

Immediate Release



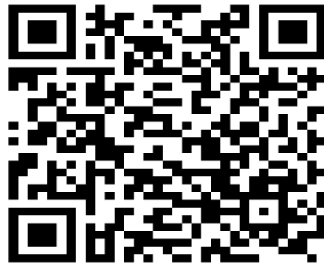
PRESS BRIEF



SUPREME AUDIT INSTITUTION OF INDIA
लोकहितार्थ सत्यनिष्ठा
Dedicated to Truth in Public Interest

**REPORT OF THE
PRINCIPAL ACCOUNTANT GENERAL (AUDIT) BIHAR, PATNA
(ANNUAL TECHNICAL INSPECTION REPORT ON LOCAL BODIES
FOR THE YEAR ENDED 31 MARCH 2021)**

Government of Bihar



Scan QR Code for detailed English Report

Press Brief

This Annual Technical Inspection Report on Local Bodies, relating to Government of Bihar for the year ended 31 March 2021 covering the period 2020-21 was presented to the Bihar Legislature on 13.07.2023.

This Report of the Accountant General (Audit), Bihar for the year ended 31 March 2021 includes findings on the Functioning, Accountability Mechanism and Financial Reporting issues of Panchayati Raj Institutions (PRIs) and Urban Local Bodies (ULBs). It also contains findings relating to Compliance Audit of PRIs & ULBs. A summary of important audit findings is given below.

1. An Overview of the Functioning, Accountability Mechanism and Financial Reporting issues of Panchayati Raj Institutions

❖ ***Audit arrangements***

The Director of Local Fund Audit (DLFA) conducted audit of the accounts of only 3,362 PRIs, out of 8,638 PRIs, during FYs 2016-17 to 2020-21. Against the target of online audit of 2,161 and 8,638 PRIs, for the financial years 2019-20 and 2020-21 respectively, 2,136 units (98.84 *per cent*) and 2,807 units (32.5 *per cent*), respectively, had been audited, as of March 2022. As of March 2022, only 69 audit personnel (22 *per cent*) were working under the DLFA, against the sanctioned strength of 314 posts.

(Paragraph 1.5)

❖ ***Devolution of functions, funds and functionaries***

Departments of the Government of Bihar (GoB) transferred their respective functions (September 2001) to PRIs, in the light of subjects/ functions enlisted in the Eleventh Schedule of the Constitution and prepared tier-wise activity mapping of functions/ sub-functions. In this regard, Chief Secretary, Bihar, observed that the notifications issued by the Departments, regarding the devolution of functions and responsibilities to be performed by the three tiers of PRIs, were not clear and practical for adoption by PRIs and directed (July 2014 and April 2019) the Departments to frame clear operational guidelines for effective devolution of powers to PRIs. No progress was, however, observed in this regard.

PRIs had not been able to levy and collect revenues from their own resources (as of August 2021), as GoB did not specify the rates at which the tax/non-tax revenues were to be collected, despite recommendation of the State Finance Commissions and relevant provisions in the Bihar Panchayat Raj Act (BPRA), 2006.

PRIs in the State did not have adequate staff to discharge the devolved functions. At the Gram Panchayat (GP) level, 6,055 posts (71.92 *per cent* of the sanctioned strength 8,419) of Panchayat Secretary were vacant, whereas, as of June 2022, 308 Block Panchayat Raj Officers (BPROs) were working in 534 Blocks of the State.

(Paragraph 1.3.3)

❖ **Utilisation of funds**

The Panchayati Raj Department (PRD) had released grants of ₹42,940.69 crore to PRIs, during FYs 2007-08 to 2020-21, under different scheme heads, but PRIs had submitted UCs for only ₹17,917.69 crore (42 per cent), till March 2022.

(Paragraph 1.7.3)

❖ **Issues related to Abstract Contingent (AC)/ Detailed Contingent (DC) Bills**

As of July 2022, DC bills, amounting to ₹97.18 crore, withdrawn through AC bills, during the financial years 2002-2003 to 2021-2022 (up to 30 September 2021), remained pending for adjustment.

(Paragraph 1.8.5.1)

2. Compliance Audit of PRIs

❖ Failure of Zila Parishad, Begusarai, to lease out newly constructed commercial buildings, shops, marriage halls and godowns, to generate income from own sources, led to loss of revenue, amounting to ₹ 2.40 crore.

(Paragraph 2.1)

❖ Non-adherence to codal provisions, regarding grant and adjustment of advances, in regard to construction of a road, by Gram Panchayat, Patna, led to misappropriation of government money, amounting to ₹ 7.33 lakh.

