

CHAPTER-III

AUDIT OF TRANSACTIONS

Implementation of Various Schemes

Recommendations of successive Finance Commissions and 73rd constitutional Amendment Act envisaged decentralisation of powers to three tier PRIs. Accordingly GOI as well as GoG provide funds to three tier PRIs in the form of grant /loans under various schemes with a view to providing basic civic amenities to the people at grass root level.

During the course of test check of records of PRIs for the period 2006-07 (August to December 2010), irregularities noticed in implementation of Central/State Sponsored Schemes are discussed in succeeding paragraphs.

3.1 Balika Samruddhi Yojana

Balika Samruddhi Yojana (BSY) is a 100 *per cent* Centrally Sponsored Scheme (CSS) to provide benefits to two girl children born on or after 15th August 1997 of families below the poverty line (BPL). The scheme was launched with the objectives (i) to change the negative attitude of family & society towards girl child and her mother at the time of birth, (ii) girls attend schools regularly, (iii) girls marry at adult age, and (iv) to assist girls for earning activities. The scheme provides post-birth assistance of ` 500 (to be deposited in joint bank account of Child Development Project Officer and the beneficiary and payable on attaining age of 18 years) and annual scholarship at the prescribed rate on successful completing of schooling each year.

The scheme is implemented through TPs under the overall supervision of the Commissioner of Women and Child Development at state level.

Test check of records of 15²³ TPs revealed following irregularities in implementation of the scheme:

3.1.1 Utilisation of grant

- In TP Sayla (District: Surendranagar), though the funds of ` 3.66 lakh was available during the year 2005-06 to 2009-10, no expenditure on account of payment of scholarship was incurred during the years 2005-06 to 2009-10. Further, an expenditure of only ` 0.95 lakh was incurred on account of post birth assistance though the grant of ` 2.71 lakh was available at the end of March 2010. In TP Halvad (Surendranagar) though the grant of ` 5.09 lakh was available during the year 2006-07, expenditure of ` 0.43 lakh on account of post birth assistance and

²³ (1) Sinor (2) Balasinor (3) Palitana (4) Mandvi (5) Halvad (6) Jodiya (7) Jasdan (8) Naswadi (9) Kadi (10) Vadhwani (11) Sayla (12) Modasa (13) Savli (14) Viramgam (15) Bardoli

payment of scholarship to 44 girls was made during the year. Non/poor utilization of grant deprived beneficiaries of the intended benefits.

On this being pointed out concerned CDPOs replied that less utilization of grant was due to less receipt of applications. Reply was not acceptable as CDPO neither took any action to conduct proper survey through the Aanganwadi workers for identifying the beneficiaries nor refunded the unspent grant to Government.

3.1.2 Beneficiaries Bank Accounts

- In violation of guideline, CDPO, TP Balasinor (District: Kheda) did not open the post birth assistance account in joint name of beneficiaries and CDPO but invested the entire post birth assistance of 868 beneficiaries till the date of audit amounting ` 4.34 lakh in Samruddhi Deposit Receipt of Dena Bank.
- In TP Naswadi (District: Vadodara), post birth assistance of ` 5.41 lakh was given to 1082 beneficiaries till the date of audit but in violation of guidelines the accounts were opened in the joint name of beneficiaries and their mothers.
- In TP Kadi, post birth assistance of ` 1.02 lakh was given to 204 girls during the year 2006-07, however, the accounts were not opened as per guidelines and the amount was deposited in Dena Bank for issue of 10 year bond in name of the beneficiary girls and handed over to them. Similarly, in TP Bardoli (Surat), post birth assistance of ` 2.41 lakh to 482 girls was deposited in Bank of India for issue of 10 year bond and in violation of guidelines scholarship of `0.53 lakh to 145 girls was deposited in another account.

CDPOs replied (August to December 2010) that in future accounts would be opened as per guidelines and post birth assistance and scholarship would be deposited in the single account.

