

Municipal Finance

Wed 12 August 2015

LBSNAA, ITP



JANAAGRAHA CENTRE FOR CITIZENSHIP & DEMOCRACY

What we will cover today

1. India's Urbanisation

2. Basic features of Municipal Governance in India

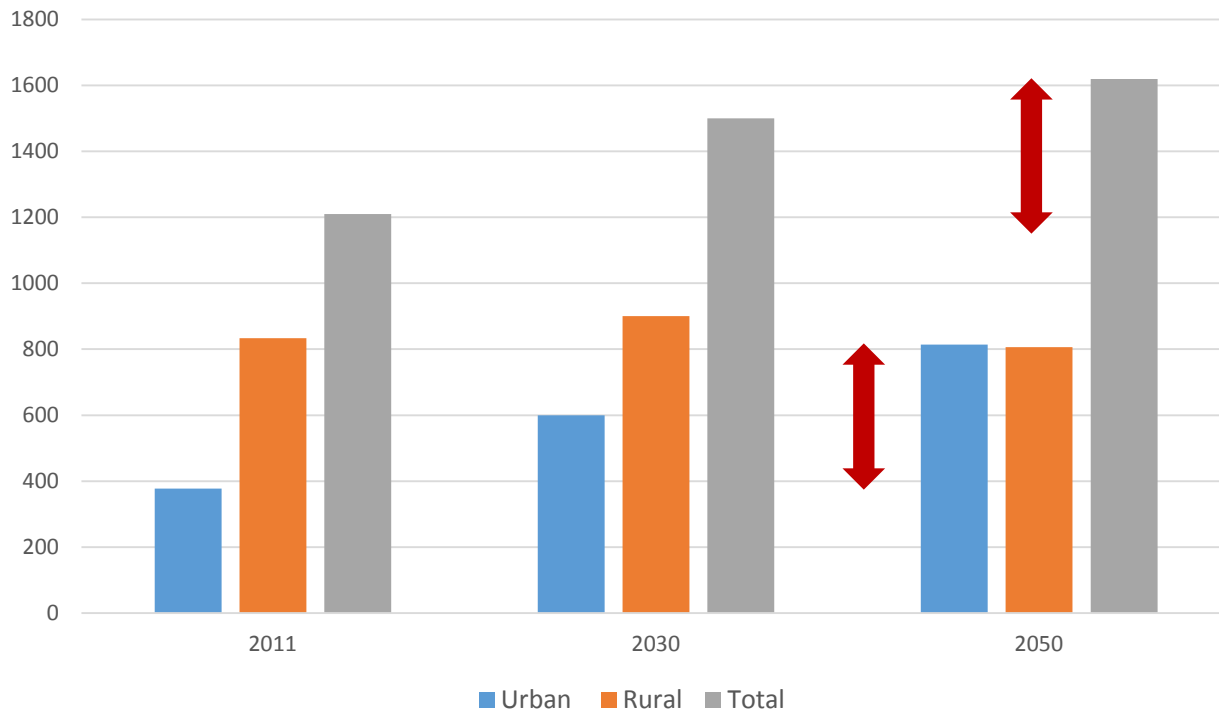
3. Municipal Finance

- The Big 5 Issues
- Objectives and Strategy
- Solution Roadmap
- Getting Started
- Municipal Bonds

Section 1: India's Urbanisation

India's Urbanisation

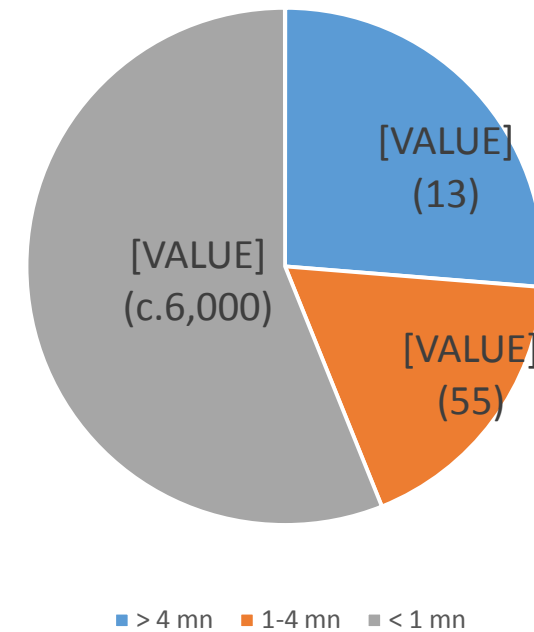
Population



400 million people will get added to India's cities in 36 years

Source: HPEC, MGI, UN DESA-WUP Reports

Number of Cities in 2030



Over 50% of urban population likely to be in < 1mn cities by 2050

Source: MGI Report.

