

CHAPTER I

SECTION 'A' AN OVERVIEW OF PANCHAYATI RAJ INSTITUTIONS (PRIs)

1.1 Background

Post 73rd Constitutional amendment, the Government of Tripura enacted the Tripura Panchayats Act, 1993 with a view to establish three tiers Panchayati Raj system in the State (except areas covered under Tripura Tribal Areas Autonomous District Council). In Tripura three tier Panchayats i.e. Gram Panchayat at Village level, Panchayat Samiti at Block level and Zilla Parishad at district level was established to enable PRIs to function as local self government institutions.

The Constitutional amendment provides for devolution of powers and responsibility with respect to preparation of plans and programmes for economic development and social justice. It also provides transferring 29 subjects listed in the Eleventh Schedule of the Constitution of India.

The legislative framework for conduct of business of the PRIs includes:

- 1) Tripura Panchayat Act, 1993 and
- 2) Tripura Panchayats (Administration) Rules, 1994.

As of March 2013, there were 4 Zilla Parishads (ZPs), 23 Panchayat Samitis (PSs) and 511 Gram Panchayats (GPs) in Tripura where 73rd Constitutional amendment is applicable in the State.

1.2 State profile

Tripura, a State in North East India, is a land-locked State, surrounded by Bangladesh on its North, South and West. Tripura became a full-fledged State of the Indian Union on 21 January 1972. The length of its international border is 856 km (84 *percent* of its total border), while it shares a 53 km-long border with Assam and a 109 km-long border with Mizoram. In the North East, Tripura comes second to Assam in respect of population and population density. It covers an area of 10,491.69 sq. km. Out of this total area, 7132.56 sq. km (68 *percent* of the State) comes under the Tripura Tribal Areas Autonomous District Council (TTAADC) set up under Sixth Schedule to the Constitution of India. At present there are eight districts, 23 sub-divisions and 58

blocks in Tripura. Important statistics of the State as per Census of 2011 are shown in the following **Table 1.1**:

Table 1.1: Statistics of the State

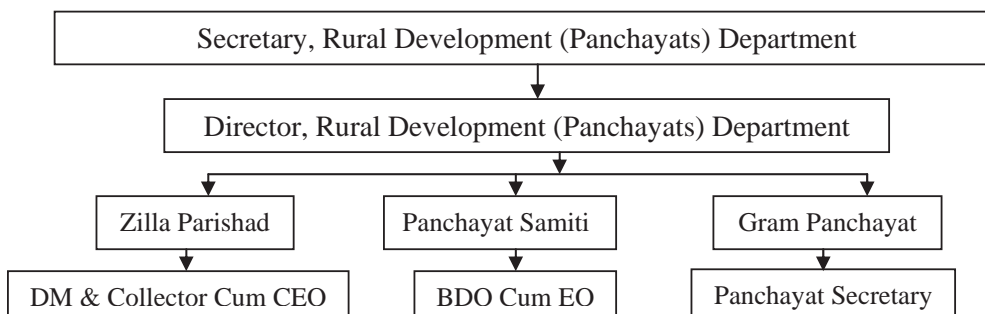
Indicator	Nos./percentage
Total population	36,71,032
Percentage of decadal variation (2001-2011)	14.75
Male	18,71,867
Female	17,99,165
Sex ratio (female per 1000 male)	961
Indicator	Nos./percentage
Density(per sq km)	350
Overall literacy rate (%)	87.80
Male literacy (%)	92.20
Female literacy (%)	83.20

Source: Census of 2011.

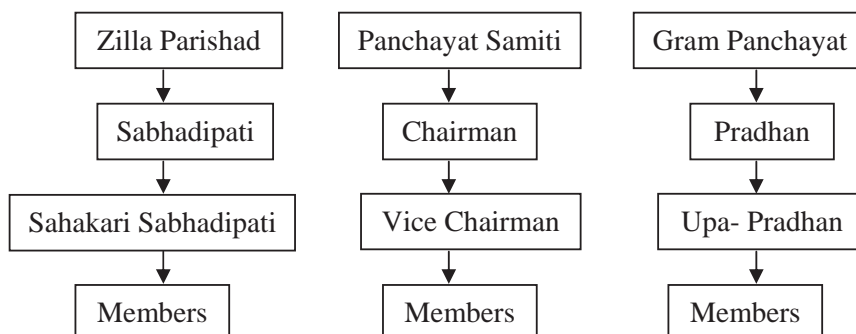
1.3 Organisational structure of PRIs

The Secretary, Rural Development Department is the overall in-charge of PRIs in the State. The Organisational structure with respect to functioning of PRIs in the State is as under:

Administrative Body



Elected Body



The Zilla Parishad is headed by the Sabhadhipati, while the Panchayat Samiti and Gram Panchayat are headed by the Chairman and the Pradhan who are elected representatives of the respective PRI.

