

OVERVIEW

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This report contains five Chapters. Chapter I contains an overview of functioning, accountability mechanism and financial reporting issues of Panchayati Raj Institutions in the State, Chapter II contains Performance Audit on Utilisation of Thirteenth Finance Commission Grants by Local Bodies in Sikkim, Chapter III contains Compliance Audit Paragraphs related to PRIs, Chapter IV contains an overview of the functioning, accountability mechanism and financial reporting issues of Urban Local Bodies in the State and Chapter V contains Compliance Audit Paragraphs related to ULBs.

1. An overview of Panchayati Raj Institutions

The State Government transferred only 15 subjects to the PRIs as against 29 subjects as of March 2016.

(Paragraph-1.3.2)

District Planning Committee and Block Administrative Centres were not discharging their responsibilities adequately to provide support to PRIs in formulation of plan and strengthening the control mechanism for proper execution of schemes.

(Paragraph-1.4.1 & 1.11.3)

The Social Audit was institutionalised and made functional in the State but inadequate follow-up mechanism led to redressal of only 33 per cent of issues raised and 12 per cent of recovery pointed out during 2015-16.

(Paragraph- 1.8)

While the Gram Panchayats had not initiated adequate steps to collect tax revenue as mandated, the State Government had also not released full fund as stipulated by the fourth State Finance Commission causing fund constraint to the PRIs.

(Paragraph-1.12.1)

2. Performance Audit on Utilisation of Thirteenth Finance Commission (TFC) Grants by Local Bodies in Sikkim

The State failed to fulfil the conditions imposed by TFC in full resulting in short release of fund of ₹ 50.18 crore to PRIs and ₹ 0.79 crore to ULBs.

(Paragraph-2.7.2)

Fund of ₹ 2.39 crore was irregularly diverted towards ongoing works of State Government against the prescription of TFC guidelines.

(Paragraph-2.8.3 & 2.8.4)

15 projects were not completed even after recording a delay of 5 to 25 months. Non completion of projects led to postponement of intended benefits despite incurring ₹ 3.46 crore on these incomplete projects.

(Paragraph-2.9.1)

State High Level Monitoring Committee (SHLMC) convened only seven meetings (July 2010 to March 2016) to dwell upon the responsibilities against stipulation of 19 meetings and rarely discussed the affairs of LBs.

(Paragraph-2.10.1)

3. Compliance Audit Paragraphs of PRIs

The ZP, South executed the project augmentation of RWSS at Maniram Bhanjyang during 2013-15 despite the fact that all the households of GP were fully covered with water supply leading to unwarranted execution and avoidable expenditure of ₹ 1.07 crore.

(Paragraph-3.1)

The ZP, South released payment towards carriage of non-stock materials without insisting on compliance of terms of contract for submission of Permits issued by Forest Department, leading to avoidable expenditure of ₹ 21.08 lakh and undue benefit of equal amount to contractors as no carriage was involved.

(Paragraph-3.2)

Execution of work ‘ Suspension Foot Bridge at Lower Borong Phamtam’ was characterised by extra expenditure on account of acceptance of higher tender premium (₹ 7.20 lakh); allowing of self-purchase of stock material of lower grade leading to undue benefit to contractor (₹ 3.50 lakh) besides the risk of sub-standard works; and excess expenditure on purchase of bridge materials (₹ 22.69 lakh).

(Paragraph-3.3)

The ZP (East) instead of penalising the contractors for poor workmanship of less underground burying and forceful bending of pipes instead of use of fittings released full amount to the contractor. This led to sub-standard work and irregular payment of ₹14.47 lakh to contractor towards burying.

(Paragraph-3.4)

The GPs of Daramdin Block procured sand and cement at rates higher than the approved rates which led to excess expenditure of ₹34.53 lakh.

(Paragraph-3.5)

4. An overview of the Urban Local Bodies

Out of 18 functions listed in the XIIth schedule of the Constitution, only 3 functions were partially transferred by the State Government to the ULBs as of March 2016.

(Paragraph-4.3)

The State Government had not set up Property Tax Board and announced Service Level Delivery Benchmark for the ULBs (except Gangtok Municipal Corporation) as of March 2016 for realisation of property tax and providing better civic amenities to urban citizens respectively.

(Paragraph-4.10 & 4.11)

The revenue income showed an increase during 2015-16 over 2014-15 in case of all ULBs except Namchi Municipal Council.

(Paragraph-4.14.1)

5. Compliance Audit Paragraphs of ULBs

Injudicious and hasty decision of Gangtok Municipal Corporation to acquire Star Cinema Hall Building without ensuring its utilisation, cost-benefit ratio and its subsequent failure to get possession of the Building for intended use or obtain refund of ₹ 4.06 crore, even after expiry of two years of release of fund, led to unfruitful expenditure and loss of interest of ₹ 32.48 lakh towards idle fund.

(Paragraph-5.1)

State Government released ₹ 5 crore to ULBs, originally meant for 'Self-reliant Scheme' which was not requested by the ULBs and subsequently not utilized and kept idle in fixed deposit (₹ 3.30 crore) by four ULBs. Provisioning of fund to ULBs by diverting earmarked fund was also against the intent of the Legislature.

(Paragraph-5.2)