

CHAPTER – IV

MAJOR IRREGULARITIES IN EXECUTION OF SCHEMES/WORKS

4.1 Common lapses in maintenance of records relating to execution of works

The PRIs were executing works against grants received under 10th FC, 11th FC, 12th FC, SGRY, NREGP/SREGP/MP/MLA/MLC funds. The records of execution showed the following shortcomings in 10 ZP, 60 PS, 195 GPs audited.

(i) Scheme Registers were either not maintained or not produced to audit in some PRIs in respect of works executed under each type of grant. This deficiency was noticed mostly in Zila Parishads. Even in PRIs where this register was maintained the important details like nature of bills including final bills received and state of completion etc. were not available.

(ii) The work orders for developmental works were either not issued or even if issued the time required for completion was not indicated.

(iii) The completion certificate of work was not furnished by the JE/AE.

(iv) The executing agents purchased materials separately for each work and these were not entered in material at site account or stock register. The analysis of materials purchased and consumed were not prepared either in final bills or in the measurement book.

(v) Photographic records of the works of the various stages of implementation as required under various schemes were not kept.

(vi) Records of monitoring and supervision of works were not kept due to which it could not be ascertained whether monitoring and supervision of works was done.

(vii) Asset Register showing assets created out of execution of different development works and containing the details of the date of commencement, date of completion, cost involved, benefits derived and employment generated etc. were not maintained by any PRIs audited during 06-07 despite execution of large number of development works.

(viii) Employment Register showing period of engagement of labourers, position of employment to women and total number of labourers employed in a year was not maintained by any PRIs.

(ix) Muster Roll sheets were not stitched and numbered and the sheets were certified only by the Junior Engineers who were the executing agents and these were not certified by any elected member of Gram Panchayat in whose area the works were executed.

(x) Advance Register was not maintained despite payment of repeated advances to the executing agents. This was depicted in scheme register but a clear position of the adjustment of advances was not mentioned in the scheme register. Many of the works were shown physically completed but the scheme register did not depict the position of

adjustment of advances and in Zila Parishads where adjustments were made it was done by the District Engineer himself and not by the DDC cum CEO who is the drawing and disbursing officer, thereby breaking the internal control systems in vogue.

4.2 Non-completion of works valuing Rs 85.11 crores due to poor progress

4.2.1 The following is an abstract of works undertaken for execution and completed in 10 Zila Parishads out of 12 Zila Parishads test checked(as on 31st March 2006) :-

Table-15 Position of execution of works in 10 ZPs

Sl. No.	Particulars of grant under which works executed.	No. of schemes undertaken for execution	No. of works completed	Number of incomplete works	Percentage of works completed
1	10th FC	91	37	54	40.66
2	11th FC	305	168	137	55.08
3	12th FC	64	8	56	12.50
4	EAP/SGRY	6256	3585	2671	57.30
5	MP/MLA/MLC	322	34	288	10.56
6	Others	9	5	4	55.36
Total		7047	3837	3210	54.45

(Details in Appendix-IV)

From the above table, it is apparent that the position of completion of works was 54 percent only and 3210 works remained incomplete despite payment of advance of Rs. 39.38 crore. Though the works were required to be completed within one to three months, due to improper monitoring and supervision, 46 percent works remained incomplete.

4.2.2 The following is an abstract of works undertaken for execution and works completed in 60 out of 65 Panchayat Samitis test checked (as of 31st March,2006) :-

Table-16

Position of execution of works in 60 PSs

Sl. No.	Particulars of Grant against which works executed.	No. of Works undertaken for execution	No. of works completed	Number of incomplete works	Percentage of works completed
1	10th FC	286	227	59	79.37
2	11th FC	1045	804	241	76.94
3	12th FC	88	15	73	17.05
4	SGRY	7276	4108	3168	56.46
5	NREGP	8	Nil	8	Nil
Total		8703	5154	3549	59.22

(Details in Appendix-V)

The position of execution of schemes was not furnished to audit by 5 Panchayat Samitis (Siswan, Basantpur under Siwan Distt., Bhabhua, Makdumpur and Kako) hence their position was not included in above figures. From above, it would be evident that the percentage of completion of works was 59 percent and 3549 works estimated to cost Rs.44.32 crore remained incomplete despite payment of advance of Rs. 26.71 crore. Though the works were required to be completed within one to three months, due to improper monitoring and supervision, 41 percent works remained incomplete.

4.2.3 The following is an abstract of works undertaken for execution and works completed in 195 Gram panchayats during the period 2001-2002 to 2005-2006.

