

**Office of the District Audit Officer,
State Audit, Krishna, Machilipatnam.**

The Draft Audit Report on the accounts of General Fund Funds of Municipal Council, Gudiwada for the year 2014-2015 is submitted herewith for kind approval duly enclosing the following documents.

1. Annual Account for the year 2014-2015
2. D.C.B. Statement for the year 2014-2015
3. Audit Report for the year 2013-2014

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**AUDIT REPORT ON THE ACCOUNTS OF
GENERAL FUNDS OF MUNICIPAL COUNCIL, GUDIWADA
FOR THE YEAR 2014-2015.**

Name of the Auditor :- Sri K.N.VENKATESWAR RAO, Asst. Audit Officer
Time taken for audit :- 22.02.16 to 29.02.2016.

The office of the Chairman was held by the following persons during the period under audit.

Sl.No	Name of the Chairman / Special Officer	Period
1	Sri Y.Srinivasa Rao	01-04-2014 to 31.03.2015

The office of the Commissioner was held by the following persons during the year under audit.

Sl.No	Name	Period
1	Sri N.Pramod Kumar	01-04-2014 to 17.12.2014
2	Sri R.Rambabu	18.12.2014 to 02.02.2015
3	Sri G.Pradeep Kumar FAC	03.02.2015 to 31.03.2015

GENERAL FINANCIAL REVIEW: The receipts and payments during the year were shown in the Receipts & Payments statement together with the opening and closing balance. The opening balance in the cash book was in agreement with the closing balance of the previous year. The consolidated annual account was showing the closing balance of Rs.**19,97,24,384.74** as on 31-3-2015. As verified from the cash book, the cash book was not closed every month. The monthly abstract and yearly abstract was not arrived at and not noted in the cash books. The reconciliation statements produced were not tallying with the closing balance of the reconciliation statement and the figures of the cash book and treasury pass book as on 31-3-2015. As such the correctness of the closing balance of the cash book could not be certified in audit. Immediately the reconciliation between cash book and pass book would need to be made and produced to audit.

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

SL.NO	DETAILS	MGF	CPF
1	Cash in Hand	9279764.00	1468756.00
2	Cash at Bank	448059948.24	31528563.02
3	Cheque in Hand	15365230.50	347300.00
4	Cheque in transit	0.00	0.00
	TOTALS	72704942.74	33344619.02

	Cash	Treasury
C.B as per the General Funds cash book (001)	9279764	48059948.24
C.B as per the General Funds cash book (002)	1468756	31528563.02
Closing balance of other funds	Statement enclosed	

FINANCIAL POSITION

The resources of ULBs consist of grants and assistance from the Government of India (GOI) and the State Government under various schemes, loans from Financial Institutions (HUDCO etc.,) and own revenue generated through various tax and non-tax collections. The tax revenue mainly accrues from property tax and taxes on advertisement, while non-tax revenue comes from water charges, encroachment fee, developmental charges, building fee, etc. The financial position of the ULB has been analysed with reference to the figures provided in the budget as follows. Further during the year under audit, as the subsidiary registers were not produced, the actual receipts in respect of revenue were taken based on the annual account figures.

Amount in Rs.

Sl. No.	Head of Account	Budget estimates	Actual	Difference
1	Property Tax from Public-General Tax	11774000.00	25309744.00	(-) 13535744.00
2	Vacant land tax	0.00	0.00	0.00
3	Entertainment Tax	1200000.00	0.00	(-) 1200000.00
4	Advertisement Tax	1000000.00	307650.00	692350.00
5	Water tax/ fees	11500000.00	2117205.00	9382795.00
6	Rent from Markets, Shopping/Office Complexes/Buildings / Canteens	9824000.00	2271948.00	7552052.00
7	D & O Trades licence fee	710000.00	80950.00	629050.00
8	Birth and Death Register Extract Fee	85000.00	17695.00	67305.00
9	Enchroachment Fee	200000.00	59300.00	140700.00

TAX REVENUE RAISED BY THE MUNICIPAL COUNCIL:-

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

Sl. No.	Nature of Tax	Collection		Increase/ Decrease with ref. to previous years
		2013-14 Rs.	2014-15 Rs.	
1	Property tax	32943915.00	25309744.00	-23%
2	Advertisement tax	145905.00	307650.00	+110%
3	Vacant land tax	0.00	0.00	0.00
4	License fee	559337.00	80950.00	-85%
5	Leases	1721031.00	2271948.00	+32%
6	Entertainment tax	0.00	0.00	0.00
7	Encroachment fee	80350.00	59300.00	-26%

b) REVENUE RECEIPTS AND ITS ANALYSIS:-

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

Sl. No.	Item of revenue	RECEIPTS	
		2013-14 Rs	2014-15 Rs
1	Revenue raised by Municipal Council		
	a) Tax Revenue	33089822.00	26658295.00
	b) Non-tax revenue leases, fees and rents etc	2360718.00	3940464.00
	Total:	35450540.00	30598759.00
2.	Receipts from Govt.		
	a) Entertainment tax	0.00	0.00
	b) Surcharge on stamp duty	3972930.00	19750909.00
	c) P.T.	0.00	0.00
	d) Population grant	0.00	0.00
	Total	3972930.00	19750909.00

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

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

Sl. No.	Item of revenue	Collection		Increase/Decrease with ref. to previous years
		2013-14	2014-15	
1	Water charges	154157.00	363455.00	Increased
2	Leases of markets	1721031.00	1825000.00	Increased
3	Slaughter house	54803.00	0.00	Decreased
4	License fees (D&O Trades)	559337.00	80950.00	Decreased
5	Building license fee	619324.00	570648.00	Decreased
6.	Shop Room rents	6571099.00	8385158.00	Increased
7.	Others	0.00	711135.00	Increased

BUDGET:-

According to rule 8 of the rules relating to the preparation of the budget, allotment and transfer of funds issued with G.O.Ms.No.619, MA., dt.7-10-67, the budget should be submitted to Government through the District Collector and the Director of Municipal Administration, for approval by 31st December of each year. The date of submission of the Budget is not available to check whether the Budget was submitted in time or not. Further, the Budget was also not furnished in form-A, appended to the orders in which the above rules were issued.

AUDIT OBJECTIONS

PARA NO. 1

CODE NO.1

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

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

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

PARA NO. 2

CODE NO.1

VARIATION BETWEEN ANNUAL ACCOUNT RECEIPTS, CASH BOOK COLLECTIONS AND D.C.B – OTHER DEFECTS – NEEDS ACTION:-

During the course of audit on the account of Gudiwada Municipality, it is observed that the Property and Water taxes D.C.B statements were produced along with annual account during the year. On a verification of the same some defects were noticed that the D.Ds and direct collection of pass book collection of Property Tax are not taken into account. As per Cash Book collections viz., Arrear and Current collections of water tax, House tax, Vacant land tax, Library cess, cheques adjustments, direct pass book adjustments and A.O., Mee-seva adjustments and Misc., collections only taken in to cash book. But the said collections are not traced in account as detailed below. The executive authority would need to take good steps for rectification of the defects pointed out at an early date.

Collections	Property Tax	Water Tax	Total
As per Cash Book	4,58,47,495.00	Included in Property Tax	4,58,47,495.00
As per R & C	2,53,09,744.00	18,80,111.00	2,71,89,855.00
Difference	2,05,37,751.00	18,80,111.00	1,86,57,640.00

Collections	Property Tax	Water Tax	Total
As per Cash Book	4,58,47,495.00	Included in Property Tax	4,58,47,495.00
As per D.C.B	4,48,62,000.00	86,51,990.00	5,35,13,990.00
Difference	9,85,495.00	86,51,990.00	76,66,495.00

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

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

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

Para No.04**Code No. 6****EARMARKED MUNICIPAL FUNDS FOR THE WELFARE OF S.Cs S.T's AND W& C.W. –PARTICULARS NOT POINTED OUT:**

In G.O.Ms No.41, dt. 24-01-77, instructions were issued to earmark the municipal funds @15%, 4% and 5% for the welfare of S.C.s and S.Ts and Women and Child Welfare respectively. In Government Memo.No.3811/42/77-4,M.A. dated 02-11-78, it was also classified that the welfare schemes for the S.Cs., S.Ts., and women & Child welfare contained in the aforesaid Government order have to be met at the proportion specified above from out of the developmental expenditure of the Corporation. But the details of amount earmarked at 15%, 4% & 5% from out of the developmental expenditure apportioned by the Gudiwada Municipality, Gudiwada for the year **2014-15** and the expenditure incurred were not furnished in spite of similar defects having been pointed out in the Audit Reports of the Previous years and this year also.

Action would therefore need to be taken immediately to maintain a separate register furnishing the particulars therein to watch whether the funds for welfare of S.Cs

and S.Ts and W & C.W., were earmarked and utilized properly for their welfare as envisaged in the Government orders referred to above.

PARA NO: 5

CODE NO.7

TIME BARRED TAXES AND FEES:

The arrears of taxes and fees relating to the year 2008-09 which were allowed to be time barred by limitation of time prescribed under section 365(1) of the A.P. Municipalities Act, 1965 during the current financial year. According to section 365 (2) of the A.P. Municipal Act 1965 it is the duty of the Commissioner to place before the council a list of arrears due to the Municipal Council which are likely to become time barred, at least one year before the limitation stating the reasons for the non-collection of such taxes and seek instructions of the council in regard to recovery of such taxes. According to section 365(3), if the Commissioner fails to submit such list or omits or show in such list any arrears due to failure on the part of bill collector to any other employee as the case may be, is deemed to be negligent and action under the section 374(1) of the Act for the recovery of all such recoveries should be taken against him. Record showing the placement of the matter before the council in respect of the taxes and fees which are allowed to become time barred was not pointed out. Under section 374(1) the loss caused to the Municipality due to the above defect has to be assessed and made good from the persons responsible. Further it was noticed in audit that though elaborate procedure was prescribed in rules to take action on the taxes likely to become barred by time in practice the Arrear demand registers were not being maintained to quantify the taxes that are likely to be barred by time. This deficiency of not maintaining the ADRs relating various taxes and non taxes is resulting in the inability of the MC even to quantify the loss on account of barring by limitation of time.

1. Property Tax
2. Vacant land tax

PARA NO. 6

CODE NO.7

NON-COLLECTION OF GARBAGE CHARGES – NEEDS COLLECTED

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

However it was noticed that no bulk garbage charges were collected by the municipality during the year of audit and no reasons were forthcoming in audit for non collection of the same.

PARA NO. 7

CODE NO.7

CELL TOWERS – TAX ON CELL TOWERS - NOT COLLECTED NEEDS AN EARLY

ACTION :

As per GO. Ms No.183 Municipal Administration & Urban Development (M Department Dt. 27.02.2008 All the Commissioners of Municipal Corporations, Municipalities, and Vice Chairmen of Urban Development Authorities in the State shall accord permission to all the existing and proposed cell tower installations, both land based and rooftop installations, as per rules, subject to fulfilling the following conditions by the applicants namely:

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

In this connection the Commissioner has to give notices to the property owners in whose premises the towers were installed duly fixing Rs. 1000/- per each year.The details of location of cell towers and collection particulars are not forthcoming to the audit. The amounts would need to be collected at an early date and credited to municipal funds.

