

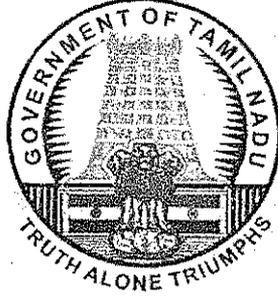


**FINANCE DEPARTMENT**

**LOCAL FUND AUDIT DEPARTMENT**

**CONSOLIDATED AUDIT REPORT  
2020-2021**

**Government of Tamil Nadu**



## **FINANCE DEPARTMENT**

## **LOCAL FUND AUDIT DEPARTMENT**

### **CONSOLIDATED AUDIT REPORT 2020-2021**

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## **PREFACE**

**This Consolidated Audit Report for the financial year ended March 2021 has been prepared in compliance to provisions under Section 20 of Tamil Nadu Local Fund Audit Act, 2014 and rules made thereunder for laying down in the floor of the Tamil Nadu Legislative Assembly.**

**The Report contains an overview of annual accounts of all the Local Bodies, Universities and other Miscellaneous Local Fund Institutions as well as significant results of audit that merit the attention of the Government of Tamil Nadu.**

**The audit was conducted in conformity with the Generally Accepted Public Auditing Standards and procedures / practices followed as prescribed in the Manual of Local Fund Audit Department, Government of Tamil Nadu.**

**Director General of Audit /  
Director of Local Fund Audit Department**

# OVERVIEW

## OVERVIEW

This Report contains six chapters. The first and second chapters contain an Executive Summary and overview of Annual Accounts respectively. The third chapter contains details of audit procedure and Auditable Institutions. The fourth, fifth and sixth chapters contain audit observations in Urban Local Bodies, Panchayat Raj Institutions and Miscellaneous Institutions respectively.

**I. Executive Summary:**

An Overview of Financial Position of Urban Local Bodies (viz., Municipal Corporations, Municipalities and Town Panchayats), Panchayat Raj Institutions (viz., District Panchayat, Panchayat Unions and Village Panchayats), Universities and Miscellaneous Institutions (viz., Local Library Authorities, Market Committees and Local Planning Authorities).

**II. Overview of Annual Accounts:**

Comparative analysis of Income and Expenditure under various sub-heads of Local Bodies for four years.

**III. Audit procedure and Auditable Institutions:**

A short introduction on the Tamil Nadu Local Fund Audit Department and the Tamil Nadu Local Fund Audit Act, 2014. Audit procedure, Number of Auditable Institutions and the Gist of major Audit Observations are given in this chapter.

**IV. Urban Local Bodies:**

For the Year ended March 2021, 17 major Audit Observations from Greater Chennai Corporation, 14 Other Corporations, 121 Municipalities and 528 Town Panchyats are discussed in this chapter.

**V. Panchayat Raj Institutions:**

For the year ended March 2021, 3 major Audit Observations from 32 District Panchayats, 388 Panchayat Unions and 22% of Village Panchayats are discussed in this chapter.

**VI. Universities and Miscellaneous Institutions:**

For the Year ended March 2021, 10 major Audit Observations from 23 Universities, 32 Local Library Authorities, 32 Market Committees, 29 Local Planning Authorities and 8 other institutions are discussed in this chapter.

**PART - A**

**ACCOUNTS AND GENERAL INFORMATION**

## CHAPTER - I

### AN OVERVIEW OF ACCOUNTS OF URBAN LOCAL BODIES, PANCHAYAT RAJ INSTITUTIONS, UNIVERSITIES AND MISCELLANEOUS INSTITUTIONS

#### EXECUTIVE SUMMARY An Overview of Accounts

#### Urban Local Bodies

#### City Municipal Corporations:

#### 1.1. Greater Chennai Corporation:

1.1.1. In respect of Greater Chennai Corporation for the year ended March 2021 the income from Property Tax shows a decrease of Rs.60841.14 lakh (103200.49 – 42359.35) against the previous year and the income from Other Taxes shows an increase of Rs.45142.42 lakh (41184.35 – 86326.77) against the previous year. The Government Grant received shows an increase of Rs.79718.17 lakh (20734.92 – 100453.09) against the previous year. The Other Income received shows a decrease of Rs.3078.13 lakh (103718.29 – 100640.16) against the previous year.

1.1.2. The Establishment Cost for the year ended March 2021 shows a decrease of Rs.4678.12 lakh (140605.67 – 135927.55) over the previous year and the Operation and Maintenance Charges show an increase of Rs.46873.21 lakh (65970.43 – 112843.64) over the previous year and the Administrative Expenses show an increase of Rs.1498.95 lakh (7688.22 – 9187.17) over the previous year. The Other Expenses shows an increase of Rs.42.99 lakh (111667.10 – 111710.09) against the previous year.

#### 1.1.3. Audit Observations:

Roads broader than 12 m Tentative improvement charges along with Storm Water Drainage charges not collected while issuing Building Plan Approval – loss to the tune of Rs.5.87 lakh.

(Observation No.4.1.4.1)

Short collection of various fees / charges collected while issuing Building Plan Approval – loss Rs.3.59 lakh.

(Observation No.4.1.4.2)

Infrastructure and Amenities Charges not collected while approving building plan for above 300 Sq.mt (FSI area) – loss Rs.7.40 lakh.

(Observation No.4.1.4.3)

Arrangements made for Vinayak Chathurthi festival – formation of fencing work, watch tower and chair arrangements @ Marina Beach loop Road – works undertaken after the festival got over – inadmissible expenditure loss Rs.3.44 lakh.

(Observation No.4.1.4.4)

Continued payment of Pension / Family Pension even after demise of the Pensioners / Family pensioners loss amounting to Rs.5.42 lakh.

(Observation No. 4.1.4.5)

Interest earned in savings account under Moovalur Ramamirtham Ammaiyar Memorial Marriage Scheme – not remitted into Government Account Rs.30.20 lakh @ Medical Services Department.

(Observation No. 4.1.4.6)

Grant received under Dr.Muthulakshmi Reddy Maternity Benefit Scheme – Balance amount not yet remitted into Government Account – Rs.1083.32 lakh @ Medical Services Department.

(Observation No. 4.1.4.7)

### **1.2. Other City Municipal Corporations:**

1.2.1. In respect of 14 – Other City Municipal Corporations for the year ended March 2021, the income from Property Tax shows an increase of Rs.2456.72 lakh (58372.39 – 60829.11) against the previous year and the Income from Other Taxes shows a decrease of Rs.1754.45 lakh (14946.86 – 13192.41) against the previous year. The Government Grant received shows a decrease of Rs.1534.77 lakh (22894.86 – 21360.09) against the previous year. The Other Income received shows a decrease of Rs.17438.63 lakh (199228.56 – 181789.93) against the previous year.

1.2.2. The Establishment Cost for the year ended March 2021 shows an increase of Rs.4352.98 lakh (139269.47 – 143622.45) over the previous year and the Operation and Maintenance Charges show an increase of Rs.5118.14 lakh (94755.84 – 99873.98) over the previous year and the Administrative Expenses show a decrease of Rs.1294.49 lakh (19829.56 – 18535.07) over the previous year. The Other Expenses shows an increase of Rs.33726.28 lakh (121239.16 – 154965.44) against the previous year.

### **1.2.3. Audit Observations:**

Water Charges collected lesser than the monthly minimum rate of the Council Resolution in added areas – loss to the tune of Rs.800.32 lakh.

(Observation No.4.2.3.1)

In lockdown period, rebate announced for collection of Lease and Rent by Government – but rebate period extended beyond stipulated time by Corporation – resulting in loss of amount Rs.28.35 lakh.

(Observation No. 4.2.3.2)

Residential type of water connection provided to commercial type of property tax categories – Short collection of Deposits and Water Charges – Loss Rs.55.99 lakh.

(Observation No. 4.2.3.3)

Short Levy of Property Tax – Assessed lesser than the area certified by Corporation Engineers on field inspection in Under Ground Drainage Connection – Loss Rs.4.06 lakh.

(Observation No.4.2.3.4)

Short levy of Property Tax for Commercial Building not in accordance to the area Constructed – Recurring loss to the tune of Rs.54.25 lakh.

(Observation No.4.2.3.5)

Maintenance work in paver block road excess amount paid to the Contractor than the rates quoted in the Data / Schedule of Rates – Loss Rs.2.37 lakh.

(Observation No. 4.2.3.6)

Enhanced Family Pension not reduced to Normal Family Pension even after the expiry of the period mentioned in Pension Payment Order – Loss Rs.6.98 lakh.

(Observation No. 4.2.3.7)

### **1.3. Municipalities:**

1.3.1. In respect of 121 – Municipalities for the year ended March 2021 , the income from Property Tax shows a decrease of Rs.4072.44 lakh (44987.15 – 40914.71) against the previous year and the Income from Other Taxes show a decrease of Rs.1530.38 lakh (14362.78 – 12832.40) against the previous year. The Government Grant received shows a decrease of Rs.8411.84 lakh (58673.63 – 50261.79) against the previous year. The Other Income received shows an increase of Rs.19634.85 lakh (143931.54 – 163556.39) against the previous year.

1.3.2. The Establishment Cost for the year ended March 2021 shows an increase of Rs.4571.16 lakh (131276.95 – 135848.11) over the previous year and the Operation and Maintenance Charges shows an increase of Rs.1795.13 lakh (84620.85– 86415.98) over the previous year and the Administrative Expenses shows a decrease of Rs.2764.87 lakh (13043.12 – 10278.25) over the previous year. The Other Expenses shows an increase of Rs.20818.80 lakh (107160.63 – 127979.43) against the previous year.

### **1.3.3. Audit Observations:**

Unapproved Layout Regularization Scheme – 2017 – Unsold plots regularization – OSR land not transferred and registered in the name of Municipality – value Rs.28.28 lakh.

(Observation No.4.3.14.1)

### **1.4. Town Panchayats:**

1.4.1. In respect of 528 – Town Panchayats for the year ended March 2021 the Income from Property Tax shows a decrease of Rs.427.06 lakh (17675.24 – 17248.18) against the previous year and the Income from Other Taxes shows an increase of Rs.417.92 lakh (9266.78 – 9684.70) against the previous year. The Government Grant received shows a decrease of Rs.9881.24 lakh (34152.67 – 24271.41) against the previous year. The Other Income received shows a decrease of Rs.6523.10 lakh (159606.78 – 153083.68) against the previous year.

1.4.2. The Establishment Cost for the year ended March 2021 shows a decrease of Rs.5090.71 lakh (57717.01-52626.30) over the previous year and the Operation and Maintenance Charges show an increase of Rs.8941.06 lakh (96364.09-105305.15) over the previous year and the Administrative Expenses show an increase of Rs.645.62 lakh (18076.83-18722.45) over the previous year. The Other Expenses shows an increase of Rs.21568.02 lakh (125811.09- 147379.11) against the previous year.

**1.4.3. Audit Observations:**

Tax and Non-Tax amount collected through online by M/s.Primatix Software Solutions Ltd., - Not fully remitted into bank accounts of respective Town Panchayats Rs.474.18 lakh.

(Observation No. 4.4.6.1)

M/s. Amirtha viswa vidhyapeedam Educational Institutions - Short collection of Vacant Land Tax while issuing Building Plan Approval by Ettimadai Town Panchayat - Loss Rs.369.66 lakh and other defects.

(Observation No.4.4.6.2)

**Panchayat Raj Institutions**

**1.5. District Panchayats:**

In respect of 32 District Panchayats, the Income for the year 2020 -21 shows a decrease of Rs.4253.91 lakh (43678.62 - 39424.71) against the previous year and the Expenditure shows a decrease of Rs.18737.20 lakh (52981.23 - 34244.03) over the previous year.

**1.6. Panchayat Unions:**

1.6.1. In respect of 388 - Panchayat Unions for the year ended March 2021 the Income from Own Revenue shows a decrease of Rs.399.47 crore (835.60 -436.13) against the previous year and the Assigned Revenue shows a decrease of Rs.435.02 crore (1053.45 -618.43) against the previous year. The Government Grant received show an increase of Rs.1555.08 crore (7375.34 - 8930.42) against the previous year.

1.6.2. The Revenue Expenditure for the year ended March 2021 shows an increase of Rs.84.26 crore (3288.86 - 3373.12) over the previous year and the Capital Expenditure shows an increase of Rs.609.09 crore (5975.53 - 6584.62) over the previous year.

**1.6.3. Audit Observations:**

Unilateral deduction of Rs.12.55 lakh by the State Bank of India resulting in shortage of closing balance in bank accounts.

(Observation No.5.2.5.1)

Fraudulent refund of Lapsed Deposits and withdrawal of other Public dues from General Fund and Scheme Fund to irrelevant persons - Details of Contractors in Deposit Register and cash Book differs with the Bank Scroll - Loss Rs.51.78 lakh.

(Observation No.5.2.5.2)

**1.7.Village Panchayats:**

1.7.1. Among the three-tiers of Panchayat Raj Institutions, Village Panchayats alone have the power to levy taxes and fees. The source of receipts for Village Panchayats are Non-tax revenue. Assigned revenue, State and Central Government grants for various purposes and State and Central Finance Commission Grants. In addition, Village Panchayats have been empowered to levy taxes like House Tax, Profession Tax and Advertisement Tax. State Finance Commission Grants, Central Finance Commission Grants given by State Government and Government of India respectively and the assigned revenues are released by the Director of Rural Development and Panchayat Raj Institution to the District Collectors.

**1.7.2. Audit Observations:**

Short Remittance and Non -Remittance of Cash collection of Rs.21.97 Lakh in Village Panchayats as on 31.03.2021 - Rs.10.05 Lakh remitted based on Audit Observations and Rs.11.92 Lakh yet to be recovered.

(Observation No.5.3.8.1)

**Universities****1.8.Universities:**

1.8.1. There are 23 Independent Autonomous Universities are established by the Government of Tamil Nadu to provide Higher Education in the State. Universities receive Grants from State and Central Government to meet out their Establishment and Administrative Expenses. In addition, they receive fee from students.

**1.8.2. Audit Observations:**

GST on affiliation fees and other fees not levied and collected to the tune of Rs.578.91 lakh.

(Observation No.6.1.7.1)

Purchase of Computers and accessories under Fixed Rate Contract - Violation of Tamil Nadu Transparency in Tender Rules - Prior approval of the Government not obtained Rs.1831.50 lakh.

(Observation No. 6.1.7.2)

Bank Balance and huge Investments kept idle since 2014-15 in Accounts of the Centres and University Colleges - Rs.11075.70 lakh - Need to be transferred to the General Fund Account of the Anna University.

(Observation No. 6.1.7.3)

Seventy One Non-Teaching Staff regularised after 01.04.2003 conversion from Contributory Pension Scheme (CPS) to Old Pension Scheme in violation of Government Order.

(Observation No. 6.1.7.4)

Seventy One Non-Teaching Staff under Contributory Pension Scheme (CPS) brought into Provident Fund Scheme (i.e.) Old Pension Scheme in violation of Government Order - Provident Fund Temporary Advances and Provident Fund final closure payments made to these employees - Amount Rs.47.04 lakh

(Observation No. 6.1.7.5)

Centre for Marine Science and Technology (CMST) appointment of Dr.S.Mary Josephine Punitha as Lecturer on compassionate grounds against University Grant Commission (UGC) norms and Government Orders – Pay and allowances paid for the year ended March 2021 Rs.19.96 lakh held under objection.

(Observation No. 6.1.7.6)

### **Miscellaneous Institutions**

#### **1.9. Public Libraries:**

1.9.1. There are 3926 Public Libraries are functioning under the Department of Public Libraries in Tamil Nadu. Sec.12 (2) of the Public Libraries Act, 1948 stipulates levying and collection of Library Cess along with property tax and house tax being collected by the Local Bodies at the rate of ten paise as Library Cess for every one rupee of property tax and house tax is collected. Moreover, as per Sec. 13 (3) of Public Libraries Act, 1948 Government of Tamil Nadu has to equally contribute Library Cess so collected to all the District Libraries except Chennai District.

#### **1.9.2. Audit Observations:**

Non-Remittance into the Government Head – Salary and allowances of the Staff of Local Library Authority drawn from the Treasury for the year ended March 2021 – amount Rs.6884.01 lakh.

(Observation No.6.2.6.1)

#### **1.10. Market Committees:**

1.10.1. There are 28 Market Committees, one Agricultural Marketing Board and 3 Engineering wings at Vellore, Chennai and Madurai are functioning in Tamil Nadu. Their main source of Revenue are License Fee, Sale Charges and Mortgage Loan.

#### **1.10.2. Audit Observations:**

Non-Remittance into the Government Head – Salary and Allowance of the Staff of Market Committee drawn from the Treasury for the year ended March 2021 – Amount Rs.2314.03 lakh.

(Observation No.6.3.5.1)

Paddy commercial complex, Mattuthavani, Madurai Pending collection since 2006 of purchase amount of Rs.2094.94 lakh on instalment basis of shops and maintenance charges Rs.11.07 lakh owing to litigation.

(Observation No.6.3.5.2)

#### **1.11. Local Planning Authorities:**

1.11.1. For the year ended March 2021, there are 23 Local Planning Authorities and six New Town Development Authorities are functioning in Tamil Nadu. The following receipts are the main sources of revenue to the Local Planning Authorities.

- 1) 1% of the net receipts of the Local Bodies as contribution
- 2) Development Charges
- 3) Infrastructure and Amenities Charges
- 4) Planning Permission Fees
- 5) Regularisation Fees

**1.11.2. Audit Observations:**

Non-Remittance into the Government Head – Salary and allowances of the Staff of Local Planning Authority drawn from the Treasury for the year ended March 2021 – Amount Rs.777.02 lakh.

(Observation No.6.4.5.1)

**Table 1: Statement showing the Income and Expenditure of all Local Bodies for the year 2019-20 and 2020-21****I) Urban Local Bodies****Income**

Sl. No.	Name of the Institution	Total No. of Local Bodies	Year	Property Tax	Other Tax	Government Grants	Other Income	Total	Surplus/ Deficit	Grand Total
				(Rs. In Lakh)						
1)	Greater Chennai Corporation	1	2019-20	103200.49	41184.35	20734.92	103718.29	268838.05	74673.37	343510.42
			2020-21	42359.35	86326.77	100453.09	100640.16	329779.37	47618.74	377398.11
2)	Other Municipal Corporations	11	2019-20	58372.39	14946.86	22894.86	199228.56	295442.67	92644.85	388087.52
		14	2020-21	60829.11	13192.41	21360.09	181789.93	277171.54	147573.71	424745.30
3)	Municipalities	121	2019-20	44987.15	14362.78	58673.63	143931.54	261955.10	89300.75	351255.85
		121	2020-21	40914.71	12832.40	50261.79	163566.39	267575.29	103346.48	307921.77
4)	Town Panchayats	528	2019-20	17675.24	9266.78	34152.67	159606.78	220701.47	77267.55	297969.02
			2020-21	17248.18	9684.70	24271.41	153083.68	204287.97	119745.04	324033.01

**Expenditure**

Sl. No.	Name of the Institution	Total No. of Local Bodies	Year	Establishment Cost	Operation and Maintenance Charges	Administrative Expenses	Other Expenditure	Total	Surplus/ Deficit	Grand Total
				(Rs. in Lakh)						
1)	Greater Chennai Corporation	1	2019-20	140605.67	65970.43	7688.22	111667.10	325931.42	17579.00	343510.42
			2020-21	135927.55	112843.64	9187.17	111710.09	369668.45	7729.66	377398.11
2)	Other Municipal Corporations	11	2019-20	139269.47	94755.84	19829.56	121239.16	375094.03	12993.49	388087.52
		14	2020-21	143622.45	99873.98	18535.07	154965.44	416996.94	7748.31	424745.25
3)	Municipalities	124	2019-20	131276.95	84620.85	13043.12	107160.63	336101.55	15154.30	351255.85
		121	2020-21	135848.11	86415.98	10278.25	127979.43	360521.77	10400.00	370921.77
4)	Town Panchayats	528	2019-20	57717.01	96364.09	18076.83	125811.09	297969.02	0.00	297969.02
			2020-21	52626.30	105305.15	18722.45	147379.11	324033.01	0.00	324033.01

**Table 2: Statement showing the Income and Expenditure of all Local Bodies for the year 2019-20 and 2020-21**  
**II) Panchayat Raj Institutions**

Sl. No.	Name of the Institution	Total No. of Local Bodies	Year	Income				Expenditure		
				Own Revenue	Assigned Revenue	Government Grants	Total	Revenue Expenditure	Capital Expenditure	Total
				(Rs. in Crore)						
1)	Panchayat Unions	386	2019-20	835.60	1053.45	7375.34	9264.39	3288.86	5975.53	9264.39
		388	2020-21	436.13	618.43	8930.42	9984.98	3373.12	6584.62	9957.74

Sl. No.	Name of the Institution	Total No. of Local Bodies	Year	Income	Expenditure
				(Rs. in Lakh)	
1)	District Panchayats	31	2019-20	43678.62	52981.23
		32	2020-21	39424.71	34244.03

CHAPTER – II

COMPARATIVE ANALYSIS OF INCOME AND EXPENDITURE  
UNDER VARIOUS SUB-HEADS OF LOCAL BODIES

Overview of Annual Accounts

**2.1. Greater Chennai Corporation:**

2.1.1. The Gross Income for the year ended March 2021 shows an increase of Rs.60941.32 lakh (268838.05–329779.37) against the previous year and the Gross Expenditure shows an increase of Rs.43737.03 lakh (325931.42–369668.45) against the previous year. However, the net financial position for the year shows an annual deficit of Rs.39889.08 lakh (47618.74–7729.66) which is due to a marginal rate of decrease in expenditure. The accumulated deficit stands at Rs.81995.18 lakh as on 31.03.2021. The loan liability for the year ended March 2021 stands at Rs.274467.18 lakh, which is Rs.10401.87 lakh increase against the previous year loan liability of Rs.264065.31 lakh.

2.1.2. The demand for Property Tax shows a decreasing trend for the period of comparison. (i.e.) 2019–20 to 2020–21. The demand for Property Tax stands at Rs.42359.35 lakh against the previous year of Rs.103200.49 lakh. This phenomenal decrease is attributed to withholding of the revision of Property Tax in 2020–21 by the Government.

**Table 3: Property Tax – Demand, Collection and Balance**

Sl.No.	Year	Demand	Collection	Balance	Percentage of Collection
		Rs. in lakh			
1)	2016–17	57984	36734	21250	63.35
2)	2017–18	62259	36518	25741	58.65
3)	2018–19	149247	82395	66852	55.20
4)	2019–20	103200	52809	50391	51.17
5)	2020–21	42359	22587	19772	53.32

2.1.3. The collection made out of the demand, however shows a decreasing trend and the collection to demand average percentage for the 5–year period stands 56.34%. The authorities of Greater Chennai Corporation must take effective steps to improve the Property Tax collection, which would correct the fiscal imbalances.

2.1.4. The Profession Tax demand has increased to 86.40% and stands at Rs.85207.00 lakh over the previous year Rs.45711.00 lakh. But the collection was Rs.7653.00 lakh which is 9.23% decrease against the previous year Rs.8432.00 lakh.

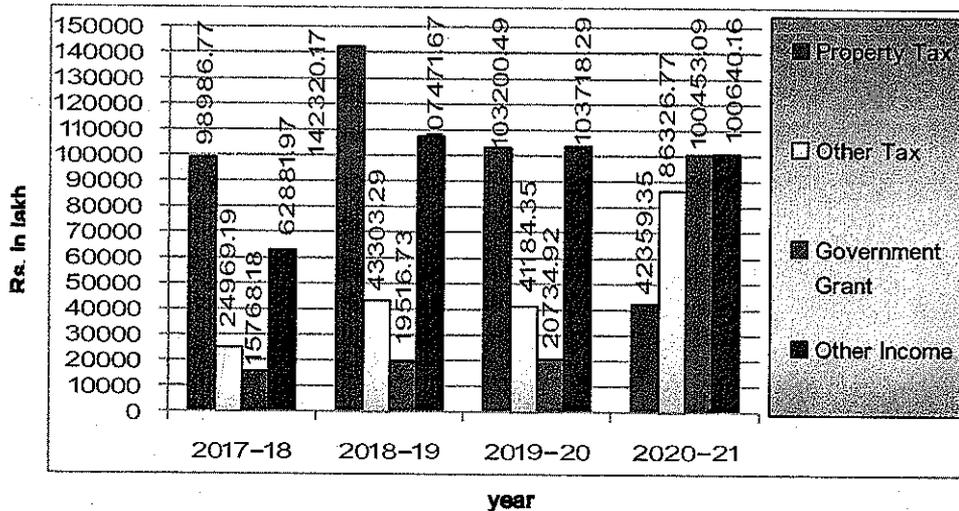
2.1.5. The Private Conservancy Expenditure Rs.33422.16 lakh show an increase of Rs.3993.35 lakh when compared with the previous year Rs.29428.81 lakh, but the salary paid to the Sanitary Workers in the current year amounting to Rs.26764.00 lakh constituting to the total Conservancy Expenditure of Rs.60186.16 lakh, which is 46.76% of the total tax revenue. It clearly indicates the necessity of appropriate action to improve the revenue source to match the expenses.