Table-17 Position of execution of works in 195 GPs

Sl. No.	Particulars of grant against works executed.	No. of works undertaken for execution	No. of works completed	Number of incomplete works	Percentage works completed of
1	10th FC	606	530	76	87.46
2	11th FC	3630	3051	579	84.05
3	12th FC	806	490	316	60.79
4	SGRY	7070	5685	1385	80.41
5	NREGP	1	Nil	1	Nil
Total		12113	9756	2357	80.54

(Details in Appendix-VI)

It is evident from the above that against 12113 works undertaken for execution only 9756 works were completed and 2357 works estimating to cost Rs. 11.93 crore remained incomplete despite payment of advance of Rs. 7.96 crore (cash plus food grains). The shortfall in completion of works was of 19 percent. Gram panchayats where heavy shortfall persisted were as follows: -

Table-18 Gram Panchayts in which heavy shortfall persisted in completion of works

Sl. No.	Name of GP	Name of Block	Total No. of works undertaken for execution	Total No. of works completed	Total No. of incomplete works	Estimated cost of incomplete works	Advances paid (On incomplete works) (Rs. in lakh)
1	Harihar pathi	Triveniganj	78	35	43	31.56	22.04
2	Piluwaha	-do	55	21	34	29.53	25.20
3	Surha	Darauli	35	2	33	19.71	13.97
4	Amarpur	-do	31	9	22	14.73	11.02
5	Gwalpara	Chhatapur	68	20	48	42.65	24.10
6	Piprakhurd	Saraigarh	52	34	18	13.38	10.05
7	Parkauli	Benipatti	62	29	33	12.29	11.50
8	Bhagwanpur	Basantpur	49	14	35	25.76	13.83
9	Piprahi	Raghopur	37	11	26	24.17	19.96
10	Sadeki	Adhaura	55	30	25	14.15	10.18

Total	522	205	317	227.93	161.85
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The works of 10th FC were to be completed by 2002-03 but 76 works are still incomplete which showed lack of initiative on the part of Mukhiya and failure to take appropriate action against the executing agents.

4.3 Excess Payment of Rs. 8.84 lakh on execution of works

In five SGRY works (3 works of brick soling and 2 works of brick soling and RCC culvert) estimating Rs. 33.43 lakh (Scheme No. 14, 16, 22, 23, of 01-02 and 8/04-05) taken up for execution by P.S. Chhatapur (Dist. Supaul) Rs. 25.44 lakh of advance (Rs. 22.37 lakh in 2001-02 and 2002-03 and Rs.

3.07 lakh in 2004-05) was given to executing agents (Panchayat Sewaks and Gram Panchayat Supervisor)but the value of work done as per measurment book was Rs. 19.49 lakh only. There was thus excess payment of Rs. 5.95 lakh to the executing agents which was not recovered. All the five works remained incomplete so far, and hence the expenditure of Rs. 19.49 lakh also became wasteful. The executives of concerned PRIs did not ensure that the executing agents completed the work as per schedule.

In 12 SGRY schemes of 2004-05 (Scheme No.2, 13, 14, 25, 26, 27, 36, 41, 45, 48, 54 and 63) of PS Barharia (Dist. Siwan) pertaining to 5 works of earth filling, 5 works of workshed construction and two works of RCC culvert estimating Rs. 9.95 lakh, the value of work done was of Rs. 6.63 lakh while the advances paid (Cash and grain) in 2004-05 was Rs 9.52 lakh. There was thus excess payment of Rs.

2.89 lakh to the executing agents which was not recovered so far. Moreover none of the above 12 schemes were found completed despite payment of 95.60 percent advance resulting in wasteful expenditure of Rs. 6.63 lakh.

4.4 Execution of same work by Gram Panchayat as well as Panchayat Samiti under SGRY

Construction of brick drain and brick on edge soling in Hulasganj was started by Gram Panchayat Surajpur under PS Hulasganj (Scheme No 1/04-05) estimating Rs. 0.50 lakh. The Panchayat Sewak of GP was given an advance of Rs. 0.40 lakh and grain of 10 quintals (Rs.0.06 lakh) from April 2004 to Sept 2004. The measurment book of the work done was however wanting. Another estimate for the same work was prepared by the JE of Hulasganj PS in October 2004 for Rs. 0.92 lakh. The PS undertook execution of this work (Scheme No. 105/04-05) and entrusted the work to one Jan Sewak in July 2004 and paid advance Rs 0.76 lakh (Cash Rs. 0.55 lakh and grain 34 quintals valuing Rs. 0.21 lakh) from November 2004 to May 2006. The value of work done was measured in December 2004 for Rs. 0.61 lakh. When the Mukhia came to know that for the same work amount is also being paid by

P.S. Hulasganj he intimated the B.D.O. Hulasganj (December 2004) and requested that no payments should be made out of PS fund for Hulasganj drain construction work. The BDO requested the Mukhia (March 2005) to submit measurement book of the work. The Mukhia intimated the BDO (April 2005) that measurement was taken by the Junior Engineer but measurement book not submitted by him. He even requested the B.D.O. to

depute one higher technical staff for verification of work done in this scheme. Further developments were, however, not available in the records of Panchayat Samiti and Gram Panchayats.

The above facts revealed that execution of the same work was undertaken by GP as well as by PS on the basis of two different estimates for the same work involving advance payment of Rs 0.46 lakh by GP and Rs. 0.76 lakh by the PS whereas value of work done measured was of Rs. 0.61 lakh. This highlights that the executives failed to ensure non-overlapping of functions between two tiers, further indicating lack of coordination and monitoring by higher authorities.

