

Inspection Report on the accounts of the Dy. Director, Town Planning Department, Vasai-Virar City Municipal Corporation, Virar for the period 01.04.2013 to 31.03.2016.

Part I - A

I) Introductory

A test check on the accounts and records maintained by the Dy. Director, Town Planning Department, Vasai Virar City Municipal Corporation, Virar (VVCMC) for the period 01.04.2013 to 31.03.2016 was conducted locally during the period from 18-02-2017 to 28-02-2017 by an audit team comprising of Shri Rahul Kumar, AAO, Shri P.K. Upadhyay, AAO, Shri Swapnil Raut, Auditor and Shri Y.N. Telge, Auditor under the supervision of Shri R.B. Kukade, Audit Officer (18.2.2017 to 20.2.2017)

II) Disclaimer

The Inspection Report has been prepared on the basis of the information furnished and records made available by the Dy. Director, Town Planning Department, Vasai Virar City Municipal Corporation, Virar. The Office of the Principal Accountant General, (Audit)-I, Maharashtra, Mumbai disclaims any responsibility for any non information and/ or mis-information on the part of the Auditee organization.

III) Activity of the Department:

- a) Implementation of development schemes
- b) Control on Development
- c) Guidelines and advice on unauthorized construction cases under Section 52, 53, 54 & 55 of MR&TP Act 1966

IV) Officials

Following officials held the charge of Dy. Director, Town Planning Department during the period of Audit:

Sr. No.	Name of Official	Period
1.	Shri Y.S. Reddy	2013-2016
2.	Shri Y.S. Reddy	01.04.2016 to 27.04.2016
	Vacant	28.04.2016 to 10.05.2016
3.	Shri. Sanjay Jagtap	11.05.2016 to till date

V) Budget and Expenditure

(Rs in Lakhs)

Particulars	2013-14		2014-15		2015-16	
	Budget Provision	Expenditure	Budget Provision	Expenditure	Budget Provision	Expenditure
Pay & Allowances	20.00	14.17	16.00	14.60	17.80	15.69
Telephone & Mobile Charges	0.05	Nil	0.25	Nil	0.10	0.15
Conveyance Allowance	Nil	Nil	Nil	Nil	Nil	Nil
Office Expenditure	21.00	20.46	115.26	24.06	44.00	37.98
Land Survey other than old	40.00	31.73	163.00	82.19	255.00	149.63
Land Acquisition	Nil	Nil	Nil	Nil	Nil	Nil
Land Acquisition (Solid waste)	Nil	Nil	Nil	Nil	Nil	Nil
Land Acquisition (Ground Drainage)	Nil	Nil	Nil	Nil	Nil	Nil
Structural Audit	Nil	Nil	Nil	Nil	Nil	Nil
Auto DCR	190.00	188.45	131.00	96.14	5.00	Nil
Scanning Computer Exp.	10.00	3.43	35.00	16.44	70.00	50.30
Court cases exp	10.00	9.94	10.75	4.50	25.00	16.55
Stationery Exp.	7.50	7.45	8.23	6.91	11.00	10.78
Newspaper Advertise Exp.	5.00	2.69	3.00	2.52	2.70	0.46

Note: No separate cash book was maintained by Town Planning Department. It is maintained by CAFO, VVCMC

VI) Revenue Receipts:**(Rs. in Lakhs)**

Sr. No.	Details	2013-14	2014-15	2015-16
1	Building Permission fees	-	-	-
2	Premium	2317.37	1164.15	1345.28
3	Basic Infrastructure	-	-	-
4	Development Charges	4709.93	2177.23	7779.42
5	True Copy	1.20	1.02	0.62
6	Arch License	0.95	1.13	0.95
7	Fire Cess	795.53	1535.44	937.39
8	Any other receipts			
a)	Scrutiny fees	291.13	232.33	227.59
b)	Revalidation fee	7.96	4.46	4.81
c)	Security Deposits	771.99	249.86	224.91
d)	Unauthorized occupancy charges	47.56	51.56	40.33
e)	Miscellaneous	18.97	15.96	26.88

VII) Grants & Expenditure:**(Rs. in Lakh)**

Particulars/ schemes	2013-14		2014-15		2015-16	
	Grant (Rs.)	Exp (Rs.)	Grant (Rs.)	Exp (Rs.)	Grant (Rs.)	Exp (Rs.)
Underground Sewerage	-	-	1490.00	1490.00	451.00	451.00
Solid Waste Management	-	-	713.00	713.00	713.00	713.00

VIII) Internal Audit

Details of audit inspection conducted:

Authority	Period Covered	Date of actual inspection	Date of report received	No. of outstanding paras
Audit of Local Funds	2011-12	12.02.2012 to 31.03.2013	22.10.2013	Nil
Audit of Local Funds	2012-13	20.05.2014 to 15.12.2014	05.06.2015	4
Audit of Local Funds	2013-14 to 2014-15	18.01.2016 to 29.06.2016	04.10.2016	2

Part I B: Paras outstanding from previous Inspection Report

Inspection Report for the period 2011-12 to 2012-13

Para 5: Non recovery of building and other construction Labour Welfare Cess

Para retained for full and final compliance.

Para 6: Undue achievements of acquisition for reserved sites

Para retained for full and final compliance

Para 7: Delay in implementation of UIDSSST

Para retained for full and final compliance

Part I – C Persistent Irregularities.

--Nil--

Part II - Current Audit

Part II A Major irregularities

Para 1: Idle expenditure at Rs.23.48 crore incurred on construction of scientific landfill (SLF)

A DPR for the Corporation' SWM was made in November 2010 as consolidated and comprehensive approach to solve the problem of MSW in a scientific manner. For this, a project namely 'Integrated Municipal Solid Waste Management' was undertaken in the DPR which was to be funded from Scheme of Urban Infrastructure Development in Satellite Towns (UIDSSST). Under this project, a major component was to construct a Sanitary Landfill (SLF). A provision of Rs. 5.78 crore was made in the DPR for this component out of total project cost at Rs. 42.08 crore. However, the overall estimated capital cost for SWM project was Rs 65.08 crore out of this, Rs. 23.00 crore was being invested by the PPP party towards MSW processing components and rest of the amount at Rs. 42.08 crore was to be funded through UIDSSST scheme under which funding pattern was as follows: Assistance from GoI @ 80%, Contribution by State Govt. @10% and contribution by VVCMC @10%. As per the DPR entire fund was to be available by the FY 2011-12 and project was to be completed accordingly. Against the approval DPR cost at Rs. 5.78 crore, first tender was published on 09.08.2012 vide tender Advertisement No. VVCMC/SS/110/2012-13 which got cancelled due to non obtaining of response from any bidder. Similarly second tender and third tender was also got cancelled which were published on 04.12.2012 and 18.10.2013 respectively. The major component of the project was development of scientific landfill at Gokhivare and work order for this component was issued on 23-04-2015

to M/s Khilari Infrastructure Pvt. Ltd. (KIPL) with contract price at Rs. 23.48 crore (5% above tender cost at Rs. 22.36 crore). The work was to be completed within 12 months excluding monsoon. The work of SLF was completed in December 2016 but the same was lying unutilized till date.

Scrutiny of the relevant records revealed that though the work of SLF, a component of Integrated Municipal Solid Waste Management project was introduced in the DPR of 2010 with approved cost at Rs.5.78 crore by GoI on 26-11-2010 and funding got started in January 2011, the work order for the same work was given on 23-04-15 with enhanced cost to Rs. 23.48 crore. The DPR of 2010 of Integrated Municipal Solid Waste Management project was accepted by GoI and accordingly first installment of Rs. 634.53 lakh was released by GoI in January 2011 and matching grant of Rs.79.32 lakh was released by GOM in March 2011 with the condition that no additional grants would be provided in the case of any increase in project cost and if so the additional cost would be borne by the Corporation itself. Further second installment at Rs.634.53 lakh of GoI was released in February 2013 to GoM, however, GoM released the same along with matching grant at Rs.79.32 lakh in February 2014 though the work of SLF did not get started by the time. Further by the time UIDSST scheme stopped due to period of the same was over. The third grant of the same amount from newly launched Amrit Scheme in March 2016 was given to the Corporation. The work of SLF got completed in December 2016 and is lying unused till date as inert remnants from the solid waste was not being processed by the VVCMC due to unavailability of processing plant in the Corporation. It is further pointed out that as clearly mentioned in the DPR, the SLF was meant for disposal of only inert remnants. There was a processing unit which was run by M/s Hanjer Biotech Energy for which the Corporation used to pay Rs. 250/- per ton tipping charges and this processing unit was destroyed by a massive fire in November 2013. The VVCMC should have worked over construction of processing plant of solid waste generated in the Corporation for getting inert remnant from the solid waste. However, the Corporation did not take any initiative for restoring the processing plant and instead started work on construction of SLF which was useless in absence of inert remnant which requires processing plant as per the design and construction of the SLF. The SLF was lying unutilized and also during the joint visit of audit team and the department personnel it was observed that upper layer made of Geo Synthetic Liner of the scientific landfill was torn and destroyed by local people. Further, excess cost of the project was not regularized and approved by the Government as cost at Rs. 5.78 crore was approved by UDD-GOI originally which was enhanced to Rs. 23.48 crore due to delay in extension of the work. It was also pointed out that the expenditure of Rs 23.48 crore incurred on the SLF was an idle expenditure as the SLF is ready but not useful unless processing plant for solid waste gets started. Also the Corporation is

not having any plan till date for getting started the processing plant in near future. The VVCMC also did not obtain clearance from MPCB for this SLF which is mandatory.

On this being pointed out, the department stated that as there was an existing solid waste processing plant, the DPR included only SLF as one of the component as it was planned to dispose only the inert remnant from the processing plant to SLF site. The solid waste processing plant of 300 tonnes/ per day capacity was operated by M/s Hanjer Biotech Energies Ltd. became non functional since November 2013 due to massive fire. The SLF work was completed by December 2016 and handed over to Health Department of VVCMC. Also the upper layer made of Geo Synthetic Liner torn by local people would be repaired by the contractor. The department also stated that the guidelines would be obtained for implementation of processing plant at the earliest so that they can start using the SLF site.

The reply is not tenable as in absence of processing plant, the SLF was lying unutilized and resulted in idle expenditure of Rs. 23.48 crore.

Further progress in the matter is awaited.

Para 2: Short levy of development charges (Rs. 3.54 crore)

Section 124 B(2) provides for levy and collection of development charges as per Schedule II of the MRTP Act 1966, which was amended by notification Mah 34 of 2010 and development charges are leviable @2 percent of the rates of developed land mentioned in the stamp duty ready reckoner for development of land for residential or institutional use (double for commercial use), involving only building or construction operations. Development charge @0.5 percent is also payable for development of land.

Scrutiny of records revealed that development charges were levied at fixed rate per sq m till the date of audit and amended provision of MRTP Act 1966 was not adopted at all. Few illustrative cases of short levy of development charges for the period 2013-14, 2014-15 and 2015-16 were shown and discussed with the department as mentioned below. Annexure of Year wise details of selected cases are separately attached. The summary of cases and short levy of development charges involved in selected cases are as under:

Year	Total CC issued	Number of selected cases in which short levy of development charges calculated	Short levy of development charges in the selected cases (In Rs.)
2011-12	143	--	--
2012-13	154	--	--
2013-14	200	14	9349678
2014-15	171	17	13544420
2015-16	133	19	12564513
Total	801	50	35458611

Facts and figures were asked to be confirmed and reason for non adopting the amended provision till date was called for in audit. Further, similar cases from the period 2011-12 to the date were also asked to be rectified accordingly under intimation to audit.

On this being pointed out the department stated that facts and figures stated above were confirmed and short levy of development charges would be recovered accordingly.

Further progress in the matter is awaited.

Part –II- B Other observations

**Para 3: (a) Grants of Additional FSI on agricultural land without grants of NA permission.
(b) Violation of Environment (Protection) Rules, 1986**

A project was initiated in the year 2009 and construction of few building on the individual plots was started (July 2009) by obtaining separate commencement certificate from time to time by individual developers. A group of 32 land holders having survey no 180,181/2,185/1 to 12, 186, 187B, 188/pt, 190, 191, 192, 193, 194, 197, 199, 201, 202, 203, 204/1&3, 204/2&4, 205/1to7, 206/pt, 206/pt, 207/pt, 208/1to8, 209/pt, 210/1/pt, 210/2to3, 211/2,3&6, 211/7/pt, 212/3, 213/1, 214/3, 215/pt, 215/pt, 216/1,2&4, 219/2, 220/pt, 221/1&2, 222/3, 223/1&2, 224/1, 250/pt, 250/pt, 251/8, 254, 255/1 to 4, 257/1,259/1,260/pt &260/pt, 261, 263 at Village: Nilemore, Taluka: Vasai, District: Thane came together and amalgamated the plots on 16.12.2013 for the Plot Area admeasuring 378746.39 sq m. It was also observed that developer applied for Environmental clearance in March 2011 for construction of proposed built up area admeasuring 528372.79 sq m. The developer got the plan approved between August 2011 and May 2012 for building No 8, 1, 2, 3, 4 and carried out construction on the built up area admeasuring 21825.93 sq m without obtaining environment clearance.

Scrutiny of records revealed the following observations

(a) As per rule 2.1.1 and 2.3.2.1 of Development Control Regulation, 2001, No person shall change the use of any land or carry out any development without the prior permission of competent Authority and any person who intends to carry out development or redevelopment erect or re-erect a building or part of a building including subdivision or amalgamation of holdings, mining or quarrying operation, shall first apply to a competent authority in the Proforma prescribed by competent authority along with fees, documents, copy of Non Agriculture Permission. Further, as per rule 4.4 of Development Control Regulations 2001, incentive in terms of FSI for land pooling shall be granted for the area not less than 20 ha @ 9.5% to the owner/applicant.

It was observed that the total plot area for which land pooling was demanded are admeasuring 378746.39 sq m i.e 37.87 ha. The total built up area of layout plan was worked out to 196639.29 Sq m by land pooling of Non Agriculture and agriculture plot. Out of which the built up area of 176557.95 sq m for which Non Agriculture permission was obtained from the competent authority. The additional FSI was required to be granted on the area for Non Agriculture plot admeasuring 176557.95 sq m and no benefit of additional FSI for land pooling for Agriculture land admeasuring 20081.34 sq m (196639.29 - 176557.95) until non agriculture permission should be granted as no any person has development right agriculture plots.. However, the department has granted the additional FSI of 1907.73 sq m (20081.34 x 9.5%) for land pooling on 20081.34 sq m of agriculture land. The cost of additional FSI for open land @ Rs 11200 per sq m worked out to Rs 2.13 crore (1907.34 x 11200). The allowance of additional FSI on agriculture land has resulted in undue benefit of Rs 2.13 crore to the developer.

On this being pointed out, the department stated that the proposal for land pooling having gross plot area 3,78,746.39 sq m. Incentive FSI given in DCR for better planning and the same is required to be given while lay out approval stage only. Applicant was required to obtain NA permission prior to commencement of work on agriculture plot. The revised development permission (Dt: 16-12-2013) stipulates that NA permission for agriculture land shall be obtained prior to commencement of work. Reply was not tenable as any person who intends to carry out development or redevelopment, erect or re-erect a building or part of building including subdivision or amalgamation of holdings mining or quarries operation shall apply to competent authority along with non agriculture permission.

(b) As per notification dated 14th September, 2006 under sub rule (3) of Rule 5 of the Environment (Protection) Rule, 1986, certain restriction and prohibition on new projects or activities, or on expansion or modernization of existing projects based on their potential environmental impact were imposed. According to the restrictions and prohibitions, a prior environmental clearance is required to be obtained for the building and construction Projects having built up area more than and equal to 20000 sq m from Ministry Of Environment and Forest.

Scrutiny of records revealed that the project was initiated in the year 2009 and construction of few building on the individual plots was started (July 2009) by obtaining separate commencement certificate from time to time by individual developers. A group of 32 land holders came together and amalgamated the plots on 16.12.2013. It was also observed that developer applied for Environmental clearance in March 2011 for construction of proposed built up area admeasuring 528372.79 sq m. The developer got the plan approved between August 2011 and May 2012 for building No 8, 1, 2, 3, 4 and carried out construction on the built up area admeasuring 21825.93 sq m without obtaining environment clearance. In this connection, Environment Department also directed to stop (December 2014) the work until obtaining Environmental clearance from the competent authority. However, it was observed that the construction was still in progress violating the order of Environment department (December 2014) and Corporation had not taken any action against the contractor.

On this being pointed out, the department stated that various permissions from then Special Planning Authority CIDCO Ltd. was obtained. While grant of revised development plan a specific condition was imposed on developer to obtain environmental clearance prior to commencement of work above 20000 sq m. Environmental clearance would not be given until violation case decided. Further MPCB has already filed violation case no. 88/2015. Matter is pending in court.

Further progress in the matter is awaited.

Para 4: Non-levy / recovery of Deposits, Premium and Administrative Fees from Telecom Service Providers (TSP) in respect of Mobile Towers

According to the uniform policy regarding the telecommunication equipment room, Government of Maharashtra in Urban Development Department had issued the following directions vide No.TPS3003/1723/CR-394/03/UD-30 4 July 2005:

1. The permission shall be granted under Section 45 of Maharashtra Regional and Town Planning Act, 1966.
2. Deposit of Rs. 50,000/- shall be charged. Premium shall be charged at the rate of the land value as per Ready Reckoner of the area occupied by the telecommunication equipment room.
3. Tower Height Premium shall be Rs. 10,000/- per running meter

On scrutiny of records, it was observed that there were approximately 635 mobile towers in the jurisdiction of VVCMC as on January 2017 for which applications for granting permission was received as per the register maintained by the Town Planning Department, VVCMC. However, the department stated that not a single permission was granted so far despite the fact that first application was received by the department in October 2010. On being asked how many mobile towers (Telecommunication Cell Site TCS/Base Station BS) are on authorized buildings and how many on unauthorized building /land, the department was unable to give such information. Also no further information like Ward/ Samiti wise details in this regard was available with department. Considering the conditions of Notification dated 04-03-2014, deposits and administrative fees recoverable in respect of 635 mobile towers under VVCMC jurisdiction, the amount worked out to Rs.190.50 lakh (Rs.30,000 x 635). In addition to the above, tower Height Premium @ Rs. 10,000/- per running meter was also recoverable. However, the same was not recovered till the date of audit by the Town Planning Department. The department should have levied and recovered Rs.190.50 lakh from Telecom service provider.

On this being pointed out in audit, the department stated that VVCMC has not yet issued any permission regarding mobile towers due to incomplete submission of proposals. Also, department stated that the concerned wardwise additional Municipal Commissioners were asked to take necessary action against illegal mobile towers. The reply is not tenable as the mobile towers in the area were operating without permission since a long time and no action was taken in this regard thereby incurring losses to the Corporation in the form of administrative fees. Hence, comments of higher authority may be obtained and furnished to audit.

Further progress in the matter is awaited.

Para 5: Non creation of Development Fund

(a) Section 124J of the MRTP Act 1966 provides that-

- (1) There shall be established and set apart a separate fund to be called the Development Fund and an Authority shall separately show the same in its budget.
- (2) All moneys received by the Authority as development charges together with interest thereon, if any, under this Chapter shall be credited to the Development Fund.
- (3) The money credited from time to time, to the said Fund, shall be utilized only for the purposes of acquisition and development of any land reserved for any of the public purposes specified in any plan or scheme under this Act and for providing public amenities in the area under the jurisdiction of the said Authority and maintenance and improvement thereof.

On scrutiny of the statement of final accounts for the year 2013-14 and 2014-15, it was noticed that no such Fund was created by the VVCMC.

On this being pointed out in audit the department stated that development charges were recovered and deposited in the bank account. It was further stated that the development fund would be created.

Further progress in the matter is awaited.

Para 6: Commencement Certificate issued before approval of Plan from Fire Department.

As per Development Control Regulation No. 20 'fire Protection equipment', all buildings shall be planned, designed and constructed to ensure fire safety and this shall be done in accordance with the regulation mentioned in Part VI of these regulation and Part IV of Fire Protection of National Building Code of India and Maharashtra Fire Protection and Life safety Measures Act, 2006, unless otherwise specified in these regulations. In case of buildings identified in Regulation No. 6.2.6.1, the building schemes shall also be cleared by the Fire Officer, Fire Brigade authority.

On scrutiny of records, it was revealed that plans were not approved by the Fire Officer and No objection Certificate was not obtained from Fire Department in respect of buildings specified in Regulation 6.2.6.1 before issue of Commencement Certificate by the department in VVCMC.

On this being pointed out in audit the department stated that post of the Chief Fire Officer was vacant till 17-01-16 and after commencement certificate for construction of building would be issued after the regular post as filled by taking provisional fire NOC from the fire department.

However, the fact remains that till around March 2016, the building plan was not approved by the fire department.

Further progress in the matter is awaited

Para 7: Post lying vacant in the department.

On scrutiny of records relating to staff, it was noticed that there were huge vacancies under Town planning Department as shown below:

Post	No. of posts sanctioned	No. of posts filled	No. of posts vacant
Deputy Director	1	1	0
Assistant Director	1	0	1
Town Planner	2	0	2
Deputy Engineer	3	0	3
Jr. Engineer	3	6	-3
Chief Surveyor	1	0	1
Surveyor	1	0	1
Draftsman	2	1	1
Senior Clerk	2	2	0
Typist /Clerk	2	2	0
Total	18	12	

From the above, it could be seen that 100% of the posts of Deputy Director, Assistant Director, Town planner, Deputy Engineer, Chief surveyor, surveyor and 50% post of Draft man were vacant. In absence of Deputy Director, Assistant Director, Town planner, Deputy Engineer, Chief surveyor, surveyor and Draft man, how the department manages the work related to Deputy Director, Assistant Director, Town planner, Deputy Engineer, Chief surveyor, surveyor and Draft man. Further, excess appointment of 3 Junior Engineer was asked to be explained

On this being pointed out in audit, department stated that action to fill up the vacant post is under progress but no reply was offered on how the work of Deputy Director, Assistant Director, Town planner, Deputy Engineer, Chief surveyor, surveyor and Draft man was being managed.

Further progress is awaited.

Para 8: Decrease in Revenue Receipt

On the scrutiny of records relating to revenue receipt of Municipal Corporation, it was noticed that there were drastic decrease in revenue receipt during financial years 2014-15 and 2015-16. The decreases in revenue receipt under Town planning Department are shown below.

(Rs. In Lakh).

