

Inspection Report on the account of the Dy. Commissioner, Central Stores Department, Vasai Virar City Municipal Corporation, Virar for the period 01/04/2011 to 11.12.2015 (2015-16) since decentralized (separate note attached)

Part I) Introductory

A test check on the accounts and records maintained by the Dy. Commissioner, Central Stores Department, Vasai Virar City Municipal Corporation, Virar (VVCMC) for the period 01/04/2011 to 11/12/2015 was conducted locally during the period from 20-09-2019 to 27-09-2019 by an audit team comprising of Shri. Ratnesh Sinha, AAO, Shri. A.B. Salunke, AAO, and Shri. R.K. Indap, Sr. Auditor under the supervision of Shri. R.S. Rana, Sr. Audit Officer.

II) Personnel:

Following officials held the charge of Dy. Commissioner, Central Stores Department

Sr. No.	Name of Official	Period
1.	Shri. Sunil L. Lahane	26.10.2010 to 20.04.2011
2.	Shri. Devidas Pawar	21.04.2011 to 17.02.2014
3.	Shri. Kishor Gawas	18.02.2014 to 24.08.2014
4.	Shri. Ajij Karim Shaikh	25.08.2014 to 20.07.2018
5.	Shri. Kishor Gawas	21.07.2018 to date

III) Budget and Expenditure (2011-2015-16)

Note: (a) No separate cash book was maintained by the Central Store Department. It is maintained by CAFO, VVCMC

a) Grants & Expenditure during the year 2016-17 to 2018-19

Sr. No.	Particular s/ schemes	(Rs. In Lakh)									
		2011-12		2012-13		2013-14		2014-15		2015-16	
		Grant (Rs.)	Exp (Rs.)	Grant (Rs.)	Exp (Rs.)	Grant (Rs.)	Exp (Rs.)	Grant (Rs.)	Exp (Rs.)	Grant (Rs.)	Exp (Rs.)
	Maintained by CAFO department										

IV) Activity of the Department:

- To purchase and supply the material for various departments of VVCMC for functioning of day to day work

V) Audit Scope and Methodology

- The compliance audit of Central Stores Department VVCMC commenced with an entry meeting which was held on 20.09.2019 with Shri.K.S.Gawas Dy. Commissioner, Central Stores Department VVCMC in which audit scope and methodology were explained. Out of total population of cases cases were selected by simple random sampling method. The audit findings were discussed with the Dy. Commissioner, Central Stores Department in an exit meeting held on 27.09.2019.

VII) Internal Audit

Details of audit inspection conducted:

Name of authority	Period covered	Date of Inspection	Report received or not	No. of paras outstanding
Local Fund Audit	2011-12	NA (Not available)	Yes	4
	2012-13	NA	Yes	9
	2013-14	NA	Yes	7
	2014-15	NA	Yes	
	2015-16	05.12.2018	Yet to be received	

VI) Disclaimer

The Inspection Report has been prepared on the basis of the information furnished and records made available by the Central Stores 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 II: Audit Findings Part II-A: Significant Audit Findings ---Nil---

Part II B: - Other incidental Audit Findings

Audit theme 1 & 2: Planning and Fund Management

Para 1: Non-Payment to Suppliers amounting to Rs.18.36 crore.

It was noticed from the note dt 09.09.2016 of the voucher file of March 2018 that the Central Stores Department of VVCMC had made purchases amounting to Rs.18.36 crore during the period 2013-14, 2014-15 and 2015-16 for which the payment was yet to be made to the suppliers. The major purchases made were as under:

Sr. No	Subject	Amount in Rupees
1.	General elections 2015(Stage, Mandap, sound system, Tea, Coffee, snacks etc.	40917928
2.	Tea Snacks Lunch Garlands etc	15302316
3.	Purchase of Insecticides	22247540
4.	Purchase of furniture	9330765
5.	Other materials	26978508
6.	Hospital Materials and Equipment	38564240

Further the Commissioner had directed to submit the files separately duly approved by the Purchase Committee.

It was asked to clarify whether the said files were submitted to the Commissioner for approval, if so the same may be furnished to audit for verification. Further whether the said amount of Rs.18.36 crore was paid to the suppliers, if yes the same to be furnished to audit along with vouchers. If no payment was made reasons for not making payment till date.

On pointing out this in audit, the department stated that out of Rs.18.36 crore an amount of Rs.13.63 crore was paid and the balance of Rs.4.73 crore was yet to be paid. The reply was not tenable as the purchases made were of regular feature for which non-payment of the same for period of more than three years was not justified. Further no reason was given for non-payment of the said amounts

Further progress is awaited.

Audit theme 3: Implementation

Para: 2-Payment of operation & maintenance charges within warranty period (Rs. 15.05 lakh)

Scrutiny of the records of purchase of Turn Table Ladder (TTL a fire fighting vehicle) revealed that the Estate department of the VVCMC had purchased 40 meter Turn Table Ladder from M/s Rosenbauer International A.G. Austria at a cost of Rs. 4,34,10,966 (619325 Euro) for the Fire Brigade Department of VVCMC. The gross weight of the vehicle was 14,500 Kg and the vehicle was purchased on Letter of Credit (LC). The VVCMC also paid Rs. 1.25 crore as Custom Duty for buying the TTL. The supplier

company had authorized on 18.01.2011 to M/s Anlon IPS Engineering Private Limited Bangalore to do the contract procedure on his behalf and the agreement for the above purchase was signed on 03.03.2011 which was also the date of approval of General Body. The Vehicle was commissioned on 21.09.2012.

As per the Tender clause no. 10 of the Special Condition of the contract, the warranty of the vehicle will remain valid for 24 months from the date of commissioning of the equipment. Under the clause of warranty, the supplier shall with all reasonable speed repair and replace the defective goods or parts thereof without charging to the purchaser. Further as per Tender clause No. 13 (1) (c-ii) conduct training of the purchaser's personnel at the supplier's plant and on site in assembly, start-up, operations and maintenance and repair of the supplied goods, so, the operation and maintenance of the vehicle could be done by the fire personnel itself. It was also observed that no clause was mentioned in the tender regarding charges of operation and maintenance during warranty period. It was mentioned that proper training was provided to the fire personnel. However, it was observed that the VVCMC had made operation and maintenance contract for Rs. 15,04,520 during warranty period for 24 months and agreed to pay operation and maintenance charges during the warranty period for 24 months as under:

First year- Rs, 8,14,450 and Second year- Rs. 6,90,070

Omission to follow the specific conditions of the Tender resulted in irregular agreement and payment of operation and maintenance charges of Rs. 15.05 lakh during 24 months warranty period just after commissioning of the TTL.

On pointing out this in audit, the department stated that the detailed compliance would be submitted after verification of relevant records.

Further progress is awaited.

Audit theme 3: Implementation

Para: 3-Undue favour to supplier due to non-renewal of Performance Bank Guarantee of Rs. 11.64 lakh

The supply order for fabrication and supply of 01 No. Emergency Rescue Tender on TATA LPT 1616 chassis along with Accessories and equipment's was

placed by the VVCMC on M/s. Brijbasi Hi – Tech. Udyog Limited, Mathura on 26/07/2011 for Rs. 1,16,40,000/- after following tender procedure. The delivery period was 6 months from the receipt of payments of Chassis to manufacturer of Chassis. As per condition 09 and 12 of Pocket “B” Price Bid dt. 16/03/2011 100% payment against delivery of the said completed consignment against submission of PBG for the period of 24 months of Guarantee period.

On scrutiny of records it was noticed that 100% payment of Rs. 1,16,40,000/- against 10% PBG of Rs. 11,64,000/- for one year was made to supplier on 29/05/2012. However, neither PBG for 2 years was obtained nor renewed after one year by the said supplier as the Guarantee period was for two years resulting in undue favor to supplier. Further, delivery challan dt. 29/03/2012 submitted by the supplier was for Rs. 2,18,40,000.26 + 13.5% VAT instead of Rs. 1,16,40,000/- which needs clarification.

On pointing out this in audit, the department stated that the detailed compliance would be submitted after verification of relevant records.

Further progress is awaited.

Part III: Paras Outstanding from Previous Inspection Report.

--NIL--

Part IV: Best practices

- NIL-

Part V: Acknowledgement

All requisite records called for by audit party were produced timely by the concerned Department staff and Shri. Ghanshyam Patil, Sr. Clerk played an important role in producing the records.

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 1/4/2016 to 31/3/2019

Part I-A: 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 1/4/2016 to 31/3/2019 was conducted locally from 03-07-2019 to 09-07-2019 by Shri Ratnesh Sinha, Assistant Audit Officer, Shri A.B. Salunkhe, Assistant Audit Officer, Shri R.K. Indap, Sr. Auditor under the supervision of Shri R.S. Rana, Sr. Audit Officer.

Personnel

The following officials held the charge of Chief Accounts and Finance Officer, Vasai Virar City Municipal Corporation, Virar during the period covered by audit.

Sr.No.	Name of the officer	Period
1.	Shri. Subhash M Nipane	March 2016 to June 2016
2.	Shri P.P. Ratnakar	28.06.2016 to 01.09.2016
3.	Shri. Pravin N. Wadgaye	02.09. 2016 to 23.08.2017
4.	Shri P.P. Ratnakar	24.08.2017 to 19.06.2018
5.	Mrs. Anuja A. Kini	22.06.2018 to 29.03.2019
4.	Shri A.C. Kolhe	30.03.2019 to till date

Grants and Expenditure

The details of Grants and expenditure incurred head wise during the year 2016-17 to 2018-19 were as below:-

Sr. No	Item of Expenditure	Rs in Lakh								
		2016-17			2017-18			2018-19		
		O.B.	Grant	Exp	O.B.	Grant	Exp	O.B.	Grant	Exp
1.	Road Grant	22.53	100.00	-	128.53	100.00	194.50	36.82	100.00	122.83
2.	Dalit Vasti	226.32	491.97	-	750.47	40.00	250.54	409.15	212.01	286.03
3.	13 th Finance Commission	126.68	-	-	129.03	-	-	139.48	-	-
4.	Suvarna Jayanthi City employment Scheme	196.01	25.80	38.96	190.10	-	49.59	149.83	-	136.92
5.	MP/MLA Fund	78.43	350.92	94.21	363.47	309.26	221.76	452.73	185.72	185.52
6.	Special works Fund	4.02	-	-	4.55	-	-	4.02	-	-
7.	Satellite City Grant	1056.71	3282.70	3451.03	888.39	1857.13	2446.82	298.70	2906.65	818.87
8.	LBT grant	-	19100	19100	-	5352.00	5352.00	-	-	-
9.	Mudrankshulk	-	6161.25	6161.25	-	4727.65	4727.65	-	7693.36	7693.36
10.	Amrutyojana green space	-	25	-	26	63.79	40.84	52.92	111.61	106.45

11.	AmrutyojanaSoururja	-	111.30	-	114.57	-	-	120.80	-	127.02
12.	Swachha Bharat Abhiyan	77.32	360	425.48	16.01	57.14	55.00	19.63	96.40	89.40
13.	Machhi market anudan	20.26	39.53	-	66.71	-	30.16	33.26	-	-
14.	GST Grant	-	-	-	-	21648.00	21648.00	-	30120.00	30120.00
15.	SujalNirmalAbhiyan	230.46	244.65	475.11	-	243.46	243.46	-	-	-
16.	Census grant	-	124.67	132.38	-	-	-	-	-	-
17.	MMRDA Grant for railway Fatak no 40	-	150	-	150	-	101.74	48.26	-	20.00
18.	Maharashtra SuvarnaJayanthiNagar otthan	1263.80	7433.71	4176.18	5279.43	-	3046.26	2525.79	-	1351.06
19.	Amrutyojna Water supply	-	2601.13	2202.11	454.64	5390.20	4409.02	1499.90	1.93.50	707.80
20.	PrathamikSoyisuvidha Nidhi	1771.42	-	39.53	1762.07	-	273.28	-	-	-
21.	Alpasankhyankkalyan nidhiyojana	33.90	-	9.94	27.37	-	4.78	23.91	-	-

The details of 13th and 14th Finance Commission Grants and Expenditure during the period from 01-04-2016 to 31-3-2019

Finance Commission	2016-17			2017-18			2018-19		
	O.B.	Grant	Exp	O.B.	Grant	Exp	O.B.	Grant	Exp
13 th FC	127	-	-	129.03	-	-	139.48	-	-
14 th FC	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

i) Cash Books:

Sr.No.	Name of the Cash Book	No.of Accounts	Balance of Cashbookason 31.03.2019	Balance of Passbook as on 31.03.2019	Difference
1	General Fund	01-444	Information not made available to audit		
2	SuvaranaJayantshahari Employment Fund	01-10			
3	Salary Reserve Fund	01-05			
4	Water Supply Reserve Fund	01-04			
5	General Provident Fund	01			
6	Tree Fund	01-05			

7	Primary Education Fund	01-03		
8	Sanitation Fund	01		
09	Depreciation Fund	04		
10	Loan repayment Fund	01-05		
11	AmrutAbhiyan	01-03	Information not made available to audit	
12	Satellite city	01-02		
13	Special planning authority	01-05		
14	PMGSY	01		
15	Transport	01		
16	NULM	01		
17	Water-Sewerage Fund	01-125		

It was observed that bank reconciliations for the audit period have not been done.

Activities of the department

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

Details of audit /inspection conducted by various authorities

Name of Authority	Period covered	Date of Inspection	Report received or not	Outstanding paras
CA & FO	2016-17	04.12.2017	Submitted to Standing Committee	
Chief Auditor	2014-2015	18.01.2016	yes	132
Local Fund	01.04.2015 To 31.03.2019	Audit in progress	----	---

- a) Post audit of transaction is regularly conducted by Municipal Chief Auditor
- b) The MCA audited the records for the year upto 2016-17.

No.of misappropriation/embezzlement cases occurred during 2016-17 to 2018-19– nil

Disclaimer

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Part II: Audit Findings**Part II-A: Significant Audit Findings**

--Nil--

Part II B: - Other incidental Audit Findings**Theme 1:- Accounting System****Para-1: Accounting and audit arrangements, non- preparation of annual accounts in double entry accounting system since 2010-11 and non certification of annual accounts by DLFA**

Accounts of urban local bodies are being maintained on cash basis. Ministry of Urban Development and Poverty Alleviation, Government of India and Comptroller and Auditor General of India had formulated (December 2004) National Municipal Accounts Manual (NMAM) with double entry system, for greater transparency and control over finances and requested (May 2005) the State Governments to adopt NMAM. The Govt. of Maharashtra, Urban Development Department (UDD) had vide GR dated 06/07/2005 instructed to follow

guidelines given in NMAM until finalization of accounting policy by GOM. The UDD vide GR dated 18-10-2010 sent the Maharashtra Municipal Account Code 2010 for adoption and instructed all the Municipal Corporations to switch over to double entry accounting system in respect of financial year ending 31 March 2011.

Further, Para 31.2 of National Municipal Accounting Manual (NMAM) governing the Urban Local Bodies (ULBs) stipulates preparation of the Annual Administrative Report and Statement of Accounts by the ULB every year. The report shall be in such form and shall obtain such information as the Standing Committee may from time to time direct. Further according to Para 31.3 of NMAM, preparation of Financial Statements comprising of various reports is the responsibility of the Head of the Accounts Department. However, other reports such as Auditors Report and Municipal Commissioner's Report on the Financial Statement shall be prepared by the Municipal Auditor and the Municipal Commissioner respectively.

As per Para 31.4, the Annual Report of the ULB shall include the following.

- a) Financial Statement consisting of (i) Balance Sheet (ii) Income and Expenditure Statement (iii) Statement of Cash Flow (iv) Receipt and Payment Account (detailed as per the Account Heads) (v) Notes to Accounts (vi) Financial Performance indicators.
- b) Report of the Municipal Chief Auditor (MCA).
- c) Municipal Commissioner's (MC) Report on the Annual Financial Statement and the qualifications and comments made in the Report of the MCA.
- d) Standing Committee's Action Taken Report on the qualifications and comments made in the Report of the MCA and the Report of the MC.

As per Para 31.6, the ULB shall also prepare the Financial Statements like the Balance Sheet, Income and Expenditure Statement, Statement of Cash Flow and Receipt Payment Account at the end of each Quarter. Balance Sheet shall disclose figures as on date for the current year. Income and Expenditure Statement, Statement of Cash Flow and Receipt Payment Account shall disclose Quarterly Figures and progressive year-to-date totals and the Figures of the Corresponding Quarter of the previous year and Quarterly movements in various Accounts. In addition, the Income and Expenditure Statement shall also disclose the

Annual Budget Figures. In respect of the Accounting Year, the ULB shall prepare all the Statements and report specified in Para 31.3.

On scrutiny of records of CAFO department, it was observed that Vasai Virar Municipal Corporation was not preparing their annual accounts in double entry accounting system since 2010-11. The annual accounts were being prepared in single entry account system.

Further, the Chief Auditor in VVMC was carrying out pre-audit of the transactions on revenue aspects and the Director, State Audit (DLFA) is a statutory auditor for VVMC, who conducts post audit.

On this being pointed out in audit, the department stated in reply that, the work of double entry accounting system was prepared up to 2015-16 along with reconciliation and statement of accounts was also prepared and intimated to DLFA. It was further stated that the audit of double entry accounting system was not conducted by the MCA, and assured that the said account would be submitted to the Standing Committee and after obtaining approval from Standing Committee; the above account would be submitted to DLFA for certification. However, accounts in single entry were prepared up to 2017-18 and got approved by the Standing Committee.

Further progress was awaited.

Theme 2: Budgeting/Fund Management

Para-2: - Unutilized fund of Rs. 20.45 crore received from MHADA for purchase of machinery & equipment for Fire Station at VVCMC area.

