

Chapter - III Compliance Audit

Panchayati Raj Department

3.1 Fraudulent drawal of Government money

In violation of the provisions of the Bihar Financial Rules and Bihar Panchayati Raj Act, the Panchayat Secretary and the *Mukhiya* of Gram Panchayat, Singhi, misappropriated ₹ five lakh withdrawn by them from Bank by not recording the transaction in the cash book.

Rule 452 of Bihar Financial Rules (BFR) stipulates that every officer responsible for expenditure of Government money should see that proper accounts are maintained for all financial transactions with which he is concerned along with details fully recorded as satisfactory and convincing evidence of facts. Further, Bihar Panchayat Raj Act (BPRA), 2006 read with Bihar Gram Panchayat (Appointment of Secretary, Rights and Duties) Rules, 2011 provides that the *Mukhiya* shall have the general responsibility for the financial and executive administration of the Gram Panchayat (GP) and the Gram Panchayat Secretary shall be the office-in-charge of the GP and execute all its functions and works under the direction of *Mukhiya*.

Scrutiny of records (June 2015) of the GP Singhi under Panchayat Samiti, Dulhin Bazar, Patna revealed that an amount of ₹ six lakh was withdrawn (May 2012 to April 2013) from the bank account²² maintained for Thirteenth Finance Commission (ThFC) grant fund by the GP Singhi through cheques under joint signature of Panchayat Secretary (PS) and *Mukhiya*. However, an amount of ₹ one lakh only was entered in the cash book and recorded in the scheme register by the PS and countersigned by the *Mukhiya* and the balance amount of ₹ five lakh remained unaccounted for (July 2015).

Further, the closing balance of the cash book of ThFC grant fund maintained by the GP was ₹ 14.80 lakh as on 20 October 2013. However, the opening balance of the cash book as on 28 October 2013 was shown as ₹ 9.80 lakh (no transaction was noticed during 21-27 October 2013) to adjust the unaccounted withdrawal of ₹ five lakh from the bank account. Thus, the PS and the *Mukhiya* of GP Singhi violated the provisions of the BFR and the BPRA, 2006 while functioning for the GP Singhi and misappropriated ₹ five lakh from the accounts of the GP.

The *Mukhiya* of the GP Singhi replied (June 2015) that the earlier Panchayat Secretary withdrew the money from bank by forging the signatures on cheques and defalcated the money. The Principal Secretary, Panchayati Raj Department (PRD), GoB replied (September 2015) that an FIR was lodged (August 2015) against the Panchayat Secretary for established defalcation.

²²

Canara Bank Account no. 0287101020567; Cheque no. 559287 (30 May 2012), 559288 (30 May 2012), 559289 (27 June 2012) and 559290 (27 June 2012) each amounting ₹ one lakh and Cheque no. 559293 (22 April 2013) of ₹ 2 lakh

3.2 Excess and avoidable expenditure on installation of Solar Street Lights

In Panchayat Samiti Begusarai, 339 solar street lights were procured from open market at a rate higher than that specified by the State Purchase Organisation resulting in excess and avoidable expenditure of ₹ 47.43 lakh.

Under Rule 129 of the Bihar Financial Rules (BFR), 2005, the Government of Bihar (GoB) notified (February 2007) the Bihar State Electronics Development Corporation Limited (BELTRON) as State Purchase Organisation (SPO) to bring uniformity in supply/installation of solar energy equipment in all the districts of Bihar. Subsequently, the Bihar Renewable Energy Development Agency (BREDA) was notified (September 2012) as SPO in place of BELTRON and this was circulated to all Heads of Department, District Magistrates and Deputy Development Commissioners etc. The SPO circulated (February 2009) technical specification²³ and rate for procurement of solar street lights.

Scrutiny of records (February 2015) of Panchayat Samiti Begusarai revealed that 339 solar street lights were procured (January 2010 to March 2013) from local suppliers out of grants available under Backward Regions Grant Fund (BRGF) and Fourth State Finance Commission (FSFC) grant. Further scrutiny of records related to the aforesaid procurement of solar street lights and their comparison with the rate²⁴ and specification issued by the SPO revealed that the solar street lights of the same specification as notified by the SPO were procured at market rate of ₹ 43,700 per unit whereas rate notified by the SPO ranged from ₹ 29,352 to ₹ 30,217 per unit (including five years warranty period) during 2009-13. Therefore, an excess and avoidable expenditure of ₹ 47.43 lakh was incurred on procurement and installation of 339 solar street lights by PS Begusarai during 2009-13.

The Principal Secretary, PRD, GoB replied (September 2015) that charge sheets against the then BDOs of PS Begusarai were forwarded to the Principal Secretary, Rural Development Department, GoB for approval.

²³ Solar panel - 75w, Battery - 12v and 75 Ah, pole - 4.5m length, CFL - 11w

²⁴ Rate of per unit solar street light with five years warranty having Solar Panel - 75w, Battery - 12v and 75 Ah, Pole - 4.5m length, CFL - 11w during September 2009 to December 2011 – ₹ 29,352 and during January 2012 to June 2013 - ₹ 30,217