At the district level, the District Magistrate & Collector-Cum-Chief Executive Officer (CEO) of Zilla Parishad carries out the policies and directives of the Zilla Parishad, discharges duties defined under the Act, controls the officers/officials of Zilla Parishad and has custody of all papers and documents of Zilla Parishad. Under the CEO, District Panchayat Officer discharges day-to-day administrative functions of the Zilla Parishad as Ex-officio Secretary.

The functions of the Block Development Officer-Cum-Executive Officer in Panchayat Samiti are to exercise all the powers conferred under the Act, to supervise and control the officials working under him, to supervise the execution of all works, to take custody of all papers and documents of Panchayat Samiti including drawals and disbursement of money out of the Panchayat Samiti fund. Panchayat Officer or Panchayat Extension Officer acts as Ex-officio Secretary of the Panchayat Samiti.

The Panchayat Secretary is responsible for convening the meeting of Gram Sabha, maintenance of the records of Gram Panchayat, implementation of various developmental works and transaction of business as provided in the Act.

1.3.1 Standing Committees

Section 107 and 152 of the Tripura Panchayats Act, 1993 provide that Panchayat Samiti (PS) and Zilla Parishad (ZP) shall constitute standing committees to perform the assigned functions. The leadership of the committees is given in the following

Table 1.2:

Table 1.2: Leadership of the Standing Committees.

PRIs	Standing Committees	Leadership
ZP/PS	(a) Finance, Audit & Planning Committee (b) Education, Environment, Cultural, Health and Sports Affairs Committee (c) Communication, Rural Electrification and Non Conventional Energy Committee (d) Industries including Cottage Industries and Sericulture Committee (e) Social Justice Committee (f) Agriculture, Food, Irrigation, Cooperation, Fishery and Animal Husbandry Committee (g) Poverty Alleviation etc. Committee	Sabhadhipati in case of ZP and Chairman in case of PS is the ex-officio President of the Finance, Audit & Planning Committee. Presidents of other committees are elected among the elected members.

Source: The Tripura Panchayats Act, 1993

As per Rule 30 of the Tripura Panchayats (Administration) Rules, 1994 every Panchayat Samiti and Zilla Parishad shall hold a meeting once in a month on such date and time as may be fixed by the Sabhadhipati to discuss and to decide for implementation of various developmental works. Test check of records of one Zilla Parishad and 11 Panchayat Samitis revealed that Standing Committee Meetings were not held regularly as per the Act as shown in **Appendix 1.1**.

Non-holding of regular meetings indicated that the activities of the Zilla Parishad and Panchayat Samitis through different Standing Committees were not adequately monitored and reviewed. The roles and responsibilities of the Standing Committees are given in **Appendix 1.2**.

1.4 Financial profile

1.4.1 Fund flow to PRIs

The resource base of PRIs mainly consists of Panchayat Development Fund (PDF) and Central Finance Commission (CFC) grants for development and maintenance purposes. Besides, the PRIs receive funds under Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS) outside the State budget. The own sources of funds in PRIs is meager as there is no tax revenue in the PRIs. The fund-wise source and its custody for each tier and the fund flow arrangements in flagship schemes are given in following **Table 1.3** and **1.4** respectively. The authorities for reporting use of funds in respect of ZPs, PSs and GPs are Chief Executive Officer, Executive Officer and Panchayat Secretary respectively.

Table 1.3: Fund flow mechanism in PRIs.

