

**AUDIT REPORT ON THE ACCOUNTS OF THE  
BAPATLA MUNICIPALITY GRADE-I MUNICIPAL  
COUNCIL, BAPATLA MANDAL,  
GUNTUR DISTRICT FOR THE YEAR 2015-16**

**File Number : SA/GNT/BAPATLA/MC(5)/BAPATLA MUNICIPALITY  
GRADE-I/2015-16**

**Name Of the Auditor (s) :**

**1. Mr/Mrs KUMAR RAJA - SENIOR AUDITOR**

**Date Of Audit :**

**From 21-02-2017 To 28-02-2017**

**Name (s) of Executive Authorities :**

**1. Mrs Smt. Thota Malleswari, Chairman - Special Officer      From  
01-04-2015 To 31-03-2016**

**2. Mr Sri Muppalla Ramesh Babu , Commissioner - Executive  
authority of Municipal Council      From 01-04-2015 To 31-03-2016**

**GENERAL FUND**

**Para Number : 1**

**OTHERS (Code : 18) Rs : 0**

**Para No. 1**

**GENERAL REVIEW OF THE FINANCIAL POSITION:**

The main source of the income to the Municipal Council is the property tax, license fee, building application fee and lease amounts of the Municipal Assets and grant in aid released by the Government. Though the financial position of the Municipal Council is satisfactory still there is a wide scope for improving the income from the property tax by arriving at the demand correctly duly revising the house tax whenever necessary and duly taking the new constructions into demand and collecting the property tax at 100% fixing lease amounts to the Municipal Council assets in a scientific manner and collecting the balances of lease amounts, renewal of the leases duly enhancing the lease amounts fixing and collecting the advertisement tax properly etc. Further, steps would need to be taken to realize all the dues to the Municipal Council in a speedy manner.

## **2)RECONCILIATION NOT PREPARED AND PRODUCED**

During the year under audit on verification of Cash Books of General Funds, which were prepared manually it was noticed that the closing balances were not arrived and reconciliation was not prepared at the end of the March 2016 and at the close of the financial year with reference to the Treasury pass books and Bank pass books of the above Funds. In the absence of the reconciliation it could not be ensured in audit whether all the sums collected were deposited in to the Treasury and if so whether accounted for properly or not and all the entries of expenditure were correctly made in the pass book or not also could not be verified. In the absence of the above the correctness of the closing balance of Rs.124087307.18 as shown in annual account could not be verified and certified in audit. Early action would need to be taken in the matter. The uncashed cheques as on 31-3-2016 of each Fund are furnished below.

MGF----Rs. 96679040.50  
CPF-----Rs. 27408266.68  
124087307.18

002	004682/30-3-16	431468.00
	004683/30-3-16	86019.00
	004684/31-3-16	15280.00
	004687/31-3-16	35531.00

### **Para No. 3**

#### **COMPLIANCES OF AUDIT OBSERVATIONS BY THE COMMISSIONER:**

The replies to the audit objections for the year from 1981 -82 to 2014-15 together with the resolution of the council have not been sent to the Director of State Audit Department, A.P. Hyderabad through the Commissioner and Director of Municipal Administration A.P., Hyderabad. as required in G.O.Ms No. 874 M.A. dt: 13-11-67. The records do not reveal this observance on the pending objections. The progress of settlement of the objections during the year was Nil.

The Executive authority did not evince much interest in rectifying the defects and setting down the objections.

**Code No.1**

#### **4) LACK OF FOLLOW-UP ACTION ON THE DISCREPANCIES POINTED OUT IN THE EARLIER AUDIT REPORTS**

As per the orders issued in the G.O.Ms.No.784, MA, dt.13-11-1967, the audit reports and the replies shall be place before the Municipal council and the replies submitted to the Government through the Director of State Audit with a copy of the resolution approving the replies for consideration for the waiver of the objections. The records of the Municipal council do not reveal the observance of these orders. The progress in settlement of audit objections during the financial year was not satisfactory. Huge no of objections remain un-rectified as detailed in the Code No.19 of Para No.93 of this audit report. The unsettled objections related to the years from 1986-87 to 2014-15. The Commissioner did not evince much interest in rectifying the defects and settling the audit objections.

**Para No.5**

**Code No. 2 BUDGET:-**

- A) 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 above rules.
- B) 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, fell short of the budget estimates as shown below.

Sl.No.	Head of Account	Budget estimates	Actual	Amount of short fall	% of s fal
1	Property Tax				
2	Population grant				
3	Markets & Slaughter houses				
4	D & O Trades				
5	M.V. TAX				
6	VACANT LAND TAX				
7	ADVERTISEMENT TAX				
8	ANIMAL & VEHICLE TAX				
9	SHOP ROOM RENTS				
10	RENTS ON VACANT LANDS				
11	QUARTERS RENT				
12	RENT ON ROAD ROLLER				

Budget not produced

**TAX REVENUE RAISED BY THE MUNICIPAL COUNCIL:-**

The tax revenue consists of property tax, tax on animals and carriage 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	2014-15	2015-16	
1	Property Tax	31692000	32236051	39706801	INCREASE
2	Advt. Tax	2277000	8425909	151810	DECREASE
3	Vacant land tax	-	246357	421343	INCREASE
4	License Fee	-	1014375	1169150	INCREASE
5	Shop rents	-	-	8203140	INCREASE
6	Encroachment fee	-	455280	487480	INCREASE

**Para No 6.**

**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.C.s S.Ts and women & Child welfare contained 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 development expenditure apportioned by the Bapatla Municipal Council for the year 2015-16 and the expenditure incurred were not furnished inspite 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. 7**

**Code No. 7**

**LICENSE FEES UNDER D&O TRADE RATES NOT REVISED:**

As per G.O.Ms No. 59 ( Edn & health) dt. 12-06-55 the rates of license fees under D& O trades shall have to be revised once in 3Years, so that the collections under license fees are not collected as per the value of the income and expenditure in issue of licenses and supervising on traders. In that case a notice has to be issued in levying licenses fees. It was not made known during the audit

scrutiny whether such revision has been taken place duly following the procedure laid down and collections were made in accordance with such revised rates. Loss if any occurred to the M.C. Funds due to non revision /non -collection of such revised rates shall have to be ascertained and recovered from the persons responsible.

Para No. 8

Code No.7

**TIME BARRED TAXES**

The following taxes relating to the year of audit must have become barred by limitation of time under Articles 113 of the Limitation Act 1963 as specified under proviso to Section 238 and Section 266 of Hyderabad Municipal Corporation Act,1955, read with A.P. Municipal Act,1994.

S.No	Name of the Tax	Year	Amount
1	2	3	4
1	Property tax	Arrear demand register was not written up for the year 2015-2016	
2	Profession Tax		
3	Agricultural Land Tax		
4	Encroachment Fee		
5	V.L.T.		
6	Leases		
7	D & O traders		

Due to Non- maintenance of Arrear Demand Registers, the time barred taxes could not be arrived at.

Non Coercive steps like recovery through distraint, prosecution, filing suits as laid down under the Act appeared to have been taken to avoid loss to Municipal funds. These taxes cannot be recovered now and as such constituted loss which will have to be made good from the person or persons responsible under intimation to audit.

Para No.9

Code No7

**TAX ON DOGS - NOT LEVIED - LOSS TO THE CORPORATION REVENUE - NEEDS ACTION.**

According to the Section 248 of the A.P.G.M.C. Act. 1955 read with section 14 of the A.P. Municipal Act. 1994.

1. A Tax not exceeding Rs. 10/- per annum shall be levied on every dog kept within the cities and not under the age of six months.
2. Every Person who owns or in charge of any dog on which a tax is payable under sub- section.
  1. Shall be liable for such tax.
- 3.(A) Every Person who owns or is in charge of any dog shall, before the first day of May in each financial year, forward to the Commissioner a return signed by him containing his name and address and the age of such dog.

**B) Every Person who after the first day of May in any financial year becomes the owner or takes charge of any dog, shall within one week from the date on which he becomes the owner or takes charge of the dog, forward to the commissioner a like return signed by him.**

**4. The tax shall be payable for every financial year in advance on the first day of May.**

**5. The Commissioner shall maintain a register showing the persons liable to pay the tax under this section.**

**But in this connection no such register was maintained no tax was levied on dogs, which causes loss to the revenue of the Council. There fore necessary steps have to be taken to levy the tax on dogs and report compliance to audit.**

**Para No.10**

**Code No. 7**

**TAXES AND FEES -HUGE BALANCES PENDING REALISATION:**

**As seen from the Demand, Collection and Balance statement for the year 2015-16, a sum of Rs. 394.20 lakhs as detailed below was pending realization by the Municipal Council both under taxes and fees. Unless all the arrears are realized in time, by taking coercive steps, the taxes will become barred by limitation of time and there will be no chance to realize the arrears legally. Effective steps would need to be taken to clear off all the arrears out standing under taxes and fees.**

<b>S.No.</b>	<b>Nature of tax</b>	<b>Amount pending realization(in lakhs)</b>
1	Property tax	323.14
2	Advertisement tax	0
3	Vacant land Tax	19.29
4	Tap Rates	41.67
5	Shop Rooms	10.06
	Total	394.20

**Para No.11**

**Code No. 7**

**ADVERTISEMENT TAX - ADVERTISEMENT TAX ON CABLE T.V. OPERATORS - DEMAND NOT ARRIVED - LOSS OF REVENUE TO THE MUNICIPAL CORPORATION :**

As per the Government order GO Ms.No.266, MA&UD (TC I) department, dated 5-5-2000, where in Government have amended Andhra Pradesh Municipalities (Advertisement Tax) Rules, 1967 by adding item 7B in the schedule after item 7A regarding Advertisement Tax on electronic media including cable TV, advertisement tax shall be collected from the cable TV operators at 10% on the rates charged by the advertisers in respect of advertisements exhibited for public view through cable TV. The Council authorities have to obtain monthly statements from the cable T.V. operators regarding the amount of fees collected by the operators for broadcasting advertisements in their cable T.V., and advertisement tax has to be fixed at 10% on that amount.

