taken as 60RMT whereas it should be 52.50 RMT on the basis of record entry made for item No. 1. at page no. 60, 61 of the same MB. In this way Contractor has been paid excess for 7.50 RMT GI pipe @ `355/- i.e `2662/- which may be recovered from the Officer/Official at fault under intimation to audit.

(6) Excess Payment of `1240.00

Cash Voucher No. 1386 Dated 30.07.09 for `55886/-

Vide Cash Voucher cited above, the payment of `55886/- was made to Sh Tara Chand, Contractor on a/c of 1st & Final Bill for the work “**Shifting of water pipe from drain at Bharari**”. The work was awarded to him vide letter No. MCS/Purchase/1510/WS/2008-3865 dated 15.07.08 for `89231.00. From the perusal of tender documents & MB etc. of the work, the following observation was noticed which may be attended to please.

1. Item No. 1 of the DNIT/ Schedule of Qty i.e Excavation in foundation & trenches in all kind of Soil was paid for 42.18cum @ `115.00 per cum vide Page 6 of MB No 1872/562. From the perusal of the record entries made at page 2 of the same MB, it is seen that the excavation for laying the 40mm dia GI Pipe was measured for various width and depth but the specification for laying and jointing of GI Pipe and fitting (External Work) provides that the width and depth of trench shall be 30 cm and 60 cm respectively. Hence the provision laid down in the specification regarding the depth and width of the trench the excavation was to be done and measured for 31.40cum as per detail given below:-

	= 2.10X1.50X1.00=	3.15cum
RD 0/00 to RD 0/1.15	= 1.15X0.60X0.30 =	0.20cum
RD 0/2.15 to RD 0/6.00	= 3.85X0.60X0.30=	0.69cum
RD 0/6.00 to RD 0/8.00	=2X0.60X0.30=	0.36cum
RD 0/8.00to RD 0/23.00	=15X0.60X0.30=	2.70cum
RD 0/23.00 to 0/38.00	=15X0.60X0.30=	2.70cum
RD 0/38.00 to 0/53.00	=15X0.60X0.30=	2.70cum
RD 0/53.00 to 0/143.00	=90X0.60X0.30=	16.20cum
RD 0/143.00 to 0/158.00	=15X0.60X0.30=	<u>2.70cum</u>
Total	=	<u>31.40cum</u>

But the Contractor was paid excavation in foundation trenches for the laying the pipe 40mm Dia GI Pipe for 42.18cum. In this way the Contractor was paid 13.93cum excess by deviating the provisions of specification. Hence `1239.70 or say `1240.00 paid excess on this account which may be made good from the Officer/Official at fault under intimation to audit.

(7) Excess Payment of `23980.00

Cash Voucher No. 1283 Dated 20.07.09 for `329341/-

Vide Cash Voucher cited above, the payment of `329341/- was made to Sh Ravinder Singh, Contractor on a/c of 1st Running Bill for the work “**P/L 150MM Dia Sewerage Line From Jamwal House to IPH Line Main Kufta Dhar**”. The work was awarded to him vide letter No. MCS/Purchase/5564/WS/2008-317 dated 22.01.09 for `465024.00. From the perusal of tender documents & MB etc. of the work, the following observation was noticed which may be attended to please.

1. Item No. 2 of the DNIT i.e Laying in trenches DI Pipe for 150mm dia was executed for 165.00 running meter and was paid to the Contractor @ `2180.00 per RMT. From the perusal of the record entry made at Page No.8 of MB No. 1869/559, it is seen that the measurement of the item was done by taking into account the quantity of length by not deducting the fittings like DI Bend, Tee, Collar etc. Whereas as per specification the deduction should be taken for 15Nos Bend 2 Nos Collar and 4 Nos Tee as $15 \times 0.60 + 2 \times 0.40 + 4 \times 0.30 = 11.00 \text{ RMT}$) therefore the net quantity should have been paid to the Contractor $165.00 - 11.00 = 154.00 \text{ RMT}$ only. In this way the Contractor was paid excess of `23980.00 ($165.00 \text{ RMT} - 154.00 \text{ RMT} = 11.00 \text{ RMT} \times `2180.00 = `23980.00$) Hence `23980.00 may be recovered from the Officer/Official at fault under intimation to audit.

(8) Excess Payment of `4585.00

Cash Voucher No. 1360 dated 30.07.09 for `138911.00

Vide Cash voucher cited above, the payment of `138911.00 was made to M/S Leela Enterprises, Contractor on a/c of 1st and Final Bill for the work “**Improvement of water Supply line in Panthaghatti Area**”. From the perusal of tender documents & MB etc. of the work, the following observations were noticed which may be attended to please.

1. Item No. 3 of the DNIT/Schedule of Qty. i.e. P/F GI Union of the following size (Where not included in the item) 40mm was executed for 15 Nos and paid to the contractor @ `200/- each vide Page 5 of the MB No. 1873/563. The specification for laying GI Pipe provides that the measurement of GI pipe should be for finished work including GI pipe & GI fittings such as Bends, Union, Tee, Elbow, Reducer, Plug, Crosses, Socket Nipple and Nut but excludes Cocks. The cost of fittings stated above was paid while measuring and

paying the item No. 2 of the Schedule of Qty i.e. P/L GI pipe, Tube fitting. Hence the cost of Union have been paid twice i.e. once while making the payment of GI pipe vide item No. 2 of Schedule of Qty and secondly while making the payment of GI Union vide item No. 3 of Schedule of Qty. The excess payment of `3000.00 may be recovered from the Officer/Official at fault.

2. Item No. 1 of DNIT i.e. Excavation in Foundation trenches in all kind of Soil was paid for 51.61cum @ `135.00 per cum vide Page 4 of MB No. 1873/563. From the perusal of record entries made at Page 2 of the same MB it is seen that the Excavation for laying the 40mm GI pipe was measured for various width and depth. But the specification for laying and jointing of GI Pipe and fittings (External Works) provides that the width for laying GI Pipe of dia 15mm to 50mm shall be 30cm respectively. Hence as per provisions laid down in the specification regarding the width of the trench the excavation was to be done and measured for 40.47 cum as per detail given below:-

Qut in cum		
RD 12 to 18	6X0.30X0.30=	0.54
RD 0/30 to 60	30X0.30X0.25=	2.25
RD 0/60 to 90	30X0.30X0.32=	2.88
RD 0/90 to120	30X0.30X0.35=	3.15
RD 0/120 to150	30X0.30X0.32=	2.88
RD 0/150 TO 180	30X0.30X0.28=	2.52
RD 0/180 TO 210	30X0.30X0.30=	2.70
RD 0/210 TO 240	30X0.30X0.34=	3.06
RD 0/240 TO 270	30X0.30X0.36 =	3.24
RD 0/270 TO 300	30X0.30X0.32=	2.88
RD 0/300 TO 330	30X0.30X0.35=	3.15
RD 0/330 TO 360	30X0.30X0.35=	3.15
RD 0/360 TO 370	10X0.30X0.30=	0.90
RD 0 TO 5	1X5X0.30X0.40=	0.60
RD 5 TO 15	1X10X0.30X0.42=	1.26
RD 15 TO 30	1X15X0.28X0.30=	1.26
RD 35 TO 45	1X10X0.30X0.30=	0.90

RD 55 TO 60	1X5X0.30X0.30=	0.45
RD 60 TO 90	1X30X0.30X0.30=	<u>2.70</u>
40.47 cum		

But the Contractor was paid excavation in foundation in trenches for laying GI Pipe 40mm to 50mm dia for 51.61cum. In this way the Contractor was paid 11.14cum excess by deviating the provisions of specification, hence `1504.00 or say `1504.00(11.14cum X `135 per cum), paid excess to the Contractor, which may made good from the Officer/Official at fault under intimation to audit.

