



Training Module On Audit Of Gram Panchayat



Regional Training Institute, Kolkata
Indian Audit And Accounts Department



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Indian Audit and Accounts Department**

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Foreword

The Regional Training Institute (RTI), Kolkata was designated in December 2003 by the Office of the Comptroller and Auditor General of India (C&AG), as the nodal centre for training in the audit of local bodies.

It was decided to undertake preparation of training modules on the audit of local bodies commencing with Panchayati Raj Institutions (PRIs), in the first phase. The modules were sought to be prepared on the basis of the shared experience of relevant agencies. Hence, besides collaboration with the Office of the Accountant General (Local Bodies Audit), West Bengal, emphasis was also placed on a consultative process involving, among others, the State Institute of Panchayats and Rural Development (SIPRD), Kalyani and the Internal Audit Department (Finance) of the Government of West Bengal.

Subsequently, on the basis of a draft training module, a pilot training course was held on the *Audit of Gram Panchayat*. Feedback on the design and contents of the training course was received from the participants and faculty members, drawn, *inter alia*, from SIPRD, Kalyani and the Department of Panchayat and Rural Development, Government of West Bengal. Inputs were also obtained from other participatory offices and also non-governmental organizations, such as, the Mazhdoor Kisan Shakti Sangathan, Rajasthan. Accordingly, a series of further modifications to the module were carried out. A component each on the indices of the satisfactory organizational set-up of a gram panchayat as well as on the ongoing process of social audit, was also incorporated in the module.

The training module on the *Audit of Gram Panchayat* is broadly designed in the context of West Bengal keeping in view its performance in supporting the panchayats, almost two decades prior to the 73rd Amendment to the Constitution (through the enactment of the West Bengal Panchayat Act, 1973 and the holding of panchayat elections with regularity every fifth year since 1978), and since the PRIs in the State are considered to be a success story. However, as the wider framework of local governance falls within the purview of the 73rd Amendment, the common aspects of organizational apparatuses and the key thrust areas of audit analysis remain the overall focus.

We gratefully acknowledge the contribution and assistance of the participatory offices mentioned above, and especially, the support and advice received from the Local Bodies Division, Office of the C&AG of India, in finalizing the training module.

This is an initial effort, made possible by the collective endeavours of the core faculty of the RTI, Kolkata. We welcome feedback and suggestions from user offices and agencies, to delineate further areas for gaining a holistic perspective on the entire area of grassroots-level decentralization, at rtiercal@vsnl.net.

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List of Abbreviations and Acronyms

Sl. No	Abbreviated form	Full form
1.	AAP	Annual Action Plan
2.	a/c	Account
3.	AG	Accountant General
4.	BPL	Below Poverty Line
5.	CB	Cash Book
6.	C&AG	Comptroller And Auditor General Of India
7.	CDP	Community Development Programme
8.	CEGC	Central Employment Guarantee Council
9.	CFTs	Cluster-Level Facilitation Teams
10.	CSOs	Civil Society Organizations
11.	DCB	Daily Collection Book
12.	DEV.	Development
13.	DWMAAs	District Watershed Management Agencies
14.	DLC	District level Committee
15.	DLFA	Director, Local Fund Audit
16.	DM	District Magistrate
17.	DPC	District Programme Coordinator
18.	DPC Act	Duties, Powers and Conditions of Services Act
19.	WDF	Watershed Development Fund
20.	Dy.	Deputy
21.	EFC	Eleventh Finance Commission
22.	EO	Executive Officer
23.	Ex. Asstt.	Executive Assistant
24.	Ex. Eng.	Executive Engineer
25.	FFC	Fourteenth Finance Commission
26.	GPF	Gram Panchayat Fund
27.	GUS	Gram Unnayan Samiti
28.	GP	Gram Panchayat
29.	Govt.	Government

Sl. No	Abbreviated form	Full form
30.	IAY	Indira Awas Yojana
31.	ICT	Information and Communication Technology
32.	IEC	Information Education and Communication
33.	IWMP	Integrated Watershed Management Programme
34.	IGNOAPS	Indira Gandhi National Old Age Pension Scheme
35.	IGNDPS	Indira Gandhi National Disability Pension Scheme
36.	IGNWPS	Indira Gandhi National Widow Pension Scheme
37.	LBA	Local Body Audit
38.	JC	Job Cards
39.	LB	Labour Budget
40.	LTI	Left Thumb Impression
41.	MAS	Model Accounting System
42.	MB	Measurement Book
43.	MGNREGS	Mahatma Gandhi National Rural Employment Guarantee Scheme
44.	MIS	Management Information System
45.	MPAM	Model Panchayat Accounting Manual
46.	Mins.	Minutes
47.	MPGSA	Model Panchayat and Gram Swaraj Act
48.	MR	Muster Roll
49.	NFBS	National Family Benefit Scheme
50.	NSAAC	National Social Assistance Advisory Committee
51.	No.	Number
52.	NGO	Non Government Organisation
53.	PIAs	Project Implementation Agencies
54.	PIO	Public Information Officers

Sl. No	Abbreviated form	Full form
55.	PO	Programme Officer
56.	PWD	Public Works Department
57.	RTI Act	Right to Information Act
58.	SDO	Sub Divisional Office/Offices
59.	SECC	Socio Economic Caste Census
60.	SEGC	State Employment Guarantee Council
61.	SLNA	State Level Nodal Agency
62.	NSAP	National Social Assistance Programme
63.	PRI	Panchayati Raj Institution
64.	PRIASoft	Panchayati Raj Institutions Accounting Software
65.	PS	Panchayat Samiti
66.	Rs.	Rupees
67.	SC	Scheduled Caste
68.	SFC	State Finance Commission
69.	SAU	Social Audit Unit
70.	ST	Scheduled Tribe
71.	TFC	Thirteenth Finance Commission
72.	TA	Travelling Allowance
73.	TGS	Technical guidance and supervision
74.	UT	Union Territory
75.	VO	Voluntary Organisation
76.	VRP	Village Resource Persons
77.	W.B	West Bengal
78.	WBP	West Bengal Panchayat
79.	ZP	Zilla Parishad

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Course Module on 'Audit of Gram Panchayat'

Course Title: Audit of Gram Panchayat

Training Objective: Familiarisation with the concept of PRIs, its evolution, its importance in the developmental process, vis-a vis, enabling the participants to:

1. Understand Gram Panchayat Accounting System in particular
2. Familiarise with formats of records maintained in Gram Panchayat
3. Form objective assessment of working of Gram Panchayat
4. Derive Audit conclusion
5. Draft Audit Inspection Report

Training Method: Interactive Lectures, PowerPoint Slides, Exercises.

Sessions at a glance

Day I

Session	Time	Topic
1	10.15 hrs. to 11.30 hrs.	Evolution of PRIs in the pre and post-independence phase including enactment of constitutional provisions and significance of devolution of funds, vis-a vis, Audit thereof.
1	11.45 hrs. to 13.00 hrs.	Constitution of Gram Panchayat and Audit points thereon: Provisions of MPGSA along with provisions of some of the State Acts on concept & definition, Gram Panchayat Organisation and Election, Duties & Functions including the Report on Works of Gram Panchayat, Establishment, Gram Sansad & Gram Sabha and Audit points.
1	14.00 hrs. to 15.15 hrs.	Contd.
2	15.30 hrs. to 16.45 hrs.	Audit of Gram Panchayat Fund and Budget: Credits of Funds showing, inter-alia, different contributions & loans from Central / St. Govt./ Zilla Parishad, earnings of Gram Panchayat through different sources, provisions for withdrawal from Gram Panchayat Fund, Importance of Budget, Procedure of framing of Budget, approval of Budget. Provision for revised Budget, Time Schedule, Familiarisation with format of Budget, Audit points/exercises

Day II

Session	Time	Topic
3	10.15 hrs. to 11.30 hrs.	Audit of Gram Panchayat Accounts and relevant registers: Model Accounting System, Account Code, Accounting Procedure, PRIASoft, Functions & responsibility of Pradhan, Secretary & Executive Assistant.
3 (contd.)	11.45 hrs. to 13.00 hrs.	Posting in different Ledgers/Registers/Receipt Books and their reflection in Cash Book.
3 (contd.)	14.00 hrs. to 15.15 hrs.	Discussion on Cash Book, Works Register and other Receipts Register.
3 (contd.)	15.30 hrs. to 16.45 hrs.	Register for Immovable Properties, Acquittance Register, Grants-in –aid bill etc., Audit points/exercise.

Day III

Session	Time	Topic
4	10.15 hrs. to 11.30 hrs.	Audit of Central / State schemes implemented through Gram Panchayat and relevant Formats; Audit points /Exercise.
4 (contd.)	11.45 hrs. to 13.00 hrs.	Audit of Central / State schemes (contd.)
4 (contd.)	14.00 hrs. to 15.15 hrs.	Audit of Central / State schemes (contd.)
4 (contd.)	15.30 hrs. to 16.45 hrs.	Audit of Central / State schemes (contd.)

Day IV

Session	Time	Topic
5	10.15 hrs. to 11.30 hrs.	Audit of Works executed by Gram Panchayat: Procedure for works to be executed by Gram Panchayat, Maintenance of Advance Register, Allotment Register and Project Register,
5 (contd.)	11.45 hrs. to 13.00 hrs.	Audit of Works executed by Gram Panchayat (contd.) and Overall monitoring of GP: Works Register, Measurement Books, Muster Roll, Appropriation Register and Stores Account Register and Monitoring of GP.
6	14.00 hrs. to 15.15 hrs.	Right to Information Act, 2005 and Social Audit according to Audit of Scheme Rules 2011 and Social Audit Manual 2015
6	15.30 hrs. to 16.45 hrs.	Social Audit : Role of Gram Sabha and Movie Show on 'Right to Information'

Day V

Session	Time	Topic
7	10.15 hrs. to 11.30 hrs.	Duties & Powers of Auditor, Technical Guidance and Support
7 (contd.)	11.45 hrs. to 12.30 hrs.	Audit Inspection Report: Statutory Provisions, Drafting of report, Audit Exercise
8	12.30 hrs. to 13.00 hrs.	Indices of satisfactory organisational set up of Gram Panchayat
9	14.00 hrs. to 15.15 hrs.	Important Observations Raised in Audit Report of Different States
10	15.30 hrs. to 16.45 hrs.	Evaluation Test, Feed Back, Valediction

Session 1

Session 1-Title

Evolution of PRI and Constitution and establishment of GP



- **Instructor's Guide**
- **PowerPoint Slides**
- **Exercise**
- **Solution**
- **Participants' Note**

Session Title: Evolution of Panchayati Raj Institutions (PRIs) and constitution of Gram Panchayat (GP)		Session Guide
Instructor's Guide	Reference	Participant's Response
Session Overview		
Welcome participants to the session and remind them that their active participation is critical for the success of each session.		
Learning Objective		
Inform: At the end of this session, we will acquire the basic concept of PRIs, constitutional provisions for PRIs, organisational structure of GP, its prime duties and functions, its establishment etc., which will enable us to understand the system of PRIs and the constitution of GP.		
Basic Concepts		
Discuss: <ul style="list-style-type: none"> the historical perspective of PRIs beginning with the concept of Panchayat in ancient India. the evolution of Panchayat and Local Government Institutions in the pre and post-independence period. the constitutionalisation of Panchayats, position of panchayats in West Bengal and enactment of the W.B. Panchayat Act, 1973. the importance of allocation of funds to PRIs in W.B. State Budget. 	Slide : Home page for PRI Slide : Evolution of PRI (post-independence) Slide: Session 1 WB Panchayat Act	
Audit of Constitution of Gram Panchayat		
Explain: <ul style="list-style-type: none"> the definition, constitution of GP, how it is elected, its functions and duties, Establishment of Gram Panchayat and the Annual Report on the work of GP with reference to . draft Model Panchayat and Gram Swaraj Act (MPGSA) formulated by the Ministry of Panchayati Raj with examples from different State Acts. Distribute copy of Form 3A to make the participants familiar with the format of Annual Report on the work of GP. Encourage: <ul style="list-style-type: none"> the participants to explore probable audit points to be looked into in respect of constitution of GP. Advise them to jot down their points. <ul style="list-style-type: none"> Show and discuss suggested audit points to be looked into as regards constitution of GP. 	Slide: Session 1 Constitution of Gram Panchayat Session 1 Format 1 Slide: Session 1 Audit Points Constitution Of GP	
Application:		
Issue instruction for Exercise 1 , including time allowed for individual effort and for discussion on answers. Distribute Session 1 Exercise 1 Distribute suggested solution and discuss the answers. Distribute Participants' Note	Session 1 Exercise 1 Solution 1 Participants' Note	
Summarise:		
During the session, we discussed evolution of PRIs, the organisational structure, duties, functions and establishment of GP and audit points thereon. Thank the participants and bring the session to a close.		

List of Forms required in Session 1.

1. Annual Report on Works of Gram Panchayat.

Evolution of PRIs

Slide 1

Historical perspective of local government since independence

Regional Training Institute, Kolkata


Slide 2

Historical perspective- pre independence period

During the Vedic period, the village Panchayat, called 'Samiti' was the basic unit of administration with the head called 'Gramin'

Gupta era show the existence of a Gram Sabha consisting of all adult residents

In the year 1870 India saw representative institutions with Lord Mayo's resolution proclaiming the need for local interest, local supervision and local care on issues like education, sanitation etc.




Slide 3

Historical perspective- pre independence period

In 1882 Lord Ripon provided democratic framework to these institutions with all existing boards to have two-thirds majority of the non-officials to be elected

In on Decentralisation viewed that local government should start from the village level

After the first World War Mahatma Gandhi viewed the Panchayat as a Swadeshi institution and termed as 'Gram Swaraj'



Slide 4

Historical perspective- pre independence period


With the introduction of Montague-Chelmsford Report the development of local self government institutions got a further fillip

By 1925 eight provinces passed Panchayat Acts

By 1926 six native states had passed Panchayat Act

The Government of India Act of 1935 led to the formation of popular Ministries in 1937

Legislations was undertaken to make the local bodies truly representative of the people



Slide 5

Towards first generation Panchayats

1948-49	Constituent Assembly debates on the role of Panchayati Raj in Indian politics.
1950	The Constitution of India comes into force on 26 January; Directive Principles of State Policy mention village Panchayats as 'units of self-government (Art.40).
1957	Balwantrai Mehta Committee, appointed in January, submits its report on 24 November with the suggestion to create 'a set of institutional arrangements'.

Slide 6

Towards first generation Panchayats contd.

1958-60	Several state governments enact new Panchayat Acts bringing in three-tier Panchayat system.
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Slide 7

Growth of second generation Panchayats	
1978	Panchayat elections are held in West-Bengal on Party basis on 4 June – marking the beginning of second generation of Panchayati Raj Institutions. Ashoka Mehta Committee on working of Panchayats, appointed on 21 August to examine measures to strengthen PRIs . Committee recommended- <ul style="list-style-type: none"> •District as the key administrative unit •Population based representation of SC and ST •Participation of political parties •Financial devolution consisting with developmental functions

Slide 8

Constitutionalisation of Panchayati Raj .	
1989	64th Constitutional Amendment Bill is introduced in Parliament on 15 May but was not passed.
1990	74th Constitution Amendment Bills are introduced in Parliament on 7 September; lapses on dissolution of Lok Sabha.
1991	72nd (Panchayats) and 73rd (Municipality) Amendment Bills are introduced in Parliament referred to the Parliament's Joint Select Committee in September.

Slide 9

Constitutionalisation of Panchayati Raj contd	
1992	Lok Sabha passes both the bills on 22 December; Rajya Sabha passes them on 23 December.
1993	73rd Amendment Act, 1992 comes into force on 24 April. 74th Amendment Act, 1992 comes into force on 1 June.
1993-94	All State governments pass Conformity Acts between 30 May 1993 and 23 April 1994.

Slide 10


Constitutionalisation of Panchayati Raj contd	
1996	Provisions of the Panchayats (Extension to the Scheduled Areas) Act, 1996, extending 73rd Amendment Act to Scheduled Areas, comes into force on 24 December.
2001	83rd Constitution Amendment Act, 2000 amends Art. 243-M to dispense with reservations for Scheduled Castes in Arunachal Pradesh – paving way for Panchayat elections in the only state yet to hold them under the new dispensation.

Home

Concept of Panchayat

Slide 11

Concept of Panchayat



Slide 12

CONSTITUTIONAL PROVISIONS ON COMPOSITION OF PANCHAYAT


Article 40 of the Directive Principles of the Constitution of India states:

The State should organise Village panchayats and endow them with necessary powers

Article 243 B & 243 C of the Constitution of India provide:

Panchayat at the village (Gram Panchayat), intermediate (Panchayat Samiti) and District levels (Zilla Parishad) are to be constituted.

The State Legislatures will make provisions for composition of Panchayats.




Slide 13

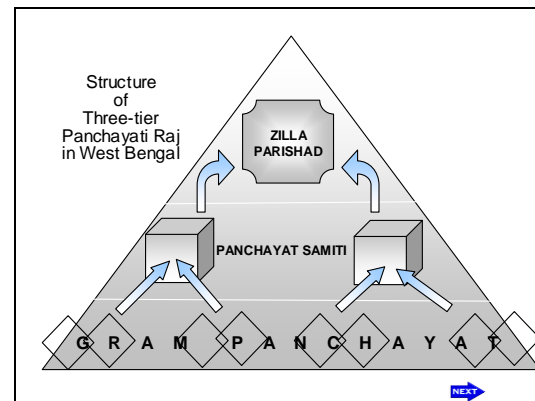
Constitutional Provision on Composition of Panchayat

73rd Amendment of the Constitution provides State Governments are supposed to transfer functions on 29 subjects listed in the 11th Schedule to Panchayats:

Seven states have transferred 29 subjects
 Three states viz. Jharkhand, Chandigarh and Jammu & Kashmir have not devolved any function
 Remaining states have devolved functions partially
 States of Meghalaya, Mizoram and Nagaland exempted from extending the Panchayati Raj structure
 Delhi has no Panchayats




Slide 16



Slide 14

The West Bengal Panchayat Act, 1973



Slide 17

Object of the Act


To strengthen the self-governed local body in West Bengal.

Slide 15

Enactment

The Panchayat Act, 1957 (prepared on the authority of Article 40 of the Directive Principles of the Constitution of India) was repealed by the W.B. Panchayat Act, 1973 to bring the enactment on Panchayats in conformity with all – India pattern

Accordingly in W.B. the three-tier system is termed as Gram Panchayat, Panchayat Samiti and Zilla Parishad




Slide 18


Panchayats in West Bengal at a Glance (Elected Members)

	Nos.	Total Elected Members
Gram Panchyats	3342	48800
Panchayat Samities	341	9240
Zilla Parishads	19	825

Slide 19

Budgetary Allotment in 2014-15

Against total budgetary allocation of Rs. 7691.345 crores a total amount of Rs. 6607.069 crores was released to the PR Bodies. Central Government Grant of Rs.5805.07 crore was also released.  The details are shown in the next slides.

 Source: Deptt. of Panchayat & Rural Development, Government of West Bengal.

Slide 2

Introduction

Ministry of Panchayati Raj had formulated a draft Model Panchayat and Gram Swaraj Act (MPGSA) for reference to formulate Panchayat Act by the States

Discussion on constitution of GP highlights provision of MPGSA alongwith provisions of some State Acts

Slide 20

(Rs. in crores)

Items	ZP	PS	GP	Total
Salary Allowance	73	75	548	696
Schematic Fund	2202	2956	5450	10608
Other Grants	221	132	755	1108
Grand Total	2496	3163	6753	12412

Slide 3

Defination of Gram (MPGSA)

The State Government shall, by notification in the Gazette constitute a Village Panchayat for each Village or for a group of Villages and specify the names, the territorial area and the headquarters of such Panchayats.

Constitution of GP

Slide 1

Constitution of Gram Panchayat (GP)

Slide 4

Defination of Gram – WB PA

The State Government may, by notification, declare any mauza or part of a mauza or group of contiguous mauzas to be a Gram.To form a Gram, the State Government shall have to exercise its power by publishing a notification in the Gazette.

Slide 5

Defination of Gram – Tamil Nadu PA

A village panchayat shall be constituted for each panchayat village consisting of elected members, with effect from date as may be specified in the notification issued by the **Inspector**. Every village panchayat shall be a body corporate by the name of the panchayat village specified in the notification .

•Officer not below the rank of a Collector appointed by the Government

Slide 8

Definition of Gram Sabha – WB PA

Every Gram shall have a Gram Sabha consisting of persons registered in the electoral roll pertaining to the area of the Gram.

Pradhan of the concerned GP preside over the meeting of the Gram Sabha

Slide 6

Defination of Gram – Orissa GP Act

The State Government may by notifying in the Gazette constitute any village or group of contiguous village as a Grama and assign to such

Slide 9

Definition of Gram Sabha – Kerala PR Act

All persons whose names are included in the eAll persons whose names are included in the electoral rolls of village comprised within the area of a village panchayat shall be deemed to be constituted as Grama Sabha of such village.

President of the village panchayat shall preside over every meeting Gram Sabha.

Slide 7

Definition of Gram Sabha (MPGSA)

All persons whose names are included in the electoral rolls relating to a Village Panchayat shall be deemed to be constituted as Gram Sabha of such Village Panchayat.

Chairperson of the Village Panchayat preside over the meeting of the Gram Sabha

Slide 10

Definition of Gram Sabha – Karnataka PR Act

Grama Sabha means a body consisting of persons registered in the voters list of Grama Panchayat.

Adhyaksha of the concerned Grama Panchayat shall preside over the meeting of the Gram Sabha.

Slide 11

Constitution of GP (MPGSA)

Every Village Panchayat shall consist of elected members equal to the number of seats notified.

All the seats shall be filled by directly elected person.

Each village shall be divided into number of wards.

The ratio between the population of each ward and the number of seats allotted shall, so far as practicable, be the

Slide 14

Functions of GP – Karnataka PR Act

providing sanitary latrines, community latrines, sanitation and proper drainage and adequate number of street lights

maintaining water supply works, community assets, records relating to population census, crop census

revising and collecting taxes, rates and fees periodically

Slide 12

Constitution of GP –Karnataka PR Act)

The Grama Panchayat shall consist of such numbers elected members notified by the State Election Commission.

Elected members shall be at the rate of one member for every four hundred populations or part thereof.

The members of a Grama Panchayat shall hold office for a term of five years.

Slide 15

Functions of GP – Karnataka PR Act

construction, repair and maintenance of public streets

earmarking places away from the dwelling houses for dumping refuse and manure

filling-up insanitary depressions and reclaiming unhealthy localities

protecting the biodiversity

Slide 13

Constitution of GP –Karnataka PR Act)

Elected members of GPs choose two members of GPs as Adhyaksha and Upadhyaksha.

A Grama Panchayat shall meet at least once in a month.

The quorum for a meeting of the Grama Panchayat shall be one-half of

Slide 16

Constitution of GP –Rajasthan PR Act

The State Government may, by notification in the Official Gazette, declare any local area or a cantonment board to be Panchayat.

A Panchayat shall consist of –

(a) a Sarpanch, and

(b) directly elected Panchas

Slide 17

Constitution of GP –Rajasthan PR Act

Every Panchayati Raj Institution shall continue for five years.

Every Panchayat shall have a Sarpanch who must be a person qualified to be elected as a Panch.

A Panchayat shall meet at least once a fortnight.

A quorum for a meeting shall be one-third of the total number of members.

Slide 20


Functions of GP – WB P Act

Functions as unit of Self-Government in order to achieve economic development and secure social justice for all

Prepares a development plan for five-year term and revise / update as and when necessary

Prepare an annual plan for each year for the works proposed to be done during the following year

Implement schemes as may be drawn up in the annual plan by the Gram Panchayat



Slide 18

Constitution of GP - WB P Act

The State Government shall constitute a GP bearing the name of the Gram;

Persons whose names are included in the electoral roll shall elect members not being less than five or more than thirty;

The members of a GP shall hold office for a period of five years;

Slide 21

Duties of GP – WB P Act

GP undertake schemes or adopt measures on:

Health care, pre-school education, primary education, social welfare

Development of women and children, livestock, fisheries

Promotion of agriculture, cottage-village-mini industrie


Construction and maintenance of tanks, field channels, tube wells


Water management, soil conservation

Slide 19

Constitution of GP

- Pradhan
- Upa-Pradhan
- Members
- Members of Panchayat Samiti , not being Sabhapati or Sahakari Sabhapati





Slide 22

Role of Gram Sansad

Every GP shall have a number of Gram Sansads.

One Gram Sansad will represent one Electoral Constituency / one Polling Station.

All the voters of a Constituency / Polling Station are members of Gram Sansad.

Every Gram Sansad shall hold at least two meetings in an year – Annual meeting in May and half -yearly meeting in November.

Slide 23

Role of Gram Sansad – WB P Act

More meetings may be convened on the direction of State Government as and when needed.

1/10 th of total number of members shall form a quorum for a meeting.

For lack of quorum, meeting will be deferred & held after 7 days at the same place. For adjourned meeting attendance of 5% members will make a quorum.

Meeting will be convened and presided over by Pradhan.

Slide 26

Role of Gram Sabha- WB P Act

GP shall convene a meeting of Gram Sabha in December each year

One –twentieth of the total number of members shall form a quorum for a meeting

Resolutions of the Gram Sansads and the views of the Gram Panchayat thereon placed before Gram Sabha for deliberation and recommendation



Slide 24

Role of Gram Sansad – WB P Act

Gram Sansad will advise G.P. on the following matters which will be considered by the GP in its meeting:-

- To identify schemes / programmes
- To select beneficiaries under different schemes
- To form beneficiary committees for development works
- To raise objection against any development work not executed in proper manner & to record that resolution.

Slide 27

Role of Gram Sabha- WB P Act
contd.

The Gram Sabha shall deliberate upon and recommend on:

the advice of the Gram Sansads on schemes for economic development and social justice

Supplementary budget of the GP for the preceding year, report on the work of GP, annual work plan and annual budget approved and adopted for the current year



Slide 25

Role of Gram Sansad – WB P Act

During the Annual Meeting, the Gram Sansad will discuss revised budget of previous year, accounts of last six months, The annual work plan finally approved and adopted for the current year

The annual budget finally approved and adopted for the current year

During the half-yearly meeting, Gram Sansad will discuss GP budget of the next year & latest Audit Report of GP.

Slide 28

Report on the work of GP

The GP shall prepare in Form 3A -

A report on the work done during the previous year and

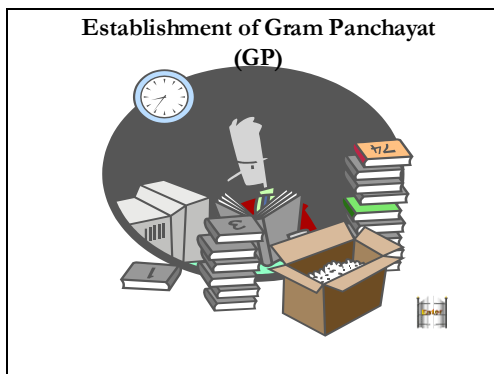
The works proposed to be done during the following year and submit it to the PS.

The GP shall, in October and April every year, also prepare a half-yearly report showing the amount received by the GP during the previous half-year including the opening balance and the amount actually spent on different items of works.



Establishment of GP

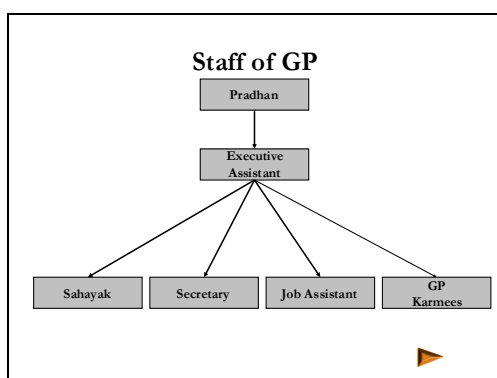
Slide 1



Slide 2

- Establishment of GP – WB Panchayat (GP Admn) Rules**
- Pradhan
 - Executive Assistant
 - Sahayak
 - Secretary
 - Job Assistant
 - GP Karmees

Slide 3



Slide 4

- Functions of the Executive Assistant (Ex. Asst.)**
- He is in charge of the office of the GP;
 - Acts under the supervision of the Pradhan;
 - Remains in executive charge of administrative including establishment, related functions and financial operations of the GP;
 - Custodian of the Cheque/Pass Books of Bank/Post office;
 - Prepares the Cheque for encashment out of GP Fund;
- (contd.)

Slide 5

- Functions of the Executive Assistant contd.**
- Authenticates all entries in the cash book and vouchers in support thereof;
 - Performs the work relating to the implementation of programmes / schemes;
 - Prepares the annual budget in due time;
 - Responsible for allotting duties to the GP Karmees;
 - Supervises the recording / noting of the resolutions adopted in Gram Sansad and Gram Sabha meeting.

Slide 6

- Functions of the Secretary**
- Prepares list in respect of tax and license fees levied by GP;
 - Maintains Cash Book and books of accounts;
 - Prepares the monthly, quarterly, half-yearly and annual statement of accounts and places the same before the GP;
 - Assists the Ex. Asst. towards preparation of Budget of the estimated receipts and disbursement of GP;

Slide 7

Functions of the Secretary contd.

- Keeps all records in safe custody and produces the same in the meetings of GP/ Gram Sabha/ Gram Sansad, excepting the Cheque Book and the Cheque Book Register ;
- Oversees payments of wages to labours engaged in various programmes under implementation by the GP;
- Records the resolution of the meeting held in the GP/ Gram Sabha/ Gram Sansad;

(contd.)

Slide 10

Functions of Job Assistant contd.

- Submits collected and compiled reports, returns and relevant records in office of the GP;
- Submits completion report and utilisation report, project and programme-wise, in respect of the work programme executed by the GP.

Slide 8

Functions of the Secretary contd.

- Produces all records before the auditors or inspecting officers as when required;
- Submits to the appropriate authority all grants-in aid bills in due times;
- Perform duties for encashment of cheques and disbursement of fund;
- Perform such other duties in respect of the work of the GP and of the State Govt. as the Pradhan may direct.

Slide 11

Functions of Sahayak

- Assists the Ex. Asst. in matters of financial administration if and when required;
- Assists the Secretary in facilitating the proper maintenance of accounts and records, including vouchers of financial transactions made in and by the GP and in encashment of cheques.

Slide 9

Functions of Job Assistant

- Prepares estimates for the work / projects in conformity with the financial and technical guidelines prescribed by the appropriate authority; Prepares measurement sheet, Muster Roll and acquittance roll;
- Watches and supervises the progress of work, project and programme-wise, supported by Muster Rolls and measurement sheets;

Slide 12

Functions of GP Karmees

- GP Karmees perform duties on the direction of the GP and the Pradhan
- GP Karmees discharge the duties pertaining to the functions of the Messenger Peon, Office Peon and Helper and keeping watch of the GP Office at night

GP member election

Slide 1

ELECTION
OF
GRAM PANCHAYAT (GP)
MEMBERS

BACK TO
CONSTITUTION OF
Gram Panchayat

Slide 2

GP MEMBERS – Model PGSA

- Every Village Panchayat shall consist of elected members equal to the number of seats notified and all the seats in a Village Panchayat shall be filled by persons chosen by direct election
- Each village shall be divided into number of wards, and the number of members of a Village Panchayat to be elected from each ward shall be determined by the SEC

Slide 3

GP MEMBERS – WB P Act

- Persons whose names are included in the electoral roll pertaining to the area comprised in the Gram, shall elect the members by secret ballot
- The number of such members must not be less than five or more than thirty (as determined by the State Govt. in accordance with no. of voters in that area)

Slide 4

GP MEMBERS – Other States

- Every person registered as a voter in the list of voters of a PRI shall be qualified for a member of Panch (Rajasthan PR Act)
- The Grama Panchayat shall consist of such number of elected members as may be notified from time to time by the State Election Commission (Karnataka PR Act)

Slide 5

Term of office of
the members of GP

- Every Panchayat shall continue for five years from the date of its first meeting and no longer (MPGSA)
- Members shall hold office for a period of five years from the date appointed for its first meeting and no longer (WB P Act)
- The members of a Grama Panchayat shall hold office for a term of five years (Karnataka PR Act)
- Every Panchayati Raj Institution, unless sooner dissolved shall continue for five years (Rajasthan PR Act)

Slide 6

Disqualification of members of GP

If - Karnataka PR Act

- he is disqualified by or under any law for the purposes of the elections
- he has been sentenced by a criminal court to imprisonment
- an order has been passed against him under section 117 of the Code of Criminal Procedure
- he has been dismissed from service
- he has been disenrolled or suspended being a legal or medical practitioner or chartered accountant
- he has been removed from membership of any local authority
- he holds any office of profit under any local or other authority (contd.)

Slide 7

Disqualification of members of GP
Karnataka PR Act

- Disqualification for a member of a Panch:
- disqualified for the purpose of election to the Legislature of the State
 - holds a salaried appointment under a local authority
 - holds any salaried post or place of profit under any PRI
 - has been dismissed from State Government service
 - has directly or indirectly share or interest in any contract on behalf of the PRI
 - has been convicted of any offence by competent Court
 - has more than two children
 - shall not be disqualified on the ground that he is less than 25 years of age if he has attained the age of 21 years



Slide 10

Meeting of GP

- A Grama Panchayat shall meet for the transaction of business at least once in a month (Karnataka PR Act)
- A Panchayat shall meet for the transaction of business at least once a fortnight (Rajasthan PR Act)
- Every Gram Panchayat shall hold an annual meeting in the month of December every year (WB P Act)

(contd.)



Slide 8

Disqualification of members of GP
WB Panchayat Act

A person shall not be qualified to be a member of GP, if:

- he is a member of any municipal authority
- he is in the service of the Central or the State Government or in any PRI unit
- he has been dismissed from the service of a Government / Body / Authority
- he has been adjudged by a competent court to be of unsound mind
- he is an undischarged insolvent
- he has not attained the age of twenty-one years



Audit points on Annual Report of GP

Slide 1

Audit Points In Respect of
'Annual Report of Gram Panchayat'
(WB Panchayat Act)

Slide 9

ELECTION OF
PRADHAN / SARPANCH / Adhyaksha

- Every GP shall, at its first meeting with a due quorum, elect, in the prescribed manner, one of its members to be the Pradhan and another member to be the Upa-Pradhan of the GP (WB P Act)
- Every Panchayat shall have a Sarpanch who shall be elected by the electors of the whole Panchayat Circle (Rajasthan PR Act)
- Every Grama Panchayat choose two members to be respectively Adhyaksha and Upadhyaksha (Karnataka PR Act)



Slide 2

Annual Reports of GP
(WB P Act)

- Whether annual report on the work done during the previous year and the work proposed to be done during the following year had actually been prepared;
- Whether there was reasonable consistency in such work plans.



Slide 3

**Annual Reports of GP
Receipt Side**

1. Did the O/B tally with the C/B of the previous year?
2. Particulars of contributions / grants by the State/Central Government under different heads should be checked with sanctioned letters of Central/State Govt./other sources, Cash Book and cheques received;
3. Basis for computation of the anticipated receipts for the next year / half year should be verified from the worksheet.



Slide 6

**Annual Reports of GP
Receipt Side**

9. Entitlement & authenticity of receipts from gifts etc. should be verified from minutes of GP meetings;
10. Percentage of total receipts of the GP generated through own source.



Slide 4

**Annual Reports of GP
Receipt Side**

4. Particulars of tax revenue under different schemes should be cross checked with postings from Cash Book, tax collection register, key of tax imposed as decided in the meetings of GP;
5. Whether there were any arrears in collection. If so, the reasons thereof should be assessed;
6. Particulars of receipts under various other heads should be reconciled with postings in Cash Book, allotment orders and cheques;

(contd.)



Slide 7

**Annual Reports of GP
Expenditure Side**

1. Cost of administration should be verified from the office copies of salary & allowances, sanction registers, Cash Book and withdrawal of cheques;
2. In respect of Traveling Allowance, it should be seen that the programmes were approved by the competent authority;
3. In respect of honorarium, it should be seen that the prior approval of the competent authority was obtained and the work for which the honorarium was sanctioned, was actually executed;

(contd.)

Slide 5

**Annual Reports of GP
Receipt Side**

7. In respect of recovery of cost of demolition of buildings, the amount of actual recovery should be verified from the prescribed rates/ rates fixed at the GP meetings;
8. Amounts received from Central/ State Government and other sources as loans & advances should be checked from the Cash Book, respective registers and cheques;

(contd.)



Slide 8

**Annual Reports of GP
Expenditure Side**

4. Expenditure shown under different heads/ schemes/ works should be tallied with figures of different works registers/Cash Book. Performance of works should also be kept in view to see the works for which the amounts are shown as incurred, were actually executed/under execution;
5. Expenditure is supported by proper vouchers.



Audit of establishment of GP

Slide 1

Audit Points In Respect of
Establishment of Gram Panchayat

[Click](#)

Slide 2

Audit Points In Respect of Establishment of
Gram Panchayat

- Was there a register to authenticate the sanctioned staff?
- Did the posts in operation have prior approval of the State Government?
- Was any post created or abolished without prior approval of the State Government?
- Did the staff have a fixed duty list? 🍌

Exercise:**Time: 10 mins.****Mark ✓ the correct answer:**

1. Reports on how many types of work are prepared in Gram Panchayat?
 3 2 1
2. Who among the following in a GP is a representative/staff of the government?
 Pradhan Pradhan and Upa-Pradhan Secretary
3. Can a Central/State Government employee be a GP member?
 Yes No
4. A member of the village was dismissed from government service on financial grounds six years ago. Is he eligible to be a member of the GP now?
 Yes No
5. What is the minimum age for a member of the GP?
 18 16 21

Solution

1. 2
2. Secretary
3. No
4. Yes
5. 21

Session Title: **Evolution of Panchayati Raj** **Institutions(PRIs) & Constitution of** **Gram Panchayat(GP)**

Session Overview

In this first session we will discuss-

(i) Evolution of PRIs in the pre and post independence phase including enactment of constitutional provisions and significance of devolution of funds vis-à-vis audit thereof and concept, definition, organisation & establishment of Gram Panchayat.

At the end of this session, participants will acquire the basic concept of PRIs, constitutional provision for PRIs, organisational structure of GP, its prime duties and functions, its establishment etc. which will enable them to understand the system of PRIs and the constitution of GP.

Historical perspective:

দেখি, ইতিহাস কী বলে



Let us see what history says

The pre-independence period

India has a long legacy of Panchayats, an important feature of these institutions being that they were largely self-governing.

During the Vedic period, the village Panchayat, called 'Samiti' was the basic unit of administration and the head of a Samiti was called *Gramin*. Kautilya's "Arthashastra", depicting the system of governance of the Maurayan age, indicates the significance of these institutions particularly for revenue and economic purposes and mentions the various functions to be performed by *Gramika*, the

village headman. The historical records of the Gupta era also show the existence of a *Gram Sabha* consisting of all adult residents of a village, controlled by an executive body or council popularly known as *Panchayat*, which managed village affairs.

The growth of Panchayats had, through the ancient, medieval and modern periods, ups and downs. It is only from the year 1870 that India saw the dawn of representative institutions with Lord Mayo's resolution proclaiming the need for local interest, local supervision and local care on issues like education, sanitation, medical relief and public works.

Following the footsteps of Mayo, Lord Ripon in 1882 provided the much needed democratic framework to these institutions. All boards (then existing) had to have a two-thirds majority of the non-officials who had to be elected; the chairmen of these bodies had to be from among the elected non-officials. Local self-government institutions received a boost with the setting up of the Royal Commission on Decentralisation in 1907 which viewed that local government should start from the village level rather than the district level.

The years that followed after the First World War, saw the advent of leaders like Mahatma Gandhi on the national political scene. He set the tone of the nationalist point on the Panchayat. He viewed the Panchayat as a *Swadeshi* institution and visualized the advent of a free nation in India marked by village self-rule and all-round development at the grass root level in the rural areas, which he frequently termed as *Gram Swaraj*.

The development of local self-government institutions got a further fillip with the introduction of the Montague-Chelmsford Report which made local self government a transferred subject under the scheme of Dyarchy. By 1925 eight provinces had passed Panchayat Acts and by 1926, six native states had also passed Panchayat laws. The Government of India Act of 1935 led to the formation of popular Ministries in 1937 and they undertook legislations to make the local bodies truly representative of the people. However, the initial zeal of the Ministries to make these institutions popular received a

setback between 1939-46 due to the outbreak of the Second World War and events thereafter.

The post-independence period

After India got independence, an important question which came up was the nature of the role the Panchayats should have in the new Constitution. Ultimately, the overall feeling of the members of the Constituent Assembly was for the inclusion of village Panchayats in Article 40 under the Directive Principles of State Policy which reads as follows:

“The State shall take steps to organize village Panchayats and endow them with such powers and authority as may be necessary to enable them to function as units of local self-government”. The Directive Principles were, thus, only persuasive and did not compel the States to take steps to promote Panchayats. The post-independence phase of Panchayat Raj is marked with significant developments. In an attempt to usher in socio-economic and cultural transformation in the country side, in 1952, the Government of India had launched a comprehensive programme of Community Development Programme (popularly known as CDP) encompassing almost all activities of rural development; however the programme could not make much headway in fulfilling the dreams of the rural masses. In order to examine the causes for its failure, the Government of India constituted a high power study team headed by Balwantrai Mehta, a Member of Parliament. The Team observed that the failure of the CDP was due to the conspicuous absence of people's participation. In order to secure participation, the Team suggested that 'a set of institutional arrangements' would have to be created to make participation meaningful and effective. This resulted in the creation of a 'three-tier' system of PRIs to organize and manage the rural development activities. Thus began a new experiment in the sphere of rural development through the participation of people. The recommendation favoring democratic decentralization accelerated the pace of constituting PRIs in the States. By 1959, most States had passed Panchayat Acts and by mid 1960s, Panchayats had reached all the parts of

the country. The framework of the new institutional arrangement comprised 'Village Panchayats' at the base, 'Panchayat Samitis' at the middle and 'Zilla Parishads' at the apex level.

PRIs were, thus, made an institutional component of India's development administration. However, although the ideals and basic objectives of these institutions were identical in nature, their powers, mode of representation of the people and the nature of inter-relationship among them were not uniform.

Since the Balwantrai Mehta Committee did not make provisions for fiscal decentralization, the K. Santhanam Committee was set up in 1963 to look into Panchayat finances. Key recommendations included powers to levy a special tax on land revenues and homes; consolidation of all grants at the state level and devolution to PRIs; and the establishment of a Panchayat Raj Finance Corporation to look into the financial resources of PRIs and provide loans and financial assistance to grassroots level governments.

Since the recommendations of earlier committees were not fully implemented, the Ashoka Mehta Committee (1978) was appointed to again examine measures to strengthen PRIs.

It recommended *inter-alia* the following:

- The district as the key administrative unit for planning, coordination and resource allocation, and the management of the rural and urban continuum.
- Population based representation of Scheduled Castes (SCs) and Scheduled Tribes (STs) in the election to PRIs.
- Participation of political parties in elections.
- Financial devolution consistent with the devolution of developmental functions to the district level.

Thus the thrust shifted from the Panchayat as a development organization to the Panchayat as a political institution. Building on the recommendations of the Ashoka Mehta Committee, the states of Karnataka, Andhra Pradesh, West Bengal and Jammu and Kashmir either revised their existing Panchayat Acts or passed new legislation. For the first time in India, local body elections in

West Bengal in 1978 saw the participation of political parties.

Constitutionalising the PRI system

A wave of decentralization of service delivery to local governments gathered momentum in the 1990s, including countries like Albania, Bolivia, Bosnia, Brazil, Ethiopia, Malawi, Madagascar, Philippines, South Africa, Uzbekistan, Uganda and Zambia.

India also implemented a countrywide experiment with decentralization to local governments, since the passage of the 73rd and 74th Constitutional Amendments in the early 1990s.

In order to implement Article 40 of the Constitution, the 73rd Constitution Amendment Act, 1992 inserted Articles 243 to 243-O which tried to address some of the problems encountered by PRIs in previous years by

- a) Granting PRIs constitutional status;
- b) Empowering socially and economically disadvantaged groups such as dalits, adivasis and women;
- c) Ensuring free, fair and regular elections;
- d) Keeping terms fixed;
- e) Identifying a list of subjects to come under the jurisdiction of PRIs;
- f) Addressing the issue of PRI finances; and
- g) Establishing the Gram Sabha (village assembly) as the electorate body to which the Panchayat would be accountable.

The main features of the 73rd Amendment may be seen at Annexure – I.

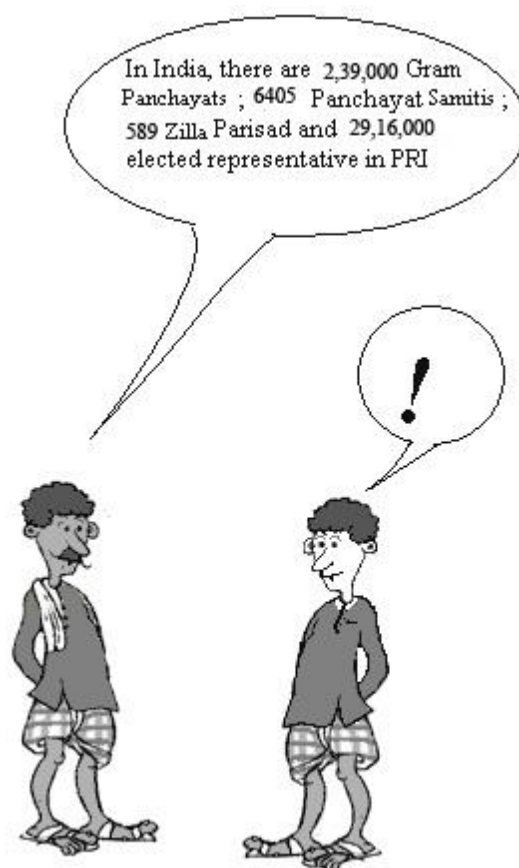
Thus the 73rd Constitutional Amendment consolidated many of the gains achieved in establishing PRIs, and imposed a political uniformity on the structure and working of the third tier. The Amendment perceived popular participation as the key in decision-making and service delivery. This goal of reclaiming the state by the citizen had become particularly important with weaknesses in the state's delivery mechanisms becoming evident. The Ninth Five Year Plan (1997-2000) stated: "Past

experience has shown that many development projects and programmes, having laudable objectives, have failed to deliver the result because of the inadequacies of design and implementation. Time and cost overruns have become widespread and substantial in public sector infrastructure and investment projects. It is common knowledge that the benefits intended to be delivered to the people through development programmes in the social sectors have not fully reached the beneficiaries because of the weakness in administrative planning and delivery mechanism."

Including the adivasis

The Constitutional Amendment, however, excluded the adivasis or indigenous people, except for reservations, and the Scheduled Areas (Areas with a majority tribal/indigenous population). Subsequent to the Bhuria Committee (1994) extending the provisions to the Scheduled Areas and suggesting modifications to strengthen institutions of local self government, the Adivasi Act, or the Provisions for Extension to Scheduled Areas (PESA) came into effect in 1996. This Act is remarkable in the Indian context since it recognizes the vulnerability of the adivasis to any action against their interests by state representatives such as the lower officials of the police, excise, forest and revenue departments. It endorses the communitarian nature of adivasi life with respect to the resource base. Moreover, it recognizes the priority of community rights with respect to individuals, especially in the case of property. On the basis of these principles, the Act placed the Gram Sabha at the centre of the Panchayat system of self-rule for the adivasis, going beyond the functions and powers of the 'Gram Sabha' in non-Scheduled Areas. Thus the 'Gram Sabha' in Scheduled Areas has been entrusted with preserving popular customs and cultural identity; the traditions and customs of the people; safeguarding the community in the management of community resources; ensuring the customary mode of conflict resolution; and being consulted in land acquisition matters.

Following the mandate of the 73rd Amendment to the Constitution, which gave a constitutional status to the Panchayats as a third tier in India's federal structure in rural areas, there are now 2.39 lakh village Panchayats, (village councils), 6405 Panchayat Samitis (block councils) and over 589 Zilla Parishads (district councils), making this the single largest experiment in decentralization of governance attempted anywhere in the world.



TIME LINE**Milestones in the Evolution of Local Government since independence**

Towards first generation Panchayats	
1948-49 ↓	Constituent Assembly debates on the role of Panchayati Raj in Indian politics.
1950 ↓	The Constitution of India comes into force on 26 January; Directive Principles of State Policy mention village Panchayats as 'units of self-government (Art.40)
1952 ↓	Community Development Programme starts off on 2 October.
1957 ↓	Balwantrai Mehta Committee, appointed in January, submits its report on 24 November.
1958-60 ↓	Several state governments enact new Panchayat Acts bringing in three-tier Panchayat system.
1964-77 ↓	Decline of first generation Panchayat Raj Institutions.

Growth and decline of second generation Panchayats

1978 ↓	Panchayat elections are held in West Bengal on Party basis on 4 June – marking the beginning of second generation of Panchayat Raj. Ashoka Mehta Committee on working of Panchayats, appointed on 21 August.
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Constitutionalisation of Panchayati Raj

1989 ↓	64 th Constitutional Amendment Bill is introduced in Parliament on 15 May; is defeated in Rajya Sabha on 15 October
1991 ↓	72 nd (Panchayats) and 73 rd (Municipality) Amendment Bills are introduced in Parliament, referred to the Parliament's Joint Select Committee in September.

1992 ↓	Lok Sabha passes both the bills on 22 December; Rajya Sabha passes them on 23 December.
1993 ↓	73 rd Amendment Act, 1992 comes into force on 24 April. 74 th Amendment Act, 1992 comes into force on 1 June.
1993-94 ↓	All state governments pass conformity Acts between 30 May 1993 and 23 April.
1996	Provisions of the Panchayats (Extension to the Scheduled Areas) Act, 1996, extending 73 rd Amendment Act to Scheduled Areas, comes into force on 24 December.

Source: Panchayati Raj Update, October 2002

Devolution of Departments / Subjects to PRIs

The Constitution (73rd Amendment) Act, 1992 was a watershed in the history of decentralised governance, planning and development.

One of the salient features of this act is – 'Devolution of powers and responsibilities by the state in preparation and implementation of plans for economic development and social justice including implementation of schemes relating to the subjects listed in the 11th schedule of the Act'.

It is clear from the Article 243-G of the Constitution that the legislature of a state may, by law, endow the Panchayats with such powers and authority as may also contain provisions for the devolution of powers and responsibilities upon Panchayats at the appropriate level, subject to such conditions as may be specified therein, with respect to (a) the preparation of plans for economic development and social justice (b) the implementation of schemes for economic development and social justice as may be entrusted to them including those in relation to the matters listed in the 11th Schedule.

It is, however, not mandatory on the part of the state government to implement this because the word 'may' is used in this article. It implies that power sharing with Panchayats depends on the political leadership at the state level. As a result, decentralisation to rural governments has, in reality, tended to be a patch-work of de-concentration, delegation and devolution.

As per the Constitution (73rd Amendment) Act, 1992, the state governments were supposed to transfer to Panchayats functions pertaining to 29 subjects listed in the 11th Schedule of the Constitution (Annexure – II). Annexure - III shows the state-wise Status of Devolution of Departments / Subjects to PRIs.

It may also be seen from Annexure - III that only Andaman and Nicobar Island, Arunachal Pradesh, Karnataka, Kerala, Rajasthan, Sikkim, Tamil Nadu, have transferred all 29 subjects. States like Jharkhand, Chandigarh and Jammu & Kashmir have not devolved any functions. It is also evident from Annexure III that although several states have given a number of

responsibilities to the Panchayats, these have not been accompanied by the requisite devolution of funds and functionaries to the PRIs. In other words, in varying degrees devolution remains *de jure* rather than *de facto*.

Position in West Bengal

Statutorily constituted Panchayats were established in Bengal in 1870 when the Bengal Village Chowkidari Act was passed. The Bengal Local Self-Government Act of 1885, provided for a three –tier structure for rural Bengal. At the top, there was to be a district; at the middle level, a local board covering a sub-division; and at the lowest level the union committee with jurisdiction over a union or a group of villages.

The Bengal Village Self-Government Act of 1919 provided for the creation of union boards consisting of a group of villages. The electorate was to consist of all adult males having residence within the union and paying local tax, that is, union rates or cess. Each union board had a president and a vice-president elected by its members. The union boards were given a variety of functions. There were normal municipal functions, such as sanitation, water supply, maintenance of roads or drains, or regulatory functions, such as control on construction of buildings. There were some development functions as well, such as, promotion of cottage industry, or establishment of primary schools or libraries. The boards could exercise control over the rural police (Chowkidars and Dafadars¹). By 1936-37, the number of elected boards rose to nearly five thousand. A new class of officers, known as circle officers, was appointed by the government to supervise functioning of a group of boards and to act as a link between the government and the self-governing institutions.

The West Bengal Panchayat Act of 1957 replaced the Village Self-Government Act of 1919 and restructured local self-government in villages by introducing two-tier Gram Panchayats and Anchal Panchayats in place of the union boards. Besides, a new concept

¹ At present this post has been abolished. A new post 'Gram Panchayat Karmees' has been introduced.

called the Gram Sabha was introduced. The Gram Sabha consisted of all persons whose names were in the electoral rolls of the West Bengal Legislative Assembly. Each Gram Sabha covered a population of seven hundred to 1,200 persons, residing in one or two villages. The executive arm of the Gram Sabha was the Gram Panchayat which consisted of nine to fifteen members elected by the members of the Gram Sabha. The Panchayat was given functions but not the authority to raise funds. Power to levy and collect rates and fees was given to another body known as the Anchal Panchayat. For every eight to nine Gram Panchayats there was an Anchal Panchayat. The area of operation of the Anchal Panchayat was more or less coterminous with its predecessor, the union board. Thus, through the Act of 1957, West Bengal tried to implement the directive contained in Article 40 of the Constitution of India for establishing village Panchayats without disturbing radically the traditions of the firmly rooted institution of union boards.

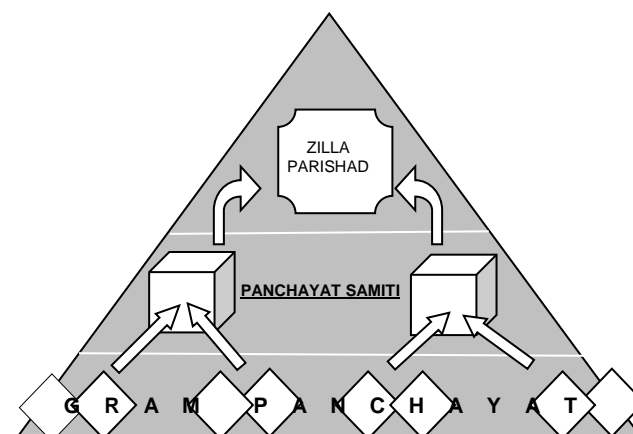
In 1963, the West Bengal Zilla Parishads Act was passed to provide for the remodelling of local government with a view to associating local authorities with development activities and bringing about democratic decentralization and people's participation in planning and development. Under this Act, two corporate bodies were created - Anchalik Parishads at the block level and Zilla Parishads at the district level. There was no provision for direct election to any of these bodies. The Anchalik Parishad consisted of all the Pradhans of the Anchal Panchayat within the area.

The 1957 Act providing for Gram and Anchal Panchayats and the 1963 Act providing for Anchalik and Zilla Parishads formed the basis of the Panchayati Raj structure of the state. It was a four-tier system instead of the three-tier system recommended by the Balwantrai Mehta Committee. Except for the Gram Panchayat, none of the other tiers had any directly elected member.

