

Overview

This report contains five chapters, excluding the last chapter on conclusions and recommendations. The opening chapter contains an overview of the Panchayat Raj Institutions (PRIs) in the State. Chapter 2 brings into focus the deficiency in accounting procedures. Chapter 3 consists of audit observations on implementation of schemes, while chapter 4 contains audit findings in execution of works and procurement of supplies. Other issues are grouped together in Chapter 5.

1. An overview of the Panchayat Raj Institutions

PRIs continued to be overwhelmingly dependant on grants from the Central and State Government. Their 'own source revenue' (OSR) constitutes only five *per cent* of the total revenue from all sources of the PRIs during 2006-07.

(Paragraph 1.8.1)

During the year 2006-07, the State Government released Second Finance Commission grants of Rs. 137.72 crore only (50 *per cent* of budget allocation) to the PRIs due to slow progress of expenditure.

(Paragraph 1.12)

State Government paid Rs. 0.88 crore from the State Account to PRIs as interest for delayed release of 1st instalment of Twelfth Finance Commission (TFC) grant for 2005-2006. The total expenditure of Rs. 185.11 crore by the PRIs, out of available TFC grant of Rs. 382.18 crore during 2005-07, amounted to only 48 *per cent* of the available grant. The percentage of expenditure on three priority sectors were four, five and eleven against recommended five *per cent*, 10-15 *per cent* and 10 *per cent* respectively. Test check of 1,189 accounts of PRIs revealed that 414 PRIs diverted TFC grant of Rs. 10.23 crore towards new construction works in violation of the directives of the Finance Commission.

(Paragraph 1.14)

2. Accounting procedures

31 Gram Panchayats (GPs) spent Rs. 8.16 crore during 2005-06 without preparing their annual accounts, while 51 GPs unauthorisedly spent Rs. 14.96 crore during the year without preparation of budget.

(Paragraph 2.1 and 2.2.1)

Garbeta-II Panchayat Samiti (PS) unauthorisedly spent Rs. 2.35 crore and Rs. 2.73 crore during 2004-05 and 2005-06 respectively without preparing its budget. Similarly, Nadia Zilla Parishad (ZP) spent Rs. 80.76 crore during 2005-06 without any budget estimate.

(Paragraphs 2.2.2 and 2.2.3)

Lack of budgetary control was also conspicuous in 1,559 GPs, 27 PSs and six ZPs which had spent Rs. 77.93 crores, Rs. 12.08 crores and Rs. 19.04 crores in excess of budget provisions during 2005-06, 2004-06 and 2005-06 respectively. The Panchayats did not prepare any supplementary and revised estimates thereafter.

(Paragraphs 2.3.1, 2.3.2 and 2.3.3)

Contrary to the provisions in the rules, 61 GPs spent Rs. 28.94 lakh during 2005-06 out of the revenues collected by them from time to time without depositing the money into their respective savings bank accounts. Similarly, two PSs in 2004-05 and one in 2005-06 unauthorisedly appropriated Rs. 22.34 lakh and Rs. 41.36 lakh respectively from their revenues in violation of rules.

(Paragraph 2.4.1 and 2.4.2)

Differences of Rs. 26.71 lakh in 102 GPs at the end of 2005-06, Rs. 1.13 crore in five PSs at the end of 2004-05 and Rs. 10.75 crore in 39 PSs at the end of 2005-06 and Rs. 1.70 crore in one ZP at the end of 2005-06 between Cash Book and Pass Book remained unreconciled. The lapse was fraught with the risk of misappropriation of funds going undetected.

(Paragraph 2.6)

The unrealised amount of Rs. 58.01 crore in 3,173 GPs constituted 72 per cent of the total demand for taxes, duties, rates, fees and tolls at the end of 2005-06.

(Paragraph 2.7)

3. Implementation of schemes

Under Indira Awas Yojana (IAY), 772 GPs did not prepare and approve Annual Action Plan (AAP) for the year 2005-06 for selection of beneficiaries and thus spent Rs. 15.53 crore in violation of the scheme guidelines.

(Paragraph 3.1.1)

In 1,622 GPs, while Rs. 19 crore was spent during 2005-06 towards assistance under Indira Awas Yojana (IAY) for construction/up-gradation of huts, none of the beneficiaries was from the BPL list.

(Paragraph 3.1.2)

In 12,198 cases, 359 GPs disbursed Rs. 19.18 crore to the beneficiaries for construction/upgradation of huts under IAY during 2005-06. But the beneficiaries did not have valid records of ownership of the land on which their huts were constructed/upgraded.

(Paragraph 3.1.4)

1,481 GPs did not prepare Annual Action Plan under Sampoorna Grameen Rozgar Yojana (SGRY) and spent Rs. 37.55 crore during 2005-06 in violation of guidelines.

