

CHAPTER-2

RESULTS OF AUDIT OF PANCHAYATI RAJ INSTITUTIONS

The deficiencies noticed during audit of Panchayati Raj Institutions conducted in 2016-17 are discussed in the succeeding paragraphs.

2.1 Accounting System

2.1.1 Discrepancies noticed in Accounting System

Difference between figures of receipts and expenditure furnished to Audit and uploaded on PRIASoft

All Zila Parishads (12), 59 out of 78 Panchayat Samitis and 2,738 out of 3,243 Gram Panchayats were maintaining their accounts on PRIASoft during 2015-16.

During test-check, it was noticed that the figures of receipts and expenditure for the year 2015-16 furnished by 102 test-checked GPs to Audit did not match with the figures uploaded on PRIASoft. There was a difference of ₹ 21.63 crore in the figures of receipt and ₹ 13.07 crore in the figures of expenditure (**Appendix-4**).

Deviation in figures of receipts ranged between one and 99 *per cent* and that of expenditure ranged between one and 98 *per cent*. The deviation in figures of receipts was particularly high in GPs Himri (99 *per cent*), Dhagoli (90 *per cent*) and Chanota (85 *per cent*); and deviation in figures of expenditure was particularly high in GPs Himri (98 *per cent*), Chanota (91 *per cent*) and Dhagoli (91 *per cent*).

The large deviations raise questions over the reliability of financial information being maintained.

2.1.2 Implementation of PRIASoft and maintenance of National Asset Directory (NAD)

(i) The State Government adopted PRIASoft (March 2011), a software developed by MoPR, for maintaining the accounts of PRIs as per the Model Accounting Structure. The Director, Panchayati Raj Department had also directed (January 2012) all the Block Development Officers to implement the PRIASoft accounting system in the Gram Panchayats. Training on PRIASoft to officials of Gram Panchayats had also been provided.

In 15 test-checked GPs², audit observed that maintenance of accounts on PRIASoft accounting system had not been started as of March 2016. In 21 test-checked GPs³, maintenance of accounts on PRIASoft had started but it was found that cash book for 2014-15 and 2015-16 had not been maintained on PRIASoft. In reply, the Secretaries of the GPs concerned stated (May 2016 to February 2017) that the accounts could not be

² Materni; Gharana; Yangpa; Tharola; Kosariyan; Salbad; Sanwal; Rajera; Poolan; Racholi; Balera; Panjey; Sangdah; Kalyada and Ridkamar.

³ Dhagoli; Totu Manjthai; Bhogpur; Kulahan; Vikrambag; Rit; Malyawar; Patta; Bhulswaye; Ghandalwin; Dharog; Bhakeda; Shangher; Hatpang; Chamboh; Dado Deveriya; Khala Kyar; Sarahan; Shiva; Baloth and Thalli.

maintained on PRIASoft due to non-connectivity of broadband network and heavy workload in GPs.

(ii) Joint Director-cum-Deputy Secretary, Panchayati Raj Department directed (June 2015) that National Asset Directory (NAD) is to be maintained by all PRIs in the State and that information of all assets created by PRIs may be uploaded on NAD application.

Audit noticed that in 66 GPs (**Appendix-5**), information of assets created by PRIs was not being uploaded on NAD application. In reply, the Secretary of GPs concerned stated (May 2016 to February 2017) that entries on NAD application would be started shortly.

2.1.3 Non-maintenance of registers

Rule 31 of HPPR Rules, 2002 stipulates that every PRI shall maintain important records, registers, forms, etc., as detailed in Rule 34 of HPPR (General) Rules, 1997.

It was observed that out of 140 test checked PRIs, in 81 (63 *per cent* of 128 test-checked) GPs and one Zila Parishad (ZP, Keylong) (**Appendix-6**), important registers like stock register, immovable property register, work register, muster roll register, temporary advance register, travelling allowance register, contingency expenditure register, Grants-in-aid register, cheque issue and receipt register, etc., were not maintained during 2016-17. Due to non-maintenance of the records, correctness of the financial transactions could not be ascertained in audit. The Panchayat Secretaries concerned assured (June 2016-March 2017) that these records would be maintained in future.