The West Bengal Panchayat Act was passed towards the end of 1973, with amendments made from time to time, remained effective in the decades that followed. With this act, the state's Panchayat system fell in line with the

all-India pattern of the three-tier system as illustrated below:

Structure of Three-tier Panchayati Raj System



In June 1977, the Left Front led by the Communist Party of India (Marxist) was voted into office. Immediately thereafter, the new government embarked upon a programme of rural development based on land reform and decentralization of power through the Panchayats. After making some amendments to the 1973 Act, the government held elections on 4 June 1978 to all the three tiers of Panchayats. Thus began a new chapter for Panchayati Raj Institutions in the state. Indeed, when one considers the all-India scenario, West Bengal's performance in supporting the institution of Panchayat appears to be commendable. By holding Panchayat elections with regularity every fifth year since 1978, West Bengal set an example to all other states.

West Bengal Panchayats at a Glance (Elected Members)

	Nos.	Total
Gram Panchayats	3342	48800
Panchayat Samitis	341	9240
Zilla Parishads	19	825

It is widely held that West Bengal's Panchayati Raj is a success story. PRIs have been given substantial responsibility in rural development

works, particularly in the implementation of poverty alleviation programmes. As a result, these local bodies are today an indispensable part of the delivery system of the state government in the rural area. Now, no target-group oriented development programmes, nor programmes that call for mobilization of rural people, such as, mass literacy, are undertaken by the state government without involving these bodies.



Flow of Funds

In 2014-15, total budget provision in West Bengal meant for PR Bodies was of Rs.7691.345 crores out of which Rs. 706.467 crores were earmarked for salary and allowance grant, Rs.4914.197 crores was for schematic expenditure and Rs. 2070.68 crores for other compensatory grants to PR Bodies and grants for development of civic amenities etc. This provision does not include the flow of funds from the Government of India directly to the PR Bodies.

Against total budgetary allocation of Rs. 7691.345 crores (Annexure – IV), a total amount of Rs. 6607.069 crores was released to the PR Bodies. Central Government Grant of Rs.5805.07 crore was also released.[©] The details of grants released are given below:

Release of Funds to PR Bodies in 2014-15

(Rs. in crores)

Items	ZP	PS	GP	Total
Salary Allowance	73.55	75.35	547.62	696
Schematic Fund	2202.4	2955	5450	10608
Other Grants	220.50	132.26	755.19	1108
Grand Total	2496	3163	6753	12412

It is pertinent to note the fact that for the rural population, Panchayats are the first and

[©] Source: Deptt. of Panchayat & Rural Development, Government of West Bengal.

foremost and the only relevant, interface with the Government. It is at the level of local government that public goods with a spatial reach limited to the immediate neighborhood, ranging from local road connectivity to sanitation, to watershed management, needs to be provided. These are the very goods that determine the potential for sustainable growth and poverty reduction. It is in this context that the audit of GP assumes critical significance.

Annexure - I

The main features of the 73rd Amendment

- The centrality of the Gram Sabha to decentralize governance.
- Uniform three-tier PRI structure with village, block and district levels.
- Direct election to all seats for all members of all levels.
- Proportionate reservation of Panchayat seats and offices of chairpersons at all levels for SC and ST, with one third reserved for SC/ST women.
- One third of total seats and chairperson offices reserved for women.
- Ability of the state legislature to provide seat and office reservations to backward classes.
- Uniform five-year term for Panchayats, with elections before the expiry of term; elections within six months if Panchayat dissolved.
- Protection against dissolution by amendment before the expiry of Panchayat term.
- Disqualification from Panchayat membership for those disqualified from election to state legislature.
- Independent State Election Commission to supervise preparation of electoral rolls and control electoral process.
- Twenty-nine subjects eligible for devolution to Panchayats

- Powers to states regarding which subjects to devolve.
- Setting up a State Finance Commission (SFC) once in five years to review PRI financial position and make suitable recommendations for fund distribution to Panchayats.

Annexure – II

List Of 29 Subjects in the 11th Schedule of the Constitution

- | | |
|--|--|
| <ol style="list-style-type: none"> 1. Agriculture, including agricultural extension 2. Land improvement, implementation of land reforms, land consolidation and soil conservation 3. Minor irrigation, water management and watershed development 4. Animal husbandry, dairy and poultry 5. Fisheries 6. Social forestry and farm forestry 7. Minor forest produce 8. Small scale industries, including food processing industries 9. Khadi (homespun cloth), village and cottage industries 10. Rural housing 11. Drinking water 12. Fuel and fodder 13. Roads, culverts, bridges, ferries, waterways and other means of communication 14. Rural electrification, including distribution of electricity 15. Non-conventional energy sources 16. Poverty alleviation programmes 17. Educational including primary and secondary schools 18. Technical training and vocational education 19. Audit and non-formal education | <ol style="list-style-type: none"> 20. Libraries 21. Cultural activities 22. Markets and fairs 23. Health and sanitation, including hospitals, primary health centres and dispensaries 24. Family welfare 25. Women and child development 26. Social welfare, including welfare of the handicapped and mentally retarded 27. Welfare of the weaker sections and in particular of the scheduled castes and the scheduled tribes 28. Public distribution system 29. Maintenance of community assets. |
|--|--|

Annexure III

Status of devolution of departments/subjects with funds, functions and functionaries to the Panchayati Raj Institutions for Major States/UTs.

State/UT	No. and Names of the Departments/subjects transferred to Panchayats with respect to		
	Funds	Functions	Functionaries
Andhra Pradesh	Only Gram Panchayats (GPs) are empowered to collect taxes. Governments Orders (GOs) issued for devolving funds of 10 departments	22 GOs issued during 1997-2002. Further, 10 line departments have devolved certain powers to PRIs	Functionaries are under the administrative control of their respective line departments but they are partially accountable to PRIs
Andaman & Nicobar Islands	Grant-in-aid is released to PRI's to discharge their functions	All the functions (29 subjects) have been transferred to the PRIs	639 functionaries of various departments have been transferred to the PRIs
Arunachal Pradesh	PRIs do not collect taxes. Transfer of funds by departments has not taken place.	29 subjects have been devolved. GOs covering 20 departments have been issued, but not yet implemented.	Functionaries have not been transferred.
Assam	PRIs are empowered to collect taxes but cannot enforce. Main source of revenue is lease rent from markets, river banks and ponds.	Activity-mapping done for 23 subjects. But GOs have been issued only for 7 subjects by 6 departments.	There has been very minimal devolution of functionaries. Officials continue to report to departments.
Bihar	No taxes are collected by PRIs but a proposal regarding the same is under consideration of State Government.	Activity mapping has been conducted. 20 line deptts. have issued GOs.	Departmental staff are answerable to departments. Angandwadi workers, teachers and health workers are appointed by PRIs
Chhattisgarh	GP is authorized to collect various types of taxes. Funds for 12 departments have been devolved.	Activity Mapping of 27 matters has been undertaken. GOs not issued.	Panchayat make recruitments for 9 departments.
Goa	Panchayats levy 11 types of taxes. Untied funds are given to Panchayats.	18 matters are devolved to GPs, while 6 are devolved to ZPs.	PRIs have their own core staff for the execution of works.
Gujarat	8 major taxes are collected by PRIs. In 2008-09, 13 departments allocated funds to PRIs	14 functions have been completely devolved and 5 are partially devolved.	14 functions have been completely devolved and 5 are partially devolved.
Haryana	GPs generate revenue from lease of Panchayat land, liquor cess and rental of Panchayat premises.	Panchayati Raj Act devolves 29 functions. GOs have been issued for 10 deptts.	There is no significant devolution of functionaries.
Himachal Pradesh	Only GP is empowered to levy taxes. Funds have not been transferred.	27 out of 29 subjects have been devolved to PRIs.	Functionaries have not been transferred to PRIs.
J&K	State Govt. has issued GO notifying activity mapping. Funds have been devolved in a limited sense. Functionaries have been identified in the Activity Mapping document which will assist Panchayats in carrying out assigned functions but have not been transferred.		
Jharkhand	Elections to PRIs were held in November- December 2010 for the first time since 73rd CAA came into force. Activity Mapping has not been done so far.		
Karnataka	PRIs collect 7 types of taxes. Panchayati Raj Act provides the mandatory transfer for	Karnataka has delegated all 29 subjects to PRI by notifying Activity Mapping.	All Panchayat employees function under dual control of the Deptts. concerned and

	untied funds to PRIs.		the PRIs.
Kerala	GPs have tax domain of 9 types of taxes. Untied funds and funds for specific purposes by deptts are given to PRIs.	Activity mapping for all 29 functions done and activities devolved to Panchayats.	PRIs have full managerial and part disciplinary control over transferred functionaries.
Madhya Pradesh	GPs are empowered to collect taxes. Funds for 13 departments covering 19 matters are released to PRIs.	GOs containing the Activity Mapping in respect of 25 matters pertaining to 22 deptts. have been issued.	Functionaries for 13 departments have been transferred to the PRIs. There is a State Panchayat Service
Maharashtra	ZP and GP collect taxes. Grants for 11 departments are transferred to PRIs.	11 subjects have been fully devolved. For 18 subjects, schemes are implemented by PRIs.	Class III and Class IV employees at all levels are Zilla Parishad employees.
Manipur	Five Departments have issued GOs transferring funds to PRIs.	GOs have been issued devolving functions related to 22 departments.	5 Departments have issued GOs transferring functionaries to PRIs.
Orissa	PRIs collect 6 types of taxes. There is no clear devolution of untied funds.	11 departments have devolved 21 subjects.	Officials of 11 departments are accountable to PRIs.
Punjab	Main source of income of GP is from auction of Panchayat land. There is no clear devolution of funds.	The devolution of 7 key departments relating to 13 subjects approved.	No functionaries have been transferred to PRI by line departments.
Rajasthan	5 departments have issued GOs transferring funds to PRIs up to district level. 10% untied fund to PRIs.	Five Departments have transferred all functions up to district level to PRIs. Fresh Activity Mapping of above 5 Departments has been done.	5 departments have transferred all functionaries upto district level to PRIs.
Sikkim	PRIs do not collect taxes. Funds are being transferred by 17 departments. 10% of total fund of each department is given to Panchayats. Untied funds are given to PRIs.	All 29 subjects are devolved as per legislation. Activity Mapping has been conducted for 20 subjects covering 16 departments.	Employees are under the control of PRIs, but Panchayats exercise limited control over them.
Tamil Nadu	Only village Panchayats have the power to levy taxes. 9% of the States own tax revenue devolved to Local Bodies, of which rural local bodies will receive 58% share.	Government of Tamil Nadu has delegated supervision and monitoring powers of 29 subject to PRIs	There is no significant devolution of functionaries.
Tripura	Part funds related to PWD Department, primary schools and Social Welfare and social education department and pension funds have been transferred to the Panchayats. Untied funds are also transferred to PRIs.	So far GOs have been issued devolving irrigation schemes, primary schools and activities related to adult and non-formal education, women and child development and social welfare.	Functionaries of 5 subjects for which functions have devolved, have been transferred to Panchayats.
Uttar Pradesh	All 3 tiers have the power to collect taxes.	16 subjects relating to 12 departments have been devolved to PRIs.	PRIs do not have control over functionaries.

Uttarakhand	Only ZPs collect taxes. Funds are made available to PRIs for activities for only 3 functions.	Master GO on transferring financial and administrative powers on 14 subjects has been issued in 2003.	Supervisory role over functionaries related to 14 subjects.
West Bengal	GPs can impose and realize taxes. Untied funds are allocated under the TFC grant as well as SFC grant. 5 departments have opened Panchayat Window in their budgets.	State Govt. agrees with transfer of these 28 subjects. 14 departments have so far issued matching GOs transferring 27 subjects.	The Panchayat employees have been made into different district cadres. Other than the posts created in the Panchayat bodies, 7 departments of the State Govt. have devolved functionaries
Daman & Diu	Not available	12 subjects are fully devolved and 10 subjects are partially devolved.	Functionaries for 13 departments have been transferred to PRIs.
Puducherry	Panchayats collect taxes and receive funds from the state budget under the community development sector.	22 functions have been devolved to the PRI.	Devolution of functionaries has not been done yet.
Lakshadweep	Entire Plan and Non Plan budget required for Schemes and Programs being implemented by 5 departments viz Education, Medical & Health Services, Fisheries, Animal Husbandry, and Agriculture is transferred to the District Panchayat and Village (Dweep) Panchayats.	All Schemes and programmes being implemented by five major departments, viz. Education, Medical & Health Services, Fisheries, Animal Husbandry, and Agriculture have been transferred to the PRIs w.e.f.1st April 2010.	Entire establishments of five major departments, viz Education, Medical & Health Services, Fisheries, Animal Husbandry, and Agriculture except Director and few staff have been transferred to District Panchayat and Village (Dweep) Panchayats
Chandigarh		A committee constituted by the Chandigarh Administration recommended transfer of some functions of 12 Departments. However, the State Govt. felt that such an exercise of devolving the functions to PRIs would only be an interim measure because fast urbanization would result in villages becoming part of Municipal Corporation in near future.	

Note: Mizoram, Meghalaya and Nagaland are exempted.

□ Delhi has no Panchayats.

□ Information is not available for UT of Dadra & Nagar Haveli.

Source: Website of MOPR's.

Annexure – IV**Fund Released towards PR Bodies in 2014-15**

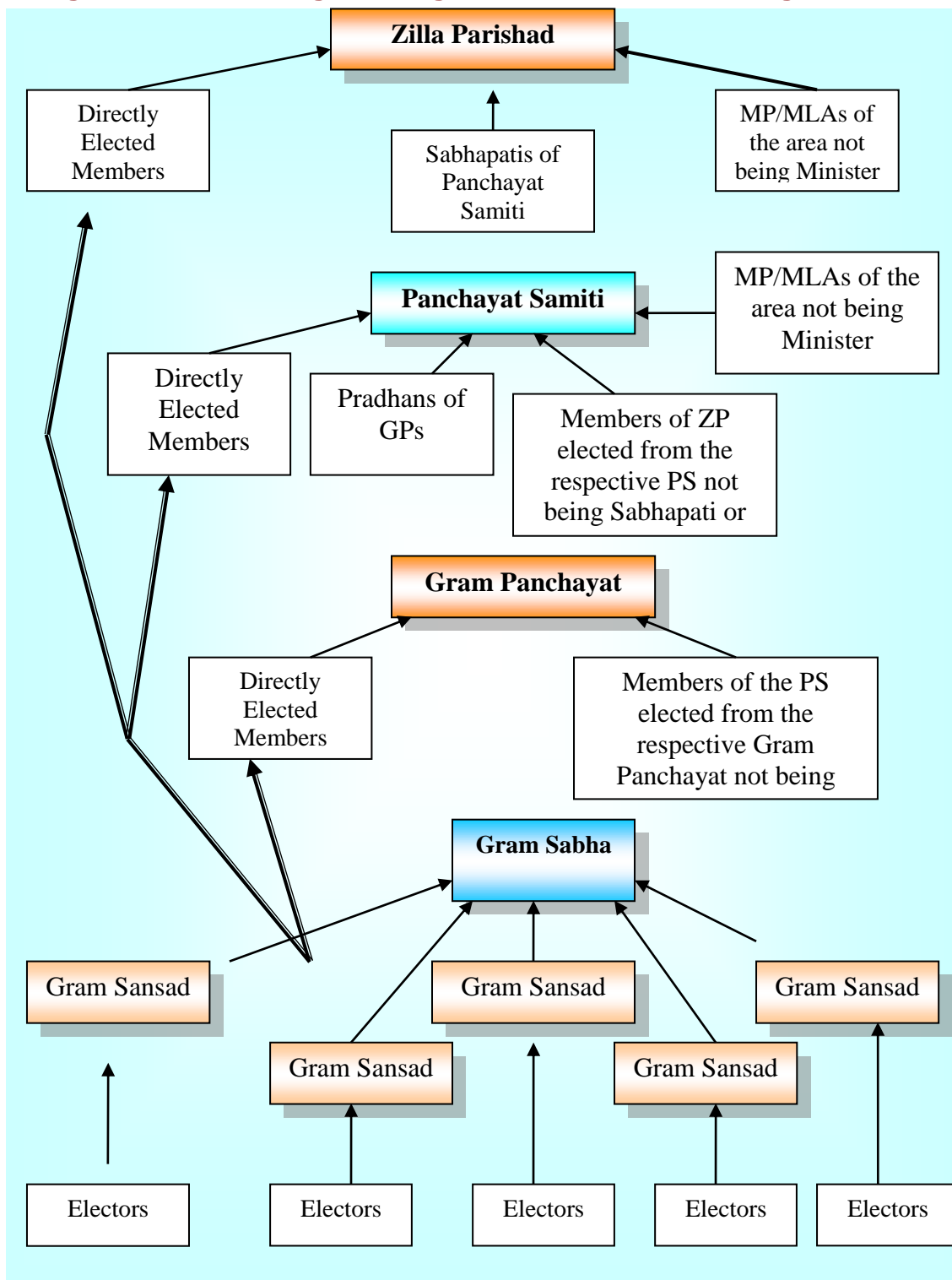
(Rs. in lakhs)

Schemes	State Budget provision	Fund released		To be available to		
		Central to DRDC	State and Central	ZP	PS	GP
Salary & Allowance Grants						
GP Salary	50600.00		51287.32			51287.32
PS Salary	6252.10		6392.30		6392.30	
ZP Salary	6616.60		6622.46	6622.46		
ZP RWP Sal & Other Grants	683.20		525.80	525.80		
Allowance to Tax collecting Sarkars	359.70		237.83			237.83
GP TADA	4335.42		3237.14			3237.14
PS TADA	1523.61		1142.71		1142.71	
ZP TADA	276.10		207.08	207.08		
Total Salaries & Allowances	70646.73		69652.64	7355.34	7535.01	54762.29
Schematic Fund						
NRLM	2117.00	5693.72	1985.26 + 5693.72*	7678.98		
SGSY (Admn)	450.00	785.79	261.93 + 785.79*	1047.72		
SHG Movement	440.00		351.00	351.00		
IAY	59299.00	210429.29	70143.09 + 210429.29*		280572.38	
SGRY/NFFWP Transportation	2.00					
NREGS	51125.00	354495.29	50615.45 + 354495.29*			405110.74
BRGF	31952.00	9103.00	21273.00 + 9103.00*	30376.00		
IWDP	50.00		0.00			
Watershed Development(DPAP)	50.00		0.00			
Constn./extension of Panchayat Ghar	32.00		12.00		12.00	
Rural Sanitation	4067.00		1593.85		1593.85	
SSK	7000.00		8172.00		8172.00	
RIDF	25000.00		22169.66	22169.66		
Madhya Siksha Karmasuchi (MSK)	600.00		402.00		402.00	
NOAPS	68059.80		68554.37			68554.37
ACA NOAPS	68059.80		67777.91			67777.91
ACA NFBS	8245.17		4755.99		4755.99	

Housing under BRGF Central share*						
SAHAY	1474.77		1106.08			1106.08
ISGP*	27246.25		2465.68			2465.68
ZP grant for implementation of PMGSY	136150.00		158620.00	158620.00		
Total Schematic Fund	491419.79	580507.09	480259.27	220243.36	295508.22	545014.78
Other Grants						
Incentive grants for PRIs	770.00					
State Finance Commission Grants (3 rd)	51203.80		69826.42	8971.83	7521.41	53333.18
SFC Grant for DGHC (GLB)	596.20					
13 TH FC Basic Grant	73530.00		31773.77	3883.25	5704.88	22185.64
13 th FC Performance Grant	50095.00		72.71	72.71		
LR Collection Grant(ZP)	15.00					
Cess Grant(ZP)	330.00					
Grants Profession & Callings(GP)	20.05					
Panchayat Fund (Entertainment Tax Grant)	2161.00		1620.75	1620.75		
Grants to ZPs for backward rural area development	13206.60		5704.88	5704.88		
Lump grant to ZPs for various devlp. work	20.38					
Entry Tax Fund for Infrastructure Dev.	15000.00		1706.59	1706.59		
Assistance to PRBs for CHCMI	120.00		89.89	89.89		
Total Other Grants	207068.03		110795.01	22049.90	13226.29	75518.82
GRAND TOTAL	769134.55	580507.09	1241214.01	249648.60	316269.52	675295.89

Source: Deptt. of Panchayat and Rural development, Government of West Bengal

The organisational linkage among PR Bodies in West Bengal



Constitution of Gram Panchayat (GP)

The 73rd Constitutional Amendment has strengthened the Panchayati Raj Institutions (PRIs) by giving them constitutional space. With a view to ensure implementation of 73rd Amendment in letter and spirit, Ministry of Panchayati Raj had formulated a draft Model Panchayat and Gram Swaraj Act (MPGSA) for providing a reference to the State Panchayat Acts and to consolidate the provisions of the Act. Discussion on constitution of GP thus involved provisions of MPGSA along with provisions according to some of the State Acts.

Definition of Gram

(Sec 6(4) of Model Panchayat and Gram Swaraj Act)

The State Government shall, by notification in the Gazette, constitute with effect from such date as may be specified in the notification a Village Panchayat for each Village or for a group of Villages and specify the names, the territorial area and the headquarters of such Panchayats. The State Government may, after previous publication either on its own motion or at the request made in this behalf, and by notification in the Official Gazette alter the limit of a village panchayat.

(Act 3(1) of the W.B. Panchayat Act, 1973)

The State Government may, by notification, declare any mauza or part of a mauza or group of contiguous mauzas to be a Gram. The State Government has been empowered to form and constitute a Gram Panchayat for every Gram. To form a Gram, the State Government shall have to exercise its power by publishing a notification in the Gazette. The State Government may alter the area of any Gram by exclusion, inclusion, division or union.

(Sec-6 of the Tamil Nadu Panchayat Act, 1994)

A village panchayat shall be constituted for each panchayat village consisting of such number of elected members, with effect from such date as may be specified in the notification issued in that behalf by the

Inspector[•]. Every village panchayat shall be a body corporate by the name of the panchayat village specified in the notification.

(Sec-3 of the Orissa Grama Panchayat Act, 1994)

The State Government may by notifying in the Gazette constitute any village or group of contiguous village as a Grama and assign to such Grama, a name which shall be of one of the villages comprised within the Grama. Whenever the State Government deem it fit so to do they may cancel any notification in respect of a Grama or may alter the area comprised in a Grama by reducing or adding to the number of villages comprised with such Grama.

Definition of Gram Sansad

(Sec 16A of the W.B. Panchayat Act, 1973)

Every constituency of a GP shall have a Gram Sansad consisting of persons whose names are included in the electoral roll of the West Bengal Legislative Assembly for the time being in force pertaining to the area comprised in such constituency of the GP.

Definition of Gram Sabha

(Sec 5 of Model Panchayat and Gram Swaraj Act)

All persons whose names are included in the electoral rolls relating to a Village Panchayat shall be deemed to be constituted as Gram Sabha of such Village Panchayat. The Village Panchayats shall give due consideration to the recommendations and suggestions, if any, of the Gram Sabha. Every meeting of the Gram Sabha shall be presided over by the Chairperson of the Village Panchayat or in his absence the Deputy-Chairperson or in the absence of both of them by the Chairperson of the Standing Committee.

(Sec 16B of the W.B. Panchayat Act, 1973)

Every Gram shall have a Gram Sabha consisting of persons registered in the electoral roll pertaining to the area of the Gram. Meetings of the Gram Sabha shall be presided over by the Pradhan of the concerned GP or in his absence, by Upa-Pradhan.

[•]Officer not below the rank of a Collector appointed by the Government

(Sec 3 of the Kerala Panchayat Raj Act, 1994)

All persons whose names are included in the electoral rolls relating to a village comprised within the area of a village panchayat shall be deemed to be constituted as Grama Sabha of such village. Every meeting of the Grama Sabha shall be presided over by the President of the village panchayat or in his absence the vice-president or in the absence of both of them by the convenor of Grama Sabhas.

(Sec 2 and 3A of the Karnataka Panchayat Raj Act, 1993)

Grama Sabha means a body consisting of persons registered in the voters list of Grama Panchayat. Every meeting of a Grama Sabha shall be presided over by the Adhyaksha of the concerned Grama Panchayat and in his absence by the Upadhyaksha.

Constitution of GP

(Sec 10 and 15 of the Model Panchayat and Gram Swaraj Act)

- Every Village Panchayat shall consist of elected members equal to the number of seats notified.
- All the seats in a Village Panchayat shall be filled by persons chosen by direct election.
- Each village shall be divided into number of wards, and the number of members to be elected from each ward shall be as determined by the SEC.
- The ratio between the population of each ward and the number of seats allotted to it shall, so far as practicable, be the same throughout the Village Panchayat area.
- Every Panchayat, unless sooner dissolved under this Act, shall continue for five years from the date of its first meeting and no longer.

(Sections 5, 12, 41, 44, 52, 53, 58 and 62 of the Karnataka Panchayat Raj Act, 1993)

- The Grama Panchayat shall consist of such number of elected members as may be notified from time to time by the State Election Commission, at the rate of one member for

every four hundred populations or part thereof of the panchayat area.

- A person shall be disqualified for being chosen and for being a member of a Grama Panchayat:

a if he is disqualified by or under any law for the time being in force for the purposes of the elections to the State Legislatures

b if he has been sentenced by a criminal court to imprisonment for a term exceeding three months

c if an order has been passed against him under section 117 of the Code of Criminal Procedure, 1973

d if he has been dismissed from service under any local authority

e if, having been a legal or medical practitioner or a chartered accountant he has been disenrolled or suspended by order of a competent authority

f if he has been removed from membership of any local authority

g if he holds any office of profit under any local or other authority.

- The members of a Grama Panchayat shall hold office for a term of five years.

- Every Grama Panchayat shall, within one month from the date of publication of names of elected members choose two members of the Grama Panchayat to be respectively Adhyaksha and Upadhyaksha.

- A Grama Panchayat shall meet for the transaction of business at least once in a month at the office of the Grama Panchayat. The quorum for a meeting of the Grama Panchayat shall be one-half of the total number of members.

- Obligatory duties of GP

It shall be obligatory on the part of a Grama Panchayat to make reasonable provision within the panchayat area in regard to the following matters, namely:

- providing sanitary latrines to not less than ten per cent of the households every year
- constructing adequate number of community latrines for the use of men and women
- maintaining water supply works by generating adequate resources
- revising and collecting taxes, rates and fees periodically

- ensuring universal enrollment of children in primary school
- achieving universal immunisation of children
- ensuring prompt registration and reporting of births and deaths
- providing sanitation and proper drainage
- construction, repair and maintenance of public streets
- removing encroachments on public streets or public places
- providing adequate number of street lights
- filling-up unsanitary depressions and reclaiming unhealthy localities
- destruction of rabid and ownerless dogs
- maintenance of all community assets vested in it
- maintenance of records relating to population census, crop census, cattle census, census of unemployed persons and persons below poverty line
- earmarking places away from the dwelling houses for dumping refuse and manure
- protecting the biodiversity
- Powers of the Adhyaksha

The Adhyaksha of the Grama Panchayat shall be the executive head of the Grama Panchayat and he shall in addition to the powers exercisable under any other provision of this Act or rules made thereunder,

 - ❖ convene meetings of the Grama Panchayat
 - ❖ have access to the records of the Grama Panchayat
 - ❖ exercise supervision and control over the acts of the officers and employees of the Grama Panchayat
 - ❖ have power to place under suspension any officer or employee under the control of the Grama Panchayat
 - ❖ The Adhyaksha may, if in his opinion the immediate execution of any work or the doing of any act which requires the sanction of a committee or of the Grama Panchayat, is necessary in public interest convene a meeting for the purpose with a notice of twenty-four hours.

(Sec 9, 12, 19, 26, 45, 48 and 50 Rajasthan Panchayati Raj Act 1994)

 - The State Government may, by notification in the Official Gazette, declare any local area, or a cantonment board constituted under any

law for the time being in force to be Panchayat Circle and for every local area declared as such there shall be a Panchayat. Every Panchayat Shall, by the name notified in the Official Gazette, be a body corporate.

- A Panchayat shall consist of –
 - (a) a Sarpanch, and
 - (b) directly elected Panchas
 - Every Panchayati Raj Institution, unless sooner dissolved shall continue for five years.
 - Every person registered as a voter in the list of voters of a PRI shall be qualified for a member of Panch -
 - unless such person is disqualified for the purpose of election to the Legislature of the State of Rajasthan
 - no person shall be disqualified on the ground that he is less than 25 years of age if he has attained the age of 21 years
 - holds a salaried appointment under a local authority,
 - holds any salaried post or place of profit under any PRI
 - has been dismissed from State Government service for misconduct
 - has directly or indirectly by himself share or interest in any contract with, by or on behalf of the PRI
 - has been convicted of any offence by competent Court
 - has more than two children
 - Every Panchayat shall have a Sarpanch who must be a person qualified to be elected as a Panch and shall be elected by the electors of the whole Panchayat Circle.
 - A Panchayat shall meet for the transaction of business as often as may be necessary and at least once a fortnight at the office of the Panchayat. A quorum for a meeting shall be one-third of the total number of members.
 - The Panchayat shall perform the functions and exercise the powers specified in the First Schedule,
- Sec 4, 7, 8, 9, 10, 16A, 17A, 18 and 19 of the W.B. Panchayat Act, 1973**
1. For every Gram the State Government shall constitute a GP bearing the name of the Gram;
 2. Persons whose names are included in the electoral roll pertaining to the area comprised in the Gram, shall elect by secret ballot from

among themselves such number of members (not being less than five or more than thirty);

3. The GP shall consist of the following members:

- a. Members elected;
- b. Members of Panchayat Samiti, not being Sabhapati or Sahakari Sabhapati.

4. The members of a GP shall hold office for a period of five years from the date appointed for its first meeting and no longer. There shall be held a general election for the constitution of a GP within a period not exceeding five years from the date of the previous general election held for that GP;

5. A person shall not be qualified to be a member of GP, if:

- a. he is a member of any municipal authority; or
- b. he is in the service of the Central or the State Government or of a GP or PS or any undertaking of Central or State Government;
- c. he has been dismissed from the service of the Central or a State Government or a body/company controlled by the Central or State Government for misconduct involving moral turpitude and five years have not elapsed from the date of such dismissal; or
- d. he has been adjudged by a competent court to be of unsound mind or
- e. he is an undischarged insolvent
- f. he has not attained the age of twenty-one years on the date fixed for the scrutiny of nominations for any election.

6. Pradhan and Upa-Pradhan:

a. Every GP shall at its first meeting having a quorum, elect one of its members to be the Pradhan and another member to be the Upa-Pradhan of the GP;

b. The Pradhan and the Upa-Pradhan shall hold office for a period of five years;

c. The Upa-Pradhan shall exercise the powers, perform the functions and discharge the duties of the Pradhan until a new Pradhan is elected and assumes office or until the Pradhan resumes his duties:

- When the office of the Pradhan falls vacant by reason of death, resignation, removal or otherwise, or
- The Pradhan is by reason of leave illness or other cause, temporarily unable to act.

d. When the same circumstances arise in respect of Upa-Pradhan, the Pradhan shall exercise the powers of Upa-Pradhan;

e. A Pradhan or an Upa-Pradhan or a member of a GP may resign his office by notifying in writing his intention to do so to the authority and on such resignation being accepted the Pradhan/Upa-Pradhan/member shall be deemed to have vacated his office;

f. When the office of the Pradhan and Upa-Pradhan are both vacant or the Pradhan and Upa-Pradhan are temporarily unable to act;

g. The authority may appoint (for a period of thirty days at a time) a Pradhan and Upa-Pradhan from among the members;

7. Meeting of Gram Sansad:

a. Every constituency of a GP shall have a Gram Sansad consisting of persons whose names are included in the electoral roll of the WB Legislative Assembly for the time being in force pertaining to the area comprised in such constituency of the GP.

b. Every GP shall hold within the local limits of the Gram Sansad an annual (in May) and a half-yearly meeting (in November) for each Gram Sansad at such date and at such hour as may be fixed by the GP.

c. At least 7 days before the date of holding the meetings the GP shall give public notice of such meetings

d. Every meeting shall be presided over by the Pradhan and in his absence by the Upa-Pradhan

e. One-tenth of the total number of members shall form a quorum of a Gram Sansad; provided that attendance of 5% members is necessary to form quorum for an adjourned meeting which shall be held at the same time and place after seven days.

8. Transaction of business at Gram Sansad meeting:

a. In the annual meeting of the Gram Sansad, the GP shall place for deliberation, recommendation and suggestion:

- i. The supplementary budget of the GP for the preceding year and
- ii. The annual report on works
- iii. The annual work plan finally approved and adopted for the current year
- iv. The annual budget finally approved and adopted for the current year

b. In the half-yearly meeting the Gram Sansad will discuss:

v. The budget of the GP for the following year; and

vi. The latest report on the audit of the accounts of the GP.

9. Meeting of Gram Sabha

- Every Gram Panchayat shall hold within the local limits an annual meeting in the month of December every year of Gram Sabha.

- One –twentieth of the total number of members shall form a quorum for a meeting of Gram Sabha.

- The Gram Panchayat shall place before the Gram Sabha the resolutions of the Gram Sansads and the views of the Gram Panchayat together with its report on the actions taken and proposed to be taken on them for deliberation and recommendation by the Gram Sabha.

- The Gram Sabha shall deliberate upon and recommend in regard to

- the advice of the Gram Sansad on schemes for economic development and social justice undertaken or proposed to be undertaken in its area.

- Supplementary budget of the GP for the preceding year, the Report on the work of GP, annual work plan and annual budget approved and adopted for the current year.

10. Report on the work of GP:

a. There should be two reports for every year. The GP shall prepare in Form 3-A an annual report on the work done during the previous year and the work proposed to be done during the following year and submit it to the PS. A half-yearly report should be prepared in October and April every year. The amount received from different sources and the amount pending should be narrated in the report;

b. The GP shall, immediately after the preparation of the annual report, publish the same in the office of the GP for information of the general public;

c. The GP shall place the same in the meetings of the Gram Sansad and the Gram Sabha for discussion and adoption with modification and shall furnish copies of the

report to the PS ordinarily by the middle of January every year.

11. Obligatory duties of GP:

a. A GP shall function as a unit of self-government and, in order to achieve economic development and secure social justice for all, shall:

i. Prepare a development plan for the five-year term of the office of the members and revise and update it as and when necessary with regard to the resources available;

ii. Prepare an annual plan based on gram sansad plans for each year by the month of October of the preceding year for the works proposed to be done during the following year in furtherance of its objectives;

iii. Implement schemes as may be drawn up in the annual plan by the Gram Panchayat or as may be entrusted upon or transferred to or devolved upon it.

b. GPs undertake schemes or adopt measures relating to:

- Health care, pre-school education, primary education, social welfare

- Development of women and children, livestock, fisheries

- Promotion of agriculture, cottage-village-mini industries

- Construction and maintenance of tanks, field channels, tube wells, wells, public streets etc.

- Water management, soil conservation and watershed development.

Establishment of GP

(Rule 46 of WB Panchayat (GP Admn) Rules 2004)

There shall be the following categories of employees in a Gram Panchayat:

-Executive Assistant

-Secretary

-Job Assistant

-Sahayak

-GP Karmees

Functions of Executive Assistant

(Rule 55 of WB Panchayat (GP Admn) Rules 2004)

- He is in charge of the office of the GP
- He acts under the direct supervision of the Pradhan

- Remains in executive charge of administrative including establishment functions and financial operation
- Custodian of the Cheque Book, Pass Book and Cheque Book Register
- Prepare the Cheque for encashment out of GP Fund
- Authenticate all entries in the Cash Book
- Perform the work relating to the implementation of programmes or schemes
- Prepare the annual budget in due time
- Supervise the preparation of demand list in respect of tax and license fees
- Responsible for allotting duties to the GP Karmees
- Supervise the recording or noting of the resolutions adopted in the Gram Sansad and Gram Sabha meeting

Functions of the Secretary

(Rule 55A of WB Panchayat (GP Admn) Rules 2004)

- Prepare list in respect of tax and license fees levied
- Maintain Cash Book and Books of Accounts
- Prepare monthly, quarterly, half-yearly and annual statement of Accounts
- Assist the Executive Assistant towards preparation of Budget
- Keep all records in safe custody
- Oversee payment of wages to labours engaged in various programmes
- Record the resolution of the meeting held in Gram Sansad and Gram Sabha
- Produce all records before the auditors of inspecting officers
- Submit to the appropriate authority all grant-in-aid bills in due time
- Perform duties for encashment of Cheques and disbursement of fund
- Perform such other duties in respect of the work as the Pradhan or the Upa-Pradhan or the State Government may direct

Functions of the Job Assistant

(Rule 55B of WB Panchayat (GP Admn) Rules 2004)

- Prepare plans and estimates for work or projects in conformity with the financial and technical guidelines
- Prepare measurement sheet, muster-roll, token and acquittance roll

- Watch and supervise the process of actual execution of work
- Collect and compile progress of work, project and programme-wise
- Submit collected and compiled report, returns in the office of the GP
- Submit completion report and utilization report, project and programme wise

Functions of the Sahayak

(Rule 55D of WB Panchayat (GP Admn) Rules 2004)

- Assist the Executive Assistant in matters of financial administration
- Assist the Secretary to facilitate the proper maintenance of accounts and records, in recording the resolutions of the meeting of Gram Sabha and Gram Sansad

Functions of the GP Karmees

(Rule 55E of WB Panchayat (GP Admn) Rules 2004)

- GP Karmees perform duties on the direction of the GP and the Pradha
- GP Karmees discharge the duties pertaining to the functions of the Messenger Peon, Office Peon and Helper and keeping watch of the GP Office at night

Audit points in respect of Annual Report of Gram Panchayat

- Whether annual report on the work done during the previous year and the work proposed to be done during the following year had actually been prepared
- Whether there was reasonable consistency in such work plans.

Receipt side

- Did the opening balance of the CB tally with the closing balance of the previous year?
- Particulars of contributions / grants by the State / Central Government under different heads should be checked with sanctioned letters received from Central/State Govt./other sources, Cash Book and Cheques received.
- Basis for computation of the anticipated receipts for the next year / half year should be verified from the worksheet.
- Particulars of tax revenue under different heads should be cross checked with postings from Cash Book, tax collection register and levy of tax imposed as decided in the meeting of GP.

5. Whether there were any arrears in collection; if so, the reasons thereof should be assessed.
6. Particulars of receipts under various other heads should be reconciled with postings in Cash Book, allotment orders and Cheques.
7. Entitlement and authenticity of receipts from gifts etc. should be verified from minutes of GP meetings
8. In respect of recovery of cost of demolition of buildings, the amount of actual recovery should be verified from the prescribed rates/ rates fixed at the GP meetings.
9. Amounts received from Central/ State Govts and other sources should be checked from the Cash Book, respective registers and Cheques.
10. Was there any delay in transmission of the amounts received under different heads of accounts to the banks?
11. An overall arithmetical accuracy of the figures in the statement should be ensured.

Expenditure side

1. Cost of administration should be verified from the office copies of salary and allowances, Sanction Registers, Cash Book and withdrawal of Cheques.
2. In respect of Traveling Allowance, it should be seen that the programmes were approved by the competent authority.
3. In respect of honorarium, it should be seen that the prior approval of the competent authority was obtained and the work for which the honorarium was sanctioned, was actually executed.
4. Expenditure shown under different heads/ schemes/ works should be tallied with figures of different works registers/Cash Book. Performance of works should also be kept in view to see the works for which the amounts are shown as incurred, were actually executed/under execution.
5. Expenditure is supported by proper vouchers.

Summary:

The system of Panchayat existed in ancient India and local government institutions developed gradually during the British era. In post-independent India it was included in the Directive Principles of State Policy and finally

constitutionalised vide 73rd Amendment of the Constitution of India in 1992. West Bengal was a pioneer State in institutionalizing the PRIs in 1973, 1978 and onwards.

The Panchayat Acts of different States defines GP election and its functions, powers and duties and its system of working. In West Bengal the GP needs to send an Annual /Five Year Report showing the position of activities under different heads. The session concludes with an Audit Exercise.

Session 2

Session Title

Audit of GP Fund and Budget



- **Instructor's Guide**
- **PowerPoint Slides**
- **Participants' Note**

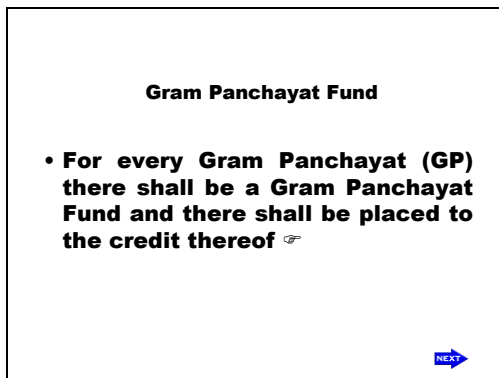
Session Title: Audit of Gram Panchayat(GP) Fund and Budget		Session Guide
Instructor's Guide	Reference	Participant's Response
Session Overview		
Welcome participants to the session and remind them that their active participation is critical for the success of each session.		
Learning Objective		
Inform: By the end of this session, we will acquire knowledge on different credits to the GP Fund, contribution and loans from Central / State Government / ZP, earnings of GP through different sources and provisions for withdrawal from GP Fund, GP Budget along with procedure of framing budget, format, submission, provision for revised budget, time schedule etc. which will enable us to draw audit conclusion in a practical job scenario.		
Basic Concepts		
Discuss what the GP Fund stands for, the items to be credited to it, who is the custodian and how the payments are made out of it, how the budget is prepared, scheduled dates for preparation in various stages, roles of GUS in preparation of budget, preparation of revised budget.	Slide : Session 2 GP Fund and Budget	
Audit of GP Fund and Budget		
Urge the participants to think of the probable audit points to be looked into during the audit of GP Fund and Budget. Advise them to jot down their points individually. Suggest audit points to be looked into in respect of constitution of GP Fund and preparation of Budget. Distribute Participants' Note	Slide: Session 2 GP Fund and Budget Session 2 Participants' Note	
Summarise:		
Point out During the session, we discussed the modalities of the constitution of GP Fund, the various sources of credit to the Fund, conditions for payment from the Fund, reconciliation of the postings with different ledgers and registers, the procedure of preparation and passing of the Budget and Revised Estimates, familiarisation with the prescribed formats of budget and the audit points thereon. Thank the participants and bring the session to a close.		

Gram Panchayat Fund

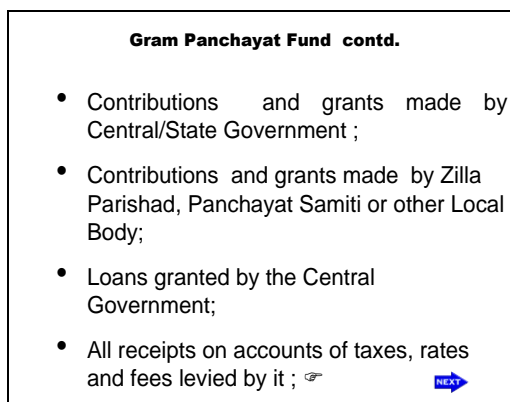
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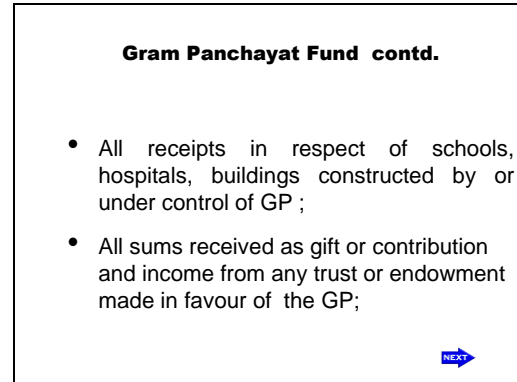
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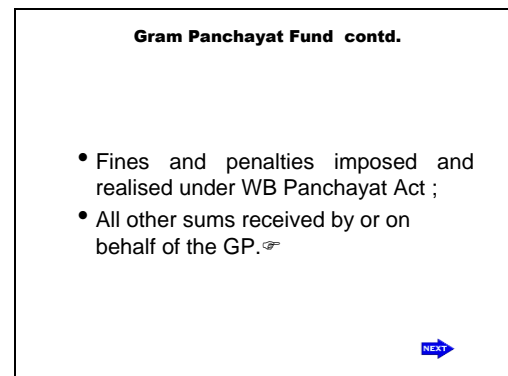
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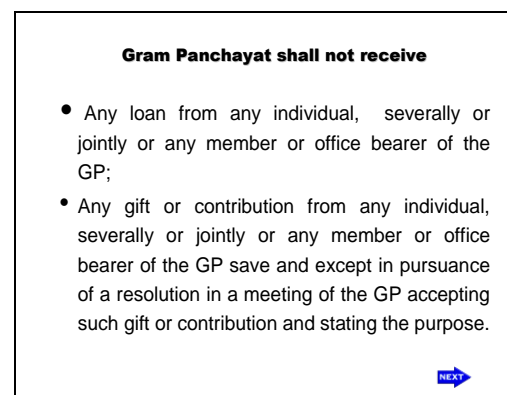
Slide 4



Slide 5



Slide 6



Slide 7

Power to spend

- Every GP shall set apart and apply annually such sum as may be required to meet-
 - Cost of administration of Naya Panchayat
 - The cost of its own administration including the payment of salary, allowances, of the employees, commission and allowances of the Tax Collectors and remuneration and honoraria of the elected functionaries.**



Slide 2

Audit Points in respect of Receipts of Gram Panchayat Fund

- Arithmetical accuracy should be checked from Cash Book, Loans & Advance Regr., Cheques, Counterfoils of Money Receipts etc;
- Bank Statement should be checked to ascertain whether all receipts and withdrawals relating to GP Fund has been taken off.
- In r/o Gifts / Contributions whether the same were in accordance with the resolutions of the GP Meetings;



Slide 8

Power to spend

- Every GP has the power to spend such sums as it thinks fit for carrying out the purposes.
- Fund shall be vested in the GP and the balance to the credit of the Fund shall be kept in such custody as per direction of State Government .



Slide 3

Audit Points in respect of Receipts Gram Panchayat Fund

- Was there any delay in remission of cash / Cheque to the bank?
- Were the fines and penalties imposed and realised in accordance with the provisions of WB Panchayat Act?
- What other sums were received by or on behalf of the GP?

**Audit points in respect of GP Fund**

Slide 1

Audit Points in respect of Gram Panchayat Fund

Slide 4

Audit Points In respect of Withdrawal From Gram Panchayat Fund

- Was the withdrawal of money from the Fund in accordance with the provisions of GP Fund?
- Did the withdrawals have proper authorization?
- Were there any cases of withdrawals in excess of budgetary provision? If so, what were the reasons?



Slide 5

Audit Points In respect of Withdrawal From Gram Panchayat Fund

- Were the withdrawals properly reflected in the Cash Book?
- Were there proper vouchers/acquittance for the withdrawals?
- Was the balance to the credit of the GP Fund kept in the custody as per the directions of the State Govt.?
- Were any withdrawals not in accordance with the relevant minutes of the GP meetings?

[Back To Homepage](#)

Slide 3

- For preparation of outline budget the Pradhan of the GP shall take into account the budgets prepared by the GUS
- All the Upa- Samitis of GP shall prepare their outline budget separately in Form 35 and place before Pradhan on or before 15th September
- On receiving, the Executive Assistant under the direction of the Pradhan shall draw up an outline budget in Form 36 on or before the 1st October

Audit of GP budget

Slide 1

Audit of Gram Panchayat Budget

Slide 4

- The outline budget shall be laid down before the Arth-O- Parikalpana Upa-Samiti on or before the 10th October
- The GP in the meeting GP held on or before the 30th October consider the outline budget and adopt it
- The GP shall finally approve and adopt the budget at a meeting convened on or before 31st January

Slide 2

- Budget of the Gram Panchayat shall be prepared on the basis of the budget prepared by the Gram Sansad
- Gram Unnayan Samiti (GUS) under the Gram Sansad shall prepare the budget of the Gram Sansad in Form 34
- Gram Sansad shall send the budget to the GP by 14th August


Slide 5

- Supplementary and Revised Estimate
- The Pradhan shall review the flow of fund and expenditure upto the month of December
- If necessary, prepare a draft supplementary and revised budget estimate for the current year
- The draft shall be considered and approved on or before the 25th February

Slide 6

Contd.


- The supplementary and revised budget shall be placed in the annual meeting of the Gram Sansad for information



Slide 3

Audit Points in respect of
GP Budget contd.


5. Were page-wise total and grand total of all the pages worked out at the end of each month?
6. Were the provisions of budget estimates and supplementary grants recorded in the ledger in the prescribed column within a week from the date of receipt of approval of Panchayat Samiti?


AUDIT POINTS OF GP BUDGET-PPS

Slide 1

Audit Points in respect of
GP Budget


1. Was a separate account in respect of every budget head maintained in a ledger in Form No. 21 ?
2. Were all the daily transactions posted simultaneously in the CB and the ledger and necessary reference to the CB made under the column "Page No. of CB"?



Slide 4

Audit Points in respect of
GP Budget contd.


7. Was the annual budget prepared in Form No.34, 35 and 36 by the 31st January of each year?
8. Could the figure of actual receipts and payments for the first six months of the current year (as shown in the budget) be traced from the Cash Book?



Slide 2

Audit Points in respect of
GP Budget contd.


3. Were the receipts and payments under each head recorded in a separate page of the ledger?
4. In case of existence of more than one component under the same budget head, was each component allotted a separate page?



Slide 5

Audit Points in respect of
GP Budget contd.

- What was the basis for computation of the figures of probable income / expenditure for the net six months?
- Did the figures under different heads as shown in the budget tally with those of the CB / respective registers / ledger and other books of accounts.



Slide 6

Audit Points in respect of
GP Budget contd.

- Whether there was significant variation in budget estimates in any head in respect of previous year, if yes, reasons may be examined.



Session Title

Audit of Gram Panchayat (GP)

Fund and Budget

Session Overview

We are now on topics, wherein audit of Gram Panchayat Fund and Budget could be carried out.

In the last session, the evolution of PRIs and constitution of GP were discussed.

In this session we will discuss audit of GP Fund and Budget. GP Fund will cover Credits to the Funds showing, inter-alia, different contributions of and loans from Central / State Government / Zilla Parishad, earnings of GP through different sources, provisions for withdrawal from GP Fund. Discussion on GP Budget includes procedure of framing of budget, budget format, submission, provision for revised budget, time schedule etc. to the extent that the audit conclusion indicates: and Audit points/exercise thereon:

- Whether the procedure of framing/submitting Budget is as per rules, and
- Audit point is supported by evidence

GP Fund



Basic concept

(Act 45 of the W.B. Panchayat Act, 1973)

For every GP there shall be constituted a GP Fund bearing the name of the GP and the following main items are to be credited to the GP Fund:

1. Contributions and grants, if any, made by the Central or the State Government;
2. Contributions and grants, if any, made by the Zilla Parishad, Panchayat Samiti, or any other local authority;
3. Loans granted by the Central Government or the State Government;
4. All receipts on account of taxes, rates and fees levied by it;

5. All receipts in respect of any schools, hospitals, dispensaries, buildings, institutions or works vested in, constructed by or placed under the control and management of, the Gram Panchayat;

6. All sums received as gift or contribution and all income from any trust or endowment made in favour of GP;

7. Such fines and penalties imposed and realised under the provisions of this Act as may be prescribed; and

8. All other sums received by or on behalf of the GP.

A GP shall not receive to the credit of its Fund:

1. Any loan from any individual, severally or jointly, or any member or office bearer of the GP, or

2. Any gift or contribution from any individual, severally or jointly, or any member or office bearer of the GP, save and except in pursuance of a resolution in a meeting of the GP accepting such gift or contribution and stating the purpose for which such gift or contribution is offered and accepted.

Every GP shall set part and apply annually such sum as may be required to meet:

1. The cost of administration of the Nyaya Panchayat.

2. The cost of its own administration including the payment of salary, allowances, of the employees, commission and allowances of the Tax Collectors and remuneration and honoraria of the elected functionaries.

3. Every GP shall have the power to spend such sums as it thinks fit for carrying out the purposes of this Act.

4. The GP Fund shall be vested in the GP and the balance to the credit of the Fund shall be kept in such custody as the State Government may, from time to time, direct.

5. All orders for payment from the GP Fund shall be signed by the Pradhan or in his absence by Upa-Pradhan and in pursuance of such orders of payments, Cheque / Cheques shall be signed by the Pradhan or in his absence by the Upa-Pradhan and by the Executive Assistant of GP; provided that Executive Assistant shall be responsible for writing the Cheques for signature.

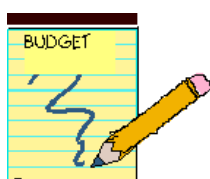
Audit points in respect of GP fund

1. Arithmetical accuracy should be checked from Cash Book, Loans & Advance Regr., Cheques, Counterfoils of Money Receipts etc.
2. Bank Statement should be checked to ascertain whether all receipts and withdrawals relating to GP Fund has been taken off.
- 2 In r/o Gifts / Contributions whether the same were in accordance with the resolutions of the GP Meetings.
- 3 Was there any delay in remission of cash / Cheque to the bank?
- 4 Were the fines and penalties imposed and realised in accordance with the provisions of WB Panchayat Act?
- 5 What other sums were received by or on behalf of the GP?
- 6 Was the withdrawal of money from the Fund in accordance with the provisions of GP Fund?
- 7 Did the withdrawals have proper authorization?
- 8 Were there any cases of withdrawals in excess of budgetary provision? If so, what were the reasons?
- 9 Were the withdrawals properly reflected in the Cash Book?
- 10 Were there proper vouchers/acquittance for the withdrawals?
- 11 Was the balance to the credit of the GP Fund kept in the custody as per the directions of the State Govt.?
- 12 Were any withdrawals not in accordance with the relevant minutes of the GP meetings?

GP Budget

Preparation of budget of estimated receipts and Payments of GP

(Rule 35 and 36 of WB Panchayat (GP Accounts, Audit and Budget) Rules, 2007)



Budget of the Gram Panchayat shall be prepared on the basis of the budget prepared by the Gram Sansad within its jurisdiction. Gram

Unnayan Samiti (GUS) under the Gram Sansad shall prepare the budget of the Gram Sansad in Form 34 on the basis of realistic assessment of fund likely to be available and shall send the budget to the GP by 14th August of each year.

For preparation of outline budget the Pradhan of the GP shall take into account the budgets prepared by the GUS and shall take steps to ascertain the quantum of fund to be received as grants, contributions or out of their own fund under different sources. Such exercise should be completed on or before 31st August in each year.

All the Upa- Samitis of GP with the help of the Secretary of the respective Upa-Samiti shall prepare their outline budget separately in Form 35 taking into consideration the budgets of the Gram Sansad and place before Pradhan on or before 15th September in each year.

On receiving the Upa-Samiti wise outline budget the Executive Assistant under the direction of the Pradhan shall draw up an outline budget in vernacular in Form 36 on or before the 1st October.

Consideration and Adoption of Outline Budget

(Rule 37 and 38 WB Panchayat (GP Accounts, Audit and Budget) Rules, 2007)

The outline budget shall be laid down before the Artha-O- Parikalpana Upa-Samiti on or before the 10th October for consideration and shall be modified, if necessary. The modified outline budget shall be laid before a meeting of the GP on or before the 30th October. The GP in the meeting consider the outline budget and adopt it.

Approval of Budget by the GP

(Rule 39 WB Panchayat (GP Accounts, Audit and Budget) Rules, 2007)

The GP shall at a meeting specially convened on or before 31st January in the presence of at least half of the existing members consider the objections and suggestions of Gram Sansads and Gram Sabha and the views of Panchayat Samiti and shall finally approve and adopt the budget.

Supplementary and Revised Estimate (Rule 40 WB Panchayat (GP Accounts, Audit and Budget) Rules, 2007)

The Pradhan shall review the flow of fund and expenditure incurred upto the month of December. If necessary, direct the Executive Assistant to prepare a draft supplementary and revised budget estimate of receipts and payments for the current year. The draft prepared shall be placed and discussed in a meeting of the Artha-O-Parikalpana Upa-Samiti

by 5th February and shall be accepted as may be deemed appropriate. The draft shall be considered and approved on or before the 25th February in the presence of at least half of the existing members of the GP.