2.1.6. There is a surplus balance of Rs.10115.13 lakh in the Elementary Education Fund after deducting the expenditure from the Educational Tax transferred from Revenue Fund. If this idle surplus had been utilized for improvement of Infrastructure for Education, quality of education and facilities on par with Private Schools would have been provided.

2.1.7. The defect of non-remittance of library cess of Rs.14801.76 lakh to the District Local Library Authority, Chennai has been found in the audit.

2.1.8. The Comparative analysis of the Income and Expenditure of Greater Chennai Corporation for the period from 2017-18 to 2020-21 is exhibited in the following Bar Diagrams.

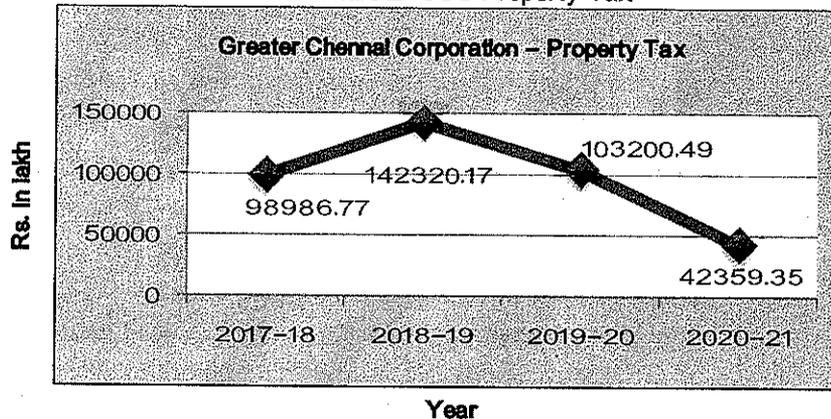
Chart 1: Greater Chennai Corporation – Income



**I) Property Tax:**

The demand of Property Tax for the year 2018-19 shown an increase by 43.77% when compared to 2017-18. However the decrease of demand of Property Tax in 2019-20 by 27.48% when compared to 2018-19 was due to the withholding of the General Revision of Property Tax carried-out in 2018-19 and the demand of property tax in 2020-21 decrease by 58.95% when compared to 2019-20 was due to the with-holding of the General Revision of Property Tax.

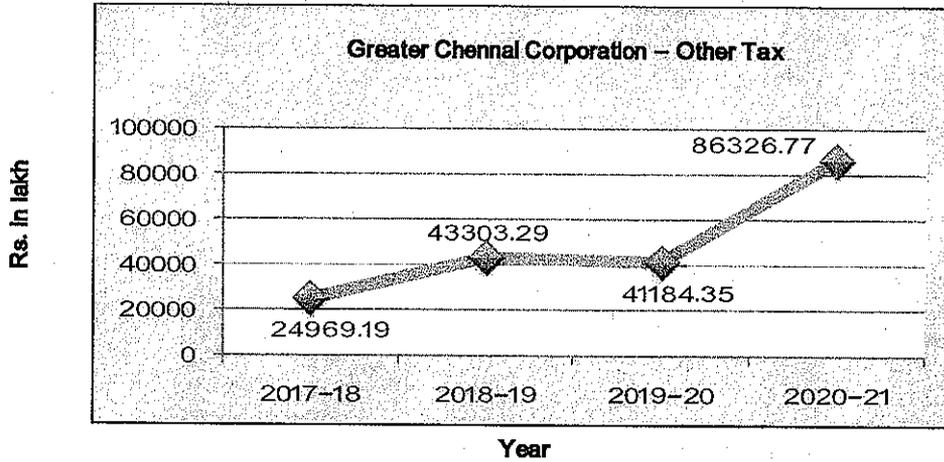
Chart 2: GCC Property Tax



**ii) Other Tax:**

'Other Tax' consists of Professional Tax, Entertainment Tax, Advertisement Tax, Company Tax and Timber Tax.

Chart 3: GCC Other Tax



Other tax revenue for the year 2018-19 was increased by 73.42% when compared to 2017-18.

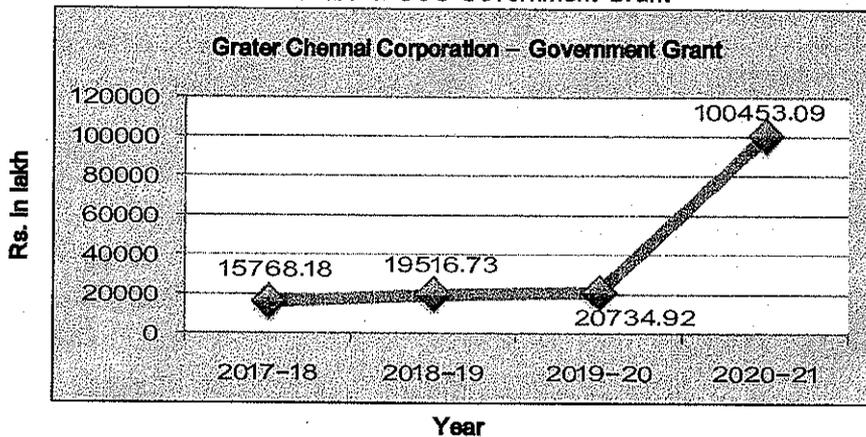
For the year 2019-20 the 'Other Tax' collection was slightly decreased by 4.89% when compared to 2018-19.

For the year ended March 2021 the other tax collection is dramatically increases by 109.61% when compared to 2019-20.

**iii) Government Grants:**

The Government Grants received for the year 2018-19 shown an slightly increase by 23.77% when compared to 2017-18. And for the year 2019-20 shown an marginal increase by 6.24% when compared to 2018-19 and for the year ended March 2021 shown an drastic increase by 384.46% when compared to 2019-20.

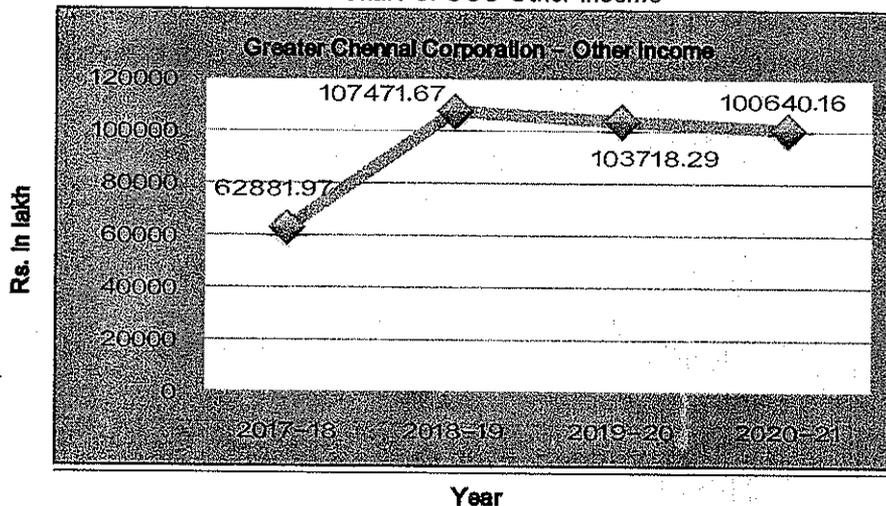
Chart 4: GCC Government Grant



**iv) Other Income:**

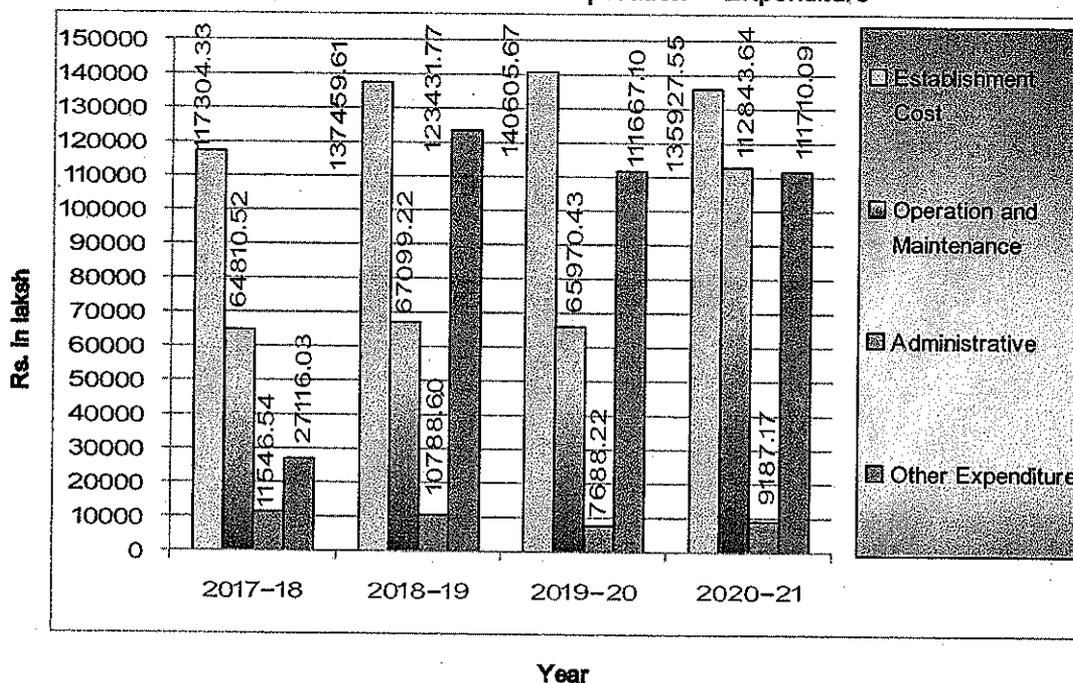
'Other Income' consists of Assigned Revenue, Devolution Fund, Service Charges and Fees, Sale and Hire Charges, lapsed deposits and Recoveries.

Chart 5: GCC Other Income



For the year 2018-19 it shown an increase by 70.91% when compared to 2017-18. For the year 2019-20 the 'Other Income' was slightly decreased when compared to 2018-19 with the marginal variation of 3.49%. For the year ended March 2021 the 'Other Income' was slightly decreased when compared to 2019-20 with the marginal variation of 2.97%.

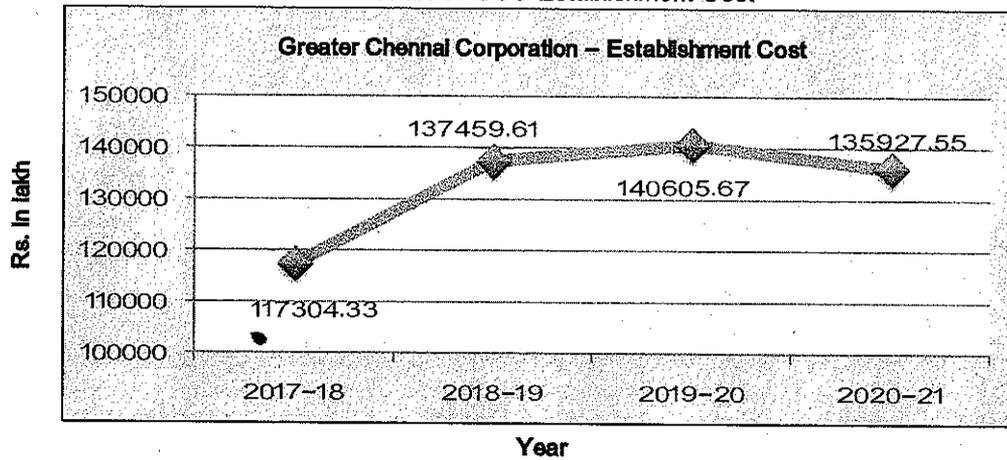
Chart 6: Greater Chennai Corporation - Expenditure



**I) Establishment Cost:**

The Establishment Cost for the year 2018-19 shown an increase by 17.18% when compared to 2017-18. And for the year 2019-20 shown an marginal increase by 2.23% when compared to 2018-19 due to the implementation of pay revision. And for the year 2020-21 shown an marginal decrease by 3.33% when compared to 2019-20.

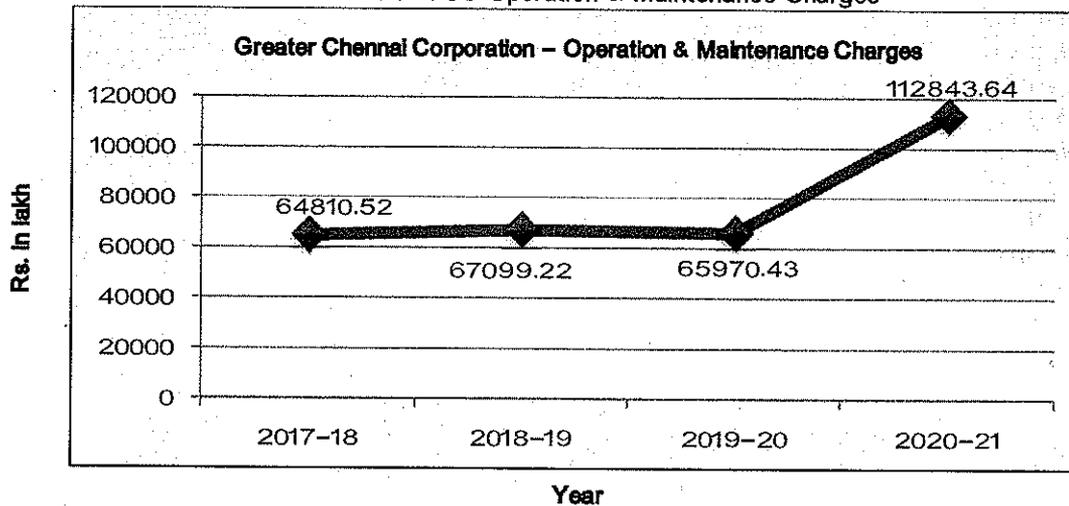
Chart 7: GCC Establishment Cost



**ii) Operation and Maintenance Charges:**

The Operation and Maintenance Charges for the year 2018-19 shown an marginal increase by 3.53% when compared to 2017-18. And for the year 2019-20 shown an marginal decrease by 1.68% when compared to 2018-19 and for the year ended March 2021 shown an increase by 71.05% when compared to 2019-20.

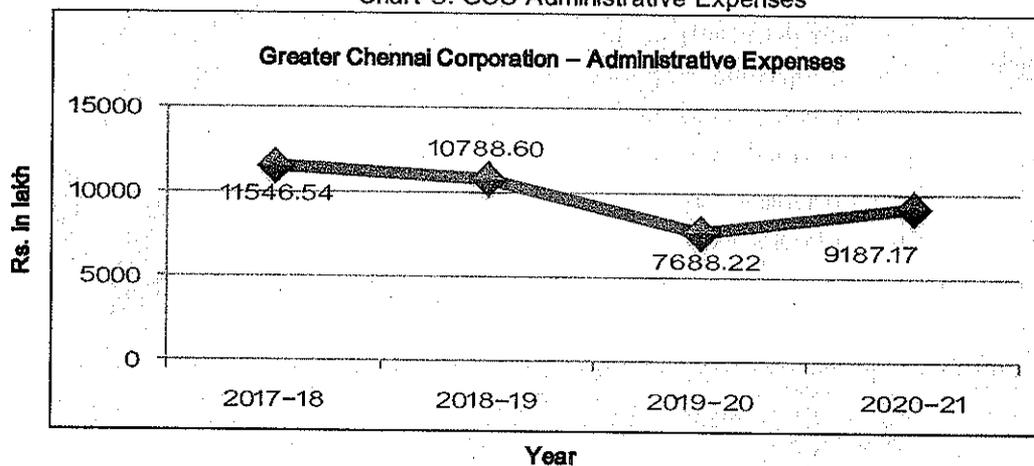
Chart 8: GCC Operation & Maintenance Charges



**iii) Administrative Expenses:**

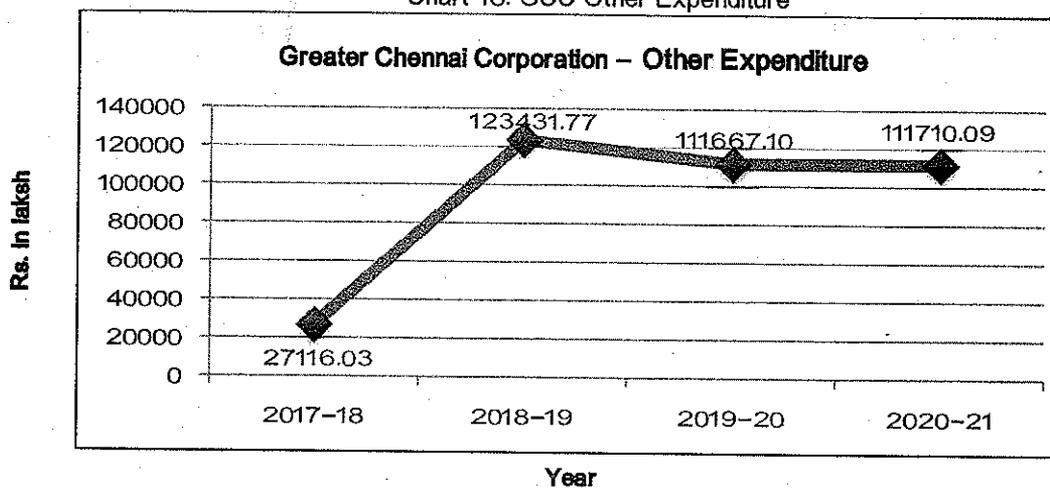
The Administrative Expenses for the year 2018–19 shown an marginal decrease by 6.56% when compared to 2017–18. And for the year 2019–20 shown a decrease by 28.73% when compared to 2018–19 and for the year ended March 2021 shown an increase by 19.50% when compared to 2019–20.

Chart 9: GCC Administrative Expenses

**iv) Other Expenditure:**

'Other Expenditure' head consists of Programme Expenses, Finance Expenses, Depreciation and Miscellaneous Expenses.

Chart 10: GCC Other Expenditure



'Other Expenditure' for the year 2018–19 was dramatically increased by 355.19% when compared to 2017–18. For the year 2019–20 it was shown an marginal decrease by 9.53% when compared to 2018–19. For the year ended March 2021 it was shown an microscopic increase by 0.04% when compared to 2019–20.

**2.2. Other City Municipal Corporations:**

2.2.1. The Gross Income for the year ended March 2021 shows a decrease of Rs.18271.13 lakh (295442.67 – 277171.54) against the previous year and the Gross Expenditure shows an increase of Rs.41902.91 lakh (375094.03 –416996.94) against the previous year. The loan liability for the year ended March 2021 stands at Rs.195044.01 lakh, which is Rs.174890.48 lakh against the previous year.

2.2.2. The Final Accounts of the 14 Other Corporations put together shows an annual deficit of Rs.139825.40 lakh, and an accumulated surplus of Rs.11486.64 lakh. The tax receivable worth Rs.126690.92 lakh reveals the inaction on the part of administration in enhancing the financial position and the advance amount of Rs.267487.20 lakh uncollected shows the administrative negligence.

2.2.3. The balance sheet reveals that out of 14 Corporations, 1 Corporation end with annual Surplus and the remaining 13 Corporations end with annual Deficit. Details as shown in Table 4.

Table 4: Corporations Balance Sheet Surplus/Deficit balance details

(Rs. in lakh)

Sl.No.	Name of the Corporation	Annual Surplus		Annual Deficit	
		2019-20	2020-21	2019-20	2020-21
1)	Madurai	-	--	17503.47	18137.21
2)	Coimbatore	-	-	8109.67	24282.10
3)	Tiruchirappalli	-	-	4106.59	5953.49
4)	Salem	--	-	2028.75	7541.36
5)	Tirunelveli	-	-	6672.30	28860.54
6)	Erode	-	-	12157.47	10189.03
7)	Tiruppur	-	-	11004.96	5218.31
8)	Vellore	-	-	6797.24	19991.38
9)	Thoothukudi	-	-	4357.41	3598.26
10)	Thanjavur	-	-	3979.21	8877.08
11)	Dindigul	-	-	1324.84	3987.75
12)	Hosur	2137.34	356.40	-	-
13)	Nagercoil	-	-	1086.80	1295.90
14)	Avadi	1198.13	-	--	2249.39

Likewise, six Corporations are having Accumulated Surplus and eight Corporations are with Accumulated Deficit, which details as shown in Table 5.

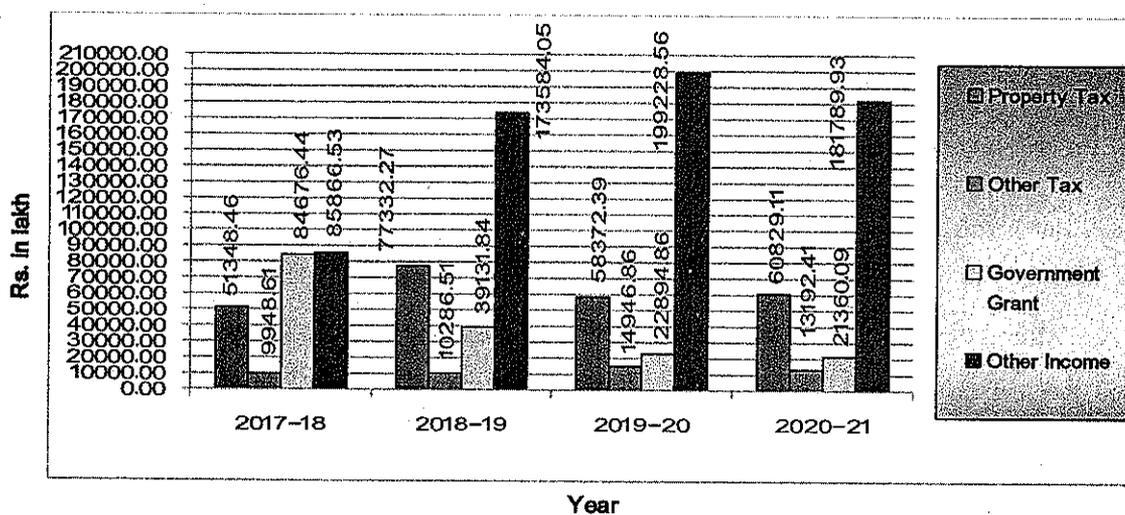
Table 5: Corporations Balance Sheet Accumulated Surplus/Deficit balance details

(Rs. in lakh)

Sl.No.	Name of the Corporation	Accumulated Surplus		Accumulated Deficit	
		2019-20	2020-21	2019-20	2020-21
1)	Madurai	-	-	6140.16	23297.37
2)	Coimbatore	209955.96	188186.33	-	-
3)	Tiruchirappalli	45961.52	40120.10	-	-
4)	Salem	-	456.99	4870.56	-
5)	Tirunelveli	-	-	34734.76	63595.33
6)	Erode	-	-	47178.96	55710.53
7)	Tiruppur	-	-	5413.60	15046.43
8)	Vellore	-	-	34409.42	54343.56
9)	Thoothukudi	-	-	12461.99	15458.12
10)	Thanjavur	-	-	2857.10	11658.08
11)	Dindigul	4031.02	43.28	-	-
12)	Hosur	25611.35	31033.53	-	-
13)	Nagercoil	-	-	10671.78	11553.58
14)	Avadi	-	2309.41	1149.38	-

2.2.4. The Comparative Position of the Income and Expenditure of Other City Municipal Corporations for the period from 2017-18 to 2020-21 is exhibited in the following Bar Diagram.

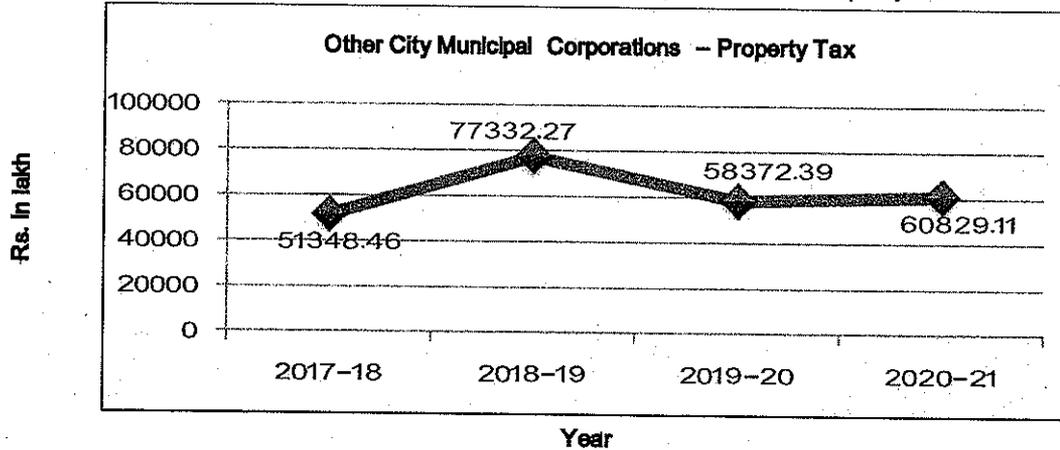
Chart 11: Other City Municipal Corporations – Income



**i) Property Tax:**

The demand of Property Tax for the year 2018-19 shown an increase by 50.60% when compared to 2017-18. However the decrease of demand of Property Tax in 2019-20 by 24.51% when compared to 2018-19 was due to the with-holding of the General Revision of Property Tax carried out in 2018-19 and for the year ended March 2021 shown an increase by 4.21% when compared to 2019-20.

