

# OVERVIEW

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This Report contains four chapters, Chapter I and II contain an overview, including financial reporting and audit observations on the Panchayati Raj Institutions (PRIs) and Chapters III and IV contain overview, including financial reporting and audit observations on the Urban Local Bodies (ULBs) followed by recommendations.

### **Profile of Panchayati Raj Institutions (PRIs)**

There are four Zila Parishads (ZPs) and 161 Gram Panchayats (GPs) in the State. Audit observed several deficiencies in the working of the Panchayati Raj Institutions. Expenditure was incurred without approval of budget estimates. Important registers like Principal Cash Book, Advance Register, Cheque Receipt and Issue Register, Stock and Issue Register *etc.* were not maintained. Reconciliation between cash books and bank pass books were not carried out. Model Accounting System for PRIs prescribed by the Ministry of Panchayati Raj, Government of India in consultation with the CAG of India was not adopted in any of the GPs and ZPs as of March 2014.

**(Chapter I)**

### **Results of audit of Panchayati Raj Institutions**

In two GPs an amount of ₹ 20.68 lakh from MGNREGS fund were deducted at District Programme Coordinator (DPC) level for payment of insurance premium for workers without their willingness. In three GPs and one ZP, ₹ 23.00 lakh was credited to the accounts of job card holders after a delay ranging from 25 days to 239 days and ₹ 14.74 lakh was yet to be credited (June 2013). There is a suspected misappropriation of Compensation and Assignment funds to the tune of ₹ 17.47 lakh in one ZP. In three GPs, ₹ 47.22 lakh paid as advance remained outstanding for almost three years. Two GPs did not produce records worth ₹ 21.64 lakh relating to Second State Finance Commissions Grants. Nine test checked GPs neither maintained accounts nor created data base despite incurring of ₹ 5.30 lakh on it. One ZP and seven GPs diverted a sum of ₹ 31.75 lakh on inadmissible items of works.

**(Chapter II)**

### **Profile of Urban Local Bodies (ULBs)**

There are nine Municipal Councils (MCs), 18 Nagar Panchayats (NPs) and one Small Town Committee in the State. Overall control of the ULBs rests with Principal Secretary, Manipur Administration Housing and Urban Development (MAHUD) to the Government of Manipur, assisted by Director, MAHUD. Annual Action Plan was not prepared by any of the 10 test checked ULBs. None of the test checked ULBs had adopted the National Municipal Accounts Manual (NMAM) as of March 2014. Further, the ULBs also did not maintain Issue Register of Receipts Books, Demand Register, Advance Register and Works Register.

**(Chapter III)**

### **Results of audit of Urban Local Bodies**

Imphal MC and Lilong NP incurred an expenditure of ₹ 158.22 lakh out of SJSRY fund for payment of wages against the Scheme guidelines. Possible misappropriation of ₹ 19.75 lakh in procurement of Tubular Steel in works under SFC fund could not be ruled out.

Moirang MC had diverted ₹ 42.82 lakh of Second SFC grants to other works without approval of the Government. Kakching Khunou NP and Lilong NP could not produce records related to expenditure made out of Thirteenth Finance Commission grants. Imphal MC incurred an excess expenditure of ₹ 29.04 lakh on payment of honorarium above the prescribed rate to Chairperson, Vice-Chairperson and Councilors. Imphal MC and Thoubal MC suffered loss of revenue of ₹ 100.55 lakh due to non-collection of rent from the shop keepers/ vendors site.

**(Chapter IV)**