India's Urbanisation: Risks and Opportunities

Shortfall in Service Delivery

- **Housing and Poverty**

Urban Poor:	14%
Slum Popln:	17-24%
Affordable Housing:	19-25m units

- **Water** 64%, 1-6 hours

- **Sewerage**

Network deficit:	4,861 out of 5,161 cities
Storm Water Drains:	<20% of urban roads
Treatment:	20-30%

- **Transport**

Public transport share:	c.25%
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Economic Imperative and Opportunity

- **GDP** 70% by 2030
- **Jobs** 70% by 2030
- **Competitiveness**
Mumbai and Delhi rank 51 and 56 globally, improving 16 and 13 places from 2012 to 2025. 7 Indian cities in the top 120, driven primarily by **economic strength, financial maturity and cultural vibrancy**. Indian cities fare poorly in **physical capital, institutional character, environmental hazards, human capital and global appeal**
- **Large-scale Investment**

India's Urbanisation: How competitive are cities?

Global Cities	Ranks		Indian Cities	Ranks	
	2012	2025		2012	2025
Kuala Lumpur	39	31	Mumbai	67	51
Sao Paulo 	61	36	Delhi	69	56
Shanghai	32	38	Bangalore	86	94
Johannesburg	65	66	Pune	101	99
Bangkok	53	62	Hyderabad	98	100
Jakarta	76	74	Chennai	105	101
Incheon 	60	43	Ahmedabad	92	104
Beijing	36	49	Kolkata	105	109

India's Urbanisation: Key Message

There are two distinct but inter-related parts to the challenge of urbanization in India: The Quality of Life challenge and The Economic challenge.

The Quality of Life Challenge which is about providing adequate good quality infrastructure and services, in turn depends on the ability of cities to invest and execute projects to achieve citizen outcomes.

The Economic challenge is one of creating an ecosystem that can attract (and manage) capital, attract and retain high quality talent and drive economic growth not just of cities themselves but of the region and the country as well. This in turn also depends on improvement in quality of life.

While there is a need for short-term measures for improving Quality of Life, for a sustained improvement in Quality of Life and for cities to realize their economic potential, there is a need for institutional strengthening in the medium and long-term.

?

Are Indian cities presently capable of meeting this challenge

Section 2: Basic features of Municipal Governance in India

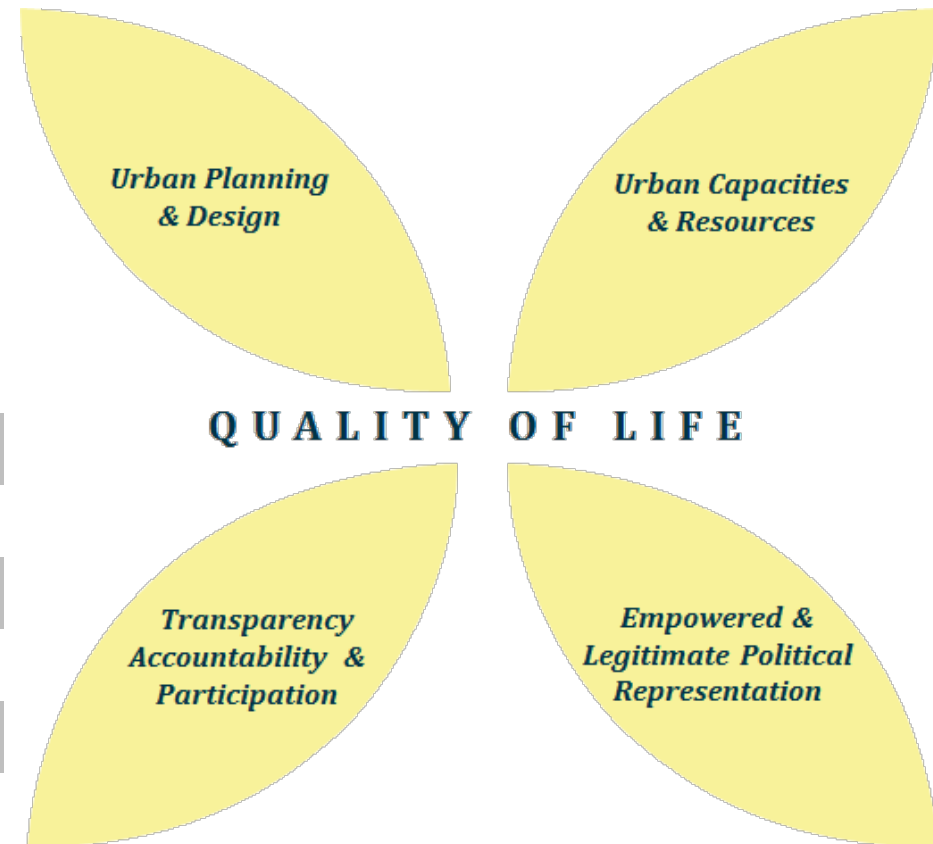
Janaagraha's work on urban governance reforms finally culminated in the City-Systems Framework