4.5 Non-release of SGRY grants to Zila Parishad to the tune of Rs. 25.02 crore by DRDAs

4.5.1 Twenty per cent share of SGRY (cash and grain) is to be paid to the Zila Parishad by the State Govt. (DRDA) for execution of works by ZP. The ZP is to prepare an Annual Action Plan equivalent to 125 per cent of the total allocation of the previous year. The DRDA Darbhanga, which received allotment of fund from the Central/State Govt., did not release any amount since 2001-02 to 2006-07 to Zila Parishad, Darbhanga due to which works under SGRY were not executed by the ZP. The DRDA, rather diverted this amount and released Rs. 25.02 crore between 2003-04 to 2006-07 to Executive Engineer of National Rural Employment Programme and Special Division, Darbhanga thereby defeating the purpose of the grant.

The audit scrutiny, further, disclosed that on account of contingent expenditure for SGRY works to be incurred on supervision of works, Rs 4.50 lakh was released to Zila Parishad in 2005-06 against which the ZP diverted Rs 4 lakh on payment of salary to staff, payment of telephone bills and incurring expenses on meetings etc. and Rs 0.50 lakh was refunded to DRDA. As complete share was not released to ZP Darbhanga, there was no justification for releasing the contingency fund alone which led to misutilisation of Rs 4 lakh on the ZPs end.

Non-release of grant by the DRDA to Zila Parishad was a clear violation of para 6.6.1 of the SGRY guidelines.

4.5.2. DRDA Madhubani did not release share of Zila Parishad under SGRY grant upto 2003-04. Due to non receipt of SGRY fund the ZPs remained deprived of execution of schemes under this programme.

4.6 Taking up of large number of works under SGRY without ensuring the availability of fund resulting in non-completion of 223 works

ZP Madhubani entrusted execution of 223 SGRY works (34 of 04-05 and 189 of 05-06 not covered under Annual Action Plan inclusive of 145 works in January/February 2006) estimated to cost Rs. 6.96 crore to 13 agencies (Distt Engineer ZP, 9 BDOs, Ex Engineer Division NREP Madhubani, Ex Engg. NREP, Madhubani and Rahika.) and paid advance of Rs 3.80 crore (cash Rs 3.08 crore and grain 1144.14 Metric Tonne valuing Rs 0.72

crore). None of the schemes were completed upto March 2007. The ZP still required Rs 3.16 crore for completion of 223 works though there was no fund available under SGRY and the payment of advance of Rs 3.80 crore also included grant of Rs 58.21 lakh of NREGP diverted for SGRY works.

The ZP authorities without considering the availability of funds took up large number of works for execution. Undertaking of 145 works in January/February 2006 was, thus unwarranted as all the 223 works still remained incomplete. As the new scheme NREGP/BREGP was launched from February 2006 in place of SGRY scheme there appeared to be no possibility for release of fund by the Govt. of India for completion of above incomplete SGRY works.

4.7 Wasteful expenditure of Rs. 24.48 lakh on deferred/abandoned works

It was noticed in 2 ZPs (Lakhisarai and Supaul) that 12 SGRY works estimated to cost Rs 45.83 lakh were left midway or deferred after incurring an expenditure of Rs 24.48 lakh as illustrated in Table below:

Table-19 Details of abandoned schemes of SGRY/EAS in Zila Parishads

Sl. No.	Name of ZP	Name of Scheme/ No. of Scheme	Estimated Value (Rs. in lakh)	Expenditure incurred (Rs. in lakh)	Physical Status	Reasons for deferment
1	Lakhisarai	Repair of Barhara Ahar (Rest part Ramgarh Chowk)	2.49	2.16	Complete	Already executed in 2001-02 under SGRY
2	do	Repair of Dakra Ahar (Ramgarh chowk)	2.93	2.39	do	do
3	do	Renovation of Ahar in Dariyapur Mahal in Village Jhakhar	4.25	2.93	do	Already executed under food for work prog.
4	do	Renovation of satyari pokhar Ramgarh Chowk	4.42	3.83	Incomplete	Flow of water in pokhar
5	do	Repair of Ghonghsa Ahar (South part)	2.00	1.74	Complete	Already executed in 2001-02 under SGRY
6	do	Excavation of Kala Ahar in Teterhar	2.43	2.10		Cancelled/deferred without assigning any reason.
7	do	Earth filling from Dumri Pustakalaya to Hall	1.60	1.38	20% complete	Disputed site
8	Supaul	35/01-02	4.83	1.25	Incomplete	No reason assigned to audit.
9	do	61/02-03	4.35	2.00	do	-do
10	do	62/02-03	7.83	2.00	do	-do
11	do	11/04-05	3.09	1.70	do	-do
12	do	23/04-05	5.59	1.00	do	-do-