The supplementary and revised budget shall be placed in the annual meeting of the Gram Sansad for information.

Re-appropriation of fund in budget estimates

(Rule 42 WB Panchayat (GP Accounts, Audit and Budget) Rules, 2007)

In a meeting specially convened for the purpose and attended by a at least half of the existing members, the Artha-O-Parikalpana Upa-Samiti of the GP may, by a resolution, transfer by re-appropriation any amount under any head of account in the budget or supplementary and revised estimate to any other head and on such transfer revised budget estimate shall stand modified accordingly.

- No re-appropriation shall be made in respect of the fund placed by any Department of the State / Central Government or by any other organization, for a specific purpose without prior approval of such department/organization.
- Without adequate provision to discharge the obligatory liabilities of the GP under the Act or the rules or under the conditions of any grant made by the Department of the State/Central Government or any other organization.

Power to vary dates

(Rule 43 WB Panchayat (GP Accounts, Audit and Budget) Rules, 2007)

When a GP under the circumstances beyond its control, fails to comply with the time schedule prescribed for preparation and approval of its budget, the GP shall adopt a resolution recording the reason for its failure and shall fix up the dates by which each of the states of action for preparation or approval of the budget shall be completed by the GP. On adoption of such resolution, the Pradhan shall take steps to strictly adhere to the revised time schedule for adoption of the final budget

Provided that-

- The date of approval of the budget shall not be extended beyond the 31st March preceding the financial year to which the budget relates and the date of approval of supplementary and revised budget estimate

shall not be exytened beyond the 15th March of the current financial year,

- Revised time schedule shall be intimated by the Pradhan immediately to the Panchayat Samiti and the banks/banks where the GP fund is lodged.

If a GP fails to adopt in a resolution, the revised time schedule for preparation or approval of its budget for a financial year or the Pradhan concerned fails to adhere to the revised time schedule adopted or if the Artha Sanstha Unnayan-O-Parikalpana Sthayee Samiti holds the view that aforesaid GP shall not be able to approve its budget within the time the Samiti shall appoint any person to prepare and submit the draft budget relating to the financial year concerned within the 15th day of April

The budget so approved shall be the budget of the GP concern ed for the said financial year and shall be deemed to the budget approved.

Audit points in respect of GP budget

1. Was a separate account in respect of every budget head maintained in a ledger in Form No. 21?
2. Were all the entries in the ledger attested by Secretary and Pradhan?
3. Were all the transactions of every day posted simultaneously in the Cash Book (CB) and the ledger and necessary reference to the CB made under the column "Page No. of CB"?
4. Were the receipts and payments under each head recorded in a separate page of the ledger?
5. In case of existence of more than one component under the same budget head, was each component allotted a separate page?
6. Were page-wise total and grand total of all the pages worked out at the end of each month?
7. Were the provisions of budget estimates and supplementary grants recorded in the ledger in the prescribed column within a week from the date of receipt of approval of PS?
8. Was the annual budget prepared in terms of WB Panchayat (Gram Panchayat Accounts, Audit and Budget) Rules, 2007 in Form Nos.34, 35 and 36 by the 31st January of each year?
9. Could the figure of actual receipts and payments for the first six months of the current year (as shown in the budget) be traced from the CB?

10. Could the figures of sanctioned estimate be tallied from the allotment register?
11. What was the basis for computation of the figures of probable income / expenditure for the next six months?
12. Did the figures under different heads, as shown in the budget, tally with those of the CB / respective registers / ledger and other books of accounts?
13. Was the budget passed by at least 50% of the members of GP?
14. In case of non-maintenance of time-schedule or failure to maintain revised time schedule did GP follow the prescribed procedure?

Summary

The session talks about modalities of the constitution of the GP Fund, the various sources of credit to the Fund, conditions for payment from the Fund and reconciliation of the postings with different ledgers and registers, the procedure of preparation and passing of Budget and Revised Estimates, familiarisation with the prescribed formats and relevant audit. The session concludes with an audit exercise.

Session 3

Session Title

Accounting System and Audit of GP Accounts



- **Instructor's Guide**
- **PowerPoint Slides**
- **Exercise 1**
- **Solution 1**
- **Exercise 2**
- **Solution 2**
- **Participants' Note**

Session Title: Accounting System and Audit of Gram Panchayat Accounts		Session Guide
Instructor's Guide	Reference	Participants' Response
Session Overview		
<p>Welcome participants to the session and remind them that their active participation is critical for the success of this session.</p>		
Learning Objective		
<p>Inform: By the end of this session, we will be familiar with the accounting system and relevant registers maintained in GP which will help us to draw audit conclusion on GP accounts in a practical job scenario.</p>		
Basic Concepts		
<p>Discuss:</p> <ul style="list-style-type: none"> The concept of Model Accounting System, Account Code and PRIYAsoft The general procedure of keeping accounts and registers in GP Custody of GP Fund Maintenance of accounts of GP <p><i>Distribute copy of Cash Book to make them familiar with the format</i></p> <ul style="list-style-type: none"> Operation of GP Fund <p><i>Distribute copy of Register of Cheque / Draft Received and Adjusted to make them familiar with the format</i></p> <p><i>Distribute copy of Register of Cheque Issued to make them familiar with the format</i></p> <ul style="list-style-type: none"> Procedure of receipts <p><i>Distribute copy of Receipt of Money on account of Taxes, Fees etc. to make them familiar with the format</i></p> <p><i>Distribute copy of Receipt of Money on account of Miscellaneous Cases to make them familiar with the format</i></p> <p><i>Distribute copy of Stock Register to make them familiar with the format</i></p> <ul style="list-style-type: none"> Procedure of Payments Procedure of collection of Revenue. <p><i>Distribute copy of Demand & Collection Register to make them familiar with the format</i></p> <p><i>Distribute copy of Daily Collection Book to make them familiar with the format</i></p> <ul style="list-style-type: none"> Procedure for payment of salaries to the Gram Panchayat staff. Procedure for purchase. <p><i>Distribute copy of Durable Stock Register to make them familiar with the format</i></p> <ul style="list-style-type: none"> Procedure for sale 	Slide : Session 3 GP Accounts	

Session Title: Accounting System and Audit of Gram Panchayat Accounts		Session Guide
Instructor's Guide	Reference	Participants' Response
<ul style="list-style-type: none"> Accounts in respect of Budget Annual reports on accounts <p><i>Distribute copy of Half-Yearly Report of Accounts to make them familiar with the format</i></p> <p><i>Distribute copy of Annual Report of Accounts to make them familiar with the format</i></p>		
Audit of GP Accounts		
<p>Urge the participants explore the probable audit points to be looked into during the audit of GP Accounts and relevant registers</p> <p>Advise them to jot down their points individually</p> <p>Suggest audit points in respect of GP Accounts and relevant registers</p>	Slide: Session 3 Audit Points of Gram Panchayat Accounts	
Application:		
<p>Issue instruction for Exercise 1, including time allowed for individual effort and for discussion on answers</p> <p>Distribute Exercise 1</p> <p>Distribute suggested solution</p> <p>Discuss the answers</p> <p>Issue instruction for Exercise 2 including time allowed for individual effort and for discussion on answers</p> <p>Distribute Exercise 2</p> <p>Distribute suggested solution</p> <p>Discuss the answers</p> <p>Distribute Participants' Note</p>	Session 3 Exercise 1 Solution 1 Exercise 2 Solution 2 Participants' Note	
Summarise:		
<p>Indicate:</p> <p>During the session, we discussed the procedure of maintenance and operation of accounts under different heads and the concerned registers, ledgers, cash book and pass book along with the probable audit points in respect of Gram Panchayat Accounts.</p> <p>Thank the participants and bring the session to a close.</p>		

List of Forms required in the Session

1. Cash Book
2. Register of Cheque, Draft etc. received and adjusted
3. Register of Cheques issued
4. Receipt of money on a/c of taxes, fees etc.
5. Receipt of money on a/c of other miscellaneous cases
6. Stock Register
7. Demand & Collection Register
8. Daily Collection Book
9. Durable Stock Register
10. Half-yearly Report of Accounts
11. Annual Report of Accounts

Accounting System in GP

Slide 1

ACCOUNTING SYSTEM IN GRAM PANCHAYAT



Slide 4

Recommendation of FFC

FFC recommended:

- ◆ eligibility of 10 per cent performance grant is to make available the reliable data through audited accounts
- ◆ improvement in own revenues according to audited accounts



Slide 2

INTRODUCTION

- ◆ Consequent on 73rd Constitutional Amendment Panchayats become an integral part of the national government structure with increasing functions, funds and functionaries which emphasised improvement in the area of financial accounting, reporting and accountability of panchayat.
- ◆ CFC recommended strengthening the accounting and financial systems of PRIs.



Slide 5

Recommendation of FFC

- ◆ books of accounts prepared by the local bodies should distinctly capture income on:
 - account of own taxes, non-taxes and assigned taxes
 - devolution and grants from the State, grants from the Finance Commission
 - grants for any agency functions assigned by the Union and State Governments



Slide 3

INTRODUCTION

- ◆ C&AG prescribed standardized formats for preparation of budget and accounts by PRIs.
- ◆ TFC recommended that PRIs should adopt the Model Accounting System (MAS) from 1 April 2010.
- ◆ TFC & FFC linked Performance Grants of PRIs with maintenance of accounts and make available the reliable data



Slide 6

Model Accounting System

Salient features of MAS –

The overall structure of the accounting code of 3 tiers

- ◆ **The first tier classification** represents the Major Head of nomenclature of functions enumerated in the Eleventh Schedule with four digit code . The first digit '0' or '1' indicates transaction Receipt Head, '2' or '3' indicates Revenue Expenditure Head and '4' or '5' indicates Capital Expenditure Head



Slide 7

Model Accounting System

- ◆ Separate Major Head codes are prescribed for special transactions under Loans, Pension, Provident Fund etc..
- ◆ **The second tier** is Minor Heads, with a three digit code, which identifies the programme undertaken. Schemes have been given distinct two-digit sub-heads
- ◆ **The third tier** is Object Head with two-digit code which represent the object of receipts/expenditure.



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Model Accounting System**Accounting Procedure**

- At the end of the month totals in Register of Receipts and Register of Payments can be struck.
- At the end of the year the progressive figure to the end of March can be worked out in the Annual Receipts and Payment Account



Slide 8

Model Accounting System

An illustrative example of the complete account head (payment) is:

2210-Health and Sanitation *Major Head*
 101-Primary HC *Minor Head*
 15 - NRHM *Sub Head*
 26 -Maintenance *Object head*
 2210-101-15-26 *Complete*

Representing payment made from NRHM for maintenance of Primary Health Centers under the Health & Sanitation function of the PRI.



Slide 11

Model Accounting System**Accounting Procedure**

- ◆ Bank/Treasury Reconciliation Statements, Register of Receivable and Payable, Register of Movable and Immovable property, Register of Inventory, Register of Demand, Collection and Balance form integral part of the annual accounts. Maintenance of these registers would help to switch over to the modified accrual system of accounting subsequently.



Slide 9

Model Accounting System**Accounting Procedure:**

- ◆ The accounts are prepared on cash basis for a financial year ending 31st March.
- ◆ Daily transactions shall be recorded in Cash Book.
- ◆ Transactions recorded in the cash book should be transferred to either Register of Receipts or to Register of Payments as the case may be.



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Model Accounting System**Procedures for Transfer Entries**

- ◆ To simplify, corrections can be carried out manually by striking down the wrong entry and inserting the correct entry in cash book and accounts.
- ◆ If mistakes noticed after closure of annual accounts no need to change annual accounts 'a note of error' to be made in the Annual Accounts against the Head error occurred



Slide 13

Transfer Entries

- ◆ Where the number of transactions are less corrections can be carried out manually by striking down the wrong entry with red ink and inserting the correct entry.
- ◆ If mistakes noticed after closure of the monthly accounts and before closure of annual account.
- Minus Credit under the Head where wrong entry done with a note indicating reasons and plus credit under the Head the transaction related with a note.

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Model Panchayat Accounting Manual (MPAM)

- ◆ Ministry of Panchayati Raj, Government of India has developed a 'Model Panchayat Accounting Manual' (MPAM) in 2012.
- ◆ MPAM to be used by state governments and PRIs to adopt standardized systems of accounts across the country.
- ◆ MPAM is based on the Model Accounting System and provides linkages to 'PRIASoft'

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Transfer Entries

- ◆ If mistakes are noticed after closure of annual accounts:
 - No need to change annual accounts
 - A 'note of error' to be made in the Annual Accounts against the Head where the error committed

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Model Panchayat Accounting Manual (MPAM)

MPAM stipulates financial statements of PRIs shall include:

- ◆ Receipts and Payments Account including comparison with budgets
- ◆ Income & Expenditure Account with receipts & payments of revenue nature
- ◆ Statement of Assets & Liabilities
- ◆ Accounting Policies and Notes to Accounts

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Slide 15

PRIASoft


- ◆ To facilitate computerized accounting Panchayati Raj Institutions Accounting Software (PRIASoft) developed by MOPR.
- ◆ PRIASoft is a centralized web based application
- ◆ PRIASoft captured three tier accounting classification and *accounting of* the scheme as a Sub-head under the respective Minor Head.
- ◆ After receipts and expenditure entries software automatically generate the reports in the formats prescribed by C&AG

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Accounts and Registers of GP

Slide 18

ACCOUNTS & REGISTERS MAINTAINED
IN GRAM PANCHAYAT



Slide 19

General procedure of keeping
accounts & registers

- All accounts shall be kept in vernacular or English (or Nepali in DGHC)
- Registers, Ledgers, Receipt Books should be bound, pages serially machine numbered and shall contain a certificate under the signature of the custodian on their first page

Slide 20

Custody of Gram Panchayat(GP) Fund

- ◆ Pradhan or in his absence, Upa-Pradhan is the Custodian of the GP Fund
- ◆ At least fifty per cent of the fund raised through own resources shall be spent for implementation of schemes for economic and social development
- ◆ Balance fifty per cent may be utilized for strengthening of its own machinery
- ◆ The Custodian (Pradhan or, in his absence, Up-Pradhan) shall keep in his office funds not more than Rs.2000 at a time to meet to any unforeseen urgent need

Slide 21

Custody of Gram Panchayat Fund
contd.

- Undisbursed amount drawn for payment of labour wages or sundry expenses shall be deposited in the savings account from which it was drawn on expiry of three working day
- Undisbursed amount pertaining to honorarium, traveling allowance and pay and allowances shall be refunded to the BDO
- Sums received towards tax, toll-charge, rate and fees etc. shall be collected by the Tax Collector and deposited in full to the GP

Slide 22

Custody of Gram Panchayat Fund
contd.

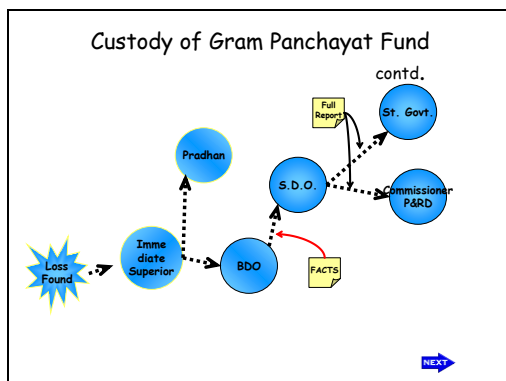
- ◆ Tax collector or any authorized employee shall not keep in his custody at any point of time any amount exceeding one thousand rupees for more than one working day
- ◆ All sums received by way of tax, rates, toll charge, fees, grant or contributions shall be credited in full to appropriate account
- ◆ No portion of sums received shall be appropriated directly towards expenditure of the GP

Slide 23

Custody of Gram Panchayat Fund
contd.

- ◆ Any loss or defalcation of the Fund, found or detected, shall be immediately reported by the detecting functionary to his immediate superior, officer, Pradhan and BDO.
- ◆ The BDO will send full facts to the SDO, who in turn, will send a full report to the DM with a copy to the Commissioner of P&RD and Stat Government

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Custody of Gram Panchayat(GP) Fund contd.

- DM, for a loss valued between rupees Rs.4001 and Rs.7000
- Commissioner of Panchayats and Rural Development for a loss valued between Rs.7001 and Rs.10000
- State Government for a loss exceeding Rs.10000

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Custody of Gram Panchayat (GP) Fund
contd.

- ◆ Money or the irrecoverable value of stores, lost by theft, civil commotion, natural calamity cannot be written off from the accounts of GP **except by resolution passed in a meeting** of the GP, provided that
- ◆ When the loss relates to the own resources of the GP, **sanction for writing off** shall be necessary of the-

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Custody of Gram Panchayat(GP) Fund
contd

When the loss relates to funds or materials sanctioned/supplied for execution of a programme or scheme of any Department of the State Government, sanction of concerned Deptt. through DM is necessary

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Custody of Gram Panchayat(GP) Fund
contd.

- a. Gram Panchayat, for a loss up to Rs.1000
- b. BDO, when the loss valued between Rs.1001 and Rs.2000
- c. District Panchayat and Rural Development Officer, when the loss valued between Rs.2001 and Rs.4000
- d. .

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Maintenance of accounts of GP

- ◆ Every GP shall maintain a **Cash Book(CB) in Form No.1** and record therein all monetary transactions on the same day.
- ◆ The Cash Book shall be maintained on double column basis. The left or debit side and the right side or credit side
- ◆ A General Ledger in Form 21 shall be maintained for each classified receipt or payment
- ◆ For each entry in the Cash Book a corresponding entry shall be made in the General Ledger ;

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Maintenance of accounts of Gram Panchayat
contd.

- ◆ All receipt/payment vouchers shall be **chronologically numbered** separately and the numbers so given shall be noted in relevant column in CB.
- ◆ Any debit / credit charges including interest / bank charges to the GP by Bank or Post Office as recorded in the Pass Book shall be entered on the receipt / payment side as soon as the Pass Book showing such entries is received. ☞



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Operation of GP Fund

- ◆ As soon as any amount is received by the GP through a Cheque /Bank Draft, it shall be recorded in a register in Form No.2 and the amount shall be entered in the CB.
- ◆ As soon as a cheque is issued by the GP, the particulars shall be recorded in the cheque book register in Form No. 3 and the amount shall be entered in the CB



Slide 31

Maintenance of accounts of Gram Panchayat
contd.

- ◆ CB shall be closed and balance struck date-wise.
- ◆ Pass Book shall be checked with reference to the CB **at the close of every month**.
- ◆ A note shall be kept in the CB in respect of undisbursed cash drawn by self- cheques at the end of the day.
- ◆ The Secretary of GP is responsible for writing CB and for safe custody of all receipt/payment vouchers.



Slide 34

Operation of GP Fund contd.

- ◆ If re-issue of a fresh cheque is required, the brief reason shall be recorded in Form No.3;
- ◆ If cancellation of a cheque is required, the cancellation shall be recorded on the counterfoil as well as on the cheque, if it is in drawer's possession. If the cheque is not in the drawer's possession, the custodian shall promptly advise banker to stop payment and make necessary entry in accounts.



Slide 32

Maintenance of accounts of Gram Panchayat
contd.

- ◆ Custodian shall authenticate the entries in the CB after verification and sign CB regularly; but he shall in no circumstances write the CB and keep receipt/payment vouchers.



Slide 35

Procedure of Receipts

- All money received by a GP shall be acknowledged by issuing receipt in Form No.4 or in Form No.5 as the case may be.
- Form No.4 shall be used for money received on account of taxes, rates, fees etc. and Form No.5 in respect of other misc. receipts.
- Every receipt shall be authenticated with seal of the GP on the back side.
- A Stock Register in Form No.6 shall be kept for each kind of receipt book.



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Procedure of Payment

- Payment shall be made only against valid bill / claim showing full details of the same.
- On the bill / claim, if found genuine Secretary shall record a payment order (amount both in word and figure) and present the same to the custodian i.e. Pradhan.
- Payment shall be made after obtaining a signed receipt from the recipient. The cost of revenue stamp shall be borne by the recipient.

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Procedure of Payment

Payment of money against contractor's / supplier's bills shall be made:

- through A/Payee Cheques when such amounts to Rs.2000 or more
- through cheques when such amount is Rs.500 or more but less than Rs.2000
- in cash when such amount is less than Rs.500

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Procedure of Payment contd.

- If recipient is illiterate, his LTI shall be attested and witnessed by a person known both to the recipient and the Secretary and Pradhan.
- Payment may be made against Muster Roll or Cash memo, which shall contain full details of the claim and an acknowledgement or receipt of money from the person named in the claim.
- All paid bills and vouchers shall be assigned consecutive serial numbers

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Procedure for collection of Revenue contd.

- The Artha-O-Parikalpana Upa-Samiti shall be responsible for supervising and monitoring of collection of taxes, rates etc.
- Pradhan or Upa-Pradhan or any member of the GP shall not collect any taxes, rates or fees personally
- Responsibility for collection of non-tax revenue may be delegated to a Tax Collector

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Procedure of Payment contd.

- In case of payment on account of purchase of store / materials, a certificate in the following form shall be recorded on the back of the bill / voucher:

"Entered in Stock register at page _____".

- Payment against contractor's / supplier's bill shall be made through A/C Payee Cheques; provided that payment against such bill, not exceeding Rs.500 only, may be made in cash.

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Procedure for collection of Revenue contd.

- Tax Collector shall be given
 - A Demand and Collection register in Form No.7 to collect rates and fee,
 - A Book of Receipts in Form No.4 to collect taxes
- on the first working day of a month and also on the day when collection exceeds Rs.1000, the Collector shall produce the Receipt Books to the custodian. The custodian then shall put his signature against in the relevant column of the Register of Form 7.

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Procedure for collection of Revenue contd.

- The Secretary , after receiving the used up receipt Books, shall see that –
 - None of the serially numbered pages is missing ;
 - In case of cancelled receipt form, both the original and duplicate copy of the Receipt form have been kept together .



Slide 45

Grants - in – aid Bill - Utilisation Certificate

- GP shall submit in duplicate with the grant-in-aid bill for the first month of each quarter of the year, an utilisation certificate in Form No.13
- Utilisation certificate in Form No.13 shall certify that the grants-in-aid contribution, sanctioned by the Government, to the GP during the previous quarter of the year was utilised for the purpose



Slide 43

Acquittance Register

- An acquittance register in Form 10 for disbursement of honoraria and allowances to the Pradhan, Upa-Pradhan, Sanchalaks or the members
- GP shall maintain an Acquittance Register in Form No.11 for disbursement of salary to its employees



Slide 46

Procedure for purchase

- All purchases shall be made with the approval in a meeting of the Artha-O-Parikalpana Upa-Samiti
- Any member present in such meeting shall have the right to record a note of dissent in the proceedings



Slide 44

Payment of Salary

- GP shall submit the monthly salary bill in duplicate in Form 12 for receiving grant-in-aid from the State Government
- The bill shall be submitted by the 7th of each month and signed by the Custodian of the GP Fund



Slide 47

Procedure for purchase contd.

When the value of purchase :

- is not more than Rs.2000/-, no quotation or tender shall be necessary
- exceeds Rs.2000/- but does not exceed Rs.20000, quotation shall be invited from three reputed traders
- exceeds Rs.20000 but does not exceed Rs.100000, sealed tenders shall be invited giving 7 days time



Slide 48

Procedure for purchase contd.

- exceeds Rs.100000 but does not exceed Rs.500000 sealed tenders shall be invited giving 15 days time
- exceeds Rs.500000 tenders shall be published in the e-tender portal of the State Government
- All purchases of articles shall be entered in the Durable Stock Register in Form No.8



Slide 2

Audit Points Regarding Accounts of GP

1. Did GP spend fifty per cent of the fund raised in a year through mobilization of its own resources for implementation of schemes for economic and social development in the following year? If not, the reasons thereof should be ascertained.
2. Were all the receipts of the GP Fund deposited in the Savings Bank A/C of the Nationalised Bank/Scheduled Bank/Cooperative Bank?

Slide 49

Procedure for sale

- The Artha-O-Parikalpana Upa-Samit shall take decisions relating to conduct of sale in a meeting after fixing a minimum price in the meeting of the GP .
- Where min. price is fixed above Rs.500, public auction shall be conducted.
- No article shall be sold on auction if the highest bid falls short of the minimum price fixed.
- If same happens in the 2nd auction also, the matter shall be referred to the SDO for a decision.



Slide 3

Audit Points Regarding Accounts of GP
Contd.

- 3 Did Pradhan, the custodian of fund withdraw and keep in his office an amount exceeding rupees two thousand in order to meet any unforeseen urgent need?
- 4 Was there any undisbursed amount towards labour wages or sundry expenses lying for more than three working days without depositing in the concerned savings account?
- 5 Was any amount exceeding one thousand rupees kept by Tax Collector for more than one working day?

Audit points regarding Accounts of GP

Slide 1

**Audit Points Regarding
Accounts of Gram Panchayat (GP)**

Slide 4

Audit Points Regarding Accounts of GP Contd.

- 6 Was any loss or defalcation of GP Fund detected at any time? If so, the following further points may be examined:
 - Who detected it and when?
 - To whom was it reported?
 - Were any departmental enquiries conducted? If so, what was the result?
 - How was the loss regularised?
 - In case of write off, was it in the rules and schedule of powers?

Slide 5

Audit Points Regarding Accounts of GP Contd.	
7	Was the Cash Book (CB) authenticated by Pradhan / Up-Pradhan regularly?
8	Were the chronological numbers of the Receipt / Payment vouchers noted in the CB?
9	Was the CB closed daily?
10	Was the Pass Book checked with reference to the CB at the close of every month?
11	All the transaction vouchers of a certain period should be checked with reference to their postings in the CB.

Slide 8

Audit Points Regarding Accounts of Gram Panchayat Procedure of payment	
19	Were all the entries in Form No. 2 authenticated by Secretary and Custodian, i.e. Pradhan?
20	Were the particulars of cheques received as shown in the CB cross checked with the entries in the Cheque Register in Form No. 2. Was there any discrepancy?
21	Were the entries of the Cheque Register in Form No.2 test checked with the entries in the GP Bank / Post Office Pass Book. Was there any amount not credited in the Pass Book? What were the reasons?

Slide 6

Audit Points Regarding Accounts of GP Contd.	
12.	Were the particulars of cheques received entered forthwith simultaneously in the Cheque Register in Form No. 2 and CB?
13	Did the particulars of Form No. 2 under Column 1 (Date of receipt of Cheque) tally with those of Column 8 (Date of entry in the CB)?
14	Was there any delay in transmission of money into the Bank? What were the reasons?

Slide 9

Audit Points Regarding Accounts of Gram Panchayat Procedure for collection of taxes	
22	Did the particulars of Form No.2 under Column1 (Date of receipt of cheque) tally with those of Column 8 (Date of entry in the CB)?
23	The particulars of cheques received as shown in the CB should be cross checked with the entries in the Cheque Register (Form 2). Was there any discrepancy?

Slide 7

Audit Points Regarding Accounts of Gram Panchayat Procedure of payment	
16	Were there cases of cancellation of cheques? What action was taken on them?
17	How many cheques were re-issued and were such re-issues in accordance with the rules?
18	Were all the entries in the Cheque Issue Register authenticated by Secretary/Pradhan?

Slide 10

Audit Points Regarding Accounts of Gram Panchayat	
22.	Were all the entries in the Stock Register authenticated by Secretary and Pradhan?
14.	Were money receipts in Form No.5 used in respect of Miscellaneous receipts? Did the same bear dated signature of Secretary and Custodian and indicative Book No. and Page No.

Slide 11

Audit Points Regarding Accounts of Gram Panchayat
Procedure for Purchase

16. Was every payment made against a valid bill /claim and the same authenticated by Secretary and Custodian?
17. Was the payment above made after obtaining signed receipt from the recipient with requisite revenue stamp wherever necessary?

Slide 14

Audit Points Regarding Accounts of Gram Panchayat
Grants-in-aid Bill

35. Were all the collections of receipts as per Form 4(Receipt Book)) are entered in the Demand and Collection Register (Form No. 7) and signed by the Custodian and Secretary?
23. Was the Receipt Book produced to the Custodian on the first working day of every month?
24. Was the amount of collection in excess of Rs.1000/-deposited to the Custodian on the day of collection every time?

Slide 12

Audit Points Regarding Accounts of Gram Panchayat

18. In case of an illiterate recipient, was his/her LTI attested by a person known both to the recipient and custodian of the GP?
19. Was every payment against contractor's bill in excess of Rs.2000/- made through A/C Payee cheque?

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Audit Points Regarding Accounts of Gram Panchayat
Grants-in-aid Bill contd.

37. Were all purchases of materials and movable properties made with the approval in a meeting of the Artha-O-Parikalpana Upa-Samiti
25. In respect of purchases (where value exceeded Rs.2000) were at least three quotations for rates obtained and three sealed tenders invited from reliable firms before resorting to actual purchase?
27. In case of rejection of tenders/quotations, in consideration of the specification or quality of the material were the reasons recorded adequately and made available to audit?

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Audit Points Regarding Accounts of Gram Panchayat
payment of Salary to the staff

32. Was any collection made by Pradhan, Upa-Pradhan or any member of the GP? If yes, it is objectionable.
21. Did Artha-O-Parikalpana Upa-Samiti supervise and monitor collection of taxes, rates and fees efficiently?,

Slide 16

Audit Points Regarding Accounts of Gram Panchayat
Grants-in-aid Bill contd.

37. Was a minimum price fixed in a meeting of the GP before conducting any sale?
28. In cases of sales having minimum prices above Rs.500/-, were public auctions held with due notices and terms before conducting such sales?
29. Were such public auctions conducted by the authorised committee or a member thereof authorized by that committee in writing?
30. Was the matter referred to the Sub-divisional Officer for decision in case where the highest bid fell short of the minimum price in the second bid?

Slide 17

Audit Points Regarding Accounts of Gram Panchayat
Grants-in-aid Bill contd.

37. Was an Acquittance Register in Form No. 10 maintained for disbursement of honoraria and allowances to the Pradhan, Upa-Pradhan, Sanchalaks or the members ?
33. Was an Acquittance Register in Form No. 11 maintained for disbursement of salary to GP employees?
34. Were the dated signatures of the payee and the disbursing authority forthcoming in Form No. 11?



Slide 18

Audit Points Regarding Accounts of Gram Panchayat
Grants-in-aid Bill contd.



37. Did GP submit the monthly salary bill in duplicate within 7th of each month in Form 12 for receiving grant-in-aid from the State Government?
38. Were the Grants-in-aid bills signed by the Custodian?
39. Did GP submit a utilisation certificate in Form No.13, in duplicate, with the grant-in-aid bill for the first month of each quarter of the year?



Exercise

Time:10 mins.

Prepare audit points from the following Form. Which records do you need to check for this purpose?

CASH BOOK OF 'ABC' GRAM PANCHAYAT												
Date	From whom received	For what purpose	Receipt no.	Ledger Page no.	Amount (Rs.)		Date	To whom paid	For what purpose	Voucher no.	Ledger Page no.	Amount (Rs.)
11.2.15	Tax Collector	Tax	184	12	1005		12.2.15	Bank	Deposit	330
11.2.15	Tax Collector	Tax	185	12	1250		12.2.15	Contractor 'A'	Construction of sewerage system	36	16	5000
11.2.15	Pradhan	Drainage Tax	12	18	100							
12.2.15	Dafadar	Tax	186	13	50							
	Total	2405					Details of Closing Balance			Total	5330	
	Opening Balance	9000					Cash at hand	4000		Closing Balance	6075	
	Grand Total	11405					Cash at Bank	2705		Grand Total	11405	
												
		Secretary, 12.2.15									Custodian, 12.2.15	

Solution

1. According to Sec. 4(11), if the daily tax collection is in excess of Rs. 1000.00, the Tax Collector will deposit the amount with the Pradhan. But it is seen that more than Rs. 1000 has been deposited in the Cash Book through two Receipts of the Daily Cash Collection Book. This indicates that despite daily cash collection of more than Rs. 1000, the same was not deposited in the Cash Book
2. According to Sec. 4(7), Pradhan can not keep in his hand more than Rs. 2000. But the Cash Book shows that Pradhan has kept cash amounting to Rs.4000 on 12.2.2015.
3. According to Sec. 20, amount of advance can not exceed more than 25% of the cost of total project. In this case, the contractor has been granted more than 25%. Detailed discussion in this regard will be done in Session-5.
4. According to Sec. 6(5)(C), Cash Book has to be closed daily after drawing balance. But in this case, two days' balance has been drawn on a single day.
5. According to Sec. 10(1), Pradhan himself can not collect tax. But the entry of 11.2.2015 shows that Pradhan has himself collected cash.
6. According to Sec. 6(5)(j), Pradhan should sign the Cash Book daily. But in this case, a member of the Panchayat has signed the Cash Book.

Excercise 2 Session 3

Exercise

Time: 15 mins.
Discussion on answers: 10 mins.

Mark ✓ the correct answers:

- 1 No quotation/tender is required for purchase of goods below Rs. 2000. True False

- 2 Sales Committee is constituted by Pradhan, Secretary and three elected Panchayat members.
 True False

- 3 What should be the first step after purchasing an article of durable nature?
 To enter into the Cash Book To enter into the Durable Stock Register
 To check if the article is all right

- 4 What should be the duty of the Pradhan if the minimum price fixed for an article is not available even in the second auction?
 To call for further auction To sale at the highest bid available
 To communicate the matter to the Sub-Divisional Officer for his decision

- 5 What register is maintained in the village Panchayat office for payment of salaries to its employees Panchayat ?
 Salary Register Acquittance Register Allotment Register

Solution 2
Session 3

Solution

1. True

2. False. Purchase is made with the approval in a meeting of the Artha-O-Parikalpana Upa-Samiti of a GP.

3. To enter into the Durable Stock Register.

4. To send the matter to the Sub Divisional-Officer for advice.

5. Acquittance Register

Session Title

Accounting system and Audit of Accounts of Gram Panchayat (GP)

Session Overview

We are now on topics, wherein accounting system and audit of GP Accounts along with relevant registers could be carried out.

In the previous, the evolution of PRIs, and audit of constitution of GP, GP Fund and GP Budget were discussed.

In this session we will discuss accounting system and audit of GP Accounts with relevant registers which includes Model Accounting System (MAS), computerized accounting in PRIYAsoft, functions and responsibilities of Pradhan and Secretary, posting in different Ledgers / Registers/ Receipt Books and their reflection in Cash Book, familiarization with Cash Book, Work Register, other Receipt Registers and Register for Immovable Properties, to the extent that the audit conclusion indicates:

- Whether the keeping of Accounts and relevant registers is as per rules;
- That the accounts are transparent; and
- Audit point is supported by evidence.

Introduction



Subsequent to the 73rd Constitutional Amendment, 1992, Panchayats become an integral part of the national government structure with increasing functions, funds and functionaries being devolved to PRIs. In view of these increasing responsibilities envisaged for PRIs, the need to strengthen their system and capacity for governance and improvement in the area of financial accounting, reporting and accountability was felt. The Eleventh Finance Commission made specific recommendations for strengthening the accounting and financial systems of PRIs in 2000. The Comptroller & Auditor General of India (C&AG) prescribed standardized formats for preparation of budget and accounts by PRIs in 2002. These formats were further simplified in 2009 for easy adoption at grass root level. The Thirteenth Finance Commission (TFC) and Fourteenth

Finance Commission (FFC) also recommended in the line of EFC. TFC recommended that PRIs should adopt the Model Accounting System for Panchayats prescribed by C&AG and Ministry of Panchayati Raj from 1 April 2010. TFC specified that out of the total grant of PRIs, upto one percent would be a 'performance-based' component which will be available only on compliance with the recommendations of the Finance Commission.

The FFC observed that reliable information on local government finances was not available and made the performance grant conditional upon local governments. FFC recommended eligibility of granting performance grant of 10 per cent of the total grant, is to make available the reliable data by local bodies on receipt and expenditure through audited accounts and improvement in own revenues. Increase in the own revenues of the local body over the preceding year to be ensured from the audited accounts. Thus Performance grant is meant to instill improved information on local finances and outcomes as well as focus on increasing own incomes of local governments. FFC also specified that the books of accounts prepared by the local bodies should distinctly capture income on account of own taxes and non-taxes, assigned taxes, devolution and grants from the State, grants from the Finance Commission and grants for any agency functions assigned by the Union and State Governments.

Model Accounting System (MAS)

The significant characteristics of Model Accounting system are:

- Each institution i.e. Zilla Parishad / Block Panchayat / Gram Panchayat is a separate accounting entity;
- The accounts are to be kept on cash basis i.e. recording shall be done only when the amounts are received and paid, not on their becoming due;
- A detailed chart of accounts has been prescribed using a three tier structure i.e. Functions, Programmes or Schemes and Object. The chart of accounts shall be used both for budgeting and accounting to ensure a link between them with proper budgetary control; The system prescribes maintenance of 8

formats with certain additional records in subsidiary formats;

- The system requires preparation of Receipts & Payment Account incorporating both revenue and capital transactions for every financial year ending on 31st March.

Salient features of the simplified format of accounts are:

Accounting Codes

The overall structure of the accounting code is of 3 tiers. **The first tier classification** represents the Major Head of nomenclature of functions enumerated in the Eleventh Schedule

Major Head (Function based)	Code	Corresponding major heads		
		Receipts	Revenue expenditure	Capital Expenditure
Rural Housing	216	0216	2216	4216
Water Supply and Sanitation	215	0215	2215	4215

of the Constitution. In the four digit code of Major Head, the first digit indicate whether the Major Head is a Receipt Head, Revenue Expenditure Head, or Capital Expenditure Head . If the first digit is '0' or '1', the Head of Account will represent Revenue Receipt, '2' or '3' will represent Revenue Expenditure, '4' or '5' will represent Capital Expenditure. In addition, separate codes are prescribed for special transactions under Loans, Pension & Provident Fund, Insurance and Pension Fund, Deposit and Advances and Civil Advance.

An illustration of some Major Head codes is:

An illustration of special transactions code is:

Description	Major Head
Grants from Central Government	1601
Loans and Advances of PRIs	6004
Loans to Panchayat employees	7610

The second tier is Minor Heads, with a three digit code, which identifies the programme undertaken to achieve the objectives of the functions. A major head is divided into minor heads. An example is:

Major Code	Major Head	Minor Heads
2515	Panchayati Raj	101-Zilla Parishad
		102-Block Panchayat
		103-Gram Panchayat

Under few major Heads (2851, 2406, 2403, 2211, 2205 and 2202) the minor head represents the function due to clubbing of function enumerated in the Eleventh Schedule of the Constitution.

Considering the number of schemes operated by PRIs and the need to have better planning, monitoring, decision making, reporting, central schemes have been given distinct two-digit sub-heads. While Central Scheme heads will be opened by the Central

Government, states can open and operate state level scheme account heads.

Some illustrative suggested scheme codes are:

Code	Scheme Description
11	National Rural Employment Gurantee Scheme (NREGS)
14	Indira Aywas Yojana (IAY)
18	Midday Meal Scheme

The third tier is Object Head (two-digit) represent the object of receipts/expenditure. For most commonly used items of expenditure a two-digit object head have been standardized. PRIs may open separate object head as per requirements under each minor head. Similarly, object head under receipts head may be opened as per requirement. Wherever required the minor head '800-Other Receipts' may be opened under the receipts head and '800-Other Expenditure' under expenditure head. Example of most commonly used items of standardized object head of expenditure:

Purpose of expenditure	Object Code
Salaries	01
Overtime Allowance	03

Wages	02
Travelling Allowance	07

An illustrative example of the complete account head for payment is given below:

2210-Health and Sanitation	<i>Major Head</i>
101-Primary HC	<i>Minor Head</i>
15 - NRHM	<i>Sub Head</i>
26 -Maintenance	<i>Object head</i>
2210-101-15-26	<i>Complete</i>
Representing payment made from NRHM for maintenance of Primary Health Centers under the Health & Sanitation function of the PRI.	

To record all unclassified transactions not immediately booked under the respective functional major heads due to lack of detail/proper classification in the challen/Cheque/voucher, Panchayats may operate '8658-Suspense Accounts'.

Panchayat may operate other major heads of accounts to record transactions of each additional function devolved subsequently to the Panchayats by the State Government. The State Government may inform operation of the new major heads to the Pr. Accountant General /Accountant General (Audit) and Accountant General (A&E) of the respective States.

Accounting Procedure

- The accounts are prepared on cash basis i.e. a transaction is only recorded when cash is received or paid.
- Period of accounts is a financial year. A financial year is defined as a period of 12 months ending 31st March in any year.
- Daily transactions shall be recorded in Cash Book. The receipts shall be recorded on receipts side and payments on payments side. Every day the cash book shall be closed and Closing Balance worked out would then form the Opening Balance for next day. Classification/head of account for each transaction shall be clearly mentioned.
- Every day the details of transactions as recorded in the cash book should be transferred to either Register of Receipts if the transaction is receipts or to Register of Payments if it is payment under the respective heads of account.
- At the end of the month the bank reconciliation and treasury reconciliation should be completed and it should be ensured that all

differences between cash book and bank and treasury balances are rectified. If any differences are noticed the corrections should be made then and there in the Register of Receipts and Register of Payments. At the end of the month totals in Register of Receipts and Register of Payments can be struck. This would give the total expenditure under each head of account for the month. Where PRIs and Bank/Treasury are computerized, online reconciliation with Bank/Treasury may be followed.

- At the end of each month the totals of Receipts and Payments (upto object head level) are to be posted to the Monthly Receipts and Payment Account.
- The monthly figure is added to previous month's progressive total and the figures up to the end of the current month can be worked out in the Consolidated Abstract.
- At the end of the year the progressive figure to the end of March can be worked out in the Annual Receipts and Payment Account.
- After closing of March Accounts, Reconciliation of Receipts and Expenditure figures with the Departments (online, where facility is available) should be carried out to detect any misclassification and to clear the unclassified transaction booked in the Suspense accounts and all transactions appearing as Transfer entries. The final progressive figure under each head be worked upto the end of March which completes the accounting process for that year.
- Receipts and Payment account is prepared on the basis of figures in the Consolidated Abstract.
- The Budget of PRIs for the year may be prepared by adopting the classification prescribed in the Receipts and Payment Account/ List of Codes for functions, programmes and activities prescribed.
- On the basis of these formats, the State Government may formulate Budgeting/Accounting rules and manuals for keeping of budget/accounts for Panchayati Raj Institutions in consultation with the State Accountants General.
- Refund of revenues/re-imbursement of expenditure of the current year is to be accounted as reduction of receipts/expenditure.

- Bank/Treasury Reconciliation Statements, Register of Receivable and Payable, Register of Movable and Immovable property, Register of Inventory, Register of Demand, Collection and Balance form integral part of the annual accounts. Maintenance of these register would help in subsequent switch over to the modified accrual system of accounting.

Procedures for Transfer Entries

Transfer entries are passed to rectify misclassification of transaction in accounts. Due to complexities requiring sophisticated degree of knowledge and skills the procedure of transfer entries can pose difficulties in grassroots level organizations. To simplify the accounting process it is proposed that the Transfer Entries may not be required for those tiers of PRIs where the number of transactions are less and corrections can be carried out manually by striking down the wrong entry with red ink and inserting the correct entry in the cash book as well as Register of Receipts and Payments and in the Monthly and Annual Accounts.

When mistakes are noticed after closure of the monthly accounts and before closure of annual account the following procedure for rectification will be followed:

If the misclassification of collection of a sum of Rs.1000 towards Property Tax as Entertainment Tax occurred in the month of June 2014, is noticed after the closure of Monthly Accounts in the month of December 2014 it can be rectified by-

- Minus Credit under MH 0045-101 (to be deducted) is posted in Register of Receipts and a small note recorded indicating the reason for the minus credit. Credit is given under MH 0035-101 in Register of Receipts and a small note indicating the reason for the plus credit is recorded. This has to be done in the month in which the error/misclassification is noticed and rectified (December 2014).

When mistakes are noticed after closure of annual accounts

- No need to change annual accounts but to have a true picture of revenue receipts and revenue expenditure, 'a note of error' will be made in the Annual Accounts against the Head where the error was committed. If any receipt on account of error/misclassification occurs the

same will be taken into cash book with a small note and becomes part of the current balance.

When misclassification occurs in scheme expenditure and noticed after the closure of annual accounts

- If the mistake is noticed after the Annual Accounts are closed and the items of expenditure are related to different schemes under Revenue/Capital Heads, the progressive figures have to be changed by '+' and '-' entries against the heads concerned in order to arrive the correct figures. If the schemes are continued further next financial year error/misclassification occurs will be taken into cash book with a small note and becomes part of the current balance.

PRIASoft

In order to facilitate computerized accounting, the Ministry of Panchayati Raj developed, in association with National Informatics Centre (NIC), a Panchayati Raj Institutions Accounting Software (PRIASoft).

The following are the features of PRIASoft:

- The three tier accounting classification consisting of Major Heads, Minor Heads and Object Heads are captured by the software. In addition, as defined by CAG in the revised classification, wherever Central/State scheme activities are to be captured as per the Scheme guidelines, the software will provide for accounting the scheme as a Sub-head under the respective Minor Head.

- At the time of keying in the receipts and expenditure figures in to the system, the user selects the appropriate account heads from the three-tier classification. Once the receipts and expenditure entries are captured in the system, the software automatically generate the reports in the revised formats prescribed by the CAG. Since the format allows the user to book expenditure explicitly under sub-head provided for the scheme, scheme-wise expenditure generates automatically.

- In order to extend flexibility to states which want to retain their own existing classification relating to the schemes, the software will provide mapping of the state-specific classification to the revised classification proposed by CAG. This will enable the panchayats in those states to carry on with

their ongoing accounting classification while at the same time enabling Government of India to view the accounting details of the PRIs as per the classification prescribed by the CAG.

- In view of the high security need of the accounting system, the software provides a strong authentication mechanism and also maintains detailed audit logs of all the transactions carried out through the software. PRIASoft is a centralized web based application which allows PRIs at various levels to enter their financial transactions online. It uses a simple user interface screen allowing non-finance personnel to use it without having to worry about the accounting aspects which are handled at the backend. The software is expected to streamline accounting, facilitate better financial management, promote transparency and lead to a strengthened and credible PRI accounting environment in the country. The project has been operational since 2003.

Model Panchayat Accounting Manual

Ministry of Panchayati Raj, Government of India has developed a 'Model Panchayat Accounting Manual' (MPAM) in 2012 with the help of M/s Infrastructure Professionals Enterprise (P) Ltd. (IPE) for use by state governments and PRIs to adopt standardized systems of accounts across the country. It provides the accounting codes and the accounting formats and practical guidance to PRIs in implementing an effective accounting and financial management system. The MPAM is based on the Model Accounting System but uses the GAAPs to create a scalable, robust financial accounting system which can be enhanced to include modern accounting techniques in future. It also provides linkages to 'PRIASoft' the online accounting software for computerizing Panchayat accounts.

Contents of Financial Statements

MPAM stipulates that the financial statements of PRIs shall include:

- Receipts and Payments Account including comparison with budgets;
- Income & Expenditure Account
- Statement of Assets & Liabilities
- Accounting Policies and Notes to Accounts;

In addition, the following supporting documents, as required by the Model

Accounting System shall also be prepared for every financial period:

- Consolidated Abstract Register;
- Reconciliation Statement;
- Statement of Receivables and Payables;
- Register of Immovable Property;
- Register of Movable Properties;
- Inventory Register;
- Register of Demand Collection and Balance;

Receipts & Payments Account

The 'Receipts and Payment Account' is a summary of the total receipts (i.e. revenue and capital) and payments (i.e. revenue and capital) during a period. This is the principal report prescribed in the Model Accounting System.

Income & Expenditure Account

The Income & Expenditure account is the statement of financial performance of the PRI for a particular period. In it, all receipts and payments of **revenue nature** will be recorded.

The difference between Receipts & Payment (R/P) account and Income & Expenditure (I/E) account (despite both of them being on cash basis) is that I/E account covers only revenue items while R/P account covers both revenue and capital items.

Statement of Assets & Liabilities

The Statement of Assets and Liabilities would contain a listing of assets and liabilities as on the last date of the accounting year.

State Scenario

Maintenance of Accounts

In 25 States and two union territories accounts are maintained on **cash basis**. There are, however, four States, namely, Chhattisgarh, Kerala, Gujrat and Goa who follow accrual based accounting system. In Karnataka, the accrual based accounting system is followed at GP level only. In Punjab only cash books are maintained and no annual accounts are prepared in any tier. In West Bengal GPs are preparing Accounts in cash based double entry accounting system.

PRIASoft

Amongst the States that have adopted PRIASoft the application is being used by 74% of Panchayats in the country for maintaining/participation, citizen service delivery and managing their accounts. Karnataka, Kerala,

Gujarat, Wes Bengal & Madhya Pradesh are using their own State specific accounting applications, In addition to the facility to maintain and manage PRI accounts online, PRIASoft would also be positioned as a tool for monitoring accounting procedures and to facilitate Local Fund Audit Amongst the States that have adopted PRIASoft the application is being used by 74% of Panchayats in the country for maintaining/ participation, citizen service delivery and managing their accounts. Karnataka, Kerala, Gujarat, Wes Bengal & Madhya Pradesh are using their own State specific accounting applications, In addition to the facility to maintain and manage PRI accounts online, PRIASoft would also be positioned as a tool for monitoring accounting procedures and to facilitate Local Fund Audit and State AG/ C&AG to undertake regular audit of the PRIs.

Procedure for maintenance of Accounts

(Rule 3 of the W.B Panchayat (Gram Panchayat Accounts, Audit and Budget) Rules, 2007)*

All the accounts and registers of a GP shall be kept in Bengali or English (in Darjeeling, same may be kept also in Nepali). All accounts shall be kept in the registers, ledgers and cash books which shall be bound, and their pages serially machine numbered, and shall contain a certificate under the signature of the custodian on their first page.

Audit points regarding General Procedure of Accounts of GP

- i) Were all accounts kept in the registers, ledgers and cash books?
- ii) Were all the Registers, Ledgers and Receipt Books bound and serially machine numbered?
- iii) Did all records and registers contain a certificate on the first page?

Custody of GP Fund

(Rule 4 and 5 of the W.B Panchayat (Gram Panchayat Accounts, Audit and Budget) Rules, 2007)*

1 For every Gram Panchayat there shall be a GP Fund lodged in one or more than one Savings Bank account maintained with any one

or more branches of a nearby Nationalised Bank or Scheduled Bank or licensed Co-operative Bank in the name of the GP.

2 The Pradhan or in his absence the Upa-Pradhan shall be Custodian of the GP Fund and shall be responsible for proper utilisation and satisfactory accounting thereof.

3 Any donation, endowment or trust fund for special purposes shall be lodged in the Bank Account of the GP and may be applied in the manner as specified in the terms and conditions relating to such donation, endowment or trust.

4 At least fifty per cent of the fund raised in a year through mobilization of its own resources shall be spent by the following year for implementation of schemes for economic and social development.

5 After apportionment the balance fifty per cent may be utilized for strengthening of its own machinery.

6 Besides operation of the fund to meet expenditure relating to scheme, programme or supply of materials, the custodian may, in order to meet any unforeseen urgent need withdraw and keep in his office such amount not exceeding rupees two thousand.

7 Any undisbursed amount drawn for payment of labour wages or for different sundry expenses shall be deposited in the savings account from which it was drawn on expiry of three working days following the date of drawal.

8 Any undisbursed amount pertaining to honorarium, traveling allowance and pay and allowances shall be refunded to the Block Development Officer (BDO) on expiry of five working days following the date of its receipt.

9 All sums receivable from any person by way of tax, toll-charge, rate and fees, proceeds from land or building, pond, ferry, fishery etc. shall be collected by the Tax Collector and deposited in full to the GP.

Tax collector or any authorized employee shall not keep in his custody at any point of time any amount exceeding one thousand rupees for more than one working day.

10 All sums received by way of tax, rates, toll charge, fees or proceeds or any grant or contributions received from the Central or the State Government or any other authority shall be credited in full to appropriate account and

* Position as per specific State scenario.

* Position as per specific State scenario.

no portion thereof shall be appropriated directly towards expenditure of the GP

11 Any loss of money, revenue, receipts, stores or properties, caused by defalcation or otherwise, discovered at any time during inspection or audit, shall be immediately reported by the detecting functionary to his immediate superior officer as well as to the Pradhan and the BDO even when such loss has been made good by the person responsible. The BDO shall promptly report the facts to the Sub-Divisional Officer who shall send a full Report of the same to the District Magistrate (DM) and a copy of such Report shall also be sent to the Commissioner of Panchayats and Rural Development and to the State Government.

Whenever there is any reasonable ground to believe that there has been a loss or defalcation of the GP Fund, it shall be at once reported even though a detailed enquiry may be going on.

1. Money lost or the value of stores, lost by theft, civil commotion, natural calamity etc. shall not be written off from the accounts of GP except by resolution passed in a meeting of the GP provided that:

a. When the loss relates to the own resources of the GP, sanction for writing off shall be necessary of the:

- i. Gram Panchayat, for a loss up to Rs.1000;
- ii. BDO, when the loss valued between Rs.1001 and Rs.2000;
- iii. District Panchayat and Rural Development Officer, when the loss valued between Rs.2001 and Rs.4000; and
- iv. DM, for a loss valued between rupees Rs.4001 and Rs.7000.
- v. Commissioner of Panchayats and Rural Development for a loss valued between Rs.7001 and Rs.10000.
- vi. State Government for a loss exceeding Rs.10000.

b. When the loss relates to funds or materials placed under disposal of the GP by any Department of the State Government either directly or through DM or BDO for execution of a programme or scheme, such approval of the concerned Department through DM shall be necessary.

Audit points regarding custody of GP Fund

1. Did GP spend fifty per cent of the fund raised in a year through mobilization of its own resources for implementation of schemes for economic and social development in the following year? If not, the reasons thereof should be ascertained.
2. Were all the receipts of the GP Fund deposited in the Savings Bank A/C of the Nationalised Bank/Scheduled Bank/Cooperative Bank?
3. Did Pradhan, the custodian of fund withdraw and keep in his office an amount exceeding rupees two thousand in order to meet any unforeseen urgent need?
4. Was there any undisbursed amount towards labour wages or sundry expenses lying for more than three working days without depositing in the concerned savings account?
5. Was any amount exceeding one thousand rupees kept by Tax Collector for more than one working day?
6. Was any loss or defalcation of GP Fund detected at any time? If so, the following further points may be raised;
 - a) Who detected it and when?
 - b) Whom was it reported to?
 - c) Were any departmental enquiries conducted? If so, what was the result?
 - d) How was the loss regularized?
 - e) In case of write off, was it in accordance with the rules and schedule of powers?



Maintenance of accounts of GP (Rule 6 of the W.B Panchayat (Gram Panchayat Accounts, Audit and Budget) Rules, 2007)*

1. Every GP shall maintain a Cash Book (CB) in Form No.1 and record therein all monetary transactions on the same day on which these transactions actually take place.

* Position as per specific State scenario.

2. The Cash Book shall be maintained on double column basis. The left or debit side shall have two separate columns – one for cash transaction and other for transactions relating to Saving Bank Account. On the right side or credit side there shall be two separate similar columns.

3. A General Ledger in Form 21 shall be maintained for each classified receipt or payment account in which all the entries of the Cash Book shall be posted date wise. For each entry in the debit or left side of the cash book, a corresponding entry shall be made in the credit or right side of the account in the General Ledger. For each entry in the credit or right side of the Cash Book, a corresponding entry shall be made in the debit or left side of the account in General Ledger.

4. All receipt / payment vouchers shall be chronologically numbered separately and the numbers so given shall be noted in the relevant columns of CB.

5. Any debit or credit as recorded in the Pass Book shall be entered on the receipts or the payment side, as the case may be, as soon as the Pass Book showing such entries is received.