The **City-Systems** framework is a new way of thinking about lingering challenges that plague our cities in three specific ways.

1 Focuses on root causes rather than symptoms

2 Recognizes the need for a systems approach

3 Facilitates periodic measurement of progress



The **Annual Survey of India's City-Systems (ASICS)** is an evaluation of **21 Indian cities** and two global benchmark cities on the City-Systems framework. Over eighty questions spanning laws, policies, institutional processes and capacities are considered in ASICS.

Basic features of Municipal Governance in India

- Cities are tightly controlled by States, not viewed as engines of growth. Cities constitute neither a whole unit of Governance nor of the Economy
- Municipal Corporation (aka ULBs) are glorified service providers, not the 3rd tier of government as envisaged by the Constitution
- Municipal Corporations (MC) in India are weak institutions
 - Restricted powers
 - Handle only few functions, with the State covering several critical functions, services
 - Staffing is a critical and weak link; both quantity and quality
 - Finances are scarce, most MCs are not financially self-sufficient; exacerbated by absence of robust performance measurement and audit/accountability mechanisms
 - Opacity in finances and operations; absence of citizen participation
- Land and Spatial Planning: Characterised by poor technical capacities, outdated policy framework and tepid implementation; downstream impact on land-based revenues
- Legitimate political leadership at a city-level is absent

Institutional Weakness

City	Directly Elected Mayor (Yes/No)	Term of Mayor (Years)	Capex per Capita (Rs)	Staff adequacy (per 100,000 citizens)
Delhi	No	1	NA	1,260
Mumbai	No	2.5	7,587	895
T'puram	No	5	4,263	277
Pune	No	1.25	4,010	723
Bangalore	No	1	3,652	323
Ahmedabad	No	2.5	3,256	596
Surat	No	2.5	2,726	463

Institutional Weakness

City	Directly Elected Mayor (Yes/No)	Term of Mayor (Years)	Capex per Capita (Rs)	Staff adequacy (per 100,000 citizens)
Chennai	Yes	5	2,389	488
Hyderabad	No	5	1,950	382
Bhopal	Yes	5	1,941	200
Jaipur	Yes	5	298	252
Kanpur	Yes	5	1,721	202
Ranchi	Yes	5	509	87
Raipur	Yes	5	1,485	238
Patna	Yes	5	166	236

Section 3: Municipal Finance

Municipal Finance: An Overview

- Fund requirement of c.USD 1 trillion in next two decades
- Total revenues of ULBs in the range of 1-2% of GDP; Brazil and South Africa > 6%
- Main sources of revenues
 - Own Revenues (Property tax, Other taxes, fees and user charges)
 - Grants and Assignments (Central, State)
 - Loans
- Per Capita Capex in cities approx. Rs 2,700; requirement is 3X on an average