The details of the cases are given below: -

(I) ZP-Lakhisarai entrusted execution of 39 SGRY works valued of Rs 1.06 crore to Executive Engineer CADA² Lakhisarai and released Rs 9.46 lakh. Permit for 10802

quintals of grain valuing Rs 11 lakh was further released in July 2005 to the Executing Agency. However, seven works valued at Rs 20.12 lakh were deferred of which 4 works were stated to have been already executed against SGRY, Food for work grants, etc. The D.D.C. cum CEO ordered (June 2005) two Circle Officers and one B.D.O to inspect the site of above five works and intimate the position whether works were done previously during 5 years or not. Only the B.D.O Ramgarh submitted the report (October 2005) that there was no overlap in the work of repairing of Barhara Ahar. However the audit scrutiny revealed that this work was executed in 2001-02 from SGRY grant. The CADA was paid Rs 16.53 lakh (cash Rs 1.20 lakh plus grain Rs 15.33 lakh) for the above works indicated that estimates for works were prepared without thorough verification of the site of the work.

(II) Five works pertaining to the period 2001-02 to 2004-05 valued Rs 25.71 lakh undertaken for execution by ZP Supaul were left midway after incurring an expenditure of Rs. 7.95 lakh. The works were partially completed and finally closed as noticed from the payment vouchers. The ZP authorities did not ensure that the executing agents completed the works in time indicating weak monitoring and supervision of executive of these works.

³ CADA: Command Area Development Authority

Due to abandonment of 12 works midway after incurring expenditure of Rs 24.48 lakh, the expenditure not only became wasteful, the desired objectives of the works to provide civic amenities to villagers also remained defeated.

4.8 Doubtful purchase of materials worth Rs. 18.88 lakh in 3 ZPs

4.8.1 Centralised purchase of materials was not made by the ZPs. Instead the executing agents purchased materials separately for each work. Further, the materials purchased were not entered in materials at site-account or the measurement book.

Scrutiny of vouchers of 17 SGRY/MP/MLA works in 3 ZPs (Jehanabad, Arwal & Rohtas) revealed that materials amounting to Rs 18.59 lakh (Jehanabad Rs 3.05 lakh, Arwal Rs 12.43 lakh and Rohtas Rs 3.11 lakh) were purchased, based on hand receipts, were not supported by cash memos/bills of the suppliers. The purchase of materials therefore remained doubtful.

Table-20 Doubtful purchase of materials

Sl. No.	Name of ZP	Scheme number	Materials purchased as per vouchers	Amount paid (In Rs.)	Reasons for doubt
1	Jehanabad	75/03-04	Bricks-4354 Nos Cement-34 bags 3 dia hume pipe-487M Stone chips-1.24 m ³ Sand-400 cft	7567.30 5040.00 3487.80 708.00 1941.72	These materials were purchased after completion of work. Work was completed on 25.04.04, but purchases were made between 19.06.04 and 22.06.04 as per bill dates.
2	do	01/03-04	Stone Metal GrIII-2100 cft Stone chips-630 cft Sand-5900 cft	24500.00 15970.00 15250.00	Materials purchased on hand receipt.
3	do	02/03-04	Stone Metal GrIII-6400 cft Sand- 4800 cft Morum-5184 cft	94613.38 15904.83 52706.19	Materials purchased on hand receipt.
4	do	58/04-05	Bricks-12000Nos Stone Metal Gr III-9.21 M ³ Sand- 1970 cft	21840.00 4415.00 5967.00	Materials purchased on hand receipt
5	do	07/03-04	Sand-2000 cft Sand-39.98 M ³	7400.00 5600.00	do
6	do	05/03-04	Sand-39.68 M ³ Sand-1600 cft	4900.00 4000.00	do
7	do	12/03-04	Sand-1600cft	4000.00	do
8	do	19/03-04	Sand-1600cft	4800.00	do
9	do	22/03-04	Sand-1200 cft	4440.00	do
10	Arwal	61/03-04-SGRY	Stone Metal GrIII-170M ³ Stone Metal GrII-170M ³ Stone Metal GrI-119M ³ Morum-102M ³	107420.00 104530.00 69839.00 42432.00	do
11	do	26/03-04-SGRY	Morum-476M ³ Stone Metal I-85M ³ Stone Metal III-467M ³	189948.00 49891.00 295418.00	do

4.8.2 In PS Pachrukhi (Dist- Siwan) the supply of 3,66,100 bricks for SGRY Scheme No. 7/01-02 and 3/02-03 was shown on hand receipt with no mention of the date of receipt. Rs. 6.29 lakh was paid to the supplier for the above supply. Thus purchase of material was doubtful as the suppliers bills/cash memos were wanting. The DDOs thus passed the payment order without ensuring the availability of bills/cash memos of the supplies. The possibility of some serious financial irregularity cannot therefore be ruled out.

