

**AUDIT REPORT OF
MAHABUBNAGAR
MUNICIPALITY FOR
THE YEAR 2015-16**




**Office of the Dist. Audit Officer
State Audit :: Mahabubnagar**

Submitted

The D.A.R on the Accounts of Municipality **MAHABUBNAGAR** Dist:
Mahabubnagar for the year **2015-16** is submitted along with the following
enclosures for kind perusal and approval.

- 1) Draft forwarding letter
- 2) Draft Special letter.

**Asst. Audit Officer
(I)**


**Asst. Audit Officer
(II)**


**Dist. Audit Officer
State Audit, MBNR.**



**GOVERNMENT OF TELANGANA
STATE AUDIT DEPARTMENT**

FROM:

Sri.P. Sudhakar, M.A. M.Phil.,
Dist.Audit Officer,
State Audit,
Mahabubnagar

TO:

The Commissioner,
Municipality **Mahabubnagar**
Mahabubnagar Dist.

Lr.SA.No. /DAO.SA/MBNR/2017-18 Dated: -01-2018.

Sir,

Sub: - AUDIT – Audit Report on the Accounts of **M.C.MAHABUBNAGAR** for
the year 2015-16- forwarded- Reg.

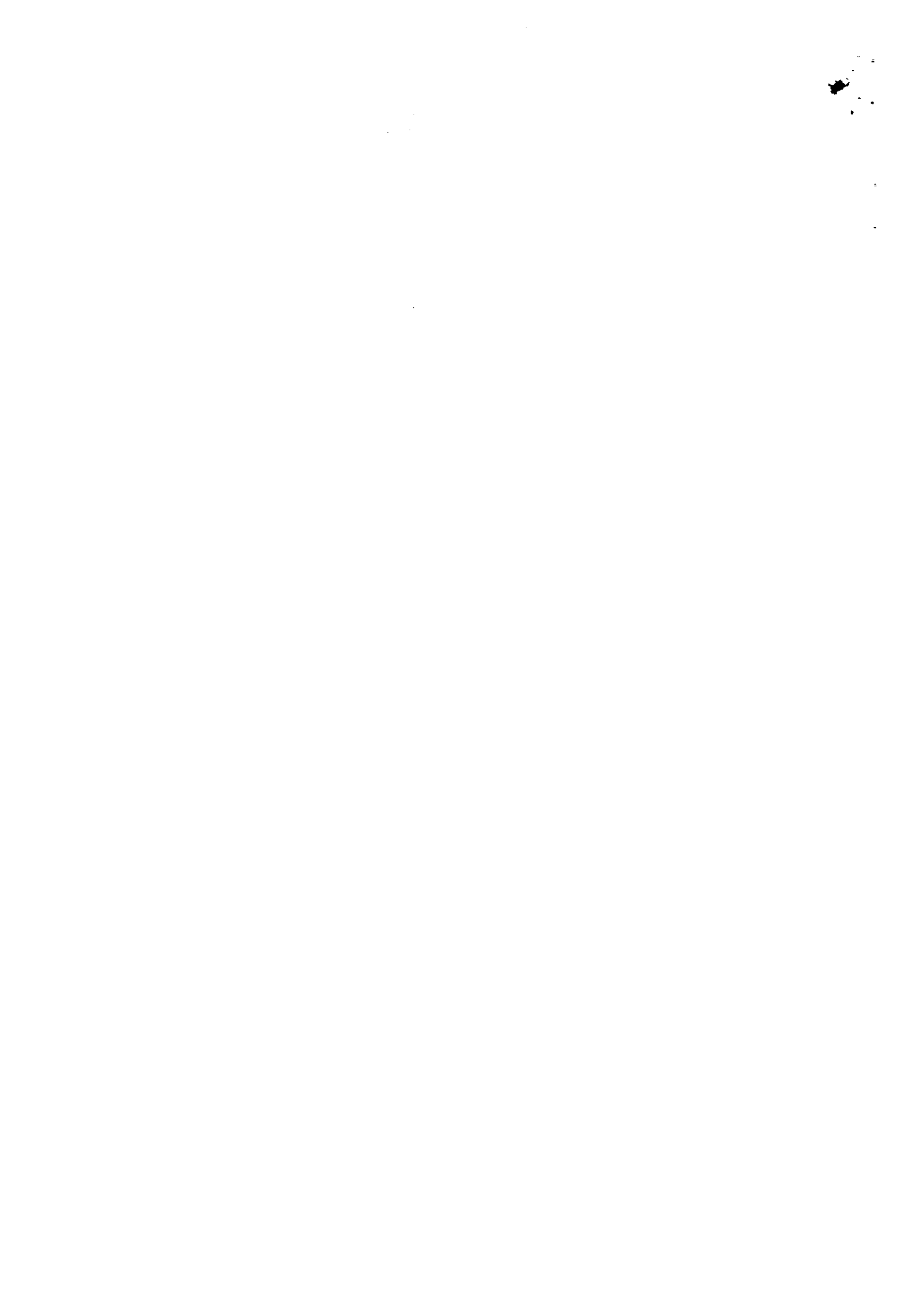
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I am to forward herewith the Audit Report on the Accounts of Muncipal Council, **MAHABUBNAGAR** for the year 2015-16 and to request that the replies to the audit report in triplicate together with the resolution of Nagarapanchayth duly approving the replies may be sent within a period of (2) Months from the date of receipt of the Audit Report as per Sub-rule – I of Rule 8 of A.P State Audit Rules 2000 issued in G.O. Ms.No. 130 Fin. & Plg. (FW. Admn – II) Dept. Dt: 8-9-2000.