2.1.4 Improper maintenance of accounts of income from own resources, grants-in-aid and loans

Rule 4 of HPPR Rules, 2002 provides that every GP, PS and ZP is required to maintain separate accounts of income from own resources (Account 'A'), and income from grants-in-aid, funds allocated for development works or special purposes, loans, share of taxes, fees, cess and other income (Account 'B').

It was noticed that out of 140 test-checked PRIs, 33 GPs⁴ and one Panchayat Samiti (PS Kunihar), were not maintaining such accounts in the prescribed format and all transactions were carried out through a single account in contravention of the rule *ibid*, due to which the correctness of figures of income from own resources and grants-in-aid and loans received could not be verified. The Panchayat Secretaries concerned assured (June 2016 - February 2017) to maintain separate accounts in the prescribed format in future.

2.1.5 Non reconciliation of balances with bank statements

Rule 15 (10) (b) of the HPPR Rules, 2002 provides that reconciliation of balances of cash book and bank accounts is required to be conducted every month. Any difference shall be explained and accounted for in a footnote in the cash book.

⁴ Materni, Giyu, Nehra, Himri, Koti Bonch, Drabil, Behral, Naya, Aalampur, Paplah, Bhulswanye, Ghandalwin, Beri Rajadian, Dharman, Khalwahan, Dhagoli, Shangher, Sanwal, Sapedu, Langna, Sihuni, Haar, Nain, Gurenwad, Chudhred, Kathog, Rajera, Pulan, Baloth, Thakri Mathi, Panjai, Jarad Bhutti and Prini.

It was noticed that difference amounting to ₹ 22.66 crore (**Appendix-7**) between balances of cash books and bank pass books at the close of the year 2015-16 was not reconciled by 35 PRIs. Significant difference of ₹ 93.25 lakh and ₹ 1,835.21 lakh was noticed in Panchayat Samiti (Amb) and Zila Parishad (Kangra) respectively. In view of the differences in balances, the authenticity of accounts of these PRIs could not be relied upon and there was a risk of money received and spent through cash transactions being misappropriated or embezzled. The officials of the PRIs concerned stated (June 2016 - March 2017) that the differences would be reconciled shortly.

2.1.6 Non-conducting of Physical Verification

Under rule 73(1) of HPPR Rules, 2002, physical verification of all stores shall be conducted by the Pradhan in the case of Gram Panchayat and by the Secretary concerned in case of Panchayat Samiti or Zila Parishad, at least once in six months and invariably in April every year. The result of the verification shall be recorded in writing. During the verification in April, the condition of each article shall be indicated against it in the stock register.

Scrutiny of records showed that in Zila Parishad, Kangra, and 60 GPs (**Appendix-8**), physical verification of store and stock had not been carried out. Out of the test checked six ZPs, six PSs and 128 GPs, physical verification was not found to have been conducted in one ZP and 60 GPs. In reply, the Executive Officer and Secretaries of PRIs concerned stated (June 2016-March 2017) that the physical verification of stores and stock would be conducted shortly.

2.1.7 Non-accounting of materials

Material of ₹ 1.40 crore was not accounted for in the stock register by 39 Gram Panchayats

Under rule 69 of HPPR Rules, 2002, all stores when received are required to be examined, counted, measured or weighed, as the case may be, at the time of taking delivery and should be entered in the stock register immediately. A certificate to the effect is also required to be given at the end of the entries for each single day by the official in charge of stores authorised by the Gram Panchayat or the Panchayat Samiti or the Zila Parishad, as the case may be, stating that the stores have been received in proper condition and according to specifications. In the event of stores found surplus, the same should be indicated as additional receipt and shortages, if any, should be indicated in red ink. Further, rule 70 of the HPPR Rules, 2002 *ibid* stipulates that articles of stores shall be issued against proper indents.