4.9 Doubtful installation of Hand Pumps valued Rs. 4.03 lakh in Supaul PS

Out of the grant of EFC, the Panchayat Samiti, Supaul accorded sanction of Rs. 4.03 lakh in 2004-05 for installation of 134 hand pumps (Size 36' Pipe and 46' Pipe @ Rs. 2020/- and Rs. 2490/- each). The supply order was placed to M/s Balaji Traders and the materials were to be supplied at the Block Office. Receipt of only 51 Hand pumps along with the pipes was acknowledged on 23-12-07 by the Block Clerk. He did not even enter this in the stock register. However 133 Hand Pumps against 134 was shown as directly distributed to beneficiaries which were to be installed by ZP. Expenditure of Rs. 0.13 lakh was shown (@Rs.100/- each) on account of transportation cost paid to the firm. Records regarding installation of hand pump and expenditure incurred were however not shown. The expenditure of Rs. 4.03 lakh was thus doubtful, as records of installation were not available. Moreover, the Hand Pumps were not to be handed over to the beneficiaries rather to be installed by Zila Parishad at planned locations.

4.10 Diversion of funds earmarked for SC/ST beneficiaries to the tune of Rs. 5.41 crore

As per para 1.5 of the SGRY guidelines, 22.5 per cent of the fund received (cash and food grain) for execution of SGRY works was required to be spent on execution of works for the benefit of the SC/ST communities. It was noticed that six ZPs received Rs 59.62 crore against which Rs. 13.41 crore was to be spent for the works benefiting SC/ST people but the ZPs spent only Rs 8.00 crore on SC/ST beneficiaries and diverted Rs. 5.41 crore towards execution of general schemes of SGRY as shown in table below:

Table-21 Diversion of funds earmarked for SC/ST beneficiaries under SGRY grant

Sl. No.	Name of ZP	Amount received (cash and grain) (Rs. in crore)	Period of receipt	Share of 22.5% (Rs. in crore)	Expenditure incurred (Rs. in crore)	Diversion (Rs. in crore)
1	Siwan 4.10.1 Z	12.44 ila Parishad, Nalan	02-03 to 05-06 da did not	2.80execute any sche	1.94 me for the bene	0.86 fit of the SC/ST Communities.
2	Saran Instead,	14.05 it transferred Rs 2.	01-02 to 05-06 95 crore to	3.16B.D.Os for cas	1.88 h distribution a	1.28 mong SC/ST beneficiaries for
3	Nalanda construonly in e	15.22 tion of houses. As pxceptional cases an	01-02 to 05-06 er para 4.4 d in no cas	3.42of the SGRY guie cash to be distr	2.95 delines dwellinibuted among th	0.47 g houses were to be constructede beneficiaries. Instead houses
4	Madhubani were to b	7.56 e got constructed b	05-06 y ZP agenc	1.70 ies. The ZP aut	1.23 horities did not e	0.47 ven obtain the position of cash
5	Jehanabad distribut	6.77 ed by Blocks amon	02-03 to 05-06 gst benefi	1.52ciaries and the	Nil total number of	1.52 dwellings constructed by the
6	Arwal beneficiBlocks c	3.58 an not be ruled out.aries as a result of w	03-04 to 05-06 high chanc	0.81es of misuse of	Nil money or even b	0.81 lockage of funds at PS level in
Total		59.62		13.41	8.00	5.41

4.10.2 Irregular diversion of 67.31 quintals food grains under SGRY to purchase rickshaw in ZP Madhubani

During 2005-06 - ZP Madhubani released Rs 13.46 lakh and grain of 67.31 quintals to three agencies for purchase and distribution of rickshaw @ Rs 6200/- each amongst 237 beneficiaries as detailed below:

Table-22 Details of expenditure on purchase of rickshaw

Sl. No	Name of the Agency	Cash paid (Rs. in lakh)	Grain issued (in quintals)	Total payment (Rs in lakh)	Number of rikshaw to be distributed
1	Executive Engineer, Rural Development, Special Division, Rahika	5.86	64.14	6.26	101
2	B.D.O. Bisfi Block	0.29	3.17	0.31	5
3	Mahila Shakti Vikas Swablambi Cooperative Society, Madhubani	7.31	Nil	7.31	131
Total		13.46	67.31	13.88	237

The Zila Parishad did not obtain the confirmation of purchase and distribution of rickshaws amongst the beneficiaries due to which the expenditure remained doubtful.

Diversion of food grain of 67.31 quintals for purchase of rikshaw was highly irregular as the cost charged was at a subsidized rate of Rs. 630 per quintal and the grain was to be distributed to labourers engaged for works and not to be issued to suppliers.

4.10.3 Blockage of Rs. 1.71 crore due to incomplete works

ZP Saran undertook construction of 94 workshops for SC/ST during 2003-04 (26 works) and 200506 (68 works) against which only 3 works of 03-04 were completed and the balance 91 works estimated to cost Rs. 2.09 crore remained incomplete despite payment of advance of Rs 1.71 crore to the Executing agents for the above work. As the works were incomplete, the advances paid remained blocked and the SC/ST beneficiaries were also deprived of the benefits of the work shops. The Executives failed to ensure completion of the works indicating lapses in monitoring and supervision of works.

