

# Overview

This Report, dealing with the results of audit of accounts of Local Bodies, is presented in two parts. Part-A includes three chapters containing observation on the Accounts and Finances of Panchayati Raj Institutions, two performance reviews audit and paragraphs on the audit of Financial Transactions of some of these institutions.

Part-B comprises two chapters containing observation on Accounts and Finances of Urban Local Bodies and paragraphs on the audit of financial transactions of some of the institutions. A few main audit findings are presented in this over view

## **PART – A**

### **The Panchayati Raj Institutions:**

The Panchayat and Rural Development (P&RD) Department had no consolidated information on opening balance, total expenditure and closing balance in respect of PRIs

*Paragraph 1.8*

### **Accounting procedures:**

2 Zilla Parishads spent Rs.64.29 crore during 2002-07 without preparing their annual accounts and 117 GPs did not prepare their budget and spent Rs.88.61 crore during 2002-07 unauthorizedly without budgeting.

*Paragraph 1.16 & 1.17*

Differences of Rs. 8.00 lakh in 2 APs at the end of March 2008 and Rs. 3.24 lakh in one ZP at the end of January 2007 remained un-reconciled between cash book and pass book. This discrepancy was on account of the monthly reconciliation of balances of cash book and pass book not being conducted by these PRIs. The lapse was fraught with the risk of misappropriation of funds going undetected.

*Paragraph 1.18.1 & 1.18.2*

In 3 APs and 2 ZPs, unrealized amount of Rs. 190.37 lakh constituted 41.65 percent of the total demand of revenue arising out of settlement of market etc.

*Paragraph 1.19.2*

### **Implementation of scheme:**

167 GPs spent Rs. 40.05 crore towards assistance under IAY without preparation of AAP.

*Paragraph 2.1*

11958 sanitary latrines in 117 GPs and 10321 smokeless chullahs in 167 GPs were not constructed although full amount of assistance under IAY were given to the beneficiaries. Consequently Rs. 61.93 lakh for sanitary latrine and Rs. 11.96 lakh for smokeless chullah were not deducted from the assistance given to the beneficiaries as per the programme guidelines.

*Paragraph 2.1.1*

Blockade of fund of Rs. 4.33 crore at ZP level under EFC and earmarked for creation of database on finances of PRIs.

*Paragraph 3.1*

**Diversion of fund under EFC:**

237 GPs and 13 APs under the jurisdiction of Nagaon ZP diverted Rs. 19.32 lakh earmarked for maintenance of accounts and spent towards purchase of stationary furniture etc.

*Paragraph 3.1.1*

Locking up of TFC grants of Rs. 9.50 crore at ZP level earmarked for database on finances of PRIs.

*Paragraph 3.2.1*

Diversion of TFC grants of Rs. 42.63 crore earmarked for maintenance of accounts & O&M cost towards purchase of stationeries, furniture, repairing of GP office building etc.

*Paragraph 3.2.2*

Rs. 35.08 lakh spent by 6 APs towards execution of scheme under SGRY beyond the purview of AAP.

*Paragraph 3.3.1*

Rs.96.75 lakh spent by PRIs under SGRY scheme towards construction of ineligible assets.

*Paragraph 3.3.2*

6 APs diverted Rs. 16.21 lakh from SGRY scheme fund towards transportation of Mid-Day-Meal rice.

*Paragraph 3.3.4*

Ghilamora Development Block diverted Rs. 6.00 lakh during 2006-07 from NREGS for implementation of programme under SGRY.

*Paragraph 2.2.8*

**Revenue Receipts:**

21 APs and 2 ZPs failed to realize Rs. 246.63 lakh outstanding Kist money from the defaulting lessees. Inaction in realization of Kist money reduced the revenue of these PRIs unit thereby widening the resource gap.

*Paragraph 3.6*

2 ZPs incurred a loss of revenue of Rs. 190.67 lakh due to settlement of market with less value.

*Paragraph 3.7*

**Other issues:**

Due to diversion of Rs. 249.93 lakh from NSAP fund towards contingency expenditure benefit offered under the programme could not be extended to 113386 beneficiaries of the State.

*Paragraph 3.13*

**Part – B****The structure and Finances of ULBs:**

The provisions of Model Municipal Law (MML) with modification as suggested by CAG for section 93 to 96 of MML were not incorporated in the concerned acts.

*Paragraph 4.1.5*

The Eleventh Finance Commission recommended the need for building of database in respect of municipal finances. The Government agreed in principle to adopt the format as prescribed by CAG but final action in this regard was awaited.

*Paragraph 4.1.6*

**Revenue Receipts:**

In 1 MB & 1 TC, unrealized revenue of Rs. 24.77 lakh constituted 43 percent of the total demand of trade license fee.

*Paragraph 5.2*

1 MB & 1 TC failed to realize outstanding Kist money of Rs. 2.57 lakh from the defaulting lessees. Inaction in realization of Kist money reduced the revenue of these ULBs.

*Paragraph 5.3*

**Implementation of scheme:**

Interest payable to ULBs for delay in release of TFC grants was not paid.

*Paragraph 4.10*

Non release of matching share of EFC grants.

*Paragraph 5.7.1*

Misappropriation of EFC grants of Rs. 7.00 lakh.

*Paragraph 5.7.3*

The 74<sup>th</sup> constitutional Amendment Act (effected from June 1993) had defined the process of decentralization of governance to empower Urban Local Bodies (ULBs). This led to transfer of functions, functionaries and funds to ULBs. However functions devolved to the ULBs were still being performed by the departments.

*Paragraph 4.8*