It was observed during the course of audit that in 39 out of 128 test checked GPs, items of stores such as steel, timber, furniture, hardware items, etc., purchased during the period 2010-16 at a cost of ₹ 1.40 crore were not accounted for in stock registers (**Appendix-9**). This was indicative of poor record maintenance on the part of GPs and the possibility of pilferage or loss as a result of non-accounting of these stores can not be ruled out. In reply, the Secretaries of GPs concerned stated (August 2016-March 2017) that the items would be entered in the stock registers. The fact, however, remains that

there was absence of proper check over maintenance of store records by the GPs concerned.

2.2 Revenue

2.2.1 Non-recovery of House Tax

Seventy eight GPs did not realise house tax of ₹ 22.80 lakh upto the period 2015-16

Rule 33 of HPPR Rules, 2002, provides that the Secretary of the GP shall see that all revenues are correctly, promptly and regularly assessed, realised and credited to the accounts of the Panchayat concerned; and section 114 of HPPanchayati Raj Act, 1994 provides that any person evading the payment of any tax, fee, rate or amount due shall be punishable with fine.

Audit noticed that in 78 out of 128 test checked GPs, house tax amounting to ₹ 22.80 lakh upto the period 2015-16 was not recovered as of March 2017 (**Appendix-10**). Moreover, the GPs had not taken any action to levy penalty on the defaulters for non-payment of house tax in terms of Section 114 of HP Panchayati Raj Act, 1994. The Secretaries of GPs concerned stated (May 2016 - March 2017) that efforts would be made to recover the outstanding house tax. Replies are indicative of ineffective monitoring on the part of the GPs resulting in non-collection/ loss of revenue.

2.2.2 Outstanding rent

Fifteen PRIs failed to realise rent due from shops amounting to ₹ 11.31 lakh

ZPs, PSs and GPs maintain shops in their jurisdiction and these are rented out on monthly rental basis.

Scrutiny of records revealed that in 15 PRIs, an amount of ₹ 11.31 lakh on account of rent from 81 shops (for the period 1989-90 to 2015-16) was outstanding as of March 2016 (**Appendix-11**). This indicated that timely collection of shop rent had not been given due attention by the PRIs. The PRIs concerned stated (July 2016-March 2017) that outstanding rent would be recovered from defaulters.

2.2.3 Non-recovery of duty for installation of Mobile Towers

Revenue of ₹ 12.25 lakh on account of installation and renewal charges of mobile towers remained un-realised in 42 GPs

The Government of Himachal Pradesh authorised (November 2006) GPs to levy duty on installation of mobile communication towers in their jurisdiction at the rate of ₹ 4,000 per tower and to collect annual renewal fee at the rate of ₹ 2,000 per tower.

Audit noticed that in 42 out of 128 test checked GPs, 80 mobile towers were installed during 2003-16 but installation and renewal charges amounting to ₹ 12.25 lakh (**Appendix-12**) had not been recovered from the mobile companies concerned as of March 2016. This deprived the GPs of their due share of revenue. The Secretaries of the GPs concerned stated (June 2016- March 2017) that action would be taken shortly to recover the dues.

2.2.4 Expenditure incurred without preparing budget estimates by PRIs

Rule 37 of HPPR Rules, 2002, provides that every Gram Panchayat (GP) shall annually prepare budget estimates of its receipts and expenditure for each financial year in the format prescribed (Form-11). The budget estimates shall be prepared by the Secretary of the GP by 15th October of the previous year and shall be submitted to the Gram Panchayat for scrutiny, and the same shall be passed by the Gram Sabha by majority vote.

