

Government of Himachal Pradesh

Local Audit Department

Block No. 38, SDA Complex,

Kasumpti, Shimla-9



***Audit and Inspection Report of Municipal
Corporation Shimla***

For the Period 01.04.2010 to 31.03.2011

**Audit & Inspection Report on the accounts of
Municipal Corporation Shimla for the period
01.04.2010 to 31.03.2011**

Part –I

Para -1 Introduction

(a) Consequent upon the amendment carried out by the Government in sub section 3 of section 161 H P Municipal Act vide Act No. 19 of 2007 in accordance with provisions of Eleventh Finance Commission, the audit of Accounts of Municipal Corporation Shimla has been conducted by of staff of Director-cum- Examiner Local Audit Department as per guidelines contained in Govt. of Himachal Pradesh Finance Department notification No. 1-376/81-Fin(LA) – Vol. IV dated 16.10.08. The accounts of Municipal Corporation Shimla has been converted into double entry system on accrual basis w.e.f. 01.04.2007 and thereafter the accounts are being maintained accordingly.

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

SrNo.	Name	Period	
		From	To
(1)	The Hon'ble Mayor		
1	Smt.Madhu Sood	01.04.2010	31.03.2011
(2)	The Commissioner		
1	Sh.A.N.Sharma,IPS	01.04.2010	31.03.2011

An Overview of the serious irregularities

Sr.No	Brief description of irregularity	Para No.	Amount (Rs. in lac)
1.	Irregular Write - Off of Rental Income.	5(b)	3.56
2	Non adjustment of outstanding advances.	8	2689.15
3	Non recovery of Receivables from various tax payers.	9	1147.67
4	Less accountal of interest on arrears of shops/stalls rent from various lessee.	11(a)	9.13
5	Non carrying over of Shop Rent from previous year balances.	11(b)	7.97
6	Less accountal of interest on the outstanding balances of property tax.	11(d)	2.84
7	Raising of less demand of property tax .	11(e)	0.66
8	Non Collection of Fine on account of polythene/carry Bags	11(g)	2.03
9	Irregular payment of Pay & Allowances to the different categories over and above the sanctioned posts.	12(1)(b)	216.24
10	Excess Payment of Pay & Allowances on account of wrong/extra increments.	12(1)(d)	0.45
11	Excess Payment of Pay & Allowances on account of wrong Pay fixation on regularization.	12(1)(e)	0.45
12	Overpayment to the various contractors of B&R Deptt. on account of wrong measurements, short recovery of stone.	12(2)(a)	0.17
13	Excess Payment to various contractors of WS&SD due to Deviation of specification and Wrong measurements.	12(2)(b)	0.49
14	Non - Deduction and Non - Deposit of Worker Cess.	12(2)(C)	1.77
15	Irregular Expenditure in respect of deposit of Service Tax without recovering it from the service receivers.	12(3)(a)	20.89
16	Excess Consumption of Diesel/Petrol	12(4)(a)	0.17

17	Less Recovery in respect of Private Journey.	12(4)(b)	0.13
18	Excess Payment of pensionary benefits.	13(a)	1.11

(e) Outstanding old Paras

There are **3482 Nos audit paras/audit requisitions pending** for settlement. The detail of pending audit paras /audit requisitions are shown “**Annexure-1**” enclosed this report.

SrNo	Year	No. Audit requisitions pending for settlement	No. Audit paras i/c sub paras pending for settlement	Total
1	1978-79	241	-	241
2	1979-80	210	-	210
3	1980-81	180	14	194
4	1981-82	141	23	164
5	1982-83	218	27	245
6	1983-84	110	9	119
7	1984-85	102	11	113
8	1985-86	124	13	137
9	1986-87	175	5	180
10	1987-88	266	6	272
11	1988-89	250	9	259
12	1989-90	242	10	252
13	1990-91	135	7	142
14	1991-92	277	16	293
15	1992-93	254	42	296
16	1993-94	Information not available		
17	1994 to 1996	-	173	173
18	1996-2000	-	166	166
19	2000-2009	-	14	14
20	2009-2010	-	14	14
	Total	2925	559	3484

The municipal authorities was requested vide audit requisition No. 73 /2013 dated 01.03.2013 to submit the year wise annotated reply to the pending audit paras/ audit requisitions but no serious efforts has been made by the authorities to submit the annotated replies and to get

these paras settled. Strenuous efforts are, therefore, required to be taken by the authorities for submission of reply and the early settlement of so long outstanding paras.

Part –II

Para 2 Present Audit

The present audit & inspection of the accounts of the Municipal Corporation Shimla for the period 04/2010 to 03/2011 was conducted by the audit party consisting of Sh. Anil Sharma, Ravinder Singh, Sh. Anil Mehra and Sh. Manjeet Section Officers during the period 08.01.2013 to 23.03.2013 under the overall supervision of Sh. Basant Singh Kanwar Deputy Director.

The accounts for the month of 03/2011 was selected for detailed checking of income and expenditure respectively, the results thereof have been incorporated in the succeeding paragraphs.

The Local Audit Department disclaims any responsibility for any misinformation or non submission of information on the part of auditee.

Para 3 Audit Fee

The audit fee for conducting the audit of accounts of the Municipal Corporation Shimla for the period 04/2010 to 03/2011 has been worked out for **₹125400.00**. The Commissioner, Municipal Corporation Shimla was requested vide audit requisition No. 2013/ dated :23.03.2013 to remit the above audit fees in favour of the **Director, Local Audit Department, Block No. 38 SDA Complex, Kasumpti, Shimla- 09** at the earliest.

Para 4 Financial Position

(a) The Financial Position of Municipal Corporation Shimla i.e. the Balance Sheet as on 31.03.2011 and the Income & Expenditure Account for the year 2011-12 as

prepared by the Chartered Accountant engaged by the Municipal Corporation Shimla is appended to at **Annexure-A** of this report.

(b) The detail of closing balance as books of accounts along with the bank reconciliation statement as on 31.03.2011 is appended to at **Annexure- B (1)**. The following major irregularities have been found in the bank reconciliation statements.

(i) In the bank account HPSCB (2527) cheques amounting to Rs. 21,88,301/- were shown as deposited in the bank but the credit for the same were not given by the bank upto 31.03.2011. A further scrutiny of the record reveals that out of this amount cheques amounting to Rs. 21,19,197/- were dishonoured, the detail of which is given at **Annexure- B (2)**. But no action has been taken by the M C Shimla against the defaulters. Besides, the detail of remaining cheques amounting to Rs. 69,104/- (21,88, 301/- minus 21, 19, 197/-) has also not been given the M C Shimla. Therefore, it is advised that apart from taking the necessary actions against the defaulters of dishonoured cheques, the necessary details in respect of remaining cheques amounting to Rs. 69,104/- may also be given and necessary action as warranted under rules may also be taken.

(ii) Further, in the following bank accounts various were shown as issued but the same were not presented for payment upto 31.3.2011, however, no detail of these cheques have been given by M C Shimla

Bank Account Number	Amount
HPSCB(2527)	12596807
SBI(24882)	4431975
HDFC(5242320000183)	84329
PNB (SJSRY)Account No. 6428 (Grant Fund)	22500
HPSC BANK (Pension)	109000

It is therefore advised that the bank wise details of these cheques may be given and necessary action as warranted under rules may also be taken in respect of these cheques which have not been presented for payment upto 31.03.2011.

(iii) The account of Pension & Gratuity Fund are stated to have been operated in two current accounts of i.e. SBI A/C No. 30576178519 and SBOP A/C No. 55012850140. In SBOP Account No. 55012850140 there was closing balance of Rs. 93076.76 as per pass book as on 31.03.2011. Out of which cheques amounting to Rs. 75041/- as per detail given in **Annexure—B (3)**, which were issued by M C Shimla but not encashed were to be deducted and after deducting said amount, the net balance comes to Rs. 18035.76, which is the balnce as per cash book. However, in SBI Account No. 30576178519, the closing balance as per bank was Rs. 39,00,414/- as on 31.03.2011. Out of which cheques amounting to Rs. 4,30,769/- as per detail given in **Annexure—B (4)**, which were issued by M C Shimla but not encashed were to be deducted and

after deducting said amount, the net balance comes to Rs. 34,69,645/-. However, in the account/ balance sheet the balance as per cash book against this account has been shown as Rs. 44,66,652/- . Thus there is a difference of Rs 9,97,007/- as per cash book and as per balance sheet. A further scrutiny of the cash book reveals that actually this amount of Rs. 9,97,007/- was transferred from M C Fund to Pension Fund on dated 31.03.2011. Accordingly this amount was duly accounted for and deducted from M C Fund cash book on 31.03.2011 at page No. 14 of the cash book but inadvertently this amount was taken in the Pension Fund cash book on dated 01.04.2011 vide cash book page No. 73. Thus this amount should have been shown in the reconciliation statement instead of adding the same in the balance sheet. It is therefore, requested that necessary scrutiny may also be conducted at Corporation level in this matter and next year balance sheet should be prepared accordingly with correct figures.

Para 5 Balance Sheet:-

The Para 27.4 of **Accounts Manual** of **Municipal Corporation Shimla** 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 indicators.**

During the course of audit of the accounts of Municipal Corporation Shimla for the year 2010-11, only the financial statements i.e. Balance Sheet, Income Expenditure Statement, Notes to Accounts were produced before the audit but the Statement of Cash Flow and Receipt & Payment Account for the year 2010-11 was not made available despite of the fact that an audit requisition No. 42/2013 dated 08.02.2013 was issued by the audit party to produce the

required statements. Besides this the hard copy of head wise ledger accounts for the year 2010-11 was also not supplied to audit. From the perusal of Balance Sheet for the year 2010-11 the following was observed :-

(a) Other Liabilities (Sundry Creditors)

In the Balance Sheet ₹9936.90 lac 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 2010-11 & 2009-10 was as under:-

(₹ in
Lac)

S.N	Deptt. to whom liability is payable	Amount payable as on 31.03.2010	Addition during the year	Payment during the year (2010-11)	Amount payable as on 31.03.2011
1	I&PH Deptt.	7504.47	1857.72	54.89	9307.30
2	HPSEB Deptt.	637.48	64.97	72.85	629.60
	Total	8141.95	1922.69	127.74	9936.90

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

(b) Irregular Write - Off of Rental Income of ₹ 3.56 lacs in the Income & Expenditure Account for the year ended 31.03.2011

From the perusal of Income & Expenditure Statement on the accounts of Municipal Corporation Shimla for the period from 01.04.10 to 31.03.2011, it is noticed that ₹ 356592/- were shown as expenditure under the head Provisions & Write Off- Schedule-I-16 which appears to rent revenue written –off by the Corporation. In this matter, vide audit requisition 44/2013 dated 08.02.2013 & 76/2013 dated 05.03.2013. audit had demanded shop wise/allottees wise detail of defaulters of Rs. 356592/- . Further it was also asked to clarify whether the procedure laid down under section 124 of HP Municipal Corporation Act 1994 has been complied with before making such provisions & Write Off and if so the relevant documents may be made available to audit otherwise the justification for making such huge provisions & write off may be intimated to audit. The Municipal Authorities have informed vide letter No. MCS/LAD Audit-

10-11/2013-611 dated 12.02.2012 & / . /2013-98 dated 08.03.2013 that revenue rent amounting to Rs. 356592/- was written off by the Corporation vide Resolution No. 3(9) Dt. 26.11.2010, however, the procedures laid down under section 124 of Municipal Corporation Act 1994 has not been followed. In this case the audit has observed that by way of Write- off of rental income without following the prescribed procedure, the Corporation has increased its deficit in the Income & Expenditure Account. This amount should had been shown in the balance sheet under the head **“Receivables Debtors”** until or unless the procedures laid down under section 124 of Municipal Corporation Act 1994 have been complied with by the Municipal Corporation. Therefore, reasons for write – off of rental income without complying with the statutory provisions laid in section 124 of Municipal Corporation Act 1994, may be justified.

(c) Irregular Rebate & Remission on Property Tax etc.

From the perusal of Income & Expenditure Statement on the accounts of Municipal Corporation Shimla for the period from 01.04.10 to 31.03.2011, it has been noticed that (-) Rs. 14183762/- were added in the Income & Expenditure under the head **Prior Period Item(Net)** - Schedule-I-18. The detail of which is given as follows :-

Sr. No.	Particulars of Prior period Items	Head of Account	Income	Expenditure	Remarks
1	Being left out demand of hospital dues upto 31.3.2010 (intimated by health department)	280-20-01	955570.00	-	JV No. 2970 dt. 31.3.11
2	Being conversion of EMD into income (on a/c ₹ 2009-10)	280-40-01	15000.00	-	JV No. 2934 dt. 31.3.11
3	Being Rebate & Remission on property taxes during the year 2010-11	280-50-01	-	11630482.00	JV No. 2923 dt. 31.3.11
	Being Rebate & Remission on Sewerage Tax during the year 2010-11		-	937560.00	
	Being Rebate & Remission on Water Tax during the year 2010-11		-	1795.00	
	Being remission allowed on Show Tax during the year 2010-11		-	39300.00	JV No. 2924 dt. 31.3.11
4	Being refund of copying fees received under RTI during the year 2008-09 as per SIC order dt. 5.6.10	280-80-01	-	626.00	JV No. 315 dt. 16.6.10
5	Being amount paid prior		-	82282.00	JV No. 1927 dt.

	period Expenses				21.12.10
	Being amount paid prior period Expenses			25000.00	
6	Being prior period expenditure on medical reimbursement bills			4125.00	JV No. 2160 dt. 20.1.11
7	Being prior period expenditure-short deduction of TDS & interest thereon			3338.00	JV No. 2257 dt. 1.2.11
8	Being short deduction of TDS and interest thereon for prior period			5930.00	JV No. 2379 dt. 17.2.11
9	Being Prior period Expenditure- Income of Adv. Fees over stated during the year 2007 to 2010			1733491.00	JV No. 2940 dt. 31.3.11
10	Being Receivables of Parking Fee already recovered during 07 to 10 and over stated during the period			668215.00	JV No. 2953 dt. 31.3.11
11	Being payments made by Dr. head 3501005 during 08-09 without creating liability under head 3501005			22188.00	JV No. 2968 dt. 31.3.11
Total:-			970570.00	15154332.00	
Prior Period Items Net (-) 14183762.00					

In the above table, the rebate & remission on property taxes etc. during the year 2010-11 was shown ₹ 1,25,69,837.00 (₹11630482.00+ ₹937560.00+₹1795.00) as given in Col 3 above, which appears to be excessive keeping in view the income of the Corporation from taxes etc. It is pertinent to mention here that as per **Annexure – C-1**, the Tax Secretary M.Corp. Shimla has intimated that the income from property tax etc. during the year 2010-11 was ₹ 8,29,20,350.00 (Gross). Further, as per Clause No. 5 of the performa of House Tax bill of the Municipal Corporation, a 10% rebate/remission is admissible to the tax payer/assessee if they paid the due House Tax Bill within 15 days of the receipt of the House Tax bill. Thus in view of above information, the rebate & remission stated to allowed to the tax payers during 2010-11 i.e . Rs. 125,69,837/- appears to be excessive which may please be justified by giving full detail of tax payer's wise/bill wise detail of rebate and remission viz –a-viz the tax collected from each tax payer.

(d) Difference of ₹ 390.25 lacs between the Outstanding Statement Supplied by different Deptt./Branches and the Sundry Debtors Schedule –B 15 of the Balance Sheet as on 31.03.2011

While checking the Sundry Debtors **Schedule-B 15** which is **Annexed to C-2** of the Balance Sheet as on 31.03.2011, it has been noticed that there is a difference of **₹39025908/-** the detail of which is given below between the amount outstanding as per statement supplied by the different branches/departments of the Municipal Corporation and the amount shown in the Balance Sheet. So necessary compilation/ rectification/correction should be done by the Municipal authorities. In future this type of mistake should be avoided so that the Balance Sheet of the Corporation should reflect the true and fair view.