PARA NO. 8

CODE NO.7

HUGE ARREARS IN PENDENCY OF WATER TAX - NEEDS COLLECTED

As per section 133 to 145 of A.P.M.A,1965 the municipality has to maintain water courses/works, supply and collect HT & water charges for the supplyof water through pipes.There were huge arrears in collection of the charges for water supply. The accumulated dues in this regard causes huge drain on the resources in the municipality towards making arrangements towards providing regular water supply to the town and also make alternate supplies. However, it was observed that from the AP online computer generated statements that the arrears on account of dues from the households were to the tune of Rs. 1,54,77,000.00 as of 31.3.2015 as detailed below as per D.C.B. Statement.

No of connect ions & Assmts.	Demand			Collection			Balance		
	Arrear	Current	Total	Arrear	Current	Total	Arrear	Current	Total
HT 20513	14.2	468.54	482.74	4.75	443.87	448.62	9.45	24.67	34.12
W.T	92.57	114.60	207.17	35.60	50.92	86.52	56.96	63.68	120.65
Total							66.41	88.35	154.77

Though arrears in collection of HT & water charges exist up to date i.e period of audit, the demand, collection and balance statement was not yet finalized by the municipality. In the absence of above the exact amount of arrears in collection of water tax could not be assessed in audit and there was no assurance in audit that the computer generated demand was correct.

As per the section mentioned above, the commissioner is to take stringent action for recovery of water charges/arrears which includes disconnection of water supply and levying penalty. It was amply evident from the water charges collected, that the municipality was not taking deterrent action against the defaulters.

PARA NO . 9

CODE NO.7

NON COLLECTION OF ADVERTISEMENT TAX ON CABLE TVs.

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

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

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

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

PARA NO. 10

CODE NO.9

LOG BOOKS MILEAGE METER READINGS NOT BEING ENTERED NEEDS ACTION.

It is noticed during the audit that, in the log books the millage i.e. public vehicle meter reading from and to is not being entered. Because of this, the number of Kms travelled by each vehicle could not be arrived at loss any sustained in this regard should be made good from persons responsible.

PARA NO.11

CODE NO.9

PH ESTABLISHMENT - SALARY NOT CLAIMED FOR THE ABSENT PERIOD - PERIOD NOT REGULARISED - NECESSARY ENTRIES NOT POSTED IN THE SERVICE REGISTER - SUBSEQUENT INCREMENT - SANTIONED - IRREGULAR :

During the year under audit, it was noticed that for some of the PH workers working in this council, full salary was not claimed as they were absent to duty. But, on which days, they were absent was not known as the master rolls were not made available for verification in audit. Further the absent period was not regularized and relevant entries either for their period of absence on leave sanctioned period were not posted in the Service Registers of the individuals. But subsequent increment were sanctioned.

Sanction of increments without regularizing the period of absence is irregular. Therefore action would need to be taken to regularize the period of absence either with the leave eligible or loss of pay leave and make necessary entries in the Service Register. If the period of absence treated as loss of pay the increments sanctioned should be revised and postponed. Any excess payment made due to postponement of increment would need to be worked out and made good from the person or persons responsible and credited to Council funds under intimation to audit.

PARA NO. 12

CODE NO.09

D&O TRADES - CONSOLIDATED DEMAND REGISTER NOT MAINTAINED - PROPERLY-IRREGULAR:

The consolidated demand register of D&O trades for the year 2014-15 was not produced to audit for verification. Through the monthly lists were prepared for each division without a consolidated demand of the institution it was not Tallied possible to reify the demand, collection and balance.

Due to non maintenance of the said register there is a possibility for leakage of revenue with regard to addition and deletion of trades.

Hence action would need to be taken to get the consolidated demand register prepared and produced to audit for verification.

Para. No.13

Code No. 9

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

The counter foils of the licenses issued to the traders for the year 2014-15 were not made available for verification in audit. The license fees collected through challans were not produced to audit for verification. It is irregular to allow the traders to conduct the business without issue of license even though they had paid the fees.

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

PARA NO: 14

CODE NO.9

D&O TRADES LICENCE FEE – DEMAND NOT FIXED AND PRODUCED – CERTAIN DEFECTS.

As per Section-263 and 264 of A.P. Municipalities act, 1965 read with the rules issued with G.O.Ms.No.276 Municipal Administration dt 21-3-68 license fee shall be collected for giving license and permission for using a place for certain purposes, for installation of machinery or manufacturing plant driven by Electrical Power and driven by power other than electrical power. But the as seen from the Register of D&O Trades, the register was maintained based on the collections. The Division wise traders list was not produced to audit for verification. Further, the details of deletions and additions of traders was also not made available to audit for verification. In the absence of the same, it could

not be verified in audit whether all the amounts collected from the traders under D & O trades license fee were remitted to Municipal Funds. As a result, the correctness of the receipts realized under this head of account could not be ascertained in audit. The Executive authority did not take much interest in this regard. Loss if any caused due to above omission would need to be made good from the Person or Persons responsible.

PARA NO: 15

CODE NO.9

**D&O TRADES LICENCE FEE –CERTAIN TRADERS LIENCE FEES DELETED-
DELETED FILES NOT PRODUCED Rs. 18,725.00**

As per Section-263 and 264 of A.P. Municipalities act, 1965 read with the rules issued with G.O.Ms.No.276 Municipal Administration dt 21-3-68 license fee shall be collected for giving license and permission for using a place for certain purposes, for installation of machinery or manufacturing plant driven by Electrical Power and driven by power other than electrical power.

It is observed that the license fees registers the deleted License fees holders files not produced to Audit for verification. Hence is is observed that the License fees registers the door Number, License address was not mentioned. The following licensee fees deleted. But the sane was not explained in Audit. If any loss caused due to above omission would need to be made good from the Person or Persons responsible.

Sl.No.	Name of Traders	License No.	Amount
1	Sundram Traders	10/62	1500.00
2	Lakshmi Prasanna Traders	9/286	575.00
3	The East Krishna Agro Chemicals	10/154-D4-50	500.00
4	Saiteja Cool Drinks	10/148-1	200.00
5	Sri SaiSrinivasa Distributors	10/248-A50	750.00
6	Cane Case	10/96	500.00
7	Sri Durga Fanny	9/351	300.00
8	Popular Shooe Company	9/158	500.00
9	Satyanarayana Traders	9/152	1000.00
10	Purnima General Traders	9/161	200.00
11	Cotton Exepo	9/149	500.00
12	Venkateswara General Stores		300.00
13	Mandan Ragamma	9/132	300.00
14	Abbhar Rabmi		600.00
15	Tata Pulla Rao		100.00
16	K.Anjeneyalu		100.00
17	Mohamad Iarni		300.00
18	Vijayalakshmi Pan Shop		150.00
19	K.Narasimha Rao		200.00
20	G. Durga Rao		200.00
21	Vigneswara Fruits Company		1000.00

22	Venkula Vardaki Traders		750.00
23	Venkarama Traders		1000.00
24	R.K.Enterprises		2000.00
25	O.Sambasiva Rao	13/219	100.00
26	Bh.Narsihga Rao	13/410	150.00
27	Lakshmi Prasanna Festicides		1500.00
28	Brisaibazar		1000.00
29	K.Chandra Sekhara Rao		350.00
30	Navatha Shoes Market		500.00
31	Divya Tifin center		400.00
32	Assam Agencies		500.00
33	Veera Hunuman Agencies		500.00
34	M.Sambrajayalakshmi		200.00
	Total Rs.		18,725.00

Para No. 16

Code No.9

PURCHASE OF PUBLIC HEALTH MATERIALS SUCH AS CLOTHS, SARIES TO SUPPLY P.H.WORKERS, SANITARY MASTRIES AND OFFICE SUBORDINATES- CERTAIN OBSERVATIONS – NEEDS RECTIFICATION Rs. 7,14,262/-

During the course of audit on the accounts of Gudiwada Municipality, Gudiwada,, it is observed that an aggregate amount of Rs.7,14,262/- was drawn and spent towards purchase of Public Health materials such as Shirts ,towels, and saries. It was observed in Audit that the sub vouchers which are enclosed to the original vouchers were not got cancelled by the competent authority concerned which is irregular and the same may cause for double claim. Further, the Payees Acknowledgements or the stamped receipts etc., by the supplier in token of having received the amount was also not furnished to the audit. In the absence of the same, the correctness of the amounts drawn and paid could not be verified in audit.

Further, on verification of the stock registers, it is observed that item wise details of stocks received, the mode of receipt of the stocks, opening balance of the stock, its utilization and closing balance of the stock item wise was not recorded in the stock register. Also, the stock verification entries as required under Article 139 of APFC Vol.II was also not recorded in the stock registers which is not in order. On account of the above omissions the correctness of the payments made towards purchase of Public Health materials could not be checked in audit. Hence the expenditure could not be admitted and is held under objection.

Para No. 17

Code No.9

PURCHASE OF PUBLIC HEALTH MATERIALS SUCH AS TIRES -CERTAIN OBSERVATIONS – NEEDS RECTIFICATION Rs. 480392/-

During the course of audit on the accounts of Gudiwada Municipality, Gudiwada,, it is observed that an aggregate amount of Rs.4,80,392/- was drawn and spent towards purchase of Public Health materials such as Tires, Tubes. It was observed in Audit that the sub vouchers which are enclosed to the original vouchers were not get cancelled by the competent authority concerned which is irregular and the same may cause for double claim. Further, the Payees Acknowledgements or the stamped receipts etc., by the supplier in token of having received the amount was also not furnished to the audit. In the absence of the same, the correctness of the amounts drawn and paid could not be verified in audit.

Further, on verification of the stock registers, it is observed that item wise details of stocks received, the mode of receipt of the stocks, opening balance of the stock, its utilization and closing balance of the stock item wise was not recorded in the stock register. Also, the stock verification entries as required under Article 139 of APFC Vol.II was also not recorded in the stock registers which is not in order. On account of the above omissions the correctness of the payments made towards purchase of Public Health materials could not be checked in audit. Hence the expenditure could not be admitted and is held under objection.

PARA NO: 18

CODE NO.9

ADVANCES – ADVANCES SANCTIONED DURING THE YEAR 2014-15 FOR 4TH ORDINARY MUNICIPAL ELECTIONS – BUT NOT ADJUSTED - NEEDS EARLY ADJUSTMENT Rs. 3,00,000/-

As verified from the Advances recoverable register for the year 2014-15 an amount of Rs.3,00,000/- was sanctioned for the purpose of the 4th ordinary municipal elections, as follows. However, the amounts were not adjusted which was irregular. Immediate action may be initiated to get the amount adjusted or recovered from the persons responsible.