Particulars	2013-14	2014-15			2015-16		
	Revenue Receipt	Revenue Receipt	Decrease/increase in revenue receipt	Percentage	Revenue Receipt	Decrease/increase in revenue receipt	Percentage
	(a)	(b)	(c)=(a) – (b)	(d)	(e)	(f) = (a) – (e)	(g)
Premium for free FSI	2317.37	1164.15	1153.22	49.76	1345.28	972.09	41.95
Development Charges	4709.93	2177.32	2532.61	53.77	7779.42	-3069.49	65.17 (increase)
Revalidation Fee	7.96	4.46	3.5	43.97	4.81	3.15	39.57
Security Deposit	771.99	249.86	522.13	67.63	224.91	547.08	70.87
Total							

From the above table, it could be seen that the decrease in revenue receipt on account of Premium for free FSI, Development charges, Revalidation fee and security deposit were between 43.97% and 67.63 % during financial years 2014-15 whereas the decrease in all aforesaid revenue receipt were noticed between 41.95% and 70.87% except increase of 65.17 % in development charges during 2015-16. The reason for decrease in revenue receipt was called for and Facts and figures mentioned above were asked to be verified and confirmed.

In reply, department stated that increase or decrease in development charges premium for FSI security deposit is depending on number of permission and area of permission. Reply of department is not tenable as department did not furnish the area and number of permission granted during 2013-14, 2014-15 and 2015-16.

Further progress in the matter is awaited.

Part III-Test Audit Note

-Nil-

Sr. Audit Officer/SS-I

Inspection Report on the accounts of the Chief Accounts & Finance Officer, Accounts Department, Vasai Virar City Municipal Corporation, Virar for the period 1/4/2013 to 31/3/2016

Part – I

i) Introductory

A test check of the accounts of the Chief Accounts & Finance Officer, Accounts Department, Vasai Virar City Municipal Corporation, Virar for the period from 1/4/2013 to 31/3/2016 was conducted locally from 24-01-2017 to 02-02-2017 by Shri Rahul Kumar, Assistant Audit Officer, Shri M.D. Rathod, Supervisor (upto 30-01-2017), Smt Seetha P, Supervisor and Shri Y.N. Telge, Auditor under the supervision of Shri R.B. Kukade, Audit Officer.

ii) Disclaimer

The Inspection Report has been prepared on the basis of information furnished and the records made available by the Chief Accounts & Finance Officer, Accounts Department, Vasai Virar City Municipal Corporation, Virar. The Office of the Principal Accountant General, (Audit)-I, Maharashtra, Mumbai disclaims any responsibility for any non information and/or mis-information on the part of the Auditee organization.

iii) Activities of the Auditee Organisation

The main functions of the Chief Accountant's Department can be broadly classified as under:

- Financial Management
- Internal Audit
- Maintenance of Statutory Accounts
- Maintenance of Special funds
- Treasury functions
- Test Audit and allied activities

iv) The following persons held the charge of the post of Chief Accounts & Finance Officer, Accounts Department, Vasai Virar City Municipal Corporation, Virar during the period covered by audit:

Sr.No.	Name of Officials	Period
1.	Shri. Prashant P Ratnakar	2013 – 2016
2.	Shri. Subhash M Nipane	March 2016 to June 2016
3.	Shri. Prakash Kodekar	July 2016 to August 2016
4.	Shri. Pravin Wadgaye	Sept 2016 to till date

v) **Grants and Expenditure**

The details of Grants and expenditure incurred head wise under the year 2013-14 to 2015-16.

(Rs in lakhs)

Particulars	2013-14					
	O.B.	Grant received	Interest received and contribution of the M.C.	Total	Expenditure	Closing
Road Grant	110.58	440.89	33.48	584.96	568.81	16.15
Dalit Vasti	301.86	209.00	17.64	528.50	84.41	444.09
13 th Finance Commission	96.18	2059.94	56.89	2213.02	1270.40	942.61

14 th Finance Commission	-	-	-	-	-	-
Suvarna Jayanthi City employment Scheme	231.64	6.70	9.45	247.80	53.13	194.67
MP/MLA Fund	392.65	301.66	-	694.32	286.57	407.74
Nirmal Abhiyan	12.33	-	4.43	16.77	13.74	3.02
CIDCO	-	-	-	-	-	-
Special works Fund	-	-	-	-	-	-
Satelite City Grant	-	-	-	-	-	-
Total	-	-	-	-	-	-

(Rs in lakhs)

Particulars	2014-15					
	O.B.	Grant received	Interest received and contribution of the M.C.	Total	Expenditure	Closing Balance
Road Grant	16.15	-	262.40	278.56	259.61	18.94
Dalit Vasti	444.09	-	28.91	473.01	168.23	304.77
13 th Finance Commission	942.61	-	130.51	1073.13	941.73	131.40
14 th Finance Commission	-	-	-	-	-	-
Suvarna Jayanthi City employment Scheme	194.67	8.10	6.35	209.12	5.41	203.70
MP/MLA Fund	407.74	349.09	133.68	890.52	72.34	818.18
Nirmal Abhiyan	3.02	-	13.84	16.87	13.74	3.12
CIDCO	-	-	-	-	-	-
Special works Fund	-	-	-	-	-	-
Satelite City Grant	-	-	-	-	-	-
Total						

(Rs in lakhs)

Particulars	2015-16					
	O.B.	Grant received	Interest received and contribution of the M.C.	Total	Expenditure	Closing Balance
Road Grant	18.94	3.07	14.65	36.67	14.14	22.52
Dalit Vasti	304.77	-	11.76	316.53	90.21	226.32
13 th Finance Commission	131.40	-	25.13	156.53	52.91	103.61
14 th Finance Commission	-	-	-	-	-	-
Suvarna Jayanthi City employment Scheme	203.70	-	10.74	214.45	18.44	196.00
MP/MLA Fund	818.18	-	578.51	1396.69	505.04	891.64
Nirmal Abhiyan	3.12	-	-	3.12	-	3.12
CIDCO	-	-	-	-	-	-
Special works Fund	-	-	-	-	-	-
Satelite City Grant	-	-	-	-	-	-
Total	-	-	-	-	-	-

v) **Cash Books:**

Sr.No.	Name of the Cash Book	No. of Accounts	Balance of Cash book as on 31.03.2016	Balance of Passbook as on 31.03.2016	Difference
1	General Fund	1 to 404	19892.81	33424.74	13531.93
2	Suvarana Jayant shahari Employment Fund	404 to 414	155.36	174.36	19
3	Salary Reserve Fund	415 to 419	43.61	45.05	1.44
4	Water Supply Reserve Fund	420 to 423	0.57	0.57	-
5	General Provident Fund	424	0.12	0.13	0.01
6	Tree Fund	425 to 429	16.58	63.13	46.55
7	Defined Contribution	430	13.60	13.60	-
8	Primary Education Fund	431-433	99.29	99.44	0.15
9	Sanitation Fund	434	77.32	82.57	5.25
10	Depreciation Fund	435 to 438	2.28	2.29	0.01
11	Loan repayment Fund	439 to 443	2.51	225.14	222.63

vi) Statutory Audit & Administrative Inspection

Details of internal audit and administrative inspection were as under:-

Name of Authority	Period of Audit	Date of Inspection	Report Received or Not

vii) Audit/Inspection

- a) Post audit of transaction is regularly conducted by Municipal Chief Auditor
- b) The MCA audited the records for the year 2013-14 to 2015-16. Paras were pending till date of audit.
- c) Outstanding paras of Chief Auditor, Local Funds Account Information was not readily available with the department.

viii) No. of misappropriation/embezzlement cases occurred during 2013-14 to 2015-16 – nil

Part I B:

Paras Outstanding from previous Inspection Reports

Inspection Report for the period 2011-12 to 2012-13

Para 6: Unspent Funds

Final compliance awaited, para may be retained

Para 8: Maintenance of different funds

Final compliance awaited, Para may be retained.

Para 9: Unclaimed lapsed deposits of Rs.2.27 crores

Final compliance awaited, para may be retained.

Para 10: Staff requirement and position

Final compliance awaited, para may be retained.

Part I C

Persistent Irregularities

Part II

Current Audit

Part II A: Major Irregularities

Nil

Part II B: - Other Irregularities

Para 1: Accounting and audit arrangements, non maintenance of double entry accounting system and not certification of annual accounts

The Govt. of Maharashtra, Urban Development Deptt. (UDD) vide GR dated 06/07/2005 instructed all the Municipal Corporations to follow guidelines given in National Municipal Accounts Manual (NMAM) until finalization of accounting policy by GOM. The Govt. of Maharashtra, Urban Development Deptt. (UDD) vide GR dated 18-10-2010 sent the Maharashtra Municipal Account Code 2010 for adoption and instructed all the municipal corporation to switch over to double entry accounting system in respect of financial year ending 31 march 2011.

The Vasai Virar Municipal Corporation (VVMC) executed an agreement with M/s Chaturvedi and Co. Mumbai for implementation of accrual based double entry accounting system including listing, verification and valuation of all assets for the years 2009-10, 2010-11, 2011-12 on 23 November 2010 at a cost of Rs 1103000/-. As per the agreement, the aforesaid CA firm had to complete Annual account of the years 2009-10, 2010-11, 2011-12 up to 31/1/2011 31/05/2011 and 31/05/2012 respectively. However it was seen that the said work was not completed in all respects and VVMC still maintained accounts as per the old system of accounting.. Further, it was observed that VVMC executed an agreement with M/s Tondon Urban Solution Pvt. Ltd. Mumbai on 3rd January 2014 for implementation of accrual based double entry accounting system including listing, verification and valuation of all assets

for the years 2012-13,2013-14 and 2014-15 at a cost of Rs 190000/- plus service tax per month. As per the agreement the aforesaid CA firm had to complete the work up to June 2015. However the work was not completed till date. Though it proposed to grant extension up to November 2016(17 Months), no extension was granted till date. In the absence of extension, how the work was in progress and how the payment was made to agency after June 2015 was called for. Due to proposal of granting extension, the VVMC made extra payment of Rs 32.30 lakh plus service tax to firm.(190000*17months) . However till date the work of switching over to double entry system was not completed.

Further, the Chief Auditor in VVMC was carrying out pre-audit of the transactions on revenue aspects and the Director, State Audit was a statutory auditor for VVMC who conducted post audit since inception of VVMC. The accounts were compiled and audited but due certification by the Director of Local Fund was not made No copy of the Annual Accounts finalized were sent to Director State Local Fund Audit..

In reply, CAFO VVCMC stated that the work of switching over to double entry system was in progress and will be completed as soon as possible. Also Annual Accounts would be sent to DELFA for certification and complied accordingly.

Further progress in the matter is awaited.

Para 2: Non recovery of insurance charges from contractor's RA bill (Rs. 3.09 lakh)

As per guidelines issued by the Director of Insurance, Govt. of Maharashtra, 1% insurance charges of estimated cost of work should be recovered and works are required to be insured properly before the commencement with the Director of Insurance, Govt. of Maharashtra.

On test check of vouchers paid by CAFO, it was noticed that the department failed to make the said statutory deduction from the bills submitted by contractors for various works done by them. Also, reasons for not deducting the insurance charges was not mentioned anywhere on the records given to audit. Few illustrative cases are as under:

Sr. No.	Name of the work	Name of contractor	RA Bill amount (Rs.)	1% Insurance(Rs)
1.	Construction of RCC Box cell bridge at Rajivali near Ashram, Prabhag samiti D	M/s Balaji Construction	1469957	14700
2.	Providing and laying Asphalt road at Vidyamandir in Ward No. 54	M/s Jay Bhavani Infra Project	1238094	12381
4.	Providing Asphalt to road from Micro apt to Rajmata gate at Nalasopara east	M/s Lonavala Construction Co.	946539	9465
5.	For development of Juchandra Pond at Naygaon East	M/s Sudhakar V Datore	7672757	76728
6.	Construction of compound wall for Tuljabhavani Mandir, Ward D, Vasai(w)	M/s Balaji Construction co.	2614935	26149
7.	Construction of internal CC road and pathway in W No. 79, VVCMC area	M/s Omkar Enterprises	2465892	24659
8.	Providing Embankment at Sarvoday Vasahat in Ward No. 41, Nalasopara (E)	M/s Dhaneshwar Bhoir	495820	4958
9.	Construction of Bund at Suruchi baugh Sea shore in VVCMC area	M/s Maindeep Enterprises	3402820	34028
10.	Providing and painting zebra crossing at various location at Prabhag Samiti 'C' Nallasopara	M/s Sai Siddhanath Construction	3352799	33528
11.	Strengthening of road from main road towards Waghewari Hill in Ward No. 33	M/s Sai Ganesh Enterprises	3908880	39088

12.	Construction of office building at Dhaniv in VVCMC area	M/s Sai Ganesh Enterprises	1708694	17087
		Total		308895

The above cases are illustrative and the department was asked to verify other cases for similar lapse.

On this being pointed out in audit, the department stated that 1% insurance charges were to be cut where insurance certificates from the Director of Insurance were not taken otherwise 1% was deducted from the bills, however, copy of certificates were not kept on records. Reply is not tenable as not keeping of copy of certificates of insurance tantamount to levy of 1% charges and required to be recovered invariably from the contractor's bills which were not done from the above illustrative cases.

Further progress in the matter is awaited.

Para 3: Short recovery of sales tax from contractor's RA bill (Rs. 95923/-)

As per codal provision, sales tax is to be recovered from each running account bill of work done by the contractor which should be at the rate prescribed therein. The Notification issued by the Commissioner of Sales Tax, Maharashtra State, Mumbai Dated: 04.04.2012 recoveries of sales tax from unregistered contractors were revised from 4% to 5% w.e.f. 01.04.2012.

During the test check of vouchers paid by CAFO of unregistered contractors for works done during the year 2013-14 onwards, it was noticed that the sales tax was recovered from R.A. bill @ 4% instead of 5%. This resulted in short recovery of VAT @ 1%. Some illustrative cases are given below:

Sr. No.	Name of the work	Name of contractor	RA Bill amount (Rs.)	Difference 1% VAT (Rs)
1.	Providing and fixing Paver Block at Mangal Plaza, ward no. 38 Nallasopara	M/s Shahrukh Khan	894735	8947(1%)

	(W)			
2.	Construction of R.C.C. slab over existing Nalla at Pimpalwadi	M/s Smruti Enterprises	3401449	34014 (1%)
3	Providing repairs to footpath from Raj Nagar to Solanki Medical at Achole	M/s R.V. Dhotre const.	900543	9005 (1%)
4.	Construction of boundary wall and pathway in ward no. 53 at Nirmal Haripada	M/s Dwarka construction	1282100	12821 (1%)
5.	Providing and fixing Paver Block at Virar(w) Chauknaka to Aadarshshala	M/s R.K. contractor	888025	8880 (1%)
6.	Providing and fixing Paver Block near Shiv Shakti Apt at Hanuman Nagar	M/s Shahrukh Khan	700245	7002 (1%)
7.	Fixing paver from Kini sadan to Harishchandra Mahatre house	M/s R.K. contractor	1525420	15254(1%)
		Total		95923/-

From the above table it could be seen that Sales Tax (VAT) was recovered short by Rs. 95923/- in the illustrative cases (7 cases) as per the records provided to audit. The same may be recovered and intimated to audit accordingly. The department was asked to verify other cases also and results thereof was asked to be submitted to audit accordingly.

On this being pointed out, the department stated that short recovery of VAT would be recovered from the contractors' final bills or deposits.

Further progress in the matter is awaited.

Para 4: Unclaimed lapsed deposits of Rs 18,58,57,811/-

As per Rule No. 190, clause (i) of Chapter XII of the Mah. Account Code 1971 all deposits received shall be covered in form 147 Clause (2): of the said rule states that the outstanding balance of each deposit at the end of the year shall be carried over to the register as each transaction occurs. The total amount of deposit received and refunds made during the years shall be agreed with the total credits and debits under the head "Deposit" Clause (3) of the said rule states that all balances unclaimed for more than three financial years from the due

date of refund shall at the close of each year lapse to the Corporation and be transferred to the credit of the Municipal Fund under the head “Miscellaneous” other items- Lapsed Deposit.

On scrutiny of the deposit register maintained by the Accounts Department it was noticed that unclaimed Deposit amounting Rs.18,58,57,811/- in respect of Earnest Money Deposit(EMD), Security Deposit was outstanding in the Deposit Register since more than three financial years as detailed below:

Year	Vasai	Navghar Manickpur	Nallasopara	Virara	Total
2009-10	1,458,033	882543	3667595	2091701	8099872
2010-11	8,43,025	11,96,143	29,88,228	65,35,017	11562413
2011-12	13,20,383	18,58,629	30,67,777	46460168	52706957
2012-13	20,21,756	38,59,879	53,36,451	102270483	113488569
Total	5643197	7797194	15060051	157357369	185857811

The above deposits of Rs.18,58,57,811/- which were outstanding for more than three financial years should be treated as lapsed and credited to Municipal Fund under the head “Miscellaneous other items-Lapsed Deposit”. Reason of the same was called for in audit.

On this being pointed out in audit, the department stated that work of crediting the deposits of more than three years old was in process.

Further progress in the matter is awaited.

Para 5: Non investment of idle fund of Rs.143.89 lakh fixed deposits

On scrutiny of records it was seen that no transactions were made from these accounts except credit of interest from term deposit and saving accounts in respect of the following four funds:

- 1) Sanitation fund
- 2) Water supply reserve fund
- 3) Salary reserve fund
- 4) Primary education fund

Scrutiny of cashbook and bank pass book revealed that in three saving bank accounts of two funds, an amount of Rs.143.89 lakh was lying idle as of March 2016 as detailed below:

Name of fund	Name of bank	Saving account no.	Amounts in Rs	
1) Primary education fund	Bank of Maharashtra Nalasopara	20023590731	9790328	
2) Primary education fund	State bank of India	10649504972	1065959	As on 31. 12.2015
3) Salary reserved fund	Bank of Maharashtra Nalasopara	20023590708	3533245	
		Total	14389532	

As no transactions was made from these accounts since April 2010, the fund lying idle in saving accounts should have been invested in term deposit. However this was not done which resulted in loss of revenue to the corporation.

In reply, CAFO stated that investing these funds into FD is in process.

Further progress in the matter is awaited.

Para 6: (i) Unutilized grants under 13th and 12th Finance Commission

(ii) Non production of Utilisation Certificate (UCs)

(iii) Non –maintenance of separate Cash Book in respect of 13th Finance Commission

As per Rule 98 (2) (ii) of MTRs, 1968, all monetary transactions should be entered in the cash book as soon as they occur and attested by the head of the office as a token of check.

Under the 13th Finance Commission, Vasai Virar Municipal Corporation was given grants of Rs. 41.88 crore during the period 2010-15. However during scrutiny of Bank statement it was noticed that out of the said grants, an amount of Rs. 1.11 crore was still unutilized. Further, an amount granted under the (12th Finance commission) of Rs. 3.15 lakh was also lying idle in three saving bank accounts and Rs. 1.31 lakh was kept in fixed deposit

as on date. Few more bank accounts under 12th FC are still operative whose details were not produced to audit.

When the copies of Utilisation Certificates (UCs) were asked to be produced in audit, the department stated that UCs of 100% grants was already sent to DMA. However, the same were not furnished to audit. As unutilized grants under 13th and 12th FC were still lying in bank accounts, the correctness of the Utilisation Certificates needs to be verified..

On scrutiny of cash book it was observed that no separate cash book was maintained for 13th Finance commission and entire transaction was kept in the combined cash book of general fund. Further, system of regular attestation of cash book by the head of the department was not adopted in this office. For the year 2014-15, one attestation was done only once i.e. at the end of the year and for the year 2015-16 the cash book was yet to be attested. In this connection, it was pointed out that non attestation of the cash book entries could lead to irregularities.

Facts and figures were asked to be confirmed and justification of the same was called for in audit.

In reply, the department stated that UCs of grant received were submitted from time to time and unutilized grants would be spent on ongoing works. Reply is not tenable as copies of UCs were not produced to audit for scrutiny and time limits for utilizing these grants were over as per Government guidelines.

Para 7: Outstanding advance of Rs. 11.89 crore

As per Rule 189 of the Maharashtra Municipal Account Code 1971, transactions relating to advances is to be recorded in advance register maintained In form 147 which will be given/adjusted to Municipal Officials departmentally. After adjusting the accounts/Voucher rendered by concerned official, the outstanding balances, if any should be drawn up at the end of each year and carried forward to next year register. Also the advances are required to be adjusted/ recouped regularly to avoid huge outstanding balance and

unnecessary blocking of funds. Abnormal delay in recovery/adjustment of advances noticed during the scrutiny of advance statement as on date are as under:

Sr.No.	Name of the Party	Particular	Date of Advance	Amount (Rs)
1	Shri Sudhakar B.Sankhe	Training	24.08.06	294902
2	Shri Udhav Nijai	Pass for students	24/10/14	36305
3	Jayram & sons	Service	17/02/14	600000
4	Gharpure Eng. A. Construction	Mobilisation Mah. Suv.Jayanthi	07/04/14	37736681
5	Nilesh Jadhav	Training	11/08/14	178000
6	Ashok Leyland	New Bus purchase	03/09/14	15860099
7	Jayram & Sons	Mobilisation	29/9/14	1000000
8	Udhav Nijai	Women's Mela	20/12/14	94489
9	Ashok Leyland	Mobilisation	16/04/15	20668202
10	Ashok Leyland	-do-	18/04/15	16117490
11	Ramakant Jadhav	Election	04/06/15	25000
12	Jagadish Sutar	-do-	04/06/15	25000
13	Smitha Boir	-do-	04/06/15	25000
14	Shri S.R. Pawar	-do-	04/06/15	25000
15	Shri Suresh Throat	-do-	04/06/15	25000
16	Shri Nilesh Jadhav	-do-	10/06/15	20000
17	Vasant Mukne	-do-	10/06/15	20000
18	Avinash Gujalkar	-do-	-do-	20000
19	N.A. Construction	Bus depo and Mobilisation	21/11/15	21862492
20	Mah. State Suraksha Corporation	Service Tax & Salary	31/12/15	4230595
21	Glison Gonsalvis	Bus Registration	15/01/16	12500
22	Vibha Jadhav	Bachat Gat Training	17/03/16	68200
	Total			118944955

Abnormal delay in adjustment/recovery of advances was brought to the notice of the department for clarification to audit.

On this being pointed out, the department stated that the process of recovering the above outstanding advances is under progress.

Further progress in the matter is awaited.

Para 8: Non reconciliation of balance as per cash book and bank pass book and operating significant numbers of bank accounts

The closing balance of the cash book is required to be compared with balance as per Pass Book/bank statements and accordingly reconciliation statement is required to be prepared on the last working day of the month for analyzing the differences between closing balance of cash book and bank pass book/bank statements. A copy of the reconciliation statement should be kept on cash book with monthly closing statement. Further immediate and effective steps are required to be taken by the department to reconcile differences, if any. The differences may be due to unencashed cheques, non accounted remittances, wrong debit/credit by the department as well as bank and misclassification/fraud etc.