Yours faithfully,


**Dist. Audit Officer,
State Audit, Mahabubnagar**

Copy to the C & D.M.A., Telangana, Hyderabad.
Copy submitted to the Director of State Audit, Telangana, Hyderabad.



**AUDIT REPORT ON THE ACCOUNTS OF MUNICIPALITY NARAYANPET,
DISTRICT, MAHABUBNAGAR
FOR THE YEAR 2015-16**

Name of the Auditors :1. Sri N.Srinivasulu A.A.O
2.Smt.A.Karnala, A.A.O.
3.Sri Basker Rao, Senior. Auditor
4.Sri Shailender Singh, Senior Auditor
5.Sri Ramesh Kumar, Senior Auditor
6. Sri M.A.Ferooz, Senior Auditor
7. Sri. Md.Yousuf, Senior Auditor
8.Sri S.Srinivas, Senior Auditor
9. Sri Md.Jahangeer Khan, Senior Auditor
10. Sri B.Nanda Kishore, Senior Auditor
11.Sri Kumaraswamy, Senior Auditor

Time taken for Audit : 8.5.2017 to 30.5.2017 &
28.11.2017 to 30.11.2017

PART- I

I) Name of the Chairperson/Special Officer

a) The Office of the Chairperson was held by **Smt. Radha Amar ,
Chairperson** during the year **2015-16** i.e., from 01.04.2015 to
31.03.2016.

II) Name of the Commissioners

a) The Office of the Commissioners, Municipality, ^{mahabubnagar} Narayanpet were held by 1)
Sri. Dev Singh , Commissioner during the year **2015-16** i.e., from 01-
04-2015 to 31-3-2016



1) BUDGET:

According to the rule 8 of the rules relating to the preparation of the budget allotment and transfer of funds issued with G.O.Ms.No. 619 M.A Dt 07-10-1967, the budget as approved by the council should be submitted to the Government through the Dist. Collector and the Director of Municipal Administration by 31st December of each year. But the approved Budget for the year 2015-16 was not produced for verification in Audit. The same would need to be obtained and produced for verification.

Code.No.9

2) COMPLIANCE OF AUDIT OBJECTIONS BY THE COMMISSIONER:

The No. of Audit objections pending and amount involved are detailed hereunder.

Sl.No	Details	No. of objections	Amount involved.
1	No. of objections pending at the beginning of the year	Already Communicated each year	-
2	Objections added during the year through Audit Report	65	33,12,021/-
3	No. of audit objections settled during the year	-	-
4	No. of objections out standing	65	33,12,021/-

According to the orders issued in G.O.Ms.No. 87 M.A Dt: 13-11-1987 the audit reports and the replies to the audit objections shall be placed before the Municipal Council and the replies submitted to the Government through the Director of State Audit, A.P., Hyderabad along with a copy of the resolution approving the replies for settlement of the objections. The records of the Municipal Council do not reveal the observance of these orders. There was not at all progress in the settlement of objections during the financial year was also

3) TIME BARRED TAXES :

Code-7

According to Section 365(2) of the AP Municipalities Act.1965, it is the duty of the Commissioner to place before the Council a list of arrears due to the Municipality which are likely to become time-barred, at least once in a year before expiry of the limitation of time stating the reasons for the non-collection of such taxes and seek instructions of the Council in regard to recovery of such taxes. According to Section 365(3), if the Commissioner fails to submit such lists or omits to chart in such lists any arrears due to failure on the part of the Bill-Collectors or any other employee, entrusted with the collection work, the Commissioner or such bill collectors are their employee, as the case may be are demand to be negligent and action under Sec 370(1) of the Act for the recovery of the said amount should be taken against then placing of the matter before the Council and instructions of the council in respect of leases as detailed in the Demand Collection and Balance which have become time-barred, ar to be taken into account and the loss sustained due to above omissions has be to made good from the Commissioner and his subordinates fixing the responsibility.

(b) The details of Tax amounts due to the Municipality allowed to be come barred by limitations of time prescribed under section 365 (1) of the AP Municipalities Act 1965 during the current financial year could not be verified and certified in audit due to non-maintenance of arrears demand register.

Immediate action would need to taken for the maintenance for the register and produced to audit. Any loss due to non-maintenance which caused would need to be made good from the persons responsible.