Statement showing the difference between the Statement supplied by the branches/Deptt. and Balance Sheet of the Municipal Corporation					
SrNo	Particulars	Balance as per Statement supplied by the concerned Deptt.	Balance as per Balance Sheet Sundry Debtor Schedule B-15	Difference	Remarks
1	Show Tax	464630.00	460330.00	4300.00	Annexure – C-2 i
2	Rent	38002317.00	30832255.00	7170062.00	Annexure - C-2
3	Water Charges	36710204.00	34853619.00	1856585.00	Annexure - C-2
4	Property Tax, Sewerage Tax & Water Tax	49717631.00	19722670.00	29994961.00	Annexure - C-2
	Total		85868874.00	39025908.00	

(e) Difference of ₹58.98 lacs between Earmarked Funds i.e. Pension Fund, General Provident Fund and Contributory Pension Scheme as depicted in the Balance Sheet and as per books of accounts

As per well established accounting practice and accounting standard, the balance sheet should depict the true & correct position of the organization. However, during checking of the balance sheet of Municipal Corporation Shimla as on 31.03.2011 viz a viz the books of accounts of Pension Fund, General Provident Fund and Contributory Pension Scheme, it has been noticed that there is difference of **₹ 58,98,489.56** between the figures as depicted in the balance sheet under the head Earmarked Funds of this report of Pension Fund, General Provident

Fund and Contributory Pension Scheme (**Schedule – B 2 which is appended to Annexure – C-3**) and as shown in the books of accounts of these schemes. The detail of which is given below.

Year-2010-11					
Name of Fund	CLOSING BALANCE AS PER CASH BOOK	FDR CLOSING BALANCE As per FDR Register.	TOTAL(CLOSING BALANCE+FDR C.BAL)	CLOSING BALANCE AS PER SCHEDULE – B2 as mentioned in the Balance Sheet	DIFFERENCE
1	2	3	4 (2 + 3)	5	6 (4 – 5)
Pension Fund	3487680.76	19649891.00	23137571.76	18207703.00	(+)4929868.76
GPF	8818756.68	146886728.00	155705484.68	165404806.00	(-)9699321.32
CPS	428530.00	24462103.00	24890633.00	26019670.00	(-)1129037.00
TOTAL	12734967.44	190998722.00	203733689.44	209632179.00	(-)5898489.56

In this regard the audit sought necessary clarification from the authorities vide Audit Requisition 50/2013 dated 11.02.2013 but no reply was received from the authorities . So necessary compilation / rectification/correction should be done by the Municipal authorities besides this suitable action may be initiated against the responsible Officer/Official under intimation to audit. In future this type of mistake should be avoided so that the Balance Sheet of the Corporation reflect the true and fair view

Para 6 Fixed Deposit Receipts

(a) The Municipal Corporation Shimla has a balance of **₹7068.91lac** in FDRs as on 31 .03.2011, the detail of which is as follows:-

Detail Of Investment		
Name of Fund	Amount	Remarks
MC Fund Investment	188800500	FDRs wise detail is given at Annexure - D (1) attached.

GP Fund Investment	146886728	Annexure – D (2)
CPS Investment	24462103	Annexure - D (2)
Pension Fund Investment	19649891	Annexure - D (3)
Grant Fund Investment	327091830	Annexure - D (4)
Total	706891052	

(b) While checking the FDR records of the Corporation, it is observed that FDRs are made for shorter period by the M C Shimla. As a result of which the M C Shimla is getting lesser interest i.e around 5.05% on these FDRs. It is pertinent to mention here that the Corporation had sufficient funds in various accounts for incurring for its day to expenditure and thus additional funds could easily have been invested for longer period., however, the MC authorities has invested the funds in shorter period FDRs. As a result of which the Corporation has suffered loss on account of loss of interest because shorter period FDRs yield lesser interest as compare of longer period FDRs. Therefore, the reasons for investing the funds in shorter period FDRs may be pointed out and compliance may be shown to audit.

Para 7 *Grant in Aid*

The statement showing the position of GIA received, expenditure incurred there against along with unspent balance during the period 01/04/2010 to 31/03/2011 was supplied by the MC Authorities to audit which is shown at **Annexure- “E”**. The following prima-facie discrepancies have been noticed while checking above grant-in-aid statement and other related record of the Corporation.

(a) In this statement the closing balance of grant-in –aid as on 31.03.2011 has been shown as Rs. 51,24,63,064/-, however in the balance sheet of M C Shimla as on 31.03.2011, the closing balance under this head of account has been shown as Rs. 60,58,,12,378/- on said date (**Schedule B-4 which is appended to in Annexure E (1) of this report**). Thus there is a difference of Rs. 9,33,49,314/- in the grant-in-aid statement and in the balance sheet under this head of account on that date. While checking the related record in the audit, it has been noticed that in the balance interest accrued/received on grants investment has been capitalized and added to in balances sheet whereas in the grant –in -aid statement supplied by the M C authorities interest accrued/received in the grants investment does not appear to have been added in the grant-in- aid statement of various schemes. It has also been noticed that in the

balance sheet the figure of total expenditure incurred out of grant-in-aid during the year 2010-11 has been shown as Rs. 13,56,60,432/- whereas in the grant-in-aid statement this figure has been shown as Rs. 11,54,51,383/-. Apart from above, a further scrutiny of related record of the grant-in-aid reveals that the above difference may be due to other reasons also.

(b) In the grant-in-aid statement, the opening balance of “Other Govt. Deptt./Agencies Grant for different works in Shimla Town” has been shown as Rs. 86,83,737/- whereas in the previous year statement the closing balance under this head of account has been shown as Rs. 84,57,457/- . In addition to above, the opening balance of SJSRY Scheme and JNNURM Scheme has been shown as Rs. 50,428/- and Rs. 625,55,553/- in the grant-in-aid statement, whereas in the previous year grant-in-aid statement no closing balance under above schemes were shown by M C authorities.

It is therefore, advised that strenuous efforts may be taken by the M C authorities to reconcile these differences of the grant-in-aid. Apart from above, serious efforts should also be taken to utilize the unspent amount of Grant in aid by obtaining the approval from the sanctioning authority because there is huge amount of utilized grant in aid on 31.03.2011 in the books of accounts of the Corporation.

Para 8 Non adjustment of outstanding advances amounting to Rs. 2689.15 lacs

As per balance sheet (Schedule B-18 which is appended to in Annexure –F of this report). of Municipal Corporation Shimla as on 31.03.2011, advances amounting to Rs. ₹ 2689.15 lacs were lying unadjusted as on that date. The perusal of the outstanding advances reveals that no serious efforts have been made by the M C Shimla to get these advances adjusted. The authorities were intimated about the alarming position of unadjusted advances vide Audit requisition No. 41/2013 dated 08.02.2013 but nothing fruitful has been done by the M C Shimla. Non adjustment of advance during the financial year is a serious lapse on the part of the officers/officials. The authorities are therefore, advised to get these long outstanding advances adjusted in a time bound manner. Special drive needs to be carried out to adjust the outstanding advances of HODs against whom a huge amount i.e. 1717.27 lacs were lying pending for adjustment.. The brief detail of unadjusted advances as on 31.03.2011 is as under.

Sr No	Particulars	Amount of outstanding advance as on 31.03.11
1	Advances to Employees	4613627.00
2	Advances to HOD	171727347.00
3	Advances to Suppliers (Store)	5480233.00
4	Advances to Suppliers and Contractors (Public Works)	268750.00
5	Advance to Others-Advance against Projects	51822938.00
6	Advance to Others-Advance against Scheme	551708.00
7	Advance to others-Deposit with External agencies (Electricity)	21543319.00
8	Advance to others-Deposit with External agencies(Telephones)	8621.00
9	Deposit with External Agencies-Water	12896227.00
10	Deposit with External Agencies-Petrol Pumps	2200.00
	Total	26,89,14,970.00

Para 9: Non recovery of Receivables amounting to Rs. 1147.67 lacs from various tax payers

As per balance sheet (Schedule B-15 which is appended to in Annexure – G of this report).of M C Shimla, arrear of Rs.1147.67 lacs was outstanding for recovery from various sources as on 31.03.2011 as per detail given below.

1	Taxes	20434946
2	Water Charges	34853619
3	Medical Waste Disposal Charges	2635691
4	Rent from property	30832255
5	Other arrears (interest accrued on investments and from employees etc.)	26010225
	Total	114766736

It is therefore, advised that strenuous efforts should be taken to recover these outstanding dues at the earliest and compliance shown to audit.

Para 10 Comparative View of Financial Position (Income & Expenditure) for the last two years

Income (₹in Lac)

Sr.No	Particulars	2010-11 (₹)	2009-10 (₹)	% Increase/Decrease
1	Tax Revenue	833.26	743.97	12.00%
2	Assigned Revenue and compensation.	1135.97	1041.79	9.04%
3	Rental Income from Municipal Properties.	190.87	264.03	-27.71%
4	Fee & User Charges.	1141.44	1029.41	10.88%
5	Sale & Hire Charges	5.45	17.73	-69.26%
6	Revenue Grants, Contribution & Subsidies	694.24	329.44	110.73%
7	Misc. Income	132.03	130.23	1.38%
	Total	4133.27	3556.62	

Expenditure (₹ in Lac)

Sr.No	Particulars	2010-11 (₹)	2009-10 (₹)	% Increase/Decrease
1	Establishment Expenses	2781.44	2513.12	10.68%
2	Administrative Expenses	85.18	100.33	-15.10%
3	Operation & Maintenance Expenses	2495.34	2811.19	-11.24%
4	Interest & Finance Expenses	0.23	0.6	-61.67%
5	Programme Expenses	0.72	1.39	-48.20%
6	Revenue Grants, Contribution & Subsidies	0.37	0.37	0.00%
7	Others (Provisions & Depreciation etc.)	1729.56	1810.13	
	Total	7092.89	7237.15	

	Deficit	(2959.61)	(3680.53)	
	Prior period Items	(141.83)	(79.31)	
	Net Deficit	(3101.45)	(3859.84)	

From the above comparative position, it is clear that huge deficit has been found in the state of affairs of the Corporation during the current as well as in the previous years which needs special attention of the authorities. The comparative view of figures of income & expenditure of the Corporation during past years reveals that there is decrease in the rental income of Municipal Properties and income from sale & hire charges in the year 2010-11 as compare to the previous year's income under above mentioned heads of accounts. Further, there is increase in the establishment expenditure in the year 2010-11 as compare to previous year's expenditure under this head of account. It is therefore suggested that apart from taking other measures as feel necessary by the Corporation, the following important measures should also be adhered to increase in the income and reduce the expenditure of the corporation.

- (i) **Periodical review of recovery of arrears of Property Tax, Water charges, Property Rent etc. by fixing targets for the same**
- (ii) **Creation of Income generating assets like Shops, Community Centers, Commercial Complex etc. by utilizing the capital grant in aid with in stipulated period.**
- (iii) **Fixing of water rates in such a manner so that at least cost of water and operation and maintenance charges are recovered.**
- (iv) **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.**
- (v) **Providing water meter at branch level by giving sufficient protection in order to avoid water theft and to save the time of meter reader.**
- (vi) **Conversion of commercial water connection into domestic connection only on submission of completion plan of complete building instead of single storey or otherwise.**
- (vii) **Water losses due to leakage may be brought to zero by giving earnest attention towards it.**

- (ix) **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.**
- (x) **Exploring the possibility for charging fee with regard to scavenging.**
- (xi) **Exploring the possibilities for outsourcing of non core activities.**
- (xii) **Existing Man power to be utilized to its maximum capacity in most economic and beneficial way.**
- (xiii) **Rationalization of staffing pattern and fixing responsibilities of Heads of the Section /Deptt to achieve required progress of work.**
- (xiv) **Organizing Training Programmes and refresher courses to the employees regarding computer application in day to day activities of the organization.**
- (xv) **Making purchases in a most economic & competitive manner.**

Para 11 Income

The main constitute of the income of the Municipal Corporation are Govt. Grant in aid, income from Taxes, water charges, rent from property of the Corporation & other misc. income etc. During the test check of income of the Corporation the following major irregularities have been noticed which may please be attended to and compliance shown to audit.

(a) Less accountal of interest amounting to ₹ 9.13 lacs on arrears of shops/stalls rent from various lessee

As per decision taken by the house in its meeting held on 29.11.08, it has been decided vide Resolution No. 3(31) that w.e.f 1.4.09 interest @ 8% will be charged from those lessee of shops/stalls of the Corporation who do not pay rent of shops/stalls with in prescribed time limit. But during the test check of Demand & Collection Register of shops/stalls rent for the year 2010-11, it is observed that in the following cases the amount of interest due on arrears was not accounted for i.e. it was not raised/carried over or less raised/carried over, which was against the instructions issued vide above resolution of the house. Resultantly, interest of ₹ 913781/- on

account of arrears from shops/stalls was less accounted for in the accounts which may be justified and after conducting the scrutiny of each case the same may be got raised/recovered from the lessee and compliance may also be shown to audit. It is further added that necessary scrutiny in respect of other such cases may also be conducted by the Corporation at its own level and required action may be taken accordingly:-

Sr. No.	Name of lessee	Interest due on arrears of rent of shops/stalls up to 31.03.2011 (Rs.)	Interest raised/carried over as on 1.4.2011 (Rs.)	Interest less raised/carried over on 1.4.2011 (Rs.)	Remarks
1	Sh. Subhash, Stall No. 255, Ram Bazar, Shimla	4027	3760	267	
2	Sh. Nagesh Dhaneja, Stall No. 181, Sabzi Mandi, Shimla	1030	0	1030	
3	Sh. Anil Sood, Stall No. 24,25&26, Sabzi Mandi, Shimla	48644	15564	33080	
4	Sh. Pyare Lal, Shop No. 6 & 7, Lakkar Bazar, Shimla	153949	0	153949	
5	Sh. Sohan Lal Negi, Shop No. 3, DRC Complex, Lakkar Bazar, Shimla	1626	0	1626	
6	Sh. Nazir Hussain, Shop No. 4, Auckland Complex, Lakkar Bazar, Shimla	164360	0	164360	
7	Sh. Geeta Ram, Shop No. 2, Kanlog, Shimla (Old lessee)	22795	0	22795	Interest due on arrear of R. 87,770 for the period 10.8.99 to 31.3.11 not raised/carried over
8	Sh. Jamil Siddaqui, Shop No. 1, Kanlog, Shimla (Ex-	17476	0	17476	

	owner of the shop)				
9	Sh. Devi Saran, Stall No. 48, Lower Bazar Complex, Shimla	14213	12144	2069	
10	M/S Sood & Company, Car Parking, Terrace Floor, Below Metropole, Cart Road, Shimla	75023	0	75023	Interest due on arrear of R. 2,88,869 for the period 18.6.07 to 17.6.08 not raised/carried over
11	Sh. Pankaj Sharma, Cabin D-1, Below Metropole, Cart Road, Shimla	927	0	927	
12	M/S Shimla Polyclinic & Hospital, Pt. Padam Dev Complex, The Ridge, Shimla	764115	416964	347151	
13	HP Tourism Development Corporation (Gufa Ashiana), The Ridge, Shimla	94028	0	94028	
14	Sh. Ravinder Kumar Chadda, Ashiana Restaurant, Chhota, Shimla	3078	0	3078	
			Total	916859	

(b) Non carryinf over of Shop Rent of ₹ 7.97 lacs from previous year balances

While conducting the test check of rent revenue register, it has been observed 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 2010-11 from the year 2009-10. The non/less carrying over of closing balance of rent had resulted into less account of rent revenue amounted to ₹ 797815/- in the books of accounts. The reasons for this discrepancy may be intimated to audit besides doing the needful. It is further added that necessary scrutiny in respect of other such cases may also be conducted by the Corporation at its own level and required action may be taken accordingly.