On scrutiny of relevant records, it was noticed that reconciliation statement was not kept anywhere at all the cash books maintained by the department since March 2014. Due to non reconciliation reasons for difference between closing balances of cash books and respective bank statements were not ascertained anywhere on records. Also due to non reconciliation true picture of accounts did not reflect in the annual accounts. Further, the department was operating around 546 bank accounts and 193 fixed deposits accounts as on April 2016 and out of these accounts; few accounts were still operative in district co-operative banks. Maintaining such a huge number of accounts increases complicity in accounting system. Due to the above facts true and fair picture of accounts was not ascertained in audit.

Facts and figures were asked to be confirmed and justification on aforesaid remarks was called for in audit.

On this being pointed out, the department stated that reconciliation work is under progress. Also there are many old accounts which are non operative and process of closing these accounts is under progress.

Further progress in the matter is awaited.

Para 9: Non preparation of final accounts for the year 2015-2016

The Corporation is maintaining accounts in old system of accounting in single entry and accounts are still not prepared in Accrual Basis Double Entry Accounting System. The

Corporation has only prepared receipt and payment account for the year 2015-16 till date and trial balance and balance sheet are yet to be prepared.

On scrutiny of relevant records it was observed that even after a lapse of 10 months at the end of FY 2015-16, the department did not prepare balance sheet and trial balance of the financial year 2015-16 due to which true picture of Asset and liabilities was not verified in audit. Further scrutiny of balance sheet for the year 2013-14 and 2014-15, the following points are observed:

- (i) At the end of FY 2013-14 the unpaid bills were at Rs. 13924155/- which increased to Rs. 18271744/- at the end of year FY 2014-15. Nature of unpaid bills and reason for not paying the same was called for in audit.
- (ii) Unrecovered taxes for the year 2013-14 was at Rs. 528917758/- including penalty on property tax at Rs. 65407765/- which increased to Rs. 563524229/- including penalty on property tax at Rs. 78835373/-. Reason for non recovery of taxes and penalty was called for in audit as it increases year after year.
- (iii) Other advances at the end of the FY 2015 were claimed at Rs. 134278319/- at asset side in balance sheet. Nature of these advances along with their recovery position was called for in audit.

The above information along with supporting documents and justification regarding the above stated facts was called for in audit.

On this being pointed out in audit, the department stated that the trial balance and balance sheet would be prepared and submitted to audit shortly. Further department was silent on other remarks raised in audit.

Further progress in the matter is awaited

Para 10: Poor/Non utilization of grant under various schemes

Government releases grants for different schemes for Welfare of citizen under jurisdiction of Corporations. Vasai Virar City Municipal Corporation (VCCMC) received grants from GOM/GOI for various schemes like Dalit Vasti, 13th Finance Commission, Suvarana Jayanti City Employment, MP/MLA Fund etc. for timely execution of work

undertaken through these schemes for upliftment of targeted people. However, performance of few schemes is very poor on programme execution front due to short/non utilization of grants.

On scrutiny of grant-expenditure details for the last three years (2013-16), it was noticed that schemes namely Dalit Vasti, Suvarana Jayanthi City Employment, MP/MLA Fund, Nirmal Abhiyan (MMR) were poorly implemented in VVCMC as grant received under these schemes were lying idle in respective bank accounts during the period 2013-16. A summary of grant received and expenditure incurred in these schemes during the period 2013-16 are as under:-

(Period 2013-14 to 2015-16)

Particulars	O. B	Grant received during the period	Interest received	Total	Total Expenditure during the period	Closing balance	Percentage of utilisation of grant
Dalit Vasti	30186174	20900000	5250515	56336689	34286076	22050613	60%
Suvarana Jayanti City Employment	20060563	1154376	1660387	22875326	3037141	19838185	13%
MP/MLA Fund	39265797	59500000	20652265	119418062	56330030	63088032	47%

The above indicates that there was poor implementation or non-implementation of schemes. Further grant received in Dalit Vasti Scheme during 2013-14 was almost non-utilized till the end of FY 2015-16. Hence VVCMC could not timely pass on the intended benefits to the targeted people. Facts and figures were asked to be confirmed and reason of poor implementation of the above schemes and non surrender of unutilized grants after completion of next financial year was called for.

On this being pointed out in audit, the department stated that unutilized grant under Suvarn Jayanti Sahari Rojgar Yojna has been merged with Navin Rashtriya Upjivika Abhiyan and expenditure are being made and also rest of the unutilized grant would be spend by the end of the year. Further various works are undertaken under MP/MLA fund and Dalit Vasti Sudhar Yojna which are still going on due to which few grants are unutilized and it would be fully utilized by the end of the year. It was further stated that detailed reply from Public works department in this regard would be submitted shortly.

Further progress in the matter is awaited.

Para 11: Non crediting of money into depreciation fund

As per rule valuation of all movable and immovable properties of any entity is to be worked out and depreciation according to rule is to be carried out and depreciated amount is to be kept separately

On scrutiny of trial balance for the year 2013-14, it was observed that Rs 21.78 crore was required to be debited to '2600' depreciation account and credited to depreciation fund. Further scrutiny of cash book of depreciation fund it revealed that the opening balance as on 1-4-2016 was Rs 1905990/- and no amount was credited to fund except interest. Information regarding whether any amount credited to depreciation fund during the period from 2013-14 to 2015-16 was called for in audit. In this connection, the source of fund from which replacement of old machinery, reconstruction of old depleted building and damaged road was done was called for in audit.

On this being pointed out, the department stated that no policy decision regarding crediting depreciation fund was made till date hence depreciation fund was not credited during the said period.

Further progress in the matter is awaited.

Para 12: Non utilization of provision made for education

On scrutiny of relevant records it was observed that during the period 2013-16, provision for primary education was made as under:

(Rs. In lakh)

Sr No.	Year	Provision made on Primary education
1	2013-14	554
2	2014-15	475
3	2015-16	410

It was found that the VVCMC did not expend a rupee from this fund till date. Reason of the same was called for in audit.

In reply, the department stated that schools in the municipal area are run by Zilla Parishad and no school is run by VVCMC, hence no expenditure from the above fund was made over the period. However, school materials are distributed to the ZP school students through ICDS.

Reply of the department is not tenable as the ZP school in municipal area should have been run by the corporation. Comments of Government may please be obtained in this regard.

Further progress in the matter is awaited.

Para 13:- Vacant posts

On scrutiny of records relating to staff, it was noticed that there were huge vacancies under Finance Department as shown below:

Post	No. of posts sanctioned	No. of posts filled	No. of posts vacant
Chief Accounts and Finance Officer	1	1	0
Deputy Chief Accounts and Finance Officer	2	0	2
Accounts officer/Deputy Accountant (treasury)	2	0	2
Account Officer grade(A)	1	1	0
Superintendant	2	0	2
Deputy Superintendant	9	0	9
Senior Clerk	9	1	8
Clerk typist	9	6	3
Peon	5	5	0
Stenographer	1	0	1
Total	41	14	27

From the above, it could be seen that around two third of the required posts were vacant as on date and posts at lower level were severely vacant. Due to vacancies of important posts, office work getting affected could not be ruled out.

Facts and figures mentioned above were asked to be verified and confirmed and action taken in this connection was called for in audit.

On this being pointed out, the department stated that correspondence regarding filling up the vacant posts with GAD is going on.

Further progress in the matter is awaited.

Part III

NIL

Sr. Audit Officer/SSI.

Inspection Report on the account of the Assessor and Collector of Property Tax, Vasai Virar City Municipal Corporation, Virar for the year 1/4/2013 to 31/3/2016.

Part I

i) Introductory

A test check on the accounts and records maintained by the Assessor and Collector of Property Tax, Vasai Virar City Municipal Corporation, Virar (VVCMC) for the years 2013-14 to 2015-16 was conducted locally during the period from 21-03-2017 to 30-03-2017 by an audit team comprising of Shri Rahul Kumar, AAO, Shri Swapnil Raut, Auditor and Shri Y.N. Telge, Auditor under the supervision of Shri R.B. Kukade, Audit Officer.

ii) Officials

Following officials held the charge of the Assessor and Collector of Property Tax, Vasai Virar City Municipal Corporation during the period of Audit:

Sr. No.	Name of Official	Period
1.	Shri Sunil Lahane	01.04.2013 to 25.08.2014
2.	Shri Aziz Shaikh	26.08.2014 to till date

iii) Grants & Expenditure:

(Rs. in Lakhs)

Particulars/ schemes	2013-14		2014-15		2015-16	
	Grants	Exp.	Grants	Exp.	Grants	Exp.
	-	-	-	-	-	-

(a) Budget and Expenditure

(Rs in Lakhs)

Particulars	2013-14		2014-15		2015-16	
	B.P	Exp	B.P	Exp	B.P	Exp
Pay & Allowances	453.00	416.56	480.62	345.62	615.32	602.66
Telephone & Mobile Charges	-	-	-	-	-	-
Conveyance Allowance	10.00	3.38	27.00	16.56	27.00	19.08
Office Expenditure	59.75	33.60	54.00	38.11	38.00	15.17
Any other	5.00	0.28	0.25	0	0.10	0

Note: No separate cash book was maintained by the Assessor and Collector of Property Tax. It is maintained by CAFO, VVCMC

(b) Revenue Receipts:

(Rs. in Lakhs)

Details	2013-14	2014-15	2015-16
Property tax	4717.24	5604.83	5720.67

(iv) Activity of the Department:

The Department is responsible for assessment, levy and collection of various taxes, fees relating to properties in vasai virar city Municipal Area.

(v) Internal Audit

Details of audit inspection conducted:

Authority	Period Covered	Report received (Yes/No)	No. of outstanding paras
M.C.A	2013-14	Yes	256
	2014-15		236
	2015-16		122
Local Fund Audit	2013-16	Yes	132

(vi) Disclaimer

The Inspection Report has been prepared on the basis of information furnished and records made available by the Assessor and Collector of Property Tax, Vasai Virar City Municipal Corporation, Virar. The Office of the Principal Accountant General, (Audit)-I, Maharashtra, Mumbai disclaims any responsibility for any non information and/ or mis-information on the part of the Auditee organization.

Part I B

Paras Outstanding from previous reports

a) Inspection Report for the year 2009-11

Para 6: Loss of revenue due to non levy and collect of sanitation tax on residential ratable value manikpur zone Rs. 35.62 lakh

Full and final compliance was awaited. Para may be retained.

Para 10: Non acceptance of uniformed rate by Corporation short recovery of notice fee Rs.21522

Full and final compliance was awaited. Para may be retained.

Para 11: Non revision of assessment by the zone offices

Full and final compliance was awaited. Para may be retained.

b) Inspection Report for the year 2011-13

Para 5: Non assessment of property tax

Full and final compliance was awaited. Para may be retained.

Para 6: Dishonored cheques amounting to Rs.1571326/-

Full and final compliance was awaited. Para may be retained.

Para 7: Property taxes to the tune of Rs.4.88 lakh outstanding from police department

Full and final compliance was awaited. Para may be retained.

Para 9: Non levy of property tax on vacant land

Full and final compliance was awaited. Para may be retained.

Part I C

Persistent Irregularities

Part II

Current Audit

Part II A Major irregularities

-NIL-

Part –II- B Other observations

Para 1: Unfruitful expenditure on GIS system

The Ministry of Urban Development Department, Govt. of India launched the project “Urban Infrastructure Development Scheme for Satellite Towns around Seven Mega Cities” in January 2010. One of the components of this project was to support the implementation of property tax reforms, which entails improving the revenues from property tax by increasing the tax base and improved systems. The VVCMC is in process of acquiring satellite imagery and data of 65 cm spatial resolution for VVCMC area and urban land use map for VVCMC area from MRSAC Nagpur. The said data would be used as base data for creation of GIS based digitized maps and property tax data base by consultant. The purpose of the same was to Prepare computerized data base for property tax and link in to manual tax PT records, Create system to enable generation of data necessary for formulating a unit area based PT assessment system that can be (a) linked to a self-assessment system (SAS) when introduced and (b) linked to a GIS based digitized maps in future, Improve data base to help in improved PT administration including assessment, collection and monitoring, Strengthen grievance redressal and dispute resolution mechanism at the ULB level and Minimize the list of exempted properties.

The work of implementation of property tax reform was allotted on 1.3.2012 to 31/3/2017. Seh Nirman, Mumbai having lowest offer on per unit work basis. The period of completion as stipulated in contract was 5 years. The work included

1. Developing a common format for field surveys in close co-ordination with VVCMC
2. Conducting a detailed house to house survey of properties (including assesses) within the municipal area, giving property identification code to each property
3. Developing web based GIS enabled software for management of property tax data base, assessment and collection systems
4. Preparing a computerized property database inventory and mapping of properties through GIS

5. Computerizing demand/ collection register and entry of carry forward; prepare reconciliation statement for efficient tax administration
6. Organization training programs for municipal personnel on operation, maintenance and updating of the computerized property tax system
7. Developing an effective MIS for different administration levels for monitoring property tax and for efficient tax administration
8. Generating demand notices for assessed properties and notice for unassessed properties for filling PT assessment information.

The Information was to be collected at property and ward level.

Scrutiny of record revealed that the agency had surveyed 651010 number of properties in all 5 zones out of which 534013 number of properties (82.03%) were tax linked, 37229 number of properties (5.72%) were not tax linked and 88768 number of properties (13.64%) were having no response from occupant.

The zone wise details were as under:

Ward No.	Total surveyed property	Tax link	No tax link	No response
A (digital)	130050	98471(75.72%)	5963 (4.59%)	25616 (19.70%)
B (partial)	138780	119244 (85.92%)	9919 (7.15%)	9617 (6.93%)
C (digital)	129400	113744 (87.90%)	2837 (2.19%)	21819 (15.72%)
D (digital)	191389	152153 (79.50%)	13023 (6.80%)	26213 (13.70%)
E (digital)	61391	50401 (82.10%)	5487 (8.94%)	5503 (8.96%)
Total	651010	534013 (82.03%)	37229 (5.72%)	88768 (13.64%)

Out of these 651010 no. of surveyed structures, 78000 no. of structure for commercial, 558310 no. for residential, 12000 no. for mixed (commercial and residential) and 2700 no. for industrial use were identified. The tax wise details were as under:

Name of segment	Total No of surveyed property	Tax link properties	No tax link properties	No response
Commercial	78000	62400	4600	11000
Residential	558310	458803	28529	70798
Mixed use	12000	12000	---	---
Industrial	2700	1610	300	790
Total	651010	534813	568242	650830

The total payment made to agency till date was worked out to Rs 908.55 lakh including service tax. However, survey reports received from the Consultants on various items were inadequate and not matching with record of VVCMC. The objectives of GIS survey was to digitalize the property data viz. property details, land use tax zone, status of assessment and improve data base to help in improved PT administration including assessment, collection and monitoring, to strengthen grievance redressal and dispute resolution mechanism at the ULB level and to minimize the list of exempted properties and also make online each of the property in VVCMC by connecting the present computerized data with GIS data which have still not achieved. Hence expenditure of Rs 908.55 lakh incurred on property tax reforms ie GIS system might be resulted in unfruitful expenditure of the same is not put in use for proper survey. Comments of the department on this matter were called for.

On this being pointed out, the department stated that survey reports after completion of property tax survey as per GIC mapping have been submitted to administration. Property tax assessment and levy would be done as soon as possible as per the decision taken by the administration of the corporation after due verification.

Further development in the matter is awaited.

Para 2: Outstanding service charges to the tune of Rs. 58.37 lakh from Railway Department

Ministry of Urban Development, Government of India issued an office memorandum vide no. N 11025/86/94-UCD dated 26th April, 1994 to Secretary (LSG/UD) of the State Govt. of Maharashtra stating that though the properties of the Union are exempted, however, such properties of the union are liable to pay service charges for the services rendered by the local bodies. On behalf of this circular, Deputy Director, DMA, Maharashtra issued a letter dated 02-08-1994 to all chief officers, local bodies to take action accordingly in their jurisdiction.

Scrutiny of relevant records revealed that there were 13 residential buildings of Western Railway in the jurisdiction of the Navghar Manikpur Municipal Council (NMMC) which came under jurisdiction of VVCMC from 2009 after NMMC was merged NMMC into VVCMC. The service charges were worked out for these properties from 2001-02 onwards and demands were issued accordingly. However, till

date total service charge demand had accumulated to Rs. 58.37 lakh on these 13 residential properties which was not paid by Railway Department despite regular reminders being issued by the VVCMC authorities from time to time. This amount was based on illustrative list of properties and not the exhaustive one.

In this regard information on action taken or proposed to be taken by the department to recover the outstanding dues in respect of the aforesaid properties since the inception of the VVCMC and the details of the outstanding property tax against properties belonging to the Railway Department in other areas of the VVCMC were asked to be furnished.

On this being pointed out, the department stated that demand of property tax was served time to time to Railway authorities but no any tax was paid till ate and correspondence with railway was in progress. Further department stated that information regarding property tax levied on other properties related to railway under jurisdiction of VVCMC would be produced shortly.

Further progress in the matter is awaited.

Para 3: Non levy of property tax on vacant land

Section (1)(a) of Maharashtra Municipal Corporation Act, 1949 read with section 2(49) authorizes any Corporation to levy property tax on building and lands in the cities.

As per information obtained from Town Planning Department, 296 applications were received for issue of NOC during 2013-14 to 2015-16 for use of Agriculture land to Non agriculture purposes. Subsequent to the issue of NA, the person applies to the Collector for issue of NA certificate for respective land property. After obtaining NA certificate, the person applies to Town Planning Department for issue of Commencement Certificate for starting any work. During the period between issue of NA certificate and Commencement Certificate the land remains vacant on which property tax is required to be levied as per the rateable value and applicable rate.

Further it was also noticed that Property Tax Department did not make any efforts to determine the period of the vacant land and levy of tax thereon since the formation of Corporation in 2009. Reason of the same were called for in audit,.

On this being pointed out, the department stated that assessment of property tax on vacant land would be done.

Further progress in the matter is awaited.

Para 4: Non recovery of property tax to the tune of Rs. 9.09 lakh from Police Department (State Govt.)

As per provision contained under Section 133 of Maharashtra Municipal Corporation Act 1949, the State Government shall pay to the Corporation annually in two installments payable by 30th September and 31st March, in lieu of General Tax for the building and land vesting with the State Government excluding properties exempted under Section 132(1)(C) of the Act. The sum shall be ascertained in the manner prescribed in Sub Section 2 and 3 of section 133. Further as per Sub Section (2) of Section 133, General Tax leviable from the State Government shall be fixed by a person from time to time appointed in this behalf by the State Government with the concurrence of the Corporation.

Scrutiny of records revealed that property tax amounting to Rs. 9.09 lakh was outstanding as on date against 24 Properties pertaining to Police Department (State Government) in Virar zone. This amount was based on illustrative list of properties and not the exhaustive one.

In this regard action taken or proposed to be taken by the department to recover the outstanding dues in respect of the aforesaid properties since inception of the VVCMC and details of the outstanding property tax against properties belong to the Police Department (State Govt.) in other areas of the VVCMC was asked to be furnished to audit.

On this being pointed out, the department stated that though demand of property tax was served from time to time to the Police Department, no tax was paid till date and correspondence in this regard is in progress. Further department stated that information regarding property tax levied on similar properties related to Police Department under jurisdiction of VVCMC would be produced shortly.

Further progress in the matter is awaited.

Para 5: Outstanding recovery of property tax amounting to Rs. 81.14 crore

As per section 127 to 141 of Bombay Provincial Municipal Corporations Act, 1949 and Chapter VIII related to Taxation Rules of the Bombay Provincial Municipal Corporation Act, 1949 the assessment and collection of property tax is required to be done by the Urban Local Bodies. One of the main sources of the income of the Municipal Corporation is to levy taxes on various properties situated within the limit of the Municipal Corporation every year and recover the same by raising demand.

During the scrutiny of relevant details as given by the department, it was noticed that during the year 2015-16, there was outstanding recovery of property tax amounting to Rs. 81.14 crore in respect of five zones as detailed below:

Name of the ward	Arrears + Current Demand (Rs.)			Recovery (Rs.)			Outstanding (Rs.)	Percentage of recovery (%)
	Previous	Current	Total	Previous	Current	Total		
Navghar Manikpur	104417570	222177986	326595556	49047654	174368379	223416033	103179523	68.41
Nalasopara	537594269	407678541	945272810	182092159	257841764	439933923	505338887	46.54
Virar	143740735	264264394	408005129	75841200	193600475	269441675	138563454	66.04
Vasai	11279574	44040333	55319907	5176021	37071600	42247621	13072286	76.37
Pellar	45046048	48609049	93655097	20788636	21659544	42448180	51206917	45.32
Total	842078196	986770303	1828848499	332945670	684541762	1017487432	811361067	55.64

From the above table it could be analyzed that recovery of property tax during 2015-16 in five zones was lying between 45% and 76% and overall recovery was 55% of the total demand. Reason for huge outstanding recovery of property tax amounting to Rs. 81.14 crore was called for in audit.

In reply the department stated that the greater proportion of the outstanding property tax was related to demolished properties under gram panchayat and municipal council and the same is under process of being written off. However, outstanding property tax would be recovered under intimation to audit.

Further progress in the matter is awaited.

Para 6: Posts lying Vacant

During scrutiny of records relating to staff, it was noticed that there are vacancies under Property Tax Department as shown below:

Sr.No.	Post	No. of posts sanctioned	No. of posts filled	No. of posts vacant	% of Vacancies
1	Dy. Commissioner (Tax)	1	1	0	-
2	Assistant Commissioner (Tax Assessor)	1	1	0	-
3	Assistant Commissioner (Tax Collector)	1	1	0	-
4	Superintendent	3	0	3	100
5	Dy. Superintendent/ Tax Superintendent	6	2	4	66
6	Sr. Clerk/ Tax Inspector	9	9	0	-
7	Clerk cum Typist	100	76	24	24
8	Peon	40	25	15	38
9	Steno typist	1	0	1	100

From the above, it could be seen that 100% of the post of Superintendent and 66% of Dy. Superintendent/ Tax Superintendent are vacant. Further post of Clerk cum Typist and Steno typist are also vacant. Action taken in this connection was called for in audit.

On this being pointed out, the department stated that correspondence regarding filling up of the vacant posts were in progress with establishment department.

Further progress in the matter is awaited.

Part III Test Audit Note

-NIL -

Sr. Audit Officer/SSI

Inspection Report on the account of the Dy. Commissioner, Public Health Department, Vasai Virar City Municipal Corporation, Virar for the period 01-04-2011 to 31-03-2016.

Part I - A

I) Introductory

A test check on the accounts and records maintained by the Dy. Commissioner, Public Health Department, Vasai Virar City Municipal Corporation, Virar (VVCMC) for the period 01-04-2011 to 31-03-2016 (records of Solid Waste Management Department was test checked for the period from 1st April 2011 to 31st August 2014 as from September 2014 this became a separate department) was conducted locally during the period from 01-03-2017 to 09-03-2017 by an audit team comprising of Shri Rahul Kumar, AAO, Shri P.K. Upadhyay, AAO, Shri Swapnil Raut, Auditor and Shri Y.N. Telge, Auditor under the supervision of Shri R.B. Kukade, Audit Officer.

