

संख्या-2090/सं.क्र.23/नवि-29

भारतीय लेखा एवं लेखापरीक्षा विभाग
प्रधान महालेखाकार का कार्यालय (लेखापरीक्षा) -1, महाराष्ट्र,
प्रतिष्ठा भवन, 101, महर्षि कर्वे मार्ग, मुंबई 400 020

संख्या एस.एस.-1/प्रभार / फा.सं. 1087

सेवा में,
आयुक्त,
स्थानीय सेवा उपकर विभाग,
उत्हासनगर महानगरपालिका,
उत्हासनगर.

नगर विकास विभाग
2997463
7 DEC 2016
नवि-29

दि.

विषय 2007-08 से 2015-16 अवधि तक की आपके कार्यालय के लेखाओं का निरिक्षण अहवाल.

महोदय,

उपरोक्त लेखों का निरिक्षण रिपोर्ट इसके साथ भेज रहा/रही हूँ जिसका स्थानीय निरीक्षण लेखापरीक्षा पार्टी द्वारा दिनांक 12/7/16 से 16/7/16 तक किया गया था और आपसे निवेदन करता/ करती हूँ कि इसमें शामिल किए गए सभी पैराग्राफों का पूर्ण रूप से दस्तावेजों सहित उत्तर कार्यालय में शीघ्र भेज दिया जाए और आपके कार्यालय में इस रिपोर्ट के मिलने की तारीख से किसी भी परिस्थिति में एक माह से अधिक विलंब नही हो जैसा कि वित्त विभाग के सरकारी अधिसूचना सं.बी.जी.एल 1161/91/दिनांक 26.05.1991 में निर्धारित किया गया है।

भवदीय,

वरिष्ठ लेखापरीक्षा अधिकारी/एस.एस.-1

संख्या एस.एस.1 / प्रभार फा.सं. / जा.क्र-404

दि. 4/11/2016

प्रतिलिपि सूचनार्थ एवं आवश्यक कार्रवाई हेतु अग्रेषित

1. सचिव, महाराष्ट्र शासन, नगर विकास विभाग, मंत्रालय, मुंबई-32
2. उप. आयुक्त, स्थानीय सेवा उपकर विभाग, उत्हासनगर महानगरपालिका, उत्हासनगर
3. मुख्य लेखापरीक्षक, उत्हासनगर महानगरपालिका, उत्हासनगर

वरिष्ठ लेखापरीक्षा अधिकारी/एस.एस.-1

Inspection Report on the accounts of the Dy.Commissioner, Local Body Tax Department, Ulhasnagar Municipal Corporation for the period from 1/4/2007 to 31/3/2016 under section 14 (2) of CAG (DPC) Act, 1971.

Part I A: Introductory

A test check on the transactions of the Dy.Commissioner, Local Body Tax Department, Ulhasnagar Municipal Corporation, for the period 01-04-2007 to 31-03-2016 was conducted locally from 12-07-2016 to 16-07-2016 by Shri Sanjay Kumar AAO, Shri Smt.A.A.Deodhar, AAO, and Smt. J.M.Kulkarni, AAO, Sh.D.S.Ghadse, Sr. Auditor under the supervision of the Inspecting Officer Shri S.N.Fulzele.

i) Personnel:

The following officers held the charge of the post of the Deputy Commissioner, Local Body Tax Department, Ulhasnagar Municipal Corporation during the period covered by audit.

Name	Period
Shri D.G.Pawar	01.07.2012 to 24.01.2013
Shri Prakash Kukreja (Addl)	25.01.2013 to 31.08.2013
Shri Yogesh Godse	01.09.2013 to 31.03.2014
Shri Sridhar Pathankar (Addl. Commissioner)	01.04.2014 to 20.06.2016
Shri Dadasaheb Patil (Addl)	15.03.2013 to 24.12.2014
Shri Sukhdev Balame (Addl)	15.03.2013 to 24.12.2014
Shri Jamir Lengrekar	25.12.2014 to date

ii) Activities of the Local Body Tax Department:-

The Local Body Tax Department is headed by the Deputy Municipal Commissioner. The main duty of the department is levying and collection of the local body tax on goods transacted in the area of the Municipal Corporation. The LBT is levied and collected in accordance with the act and rules made by the GOM and the Corporation from time to time.