Further as noticed in audit no consequential steps like recovery through distraut, prosecution and filing suits as laid down under the Section 365 of the AP Municipalities Act, 1965 were taken to avoid loss to the Municipality. These taxes would need to be collected / recovered as it constituted loss to the Municipality, and fact reported to audit.

Code No.9

4) IMPORTANT MUNICIPAL RECORDS NOT ATTESTED BY THE COMMISSIONER

It was observed in audit that money value forms register and chitta were not attested by the Commissioner. Due to non-attestation of the register as above, it is not known how many bill books etc., were issued to Bill Collectors and how many were returned. In absence of the same there is very possibility of misappropriation of amounts so collected through these books. Hence loss if any caused would need to be recovered from the persons responsible. Immediate steps have to be taken to watch this important register so as to prevent the irregularities.

Code No.18

5) REGISTER OF MONEY VALUE FORMS – CERTAINS DEFECTS

The register of money value from was maintained without proper abstract of the receipt books available at the begging of the year. Receipt books purchased during the year, receipts books issued and balance of un-used left over as on the date of audit would need to be certified by the authority competent. Action would need to be taken for proper maintenance and the certified register with abstract of receipt books be produced in the next audit.

Code - 9

6) DEMAND COLLECTION BALANCE (D.C.B) STATEMENT NOT PRODUCED – NEEDS INVESTIGATIONS:

(A) The Demand Collections and balance statement in respect of Taxes and Fee for the Year 2015-16 was not prepared and produced for verification during the period of audit. In the absence of the same the outstanding balances of taxes and fee could not be verified in the audit and whatever collections made during the year under audit were adopted. In the absence of the same the exact balance under all receipts could not be arrived and the loss if any caused due to above omissions, the same should be recovered from the person(s) responsible. Due to the said reasons there is also a possibility of leakage of revenue which the responsibility has to be fixed on the concerned and action initiated as per rules.

The demand collection and balance statement for the year 2015-16 would need to be prepared and furnished besides taking the figures in accordance with the verification Receipts and charges statement i.e., annual accounts and produced for verification in next local audit besides taking necessary action to collect the outstanding balances of taxes and fee i.e., under tax and non-tax resources of arrears and current years from the person(s) responsible.

However the administrative authorities should investigate the matter as to why the D.C.B has not been produced to audit since several years, though every year the audit is insisting for the same.

(B) The Year wise arrear demand register of all taxes and non-taxes resources were also not certified and produced for verification in audit. In the absence of the same the outstanding balance of year wise arrears could not be ascertained in the audit. The same would need to be maintained besides taking necessary action to collect the outstanding balances without becoming time barred and credits pointed out to audit.

The loss if any occurred in this regard also needs to be investigated departmentally and worked out and recovered from the person(s) responsible.

7) TAXES AND FEES NOT LEVIED:

Taxes and fees as indicated below under the various heads of accounts were not levied and pointed out to in audit. The matter would need to be pursued in this regard and the loss if any occurred needs to be made good from the person(s) responsible under intimation to audit.

1. Agriculture Tax (with in the Municipal Area)
2. Education Tax / Libraries
3. Tax on carriages and plates.
4. Tax on advertisement prior approval of Govt., required for taxation.
5. Tax on animals.
6. Levy of duty on transfer of property
7. Land Cess, Local Cess (Aposrt Land revenue)
8. Compensation of abolition of Octroi.
9. Compensation of due to loss of income to Tools and plants
10. Profession Tax taken away fro Municipalities and for the loss of income in compensation to be given.
11. Compensation of D&O Trades, certain sections were exempted for which compensation was adjusted to Municipal Funds.

Fees :

Warrant Fee/ Distrat Fees(If the property tax not paid the warrant has to be issued and collected and collected to property tax)

1. Conversion fee (Agriculture land is converted into building then conversion fees should be collected)
2. Fees on Numbering on carts & carriages.
3. Fees for maintenance of cattle ponds
4. Vaccination fees (this is levied by P.H)
5. Fees for testing of foods samples
6. Fees for fairs and festivals
7. Fees for Burial Grounds
8. Fees under public entertainment of public resorts
9. Fees for shutters if any
10. Fees for Dispensaries.

11. Fees for Encroachments
12. Fees for using cart stand
13. Fees for fisheries rents.
14. Fees for receipts for Travelers Bungalow
15. Hire charges of tools and plants
16. Sales of old trees and furniture
17. Interest of investments, if any
18. Water charges through tankers.
19. Rent of land
20. Demolition and contributions, if any
21. Fees and filed and forfeiture, magisterial levies.
22. Lapsable deposits (Refundable)
23. Surplus from Provident fund invested in interest bearing securities.

8) BUILDING PERMISSION – R.W.H.S & DEVELOPMENT CHARGES COLLECTED– SEPARATE ACCOUNT NOT OPERATED – IRREGULAR NEEDS IMMEDIATE ACTION:

During the course of audit, on verification of building permission files, it is observed that, RWHS charges and development charges have been collecting while according building permissions. The amount is being deposited Municipal funds along with building permission fee.

