

CHAPTER II

AUDIT OF TRANSACTIONS (PANCHAYATI RAJ INSTITUTIONS)

2.1 Unauthorised diversion of ₹ 35.11 lakh towards construction of Dakbunglow and parents hall

According to the guidelines on Panchayat Development Fund (PDF) and Sampoorna Gramin Rojgar Yojana (SGRY) scheme, these funds were not to be utilised for construction of school ghar, panchayat ghar or any new building without prior approval of the Government.

During test check of records of Uttar Tripura Zilla Parishad, it was noticed that a decision was taken by the Zilla Parishad in its meeting held on 04.01.2007 to construct a Dakbunglow in the Zilla Parishad complex. Accordingly, Uttar Tripura Zilla Parishad placed fund of ₹ 29.61 lakh to the Executive Engineer, RD Division (North) Kumarghat, against the approved estimates by diverting ₹ 19.61 lakh from SGRY scheme and ₹ 10.00 lakh from PDF during 2006-07 and 2007-08 for construction of the said Dakbunglow. No prior approval of the Government was obtained.

Thus, Uttar Tripura Zilla Parishad diverted ₹ 29.61 lakh for construction of the Dakbunglow in violation of the above guidelines.

Test check of records of Dhalai Zilla Parishad revealed that the Chief Executive Officer placed ₹ 5.50 lakh (January 2009) from Panchayat Development Fund to Zonal Development Officer for construction of new building (parents hall) in the complex of Jawhar Navodaya Vidhyalaya at 82 miles which is inadmissible under the guidelines.

While admitting the fact, the Secretary Zilla Parishad informed that such type of expenditure would not be incurred from Panchayat Development Fund in future.

2.2 Advances of ₹ 3.85 crore remained un-adjusted

Test check of records of Ambassa Panchayat Samiti and Kalyanpur Panchayat Samiti revealed that advances of ₹ 3.85 crore^{ca} given to various Implementing Officers between July 2007 and February 2009 for execution of various works such as construction of passenger sheds, kitchen sheds, sanitary toilets, market stalls, culverts etc., were yet to be adjusted/settled.

Due to non-submission of adjustment of the said advances, the audit could not ascertain whether the works have actually been executed.

During discussion the Executive Officer of Ambassa Panchayat Samiti stated (August 2009) that necessary steps would be taken to obtain adjustments from the Implementing Officers. But action taken in this regard has not been intimated. The Executive Officer of Kalyanpur Panchayat Samiti stated (July 2010) that the works were completed and adjustments have been received.

2.3 Non realisation of revenue of ₹ 1.34 lakh

Test check of records of Dhalai Zilla Parishad revealed that stalls rent of ₹ 1.34 lakh was outstanding as on 31.03.2009 from Ambassa market for the period from 2007-08 to 2008-09.

The Secretary, Zilla Parishad stated (August 2009) that demand notice would be issued for collection of the outstanding revenues and the results would be intimated to audit. But the current status of issue of demand notice and recovery thereof is awaited.

2.4 Non-realisation of beneficiary contribution of ₹ 2.49 lakh

According to para 2.6(b) of the guidelines for utilisation of PDF, each beneficiary shall contribute at least 33 1/3rd *per cent* of total cost of agricultural equipment including pump sets to be provided to Schedule Tribe and Schedule Caste beneficiaries under the PDF scheme. Further, para 2.8(i) of the said guidelines states that each beneficiary shall contribute at least 25 *per cent* of the total cost of the project (other than agricultural

^{ca} Ambassa Panchayat Samiti - ₹ 1.60crore
Kalyanpur Panchayat Samiti - ₹ 2.25 crore
Total ₹ 3.85 crore

project) such as piggery, poultry, pisciculture etc., and the remaining amount will be borne by the Government.

During test check of records of Kalyanpur Panchayat Samiti for the year 2008-09, it was observed that Panchayat Samiti placed ₹ 2.80 lakh to the Superintendent of Agriculture, Teliamura for the purpose of distribution of agriculture equipment among the ST/SC farmers. The beneficiary contribution of ₹ 0.93 lakh being the 33 1/3rd per cent of the above amount was not realised from the beneficiaries. Similarly, scrutiny of records of Bokafa Panchayat Samiti for the year 2008-09 revealed that the Panchayat Samiti placed ₹ 6.24 lakh to the Superintendent of Fisheries, Belonia for distribution of composite fish units to the beneficiaries. However, the beneficiary contribution of ₹ 1.56 lakh being the 25 per cent of ₹ 6.24 lakh was also not realised. Thus, the beneficiary contribution of ₹ 2.49 lakh remained unrealized.

During discussion the Executive officers agreed with the audit observations and stated (August 2009 and September 2009) that steps would be taken to recover the amount. The detail of recovery is awaited (December 2010).

2.5 Non-production of records

Three Gram Panchayats and one Panchayat Samiti did not produce records/ vouchers to audit for the expenditure amounting to ₹ 24.04[₹] lakh during the year 2008-09.

Due to non production of records the expenditure incurred by the said PRIs could not be verified by audit.

2.6 Non submission of utilisation certificates for ₹ 21.37 lakh

General Financial Rules provide that each drawing and disbursing officer should submit the utilisation certificate to the sanctioning authority certifying that all the funds drawn were fully utilised for the purpose for which it was sanctioned.