6

iii) Budget estimates and Expenditure

The revenue realised by the octroi department during the period covered by audit is as under:

(Rs.in crore)

Sr.No.	Period	Octroi realised
1	2007-2008	83.53
2	2008-2009	94.54
3	2009-2010	103.97
4	2010-2011	114.61
5	2011-2012	127.11
6	2012-2013	103.48
7	2013-2014	122.90
8	2014-2015	96.22
9	2015-2016 (up to 02/16)	49.70

iv) Internal Audit:

The Internal audit is in existence and Municipal Chief Auditor carried out the audit of transactions takes place under LBT. Total outstanding paras of Local Fund Audit for the period 2012-13 were 6.

v) Disclaimer

The inspection Report has been prepared on the basis of the information furnished and the records made available by the Deputy Commissioner, Local Body Tax Department, Ulhasnagar Municipal Corporation. The office of the Principal Accountant General (Audit) I, Maharashtra Mumbai disclaims any responsibility for any non information and/or misinformation on the part of the auditee organization.

6

Part-I B: Outstanding paras from previous Inspection Report.

Inspection report for the period from 1997-2002

Para 1. Unintended Benefit to Agency in Assessment Rs.21 lakh.

Para is retained for final compliance.

Para 2: Outstanding property taxes of Rs.5253.93 lakh.

Para is retained for final compliance.

Para 3: Loss of revenue on privatisation of octroi collection

Para is retained for final compliance.

Inspection report for the period from 2006-2007

Para 5: Bank guarantee received from non schedule bank

Supporting documents showing that the clause was revised from the year 2007-2008 may be furnished. Para retained

Part -I- C Persistent Irregularities

--NIL--

PART II - A: Major Observations

--NIL--

PART II - B: Other Irregularities

Para 1: Non recovery of interest on delayed payment of weekly installments of octroi amounting to Rs. 21,03,235

Ulhasnagar Municipal Corporation had decided to entrust the work of collection of octroi to a private agent considering the facts that appointment of agent for collection of octroi can fetch more revenue for the Corporation and employees engaged in the work of collection of octroi could be utilized for other works.

According to provisions contained in The Bombay Provincial Municipal Corporation Act, 1949, the Commissioner is empowered to appoint an agent for collection of octroi.

The period of the collection of octroi by private agents should not exceed for more than one year at a time.

The work of collection of octroi was entrusted to M/s Konark Infrastructure Ltd during the year 2011-12 and 2012-13 after following due process. An agreement was executed between the Corporation and the agent.

As per the clause 3 and 4 of the agreement a fixed installment was to be paid in cash to the Corporation every Thursday which was Rs. 2,15,30,467/- for the period 01.04.2010 to 30.06.2010, Rs.2,27,96,053/- for the period 01.07.2010 to 31.03.2011 and Rs.2,54,21,400/- for the period 01.04.2011 to 31.03.2012.

Further, as per clause 5 of the said agreement if the agent does not pay the amount of installment on the due date, the agent shall be liable to pay the interest @ 20 per cent per annum on the amount of the installments so defaulted from the date of default to the payment of that installment.

Scrutiny of records relating to payment of octroi revealed that the agent did not pay any of the instalments on the due date. For default in payment of installment the interest payable was neither demanded by the Corporation nor paid by the agent. This resulted in non levy of interest on delayed payment of installments amounting to Rs.21,03,235 as detailed in **Annexure-A**.

On this being pointed out in audit, department stated that matter would be verified and necessary action would be taken under intimation to audit.

Further progress is awaited

Para 2: Short payment of stamp duty Rs. 18.45 lakh

As per Section 34 of the Bombay Stamp Act, 1958 no instrument chargeable with duty shall admitted in evidence for any purpose by any person having by law or consent of parties authority to receive or shall be acted upon registered or a authenticated by any such person or by any public officer unless such instrument is duly stamped. Further as per Section 34(a)(ii) a penalty at the rate of 2 per cent of the deficient portion of the stamp duty for every month or part thereof, from the date of execution of such instrument. As per GR dated 20.11.2009 the stamp duty payable on a work contract should be at the rate of 'Rs.100, where the value of the contract

8

does not exceed Rs.10 lakh and if the contract exceeds Rs. 10 lakh the stamp duty is payable at the rate of Rs. 100/- for every one lakh or part there of above Rs.10 lakh.