According GO Ms.No.158, Municipal Administration and Urban Development (H) Dept., Dt.22-03-1996, "the amount collected by the local authorities shall be kept in a separate account operated by Municipal Commissioners. It shall be utilized to construction of rain water harvesting pits in the Municipality area and implement provisions of Master Plan viz (a) Traffic improvement (b) construction of Bridges (c) Development of green belt and parks etc., and the local authorities shall not utilize this income towards payment of salaries of staff and other maintenances.

In spite of clear instructions from the Government the Commissioner has not operated separate account for RWHS and Development charges.

Immediate action would need to taken to open separate account for development charges and utilized the funds for aforesaid purpose and intimated to audit.

4

9) TOWN PLANNING SECTION – CERTAIN DEFECTS NOTICED DURING THE AUDIT :

During the course of audit on verification of the Building Permission files for the year 2015-16 and the following defects has noticed.

1. Master Plan of the Municipality and Residential Zone, Commercial Zone notified details not produced the audit.
2. Occupancy certificate shall be mandatory for all building and unless such certificate has been granted by the sanctioning authority no person shall occupy or allow any other person to occupy any building or part of the building. The property owners consequent upon completion of the construction have to intimate the Municipality of the same in the prescribed proforma to facilitate the ULB to issue occupancy certificate and levy of PT. It was observed that there was no such arrangement indicating failure of the Municipality in enforcing the provisions of laid down. Government have issued GO Ms.No.165, MA & UD Dept., Dt.7-4-2012 and as per Rule 26 (d) the rate of compounding fee shall be equivalent to 100% of the value of the land as fixed by the Registration Department at the time of compounding for the violated portion. As the files concerned were not produced to audit the observance of the rules issued in the said GO by the ULB could not be checked in audit. Further clause-g-under Rule 26 of GO Ms.No.168 MA & UD (M) Dept., Dt.07-04-2012 the function/line agencies shall not given regular connections of power, water, sewerage etc., unless such occupancy certificate if produced or alternatively may charge three times the tariff till such time occupancy certificate is produced. It was noticed in audit that in most of the cases the said connections were given even without issuing the occupancy certificate and normal tariffs are charged.

Hence immediate action would need to be taken to rectify such defects and produced the same Audit for verification.

10) MUNICIPALITY IS SUFFERING FROM FINANCIAL LOSS – DUE TO LACK OF COORDINATION BETWEEN TOWN PLANNING AND REVENUE SECTIONS OF THE M.C. MAHABUBNAGAR :

The permissions for construction of building application form submitted by a prospective builder of a property is verified and necessary permission is accorded by the Town Planning Department with instructions to complete construction of Building within 3 years from the date of sanction in terms of section. 209 of the AP Municipalities Act-1965 (Now T.S.). As soon as the constructions is completed, every owner is supposed to submit information to the Municipal Council where upon personnel from revenue wing of the Municipal Council visits the property and records the measurements in the Monthly List Register and upon approving the same, a new assessment is created in e-Suvidha software and special demand notice obtained from the software is served for collecting the property tax assessed in that half year. As and when the collection is realized an entry shall be made in the PT demand Register in the month in which the said collection is realized.

Due to lack of information sharing between the Town Planning and Revenue sections, such as numbers of building permissions accorded, the numbers of occupancy certificates issued and the field inspection reports of the Town Planning section during the year, which help the revenue section in assessment of property tax, are not being shared with the Revenue sections, and similarly the information pertaining to the unauthorized constructions to notice of the revenue section officials while field inspection and according of ML register, as per the rule, 12 of the Andhra Pradesh Municipalities (Assessments of tax) Rules-1990, are not being forwarded to the Town Planning section for initiating action to stop such unauthorized construction in time.

Hence due to lack of coordination between two sections of the same Municipality, the institution is suffering from financial losses. Hence immediate action would need to be taken to rectify such mistakes and be build up a communication system between both sections for sharing of information with each other, which will in turn improve the financial strength of the municipalities.

11) DEFECTIVE MAINTENANCE OF MONTHLY LIST REGISTERS (ML):

According to Rule, 12 of the Andhra Pradesh Municipalities (Assessments of tax) Rules-1990, Now(TS) The bill collectors, Revenue inspectors or other out duty staff, specially selected for the purpose shall submit, for their respective wards or zones monthly revision lists in Form-F (64 Columns) & Form-G (38 Columns) which shall contain particulars of all building and lands, such as:-

- a. The constructions, reconstructions or enlargement of which is completed during the month.
- b. Newly occupied during the month together with the names of the owners of such buildings and the dates of such completion or the new occupation, as the case may be.
- c. Whenever there is a change in the occupation of the building i.e. from owner occupied to rented and vice versa and
- d. Whenever there is change in the usage of the building.
- e. Form-G is pertaining to the list of lands for collection of vacant land tax.