3.1.3 Maintenance of beneficiary Register

- In TP Palitana (District: Bhavnagar), 100 account of post birth assistance amounting ` 0.50 lakh were opened during the year 2006-07 but the bank account numbers were not entered in the beneficiaries register.
- In TP Naswadi (District: Vadodara) name of bank, account number, rate of interest, name of beneficiaries and their date of birth, name of parent, BPL card number etc. were not found recorded in the register. During the year 2006-07, post birth assistance was given to 1082 girls whereas entry of only 918 girls was made in the register.

In absence of proper maintenance and supervision of beneficiaries register, correct status of beneficiaries account could not be ascertained. CDPOs replied (August to December 2010) that register would be maintained and updated regularly as per audit instruction.

3.1.4 Non payment of scholarship

- In TP Sinor (Vadodara), though the grant ranging from ` 2.33 lakh to `2.96 lakh was available during the period 2005-06 to 2008-09, no scholarship to the eligible girls was paid during the period. Similarly, no action was taken to conduct survey and pay the scholarship to girls during the year 2006-07 in TP Palitana (Bhavnagar) and during the period 2005-06 to 2008-09 in TP Mandvi (Surat) though the grant of ` 0.80 lakh and ` 4.26 lakh respectively was available.
- TP Balasinor (Kheda) did not take any action to receive the grant from the Government during the period 2006-07 to 2007-08. During the year 2008-09 and 2009-10, though grant of ` 3.86 lakh was received, no action was taken to pay the scholarship to eligible girls.
- In TP Jodiya (Jamnagar), scholarship was not paid to the eligible 140 girls during the period 2006-07. CDPO replied that as a part of TP Jodiya was separated from TP Dhrol in July 2006, scholarship could not be paid to the eligible girls. Reply was not acceptable as there should be a mechanism to handle such situation so that beneficiaries could get the benefit in time. Similarly in TP Savli (Vadodara), 572 girls could not get the scholarship due to non receipt of grant from the Government / District Panchayat during the period 2006-07.
- In TP Jasdan (Rajkot), scholarship was not paid to the eligible girls during the period 2006-07. CDPO replied that scholarship to 87 girls was paid during the year and remaining would be paid on receipt of grant. Reply was not acceptable as available fund of ` 3.75 lakh was transferred to TP Amreli (District: Amreli) during the year 2006-07 resulting in deprival the beneficiaries of the intended benefits.
- In TP Dabhoi (District: Vadodara), there were total 4710 eligible girls child of BPL families (October 2010) since implementation of the scheme but only 3982 girls were given the benefit of post birth assistance and the remaining 728 girls child were not given the benefit. CDPO replied that due to non availability of grant they were not given the benefit. Reply was not acceptable as CDPO did not take any action and pursue with the higher authorities to get required grant to give intended benefit to the girls.

3.1.5 Other irregularities

- In violation of guideline, eight girls (five in TP Modasa and three in TP Naswadi) born before 15 August 1997 (1992 to July 1997) were given the benefit of the scheme.
- In TP Naswadi (District Vadodara), four girls of two BPL card holder family (two girls from each) whose birth difference is 10 days and three months respectively were given the benefit of the scheme. Though the

date of birth of these girls was doubtful, the benefit of the scheme was given to these girls without verification of the dates of birth.

- In TP Viramgam (Ahmedabad), in violation of guideline, in four cases benefit of the scheme was given to the third girl child also vide voucher no.199 dated 9th May 2006. CDPO agreed to rectify the mistake.

3.2 Implementation of Sardar Aawas Yojana

Under the Ninth Five Year Plan and on the model of Indira Aawas Yojana, the GoG revamped and relaunched the earlier scheme of providing free plot of 100 sq yard for landless agricultural labourers and village artisans living below the poverty line in rural areas. The scheme was renamed as ‘Sardar Aawas Yojana’ and launched on 1st April 1997. Under the scheme, GoG’s financial assistance of ` 36 thousand was to be released in three installments and beneficiary’s labour contribution was purported to be ` seven thousand which was to be ensured by TDO/Additional Assistant Engineer. TPs had implemented the scheme under the supervision of DPs, Development Commissioner and the Department of Panchayat and Rural Housing.

Test check of records of 17 TPs²⁴ during local audit conducted between August and December 2010, revealed irregularities as detailed below.