II) Activity of the Department:

- To provide medical services through 2 hospitals, 1 maternal & child health centre, 21 Urban Primary Health Centre & 8 OPDs.
- Implementation of National programs regarding health.
- Registration of Nursing homes.
- Implementation of PCPNDT acts.

III) Officials

Following officials held the charge of Dy. Commissioner, Public Health Department, Vasai Virar City Municipal Corporation during the period of Audit:

Sr. No.	Name of Official	Period
1.	Shri Sunil Lahane	26.11.2010 to 25.08.2014
2.	Shri Aziz Sheikh	25.08.2014 to till date of audit

IV) Budget and Expenditure

(Rs. in Lakh)

Particulars	2011-12		2012-13		2013-14		2014-15		2015-16	
	B.P.	Exp	B.P	Exp	B.P	Exp	B.P	Exp	B.P	Exp
Pay & Allowances	88.00	63.30	201.50	110.92	224.00	222.82	717.54	689.69	1185.12	1160.96
Telephone & Mobile Charges	0.40	0.13	1.50	0.14	0.42	0.06	1.00	0.05	2.88	0.21
Conveyance Allowance	-	-	1.00	0	0.15	0	0.50	0	0.10	0
Office Expenditure	-	-	15.00	8.31	8.00	6.50	10.00	8.50	70.00	12.50
Hospital & Dispensary	94.50	56.32	212.50	84.94	62.00	57.43	326.03	169.72	680.00	190.42
Solid Waste management	3601.00	2533.21	6400.00	5288.71	5534.00	5506.89	8406.00	8272.42	Not in audit period	

Note: No separate cash book was maintained by the Public Health Department. It is maintained by CAFO, VVCMC

V) Revenue Receipts:**(Rs. in Lakh)**

Details	2011-12	2012-13	2013-14	2014-15	2015-16
Income from hospital	71.67	67.44	73.53	56.35	62.60
License Fee (Nursing Home)	2.52	11.43	9.87	5.82	13.13

VI) Grants & Expenditure:**(Rs. in Lakh)**

Particulars/ schemes	2011-12		2012-13		2013-14		2014-15		2015-16	
	Grants	Exp	Grants	Exp	Grants	Exp	Grants	Exp	Grants	Exp
RCH Programme										
Janani Suraksha Yojana	142.42	13.38	129.04	40.20	88.83	31.73	57.10	3.75	53.34	3.93
Family Planning Programme										
Routine Immunization Programme.	3.12	0.12	17.73	4.99	12.73	8.59	16.83	8.85	16.99	10.44
Pulse Polio Programme	100.57	73.27	99.90	94.89	113.46	92.51	92.24	82.59	102.21	88.12
NUHM Programme	NA	NA	NA	NA	NA	NA	164.72	4.39	372.60	1.00

VII) Internal Audit

Details of audit inspection conducted:

Authority	Period Covered	Report received (Yes/No)	No. of outstanding paras
Audit of Local Funds	2010-15	Yes	8

Disclaimer

The Inspection Report has been prepared on the basis of information furnished and records made available by the Dy. Commissioner, Public Health Department, Vasai Virar City Municipal Corporation, Virar. The Office of the Principal Accountant General, (Audit)-I, Maharashtra, Mumbai disclaims any responsibility for any non information and/ or mis-information on the part of the Auditee organization.

Part I B: Paras outstanding from previous Inspection Report

Inspection Report for the year 2009-11

Para 5: Non levy of liquidated damages of Rs. 15 lakh due to delay in commissioning of solid waste management plant.

Para retained for full and final compliance.

Para 6: Diversion of funds of TFC for routine activity of the Corporation

Para retained for full and final compliance.

Para 8: Supply of health services to hospital

Para retained for full and final compliance.

Para 9: Awarding the sanitation work by Municipal Council which was continued by the Corporation for the year 2009-10 to 2010-11

Para retained for full and final compliance.

Part I – C Persistent Irregularities

Part II: Current Audit

Part II A Major irregularities

Para 1 : Loss of Rs 168.07 Lakh on hire charges of vehicle due to delay of 12 to 37 months in registration of vehicle due to non carrying out of rigorous efforts by VVCMC .

Vasai Virar City Municipal Corporation (VVCMC) has been included in Satellite City Pilot project of Government of India. Under this programme, the VVCMC received Rs. 32 Crore for Solid Waste Management. From above amount the dust bin, tipper, dumper was to be purchased and utilization certificate (UC) was to be submitted to Govt. As per DPR 70 tipper was to be purchased.

Scrutiny of record revealed that on 18/7/2011, the Standing Committee VVCMC approved purchase of 20 ACE Tempo from authorized dealer of Tata Company @ Rs 306000 per vehicle .The work of fabrication of tipper on above tempo was awarded to lowest tenderer M/s Anthony Motors Pvt. Ltd. @Rs 185000 per vehicle. The work order was issued on 11/10/2011 with period of completion of 3month. The work was completed as per agreement and the vehicles were supplied to Corporation. The registration with RTO was done and vehicles were handed over to contractor since Jan 2012 for collection of garbage, solid waste of city. The rent of tipper @ Rs 15000 per vehicle per month was also recovered from contractor as per resolution passed by Standing Committee vide Resolution no.713 dated 7/12/2012. Further scrutiny revealed that the Standing Committee VVCMC approved purchase of remaining 50 ACE Tempo on 19.07.2012. The work order was issued on 28/03/2013 with lowest tenderer M/s Bafna Motors, Mumbai a authorized dealer of Tata Company @ Rs 534960/- per vehicle including the work of fabrication. The work of fabrication was carried out at PMI Coaches Pvt Ltd. Karnal Stock Yard, Haryana and the said

vehicles were received by Vehicle dept. VVCMC during 27th July 2013 to 26th August 2013 as detailed in Annexure A. The total payment of Rs 267.48 lakh was made to agency vide Vr No 24 dated 24.10.2013.

In this connection, it was seen that the tippers though received by the department could not be registered in time as the RTO had insisted on 'No Entry Tax Due Certificate' from the Sales Tax Officer, Bhayandar. The suppliers, M/S Bafna Motors took up the matter with the RTO and the STO, Bhayandar only when the Dy. Commissioner (Vehicle) issued a letter to the supplier stating that an FIR would be lodged against him for the said delay. Ultimately, the said certificate was issued by the STO on 16.12.2014. It was further stated that the registration of 18 tippers was not known, registration of 20 and 6 tippers was done in February 2016 and April 2016 respectively. Further, two vehicles were not registered till date. It is also pointed out that the tippers were handed over to the contractor after a delay of 10.5 to 37 months from the date of their receipt from M/S Bafna Motors Pvt. Ltd.

As per resolution passed by standing committee on 07.12.2012, hire charges @ 15000 per month per tipper was to be recovered from the contractor. As the department had not followed up the matter regarding procurement of "No Entry Tax Due Certificate" with the supplier M/S Bafna Motors Pvt. Ltd.. There was an inordinate delay in handing over the vehicles to the contractor which resulted not only in the vehicles lying idle but also in loss of revenue of Rs. 168.07 crore to the department as detailed in Annexure A.

Further, it was also observed that the following vehicles were handed over to contractor prior to their registration with RTO. The handing over of vehicle before registration to contractor and utilisation of vehicle for garbage collection before registration was irregular.

Registration No. of vehicle	Date of Registration	Date of handing over to contractor
MH48C80	Not available	15.06.2014
MH48C85	Not available	15.06.2014
MH48C174	Not available	28.08.2014
MH48C175	Not available	15.11.2014
MH48C277	25.02.2016	15.06.2014
MH48C278	25.02.2016	08.04.2014
MH48C286	25.02.2016	18.09.2014
MH48C287	25.02.2016	26.08.2014
MH48C290	25.02.2016	26.08.2014
MH48C291	25.02.2016	07.04.2014
MH48C292	25.02.2016	26.08.2014
MH48C293	25.02.2016	25.08.2014
Registration no. not recd	-----	08.04.2016
Registration no. not recd	---	21.04.2016

In the reply Incharge of Vehicle Department VVCMC stated that the purchase of vehicle was made from Bafna Motors Pvt Ltd Thane while fabrication was carried out in Haryana. Hence while registration of vehicle, RTO demanded No Entry Tax Due certificate from STO. Due to delay in receipt of same, the registration of vehicles was delayed. Out of 50 tippers, 4 tippers were registered on 26.05.2014, 20 tippers were registered on 25.02.2016, 6 tippers were registered on 01.04.2016, though the 18 tippers were registered, the information regarding date of registration would be submitted in due course as the registration books of 18 tippers were not available at VVCMC level at present. The registration of remaining two tippers is awaited as the related papers were lost at RTO. Further it was stated that due to delay in registration, the tippers were belatedly handed over to contractor during the period from 07.04.2014 to 18.09.2016. As per requirement of work, some of the tippers were handed over to Solid waste management's contractor before registration of vehicle and rent of vehicle was recovered from contractor.

The reply is not tenable as failure on the part of VVCMC to carry out rigorous efforts to obtain "No Entry Tax Due Certificate", from STO, the vehicles remained idle for the period from 12 months to 37 months which has resulted in loss of revenue amounting to Rs 177 lakh, for which comments of Government may be obtained and furnished to audit.

Part –II- B Other observations

Para 2: Irregular expenditure under National Urban Health Mission (NUHM).

On scrutiny of records of National Urban Health Mission (NUHM) fund, the following irregularities were noticed:

A. Expenditure on payment of link workers Rs.945300/- without any grant.

On scrutiny of records it was observed that the Vasai Virar City Municipal Corporation Integrated Health and Family Welfare Society (RCH) incurred expenditure of Rs. 945300 on payment of link workers during the year 2015-16 without any grant as detailed below:

Health Name	Post	Opening Balance	Grant	Expenditure	Closing Balance
Achole		-14500	Nil	121500	-136000
A'nagar		-45000	Nil	132000	-177000
Chandansar		48300	Nil	132000	-83700
Dhaniv		-48000	Nil	141000	-189000
Diwanman		-45000	Nil	150000	-195000
Patankar Park		26400	Nil	121500	-95100
Vasai		41000	Nil	0	41000
Virar		37000	Nil	61500	-24500
Waliv		29500	Nil	115500	-86000
Total		29700	Nil	975000	-945300

The excess expenditure of Rs.945300/- was not adjusted till date.

In reply Medical Health officer stated that the honorarium was to be paid by VVCMC. However, due to non receipt of fund from VVCMC, the payment was made by RCH society. After receipt of fund from VVCMC, the amount would be refunded to RCH society.

B) Excess payment of Rs.43100 due to purchase of glucometer at a rate higher than the Maximum Retail Price (MRP)

On scrutiny of records, it was observed that 10 glucometers of Gluco One Company were purchased at the rate of Rs.6000/- per glucometer and payment of Rs.60000/- was made to the company on 29.03.2014. However, during the physical verification it was observed that the MRP of the product was Rs.1690/-per item as indicated by a note by the CA a copy of which was kept on record. Thus, there was excess payment of Rs.4310/- per glucometer which resulted in avoidable payment of Rs.43100/-. The reasons for purchase of glucometer at higher rate were called for.

In reply, Medical Health officer stated that the purchase was made from agency having rate contract with VVCMC to avoid the delay. However in future, market rate would be considered before placing purchase order.

The reply is not tenable as the rate decided during quotation was not compared with the market rate. Comments of higher authority in this regard may be obtained and furnished to audit.

Para 3: (a) Non-achievement of Service Level Benchmarking.

(b) Non submission of Annual Report of the Municipal Corporation to UDD

(a) The Ministry of Urban Development (MoUD), Government of India (GoI) prescribed (July 2008) the Service Level Benchmarking (SLB) in four key sectors viz., water supply, solid waste management, sewage management and storm water drainage. The Government of Maharashtra (GoM) adopted the national benchmarks in February 2010 for achievement by the urban local bodies.

On scrutiny of relevant records it was revealed that a Detailed Project Report (DPR) for the corporation's Solid Waste Management (SWM) was made in Nov 2010 as consolidated and comprehensive approach to solve the problem of Municipal Solid Waste (MSW) in a scientific manner. The annual report of the 14th Central Finance Commission (CFC) submitted in 2015 recommended specific performance based grants for Urban Local Bodies and set a few Key Performance Indicators (KPIs) under four key sectors viz., water supply, solid waste management, sewage management and storm water drainage. As per the said report, there was a decline in performance in major KPIs under Solid Waste Management (SWM) like household level coverage of SWM services from 92.1% to 89.7% during the year 2010-11 to 2013-14. Further, achievement of target fixed for the year 2013-14 was 89.7% against 95%. Similar situation was prevailing for the

year 2013-14 in other KPIs viz., efficiency of collection of municipal solid waste (80.2% against 90%), extent of municipal solid waste recovered (92.6% against 100%). Also report of Environment wing of the Corporation as well as the department own admission, segregation of solid waste were not being done even till date and un-segregated waste were being dumped directly in the dumping ground. Further no records in respect of SLB regarding fixing of targets and working out of were not available with the Department.

The reasons for non-achievement of the SLB in respect of majority of the indicators were called for in audit.

(b) As per Rule 4 (4) of the Municipal Solid Waste (Management & Handling) Rules, 2000, every municipal authority that is responsible for implementation of the provisions of these rules, shall furnish its annual report in Form-II to the Secretary-in charge of the Department of Urban Development of the concerned State or as the case may be of the Union Territory, in case of a metropolitan city;

During discussion the Officer in charge of Solid Waste Management, VVCMC stated that no such reports were prepared and submitted to Secretary-in charge of the Department of Urban Development. In the absences of such reports, audit could not ascertain how effectively the Corporation had complied with the provisions of the said rules on aspects such as total quantity of waste generated, collected and processed, storage facilities provided, provisions available and how these are implemented to check unhygienic operations of Dairy related activities, Slaughter houses and construction and demolition debris, lifting, etc.

On this being pointed out, the department stated that they would try to achieve the target of service level benchmarking and also stated that the said annual report would be submitted to UDD in future.

Further progress in the matter is awaited.

Para 4: Non recovery of labour welfare cess from contractors (Rs. 3, 31,479/-)

The GoM vide its notification MSC1097/C R 775/ dated 26 June 1997 issued notification that 1% of labour amenities cess should be deducted from the contractor's bill and credited into Government account so the deducted amount could be utilized in welfare of labourers who work in the un-organized sector.

On scrutiny of records of works executed during the years 2011-12 to 2013-14 in the solid waste management department, it was observed that labour welfare cess of Rs. 3,31,479/- was not deducted from contractors' bill credited to Government Account as detailed below :

Sr. No.	Name of the work	Name of the contractor	Total amount paid to the contractor	Labour cess leviable(@1% (Rs)
1.	Cleaning of road, gutter, public place and transportation of solid waste (ward 56,65,60)	M/s Reliable Agency	Rs.45,52,226 (for 01-03-13 to 31-03-13)	45,522
2	Cleaning of road, gutter, public place and transportation of solid waste (ward 85,86,87)	M/s Chirag	Rs. 26,21,930 (for 01-03-13 to 31-03-13)	26,219
3	Cleaning of road, gutter, public place and transportation of solid waste (ward 54,55,66)	M/s Reliable Agency	Rs.6929554 (for 01-03-13 to 31-03-13)	69,255
4.	Cleaning of road, gutter, public place and transportation of solid waste (zone no. (B)	M/s Sai Ganesh Enterprises	Rs. 47,43,391 (for June 2013)	47,433
5.	Cleaning of road, gutter, public place and transportation of solid waste (Virar East 'A')	M/s Sri Anant Enterprises	Rs.35,08,815(for December 2013)	35,088
6.	Cleaning of road, gutter, public place and transportation of solid waste (Virar West 'B')	M/s Sri Anant Enterprises	Rs. 13,36,283 (For December 2013)	13,362
7.	Cleaning of road, gutter, public place and transportation of solid waste (ward 54,55,66)	M/s Reliable Agency	Rs.70,77,982 (for 01-01-14 to 31-01-14)	70,779
8.	Cleaning of road, gutter, public place and transportation of solid waste (Navghar Manikpur ward)	M/s Shivam Enterprises	Rs.23,82,188 (for 16-07-11 to 31-07-11)	23821
	Total			3,31,479

The above list is only illustrative. The department was asked to verify the same in other cases also.

In reply the department stated that after due verification, recovery would be made from the security deposits of the concerned contractors.

Further progress in the matter is awaited.

Para 5: Non utilization of grants under Reproductive Child Health scheme and National Urban Health Mission.

Scrutiny of records related to Integrated Health & Family Welfare Society of Vasai-Virar City Municipal Corporation, revealed that total grants of Rs 142.42 lakh was available for expenditure in the year 2011-12, out of which only 93.01 lakh was utilized between the years 2011-12 and 2015-16. Due to non utilisation of grants, no further grants were received under the schemes and the amount of Rs 49.41 lakh was lying unspent since 2011-12 under the Reproductive Child Health Scheme.

It was further noticed that the grants of Rs 164.72 lakh and 372.60 lakh were received during 2014-15 and 2015-16 under National Urban Health Mission, out of which only 4.39 lakh and 1.00 lakh were utilized during 2014-15 and 2015-16 respectively. The balance of Rs 531.93 lakh was not utilized as on March 2016.

On this being pointed out in audit, the department stated that out of 278 sanctioned posts under NUHM, only 17 posts were filled and 261 posts were vacant which resulted in unspent grants under various activities. It was also stated that due to very poor salary, the recruitment drive of the Corporation could not get good response.

Further progress in the matter is awaited.

Para 6: Short/Non utilization of funds under various activities defined in RNTCP

Under Revised National Tuberculosis Control Programme (RNTCP), the Vasai Virar City Municipal Corporation (VVCMC) received grants at Rs. 2742700/- and Rs. 4944448/- in the years 2014-15 and 2015-16 respectively for smooth implementation of programme regarding eradication and control of tuberculosis in the Corporation area and its vicinity.

During scrutiny of the relevant records it was noticed that out of the above mentioned grants, grants amounting to Rs. 837008/- and Rs. 2336130/- was lying unutilized at the end of year 2014-15 and 2015-16 respectively. It was further observed that though funds were available, no expenditure was made in the years (2014-15 and 2015-16) in respect of activities viz., counseling of patients, training of staffs, vehicle maintenance, patient support and transportation, procurement of equipments etc. In this connection, it was pointed out that the programme could have been implemented more effectively, if the available grants had been utilized on the activities defined in the programme.

In reply, the department stated that it was unfortunate that grants amounting to Rs. 837008/- and Rs. 23,36,130/- was lying unutilized at the end of the year 2014-15 and 2015-16 respectively.

Also care would be taken to ensure that all activities defined in the programme would be covered properly and complete efforts would be taken to ensure that proper and timely expenditure would be done so as to utilize the available funds.

Further progress in the matter is awaited.

Para 7: Non compliance of provisions relating to scientific disposal of liquid wastes.

As per rule 5 (1) & (2) of Bio-Medical Waste (Management and Handling) Rules, 1998, every occupier, where required, shall set up in accordance with the time-schedule in Schedule VI, requisite bio-medical waste treatment facilities like incinerator, autoclave, microwave system for the treatment of waste, or, ensure requisite treatment of waste at a common waste treatment facility or any other waste treatment facility.

The effluent generated from the hospital should conform to the following limits

PARAMETERS	PERMISSIBLE LIMITS
PH	6.3-9.0
Suspended solids	100 mg/l
Oil and grease	10 mg/l
BOD	30 mg/l
COD	250 mg/l
Bio-assay tests	90% survival of fish after 96 hours in 100% effluent.

These limits are applicable to those hospitals which are either connected with sewers without terminal sewage treatment plant or not connected to public sewers. For discharge into public sewers with terminal facilities, the general standards as notified under the Environment (Protection) Act, 1986 shall be applicable.

Scrutiny of records related to issue and renewal of license for hospitals, nursing homes, clinics and pathological laboratories revealed that 28 pathological laboratories, 235 nursing homes and 769 dispensaries are situated in the municipal area of Vasai-Virar City Municipal Corporation (VVCMC). As per requested procedure the license issuing/renewal authority should check the facilities available to hospitals and compliance of norms for effluent treatment generated by hospitals. It was, however, noticed that during prior scrutiny of records for issue/ renewal of license by the license issuing/ renewal authority, the facilities available to hospitals and compliance of norms for effluent treatment generated by hospitals covered under categories 8 and 10 of schedule 1 categories of Bio- medical waste was not checked . The authority had only checked for compliance of solid waste of category 1 to 7 mentioned in Schedule I categories of Bio- medical waste. This resulted in non compliance of provisions relating to scientific disposal of liquid waste covered under categories 8 & 10 of schedule 1 categories of bio-medical waste.

On this being pointed out in audit, the department stated that after due verification and comments from higher authority necessary action would be taken in future.

Further progress in the matter is awaited.

Para 8: Non-observation of required procedure for testing of sample drugs & medicines.

As per terms and conditions of contract Agreement for the years 2013-14 dated 05th March 2014, the medicines shall be of good standard. To ascertain standard of medicines, a random sample of procured medicines was required to be tested from FDA or FDA approved laboratory.

On scrutiny of records related to purchase of medicines furnished by Public health department, it was seen that department had purchased Drugs & Medicines of 84.94 lakh, 57.43 lakh and 169.72 lakh during years 2012-13, 2013-14 and 2014-15 respectively. As per required procedure, random sample of procured medicines to ascertain the standard of medicines was required to be tested from FDA or FDA approved laboratory. It was, however, noticed that no such test were done. The reason for non-testing of Medicine & Drugs was called for in audit. The copy of rate agreement for the years 2012-13, 2014-15 and 2015-16 and expenditure incurred during period 2015-16 were also called for.

In reply, the department stated that medicines were got inspected and tested by FDA medicine inspector from time to time. It was done on 20-11-14 and 30-06-16, however, a test report of the same was not received so far.

Further progress in the matter is awaited.

Para 9: Wastage due to Non-utilization of stock within the expiry date.

On scrutiny of Copper-T Register, it was noticed that 2100 Copper-T were supplied to D M Petit Hospital during 2014-15 and 2015-16, out of which 213 were utilized, 35 damaged during installations, the utility of 834 had expired and 1086 were lying unutilized. Similarly, 1300 Copper-T were issued to Tulinj Hospital, out of which 494 were utilized, 46 damaged during installations and 760 were lying unutilized. In this connection it was pointed out that unutilized stock of Copper-T should have been transferred to another centre where it was required. It was, however, noticed that the 834 Copper-T were expired due to non utilization and non transfer of the stock to required centre. The reasons for wastage of Copper-T during installation were called for.

In reply the department stated that due to non furnish of required information by the patients, thread of copper T got broken during installation of copper T. Further, Copper T received from the stock had a short period of expiry and in such short period entire stock could not be utilized. However, in future due care would be taken.