6. The CB shall be closed and the balance struck date wise. The Pass Book of the Gram Panchayat shall be checked with reference to the CB at the close of every month.

7. A note shall be kept in the CB in respect of undisbursed cash drawn by self Cheques at the end of the day.

8. The Secretary of the GP shall be responsible for writing in the CB and for the safe custody of all receipt / payment vouchers. The Custodian shall in no circumstances write the CB and keep receipt / payment vouchers.

9. The Executive Assistant shall keep in his custody, the Cheque books, Cheque book registers and pass books of the bank accounts and shall authenticate all entries in the Cash Book.

10. The Custodian shall sign the CB on each day of transaction after verification of entries therein.

Audit points regarding maintenance of accounts of GP

1. Was the CB authenticated by Pradhan/ Upa-Pradhan regularly?

2. In the absence of Secretary, who maintained the CB and was it ratified by a resolution passed in a meeting of GP?

3. Were the chronological numbers of the Receipt/Payment vouchers noted in the CB?

4. Was the CB closed daily?

5. Was there any note in the CB in respect of undisbursed cash drawn by self-drawn Cheques at the end of the day?

6. Was the Pass Book checked with reference to the CB at the close of every month?

7. All the transaction vouchers of a certain period should be checked with reference to their postings in the CB.

Operation of GP Fund

(Rule 7 of the W.B Panchayat (Gram Panchayat Accounts, Audit and Budget) Rules, 2007)*

1. As soon as any amount is received by the GP through a Cheque/Bank Draft, the particulars of the Cheque/Bank Draft shall be recorded in a register in Form No.2 and the amount shall be entered in the CB.

2. If a Cheque drawn in favour of the GP is dishonoured, the particulars and the amount of the Cheque shall be entered in the payment or credit side of the Cash Book in the Bank column with the same head of account against which the receipt was booked.

3. As soon as a Cheque is issued by the GP, the particulars of the Cheque issued shall be recorded in the Cheque Book Register and the amount of the Cheque shall be entered in the CB.

4. Whenever a Cheque issued by the GP cannot be encashed within the period of validity of the Cheque by the payee, the Custodian may, if he thinks necessary, re-issue a fresh Cheque after canceling the old one recording briefly the reasons for the same in a register in Form No.3

5. When it is necessary to cancel a Cheque, the cancellation shall be recorded on the counterfoil as well as on the Cheque, if it is in the drawer's possession. If the Cheque is not in the drawer's possession, the Custodian shall promptly advise his banker to stop payment of the Cheque and, on ascertaining that payment

* Position as per specific State scenario.

has been stopped, make necessary entry in accounts.

Audit points regarding operation of GP Fund

1. Were the particulars of Cheques received entered forthwith simultaneously in the Cheque Register in Form No. 2 and CB?
2. Did the particulars of Form No. 2 under Column 1 (Date of receipt of Cheque) tally with those of Column 8 (Date of entry in the CB)?
3. Was there any delay in transmission of money into the Bank? What were the reasons?
4. Were all the entries in Form No. 2 authenticated by Secretary and Custodian, i.e. Pradhan?
5. Were the particulars of Cheques received as shown in the CB cross checked with the entries in the Cheque Register in Form No. 2. Was there any discrepancy?
6. Were the entries of the Cheque Register in Form No.2 test checked with the entries in the GP Bank / Post Office Pass Book. Was there any amount not credited in the Pass Book? What were the reasons?
7. Were the particulars of Cheques issued recorded forthwith simultaneously in the Cheque Issue Register in Form No. 3 and CB?
8. Were there cases of cancellation of Cheques? What action was taken on them?
9. How many Cheques were re-issued and were such re-issues in accordance with the rules?
10. Were all the entries in the Cheque Issue Register authenticated by Secretary/Pradhan?

Procedure of receipts

(Rule 8 of the W.B Panchayat (Gram Panchayat Accounts, Audit and Budget) Rules, 2007)*

1. All money received by a GP shall be acknowledged by issuing receipts in Form No. 4 or in Form No. 5
2. Form No. 4 is for money received by the GP on account of taxes, rates, fees etc. and Form No. 5 is for other miscellaneous receipts.
3. There shall be a Stock Register of Receipt Books in Form 6 with separate pages allotted for each kind of receipt books.

* Position as per specific State scenario.

Audit points regarding procedure for receipts

1. Were all the Receipt Books for receipt of money taken into account in the Stock Register in Form No. 6?
2. Were all the entries in the Stock Register authenticated by Secretary and Pradhan?
3. Were money receipts in Form No. 4 used for receipt of tax and other dues assessed by GP? Did the same bear dated signature of Secretary/collecting Sarkar /Member and indicate Book No. and Page No.?
4. Were money receipts in Form No. 5 used in respect of Miscellaneous Receipts? Did the same bear dated signature of Secretary and Custodian and indicate Book No. and Page No.?

Procedure of Payments

(Rule 9 of the W.B Panchayat (Gram Panchayat Accounts, Audit and Budget) Rules, 2007)*

1. Payments from GP Fund shall be made only against valid bill / claim showing the full details of the same. If such bill / claim is found to be genuine and in order by the Nirman Sahayak in case of programme and scheme or by the Secretary in other cases, he shall record on the bill / claim a payment order which shall run as "Pay Rupees" both in words and in figures and after his initial present the same to the Custodian for his signature. The Custodian shall, before signing the pay order, satisfy himself that the claim / bill is just and valid against the GP.
2. Payment shall be made after obtaining a signed receipt from the recipient affixing the requisite revenue stamp, whenever necessary. The cost of revenue shall be borne by the recipient.
3. Payment may also be made against Muster roll or Cash Memo, which shall contain full details of the claim and an acknowledgement or receipt of money from the person named in the claim.
4. All paid bills and vouchers shall be assigned consecutive serial numbers by the by the Secretary and shall be kept by him in a guard file. In case of payment on account of purchase of stores / materials, a certificate "Entered in the Stock Register at page _____" shall be

* Position as per specific State scenario.

recorded on the back of the bill / voucher concerned.

5. Payment of money against contractor's / supplier's bills shall be made

- i. through Account Payee Cheques when such amounts to Rs.2000 or more
- ii. through Cheques when such amount is Rs.500 or more but less than Rs.2000
- iii. in cash when such amount is less than Rs.500.

Audit points regarding procedure of payments

1. Was every payment made against a valid bill/claim and the same authenticated by Secretary and Custodian?
2. Was the payment above made after obtaining signed receipt from the recipient with requisite revenue stamp wherever necessary?
3. In case of an illiterate recipient, was his/her LTI attested by a person known both to the recipient and Custodian of the GP?
4. Were all the paid bills and vouchers chronologically and consecutively numbered by the Secretary/GP and kept in a guard file?
5. In case of payment on account of purchase of stores/materials, was the necessary certificate of taking the same in the Stock Register with page no. recorded on the back of the bill/voucher?
6. Was every payment against contractor's bill in excess of Rs. 2000/- made through A/c Payee Cheque?

Procedure for collection of taxes (Rule 10 of the W.B Panchayat (Gram Panchayat Accounts, Audit and Budget) Rules, 2007)*

1. The Artha-O-Parikalpana Upa-Samiti shall be responsible for supervising and monitoring of collection of taxes, rates and fees etc. Pradhan or Upa-Pradhan or any member of the GP shall not collect any taxes, rates or fees personally.
2. Responsibility for collection of non-tax revenue may be delegated to a Tax Collector.
3. The tax collector shall be given a copy of Demand and Collection Register in Form No. 7, and a Book of Receipt in Form No. 4, against payments made by the tax payer.

* Position as per specific State scenario.

4. On the first working day of a month and also on the day when the total amount in hand exceeds Rs.1000, the collector shall produce the Receipt Book(s) to the Custodian. The Custodian will then receive the total amount made over to him by the tax collector and put his signature in token of receipt of money in the relevant column of the Register of Form 7.

5. The Secretary receiving the used up Receipt Books shall see that-

- a. None of the serially numbered pages is missing from the Receipt Book; and
- b. In case of cancelled receipt form, both the original and duplicate copy of the Receipt form have been kept together.

Audit points regarding procedure for collection of taxes

1. Was any collection made by Pradhan, Upa-Pradhan or any member of the GP? If yes, it is objectionable.
2. Did Artha-O-Parikalpana Upa-Samiti supervise and monitor collection of taxes, rates and fees efficiently?,
3. Were all the collections of receipts in the Receipt Book (Form 4) are entered in the Demand and Collection Register (Form No. 7) and signed by the Custodian and Secretary?
4. Was the Receipt Book produced to the Custodian on the first working day of every month?
5. Was the amount of collection in excess of Rs.1000/-deposited to the Custodian on the day of collection every time?
6. Was there any page missing from the Receipt Book?
7. In case of cancellation of receipt form were the original and duplicate copies in the Receipt Book cancelled?

Procedure for purchases (Rule 11 of the W.B Panchayat (Gram Panchayat Accounts, Audit and Budget) Rules, 2007)*

1. All purchases of materials and movable properties shall be made with the approval in a meeting of the Artha-O-Parikalpana Upa-Samiti of a GP. Any member present in such meeting shall have the right to record a note of dissent in the proceedings of such meeting.
2. When the value of purchase

* Position as per specific State scenario.

- i. is not more than Rs.2000/-, no quotation or tender shall be necessary;
 - ii. exceeds Rs.2000/- but does not exceed Rs.20000, quotation shall be invited from at least three reputed traders or firms by publishing a notice.
 - iii. exceeds Rs.20000 but does not exceed Rs.1.00 lakh, sealed tenders shall be invited by publishing a notice giving at least 7 days time.
 - iv. exceeds Rs.1.00 lakh but does not exceed Rs.5.00 lakh sealed tenders shall be invited giving at least 15 days time of such article from reliable firms.
 - v. exceeds Rs.5.00 lakh tenders shall be published in the e-tender portal of the State Government.
3. All articles of durable nature shall be entered in the Durable Stock Register in Form No.8.
 4. Artha-O-Parikalpana Upa-Samiti shall reserve the right to reject any tender or quotation in consideration of the specification or quality of the material offered after recording the ground for such rejection.

Audit points regarding procedure for purchases

1. Were all purchases of materials and movable properties made with the approval in a meeting of the Artha-O-Parikalpana Upa-Samiti?
2. In respect of purchases (where value exceeded Rs.2000) were at least three quotations for rates obtained and three sealed tenders invited from reliable firms before resorting to actual purchase?
3. In case of rejection of tenders/quotations, in consideration of the specification or quality of the material were the reasons recorded adequately and made available to audit?
4. Were tenders for all purchases exceeding Rs.5.00 lakh published in the e-tender portal of the State Government?
5. Were all the purchased articles entered in the Durable Stock Register in Form No. 8 and all the columns duly filled in?
6. Were separate pages in the Register above maintained for each article?
7. In case of any value written off for loss, sale or otherwise, were suitable entries in detail made in the "remarks column"?

Procedure for sale

(Rule 12 of the W.B Panchayat (Gram Panchayat Accounts, Audit and Budget) Rules, 2007)*

1 The Artha-O-Parikalpana Upa-Samiti shall take decisions relating to conduct of sale in a meeting after fixing a minimum price in the meeting of the GP.

2 In all cases of sales where the minimum price of the articles proposed to be sold has been fixed above Rs.500, public auction shall be held giving a notice of not less than seven days, fixing the date, place, time and terms of such auction and the article(s) shall be sold on auction to the highest bidder; provided that no article shall be sold on auction if the highest bid money falls short of the minimum price fixed. A second auction on a date, time and venue fixed afresh shall be held; provided further that if in the second auction also the minimum price as fixed is not reached, then the matter shall be referred to the Sub-divisional Officer for advice.

Audit points regarding procedure for sales

1. Were Artha-O-Parikalpana Upa-Samiti take decisions for all sales of movable properties through auction?
2. Was a minimum price fixed in a meeting of the GP before conducting any such sale?
3. In cases of sales having minimum prices above Rs.500/-, were public auctions held with due notices and terms before conducting such sales?
4. Were such public auctions conducted by the authorised committee or a member thereof authorized by that committee in writing?
5. Was any second auction held in case the highest bid fell short of the minimum price?
6. Was the matter referred to the Sub-divisional Officer for decision in case where the highest bid fallen short of the minimum price in the second bid?

Acquittance Register

(Rule 14 of the W.B Panchayat (Gram Panchayat Accounts, Audit and Budget) Rules, 2007)

1. GP shall maintain an acquittance register in Form 10 for disbursement of honoraria and

* Position as per specific State scenario.

allowances to the Pradhan, Upa-Pradhan, Sanchalaks or the members.

2. GP shall maintain an Acquittance Register in Form No.11 for disbursement of salary to its employees.

Audit points regarding Acquittance Register

1. Was an Acquittance Register in Form No. 10 maintained for disbursement of honoraria and allowances to the Pradhan, Upa-Pradhan, Sanchalaks or the members?

2. Were the dated signatures of the payee and the disbursing authority forthcoming in Form No. 10?

3. Was an Acquittance Register in Form No. 11 maintained for disbursement of salary to GP employees?

4. Were the dated signatures of the payee and the disbursing authority forthcoming in Form No. 11?

Grants-in-aid bills

(Rule 15 and 16 of the W.B Panchayat (Gram Panchayat Accounts, Audit and Budget) Rules, 2007)*

1. GP shall submit the monthly salary bill in duplicate in Form 12 for receiving grant-in-aid from the State Government on account of salary of its employees. The bill shall be signed by the Custodian of the GP Fund and shall be submitted by the 7th of each month.

2. Each GP shall submit in duplicate with the grant-in-aid bill for the first month of each quarter of the year an utilisation certificate in Form No.13 to the effect that the grants-in-aid contribution, sanctioned by the Government, to the GP during the previous quarter of the year was utilised for the purpose for which the same was sanctioned.

Audit points regarding Grants-in-aid bills

1. Did GP submit the monthly salary bill in duplicate within 7th of each month in Form 12 for receiving grant-in-aid from the State Government?

2. Were the Grants-in-aid bills signed by the Custodian?

3. Did GP submit a utilisation certificate in Form No.13, in duplicate, with the grant-in-aid

bill for the first month of each quarter of the year?

Summary

The session talks about the accounting system, maintenance and operation of accounts of GP under different heads and all the concerned registers, ledgers, Cash Book, Pass Book etc. in detail, as well as the audit points thereon.

* Position as per specific State scenario.

Session 4

Session Title

Audit of Central/State schemes implemented through GP



- **Instructor's Guide**
- **PowerPoint Slides**
- **Exercise**
- **Solution**
- **Participants' Note**

Session Title: Audit of Central / State Schemes Implemented through Gram Panchayat		Session Guide
Instructor's Guide	Reference	Participants' Response
Session Overview		
Welcome participants to the session and remind them that their active participation is critical for the success of this session.		
Learning Objective		
<p>Inform: By the end of this session, we will be familiar with different schemes implemented in Gram Panchayat by Central/State Government jointly or separately and acquire knowledge on categories of schemes and their process of implementation, and role of the Gram Panchayat, which will enable us to draw audit conclusions in a practical job scenario.</p> <p>Explain Due to constraints of time some major schemes will be discussed in detail. Audit of other schemes can be carried out on a similar pattern.</p>	Lecture	
Basic Concepts		
<p>Mention:</p> <ul style="list-style-type: none"> The importance of these schemes in the rural socio-economy Categories of schemes, their nature, objective and target group <p>Familiarise them with different schemes,</p> <p>Discuss: Sampoorna Grameen Rozgar Yojana, Indira Awas Yojana, and National Social Assistance Programme.</p> <p>Make the participants aware of: The probable audit points to be looked into regarding schemes implemented through Gram Panchayat.</p> <p>Call upon them: To jot down their points individually.</p> <p>Explain: The suggested audit points to be looked into in respect of schemes implemented through Gram Panchayat.</p>	Lecture	
	Slide : Session 4 SCHEME	
Application:		
<p>Issue instruction for Exercise 1, including time allowed for individual effort and for discussion on answers.</p> <p>Distribute Exercise 1</p> <p>Distribute suggested solution</p> <p>Discuss the answers</p> <p>Distribute Participants' Note</p>	Session 4 Exercise 1 Solution 1 Participant s' Note	
Summarise:		
<p>Indicate: During the session, we discussed different Central / State Government schemes implemented in Gram Panchayat, the process of implementation, the role of GP in this regard and the possible audit points to be examined.</p> <p>Thank the participants and bring the session to a close.</p>		

Audit of schemes

Slide 1

**AUDIT OF
CENTRAL / STATE SCHEMES
IMPLEMENTED IN
GRAM PANCHAYAT**

AUDIT OF GRAM PANCHAYAT 1

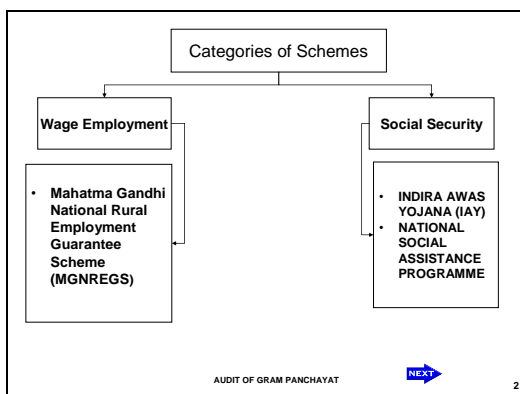
Slide 4

Introduction

- The Mahatma Gandhi National Rural Employment Guarantee Act, 2005 (MGNREGA) was notified on September 7, 2005
- Objective of the Act was to provide at least 100 days of guaranteed wage employment in a financial year to every rural household whose adult members volunteer to do unskilled manual work
- In the first phase the Act was notified in 200 districts
- From April 2008 MGNREGA covers the entire country

AUDIT OF ZP AND PS 2

Slide 2



Slide 5

Introduction

- Every State Government was empowered to formulate a scheme called the Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS) under Section 4 of the Act
- MGNREGA ensures-
- Social protection for the most vulnerable people living in rural India
- Livelihood security for the poor through creation of durable assets, improved water security etc.

AUDIT OF ZP AND PS 3

Audit of Mahatma Gandhi National Rural Employment Guarantee Scheme

Slide 3

**Audit of
Mahatma Gandhi National
Rural Employment
Guarantee Scheme**

AUDIT OF ZP AND PS 4

Slide 6

Introduction

- Empowerment of the socially disadvantaged, especially women, SC, ST
- Deepening democracy at the grass-roots by strengthening Panchayati Raj Institutions
- Effecting greater transparency and accountability in governance


AUDIT OF ZP AND PS 4

Slide 7

Rights to workers

Every household residing within the GP has right to register to apply for work

- Gram Panchayat after conducting enquiry register the household and issue a job card
- Every adult member of a registered household is entitled to apply for unskilled manual work and 100 days work per household shared between adult members
- Applicant shall be provided with work within fifteen days of receipt of an application



Session 5.1


AUDIT OF ZP AND PS

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Slide 8

Rights to workers

- The workers are to be paid 10 per cent of the wage rate as extra wages for allotting work beyond 5 km. of their residence
- Workers are entitled to a daily unemployment allowance if an applicant is not provided employment within fifteen days of receipt of application
- At least one-third of the registered beneficiaries shall be women
- Workers are to be paid not later than a fortnight after the date on which such work was done



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AUDIT OF ZP AND PS

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Slide 9

Rights to workers

- Workers are entitled to receive payment of compensation if payment is not made within the period specified
- In work site, workers have write to get safe drinking water, shade for children and periods of rest, first-aid box and crèche in case the number of children below the age of six years accompanying the women working at any site are five or more.



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AUDIT OF ZP AND PS

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Slide 10

Annual Plan and Labour Budget

Matching of demand for work and supply of work achieved through the preparation of a Labour Budget

A Labour Budget (LB) must, include:

- Anticipated quantum of demand for work
- Precise timing of the demand for work
- A plan that outlines the quantum and schedule of work to be provided to those who demand work



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AUDIT OF ZP AND PS


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Slide 11

Annual Plan and Labour Budget

Process for preparation of LB:

- conducting a survey of job card holders in every Gram Panchayat
- attempt to converg with other schemes
- projects of all implementing agencies including line departments, District Panchayat, Intermediate Panchayats etc. send to GP to be included in LB
 - LB to be presented to GS by the GP for discussion in the meeting and approval
 - GP will submit its Annual Plan and LB to the Programme Officer



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AUDIT OF ZP AND PS

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Slide 12

Annual Plan and Labour Budget

The Programme Officer, will:

- Scrutinize the GP Annual Plans against the list of permissible works
- Check the wage material ratio meets the requirements of the Act
- Collate all works within the Block
- Present the Block Plan before the Block Panchayat

The Block Panchayat will maintain the priority indicated by the GP and consolidate a block level annual development plan for submission to the District Panchayat.



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AUDIT OF ZP AND PS


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Slide 13

Annual Plan and Labour Budget

The District Programme Coordinator will:

- Scrutinize the Block Annual Development plan of works against the list of permissible works
- Collate all works within the District
- Ensure Plan has adequate number of schemes
- Present District Annual Development Plan and District Labour Budget before the District Panchayat



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AUDIT OF ZP AND PS


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Slide 16

Roles and Responsibilities of Panchayats

Panchayat at intermediate level (PS):

- approve the Block level Plan and forward it to the district Panchayat for approval
- supervise and monitor the projects taken up at the Gram Panchayat
- carry out such other functions as may be assigned to it by the State Council



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Slide 14

Annual Plan and Labour Budget

- The District Panchayat approve the District Annual Development Plan and Labour Budget
- MIS entry for LB to be completed by 31st December
- Ministry of Rural Development analyse the LB and a final LB for the State as a whole is agreed to



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AUDIT OF ZP AND PS

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District Programme Coordinator

District Programme Coordinator (DPC) is in the rank of the Chief Executive Officer of the District Panchayat or the Collector of the district, for the implementation of the Scheme in the district

The functions of the District Programme Coordinator are:

- Assist the DP
- consolidate Block Panchayat plans for inclusion in the District Plan
- Accord timely sanction to shelf of projects



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AUDIT OF ZP AND PS


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Slide 15

Roles and Responsibilities of Panchayats

Panchayats at the district level:

- finalise and approve blockwise shelf of projects
- supervise and monitor the projects taken up at the Block level and district level
- carry out such other functions as may be assigned to it by the State Council



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AUDIT OF ZP AND PS

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Slide 18

District Programme Coordinator

- Ensure that priority of new projects added at block and district level are fixed before administrative sanction is accorded
- Ensure wage-seekers are provided work
- Conduct periodic inspection of the works in progress and verification of Muster Rolls
- Carry out responsibilities related to grievance redressal
- Submit periodic progress and updates to the State Government
- Ensure that social audits are done in all GPs



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AUDIT OF ZP AND PS

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Slide 19

District Programme Coordinator

- Works taken up under the programme should be of Ensure that all transactions are made through NREGASoft only
- Ensure that all entries relating to works are entered in NREGASoft at every required stage
- Ensure that all funds received by Implementing Agencies and District level authorities are posted in NREGASoft no later than two days of receipt of such funds
- Ensure that all required entries in NREGASoft are made by all concerned officials




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AUDIT OF ZP AND PS 17

Slide 22

Responsibilities of GP

- Receiving applications for registration
- Verifying registration applications
- Registering households
- Issuing Job Cards (JCs)
- Receiving applications for work
- Allotting work within fifteen days of submitting the application
- Conducting periodical surveys to assess demand for work



Session 5.1


AUDIT OF ZP AND PS 21

Slide 20

Programme Officer

At every **Panchayat at intermediate** level there will be a **Programme Officer** in the rank of Block Development Officer

- The primary responsibility of the PO is to ensure that anyone who applies for work gets employment within 15 days




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AUDIT OF ZP AND PS 18

Slide 23

Responsibilities of GP contd.

- Identification and planning of works, developing shelf of projects
- Maintaining records and accounts as specified
- Prepare annually a report
- Convening the GS for planning and social audit
- Make available all relevant documents to the social audit
- Pro-actively disclosing details of works



Session 5.1


AUDIT OF ZP AND PS 21

Slide 21

Programme Officer

The other functions of the PO are:

- Consolidating Block Plan and submitting it to the District Panchayat
- Ensuring baseline surveys to assess work demand
- Monitoring and supervising implementation of works taken up by GPs
- Ensuring prompt and fair payment of wages to all labourers and payment of unemployment allowance
- Ensuring conduct of social audits and following up on required actions
- Setting up Cluster-Level Facilitation Teams (CFTs)
- Ensuring all the required information and records provided to the Social Audit Unit (SAU)




Session 5.1

AUDIT OF ZP AND PS 19

Slide 24

Implementation

- Only works which result in creation of durable assets and strengthen livelihood resources to be taken up
- The 60:40 ratio for wage and material costs should be maintained
- No contractors and no labour-displacing machinery shall be used in execution of works
- A simple and accessible template of SoRs should be developed
- Preparation of weekly muster rolls shall be adopted




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AUDIT OF ZP AND PS 21

Slide 25

Implementation

- Measurement of works should be undertaken
- Workers attendance and the wages paid will be shown against each name in the muster roll
- Payment of wages shall be made through individual or joint savings accounts
- On completion of every project, a Project Completion Report (PCR) should be prepared


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AUDIT OF ZP AND PS 20

Slide 28

Transparency and Accountability-NREGASoft

- Transparency and Accountability are at the core of MGNREGA
- Concurrent monitoring plays an important role in effectively deploying resources towards meeting the objectives
- Programme can be effectively and conveniently monitored using Information and Communication Technology (ICT)
- NREGASoft provides for recording of all transaction details

 Session 5.1

AUDIT OF ZP AND PS 24

Slide 26


Funding

Central Government shall meet the cost of:

- 100% of wages for unskilled manual work
- 75% of material cost
- 6% of the total expenditure as administrative expenses

State Government shall meet:

- 25% of material including payment of wages to skilled and semi skilled workers cost
- 100% of unemployment allowance payable under the Scheme

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AUDIT OF ZP AND PS 22

Slide 29

Transparency and Accountability-NREGASoft

The advantages of managing implementation through NREGASoft :

- enables capturing data in real-time from the field
- becomes easier to comply with many of the conditions stipulated
- putting transaction data in public domain, concurrent social audit is enabled
- aggregation of data originating at different levels is substantially reduced

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AUDIT OF ZP AND PS 25

Slide 27

AUDIT OF ACCOUNTS

The audit be carried out by the

- Director, Local Fund Audit or
- by equivalent authority or
- by Chartered Accountant
- The Comptroller and Auditor General of India, conduct audit at such intervals as he may deem fit


 Session 5.1

AUDIT OF ZP AND PS 23

Slide 30

Social Audit

- MGNREGA institutionalized 'Social Audit' as a means of continuous public vigilance
- Social audit ensures public accountability in the implementation of projects, laws and policies
- To ensure proper implementation of Social Audit Government of India framed Audit of Scheme Rules 2011
- Government of India also published Social Audit Manual in March 2015



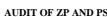

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AUDIT OF ZP AND PS 28

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IMPLEMENTING AND MONITORING AUTHORITIES





- Central Employment Guarantee Council advise the Central Government on all matters concerning the implementation
- CEGC established a central evaluation and monitoring system
- State Employment Guarantee Council advise the State Government on matters of implementation
- SEGC monitor and evaluate the implementation of the Schemes in the State

Slide 34

Audit points

1. Did Village Panchayat prepare Annual Development Plan and forward to Intermediate Panchayat?
2. Did District Panchayat and Intermediate Panchayats forward list of projects to their respective GP for inclusion in LB?
3. Was mandatory survey conducted to assess the quantum and timing of demand for employment before preparation of Labour Budget?





   

Slide 32

Important Audit Observations on MGNREGS

Performance Audit of MGNREGS, Union Government Civil (Report No. 6 of 2013)



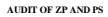

- Rural household employment generation declined from 54 days in 2009-10 to 43 days in 2011-12
- In 1201 GPs in 11 states and one UT, annual plans were either not prepared, or were prepared in an incomplete manner
- IEC plans were not formulated in 12 states and two UTs which would hamper the beneficiaries from fully realizing their rights
- Job cards were not issued to 12,455 households in six states and photographs on 4.33 lakh job cards were not found
- Material cost amounting to Rs.1594.37 crore exceeding the prescribed ratio were noticed in 12 states and one UT

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Audit points



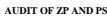

4. Whether convergence with other scheme was ensured while preparing Annual Development Plan?
5. Did annual plan include works permissible under the scheme?
6. Did GP supervise the project taken up? Was corrective action taken in projects where shortfall was noticed?

Slide 33

Important Audit Observations on MGNREGS contd.





- In the test checked districts of 25 states/UTs, 1,02,100 inadmissible works amounting to Rs.2,252.43 crore were undertaken
- Non-maintenance and incorrect maintenance of prescribed basic records, were noticed in 18 to 54 per cent of the all test checked of GPs
- There were substantial differences between the data uploaded in the MIS and actual records maintained/available

Slide 36

Audit points


7. Whether the wage material ratio for the list of works proposed meets the requirements of the Act?
8. Was the objective to provide at least 100 days of guaranteed wage employment in a financial year to every rural household achieved?
9. Were all applicants provided with work within fifteen days of receipt of an application? If not, whether employment allowance was paid?

Slide 37

Audit points

- 10 Could the auditor ascertain that one third of the total beneficiaries were women?
- 11 Did worker receive payment within a fortnight after the date on which such work done? If not, whether compensation was paid to the worker?
- 12 Did authority make arrangement of safe drinking water, shade for children, first-aid box and crèche for the worker at the site of work?



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AUDIT OF ZP AND PS

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Audit points

- 19 Was any part of the fund utilised for land acquisition against the norms of the scheme?
- 20 Was the landowner on whose land the work taken up, a job card holder?
- 21 Were the available fund utilised properly according to the prescribed procedure? Were there cases of shortfall in utilisation? If so, why?
- 22 Could auditor ensure that the administrative expenditure incurred by the authority was within the prescribed limit?



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AUDIT OF ZP AND PS

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Audit points

- 13 Is there any system of supervising and monitoring of the projects taken up at the village panchayat level?
- 14 Whether village panchayat level plan was approved by the panchayat at intermediate level and forwarded to district level panchayat?
- 15 Did the system of recording applications for work, allocation of work, generation of wage slips and Fund Transfer Orders (FTOs), entries relating to work performed, delayed payment of wages etc. in NREGAsoft ensure?



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AUDIT OF ZP AND PS


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Audit of Indira Awas Yojana

Slide 1

Audit of Indira Awas Yojana

Regional Training Institute, Kolkata




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Audit points

- 16 Was there any case of misappropriation or financial irregularity? If yes, whether FIR was filed and reasons analysed?
- 17 Was regular social audit conducted? Were all the records required by social audit unit furnished? Whether follow up action on social audit report ensured?
- 18 Were all works taken up under the scheme resulted in creation of durable assets and strengthen livelihood resources of the rural poor? If not, reasons may be analysed and commented with shortfall.



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AUDIT OF ZP AND PS

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Slide 2

Introduction

- Indira Awas Yojana (IAY) was launched during 1985-86 as a sub-scheme of Rural Landless Employment Guarantee Programme (RLEGP) and continued as a sub-scheme of Jawahar Rozgar Yojana (JRY) since its launching from April, 1989
- It has been made an independent scheme with effect from January 1, 1996
- The strategy is to reduce rural poverty and to provide the dignity of an address to the poor households



AUDIT OF ZP AND PS

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Slide 3

Strategies
<ul style="list-style-type: none"> Strengthening the ongoing process and helping people to carry it forward Supporting the construction of a 'core house' Determining the design of dwelling units on the basis of user requirements Identifying appropriate building technologies and upgrading of traditional and local technologies Promoting equity and social justice by enabling SC/ST families, marginalized groups to access the scheme and construct proportion to the SC/ST population in the district

Kolkata

AUDIT OF ZP AND PS

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Slide 6

Components of the scheme
<p>Upgradation of kutchra or dilapidated houses</p> <ul style="list-style-type: none"> Upgradation of roof/walls, repair/replacement of parts Upgradation includes reuse/recycle material Use of additional material/replacement of material <p>Provision of house sites</p> <ul style="list-style-type: none"> Assistance is provided for the purpose of providing house sites Entitlements for house sites are notified by State Governments Ideally 10 cents of land should be provided

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AUDIT OF ZP AND PS

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Slide 4

Target Group
<ul style="list-style-type: none"> Indira Awaas Yojana is a housing scheme for the houseless poor families those living in dilapidated and kutchra houses The scheme is designed to enable Below Poverty Line (BPL) households Households are identified by the community through Gram Sabhas following criteria suggested for such identification contd. to next slide

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AUDIT OF ZP AND PS

4

Slide 7

Components of the scheme
<p>Special projects</p> <ul style="list-style-type: none"> Five percent of IAY allocation retained at the Central level as reserve fund States/UTs decides the purpose of utilizing the reserve fund. Purposes are: <ul style="list-style-type: none"> Rehabilitation of BPL families affected by natural calamities, violence and law and order problems, occupational diseases like Silicosis, Asbestos, overuse of pesticides Settlement of freed bonded labourers, liberated manual scavengers, vulnerable tribal groups

Kolkata

AUDIT OF ZP AND PS

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Slide 5

Components of the scheme
<p>Assistance for construction of a new house</p> <ul style="list-style-type: none"> IAY house has to be pucca with a minimum built up area of at least 20 sq. mts. House should withstand for at least 30 years House should include a toilet, soak pit and compost pit It should have a verandah and a stair case to go to the top of the house

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AUDIT OF ZP AND PS

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Slide 8


Funding pattern
<ul style="list-style-type: none"> The cost of the scheme shared between Government of India and State Governments in the ratio 75:25 except the component of House Sites. For North Eastern States the ratio is 90:10. Cost of providing house sites are shared 50:50 between Government of India and State Governments. Government of India provides the full cost for UTs

Kolkata


AUDIT OF ZP AND PS

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Slide 9

Earmarking and Allocation of funds	
<ul style="list-style-type: none"> • 60 per cent of fund for SCs and STs • 15 per cent for beneficiaries from minorities • 3 per cent of beneficiaries should be from disable person • 95 per cent of allotment of fund for the components of new houses, upgradation of houses, provision of house sites and administrative expenses • 5 per cent for special project • 20 per cent of district allocation to be used for upgradation of kutchi/dilapidated houses of BPL families 	 <small>AUDIT OF ZP AND PS</small> <small>9</small>


Slide 12

Implementation approaches	
<ul style="list-style-type: none"> • IAY should be implemented following the habitation approach • All habitations of PTGs and Beneficiary families of the Forest Rights Act to be covered on priority • Other habitations to be identified by the State Government are: <ul style="list-style-type: none"> ➤ families of manual scavenger ➤ women in difficult circumstances ➤ mentally and physically challenged persons ➤ Household with Leprosy, Cancer, HIV patient ➤ Other houseless BPL families 	 <small>AUDIT OF ZP AND PS</small> <small>12</small>


Slide 10

Earmarking and Allocation of funds	
<ul style="list-style-type: none"> • Upto 4 per cent of the funds released can be utilised for administering the scheme • Administrative expenses includes: <ul style="list-style-type: none"> ➤ Upto 1 per cent for IEC activities ➤ Upto 1 per cent for Social Audit ➤ Imparting training ➤ Cost of photographs of the houses, models for demonstration 	 <small>AUDIT OF ZP AND PS</small> <small>10</small>


Slide 13

Implementation approaches	
<ul style="list-style-type: none"> • The habitations to be prioritized using the SECC baseline data • A five year and annual priority list to be developed by State Govt. • List to be approved in the Gram Shabha meeting within 30th November 	 <small>AUDIT OF ZP AND PS</small> <small>13</small>

Slide 11

Implementing Agencies	
<ul style="list-style-type: none"> • At the district level Zilla Parishad • At the local level the Village Panchayat, • If Village Panchayats are too small, Panchayat at the intermediate level would implement 	 <small>AUDIT OF ZP AND PS</small> <small>11</small>

Slide 14

Sensitisation of beneficiaries	
<ul style="list-style-type: none"> • Beneficiaries will be sensitized on the housing designs and construction to make an informed choice • A sanction order shall be issued in favour of each beneficiary • An entitlement card has to be given to every beneficiary • The payment will be made in Gram Sabha meeting • The construction should be carried out by the beneficiary himself/herself • Technical and managerial guidance should be provided 	 <small>AUDIT OF ZP AND PS</small> <small>14</small>

Slide 15

Release of installments to beneficiaries and completion
<ul style="list-style-type: none"> • First instalment should not be more than 25 per cent of the unit cost • Second installment not less than 60 per cent should be released on reaching the level lintel • Third instalment not more than 15% should be given only after the house including the sanitary latrine is constructed and the beneficiary starts living in the house • Construction should not take more than two years from the date of release of 1st instalment.

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AUDIT OF ZP AND PS 15

Slide 18

Role of Gram Panchayats Contd.
<ul style="list-style-type: none"> • identifying the beneficiaries with the help of the Gram Sabha, • facilitate the beneficiaries in accessing materials, • ensuring convergence of schemes using resources of MGNREGS, BRGF, State and Central Finance Commission grants etc. • assisting the social audit teams

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AUDIT OF ZP AND PS 16

Slide 16

Release of Funds
<ul style="list-style-type: none"> • Ministry release funds to Districts directly on the basis of consolidated proposal of States • The annual allocation will be on two instalments • First instalment shall be equal to 50 per cent of annual allocation • Second instalment shall be equal to the annual allocation minus first instalment • Release of second installment is subject to: <ul style="list-style-type: none"> ➢ Utilization of at least 60% of total available funds ➢ Data entry in AwaasSoft ➢ Completion of 100% of sanctioned houses more than three years old and 75% of houses sanctioned two to three years ago

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AUDIT OF ZP AND PS 16

Slide 19

Role of Intermediate Panchayats
<ul style="list-style-type: none"> • The Panchayats at the intermediate level should: <ul style="list-style-type: none"> ➢ provide technical assistance ➢ act as a resource centre to assist the beneficiaries ➢ custodian of the publications and electronic material on different aspects of construction ➢ conduct field-level monitoring and send reports to the Zilla Parishad ➢ have special role in getting the houses completed without delay

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AUDIT OF ZP AND PS 17

Slide 17

Role of Gram Panchayats
<p>The Gram Panchayats have the most critical role to play in identifying the beneficiaries:</p> <ul style="list-style-type: none"> • conducting baseline survey, • ensuring maximum participation in the Gram Sabha, • conducting IEC campaign, • arranging the meeting of beneficiaries either at Village Panchayat or at cluster of Village Panchayats,


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AUDIT OF ZP AND PS 16

Slide 20


Role of Zilla/District Panchayats
<ul style="list-style-type: none"> • The Zilla Parishad should : <ul style="list-style-type: none"> ➢ coordinate the overall implementation of the programme in the district ➢ Ensure the adherence of different provisions of the guidelines ➢ sort out the issues relating to delays in implementation and other problems ➢ monitor the overall progress of the scheme ➢ ensure smooth flow of funds

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AUDIT OF ZP AND PS 18


Slide 21

Accountability and Audit	
<ul style="list-style-type: none"> • Details of implementation of all component should be disclosed in the local area. • Accounts at all levels are to be audited by a Chartered Accountant. • Social Audit is to be conducted in every Gram Panchayat at least once in a year. • There should be a grievance redressal system at the block and district level. 	 <small>AUDIT OF ZP AND PS</small> <small>19</small>


Slide 24

Important Audit Observations on IAY contd.	
<ul style="list-style-type: none"> • Due to slow utilization/under utilization of funds Rs.2,451.84 crore was deducted from due Central allocation • There was diversion of IAY funds of Rs.37.02 crore in 13 states • Misappropriation of Rs.4.91 crore in Assam, Bihar and Jharkhand was noted • Unauthorized deduction of an amount of Rs.139.37 crore on account of administrative charges, non-construction/non-installation of smokeless chulla/sanitary latrine/IAY logo etc from payment due to beneficiaries in three states was noticed • Double/excess payment of Rs.7.16 crore to the IAY beneficiaries was observed in three states 	 <small>AUDIT OF ZP AND PS</small> <small>17</small>


Slide 22

MONITORING	
<ul style="list-style-type: none"> • All data shall be placed on AwaasSoft for monitoring at Government of India Level. • Officers at the Block level should inspect 10% of the houses at each stage of construction. • A system of quality monitoring should be established to guide and assist the beneficiary. • AwaasSoft a workflow-based transaction level Management Information System. • Reports generated by the MIS used for monitoring and reporting purposes. 	 <small>AUDIT OF ZP AND PS</small> <small>19</small>


Slide 25

Audit Points To Be Looked In To	
<ul style="list-style-type: none"> • Were the proportionate shares of contribution by the Central and State Governments in the ratio 75/25 duly received? If not, why? What were the reasons for non-receipt of the contributions? Was there any lapse by the ZP/PS? • Were all the conditions in respect of giving the benefits duly fulfilled? • Was any part of the grant utilised for any purpose other than those prescribed? 	 <small>AUDIT OF ZP AND PS</small> <small>19</small>

Slide 23

Important Audit Observations on IAY	
<p>Performance Audit of IAY Scheme, Union Government Civil (Report No. 37 of 2014)</p> <ul style="list-style-type: none"> • The actual housing shortage was not assessed in 14 states and permanent IAY waitlists were not maintained in three states and one UT • Several ineligible beneficiaries were selected - 36,751 non-BPL families were given assistance, 33,536 beneficiaries were selected from outside IAY waitlists • Against targets of construction 170 houses during 2008-13 only 128.92 lakh was constructed • Cases of delay in completion of houses beyond two years and abandonment even after receiving full amount by the beneficiaries were noticed 	 <small>AUDIT OF ZP AND PS</small> <small>17</small>

Slide 26

Audit Points To Be Looked In To	
<ul style="list-style-type: none"> • Whether all habitations of PTGs and Beneficiary families of the Forest Rights Act are covered? • Did all the beneficiaries actually reside in the rural areas? • Were all the houses for which grant was given actually constructed within the village concerned? • Did the families of manual scavengers get first priority in selection? 	 <small>AUDIT OF ZP AND PS</small> <small>22</small>

Slide 27

Audit Points To Be Looked In To	
<ul style="list-style-type: none"> • Were all the beneficiaries actually houseless or in need of shelter or shelter up-gradation? • Was the allotment made for upgradation of houses more than 20% of the total Fund? • Did the Panchayat body take up the work of construction of the houses of beneficiaries other than physically handicapped persons? • Were all the conditions for release of central assistance fulfilled? • Could the ZP, at the time of applying for the 2nd instalment, actually utilize 60% of the total available funds including the State share? 	23

Slide 28

Audit Points To Be Looked In To	
<p>Were the following complied with at the time of applying for the 2nd instalment</p> <ul style="list-style-type: none"> ○ Data entry in AwaasSoft reflecting utilisation of funds and completion of houses ○ Submission of utilisation certificate for the previous year in the prescribed form ○ Completion of 100% of sanctioned houses more than three years old and 75% of houses sanctioned two to three years ago. 	24

Slide 29

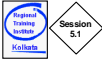
Audit Points To Be Looked In To	
<ul style="list-style-type: none"> • Whether separate bank account maintained for IAY? • Was the fund allotted for GPs released promptly to the GPs directly? • Was the amount of interest earned on the deposit of IAY utilised for any purpose other than for construction / up-gradation of IAY houses? 	25

Audit of NSAP

Slide 1

**Audit of
National Social Assistance Programme**

Regional Training Institute, Kolkata




Session 5.1

Slide 4

Introduction contd.

- Persons of the most vulnerable category of society eligible for pensions/assistance under this scheme
- Persons are selected with least burden on them, in the identification, sanction and verification processes.



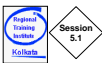
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AUDIT OF ZP AND PS 4

Slide 2

Introduction

- National Social Assistance Programme (NSAP) a fully funded Centrally Sponsored Scheme was introduced on 15th August 1995.
- The scheme was launched with the objective of providing a basic level of financial support to the destitute.
- The scheme had three components namely:
 - National Old Age Pension Schemes (NOAPS)
 - National Family Benefit Scheme (NFBS)
 - National Maternity Benefit Scheme (NMBS)




Session 5.1

AUDIT OF ZP AND PS 2

Slide 5

Key Principles

- **Universal coverage of eligible persons and proactive identification - Implementing agency should ensure coverage on special priority for the vulnerable groups.**
- **Transparent and people friendly process for application, sanction, appeal and review - Support to be given to the eligible people in obtaining their documents to establish their eligibility.**
- **Regular monthly disbursement of pensions and benefits preferably at the door-step of the beneficiaries.**



Session 5.1

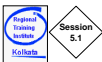
AUDIT OF ZP AND PS 5

Slide 3

Introduction

The NSAP at present includes five components:

- Indira Gandhi National Old Age Pension Scheme (IGNOAPS)
- Indira Gandhi National Widow Pension Scheme (IGNWPS)
- Indira Gandhi National Disability Pension Scheme (IGNDPS)
- National Family Benefit Scheme (NFBS)
- Annapurna Scheme




Session 5.1

AUDIT OF ZP AND PS 3

Slide 6

Key Principles

- **Electronic Transfer - To ensure efficiency and regular transfer, payment into the bank account/post office account or through electronic money order is preferred.**
- **Robust Social Audit and Annual Verification - Regular social audit by gram sabhas constituting Social Audit Committee to be ensured.**
- **Key role for local self-government institutions - District, Block / Intermediate panchayats and Village level panchayats should play a vital role in creating awareness.**




Session 5.1

AUDIT OF ZP AND PS 6

Slide 7

Key Principles

- IT based MIS - MIS should be adopted for sanction, disbursement and monitoring of programme.
- Robust grievance redressal system - Grievance redressal system at the Gram / Intermediate Panchayat / District / level should be adopted .
- Automatic Convergence - Convergence with other schemes will provide maximum benefit to the beneficiaries from BPL families which are the target group of other schemes.

 Session 5.1

AUDIT OF ZP AND PS 7


Slide 10

Eligibility Criteria and Scale of Assistance

IGNDPS

Pension to be given to persons suffering from severe or multiple disabilities. The eligible age is 18 years and above , disability level has to be 80%.
The amount:

➤ Rs.300 p.m.	18 years to 79 years
➤ Rs.500 p.m.	80 years and above


 Session 5.1

AUDIT OF ZP AND PS 10

Slide 8

State Specific Guidelines

- States are to formulate guidelines adhering the key principle.
- Guidelines require one time approval of NSAAC.
- State guidelines should contain :
 - Procedure for identification
 - Time lines for the different process
 - Administrative arrangements
 - Mode of disbursement
 - Process for social audit
 - Road map for electronic transfer MIS and monitoring

 Session 5.1

AUDIT OF ZP AND PS 8

Slide 11


Eligibility Criteria and Scale of Assistance

NFBS

➤ In the event of death of the bread-winner Rs. 20000/- will be given as a lumpsum assistance to the bereaved household.

Annapurna Scheme

- 10 kgs of food grains (wheat or rice) is given per month per beneficiary. Assistance to be given to eligible old aged persons who have remained uncovered under the IGNOAPS.

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AUDIT OF ZP AND PS 11

Slide 9

Eligibility Criteria and Scale of Assistance

IGNOAPS


The eligible age is 60 years. The pension is

- Age 60 years to 79 years Rs.200 p.m.
- 80 years and above Rs.500 p. m.

IGNWPS

Pension to widows below poverty line is:

- Age 40 years to 79 years Rs.300 p m
- 80 years and above Rs.500 p.m.


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AUDIT OF ZP AND PS 9

Slide 12

Norms for Central Assistance

- Central assistance is determined on the basis of BPL population of the State.
- Number of beneficiaries each year is determined on the reports of the previous year submitted by the State Governments.
- If there are more deserving beneficiaries, the State has the option to give them pension from its own resources.



 Session 5.1

AUDIT OF ZP AND PS 12

Slide 13

Selection of Beneficiaries

- One of the main tasks is awareness generation among the people through District, Block/Intermediate and Village level panchayats.
- Applicants whose socio-economic and health condition is vulnerable should be given priority.
- Only BPL persons from the eligible categories would be considered.
- Annual verification of the existing beneficiaries should be carried out for continuation or deletion



AUDIT OF ZP AND PS

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Slide 16

Administrative Arrangements

- Zilla Parishads are entrusted to implement the scheme at district level.
- If Gram Panchayat is small to implement at local level the intermediate panchayat will implement.



AUDIT OF ZP AND PS

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Slide 14

Selection of Beneficiaries

- Beneficiaries should be proactively identified by reaching out to their households.
- Applications should be verified within two weeks.
- Applications will be discussed in the Gram Sabha.
- Sanctioning Authority will convey approval in the form of a sanctioned order.

AUDIT OF ZP AND PS



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Slide 17

Administrative Arrangements

State level administrative function :

- Ensure timely disbursement of funds,
- Constitute State level and District Level Committees,
- Identify/nominate, at least one Nodal Officer
- Furnish a certificate annually by 15th December
- Adopt and use NSAP-MIS



AUDIT OF ZP AND PS

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Slide 15

Selection of Beneficiaries

- The time for processing till sanction or rejection should not exceed sixty days.
- Every beneficiary shall be issued a **Pension Passbook**.
- Passbook shall contain details of the Sanction Order, particulars of the pensioner and disbursement details.

AUDIT OF ZP AND PS



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Slide 18

Administrative Arrangements

District Level administrative function:

- Ensuring efficient implementation ,
- Giving wide publicity for generation of awareness,
- Convening meetings of the District Level Committee regularly
- Monitoring and compiling information

AUDIT OF ZP AND PS



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Slide 19

Administrative Arrangements

Gram / Intermediate Panchayat Level:

- Disseminating information regarding procedure for obtaining benefits,
- Periodic reviews, discussions in Gram Sabha Ward level meetings,
- The identification could be own volition of Gram Panchayat or report of any other competent authority,
- Monitoring and necessary follow-up ,



AUDIT OF ZP AND PS 19

Slide 22

Release of Funds

Release of second instalment requires:

- Utilisation of at least 60% of total available funds,
- Scheme wise utilization Certificate,
- A certificate that the 3% administrative expenses are incurred






AUDIT OF ZP AND PS 22

Slide 20

Allocation of Central Funds

- Allocation of funds based on eligible population arrived at using the SECC data on criteria fixed by the Ministry of Rural Development,
- If the number of eligible beneficiaries is more than the estimated number of beneficiaries the expenditure on excess number of beneficiaries to be met from the resources of the State/UT.
- Three percent of the funds are for administrative expenses






AUDIT OF ZP AND PS 20

Slide 23

Disbursement of Pensions

- Procedure for disbursement of pension has to be convenient and according to the choice of the beneficiary.
- The possible modes of payment are Banks, Post Office Account, Money Order and Cash disbursement.
- Postal Money Order ensures door step delivery of pension .






AUDIT OF ZP AND PS 23

Slide 21

Release of Funds

- Funds will be released to the Consolidated Fund of the State Government ,
- Annual allocation will be released in two instalments,
- First installment equal to 50% of the annual allocation,
- **The unspent balance, if any, will be temporarily deducted from the first installment**
- Second installment shall be equal to the annual allocation minus first instalment






AUDIT OF ZP AND PS 21

Slide 24

Disbursement of Pensions

- Payment of assistance in cash should be adopted only if other modes are not workable.
- In order to enhance efficiency in implementing scheme all States to adopt MIS which is transaction and work flow based





AUDIT OF ZP AND PS 24

Slide 25

MONITORING AND EVALUATION

- A National Social Assistance Advisory Committee (NSAAC) will assist the Ministry of Rural Development in the monitoring and evaluation.
- The State level Committee will monitor and evaluate programme in States.
- District level Committee will be responsible for implementation, monitoring and evaluation of the programme within the district.




Session 5.1

AUDIT OF ZP AND PS 25

Slide 28

Audit points to be looked into

9. Was a District Level Committee (DLC) constituted in the district for monitoring and evaluating the programmes under the NSAP schemes, as required under the conditions of the NSAP?
10. Was proper identification of the beneficiaries of the NSAP made consequent on the fixing of targets? If not, why? Did such non-identification/ delay in identification lead to non-utilization of the allotted Funds?
11. Were all the necessary reports/returns including furnishing of utilization certificates sent in due course?




Session 5.1

AUDIT OF ZP AND PS 24

Slide 26

Audit points to be looked into

1. Were all the beneficiaries of NSAP actually destitute and the families below the poverty line?
2. Did the beneficiaries of IGNOAPS have any other means of subsistence from their own sources of income or through financial support of family members or other sources?
3. Were the benefits under NFBS given to the families only after the death of their primary bread earners and the families lived below the poverty line?
4. Were all the beneficiaries of IGNOAPS in the age group of 60 years or above?




Session 5.1

AUDIT OF ZP AND PS 26

Slide 29

Audit points to be looked into

12. Were there any cases of curtailment of allotments due to non-compliance of the conditions of NSAP?
13. Did State Government prepare State Specific Guidelines with the approval of NSAAC?




Session 5.1

AUDIT OF ZP AND PS 29

Slide 27

Audit points to be looked into

5. Was there any case of grant of the benefit under IGNOAPS even after the death of the pensioner?
6. Was there any case of lump sum grant of NFBS in excess of Rs.20,000/- for an individual family? Was the legal entitlement of the beneficiary established before grant of the benefit?
7. Was Social Audit conducted once in every six months? If not, what are the reasons?
8. Were there any cases of irregular grant of NSAP schemes due to wrong/false declaration of the recipients? If so, were the due recoveries made from them?



Session 5.1


AUDIT OF ZP AND PS 26

Audit of FFC

Slide 1

**Audit of
Fourteenth Finance Commission**

Regional Training Institute, Kolkata





Session 5.1

Slide 2

Fourteenth Finance Commission (FFC)

- The Fourteenth Finance Commission covers the period between **2015 to 2020**
- FFC recommend grant of Rs **2,00,292.2 crore** for Gram/Village Panchayats which are directly responsible for the delivery of basic services
- There is not share for other levels of panchayats






AUDIT OF ZP AND PS 26

Slide 5

Salient Features of FFC Grants

- To be eligible for performance grant GPs will have to
 - submit audited annual accounts not earlier than two years
 - show an increase in own revenues over the preceding year






AUDIT OF ZP AND PS 26

Slide 3

Salient Features of FFC Grants

- GP should spend the grants only on the basic services
- the books of accounts of GPs should distinctly capture income on:
 - **own taxes and non-taxes, assigned taxes**
 - **devolution and grants from the State,**
 - **grants from the Finance Commission and from any agency**






AUDIT OF ZP AND PS 26

Slide 6

Salient Features of FFC Grants

- The grants shall be released in two instalments each year in June and October.
- Fifty per cent of the basic grant will be released as first instalment
- remaining basic grant and full performance grant as second instalment






AUDIT OF ZP AND PS 26

Slide 4

Salient Features of FFC Grants

- Distribution of grants will be in two parts - a basic grant and a performance grant on a 90:10 basis
- Performance grants to be utilised for:
 - making available reliable data on receipt and expenditure through audited accounts
 - improvement in own revenues






AUDIT OF ZP AND PS 26

Slide 7

Salient Features of FFC Grants

- The States should release the grants to the GPs within fifteen days
- In case of delay, State must release the grant with interest
- Stern action should be ensured if irregularities noticed in the in application of funds






AUDIT OF ZP AND PS 26

Slide 8

Audit Points

1. Did the GP take action to compile accounts and get them audited in time?
2. Whether the books of accounts prepared by the local bodies distinctly capture income on account of own taxes and non-taxes, assigned taxes, devolution and grants from the State, grants from the Finance Commission and grants for any agency?





AUDIT OF ZP AND PS

26

Slide 9

Audit Points

3. Did the audited accounts provide reliable data on local bodies' receipt and expenditure?
4. Was the performance grant utilized for making available reliable data, improving own revenue realization?





AUDIT OF ZP AND PS

26

Slide 10

Audit Points

5. Were the grants released by the Centre transferred to the ULB within 15 days?
6. Was interest in case of delay in release of fund were paid by the State Govt.?
7. Was fund utilised only on the basic services as assigned to GP under relevant legislations?