On scrutiny of records and tender document it was noticed that the Ulhasnagar Municipal corporation had entered into an agreement with M/s Konark Infrastructure for collection of octroi and work order was issued for Rs.86 crore for the year 2010-11 and Rs. 127 crore for the year 2011-12. Further scrutiny also revealed that as per clause no.20 of the agreements it was duty of the agent to pay the stamp duty payable for the agreement under the Bombay Stamp Act. However, the required stamp duty was neither paid by the agent nor any action was taken by the Municipal Authority. This resulted in not only non observance of agreement clause but also loss of revenue to the Govt of Rs.18,65,100 as detailed below:

Sr. No.	Name of Work	Name of Contractor	Accepted Cost (Rs.)	Stamp duty to be payable	Actual stamp duty paid	Short Payment (Rs.)
1.	Collection of octroi	Konark Infrastructure	866250000	865300	100/-	865200
2.	Collection of octroi	Konark Infrastructure	1271070000	1000000	100/-	9,99,900/-
Total						1865100

On this being pointed out in audit the department stated that matter is pending in court and necessary action would be taken after final outcome.

The reply of the department is not tenable as the matter in court is not related regarding payment of stamp duty. For the agreements of earlier years the stamp duty was paid by the agent.

Further progress is awaited.

Para 3: Short payment of octroi amounting to Rs. 17.93 crore by octroi agent.

A) The work of collection of octroi was entrusted to M/s Konark Infrastructure Ltd during the period from 01.04.2011 to 31.03.2012 on weekly payment of Rs. 2,54,21,400. It was decided by the GOM to discontinue the octroi by replacing it with Local Body Tax with effect from 01.07.2012.

Further scrutiny revealed that after following the due procedure, the Corporation decided to continue the contract of collection of octroi with M/s Konark Infrastructure for the period from 19.04.2012 to 30.06.2012. i.e. for 72 days and amount payable by the agent was

Rs.28,83,41,352. In this connection, it was observed that there was no system for collection of octroi during the period 01.04.2012 to 30.06.2012. This resulted in loss of octroi of atleast Rs.6,53,69,340 (2.54,21,400/7 x 18, Rs. 25421400 was weekly payment fixed for prior to period 01.04.2012). The details of the same were called for in audit however, no details were furnished.

B) While scrutiny of bank statement for the period 01.04.2012 to 30.06.2012 (since cash book was not made available) it was observed, that the department had received only Rs. 18,41,96,834 on account of octroi from the agent, However, for period from 19.04.2012 to 30.06.2012 the amount payable was Rs. 28,83,41,352 Thus the difference of Rs. 10, 41, 44,518 needs further verification..

(C) While scrutiny of bank statement of the account no. 910020039786625 which was maintained for collection of octroi it was observed that a negative balance of Rs.- 60071115 was shown in the bank account which was continued till the 31.03.2013. As the negative balance in account of depositing of octroi revenue is not possible, the reasons for negative balances in said accounts were called for in audit.

On this being pointed out in audit the department stated that the contract was executed for the period 19.4.12 to 30.6.12. The department was silent in respect of the second issue raised..

Further progress is awaited.

Para 4: Non maintenance of a separate cash book for collection of octroi.

As per the provisions contained in the Municipal Account code 1971, a General Cash Book is required to be maintained for the receipts and payments and the entries are to be made daily and to be attested by an authorized officer. Further, it is also the duty of the department to maintain the cheque register to watch the recoveries and dishonour of cheques. The receipt of the department should be reconciled with cash book and bank account. In Ulhasnagar Municipal Corporation the collection of the octroi was entrusted to a private agent M/s Konark Infrastructure Ltd and a fixed amount was to be paid by the agent to the corporation on weekly basis.

16

On scrutiny of records relating to collection of octroi it was noticed that no records relating to payment of octroi by the agent was maintained for the period from 01.04.2007 to 31.06.2013. In absence of which audit could not verify the actual realization of the revenue. Further, reconciliation of the receipt with municipal accounts and bank pass book was also not available on the record. The reasons for non maintenance of basic records were called for in audit.

On this being pointed out in audit the department stated that the cash book would be maintained henceforth. The reply of the department is not tenable as the audit objection pertains to the years 2007-13 and due to absence of the same audit could not verify the correctness of the recovery of the octroi.

Further progress is awaited.