Sr. No.	Name of lessee	Amount of rent of Shops/stalls outstanding as on 31.3.2010	Amount of rent of shops/stalls raised/carried over as on 1.4.2010	Less amount of rent of shops/stalls raised/carr ied over as on 1.4.2010	Remarks
1	Sh. Sandeep Sharma, Shop No. 20, DRC, Lakkar Bazar, Shimla	25383	1425	23958	
2	Kumari Kanta Bhavta, Shop No. 4, First Floor, DRC Lakkar Bazar, Shimla	93716	71936	21780	
3	Sh. Roop Singh, Shop No. 5, Auckland Complex, Shimla	226477	182994	43483	Rent for 2009-10 of ₹ 43483 not carried over
4	Sh. Surya Lal, Stall No. 12, Lakkar Bazar, Shimla	23991	13001	10990	Rent for 2008-09 of ₹ 10990 not carried over
5	Sh. Geeta Ram, Shop No. II, Kanlog, Shimla (Ex owner)	87770	0	87770	
6	Sh. Rohitash Chander, Middle Bazar, Shimla	20179	0	20179	Rent for 2009-10 ₹ 18295+Service Tax ₹ 1884 Total Rs. 20179 not carried over
7	M/S Sood & Company, Car Parking, Terrace Floor, Below Metropole, Cart	288869	0	288869	Rent arrear for the period 18.6.07 to 17.6.08 of ₹ 2,88,869 not carried over

	Road, Shimla (Ex-owner)				
8	Sh. Pankaj Sharma, Cabin D-I, Below Metropole, Cart Road, Shimla	14196	0	14196	Rent Rs.11583+Service Tax Rs. 2613 Total ₹ 141986 not carried over
9	Sh. Roop Chand, Ram Nagar, Shimla, Road side Car parking, The Mall to US Club (Ex-owner)	90000	0	90000	Rent for 2005-06 of ₹90,000 not carried over
10	Sh. Roop Chand, , Road side Car parking, Marina to KNH (Ex-owner)	24800	0	24800	Rent for 2005-06 of Rs. 24,800 not carried over
11	Sh. Tej Prakash, 55-Middle Bazar, Shimla, Rivoli Road Car Parking (Ex-owner)	3360	0	3360	Rent for 2005-06 of Rs. 3,360 not carried over
12	Sh. Vikas Sood, Jodha Niwas, First Floor, Shimla	63160	0	63160	
13	Sh. Vikas Sood, Jodha Niwas, Ground Floor, Shimla	63160	0	63160	
14	Sh. Ashok Kumar, Stall No. 174, Sabzi Mandi, Shimla	1286	0	1286	Service Tax of Rs.1,286 not carried over
15	Smt. Harvinder Kaur, Stall No. 6, Sabzi Mandi, Shimla	24331	6399	17932	
16	Smt. Harvinder Kaur, Stall No. 7, Sabzi Mandi, Shimla	24147	5804	18343	
17	Sh. Neem Chand, Stall No. 23, Sabzi Mandi, Shimla	3519	0	3519	
18	Smt. Chanchal Dhaneja. Godown No. 14, Sabzi Mandi, Shimla	72740	71710	1030	
			Total	797815.00	

(c) Double counting of Rent Receipt of ₹ 3091/- of account of rent of shop/stall

An amount of ₹ 3091.00 (Rent ₹ 2802+ Service Tax ₹ 289) was received from Sh. Prem Chand, lease of stall adjoining to Electric Pole, Lakkar Bazar, Shimla vide receipt no. 242982, dated 18.3.2011 on account of rent of above stall. This amount was duly accounted for at page-148 in the Demand & Collection Register. But the same receipt was again accounted for in the D & C Register at page- 134 in another lessee's account, of Sh. Prem Chand, who is the lease of shop No. 11 in Auckland Complex, Lakkar Bazar, Shimla. Consequently, the double accounting of above receipt has reduced the outstanding balance of the later lessee which may be rectified by enhancing his outstanding demand of rent by ₹ 3091.00 and compliance of the may be shown to audit.

(d) Less accountal of interest amounting to ₹2.84 lacs on the outstanding balances of property tax

As per section 121 of the HP Municipal Corporation Act 1994, if the tax or fee is not paid within one month of the due date, an interest at the rate of one percent per month shall be charged for every calendar month or part thereof. During the test check of tax revenue, the following instances have come to the notice of the audit wherein the interest had not been calculated as per the provisions of above section which has resulted less accountal of ₹284526/- on outstanding amount of property tax.. It is therefore, advised that the matter may be investigated by the Corporation at their own level and necessary rectification/correction may be carried out in the relevant account. In addition to above similar action is also needed to be taken by the Corporation at their own level in respect of other account of property tax.

Sr No.	I.D. No.	Name of the Assessee	Bill No./Date	Intt. Charged up to Date	Intt. Charged as per bill	Intt. Actually chargeable as per Provisions of Section 121	Difference/ Less accounted Interest
1	12150076	Smt Subhadra Negi	35786/ 25.07.2010	30.06.2010	65031/=	71134/=	6103/=
2	12150079	Sh. Sunder Singh	35789/ 25.07.2010	30.06.2010	16739/=	19078/=	2339/=
3	12150090	M/s Tenzin constructions	35797/ 25.07.2010	30.06.2010	8647/=	45910/=	37263/=
4	12450126	Sh Birbal Sharma	40370/ 15.11.2010	31.10.2010	28724/=	37143/=	8419/=
5	12450211	Sh. Tarun Pal Singh	40443/ 15.11.2010	31.10.2010	43018/=	70379/=	27361/=
6	12450236	Sh Kannan Bala	40462/	31.10.2010	60706/=	80670/=	19964/=

			15.11.2010				
7	10550235	M/s Thakur coal company	35222/01.07.2010	30.06.2010	106747/=	191529/=	85055/=
8	10750213	Sh Kula Ram Aggarwal	37473/16.08.2010	31.07.2010	135188/=	154079/=	18891/=
9	10850042	Rahal bhargav & smt Vinod Kohli	39295/27.09.2010	27.09.2010	107411/=	137807/=	30396/=
10	11750436	Smt Ram Pyari	37230/11.08.2010	31.07.2010	37125/=	37275/=	150/=
11	11350589	Smt. Sukarma Devi	35475/02.08.2010	31.07.2010	4582/=	7003/=	2421/=
12	11350230	Smt. Sushila Devi	34925/01.07.2010	30.06.2010	8852/=	9635/=	789/=
13	11150181	Sh. Udho Ram	42797/14.02.2011	31.01.2011	8285/=	37810/=	29525/=
14	10850447	Red cross Dispensory	39910/14.10.10	30.09.2010	32694/=	37950/=	5256/=
15	10450524	Smt. Aditi	41756/03.12.2010	30.11.2010	28318/=	30048/=	1730/=
16	10450619	Smt. sandeep	41763/03.12.2010	30.11.2010	61876/=	63504/=	1628/=
17	10250219	somdutt	35836/06.07.2010	30.06.2010	68272/=	72816/=	4544/=
18	10350364	Sh Dharmender Kumar	39074/15.09.2010	31.08.2010	25111/=	27803/=	2692/=
						Total	₹284526/=

(e) Raising of less demand of property tax amounting to ₹66,231/- as compare to assessment made by Municipal Authorities.

On random checking of Tax Assessment Registers/Tax Files, it has been observed that during the year 2010-11, the less demand of tax was raised than the tax assessed as per detail given below. As a result of which difference of **₹66231/-** has been noticed between tax assessed and demand raised. It is therefore, advised that the matter may be investigated by the Corporation at their own level and necessary rectification/correction may be carried out in the relevant account. In addition to above similar action is also needed to be taken by the Corporation at their own level in respect of other account of property tax.

I.D. of Assessee	Name of Assessee	Amount of tax as per tax assessment Register/	Amount of Tax as per Tax Demand & collection	Difference (₹)	Remarks

		File (₹)	Register (₹)		
1050795	E.E.,Electrical Division, Shimla	38576.00	1640.00	36936.00	Raised less demand w.e.f.01.04.2010.to.31.03.2 011
10350371	Pushpender Kumar	9975.00	-----	9975.00	Due to revision of house tax the demand w.e.f 01.04.01 to 30.09.2004 not revised
11450040	Sh. Harnam Singh	17073.00 per year	16107.00	(966X20)= 19320.00	Assessment done by the M.C. authorities vide letter No.na.shi./sachib/jakhu/war d/92-243 dated 03.02.92 And the annual rental value assessed Rs ₹98975/= hence the house tax is ₹98975X15%=14846.00 and Sev. Tax15%= 2227.00 hence Total Rs 14846+2227= ₹17073.00 while the tax is being demanded and collected ₹ 16107.00 w.e.f. 03.02.92 less by Rs ₹966/= per year for last 20 years.
			Total	₹66231.00	

(f) Irregular rebate/remission amounting to ₹4131/- on property/house tax

As per clause No. 5 of the Performa of House Tax bill of the Municipal Corporation, a 10% rebate/Remission is admissible to the Tax payer/Assessee if he/she paid the due House Tax Bill within 15 days of the receipt of the House Tax bill. During the course of audit it has been noticed that wrong/irregular rebate amounting to **₹4131/-** has been allowed to Sh.Madan Lal of Ward No. 13 as per detail given below. It is therefore, advised this amount may be recovered from concerned tax payee. In addition to above similar action is also needed to be taken by the Corporation at their own level in respect of other account of property tax.

Name of the Assessee/ Tax Payer/ Ward No/Page No. of	House Tax Bill No.	Date of Bill as mentioned on the counterfoil of the bill by the Assessee	Due date of payment of House tax Bill	Original Amount (without rebate)	Amount of House Tax Bill (After irregular Rebate)/ Date of	Amount of Irregular Rebate/Remission
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DCR					Receipt & Receipt No.	
Sh.Madan Lal/ 13/193	34949	12.07.2010	27.07.10	41306/-	37175.00	4131 (Because the bill was deposited vide R. N. 217436 on 29.07.10 i.e. after 15 days from the bill date)

(g) Non Collection of Fine of ₹2.03 lacs on account of polythene/carry Bags

(i) While auditing the revenue received from Poly Bags Control measures, it has been noticed that an amount of ₹103000/- which was due for recovery from the 20 Nos. cases during the period between 22.10.2009 to 05.03.2011 as per detail given below has not been recovered by the Corporation till date. It is therefore advised that necessary action may be to recover the above amount from the defaulters and compliance shown to audit.

SrNo	Challan No./date of Challan	Name & Address of the Person	Quantity of Poly seized	Fine imposed
1	01/22.10.2009	Sh.Surjit Singh s/o Sh.Surinder Singh, Ajit Boot House, 35 Lower Bazar, Shimla	4.255Kg	10000
2	2/23.10.2009	Sh.Sarwan Kumar	150gms	1500
	3/27.10.2009	M/s Chirangi Mal Fakir Chand	1.725kgs	10000
	4/27.10.2009	Mr.Pitber Dutt Laxmi Dutt	150gms	1500
	307/25.09.2010	Sh.Satpal Saini	Littering Case	5000
	308/25.09.2010	Sh.Mohinder Kapoor	Littering Case	5000
	337/15.10.10	Sh.Umesh Gupta	Littering Case	5000
	341/27.10.10	Sh.Ramesh Chand	Littering Case	5000
	342/27.10.10	M/S Ladies Choice	Littering Case	5000
	343/27.10.10	Sh.Sarbjit	Littering Case	5000
	344/27.10.10	M/s Tarun Agencies	Littering Case	5000
	345/27.10.10	Sh.SomDutt	Littering Case	5000
	346/27.10.10	Sh.Munish	Littering Case	5000
	347/27.10.10	Sh.Arun Kumar	Littering Case	5000
	348/27.10.10	Sh. Jai Ram	Littering Case	5000
	349/27.10.10	M/s Gulshan Watch & Radio	Littering Case	5000
	21/11.01.2011	Sh.Adarash Kumar	Littering Case	5000

	111/05.03.2011	Sh.Milan Kumar	Littering Case	5000
	109/18.02.2011	Geeta Ram	Littering Case	5000
	118/05.03.2011	Sh.Umesh Kumar	Littering Case	5000
	Total			103000

(ii) Further, while auditing the records of the of Polythene Control Register/Poly Bags Challan register instances have come to the notice that in some cases fine of Littering of plastic/poly bags has not been recovered as per rates prescribed by the Government vide Notification No. STE-F(4)-2/2008 dated 07.07.2009 issued by the Principal Secretary(Environment, Science & Technology) to the Government of Himachal Pradesh. The reasons for effecting recovery at lesser rates may please be intimated to audit.

(h) Non Charging fee for development of land from plot owner while approving the maps of their buildings.

During the test check of building application fee of the corporation, it has been noticed that fee for development of land have not been charged from the plot owners while approving the maps of their buildings whereas 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 detail of of such cases are given in (**Annexure – H**). It is therefore, advised that after conducting necessary verification at Corporation level the requisite fees may be charged/reaised from such plot owners. It is further added that necessary scrutiny in respect of other such cases may also be conducted by the Corporation at its own level and required action may be taken accordingly. At the same time necessary clarification may be obtained from the Government regarding exact of area of land to be considered for charging of above fees because as per government notification referred to above, it has been mentioned that fees is the charged “For development of land other than erection of building or part thereof”.

Para 12 Expenditure

While conducting the test audit expenditure of the Corporation for the year 2010-11, the following major irregularities have been noticed, which may please be attended to and compliance shown to audit.

(1) Establishment Expenditure

(a) Establishment Expenditure of ₹993.67 lacs has been incurred in contravention to the Provisions of Section 75(1) of HP Municipal Corporation Act 1994

As provisions contained in section 75(1) of HP Municipal Corporation Act, 1994 , 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 04/2010 to 03/2011, it has been noticed that the expenditure on establishment of ₹ 993.67 lacs has been incurred in contravention to the provisions of the ibid section. It is therefore, advised that necessary measures may be taken to bring the establishment expenditure within prescribed ceiling. The detail of the Establishment Expenditure incurred over and above the ceiling is given below.

Year	Total Expenditure excluding Depreciation and Provisions	Admissible expenditure on establishment i.e. 1/3 rd of total expenditure	Expenditure incurred on establishment which is 51.865 of the total expenditure	Irregular Expenditure on Establishment
	(₹in Lacs)	(₹in Lacs)	(₹in Lacs)	(₹in Lacs)
2010-11	5363.30	1787.76	2781.44	993.67

(b) Irregular payment of Pay & Allowances amounting to ₹216.24 lacs to the different categories over and above the sanctioned posts

As per section 67 of the Municipal Corporation Act 1994 read with section 6 (1) of the HP Municipal Services Act 1994, the recruitment to various posts in the Municipal Corporation /Municipalities shall be made on the recommendation of the Service Selection Committee constituted at the State level by the State Government. While test checking the service records of the employees, it has been noticed that the Municipal Authorities has filled the extra posts of different categories without obtaining the necessary approval from the State Government. Resultantly, the Corporation had to pay extra emoluments amounting to Rs. ₹ 2,16,24,120.00 as per detail given below during the year 2010-11 itself. It is further added that extra emoluments had been to these categories of staff ever since the filling of these posts over & above the

sanctioned strength and the same will be paid in future also because they are still serving in the Corporation. It is therefore, advised that necessary approval of the Government may be obtained to regularize this irregularity and compliance shown to audit.

