

## OVERVIEW

This report includes three Chapters. The Chapter-I and II contain an overview of the Panchayat Raj Institutions and Urban Local Bodies(ULBs) respectively. Chapter–III comprises audit paragraphs on the financial transaction under Sampoorna Gramin Rojgar Yajana (SGRY), Swarna Jayanti Sahari Rojgar Yajana (SJSRY) and National Slum Development Programme (NSDP) schemes of PRIs/ULBs followed by recommendations. A summary of audit findings is given as under:

There are 4 (four) Zilla Parishads and 165 (one hundred sixty five) Gram Panchayats in the State of Manipur. The Rural Development and Panchayati Raj Department (RD&PR) of the State Government is the administrative head at state level.

*(Paragraph 1.2)*

In September 2005, the State Government transferred 16 functions to the PRIs, but it remained on paper only as functionaries and funds were not actually transferred along with the functions.

*(Paragraph 1.4)*

Test check of records maintained in 4 ZPs and 12 GPs revealed that major portion of the fund earmarked for creation of database and maintenance of accounts under EFC and TFC awards was diverted towards other office expenses such as purchase of stationery, furniture, extension of building etc.

*(Paragraph 1.5)*

The State Government has issued orders for constituting DPCs in all the four valley districts of Manipur. The DPCs did not prepare and submitted the District Development Plans to the State Government as envisaged.

*(Paragraph 1.8)*

Director, Local Fund Audit (DLFA) acts as Primary Auditor of all the two tiers of PRIs. However, no audit of PRIs was conducted by the Director, Local Fund Audit so far. The Comptroller and Auditor General of India (C&AG) conducts audit of these institutions under Section 14 & Section 20 (1) of the C&AG's (DPC) Act, 1971.

*(Paragraph 1.9)*

Due to non-maintenance of accounts, statements/records and poor maintenance of Cash Book, the financial as well as asset positions of the PRIs could not be stated to audit.

*(Paragraph 1.11.1)*

Test-check of the records of 4 (four) ZPs and 12 (twelve) GPs revealed none of the PRIs prepared monthly and yearly bank reconciliation statements in spite of finding differences in bank balances shown in the cash book and bank statements.

***(Paragraph 1.11.2)***

The State Government had accepted the format of accounts prescribed by the C&AG of India. However, test check of records of selected PRIs revealed that none of the PRIs kept accounts in the formats prescribed by the C&AG.

***(Paragraph 1.11.3)***

At present, there are 28 ULBs (9 Municipal Councils, 18 Nagar Panchayats and one Small Town Committee) in the State. The Commissioner, Municipal Administration, Housing and Urban Development Department (MAHUD) of the State Government is the administrative head at state level.

***(Paragraph 2.1 & 2.2)***

The 12<sup>th</sup> Schedule of the Constitution enlists 18 functions to be devolved to the ULBs. However, Government Notification in case of transfer of powers, functions and functionaries to ULBs is yet to be issued in Manipur.

***(Paragraph 2.3)***

Despite sufficient funds provided under EFC and TFC for creation of database and maintenance of accounts, the ULBs still maintained their accounts in conventional form.

***(Paragraph 2.4)***

Under Section 72(i) of the Manipur Municipalities Act, 1994, the accounts of the ULBs should be audited by the Director, Local Fund Audit. The C&AG conducts test audit of the ULBs under Section 14 and Section 20 (i) of C&AG's (DPC) Act, 1971

***(Paragraph 2.7)***

Prescribed basic records as contained in scheme guidelines viz. Stock Register, Asset Register, Appropriation Register, Assessment Register, Employment Register, up dated BPL Register were not maintained by the ULBs test-checked.

***(Paragraph 2.9.7)***

During 2003-05, collection of Octroi receipts was not accounted/short deposited in the Cash Book as well as in the Bank Pass Book by Imphal Municipal Council (IMC) and by Thoubal Municipal Council.

***(Paragraph 2.9.12)***

Test check of the records of Thoubal Municipal Council revealed that an excess amount of ₹ 95,252 was paid in November 2006 as pay and allowances of a staff for the period from 28-09-1999 to 30-09-2000.

***(Paragraph 2.9.14)***

Excess payment of ₹4 lakh due to non-adjustment of value of food grain to wages under SGRY.

*(Paragraph 3.1.1)*

Engagement of contractors/ agencies in implementation of SGRY and SJSRY in violation of the scheme guidelines.

*(Paragraphs 3.1.2 and 3.2.1)*

Misutilisation of fund in implementation of SGRY scheme by the ZPs for an amount of ₹ 1.13 lakh.

*(Paragraph 3.1.5)*

Diversion of scheme funds of ₹ 42.25 lakh toward payment of staff salaries, purchase of tractor and construction of CDS community centre by the Municipal Councils in violation of scheme guidelines.

*(Paragraph 3.2.2 and 3.3.1)*

Excess payment of wages to the beneficiaries for an amount of ₹ 1.07 lakh while implementing UWEP.

*(Paragraph 3.2.3)*

Nambol and Imphal Municipal Councils could not produce work records to audit relating to the implementation of UWEP and execution of the works of electrification respectively.

*(Paragraph 3.2.5 and 3.3.2)*

Lack of internal control mechanisms in implementation of SJSRY by the ULBs.

*(Paragraph 3.2.6)*

Non-production of records for an amount of ₹ 5.20 lakh under NSDP released for electrification of Imphal Municipal Council .

*(Paragraph 3.3.3)*

Test-check of the 16 (sixteen) ULBs revealed that beneficiaries were not selected from the BPL list in the implementation of the NSDP scheme due to non maintenance of proper BPL register or otherwise.

*(Paragraph 3.3.4)*