

CHAPTER-II
AUDIT OF TRANSACTION OF
PANCHAYAT RAJ INSTITUTIONS

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2.1 *Injudicious expenditure towards purchase of plastic chairs and sound system*

The decision of the ZP (East) to incur expenditure of ₹ 55 lakh from District Innovation Fund towards plastic chairs and sound system was neither in conformity with the TFC guidelines nor in consonance with Annual Plan and SWOT analysis of the District, leading to injudicious expenditure.

The Thirteenth Finance Commission (TFC) recommended for formulation of District Innovation Fund (DIF¹⁰) with a view to support and promote innovation for better alternatives, reducing costs, increasing the efficiency of capital assets, improving service delivery and governance. The guidelines envisaged drawing up of an Annual Plan for utilisation of fund after carrying out Strength, Weakness, Opportunity and Threat (SWOT) analysis to trigger innovative measures with a view to make Government accountable and accessible to all section of the society.

Audit noticed that ₹ 55 lakh (out of ₹ 1 crore) was incurred by Zilla Panchayat (ZP), East towards purchase of plastic chairs and sound system on the plea that the assets would help in dissemination of information about welfare schemes and would also generate revenue to the Gram Panchayats through rentals to private/NGOs/Government, etc. Audit scrutiny of records revealed that incurring of expenditure on plastic chairs and sound system was, however, not in consonance with the Annual Plan and SWOT analysis of the district which indicated tourism, horticulture, floriculture, dairy development, etc. as the potential areas for development. Moreover, no rental income was generated from the above asset during the period covered under audit.

Thus, the decision of the ZP (East) was neither in conformity with the TFC guidelines nor in consonance with Annual Plan and SWOT analysis, leading to injudicious expenditure of ₹ 55 lakh from DIF.

The matter was reported to the ZP (East)/Government (October 2014); their reply was awaited (May 2015).

2.2 *Unwarranted expenditure on construction of water harvesting structure at Tamley*

Expenditure of ₹ 79.51 lakh incurred towards repair of water harvesting tank at Tamley lake was unwarranted as the lake failed to serve as a source for drawing drinking water for nearby villages.

The Rural Management & Development Department (RMDD) (through ZP, South) developed Water harvesting structure at Tamley lake during 1998-99 to provide potable water to three villages viz. Mungram, Gupitgaon, Sirubari and Rajarukgaon. Villagers of

¹⁰ Fund provided through 13th Finance Commission for filling in vital gaps in public infrastructure already available in the district, which is not being fully utilised for want of a relatively small investment.

these three villages requested (2008-09) State Government to restore the water facility to villages as there was deposit of debris at Tamley lake and structural damage to Water harvesting structure. Accordingly, RMDD, Jorethang, prepared (February 2008) an estimate of ₹ 79.51 lakh to be met from State Fund which *inter-alia* included repairing of hand packed (HP) soling¹¹, cement concrete mix 1:1.5:3, 12 mm thick plaster, providing, fitting and fixing of barbed wire fencing, renovation of existing water supply system, etc. in the lake. The repair work was taken up (March 2008) and completed (February 2010) at a cost of ₹ 79.51 lakh.

Audit noticed that the lake which was developed as Water harvesting structure did not serve as source of water to the nearby villages. Instead, water was conveyed through pipe to the villages from a distant source by resorting to repair of existing pipes at a cost of ₹ 2.08 lakh. Thus, the expenditure of ₹ 79.51 lakh on repair of Water harvesting structure at Tamley lake was unwarranted as the lake failed to serve as the source for drawing drinking water for nearby villages.

The matter was reported to the ZP/Government (October 2014); their reply was awaited (May 2015).

2.3 Diversion of BRG Fund of ₹ 16 lakh

The ZP, East, in contravention of Ministry's sanction unauthorisedly diverted ₹ 16 lakh. As a result, people of the Amba Gram Panchayat were deprived of the facilities relating to crematorium shed.

The Zilla Panchayat (ZP), East submitted (June 2010) a proposal for 'Construction of Crematorium Shed at Phirpheray' in Amba Gram Panchayat at an estimated cost of ₹ 16 lakh to Government of India (GOI) for funding under Backward Region Grant Fund (BRGF) under the components 'Burials and burial grounds'. The scope of work included construction of shed, footpath and resting place to enable people to perform last rituals. The GOI accorded sanction (October 2010) of ₹16 lakh and also released (November 2010) the fund from BRGF. The BRGF guidelines do not permit diversion of funds for any other purpose than that of intended purpose for which the sanction is accorded.

The work was tendered (February 2012) by ZP (East) for ₹ 16 lakh and awarded (February 2012) to the lowest bidder with stipulation to complete the work within nine months (i.e. November 2012). The contractor executed the work and fund of ₹ 16 lakh was released to the contractor between December 2012 and July 2013.

Audit scrutiny revealed that the ZP (East) instead of executing work of 'Construction of Crematorium shed' for which the approval and sanction was accorded by GOI (Ministry of Panchayati Raj) executed 'Construction of Community Centre' with the same amount.

¹¹ Packing & laying of stones by manual means.

The funding agency (i.e. Ministry of Panchayati Raj) in the GOI was not even informed of the changes in the scope of work from 'Crematorium shed' to 'Community Centre' let alone obtaining their approval for the deviation.

Thus, the action of the ZP (East) to utilise the fund of ₹16 lakh towards construction of Community centre instead of approved and sanctioned work of construction of Crematorium shed was irregular, leading to unauthorised diversion of scheme fund.

The matter was reported to the ZP/Government (October 2014); their reply was awaited (May 2015).