Sr.No.	Name of Category	No. of Sanctioned posts as on 31.03.2011	Post filled up as on 31.03.2011	Excess filled posts	Date of filling of posts	Scale/Wages given per month	Total emoluments paid PM per post	Total Payment during the year 2010-11	Remarks
1	Driver	19	38	19	Post were filled during the year 2010-11	5910-20200 + 2000 GP	7910	1803480	Total Payment has been calculated on the basis of initial of Pay scale and GP paid PM exclusively of Dearness Allowance
2	Mate	8	26	18		4900-10680+1400 GP	6300	1360800	
3	Beldar	4	8	4		4900-10680+1300 GP	6200	297600	
4	Mason	11	23	12		5910-20200 + 1900 GP	7810	1124640	
5	Mazdoor	229	458	229		4900-10680+1300 GP	6200	17037600	
	Total			282				21624120	

(c) Regarding granting of two increments due to LSG Diploma in contravention to instructions of the Government

While test checking the service record of the employees of different branches of the Municipal Corporation, it has been noticed that the benefit of two increments have been irregularly granted to Sh.Shashi Verma, Clerk (B&R) and Sh.Suresh Kumar Sharma, Sr.Clerk (Account Branch) on account of passing of LSG Diploma. This benefit appears to have been granted in contravention to provisions contained in letter No. UD-B(7)-3/95(10) dated 18.08.2010 issued by Deputy Secretary(UD) to the Govt. of HP, because in the said letter it has

been specifically mentioned that “the benefit of grant of two extra/advance increments to the employees of the Urban Local Bodies of the State who have passed LSG Diploma, shall not be admissible without any regard to the fact whether they passed the LSG Diploma before or after 23.08.2007”. The matter is therefore needs to be examined throughly at Corporation level and corrective action be taken accordingly in the light of clarification given by the Government. It is further added that similar cases may also be examined departmentally and excess payment of pay & allowances may also be recovered.

(d) Excess Payment of Pay & Allowances ₹ 45,429 on account of wrong/extra increments

While checking the service record of the employees of different department of the Municipal Corporation, it has been noticed that in the following cases extra increments have been allowed to the employees without giving any reference in the service book. The matter was enquired upon from the dealing assistant of the corporation but he could not give any justification for grant of extra increments to these employees. As a result of which it appears that excess payment of Rs. 45,429/- have been given to these employees upto 31.03.2011 which may be checked at Corporation level also and the same may be justified and if is found that these extra increments have been irregularly been granted to these employees then entire upto date amount of extra amount may be recovered from them by calculating the same at Corporation level. It is further added that similar cases may also be examined departmentally and excess payment of pay & allowances may also be recovered.

SrNo	Name of the Officer/Official	Pay Scale	Excess Payment	
1	Sh.Ram Saran, Mazdoor (B&R)	4900-10680+GP 1400	12582.00	Detail in Annexure-“I” (1)
2	Sh.Bhagat Ram,Mazdoor (B&R)	4900-10680+GP 1400	17177.00	-----do-----
3	Sh.Jagan Nath,Mazdoor (B&R)	4900-10680+GP 1400	11643.00	-----do-----
4	Sh.Kishore Chand, Safai Jamadar	4900-10680+GP 1400	4027.00	-----do-----
	Total		45429.00	

(e) Excess Payment of Pay & Allowances of ₹ 44,624/- on account of wrong Pay fixation on regularization

As per provisions contained in the Himachal Pradesh Civil Services (Revised Pay) Rules, 2009 vide explanation-2 below Rule-5, it has been stipulated that the option to elect at revised pay structure shall not be admissible to a person appointed to a post on or after the first day of January, 2006 whether for the first time in Govt. service or by transfer from another post and he shall be allowed pay only in the revised pay structure. Further, the Principal Secretary (Finance) to the Govt. of Himachal Pradesh vide para 3 of his letter No.Fin-(PR)b(7)-1/2209 dated 06.11.2009, citing instance in illustration, clarified that a Govt. employee appointed in the pre-revised pay scale of ₹ 3120-5160 with initial start of ₹ 3220 shall be fixed in the revised pay structure and will get initial pay of ₹ 7810 (minimum of pay band ₹5910.00 plus ₹ 1900 Grade Pay). While test checking the service record of the clerks and masons (detail of which are given below), it has been noticed that they were appointed after the first day of January, 2006 in the pre-revised pay scale of ₹ 3120-5160 with initial start of ₹ 3220. On revision of pay scale effective from 01.01.2006 the pay of these officials on the respective appointing day in the revised pay structure was fixed at a higher stage instead of allowing them initial pay plus Grade pay because they were entitled to initial pay plus Grade pay as per clarification given above. Therefore, the matter may be examined thoroughly at Corporation level and irregularity may be justified and necessary rectification may be made in the service record accordingly. It is further added that similar cases may also be examined departmentally and corrective action be taken accordingly.

SrNo	Name of the Officer/Official	Pay Scale	Excess Payment	
1	Sh.Mehar Chand, Mason(B&R)	5910-20200+GP 1900	4035.00	Detail in Annexure- "I" (2)
2	Sh.Balak Ram,Mason(B&R)	5910-20200+GP 1900	4035.00	-----do-----
3	Sh.Shanti Swaroop, Clerk(B&R)	5910-20200+GP 1900	4868.00	-----do-----
4	Sh.Hem Raj, Mason(B&R)	5910-20200+GP 1900	4891.00	-----do-----
5	Sh.Surender Kumar,Clerk(B&R)	5910-20200+GP 1900	4888.00	-----do-----
6	Sh.Chander Singh, Mason(B&R)	5910-20200+GP 1900	4035.00	-----do-----
7	Sh.Om Parkash, Mason(B&R)	5910-20200+GP 1900	4891.00	-----do-----
8	Sh.Hem Chand, Mason(B&R)	5910-20200+GP 1900	4891.00	-----do-----
9	Sh.Kali Bahadur,Mason(B&R)	5910-20200+GP 1900	4035.00	-----do-----
10	Sh.Rajesh Kumar,Mason(B&R)	5910-20200+GP 1900	4035.00	-----do-----
	Total		44624.00	

**(f) Over payment of Special pay ₹ 25,650/- during the period
17.01.1997 to 31.03.2011 to Smt.Bharti kutihala (Secretary)**

During the checking of Service book of Smt Bharti Kutihala (Secretary), it has been noticed that as per H.P Govt. Notification No.7-16/69-L.S.G Vol -4 dated 17-01-1997, Smt

Bharti kutihala has been absorbed in M.C. Shimla on dated 17-01-1997 and she is getting Special pay@₹150 p.m. w.e.f 17.01.1997 to 31.03.2011 as a result of ₹ 25650 (₹150@ p.m. w.e.f 17-01-1997 to 31-03-2011 for 171 months) appears to have been paid in excess to her as special pay which may be justified. Beside this it has also noticed that in the Pay Bill of Smt.Bharti Kutihala special pay is shown under the head “**Family Planning Allowance**” by M.C. Authorities. However, in her service book there is an entry for special Pay w.e.f 17.01.997 to 31.12.2005 and after that no entry for special pay or Family Planning Allowance has been made in her Service Book till date. The audit has sought necessary clarification on the following points vide Audit Requisition No. 88/2013 dated 12.03.2013

1. Whether She is getting Family Planning Allowance w.e.f 01.01.2006 to 31.03.2011 if yes, reason for not recording the entry for Family Planning Allowance in her Service Book.
2. Whether she is getting Special Pay w.e.f 17.01.1997, if yes then under what Govt rule/instruction she is getting such pay.

In response to the audit requisition the MC authorities has informed vide their letter No. . . / . ./2013-931 dated 23.03.2013 that they have no information regarding Special Pay and they have sought necessary clarification in this connection from the Director, Urban Development Himachal Pradesh. Therefore, in order to verify the exact position in the matter , it is advised that necessary clarification may be obtained from the Administrative Deptt. and corrective action may be taken accordingly. Further, if on the basis clarification it is found that She is irregularly getting Special Pay/ Family Planning allowance then upto date overpayment may be recovered from her under intimation to audit.

(g) Over payment of Pay & Allowances of ₹ 13,627/- to the employees on account of wrong sanction of benefits without passing Type Test

During the test audit of Service Books of the employees of M C Shimla, it has been observed that wrong benefit was allowed to Sh.**Sandeep Kumar, Clerk (Accounts Branch)** who did not pass/qualify the type test. 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 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 benefits to Sh.**Sandeep Kumar, Clerk (Accounts Branch)** who had not passed the type test which has resulted an over payment of pay and allowances to the tune of ₹13627.00 as per detail given below. Similar cases may also be examined departmentally and corrective actions be taken accordingly.

SrNo	Name of the Officer/Official	Pay Scale	Excess Payment	
1	Sh.Sandeep Kumar,Clerk(Account Branch)	5910-20200+GP 1900	13627/-	Detail in Annexure- I (3)

(h) Overpayment of pay & allowances amounting to ₹ 1282/- due to non deffering of annual increments of employees who were on leave with pay :

During the checking of Service Books of employees of the Corporation, it was noticed that in the following cases the employees were on leave without pay and accordingly their annual increment was to be deferred but that was not done resulting thereby the over payment of pay and allowances amounting to ₹1282.00 the detail of which is given below. Therefore overpayment may be justified otherwise recovery may be made from the concerned employees and compliance reported to audit. Similar cases may also be examined departmentally and corrective actions be taken accordingly.

SrNo	Name of the Officer/Official	Pay Scale	Excess Payment	
1	Smt.Indu Bala,Safai Staff w/o Lt.Sh.Rakesh Singh	4900-10680+GP 1300	376.00	Detail in Annexure- I (4)
2	Sh.Bal Raj, Safai Staff	4900-10680+GP 1400	906.00	Do
	Total		1282.00	

(i) i Regarding excess payment of “Family Planning Allowance” amounting to ₹ 1590/- to Sh. Chet Ram Chowkidar

On perusal of Service Book of Sh. Chet Ram, Chowkidar (General Branch), it has been observed that the official has been paid ‘**Special Increment/Family Planning**

Allowance' @ ₹ 110/-P.M. which has been sanctioned w.e.f 1.1.1998 vide Office Order No. MCS/Estt.Asstt/229/98-1183, dated 20.5.1998 in the pay scale 2520-100-3220-110-3660-120-4140. The official was drawing basic pay Rs. 3550/- as on 1.1.1998. However, para (b) of Finance (Regulations) Department O.M. No. FIN(C) A(3)-8/88-IV-Loose, dated 14th September, 1999 provides that employee who had undergone sterilization after January 1,1996 and had opted to come over to the revised scales of pay shall be entitled to the special increment equal to the lowest rate of increment in the revised scales of pay applicable at the time of undergoing sterilization. Ass such he was entitled to special increment @ Rs. 100/- PM which is equal to the lowest rate of increment in the pay scale 2520-100-3220-110-3660-120-4140.but in the instant case, the special increment (known as Family Planning Allowance) has been granted @ Rs. 110/- per month w.e.f 1.1.1998. Resultantly, an excess payment of Rs. 1590/- has been paid to the official w.e.f. 1.1.1998 to 31.3.2011, the detail of which is given below. In this regard, necessary information has been sought from the MC Authorities vide Audit Requisition No.97/2013 dated 19.03.2013 but no information has been received till the completion of audit. Therefore, it is afain advised that the payment of FPA @ ₹ 110/- per month in violation of above OM may be justified or the recovery may be made good from the above official under intimation to audit:-

Period	Rate of Family Planning Allowance Due ₹	Rate of Family Planning Allowance Drawn (₹)	Diff. (₹)	Excess payment (₹)
1.1.1998 to 31.3.2011 (159 months)	110.00	100.00	10.00	1590.00 (10x159 months)

i

(j) Regarding non Recovery of Group Insurance Scheme i

On perusal of the pay bill for the month of 3/2011, it has been observed that the compulsory deduction on account of Group Insurance Scheme (GIS) @ ₹ 120/- P.M. (Rs. One hundred twenty only) per month applicable under “HP Govt. Employees Group Insurance Scheme, 1984” in respect of Sh. Ramesh Chander, Assistant Engineer (on deputation) has not been made. The factual position has been sought vide Audit Requisition No. 99/2013 dated 20.03.2013 but no information has been received till the completion of audit. Therefore the MC Authorities has been advised that to look into the

matter and intimate audit the reasons for non-deduction of amount under above scheme to the audit. It is also advised that the case may be examined in detail and mandatory deduction from due date under GIS rules may be made from the salary bill of concerned officer and the same may be deposited in the concerned Govt. Head under intimation to audit.

(k) Regarding “Payment of Miscellaneous Allowance and Typing Allowance” to various categories of employees

On perusal of the pay bill for the month of 3/2011, it has been observed that the following category of employees have been paid certain amount under the head ‘Miscellaneous Allowance & Type Allowance’ . It is pertinent to mention here that the Govt. has also not notified any Miscellaneous Allowance. Further in the absence of showing exact category of allowances paid under the head Misc. Allowance, the amount paid could not be verified. In addition to this payment of Type Allowance to the Mate category does seem to be in order. In this regard necessary clarification has been sought vide Audit requisition No. 98/2013 dated 20.03.2013 & from the Authorities but no information has been received till the completion of audit. Therefore Municipal Authorities are requested to look into the matter & allowances paid under the column “Miscellaneous Allowance” & Type Allowance” may be justified keeping in view its admissibility under rules.

Sr. No.	Name of Category of Employees	Amount of Miscellaneous Allowance (PM) ₹	Amount of Type Allowance (PM) ₹
1	Clerk (Meter Reading Section)	30	
2	Peon (Meter Reading Section)	75	
3	Fitters (Water & Sewerage Deptt.)	20 & /25	
4	Sr. Lab Technician (Health Department)	20	
5	Mason (B&R)	9	
6	Jamadar (General Branch)	75	
7	Safai Staff (Health Deptt.)	15	
8	Sh. Krishan Chand, Mate S/O Sh. Ganeshu Ram Mate (Health Deptt.)		75

(2) Works:-

(a) Overpayment of ₹ 17,404/- to the various contractors of B&R Deptt. on account of wrong measurements, short recovery of stone.

The work bills of B & R Deptt. for the period under audit were examined. It is observed that an amount of ₹17,404/- was paid in excess to the various contractors on account of wrong measurements, short recovery of stones etc. The detail of excess payment is given in the following sub paras.

