
CHAPTER-II
IMPLEMENTATION OF SCHEME IN PANCHAYATI RAJ
INSTITUTIONS

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2 Second State Finance Commission Awards

2.1 Repetition of Work in the work programme

Test-check of programmes implemented by the Imphal West ZP under SSFC Award for the year 2008-09 revealed that the construction of bazar shed at Awang Jiri at Yarou Bomdiar constituent area was carried out. As per Technical Inspection Report submitted by Assistant Engineer, DRDA, Imphal West, construction of the bazar shed commenced on 01.03.2010 and was completed on 18.04.2010. The Chief Executive Officer (CEO) paid an amount of ₹ 3 lakh (₹ 2.40 lakh on 27.02.2010 and ₹ 0.60 lakh on 10.05.2010) to the Beneficiary Secretary (Shri Naba Kumar Singh) for the work.

Further, during reviews of work programme for 2009-10 implemented by Imphal West ZP under SSFC Award, audit noticed that the same work of construction of bazar shed at Awang Jiri at Yarou Bomdiar constituent area was found in the work list. As per Technical Inspection Report submitted by Section Officer of Imphal West ZP and countersigned by the Assistant Engineer, DRDA, Imphal West, the work commenced on 18.9.2010 and was completed on 4.11.2010. The CEO again paid ₹ 3 lakh (₹ 2.30 lakh on 18.09.2010 and ₹ 0.70 lakh on 04.11.2010) to Shri L Sharat Chandra, being the Beneficiary Secretary for the said construction work.

Thus, payment of ₹ 3 lakh made to Shri L Sharat Chandra for construction of bazar shed at Yarou Bomdiar constituent area amounted to suspected misappropriation of funds. The matter was reported to the ZP (June 2012). The reply has not been received (March 2013).

2.2 Withdrawal of money without presentation of Bills and non-preparation of vouchers against payment

As per Rule 130 of Central Treasury Rules (CTR), no withdrawal of money may be made from the Government account except by presentation of bills in support of relevant claim for the purpose. A Government official entrusted with the payment of money shall obtain for every payment he makes, a voucher setting forth full and clear particular of claim. Test check of Cash Book of SSFC (2010-11) of Langthabal Ningonbam GP revealed that payment of ₹ 3.81 lakh and ₹ 2.54 lakh were made by the Panchayat Secretary on 09.03.2010 and 24.04.2010 respectively. However, neither the purpose of payment nor the name of payee was stated against the payment. Also, while making payment, bills/vouchers for the payment of the whole amount of ₹ 6.35 lakh were not prepared in violation of CTR.

This is indicative of weak internal control mechanism in Langthabal Ningombam GP to adhere to the provision of the Rules *ibid*. Thus, due to non-availability of payment details, the misappropriation of funds of ₹ 6.35 could not be ruled out.

2.3 Inadmissible expenses out of TFC grants

Guidelines for utilisation of fund receipt under Twelfth Finance Commission (TFC) Award stipulated that grants should be utilized to meet expenses on water supply and sanitation, creation of database and maintenance of accounts. Test check of records (2006-2010) of 15 GPs under Imphal West-II, CD block revealed that 11 GPs incurred expenditure amounting to ₹ 2.59 lakh out of TFC grants on inadmissible items such as construction of crematorium, community halls, fitting of doors and windows of Panchayat Ghar (**Appendix-IV**) in violation of the provision of the guidelines for utilisation of TFC grants. The expenditure on these could have been made from SSFC Award.

Thus, utilization of TFC grants on inadmissible items defeated the purpose for which grant was released. Thus, the PRIs did not adhere to the guidelines of the TFC Award.

2.4 Non-transfer of unutilised fund of SGRY scheme

As per Government order (05.05.2009), Sampoorna Gramin Rozgar Yojana (SGRY) scheme was merged with Mahatma Gandhi National Employment Guarantee Scheme (MGNREGS) in 2008-09. Any unutilised fund of SGRY Scheme was to be transferred to the Bank accounts operated for MGNREGS. However, audit noticed that the 6 test checked GPs had not transferred funds pertaining to SGRY Scheme to MGNREGS. Un-utilised funds were found lying idle in the Bank accounts as shown in the table below:-

Table 2.1: Detail of non-transfer of SGRY grants

Sl. No.	Name of GP	Name of Bank Branch	Account No.	Balance as on 31.03.2008 (Amount in ₹)
1	Hilghat	UBI Jiribam Branch	4146	1292.04
2	Dibong	do	4165	1057.60
3	Sonapur	do	4162	1014.00
4	Latingkhel	do	4194	1486.00
5	Borbekra	do	4143	925.60
6	Jabrerodhor	do	4171	954.60
Total				6729.84

Source: Field audit

Audit further noticed that the above stated Bank Accounts had not been operational since long (March 2008). Thus, due to non-transfer of SGRY fund to MGNREGS the fund are lying idle in the bank accounts of GPs.

2.5. Non-submission of vital records by GPs

The Chief Executive Officer (CEO), Imphal West ZP received fund amounting to ₹ 108¹ lakh (16.06.2009) under Integrated Wasteland Development Programme (IWDP)/ Hariyali Scheme, a centrally sponsored scheme, and reported expenditure of ₹ 102.60 lakh (31.03.2010) on implementation of various components of the scheme, inclusive of administrative overhead of ₹ 5.40 lakh.

Scrutiny of records further revealed that out of the total expenditure of ₹ 102.60 lakh, ₹ 97.20 lakh was paid (17.06.2009) to 18 GPs under Imphal West-I Community Development (CD) Block for implementation of project at field level. Bills/vouchers against the expenditure of ₹ 97.20 lakh were not made available to audit as bills/vouchers were not prepared/maintained by the CEO, Imphal West ZP. The CEO, Imphal West, ZP stated that none of the 18 GPs submitted list of works undertaken, physical progress report, completion certificate *etc.* However, the CEO Imphal West, ZP had not taken up any steps for ensuring submission of the same by the GPs.

Thus, due to non submission of bills/vouchers the proper utilization of scheme fund of ₹ 102.60 lakh could not be ascertained.

It is evident that Internal Control Mechanism needs to be strengthened in Imphal West ZP through proper maintenance of records and regular submission of supporting documents for expenditure so as to rule out possibility of misappropriation of PRIs funds.

2.6 Conclusion

Repetition of work in the work programme implemented by the Imphal West ZP under SSFC, withdrawal of sums from SSFC funds without presentation of bills, instances of diversion of TFC funds, and unspent balance of the closed Scheme (SGRY) funds not being transferred to the Bank Accounts operated for MGNREGS funds and inability to produce vital documents indicate weak internal control mechanisms in the PRIs. The concerned authorities need to take expeditious measures to arrest these deficiencies.

¹ Central – ₹ 99 lakh; State – ₹ 9 lakh