(9) Excess Payment of `7036.00

Cash Voucher No. 1240 Dated 14.07.09 for `242518/-

Vide Cash Voucher mentioned above, the payment of `242518/- was made to Sh Mahender Singh Chendel, Contractor on a/c of 1st Running Bill for the work “**P/L 150MM Dia D.I. Water Line Tank near Indian Institute of Advance Studies SummerHill**”. The work was awarded to him vide letter No. MCS/Purchase/4931/WS/2008-362dated 29.01.09 for `321665.00 from the perusal of tender documents & MB etc. of the work, the following observations were noticed which may be attended to please.

1. Item No. 2 of the DNIT i.e laying in trenches DI Pipe for 150mm dia was executed for 120.05 running meter and was paid to the Contractor @ `2200.00 per RMT. From the perusal of the record entry made at Page No.83 of MB No. 1732/422, it is seen that the measurement of the item was done by taking into account the quantity of length by deducting the fittings like DI Bend as 4 Nos (4X0.40 = 1.60 mtrs). Whereas as per specification the deduction should be taken for 4Nos Bend as 4Nos X0.60= 2.40RMT) therefore the net quantity should have been paid to the Contractor 120.05-2.40= 117.65RMT only. In this way the Contractor was paid excess of `5280.00 (120.05 RMT- 117.65 RMT= 2.40RMT X `2200.00= `5280.00) Hence `5280.00 may be recovered from the Officer/Official at fault under intimation to audit.

2. Item No. 1 of the DNIT/ Schedule of Qty i.e Excavation in foundation & trenches in all kind of Soil was paid for 59.44cum @ `140.00 per cum vide Page 84 of MB No 1732/422. From the perusal of the record entries made at page 82 of the same MB, it is seen that the excavation for laying the 150mm DI Pipe was measured for average width of

0.60mtr + 0.90mtr. But the specification for laying and jointing of DI Pipe and fitting (External Work) provides that the width of trench, shall be the nominal dia meter of the pipe+40cm but it shall not be less than 55 cm in cases of all kind of soil. Hence as per the provision laid down in the specification regarding the width of the trench, the excavation was to be done and measured for 0.55 mtrs in width and the Contractor was to be paid for 46.90 cum Qty as detailed below :-

1X8.5X0.55X1.70	=7.94cum
1X6X0.55X1.10	=3.63cum
1X4.30X0.55X2.20	=5.20cum
1X15X0.55X0.50	=4.12cum
1X15X0.55X0.40	=3.30cum
1X13X0.55X0.50	=3.57cum
3X15X0.55X0.40	=9.90cum
2X15X0.55X0.30	=4.95cum
2X13X0.55X0.30	=4.29cum
Total	<u>46.90cum</u>

But the Contractor was paid excavation in foundation trenches for the laying the pipe 150mm Dia for 59.44cum. In this way the Contractor was paid 12.54 excess by deviating the provisions of specification. Hence `1755.60 paid excess on this account which may be made good from the Officer/Official at fault under intimation to audit.

(10) Excess Payment of `16498.00

Cash Voucher No. 1159 Dated 07.07.09 for `286355.00.

Vide above Cash Voucher, the payment of `286355.00 was made to Sh Vijay Chauhan, Contractor on a/c of 1st Running Bill for the work “**P/L Water Supply Line to Main Kufta Dhar, Shimla**”. The work was awarded to him vide letter No. MCS/Purchase /7088/WS/2006-2104 dated 29.04.2008 for `326000.00 From the perusal of tender documents & MB etc. of the work, the following observations were noticed which may be attended to please.

1. Item No. 1 of the DNIT/ Schedule of Qty i.e (Excavation in foundation & trenches in all kind of Soil) was paid for 206.96cum @ `110.00 per cum vide Page 49 of MB No 1867/557. From the perusal of the record entries made at page 44 of this MB it is seen that

the excavation for laying the GI Pipe of 80mm dia and 50 mm dia was measured. The width of the trench was taken at various RD at the average ranges between 0.60mtr and 0.70mtr. The specification for laying and jointing for GI Pipe (External Work) provides the width of the trench for different dia meter of the GI pipe as follows:-

Dia of Pipe in mm	Width of trench in cm
15 to 50	30
65 to 100	45

The width of trench for laying 80mm dia GI Pipe as per the specification should have been 45cm and accordingly the Qty of excavation for laying 670.00mtr of GI pipe should have been 117.43cum as detail given below :-

1X14X0.45X0.40=	2.52
8X15X0.45X0.40=	21.60
1X14X0.45X0.30=	1.89
1X15X0.45X0.40=	2.70
4X15X0.45X0.40=	10.80
1X10X0.45X0.40=	1.80
1X12X0.45X0.30=	1.62
1X8X0.40X0.50=	1.60
8X15X0.45X0.40=	21.60
8X15X0.45X0.40=	21.60
11X15X0.45X0.40=	<u>29.70</u>
Total	= <u>117.43</u>cum (A)

Similarly the width of the trench for laying 50mm dia GI Pipe as per specification should have been 30cm and the Qty of excavation for laying 132 mtr of GI Pipe worked out to 15.84 cum as detail below :-

8X15X0.30X0.40=	14.40 cum
1X12X0.30X0.40=	<u>1.44</u> cum
15.84cum.....(B)	

Hence the total Qty of excavation for laying 80mm GI pipe and 50mm GI Pipe as per specification should have not been more than 133.27cum(A+B), whereas the Contractor

was paid 206.96cum by deviating the specification. In this way the Qty of excavation was measured excess and `8105.90[(206.96 cum – 133.27 cum) X `110.00 per cum] were paid excess. The **excess payment of `8106.00** may be made good by fixing the responsibility of Officer/Official at fault under intimation to the audit.