Audit noticed that two⁵ out of 128 test checked GPs had incurred an expenditure of ₹ 68.71 lakh without preparing and passing the budget estimates during 2013-14 and 2015-16. The Secretaries of the Gram Panchayats concerned stated (November 2016-December 2016) that rules will be followed strictly in future.

2.3 Blocking of funds

2.3.1 Blocking of funds due to non-commencement of works

Funds of ₹ 74.97 lakh remained unspent due to non-commencement of works

Scrutiny of records showed that in 28 out of 128 test checked GPs (**Appendix-13**), ₹ 74.97 lakh was received (2010-16) for execution of 91 development works under various schemes. However, no expenditure was incurred on execution of these works as of February 2017. Thus, non-utilisation of funds for developmental activities resulted in blocking of funds, besides depriving the beneficiaries of the intended benefits. The Secretaries of the PRIs concerned stated (August 2016 - February 2017) that works could not be started due to involvement of field functionaries in elections of Panchayati Raj Institutions and the development works would be started soon. Deputy Director (PR) stated (September 2018) that the works could not be started or were delayed due to non-completion of codal formalities (such as getting NOC from the person whose land is to be acquired) and engagement of field staff in elections of PRIs. The reply is not tenable as works have not started even after lapse of one to seven years resulting in blocking of funds.

2.3.2 Unutilised funds due to non-completion of works

Funds of ₹ 1.44 crore remained unspent due to non-completion of works by GPs

In 33 out of 128 test-checked GPs, against an amount of ₹ 3.38 crore received for execution of 123 works (scheduled for completion within three to 12 months) during 2011-16 under various schemes, an expenditure of ₹ 1.94 crore was incurred and the balance amount of ₹ 1.44 crore (43 *per cent*) was lying unutilised as of February 2017 (**Appendix-14**). The Secretaries of PRIs concerned stated (July 2016-February 2017) that works could not be completed due to land disputes and litigation. Some works were in progress and would be completed shortly. The replies are not acceptable as these works

⁵ Patta: ₹ 36.10 lakh and Bhakeda: ₹ 32.61 lakh.

have remained incomplete even after lapse of one to six years from the date of their sanction.

2.3.3 Unutilised funds received under 13th Finance Commission

Funds of ₹11.96 crore under 13th Finance Commission remained unutilised in PRIs on account of non-start of works, incomplete works and non-release of funds

As per guidelines of the 13th Finance Commission (13th FC), grants released by the GoI to the State Government were to be transferred to the PRIs within 15 days from the date of their credit into the account of the State and the works approved thereof were to be completed within a period of three months from the date of their sanction. Audit noticed the followings:

(i) In 41 out of 140 test-checked PRIs (**Appendix-15**) ₹ 16.77 crore were received under 13th Finance Commission during 2011-16. Funds amounting to ₹ 14.54 crore had been utilised during the above period and ₹ 2.23 crore (13 *per cent*) remained unutilised with these PRIs. The Executive Officers/ Secretaries of the PRIs concerned stated (June 2016 - December 2016) that available funds would be utilised shortly.

(ii) It was noticed that in two Zila Parishads⁶ and four Panchayat Samitis⁷, ₹ 4.11 crore were received during 2011-16 under 13th FC for 367 development works which had not been taken up for execution as of January 2017. The entire amount remained blocked with the PRIs as of January 2017. The Executive Officers and Secretaries of the PRIs concerned stated (December 2016-January 2017) that the works could not be taken up for execution due to non-completion of codal formalities. The reply is not acceptable as codal formalities should have been completed before getting the works sanctioned and funds being released.

(iii) It was noticed that in three PRIs⁸, ₹ 4.54 crore were received during 2009-16 under 13th FC for 470 development works which were lying incomplete, and information regarding expenditure incurred was not available with the PRIs although the status of works have been shown as near completion. The entire amount remained blocked with the PRIs as of December 2016. The Executive Officers of the PRIs concerned stated (August 2016 - December 2016) that directions would be issued to complete the pending works soon. The replies are not acceptable as these works have remained incomplete even after lapse of one to seven years from the date of sanction.