But during the verification of the connected records along with ML register in audit, the following defects were noticed, such as:-

1. The ML registers were not recorded according to the information obtained by the Bill Collectors, Revenue Inspectors or other out duty staff, specially selected for the purpose duly surveying their respective wards/ zones as detailed above. But the same were recording when an application for the assessment of property tax has been received in the municipalities, which is contrary to the instructions issued in the Andhra Pradesh Municipalities (Assessment of Tax) Rules – 1990 (Now TS).

2. In Column numbers 1 to 25 of ML register (Form-F), the details of assessment would need to be recorded. But in almost all the MLS these details were not filled up, which does not give any scope for comparison of measurements for the scrutiny of higher officials.

3. There was no manual calculation done in ML and out of 64 columns in the ML hardly 8 to 9 columns were filled up, particularly Building permission proceedings numbers and constructions details, zonal area of constructions, whether commercial or residential building and percentage of tax calculation in col. No.36 were not mentioned by the Revenue Inspectors and the same was not signed by the Municipal Commissioners.
4. The Revenue Inspectors and Revenue Officers were not verifying the measurements and the Commissioners are also not approving all the assessments and in many cases the assessments were finalized without formal dated signatures of either Revenue Officers or Commissioners (in Col.No.48 of M.L)
5. There have been a huge amount of difference in the demand arrived as per the ML register and the E-Mas/E-suidha and both balance have not be tailed in the Audit.
6. The ML registers have been recorded by obtaining data from the E-Mas / E-Suvidha database instead of up loading data from ML register after approval of the measurements done and property tax fixed to the E-Mas, which is contrary to the rules.
7. it is further noticed in the Audit that for unauthorized constructions 100% penalty is being levied by the E.A, but they are ignoring the partially unauthorized or differences between permission accorded and constructions done by the applicant, which caused loss to the municipal fund, hence need to be rectified.
8. the Revenue authorities are making assessment of a property from the year of assessment only, they are ignoring the year of construction and collecting the arrears from the year of occupancy, due to which huge amount of loss has been caused to the municipal fund, need to be calculated and recovered, under intimation to Audit.
9. All the assessment files were not maintained properly and produced to Audit for verification.

In view of the above omissions the correctness of the assessments made by the executive authority could not be certified in Audit. Hence immediate action would need to be taken to rectified the fore said defects and produced to Audit for verification.

12) UN-AUTHORISED/AUTHORISED CONSTRUCTIONS IN MUNICIPALITY AREA NOT REGULARISED BY COLLECTING THE PENALTIES LOSSES TO THE MUNICIPALITY - NEEDS EARLY ACTION

Several objections were raised in the previous Audit Reports stands good in which the audit authorities emphasized the matter by enlightening the orders issued by the Govt. But the Executive Authority did not take interest to implement the Govt. Orders for the regularization of the illegal constructions by collecting the penalties as specified in the orders issued by the Govt.

It is well known fact that there were some houses constructed Un-authorized in the Municipal limits even without layouts and without permission of the Municipality.

Further the amount collected along with LRS/BPS /Building permission application in shape of Cash/D.Ds/Cheques were adjusted not into the bank accounts within the stipulated time could not be verified in Audit due to non furnishing bank statements and it was also noticed that there were huge amount of difference between the closing balance of cash book and bank balance.

Any laxity in this regard causes financial loss to the Municipality for which the Executive Authority will be held responsible. Loss if any sustained in this regard would need to be made good from the person(s) responsible and credited to the Municipal Funds.

13) YEARLY / HALF YEARLY INSPECTIONS REPORTS OF THE COMMISSIONER & DIRECTOR OF MUNICIPAL ADMINISTRATION AND DEPUTY DIRECTOR PRODUCED :

Under Section 63 of Municipal Act, 1965, the Commissioner and Director of Municipal Administration or Deputy Director being Administrative Officer, have to inspect the Municipalities and inspection notes should be issued to prevent the financial irregularities.

But, it is observed that no inspections have been conducted by the administrative officer in the entire year.

Availing the chance of non-inspection by the administrative officers, the executive authority of the municipality has made financial irregularities and expenditure made violating the standing instructions without any financial control.

The rules and regulations issued by the government from time to time not followed in the expenditure and acted contrary to the rules.

Therefore to prevent the mis-use of public fund, the inspections have to be taken up by the administrative authority under the provisions to prevent the financial loss.

Code No.- 11

14) WATER TAX MISCELLANEOUS BOOK – FOR THE YEAR 2015-16 NOT
PRODUCED IN AUDIT.