4.11 Misutilisation of food grain under SGRY

The ZPs did not maintain proper records of food grains allotted by the Govt. of India for SGRY schemes, food grains lifted by State Food and Civil Supplies Corporation (SFCSC) from the FCI depot, food grains lifted by P.D.S. dealers from SFCSC, food grain issued to executing agents by the PDS dealer and balance of food grains remaining with the SFCSC/PDS dealers. Audit collected information from various cash books and related records about the same. The irregularities noticed in food grain account are given below:-

- (I) ZP Supaul received allotment of grains of 1.03 lakh quintals during 2001-02 to 2004-05 but the position of liftment by SFCSC from FCI depot was not shown. 18 PDS dealers lifted merely 9564.79 quintals (value Rs. 114.77 lakh calculated at the average rate of Rs. 1200 per quintal) from the SFCSC and as per account rendered to audit by the Junior Engineers (executing agent) only 2692.57 quintals of grains was received by them and utilized in works. The Zila Parishad did not ensure the position of balance stock lying with SFCSC and PDS dealer. The ZP did not issue coupons/permits to Junior Engineers for receiving grain from the PDS dealer. Audit scrutiny revealed that 277.75 quintals grains lifted by one PDS dealer of Triveniganj was retained by him valuing Rs. 3.47 lakh at double issue rate (Rs 1248/- per quintal) and this was not recovered so far.
- (II) (II) ZP Siwan received allotment of 33118 quintals grains (value Rs. 3.97 crore calculated at the average rate of Rs. 1200 per quintal) between 02-03 to 05-06 from DRDA Siwan but the Zila Parishad did not keep account of food grains lifted and issued to executing agents. The District Engineers replied that the Junior Engineers are maintaining account of food grain but none of the JEs rendered any account of the same to audit.
- (III) ZP Nalanda received allotment of 1.06 lakh quintals of grain (value Rs. 12.72 crore calculated at the average rate of Rs. 1200 per quintal) during 2001-02 to 2005-06, against which the ZP lifted 1.04 lakh quintals only. No reason was assigned for non-lifting of balance 0.02 lakh quintals. Against lifting of 1.04 lakh quintals by the ZP, 0.62 lakh quintals were shown as issued for schemes and the balance quantity 0.42 lakh quintals remained with ZP but there was no physical verification report of the balance stock. The audit scrutiny of a sample of work vouchers revealed that the permits for lifting of grains for ZP stock was issued to the agencies after the date of passing of work bill which created doubt regarding distribution of grains to labourers as the muster rolls pertained to the earlier period.
- (IV) Scrutiny of 6 SGRY works in ZP Arwal disclosed that 936.57 quintals (value Rs. 11.72 lakh calculated at the rate of Rs. 1252 per quintal) issued to the AE/JE but grains distributed to labourers were either not mentioned in the muster roll sheets or only the total quantity distributed was mentioned and not labourer wise. The quantity shown as recorded to have been distributed was of 271.57 quintals only vide details shown in the table below:

Table-23 Misutilization of food grains under SGRY in ZPARwal

Sl. No.	Scheme No.	Quantity of grain issued (In quintals)	Quantity of grain distributed as per records (In quintals)	Remarks		
1	16/04-05	67.09	33.02	Quantity issued to each labourer not mentioned against each labourer but at the end the total quantity issued shown:		
				Period	No. of labourer	Quantity
				18.2.05 to 24.2.05	98	9.52
				4.3.05 to 10.3.05	98	9.52
				12.3.05 to 18.3.05	98	9.52
				20.3.05 to 23.3.05	46	9.52
						33.02
2	1/ 04-05	100.00	NA	No mention made in muster roll regarding grain given to labourers		
3	4 /04-05	153.35	8.52	-do- except in the muster roll on dated 3.7.04 to 9.7.04		
4	26/ 03-04	335.00	NA	No mention of distribution of grains		
5	3 /04-05	230.03	230.03	In muster roll sheets dated 3.7.04 to 9.7.04 and 10.6.04 to 16.6.04 only the net quantity of grain issued was shown and not the quantity of grain given to each labourer.		
6	1/ 04-05	51.10	NA	No mention made in muster roll regarding issue of grain.		
Total		936.57	271.57			

As such utilization of 665 quintals valued at subsidized rate (Rs 626/- per quintal) Rs 4.16 lakh remained doubtful.

4.12 Irregular issue of food grains to suppliers valuing Rs. 9.87 lakh

Food grain was to be issued to labourers engaged in SGRY works as part of wages at subsidized rate in order to improve nutritional level.

It was however noticed that 3 Panchayat Samities issued 1566.76 quintals (value Rs. 19.74 lakh calculated at the rate of Rs. 1260 per quintal) food grains as shown in the table below to material suppliers and earth transporters in lieu of cash. The rate charged was

Rs.630 per quintal. Issue of food grains to suppliers was in violation of guidelines of the SGRY. Even in case where the same was issued to exhaust stock of grain, the market rate or double issue rate was to be charged. Due to issue of grain at subsidized rate the Panchayat Samiti sustained loss of Rs. 9.87 lakh (calculated at double issue rate Rs. 1260 (-) Rs. 630/quintal) and undue benefit was provided to the suppliers.