AUDIT OF ZP AND PS

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Exercise

Time: 10 mins.

Mark ✓ the right answers:

- 1 What are the minimum days of guaranteed wage employment in a financial year in respect of Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS)? **1)** 105 days
2) 111 days **3)** 110 days **4)** 100 days
- 2 In Mahatma Gandhi National Rural Employment Guarantee Scheme Every applicant shall be provided with work within, **1)** 30 days of receipt of an application **2)** 60 days
of receipt of an application **3)** 15 days of receipt of an application **2)** 45 days
of receipt of an application
3. In Annapurna Scheme under NSAP, the quantity of food grains given is
1) 10 kgs/per month **2)** 5 kgs/per month
3) 3kgs/per month **4)** 15 kgs/per month
- 4 The eligible age for the pensioner under Indira Gandhi National Disability Pension Scheme (IGNDPS) is
1) 21 years **2)** 25 years **3)** 18 years **4)** 15 years
- 5 In NFBS Rs. 20000/- will be given as a lumpsum assistance to the bereaved household?
True / False
6. Indira Awas Yojana (IAY) is:
1) A Sub-Scheme of Rural landless Employment Guarantee Programme **2)** An independent
scheme **3)** A Sub-Scheme of Jawahar Rojgar Yojana
4) None of the above.
- 7 In IAY, percentage of total funds earmarked for the non-SC/ST people is
1) 50% **2)** 40% **3)** 33¹/₃% **4)** 60%
- 8 In IAY – the ratio of Central and State share except the component for provision of house sites should be
1) 75% : 25% **2)** 80% : 20% **3)** 50% : 50%

Fill in the gaps:

- 9 Age of the applicant in Indira Gandhi National Old Age Pension Scheme (IGNOAPS) –should be ----- years and above,
- 10 Construction under IAY should not take more than years from the date of release of 1st instalment..

Solution

- 1 4) 100 days
- 2 1) 3) 15 days of receipt of an application
- 3 **1)** 10 kgs/per month
- 4 3) 18 years
- 5 True
- 6 **2)** An independent scheme
- 7 4) 60%
- 8 **1)** 75% : 25%
- 9 60 years
- 10 2 (two)

Session Title

Audit of Central/State Schemes

Session Overview

We are now on topics, wherein familiarisation with Central/State schemes along with audit thereof could be carried out as an end in itself.

In the previous session, the audit of accounts and relevant registers were discussed.

In this session we will discuss different Central/State schemes implemented by Gram Panchayat (GP) along with audit thereof to the extent that the audit conclusion indicates:

- Whether the keeping of accounts and relevant registers for the schemes is as per rules;
- Objectives of the schemes are being fulfilled; and
- Audit point is supported by evidence.

Categorisation of schemes

With a view to developing human resources, infra-structure and civil amenities and achieving economic self-sufficiency and securing social justice, different schemes have been taken up by Central or State Government jointly or separately for implementation in the rural areas by the Panchayats. These schemes may be broadly classified as:

- 1 Wage Employment Schemes e.g. Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS);
- 2 Social Security Scheme e.g.
 - a Indira Awas Yojana (IAY);
 - b National Social Assistance Programme (NSAP)

Some major schemes viz. Mahatma Gandhi National Rural Employment Guarantee Scheme, Indira Awas Yojana and National Social Assistance Programme are discussed below along with relevant audit points thereon. The audit of other Central/State schemes can be carried out on a similar pattern.

Audit of Mahatma Gandhi National Rural Employment Generation Scheme

Introduction

The Mahatma Gandhi National Rural Employment Guarantee Act, 2005 (MGNREGA) was notified on September 7, 2005 with the objective to provide at least 100 days of guaranteed wage employment in a financial

year to every rural household whose adult members volunteer to do unskilled manual work. Every State Government was empowered to formulate a scheme called the Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS) under Section 4 of the Act for the purpose of giving effect to the provision of the Act. In the first phase the Act was notified in 200 districts. From April 2008 MGNREGA covers the entire country with the exception of districts that have a hundred percent urban population. The Ministry of Rural Development is the nodal Ministry for the implementation of MGNREGA.

MGNREGA is a powerful instrument for ensuring:

- Social protection for the most vulnerable people living in rural India.
- Livelihood security for the poor through creation of durable assets, improved water security etc,
- Empowerment of the socially disadvantaged, especially women, SC, ST,
- Deepening democracy at the grass-roots by strengthening Panchayati Raj Institutions,
- Effecting greater transparency and accountability in governance

Salient Features

Rights to workers

- Every household residing within the GP has right to register to apply for work and be willing for manual work. The application for registration can be given in writing on plain paper or orally to GP.
- Gram Panchayat after conducting enquiry register the household and issue a job card.
- Every adult member of a registered household whose name appears in the job card is entitled to apply for unskilled manual work.
- Entitlement of 100 days work per household are shared between different adult.
- Every applicant shall be provided with work within fifteen days of receipt of an application and a period of employment shall ordinarily be at least fourteen days continuously.
- If some applicants are directed to report for work beyond 5 km. of their residence, the workers are required to be paid 10 per cent of the wage rate as extra wages.

- If an applicant is not provided employment within fifteen days of receipt of his/her application seeking employment, he/she shall be entitled to a daily unemployment allowance.
- Priority shall be given to women so that at least one-third of the beneficiaries shall be women who have registered and requested for work.
- Workers are entitled to being paid on weekly basis or in any case not later than a fortnight after the date on which such work was done.
- If payment of wages is not made within the period specified, the workers are entitled to receive payment of compensation.
- At the work site workers have write to get safe drinking water, shade for children and periods of rest, first-aid box and crèche in case the number of children below the age of six years accompanying the women working at any site are five or more.

Planning

Annual Plan and Labour Budget

Matching of demand for work and supply of work is the process of planning and this is achieved through the preparation of a Labour Budget (LB).

A Labour Budget (LB) must, include:

- Anticipated quantum of demand for work;
- Precise timing of the demand for work,
- A plan that outlines the quantum and schedule of work to be provided to those who demand work.

Process for preparation of LB:

- conducting a survey of job card holders in every Gram Panchayat (GP) is mandatory in order to prepare a base line to assess the quantum and timing of demand for employment in the GP.
- all attempts to converge with other schemes,
- list of projects of all implementing agencies including line departments, District Panchayat, Intermediate Panchayats etc. to be send to their respective GP for inclusion in LB,
- LB to be presented to GS by the GP for approval
- the plan presented by the GP will be discussed in the meeting of the GS,
- each GP will submit its Annual Plan and LB to the Programme Officer,

- The Programme Officer, will:
 - Scrutinize the GP Annual Plans against the list of permissible works as specified in MGNREGA
 - Check whether the wage material ratio for the list of works proposed meets the requirements of the Act
 - Collate all works within the Block
 - Present the Block Plan before the Block Panchayat by 15th September.

The Block Panchayat will maintain the priority indicated by the GP and consolidate a block level annual development plan for submission to the District Panchayat.

The District Programme Coordinator will:

- Scrutinize the Block Annual Development plan of works against the list of permissible works Collate all works within the District into the District Annual Development Plan
- Ensure that the District Annual Development Plan has adequate number of schemes
- Present District Annual Development Plan and District Labour Budget before the District Panchayat.

The District Panchayat shall approve the District Annual Development Plan and Labour Budget.

MIS entry for LB should be made by the state and completed by 31st December. Ministry of Rural Development will analyse the LB and a final LB for the State as a whole will be agreed to.

Roles and Responsibilities of Panchayats

The Panchayats at district, intermediate and village levels shall be the principal authorities for planning and implementation of the scheme.

Functions of the Panchayats at the district level:

- to finalise and approve blockwise shelf of projects to be taken up under a programme under the Scheme,
- to supervise and monitor the projects taken up at the Block level and district level; and
- to carry out such other functions as may be assigned to it by the State Council, from time to time.

The functions of the Panchayat at intermediate level:

- to approve the Block level Plan for forwarding it to the district Panchayat at the district level for final approval;
- to supervise and monitor the projects taken up at the Gram Panchayat and Block level; and
- to carry out such other functions as may be assigned to it by the State Council, from time to time.

There will be a **District Programme Coordinator (DPC)**, in the rank of the Chief Executive Officer of the District Panchayat or the Collector of the district, for the implementation of the Scheme in the district. The DPC is responsible for the implementation of the scheme in the district, in accordance with the provisions made in the MGNREGA 2005 and rules and guidelines made thereunder.

The functions of the District Programme Coordinator are:

- Assist the DP in discharging its functions,
- Receive the Block Panchayat plans and consolidate them along with project proposals received from other implementing agencies for inclusion in the District Plan for approval by the DPs,
- Accord timely sanction to shelf of projects,
- Ensure that any new projects added at block and district level are presented again for ratification and fixing priority by concerned GS(s) before administrative sanction is accorded to them,
- Ensure timely release and utilization of funds,
- Ensure wage-seekers are provided work as per their entitlements under this Act,
- Review, monitor and supervise the performance of the POs and all implementing agencies in relation to MGNREGA works,
- Conduct and cause to be conducted periodic inspection of the works in progress and verification of Muster Rolls,
- Ensure that First Information Report(FIR) is filed in every case in which there is *prima facie*, evidence of misappropriation or financial irregularity,
- Appoint Project Implementation Agencies (PIAs) throughout the district,
- Carry out responsibilities as given in Schedule II related to grievance redressal,

- Coordinate an Information Education and Communication (IEC) campaign for MGNREGA within the district,
 - Develop annual plans for training and capacity building of various stakeholders within the district,
 - Submit periodic progress and updates to the State Government,
 - Ensure that social audits are done in all GPs once in six months and ensure follow up action on social audit reports,
 - Ensure that all transactions including issue of JCs, recording of applications for work, allocation of work, generation of wage slips and Fund Transfer Orders (FTOs), entries relating to work performed, delayed payment of wages, and unemployment allowance are made through NREGAssoft only,
 - Ensure that all entries relating to works such as details of the shelf of works, GPS coordinates, status of implementation, photographs of works at three different stages are entered in NREGAssoft at every required stage. Information regarding completion of work should be entered in as soon as possible but in any case no later than 2 months from the time of physical completion,
 - Ensure that all funds received by Implementing Agencies and District level authorities including Panchayats are posted in NREGAssoft no later than two days of receipt of such funds.
 - Ensure that all required entries in NREGASoft are made by all concerned officials including the line departments, in the district.
- At every **Panchayat at intermediate** level there will be a **Programme Officer (PO)** in the rank of Block Development Officer. The primary responsibility of the PO is to ensure that anyone who applies for work gets employment within 15 days.
- ### The other functions of the Programme Officer are:
- Consolidating, after scrutiny, all project proposals received from GPs into the Block Plan and submitting it to the District Panchayat for scrutiny and consolidation,
 - Matching employment opportunities arising from works within the Block Plan with the demand for work at each GP in the Block,

- Ensuring baseline surveys to assess work demand,
- Monitoring and supervising implementation of works taken up by GPs and other implementing agencies within the Block,
- Ensuring prompt and fair payment of wages to all labourers and payment of unemployment allowance in case employment is not provided on time,
- Maintaining proper accounts of the resources received, released and utilized,
- Redressing grievances within the Block. The PO shall enter every complaint in a complaint register and issue dated and numbered acknowledgement,
- Ensuring conduct of social audits and following up on required actions,
- Ensuring all the required information and records of all implementing agencies such as JC register, employment register, work register, GS resolution, copies of the sanctions (administrative or technical or financial), work estimates, work commencement order, Muster Roll issue and receipt register, Muster Rolls, wage payment acquaintance, materials – bills and vouchers (for each work), measurement books (for each work), asset register, action taken report on previous social audits, grievance or complaints register,
- Ensuring any other documents that the Social Audit Unit (SAU) requires to conduct the social audit processes are properly collated in the requisite formats; and provided along with photocopies to the SAU for facilitating conduct of social audit at least fifteen days in advance of the scheduled date of meeting of the GS.
- Setting up Cluster-Level Facilitation Teams (CFTs) to provide technical support to GPs within each Cluster of GPs.
- Facilitating technical support to Gram Panchayats by CFTs,
- Liaison with Banks and Post Offices in opening up of new accounts and making regular and timely payments to labour. Liaison between GPs and Block as also between Block and District for all correspondence and communication,
- Organise formal monthly meetings with civil society organizations (CSOs) involved in facilitating MGNREGS implementation in the block

Responsibilities of Gram Panchayats

- The **Gram Panchayats** are responsible for identification of the projects in the Gram Panchayat area to be taken up under the Scheme as per the recommendations of the Gram Sabha and the Ward Sabhas and for executing and supervising such works.
 - A Gram Panchayat may take up any project under a Scheme within the area of the Gram Panchayat as may be sanctioned by the Programme Officer.
 - Every Gram Panchayat shall, after considering the recommendations of the Gram Sabha and the Ward Sabhas, prepare a development plan and maintain a shelf of possible works to be taken up under the Scheme as and when demand for work arises.
 - The Gram Panchayat shall forward its proposals for the development project including the order of priority between different works to the Programme Officer for scrutiny and preliminary approval prior to the commencement of the year in which it is
 - The Gram Panchayat shall allocate employment opportunities among the applicants and ask them to report for work.
 - The works taken up by a Gram Panchayat under a Scheme shall meet the required technical standards and measurements.
 - The 'Gram Sabha shall monitor the execution of works.
 - The Gram Sabha shall conduct regular social audit of all the projects.
- Thus the responsibilities of GPs in brief are:
- Receiving applications for registration
 - Verifying registration applications
 - Registering households
 - Issuing Job Cards(JCs)
 - Receiving applications for work
 - Issuing dated receipts for these applications for work
 - Allotting work within fifteen days of submitting the application
 - Conducting periodical surveys to assess demand for work
 - Identification and planning of works, developing shelf of projects including determination of the order of their priority. This list is forwarded to Programme Officer for scrutiny and preliminary approval

- Executing works that shall meet the required technical standards and measurements
- Maintaining records as specified in scheme guidelines from time to time
- Maintaining accounts and providing utilization certificates
- Prepare annually a report containing the facts and figures and achievements relating to the implementation of the Scheme Awareness generation and social mobilization.
- Convening the GS for planning and social audit
- Make available all relevant documents including the Muster Rolls, bills, vouchers, measurement books, copies of sanction orders and other connected books of account and papers to the GS for the purpose of conducting the social audit Monitoring implementation at the village level
- Pro-actively disclosing details of works both completed and on-going, Names of persons who have worked, days worked and wages paid to them, quantity and price of materials purchased with name of agency supplied the material.
- Providing all information specified in Audit of Schemes Rules to the Social Audit Unit.

Implementation

Works are to be provided in accordance with the scheme guidelines. While taking up works under MGNREGA, the following conditions must be followed:

- Only those works can be taken up which result in creation of durable assets and strengthen livelihood resources of the rural poor. Items of expenditure that are recurring in nature and/or do not lead to creation of durable assets, are not permitted under the scheme.
- The order of priority of works will be determined within the GP and will be reflected in the Annual Plan ratified by the GS on 15th August.
- The 60:40 ratio for wage and material costs should be maintained at GP level for all works to be taken up by GP and for works to be taken by all other agencies it should be maintained at the Block/ Intermediate Panchayat level.

- No contractors and no labour-displacing machinery shall be used in execution of works.
 - Funds cannot be used for land acquisition.
 - For works to be taken up on private land and homestead, the individual land owner shall be a job card holder and also work in the project.
 - A simple and accessible template of SoRs should be developed during execution of works.
 - The work-estimates for each work should be prepared. The estimates will depict an abstract of materials so that quantity of material in the estimate can be easily compared with (i) the quantities booked in the MB (ii) quantities used in the work as evaluated by the person who checks the measurement and (iii) quantities as reported by local residents during social audit.
 - Before starting a work PO issues muster rolls. Each muster roll should be identified and certified by PO. Preparation of weekly muster rolls shall be adopted to ensure timely payment of wages.
 - All measurements of work done shall be recorded in the MB issued by competent authority.
 - Measurement of works should be undertaken by measurement officers weekly, within 3 days after close of weekly muster.
 - Measurements should be recorded work-wise to determine valuation of work done.
 - Wages to be paid to workers shall be calculated on the basis of work out-turn.
 - Workers attendance and the wages paid will be shown against each name in the muster roll with the signature/ thumb impression of the worker.
 - Payment of wages shall be made through individual or joint savings accounts of workers. PO shall proactively help workers open Bank/ Post Office accounts.
- On completion of every project, a Project Completion Report (PCR) should be prepared as per the prescribed format in the Works Register and the details entered therein should be verified by a senior officer. Summary details should also be made available to concerned ward, block and district panchayat member, MLA and MP.

Funding

Central Government shall meet the cost of:

- 100% of wages for unskilled manual work
- 75% of material cost of the schemes including payment of wages to skilled and semi skilled workers.

State Government shall meet

- 25% of material including payment of wages to skilled and semi skilled workers cost
- 100% of unemployment allowance payable under the Scheme

Central Government provides upto 6% of the total expenditure on MGNREGA in a FY as administrative expenses. At least two-thirds of this 6% should be spent at the block-level and below. Administrative expenditure are training, IEC activities, MIS related, quality management, social audit, work sites facilities etc.

Releases of Central Share of funds are based on the projection of labour demand in the agreed-to (between Central Government and State Government) Labour Budget (LB). The central releases are based on District/State specific anticipated labour demand proposals. LB estimate is based on the amount of total cost (viz. cost towards wage, material and administrative costs) to be incurred while generating a person-day wage employment.

Central share of funds under MGNREGA are normally released in two trenches. 1st trenches (including upfront money) of central share is based on proportionate fund requirement as per the agreed to LB to take care of requirement for the first six months of the financial year subject to a maximum of 50 per cent of the total fund required for a whole year. The release of 2nd tranches is based on (i) unspent balances and (ii) actual performance against the agreed to LB during the year.

Audit of Accounts

The audit of the accounts of a scheme under the Act for each year shall be carried out by the Director, Local Fund Audit or equivalent authority or by Chartered Accountants.

The accounts of the schemes of every State Government as certified together with the audit report thereon shall be forwarded to the Comptroller and Auditor General of India and the Central Government by the State Government. The Audited Accounts/ Statement

of expenditure are to be laid by the State Government before the State Legislature

The Comptroller and Auditor General of India, or any person appointed by him in this behalf, shall have the right to conduct audit of the accounts of schemes at such intervals as he may deem fit.

The Comptroller and Auditor General (CAG) of India shall use social audit's findings as an input.

Transparency and Accountability NREGASoft

Concurrent monitoring plays an important and crucial role in effectively deploying resources towards meeting the objectives of MGNREGA. A programme of the scale and architecture that MGNREGA is, can be effectively and conveniently monitored using Information and Communication Technology (ICT).

Transparency and Accountability are at the core of MGNREGA. Act stipulates that all information relating to the implementation of the Act shall be pro-actively put in public domain.

Towards these two goals, the Central Government has developed a work flow based, web enabled application (known as NREGASoft) which is hosted at the portal accessible as <http://nrega.nic.in>. NREGASoft provides for recording of all transaction details of different processes in implementation of MGNREGA and putting the same in public domain. The advantages of managing implementation of MGNREGA through NREGASoft are:

- It enables capturing data in real-time from the field which helps in quick and easy analysis
- With a number of checks provided in NREGASoft, it becomes easier to comply with many of the conditions stipulated e.g. the system ensures that the cap of 100 days on the number of days a household can be given employment in a year, is not breached inadvertently,
- By putting transaction data in public domain, concurrent social audit is enabled. This also helps in meeting the norms of proactive disclosure,
 - The paper work, time and effort involved in preparing reports required for a process intensive programme such as MGNREGA, aggregation of data originating at different levels etc. is substantially reduced, It facilitates smooth and seamless exchange of

information with external agencies such as banks and post offices that have a critical role in the implementation of MGNREGA.

At Central Level Central Employment Guarantee Council (CEGC) and at the State level State Employment Guarantee Council (SEGC) reviews the monitoring and redressal mechanisms and suggests improvements in the implementation of the scheme.

Social Audit

An innovative feature of the MGNREGA is that it has institutionalized 'Social Audit' as a means of continuous public vigilance. The basic objective of social audit is to ensure public accountability in the implementation of projects, laws and policies. The process of Social Audit combines people's participation and monitoring with the requirements of the audit discipline. Social Audit is not a fault finding but a fact finding process. With a view to ensure proper implementation of Social Audit Government of India framed Audit of Scheme Rules 2011 and published Social Audit Manual in March 2015. Manual has described the process for conducting social audit. Importance and procedure for social Audit will be discussed in the respective session.

IMPLEMENTING AND MONITORING AUTHORITIES

Central Employment Guarantee Council

Central Government by notification shall constitute a Council to be called the Central Employment Guarantee Council. Council will consist of with the members as specified in the Act and advise the Central Government on all matters concerning the implementation. Council will establish a central evaluation and monitoring system and monitor the implementation of the scheme.

State Employment Guarantee Council

State Government shall constitute a State Employment Guarantee Council with a Chairperson and such other members as determined. Council will advise the State Government on all matters concerning the Scheme and its implementation. Council will monitor and evaluate the implementation of the Schemes in the State and coordinate the Central Council.

Important Audit Observations on Performance Audit of Mahatma Gandhi National Rural Employment Guarantee Scheme, Union Government Civil (Report No. 6 of 2013)

- Analysis of data related to the performance of the Scheme showed that there has been significant decline in per rural household employment generation. It has declined from 54 days in 2009-10 to 43 days in 2011-12. There was also a substantial decline in the proportion of works completed in 2011-12. This indicated that the correlation between poverty levels and implementation of the scheme was not very high.
- In 1201 GPs in 11 states and one UT, annual plans were either not prepared, or were prepared in an incomplete manner.
- Information, Education and Communication(IEC) plans were not formulated in 12 states and two UTs. Shortfalls in utilization of IEC funds were also noticed. The low level of IEC activities would have an adverse effect on the awareness levels of beneficiaries and would, in turn, hamper the beneficiaries from fully realizing their rights.
- Job cards were not issued to 12,455 households in six states. Photographs on 4.33 lakh job cards were not found pasted in seven states. Non payment/under payment of wages of Rs.36.97 crore was noticed in 14 states.
- In 12 states and one UT, cases of the material cost exceeding the prescribed ratio amounting to Rs.1594.37 crore were noticed.
- In the test checked districts of 25 states/UTs, 1,02,100 inadmissible works amounting to Rs.2,252.43 crore undertaken.
- Deficiencies, relating to both non-maintenance and incorrect maintenance of prescribed basic records, were noticed in 18 to 54 per

cent of the all test checked of GPs, for various types of records.

- There were substantial differences between the data uploaded in the MIS and actual records maintained/available. Thus MIS data on physical and financial performance of the scheme was not reliable.

Audit points

1. Did village Panchayat prepare Annual Development Plan and submit to Intermediate Panchayat? Did District Panchayat and Intermediate Panchayats forward list of projects to the GP for inclusion in LB?
2. Was mandatory survey conducted to assess the quantum and timing of demand for employment before preparation of Labour Budget?
3. Whether convergence with other scheme was ensured while preparing Annual Development Plan?
4. Did annual plan of GP include works permissible under the scheme?
5. Did GP supervise the project taken up? Was corrective action taken in projects where shortfall was noticed?
6. Whether the wage material ratio for the list of works proposed meets the requirements of the Act?
7. Was the objective to provide at least 100 days of guaranteed wage employment in a financial year to every rural household achieved?
8. Were all applicants provided with work within fifteen days of receipt of an application? If not, whether employment allowance was paid?
9. Could the auditor ascertain that one third of the total beneficiaries were women?
10. Did worker receive payment within a fortnight after the date on which such work done? If not, whether compensation was paid to the worker?
11. Did authority make arrangement of safe drinking water, shade for children, first-aid box and crèche for the worker at the site of work?
12. Is there any system of supervising and monitoring of the projects taken up at the village panchayat level?
13. Whether village panchayat plan was approved by the panchayat at intermediate level and forwarded to district level panchayat?

14. Did the system of recording applications for work, allocation of work, generation of wage slips and Fund Transfer Orders (FTOs), entries relating to work performed, delayed payment of wages etc. in NREGAssoft ensure?

15. Was there any case of misappropriation or financial irregularity? If yes, whether FIR was filed and reasons analysed? Was regular social audit conducted?

16. Were all the records required by social audit unit furnished? Whether follow up action on social audit report ensured?

17. Were all works taken up under the scheme resulted in creation of durable assets and strengthen livelihood resources of the rural poor? If not, reasons may be analysed and commented with shortfall.

18. Was any part of the fund utilised for land acquisition against the norms of the scheme?

19. Was the landowner on whose land the work taken up, a job card holder?

20. Were the available fund utilised properly according to the prescribed procedure? Were there cases of shortfall in utilisation? If so, why?

21. Could auditor ensure that the administrative expenditure incurred by the authority was within the prescribed limit?

Indira Awas Yojana (IAY)

IAY was launched during 1985-86 as a sub-scheme of Rural Landless Employment Guarantee Programme (RLEGP) and continued as a sub-scheme of Jawahar Rozgar Yojana (JRY) since its launching from April, 1989. It was delinked from the JRY and made an independent scheme with effect from January 1, 1996.

IAY is a flagship programme of the Ministry of Rural Development as part of the larger strategy of rural poverty eradication, in order to reduce the rigours of poverty and to provide the dignity of an address to the poor households to enable them to access different rural development programmes.

Strategies

Rural housing development has to be seen in the context of poverty alleviation and overall rural development. Relevant strategies of the programme are:

- Strengthening the ongoing process and helping people to carry it forward.

- Supporting the construction of a 'core house' with adequate provisions for incremental expansion and improvement.
- Promoting choice of materials and construction technologies keeping in view affordability.
- Determining the design of dwelling units on the basis of user requirements.
- Identifying appropriate building technologies and upgrading of traditional and local technologies.
- Promoting affirmatively equity and social justice by enabling SC/ST families, women-headed households and people with disabilities and, particularly marginalized groups who cannot even express their need for shelter, to access the scheme and construct houses.

Target Group

Indira Awaas Yojana is essentially a public housing scheme for the houseless poor families and those living in dilapidated and kutcha houses with a component for providing house sites to the landless poor as well. The scheme is designed to enable Below Poverty Line (BPL) households identified by the community through Gram Sabhas following criteria suggested for such identification from time to time, to build their houses or get house sites with financial and technical assistance from the Government.

Components of the scheme

➤ Assistance for construction of a new house

IAY house has to be pucca with a minimum built up area of at least 20 sq. mts. and should be able to withstand normal wear and tear with reasonable maintenance for at least 30 years. Every house should include a toilet, soak pit and compost pit and Smokeless chulhas. House should have adequate space for pursuing livelihood activities, a verandah and a stair case to go to the top of the house.

➤ Upgradation of kutcha or dilapidated houses

This involves upgradation of roof/walls, repair/replacement of parts and the like. Upgradation includes reuse/recycle material, use of additional material/replacement of material, changes in design enabling durability.

➤ Provision of house sites

Assistance is provided for the purpose of providing house sites. State Governments may notify the entitlements for house sites in their respective States. Ideally 10 cents of land should be provided.

➤ Special projects

Five percent of IAY allocation would be retained at the Central level as reserve fund. Special Projects for utilizing the reserve fund can be posed by the States/UTs for the purposes:

- Rehabilitation of BPL families affected by natural calamities, violence and law and order problems, **occupational diseases like Silicosis, Asbestos, overuse of pesticides etc.**
- Settlement of freed bonded labourers, liberated manual scavengers, vulnerable tribal groups, **households** as FRA beneficiaries etc.

Funding pattern

The cost of the scheme except the component for provision of house sites is to be shared between Government of India and State Governments in the ratio 75:25. In the case of North Eastern States the ratio is 90:10. The cost of providing house sites would be shared 50:50 between Government of India and State Governments. In respect of Union Territories (UTs) Government of India provides the full cost.

Earmarking of funds

Funds are earmarked at national level as follows:

- 60 per cent for SCs and STs with the proportion being decided from time to time by the Ministry of Rural Development.
- 15 per cent for beneficiaries from among the minorities.

State should ensure that atleast 3% of beneficiaries are from among persons with disabilities. Targets for SCs and STs can be interchanged if there are no eligible beneficiaries in either of the group.

Allocation of funds

- Out of the total budget 95% will be utilized for the components relating to new houses, upgradation of houses, provision of house sites and administrative expenses. The remaining 5% will be reserved for special project.

Allocation to States/UTs and from States/UTs to districts, blocks, to the Village Panchayats would be for houseless people from among the BPL population for each category i.e. SC, ST,

minorities and others, on the basis of Socio Economic Caste Census (SECC).

Out of total district allocation 20 per cent can be used for upgradation of kutcha/dilapidated houses of BPL families.

Administrative expenses

Upto 4% of the funds released can be utilised for administering the scheme, of which upto 0.5% can be retained at the state level and the balance shall be distributed to the districts. Administrative expenses include:

- Upto 1% should be used for IEC activities for preparation of IEC material including electronic material.
- Upto 1% for Social Audit.
- Imparting habitat and housing literacy to beneficiaries.
- Cost of photographs of the house, models for demonstration, supervision and monitoring, hardware/software, data entry in AwaasSoft etc.
- Imparting training as per guidelines.

Implementing Agencies

- At the district level Zilla Parishad or its equivalent body, where there is no Zilla Parishad, will implement the scheme.
- At the local level, the Village Panchayat, (GP) or its equivalent where the State has no Village Panchayats, would implement the programme.
- If Village Panchayats are too small the State may entrust the task to the Panchayat at the intermediate level (PS).

Implementation approaches

IAY should be implemented following the habitation approach. All habitations of the following categories may be covered on priority to achieve saturation:

- PTGs
 - Beneficiary families of the Forest Rights Act
- Other habitations may be identified by the State Government using locally relevant, transparent socio-economic criteria by adopting individual household approach. First priority should be given to families of manual scavengers. Thereafter the priority will be:
- Women in difficult circumstances such as widowed, divorced, deserted;
 - Households with a single girl child;
 - Mentally and physically challenged persons;

- Transgender persons;
- Household with Leprosy, Cancer, HIV patient

- Other houseless BPL families

The habitations have to be prioritized on the basis of transparent criteria to be developed by the State Government – with a five year and annual priority list. Priority should be prepared using the SECC baseline data through a participatory process following the methodology for participatory identification of the poor (PIP). List should be verified through a survey involving the Village Panchayats and local community. List will be approved in the Gram Shabha meeting within 30th November and sent to the Zilla Parishad before 31st December.

Sensitisation of beneficiaries

- Selected beneficiaries will be assembled at a place and sensitized in detail on the housing designs and construction technologies which are available and their costs, to make an informed choice.

- A sanction order shall be issued in favour of each beneficiary detailing the terms and conditions.

- An entitlement card has to be given to every beneficiary.

- The payment will be made in Gram Sabha meeting.

- Receipt of payment shall be taken from the beneficiary. This will be verified specifically in Social Audit.

- The construction should be carried out by the beneficiary himself/herself. No contractor should be involved in the construction of houses under IAY.

- Support in the form of technical and managerial guidance should be provided for construction of house.

Release of installments to beneficiaries

- First instalment should be given on the Awaas Divas. It should not be more than 25% of the unit cost.

- Second instalment not less than 60% should be released on reaching the level lintel.

- Third instalment not more than 15% should be given only after the house including the

sanitary latrine is constructed and the beneficiary starts living in the house.

Release of each instalment will be made after site visit and uploading the work details in the website i.e. Awaasoft.

Timelines for construction

Stages of construction should be managed within the following timelines:

Stage	Level	Time line
1 st	Construction upto lintel level	Nine months from the date of release of 1 st instalment
2 nd	Completion	Nine months from the date of release of 2 nd instalment

Construction should not take more than two years from the date of release of 1st instalment.

Release of Funds

- The State shall send one consolidated proposal to Ministry of Rural Development for each instalment, giving District wise information required for the release. The Ministry will continue to release funds to Districts directly on the basis of the consolidated proposal.
- The annual allocation will be released in two instalments. First instalment shall be equal to 50% of annual allocation.
- Second instalment shall be equal to the annual allocation minus first instalment.
- 1st instalment shall be released in respect of all Districts who have taken the 2nd instalment in the previous year. From 2014-15 fulfilment of the condition of selection of beneficiaries and uploading in AwaasSoft is mandatory.
- Release of second installment is subject to:
 - ✓ Utilization of at least 60% of total available funds.
 - ✓ Completion of 100% of sanctioned houses more than three years old and 75% of houses sanctioned two to three years ago.
 - ✓ Data entry in AwaasSoft reflecting utilisation of funds and completion of houses.
- The State Government should release the full state share and allocate it among the districts within 15 days of release of central share.

- If there is shortfall in state share proportionate deduction shall be made from the 2nd instalment of central share.

Management of Fund

- IAY funds shall be kept in a nationalised bank in a separate savings account.
- The interest amount accrued on the deposits shall be treated as part of the IAY resources.
- Drawal of funds from the accounts shall be spent only for IAY purpose.
- All such accounts will be auditable by the CAG.
- Payment to beneficiaries shall be made into her/his Bank/Post Office account only.
- All payments to beneficiaries must be reflected in AwaasSoft.

Capacity Building

States should prepare a capacity building plan to strengthen the quality of implementation which will include:

- Training of district level officials;
- Training of cutting edge level functionaries;
- Training of Community Resource Persons, other workers;

Role of Panchayats

The Gram Panchayats have the most critical role to play in the actual implementation of the scheme. Those are:

- conducting baseline survey,
- ensuring maximum participation in the Gram Sabha,
- conducting IEC campaign,
- arranging the meeting of beneficiaries either at Village Panchayat or at cluster of Village Panchayats,
- identifying the beneficiaries with the help of the Gram Sabha,
- facilitate the beneficiaries in accessing materials,
- ensuring convergence of schemes using resources of MGNREGS, BRGF, State and Central Finance Commission grants etc.,
- assisting the social audit teams

The **Panchayat at the** intermediate level should provide technical assistance especially relating to building materials and construction technologies. It should act as a resource centre to assist the beneficiaries on a continuing basis

and redress grievances of the beneficiaries. It should be the custodian of the publications and electronic material on different aspects of construction and proactively disseminate their contents. Intermediate panchayat will conduct field-level monitoring and send reports to the Zilla Parishad. It has a special role in getting the houses completed without delay.

The **Zilla Parishad** should coordinate the overall implementation of the programme in the district by ensuring that the different provisions of the guidelines are adhered to. Wherever there are delays and other problems, the Zilla Parishad has to sort out the issues concerned. ZP should monitor the overall progress of the scheme and ensure smooth flow of funds.

State Government should:

- Organise training programme to equip the Panchayats,
- Provide the Panchayats IEC material,
- Provide share of administrative expenses,
- Issue an order specifying the roles and responsibilities of each tier of Panchayat.

Accountability and Audit

- Details of implementation of all components of IAY should be proactively disclosed in the local area.
- The State will ensure that the accounts at all levels are audited by a Chartered Accountant selected from a panel approved by the C&AG. The auditing should be completed before 31st August of the next financial year. Accounts at all levels shall also be open to audit by the C&AG.
- Social Audit is to be conducted in every Gram Panchayat at least once in a year, involving a mandatory review of all aspects and ensuring public accountability in implementation. Social Audit Units (SAU) set up by the state government under MGNREGA can be roped in to facilitate conduct of Social Audit of all components of IAY.
- There should be a grievance redressal system at the block and district level.

Monitoring

- All data regarding beneficiaries, progress of construction and release of funds, including photographs and inspection reports shall be placed on AwaasSoft for monitoring at Government of India Level. National level Monitors and Area Officers of the Ministry

would also visit IAY houses during the field visits.

- Officers at the Block level should inspect 10% of the houses at each stage of construction.
- District level officers should inspect 2% of the houses at each stage of construction.
- The State Government should put in place a system of quality monitoring to guide and assist the beneficiary.
- AwaasSoft is a local language-enabled workflow-based transaction level Management Information System (MIS) in place to facilitate e-governance of IAY accessible to all including the national/international community. A number of reports are generated by the MIS which can be used for monitoring and reporting purposes.

Important Audit Observations on Performance Audit of Indira Awaas Yojana Scheme, Union Government Civil (Report No. 37 of 2014)

- The actual housing shortage was not assessed in 14 states. Permanent IAY waitlists were not maintained in three states and one UT.
- Audit found that several ineligible beneficiaries were selected. In 12 states 36,751 non-BPL families were given assistance. In 11 states 10,184 ineligible beneficiaries were selected. In seven states 33,536 beneficiaries were selected from outside the permanent IAY waitlists. In eight states 5,824 beneficiaries were selected more than once.
- The working group under the Planning Commission on Rural Housing had fixed the targets of construction of 170 houses during 2008-13. Only 128.92 lakh was constructed.
- Audit came across cases of delay in completion of houses beyond two years. Houses were abandoned even after receiving full amount by the beneficiaries.
- Due to slow pace of utilization/under utilization of funds Rs.2,451.84 crore was deducted from their due Central allocation. This resulted in denial of assistance to 7.25 lakh targeted beneficiaries.

- Multiple bank accounts were operated in selected blocks and GPs in six states for keeping the IAY funds against the provision of maintaining an exclusive separate savings account.
- There was diversion of IAY funds of Rs.37.02 crore in 13 states, misappropriation of Rs.4.91 crore in Assam, Bihar and Jharkhand.
- Audit observed unauthorized deduction of 139.37 crore on account of administrative charges, non-construction/non-installation of smokeless chulla/sanitary latrine/IAY logo etc. from payment due to beneficiaries in three states.
- Double/excess payment of Rs.7.16 crore to the IAY beneficiaries was observed in three states.

Audit Points regarding IAY

- 1 Were the proportionate shares of contribution by the Central and State Governments in the ratio 75/25 duly received? If not, why? Was there any lapse of GP?
- 2 Were all the conditions in respect of giving the benefits duly fulfilled?
- 3 Was any part of the grant utilised for any purpose other than those prescribed?
- 4 Whether all habitations of PTGs and Beneficiary families of the Forest Rights Act are covered?
- 5 Did all the beneficiaries actually reside in the rural areas?
- 6 Were all the houses for which grant was given actually constructed within the village concerned?
- 7 Were all the beneficiaries actually houseless or in need of shelter or shelter upgradation?
- 8 Did the families of manual scavengers get first priority in selection?
- 9 Was the allotment made for upgradation of houses for more than 20% of the total Fund?
- 10 Did the Panchayat body take up the work of construction of the houses of beneficiaries other than physically handicapped persons?
- 11 Were all the conditions for release of central assistance fulfilled?
- 12 Could the GP, at the time of applying for the 2nd instalment, actually utilize 60% of the total available funds including the State share?

- 13 Were the following complied with at the time of applying for the 2nd instalment
 - Data entry in AwaasSoft reflecting utilisation of funds and completion of houses
 - Submission of Utilisation Certificate for the previous year in the prescribed form
 - Completion of 100% of sanctioned houses more than three years old and 75% of houses sanctioned two to three years ago.
- 14 Weather separate Bank account maintained for IAY?
- 15 Was the amount of interest earned on the deposit of IAY utilised for any purpose other than for construction/up-gradation of IAY houses?
- 16 Was the fund allotted for GP released promptly to the GPs directly?

National Social Assistance Programme (NSAP)

National Social Assistance Programme (NSAP) a fully funded Centrally Sponsored Scheme was introduced on 15th August 1995 targeting the destitute. Destitute is defined as any person who has little or no regular means of subsistence from his / her own source of income or other sources. The scheme was launched with the objective of providing a basic level of financial support to the destitute with three components namely:

- National Old Age Pension Schemes (NOAPS)
 - National Family Benefit Scheme (NFBS)
 - National Maternity Benefit Scheme (NMBS)
- Subsequently several changes in the composition of the NSAP took place from time to time. The NSAP at present includes five components:
- Indira Gandhi National Old Age Pension Scheme (IGNOAPS)
 - Indira Gandhi National Widow Pension Scheme (IGNWPS)
 - Indira Gandhi National Disability Pension Scheme (IGNDPS)
 - National Family Benefit Scheme (NFBS)
 - Annapurna Scheme

The implementing agency should ensure that the persons eligible for pensions/assistance under this scheme belong to the most vulnerable category of society and they are selected with least burden on them, in the identification, sanction and verification processes.

Key Principles

- **Universal coverage of eligible persons and pro-active identification:** It should be ensured that onus is not on the beneficiary to prove her/his eligibility. The implementing agency should ensure coverage on special priority for the vulnerable groups.
- **Transparent and people friendly process for application, sanction, appeal and review:** This would include providing support to the eligible people in obtaining their documents to establish their eligibility. If documents are not available procedure for certification by local government may be devised.
- **Regular monthly disbursement of pensions and benefits preferably at the door-step of the beneficiaries:** As far as possible monthly disbursement should be ensured.
- **Electronic Transfer:** The mode of disbursement may be decided on the basis of choice and convenience of the beneficiaries. To ensure efficiency and regular transfer, payment into the bank account/ post office account or through electronic money order is preferred.
- **Robust Social Audit and Annual Verification:** Conducting regular social audit by gram sabhas constituting Social Audit Committee to be ensured.
- **Key role for local self-government institutions:** District (ZP), Block / Intermediate panchayats (PS) and Village level panchayats (GP) should play a vital role in creating awareness among the people and implementation of the scheme. Self-Help Groups (SHGs) of the poor also have a critical role to play.
- **IT based MIS:** MIS should be adopted for sanction, disbursement and monitoring of programme.
- **Robust grievance redressal system:** Grievance redressal system at the Gram / Intermediate Panchayat / District / levels should be adopted with provision for appeal and review. An officer with appropriate seniority should be designated to whom the grievances can be addressed.
- **Automatic Convergence:** Convergence with other schemes will provide maximum benefit as the beneficiaries under the NSAP are from BPL families which are the target group in most other Schemes.

- **State Specific Guidelines-** The key principles governing the implementation of the scheme varies from state to state as a result of local requirement. States are to formulate guidelines within the key principle which requires one-time approval of NSAAC.

The State guidelines should contain the following details:

- Procedure for identification of beneficiaries, sanction of pension
- Time lines for the different process including appeal and review
- Administrative arrangements
- Mode of disbursement
- Process for social audit and annual verification
- Road map for electronic transfer, MIS and monitoring

Eligibility Criteria and Scale of Assistance IGNOAPS

The eligible age is 60 years. The pension is Rs.400 p.m. for persons between 60 years and 79 years. For persons who are 80 years and above the pension is Rs.700/- per month.

IGNWPS

In **February 2009**, pension to widows below poverty line was introduced. The eligible age is 40 years and the pension is Rs.500 per month.

IGNDPS

Pension to persons suffering from severe or multiple disabilities was also introduced in the year 2009. The eligible age for the pensioner is 18 years and above and the disability level has to be 80%. The amount is Rs.500 per month. Dwarfs will also be an eligible category for this pension.

NFBS

In the event of death of the bread-winner Rs. 20000/- will be given as a lumpsum assistance to the bereaved household. Any event of death (natural or otherwise) would make the family eligible for assistance. The death of such a breadwinner should have occurred whilst he/she is more than 18 years of age and less than 60 years of age. **The assistance would be given to every case of death of breadwinner in a family.**

Annappurna Scheme

10 kgs of food grains (wheat or rice) is given per month per beneficiary. The scheme aims at providing food security to meet the requirements of those eligible old aged persons who have remained uncovered under the IGNOAPS.

Norms for Central Assistance

Central assistance to States / UT under NSAP is determined on the basis of BPL population of the State. Number of beneficiaries each year is determined on the reports of the previous year submitted by the State Governments. **If there are more deserving beneficiaries, the State has the option to give them pension from its own resources.**

States urged to provide an equivalent amount to the assistance provided by the Central Government so that the beneficiaries can get a decent level of assistance.

Selection of Beneficiaries

- One of the main tasks for attaining the objective of the schemes of NSAP is awareness generation among the people through District, Block/Intermediate and Village level panchayats.
- For the identification of new beneficiaries, Gram Panchayats should take the central role.
- Implementing authorities should adhere to a policy of prioritising in favour of those applicants whose socio-economic and health condition is vulnerable such as transgender, manual scavengers, bonded labourers etc. or suffering from ailments like leprosy, TB, AIDS, Cancer etc.. Only BPL persons from the eligible categories would be considered except widows suffering from AIDS who will be considered if they are not attracted by any of the exclusion criteria.
- Annual verification of the existing beneficiaries should be carried out by Special Verification Teams for confirmation of continuation or deletion duly recording the reasons for deletion.
- Based on the available BPL list, the beneficiaries should be proactively identified by reaching out to their households. Field level workers / officials should be entrusted with the task of identifying beneficiaries and filling up the application from by the beneficiaries.

- Verification Officer or Verification Team under an authorized officer should verify the applications within two weeks and applications will be discussed in the Gram Sabha.

- Sanctioning Authority, designated by the State Government, after receipt of verified application will convey approval to the applicant in the form of a Sanction order. **The time for processing of application from the time of receipt till sanction or rejection should not exceed sixty days.**

- Every beneficiary who has been sanctioned pension under schemes of NSAP shall be issued a **Pension Passbook**. The Passbook shall contain details of the Sanction Order, particulars of the pensioner and disbursement details.

Administrative Arrangements

Zilla Parishads are entrusted to implement the scheme at district level. At local level the Gram Panchayat would implement the programmes. If Gram Panchayat is small the intermediate panchayat will implement. However, Gram Panchayat will select beneficiaries, supervise and monitor the programme.

The administrative function will be dealt with at State level, District Level and Panchayat Level as follows:

State level

- Ensure timely disbursement of funds, Comply with modifications Intimate to the Ministry the number of beneficiaries,
- Constitute State level and District Level Committees,
- Identify/nominate, at least one Nodal Officer at the district and Intermediate Panchayat level,
- Furnish a certificate annually by 15th December each year,
- Adopt and use NSAP-MIS.

District Level

- Ensuring efficient implementation of the NSAP in accordance with the guidelines and the procedures therein ,
- Giving wide publicity to NSAP and generation of awareness,
- Convening meetings of the District Level Committee regularly.
- Monitoring and compiling information about the implementation of the scheme and furnishing it to the State authorities on a

quarterly basis, for onward transmission to the Ministry.

Gram / Intermediate Panchayat

- Disseminating information about NSAP regarding procedure for obtaining benefits,
- Periodic reviews, discussions should be held in Gram Sabha Ward level meetings,
- The identification could be based on application by the candidate or own volition of Gram Panchayat or report of any other competent authority,
- Monitoring and necessary follow-up in sanctions and disbursement,
- Reporting of every case of death of pensioner to the designated Sanctioning Authority.

Allocation of Central Funds

The allocation of funds to the States / UTs will be on the basis of the number of old aged, widowed and disabled people from among the eligible population arrived at using the SECC data on criteria fixed by the Ministry of Rural Development. In case the number of eligible beneficiaries is more than the estimated number of beneficiaries in any State / UT, the expenditure on excess number of beneficiaries can be met from the resources of the State/UT.

- **Three percent** of the funds allotted to a State/UT may be used for **administrative expenses** such as printing and distribution of Pension Passbook, printing of application forms, organising Camps, training, entering data, conducting supervision etc.
- **Within a month after the allocation of Central Fund, State/UTs** shall intimate to the Ministry of Rural Development the distribution of the funds among different components.

Release of Funds

Funds will be released to the Consolidated Fund of the State Government as follows:

- The annual allocation will be released in two instalments.
- First instalment equal to 50% of the annual allocation shall be released automatically who have taken the second instalment in the previous year.
- **The unspent balance, if any, will be temporarily deducted from the first installment and made good at the time of the second installment if the dues to the**

beneficiaries of the previous financial year have been fully cleared and the amount spent by the State Government.

- Second installment shall be equal to the annual allocation minus first instalment.
- Release of second instalment requires:
 - Utilisation of at least 60% of total available funds,
 - Scheme wise utilization Certificate,
 - A certificate that the 3% administrative expenses are incurred

Disbursement of Pensions

- Procedure for disbursement of pension has to be convenient and according to the choice of the beneficiary.
- The possible modes of payment are Banks, Post Office Account, Money Order and Cash disbursement.
- Postal Money Order ensures door step delivery of pension and can be used where beneficiaries prefer that mode.
- Payment of assistance in cash to beneficiaries should be adopted only if other modes are not workable.

In order to enhance efficiency in implementing scheme both for sanction and disbursement of pensions, use of IT enabled system NSAP MIS developed by the Ministry is essential. All States and UTs to adopt MIS which is transaction and work flow based.

Monitoring and Evaluation

- A National Social Assistance Advisory Committee (NSAAC) will assist the Ministry of Rural Development in the monitoring and evaluation and will advise on matters related to policy and its effective implementation.
- The State level Committee will be responsible for implementation, monitoring and evaluation of the programme in States.
- There will be District level Committee headed by the Chairperson of Zilla Parishad/ District Collector and representatives from Grams and Intermediate Panchayats. Committee will be responsible for implementation, monitoring and evaluation of the programme within the district.
- The States / UTs will identify a nodal department with a nodal officer, other than the Secretary of the nodal department, for

coordinating. Nodal Officer will report to the Ministry of Rural Development.

- Social Audit is an integral part for effective implementation of the schemes, enhancing transparency and accountability besides redressing grievances of the beneficiaries. Social audit should be held at least **once in every six months by the Social Audit Committee framed by Gram Sabhas. Committee will comprise atleast two members from beneficiaries. The staff implementing the programme at intermediate panchayat shall be present during social audit.**

- In order to ensure wider social security, it is necessary to converge different anti poverty programmes with NSAP.

Audit points

1. Were all the beneficiaries of NSAP actually destitute and the families below the poverty line?
2. Did the beneficiaries of IGNOAPS have any other means of subsistence from their own sources of income or through financial support of family members or other sources?
3. Were the benefits under NFBS given to the families only after the death of their primary bread earners and the families lived below the poverty line?
4. Were all the beneficiaries of IGNOAPS in the age group of 60 years or above?
5. Was there any case of grant of the benefit under IGNOAPS even after the death of the pensioner?
6. Was there any case of lump sum grant of NFBS in excess of Rs.20,000/- for an individual family? Was the legal entitlement of the beneficiary established before grant of the benefit?
7. Was the eligible criteria kept in view for granting pension under IGNOAPS?
8. Were there any cases of irregular grant of NSAP schemes due to wrong/false declaration of the recipients? If so, were due recoveries made from them?
9. Was a DLC constituted in the district for monitoring and evaluating the programmes under the NSAP schemes, as required under the conditions of the NSAP?
10. Was proper identification of the beneficiaries of the NSAP made consequent on the fixing of targets? If not, why? Did such non-

identification/ delay in identification lead to non- utilization of the allotted Funds?

11. Were all the necessary reports/returns including furnishing of utilization certificates sent in due course?

12. Were there any cases of curtailment of allotments due to non- compliance of the conditions of NSAP?

13. Was Social Audit conducted once in every six months? If not, what are the reasons?

14. Did State Government prepare State Specific Guidelines with the approval of NSAAC?

Fourteenth Finance Commission

The Fourteenth Finance Commission (FFC) in its report, which covers the period between **2015 to 2020** has fixed the grant of Rs **2,00,292.2 crore** for Gram/Village Panchayats in the States. The salient features of the FFC Grants are:

- grants are earmarked for gram panchayats, which are directly responsible for the delivery of basic services, without any share for other levels of panchayat.

- GP should spend the grants only on the basic services within the functions assigned to them under relevant legislations.

- the books of accounts prepared by the GPs should distinctly capture income on account of own taxes and non-taxes, assigned taxes, devolution and grants from the State, grants from the Finance Commission and grants for any agency function assigned.

- the technical guidance and support arrangements by the C&AG should continue

- Distribution of grants will be in two parts - a basic grant and a performance grant for duly constituted GPs. The division between basic and performance grant will be on a 90:10 basis.

- Performance grants will be provided to address the following issues:

- (i) making available reliable data on local bodies' receipt and expenditure through audited accounts; and

- (ii) improvement in own revenues.

- The performance grants will be disbursed from the second year period, that is, 2016-17 onwards to enable State Governments and the local bodies to put in place a scheme.

- To be eligible for performance grant, the GPs will have to

- (i) submit audited annual accounts that relate to a year not earlier than two years preceding

the year in which it seeks to claim the performance grant.

(ii) show an increase in own revenues over the preceding year, as reflected in these audited accounts.

The improvement in revenues will be determined only on the basis of the audited accounts.

- The grants shall be released in two instalments each year in June and October. Fifty per cent of the basic grant for the year will be released to the State as the first instalment of the year and the remaining basic grant and the full performance grant for the year may be released as the second instalment.
- The States should release the grants to the GPs within fifteen days of it being credited to their account by the Union Government. In case of delay, the State Governments must release the instalment with interest paid from its own funds.
- Stern action should be ensured if irregularities in the application of funds are noticed or pointed out.

Audit Points

- 1 Did the GP take action to compile accounts and got them audited in time?
- 2 Whether the books of accounts prepared by the local bodies distinctly capture income on account of own taxes and non-taxes, assigned taxes, devolution and grants from the State, grants from the Finance Commission and grants for any agency?
- 3 Whether basic grants were received by GPs based on the formula laid down by the FFC?
- 4 Did the audited accounts provide reliable data on local bodies' receipt and expenditure?
- 5 Was there improvement in realization of own revenue?
- 6 Was the performance grant utilized for making available reliable data, improving own revenue realization?
- 7 Could the auditor assess any tangible improvement in the work of building database and maintenance of accounts?
- 8 Were the grants released by the Centre transferred to the ULB within 15 days?
- 9 Was interest in case of delay in release of fund were paid by the State Govt.?
- 10 Was fund utilised only on the basic services as assigned to GP under relevant legislations?

11 Whether all the works under the scheme was taken up duly following the laid down procedure?

Summary

The session discusses different schemes sponsored by Central Government/State Government jointly or separately as well as relevant audit points regarding some major schemes.

Session 5

Session Title

Audit of works executed by GP and Overall Monitoring of GP



- **Instructor's Guide**
- **PowerPoint Slides**
- **Exercise**
- **Solution**
- **Participants' Note**

Session Title: Audit of works executed by Gram Panchayat (GP) and Overall Monitoring of GP		Session Guide
Instructor's Guide	Reference	Participants' Response
Session Overview		
Welcome participants to the session and remind them that their active participation is critical for the success of each session.		
Learning Objective		
Inform: By the end of this session, we will acquire the basic concept of the procedure of works to be executed by Gram Panchayat and relevant registers as well as probable audit points in this regard which will help us to draw audit conclusions in a practical job scenario. We will also acquire knowledge on monitoring system of GP which will facilitate understanding of the checks and balances within the PRI system and thereby enable us to draw audit conclusion in respect of GP.		
Basic Concepts		
Explain: <ul style="list-style-type: none"> • The procedure of works to be executed by GP • Maintenance of Advance Register • Adjustment of Advance • Issue, Opening and acceptance of Tenders • Related registers and forms. • How the administrative regulations, supervision and reporting requirements have resulted Panchayat Samitis (PS) to have a supervisory role over Gram Panchayats(GP) and Zilla Parishads (ZP) supervise both GPs and PSs and the State Government oversees the entire legal-administrative framework relating to PRIs. Distribute participants' note and copy of Works Register, Allotment Register and Project Register. Copies of Registers will make participants familiar with the format Discuss the formats	Slide : Session 5- GP Works	
Audit of Works executed by GP		
Urge the participants to explore the probable audit points to be looked into regarding works executed by GP . Advise them to jot down their points. Suggest the probable audit points to be looked into the audit of works executed by GP.	Slide: Session 5 Audit Points GP works	
Application:		
Issue instruction for Exercise 1 , including time allowed for individual effort and for discussion on answers. Distribute Exercise 1 Distribute suggested solution Discuss the answers.	Session 5 Exercise 1 Session 5 Solution 1 Participants' Note	

Session Title: Audit of works executed by Gram Panchayat (GP) and Overall Monitoring of GP		Session Guide
Instructor's Guide	Reference	Participants' Response
Distribute Participants' Note		
Summarise:		
Delineate During the session, we discussed the system of monitoring of GP and the methods and procedures of works undertaken by the GP along with various allied issues viz. tenders and contracts, payments of advance and adjustments and postings of items in the different books of accounts and the probable audit points to be looked into regarding works executed by GP. Thank the participants and bring the session to a close.		


