सत्यमेव जयते

Report of the Examiner of Local Accounts on Panchayati Raj Institutions

SUPREME AUDIT INSTITUTION OF INDIA
लोकहितार्थ सत्यनिष्ठा
Dedicated to Truth in Public Interest

for the year ended March 2021

Government of West Bengal

TABLE OF CONTENTS

APPENDICES

Preface

PREFACE

Examiner of Local Accounts (ELA), West Bengal has been appointed by the Government of West Bengal as the primary auditor of accounts of the Panchayati Raj Institutions (PRIs), under the provisions of the West Bengal Panchayat Act, 1973. The ELA is an officer of the Indian Audit and Accounts Department and works under the supervision of the Principal Accountant General (Audit-I), West Bengal.

The ELA prepares unit-wise reports on the accounts of PRIs and sends such reports to the *Pradhan*, the *Sabhapati* or the *Sabhadhipati,* as the case may be, of the Gram Panchayat, the Panchayat Samiti or the Zilla Parishad, respectively, and a copy thereof to the State Government.

This Report, for the year ended March 2021, relates to matters arising from observations of compliance audit of the PRIs. The report also presents findings/observations on Financial Management and Implementation of Schemes by the PRIs. This Report has been prepared for being laid before the Legislative Assembly of West Bengal, as per Section 191(A) of the West Bengal Panchayat Act, 1973.

The audit findings in the Report are those which came to notice during audit of PRIs, conducted in the financial year 2020-21, as well as those which were noticed in the earlier years but could not be dealt with in the previous Reports of the ELA.

OVERVIEW

OVERVIEW

This report contain four chapters. Chapter I provides an overview of Panchayati Raj Institutions (PRIs) detailing powers, functions and organisational structure, Funds and Financial Position of PRIs and Finance Commission Grants *etc.* Chapter II and Chapter III present persistant findings/observations on Financial Management of PRIs and Implementation of Schemes including findings on various Social Sector Programmes/Schemes. Chapter IV includes other important observations relating to audited institutions to ascertain whether the provisions of guidelines, applicable rules, regulations, various orders and instructions issued are being complied with. A synopsis of the chapters is given below.

An Overview of PRIs

- The accounts of 18 ZPs (including one *Mahakuma Parishad*), 61 PSs and 24 GPs only, could be audited, during FY 2020-21.

  (Paragraph 1.12)

- Out of 18 ZPs audited during 2020-21, 17 ZPs (except Uttar Dinajpur ZP) had not responded to audit observations, involving an overall amount ₹898.16 crore.

  (Paragraph 1.14)

Financial Management

Audit of 18 Zilla Parishads (ZP), 61 Panchayat Samitis (PS) and 24 Gram Panchayats (GP) revealed that financial management and internal control system in PRIs were weak.

- Receipt and Payment Accounts of all the 18 audited ZPs, for FY 2019-20, had been generated through the IFMAS. Receipt and Payment Accounts of all 61 audited PSs, for FYs 2013-14 to 2019-20, had been generated through the IFMAS. The 'Annual Statements of Receipt and Payment' (Form-27) of 24 Gram Panchayats (GPs), audited by the ELA, showed that all GPs had prepared their accounts through the GPMS.

  (Paragraphs 2.1)

- Scrutiny of accounts of nine PRIs showed that these PRIs had accounted for ₹663.97 crore, received from MGNREGS and Swachh Bharat Mission, till FY 2019-20, in separate Cash Books (other than the Main Cash Book), and had not included the same in the accounts of the PRIs concerned. This had resulted in understatement of the receipts of these PRIs.

  (Paragraphs 2.2)

- Scrutiny of Demand and Collection Registers showed that 62 PRIs had not collected ₹15.80 crore, as of March 2020, due on account of lease money, from market complexes, *ferry ghats*, *bungalows*, *mela* grounds and stalls, establishment charges *etc.*

  (Paragraphs 2.5(B))

- Scrutiny of Cash Analysis Reports showed that 29 PRIs had not fully utilized grants amounting to ₹20.03 crore, received for execution of various schemes/grants like Community Health Care Management Initiative (CHCMI), *Sampoorna Grameen Rozgar Yojana* (SGRY), Provident Fund for Landless Agricultural Labourers (PROFLAL), State Finance Commission (SFC), National Rural Health Mission (NRHM) *etc.*, for the period ranging from FYs 2007-08 to 2019-20. Failure to utilize grants amounting to ₹20.03 crore, by the PRIs, had deprived the targeted population of the intended benefits of these schemes/grants.