3.2.1 Incorrect reporting to higher authorities

During the period 2006-07, 100 houses were reported to DP Mehsana as completed against the work order/target of 131 houses by the TP Satlasna (District: Mehsana). However, scrutiny of records revealed that out of 131 houses, 65 houses were incomplete as on March 2010. Thus, there was incorrect reporting of progress of work to higher authorities indicating that reporting system was weak.

On this being pointed out TDO did not give any reply (December 2010).

3.2.2 Poor utilization of grant/non achievement of target

- In TP Mahemedabad (District: Kheda), there was opening balance of ` 6.84 lakh as on 1st April 2006 for SC/ST beneficiaries under SAY. Further, grants of ` 4.30 lakh, ` 7.20 lakh, ` 9.44 lakh and ` 7.73 lakh were received from the Government during the years 2006-07 to 2009-10 respectively. However, TP could utilize only ` 0.37 lakh, ` 0.54 lakh, ` 1.16 lakh and ` 1.38 lakh respectively during these years (March 2010). This has resulted not only in idling of funds of ` 32.06 lakh but also deprival of the SC/ ST beneficiaries of the intended benefits of scheme.

²⁴ (1) Jodiya (2) Jambusar (3) Kathlal (4) Hansot (5) Idar (6) Bhavnagar (7) Vadhwani (8) Halvad (9) Rajkot (10) Jasdani (11) Dantiwada (12) Bardoli (13) Dabhoi (14) Satlasna (15) Balasinor (16) Mahemadabad (17) Sami

- In three TPs (Vadhwan, Halvad and Jasdhan), there was balance of ₹ 96.00 lakh as on 31 March 2007 under the scheme which increased to ₹ 180.20 lakh (88 percent) as on 31 March 2010 whereas short fall in achievement of target varied from 20 percent to 98 percent during that period. This indicated poor control mechanism and ineffective implementation of the scheme.
- In TP Balasinor against the target of 75 houses during the period 2006-07, only 49 houses were completed during the year though funds of ₹ 20.35 lakh were available as on 31 March 2007. Further, it was also noticed that out of remaining 26 beneficiaries, 8 did not start the work till the date of audit (October 2010), however, no action was taken by the TP for cancellation of their applications.
- In TP Dantiwada (Palanpur), 35 houses were completed against the target of 142 houses during the year 2006-07 leaving unspent balance of ₹ 29.60 lakh as on 31 March 2007.

From the above it can be concluded that the funds were placed at the disposal of TPs without assessing the capacity for utilization of fund. Demand and release of fund was not based on actual demand survey resulting into parking of fund in PLAs of TDOs.

TDOs replied (August to December 2010) that necessary action would be taken to utilize the unspent grant in next year.

3.2.3 Non/improper maintenance of records of free plots and beneficiaries registers

As per provision no. 2(7) of GR dated 1st July 2004 allotment of free plots should be reviewed by the land committee so as to ascertain whether constructions have been made on it and, if not, subsequently it should be allotted to other beneficiaries.

- Review of records of Seven TPs (Jambusar, Kathlal, Idar, Vadhwan, Bhavnagar, Bardoli and Dabhoi) for the period 2006-07 revealed that neither any control register was maintained nor any control mechanism was evolved for the purpose. In absence of this, details of open free plots allotted and their current status could not be ascertained by audit. Further, it was also noticed in TP Bardoli that land committee had allotted (November 2006) free plots to 18 beneficiaries, however, resolution of land committee to that effect was not signed by the president of land committee and application of 15 beneficiaries were not found on record. In TP Dabhoi, work order to construct houses on free plots were given during 2006-07 but detail of beneficiaries to whom free plot allotted were not shown in resolution book of land committee.

TDOs replied (August to December 2010) that control register would be maintained.

- In four TPs (Jambusar, Kathlal, Idar & Bardoli), beneficiary registers were not maintained till 2010. In absence of beneficiaries register audit could not ascertain correctness and detail of beneficiaries, houses constructed on free plots or own plots, payment made, houses completed and spill over work etc.

TDOs replied (August to December 2010) that beneficiaries register would be maintained and updated.