List of Forms required in Session 6:

1. Works Register
2. Allotment Register
3. Project Register

Procedure of works in GP

Slide 1

**PROCEDURE OF WORKS
IN GRAM PANCHAYAT**



Slide 2

Procedure of works
to be executed by Gram Panchayat (GP)

- > When GP decides to take up any work for execution at a meeting , it explore the suitability for its execution by the Gram Unnayan Samiti (GUS) .
- > If it is not possible to get the work executed by the GUS, an employee of GP may be entrusted with responsibility

Slide 3

Procedure of works
to be executed by GP contd.

- > Employee execute work under the guidance of GUS or a Supervisory Committee
- > Where it is not possible the GP may engage a Paymaster
- > Paymaster shall execute a bond in the form of Government Savings Certificates for an amount not below Rs.1000

Slide 4

Procedure of works
to be executed by Gram Panchayat (GP) contd.

- > No work shall be executed by the GP by engagement of contractor
- > Contractor may be engaged when-
 - project or scheme does not relate employment generation or social assistance and involves construction work
 - cost of the project exceeds Rs.1.00 lakh for general/sanitary/plumbing work and Rs.0.20 lakh for electrical work

Slide 5

Procedure of works
to be executed by Gram Panchayat (GP) contd.

- > For engagement of contractor tenders shall be invited :

Category of work	Value of work
General/ Sanitary/ Plumbing	Above Rs.1.00 lakh but does not exceed Rs.5.00 lakh
Electrical	Rs.0.20 lakh but does not exceed Rs.2.00 lakh

Slide 6

Procedure of works
to be executed by Gram Panchayat (GP) contd

Category of work	Value of work	Procedure
Electrical	Exceeding Rs.2.00 lakh	Sealed tender shall be invited openly
All work	Exceeding Rs.5.00 lakh	Tenders shall be published in the e-tender portal of the State Government.

Slide 7

Procedure of works
to be executed by Gram Panchayat (GP) contd.

- GP may enter into contract for engagement of contractor.
- Contractor participating in tender process shall deposit earnest money
- The time limit for execution as specified in the agreement shall be observed by the contractor



Slide 10

Advance Register

- GP shall maintain an Advance Register in Form No.14
- A separate page shall be allotted for every recipient of the advance
- Person receiving advance shall sign in appropriate column of the register
- payment of advance shall be entered in the payment side of the CB



Slide 8

Advance Payment

- Advance payment in relation to execution of works may be made to:
 - a **GUS** to the extent of estimated expenditure of the work
 - an **Employee** or a **Paymaster** it shall be limited to 25% of the labour component of the estimated expenditure of work
 - on receipt of adjustment of the earlier advance next advance payment may be made
 - .



Slide 11

Adjustment of Advance

- Advance sanctioned shall be adjusted by submission of detailed bill and unspent cash balance
- Bill shall be checked and certified by the Nirman Sahayak
- Pradhan of the GP shall pass "pay order" on the bill
- Cash refunded against drawal of advance shall be entered in the receipt side of the CB



Slide 9

Advance Payment contd.

- No advance payment on material cost shall be made
- Progress of expenditure will be watched through the Measurement Book
- The Custodian shall obtain all vouchers against advance payment
- An employee of GP or a Paymaster shall submit vouchers, muster rolls and other documents towards advance drawn within fifteen days



Slide 12


Register and Forms

- Appropriation Register** All grants and loans received from the Central or the State Government or any other authority shall be recorded in Appropriation Register in Form 15
- Programme Register** All projects under each programme assigned by the Central or the State Government or a ZP or PS are recorded in Programme Register (Form 16)

Slide 13

Registers & Forms contd.


Scheme Register	Scheme Register is a register of all developmental works, in Form 17
Measurement Book	Measurement of works in stage of in-process or completion of work, recorded in the Measurement Book. Form of MB is prescribed by Public Works Department.



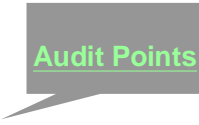
Slide 14

Registers & Forms contd.

Muster Roll	All payments of wages to the workers made either in cash or in kind or in both at the site of work shall be made through the Muster Roll in Form 18.
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Audit Points

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Audit points regarding of works in GP


Slide 1

Audit Points To Be Looked In To
Execution Of Works

Slide 2

- Audit points regarding
procedure for works
1. Did GUS or Supervisory Committee supervise the work where an employee of GP entrusted with responsibility for execution of Work? ?
 2. Did GP engage Paymaster where it was not possible to get the work executed by GUS or the Supervisory Committee?
 3. Whether Paymaster worked under technical guidance of Nirman Sahayak?

Slide 3

- Audit points regarding
procedure for works contd.
4. Did Paymaster execute bond as stipulated?
 5. Did GP execute work by engaging contractor in respect of a project or scheme which relate to any poverty alleviation, employment generation or social assistance programme?
 6. Whether contractor was engaged for the project, value of which did not exceed Rs.1.00 lakh in respect of general/sanitary/plumbing work. Such engagement is irregular.
- 

Slide 4

Audit points regarding
procedure for works contd.

6. Did the said person account for the money by submitting vouchers, muster rolls and other necessary documents within three months of taking such advance?
7. Did GP invited tender in respect of general/sanitary/plumbing work value of which exceed Rs.1.00 lakh? If not, the reasons may be examined.

Slide 7

Audit points regarding Advance Payment and
maintenance of Advance Register

- 13 Did the person granted advance, account for the money by submitting vouchers, muster rolls and other necessary documents within fifteen days of taking such advance?
- 14 Was an Advance Register in Form No. 16 maintained for recording payment of advances for execution of works?

Slide 5

Audit points regarding
procedure for works contd..

- 8 Did GP publish tender for works which exceeds value of Rs.5.00 lakh in the e-tender portal of the State Government?
- 9 Were any tenders other than the lowest tender accepted? If so, were proper reasons thereof recorded in writing?
- 10 Was Earnest money at the rate of 2% of the estimated cost of the project deposited in cash by the tenderer to the Pradhan?

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Audit points regarding Advance Payment and
maintenance of Advance Register

- 15 Was the Register signed by the recipient of advance, Pradhan and Secretary under appropriate columns?
- 16 Was a separate page allotted for each recipient of advance?
- 17 Was there a separate acknowledgment by the recipient in plain paper duly countersigned by the Pradhan for every such advance which could be treated as a proper voucher?

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Audit points regarding Advance Payment and
maintenance of Advance Register.

- 11 In case of advance payment made to an employee of the GP or a Paymaster, was the amount, thus paid, in excess of 25% of the total wage component of the total estimated expenditure of the scheme?
- 12 Was advance payment made on account of material cost?

Slide 9

Audit points regarding adjustment of advance

- 18 Was the advance sanctioned to the authorized person adjusted by submission of detailed work bill and unspent cash balance, if any?
- 19 Was the work bill above technically checked and certified by the Nirman Sahayak and passed by Pradhan as "pay order" to become a payment voucher?

Slide 10

Audit points regarding adjustment of advance contd.

- 20 Was the amount passed for payment posted in the payment side of the CB?
- 21 Were all transactions noted in the concerned register of the programme/scheme on the date/s of their taking place?



Slide 13

Audit points on Registers & Forms contd.

- 25 Was the MB maintained in the form prescribed by the PWD/WB Government?
- 26 Was the person who recorded the measurement authorized to do so?
- 27 Were the entries in the MB taken into consideration before releasing payment for the works undertaken by the GP?

Slide 11

Audit points on Registers & Forms

- 22 Was an Appropriation Register in Form No. 15 maintained to record all grants or loans received from Central or State Govt. or other authority?
- 23 Were all entries in the Appropriation Register made properly and signed by the Executive Assistant?

Slide 14

Audit points on Registers & Forms contd.

- 28 Was the Muster Roll (MR) maintained in Form No. 18?
- 29 Was there proper signature/LTI of the payee?
- 30 Was there any record to show that the disbursing personnel were authorized by the GP?



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Audit points on Registers & Forms contd.

- 22 Was any Programme Register maintained in Form No. 16 as per Procedure?
- 23 Was a separate page opened in the register for each such programme?
- 24 Was a Scheme Register maintained in Form No. 17 to record all development works undertaken by the GP through its own resources?

Monitoring of GP

Slide 1

Monitoring of Gram Panchayat (GP)

Slide 2

Monitoring of GP

- The three tiers of local self-government in West Bengal have executive authority and are supposed to be relatively independent of one another;
- In practice, however, the administrative regulations, supervision and reporting requirements have resulted in effect in a structure in which Panchayat Samitis (PS) have a supervisory role over Gram Panchayats (GP) and Zilla Parishads (ZP) supervise both GPs and PSs;
- The State Government oversees the entire legal-administrative framework relating to PRIs.

Slide 5

Salient provisions for the monitoring the GPs Contd.

4. A PS shall exercise general powers of supervision over GPs including examination of records on utilization of funds in respect of schemes or programmes assigned to the GP by the State Govt., ZP or PS in the Block, and it shall be the duty of these authorities to give effect to the directions of the PS;
- A PS may also require a GP to produce any record, correspondence, document, returns, plan, estimate, statements of accounts, etc.[cf. Sec. 115 of the Act];

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Salient provisions for the monitoring of the GPs

1. In accordance with the provisions of Section 18 of the W.B. Panchayat Act, 1973, copies of the Annual and Half-yearly Reports of the GP on its work along with the modifications after discussion in the meetings of Gram Sansad and Gram Sabha are to be sent to the PS;

Slide 6

Salient provisions for the monitoring of GP Contd.

5. A ZP may direct a GP to discharge any duty within a specified period, if such GP fails to discharge such duty in accordance with the prescribed provisions and, if such duty is not discharged within the period as aforesaid, appoint any person or persons or authority to discharge such duty and direct that the expenses thereof shall be paid by the GP concerned within such period as it may fix [cf. Sec. 163(3)(b)];

Slide 4

Salient provisions for the monitoring of the GPs

2. The State Government may withdraw any function assigned to a GP, if it is of the opinion that the said GP has persistently made default in the performance of the same [cf. Sec. 20(2) of the Act];
3. Copies of the approved Budget and the Supplementary Estimate of the GP are to be sent to the PS [cf. Sec. 48 & 49 of the Act];

Slide 7

Salient provisions for the monitoring of GP Contd.

6. A ZP may direct a GP to levy any tax, toll, fee or rate, if it fails to do so in accordance with the provisions of the Act [cf. Sec. 163 (3) c];
7. A ZP may call for meetings of a GP, if no meeting of GP is held in accordance with the provisions of the Act [cf. Sec. 163 (3) (d)];
8. A GP may appeal to the State Government against any direction of the ZP and the decision of the State Government will be final [cf. Sec. 163(5) of the Act];

Slide 8

Salient provisions for the monitoring of GP Contd.

9. The accounts of the funds of a GP shall be examined and audited by an auditor appointed by the State Govt. [cf. Sec.186 of the Act]. As per State Govt. Notification No.1149/ PN/0/ I/ 3C-2/ 2000 (Pt.II) dated:28.03.03, the Accountant General, Local Bodies Audit, West Bengal has been appointed by the Governor of West Bengal to examine and audit cent percent accounts of the funds of GP and the audit shall be done in accordance with the W.B. Panchayat (Gram Panchayat Audit, Accounts and Budget) Rules,2007;

Slide 11

Salient provisions for the monitoring of GP Contd.

13 The State Government shall appoint a Commissioner of Panchayats and Rural Development and such other officers as it may consider necessary for the purpose of inspecting or superintending the work of all the units of PRIs and the latter will have to produce any book, record, correspondence, plan, document, return etc called for by the former [cf. Sec. 205 of the Act];

Slide 9

Salient provisions for the monitoring of GP Contd.

10. The State Government may issue direction for special audit of the accounts of the funds of GP by such authority as the State Government may direct [cf. Sec.196B of the Act];

Slide 12

Salient provisions for the monitoring of GP Contd.

14 The State Government may, by order in writing, rescind any resolution passed by a GP, if in its opinion such resolution has not been legally passed, or is in excess of or abuse of the powers conferred by or under the Act or any other rules made there-under [cf. Sec. 209 of the Act].

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Slide 10

Salient provisions for the monitoring of GP Contd.

11. A mechanism for performance audit of the fund utilized by the GP shall be devised, by general or special order, by the State Government. This will ensure utilisation of fund, quality of the work performed and benefits generated out of the work performed.
- 12 A mechanism for social audit shall be devised to monitor the execution of works, the quality of the works executed or the services provided.

Exercise**Time: 15 mins.****Mark ✓ the correct answer:**

- 1 The recipient of an advance shall account for the money within 3 months from the date of taking such advance. **True / False**
- 2 Amount of advance shall not exceed 25% of the estimated expenditure. **True / False**
- 3 If the recipient of the advance does not account for the money within stipulated period,
 Pradhan will discuss the issue in Gram Sabha Pradhan may allow 30 days more time
 The person shall be liable to be prosecuted under Indian Penal Code
4. Separate page must be allotted for each recipient of the advance. **True / False**
5. A member of the Panchayat has to be selected for day to day supervision of the work taken up by the Gram Panchayat. **True / False**

Solution

1. False
2. True
3. The person shall be liable to be prosecuted under Indian Penal Code
4. True
5. False

Session Title

Audit of Works Executed by Gram Panchayat (GP) and Overall Monitoring of GP

Session Overview

We are now in the module on topics, wherein audit of works executed by GP along with relevant records and appreciation of the system of overall monitoring/ oversight of the GP could be carried out as an end in itself.

In the previous sessions, the evolution of PRIs, the audit of constitution of GP, GP Fund, GP Accounts and GP Budget were discussed.

In this session we will discuss audit of works executed by GP as well as system of monitoring of GP to the extent that the audit conclusion indicates:

- Whether the procedure of execution of works by GP is as per rules;
- Audit point is supported by evidence; and
- Monitoring of the GP by ZP, PS and the State Government is within the regulatory framework.

Works Executed by (GP)



Procedure of works to be executed by GP

Rule 17 of the W.B Panchayat (Gram Panchayat Accounts, Audit and Budget) Rules, 2007*

- Whenever any GP decides at a meeting to take up any particular work, project or scheme for execution, it shall explore the suitability for its execution by the Gram Unnayan Samiti (GUS) where the work is located. If it is not possible to get the work executed by the GUS, an employee of GP may be entrusted with responsibility for such execution under the guidance of GUS or a Supervisory Committee of three members. Where it is not possible to get the work executed either through a GUS or any of its employees, the GP may engage a

Paymaster under technical guidance of Nirman Sahayak and under supervision of GUS or the Supervisory Committee, Paymaster shall execute a bond and pledge security bonds in the form of Government Savings Certificates with the GP for an amount not below Rs.1000 as may be determined by the Artha-O-Parikalpana Upa-Samiti in consideration of the amount of advance sanctioned to him..

- No work shall be executed by the GP by engagement of contractor. However, when a project or scheme does not relate to any poverty alleviation, employment generation or social assistance programme and involves construction work for infrastructural development and cost of the project exceeds Rs.1.00 lakh for general/sanitary/plumbing work and Rs.0.20 lakh for electrical work it may engage a contractor for implementation of such project.

- For engagement of contractor, when the estimated value of the proposed work is above Rs.1.00 lakh but does not exceed Rs.5.00 lakh in case of general/sanitary/plumbing works or Rs.0.20 lakh but does not exceed Rs.2.00 lakh in case of electrical works, tenders shall be invited by the Artha-O-Parikalpana Upa-Samiti by publishing a notice in the GP/PS etc.

- If the estimated value of the work exceeds Rs.2.00 lakh in case of electrical works, sealed tenders shall be invited by publishing a notice in at least one local newspaper widely circulated in the area.

- If the estimated value of the work exceeds Rs.5.00 lakh tenders shall be published in the e-tender portal of the State Government.

- For engagement of contractor the GP may enter into contract.

- Contractor participating in tender process shall deposit earnest money amounting to two per cent of the estimated value of the work.

- The time limit for execution of work, as specified in the agreement shall be observed by the contractor.

- The specific amount of penalty for each day of delay shall be determined by the Artha-O-Parikalpana Upa-Samiti.

- All payment shall be made on the basis of a bill supported by the measurement book entries prepared by the engineer-in-charge.

* Position as per specific State scenario.

- All payments shall be made after Tax Deduction at source on account of IT and ST.

Audit points regarding procedure for execution of works in GP

1. Did GUS or Supervisory Committee supervise the work where an employee of GP entrusted with responsibility for execution of Work?
2. Did GP engage Paymaster where it was not possible to get the work executed by GUS or the Supervisory Committee?
3. Whether Paymaster worked under technical guidance of Nirman Sahayak?
4. Did Paymaster execute bond as stipulated?
5. Did GP execute work by engaging contractor in respect of a project or scheme which relate to any poverty alleviation, employment generation or social assistance programme?
6. Was Earnest money at the rate of 2% of the estimated cost of the project deposited in cash by the tenderer to the Pradhan and taken into account in all the relevant books of accounts?
7. Whether contractor was engaged for the project value of which did not exceed Rs.1.00 lakh in respect of general/sanitary/plumbing work. Such engagement is irregular.
8. Did GP invited tender in respect of general/sanitary/plumbing work value of which exceed Rs.1.00 lakh? If not, the reasons may be examined.
9. Did GP publish tender for works which exceeds value of Rs.5.00 in the e-tender portal of the State Government?
10. Were any tenders other than the lowest tender accepted? If so, were proper reasons thereof recorded in writing?
11. Was there any case of acceptance of tender, the cost of which exceeded the estimated cost of the project, approved by the GP? If so, it was irregular.

Advance Payment for Works

Rule 20 of the W.B Panchayat (Gram Panchayat Accounts, Audit and Budget) Rules, 2007

1. An advance payment in relation to execution of works may be made to a GUS to the extent of estimated expenditure of the work. In case of execution of a work by an employee of the GP or a Paymaster advance payment at a time shall be limited to twenty five per cent of the labour component of the estimated

expenditure of the work. The next advance payment shall be made on receipt of adjustment of the earlier fund advanced.

2. No advance payment on account of material cost relating to the scheme shall be made.
3. Progress of expenditure of the amount advanced will be watched through recording of such advance payment with its purpose in the Measurement Book (MB).
4. The Custodian shall obtain all vouchers of the previous advance payment and verify them with reference to the MB and other records.
5. An employee of GP or a Paymaster receiving an advance payment shall submit vouchers, muster rolls and other documents within fifteen days failing which he shall be answerable to the Pradhan, GP and may be proceeded against under the law by the GP.

Maintenance of Advance Register in GP

Rule 21 of the W.B Panchayat (Gram Panchayat Accounts, Audit and Budget) Rules, 2007

The GP shall maintain an Advance Register in Form No.14 for payment of advance. A separate page shall be allotted for every recipient of the advance and the person receiving such advance shall sign under appropriate column of the Advance Register. He shall also grant a receipt of the advance on plain paper which shall be countersigned by the Pradhan and shall be treated as voucher. This payment of advance shall be entered in the payment side of the CB under a heading "Advance" along with a note of the date on which the advance is actually made.

Audit points regarding Advance Payment and maintenance of Advance Register

1. In case of advance payment made to an employee of the GP or a Paymaster, was the amount, thus paid, in excess of 25% of the total wage component of the total estimated expenditure of the scheme?
2. Was advance payment made on account of material cost?
3. Did the person granted advance, account for the money by submitting vouchers, muster rolls and other necessary documents within fifteen days of taking such advance?

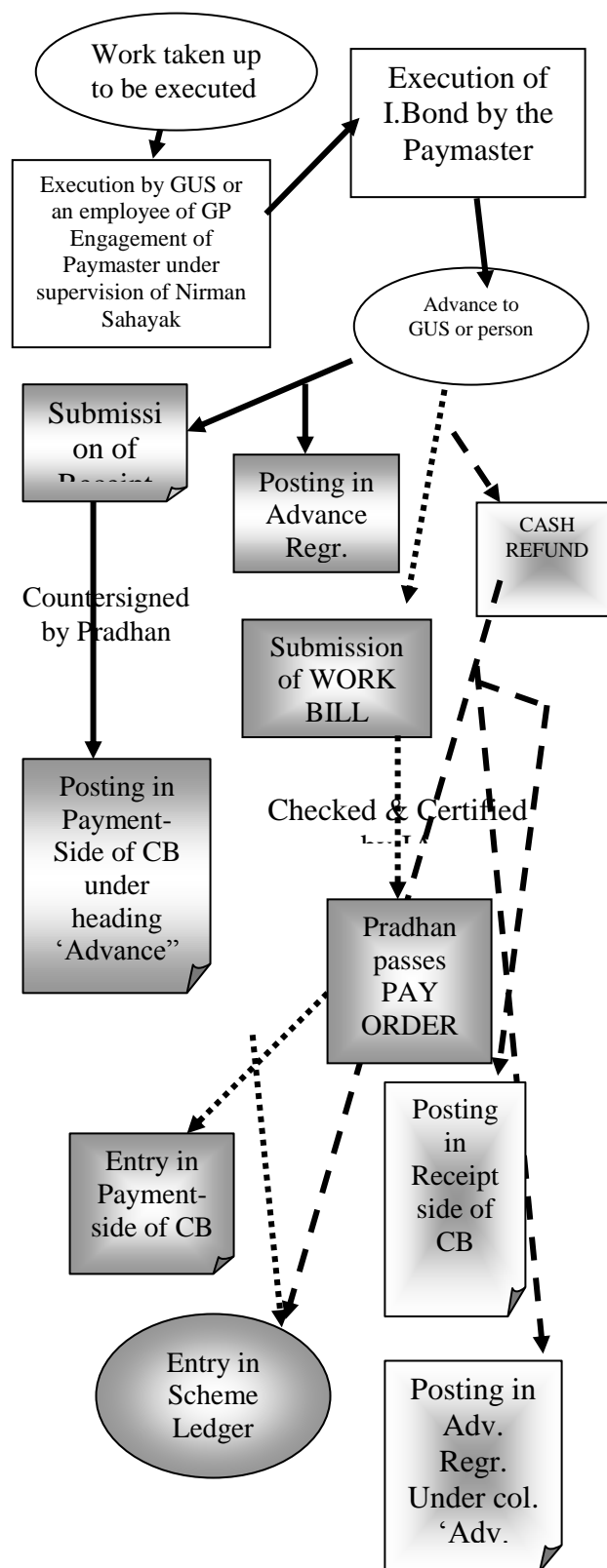
4. Was an Advance Register in Form No. 16 maintained for recording payment of advances for execution of works?
5. Were all the columns of the said Register duly filled in?
6. Was the Register signed by the recipient of advance, Pradhan and Secretary under appropriate columns?
7. Was a separate page allotted for each recipient of advance?
8. Was there a separate acknowledgment by the recipient in plain paper duly countersigned by the Pradhan for every such advance which could be treated as a proper voucher?
9. Was each payment recorded in the payment side of the CB under the heading "Advance" (along with a suitable note) on the date of such payment?

Adjustment of advance

Rule 22 of the W.B Panchayat (Gram Panchayat Accounts, Audit and Budget) Rules, 2007

1. An advance sanctioned shall be adjusted by submission of detailed work bill and unspent cash balance, if any.
2. No work bill shall be accepted as adjustment unless the same is technically checked and certified by the Nirman Sahayak of the GP. After the work bill is checked and certified by the Nirman Sahayak, the Pradhan of the GP shall pass "pay order" on the bill. Thereafter, the work bill may be treated as payment voucher in final adjustment.
3. The voucher(s) and cash refunded shall be entered in the Advance Register under the heading "Refund of Advance" and cash refunded by the concerned person to whom advance was sanctioned shall be entered in the receipt side of the CB. On the day the payment order is passed the expenditure shall be booked in the Programme Register or the Scheme Register
4. Adjustment shall be made in full either in cash or by vouchers or by both.

An illustration of the various steps for adjustment of advances is given below:



Audit points regarding adjustment of advance

1. Was the advance sanctioned to the authorized person adjusted by submission of detailed work bill and unspent cash balance, if any?
2. Was the work bill above technically checked and certified by the Nirman Sahayak and passed by Pradhan as "pay order" to become a payment voucher?
3. Was the cash refunded by the member/contractor recorded both in the Advance Register in the appropriate column under the heading "Advance Recovered" along with suitable notes, and in the receipt side of the CB?
4. Was the amount passed for payment posted in the payment side of the CB?
5. Were all transactions noted in the concerned register of the programme/scheme on the date/s of their taking place?

Registers and Forms to be maintained by the GP in connection with execution of work

Rule 19 of the W.B Panchayat (Gram Panchayat Accounts, Audit and Budget) Rules, 2007

1. **Appropriation Register:** All grants and loans received from the Central or the State Government or any other authority and utilization thereof shall be recorded in Appropriation Register in Form 15.
2. **Programme Register:** The GP maintains a register, in Form 16, of all projects under each programme assigned by the Central or the State Government or a Zilla Parishad or a Panchayat Samiti.
3. **Scheme Register:** Scheme Register is a register of all developmental works, in Form 17, undertaken by GP through its own resources.
4. **Measurement Book:** Measurement of works irrespective of whether they are in stage of in-process or completion, recorded in the Measurement Book. Measure Book is maintained in the Form prescribed by Public Works Department.
5. **Muster Roll:** All payments of wages to the workers made either in cash or in kind or in both at the site of work shall be made through the Muster Roll in Form 18.

Audit points regarding maintenance of Registers & Forms

1. Was an Appropriation Register in Form No. 15 maintained to record all grants or loans received from Central or State Govt. or other authority?
2. Were all entries in the Appropriation Register made properly and signed by the Executive Assistant?
3. Was any Programme Register maintained in Form No. 16 as per Procedure?
4. Was a separate page opened in the register for each such programme?
5. Was a Scheme Register maintained in Form No. 17 to record all development works undertaken by the GP through its own resources?
6. Measurement Book (MB) is a vital initial record which may need to be produced in a court of law, and hence, it should be maintained very carefully. The following points may be kept in view:
 - a. Was the MB maintained in the form prescribed by the PWD/WB Government?
 - b. Was the person who recorded the measurement authorized to do so?
 - c. Were the entries in the MB attested by Pradhan?
 - d. Were the entries taken into consideration before releasing payment for the works undertaken by the GP?
 - e. Did the entries in the MB tally with the relevant contra entries in other registers and ledgers?
7. Was the Muster Roll (MR) maintained in Form No. 18?
8. Was there proper signature/LTI of the payee?
9. Was there signature of the Identifier in every case of payment?
10. Was there any record to show that the disbursing personnel were authorized by the GP?
11. Was the MR attested by Secretary and Pradhan?
12. Was each MR maintained chronologically indicating the year of its user?
13. Were there suitable contra entries in the other relevant registers and documents including CB?
- 14.

Monitoring of GP

Basic Concept

The three tiers of local self-government in West Bengal have executive authority and are supposed to be relatively independent of one another. In practice, however, the administrative regulations, supervision and reporting requirements have resulted in effect in a structure in which Panchayat Samitis (PS) have a supervisory role over Gram Panchayats (GP) and Zilla Parishads (ZP) supervise both GPs and PSs. The State Government oversees the entire legal-administrative framework relating to PRIs.

Some of the salient provisions for the monitoring / oversight of the GPs are as under:

1) Copies of the Annual and Half-yearly Reports of the GP on its work along with the modifications after discussion in the meetings of Gram Sansad and Gram Sabha are to be sent to the PS (Section 18 of the W.B. Panchayat Act, 1973).

2) The State Government may withdraw any function assigned to a GP, if it is of opinion that the said GP has persistently defaulted in the performance of the same [cf. Sec. 20(2) of the Act].

3) Copies of the approved Budget and the Supplementary Estimate of the GP are to be sent to the PS [cf. Sec. 48 & 49 of the Act].

4) A PS shall exercise general powers of supervision over GPs including examination of records on utilization of funds in respect of schemes or programmes assigned to the GP by the State Govt., ZP or PS in the Block, and it shall be the duty of these authorities to give effect to the directions of the PS. A PS may also require a GP to produce any record, correspondence, document, returns, plan, estimate, statement of accounts, etc [cf. Sec. 115 of the Act].

5) A ZP may direct a GP to discharge any duty within a specified period, if such GP fails to discharge such duty in accordance with the prescribed provisions. If such duty is not discharged within the period as aforesaid, the ZP may appoint any person or persons or authority to discharge such duty, and direct that the expenses thereof shall be paid by the PS or GP concerned within such period as it may fix [cf. Sec. 163(3)(b)].

6) A ZP may direct a GP to levy any tax, toll, fee or rate, if it fails to do so in accordance with the provisions of the Act [cf. Sec. 163 (3) ©].

7) A ZP may call for meetings of a GP, if no such meeting is held in accordance with the provisions of the Act [cf. Sec. 163 (3) (d)].

8) A GP may appeal to the State Govt. against any direction of the ZP and the decision of the State Government will be final [cf. Sec. 163(5) of the Act].

9) The accounts of the funds of a GP shall be examined and audited by an auditor appointed by the State Government [cf. Sec.186 of the Act]. As per State Government Notification No.1149/PN/0/I/3C-2/2000 (Pt. II) dated: 28.03.03, the Accountant General, Local Bodies Audit, West Bengal has been appointed by the Governor of West Bengal to examine and audit cent percent accounts of the funds of GP and the audit shall be done in accordance with the W.B. Panchayat (GP Accounts, Audit and Budget Rules), 2007.

10) The State Government may issue direction for special audit of the accounts of the funds of GP by such authority as the State Govt. may direct [cf. Sec.196B of the Act].

11) A mechanism for performance audit of the fund utilized by the GP shall be devised, by general or special order, by the State Government to ensure utilisation of fund following the norms and procedure applicable, quality of the work performed, usefulness of the asset created and the benefits generated out of the work performed [cf. Sec.196C of the Act].

12) A mechanism for social audit of the fund utilized by a GP shall be devised, by general or special order, by the State Government to monitor the execution of works, the quality and utility of the works executed or the services provided and the

13) The State Government shall appoint a Commissioner of Panchayat and Rural Development and such other officers as it may consider necessary for the purpose of inspecting or superintending the work of all the units of PRIs and the latter will have to produce any book, record, correspondence, plan, document, return etc called for by the former [cf. Sec. 205 of the Act].

14) The State Government may, by order in writing, rescind any resolution passed by a GP, if in its opinion, such resolution has not been legally passed, or is in excess of or abuse of the powers conferred by or under the Act or any other rules made there-under [cf. Sec. 209 of the Act].

Summary

The session talks about methods and procedures of works undertaken by the GP viz. tenders and contracts, payments of advances and adjustments, postings of items in the different books of accounts and audit points thereon along with monitoring of the GP by ZP, PS and the State Government.

Session 6

Session Title

Right to Information Act and Social Audit:



- **Instructor's Guide**
- **PowerPoint Slides**
- **Participants' Note**

Session Title: Right to Information Act and Social Audit		Session Guide
Instructor's Guide	Reference	Participants' Response
Session Overview		
Welcome participants to the session and remind them that their active participation is critical for the success of each session.		
Learning Objective		
Delineate: By the end of this session, we will gather an understanding of Right to Information Act 2005 and social audit, the role of PRIs and NGOs in the sphere of social audit and the value of institutionalizing a process of social audits of Panchayats.		
Basic Concepts		
Explain: <ul style="list-style-type: none"> • The Right to Information Act, 2005 and Rajasthan Right to Hearing Act, 2012 • The objective of social audit and impact of RTI Act on social audit. • The Audit of Scheme Rules 2011 and Social Audit Manual 2015 framed by the Ministry of Rural Development (MORD) for statutory social audit of rural development works. • Significance of Social Audit Distribute Participants' Note	Slide : Session 6 Social Audit and Right To Information Participants ' Note	
Experience:		
Inform: We will now watch a documentary-movie on 'Right to Information' which shows how 'Jan Sunwai' (public hearing) plays a major role in social audit.	VCD on 'Right to Information'	
Thank the participants and bring the session to a close.		

Social Audit and RTI

Slide 1

Right to Information Act and Social Audit

Slide 2

Right to Information Act 2005

- ◆ The Right to Information Act came into force on October 2005
- ◆ Act empowered the citizens to secure access to information of **public authorities** in order to:
 - promote transparency and accountability in the working of the Government
 - contain corruption
 - enhance people's participation in democratic process

Slide 3

Public Authority

- ◆ A "public authority" is any authority or body or institution of self government established or constituted by or under the Constitution; or by any other law made by the Parliament or a State Legislature; or by notification issued or order made by the Central Government or a State Government

Slide 4

Public Authority contd.

Every public authority should:

- ◆ maintain all its records duly catalogued and indexed to facilitate the right to information
- ◆ provide as much information suo motu to the public through various means
- ◆ publish details of its organisation as stipulated under section 4(1)(b) of the Act i.e.
 - the particulars of organisation, functions and duties;
 - the powers and duties of its officers and employees;

Slide 5

Public Authority contd.

- the norms set by it for the discharge of its functions;
- the rules, regulations, instructions, manuals and records, held by it;
- a statement of the categories of documents that are held by it;
- the particulars of any arrangement that exists for consultation with public for formulation of its policy and implementation;
- ;

Slide 6

Public Authority contd.

- details in respect of the information, available to or held by it, reduced in an electronic form;
- the particulars of facilities available to citizens for obtaining information;
- the names, designations and other particulars of the Public Information Officers;
- ◆ designate Public Information Officers (PIO) and First Appellate Authorities;

Slide 7

Definition of Record

Record includes any document, manuscript and file; any microfilm, microfiche and facsimile copy of a document any reproduction of image or images embodied in such microfilm, any other material produced by a computer or any other device

Slide 10

Information Exempted From Disclosure

- ◆ disclosure of which would prejudicially affect the sovereignty and integrity of India,
- ◆ disclosure of which would cause a breach of privilege of Parliament or State Legislature,
- ◆ Cabinet papers including records of deliberations of the Council of Ministers, Secretaries and other Officers

Slide 8

Definition of Information

- ◆ **Information means** any material in any form including records, documents, memos, e-mails, opinions, advices, press releases, circulars, orders, log books, contracts, reports, papers, samples, models, data materials, held in any electronic form and information relating to any private body

Slide 11

Time Period for Supply of Information

- ◆ In normal course, information shall be supplied within 30 days from the receipt of application;
- ◆ Additional 05 days shall be added if the application is received through APIO;
- ◆ In cases of additional fee period intervening between informing the applicant about fee and the receipt of such fee shall be excluded;
- ◆ information concerning life or liberty of a person shall be supplied within 48 hours;

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Definition of Information contd.

- ◆ Right includes inspection of work, documents and records, taking notes, extracts or certified copies of documents or records, and taking certified samples of material;
- ◆ PIO should not furnish information which require drawing of inference and/or making of assumptions, or to interpret information, or to solve the problems raised by the applicants or hypothetical questions raised by applicant;

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Time Period for Supply of Information contd

- ◆ An applicant can file an appeal to the first appellate authority if the information is not supplied to him within the prescribed time or applicant is not satisfied with the information furnished;
- ◆ First appellate authority shall dispose of the appeal within a period of thirty days or in exceptional cases within 45 days of the receipt of the appeal;
- ◆ If the first appellate authority fails to pass an order within the prescribed period or order is not satisfactory a second appeal with the Information Commission within ninety days of receipt of order may be preferred

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Fee for Seeking Information

- ◆ The applicant seeking information shall furnish a demand draft or a bankers cheque or an Indian Postal Order of Rs.10/- (Rupees ten) along with the application. The payment can also be made by way of cash.
- ◆ Further fee towards the cost of providing the information as prescribed by the Right to Information Rules, 2012 and intimated by the PIO to applicant are required to be paid.

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Social Audit

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Right to Hearing

- ◆ State Government of Rajasthan enacted the Rajasthan Right to Hearing Act, 2012 as another major step towards good governance
- ◆ This Act provide the right of hearing to the people on any grievance or complaint related to governance
- ◆ Government of Kerala has also decided to bring the Right to Hearing Act

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Introduction**Social audit is:**

- ◆ verification of the implementation of programme, scheme and its results with the active involvement of the primary stakeholders,
- ◆ comparing official records with actual ground realities with the participation of the community,
- ◆ reading out the findings of the verification exercise aloud in a public platform,

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Right to Hearing**Salient provisions of the Rajasthan Right to Hearing Act, 2012 are-**

- ◆ The State Government notify from time to time, the Public Hearing Officer (PHO), First Appellate Authority (FAA), Second Appellate Authority (SAA) and stipulated time limits
- ◆ The PHO provide an opportunity of hearing to the citizen, on a complaint filed
- ◆ Any citizen not provided an opportunity of hearing may file an appeal to the FAA
- ◆ A second appeal against the decision of the FAA may be filed to the SAA by the citizen
- ◆ SAA may impose a penalty of not less than Rs.500 and not exceeding Rs.5000 on PHO in case of failure to provide an opportunity of hearing

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Introduction contd.

- ◆ The origin of social audit and jansunwais was developed from an agitation for minimum wages by the Majdoor Kishan Shakti Sangathan in the rural Rajasthan in the late 1980 which took full shape after 1994.
- ◆ That jansunwais was the driving force behind Right to Information Act.
- ◆ Social audits are mandates for in almost all the schemes at present.
- ◆ In MGNREGA Social Audit is an integral part.

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Introduction contd.

- ◆ Social Audit was formally brought through Audit of Schemes Rules 2011 framed by the Ministry of Rural Development (MORD), Government of India in consultation with the C&AG.
- ◆ MORD also brought out Social Audit Manual in 2015 for guidance of Social Audit Units across different states.

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Broad Provisions

- ◆ Provisions to be complied with by state government:
 - ◆ Identify or establish an independent organization - **Social Audit Unit** - to facilitate the conducts of social audit;
 - ◆ Conduct social audit in every gram panchayat at least once in every six months;
 - ◆ Identify, train and deploy resource persons at the village, block, district and state level;

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Objectives of social audit

- ◆ Promote transparency and accountability in the implementation of a programme,
- ◆ Inform and educate people about their rights and entitlements,
- ◆ Provide a collective platform for people to express their needs and grievances,
- ◆ Make Gramsabha a platform for positive collective action through social audit,
- ◆ Improve the capacity of local stake holders,

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Broad Provisions contd.

- ◆ Ensure Civil society organizations an important part of the social audit;
- ◆ Ensure mandatory presence of officials and answers queries raised in the social audit gram sabha and public hearing;
- ◆ Provide all the records mentioned in the Rules to the social audit teams;
- ◆ Ensure that the social audit is done on 100% verification of beneficiaries and worksites;
- ◆ Ensure that the follow up action is taken on the findings of the social audit

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Objectives of social audit contd..

- ◆ Strengthen the programme by deterring corruption,
- ◆ Democratize decision making,
- ◆ Detecting malfunctioning and promoting corrective actions,
- ◆ Strengthening local governance,
- ◆ Complement formal audit process.

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Social Audit Unit

- ◆ Every State must have a Social Audit Unit (SAU) with an independent staff structure comprising of :
 - ◆ State resource persons and thematic experts
 - ◆ District resource persons
 - ◆ Village resource persons

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Responsibility of SAU

- ◆ **Ensure social audit is conducted in every gram panchayat twice a year;**
- ◆ **Ensure that social audit is conducted as per the Audit of Schemes Rules 2011;**
- ◆ **Prepare a calendar at the beginning of the year;**
- ◆ **Develop guidelines which shall regulate all activities of social audit;**
- ◆ **Build partnership with civil society organizations**
- ◆ **Liaise with the C&AG for strengthening the implementation of the social audit**

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District Resource Persons

- ◆ Responsible for identification and training for village resource persons
- ◆ Provide awareness and information regarding programme to beneficiaries
- ◆ Responsible for collecting all information from the block office and cross checking that the information is complete
- ◆ Responsible for ensuring that the social audit report is written and evidences collected
- ◆ Participate and facilitate follow up appraisal meeting

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Responsibilities of Director SAU

- ◆ Ensure social audits are in compliance with the Audit of Scheme Rules
- ◆ Design and development of programmatic guidelines
- ◆ Undertake all activities necessary to fulfill the objectives and visions of the society.
- ◆ Anchor all interactions and communications with the department implementing the programme

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Process of Social Audit

- ◆ The first step is to develop a calendar with sequence and dates of social audit gram sabhas and social audit public hearings for all the GPS.
- ◆ DPC to ensure documents are provided to the team according to mandate of Audit of Scheme Rules.
- ◆ Social Audits conducted on the basis of incomplete records are not considered as a complete social audit.

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State Resource Persons and Thematic Experts

- ◆ Liaisons with CSOs in the States to ensure effective partnerships between the SAU and CSOs
- ◆ Bring in grassroot experience in the design and development of social audit
- ◆ Conduct research and data analysis on the findings of social audit
- ◆ To evaluate social audit process and the resource persons in the states.

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Social Audit Field Verification

- ◆ On receiving of all information the Village Resource Persons (VRP) will conduct verification of muster rolls, worksites, cash book, bank statements etc.
- ◆ VRPs must interact with people in small meeting, visit beneficiaries, and visit all works.
- ◆ VRPs must hold focus group discussions with beneficiaries, PRI representatives, SHGs etc.

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Social Audit Gram Sabha

- ◆ GP and VRPs should ensure that the date of social audit gram sabha is communicated to people in advance.
- ◆ Social audit gram sabha should be a forum that is open for participation of all and should be presided by a non political person
- ◆ Sabha should be attended by all officials responsible for implementation of the program

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Post Public Hearing Follow Up

- ◆ A social audit is not complete unless there is a time bound follow up action on the grievances that are identified during social audit.
- ◆ The findings of the social audits shall be submitted to the Comptroller and Auditor General of India

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Social Audit Gram Sabha contd..

- ◆ There must be Independent Observer (IO), a Government Officer, not involved in implementation of the programme.
- ◆ The IO will record the evidence of the job card holder alongwith with the version of irregularities in social audit.
- ◆ Sabha will have a mike so that the proceedings are clear to all.
- ◆ The social audit gram sabha should be video recorded

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Significance of Social Audit

- ◆ Closely linked with provisions for social audit are measures for enforcing transparency and Right to Information (RTI).
- ◆ Government is incurring huge expenditure on development purpose, a large portion of that are executed through local bodies.
- ◆ PRI's are now handling employment generation, infrastructure, agriculture, drinking water, sanitation, education and several other welfare schemes

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Social Audit Public Hearing

- ◆ Social audit public hearing will be held in the block headquarters in the presence of beneficiaries, GP, block, district level officials, media and representatives of CSOs.
- ◆ Social audit public hearing will ensure that the orders are issued open on the social audit findings and action taken.
- ◆ Social audit gram sabha findings is reviewed by the DPC in the hearing and final orders passed in the open.

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Significance of Social Audit contd.

- ◆ The accountability and transparency mechanism in the local bodies is commensurate with the increasing responsibilities.
- ◆ The mechanism of social audit can deal with this increasing responsibilities and transparency.
- ◆ Right-to-information initiatives are stymied due to inadequacy of civil society institutions to play a role; lack of popular awareness and interest, poor state of record-keeping etc.

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Significance of Social Audit contd.

- ◆ Social audit needs more champions and motivators and dedicated volunteers to sustain participatory functioning.
- ◆ Interfaces between social audit and statutory audit is needed to facilitate transparency.
- ◆ The Auditor should be aware of social audits that are carried out, review the related records and accordingly make a comment.

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'Right to Information' -A Movie

- ◆ A short movie on the introduction by *MKSS* of participatory social auditing as a way of ordinary people seeking and using their Right to Information in a collective fashion through *Jan Sunwais* may now be seen.

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Important Audit Observations on Social Audit

**Performance Audit of MGNREGS
Union Government Civil (Report No. 6 of 2013)**

- ◆ Regular social audit of all projects /works was not conducted by gram sabhas in 11 states and one UT
- ◆ In 163 GPs of two states and one UT action taken report on social audit was not available
- ◆ Provision of selecting secretary of the social audit forum from outside the GP officials was not observed by 34 GPs in Kerala and one GP in Odisha.
- ◆ 10 state governments and 4 UTs had not constituted social audit units.

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Important Audit Observations on Social Audit

**Performance Audit of IAY, Union Government
Civil (Report No. 37 of 2014)**

- ◆ **In selected districts of 22 states social audit of IAY were not conducted. This indicated that social audit system was not given due emphasis by any of the states.**

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Session Title **Right to Information Act and Social Audit**

Session Overview

In this session, we will discuss the Right to Information Act 2005, concept and practice of social audit as defined in Social Audit Manual as well as the right to information in the context of PRIs.

Learning Object

At the end of the session, we will gather an understanding of Right to Information Act 2005, social audit, the role of State Governments and GPs in conducting social audit and the value of institutionalizing a process of social audits of Panchayats.

Right to Information Act 2005

Right to Information of a citizen is derived from fundamental right of freedom of speech and expression under Article 19 of the Constitution. The Right to Information Act passed by the Parliament of India on 15 June 2005 and came into force on October 2005, empowered the citizens, to secure access to information under the control of **public authorities** in order to promote transparency and accountability in the working of the Government, to contain corruption, and to enhance people's participation in democratic process thereby making our democracy work for the people in a real sense. Under the provisions of the Act any citizen may request information from a public authority which is required to reply expeditiously within 30 days.

Salient features of the RTI Act Public Authority

A "public authority" is any authority or body or institution of self government established or constituted by or under the Constitution; or by any other law made by the Parliament or a State Legislature; or by notification issued or order made by the Central Government or a State Government.

Right to Information under the Act

Act provides that every public authority should:

- maintain all its records duly catalogued and indexed in a manner and the form which facilitates the right to information under this Act and ensure that all records that are appropriate to be computerised are, within a reasonable

time and subject to availability of resources, computerised and connected through a network all over the country on different systems so that access to such records is facilitated.

- provide as much information suo motu to the public through various means of communications so that the public have minimum need to use the Act to obtain information. Internet being one of the most effective means of communication, the information may be posted on the website.

- publish following sixteen categories of information under section 4(1)(b) of the Act:

- the particulars of its organisation, functions and duties;
- the powers and duties of its officers and employees;
- the procedure followed in the decision making process, including channels of supervision and accountability;
- the norms set by it for the discharge of its functions;
- the rules, regulations, instructions, manuals and records, held by it or under its control or used by its employees for discharging its functions
- a statement of the categories of documents that are held by it or under its control;
- the particulars of any arrangement that exists for consultation with, or representation by, the members of the public in relation to the formulation of its policy or implementation thereof;
- a statement of the boards, councils, committees and other bodies consisting of two or more persons constituted as its part or for the purpose of its advice, and as to whether meetings of those boards, councils, committees and other bodies are open to the public, or the minutes of such meetings are accessible for public;
- directory of its officers and employees;
- the monthly remuneration received by each of its officers and employees, including the system of compensation as provided in its regulations;
- the budget allocated to each of its agency, indicating the particulars of all plans, proposed expenditures and reports on disbursements made;

- the manner of execution of subsidy programmes, including the amounts allocated and the details of beneficiaries of such programmes; public use;
- particulars of recipients of concessions, permits or authorisations granted by it;
- details in respect of the information, available to or held by it, reduced in an electronic form;
- the particulars of facilities available to citizens for obtaining information, including the working hours of a library or reading room, if maintained for
- the names, designations and other particulars of the Public Information Officers.
- Designate Public Information Officers (PIO). PIOs may seek the assistance of any other officer as he or she considers it necessary for the proper discharge of his or her duties. Public authorities should also designate the First Appellate Authorities and publish their particulars alongwith the particulars of the PIOs.
- Record includes any document, manuscript and file; any microfilm, microfiche and facsimile copy of a document any reproduction of image or images embodied in such microfilm, any other material produced by a computer or any other device.
- Information means any material in any form including records, documents, memos, e-mails, opinions, advices, press releases, circulars, orders, log books, contracts, reports, papers, samples, models, data materials, held in any electronic form and information relating to any private body which can be accessed by a public authority.
- A citizen has a right to seek such information from a public authority which is held by the public authority or which is held under its control. This right includes inspection of work, documents and records; taking notes, extracts or certified copies of documents or records; and taking certified samples of material held by the public authority or held under the control of the public authority.
- The PIO is not required to furnish information which require drawing of inference and/or making of assumptions, or to interpret information, or to solve the problems raised by the applicants, or to furnish replies to hypothetical questions.

Information Exempted From Disclosure

- Information, disclosure of which would prejudicially affect the sovereignty and integrity of India, the security, strategic, scientific or economic interest of the State, relation with foreign state or lead to incitement of an offence;
- Information, the disclosure of which would cause a breach of privilege of Parliament or State Legislature; or
- Cabinet papers including records of deliberations of the Council of Ministers, Secretaries and other Officers.

Format of Application

There is no prescribed format of application for seeking information. The application can be made on plain paper. The applicant should mention the address at which the information is required to be sent.

Time Period for Supply of Information

In normal course, information to an applicant shall be supplied within 30 days from the receipt of application by the public authority.

Additional 05 days shall be added to the time period if the application is received through APIO.

In cases where the applicant is asked to pay additional fee the period intervening between informing the applicant about additional fee and the receipt of such fee by the public authority shall be excluded for calculating the period of furnishing reply.

If information sought concerns the life or liberty of a person, it shall be supplied within 48 hours.

An applicant can file an appeal to the first appellate authority if the information is not supplied to him within the prescribed time of thirty days or 48 hours, as the case may be, or is not satisfied with the information furnished to him. The first appellate authority of the public authority shall dispose of the appeal within a period of thirty days or in exceptional cases within 45 days of the receipt of the appeal.

If the first appellate authority fails to pass an order on the appeal within the prescribed period or if the appellant is not satisfied with the order of the first appellate authority, he may prefer a second appeal with the Information Commission within ninety days from the date on which the decision should

have been made by the first appellate authority or was actually received by the appellant.

Fee for Seeking Information

- A citizen who desires to seek some information from a public authority is required to send, along with the application, a demand draft or a bankers Cheque or an Indian Postal Order of Rs.10/- (Rupees ten), payable to the Accounts Officer of the public authority as fee prescribed for seeking information. The payment of fee can also be made by way of cash to the public authority.
- The applicant may also be required to pay further fee towards the cost of providing the information, details of which shall be intimated to the applicant by the PIO as prescribed by the Right to Information Rules, 2012. Rates of fee as prescribed in the Rules are given below:
 - rupees two (Rs.2/-) for each page (in A-3 or smaller size paper) ;
 - actual cost or price of a photocopy in larger size paper;
 - actual cost or price for samples or models;
 - rupees fifty (Rs.50/-) per diskette or floppy; and
 - price fixed for a publication or rupees two per page of photocopy for extracts from the publication
 - so much of postal charges involved in supply of information that exceeds fifty rupees.
 - A citizen has a right to inspect the records of a public authority. For inspection of records, the public authority shall charge no fee for the first hour. But a fee of rupees five (Rs.5/-) for each subsequent hour (or fraction thereof) shall be charged.

Right to Hearing

Right to hearing is another major step towards facilitation and good governance. To provide the right of hearing to the people within stipulated time limits on any grievance or complaint related to governance State Government of Rajasthan enacted the Rajasthan Right to Hearing Act, 2012. Encouraging with the successful implementation of the Act in Rajasthan the Government of Kerala has also decided to bring the Right to Hearing Act, a piece of legislation.

The salient provisions of the Rajasthan Right to Hearing Act, 2012 are-

- The State Government may notify from time to time, the Public Hearing Officer (PHO), First Appellate Authority (FAA), Second Appellate Authority (SAA) and stipulated time limits.
- The PHO shall provide an opportunity of hearing to the citizen, on a complaint filed under the Act within the stipulated time.
- For efficient and effective redressal of grievance of the people State Government shall establish Information and Facilitation Centers.
- Any citizen not provided an opportunity of hearing or aggrieved by the decision of PHO may file an appeal to the first appellate authority. The first appellate authority may order PHO to provide the opportunity of hearing.
- A second appeal against the decision of the first appellate authority shall be filed to the second appellate authority by the citizen. The second appellate authority may order the PHO or the first appellate authority to provide an opportunity of hearing and where the authority is of opinion that the PHO has failed to provide an opportunity of hearing it may impose on him a penalty of not less than five hundred rupees and not exceeding five thousand rupees.

Social Audit Introduction

Social audit is a process of verification of the implementation of programme, scheme and its results by the community with the active involvement of the primary stakeholders. Audit is done by comparing official records with actual ground realities with the participation of the community in the verification exercise and reading out the findings of the verification exercise aloud in a public platform. The aim of social audit is effective implementation of programme and control of irregularities.

The origin of social audit and jansunwais was developed from an agitation for minimum wages by the Majdoor Kishan Shakti Sangathan or the Organisation for Empowerment of Workers and Peasants in the rural Rajasthan in

the late 1980 which took full shape after 1994. That was the driving force behind Right to Information Act.

Social audit embodies the objectives of accountability as well as of transparency at the grass root level. The beneficiaries, the implementing agency and the over side mechanism came face to face and discuss at length how a particular scheme or programme is being implemented, whether people got their due rights, and in time, and whether intended outcome were achieved within the allocated financial resources available.

At present there are mandates for social audit in almost all the schemes. An integral part of the Mahatma Gandhi National Rural Employment Guarantee Act pertains to the role of the social audit as a means of continuous public vigilance (MGNREGA Section 17) for ensuring public accountability and transparency in the implementation of projects, laws and policies. Social Audit was formally brought through Audit of Schemes Rules 2011 framed by the Ministry of Rural Development (MORD), Government of India in consultation with the C&AG. MORD also brought out Social Audit Manual in 2015 for guidance of Social Audit Units across different states.

Objectives of social audit

- Promote transparency and accountability in the implementation of a programme.
- Inform and educate people about their rights and entitlements.
- Provide a collective platform for people to express their needs and grievances.
- Strengthen participation in gram sabha and make it a platform for positive collective action through social audit.
- Improve the capacity of local stake holders.
- Strengthen the programme by deterring corruption and improving implementation.
- Democratize decision making by providing a platform for implementing authorities to be accountable to beneficiaries.
- Controlling leakages in the implementation of programme.
- Detecting malfunctioning and promoting corrective actions.
- Strengthening local governance.
- Providing systematic feed back to improve the programme.

- Complement formal audit process.

Broad Provisions

The following broad provisions are to be complied with by state government while conducting social audit:

- Identify or establish an independent organization (Social Audit Unit) to facilitate the conducts of social audit by the gram sabha.
- Conduct social audit of the works taken up in every gram panchayat at least once in every six months.
- Identify, train and deploy resource persons at the village, block, district and state level.
- Ensure Civil society organizations an important part of the social audit and their participation in the social audit gram sabha and social audit public hearing.
- Ensure mandatory presence of officials and answers queries raised in the social audit gram sabha and public hearing.
- Ensure that the social audit shall be independent and implementing agency at no point interferes with conduct of social audit.
- Provide all the records mentioned in the Rules to the social audit teams 15 days prior to the conduct of social audit.
- Ensure that the social audit is done on 100% verification of beneficiaries and worksites
- Submit a summary of the findings of social audits to the C&AG.
- Ensure that the follow up action is taken on the findings of the social audit.

Social audit must include the exercise of officials (Independent Observer) taking and announcing a decision on each deviation presented which is also recorded in the social audit public forum resolution.

Social audit serves as an important mechanism of complementing formal audit conducted by the C&AG by supplementing feed back relating to the implementation of the programme from field.

Social Audit Unit

Every State must have a Social Audit Unit (SAU) which shall be independent from the department that implements the scheme. The Director of the SAU should have full charge of SAU and should not be a Government officer involved in the implementation of the programme.