(iv) Out of ₹ 7.54 crore received during 2013-16 under 13th FC by two test-checked ZPs⁹, ₹ 6.46 crore were further released to various executive agencies and ₹ 1.08 crore remained unutilized and unreleased with these PRIs. The Executive Officers of these ZPs

⁶ ZP Una: ₹ 291.67 lakh and ZP Kullu: ₹ 60.74 lakh.

⁷ PS Kullu: ₹ 42.97 lakh; PS Amb: ₹ 3.69 lakh; PS Chamba: ₹ 5.12 lakh and PS Pragpur: ₹ 6.68 lakh.

⁸ PS Kunihar: ₹ 32.58 lakh; PS Kullu: ₹ 19.30 lakh and ZP Solan: ₹ 402.14 lakh.

⁹ ZP Una: ₹ 1.05 crore and ZP Keylong: ₹ 0.03 crore.

concerned stated (September 2016 - January 2017) that funds could not be released due to non-receipt of shelf and estimates from ZP members and funds would be released shortly.

2.3.4 Unutilised funds received under 14th Finance Commission

Funds of ₹ 4.41 crore under 14th Finance Commission remained unutilised in 58 PRIs owing to non-start and non-completion of works

As per guidelines of the 14th Finance Commission (14th FC), grants released by the GoI to the State Government were to be transferred to the PRIs within 15 days from the date of their credit into the account of the State and the works approved thereof were to be completed within a period of three months from the date of their sanction. Audit noticed the followings:

(i) In 53 Gram Panchayats (**Appendix-16**) funds amounting to ₹ 3.92 crore were received during 2015-16 under 14th Finance Commission for various development works which had not been taken up for execution as of March 2017. The entire amount remained blocked with the PRIs as of February 2017. The Secretaries of the Gram Panchayats concerned stated (September 2016 - February 2017) that works could not be taken up for execution due to non-receipt of shelf or estimates from GP members in accordance with 14th Finance Commission guidelines. The shelf (proposal of works with expected expenditure) prepared by the GPs were not as per 14th FC guidelines and had to be prepared again and resubmitted. Hence, lack of due diligence by the GPs at the time of preparation of estimates, resulted in blocking of funds.

(ii) It was further noticed that in five Gram Panchayats (**Appendix-16**), ₹ 0.62 crore were received during 2015-16 under 14th Finance Commission. Funds amounting to ₹ 0.13 crore were utilised during above period and ₹ 0.49 crore remained unutilised with these GPs due to delay in start of works owing to late receipt of shelf/ estimates. The Secretaries of the Gram Panchayats concerned stated (December 2016 - March 2017) that available amount would be utilised shortly. The reply is indicative of poor planning resulting in non-utilization of the funds within the stipulated time period.

2.3.5 Blocking of funds in Personal Ledger Account (PLA)

Funds of ₹ 6.16 lakh earmarked for minor irrigation schemes remained un-utilised in Personal Ledger Accounts

The PSs had been maintaining Personal Ledger Accounts (PLAs) for crediting the grants received from Government for execution of minor irrigation and water supply schemes in rural areas. As per the condition of the sanctions, the funds were required to be drawn within one month and utilised within one year from the date of sanction.

Scrutiny of records showed that ₹ 6.16 lakh were received in three PSs¹⁰ for execution of schemes during 2011-16. However, no expenditure was incurred on minor irrigation and water supply works. The funds remained blocked in PLAs, while the intended benefits of the schemes remained unrealised.

¹⁰ Kunihar: ₹ 1.20 lakh, Pragpur: ₹ 1.60 lakh and Amb: ₹ 3.36 lakh.