[₹] Durganagar Gram Panchayat	₹ 3.93 lakh
Dhakshin Bhuratali Gram Panchayat	₹ 8.17 lakh
Baghan Gram Panchayat	<u>₹ 11.94 lakh</u>
	₹ 24.04 lakh

Kalyanpur Panchayat Samiti
Bank Account No. 10292 – TSB
592 – TSB

Test check of the records of Dhalai Zilla Parishad revealed that utilisation certificates for ₹ 21.37 lakh was not submitted to the sanctioning authority.

The Secretary, Dhalai Zilla Parishad stated (August 2009) that necessary steps would be taken to obtain adjustments from the line departments and utilisation certificates would be submitted to the concerned authority. But the status of submission of utilization certificates has not been intimated to audit (November 2010).

2.7 Diversion of ₹ 1.60 lakh for unauthorised purchase

During test check of records of Dakshin Tripura Zilla Parishad it was noticed that the Zilla Parishad gave administrative approval and expenditure sanction of ₹ 1.60 lakh to Bokafa Panchayat Samiti for implementation of poultry and piggery schemes.

Further scrutiny of records revealed that instead of incurring expenditure on poultry and piggery schemes, the Panchayat Samiti diverted the funds in purchasing of 32 nos. of sewing machines @ ₹ 5,000 each with the above funds thereby the intended scheme was not executed.

On this being pointed out in audit, the Executive Officer of the Bokafa Panchayat Samiti admitted the fact and ensured that such diversion of fund will not be occurred in future.

2.8 Extra financial benefit to the Self Help Groups of ₹ 2.66 lakh

As per decision of the General Body Meeting of the Dakshin Tripura Zilla Parishad, the Secretary, Zilla Parishad placed an amount of ₹ 3.59 lakh to the Executive Officer, Kakraban Panchayat Samiti for implementation of Piggery/Poultry scheme @ ₹ 12,000 per Self Help Group (SHG) as grants under the PDF in April 2009. On receiving the funds, the Panchayat Samiti selected seven Self Help Groups and sanctioned ₹ 50,000 each instead of ₹ 12,000 through the Deputy Director, Animal Resource Development Department (ARDD), South Tripura, Udaipur for implementation of the scheme in contravention of the sanction by the Zilla Parishad. The details of expenditure are still awaited from the Deputy Director.

Thus, Panchayat Samiti, Kakraban extended an extra financial benefit of ₹ 2.66[♦] lakh to the above SHGs in violation of the decision of the General Body Meeting of the Zilla Parishad. On this being pointed out by audit, the Executive Officer stated that the matter would be brought to the notice of higher authority. But latest position and details of expenditure incurred has not been furnished to audit.

2.9 Loss of revenue by under assessment of lease rent of ₹ 1.22 lakh

Department of Fisheries, Government of Tripura fixed the rent for leasing out of Government owned water area to the Co-operative Societies/Self Help Groups for the purpose of pisciculture as shown below:

(a) The rent for the water area like pond, tank, lake etc., situated in accessible area will be ₹ 10,000 per hectare per year and that of water area situated in inaccessible area will be ₹ 6,000 per hectare per year.

(b) The rent for water area like dead river/flood affected area etc. will be ₹ 3,000 per hectare per year both for accessible and inaccessible areas.

During test check of records of Panchayat Samiti (PS), Kakraban, it was noticed that PS made an agreement of lease with Jatiya Matshajibi Samabaya Samiti Ltd. Kakraban on 1st December 2006 for pisciculture at Kushamara lake No. 1, 2 and 3 for a period of three years @ ₹ 24,000 per year for all the lakes. The lakes are situated in an inaccessible area.

Audit observed that the total water area of these lakes is 10.78 hectare and as per the prescribed rate, the rent for leasing out of the lakes would be ₹ 64,680 per year (₹ 6,000 × 10.78 hectare). However, the lease committee of the Panchayat Samiti fixed the lease rent at ₹ 24,000 per year only. Thus, there was loss of revenue of ₹ 1.22[▲] lakh by under assessment of lease rent.

During discussion the executive Officer while admitting the fact stated (March 2010) that it would be rectified. However, the details of rectification are awaited (December 2010).

♦ (₹ 3.50 lakh – ₹. 0.84 lakh = ₹ 2.66 lakh)

▲ (₹ 64,680 – ₹ 24,000 = ₹. 40,680 × 3 years = ₹ 1,22,040)

2.10 Conclusion and recommendations

Annual accounts were not prepared and the audit could not verify details of receipts, utilization of grants, status of assets and liabilities etc. for the PRIs, irregular/ inadmissible expenditure in violation of rules, diversion of funds, pending utilisation certificates, pending adjustments of advances etc., indicate that internal control mechanism was not adequate to ensure proper financial management.

In view of the findings the following recommendations are made for consideration of the Government:

- Budgets should be made mandatory by strengthening the accounting functionaries and approved by the prescribed authorities to ensure proper planning and expenditure control for various PRIs activities;
- The Department should identify the problem and take steps for preparation of annual accounts to enhance proper financial accountability;
- The Department should ensure regular monitoring of adjustment of advances made to implementing officers.