

## OVERVIEW

*This Report contains four chapters. The first and the third chapter contain a summary of finances and accounts of Panchayati Raj Institutions (PRIs) and Urban Local Bodies (ULBs) respectively. The second chapter contains one Performance Audit, one Compliance Audit paragraph and two individual paragraphs based on the Audit of financial transactions of PRIs. The fourth chapter contains one Compliance Audit paragraph and four individual paragraphs on the Audit of financial transactions of ULBs. A synopsis of the findings contained in the Performance Audit and Compliance Audits are presented in this overview.*

### 1 An overview of Finances and Accounts of Panchayati Raj Institutions

*A review of finances of PRIs revealed that the spirit of the Constitutional Amendment for the PRIs to function as Local Self Government Institutions was not fulfilled substantially as the State Government had not yet devolved 10 functions out of 29 functions to the PRIs as envisaged in the 11th Schedule of the Constitution. Though, the District Planning Committees (DPCs) were constituted in 23 districts, meetings of DPC were held in only five districts. Prescribed periodicity for constitution of State Finance Commissions (SFCs) was not maintained and the report of the 3rd SFC submitted in December 2013 was yet to be placed before the legislature due to pending Action Taken Reports on the report from the State Government Departments. Amounts of ₹ 1.61 crore of Twelfth Finance Commission (TwFC) and ₹ 302.54 crore of Thirteenth Finance Commission (ThFC) were lying unspent. Formats of Model Accounting System (MAS) prescribed by the Comptroller and Auditor General of India (CAG) have not been operationalised as yet. The huge number of Audit paragraphs of the CAG and Examiner Local Fund Audit (ELFA) indicated weak internal control systems in PRIs.*

*(Paragraph 1.1 to 1.13)*

### 2 Implementation of Integrated Watershed Management Programme

*The Performance Audit of “Implementation of Integrated Watershed Management Programme (IWMP)” revealed that :*

- In five test-checked districts, areas already treated in pre-watershed programmes (7,933.45 hectares) and canal irrigation areas (1,456.30 hectares) were included in the project in contravention to the provisions of the programme guidelines.*
- In four test-checked districts, 51,734.20 hectares (₹ 68.83 crore) of land were selected in 11 projects without considering geo-contiguity and in*

*five test-checked districts, 35,445.87 hectares (₹ 44.10 crore) of land were selected in eight projects without considering hydrological contiguity contrary to the 'cluster approach' envisaged in the programme guidelines.*

- *Seven projects of Navsari district and one project of Bhavnagar district were taken up first though they were required to be taken up later as per priority fixed by Gujarat State Watershed Management Agency (GSWMA).*
- *The expenditure against available funds during 2009-14 ranged between one and 58 per cent.*
- *Contour trenches costing ₹ 87.80 lakh in nine projects of five test-checked districts were not constructed in areas with adequate slopes as envisaged in the technical manual.*
- *Proper sites were not selected for construction of watershed structures such as: 26 check dams were constructed (₹ 90.71 lakh) at sites where there was no stream, gabion structures (₹ 45.48 lakh) constructed under the programme was not as per the design, check wall was constructed on a farm boundary where there was no flow of water or stream, the level of 164 field outlets constructed (₹ 29.96 lakh) was below the field level, farm ponds constructed were found empty in July 2014, etc.*
- *Infrastructure created under the programme were not put to use viz. water storage structures were not utilised for want of water connection from Gujarat Water Supply and Sewerage Board and Reverse Osmosis plants were lying uninstalled due to non-creation of required infrastructure by the village panchayats.*
- *Funds for creation of Revolving Funds were not provided to Self Help Groups (SHGs)/Self Help Federations (SHFs) under the livelihood component of the programme.*
- *Desired outcome of income generation was not achieved under the activity of vermi composting in test-checked districts.*
- *Payment of ₹ 8.23 crore pertaining to supply of materials and wages to labourers were made in cash under 25 projects, in eight test-checked districts in contravention to provision in guidelines.*
- *In six test-checked districts, 368 labourers were shown to have worked at two different places during same period and a payment of ₹ 13.12 lakh was made to them. In three test-checked districts, 152 labourers were paid ₹ 4.03 lakh on blank muster rolls.*
- *Instances of suspected misappropriation of ₹ 9.04 lakh in IWMP-3 of Dahod district, ₹ 1.81 lakh in IWMP-5 and ₹ 0.12 lakh in IWMP-10 of Narmada district and ₹ 0.69 lakh in IWMP-9 of Vadodara district were noticed in Audit.*

- *Convergence of IWMP with other schemes was not taken up in any test-checked district though it was emphasised in the guidelines and Detailed Project Report.*
- *Monitoring and Evaluation system was not effective.*

*(Paragraph 2.1.1 to 2.1.17)*

### **3 Implementation of Setting-up of *haats* for promotion of rural products at village, district and State levels under Swarnjayanti Gram Swarozgar Yojana**

