

Overview

The report contains six chapters. The opening chapter contains an overview of the Panchayat Raj Institutions (PRIs) in the State. Chapter-2 highlights the deficiencies in accounting procedures. Chapter-3 consists of audit observations on implementation of schemes. Chapter-4 relates to performance reviews while Chapter-5 contains audit findings on execution of works and procurement of supplies. Other miscellaneous issues are grouped together in Chapter-6.

1. Overview of the PRIs

There are 17 Zilla Parishads (ZPs), one Mahakuma Parishad (MP) (with all the powers and authority of the Zilla Parishad) for Siliguri Sub-Division, 341 Panchayat Samitis (PSs) and 3,354 Gram Panchayats (GPs) in the State. The Panchayat and Rural Development Department (P&RDD) headed by a Principal Secretary exercises administrative control over the PRIs. The major audit observations are as under :

- The PRIs continue to be overwhelmingly dependent on grants from the Central and State Governments. Their 'own source revenue' constituted only three *per cent* of the total revenue during 2007-08.

(Paragraph 1.8.2)

- The P&RDD did not have the information on funds received by the PRIs during 2005-08 from various line departments of the State Government and also information regarding receipts and expenditure under important sectors like education, health, nutrition, social forestry etc. that may be amenable to sectoral analysis of the State Government.

(Paragraphs 1.8.3 and 1.10)

- Difference of Rs 17.33 crore in the closing balance as at 31 March 2007 and opening balance on 1 April 2007 was existing in the accounts for ZPs.

(Paragraph 1.9)

2. Accounting procedures

Audit of transactions of 3,348 GPs, 181 PSs, 17 ZPs and one MP showed instances of financial procedures not being followed like non-preparation of accounts and budgets, direct appropriation including theft/defalcation/losses etc. as detailed below:

- Twenty nine GPs did not prepare annual accounts for the year 2006-07. Seventeen GPs did not prepare their budget and unauthorisedly incurred expenditure of Rs 7.35 crore during 2006-07 without any budget allocation. Four PSs incurred expenditure of Rs 10.47 crore without preparation of annual accounts during 2004-07 against receipts of Rs 17.78 crore.

(Paragraphs 2.1, 2.2 and 2.10)

- Ninety GPs incurred expenditure of Rs 73.34 lakh during 2006-07 out of the revenue collected by them without depositing the money into their respective savings bank accounts in contravention of the Rules.

(Paragraph 2.4)

- There was unreconciled difference of Rs 2.26 crore in 99 GPs, Rs 4.01 crore in 20 PSs and Rs 2.32 crore in two ZPs due to non-conducting of monthly reconciliation of balances in Cash Book and Pass Book during 2006-07. The lapse was fraught with the risk of misappropriation of funds going undetected.

(Paragraphs 2.5 and 2.12)

- In 3,185 GPs, 71 *per cent* of the total demand for taxes, duties, rates, fees and tolls amounting to Rs 66.89 crore remained unrealised at the end of the year 2006-07. This highlights inadequate controls and monitoring mechanism in the PRIs resulting in loss of potential revenue.

(Paragraph 2.6)

- Instances of loss of cash, foodgrains and office assets were noticed in 24 GPs and four PSs which indicated inadequate controls and safeguards.

(Paragraphs 2.7 and 2.13)

3. Implementation of schemes

Audit of implementation of Indira Awas Yojana (IAY), Sampoorna Grameen Rozgar Yojana (SGRY) and Twelfth Finance Commission Grants (TFC) revealed irregularities in selection of beneficiaries, non-conferment of ownership of huts on women, engagement of contractors, irregular expenditure and expenditure on unapproved items etc. as mentioned below:

- In violation of guidelines for selection of beneficiaries under IAY, 130 GPs spent Rs 10.16 crore without preparing Annual Action Plan (AAP) (2006-07).

(Paragraph 3.1.2)

- In 1,100 GPs, though none of the beneficiaries were from BPL list, Rs 29.95 crore was spent towards assistance under IAY for construction/upgradation of huts (2006-07).

(Paragraph 3.1.3)

- Contrary to IAY guidelines, allotments of 34,867 huts were conferred solely on the male members of the family in 2,411 GPs.

(Paragraph 3.1.4)

- During 2006-07, employment opportunities provided to women ranged from zero to 20 *per cent* only in 1,969 GPs and 17 PSs which was in contravention to the SGRY guidelines.