Municipal Finance: Issues and Challenges

- Institutional Design
 - No integrated view of city's finances
 - No integrated treasury management
- Fiscal decentralization
 - Few eligible revenue streams
 - No control over tax rates and capital/base values
 - Low threshold for expenditure limits
- Fiscal Responsibility and Budget Management
 - No MTFP's
 - Poor quality of budgeting, sometimes not presented on time
 - Absence of citizen participation in budgeting
 - Backlog in audit/preparation of annual accounts
 - Weak internal control environment, no robust internal audit function
 - Poor collection efficiencies
- Transparency and Accountability
 - Poorly drafted laws and policies
 - No penalties for non-compliance; no redressal mechanism
- Institutional Capacities
 - Staffing, both quality and quantity
 - Information systems

Municipal Finance: Objectives and Strategy









Objectives

1. Financial self-sufficiency
2. Value for money spending i.e. optimum citizen outcomes for every Re








Strategy

1. Maximise revenues
2. Optimise expenditure
3. Measure financial performance and financial position

Municipal Finance: Solution Roadmap

	Onus	Immediate	Medium Term
Maximise revenues			
Review and revise lease agreements to ensure marking to market of rentals from time to time	City		
Create a GIS-based database of all land and property owned by the municipality	City		
Improve revenue generation from hoardings / advertisements <ul style="list-style-type: none"> • GIS based mapping of all hoardings • Revising license fee to reflect market rates 	City		
Advocate for a portion of Stamp duty and registration charges to be assigned to municipality in line with recommendations of 14 th FC	State		
Improve Property Tax collection <ul style="list-style-type: none"> • Outsource collection to external agencies • Rationalize guidance values 	City		
	State		
Facilitate levy of service charges on government properties in accordance with the Supreme Court judgment	State		
Advocate for powers to levy and collect Profession Tax and Entertainment Tax	State		

Municipal Finance: Solution Roadmap

	Onus	Immediate	Medium Term
Optimize expenditure			
Mandate a 3/5 year Medium Term Fiscal Plan			
Undertake debt restructuring exercise to reduce significant debt burden and emaciated operating cash flows	City		
Establish a comprehensive and integrated financial management information system	City		
Strengthen bank payments process, rationalize number of bank accounts, timely bank reconciliation, centralize payments & make them online	City		
Measure financial performance and financial position			
Bring municipality under FRBM			
Produce well-defined Performance MIS reports in each department at pre-defined frequencies	City		
Empanel CAs as external auditors; clear backlog of accounts and get audited annual accounts up to date (in compliance with NMAM)	City		

Solution Roadmap: Some long-term ideas

1. Metropolitan Financial Governance
 - City Finance Commission
 - Land and property management
 - Integrated treasury management
 - Lateral hiring of Finance professionals
2. Strategic land-based financing in collaboration with Defence, Railways
3. GST share for cities
4. Accounting Standards of the ICAI
5. Open Data standards
6. Participatory Budgeting

Municipal Finance: Getting Started

1. Call for and thoroughly peruse the latest audited annual accounts. Look out for
 - % Own revenues to total revenues and total expenditure
 - Proportion of Tax and Non-tax sources of own revenues
 - Trends in State Grants including sub-components
 - Per Capita/Per Unit Property tax
 - Return on own properties
 - % Composition of Expenditure
 - O & M
 - Salaries and wages (or establishment expenses)
 - Other establishment expenses
 - Per Unit Analyses
 - Roads, Footpaths and Storm Water Drains
 - Solid Waste Management
 - Per capita/household revenues and expenditure
 - Average Collection Period OR Debtors' Turnover
 - Land and Buildings owned/other fixed assets

Municipal Finance: Getting Started

Critical Decisions you should make based on Annual Accounts

Income

- To raise, lower or diversify taxes and fees?
- To change basis of assessment or change rates (incl. lease rentals etc.)?
- To improve assessment or to improve collection?
- To improve return on investments, or not?

Expenditure

- To reduce or increase establishment/administrative costs?
- To reduce or increase O & M costs?
- To buy or to lease?

Surplus

- To save & invest or to spend?

Balance Sheet

- To borrow or not and if so, how much?
- To invest short-term or long-term, and where?
- To improve collections or negotiate credit terms or both?

Municipal Finance: Getting Started

- Review by zone, the key drivers of the municipality's operations with corresponding staffing numbers, and if possible revenues and expenditure. Illustration for BBMP given below.