But, during the year 2015-16, the council authorities had not followed the above procedure and demand was not arrived at under the head of advertisement tax on cable T.V. operations resulting in loss of revenue.

Therefore, action would need to be taken to fix the demand as per rules and collect the same and loss, if any, sustained would need to be made good from the person or persons responsible and credited to General funds under intimation to audit.

Para No.11(a)

Code No.7

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

According to the Section 421 of the A.P.H.C. Act.1995 read with Section 14 of the A.P. Municipal Act,1994- 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 farm car, omnibus and any other vehicle and any movable board used primarily as an advertisement or an advertising medium.

Further according to section 596 of the said Act, for an advertisement without permission, a fine up to Rs. 1,000-00 can be imposed and in no case it shall be not less than Rs. 500-00.

On verification of the records relating to tax on advertisement it was noticed that, application received and permissions issued for erection, exhibit, fix or retain of the advertisements for which tax was levied during the year 2015-16 were not furnished to audit. Therefore it was construed that those advertisements were noticed during the inspections of the town Planning Personnel. As the advertisement were exhibited without the written permission of the Commissioner, fine has to be imposed from Rs. 500/- to Rs.1000/- to the owners of those advertisements,. But the same was not imposed and the Municipal Corporation which constituted loss of revenue to that extent. There fore action would need to be taken to impose fine and report the compliance to audit.

Para No.12

Code No.7

**PERCAPITA GRANT NOT RECEIVED AND ADJUSTED TO MUNICIPAL FUNDS**

As per A.P. Municipal Act 1994 Per Capita shall be released to the local bodies @Rs.8/- per head by the Government to enable the local bodies to take up the developmental activities in its jurisdiction. As per 2011 population census the population of Bapatla Municipal Council was 70777 and the Council was entitled to receive Per Capita Grant of Rs 566216 -00 ( 70777 x 8). On verification of Cash Book and ST Pass book it was noticed in audit that no amount was received and adjusted to Municipal Funds towards Per Capita Grant. The Per Capita grant is an important resource to the Municipal Corporation to execute various developmental activities. The non receipt of Per Capita grant would hamper the progress of the Corporation. Hence action would need to be taken by the Executive Authority by addressing with the CDMA for early receipt of the Per Capita Grant.

Para No.13

Code No.7

**MUNICIPAL CORPORATION, BAPATLA - PAYMENT OF SERVICE CHARGES TO MUNICIPAL COUNCIL IN RESPECT OF CENTRAL GOVERNMENT DEPARTMENTS - NOT REALIZED SO FAR - NEEDS ACTION.**

The hon-ble Supreme Court of India vide its order dated 19-11-2009 disposed of the Civil Appeal No 9458-63/2003 filed by Rajkot Municipal Corporation & Others Vs Union of India (UOI) & others relating to payment of Service charges by Central Government Departments to urban local bodies with the following Directions.

1. The Union of India (UOI) & its Department will pay service charges for the service provided by appellant Municipal Corporations. No property tax will be paid by UOI but service charges calculated @ 75%, 50% or 33 1/3% of property tax levied on property owners will be paid, depending upon utilization of full or partial or nil services. For this purpose agreements will be entered in to UOI represented by concerned departments with respective Municipal Corporation.

2. In pursuance of the orders of the Supreme Court in this matter, the following instructions were issued to Commissioners of all ULBs by the Principal Secretary to Government, MA&UD for regulating payment of service charges in respect of Central Government properties. The Commissioners of ULBs shall, intimate the Heads of Central Government, Departments about the civic services provided by the ULBs in the vicinity of concerned Central Government Properties and request them to furnish full data regarding their properties to enable



the ULB to work out the service charges payable as per para 6,7 and 8 of the order date 19-11-2009 of Hon-ble Supreme Court of India. After receipt of the required data, the Municipal Commissioner shall calculate the service charges payable on these properties at 75% 50% or 33 1/3% of property tax levied in the case of private property owners based on the civic services availed by Central Government Properties.

3. To issue a self contained, order to the Heads of Central Government Departments indicating the process followed in working out the service charges payable by them and the amount of service charges payable per annum as per para 6,7 and 8 of the order dated 19-11-2009 of Hon-ble Supreme Court of India.

4. To enter into Memorandum of agreement or understanding with Heads of Central Government Departments for payment of service charges to the ULBs till the next general revision of property tax.

5. In the event of a disagreement on any issue, the Municipal Commissioner shall submit proposals to the Government for constituting a three member mediation committee consisting of the following officers for resolving the issue:

- a) Representative of Central Government
- b) Representative of concerned ULB
- c) Representative of MA&UD Department
- d. In the event of any Central Government Department or Railways owning a property changes the Agreement unilaterally or fails to reach settlement through Mediation Committee, the concerned ULB could take such action as it deems fit by approaching Courts for reliefs.

It has also been clearly stated by the Principal Secretary to Government MA & UD that Commissioners of all ULBs shall ensure that entire exercise of payment of service charges by Central Government properties is to be completed by the end of September,2011 send a self contained report on the action taken in this matter may be sent to the Commissioner and Director of Municipal Administration under intimation to the Government.

In spite of the above directions issued by the Principal Secretary to Government MA&UD for regulating payment of service charges in respect of Central Government properties by the end of September 2010, realization of service charges from the Central

Government properties has not been done so far. Though much correspondence has been made with the Central Government departments a conclusion to the payment of service charges by the Central Government departments for their properties has not been arrived yet. Much time has been elapsed and the municipal authorities should pay much attention to resolve the issue at the earliest possible and see that the service charges are realized from the central government departments.

**PARA NO.14**

**CODE NO.08**

**ADVANCES - ADVANCES SANCTIONED TO VARIOUS PURPOSES DURING THE YEAR 2015-2016 BUT NOT ADJUSTED NEEDS EARLY ADJUSTMENT - RS.1,23,500.00**

As verified from the cash book it was noticed that an amount of advance Rs.1,23,500.00 was sanctioned to various purposes as detailed below:

Sl. No.	Vr.No. & Dae	To Whom Paid	Purpose of advance	Amount Rs
1.	164/13.11.2015	SriM.Uday Gopi,Jr. Asst.	To meet the legal expenditure .	20,000.00
2	1043/23.01.2015	Sri.M. Chiranjeevi, Sanitary Inspector	For conducting Snitation Work.	75,000.00
3.	310/9.03.2016	Sri.U.Srinivasa Rao, MAE	For Jungle Clearance Work.	28,500.00
<b>Total:</b>				<b>1,23,500.00</b>

According to the provision laid down in AP FC Volume I all advances that were paid to the employees shall be adjusted within one month from the date of drawl. But in the instant case no amount was adjusted even after lapse of two years, one year respectively, the connected bills and details of expenditure incurred were not produced to audit in token of having spent the amount for the purpose it was drawn.

In view of the above the total amount of Rs.1,23,500.00 sanctioned towards advance is held under object tion.

**Para No. 15**

**Code No. 9**

**RECEIPTS OF STATUTORY INCOME FROM GOVERNMENT NOT WATCHED PROPERLY.**

Though it is the responsibility of the Executive authority to watch the demand and receipts of the following statutory income guaranteed in the Act. There was no watch and simply the amounts as adjusted in treasury pass book were taken into account in the cash book without any correspondence in respect of non receipt of quarter wise grants in every year. It was also not watched by them whether the receipts were in accordance with demand or not. It would need to be ascertained from competent authority whether the total amount of such adjustments was really adjusted to the treasury or not. If any short fall is noticed the same would need to be got adjusted by making suitable correspondence with the competent authority

Para No.16

Code No.9

**PROPERTY TAX - COLLECTION OF PROPERTY TAX AFTER 30 DAYS OF THE COMMENCEMENT OF EVERY HALF-YEAR - LOSS IF ANY SUSTAINED BY THE INSTITUTION- EXECUTIVE AUTHORITY IS RESPONSIBLE.**

The Property tax shall be levied for every half year and it is the duty of the assesses to pay it within 30 days after the commencement of each half year i.e. 30<sup>th</sup> April/31<sup>st</sup> October ( Section 91)

Loss if any sustained by the institution due to non - collection of tax within time specified as per section 91 of the A.P. Municipalities Act 1965, the executive Authority will have to be held responsible.

Para No. 17

Code No. 9

**ENCROACHEMENTS - CLASSIFICATION NOT DONE - DEMAND REGISTER AND ARREAR DEMAND REGISTER NOT WRITTEN UP- NEEDS ACTION.**

The list of encroachments in the Municipal limits were not Classified as objectionable and non objectionable. Commissioner should take steps to evict all objectionable encroachments under Section 405 and 406 of APGHMC ACT 1955. In the case of unobjectionable encroachments the Municipal Corporation has to collect fee at such rates as prescribed and notified.

The Demand register for the year 2015-16s was not prepared and the collections made during the year 2015-16 of Rs.487480-00 was taken as demand. Further provisional Demand registers/Arrear Demand Registers were not written up to verify whether there was any omission. The loss if any sustained to the municipal funds the executive authority will have to be held responsible for the same.

Para No. 18

Code No. 9

**COMPOST - COMPOST MANURE PITS NOT AUCTIONED:**

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

Para No.19

Code No.9

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

Deposits remaining unclaimed for three completed year 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. 20

Code No. 9

**DETAILS OF BOOK ADJUSTMENTS - NOT RECORDED IN CASH BOOKS AND ACCOUNT POSTING REGISTER.**

As verified from the cash book and account posting register it was noticed that the details of book adjustments were not recorded in cash book and the rough posting register was not written up. The total lump sum figures were exhibited in chitta. In the absence of the details of book adjustments, the credits of adjustments in the respective accounts could not be verified in audit.