(Paragraph 3.2.3)

- 2,384 GPs and 25 PSs spent 13 *per cent* and nine *per cent* respectively in excess of permissible limit of 15 *per cent* towards maintenance cost for assets created under wage-employment programmes.
(Paragraph 3.2.4)
- In contravention of guidelines, Rs 1.30 crore was spent by eight PSs during 2004-07 towards execution of SGRY works by engaging contractors. This defeated the objective of providing full benefit to the wage earners besides resulting in avoidable expenditure of Rs 13.03 lakh towards contractors' profit.
(Paragraph 3.2.5)
- Bally GP paid Rs 1.39 lakh to its members during June and July 2006 for execution of works. The members neither executed the works nor refunded the amount. This resulted in misappropriation of funds.
(Paragraph 3.2.6)
- The PRIs spent only 66 *per cent* (Rs 422.16 crore) of the available TFC grant of Rs 636.38 crore during 2005-08. Test check revealed that the percentage of expenditure on the three priority sectors namely maintenance of accounts, creation of database, drinking water & sanitation was one, three and two *per cent* only against the stipulated five *per cent*, 10-15 *per cent* and 10 *per cent* respectively.
(Paragraphs 3.3 and 3.3.5)
- Twenty two out of 35 selected PRIs spent Rs 2.03 crore on unapproved items, depriving rural people of benefits from stipulated sectors.
(Paragraph 3.3.6)

4. Performance reviews

Implementation of National Rural Employment Guarantee Scheme (NREGS)

As a step towards realisation of the right to work and to enhance the livelihood security on a sustained basis by developing the economic and social infrastructure in rural areas, Government of India enacted (September 2005) the National Rural Employment Guarantee Act 2005. Subsequently, the State Government formulated the West Bengal Rural Employment Guarantee Scheme (WBREGS) with the objective to provide at least 100 days of guaranteed employment to every household whose adult members volunteer to do unskilled manual labour. The following points were noticed during the audit of the NREGS :

The State Government delayed constitution of the State Employment Guarantee Council. The Government failed to make available necessary staff to District Programme Coordinator for the implementation of the scheme.

(Paragraphs 4.1.6.1 and 4.1.6.2)

The District Perspective Plan for five years was not prepared in two out of three test checked districts.

(Paragraph 4.1.7.1)

The release of State share of funds was delayed by 11 days to 162 days.

(Paragraph 4.1.8.2)

Unutilised amount of Rs 61.21 lakh pertaining to National Food for Work Programme (NFFWP) was not transferred to WBREGS Account by 14 GPs.

(Paragraph 4.1.8.3)

Instances of non-distribution of Job Cards, delay in payment of wages amounting to Rs 23.88 lakh, non-adherence to priority works, excess expenditure of Rs 39.86 lakh, unfruitful expenditure of Rs 28.15 lakh and inadmissible expenditure of Rs 46.02 lakh etc. were noticed by audit.

(Paragraphs 4.1.9.1, 4.1.9.3, 4.1.10.1, 4.1.11.1, 4.1.11.2 and 4.1.11.3)

Essential records were not maintained. Instances of inadequate monitoring mechanism and incorrect reporting of utilisation of fund/achievement were noticed by audit.

(Paragraphs 4.1.11.6, 4.1.14 and 4.1.15)

Internal Control System in South 24 Parganas ZP

The West Bengal Panchayat Act, 1973 provides for a built in internal control mechanism to ensure effectiveness in carrying out functions by PRIs. The internal controls in South 24 Parganas ZP were found to be weak and inadequate as rules regarding various control measures were not complied with. The system could not ensure economy and efficiency of operations and failed to provide reasonable assurance against the loss of resources and misappropriation of funds:

Shortcomings were noticed in control over preparation of budget and expenditure thereof. An expenditure of Rs 18.05 crore without budget provision was incurred during 2005-08.

(Paragraphs 4.2.6.1 and 4.2.6.2)

Non-maintenance of Cash Book led to suspected misappropriation of Rs 4.14 lakh and loss of Rs 12.05 lakh due to wrong adjustment.

(Paragraphs 4.2.7.2 and 4.2.7.3)

Advances amounting to Rs 7.47 lakh paid to different officials remained unadjusted.

(Paragraph 4.2.7.5)

Improper maintenance of loan account resulted in liability of accumulated loans for Rs 5.93 crore.

(Paragraph 4.2.7.6)

Non-issue of demand notices resulted in non-realisation of rent to the tune of Rs 61.74 lakh as of 31 March 2008.

(Paragraph 4.2.7.7)

Non-maintenance of records relating to the execution of works resulted in irregular refund of Security Deposit of Rs 7.78 lakh before the completion of work.

(Paragraph 4.2.9.1)

Lack of supervision and monitoring resulted in wrong booking, delayed utilisation of sub-allotted funds and mis-reporting of stock of rice under SGRY.

(Paragraphs 4.2.11 and 4.2.11.1, 4.2.11.2 and 4.2.11.3)

Devolution of functions, functionaries and funds to PRIs

The basic objectives of devolution of powers and responsibilities as envisaged in article 243 G of the Constitution is to empower the PRIs with the authority for planning, budgeting and implementing schemes for economic development and social justice in rural areas.

Out of 29 functions listed in the Eleventh Schedule of the Constitution, 28 functions were devolved to the PRIs.