Vr.No. & Dt.	Amount Rs.
78/dt.3.6.2013	1,00,000.00
525/dt,13.3.2014	2,00,000.00

PARA NO.19

CODE NO.09

HALF MARGIN LETTERS ISSUED – INFORMATION NOT FORTHCOMING.

During the course of audit of the Municipal Council, Gudivada for the year 2014-2015, from General, PH, Engg, Sis & SMs, Sec. Edn., Ele. Edn., sections towards PF, LIC, Court, Society, Bank, Court recoveries, subscription and loans etc., half margin letters were issued to the heads of section and other officers also requesting them to arrange for production of the records under their control for audit scrutiny. But, no action was taken by the heads of the sections concerned to arrange for the records sought for. The administrative authorities also failed to cause for the production of the said records. In view of this several records could not be verified in audit and several objections involving substantial amounts had to be raised in the audit report. Non production of records speaks ill of the preparedness of the institution for audit.

Action would need to be taken by the executive authority to avoid such instances in future and records required for audit for produced.

Para No.20

Code No.9

SUBSIDIARY REGISTERS NOT MAINTAINED PROPERLY – ENTRIES ON THE RECEIPTS SIDE NOT MADE, NOT TOTALLED, NOT BALANCED AND NOT RECONCILED WITH MONTHLY/ANNUALLY- HIGHLY IRREGULAR.

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

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

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

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

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

PARA NO. 21

CODE NO.09

PROVIDENT FUND – INVESTMENT OF PROVIDENT FUND SUBSCRIPTION OF THE MUNICIPAL EMPLOYEES ORDERS OF THE GOVERNMENT – NOT FOLLOWED – IRREGULAR NEEDS ACTION.

As per the orders of the Government in G.O.Ms No:329 NAC UD(G2) Department Dated: 15.06.2006 all the Commissioners of Municipalities /Corporations have to obtain options from the Concerned municipal employees as to whether their G.P.F. Subscription shall be kept in the general funds of the Officer, Government Securities, Government guaranteed securities in the following pattern.

1. Government Securities 50%
2. State/ Central Government 25% Guaranteed Securities
3. N.S.S and other small 25% saving investments (if allowed)

(if NSS investment is not allowed if may be invested in AAA rated bond of PSUC and FIS)

Also for allowing rates of interest on G.P.F subscriptions based on the options exercised by the Municipal employees the Government in the said G.O ordered that.

1. In case of municipal employees opted for keeping their subscriptions in General Funds of respective municipality they shall be allowed the prevailing rate of interest fixed by the Government from time to time on the G.P.F subscriptions of Government Servants.
2. In case of municipal employees opted for investing / depositing their G.P.F. subscriptions in the post officer/nationalized banks/ Government. Floated loans the rate of interest that accrued in the investments/ deposit made shall only be allowed.

But this Municipal Council has not followed the orders of the Government. Action would need to be taken to implement the above orders immediately and report compliance to audit. Hence it was noticed that though the amount towards G.P.F was adjusted from the employees pay bill to the General Funds account the aggregate of such adjustment was not noted /reported and balance therein General Funds.

Para No. 22

Code No.9

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

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

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

On verification of the records relating to tax on advertisement, it was noticed that applications received and permissions issued to erect, exhibit, fix or retain the advertisements for which tax was levied during the year 2014-15 were not furnished to audit. Therefore, it was construed that, those advertisements were noticed during the inspections of the town planning personnel. As the advertisements were exhibited without the written permission of the Commissioner, fine has to be imposed from Rs.500 to 1,000

on the owners of those advertisements. But, the same was not imposed and the Municipal body suffered loss of revenue to that extent. Therefore, action would need to be taken to impose fine and report compliance to audit.

Para No.23

Code No. 9

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

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

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

Para No. 24

Code No.9

OBSERVATIONS ON VACANT LAND TAX:

A)Non identification of vacant plots for levy:

Section 85(3) of the Municipalities Act, 1965 read with instructions issued by Govt of AP provides for levy of a tax on vacant lands in Municipal limits@ 0.20% per annum of the capital value of the site/land. The levy of VLT has been long neglected by the Municipalities even though this is a potential source of income. But the collection of Tax is indeed difficult in view of the difficulty in finding the actual owners of the site. This information can possibly be obtained from the Registration Department:

(A) Audit Observed that:

- The Municipality had not made any effort for identification and collection of Vacant Land Tax. In view of the fact that the Municipality has been receiving requests for approval for construction of buildings this information can be utilized for collection of Vacant Land Tax.
- Even though the VLT was being collected by the Town Planning Wing at the time of giving approvals for Building constructions for the previous 3 years, the fee thus collected was not being accounted for under the VLT.

B) Improper maintenance of VLT records:

During the review of VLT records, it was seen that as per DCB register of VLTd and amount need to be collected (including arrears and current balances) was not submitted to the audit .

(i) Even though the land owners applied for building permissions and constructed the houses in the vacant lands, the same were not updated in the VLT demand register

(ii) At the time of granting permission for building construction, the municipality had been charging the VL Tax (by town planning section) at the rate of ...times to the normal demand. However, the same was not updated in VLT demand register. .

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

Para No. 25

Code No.9

INFORMATION NOT FURNISHED REGARDING PROPERTY TAX- NEEDS MAINTAINED

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

Para No. 26

Code No.9

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

It was noticed during the audit that both the Demand and Arrear Demand Registers of property tax for the year 2014-15 were prepared based on the computer generated data and the correctness of the data shown there in was not certified to by the executive authority.

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

Further, the page wise totals along with the final abstract were not enclosed to the ward wise computer generated demand and arrear demand registers Up to 2014-15

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

ENCROACHMENT – CLASSIFICATION NOT DONE:-

The list of encroachments in the Municipal area was not got prepared by the Municipal surveyor / Building inspector and verified by the Commissioner. The encroachments were not got classified as objectionable and non-objectionable by the Municipal Commissioner and got approved by the Municipal council and the District Collector. All the objectionable encroachments have to be licensed under section 193 of the Act duly collecting the requisite fee. An amount of encroachment fee Rs. 57700- collected was treated as demand under this item as no separate demand was fixed which was not correct. In the absence of proper demand having been fixed with reference to the encroachment list, the correctness of the collections made and balance left could not be ascertained in audit. Immediate action may be taken to rectify the defect.

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

G.O.Ms.No. 265 MA&UD(K2) Dept. dt: 19.7.04 has instructed all the Municipalities to spend at least 40% of the net funds available in slum areas giving priority for provision of water supply and sanitation besides earmarking compulsory expenditure of 15% of all the budget expenditure for the welfare of SC's and 7.5% expenditure for the welfare of S.Ts in addition to 5% of reservation of funds for the welfare of Women & Children. However, as verified from the connected record and the Annual account for the year 2014-15 no such expenditure has been earmarked and expenditure incurred thus violating the Govt. instructions which was highly irregular.

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

Para No. 29**Code No.9****TOWN PLANNING: ENCROACHMENT – REGISTERS OF ENCROACHMENT NOT MAINTAINED PROPERLY:**

As per annual account an amount of Rs. 57700- was adjusted to municipal funds towards encroachment fee. Further as verified from the register of encroachments maintained for the year 2014-15 the following defects were noticed. The demand, collection and balance was not noted in the register at the end of the financial year.

1. A list of encroachments were not prepared by the town planning officers or building inspectors and not certified by the Commissioner and produced for audit.
2. The encroachments were not got classified as objectionable or non- objectionable.
3. The notification for the levy of fees on non objectionable encroachments was not made available for verification in audit.
4. The action taken for the removal objectionable encroachments was not stated in audit.
5. The sanction of higher authorities was not obtained in respect of encroachments allowed for more than one year.
6. The monthly lists of addition and omission were not at all obtained, from the out door staff and produced for audit.

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

REGISTER OF BUILDING APPLICATION – MAINTENANCE DEFECTS:-

As seen from the register of building applications maintained for the year 2013-14 the following defects were noticed in audit.

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

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

PARANO. 31**CODE NO 9****SANITATION – DEPLOYMENT OF CONTRACT LABOUR.**

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

It was observed that those guidelines are not being followed by the municipality in calculation of the total man power required. Reasons for violation of CDMA instructions may be furnished to audit.

NON ISSUANCE OF OCCUPANCY CERTIFICATE AND CONSEQUENT LOSS

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

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

Thus non production of building application files to audit would give scope for non detection of such irregularities which cause huge loss to the income of the ULBs.

NON-REMITTANCE OF EDUCATION CESS BY MUNICIPALITY – NEEDS ACTION

As per section 37 (1) of the Andhra Pradesh Education Act, 1982 any Municipal Council may, with the previous sanction of the Government, and shall if so directed by them, levy within its jurisdiction, taxes for the purposes of this Act, at such rates as may be considered necessary, as an addition to the taxation levied in the Municipality under the A.P. Municipalities Act, 1965 under the head of property tax or profession tax or under both these heads. Govt. of A.P. GAD (V&E) dept., vide alert note no.38, dated 14.3.05, directed the ULBs to remit the Education cess arrears to the Officers concerned.

It was observed that no amount was remitted to Education cess to the competent authority so far. Reasons if any were not explained to audit as to why the Education cess was not remitted to so far. Immediately the executive authority would need to take good steps to remit education cess at an early time.

NON CONSTITUTION OF WARD AND REVIEW COMMITTEES

Under Section 5(B) of A.P. Municipalities Act, 1965 provides for that Commission may constitute Ward Committees in respect of Municipality having population of less than 3 lakh.

Under Section 31-A (1), the Council may constitute or may appoint individual members to enquire into and report or advise on any matters when it may report to them. In particular, the Council may constitute Committees consisting of the chair person, the Commissioner and not less than three but not more than 7 members chosen in this behalf by the Council from among its elected members in respect of matters pertaining to formulation, review and general superintendance of development programmes relating to education, health, sanitation, water supply, drainage and welfare of SCs, STs, BCs, Women and Child welfare

The commissioner explained that no ward committees were constituted in the municipality as per manual. Immediately the ward committees would need to be constituted for discussing the developmental matters in municipality.

PARA NO. 35**CODE NO 9****ADMINISTRATIVE REPORTS OF THE MUNICIPALITY NOT PREPARED – NEEDS ACTION**

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

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

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

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

PARA NO.36**CODE NO 9****NON PREPARATION OF ACTION PLAN/DEVELOPMENT PLAN BY THE MUNICIPALITY RECENTLY.**

The Urban Local Body should prepare Annual Action Plan/Development Plan/Budget at the beginning of the Financial Year to achieve the Targets/bench marks prescribed and to review the shortfalls for the service sectors like water supply, sewerage and sanitation, solid waste management and storm water drainage, etc.

Similarly plan is required for increasing the revenue by introducing GIS system for mapping of the property which will reduce the Tax evasion, funds received through other sources like ET, VLT, PT, Surcharge on Registration, Rental Income, income of lease hold

property, Grants (plan and non plan) and repayments of loan amounts, payment of power charges methods to be adopted to increase of the taxes.