Para No. 21

Code No. 9

**Town Planning-Building surveyors-Licence copy not enclosed to the Building Plans- Needs early action.**

During the course of audit it was noticed that several building permissions were issued based on the plans prepared by the Surveyors, whose Licences copies were not enclosed to the Applications during 2015-16. Hence whether the Licences were renewed for the year 2015-16 cannot be observed in audit. Surveyors shall renew their Licences every year. The Building Plans prepared by the surveyors whose licences were not renewed should not to be considered for issue of permission by the Municipal Authorities. Non-collection of renewal fee caused loss to Municipal Funds.

Para No. 22

Code No. 9

**MAINTENANCE OF REGISTER OF BUILDING APPLICATIONS CERTAIN DEFECTS :**

During the year under audit, as verified from the register of building applications, it was noticed that certain columns were not filled in, like date of completion of a building in column no.14 not filled in. Even though the building permission was granted for a period of 3 years, the completion of a building particulars was not recorded in the said register. As such the information of permissions sanctioned, buildings built up as per plans approved, if any deviation noted or not, if deviated fine imposed or not, the completed building whether included in monthly list or not was not known to audit. In the absence of the same, there is scope for loss of income for Municipal funds.

Action would need to be taken to rectify the defects and information produced to audit for verification.

Para No:23

Code-9

**REGISTER OF BUILDING LICENCE FEE NOT MAINTAINED PROPERLY :**

While verifying the Town Plan section for the year 2015-16, it was noticed that the register of Building Licence fees was maintained defectively. All the columns in the register were not filled up though the register was maintained in prescribed proforma. The details of the completion of the buildings with in the time covered by permission or not were not recorded. In the absence of which whether compound fee was collected for extension of permission, could not be verified. Further, the date of completion of the building and the date of notifying the same to the Revenue section for admitting the said building into property tax was also not noted. Deviation and penalty imposed if any noticed during the construction as reported by the Building Inspectors were also pointed out to audit. In the absence of proper and full maintenance of the said register it could not assure in audit that the Building Licence Fee has been imposed as per rules and there were no lacuna in the collection of the same. The same would need to be updated and maintained in full.

Para No.24

Code No.9

**Supply of Periodicals to Municipal Reading Rooms - Auction of Old Periodicals not conducted - Loss to Municipal Funds - Needs early action**

During the year under audit as per annual account an amount of Rs. - 00 was spent towards supply of Periodicals to Municipal Reading Rooms. It was noticed that the auction of old periodicals was not conducted from years together. Thus it leads to loss to Municipal funds every year. This is irregular. Immediate action would need to be taken to conduct auction of old periodicals according to the rates prescribed by the District Manager, Industries Dept., Nellore and the fact intimated to audit. The loss caused in this regard would need to be made good from the person(s) responsible.

Para No.25

Code No. 9

**ENGAGEMENT OF PRIVATE LABOUR ON OUTSOURCING BASIS FOR MAINTENANCE OF PUBLIC HEALTH - NON IMPLEMENTATION OF SOLID WASTE MANAGEMENT RULES - IRREGULAR**

During the year under audit an aggregate amount of Rs.2,79,52,088-00 was spent towards engaging of private labour on out sourcing basis for maintenance of sanitation in Municipal Council. But the connected files and records, the details of length and breadth of drains and roads and the assessment number of house holds held by the ULB and details of the private labour engaged for maintenance of sanitation were not produced in audit.

In the absence of the above important records could not be verified in audit whether the expenditure incurred is in accordance with norms and standards prescribed as follows by the Government vide G.O.Ms. No. 30 M.A. Dated:18-8-2000.

**A) For Door to Door Collection of Garbage**

- i) In case of Tractor - 2000 to 2500 house holds per day
- ii) In case of Auto/Tata Acer - 1000 house holds per day
- iii) In case of Tri cycles - 250-300 house holds per day

**B) Norms for Street Sweeping and collection of Municipal Solid waste for 8 hours.**

- i) Average road width 80 feet - 1 worker/350mts. of length
- ii) Average road width 60 feet - 1 worker/500mts. of length
- iii) Average road width 40 feet - 1 worker/750mts. of length

Further as per above G.O. all the Regional Directors cum Appellate Authority of Municipal Administration are required to furnish a report to the Commissioner and Director of Municipal Administration whether the Municipal Commissioners of their region are following the norms or not and such report also not made available for verification in audit.

On account of the above omissions the correctness of the expenditure incurred for engaging the private labour for maintenance of sanitation could not be ensured in audit and incurred this head is held under objection.

**ADVANCES RECOVERABLE REGISTER-NOT UPDATED FOR 2015-16-NEEDS EARLY ACTION**

As verified from the Annual Account an aggregate amount of Rs 595000-00 was drawn and paid towards advances against which an amount of Rs. 94450-00 was realized during the year under audit. But on verification of Advances Recoverable Register no details were recorded pertaining to the above amount. In the absence of the same correctness of the advances paid and realized was cannot be checked in audit. Immediate action would need to be taken for updating of the said register and produced to audit.

**Para No. 27**

**Code No.10**

**DEDUCTIONS MADE FROM THE WORK BILLS - NOT FULLY REMITTED-AND REMITTED CHALLANS NOT PRODUCED NEEDS ACTION Rs.**

As verified from the Annual Account the following amounts were shown as receipt and expenditure against each head. Thus the deducted amounts were not fully remitted to Head of Accounts concerned. The connected challans were also not produced to audit. The balances would need to be remitted to the respective Head of Account immediately. The connected challans in respect of all the items of expenditure shall be produced to audit for verification and to certify the expenditure. Loss if any sustained due to any lapse in this regard would need to be ascertained and recovered from the persons responsible.

SL No	Nature of Deductions	Amounts in Receipts Side	Amounts in Expenditure side	Balance
1	Seigniorage Charges	239334	6585	232739
2	Income Tax	756796	698366	58430
3	VAT	1194717	1097945	96772
4	NAC	273	0	273
5	Labour cess	214965	12166	202799
6	Q.C. Charges	0	0	0
	<b>Total</b>	<b>2406085</b>	<b>1815062</b>	<b>591013</b>

**Para No. 28**

**Code No10 (117)**

**LIBRARY CESS COLLECTED WITH HOUSE TAX NOT REMITTED TO Z.G.S. -IRREGULAR Rs. 2934544.00**

On verification of the final accounts in DEABAS it was noticed that library cess was collected to tune of Rs. 29,34,544-00 along with House Tax. But the same was not remitted to Z.G.S. during the period under



report. Early action would need to be taken for remittance of the Library Cess to the head of account concerned under intimation to audit.

**Para No. 29**

**Code No. 11**

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

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

**Para No. 30**

**Code No.11**

**PURCHASE OF PUBLIC HEALTH MATERIALS SUCH AS BLEACHING, LIME AND CONSERVANCY ARTICLES ETC., - CONNECTED FILES, STOCK REGISTER NOT PRODUCED**

**Rs. 1043830.00**

An aggregate amount of Rs. 1043830-00 was drawn and spent towards purchase of Public Health materials such as Bleaching powder, Lime powder, Broom sticks and Baskets as detailed below. But the connected files, stock registers were not made available for verification in audit. In the absence of the same it could not verified in audit whether the Tenders/Quotations invited, reasonable rates were paid, stock received in good condition and utilized properly. 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 cannot be admitted and is held under objection.

<b>Vr.No./Dt.</b>	<b>Details</b>	<b>Quantity</b>	<b>Amount</b>
45/10-6-15	Supply of Coconut oil to P.H.section		60876.00
46/10-6-15	Supply of Lime to P.H.section	33000 Kgs.	97020.00
47/10-6-15	Supply of Soaps to P.H.section		14994.00
77/21-8-15	Supply of Conservancy Articles to P.H.section		95623.00
143/03-10-15	Supply of Lime to P.H.section	33000 Kgs.	97020.00
246/8-01-16	Supply of Fogging Machines to P.H.section		395391.00
317/10-3-16	Supply of Conservancy Articles to P.H.section		97686.00
318/10-3-16	Supply of Lime to P.H.section -	33000 Kgs.	97020.00
319/10-3-16	Supply of Bleaching to P.H.section -	2500 Kgs.	88200.00
	<b>Total</b>		<b>1043830.00</b>

**Para No. 31**

**Code No.11**



**D & O TRADES ORDER COPIES OF NEW LICENSES ISSUED DURING THE YEAR 2015-16 NOT PRODUCED TO AUDIT- NEEDS ACTION.**

During the course of audit, it was informed that many new licenses have been issued to the traders during the year under report. But the connected files containing traders request application, sanctions order copies of licenses issued etc, were not produced to audit for verification. In the absence of the same, the correctness of the entries recorded in the demand register regarding new license could not be ascertained in audit. Action would need to be taken to produced relevant files for verification in audit.

**Para No 32.**

**Code No.11**

**PROPERTY TAX - Government offices located in private buildings and paying rent to owners - Registers not maintained and produced to audit.**

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

**Para No.33**

**Code No.11**

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

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

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

**Para No.34**

**Code No.11**

**PROPERTY TAX APPEALS - RECORDS NOT PRODUCED :**

The appeals and connected files relating to property tax, in respect of all wards including appeals pending in courts were not produced to audit. In the absence of the same, the correctness of the assessments of the tax due to appeals could not be verified in audit. Due to non production of records in this regard, it could not be verified whether the corporation was collecting the

admitted assessed amount of tax or not. Hence, early action would need to be taken to produce the property tax appeals to audit for verification.

Para No.35

Code No.11

LEASES - REGISTER OF REVENUE YIELDING PROPERTIES NOT PRODUCED :

The register of revenue yielding properties containing details of all revenue yielding properties held by the Municipal Corporation was not maintained and produced to audit. In the absence of the same, it could not be verified in audit, whether all revenue yielding properties were leased out or not. Any loss caused to municipal corporation funds due to non maintenance of this register would need to be examined and recovered from the person or persons responsible. Immediate action would need to be taken to maintain the said register and avoid further loss of funds to Municipal Corporation.

