

CHAPTER-II

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Accounting Procedures

2.1 Non-reconciliation of balances in cash book with the pass book.

Rule 15 (10) (b) of the H.P. Panchayati Rules 2002 provides that the balances of the pass book of the Panchayat Samities (PS)/Panchayats shall be checked with reference to the Cash book at the close of every month by way of reconciliation.

In 8 Panchayat Samities test checked (Appendix-3) an amount of Rs. 33.77 lakh remained un-reconciled at the end of financial year 2005-06.

Similarly in 83 Gram Panchayats test checked differences of Rs. 41.16 lakh in both accounts remained un-reconciled as of March 2005 (Appendix-4). Thus, the un-reconciled balance does not reflect true financial position of Panchayati Raj Institutions. The concerned Executive Officers of Panchayat Samities and Pradhan of Gram Panchayats stated that the efforts were being made to reconcile the differences. The replies were not tenable as compliance of rules in respect of monthly reconciliation was not ensured.

2.2 Retention of cash in hand in excess of permissible limit

Himachal Pradesh Panchayati Raj Rules provide that the PS and Zila Parishad (ZP) may allow the accumulation of cash in the departmental cash chest upto a maximum limit of Rs. 2500 for PS and Rs.5000 for ZP at one time.

In violation of the rules, the Executive Officer of 9 Panchayat Samities were found to have retained cash ranging between Rupees three thousand and 1.28 lakh at a time during the period from 2002 to 2005. The details are given in appendix-5.

Similarly rule 10(3) of HP Panchayati Rules 2002 provides that a sum not exceeding rupees one thousand may be kept as imprest by the Secretary for urgent expenditure to be incurred by the Gram Panchayat.

In 22 Gram Panchayats test checked the cash ranging between 11 thousand and 82 thousand was left in hand during 2002-2005 (details given in appendix-6)

The concerned officers of the institutions stated that such irregularities would not be repeated in future.

2.3 Non opening of separate account

Rule 4(i) of HP Panchayati Raj Rules, 2002 provides that separate “A” and “B” accounts shall be opened by every ZP/PS/ Panchayat for income from own resources and for grants in aid received, funds allocated for special purposes and loans separately.

In 4 Zila Parishads and 10 Panchayat Samities (Appendix-7) 166 Gram Panchayats (Appendix 8) test checked, separate accounts had not been maintained. In the absence of the separate accounts, actual position of sectoral allocation of funds could not be ascertained in audit.

In reply the concerned institutions stated that needful would done in future.

2.4 Outstanding rent

The Panchayat Samities/Panchayats had been renting out the shops/stalls in their jurisdiction on monthly rent basis to the public.

It was noticed that Rs. 15.48 Lakh on account of outstanding rent for the period falling between 2002 and 2005 was recoverable in 10 Panchayat Samities and 8 Panchayats (details given in appendix-9). However, yearwise break-up was not made available to audit. The concerned institutions stated that action would be taken to recover the rent.

2.5 Outstanding advances

Rule 30 of HP Panchayati Rules 2002 provides that whenever any advance is paid to an office bearer or officer/official of GP for carrying out the purpose of the Gram Panchayat a record thereof shall be kept in the register of temporary advances in Form-9. Financial rules provide that the advances should be adjusted promptly.

In 8 Gram Panchayats test checked advances amounting to Rs 2.71 lakh (Appendix-10) had been paid between 1987 and 2000 to the Pradhans for meeting the expenditure for developmental works. Out of 8 cases only one case for Rupees 0.73 lakh

pertaining to Podhana Gram Panchayat was pointed out by internal audit wing of the Panchayati Raj, but adjustments of accounts did not submit nor balance amount deposited as of March 2005. No action had been taken to get these advances adjusted

2.6 Non maintenance of records/registers

Rule 34 of Himachal Panchayati Raj General Rules 1997 provides that every Gram Panchayat shall maintain important records such as stock register, stock material register, demand and collection register, Immovable property register, execution of development works register and muster roll issue register etc.

In 10 Panchayat Samities and 166 Gram Panchayats, test checked the above records were not found maintained during 2000-2005 (Appendix-11). Thus due to non maintenance of records the correctness of financial transactions could not be ascertained. No reasons for non maintenance of records were intimated by the concerned institutions.