(Paragraph 2.2)

❖ Zila Parishad (ZP), Saran, extended undue favour to a bidder, by allotting it shops/halls, constructed on its land, despite the bidder not having followed the terms and conditions of allotment. Further, after allotment, the bidder did not deposit ₹ 96 lakh out of the tendered amount.

(Paragraph 2.3)

❖ Two Panchayat Samitis and two Gram Panchayats failed to assess the actual physical status of works executed departmentally, under Finance Commission grants and the Mahatma Gandhi National Rural Employment Guarantee Scheme, before making payment to the executing agents, resulting in irregular payment of ₹ 10.03 lakh.

(Paragraph 2.4)

❖ Failure of the Zila Parishads to realise rents of Inspection Bungalows, from officers of the State Government who were occupying the bungalows for residential or official use, resulted in loss of revenue, amounting to ₹ 73.49 lakh.

(Paragraph 2.5)

❖ Failure of Zila Parishad, Supaul, to adhere to financial rules regarding payment and adjustment of advances and its lack of monitoring over the execution of development works, resulted in misappropriation of government money, amounting to ₹ 71.95 lakh, in addition to infructuous expenditure of ₹ 82.44 lakh on incomplete works.

(Paragraph 2.6)

3. An Overview of the Functioning, Accountability Mechanism and Financial Reporting issues of ULBs in Bihar

❖ *Devolution of functions, funds and functionaries*

Only 13 out of the 18 functions specified in the 12th Schedule were being performed by ULBs, while the remaining five functions/activities were still being performed by concerned departments of the GoB. The functions of ULBs overlapped with those of the functional departments of the GoB and, even after a lapse of more than 29 years of the 74th CAA having entered into force, ULBs were not able to carry out their entire mandated functions. The Central/ State Government had provided funds to ULBs under different heads, such as Central Finance Commission, State Finance Commission, and State Plan etc., to carry out their mandated functions. The dependence of ULBs on government grants, to meet their establishment expenditure, was increasing.

ULBs in the State did not have adequate staff for discharging the devolved functions. As of April 2022, 2,982 posts had been sanctioned for ULBs, out of which, only 526 posts were filled up and 2,456 posts (82 per cent of the total posts) were vacant.

(Paragraph 3.3.2)

❖ *Formation of various Committees*

Municipal Accounts Committees, Subject Committees and Wards Committees, were not constituted in the Municipalities of the State.

(Paragraph 3.4)

❖ *Poor response to IRs issued by AG (Audit)*

Out of a total of 4,829 audit paragraphs, contained in 179 IRs, only 935 paragraphs (19 per cent) had been settled, while 3,894 paragraphs, involving an amount of ₹ 8,669.35 crore, remained outstanding till March 2022.

(Paragraph 3.6.1)

❖ *Utilisation Certificates*

UD&HD had sanctioned grants of ₹ 10,952.92 crore, during FYs 2016-17 to 2020-21, but UCs of ₹ 4,984.78 crore (46 per cent) remained pending for adjustment, as of March 2022.

(Paragraph 3.7.5)

4. Compliance Audit of ULBs

❖ Failure of the Patna Municipal Corporation (PMC) to realise fines for non-assessment of holdings, by the owners of the holdings, under self-assessment scheme, resulted in loss of revenue, amounting to ₹ 0.60 crore.

(Paragraph 4.1)

❖ Failure of the Patna Municipal Corporation (PMC) to realise user charges for providing door to door services for collection of garbage, resulted in loss of revenue, amounting to at least ₹ 8.92 crore.

(Paragraph 4.2)

- ❖ Patna Municipal Corporation failed to keep watch over the payment of consultancy charges made to the Project Management Unit (PMU), for facilitating the implementation of Rajiv Awas Yojana, resulting in: (i) excess payment of ₹ 46.19 lakh and (ii) irregular payment of service tax, amounting to ₹ 12.32 lakh, to the PMU.
(Paragraph 4.3)
-

For any further information on the Report, please contact:

Shri Shiv Shankar, Spokesperson

Deputy Accountant General/AMG-V

O/o the Principal Accountant General (Audit) Bihar, Patna

Ph. 0612-2223725 (O),

Fax 0612-2506223

Website – www.ag.bih.nic.in

e-mail: agaubihar@cag.gov.in

Shri Kundan Kumar, Sr. Audit Officer (Media Officer)

Mobile No.-9431624894