2. Item No. 3 of the DNIT/Schedule of Qty. i.e. P/F GI Unions of the following size (Where not included in the item) 80mm and 50 mm dia were executed for 22 Nos and 10 Nos and paid to the contractor @ `286/- each and 210/- each respectively vide Page 50 of the MB No. 1867/557 .The specification for laying GI Pipe provides that the measurement of GI pipe should be for finished work including GI pipe & GI fittings such as Bends, Union, Tee, Elbow, Reducer, Plug, Crosses, Socket Nipple and Nut but excludes Cocks. The cost of fittings stated above have been paid while measuring and paying the item No. 2 of the Schedule of Qty i.e. P/L GI pipe, Tube fitting. Hence the cost of Union have been paid twice i.e. once while making the payment of GI pipe vide item No. 2 of Schedule of Qty and secondly while making the payment of GI Union vide item No. 3 of Schedule of Qty. The excess/double payment of **`8392.00** may be recovered from the Officer/Official at fault.

(11) Excess payment of `31887.00

Cash Voucher No. 1143 Dated 07.07.09 for `66983 /-

Vide Cash Voucher cited above, the payment of `208822/- was made to Sh. Kulbushan Verma, Contractor on a/c of 2nd and final Bill for the work **“P/L 150MM Dia Sewerage Line From Delhi Stores Lower Bazar to Bhagat Road at Gang”**. From the perusal of tender documents & MB etc. of the work, the following observations were noticed which may be attended to please.

1. Item No. 2 of the DNIT i.e Laying in trenches CI Pipe for 150mm dia was executed for 99.60 running meter and was paid to the Contractor @ `2056.00 per RMT . From the perusal of the record entry made at Page No.21& 3 of MB No. 1743/433, it is seen that the measurement of the item was done by not deducting the length of CI Bend Tee etc. Whereas as per specification the deduction should be taken for 24Nos Bend, 1Tee (24NosX0.60+1NosX0.30 = 14.70 RMT) therefore the net quantity should have been paid to the Contractor 99.60-14.70= 84.90RMT only. In this way the Contractor has been paid

excess of `30223.00 (i.e 99.90 RMT-84.90 RMT= 14.70RMT X `2056.00= `30223.20).
`30223.00 may be recovered from the Officer/Official at fault under intimation to audit.

2. Item No. 1 of the DNIT/ Schedule of Qty i.e Excavation in foundation & trenches in all kind of Soil was paid for 56.61cum @ `120.00 per cum vide Page 24 of MB No 1743/433. From the perusal of the record entries made at page 2 & 21 of the same MB, it is seen that the excavation for laying 150mm CI Pipe was measured for average width of 0.60mtr + 0.80mtr. But the specification for laying and jointing of CI Pipe and fitting (External Work) provides that the width of trench shall be the nominal dia meter of the pipe+40cm but it shall not be less than 55 cm in cases of all kind of soil. Hence as per the provision laid down in the specification regarding the width of the trench the excavation was to be done and measured for 0.55 mtrs in width and the Contractor was to be paid for **42.74cum** Qty as detailed below :-

1X1.40X1.40X0.70=1.37cum
1X1.40X1.40X0.90=1.76cum
1X1.40X1.40X1.10=2.16cum
1X0.50X0.55X0.50= 0.14cum
1X3.20X0.55X0.85= 1.49cum
1X1.10X0.55X1= 0.61cum
1X2X0.55X1.15= 1.27cum
1X0.90X0.55X0.75= 0.37cum
1X1.60X0.70X0.65= 0.73cum
1X1.60X0.55X0.50= 0.44cum
1X15X0.55X0.65= 5.36cum
1X15X0.55X1= 8.25cum
1X0.60X0.55X1.15= 0.38cum
1X15X0.55X1.05= 8.66cum
1X9.50X0.55X0.85= 4.44cum
1X6.90X0.55X1.40= 5.31cum

42.74cum

But the Contractor was paid excavation in foundation trenches for the laying the pipe 150mm Dia for 56.61cum. In this way the Contractor was paid 13.87cum excess by

deviating the provisions of specification. Hence `1664.40or say `1664.00 paid excess on this account which may be made good from the Officer/Official at fault under intimation to audit.

(12) Excess payment of `5670.00

Cash Voucher No. 1144 Dated 07.07.09 for `73512.00 /-

Vide Cash Voucher cited above, the payment of `73512.00/- was made to Sh. Raman Kant, Contractor on a/c of 1st and final Bill for the work “**P/L Improvement of 150mm Dia Sewerage line from Chalet School to Fingsas Estate**”. From the perusal of tender documents & MB etc. of the work, the following observations were noticed which may be attended to please.

1. Item No. 2 of the DNIT i.e Laying in trenches CI Pipe for 150mm dia was executed for 31.80 running meter and was paid to the Contractor @ `2100.00 per RMT. From the perusal of the record entry made at Page No.70 of MB No. 1733/423, it is seen that the measurement of the item was done, by not deducting the length of CI Bend Tee etc. Whereas, as per specification, the deduction should be taken for 4Nos Bend, 1Tee ($4\text{Nos} \times 0.60 + 1\text{Nos} \times 0.30 = 2.70 \text{ RMT}$) therefore the net quantity should have been paid to the Contractor $31.80 - 2.70 = 29.10 \text{ RMT}$ only. In this way the Contractor have been paid excess of (i.e $31.80 \text{ RMT} - 29.10 \text{ RMT} = 2.70 \text{ RMT} \times `2100.00 = `5670.00$). Hence `5670.00 may be recovered from the Officer/Official at fault under intimation to audit.

(13) Excess payment of `5707.00

Cash Voucher No. 1240 Dated 14.07.09 for `380283.00

Vide Cash Voucher cited above, the payment of `380283.00 was made to Sh. Mohinder Singh Chandel, Contractor on a/c of 1st Running Bill for the work “**P/L 150MM Dia DI Water Supply Line from Tank near IAS to Summer Hill Chowk**”. From the perusal of tender documents & MB etc. of the work, the following observations were noticed which may be attended to please.

1. Item No. 2 of the DNIT i.e Laying in trenches CI Pipe for 150mm dia DI was executed for 187.30 running meter and was paid to the Contractor @ `2200.00 per RMT. From the perusal of the record entry made at Page No.87 of MB No. 1732/422, it is seen that the measurement of the item was done by not deducting the length of the fittings like

CI Bend, and Tee. Whereas, as per specification the deduction should be taken for 8Nos Bend, 1 Tee ($8\text{Nos} \times 0.60 + 1\text{Nos} \times 0.30 = 5.10\text{RMT}$) therefore the net quantity should have been paid to the Contractor for $(190.90 - 5.10) = 185.80\text{RMT}$ only. In this way the Contractor has been paid excess `3300.00 (i.e $187.30\text{ RMT} - 185.80\text{ RMT} = 1.50\text{RMT} \times \text{`.2200.00} = \text{`.3300.00}$). Hence `**3300.00** may be recovered from the Officer/Official at fault under intimation to audit.