3.2.4 Non/improper maintenance of work file

- In TP Jambusar, work of 22 houses under the scheme was given to the Sarpanch of VP Rampur (5 September 2006), however, detail of beneficiaries, plot survey number, copies of payment made, completion certificate issued were not found in individual work file.
- In TP Bardoli (Surat), sanction of TDO was not obtained on beneficiaries applications during the year 2006-07 and application of six beneficiaries were not found in work file, however, they got the benefit under the scheme. Further, copy of ‘Sanad’ in case of free plots allotted to 18 beneficiaries was also not found in respective work files. Similarly, in TPs Jodiya (Jamnagar) and Dabhoi (Vadodara) photographs of beneficiaries along with Sardar Awas were not kept in work file in all the cases, which was in contravention of the codal provisions.

TDOs replied (August to December 2010) that documents were misplaced and necessary action would be taken to keep the records properly in work file.

3.2.5 Payment without Completion Certificate

In TP Sami (Patan), in violation of scheme guidelines, final payment of ₹ 12.96 lakh was made to 36 beneficiaries during 2006-07 without obtaining completion certificate from the competent authority.

3.2.6 Other irregularities

- As per guidelines of SAY, payment shall be made to beneficiary in three installment of 30 per cent, 40 per cent and 30 per cent on completion of plinth level, roof level and on receipt of completion certificate respectively. However, review of records of TPs Jambusar (Bharuch), Bhavnagar and Kathlal (Kheda) for the period 2006-07 revealed that in violation of guideline, TPs Jambusar and Bhavnagar had made payment in lump sum whereas TP Kathlal had paid four installments of ₹ nine thousand each.
- In TP Rajkot, 17 beneficiaries selected in 2006-07 had not started the work till the date of audit; however, no action was taken by the TDO to cancel the work order. TDO replied that due to poor financial position of beneficiaries, they could not start the work.

For better implementation of the SAY, realistic evaluation of targets fixed, proper identification of beneficiaries, capacity building of TPs for implementation of the scheme, strengthening of monitoring at state level in respect of physical and financial planning and rational allocation of fund is recommended.

3.3 Irregularities on utilisation of grants received under TFC

The Twelfth Finance Commission (TFC) 2005-10 had stressed the importance of public private partnership to enhance service delivery and felt it to be imperative that high priority needs to be assigned for creation of database and maintenance of accounts at the grass root levels.

On a review of utilisation of Grants received under TFC by eight²⁵ TDOs, the following observations are made.

3.3.1 Diversion of funds

Guidelines for use of Grants under TFC stipulate that local bodies may utilise maximum 30 percent of TFC Grant for works related to providing facilities for pure drinking water, another 30 percent for Sanitary work and the remaining 40 percent for group development work. There should not be any deviation in expenditure from one segment to another beyond the above limit and the expenditure should be limited to the prescribed percentages.

During the course of audit, it was noticed that in six T.D.Os the limits were not adhered to, thereby resulting in violation of guidelines issued by Government. As a result an amount of ` 37.87 lakh had been incurred in excess of the limits prescribed diverting from other components as detailed below.

` in lakh

Name of the T.D.O.	Grant received	Services on which expenditure incurred in excess	Admissible expenditure	Actual expenditure incurred	Excess expenditure diverted from other components
Hansot	190.21	Sanitary	57.06	59.33	2.27
Wankaner	337.20	Sanitary	101.16	107.24	6.08
Dhaboi	139.00	Sanitary	41.70	53.35	11.65
Mahemadabad	77.35	Other works	30.94	47.86	16.92
Vadhvan	80.16	Sanitary	24.05	25.00	0.95
Total			254.91	292.78	37.87

Keeping in view that the local bodies should use the grants for overall development of the VPs, limits were prescribed for each service area so that uniform development could be achieved in all areas. However, violation by the local bodies in this aspect had resulted in expenditure of ` 37.87 lakh in excess of the prescribed guidelines.

²⁵ Dantiwada, Vadhwan, Hansot, Wankaner, Dabhoi, Mehmedabad, Kathlal and Bardoli

On being brought to the notice of TDOs, it was replied (July 2010 to December 2010) that the funds could not be used as per TFC guidelines since the requirement of works at grass root level were different from the guidelines and further stated that all the works were carried out with the approval of District Planning Board and the expenditure from TFC grant was incurred as per actual needs of the villages.