Para No.36

Code No.11

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

Consolidated register showing the properties owned by the Municipal 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.37

Code No.11

**GRANTS RELEASED TO MUNICIPAL CORPORATION 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.

Para No. 38

Code No.11

**PUBLIC HEALTH - AMOUNT PAID TO BADILI WORKERS SOCIETIES-LABOUR ENGAGED FOR SANITATION IN MUNICIPAL COUNCIL BAPATLA - CONNECTED TENDER FILES NOT PRODUCED Rs. 27952088-00**

During the course of audit on the following vouchers an aggregate amount of Rs.27952088-00 was incurred towards payments of private sanitation in Municipal council area. But the connected tender files along with the NMRs were not produced for verification in audit. In the absence of the same, the correctness of the expenditure of Rs. 27952088-00 incurred could not be verified in audit and is held under objection.

Early action would need to be taken for production of the same.

Para No.39

Code No. 11

**RECORDS - NON-PRODUCTION OF RECORDS RELATING TO THE SCHEMES OPERATED BY THE MCN-BAPATLA -NEEDS IMMEDIATE ACTION**

The records relating to the schemes operated by the Municipal council bapatla were not made available to audit for verification. Though several half margin letters were issued, there was no response with regard to causing of production of records.

In the absence of the above the correctness of the receipts and expenditure incurred during the year as shown in annual account could not be verified and certified in audit.

Immediate action would need to be taken to produce all the records like the cash books, pass book, cheque books, M.Books paid vouchers along with files to audit for verification.

Due to non-production of the same, the loss if any made good from the persons responsible.

Para No.40

Code No. 11

**Thirteenth Finance Commission Funds- Connected records not produced- Details not incorporated in Annual Account**

The records relating to 13<sup>th</sup> Finance Grant such as cash book, Bank pass book and vouchers and connected files were not produced for verification in audit. In the absence of the above records the details of grant released and adjusted and interest if any earned on that grant, grant utilized during the year and balance, if any, available at the end the year could not be verified in audit. The connected vouchers and files were also not produced for verification in audit. In the absence of the same the correctness of the expenditure incurred could not be checked in audit. The annual receipt and expenditure details of 13<sup>th</sup> Finance Grant not exhibited in annual Account. In absence of the same the correctness of the annual account could not be certified in audit.

Para No.42

Code No. 11

**RECORDS - NON-PRODUCTION OF RECORDS RELATING TO THE SCHEMES B.P.S. and L.R.S. -NEEDS IMMEDIATE ACTION**

The records relating to the Schemes B.P.S. and L.R.S such as Cash Book, Bank Pass Book, Receipts, Vouchers and connected files were not produced for verification in audit. In the absence of the same correctness of the transactions made during the year cannot be checked in audit. As such immediate action would need to be taken for production of above records to audit.

Para No. 43

Code No. 11

**D.D.-s AND CHEQUES RECEIVED REGISTER NOT PRODUCED :**

Register showing the cheques and demand drafts received as per Annexure -10 of A.P.T ( FORM-14) was not made available for verification in audit. In the absence of this important register, the details pertaining to D.D-s and cheques received, could not be verified in audit, loss if any sustained to the municipal Funds could also be not verified due to non-production of this register, if any financial irregularities were to be noticed in future, the same would need to be made good from the concerned.

**Para No. 44**

**Code No. 11**

**WORKS -EXECUTION OF WORKS CONNECTED ESTIMATES  
AGREEMENT AND M.BOOKS-NOT PRODUCED**

**Rs.21,60,528.00**

During the course of audit, the estimates, connected measurement books, work files etc., pertaining to works executed as detailed below were not made available for verification in audit to certify the genuineness of the expenditure incurred though the same might have been pre-audited and records available several half margin letters(vide lr.no. ) have been issued for production of the same. It was only the lack of effort of the authorities concerned which had resulted in non production of records to such a huge extent.

The connected measurement books as prescribed in the paras 290 to 292 of A.P.P.W.D. Code and Articles 171 to 174 of A.P. Financial code volume-I would need to be produced for verification in audit to certify the genuineness of the expenditure incurred in the absence of the connected measurement books as prescribed above, detailed designs and estimates as prescribed vide Para No.173 of A.P. PWD Code and completion report as specified vide Article 181 of A.P. Financial Code Vol.I and Para 216 to 218 of A.P. P.W.D code, the genuineness of the expenditure incurred and payment made could not be certified and admitted in audit. Hence, the same would need to be produced for verification in audit.

**(Vide ANNEXURE enclosed)**

V/80/21-8-15	Lakshmi Engineering Works -BPT	102
V/200/5-12-15	Pipe line leakages (Contractor) N.Govendhan	472
V/72/19-8-15	M.Yedukondalu dori(Contractor)in BPT,MC	457
V/187/18-11-15	CC Road of Pardasaradhi Veedi(on-27)	303
V/188/18-11-15	CC Road Raising Y.Subba Rao H to M.Kondaiah H at Railpeta	688
V/190/19-11-15	CC Road from T.Septha Giri Rao H to Deta Paul H	407
191/19-11-15	CC Road from N.Prasad H To Srinivasa Rao H at Narala settipalem(vard -31)	404
192/19-11-15	Sivasenkar H TO Ramarao H TO Rajiv Gandhi colony	414
193/19-11-15	Towards Payment of Advance for sanitary work	750
v/200/5-12-15	Towards Payment of M.R.Nagar Pipeline leakages bill	472
v/215/19-12-15	Providing printing to the 6 rooms Mpl.High School	937
v/225/19-12-15	Construction of compound wall K.Hanumantha rao colony burial ground in BPT	179

v/246/8-1-16	Supply & Delivery of to 100 CC Vehicle fogging machine	395	91.00
v/248/13-1-16	Providing CC Road from G.B.C.Road to existing CC Drain at HP Gas Godown(32 ward)	103	85.00
v/268/8-2-16	Providing CC Road from T.Jamapamma H TO Nageswara Rao H at K.Hanmanth Rao colony	209	03.00
v/297/23-2-16	CC Road in various places in BPT.	367	63.00
	Total-.	216	528.00

**Para No.45**

**Code No.11**

**VEHICLES -OILS PURCHASED FOR THE VEHICLES, FOGGING MACHINES AND FOR HEAD WATER WORKS- CONNECTED OIL BILLS, LOG BOOK OF THE VEHICLES- NOT PRODUCED :**

**Rs. 246874 -00**

The following amounts were paid towards purchase of oils for the vehicles. But the connected Oil Bills along with log books of the vehicles in support of the expenditure incurred were not produced for verification in audit. In the absence of the above records the correctness of the expenditure incurred and utilization particulars cannot be checked in audit. In view of the above the total expenditure of **Rs.246874-00** Incurred towards purchase of Oil cannot be admitted and is held under objection.

<b>Voucher No &amp; Month</b>	<b>Details</b>	<b>Amount paid Rs.Ps</b>
12/15-4-15	Amount paid to V.Radha Krishna Murthy, towards Filling oil to PH Vehicles for 3/15	196299.00
13/15-4-15	Amount paid to V.Radha Krishna Murthy, towards supply of oil to Engineering section for 3/15	50575.00
	-do-	
	Supply of Diesel and Petrol for Fogging Machines	
	Supply of Oil to PH Autos	

	-do-	
	-do-	
	Supply of Oil for Head Water Works	
	Supply of Oil to PH Vehicles	
	-do-	
	-do-	
	-do-	
	-do-	
	-do-	
	-do-	
	Supply of Diesel, Eng.oil	
	-do-	
	-do-	
	Supply of Oil to PH Vehicles	
	Engine Oil to	
	Water Tanker	
	-do-	
	<b>Total</b>	<b>246874 -</b>
		<b>00</b>

**Para No. 46**

**Code No.11**

**MAINTENANCE OF VEHICLES - RELEVANT REGISTERS**

**NOT MAINTAINED AND PRODUCED.**

The following are the important registers to be checked in audit of bills relating to maintenance of vehicles in public health section.

1. Log Books 2) Registers showing the repairs, replacements etc., 3) Register showing the cost of petrol, Oil etc., 4) Register of inventory or equipment 5) Hire charges payment register 6) Register of old parts collected after replacement 7) Register of accidents.

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

1) That all the entries in the relevant columns in the Log Books were made.

2) That the entries in log books were noted by the officer who used the vehicle in his own hand writing the mileage at the

start and at the completion of their trips after verifying kilometers.

- 3) That sufficient particulars were recorded regarding movement and purpose to indicate that the journeys were on official business.
- 4) That the log book in respect of each vehicle was closed at the end of the month and a summary prepared in the log book showing details of duty and non-duty journey performed during the month in the prescribed proforma.
- 5) That the quantity of petrol diesel oil purchased has been entered in the log book of the respective vehicle.
- 6) That the hire charges collected as per hire charges payment register have been entered in the concerned log books.
- 7) That the log book was scrutinised personally by the authority concerned once in a month and his signature appended there in.
- 8) That the log books was written in the prescribed proforma with full details

**A) 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.

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

**B) REGISTER SHOWING THE COST OF PETROL, OIL, ETC.,**

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

- a) That the details of expenditure incurred towards cost of petrol etc. have been entered with reference to the voucher No. and date and the amount covered for the same.
- b) That the consumption of the petrol, oil etc. date wise has been entered therein.



c) That in respect of the contingent bills for the supply of petrol/diesel oil, the following certificates have been recorded by the authority concerned on the bills.

Certified that quantities purchased have been entered in the log book of the respective vehicle.

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

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

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

f) That the register was periodically checked by the concerned authority and a certificate to that effect has been recorded.

#### **C) REGISTERS 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.

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

b) 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.

c) That the loss if any, arising out of negligence or fault of any person has been recovered and credited to the funds.

If any financial irregularities were noticed in future pertaining to above funds the loss sustained to the funds would need to be made good from the persons(s) responsible.

