

CHAPTER II RESULTS OF AUDIT

2.1 Irregular expenditure to the tune of Rs. 7.14 crore

Irregular expenditure on construction of IAY houses with NREGA fund Rs.7.14 crore

The list of permissible works are listed in Para 5.1.1 of the Operational Guidelines with reference to Schedule I of the NREGA, 2005.

Ministry of Rural Development (MORD), Government of India vide letter No.J-12015/1/06 –NREGA, dated 18.08.2006 also reiterated that first priority under NREGA is water conservation, plantation and forestation. All possibilities under these must be first fully assessed. The “Other Works” should be considered only when these possibilities have been exhausted and be based on an assessment of labour demand and its seasonality.

Test check of records of Paschim Tripura Zilla Parishad revealed that District Magistrate & Collector, West Tripura accorded administrative approval and expenditure sanction for Rs. 7.14 crore (**Appendix - IV**) from NREGA fund for construction of 2106 Nos. of IAY houses and accordingly Zilla Parishad released the entire fund to ten different Implementing Agencies in contravention to above provision.

Had there been no diversion of fund the same could have been utilized for generation of 8.40 lakh man days for the rural people for whom the fund has been created by the Parliament and allotted to the State Government (@ Rs.85/- per man day).

Department intimated in January 2009 that utilization certificates for the entire amount excepting for Rs. 1.70 lakh out of the fund placed with Block Development Officer(BDO) Teliamura was received.

2.2 Un-authorized expenditure from NREGA fund

Unauthorized expenditure out of NREGA fund for construction of ponds on private individual land – Rs. 4.93 crore

Schedule I of the NREGA, 2005 provides the list of the permissible works under the NREGA fund. It was also mentioned in (ix) that if any State Government finds any difficulty and wants to take any other works other than that mentioned in the above

schedule- I, then proposals are to be sent to Central Government through the State Employment Guarantee Council (SEGC) for necessary notification.

Section 16(1) of the Act provides that the GP shall be responsible for identification of the projects in the GP area to be taken up with the NREGA fund as per the recommendation of the Gram Sabhas.

Test check of records of Kalyanpur, Khowai, Ambassa, Salema, Boxanagar, Melaghar and Kathalia Panchayat Samitis revealed that an amount of Rs. 4.93 crore incurred out of NREGA fund during 2006-07 and 2007-08 for excavation of 939 numbers of ponds on land owned by private individuals (**Appendix -V**). The works were neither included in the work plan approved by the Gram Sabha nor permissible under the NREGA, 2005.

2.3 Ratio of wage cost to material cost not maintained

Ten Panchayat Samitis have spent an amount of Rs. 266.50 lakhs in 266 numbers of projects with ratio of wage cost to material cost at 13:87 instead of 60:40.

Para 5.4.1 of the Operational Guidelines of NREGA, 2005 provides that minimum ratio of wage cost to material cost at the minimum of 60:40 should be maintained for all projects.

Test check revealed that the same was not maintained as evidenced from the records of 10 Panchayat Samitis, an amount of Rs. 266.50 lakhs were spent in 266 number of projects with ratio of wage cost to material cost at 13:87 (Rs. 35.49 lakh : Rs. 231.01 lakh) (**Appendix-VI**).

2.4 Diversion of NREGA Fund

NREGA fund diverted for payment of subsidy for construction of houses under IAY scheme - Rs. 1.35 crore

National Rural Employment Guarantee Act (NREGA), 2005 and its Operational Guidelines provide (under Schedule I & II) the details of the permissible works under NREGA. Gram Sabha is the principal authority to recommend the works to be taken up under NREGA (Para 2.2.1. (a) of operational guidelines)

Section 7(1) of the Act makes provisions for payment of unemployment allowance in case employment is not provided within fifteen days of receipt of application seeking the employment. However no provision has been made either in the Act or Operational Guidelines for payment of subsidy.

In contravention of the above, Rs. 1.35 crore of NREGA fund was diverted during 2007-08 in favour of ten BDOs as subsidy for construction of 2106 No. of IAY houses (**Appendix-VII**).

2.5 Diversion of SGRY Fund

SGRY fund diverted for construction of Steel bridges and building-
Rs. 71.32 lakh

Sampoorna Gramin Rojgar Yojna (SGRY) Guidelines prohibits the following works - while there is no ceiling on the cost of works to be taken up, their size and cost and nature should be such that they could be completed within a period of one year and in exceptional situations within a maximum period of two years. At the Village Panchayat level, the nature of work should be such that they do not involve high level technical inputs etc. The works taken up must be kept within the overall Annual Action Plan of the Panchayat concerned. Bridge, Buildings works shall not be taken up under the programme:

“While there is no ceiling on the cost of works to be taken up under the programme, only such works should generally be taken up whose size and cost and nature are such that they are capable of being implemented at the local level and do not involve high level technical input etc”.

Test check of the records (November, December 2007) of the Dakshin Tripura Zilla Parishad and Paschim Tripura Zilla Parishad revealed that an amount of Rs. 71.32 lakh was diverted for construction of Steel Bridge and building in contravention to above (**Appendix -VIII**).

2.6 Irregular expenditure on payment of power bill Rs. 28.57 lakh

Eleven Panchayat Samitis paid 20% power bill on Lift Irrigation Scheme from the Panchayat Development Fund (PDF) in violation of the Government decision during 2007-08.