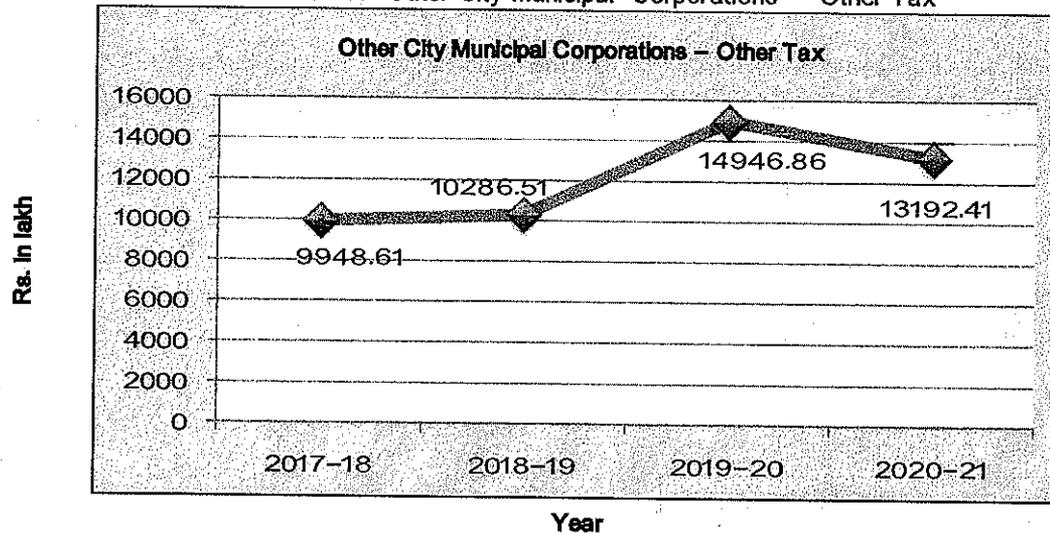
Chart 12: Other City Municipal Corporations – Property Tax



**ii) Other Tax:**

'Other Tax' consists of Professional Tax, Entertainment Tax, Advertisement Tax, Company Tax and Timber Tax.

Chart 13: Other City Municipal Corporations – Other Tax

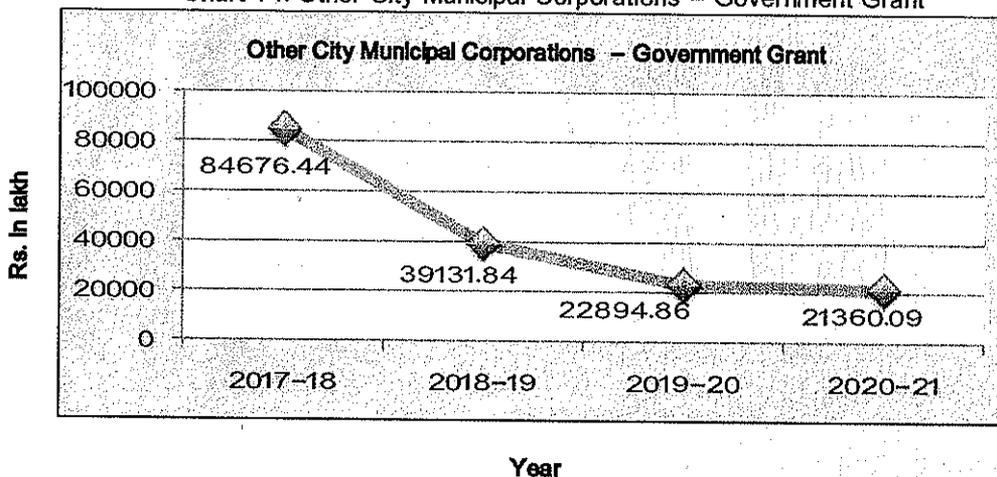


For the year 2018-19 it shown an marginal increase by 3.39% when compared to 2017-18. For the year 2019-20 shown an huge increase by 45.30% when compared to 2018-19. For the year ended March 2021 shown a decrease by 11.74% when compared to 2019-20.

**iii) Government Grants:**

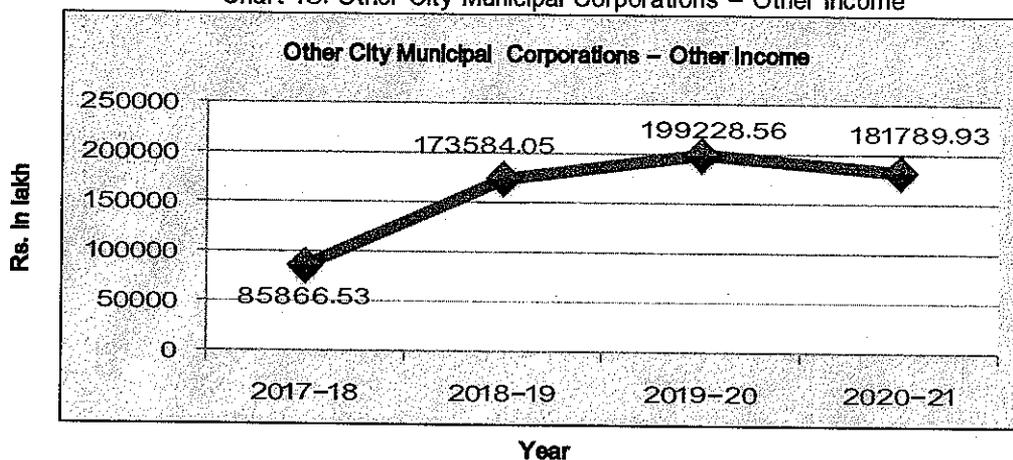
The Government Grants received for the year 2018-19 shown an huge decrease by 53.78% when compared to 2017-18, and for the year 2019-20 shown an further decrease by 41.49% when compared to 2018-19 and for the year ended March 2021 shown an decrease by 6.70% when compared to 2019-20.

Chart 14: Other City Municipal Corporations – Government Grant

**iv) Other Income:**

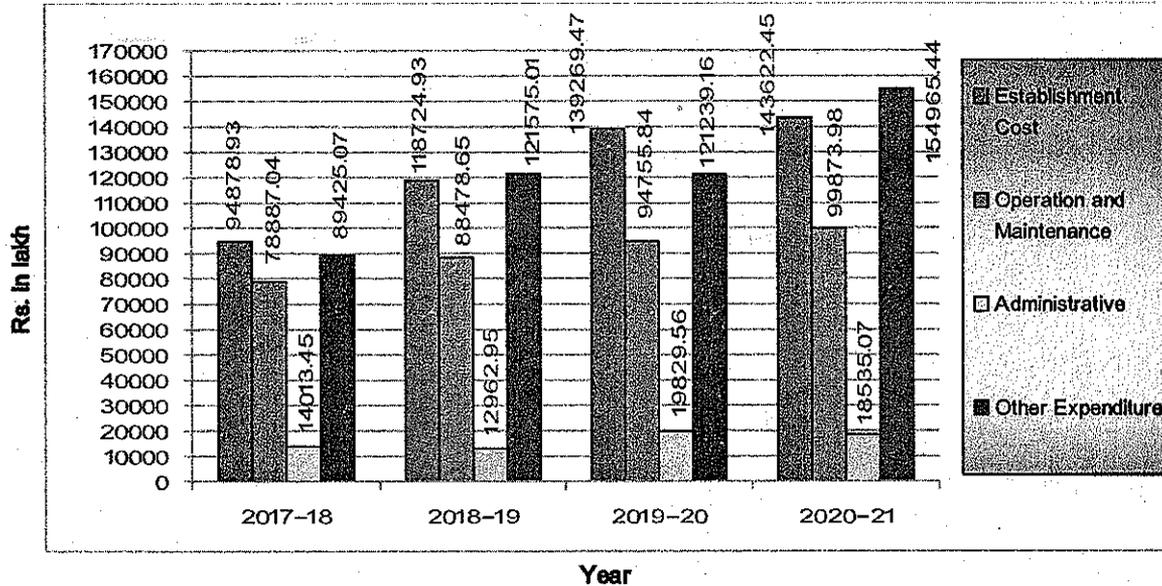
'Other Income' consists of Assigned Revenue, Devolution Fund, Service Charges and Fees, Sale and Hire Charges, lapsed deposits and Recoveries.

Chart 15: Other City Municipal Corporations – Other Income



'Other Income' for the year 2018-19 shown an huge increase by 102.16% when compared to 2017-18. For the year 2019-20 shown an marginal increase by 14.77% when compared to 2018-19. For the year ended March 2021 shown an marginal decrease by 8.75% when compared to 2019-20.

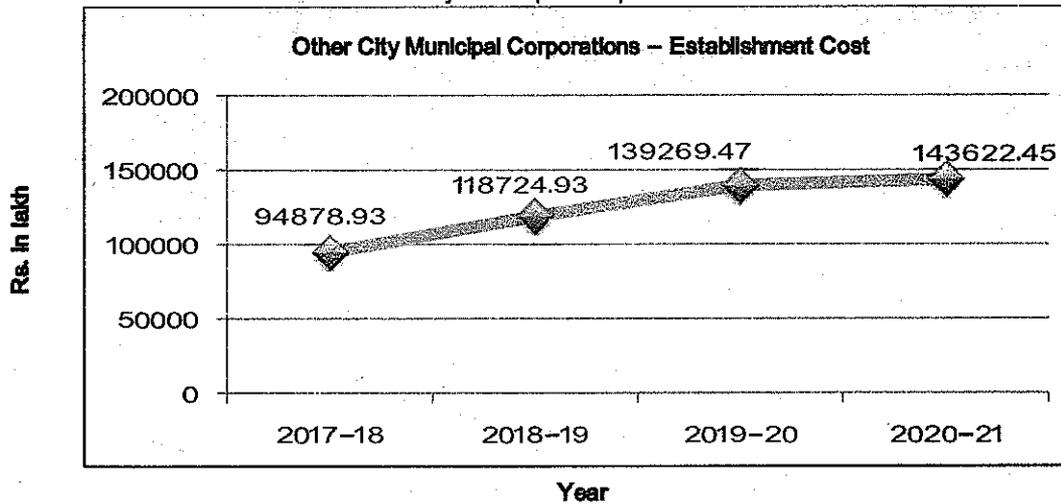
Chart 16: Other City Municipal Corporations – Expenditure



**I) Establishment Cost:**

The Establishment Cost for the year 2018-19 shown an increase by 25.13% when compared to 2017-18, and for the year 2019-20 shown an increase by 17.30% when compared to 2018-19 due to the implementation of pay revision. And for the year ended March 2021 shown an increase by 3.12% when compared to 2019-20.

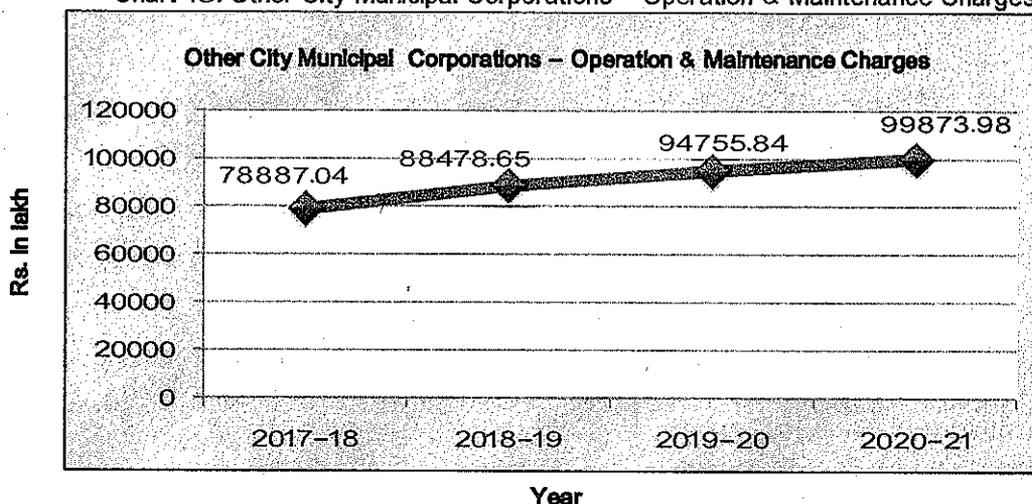
Chart 17: Other City Municipal Corporations – Establishment Cost



**II) Operation and Maintenance Charges:**

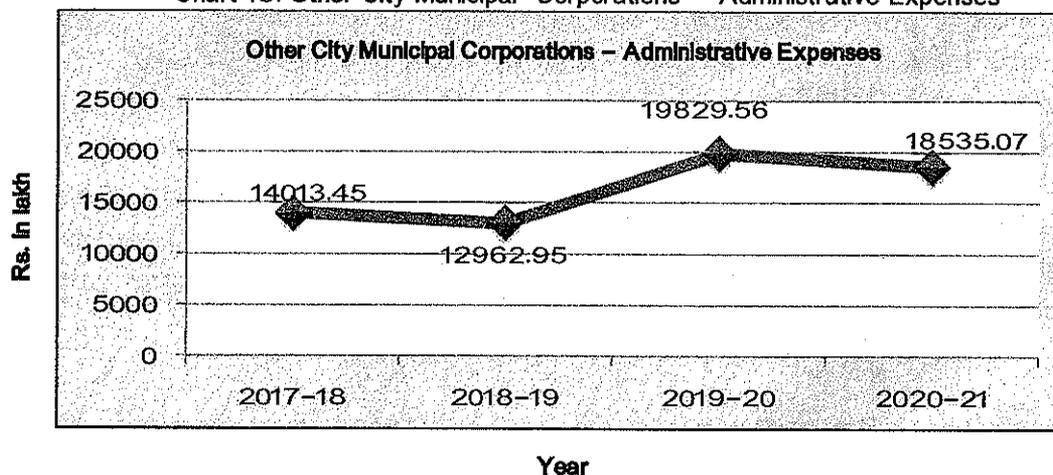
The Operation and Maintenance Charges for the year 2018-19 shown an increase by 12.15% when compared to 2017-18. And for the year 2019-20 shown an marginal increase by 7.09% when compared to 2018-19. And for the year ended March 2021 shown an marginal increase by 5.40% when compared to 2019-20. In overall comparison period the Operation and Maintenance Charges consistently increases year by year. It may be decreased by cutting down the costs for vehicle maintenance and condemn the old vehicle and purchase new vehicle.

Chart 18: Other City Municipal Corporations – Operation &amp; Maintenance Charges

**III) Administrative Expenses:**

The Administrative Expenses for the year 2018-19 shown a decrease by 7.49% when compared to 2017-18 and for the year 2019-20 shown a huge increase by 52.97% when compared to 2018-19. And for the year ended March 2021 shown a decrease by 6.53% when compared to 2019-20.

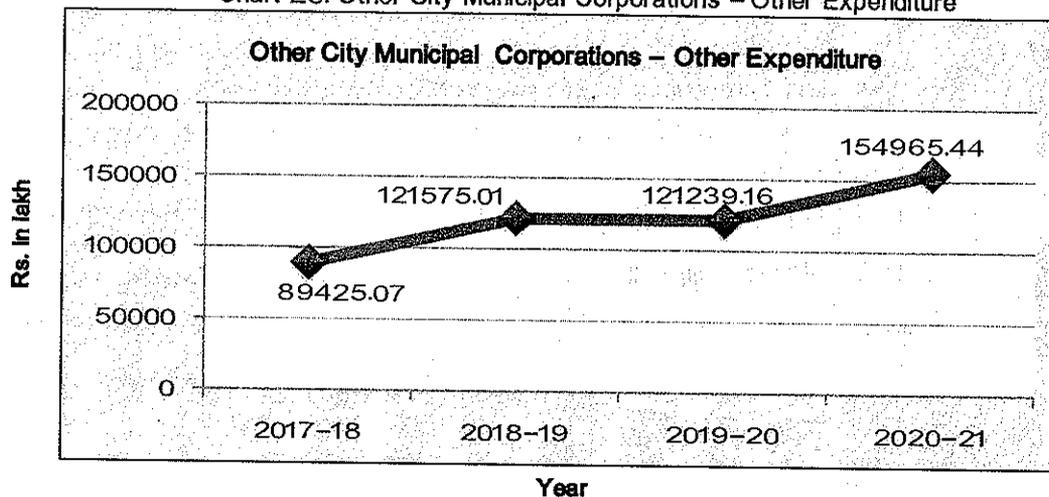
Chart 19: Other City Municipal Corporations – Administrative Expenses



**iv) Other Expenditure:**

'Other Expenditure' head consists of Programme Expenses, Finance Expenses, Depreciation and Miscellaneous Expenses.

Chart 20: Other City Municipal Corporations – Other Expenditure



Other Expenditure for the year 2018-19 shown an increase by 35.95% when compared to 2017-18. For the year 2019-20 shown an marginal decrease by 0.27% only, when compared to 2018-19. For the year ended March 2021 shown an increase by 21.76% when compared to 2019-20.

**2.3. Municipalities:**

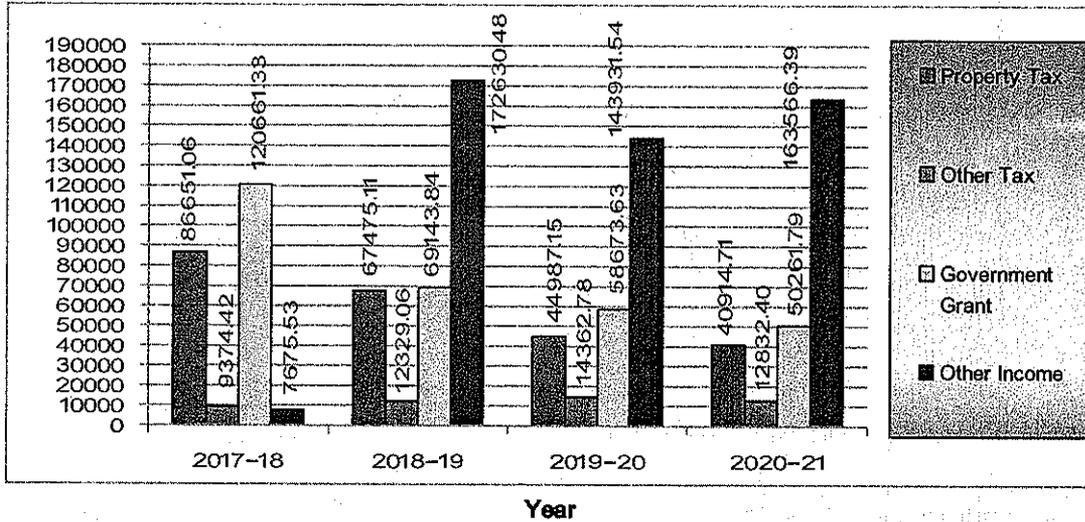
2.3.1. The Gross Income for the year ended March 2021 shows an increase of Rs.5620.19 lakh (261955.10 – 267575.29) against the previous year and the Gross Expenditure shows an increase of Rs.24420.22 lakh (336101.55 – 360521.77) against the previous year. The loan liability for the year ended March 2021 stands at Rs.136161.89 lakh, which is Rs.135383.72 lakh against the previous year.

2.3.2. The overall Financial Position for the year 2020-21 shows an annual deficit of Rs.92946.48 lakh and an accumulated deficit of Rs.165109.66 lakh. The tax receivable worth Rs.100474.19 lakh reveals the inaction on the part of administration in enhancing the financial position and the advance amount of Rs.54870.15 lakh uncollected shows the administrative negligence.

2.3.3. The balance sheet reveals that out of 121 Municipalities, 12 Municipalities end with annual surplus and the remaining 109 Municipalities end with annual deficit. Likewise, 28 Municipalities are having accumulated surplus and 93 Municipalities are with accumulated deficit as on 31.03.2021.

The Comparative Position of the Income and Expenditure of Municipalities for the period from 2017-18 to 2020-21 is exhibited in the following Bar Diagram.

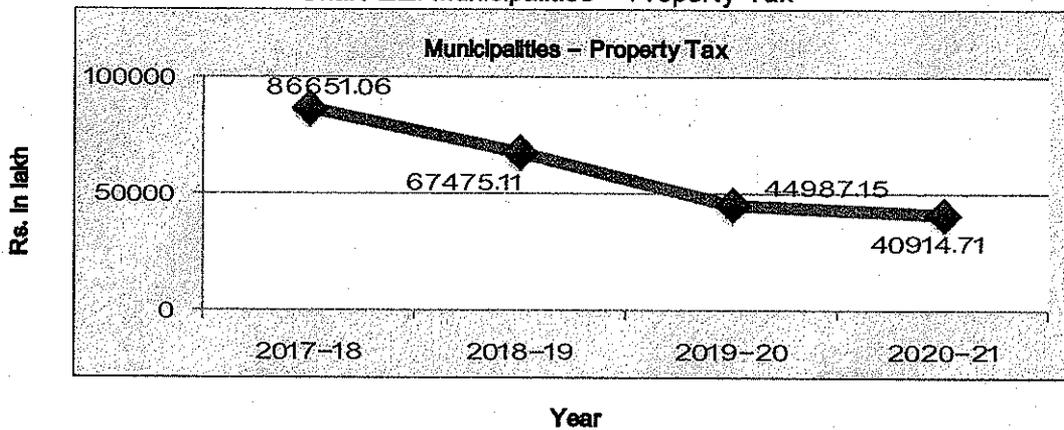
Chart 21: Municipalities – Income



**I) Property Tax:**

The demand of Property Tax for the 2018-19 shown an decrease by 22.13% when compared to 2017-18, and for the year 2019-20 shown a decrease by 33.32% when compared to 2018-19. And for the year ended March 2021 shown a decrease by 9.05% when compared to 2019-20.

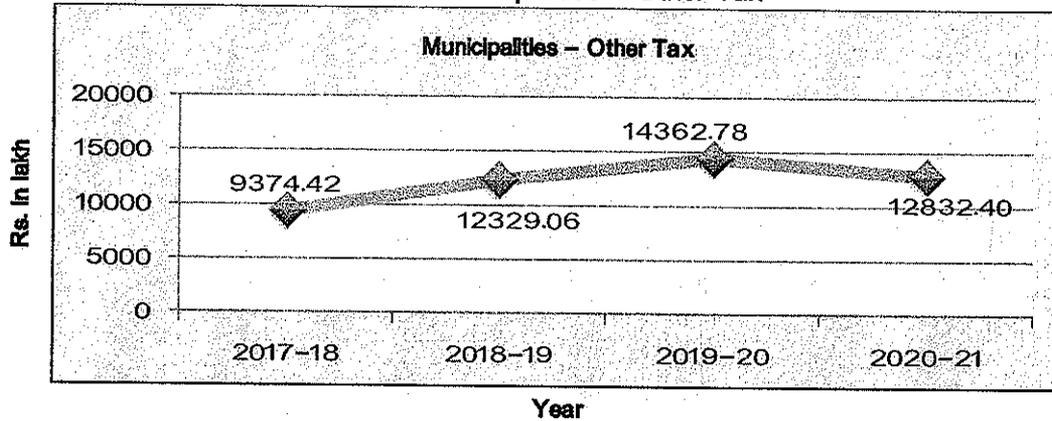
Chart 22: Municipalities – Property Tax



**ii) Other Tax:**

'Other Tax' consists of Professional Tax, Entertainment Tax, Advertisement Tax, Company Tax and Timber Tax.