Further progress in the matter is awaited.

Para 10: Non-filling up of vacancies in the department.

During scrutiny of records relating to staff, it was noticed that there are huge vacancies under Public Health Department as shown below:

Sr. No.	Post	No. of posts sanctioned	No. of posts filled	No. of posts vacant	% of Vacancies
1	Dy. Commissioner	1	1	0	0
2	Additional Commissioner	1	0	1	100
3	Ex. Engineer (Arch)	1	0	1	100
4	Sub Engineer(Arch)	3	0	3	100
5	Jr. Engineer (Arch)	5	0	5	100
6	Ex. Engineer (Mech)	1	0	1	100
7	Sub Engineer(Mech)	2	0	2	100
8	Jr. Engineer (Mech)	6	0	6	100
9	Sub Engineer (Elec)	1	0	1	100
10	Jr. Engineer (Elec)	2	0	2	100
11	Assistant Health Officer	2	0	2	100
12	Environment Manager	1	0	1	100
13	Samaj Sevak	4	0	4	100
14	Chief Health Inspector	4	0	4	100
15	Senior Health Inspector	5	0	5	100
16	Health Inspector	9	7	2	23
17	Sub Inspector	2	0	2	100
18	Sr. Clerk	2	0	2	100
19	Typist	4	0	4	100
20	Transcript	1	0	1	100
21	Mukadam	23	19	4	19
22	Cleaning Workers	498	478	20	5

From the above, it could be seen that there all the important posts are vacant. In this connection, it was enquired in audit as to how the work related to the Public Health department was called for in audit. Action taken in this regard was also called for.

On this being pointed out, the department stated that the correspondence with higher authority for filling the vacant posts were in progress and the same would be filled up in near future.

Further progress is awaited.

Part III: Test Audit Note

A Test Audit Note containing minor irregularities which could not be settled on the spot was handed over separately to the department. The compliance of the same may be kept ready and shown during next audit for verification

Sr. Audit Officer/SS-I

Test Audit Note

Para 1: Non inspection of sanitary checks by health department while granting NOC for renewal of licenses of various shops and premises.

Corporation has delegated powers under Maharashtra Municipal Corporation Act, 1949 and the Maharashtra Prevention of Food Adulteration Rules, 1962 to issue licenses and renew licenses to various establishments.

Further, under the provision of Clause 386 of the MMC Act 1949, the Municipal Commissioner is empowered to collect license fees at the rate prescribed by the Govt. of Maharashtra. While renewing license, fees on account of inspection and renewal of license are required to be recovered based on category of license.

During the course of audit, it was revealed that no relevant records and data were available with the Department, due to which, audit could not ascertain the fees on account of inspection and renewal of license recovered by the Corporation during the years 2011-12 to 2013-14. Further, it was also seen that there is no such procedure in the Department to inspect and renew the licenses in respect of hotels, sweet marts, flourmills and milk dairy etc.

In reply department stated that the granting of NOC was the responsibility of License department and not health department. The license department charged a fee of Rs 500 while granting NOC to shops. The related records are available at license department and would be shown during audit of License department. It was further stated that while granting NOC to shops during renewal of license, no sanitary checks were carried out. The inspection of sanitary checks is the responsibility of health department.

Reply is not tenable as matter of fact is that health department was not performing sanitary checks while granting NOC which was a mandatory aspect.

Further progress in the matter is awaited.

The compliance of Test Audit Note may be kept ready and shown to next audit for verification.

Inspection Report on the account of the City Engineer, Public Works Department, Vasai Virar City Municipal Corporation, Virar for the period 01/04/2014 to 31/03/2016

Part I

i) Introductory

A test check on the accounts and records maintained by the City Engineer, Public Works Department, Vasai Virar City Municipal Corporation, Virar (VVCMC) for the the period 01/04/2014 to 31/03/2016 was conducted locally during the period from 03-02-2017 to 17-02-2017 by an audit team comprising of Shri Rahul Kumar, AAO, Shri P.K. Upadhyay, AAO, Smt Seetha P, Supervisor, Shri Swapnil Raut, Auditor and Shri Y.N. Telge, Auditor under the supervision of Shri R.B. Kukade, Audit Officer.

ii) Budget and Expenditure

(Rs in Lakhs)

Particulars	2014-15		2015-16	
	Budget	Expenditure	Budget	Expenditure
Salary	123.13	95.51	196.53	122.77
Travelling Allowance	0.50	0.16	0.50	0,02
Others	3949.61	2891.07	4155.35	1945.38

Note: (a) No separate cash book was maintained by Public Works Department. It is maintained by CAFO, VVCMC

(b) Budget provision were made according to the sanction post but the employees were not appointed and post remain vacant

(c) Demand of travelling allowances were not made by Officer and Employee

(d) Due to model code of conduct, vacant post, delay in administrative approval, expenditure was less than the budgetary provisions

iii) Grants & Expenditure during the year 2014-15 and 2015-16

(Rs. in Lakh)

Sr. No.	Particulars/ schemes	2014-15		2015-16	
		Grant (Rs.)	Exp (Rs.)	Grant (Rs.)	Exp (Rs.)
1	Capital Expenditure				
	MP/MLA Fund	162.29	62.79	310.00	0
	Sarv Shikhsa Abhiyan	-	-	-	-

Sr.	Particulars/ schemes	2014-15		2015-16	
	Rajiv Avas Minority Fund	-	-	-	-
	Minority Fund				
2	JnNURM (BSUP)	-	-	-	-
3	Dalit Basti (State)	416.00	Nil	Nil	Nil
4	Nirmal Abhiyan (MMRDA)	-	-	-	-
	Service road & Any Other	-	-	-	-

iv) Activity of the Department:

- Planning & implementation of the integrated road development project
- To carry out cement concreting of various roads in VVCMC area
- Rebuilding of markets
- To carry out works under national slum development program
- To do developmental works from the MLAS & MPS funds
- Construction of all structures, school buildings belonging to VVCMC
- Maintenance of roads and gutters in VVCMC area

v) Officials

Following officials held the charge of City Engineer, Public Works Department during the period of Audit:

Sr. No.	Name of Official	Period
1.	Shri B. M. Machewad	01-04-2014 to 30-07-2016
2.	Shri Madhav A. Jawade	01-08-2016 to till date

vi) Internal Audit

Details of audit inspection conducted:

Name of authority	Period covered	Report received or not	No. of paras outstanding
Municipal Chief Auditor.	2014-15	No	-
	2015-16	Audit is in progress	-
Local Audit Fund	2014-15	Yes	26
	2015-16	No	-

vii) Disclaimer

The Inspection Report has been prepared on the basis of the information furnished and records made available by the City Engineer, Public Works Department, Vasai Virar City Municipal Corporation, Virar. The Office of the Principal Accountant General, (Audit)-I, Maharashtra, Mumbai disclaims any responsibility for any non information and/or mis-information on the part of the auditee organization.

Part I-B: Paras outstanding from previous Inspection Report

Inspection Report for the year 2009-10 to 2010-11

Para 9: Non-recovery of Royalty Charges of Rs.269323 resulted in excess payment to the Contractor

Para retained for final compliance

Inspection Report for the year 2013-14.

Para 1: Work of Flyover Bridge over railway line at gate no.40

Para retained for final compliance

Para 2: Payment to contractor for removal of debris without supporting proof

Para retained for final compliance

Para 3: Non-crediting of Royalty amount of Rs.2,28,81,411 collected from Contractors to the Government Treasury

Para retained for final compliance

Para 4: Blocking of fund due to incomplete works in VVCMC, Virar amounting to Rs.33.75 lakh

Para retained for final compliance

Para 5: Deviation of work amounting to Rs.11,24,934.17 leading to undue favour to contractor

Para retained for final compliance

Part I-C: Persistent Irregularities

Nil

Part II: Current Audit

Part II-A: Major irregularities

Para 1: Delay in execution of work resulting in price escalating of Rs. 3.25 crore.

The work of construction of road, gutter and bridges in industrial area of Sativali, Valiv, Gokhivare, Gauri pada and Navghar in VVCMC area was administratively sanctioned for Rs. 77 crore. The technical sanction and administrative approval for 8 works were granted on 18.08.2011 separately. The technical sanction and administrative approval for remaining 6 works were granted on 04.11.2011 collectively. The 14 works were clubbed together as per approval of General Body, VVCMC on 04.11.2011 single tender having estimated cost of Rs.3910.03 lakhs was floated. The work order was issued on 21.03.2012 to M/s. N.G. Project Ltd, Mumbai at a rate of 4.95% above the estimated cost. The period of completion as stipulated in contract was one year. However, extension was granted to contractor up to 28.02.2014 and second extension was granted up to 15.11.2014. The work was physically completed on 11.11.2014 and total payment amounting to Rs. 5637.52 lakhs was made till date. The fourth price escalation bill is still pending. The revised approval for Rs. 5641.08 lakhs was obtained from General Body, VVCMC on 08.05.2015. No provision of any kind of advances should be included in the tender. However, scrutiny of records revealed that provision of granting of mobilization advance (10% of contract price) and machinery advance (90% cost of equipment or 5% of contract price) was made in the tender condition. The contractor was paid total advance of Rs. 5.95 crore which includes mobilization advance of Rs.3.90 crore and machinery advance of Rs. 1.95 crore. The reasons for making provisions of advance payment in tender and the details of recovery of advance along with interest were called for.

The work order was issued on 21.03.2012. The time limit for the said work was one year. As per the contract document the complete site was to be given to contractor encroachment free from day one along with complete working drawing. However, the working drawing for the finished road levels were given to contractor on 13.01.2013 i.e. after 10 months of starting of work. Further, finished road drawing for sub work No. 14, 4, 5 and 11 were not handed over to the contractor upto 13.01.2013. There was

encroachment on road, obstructed electric line and electric DPs, in sub work No. 03 chainage 0-400 centre line and boundary marking was not confirmed as on 13.01.2013. Due to this the work was delayed and up to 31.03.2013 the work amounting to Rs. 171.18 lakhs could be completed. As failure was on the part of VVCMC the extension was granted to contractor up to 28.02.2014. However, due to delay on the part of VVCMC to remove encroachment on roads, obstructed electric line and electric DPs and trees, the contractor could complete work amounting to Rs. 2422.22 lakhs up to 31.03.2014. Hence, extension up to 15.11.2014 was granted to contractor. During this period contractor had completed the remaining work. However, payment of Rs. 2353.99 lakhs was made to him during 2014-15 and payment of Rs. 690.11 lakhs was made to him in 2015-16 including 17th and Final Bill paid on 31.10.2015. Thus, total payment of Rs. 5637.50 lakhs including three price escalation bill was made to contractor. The details of price escalation paid to contractor are as follows:

(in Rs.)

Bill No.	Date of payment	Amount			
		Bridges	Roads	Drain	
1	30.12.2013	4381531	7494357	9851173	
2	26.06.2014	3708981	14419486	6355533	
3	30.12.2014	1319702	14470716	10549279	
	Total	9410214	36384559	26755985	72550758

Fourth price escalation bill amounting to Rs. 247.03 lakhs is under process.

Scrutiny of records revealed that department failed to provide working drawing for finished road levels for 10 months after start of work. Further, department failed to remove encroachment even after completion of 18 months after start of work. This resulted in grant of extension up to November 2014 to contractor. Due to this, payment of price escalation of Rs. 972.53 lakhs was to be made to contractor, out of which department paid Rs. 725.50 lakh. Had the department provided working drawing for finished road levels and encroachment free site on day 1, the price escalation was to be given up to March 2013. However, failure on the part of department resulted in avoidable payment of price escalation of Rs. 324.63 lakhs. By freezing the price index

from March 2013 and price escalation amount worked out on amount paid after March 2013(excluding Rs.171.18 lakhs paid before March 2013) as detailed below:

(In Rs.)

Type of work	Price escalation as per actual work done (department)	Price escalation as per price index for March 2013 (as per Audit)	Difference
Bridges	10709132.2	8499208.5	2209923.66
Roads	48987822.7	29577885	19409938.2
Drain	37556846.5	26713221	10843625.7
Total	97253801.3	64790314	32463487.5
Amount paid till date	72550758	72550758	
Now to be paid	24703043.3	-7760444.2	32463487.5

The details of price escalation worked out by audit are given in Annexure A.

In reply, the department stated that

- (i) the 14 sub works were consolidated and administrative approval for Rs 46.35 crore which include estimated cost put to tender Rs 39.10 crore and supply of pipe Rs 7.25 crore were obtained from General Body
- (ii) As per condition of tender the mobilization and machinery advance amounting to Rs 5.90 crore was paid to contractor. The advance along with interest amounting to Rs 6.82 crore was recovered
- (iii) Due to delay in providing drawing and design of 14 works to contractor and providing encroachment free site to contractor, to extension of time limit for execution of work was given to contractor for which extra price escalation was paid

The reply is not tenable as Government had already prohibited to make provision to give any kind of advances in tender. Further delay on the part of department to provide working design and drawing and encroachment free site has resulted in avoidable payment of price escalation of Rs 185.34 lakh.

Further progress is awaited.

Part –II- B Other Irregularities

Para 2: Creation of liability for Avoidable payment of approximately Rs. 46.39 lakh due to alteration of design during execution of work

The Govt of Maharashtra(GOM) Urban Development Division vide GR Dated 3/12/2013 had sanctioned grant of Rs 226.78 lakhs to VVCMC for the work of Construction of Multipurpose building at Virar(East) under development works of basic amenities scheme . Under the scheme, 50% grant was to be provided by Govt. and 50% amount was to be provided by VVCMC from its own funds. The GOM had released the amount of 121.50 lakh on 3.12.2013. The Technical sanction for Rs 451.62 lakh was accorded by City Engineer on 27.1.2014 based on DSR 2012-13 and Administrative approval was granted by three member committee under chairmanship of Divisional Commissioner, Konkan region on 24.02.2014. As per GR, no change in scope of work was to be made without approval of Committee.

The work of Construction of Multipurpose building (G+3floor) at Virar (East) was awarded to M/s Shri Gajanan Construction vide agreement no. B1/2177 for 2014 at 25% above estimated cost Rs. 45162558.(5% above as per DSR).Thus tender cost was Rs 5,64,53,198 The work order was issued on 3/3/2014 with period of completion as stipulated in contract being one year.

On scrutiny of records, it was observed that the design of the building was changed after first floor and the columns of second and third floor were deleted from the revised design. The reasons for non execution of items as proposed in the original plan and reasons for altering designs after issue of work order were not on record. Further, no approval of any authority for altering design was taken. It was further observed that the sanction for extra items amounting to Rs 10559186(actual execution Rs. 9665326) for miscellaneous work for multipurpose building as detailed in “Annexure B” was accorded by the Commissioner VVCMC on 1-11-2015 as the same was within estimated cost. Further, as the extra items are to be paid as per current DSR, the department worked out rate of items as per DSR of 2015-16.

In this connection, It was pointed out that had the need to change the design anticipated before preparation of estimate, extra item could have been included in the estimate and paid as per rate DSR. The rates of extra items executed were not available in DSR 2012-13. However considering increase in DSR rate as 20% (Rate quoted by contractor 25% above DSR 2012-13 and 5% above DSR 2013-14), the liability for avoidable payment worked out approximately to Rs 46.39 lakh (Payment for extra items is yet to be made) as detailed below:

Year	Percentage due to increase in 20% DSR rate per year	Rate quoted by contractor	Total percentage
2012-13	100	+25%	125%
2013-14	120		
2014-15	144		
2015-16	173	Nil(current DSR)	173%

Percentage of Excess payment = 173% (-) 125 %

Excess = 48%

Avoidable payment = $48/100 \times 9665326 = \text{Rs } 4639356$

Thus, the action of department to change the design after start of work has resulted in creation of liability for avoidable payment of Rs 46.39 lakh.

In this connection, the reasons for changing design during execution of work/reasons for not taking approval of City Engineer VVCMC and the Committee headed by Divisional Commissioner for change in design/details of items and quantity not executed and the reasons as to why the change in design could not be anticipated before preparation of estimates were called for in audit.

Further, it was observed that the work was physically completed in June 2016. However till date, the payment of Rs 3.85 Crore was made through 2 RA bills and final bills of contractor amounting to Rs. 2.38 crore (as raised by contractor) was not paid. Hence completion certificate (CC) was not issued till date. However, the building was occupied without CC. In absence of CC, how the Occupancy Certificate was issued was instructed to clarify. The copy of final bill forwarded to account deptt was also called for.

In reply, the department stated that no changes in original drawing and design were made. Only middle column of second and third floor were deleted as no major changes was made in original design, separate sanction was not obtained. It was also stated that the approval of Municipal Commissioner for execution of miscellaneous of extra items was obtained on 02.11.2015 the payment for extra items were made as per current DSR. The completion certificate was issued on 03.02.2016

The reply is not tenable as the copy of the CC was not shown to audit . Further the extra item amounting to Rs 96.65 lakh were executed from saving. The items on which this saving occurred was not on record. Due to forwarding of final bill of extra items to CAFO (not paid till date due to non availability of fund) as per DSR of 2015-16 has resulted in creation of liability for avoidable payment of approximately Rs 46.39 lakhs for which comments of Committee headed by Divisional Commissioner may be obtained and furnished to audit.

Further progress is awaited.

Para 3: Blocking of fund of Rs 121.50 lakh

The Govt of Maharashtra(GOM) Urban Development Division vide GR Dated 3/12/2013 had sanctioned grant of Rs. 226.78 lakhs to VVCMC for the work of Construction of Multipurpose building at Manubhai diagnosis Center, Virar under development works of basic amenities scheme as per proposal sent by VVCMC. Under the scheme, 50% grant is to be provided by Govt. and 50% amount is to be utilized by VVCMC from its own fund. The GOM had sanctioned and released the amount of 121.50 lakh on 03.12.2013. Technical sanction for Rs 453.57 lakh was accorded by City Engineer, VVCMC and Administrative approval was granted by 3 member committee under chairmanship of Divisional Commissioner, Kokan Region (DC) (of which Collector, Palghar and Municipal Commissioner VVCMC(MC) are members) on 24.02.2014 as the MC had certified that the proposed land is in possession of VVCMC.

The work of Construction of Multipurpose building at Manubhai diagnosis center was awarded to M/s Shri Gajanan Construction at 25% above estimated cost Rs. 45162558. (3.20% above as per DSR 2013-14). The work order was issued on 03.03.2014 with period of completion as stipulated in contract was one year.

As per Para 251 of Maharashtra Public Works Manual, no work order should be issued unless land is legally & physically in possession of the department. However, scrutiny of records revealed that part of the said land was reserved for cremation ground and proposed DP road. Hence, Dy. Director Town Planning VVCMC refused to grant permission for construction and the work could not be started till date .As the entire records were available at VVCMC level, it should have been ensured that the land was legally and physically in possession of Corporation before sending proposal to Govt. However, failure on the part of the department to send proposal to Govt. and thereafter issue work order without ensuring legal and physical possession of entire land, the grant of Rs 121.50 lakh released by Govt. in December 2013 remained blocked for the last three years.

In reply, the department stated that as the part of said land was reserved for cremation ground and proposed DP Road, the Proposal for change in reservation has been submitted to Government. If the Government approves the change in reservation the work would be started otherwise another work would be proposed.

Further progress is awaited.

Para 4: Short recovery of sales tax from contractor's RA bill (Rs. 552740/-)

As per the codal provision, sales tax to be recovered from each running account bill of work done by the contractor should be at the rate prescribed therein. As per notification issued by the Commissioner of Sales Tax, Maharashtra State, Mumbai Dated: 04.04.2012, recoveries of sales tax from unregistered contractors is revised from 4% to 5% w.e.f. 01.04.2012.

During the test check of vouchers paid through Public Works Department, VVCMC for work done during the years 2014-15 onwards, it was noticed that the sales tax was recovered from R.A. bill either@2% or 4% instead of 5%. This resulted in short recovery of VAT @ 1% or 3%. Some illustrative cases are given below where no details of sales tax registration viz. copy of TIN certificates etc. was available on record and sales tax was short levied:

Sr. No.	Name of the work	Name of contractor	RA Bill amount (Rs.)	Difference 1% VAT (Rs)
1.	Providing WBM and	M/s S.M.	910776	27323 (3%)

	asphalting to road in Sumer Yadav Chawl	Developrs		
2.	Providing and laying WBM & Asphalting to road from Nale Main road to Nanbhat Church	--do--	1119321	33580(3%)
3.	Providing WBM to Sidepatti of road from Tulinj Main road to Priyadarshani Apt.	--do--	1028092	10281 (1%)
4.	Providing WBM to Sidepatti of road from Virar Main road to Krishngiri Apt.	-do--.	1020771	10208 (1%)
5.	Construction of RCC Pipe gutter Sai Krupa Welfare Soc. to Sharmavadi Main road	M/s Saneschar construction	462971	4629(1%)
6.	Construction of gutter from Abhishek Chawl to Sharmavadi main road	--do--	507044	5070(1%)
7.	Providing and laying sidepatti to WBM as well as asphalting to road St. Anthony School, Koliwada to Valmikeswar mandir	M/s Sai Ganesh Enterprises	6102680	183080(3%)
8.	Construction of pipe gutter from Citizen B 12 to citizen B-1 in W. No. 78 in Parreira Nagar	M/s Dwarka construction	5672520	56725(1%)
9.	Providing WBM & Ashphalting to road from Gospel House to Vijay Fernandis house	M/s Vinayak birje	515146	15454(3%)
10.	Providing RCC Gutter at Juchandra from Datta Master house to Rikckshaw stand in W.No. 78	M/s Ramesh and Associates	6879690	206390(3%)
		Total		552740/-

From the above table it could be seen that Sales Tax (VAT) was short recovered at Rs. 552740/- in the illustrative cases (10 cases) as per the records provided to audit. The same has to be recovered and intimated to audit accordingly. Further this

irregularity may be has to be verified in other cases also and result thereof be submitted to audit accordingly.

In reply, the department stated that after verification of VAT registration of the contractor, the short deducted amount would be recovered from concerned contractors.

Further progress is awaited.

Para 5: Blocking of Funds of Rs. 31.87 lakh

As per the provision in the tender, the contractor should complete the works within stipulated period mentioned in the work order. so that the intended purpose of the schemes is fulfilled. Works remaining incomplete reflects poor and improper monitoring of the schemes and thereby defeating the intended purpose of the scheme. In case of failure on the part of the contractor to complete the work within stipulated period, the work should be withdrawn under clause 3(c) of the contract document. In such cases the deposits obtained from the contractor should be forfeited and the work should be got executed by appointing another agency. Any excess expenditure incurred by the department to get the remaining work completed including advertisement charges, supervision charges etc. should be recovered from the defaulting contractor.

