

OVERVIEW

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This report contains four Chapters. Chapter I has two sections, Section 'A' gives an overview of the Panchayat Raj Institutions in the State and Section 'B' contains audit comments on Financial Reporting. Chapter II and IV contain Compliance Audit Paragraphs related to PRIs and ULBs respectively. Chapter III has two sections, Section 'A' gives an overview of the Urban Local Bodies in the State and Section 'B' contains comments on Financial Reporting.

1. An overview of Panchayat Raj Institutions

Sikkim Panchayat Act, 1993 provides for collection of taxes under Section 39(1) and 40(1). The information in this regard was received from 114 GPs out of which 22 GPs had neither initiated any steps to identify the areas for levying taxes nor collected any revenue.

(Paragraph 1.6.1)

Out of 14 Departments, only one Department (RMDD) released funds of ₹ 3.63 crore to PRIs during 2013-14 against the mandatory release of ₹ 16.11 crore. The other 13 departments had not released the mandatory fund transfer of ₹ 147.36 crore during 2013-14 to PRIs. In the absence of a sound basis for transfer of funds to the PRIs by the departments, the PRIs could not formulate any plan with certainty. Thus, the planning at the PRI level was on an ad-hoc basis.

(Paragraph 1.8)

The State Government was to delineate the role and responsibilities of each tier of the PRIs by transferring 29 subjects along with devolution of all the functions listed in the XIth schedule of the Constitution. However, only 15 subjects were transferred to the PRIs.

(Paragraph 1.9.1)

Scrutiny of records of 84 GPs revealed that basic records and registers were not maintained properly as required under the Sikkim Gram Panchayat (Financial) Rules, 2004.

(Paragraph 1.14)

Despite provision under Sikkim Panchayat Act, 1993, none of the PRIs had maintained asset registers to indicate the assets possessed by the GPs/ZPs, cost of assets, maintenance cost, etc. Annual Physical Verification of assets as required under the Financial Rules was also not carried out in any of the GPs/ZPs.

(Paragraph 1.15)

2. Compliance Audit Paragraphs of PRIs

The decision of the ZP (East) to incur expenditure of ₹ 55 lakh from District Innovation Fund towards plastic chairs and sound system was neither in conformity with the TFC guidelines nor in consonance with Annual Plan and Strength, Weaknesses, Opportunity and Threat (SWOT) analysis of the district, leading to injudicious expenditure.

(Paragraph 2.1)

Expenditure of ₹ 79.51 lakh incurred towards repair of water harvesting tank at Tamley lake was unwarranted as the lake failed to serve as a source of drinking water for nearby villages.

(Paragraph 2.2)

The ZP, East in contravention of Ministry's sanction unauthorisedly diverted ₹ 16 lakh. As a result, people of the Amba Gram Panchayat were deprived of the facilities of crematorium shed.

(Paragraph 2.3)

3. Section "A"- An overview of the Urban Local Bodies

The revenue income showed an increasing trend during 2013-14 as compared to previous year (2012-13) except in the case of two Nagar Panchayats (i.e. Mangan, Jorethang) and Gangtok Municipal Corporation.

(Paragraph 3.4.4)

Out of 18 functions listed in the XIIth Schedule of the Constitution, only three functions viz. Public health, sanitation conservancy and solid waste management; Urban poverty alleviation; and public amenities including street lighting, parking lots, bus stops and public conveniences were partially transferred by the State Government to the ULBs as of March 2014.

(Paragraph 3.6)

3. Section "B"- Financial Reporting

The Sikkim Urban Local Bodies Accounting Manual based on the National Municipal Accounting Manual (NMAM) had not been approved by the Government.

(Paragraph 3.9.2)

The ULBs were required to prepare their budgets. However, none of the four ULBs test checked in audit had prepared their budget till 2012-13 and expenditure was incurred without preparation and approval of the budget.

(Paragraph 3.9.3)

4. Compliance Audit Paragraphs of ULBs

Expenditure of ₹ 6.16 lakh incurred from Swarna Jayanti Shahari Rozgar Yojana fund by the Gangtok Municipal Corporation did not result in providing employment security to unemployed urban poor as envisaged in the scheme guidelines and resulted in wasteful expenditure.

(Paragraph-4.1)