Zones	No of wards	Area (sq km)	Population (mn)	Road Length (Km)	No. of Jobs	Estimate value of Jobs (Cr)	SW generated/Zone (Tonnes/day)	Staff number in entire Zone	No. of Staff per lac population
East	44	92	1.7	2,025	7,947	832	900	1,730	125
South	44	63	1.7	2,726	6,745	938	720	3,842	187
West	44	50	1.6	2,305	7,369	940	870	412	24
INNER	132	205	5	7,057	22,061	2,710	2,490	5,984	112
Bommanahalli	16	95	0.9	1,204	3,054	467	320	562	64
Dasarahalli	8	29	0.4	429	1,577	244	132	104	18
Mahadevapura	17	172	0.9	1,253	3,004	511	400	538	76
Rajarajeshwarinagar	14	108	0.7	901	4,428	596	155	354	86
Yelahanka	11	102	0.5	830	2,396	322	93	582	79
OUTER	66	506	3.4	4,620	14,459	2,140	1,100	2,140	65
Grand Total	198	711	8.4	11,677	36,520	4,852	3,590	8,124	103

Source: BBMP

Municipal Finance: Getting Started

3. Ascertain the following
 - Number of staff, grades and skills and competencies in Accounts department
 - Information systems and processes in place
 - Audit mechanisms that are prevalent (what audits, who does them, at what frequency, status, open items, action taken etc.)
 - Current status of disclosures on website/other
4. Empanel CAs for accounting services/MIS, audit of annual accounts and internal audit
5. Call for and review specific MIS reports on daily/weekly/monthly frequency

Municipal Finance: Getting Started

Daily (end of day/1st thing next day)

1. Daily Cash Balance (end of day)
2. Daily Payments (how much, for what, to whom)
3. Daily Collections (by head, by zone/ward)

Weekly (Monday)

1. Weekly ageing of pending bills
2. Weekly ageing of works (i.e. Job No. issued but not tendered, tendered but not contracted, contracted but work not commenced etc. with dates)

Monthly (5th working day of next month)

1. Monthly Performance Report (illustrative)
 - A. Operational Performance
 - Number of Job No.s Issued, Jobs Tendered, Works completed, all by Zone, Division, Ward
 - Grievance Redressal (% of complaints resolved) again by Zone, Division, Ward
 - Exception Report on Payments (i.e. where queue has not been followed)
 - List of works in progress with status by Zone, Division, Ward with estimates dates and costs against actual (i.e. updated estimates to monitor over runs) dates and costs
 - B. Financial Performance
 - Monthly Receipts and Payments by major heads and reasons for variance against both budgets and previous month
 - Ageing of receivables (i.e. property tax dues vs collected, age of pending dues)

Municipal Finance: Some best practices

Karnataka

- All 200 odd municipalities excl BBMP covered by FRBM (KMABR 2006), empanel CAs and get audited accounts done on time, have standardised accounting policies and systems. Initiative by
- Andhra Pradesh appears to have embarked on a similar endeavour recently

Chennai

- Integrated ERP system, with real-time dashboards

Pune

- Participatory Budgeting process in place for close to a decade

KMABR 2006

- Timeliness of Budget estimates
- Systematic and time-bound citizen participation in budgeting
- Empanelment of Chartered Accountants as independent auditors of annual accounts
- Specified timelines for filing of auditor's report and audited financial statements
- Timely disclosure of a comprehensive Annual Performance Report that contains
 - City Management Report
 - Audited annual accounts
 - Cost and performance indicators and
 - A budget variance statement
- The City Management Report shall contain
 - Commentary on the financial performance and position,
 - Reasons for deviations from plan or any adverse performance
 - Current progress and future plans and
 - Management comments on adverse comments in the auditor's report

Municipal Bonds

Scope

- These regulations cover public issue of municipal bonds and the listing of municipal bonds on stock exchanges.

Eligibility

- Have powers to issue municipal bonds under respective municipalities act
- Prepare accounts in accordance with National Municipal Accounts Manual (NMAM) for minimum of three preceding financial years
- Don't have negative Net Worth in any of the preceding three financial years
- Have not defaulted in repayment of bonds or loans during the last 365 days (where default means principal and/or interest remain overdue for > 90 days)

Terms and Conditions for Public Issue

Nature of instrument

- A public issue of municipal bonds shall only be of Revenue Bonds.