Sl.No.	Book Sl.No.	Bill Collectors
131	015313001 to 15313100	Smt.Usha Rani, BC
132	015313101 to 15313200	
133	015313201 to 015313300	
134	015313301 to 015313400	
137		
138		
139		
140		

15) VEHICLES HIRE CHARGES AND FUEL CHARGES INCURRED FOR ENGINEERING SECTION AND SANITATION SECTION – RECORDS NOT MAINTAINED PROPERLY AND IT NOT DEDUCTED – OBJECTED :

As seen from the vouchers and bills of dealers of vehicles hire charges of Engineering Section and Sanitary Section of M.C. Mahabubnagar. The following defects were noticed in audit for which the H.M.Ltr No.02/Dt.31-05-2017 was issued, but no reply was given. as per H.M. Letter the details are here under:

1.	Total lists of the vehicles used for both sections i.e., MC owned and hired vehicles
2.	Agreements of hired vehicles was not produced, files and trip sheets, tour dairy and tour program of the officials.
3	IT deducted by the firm was not furnished.
4.	In Sanitary section the Log books of vehicles the entries in relevant columns was not filed up and monthly certificate by the officer using the vehicle (Xerox copy enclosed)
5.	In Engineering section the entire log books of the vehicles utilized was not produced the fuel purchased from M/s.P.Narasimha Reddy and Sons, Raichur Road, Mahabubnagar per the statement below enclosed.
6	The Insurance of the vehicles done was not produced to audit.

In view of the above it is very difficult observed during audit for verification of the expenditure incurred. Fuel utilized for owned vehicles in engineering section

Sl.No.	Vr.No. / Date	Vehicle No.	Amount
1	43/4-15	AP 3747	16945
2	60	-do-	9714
3	62	AP 22 W 3261	111352
4	113/5-15	AP 22 V 9707	145408
5	115/5-15	-DO-	110022
6	144/5-15	-do-	35700

7	194/6-15	APM 3747	125513
8	268/7-15	-do-	126470
9	269/7-15	-do-	2083
10	270	-do-	8345
11	237	-do-	13448
12	379	-do-	8445
13	437 to 440/8-15	-do-	153432
14	475	APM 3747 (1.6-15 TO 15.8.15	65970
15	486/9-10-15	17-7-15 TO 31-7-15	9898
16	484/,,	16-8-15 TO 30-8-15	120422
17	485/,,	1-9-15 TO 30-9-15	205534
18	487/,,	5-8-15 TO 15-8-15	5955
19	488/,,	19-8-15	1734
20	635/9-12-15	1-10-15 TO 31-10-15	225890
21	636/,,	1-11-15 TO 4-12-15	194276
22	637/,,	AP 22 W 3261	5160
23	638/,,	-DO-	10898
24	639/,,	14-11-15 to 30-11-15	13299
25	729/23-12-15	1-12-15 to 15-12-15	109244
26	730/,,	AP 22 M 3747, AP 22 W 3261, AP 22	22538
27	748/13-1-16	16-12-15 TO 31-12-15	14955
28	749/,,	16-12-15 TO 31-12-15	123916
29	850/29-1-16	1-1-16 TO 15-1-16	117631

Hire Vehicles expenditure is as below:

Sl.No.	Vr.No. / Date	Vehicle No.	Amount
1	42/4-15	AP 22 TV 1868	23520
2	39	NIL	70560
3	50	AP 22 TV 0071 & AP 22 TV 9388	52000

4	71/5-15	AP 29 AE 669	23520
5	72	AP 22 TV 1868	23520
6	195/6-15	AP 22 AE 6699	23520
7	196	AP 22 W 7903	23520
8	197	NIL	47040
9	213	AP 22 TV 1868	23520
10	239/7-15	AP 22 W 7903	23520
11	261	AP 09 AZ 4367	23520
12	262	AP 09 AZ 4367	23520
13	300	AP 29 AE 6699	23520
14	301	AP TV 1868	23520
15	302	AP 22 W 7903	23520
16	366/8-15	AP 29 AE 6699	23520
17	381	AP 22 W 7903	23520
18	464	NIL	23520
19	465	NIL	23520

Immediate action would need to be taken to write all the columns with supporting proceedings may be submitted to audit.

16) AGREEMENT OF FLOOD LIGHTS – NEEDS ENQUIRY

As seen in audit, the following some of example bills were shown below during the year, as per the statement given below Balaji sound & Décor Electrical & works, Mahabubnagar. Amounts was paid to Sri. Md. Saber, the following defects were noticed which needs detailed enquiry and fact intimated to audit for verification.

1. There is no date and sign of proprietor in the firm bills.
2. In all the days was shown for 2 days flood lights.
3. But the note file of me it was one day only seems.
4. The firm bills was not verified properly by MAE, Dy.EE, M.E. etc., as per the note file.
5. Which amount correct is not ascertained in audit.

Sl. No	Vr.No./dt	Bill No. of firm	As per bill arranging of flood light days/amount	As per note file Arranging of flood light days/amount
1	27/4-15	162/3-15	8X250X2days = 2000	2000
2	28/4-15	163/3-15	6X250X2days = 1500	1500
3	29/4-15	164/3-15	6X250X2days = 1500	1500
4	30/4-15	161/3-15	7X250X2days = 1750	1750
5	31/4-15	166/3-15	8X250X2days = 2000	2000
6	32/4-15	167/3-15	7X250X2days = 1750	1750

17) Abnormal Xerox charges incurred – Objected – Needs action

During audit it was observed that as per Vr.No.154-5-15, An amount of Rs. 69731/- was paid to M/s Venkateshwara Xerox, Mabubnagar incurred towards Xerox charges during the year which pertains to previous year.

