

CHAPTER II

AUDIT OF TRANSACTIONS (PANCHAYATI RAJ INSTITUTIONS)

2.1 Execution of non-permissible works

₹ 52 lakh was utilised towards non-permissible works under MGNREG Scheme.

The intention of the National Rural Employment Guarantee Act (NREGA) is to provide a basic employment guarantee in rural areas to enhance livelihood security by providing at least 100 days of guaranteed wage employment in a financial year to every household whose adult member volunteers to do unskilled manual work and to augment wage employment. Schedule-I, Para 1 of Operational Guidelines provides the lists of permissible works under the MGNREGA.

Test check (May 2013) of records of MGNREGA funds of two Programme Officers¹, revealed that some works valuing ₹ 52 lakh under MGNREGA had been executed at different Gram Panchayats which were not included in the list of permissible works viz, construction of market sheds, farmer shed, community halls etc. Besides, no record was made available to audit whether any notification was issued by the Central Government for taking up of such works under MGNREGA. Details are shown in **Appendix 2.1**.

Thus, execution of non-permissible works in violation of guidelines was irregular.

2.2 Diversion of PDF towards payment of power bills- ₹ 7.62 lakh

₹ 7.62 lakh was paid to Tripura State Electricity Corporation Limited being 20 per cent of power consumption bills from Panchayat Development Fund without collecting the same from the users of lift irrigation schemes.

As per decision of Government of Tripura for payment of Power Consumption bill for Lift Irrigation (LI) Scheme, users of the schemes are to pay 20 per cent of power consumption bills and 80 per cent is to be paid out of budget being transferred in favour of Panchayat Department from the budget of Water Resource, Public Works Department, Government of Tripura.

Test check (October 2013) of records of Kalyanpur Panchayat Samiti for the year 2011-12 and 2012-13 revealed that the user charges of LI schemes for the year 2011-

¹ Khowai for ₹ 7.35 lakh and Gournagar for ₹ 44.65 lakh.

12 and 2012-13 amounting to ₹ 7.62 lakh² were not realised from the users and further the amount was paid out of Panchayat Development Fund to Tripura State Electricity Corporation Limited (TSECL) being the 20 per cent power consumption bills for LI schemes which was irregular.

The Executive Officer stated (October 2013) that the matter for non-realisation of user charges would be forwarded to the higher authority. Reason for non-realisation of user charges, however, was not intimated to audit.

Thus, failure to collect the user charges of lift irrigation schemes resulted in irregular expenditure of ₹ 7.62 lakh.

2.3 Non-submission of utilisation certificates

Utilisation certificates to the extent of ₹ 4.94 crore were pending with the Implementing Agencies.

General Financial Rules provide that each drawing and disbursing officer should submit the utilisation certificate to the sanctioning authority certifying that all the funds drawn were fully utilised for the purpose for which it sanctioned.

During test check (December 2013) of records and information as furnished to audit for the year 2010-11 to 2012-13 of Kumarghat Panchayat Samiti it was seen that an amount of ₹ 5.83 crore was placed with four Implementing Agencies(IAs) for implementation of various projects under MGNREGA. The IAs, however, had not submitted utilisation certificates/adjustments for ₹ 4.94 crore till the date of audit (November, 2013), details are shown below:

(₹ in crore)

Sl. No.	Name of Implementing Agencies	Financial Year	Amount placed	Utilisation certificate pending
1	Chief Executive Officer cum Member Secretary, KLS,FDA,DFO, KLS Forest Division	2010-11	0.23	0.23
		2011-12	0.14	0.14
		2012-13	0.38	0.38
2	Superintendent of Fisheries, Kumarghat	2010-11	0.10	0.10
		2011-12	0.33	0.33
		2012-13	0.52	0.52
3	Zonal Development Officer, Machmara	2010-11	0.17	0.17
		2011-12	0.11	0.11
		2012-13	2.40	2.40
4	Supdt. of Horticulture, Kumarghat	2011-12	0.87	0.38
		2012-13	0.58	0.18
Total:			5.83	4.94

² 2011-12: ₹ 2.67 lakh ; 2012-13: ₹ 4.95 lakh.

Due to non submission of utilisation certificate/adjustment vouchers by the IAs, it could not be ascertained whether the funds were utilised for the purpose for which it was sanctioned.

During discussion, the Programme Officer/Executive Officer stated that necessary arrangement would be made with line departments for submission of utilisation certificates/adjustments.

Latest position had not been intimated to audit (March 2014).

2.4 Parking of funds

Matabari Panchayat Samiti had parked ₹ 26.92 lakh under different schemes in bank account.

