

CHAPTER – IX

CONCLUSION AND RECOMMENDATIONS

9.1 Conclusion

The Position of management of finances of accounts in PRIs in Bihar is far from satisfactory. Recording of financial transactions through cash books and monthly and annual a/cs was found lacking and even non existent. Non-maintenance of related records and non-adherence to accounting and budgetary procedures weakened the system of internal controls.

As a result, audit could neither ascertain accuracy of facts nor the correctness of figures. It could not satisfy itself about compliance with procedures and fulfillment of objectives in all cases.

These shortcomings have a significant impact because large amounts of money are being spent by PRIs in the State.

The maintenance of accounts and records in PRIs was deficient as they maintained several Cash Books instead of one. All the transactions of all Cash Books were not compiled and Annual Accounts were not prepared. In the absence of this the position of receipt and utilization of different grants remained unascertainable. Even the basic accounting records such as Govt. grant register, Govt. loan register, advance register, deposit register, employment and asset register etc. were not maintained in absence of which the liabilities and assets of PRIs remained undisclosed.

The State Govt. were yet to issue instructions/directions to PRIs to prepare Budget and Accounts in the formats prescribed by the CAG. Creation of database on finances of PRIs had not even started.

There was lack of monitoring and supervision over works due to which 3210 works in 10 ZPs, 3549 works in 60 PSs and 2357 works in 195 Gram Panchayats were found incomplete despite payment of advances (cash and grain) of Rs 39.38 crore, Rs. 26.71 crore, Rs. 7.96 crore respectively. Execution of large number of works was entrusted to AEs/JEs/Panchayat Sewaks, which hints engagement of petty contractors in works. The departmental execution of works from all types of grants paid to PRIs was thus inefficient as the Drawing and Disbursing Officers mostly remained interested in making advance payment without ensuring its timely adjustment.

The PRIs are still to augment their own sources of receipts by imposition of taxes, fees and tolls as clear cut direction in this regard have not been issued by the State Govt. so far.

9.2 Recommendations

The following measures are recommended for ensuring accountability of the PRI

functionaries by strengthening the transparency in accounts and ensuring effectiveness in execution of schemes:-

- (1) The PRIs may be instructed to prepare budget and accounts in Standard Budget and Accounting Formats prescribed by the CAG after duly considering the simplified accounting codes handed over to the Panchayat Raj Department in February 2007. To this end qualified staffs need to be posted in PRIs at the earliest.
- (2) Database on PRIs finances may be developed for compilation of position of different grants/funds which would help the authorities to exercise effective monitoring of schemes, assets created and employment generated.
- (3) Accounts rules in consonance with the provisions of Bihar Panchayat Raj Act, 2006 may be framed immediately as the PRIs are still observing outdated rules.
- (4) Preparation of Budget Estimates and Annual Action Plan may be ensured by the concerned authorities of the PRIs and accountability may be fixed on the responsible officials/officers for lapses in budgetary control and execution of schemes.
- (5) The accounts, records and staff of panchayat samitis may be segregated from the Block offices for ascertaining a clear position of financial transactions and performance of Panchayat Samitis.
- (6) Grants to PRIs including allotment of food grains should not be routed through the District Rural Development Agencies and should be directly released to Zila Parishads.
- (7) Funds were directly provided to PRIs by Panchayat Raj Department and Rural Development Department through DRDA. Attempts may be made to release all type of grants to PRIs by Panchayat Raj Department so that the department may be able to provide a clear picture of grants released to PRIs and utilized by them.
- (8) Internal controls systems may be strengthened for pre audit of bills/vouchers and check over collections by internal audit wing.
- (9) Transfer of functionaries and finances of 20 departments which devolved their functions to PRIs may be made effective as the finances were not released by these departments nor the functionaries transferred.

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Date :

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COUNTERSIGNED

Place : Patna

Date :

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