The Commissioner, Vasai-Virar City Municipal Corporation (VVCMC) vide letter dated 13/10/2017 had submitted proposal for purchase of machinery equipments of Rs. 20.45 crore to the Chief Officer, Konkan Housing and Area Development Board (KHADBA MHADA unit) Mumbai for Fire Station at VVCMC area, constructed by MHADA. Accordingly, grant of Rs. 20.45 crore was disbursed by the Executive Engineer-I, KHADB, Mumbai vide Demand Draft No. 633395 dated 01/11/2017 on 02/11/2017 and the same was credited in Indus Ind Bank Saving Bank Account No. 100022976191, Branch Vasai on 03/11/2017. However, the said amount of Rs. 20.45 crore was lying unutilized in the said Bank Account as

purchase procedure was yet to be completed, even after lapse of one year and eight months from the date of its receipt.

Non-utilization of the said fund not only resulted in blocking of fund but the very purpose of the grant to provide machinery & equipment to the said Fire Station was also not served for a considerable period.

On this being pointed out in audit the department stated in reply that the construction work of fire station and fire equipment were in progress for which the funds would be utilized.

Further progress was awaited.

Para-3:Unutilized grants received under 13th Finance Commission (Rs. 1.21 crore)

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 Pass Book operative in Indian Bank, Nallasopara Branch under Saving Bank Account No.932665955, it was observed that out of the said grants, an amount of Rs. 1,21,39,687 of the Scheme was lying unutilized in the Saving Bank Account as on 31.03.2019.

On this being pointed out in audit the department stated that the entire fund received under 13th FC was utilized for which UCs have already been submitted and balance amount shown in the account has been accumulated from interest out of the 13th FC grant and is a part of the MC's General Fund. The said accumulated amount would be transferred to the General Fund.

Further, progress was awaited.

Para-4:Non-adherence to provisions regarding lapsed deposits (Rs.60.22 crore)

According to provisions contained in Rule 190(3) of Maharashtra Municipal Account Code, 1971, deposits accumulated for a period of three years and more should be lapsed and credited to General Fund.

On scrutiny of records and information furnished to audit, it was observed that security deposits amounting to Rs. 106.43 crore accumulated since 2009-10 till 31-3-2019 was lying in the deposit account only (as detailed below):

Year	Balance amount of Security Deposit (amount in Rs.)
2009-10	7874761
2010-11	10907165
2011-12	43035696
2012-13	80227989
2013-14	158513168
2014-15	179109528
2015-16	122539717
Total	602208024
2016-17	97437874
2017-18	175726210
2018-19	188940679
Grand total	1064312787

As per the provisions mentioned above, deposits (pertaining to 2009-10 to 2015-16 period) amounting to Rs.60.22 crore accumulated for a period of three years and more, should be treated as lapsed and credited to General Fund of the Municipal Corporation. However, it was noticed that the above provision was violated and such a huge amount of Rs. 60.22 crore was not treated as lapsed and credited to the General Fund of the MC.

In reply the department stated that the amount which was accumulated for a period of three years and more would be lapsed during the accounting year 2019-20.

Further progress was awaited.

Para-5: Outstanding advances pending for settlement (Rs. 4.27 crore)

Under Rule 189 of Maharashtra Municipal Account Code, 1971 an account of advances shall be maintained in Form 147. The advances should be settled in time in proper manner to close the pending account of advances.

On scrutiny of relevant records and registers, it was noticed that advances to the extent of Rs.4.27 crore were outstanding against various departments of the Corporation as on 31.03.2017 as detailed below.

Year	No. of cases	Outstanding advances (Rs.)
2008-09	01	274902
2013-14	01	600000
2014-15	01	1000000
2015-16	04	4297778
2016-17	01	8800
2017-18	11	9004909
2018-19	22	27500879
Total	41	42687268

From the above, it could be seen that the advances amounting to Rs. 4.27 crore in 41 cases were outstanding for the period from 2008-09 to 2018-19. This indicates that the advances given to attend various works since 2008-09 were not cleared and settled and therefore, these were accumulated over the years.

The department stated in its reply that the settlement of outstanding advances would be done and furnished to audit.

Para-6: Non creation of Depreciation Fund

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

On scrutiny of cash book for the year 2016-17 to 2018-19 it was observed that an amount of Rs. 34.16 lakh was shown as balance as on 31.03.2019. This balance amount should have been credited to the depreciation fund. However, it was observed that the department had not created depreciation fund and the said amount was lying in the FD (Rs. 31.62 lakh) as well as in saving bank (Rs. 2.54 lakh) account. Reasons for non-creation of Depreciation Fund and keeping the same in Saving Account only was called for in audit. Though the issue was highlighted in previous audit (2013-16) the matter was not resolved and the depreciation fund was not created till date.

In absence of the said fund, the source from which replacement of old machinery, reconstruction of old depleted building and damage road were being under taken could not be ascertained.

On this being pointed out, the department stated that the depreciation fund has been created, however, depreciation funds would be allocated as per availability

Further progress in the matter was awaited.

Manpower Management**Para-7: Acute shortage of staff**

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.

Though the above shortages/staff position was highlighted in the previous audit (2013-16), no action was initiated by the department to resolve the shortages of staff position.

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

Further progress in the matter was awaited.

Part III: Follow up on findings outstanding from previous reports**Inspection Report for the period 2013-14 to 2015-16****Para 5: Non-investment of idle fund of Rs.143.89 lakh fixed deposits**

Para retained for supporting documents.

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

(ii) Non production of Utilization Certificate (UCs)

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

Para retained for comments of 12th F.C.

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

Para retained for full and final compliance.

Para 12: Non utilization of provision made for education

Para retained for supporting documents of utilization of provision

Part IV: Best practices

- NIL-

Part V: Acknowledgement

All requisite records called for by audit party were produced timely by the concerned Department staff and Shri Kiran Patil, Clerk played an important role in producing the records.

Sr. Audit Officer/S.S-I

Inspection Report on the accounts of the Dy. Director, Town Planning Department, Vasai-Virar City Municipal Corporation, Virar for the period 01.04.2016 to 31.03.2019.

Part I – A

I) Introductory

A test check on the accounts and records maintained by the Dy. Director, Town Planning Department (I/c), Vasai Virar City Municipal Corporation, Virar (VVCMC) for the period 01.04.2016 to 31.03.2019 was conducted locally during the period from 21.08.2019 to 03.09.2019 by an audit team comprising of Shri. Ratnesh Sinha, AAO, Shri. A. B. Salunke, AAO, and Shri. R. K. Indap, Sr. Auditor under the supervision of Shri. R.S. Rana, Sr. Audit Officer.

II) Personnel:

Following officials held the charge of Dy. Director, Town Planning Department during the period covered by audit.

Sr. No.	Name of Official	Period
1.	Shri. Y.S. Reddy	01.04.2016 to 27.04.2016
	Vacant	28.04.2016 to 10.05.2016
2.	Shri. Sanjay Jagtap (I/c)	11.05.2016 to till date

III) Budget and Expenditure

(Rs. in Lakhs)

Particulars	2016-17		2017-18		2018-19	
	Budget Provision	Expenditure	Budget Provision	Expenditure	Budget Provision	Expenditure

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

Revenue Receipts:

(Rs. in Lakhs)

Sr. No.	Details	2016-17	2017-18	2018-19
1	Building Permission fees	-	-	-
2	Premium	372.05	995.30	2220.05
3	Development Charges	741.47	1223.91	1795.51
4	True Copy	0.30	0.55	0.70
5	Arch License	0.65	1.10	1.15
6	Scrutiny fees	78.72	148.30	182.56
7	Revalidation fee	4.41	2.05	2.25
8	Security Deposits	50.85	155.56	202.28

9	Unauthorized occupancy charges	25.27	67.25	158.74
10	Miscellaneous	11.31	5.30	12.30

IV) Activity of the Department:

- (a) To accord approval issue building permission/commencement certificate to building plans as per procedure laid down under MRTTP Act, BMC Act and D.C. Rule of VVCMC
- (b) To monitor implementation of Development plan, Town Planning scheme and Land acquisition
- (c) To grant Transfer Development Rights (TDR)
- (d) To submit the proposals under section 37 and other related proposal to Government for sanction
- (e) Guidelines and advice on unauthorized construction cases under Section 52, 53, 54 & 55 of MR&TP Act 1966.

V) Audit Scope and Methodology

The compliance audit of Dy. Director Town Planning Department VVCMC commenced with an entry meeting which was held on 21.08.2019 with Shri Sanjay Jagtap Dy. Director (I/c) in which audit scope and methodology were explained. Out of total population of 258 cases 47 cases were selected by simple random sampling method. The audit findings were discussed with the Dy. Director Town Planning in an exit meeting held on 03.09.2019.

VI) 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	Nil
Audit of Local Funds	2013-14 to 2014-15	18.01.2016 to 29.06.2016	04.10.2016	2
Audit of Local Funds	2015-16	05.12.2018 to 31.05.2019	Report not received	--

VII) 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.

Part II: Audit Findings

Part II-A:

Significant Audit Findings

-----Nil-----

Part II-B

Other Incidental Audit Findings

Audit theme 1: Planning Process
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Para 1: Meager provision for expenditure on Reserved plots and very slow progress in implementation of Development Plan

As per the Government Resolution No-TPB/4305/1905/NV-11 dated:- 04-05-2006, each Municipal Corporation is required to spend minimum 20% of its expenditure on acquisition of land of reserved plots and development of such reserved plots.

Scrutiny of records revealed that there were 883 reserved plots earmarked for various purposes such as Recreational open spaces, spaces provided for facilities such as Educational , Medical, Commercial, Library and Gymnasium, Community Centre, Drama Theatre, Fire Brigade Station, Sports Complex/Stadium/Swimming Pool/Museum, Burial/Cremation Ground, and Truck Terminals/ Parking Lots. The VVCMC had proposed for development of all the 883 plots. However, the details of land acquisition made against the reserved plots, after the acquisition of the land the details of plots developed for the specific uses till date, has not been made available to audit. It was further observed that the Transfer Development Right (TDR) / Development Rights (DR) Certificates are being issued by the VVCMC issued against acquisition of reserved plots for development of road and other uses, however, details have not been made available to audit.

As it is the responsibility of the Corporation to acquire and develop reserved plots, at least 20% of budget expenditure should have been incurred for the said purpose as per Government Resolution dated 04-05-2006.

The details of total Expenditure incurred on development of reserved plots during the last five years were as under.

(Rs. in lakh)

Year	Total Expenditure of VVCMC	Expenditure required to be incurred on Development purpose (20%)	Expenditure incurred & percentage	Short expenditure incurred.
2016-17	53917.06	10783.41	0	10783.41
2017-18	50948.49	10189.70	0	10189.70
2018-19	98696.05	19739.21	25 (0.13%)	19714.21
Total	203561.60	40712.32		40687.32

From the above, it could be seen that the expenditure for implementation of Development Plan was almost Zero during 2016-17 and 2017-18, however during 2018-19 it was very meagre amount of Rs. 25 lakh only against the prescribed limit of Rs. 19739.21 lakh. This also indicates that as the Municipal Corporation is not providing funds to the Town Planning Department for the implementation of the Development Plan, hence, it seems that the Municipal Corporation is negligent for implementation of the Development Plan (2001-2021). The Corporation should acquire the reserved land and develop them for the benefit of the citizens as per the sanctioned development plan by making the required provisions in the yearly budget of the Corporation. This also resulted in delay in benefit for the intended purposes.

On pointing out this in audit, the department stated that the development of the plots was being carried out by the Works department and for making provision in the said budget by the accounts department. As the points relate to these departments the said matter would be taken up with the respective departments and compliance furnished to audit.

Further progress is awaited

.Audit theme 2: Fund Management

Para 2: Potential loss of Revenue of Rs.568.16 lakh due to non regularization of Mobile Towers

The Government In Urban Development Department vide its Notification No. TPS-1810/1975/CR NEW 65/12/DP/UD-13 dt. 4th March 2014 had issued guidelines for Regulation for setting up of Telecommunication Cell Site(s)/ Base Station (s) and installation of the equipments for Telecommunication network in the State of Maharashtra

1. The permission shall be granted under Section 44 to 47 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. Administrative Fee shall be as per the rate prescribed in the notification along with scrutiny fees and labour cess charges were to be recovered while granting permission for the said towers.

It was noticed that in case of submission of plans for regularization of reliance Jio Mobile tower on jay Munisurvat CHSL plot no 248 sector B. Survey no 103 pt, village manikpur, evershine city Vasai (E) the following charges were to be paid prior to issue of permission.

1. Compounding charges = $29.74 \times 4325 = 128625$ (R.R land rate of land = 17300 base rate 25% of R.R)
2. Scrutiny fees = 1000
3. Security deposit = 50000
4. Administrative fees = 30000
5. Labour cess ($29.74 \times 1\% \times 24200$) = 7198
- Total = 216823

The compounding charges as per policy sanctioned by the General Body Resolution No 29 dt 20.02.2017 at Sr. No.15 for already constructed mobile tower charges will be 100 per cent of premium rate on cabin area.(The normal premium rate shall be considered at 25 per cent of ready reckoner of land and tower base subject to minimum of Rs.25000/

It was noticed from the records that only 16 mobile towers were regularised by the Town Planning Authority for the mobile towers installed till the date of audit and the rates charged were as above

Further there were 552 no of mobile towers in the corporation area of which 245 mobile towers were issued notices for payment of taxes. Thus if all the 552 mobile towers would have been regularised the Corporation would have generated minimum revenue to the tune of Rs. 568.16 lakh as shown below

1. Compounding charges @ the minimum rate of Rs.25000
2. Scrutiny fees Rs.1000
3. Security deposit Rs.50000
4. Administrative fees Rs.30000
- Total Rs.106000**

Thus the corporation had lost potential revenue to the tune of $\text{Rs.}106000 \times 536 = 56816000$ due to non regularisation of these mobile towers.

On pointing out this in audit, the department stated that the matter would be examined and reply furnished to audit. The reply is not tenable as though it was fact that 552 mobile towers

had been erected however the department could regularize only 16, leaving a balance of 536, mobile tower of which potential revenue is being lost by the corporation.
Further progress is awaited.

Audit theme 2: Fund Management

Para 3: 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 2016-17 and 2017-18, it was noticed that no such Fund was created by the VVCMC. Further from the budget account for 2018-19 it was noticed that Development charges collected during the audit period were as under:

(Rs in lakh)

Particulars	2016-17	2017-18	2018-19
Development charges collected	747.47	1223.91	12000.00

As no separate account was maintained, the expenditure incurred from the said account could not be verified in audit.

On pointing out this in audit, the department stated that the development charges were being recovered and credited into bank; however, the creation of the fund was the responsibility of the accounts department. The reply is not tenable as the creation of the said fund was under MRTP act 1986.

Comments of the higher authorities may be obtained and furnished to audit.

Further progress is awaited.

Audit theme 2: Fund Management

Para 4: Non-credit of 50% Share of Rs. 85.71 lakh of Government received towards premium for allowing additional FSI to Educational Institutions Buildings

As per Para (b) (ii) and (iii) of Schedule “A” of GoM, UDD Directives No. TPS-1815/2647/CR-13/15/UD-13 dated 14/03/2016 under Section 154 of MRTP Act, 1966 regarding levy and sharing of premium amount between Government and respective said Authorities while granting Additional FSI to Educational, Medical Institutions, Institutional Buildings and Starred Category Hotels, out of the total premium, 50% amount was to be paid to the Government and balance 50% should be paid to the respective Authorities Premium payable to the Government should be deposited in the concerned account of Major Head of Urban Development Department at Government treasury by the Planing Authority.

Major Head – 0217 – Urban Development.

Scheme Name – 800 – Other receipt amount (01) Town and Regional Planning Receipt amount.

Detail Head – (01) (07) Other Items.

Scheme Code – 021701610100

Share of Government should be paid within 3 months from the date of letter of intent issued by the respective Authority.

It was noticed from records that an amount of Rs. 1,71,41,359/- recovered from 04 developers towards premium for allowing additional FSI to Educational Institutions Buildings between April 2017 and June 2018. However 50% Share of Government of Rs. 85,70,680/- was yet to be credited to Government even after lapse of 02 years except Rs. 1,74,000/- of one year in one case as detailed below:

Sr. No.	Constructio n permission No. (VP No.)	Name of Educational Institutions/Developers/O wners	Amount of premium received	Receipt No./ Date	50% Share amount to be paid to Government	Commence ment Certificate (C.C) date
1	VP-5878	Smt. Shyampatidevi Mishra, Educational Trust.	14,32,601/-	546673 dt. 19/04/2017	7,16,301/-	21.04.2017
2	VP-0111	Kanti Lallan Tiwari, Education Society	1,49,60,700/ -	589071 dt. 05/08/2017	74,80,350/-	14.08.2017
3	VP-4025	The Congregeshan of the Sisters of Sent Ane P.P.H.	4,00,058/-	592083dt. 11/01/2017	2,00,029/-	14.09.2017
4	SPA	Vasai Notre Dam Sisters	1,74,000/-	668117 dt.	1,74,000/-	25.06.2018

	VP-011	Society.		18/06/2018		
			1,74,000/-	668121 dt.		
			3,48,000/-	20/06/2018		

On pointing out this in audit, the department stated that action would be taken to credit the amount in the Major Head. The reply is not tenable to audit as the Major Head was already quoted in the Government Resolution for which no action was required. It was the department's responsibility to credit the amount into the Government account which was not done. The same may be credited at the earliest.

Further progress is awaited.

Audit theme 2: Fund Management

Para 5: Non- encashment of D.Ds.