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

PARA NO. 37

CODE NO 9

WORKS ENTRUSTED ON NOMINATION BASIS WITHOUT FOLLOWING THE PROCEDURE – NOT ADMISSIBLE

In G.O.Ms.No.94 of Irrigation and CAD (PW-COD) department dated 01.07.2003, item 14 (iii), the Government have issued certain guidelines for entrustment of works on Nomination Basis.

(i) For giving works on selection, list of contractors with good track record will be prepared.

(ii) In preparing these lists the volume of work done by them, the quality of works done by them, the infrastructure possessed by them, and also works on hand and their capability will be considered.

(iii) The list of contractors should be prepared and published in advance regularly i.e. once in six months. From these lists contractors will be called for negotiations in group of five in rotation. The contractor offering to do the work at the lowest rate will be given the work. Time allowed for selection by the committee will be 5 days.

(iv) in any case in a year the value of works grounded shall not exceed each of the division of tender works or nomination works. As no such allocation was made available in the budget whether the value of work given on nomination basis was within the allocation provided in the budget or not could not be verified in audit.

During the course of audit it was observed that the works were entrusted to the contractors on nomination basis without following the above procedure which was repugnant to the instructions of the Govt., issued in the said G.O. The executive authority would need to be take steps to follow the above said procedure strictly in future.

PARA NO 38

CODE NO.9

EXPENDITURE-EXPENDITURE INCURRED ELECTIONS MEET FROM GENERAL FUNDS NEEDS- REIEMBRUSEMENT:- Rs. 41,906.10

It is noticed during the audit that, the following vehicles engaged from elections. The General Funds transfer to Election Expenditure is irregular. But log books the millage public vehicle meter reading from and to is not being entered. Thus Amount of Rs. 41,906.10 would need be transfer General Funds and fact may be intimated Audit. If any loss sustained would need to be recovered from person or persons responsible and credit the General Funds and fact may be intimated in audit.

Sl.No.	Vehicle No	Quantity	Amount
1	AP 9 PB 1035	200 lits	12064.00

		HSD Oil	1206.40
2	AP TA 8069	100 lits	6032.00
3	AP 16 AY 6305	15 lits	1190.10
		HSD Oil and 100 Lits	6032.00
4	AP 5 TT 627	10 lits	603.20
5	AP 37 T 3443	10 lits	603.20
6	AP 16 Y 4135	10 lits	603.20
7	AP 28 V 8614	10 lits	603.20
8	AP 16TT 0010	10 lits	603.20
9	AP 37 V 3344	10 lits	603.20
10	AP 29 V 7954	6 Lits	361.82
11	AP 16 Y 5147	6 lits	361.82
12	AP 16 TA 6125	6 lits	361.82
13	AP 37 3443	15 lits	904.80
14	AP 9 B 1035	100 lits	6032.00
15	AP 16 TA 4184	6 lits	361.92
16	AP 16 Y 7484	6 lits	361.92
17	AP 16 Y 4135	10 lits	603.20
18	AP 37 T 3443	10 lits	603.20
19	AP 28 V 8614	10 lits	603.20
20	A P 5 TT 207	10 lits	603.20
21	AP 16 TT 0010	10 lits	603.20
	Total Rs.		41,906.10

PARA NO. 39

CODE NO 9

NON PAYMENT OF ROYALTY CHARGES

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

PARA NO. 40

CODE NO 9

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

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

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

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

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

During the course of audit it was observed that no amount was paid to the AP Pollution Control Board towards water cess so far. As verified from the file no correspondence was made with the Irrigation Department for furnishing information. In this regard if any penalty is imposed by APPCB, the said penalty will have to be recovered from the person or person responsible.

Para No. 41

Code No.09

WORKS-SERVICE LEVEL AND BENCH MARKS WAS NOT PREPARED AND PRODUCED IN AUDIT-IRREGULAR

As verified in audit, it is observed that Annual Development plan . that the amount was earmarked for service level and bench marks were kept unspent during the period 2010-11 to 2014-15. But the Service level and bench marks was not Prepared and produced in Audit for verification for the end of March 2015. If any loss sustained in this regard would need to be recovered from the person or persons responsible.

Para No. 42

Code. No. 09

GPF/LIC/CO-OPERATIVE DEDUCTIONS FROM THE PAY BILLS – DELAYED TRANSFER TO INDIVIDUAL ACCOUNT.

During the audit it is noticed that the following deductions towards P.F. recovery / Co-operative/Court recoveries and other recoveries towards pay bills of General Staff and Education Staff. But the recovery amount adjusted was not transferred to the concerned heads of a/c every month. Necessary action may be taken to transfer penal interest @ 8% credit to the Individual and intimate to audit at an early date. If any loss sustained in this regard should be made good from persons responsible.

During the audit it is observed that the non-government recoveries i.e, PF recovery/ Co-operative/Court recoveries and other recoveries made upto the year 2014-15 and recoveries made from supplementary pay bills were not remitted to the concerned heads of a/c sofar. Hence huge amount relating to non-govt.deductions was accumulated in the DDO A/c.

P.F. ELEMENTARY EDUCATION:-

Sl. No.	Month	Total Amount deduction	Which date was transfered
1	3/14 to 5/14	160750	27.5.2014
2	6/14 to 9/14	208200	28.10.2014
3	10/14 to 2/15	228200	30.5.2015

P.F. SECONDARY EDUCATION:

Sl.No.	Month	Total amount deduction	Which date was transferred
1	3/14 to 5/14	357790	27.5.2014
2	6/14 to 9/14	412200	28.10.2014
3	10/13 to 2/15	461775	30.5.2015

I.I.C DEDUCTIONS – SECONDARY EDUCATION.

Sl. No.	Month	Total amount deduction	Which date was transferred
1	4/14	86333	27.5.14
2	5/14	90766	"
3	6/14	94086	15.9.14
4	7/14	91542	"
5	8/14	91796	"
6	9/14	92291	15.10.14
7	10/14	93442	7.1.15
8	11/14	93110	"
9	12/14	91573	16.3.15
10	1/15	92994	"
11	2/15	93332	22.4.15
12	3/15	95878	"

L.I.C DEDUCTIONS – ELEMENTARY EDUCATION.

Sl. No.	Month	Total amount deduction	Which date was transferred
1	4/14	56133	27.5.14
2	5/14	57473	"
3	6/14	63667	15.9.14
4	7/14	64681	"
5	8/14	64681	"
6	9/14	58993	15.10.14
7	10/14	62597	7.11.15
8	11/14	62597	"
9	12/14	62339	16.3.15
10	1/15	62655	"
11	2/15	65852	23.4.15
12	3/15	62962	"

L.I.C DEDUCTIONS – GENERAL ESTABLISHMENT;

Sl. No.	Month	Total amount deduction	Which date was transferred
1	4/14	55784	11.6.14
2	5/14	63487	"
3	6/14	64768	17.9.14
4	7/14	64768	"
5	8/14	72458	"
6	9/14	65744	21.10.14
7	10/14	65744	...
8	11/14	65426	...
9	12/14	59181	...
10	1/15	58623	..

11	2/15	58067	...
12	3/15	67525	...
	Strick period	53751	...
	Total	815326	..

CO-OPERATIVE DEDUCTIONS – ALL SECTIONS – AS PER THE PAY BILLS

1) Main Office for 3/14 , 12/14 and 2/2015 bills not produced.

Sl. No.	Month	Total amount deduction
1	4/14	351189
2	5/14	336905
3	6/14	816626
4	7/14	821631
5	8/14	791936
6	9/14	858241
7	10/14	858576
8	11/14	789731
9	12/14	..
10	1/15	719926
11	2/15	68835
12	3/15	..

N.G.O'S – COURT RECOVERIES :-

Voucher No.76/11.11.2014 Prl.Sg.Cl.Judge Court, Gudivada for 8/2014 and 9/2014 Rs.53708/- in ledger P.No.13 passed but in voucher passed for Rs.53708/- and noted as Voucher cancelled. In this connection reasons, cheque etc., not produced.

PARA NO. 43

CODE NO.10/118

DEDUCTIONS – NON-GOVERNMENT RECOVERIES – NOT REMITTED PROPERLY Rs.4679845/-

During the audit, it is noticed that the non-government recoveries were effected from the pay bills. The non-government recoveries like, GPF/LIC/ Court/CPS and co-operative amounts were deducted. But the said recovered amounts are not being remitted to the concerned. Therefore huge amount of Rs.4679845/- are bring in the DDO account No.30962683940. The penal interest, if any accrued on such not payment may be recovered from the persons responsible and result pointed in Audit.

BANK RECOVERIES DEDUCTED FROM NON-TEACHING STAFF – IRREGULAR.

During the audit the following Teaching and Non-teaching staff members were recovered towards Bank recoveries as per the ledger. The following reasons were noticed in audit. Necessary action may be taken to rectify the above defect and result in Audit.

- Vouchers not produced.
- Receipts are not enclosed by the Individual from the Banks.
- Which purposes were sanctioned not specified and support documents were not produced to audit.
- Monthly and annual reconciliation not done.
- Totals made with pencil.

Sl. No.	Date	Name of the Individual	Amount sanctioned
1	20.8.2014	Details not produced	896195.00
2	22.10.2014 Ledger P. N o. 35	PH workers for 8/14 & 9/14	34125.00
3	3.12.2014 Ledger	PH workers for 10/14	19500.00

	P. No. 35	main office, Sec. Edn.	
4	12.1.2015	PH workers for 11/14	19125.00
5	6.2.2015 ledger P. No. 35	PH workers for 12/14	19125.00

PARA NO. 44

CODE NO.10/118

LABOUR CESS-LABOUR CESS NOT COLLECTED FROM PLANS APPROVED FROM MUNICIPALITY-NEEDS RECOVERY: 41,69,940/-

During the course of Audit on the Accounts of Town Planning Section Of Gudivada Municipality for the year 2014-15, it is observed that Labour Cess from the newly approved building plans as per G.O.Ms.No.112, LB Dept., dated
Was not recovered as detailed below.

