

OVERVIEW

This Audit Report includes six chapters containing observations of Audit on accounting procedure and financial management, revenue receipts, establishment, material management, implementation of schemes, as well as observations on the structure and finances of Panchayati Raj Institutions and Urban Local Bodies and Performance Review on 'Collection of Property Tax in 12 Nagarpalikas'.

Panchayati Raj Institutions

1. Structure and Finance

The State Government has not devolved all the functions envisaged in the 11th Schedule of the Constitution of India. The formats for database on the finances of PRIs have not been implemented though adopted by the State Government. Neither the prescribed periodicity for constitution of SFCs, as per Constitutional provisions was maintained nor any action was taken by the State Government on recommendations of the belatedly constituted SFCs. Audit of 35452 PRI units by Director Local Fund Audit was in arrears from 2005-06.

(Chapter 1)

2. Accounting Procedure and Financial Management

Grants received and expenditure incurred of ` 88.85 lakh and ` 91.74 lakh respectively under various Central Sponsored schemes were not included in the Annual Accounts by Four Taluka Panchayats.

(Paragraph 2.1)

Cash books suffered from some serious limitations and vital basic records were not maintained or maintained improperly.

(Paragraph 2.2 and 2.3)

Twenty Taluka Panchayats incurred excess expenditure of ` .15.47 crore against allotted grants during 2006-07 in violation of the departmental instructions.

(Paragraph 2.5)

In 87 Village Panchayats of eleven districts, the budget preparation was unrealistic. As against estimated receipts of ` 9.11 crore for the year 2006-07, actual receipts were only ` 3.49 crore. Similarly against Estimated expenditure of ` 10.06 crore in 100 VPs of 11 District Panchayats, the actual expenditure was only ` 3.50 crore.

(Paragraph 2.6)

Twenty Taluka Panchayats did not surrender unspent grants of ` 41.01 crore to the Government during the period 2005-07.

(Paragraph 2.8)

Materials of ` 2.59 crore were purchased by 351 Village Panchayats without inviting quotations.

(Paragraph 2.11)

Urban Local Bodies

4. Finance and Accounts

State Government adopted the formats for database on the finances of ULBs. However, the same are yet to be operationalised. Neither the prescribed periodicity for constitution of SFCs, as per Constitutional provisions was maintained nor any action was taken by the State Government on recommendations of the belatedly constituted SFCs. Audit of all the Nagarpalikas by Director of Local Fund Audit (DLFA) was in arrears since 2005-06 indicating weak internal control.

(Chapter – 4)

5. Transaction audit findings

Unspent grant of the 10th and 11th Finance Commission to the extent of ` 105.14 lakh, of 10th Finance Commission: ` 14.07 lakh (Expired on 31st March 2001) and 11th Finance Commission: ` 91.07 lakh (expired on 31st March 2005) were not surrendered by Nagarpalikas Dholka and Jetpur even after lapse of five to ten years.

(Paragraph 5.4)

Purchase of Material / execution of works of ` 17.48 lakh was done without inviting quotations by Dholka and Palanpur Nagarpalikas.

(Paragraph 5.8)

Four Nagarpalikas had not credited lapsed deposit of ` 1.02 crore in government accounts.

(Paragraph 5.10)

Performance review on collection of property tax by 12 Nagarpalikas revealed delay in executing survey works for area based levy of property tax by all the NPs. Weak data generation, reporting and monitoring were noticed. Due to incorrect implementation of disincentive scheme, two Nagarpalikas sustained revenue loss of ` 19.08 lakh. In three Nagarpalikas due to absence of control mechanism, escapement of tax was ` 62.66 lakh. Tax collection of NPs was poor and ranged from 45 *per cent* to 59 *per cent* only against total demand raised.

(Paragraph 6.1)

Award of contract for construction of shops on encroached land by VNP resulted in unfruitful expenditure of ` 31.24 lakh besides cost overrun of ` 3.68 lakh and loss of income ` 56.12 lakh.

(Paragraph 6.2.1)

Failure to observe conditions of agreement under a scheme by Palanpur Nagarpalika resulted in excess payment of ` 10.71 lakh and cost overrun by ` 6.02 lakh

(Paragraph 6.3)