The SAU shall have an independent staff structure comprising of:

- State resource persons and thematic experts
- District resource persons
- Village resource persons

Responsibility of SAU

- Ensure that social audit is conducted in every gram panchayat twice a year.
- Ensure that social audit is conducted as per the Audit of Schemes Rules 2011.
- Prepare a calendar at the beginning of the year which shall in advance lay out the sequence in which social audits will be conducted across all gram panchayats while ensuring that every gram panchayat is audited twice in a year.
- Develop guidelines which shall regulate all activities of recruitment, conduct of social audit, capacity building and training, financing that shall be undertaken by the SAU.
- Build partnership with civil society organizations, academic operational in the State to strengthen social audit.
- Build mechanism to review the quality of social audit being conducted across the State.
- Liaise with the C&AG for strengthening the implementation of the social audit in the State in partnership with the audit office.
- Work with the ombudsman of the State.
- Provide policy advice to the State Government on how to ensure time bound follow up action on grievances and imposing effective punitive action.

Responsibilities of the resource persons

Director SAU

- Ensure that social audits undertaken by the SAU are in compliance with the Audit of Scheme Rules and in compliance with calendar of social audits prepared by the SAU.
- Design and development of programmatic guidelines with respect to recruitment, process of social audit, governance structure, capacity building and training etc. for smooth operation of the SAU.
- Ensure that all policy level decisions related to the SAU are implemented.
- Undertake all activities necessary to fulfill the objectives and visions of the society.

- Anchor all interactions and communications with the department implementing the programme.

State Resource Persons and Thematic Experts

- Liaisons with Civil Society Organisations (CSOs) in the States to ensure effective partnerships between the SAU and CSOs.
- Bring in grassroots experience in the design and development of social audit manuals, rules, guidelines and training manuals.
- Guide and design the training plan for social audit in the State.
- Conduct research and data analysis on the findings of social audit.
- To evaluate social audit process and the resource persons in the states.
- To build a strong working relationship of cooperation with credible civil society organizations working on programmes.

District Resource Persons

- Participate in drawing up monthly schedule of social audit.
- Responsible for identification and training for village resource persons.
- Provide awareness and information regarding programme to beneficiaries and panchayat officials.
- Responsible for collecting all information from the block office and cross checking that the information is complete.
- Responsible for coordinating the team and conduct a free and fair social audit process.
- Responsible for ensuring that the social audit report is written and related photo copies of evidences collected.
- Responsible for presenting the social audit report in the public hearing.
- Responsible for final submission of social audit report and decision taken format to the administration and SAU.
- Participate and facilitate follow up appraisal meeting in every fortnight.

Process of Social Audit

The first step is to develop a calendar which will sequence and dates of social audit gram sabhas and social audit public hearings for all the GPs of the State. This must be prepared in the beginning of the year by the SAU and communicated to the State Government who in turn issues it to all District Programme

Coordinator (DPC) for following the schedule. It is the responsibility of the DPC to ensure that the social audit is conducted as per schedule and documents are provided to the team according to mandate of Audit of Scheme Rules. Social Audits that are conducted on the basis of incomplete records will not be considered as a complete social audit. At any point, if the required information is not received the SAU should file RTI application and follow up on them.

Social Audit Field Verification

On receiving of all information from GP the Village Resource Persons (VRP) will conduct verification of muster rolls, worksites, cash book, bank statements, invoices, bills, vouchers etc. VRPs must interact with people in small meeting, visit beneficiaries, and visit all works. VRPs must hold focus group discussions with beneficiaries, PRI representatives, SHGs etc.

Social Audit Gram Sabha

- ✓ GP and VRPs have to ensure that the date of social audit gram sabha is communicated to people in advance and displayed in the notice board of the GP office.
- ✓ Social audit gram sabha should be a forum that is open for participation of all.
- ✓ Social audit gram sabha should be presided by a non political person, someone who is respected by all.
- ✓ Sabha should be attended by all officials responsible for implementation of the programme. Social Audit Report should be presented issue wise. There must be Independent Observer, a Government Officer, not involved in implementation of the programme, who will record the evidence of the job card holder along with the version of those blamed with irregularities in social audit for each social audit findings.
- ✓ Social audit gram sabha should necessarily have a banner and a mike so that the proceedings are clear to all those who attended it.
- ✓ The social audit gram sabha should be video recorded.

Social Audit Public Hearing

After social audit gram sabha is held a social audit public hearing will be held in the block headquarters in the presence of beneficiaries, GP, block, district level officials responsible for

implementation of programme, media, and representatives of CSOs. The purpose of social audit public hearing is to ensure that the orders are issued open on the social audit findings and action taken on the social audit gram sabha findings is reviewed by the DPC. DPC shall examine evidence for each deviation pointed out by SAU as recorded in social audit gram sabha report by the Independent Observer and pass final orders in the open.

Post Public Hearing Follow Up

A social audit is not complete unless there is a time bound follow up action on the grievances that are identified during social audit. Time bound follow up is the responsibility of the State Government.

Submission of Social Audit Report to C&AG

As per section 3(2) of the Audit of Scheme Rules, a summary of the findings of the social audits conducted during the year shall be submitted to the Comptroller and Auditor General of India.

Significance of Social Audit

Closely linked with provisions for social audit are measures for enforcing transparency and Right to Information (RTI). Proper social audit is feasible only if Gram Sabha members have free and ready access to all relevant, demystified and comprehensible information and documents regarding the works that they are empowered to audit.

At present Government is incurring huge expenditure on development purpose. A large portion of this 'development expenditure' is being executed through the local bodies. These local bodies are important service delivery tools and are performing most of the flagship programmes of the central and state governments. PRI's are now handling employment generation, infrastructure, agriculture, drinking water, sanitation, education and several other welfare schemes. But the accountability and transparency mechanism in the local bodies have not been commensurate with the increasing responsibilities and flow of ever increasing funds. The mechanism of social audit can deal with this difficult situation.

Experience indicates that the right-to-information initiatives are stymied by, inter alia, the inadequacy of civil society institutions to

play a role; lack of popular awareness and interest; the reluctance of the panchayat to provide information, the poor state of record-keeping and lack of equipment such as photocopier machines for copying documents. Although NGOs/CSOs are playing a crucial role in the process, social audits, like many other community initiatives, need more champions and motivators and dedicated volunteers to sustain participatory functioning.

There is also a need for more interfaces between social audit and statutory audit in order to facilitate transparency at the level of the Gram Panchayat. The Auditor should be aware of social audits that have been carried out, review the responsiveness of the Gram Panchayat to applications for information that may have been submitted by individuals / organisations and accordingly make a comment on the operationalisation of the people's Right to Information.

Important Audit Observations on Social Audit raised in Performance Audit Reports

Findings of audit on social audit incorporated in the Performance Audit Reports are indicated below.

Performance Audit of Mahatma Gandhi National Rural Employment Guarantee Scheme, Union Government Civil (Report No. 6 of 2013)

- According to MGNREGA Audit of Schemes Rules, 2011 state governments to establish an independent organisation to facilitate conduct of social audit. It was noted by audit 10 state governments and 4 UTs had not constituted social audit units. State of Odisha had constituted an autonomous society while in Sikkim the social audit work had been assigned to NGOs in contravention of the provision.
- In 11 States and one UT regular social audit of all projects /works was not conducted by gram sabhas.
- The secretary of the social audit forum must be an official from outside the GP. This provision was not observed by 34 GPs in Kerala and one GP in Odisha.
- A copy of social audit report was to be sent to the state government concerned

to ensure speedy action. In 163 GPs of two states and one UT action taken report on social audit was not available.

Performance Audit of Indira Awaas Yojana, Union Government Civil (Report No. 37 of 2014)

- According to para 6.3.5 of IAY guidelines, system of social auditing of IAY would be followed. Audit noted that in selected districts of 22 states social audit of IAY were not conducted. This indicated that social audit system was not given due emphasis by any of the states.

A short film on the introduction by MKSS of participatory social auditing as a way of ordinary people seeking and using their Right to Information in a collective fashion through Jan Sunwais, may now be seen.

Film to Watch

Right to Information and Corruption

Mazdoor Kishan Shakti Sangathan

Available on line :

<https://www.youtube.com/watch?v=nBiRZEzEq48>

Session 7

Session Title

Duties and Powers of Auditor



- **Instructor's Guide**
- **PowerPoint slides**
- **Participants' Note**

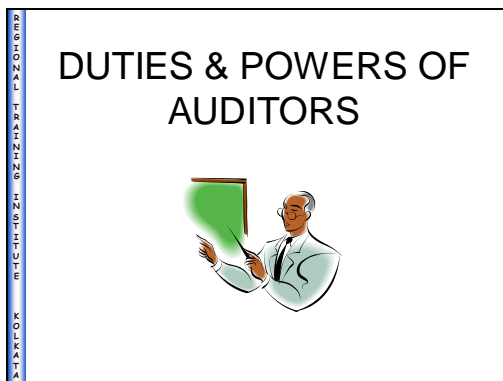
Session Title: Duties and Powers of Auditors		Session Guide
Instructors' Guide	Reference	Participants' Response
Session Overview		
Welcome participants to the session and remind them that their active participation is critical for the success of this session.		
Learning Objective		
Inform: By the end of this session, we will know the statutory provision for auditors, scope of audit, technical guidance and support, duties and powers of auditors, auditing standards for audit of Gram Panchayat, certification of accounts of Gram Panchayat and drafting of Audit Inspection Report		
Basic Concepts		
Explain: <ul style="list-style-type: none"> • The audit of Gram Panchayat falls within the purview of the Director of Local Fund Audit (DLFA), an officer of the State Govt. • Technical Guidance and Support by the C&AG • Duties of auditor and objectives and scope of audit • Audit standards • Evaluation of internal controls • Certification of accounts of Gram Panchayat Distribute Format of Audit Certificate <ul style="list-style-type: none"> • Powers of Auditor to surcharge • Standards for drafting of Audit Inspection Report Distribute Participants' Note	Slide :Session 7 Duties & Powers of Auditors Session 7 Participants' Note	
Thank the participants and bring the session to a close.		

List of Forms required in Session 7

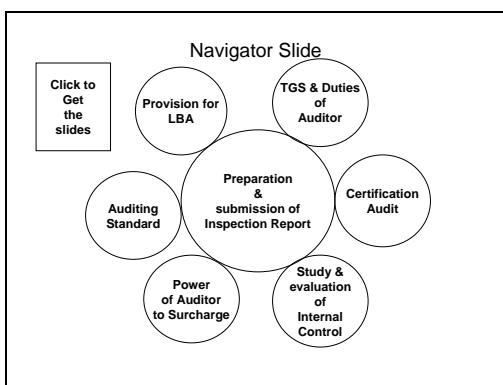
- 1 Audit Certificate

Duties and Powers of Auditor

Slide 1



Slide 2



Slide 3

Provisions for Local Bodies Audit

- Articles 243 J of the Constitution, empowered State Legislature to make laws for maintenance of accounts and the auditing of accounts of PRIs
- State PR Acts make provisions regarding appointment of Auditors

Slide 4

Provisions for Local Bodies Audit contd

- Local Fund Auditor, an officer of the State Govt., is responsible for audit of PRIs
- In Bihar, Jharkhand and West Bengal the Examiner of Local Fund Accounts, an officer of the C&AG, is appointed as Auditor under the respective State Act

Slide 5

Provisions for Local Bodies Audit contd.

- Audit is entrusted to the C&AG under section 14 or 19 or 20 of the DPC Act in many States
- C&AG of India is entrusted with the TGS under sec. 20(1) of the DPC Act for strengthening the entire accountability framework
- C&AG conducts audit which are categorised as Financial Audit, Compliance Audit and Performance Audit

Slide 6

Technical Guidance and Support

The salient features of TGS are:

- The local fund auditor will prepare every year, an annual audit plan and forward it to the AG (Audit)
- Audit methodology and procedure will be as per Acts and Statues enacted by the State and guidelines prescribed by the C&AG

Slide 7

Technical Guidance and Support contd

- IRs of selected LBs are forwarded to AG for advice on system improvement. AG monitors quality of IRs
- Local fund auditor furnishes returns in the format prescribed by the C&AG

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Duties of the Auditor

- The Accounts of the GP shall be examined and audited by the auditor at least once a year
- It shall be the duty of the Auditor to see that
 - The accounts have been kept and are presented in approved forms
 - The particular items of receipts and expndt. are stated in sufficient detail

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Technical Guidance and Support contd

- The Accountant General (Audit) conducts test check of some of PRIs in order to provide technical guidance and LFA pursue the compliance
- All serious irregularities noticed by LFA are to be intimated to the AG(Audit).

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Slide 11

Duties of the Auditor contd.

- The payments are supported by adequate vouchers and authority
- All sums received are brought into account and entered in the Cash Book; and
- The receipts and expenditure in all cases are such as are authorised by law.

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Slide 9

Technical Guidance and Support contd

- The LFA shall develop a system of internal control in his organisation in consultation with the AG
- The AG undertakes training and capacity building of the LFA staff
- AG ensures regular persuasion of paragraph of the Inspection Report of AG in addition to persuasions done by LFA

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Slide 12

Duties of the Auditor contd.

- The auditor shall also verify the cash balance in the hand of the custodian of the GP Fund on the date of commencement of audit.
- The accounts of a GP Fund shall be audited after the close of the financial year.

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Duties of the Auditor contd

- Within two months from the date on which the audit is completed, the auditor shall prepare a para-wise report containing his objections and send the same along with audit evidence to the Pradhan of the GP for rectification and a copy thereof to the District Panchayat Officer for onward transmission to the State Government through the Director of Panchayat.

Slide 16

Power of Auditor to Surcharge contd.

- The auditor shall record in writing his reasons for every disallowance, surcharge and charge and send a certificate of the amount due and a copy of the reasons for his decision to the person concerned and also furnish copies thereof to the Pradhan and the State Government.

Slide 14

Power of Auditor to Surcharge

- The Auditor, after giving the person concerned an opportunity to submit an explanation and after considering any such explanation, disallow every item contrary to law and surcharge the same on the person making illegal payment, and shall charge against person responsible for the amount of loss and certify the amount due from such person.

NEXT

Slide 17

Auditing Standards for Panchayati Raj Institutions

Slide 15

Power of Auditor to Surcharge contd.

- The auditor may at his discretion waive the surcharge or charge in cases where the amount involved does not exceed Rs.25;

NEXT

Slide 18

Auditing Standards

We will be discussing the major areas of Auditing Standards viz.

- General Standards
- Field Standards
- Reporting Standards

Slide 19

General Standards

The general auditing standards define the basic professional needs of the auditor, his awareness of his responsibilities and zeal to develop necessary skills and tasks, so that the audit of GP is performed efficiently and economically.

The salient features are as follows:

The Auditor—

- must be independent;
- Must be free from personal or external impairments to independence;

Slide 22

Field Standard-Applicability

- The Auditor should plan the audit in a manner, which ensures that an audit of high quality is carried out in an economic, efficient and effective way and in a timely manner;
- The Auditor should design audit steps and procedures to provide reasonable assurance of detecting errors, irregularities, and illegal acts that could have a direct and material effect on the financial statement accounts;
- In regularity audit the Auditor should analyse the financial statements to establish whether prescribed accounting procedures are complied with.

Slide 20

General Standard Contd

- Must be institutionally independent;
- Shall maintain an independent attitude and appearance;
- Must possess the required competence;
- Need to be alert to detect control weaknesses, inadequacies in record keeping, errors and unusual transactions which could be indicative of fraud, improper or unlawful expenditure;
- Must exercise due care in planning, specifying gathering and evaluating evidence and in reporting findings and conclusions.

Slide 23

Field Standard-Audit Evidence

- Sufficient, competent, relevant and reliable evidence should be obtained to support the Auditor's conclusions;
- The data collection and sampling techniques should be carefully chosen;
- Adequate documentation is important. It will
 - Confirm and support the auditor's opinions;
 - Increase the efficiency and effectiveness of the audit;
 - Serve as a source of information for preparing reports or answering any enquiries from the audited entity.

Slide 21

Field Standards

The field standards establish the criteria or overall framework for the purposeful, systematic and balanced steps.

We will discuss three major components of field standards, viz.:

- Applicability;
- Audit Evidence; and
- Internal Control.

Slide 24

Field Standard- Internal Control

- The Auditor should study and evaluate the reliability of internal control, as per the type of audit undertaken;
- In case of financial audit, study and evaluation are made mainly on controls that assist in safeguarding assets and resources and assure the accuracy and completeness of accounting records;
- In case of performance audit, the study shall be made of the internal control system applicable to the audited body, programme, activity or function under audit.

Slide 25

Reporting Standards

- Reporting standards constitute the framework for the audit organization and the Auditor to report the results of audit of regularity or performance audit or express his opinion on a set of financial statements;
- The report ibid will include, inter-alia, a certificate;
- With regard to regularity audits, the Auditor should prepare a written report which may either be a part of the report on the financial statements or the value for money audit;

Slide 28

Reporting Standards contd

- The procedure at the end of the audit should ensure that the account has been prepared in the correct form and all disclosure requirements have been met; all information has been obtained to enable the auditor to arrive at the audit opinion and determine the form of the certificate; and working papers have been documented and are adequate to support the audit opinion.

Slide 26

Reporting Standards contd

- With regard to performance or value for money audits, the report should include a description of the scope and coverage of audit, objective of audit, area of audit and recommendations suggesting improvements that are needed;
- With regard to audit of financial statements the Auditor should prepare a report expressing opinion on the fair presentation of the financial position of the auditee entity in the financial statement.

Slide 29

Reporting Standards-The position obtaining in West Bengal

- The statutory provisions contained in the West Bengal Gram Panchayat Act, 1973 and the rules framed there under do not provide for the certification of accounts of Gram Panchayat by statutory Audit.
- However keeping in view the guidelines issued by the Comptroller & Auditor General of India, a certification audit of Gram Panchayat accounts is also being done by the office of the Accountant General/Local Bodies Audit, West Bengal and an audit certificate is enclosed with the issue of the Audit Inspection Report. The audit certificate ibid is issued in vernacular and expresses the auditor's views in the prescribed format on the financial performance of the Gram Panchayat in respect of the maintenance of accounts in accordance with The West Bengal Panchayat (Gram Panchayat Accounts, Audit & Budget) Rules, 2007.

Slide 27

Reporting Standards-Audit Certificate contd

- The Auditor's certificate shall state expressly;
 - the financial statements to which it relates;
 - that the audit has been carried out in accordance with the relevant statutory authority and with auditing standards;
 - An opinion about the accounts which the Auditor has formed as a result of the audit;

Slide 30

Drafting of Audit Inspection Report

- The following major points should be kept in view as regards drafting of Audit Inspection Reports:
 - Draft Inspection Reports should be written up continuously as the inspection proceeds so as to be ready as soon as it is completed;
 - The comments of audit should be brief, intelligible and to the point;
 - The objections should be made out in courteous and gentle language, and always in impersonal terms;
 - It is of utmost importance that any statement or criticism should be accurate, fair, moderately worded and dispassionate.

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Drafting of Audit Inspection Report contd

The write up should contain full reference to the relevant documents.

The subject matter of the objections should be arranged in logical sequence.

It should be kept in mind that it is in the treatment of results of audit that the auditorial function demands the highest qualities of understanding, balanced judgment and sense of proportion.

Mention of the names of the officials should be avoided except in case of personal claim.

Slide 32

Drafting of Audit Inspection Report contd

- The culmination of the audit process is the reporting which summarises the evidence gathered during the conduct of audit and communicates the audit opinion and other findings. It is essential for the Auditor to prepare report in such a way that audit observations are easy to understand.
- Timeliness of the report is the essence as delay may make the report irrelevant and corrective action may not be practicable.

Session Title

Duties and Powers of Auditors

Session Overview

We are now on topics, regarding duties and powers of the Auditors, auditing standards and drafting of audit inspection report.

In the previous sessions, the evolution of PRIs, audit of constitution of Gram Panchayat (GP), GP Fund, GP Budget, GP Accounts, Works and Schemes executed by GP, were discussed.

In this session we will carry on our discussion to the extent that at the end of the session the Auditor knows-

- The statutory provisions for audit;
- Technical Guidance and Support
- The duties and powers of Auditors;
- The auditing standards including certification audit; and
- How to draft audit inspection report.

Provision for 'Local Bodies Audit'

- Under Articles 243 J of the Constitution, the legislature of a State may, by law, make provisions with respect to the maintenance of accounts and the auditing of accounts of Panchayati Raj Institutions (PRIs). Accordingly State PR Acts makes provisions regarding appointment of Auditor. The local fund auditor, who is generally an officer of the State Government, is responsible for audit of PRIs. Only in the States of Bihar, Jharkhand and West Bengal, the Examiner of Local Fund Accounts, who is an officer of the Comptroller and Auditor General, is responsible for the audit of accounts of PRIs and appointed under the respective State Act.

- In keeping with the spirit of the 74th amendments and the 11th FC, 12th FC, 13th FC and 14th FC recommendations, technical guidance and support of PRIs Audit are entrusted to the Comptroller and Auditor General of India in many States for strengthening of the entire accountability framework. C&AG is entrusted to conduct audit under section 14 or 19 or 20 of the DPC Act in various States. The audit of PRIs is conducted under Section 14 of the Act where such bodies are financed by grants or loans from the Consolidated Fund of India or of any State or Union Territory having a legislative assembly.

Scope of Audit

- Within the audit mandate, the Comptroller and Auditor General is the sole authority to decide the scope and extent of audit to be conducted by him or on his behalf. Such authority is not limited by any considerations other than ensuring that the objectives of audit are achieved.

- In the exercise of the mandate, the Comptroller and Auditor General undertake audits which are broadly categorised as financial audit, compliance audit and performance audit. Basic purpose of three types of audit are:

Financial Audit:

The primary purpose of financial audit is to verify whether the accounts of ULBs are properly prepared, are complete in all respects and are presented with adequate disclosures.

Compliance Audit:

Compliance audit examines the transactions relating to expenditure, receipts, assets and liabilities of PRIs for compliance with the rules, regulations, orders and instructions issued by the competent authority.

Performance Audit:

Performance audit assesses economy, efficiency and effectiveness in implementation of scheme or programme and functioning of an organisation for achieving its objectives.

Technical Guidance and Support

The functions of technical guidance and support to audit of PRIs have been entrusted to the Comptroller and Auditor General under Section 20(1) of the Act in many States.

The salient features of the collaborative arrangement between the Comptroller and Auditor General and the local fund auditor under technical guidance and support are as follows:

- The local fund auditor will prepare by the end of March every year, an annual audit plan for audit of PRIs in the next financial year and forward it to the Accountant General (Audit) of the State;
- The audit methodology and procedures for audit of PRIs by the local fund auditor will be as per various Acts and statutes enacted by the State Government and guidelines prescribed by the Comptroller and Auditor General.
- Copies of inspection reports in respect of selected local bodies are forwarded by the local

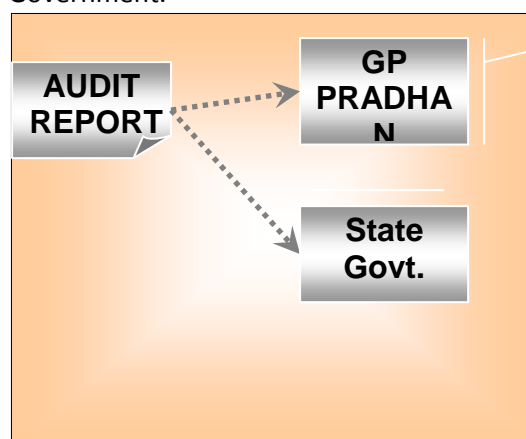
fund auditor to the Accountant General (Audit) for advice on system improvements and the Accountant General (Audit) review the same with a view to make suggestions for improvement of existing systems being followed by the local fund audit department. The Accountant General (Audit) also monitors the quality of the inspection reports issued by the local fund auditor by scrutinising such inspection reports.

- The local fund auditor furnishes returns in such format as prescribed by the Comptroller and Auditor General for advice and monitoring.
- The Accountant General (Audit) conducts test check of some of PRIs in order to provide technical guidance. The report of the test check is sent to the local fund auditor for pursuance of action to be taken by PRIs. The local fund auditor will pursue the compliance of such paragraphs in the inspection reports of the Accountant General (Audit) in the same manner as if these are his own reports.
- Irrespective of the money value of the objections, any serious irregularities such as system deficiencies, serious violation of rules and fraud noticed by local fund auditor are to be intimated to the Accountant General (Audit).
- The local fund auditor shall develop, in consultation with Accountant General(Audit), a system of internal control in his organisation.
- The Accountant General (Audit) also undertakes training and capacity building of the local fund audit staff.
- In addition to pursuance of paragraphs in the inspection reports of the Accountant General (Audit) by the local fund auditor, the Accountant General (Audit) also ensures their regular pursuance.

Duties of Auditor

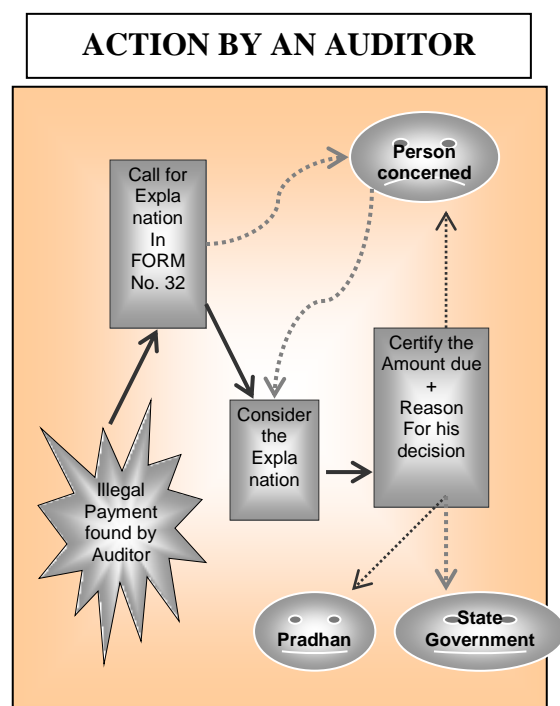
- The Accounts of the GP shall be examined and audited by the Auditor appointed by the State Government at least once a year in the office of the GP.
- In auditing the accounts, it shall be the duty of the Auditor to see that:
 - The accounts have been kept and presented in approved forms;
 - The particular items of receipts and expenditures are stated in sufficient detail;
 - The payments are supported by adequate vouchers and authority;

- All sums received are brought into account and entered in the Cash Book; and
- The receipts and expenditures in all cases are such as are authorised by law.
- The Auditor shall also verify the cash balance in the hand of the custodian of the GP Fund on the date of commencement of audit.
- The accounts of a GP Fund shall be audited after the close of the financial year.
- Within two months from the date on which the audit is completed, the Auditor shall prepare a para-wise report containing his objections and shall send the same along with audit evidence to the Pradhan of the GP for rectification and a copy thereof to the State Government.



Powers of Auditor to surcharge

1. The Auditor, after giving the person concerned an opportunity to submit an explanation and after considering any such explanation, disallow every item contrary to law and surcharge the same on the person making illegal payment, and shall charge against person responsible for the amount of loss and certify the amount due from such person.
2. The Auditor may at his discretion waive the surcharge or charge in cases where the amount involved does not exceed Rs.25.
3. The auditor shall record in writing his reasons for every disallowance, surcharge and charge and send a certificate of the amount due and a copy of the reasons for his decision to the person concerned and also furnish copies thereof to the Pradhan and the State Government.
5. The Auditor should review the action taken on the surcharge notices issued previously and also the actual recoveries made from the concerned person(s).



Auditing standards

Auditing Standards prescribe the norms which the Auditors are expected to follow in the conduct of audit. They provide minimum guidance to the Auditor that helps determine the extent of auditing steps and procedure that should be applied in the audit and constitutes the criteria or yardstick against which the quality of audit results are evaluated. The Auditor must exercise due care and concern in complying with the auditing standards.

Detailed instructions on the issue have been prescribed by the Comptroller & Auditor General of India in the manual entitled "Auditing Standards for Panchayati Raj Institutions & Urban Local Bodies". Now we will be discussing the major areas of Auditing Standards viz.

- General Standards;
- Field Standards; and
- Reporting Standards

1. General standards

1.1 The general auditing standards define the basic professional needs of the Auditor, his awareness of his responsibilities and zeal to develop necessary skills and tasks, so that the audit of GP is performed efficiently and

economically. The salient features are as follows:

- The Auditor must be independent. In all matters relating to audit work the Auditor must be free from personal or external impairments to independence, must be institutionally independent and shall maintain an independent attitude and appearance. Any imposition of restrictions by the executive, which would constrain the exercise of mandate by the Audit Institution, would be a matter for reporting to the appropriate authority.
- The Auditor must possess the required competence. Performance and exercise of technical skill should be of a quality appropriate to the complexities of a particular audit. Auditors need to be alert to detect control weaknesses, inadequacies in record keeping, errors and unusual transactions or results which could be indicative of fraud, improper or unlawful expenditure, unauthorized operations, waste, inefficiency or lack of probity.
- The Auditor must exercise due care in planning, specifying, gathering and evaluating evidence and in reporting findings, conclusions and recommendations.

2. Field standards

2.1 The field standards establish the criteria or overall framework for the purposeful, systematic and balanced steps or actions that the Auditor has to follow in conducting or managing audit work. Now we will discuss three major components of Field Standards, viz.:

- Applicability;
- Audit Evidence; and
- Internal Control

2.2 Applicability

The field standards applicable to all types of audit are:

- The Auditor should plan the audit in a manner, which ensures that an audit of high quality is carried out in an economic, efficient and effective way and in a timely manner;
- The work of the audit staff at each level and audit phase should be properly supervised during the audit and a senior member of the audit staff should review documented work;
- In conducting regularity (financial) audits, a test should be made of compliance with applicable laws and regulations. The Auditor should design audit steps and procedures to

provide reasonable assurance of detecting errors, irregularities, and illegal acts that could have a direct and material effect on the financial statement amounts or the results of regularity audits; and

- In regularity (financial) audit and in other types of audit when applicable, Auditors should analyze the financial statements to establish whether prescribed accounting procedure for financial reporting and disclosure are complied with. Analysis of financial statements should be performed to such a degree that a rational basis is obtained to express an opinion on financial statements.

2.3 Audit evidence

- Sufficient, competent, relevant and reliable evidence should be obtained to support the Auditor's judgment and conclusions regarding the body, programme, activity or function under audit.

- The data collection and sampling techniques should be carefully chosen.

- The audit evidence should be adequately documented in working papers, including the basis and extent of the planning, work performed and the findings of the audit.

- Adequate documentation is important for several reasons. It will
 - Confirm and support the Auditor's opinions and reports;
 - Increase the efficiency and effectiveness of the audit; and
 - Serve as a source of information for preparing reports or answering any enquiries from the audited entity or from any other party.

2.4 Internal control

- The Auditor should study and evaluate the reliability of internal control. The study and evaluation of internal control should be carried out according to the type of audit undertaken.

- In the case of financial audit, study and evaluation are made mainly on controls that assist in safeguarding assets and resources, and assure the accuracy and completeness of accounting records.

- In case of performance audit, the study and evaluation shall be made of the internal control systems applicable to the audited body, programme, activity or function under audit.

- Where accounting or other information systems are computerized, the Auditor should determine whether internal controls are operating effectively to provide reliability of and security over the data being processed.

The object is to point out, *inter alia*:

- Absence of appropriate segregation of duties consistent with control objectives;

- Absence of appropriate reviews and approvals of transactions, accounting, entries or systems output;

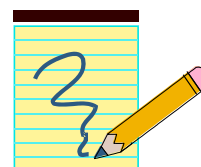
- Inadequate provisions for the safeguarding of assets;

- Evidence of failure to safeguard assets from loss, damage or misappropriation;

- Evidence that a system fails to provide complete and accurate output consistent with the Auditee's control objectives because of the misapplication of control procedures;

- Evidence of failure to perform tasks that are part of internal control, such as reconciliation not prepared or not timely prepared; and

- Failure to follow up and correct previously identified deficiencies in internal control.



3. Reporting standards

3.1.1. Reporting standards constitute the framework for the audit organization and the Auditor to report the results of audit of regularity or performance audit or expressing his opinion on a set of financial statements. The report *ibid* will include, *inter alia*, a certificate. Detailed instructions in this regard have been prescribed by the Comptroller & Auditor General of India in Chapter IV of the Manual entitled "Auditing Standards for Panchayati Raj Institutions & Urban Local Bodies".

3.1.2. With regard to regularity audits, the Auditor should prepare a written report which may either be a part of the report on the financial statements or the value for money

audit or a separate report on the tests of compliance of applicable laws and regulations.

3.1.3. With regard to Performance or value for money audits, the report should include a description of the scope and coverage of audit, objective of audit, area of audit, main findings in respect of the efficiency, economy and effectiveness (including impact) aspects of the area (subject matter) which was audited and recommendation suggesting the improvements that are needed.

3.1.4. With regard to audit of financial statements, the Auditor should prepare a report expressing opinion on the fair presentation of the financial position of the audited entity in the financial statements.

3.2.1 The Auditor's certificate shall state expressly :

- The financial statements to which it relates;
- That the audit has been carried out in accordance with the relevant statutory authority and with auditing standards; and
- An opinion about the accounts which the Auditor has formed as a result of the audit.

3.2.2. Audit has to be planned to enable the certificate to be given. The planning of audit follows familiarisation with the auditee's financial and accounting system and control procedures. It would, *inter alia*, involve:

- Examining the legislation which affects the auditee i.e. legislation that governs the PRIs;
- Confirming the scope of audit and the authority for it;
- Acquainting with the form of accounts and disclosure requirements;
- Studying and evaluating the reliability of internal controls;
- Occurrence – all recorded transactions properly occurred and were relevant to the year of account;
- Disclosure – the recorded transactions have been properly classified where appropriate; and
- Regularity - the recorded transactions are in accordance with the legislation and other specific provisions.

3.2.3. The procedure at the end of the audit should ensure that the account has been prepared in the correct form and all disclosure requirements have been met; all information

has been obtained to enable the Auditor to arrive at the audit opinion and determine the form of the certificate; and working papers have been documented and are adequate to support the audit opinion.



3.2.4. The position obtaining in West Bengal

The statutory provisions contained in the West Bengal Gram Panchayat Act, 1973 and the rules framed thereunder do not provide for the certification of accounts of GP by Audit.

However keeping in view the guidelines issued by the Comptroller & Auditor General of India, a certification audit of GP accounts is also being done by the office of the Accountant General/Local Bodies Audit, West Bengal and an audit certificate is enclosed with the issue of the Audit Inspection Report. The audit certificate *ibid* is issued in vernacular and expresses the Auditor's views in the prescribed format on the financial performance of the GP in respect of the maintenance of accounts in accordance with the West Bengal Panchayat (Gram Panchayat Accounts, Audit and Budget) Rules, 2007. It is desirable that the State Government may incorporate a statutory provision for the certification of GP accounts by making suitable amendment in the Act in this regard, with a view to providing greater transparency in the maintenance of accounts.



3.3 Drafting of audit inspection report

3.3.1 The effectiveness of audit inspections lies in reporting the results of inspections to the appropriate authority of the auditee organisation, so that necessary action may be initiated by the latter to rectify the irregularity

and prevent recurrence of the same or similar irregularity.

3.3.2. The following major points should be kept in view as regards drafting of Audit Inspection Reports:

- Draft Inspection Reports should be written up continuously as the inspection proceeds so as to be ready as soon as it is completed;
- The comments of audit should be brief, intelligible and to the point;
- The objections should be made out in courteous and gentle language, and always in impersonal terms;
- It is of utmost importance that any statement or criticism should be accurate, fair, moderately worded and dispassionate;
- One must not forget that innuendo is forbidden. If a charge cannot be substantiated, there should not be even any hint of it in the write up;
- The write-up should contain full reference to the relevant documents;
- The statutory orders or rules, considered to have been violated, should be explicitly stated;
- The subject matter of the objections should be arranged in logical sequence;
- All objections of similar type should be grouped together, and generalised comments made where desirable;
- It should be kept in mind that it is in the treatment of results of audit that the Auditorial function demands the highest qualities of understanding, balanced judgment and sense of proportion;
- Undue insistence on trifling errors and use of too much technical expression should be avoided as far as possible;
- Mention of the names of the officials should be avoided except in case of personal claim;
- Suggested headings should be given above the different paragraphs in indication of contents. General headings like 'cash book', 'credit sales', etc. do not indicate anything. But headings like 'irregularities in the maintenance of cash book' 'outstanding dues from Government officers' etc. give a definite idea and make one inquisitive about the subject contained;
- The culmination of the audit process is the reporting which summarises the evidence gathered during the conduct of audit and

communicates the audit opinion and other findings. It is essential for the Auditor to prepare the report in such a way that audit observations are easy to understand;

- Timeliness of the report is the essence as delay may make the report irrelevant and corrective action may not be practicable; and
- The tone of reports should encourage decision-makers to act on the Auditor's findings and recommendations. Although findings should be presented clearly and forthrightly, the Auditors should keep in mind that one of their objectives is to persuade and this can be done by avoiding language that generates defensiveness and opposition.



3.4 Submission of inspection reports

3.4.1 The West Bengal Panchayat Act, 1973 does not prescribe any format for submission of the Audit Inspection Report. Clause 2 of section 190 of the Act, however, provides that an Auditor shall append to his report a statement showing:

- a) Grants-in aid received by the GP and the expenditure incurred thereon;
- b) Any material impropriety or irregularity which he may observe in the expenditure or in the recovery of money due to GP or in the accounts of the GP; and
- c) Any loss or wastage of money or other property owned by or vested in the GP.

3.4.2. The format in which Audit Inspection Report is being issued by office of the Pr. Accountant General/General & Social Sector Audit, West Bengal broadly covers the above provisions. Copies of the format have been distributed for familiarisation.

Session 8

Session Title

Indices of satisfactory Organizational set up of GP



- **Instructor's Guide**
- **PowerPoint slides**
- **Participants' Note**

Session Title: Indices of satisfactory organisational set up of Gram Panchayat (GP).		Session Guide
Instructor's Guide	Reference	Participants' Response
Session Overview		
Welcome participants to the session and remind them that their active participation is critical for the success of this session.		
Learning Objective		
Inform: In the previous sessions we have learnt how to audit GP Accounts, works executed by it, schemes implemented through it etc. In this session we will discuss the performance of a GP through a comparative analysis of the indices of satisfactory organizational set up of a Gram Panchayat, so that by the end of the session we will be in a position to draw audit conclusion in a practical scenario regarding the overall organizational set up and performance of a GP.	Lecture	
Basic Concepts		
Distribute Participants' Note Discuss: <ul style="list-style-type: none"> The indices of a satisfactory organizational set up of the GP Encourage: <ul style="list-style-type: none"> Participants to contribute their inputs. 	Session 8 Participants' Note	
Thank the participants and bring the session to a close.		

Indices of satisfactory organisation set up of a GP

Slide 1

Indices of satisfactory organizational set up of a Gram Panchayat (GP)

* Only Key Areas & Inspection Focus are given.
May be discussed with reference to the concerned Participants' Note

Slide 2

THEME AND KEY AREA: Devolution of powers and responsibilities

- **Inspection Focus:** Devolution of powers and responsibilities to Panchayats pertaining to 29 subjects listed in the 11th schedule of the Constitution with a view to augmenting economic development and social justice, in accordance with the provisions contained in the 73rd Amendment to the Constitution.

Slide 3

THEME AND KEY AREA:
Function of GP as a unit of self-government with a view to achieving economic development and securing social justice for all.

Inspection Focus:

1. **Poverty alleviation programmes** – implementation of Mahatma Gandhi National Rural Employment Generation Scheme (MGNREGS) assuring at least 100 days of guaranteed wage employment to the beneficiaries in a financial year
2. **Social Security and Welfare Programmes** – implementation of schemes like Indira Awas Yojana (IAY), National Social Assistance Programme (NSAP) including Indira Gandhi National Old Age Pension Scheme (IGNOAPS), Indira Gandhi National Widow Pension Scheme (IGNWPS); Indira Gandhi National Disability Pension Scheme (IGNDPS); National Family Benefit Scheme (NFBS); Annapurna Scheme

Slide 4

THEME AND KEY AREA:
Function of GP as a unit of self-government with a view to achieving economic development and securing social justice for all Contd.

• **Inspection Focus:**

3. The imposition, assessment and collection of fees, rates and tolls by GP
4. Adoption of measures on health and hygiene:-
 - a) Sanitation, conservancy & drainage;
 - b) Curative & preventive measures in respect of malaria, small pox, cholera or any other epidemic
 - c) Supply of drinking water

Slide 5

THEME AND KEY AREA:
Function of GP as a unit of self-government with a view to achieving economic development and securing social justice for all Contd.

Inspection Focus:

5. Maintenance, repair and construction of public streets and protection thereof;
6. The removal of encroachments of public streets or public places;
7. The protection and repair of buildings or other property vested in the GP; and
8. Facilitating education and literacy.

Slide 6

THEME AND KEY AREA: Constitution OF GP

Inspection Focus:

1. The alteration in the area of a 'Gram'
2. Election of members of GP.

Slide 7

THEME AND KEY AREA:
Meetings of Gram Sansad**1. Inspection Focus:**

Holding meeting by the GP for the transaction of business as stipulated.
The presence of prescribed no. of members in a meeting is essential requirement to form a quorum for holding first valid meeting.

Slide 10

THEME AND KEY AREA:
Imposition, assessment and collection of taxes, rates or fees**Inspection Focus:**

Imposition, assessment and collection should be made only in accordance with the decisions of the meetings of the GP

Slide 8

THEME AND KEY AREA:
Report on the work of GP**Inspection Focus:**

Half yearly & annual reports on the work of GP. The annual report is to be displayed in the office for information of the people and to be discussed in the meetings of the Gram Sabha & Gram Sansad. The copy of the final report including modifications, if any, is to be sent to PS by the middle of January every year.

Slide 11

THEME AND KEY AREA:
Gram Panchayat Fund (GP Fund)**1. Inspection Focus:**

All receipts of the GP should be credited to the GP Fund under distinct heads as per prescribed norms. Money credited to the Fund should be kept in the authorized bank in a Savings A/Cs. Pradhan (Upa Pradhan in his absence) shall be custodian of the fund, but no money in excess of Rs. 2000/- should be kept under his personal custody under normal circumstances. Bank Pass book should be kept up to date at regular intervals. The closing balance as per Cash Book should be reconciled with cash in hand and cash at bank.

Slide 9

THEME AND KEY AREA:
Five year/annual development plan**Inspection Focus:**

With a view to achieving economic development and securing social justice GP has to draw-

- i) A five year development plan and update it from time to time;
- ii) An annual plan by October for development of human resources, infrastructure and civic amenities; and
- iii) Implement schemes accordingly.

Slide 12

THEME AND KEY AREA:
Gram Panchayat Fund (GP Fund) contd

- 2. Inspection Focus:** moneys received as fines / penalties should be accounted for under proper heads.
All cheques for withdrawal of money from the bank should be signed by the Pradhan (Upa-Pradhan in the absence of Pradhan) and the Executive Assistant and the latter should be responsible for writing the checks. All cheques were supported by issue of proper payment orders signed by Pradhan/Upa-Pradhan and Secretary.

Slide 13

THEME AND KEY AREA:
Loss of money, stores etc**Inspection Focus:**

- i) the matter should be reported to the BDO/PS
- ii) the BDO/PS should promptly report the issue to the SDO
- iii) SDO should send a full report to the District Magistrate with a copy to the Commissioner of Panchayats and Rural Development and to the State Government and
- vi) GP have power to write off upto Rs.1000, exceeding Rs.1000 it can only recommend: sanction of higher authority viz. BDO, Dist. Panchayat and RD Officer, DM, Commissioner of Panchayat and State Govt according to financial powers.

Slide 16

THEME AND KEY AREA:
Procedure for payment**Inspection Focus:**

- i) Every payment from GP Fund should be made only against valid bill/claim
- ii) The bill/claim should be verified by Secretary and pay order should be examined and countersigned by Custodian
- iii) Particulars of payment should be noted in the CB and cheque issued

Slide 14

THEME AND KEY AREA:
Accounts of GP**Inspection Focus:**

- i) All monetary transactions should be recorded in the Cash Book (CB) in the prescribed form
- ii) the transactions should be recorded on the day of their occurrence
- iii) All receipt/payment vouchers should be chronologically numbered and the same be noted in the CB
- iv) CB should be closed and balance struck date wise
- v) A note shall be kept in the CB in respect of un-disbursed cash drawn by self cheques at the end of the day

Slide 17

THEME AND KEY AREA:
Procedure for payment contd.**Inspection Focus:**

- iv) Proper acknowledgment of the payee should be obtained before delivering the cheque
- v) All paid bills should be serially numbered
- vi) In case of payment for purchase of stores/materials, necessary certificate should be entered on the back of the bill/voucher
- vii) No payment for bill in excess of Rs. 500/- should be made in cash
- viii) In case of payment to an illiterate person, payment should be attested by a person known to the recipient and the Custodian.

Slide 15

THEME AND KEY AREA:
Accounts of Gram Panchayat contd.**Inspection Focus:**

- vi) CB should be maintained by the Secretary and the entries authenticated by the Pradhan daily
- vii) In the absence of Secretary, the person by whom CB should be maintained should be decided by the GP in a meeting
- viii) In case of re-issue/cancellation of cheques, proper reasons should be recorded
- ix) Entries in the stock register for cheques and other receipt books should be authenticated by Secretary and Pradhan.

Slide 18

THEME AND KEY AREA:
Procedure for purchases**Inspection Focus:**

- i) Purchases should be made with the approval in a meeting of the Artha-O-Parikalpana Upa-Samiti.
- ii) In case of an individual article valuing not exceeding Rs.2000/-, no quotation or tender shall be necessary
- iii) In case of purchases above Rs.2000/- but does not exceed Rs.20000/-, three quotations from three reliable firms should be invited
- iv) Purchases exceeding Rs.20000/- but not exceed 1.00 lakh sealed tender shall be invited giving 7 days notice

Slide 19

THEME AND KEY AREA:**Procedure for purchases**

- v) Purchases exceeding Rs.1.00 lakh but does not exceed Rs. 5.00 lakh sealed tender giving 15 days notice shall be invited
- vi) Purchases exceeding Rs.5.00 lakh shall be published in the e-tender portal of the State Govt
- vii) All the purchased articles should be entered in the General stock book in the prescribed form and columns duly filled in
- viii) Separate page should be kept for each article.

Slide 22

THEME AND KEY AREA:**Procedure for Works****Inspection Focus:**

- i) Sealed tenders should be invited through a tender notice of not less than 7 days for supply of materials or carriage of materials to the work site by the contractor
- ii) Earnest money at the rate of 2% should be deposited in cash along with the tender
- iii) Tenders have to be opened by the Pradhan in the presence of the tenderers at the appointed date and time

Slide 20

THEME AND KEY AREA:**Procedure for Sale****Inspection Focus:**

- i) The Artha-O-Parikalpana Upa-Samit shall take decisions relating to conduct of sale in a meeting
- ii) A minimum price should be fixed in the meeting of the GP
- iii) In case of sale of articles above Rs.500/- public auction should be held giving a notice of not less than 7 days

Slide 23

THEME AND KEY AREA:**Procedure for Works contd.****Inspection Focus:**

- iv) Pradhan will be assisted by Secretary and Job assistant in the scrutiny of tenders
- v) The GP should explore the suitability for execution of work by the Gram Unnayan Samiti (GUS).
- vi) When execution through GUS not possible GP may entrust an employee with the responsibility under the supervision of GUS or SC

Slide 21

THEME AND KEY AREA:**Procedure for Sale contd.****Inspection Focus:**

- iv) Date, place, time and terms of auction should be indicated in the notice for auction
- v) The article should be sold to the highest bidder
- vi) No auction should be held in the event of the highest bid falling short of the minimum price and a second auction should be held
- vii) If the minimum price is not reached in the second auction, the matter should be referred to SDO for a decision.

Slide 24

THEME AND KEY AREA:**Procedure for Works contd.****Inspection Focus**

- vii) Where work is not executed through GUS or employee GP may engage a Paymaster.
- viii) The Paymaster should execute an indemnity bond in the prescribed form
- viii) An advance payment not exceeding 25% of the total wage may be made to the above person at a time

Slide 25

THEME AND KEY AREA:
Registers to be maintained in connection with works

Inspection Focus:

- i) Appropriation Register in Form 15 records all grants and loans received from the Central or the State Government or any other authority and utilization thereof
- ii) Programme Register is maintained in Form no 18 for all projects under each programme
- iii) Scheme Register in Form 17 records all developmental works, undertaken by GP through its own resources

Slide 28

THEME AND KEY AREA:
Gram Panchayat Budget contd.

Inspection Focus:

On receiving the Upa-Samiti wise outline budget Executive Assistant under the direction of the Pradhan draw up an outline budget by 1st October

The outline budget placed before the Arth-O- Parikalpana Upa-Samiti on or before the 10th October for consideration and modification

The modified outline budget placed before a meeting by 30th October for consideration and adoption by the GP

Slide 26

THEME AND KEY AREA:
Registers to be maintained in connection with works contd.

Inspection Focus:

- vi) Measurement Book—records actual measurement of all works undertaken by the GP in the form prescribed by the state PWD
- v) Muster Roll—records all kinds of payment either in cash or kind at the site of work in the form no 18

Slide 29

THEME AND KEY AREA:
Gram Panchayat Budget contd..

Inspection Focus:

The GP at a meeting specially convened on or before 31st January in the presence of atleast half of the existing members consider the objections and suggestions of Gram Sansads and Gram Sabha and the views of Panchayat Samiti and finally approve and adopt the budget

Slide 27

THEME AND KEY AREA:
Gram Panchayat Budget contd.

Inspection Focus:

Gram Unnayan Samiti (GUS) under the Gram Sansad prepare the budget of the Gram Sansad and shall send the budget to the GP by 14th August

All the Upa- Samitis of GP with the help of the Secretary prepare their outline budget taking into consideration the budgets of the Gram Sansad and place before Pradhan by 15th September.

**Indices of
satisfactory
organizational set up
of
a Gram Panchayat***

**Indices listed herein are illustrative*

THEME AND KEY AREA: Devolution of powers and responsibilities

Inspection Focus	A Gram Panchayat(GP) that is clear about what it is trying to do	<i>A Gram Panchayat(GP) that is not clear about what it is trying to do</i>
Devolution of powers and responsibilities to Panchayats pertaining to 29 subjects listed in the 11 th schedule of the Constitution with a view to augmenting economic development and social justice, in accordance with the provisions contained in the 73 rd Amendment to the Constitution.	The GP discharged its responsibilities adequately in respect of the subjects for which Functions, Funds and Functionaries were devolved.	<i>The GP did not adequately discharge its responsibilities in respect of the subjects for which Functions, Funds and Functionaries were devolved.</i>



THEME AND KEY AREA: Function of GP as a unit of self-government with a view to achieving economic development and securing social justice for all.