Pubic works department of VVCMC undertook a work 'Providing Embankment for 12m D.P. road from Tarwadi nalla to Manvelpada Road in ward no. 25 Nallasopara (E) in VVCMC Area'. Further details of work are as under:

Name of work	Providing Embankment for 12m D.P. road from Tarwadi nalla to Manvelpada Road in ward no. 25 Nallasopara (E) in VVCMC Area
Estimated cost	Rs. 64.05 lakh
Administrative Approval Date	02-06-14
Technical Sanction Date	10-06-14
Work order	27-08-14
Stipulated time	6 month (i.e. by 27.02.2015)
Contractor's name	M/s Dhaneswar Bhoir
Expenditure already incurred	Rs. 31.87 lakh
Current status of work	Construction work stopped by contractor No follow up by the department

Scrutiny of the relevant records revealed that the above mentioned work was started but due to lack of proper monitoring, the work was stopped by the said contractors without completing the works. The expenditure already incurred on the work upto December 2014 was Rs. 31.87 lakh which was blocked on the above mentioned works as intended purpose of the works were not passed on to the beneficiaries. The other details and facts were not available as the administrative files and payment details of the aforesaid works were not submitted for scrutiny.

In this connection, reasons for not taking any action to appoint new agency and to get the work completed/non withdrawal of works under clause 3(c) contract/action taken by the department to resolve the case as construction works had been stopped since more than a year copy of the extension if given and non levy of penalty on the above work were called for in audit.

In reply department stated that point would be verified and reply would be submitted within thirty days

Further progress is awaited.

Para 6: Deviation of work amounting to Rs. 631389/-

As per PWD Manual, the contractor has to execute the work as per the schedule B of the tender. The contractor can make upto 10% deviation in the estimated work. Further, as per clause no. 13 of the tender conditions, the contractor shall execute the whole and every part of the work in the most substantial and workman like manner and both as regards material and every other respects in strict accordance with specifications.

The scrutiny of records related to the work of 'Providing and laying WBM and asphaltting road from Indian oil petrol pump to old CIDCO office W.No. 65 in Navghar Manikpur in VVCMC area' revealed the followings;

The work was allotted to M/s Gajanan Construction at 4.98% above the estimated cost after negotiation on 28-02-2014 with stipulated period of completion of work within six months from the date of work order and work was completed on 25-07-2014. The estimated cost of the work was Rs. 9148538/- for which administrative approval was given on 19-12-2013 and technical sanction of this work for Rs. 9148538/- was given on 01-01-2014. On scrutiny of first and final bill, measurement book and statement no. 132 of excess saving statement, the following deviation/variation was observed:

Sr. No.	Item no./Particulars	Measurement as per Estimate	Actual Work done	Rate	Amount of difference (in Rs.)	Deviation in %
1	2. Supply 80 mm metal	360.00	503.47	1048.08	150368	39.85
2	3. Supply hard murum	90.00	126.00	324.81	11693	40.00
3	4. Spreading 80 mm metal	360.00	503.47	42.40	6083	39.85
4	5. Spreading hard murum	90.00	126.00	25.44	915	40.00
5	12. Bituminous bound macadam	1204.00	1679.80	1679.80	129569	39.51
6	14. Bituminous tack coat 50kgs/100 sqm	13,200.00	26,569.30	26569.30	332761	101.28
				Total	631389	

It could be seen from the above table that the items mentioned therein were deviated from 39% to 101%. Due to the deviation against the estimated cost of work at Rs. 9148538/-, final cost of the work enhanced to Rs. 10018637/-.

In reply department stated that point would be verified and reply would be submitted within thirty days.

Further progress is awaited.

Para 7: Non termination of contract for the work of providing WBM & asphaltting to Road from Raja Timber to Aquil house at Vakanpada, Nallasopara

As per clause 3C of condition of contract, Municipal Commissioner shall have power to order that the work of the contractor be measured up and to take unexecuted part of the work out of his hand and to give it to another contractor to complete. The extra cost involved in completion of balance work carried out through other contractor shall be recoverable from the old contractor who has not executed the work.

Scrutiny of records revealed that the work of providing Water Bitumen Macadam and Asphaltting to road from Raja Timber Mart to Aquil House was selected and accorded administrative approval in June 2013. The estimate of Rs 14.26 lakhs was prepared and technical sanction was granted in August 2014 for Rs 14.24 lakhs. The cost put to tender was Rs 14.24 lakhs and e-tender floated. The bid of M/s Chandana Construction

was accepted at 5% above the cost put to tender. The work order was issued to the contractor on 30.03.2015 with stipulated period of completion of 180 days i.e. six months. As the contract agreement was executed, the contractor is bound to execute the work according to the conditions of the contract. In this connection, it was noticed that even after expiry of one year from stipulated date of completion of the said work, the work was not yet started. Though the department issued notice (in December 2015) for cancellation of the work, forfeiture of earnest money deposit and taking action against contractor, no action in this regard was taken by the department. Due to non completion of work, the beneficiaries were deprived of the benefit of the work.

In reply department stated that point would be verified and reply would be submitted within thirty days.

Further progress is awaited.

Para 8: Non recovery of insurance charges from contractor's RA bill (Rs. 338050)

As per guidelines issued by the Director of Insurance, Govt. of Maharashtra, 1% insurance charges of estimated cost of work should be recovered and works were required to be insured before their commencement with the Director of Insurance, Govt. of Maharashtra.

On test check of vouchers paid through Public Works Department, VVCMC for works done during the years 2014-15 and 2015-16, it was noticed that the department failed to observe recovery of the said statutory deduction from the bills submitted by contractors in respect of various works done by them. Further, no supporting documents like copy of the work insured nor reason for non deducting the insurance charges were mentioned anywhere on the records furnished to audit. Few illustrative cases are as under:

Sr. No.	Name of the work	Name of contractor	RA Bill amount (Rs.)	1% Insurance (Rs)
1.	Providing WBM Asphaltting to road at Anandnagar and Veer Savarkar Internal Road	M/s Jai Bhavani Infra Project	7500000	75000
2.	Construction of RCC wall for existing nala in ward no. 62 from Ramrahim Nagar	M/s Omkar construction	17629286	176292

	NH to ESR Vasai(E) in VVCMC Area			
3.	Providing RCC Gutter at Juchandra from Datta Master House to Rickshaw stand in w.no. 78	M/s Ramesh and Associates	7761349	77613
4.	Providing and laying ashphalting internal road at Gomes Aali in ward no. 52	M/s Newalkar Enterprises	914557	9145
		Total		338050

From the above table it could be seen that insurance charges were not recovered in the above cases. The cases mentioned above are only illustrative and dept. may review the other cases for such lapse and results thereof may be submitted to audit accordingly.

In reply, the department stated that amount of insurance would be recovered and deposited to Director of Insurance, Maharashtra.

Further progress is awaited.

Para 9: Poor/Non utilization of grant under various schemes

Government releases grants for different schemes for Welfare of citizen under jurisdiction of Corporation. Public Works Department, Vasai Virar City Municipal Corporation (VVCMC) received grants from GOM/GOI for various schemes like Dalit Vasti, MP/MLA Fund etc. for timely execution of work undertaken through these schemes for upliftment of people..

On scrutiny of grant-expenditure details for the period (2014-15 and 2015-16), it was noticed that schemes namely Dalit Vasti Sudhar Scheme and MP/MLA Fund, was very poorly implemented in VVCMC as grant received in these schemes were lying idle in the respective bank accounts during the years 2014-16. A summary of grant received and expenditure incurred in these schemes during the period 2014-16 are as under:-

(Period 2014-15 and 2015-16)			(Rs. in lakh)	
Particulars	Grant received during the period	Total Expenditure during the period	Closing balance	Percentage of utilisation of grant
Dalit Vasti	416.00	Nil	416.00	0%
MP/MLA Fund	472.29	62.79	409.5	13%

The above indicates that there was poor implementation or non-implementation of schemes. Further grant received at Rs. 4.16 crore of Dalit Vasti Scheme during 2014-15 was at all non-utilized till the end of FY 2015-16 and grant of Rs. 409.5 lakh of MP/MLA fund of the year 2014-15 was lying idle till the end of FY 2015-16 which was required to be surrendered. Hence VVCMC could not pass on the intended benefits to the targeted people. Facts and figures were asked to be confirmed and reason for poor implementation of the above schemes and non surrender of unutilized grants after completion of next financial year was called for in audit. In this respect, department stated that due to model code of conduct, late granting of administrative approval and shortage of staff , the grants were short utilized, however all the works under taken under these schemes have already been appropriated and grants would be utilized as soon as the works get completed

In reply, the department stated that works undertaken under Dalit Vasti and MP/MLA Fund would be expedited and completed as soon as possible and remaining fund would be utilized accordingly.

Further progress is awaited.

Para 10: Non depositing of royalty collected from contractor into Government treasury (Rs. 108.25 lakhs)

As per the Government treasury rules, the amount of royalty collected from Contractors should be deposited to Government Account immediately.

Scrutiny of sample cases revealed that challans of Royalty collected from Contractors for the period 2014-15 and 2015-16 were kept with the Corporation itself, instead of crediting th same to the Government Treasury as detailed under;

Year	Opening Balance	Current year deduction of royalty	Total	Deposited	Closing Balance	Percentage of deposit
2014-15	238.97	299.37	538.34	198.15	340.19	36.80
2015-16	340.19	35.10	375.29	267.03	108.25	71.15
Total		334.47	913.63	465.18		

The reason for the non depositing of the collected Royalty in the Government Treasury was called for in audit

In reply department stated that depositing of balance collected amount of royalty of Rs 108.25 lakh is under process.

Further progress is awaited.

Para 11: Vacant posts

On scrutiny of records relating to staff, it was noticed that there were huge vacancies under Public Works Department as shown below;

Post	No. of posts sanctioned	No. of posts filled	No. of posts vacant
City Engineer	1	1	0
Executive Engineer	3	1	2
Deputy/ Section Engineer	27	4	23
Jr. Engineer	27	27	-
Head Clerk	2	1	1
Clerk/ Steno	1	0	1
Typist	9	9	-
Total	70	43	27

From the above, it could be seen that 66.66 % of the posts of Executive Engineer and 85.19% of the post of Deputy/ Section Engineer were vacant and action taken in this connection was called for in audit.

In reply, the department stated that shortage of staff was already intimated to higher authority and follow up would be done.

Further progress is awaited.

Test Audit Note

-Nil-

Sr. Audit Officer/SS-I

Draft Inspection Report on the account of the City Engineer, Public Works Department, Vasai Virar City Municipal Corporation, Virar for the period 01/04/2014 to 31/03/2016

Part I

i) Introductory

A test check on the accounts and records maintained by the City Engineer, Public Works Department, Vasai Virar City Municipal Corporation, Virar (VVCMC) for the the period 01/04/2014 to 31/03/2016 was conducted locally during the period from 03-02-2017 to 17-02-2017 by an audit team comprising of Shri Rahul Kumar, AAO, Shri P.K. Upadhyay, AAO, Smt Seetha P, Supervisor, Shri Swapnil Raut, Auditor and Shri Y.N. Telge, Auditor under the supervision of Shri R.B. Kukade, Audit Officer.

ii) Disclaimer

The Inspection Report has been prepared on the basis of the information furnished and records made available by the City Engineer, Public Works Department, Vasai Virar City Municipal Corporation, Virar. The Office of the Principal Accountant General, (Audit)-I, Maharashtra, Mumbai disclaims any responsibility for any non information and/or mis-information on the part of the auditee organization.

iii) Activity of the Department:

- Planning & implementation of the integrated road development project
- To carry out cement concreting of various roads in VVCMC area
- Rebuilding of markets
- To carry out works under national slum development program
- To do developmental works from the MLAS & MPS funds
- Construction of all structures, school buildings belonging to VVCMC
- Maintenance of roads and gutters in VVCMC area

iv) Officials

Following officials held the charge of City Engineer, Public Works Department during the period of Audit:

Sr. No.	Name of Official	Period
1.	Shri B. M. Machewad	01-04-2014 to 30-07-2016
2.	Shri Madhav A. Jawade	01-08-2016 to till date

v) Budget and Expenditure

(Rs in Lakhs)

Particulars	2014-15		2015-16	
	Budget	Expenditure	Budget	Expenditure
Salary	123.13	95.51	196.53	122.77
Travelling Allowance	0.50	0.16	0.50	0,02
Others	3949.61	2891.07	4155.35	1945.38

Note: (a) No separate cash book was maintained by Public Works Department. It is maintained by CAFO, VVCMC

(b) Budget provision were made according to the sanction post but the employees were not appointed and post remain vacant

(c) Demand of travelling allowances were not made by Officer and Employee

(d) Due to model code of conduct, vacant post, delay in administrative approval, expenditure was less than the budgetary provisions

vi) Grants & Expenditure during the year 2014-15 and 2015-16

(Rs. in Lakh)

Sr. No.	Particulars/ schemes	2014-15		2015-16	
		Grant (Rs.)	Exp (Rs.)	Grant (Rs.)	Exp (Rs.)
1	Capital Expenditure				
	MP/MLA Fund	162.29	62.79	310.00	0
	Sarv Shikhsa Abhiyan	-	-	-	-
	Rajiv Avas Minority Fund	-	-	-	-
	Minority Fund				
2	JnNURM (BSUP)	-	-	-	-
3	Dalit Basti (State)	416.00	Nil	Nil	Nil
4	Nirmal Abhiyan (MMRDA)	-	-	-	-
	Service road & Any Other	-	-	-	-

vi) Internal Audit

Details of audit inspection conducted:

Name of authority	Period covered	Report received or not	No. of paras outstanding
Municipal Chief Auditor.	2014-15	No	-
	2015-16	Audit is in progress	-
Local Audit Fund	2014-15	Yes	26
	2015-16	No	-

Part II

Current Audit

Part II A Major irregularities

Para 1: Irregularity noticed in the work of construction of road, gutter and bridges in industrial area of Sativali, Valiv, Gokhivare, Gauri pada and Navghar in VVCMC area. Avoidable payment of Rs.185.34 lakh on price escalation

The work of construction of road, gutter and bridges in industrial area of Sativali, Valiv, Gokhivare, Gauri pada and Navghar in VVCMC area was administratively sanctioned for Rs. 77 crore on 20.07.2011. The technical sanction and administrative approval for 8 works were granted on 18.08.2011 separately. The technical sanction and administrative approval for remaining 6 works were granted on 04.11.2011 collectively. The 14 works were clubbed together as per approval of General Body, VVCMC on 04.11.2011 and a single tender having an estimated cost of Rs.3910.03 lakhs was floated. The work order was issued on 21.03.2012 to M/s. N.G. Project Ltd, Mumbai at a rate of 4.95% above the estimated cost. The period of completion as stipulated in the contract was one year. However, an extension was granted to the contractor up to 28.02.2014 and a second extension was granted up to 15.11.2014. The work was physically completed on 11.11.2014 and total payment amounting to Rs. 5637.52 lakhs was made till date. The fourth price escalation bill is still pending. The revised approval for Rs. 5641.08 lakhs

was obtained from General Body, VVCMC on 08.05.2015. On scrutiny of records, following irregularity was noticed.

1. Clubbing of 14 sub work:

It was observed that 14 sub work of various area total amounting to Rs.3910.03 lakhs having separate technical sanction and administrative approval were clubbed.

2. Granting of advance of Rs.5.95 crore:

The government issued circular in March 2000 directing that no provision of any kind of advances should be included in the tender. However, scrutiny of records revealed that provision of granting of mobilization advance (10% of contract price) and machinery advance (90% cost of equipment or 5% of contract price) was made in the tender condition. The contractor was paid total advance of Rs. 5.95 crore which includes mobilization advance of Rs.3.90 crore and machinery advance of Rs. 1.95 crore. The reasons for making provisions of advance payment in tender and the details of recovery of advance along with interest were called for.

3. Delay in execution of work due to delay in handing over complete working drawing and encroachment free site resulted in avoidable payment of price escalation amounting to Rs. 185.34 lakh

The work order was issued on 21.03.2012. The time limit for the said work was one year. As per the contract document the complete site was to be given to contractor encroachment free from day one along with complete working drawing. However, the working drawing for the finished road levels were given to contractor on 13.01.2013 i.e. after 10 months of starting of work. Further, finished road drawing for sub work No. 14, 4, 5 and 11 were not handed over to the contractor upto 13.01.2013. There was encroachment on road, obstructed electric line and electric DPs, in sub work No. 03 chainage 0-400 centre line and boundary marking are not confirmed as on 13.01.2013. Due to this the work was delayed and up to 31.03.2013 the work amounting to Rs. 171.18 lakhs could be completed. As failure was on the part of VVCMC the extension was granted to contractor up to 28.02.2014. However, due to delay on the part of VVCMC to remove encroachment on roads, obstructed electric line and electric DPs and trees, the contractor could complete work amounting to Rs.

2422.22 lakhs up to 31.03.2014. Hence extension up to 15.11.2014 was granted to contractor. During this period contractor had completed the remaining work. However, payment of Rs. 2353.99 lakhs was made to him during 2014-15 and payment of Rs. 690.11 lakhs was made to him in 2015-16 including 17th and Final Bill paid on 31.10.2015. Thus, total payment of Rs. 5637.50 lakhs including three price escalation bill was made to contractor. The details of price escalation paid to contractor are as follows:

(in Rs.)

Bill No.	Date of payment	Amount			
		Bridges	Roads	Drain	
1	30.12.2013	4381531	7494357	9851173	
2	26.06.2014	3708981	14419486	6355533	
3	30.12.2014	1319702	14470716	10549279	
	Total	9410214	36384559	26755985	72550758

Fourth price escalation bill amounting to Rs. 247.03 lakhs is under process.

Scrutiny of records revealed that department failed to provide working drawing for finished road levels for 10 months after start of work. Further, department failed to remove encroachment even after completion of 18 months after start of work. This resulted in grant of extension up to November 2014 to contractor. Due to this, payment of price escalation of Rs. 972.53 lakhs was to be made to contractor, out of which department paid Rs. 725.50 lakh. Had the department provided working drawing for finished road levels and encroachment free site on day 1, the price escalation was to be given up to March 2013. However, failure on the part of department resulted in avoidable payment of price escalation of Rs. 185.34 lakhs. By freezing the price index from March 2013 and price escalation amount worked out on amount paid after March 2013(excluding Rs.171.18 lakhs paid before March 2013) as detailed below:

(In Rs.)

Type of work	Price escalation as per actual work done (department)	Price escalation as per price index for March 2013 (as per Audit)	Difference
Bridges	10709132.16	9061413.70	1647718.46

Roads	48987822.66	39385257.40	9602565.26
Drain	37556846.48	30272901.52	7283944.96
Total	97253801.3	78719572.62	18534228.68
Amount paid till date	72550758.00	72550758.00	
Now to be paid	24703043.30	6168814.62	18534228.68

The details of price escalation worked out by audit are given in Annexure A.

In reply, the department stated that

- (i) the 14 sub works were consolidated and administrative approval for Rs 46.35 crore which include estimated cost put to tender Rs 39.10 crore and supply of pipe Rs 7.25 crore were obtained from general body
- (ii) As per condition of tender the mobilization and machinery advance amounting to Rs 5.90 crore was paid to contractor. The advance along with interest amounting to Rs 6.82 crore was recovered
- (iii) Due to delay in providing drawing and design of 14 works to contractor and providing encroachment free site to contractor, to extension of time limit for execution of work was given to contractor for which extra price escalation was paid

The reply is not tenable as Government had already prohibited to make provision to give any kind of advances in tender. Further delay on the part of department to provide working design and drawing and encroachment free site has resulted in avoidable payment of price escalation of Rs 185.34 lakhs

Further progress is awaited.

Part –II- B Other Irregularities

Para 2: Creation of liability for Avoidable payment of approximately Rs. 46.39 lakh due to alteration of design during execution of work

The Govt of Maharashtra(GOM) Urban Development Division vide GR Dated 3/12/2013 had sanctioned grant of Rs 226.78 lakhs to VVCMC for the work of

Construction of Multipurpose building at Virar(East) under development works of basic amenities scheme . Under the scheme, 50% grant was to be provided by Govt. and 50% amount was to be utilised by VVCMC from its own funds. The GOM had released the amount of 121.50 lakh on 3.12.2013. The Technical sanction for Rs 451.62 lakh was accorded by City Engineer on 27.1.2014 based on DSR 2012-13 and Administrative approval was granted by three member committee under chairmanship of Divisional Commissioner, Konkan region on 24.02.2014. As per GR, no change in scope of work was to be made without approval of Committee.

The work of Construction of Multipurpose building (G+3 floor) at Virar (East) was awarded to M/s Shri Gajanan Construction vide agreement no. B1/2177 for 2014 at 25% above estimated cost Rs. 45162558 (5% above as per DSR). Thus tender cost was Rs 5,64,53,198 The work order was issued on 3/3/2014 with period of completion as stipulated in contract being one year.

On scrutiny of records, it was observed that the design of the building was changed after first floor and the columns of second and third floor were deleted from the revised construction design. The reasons for non execution of items as proposed in the original plan and reasons for altering designs after issue of work order were not on record. Further, no approval of any authority for altering design was taken. It was further observed that the sanction for extra items amounting to Rs 10559186 (actual execution Rs. 9665326) for miscellaneous work for multipurpose building as detailed in “Annexure B” was accorded by the Commissioner VVCMC on 1-11-2015 as the same was within estimated cost. Further, as the extra items are to be paid as per current DSR, the department worked out rate of items as per DSR of 2015-16.

In this connection, It was pointed out that had the need to change the design anticipated before preparation of estimate, extra item could have been included in the estimate and paid as per rate DSR. The rates of extra items executed were not available in DSR 2012-13. However considering increase in DSR rate as 20% (Rate quoted by contractor 25% above DSR 2012-13 and 5% above DSR 2013-14), the liability for avoidable payment worked out approximately to Rs 46.39 lakh (Payment for extra items is yet to be made) as detailed below:

Year	Percentage due to increase in 20% DSR rate per year	Rate quoted by contractor	Total percentage
2012-13	100	+25%	125%
2013-14	120		
2014-15	144		
2015-16	173	Nil(current DSR)	173%

Percentage of Excess payment = 173% (-) 125 %

Excess = 48%

Avoidable payment = $48/100 \times 9665326 = \text{Rs } 4639356$

Thus, the action of department to change the design after start of work has resulted in creation of liability for avoidable payment of Rs 46.39 lakh.

In this connection, the reason for changing design during execution of work

- 2) The reason for non taking approval of City Engineer VVCMC and the Committee headed by Divisional Commissioner for change in design.
- 3) The details of items and quantity not executed.
- 4) Why the change in design could not be anticipated before preparation of estimate.