Name of Fund	Zilla Parishads		Panchayat Samitis		Gram Panchayats	
	Source of fund	Custody of fund	Source of fund	Custody of fund	Source of fund	Custody of fund
Own receipts ¹	Assessees and users	Bank	Assessees and users	Bank	Assessees and users	Bank
PDF ²	State Govt.	-do-	State Govt.	-do-	State Govt.	-do-
CFC ³	GOI	-do-	GOI	-do-	GOI	-do-
MGNREGS ⁴	GOI	-do-	GOI	-do-	GOI	-do-

¹ Register of Ordinary Residents fees, Stall rent, Hall rent, Lease money from ponds etc.

² Panchayat Development Fund

³ Central Finance Commission

⁴ Mahatma Gandhi National Rural Employment Guarantee Scheme

Table 1.4: Fund flow arrangements in flagship schemes.

Sl. No.	Scheme	Fund flow
1	2	3
1	Central Finance Commission grants	Government of India transfers the fund to the State exchequer, which is released to the Rural Development (Panchayats) Department. The RD (Panchayats) Department transfers the fund to the respective bank accounts of ZPs, PSs and GPs.
2	Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS)	GOI and State Government transfer their respective shares of MGNREGA funds to the District Programme Coordinators (DPC) <i>i.e.</i> District Magistrate & Collector. DPC transfers the funds to ZPs, PSs and GPs through DRDA.

It is enjoined upon sanctioning authorities in Government of India (GOI) to ensure proper utilisation of grant money. This is achieved through receipt of progress reports, utilisation certificates by the implementing agencies. Each sanction of grant contains certain conditions of grants-in-aid mentioned in General Financial Rules.

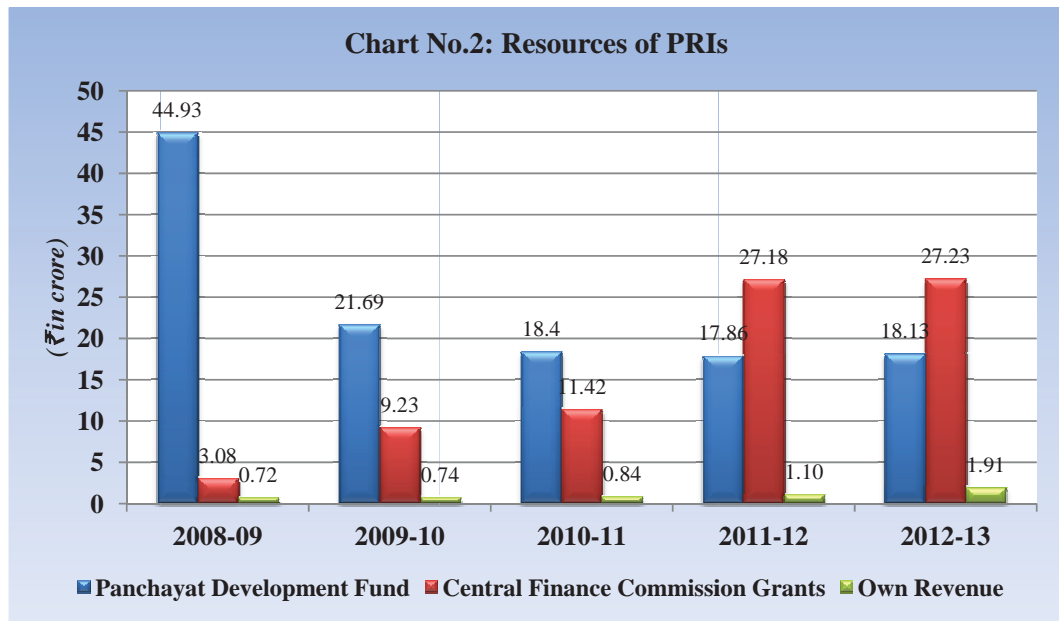
1.4.2 Resources: Trends and Composition

The following **Table 1.5** shows the trends of resources of PRIs for the period 2008-09 to 2012-13.

Table 1.5: Time series data on resources of PRIs.

Head	(₹ in crore)				
	2008-09	2009-10	2010-11	2011-12	2012-13
Panchayat Development Fund	44.93	21.69	18.40	17.86	18.13
Central Finance Commission grants	3.08	9.23	11.42	27.18	27.23
Own revenue	0.72	0.75	0.84	1.10	1.91
Total	48.73	31.67	30.66	46.14	47.27

Source: Audit Report on State Finances-2012-13.