The Development Control and Promotion Regulations for Vasai-Virar City Municipal Corporation 2013 were being implemented by the corporation under which various charges such as scrutiny fees, Development charges, Premium charges Security Deposit etc. are being levied by the corporation for development of land. The said charges were being collected in form of D.D before the issue of permissions. During the scrutiny of day book, receipt books and bank statements for the said charges, it was noticed that seven cheques amounting to Rs.17.45 lakh were dishonored by the bank as shown below:

Sr. No.	Account No.	Date	Particular/Reasons given by bank	Dishonored Amount
1.	100022976270	01/02/2018	Cheque dep. Return 602884 other reasons connecti Zone Serial 342	1,00,000=00
2.	-- do --	03/02/2018	Cheque dep. Return 602884 other reasons connecti Zone Serial 286	1,00,000=00
3.	100036385235	18/11/2017	Cheque dep. Return :205: Funds Insufficient Zone Serial 331	57,540=00
4	-- do --	12/12/2017	Cheque dep. Return :432: Funds Insufficient Zone Serial 270	5,48,850=00
5	100022976225	16/09/2017	Cheque Drawn (Paid) Cheque dep. Return:84654: Instrument outdated/Sta	500=00
6	-- do --	-- do --	Cheque Drawn (Paid) Cheque dep. Return:84653:Instrument outdated/Sta	8,63,500=00
7	100022976243	08/02/2018	2364 ERROUSALY CR 080218 NOW REV	74,944=00
Total				17,45,334=00

As the amounts were being collected in form of D.D, it was not clear how the D.D were dishonored as the bank had quoted the reasons in one case as insufficient funds. It was not clear from the bank statements that whether, the said funds were credited later on, it was also not clear that whether the permissions were issued without credit of charges.

On pointing out this in audit, the department stated that the matter would be examined and detail reply furnished to audit.

Further progress is awaited.

Audit theme 3: Implementation and Execution
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Para 6: Non-issue of plinth inspection certificates& occupancy certificates due to non-compliance of Development Control Regulation by developers

As per Section 48 of the Maharashtra Regional and Town Planning Act, 1966 every permission for development granted or deemed to be granted under section 45 or granted under section 47 shall remain in force for a period of one year from the date of receipt of such grant, and thereafter it shall lapse:

Provided that, the Planning Authority, may on application made to it extend such period from year to year; but such extended period shall in no case exceed three years:

Provided further that, if the development is not completed upto plinth level or where there is no plinth, up to upper level of basement or stilt, as the case may be, within the period of one year or extended period, under the first proviso, it shall be necessary for the applicant to make application for fresh permission.

As per the Development Control and Promotion Regulations of VVCMC 2013, the following provisions of Development Control Regulations were to be observed during development work.

- According to Regulation no.4.1, no person shall carry out any development work including development of land by laying out in to suitable plots or amalgamation of plots or development of any land as group housing scheme or to erect, re-erect or make alterations or demolish any building or cause the same to be done without first obtaining a separate building permit/ commencement certificate for each such development work/ building from the planning Authority.
- As per Regulation no. 5.1, every person who intends to carry out a development or redevelopment erect or re-erect a building or make alterations in any building or part of a building shall give a notice in writing to the Municipal Commissioner/

Other Competent Municipal Officer of his said intention in the form of Appendix C-XXI by engaging the services of Technical Personal holding qualifications and competence as detailed out in Appendix A-II and such notices should be accompanied by payment receipt of scrutiny fee, copies of plans and statements as required under regulation No.6.2 and 6.3.

- Further as per regulation no 5.5.1, the authority may either sanction or refuse to sanction the plans and sanctions or may sanction the plans with such modifications or directions as he may deem necessary after having recovered the necessary charges and thereupon, he shall communicate his decision to the person giving the notice accordingly in the form in Appendix C-XXI or C-XXIV as the case may be.
- Further per regulation no 5.6.1, commencement certificate/development permission shall remain valid for four years in the aggregate, but shall have to be renewed before the expiry of one year from the date of its issue. The application for renewal shall be made before expiry of one year, if the work has not already commenced. Such renewal can be done for three consecutive terms on one year each, after which proposals shall have to be submitted to obtain development permission afresh.
- As per Regulation No.6.4 of the said Regulation the owner through his licensed surveyor, structural engineer or supervisor or his architect shall give a notice accompanying the NA permission in the form of Appendix C-XXVI, along with other NOCs and statutory permissions required, to the Municipal Commissioner/ other competent Municipal Officer to ensure that the work conforms to the sanctioned plans. The Municipal Commissioner may inspect the work jointly with the licensed technical personal or architect within fifteen days from the receipt of such notice and either give or refuse permission for further construction as per the sanctioned plans in the form in Appendix C-XXVII.
- Further as per regulation no 6.7, on receipt of the acceptance of completion certificate in the form in Appendix C-XXXI, the owner through his licensed surveyor or engineer/structural engineer/ supervisor or his architect, shall submit to the Municipal Commissioner/ Other Competent Officer a development completion certificate in the form Appendix C-XXVIII and C-XXX. The certificate shall be accompanied by three sets of plans of the completed development. The Municipal Commissioner after inspection of work and after satisfying himself that there is no deviation from the sanctioned plans, issue an occupancy certificate in the form in Appendix C-XXXII or refuse to sanction the occupancy certificate within 21 days from the date of receipt of the said completion certificate, failing which the work

shall be deemed to have been approved for occupation provided the construction conforms to the sanctioned plans and Development Control and Promotion Regulations.. One set of plans, certified by the Municipal Commissioner, shall be returned to the owner along with the occupancy certificate. Where the occupancy certificate is refused or rejected the reasons for refusal or rejection shall be given in intimation of the rejection or refusal.

However, on scrutiny of the records & information furnished by the department for the period from 2016-17 to 2018-19, it was observed that 320 building proposals were received during this period, against these proposals and earlier periods proposals 360 Commencement certificates were issued to developers and individuals for development and construction of building in the municipal area of Vasai Virar Municipal Corporation. However, it was observed that against 360 CCs only 287 plinth inspection certificates were issued by the Municipal Corporation to the developers or individuals and reasons for non issuance of plinth completion certificates in remaining 73 cases were not made available to audit. It was also observed that 288 Occupancy Certificates only were issued during these periods. The omission resulted in non observance of DCR provisions for Development Control and Promotion Regulations. The details of commencement certificate/development permission sanctioned, plinth inspection certificate and occupancy certificates issued by the Corporation were as under:

Year	Building Proposal received during the period	Commencement Certificate granted during the period	Plinth Inspection Certificate granted during the period	Occupancy Certificate granted during the period
2016-17	92	53	72	57
2017-18	121	127	98	121
2018-19	107	180	117	110
Total	320	360	287	288

In view of the above data on plinth inspection certificates and occupancy certificates it seems that the developers are not complying the provisions of the DCRs for obtaining plinth inspection certificates and OCs.

On pointing out this in audit, the department stated that all the points would be verified and detail reply furnished to audit.

Further progress is awaited.

Para 7: Implementation of Government directives regarding structural audit of dilapidated or more than 30 years old building

As per provisions of Section 265 (A) of the Maharashtra Municipal Corporation and Municipal Councils (6th Amendment) Act 2009, every owner or occupier of a building in respect of which a period of thirty years, from the date of issue of its completion certificate by the Corporation or issue of permission to occupy a building under section 263 or its physical occupation of at least 50 per cent of its built up area, whichever is earlier, has expired, shall cause such building to be examined by a Structural Engineer registered with the Corporation for the purposes of certifying that the building is fit for the human habitation. The Structural Stability Certificate issued by such Structural Engineer shall be submitted to the Commissioner. If the Structural Engineer recommends any corrective repairs for securing the structural stability of the building, such corrective repairs shall be carried out by the owner or occupier of a building to the satisfaction of the Commissioner. Any owner or occupier, as the case may be, who fails to carry out corrective repairs for securing structural stability, within a period of six months from the date of report of the Structural Engineer, shall be punished with the fine as provided in section 398A.

As per the information, there are nine Prabhag Samities working under VVCMC jurisdiction. In the above connection, the information has been made available to audit in respect of Prabhag Samitee E, Nalasopara only and as per the said information there are 38 dilapidated and 165 unsafe buildings in this prabhag samiti. However, the details of action taken against these unsafe buildings have not been made available to audit. Apart from the E Prabhag samiti's information, the remaining 08 Prabhag Samitis information have not been made available to audit. Hence, the above mentioned information for the year 2016-17 to 2018-19 regarding number of buildings examined and Structural Stability Certificates issued by a Structural Engineer under Vasai Virar Municipal Corporation area, follow up action taken against such Old buildings, Societies or Individuals who have failed to comply of this regulation and further the action taken under section 398A were called for in audit.

On pointing out this in audit, the department stated that the said information was available with the works department and ward offices which would be called for and made available. Compliance may be submitted through the higher authority of the Department.

Further progress is awaited.

Audit theme 4: Manpower Management

Para 8: Important technical Posts lying vacant and appointment surplus staff

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	Surplus posts
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	3		+1
Typist /Clerk	2	8		+6
Peon	0	6		+6
Total	18	25	9	16

It is evident from the table mentioned above that, out of the 18 sanctioned technical/non technical posts for the Town Planning Department, 09 important technical posts as mentioned above are lying vacant (period of vacancy is not known), 03 technical posts and 13 non technical posts were observed as surplus for which documents in respect of necessary approvals from the competent authority were not available on records. Reasons for such a huge vacancy of technical officers and appointment of surplus staffs in Town Planning department of VVCMC along with necessary documents were called for in audit.

On pointing out in this audit, the department stated that correspondence with the higher authorities in this regard was in progress.

Further progress is awaited.

Part III:- Paras Outstanding from Previous Inspection Report

--NIL—

Part IV: Best practices

- NIL-

Part V: Acknowledgement

All requisite records called for by audit party were produced timely by the concerned Department staff and Shri. Shashikant Kini, Clerk played an important role in producing the records.

Sr. Audit Officer/SS-I

Inspection Report on the account of the Dy. Commissioner Assessor and Collector Property Tax Department, Vasai Virar City Municipal Corporation, Virar for the year 1/4/2016 to 31/3/2019.

Part I

I) Introductory

A test check on the accounts and records maintained by the Dy. Commissioner Assessor and Collector of Property Tax, Vasai Virar City Municipal Corporation, Virar (VVC MC) for the years 1/4/2016 to 31/3/2019 was conducted locally during the period from 04-08-2019 to 19-08-2019 by an audit team comprising of Shri. Ratnesh Sinha, AAO, Shri. A.B. Salunkhe, AAO and Shri. R.K. Indap, Sr. Auditor under the supervision of Shri. R.S. Rana, Sr. 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. Aziz Shaikh	01.04.2016 to 13.06.2018
2.	Shri. Dr. Kishor Gavas	14.06.2018 to till date

III) Grants & Expenditure:

(Rs. in Lakhs)

Particulars/ schemes	2016-17		2017-18		2018-19	
	Grants	Exp.	Grants	Exp.	Grants	Exp.
Nil	Nil	Nil	Nil	Nil	Nil	Nil

(a) Budget and Expenditure

(Rs in Lakhs)

Particulars	2016-17		2017-18		2018-19	
	B.P	Exp	B.P	Exp	B.P	Exp
Pay & Allowances	NA	NA	NA	NA	NA	NA
Telephone & Mobile Charges	NA	NA	NA	NA	NA	NA
Conveyance Allowance	NA	NA	NA	NA	NA	NA
Office Expenditure	NA	NA	NA	NA	NA	NA

Any other	NA	NA	NA	NA	NA	NA
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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	2016-17	2017-18	2018-19
Property tax	6528.02	7246.98	9392.52

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 Corporation 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 II: Audit Findings

Part II-A: Significant Audit Findings

--Nil--

Part II B:Other incidental Audit Findings

Theme 1 : Assessment of property taxes as per Rules and Procedures

Para-1:Non assessment and levy of Property Tax as per Data of GIS Mapping

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	70978
Mixed use	12000	12000	---	---
Industrial	2700	1610	300	790
Total	651010	534813	33429	82768

The total payment made to the agency till date i.e. from May 2012 to July 2017 was worked out to Rs 1694.49 lakh including service tax. However, survey reports received from the Consultants on various items were inadequate and not matching with record of VVCMC. Further, Property tax assessment and levy had also not been done till date as per GIS Mapping.

On pointing out this in audit, the department stated that the report in respect of GIS mapping has been submitted to the Administration, property tax. The levy and collection of property tax based on GIS mapping would be implemented at the earliest.

Further progress is awaited.

Theme 2 : Levy and collection of property taxes is done effectively and efficiently
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Para-2: Long pendency of service charges from Western Railway (Rs. 94 lakh)

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 property tax records and information furnished to audit revealed that service charges in terms of properties taxes amounting to Rs. 86,84,112 in respect of 13 residential buildings of Western Railway under Navghar Manikpur Zone Ward No. 30 (as detailed in **Annexure-A**) are outstanding till date and Rs. 7,15,689 against one property (Building) under No. NL30/241 belongs to Western Railway under Nilemore Zone No. 7, Nalasopara is outstanding from 2015-16 till date. The property taxes in respect of above 13 properties were worked out from 2001-02 onwards and demands were issued accordingly by the VVCMC. However, Rs. 93,99,801 in respect of the above 14 properties of Western Railway were not recovered so far from the Western Railway, despite issue of regular reminders by the VVCMC from time to time to the authorities of Western Railway. This tax amount was based on illustrative list of Western Railways properties and not the exhaustive one.

Omission to recover the services charges from 14 properties of the Western Railway resulted in long pendency of revenue to the tune of Rs. 94 lakh of VVCMC.

On pointing out this in audit, the department stated that action in respect of recovery of property tax was in progress.

Further progress is awaited.

Para-3: Outstanding recovery of property tax amounting to Rs. 142.97 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 necessary demand.

During the scrutiny of relevant details as furnished by the department, it was observed that in the following four years the recovery of property tax is in decreasing trends, as the tax recovered during 2015-16 was 57.65%, however, though the VVCMC providing 15% discounts to those who remits their property tax for five years together the tax recovery percentage observed in 2018-19 as 38.99% only which was on reducing trend (as detailed below). The reducing trend of recovery of Property Tax in these four years resulted in huge outstanding Property Tax amounting to Rs. 142.97 crore from the holder of properties in VVCMC jurisdiction.

Year	Arrears + Current Demand (Rs. In lakh)				Recovery (Rs. in lakh)			Outstand ing (Rs.)	Percen tage of recove ry (%)
	Outstand ing	Previous	Current	Total	Outstand ing	Current	Total		
2015-16	3845.89	4342.82	9890.22	18078.92	3995.69	6427.22	10422.90	7656.02	57.65
2016-17	7656.02	3545.37	10784.70	21986.09	4986.10	7760.80	12746.89	9239.20	42.02
2017-18	9239.20	3655.74	16099.35	28994.30	5350.79	11131.73	16482.51	12511.79	43.15
2018-19	12511.79	4255.70	19897.48	36664.95	7317.05	15050.67	22367.71	14297.23	38.99

To this, the department stated that action was in progress to recover the pending arrears of property tax.

Further progress is awaited.

Para 4: Non Implementation of Government Guidelines.

The Government of Maharashtra in Urban Development Department vide G.R dt 11.01.2017 had delegated the powers to the respective corporations to levy and collect penalty on unlawful buildings which was being implemented as per section 267A of the Maharashtra Municipal Corporation Act 1949. They said was implemented to safeguard the interest of the needy purchasers who would purchase the flat as the same were being issued with taxes notices and did not know that it was unlawful building. Moreover they were burdened to pay penalty on property tax for no fault of theirs. This was done vide issue of The Maharashtra Ordinance No III of 2017 dt. 8th Jan 2017 so that similarities exists in all the corporations regarding action to be taken against these unlawful constructed buildings.

During the scrutiny of files of the following buildings for the audit period

- i) Paradise apartment Pragati Nagar at Post More S. No 38, Hisa NO 5 Nallasopara (E) Tal Vasai
- ii) Sai Apartment A Wing Nallasopara (E) Dist. Palghar
- iii) Prahalad Chandrakant kotwal Pragati Nagar at Post More S. No 56 Hissa No.2 Nallasopara (E) Tal Vasai

It was noticed that the unlawful buildings are constructed and the proposal for levy of tax was being submitted. The said assessment was done by the tax department based on the affidavit submitted by the builder/developer/contractor that the construction has been done and tax may be levied from the current year. Assessment is done and tax demand forwarded as per section 267 A of the Maharashtra Municipal Corporation Act 1949. After the receipt of tax the flats were being sold to the needy customers who were not aware of the unlawful building. As the above ordinance clearly states that the said penalty was to be levied on buildings wherein flat purchases are made, the levy of tax on building wherein no flat has been sold was irregular and not in accordance to the ordinance. As the building has been constructed unlawfully, notice was required to be given to the said building under section 267 (1) (2) of the said act stating why the same was being constructed

unlawfully and to attend personally or by an agent duly authorized by him in that behalf, and show sufficient cause why such building or work shall not be removed, altered or pulled down. However no such practice was being followed by the Corporation to the buildings which were constructed unlawful. As no action was being taken the G.R issued did not serve the purpose from prevention of construction of illegal buildings. Further it was also noticed that though the Ordinance and G.R were issued in January 2017, the same has not been implemented during audit period.

The above list was illustrative only.

To this the department stated that the matter would be examined and detailed reply submitted to audit shortly.

Further progress is awaited.

Para 5: Outstanding Property Tax of Rs.33.04 crore in respect of Mobile Towers.

It was noticed from the records furnished to audit that there were 552 no of mobile towers in the city of Virar municipal corporation. From the records furnished to audit, it was noticed that during the year 2018-19 an amount of Rs.723.91 lakh were recovered from mobile towers on account of property tax as against the demand of Rs.4028.17 lakh made.

Ward	Total no of Mobile towers	No. of towers who were issued demand	Amount Recovered (Rs in lakh)	No. of mobile towers not issued demand notices
A	63	16	99.98	47
B	55	30	105.13	25
C	51	26	79.51	25
D	50	13	69.47	37
E	68	30	117.42	38
F	67	17	26.91	50
G	95	49	112.60	46
H	50	46	61.90	04
I	53	18	51.00	35
	552	245	723.92	307

Thus it could be seen that an amount of Rs.723.92 lakh were recovered in case of 245 mobile towers only for which Rs.3304.25 lakh was outstanding as of March 2019, and in the remaining 307 cases demand notices were yet to be issued. As no demand notices have been issued the Corporation is losing revenue on account of non-assessment of mobile towers. The total demand issued to these 307 Mobile towers may be furnished stating whether the mobile towers were legal or unlawful.