Further it was observed that the work was physically completed in June 2016. However till date, the payment of Rs 3.85 Crore was made through 2 RA bills. However final bills of contractor amounting to Rs. 2.38 crore (as raised by contractor) was not paid. Hence completion certificate (CC) was not issued till date. However, the building has been occupied without CC. In absence of CC, how the Occupancy Certificate was issued was instructed to clarify. The copy of final bill forwarded to account deptt was also instructed to produce

In reply, the department stated that

- (i) No changes in original drawing and design were made. Only middle column of second and third floor were deleted as no major changes was made in original design, the separate sanction was not obtained

- (ii) The approval of municipal commissioner for execution of miscellaneous of extra items was obtained on 02.11.2015. the payment for extra items were made as per current DSR
- (iii) The completion certificate was issued on 03.02.2016

The reply is not tenable as the copy of the CC was not shown to audit . Further the extra item amounting to Rs 105.59 crore were executed from saving. The items on which this saving occurred was not on record. Due to forwarding of final bill of extra items to CAFO (not paid till date due to non availability of fund) as per DSR of 2015-16 has resulted in creation of liability for avoidable payment of approximately Rs 50.68 lakhs for which comments of Committee headed by Divisional Commissioner may obtained and furnished to audit.

The further progress is awaited.

Para 3: Blocking of fund of Rs 121.50 lakh

The Govt of Maharashtra(GOM) Urban Development Division vide GR Dated 3/12/2013 had sanctioned grant of Rs. 226.78 lakhs to VVCMC for the work of Construction of Multipurpose building at Manubhai diagnosis center Virar under development works of basic amenities scheme as per proposal sent by VVCMC. Under the scheme, the 50% grant is to be provided by govt. and 50% amount is to be utilized by VVCMC from its own fund. The GOM had sanctioned and released the amount of 121.50 lakh on 03.12.2013. The Technical sanction for Rs 453.57 lakh was accorded by City Engineer, VVCMC and Administrative approval was granted by 3 member committee under chairmanship of Divisional Commissioner, Kokan region (DC) (of which the Collector Palghar and Municipal Commissioner VVCMC(MC) are members) on 24.02.2014 as the MC had certified that the proposed land is in possession of VVCMC.

The work of Construction of Multipurpose building at Manubhai diagnosis center was awarded to M/s Shri Gajanan Construction at 25% above of estimated cost Rs. 45162558. (3.20% above as per DSR 2013-14). The work order was issued on 03.03.2014 with period of completion as stipulated in contract was one year.

As per Para 251 of Maharashtra Public Works Manual, no work order should be issued unless land is legally & physically in possession of the department. However, scrutiny

of record revealed that the part of said land was reserved for cremation ground and proposed DP road. Hence, Dy. Director Town Planning VVCMC had refused to grant permission for construction. Hence, the work could not be started till date .As the whole record is available at VVCMC level, the MC has to ensure that the land is legally and physically in possession of Corporation before sending proposal to Govt. However, failure on the part of MC to send proposal to govt. and thereafter issue work order without ensuring legal and physical possession of entire land, the grant of Rs 121.50 lakh released by Govt. in December 2013 has resulted in blocking of fund since 3 years.

In reply, the department stated that the part of said land was reserved for cremation ground and proposed DP Road, The Proposal for change in reservation has been submitted to Government. If the government approves the change in reservation the work would be started otherwise another work would be proposed.

The further progress is awaited.

Para 4: Short recovery of sales tax from contractor's RA bill (Rs. 552740/-)

As per codal provision, sales tax to be recovered from each running account bill of work done by the contractor should be at the rate prescribed therein. The Notification issued by the Commissioner of Sales Tax, Maharashtra State, Mumbai Dated: 04.04.2012 recoveries of sales tax from unregistered contractors has been revised from 4% to 5% w.e.f. 01.04.2012.

During the test check of vouchers paid through Public Works Department, VVCMC of unregistered contractors for works done during the year 2014-15 and onwards, it was noticed that the sales tax was recovered from R.A. bill either@2% or 4% instead of 5%. This has resulted in short recovery of VAT @ 1% or 3%. Some illustrative cases are given below where no details of sales tax registration viz. copy of TIN certificates etc. was available on record and sales tax was short levied:

Sr. No.	Name of the work	Name of contractor	RA Bill amount (Rs.)	Difference 1% VAT (Rs)
1.	Providing WBM and asphaltting to road in Sumer Yadav Chawl	M/s S.M. Developrs	910776	27323 (3%)
2.	Providing and laying WBM & Asphaltting to	--do--	1119321	33580(3%)

	road from Nale Main road to Nanbhat Church			
3.	Providing WBM to Sidepatti of road from Tulinj Main road to Priyadarshani Apt.	--do--	1028092	10281 (1%)
4.	Providing WBM to Sidepatti of road from Virar Main road to Krishngiri Apt.	-do--.	1020771	10208 (1%)
5.	Construction of RCC Pipe gutter Sai Krupa Welfare Soc. to Sharmavadi Main road	M/s Saneschar construction	462971	4629(1%)
6.	Construction of gutter from Abhishek Chawl to Sharmavadi main road	--do--	507044	5070(1%)
7.	Providing and laying sidepatti to WBM as well as asphaltting to road St. Anthony School, Koliwada to Valmikeshwar mandir	M/s Sai Ganesh Enterprises	6102680	183080(3%)
8.	Construction of pipe gutter from Citizen B 12 to citizen B-1 in W. No. 78 in Parreira Nagar	M/s Dwarka construction	5672520	56725(1%)
9.	Providing WBM & Ashphalting to road from Gospel House to Vijay Fernandis house	M/s Vinayak birje	515146	15454(3%)
10.	Providing RCC Gutter at Juchandra from Datta Master house to Rikckshaw stand in W.No. 78	M/s Ramesh and Associates	6879690	206390(3%)
		Total		552740/-

From the above table it can be seen that Sales Tax (VAT) has been short recovered at Rs. 552740/- in the illustrative cases (10 cases) as per the records provided to audit. The same may be recovered and intimated to audit accordingly. Further this irregularity may be verified in other cases also and result thereof may be submitted to audit accordingly.

In reply, the department stated that after verification of VAT registration of the contractor, the short deducted amount would be recovered from concerned contractors.

The further progress is awaited.

Para 5: Unfruitful expenditure of Rs. 31.87 lakh

As per the provision in the tender, the contractor should complete the works within stipulated period mentioned in the work order. so that the intended purpose of the schemes would be fulfilled. Works remained incomplete reflecting poor and improper monitoring of the schemes and thereby defeating the intended purpose of the scheme. In case of failure on the part of the contractor to complete the work within stipulated period, the work should be withdrawn under clause 3(c) of the contract document. In such cases the deposits obtained from the contractor should be forfeited and the work should be got executed by appointing another agency. Any excess expenditure incurred by the department to get the remaining work completed including advertisement charges, supervision charges etc. should be recovered from the defaulting contractor.

Pubic works department of VVCMC undertook a work ‘Providing Embankment for 12m D.P. road from Tarwadi nalla to Manvelpada Road in ward no. 25 Nallasopara (E) in VVCMC Area’. Further details of work are as under:

Name of work	Providing Embankment for 12m D.P. road from Tarwadi nalla to Manvelpada Road in ward no. 25 Nallasopara (E) in VVCMC Area
Estimated cost	Rs. 64.05 lakh
Administrative Approval Date	02-06-14
Technical Sanction Date	10-06-14
Work order	27-08-14
Stipulated time	6 month
Contractor's name	M/s Dhaneswar Bhoir
Expenditure already incurred	Rs. 31.87 lakh
Current status of work	Construction work stopped by contractor No follow up by the department

Scrutiny of the relevant records revealed that the above mentioned work got started but due to lack of proper monitoring, the works get stopped by the said

contractors without completing the works. The expenditure already incurred on the works by Dec 2014 was Rs. 31.87 lakh which has been blocked on the above mentioned works as intended purpose of the works were not passed on to the beneficiaries. The other details and facts are not available as the administrative files and payment details of the aforesaid works are yet to be submitted for scrutiny.

In this connection, the following information was called for.

1. Reasons for not taking any action to appoint new agency and to get the work completed.
2. Reason for non withdrawal of works under clause 3(c) contract
3. Whether extension was given to agencies to complete the work as stipulated time to complete the work was lapsed far earlier – If yes, furnish the copy of extension.
4. What action has been taken by the department to resolve the case as construction works had been stopped since more than a year?
5. Reason for non levy of penalty on the above work.

In reply department stated that point would be verified and reply would be submitted within thirty days

The further progress is awaited.

Para 6: Deviation of work amounting to Rs. 631389/-

As per PWD Manual, the contractor has to execute the work as per the schedule B of the tender. The contractor can make upto 10% deviation in the estimated work. Further as per clause no. 13 of the tender conditions, the contractor shall execute the whole and every part of the work in the most substantial and workman like manner and both as regards material and every other respects in strict accordance with specifications.

The scrutiny of records related to the work of 'Providing and laying WBM and asphaltting road from Indian oil petrol pump to old CIDCO office W.No. 65 in Navghar Manikpur in VVCMC area' revealed the followings:

The work was allotted to M/s Gajanan Construction at 4.98% above the estimated cost after negotiation on 28-02-2014 with stipulated period of completion of work within six months from the date of work order and work was completed on 25-07-2014. The estimated cost of the work was Rs. 9148538/- for which administrative approval was given on 19-12-2013 and technical sanction of this work for Rs.

9148538/- was given on 01-01-2014. During scrutiny of first and final bill, measurement book and statement no. 132 of excess saving statement, the following deviation/ variation was observed:

Sr. No .	Item no./Particulars	Measurement as per Estimate	Actual Work done	Rate	Amount of difference (in Rs.)	Deviation in %
1	2. Supply 80 mm metal	360.00	503.47	1048.08	150368	39.85
2	3. Supply hard murum	90.00	126.00	324.81	11693	40.00
3	4. Spreading 80 mm metal	360.00	503.47	42.40	6083	39.85
4	5. Spreading hard murum	90.00	126.00	25.44	915	40.00
5	12. Bituminous bound macadam	1204.00	1679.80	1679.80	129569	39.51
6	14. Bituminous tack coat 50kgs/100 sqm	13,200.00	26,569.30	26569.30	332761	101.28
				Total	631389	

It can be seen from the above table that the items mentioned therein were deviated from 39% to 101%. Due to the deviation against the estimated cost of work at Rs. 9148538/-, final cost of the work enhanced to Rs. 10018637/-.

In reply department stated that point would be verified and reply would be submitted within thirty days.

The further progress is awaited.

Para 7: Non termination of contract for the work providing WBM & asphaltting to Road from Raja Timber to Aquil house at Vakanpada, Nallasopara

As per clause 3C of condition of contract, Municipal Commissioner shall have power to order that the work of the contractor be measured up and to take unexecuted part of the work out of his hand and to give it to another contractor to complete. The extra cost involved in completion of balance work carried out through other contractor shall be recoverable from the old contractor who has not executed the work.

Scrutiny of records revealed that the work of providing Water Bitumen Macadam and Asphalt to road from Raja Timber Mart to Aquil House was selected and accorded administrative approval in June 2013. The estimate of Rs 14.26 lakhs was prepared and technical sanction was granted in August 2014 for Rs 14.24 lakhs. The cost put to tender was Rs 14.24 lakhs and e-tender floated. The bid of M/s Chandana Construction was accepted 5% above the cost put to tender. The work order was issued to the contractor on 30.03.2015 with stipulated period of completion of 180 days i.e six months. As the contract agreement was executed, the contractor is bound to execute the work according to the condition of contract. It was however noticed that even after expiry of one year from stipulated period of completion of work, the work is not yet started. Though the department issued notice (in December 2015) for cancelation of work, forfeiture of earnest money deposit and taking action against contractor, neither the work was cancelled nor the contractor was terminated or gets completed from another contractor. The extra cost involved in completion of balance work carried out through other contractor shall be recoverable from the old contractor which was not done. Due to non completion of work, the beneficiaries deprived the benefit of the work.

In reply department stated that point would be verified and reply would be submitted within thirty days.

The further progress is awaited.

Para 8: Non recovery of insurance charges from contractor's RA bill (Rs. 338050)

As per guidelines issued by the Director of Insurance, Govt. of Maharashtra, 1% insurance charges of estimated cost of work should be recovered and works were required to be insured properly before the commencement with the Director of Insurance, Govt. of Maharashtra.

During the test check of vouchers paid through Public Works Department, VVCMC for works done during the year 2014-15 and 2015-16, it was noticed that the department failed to observe recovery of the said statutory deduction from the bills submitted by contractors for various works done by them. Also neither any supporting document like copy of the work insured nor reason for non deducting the insurance

charges was mentioned anywhere on the records given to audit. Few illustrative cases are as under:

Sr. No.	Name of the work	Name of contractor	RA Bill amount (Rs.)	1% Insurance (Rs)
1.	Providing WBM Asphaltting to road at Anandnagar and Veer Savarkar Internal Road	M/s Jai Bhavani Infra Project	7500000	75000
2.	Construction of RCC wall for existing nala in ward no. 62 from Ramrahim Nagar NH to ESR Vasai(E) in VVCMC Area	M/s Omkar construction	17629286	176292
3.	Providing RCC Gutter at Juchandra from Datta Master House to Rickshaw stand in w.no. 78	M/s Ramesh and Associates	7761349	77613
4.	Providing and laying ashphalting internal road at Gomes Aali in ward no. 52	M/s Newalkar Enterprises	914557	9145
		Total		338050

From the above table it can be seen that insurance charge has not been recovered in the illustrative aforesaid cases as per the records provided to audit. The same may be recovered and intimated to audit accordingly. Further this irregularity may be verified in other cases also and result thereof may be submitted to audit accordingly.

In reply, the department stated that amount of insurance would be recovered and deposited to Director of Insurance, Maharashtra.

The further progress is awaited.

Para 9: Poor/Non utilization of grant under various schemes

Government releases grants for different schemes for Welfare of citizen under jurisdiction of Corporation. Public Works Department, Vasai Virar City Municipal Corporation (VVCMC) received grants from GOM/GOI for various schemes like Dalit Vasti, MP/MLA Fund etc. for timely execution of work undertaken through these

schemes for upliftment of people. However performance of these schemes is very poor on programme execution front due to short/non utilization of grants.

During scrutiny of grant-expenditure details for the period (2014-15 and 2015-16), it was noticed that schemes namely Dalit Vasti Sudhar Scheme and MP/MLA Fund, was very poorly implemented in VVCMC as grant received in these schemes are lying idle in respective bank accounts during the period 2014-16. A summary of grant received and expenditure incurred in these schemes during the period 2014-16 is as under:-

Particulars	(Period 2014-15 and 2015-16)		(Rs. in lakh)	
	Grant received during the period	Total Expenditure during the period	Closing balance	Percentage of utilisation of grant
Dalit Vasti	416.00	Nil	416.00	0%
MP/MLA Fund	472.29	62.79	409.5	13%

This indicates that there was poor implementation or non-implementation of schemes. Further grant received at Rs. 4.16 crore of Dalit Vasti Scheme during 2014-15 was at all non-utilized till the end of FY 2015-16 and grant at Rs. 99.5 lakh of MP/MLA fund of the year 2014-15 was lying idle till the end of FY 2015-16 which was required to be surrendered. Hence VVCMC could not pass on the intended benefits to the targeted people. Facts and figures were asked to be confirmed and reason of poor implementation of the above schemes and non surrender of unutilized grants after completion of next financial year may be furnished to audit. When asked for the reason of poor/ non utilization of grant department stated that due to model code of conduct, late granting of administrative approval and shortage of staff, the grants were short utilized, however all the works under taken under these schemes have been already appropriated and grants would be utilized as soon as the works get completed

In reply, the department stated that works undertaken under Dalit Vasti and MP/MLA Fund would be expedited and completed as soon as possible and remaining fund would be utilized accordingly.

The further progress is awaited.

**Para 10: Non deposit of royalty collected from contractor into Government treasury
(Rs. 108.25 lakhs)**

As per the Government treasury rules, the amount of royalty collected from Contractors should be deposited to Government Account immediately.

Scrutiny of sample cases revealed that challans of Royalty recovered from contractors for the period 2014-15 and 2015-16 were kept with the corporation itself, instead of crediting the same to Government Treasury. The details of deductioipn of royalty and deposit of the same in government treasury were as under

(Rs in lakhs)

Year	Opening Balance	Current year deduction of royalty	Total	Deposited	Closing Balance	Percentage of deposit
2014-15	238.97	299.37	538.34	198.15	340.19	36.80
2015-16	340.19	35.10	375.29	267.03	108.25	71.15
Total		334.47	913.63	465.18		

The reason of the non depositing of the collected Royalty in the government treasury was called for in audit

In reply department stated that depositing of balance collected amount of royalty at Rs 108.25 lakhs is under process.

The further progress is awaited.

Para 11: Vacant posts

During the scrutiny of records relating to staff, it was noticed that there was huge vacancies under Public Works Department as shown below.

Post	No. of posts sanctioned	No. of posts filled	No. of posts vacant
City Engineer	1	1	0
Executive Engineer	3	1	2
Deputy/ Section Engineer	27	4	23
Jr. Engineer	27	27	-

Head Clerk	2	1	1
Clerk/ Steno	1	0	1
Typist	9	9	-
Total	70	43	27

From the above, it could be seen that 66.66 % of the posts of Executive Engineer and 85.19% of the post of Deputy/ Section Engineer were vacant. In absence of Executive Engineer and Deputy /Sectional Engineer, how the department manages the work related to Executive Engineer and Deputy / Sectional Engineer

Facts and figures mentioned above, may be verified and confirmed. Action taken in this connection may be explained to audit.

In reply, the department stated that shortage of staff was already intimated to higher authority and follow up would be done.

The further progress is awaited.

Part III

Paras Outstanding from previous report

I) Inspection Report for the year 2009-10 to 2010-11

Para 9: Non-recovery of Royalty Charges of Rs.269323 resulted in excess payment to the Contractor

Para is retained in want of full and final compliance

II) Inspection Report for the year 2011-12.

Para 11: Staff requirement and position

Para Updated hence proposed for closure

(III) Inspection Report for the year 2013-14.

Para 1: Work of Flyover Bridge over railway line at gate no.40

Para is retained in want of full and final compliance

Para 2: Payment to contractor for removal of debris without supporting proof

Para is retained in want of full and final compliance

Para 3: Non-crediting of Royalty amount of Rs.2,28,81,411 collected from Contractors to the Government Treasury

Para Updated hence proposed for closure

Para 4: Blocking of fund due to incomplete works in VVCMC, Virar amounting to Rs.33.75 lakh

Para is retained in want of full and final compliance

Para 5: Deviation of work amounting to Rs.11,24,934.17 leading to undue favour to contractor

Para is retained in want of full and final compliance

Acknowledgment

The department has co-operated and produced all the records needed for audit. Mr. Thakur, Head clerk has taken leading role in producing records.

Test Audit Note

-Nil-

Part IV: Best Practices

Nil-

Audit Officer/LAP-II

City Engineer,
Public Works Department,
Vasai Virar City Municipal Corporation, Virar
may please see and discuss the report.

Audit Officer/LAP-II

Inspection Report on the account of the City Engineer, Water Supply Department, Vasai Virar City Municipal Corporation, Virar for the period 01.04.2014 to 31.03.2016

Part I - A

I) Introductory:-

A test check on the accounts and records maintained by the City Engineer, Water Supply Department, Vasai Virar City Municipal Corporation, Virar (VVCMC) for the period 01.04.2014 to 31.03.2016 was conducted locally during the period from 10-03-2017 to 20-03-2017 by an audit team comprising of Shri Rahul Kumar, AAO, Shri Swapnil Raut, Auditor and Shri Y.N. Telge, Auditor under the supervision of Shri R.B. Kukade, Audit Officer.

II) Personnel:-

Following officials held the charge of the City Engineer, Water Supply Department, Vasai Virar City Municipal Corporation during the period of Audit:

Sr. No.	Name of Official	Period
1.	Shri B.M. Machewad	01.04.2014 to 30.07.2016
2.	Shri M.A. Jawade	01.08.2016 till date

III) Activities:-

The main activities of the Department are lifting water from the Rivers and Dam, purification of the collected water and supply of the water in the corporation area. Collection of the water charges and maintenance of the water supply equipments.

IV) Budget and Expenditure:-

Particulars	(Rs in Lakhs)			
	2014-15		2015-16	
	B.P	Exp	B.P	Exp
Pay & Allowances	230.00	214.34	260.00	235.29
Telephone & Mobile Charges	0.50	0.33	0.50	0.30
Conveyance Allowance	-	-	-	-
Office Expenditure	-	-	-	-

Note: No separate cash book was maintained by the City Engineer, Water Supply Department. It is maintained by CAFO, VVCMC

V) Revenue Receipts:-**(Rs. in Lakhs)**

Details	2014-15	2015-16
Sp. Tax on water	3476.52	3529.52

VI) Grants & Expenditure: -**(Rs. in Crore)**

Particulars/ schemes	2014-15			2015-16		
	Grants	VVCMC	Exp.	Grants	VVCMC	Exp.
Nagrothan Scheme	67.45	67.45	123.26	46.39	46.39	83.59

VII) Internal Audit:-

Details of audit inspection conducted:

Authority	Period Covered	Report received (Yes/No)	No. of outstanding paras
Local Fund Audit	2013-14 to 2014-15	No	15

Disclaimer

The Inspection Report has been prepared on the basis of information furnished and records made available by the City Engineer, Water Supply Department, Vasai Virar City Municipal Corporation, Virar. The Office of the Principal Accountant General, (Audit)-I, Maharashtra, Mumbai disclaims any responsibility for any non information and/ or mis-information on the part of the Auditee organization.

Part I B: Paras outstanding from previous Inspection Report**Inspection Report for the year 2009-11****Para 4: Loss of revenue due to application of different rates for water supply to consumers Rs.289.72 lakhs**

Para retained for final compliance.

Para 7: Incomplete work resulting in blocking up of funds Rs.197.10 lakhs

Para retained for final compliance

Para 8: Avoidable expenditure on payment of power factor penalty Rs. 290 lakhs

Para retained for final compliance

Para 11: Short payment of stamp duty

Para retained for final compliance

Para 12: Non recovery of insurance charges

Para retained for final compliance

Inspection Report for the year 2011-13

Para 5: Blocking of funds under Dalit Vasti Sudhar Yogana 58.22 lakhs

Para retained for final compliance

Para 7: Non -availing of rebate on water cess amounting to Rs. 1.27 lakh

Para retained for final compliance

Para 8: Improper fund management in respect of water supply

Para retained for final compliance

Para 9: Avoidable payment of electricity duty Rs. 3.47 crore

Para retained for final compliance

Inspection Report for the year 2013-14

Para 2: Non revision of rates of water charges

Para retained for final compliance

Para 3: Avoidable expenditure on payment of power factor pending of Rs. 5.85 lakh

Para retained for final compliance

Para 5: Non commencement of sewerage plant & loss of rebate thereon on water cess

Para retained for final compliance

Para 6: Avoidable payment of electricity duty Rs. 3.64 lakh

Para retained for final compliance

Para 7: Wasteful expenditure on bore well amounting to Rs.3,29,817/-

Para retained for final compliance

Part I C: Persistent Irregularities

- -Nil--

Part II: Current Audit

Part II A: Major irregularities

--Nil—

Part –II- B Other irregularities

Para 1: Issue of work order without acquisition of land resulted in delay in completion of water supply scheme and deprival of benefit of the scheme

Under Maharashtra Suvarna Jayanti Nagarotthan Mahaabhiyan, the Govt of Maharashtra (GoM) sanctioned Augmentation to Vasai Virar Water Supply Scheme Surya Stage III at a cost of Rs 269.79 crore. An amount of Rs.188.79 crore(70% cost of project) was to be borne by GoM and 30% cost i.e. Rs 80.93 crore by the Corporation. Further, extra cost on the work over and above the sanctioned cost of project was to be borne by VVCMC. The Corporation decided to float a tender for Rs 226.29 crore only. The work order was issued to M/s Gharpure Engineering and Construction Co. Pune on 26.02.2014 at 30.96% above the amount put to tender i.e. for Rs 296.35 crore. The time limit as stipulated in contract was 15 months i.e. 25.05.2015. As per condition of tender, mobilization advance amounting to Rs 29.635 crore was paid to contractor in March/ April 2014.