The above table/chart shows that except 2008-09, the receipts of Panchayat Development Fund for the period from 2009-10 to 2012-13 almost remained static. However, Central Finance Commission grants during 2011-12 and 2012-13 had increased substantially as compared to previous years. The income from own revenue showed an increasing trend for the last five years.

1.4.3 Expenditure of PRIs.

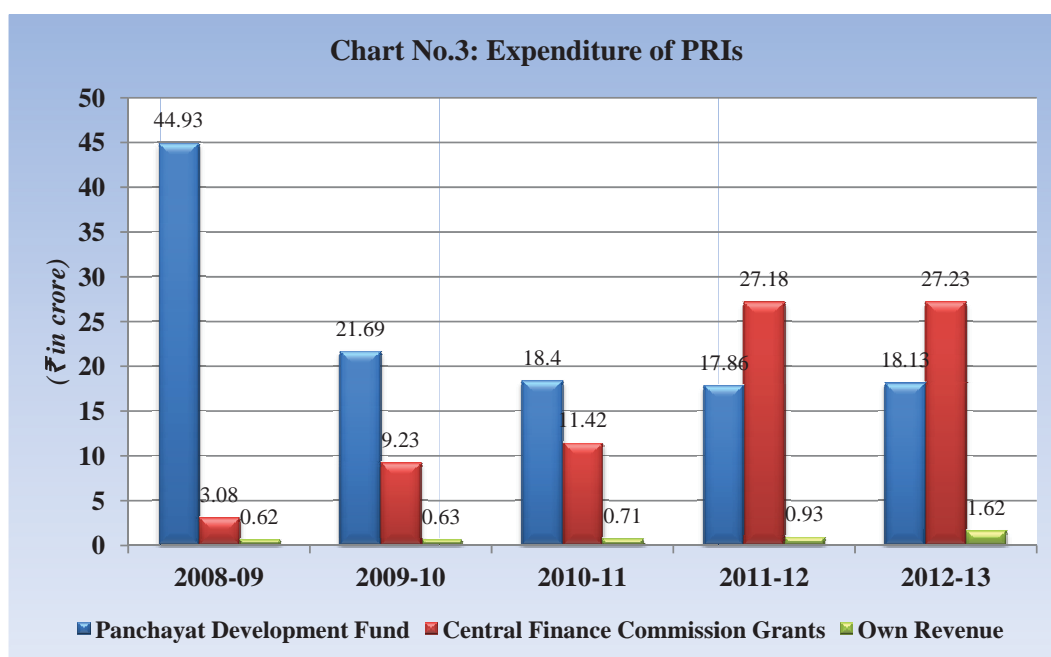
The expenditure of PRIs for the period from 2008-09 to 2012-13 is shown in **Table 1.6:**

Table 1.6:

Head	(₹ in crore)				
	2008-09	2009-10	2010-11	2011-12	2012-13
Panchayat Development Fund	44.93	21.69	18.40	17.86	18.13
Central Finance Commission grants	3.08	9.23	11.42	27.18	27.23
Own revenue	0.62	0.63	0.71	0.93	1.62
Total	48.63	31.55	30.53	45.97	46.98

Source: RD (Panchayats) Department.





The above chart shows *cent percent* utilisation of funds (receipts as per chart 2 above) under Panchayat Development Fund and Central Finance Commission grants in each financial year. The expenditure of PRIs from own revenue also shows an increasing trend since 2008-09 to 2012-13. Own revenue, though increased substantially in the year 2012-13, was still meager considering the total expenditure of the PRIs.

1.5 State Finance Commission

After enactment of the 73rd amendment to Constitution, the State Government constituted four State Finance Commissions (SFCs) to determine the principles on the basis of which adequate financial resources would be ensured for PRIs.