(i) Excess payment amounting to ₹ 6545/-

Cash Voucher No.3598 Dated 15.03.2011 for ₹67348/- (JV No. 2578 dated 11.03.2011)

Vide Cash Voucher cited in the subject, the payment of ₹67348 /- on a/c of 2nd & final bill for the work **“P/F Red Stone Flooring on Path/Stairs from Block No. 22 to 28 up to Surender General Store at Vikas Nagar in W.No. 22”** was made to Sh Anil Sharma. The work was awarded to him vide letter No. MCS/XEN/5417/RB/09-470 dated 03.03.2010 for ₹ 398431/- which was 12.23% below the amount put to tender with a time limit of one month for its completion. From the perusal of M B, it is found that a sum of ₹ 35243/= has been paid for execution of item No.3 (substituted item) i.e.P/L c.c.1:3:6 with aggregate 20m.m. nominal size in foundation footing of the agreement. During the perusal of record entries in the M.B. No. 2002/692 at page No. 15 and 16, it is noticed that the measurement recorded in M.B. No. 2002/692 at page No. 16 for agreement item No. 1 i.e. Red stone slab flooring 20mm thick base in cement mortar 1:4 laid over and jointed with grey cement mixed with pigment for step No.27, 28and 35 does not match with measurement of Item No.3(substituted item) i.e. P/L CC.1:3:6 with aggregate 20m.m. nominal size in foundation footing. The quantity of item No. 3 is payable according to the execution of item No. 1 of the agreement as Cement Concrete is to be provided under the red stone. In this way an over payment for ₹ 6545/= was made to the contractor , the details of which is given below:-

M.B./ page No.	Measurement of P/F Red Stone of steps No. 27,28,35	Measurement of CC 1:3:6 of steps No. 27,28,35 (in cubic meters)	CC 1:3:6 of steps No. 27,28,35 actually payable(in cubic meters)	Excess quantity paid
2002/692 P-16	Step/landing 27 1x1.70x.3	Step/landing 27 2.05x1.55x.075=0.23	Step/landing27 1x1.70x.3x.075=0.04	0.19

2002/692 P-16	Step/landing28 1x1.70x.3	Step/landing28 15x2.10x.075=2.36	Step/landing28 1x1.70x.3x.075=.04	2.32
2002/692 P-16	Step/landing35 1x2.10x.3	Step/landing35 1x2.95x2.40x0.075=0.53	Step/landing35 1x2.10x.3x0.075=.05	0.48
			Total	2.99

The excess payment may be justified otherwise recovery may be made for ₹ 6545/- (2.99cum X ₹ 2189.00 per cum) under intimation to the audit

(ii) Excess payment amounting to ₹ 1095/-

Cash Voucher No. 3690 dated 22.3.2011. A sum of ₹.238416 /- were paid on a/c of **“Repair of Nallah Below Maria Cottage to Dharni House At RD 0/0 to 0/081 mtr at Longwood Shimla”** to Sh Satish Jagta. The work was awarded to him vide letter No. MCS/XEN/1422/RB/10-2178 dated 14.09.2010 for ₹ 370112/- which was 19.109% below 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 observations were noticed, which may be attended to under intimation to the Audit.

(1) The recovery of serviceable stone was made @ ₹ 635/- per cum from the Contractor during the 1st & final bill (Page No. 12 of MB No. 2026/716). But from the perusal of the detailed analysis of the item RR in CM 1:6, the cost of stones used in one cum of RR in CM 1:6 was taken **₹ 1051.76** as per detail given below :-

Cost of Stone taken into account for one cum of RR as per analysis		Remarks
Cost of Stone	350.00	
Add : Carriage	551.06	
Total	901.06	
Add: 1.5% Water Charges	13.52	
Total	914.58	
Add : 15% CP & OH	137.19	
Total	1051.76	Rate of RR in CM 1:6 for one cum as per analysis ₹ 2503/- per cum and Awarded Rate of RR in CM 1:6 ₹1800/-

		per cum
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Since in the analysis of rate of RR, the cost of stone was taken ₹ 1051.76 & the item was awarded at negotiated rate of ₹1800 per cum against analysis rate of ₹ 2503/- therefore in the awarded rate, the cost of Stone represents its value of ₹ 756.35 per cum (₹1051.76/2503X1800). In this way, the recovery of serviceable stone was made on lower rate by ₹121/- per cum(756.00 per cum - 635.00 per cum) and thus the Contractor was given undue benefit amounting to ₹ 1094.44 (9.045cumX ₹121 per cum) . The same may be justified or made good & compliance may be reported to audit.

(iii) Non deduction of voids from Hard stone and Soling stone

Journal Voucher No. 1582 Dated 08-11-2010 for ₹129693/-

Journal Voucher No. 2868 Dated 31-03-2011 for ₹42930/-

Vide above mentioned journal vouchers, the payment of ₹ 126693/= & 42930/= on a/c of bills for the supply of 204.24cum and 90cum “Hard stone”/ “Soling stone” was passed in favour of Sh.Satish kumar and Pradeep Kumar Chauhan respectively against the work awarded to them. From the perusal of M.Bs. and bills submitted by the contractor and passed by the quarter concerned, it is noticed that necessary permissible voids were not deducted while stacking and recording the entries in the M.B which may be justified or quantity of permissible voids may be worked at corporation level and necessary recovery of excess payment may be recovered from the contractor accordingly.

(iv) Excess payment amounting to ₹ 2457/-/-

Cash Voucher No.3830 Dated 31.03.2011 for Rs.42962.00 /- (JV No. 2803 dated 31.03.2011)

Vide Cash Voucher cited in the subject, the payment of Rs.42962/- on a/c of 2nd & final bill for the work “**P/F Red stone flooring on the path from Hari Har Bhawan to Nefta Niwas at Vikas Nagar in Ward No. 22**” was made to Sh.Manoj Chauhan. The work was awarded to him vide letter No. MCS/XEN/389/Mayor/09-494 dated 05.03.10 for ₹ 147392.00 which was 11.10% below the amount put to tender with a time limit of one month for its completion. From the perusal of MB etc. of the work, it has been noticed that the contractor has been made excess payment of **₹2457.00** due to wrong calculation . The detail of which is given

below. The excess payment may be justified otherwise recovery may be made under intimation to the audit.

Detail of Excess Qty.						
MB NO./P.No.	Detail of Item	Qty for which payment was made	Actual Qty for which payment was due	Excess Qty for which payment was made	Rate	Total Excess Payment
2003/693, 7	P/L CC 1:3:6 with stone aggregate 20mm nominal size in foundation and plinth(RD 0/076.5 to 0/087, 0/0 87 to 0/104)	3.64cum	3.4 cum	0.24 cum	2189.00 Per cum	525.36
2003/693, 9	Red Stone Slab flooring in CM 1:4(RD 0/076.5 to 0/087, 0/0 87 to 0/104)	80.03sqr	76.81 sqr	3.22 sqr	600.00 Per sqr	1932.00
	Total Excess Payment					2457.36 Or say 2457.00

(v) Less recovery of serviceable stone from the contractor

Cash Voucher No. 3714 Dated 23.03.2011 for ₹ 52371 /- (JV No. 2691 dated 21.3.2011)

Vide Cash Voucher cited in the subject, the payment of ₹ 52371/- on a/c of 2nd & final bill for the work “**P/F chequarred tiles flooring on path from Sujiline to Marketline and C/O R/wall infront of halal meat shop**” was made to Sh Man Mohan Sharma, Contractor. The work was awarded to him vide letter No. MCS/XEN/3291/RB/06-2257, dated 18.11.2008 for ₹ 98,856/= which was 63.62% above the amount put to tender with a time limit of one month for its completion. From the perusal of MB, it has been noticed that the contractor has executed Item No. 4(E.I.) “**Demolition of stone masonry**” and paid for 21.06 cum and the recovery of serviceable stone was made for 7.67cum which appears to be on lesser side. Hence the quantity of serviceable stone recovered from the contractor may be justified keeping in view the norms etc and compliance shown to audit.

(vi) Excess payment amounting to ₹ 6917/-

Cash Voucher No.3596 Dated 15.03.2011 for Rs.184991.00 (JV No. 2576 dated 14.03.2011).

Vide Cash Voucher cited in the subject, the payment of 184991/- on a/c of 1st running bill for the work **“Proposed Path from Ritz Cinema to Ladies Park Road (SH:- Construction of Retaining Wall Steps, Railing etc.)”** was made to Sh Ravinder Kumar Sood, Contractor. The work was awarded to him vide letter No. MCS/XEN/3096/RB/08 dated 21.01.2009 for ₹ 441652/- which was 55.50% above the amount put to tender with a time limit of two months for its completion. From the perusal of record entries made at Page No. 88,91 & 91 of MB No. 1150/140 for the items no. 3, 8 & 9 of the DNIT, it was noticed that due to wrong calculation the excess payment of ₹ 6917.00 was made to the Contractor as per detail given below:-

MB No./ P.No.	Name of the Item	Qty. for which payment has been made to the Contractor	Actual Qty for which payment was due to the Contractor	Excess Qty (cum)	Rate	Total Excess Payment made to the Contractor
1150/140,88	Stone Work on plain Ashlar Cyclopean in Superstructure	6X4.05X0.15X0.15 = 0.55cum	6X1.05X0.15X0.15=0.14 cum	0.41	4800	1968.00
1150/140,91	Dressing Ordinary Chisel dressing	1X4.05X(1.5+0.15)/2=3.34cum	1X1.05X(1.5+0.15)/2=0.86 cum	2.48	140	347.20
1150/140,91	P/L CC 1:4:8	1X4.05X1.05(1.35+0.15)/2=3.18cum	1X1.05X1.05(1.35+0.15)/2=0.82 cum	2.36	1950	4602.00
Total						6917.20
Or Say						6917.00

The excess payment may be justified otherwise recovery may be made from the contractor under intimation to the audit.

(vii) Non deduction of voids from crused sand

Cash Voucher No. 3601 Dated 15.03.11 for ₹ 75334.00 (JV No. 2583 dated 11.03.2011).

Vide above cash voucher, the payment of ₹ 75334/- was made to Sh.Bilal Ahmed Bhutta on a/c of payment of 1st & final bill for the supply of “Crushed Sand”. The work

was awarded to him vide letter No. MCS/XEN/5463/RB/09-2920 dated 31.12.2010 for ₹ 77875/- with a time limit of three months for its supply. The item No. 1 of the DNIT i.e. supply of crushed sand for 171.00 cum was paid @ ₹ 445 per cum vide Page No. 9 of MB No. 1817/507. From the perusal of record entry made at Page 64 of the same MB, it is seen that the measurement was made in stack & the permissible voids was not deducted which may be justified or quantity of permissible voids may be worked at corporation level and necessary recovery of excess payment may be recovered from the contractor accordingly

(viii) Non completion of various works of B & R by the contractors within scheduled time:-

While checkinmg the works bills of B & R division, it has been noticed that in most of the cases the works have not been completed by the contractors within stipulated time limit. The condition No. 1 of additional specification, terms & conditions appended to award letter provides that **the work should be completed with in stipulated period positively & no extension what so ever will be granted.** “Further Clause 2 of the MW-7 provides that “in case the work is not completed with in stipulated period , penalty will be imposed @ 1% of the cost of tender per day of delay for unfurnished/incomplete work subject to maximum of 10% on the estimated cost of the work as shown in the tender.” Thus the reasons for not adhering to the provisions of award letter & conditions may be justified or the recovery of on account of penalty for delay in execution of work may be made good from the concerned contractors and compliance thereof may be reported to audit.

Sr. No.	Name of Work	Date of award	Schedule date of Completion	Actual Date of Completion	Remarks
1	P/F Red Stone Flooring on Path/Stairs from Block No. 22 to 28 up to Surender General Store at Vikas Nagar in W.No. 22	03.03.2010	03.04.2010	08.11.2010	Applied for extension vide letter No. Nil dated Nil But the same does not seems to be granted by the Competent Authority.
2	C/O Ambulance road from Lakkar Bazar to Ruldu Bhatta RD 0/0 to 0/185(SH:- Widening of	21.12.09	28.02.2010	09.10.2010	Applied for extension vide letter No. Nil dated Nil File P.No. 71 But the same does

	existing road)				not seems to be granted by the Competent Authority.
3	Repair of Nallah Below Maria Cottage to Dhami House At RD 0/0 to 0/081 mtr at Longwood Shimla	14.09.2010	21.10.2010	23.02.2011	Applied for extension vide letter No. Nil dated Nil File P.No. 67 But the same does not seems to be granted by the Competent Authority.
4	P/F Red stone flooring on the path from Hari Har Bhawan to Nefta Niwas at Vikas Nagar in Ward No. 22	05.03.2010	12.04.2010	26.12.2010	Applied for extension vide letter No. Nil dated Nil File P.No. 41. But the same does not seems to be granted by the Competent Authority.
5	P/F chequarred tiles flooring on path from Sujiline to Marketline and C/O R/wall infront of halal meat shop	18.11.2008	25.12.2008	02.07.2009	Not applied for extension of time.

(b) Excess Payment of Rs. 49,397/- to the various contractors of WS&SD due to Deviation of specification and Wrong measurements

The work bills of WS&SD for the period under audit were examined. It is observed that an amount of Rs. **49397/-** was paid in excess to the various contractors on account of Deviation of specification, Wrong measurements, Short recovery of stones, Payment of higher rates of extra/substitute items,. The detail of excess payment is given in the following sub paras.

(i) Excess payment amounting to ₹ 1174/-

Cash Voucher No. 3595 Dated 15-03-2011 for ₹ 151478/= (journal voucher No. 2534)

Vide above mentioned cash voucher **No. 3595 Dated 15-03-2011**, the payment of ₹ 151478/- was made to Sh. Amar Singh, Contractor on a/c of 2nd & final bill for the work **“C/o Toilet Block (One No. Ladies and One No. Gents) at Children Park, Sanjauli, Shimla-6”**. The work was awarded to him vide letter No.MCS/purchase 4983/WS/ 2008-965 Dated 2-03-2009 for ₹ 151478/-, which was 24.02% above the amount put to tender with the time limit of one month for its completion. From the perusal of the tender documents & M.B. etc. of the work, the following observations were noticed which may be attended to please.

(1) Item No.9 of the DNIT i.e. Providing wood work in wrought framed and fixed in position :- in 2nd class deodar wood was executed for 0.225 cums and accordingly total ₹14175/= was paid to the contractor @ ₹ 63000/= per cum. From the perusal of the record entries made in M.B. NO. 1875/565 page No. 53, it is seen that excess payment for 0.012 cum @ ₹ 63000.00 per cum which works out amounting to ₹ 756/= has been paid in excess to the Contractor due to wrong calculation/by deviating the estimate. The detail of which is as under:-

M.B. page	Calculation as per M.B.	Required to be taken	Excess	Remarks
1875/565 Page No.53	Door(gents toilet) V-1x2x2.35x0.075x.10=0.04	2x2.2.10x.075x.10=0.032	0.008	As per estimated height of the door was 2.10 meters
	H- 1x2x.75x.075x.10=0.01	1x.75x.075x.10=0.006	0.004	Only one frame horizontally required to be taken.
		Total	0.012	

(2) Item No.18 of the DNIT i.e. 15mm cement plaster in single coat on the rough side was executed for 135.37 square meters and accordingly total ₹ 9476/- was paid to the contractor @ ₹ 70/= per square meters. From the perusal of the record entries made in M.B. NO. 1875/565 at page No. 58, it is seen that the area of 4.51 sq.mtr of the toilet's door fixed in gents and ladies toilet had not been deducted from the plaster of 15mm so excess payment for 4.51 sq.mtr which amounting to ₹ 316/= has been paid in the bill, the detail of which is as under:-

Gents toilet door	2.10x.75=1.58square meters
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Ladies toilets doors	2x1.95x.75= <u>2.93</u> square meters
Total	<u>4.51</u> square meters

(3) The total excess quantity as calculated at Sr.No. 3 above, 4.51 square meters had also been not deducted from the execution of **“finishing wall with water proofing cement paint of approved brand”** in M.B. No.1875/565 at page No.67. Resultantly excess payment for 4.51 sq mtr which amounting to ₹102/= has been paid excess to the Contractor.

(4) Item No. 2 of the DNIT i.e. Demolition of brick work above G.L. executed for 5.53 cum and accordingly total ₹ 2212/- was paid to the contractor @₹ 400=00 per meter. From the perusal of the record entries made in M.B. NO. 1875/565, it is seen that the serviceable material received from the site on execution of the work were neither taken in MAS nor shown issued to contractor which may be justified and recovery of required service material may be calculated at Corporation level as per prescribed norms/rates and compliance shown to audit .

