

## OVERVIEW

This Report includes two parts:

**Part-A** represents Panchayati Raj Institutions which include two Chapters. Chapter-I represents ‘An Overview of the Functioning, Accountability Mechanism and Financial Reporting Issues of Panchayati Raj Institutions’ and Chapter-II comprises two Performance Audit and four paragraphs.

**Part-B** represents Urban Local Bodies which include two Chapters. Chapter-III represents ‘An Overview of the Functioning, Accountability Mechanism and Financial Reporting Issues of Urban Local Bodies’ and Chapter-IV comprises eight paragraphs.

A synopsis of important findings contained in this report is presented in this overview.

## PART-A

### Panchayati Raj Institutions

#### 1. An Overview of the Functioning, Accountability Mechanism and Financial Reporting Issues of Panchayati Raj Institutions

Panchayati Raj Institutions continue to maintain the annual accounts in conventional formats though State Government had accepted the simplified accounting formats issued by the Ministry of Panchayati Raj, Government of India. In Panchayati Raj Institutions, prescribed returns/statements were being maintained only by the Zila Parishad and Panchayat Samiti. No such records were being maintained at the Gram Panchayat level. Own revenue of Panchayati Raj Institutions for the year 2014-15 was ‘Nil’. Panchayati Raj Institutions were totally dependent on the Government grants. Substantial portion of Central/State grants was not utilised for the intended benefit to the rural people. Local Fund Audit Department had not certified the accounts of any of the tiers of Panchayati Raj Institutions, as the accounts were not maintained in prescribed formats.

*(Paragraph 1.1)*

#### 2. Audit Findings on Panchayati Raj Institutions

##### *Integrated Watershed Management Programme*

The Integrated Watershed Management Programme was launched (April 2009) by Government of India to restore ecological balance by harnessing, conserving and developing natural resources such as soil, vegetative cover and water and to create sustainable livelihoods to the people residing in the watershed areas.

Performance Audit of Integrated Watershed Management Programme in two zones (Ajmer and Jodhpur) revealed that according to perspective and strategic plan, 58.50 lakh hectare area was to be treated under batch-I to VI during 2009-10 to 2014-15, against which 57.24 lakh hectare area was sanctioned and only 9.96 lakh hectare (17 *per cent* during 2009-15) treated. There was delay in completion of the 749 projects sanctioned during 2009-13 and the percentage of expenditure incurred ranged between 3.42 *per cent* and 42.50 *per cent*.

Watershed committees were required to be constituted to implement the watershed projects with the technical support of the Watershed Development Teams in the village. Against the requirement of 3,536 members of Watershed Development Teams in 884 projects sanctioned under batches-I to V, only 1,100 members of Watershed Development Teams were engaged as of March 2015. Thus, there was shortage in constituting Watershed Development Teams by about 70 *per cent*. Entry Point Activities includes works based activities of urgent needs of the community with the stipulated period of completion within the first one-two years of the project period. In Batch-V, no Entry Point Activities were undertaken against the target of 1,500 Entry Point Activities even after a lapse of two years from the date of sanction of the projects.

Cases of non-utilisation of funds, reporting of excess expenditure to Government of India, delay in release of State share, cut in Central share due to non-submission of consolidation evaluation report, unspent balances prior to Integrated Watershed Management Programme, shortfall in conduct of mandatory meetings were noticed.

***(Paragraph 2.1)***

### ***Border Area Development Programme***

The Border Area Development Programme aims to meet the special development needs of people living in remote and inaccessible areas situated near the international border. The Central assistance was provided for filling up critical gaps for execution of projects relating to infrastructure, livelihood, education, health etc.

Performance Audit of Border Area Development Programme conducted in two districts (Bikaner and Sriganganagar) revealed that the guidelines emphasised a bottom up approach for planning to assess the critical gaps. Though base-line survey was conducted in Jaisalmer (2009-10) and Bikaner (2011-12), however, compilation of data was not found in both the districts.

Base-line survey was not conducted properly. This resulted in sanctioning of works which were not feasible and had to be cancelled. Roads were constructed for villages which had already road connectivity or did not connect any habitations. There was difference in length of road as per measurement books and actual length. Constructed buildings were not utilised for intended purpose. Tube-wells were constructed without ensuring potability of water. Instances of works executed against the provision of guidelines were noticed.

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A system of third party inspection for feedback on the quality of work was to be established and the Nodal Officer was required to submit a quarterly report to GoI in this regard. The nodal officers for inspection of works in the border blocks were not appointed and the quarterly reports highlighting the important achievements/ lacunas were not sent to GoI during 2010-15.