Table-24 Issue of food grains to suppliers in SGRY works against provisions

Sl. No.	Name of the P.S.	Name of the district	Quantity of food grain issued (In quintals)	To whom issued	No. of scheme involved	Reference of scheme No.
1	Durgawati six PDS dfurnished executing of grains,	Kaimur by the office to ealers. The stoagents up to 200903 quintals rem	1459.29 ck register was audit it was noti4-05 from the Pained with SFC	Material suppliers not maintained that only DS dealers. TSC and 277 q	55ed by the Pa285 quintalhis showed tuintals with	29 schemes of 03-04, 24 schemes of 04-05 and 2 of 05-06 nchayat Samiti but as per detailss of food grains were lifted by thethat against lifting of 1465 quintals PDS dealers. SFCSC godown at
2	Bisfi Nirmali rebe known.	Madhubani Thus, 1180 qumained closed f	58.70 intals food gramom October 20	-do03 and hence tin valuing (at	05he fate of 90 the rate of	12,17,26,27 and 32 of 2002-03 3 quintals of food grains could notRs. 1100/quintal) Rs. 12.98 lakh
3	Rahika remained u	- donaccounted.	48.77	Soil transporter	02	31 and 39 of 2004-05
Total			1566.76		62	

4.13 Food grains retained by SFCSC and PDS dealers valued Rs. 12.98 lakh remained unaccounted

It was noticed from the statement furnished by the SFCSC on 11.09.2003 to BDO of Panchayati Samiti Nirmali (District-Supaul) that 1465 quintals of food grain (value Rs. 16.12 lakh calculated at rate Rs. 1100 per quintal) were to be lifted by SFCSC from FCI depot against which 562 quintals were lifted by six PDS dealers. The stock register was not maintained by the Panchayat Samiti but as per details furnished by the office to audit

it was noticed that only 285 quintals of food grains were lifted by the executing agents up to 2004-05 from the PDS dealers. This showed that against lifting of 1465 quintals of grains, 903 quintals remained with SFCSC and 277 quintals with PDS dealers. SFCSC godown at Nirmali remained closed from October 2003 and hence the fate of 903 quintals of food grains could not be known. Thus, 1180 quintals food grain valuing (at the rate of Rs. 1100/quintal) Rs. 12.98 lakh remained unaccounted.

4.14 Excess issue of food grain valued Rs. 2.28 lakh

Scrutiny of 31 works out of 231 under SGRY schemes (12 of 2002-03, 7 of 03-04 and 12 of 04-05) in Mohania PS within Kaimur district revealed that 2825.52 quintals of food grains (value Rs. 35.32 lakh calculated at the rate of Rs. 1250 per quintal) were issued to the executing agents but as per muster roll of the works only 2129.50 quintals of grains were distributed among the labourers. Thus, 696.02 quintals of grains remained with the executing agents which were not refunded in office stock. It was further noticed in 9 other SGRY schemes that food grain issued to executing agents was 1196.36 quintals while 1528.20 quintals were shown as distributed amongst the labourers. There was thus excess distribution of 331.84 quintals beyond receipt of stock of food grains. Even after adjusting 331.84 quintals from the unutilized quantity of 696.02 quintals, balance of 364.18 quintals remained with the executing agents.

The cost of grains issued was at subsidized rate of Rs. 625/ quintal but cost of balance stock of grain not distributed amongst labourers was further to be recovered at market rate or double issue rate. Thus Rs.

2.28 lakh for 364.18 quintals was further to be recovered from the executing agents. The BDO cum Executive Officers of the Panchayat Samiti failed to recover balance quantity of food grain or its cost at double issue rate causing loss of Rs. 2.28 lakh to PS fund by providing extra benefit to the executing agents.

4.15 Non-execution of MLA/MLC/MP schemes despite advance of Rs. 6.84 lakh to executing agents

Zila Parishad, Supaul entrusted execution of 5 works (one of MP fund in 01-02, one of MLC fund in 03-04 and 3 of MLA fund in 03-04 to 04-05) estimating Rs. 18.52 lakh to two Asstt Engineers and paid advance of Rs 9.93 lakh but works were not executed and when objected in audit (August 2006) one Asstt Engg. refunded Rs 3.09 lakh at the instance of audit. The audit scrutiny revealed that in one work of MLC fund, the executing agent had merely executed work of Rs 0.41 lakh against the estimated amount of Rs 3.26 lakh. This expenditure remained futile as only some portion of work was executed.

Table-25 Position of unexecuted schemes of MLA/MLC/MP fund

Major irregularities in execution of schemes/works

Sl. No.	Name of the work	Estimated value (Rs.)	Advance paid (Rs.)	Date of payment	Name of Agencies/remarks
1	Community hall constn. in north of Nirmali Police Station	2,99,000	2,49,000	02.9.02 to 28.9.04	S. Ram, A.E.
2	Constn. of Primary Sanskrit School in Sarouja Bela Panchyat	2,89,000	2,44,500	22.9.03 to 17.2.05	Manoj Kr., A.E.
3	R.C.C. Bridge of 2/15/6 in Shrauli in Nirmali Block	7,88,500	2,00,000	22.09.03	-do- The amount was refunded by the agencies vide Ch. No. 266239 dt.16.9.06 at the instance of audit
4	Constn. of community hall near house of Krishnadeo Yadav	3,25,913	1,50,000	16.09.03	Manoj Kr. A.E. Rs.1,09,456 was refunded vide Ch. No. 266237 dt. 16.09.06 at the instance of audit.
5	Bitumen purchase for renovation of rest part of Bairia Manch to Supaul road	1,50,000	1,50,000	22.06.01	S. Ram A.E.
Total		18,52,413	9,93,500		

Due to non-monitoring of the works the executing agents did not execute the work and the advance of Rs. 6.84 lakh paid to them is still lying outstanding.