To this, the department stated that the demand in respect of 307 mobile towers would be furnished to audit shortly and that of 552 mobile towers only 16 were legal. Early action may be taken to recover the outstanding amount of Rs.33.04 crore.

Further progress is awaited.

Para 6: Non recovery of property tax to the tune of Rs. 5.48 lakh from Police Department (State Government)

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. 5.48 lakh was outstanding as on date against 45 Properties pertaining to Police Department, Government of Maharashtra (as detailed in **Annexure'B'**). The list of outstanding properties tax was illustrative and not the exhaustive one.

To this the department stated that action was in progress to recover the arrears of property tax.

Further progress is awaited.

Part III Paras Outstanding from previous Inspection Reports

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 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.

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/-

Para retained for supporting documents.

Inspection Report for the year 2013-16

Para 3: Non levy of property tax on vacant land.

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

Part IV: Best practices

- NIL-

Part V: Acknowledgement

All requisite records called for by audit party were produced timely by the concerned Department staff and Shri.Nishant Patil, Clerk played an important role in producing the records.

Sr. Audit Officer/SS-I

Inspection Report on the accounts of the Dy. Commissioner, Public Health Department, Vasai Virar City Municipal Corporation, Virar for the period 01-04-2016 to 31-03-2019.

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 01-04-2016 to 31-03-2019 was conducted locally during the period from 23.07.2019 to 03.08.2019 by an audit team comprising of Shri Ratnesh Sinha, AAO, Shri A.B Salunke, AAO, Shri R.K Indap Sr, Auditor under the supervision of Shri R.S Rana, Sr.Audit Officer.

II) Personnel

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 Aziz Sheikh	01.04.2016 to 31.05.2018
2.	Shri Kishor S.Gawas	01.06.2018 to date

III) Budget and Expenditure

(Rs. in Lakh)

Particulars	2016-17		2017-18		2018-19	
	Grants	Exp	Grants	Exp	Grants	Exp
Pay & Allowances						
Telephone & Mobile Charges						
Conveyance Allowance						
Office Expenditure						
Hospital & Dispensary						

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

(a) Revenue Receipts:

(Rs. in Lakh)			
Details	2016-17	2017-18	2018-19
Income from hospital(Tulij)	41.44	95.96	63.60
License Fee (Nursing Home)	14.38	13.06	13.30
Income from hospital(Vasai)	30.81	41.31	30.83

(b) Grants & Expenditure:

(Rs. in Lakh)						
Particulars/ schemes	2016-17		2017-18		2018-19	
	Grants	Exp	Grants	Exp	Grants	Exp
RCH Programme	61.57	26.00	61.13	27.69	65.31	31.07
Janani Suraksha Yojana						
Family Planning Programme						
Routine Immunization Programme.	10.78	10.51	43.74	9.59	45.00	47.70
Pulse Polio Programme	110.17	69.42	120.28	84.24	110.28	56.60
NUHM Programme	531.93	26.71	941.83	160.55	781.28	119.29
RKS	00	00	24.50	00	17.25	00
RNTCP	45.33	44.16	99.45	55.30	163.78	136.66

(c) Details of cash book and pass book maintained by the Department

Name of cash book	Name of bank	Account No.	Balance of cash book as on 31.03.2019	Balance pass book as on 31.03.2019	Diff	Recon done up to
VVCMC Health Dept	Axis Bank Vasai	916010038487274	30704212	30744105	39893	31.03.2019

IV) 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.

d) Implementation of PCPNDT acts.

V) 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 II: Audit Findings

Part II-A: Significant Audit Findings

--Nil--

Part II B: - Other incidental Audit Findings

Theme 1: Fund Management & Theme 4: Implementation of Government Health Scheme

Para 1: (A) Non-utilization of grant of Rs. 6.42 crore under NUHM.

(B) Non-adjustment/recoupment of advances of Rs. 0.77 crore to 21 peripheries under NUHM.

(A) It was noticed from Schedule VI Cash and Bank Balance of the Balance Sheet for the year ending as on 31/03/2019 (Accounts was yet to be signed by Chartered Accountant) and information made available by the department that amounts of Grant Rs. 1.65 crore, Rs. 3.72 crore and Rs. 4.37 crore (total Rs. 9.74 crore) received during 2014-15, 2015-16 and 2017-18 respectively under NUHM. Out of the above grant, amounts of Rs. 0.04 crore, Rs. 0.01 crore Rs. 0.27 crore, Rs. 1.61 crore and Rs. 1.19 crore (total Rs. 3.12 crore) were expended for years 2014-15, 2015-16, 2016-17, 2017-18 and 2018-19 respectively for NUHM and an amount of Rs. 6.62 crore was lying unutilized at the end of 31/03/2019.

Non-utilization of grant of Rs. 6.62 crore had not only resulted in blocking of fund but the very purpose of NUHM scheme to improve health status of the urban population particularly slum dwellers and other valuable sections by facilitating their access to quality primary health care was also not served.

On pointing out this in audit, the department stated that due to non filling up of posts the amount could not be utilized. During the current financial year all the vacant posts would be filled in and the fund would be utilized.

Further progress is awaited.

(B) It was also noticed from Schedule IVK unspent balance lying with peripheries of the Balance Sheet for the year ending as on 31/03/2019 and information made available to audit that an advance of Rs. 0.77 crore paid to 21 peripheries under NUHM was lying unspent from 2014-15 to 2017-18 which was yet to be adjusted/recouped even after lapse of one year to five years from the dates of their disbursement.

On pointing out this in audit, the department stated that all the 21 peripheries have been instructed to utilize the amount disbursed to them at the earliest.

Further progress is awaited.

Para 2: Non utilization of RKS fund Rs.32.83 lakh.

The National Urban Health Mission-NUHM was being implemented in the state since 2014-15 under which the Urban Primary Health Centre (UPHC) and the Urban Community Health Centre (UCHC) were being run by the VVCMC as per GOI guidelines. Further vide GR dt 26.08.2015 the Rugna Kalyan Samiti (RKS) were being formed. The RKS were formed to provide medical facilities to the people in urban areas. The main aim of the RKS was to increase people participation, to increase the level of health services and to maintain cleanliness in hospitals. The RKS so formed at the UPHC and the UCHC level were registered under the Society Registration Act 1850 and Bombay Public Trust Act 1950.

During the scrutiny of records of the Medical Department under the VVCMC it was noticed that an amount of Rs.32.83 lakh were lying with the RKS at the UPHC and UCHC as on March 2019 as per **Annexure I**. The amounts were distributed under the head Grants to government buildings for the year 2017-18 (Rs.24.50 lakh) and 2018-19 (Rs.10.25 lakh) amounting to Rs.34.75 lakh, however, no action was taken by the RKS for utilization of these funds, due to which the fund amounting to Rs.32.83 lakh was lying idle with the RKS accounts of the Health department.

On pointing out this in audit the department stated that as the post of the Asst. Commissioner was being changed frequently the funds could not be utilized, as the Asst Commissioner was

the President and the Medical Officer/Superintendent, Secretary of the said RKS committee. Instructions have been issued to utilize the fund at the earliest. Further progress is awaited.

Theme 6: Operation and Management of Municipal Solid Waste

Para 3: Probable unfruitful expenditure (Rs. 24.64 crore) towards construction of scientific landfill (SLF)

A Detailed Project Report for Solid Waste Management was made in November 2010 for 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 (UIDSST). Under this project, construction of a Scientific Landfill (SLF) at a cost of Rs. 5.78 crore was provided as one of the major components. 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 funded through UIDSST 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 to M/s Khilari Infrastructure Pvt. Ltd. (KIPL) on 23-04-2015 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.

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 issued on 23-04-15 with enhanced cost to Rs. 23.48 crore after taking more than four years for finalization of tender from the date of approval of DPR. The GoI accordingly released first installment of Rs. 634.53 lakh 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, however, the work of SLF did not get started by the time. Further, by the time UIDSST scheme stopped as 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. It was 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 work of SLF got completed in December 2016 and was 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.

Further, it was observed that an amount of Rs. 24,63,86,912 was paid as on 06.06.2017 to the Contractor as per the 4th Running Account Bill for the SLF work. It was also observed that the Indian Institute of Technology, Powai, Mumbai, have done third party audit and submitted its report on 26 May 2017 in respect of the SLF works along with the following observations/conclusions. The IIT also mentioned that as per the Master Plan prepared by the contractor, the SLF was developed in 26000 sq. meter of land which is in possession of the VVCMC and the physical progress of the work was 85% till November 2016.

- i) To construct separate Leachate diversion system and Leachate Treatment Plant.
- ii) Take all measures to comply with environmental regulations and put up additional equipment to control spontaneous combustion.
- iii) Set up material recovery facilities and should adopt Bio-mining techniques for disposal of old stabilized waste.
- iv) Start operation and maintenance by deploying trained manpower and follow the guidelines stipulated in CPHEEO Manual.

However, it was observed that the VVCMC had not complied any of the observations/conclusions raised by third party audit i.e. IIT Mumbai. After incurring of Rs. 24.64 crore on construction of SLF till June 2017, the site was kept idle as it was not being used for the purpose for which it was constructed. The Municipal Corporation did not have any plan for installation of processing plant

besides the SLF. The VVCMC also did not obtained clearance from MPCB for this SLF till date. Hence, the construction of SLF after incurring of Rs. 24.64 crore is not worth and probably unfruitful, as the SLF 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 Municipal Corporation.

To this the department stated that detailed reply would be furnished to audit in due course.

Further reply is awaited.

Para 4: Excess Purchase of HDPE Bins costing Rs.137.48 Lakh

It was noticed from the General Body Resolution No.4 of the VVCMC dt 20.07.2012 under S. No 4 of the said resolution, Administrative and Financial approval was accorded for purchase of 13000 HDPE bins with lid. Tenders were floated for the same by giving wide publicity in newspapers dt 26.03.2016. The rate of Nilkamal Ltd for supply and delivery of wheeled HDPE bins with lid capacity of 240 litres for Rs.3600/bin was accepted. Work orders for the same were issued vide letter dt 03.11.2016. The stipulated date of completion was 24.12.2016 i.e 60 days. The contract agreement for the same was made on 26.10.2016 on Rs.500 stamp paper. Further as per Certificate issued by the Corporation dt 29.12.2016 that 11600 no of HDPE wheeled bins with lid having a capacity of 240 litres were purchased from Nilkamal Ltd for which an amount of Rs.417.60 lakh was paid to the supplier as under

1. Vr. No 43 dt 31.12.2016 Rs.30960000(nos 8600)
2. Vr. No 44 dt 16.01.2017 Rs.10800000 (nos 3000)

. Further, though the certificate was issued that the bins were received and the same have been noted in the register, however, the delivery challans do not have any certificate in this regard that the bins were received and entered in stock register on page no 1 to 13. During the scrutiny of the register in form no 114 it was seen that the total bins purchased were 14339 bins (11600 during 2016-17 and 2739 during 17-18).

In this connection it was noticed from the Minutes of meeting dt 28.03.2016 that the actual requirement of 240 litre HDPE bins with lid was given as 10520 from the wards by the sanitary inspectors as there were already 12655 existing bins. Thus it could be seen that against the requirement of 10520 bins, 11600 bins were ordered during 2016-17 and 2739 during 2017-18 for which an amount of Rs.98.60 lakh was paid vide voucher no.1 dt 05.07.2018. Thus it could be seen that 3819 bins costing Rs.137.48 lakh (Nos3819* Rs.3600) were purchased in excess of requirement.. Further as per the minutes of meeting 20.07.2012

Financial and Administrative approval was accorded for only 13000 bins the authority under which 14339 bins were purchased was asked. Whether approval for the same was taken, if so, copy of the same was called for.

Further as the agreement was made on Rs.500 stamp paper and notarized which was not correct as the same should have been made on stamp paper amounting to Rs.40600 as seen from the letter dt 01.09.2016 wherein it was instructed to do the same, thus there was loss of Rs.40600 to the government.

On pointing this out in audit, the department stated that the matter would be verified and detail reply would be submitted to audit.

Further reply is awaited.

Theme 2: Management of Health Services/Schemes

Para 5: Non remittance of 50% State Government share out of registration/renewal charges of Sonography Centres (Rs. 24.36 lakh)

As per Rule 4 (1) of Pre-Natal Diagnostic Techniques (Prohibition of Sex Selection) Rules, 1996 (as amended vide GSR 418 (E), dated 04.06.2012) an application in Form A for registration of Genetic Centre/Laboratory/Clinic/Ultrasound Clinic/Imaging Centre/Combination thereof, as the case may be should be made to the appropriate authority. As per Rule 5 of the Pre-Natal Diagnostic Techniques (Prohibition of Sex Selection) Rules, 1996 the application for registration should be accompanied by an application fees of Rs. 25000 for counseling and Rs. 35000 for an institute, hospital nursing home, or any place providing jointly the service of a Genetic counseling Centre/Laboratory/Clinic/Ultrasound Clinic/Imaging Centre/Combination thereof.

As per the instruction issued on 04.07.2013 by Additional Director Health Service, State Family Welfare (Government of Maharashtra), Pune 50% of registration/renewal of registration fees collected from Sonography Centres should be remitted to the State Government account.

Scrutiny of records related to Pre-Conception and Pre-Natal Diagnostic Techniques (PCPNDT) and information furnished in that regard revealed that in the jurisdiction of VVCMC, there are 146 active Sonography and Other centres, registered under the PCPNDT Act and the Corporation had accumulated Rs. 48,72,672 towards registration/renewal of registration fees of the above centres since opening of PCPNDT account (from 01.08.2013)

in HDFC Bank, branch at Olivia Complex, Naigaon. However, it was observed that Rs. 24,36,336 i.e. 50% of the Government share out of the total Sonography registration/ renewal of registration fees which was to be remitted to the State Government account was not remitted till date and kept in the PCPNDT account of VVCMC.

On pointing out this the department accepted the facts and stated that this office had written to the Additional Director Family Welfare, Pune, for the bank details for crediting the said amount. On receipt of the same, the amount would be credited to Government account.

Further progress is awaited.

Para 6: Outstanding renewal fees of 19 Hospitals/Nursing Homes/Maternity Homes (Rs. 1.39 lakh) and they are functioning without obtaining renewal of registrations from the VVCMC

As per Section 3 of The Bombay Nursing Home Registration Act, 1949 no person should carry on a nursing home unless he has been duly registered in respect of such nursing home and the registration in respect thereof has not been cancelled under section 7.

As per Section 4(1) of The Bombay Nursing Home Registration Act, 1949 every person intending to carry on a nursing home should make every year an application for registration or the renewal of registration to the local supervising authority. Section 4(2) provides that every application for registration or the renewal of registration should be made on such date and in such form and should be accompanied, by such fee, as may be prescribed.

As per Section 5(2) of The Bombay Nursing Home Registration Act, 1949, the certificate of registration will be valid until the 31st day of March next following the date on which such certificate was issued.

Scrutiny of nursing home records and information furnished in this regards revealed that as per the General Body Resolution No. 5 dated 19.01.2011 the VVCMC was levying Hospitals/ Nursing Homes/ Maternity Homes registration fees/ renewal of registration fees (yearly) as under:

Sr. No.	No. of Beds in the Nursing Homes	Registration/Renewal fees (Rs.)
1.	1-5	1000
2.	6-10	1500
3	11-15	2000
4	16 and above	5000

Further, Rs. 1000 fees were also decided in the GB dated 19.01.2011 for registration/renewal of registration for medical services provided by the other private Clinics/ Polyclinics/ Dental Clinics/ Pathological Laboratories/ Blood Banks/ Diagnostic Centres/ X-Ray/Sonography

Centres/CT Scan/MRI Centres/ Physiotherapy Centres etc. However, the above fees were further revised in the General Body resolution dated 03.07.2019 which was as under:

Sr. No.	No. of Beds in the Nursing Homes	Registration/Renewal fees (Rs.)
1.	1-5	1500
2.	6-10	2000
3	11-15	3000
4	16 – 20	5000
5	21-25	15000
6	26-50	30000
7	51-100	60000
8	101-150	75000
9	151-200	90000
10	201 and Above	100000

However, the renewal fees for the other private Clinics/ Polyclinics/ Dental Clinics/ Pathological Laboratories/ Blood Banks/ Diagnostic Centres/ X-Ray/Sonography Centres/CT Scan/MRI Centres/ Physiotherapy Centres etc. were kept as same as per the previous resolution.

Further, scrutiny of records, it was observed that as on 31.03.2019 there were 229 Hospitals/Nursing Homes/Maternity Homes, 115 Pathology Laboratories and 1023 Clinics registered in the VVCMC. Details of charges pending against the Pathological Laboratories and Clinics were not made available to audit. However, as per the information made available to audit, out of 229 Hospitals/Nursing Homes/Maternity Homes, 16 Hospitals/Nursing Homes were already closed and as the 41 Hospitals/Nursing Homes/Maternity Homes have not renewed their registrations as per the prescribed old rate of GB resolution till date, hence, renewal of registration fees should be recovered at the revised rates approved by the GB (03.07.2019) pending for 01 to 02 years period (as detailed in **Annexure-II**). Hence, an amount of Rs. 1.39 lakh was due against 19 various Centres till date. It was further noticed that all the above 19 Hospitals/Nursing Homes/Maternity Homes are now being run without obtaining fresh renewal of registration as their period of registrations have expired, however, proper action under Section 6 of the Bombay Nursing Home Registration Act, 1949 which was to be initiated against them was not initiated by the Health Department of VVCMC till date.

On pointing out this in audit, the department stated that of the 19 hospitals of which renewal were awaited, 4 have been received and the balance 15 hospitals have been issued notices for

incomplete documents. On receipt of all the required documents the same would be renewed along with penalty and compliance furnished to audit.

Further progress is awaited.