Para No. 47

Code No. 11

**REGISTER OF INVESTMENTS NOT PRODUCED, LOSS IF ANY SUSTAINED TO MUNICIPAL FUNDS -NEEDS RECOVERY AND SUITABLE ACTION NEEDS INITIATION AGAINST THE CONCERNED.**

During the course of audit, the register of investments was not made available for verification in audit. Due to non- production of this important register whether the procedure prescribed in maintenance of this register was followed or not could not be verified in audit and the genuineness of the transaction could also be not certified in audit.

As per the procedure.

1. Earmarked funds i.e. provident funds, water supply and drainage fund and endowment fund were invested in one or the other permissible forms and that investments of other forms were not made except with the specific sanction of the government.

2. Investment of sums in excess of Rs. 5000-00 in fixed deposits in the state co-operative banks approved by the register of co-operative societies for the purpose have received the previous approval that particulars of investments made have been entered in the register of investments that certificates made have been entered in the register of investments that certificates, funds bank receipts or other evidence in support of investment were available and that in cases where the securities were held by the Accountant General, the amounts were traceable in the list published by him in the list published by him in the gazette.

3. Interest due have been realized on the due dates and credited to the account .

4.) Investment made out of earmarked funds have been reinvested if the amounts was not required for expenditure.

1. In the case of investment written off by sale or otherwise the amounts of sale proceeds have been duly credited in the accounts or if the sale was by transfer of investments it is supported by proper voucher: and

6) Investments have not been disposed off except for the specific purpose for which they have been made.

Due to Non- Production of the investment register, it could not be verified whether any irregularities were committed or not and loss if any sustained to the municipal funds in this regard necessary action would need to be initiated against the concerned.

Para No. 48

Code No.11

MONEY VALUE FORMS - STOCK REGISTER NOT PRODUCED:

The money value forms stock register for the year 2010-11 was not produced. In the absence of the same, the opening balance of the money value forms received, utilized balance as on 31-03-2011 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. 49

Code No. 11

**STOCK REGISTER NOT PRODUCED:**

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

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

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

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

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

**Para No. 50**

**Code No. 11**

**VACANCY REMISSION REGISTERS - NOT PRODUCED:**

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

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

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

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

Para No. 51

Code No. 11

**PROPERTY TAX, WATER TAX VACANT LAND TAX CURRENT AND ARREAR DEMAND REGISTER NOT PRODUCED FOR AUDIT.**

The Municipal Corporation should maintain the property tax register as per the demand of the previous half year duly adding additions and deletions as per monthly list on half yearly basis for 2 half years. Demand and amount collected by the house tax receipt by cheque , demand draft & E-Seva collections, gross amount duly posted in the demand register and balance in the concerned month. The same should be tallied with chitta.

If any interest collected under the concerned head, the same should be recorded in ink and should be totaled page wise, ward wise and year wise. The totals should tally with chitta figures. But the connected register were not produced.

In the absence of these registers, the correctness of the demand, collection balance of arrears, could not be verified in audit and the correctness of the same could not be certified in audit.

Further the outstanding bills were not made available for verification. Therefore the Executive Authority was requested to initiate immediate action to close the connected register and produce the same for verification in audit.

Loss if any or irregularities noticed in future , the same would need to be made good from the person(s) responsible.

Para No.52

Code No. 11

**COLLECTION OF INTEGRATED TAX AND TAP FEES (COMMERCIAL) THROUGH COMMERCIAL BANKS AND E-SEVA CENTRES - CONNECTED RECORDS NOT PRODUCED:**

In the light of computerization of relevant date, on line collection and installation of connectivity with the commercial banks and e-seva centre-s, the collection of integrated tax (property tax, drainage tax P.s. Charges, tap fees) and tap fees ( commercial) through 13 commercial banks was taken up from july,2002 onwards and through e-seva center-s w.e.f. 11-1-2005

Accordingly, detailed instructions pertaining to the procedure to be adopted regarding online collections and reconciliation were issued by the Commissioner, Municipal Corporation, Nellore vide office order No. 26/2003/C1,dated 12-12-2003 duly fixing the responsibility on the staff concerned of revenue Section including revenue Officers and Accountant and

total responsibility on the Examiner of accounts and Deputy Commissioner for ensuing the proper and prompt receipt of the amount of the bankers. But the connected record was not produced to audit to verify the correctness of the account of the collections made.

Para No.53

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 pensionary contribution if any, as well as house rents and fixed contingencies drawn along with pay have been properly posted in the audit register.
5. That refunds by short drawals, fines and amounts withheld for further payments have been correctly noted.
6. That the fly leaves have been correctly noted.
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. 54

Code No. 11

**LAW CHARGES PAID - CONNECTED SUIT REGISTER NOT PRODUCED**  
**EXPENDITURE INCURRED Rs. 61000-00 HELD UNDER OBJECTION.**

As verified from the annual account for 2015-16, a sum of Rs. 61000-00 was paid towards legal charges. But the connected suit register was not made available for verification

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

1. That all the suits to which the institution was a party were entered in the register.
  2. That separate pages were allotted for each suit and that appeals were entered separately giving a cross reference to the original suit.
  3. That the expenditure incurred on a suit was entered with full details in the appropriate columns of the register.
  4. That advances made to advocates and their adjustments on receipt of detailed bills was written up against the suit concerned.
  5. That particulars regarding, results of the suits, the sum decreed towards suit, costs etc were noted in the appropriate columns of the register.
  6. That recoveries made were also noted in it.
  7. That decrees were not allowed to become time barred and that execution petitions have been filed in time.
  8. That the progress of suits, execution of decrees and recoveries of amounts decreed were watched through this register by the institution.
  9. That half yearly returns showing the number of suits pending relating to previous year, number filed during the half year, the number disposed of and the number pending at the end of the half year have been obtained from the pleaders and checked with reference to the entries in this register.
10. That amounts decreed have been noted in the miscellaneous demand register with a view to watch their recovery.

Voucher No & Month	Details	Amount paid Rs.Ps
118/21-9-15	Sri.Nimmagadda Venkateswarlu,Advocate Hyderabad.Case no.10027/15	5500.00
119/21-9-15	Sri.Nimmagadda Venkateswarlu,Advocate Hyderabad.WP,No.5144/15	5500.00
120/21-9-15	Sri.Nimmagadda Venkateswarlu,Advocate Hyderabad. WPNNo.32449/14	11000.00
121/21-9-15	Sri.Nimmagadda Venkateswarlu,Advocate Hyderabad.Case no.40380/14	5500.00
122/21-9-15	Sri.B.D.Maheswara Reddy,Advocate	11000.00
194/28-11-15	Sri.K.RamaMohan Chowdary,Advocate No.12980/2009	5000.00

194/28-11-15	Sri.K.RamaMohan Chowdary,Advocate No.978/2013	OA	10000.00
256/27-1-16	Sri.B.Diwakar Rewddy,Advocate	WPN0.4436/15	7500.00
	<b>Total</b>		<b>61000.00</b>

**Para No. 55**

**Code No. 11**

**WATER SUPPLY -NEW CONNECTION APPLICATIONS NOT PRODUCED**

As verified from the Annual Account, an amount of Rs. 00 as donation was received relating to the water supply new connections. But the connected Register, the individual applications, connected files along with sanction proceedings were not produced in audit for verification. In the absence of the same the correctness of the new connections fee collected could not be verified in audit. Loss if any sustained would need to be recovered and remitted to the municipal funds under intimation to audit.

**Para No. 56**

**Code No. 11**

**WATER TAX CURRENT DEMAND REGISTER AND OUTSTANDING BILLS NOT PRODUCED:**

As per the rule, the arrear and current demand register, year wise, metered water tax demand should be fixed and the new connections if any the same should be raised and collections made from the receipts, D.D. Cheques, E.Seva should be posted in the connected register. The balance should be struck up.

The collections should be followed with receipt of the municipality.

In absence of this register, the collections made could not be verified and certified in audit. The out standing bills were also not made available for verification.

Due to aforesaid reasons, if any financial irregularities were noticed later, the loss sustained to the Municipal funds would need to be made good from the person(s) responsible under intimation to audit.

**Para No. 57**

**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 2015-16 and house tax was imposed with 10% penalty which was irregular and the corporation sustained huge loss due to the non imposition of penalty on U.C.S. as per G.O. No. 49 MA Dt 30-7-98.

**Para No. 58**

**Code No. 11**



**TAP APPLICATION REGISTER NOT PRODUCED:**

The tap application register for the year 2015-16 showing the details of Tap contribution estimates fees, security deposits and 15% supervision charges was not prepared and produced to audit together with the approval list of new tap connection. In the absence of the same, the correctness of the water tax demand fixed and collection made under the above items could not be verified in audit. Action would to be taken to prepare the tap application register and produce the same together with approval list of new tap connection and remittance particulars of the contribution, estimates fee, security Deposits and supervision charges for verification in audit.

The loss if any sustained in this regard would need to be made good from the person or persons responsible and credited to municipal funds early.

**Para No.59**

**Code No.11**

**TOWN PLANNING- UNAPPROVED LAYOUTS - 10% OPEN SPACE CHARGES NOT COLLECTED NEEDS EARLY COLLECTION.**

According to Rule issued under Section 344 of the Hyderabad Municipal Corporation Act 1955, 10% of O.S.C. needs to be collected on unapproved layout sites but on verification of the Building application register for the year 2010-2011, it was noticed that there was difference in collection of the open space charges in the building application.

In the same area some of the applicants were imposed 10% O.S.C. where as some others were exempted from the payment of 10% O.S.C. even though the sites belong to same area. But the reasons for not imposing the 10% open space charges were not explained in audit.

Apart from the register of approved layouts and the notified extension areas was also not produced to audit. Due to lack of the said records and sufficient information with regard to the approved layouts and unapproved layouts, the veracity in giving exemption and imposition of 10% O.S.C. could not be verified.

Hence action needs to be taken to get entire transactions verified for finding the correctness of the same.