(ii) Non recovery of service material from the contractor:-

Cash Voucher No. 3691 Dated 22.03.2011 for ₹98,953 /- (JV No. 2706 dated 21.3.2011)

Vide Cash Voucher cited in the subject, the payment of ₹98953/- on a/c of 2nd & final bill for the work “Repair of road including drain & masonry work from existing culvert (RD 0/675) to Dev Nagar Chowk (RD 0/805) at Vikas Nagar Shimla” was made to Sh Manoj Chauhan, Contractor. The work was awarded to him vide letter No. MCS/XEN/3555/RB/06-2445, dated 21.12.2009 for ₹4,53,179/- which was 78.76% above the amount put to tender with a time limit of two months for its completion. From the perusal of MB, it has been noticed that the contractor has executed Item No. 1 “Cutting in earth work in all kinds of soil including spade work, pick work, jumper work and blasting work and disposal of excavated earth up to all leads and lifts” quantity 201.07 cum vide MB No. 2001/691 page 19 but the recovery of serviceable stone has not been effected from the contractor nor the quantity of serviceable stone has been tyaken in the MAS register which may be justified and recovery of required service material may be calculated at Corporation level as per prescribed norms/rates and compliance shown to audit .

(iii) Excess payment amounting to ₹ 26920/-

Cash Voucher No. 3788 Dated 29.03.2011 for ₹ 370412.00 (JV No.2778 dated 26.03.2011)

Vide above Cash Voucher, the payment of ₹370412.00 was made to Sh Ravinder Singh Contractor on a/c of 1st running bill for the work “P/L 150MM Dia Sewerage Line at kufta dhar”. The work was awarded to him vide letter No. MCS/Purchase/6774/ws/2009-2051 dated 29.04.2010 for ₹398246.00 which was 6.20% below 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 observed 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 96.11cum @₹ 135.00 per cum vide Page 38 of MB No 1871/561. From the perusal of the record entries made at page 56 of the MB, 1869/559, it is seen that the excavation for laying the 150mm CI Pipe was measured for width ranging from 0.55mtr to 0.90mtr. However, the specification for laying and jointing of CI Pipe and fitting (External Work) provides that the width of trench shall be of 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 **69.07** cum Qty as detailed below :-

$$\begin{array}{rcl} 6 \times 15 \times 0.55 \times 0.70 & = & 34.65 \\ 4 \times 15 \times 0.55 \times \frac{0.70 + 0.60}{2} & = & 21.45 \\ 1 \times 15 \times 0.55 \times 0.70 & = & 5.78 \\ 1 \times 12.5 \times 0.55 \times 0.70 & = & 4.81 \\ 3 \times 1.2 \times 0.55 \times 1.20 & = & 2.38 \end{array}$$

$$\text{Total} = 69.07$$

But the Contractor was paid excavation in foundation trenches for the laying the pipe 150mm Dia for 96.11cum. In this way the Contractor was paid 27.04cum excess by deviating the provisions of specification. Hence Rs. (96.11cum – 69.07cum = 27.04 cum X ₹135.00 per cum) **₹3650.04**. or say ₹ 3650.00 paid excess on this account which may be justified or made good from the Officer/Official at fault under intimation to audit.

(2) Item No. 2 of the DNIT i.e Laying in trenches CI Pipe for 150mm dia was executed for 178.10 RMT and paid to the Contractor @ ₹1790.00per RMT. From the perusal of the record entry made at Page No. 57 of M.B. No1869/559, it is seen that the measurement of the item was made by taking into account the length of the fitting like CI Bends, CI Collars and Tees . The specification for laying and jointing of CI pipe provides that the net length of pipe as laid shall be measured in running meters correct to a cm, specials i.e. fittings shall be excluded and enumerated and paid for separately the portion of pipe with in the Collar at the joints shall not included in the length of pipe. Keeping in view the provisions laid down in the specification, the length of the fitting should have been excluded while measuring the overall length of the pipe but the same was not done. In this way the excess payment of ₹ 23270.00 in respect of CI pipe for 150mm Dia was made to the Contractor, the detail of which is given below). The cost of the same i.e. ₹ **23270.00** may be justified or recovered from the contractor or the Officer/Official at fault under intimation to audit.

For 150 mm Dia Pipe Total Payment for 178.10.20RMT @ 1790.00 per RMT was made to the Contractor					318799/-
Total Payment due to contractor for 150 mm Dia Pipe after deducting the length of fittings (178.10RMT-13.00RMT)X 1790.00					295529/-
Total Excess Payment made to the Contractor					23270/-
				Deduction from the pipe	
MB No. 1871/P.No.40	DI Bend of 90 degree	2	2X0.60=1.20RMT		
MB No. 1871/P.No.40	DI Bend of 45 degree	5	5X0.60=3.00RMT		
MB No. 1871/P.No.40	DI Bend 22.5 degree	6	6X0.60= 3.6RMT		
MB No. 1871/P.No.40	DI Bend 11.5 degree	5	5x0.6= 3.00 RMT		
MB No. 1871/P.No.40	DI Tea 150x150	2	2x0.3= 0.6 RMT		
MB No. 1871/P.No.40	M.J Collor 150x150	4	4x0.4= 1.6RMT		
Total			13.00 RMT		

(iv) Excess payment amounting to ₹10037/-

Cash Voucher No. 3587 Dated 15.03.2011 for Rs. 244678.00 (JV No.2409 dated 21.02.2011)

Vide above Cash Voucher, the payment of Rs.244678.00 was made to Sh Kedar Singh Contractor on a/c of 1st and final bill for the work “**P/L 150MM Dia Sewerage Line near Chandel Niwas to existing I.P.H. manhole at Sangti**”. In this work, Item No. 2 of the DNIT i.e Laying in trenches DI Pipe for 150mm dia was executed for 109.80 RMT and paid to the Contractor @ Rs. 1825.00per RMT. From the perusal of the record entry made at Page No. 49 of M.B. No1876/566 it is seen that the measurement of the item was done by taking into account the length of the fitting like CI Bends CI Collars and Tees . The specification for laying and jointing of CI pipe provides that the net length of pipe as laid shall be measured in running meters correct to a cm, specials i.e. fittings shall be excluded and enumerated and paid for separately the portion of pipe with in the Collar at the joints shall not included in the length of pipe. Keeping in view the provisions laid down in the specification, the length of the fitting should have been excluded while measuring the overall length of the pipe but the same was not done. In this way the excess payment of ₹ 10037.00 in respect of CI pipe for 150mm Dia was made to the Contractor, the detail of which is given below. The cost of the same i.e. ₹ **10037/-** may be justified or recovered.

For 150 mm Dia Pipe Total Payment for 109.80RMT @ 1825.00 per RMT was made to the Contractor as per MB NO1876 Page 54					₹200385
Total Payment due to contractor for 150 mm Dia Pipe after deducting the length of fittings (109.80.RMT-5.5.RMT)=104.30RMT@1825					₹190348
Total Excess Payment made to the Contractor for pipe 5.5 RMT@1825.00					₹10037
			Deduction from the pipe		
MB No. 1876/P.No 49	DI Bend of 90 degree	3	3X0.60=1.80RMT		
MB No 1876/P.NO.49	DI Bend of 45 degree	5	5x0.60=3.00 RMT		
MB No. 1876/P.No.50	DI Bend 22.5 degree	3	3x0.6= 1.8 RMT		
MB No 1876/P.NO 50	DI Bend 11.25 degree	2	2x0.6=1.2 RMT		
MB NO 1876/P.NO 50	DI Bend Tea 150x150150	3	3x0.30=0.90 RMT		
	Total Deduction of pipe due		8.70RMT		
MB NO 1876/P.No 49	Total Deduction of pipe Made		16x0.20=3.20RMT		

	Less Deduction of Pipe		5.5 RMT		
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(V) Excess payment amounting to ₹ 7097/-

Cash Voucher No. 3591 Dated 15-03-2011 for ₹ 77910/= (journal voucher No. 2497)

Vide above cash voucher No 3591 dated 15.03.2011 the payment of ₹ 77910/= was made to Sh. Kirpa Ram, Contractor on a/c of 1st & final bill for the work “ **Connectivity of newly constructed toilet attached with M.C. Employees quarters of old Abkari, Kaithu, Shimla (S.H:- P/L 100mm C.I. line & 100mm SCI pipe)** . The work was awarded to him vide letter No.MCS/purchase2052/WS/ 2009-365 Dated 29-1-2011 for Rs 89,982/-, which was 478.89% above the amount put to tender with the time limit of one month for its completion. From the perusal of the tender documents & M.B. etc. of the work, the following observations were noticed which may be attended to please.

(1) Item No. 2 of the DNIT i.e. P/F SCI spun spigot pipe and socket soil waste pipe 100mm dia was executed for 63.25 meters and was paid to the contractor @ ₹ 640=00 per meter total ₹ 40480=00. From the perusal of the record entries made in M.B. NO. 1985/675, it is seen that the measurement of the item was done by taking into account the length of the fitting like CI Bends/tees/collar. The specifications for laying and jointing of CI pipe provides that the net length of pipe as laid shall be measured in running meters correct to a cm, specials i.e fittings shall be excluded and enumerated and paid separately the portion of the pipe within the collar at the joints shall not included in length of pipe. Keeping in view the provisions laid down in the specifications, the length of the fitting should have been excluded while measuring the overall length of the pipe but the same has not been done. In this way the excess payment for 10.80meters @ ₹ 640/= per meter total amounting to ₹ 6912/= made to Contractor in respect of 100mm dia was made to contractor, the detail of which is given below:-

M.B. No. 1985/675	Accessory	Nos.	Deduction from the pipe	Remarks
	SCI bend 100x90 degree	8	8x0.60=4.80	Not deducted from the total length of

				Pipe.
	SCI tee100mm	4	4x0.30=1.20	
	SCI bend100x45 degree	2	2x0.60=1.20	
	SCI collar	9	9x0.40=3.60	
		Total 10.80meters		

(2) The extra item No. 1 executed i.e. Excavation in foundation & trenches in all kind of soil was paid for 14.80cum @ ₹ 170 per cum vide page 28 of M.B. No. 1985/675. It is seen that the excavation for laying the 100mm CI pipe was measured for width ranging 0.60 meters. However, the specification for laying and jointing of CI pipe and fitting (external work) provides that the width of the trench shall be the nominal dia meter of the pipe +40cm but it shall not 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 13.71 cum Qty as detailed below:-

$8 \times 0.55 \times 0.40 = 1.76 \text{cum}$
 $4 \times 0.55 \times 0.40 = 0.88 \text{cum}$
 $0.80 \times 0.55 \times 0.60 = 0.26 \text{cum}$
 $2.70 \times 0.55 \times 0.50 = 2.89 \text{cum}$
 $10.50 \times 0.55 \times 0.50 = 1.21 \text{cum}$
 $2.40 \times 0.50 \times 0.45 = 0.54 \text{cum}$
 $1.15 \times 0.45 \times 0.45 = 0.23 \text{cum}$
 $1.50 \times 0.45 \times 0.45 = 0.30 \text{cum}$
 $1.50 \times 0.45 \times 0.45 = 0.30 \text{cum}$

9.26cum

$7.20 \times 0.55 \times 0.40 = 1.58 \text{cum}$
 $1.50 \times 0.40 \times 0.30 = 0.18 \text{cum}$
 $5.40 \times 0.55 \times 0.40 = 1.19 \text{cum}$
 $1.50 \times 0.40 \times 0.30 = 0.18 \text{cum}$
 $6 \times 0.55 \times 0.40 = 1.32 \text{cum}$

4.45cum

Total 13.71cum (9.26+4.45)

But the contractor was paid for excavation in foundation trenches for the laying the pipe 100mm dia for 14.80cum. In this way the contractor was paid ₹185.03(1.09X Rs.170.00 per cum) excess by deviating the provisions of specification. So the excess payment of ₹ 7097.00 (₹6917+₹185) may be justified or the may be made good from the contractor under intimation to Audit.

(vi) Excess payment amounting to ₹ 2950/-

Cash Voucher No. 3831 Dated 29.03.2011 for ₹ 234333.00 (JV No. 2705 dated 21.03.2011)

Vide above Cash Voucher, the payment of ₹370412.00 was made to Sh Rajinder Sharma Singh Contractor on a/c of 1st Running bill for the work “**P/L 150MM Dia Sewerage Line at lower Vikasnagar**”. 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 42.19cum @₹ 135.00 per cum vide Page 27 of MB No 1988/678. From the perusal of the record entries made at page 23 of the MB 1988/678 it is seen that the excavation for laying the 150mm CI Pipe was measured for width ranging from 0.55mtr to 0.90mtr. However, as per 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 **36.25** cum Qty as detailed below :-

1x15x0.55x0.60	=	4.95
1x3x0.55x <u>0.50</u>	=	0.83
1x1.2x0.55x0.70	=	0.46
1X5X0.55X0.65	=	1.79
1X5.X0.55X0.65	=	1.79
1X9naked		
1x9x0.55x0.60	=	2.97
1x1x0.55x0.45	=	0.25
1x15x0.55x0.70	=	5.78
1x15x0.55x0.60	=	4.95
1x5x0.55x0.50	=	1.38
1x1.2x0.55x1	=	0.66
1x5x0.55x0.5	=	1.38

1x10x0.55x0.40=	2.2
1x9.4x0.55x0.35=	1.81
1x5x0.55x0.48=	1.32
1x8x0.55x0.60=	2.64
1x1.2x0.55x0.45=	0.30
1x5x0.45x0.35=	0.79
Total =	<u>36.25</u>

But the Contractor was paid excavation in foundation trenches for the laying the pipe 150mm Dia for 42.19cum as per Page No. 27 of MB No1988/678 . In this way the Contractor was paid 5.94cum excess by deviating the provisions of specification. Hence ₹ 801.90 (5.94 cumX ₹135.00) or say ₹802.00 paid excess to the Contractor on this account which may be justified or recovered under intimation to audit.

(2) Item No. 2 of the DNIT i.e Laying in trenches CI Pipe for 150mm dia was executed for 178.10 RMT and paid to the Contractor @ ₹ 1790.00per RMT. From the perusal of the record entry made at Page No. 25 of M.B. No1988/678, it is seen that the measurement of the item was done by taking into account the length of the fitting like CI Bends, CI Collars and Tees . The specification for laying and jointing of CI pipe provides that the net length of pipe as laid shall be measured in running meters correct to a cm, specials i.e fittings shall be excluded and enumerated and paid for separately the portion of pipe with in the Collar at the joints shall not included in the length of pipe. Keeping in view the provisions laid down in the specification, the length of the fitting should have been excluded while measuring the overall length of the pipe but the same was not done. In this way the excess payment of ₹ 2148/- in respect of CI pipe for 150mm Dia was made to the Contractor. The detail of which is given below: The cost of the same i.e. ₹ 2148.00 may be justified or recovered from the Contractor or from the Officer/Official at fault under intimation to audit.

