

CHAPTER - IX

Accounting Procedures

9.1 Non-maintenance of accounts in “Pancha Lekha” software

Comptroller and Auditor General of India (CAG) had prescribed formats of accounts, budget and database for Zila Panchayats (ZPs), Janpad Panchayats (JPs) and Gram Panchayats (GPs) under three tier Panchayati Raj System.

Directorate, Panchayat and Social Justice, Bhopal had intimated that “Pancha Lekha” software had been developed for the maintenance of above information and made available (November 2005) to ZPs and JPs. The information was required to be provided in the above software to the Directorate by the Zila Panchayats every month.

Test check of records of 18 Janpad Panchayats revealed that the accounts were not being maintained in the prescribed formats as shown in **Appendix - XXV**.

9.2 Non reconciliation of balances of cash book and bank pass book.

Rule 25 of Madhya Pradesh Zilla Panchayat (Lekha Niyam), 1999 and Rule 25 and 26 of Madhya Pradesh Janpad Panchayat (Lekha Niyam) 1999 enjoin that the balances of bank pass book shall be checked with reference to the balances of cash book at the close of every month and differences if any reconciled. Test check of records of two Zilla Panchayats, eighteen Janpad Panchayats and one Gram Panchayat revealed that a total amount of Rs. 7.19 crore remained un-reconciled at the end of financial year as per details in **Appendix- XXVI**.

The possibilities of embezzlement cannot be ruled out due to non-reconciliation of balances.

9.3 Non-refund of unspent balances of closed/non-operational schemes

As per guidelines of the schemes and instructions contained in the sanction by the Government the unspent balances of closed and non-operational schemes/ programmes should be refunded to the concerned department. Test check of records of 10 Panchayati Raj Institutions (PRIs) revealed that a sum of Rs. 7.4 1 crore pertaining to various closed/non-operational schemes and programmes were lying in the bank account and not refunded to the Departments which resulted in blocking of these funds as detailed in **Appendix - XXVII**.

9.4 Diversion of funds

Central Government released grants-in-aid for development of rural areas which were to be spent exclusively on the projects for which these were sanctioned. Diversion of funds from one scheme to another should not be made without prior approval of the Central Government.

Test check of records of six PRIs revealed irregular diversion of funds amounting to Rs. one crore for the purposes not covered under the schemes as shown in **Appendix -XXVIII**.

9.5 Outstanding advances against individuals/executing agencies

Rule 51 of Madhya Pradesh Zilla Panchayat (Lekha Niyam), 1999 provides that advances to individuals/executing agency (Sarpanchs/Pradhans/Officials etc.) should be got adjusted immediately after incurring such expenditure failing which the entire amount of advance should be recovered from the next salary or sums payable to them.

Test check of records of 13 PRIs revealed that in contravention/violation of the above provision a sum of Rs. 2.63 crore was outstanding against individuals/executing agencies for the last five years as shown in **Appendix - XXIX**. Action to recover/adjust the advances needs to be initiated and the monitoring mechanism should be strengthened to ensure speedy and timely recovery.

9.6 Non utilisation of government grants within stipulated period

Centrally Sponsored Schemes such as Jawahar Gram Swarojgar Yojana (JGSY), Sampoorna Gramin Rojgar Yojana (SGRY), Indira Awas Yojana (IAY), National Family Benefit Scheme (NFBS), Total Sanitation Campaign (TSC), etc. and State Plan Schemes were being implemented through PRI's during 2002-05.

Test check of records revealed that grants of Rs. 3.49 crore released to six PRIs were lying unspent for a period ranging one year to four years as shown in **Appendix-XXX**. No action was taken to refund the unspent grants to government. The PRIs also did not review the implementation of schemes to ascertain reasons for the non-utilisation of grants.

This also resulted in depriving the rural population from intended benefits.

9.7 Irregular drawal of TFC grants

Commissioner, Panchayat and Social Justice, (P&SJ) Bhopal directed (April 2006) all the CEOs (ZPs) that the expenditure may be incurred from the TFC budget provision only after the amount is credited by Government of India (GOI) in the account of State Government. It was further directed (May 2006) that the amount of TFC may not be drawn as the amount was not received from GOI. The first and second instalment of TFC were credited in the accounts of State Government on 6 September 2006 and 22 March 2007 respectively.

Scrutiny of records (October – November 2007 and May-June 2008) of CEO, Zilla Panchayats Indore, Jabalpur, Rewa and Satna revealed that despite

instructions of the commissioner Rs. 18.18 crore were drawn during May to July 2006 against the anticipated credit of Ist instalment.

Similarly scrutiny of records (September-December 2007 and May-June 2008) revealed that CEO Zilla Panchayat Bhopal, Gwalior, Jabalpur, Rewa, Satna and Ujjain had drawn Rs. 15.94 crore during September to December 2006 against the anticipated credit of IInd instalment. Thus irregular drawals were made by the CEO's as detailed in **Appendix -XXXI**.

On being pointed out in audit, CEO (ZPs) Indore, Jabalpur, Rewa, Satna and Ujjain replied (October-November 2007 and May-June 2008) that the amount was drawn due to availability of budget provision of TFC and non-receipt of information about the date of crediting etc. while CEO (ZPs) Bhopal and Gwalior replied (September & December 2007) that amount was drawn as per instructions given by the Principal Secretary, Panchayat and Rural Development Department in the meeting of CEOs held on 19 September 2006.