Inspection Focus	A Gram Panchayat that is clear about what it is trying to do	<i>A Gram Panchayat that is not clear about what it is trying to do</i>
<p>(i) Poverty alleviation programmes – implementation of Mahatma Gandhi National Rural Employment Generation Scheme (MGNREGS)</p>	<p>(i) Programmes for works under MGNREGS were included in the Annual Action Plan, after due prioritization, by the GP. The implementation of MGNREGS could be verified from the following:</p>	<p><i>(i)</i> Programmes for works under MGNREGS were not always included in the Annual Action Plan and that priority for the works was not fixed by the GP.</p>
	<p>a) Job Card Register, Employment Register maintained by the GP showed proper reflection of the works undertaken, including the details of the no. of persons employed and the no. of man days generated for each work, under MGNREGS.</p>	<p><i>a)</i> The Job Card Register and Employment Register maintained by the GP did not properly reflect the works undertaken, including the details of the no. of persons employed and the no. of man days generated for each work, under MGNREGS.</p>
	<p>b) There was evidence that the Job Card Register and Employment Register were open to the public for scrutiny.</p>	<p><i>b)</i> There was insufficient evidence to show that the Job Card Register and Employment Register was opened to the public for scrutiny.</p>
	<p>c) There was evidence that workers covered under MGNREGS were assured of at least 100 days of guaranteed wage employment in a financial year and the notified minimum wages.</p>	<p><i>c)</i> It was not clearly evident from the records that workers covered under MGNREGS were assured of at least 100 days of guaranteed wage employment in a financial year and the notified minimum wages.</p>
	<p>d) There was evidence that the workers were paid through savings bank accounts under the Scheme.</p>	<p><i>d)</i> There was evidence of the workers being paid through savings bank account under the Scheme.</p>
	<p>e) Proper vouchers were kept for payment of wages in both cash and kind.</p>	<p><i>e)</i> Proper vouchers were not kept for payment of wages in both cash and kind.</p>

	<p>f) There was evidence to show that the implementation of the Scheme ensures social protection for the most vulnerable people living in rural India.</p>	<p><i>f) There was evidence to show that the implementation of the Scheme did not result social protection for the most vulnerable people living in rural India. There were also cases of non-implementation of the Scheme resulting in lapse of grant.</i></p>
<p>ii) Social Security and Welfare Programmes – implementation of schemes like Indira Awas Yojana(IAY), National Social Assistance Programme (NSAP) including Indira Gandhi National Old Age Pension Scheme(IGNOAPS), Indira Gandhi National Widow Pension Scheme (IGNWPS);</p>	<p>ii) Programmes for works under IAY were included in the Annual Action Plan. The implementation of IAY could be verified from the following:</p>	<p><i>ii) Programmes for works under IAY were not always included in the Annual Action Plan. The records showed that there were cases to indicate the following:</i></p>
	<p>a) The number of houses to be constructed by the GP within the financial year as approved by the ZP was discussed in the meeting of the Gram Sabha. The actual beneficiaries, as per the order of priority, were selected from the list of eligible households in accordance with the target allocated, keeping in view the IAY guidelines.</p>	<p><i>a) The number of houses to be constructed by the GP within the financial year as approved by the ZP was not always discussed in the meeting of the Gram Sabha and the actual beneficiaries according to the order of priority were not selected from the list of eligible households as per the target allocated, keeping in view the IAY guidelines.</i></p>
	<p>b) The actual beneficiaries were below the poverty line and belonged to the approved categories.</p>	<p><i>b) Some of the actual beneficiaries were not below the poverty line and not all of them belonged to the approved categories.</i></p>
	<p>c) The houses constructed under IAY fell within the village area.</p>	<p><i>c) All the houses were not within the village area.</i></p>
	<p>d) GP maintained subsidiary cash book and separate bank account for IAY.</p>	<p><i>d) GP did not maintain subsidiary cash book and/or separate bank account for IAY.</i></p>
	<p>e) Utilization certificate was duly furnished to the appropriate authority.</p>	<p><i>e) Utilization certificate was not duly furnished to the appropriate authority in every case.</i></p>

Indira Gandhi National Disability Pension Scheme (IGNDPS); National Family Benefit Scheme (NFBS); Annapurna Scheme	f) In respect of the schemes under NSAP (viz. IGNOAPS, IGNWPS, IGNDPS, NFBS and Annapurna scheme), the GP disseminated adequate and timely information regarding the schemes and the procedures for obtaining benefits under them. The implementation of schemes under NSAP could be verified from the following:	<i>(f) In respect of the schemes under NSAP (viz. IGNOAPS, IGNWPS, IGNDPS, NFBS and Annapurna Scheme) the GP did not disseminate adequate and timely information regarding the schemes and the procedures for obtaining benefits under them.</i>
	g) The identification of beneficiaries in respect of schemes under NSAP was made properly.	<i>g) The records showed that the identification of beneficiaries in respect of schemes under NSAP was not made properly in all cases.</i>
	h) The Central assistance under NSAP was disbursed in public meetings such as that of the Gram Sabha.	<i>h) The Central assistance under NSAP was not disbursed in public meetings, such as Gram Sabha meetings.</i>
	i) Utilization certificates of the Central assistance were furnished properly.	<i>i) Utilization certificates of the Central assistance were not furnished properly.</i>
iii) The imposition, assessment and collection of fees, rates and tolls by GP.	iii) The system of imposition, assessment and collection of fees, rates and tolls by the GP was satisfactory; measures were taken to augment own source revenues of the GP; and there was an increase in own source revenues of the GP compared to the previous financial year.	<i>iii) The system of imposition, assessment and collection of fees, rates and tolls by the GP was not satisfactory; inadequate measures were taken to augment the own source revenues of the GP and there was a trend of stagnation/ no improvement in own source revenues of the GP compared to the previous financial year.</i>
iv) Adoption of measures on health and hygiene a) Sanitation, conservancy & drainage b) Curative & preventive measures in respect of malaria, small pox, cholera or any other epidemic c) Supply of drinking water	iv) a), b) & c) There were records to indicate that the GP focused on community health and sanitation issues as a priority among Panchayat activities. There were frequent discussions in the meetings of the Gram Sabha; generation of awareness campaigns as regards the rural sanitation	iv) a), b) & c) <i>There was inadequate focus on community health and sanitation issues as a priority among Panchayat activities. Regular discussion was not always held in the Gram Sabha regarding adoption of measures for health and</i>

	programme, provision of scientifically correct information on safe drinking water; mobilization of people to ensure increased coverage as regards the curing and preventing of diseases; and an increase in the percentage of population using improved water resources and adequate sanitation facilities in the GP.	<i>sanitation. The GP did not have an effective communication strategy for generating awareness about various programmes with regard to health, sanitation and safe drinking water. There was stagnation/ no improvement in the percentage of population using improved water resources and adequate sanitation facilities in the GP.</i>
d) Facilitating rural dispensaries, health centres and maternity and child welfare centres	d) The GP facilitated the setting up/development of dispensaries and health/ maternity/ child welfare centres and service provision thereof. This was indicated, <i>inter alia</i> , by the lower incidence of malaria, small pox, cholera or any other epidemic compared to the previous year; decline of the infant mortality rate (IMR); evidence of continuity of services as regards ante-natal care; lower incidence of certain diseases such as neo-natal tetanus and diphtheria on account of improved effectiveness of preventive health delivery system and increase in percentage of children covered under the Intensified Pulse Polio Immunisation Programme.	d) <i>The GP did not effectively facilitate setting up/development of dispensaries and health/ maternity/ child welfare centres and service provision thereof. This was indicated, inter alia, by the higher incidence of malaria, small pox, cholera or any other epidemic compared to the previous year; stagnation/no improvement in the infant mortality rate (IMR); gradual fallout among women receiving ante natal care; higher incidence of certain diseases such as neo-natal tetanus and diphtheria on account of reduced effectiveness of preventive health delivery system and decrease in percentage of children covered under the Intensified Pulse Polio Immunisation Programme.</i>
v) Maintenance, repair and construction of public streets and protection thereof.	v) There were records to indicate that there was an increase in expenditure on maintenance, repair and construction of public streets and various programmes in this regard were implemented by the GP.	v) <i>There was stagnation/ no significant increase in the expenditure on maintenance, repair and construction of public streets. The records did not provide adequate information/details</i>

		<i>regarding the public streets maintained, repaired and constructed by the GP.</i>
vi) The removal of encroachments of public streets or public places	vi) There were records to indicate that action for the removal of encroachments of public streets or public places had been initiated and implemented by the GP.	<i>vi) The records did not provide adequate information/details regarding the measures taken/progress made for removal of encroachments of public streets or public places by the GP.</i>
vii) The protection and repair of buildings or other property vested in the GP	vii) There were records to indicate that there was an increase in expenditure for the protection and repair of buildings or other property and that programmes in this regard were implemented by the GP.	<i>vii) There was stagnation/ no significant increase in expenditure for the protection and repair of buildings or other property. The records did not provide adequate information/details regarding the measures taken/progress made for the protection and repair of buildings or other property by the GP.</i>
viii) The management and care of public tanks, common grazing grounds, burning ghats and public graveyards	viii) There was an increase in expenditure for the management and care of public tanks, common grazing grounds, burning ghats and public graveyards and programmes initiated in this regard were implemented by the GP.	<i>viii) There was stagnation, no significant increase in expenditure for the management and care of public tanks, common grazing grounds, burning ghats and public graveyards and measures taken in this regard by the GP were inadequate.</i>
ix) Facilitating education and literacy	ix) There were records to indicate that action plans for facilitating education under schemes such as Sarba Siksha Abhijan, were discussed in the Gram Sabha/Sansad and implemented. This was indicated by an increase in the number of children having access to alternative schooling and a higher literacy rate	<i>ix) The records did not provide adequate information/details regarding discussion in the Gram Sabha/Sansad of action plans for facilitating education under schemes such as Sarba Siksha Abhijan. There was stagnation in the number of children having access to alternative schooling and no significant improvement in the literacy rate.</i>

THEME AND KEY AREA: Constitution of Gram Panchayat & Meetings of Gram Panchayat

Inspection Focus	A Gram Panchayat that is clear about what it is trying to do	A Gram Panchayat that is not clear about what it is trying to do
The alteration in the area of a 'Gram'.	The alteration was in accordance with notification in the Gazette.	<i>No Gazette notification in respect of alteration in the area of a 'Gram' was forthcoming.</i>
Election of members of GP.	All members of the GP are elected members.	<i>All the members are not elected.</i>
Panchayat shall meet for the transaction of business as stipulated.	The meetings were held as scheduled year after year.	<i>The meetings were not held in the scheduled months every year.</i>
-do-	The meetings were held after giving proper public notice.	<i>Such notices were not forthcoming in respect of every meeting.</i>
The presence of prescribed no. of members in a meeting is essential requirement to form a quorum for holding first valid meeting.	There was proper quorum.	<i>Not all the first meetings did have the required quorum.</i>



THEME AND KEY AREA: Report on the work of GP

Inspection Focus	A Gram Panchayat that is clear about what it is trying to do	A Gram Panchayat that is not clear about what it is trying to do
Half-yearly & annual reports on the work of the GP are to be prepared. The annual report should be displayed in the office for information of the people. The report should be discussed in the meetings of the Gram Sabha & Gram Sansad and the copy of the final report including modifications, if any, is to be sent to Panchayat Samiti (PS) by the middle of January every year.	The audit evidence to indicated that due procedure was followed every year:	<i>The audit evidence indicated that due procedure was not satisfactorily followed:</i>
	a) The reports were sent as per schedule;	<i>a) Reports were not sent as per schedule every year/half year;</i>
	b) The annual report was displayed for information of people;	<i>b) They were not displayed for information of people;</i>
	c) The annual report was discussed in the meetings of Gram Sabha & Gram Sansad and necessary modifications were adopted;	<i>c) Not all the annual reports were discussed in the meetings of Gram Sabha & Gram Sansad;</i>
d) Copies of the annual report along with modifications were sent to PS by the middle of February.	<i>d) Copies were not sent to PS as per schedule.</i>	



THEME AND KEY AREA: Five year / annual development plan

Inspection Focus	A Gram Panchayat that is clear about what it is trying to do	A Gram Panchayat that is not clear about what it is trying to do
With a view to achieving economic development and securing social justice GP has to draw:		
i) A five-year development plan and update it from time to time.	i) The five year development plan was made out and updated from time to time.	<i>i) There was no audit evidence of preparation of any five year plan, or if there was one, it was not updated from time to time.</i>
ii) An annual plan by October for development of human resources, infrastructure and civic amenities.	ii) The annual plan was made out by October as per norms.	<i>ii) The annual plan was not made out as per schedule, there was no cohesion between the five year and the annual plans.</i>
Implement schemes accordingly	The schemes were being implemented accordingly Budgetary provisions were made keeping in view the objectives focused upon in the five year/annual plans; there was proper documentation for assessment of the anticipated receipts for the next year/half year.	<i>The schemes were not strictly taken up for implementation as decided in the five year/annual plans. Some of the schemes initiated as per plans were abandoned midway without adequate recorded reasons. Budgetary provisions were not in conformity with the development plans. There was inadequate evidence documentation to indicate that the benevolent social works taken in hand (like sanitation, eradication of illiteracy/poverty, preventive measures on malaria, small pox etc.) were able to fulfill the objectives of the plans. No clear documentation was forthcoming on the authenticity of assessment of the anticipated receipts of the next year/half year.</i>

THEME AND KEY AREA: Imposition, assessment and collection of taxes, rates or fees

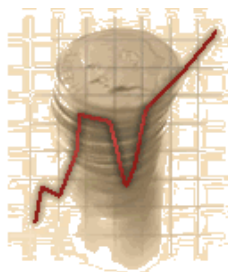
Inspection Focus	A Gram Panchayat that is clear about what it is trying to do	A Gram Panchayat that is not clear about what it is trying to do
i) Imposition, assessment and collection should be made only in accordance with the decisions of the meetings of the GP	i) There was clear evidence to indicate that imposition, assessment and collection was generally in accordance with the decisions of the meetings of the GP	<i>i) No such clear evidence was forthcoming in every case. All the minutes of the meetings of the GP could not be produced to audit. All cases of levy did not have the required authority.</i>
ii) Collection could be made only by the person authorized by the GP	ii) Collection was made by the authorized person.	<i>ii) There were cases to indicate that collection was made by a person other than the authorized person.</i>
iii) Collections could only be made through prescribed Receipt forms as per norms fixed by the GP and entered in the Cash Book and relevant ledgers simultaneously	iii) Collections were made through prescribed cash receipt form and simultaneously recorded in the different books of accounts.	<i>iii) There were cases to indicate that collections were not always made through prescribed receipt forms or simultaneously recorded in the different books of accounts.</i>
iv) No gifts or donations from any individuals could be received except without prior recorded decisions of the GP	iv) The authenticity of collection of gifts from individuals could be verified from the minutes of the meetings of the Gram Panchayat.	<i>iv) All cases of collection of gifts did not have prior recorded approval of the Gram Panchayat.</i>
v) In case of arrears in collection of taxes etc the reasons thereof should be recorded	v) Reasons for arrears in collection were duly recorded.	<i>v) Reasons for arrears in collection were not recorded in all cases.</i>
vi) Moneys received by the GP should be transmitted to the Bank forthwith	vi) There was no delay in transmission of money to the Bank.	<i>vi) There were cases of unusual delay in transmission and there were no recorded reasons for the same.</i>
vii) Taxes, rates, fees etc should be acknowledged in Form no. 4 and Form no. 5 should be used for other miscellaneous receipts	vii) Acknowledgements were given in proper forms.	<i>vii) There were cases to indicate that acknowledgments were not always given in proper forms.</i>
viii) Pradhan / Upa-Pradhan/ Member/Secretary can	viii) Pradhan / Upa-Pradhan supervised, but did not actually collect taxes etc.	<i>viii) There were cases where taxes etc were collected by Pradhan / Upa-pradhan/Member/Secretary, personally.</i>

never collect taxes	Member and secretary also did not collect taxes.	
ix) On the first working day and on the day on which the amount in hand exceeds Rs. 50/- the receipt book should be signed by the Custodian	Procedure properly followed	<i>ix) Custodian's signature was not always there on all the first working days/on the day on which the amount exceeded Rs.50/-.</i>
x) No page should be torn or extracted from the receipt book		<i>x) Some pages were found torn/extracted.</i>
xi) In case of cancellation of any receipt, both the original and duplicate should be cancelled		<i>xi) Original copy was not found in place.</i>

THEME AND KEY AREA: Gram Panchayat Fund

Inspection Focus	A Gram Panchayat that is clear about what it is trying to do	A Gram Panchayat that is not clear about what it is trying to do
i) All receipts of the GP should be credited to the Gram Panchayat Fund under distinct heads as per prescribed norms	i) Receipts were credited as per norms.	i) (a) There were cases of delay in crediting receipts (b) Correct classification was not made in every case.
ii) Money credited to the Gram Panchayat Fund should be kept in the authorized bank in a Savings A/Cs.	ii) Credits of the Fund were kept in the Bank under a Savings Bank A/C as per norms.	ii) Credits were kept in a bank other than the authorized bank or there were cases of delay in transmission of credits to the Bank.
iii) Pradhan (Upa Pradhan in his absence) shall be custodian of the Gram Panchayat Fund, but no money in excess of Rs. 2000/ should be kept under his personal custody under normal circumstances.	iii) The Fund was properly maintained by the custodian.	iii) There were cases in which money in excess of Rs. 2000 was kept under the personal custody of the custodian without assigning any recorded reasons.
iv) Bank Pass Book should be kept up to date at regular intervals.	iv) The Pass Book was regularly updated.	iv) The Pass Book was not regularly updated.
v) The closing balance as per Cash Book should be reconciled with cash in hand and cash at bank.	v) The reconciliation was regularly made and there was no discrepancy.	v) There were cases of discrepancy and the same were not adequately explained.
vi) Moneys received as fines / penalties should be accounted for under proper heads.	vi) Fines/penalties received were in accordance with decisions of the GP and were accounted for under a proper head	vi) Levy of fines/penalties could not be verified from the minutes of the meetings of the GP in all the cases and no separate head was maintained for

		<i>receipt of the same</i>
vii) All Cheques for withdrawal of money from the bank should be signed by the Pradhan (Upa-Pradhan in the absence of Pradhan) and the Executive Assistant and the latter should be responsible for writing the checks.	vii) Cheques were duly written and signed by the appropriate authorities	<i>vii) Some of the Cheques were not written and signed by the appropriate authorities</i>
viii) All Cheques should be supported by issue of proper payment orders signed by Pradhan/Upa-Pradhan and Secretary.	viii) Cheques were supported by proper payment orders	<i>viii) Proper payment orders were not forthcoming in all cases of issue of Cheques</i>



THEME AND KEY AREA: Accounts and registers

Inspection Focus	A Gram Panchayat that is clear about what it is trying to do	A Gram Panchayat that is not clear about what it is trying to do
Accounts and Registers should be kept in vernacular in bound books pages being serially numbered and with a certificate in the prescribed form on the first page	The books and registers were maintained as per rules	(a) All the books and registers were not bound and serially numbered (b) The certificate in the prescribed form was missing in some of the books and registers

THEME AND KEY AREA: Loss of money, stores etc

Inspection Focus	A Gram Panchayat that is clear about what it is trying to do	A Gram Panchayat that is not clear about what it is trying to do
i) The matter should be reported to the BDO/PS	The prescribed procedure was adhered to	i) There were cases of delay in reporting loss of money/stores to PS
ii) The BDO/PS should promptly report the issue to the SDO		ii) Proper records to that effect were not forthcoming
iii) SDO should send a full report to the District Magistrate with a copy to the Commissioner of Panchayats and Rural Development and to the State Government.		iii) ---do---
iv) GP have power to write off up to Rs.1000, when the loss exceeds Rs. 1000 it can only recommend: sanction of higher authority viz. BDO, Dist. Panchayat and Rural Development Officer, DM, Commissioner of Panchayat and State Govt according to financial powers		iv) There were cases of write-off by the GP loss exceeding Rs.1000 without referring the matter to the higher authority

THEME AND KEY AREA: Accounts of GP

Inspection Focus	A Gram Panchayat that is clear about what it is trying to do	A Gram Panchayat that is not clear about what it is trying to do
i) All monetary transactions should be recorded in the Cash Book(CB) in the prescribed form	The procedures were adhered to as per prescribed norms	<i>i) & ii) All the transactions were not always recorded on the day of their occurrence</i>
ii) The transactions should be recorded on the day of their occurrence	The procedures were adhered to as per prescribed norms	
iii) All receipt/payment vouchers should be chronologically numbered and the same be noted in the CB		<i>iii) All the chronological numbers of the receipt/payment vouchers were not always noted in the CB</i>
iv) CB should be closed and balance struck date wise		<i>iv) The daily closing and balancing of CB was not done regularly</i>
v) A note shall be kept in the CB in respect of undisbursed cash drawn by self Cheques at the end of the day		<i>v) The record in respect of undisbursed cash drawn by self Cheques was not regularly kept</i>
vi) CB should be maintained by the Secretary and the entries authenticated by the Pradhan daily		<i>vi) There were cases of postings not made by the Pradhan and there were some entries which were not authenticated by the Pradhan</i>
vii) In the absence of Secretary, the person by whom CB should be maintained is to be decided by the GP in a meeting		The procedures were adhered to as per prescribed norms
viii) In case of re-issue/cancellation of Cheques, proper reasons should be recorded		<i>viii) Satisfactory reasons were not always forthcoming in respect of cancellation/re-issue of Cheques.</i>
ix) Entries in the stock register for Cheques and other receipt books should be authenticated by Secretary and Pradhan.		<i>ix) All the entries were not authenticated by Secretary and Pradhan</i>

THEME AND KEY AREA: Procedure for payment

Inspection Focus	A Gram Panchayat that is clear about what it is trying to do	A Gram Panchayat that is not clear about what it is trying to do
i) Every payment from GPF should be made only against valid bill/claim	The procedures were adhered to as per prescribed norms	<i>i) to vi) The procedures were not always followed; not all the bills were countersigned by Pradhan(Custodian); proper vouchers were not always forthcoming; the payments were not entered in the CB; paid bills were not serially numbered; and in case of payment on account of stores/materials, required certificate was not forthcoming on the back of all the vouchers.</i>
ii) The bill/claim should be verified by Secretary and pay order should be examined and countersigned by Custodian		
iii) Particulars of payment should be noted in the CB and Cheque issued		
iv) Proper acknowledgment of the payee should be obtained before delivering the Cheque		
v) All paid bills should be serially numbered		
vi) In case of payment for purchase of stores/materials, necessary certificate should be entered on the back of the bill/voucher		
vii) No payment for bill in excess of Rs. 500/- should be made in cash		<i>vii) There were cases where payment in excess of Rs. 500/- was made in cash</i>
viii) in case of payment to an illiterate person, payment should be attested by a person known to the recipient and the Custodian		<i>viii) Proper attestation was not made in case of payment to an illiterate person.</i>

THEME AND KEY AREA: Procedure for purchases

Inspection Focus	A Gram Panchayat that is clear about what it is trying to do	A Gram Panchayat that is not clear about what it is trying to do
i) Purchases should be made with the approval in a meeting of the Artha-O-Parikalpana Upa-Samiti.	The procedures were adhered to as per prescribed norms	<i>i) Minutes of the meeting of the committee could not be produced in every case</i>
ii) In case of an individual article valuing not more than Rs.2000/-, no quotation or tender shall be necessary		<i>ii) Purchase by Pradhan was not ratified by the committee in every case</i>
iii) - In case of purchases above Rs.2000/- but does not exceed Rs.20000/-, three quotations from three reliable firms should be invited - Purchases exceeding Rs.20000/- but not exceed 1.00 lakh sealed tender shall be invited giving 7-day notice. - Purchases exceeding Rs.1.00 lakh but does not exceed Rs. 5.00 lakh sealed tender giving 15-day notice shall be invited. - Purchases exceeding Rs.5.00 lakh shall be published in the e-tender portal of the State Govt.		<i>iii)- A minimum of three tenders were not invited in all the cases of purchase above Rs. 2000/- but does not exceed Rs.20000/- - Sealed tenders were not invited for purchases exceeding Rs.20000/- but does not exceed Rs.5.00 lakh. -Purchases exceeding Rs.5.00 lakh were not published in the e-tender portal of the State Govt.</i>
iv) In case of non-acceptance of lowest tenders, proper reasons should be recorded		<i>iv) Proper reasons were not always recorded in case of non-acceptance of lowest tenders</i>
v) All the purchased articles should be entered in the General Stock Book in the prescribed form and columns duly filled in		<i>v) All the purchased articles were not entered in the register and/or the columns were not duly filled in.</i>
vi) Separate page should be kept for each article		<i>vi) There were instances where one page contained particulars of more than one article.</i>

THEME AND KEY AREA: Procedure for Sale

Inspection Focus	A Gram Panchayat that is clear about what it is trying to do	A Gram Panchayat that is not clear about what it is trying to do
i) All sales of movable properties should be made by a decision taken by Artho-O-Parikalpana <u>Upa Samiti</u> .	The proper procedure was followed	<i>i) Sales were not made through auction in all the cases</i>
ii) A minimum price should be fixed in the meeting of the GP		<i>ii) Minutes of the meeting of the GP could not be produced in some cases</i>
iii) In case of sale of articles above Rs.500/- public auction should be held giving a notice of not less than 7 days		<i>iii) A notice of 7 days was not given in all the cases of sales above Rs.500/-</i>
iv) Date, place, time and terms of auction should be indicated in the notice for auction		<i>iv) The notice for action did not always clearly indicate date, place, time and terms of auction</i>
v) The article should be sold to the highest bidder		<i>v) The article was not sold to the highest bidder in every case</i>
vi) No auction should be held in the event of the highest bid falling short of the minimum price and a second auction should be held		<i>(vi) & (vii) There were cases of sale of articles falling short of the minimum price without holding a second auction/without referring the matter to the SDO.</i>
vii) If the minimum price is not reached in the second auction, the matter should be referred to SDO for a decision.		

THEME AND KEY AREA: Procedure for Works

Inspection Focus	A Gram Panchayat that is clear about what it is trying to do	A Gram Panchayat that is not clear about what it is trying to do
i) Sealed tenders should be invited through a tender notice of not less than 7 days for supply of materials or carriage of materials to the work site by the contractor	The procedure followed Proper was	<i>(i)& (ii) There were no/ inadequate records to indicate that earnest money at the prescribed rate was deposited and the same was taken into account in the books of the GP</i>
ii) Earnest money at the rate of 2% should be deposited in cash along with the tender		
iii) Tenders have to be opened by the Pradhan in the presence of the tenderers at the appointed date and time		<i>(iii) & (iv) There was inadequate evidence to show that tenders were opened in the presence of tenderers and Pradhan was assisted by Secretary & Job Assistant in the scrutiny of tenders</i>
iv) Pradhan will be assisted by Secretary and Job assistant in the scrutiny of tenders		
v) The GP should explore the suitability for execution of work by the Gram Unnayan Samiti (GUS).		<i>v) Records to indicate selection of GUS were not forthcoming in respect of every work/scheme</i>
vi) When it is not possible to execute through GUS an employee of GP may be entrusted with responsibility under the supervision of the GUS or a Supervisory Committee. Where it is not possible to get the work executed either through a GUS or any of its employees, the GP may engage a Paymaster.		<i>vi) There were instances to indicate that neither GUS/employee of GP nor any Paymaster was engaged for supervision of work.</i>
vii) The Paymaster should execute an indemnity bond in the prescribed form		<i>vii) Indemnity bonds in respect of all the works could not be produced</i>
viii) An advance payment not exceeding 25% of the total wage may be made to the above person at a time		<i>viii) There were cases where advance payment in excess of 25% of the total wage was made</i>
ix) Before making any subsequent payment the Custodian should realise all vouchers of the previous payment and satisfy himself of the actual progress of the work		<i>ix) Before making subsequent payment the Custodian did not ensure realisation of all vouchers of the previous advance or satisfy himself of the actual progress of the work</i>

x) If the recipient fails to submit all the necessary vouchers within fifteen days he should be liable to be prosecuted under the law by the GP		<i>x) Prosecution was not initiated in all cases in spite of the recipient's failure to submit all the necessary vouchers within fifteen days</i>
xi) All payment of advance should be recorded in a register in Form no.14		<i>xi) The Advance Register was not maintained properly</i>
xii) Separate page should be made for each recipient		<i>xii) Separate page was not always kept for each recipient</i>
xiii) At the time of payment the recipient should grant a receipt in plain paper to be countersigned by the Pradhan which should be treated as a voucher		<i>xiii) Vouchers could not be produced in respect of every such payment</i>
xiv) The amount of advance should be posted in the payment side of the Cash book (CB) on the date of the payment		<i>xiv) All payments were not posted in the CB or not always posted on the same date</i>
xv) No work bill should be accepted unless proper adjustment of the advance has been made and the same is technically checked and certified by the Nirman Sahayak of the GP		<i>xv) Certification by the Nirman Sahayak was not forthcoming in every case</i>
xvi) Recovery of advance should be noted in the advance register		<i>xvi) Recovery of advance was not noted in every case</i>
xvii) The amount of payment passed for the work bill should be indicated in the bill along with a note in respect of the purpose for which the payment is made		<i>xvii) The purpose of payment passed for the work bill was not always indicated</i>
xviii) Similar posting should also be made in the respective ledger of the work/scheme to prevent subsequent payment on the same work bill		<i>xviii) The procedure to prevent subsequent payment on the same work bill was not always followed.</i>

THEME AND KEY AREA: Registers to be maintained in connection with works

Inspection Focus	A Gram Panchayat that is clear about what it is trying to do	A Gram Panchayat that is not clear about what it is trying to do
i) Appropriation Register in Form 15 records all grants and loans received from the Central or the State Government or any other authority and utilization thereof	The registers were maintained as per prescribed procedure	<i>i) to v) The registers were not maintained as per procedure</i>
ii) Programme Register is maintained in Form no 18 for all projects under each programme		
iii) Scheme Register in Form 17 records all developmental works, undertaken by GP through its own resources		
iv) Measurement Book records actual measurement of all works undertaken by the GP		
v) Muster Roll records all kinds of payment either in cash or kind at the site of work to the worker in Form no 18		

THEME AND KEY AREA: Gram Panchayat Budget

Inspection Focus	A Gram Panchayat that is clear about what it is trying to do	A Gram Panchayat that is not clear about what it is trying to do
<p>i) Gram Unnayan Samiti (GUS) under the Gram Sansad shall prepare the budget of the Gram Sansad and shall send the budget to the GP by 14th August. All the Upa- Samitis of GP with the help of the Secretary of the respective Upa-Samiti shall prepare their outline budget taking into consideration the budgets of the Gram Sansad and place before Pradhan by 15th September.</p>	<p>The procedures were adhered to as per prescribed norms</p>	<p>i) to v) Scheduled dates could not be adhered to in different stages of preparation of the budget There were insufficient records to ascertain that All the Upa- Samitis of GP prepare their outline budget taking into consideration the budgets of the Gram Sansad and the outline budget placed before the Arth-O-Parikalpana Upa-Samiti.</p>
<p>ii) Executive Assistant under the direction of the Pradhan draw up an outline budget by 1st October, on receiving the Upa-Samiti wise outline budget</p>		<p>iv) There were no records to show that the outline budget modified according to decision taken by Arth-O-Parikalpana Upa-Samiti.</p>
<p>iii) The outline budget placed before the Arth-O- Parikalpana Upa-Samiti on or before the 10th October for consideration and modification.</p>		
<p>iv) The modified outline budget placed before a meeting of the GP on or before the 30th October for consideration and adoption by the GP.</p>		

<p>v) The GP at a meeting specially convened on or before 31st January in the presence of at least half of the existing members consider the objections and suggestions of Gram Sansads and Gram Sabha and the views of Panchayat Samiti and finally approve and adopt the budget.</p>		<p>v) There were cases where the Pradhan failed to convene meeting within the due date, and there was no record to indicate that at least half of the existing members were present in the meeting to consider the objections and suggestions of Gram Sansads and Gram Sabha</p>
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Session: 9

Session Title: **Important Observations Raised in Audit Reports Of Different States**



Session at a glance
Instructor's Guide
Participants' Note

Session Title: Important Observations Raised in Audit Reports of Different States		Session Guide
Instructor's Guide	Reference	Participant's Response
Session Overview		
Welcome participants to the session and remind them that their active participation is critical for the success of this session.		
Learning Objective		
Inform; By the end of the-session, we will be familiar with the various audit findings regarding different states on PRI. During this session we will also share our relevant experience among us. This will, at the end of the session, facilitate drawing of audit conclusion in respect of GP in a practical job scenario.	Lecture Slide Session 9	
Basic Concepts		
Distribute Participants' Note Discuss: <ul style="list-style-type: none"> • Various audit findings of different states on PRI Encourage: <ul style="list-style-type: none"> • Participants to contribute their inputs 	Session 9 Participants' Note	
Thank the participants and bring the session to a close		

Important observations in Audit Report of different States

Slide 1

Important Observations in Audit Reports of Different States

Slide 2

Performance Audit
Indira Awaas Yojana

Slide 3

Indira Awaas Yojana
(Audit Report 31st March, 2013, Govt. of Karnataka)

- Indira Awaas Yojana is a flagship scheme for meeting the housing needs of the rural population.
- The audit findings for the period 2008-13 arising out of the performance audit of the scheme are discussed.

Slide 4

Indira Awaas Yojana
(Audit Report 31st March, 2013, Govt. of Karnataka) contd.

Grants of an amount of Rs.30.90 crore was deducted from 15 ZPs during the financial year 2011-12 by GOI due to late submission of proposal
In the five ZPs, interest of Rs.39.25 lakh earned on IAY fund on ZP mother account was not transferred to IAY accounts

Slide 5

Indira Awaas Yojana
(Audit Report 31st March, 2013, Govt. of Karnataka) contd.

Loss of interest of Rs.2.51 crore for parking scheme fund in current account.
An amount of Rs.9.10 lakh relating to 38 IAY beneficiaries had been credited to the accounts of non IAY beneficiaries.
The delay in completion of construction rendered the expenditure of Rs.45.76 crore largely unfruitful.

Slide 6

Indira Awaas Yojana
(Audit Report 31st March, 2013, Govt. of Karnataka)

None of the test-checked GPs had prepared the permanent IAY waitlist.
Gram Sabha is required to select the beneficiaries.
Audit observed:
7,212 beneficiaries in 57 GPs were selected without Gram Sabha resolutions.
GS selected beneficiaries without the presence of nominee of the Deputy Commissioner (DC)
243 beneficiaries was selected by Samanya Sabha

Slide 7

Indira Awaas Yojana
(Audit Report 31st March, 2013, Govt. of Karnataka)
contd.

Audit observed selection of 298 cases of ineligible beneficiaries :
who already owned property
who had availed benefits under previous scheme
Who are retired Government personnel and kins of retired Government personnel

Slide 10

Performance Audit
Watershed Management

Slide 8

Indira Awaas Yojana
(Audit Report 31st March, 2013, Govt. of Karnataka)
contd.

An amount of Rs.38.83 lakh, was paid (2008-10) to Junior Engineers against the guidelines of involvement of beneficiaries for construction of house
76 cases of construction of large houses with built-up area in the range of 70 to 120 sq mt. as against prescribed 38 sq. mt. noticed which indicated beneficiaries did not belong to BPL families

Slide 11

Watershed Management
(Audit Report 31st March, 2014, Govt. of Andhra Pradesh)

Integrated Watershed Management Programme (IWMP) introduced by the Govt. of India focused on livelihood orientation and productivity enhancement in livelihood in addition to land and water resource management for sustainable development of natural resources and community empowerment.

Slide 9

Indira Awaas Yojana
(Audit Report 31st March, 2013, Govt. of Karnataka)
contd.

The houses constructed are to be utilised for human habitation. In 44 cases in 31 test-checked GPs IAY benefits had been utilised for cattle shed, godown, brick factory, grocery shop, vehicle shed, hotel, etc.

Slide 12

Watershed Management
(Audit Report 31st March, 2014, Govt. of Andhra Pradesh) contd.

Performance audit covered watershed management projects implemented during the five year period 2009-14

Slide 13

Watershed Management
(Audit Report 31st March, 2014, Govt. of Andhra Pradesh) contd.

**The perspective and strategic plan did not include data from the ground level units as provided in GOI guidelines, thus possibility of overlap cannot be ruled out
78 projects sanctioned, though involved development of forest lands, 73 works were not taken up as of May 2014**

Slide 16

Watershed Management
(Audit Report 31st March, 2014, Govt. of Andhra Pradesh) contd.

**Implementing agencies could undertake only 10,794 activities against 26,407 activities earmarked. Government replied works could not be initiated due to delay in issue of NOC) by the other implementing agencies
Reverse Osmosis (RO) plant at Mubarakpur was not installed despite payment of Rs.1.70 lakh**

Slide 14

Watershed Management
(Audit Report 31st March, 2014, Govt. of Andhra Pradesh) contd.

**Three blocks prioritised due to acute shortage of water were ignored while sanctioning the projects under IWMP
Area of the project should not be under assured irrigation. 34 micro watersheds were sanctioned (2009-13) at an estimated cost of Rs.35.83 crore despite their falling under area of Irrigation project**

Slide 17

Watershed Management
(Audit Report 31st March, 2014, Govt. of Andhra Pradesh) contd.

**RO Plant at Ramgopalapuram did not provide pure water
Five tent houses procured at a cost of Rs.4.77 lakh were spoiled due to negligence
Duplication of work was not allowed. But purchase of dual desks and iron benches in three projects at a cost of Rs.10.48 lakh was made in contravention**

Slide 15

Watershed Management
(Audit Report 31st March, 2014, Govt. of Andhra Pradesh) contd.

VO/NGO cannot be assigned more than 10,000 hectares of area. Area for treatment of watersheds (12 Nos.) valuing Rs.13 crore was allotted in excess of prescribed limit

Slide 18

Watershed Management
(Audit Report 31st March, 2014, Govt. of Andhra Pradesh) contd.

**29 cattle troughs were not functioning due to lack of water connection and dismantled condition
Out of 5,620 training proposed for 2,52,986 persons under I&CB activities, only 3,812 training covering 1,43,931 persons were conducted**

Slide 19

Watershed Management
(Audit Report 31st March, 2014, Govt. of Andhra Pradesh) contd.

Recovery of people's contribution towards WDF for an amount of Rs.20.35 crore was surrendered to SLNA account which was against Gol guidelines
Contribution towards WDF amounting to Rs.10.69 lakh was not collected in Chittoor district
Ten per cent of project cost is earmarked for livelihood activities. out of Rs.105.08 lakh received for distribution among eligible beneficiaries only Rs.72.35 lakh was disbursed

Slide 22

Receipts of Panchayats
(Audit Report 31st March, 2014, Govt. of Andhra Pradesh)

In assessment of properties for computation house tax 76 out of 100 GPs are following the capital value method, 4 GPs are following annual rental value method while 9 GPs were not levying house tax
Percentage of collection house tax against demand raised ranged from 63 to 88 per cent

Slide 20

Watershed Management
(Audit Report 31st March, 2014, Govt. of Andhra Pradesh) contd.

DWMAs of six districts incurred Rs.4.36 crore programmes funds towards various purposes against the guidelines
Records of SLNA revealed payment of Rs.1.38 crore to 547 farmers under IWMP on which payments were already claimed in MGNREGS
SLNA's role is critical in ensuring social audit arrangements. Social audit was completed for only 37 out of 653 projects

Slide 23

Receipts of Panchayats
(Audit Report 31st March, 2014, Govt. of Andhra Pradesh)

Kolagram tax was not levied in 53 villages
36 GPs did not levy any advertisement tax despite existence of advertisement boards/hoardings
Against Rs.34.16 crore incurred on civic amenities only 59 GPs test-checked collected Rs.5.13 crore user charges towards water tax component and 2 two GPs collected Rs.1.36 lakh towards lighting component
12 GPs diverted Rs.3.79 lakh to District Panchayat Office/Divisional Panchayat Offices in contravention of provisions of Act. and Rs.3.36 lakh was utilised for election purpose in 2 GPs

Slide 21

Compliance Audit

Slide 24

Receipts of Panchayats
(Audit Report 31st March, 2014, Govt. of Andhra Pradesh) contd.

Loss of revenue Rs.43.36 lakh due to non collection of building construction permission fees in 20 GPs
Six GPs did not collect any amount towards license fee
Against Rs.34.50 lakh due to be collected towards installation of cell towers only 33 GPs collected Rs.6.72 lakh.

Slide 25

Suspected Embezzlement of Public Money
(Audit Report 31st March, 2009, Govt. of Gujrat)

**Cash Book of Vansva VP for the year 2006-07 was not maintained properly
No entries, showing details of voucher nos., date, name of payee, description of transaction etc. were recorded in Cash Book
Details were not recorded in 10 vouchers only amount Rs.2.24 lakh was recorded
In absence of details misappropriation or embazzlement can not be ruled out**

Slide 26

Idle investment for solid waste disposal
(Audit Report 31st March, 2014, Govt. of Kerala)

**As per Act animals shall be slaughtered only in places especially allotted
Krishnapuram GP constructed a slaughter house at a cost of Rs.8.22 lakh
No facilities were provided for treatment of waste and slaughter house did not function
GP undertook a project for installing a biogas plant**

Slide 27

Idle investment for solid waste disposal
(Audit Report 31st March, 2014, Govt. of Kerala) contd.

**On completion of the plant it was seen that the biogas plant was installed at a higher level than the slaughter house
Requirement for an additional sump for initial collection of the waste from the slaughter house and pumping into the biogas plant was felt**

Session Title

Important Observations raised in Audit Reports of Different States

Session Overview:

In the previous sessions we have discussed evolution of PRIs, constitution and organisation of GPs, audit of GP Fund, grants, budget, accounting system, schemes, internal control system along with audit points, duties and power of auditors and social audit. In this session we will discuss important audit observations by different states.

Learning Objective:

Given the inputs of significant audit observations on Panchayati Raj Institutions of different states through interactive discussion, lecture and PowerPoint slide show the participants will be acquainted with different audit points taken in different perspectives.

Performance Audit

Indira Awaas Yojana (Audit Report for the year ended 31st March, 2013, Government of Karnataka)

Indira Awaas Yojana is a flagship scheme for meeting the housing needs of the rural population. A performance audit of the Scheme for the period 2008-13 was conducted through test-check of records (April-September 2013). The audit findings arising out of the performance audit are as follows:

- The ZPs are to send their proposal for release of second instalment of grants complete in all respects latest by 31 December every year to GOI. To maintain financial discipline, a mandatory deduction on account of late submission of proposal by the ZP was imposed by GOI and Audit observed that an amount of Rs.30.90 crore was deducted from 15 ZPs during the financial year 2011-12. The State Government stated (January 2014) that ZPs did not spend the amount due to non-selection of beneficiaries.
- The interest earned in a saving bank account of the IAY funds is to be treated as part of the IAY resources. However, in the five test-checked ZPs, interest of Rs.39.25 lakh

earned was not transferred to IAY accounts (approximately four per cent per annum) due to delay in transfer of funds from ZP mother accounts to IAY bank accounts during 2008-13.

- IAY scheme funds of Rs.36.19 crore released (2008-12) by the State Government to 11 ZPs had been kept in current accounts instead of savings bank accounts, resulting in loss of interest of Rs.2.51 crore (@ four per cent per annum).

- The Panchayat Development Officers (PDOs) of Harokoppa and Sogala GPs had issued (2008-13) Cheques amounting to Rs.2.15 crore to IAY beneficiaries. It was seen from the passbook of GPs that Cheques amounting to Rs.28.93 lakh were credited to the account of Post Master, Channapatna instead of beneficiaries. On cross verification with the Post Office, it was observed that an amount of Rs.9.10 lakh relating to 38 IAY beneficiaries had been credited to the accounts of four individuals who were not IAY beneficiaries. For the remaining amount of Rs.19.83 lakh, details were awaited from the Post Master (January 2014).

- According to a circular issued by the State Government, funds are to be provided progressively to beneficiaries after completion of each stage. Even allowing two years for completion of the houses, 19,050 and 31,591 houses sanctioned during the year 2008-09 and 2009-10, were under different stages of construction. The delay in completion rendered the expenditure of Rs.45.76 crore incurred on these houses largely unfruitful.

- The IAY guidelines envisage a prioritisation of beneficiaries. Audit scrutiny in the test-checked GPs showed that the GPs had not maintained any records either about prioritising beneficiaries or about efforts made to give preference to them.

- As per the guidelines, permanent IAY waitlists should be prepared on the basis of BPL lists in the order of seniority in the list. The GPs may draw out the shelterless families from the BPL list. It was observed that none of the test-checked GPs had prepared the permanent IAY waitlist.

- As per the guidelines, the Gram Sabha is required to select the beneficiaries. The following are the audit observations:
 - 7,212 beneficiaries in 57 GPs were selected without Gram Sabha resolutions.
 - The selection of 243 beneficiaries was done in Samanya Sabha.
 - The Gram Sabhas were selecting the beneficiaries without the presence of nominee of the Deputy Commissioner (DC) of the district.
 - In many cases, the resolution copies of GPs did not contain the signatures and names of the Gram Sabha members.
- Audit observed 298 cases of ineligible beneficiaries as follows:
 - Selection of beneficiaries who already owned property
 - Selection of beneficiaries who had availed benefits under previous housing schemes
 - Selection of retired Government personnel and kins of retired Government personnel
- As per guidelines, the beneficiaries should be involved in the construction of the house. Audit scrutiny showed that an amount of Rs.38.83 lakh, in four GPs of Koppal ZP, was paid (2008-10) to Junior Engineers (JEs) but records of the houses having been constructed and handed over to the beneficiaries were not made available to Audit.
- IAY guidelines stipulated that beneficiaries should be provided with basic amenities in convergence with other schemes, Audit observed during joint physical verification of 1,258 houses that 821 houses (65 per cent) were without sanitary latrines, 784 houses (62 per cent) were without smokeless chulhas and 382 houses (30 per cent) were without electricity. Thus IAY beneficiaries did not get these basic amenities through convergence of programmes.
- As per the State Government sanction order given to the beneficiary plinth area of the houses should not be more than 38 sq m. In 38 test-checked GPs, Audit came across 76 cases of large houses having built-up area in the range of 70 to 120 sq mt. The approximate amount spent could be at least

more than Rs.5.00 lakh, which indicated that the beneficiaries did not belong to BPL families.

- The houses constructed out of IAY assistance are to be utilised for human habitation. Audit came across 44 cases in 31 test-checked GPs where IAY benefits had been utilised for cattle shed, godown, brick factory, grocery shop, vehicle shed, hotel, etc.

Watershed Management (Audit Report for the year ended 31st March, 2014, Government of Andhra Pradesh)

- Integrated Watershed Management Programme (IWMP) introduced by the Govt. of India focused on livelihood orientation and productivity enhancement in livelihood in addition to land and water resource management for sustainable development of natural resources and community empowerment. Performance audit covered watershed management projects implemented during the five year period 2009-14.
- The perspective and strategic plan was based on details furnished by District Watershed Management Agencies (DWMAs). No data obtained from the ground level units in violation of GoI guidelines. Therefore, the possibility of overlap cannot be ruled out between watersheds being covered under other programmes/grants.
- As per common guidelines, projects under IWMP should follow a ridge-to-valley sequenced approach. Higher reaches or forests and hilly regions in the upper catchment areas are covered first. Although 78 out of 110 projects sanctioned (2009-10) in the first batch involved development of forest lands on pilot basis, 73 of these works were not taken up as of May 2014.
- Three blocks of Adilabad district prioritised by DWMA based on acute shortage of water under DPAP were ignored by Department while sanctioning the projects under IWMP.
- As per guidelines, area of the project should not be covered under assured irrigation. However, 34 micro watersheds were sanctioned (2009-13) at an estimated cost of Rs.35.83 crore and an amount of

Rs.3.75 crore was expended on these as of May 2014 despite their falling under the command area of Nagarjuna Sagar Irrigation project.

- At any point of time, one Voluntary Organisation (VO)/Non-Government Organisation (NGO) cannot be assigned more than 10,000 hectares of area in a district Audit scrutiny revealed that in three out of eight sampled districts, the area for treatment of watersheds (12 Nos.) was allotted to four NGOs/VOs at a cost of Rs.13 crore in excess of prescribed limit.

- Scrutiny of records of State Level Nodal Agency (SLNA) revealed that as of April 2014, an amount of Rs.98.89 crore was earmarked for conducting about 26,407 activities under EPA in 51413 projects in the State. However, the implementing agencies could undertake only 10,794 activities. Government replied (December 2014) that the works could not be initiated due to delay in issue of no objection certification (NOC) by the other implementing agencies.

- Audit scrutiny revealed that there were deviations from the programme guidelines in several districts as follows:

- Reverse Osmosis (RO) plant at Mubarakpur (Pulumamidi project) was not installed despite payment (2013) of Rs.1.70 lakh

- RO plant installed at Gangapalem was three kilometres away and did not cater to the needs of the villagers.

- RO Plant at Ramgopalapuram did not provide pure water.

- RO plant at Chandaram was lying idle for 20 months due to collapse of steel shed.

- Ichoda project in Adilabad revealed that five tent houses procured at a cost of Rs.4.77 lakh were spoiled due to negligence of watershed committees.

- Duplication of work was not allowed as per guidelines. But purchase of dual desks and iron benches for Zilla Praja Parishad schools in Sancham and Muddada projects in Srikakulam district and Regatte project in Nalgonda district for an amount of Rs.10.48 lakh was made.

- Physical verification of 32 cattle troughs (Rs.4.65 lakh) constructed as part of seven

projects test-checked in Adilabad district revealed that 29 troughs were not functioning due to lack of water connection, dismantled condition due to road widening.

- As per Gol guidelines, five per cent of the cost of project is earmarked for Institution and Capacity Building (I&CB) activities. During 2009-14, out of 5,620 training proposed for 2,52,986 persons, only 3,812 training covering 1,43,931 persons were conducted (May 2014) by utilising Rs.6.76 crore out of Rs.9.03 crore.

- One of the mandatory conditions for implementation of watershed projects is recovery of people's contribution towards Watershed Development Fund (WDF) by PIA/VO concerned. Scrutiny of SLNA records revealed that Commissioner RD directed (July 2010) all the DWMAAs in the State to surrender WDF fund to SLNA account and accordingly, an amount of Rs.20.35 crore was received by SLNA. Such action of the State Government was against Gol guidelines.

- Scrutiny of records in Anantapur district revealed that although an expenditure of Rs.132.27 lakh was incurred the stipulated five per cent contribution amounting to Rs.6.60 lakh was not collected by the PIAs concerned.

- In Chittoor district required contribution towards WDF amounting to Rs.10.69 lakh was not collected by PIA in two test-checked micro watersheds.

- Gol stipulated 50 per cent (enhanced to 56 per cent in 2011) of project cost for execution of watershed development works. Due to delay in commencement of works initially, none of the works initiated from batch 2009-10 were completed (May 2014).

- Ten per cent (reduced to 9 per cent in 2011) of project cost is earmarked for livelihood activities. Major activities under this component include dairy, small ruminants, petty business, skilled business etc., which are facilitated to the eligible beneficiaries. Scrutiny of 16 projects revealed that out of Rs.105.08 lakh received by VOAs as part of revolving fund from SERP for distribution among eligible beneficiaries, they could disburse only Rs.72.35 lakh as of May 2014. Government during Exit Conference

(December 2014), accepted non-disbursement of funds to VOs.

- Thirteen per cent (reduced to 10 per cent in 2011) of project cost is earmarked for the activities involved under production system and micro enterprise. The overall status of implementation of the activities under this component for the projects sanctioned during 2009-was very poor as evident from meager expenditure (percentage ranged between 8 and 17) against the allocation.

- Capital nature works and salaries of permanent staff are not permitted to be incurred from programme funds. Scrutiny of records of sampled units, however, revealed that DWMA of six districts incurred Rs.4.36 crore programmes funds towards various purposes against the guidelines.

- In compliance with the guidelines issued by Gol, State Government converged IWMP with MGNREGS. Scrutiny of records of SLNA revealed payment of Rs.1.38 crore to 547 farmers under IWMP on which payments were already claimed in MGNREGS works as is evident from same job cards on which these works were executed, thereby resulting in double payment. Government replied (December 2014) that orders were issued for recovery.

- As per Guidelines, SLNA's role is critical in ensuring that social audit arrangements are in place at appropriate levels. Social audit for watersheds under IWMP commenced only in October 2013 after formulation of their audit guidelines. As a result, social audit was completed in respect of only 37 out of 653 projects.

Compliance Audit

Receipts of Panchayats (Audit Report for the year ended 31st March, 2014, Government of Andhra Pradesh)

Andhra Pradesh Panchayat Raj Act, 1994 empowers the GPs to collect direct and indirect tax. Audit of 100 GPs was carried out between April and September 2014 with the object reviewing if the GPs have assessed, levied, collected and accounted for tax and non tax revenue.

- Audit scrutiny of assessments of 20,220 properties in 76 out of 100 GPs revealed that, all the GPs were following the capital value method for computation of house tax except four GPs which were following annual rental value method. While nine out of 14 GPs in Mahbubnagar district were not levying house tax as of March 2013.

- Percentage of collection house tax vis-à-vis demand ranged from 63 to 88 per cent in the test checked GPs.

- Kolagram tax on 11 items of village produce sold was not levied in 53 villages.

- None of the test-checked GPs maintained any information with regard to advertisements/hoardings etc. Therefore, Audit team carried out a physical survey along with the officials of the department to identify the hoardings in these GPs. It revealed that 36 out of 100 GPs did not levy any advertisement tax despite existence of advertisement boards/hoardings.

- GP has to levy user charges annually for providing street lighting, pucca drainage and drinking water. Audit observed that against the expenditure of Rs.34.16 crore incurred on civic amenities by 84 GPs during 2011-14, only 59 GPs test-checked in audit collected Rs.5.13 crore user charges in respect of water tax component, only two GPs collected Rs.1.36 lakh towards lighting component, none of the GPs collected any amount towards drainage component.

- The GP should accord building permissions only after collecting the fee. In 20 out of 100 GPs, 4,612 buildings were constructed/under construction without obtaining building permission during 2011-14 thereby loss of revenue on account of non-collection was Rs.43.36 lakh.

- License fee is to be levied and collected annually on all businesses carried out in GPs. Physical survey revealed that six GPs did not collect any amount towards license fee despite existence of business activities in their jurisdiction.

- The local authorities are empowered to accord permission to Cellular Companies for installation of towers on payment of fees specified. Audit observed existence of 300 cell towers in 76 GPs. Against Rs.34.50 lakh due to

be collected towards installation only 33 GPs of four districts collected Rs.6.72 lakh.

○ APPR Act, 1994 stipulates the purposes to which the gram panchayat fund may be applied. However, 12 GPs test-checked diverted Rs.3.79 lakh from General Fund to the accounts of District Panchayat Office/Divisional Panchayat Offices to meet their office contingencies in violation of the Act and Rs.3.36 lakh was utilised to meet the election expenditure in two GPs.

Suspected Embezzlement of Public Money

(Audit Report for the year ended 31st March, 2009, Government of Gujarat)

As per Gujarat Panchayat Act, 1993 Sarpanchs of VPs are responsible for every transaction held.

Review of records of Vansva VP for the year 2006-07 revealed that the Cash Book of VP for the year 2006-07 was not maintained properly and it was maintained upto 16 December 2006. Against payment made no entries, showing details of voucher nos., date, name of payee, description of transaction etc. were recorded in Cash Book. Further, detail scrutiny of vouchers revealed that the details as required were not recorded in 10 vouchers only amount Rs.2.24 lakh was recorded in these vouchers. It was also noticed that amount of Rs.10150 was debited twice on 7 December 2006 in the Cash Book for which no reasonable explanation was recorded. As there was no detail in the vouchers as well as in the Cash Book the chances of misappropriation or embezzlement can not be ruled out.

Idle investment on project for solid waste disposal (Audit Report for the year ended 31st March, 2014, Government of Kerala)

As per the Kerala Panchayat Raj (Slaughter houses and Meat Stalls) Rules, 1996, animals shall be slaughtered only in places especially allotted for the purpose.

Krishnapuram Grama Panchayat (GP) had constructed a slaughter house during 2003-04 at a cost of Rs.8.22 lakh. The slaughter house did not function as no facilities were provided for treatment of waste from the slaughter

house. The GP undertook (January 2007) a project for installing a biogas plant. The Government sanctioned (January 2007) Rs.4.09 lakh as Clean Kerala Mission support for the project. The Project Director of Suchitwa Mission (erstwhile Clean Kerala Mission) was to provide technical support. The GP paid Rs.6.45 lakh to the Service Provider towards cost of plant and machinery. On completion of the plant the Executive Director of the Mission inspected the site and observed that as the biogas plant was installed at a higher level than the slaughter house, an additional sump was to be constructed for initial collection of the waste from the slaughter house and the waste was to be pumped into the biogas plant using a slurry pump. The Service Provider executed the additional work at a cost of Rs.1.96 lakh. The total expenditure on the slaughter house amounted to Rs.16.63 lakh. Though the plant was completed and trial run conducted the GP could not operationalise the biogas plant as the pumping mechanism of the waste from the sump to the biogas plant was not successful.

Audit noticed the following lapses:

- While installing the plant the Service Provider had informed that the plant has to be positioned at a higher level due to excessive mud and water in the pit. The GP did not bring this fact to the notice of the designated agency to give technical advice.
- The designated agency had not discharged their responsibility as none of the officials had visited the site during installation of the biogas plant. Very often waste had to be transferred from the sump into the biogas chamber manually. Designated agency had not analysed the reasons for non-functioning of the pumping mechanism.
- Non-installation of machinery for a modern slaughter house, inadequate facilities for treatment of waste, unhygienic conditions, etc., led to public protest resulting in closure of the plant.

Thus, inadequate monitoring by the designated agency and the GP led to defective construction of the plant.

Session 10
Session Title
Evaluation Test



- **Question Paper**
- **Answer Paper**

QUESTION PAPER**Total Marks: 40 Each Question: 2 Marks Time: 20 Mins.****Mark (v) the correct answer**

1 A GP can not receive to the credit of its fund any loan from any individual, severally or jointly, except in pursuance of a resolution in a meeting of the GP.

True/False

2 The present Panchayat has to make arrangements for the administrative expenses of the next Panchayat.

True/False

3 Closing Balance has to be drawn in Panchayat Cash Book on the last working day of the week.

True/False

4 The Pradhan of the GP makes posting in the Cash Book and supervises the maintenance of the Payment Vouchers

True/False

5 Cash and Cheques have to be deposited with the concerned Bank/ Post Office on the very day of the collection.

True/False

6. Pradhan or Upa-Pradhan can not collect any tax personally.

True/False

7. The person who has taken an advance for a work must account for it within two months.

True/False

8. Advance for a work, made at a time, must not exceed more than 25% of the cost of the work.

True/False

9. Separate pages are to be allotted for different recipients of the advance for the same project.

True/False

10. An employee of the GP has to be selected for daily supervision of a project if it is not possible to get the work executed by the GUS

True/False

11. What is the minimum age to be eligible for contesting in a Panchayat Election?

- 16 years 21 years 18 years 20 years

12. Who is the custodian of the Bank/Post Office Pass Book?

- Pradhan Secretary Elected Member

13. Who is the custodian of the GP Fund?

- Pradhan Secretary Bank or Post Office, where the fund is kept

14. What is the maximum amount that can be paid to a contractor in cash?

- 1,000 500 1500

15. If a person who has taken an advance for a work does not account for it within the stipulated time-

- The Pradhan will discuss the issue in the Gram Sabha The Pradhan may allow him 30 days more time The person will be liable to be prosecuted under Indian Penal Code

Fill in the gaps

16. Gram Panchayat will bear the name of the

17. The GP Pradhan can not keep more than Rs. with him out of GP Fund

18. What should be the duty of the Pradhan if the minimum fixed price is not reached even after the second auction?

- Call further auction Sell at the available price Send the matter to the S.D.O.

for decision

19. Which register is maintained in the village Panchayat office for the purpose of payment of salaries to the Secretary and other Panchayat workers?

- Salary Register Acquittance Register Allotment Register

20. No quotation / tender is necessary for purchase of article costing less than Rs. 100.

True / False

Evaluation Solution
Session 10

Solution

1. True
2. True
3. False
4. False
5. False
6. True
7. False
8. True
9. True
10. True
11. 21 years
12. Secretary
13. Pradhan
14. Rs. 500
15. The person will be liable to be prosecuted under Indian Penal Code
16. Gram
17. Rs. 2000,
18. Send the case to the S.D.O.
19. Acquittance Register
20. False

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