(Paragraphs 3.2.1)

The percentage of employment opportunities provided to women ranged between zero and 20 only in 1,999 GPs during 2005-06 and in 38 PSs during 2004-05 and 2005-06 which were test checked by audit, against the stipulated percentage of 30.

(Paragraphs 3.2.2)

In 13 PSs, Rs. 1.82 crore was spent during 2004-05 to 2005-06 towards execution of works under SGRY by engaging contractors in violation of the guidelines of the scheme.

(Paragraph 3.2.4)

Six Zilla Parishads (ZP) and one Mahakuma Parishad (MP) received the Central share of funds under SGRY less by Rs. 12.87 crore during 2005-06 on account of under utilisation of funds.

(Paragraph 3.5)

Joint physical verification with functionaries of certain Gram Panchayats (between August 2006 and May-June 2007) revealed 19 cases of fake and unauthorised expenditure involving Rs. 11.07 lakh in cash and food grains (rice) of 60,570 kg. GPs

admitted the fact and recovered Rs. 10.62 lakh and 5,580 kg of food grains (rice) in August 2006 and May-July 2007.

(Paragraph 3.7)

4. Execution of works and procurement of supplies

North 24 Parganas ZP could utilise only Rs. 46.09 lakh out of total fund received under Rural Infrastructure Development Fund (RIDF)-VI (Rs. 350.33 lakh) between May 2001 and March 2003. The ZP did not execute any work till January 2008. As a result, funds of Rs. 304.24 lakh remained unutilised as well as procured materials of Rs. 41.87 lakh remained idle (January 2008).

(Paragraph 4.1.1)

Execution of stone metal consolidation work of a road costing Rs. 160.37 lakh under Rural Infrastructure Development Fund (RIDF)-VI in Nadia ZP remained suspended since July 2004 due to paucity of fund and non-availability of further fund from Finance Department. In the meantime, the executed part of the works got damaged severely throughout the entire stretch of the road.

(Paragraph 4.1.2)

Howrah ZP diverted Rs. 8.97 lakh out of grant of Rs. 30 lakh meant for local development by Gram Panchayats and also retained the residual amount of Rs. 19.03 lakh in Local Fund unnecessarily since March 2002.

(Paragraph 4.1.5)

North 24 Parganas ZP received (December 1998) Rs. 19.54 lakh from Backward Classes Welfare grant for construction of a road. The contractor discontinued (September 2000) the work after execution of earthwork valuing Rs. 6.54 lakh. The ZP paid Rs. 6.54 lakh to the contractor without imposition of any penalty for the unfinished work. The work remained abandoned since September 2000 and the balance of Rs. 13 lakh was lying with the ZP idle since December 1998 depriving the people of the resultants benefits.

(Paragraph 4.1.11)

Manickchak GP made excess payment of Rs. 6.69 lakh to the contractors in course of construction of two road works due to absence of adequate internal control mechanism.

(Paragraph 4.3.1)

5. Other issues

Bhangar-II PS failed to implement the approved bye-laws and did not collect Rs. 7.98 lakh as annual license fee from kerosene dealers from 1989 to 2005-06. Similarly, Chapra PS had not collected Rs. 5.65 lakh from the lessee of ferry ghat during 2002-03 and 2003-04.

(Paragraph 5.1.1 and Paragraph 5.1.2)

Paschim Medinipur ZP diverted Rs. 1.78 crore between December 2005 and September 2006 towards repair work of roads and culverts from the funds sanctioned for development of infrastructure with approval of the State Government under RIDF-II, III and V. This frustrated the very purpose of raising loan by the Government.

(Paragraph 5.2.1)

Due to faulty selection of site, bus stand constructed by Binpur-II PS at a total cost of Rs. 9.71 lakh remained unproductive.

(Paragraph 5.2.9)

Remission of Rs. 16.33 lakh granted by Nalhati-I PS towards lease money of toll bar stood unauthorised as the remission was not approved by Artha Sthayee Samiti followed by ratification by the general body of the PS.

(Paragraph 5.3.3)

Murshidabad ZP incurred expenditure of Rs. 41.26 lakh between March 2001 and August 2004 towards erection of 3,284 poles for energisation under the scheme of rural electrification. But no energisation was done (February 2007) due to improper identification of mouzas and poor monitoring by the ZP.

(Paragraph 5.4.1)

Paschim Medinipur Zilla Parishad continued with unapproved posts of officials in press and medical establishments and spent Rs. 24.84 lakh for their salary and allowances out of the salary grant during 2005-2006 which was unauthorised.

(Paragraph 5.5.2)

In the absence of adequate financial management and internal control, a huge salary grant of Rs. 15.24 crore provided by the State Government was lying in Local Fund Account without proper utilisation.

(Paragraph 5.6)