The replies were not acceptable as these were contrary to the above directions of Commissioner.

The matter was reported to Commissioner (October 2007) with the request to furnish a copy of minutes of the meeting of 19 September 2006; the reply was awaited (June 2008).

9.8 (i) Incomplete works

In general the construction works taken up by Janpad Panchayat and Gram Panchayat should be completed within one year.

Test check of records in 4 Zilla Panchayats, 15 Janpad Panchayats revealed that 1043 works taken up under various schemes were lying incomplete from 2000-01 onwards on which expenditure of Rs. 19.97 crore was incurred as shown in **Appendix -XXXII**.

As the works relating to buildings, roads and deepening of tanks etc. were lying incomplete from the year 2000-01 to 2006-07, possibility of deterioration of quality of works can not be ruled out by the passage of time.

9.8 (ii) Incomplete works under SGRY

According to guidelines of SGRY only those works should be taken up which could be completed within one year and in exceptional cases within two years.

Test check of records of one Zila Panchayat and five Janpad Panchayats revealed that 63 works could not be completed after a lapse of four to five years from its sanction and after incurring expenditure of Rs. 76.45 lakh as shown in **Appendix-XXXIII**. The intended benefit of the assets could not be provided to the public as well as the deterioration of properties can not be ruled out with the passage of time.

9.9 Non-utilisation of SGRY grant for SC/ST beneficiary component (22.5%) & for maintenance of assets (15%)

According to Para 4.4 and 5.5 of the guidelines of Sampoorna Gramin Rojgar Yojna (SGRY), (effective from April 2002), 22.5 per cent grant from the allotment of funds at Janpad level should be utilised on the works relating to SC/ST beneficiaries and 15 per cent grant should be utilised on the maintenance of assets created from this fund for the prolonged use of such assets.

Test check of records of eight Janpad Panchayats revealed that against the requirement of Rs. 2.19 crore (22.5 percent), only Rs. 0.99 crore (10.16 percent) were utilised on the works relating to SC/ST beneficiaries and no expenditure was incurred on the maintenance of assets as shown in **Appendix – XXXIV**.

9.10 Irregular allotment of houses to the male beneficiaries under Indira Awas Yojna (IAY)

According to Para 6 of the guidelines of IAY issued by Government of India (GOI) and para 5.5 of the guidelines issued by Government of Madhya Pradesh, the allotment of Plots and Awas should be made in name of unmarried woman or widow in the family or in the joint name of husband and wife.

Test check of records of two Zila Panchayats and 13 Janpad Panchayats revealed that 4300 Awas costing Rs. 8.17 crore as shown in **Appendix - XXXV** were allotted to male beneficiaries against the provisions of the Yojna.

9.11 Irregularities in maintenance of Muster Rolls (MRs)

Muster Roll is a very important and basic record for the departmental works. Following instructions were issued for the preparation of muster rolls in Madhya Pradesh Public Works Department Code.

- (i) The MRs should bear serial number.
- (ii) The MRs should be issued under the dated initial of issuing authority.
- (iii) Separate MRs should be used for each work.
- (iv) Thumb impression of the labourer receiving the payment should be attested by some responsible officer.
- (v) The name, age, sex, caste, village etc. of the labourer engaged on work should be mentioned.
- (vi) The measurements of work done on MRs should be recorded in the Measurement Book (MB) and reference of MB should be recorded on MRs under the proper attestation by sub-engineer.

- (vii) If any payment could not be made on MRs to the labourer, such payment should be made on separate vouchers in the presence of Secretary or Sarpanch of GPs.

Scrutiny of records of eight GPs revealed that the MRs as shown in **Appendix - XXXVI** were not prepared according to the instructions of MP PWD code *ibid*. The possibilities of false payments, preparation of duplicate MRs can not be ruled out.

9.12 Non maintenance of assets register and physical verification of assets

Rule 55 and 60 of Madhya Pradesh Gram Panchayat (Lekha Niyam), 1999, provides that all the public properties situated under the jurisdiction of Gram Panchayats will be the assets of that Gram Panchayat. A register should be maintained and all the assets should be entered there in as soon as they were completed or transferred to Gram Panchayats. The physical verification of assets entered in the register should be conducted once in a year by the CEO, Zila Panchayat or by any officer appointed by Govt.

Test check of records of 21 Gram Panchayats revealed that the properties as shown in **Appendix – XXXVII** worth Rs. 1.56 crore situated, constructed or transferred to 16 Gram Panchayats were not found entered in the asset registers and in four GPs the asset register was not maintained. The physical verification was not conducted by any officer.

Due to non-maintenance of assets register, total assets of the Gram Panchayats could not be ascertained. Further the duplicacy in selection of area or construction work in the same area can not be ruled out.

9.13 Pending Utilisation Certificate

Funds for execution of works were to be given to executing agencies in two or three installments and they were required to submit utilisation certificates (UCs) within 15 days of incurring expenditure to obtain subsequent installments of funds. UCs/ Completion Certificates (CCs) pertaining to various schemes worth Rs. 35.06 crore in six Zila Panchayats and Rs. 4.86 crore in seven Janpad Panchayats as shown in **Appendix - XXXVIII** were awaited for the last five years.