Theme 3: Human Resource Management

Para 7: 1. Acute shortage of Medical Officers/Para-Medical staff and other Health serving staff (270 posts)

2. Creation of 267 various posts without obtaining necessary approvals from the State Government

Scrutiny of information given by the Health department of TMC revealed that in respect of staff position in Health department, TMC, it was observed that as per the establishment schedule and sanctioned Human resource statement under NUHM/RCH, there was huge shortage of various categories of staffs sanctioned for Health department of TMC. The details of shortage staff position was given below:

Sr. No	Designation	Sanction Post	Men in position	Shortage	Excess
1	Medical Officer	01	0	01	0
2	Dy. Medical Officer	02	0	02	0
3	Assistant Medical Officer	04	0	04	0
4	City Tuberculosis Officer	01	0	01	0
5	City Hivtap Officer	01	0	01	0
6	Medical Superintendent	02	0	02	0
7	Prabhag Medical Officer	09	0	09	0
8	Physician	04	06	0	2
9	ICU Physician	02	0	02	0
10	Incentivist	01	0	01	0
11	Gynaecologist	04	07	0	3
12	Pediatrician	04	05	0	1
13	Hearing Impaired Specialist	04	0	04	0
14	Radiologist	02	0	02	0
15	Legal Medical Specialist	02	0	02	0
16	Ortho specialist	02	0	02	0
17	ENT Specialist	02	0	02	0
18	Dental Surgeon	01	0	01	0
19	Psychologist	02	00	02	0
20	Dermatologist	02	00	02	0
21	Eye Surgeon	02	00	02	0

22	Chest Specialist	02	00	02	0
23	Nephrologist	0	01	0	1
24	Medical Administrative Officer	02	0	02	0
25	Resident Medical Officer/Trauma Medical Officer	47	09	38	0
26	Ayurved Medical Officer	27	87	0	60
27	Senior Pharmacist	02	0	02	0
28	Pharmacist	03	50	0	47
29	Matron	02	0	02	0
30	Assistant Matron	10	0	10	0
31	Public Health Nurse (PHN)	0	6	0	6
32	Staff Nurse/GNM	149	147	02	0
33	ANM	125	208	0	83
34	Samupdeshta	0	5	0	5
35	Laboratory Assistant	0	47	0	47
36	X-Ray Assistant	0	8	0	8
37	Dialysis Supervisor	0	01	0	1
38	Dialysis Technician	0	02	0	2
39	AC Technician	0	01	0	1
	Total (A)	423	323 + 267 Surplus	100	267
NUHM Medical Officers and Staffs shortages					
40	Full time Medical Officer	13	05	08	
41	Part time Medical Officer	21	0	21	
42	City Quality Assurance Co-Ordinator	01	0	01	
43	Staff Nurse	21	20	01	
44	Lab Technician	21	0	21	
45	Pharmacist	19	0	19	
46	Data Entry Operator cum Accountant (MOH office)	02	0	02	
47	Data Entry Operator cum Accountant	21	05	16	
48	Attendent	21	03	18	
	Total (B)	140	33	107	
RCH Medical Officers and other Staffs shortages					
49	Medical Officer	09	0	09	
50	GNM	09	03	06	
51	ANM	48	12	36	
52	Junior Clerk and Computer Operator	09	04	05	

53	Group D	09	02	07	
	Total (C)	84	21	63	
	Gross Total (A+B+C)	647	377 +267 surplus	270	267 surplus

From the above table, it is evident that out of 647 sanctioned posts for Medical Officers/Officials under Establishment schedule and NUHM/RCH scheme, 377 posts were filled up as on date (August 2019) and remaining 270 posts which are very important for the Health department such as Medical Officers/Staff Nurses/Lab Techincians/ Pharmacists and other staffs are lying vacant. Period since when these posts are lying vacant was not made available to audit. Since Health department comes under very essential/emergency public services, how the Health department is able to function smoothly and could give proper medical helps/services to the needy people who require emergency medical services from the VVMC.

2.Creation of 267 various posts without obtaining necessary approvals from the Government

It was further noticed that there are 196 surplus medical staffs than the sanctioned posts in respect of Physicians, Gynaecologists, Pediatricians, Ayurved Medical Officers, Pharmacists and ANMs for whom the VVMC is making payment out of its Establishment Budget. In this connection, it was asked that whether necessary approvals from the Government for creation of additional posts in respect of the above category was obtained. If so, copy of such approvals was called for in audit, if not, the authority under which the above posts were created and filled, explanation was asked in audit.

It was further noticed that 71 various posts were created and filled by VVMC and drawing salary for them, from Corporation's own budget, the above created posts are Nefrologist (01), Public Health Nurse (06), Samupdeshta (05), Laboratory Assistant (47), X-Ray Assistant (8), Dialysis Supervisor (1), Dialysis Technician (2) and AC Technician (1). In this connection, it was asked that whether the necessary permission for creation of above 71 various posts were obtained from the concerned authority of Government of Maharashtra, if so, copy of approvals obtained from the Government was asked for furnish to audit. If not, the authority under which the above posts had been created and filled in was asked for in audit.

On pointing out this in audit, the department stated that correspondence was being done with Head office for filling up of vacant posts. Further correspondence would, also be made for filling up of additional posts and the same would be intimated to audit.

Further progress is awaited.

Theme 5: Monitoring of the Schemes

Para 8: Non-achievement of Service Level Benchmarking of Solid Waste Management and non submission of Annual Report in Form-II to Urban Development

Department

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.

It was observed that the VVCMC is not maintaining any records in respect of targets fixed and achieved in most of the Key Performance Indicators (as detailed below) of Service Level Benchmarking during the period 2016-17 to 2018-19.

Sl. No.	Description of Key performance indicators
1	House hold level coverage of solid waste management services
2	Efficiency of collection of municipal solid waste
3	Extent of segregation of municipal solid waste
4	Extent of municipal solid waste recovered
5	Extent of scientific disposal of municipal solid waste
6	Efficiency of redressal of customer complaints
7	Extent of cost recovery in SWM charges
8	Efficiency of collection of SWM charges

It was also observed that the Solid Waste Management department has also not submitted online information regarding SLB annual report for the period 2016-17 to 2018-19 in Form-II to the Secretary-in charge of the Urban Development Department, Government of

Maharashtra. Though the issue was highlighted during previous audit (2011-15), however no action was initiated by the department in the above regards.

On pointing out this the department stated that the above information has not been submitted to Government for the audit period. No reasons were cited for not maintaining the SLB records and furnishing the above information to the Government of Maharashtra.

Comments of the higher authorities may be obtained in the above regards and submitted to audit.

Further progress is awaited.

Para 9: 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 licenses recovered by the Corporation from various establishments during the years 2011-12 to 2018-19. 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. Though this was already pointed out in the previous audit (2011-12 to 2015-16), however, the department did not observed the prescribed procedure laid down by the Government. Non observance of the procedure by the VVCMC shows the improper monitoring system in the department and also there is loss of revenue to the corporation due to non renewal of licenses resulting in undue advantage to the operators of the establishments who are operating their establishments without obtaining renewal of licenses from the MC.

On pointing out this in audit, the department stated that due to non availability of records and files and report, compliance to the above para could not be furnished to audit. The same would be furnished during next audit. Further reply is awaited.

Part III : 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 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.

Inspection Report for the year 2011-16

Para 1: Loss of Rs.108.07 lakh on hire charges of vehicle due to delay of 12 to 37 months in registration of vehicles due to non carrying out of rigorous efforts by VVCMC.

Para retained for full and final compliance.

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

(a) Expenditure on Payment of link workers Rs.945300/ without any grant.

(b) Excess payment of Rs.43100/ due to purchase of Glucometer at a rate higher than the MRP.

Para retained for full and final compliance.

Para 4: Non recovery of Labour welfare Cess from contractor Rs.331479/

Para retained for full and final compliance.

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

Para retained for full and final compliance.

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

Para retained for full and final compliance.

Para 8 : non-observation of required procedure for testing of sample drug and medicines.

Para retained for full and final compliance.

Part IV: Best practices

- NIL-

Part V: Acknowledgement

All requisite records called for by audit party were produced timely by the concerned Department staff and Shri Rohit Raut, Clerk played an important role in producing the records.

Sr. Audit Officer/SS –I

Annexure I

Unutilised amount lying with Rugna Kalyan Samits (R.K.Ss.) as on 31/03/2019.

Sr.No	Name of Rugna Kalyan Samiti	Month of Receipts	Amount of Receipts in Rs.	Balance amount as on 31/03/2019 in Rs
1.	Arogya Kendra Sarvoday Vasahat Taki Road, Nallasopara.	06/2018	1,75,000=00	1,79,775=00
2.	Prathamik Arogya Kendra Ambedkar Rugna Kalyan Samiti, Nagari Arogya Kendra Taki Road, Nallasopara	02/2018 03/2018	1,00,000=00 75,000=00	1,61,809=00
3.	Nagari Ayogya Kendra Navghar Purva Vasai.	12/2018	1,75,000=00	1,76,897=00
4.	Sir D M Petit Hospital Vasaigaon Parnaka, Vasai (W)	12/2018	2,50.000=00	2,52,424=00
5.	Prathamik Arogya Kendra Chandansar, Virar (E)	12/2018	1,75,000=00	1,76,697=00
6.	Nagari Ayogya Kendra, Patankar Park, Nallasopara (W).	02/2018 3/2018	1,00,000=00 75,000=00	1,76,648=00
7.	Nagari Ayogya Kendra, Opp. Moregaon Lake, Nallasopara (E)	12/2018	1,75,000=00	1,76,697=00
8.	Nagari Prathamik Ayogya Kendra, Pelhar, Nallasopara (E)	02/2018 03/2018	1,00,000=00 75,000=00	1,81,540=60
9.	Nagari Ayogya Kendra, Dhaniv, Nallasopara (E).	02/2018 03/2018	1,00,000=00 75,000=00	1,81,540=60
10.	Nagari Arogya Kendra, Bilalpada, Nallasopara (E)	02/2018 03/2018	1,00,000=00 75,000=00	1,81,633=00
11.	Nagari Arogya Kendra, Achole, Nallasopara (E).	02/2018 03/2018	1,00,000=00 75,000=00	1,71,839=00
12.	Nagari Arogya Kendra, Naringi, Virar (E)	02/2018 03/2018	1,00,000=00 75,000=00	1,81,633=00
13.	Nagari Arogya Kendra, Valiv, Vasai (E)	02/2018 03/2018	1,00,000=00 75,000=00	1,81,633=00
14.	Nagari Arogya Kendra, Juchandra, Naigaon (E)	6/2018	1,75,000=00	1,79,775=00
15.	Nagari Arogya Kendra, Diwanman 1, Vasai (W).	02/2018 03/2018	1,00,000=00 75,000=00	1,76,646=00
16.	Nagari Arogya Kendra, Vasaigaon Parnaka, Vasai (W)	02/2018 03/2018	1,00,000=00 75,000=00	1,81,633=00
17.	Nagari Arogya Kendra, Nidan Manubhai Shah (W).	02/2018 03/2018	1,00,000=00 75,000=00	1,12,034=00
18.	Tulinj Hospital, Nallasopara (E)	12/2018	2,50.000=00	2,52,424=00
Total				32,83,278=20

Asst. Audit Officer/SS-I

Annexure II

Sl. No.	Name of the Hospital/Nursing Home/Maternity Homes	Name of Doctor	Address	No. of Beds	Registration expired on	Rate of renewal per year	Period for renewal pending (years)	Pending Registration /Renewal fess
1.	Valva Devi Multispeciality Hospital	Dr. Amrit Pawar	Shri Balaji Building, 1 st Floor, Valiv Naka, Vasai East	15	31.03.2019	3000	01	3000
2.	Balaji Nursing Home	Dr. Lochan Patil	Ground Floor, Sharda Apartment, Goraipada Naka, Nalasopara east	14	31.03.2019	3000	01	3000
3.	Kohinoor Nursing Home	Dr. Ibdur Rehman	Renuka Nagar, Wakanpada, Nalasopara East	10	31.03.2019	2000	01	2000
4..	Star Hospital	Dr. Mahabali Singh	Besides Krish Garden Building, Patankar Park, Nalasopara west	40	31.03.2019	30000	01	30000
5..	Tondare Maternity Hospital and Nursing Home	Dr. Aparna Tondare	Ambika Plaza, Jivdani Road, Vira East	10	31.03.2019	2000	01	2000
6..	Tondare Hospital	Dr. Mahadev Tondare	1 st Floor Mata Pita Apartment, Sant Nagar Road, Virar East	15	31.03.2019	3000	01	3000
7..	Dr. Shital Deshpandeys Maternity Hospital	Dr. Shital Deshpandey	104, Mukesh Apartment, Station Road, Vasai West	05	31.03.2019	1500	01	1500
8.	Anusuya Children Hospital	Dr. Kishan Kale	Makwana complex, V.S Road, Virar West	15	31.03.2019	3000	01	3000
9.	Sidhartha Hospital	Dr. Melville Alwarz	104, Q Rashmi Pindha, City Phase-1 Juchandra, Naigaon East	20	31.03.2019	5000	01	5000
10.	Surya Eye Hospital	Dr. Viswas Gawai	004, Keshav Apartment, Behind Swad Hotel, Agasi Rd. Virar West	02	31.03.2019	1500	01	1500

11.	Vrindavan Maternity and Nursing Home	Dr. Vijay Borkade	Achole Road, Chandan Naka, Behind Syndicate Bank, Nalasopara East	08	31.03.2019	2000	01	2000
12.	Shri Sai Hospital	Dr. Vinay Kumar Pandey	Dhaniv Baug, Near Shiv Mandir, Nalasopara East	14	31.03.2019	3000	01	3000
13.	Siddhi IVF Fertility Services	Dr. Kaustiv Kulkarni	1 st floor, parsv Parvati, Sai Nagar, Ambadi Rd. Vasai West	05	04.03.2019	1500	01	1500
14.	Parimal Hospital	Dr. Pavitra Borkar	Tirupati Balaji Society, Manvelpada Rd. Virar East	13	31.03.2018	3000	02	6000
15.	Shri Narsingh K. Dube Charitable Trust Nalasopara Aurvedic medical college Hospital	Dr. Omprakash Dube	Survey No. 112, medical college Road, Achole, Nalasopara East	60	31.03.2019	60000	01	60000
16.	Netra Jyot Eye Hospital	Dr. Prafull Nakar	Shop No. B-12, Mahesh Park, Tulinz Rd., Nalasopara East	01	31.03.2019	1500	01	1500
17.	Om Sai Hospital	Dr. Purushottam Mahatre	Anand Dighe Marg, Juchandra, Naigaon East	07	31.03.2019	2000	01	2000
18.	Life line hospital	Dr. Rajesh Dhole	Nandanvan Society, Behind Rajadairy, Phoolpada Rd. Virar East	15	31.03.2019	3000	01	3000
19	New Shanti General Hospital	Dr. Triloki Yadav	Om Sai Shopping Centre, Dhaniv Baug Nalasopara, East	15	31.03.2018	3000	02	6000
	Total							139000

Asst. Audit Officer/SS-I

Inspection Report on the accounts of the City Engineer, Water Supply and Sewerage Department, Vasai Virar City Municipal Corporation, Virar for the year 01.04.2016 to 31.03.2019.

Part I-A- Introductory

A test audit on the accounts of the City Engineer, Water Supply and Sewerage Department, Vasai Virar City Municipal Corporation, Virar for the year 01.04.2016 to 31.03.2019. was conducted from 10.07.2019 to 22.07.2019 by audit team comprising of Shri Ratnesh Sinha, Asstt. Audit Officer, Shri A.B. Salunke Asstt. Audit Officer and Shri. R.K Indap Sr, Auditor under the supervision of Shri R.S. Rana, Sr. Audit Officer.

(ii) Personnel:

The following officials held the charge of the City Engineer, Water Supply and Sewerage Department, Vasai Virar Municipal Corporation, Virar for the year 01.04.2016 to 31.03.2019.

Sr. No	Name of the Official	Period
1.	Shri B.M Machewad	1.04.2016 to 31.07.2016
2.	Shri Madhav a. Jawade	1.08.2016 to till date

(iii) Grants and Expenditure:

The details of budget allotted and expenditure incurred during 2016-17 to 2018-19 are as under:

(Rs. in Lakh)

Name of the Scheme	2016-17		2017-18		2018-19	
	Grant	Expd.	Grant	Expd.	Grant	Expd.
Maharashtra Suvrana Nagrothan	7433.71	4176.18	00.00	3046.26	0.00	1351.05
Amrut Water Supply	1299.40	0.00	2824.20	4249.91	0.00	1483.00
Sujal Nirmal abhiyan	244.65	568.45	243.46	282.43	0.00	25.00

(iv) Details of Cash Book:

The cash book is being maintained by Chief Accounts and Finance Officer, Accounts Department of Vasai Virar City Municipal Corporation, Virar.

(v) Activity:

The water supply works i.e. execution of water supply/sewerage schemes, purchasing of water, supply of water to consumers, recovery of water charges from consumers, repair & maintenance of water pipe lines, repair & maintenance of bore wells etc. in Vasai Virar City Municipal Corporation, Virar area are executed by water supply and sewerage department.

(vi) Details of revenue realized and expenditure incurred on water during the year 2016-17 to 2018-19:

Particulars	2016-17	2017-18	2018-19
Water Tax (Receipts)	4584.58	4886.17	5464.92
Water Tax (Expenditure)	3477.90	4583.53	5004.66

(v) Details of Audit/Inspection:

Name of authority	Period covered	Date of inspection	Report received or not	Para outstanding for compliance
Local Fund Audit	2014-15	March 2016	Yes	7
	2015-16	March 2019	No	--

Disclaimer

The Inspection Report has been prepared on the basis of the information furnished and the records made available by the City Engineer, Water Supply and Sewerage Department, Vasai Virar City Municipal Corporation, Virar for the year 2016-17 to 2018-19. The office of the Principal Accountant General (Audit)-I, Maharashtra, Mumbai disclaims any responsibility for any non-information and/or misinformation on the part of the Auditee entitee.