The Executive Officers of PSs concerned stated (August 2016 – December 2016) that amount would be utilised shortly for intended purposes. Convincing reasons for non-execution of schemes were not found on record. However, Deputy Director (PR) stated (September 2018) that instruction had been issued to stop depositing funds received for schemes under PLAs. The replies are not acceptable as funds deposited in PLAs were required to be utilised within one year from the date of sanction.

2.3.6 Blocking of funds under Nirmal Bharat Abhiyan

Funds of ₹ 6.09 lakh remained unutilised under Nirmal Bharat Abhiyan

Audit noticed that GP Sanwal in Tissa block (Chamba district) received funds amounting to ₹ 7.92 lakh under Nirmal Bharat Abhiyan during 2014-16. Expenditure of only ₹ 1.83 lakh was incurred during 2014-16 leaving balance amount of ₹ 6.09 lakh unutilised as of February 2017. The GP did not utilise balance funds for a period of more than two years without any reason depriving the beneficiaries of intended benefits.

The Secretary of Gram Panchayat concerned stated (February 2017) that amount received under Nirmal Bharat Abhiyan would be released to beneficiaries shortly. The reply is not acceptable as funds should have been utilised in time.

2.3.7 Blocking of funds under Sampooran Sawachta Abhiyan

Failure of the Gram Panchayat to execute works under Sampooran Sawachta Abhiyan resulted in blocking of funds ₹ 0.20 lakh

Audit noticed that GP Jalel in Masobra block (Shimla district) received funds amounting to ₹ 0.20 lakh under Sampooran Sawachta Abhiyan during 2010-11 for construction of toilets and deposited the funds in Himachal Pradesh Cooperative Bank, Shoghi. More than six years have lapsed but the funds are lying unutilised as of March 2017 in a savings bank account of GP due to non-finalisation of list of beneficiaries by the Mashobra block.

The Secretary of Gram Panchayat concerned stated (March 2017) that amount received under Sampooran Sawachata Abhiyan would be released to beneficiaries shortly. The reply does not explain as to how the funds would be utilised without identification of beneficiaries.

2.4 Doubtful/ double payment of wages under Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS)

2.4.1 Six GPs showed deployment of same labourers on different works in same period

Scrutiny of records showed that in six test-checked GPs¹¹, same labourers were shown as having been deployed on different works and different muster rolls in the same period during 2010-15, indicating doubtful deployment and double payment of wages of ₹ 0.31 lakh. The Secretaries of the GPs concerned stated (January 2017 to March 2017) that the matter would be investigated. The concerned District Panchayat Officers stated that the

¹¹ Rappad: ₹ 0.04 lakh; Chadiayar: ₹ 0.02 lakh; Ghodav: ₹ 0.15 lakh; Kalyada: ₹ 0.04 lakh; Bhattla ₹ 0.05 lakh and Bhuned ₹ 0.01 lakh.

amount paid as double payment of wages has been recovered. In this context, it may be pointed out that the same irregularity was highlighted in para 2.4 of the Annual Technical Inspection Report of 2015-16. Repeated instances of the same irregularity indicated that the control mechanism needed to be strengthened.

2.4.2 Two GPs incurred expenditure on wages of labourers without completing muster rolls

Rule 102 of HPPR Rules, 2002 stipulates that in the case of work carried out by daily labourers, the person in charge of the work shall maintain a muster-roll.

Audit noticed that in two GPs¹², nine workers were deployed on different works / muster-rolls during 2014-15 and expenditure of ₹ 0.31 lakh was incurred on their wages. Contrary to *ibid* provision, muster-rolls were incomplete and attendance of workers was not found marked on them. In the absence of marking of attendance of workers, payment of wages to labourers cannot be admitted as genuine and the possibility of misappropriation cannot be ruled out. The Secretaries of GPs concerned stated (December 2016 – February 2017) that appropriate action would be taken.

2.4.3 Payment by four GPs to workers without documentary proof

Rule 50 of HPPR Rules, 2002 stipulates that separate acknowledgment, stamped where necessary, shall be taken, from the person receiving payment, at the time of making payment and shall be attached to the voucher concerned.