2. Item No. 1 of the DNIT/ Schedule of Qty i.e Excavation in foundation & trenches in all kind of Soil was paid for 63.51cum @ `140.00 per cum vide Page 88 of MB No 1732/422. From the perusal of the record entries made at page 86 of the same MB, it is seen that the excavation for laying the 150mm DI Pipe was measured for average width of 0.60mtr + 0.90mtr. But the specification for laying and jointing of DI Pipe and fitting (External Work) provides that the width of trench shall be the nominal dia meter of the pipe+40cm but it shall not be less than 55 cm in cases of all kind of soil. Hence as per provisions laid down in the specification regarding the width of the trench, the excavation was to be done and measured for 0.55 mtrs in width and the Contractor was to be paid for 46.32cum as detailed below :-

1X6X0.55X1.20=	3.96cum
2X13.50X0.55X0.30=	4.45cum
2X13X0.55X0.35=	5.00cum
1X15X0.55X0.25=	2.06cum
1X7X0.55X0.30=	1.15cum
4X15X0.55X0.80=	26.40cum
1X7.50X0.55X0.80=	<u>3.30cum</u>
Total =	<u>46.32cum</u>

But the Contractor was paid excavation in foundation trenches for the laying the pipe 150mm Dia for 63.51cum. In this way the Contractor was paid 17.19cum excess by deviating the provisions of specification. Hence `**2406.60** or say `**2407/-** paid excess on this account which may be made good from the Officer/Official at fault under intimation to audit.

(14) Excess payment of `22528.00

Cash Voucher No. 1142 dated 07.07.09 for `426702.00

Vide Cash voucher cited above, the payment of `426702.00 was made to M/S Leela Enterprises, Contractor on a/c of 1st and Final Bill for the work “**P/L water Supply line in Lower and Middle Kufta Dhar**”. From the perusal of tender documents & MB etc. of the work, the following observations were noticed which may be attended to please.

1. Item No. 3 of the DNIT/Schedule of Qty. i.e. P/F GI Union of the following size (Where not included in the item) 50mm was executed for 13 Nos and paid to the contractor @ `250/- each and 40mm was executed for 5 Nos and @ `200.00 paid each vide Page 27 of the MB No. 1821/511. The specification for laying GI Pipe provides that the measurement of GI pipe should be for finished work including GI pipe & GI fittings such as Bends, Union, Tee, Elbow, Reducer, Plug, Crosses, Socket Nipple and Nut but excludes Cocks. The cost of fittings stated above have been paid while measuring and paying the item No. 2 of the Schedule of Qty i.e. P/L GI pipe, Tube fitting. Hence the cost of Union have been paid twice i.e. once while making the payment of GI pipe vide item No. 2 of Schedule of Qty and secondly while making the payment of GI Union vide item No. 3 of Schedule of Qty. The excess/double payment of `**4250.00** may be recovered from the Officer/Official at fault.

2. Item No. 1 of DNIT i.e. Excavation in Foundation trenches in all kind of Soil was paid for 270.78cum @ `135.00 per cum vide Page 27 of MB No. 1821/511. From the perusal of record entries made at Page 22 of the same MB it is seen that the Excavation for laying the 40mm & 50mm dia GI pipe was measured for various width and depth. But the specification for laying and jointing of GI Pipe and fittings (External Works) provides that the width for laying GI Pipe of dia 15mm to 50mm shall be 30cm. Hence as per provisions laid down in the specification regarding the width of the trench, the excavation was to be done and measured for 135.39 cum as per detail given below:-

10X15X0.30X0.45	=20.25cum
14X0.30X0.35	=1.47cum
15X15X0.30X0.40	=27.00cum
11X0.30X0.40	=1.32cum

16X15X0.30X0.40	=28.80cum
10X0.30X0.30	=0.90cum
20X15X0.30X0.40	=36.00cum
2X15X0.30X0.45	=4.05cum
10X0.30X0.40	=1.20cum
2X15X0.30X0.40	=3.60cum
6X15X0.30X0.40	= <u>10.80cum</u>
	<u>135.39cum</u>

But the Contractor was paid excavation in foundation in trenches for laying GI Pipe 40mm to 50mm dia for 270.78cum. In this way the Contractor was paid 135.39cum excess by deviating the provisions of specification, hence **`18277.65 or say `18278.00**(135.39cumX `135 per cum), paid excess to the Contractor, which may made good from the Officer/Official at fault under intimation to audit.

(15) Excess payment of `9510.00

Cash Voucher No. 1160 Dated 07.07.09 for `135843.00 /-

Vide Cash Voucher cited above, the payment of `135843/- was made to Sh. Vinod Sharma, Contractor on a/c of 1st Running Bill for the work **“P/L 150MM Dia Sewerage Line From Suresh Zinta House to Ami Chand’s House”**. From the perusal of tender documents & MB etc. of the work, the following observations were noticed which may be attended to please.

1. Item No. 2 of the DNIT i.e Laying in trenches CI Pipe for 150mm dia was executed for 98.00 running meter and was paid to the Contractor @ `2175.00 per RMT. From the perusal of the record entry made at Page No.44 of MB No. 1827/517, it is seen that the measurement of the item was done by not deducting the length of CI Bend. Whereas, as per specification the deduction should be taken for 7Nos Bend, (7NosX0.60= 4.20 RMT) therefore, the net quantity should have been paid to the Contractor 98.00-4.20= 93.80RMT only. In this way the Contractor has been paid excess `9135.00 (i.e 98.00 RMT-93.80 RMT= 4.20RMT X `2175.00= `9135.00). Hence **`9135.00** may be recovered from the Officer/Official at fault under intimation to audit.

2. Item No. 1 of the DNIT/ Schedule of Qty i.e Excavation in foundation & trenches in all kind of Soil was paid for 56.43cum @ `115.00 per cum vide Page 47 of MB No 1827/517. From the perusal of the record entries made at page 43 of the same MB, it is seen that the excavation for laying the 150mm CI Pipe was measured for average width of 0.60mtr. But the specification for laying and jointing of CI Pipe and fitting (External Work) provides that the width of trench, shall be the nominal dia meter of the pipe +40cm but it shall not be less than 55 cm in cases of all kind of soil. Hence as per provisions laid down in the specification regarding the width of the trench, the excavation was to be done and measured for 0.55 mtrs in width and the Contractor was to be paid for **53.17** cum Qty as detailed below :-

22X0.55X1.26=	14.28cum
16.50X0.55X1.15=	10.44cum
6X0.55X0.65=	2.14cum
10X0.55X0.90=	4.95cum
8X0.55X0.90=	3.96cum
4X1X1=	4.00cum
1X1X0.60=	0.60cum
8X2X0.80=	<u>12.80cum</u>
	<u>53.17cum</u>

But the Contractor was paid excavation in foundation trenches for the laying the pipe 150mm Dia for 56.43cum. In this way the Contractor was paid 3.26cum excess by deviating the provisions of specification. Hence `374.90or say `375.00 paid excess on this account which may be made good from the Officer/Official at fault under intimation to audit.

