

PREFACE

1. This Report has been prepared for submission to the Governor under Article 151(2) of the Constitution.
2. Chapter I of this Report contains audit observations on matters arising from examination of accounts and finances of Zilla Panchayats and Taluk Panchayats.
3. The other chapter deals with the findings of audit on financial transactions of Zilla Panchayats and Taluk Panchayats.
4. The Reports containing the observations arising out of audit of (i) Statutory Corporations, Boards and Government Companies; (ii) Revenue Receipts; and (iii) Civil Departments are presented separately.
5. The cases mentioned in the Report are among those which came to notice in the course of test audit of accounts during the year 2007-08 as well as those which had come to notice in earlier years, but could not be dealt with in previous Reports; matters relating to the periods subsequent to 2007-08 have also been included, wherever necessary.

OVERVIEW

The Report contains two chapters. The first chapter contains observations of Audit on the accounts and finances of the Zilla Panchayats and Taluk Panchayats and the other chapter contains three performance audit reviews and 13 paragraphs based on the audit of financial transactions of the Zilla Panchayats and Taluk Panchayats. A synopsis of the findings contained in the performance reviews and paragraphs is presented in this overview.

1. AN OVERVIEW OF THE ACCOUNTS AND FINANCES OF ZILLA PANCHAYATS AND TALUK PANCHAYATS

During 2004-07, the allocation to Panchayat Raj Institutions formed 14 to 16 per cent of the total budget of the State.

(Paragraph 1.3.1)

Despite being pointed out in earlier Audit Reports, delays persisted in forwarding the annual accounts of the Zilla Panchayats to the Principal Accountant General for audit.

(Paragraph 1.4.1)

While total receipts and expenditure in Panchayat Raj Institutions increased steadily during 2004-07, the capital expenditure declined sharply during 2006-07 compared to 2005-06.

(Paragraphs 1.5.1 and 1.5.2)

Abnormal delays were noticed in release of Twelfth Finance Commission grants to Panchayat Raj Institutions. Interest payment was irregularly charged to 'Plan' Head of Account denying funds for envisaged rural developmental activities.

(Paragraph 1.6.1)

The devolution of funds and functions to Panchayat Raj Institutions was not as envisaged in the Constitution.

(Paragraphs 1.7.1 and 1.7.2)

Contrary to the spirit of devolution of funds to Panchayati Raj Institutions, funds for procurement and supply of medicine for health centers/institutions were allotted to Government Medical Stores.

(Paragraph 1.7.2)

Drawing and Disbursing Officers of 14 Zilla Panchayats failed to submit the detailed accounts for Rs.4.64 crore drawn on Abstract Contingent bills.

(Paragraph 1.8.3)

In 26 Zilla Panchayats, as many as 397 cases of misappropriation/defalcation involving Rs.24.47 crore were pending at various stages.

(Paragraph 1.10)

2 Suvarna Gramodaya Yojana

To develop vibrant village communities by adopting an intensive and integrated approach to rural development, the State Government launched the Suvarna Gramodaya Yojana in October 2006. The implementation of the Scheme suffered due to laxity of the State Government in preparatory procedures and inadequacies in convergence with other ongoing schemes. There was delay in approval of action plans, diversion of funds, non-prioritisation of developmental works, absence of monitoring mechanism, etc.

There was no perspective plan for development of villages and the selection of villages was made by the State Government without specific criteria.

(Paragraphs 2.1.6.1 and 2.1.6.5)

The Non-Governmental Organisations prepared the development plans without the approval of Grama Sabhas and the annual action plans were belatedly approved.

(Paragraphs 2.1.6.2 and 2.1.6.3)

As against the envisaged allocation of Rs.1,000.60 crore for development of 1,200 villages during 2006-07, State government released only Rs.458.84 crore as of March 2008. Further, the funds were released at the fag end of the year and were parked in bank accounts in order to avoid lapse of grants. Inconsistencies were also noticed in release of grants.

(Paragraphs 2.1.7.1 and 2.1.7.2)

The allocations under sector programmes by the line departments were meagre.

(Paragraph 2.1.7.4)

The approved works were not completed due to delays in entrustment of works to the executing agencies. The developmental works were also not prioritised.

(Paragraphs 2.1.8.1 and 2.1.8.2)

Mechanism for monitoring and evaluation of the scheme was absent.

(Paragraph 2.1.10)

3 Rural Road Works

Connectivity to rural habitation is a key factor in promoting access to economic and social services. This acts as a basic ingredient in effective implementation of poverty alleviation programmes in rural areas. A review of implementation of schemes for rural road works revealed that the schemes suffered due to defective annual action plans, execution of unprioritised works, sub-standard works, etc.

District Rural Road Plans were not updated periodically and priority list for development of rural roads was not prepared.

(Paragraph 2.2.7.1)

Annual Action Plans were deficient and 612 road works included in Annual Action Plans were not traced to District Rural Road Plans.

(Paragraph 2.2.7.2)

Funds amounting to Rs.7.15 crore was diverted from Mukya Mantri Grameena Rasthe Abhivridhi Yojana for payment of daily wage employees.