Credit Rating

- Minimum investment grade rating to be obtained from a recognised credit rating agency.

Tenor

- Minimum tenor of three years and maximum tenor of thirty years.
- Agreements and approvals from Stock exchanges and depositories (Application for listing made to stock exchange, In-principle approval obtained and Arrangement with depository for dematerialised (referred to as “demat”) holding of the bonds)
- Merchant banker(s) to be appointed
- Separate escrow account to be created for servicing the bond
- Monitoring agency to be appointed to monitor revenues in the escrow account
- 100% asset cover sufficient to meet principal amount to be maintained at all times
- Bonds shall either be secure by a charge on the assets of the municipality having sufficient value to repay outstanding amounts/ Central or State Government guarantee/ structured payment mechanism

Disclosures

Municipal Bond Issuance: A summary

Type	Amt in Rs Cr
Taxable bonds	445.0
Tax-free bonds	679.5
Pooled finance	622.1
Total	1,746.6

Municipal Bond Issuance: Listing

City	Bond Issuance				
	Issue Year	Issue size (Cr)	State Guarantee	Tax-free	Purpose
Ahmedabad	1998	100	No	No	Water Supply and Sewerage
	2002	100		Yes	Water Supply and Sewerage
	2004	58		Yes	Water Supply, Storm water drainage, roads and bridges
	2005	100		Yes	Roads and water supply
Bangalore	1997	125	Yes	No	City roads and drains
Chennai	2003	42	Yes	Yes	Chennai water supply augmentation project- Chennai Metropolitan Water Supply & Sewerage Board
	2005	50	Yes	Yes	Water Supply- Chennai Metropolitan Water Supply & Sewerage Board
	2005	45.8		Yes	Roads
Hyderabad	2003	82.5	Yes	Yes	Road construction and widening
	2003	50	Yes	Yes	Drinking water- Hyderabad Metropolitan Water Supply and Sewerage Board
Ludhiana	1999	10		No	Water Supply and Sewerage

Municipal Bond Issuance: Listing

City	Bond Issuance				
	Issue Year	Issue size (Cr)	State Guarantee	Tax-free	Purpose
Nashik	1999	100	No	No	Water Supply and Sewerage
	2002	50		Yes	Underground sewerage scheme and storm water drainage system
Indore	2000	10	Yes	No	Improvement of City roads
Nagpur	2001	50	No	No	Water supply
	2007	21.2		Yes	Water Supply and Sewerage
Madurai	2001	30	No	No	City roads
Vishakhapatnam	2004	20	No	No	Water supply
	2004	50		Yes	Water supply
	2010	30		Yes	Water supply
Tamil Nadu Water and Sanitation Pooled Fund (TNUIFSL)	2002	30.2	USAID	No	Refinancing loans for water and sanitation projects of 13 ULBs.
	2008	6.7		Yes	

Municipal Bond Issuance: Listing

City	Bond Issuance				
	Issue Year	Issue size (Cr)	State Guarantee	Tax-free	Purpose
Tamil Nadu Water and Sanitation Pooled Fund (TNUIFSL) contd.	2010	83.19		Yes	
	2012	51		No	
	2013	51		No	
Karnataka Water and Sanitation Pooled Fund ¹	2005	100	USAID	Yes	
	2010	300			Lending to ULBs through Directorate of Municipal Administration
Total		1,746.59			

Municipal Bonds: Making them work

- Financial self-sufficiency of ULBs
- Professional financial management
- Brand Positioning and Deepening of Municipal Bond market
 - running a large-scale, nation-wide campaign in cities and towns on investor awareness appealing to the citizen-side of investors, to make a strong case for participation in municipal debt market. In the US over 50% of municipal bonds are held by individual investors.
 - raising the tax-free interest cap from 8%
 - encouraging and incentivising large investors to invest in municipal bonds
 - advertising and widely disseminating the public good that each municipal bond issuance aims to achieve, in terms of number of citizens benefited, new infrastructure created, public spaces rejuvenated etc.
 - encouraging ULBs to access municipal bond markets on the strength of their own balance sheets, rather than creating Special Purpose Vehicles (SPVs) exclusively for that purpose.