**Chart 23: Municipalities – Other Tax**

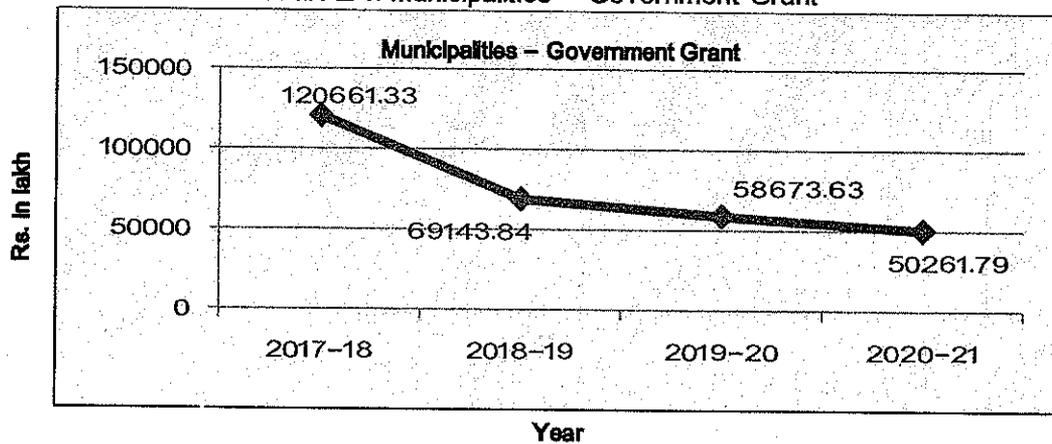


'Other Tax' collection for the year 2018-19 it shown an increase by 31.51% when compared to 2017-18. For the year 2019-20 shown an increase by 16.49% when compared to 2018-19. For the year ended March 2021 shown a decrease by 10.65% when compared to 2019-20.

**iii) Government Grants:**

The Government Grants received for the year 2018-19 shown a decrease by 42.69% when compared to 2017-18. And for the year 2019-20 shown an further decrease by 15.14% when compared to 2018-19. And for the year ended March 2021 shown an further decrease by 14.34% when compared to 2019-20.

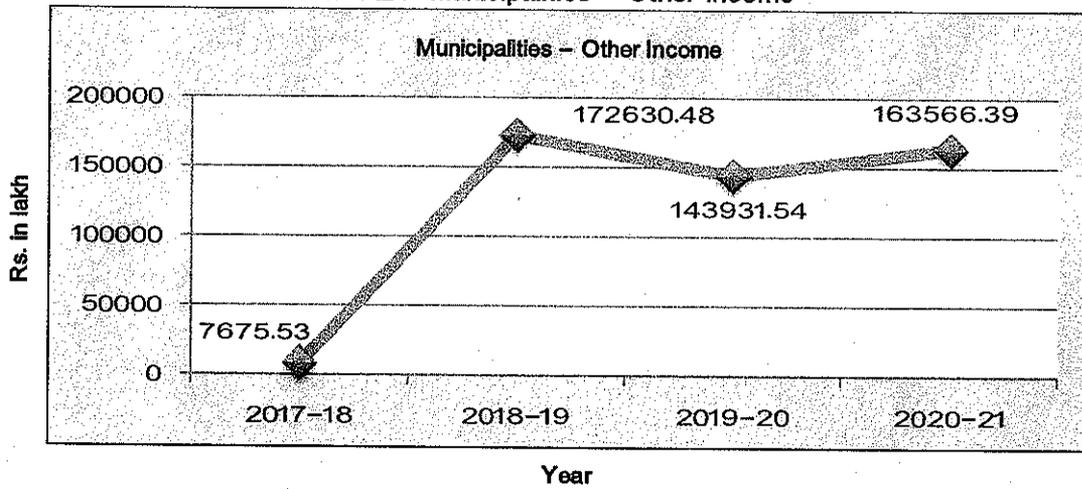
**Chart 24: Municipalities – Government Grant**



**iv) Other Income:**

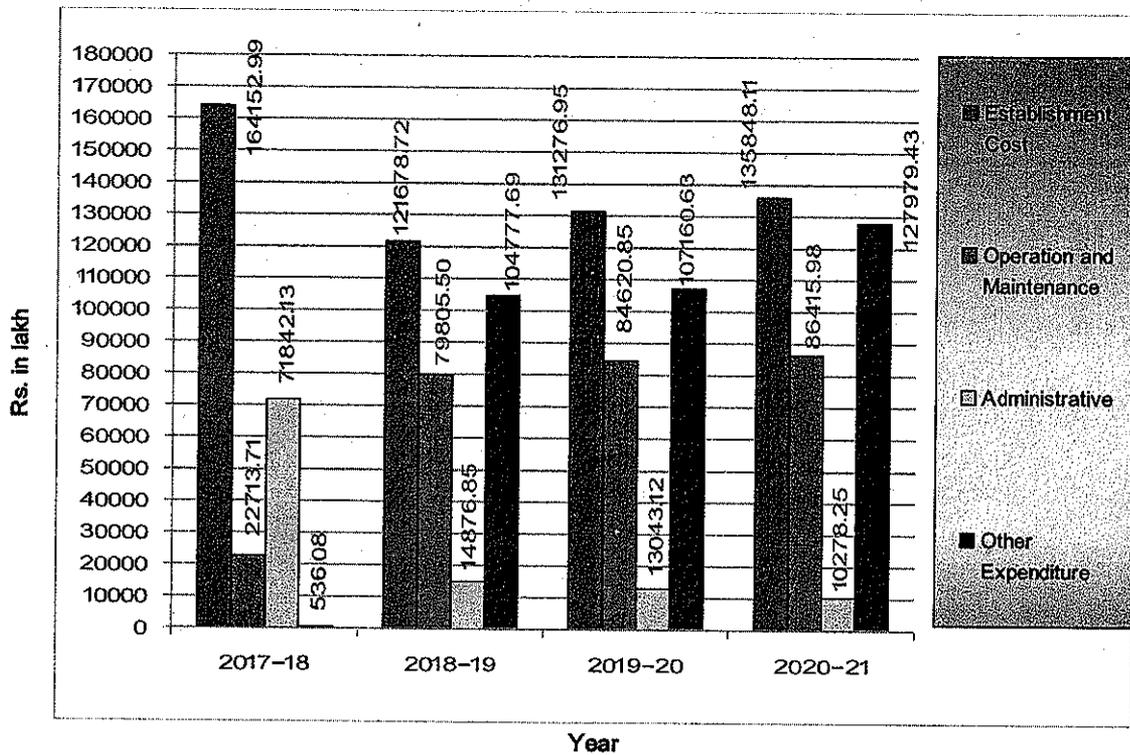
'Other Income' consist of Assigned Revenue, Devolution Fund, Service Charges and Fees, Sale and Hire Charges, Lapsed deposits and Recoveries.

**Chart 25: Municipalities – Other Income**



'Other Income' for the year 2018-19 shown an abnormal increase by 2149.10% when compared to 2017-18. For the year 2019-20 shown a decrease by 16.62% when compared to 2018-19. For the year ended March 2021 shown an increase by 13.64% when compared to 2019-20.

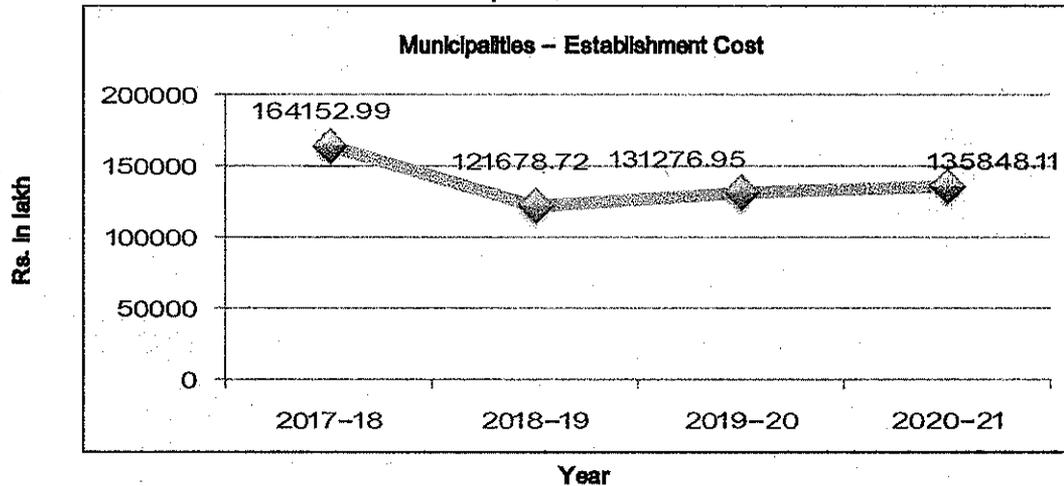
**Chart 26: Municipalities – Expenditure**



**i) Establishment Cost:**

The Establishment Cost for the year 2018–19 shown a decrease by 25.87% when compared to 2017–18, and for the year 2019–20 shown an marginal increase by 7.88% when compared to 2018–19 due to the implementation of pay revision. And for the year ended March 2021 shown an marginal increase by 3.48% when compared to 2019–20.

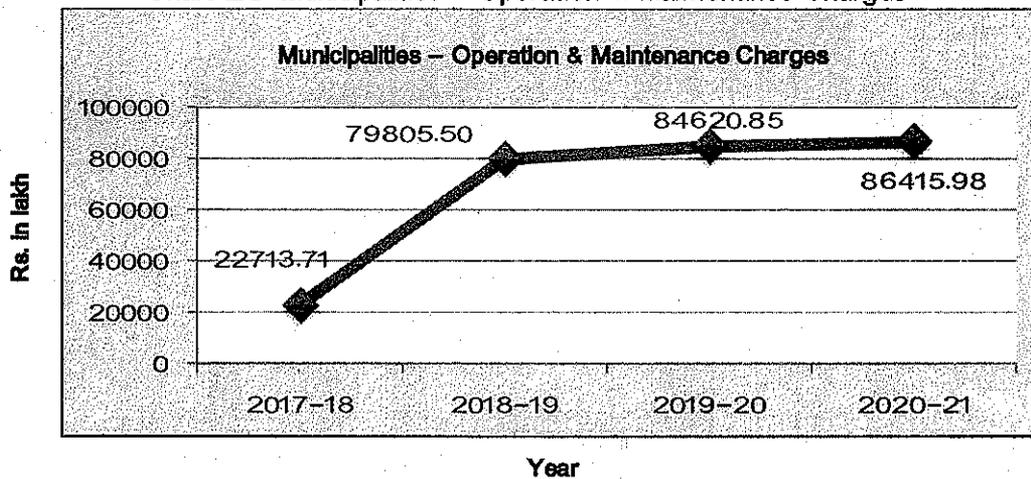
Chart 27: Municipalities – Establishment Cost



**ii) Operation and Maintenance Charges:**

The Operation and Maintenance Charges for the year 2018–19 shown an enormous increase by 251.35% when compared to 2017–18. And for the year 2019–20 shown an marginal increase by 6.03% when compared to 2018–19, and for the year ended March 2021 shown an marginal increase by 2.12% when compared to 2019–20.

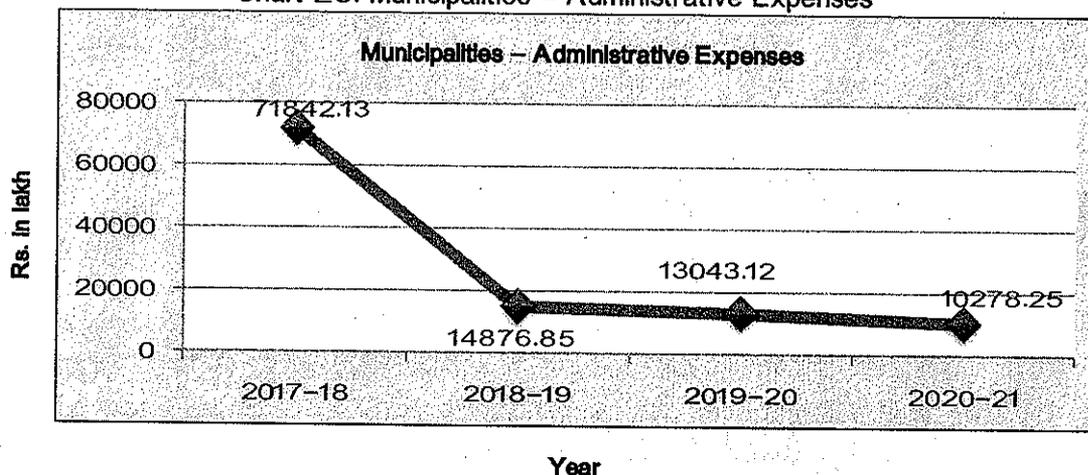
Chart 28: Municipalities – Operation & Maintenance Charges



**iii) Administrative Expenses:**

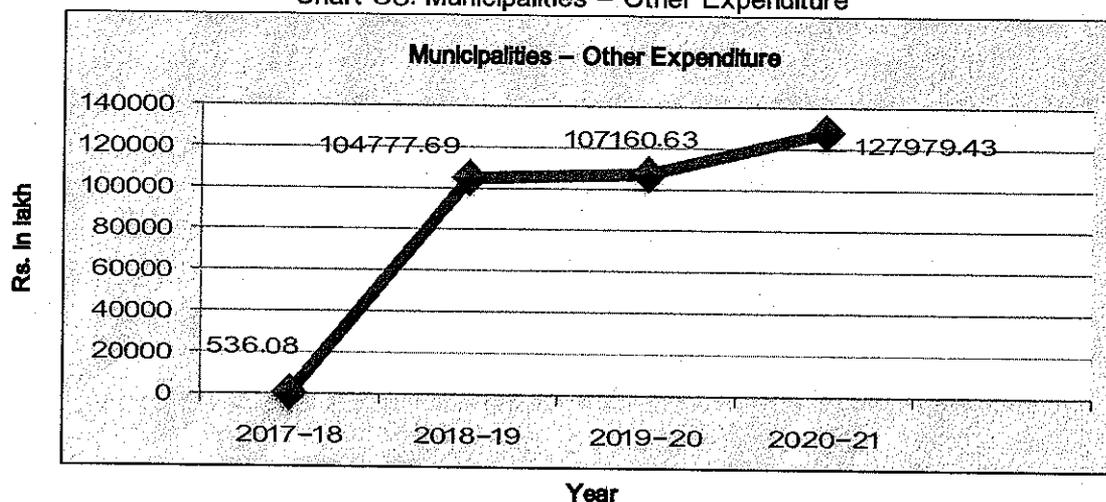
The Administrative Expenses for the year 2018-19 shown an huge decrease by 79.29% when compared to 2017-18. And for the year 2019-20 shown a decrease by 12.32% when compared to 2018-19, and for the year ended March 2021 shown a decrease by 21.37% when compared to 2019-20.

Chart 29: Municipalities – Administrative Expenses

**iv) Other Expenditure:**

'Other Expenditure' head consist of Programme Expenses, Finance Expenses, Depreciation and Miscellaneous Expenses.

Chart 30: Municipalities – Other Expenditure



Other Expenditure for the year 2018-19 shown an huge increase by 19445.15% when compared to 2017-18. For the year 2019-20 shown an marginal increase by 2.27% when compared to 2018-19. For the year ended March 2021 shown an increase by 19.45% when compared to 2019-20

## 2.4.Town Panchayats:

Table 6: Comparison of Financial Position with previous year

Sl.No.	Details	2017-18	2018-19	2019-20	2020-21
		Rs. in lakh			
1)	Gross Income	200423.59	246065.08	220701.47	204287.97
2)	Gross Expenditure	242109.01	277831.14	297969.02	324033.01
3)	Net Annual Deficit	-41685.42	-31766.06	-77267.55	-119745.04
4)	Net Accumulated Deficit	147513.22	262250.39	328226.51	440770.34
5)	Uncollected Taxes and Fees	19647.64	24540.71	29098.34	30450.03
6)	Advances Recoverable	23299.44	28681.18	28435.73	27508.87
7)	Loan liability	14195.78	13956.67	13218.32	13875.93

2.4.1. The overall Financial Position for the year ended March 2021 shows net Annual Deficit of Rs.119745.04 lakh and net Accumulated Deficit of Rs.440770.34 lakh. The uncollected taxes and fees are amounting to Rs.30450.03 lakh and advances recoverable are of worth Rs.27508.87 lakh.

2.4.2. It is increasing when compared to previous year, measures should be taken to collect the uncollected taxes to augment the own sources of revenue. Advances recoverable amount is increasing year by year. Action should be taken to adjust the advances pending.

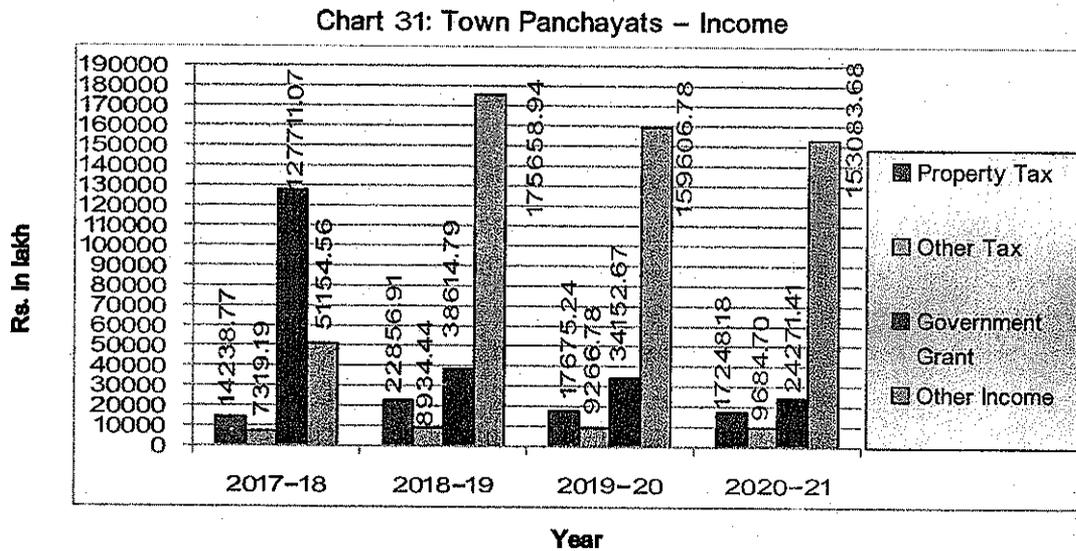
2.4.3. The Gross Income shows a decrease of Rs.16413.50 lakh (220701.47 – 204287.97) against the previous year of Rs.220701.47 lakh and the Expenditure shows the increase of Rs.26063.99 lakh (297969.02–324033.01) against the previous year of Rs.297969.02 lakh.

2.4.4. The loan liability had shown an increase of Rs.657.61 lakh (13218.32–13875.93) against the previous year of Rs.13218.32 lakh.

2.4.5. The balance sheet reveals that out of 528 Town Panchayats, 513 Town Panchayats end with annual deficit and the remaining 15 Town Panchayats end with annual surplus.

Likewise, 35 Town Panchayats are having Accumulated Surplus and 493 Town Panchayats are with Accumulated Deficit as on 31.03.2021.

2.4.6. The Comparative Position of the Income and Expenditure of Town Panchayats for the period from 2017-18 to 2020-21 is exhibited in the following Bar Diagram.

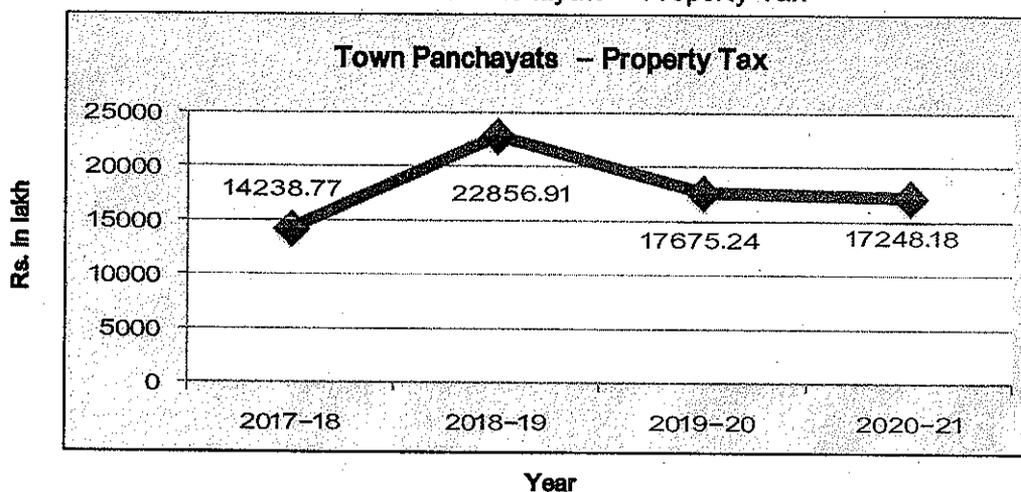


#### D) Property Tax:

The demand of Property Tax of the Town Panchayats for the year 2017-18 and 2018-19 comparison period shows an increase of 60.52% due to the General Revision of Property Tax in Local Bodies.

For the Comparison period of 2018-19 and 2019-20 shows a decreasing trend of 22.67% during 2019-20 due to with-holding of General Revision hike and return to the previous tax provisions. However, for the comparison period of 2019-20 and 2020-21, it ended with a decrease of 2.42% only.

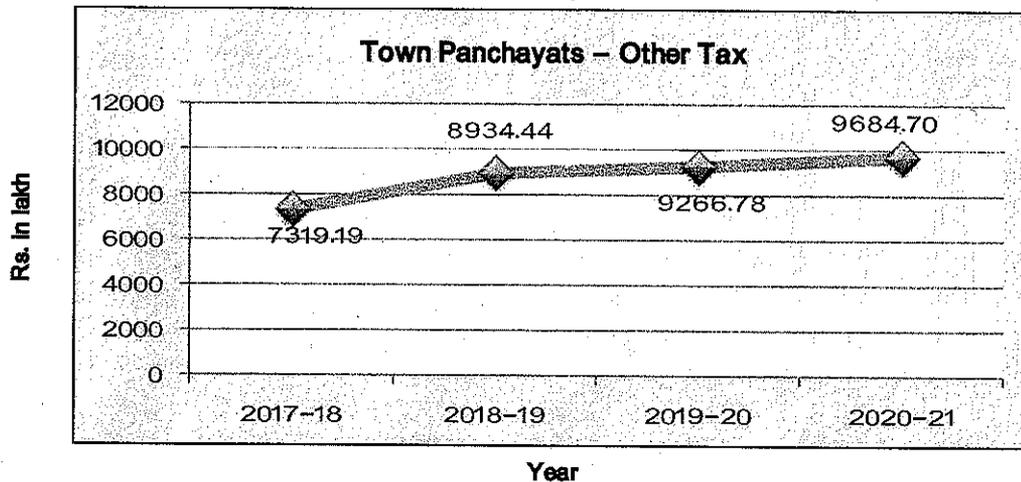
**Chart 32: Town Panchayats – Property Tax**



**ii) Other Tax:**

Other taxes consist of taxes other than Property Taxes. For the period of comparison 2017-18 and 2018-19 and 2018-19 and 2019-20 shows an increase of 22.07% and 3.72% respectively. However, for the comparison period of 2019-20 and 2020-21, it ended with an increase of 4.51% only.

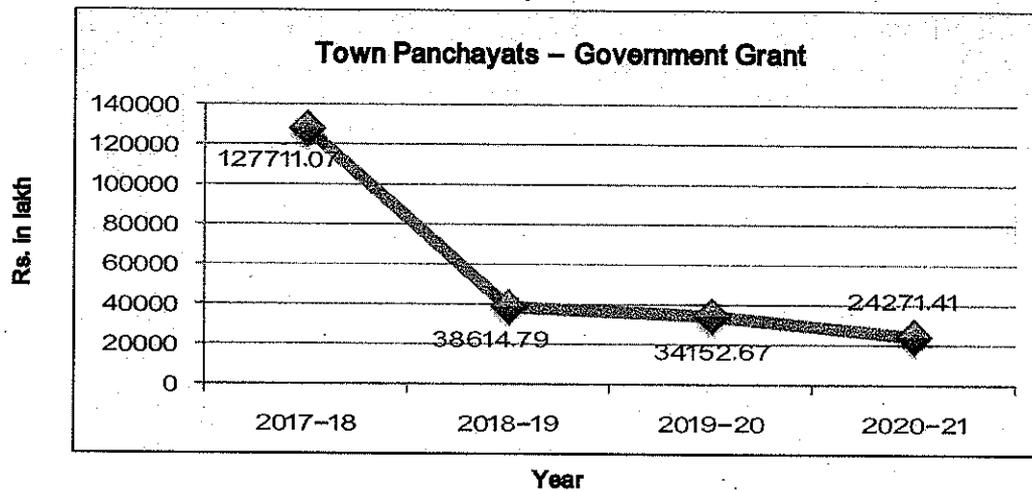
Chart 33: Town Panchayats – Other Tax



**iii) Government Grants:**

For the period 2017-18 and 2018-19, 2018-19 and 2019-20 and 2019-20 and 2020-21 the Government grant receipt reflects decreasing trend of 69.76%, 11.55% and 28.93% respectively.

Chart 34: Town Panchayats – Government Grant



**iv) Other Income:**

It consists of fines, fees, charges etc., other than taxes and non-tax items.

Other income received shows 243% increase for the comparison year 2017-18 and 2018-19, 9.14% decrease for the comparison year of 2018-19 and 2019-20 and 4.09% decrease for the comparison year of 2019-20 and 2020-21.