In audit it was advised that, instead of incurring heavy amount of expenditure for Xerox, the stock register of was not produced whether the MC is having Xerox machines. If it was available the same may be get repaired and utilized properly or other wise the new machine be purchased which saves municipal funds.

The compliance done in this regard may be intimated to audit.

Code No. 11

18) REGISTER OF INVESTMENTS NOT PRODUCED:-

The register of investments i.e. fixed deposits Receipts and term deposits etc., if any, made during the current year and also the previous years i.e., by way of brought forwarding the same into the current year was not maintained and produced for verification during the period in audit.

In the absence of the registers of Investments the total amount invested, towards terms deposit and scrutiny Security Deposit etc., amount realized and amount and amount realized the due date of maturity and interest gained thereon etc., could not be verified in audit.

The above matter would need to be investigated departmentally and the loss, if any sustained in this regard may be made good form the person (s) responsible and credited to the Municipal Funds under intimation to audit.

CODE No.11

19) STOCK REGISTER OF TOOLS & PALNTS NOT PRODUCED FOR VERIFICATION IN AUDIT.

The stock register of Tools and plants was not maintained and produced for verification in audit. In the absence of the same the total No. of tools and plants entered in the above register duly certified by the Commissioner from time to time by entering new purchases etc., made could not be verified and certified in audit. The total number of Xerox machines, type writing machines, Engine oils, furniture, water supply materials electrical material engineering, sanitation and other important articles and machines etc., that are existing would need to be certified by the Commissioner.

The opening and closing stocks maintaining, dead stock of un-serviceable articles etc., should be certified by the commissioner and for the un-serviceable articles, sale proceeds by conducting the public auction after obtaining specific sanction of the competent authority etc., needs to be pointed out to audit.

In view of the above reasons the matte would need to be examined and the loss, if any sustained in this regard needs to be made good form the person (s) responsible and credited to the Municipal funds under intimation to audit.

20) PHYSICAL VERIFICATION OF STORES/STOCK AND INVENTORY –
DETAILS NOT FURNISHED

According to Articles 143 of APFC Vo-1 read with Memo No.10970/228/TFR/90-1 of Finance & Planning Department, Dated. 10-11-1992 stipulate that physical verification of stores and stock, furniture, equipment, tool and plant and other dead stock of the office has to be conducted at least once in a year before close of the financial year by the "Head of the Office" or by "Gazetted Government Servant" nominated for the purpose by him and send a verification report to the controlling authority.

In this connection, it may be stated that physical verification of stores and stock, furniture, equipment, tools and plant other dead stock inventory is being conducted every year. But the details of such physical verification for the period 2015-16 were not furnished to audit for verification. The necessary steps need to be taken to produce the concerned records for verification under intimation to audit.

21) JEEP HIRE CHARGES CONNECTED FILE AND LOG BOOK NOT PRODUCED

During the year under audit, it was noticed that, an amount of Rs.540960-00 was drawn from General fund (001 cash book) and spent towards hire charges. But the connected file containing Commissioner and Chairperson tour diaries, tour programmes and its approval of the competent authority etc., were not produced to audit for verification of the correctness of the journey's performed. The log book is also not produced to audit for verification.

In the absence of the same , the of the expenditure incurred towards jeep hire charges could not be genuineness verified in audit.

Hence action would need to be taken for production of the same for verification in audit.

22) PURCHASE OF FURNITURE-CERTAIN IRREGULARITIE-AMOUNT HELD UNDER OBJECTIO . Rs.98,500/-

During the audit it was noticed that an amount of Rs. 98,500/- was drawn and paid to M/s Modern Traders Mahabubnagar towards purchase of furniture.

Sl.No	Voucher No.& Date	Details	Amount
1	857/6-2-2016	M/s Modern Traders Mahabubnagar	98500-00
		Total	98500-00

On detail verification of the voucher the following irregularities are noticed.

1. As per the Govt. Orders issued in G.O.Ms.No.228 P.R & R.D. (Pts IV) Dept. Dt: 10-07-2001 tenders were not made from the Government approved rate contract dealers.
2. The above purchases were not made from the Government approved rate contract dealers.

Further Government have imposed total ban on purchase of furniture by Govt. Departments/ Offices vide Govt. Cir Memo. No. 2499-A1/135/TFR.I/200, dt: 15-03-2007 of Finance (TFR-I) Department/

As such the expenditure incurred on furniture cannot be admitted in audit and the entire amount of Rs. 98500/- is therefore held under objection.

CODE No.9

23) Peace meal expenditure incurred – Rate contract not observed objected.

During the course of audit various types of expenditure was shown as below for which the following points were observed in audit.

1. The firm M/s Yaseen Associates, Mahabubnagar was registered firm or not.
2. The rate contract was not produced for purchases over the year monthly 10 to 12 vouchers expenditure was incurred.