(16) Excess payment of `8421.00

Cash Voucher No. 1144 Dated 07.07.09 for `233500/-

Vide Cash Voucher cited above, the payment of `252603/- was made to Sh Rama Kant, Contractor on a/c of 1st Running Bill for the work “**P/L 150MM Dia D.I. Sewerage Line From Sharma Niwas to IPH Line Sangti, Shimla**”. From the perusal of tender documents & MB etc. of the work, the following observations were noticed which may be attended to please.

1. Item No. 2 of the DNIT i.e Laying in trenches DI Pipe for 150mm dia was executed for 100.20 i.e (109.00 RMT-8.80 RMT) running meter and was paid to the Contractor @ `2080.00 per RMT. From the perusal of the record entry made at Page No.55 of MB No. 1826/516, it is seen that the measurement of the item was done by taking into account the quantity of length by deducting the fittings like DI Bend and Tee as $22 \times 0.40 = 8.80$ mtrs. Whereas as per specification the deduction should be taken for 19Nos Bend & 4No. Tee as $(19 \text{Nos} \times 0.60 = 11.40 \text{RMT} + 4 \times 0.30 = 1.20 \text{RMT} = 12.60 \text{RMT})$ therefore the net quantity should have been paid to the Contractor $109.00 \text{RMT} - 12.60 \text{RMT} = 96.40 \text{RMT}$ only. In this way the Contractor have been paid excess of `7904.00 $(100.20 \text{ RMT} - 96.40 \text{ RMT} = 3.80 \text{RMT} \times `2080.00 = `7904.00)$. Hence **`7904.00** may be recovered from the Officer/Official at fault under intimation to audit.

2. Item No. 1 of the DNIT/ Schedule of Qty i.e Excavation in foundation & trenches in all kind of Soil was paid for 21.40cum @ `130.00 per cum vide Page 54 of MB No 1826/516. From the perusal of the record entries made at page 50 of the same MB, it is seen that the excavation for laying the 150mm DI Pipe was measured for average width of $0.60 \text{mtr} + 0.75 \text{mtr}$. But the specification for laying and jointing of DI Pipe and fitting (External Work) provides that the width of trench shall be the nominal dia meter of the pipe+40cm but it shall not be less than 55 cm in cases of all kind of soil. Hence as per provisions laid down in the specification regarding the width of the trench, the excavation was to be done and measured for 0.55 mtrs in width and the Contractor was to be paid for 17.42 cum Qty as detailed below :-

RD 0/00 to RD 0/15	=	$1 \times 15 \times 0.55 \times 0.60$	=	4.95cum
RD 15 TO 30=		$1 \times 15 \times 0.55 \times 0.55$	=	4.51cum
RD 30 TO 45=		$1 \times 15 \times 0.55 \times 0.50$	=	4.12cum
RD 45 TO 53=		$1 \times 8 \times 0.55 \times 0.50$	=	2.20cum
RD 56 TO 67=		$1 \times 11 \times 0.30 \times 0.30$	=	0.99cum
RD 67 TO 68.20=		$1 \times 1.20 \times 1.20 \times 0.45$	=	<u>0.65 cum</u>
				<u>17.42cum</u>

But the Contractor was paid excavation in foundation trenches for the laying the pipe 150mm Dia for 21.40cum. In this way the Contractor was paid 3.98cum excess by

deviating the provisions of specification. Hence `517.00 paid excess on this account which may be made good from the Officer/Official at fault under intimation to audit.

(17) Non Deduction/Deposit of Labour Cess amounting to `6,35,755.87 from the Contractor's Bill in respect of B&R. & WS&SD.

While checking the work bills of B&R and WS&SD deptt, it has been noticed that the Worker/Labour Cess @1% of Construction Cost as per the provision of Section 3 of the Building & Other Construction Work Act, 1996 has not been deducted from the Constructors Bill and thereafter not deposited with H.P. Building and Other Construction Workers Welfare Board. In this way the Municipal Authority violated the provisions of the said Act. The detail of total cost of work done, as supplied by the concerned Deptt and labour cess not deducted as on 31.03.2010 is given below:-

Name of Deptt.	Total Cost	Total Labour Cess @1%
B&R Deptt.	46888104.00	468881.04
WS&S Deptt.	16687483.00	166874.83
Total		635755.87

The irregularity may be explained under intimation to the Audit and necessary deduction and deposit may be ensured.

Para 11 Vehicle

(1) Excess Consumption of Diesel/Petrol amounting to `0.19 lac due to non maintaining the mileage fixed by the Municipal Corporation.

The Municipal Corporation vide Joint Commissioner Office Order No. MCS/Jt Comm /JE(Auto)1189/Com/03-4231 dated 27.10.04 had fixed the mileage (KM per ltr) as shown in Col. No. 4 of the table given below .From the perusal of the Log Books of these vehicles it is observed that the mileage actually maintained by the Drivers was very low then the fixed by the Authority. Thus the Corporation has sustained the loss of `19338.80 as shown in col. 6 of the following table the responsibility for the loss may be fixed and recovery may be effected from the defaulting Officials. The compliance may be reported to audit.

Sr No	Vehicle No.	Make	Mileage KM per Ltr	Excess consumption of Diesel/ petrol in ltrs	Cost of Diesel/petrol excess consumed (As detail in attached Annexure)
1	2	3	4	5	6
1	HP-07-3507	SAWARJ MAJDA	4.34	44	1483.00
2	HP-07-2905	CANTER	4.16	9	303.30
3	HP-09-4795	SAWARJ MAJDA	4.34	131	4408.15
4	HP-07-3884	CANTER	3.30	69	2321.85
5	HP-09-0705	GYPSY	7	1.30	64.00
6	HP-07A-2375	TIPPER	3.12	56.40	1996.50
7	HP-07-3405	CANTER	4.34	6	201.90
8	HP-07A-2365	TATA TIPPER	3.12	102.40	3451.90
9	HP-07-3906	TATA	3.15	16.70	562.90
10	HP-07B-0396	AMBASSADOR	7.50	15.00	739.50
11	HP-07-5305	TATA TIPPER	3.12	113.10	3805.80
					19338.80

The log book of other vehicles may be got checked departmentally if any shortfall of mileage is detected the cost of excess consumption of Petrol/Diesel may also be recovered.

(2) Non Recovery of Road Roller Usages Charges from Contractors amounting to `44000.00

During checking of Log Book of Road Roller No. RR- 1241, it has been noticed that the Road Roller was used in the following tarring work by the Contractor for 176 hours/ 44 days but recovery of usage charges of Road Roller has not been seems to be effected from the Contractor as no reference given in the MB in this regard. Reason for not effecting the Road Roller charges from the Contractor may be intimated and `44000 may and be recovered from the Contractor under intimation to audit.

