

CHAPTER II

AUDIT OF TRANSACTIONS (PANCHAYATI RAJ INSTITUTIONS)

2.1 Utilisation of MGNREGA funds on non-permissible works

MGNREGA fund of ₹ 2.37 crore was utilised by four Panchayat Samitis for construction of community hall, market stalls, open market shed, jungle cutting etc. which were not permissible as per the guidelines.

Schedule-1 of MGNREG Act 2005 provides the list of permissible works that can be executed by utilising MGNREGS fund. It is also mentioned in item (ix) of Schedule-1 that if a State Government finds any difficulty and wants to take up any other works other than those mentioned in Schedule-1, then proposals are to be sent to the Central Government through the State Employment Guarantee Council (SEGC) for necessary notification by the Ministry of Rural Development (MORD).

Test check of records (June 2012 – November 2012) of Programme Officer of four¹ Panchayat Samitis revealed that an amount of ₹ 2.37 crore was utilised for construction of community hall, market stalls, open market sheds, maintenance of daktanglow, jungle cutting etc. which were not permissible as per the MGNREGS guidelines (Details are shown in **Appendix-2.1**). Besides, no record could be made available to audit whether any proposals were sent to the Central Government through SEGC for execution of such works.

Thus, utilisation of MGNREGS funds of ₹ 2.37 crore on non-permissible works was irregular.

2.2 Mechanical earth filling

MGNREGA funds of ₹ 43.01 lakh was spent towards the cost of mechanical transportation for earth filling which was violative of operational guidelines.

According to para 1.4 (xv) of operational guidelines of MGNREG Act 2008, no contractor or machine is allowed for MGNREGA works and Schedule-1 of the Act stipulates that as far as practicable, task funded under the scheme shall be performed by using manual labour and not through machine in any manner in execution of MGNREGA works.

During test check of records (October 2012 -November 2012) of Dukli Panchayat Samiti and Ambassa Panchayat Samiti, it was observed that mechanical transport had been used for earth filling at different places on different date(s) under the respective Panchayat Samiti for which an amount of ₹ 43.01 lakh was spent. Details are shown in **Appendix-2.2**.

¹ Boxanagar, Mohanpur, Ambassa and Melaghar

Thus, use of mechanical transport in execution of works under MGNREGS was in violation of the scheme guidelines.

On this being pointed out in audit, both the Programme Officers replied (October 2012 and November 2012) that the works had been executed with the prior approval of District Programme Coordinators (DM & Collectors).

The replies of the Programme Officers, however, were not tenable since it was clearly mentioned in the operational guidelines that no contractor or machine was allowed in MGNREGS works.

2.3 Wasteful expenditure

Due to lack of regular and timely monitoring of the work for raising the rubber nursery at Mohanpur Block headquarter, 95 per cent of the saplings got damaged resulting into wasteful expenditure of ₹ 7.13 lakh.

General Financial Rules, 2005 provide that purchase of goods above ₹ one lakh should be made after inviting bids/ tenders.

During test check of records (October 2012) of the Programme Officer of Mohanpur Panchayat Samiti it was observed that 50,000 nos. of rubber budded stumps were procured (June 2010) from a supplier² without inviting quotations at a cost of ₹ 7.50 lakh (@ ₹ 15/- per stump) under MGNREG Scheme as per the direction of Panchayat Samiti and on the recommendation of the inspection team formed by the Samiti to purchase the rubber stumps for raising the rubber nursery at Mohanpur Block headquarter. One Work Assistant³ was entrusted to implement the work and he had been given cash advance of ₹ 1.00 lakh as labour cost, application of fertiliser etc. The work commenced on 14.06.2010 and got completed on 30.06.2010. In reply to an audit query, the Executive Officer (BDO) informed that out of 50,000 stumps, only 5 per cent survived and 95 per cent got damaged. Reasons for damage of the stumps, however, were neither on record nor stated to audit.

It was also observed that no tenders/bids had been invited to compare the rate and the quality of the stumps. This indicated that the codal formalities were not followed in procurement of the rubber budded stumps. In the work order, it was mentioned to form a monitoring committee before start of the work and implementing officer shall submit weekly report on labour employed and materials received to the Programme Officer. Neither any record about formation of monitoring committee and nor any weekly report of the implementing officer was made available to audit.

Thus, there was lack of monitoring and supervision of the work for which the rubber stumps could not be protected from getting damaged which ultimately led to wasteful expenditure of at least ₹ 7.13 lakh being the cost of 95 per cent of the stumps and also deprivation of rubber plantation.

² Ajit Nag of Bagma.

³ Shri Shyamal Paul, Work Assistant

While admitting the audit observation, the Executive Officer of Mohanpur Panchayat Samiti stated (October 2012) that such type of rubber nursery would not be taken up departmentally in future.

2.4 Doubtful execution of works

The names of job card holders in the muster rolls did not match with the registered job card holders in construction of two brick soling roads. No bank scroll could be shown to audit for payment of wages through bank/post office account. Hence, execution of the works remained doubtful.