The reply is not tenable as guidelines for utilisation of grant from TFC had been framed taking all aspects into consideration and hence expenditure in excess of prescribed limits was in violation of guidelines. Further the District Planning Board should have approved the expenditure adhering to the TFC guidelines.

3.3.2 Irregular expenditure

Panchayat, Rural Housing and Rural Development Department, Government of Gujarat had prescribed the list of works to be executed from Grants received under TFC. Scrutiny of record revealed that three TDOs executed inadmissible works such as laying of asphalt road, approach road, procurement of playing instrument, etc amounting to ` 11.27 lakh²⁶ from the grant received under TFC.

TDO Kathlal stated (September 2010) that the expenditure was incurred after getting administrative approval from the district administration. TDO Hansot stated (August 2010) that reply would be furnished after verification. TDO Dabhoi replied (October 2010) that such instances would be avoided in future.

The replies are not tenable as expenditure of ` 11.27 lakh had been incurred on inadmissible work in violation of TFC guidelines.

3.3.3 Failure to maintain Asset Register

As per the resolution dated 16th January 2006 of GoG, Panchayat, Rural Housing and Rural Development Department the works executed under TFC grant should be recorded in Asset Register of the Panchayat. A review of records revealed that TDO Bardoli failed to maintain asset register in respect of works carried out during the year 2006-07 to the tune of ` 134.47 lakh. Further, T.D.O Kathlal had carried out works amounting to ` 63.78 lakh during the year 2006-07 under TFC Grant but the same had not been recorded in the Asset Register.

Thus, non-adherence of guidelines had resulted non accountal/ recording of assets worth ` 198.25 lakh in the Asset Register which may result in non recovery of user charges. It was replied (August to December 2010) by the TDOs that the omissions would be complied with.

²⁶ TDO Hansot for laying of road ` 9,00,000

TDO Kathlal for procurement of playing instrument ` 1,79,100

TDO Dabhoi for work charged establishment ` 48,000

3.3.4 Procurement in Violation of codal provisions

As per codal provisions and instructions of Finance Department, to ensure competitive price, quotations from atleast three suppliers should be obtained for purchases more than ` 500/- and in case of ` 20000/- or more quotations should be invited by giving advertisement in local news papers having wide publicity. However, it was noticed that ignoring all codal provisions and instructions issued from time to time on procurement two GPs procured cement of ` 0.92 lakh (Doliya GP (` 0.54 lakh) and Khintala GP (` 0.38 lakh)) during February 2008 without inviting quotations.

On being pointed out, Talati Cum Mantri replied (September, 2010) that Sarpanch was not aware of the procedure and hence quotations were not invited. The reply was not tenable as the office work was to be performed by Talati and not by Sarpanch and for procurement the financial procedures prescribed should be followed.

3.4 Doubtful Payments

3.4.1 Suspected embezzlement of public money

As per the Gujarat Panchayat Act 1993, Talati-cum-Mantri (TCM) and Sarpanch of VPs are responsible for every transaction held. As per the Act, they are empowered to withdraw and expend the public money and TCM shall keep the record updated.

Review of records of Vansva VP (TP Viramgam, District Ahmedabad) for the year 2006-07 revealed that Cash book for the year 2006-07 was not maintained properly and it was maintained up to 16 December 2006 only. Against payments made, no entries showing detail of voucher no. date, name of payee, description of transaction etc. were recorded in cash book. Further, detailed scrutiny of vouchers revealed that details as required was not recorded on 10 vouchers²⁷ amounting ` 2.24 lakh and only amount was written on these vouchers. Further, it was also noticed that an amount of ` 10150 was debited twice on 7 December 2006 at page no. 49 of the Cash Book for which no reasonable explanation was given by TCM. As there were no details on vouchers as well as Cash Book, the chances of misappropriation or embezzlement cannot be ruled out.

On this being pointed out no reply was given by TCM/ Sarpanch (June 2010).