As per decision of Government of Tripura for payment of Power Consumption bill for Lift Irrigation Scheme, users of the schemes are to pay 20% of power consumption bills and 80% is to be paid out of the budget being transferred in favour of Panchayat Department from the budget wing of Public Works Department. But the users did not pay the 20% of the power consumption bill during 2006-07. Then the

Government decided that the payment will be made from the fund available with the Gram Panchayats beyond the amount so collected from the users for making payment of 20% of the bill amount to the Tripura State Electricity Corporation Limited (TSECL) and the rest 80% bill is paid out of the budget being transferred in favour of Panchayat Department from the budget wing of the Public Works Department (PWD). This arrangement was made for the financial year 2006-07 only and it was not extended after 2006-07.

Scrutiny revealed that eleven Panchayat Samitis paid Rs.28.57[^] lakh being the 20% power bill on Lift Irrigation Scheme from the Panchayat Development Fund (PDF) in violation of the Government decision during 2007-08.

2.7 Inadmissible expenditure made out of NREGA fund

Inadmissible expenditure made out of NREGA fund for payment to contractor – Rs. 2.92 lakh

Rule 5.2.5 of the Operational Guidelines to NREGA 2005, states as under:-

“As stated in the Act (Schedule I), contractors cannot be engaged in any manner in the execution of works.”

Test check of records of Kalyanpur Panchayat Samiti revealed that an amount of Rs. 2.92 lakh was paid to contractor out of NREGA fund for earth filling through mechanical transport in contravention to the above.

2.8 Preparation of monthly progress report of works not based on actuals

As per Rule 9.2.4 and 9.3.2 of the Operational Guidelines of NREGA, 2005, the Programme Officer shall obtain the monthly progress report of works from respective

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Khawai P.S -	3.38 lakh
Teliamura P.S.-	1.73 lakh
Kalyanpur P.S.-	1.95 lakh
Boxonagar P.S.-	0.62 lakh
Matabari P.S.	3.68 lakh
Ambassa P.S.	0.76 lakh
Salema P.S.	4.50 lakh
Dukli P.S.	0.44 lakh
Panisagar P.S.	1.19 lakh
Kathalia P.S.	1.19 lakh
Melaghar P.S.	9.13 lakh
Total Rs.	28.57 lakh

Gram Panchayats and to prepare consolidated monthly progress report of works in Annexure-B-12 for transmission to the District Programme Coordinator (DPC) (D.M. & Collector) for preparation of monthly and annual reports for onward transmission to the State Programme Coordinator and Ministry of Rural Development.

Test check of records of Kalyanpur Panchayat Samiti revealed that out of 16 Gram Panchayats, only 7 Gram Panchayats submitted their monthly progress report of works showing 1,02,618 man days were generated by incurring an expenditure of Rs. 72.09 lakh but the department furnished consolidated report to the DPC showing generation of 3,18,374 man days by incurring an amount of Rs. 320 lakh i.e. total amount placed with all the 16 Gram Panchayats were shown utilized without collecting/ascertaining actual position of utilisation of fund by the remaining nine Gram Panchayats.

2.9 Non-production of records

The case records, copies of Muster Rolls and Vouchers in support of expenditure on works etc. for Rs. 142.50 lakh (**Appendix-IX**) were not produced to audit in spite of written requisition. Due to non production of records the authenticity of the execution works by the 28 Gram Panchayats and the expenditure involved could not be verified.

2.10 Advance lying outstanding

Advance lying outstanding from 2003-04 to 2007-08- Rs. 204.97lakh

Advances made to individuals/implementing officers for developmental works should be promptly adjusted and the unspent balances refunded/ recovered immediately. Test check of records of five PRIs (**Appendix - X**) revealed, advances of Rs. 204.97lakh had not been adjusted since long. In case of Jirania Panchayat Samiti (PS) advances of Rs. 80.08 lakh lying unadjusted since 2003-04. Improper maintenance of Advance Ledgers may result in the non recovery and ultimately may end up in loss of money.

2.11 Revenue recovery at the instance of audit

Sale proceeds of Amrapalli Plant recovered at the instance of audit Rs. 11.46 lakh

Section 153(1)(a) of Tripura Panchayat Act, 1993 provides that the Standing Committee on Finance Audit and Planning shall scrutinize the proposals for increase

of revenue and to conduct general supervision over collection of revenue of the Zilla Parishad .

Test check of records revealed that as per decision of the Pashchim Tripura Zilla Parishad Rs. 22.47 lakh was placed with the Horticulturist, West District during the period from 2004-05 to 2006-07 for production of Amrapalli Plant and to deposit the sale proceeds of the Amrapalli Plant of Rs. 48.13 lakh @ Rs. 30/- each plant to Zilla Parishad.

Test check revealed that no initiative or action was taken by the Zilla Parishad (September 2007). Acting on the audit observation the Zilla Parishad has already collected Rs. 11.46 lakh by January 2009 and efforts were being made to collect the balance due revenue.

2.12 Conclusion and recommendations

There was accumulation of unutilized balances. Annual accounts were not prepared for which authenticity of accounts could not be ensured. Irregular/ inadmissible expenditure in violation of rules, diversion of fund indicate that internal control mechanism is not adequate to ensure proper financial management. In view of the findings as explained in previous chapters, the following recommendations are made for consideration of the Government.

The Government should ensure that:

- Annual Accounts are prepared by the PRIs regularly and timely;
- Timely utilization of funds and unspent balances refunded promptly;
- Database on finances is maintained at all levels of PRIs;
- Schemes are implemented as per guidelines;
- Standing Committees are activated and they perform duties as per the Act;
- Budget are prepared regularly and approval by the Prescribed Authorities obtained;
- More functions are transferred to PRIs along with necessary funds and functionaries.