*The Audit of “Implementation of Setting-up of haats for promotion of rural products at village, district and State levels under Swarnjayanti Gram Swarozgar Yojana” revealed that as against total funds of ₹ 6.07 crore received during 2009-14, only ₹ 3.10 crore was utilised for construction of haats. Proposals for construction of haats at district and State levels were not submitted to Government of India by the State Government and construction of only 32 out of 75 sanctioned village haats had been taken up in the State. During joint field visit of 15 completed village haats in eight test-checked districts, it was observed that 10 haats were not operational and four were partially operational due to non-availability of targeted beneficiaries and non-construction of haats in existing place of marketing. At Zadeshwar village haat, district Bharuch, expenditure of ₹ 3.88 lakh incurred proved wasteful due to faulty design of roof, as fibre-reinforced plastic sheets were used instead of reinforced cement concrete slabs, which also got damaged during the monsoon. Monitoring of the implementation of the scheme by Commissioner of Rural Development was found to be deficient. Rural Haat Management Committees for completed village haats were found to have been constituted only in three out of 15 village haats, which were jointly visited.*

*(Paragraph 2.2.1 to 2.2.6)*

### **4 Suspected fraudulent payment of ₹ 8.20 lakh and doubtful payment of ₹ 37.32 lakh for Vermi Compost Beds created under Backward Region Grant Fund**

*Failure of District Rural Development Agency, Dahod in monitoring and of Gujarat State Rural Development Corporation, Vadodara in ensuring satisfactory execution of work resulted in suspected fraudulent payment of ₹ 8.20 lakh and doubtful payment of ₹ 37.32 lakh on creation of Vermi Compost Beds under Backward Region Grant Fund.*

*(Paragraph 2.3)*

## **5 Excess payment towards price variations due to adoption of incorrect star rate**

*Non-adherence to tender stipulations and Government directions resulted in excess payment of ₹ 3.30 crore towards price variation for asphalt used in the construction of roads.*

*(Paragraph 2.4)*

## **6 An Overview of Finances and Accounts of Urban Local Bodies**

*A review of finances of Urban Local Bodies (ULBs) revealed that their total expenditure increased against total receipt during the year 2013-14; however, the collection of own revenue of ULBs decreased by seven per cent in 2013-14 as compared to the own revenue collected by them in 2012-13. As of March 2014, an unspent grant amount of ₹ 246.14 crore of ThFC was lying with the Nagapalikas and Municipal Corporations. Non-compliance of conditions stipulated by the ThFC resulted in loss of central assistance (General Performance Grant) of ₹ 241.85 crore as against the allocated grant for the period 2010-14. State's Municipal Accounts Manual has also not been finalised. The Audit by ELFA was found to be in arrears. The Department failed to ensure prompt and timely action by executives of ULBs to the Audit objections raised by ELFA and the CAG.*

*(Paragraph 3.1. to 3.8)*

## **7 Construction and Utilisation of shopping complexes by Nagarpalikas under Integrated Development of Small and Medium Towns (IDSMT) Scheme**

*The Audit of "Construction and Utilisation of shopping complexes by Nagarpalikas under Integrated Development of Small and Medium Towns (IDSMT) Scheme" revealed that the objective of internal resource generation for NPs as envisaged under the scheme was not achieved due to deficient planning and execution. While construction in a number of shopping complexes was not taken up, in others, shops/stalls remained unutilised due to a combination of factors like non-finalisation of upset price, auction process not initiated and permission for auction not received from authorities, etc. Lack of monitoring by the nodal agencies also contributed to the scheme not meeting its desired outcomes.*

*(Paragraph 4.1.1 to 4.1.7)*

## **8 Loss of revenue to Vadodara Municipal Corporation of ₹ 1.97 crore due to failure of the agency to deliver guaranteed power generation**

*Failure to deliver guaranteed power generation by the agency during the Operation and Maintenance period resulted in loss of revenue to Vadodara Municipal Corporation of ₹ 1.97 crore.*

*(Paragraph 4.2)*

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## **9 Loss of Non–Tax Revenue to the tune of ₹ 64.54 lakh to Vadodara Municipal Corporation**

*Imprudent action on the part of Vadodara Municipal Corporation for awarding the contract for display of advertisement on kiosk boards fixed on electric poles in the city resulted in loss of non–tax revenue to the tune of ₹ 64.54 lakh.*

*(Paragraph 4.3)*

## **10 Excess payment of ₹ 43.37 lakh towards price variation due to adoption of incorrect star rate**

*Non-adherence to Government directions resulted in excess payment of ₹ 43.37 lakh towards price variation for asphalt used in the construction of a road work executed by Vadodara Municipal Corporation.*

*(Paragraph 4.4)*

## **11 Avoidable expenditure due to excess contracted demand**

*Improper assessment of High Tension Power contract demand and non-revision of contract demand based on actual requirement of load resulted in avoidable expenditure of ₹ 36.45 lakh.*

*(Paragraph 4.5)*