S.No	Plan No.	Name &Address Of the Owner	Total Value of Construction	Labour Cess to be Paid	Labour Cess Paid	Balance to be paid
2007						
1	78/2007/G1	T.Gopichand	8705200	87050	--	87050
2	83/2007/G1	M.V.D Malleswara	3253824	32538	--	32538
3	91/2007/G1	G.Ramesh	1456950	14570	--	14570
4	103/2007/G1	A. Bhavani Prasad	9108600	91086	--	91086
5	109/2007/G1	B.Venkata Narayana	1816826	18168	--	18168
2008						
6	5/2008/G1	C.Ramana Chandra Rao	8231400	82314	--	82314
7	8/2008/G1	K.Bala Rama Reddy	1574000	15740	--	15740
8	23/2008/G1	M.Ranga Reddy	2011900	20119	--	20119
9	26/2008/G1	M.Baleswara Rao	1112100	11121	--	11121
10	41/2008/G1	R.Narashima Rao & R.Hemalatha	1017500	10175	--	10175
11	42/2008/G1	M.Lakshmi Kanthamma	1195700	11957	--	11957
12	48/2008/G1	T.Nageswara Rao	1024100	10241	--	10241
13	62/2008/G1	L.Narasimha Rao & L.Anil Babu	1455850	14559	--	14559
14	77/2008/G1	P.Rajasekhar	1053250	10532	--	10532
2009						
15	2/2009/G1	T.Kasturi	1851447	18515	--	18515
16	3/2009/G1	P.Sujatha	3058659	30587	--	30587
17	4/2009/G1	G.Bhaskara Rao	7360460	83937	--	83937
18	16/2009/G1	T.Hari Babu	1148092	11481	--	11481
19	20/2009/G1	T.H.B.Rajeswara Rao	1088920	10890	--	10890
20	31/2209/G1	Tammaana Kumara Rama Seshanjaneyulu	1515008	15150	--	15150
21	37/2009/G1	A.Venkateswara Rao	4419750	44198	--	44198
22	48/2009/G1	Smt.G.Venkata Ramana	1041568	10416	--	10416
23	52/2009/G1	M.Sai Babu	1183600	11836	--	11836
24	58/2009/G1					
25	62/2009/G1	N. Venkata Krishna Prasad	12036120	120361	--	11955
26	72/2009/G1	G.Sivarama Krishna	6988800	69888	--	69888
27	74/2009/G1	K.Naga Venkata	2296200	22962	--	22962

		Satyanarayana & K.Satya Srinivas				
28	78/2009/G1	CH.Anitha	1526800	15268	--	15268
29	80/2009/G1	K.Satyanarayana	1420320	14203	--	14203
30	81/2009/G1	M.Radha Krishna Murthy	1136300	11363	--	11363
31	90/2009/G1	A.Venkata Ramana	1195700	11957	--	11957
32	94/2009/G1	V.siman& L.suneela	1041700	10417	--	10417
33	104/2009/G1	U.Narayana Rao	1171500	11715	--	11715
34	110/2009/G1	K.Papa Rani	2502000	25020	--	25020
35	119/2009/G1	D.Malleswara Rao	1347500	13475	--	13475
2010						
36	8/2010/G1	U.Pandu Ranga Rao & U.Maruthi Prasad	14337700	143377	--	143377
37	9/2010/G1	M.Sahadevudu & M.Srinivasa Rao	1131868	11319	--	11319
38	14/2010/G1	K.Bala Krishna Reddy & K.Venkata Lakshmi	8608341	86084	--	86084
39	20/2010/G1	T.Lakshmi Venkata Satya Suresh Kumar	1490269	14903	--	14903
40	32/2010/G1	Y.Nirmala & P.sreekanta	5642922	56430	--	56430
41	46/2010/G1	K.Pitcheswara Rao	1482338	14824	--	14824
42	47/2010/G1	G.Venugopala Rao	1482338	14824	--	14824
43	49/2010/G1	V.Ratnakara Rao & V.Naga Srinivasa Rao	1196382	11964	--	11964
44	50/2010/G1	K.Srinivas	1058486	10585	--	10585
45	56/2010/G1	G.Venkateswara Rao	1480446	14805	--	14805
46	57/2010/G1	A.Roja	7268155	72682	--	72682
47	58/2010/G1	J.Rama Chandra Rao	3087443	30875	--	30875
48	61/2010/G1	M.Rama Rao	1388123	13882	--	13882
49	64/2010/G1	G.Sankara Rao	1219933	12200	--	12200
50	71/2010/G1	A.Manjusha	7299885	72999	--	72999
51	106/2010/G1	P.Vhini & M.Jaswanthi & B.S.Samba Siva Rao	12440943	124409	--	124409
52	112/2010/G1	Smt.M.Manikyamma & sri.M.Rani Teja	3590594	35906	--	35906
53	121/2010/G1	G.Venugopala Rao	2223507	22235	--	22235
54	123/2010/G1	K.Pitcheswara Rao	2223507	22235	--	22235
55	131/2010/G1	L.Vasanta Kumar	12379380	123794	--	123794
56	141/2010/G1	P.Rupa Lavanya	126003504	126035	--	126035
57	158/2010/G1	Ch.Yugundar	12439864	124398	--	124398
58	159/2010/G1	Ch.Yugundar	12439864	124398	--	124398
2011						
59	2/2011/G1	Smt.Sailaja	14814345	148143	--	148143
60	5/2011/G1	A.Ramesh Babu	2619744	26198	--	26198
61	20/2011/G1	G.Lakshmi Tulasi,G.Vijaya Kumar & A.Lakshmi	16367357	163674	--	163674
62	29/2011/G1	V.Bala Krishna Murthy	6357352	63574	--	63574

63	33/2011/G1	S.Veera Venkata Thrivikram Rao & S.Syamala	6819150	598826	--	598826
64	45/2011/G1	E.Vijaya Kumar	7128500	71285	--	71285
65	64/2011/G1	K.Sreedhar	6761236	67613	--	67613
66	120/2011/G1	K.Rama Krishna Rao	12468885	124690	--	124690
67	123/2011/G1	C.Ramayya, C.Aivelu Mangattayaru & C.Venkata Karthik	2185710	21858	--	21858
2012						
68	91/2012/G1	Sri.T.lakshmi Venkata Satya Suresh Kumar	1605613	16057	--	16057
69	113/2012/G1	Rama Sridhar Venkata Swamy Gupta	1441980	14420	--	14420
70	118/2012/G1	N.Balaji	6137903	61380	--	61380
71	120/2012/G1	P.Kowalya	1378420	13785	--	13785
2013						
72	9/2013/G1	Yalamanchili Infrastrucuter	14559745	145600	98952	46645
73	19/2013/G1	K.Venkateswaramma	3175191	31752	16632	15120
74	26/2013/G1	M.Venu Prasad	7332420	73325	48007	25318
75	32/2013/G1	M.Surendar Reddi	2088800	20900	16412	4488
76	55/2013/G1	M.Kanka Raju	1958600	19586	15400	4186
77	66/2013/G1	K.sri Lakshmi	1414000	14140	11110	3030
78	67/2013/G1	K.Satyanarayana	1339800	13400	10525	2875
79	87/2013/G1	M.Rajya Lakshmi	2794900	28000	22800	5200
80	88/2013/G1	K.V.Krishna Rao	2285700	22857	13232	9625
81	100/2013/G1	M.Venkata Ganga Maha Lakshmi	3655600	36600	28900	7700
2015						
82	7/2015/G1	Sri.Ch.Chaitanya	35917020	359170/36 6450	124600	234570/24 1850
83	11/2015/G1	B.Venkata Lakshmi Narashima Rao & B.Veera Venkata Naga Lakshmi	1292200	12922	12900	22
84	20/2015/G1	T.Sasi Dhar Kumar	1946700	19470	16130	3340
85	61/2015/G1	A.Vijaya Sri	8234697	82347	78445	3902

As per the above submitted plans labour cess was not recovered Rs. **41,69,940/-** from the person or persons responsible. But, the same as above the some of the plans were not submitted by the Town Panning Section of Gudivada Municipality for verification Due to this only partly of the building plan applications were verified in Audit. The concerned authorities need to be investigated into the other remaining building plans which were not produced to audit, and need to be calculated the labour cess and recover the same from the person or persons responsible.

DEDUCTIONS MADE FROM WORK BILLS (13 th Finance) – NOT REMITTED TO HEADS OF ACCOUNTS CONCERNED – Rs. 50,633/-

The following deductions have to be made from the work bills. As per G.O. Ms. No. 198, Industries & Commerce (M-I) Department, dated: 13-08-2009, G.O. Ms. No. 11, Finance (W&P) F-8 Department, dated: 29-07-2005 and G.O. Ms. No. 159 R&B (R-III) Department, dated: 30-10-2004 deductions towards Fees, VAT, CMRF NAC and L.C.respectively were made at Rs. 50,633/- from the work bills pertaining to the works executed during the year 2014-15 as detailed below, but the same were not remitted to Heads of accounts concerned. The same would need to be remitted to the respective heads of accounts early and the remittance challans produced to audit.

Certain of the deductions as detailed below which need to be deposited in the respective heads of accounts in time attract penal provisions and incase such penalties are to be paid the same may be recovered from the persons responsible and remitted to the respective heads of accounts.

Sl. No.	Type of Deductions	Amount in (Rs.)
2	VAT	29,650/--
5	CMRF	9,187/-
6	NAC	5,628/-
	L.C.	6,128/-
	Total:	50,633/-

MAINTENANCE OF VEHICLES - RELEVANT REGISTERS NOT MAINTAINED AND PRODUCED.

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

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

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

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

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

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

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

1. That the details of expenditure incurred towards cost of Petrol, Oil etc., have been entered with reference to the voucher No. and date and the amount covered for the same.
2. That the consumption of the petrol, oil etc., date wise, has been entered there in.
3. That in respect of the contingent bills for the supply of petrol, diesel oil, the following certificates have been recorded by the authority concerned on the bills. Certified that quantities purchased have been entered in the log books of the respective vehicles. Certified that necessary recoveries under rules have been made from the parties concerned to the institution.
4. That the mileage run by the vehicle at particular period as per log book was in accordance with the issues of petrol and oil shown in this register.
5. That the propulsion charges or cost of fuel etc., received if any from the person who used the vehicle on non duty have been issued to the parties.
6. That the register was periodically checked by the concerned authority and a certificate to that effect has been recovered

3. Register of inventory of equipment.

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

1. That the nature of equipment purchased has been entered in this register together with the date of purchase and price etc., as per voucher.
2. That the inventory of equipment has been checked by the concerned authority every month and a certificate to that effect has been recorded there in.
3. That the Loss if any arising out of negligence or fault of any person has been recovered and credited to the funds.