4.16 Mounting unadjusted advances (value Rs. 58.01 crore) as of March 2006

In PRIs all schemes of Finance Commission grants, SGRY, NREP, MLA/MLC/MP etc. were executed departmentally and frequent advances were paid to AE/JEs, Panchayat Sewaks and other staff entrusted for execution of schemes. However, the basic records viz. advance ledger and list of outstanding advances were not prepared by the Panchayat Samitis and Gram Panchayats. Even many Zila Parishads did not maintain the advance register or if maintained only the advances paid from PL account were depicted in that and list of outstanding advances were not prepared. As such clear position of advances paid, advances adjusted and the unadjusted advances at the end of the year was not ascertainable.

Rule 90 of the Bihar Panchayat Samitis and Zila parishads (Budget and Accounts) Rules, 1964 provides that advance should not be made in any case unless immediate expenditure is necessary. Further a second and subsequent advance should not be granted in any case without ensuring immediate adjustment/recovery of the st or earlier advance. It was noticed in audit that frequent advances were made to District Engineer, Asstt. Engineer/Junior Engineers/ and others without receiving adjustment bills of previous advances.

However from cash books and scheme registers of 10 ZPs it was noticed that Rs 58.01 crore of advance was outstanding as on 31st March 2006 for periods ranging from one to ten years as shown in the table below:-

Table-26 Details of position of unadjusted advances in ZPs (Rs in crore)

Sl. No.	Name of the ZP	Period of Advance	Advance paid	Advance adjusted	Balance	Remarks
1	Arwal	03-04 to 05-06	4.30	1.88	2.42	
2	Nalanda	02-03 to 05-06	NA	NA	NA	
3	Saran	01-02 to 05-06	1.32	0.25	1.07	Position of advance from PL A/C only.
4	Supaul	96-97 to 05-06	13.36	5.58	7.78	Rs 1.62 crore outstanding against Shri H.D. Khan ex J.E.
5	Siwan	01-02 to 05-06	11.39	5.00	6.39	Adjustment passed by District Engineer and not by DDC cum CEO the DDO
6	Darbhanga	02-03 to 05-06	0.51	0.25	0.26	
7	Madhubani	03-04 to 05-06	3.39	Nil	3.39	
8	Kaimur	99-2000 to 05-06	9.54	4.15	5.39	Opening balance 9596 not brought forward.
9	Rohtas	02-03 to 05-06	7.94	0.86	7.08	Adjustment passed by District Engineer and not by DDC cum CEO the DDO
10	Jehanabad	02-03 to 05-06	NA	NA	NA	
11	Sheikhpura	97-98 to 05-06	15.11	NA	15.11	
12	Lakhisarai	96-97 to 05-06	12.09	2.97	9.12	
Total			78.95	20.94	58.01	

As the year wise details were not provided to audit by ZPs the agewise position of outstanding advance remained unascertainable.

- Advances of Rs. 3.26 lakh paid out of PL account between 96-97 to 05-06 in ZP Kaimur were not entered in advance register besides outstanding advance up to 94-95 were not brought forward.
- Adjustment of advances of Rs 5.86 crore (Rs 5.00 crore in ZP Siwan and Rs 0.86 crore in ZP Rohtas) was made by the District Engineer, the implementing agency and not by DDC cum CEO the DDO of Zila Parishad in violation of internal control principles.

This adjustment was highly irregular as the passing of bills and adjustment of advances is still awaiting DDO's approval. This may lead to serious financial irregularity as the bills/ vouchers are to be thoroughly scrutinized by the general section of the Zila Parishad for final passing by the DDC-Cum-CEO.

Advance of Rs 34.67 crore (Rs 26.71 crore in 60 Panchayat Samitis and Rs 7.96 crores in 195 Gram Panchayats) was found outstanding against incomplete works for period ranging from one to five years as shown in the table below:-

Table-27

Position of unadjusted advances in PSs and GPs (Rs. in crore)

Year	Position of 60 PSs	Position of 195 GPs	Grand Total
	Amount	Amount	
2001-02	3.12	0.40	3.52
2002-03	3.59	0.70	4.29
2003-04	5.41	1.21	6.62
2004-05	7.51	2.02	9.53
2005-06	7.08	3.63	10.71
Total	26.71	7.96	34.67

It is evident from above that the DDO/CEO/EO did not affect adequate monitoring and control over adjustment of advances etc.