3.4.2 Payment without bill/ receipts

As per rule 17 to 28 of the Gujarat Gram and Nagar Panchayat Financial Account & Budget Rules, 1963, every payment should be made on endorsement of payment (Receipt/Bill of purchase).

Review of records of 65 VPs of 19 TPs for the period 2006-07 revealed that in violation of the rules provisions these VPs have made payment of ` 35.62 lakh for purchases of various items like cements, steel, sand, pipes, stationery etc.(**Appendix-VIII**) without obtaining any receipt/bill of purchase. Further, it

²⁷ Vr. No.2-A: ` 1.00 lakh, Vr. No.3: ` 0.10 lakh, Vr.no. 4: ` 0.14 lakh, Vr. No. 9: ` 0.42 lakh, Vr. No. 14: ` 0.32 lakh, Vr. no. 17: ` 0.10 lakh, Vr. no. 18: ` 0.04 lakh, Vr. no. 19: ` 0.07 lakh, Vr. no. 21: ` 935 and Vr. no. 22: ` 0.04 lakh.

was also noticed that out of 65 VPs, 10 VPs²⁸ had made payment of more than ` one lakh without receipt / bill during the year. Payment made without obtaining bill/ receipt of purchase for such huge amount is in violation of codal provisions and fraught with the risk of misappropriation/ embezzlement. TCMs concerned replied (July to December 2010) that henceforth payment would not be made without obtaining receipt/ bill of purchase.

3.5 Non/delay in payment of Scholarship

As per resolution dated 14 July 2000 of Social Welfare Department, Government of Gujarat, payment of scholarship to SC/ST/OBC students having good character and regular in attendance shall be made within seven to ten days of receipt of grant for scholarship.

Review of records of four TPs Kadi (Mehsana), Balasinor (Kheda), Halvad (Surendranagar) and Jasdan (Rajkot) for the period 2006-07 revealed that scholarship amounting ` 12.05 lakh remained unpaid (December 2010) in three TPs (Kadi, Balasinor and Halvad) and in TP Jasdan, scholarship amounting ` 92.20 lakh was paid to the beneficiaries with delay of two months to 10 months.

Non payment/delay in payment of scholarship to the poor communities deprived them of assistance given by the Government for their upliftment.

3.6 Irregular allotment of works to village panchayats

According to PRHD circular, works costing up to ` Two lakh only can be allotted to VP. Further, if a VP was not able to execute the work, such works were required to be executed by TPs itself by inviting tenders.

Test check of records of TP, Sayla (DP Surendranagar) and Ghogha (DP Bhavnagar), revealed that six works of construction of Panchayat Ghar amounting ` 19.92 lakh (each costing ` 3.32 lakh i.e. more than ` Two lakh) were entrusted to the Sarpanch of the respective VPs in 2006-07 in violation of the above circular and without proper agreement.

Further scrutiny revealed that one work of Panchayat Ghar at VP Gundiyavada (Sayla), of ` 3.32 lakh, taken up in July 2006 was still (September 2010) incomplete though ` 1.38 lakh was spent on the work. Similarly the work of Panchayat Ghar at VP Chhaya (Ghogha) awarded in January 2008 was incomplete. Further, the works of Panchayat Ghar at VPs Doliya, Sokhada and Vakhatpar of TP Sayla were completed with delay of 157 days, 183 days and 1112 days respectively. The works of Panchayat Ghar at VP Adala (Sayla) awarded in July 2006 was not started till the date of audit (September 2010).

Thus, entrusting of the civil works costing more than ` two lakh to VPs was irregular. This also resulted in non completion /delays in completion of the works because of limited capacity and expertise of the VPs.

²⁸ Panchdwaraka (Vankaner): ` 1.33 lakh, Kuvadava (Rajkot): ` 1.88 lakh, Baldhoi (Jasdan): ` 4.38 lakh, Chhalvata (Naswadi): ` 1.14 lakh, Shamgahan (Dang): ` 1.76 lakh, Medhesan (Modasa): ` 1.53 lakh, Vasana (Palanpur): ` 1.35 lakh, Vaheva: (Mahuva): ` 1.27 lakh, Varjakhhan (Mandvi): ` 2.42 lakh and Ghantoli (Mandvi): ` 1.42 lakh.