MUNICIPAL FUNDS – 001, 002 ACCOUNT – AMOUNT PAID TO EPF, GUDIWADA TOWARDS PAYMENT OF EMPLOYEES' CONTRIBUTION – ACKNOWLEDGEMENT NOT PRODUCED AND OTHER DEFECTS – IRREGULAR – NEEDS PRODUCTION AND RECTIFICATION.Rs.35,34,527/-

Sl.No.	Month	Particulars	Amount Deducted	Date of remittance
1	02/2014	121 Employees	168930.00	10.04.2014
2	03/2014	121 Employees	205665.00	10.04.2014
3	04/2014	121 Employees	254726.00	28.06.2014
4	05/2014	121 Employees	254568.00	28.06.2014
5	06/2014	121 Employees	253761.00	14.07.2014
6	07/2014	121 Employees	250717.00	08.08.2014
7	08/2014	121 Employees	244620.00	06.09.2014
8	09/2014	121 Employees	252384.00	21.10.2014
9	10/2014	121 Employees	253094.00	09.11.2014
10	11/2014	121 Employees	255969.00	22.12.2014
11	12/2014	121 Employees	255525.00	09.01.2015
12	01/2015	121 Employees	252199.00	20.02.2015
13	02/2015	121 Employees	253387.00	10.03.2015
			3155545.00	

Sl.No.	Month	Particulars	Amount Deducted	Date of remittance
1	02/2014	15 Employees	24441.00	14.04.2014
2	03/2014	15 Employees	29874.00	14.04.2014
3	04/2014	15 Employees	28479.00	28.06.2014
4	05/2014	15 Employees	28488.00	28.06.2014
5	06/2014	15 Employees	29368.00	14.07.2014
6	07/2014	15 Employees	30570.00	08.08.2014
7	08/2014	15 Employees	28092.00	06.08.2014
8	09/2014	15 Employees	30266.00	21.10.2014
9	10/2014	15 Employees	30356.00	19.11.2014
10	11/2014	15 Employees	30119.00	22.12.2014
11	12/2014	15 Employees	30074.00	09.01.2015
12	01/2015	15 Employees	30388.00	20.02.2015
13	02/2015	15 Employees	29637.00	10.03.2015
			378982.00	

During the course of audit for the year 2014-15 001, 002 Account of General Funds of Municipal Corporation, Gudiwada. it is noticed that an amount of Rs. 35,34,527/- was drawn and paid to Employees Provident Fund Organization, Guntur towards employees' contribution of PF recovered from salary of staff (12% recovered from salary and 13.61% employer's contribution) for the period from February 2014 to February 2015. In this connection, the details of employee wise month wise contribution recovered and employee wise month wise employer's share has not been produced to audit for verification. Further, the acknowledgement in token of having received the amount from Employees Provident Fund Organization, Guntur and the details of the amount adjusted to the individuals' accounts etc., were not made available to audit for verification. In the absence of the same, the correctness of the expenditure thus incurred could not be verified and admitted in audit. Hence, the entire amount is held under objection. The loss if any sustained due to the above omission would need to be made good and credited to concerned heads of accounts under intimation to this department without fail.

Para No. 48

Code No.11

PUBLIC HEALTH – CONSERVANCY ARTICLES – INDENT ORDER LETTERS –NOT OBTAINED AND PRODUCED.

As verified from the Public Health Conservancy Articles Stock Register many articles were issued to the Sanitary Inspector/ Mastery of Public Health Section during the year 2014-15. But the Indent orders / letters were not obtained and produced to audit for verification.

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

PARA NO. 49

CODE NO.11

PUBLIC HEALTH-VEHICLES LOG BOOK NOT PRODUCED:-

During the audit it is noticed that the following vehicles engaged towards public health. But log books of the said vehicles were for not produced to audit for verification. Necessary action may taken to produce the log books loss of any sustained in this regard should be made good from persons responsible.

Sl.No.	Vehicle No.	Period
1	AP 16 TA 8391	1/2015 to 02/2015
2	AP 16 TA 4804	0/-2014 to 02/2015
3	AP 16 AS 7972	11/2014 to 02/2015
4	AP 16 AS 7973	06/2014 to 02/2015
5	AP 16 AS 7970	11/2014 to 02/2015
6	AP 16 TA 4805	12/2014 to 02/2015
7	AP 16 TA 4918	06/2014,10/2014,11/2014

ParaNo. 50

Code No.11

PF LOANS & FINAL PAYMENTS GIVEN TO EMPLOYEES – VOUCHERS, CHALLANS, FILES ECT., NOT PRODUCED - IRREGULAR:-

During the verification of records pertaining to Provident Fund of Municipal General Staff and school teachers, the following observations were made:

1. The Municipality has not maintained properly the cash book for PF. Due to this audit could not verify the fraudulent drawls and spurious remittances during the period of audit.

2. The Municipality has maintained personal ledgers, however, the amount of subscription, interest credited, drawls if any and balances at the end of the year has not been entered clearly in the ledgers.

As verified from the Non government deductions cash book, P.F. Loans were given to the employees. But the P.F. ledgers were not maintained properly. In the absence of the P.F. ledgers it was not known how much amount was available in the individual account. The loans were sanctioned and given to the employees with out observing the balance amount of the individual ledgers. The recovery particulars were also not recorded in the advances recoverable register. This is irregular. If any excess amount was given to the employees towards P.F. loans, the same would need to be worked out and recovered from the individuals and credited to municipal funds early as detailed below.

Sl. No.	PF No.	Name of the Individual	Sanctioned / recovered Amount
1	Gen. PF Ledger PF No.57	D.Jagadeesh	5000/-
2	163	K.Hari Krishna	Recovery not made
3	209	D.Srinivasa Rao, GM	13000/-
4	216	K.Eswara Rao, Fitter	Recovery not made
5	232	P.Srinivasa Rao, Attender	3000/-
6	307	A.Ravi Kishore, RA	9450/-
7	326	S.Jaya Kishore	Recovery not made
8	PHW – 33	Ra.Arjuna Rao	Recovery not made
9	144	Bhupathi Kanchayya	12790/-
10	Gen. PF Ledger PF No.267	Sri B.Venkata Ramana repayment of PF	15064/-
11	318	Sri PGM Metald	30000/-
12	144	Sri B.Kanchayya, Retd.	12790/-
13	Teachers PF - 149	Sri A.S.V. Prasad, SA,	12000/-
14	233	V.Rukminisasi, SA (Engg)	9070/-
15	239	K.K.Nageswara SA (NS)	8352/-
16	246	B.Indira, MM	10117
17	EEF - 65	V.V.Prasada Rao, HM	12620/-

18	Gen.PF & PH Sec	Strike Period and 3/2014 to 5/2014 PF subscription passed on 30.5.14	86404/-
19	"	6/2014 to 2/2015 PF subscription passed on 31.10.15	212536/-
20	Court Ledger no. 995	M.Venkata Rao, PHW recovered from 6/14 to 3/15 Jr.Cl.J.Court, Gvd	14502/-
21	1036	R.D.Lakshmi Bai, PHW 5/14 to 3/15	13050/-
22	765	M.U.P.Lakshmi, WH 5/14 to 2/15	34438/-
23	830	T.S.Kumari,WH 5/14 to 2/15	11700/-
24	1043	R.Durga Prasad, PHW 5/14 to 1/15	13440/-
25	1029	V.Kumari, from 8/14 to 3/15	14280/-
26	958	D.Arun Kumar, PHW from Prl.Sr.Cl.Judge, Gvd from 9/14 to 12/14	12852/-
27	1091	U.Raju, from 9/14 to 12/14	20400/-
28	1052 & 1062	M.Polamma & V.Durgaprasad from 9/14 to 12/14	20400/-
29	897	K.Babu Rao, Fitter from 9/14 to 12/14	12270/-
30	747	K.V.L.Ranga Rao, Ra from 9/14 to 12/14	16200/-
31	710	G.R.Kumari, 9/14 to 10/14	15750/-
32	949	K.Radha – 9/14 to 10/2014	8960/-

PARA NO.51

CODE NO.11

BANK RECOVERIES LEDGER – BANK RECOVERIES PASSED – DETAILS, VOUCHERS AND OTHER RELEVANT RECORDS – NOT PRODUCED - Rs.896195/-

A sum of Rs.896195/- towards Bank recoveries premium recovered from 133 Nos. the staff salary bills. But the connected details, vouchers, remittances and other relevant records, files and acknowledgements having received the amounts were not obtained and produced during the audit. Therefore the total amount Rs.896195/-could not be admitted in audit. If loss any sustained, the same would need to be worked out and recovered from the individuals and credited to municipal funds early.

PARA NO. 52

CODE NO.11

LIC PREMIUM AMOUNT PAID TO LIC OFFICE CONNECTED PAYEES ACKNOWLEDGEMENTS NOT PRODUCED.

During the verification of records pertaining to LIC Premium recovered from the staff salary bills. But the connected acknowledgements and token having received the amounts were not obtained and produced during the audit. Therefore the total amount could not be admitted in audit. If loss any sustained, the same would need to be worked out and recovered from the individuals and credited to municipal funds early.

CASH BOOK – NOT MAINTAINED IN ACCORDANCE WITH THE INSTRUCTIONS – LOSS SUSTAINED IF ANY NEEDS RECOVERY

During the course of audit it was observed that the cashbook produced to was not maintained in accordance with the instructions specified in this regard as detailed below.

1. That the Cash and Bank columns were correctly used.
2. That the entries on the receipt side have been correctly made from the challan and collection registers and not from the chitta.
3. That there were no erasures and that all corrections have been neatly made and attested by the executive authorities of Manager.
4. That the book was closed every month and that a reconciliation of the closing balances of the pass book and cashbook was effected and recorded under the signature of the executive authority.
5. That book was written up daily and that the cash balance at the time of the audit was correct.
6. That all receipts paid by the parties in the Treasury direct and amounts of grants etc., adjusted to the personal deposits account at the treasury were entered in red line in the Treasury of bank column of cashbook.
7. That the amounts entered in the Treasury or the bank column on the charges sides of the cashbook agree with those in the counterfoils of cheques.
8. That the cancelled were forthcoming.
9. That the amounts drawn on self cheques were brought on to the petty cash book with particulars of voucher number and the purpose of payment.
10. Reconciliation was not done in the Cash book.

WITHDRAWAL - SERVICE TAX ATTACHMENT - DETAILS, VOUCHERS AND OTHER RELEVANT REASONS AND RECORDS – NOT PRODUCED - Rs.843382/-

A sum of Rs. 843382/- withdrawn towards service tax attachment through State Bank of India, Gudivada A/c No.30952683490 and transfer to A/c No.098585008415. But the connected reasons, files, details of vouchers, remittances and other relevant records and acknowledgements having received the amounts were not obtained and produced during the audit. Therefore the total amount Rs.843382/-could not be admitted in audit. If loss any sustained, the same would need to be worked out and recovered from the individuals and credited to municipal funds early.

LOG BOOKS MILEAGE METER READINGS NOT BEING ENTERED NEEDS ACTION.

It is noticed during the audit that, in the log books the millage i.e. public vehicle meter reading from and to is not being entered. Because of this, the number of Kms travelled by each vehicle could not be arrived at loss any sustained in this regard should be made good from persons responsible.

Para No. 56

Code No.11

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

During the course of audit for the year 2014-15 under D&O trades the monthly lists in inspect of all Divisions were not produced for verification in audit. Loss if any, sustained due to non production of the monthly lists would need to be made good to the Municipal funds.

Para No: 57

Code:11

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

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

PROPERTY TAX APPEALS – RECORDS NOT PRODUCED :

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

Para No: 59

Code:11

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

Consolidated register showing the properties owned by the Municipal Corporation was not maintained. Several immovable property registers were produced to audit. The reasons for maintaining so many registers were not furnished. The details of properties acquired were simply noted in the registers. But, the present status of the properties was not noted. In the absence of the same, the details of the buildings, lands, shops, vacant sites etc., owned by the corporation and the properties utilizing by the corporation, properties leased out, properties encroached etc., could not be verified in audit. Action may be taken for the preparation of consolidated register of properties owned by the corporation duly recording the present status, certified and produced to audit for verification.

The details of assets available in the official web site of the Guntur Municipal Corporation are enclosed to the audit report.