Municipal Finance: Getting Started

Objectives

1. Financial self-sufficiency
2. Value for money spending i.e. optimum citizen outcomes for every Re

Strategy

1. Maximise revenues
2. Optimise expenditure
3. Measure financial performance and financial position

Action

1. Call for and thoroughly peruse the latest audited annual accounts
2. Analyse by zone, the key drivers of the municipality's operations with corresponding staffing numbers, and corresponding revenues and expenditure.
3. Ascertain details of staffing, IT systems, audits, disclosures
4. Empanel CAs for accounting services/MIS, audit of annual accounts and internal audit
5. Call for and review specific MIS reports on daily/weekly/monthly frequency

Thank you

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Annexures

Components of Financial Statements

Financial Statements should comprise

- Balance Sheet (statement of wealth)
- Profit and Loss Account (statement of income)
- Cash Flow Statement
(the budget can act as a proxy for this, but needs to be on same basis preferably)
- Schedules
- Notes to Accounts (generally a weak area)
 - Accounting Policies
 - Other disclosures

Balance Sheet of _____ ULB as on _____

Code of Account	Description of items	Schedule No.	Current Year Amount (Rs.)	Previous Year Amount (Rs.)
	<u>LIABILITIES</u>			
	Reserve & Surplus			
3-10	Municipal (General) Fund	B-1		
3-11	Earmarked Funds	B-2		
3-12	Reserves	B-3		
	Total Reserves & Surplus			
3-20	Grants, Contributions for specific purposes	B-4		
	Loans			
3-30	Secured Loans	B-5		
3-31	Unsecured Loans	B-6		
	Total Loans			
	Current Liabilities and Provisions			
3-40	Deposits Received	B-7		
3-41	Deposit works	B-8		
3-50	Other Liabilities	B-9		
3-60	Provisions	B-10		
	Total Current Liabilities and Provisions			
	TOTAL LIABILITIES			
	<u>ASSETS</u>			
4-10	Fixed Assets	B-11		
	Gross Block			
4-11	<u>Less:</u> Accumulated Depreciation			
	Net Block			
4-12	Capital Work-in-Progress			
	Total Fixed Assets			
	Investments			
4-20	Investment – General Fund	B-12		
4-21	Investments – Other Funds	B-13		
	Total Investments			
	Current Assets, Loans and Advances			
4-30	Stock in Hand (Inventories)	B-14		
	Sundry Debtors (Receivables)			
4-31	Gross amount outstanding	B-15		
4-32	Less: Accumulated provision against bad and doubtful Sundry Debtors			
	<i>Net amount outstanding</i>			
4-40	Prepaid Expenses	B-16		
4-50	Cash and Bank Balances	B-17		
4-60	Loans, advances and deposits	B-18		
4- 61	Less: Accumulated Provision against Loans			
	<i>Net Amount outstanding</i>			
	Total Current Assets, Loans & Advances			
4-70	Other Assets	B-19		
4-80	Miscellaneous Expenditure (to the extent not written off)	B-20		
	TOTAL ASSETS			

Balance Sheet format as per NMAM

Income and Expenditure Statement for the period from _____ to _____

Code No.	Item/ Head of Account	Schedule No	Current Year Amount (Rs.)	Previous Year Amount (Rs.)
1	2	3	4	5
	INCOME			
1-10	Tax Revenue	I-1		
1-20	Assigned Revenues & Compensation	I-2		
1-30	Rental Income from Municipal Properties	I-3		
1-40	Fees & User Charges	I-4		
1-50	Sale & Hire Charges	I-5		
1-60	Revenue Grants, Contributions & Subsidies	I-6		
1-70	Income from Investments	I-7		
1-71	Interest Earned	I-8		
1-80	Other Income	I-9		
A	Total – INCOME	5.1		
	EXPENDITURE			
2-10	Establishment Expenses	I-10		
2-20	Administrative Expenses	I-11		
2-30	Operations & Maintenance	I-12		
2-40	Interest & Finance Charges	I-13		
2-50	Programme Expenses	I-14		
2-60	Revenue Grants, Contributions & subsidies	I-15		
2-70	Provisions & Write off	I-16		
2-71	Miscellaneous Expenses	I-17		
2-72	Depreciation			
B	Total – EXPENDITURE			
<i>A-B</i>	<i>Gross surplus/ (deficit) of income over expenditure before Prior Period Items</i>			
<i>2-80</i>	<i>Add: Prior period Items (Net)</i>	1-18		
	<i>Gross surplus/ (deficit) of income over expenditure after Prior Period Items</i>			
2-90	Less: Transfer to Reserve Funds Net balance being surplus/ deficit carried over to Municipal Fund			