**TOWN PLANNING SECTION**

**Para No 60**

**Code No.11**

**RESIDENTIAL AREA IN MASTER PLAN WAS APPROVED LAY OUT IN THE DEVELOPED AREAS OF ADJOINING SURVEY NUMBERS - RECOVERY OF 10% LAND COST WHILE APPROVING THE PLANS - PARTICULARS WANTING AND VACANT LAND TAX PARTICULARS WANTING - MATTER NEEDS INVESTIGATION.**

While approving the plans 10% of land cost has to be recovered in the areas covered under master plan and adjoining survey numbers of developed areas with approval of lay outs. The following information on the above important matter would need to be produced along with the connected files to audit.



1. Total No. of survey numbers in the above areas and total extent of land in the above area along with connected files.
2. Total numbers of plan approved during the year 2007-08 in the above area.
3. Total land cost.
4. Total amount to be recovered under the above items.
5. Total amount recovered .
6. Short recovery if any

The matter needs thorough investigation, action would also needs to be taken to recover the total loss sustained to the Municipal funds due to non-recovery or short recovery of plan approval charges in the above areas from the person or persons responsible and made good to the municipal funds and the remittance particulars pointed out to audit. Action would also needs to be taken to produce the remittance particulars of V.L.T. charges on the above identification.

#### **TOWN PLANNING SECTION**

**Para No. 61**

**Code No.11**

#### **LIST OF VACANT SITES POSSESED BY MUNICIPAL COUNCIL AND PARTICULARS OF MUNICIPAL PROPERTIES AND ITS UTILISATION PARTICULARS - ALONG WITH CONNECTED RECORDS WANTED - MATTER NEED INVESTIGATION.**

The Townplanning officer was requested 2 to produce the particulars of Municipal properties and list of vacant sites posses by Municipality and its utilization particulars along with connected files to audit. The city planner has not responded in submission of the above important information to audit. Immediate action would need to be taken to recover, if any loss sustained to the municipal funds due to non- utilization or mis-utilization or municipal properties from the person or persons responsible and made good to the municipal funds and pointed out the remittance particulars to audit. The important matter needs thorough investigation.

**Para No. 62**

**Code No.11**

#### **MONTHLY LISTS - MONTHLY LISTS PROPERTY TAX NOT PRODUCED FOR VERIFICATION OF SUPPLIMENTARY DEMAND.**

During the year under audit as verified from the Property Tax monthly lists register for the year 2015-16 some of the buildings were assessed to property tax. But the connected monthly list files were not produced to verify the correctness of the amount of property tax assessed. In the absence of the same the correctness of the half yearly property tax taken in the register cannot be certified. Immediate action would need to be taken to produce the monthly lists

to audit. The loss caused if any in this regard would need to be recovered from the person or persons responsible.

Para No63

Code No. 11

**LIST OF NEW LAYOUTS - DEVELOPMENT CHARGES TO BE COLLECTED ARREARS POSSESSED BY THE MUNICIPAL COUNCIL - NOT - FURNISHED.**

During the course of audit, in spite of several requests made for the register of new layouts, for collection of development charges and arrears possessed by the municipal COUNCIL was not produced for verification in the audit.

In the absence of the same, the loss of revenue due to non levy of development charges on new layouts possessed by the Municipal corporation the correctness of the levy of development charges and collections made if any could not be checked in audit.

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Para No. 64

Code No.11

**BUDGET: SANCTIONED BUDGET NOT PRODUCED:**

According to the Rule-8 of the rules relating to the preparation of budget statement and transfer of funds issued with G.O.Ms 619 M.A. Dated : 7-10-1997 is to be prepared in the prescribed form by the Municipal Council and approved before 15<sup>th</sup> November and to be submitted to the Government through the Collector and Director of Municipal Administration by 31<sup>st</sup> December of each year.

But the Budget for the year 2015-16 was not produced for verification. In the absence of the approved Budget the following procedure whether followed or not could not be verified in audit.

- a) Whether the Government sanctioned the budget with or without modification.
- b) Whether the minimum working balance was less than 5% of the estimate receipts of year excluding those from endowments, state Government grants and debt heads.
- c) Whether - re appropriation of funds sanctioned by the Municipal corporation subject to the condition that the minimum working balance was maintained and that no alteration made in the amount allotted for the service of the debt.

Due to non- production of the approved budget, the items of expenditure if any exceeded the budget limitation could not be verified in audit.

Hence the items of expenditure if any exceeded the budget provision the ratification orders of the competent authority would need to be

obtained and produced to audit. As such the entire expenditure could not be admitted in audit.

**Para No. 65**

**Code No.11**

**Miscellaneous Leases- Miscellaneous Demand Register not in order- Arrear Demand Register not produced**

During the course of audit the Demand Register for Miscellaneous Leases was verified and the following omissions were noticed. The connected Arrear Demand Register was not produced.

1. Details of Shop Rooms leased in each Shopping Complex, vacant if any etc., not recorded.
2. Name of the Tenant, lease period, Deposit/Solvency amount collected, Rent per month/year, collection of rent during the year 2015-16 and balance left over were not recorded under proper certification of competent authority.
3. Details of Lease holders for Municipal Markets, Lease period, lease amount, collection during the year, balance as on 31-3-16 were not recorded under proper certification of competent authority.
4. Abstract of D.C.B. not recorded and certified.
5. As the Arrear Demand Register not produced the total amount of lease pending arrear and current, time barred amount cannot be arrived
6. Registered or unregistered lease deeds of Lease Holders not produced for verification

In view of the above omissions, the details of lease holders, lease period, lease amount collected during the year for current and arrear and balance cannot be checked and certified in audit. The omissions may be rectified immediately and produced to audit

**Para No. 66**

**Code No.11**

**MISCELLANEOUS RECEIPTS-CHALLANS NOT PRODUCED :**

During the year under audit, the Miscellaneous Receipts challans were not produced for verification. In the absence of the same, the genuineness of the transactions made could not be ensured in audit. The same may be produced for verification immediately.

**Para No. 67**

**Code No.11**

**PURCHASE ELECTRICAL GOODS - CONNECTED FILES AND STOCK REGISTERS NOT PRODUCED Rs.14,94,310.00**

During the year under audit the following amounts were drawn and spent towards purchase of electrical items as detailed against each amount . The connected files, vouchers and Stock Registers were not produced to audit for verification .

**In the absence of the connected records, it was not possible to certify the correctness of the purchase procedure and observance of the rules and regulations as specified by the Government. Hence the entire amount drawn in the following vouchers is held under objection. Immediate action would need to be taken to produce the connected records to audit at an early date.**

<b>Vr.No. &amp; Date</b>	<b>Details of Purchases</b>	<b>Amount</b>
41/10-6-15	M/s Pushpak Power Products,Tenali for purchase of SV Lamp materials	92326.00
42/10-6-15	-Do- for purchase of SV Lamp materials	92315.00
43/10-6-15	-do-for purchase of Central Lighting materials	88071.00
44/10-6-15	M/s Pushpak Power Products,Tenali for purchase of street lighting materials	92315.00
55/25-6-15	M/s Meenakshi Agencies for purchase Central Lighting materials	89112.00
73/21-8-15	M/s Pushpak Power Products,Tenali for purchase of Tube light materials	91091.00
74/21-8-15	M/s Pushpak Power Products,Tenali for purchase of Central Lighting materials	91815.00
75/21-8-15	M/s Pushpak Power Products,Tenali for purchase of MV Lamp materials	91137.00
76/21-8-15	M/s Pushpak Power Products,Tenali for purchase of Central Lighting materials	91053.00
144/3-10-15	M/s Pushpak Power Products,Tenali for purchase of street lighting materials	91575.00
145/3-10-15	M/s Pushpak Power Products,Tenali for purchase of street lighting materials	91328.00
146/3-10-15	M/s Pushpak Power Products,Tenali for purchase of Ahuja amplifier	39492.00
151/12-10-15	M/s Meenakshi Agencies for purchase Central Lighting materials	89112.00
175/18-11-15	M/s Pushpak Power Products,Tenali for purchase of Tube light materials	90784.00
146/3-10-15	M/s Pushpak Power Products,Tenali for purchase of Tube light materials	91257.00
315/9-3-16	M/s Pushpak Power Products,Tenali for purchase of 150W SV Lamp materials	90144.00
316/9-3-6-16	M/s Pushpak Power Products,Tenali for purchase of 40w street lighting materials	91383.00
	<b>Total</b>	<b>14,94,310.00</b>

**Para No. 68**

**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, Nellore in the proforma Prescribed for counter signature. But the utilization certificates for no accounts were furnished to audit for verification.

Para No. 69

Code No.18

**CASH BOOK - MAINTENANCE OF CASH BOOK - PROCEDURE NOT FOLLOWED - CERTAIN DEFECTS - NEEDS EARLY ACTION.**

On verification of cash book of Municipal corporation general funds, the following defects were noticed, which have to be followed, while maintaining a cash book.

1. The details of Receipts were not certified by the commissioner.
2. The cheques issued were not in order.
3. The cash book was not closed daily and each month and also not certified by the Commissioner.
4. The reconciliation was not done at the end of each month and at the end of the year.
5. The details of salary recoveries like P.F. GIS PT and work bill recoveries like SC, VAT, NAC, CMRF etc., are not taken into receipts by way of book adjustments and also the Treasury voucher adjustment were not written up and reconciled at the end of every month
6. There is no specification in issue of cheques, whether the payment made from general funds or a form a specific scheme
7. The house tax collected from e.seva was not taken in receipt of cash book. The e-seva commission charges not taken as expenditure.
8. The receipt side of the cash book was not at all written up

Immediate action would need to be taken to follow the instructions, as stated above in future.

Para No.70

Code No. 18

**ASSET MANAGEMENT - NOT PURSUED - IMMEDIATE NEED FOR PURSUASION.**

All Urban Local Bodies are required to maintain separate registers for movable and immovable assets as per the orders issued in G.O. Ms 1512, local administration, dated 5-08-1948 .

