

PREFACE

- 1. This Report for the financial year 2015-16 has been prepared for submission to the Standing Committee, South Delhi Municipal Corporation under Section 206 (3) of the Delhi Municipal Corporation Act, 1957 as amended by the Delhi Municipal Corporation (Amendment) Act, 2011.*
- 2. It is worth mentioning that audit of transactions pertaining to a financial year is conducted during the succeeding financial year. The departments are informed of the preliminary audit observations through Audit Memorandum/Half Margin. This is followed by Inspection Reports issued after completion of each audit. The irregularities which are likely to be included in the Audit Report are brought to the notice of the Commissioner through Draft Audit Paragraphs. The departments are requested to confirm the facts & figures stated in the Draft Audit Paragraphs and offer their comments within four weeks of their receipt. On receipt of satisfactory reply from the department, the Draft Audit Paragraph is settled and in case the reply is not found satisfactory, the same is suitably incorporated in Audit Para. Accordingly the audit of transactions pertaining to the financial year 2015-16 was conducted during 2016-17 and process of issue of draft paras and finalization of Audit Report commenced during 2017-18.*
- 3. The Report presents the significant audit findings of test check conducted by the office of the Chief Auditor. Matters relating to earlier years and later years have also been included, wherever necessary.*
- 4. Chapter 1 of this Report indicates an overview of South Delhi Municipal Corporation.*
- 5. Chapter 2 of this Report indicates status of accounts & finance of South Delhi Municipal Corporation.*
- 6. Chapters 3 to 10 of this Report contain introduction of each chapter and audit observations on matters arising from the audit of the financial transactions relating to Property tax, Advertisement, Licencing, Engineering, Building, Health & Medical, Education and Information & Technology.*

7. *The total money value of this Report containing 36 audit paragraphs is Rs. 1604.53 Crore. Major cases include "Non-reconciliation of funds released by pension cell for disbursement to pensioners of MCD/SDMC (Rs.266.17 Crore)", "Outstanding arrears of property tax (Rs.1281.67 Crore)", "Short recovery/deposit of property tax due to wrong application of rates (Rs.1.47 Crore)", "Non/short deposit of property tax due to wrong application of use factor and rates of tax (Rs.1.14 Crore)", "Loss of revenue due to delay in allotment of advertisement sites (Rs.1.32 Crore)", "Excess payment due to non deduction on account of decrease in price of steel reinforcement bars under clause 10 CA (Rs.1.06 Crore)", "Infructuous expenditure on Project Management Consultancy (Rs.37.30 lakh)", "Outstanding demolition charges (Rs.1.15 Crore)", Loss of revenue due to short deposit of conversion charges (Rs.3.07 Crore)", "Avoidable expenditure due to non execution of Exit Management Plan (Rs.38.00 Crore)" and "Cost overrun due to delay in achieving "Go Live" milestone for implementation of e-Governance Project (Rs.3.06 Crore)".*
8. *The Annual Audit Report for the year 2015-16 has been prepared on the basis of records/information furnished and made available by the auditee units. The office of the Chief Auditor disclaims any responsibility for any mis-information or non-information on the part of the departments.*

(VINITA MISHRA)
Chief Auditor
South Delhi Municipal Corporation

Dated:

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OVERVIEW

1. Non-reconciliation of funds released by pension cell for disbursement to pensioners of MCD/SDMC - Rs. 266.17 crore.

No reconciliation of funds released during 2013-14 to 2015-16 by Pension Cell to Punjab National Bank & UCO Bank for disbursement to pensioners was done.

(Para 2.5)

2. Outstanding arrears of property tax - Rs.1281.67 Crore.

The Assessment & Collection department of four zones - South Zone, Central Zone, West Zone and Najafgarh Zone of SDMC is yet to recover dues amounting to Rs.1281.67 crore towards property tax.

(Para 3.2)

3. Short recovery/deposit of property tax due to wrong application of rates - Rs.1.47 crore.

Property tax amounting to Rs.1.47 crore was short deposited due to wrong application of rates

(Para 3.3)

4. Non/short deposit of property tax due to wrong application of use factor and rates of tax - Rs.1.14 crore.

Property tax amounting to Rs.1.14 crore was short deposited due to wrong application of use factor and rate of tax.

(Para 3.4)

5. Loss of revenue due to delay in allotment of advertisement sites - Rs.1.32 crore.

The Corporation suffered loss of revenue amounting to Rs.1.32 crore due to delay in allotment of advertisement sites.

(Para 4.2)

6. Loss of revenue due to (i) non-recovery of licence fee - Rs.64.28 lakh and (ii) non allotment of kiosk - Rs.20.93 lakh.

The Corporation suffered loss of revenue due to non-recovery of licence fee Rs.64.28 lakh and non allotment of kiosk Rs.20.93 lakh.

(Para 5.3)

7. Excess payment due to non deduction on account of decrease in price of steel reinforcement bars under clause 10 CA – Rs.1.06 crore.

No recovery on account of decrease in price of steel re-inforcement bars during the period of completion of work was made from the bills of the contractor. An amount of Rs.1.06 crore remained unrecovered.

(Para 6.2)

8. Infertuous expenditure on Project Management Consultancy - Rs.37.30 lakh.

Before processing the proposal for consultancy services, parking sites should have been identified/listed which were free from green areas and should have been sought for required/mandatory NOC from the concerned agencies (National Green Tribunal, Traffic Police, fire office and land owning agency) as per provision of Section 12.13.4 of MPD 2021. Incorrect identification of parking sites resulted in infertuous expenditure of Rs.37.30 lakh

(Para 6.7)

9. Undue benefit to property owners/builders due to no action of demolition/sealing on unauthorized constructions.

The building department of Central Zone of SDMC was required to take demolition/sealing action under Section 343 & 345 A of DMC Act, but in 1536 cases demolition/sealing orders were not executed though it was mandatory on expiry of 15 days of issuance of demolition orders as envisaged in Section 343 of DMC Act, 1957. This inaction of the department points to unlawful support to those persons at whose instances unauthorized constructions/erection of works were carried out.

(Para7.2)

10. Outstanding demolition charges - Rs.1.15 crore.

The building department of four zones – Central Zone, South Zone, West Zone and Najafgarh Zone of South Delhi Municipal Corporation is yet to recover dues amounting to Rs 1.15 Crore towards demolition charges.

(Para 7.3)

11. Loss of revenue due to short deposit of conversion charges – Rs.3.07 crore.

Banquet halls are running on the industrial plots. The owners were required to deposit one time conversion charges Rs.3.86 crore but they had deposited only Rs.78.66 lakh. This has resulted in loss of revenue amounting to Rs.3.07 crore.

(Para 7.4)

12. Avoidable expenditure due to non execution of Exit Management Plan - Rs.38.00 crore.

The payment of Rs. one crore released to the firm every month could have been avoided, if the "Exit Management Plan" was provided annually by the firm. Thus in the absence of exit management plan the department had no option but to continue and bear the extra financial burden of Rs. one crore per month since November, 2013. The IT Department SDMC had released Rs.38.00 crore to M/s Tech Mahindra from November, 2013 to December, 2016 without getting the project completed.

(Para 10.2)

13. Cost overrun due to delay in achieving "Go Live" milestone for implementation of e-Governance project - Rs.3.06 crore.

The contract of the consultant was not discontinued and IT department, SDMC extended the contract six times from 03.07.2010 to 04.11.2016 which resulted in increase of contractual amount from Rs.0.80 crore to Rs.3.86 crore and the Corporation has to bear extra financial liability of Rs.3.06 crore on account of cost overrun due to delay in implementation of e-Governance project.

(Para 10.3)