Chart 35: Town Panchayats – Other Income

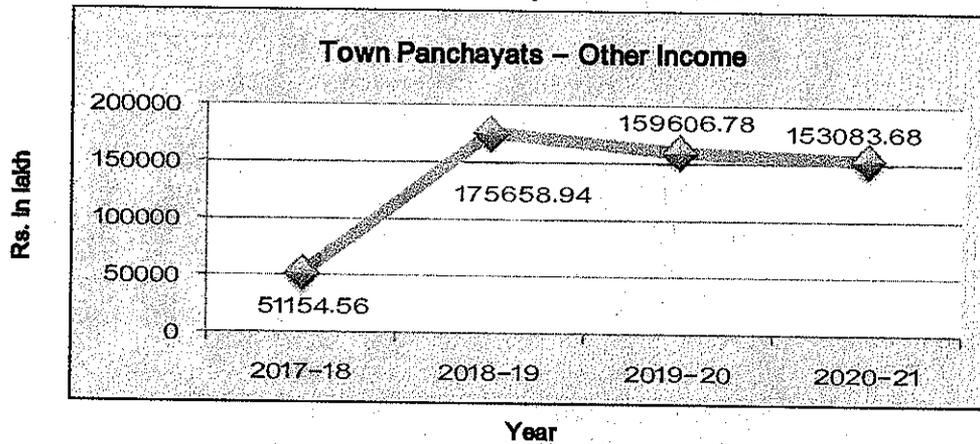
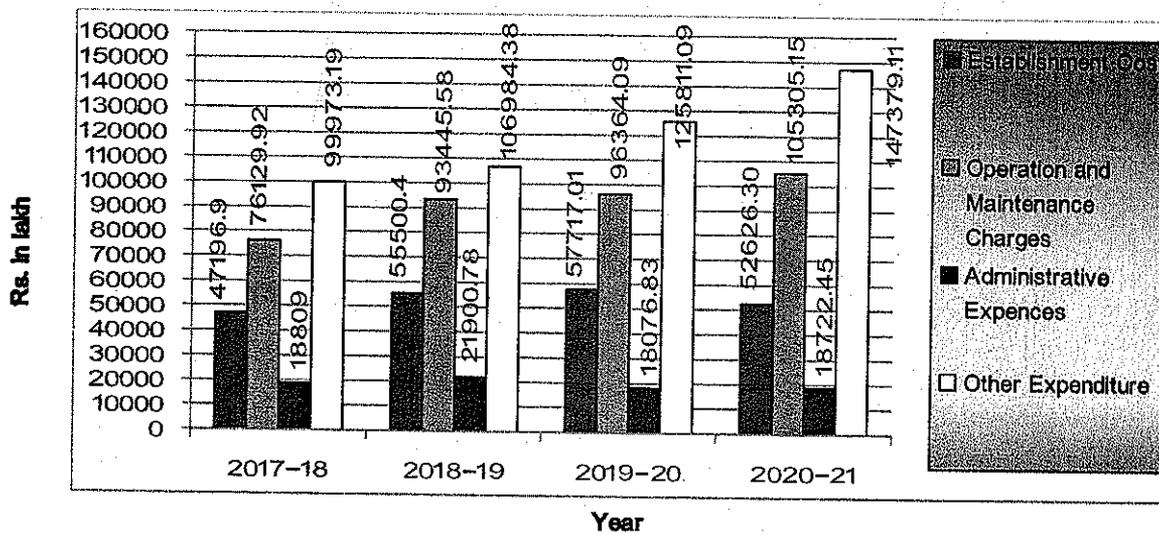


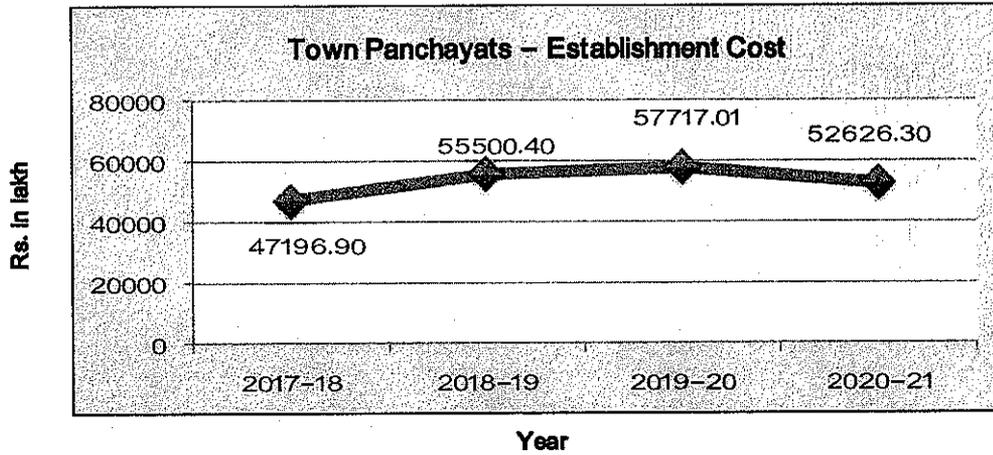
Chart 36: Town Panchayats – Expenditure



**I) Establishment Cost:**

The Establishment Cost for the year 2018-19 shown an increase by 17.59% when compared to 2017-18. And for the year 2019-20 shown an marginal increase by 3.99% when compared to 2018-19. It shows a decrease of 8.82% for the comparison year 2019-20 and 2020-21.

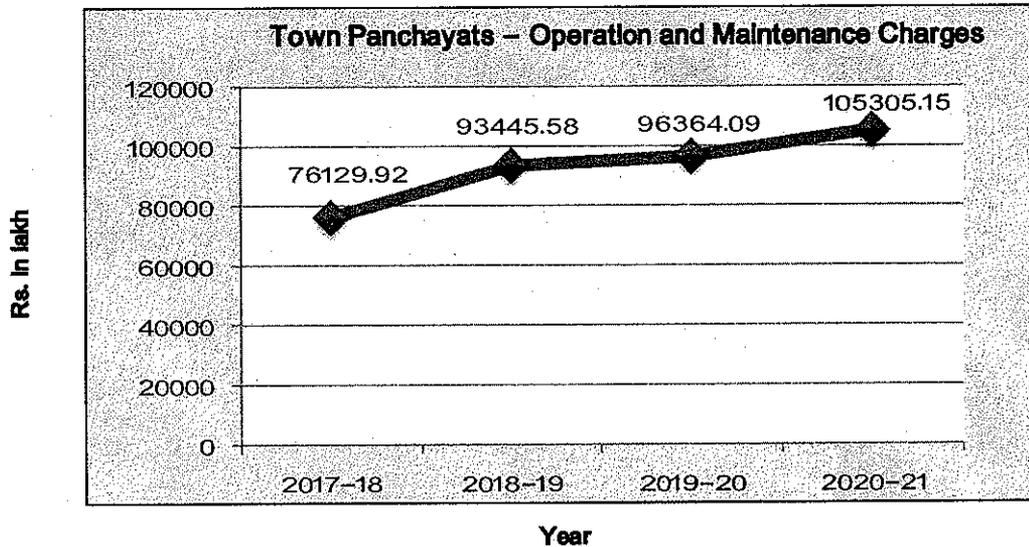
Chart 37: Town Panchayats – Establishment Cost



**II) Operation and Maintenance Cost:**

The Operation and Maintenance Cost for the year 2018-19 shown an increase by 22.74% when compared to 2017-18. For the year 2019-20 shown an marginal increase by 3.12% when compared to 2018-19. It shows an increase by 9.28% for the comparison year 2019-20 and 2020-21.

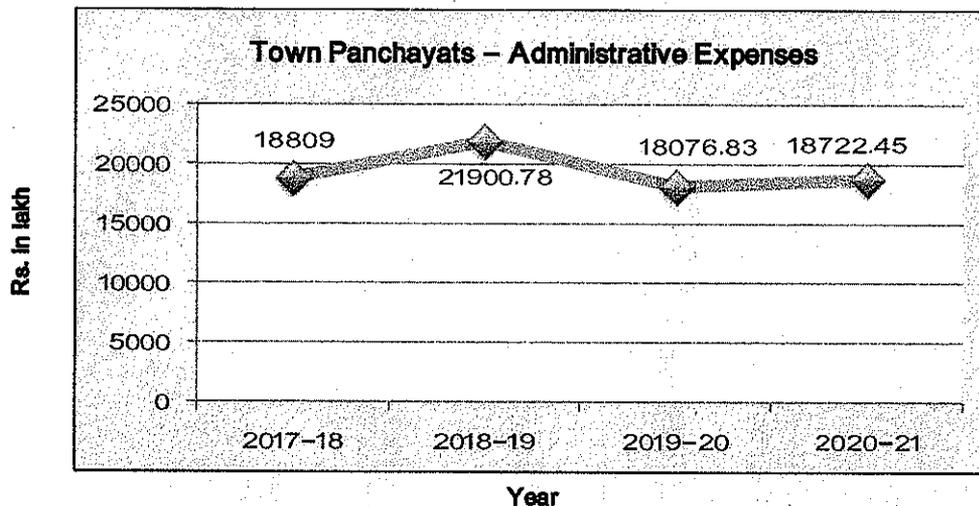
Chart 38: Town Panchayats – Operation and Maintenance Charges



**III) Administrative Expenses:**

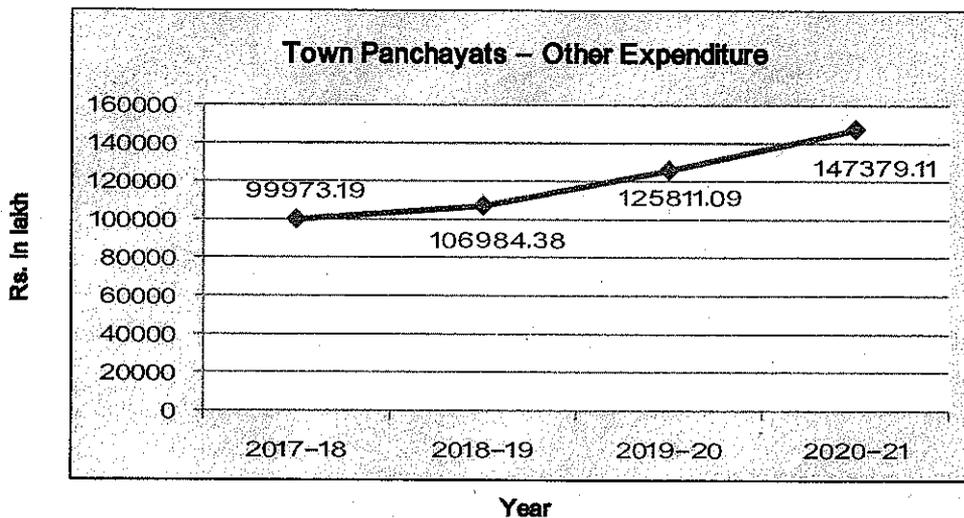
Administrative Expenses shows an increase of 16.44% for the period 2017-18 and 2018-19. It shows a decrease of 17.46% for the comparison year 2018-19 and 2019-20. And for the year ended March 2021 shown an marginal increase by 3.57% when compared to 2019-20.

Chart 39: Town Panchayats – Administrative Expenses

**iv) Other Expenditure:**

The expenditure shows an increase of 7.01% and 17.59% for the comparison year 2017-18 and 2018-19 and 2018-19 and 2019-20 respectively. And also increase of 17.14% for the comparison year 2019-20 and 2020-21.

Chart 40: Town Panchayats – Other Expenditure

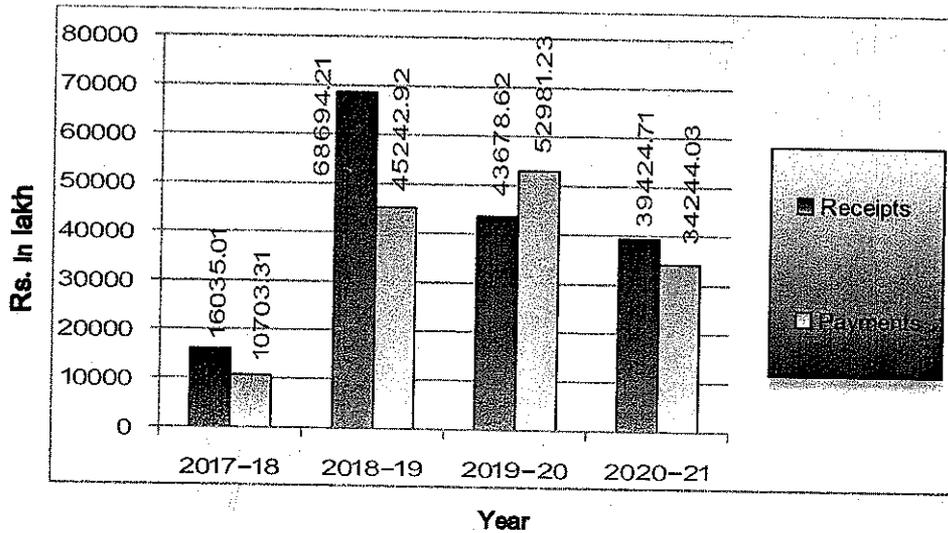


**2.5. District Panchayats:**

2.5.1. Regarding grants, SFC grant, was sanctioned for Rs.29915.16 lakh and Rs.24478.71 lakh released for SFC works. Unspent grant for the previous year accumulated to Rs.392.55 lakh was pointed out in audit to remit into the Government Head of Account. The interest earned on the balance of grants Rs.825.76 lakh not remitted into the Government Head of Account was also pointed out in Audit.

2.5.2. The Comparative Position of Receipts and Payments for the period of 2017-18 to 2020-21 is exhibited in the following Bar Diagrams.

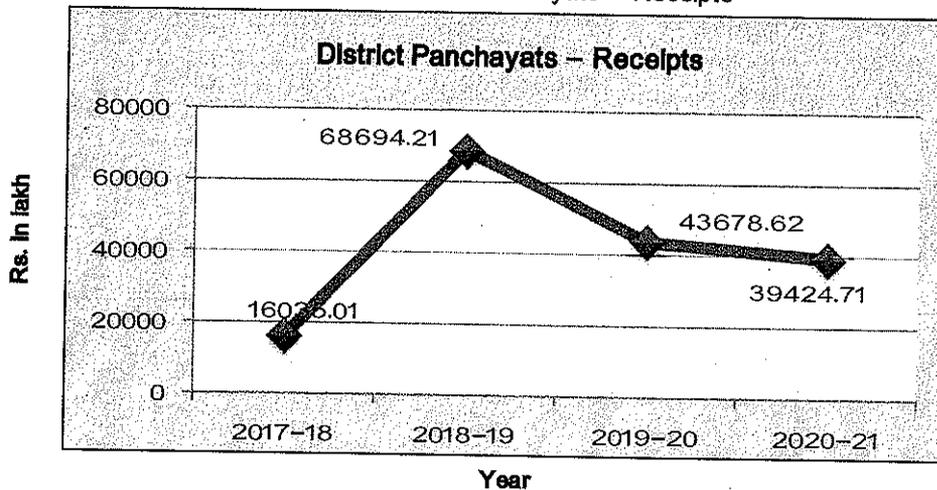
Chart 41: District Panchayats – Receipts and Payments



**i) Receipts:**

The Income of District Panchayats for the year 2017-18 and 2018-19, Comparison period shows an increasing trend of 328.40%, and for the year 2018-19 and 2019-20 Comparison year shows an decreasing trend of 36.41%. For the Comparison period of 2019-20 and 2020-21 shows decreasing trend of 9.74%

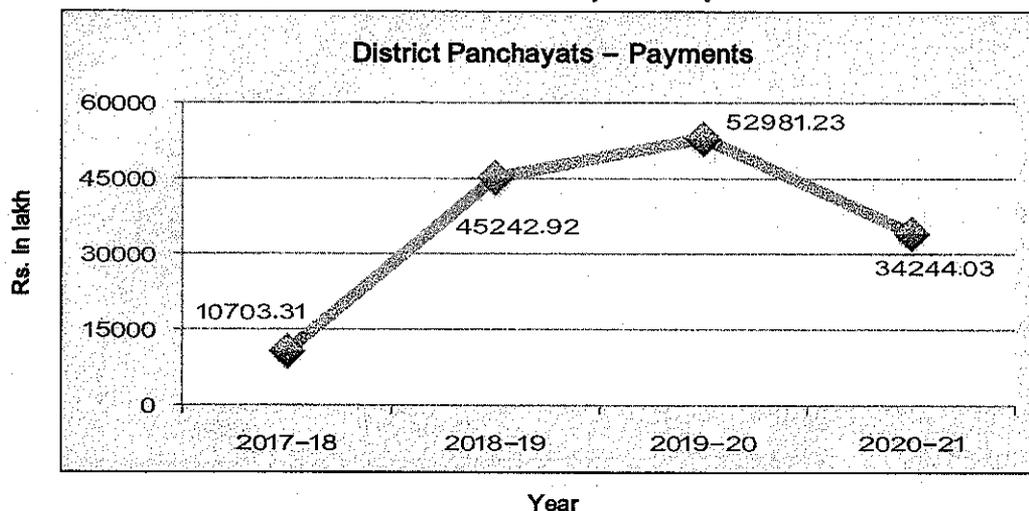
Chart 42: District Panchayats – Receipts



**ii) Payments:**

The Expenditure of District Panchayats for the year 2017-18 and 2018-19, comparison period shows an increasing trend of 322.70% and for the year 2018-19 and 2019-20, comparison year shows an increasing of 17.10%. For the year comparison of 2019-20 and 2020-21 shows a decreasing trend of 35.37%.

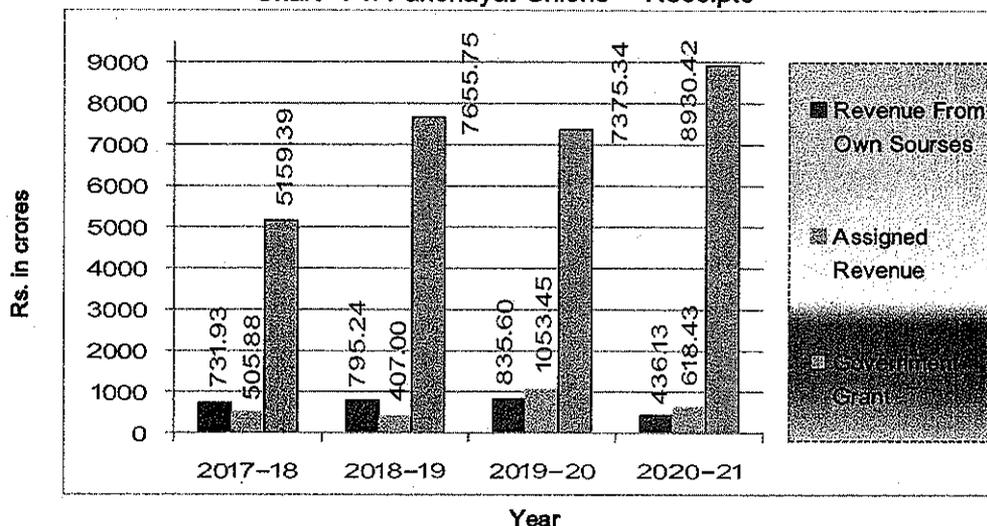
Chart 43: District Panchayats – Payments

**2.6. Panchayat Unions:**

Government Grant received in the Financial year of 2020-21 stands at Rs.8930.42 crore and Rs.3373.12 crore spent as Revenue Expenditure and Rs.6584.62 crore as Capital Expenditure, which is 66.13% of the total expenditure clearly indicates the creation of new assets was not up to the mark.

Comparative Position of the Receipts and Payments of Panchayat Unions for the period from 2017-18 to 2020-21 is exhibited in the following Bar Diagrams.

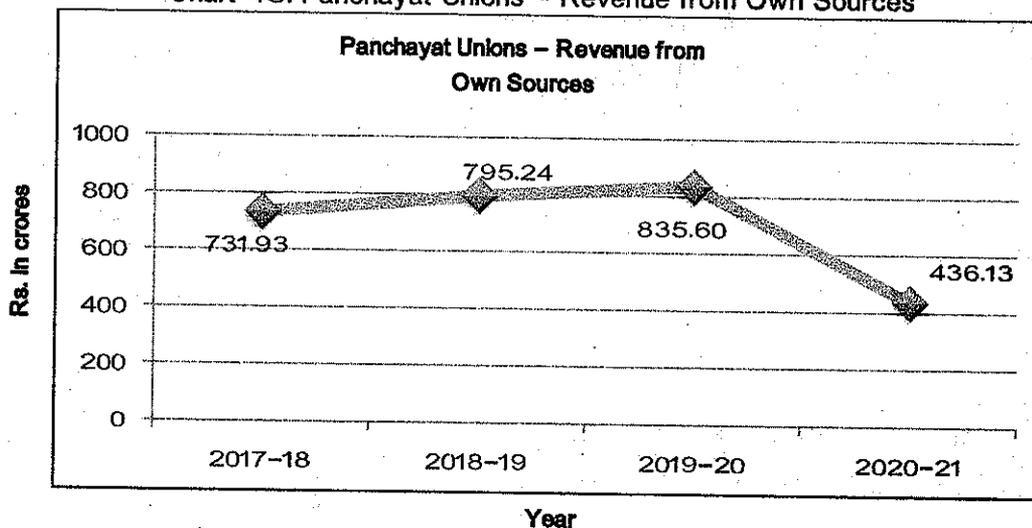
Chart 44: Panchayat Unions – Receipts



**I) Own Source:**

The income from own source of Panchayat unions for the year 2017-18 and 2018-19, comparison period shows an increasing trend of 8.64%, and for the year 2018-19 and 2019-20 comparison year shows an increase of 5.07%. For the Comparison period of 2019-20 and 2020-21 shows a decreasing trend of 47.81%.

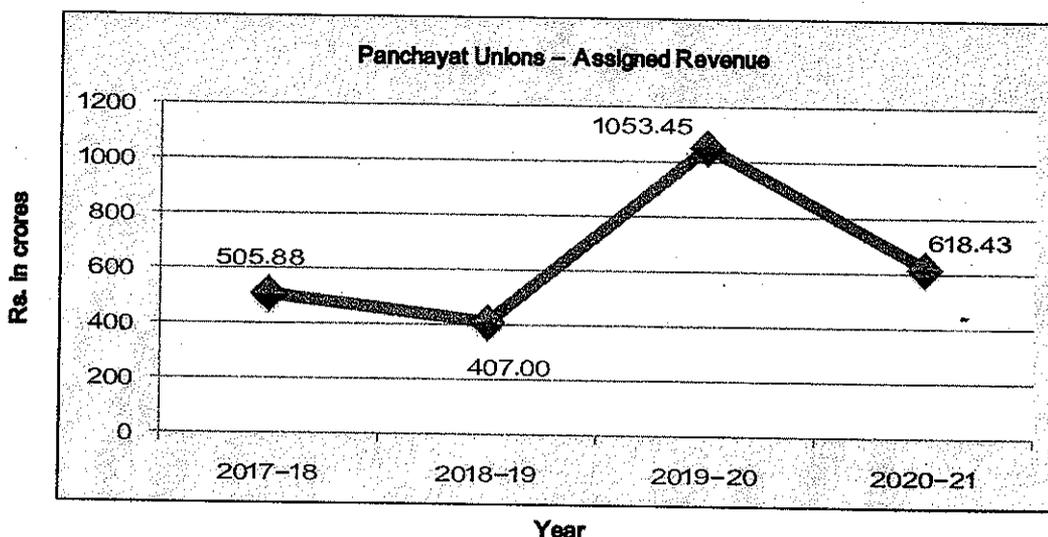
Chart 45: Panchayat Unions – Revenue from Own Sources



**II) Assigned Revenue:**

The income of Assigned Revenue in Panchayat Unions for the year 2017-18 and 2018-19, comparison period shows an decreasing trend of 19.54%, and for the year 2018-19 and 2019-20 comparison year shows an increase of 158.83%. For the comparison period of 2019-20 and 2020-21 shows an decreasing trend of 41.29%.

Chart 46: Panchayat Unions – Assigned Revenue



**II) Government Grant:**

The income from Government grant in Panchayat unions for the year 2017-18 and 2018-19 comparison period shows an increasing trend of 48.38%, and for the year 2018-19 and 2019-20 comparison year shows a decrease of 3.66%. For the comparison of 2019-20 and 2020-21 shows an increasing trend of 21.08%.