Date	Name of work	Use in Hours	Name of Contractor
30.09.09	Tiring of Road in SP Building in Jhakoo	3	Sh.Tilak Raj
01.10.09	Tiring of Road in SP Building in Jhakoo	4	Sh.Tilak Raj
02.10.09	Tiring of Road in SP Building in Jhakoo	3	Sh.Tilak Raj
03.10.09	Tiring of Road in SP Building in Jhakoo	3	Sh.Tilak Raj
04.10.09	Tiring of Road in SP Building in Jhakoo	4	Sh.Tilak Raj
05.10.09	Tiring of Road in SP Building in Jhakoo	3	Sh.Tilak Raj
06.10.09	Tiring of Road in SP Building in Jhakoo	4.5	Sh.Tilak Raj

07.10.09	Tiring of Road in SP Building in Jhakoo	4	Sh.Tilak Raj
10.10.09	Tiring of Road near Divisional Commissioner Office in Chotta Shimla	5	Sh.Tilak Raj
11.10.09	Tiring of Road near Divisional Commissioner Office in Chotta Shimla	4.50	Sh.Tilak Raj
12.10.09	Tiring of Road near Divisional Commissioner Office in Chotta Shimla	9	Sh.Tilak Raj
13.10.09	Tiring of Road near Divisional Commissioner Office in Chotta Shimla	3	Sh.Tilak Raj
14.10.09	Tiring of Road near Divisional Commissioner Office in Chotta Shimla	4	Sh.Tilak Raj
15.10.09	Tiring of Road near Divisional Commissioner Office in Chotta Shimla	4.5	Sh.Tilak Raj
16.10.09	Tiring of Road near Divisional Commissioner Office in Chotta Shimla	3.5	Sh.Tilak Raj
19.10.09	Tiring of Road near Divisional Commissioner Office in Chotta Shimla	4.5	Sh.Tilak Raj
20.10.09	Tiring of Road near Divisional Commissioner Office in Chotta Shimla	3.5	Sh.Tilak Raj
21.10.09	Tiring of Road near Divisional Commissioner Office in Chotta Shimla	3.5	Sh.Tilak Raj
22.10.09	Tiring of Road near Divisional Commissioner Office in Chotta Shimla	3	Sh.Tilak Raj
23.10.09	Tiring of Road near Divisional Commissioner Office in Chotta Shimla	3.5	Sh.Tilak Raj
24.10.09	Tiring of Road in front of Dingu Mandir	3	Sh.Tilak Raj
25.10.09	Tiring of Road in front of Dingu Mandir	3.50	Sh.Tilak Raj
26.10.09	Tiring of Road in front of Dingu Mandir	3.50	Sh.Tilak Raj
27.10.09	Tiring of Road in front of Dingu Mandir	4.50	Sh.Tilak Raj
28.10.09	Tiring of Road in front of Dingu Mandir	4.50	Sh.Tilak Raj
29.10.09	Tiring of Road in front of Dingu Mandir	3	Sh.Tilak Raj
30.10.09	Tiring of Road in front of Dingu Mandir	4	Sh.Tilak Raj
31.10.09	Tiring of Road in front of Dingu Mandir	4	Sh.Tilak Raj
01.11.09	Tiring of Road in front of Dingu Mandir	3	Sh.Tilak Raj
02.11.09	Tiring of Road in front of Dingu Mandir	3.5	Sh.Tilak Raj
03.11.09	Tiring of Road in front of Dingu Mandir	3.5	Sh.Tilak Raj
05.11.09	Tiring of Road on Bhajj Road near Colonel	6	Sh.Tilak Raj
07.11.09	Tiring of Road on Bhajj Road near Colonel	5	Sh.Tilak Raj
08.11.09	Tiring of Road on Bhajj Road near Colonel	4	Sh.Tilak Raj
09.11.09	Tiring of Road on Bhajj Road near Colonel	3	Sh.Tilak Raj
10.11.09	Tiring of Road on Bhajj Road near Colonel	5	Sh.Tilak Raj
17.11.09	Tiring of Road on Bhajj Road near Colonel	4	Sh.Tilak Raj
18.11.09	Tiring of Road on Bhajj Road near Colonel	5	Sh.Tilak Raj
19.11.09	Tiring of Road on Bhajj Road near Colonel	4	Sh.Tilak Raj

20.11.09	Tiring & Soiling Road near Engin Ghar in Saunjauli	2.5	Sh.Tilak Raj
21.11.09	Tiring & Soiling Road near Engin Ghar in Saunjauli	4	Sh.Tilak Raj
22.11.09	Tiring & Soiling Road near Engin Ghar in Saunjauli	3.5	Sh.Tilak Raj
23.11.09	Tiring & Soiling Road near Engin Ghar in Saunjauli	6	Sh.Tilak Raj
24.11.09	Tiring & Soiling Road near Engin Ghar in Saunjauli	4	Sh.Tilak Raj
		176	

Para 12 Advances :-

The balance sheet of Municipal Corporation Shimla as on 31.03.2010 shows `2667.18 lac as unadjusted advances out of which `1734.07 related to HODs. The perusal of the outstanding advances shows that no serious efforts are being made by the HODs against whom a huge amount of advances are pending for adjustment. Non adjustment of advance during the financial year is a serious lapse on the part of the Officer/Official. The authorities are advised to get these long outstanding advances adjusted in a time bound manner so that the unadjusted advances can be brought to zero balance. The brief detail of unadjusted advances as on 31.03.2010 is as under.

Sr No	Particulars	Amount of outstanding advance as on 31.03.10
1	Advances to Employees	862706.00
2	Advances to HOD	173407147.50
3	Advances to Suppliers (Store)	5068722.00
4	Contigent Advances	87379815.00
	Total	`266718390.50

The authorities were intimated the position of unadjusted advances vide letter endorsement No. 35-36 MC/Audit/09-10 dated 28.08.09 & letter of even No. 16.09.09 and 19.09.09 but no satisfactory reply was received.

Para 13 Pension, GPF & Contributory Pension Scheme :-

The financial position of Pension, GPF & Contributory Pension Scheme is incorporated in para 4 of this audit report.

