

Chapter-II

Results of audit of Panchayti Raj Institutions

2.1 Non-handing over of cash by the Sarpanches

Section 87 of the Punjab Panchayti Raj Act, 1994 provides that the Sarpanch shall be responsible for the safe custody of the movable property of the GP and such of its records and immovable property belonging to or vesting in the GP shall also remain in his charge and he is required to hand over complete charge of such record and property to Executive Officer, Panchayat Samiti (EOPS) before filing of his nomination papers for election or on vacation of his office, failing which EOPS may apply to Executive Magistrate for securing from such Sarpanch such records or property as the case may be. Further, Section 87(6) provides that 'Notwithstanding anything contained in this Act, whoever, in contravention of the provisions of this section wilfully evades the handing over of such record or property shall, on conviction by Judicial Magistrate of the first class be punishable with imprisonment either description which may extend to three years or with fine or with both'.

Scrutiny of records (between April 2014 to March 2015) of eight GPs of three blocks however showed that ₹ 7.85 lakh had not been handed over by the then Sarpanches to the concerned BDPOs (*Appendix-V*).

On being enquired (May 2016), the concerned BDPOs stated that notices have been issued to the ex-sarpanches to deposit the amount.

2.2 Irregular cash withdrawals from bank through self-cheques

Rule 24 (8) of Punjab Panchayti Raj (Gram Panchayat) Rules, 2012 provides that amount shall be drawn only through cheques. Payment to third parties for the amount exceeding ₹ 5,000 shall also be made through account payees cheques.

Scrutiny of records in 64 GPs and six PSs showed that ₹ 2.17 crore (*Appendix-VI*) were withdrawn from the banks through self/bearer cheques in contravention to the provision of rules *ibid*. The officers of the concerned PRIs, while admitting (May 2014-January 2015) the audit observation, noted the same for future compliance. However, no reasons for withdrawal of funds through self/bearer cheques were furnished (May 2016).

2.3 Short collection

The Department of Rural Development and Panchayats, Government of Punjab issued (December 2012) instructions that 20 *per cent* of the income resulting to the GP for the last three years from the auction of shamlat land¹ of

¹ Common land belonging to GP.

GP should be deposited with PS so that the salary/wages could be paid to the workers of the Panchayat Samitis.

Scrutiny of records (between April 2014 and March 2015) in the offices of six PSs (Attari, Faridkot, Ropar, Samana, Sangrur and Sirhind) showed that instructions *ibid* were not followed as an amount of ₹ 1.50 crore was deposited against the requisite amount of ₹ 3.79 crore (₹ 18.93 crore receipt as income of shamlat land) by 415 GPs during 2014-15 resulting in short deposit of ₹ 2.28 crore (*Appendix-VII*) with PSs.

The concerned Executive Officers stated (June 2014-December 2014) that the balance amount would be collected from the concerned GPs.

2.4 Execution of works without estimates

Para 2.89 of Punjab Public Works Department Code provides that no work shall be commenced unless a properly detailed design and estimate has been sanctioned, allotment of funds made and orders for its commencement issued by the competent authority.

Scrutiny of records (May 2014-December 2015) showed that in 14 Gram Panchayats of four blocks (*Appendix-VIII*) an expenditure of ₹ 1.96 crore was incurred on various works, which had been completed, without preparation of estimates in contravention of the provisions *ibid*. In the absence of estimates, reasonableness of quantities of works executed could not be ascertained in audit.

The concerned BDPOs admitted the facts and stated (May 2014-December 2015) that the compliance would be made in future.

2.5 Unauthorised occupation of shamlat land

Rule (5) (2) of Punjab Public Premises and Land (Eviction and Rent Recovery) Act, 1973 relating to eviction of unauthorized persons provides that if any person refuses or fails to comply with the order of eviction within thirty days of the date of its publication under sub-section (I), the Collector or any other officer duly authorized by him in this behalf may evict that person from, and take possession of the public premises and may, for that purpose, use such force as may be necessary.

Examination of records of EOPS, Bhogpur showed that land measuring 116 acres, 7 kanal and 14 marlas valuing ₹ 17.79 lakh (as per collector rate) of eleven GPs (Akhara, Bulle, Bullawal, Badala, Charke, Dhadda, Laroi, Mumandpur, Shakarpur, Sohalpur and Tandi) was under unauthorized occupation of various persons. However, no action had been taken by the EOPS to get the possession of land for which no reasons were given.

The department stated (September 2014) that matter would be taken up with higher authorities for vacation of the unauthorized occupation of land.

2.6 Non-production of vouchers

Rule 2.20 of Punjab Financial Rules (Volume-I), provides that every payment made should be supported with relevant vouchers and actual payee receipt.