SI.No	Vr/No.	Name of item	Firm name	Amount
1	03/4-15	S/Dofubber bushes to koilkonda	Yassen Associates	1980
2	05/4-15	S/D of timers to starter	Do	1950
3	06/4-15	S/D of rubber bushes to koilkonda	Do	1980
4	07/4-15	Fixing of charges timers	Do	2000
5	10/4-15	Fixing of charges timers	Do	1500
6	11/4-15	S/D of packing rope and iron studeds for R.R. Guda	Do	2000
7	13/4-15	S/D of timers to starter	Do	1950
8	14/4-15	S/D of rubber bushes to Koilkonda	Do	1980
9	15/4-15	S/D of timers to starter	Do	1950

(CODE No.18)

24) C C CHARGES TOWARDS PAYMENT OF ELECTRICITY BILLS – REGISTER NOT MAINTAINED HELD UNDER OBJECTION

As seen from the vouchers was drawn and paid to the S.A.O/OP, TSSPDCL Mahabubnagar towards CC charges from PD Account, General Funds (001).

Sl. No	Vr.No & Date	Amount Paid	Particulars	Cheque No. & Date
1	656/15-12-15	10000000	For water pumping	0022120/15-12-15
2	750/13-1-16	995000	-do-	0022150/13-1-16
3	770/18-1-16	998000	-do-	012967/18-1-16
4	771/19-1-16	996000	-do-	012968/19-1-16
5	772/20-1-16	997000	-do-	012969/19-1-16
6	773/21-1-16	998000	-do-	012970/20-1-16
7	774/22-1-16	997000	-do-	012971/21-1-16
8	775/23-1-16	998000	-do-	012972/23-1-16
9	794/25-1-16	999000	-do-	012982/25-1-16
10	836/27-1-16	999000	-do-	012984/27-1-16
11	840/28-1-16	999000	-do-	012990/28-1-16
12	841/29-1-16	999000	-do-	012991/29-1-16
13	851/30-1-16	999000	-do-	013002/30-1-16
14	852/31-1-16	999000	-do-	013003/31-1-16
15	853/4-2-16	999000	-do-	013004/4-2-16
16	854/5-2-16	999000	-do-	013005/5-2-16

On verification of the above vouchers the register of CC Charges recording the dues payable with periods, amounts paid and to be paid not mentioned under the attestation of competent authority not made available in audit for verification.

In view of the above, the genuine of the expenditure could not be verified. Therefore held under objection.

Establishment/2015-16

(CODE No.11)

25) Payment of salaries to the staff – Post sanction particulars from the Govt. not made available to audit.

The details of the staff for which the salaries are claimed during the year under audit as furnished by the Commissioner, M.C. Mahabubnagar are shown in the statement enclosed. But the post sanction particulars such as Government Orders relating to sanction of the said posts are not made available during the time of audit. The same was asked in the Half margin Letter No.Spl.02/2016-17, Dated: 06-09-2016. But the reply was not given by the executive authority.

Action would need to be taken for immediate production of the relevant records of the competent authority for verification in audit.

26) OUTSOURCING AGENCIES DETAILS NOT PRODUCED TO AUDIT NEEDS TO BE PRODUCED:

During the course of PD-II account Audit on verification of cash book, an amount to of Rs. 2,67,27,503-00 expenditure incur for payment of outsourcing agencies, towards engage of labor in various sections in the Municipal Council, Mahabubnagar under outsourcing basis. But the details (contract and agreement) of outsourcing agencies were not produced to audit for verification. A half margined letter No. 02/02-06-2017 was also issued to executive authority, but no replies was given to audit. Hence the genuine of the expenditure incurred was not certified by the audit. And if any lapses noticed that, the person/ persons held responsible for it. Voucher wise expenditure statement enclosed herewith.

In view of the above the same was held under objection.

CODE - 9

27) Payment of remuneration to Outsourcing employees/Contract employee/ Engage of labour for the year 2015-16 Appointment/permission orders issued by the competent authority not produced and other regularities – Objected(001 & 002)

On verification monthly bills pertaining to payment of remuneration to Outsourcing employees/Contract employee/ Engage of labour for the year 2015-16, the following defects irregularities were noticed in audit.

1. Appointment and Govt. permission orders issued by the competent authority not produced.
2. Selection process and appointment orders i.e. proceedings of labour issued by the competent authority were not produced for verification in audit.
3. Details of works turned out but the labour were not produced for verification on audit.
4. Municipality council resolutions were not produced for verification.
5. Deduction particulars of ESI, EPF, i.e., file/register and its payment to concerned departments were not produced.
6. Totally how many staff / laborers worked on the basis daily wages/Non-Provincilised/ NMR's / Contract / Outsourcing details were not furnished to audit.
7. NMR sheets for the daily wages No.of days worked and amount per day calculation was not mentioned and not signed by the not certified by the Authorities concerned.

In view of the above defects, the amount incurred is held under objection.