Chart 47: Panchayat Unions – Government Grant

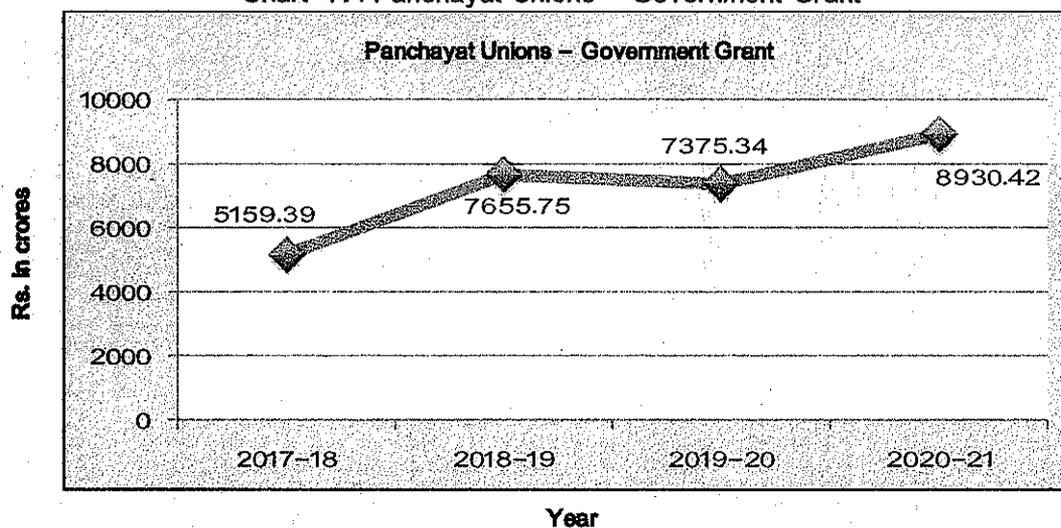
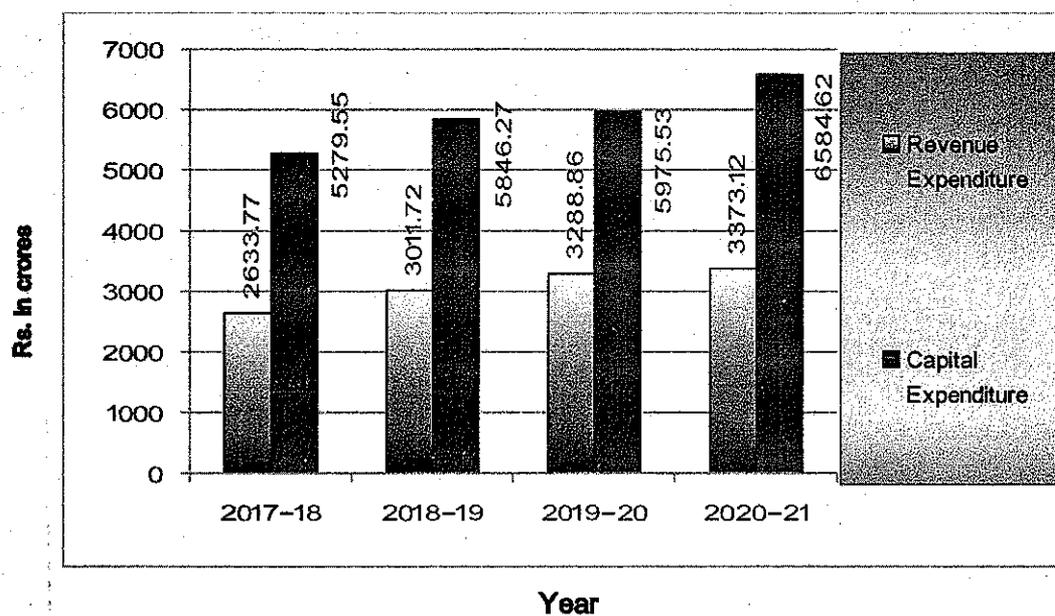


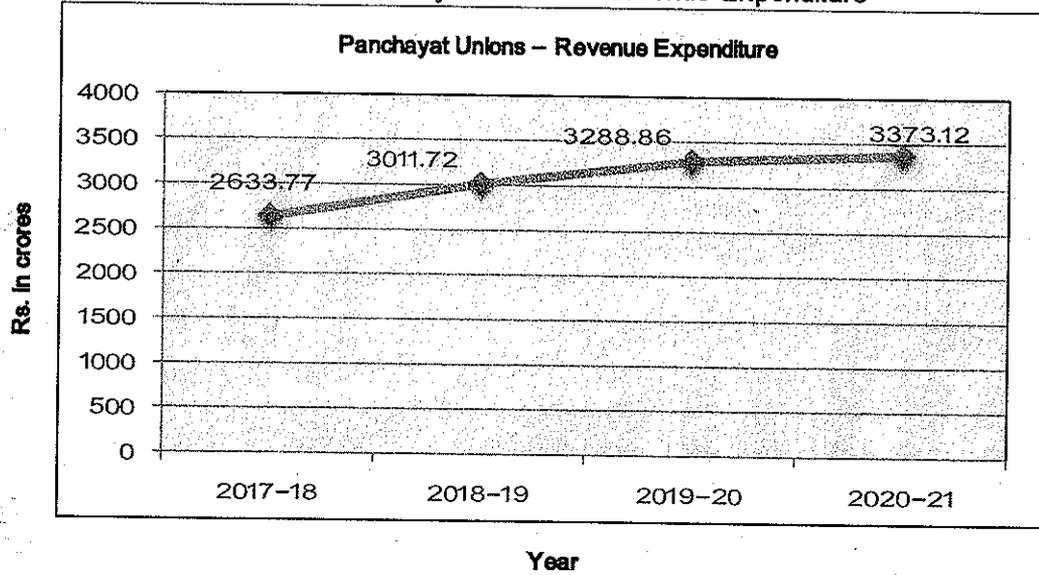
Chart 48: Panchayat Unions – Payments



**i) Revenue Expenditure:**

Revenue expenditure in Panchayat unions for the comparison period 2017-18 and 2018-19 shows an increasing trend of 14.35%, and for the year 2018-19 and 2019-20 comparison year shows an increasing trend of 9.20%. For the year comparison of 2019-20 and 2020-21 shows an increasing trend of 2.56%

Chart 49: Panchayat Unions – Revenue Expenditure



**ii) Capital Expenditure:**

Capital expenditure in Panchayat unions for the comparison period 2017-18 and 2018-19 shows an increasing trend of 10.73%, and for the year 2018-19 and 2019-20 comparison year shows an increasing trend of 2.21%. For the year comparison of 2019-20 and 2020-21 shows an increasing trend of 10.19%.

Chart 50: Panchayat Unions – Capital Expenditure

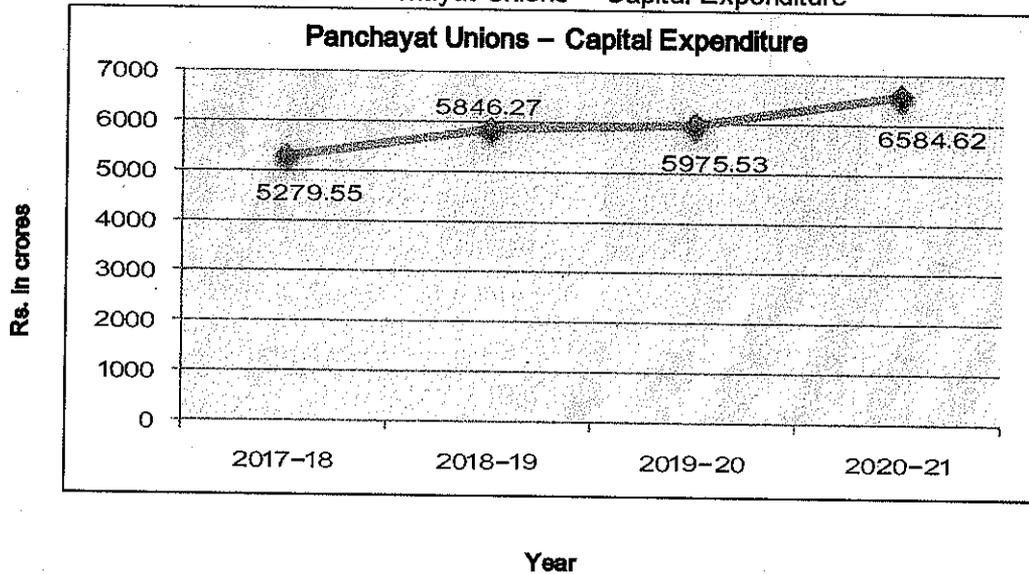


Table 7: Comparison of Financial Position with previous Year– Panchayat Unions

Sl.No.	Details	2017-18	2018-19	2019-20	2020-21
		Rs.In Crores			
<b>Receipts</b>					
1)	Own revenue	731.93	795.24	835.60	436.13
2)	Assigned revenue	505.88	407.00	1053.45	618.43
3)	Grants	5159.39	7655.75	7375.34	8930.42
<b>Total</b>		<b>6397.20</b>	<b>8857.99</b>	<b>9264.39</b>	<b>9984.98</b>
<b>Charges</b>					
1)	Revenue Expenditure	2633.77	3011.72	3288.86	3373.12
2)	Capital Expenditure	5279.55	5846.27	5975.53	6584.62
<b>Total</b>		<b>7913.32</b>	<b>8857.99</b>	<b>9264.39</b>	<b>9957.74</b>
<b>Percentage of capital expenditure to the total expenditure</b>		<b>67 %</b>	<b>65.99 %</b>	<b>64.49%</b>	<b>66.13%</b>

**2.7. Village Panchayats (22%):**

2.7.1. The procedure of Budget, organisational setup, source of revenue, source of Fund, Accounts maintained in the Village Panchayats and also the audit arrangement for the Village Panchayats in addition to the serious irregularities noticed in audit are dealt with in Chapter 5 of the audit report.

2.7.2. Out of 12525 Village Panchayats only 22 % of Village Panchayats are audited every year by Local Fund Audit Department. In the span of 5 year all the 12525 Village Panchayats are audited.

**2.8. Universities:**

2.8.1. The overall income and expenditure of 23 Universities for the year ended March 2021 are Rs.959612.01 Lakh and Rs.987886.81 Lakh respectively.

2.8.2. The cost of audit is charged based on the actual cost of the audit establishment except for the Annamalai University and University of Madras for which the cost of audit is based on average cost.

2.8.3. The demand of total cost of audit for the 23 Universities for the year ended March 2021 stands at Rs.471.44 lakh.

**2.9. Public Libraries:**

2.9.1. The total receipts and charges of the 32 Local Library Authorities for the year ended March 2021 are Rs.20089.00 Lakh and Rs.19445.94 Lakh respectively.

2.9.2. Except for the LLA, Chennai city whose audit fee is charged based on the actual cost of the audit establishment, all other LLAs enjoy free audit service. The audit fee for 32 LLAs for the year ended March 2021 is Rs.2.11 lakh.

**2.10. Market Committees:**

2.10.1. The total receipts and charges for the year ended March 2021 of the 28 Market Committees, 3 Agriculture Engineering Divisions and one Agricultural Marketing Board stand at Rs.99512.01 lakh and Rs.104527.26 lakh respectively.

2.10.2. The Audit fee is charged at the rate of 2% of the expenditure of the Market Committees and the audit fee for the year ended March 2021 is Rs.503.12 lakh.

**2.11. Local Planning Authorities:**

The total receipts and charges of the 29 Local Planning Authorities for the year ended March 2021 are Rs.25511.20 Lakh and Rs.24826.65 Lakh respectively. All Local Planning Authorities enjoy free audit service.

**2.12. Audit Certificate:**

During the Financial Year of 2020-21 the Accounts of 4039 institutions were audited. As per Rule 10(7) of the Tamil Nadu Local Fund Audit Rules, 2016, Annual Accounts of the audited institutions were certified under different categories of opinion as shown in Table 8.

Table 8: Audit Certificate details

(in numbers)

Sl. No.	Type of the Institutions	Total No. of Institution	Number of Certificates issued			
			Unqualified Certificate	Qualified Certificate	Disclaimer Certificate	Adverse Certificate
1) Urban Local Bodies						
	Municipal Corporations	15	2	11	0	1
	Municipalities	121	49	72	1	0
	Town Panchayats	528	248	259	0	21
2) Panchayat Raj Institutions						
	District Panchayats	32	24	8	0	0
	Panchayat Unions	388	201	187	0	0
	Village Panchayats (20%+2%)	2831	1955	876	0	0
	Universities	23	5	14	4	0
3)	Local Library Authorities	32	20	11	0	1
4)	Marketing Committees	32	22	10	0	0
5)	Local Planning Authorities	29	18	11	0	0
6)	Raja Vedha Padasalai	1	1	0	0	0
7)	Arasar Chatram	1	0	1	0	0
8)	TANSCHÉ	1	0	1	0	0
9)	Local Funds	5	0	4	0	1
Total		4039	2545	1465	5	24

**CHAPTER – III****INTRODUCTION TO THE TAMIL NADU LOCAL FUND AUDIT DEPARTMENT, THE TAMIL NADU LOCAL FUND AUDIT ACT-2014, AUDIT PROCEDURE, AUDITABLE INSTITUTIONS AND THE GIST OF MAJOR AUDIT OBSERVATIONS****Local Fund Audit Department****3.1.Genesis:**

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

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

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

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

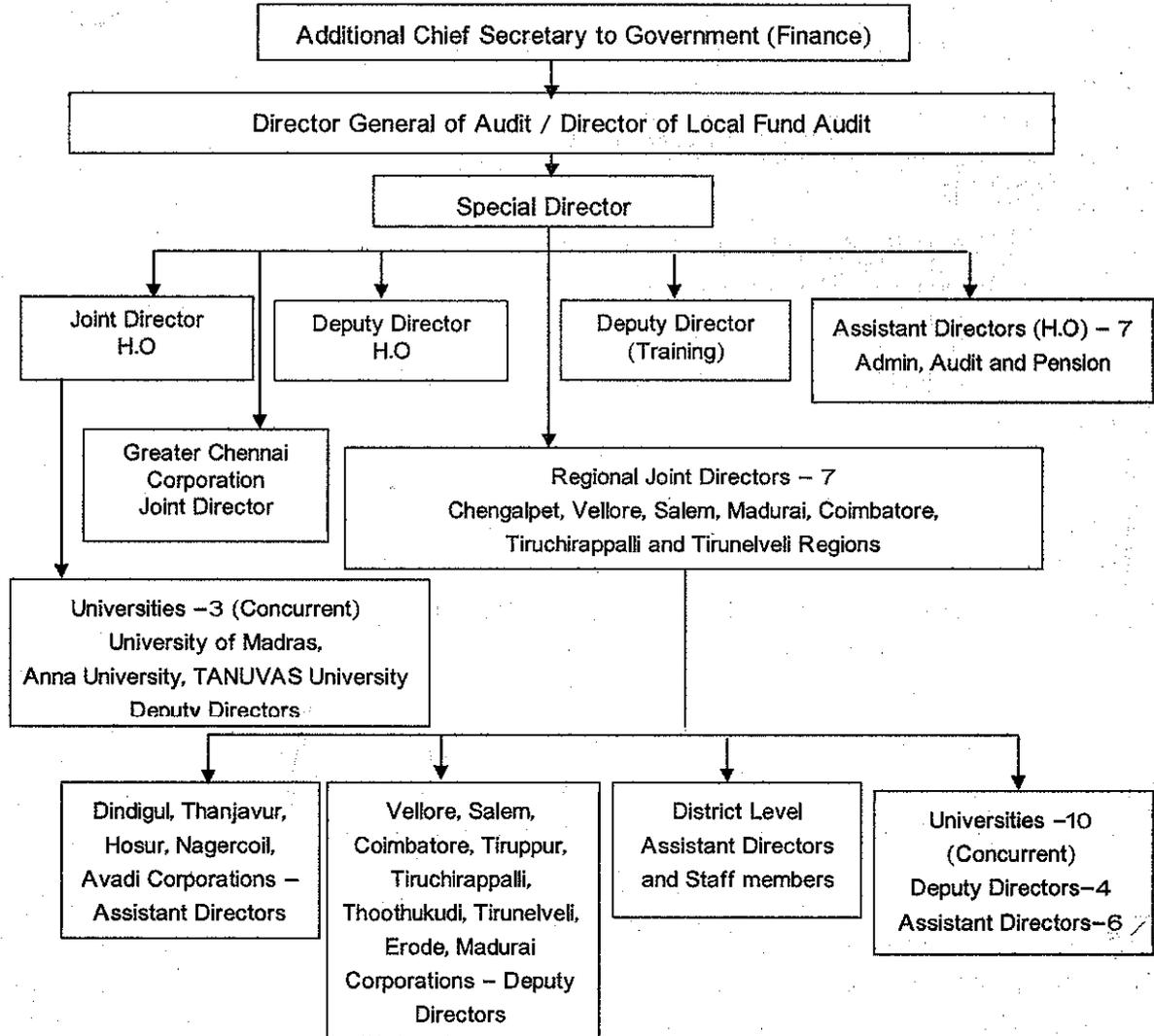
This department has been brought under the administrative control of Finance Department as per the recommendations of the expert committee appointed in the year 1920. The G.O.Ms.No.125, Finance, dated 10.02.1921 has been issued in this regard.

The Examiner was appointed as the Head of the Department for the Local Fund Audit Department as per the G.O.Ms.No.1016, Finance, dated 27.11.1922, from which this department began to function under his control.

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

**3.2. Administrative Setup:**

Local Fund Audit Department is now functioning under the following administrative setup:



**3.3. Local Fund Audit Act, 2014:**

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

3.3.2. The rules for the Local Fund Audit Act of 2014 has been issued through the G.O.(Ms).No.240, Finance (LF)Department, Dated 24.08.2016 and published in the Government Gazette on 24.08.2016. The audit for the year 2019-20 was conducted by this department and the consolidated report is now submitted before the Assembly of Tamil Nadu under Section 20 of Local Fund Audit Act 2014.

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

**3.3.4. Technical guidance of Accountant General:**

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

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

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

**3.4. Audit Procedure:**

Concurrent Audit units have been created on 15.09.2000 for Panchayat Unions. 116 concurrent units are functioning in the 388 Panchayat Unions in the 36 districts except Chennai.

Concurrent Audit units are functioning in all special grade municipalities. All corporations and 13 universities are being audited by the Concurrent Audit Unit Staff. District Panchayats, Town Panchayats, Municipalities and other auditable institutions are being audited regularly by the District Audit Staff annually.

As far as the Village Panchayat audit is concerned, the Panchayat Union Concurrent Audit Staff are auditing the village panchayat accounts. With the objective of completing the test audit of all village panchayats in five years, 20% of Village Panchayats are test audited every year. Besides that, 2% of the village panchayat audit chosen by the Director of Rural Development are also being taken up by this department.

**3.5. Auditable Institutions:**

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

Table 9: Number of Auditable Institutions

Sl.no	Institutions	Numbers
1	Municipal Corporations	15
2	Municipalities	121
3	Town Panchayats	528
4	District Panchayats	32
5	Panchayat Unions	388
6	Universities	23
7	Agricultural Marketing Committee at District Level	26
8	Tamil Nadu Agriculture Marketing Committee Engineering Division	03
9	Tamil Nadu State Agriculture Marketing Board	01
10	Sathankadu Steel Marketing Committee	01
11	District Library Authorities	32
12	Koyambedu Market Committee	01
13	Other Institutions	08
14	Local planning Authority	29
15	Village Panchayat Audit (Out of 12525 Village Panchayat every year 22% Audit)	2831
	Total	4039

**3.5.2. Other Special Works:**

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

**Submission of Audit Report to the Government – Observations rectified – Audit recovery to the tune of Rs.1133.48 lakh.**

3.5.3. The audit on the accounts of 2020-21 was completed and significant audit observations were selected to be placed in the Assembly. They were submitted to the Rural Development Department, Commissioner of Municipal Administration, Director of Town Panchayats, Commissioner of Agricultural Marketing and Agricultural Business and Director of Libraries. The replies to the audit Observations were received from them. It is verified that an amount to the tune of Rs.1133.48 lakh is recovered as audit recovery on the basis of audit observations. Details as shown in Table 10.

Table 10: Institution wise major Audit Observations details

S. No	Institutions	No. of Observations	Value of selected Observations for Assembly	Value of Settled Observations	Balance
			(Rs. in lakh)		
1)	Greater Chennai Corporation	7	1139.24	1092.29	46.95
2)	Other Municipal Corporations	7	952.32	0.51	951.81
3)	Municipalities	1	28.28	---	28.28
4)	Town Panchayats	2	843.84	30.63	813.21
5)	Panchayat Unions	2	64.33	---	64.33
6)	Village Panchayats	1	21.97	10.05	11.92
7)	Universities	6	13553.11	---	13553.11
8)	Local Library Authorities	1	6884.01	---	6884.01
9)	Market Committees	2	4420.04	---	4420.04
10)	Local Planning Authorities	1	777.02	---	777.02
<b>Total</b>		<b>30</b>	<b>28684.16</b>	<b>1133.48</b>	<b>27550.68</b>

#### **3.5.4. Audit Fees:**

Audit of all institutions for the year ended March 2021 have been completed. The audit fees payable by the Corporations, Municipalities, Universities, Agricultural Marketing Committee worth Rs.1788.15 lakh have been raised as demand and noted in the audit observations. Speedy action has to be taken to remit the above audit fees into the Government head of account.

**3.6. GIST OF AUDIT OBSERVATIONS**

Table 11: Gist of Audit Observations – Greater Chennai Corporation

Sl. No.	Observation No.	Details of Observations	Loss Amount	Amount Settled	Balance	Page No.
			(Rs. in lakh)			
1)	4.1.4.1	Roads broader than 12.m Tentative improvement charges along with Storm Water Drainage charges not collected while issuing Building licence loss to the tune of Rs.5.87 lakh.	5.87	5.87	---	56
2)	4.1.4.2	Short collection of various fees / charges collected while issuing Building Plan Approval – loss Rs.3.59 lakh.	3.59	---	3.59	58
3)	4.1.4.3	Infrastructure and Amenities Charges not collected while approving building plan for above 300 Sq.mt (FSI area) – loss Rs.7.40 lakh.	7.40	3.10	4.30	60
4)	4.1.4.4	Arrangements made for Vinayak Chathurthi festival – formation of fencing work, watch tower and chair arrangements @ Marina Beach loop Road –works undertaken after the festival got over – inadmissible expenditure loss Rs.3.44 lakh.	3.44	---	3.44	61
5)	4.1.4.5	Continued payment of Pension / Family Pension even after demise of the pensioners / Family pensioners – loss to the tune of Rs.5.42 lakh.	5.42	---	5.42	62
6)	4.1.4.6	Interest earned in savings account under Moovalur Ramamirtham Ammaiyar Memorial Marriage Scheme not remitted into government account Rs.30.20 lakh @ Medical Services Department.	30.20	---	30.20	63
7)	4.1.4.7	Grant received under Dr.Muthulakshmi Reddy Maternity Benefit Scheme – Balance amount not yet remitted into Government Account – Rs.1083.32 lakh @ Medical Services Department.	1083.32	1083.32	---	64
<b>Total</b>			<b>1139.24</b>	<b>1092.29</b>	<b>46.95</b>	

Table 12: Gist of Audit Observations –Other City Municipal Corporations

Sl. No.	Observation No.	Details of Observations	Loss Amount	Amount Settled	Balance	Page No.
			(Rs. In lakh)			
1)	4.2.3.1	Water Charges collected lesser than the monthly minimum rate of the council resolution in added areas – loss to the tune of Rs.800.32 lakh.	800.32	---	800.32	67
2)	4.2.3.2	In lockdown period Rebate announced for collection of Lease and Rent by Government – But rebate period extended beyond stipulated time by Corporation – resulting in loss of amount Rs.28.35 lakh.	28.35	---	28.35	68
3)	4.2.3.3	Residential type of water connection provided to commercial type of property tax categories – Short collection of Deposits and Water Charges – Loss of Rs.55.99 lakh.	55.99	---	55.99	69
4)	4.2.3.4	Short Levy of Property Tax – Assessed lesser than the area certified by Corporation Engineers on field inspection in Under Ground Drainage Connection – Loss Rs.4.06 lakh.	4.06	---	4.06	70
5)	4.2.3.5	Short levy of Property Tax for Commercial Building not in accordance to the area Constructed Recurring loss to the tune of Rs.54.25 lakh.	54.25	---	54.25	71
6)	4.2.3.6	Maintenance work in paver block road maintenance work excess amount paid to the Contractor in the higher rates quoted in the Data / Schedule of Rates – Loss amount to the tune of Rs.2.37 lakh.	2.37	---	2.37	72
7)	4.2.3.7	Enhanced Family Pension not reduced to Normal Family Pension even after the expiry of the period mentioned in pension payment order – Loss Rs.6.98 lakh.	6.98	0.51	6.47	73
<b>Total</b>			<b>952.32</b>	<b>0.51</b>	<b>951.81</b>	