Test check of records (November 2012) of Programme Officer, Ambassa Panchayat Samiti revealed that two work orders were issued (March 2011) to a Technical Assistant for construction of two brick soling roads (i) from Raima road to Kongla Mog house via Cendil Mog house (700 metre length) with the estimated cost of ₹ 5.64 lakh (material cost ₹ 4.74 lakh: wages ₹ 0.90 lakh) and (ii) from Champabati house to Biswarai Debbarma house (300 metre length) with the estimated cost of ₹ 2.33 lakh (material cost ₹ 2.06 lakh: wages ₹ 0.27 lakh) under Jagannathpur village committee. Records indicated that the implementing officer had started both the works on 16.03.2011 and completed on 20.04.2011.

Scrutiny of adjustment vouchers and muster rolls in both the works revealed that the name of job card holders as recorded in the muster rolls did not match with the name of registered job card holders as detailed in **Appendix-2.3**.

Due to non-matching of job card holders in the muster rolls with the registered job card holders, the possibility of recording fictitious job card holders in the muster rolls could not be ruled out. As per guidelines, the MGNREGA wages are to be paid through bank account/post office. In the instant cases, no bank scroll regarding payment of wages through bank account could be shown to audit. The execution of the above works was, therefore, doubtful.

On this being pointed out in audit, the Programme Officer of Ambassa Panchayat Samiti stated that necessary action would be taken against implementing officer and intimated to audit.

Latest position had not been intimated (November 2013).

2.5 MGNREGA wages paid in cash

MGNREGA wages of ₹ 2.35 lakh paid in cash in violation of guidelines.

According to para 7.2 of MGNREGA Operational Guidelines 2008, payment of wages of job card holders should be made through bank or post office account.

Scrutiny of records (November 2012) of Programme Officer, Ambassa Panchayat Samiti for the years 2010-11 and 2011-12 revealed that an amount of ₹ 2.35 lakh (**Appendix 2.4**) was paid to the MGNREGA job card holders in cash for head loading

of bricks, cement, sand etc. for construction of Anganwadi Centres at different places in violation of the scheme guidelines.

On this being pointed in audit the Programme Officer replied (November 2012) that the practice had already been stopped. The reply was not tenable as nothing had been said about cases where violation of guidelines had already taken place.

2.6 Diversion of funds

₹ 16.54 lakh was diverted to other non-sanctioned work without prior approval of the Zilla Parishad.

Paschim Tripura Zilla Parishad(PTZP) sanctioned ₹ 1.39 crore to Mohanpur Panchayat Samiti for brick soling works as per approved action plan under MGNREGA scheme during 2011-12. Construction of brick soling road from Priyalal Debnath house to Ranjit Choudhury house (200 meter) valuing ₹ 1.50 lakh was one of the projects approved by the Zilla Parishad. It was observed that Mohanpur Panchayat Samiti took up a work for construction of RCC cantilever retaining wall near the house of Ranjit Chowdhury at the cost of ₹ 18.04 lakh in place of the above approved project without prior approval of the Zilla Parishad. Thus, the Panchayat Samiti had not only taken up the work without prior sanction of PTZP but some other works were excluded from the PTZP Action Plan to divert ₹ 16.54 lakh towards the retaining wall. This had also been commented upon by the DM & Collector, West Tripura.

Thus, taking up of non-sanctioned work had resulted in diversion of ₹ 16.54 lakh (₹ 18.04 lakh - ₹ 1.50 lakh).

On this being pointed out (November 2012) in audit, the Secretary, Zilla Parishad replied (December 2012) that the matter had already been taken up with the concerned authority.

Latest position had not been intimated (November 2013).

2.7 Non submission of utilisation certificates

Utilisation Certificates to the extent of ₹ 7.42 crore were pending for submission to the sanctioning authority.

As per Rule 212(1) of the General Financial Rules 2005 a certificate of utilisation of the grants received is required to be furnished by the grantee institution to the concern fund sanctioning authority certifying fully utilisation of the amount within 12 months of the close of the financial year.

Test check of records (November 2012) of Salema Panchayat Samiti revealed that the Panchayat Samiti had sanctioned ₹ 9.00 crore to different line departments during 2009-10 to 2011-12 for implementation of various projects. However, the utilisation certificates to the extent of ₹ 7.42 crore were not submitted to the sanctioning authority by the line departments till date of audit (November 2012) as shown in

Appendix-2.5. Non-submission of utilisation certificates not only indicated slow progress of developmental works but also violated the codal provisions.

The Executive Officer, Salema Panchayat Samiti stated that steps would be taken to collect utilisation certificates from the line departments immediately.

Latest position had not been intimated (November 2013).

2.8 Conclusion and recommendations

Irregular utilisation of MGNREGA funds on non- permissible works, use of mechanical transport for earth filling in MGNREGA works, wasteful expenditure, diversion of funds etc. indicated that internal control mechanism was not effective.

In view of the audit findings, the following recommendations are made:

- Fund should be utilised for the purpose for which it was sanctioned;
- Use of mechanical transport in MGNREGA works should be avoided; and
- Internal control mechanism should be strengthened.