The First SFC was constituted in the year 1994. The recommendations of the First SFC were operative for five years starting from the year 1996-97. The Government constituted the Second SFC in the year 1999 and its reports were submitted in April, 2003. However, the State Government did not accept the recommendations of the Second SFC because the reports of the Second SFC were submitted late. Therefore, it was decided to continue the implementation of the recommendations of the First SFC till the Third SFC became operative. The Third SFC was constituted in March 2008 covering the period from 2010-11 to 2014-15. The Commission recommended the fund to be devolved to the PRIs and Rural Local Bodies (RLBs) under Sixth Schedule areas for the period from 2010-11 to 2014-15 as shown in the following table:



Table 1.7

(₹ in crore)

Item	2010-11	2011-12	2012-13	2013-14	2014-15
For PRIs only	26.80	29.25	31.95	35.00	38.30
For Rural Local Bodies of Sixth Schedule areas	19.60	21.52	23.86	26.03	28.52
Total	46.40	50.77	55.81	61.03	66.82

Source: Report of Third SFC

The State Government, however, accepted the recommendation of funds for PRIs and RLBs under Sixth Schedule. The Commission also recommended the following proposals *inter-alia* for augmentation of own revenue of PRIs:

(i) To motivate the Panchayats for increasing their own revenue it was proposed that Panchayats should acquire fisheries and horti-nurseries of their own and utilise these assets for supply of inputs to various developmental schemes and raise their own revenues.

(ii) All village markets should be managed and controlled by the Panchayats so that they can levy and collect tolls and taxes from those markets.

(iii) Panchayat Samitis may let out their Halls on rent to other departments and organisation against their requisition and generate some own revenues.

(iv) Service charge at nominal rate ranging from ₹ 5 to ₹ 50 may be realised from the beneficiaries who are provided significant individual benefits of durable nature from the Panchayats.

(v) Matching amount of additional grant equal to the amount of revenue collected by the Panchayats may be provided from the State Government as an incentive. This grant will be in addition to the amount provided under normal devolution accepted by the Government.

(vi) Rules for collection of Taxes, Tolls, Duties and Fees by the Panchayats to be framed and notified quickly.

It was, however, observed that the State Government accepted the three recommendations as mentioned at Sl. No (i) to (iii) and the recommendations at Sl. No. (iv) was not accepted. Regarding the implementation of the last two recommendations, the Government stated that these would be examined. The State Government had not framed any rules for collection of taxes, tolls, fees etc. till now.

The fourth SFC constituted in March 2013 was to submit the report to the State Government within six months, but had not submitted the same as of March 2014.

1.6 Devolution of Functions, Funds and Functionaries

1.6.1 Functions

The 73rd Constitutional amendment envisages transfer of functions, funds and functionaries relating to 29 subjects listed in the Eleventh Schedule of the Constitution of India to PRIs. Accordingly the State Government has devolved only five subjects⁵ to PRIs out of 29 subjects listed in the Eleventh Schedule of the Constitution (August, 2006 & August, 2007). The remaining 24 subjects were yet to be transferred.

1.6.2 Funds

The funds required for the implementation of the functions were to be devolved with the transfer of functions. However, funds for payment of wages of pump operators and power consumption charges only had been transferred to the PRIs.

1.6.3 Functionaries

The Gram Panchayats in the State implement a large number of Central/State sector schemes/programmes and substantial funds are released to the GPs. However, the GPs were not adequately equipped with qualified technical expertise. Besides, the transfer of functionaries to PRIs was not done and works of the PRIs were being performed by the State Government functionaries. The State Government appointed *Gram Rojgar Sahayak* on contract basis at GP level to maintain the records of MGNREGA works.

Thus, the State was yet to transfer all the functions, funds and functionaries as envisaged in the 73rd Constitutional amendment.

1.7 Powers of State Government over PRIs

1.7.1 Power of State Government to rescind or suspend resolution of Gram Panchayat, Panchayat Samiti or Zilla Parishad

1) As per Section 218 of Tripura Panchayat Act 1993 the State Government may, by order in writing, rescind any resolution passed by a Gram Panchayat, a Panchayat Samiti or a Zilla Parishad, if in its opinion such resolution- (a) has not been legally

⁵ Water Resources, (2) Primary School, (3) Adult and No-Formal Education, (4) Social Welfare including Welfare of the Handicapped and Mentally Retarded and (5) Women and Child Development.

passed; or (b) is in excess, or abuse of the powers conferred by or under this Act or in rules made there under.

2) The State Government shall, before taking any such action give the Gram Panchayat, the Panchayat Samiti, or the Zilla Parishad concerned an opportunity for making representation against the proposed order.