Part-II- Audit Findings

Part II A: - Significant Audit Findings

Nil

Part II B:

Other Significant Audit findings

Theme 1: Planning for augmentation of water supply

Para 1: :- (A) Blocking of Government Fund due to incomplete work due to slow progress.

(B) Non commencement of work of Solar Power Plant of 1MW.- Blocking of funds of Rs. 5.41 crore

The work of additional Water Supply Distribution System for Vasai-Virar City Municipal Corporation (VVCMC) was administratively approved by the Government of Maharashtra (GoM) Urban Development Department (UDD) vide Resolution No. AMRUT-2016/Pra. Kra.145 (5)/Navi-33 dated 23rd June 2016 and revised administrative approval on 19th April 2017 under centrally sponsored AMRUT Abhiyan. The technical sanction for the same was given by the Chief Engineer, Maharashtra Jeevan Pradhikaran (MJP), Thane Region, vide letter No. TASA-1/710 dated 27th April 2016 and for Rs. 135.58/- crore. The share of the GoI, GOM, UDD and VVCMC for cost of the project was 33.33% (Rs. 46.452 crore), 16.67% (Rs. 23.233 crore) and 50% (Rs. 69.685crore) respectively. MJP was appointed as the Project Management Consultant (PMC) for the above work vide said GR dated 13th October 2015.

The scope of the work was as under.

Sr. No.	Description	Amount (Rs.)
1	Working survey	15,00,000
	Part A-VIRAR	
2	Leading Mains	1,63,50,463
	Total Length=2000m (600mm) DI	
3	Branch Leading Mains	7,62,37,495
	Total Length=17745m (300mm to 500mm) DI	
4	ESRs	12,56,87,454
	Total 7 Nos Each 2 ML Cap	
5	Distribution	16,52,82,784
	Total Length=59442m (150.mm to 600mm) DI	
6	Railway Crossing (1 No.)	2,14,60,894
	Part B NALLASOPARA	

7	RM & Branch Leading Mains	6,41,28,129
	Total Length=11632m (200mm to 600mm) DI	
8	ESRs/GSRs	12,25,79,298
	Total 8 Nos. (7 ESRs, 1 GSR & 1 Sump)	
	ESR Capacity: 1 ML-2 Mos, 1.50 ML-3 Nos, 2ML-2Nos.	
	GSR Capacity: 1.5 ML – 1 No.	
9	Distribution	18,87,96,509
	Total Length=72283m (100mm to 600mm) DI	
10	Pumping arrangement for Santosh Bhavan & Walai	50,50,000
	Pada 2 Pumps, 75 HP each	
	Part C Vasai East And Vasai West	
11	Leading Mains (Vasai East)	8,31,94,286
	Total Length=6500m (800mm) DI	
12	Branch Leading Mains (Vasai East)	7,12,86,395
	Total Length=18095m (250mm to 500mm) DI	
13	Branch Leading Mins (Vasai West)	48,94,579
	Total Length = 400m (600mm) DI	
14	ESRs (Vasai West)	4,78,14,459
	Total 4 Nos Each 1.50 ML Cap	
15	ESRs (Vasai West)	3,40,01,341
	Total 2 Nos Each 1.50 ML ap	
16	Distribution (Vasai East)	18,80,96,217
	Total Length = 81606m (100mm to 600mm)DI	
17	Distribution (Vasai West)	3,66,78,241
	Total Length=13676m (100mm to 600mm) DI	
18	Addi Distribution for Kaman, Sasunavghar etc Village for 34.11 Km at Rs. 2500693 per Km.	8,64,80,148
19	Solar Power Plant of 1MW	5,41,32,000
	Net Total Rs (1 to 19)	1,39,36,50,692

The tender for the work (Civil) excluding Pipes and Solar Power Plant of 1MW were invited and the lowest offer of M/s R.A. Ghule, Palghar was accepted by the Standing Committee vide Resolution No.149 dated 14.09.2016 and the work was allotted to the said contractor for Rs.69,95,45,260/- (0.05% below of tendered amount of Rs.69,98,95,208/-) and an agreement was executed between City Engineer, VVCMC and the said contractor on 30/09/2016. The work order was issued by the Department on 01/10/2016 with stipulated date of completion on 30th September 2018 (24 months including Monsoon season) from the issue of work order. The up to date payment was made of Rs.17,41,93,987/- up to 16th R.A. Bill on 09/05/2019. The work was in progress and physical & financial progress up to 17th RA Bill was 55% & 26.12% respectively. Total Rs. 60.47 crore allocated for Pipe Supply by MJP, amount of Rs. 52.99 crore was paid to MJP till the date of audit for supply of 252 km. DI Pipes.

A. On scrutiny of relevant records and information made available to audit, it was noticed that out of 21 sanctioned ESRs/GSRs, work of 18 ESRs/GSRs were in progress and 3

ESRs/GSRs were excluded due to non-availability of land. Further, as against 234 km. DIK7 Pipes supply by MJP, work of laying 159 kms., Pipes (68%) only was completed and remaining work was in progress. However, as per tender condition the said works were to be completed upto 30/09/2018. The department had issued several notices to the said contractor to expedite the said work even though physical progress of the work was 55% only even after lapse of 9 months from the stipulated date of completion (i.e. 30/09/2018). Further amounts of Rs. 37.16 crore, Rs. 18.58 crore and Rs. 41.80 crore were received towards GoI, GOM and VVCMC share between June 2016 and March 2019 respectively. However, as per Bank Pass Book of Water Supply Scheme (AMRUT) amount of Rs. 23.52 crore of the said WSS (GoI, GOM and VVCMC share) along with interest was lying unutilized in Saving Bank Account No. 100045429115 of IndusInd Bank, Branch Vasai.

Non-utilization of Government fund due to incomplete work being very slow progress had not only resulted in blocking of government fund but the very purpose of the scheme to provide pure drinking water through said WSS to needy people of VVCMC area since October 2018 was also defeated.

On pointing out the same, the department stated that reminders had been issued to the contractor and instructions also given during follow up meetings for completion of the work as soon as possible. After the monsoon period instructions would be given to the consultant and contractor to speed up the work.

Further progress is awaited.

- B.** It was further noticed that work of Solar Power Plant of 1 MW of Rs. 5.41 crore approved in the above G.R. was not commenced due to delay in fixing executing agency (December 2018) by the GoM, UDD to Maharashtra Energy Development Agency (MEDA).

Non-utilization of fund due to non-commencement of said work had not only resulted in blocking of fund of Rs. 5.41 crore but the very purpose of the same was also not served.

To this, the department stated that due to delay in finalizing MEDA for the solar project there was delay in commissioning of the project. Correspondence was being done with MEDA for early completion of the project.

Further progress is awaited.

Theme 2: Fund Management

Para 2: Surplus grants from GoM (20.21 crore) and excess purchase of materials MS pipes and Valves (Rs. 152.47 lakh)

Under Maharashtra Suvarna Jayanti Nagarotthan Mahaabhiyan, the Govt of

Maharashtra (GoM) accorded administrative sanction on 27.01.2014, for the project of 100 MLD Augmentation to Vasai Virar Water Supply Scheme Surya Stage III at a cost of Rs 269.79 crore. The technical sanction for the above project was granted by the Maharashtra Jeevan Pradhikaran on 28.06.2013. 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. It was also observed that under the Scheme, 34 various works costing Rs. 10.09 crore were got done separately during May 2014 to March 2017 out of the scheme fund. 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 the mobilization advance amounting to Rs 29.635 crore was paid to contractor in March/ April 2014.

Scrutiny of records revealed that the cost of the project was Rs.269.79 crore, out of which 70% share i.e. Rs.188.85 crore was to be borne by GoM and remaining by the ULB. The GoM had released an amount of Rs.188.70 crore in 4 installments. VVCMC has floated tender for Rs.226.29 crore only, 70% cost of the amount put to tender works out to Rs. 158.40 crore. However, VVCMC received GoM share of Rs. 188.70 crore. It was further observed that the VVCMC incurred Rs. 10.09 crore (out of the scheme funds) towards 34 various works under the scheme. VVCMC had incurred Rs. 168.49 crore (Rs. 158.40 Crore + Rs. 10.09 Crore) out of the GoM funds of Rs. 188.70 crore. The scheme works had been 100% physically completed after incurring of Rs. 281 crore as on 01.10.2018. However, the details of remaining Rs. 20.21 crore (Rs. 188.70 crore –Rs. 168.49 crore) out of the GoM funds have not been made available to audit. The mobilization advance given to the contractor was recovered completely from the contractor's bills.

Final action is awaited.

Theme-3: Procurement and distribution of water

Para 2 (a). Surplus purchase of material MS. Pipes and Valves (Rs. 152.47 lakh)

It was further observed that the MS pipes and Valves of various specifications purchased for the above scheme works could not be utilized by the contractor due to purchases more than the requirement as detailed below.

Specification of MS Pipe (in mm)	Thickness (mm)	Supplied quantity (Rmt)	Quantity used (Rmt)	Quantity balance (Rmt)	Cost of the pipe/unit (Rs./Rmt)	Cost of the balance quantity (Rs.)
1524	10	4514.22	4479.12	35.10	22472.00	788767
1524	12	26992.84	26930.24	62.60	26930.00	1685818
711	7.1	7765.98	7717.15	48.83	7713.68	376659
660	7.1	1800	1475.46	324.54	7156.24	2322486
559	7.1	3406.52	2895.60	510.92	6048.64	3090371
1232	16	109.91	105.00	4.91	29997	147285
1832	16	201.72	177.40	24.32	44819.84	1090019
Total		44791.19	43779.97	1011.22		9501405
Specification of Valve (dia in mm)	Quantity	Supplied quantity (number)	Quantity used (number)	Quantity balance (number)	Cost/unit (Rs./unit)	Cost of the balance quantity (Rs.)
200 S V	Number	7	5	2	24101	48202
1500 B F	Number	4	2	2	1294878	2589756
200 S V	Number	39	32	7	24101	168707
1500 Expansion Joint	Number	4	2	2	287594.00	578188
700 B F	Number	4	2	2	166175.36	332351
600 B F	Number	7	2	5	102676.08	513380
200 A V	Number	37	32	5	58925.36	294627
150 A V	Number	44	17	27	40356.16	1089616
400 B F	Number	2	0	2	65543.92	131088
Total		148	94	54		5745915

Note: AV- Air Valve, B F – Butter fly, SV – Sluice Valve

It is evident from the above table that 44791.19 Rmt. MS pipes of various specifications were purchased by the contractor for the above scheme works, however, it was observed that 43779.97 Rmt. Only could be utilized and 1011.22 Rmt. MS pipes costing Rs. 95.01 lakh becomes surplus, however, payment was made to the contractor, as the work is physically 100% completed as on 01.10.2018 (till 30th R.A. Bill). Similarly 148 number of various specification of valves were purchased for the scheme work, however, 94 valves only could be utilized by the contractor in the scheme and remaining 54 valves of various specifications costing Rs. 57.46 lakh became surplus (till 30th R.A. Bill paid to the contractor) as the scheme

work is physically 100% completed. Omission to purchase of MS pipes and Valves more than the requirement resulted in surplus material amounting to **Rs. 152.47 lakh** which was avoidable. .

On pointing out this in audit the department stated that due to geographical conditions the laying of pipes alignment was altered owing to which the surplus pipes were noticed. The surplus pipes and other materials would be taken over by the corporation before the issue of completion certificate and the same would be utilized for other related works or for other scheme maintenance works by the corporation.

Further progress awaited.

Para 3: Partial fulfillment of demand of clean water for residents

During scrutiny of record it was observed that for the 19.65 lakh population of VVCMC as on 2019, demand of clean water supply for VVCMC area is 265.275 MLD (135 lpcd x 19.65 lakh). However, it was observed that the VVCMC could manage 231 MLD of water only from its various sources (as detailed below) for supply/distribution to its jurisdiction.

Source of Water	Demand of Water (MLD)	Water lifting (MLD)	Wastage (Col 3x15%)	Actual supply (3-4)	Short fulfillment (Col. 2-Col.5)
1	2	3	4	5	6
Surya (purchase from Irrigation Department)	265.275	200			
Usgao (purchase from Irrigation Department)		20			
Pelhar (own source)		10			
Papadkhinde (own source)		01			
Total	265.275	231	34.65	197	68.275

Considering 15% (34.65 MLD) wastages of water, the VVCMC was able to fulfill

water demand of 197 MLD (74.26%) only to its residents as on date and there was short fulfillment of 68.275 MLD of water to the residents. As per the SLB report the VVCMC could able to provide water 4 hours/day against the SLB norms of 24 hours/day. Apart from the above sources of water the other alternate sources of water for the people, which was not made available. Further it was also observed that in most of the area previously attached to Gram Panchayat, the network of pipeline is either partially or not in existence. During 2018-19 the water supply department had incurred Rs. 2.30 crore on purchase of water from Irrigation Department of GoM and Rs. 1.17 crore on hiring of water tanker respectively. Though it was pointed out in previous audit (2013-2016), the demand of water supply could not be achieved.

In reply the department stated that from Surya project 185 MLD of water would be available by the year 2021 and another 70 MLD would be available by 2022-23 from Kholsapada project in addition to the above various projects had been undertaken under Irrigation Department for providing water to the residents of the Corporation.

Further progress is awaited.

.Para 4 :Water supply through tankers-avoidable loss of Rs.463.62 lakh.

As per section 99 and section 134 of the Bombay Provisional Municipal Act 1949, the Municipal Commissioner with the approval of Standing Committee is authorized to levy and revise the rate of water charges supplied by the Corporation. Further Government in Urban Development Department vide G.R No dt 2.08.2010 had advised that Municipal Corporation should run their water supply scheme on “No Profit No Loss” basis. It was seen that the VVCMC supplies drinking water through tankers operated by private parties. It was seen that the tender for the supply of water was being operated since the inception of the corporation i.e 2010. It was noticed that the corporation was not charging any fee nor service charges for supply of water through private tankers (Aaftab Infra) to the beneficiaries even though the said procedure is being followed by its neighboring Corporation viz Mira Bhyander Corporation, Thane Municipal Corporation. The expenditure incurred by the corporation on water supply through tankers was as given below and as furnished by the department.

Sr. No	Year	Expenditure (In lakh)
1.	2013-14	44.10
2.	2014-15	49.09

3.	2015-16	55.91
4.	2016-17	11.79
5.	2017-18	186.22
6.	2018-19	116.51
		463.62

Thus it could be seen that huge expenditure was being incurred by the department on providing water supply which could have been minimized had the corporation collected service charges as per Government G.R stated above. The above discrepancy was pointed out during previous audit also wherein it was stated that after completion of Surya Project (100MLD) the expenditure on tanker services would be minimized. However, it is noticed that the expenditure on tanker services has increased considerably.

On pointing this in audit, the department stated that MJP had undertaken water supply scheme for 69 villages situated in the Corporation area which had not been completed till date owing to which water was being supplied to these villages through tankers for which no charge was being collected from these villages, as per resolution taken in Standing Committee. The said loss would be minimized on completion of the said scheme. The reply was not tenable as the Government GR states that water supply scheme should be run on No profit No loss basis.

Comments of the higher authorities may be obtained and furnished to audit.

Further progress is awaited.

Theme- 4: Operation & Maintenance and Monitoring

Para 5: - Non- claiming of Water Cess of Rs. 22.23 lakh though STP completed and Commissioned.

As per the provisions contained in the Sub-section (1) of section 5 of the Water (Prevention and Control of Pollution) Cess Act (36 of 1977) read with sub-rule(1) of Rule 4 of Water (Prevention and Control of Pollution) Cess Act 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 sewerage or trade effluents, such person or local authority provided the person or local authority in 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 Sewage 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 crore which was revised to Rs.138.03 crore. The said work was awarded to Gharpure Engineering and Construction Company Pvt. Ltd vide work order dt 26.03.2013.

As seen from the records furnished to audit, the total expenditure incurred as on date was Rs.120.95 crore vide 28th R.A bill paid on 16.03.2017. Further it was noticed that an amount of Rs.135.93 crore was released to ULB of which Rs.120.95 crore was utilized leaving a balance of Rs.14.98 crore with ULB. As per information furnished, it was stated that the STP project is completed and commissioned during 2017-18 however no completion report in this regard was furnished to audit. Further though the project is stated to be completed no rebate for the same is being claimed by the VVCMC till date as detailed below:

Period	Total water charges paid (crore)	Water Cess applicable @20 per cent (In lakh)	Rebate eligible @25 per cent on Water Cess (In lakh)
2017-18	214.68	42.94	10.73
2018-19	230.09	46.01	11.50
Total			22.23

Thus the department could have saved an amount of Rs.22.23 lakh on account of rebate though the Sewerage plant was completed and commissioned as stated by the department. Further the reasons for retaining of balance fund was asked in audit.

In reply the department stated that under Satellite City program 30 MLD STP project completed and commissioned, however, the connections for the households and societies for sewerage was going on. On completion of the said work rebate would be claimed. The reply was not tenable as sewerage was being treated rebate should have been claimed which had not been done.

Comments of the higher authorities may be obtained and furnished to audit.

Further progress is awaited.

Para 6: Avoidable expenditure on payment of power factor penalty (Rs. 30.10 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 failed to maintain the penalty for the same 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. 30,09,650/- including Rs. 2.90 lakh and Rs. 4.43 lakh for the Inspection Report 2009-11 and 2014-16 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. The above discrepancy was pointed out in previous audit also, however no action was taken in this regard.

On pointing this in audit, the department stated that the Power bank capacitors had been installed recently for which power factor penalty was not being levied. The reply is not tenable as the capacitors had been installed for one consumer only during June 2019 as seen from the bill for July 2019.

Further progress is awaited.

Para 7: Non achievement of Service Level Benchmarking.

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.

