

OVERVIEW

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This report contains four chapters. Chapter 1 provides an overview of Panchayati Raj Institutions detailing organisational structure, powers and functions, flow of fund, budget allocation, Finance Commission Grants etc. Chapters 2 and 3 present findings/observations on Financial Management and Implementation of Schemes. Chapter - 4 includes audit of transactions relates to examination of transactions relating to receipts and expenditure of the audited institutions to ascertain whether the provisions of guidelines, applicable rules, regulations and various orders and instructions issued by the competent authorities are being complied with. A synopsis of the chapters is presented in the overview.

1. An Overview of PRIs

There was a short release of ₹ 1,544.51 crore to PRIs against the provision made in the budget by P&RDD during 2007-12 except during 2009-10 and shortfall was ranged from seven to 28 *per cent* of budget allocation.

Expenditure under Plan and Non Plan head during 2011-12 was increased by 32 and 48 *per cent* respectively in comparison to 2010-11. Total receipts and expenditure under schematic fund was increased by 126 *per cent* and 161 *per cent* respectively during 2011-12 in comparison to 2007-08.

PRIs expended 40 to 63 *per cent* towards poverty alleviation programmes. Own Source Revenue (OSR) constituted only one to four *per cent* of total receipts of PRIs during 2007-11.

(Paragraph 1.6.1)

Out of grants received during 2010-12 under the recommendations of Thirteenth Finance Commission, PRIs spent ₹ 4.02 crore towards safe drinking water which was only 12 *per cent* of the earmarked fund (₹ 33.51 crore). No amount has spent from Special Area Basic Grants of ₹ 2.40 crore. Further, ₹ 41.08 crore was earmarked for maintenance of road constructed under PMGSY/RIDF and placed at ZP level from the first installment. But no fund was utilised from the

allocation during 2011-12. No fund was earmarked and released for maintenance of existing e-governance system.

(Paragraph 1.7)

During 2009-12 State Government released only ₹ 790.77 crore against ₹ 2051.24 crore recommended for 2009-12. Moreover, instead of progressive increase of allocation, release was decreased during 2011-12.

(Paragraph 1.10)

2. Financial management

Audit of 17 ZPs, one MP, 142 PSs and 3215 GPs showed that PRIs did not adhere to general precepts of financial management and Rules framed for proper accounting procedure. Non-compliance of the rules resulted in non-preparation of budget estimates, appropriation of revenues, balances were not reconciliation of balances, poor collection of revenue, diversion of funds, misappropriation of funds, accumulation of lapsed cheques and huge unadjusted advances. Such financial irregularities are detailed below:

Forty six PRIs spent ₹ 158.31 crore without preparing any budget estimate during 2007-11 and 479 PRIs expended ₹ 157.14 crore in excess of budget provision during 2008-11.

(Paragraph 2.2)

During 2010-11, 70 GPs directly spent ₹ 0.13 crore towards miscellaneous payments out of the revenues collected from time to time before depositing those revenues into their respective GP fund accounts.

(Paragraph 2.3)

Ninety eight PRIs did not reconcile difference of ₹ 23.74 crore between Cash Book and Pass Book balances of Banks and Treasuries as on 31 March 2011.

(Paragraph 2.4)

Two thousand seven hundred and ten GPs failed to collect 76 per cent of land and building tax amounting to ₹ 88.39 crore and 70 GPs did not impose taxes

on land and building during 2010-11.

(Paragraphs 2.5 & 2.6)

The rent collector of Jalpaiguri ZP did not deposit rent of ₹ 0.25 lakh collected from Moynaguri Super Market Complex between 26.03.2010 to 24.11.2010.

Cashier of Harischandrapur II PS did not take the value of self cheque drawn for ₹ 0.06 lakh in liquid cash but booked the amount as expenditure. Further, ₹ 0.20 lakh was defalcated by the cashier from Total Sanitation Campaign Subsidiary cash book by not carried forward the closing balance.

(Paragraph 2.9)

Hooghly ZP and six PSs diverted/ transferred scheme funds of ₹ 3.89 lakh, thereby frustrating the objective of the schemes.

(Paragraph 2.11)

Three hundred and ninety three PRIs did not write back value of 2968 lapsed cheques into their accounts and ₹ 8.30 crore remained idle for years together being outside the scope of utilisation.

(Paragraph 2.12)

PRIs observe prescribed rules for adjustment of advances and advance of ₹ 10.79 crore remain unadjusted due to financial indiscipline, laxity in getting adjustment of advance and allowing subsequent advances to same individual before adjustment of previous advance.