According to Para 251 of MPW manual, no work should commence without acquisition of entire land required for it. Further, as per the Forest Conservation Act 1980, prior approval of the Government of India (GOI) for use of forest land for non-forest purpose is mandatory. The Act also stipulate that where the proposed work involves forest as well as non-forest land, work should not be commenced on the non-forest land, until the approval of GOI for release of the forest land is received.

Scrutiny of records revealed that the work involved laying of pipeline on 19 Km forest land and also across National Highway land and Western Railway land. Hence, approval of respective authority was required to be obtained before commencement of work. Further, the works also involves acquisition of private land. Hence only 30% work could be completed during the stipulated period and extension up to 25.02.2016 was granted to contractor with price escalation. However, the permissions from respective authorities were still awaited and only 70% work could be completed in the extended period. Hence, further extension was granted to contractor till March 2017 with price escalation on sub work withheld for want of land and permissions of respective authorities. In this regard, till February 2017 the approval from National Highway Authorities and Western Railway Authorities was received and private land was acquired through negotiations. However, the final approval for use of forest land is still awaited. Further the approval of National Green Tribunal (NGT) for

cutting of 377 numbers of trees was also awaited. The work was in an incomplete stage till the date of audit after incurring expenditure of 239.35 crore which includes price escalation of 5.47 crores. Due to delay in completion of works there is cost overrun in the form of price escalation. Delay in completion of work also resulted in blocking of funds to the tune of Rs 239.35 crore in addition to depriving the benefit of drinking water to residents of VVCMC.

On Further scrutiny of records, the following observations were made:

- a) The project cost is Rs.269.79 crore, out of which 70% cost i.e., Rs.188.85 crore was to be borne by GoM. The GoM released an amount of Rs.188.70 crore in 4 installments. However, it was observed that VVCMC had floated tender for Rs.226.29 crore. The 70% cost of the amount put to tender works out to Rs. 158.40 crore. Thus VVCMC has to demand Rs.158.40 crore. However, demanding 70% of project cost resulted in excess demand of Rs.30.45 crore (Rs.188.85- Rs.158.40) which may be commented upon
- b) The mobilization advance was to be recovered at the rate of 25% of the bill amount. However, it was observed that the mobilization advance was recovered at 10% of bill amount in some cases. The reasons for the same were called for.
- c) The details of pipe purchased for works and actually used for work and lying idle till date was called for.

In the reply department stated that

- a) Due to urgency in completion of project, the work order was issued and simultaneously action regarding obtaining approval of various authorities was started. The approval from National Highway Authorities and Western Railway Authorities was received and private land was acquired through negotiation. The final approval from forest department is yet to be received. After receipt of same, the work would be completed.
- b) Out of sanctioned project cost of Rs 269.29 Crore, VVCMC has floated tender for Rs.226.29 Crore in phase I. Further, work of Approval of various authorities was done by VVCMC itself. The remaining work of project would be carried out in Phase II.

- c) Out of 29.635 crore mobilization advance paid to contractor in March/ April 2014, an amount of Rs 26.396 Crore along with interest of Rs 4.823 Crore was recovered till date. The amount of Rs 3.239crore along with 12 % interest thereon is outstanding. The mobilization advance was to be recovered at the rate of 25% of the bill amount as per tender condition. However, as per request of contractor, the Standing Committee approved recovery of mobilization advance at 10% of bill amount. Hence recovery was made at 10% of bill amount from the 3rd RA bill.
- d) Out of 4124 meter and 26957 meter pipes purchased for unpurified water pipeline and purified water pipeline respectively, 3519 m and 23009 m pipes were utilized and 605 m and 3948 m respectively were in balance. The work of laying of remaining pipelines is in progress.

The further progress in this matter is awaited.

Para 2: Avoidable payment of electricity duty (Rs. 6.87lakh)

As per Section 3(2)(i)(ia) of the Bombay Electricity Act 1958, electricity duty is not to be levied on consumption of electricity in respect of Public utility services such as Public Health, Water Supply Project and drainage.

Scrutiny of records of electricity bills of Pelhar Water Projects for the period 2014-15 and 2015-16 that electricity duty was charged and paid for the electricity consumed on account of pumps installed for drawing water from Pelhar Water Project as detailed below:

Month of Electricity Bill	Amount of electricity duty charged (in Rs.)
April 2014	34,111.16
May 2014	33710.85
June 2014	28130.30
July 2014	25236.53
August 2014	33070.76
September 2014	31712.99
October 2014	37815.72
November 2014	42429.04
December 2014	39463.54
January 2015	28257.68
February 2015	18355.69
March 2015	21485.79
April 2015	22606.90
May 2015	18982.99
June 2015	Bill Missing

July 2015	18700.94
August 2015	33206.25
September 2015	29129.69
October 2015	31341.78
November 2015	30763.65
December 2015	38414.91
January 2016	36154.13
February 2016	36036.58
March 2016	Bill Missing
Total	6,87,818.81

The electricity duty paid at Rs.6,87,818/- during the years 2014-15 and 2015-16 on Pelhar Water Project was an avoidable expenditure as electricity duty is exempted for this project.

On this being pointed out, the department stated that in this regard correspondence with MSEB is going on and excess payment would be adjusted shortly.

Further progress in the matter is awaited.

Para 3: Avoidable expenditure on payment of power factor penalty (Rs. 4.42 lakh)

As per agreement with MSEB for supply of energy to water work project, the department agreed for maintenance of power factor at 0.90 and if the department failed to maintain the same, penalty would be paid at prescribed rates.

Scrutiny of payment of energy charges to MSEB in respect of water supply works at Usgaon, Parol and Shirawali projects revealed that the unit had not maintained power factor as per agreed condition and paid power factor penalty charges amounting to Rs. 442973/- (as detailed in Annexure-A). The list is containing only illustrative water supply projects and not exhaustive.

From the details in Annexure A, it can be seen that due to non maintenance of power factor at 0.90 which was due to poor maintenance of motors used in water supply project, the Corporation incurred extra expenditure on payment of power factor penalty which could have been avoided.

On this being pointed out, the department stated that the said amount would be adjusted after having correspondence with MSEB.

Further progress in the matter is awaited.

Para 4: Outstanding recovery of water charges (Rs. 11.39 crore)

As per Section 134 of the Maharashtra Municipal Corporation Act 1949, the Vasai Virar City Municipal Corporation is empowered to levy and collect water charges from the consumer for the water facility provided to them.

Scrutiny of records revealed that during the year 2015-16 there was an outstanding recovery of water charges amounting to Rs. 11.39 crore as detailed below:

Name of the ward	Previous outstanding+ Current demand			Recovery			Total outstanding demand yet to be recovered	% of outstanding recovery
	Previous	Current	Total	Previous	Current	Total		
Ward A and C	40516314	150025510	190541824	18697139	111912454	130609593	59932231	31.45
Ward B, D, E	26568294	137525640	164093934	14768182	115590672	130358854	33735080	20.56
Ward F	760693	505475	1266168	411115	375600	786715	479453	37.87
Ward G	2288462	6562243	8850705	991714	4589509	5581223	3269482	36.94
Ward H	11522302	71872640	83394942	7025043	65137892	72162935	11232007	13.47
Ward I	4303590	14403200	18706790	1461510	11991715	13453225	5253565	28.08
Total	85959655	380894708	466854363	43354703	309597842	352952545	113901818	

From the above table it can be seen that ward wise outstanding recovery was between 13% and 38% and total outstanding recovery of water charges for the year 2015-16 was Rs. 11.39 crore against the total demand of Rs.46.68 crore. Reasons for huge outstanding water charges were called for in audit.

In reply the department stated the outstanding demand would be recovered under intimation to audit.

Further progress in the matter is awaited.

Para 5: Loss of rebate on Water Cess due to incomplete Sewerage Treatment Plant

As per the provisions contained in the Sub-section (1) of section 5 of the Water (Prevention and Control of Pollution) Cess Act, 1977 (36 of 1977) read with the sub-rule (1) of Rule 4 of the Water (Prevention and Control of Pollution) Cess Rules 1978, the Urban Local Bodies are required to pay Water Cess towards water lifted from rivers for their water supply schemes to Maharashtra Pollution Control Board (MPCB) on periodical basis.

As per Section 7 of the said Act, where any person or local authority, liable to pay cess under this act, installs any plant for the treatment of sewage or trade effluents, such person or local authority provided that the person/ local authority is not contravening section 25 of the Water Act 1974 and effluent standards prescribed under EPS, 1986 and is not consuming water in excess of the maximum quantity as may be prescribed by the government for any specified industry or local authority.

To tackle the problem of contamination of water, construction of Sewerage Treatment Plant (STP) in the city of Virar, VVCMC had commenced an STP-2 project under “Satellite City” scheme at a cost of Rs.114 crores, awarded to contractor M/s Gharpure Engineering and Construction Company Pvt. Ltd. vide work order dated 26.03.2013. but the project is under construction stage as on 31.03.2016, thereby depriving the VVCMC of claiming a rebate of 25% on cess payable i.e. Rs.1650676/- as detailed below-

(Amount. in Rupees)

Period	Total Water Charges paid	Water Cess Applicable @20%	Rebate eligible @25% on Water Cess
2014-15	15474207	3094841	773710
2015-16	17539325	3507865	876966
Total			1650676

In reply department stated that the work Sewerage Treatment Plant is in progress and at present the work of joining the household line to STP is in progress. After completion of project, action to claim rebate on cess would be taken.

Further progress is awaited.

Para 6: Non-achievement of Service Level Benchmarking under water supply

Benchmarking is recognized as an important mechanism for introducing accountability in service delivery. It involves measuring and monitoring of service provider performance on a systematic and continuous basis. Sustained benchmarking can help utilities to identify performance gaps and introduce improvements through the sharing of information and best practices, ultimately resulting in better services to people. Recognizing its importance, the Ministry of Urban Development (MoUD), Government of India (GoI) prescribed (July 2008) the Service Level Benchmarking (SLB) in four key sectors viz., water supply, solid waste management, sewage management and storm water drainage. The Government of Maharashtra (GoM)

adopted the national benchmarks in February 2010 for achievement by the urban local bodies.

Vasai Virar City Municipal Corporation (VVCMC) came into existence on 3rd July 2009 and includes the whole of the Vasai Municipal Council, Navghar- Manikpur Municipal Council, Nalasopara Municipal Council, Virar Municipal Council and 53 villages existing in vicinity. As per present supply made by VVCMC to the city, residents are receiving 130 MLD. The value after considering the 20% of wastage of water during the distribution comes up to be 104 MLD which is not enough as total requirement of water in VVCMC is 250 MLD. Hence, the Corporation still depends upon supply of water through tankers to some sections. As per the annual report of the 14th Central Finance commission (CFC) which was submitted in 2015 recommended specific performance based grants for Urban Local Bodies set few key performance (KPIs) indicators under four key sectors viz., water supply, solid waste management, sewage management and storm water drainage and it was observed in its report that performance in major KPIs under Water supply like coverage of water supply connection(%), per capita supply of water at consumer (lpcd) was declining steadily from 2012-13 to 2015-16 from 77.9% to 49.6% and 75.7 lpcd to 66.7 lpcd respectively. Also, achievement against the target fixed in the aforesaid two indicators for the year 2015-16 was 49.6% against 80% and 66.7 lpcd against 100 lpcd respectively. Similar situation was prevailing in other KPIs viz. continuity of water supply where there was no improvement in last five years (2hrs per day) whereas target of 3 hrs per day was fixed in the year 2015-16, efficiency of redressal of customer complaints (target achieved 84.7% against 95%), efficiency of collection of water supply related charges (target achieved 81.2% against 88%). Further, records relating to fixing targets and achievements were not available with the Department. The reasons for non-achievement of the SLB under water supply in respect of majority of the indicators as well as non maintenance of records regarding SLB were called for in audit.

In reply the department stated that the Corporation is seriously working over the filling of gaps of demand and supply of water and working day and night to complete the 100MLD Surya Project and has also taken up Sujal Nirmal Abhiyan to improve distribution of water. After completing these projects the shortage of water would be minimized.

Further progress is awaited.

Para 7: Water supply through tankers- avoidable loss of Rs. 150.63 lakh

Scrutiny of the relevant records revealed that supply of water through tankers to some areas started from the beginning of the Corporation i.e. from the year 2010 onwards and continued till date through the contractors M/s Baba Water Suppliers, Nallasopara, M/s Aaftaab Infra etc. Further, it was observed that VVCMC, Virar had not been charging service charges for supply of water through tanker from the beneficiaries, as done in other Municipal Corporations viz. Thane, Mira Bhayander etc. which also procure water through tankers.

The expenditure incurred year wise for water supply through tankers as per the information given by the department is as under:

Year	Expenditure (in lakh)
2010-11	0.04
2011-12	1.49
2012-13	0.00
2013-14	44.10
2014-15	49.09
2015-16	55.91
Total	150.63

Had the service charges been collected by the corporation on No profit No loss basis, as per the guidelines of UDD vide Government Resolution dated 2/8/2010, this could have been added to the water supply schemes for better functioning. The VVCMC could have adjusted the expenditure of Rs. 150.63 lakh as mentioned above against the income from service charges.

On this being pointed out, the department stated that after completion of Surya Project (100MLD) the expenditure on tanker services would be minimized.

Further progress in the matter is awaited.

Para 8: Short recovery of sales tax from contractor's RA bill (Rs. 1,50,474)

As per codal provision, sales tax to be recovered from each running account bill of work done by the contractor should be at the rate prescribed therein. The Notification issued by the Commissioner of Sales Tax, Maharashtra State, Mumbai Dated: 04.04.2012 recoveries of sales tax from unregistered contractors has been revised from 4% to 5% w.e.f. 01.04.2012. Registered dealer with valid TIN will attract 2% VAT.

During the test check of vouchers paid through Water Supply Department, VVCMC of unregistered contractors for the works done during the year 2014-15 and 2015-16, it was noticed that the sales tax was recovered from R.A. bill @2% instead of 5% from some unregistered dealers as no details of sales tax registration viz. copy of TIN certificates etc. of these dealers was available on record. This has resulted in short recovery of VAT @ 3%. Some illustrative cases are given below where no details of sales tax registration viz. copy of TIN certificates etc. was available on record and sales tax was short levied:

Sr. No.	Name of the work	Name of contractor	RA Bill amount (Rs.)	Difference @3% VAT (Rs)
1.	Repairing of Chanakyanagari Pump House, Maintenance room and wall compound in Chankyanagari Samelpada	M/s R.G. Construction	3,84,101	11,523
2.	Construction of Pipe culvert & WBM road from Nirav industry to Gaodevi Palatpada at Sativali	M/s Dhaneswar Bhoir	721159	21,634
3.	Construction of RCC culvert near Shri Industrial	M/s Hamid Sheikh	850000	25,500
4.	Repairing work of Shree-prasth Pump House and extending Pump room for Panel Board at Nallasopara(W)	M/s R.G. Construction	3,84,855	11,545
5.	Lowering, Laying and Jointing 150 mm dia & 100 mm dia D I Pipe line at Harvatepada	M/s Abhishek A. Lengre	990222	29,706
6.	Construction of pipe gutter from Ashok Thakur house to main gutter in ward no. 15	M/s Abrar Muzammil Shaikh	732033	21960
7.	Construction of pipe gutter at Sahakar nagar in Shivaji mitra mandal in Virar (E)	M/s Pawan Suresh Patil	953558	28606
		Total		1,50,474

From the above table it can be seen that Sales Tax (VAT) was short recovered at Rs. 1,50,474/- in the illustrative cases (7 cases) as per the records provided to audit. The same was asked to be recovered and intimated to audit accordingly. Further this irregularity was asked to be verified in other cases also and result thereof may be submitted to audit accordingly.

On this being pointed out, the department stated that audit objection of deduction of 5% VAT has been noted and after verification short levy of 3% VAT would be recovered and deposited in Government account.

Para 9: Non fulfillment of demand of clean water of resident of VVCMC area

During scrutiny of record it was observed that the demand of VVCMC area for water is 250 MLD. The VVCMC provided water of 130 MLD. Considering 20% wastage, the water provided to resident worked out to 104 MLD. Thus the VVCMC has fulfilled nearly 42 % demand of resident of VVCMC area. The water is supplied to residents only on alternate days. Hence VVCMC decided to implement Augmentation to Vasai Virar Water Supply Scheme Surya Stage III, to provide an additional 100 MLD water supply to fulfill demand of residents to some extent. However, delay in completion of the project resulted in deprivation of benefit of clean water to residents due to which residents were mostly dependent on water supplied by the tankers. Further it was observed that in most of the area previously attached to Gram panchayat, the coverage of network of pipelines is either partial or not in existence at all.

While accepting the audit observations, department stated that out of 69 villages under VVCMC area, tap water is partially supplied to 28 villages. The works under “Surya Stage III additional 100 MLD project”, “Maharashtra Sujal and Nirmal Abhiyan” and “Amrut Abhiyan” are in progress. After completion of these projects, sufficient clean water would be supplied to VVCMC area in all the 69 villages.

Further progress is awaited.

Para 10: Posts lying vacant

During scrutiny of records relating to staff, it was noticed that there are huge vacancies under Water Supply Department as shown below:

Sr.No.	Post	No. of posts sanctioned	No. of posts filled	No. of posts vacant	% of Vacancies
1	City Engineer	1	1	0	
2	Executive Engineer (Architecture)	3	1	2	66
3	Sub Engineer (Architecture)	9	1	8	90
4	Branch Engineer (Architecture)	9	5	4	43
5	Junior Engineer (Architecture)	27	7	20	74
6	Executive Engineer (Electrical)	1	0	1	100
7	Sub Engineer (Electrical)	1	0	1	100
8	Branch Engineer (Electrical)	2	0	2	100
9	Junior Engineer (Electrical)	6	0	6	100
10	Filter Inspector	3	0	3	100
11	Chemist	3	0	3	100

12	Assistant Chemist	6	0	6	100
13	Electric Supervisor	9	0	9	100
14	Diesel Mechanical Operator	3	0	3	100
15	Vijtrantri	6	0	6	100
16	Assistant Vijtrantri	9	0	9	100
17	Instrument mechanic	3	0	3	100
18	Pump mechanic	2	0	2	100
19	Welder (associate)	2	0	2	100
20	Head fitter	2	0	2	100
21	Pump operator	7	5	2	30
22	Plumber	21	1	20	95
23	Tap fitter	5	0	5	100
24	Superintendent	2	1	1	50
25	Sub Superintendent	2	0	2	100
26	Senior clerk	6	0	6	100
27	Clerk	12	8	4	66
28	Short writer	1	0	1	100
29	Short hand writer	1	0	1	100
30	Water Superintendent	1	0	1	100
31	Meter reader	1	2		
32	Bigari	32	5	27	85

From the above, it could be seen that 100% of the posts of Ex. Engineer (Arch), Sub Engineer (Arch), Jr. Engineer (Arch), Ex. Engineer (Elec), Sub Engineer(Elec), Jr. Engineer (Elec), Filter Inspector, Chemist, Assistant Chemist, Electric Supervisor, Diesel Mechanical Operator etc are also vacant. In the absence of this work force, how the department manages the work related to the Water Supply Department may be stated to audit. Action taken in this connection was also called for in audit.

In reply the department stated that in phased manner the vacant posts are being filled up by the Corporation. The factual position in this regard has been conveyed to the Government and its approval is awaited.

Further progress is awaited.

Part III – Test Audit Note

--Nil--

Sr. Audit Officer/SS-I

Annexure “A”

Penalty levied due to non maintenance of power factor

Month of Electricity Bill	Usgaon Water supply project	Parol water supply project	Shirawali water supply project
14-Apr	16615	0	10989
14-May	20438	0	10079
14-Jun	18503	0	0
14-Jul	29333	0	9376
14-Aug	22678	0	8047
14-Sep	11598	0	0
14-Oct	Bill missing	0	0
14-Nov	0	0	0
14-Dec	Bill missing	26797	0
15-Jan	5208	41197	0
15-Feb	0	0	0
15-Mar	Bill missing	0	0
15-Apr	4375	0	0
15-May	2225	0	0
15-Jun	Bill missing	Bill missing	Bill missing
15-Jul	Bill missing	Bill missing	0
15-Aug	0	0	0
15-Sep	0	0	4765
15-Oct	0	0	0
15-Nov	Bill missing	38050	0
15-Dec	Bill missing	Bill missing	Bill missing
16-Jan	3485	0	29327
16-Feb	1931	35891	28614
16-Mar	9663	50233	3556
Total	146052	192168	104753
		Grand Total	442973

Assistant Audit Officer/SS-I

Annexure A

Details of extra items

Item No	Items in brief	Rate	Unit	Qty	Amount
1	Providing and applying plaster/ wall punning with plaster of pans	349.96	SQ.M	6194.51	2167830.72
2	Providing structural steel work in trusses other similar trussed purlins and members with all bracing plate etc	80445.28	MT	23.38	1880810.65
3	Providing and fixing of precoated galvanized steel profile sheets	892.94	SQ.M	788.80	704351.07
4	Providing, fabricating, supplying and fixing panels of aluminum composite panel	4743.61	SQ.M	885.10	4198569.21
5	Providing, supplying and fixing of multiwall polycarbonate sheets 10mm thick	1958.00	SQ.M	613.08	1200410.64
6	Providing and fixing rolling shuttle fabricated from steel laths of min. thk. 0.9mm with lok plate 3.15mm thick	5012.98	SQ.M	29.56	148183.69
7	Providing and fixing 16mm dia Hilty make chemical anchor fasteners over RCC members	1527	Nos	135.00	206145.00
8	Removing GI or AC sheet roofing including purlins principal rafters etc	38.17	SQ.M	1385.50	52884.54
				Total	10559185.52