1.7.2 Power of State Government to make model regulations

Section 227 of the Tripura Panchayats Act 1993 provides that the State Government may, subject to the provisions of this Act and the rules made thereunder, after previous publication of the draft for not less than one month, make model regulations, detailed regulations and bye-laws for Gram Panchayat, Panchayat Samiti and Zilla Parishad.

1.7.3 Rules and orders to be laid before the House of the State Legislature

As per Section 228 of the Act, the State Government may, by notification published in the Official Gazette, make rules for carrying out the purposes of this Act.

Every rule made under the Act shall be laid as soon as after it is made, before the State Legislature while it is in session for a period of fourteen days which may be comprised in one session or in two or more successive sessions and if, before the expiry of the session in which it is so laid or sessions immediately following, the house agrees or makes any modification in the rule or the House agrees that the rules should not be made the rule shall thereafter have the effect or be effective only in such modified form or be of no effect, as the case may be, so however that any such modification or annulment shall be prejudice to the validity of anything previously done under that rule.

1.7.4 Disciplinary power of the State Government

The State Government shall have disciplinary control over the chief Executive Officer, the Additional Chief Executive Officer, Secretary and Officers and employees whose services are placed at the disposal of the Zilla Parishad under Section 158 of the Act.

1.8 District Planning Committee

In pursuance of Article 243 ZD of the Constitution of India and Section 222 of the Tripura Panchayats Act, 1993, the Government of Tripura constituted District

Planning Committee (DPC) in all the four⁶ districts in September 2008. The DPC consists of a Chairman, two Vice-Chairmen and some other elected representatives in each district. The District Magistrate & Collector is the Member Secretary of the Committee. In February 2012, State Government had decided that the existing DPCs shall have jurisdiction over the newly created/bifurcated (January 2012) four⁷ districts in the State.

The role and responsibility of the DPC is to consolidate the plans prepared by the Panchayats, Nagar Panchayats and the Sixth Schedule areas in the district as a whole. It is also empowered to take decisions on the development of the district. As per Section 222 of the Act, every DPC shall prepare draft development plan with regard to matters of common interest between the Zilla Parishads, the Panchayat Samitis, the Gram Panchayats, Notified Area authorities and Municipal authorities and other local authorities in the District including special planning, sharing of water and other physical and natural resources, integrated development of infrastructure and environmental conservation and the extent and type of available resources whether financial or otherwise and consult such institutions and organisations as the Government may by order specify. The Chairman of every DPC shall forward development plans as recommended by such committee to the State Government.

The North Tripura District had prepared the consolidated District Plan for the year 2010-11, 2011-12 and 2012-13 and sent to the Planning Department. Similarly, the West Tripura District also prepared District Plan for the year 2010-11, 2011-12 and 2012-13. However, the information regarding preparation of District Plan in respect of other districts was not furnished to Audit though called for.

1.9 Accountability framework

1.9.1 Appointment of Ombudsman

As per para 6.4.5 of the 13th Finance Commission the State Government must put in place a system of independent local body ombudsman who will look into complaints of corruption and mal-administration against the functionaries of local bodies, both elected members and officials, and recommend suitable action. All elected functionaries and officials in all Zilla Parishads and all municipal corporations and

⁶ West Tripura, South Tripura, Dhalai and North Tripura.

⁷ 1Shipahijala, Gomati, Khowai and Unokoti,

municipalities at least should come under the purview of ombudsman. However, the Government of Tripura had not yet appointed any ombudsman.

1.9.2 Audit mandate

1.9.2.1 Primary Auditor

The Government of Tripura, Finance Department framed the 'Tripura Local Fund Audit Rules 2011' for audit of accounts of local bodies by the Director, Local Fund Audit and in this regard a gazette notification was issued on 12.01.2012 for implementation of the rules. Rule 3 (1) provides that the State Government or such authority as it may direct, shall appoint a person to be Director, Local Fund Audit (LFA), and the following category of officers to assist him, namely:

- (a) Deputy Director,
- (b) Assistant Audit Officer,
- (c) Auditor/Senior Auditor, and
- (d) Chartered Accountants, as appointed under sub-rule (4) of Rule 3.