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

Para No. 60

Code No.11

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

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

MONEY VALUE FORMS – STOCK REGISTER NOT PRODUCED:

The money value forms stock register for the year 2014-15 was not produced. In the absence of the same, the opening balance of the money value forms received, utilized balance as on 31-03-2015 and as on the date of audit could not be verified in audit.

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

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

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

Para No.62**Code No.11****ESTABLISHMENT AUDIT REGISTER NOT PRODUCED:**

As per the procedure, all recurring charges have been entered in the establishment audit register and order's sanctioning each post have been quoted in support. The order should be verified in every case in which the charges have been newly sanctioned or there has been change in them since last audit.

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

1. That any excess over the sanctioned scale appeared in any month or of the whole period under audit and all excesses over the sanctioned monthly scale have been satisfactorily explained.

2. That the orders sanctioning the establishment have been noted in all cases and the amount entered to the sanctioned scale columns authenticated by the initials of the manager or executive authority

3. That all the alterations in the scale column have also been initialed by the manager or the executive authority and the dates from which they taken effect have been invariably noted .

4. That pensionery contribution if any, as well as house rents and fixed contingencies drawn along with pay have been properly posted in the audit register.

5. That refunds by short drawals, fines and amounts withheld for further payments have been correctly noted.

6. That the fly leaves have been correctly noted.

1. That the temporary establishments have been entered separately after the permanent establishments in the audit register the period for which sanction holds good has been noted and lines have been drawn across the pages or months previous and subsequent to such period and.

2. That the register has been maintained correctly and on the lines indicated in chapter V and posted monthly when pay bills are passed for payment.

Para No.63

Code No.11

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

During the course of audit, it was noticed that the register of unauthorized constructions was not maintained in town planning section. Where as on verification of records relating to revenue section, it was noticed that, a huge No. of unauthorized buildings were constructed during 2014-15 and house tax was imposed with 10% penalty which was irregular and the corporation sustained huge loss due to the non imposition of penalty on U.C.S. as per G.O. No. 49 MA Dt 30-7-98.

Para No. 64

Code No.11

PROPERTY TAX ASSESSMENT FILES NOT PRODUCED

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

Para No. 65

Code No.11

REGISTER OF REVISION PETITIONS AND APPEALS ALONG WITH FILES NOT FURNISHED

The records relating to the revision petitions received and allowed were not produced to audit. Hence it could not be verified in audit whether RPs were allowed or not if allowed whether the same was done as per rules and eligibility or not could not be verified. Further it was noticed that the window for modification was being allowed in the month of April by the e-Suvidha for a predetermined period and there was no assurance in audit that in the said period only RPs allowed by the Commissioner were modified as the system allows modification of any of the assessments there was scope for misuse of the facility more so when the DEO was operating all the three logins of the DEO, RO/RI and the Commissioner. The Executive Authority would need to produce the same to audit for verification.

Para No. 66

Code No.11

REGISTER OF REMISSIONS AND WRITEOFFS NOT PRODUCED

The records relating to the remissions and write offs allowed were not produced to audit. It was not made known as to how much was allowed as remissions and write offs in the financial year 2014-15. In the absence of the same the quantum of remission and write off and whether the same was allowed as per the provisions of the Act or not could not be verified in audit. The same would need to be produced immediately.

Para No. 67

Code No.11

MUTATION REGISTER NOT PRODUCED

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

Para No. 68

Code No.11

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

The register of buildings exempted from payment of property tax during the year 2014-15 was not maintained and produced to audit for verification. In the absence of the same, it could not be ensured in audit whether such buildings were assessed to other taxes/charges such as water tax, drainage tax and primary service charges etc.

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

Para No. 69

Code No.11

PROPERTY TAX APPEALS – RECORDS NOT PRODUCED.

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

ParaNo.70

Code No.11

RECOVERIES DEDUCTED FROM WORK BILLS - DETAILS OF THE REMITTANCE PARTICULARS – NOT FURNISHED.

As verified from the cash book along with vouchers the recoveries which were effected from work bills were remitted to the head of account concerned, from Municipal funds. The details of the remittances made were not noted either in the cash book or voucher. In the absence of the details it could not be known whether the recoveries were remitted correctly/promptly or not.

VACANCY REMISSION REGISTERS - NOT PRODUCED:

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

- i) The building should be vacant and unlet for a considerable period of 36 or more days in the half year.
- ii) There should be a notice of vacancy from the owner either in that half year or in the proceeding half year indicating the period of vacancy.
- iii) There should be a demand for remission of tax either in that half year or in the succeeding half year.
- iv) The amount of remission shall be proportional to the period of vacancy and it shall not exceed half of the amount of tax.

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

PARA NO.72**CODE NO.11****TAXES – ARREAR DEMAND REGISTERS ALONG WITH OUT STANDING BILLS NOT PRODUCED:-**

In respect of the following taxes, arrears demand registers along with outstanding bills were not produced for verification in audit. In the absence of the same, the genuineness of the taxes actually collected and arrears to be collected as on 31-03-2015 could not be ascertained in audit.

1. Water tax.
2. M.V. Tax
3. Advertisement tax.
4. Vacant land tax.
5. Property tax
6. Leases, rents and fees etc.,

Immediate action may be taken to produce the same.

PARA NO.73**CODE NO.11****ENCROACHMENT FEES –ARREAR DEMAND REGISTERS NOT MAINTAINED AND PRODUCED:-**

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

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

PARA NO.74**CODE NO.11**

PROVIDENT FUND ACCOUNT NOT MAINTAINED PROPERLY – NEEDS RECTIFICATION:-

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

1. Forms of nomination.
2. Statement of annual account.
3. Notice to the nominee.
4. P.F. ledger of subscriber.
5. Abstract register.
6. P.F. cash book.
7. Voucher for payment of P.F.
8. Register of subscriber.
9. Register of Temporary withdrawals and their recoveries.

But none of the above registers were maintained in Municipal Council..... .As a result the correctness of the transactions carried out, under P.F. during the year could not be verified in audit. Loss if any sustained by the Municipal Council as a result of non-maintenance of the above registers, would need to be made good from the person or persons responsible. Immediate action may be taken to maintain the above registers and produce the same to audit.

PARA NO. 75

CODE NO.11

REGISTER OF REVENUE YIELDING PROPERTIES NOT MAINTAINED AND PRODUCED:-

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

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

Para No. 76

Code No.11

PAYMENT MADE A.P.M.R.P.-FOR PREPARATION OF DEABAS ACCOUNT CONNECTED FILE NOT PRODUCED:-Rs. 2, 40,147/-

As verified in audit an amount of Rs. 2, 40,147/- was paid vide Vr.No.14/01.09.2012 towards preparation of DEABAS Account to A.P.M.R.P. for the year 209-10 to 2010-11. But the connected file not produced in Audit for verification. In the Absence of the same the amount thus paid was held under objection. If any loss sustained in this regard would need to be recovered from the person or persons responsible

Para No. 77

Code No.11

PAYMENT TOWARDS GENERAL FUNDS TO 13th FINANCE FUNDS WORKS NEEDS REIMBURSEMENT Rs.86, 82,942/-

As Verified in Audit it is observed that an amount of Rs.86, 82,942/- was incurred towards to meet from the 13th Finance works from General Funds. The Expenditure should be met from 13th Finance Funds. Therefore the Expenditure incurred from General Funds would need to be reimbursed from General Funds and credited to the 13th Finance Funds and fact may be intimate to Audit.

Para No. 78

Code No.11

F.S.D. AND E.M.D.DEPOSITS – CERTAIN DEFECTS- REGISTER NOT PRODUCED IRREGULAR:

On Vr.No.1/15.03.2015 and 2/19.03.2015 an amount of Rs. 70,216/- was paid to the contractor towards deposit. The original amounts were credit particulars have not been produced for verification. As verified agreements, it is noticed that the F.S.D. and E.M.D. were not noted in Agreements. But the F.S.D. and E.M.D. were not noted the amounts remitted General funds or not. If the Register were not maintained the amounts were remittance credited to General Funds or not. . If any loss sustained in this regard would need to be recovered from the person or persons responsible.

Para No. 79

Code No.13

WORKS-13TH FINANCE TOWARDS EXCESSPAYMENT NEEDS RECOVERY.Rs. 54,062/-

On verification M.Book No. 84 for the work construction of out fall drain to chintalakodu drain from Burial ground it is observed that an amount of Rs. 54,062/- was excess paid to the contractor as detailed below. The Excess amount paid needs to be recover from the contractor and make remittance to Municipal funds under intimation to this department. . If any loss sustained in this regard would need to be recovered from the person or persons responsible.

Total Value of work done	Rs. 71,80,000
Payment	Rs. 72, 34,062

Excess	Rs. 54,062/-

Para No. 80

Code No.16

NON-SUBMISSION OF UTILISATION CERTIFICATES:

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

Para No. 81

Code No. 18

REGISTERS NOT MAINTAINED:

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

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

DATA BASE OF THE RECORDS OF TAXATION – EFFICACY OF THE SOFT WARE :

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

Collection of property tax and other revenues is done in many ways like remittance in e-seva, by online remission, payment by way of Cheque or Demand Draft etc., from the tax payers. Whether the software takes care of various ways of collections of taxes was not explained to audit.

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

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

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

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

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

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

Para No. 84

Code No.18

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

As per GO.Ms No.1644 Revenue (CT-IV) Department dt.8.11.2006, the levy, assessment, collection and enforcement of Entertainment Tax on Cinema, Cable TV networks shall be vested with commercial Tax Department. According to section 4 of APET Act 1939 (The Act originally passed by the Madras Provincial Legislature as Madras Entertainment Tax Act 1939) 90 percent of the total proceeds of the Entertainment Tax collected in the Municipal area by the CT department is required to be apportioned to the local authority every quarter. An amount of Rs ...nil...../- was adjusted towards Entertainment Tax to this municipality during the year. It was observed from the E.T files relating to Cinema and Cable T.V was not maintained in this municipality. In the absence of the said file the correctness of the adjustment particulars of E.T could not be verified in audit.

ParaNo.85

Code No. 18

SPECIAL NOTICES ISSUED – RECORD NOT MAINTAINED

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

Para No. 86

Code No.18

REGISTER OF LIBRARY CESS NOT MAINTAINED

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

(B) Government issued orders vide GO. No 122 Education (PE Prog.I) Department Dt:26.10.2009 para 5 of (II) directing of Library Cess @ 8 percent on property tax collected, at e-seva center level and remit the same to City/Zilla Grandhalaya

Samstha (ZGS) concerned through e-seva. However it was observed from the copies of statements furnished by Administrative Officer, e-seva, that library cess was not collected at the rate prescribed by Government i.e @ 8 percent. The executive authorities would need to take good steps to collect library cess as per Government norms.

Para No. 87

Code No.18

DEPARTMENTAL INSPECTION AND INTERNAL AUDIT OF THE OFFICE NOT DONE.