For 150 mm Dia Pipe Total Payment for 128.80RMT @ 1790.00 per RMT was made to the Contractor					₹230552/-
Total Payment due to contractor for 150 mm Dia Pipe after deducting the length of fittings (128.80RMT-1.20RMT)X 1790.00					₹228404/-
Total Excess Payment made to the Contractor for pipe 1.20 RMT@₹1790.00					₹2148/-
				Deduction from the pipe	
MB	No.	DI Bend of 45 degree	2	2X0.60=1.20RMT	

1988/P.No.28					
MB No. 1988/P.No.28	DI Bend 11.5 degree	1	1x0.6= 0.6 RMT		
	Total Deduction of pipe due		1.80RMT		
MB NO 1988/P.NO25	Total Deduction of pipe Made		0.60RMT		
	Less Deduction of Pipe		1.20 RMT		

(vii) Excess payment amounting to ₹ 1043/-

Cash Voucher No. 3729 Dated 23.03.2011 for Rs. 69419.00(JV No.2752 dated 23.03.2011)

Vide above Cash Voucher, the payment of ₹ 69419.00 was made to Sh Jeet Ram, Contractor on a/c of 1st & Final Bill for the work **“Shifting of Pipe Line Wine Shop to Kanwar Niwas Chotta Shimla”**. The work was awarded to him vide letter No. MCS/Purchase/6368/WS/2010-680 dated 15.02.2011 for Rs.108940.00, which was 404.00% above the amount put to tender with a time limit of four months for its completion. In this work, Item No. 1 of the DNIT/ Schedule of Qty i.e Excavation in foundation & trenches in all kind of Soil was paid for cum @₹ 150.00 per cum vide Page 10 of MB No 1990/680. From the perusal of the record entries made at page 06 of the MB it is seen that the excavation for laying the GI Pipe of 32mm dia and 25 mm dia was measured. The width of the trench was taken at various RD at the 0.45mtr, 0.40mtr, 0.48 mtr, 0.47 mtr & 0.46 mtr. 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 32mm dia GI Pipe & 25 mm dia GI Pipe as per the specification should have been 30 cm and accordingly the Qty of excavation for laying 22.19mtr of GI pipe should have been 15.24 cum as detail given below :-

RD 0/0 to RD 0/6.7	1X6.7 Naked
RD 0/6.7 to RD 0/14	1X7.30X0.30X0.30 =0.66cum
RD 0/14 to RD 0/19.30	1X5.30X0.30X0.40 =0.64cum
RD 0/19.30 to RD 0/34.30	1X15X0.30X0.38 =1.71cum
RD 0/34.30 to RD 0/35.60	1X1.30 Naked
RD 0/35.60 to RD 0/39.40	1X3.80X0.30X0.40 = 0.45cum
RD 0/39.40 to RD 0/41.70	1X2.30X0.30X0.45 = 0.31cum
RD 0/41.70 to RD 0/50.40	1X8.70X0.30X0.45 = 1.17cum
RD 0/50.40 to RD 0/62.75	1X12.35X0.30X0.40 = 1.48cum
RD 0/62.75 to RD 0/77.75	1X15.00X0.30X0.42 = 1.89cum
RD 0/77.75 to RD 0/92.75	1X15.00X0.30X0.45 = 2.02cum
RD 0/92.75 to RD 0/107.75	1X15.00X0.30X0.42 = 1.89cum
RD 0/107.75 to RD 0/122.75	1X15.00X0.30X0.40 = 1.80cum
Chamber	0.76X0.76X0.45 = 0.26cum
For Branch 3X1.00X0.80X0.40	3X1.00X0.80X0.40=0.96 cum
RD 0/122.75 to RD 0/128.75	1X6 Naked
Total	15.24cum

Hence the total Qty of excavation for laying 40mm dia GI Pipe & 25 mm dia GI Pipe as per specification should have not been more than 15.24cum, whereas the Contractor was paid 22.19cum by deviating the specification. In this way the Qty of excavation was measured excess and ₹ 1042.50[(22.19 cum – 15.24 cum) X ₹ 150.00 per cum] were paid excess. The excess payment of ₹ 1043.00 may be justified otherwise recovery may be made under intimation to the audit.

(viii) Excess payment amounting to ₹ 176/-

Cash Voucher No. 3592 Dated 15.03.2011 for ₹ 50029.00(JV No.2500 dated 05.03.2011)

Vide above Cash Voucher, the payment of Rs.50029.00 was made to Sh Vinod Kumar Shah, Contractor on a/c of 1st & Final Bill for the work **“P/L 40mm dia & 25 mm dia water pipes line to Kasumpati Koti Strawberry Hill Area Chotta Shimla)”**. The work was awarded to him vide letter No. MCS/Purchase/824/WS/2010-3245 dated 09.07.2010 for ₹49135/- , which was 485.57% above the amount put to tender with a time limit of three months for its completion. In this work, Item No. 1 of the DNIT/ Schedule of Qty i.e Excavation in foundation & trenches in all kind of Soil was paid for 3.80 cum @Rs. 140.00 per cum vide Page 23 of MB No1987/677. From the perusal of the record entries made at page 21 of the MB it is seen that the excavation for laying the GI Pipe of 40mm dia and 25 mm dia was measured. The width of the trench was taken at various RD at the 0.45mtr. 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 40mm dia GI Pipe & 25 mm dia GI Pipe as per the specification should have been 30 cm and accordingly the Qty of excavation for laying 149.00mtr of GI pipe should have been 2.54cum as detail given below :-

RD 0/0 to RD 0/103	1X103 Naked
RD 0/103 to RD 0/114	11X0.30X0.40 =1.32cum
RD 0/114 to RD 0/121	7X0.30X0.35 =0.74cum
RD 0/121 to RD 0/125	4X0.30X0.40 =0.48cum
RD 0/125 to RD 0/149	1X24 Naked
Total	= 2.54cum

Hence the total Qty of excavation for laying 40mm dia GI Pipe & 25 mm dia GI Pipe as per specification should have not been more than 2.54cum, whereas the Contractor was paid 3.80cum by deviating the specification. In this way the Qty of excavation was measured excess and ₹ 176.00[(3.80 cum – 2.54 cum) X ₹ 140.00 per cum] were paid excess. The excess payment of ₹176/-may be justified otherwise recovery may be made under intimation to the audit.

(ix) Non completion of various works of WS & SD by the contractors within scheduled time:-

While checkinmg the works bills of WS & SD, it has been noticed that in most of the cases the works have not been completed by the contractors within stipulated time limit. The condition No. 1 of additional specification, terms & conditions appended to award letter provides that **the work should be completed with in stipulated period positively & no extension what so ever will be granted.** “Further Clause 2 of the MW-7 provides that “ in case the work is not completed with in stipulated period , penalty will be imposed @ 1% of the cost of tender per day of delay for unfurnished/incomplete work subject to maximum of 10% on the estimated cost of the work as shown in the tender.” Thus the reasons for not adhering to the provisions of award letter & conditions may be justified or the recovery of on account of penalty for delay in execution of work may be made good from the concerned contractors and compliance thereof may be reported to audit.

Sr. No.	Name of Work	Date of award	Schedule date of Completion	Actual Date of Completion	Remarks
1	<u>C/o Toilet Block (One No. Ladies and One No. Gents) at Children Park, Sanjauli, Shimla-6".</u>	02.03.09	09.04.09	16.12.10	The Contractor applied for extension of time vide his letter dated Nil as enclosed in the concerned file at P.No. 140.
2	Repair of road including drain & masonry work from existing culvert (RD 0/675) to Dev Nagar Chowk (RD 0/805) at Vikas Nagar Shimla"	21.12.09	29.02.10	15.11.10	The Contractor had not applied for extension of time for execution of work and the Competent Authority had also not granted permission for extension of time.

(c) Non - Deduction and Non - Deposit of Worker Cess amounting to ₹ 1.77 lacs

On checking of the contractor's work bill relating to construction of B&R Deptt. and WS&SD, 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 contractor's work bills and not deposited the same with the H.P. Building and Other Construction Workers Welfare Board. In this way the Municipal Authorities violated the provisions of the said Act explained above. The detail of total cost of work done (as mentioned in the Schedule B-11 Capital Work in Progress of the Balance Sheet as on 31.03.2011) and the detail of Labour Cess not deducted as on 31.03.2011 is given below:-

Name of Deptt.	Total Cost	Total Labour Cess @1%
B&R Deptt.	11518074.00	115180.74
WS&SD Deptt.	6208162.00	62081.62

Total	1,77,26,236.00	177262.36
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The irregularity may be justified and necessary deductions may be ensured.

(d) Shortage of store articles worth ₹6315/-

While checking the Stock Registers of Central Store(WS&SD), it is seen that the Store Articles as per detailed given below were found short either due to totaling error/ addition /subtraction error or due to reason that the items were not requisitioned by the concerned JE but shown issued and reduced from the available balance in the Central Store Register. The Shortage of Store Articles is a serious lapse on the part of Officer/Official handing with Store as such the recovery of ₹ 6315.00 on account of value of the store article found short needs to be effected from the Officer/Official at fault besides suitable administrative action.

	Name of the item	Month in which item issued	Indent No shown	Quantity which was not account for in stock register of concerned J.E.	Rate	Amount	Remarks
1	Pig Lead	5/10	151	1K.G.	125	125	25kg pig lead issued to J.E. Lakkar Bazar but 24K.G. taken in Stock Register
2	4inch D.I.Bend 22.5 degree	4/10	2596	1No	680	680	Issued to J.E. Chora Madain but not taken in Stock register
3	1inchG.I. union	11/10	4215	1 No	60	60	Issued to J.E. Central zone 2No but 1 No taken in Stock register
4	1inchG.I. union	1/11	3743	2No	60	120	Issued to J.E. Central zone 2No but Not taken in Stock register
5	2.5&1.5 G.i.Tea	6/10	3713	3	67	201	Issued to J.E. Chora Madain 4No but 1 No taken in Stock register
5	2.5&2inch G.I.Reducer	5/10	150	1No	34	34	Issued to J.E. Lakkar bazar but No taken

							in Stock register
6	3inch G.I.Plug	5/10	3705	1 No	72	72	Issued to J.E. Chora Madain 2No but 1 No taken in Stock register
7	3inch Brass Wheelvalve80 M.M.	6/10	3713	1No	5023	5023	Issued to J.E. Chora Madain 2No but 1 No taken in Stock register
	Total					6315/-	

(3) Other Miscellaneous Expenditure:-

(a) Irregular Expenditure of Rs. 20.89 lacs in respect of deposit of Service Tax without recovering it from the service receivers

From the records it was noticed that Municipal Corporation has not levied and collected Service tax from the Service receiver during the period 2006-07 & 2008-09 which is mandatory as per Finance Act 1994. However, the Municipal Corporation has deposited the service tax amounting to Rs. 20,89,984/- from its own fund on account of Income from Renting Space for advertisement from various service receiver and on account of income of Community Hall from Mandeep Service as per detail given below:-

SN	Name of Service	VrNo./Date	Period	Service Tax Liability due	Interest on Service Tax	Total Service Tax Liability	Service Tax collected from parties	CENVAT credit availed by MC Shimla	Net Service Tax liability borne by MC Shimla
1	Renting Space for advertisement to various service receivers	1960/05.10.10	01.04.06 to 31.03.10	1849723	359978	2209701	143170	180530	1886001
2	Community Hall to Mandeep Service	1960/05.10.10	01.04.07 to 31.03.10	164592	39781	204373	390	0	203983
	Total								2089984

In this context vide Audit Requisition No.15/2012 dated 10.01.2013, it was requested from the the Municipal Authorities to intimate Whether the Service Tax has been collected from the Service Receivers in the above mentioned cases, if yes, than the detail of such receipt of tax may

be shown to audit. In response to the above Audit Requisition Municipal Authorities have informed vide letter No. MCS/LAD Audit-10-11/2013-573 dated 22.01.2013 that Municipal Corporation Shimla did not collect/charge service tax from its service receivers prior to 2009-10 owing to a Local Authority and only ₹143560.00 (detail of which is given above) has been collected as service tax from the above mentioned services i.e Renting space for advertisement, Mandeep Service (Community Hall). However, they were covered under the purview of Service Tax as per Finance Act 1994. Thus, the Municipal Corporation has to bear extra burden of ₹ 20,89,984.00 unnecessarily which could have been avoided if the Municipal Corporation had levied and collected the Service Tax from the Service Receivers in time. Therefore, the matter needs to be investigated and detailed reasons for not levying the service tax well in time as per provisions contained in the Act may be intimated to audit besides taking appropriate action in the matter.

(b) Regarding reimbursement of Mobile bills to various categories of employees in contravention to the instructions of the Government

During the course of audit of reimbursement of Mobile bills made to various categories of officers/officials of Municipal Corporation for the period 4/2010 to 3/2011, it has been noticed that **as per Annexure – J**, the Municipal Corporation has reimbursed the mobile phone bills at higher rates than the rates approved by the Government and the Corporation has also reimbursed mobile bills to such categories of employees who were otherwise not entitled for such reimbursement as per orders of the Government,. It is pertinent to mention here that the Government has approved the rates of reimbursement of mobile bills to various categories of officers vide Government of H.P. letter No. Fin-I-(C) -14-1/92 Dated 25-08-2010 and eligible categories of officers/officials have also been specified by the Government in the above mentioned letter. However, as mentioned above the Municipal Corporation has reimbursed mobile bills to its officers in violation of instructions contained in the Government letter referred to above. On enquiry, it was told to audit that reimbursement at higher rates and to the ineligible categories of employees has been made because the Municipal Corporation has passed resolutions on various dates in the general meeting for payment / reimbursement of mobile bills. In this connection the Municipal Authorities were requested vide Audit Requisition No.49/2013 dated 11.02.2013 to intimate, whether the approval from the H.P. Govt has been obtained for payment/reimbursement of mobile bills at the higher rates and to such categories of officers/officials who were not entitled for reimbursement, if yes, then supply the copy of the

same to the audit and if not then the reason for the same and justified but no reply has been received till date. Therefore necessary approval may be obtained from the Govt. to regularize this irregularity or over/excess payment may be worked out at Corporation Level after conducting detail scrutiny in this case and necessary recovery may be effected from the concerned officer/officials.

(c) Excess payment ₹ 5400/- due to non issuing of advertisements through Public Relation Department of Himachal Pradesh

As per instructions contained in the Public Relation Deptt.'s letter No. 15-1/2006-pub-14263-92 Dated 13-09-2006 (copy of which endorsed to all the Govt. Deptts., Boards and corporations), it is clearly mentioned that some of Deptts. Boards and Corporations are releasing advertisements without the prior approval of this Deptt, which is against the norms. The department of Information & Public Relation is deducting 15% commission from all the newspapers on display advertisements and depositing in govt. receipt under head 0220-60-800. During the random checking of Journal vouchers for the year 2010-2011, it has been noticed that in the following instances the display advertisement are being issued in different local news papers, magazines or souvenirs by the M.Corp.at its own level and thus they have not followed the above cited norms/instructions, which resulted a loss of ₹ 5400/= to the Corporation as per detail given below, which may be justified. The Municipal Authorities are also advised that in future display advertisement should be released as per Information & Public Relation Deptt. guidelines so as to avoid excess payment

Detail of display advertisement inserted in local newspapers and magazines/souvenirs				
journal voucher No.	date	particulars of newspaper	amount of payment	15% govt. share
419	24-06-2010	Indian red cross society,Mandi(H.P.)	5000	750
553	09.07.2010	By-pass samachar saptahik	3500	525
1063	15-09-2010	Vir Annand, Chhotta Shimla	3000	450
1661	20-11-2010	Detail of the voucher not provided	3500	525
1673	23-11-2010	Indian Academy of padiatrics	3000	450
1675	23-11-2010	Parvat kee goonj	3000	450
1814	3/12/2010	Detail of the voucher not provided	5000	750
2717	22-03-2011	Pensioners welfare Association	5000	750
2785	28-03-2011	Shimla Panorama, Shimla	5000	750
		Total	36000	5400

(d) Reimbursement of inadmissible medicines costing ₹ 1950/-

While examining the medical reimbursement bills. It is observed that the cost of some inadmissible medicines were reimbursed to the claimants. 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 ₹1949.79 as per the detail given below. The necessary recovery of ₹1949.79 may be effected from the claimants and credit thereof into the municipal fund may be pointed out to the audit.