During test check of records in 16 GPs of six blocks, no supporting vouchers were produced to audit against the expenditure of ₹ 23.24 lakh incurred under various schemes/grants (*Appendix-IX*). In the absence of the same, the authenticity of the expenditure could not be verified in audit.

The concerned EOPSS replied (June 2014-January 2015) that vouchers would be produced during next audit.

2.7 Non-recovery of outstanding rent

Notification issued (April 1984) by Department of Rural Development and Panchayats, Government of Punjab provides that if a person neither provides the vacant possession of the leased property or public place immediately after the expiry of the period of lease nor agrees to enhance the lease money, he is liable to pay to the Panchayat Samiti or Zila Parishad, as the case may be, an amount equivalent to 20 times (twenty times) the amount which would have been payable had the lease of such property or public place continued during that period. Further, as per rent agreement, in case of default of payment of rent for three consecutive months, the landlord shall be entitled to remove the tenancy and eject him/them without any notice by giving one month's notice.

Examination of records of four EOPSS (December 2014-January 2015) showed that rent/lease money amounting to ₹ 1.06 crore was outstanding in respect of 179 shops and buildings (*Appendix-X*).

On being enquired (May 2016), the concerned EOPSS replied that notices had been issued to tenants for recovery of outstanding rent.

2.8 Irregular purchase of material

Rule 15.2 (b) of the Punjab Financial Rules (Volume-I) provides that purchases must be made in an economical manner; in accordance with definite requirements of the public service. When stores are purchased from the open market the system of open competitive tender should, as far as possible, be adopted as per Appendix 8 of Punjab Financial Rules (Volume-II) which provides that the value of articles to be purchased without inviting tenders shall not exceed ₹ 100 and the total value of such purchases made during financial year shall not exceed ₹ 5,000.

Audit of records showed that in 106 Gram Panchayats under 13 blocks, material such as sand, iron rods, RCC pipes, S.B. motor 15 HP, electrical items, almirahs, chairs, machinery items, cement, PVC pipes, bajri, etc. worth ₹ 3.18 crore were purchased from the local market without obtaining quotations or floating tenders in contravention of the Rule *ibid* thereby

compromising transparency and depriving the benefit of competitive rates to effect economy in expenditure (*Appendix-XI*).

The concerned EOPs, while admitting the facts, stated (June 2014-December 2014) that necessary instructions would be issued to all the GPs and noted the audit observation for future compliance.

2.9 Non-preparation of Annual Accounts

Rules 23 and 24 of the Punjab Zila Parishad/Panchayat Samiti (General) Financial Budget, Account and Audit, Rules, 1964 provide that Zila Parishad and Panchayat Samiti shall prepare its Annual Accounts showing its income and expenditure. The account so prepared is to be submitted by the Panchayat Samitis and Zila Parishad to the Zila Parishad and Examiner/Government respectively by 15 May every year. Further, Rule 27 (10) of Punjab Panchayati Raj (Gram Panchayat) Rules, 2012 provides that at the end of each year, the Gram Panchayat shall prepare its annual accounts and send it to the Panchayat Samiti by the following 31 May for transmission to the Zila Parishad.

Scrutiny of the records of three EOPs and 134 GPs showed that annual accounts for the period ranging between April 2011 and December 2014 were not prepared, as detailed in *Appendix-XII*.

The concerned authorities, while admitting the audit observation (June 2014-January 2015) stated that annual accounts would be prepared.

2.10 Irregularities in auction of Shamlat land

Rule 38 of Punjab Panchayati Raj (Gram Panchayat) Rule, 2012 provides that it shall be the duty of the Sarpanch to ensure proper maintenance of accounts of revenue as well as expenditure. The Panchayat Secretary shall be responsible for timely receipt and collection of revenues. It is his responsibility that dues are correctly and regularly assessed, collected and promptly credited to the fund. He shall accordingly arrange to obtain from all the sources where revenue arises, returns regarding the progress or realization and cause them to be noted in the Demand and Collection Register.

Examination of records in Gram Panchayat, Samalsar of Block Bagha Purana, (June 2014) showed that Shamlat land was auctioned for ₹ 6.65 lakh on 16 April 2011, whereas as per cash book the said amount was received on 13 April 2011 i.e. prior to the auction of land. Further examination of records showed that the bid amounts quoted by the different bidders were different when proceedings book was compared with the auction register. Moreover, as per the auction register, the highest bidder continued to bid and overbid his own bidding when no other bidder was quoting rates. As such, the whole process of auction appeared to be irregular.

On being pointed out, the department stated (May 2016) that reply would be furnished after scrutinizing the record.

The contents of this report were referred to Government in March 2016; reply was awaited (May 2016).