Audit noticed that in four GPs,¹³ wages amounting to ₹ 0.21 lakh were paid to 15 workers during 2011-15 without taking acknowledgement receipt (signature) of the workers on the muster rolls. Thus, there was doubtful payment of ₹ 0.21 lakh and the possibility of misappropriation cannot be ruled out. The Secretaries of the GPs concerned stated (December 2016 - February 2017) that appropriate action would be taken and intimated to audit.

2.5 Delay in release of wages under Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS)

Payment of wages amounting to ₹ 1.18 crore in 21 GPs to labourers was delayed for period ranging between one and 178 days

As per Para 8.3.1 of MGNREGS guidelines, workers were to be paid wages on a weekly basis and in any case not beyond a fortnight from the date on which work was done. In case of delay beyond a fortnight, workers were entitled for compensation as per the provisions of 'Payment of Wages Act, 1936'.

Audit noticed that 21 GPs made payment of ₹ 1.18 crore to workers under MGNREGS after a delay ranging between one and 178 days beyond the permissible period of a fortnight (**Appendix-17**). However, no compensation was paid to the labourers for delayed payment. The Secretaries of the GPs concerned did not furnish (August 2016 - December 2016) cogent reasons for delay in payment of wages and non-payment of

¹² Matehad ₹ 0.28 lakh and Mawa kahola ₹ 0.03 lakh.

¹³ Matehad; ₹ 0.08 lakh; Mawa Kahola; ₹ 0.07 lakh; Tihra Bangana; ₹ 0.04 lakh and Kathog ₹ 0.02 lakh.

compensation due to the labourers for delayed payments were furnished by the Secretaries of the GPs concerned.

2.6 Doubtful expenditure

As per rule 47 of HPPR Act 2002 every payment, including repayment of money previously lodged in the Panchayat Fund, for whatever purpose, shall be supported by a voucher setting forth full and clear particulars and proper classification in the accounts.

Scrutiny of records showed that in GP Barto, Sunder Nagar block (Mandi district) an expenditure of ₹ 0.19 lakh was incurred on works under Sectoral Decentralised Planning (SDP) scheme and 13th Finance Commission during 2012-13 whereas bills and vouchers were not made available and produced to audit. In the absence of vouchers, the expenditure could not be verified and the possibility of misappropriation cannot be ruled out.

The Secretary of GP concerned stated (October 2016) that vouchers will be traced and kept in the file. Reply is not acceptable as every payment is to be supported by a voucher.

2.7 Non-adjustment of temporary advances

Rule 30 of HPPR, 2002 stipulates that whenever any advance is required to be given to any office bearer or official of the Gram Panchayat for carrying out the purposes of the Gram Panchayat, a record of such advance shall be kept in the register of temporary advances in form-9.

As per Rule 189 (1) to (4) of Himachal Pradesh Financial Rules, 2009, head of office is authorised to sanction advances to a Government servant for purchase of goods or for hiring services or for any other special purpose, as may be prescribed. Rule further provides that adjustment bills along with balances, if any, have to be submitted within 15 days of the drawal of advance. Second advance shall not be granted until the Government servant concerned has submitted adjustment account of the first.

Audit noticed that temporary advances of ₹ 0.36 lakh were sanctioned between March 1986 and September 2016 to Pradhan, GP Dhagoli, (Chohhara block in Shimla district) and temporary advances of ₹ 0.14 lakh were sanctioned to construction committee of GP, Jalel, (Mashobra block in Shimla district) during 2006-07 for construction of water tank. These advances were pending for adjustment for a period ranging from one to 31 years. The Secretary of GP, Dhagoli could not indicate the work for which such amount had been advanced to the Pradhan and stated (September, 2016) that notices had been issued to Pradhan but no reply had been received. The Secretary, GP Jalel stated (March, 2017) that adjustment of advance would be checked and intimated to audit.