(*Paragraphs 2.6*)

- Scrutiny of records revealed that, nine PRIs had made payments amounting to ₹13.47 lakh, in cash, instead of making them through Account Payee Cheques, thereby violating the principle of transparency in the disbursement and utilization of public money.

(*Paragraphs 2.7*)

- Scrutiny of records of 103 PRIs had revealed that in four PRIs, an amount of ₹21.89 crore, had been diverted (during 2013-2020) from one scheme/grant head (Ganga Action Plan, Third SFC *etc.*), to other scheme heads (SBM, PMAY-G, *Sabuj Sathi*, *etc.*), in violation of the abovementioned Rule.

(*Paragraphs 2.9*)

Irregularities in the Implementation of Schemes

- Seven Gram Panchayats had expended a sum of ₹5.42 crore, during the FYs 2018-19 and 2019-20, on recurring activities, like repairing and reconstruction of earthen roads, earthen *bundhs*, earthen drains, re-excavation of farm ponds etc.

(*Paragraph 3.1.1*)

- Scrutiny of beneficiary data from *AwaasSoft*, with reference to Muster Rolls, assets creation data, *etc*., from *NREGASoft*, revealed that, 12 Gram Panchayats, under Hooghly ZP made payment of ₹18.03 lakh to the beneficiaries on the Muster Rolls. However, during scrutiny of assets creation data it was found that those houses were constructed before the date of payment mentioned on the Muster Rolls.

(*Paragraph 3.1.2*)

- Four PRIs had incurred expenditure of ₹1.01 crore, out of PMAY-G funds, on Rural Mason training, furniture purchase, control and management of dengue, payment for vehicle hire and fuel charges etc., which were not permissible items of expenditure under 'Administrative Expenses'.

(*Paragraph 3.2.1*)

- Five PRIs had expended ₹14.79 lakh for the purchase of office stationery, medical equipment and mobile phones, maintenance of AC machines and other equipment, refreshment *etc.* from the central funds received for IEC activities.

(*Paragraph 3.4.1*)

- Dakshin Dinajpur ZP had incurred expenditure of ₹40.00 lakh, from Institutional Strengthening of Gram Panchayat (ISGP) funds, for construction of two SLWM projects. During joint physical verification, it had been noticed that none of the projects had been functional for the past four years, in the absence of non-collection of segregated waste, from source.

(Paragraph 3.4.3)

- Twenty-two PSs had disbursed a sum of ₹66.34 lakh, to 805 deceased beneficiaries, without conducting any verification, during the FYs 2015-16 to 2019-20.

(Paragraph 3.5.1)

- In five PSs, 51 beneficiaries had received pension assistance twice, leading to excess payment of ₹11.53 lakh.

(Paragraph 3.5.2)

- Four ZPs (Dakshin Dinajpur, Malda, Purba Bardhaman, Paschim Medinipur) and Siliguri Mahakuma Parishad, had executed works, amounting to ₹2.06 crore, without necessary administrative or technical approval from the competent authorities. Further, Coochbehar ZP had received funds of ₹1.00 crore, under Border Area Development Programme (BADP), for construction of a bridge. The ZP had prepared the DPR of the said project, for an estimated cost of ₹1.99 crore, and floated an NIT for the project, without ascertaining the availability of remaining funds. Only 60 *per cent* of the construction was carried out after incurring expenditure of ₹96.92 lakh, while the remaining works could not be completed, for want of necessary funds.

(Paragraph 3.6.2)

- Twenty PRIs had 'procured items' or 'carried out works' at a cost of ₹5.22 crore without floating any tender or e-tendering.

(Paragraph 3.6.3(i))

- Eleven PRIs had irregularly split up works of ₹21.26 crore, from various funds, without obtaining the approval of the State Government

(Paragraph 3.6.3(ii))

- Twenty-seven PRIs had considered erroneous rates, while preparing estimates for works, resulting in overpayments to the contractors concerned, amounting to ₹67.02 lakh.

(Paragraph 3.6.4)

Other Irregularities

- South 24 Parganas Zilla Parishad did not impose the development charges fixed by the State Government and sustained loss of revenue of ₹4.57 crore.

(Paragraph 4.1.1)

- Birbhum Zilla Parishad expended an amount of ₹85.91 lakh, without obtaining approval of the competent authority.

(Paragraph 4.2.1)

- Matigara Panchayat Samiti incurred wasteful expenditure of ₹71.20 lakh.

(Paragraph 4.2.2)

- North Dinajpur Zilla Parishad and South Dinajpur Zilla Parishad, irregularly expended, an amount of ₹51.51lakh, from the earmarked BADP grant, in violation of the Rules.

(Paragraph 4.3.1)