Departmental Inspection:- According to the Government orders in G.O.Ms.No.247,GAD,dated 8.2.1962 and instructions issued from time to time. District Officers and their subordinate officers are required to be inspected by the Heads of Departments periodically and furnish Inspection Reports in the form of Questionnaire prescribed therein. The need for inspection of Government offices periodically was also emphasized in Government Memo.

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

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

Para No.88

Code No.18

NON EXCHANGE OF INFORMATION BETWEEN TOWN PLANNING AND REVENUE SECTION:

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

ParaNo.89**Code No.18****PAID VOUCHERS – ‘COUNCIL RESOLUTION’ NUMBER WAS NOT NOTED ON THE PAID VOUCHERS :**

As verified from the paid vouchers for the year 2014-15, it was noticed that the ‘Council Resolution’ number was not noted on back side of the vouchers. In the absence of the same, the fact of obtaining the council resolution for the payments made could not be verified in audit. Action may be taken for noting the council resolution number and date for every paid voucher in future.

Para No.90**Code No.18****DEMAND REGISTER – WATER TARRIF FOR HOUSE HOLD WATER SUPPLY SERVICE CONNECTIONS (HSCs) - NOT MAINTAINED:-**

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

1. Any Below Poverty Line house holders, possessing a White Ration Card and not having access to house service connection, shall be granted one HSC on payment of Rs.1200/- per connection including the cost of pipes and road cutting charges. The cost of tap, however shall be borne by the individual.
2. The beneficiary shall be given the option of paying the amount in 12 equal monthly installments without interest. The house service connection shall be given after payment 1st installment and the rest shall be recovered along with the monthly/bi monthly billing for water consumed.

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

Para No. 91**Code No.18****DIFFERENCES IN MEASUREMENTS BETWEEN M.Ls AND E-SUVIDHA PACKAGE AND RESULTANT VARIATIONS IN FIXING OF PT – NEEDS TO BE REVISED AND LOSS ASSESSED.**

During the scrutiny of records relating to PT it was noticed that many variations existed between the measurements as recorded in the ML and the measurements entered in the e-Suvidha. The MLs were not filled fully. In about 44 columns to be filled if no RP is filed only 7 to 8 columns are filled and the calculations of MRV and ARV and discounts allowed were not included in the registers. It was also noticed that the PT as obtained from the e-Suvidha package was entered in the ML and the same was being collected

which was resulting in perpetuation of the variations in the imposition of PT. In some cases it was noticed that the measurements were not the same in the ML and e-Suvidha resulting in less fixation of PT as detailed below resulting in recurring loss to the ULB in the form of less PT fixed and collected. In cases where the PT was fixed more than what was to be if calculated manually it results in recurring extra burden on the tax payer. The calculation logic in the package was not consistent and not free from inconsistencies as a result also certain variations occurred. No record is produced to audit to show that the assessment of PT was properly supervised by the RI, RO, Commissioner, RDMA etc as no supporting record to form an opinion in audit was maintained and produced to audit. In the absence of the same the details as recorded by the Bill Collector in the ML were taken for granted and PT was imposed without any cross verification though elaborate machinery was available and copious instructions were issued to the authorities concerned for the supervision.

Para No. 92

Code No.18

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

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

Para No. 93

Code No.18

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

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

It was observed during the scrutiny of the records that the particulars of building permissions were not made public through the press utilizing the publication charges collected from the applicants in contravention of the Government orders. No separate account was maintained as regards publication charges so far collected. This was not in order. The lists of all unauthorized constructions noticed especially regarding apartments, office complexes were not published in the newspapers every month for information of general public.

Comments on Annual Account

Para No. 94

Code No.18

1) CERTAIN TRANSACTIONS NOT CAPTURED – NEEDS TO BE RECTIFIED

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

2) NON MAINTENANCE OF REGISTERS PRESCRIBED IN THE MANUAL

The APMAM prescribed maintenance of certain registers and forms. The formats of the books, registers and forms referred to in Table 4.1 of Chapter 4 of APMAM need to be maintained. But it was observed that all the registers and forms were not maintained during the year 2011-12 contrary to the instructions contained in the manual. The details were mentioned in **Annexure-II**. The registers and forms would need to be maintained and produced to audit for verification of annual account along with the registers.

3) VERIFIED FOBS NOT FURNISHED

The OBs of the respective G.L. accounts were drawn from the OBs provided in the FOBS furnished to audit. The said FOBS was verified and certain material deviations from the instructions envisaged in the APMAM, and instances of under/over stating of value of assets and non-identification of assets etc., were pointed out and communicated to the Executive Authority for rectification. But the said FOBS was not returned duly rectifying the defects pointed out or existed in the FOBS. The annual accounts for the years 2009-10 to 2011-12 furnished were prepared with the OBs as arrived at in the FOBS. Thus adopting of incorrect OBs rendered the annual account for the year 2009-10 to 2011-12 not reliable and could not be held to reflect the true and fair view of the transactions of the accounting period. In view of the non rectification/ remedying the defects pointed out in FOBS issued to the Municipal Council persisted in the final accounts of this year 2014-15 also and as such the defects already pointed out in the verified FOBS may be read as part and parcel of this audit report.

4) NON-IDENTIFICATION OF MANY ASSETS

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

5) RECEIVABLES AND PAYABLES NOT ASCERTAINED PROPERLY

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

6) RECEIVABLES NOT RECONCILED

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

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

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

8) RECEIPT ENTRIES WERE BASED ON CHITTA

It was observed in audit that the base document that was considered for recording receipt entries in the new system of accounting was Chitta. The endeavour of the accountant who prepared annual accounts was to faithfully account for all the entries in

the Chitta as receipt entries in the annual accounts. But no effort was made to trace amounts collected by the collection staff and remained unremitted if any.

9) SOME OTHER MATERIAL OBSERVATIONS

- As verified from the Schedules enclosed to the 'Income and Expenditure statement', it was noticed that the amounts relating to the 'previous year' were not furnished.
- As verified from the Schedules enclosed to the 'Balance Sheet', it was noticed that the details of 'additions' and 'deletions' during the year 2013-14.were not furnished.
- Statement of cash flows (a summary of ULBs cash flow for the period from 1-4-2014 to 31-3-2015) was not furnished.
- Financial performance indicators were not furnished.
- Financial ratios were not calculated and produced.

10) FIXED ASSETS REGISTER NOT MAINTAINED

The A.P. Municipal Asset Valuation Methodology Manual provides for maintenance of Fixed Assets Register for 11 categories of assets and formats were prescribed in Annexure-6 and as per instructions the register has to be maintained updating the details of acquisition/construction/improvement of assets for each particular year. But it was noticed during audit that no such registers have been maintained under certification by the competent authority for the years 2009-10 to 2014-15 duly incorporating the assets identified in FOBS/rectified FOBS.

No effort has been made either to maintain Fixed Asset Register as part of preparation of annual account in the year 2009-10 and no updation was recorded by capturing the additions/deletions during the year 2014-15 in the annual accounts for the year 2014-15

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

11)NOTES TO ACCOUNTS NOT ENCLOSED TO FINANCIAL STATEMENTS

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

13) RECONCILIATION PROCEDURES NOT OBSERVED:

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

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

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

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

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

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

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

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

14)MANY ITEMS WERE BOOKED UNDER THE HEAD "OTHERS" FOR NOT KNOWING CORRECT CLASSIFICATION

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

15) MIS-CLASSIFICATIONS

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

16) VOUCHERS NOT VERIFIED DURING DATA ENTRY

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

17)IRREGULAR CALCULATION OF DEPRECIATION

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

18)PROPERTY TAX AND ITS COMPONENTS – NOT FOLLOWED CORRECTLY

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

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

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

Further the authority concerned would need to examine whether the compliance of this mandate of the A.P. Municipal Act was loaded in the software or not and whether the software is giving such a report or not. In case the same is not supported by the software steps should be taken for the inclusion of the logic pertaining to this aspect in the software.

Para No. 95

Code No.18

ADVERTISEMENT CHARGES COLLECTED BUT THE SAME ENCHORCHAMENT-FEE NOT COLLECTED.

During course of the audit on the accounts of town planning sectin of Gudiwada Munciaplity for the year 2014-15,it is observed that advertisement charges collected for the following adveretisement, the enchorchament fee not collected advertisement due to this loss sustained to mucnicipal funds. It is highly irregular. Connected authorities need take action for colletion of Enchorchament fees for adverrisement.

96)RECEIPTS AND CHARGES:-

The gross receipts and Charges of the Municipal Council, Gudiwada for the year 2014-15 are as furnished below.

Receipts	Rs. 4,38,88,206.00
Expenditure	Rs. 12,80,09,806.00

97) PENDING AUDIT OBJECTIONS:

1310 No. of Objections involving an amount of Rs. 479756578.85 as detailed below are pending settlement at the close of audit.

Year	No. Of objections	Amount Involved
1980-81	1	6,123.00
1982-83	1	0.00
1983-84	1	79,509.00
1987-88	3	23,398.00
1988-89	1	1,255.00
1989-90	1	35,417.00
1993-94	2	51,145.00
1994-95	1	6,65,361.00
1995-96	57	93,03,988.00
1996-97	42	1,13,85,788.51
1997-98	34	1,25,92,038.54
1998-99	20	98,61,348.00
1999-00	23	3,08,39,206.00
2000-01	44	1,23,42,456.70
2001-02	37	39,94,545.00
2002-03	29	1,25,26,731.00
2003-04	61	2,85,73,527.00
2004-05	73	3,97,15,916.00
2005-06	103	5,75,94,176.00
2006-07	70	2,11,85,921.00
2007-08	65	2,76,24,876.00
2008-09	68	4,31,06,688.00
2009-10	61	2,34,97,968.00
2010-11	89	7,95,24,312.00
2011-12	117	35,96,718.00
2012-13	118	54,46,421.00
2013-14	93	2,17,74,788.00
Total	1215	45,53,49,620.85
2014-15	95	2,44,06,958.00
Grand Total	1310	47,97,56,578.85

**District Audit Officer,
State Audit, Krishna, Machilipatnam.**

**GOVERNMENT OF ANDHRA PRADESH
STATE AUDIT DEPARTMENT**

From:
Sri Y. Satyanarayana, M.Sc.,
District Audit Officer,
State Audit,
Machilipatnam.

To:
The Commissioner,
Gudivada Municipality,
Gudivada.

Spl.Lr.S.A.No. 250/2016-17 Dt: 02.05.2016

Sir,

I have the honour to invite your attention to Para Nos. 47 & 79 only of the Audit Report on the accounts of **Municipal Council, Gudivada** for the year **2014-15** and to state that unless the defects pointed out there in are rectified and fact reported to this office with in 4 months from the date of receipt of this Spl. Letter, Surcharge action will be initiated as per Rule 8(1) & 9 of A.P. State Audit rule 2000 issued Vide G.O.Ms.No.130 F&P (FW.Admn.II) Department, Dt:8-9-2000 and under section 10 of A.P.State Audit Act, 1989.

Yours faithfully,

District, Audit Officer,
State Audit, Machilipatnam.

Enclosures:

Extract of the Paras