(Paragraph 2.2.8.2)

Execution of road works in disregard of specifications of Rural Roads Manual rendered 86 works costing Rs.98.80 lakh sub-standard.

(Paragraph 2.2.9.7)

Quality control test and monitoring of rural road works were inadequate.

(Paragraphs 2.2.12.1 and 2.2.12.2)

4 Performance appraisal on functioning of selected departments of Zilla Panchayat, Bellary

Zilla Panchayat, Bellary was implementing various developmental activities through Taluk/Grama Panchayats, line departments and engineering divisions. A performance appraisal on functioning of selected departments of Zilla Panchayat, Bellary during 2003-08 revealed, inter alia, that there were instances of improper planning and budgeting, internal control mechanism failures in financial management, non-achievement of intended objectives of the developmental schemes coupled with unfruitful, wasteful expenditure, etc.

The functioning of District Planning Committee was ineffective. In the absence of defined needs of grass root level, the Annual District Development Plans prepared during 2003-08 was not in conformity with the provisions of Karnataka Panchayat Raj Act.

(Paragraph 2.3.6.1)

While irregular drawal of Rs.34.58 crore and depositing outside Government account was observed, central assistance of Rs.6.15 crore was lost due to tardy implementation of Desert Development Programme.

(Paragraphs 2.3.7.3 and 2.3.7.4)

The objective of providing education to all the children in the age group of 6-14 years through implementation of various programmes was not achieved due to shortfall in enrolment, increasing trend in drop-out rate, large number of vacancies in the posts of teachers, lack of proper infrastructure, etc.

(Paragraphs 2.3.8.2 to 2.3.8.4)

The establishment of Primary/Community Health Centres was not in conformity with the norms. The rural population of the district was denied health care facilities due to large number of vacant posts of doctors and supportive staff, non-provision of basic infrastructure, shortfall in ante-natal check-ups/institutional deliveries, etc.

(Paragraphs 2.3.9.1 and 2.3.9.2)

During 2003-08, though an expenditure of Rs.4.29 crore was incurred on the establishment charges of Social Forestry Division, the area brought under the green cover was only 37 hectares. Plantation/seedlings raised at a cost of Rs.57.40 lakh had not been maintained.

(Paragraphs 2.3.10.1 and 2.3.10.2)

Improper planning by Youth Services and Sports Department resulted in wasteful expenditure of Rs.43 lakh on laying of cinder track. There was abnormal delay in completion of stadia on which an investment of Rs.45.04 lakh was made.

(Paragraphs 2.3.11.1 and 2.3.11.3)

Failure of the Zilla Panchayat/Panchayat Raj Engineering Division, Bellary in obtaining prior permission from the Daroji Grama Panchayat for drawing water from Daroji reservoir resulted in non-execution of a water supply scheme under the concept of private-public participation.

(Paragraph 2.3.13.3)

The implementation of water supply schemes was not planned properly. Defective estimates and improper monitoring resulted in extra expenditure of Rs.19.24 lakh.

(Paragraph 2.3.13.4)

There was delay in completion of water supply works rendering the expenditure unfruitful. Instances of execution of civil works in private lands and delay in completion of road works due to paucity of funds were noticed.

(Paragraphs 2.3.14.1 to 2.3.14.3)

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Failure of Executive Engineer, Panchayat Raj Engineering Division, Chikkodi, to prioritise water supply work components during execution resulted in non-commissioning of a water supply scheme for over four years rendering an expenditure of Rs.2.37 crore unfruitful.

(Paragraph 2.5)

Failure of Executive Engineer, Panchayat Raj Engineering Division, Chikmagalur, to invoke contractual clause resulted in cost escalation of Rs.14.95 lakh. Besides, the objective of providing connectivity to villages was delayed by more than five years.

(Paragraph 2.6)

Failure of Executive Engineer, Panchayat Raj Engineering Division, Chamarajanagar to follow prescribed tendering procedure led to extra liability of Rs.43.81 lakh besides accepting fake bank deposit receipts for Rs.3.60 lakh.

(Paragraph 2.8)

Failure of Zilla Panchayat, Bellary in assessing the condition of the raw water raising main prior to entrustment of work coupled with delays by Executive Engineer/Chief Engineer in obtaining approval from State Government and entrustment of work after re-tendering led to unfruitful expenditure of Rs.92.80 lakh besides cost escalation of Rs.4.95 crore.

(Paragraph 2.9)

Failure of Executive Engineer, Panchayat Raj Engineering Division, Koppal in preparing estimate for construction of a hostel building considering the site condition led to wasteful expenditure of Rs.19.98 lakh.

(Paragraph 2.13)

Failure of Executive Engineer, Panchayat Raj Engineering Division, Chamarajanagar to complete the work components of a lift irrigation scheme rendered expenditure of Rs.23.08 lakh unfruitful besides denial of irrigation facilities to the rehabilitated tribal population.

(Paragraph 2.14)

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