



**Annual Technical Inspection Report  
on Panchayat Raj Institutions  
and  
Urban Local Bodies**

**for the year ended 31 March 2013**

The Report has been laid on the table of  
the State Legislature Assembly on 28-06-2014



**Government of Sikkim**

**Office of the Principal Accountant General (Audit), Sikkim**

**Annual Technical Inspection Report  
on Panchayat Raj Institutions  
and  
Urban Local Bodies  
for the year ended 31 March 2013**

**Government of Sikkim**

**Office of the Principal Accountant General (Audit), Sikkim**

## TABLE OF CONTENTS

Contents	Paragraph Number	Page Number
<b>Preface</b>		v
<b>Overview</b>		vii
<b>CHAPTER – I</b>		
<b>SECTION 'A'</b>		
<b>AN OVERVIEW OF THE PANCHAYAT RAJ INSTITUTIONS (PRIs)</b>		
Introduction	1.1	1
State Profile	1.2	1
Organisational Structure of PRIs	1.3	2
District Planning Committee	1.4	4
Financial Profile	1.5	5
Source of Receipts	1.6	8
Allocation of Funds as per recommendation of State Finance Commission (SFC)	1.7	10
Sectoral Analysis	1.8	11
Devolution of Funds, Functions and Functionaries	1.9	12
Accountability Framework	1.10	13
Conclusions	1.11	14
<b>SECTION 'B'</b>		
<b>FINANCIAL REPORTING</b>		
Legal Framework	1.12	16
Accounting system in Gram Panchayats	1.13	16
Financial Reporting issues	1.14	17
Placement of ATIR before the State Legislature	1.15	18
Conclusions	1.16	18
<b>CHAPTER – II</b>		
<b>PERFORMANCE AUDIT</b>		
Performance Audit on Implementation of Rural Drinking Water Programmes	2.1	19

<b>CHAPTER – III</b>		
<b>AUDIT OF TRANSACTIONS</b>		
The additional guest house constructed at a cost of ₹ 76.72 lakh at Tashiding was not utilized as required under the scheme.	3.1	35
Wasteful expenditure on distribution of piglets and poultry	3.2	36
Irregular diversion of fund	3.3	38
Unfruitful expenditure on appointment of Panchayat Account Assistants (PAAs)	3.4	39
<b>CHAPTER – IV</b>		
<b>SECTION ‘A’</b>		
<b>AN OVERVIEW OF URBAN LOCAL BODIES (ULBs)</b>		
Introduction	4.1	41
Size of ULBs	4.2	41
Organisational Set up	4.3	42
Financial Profile	4.4	43
Investment through Major Schemes	4.5	46
Status of Devolution of Functions	4.6	47
Accountability Framework	4.7	47
Conclusion	4.8	48
<b>SECTION ‘B’</b>		
<b>FINANCIAL REPORTING</b>		
Legal Framework	4.9	49
Conclusion	4.10	50
<b>CHAPTER – V</b>		
<b>AUDIT OF TRANSACTIONS</b>		
Unauthorised diversion of ₹ 35.98 lakh towards meeting administrative charges	5.1	51

## APPENDICES

<b>Statement</b>	<b>Appendix</b>	<b>Page</b>
Statement showing transfer of 29 subjects to PRIs	1.1	53
Statement showing actual transfer of functions to PRIs	1.2	57
Statement of powers exercised by State Government in relation to PRIs	1.3	59
Statement showing functions and responsibilities of various functionaries	2.1	61
Statement regarding construction of roof water harvesting structure	2.2	63