The Internal Audit Directorate of the State Government had been designated as Director of Local Fund Audit (DLFA). The audit of the accounts of the PRIs is conducted by DLFA. As per para 6.4.4 of the guidelines issued by the Ministry of Finance for release and utilization of the 13th Finance Commission grants the DLFA was required to prepare Annual Report on local bodies which must be placed before the State Legislature. However, DLFA had not prepared any such report till date (March 2014).

1.9.2.2 Audit by C&AG of India

C&AG conducts audit of substantially financed PRIs under section 14(1) of C&AG (DPC) Act, 1971. Further, the Government of Tripura had entrusted audit of accounts of PRIs under Section 20(1) of the DPC Act to CAG under Technical Guidance and Support arrangement in August 2011 as per recommendation of 13th Finance Commission and accordingly audit of PRIs was also being conducted by C&AG.

The transaction audit of one Zilla Parishad⁸, 11 Panchayat Samitis⁹ and 153 Gram Panchayats was conducted during 2013-14 covering the period upto March 2013.

⁸ Uttar Tripura Zilla Parishad.

1.9.3 Social Audit

The primary objective of social audit is to bring the activities of local bodies under close surveillance of the public and the latter to have access to records and documents of the former. Owing to this mechanism, the citizens should be able to have immediate access to information which would facilitate transparency and accountability in day to day functioning of local bodies. Social audit *inter alia* includes:

- Use of Gram Sabha and Ward Committees as important vehicles for spreading of awareness about social audit.
- Appointment of nodal officer at the level of Gram Sabha and Ward Committees who would register complaints and fix the date for social auditing.

MGNREGA scheme guidelines provide a central role to “Social Audits” as a means of continuous public vigilance. Social Audits were being conducted for MGNREGA works at the Gram Panchayat level.

1.10 Conclusion

Three tier PRIs had been set up in the State in conformity with the 73rd Amendment Act of the Constitution of India. The main thrust of the Act is to enable the rural local bodies to function as institution of rural self government. An effective mechanism to enable them to become self government is through the effective devolution of Functions, Funds and Functionaries. The State Government had devolved only five subjects out of 29 listed in the Eleventh Schedule of the Constitution to PRIs. Funds for payment of wages of pump operators and power consumption charges only had been transferred to the PRIs. The transfer of functionaries to PRIs was also not done. Thus, the State was yet to transfer all the functions, funds & functionaries as envisaged in the 73rd amendment of the Constitution to have an effective PRIs system. The DLFA was yet to prepare annual audit report on local bodies for placement before the State Legislature as per recommendation of 13th Finance Commission. The PRIs were yet to levy various taxes as per the provisions of Tripura Panchayats Act, 1993 to augment their own source of revenue.

⁹ Jirania, Teliamura, Bokafa, Gournagar, Khowai, Satchand, Amarpur, Matabari, Kumarghat Kadamtala and Hrishyamukh.

SECTION 'B'

FINANCIAL REPORTING

1.11 Framework

Financial reporting in the PRIs is a key element of accountability. Matters relating to drawal of funds, form of bills, incurring of expenditure and maintenance of primary financial records are governed by the provisions of the Tripura Panchayat Act and Rules and other departmental standing orders and instructions/guidelines.

1.12 Accounting system of PRIs

Rural Development (Panchayats) Department, Government of Tripura instructed PRIs to maintain the accounts in New Accounting Structure 2009 w.e.f 01.04.2010 as devised by the Ministry of Panchayati Raj, Government of India in consultation with the Comptroller and Auditor General of India. The PRIs started maintaining their accounts as per the new Accounting Structure from the year 2011-12. The PRIs also maintain their accounts in Panchayati Raj Institutions Accounting Software (PRIYASoft). Due to lack of internet connectivity in the GPs, the accounts in PRIYASoft are not being maintained on daily basis and the concerned Panchayat Secretaries maintain the same at the blocks in periodical manner with the help of Data Entry Operators.

1.13 Financial Reporting issues

1.13.1 Preparation of report of work

As per Rule 28(1) in the Tripura Panchayat (Administration) Rules, 1994, Panchayat Samitis were required to make reports pertaining to the work done related to the previous year and also prepare works to be undertaken in the next year to the Chief Executive Officer, Zilla Parishad and District Panchayat Officer before 15th May of the year.

However, it was observed that none of the test checked Panchayat Samitis prepared such report.