*(Paragraph 2.2)*

### ***Social Audit under Mahatma Gandhi National Rural Employment Guarantee Scheme***

The Directorate, Social Audit is responsible for conducting Social Audit of implementation of Mahatma Gandhi National Rural Employment Guarantee Scheme to ensure transparency. The Directorate was functioning under the administrative control of Rural Development Department and was also dependent on Commissioner Employment Guarantee Scheme for funds. The Directorate, Social Audit was thus not functioning independently. As against the provision in the operational guidelines, the required numbers of persons were not deputed to facilitate Gram Sabha conducting Social Audit. Similarly, persons having technical knowledge were not appointed to assist the Social Audit Committees rendering the Social Audit Committees ill-equipped to carry out its day-to-day work.

All the original records were not provided to Social Audit Committees 15 days before the scheduled date of Gram Sabha and Social Audit Committees did not interact with all the labourers as stipulated in the operational guidelines. Social Audit Committees did not physically verify all the works executed. Gram Sabhas were conducted without ensuring fulfillment of quorum. Video recording of Gram Sabhas was not done and Social Audit Unit did not upload the Social Audit Reports in the public domain on Mahatma Gandhi National Rural Employment Guarantee Act website.

*(Paragraph 2.3)*

Non-recovery of *pro-rata* charges by Zila Parishads (Panchayat Cell) Ajmer and Banswara resulted in deprival of legitimate income to the tune of ₹ 0.95 crore.

*(Paragraph 2.4)*

Wasteful expenditure of ₹ 1.33 crore in Panchayat Samiti, Surajgarh on failed plantation work under Mahatma Gandhi National Rural Employment Guarantee Scheme.

*(Paragraph 2.5)*

In Panchayat Samiti, Chirawa leasing the Panchayati Raj Institutions assets on rent deprived Panchayat Samiti of own income to the tune of ₹ 0.95 crore due to non-revision of rent.

*(Paragraph 2.6)*

**PART-B**

**Urban Local Bodies**

**3. An Overview of the Functioning, Accountability Mechanism and Financial Reporting issues of Urban Local Bodies**

Own resources of Urban Local Bodies were not adequate and they were largely dependent on grants and loans from the Central and State Governments. Accounts of all 188 Urban Local Bodies are required to be certified every year, whereas, certification of accounts of only 30 Urban Local Bodies has been done by the Local Fund Audit Department between 2009-14. Annual accounts of Urban Local Bodies were still being maintained in the conventional formats on cash basis instead of on accrual.

*(Paragraph 3.1)*

**4. Audit Findings on Urban Local Bodies**

***Non-tax receipts in Nagar Nigams (Municipal Corporations)***

The resource base of Municipal Corporations consists of own revenues which includes tax-revenue and non-tax revenue, grants received from Government of India and Government of Rajasthan. Non-tax revenue comprises on an average 38 *per cent* of their own revenue receipts.

In general, Municipal Corporations could not achieve their targets of collection of non-tax revenue consistently during 2010-15.

The entire system of collection of non-tax revenue such as assessment, demand and collection of the revenue was found in a bad shape resulting in huge arrears/losses of revenue. Even the relevant records relating to non-tax revenue are not being properly maintained. Deficiencies in recovery of betterment levy, registration of marriage places, mobile towers and fire cess were noticed.

*(Paragraph 4.1)*

Non-recovery of conversion charges for change of land use from agricultural land to non-agricultural purposes of total land resulted in short realisation of revenue of ₹ 0.64 crore by MC, Sirohi

*(Paragraph 4.2)*

Irregular retention of entire urban assessment (Ground Rent) by Municipal Corporation, Jaipur in disregard to rules resulted in non-crediting of Government revenue of ₹ 22.83 crore to the Consolidated Fund of the State.

*(Paragraph 4.3)*

Municipal Council, Bundi recovered conversion fee on residential rates instead of commercial rates for conversion of land use from agricultural to commercial purpose which led to short realisation of revenue of ₹ 0.66 crore.

*(Paragraph 4.4)*

Non-disbursement of financial assistance to the Below Poverty Line (BPL) families and other category families equivalent to BPL families resulted in ₹ 2.23 crore lying idle with Urban Local Bodies.

*(Paragraph 4.5)*

Work of ₹ 0.75 crore executed by the Municipal Corporation, Jaipur prior to finalisation of tender was unauthorised and in violation to the provisions of Public Works Financial and Accounting Rules.

*(Paragraph 4.6)*

Allotment of works without ensuring availability of land resulted in avoidable extra expenditure of ₹ 0.29 crore on execution of works by Municipal Corporation, Jaipur.

*(Paragraph 4.7)*

Imprudent decision of Municipal Corporation, Jaipur by giving supply offer to non-participating firm with retrospective effect instead of inviting fresh tenders for procurement of fodder, resulted in avoidable extra expenditure of ₹ 0.34 crore.

*(Paragraph 4.8)*