(Paragraph 2.14)

3. Implementation of Schemes

Several centrally sponsored schemes are being implemented by PRIs in pursuance of the guidelines issued in this behalf. In 2011-12, PRIs expended ₹ 854.12 crore, ₹ 2,959.04 crore and ₹ 219.94 crore on IAY, MGNREGS and TSC respectively but failed to provide at least 100 days of guaranteed employment in a financial year. Delayed payment of wages, failure to achieve the estimated mandays, absence of photographs on job cards, failure to create durable assets

and also to conduct social audit indicated significant deviations from the guidelines. There were also irregularities in selection of IAY beneficiaries, failure to achieve the target for construction of latrine and monitoring over execution of schemes under TSC, which are mentioned below:

Two thousand five hundred and ninety GPs could not provide 100 days of employment to any households in the FY 2010-11. One thousand four hundred and ninety two GPs could not create durable assets even after expending ₹ 546.73 crore under MGNREGS during 2010-11.

(Paragraph 3.1.3.1 and 3.1.3.2)

Three hundred and ninety two GPs did not issue job cards to 83,49,037 registered families though applied for the same. No reason was found on record. Photographs of adult members of households were not affixed on any job cards in 1,065 GPs.

(Paragraph 3.1.3.3)

Seventy four GPs could not provide employment to 18,953 job applicants during 2010-11 and no unemployment allowance was also paid to those applicants in contravention of provisions of the scheme guideline.

(Paragraph 3.1.3.4)

Ten GPs expended ₹ 5.91 crore during 2010-11 without preparing any Annual Action Plan under MGNREGS and 74 GPs executed MGNREGS works without taking technical and administrative approval from respective Programme Officer.

(Paragraphs 3.1.3.5 and 3.1.3.6)

Wages were not disbursed within prescribed time in 873 and labourers were also not compensated for delay payment.

(Paragraph 3.1.3.7)

Social audit forums were not formed in 230 GPs and social audit was not conducted in 260 GPs. In 312 GPs, the objections raised during audit were not settled during 2010-11.

(Paragraphs 3.1.3.8)

Sixteen GPs did not maintain MB/MS in respect of 823 works valuing ₹ 10.36 crore during 2010-11 while 532 GPs did not send the completion reports along with photographs of 24,617 works under MGNREGS to the PO.

(Paragraphs 3.1.3.9 and 3.1.3.10)

In 2057 cases, 23 PSs allotted ₹ 4.86 crore during 2010-11 solely to male members of family, in violation of IAY guidelines.

(Paragraphs 3.2.3)

In 10 PSs, the overall performance in construction of sanitary latrine in HHL/School/SSK/MSK/ICDS were far from satisfactory level though a huge sum of ₹ 2.41 crore remained unutilized at the end of 2011.

(Paragraphs 3.3.3)

4. Audit of transactions

Paschim Medinipur, Jalpaiguri and Coochbehar ZPs did not consider nearest availability of materials while execution of road works and incurred an avoidable expenditure of ₹ 82.65 lakh towards costly road metals in lieu of cost effective schedule approved materials available at nearest quarry.

(Paragraph 4.1.2)

Paschim Medinipur and Coochbehar ZPs did not adhere to the provisions of Schedule of Rates and incurred excess expenditure of ₹ 28.32 lakh.

(Paragraph 4.1.3)

Jalpaiguri ZP made payment of ₹ 30.58 lakh to the contractor on the basis of false royalty challans without verifying authenticity of the document.

(Paragraph 4.1.6)

Coochbehar ZP extended undue favour of ₹ 26.82 lakh due to non adherence to Schedule of Rates and also lack of internal control mechanism in monitoring works executed by contractors in respect of strengthening and widening of three roads.

(Paragraph 4.1.7)

Kanksa Gram Panchayat expended ₹ 10.70 lakh towards infrastructural development, Schools, Clubs etc. Absence of measurement of the works, certificate of correctness of the engineer, periodicity of work, approval of executive body and tender procedure in turned the expenditure doubtful.

(Paragraph 4.1.8)

Revenue of ₹ 96.54 lakh was forgone by North 24 Parganas ZP due to extension of unauthorised concession of development charges and failure to implement new rates of development charges after September 2008.

(Paragraph 4.1.9)

Willful change of site of execution for muslim girls' hostel led to litigation and inability of Arambagh Panchayat Samiti to resolve the issue resulted in unfruitful expenditure of ₹ 49.20 lakh towards the incomplete hostel besides contractor's demand of compensation of ₹ 1.58 lakh.

(Paragraph 4.3.2)

Sixty nine PRIs failed to augment revenue of ₹ 7.82 crore due to inertia in collection, non implementation of the bye- laws framed and absence of formal agreement.

(Paragraph 4.4.1)