1.13.2 Annual Accounts

As provided under Section 175, Section 119 and Section 66 of the Tripura Panchayats Act, 1993, the Zilla Parishads, Panchayat Samitis and the Gram Panchayats shall keep such accounts in such form as may be prescribed. As per the Tripura Panchayats

(Administration) Rules 1994, the Chief Executive Officer of the Zilla Parishad is responsible for maintenance of accounts of Zilla Parishad and the Executive Officer of the Panchayat Samiti is responsible for maintenance of accounts of Panchayat Samiti. The accounts of the Gram Panchayats are maintained by Panchayat Secretaries.

The Director of Panchayats, Government of Tripura intimated (July 2013) that all tiers of the PRIs had prepared and finalised their accounts duly certified by the competent authority. However, test check of records of 165 PRIs¹⁰ revealed that the annual accounts for the year 2012-13 were neither prepared nor finalised. In the absence of the complete accounts the actual financial position of the respective PRIs could be not ascertained.

1.13.3 Budget Estimates

Budget is the most important tool for financial planning, accountability and control. As per provisions of Sections 64, 118 and 173 of the Tripura Panchayats Act, 1993, annual budget of Gram Panchayats, Panchayat Samitis and Zilla Parishads showing the estimated receipts and disbursement for the following year are required to be prepared and submitted to the Panchayat Samiti, Zilla Parishad and State Government respectively for approval. If the approval of the higher authority is not received within two months, or by the last day of the year i.e. 31st March whichever is earlier, the budget shall be deemed to have been approved by the prescribed authority. The Act further states that no expenditure shall be incurred unless the budget is approved by the prescribed authority.

Test check of the records of 153 Gram Panchayats, 11 Panchayat Samitis and one Zilla Parishad revealed that none of the PRIs prepared the budget of its estimated receipts and disbursement for the year 2012-13. Despite non-preparation of budget, the State Government was releasing funds to PRIs.

In the absence of Budget Estimates, the expenditure incurred by the PRIs was irregular and without budgetary controls.

¹⁰ 1 ZP, 11 PSs and 153 GPs

1.13.4 Database on finances of PRIs

On the recommendations of the EFC, database on finances were required to be maintained at all levels of PRIs for securing accountability and transparency in maintenance of accounts. Director of Panchayats, Government of Tripura intimated (November 2010) that State Government in the RD (Panchayats) Department had adopted the eight database formats on the finances of PRIs as prescribed by the C&AG and the data bases on the finances were being generally maintained by the PRIs. However, it was observed that Uttar Tripura Zilla Parishad, Teliamura Panchayat Samiti and Kalyanpur Panchayat Samiti did not maintain data bases.

1.13.5 Deficiencies in maintenance of Cash Book

While maintaining the Cash Book, the following points should be observed:

- (i) All monetary transactions should be entered in the Cash Book, as soon as they occur and attested by the Head of the Office in token of check.
- (ii) The Cash Book should be closed regularly and completely checked. The Head of the Office should verify the totaling of the Cash Book, or have this done by some responsible subordinate other than the writer of the Cash Book and initial it as correct.
- (iii) Further, at the end of each month, the Head of Office should verify the cash balance in the Cash Book and record a signed and dated certificate to that effect.
- (iv) Bank reconciliation statement should be prepared at the end of each month.

However, audit noticed that the above checks were not exercised in maintenance of Cash Book by two Panchayat Samitis¹¹. Without proper check in maintenance of Cash Book possibilities of loss, defalcation, embezzlement etc. could not be ruled out.

1.14 Conclusion

Proper financial reporting is the key element for accountability. The PRIs entrusted with public resources had the responsibility to manage these resources with utmost prudence. For this, budgets had to be prepared, accounts had to be maintained and monitoring of expenditure had to be done as per relevant Acts/guidelines/rules. It was noticed that none of the test-audited PRIs prepared budget estimates nor prepared the

¹¹ Teliamura and Kalyanpur

accounts for the year 2012-13. In the absence of annual accounts, the actual financial position could not be ascertained and making expenditure without preparation of budget estimates was in violation of the pertinent provisions of the Tripura Panchayats Act. Though, this issue was reported in our earlier reports as well, no compliance had been done on this account.