Para 5: Pending Assessment

On scrutiny of information furnished by the department it was observed that there was no streamlined arrangement of registration and assessment of dealers for levy of Local Body Tax in the Ulhasnagar Municipal Corporation during the year 2012-2013 to 2015-16. The corporation has hired the services of some five retired Sales Tax Officials from Oct 2015 and it was stated that 59,610 cases were still pending for assessment.

Further, it was also noticed that the department had not maintained the register indicating No. of dealers registered, assessment done, Name of the dealers, Turnover of sale/purchases, Tax collected, dues/Refund etc. In absence of any such details audit could not ascertain the actual No. of dealers registered. assessment done and pending assessment.

On this being pointed out in audit the department stated that assessment would be done as early as possible and necessary register would be maintained henceforth.

Further progress is awaited.

Part III
Test Audit Note
-NIL-

Sr .Audit Officer/SSI.

Annexure-A (Para 1)

Statement showing non recovery of interest on delayed payment of weekly installments

Due date of Payment	Date of Payment	Delay in days	Amount of installments	Amount of interest not paid
08.04.2010	12.04.2010	4	21530467	47192
15.04.2010	19.04.2010	4	21530467	47192
22.04.2010	24.04.2010	2	21530467	23596
29.04.2010	05.05.2010	6	21530467	70788
06.05.2010	10.05.2010	4	21530467	47192
13.05.2010	15.05.2010	2	21530467	23596
20.05.2010	22.05.2010	2	21530467	23596
27.05.2010	31.05.2010	4	21530467	47192
03.06.2010	07.06.2010	4	21530467	47192
10.06.2010	14.06.2010	4	21530467	47192
17.06.2010	19.06.2010	2	21530467	23596
24.06.2010	26.06.2010	2	21530467	23596
08.07.2010	12.07.2010	4	22796053	49964
15.07.2010	19.07.2010	4	22796053	49964
22.07.2010	24.07.2010	2	22796053	24982
29.07.2010	30.07.2010	1	22796053	12491
05.08.2010	07.08.2010	2	22796053	24982
12.08.2010	14.08.2010	2	22796053	24982
19.08.2010	23.08.2010	4	22796053	49964
26.08.2010	28.08.2010	2	22796053	24982
02.09.2010	06.09.2010	4	22796053	49964
09.09.2010	14.09.2010	5	22796053	62455
16.09.2010	20.09.2010	4	22796053	49964
23.09.2010	25.09.2010	2	22796053	24982
30.09.2010	05.10.2010	5	22796053	62455
07.10.2010	09.10.2010	2	22796053	24982
14.10.2010	18.10.2010	4	22796053	49964
21.10.2010	23.10.2010	2	22796053	24982
28.10.2010	30.10.2010	2	22796053	24982
20.01.2011	22.01.2011	2	22796053	24982
03.02.2011	05.02.2011	2	22796053	24982
10.02.2011	12.02.2011	2	22796053	24982
21.04.2011	25.04.2011	4	25421400	55720
28.04.2011	30.04.2011	2	25421400	27860
05.05.2011	07.05.2011	2	25421400	27860
12.05.2011	14.05.2011	2	25421400	27860
19.05.2011	21.05.2011	2	25421400	27860
26.05.2011	28.05.2011	2	25421400	27860
02.06.2011	04.06.2011	2	25421400	27860

12

09.06.2011	11.06.2011	2	25421400	27860
16.06.2011	18.06.2011	2	25421400	27860
23.06.2011	25.06.2011	2	25421400	27860
07.07.2011	11.07.2011	4	25421400	55720
14.07.2011	16.07.2011	2	25421400	27860
21.07.2011	23.07.2011	2	25421400	27860
28.07.2011	30.07.2011	2	25421400	27860
04.08.2011	06.08.2011	2	25421400	27860
11.08.2011	13.08.2011	2	25421400	27860
18.08.2011	23.08.2011	5	25421400	69650
25.08.2011	27.08.2011	2	25421400	27860
08.09.2011	10.09.2011	2	25421400	27860
15.09.2011	17.09.2011	2	25421400	27860
22.09.2011	24.09.2011	2	25421400	27860
29.09.2011	04.10.2011	5	25421400	69650
13.10.2011	15.10.2011	2	25421400	27860
24.11.2011	26.11.2011	2	25421400	27860
01.12.2011	03.12.2011	2	25421400	27860
16.02.2012	18.02.2012	2	25421400	27860
23.02.2012	25.02.2012	2	25421400	27860
01.03.2012	05.03.2012	4	25421400	55720
			Total	2131147