Municipal Corporation Nellore is endowed with large and varied assets. It should be ensured that the resources are used in the most optimum and efficient manner. However, it was noticed in audit that the Municipal Corporation, Nellore failed to maintain an assets register and produce to audit.

**An asset register must be maintained ensuring that all the physical assets held by it were faithfully entered in it and it will.**

- ▶ **Facilities and secure the physical control and security of these assets.**
- ▶ **Provide information and values for insurance and accounting purpose**
- ▶ **facilities the provision of detailed statistical information like numbers, location etc.**

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

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

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

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

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

**Para No.71**

**Code No.18**

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

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

- 1. That the entries in the chitta were made in accordance with the rules and instructions on the subjects (note:The Commissioners of all Municipal council expect in the third grade Municipal council are required to follow the triplicate challan system for payment of miscellaneous dues into Municipal treasuries**

**When the payment of miscellaneous dues were made by the parties themselves into Municipal treasuries they should prepare a challan in the form**

appended to G.O. Ms No. 439 M.A. Dt. 2-9-1960 in triplicate showing the full particulars of the amounts sought to be paid. The challan was first be present to the concerned JA/SA in Municipal office who will examine it and initial it in the left hand top corner of the original if he finds it correct with regard to all particulars. The Party should then present it with the money to the shroff who will receive the money enter it in a separate chitta to be maintained for recording the receipts on triplicate challans, numbers the challan in a consecutive order, sign it and send it to the JA/SA who maintains the register of miscellaneous receipts or the JA./SA who maintains the register of license and permissions. The Later will enter the challans number particulars and amount in his register sign the chalan in token of having done so in the place provided herefore at the bottom of the challan in all the three forms of challan and send the same to the SA who is to be authorized to sign the chalan. This SA will be designated as a cashier. After satisfying himself from the enter on the challan that the amount has been made independently by another JA in the register of miscellaneous receipts or register of licence and permission the SA to be called cashier will sign the challan intended to the party. The duplicate will be sent to the accountant and the original be retained by the cashier. At the end of the day all such original should be arranged serially, stitched together and traced by the cashier into the register of miscellanies receipts and register of license and permissions. He should then tally the totals collections fort the days with the totals in those two register and the totals in the shorffs chitta mentioned above should be taken to the main chitta before reconciliation of the total there of with the cash book at the end of every day. The challans to be arranged and situated will be produced for audit ( G.O.Ms No. 439,M.A. dt. 2-9-1960)

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

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Para No. 72

Code No. 18

ANNUAL REPORTS ON LOSSES/ THEFTS /MISAPPROPRIATION OF FUNDS, CASES OF UNPROFITABLE OUTLAY IF ANY CAUSED DUE TO



**NEGLIGENCE OR MISCONDUCT OF ANY EMPLOYEE - NOT SENT TO AUDIT- IRREGULAR :**

The Executive Authority of the Municipal Corporation should submit an annual report in respect of losses, thefts and misappropriation of funds ,if any to audit as required under para 33(1) and (2) of the instruction issued with G.O.Ms 689, Municipal Administration Department, dated 30-7-1968.

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

**Para No.73**

**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.

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

**Para Number : 2**

**OTHERS (Code : 18) Rs : 0**



**CERTAIN DEFECTS NOTICED ON VERIFICATION OF DEABAS ACCOUNTS OF MUNICIPAL COUNCIL, BAPATLA FOR THE YEAR 2015-16**

**ParaNo.74**

**Code No. 18**

**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 account for the year 2009-10 furnished was prepared with the OBs as arrived at in the FOBS. The resultant closing balances as on 31-3-2009 were brought forward as O.B.s on 01-04-2010. Thus adopting of uncorrected OBs rendered the annual account for the year 2015-16 not reliable and cannot 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 and as such the defects already pointed out may be read as part and parcel of this audit report. However the same are also abstracted here under for the sake of convenience.

**ParaNo.75**

**Code No. 18**

**NON-IDENTIFICATION OF MANY ASSETS**

Many assets were not identified inspite of pointing out relevant objections in the FOBS verification report. But no action was taken to include the Shopping Complex buildings, School Buildings, Office buildings as pointed in the FOBS in the Balance Sheet for the year now to audit. 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.

**ParaNo.76**

**Code No. 18**

**RECEIVABLES AND PAYABLES NOT ASCERTAINED PROPERLY**

APMAM mandates that the receivables in case of tax income shall be ascertained for the last 5 years and in case of non-tax income for the last 3 years. But the same was not adopted either in the FOBS or in the annual account rendered for the year 2015-16. If the receivables and payables are not assessed properly now there is every chance that the interest of the Institute suffers at a later date. Even in case of the amount arrived at as receivables and payables, the basis for arriving at such amounts was also not pointed out to audit.

ParaNo.77

Code No. 18

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.

ParaNo.78

Code No. 18

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 this 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 in to the year to which they pertain. As a result of which the entire amount collected is reflected as income in the Income and Expenditure statement for the year 2015-16 though the income actually pertains to the year 2016-17. The correctness of the Income and Expenditure statement to that extent suffered due to the above defect pointed out.

ParaNo.79

Code No. 18

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.,

ParaNo.80

Code No. 18

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 CA 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 the amounts collected by the collection staff and remained unremitted if any.

ParaNo.81

Code No. 18

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.

For instance as detailed in Annexure-I the Capital expenditure incurred towards CC Roads etc., were shown as Revenue expenditure as a consequence Capital expenditure was shown to have met for maintenance. Further the calculation of depreciation on the said expenditure might have been not added in the calculation of depreciation allowed as the said expenditure was classified as revenue expenditure incurred for maintenance.

**ParaNo.82**

**Code No. 18**

**BOOKING OF NET EXPENDITURE**

It was observed that while recording payment to contractors instead of debiting gross amount and crediting the relevant deductions only the net amount was debited to the works account and as such no adjustment entries of various statutory/non statutory deductions were not posted as receipts in the cash book. As a result the expenditure on works were recorded at lesser value than they were ought to be and the subsequent calculations of depreciation would be incorrect. Further the information regarding the total amount deducted and remitted to the head of account concerned pertaining to various deductions effected in the work bills by the ULB could not be captured and the correctness of the remittance and the balances to be remitted if any were kept out of accounts.

**ParaNo.83**

**Code No. 18**

**OTHER DEFECTS NOTICED:**

- a) The ledger accounts relating to the receipts were not furnished along with the financial statements, only expenditure ledger accounts were furnished.

.The expenses payable Ledger account was not produced along with the final accounts

**The Cash Books and other registers/forms were not furnished in the forms prescribed in the Andhra Pradesh Municipal Accounts Manual.**

- a) As verified from the financial statements no schedules relating to Income and Expenditure Statement and Balance sheet, as detailed in *Annexure II*, were enclosed for verification. In the absence of the above the additions and deletions during 2015-16 were not forth coming to audit.
- b) The registers, statements and forms, which are required to be enclosed to the Financial Statements were not enclosed. The details of such registers, statements and forms were detailed in *Annexure III*.
- c) The comparative statement (statement showing the detailed classification of the balance in the FOBS) showing the balances shown in the -F.O.B.S- as on 1-4-2009 and the opening balances taken to -General Ledgers- as on 1-4-2009

was not furnished. In the absence of the same the opening balances taken to General Ledgers could not be verified.

- d) Statement of cash flows (a summary of ULBs cash flow for the period from 1-4-2015 to 31-3-2016) was not furnished.
- e) Financial performance indicators were not furnished..
- f)

**ParaNo.84**

**Code No. 18**

**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 1<sup>st</sup> and at half rates if purchased/constructed on or after October 1<sup>st</sup> of an accounting year. Contrarily it was noticed during audit scrutiny that the above manual instruction was not followed and depreciation has been allowed irregularly.

**ParaNo.85**

**Code No. 18**

**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 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 year 2015-16 duly incorporating the assets identified in FOBS/rectified FOBS.

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.

**ParaNo.86**

**Code No. 18**

**LACK OF FINANCIAL DISCIPLINE:**

As verified from the income and expenditure statement for the year 2015-16 the income of both Municipal General Fund and Capital Project Fund ran into deficit which shows that the ULB was spending more than the income for the year 2015-16. There is every need to

exercise restraint on expenditure to limit the same well within the income for an year.

**ParaNo.87**

**Code No. 18**

**NOTES TO ACCOUNTS NOT ENCLOSED TO FINANCIAL STATEMENTS**

The Notes to accounts comprising of 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 a 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 statement and in the absence of the same the annual account prepared could not be analysed fully during the course of audit.

**ParaNo.88**

**Code No. 18**

**CLOSING BALANCES AS PER BANK RECONCILIATION STATEMENTS NOT AGREEING**

Bank reconciliation statements were prepared and enclosed to the final accounts. But it was noticed that the balances as exhibited by the ledger balances of various bank accounts were not adopted for preparation of the bank reconciliation statements and in some cases the figures adopted were at variance and there were no reasons forthcoming in audit to explain the discrepancy as such the reconciliation statements appended to the final accounts could not be held to be correct in audit.

**ParaNo.89**

**Code No. 18**

**REVENUE EXPENDITURE VIS A VIS CAPITAL EXPENDITURE**

It is the object of any institution to contain the revenue expenditure well within the revenue income. But in case of this ULB the revenue expenditure was allowed to shoot up more than the revenue income. Excess of revenue expenditure might have been met from capital income or by borrowings. This is disclosing the financial ill-health of the ULB. Urgent steps would need to be taken to contain the revenue expenditure well within the revenue income.

**ParaNo.90**

**Code No. 18**

**CLASSIFICATION OF FOBS BALANCES NOT FURNISHED**

The comparative statement (statement showing the detailed classification of the balances in the FOBS) showing the balances shown in the -F.O.B.S.- as on 1-4-2009 and the opening balances taken to -General Ledgers- as on 1-4-2009 was not furnished. In the absence of the same, the opening balances taken to General Ledgers could not be verified.