(1) Overpayment of Retirement benefits of `0.60lac

During the test check of Pension cases of municipal employees it has been noticed that the Pensionary benefits i.e. Pension, Gratuity, Commutation, Leave encashment etc. were paid excess to Sh.Ishwar Dutt Sharma Roneo Opertor as detailed below. The same may be recovered from the official unless justified. Other similar cases if any may be examined on the similar line and excess payment (if any) may also be recovered.

a. Excess Payment of Pay & Allowances due to wrong pay fixation in the revised pay scale with effect from 01.01.2006 amounting to `12594.00

The test check of service book of Sh.Ishwar Dass Sharma revealed that the pay w.e.f 01.01.2006 in the revised pay scale was to be fixed as follow

Pay as on 31.12.95 `5480.00 in the pay scale of `2820-4400	
Pay as on 01.01.2006 `10200.00 +1650 GP	(In the pay band of 4900-10680 + 1650 GP)
Pay as on 01.07.2006 `10560.00 +1650 GP	(Annual increment)
Pay as on 01.07.2007 `10680.00+ 1650 GP	(Annual Increment Restricted up to the maximum of Pay Band.
Pay as on 01.07.2008 `11050.00+ 1650 GP	(Placement in the higher Pay Band of `5910-20200 after allowing one increment The Official Retired on 30.06.09)

Whereas his pay in the revised pay scale effective w.e.f 01.01.2006 was fixed vide Office Order No. MCS/AO/2009 dated Nil as follow and accordingly the pay& allowances were paid to him

Pay as on 31.12.95 `5480.00 in the pay scale of `2820-4400	
Pay as on 01.01.2006 `10200.00 +1650 GP	(In the pay band of 4900-10680 + 1650 GP)
Pay as on 01.07.2006 `10560.00+1650GP	(Annual increment)
Pay as on 01.07.2007 `10930.00+ 1650GP	(Annual Increment)
Pay as on 01.07.2008 `11700.00+ 1650GP	(Annual Increment & Placement in higher pay band)

In this way Sh.Ishwar Dass Sharma was paid excess pay & allowances amounting to ₹12594.00 for the period w.e.f 01.07.2007 to 30.06.2009 the detail of which is attached at Annexure -

b. Excess Payment of Pension amounting to ₹8466.00 w.e.f 01.07.2009 to 31.08.2011

On the basis of pay last drawn/ average emolument, the pension is worked out for ₹6350.00 PM (11050+1650 GP) payable w.e.f 01.07.2009. After commutation the pension payable is worked out for ₹3810.00. Whereas vide order No. UD-H(B)-(10)-945/08-11523 dated 29.10.10 the pension was sanctioned for ₹6675.00 PM & after commutation it was 4005.00 PM. In this way, he was paid ₹8466.00 Excess on account of Pension & Dearness Relief w.e.f 01.07.09 to 31.08.11 as detailed at Annexure-“H-I”

c. Excess Payment of Gratuity amounting to ₹18777.00

On the basis of pre revised last pay drawn/ average emolument the Retirement Gratuity was sanctioned vide UD -H(B)-(10)-945/08-3938 dated 05.06.2009 for ₹274428.00 whereas as per revised last pay drawn/average emolument the amount of Gratuity is worked out for ₹255651.00. In this way he was paid ₹18777.00 excess on account of Retirement Gratuity.

d. Excess Payment of Leave encashment amounting to ₹7930.00

The payment of leave encashment of ₹162870.00 was made to the official vide Cheque No. 8287784 dated 20.04.2010 (Sanctioned on 31.03.2010) whereas on the basis pre revised last pay drawn/ average emolument the Leave encashment was worked out for ₹154940.00 $[(11050+1650 +2794(DA) \times 300/30)]$. In this way he was paid ₹7930.00 excess on account of leave encashment.

e. Excess Payment of Commutation of Pension for ₹12700.00

The commutation of Pension for ₹259300.00 was sanctioned vide letter No. UD-H(B)-(10)-945/08-11525 dated 28.10.10 and accordingly paid whereas on the basis revised emoluments the commutation of Pension is worked out for ₹246600.00 $(₹6350 \times 40\% \times 12 \times 8.09)$. Hence the Official was paid Pension Commutation excess for ₹12700.00

(2) Late credit of Pension Contribution amounting to `78.72lacs into the Pension & Gratuity Fund during the 2009-10 resulting penal interest amounting to `.0.17lac.

Rule 4 (2) of the Himachal Pradesh Municipality Employees (Pension, Gratuity & GPF) Rules 2000 notified vide notification No. LSG-III(1)-1/79-3 dated 25.04.2000 provides that the monthly contribution as specified in sub rule 3 of rule 3 of ibid rules shall be drawn out of municipal fund and credited into the Pension & Gratuity Fund through Bank Draft by the DDO of the municipality not later than 5th day of the month following the month to which the contribution relates. Failing which the municipality shall pay penal interest @ 1.5% over and above the simple rate of interest prevailing at that time till the default continues. During the course of audit of pension & gratuity fund of the Municipal Corporation Shimla for the period 2009-10 it is observed that the Contribution towards Pension & Gratuity Fund was not credited to the Fund by the 5th of the month. Which is clear cut violation of the provision of the rule & also attract penal interest for late deposit. During the check it is found that the Pension & Gratuity contribution amounting to `7872152.00 as detailed below is credited late to the fund by the period mentioned against each contribution.

LATE CREDIT OF PENSION CONTRIBUTION						
Sr No.	MON TH TO WHICH CONTRIBUTION RELATES	AMOUNT OF CONTRIBUTION	DETAIL OF CREDIT INTO FUND		DAYS OF LATE CREDIT	INTEREST @5% (3.50+1.50)
			CHEQUE NO.	DATE		
1	MARCH	656319	8264033	24.04.09	19	1708
2	APRIL	652273	8264779	21.05.09	16	1430
3	MAY	646282	8266877	19.06.09	14	1239
4	JUNE	640390	8308053	28.07.09	23	2018
5	JULY	636847	8297717	25.08.09	20	1745
6	AUGUST	634978	8292908	22.09.09	17	1479
7	SEPTEMBER	635370	8302490	20.10.09	15	1306
8	OCTOBER	634295	8271125	18.11.09	13	1130
9	NOVEMBER	634620	273676	23.12.09	18	1565
10	DECEMBER	701198	8281562	28.01.10	23	2209
11	JANUARY	697291	8284693	15.02.10	10	955
12	FEB.	702289	8293636	11.03.10	4	385
	TOTAL	`7872152				`17168

Therefore as per the provisions of the rule stated above, the contribution towards Pension & Gratuity Fund should have been credited by the 5th of every month following the month to which it pertains, but the Corporation had failed to credit the contribution by the 5th of every month . Hence the Corporation Authority is advised to follow the provisions of the rule in letter & spirit and in future the contribution may be credited in to fund in time. The penal interest for late deposit amounting to ` 17168.00 be deposited into the Pension & Gratuity Fund after fixing the responsibility under intimation to the audit.