During scrutiny of the record, it was observed that Water Supply department has to file online information regarding SLB and furnished its annual report for the year in Form-II to the Secretary-in charge of the Urban Development Department, Government of Maharashtra. However, the department is not in a practice of submitting the same to the authority concerned. As per online information annual report such as targets of most of the Key Performance Indicators (KPI) of Service Level Benchmarks should also be submitted to the authority concerned however, it was observed that the Water Supply Department of VVMC had achieved the KPI partially during year 2016-17 to 2018-19 as detailed below:

S N	Description of Key performance indicator	Target 2016-17	Achievement	remark	Target 2017-18	Achievement	remark	2018-19 target	Achievement	remark
1	Coverage of water supply connections (%)	100	50	Not achieved	100	70	Not achieved	100	80	Not achieved
2	Per capita supply of water at consumer end(LPCD)	135	79	Not Achieved	135	90	Not Achieved	135	110	Not achieved
3	Extent of metering of water connections (%)	100	Not done	Not achieved	100	Not done	Not achieved	100	Not done	Not achieved
4	Extent of non-revenue water (%)	15	10	Achieved	15	9	Achieved	15	7	Not achieved
5	Continuity of water supply (hrs per day)	24	2.5 (average)	Not achieved	24	3 (average)	Not achieved	24	4 (average)	Not achieved
6	Efficiency in redressal of customer complaints (%)	100	80	Achieved	100	80	Achieved	100	80	Not achieved
7	Quality of water supplied (%)	100	100	achieved	100	100	Not achieved	100	100	achieved
8	Cost recovery in water supply services (%)	100	62.81	Not achieved	100	78.49	Not achieved	100	73.69	Not achieved
9	Efficiency in collection of water supply	100	100	achieved	100	100	Not achieved	100	100	achieved

	related charges (%)									ved
10	Coverage of water supply connections in slums (%)	N.A.								

Vasai Virar City Municipal Corporation (VVCMC) came into existence in the present form in 3rd July 2009 which 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 present water supply made by VVCMC to the city is 231 MLD. The value after considering the 15% of wastage of water during the distribution comes up to be 197 MLD which is not enough as total requirement of water in VVCMC is 265.275 MLD. Hence, the Corporation is still dependent 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 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 to consumer (lpcd) etc. are partially achieved by the department (as shown in table above).

The reasons for non-achievement of the SLB under water supply in respect of majority of the indicators and non filing online report in Form-II to the Government of Maharashtra was called for in audit.

To this the department stated that the area under Corporation would be brought under piped water supply for which grievances cell and loss of water would be checked and 100 per cent recovery of water would be effected.

Further progress is awaited.

Para 8: Outstanding recovery of water charges (Rs. 14.38 crore)

As per the 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 2018-19 there was huge outstanding recovery of water charges amounting to Rs. 14.38 crore as detailed in table below:

(Amount in Rs.)

Year	Previous outstanding+ Current demand			Recovery			Total outstanding demand yet to be recovered	% of outstanding recovery against demand
	Previous	Current	Total	Previous	Current	Total	Total	
2015-16	85959655	380894708	466854363	43354703	309597842	352952545	113901818	24.40
2016-17	113901818	376123834	490025652	52640941	294094531	346735472	143290180	29.24
2017-18	143290180	378122208	521412388	90112350	293426007	383538357	137874031	26.44
2018-19	137874031	408618000	546492031	77157241	325575576	402732817	143759214	26.31
Total	481025684	1543758750	2024784434	263265235	1222693956	1485959191	538825243	26.61

From the above table it can be seen that the year wise outstanding recovery from 2015-16 to 2018-19 stands between 24.40% and 29.24% and total outstanding recovery of water charges for the year 2018-19 was Rs. 14.38 crore against the total demand of Rs.54.65 crore. Necessary action to reduce the percentage of recovery of outstanding water charges was already pointed out in previous audit (2013-2016), however, no action was initiated by the department to reduce the recovery percentage as it could be seen from the table mentioned above. Reasons for huge outstanding water charges to be recovered as on 31.03.2019 was asked in audit.

Para 9: Acute shortage of Technical/non technical staffs in Water Supply Department

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
1	City Engineer (water supply)	1	1 (on deputation)	0
2	Executive Engineer (Architecture)	3	1	2
3	Sub Engineer (Architecture)	9	2	7
4	Branch Engineer (Architecture)	9	4 (on deputation)	5

5	Junior Engineer (Architecture)	27	9 (on contract)	27
6	Executive Engineer (Electrical)	1	0	1
7	Sub Engineer (Electrical)	1	0	1
8	Branch Engineer (Electrical)	2	0	2
9	Junior Engineer (Electrical)	6	0	6
10	Filter Inspector	3	0	3
11	Chemist	3	0	3
12	Assistant Chemist	6	0	6
13	Electric Supervisor	9	0	9
14	Diesel Mechanical Operator	3	0	3
15	Vijtrantri	6	0	6
16	Assistant Vijtrantri	9	0	9
17	Instrument mechanic	3	0	3
18	Pump mechanic	2	0	2
19	Welder (associate)	2	0	2
20	Head fitter	2	0	2
21	Pump operator	7	5	2
22	Plumber	21	1	20
23	Tap fitter	5	0	5
24	Superintendent	2	1	1
25	Dy Superintendent	2	0	2
26	Senior clerk	6	0	6
27	Clerk Typist	12	8 (04 on contract)	4
28	Short writer	1	0	1
29	Short hand writer	1	0	1
30	Water Superintendent	1	0	1
31	Meter reader	1	2	-1 (surplus)
32	Bigari	32	5	27
		198	30	168

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 fully vacant.

In absence of this work force, how the department manages the works related to the Water Supply? Reasons for huge shortfalls was asked for in audit and action taken in this regard was

asked for in audit. Though the shortfalls of staff have already been pointed out in previous audit (2013-2016) no action was taken by the department to reduce the shortfall of staffs.

To this the department stated that roaster approval for class III & IV officials was received from the Government and in respect of other posts the same was being prepared and would be submitted shortly to Government for approval. However, as on date the posts in the water supply department viz: engineers, electrician, pump operators valve man fitter etc were being filled on contract basis from whom the works were being carried out.

Further progress is awaited.

Part III- Follow up on Findings outstanding from previous reports

Inspection Report for the period 2009-2010 to 2010-2011

Para 4: Loss of revenue due to application of different rates for water supply to consumers Rs.289.72 lakhs.

Para retained for full and final compliance

Inspection Report for the period 2011-2012 to 2012-2013

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

Para retained for full and final compliance

Inspection Report for the period 2013-2014

Para 2: Non revision of rates of water charges.

Para retained for full and final compliance

Para6: Avoidable payment of electricity duty Rs. 3.64 lakh.

Para retained for full and final compliance

Inspection Report for the period 2014-2015 to 2015-16

Para2: Avoidable payment of electricity duty (Rs. 6.87lakh)

Para retained for full and final compliance

Part IV: Best practices

- NIL-

Part V: Acknowledgement

All requisite records called for by audit party were produced timely by the concerned Department staff and Shri Gaurav Rane Clerk played an important role in producing the records.

Sr. Audit Officer/SS –I

Annexure “A”

Statement Showing Payment of power factor penalty

Sr. No.	Bill date	Consumer No.	Amount
1	04/05/2016	001529021697	5,467=67
2	04/05/2016	001529020020	11,029=93
3	08/05/2016	013069020067	43,136.=05
4	06/06/2016	001529021697	3,051=30
5	07/06/2016	013069020067	21,276=43
6	07/06/2016	001529020020	17,274=98
7.	11/07/2016	013069020067	23,036=25
8.	11/07/2016	001529020020	25,819=90
9.	08/08/2016	001529020020	23,535=00
10.	07/09/2016	001529021697	2,308=70
11.	09/09/2016	001529020020	25,508=43
12.	10/10/2016	013069020067	34,863=06
13.	10/10/2016	001529021697	9,858=77
14.	10/10/2016	001529020020	32,010=23
15.	05/11/2016	013069020067	22,832=10
16.	05/11/2016	001529020020	22584=62
17.	09/11/2016	001529021697	26,252=65
18.	03/12/2016	001529021697	39,257=93
19.	03/12/2016	013069020067	48,526=74
20.	07/12/2016	001529020020	24,802=73
21.	02/01/2017	001529021697	47,265=42
22.	02/01/2017	013069020067	70,851=12
23.	07/01/2017	001529020020	23,432=91
24.	02/02/2017	001529021697	34,269=88
25.	02/02/2017	013069020067	16,567=50
26.	08/02/2017	001529020020	22,905=14
27.	01/03/2017	001529021697	20,713=88
28.	03/03/2017	001529020020	31,812=79
29.	01/04/2017	001529021697	32,195=75
30.	03/04/2017	001529020020	24,599=84
31.	03/04/2017	013069020067	42,760=93
32.	02/05/2017	001529021697	13,103=45
33.	03/05/2017	001529020020	31,323=23
34.	03/05/2017	013069020067	54,197=73
35.	05/06/2017	013069020067	43,388=71
36.	05/06/2017	001529020020	37,809=70
37.	05/07/2017	013069020067	40,878=51
38.	05/07/2017	001529020020	37,084=55
39.	05/07/2017	001529021697	19,250=00
40.	01/08/2017	001529021697	10,864=56
41.	04/09/2017	001529020020	47,882=55
42.	03/10/2017	001529021697	20,610=62
43.	03/10/2017	013069020067	21,474=14
44.	04/10/2017	001529020020	31,876=11
45.	05/12/2017	001529020020	26,060=17

46.	06/01/2018	013069020067	35,195=01
47.	06/01/2018	001529020020	25,436=05
48.	06/01/2018	001529021697	34,896=80
49.	05/02/2018	013069020067	24,749=00
50.	05/02/2018	001529020020	44,832=43
51.	07/02/2018	001529021697	17,197=96
52.	03/03/2018	013069020067	19,367=68
53.	03/03/2018	001529020020	34,788=48
54.	03/04/2018	001529020020	23,595=07
55.	05/04/2018	001529021697	34,230=53
56.	05/04/2018	013069020067	51,052=96
57.	04/05/2018	001529020020	16,849=52
58.	05/05/2018	001529021697	38,360=34
59.	05/05/2018	013069020067	52,321=12
60.	05/06/2018	001529021697	29,205=13
61.	05/06/2018	013069020067	54,492=25
62.	05/06/2018	001529020020	18,551=37
63.	03/07/2018	001529020020	19,265=22
64.	05/07/2018	001529021697	27,728=17
65.	01/08/2018	013069020067	20,814=67
66.	02/08/2018	001529021697	33,720=56
67.	02/08/2018	001529020020	31,057=31
68.	03/09/2018	013069020067	24,214=20
69.	04/09/2018	001529021697	32,103=46
70.	04/09/2018	001529020020	33,589=12
71.	03/10/2018	013069020067	12,769=62
72.	03/10/2018	001529020020	13,617=37
73.	03/10/2018	001529021697	18,730=89
74.	02/11/2018	013069020067	12,909=58
75.	02/11/2018	001529020020	13,608=23
76.	03/11/2018	001529021697	17,776=74
77.	01/12/2018	001529021697	17,007=60
78.	03/12/2018	001529020020	10,876=43
79.	05/12/2018	013069020067	9,002=25
80.	02/01/2019	001529021697	18,278=86
81.	03/01/2019	001529020020	6,388=94
82.	03/01/2019	013069020067	12,417=38
83.	04/02/2019	001529021697	16,807=51
84.	04/02/2019	001529020020	6,481=77
85.	04/02/2019	013069020067	13,916=87
86.	02/03/2019	001529021697	15,603=32
87.	02/03/2019	001529020020	5,532=99
88.	02/03/2019	013069020067	11,723=97
Amount outstanding as per previous I.R 2009-2011			2,90,000=00
Amount outstanding as per previous I.R 2014-2016			4,42,973=00
Total			30,09,650=39

Inspection Report on the account of the City Engineer, Public Works Department, Vasai Virar City Municipal Corporation, Virar for the period 01/04/2016 to 31/03/2019.

Part 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 period 01/04/2016 to 31/03/2019 was conducted locally during the period from 04-09-2019 to 19-09-2019 by an audit team comprising of Shri Ratnesh Sinha, AAO, Shri A.B Salunke, AAO, and Shri R.K. Indap, Sr. Auditor under the supervision of Shri R.S Rana, Sr. Audit Officer.

II) **Personnel:** Following officials held the charge of City Engineer, Works Department VVCMC 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

III) Grants & Expenditure during the year 2016-17 to 2018-19

(Rs. in Lakh)

Sr. No.	Particulars/ schemes	2016-17		2017-18		2018-19	
		Grant (Rs.)	Exp (Rs.)	Grant (Rs.)	Exp (Rs.)	Grant (Rs.)	Exp (Rs.)
1	Capital Expenditure						
	MP/MLA Fund	309.26	94.26	150.25	0.00	345.00	0.00
3	Dalit Basti (State)	40.00	40.00	212.73	9.68	0.00	0.00

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 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) Audit Scope and Methodology

- The compliance audit of City Engineer, Works Department VVCMC commenced with an entry meeting which was held on 04.09.2019 with Shri Madhav A. Jawade City Engineer, Works Department VVCMC in which audit scope and methodology were explained. Out of total population of 380 cases 79 cases were selected by simple random sampling method. The audit findings were discussed with the City Engineer, Works Department in an exit meeting held on 19.09.2019.

V) Internal Audit

Details of audit inspection conducted:

Name of authority	Period covered	Report received or not	No. of paras outstanding
Municipal Chief Auditor.	--	--	--
Local Audit Fund	2014-15	Yes	05

VI) Disclaimer

The Inspection Report has been prepared on the basis of the information furnished and records made available by the City Engineer, 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 II: Audit Findings

Part II-A: Significant Audit Findings

Theme 1-Planning

Para-1: Unutilised grant under Dalit Vasti and MP/MLA schemes (Rs. 830.48 Lakh).

The “Dalit Vasti Sudhar Yojana” scheme implemented since 1974 by the Government of Maharashtra assures basic amenities such as water, sanitation, community centers and public libraries, specially in dalit vasti.

The Government of India enables to the Member of Parliament to recommend development work such as drinking water facility, education, electricity facility, non-conventional energy resources, healthcare and sanitation, irrigation facilities, railways, roads, pathways and bridges, sports, agriculture and allied activities, self-help group development, urban development in their constituency. Under the MLA funds scheme also for the "Strengthening and Augmentation of Infrastructure facilities in each Assembly Constituency", each MLA can also suggest small works of capital nature.

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 Welfare of the citizen living in the jurisdiction of the Municipal Corporation.

Scrutiny of details of Grants and expenditure under Dalit Vasti Sudhar Scheme and MP/MLA Fund revealed that the VVCMC had received Rs. 1249.49 lakh under Dalit Vasti Sudhar Yojana and Rs. 1301.95 lakh under MP/MLA scheme during 2014-15 to 2018-19. However, it was observed that Rs. 895.66 lakh under Dalit Vasti Sudhar Yojana and Rs. 825.30 lakh under MP/MLA scheme expenditure was incurred only during the above period. A summary of grant received and expenditure incurred in these schemes during the period 2014-19 are as under:-

(Rs. in lakh)					
Particulars	Period	Grant received during the period	Total Expenditure during the period	Unutilised balance	Percentage utilisation
Dalit Vasti	2014-19	1249.49	895.66	353.83	71.68
MP/MLA Fund	2014-19	1301.95	825.30	476.65	63.39
Total		2551.44	1720.96	830.48	67.45

It is evident from the above table that out of the total grant of Rs. 2551.44 lakh received towards the above schemes Rs. 1720.96 lakh only were utilized during 2014-19 which was only 67.45 per cent of the total grant and remaining grant amounting to Rs. 830.48 lakh is unspent till 31.03.2019. The above resulted in poor implementation of schemes. 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 may be stated to audit. Though the observation was raised during the previous audit period 2014-16 the department could not utilized the scheme funds properly.

The department stated in reply that the matter would be examined and detailed compliance would be submitted shortly.

Further progress is awaited.

Theme II- Fund management

Para-2: Blocking of Government fund of Rs. 240.00 lakh due to non-commencement of work.

The Government of Maharashtra (GoM, Urban Development Department (UDD) vide its Resolution No. GEN/2013/Pra. Kra. 295/Navi 16 dated 03/12/2013 and 15/02/2014 had sanctioned grant of Rs. 300.00 lakh and released amount of Rs. 240.00 lakh through Collector, Thane on 01/03/2014 through RTGS. to Vasai-Virar City Municipal Corporation (VVMC) for the work of construction of Multipurpose building RCC, Ground + 4 at Manubhai Diagnosis Center, Virar (Work Sr. No. 345) under development works of Basic Amenities Scheme as per proposal sent by VVMC. The share of GoM, UDD and VVMC for cost of the work was 50% and 50% respectively. Technical Sanction for Rs. 453.57 lakh was accorded by the City Engineer, VVMC on 21/01/2014 and Administrative Approval was granted by three member committee under Chairmanship of Divisional Commissioner (DC), Konkan Region (of which Collector, Thane and Municipal Commissioner (MC) VVMC were members) on 24/02/2014 for Rs. 445.77 lakh as MC had certified that the proposed land was in possession of VVMC.

The scope of the work was as under:

Sr.No.	Floor No.	Discription
1.	Ground Floor	Late Manubhai Shah Diagnosis Center 46.00 Meter X 19.00 Meter (8000 Sq. Ft.)
2.	First Floor	Late Manubhai Shah Diagnosis Center or Health Center 46.00 Meter X 19.00 Meter (8000 Sq. Ft.)
3.	Second Floor	Vyasan Mukti Kendra 46.00 Meter X 19.00 Meter (8000 Sq. Ft.)
4.	Third Floor	Aadhar Kendra 46.00 Meter X 19.00 Meter (8000 Sq. Ft.)
5.	Forth Floor	Social Meeting Hall 46.00 Meter X 19.00 Meter (8000 Sq. Ft.)