(Paragraph 4.3.5.1)

As of March 2008, only 10 out of 19 departments had issued orders matching the Activity Mapping.

(Paragraph 4.3.5.1)

The Activity Mapping gave the PRIs only partial control over the functions envisaged in the 11th Schedule of the Constitution.

(Paragraph 4.3.5.1)

The performances of the PRIs vis-à-vis the earmarked responsibilities in the Activity Mapping ranged from 29 to 76 *per cent*.

(Paragraph 4.3.5.2)

The PRIs had only limited control over the departmental functionaries. Further, the functionaries attached to the different levels of PRIs as link officials were irregular in attending the meetings of the *Sthayee Samitis*.

(Paragraph 4.3.5.3)

In respect of most of the devolved functions, no provision for separate head of accounts in the State Budget was made.

(Paragraph 4.3.5.4)

Only two departments out of 10 transferred funds to the PRIs. The flow of untied funds to the PRIs was inadequate. The endeavour of the PRIs to augment their own resources was unsatisfactory.

(Paragraph 4.3.5.4)

The functioning of the District Planning Committee was poor, resulting in absence of proper planning.

(Paragraph 4.3.5.4)

5. Execution of works and procurement of supplies

- Dakshin Dinajpur ZP incurred expenditure of Rs 12.75 crore for sinking and installation of irrigation tube-wells that had not become operational even after seven years, depriving the community of the benefit of irrigation and rendering the expenditure idle and unfruitful.

(Paragraph 5.1)

- The Kanariaghat Bridge over River Damodar, completed in July 2006 after incurring an expenditure of Rs 4.43 crore, was not opened to traffic as the approach roads were incomplete. The failure of Hooghly ZP to take up the construction of the bridge and roads in a coordinated manner led to the expenditure on the bridge remaining unfruitful.

(Paragraph 5.3)

- Inability of Mathabhanga-I PS to complete the construction of nine Primary Schools and six Flood Rescue Centres cum Primary Schools even after incurring expenditure of Rs 25.43 lakh, rendered the expenditure unfruitful.

(Paragraph 5.6)

- Murshidabad ZP failed to realise the objective of augmenting its own fund due to its inefficiency in construction, allotment and rent collection from 74 stalls. The investment of Rs 59.07 lakh did not yield the intended benefit either to the ZP or the local people.

(Paragraph 5.7)

- Injudicious decision of Uttar Dinajpur ZP for manufacturing Pre-stressed Cement Concrete (PCC) poles without assessing the requirement resulted in non-utilisation of PCC poles for more than two and half years as of December 2008 and blocking of Rs 58.67 lakh towards cost of 3,466 poles.

(Paragraph 5.8)

- Kedarchandpur-II GP incurred extra avoidable expenditure of Rs 20.45 lakh during 2006-07 on protection works for plantations under NREGS, by utilising 30,841 mandays against the stipulated 770 mandays.

(Paragraph 5.9)

6. Other issues

- Due to mismanagement and inaction by Murshidabad ZP, expenditure of Rs 3.59 crore failed to provide adequate health care facilities to the beneficiaries and the ZP had to be content with only 0.76 per cent of projected returns.

(Paragraph 6.1)

- Eight ZPs and 23 PSs had unrealised revenue of Rs 2.55 crore from rent of shops, lease of ferry ghats and bundhs.

(Paragraph 6.2)

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- Despite the directions of the P&RDD to refund the unutilised loan amount, Murshidabad ZP had unauthorisedly retained Rs 3.20 crore of undisbursed loans and interest payments of Rs 36.41 lakh received from the PSs on disbursed loans.

(Paragraph 6.3)

- Eight ZPs and eight PSs could not utilise Rs 9.10 crore available under 90 grants for various periods. This included Rs 5.87 crore remaining unutilised for three to five years, Rs 3.03 crore for five to 10 years and Rs 0.20 crore for more than 10 years.

(Paragraph 6.4)

- Bardhaman ZP could not utilise Rs 1.11 crore received under Rural Infrastructure Development Fund (RIDF)-II for long periods. The ZP also refunded to the Government Rs 1.47 crore out of total Rs 3 crore sanctioned under RIDF-VI depriving rural population of the benefits of the programme.

(Paragraph 6.5)

- Two ZPs and six PSs constructed market complexes, bus terminus and sheds for augmentation of their own resources at a total cost of Rs 1.75 crore, but the assets remained unutilised for one to 12 years, rendering the expenditure unproductive.

(Paragraph 6.7)

- In nine ZPs and 14 PSs, huge accumulation of advances (Rs 15.87 crore) was noticed. It increased the risk of defalcation/misappropriation of funds and pointed to inadequate internal control mechanism.

(Paragraph 6.11)

- Uttar Dinajpur ZP neither utilised Rs 31.21 lakh of RIDF-III funds nor surrendered the savings leading to blocking of funds for more than eight years.

(Paragraph 6.12)