Table 13: Gist of Audit Observations – Municipalities

Sl. No.	Observation No.	Details of Observations	Loss Amount	Amount Settled	Balance	Page No.
			(Rs. in lakh)			
1)	4.3.14.1	Unapproved Layout Regularization Scheme – 2017 – Unsold plots regularization – OSR land not transferred and registered in the name of Municipality – value of Rs.28.28 lakh.	28.28	---	28.28	78
<b>Total</b>			<b>28.28</b>	<b>---</b>	<b>28.28</b>	

Table 14: Gist of Audit Observations – Town Panchayats

Sl. No.	Observation No.	Details of Observations	Loss Amount	Amount Settled	Balance	Page No.
			(Rs. in lakh)			
1)	4.4.6.1	Tax and Non-Tax amount collected through online by M/s.Primatix Software Solutions Ltd., – Not fully remitted into bank accounts of respective Town Panchayats Rs.474.18 lakh.	474.18	30.63	443.55	80
2)	4.4.6.2	M/s. Amirtha viswa vidhyapeedam Educational Institutions – Short collection of Vacant Land Tax while issuing Building Plan Approval by Ettimadai Town Panchayat – Loss Rs.369.66 lakh and other defects.	369.66	---	369.66	81
<b>Total</b>			<b>843.84</b>	<b>30.63</b>	<b>813.21</b>	

Table 15: Gist of Audit Observations – District Panchayats

Sl. No.	Observation No.	Details of Observations	Loss Amount	Amount Settled	Balance	Page No.
			(Rs. in lakh)			
No observations selected						

Table 16: Gist of Audit Observations – Panchayat Unions

Sl. No.	Observation No.	Details of Observations	Loss Amount	Amount Settled	Balance	Page No.
			(Rs. in lakh)			
1)	5.2.5.1	Unilateral deduction of amount of Rs.12.55 lakh by State Bank of India resulting in shortage of closing balance in bank accounts.	12.55	---	12.55	89
2)	5.2.5.2	Fraudulent refund of Lapsed Deposits and withdrawal of other Public dues from General Fund and Scheme Fund to irrelevant persons – Details of contractors in deposit Register and cash Book differs with the Bank Scroll – Loss Rs.51.78 lakh.	51.78	---	51.78	90
<b>Total</b>			<b>64.33</b>	<b>-</b>	<b>64.33</b>	

Table 17: Gist of Audit Observations – Village Panchayats

Sl. No.	Observation No.	Details of Observations	Loss Amount	Amount Settled	Balance	Page No.
			(Rs. in lakh)			
1)	5.3.8.1	Short remittance and non-remittance of Cash collection of Rs.21.97 Lakh in Village Panchayats as an 31.03.2021 – Rs.10.05 Lakh remitted based on Audit Observations and Rs.11.92 Lakh yet to be recovered.	21.97	10.05	11.92	96
<b>Total</b>			<b>21.97</b>	<b>10.05</b>	<b>11.92</b>	

Table 18: Gist of Audit Observations – Universities

Sl. No.	Observation No.	Details of Observations	Loss Amount	Amount Settled	Balance	Page No.
			(Rs. in lakh)			
1)	6.1.7.1	GST on affiliation fees and other fees not levied and collected to the tune of Rs.578.91 lakh.	578.91	---	578.91	99
2)	6.1.7.2	Purchase of computers and accessories under fixed rate contract – Violation of Tamil Nadu Transparency in Tender Rules – Prior approval of the Government not obtained Rs.1831.50 lakh.	1831.50	---	1831.50	100
3)	6.1.7.3	Bank Balance and huge Investments kept idle since 2014-15 in Accounts of the Centres and University Colleges – Rs.11075.70 lakh – Need to be transferred to the General Fund Account of the Anna University.	11075.70	---	11075.70	102
4)	6.1.7.4	Seventy one non-Teaching Staff regularised after 01.04.2003 Conversion from Contributory Pension Scheme (CPS) to Old Pension Scheme in violation of Government Order.	---	---	---	102
5)	6.1.7.5	Seventy one non-Teaching Staff under Contributory Pension Scheme (CPS) brought into Provident Fund Scheme (i.e.) Old Pension Scheme in violation of Government Order – Provident Fund Temporary Advances and Provident Fund final closure payments made to these employees – Amount Rs.47.04 lakh	47.04	---	47.04	103

Sl. No.	Observation No.	Details of Observations	Loss Amount	Amount Settled	Balance	Page No.
			(Rs. in lakh)			
6)	6.1.7.6	Centre for Marine Science and Technology (CMST) – Appointment of Dr.S.Mary Josephine Punitha as Lecturer on – compassionate grounds against University Grants Commission (UGC) norms and Government Orders – Pay and allowances paid for the year ended March 2021 – Rs.19.96 lakh held under objection.	19.96	---	19.96	104
<b>Total</b>			<b>13553.11</b>	<b>---</b>	<b>13553.11</b>	

Table 19: Gist of Audit Observations – Local Library Authority

Sl. No.	Observation No.	Details of Observations	Loss Amount	Amount Settled	Balance	Page No.
			(Rs. in lakh)			
1)	6.2.6.1	Non-remittance into the Government Head, of Salary and allowances of the Staff of Local Library Authority drawn from the Treasury for the year ended March 2021 –Amount Rs.6884.01 lakh.	6884.01	---	6884.01	106
<b>Total</b>			<b>6884.01</b>	<b>---</b>	<b>6884.01</b>	

Table 20 : Gist of Audit Observations – Market Committees

Sl. No.	Observation No.	Details of Observations	Loss Amount	Amount Settled	Balance	Page No.
			(Rs. in lakh)			
1)	6.3.5.1	Non-Remittance into the Government Head, of Salary and Allowance of the Staff of Market Committee drawn from the Treasury for the year ended March 2021 – Amount Rs.2314.03 lakh.	2314.03	---	2314.03	109
2)	6.3.5.2	Paddy commercial complex, Mattuthavani, Madurai Pending collection since 2006 of purchase amount of Rs.2094.94 lakh on instalment basis of shops and maintenance charges Rs.11.07 lakh owing to litigation.	2106.01	---	2106.01	110
<b>Total</b>			<b>4420.04</b>	<b>---</b>	<b>4420.04</b>	

Table 21 : Gist of Audit Observations – Local Planning Authority

Sl. No.	Observation No.	Details of Observations	Loss Amount	Amount Settled	Balance	Page No.
			(Rs. In lakh)			
1)	6.4.5.1	Non-remittance into the Government Head of Salary and allowances of the Staff of Local Planning Authority drawn from the Treasury for the year ended March 2021 – Amount Rs.777.02 lakh.	777.02	---	777.02	112
<b>Total</b>			<b>777.02</b>	<b>---</b>	<b>777.02</b>	

**PART – B**

**MAJOR AUDIT OBSERVATIONS**

## CHAPTER – IV

### INTRODUCTION TO URBAN LOCAL BODIES (VIZ., GREATER CHENNAI CORPORATION, OTHER CITY MUNICIPAL CORPORATIONS, MUNICIPALITIES AND TOWN PANCHAYATS) AND MAJOR AUDIT OBSERVATIONS.

#### CITY MUNICIPAL CORPORATIONS

##### 4.1. Greater Chennai Corporation:

##### 4.1.1. Introduction to Greater Chennai Corporation

Greater Chennai Corporation came into existence as per Madras City Municipal Corporation Act 1919. As per 2011 census the total population of Chennai Corporation is 46.46 lakh. Population of Chennai Corporation comprises 23.36 lakh Male and 23.10 lakh Females. Total literacy rate is 90.18%. As per G.O.Ms.No.256 Municipal Administration and Water Supply Department dated.26.12.2009, the area of Chennai Corporation has been expanded to 426 sq.km.

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

Out of 18 functions, enlisted in the Twelfth schedule of the Constitution, 13 functions have been devolved to Greater Chennai Corporation which is functioning as per "Chennai City Municipal Corporation Act 1919".

##### 4.1.2. Major Functions:

Among the 13 functions devolved by the State Government, the function of providing infrastructure and basic amenities like Road, Storm Water Drain, Street lights, Solid Waste Management, Conservancy, Education, Public Health, Park and also the function of issuing Birth and Death certificate are carried out by the Greater Chennai Corporation. 15 Zones, 27 Departments and 3 Regional Deputy Commissioner Offices are functioning to provide the above-mentioned services.

##### 4.1.3. Authority for Audit:

Under Section 2(g), Schedule of the Tamil Nadu Local Fund Audit Act 2014, the Director of Local Fund Audit is the Statutory Auditor.

##### 4.1.4. Major Observations noticed in Audit:

The Audit of the Greater Chennai Corporation is done as per Rule 19D of schedule V of Chennai City Municipal Corporation Act 1919 and under Section 4 of Tamil Nadu Local Fund Audit Act 2014 and Rules 2016. Only selected Observations are being brought to the notice of the Government as per Section 20 of Tamil Nadu Local Fund Audit Act 2014.

**Loss of Revenue**

**4.1.4.1. Non-collection of Storm Water Drainage charges.**

Roads broader greater than 12m tentative Improvement charges along with Storm Water Drainage charges not collected while issuing Building Plan Approval loss to the tune of Rs.5.87 lakh. (Greater Chennai Corporation Observation No.49 / 2020-21)

As per Works Department circular No.W.D.C.No.7/2129/2011, Dated.12.12.2011, for plot having roads broader than 12 meter, the Storm Water Drainage fees should also be considered for calculating the tentative improvement charges while issuing Building Plan Approval.

All the work regarding Building Plan Approval are done in Greater Chennai Corporation through the Computer software named AUTO DCR since 26.07.2017.

Before the Computerization / Digitization of Building Plan Approval in Greater Chennai Corporation (before 26.07.2017) the tentative improvement charges was calculated after considering the Storm Water Drainage charges for the roads broader than 12m based on the circular of Works Department.

But, after computerization, the software has been designed in such a way that the Storm Water Drainage charges being included with tentative improvement charges only for the roads broader than 12.21m.

Hence, Revenue loss was incurred in Zone-2 during 2020-21, while issuing Building Plan Approval as the Storm Water Drainage charges were not included along with tentative improvement charges for the roads with breadth from 12 m to 12.20 m.

Hence, the software is to be redesigned so as to include Storm Water Drainage charges along with tentative improvement charges for roads with breadth of 12 m and more. In addition, amount mentioned in the Annexure is to be collected from respective property owners and remitted into Greater Chennai Corporation head of account and intimated to audit.

**a) Calculation of Tentative Improvement charges:**

Date of Building approval	:	B.A.W.D.C.No.02/00951/2021, Dated.17.02.2021
Plan approval number	:	P.P.A.W.D.C.No.02/08575/2020, Dated.17.02.2021
Name of the Owner	:	Mrs. Garima Baid
Location of Plot	:	No. 84/2 and 85/3 A1, Kosapoor, Vadaperumbakkam School, Vadaperumbakkam, Chennai.
Improvement/Development type	:	New Construction

Sl.No.	Tentative Improvement charges Due	Received	Loss
		Amount in Rs.	
1)	16.80 (16,160 + 3,300 +23,450)	1,63,500/-	1,96,944/-
	2 =8.40 (42,910) =Rs.3,60,444/-		

**b) Calculation of Tentative Improvement charges:**

Date of Building approval	:	B.A.W.D.C.No.02/00953/2021, Dated.17.02.2021
Plan approval number	:	P.P.A.W.D.C.No.02/08574/2020, Dated.17.02.2021
Name of the Owner	:	Mrs. Reena Nahata
Location of Plot	:	No. 84/2 and 85/3 A2, Kosapoor, Vadaperumbakkam School, Vadaperumbakkam, Chennai.
Improvement / Development type	:	New Construction

Sl.No.	Tentative Improvement charges Due	Received	Loss
		Amount in Rs.	
1)	16.70 (16,160 + 3,300 + 23,450)		
	----- 2 =8.35 (42,910) = Rs.3,58,299/-	1,62,500/-	1,95,799/-

**c) Calculation of Tentative Improvement charges:**

Date of Building approval	:	B.A.W.D.C.No.02/00952/2021, Dated.17.02.2021
Plan approval number	:	P.P.A.W.D.C.No.02/08577/2020, Dated.17.02.2021
Name of the Owner	:	Mrs. Nikhil
Location of Plot	:	No. 84/2 and 85/3 A3, Kosapoor, Vadaperumbakkam School, Vadaperumbakkam, Chennai.
Improvement / Development type	:	New Construction

Sl.No.	Tentative Improvement charges Due	Received	Loss
		Amount in Rs.	
1)	16.60 (16,160 + 3,300 + 23,450)		
	----- 2 =8.3 (42,910) = Rs.3,56,153/-	1,61,600/-	1,94,553/-

**Abstract**

a)	Rs.1,96,944 /-
b)	Rs.1,95,799 /-
c)	Rs.1,94,553 /-
<b>Total</b>	<b>Rs.5,87,296/-</b>

**Reply:**

This observation has been communicated to the Commissioner of Greater Chennai Corporation. Interim reply was received from District Revenue Officer / Assistant Commissioner, Zone - 2 (Manali), Greater Chennai Corporation vide letter No.Z.O.2 R.C.No.E4/3148/2022, dated 14.10.2022 wherein the loss mentioned in the sub-paras A, B and C of the above observation were recovered as shown below:

Sub Para No.	Chellan No./ date	Amount Recovered (in Rs.)
A)	NB/2022-23/0023679, dated.21.09.2022	₹.1,96,944/-
B)	NB/2022-23/0024339, dated. 27.09.2022	₹. 1,95,799/-
C)	NB/2022-23/0024332, dated.27.09.2022	₹. 1,94,553/-

**4.1.4.2. Short collection of various fees / charges.**

Short collection of various fees / charges collected while issuing Building Plan Approval – Loss Rs.3.59 lakh (Greater Chennai Corporation Observation No.24 / 2020-21)

Under sec. 238 of Chennai City Municipal Corporation Act of 1919 and Council resolution No.550/2003, dated.29.09.2003, the fees for issuing Building Plan Approval have been fixed and followed since 01.10.2003.

In the following files related to the Building Plan Approval issued during the year 2020-21 of Greater Chennai Corporation, Zone-3 (Madhavaram), it is found that the license fee was collected at lower rates than what is prescribed in the above mentioned resolution. The details are furnished in Table 22.

**A) Demolition fees:**

Table 22: Demolition fee short collection details

Sl. No.	Building Plan No. Approval date	Area to be demolished (Sq.mt)	Amount to be collected	Actually Collected	Difference Amount
				Amount in Rs.	
1)	BA/WDC/N03/01864/2020, dated.18.04.2020	26.73	3,000	2,700	300
2)	BA/WDC/N03/03358/2020, dated..17.09.2020	94.36	10,400	9,900	500
3)	BA/WDC/N03/03502/2020, dated.17.09.2020	G.F - 49.67 F.F - 64.75	10,000	7,700	2,300
4)	BA/WDC/N03/02636/2020, dated.06.08.2020	G.F - 152.34 F.F - 152.34	27,500	21,600	5,900
5)	BA/WDC/N03/00788/2021, dated.11.02.2021	82.55	9,100	6,800	2,300
6)	BA/WDC/N03/00586/2021, dated.05.02.2021	G.F - 105.14 F.F - 59.72	15,800	11,000	4,800
				<b>Total</b>	<b>16,100</b>

**B) Security Deposit:**

In the following files it was found that the Security Deposit were collected less than the prescribed rates. The details are furnished in Table 23.

Table 23: Security Deposit short collection details

Sl. No.	Building Plan No. and Approval date	Total Built up Area (Sq.m)	Rate per Sq.m.	Amount to be collected	Actually Collected	Difference Amount
1)	BA/WDC/N03/02893/2020, dated.21.07.2020	535	187.5	100400	95700	4700
2)	BA/WDC/N03/03237/2020, dated.14.09.2020	420	187.5	78800	12600	66200
3)	BA/WDC/N03/05908/2020, dated. 31.12.2020	650	187.5	121900	106300	15600
4)	BA/WDC/N03/05479/2020, dated. 10.12.2020	530	30	15900	14100	1800
<b>Total</b>						<b>88300</b>

**C) Infrastructure and amenities charges:**

In the following files it was found that the Infrastructure and Amenities Charges were collected less than the prescribed rates. The details are furnished in Table 24.

Table 24: Infrastructure and Amenities Charges short collection details

Sl. No.	Building Plan No. and Approved date	Total FSI (sq.m)	Rate / (sq.mt)	Amount to be collected	Actually Collected	Difference Amount
1)	BA/WDC/N03/02893/2020, dated.21.07.2020	47.60	375	17900	15000	2900
2)	BA/WDC/N03/03500/2020, dated.22.09.2020	416.06	375	156100	150100	6000
3)	BA/WDC/N03/02821/2020, dated.06.08.2020	234.15	375	87900	86700	1200
4)	BA/WDC/N03/02951/2020, dated.13.08.2020	414.35	375	155400	149700	5700
5)	BA/WDC/N03/05208/2020, dated.24.11.2020	384.35	375	144200	143700	500
6)	BA/WDC/N03/04445/2020, dated.23.10.2020	314.39	375	117900	108900	9000
7)	BA/WDC/N03/00283/2020 dated.19.01.2020	435.96	375	163500	161700	1800
8)	BA/WDC/N03/05908/2020, dated.31.12.2020	462.79	375	173600	56300	117300
9)	BA/WDC/N03/01095//2021, dated.01.03.2021	242.12	375	90800	87800	3000
10)	BA/WDC/N03/01096/2020, dated.01.03.2021	237.92	375	89300	86700	2600
<b>Total</b>						<b>1,50,000</b>

**D)OSR Charges:**

As per Rule 41 of Tamil Nadu Combined Development and Building Act 2019, OSR charges should be collected at prescribed rates for the land area exceeding 3000.Sq.mt for sale deed registered before 05.08.1975 and the land area exceeding 10000.Sq.mt for sale deed registered after 05.08.1975 based on the guideline value of Registration Department.

In the following files it was found that the OSR charges were collected less than the prescribed rates. The details are furnished in Table 25.

Table 25: OSR Charges short collection details

Building Plan No. and Approval date	Sale Deed year	Extent of land	Extent of Plot (Sq.mt)	Guideline Value	Amount to be collected	Actually Collected	Difference Amount
BA/WDC/N03/00329/2021, dated.03.02.2021	1981	147 Cents	225	8660	194900	90500	104400
<b>Total</b>							<b>104400</b>

**Abstract:**

Details		Amount in Rs.
A)	Demolition fees	16100
B)	Security Deposit	88300
C)	Infrastructure and amenities charges	150000
D)	OSR Charges	104400
<b>Grand Total</b>		<b>358800</b>

**Reply:**

This observation has been communicated to the Commissioner of Greater Chennai Corporation. No reply has been received.

**4.1.4.3. Non-collection of Infrastructure and Amenities Charges.**

Infrastructure and Amenities Charges not collected while approving building plan for above 300 Sq.mt (FSI area) – loss Rs.7.40 lakh.  
(Greater Chennai Corporation 2020-21)

According to the Tamil Nadu Town and Country Planning Rules 2008, while approving the building plan, Infrastructure and amenities fee should be collected from the applicant. Amendments were made to rule 2 (f) (i) (ii) of the above Rules through G.O.No.01, Housing and Urban Development Department, dated 05.01.2021 as follows:

- "(i) A single building with more than two floors or
- (ii) A single building with not more than two floors, having a total floor area of not less than 300 sq.mt."

As per this amendment, for plan approvals of buildings with more than 300 sq.mt (FSI area) Infrastructure and Amenities Charges should be collected at the rate of Rs.375 per sq.mt.

It is found in audit that in the cases listed in Table 26, the Infrastructure and Amenities Charges have not been levied and collected. Which resulted in revenue loss of Rs.7,39,847/-. Administrative measure must be taken to collect the Infrastructure and Amenities Charges from the building plan applicants concerned.

Table 26: Loss in Building Plan Approval details

Sl. No.	Zone	Audit report Observation No.	Building Plan Approval File No.	Loss Rs.	Appendix No.
1)	5	26(A)/2020-21	BA/WDC NO.5/01619/21, Date.15.03.2021	113134	01
2)	5	26(B)/2020-21	BA/WDC NO.5/00694/21, Date.05.02.2021	159218	
3)	11	21/2020-21	BA/WDC NO.11/01724/21, Date.04.02.2021	139698	
4)	13	15/2020-21	BA/WDC NO.13/00245/21, Date.25.01.2021	170211	
5)	13	21/2020-21	BA/WDC NO.13/01363/21, Date.09.03.2021	157586	
Total				739847	

**Reply:**

This observation has been communicated to the Commissioner of Greater Chennai Corporation. No reply received except the loss pointed out in the SI.No.3 and 4 (amount of Rs.1,39,698/- and Rs.1,70,211/-) has been collected and remitted into the Greater Chennai Corporation Account vide Challan No. NL/2022-23/0029222, dated 28.10.2022 and NN/2022-23/0015273, dated 26.07.2022 respectively.

**Inadmissible Expenditure**

**4.1.4.4. Loss due to inadmissible Expenditure in works.**

Arrangements made for Vinayak Chaturthi festival – formation of fencing work, watch tower and chair arrangements @ Marina Beach loop Road –works undertaken after the festival got over – inadmissible expenditure loss Rs.3.44 lakh.  
(Greater Chennai Corporation Observation No. 16 / 2020-21)

Contractor Name	:	Sri Saravana Enterprises
Voucher No.	:	1BPV/ 286/20-21, dated.02.04.2020
Estimate No.	:	NJ/2018-2019/9715
M-Book No.	:	349/2017-2018

In division 25, Ward-126, Loop Road in Marina Beach area, there will be celebration of Vinayak Chaturthi function every year. For this celebration, fencing work, watch tower, shamiana and arrangements of chairs were made for the safety and security purpose of the public. This work was allotted to the contractor named 'Shri Saravana Enterprises'.

The above mentioned function was celebrated actually on 13.09.2018 and the idol immersions were proposed to be held on 16.09.2018. The Assistant Commissioner of Police, Mylapore had sent a letter to the Zonal Officer of Zone-9 regarding precautionary measures to be taken for the same.

As per the M.Book No.349, Page No.2, the contractor had done the arrangements work only on 24.09.2018 instead before 16.09.2018. All arrangement work were carried out by the contractor on the same day and the Assistant Engineer and Assistant Executive Engineer have verified and certified the same day itself. The Executive Engineer also certified this on 24.09.2019 explanation should be given by the concerned officials as why the work has been certified on 24.09.2019 after one year.

The arrangements for the festival made after 16.09.2018 are wasteful expenditure. Hence this amount of Rs.3,44,060/- should be recovered from the concerned officials.

**Reply:**

This observation has been communicated to the Commissioner of Greater Chennai Corporation. No reply has been received.

**4.1.4.5. Continued payment of pension/ family pension even after demise of the pensioners.**

Continued payment of Pension / Family Pension even after demise of the Pensioners / Family Pensioners loss Amounting to Rs.5.42 lakh.  
(Greater Chennai Corporation Observation No. 10 / 2020-21)

The Pension/ Family Pension paid to the Pensioners / Family Pensioners must be stopped from the very next day of death of Pensioner / Family Pensioners. During the 2020-21 Audit, on verification of Monthly pension bills presented along with inclusion and deletion Registers maintained by pension section it was observed that some of the Pensioners / Family Pensioners accounts being credited with Pension / Family Pension even after their demise.

Action must be taken for the stoppage of the further credit of Pension amount to the late Pensioners / Family Pensioners. Amount already paid for Rs.5,42,061/- is loss to the Greater Chennai Corporation it must be recovered from the respective bank accounts of the Pensioners / Family Pensioners as per the Appendix No.02.

**Reply:**

This Audit observation has been communicated to the Commissioner of Greater Chennai Corporation. No reply has been received.

**Non-remittance of Interest and unspent Government Grant**

**4.1.4.6. Non-remittance of interest earned in Government Grant into Government account.**

Interest earned in savings account under Moovalur Ramamirtham Ammaiyar Memorial Marriage Scheme not remitted into Government Account Rs.30.20 lakh @ Medical Services Department.

(Greater Chennai Corporation Observation No. 09 / 2020-21)

All the Marriage Schemes operating in Social Welfare and Noon Meals Scheme Department under the guidelines issued vide G.O.Ms.No.49, Social Welfare and Noon Meal Scheme Department, dated 26.7.2011, from 2011-12 onwards. As per the above G.O. Moovalur Ramamirtham Ammaiyar Memorial Marriage Scheme implemented in the G.O.No.83, Social Welfare and Noon Meal Scheme Department, dated 06.09.2013 the ceiling of family income was increased from Rs.24,000/- to Rs.72,000/-. This scheme was implemented by Medical Service Department of Greater Chennai Corporation with the fund allotment by Social Welfare Department. In 2020-21, totally Rs.2,24,75,00,000/- was disbursed to 563 beneficiaries.

While auditing this scheme account, it was observed that a saving Account (IOB A/c.No.4262) maintained in Greater Chennai Corporation for the scheme interest accrued during year 2020-21, was not remitted into respective head of account.