As a general rule, system of drawal of funds in excess of requirement or in anticipation of demands or to prevent the lapse of budget grants and keeping the same in the bank accounts for future use is not admissible by financial rules, as it might lead to loss or misappropriation of Government fund.

Scrutiny (November 2013) of records of Matabari Panchayat Samiti, Gomati District for the year 2011-12 and 2012-13 revealed that a total of ₹ 26.92 lakh was lying in the savings bank account of Tripura State Cooperative Bank, Udaipur Branch without utilisation for the period ranging from six months to 96 months as on 31st March 2013. The funds were mainly related to Panchayat Development Fund and 13th Finance Commission grants (**Appendix 2.2**). Non-utilisation or delay in utilisation of funds indicates deprivation of intended benefit of the schemes to the poor in time. Reason for non utilisation of funds, however, was not on record.

The Executive Officer stated that necessary steps would be taken in consultation with Panchayat Samiti for early utilisation of funds.

Latest position had not been furnished (March 2014).

2.5 Un-adjusted advances

Advances given to Implementing Officers for implementation of developmental works remained un-adjusted.

Advances made to individuals/implementing officers for developmental works should be promptly adjusted and the unspent balances refunded/recovered immediately.

Test check (April 2013) of records of Jirania Panchayat Samiti for the year 2011-12 and 2012-13 revealed that advances given to Implementing Officers (IOs) during 2011-12 and 2012-13 were yet to be adjusted. The advances were given to 26 IOs for implementation of developmental works under Panchayat Development Fund and 13th Finance Commission grants during 2011-12 and 2012-13. It was noticed that the IOs had not submitted adjustments for ₹ 57.97 lakh and remained outstanding with them till the date of audit (April 2013). The details are shown in **Appendix 2.3**.

Advances remaining outstanding for prolonged period may result in loss of Government money/embezzlement etc.

The Executive Officer stated (April 2013) that necessary steps would be taken to obtain adjustment vouchers from the IOs.

Latest position had not been furnished (March 2014).

2.6 Outstanding rent

Stall rent of ₹ 1,19,125 and lease rent of ₹ 1,10,500 remained outstanding in respect of Matabari Panchayat Samiti.

During test check (November 2013) of the records of Matabari Panchayat Samiti for the 2011-12 and 2012-13 it was observed that market stall rent of ₹ 1,19,125 and lease rent of ₹ 1,10,500 of fishery ponds remained outstanding till the date of audit as shown below:

Outstanding stall rent

(In ₹)

Place of market	No. of market stall	Rate of rent per stall per month	Stall rent collected	Stall rent outstanding
Matabari Temple	19	125	1,00,500	1,19,125

Outstanding lease rent

(In ₹)

No. of fishery pond	Rate of lease rent per hectare per year	Lease rent collected	Lease rent Outstanding
6 (25.95 hectare)	10000 per hectare per year	1,49,000	1,10,500

On this being pointed out, the Executive Officer assured that steps would be taken to realise the outstanding stall rent and lease rent.

Latest position had not been intimated (March 2014).

2.7 Non-deduction of Value Added Tax

Bokafa Panchayat Samiti paid ₹ 4,26,557 to the suppliers for purchase of timbers and furniture without deducting Value Added Tax of ₹ 45,356.

Tripura Value Added Tax Act, 2004 states that every dealer shall be required to pay tax on the sale value of taxable goods at every stage of sales of those goods till the sale to consumer at the rate specified in the schedule of the Tripura Value Added Tax Act, 2004 and no dealer, while being liable to pay tax under this Act shall carry on business as a dealer unless he has been registered and possesses a certificate of registration.

During test check (April 2013) of records of Bokafa Panchayat Samiti for the year 2012-13, it was noticed that an amount of ₹ 4,26,557 was paid to different suppliers for purchase of timbers/wood, steel furniture etc. without deducting VAT (applicable as per the Tripura Value Added Tax Act). Thus, VAT deductible on the above purchases worked out to ₹ 45,356. Details are shown in **Appendix 2.4**.

On this being pointed out in audit, the Executive Officer of the Panchayat Samiti stated (April 2013) that clearance certificate had been produced by the suppliers regarding VAT etc. However, no such tax clearance certificate could be shown to audit.

2.8 Conclusion and recommendations

Non-permissible works, diversion of fund, un-adjusted advances, outstanding revenue, and non-deduction of VAT etc. indicated that internal control mechanism was not effective.

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

- Execution of non-permissible works should be avoided;
- Outstanding advances should be adjusted promptly;
- User charges for lift irrigation scheme should be collected; and
- Internal control mechanism should be strengthened.