Para 14 Balance Sheet:-

The Para 27.4 of **Shimla Municipal Corporation Accounts Manual** provides that the annual report of Municipal Corporation Shimla includes financial statements consisting of

- 1. Balance Sheet**
- 2. Income & Expenditure Statement**
- 3. Statement of Cash Flow.**
- 4. Receipt & Payment Account**
- 5. Notes to Accounts.**
- 6. Financial Performance indicaton**

During the course of audit of the accounts of Municipal Corporation Shimla for the year 2009-10 the financial statements i.e. Balance Sheet Income Expenditure Statement, Notes to Accounts were only produced before the audit but the Statement of Cash Flow and Receipt & Payment Account for the year 2009-10 was not made available to audit inspite of audit requisition No. 20/MC/2011 dated 23.08.11. In absence of the same the audit of financial statement could be conducted in view of the provisions laid vide Para No. 28.7 and 28.9 of the **Shimla Municipal Corporation Accounts Manual**. Besides this the hard copy of head wise ledger accounts for the year 2009-10 was also not supplied to audit, but the perusal of Balance Sheet for the year 2009-10 the following was observed :-

(1) Other Liabilities (Sundry Creditors):- In the Balance Sheet `8141.95lac have been shown, under the head other liabilities. The main liability pertains to IPH Department & Electricity Deptt. The comparative view of the liability for the year 2008-09 & 2009-10 was as under:-

(`in Lac)

Sr No	Deptt. to whom liability is payable	Amount Payable as on 31.03.2010	Amount Payable as on 31.03.2009	Increase in Amt	% of Increase
1	I&PH Deptt.	7504.47	5297.26	2207.21	41.67
2	HPSEB Deptt.	637.48	571.99	65.49	11.45

The authorities are advised to make adequate budget provisions to write off huge amount of colossal liabilities in order to avoid penalties etc.

Para 15 Misc.

(1) Non recovery of penal interest amounting to `1.16 Lac awarded by The Hon'ble High Court from the Officer/Official at fault .

(Cash Voucher No. 344 Dated 24.07.09 for `263413.00)

A payment of `263413.00 was made to the Registrar General High Court Shimla, H.P. on account of decreed amount sanctioned vide court order dated 23.07.09 in the case of Municipal Corporation Shimla Vs Sh. Naresh Kumar Sood. The suit was filed by Sh. Naresh Sood, Sole proprietor of the Himachal Auto Service Sanjauli, Shimla-171006 against the

(1) Commissioner, Municipal Corporation Shimla

(2) Corporation Health Officer, Municipal Corporation, the Mall Shimla-01

For non payment of repair bill of Municipal vehicles w.e.f 28.04.1992 onward. The Hon'ble High Court has awarded decision against the Municipal Corporation with interest @ 9% w.e.f 19.10.2000 till realization of whole decretal amount. From the above decision it is very much clear that Hon'ble High Court has awarded the decision against the Municipal Corporation because the Municipal Corporation Shimla did not pay the repair bill of Municipal vehicles time to time to Sh. Naresh Sood proprietor of the Himachal Auto Service Sanjauli, Shimla. In view of the order as awarded by the Hon'ble High Court, H.P. the penal interest amounting to `116173.00 have to be recovered from the Officer/ Official who was at fault.under intimation to audit.

(2) Wrong Booking of Advance of `10.15 lac as Expenditure under the head “Professional and Other Fees Consultancy Charges” (Cash Voucher No. 1366 Dated 128.07.09 amounting to `1015018.00, JV No. 763 dated 28.07.09)

A payment of `1015018.00 as advance to M/S Centre for integrated Animal Husbandry & Diary Development, Flat No. 205, F-64,C/9 Sector-40 Noida-201301 against their Bill no.

1	CIA HDD/238/2009	16854.00
2	CIA HDD/241/2009	50562.00
3	CIA HDD/262/2009	<u>975825.00</u>
	TOTAL	1043241.00

Less:

Service Tax	23640.00	
Service Tax	<u>4583.00</u>	<u>28223.00</u>
Total		<u>1015018.00</u>

On checking of records it was found that it was advance made to the above firm but it was recorded as Expenditure under the head “**Professional and Other Fees Consultancy Charges**” wrong booking of expenditure may be intimated to audit.

Para 16 Non Production of Record/Supply of information

The following record pertaining to the audit period was not made available to audit inspite of various written as well as verbal requests made to the HODs. Non Production of record to audit is serious lapse on the part of HODs and is in violation of Section 165 of HP Municipal Corporation Act 1994 therefore, the matter is brought to the notice of the State Govt. for taking suitable action/ issuing direction to the municipal authorities as deem fit.

Sn	Audit Requisition No./Date	Subject	Authority to whom issued
1	02/MC/2011/04.08.2011	Supplyof Information regarding establishment, Detail of Final Bill, Detail of Purchase Bill exceeding `5/- lac, Detail of Building Application Fees cases compounded.	Account Officer

2	03/MC/2011/ 05.08.2011	Production of record i.e Estimate, DNIT, Tender Document & MB, B&R Deptt.	Account Officer/ME
3	04/ MC/2011/ 05.08.2011	Production of record i.e Estimate, DNIT, Tender Document & MB, B&R Deptt.	Account Officer/ME WS&SD
4	11/ MC/2011/ 11.08.2011	Information regarding license fees charged from the municipal employees during the year 2009-10	Account Officer
5	19/ MC/2011/ 23.08.2011	Supply of Information regarding Work on Prescribed proforma	Account Officer
6	46/ MC/2011/ 06.09.2011	Supply of information.	Account Officer
7	50/ MC/2011/ 07.09.2011	Information regarding Municipal Rest Houses Income & Expenditure	Executive Engineer(B&R)
8	51/ MC/2011/ 07.09.2011	Regarding Physical Verification of Fixed Assets and Stocks in hand for the year 2009-10	Account Officer
8	52/ MC/2011/ 07.09.2011	Information regarding Advances to Head of Department.	Account Officer
9	52A/ MC/2011/ 07/09/2011	Information regarding TDS	Account Officer
10	56/ MC/2011/ 14.09.11	Information relating to Construction Cost of R&B Deptt.	Executive Engineer (B&R)
11	58-59/ MC/2011/ 16.09.2011	Production of Record i.e Estimate, DNIT, Tender Document & MB, B&R Deptt.	Executive Engineer (B&R)
12	67-68/ MC/2011/ 16.09.2011	Estimate, DNIT, Tender Document & MB, B&R Deptt. (Detail given below)	Executive Engineer (B&R)
		V.No./Date	
		Amount	
		1170/08.07.09	
		55206.00	
		1170(a)/08.07.09	
		137698.00	
		1171/08.07.09	
		32938.00	
		1175/08.07.09	
		26506.00	
		1194/09.07.09	
		273568.00	
		1212/13.07.09	
		275982.00	
		1247/14.07.09	
		176415.00	
		1345/24.07.09	
		421927.00	
		1382/30.07.09 (WS&SD)	
		316275.00	
		1395/31.07.09	
		215123.00	

Para 17 Minor Objection Statement:-

The minor objection statement is not issued separately but all the minor objection found during audit & inspection were settled.

Para 18 Conclusion:-

The maintenance of accounts are found satisfactory but the keeping of the record as not up to the mark which need improvement. Besides it the suggestions given in part –I of this report needs to be implemented in order to improve the financial health of the Municipal Corporation.

**Director,
Local Audit Department, H.P.
Kasumpti, Shimla-09**