**ParaNo.91**

**Code No. 18**

**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/unaccepted 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 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.,

**Annexure - II**

**(Balance Sheet)**

Schedule	Details of Schedule	Code No.
B-1	Municipal (General) Fund	310
B-2	Earmarked Funds/Special Funds/Sinking Funds/Trust/Agency Fund	311
B-3	Reserves	312
B-4	Grants and Contributions for specific purposes	320
B-5	Secured Loans	330
B-6	Unsecured Loans	331
B-7	Deposits received	340
B-8	Deposits works	341
B-9	Other Liabilities(Sundry Creditors)	350
B-10	Provisions	360
B-11	Fixed Assets	410, 411
B-12	Investments - General Fund	420
B-13	Investments - Other Funds	421
B-14	Stock in Hand(Inventories)	430
B-15	Sundry Debtors(Receivables)	431
B-16	Prepaid expenses	440
B-17	Cash and Bank balances	450
B-18	Loans, Deposits and Advances	460
B-18a	Accumulated Provisions against loans, advances and deposits	461
B-19	Other Assets	470
B-20	Miscellaneous Expenditure to be written off	480
Schedule	Details of Schedule	Code No.
I-1	Tax Revenue	110
I-2	Assigned Revenue and Compensations	120
I-3	Rental Income from Municipal Properties	130
I-4	Fees and User Charges	140
I-5	Sale and Hire Charges	150
I-6	Revenue Grants Contribution and Subsidies	160
I-7	Income from Investments	170
I-8	Interest Earned	171
I-9	Other Income	180
I-10	Establishment expenses	210
I-11	Administrative Expenses	220
I-12	Operations and Maintenance	230
I-13	Interest and Finance Charges	240
I-14	Programme expenses	250
I-15	Revenue Grants contribution and subsidies	260
I-16	Provisions and write off	270
I-17	Miscellaneous expenses	271
	Depreciation	272
I-18	Prior period Items	280

### ***Annexure -III***

#### **(Details of Register/statements/Forms not produced)**

<b>Sl.No.</b>	<b>Form No.</b>	<b>Name of the Register/Statement</b>
1	Gen-9	Receipt Register
2.	Gen-10	Statement of Status of Cheques received
3	Gen-11	Collection Register
4	Gen-12	Summary of Daily Collection of Collection office/Collection centre
5	Gen-13	Register of Bills for payment for the year
	Gen-14	Payment Order
7	Gen-15	Cheque issue Register
8	Gen-16	Register of Advances for the year
9	Gen-17	Register of permanent Advance
10	Gen-18	Register of Deposits for the year
11	Gen-19	Summary Statement of Deposits adjusted
12	Gen-20	Demand Register of _____ Income for the year
13	Gen-21	Notice/Bill of _____ Income for the period
14	Gen-22	Summary Statement bills raised for the period _____ in respect of _____
15	Gen-23	Register of notice fee, warrant fee, other fees and penalties charges in respect of _____
16	Gen-24	Summary Statement of notice fee, warrant fee, other fees and penalties charged
17	Gen-25	Register of refunds, remissions and writeoff for the year _____ in respect of _____
18	Gen-26	Summary statement of refunds and remissions for the period
19	Gen-27	Summary statement of write-offs for the period
20	Gen-28	Statement of out standing liability for expenses as on
21	Gen-29	Document control register/Stock account of receipt/cheque book
22	Gen-30	Register of Immovable Property
23	Gen-31	Register of Movable Property
24	Gen-32	Register of Land



25	Gen-35	Asset Replacement register
26	Gen-36	Register of public lighting system
27	G-1	Grant Register
28	OTH-1	Summary Statement of demand raised on Assessment for the year
29	OTH-2	Summary Statement of year-wise collection of Other Incomes for the period
30	OTH-3	Summary Statement of refunds for the Period
31	OTH-4	Summary Statement of Write-offs for the period
32	WS-1	Summary Statement of demand raised on Assessment for the period
33	WS-2	Summary Statement of year-wise collection of Other Incomes for the period
34	WS-3	Summary Statement of refunds for the period
35	WS-4	Summary Statement of Write-offs for the period
36	ES-1	Consolidated pay bill/summary roll of the permanent/temporary establishment for the month of
37	ES-2	Register of Employee loans and advances for the year
38	ES-3	Register of Interest on loans to employees for the year
39	ES-4	Unpaid salary register for the year
40	ES-5	Register of Pension payment Order
41	ES-6	Pension Register
42	SF-1	Special Funds Register
43	BR-1	Register of Loans
44	BR-2	Register of Debentures
45	Br-3	Register of Sinking funds
46	IN-1	Investment Ledger/Register
47	IN-2	Calculation sheet for provision for Diminution in value of investments for the period ending_____
48	ST-1	Material receipt Note
49	ST-2	Stores ledger
50	ST-3	Statement of closing stock as on _____
51	ST-4	Statement of material issued to contractors
52	PW-1	Summary statement of status of capital work in progress/Deposit works
53	PW-2	Work Sheet
54	PW-3	Deposit works Register
55	LA-1	Register of Loans to others
56	SPL-1	Register of Grants to school Boards/other under takings

**Para Number : 3**

**STATUS OF OBJECTIONS (Code : 19) Rs : 0**

**STATUS OF AUDIT OBJECTIONS**

**732 items of objections Involving an amount of Rs. 129957261.00 are Pending settlement at the close of the year.**

<b>Year</b>	<b>No. of Paras</b>	<b>Amount</b>
2005-06	63	3046967.00
2006-07	61	3156473.00
2007-08	36	1046473.00
2008-09	47	13761636.00
2009-10	67	6367452.00
2010-11	89	24017859.00
2011-12	73	15662527.00
2012-13	43	21285393.00
2013-14	92	17253943.00
2014-15	73	21044885.00
	<b>644</b>	<b>126643608.00</b>
2015-16	<b>89</b>	<b>5474181.00</b>
<b>TOTAL</b>	<b>733</b>	<b>132117789.00</b>

District Audit Officer

State Audit, Guntur

**MUNICIPAL COUNCIL BAPATLA**

**ABSTRACT OF OBJECTIONS RAISED DURING THE YEAR 2015-16**

<b>Sl. No</b>	<b>Para No.</b>	<b>Code No.</b>	<b>Amount Rs.ps</b>
1	5	2	0
2	6	6	0
3	7	7	0
4	8	7	0

5	9	7	0
6	10	7	0
7	11	7	0
8	11(a)	7	0
9	12	7	0
10	13	7	0
11	14	8	123500.00
12	15	9	0
13	16	9	0
14	17	9	0
15	18	9	0
16	19	9	0
17	20	9	0
18	21	9	0
19	22	9	0
20	23	9	0
21	24	9	0
22	25	9	0
23	26	9	0
24	27	10	591013.00
25	28	11	0
26	29	11	0
27	30	11	1043830.00
28	31	11	0
29	32	11	0
30	33	11	0
31	34	11	0
32	35	11	0
33	36	11	0
34	37	11	0
35	38	11	0
36	39	11	0
37	40	11	0
38	41	11	0
39	42	11	0
40	43	11	0
41	44	11	2160528.00
42	45	11	0
43	46	11	0
44	47	11	0
45	48	11	0
46	49	11	0
47	50	11	0

48	51	11	0
49	52	11	0
50	53	11	0
51	54	11	61000.00
52	55	11	0
53	56	11	0
54	57	11	0
55	58	11	0
56	59	11	0
57	60	11	0
58	61	11	0
59	62	11	0
60	63	11	0
61	64	11	0
62	65	11	0
63	66	11	0
64	67	11	1494310.00
65	68	16	0
66	69	18	0
67	70	18	0
68	71	18	0
69	72	18	0
70	73	18	0
71	74	18	0
72	75	18	0
73	76	18	0
74	77	18	0
75	78	18	0
76	79	18	0
77	80	18	0
78	81	18	0
79	82	18	0
80	83	18	0
81	84	18	0
82	85	18	0
83	86	18	0
84	87	18	0
85	88	18	0
86	89	18	0
87	90	18	0
88	91	18	0
	<b>Total</b>	<b>89</b>	<b>5474181.00</b>

**District Audit Officer  
State Audit:: Nellore**

**Para Number : 4**

**RECEIPTS & CHARGES (Code : 20) Rs : 0**

**92 RECEIPTS AND CHARGES**

The gross receipts and charges are as follows during the year 2015-16.

<b>Name of the fund</b>	<b>Receipts</b>	<b>charges</b>
MGF	103433886.00	89593691.00
CPF	19362096.98	879606.00
<b>TOTAL</b>	<b>122795982.98</b>	<b>90473297.00</b>

**Para Number : 5**

**OTHERS (Code : 18) Rs : 0**

**GOVERNMENT OF ANDHRA PRADESH  
STATE AUDIT DEPARTMENT**

**From  
Sri J. Nagendra Kumar  
District  
Officer,  
State  
Council,  
Guntur,**

**To  
Sri  
Commissioner,  
Audit,**

**Audit  
Municipal**

**BAPATLA, GunturDistrict**

**Special Letter S.A. No. 76/16-17, Date :20 - 03 - 2017 .**

**Sir,**

**I have the honour to invite your attention to  
paragraph  
Nos.**

**14,27,44,54,67 of the Audit Report, on the accounts Bapatla Municipal Council, Guntur District, for the year 2015-16 and to state that unless that defects pointed out there in are rectified and the facts reported to this office within four months after the receipt of this letter, action would need to be taken under Section 10 of State Audit Act of 1989 and Rule 9 of the State Audit Rules 2000.**

**Yours faithfully**

**Officer**

**District**

**Audit**

**State Audit :: GUNTUR**

**DAO ( Signature )**

**Enclosures :-**

**I. Employee Particulars Report**

**II. Inventory Report**

**---- 0 ----**

**This Report is Electronically Generated, So Signature is not required**