P & L
Account
format
as per
NMAM

Financial Statements Analysis

Income Statement

- **Income**

- Total revenue per capita
- % Own revenues to total revenues and total expenditure
 - Wealth based (e.g. property tax)
 - Consumption based (e.g. user charges)
 - Income based (e.g. profession tax)
- Proportion of Tax and Non-tax sources of own revenues
- Trends in State Grants including sub-components
- Property tax growth vs Growth in city GDP or growth in real estate/construction
- Per Capita/Per Unit Property tax
- Return on
 - Assets
 - Investments
 - Own Properties

Financial Statements Analysis

Income Statement

- **Expenditure**

- Per capita total expenditure
- % Composition of Expenditure
 - O & M
 - Salaries and wages (or establishment expenses)
 - Other establishment expenses
- % Interest cost on own revenues and total expenditure
- Per Unit Analyses
 - Roads
 - Solid Waste Management
 - Others

Financial Statements Analysis

Balance Sheet

- Debt Equity Ratio (Loans to Corpus/Reserve Funds)
- Average Collection Period OR Debtors' Turnover
- Land and Buildings owned/other fixed assets
- Current Ratio

Illustrative Audit and Accounts Checklist



Microsoft Excel
Worksheet

Status of Audits

Andhra Pradesh

- As of February 2011, there were 107 Inspection Reports comprising 2,445 objections pending settlement with ULBs up to the year 2009-10

Gujarat

- The audit of 159 NPs was in arrears for the year 2010-11 and 2011-12.
- The audit of DLFA was in arrears. The Department failed to ensure prompt and timely action by executives of ULBs in respect of audit objections raised by DLFA and CAG.

Karnataka

- BBMP's Accounts not certified by Chief Auditor for years 2008-09 to 2010-11
- Audit paragraphs involving financial irregularities amounting to Rs 1,321 crore for the period from 1964-65 to 2007-08 were outstanding as at November 2012

Status of Audits

Maharashtra

- Large pendency in Inspection Reports and Paragraphs issued by the Principal Accountant General/Accountant General, Maharashtra to the Corporations, was a reflection of inadequate internal controls.
- Although Government of Maharashtra adopted (July 2005) the National Municipal Accounting Manual for implementation from 2005-06, the ULBs did not implement the same.

Rajasthan

- Out of 184 ULBs, audit of 84 ULBs was pending for the period 2007-08 to 2010-11 as on 31 May 2012
- 1,045 IRs issued by the PAG containing 10,151 paras involving Rs 4,339 Cr pending as of May 2012
- None of the ULBs have prepared accounts on accrual basis

Status of Audits

Tamil Nadu

- Audit of 52 municipalities, 31 town panchayats and two municipal corporations was pending for the year 2010-11.
- 2,402 paragraphs contained in 449 IRs of the PAG for the period 2009-10 to 2011-12 were pending for settlement for want of satisfactory replies

Delhi

- Annual Accounts delayed for each of the years from 2004-05 to 2011-12, and not submitted for audit
- Monthly Accounts not made available to audit for eight years from 2004 to 2012
- Over 30,000 audit objections pending closure from 1966

Status of Disclosures

15 out of the 18 Major states have enacted the Public Disclosure Law and notified Rules;
status of Implementation very poor

	City	% Compliance with Model Disclosure	Audited F/S	Quarterly F/S	Works
1	Delhi	-	X	X	X
2	Mumbai	100	2012-13	X	X
3	Bangalore	11	X	X	X
4	Hyderabad	100	2009-10	X	X
5	Ahmedabad	-	2007-08	X	X
6	Surat	-	2011-12	X	X
7	Chennai	64	X	X	X
8	Kolkata	59	X	X	X
9	Pune	100	X	X	X