The tender for the above work was invited and lowest bid of M/s. Gajanan Construction, Bhayander (west) Dist. Thane was accepted by the Standing Committee vide Resolution No 1972 dated 01/03/2014 and work was allotted to the said contractor for Rs. 5,57,21,670/- (25% above of estimated amount of Rs. 4,45,77,336/- 3.20% above as per PWD DSR 2013-14) and an agreement was executed between City Engineer, VVCMC and the said contractor on 18/03/2014 with stipulated date of completion on 02/03/2015 (12 months) from the issue of work order.

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, Deputy Director, Town Planning (DDTP), VVCMC refused to grant permission for construction of work on 17/04/2014. Further, Commissioner, VVCMC vide its letters dated 10/07/2014 and 09/09/2014 instructed the DDTP, VVCMC to propose suitable reservation under Section 37 of the MRTP, Act 1966 after leaving part of Cremation Ground with a view to complete the said work. No records related to further correspondence between Commissioner, VVCMC and DDTP, VVCMC after 09/09/2014 was made available to audit and the work could not be started till the date of audit even after a lapse of over five years and six months from the date of issue of work order/release of GoM grant of Rs. 240.00 lakh for the said work. As the entire records were available at VVCMC level, it should have been ensured that the land was legally and physically in possession of VVCMC before sending proposal to GoM, UDD. However, failure on the part of the department to send proposal to GoM, UDD and thereafter issue of work order without ensuring legal and physical possession of entire land, the grant of Rs. 240.00 lakh released by the Government through Collector, Thane on 01/03/2014 (Credited on 03/03/2014) remained blocked for over five years and six months in Indian Bank A/c. No. 900403508 Branch- Nallasopara Dist. Palghar.

Non-commencement of the said work due to above reasons had not only resulted in blocking of government fund of Rs. 240.00 lakh for over five years and six months but the very purpose of the construction of said Multipurpose building to provide Medical and Social amenities to needy people of the Virar, VVCMC area was also defeated.

The department stated in reply that the matter would be examined and detailed compliance would be submitted shortly.

Further progress is awaited.

Para-3: Blocking of fund of Rs. 1.88 crore due to incomplete work being slow progress.

The work of Proposed Development of Majetia Auditorium, Nallasopara in VVCMC area was administratively approved by the Special General Body vide Resolution No. 06 dated 19/08/2014. The Technical Sanction for the same was given by the City Engineer, VVCMC on 25/09/2013 for Rs. 2,82,70,470/-. The scope of the work was as under:

Sr. No.	Description	Amount (Rs.)
1.	Civil Work	2,25,49,053=00
2.	Acoustic	44,67,700=00
3.	Electrical Work	12,53,717=00
Total		2,82,70,470=00

The tender for the said work was invited and lowest bid of M/s. Gajanan Construction, Bhayandar (West) Dist. Thane was accepted by the Standing Committee vide Resolution No. 1104 dated 02/012/2014 and the work was allotted to said Contractor for Rs. 3,50,55,382=80 (24% above of tendered amount of Rs. 2,82,70,470/-) and an agreement was executed between Executive Engineer, VVCMC and the said Contractor on 24/01/2015. The work order was issued by the department on 12/02/2015 with stipulated date of completion on 11/02/2016 (365 days) from the issue of work order. The upto date payment was made of Rs. 1,87,72,595/- upto 1st R.A. Bill on 15/02/2019 for 67.14% Civil work executed as measured by the Deputy Engineer, VVCMC (M.B. No. 24, Page No.1 to 74 which was not made available to audit, may please be made available) on 04/06/2017 and Acoustic & Electrical Work were yet to be started. The Contractor applied for extension on 09/12/2015, however, neither any notice to expedite the work was issued nor any extension was granted to contractor as per records made available to audit, except levy of penalty of Rs. 47,900/- at Rs. 100/- per day as per agreement, in 1st R.A. Bill. On enquiry it was learnt that neither any notice was issued nor any extension was granted to contractor which needs to be confirmed.

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 was 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.

On scrutiny of relevant records and information made available to audit, it was noticed that as the said work was to be completed up to 11/02/2016 i.e. before over 3½ years, however only 67.14% Civil Work executed without any extension, and Acoustic & Electrical Work were yet to be started by the Contractor. Reasons for non-issue of any notice to expedite the work to Contractor even after lapse of over 3½ years from the stipulated date of completion may please be stated. Action taken or proposed to be taken by the department in this regards may please be stated to audit.

Non-completion of the said work had not only resulted in blocking of fund of Rs. 1.88 crore but the very purpose of proposed Development of Majetia Auditorium to provide various Social and Cultural activities to beneficiaries in VVCMC area since February 2016 was also defeated.

The department stated in reply that the matter would be examined and detailed compliance would be submitted shortly.

Further progress is awaited.

Part II B: - Other incidental Audit Findings

Theme-3 Operation / Execution of Public Works Management

Para-4: Irregular Sanction of Extra item Rs.41.17 lakh

The work of Beautification of Chaubare Talav in Ward No.83 was Administratively Approved for Rs. 18976565.00 vide VVCMC Resolution. No 14 dt 20.01.2014. The

Technical Sanction for the same was given on 10.01.2014 for Rs. 17390730.00. Tenders were floated for the same at the Estimated Cost of Rs. 17390730 and accepted @ of 9.49 per cent above the E.C. The stipulated date of Completion was one year from the date of issue of Work order.

The work order for the above work was issued to M/s Mangalmurthy Enterprises vide order dt 1.12.2014. It was seen from the files that the contractor vide his letter dt 24.11.2015 had written to the VVCMC for grant of extension till 30.06.2016 which was accorded. Again the contractor vide his letter dt 23.06.2016 sought for extension till 31.12.2016, the reasons quoted was as the construction of retaining wall inside the lake involved dewatering of the lake. As the dewatering of the lake was not included in the tender the following items were sanctioned as extra Items.

Extra Item	Quantity	Units	Rate	amount
Desilting	6200	Cum	535.50	3320100.00
Dewatering	850	Bhp	153.30	130305.00
P/F M.S Grill	277.20	Sq.mtr	2403.45	666111.60
				4116516.60

The work was completed on 04.01.2017 as seen from the completion certificate issued by the City Engineer. The 2nd and final bill was paid vide Vr. No 3498 dt 25.10.2018. The total bill paid to the contractor was Rs.12773732.00 against the tendered cost of Rs.19041647.00. Thus it could be seen that the work was completed with a saving of nearly 32.91 per cent which also involved excess quantities under the following items.

Item No.	Work executed	As per estimates			As per Actual			Difference		
		Qty	Rate	Amt.	Qty	Rate	Amt.	Qty	Rate	Amt.
7.	Filling	557.83	319.78	178382.88	907.81	319.78	290299.48	349.98	319.78	111916.60
11	Small and medium trees	250.00	587.24	146810.00	850.00	587.24	499154.00	600.00	587.24	352344.00
16	P/L 25mm G.I pipe	350.00	329.66	115381.00	442.40	329.66	145841.58	92.40	329.66	30460.58

										494721.18
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As there was saving of Rs.62.68 lakhs the tender should have been revised and got approved from the competent authority. However, the same was not done but extra items amounting to Rs.41.17 lakh were sanctioned and paid which was irregular. Further from the extra item sanctioned, it was noticed that the same had been sanctioned stating that the amount was within the Administrative approval limit and no revised administrative approval would be required. No files regarding the rate analysis sanction of extra item were produced to audit though called for. From the above it was clear that the extra items were not included in the tender as any lay man could tell that construction of the retaining wall around the lake would require dewatering/desilting of the lake without which the same could not be executed. Further the work which was required to be done in one year was completed in three years for which no penalty was levied on the contractor.

The department stated in reply that the matter would be examined and detailed compliance would be submitted shortly.

Further progress is awaited.

Para-5: Delay in construction of RCC Gutter and excess payment made to the contractor for mere construction of 17.81% of RCC Gutter (Rs.30.99 lakh)

Scrutiny of work file for the construction of RCC Gutter from “Ekvira Rice Mill to Bolinj Par”, Virar West revealed that due to water logging during rainy season, VVCMC decided to construct **730 meter long and 1.5 meter broad RCC gutter from “Ekvira Rice Mill to Bolinj Par”, Virar West**. The Administrative approval for Rs. 1,14,60,672 (Estimated) was accorded by the General Body on 12.08.2014, subsequently the Technical Sanction was granted for the same estimated cost (Rs. 1,14,60,672) by the City Engineer, VVCMC on 19.08.2014. **e-Tender** was invited for the work from 28.08.2014 (3 PM) to 30.08.2014 (4 PM). Out of the three tenders, the lowest was 4.90% above the estimated cost (i.e. Rs. 1,20,22,245). Financial approval on the lowest tender cost Rs. 1,20,22,245 i.e. 4.90% above estimated cost was granted by the Standing Committee on 17.03.2015. Hence, per unit length of construction cost of RCC Nala comes to Rs.15700/RMT plus 4.90%. The agreement for the work was signed between Contractor and the VVCMC on 20.08.2017 and the Work Order to the

contractor M/s A.G. Patil (L-1) was issued on 18.09.2017 after a delay of more than two and half years from the the date of approval of the Standing Committee, reasons for such delay was not available on record.

It was further observed that 120 meters length RCC Nala work was completed till 03.10.2017 and approval for an extra items i.e. 800 mm Diameter NP III RCC Pipe quantity of 541 Running Meter (RMT) length costing Rs. 31,80,603.92 (Rs. 5879.12/RMT) was accorded from the City Engineer on 10.10.2018 mentioning the reasons that as the said work pertains to Bolinj- Nalasopara which is narrow and traffic floating is also very high on that road, hence, doing footpath will further reduce the width of the road, hence, 541 RMT RCC pipe gutter work is to be done on this road.

It was further observed from the Measurement Book No. 57 that out of 730 meters length of RCC Nala, 130 meters (17.81% of 730 meter length of RCC Nala) length RCC Nala Gutter work only was constructed till 31.10.2017 for which Rs. 51,39,991 (up to 2nd RA Bill) was incurred by the works department and the remaining work of RCC Nala was stopped. For the construction of 130 meter RCC Nala Rs. 20,41,000 only works out by the audit as per the per unit construction cost, however, it was observed that the contractor claimed Rs. 51,39,991 instead of claiming Rs. 20,41,000 only and the same was allowed by the VVCMC and payment of Rs.51,39,991 was made to the contractor. Omission to allow correct per unit construction cost of RCC Nala resulted in excess payment of Rs. 30,98,991 to the contractor. It was further observed that an amount of Rs. 11,82,231 (Rs. 5879.12/RMT) incurred on extra item of 800 mm Diameter NP III RCC Pipe for 201.60 Running Meter (RMT) lengths till 31.10.2017. The position of construction work of RCC Nala is same till date as it is mentioned above. Hence, altogether the contractor could able to complete construction of 331 meter length of Gutter only and remaining 391 meter (53.56%) length of RCC Gutter is pending to be constructed which would be more time and cost affairs for the MC. Reasons for timely completion and delay in construction have not been recorded in the work file.

On being pointed out in audit, the department stated in reply that the matter would be examined and detailed compliance would be submitted shortly.

Further progress is awaited.

Para-6: Irregular according of Administrative Approval

The Administrative approval for work of construction of RCC Nala from S.T. Corner to G.G College at Vasai was accorded by the G.B vide resolution no.9 dt 20.11.2013 for Rs.52941600. The technical sanction for the same accorded for Rs.43975151 on 2.12.2013. From the records furnished to audit it was noticed that the T.S and Administrative approval accorded was as under:

I.No	Qty	Description	Rate Taken for A.A	Amount	Rate taken for T.S	Amount
1.	2772	Earth work in excavation for soft strata	258.30	716007.60	110.24	305585.28
2	2772	-----do-----in hard murum	144.60	400831.20	127.20	352598.40
3	210	Dewatering on Bhp	53.00	11130.00	75.26	15804.60
4.	2772/2400	P/F foundation with excavated stuff	1067.42	2958888.24	49.84	119616.00
5.	1600/3200	Prov trap/granite/quartz rubble	625.80	1001286.40	625.80	2002560.00
6	462/1400	P & L in situ M 15 C.C	3847.33	1777467.25	4513.43	6402802.00
7.	1617.57/981.57	P & L in situ M 25 R C C	5288.10	8553864.96	5053.00	4959892.84
8.	1336.00	P & L in situ M 25 C C of trap/Gr	5315.66	7101716.02	5315.66	7101716.02
9.	570.44/336.00	P & L in situ ---I/II	6317.36	3603672.39	6317.36	2122632.96
10	387.64	P & cutting bending hooking laying	58215.20	22566540.13	58215.20	20515036.48
11	1986.00	Providing uncoursed rubble trap	2706.85	3751695.76	--	0.00
12.	184.60/22.82	P expansion joints	2615.55	481261.20	2615.55	59686.85
13	25.00	P & F	688.80	17220.00	688.80	17220.00
				52941581.15		43975151.43

- a) It was noticed that the technical sanction accorded was by reducing the rates for item no. 1 ,2, 4 & 7 and increasing the rates for items no3 & 6. Further in the technical sanction the quantities for item no 5 & 6 were increased considerably and item no 11 deleted from the technical sanction. Thus it could be seen that the Administrative Approval accorded was one higher side and did not conform with DSR 12-13.
- b) The tenders were floated for the said work. The tender of Gajanan construction was accepted which was 4.95 per cent above the estimated cost with stipulated date of completion being 180 days from the date of issue of work order

dt.17.02.2014. The contractor vide his letter dt 28.07.2014 had applied for extension of work till 31.05.2015 stating that trees and electric transformer where in the middle of the nalla which requires shifting. Thus the extension granted to the contractor on the above ground was not in order as the contractor was fully aware of the site conditions before filling up the tender. Further, it was seen that as the item of weep holes, plastering of wall from outside and disposing of the excavation were not included in the tender which should have been part of the tender as these were necessary items, the same were approved on 12.05.2016 by way of extra items which were as under:

Extra item	Qty	Units	Rate	Amount
P/L weep holes	554.40	Rmt	135.45	75093.48
P/F Structural Cover	16.79	M.T	71103.89	1193834.48
Providing Sand Face Plaster	264.00	Sq.m	444.91	117720.24
Disposing	5329.28	Cum	146.01	778128.77
				2164776.97

Further it was seen from the 4th and final bill paid as per the completion certificate issued on 24.05.2016 that an amount of Rs.42794999.94 was paid against the estimated cost of Rs.43975151.43 which included the excess quantities executed more than 25 per cent as under:

Item No.	Work executed	As per estimates			As per Actual			Difference		
		Qty	Rate	Amt.	Qty	Rate	Amt.	Qty	Rate	Amt.
1.	Excavation in marshy soil	2772	110.24	305585.28	3725.35	110.24	410682.58	953.35	110.24	105097.30
2.	Excavation in hard murum	2772	127.20	352598.40	4967.12	127.20	631817.66	2195.12	127.20	279219.25
3.	Dewatering	210	75.26	15804.60	2137	75.26	160830.62	1927	75.26	145026.02
4.	M-25 RCC raft	981.57	5053.02	4959892.84	1939.81	5053.02	9801898.73	958.24	5053.02	4842005.88
5.	P/C slab	336	6317.36	2122632.96	642.43	6317.36	4058461.58	306.43	6317.36	1935828.62
				7756514.08			15063691.17			7307177.07

From the above it could be seen that excess quantities amounting to Rs.73.07 lakh were included against the amount paid of Rs.42794999.94. Thus the work executed did not

come up even up to the estimated cost put to tender though excess quantities in 5 items had exceeded more than 25 per cent. From the above it was clear that the estimates prepared were on much higher side due to which revised estimates were not required. Moreover the excess quantities amounting to Rs.21.65 lakh were also sanctioned and paid. Thus the total amount paid to the contractor amounted to Rs.44553849.17 which was less than the amount quoted by the contractor @4.95 per cent above the estimated cost which works out to Rs.46151920.00 which was still short of Rs.1598070.83 lakh. Thus it was clear that Administrative Approval accorded was in such a way to accommodate the excess quantities and the extra items without going for revised administrative approval.

- c) It was also noticed that the excess quantities were sanctioned after the work done, which was irregular as all excess quantities above 25 per cent were required to be prior sanction only. Similarly it was noticed that extra items were also executed before approval of the same which was highly irregular.

The department stated in reply that the matter would be examined and detailed compliance would be submitted shortly.

Further progress is awaited.

Theme IV-Manpower management

Para-7: 47% Technical and non-technical posts of Works department are Vacant

On scrutiny of records relating to staff position and information made available to audit, it was noticed that there were huge vacancies under 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	5	22
Jr. Engineer	27	39	(+12)
Head Clerk	2	1	1
Clerk	9	1	8

Typist	1	2	(+1)
Total	70	50	33

From the above, it could be seen that though there was shortage of staff by nearly 29 per cent, however the posts of Junior Engineers were in excess of the sanctioned posts by 44 percent, VVCMC stated that the excess posts were filled in view of the shortage of staff at the Dy/Section Engineer level. The approval of the proposals by the General body in respect of the above was called for in audit. Further, the vacancy was at Executive Engineer and Dy/ Section Engineer level which was the same as pointed out during the previous audit.

The works department stated in reply that the correspondence regarding the filling of above shortages of various posts are in progress at the higher authority level.

Further progress was awaited.

Part III: Paras Outstanding from Previous Inspection Report.

Inspection Report for the year 2013-14.

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

Para retained for full and final compliance.

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

Para retained for final compliance from A & B wards.

Inspection Report for the year 2014-15 to 2015-16

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

Para retained for full and final compliance.

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

Para retained for full and final compliance.

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

Para retained for full and final compliance.

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

Para retained for compliance to items 1 to 3.

Part IV: Best practices

- NIL-

Part V: Acknowledgement

All requisite records called for by audit party were produced timely by the concerned Department staff and Shri Paresh Kudu, Clerk played an important role in producing the records.

Sr.Audit Officer/SSI