**Table 27: Income and Expenditure statement for the year 2020 - 21**

Opening Balance as on 01.04.2020		2,16,40,603.60
<b>Add</b>		
Amount Received from PAO (N)	2,06,00,000	
Interest Credited by Bank	9,63,091	
Returned Improper Account 1*25000	25,000	
Returned Improper Account 3*50000	1,50,000	
<b>Total</b>	<b>2,17,38,091</b>	
		<b>4,33,78,694.60</b>
<b>Less</b>		
Amount Debited for 70 * App Rs.25000	17,50,000	
Amount Debited for 105 * App Rs.50000	52,50,000	
BANK Charges		
2016-17 Int Remitted RBI	70,00,000	
<b>Total</b>	<b>1,40,00,000</b>	
<b>Closing Balance as per Pass Book as on 31.03.2021</b>		<b>3,63,78,694.60</b>

**Interest earned in this A/c. as follows:**

Year	Received Interest Amount in Rs.	Details of Remittance in Government A/c.
2016-17	8,05,943/-	Remitted
2017-18	21,81,473/-	Remitted
2018-19	9,62,656/-	Remitted
2019-20	20,56,868/-	Not Remitted
2020-21	9,63,091/-	Not Remitted

Sl. No.	2020 - 21 Earning Interest	
	Dated	Amount in Rs.
1)	03.08.2020	1,67,478/-
2)	02.11.2020	1,22,530/-
3)	01.02.2021	1,20,928/-
	<b>Total</b>	<b>9,63,091/-</b>

Moreover, interest was not calculated from the year of implementation of the scheme from 2011-12 to 2015-16. It was kept along with the closing balance.

Hence, Interest earned in the year 2019-20 and 2020-21 totally Rs.30,19,959/- (20,56,868 + 9,63,091 = 30,19,959) should be remitted into respective Government Head of Account and intimated to audit.

**Reply:**

This Audit observation has been communicated to the Commissioner of Greater Chennai Corporation. An interim reply has been received. It has been stated that action would be taken to remit the interest amount for Rs.30,19,959/- into the Government Account. Hence the observation is pending.

**4.1.4.7. Non-remittance of unspent Grant into Government account.**

Grant received under Dr.Muthulakshmi Reddy Maternity Benefit Scheme - Balance amount not yet remitted into Government Account - Rs.1083.32 lakh @ Medical Services Department. (Greater Chennai Corporation Observation No. 10 / 2020-21)

**File No.M.S.D.F8/0541/2020**

As per G.O.Ms.No.40, Family and Welfare (P2) Department, dated 20.02.2018 under Dr.Muthulakshmi Reddy Maternity Benefit Scheme the financial assistance to poor pregnant women has enhanced from Rs.12000/- to Rs.18000/-.

As per G.O.Ms.No.118, Family and Welfare (P2) Department, dated 02.04.2018 the eligible mothers will receive Rs.18000/- in 5 instalments (Rs.2000 x 3 instalments and Rs.4000 x 2 instalment totally Rs.14000/-) also receive 2- nutrition kits (Rs.2000x2) worth for Rs.4000/- for pregnant mothers.

In the Financial Year 2020-21, Rs.40,92,28,000/- was allotted in Budget and remitted into Greater Chennai Corporation vide ECS mode (IOB, GCC Savings Account No.171101000003535).

This fund was then disbursed to all 15 Zones of the GCC of in the name of respective Zonal Accounts Officer.

Sl.No.	Section	Amount in Rs.
1)	General	29,43,86,000
2)	Scheduled Caste	11,23,42,000
3)	Scheduled Tribe	25,00,000
<b>Total</b>		<b>40,92,28,000</b>

Disbursement of fund to beneficiaries of all 15 Zones vide the proceedings of the Commissioner of Greater Chennai Corporation as mentioned in below:

Sl.No.	Section	Amount in Rs.
1)	General	22,06,28,000
2)	Scheduled Caste	7,91,24,000
3)	Scheduled Tribe	11,86,000
<b>Total</b>		<b>30,09,38,000</b>

As per the guidelines specified in G.O.'s Financial assistance is provided to those mothers who have undergone delivery procedure in private hospital for above mentioned case, the wrongly allotted fund Rs.42,000/- was identified and it has been suspended now. The details are as follows:-

Sl.No.	Allotted Fund	Allotted Fund	Disbursed amount to beneficiaries	Balance
				Amount in Rs.
1)	As per Budget allotment	40,92,28,000	30,09,38,000	10,82,90,000
2)	Suspended amount for those mothers who are undergone delivery procedure in Pvt., Hospitals.			42,000
<b>Total Balance</b>				<b>10,83,32,000</b>

Hence, the balance amount for Rs.10,83,32,000/- need to be remitted into Government account and intimated to audit.

**Reply:**

This Audit observation has been communicated to the Commissioner of Greater Chennai Corporation. As pointed out in audit the administration remitted the amount for Rs.10,83,32,000/- into the Government account vide Challan No.394/409/410 dated.10.06.2022.

## **4.2. OTHER CITY MUNICIPAL CORPORATIONS** **(Except Greater Chennai Corporation)**

### **4.2.1. Introduction to other City Municipal Corporations**

Out of 18 functions enlisted in the Twelfth Schedule of the Constitution, 17 functions have been devolved to the City Municipal Corporations by the Government of Tamil Nadu. There are 14 City Municipal Corporations (other than Greater Chennai Corporation) functioning in Tamil Nadu. The other 14 City Municipal Corporations are functioning as per their own Act.

There are totally 25,73,248 numbers of Property Tax Assessments. Out of this only 14,19,169 Assessments are provided with water connection. The total demand of Property Tax is Rs.60829.11 lakh. The outstanding loan amount in Revenue Fund of the 14 Corporations as on 31.03.2021 is Rs.195044.01 lakh. The taxes and fees receivable stands at Rs.126690.92 lakh. The demand of Audit fees for the year 2020-21 is Rs.457.88 lakh only. The other 14 Corporations have to finalise their Annual Accounts within three months from the completion of the respective financial year. As per section 4, 6 and 11 of the Local Fund Audit Act 2014 and Rule 10 of the Rules 2016, the audit on the accounts of the Corporations is conducted and completed and the Audit Report is issued by the Local Fund Audit Department.

The other 14 City Municipal Corporations are maintaining separate accounts under three heads namely Revenue and Capital Fund, Water Supply Fund and Elementary Education Fund. These accounts are being maintained through centralized web based software in a phased manner w.e.f 11.09.2015 in all 14 City Municipal Corporations.

### **4.2.2. Authority for Audit:**

Under Section 2(g), Schedule of the Tamil Nadu Local Fund Audit Act 2014, the Director of Local Fund Audit is the Statutory Auditor.

### **4.2.3. Major Observations noticed In Audit:**

The audit of the Municipal Corporation is carried out under Section 4 of the Tamil Nadu Local Fund Audit Act, 2014 and rule 4 of the Tamil Nadu Local Fund Audit Rules, 2016. Only serious nature of observations are being brought to the notice of the Government as per Section.20 of the Tamil Nadu Local Fund Audit Act, 2014.

Loss of Revenue
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#### 4.2.3.1. Short levy and collection of water charges– recurring loss.

Water Charges collected lesser than the prescribed monthly minimum rate of the council resolution in added areas – loss to the tune of Rs.800.32 lakh. (Coimbatore Corporation Observation No.13 / 2020–21)
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Eleven Local bodies around the Coimbatore Corporation were added to it by G.O.No.49, Municipal Administration and Water Supply Department, dated 22.02.2011 and G.O.No.72, Municipal Administration and Water Supply Department, dated 12.05.2011.

New water charges and water supply by laws were implemented in Corporation limits from 01.10.2013 by council resolution No.158, dated 29.08.2013 and No.302, dated 30.12.2013. In that council resolution there was no separate water charges for old corporation areas and newly added areas. Hence these new water charges and by-laws were to be implemented uniformly throughout all wards in the Corporation.

From 22.02.2011 onwards this procedure had to be implemented in 11 newly added Local bodies. This was mentioned in S.No.2 and 3(b)(5) in the water supply by-laws as mentioned below.

Sl.No.2. Water Charges will be collected on meter rate basis for both Domestic and non-domestic connections. Connections based on tap should be converted to meter rate within 60 days of this announcement and within 60 days from the date of implementation of these by laws. Water connections not converted to metered rate will be disconnected without any notice.

Sl.No. 3(b)(5). Application for new water connections by tenants of building that either belong to or under maintenance of the Corporation will be given only on meter rate basis and water charges will be collected on the basis of water usage either domestic or non-domestic.

Minimum monthly water charge to be collected as per council resolution is given below:

Sl.No.	Type of Water Connection	Monthly Minimum Charges in Rs.
1)	Domestic	100/-
2)	Domestic (Bulk)	900/-
3)	Non-Domestic	525/-
4)	Non-Domestic (Bulk)	1,350/-

By these laws water connections not based on metered rate basis including newly added wards had to be converted to meter rate basis within 60 days from 01.10.2013, the day the resolution came to force or within 30.11.2013 all connections that was not metered had to be metered. But the added area wards in the below mentioned Zones water connections were not metered and water charges were being collected on old rate basis.

This did not conform to council resolution. It was considered by audit that by not implementing this resolution there was a revenue loss of Rs.8,00,31,660/- to the Corporation during the year 2020-21.

Sl.No.	Zone	Loss Amount Rs.
1)	South Zone	1,37,48,940/-
2)	North Zone	2,11,20,780/-
3)	East Zone	2,10,59,640/-
4)	West Zone	2,41,02,300/-
	Total	8,00,31,660/-

Zone wise and ward wise loss calculation was given in the Appendix No.03.

**Reply:**

This Audit observation has been communicated to the Director of Municipal Administration. In an interim reply it is stated that meter was fixed in old 60 wards only and the newly added 40 wards were tap rate system. Hence these Water Supply By-laws were not applicable to the newly added 40 wards. Developmental work is in progress under KFW and AMRUT Schemes were being implemented in 40 wards of added area. After the completion on those developmental works, meter reading machines will be fixed and water charges will be collected accordingly. Since the new water charges and water supply By-law were implemented after the inclusion of wards to the Corporation, these By-laws are also applicable to all these wards. The revenue loss as per the observation is not recovered hence the observation is pending.

**4.2.3.2. Excess rebate allowed in demand of Lease and Rent against Government Order.**

In lockdown period Rebate announced for demand of Lease and Rent by Government – But rebate period extended beyond stipulated time by Corporation – resulting in loss of amount Rs.28.35 lakh. (Coimbatore Corporation Observation No.35(A) / 2020-21)

Government by order No.298, Municipal Administration and Water Supply Department, dated 02.09.2020 announced exemption on demand/collection of leases and rent amount by Rural and Urban Local Bodies from 01.04.2020 to 31.05.2020 for a period of two months due to Covid-19 total lock down. By this order shops, daily, weekly, markets, two and four-wheeler stand are exempted from paying leasing and rent amount to local bodies for the period mentioned in government order.

But in west zone, Coimbatore Corporation, the exemption period was extended beyond the limit ordered by the Government as described in the Appendix No.04 in collection of leases and rent amount causing a loss of Rs.28,35,046/- to the Corporation. The amount should be collected from persons responsible under intimation to Audit.

**Reply:**

This Audit observation has been communicated to the Director of Municipal Administration. As per the order of Commissioner, Coimbatore Corporation and Special Officer the Flower Market, Weekly Markets and Two-wheeler and Four-wheeler stand the not functioning under Covid-19 period that is rebate period have been extended. The reply contradictory to the Government Order hence the observation is pending.

## 4.2.3.3. Short collection in Water charges and Deposits.

Residential type of water connection provided to commercial type of Property tax categories – Short collection of Deposits and Water Charges – Loss of Rs.55.99 lakh. (Tiruchirappalli Corporation Observation No.42 / 2020-21)

Fees for Residential and Non-Residential Drinking Water Connections have been fixed as follows under Section 12 of the Drinking Water Supply Sub-rules as per Tiruchirappalli Corporation Council Resolution No. 10 dated 30.01.2014.

Table 28: Rate of water charges

<b>(I) Drinking water household usage (Meter ratio):</b>		
Minimum monthly charge up to 10000 litre is	:	Rs.160
Above 10000 litre each 1000 litre and its parts	:	Rs.16
<b>(ii) Non-domestic consumption usage (Meter ratio):</b>		
Minimum monthly charge up to 10000 litre is	:	Rs.600
Above 10000 litre each 1000 litre and its parts	:	Rs.60
<b>(iii) Factory usage (Meter ratio):</b>		
Minimum monthly charge up to 10000 litre is	:	Rs.850
Above 10000 litre each 1000 litre and its parts	:	Rs.85

In Tiruchirappalli Municipal Corporation Ponmalai Division during the year 2020-21 Non-Domestic meter records were compared and verified with the usage measurements of drinking water connections provided under non-residential category. During the above verification, it was found in the audit that the measurements of the drinking water used through the relevant drinking water connections were not recorded in the computer software. Therefore, considering the urgency and importance of this, the accuracy of drinking water supply connection characteristics was checked during the audit. Based on the documents provided for audit and the data downloaded from UTIS software, the non-residential property tax classifications were distinguished, (Based on the Property tax Classification) cross verified and compared with the characteristics of the water connections, the majority of non-residential (Commercial, Industrial, Education Institution) types were analysed, it was found in the audit that the drinking water connections are in the nature of domestic water connections. The audit revealed that the Ponmalai Zone Administration has failed to address this to till date and has caused huge financial losses to the corporation every year.

(A) From 01.04.2014, while the rates have been fixed as above, the nature of property tax of 428 items are found in non-residential types (such as Commercial, Industrial and Education Institution) and the nature of drinking water connection has been given as residential. Thus, due to the change in the nature of drinking water connection, the Corporation loses a one-time payment of deposits Rs.17,12,000/- and annual water charges amount of Rs.23,25,600. So, the total loss is Rs.40,37,600/-.

A special committee should be set up to investigate and resolve with this serious, on-going financial loss. Also, when the water connection is given in residential type without examining its nature, or if the property tax has already been changed from residential type to non-residential type, then the water connection is not changed as a result of this incident. The engineering divisional officers of the zone concerned are fully responsible for not changing the water connection type. The Assistant Commissioner, who has not yet identified and investigated this massive financial loss, becomes an additional responsibility.

Therefore, this loss amount of Rs.40,37,600/- should be collected from the concerned users or reimbursed by the responsible officers.

(B) The data of 241 items has been downloaded from UTIS software and after analysis, it is confirmed in the audit that all the above 241 items have been provided drinking water connection under non-residential category. However, in audit it is found that no demand for drinking water had been raised for the items. Thus, the loss amount to the sum of Rs.15,61,580 when the audit calculates the minimum loss for the current year alone as the demand has not been raised. Therefore, the financial position of the Corporation will improve as the above-mentioned Revenue Leakage is detected and eliminated.

**Abstract**

1)	Sub - Paragraph (A)	Rs.40,37,600/-
2)	Sub - Paragraph (B)	Rs.15,61,580/-
	Total	Rs.55,99,180/-

**Reply:**

This Audit observation has been communicated to the Director of Municipal Administration. No reply has been received.

**4.2.3.4. Short levy of Property Tax leads to recurring loss.**

Short Levy of Property Tax – Assessed lesser than the area certified by Corporation Engineers on field inspection in Under Ground Drainage Connection – Loss Rs.4.06 lakh. (Vellore Corporation Observation No.10/2020-21)

In 4-zones of Vellore Corporation on comparing the 2020-21, Under Ground Drainage (UGD) connection applications submitted to audit with the Property Tax Assessment Calculation sheets, it is found in audit that there is property tax revenue loss in assessment of Property Tax to the Corporation.

On submission of UGD connection application by the building owner, Corporation Engineer visits the site personally and surveys the constructed area of the Residential Building. Based on survey he draws map of the constructed area and certify the area built. Based on Constructed area he fixes the Demand amount. In Audit the UGD Certified constructed area is compared with the Property Tax Assessment calculation sheets and found 23 buildings with short levy of Property Tax.

As elaborated in the Appendix No.05, the real built-up area of the building is reduced to a large extent and this property tax was levied short which resulted in huge revenue loss to the Corporation. From 2020-21 First half year to 2021-22 Second Half year (Totally 4 Half year) the revenue loss is Rs.4,05,824/-.

The above loss is to be recovered from the concerned building owners. Otherwise this loss has to be recovered from the persons responsible.

The legal action may be initiated to the unauthorized additional construction of these 23 Buildings and regularize the additional constructions to the outcome of the verdict.

**Reply:**

This Audit observation has been communicated to the Director of Municipal Administration. As pointed out in audit, action will be taken for reassessment of the Buildings. Interim reply has been received. Hence the observation is pending.

**4.2.3.5. Short levy of Property Tax on Commercial Building- Recurring loss.**

Short levy of Property Tax for Commercial Building not in accordance to the area Constructed Recurring loss to the tune of Rs.54.25 lakh.  
(Dindigul Corporation Observation No.18 / 2020-21)

During the online audit of Property tax in Dindigul Corporation for the year 2020-21, it was found that the property tax collected from the commercial building within the Corporation limit was under assessed. Property Tax collected less than Rs.350/- was selected for audit purpose. As such, 733 commercial buildings were identified and tax was not collected according to the area constructed. Hence, there is a loss to the corporation to the tune of Rs.27,12,371/- for one half year. For one year (2020-21), loss to the corporation is Rs.54,24,742/-. Therefore, the Corporation authorities must take appropriate action and visit to the commercial buildings once again to reassess the under assessed buildings. Otherwise, the said amount may be recovered from the Corporation officials concerned in order to reduce the loss to the Corporation.

**Reply:**

This Audit observation has been communicated to the Director of Municipal Administration. No reply has been received.

**Excess Expenditure incurred.**

**4.2.3.6. Excess amount paid to the contractor by quoting higher rate**

Maintenance work in Paver block road excess amount paid to the Contractor in the higher rates quoted in the Data / Schedule of Rates – Loss amount to the tune of Rs.2.37 lakh. (Madurai Corporation Observation No.45 / 2020-21)

BPV No. / dated	:	0004171/19.03.2021
M. Book No.	:	105B/2017-18
Estimate	:	Rs.13,50,000/-
Work done value	:	Rs.11,93,000/-
Name of contractor	:	R.Boopalan
File No.	:	MP2/Est 662/19-20

The following defects are pointed out in the works carried out as detailed above.

Paver block road repair work has been carried out to the extent of 252.75 cum as per the measurement details recorded in page 3 to 5 of M. Book No.105B/ 2017-18. An amount of Rs.1818.26 per cum was allowed as per the Schedule of rates of Madurai Corporation Road data 2019-20 on 17.06.2018 (page 11-13) as detailed below:

Sl. No.	Serial No in Madurai Corporation Road Data 2019-20 On 17.06.2018	Description	Amount (In Rs)
1)	08	Providing and laying, Spreading and Compacting graded stone aggregate to Wet Mix Macadam (WMM) Specification including premixing the material with water at OMC in mechanical mix plant carriage to mixed material by tipper to site laying in uniform layers with paver in sub base / base course on well prepared surface and compacting with vibratory roller to achieve the desired density complete as per clause 406 of MORTH specifications. Rate for 1 Cum	1818.26

But, as per the estimate of this work, the rate for the above work was quoted as Rs.2723/- per cum (File Page No.11) thereby escalating the cost of the estimate. Hence, after completion of the above work, instead of admitting an amount of Rs.4,59,565/- (252.75 x 1818.26), an amount of Rs.6,88,238 (252.75 x 2723) has been excessively arrived at M.Book Pg.11.

The total expenditure for the work has been overcharged as Rs.12,10,512/ instead of Rs.9,81,939/-. To calculate the work with GST within the estimate of Rs.13,50,000/-, the value of work done has been restricted to Rs.11,93,000/- (M.Book Pg.13).

Hence the amount of Rs.2,11,161/-(Rs.11,93,000-9,81,839) paid to the contractor over and above the amount thus restricted and the GST allowed on the excess amount Rs.25,339/- summing up to an amount of Rs.2,36,500/- in total shall be recovered from the persons concerned and remitted into the Corporation account and details to be intimated to audit.

**Reply:**

This Audit observation has been communicated to the Director of Municipal Administration. No reply has been received.

**4.2.3.7. Enhanced Family Pension not reduced even after the prescribed period.**

Enhanced Family Pension not reduced to Normal Family Pension even after the expiry of the period mentioned in pension payment order - Loss Rs.6.98 lakh.  
(Tiruppur Corporation Observation No.107/2020-21)

In Tiruppur Corporation, during the course of Audit of Pension account, it was found that the enhanced family pension has sanctioned in the Pension Payment Order, was not reduced to normal family pension even after the expiry of the date eligible for getting enhanced family pension. Due to excess disbursement of pension, there was a loss of Rs.6,98,238/- as per Appendix No.06 which needs to be recovered from the concerned individuals and to be remitted in Corporation Pension Account.

Table 29: Pension excess payment details

Sl. No.	Pensioner (Thiru / Tmt.)	PPO No.	Pension		Period for which enhanced pension was given
			Given (in Rs.)	To be given (in Rs.)	
1)	Seetha / Sekar	126	12910	7850	8.3.20-30.9.21
2)	Vijayakumari / Mohanraj	141	24430	14660	8.2.20-31.3.20
3)	P. Jayalakshmi/ Palaniswami	167	12940	7850	17.1.20-31.3.20
4)	R. Amuda/Ravi	169	11990	7850	27.2.20-31.3.20
5)	D.Thangamani / Duraisamy	186	9150	7850	30.12.20-28.2.21
6)	Lakshmi / Jagannathan	10003	3830	3050	21.1.17-30.9.17
			9850	7850	01.10.17-30.9.21
7)	Shakunthala / Vadivel	10004	3830	3050	20.4.17-30.9.17
			9850	7850	1.10.17-30.9.21
8)	K.Kanagarani / Ramesh Babu	205	9850	7850	5.10.20-30.9.21
9)	E.Chinnaponnu	261	11090	7850	31.1.20-31.3.21
10)	Nachammal	85	3785	3050	18.5.15-30.9.17
			9730	7850	1.10.17-30.9.21
11)	Govindhammal	84	3830	3050	17.6.17-30.9.17
			9850	7850	1.10.17-30.9.21

**Reply:**

This Audit observation has been communicated to the Director of Municipal Administration. The loss amount mentioned in the Sl.No.2,3,4,5 and 9 for Rs.50,876/- has been recovered. Action will be taken to recover the balance amount for Rs.6,47,362/-. Amount was not recovered fully, hence the observation is pending.

**4.2.4. A Note on audit of Implementation of the Smart City Mission:**

The Smart City Mission is a centrally sponsored mission launched by Ministry of Urban Development, Government of India with the objective to promote cities that provide core infrastructure and give a decent quality of life to its citizens, a clean and sustainable environment and application of 'Smart' solutions. The Mission will cover 100 cities and its duration will be five years (Financial Year 2015–16 to Financial Year 2019– 20). Under the Smart City Mission, initially 12 cities were selected in Tamil Nadu and the scheme is being implemented in the following 11 cities.

List of the cities in Tamil Nadu where Smart City Scheme has been implemented:

S.No	Name of the Corporation	Year of Implementation
1)	Greater Chennai Corporation	2017–18
2)	Coimbatore Corporation	2015–16
3)	Vellore Corporation	2016–17
4)	Madurai Corporation	2017–18
5)	Thanjavur Corporation	2016–17
6)	Salem Corporation	2017–18
7)	Tiruppur Corporation	2017–18
8)	Tiruchirappalli Corporation	2017–18
9)	Tirunelveli Corporation	2017–18
10)	Thoothukudi Corporation	2018–19
11)	Erode Corporation	2018–19

The financial support by the Union Government and State Government / Urban Local Body for this mission is in the ratio of 50:50. The mission envisages that, each Smart City will have a Special Purpose Vehicle (SPV). It has been established to plan, appraise, approve, release funds, implement, manage, operate, monitor and evaluate the Smart City Development Projects.

As per the G.O.Ms.35, MAWS(MA2)Department, Dated 11.04.2017, the Special Purpose Vehicles (SPV) have been established as a company under the Companies Act, 2013 and has to operate a separate Fund Account in a scheduled bank for the Smart City Development Project. In this connection, it has been mentioned that "the Fund Manager will maintain separate books of account for Smart City Fund. The Fund Manager will prepare annual accounts and cause to conduct an audit of the accounts of Smart City Fund annually. The Fund Manager will nominate a firm of Chartered Accountants to carry out an annual audit of the Smart City Fund, notwithstanding that the Comptroller and Auditor General may also carry out a separate annual audit. The audit report shall be placed before the Board of the Fund Manager and forwarded to the Government, not later than six months after the expiry of the financial year".

In addition to the above provision, the Government vide its order G.O.(MS).No.53, Finance(LF) Department, Dated 26.02.2022 has called for a Special Audit on the Smart City Mission implemented in City Municipal Corporations by the Director of Local Fund Audit. The results of which will be reported separately.