Voucher No/ Date	Name of Claimant	Total amount	Inadmissible/me dicines	Amount	Remarks
2529	Smt. Suman Kumari	1263	Thermometer	29.00	this apparatus is not admissible
			R B Tone Syrup	69.00	Tonic is not admissible
	Sh. K.B. Verma	423	Tab. thyrenaim	123.00	Prescribed by physician on 03.05.2010, but the medicines purchased on 18.10.2010 hence not admissible
			IFT (test)	300.00	Not advised in the attached prescription slip
	Smt. Kailasho	2023	candid Scalf lotion	110.00	Not admissible under M.A. rules
	Sh Dalbir	1190	Cap. carvic	95.70	This apparatus has not been prescribed in the attached Medical prescription slip .
			Tab. Alaspan	38.28	
			Tab.control	185.00	
			Tab. Alaspan	25.50	
	Sh.Pradhan Singh	330	inadmissible	330.00	The age of the son of the claimant as per prescription slip was 26 years which is not admissible under note 2 of para/section 4 of medical attendance rules
2594/15-03-11	Sh.Manoj kumar, labourar	250	Mamta F (cream)	122.00	Not admissible under M.A. rules
2595/15-03-11	Sh. Hem Raj Sharma, mason	453	scobana lotion	41.40	Lotions are not admissible under medical attendance rules
			H.N.Mite lotion	89.95	
	Chaman lal	447	heam-up	69.96	Tonic is not admissible

	,Beldar				
2792/29-03-11	Sh. Ramesh singh	308	Liv-52	75.00	It is an Ayurvedic medicine and prescribed by allopathic Doctor, Hence not admissible
			Liv-52	43.00	
	Sh. Kashmir Singh	641	M.N.Oil	103.00	Not admissible under M.A. rules
			Liv-52	50.00	
2796	Sh. Puran Chand	599	Smooth ointment	50.00	Not admissible under M.A. rules
				1949.79 /-	Say Rs. 1950/-

(4) Vehicle

(a) Excess Consumption of Diesel/Petrol amounting to ₹ 17675/-

The Municipal Corporation had fixed the mileage (per KM per ltr) as mentioned in the table given below vide Joint Commissioner Office Order No. MCS/Jt Comm /JE(Auto)1189/Com/03-4231 dated 27.10.04. 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 losses of Rs. 17675/- as given below in the following table. The responsibility for the huge 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	Period	Total K.M. covered during the year	Mileage fixed by the authority		Consumption of Diesel/Petrol as per fixed mileage (in litres)	Actual consumption (in litres)	Excess consumption (in litres)	Rate (Ltr./KM) Rs.	Excess Expenditure Rs.
1	HP-07A-2365/ Tata 1613c	1.4.10 to 31.3.11	7810	2.9 KM/ Ltr/	Diesel	2693	3130	437	38.55	16846
2	HP-07-5384/ E. Canter (DP)	1.4.10 to 31.3.11	1665	3 KM/ Ltr.	Diesel	555	560	5	38.55	193
3	HP-07A-2375/	1.4.10 to 31.3.11	2330	2.5 KM/ Ltr.	Diesel	932	944	12	38.55	463

	Tata 1613c									
4	23466/ Road Roller	1.4.10 to 31.3.11	288 Hours	4.5 KM/ Ltr.	Diesel	1296	1300.5	4.5	38.55	173
									Total	17675

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

(b) Less Recovery of ₹ 13,727/- in respect of Private Journey

As per instructions issued by the Govt of Himachal Pradesh time to time if an Officer uses his/her attached official vehicle for his/her private journey then recovery for private journey has to be made from him/her as per the rates as notified by the Govt time to time. According to letter No. Fin.-I-(C) 14-1/92-VoII dated 25.02.2005 the rate for private journey with in State would be Rs. 5.50 per kilometer and Rs. 11 per kilometer out of State. From the perusal of Log Book of Vehicle No. HP-07B-0702, it has been noticed that this vehicle was used by the Officer/Official for his/her personal travelling details of which are given below but less recovery has not been made as per prescribed rates from the Officer with whom the vehicle was attached. Thus, less recovery of Rs. 13727.00 has been made from the Officer with whom the vehicle was attached. It is therefore, advised that less recovered amount may be recovered from the officer under intimation to the audit.

Vehicle No. HP-07B-0702										
Date of Journey	Places visited (Private Journey)	Mileage (KM)	Rate per KM	Amount recovered	Actual rate per KM (Rs. 5.5 in HP and Rs.11 outside HP)		Actual amount to be recovered (200KM from Shimla to Parwanoo & back @ Rs. 5.5 and remaining KM to & fro @ Rs. 11)			Less amount recovered
							Rs. 5.5	Rs. 11	Total	
17.4.10	Shimla to Kalka & Back	205	2.5	512.5	5.5	11	1100	55	1155	642.5
21.4.10	Shimla to Chandigarh & Back	240	2.5	600	5.5	11	1100	440	1540	940
5.6.10 to 7.6.10	Shimla to Chandigarh & Back	315	2.5	787.5	5.5	11	1100	1265	2365	1577.5
20.8.10 to 21.8.10	Shimla to Chandigarh & Back	560	2.5	1400	5.5	11	1100	3960	5060	3660

7.10.10 to 11.10.10	Shimla to Chandigarh & Back	285	2.5	712.5	5.5	11	1100	935	2035	1322.5
27.11.10 to 28.11.10	Shimla to Chandigarh & Back	288	2.5	720	5.5	11	1100	968	2068	1348
12.12.10	Shimla to Chandigarh & Back	280	2.5	700	5.5	11	1100	880	1980	1280
17.12.10 to 21.12.10	Shimla to Chandigarh & Back	265	2.5	662.5	5.5	11	1100	715	1815	1152.5
24.1.11	Shimla to Chandigarh & Back	215	2.5	537.5	5.5	11	1100	165	1265	727.5
26.3.11 to 28.3.11	Shimla to Chandigarh & Back	256	2.5	640	5.5	11	1100	616	1716	1076
									Total	13727

(c) Wasteful expenditure amounting to ₹ 1619/- in respect of Vehicle No. HP-07A-3507 (Truck)

While Checking the Log Book of Vehicle No. HP-07A-3507 (Truck), it is observed that this vehicle was kept started for four hours per day for the period 20.1.2011 to 26.1.2011 without assigning any reason. Consequently, there was wasteful expenditure amounting to Rs. 1619.00 as per detail given below. This wasteful expenditure may be justified with facts & figures otherwise the recovery of rs. 1619/- may be made from the concerned official and compliance may also be shown to audit.

Sr. No.	Date on which vehicle kept started	Duration	Diesel Consumed in litres	Rate (Ltr./KM) (Rs.)	Wasteful Expenditure (Rs.)
1	20.1.2011	4 Hours	6 Litres	38.55	231.30
2	21.1.2011	4 Hours	6 Litres	38.55	231.30
3	22.1.2011	4 Hours	6 Litres	38.55	231.30
4	23.1.2011	4 Hours	6 Litres	38.55	231.30

5	24.1.2011	4 Hours	6 Litres	38.55	231.30
6	25.1.2011	4 Hours	6 Litres	38.55	231.30
7	26.1.2011	4 Hours	6 Litres	38.55	231.30
				Total	1619.10 say Rs. 1619/-

Para 13 Pension, GPF & Contributory Pension Scheme:-

While conducting the audit Pension, GPF & Contributory Pension Scheme of the Corporation, the following discrepancies have been noticed which may please be attended to and compliance shown to audit:-

(a) Excess Payment of pensionary benefits amounting to Rs. 111478/-

While checking the Pension Ledger and allied record, it has been noticed that excess payment of pensionary benefits amounting Rs. 111478/- have been made in the following cases which may please be rechecked at Corporation Level and corrective actions may be taken accordingly in each case.

(i) Sh. Sadhu Singh, Safai Staff S/O Sh. Pheroo was drawing pension from MC Shimla w.e.f. 1.8.1992. The official died on 7.11.2010 leaving behind no family as revealed in the pension papers submitted by him. But the pension remained disbursed and deposited into the deceased employee's account maintained in the SBI Shimla up to 28.2.2011. Resultantly, an excess payment of **Rs. 18,148/-** for the period 8.11.2010 to 28.2.2011 was disbursed/deposited into the deceased employee's account as per detail given below. Since the deceased employee has no family, therefore the excess payment disbursed/deposited into his account may be recovered along with interest and /credited to the main account of the MC after proper scrutiny of the matter and after doing the needful, compliance may also be shown to audit.

Period.	Pension Due (Rs.)	Pension Drawn (Rs.)	Diff./Excess payment (Rs.)
8.11.10 to 30.11.10	Nil	3623.00 (4725X23/30)	3623.00
1.12.10 to 31.1.11	Nil	9450.00 (4725X2)	9450.00
1.2.11 to 28.2.11	Nil	5075.00	5075.00

		(5075X1)	
		Total	18148.00

(ii) Sh. Ajay Kumar Walia, Sr. Assistant retired from MC on 31.10.2006 on superannuation after completing 58 years of age and was drawing pension from 1.11.2006. Further the MC has revised his pension, gratuity and commutation of pension on account of revision of pension w.e.f. 1.11.2006 as per Director, UD letter No. UD-H(B)(10)-752/06-4455, dated 7.7.2010. But after the revision of commutation of pension, the reduced pension has been paid at a higher rate for the period 1.7.2010 to 31.3.2011. Resultantly, an excess payment of **Rs. 15,588/-** was made to the retiree as per detail given below. Therefore, the recovery of excess payment of pension may be made from the above retiree after conducting necessary scrutiny of the case under intimation to audit.

Period	Revised Basic Pension w.e.f. 1.11.06 (Rs.)	Commuted Value of pension before revision (Rs.)	Commuted Value of pension after revision (Balance amount) (Rs.)	Total Commuted Value of pension (Col. 3+4) (Rs.)	Reduced Pension Due (Revised Basic Pension- Total Commuted portion of pension) (Col. 2-5) Rs.)	Reduced Pension Drawn (Rs.)	Diff./ Excess payment {(Col. 6-7)x9 months} (Rs.)
1	2	3	4	5	6	7	8
1.7.10 to 31.3.11 (9 months)	12125	3118	1732	4850	7275	9007	15588

i (i) Sh. Kewal Singh, Sr. Clerk S/O Sh. Kabzi Nand has retired from MC on 30.11.2009 on superannuation after completing 58 years of age and was drawing pension w.e.f. 1.12.2009 as per Pension Payment Order (PPO) No. 892/2009-10 as approved by the Director, Urban Development, HP, Shimla-2 vide letter No. UD-H (B) (10)-1000/09 dated 18.1.2010. Further as per Commutation Payment Order No. UD -H (B) (10)-1000/09-18397, dated 18.1.2010 issued by the Director, Urban Development, Shimla-2, the commuted value of pension was authorized for payment amounting to Rs. 2,58,070/- whereas the correct amount of commuted value was Rs. 2,06,530/- as per detail given below which is based on the commuted portion of pension Rs. 2,056/- i.e. 40% of basic pension of Rs. 5,141/-. Consequently, an excess payment of **Rs. 51,540/-** (Rs.258070 - Rs. 206530) was erroneously paid to the retiree vide . Cash Voucher No. 7, dated 17.5.2010 amounting to ₹ 258070/-. Therefore, the recovery of excess payment of Rs. 51,540/- may be made from the above retiree after conducting proper scrutiny of the case and compliance may also be shown to audit:-

1	Date of Birth	19.11.1951
2	Date of Appointment	1.6.1978
3	Date of Retirement	30.11.2009
4	Basic Pension as on 1.12.2009	Rs. 5141.00
5	Commuted portion of pension (40% of Basic Pension)	Rs. 2056.00 (5141x40%)
6	Age Next Birthday	59 years
7	Commutation Factor as per Commutation Table (Effective from 1.1.2006)	8.371
8	Commuted value of pension payable	[Commutation factor x 12 x amount of pension offered for commutation] 8.371x12x2056=Rs. 206529.31 or Say Rs. 206530.00
9	Commuted value of pension paid vide Cheque No. 372608, dated 17.5.2010)	Rs. 258070.00
10	Difference/Excess Payment	Rs. 51540.00 (206530-258070)

(iv) Sh. Pritam, Safai Staff retired from MC on 31.12.2004 was drawing pension w.e.f 1.1.2005. The official died on 31.10.2010. The following family members were eligible for family pension as per Pension Payment Order (PPO) No. 610/2005-06 and as approved by the Director, Urban Development, HP, Shimla-2 vide letter No. UD-H (B) (10)-669/05, dated 6.7.2005:-

Sr. No.	Name	Relationship with retiree	Date of Birth
1	Smt. Shamo Devi	Wife	13.10.1948
2	Noneet	Son	10.11.1984
3	Jyoti	Daughter	20.20.1994 (Actual Date of Birth is 25.8.1993 as per Matriculation Certificate)

As per pension rules, the family pension was payable to the wife of the deceased w.e.f. 1.11.2010. But in the instant case, the family pension is being paid to the daughter (Jyoti) of the deceased whereas she was third eligible member for receiving family pension subject to conditions prescribed. It is pertinent to mention here that the family pension has been paid in favour of deceased daughter without verifying the facts that her mother is alive or not. In this way, the family pension being paid to Jyoti could not found justified as there is violation of the provisions of pension rules. In the instant case an amount of **Rs. 26,202/-** paid to the deceased's daughter w.e.f 1.11.2010 to 31.3.2011, the detail of which is given below. Therefore

the family pension to daughter may be justified keeping in view the provisions of pension rules otherwise necessary recovery may be made effective from the deceased's daughter.

Period.	Months	Family Pension Drawn per month (inclusive of Dearness Relief) (Rs.)	Diff./Excess payment (Rs.)
1.11.10 to 28.2.11	4	5164.00	20656.00
1.3.11 to 31.3.11	1	5546.00	5546.00
		Total	26202.00

(b) Penal interest amounting to ₹ 26,732/- on account of late credit of Pension & GPF Contribution into the Pension & Gratuity Fund during the year 2010-11

The rule 4 (2) of the Himachal Pradesh Municipality Employees (Pension, Gratuity & GPF) Rules 2000 which are 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 2010-1, it has been observed that the contribution towards Pension & Gratuity Fund was not credited into 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 ₹1,62,65,053/- as detailed below is credited late to the fund for the period mentioned against each contribution.

LATE CREDIT OF PENSION CONTRIBUTION						
SRN O.	MONTH TO WHICH CONTRIBUTION RELATES	AMOUNT OF CONTRIBUTION	DETAIL OF CREDIT INTO FUND		DAYS OF LATE CREDIT	INTEREST @5.5% (4.00+1.50)
			CHEQUE NO	DATE		
1	MARCH	1761097.00	8287278	13.04.2010	7	1858
2	APRIL	1751018.00	8068262	07.05.2010	1	264

3	MAY	1727353.00	8069390	22.06.2010	16	4165
4	JULY	1723597.00	171770	16.08.2010	10	2597
5	AUGUST	1727556.00	108726	09.09.2010	3	781
6	SEPTEMBER	1701788.00	174439	17.10.2010	11	2821
7	OCTOBER	1688069.00	178764	25.11.2010	19	4833
8	NOVEMBER	778521.00	270047	22.12.2011	16	1877
9	JANUARY	1673072.00	267078	10.02.2011	4	1008
10	FEB.	1732982.00	275081	31.03.2011	25	6528
	TOTAL	16265053.00				26732

Since, the Corporation had failed to credit the contribution by the 5th of every month, therefore the Corporation Authority is advised to deposit the penal interest for late deposit amounting to ₹ **26732/-** into the Pension & Gratuity Fund after fixing the responsibility under intimation to the audit and in future the provisions of the rules be followed in letter & spirit and contribution may be credited in to fund in time.

Para 14 Minor Objection Statement:-

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

Para 15 Conclusion:- The maintenance of accounts and keeping of the record was not up to the mark which need improvement. Besides it the suggestions given in this audit report needs to be implemented in order to improve the financial health of the Municipal Corporation.

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**Director ,
Local Audit Department, H.P.
Kasumpti, Shimla-171009**

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