

## OVERVIEW

*This Report includes four Chapters. Chapters I and III present an overview of the accounts and finances of the Panchayati Raj Institutions (PRIs) and Urban Local Bodies (ULBs) respectively. Chapters II and IV comprise seventeen and eighteen audit paragraphs respectively arising out of the audit of financial transactions of the PRIs and ULBs.*

*A synopsis of important findings contained in this Report is presented in this overview.*

### (A) Panchayati Raj Institutions

#### 1. An Overview of the Accounts and Finances of Panchayati Raj Institutions

'Own Revenue' of PRIs constituted only two *per cent* of their total receipts during 2002-03 and thus they were largely dependent on Government funds.

*(Paragraph 1.5.1)*

There was short release of grants of Rs 4.07 crore and delays in devolution of funds to PRIs by State Government during 2001-04.

*(Paragraphs 1.5.3 (i) & 1.5.4)*

Although the State Government had accepted (August 2003) the formats of annual accounts prescribed by the Comptroller and Auditor General of India, PRIs were maintaining the accounts in conventional formats. Database on the finances of PRIs had not been created as of February 2006.

*(Paragraph 1.6)*

Irregularities/ deviations in accounting procedures were observed. Difference of Rs 1.23 crore between cash books and Personal Deposit/ bank accounts was not reconciled. Interest of Rs 2.12 crore earned on scheme funds was treated as 'Own/Miscellaneous Income' instead of crediting to the concerned scheme fund.

*(Paragraphs 1.6.2 & 1.6.3)*

Budgetary and internal control mechanisms in PRIs were weak. Excess expenditure (Rs 13.31 crore) over allotted funds, unauthorised diversion (Rs 36.34 lakh), irregular investment (Rs 1.77 crore), non-refund (Rs 31.40 crore) of unspent balances of closed schemes, unadjusted advances (Rs 88.91 lakh) and outstanding utilisation certificates of Rs 739.67 crore were noticed.

*(Paragraphs 1.7.1 to 1.7.5)*

Audit fees of Rs 4.67 crore for the period 1998-2004 was yet to be paid to Director, Local Fund Audit (DLFA) by PRIs.

*(Paragraphs 1.7.6)*

Embezzlement cases (8285) involving Rs 14.94 crore were pending settlement.

*(Paragraph 1.8.1)*

## **2. Non-utilisation/diversion of funds**

(i) Due to non-selection of best performing PRIs, 'Incentive grant' of Rs 7.41 crore released (1995-2000) as per the recommendations of the First State Finance Commission remained unutilized.

*(Paragraph 2.2.1)*

(ii) The State Government irregularly diverted (March 2003) Rs 1.63 crore from centrally sponsored scheme 'Integrated Child Development Services' as its share to another central scheme.

*(Paragraph 2.2.2)*

## **3. Unfruitful /unproductive expenditure**

(i) Improper implementation of the programme for development of non-conventional energy sources led to unproductive expenditure of Rs 1.77 crore on installation of biogas plants.

*(Paragraph 2.3.1)*

(ii) Failure of Zila Parishad (ZP), Chittorgarh and two Panchayat Samitis (PSs) to ensure proper utilisation of assets created under various schemes at a cost of Rs 22.54 lakh led to unfruitful expenditure .

*(Paragraph 2.3.2)*

(iii) Non-completion and poor maintenance of 23 community halls by PRIs in Jaisalmer district resulted in blockage of Rs 18.34 lakh incurred on their construction.

*(Paragraph 2.3.3)*

(iv) Failure to provide proper infrastructural facilities in ZP, Ajmer and commencement of work at a site without ensuring clear title of the land in PS, Kolayat resulted in unfruitful expenditure of Rs 37.77 lakh on the projects/works lying incomplete for 2 to 5 years.

*(Paragraph 2.3.4 (i) & (ii))*

(v) Failure to redeploy 58 surplus employees of the Octroi establishment in three Gram Panchayats led to unfruitful expenditure of Rs 1.49 crore on their pay and allowances for the period August 1998 to December 2004.

(Paragraph 2.3.5)

#### **4. Irregularities in implementation of schemes/execution of works**

(i) Contrary to the guidelines of Member of Parliament Local Area Development (MPLAD) scheme, ZP Sirohi irregularly released (July 2003) scheme funds of Rs 20 lakh to a trust engaged in commercial activities. While ZP Jodhpur incurred expenditure of Rs 19.77 lakh on providing computers/construction of computer room in ineligible institutions, ZP Jaipur irregularly released (February 2003) excess funds (Rs 21 lakh) to an institution for construction of auditorium which was lying incomplete for more than two years after incurring an expenditure of Rs 25 lakh.

(Paragraph 2.4.1(i) to (iii))

(ii) Expenditure of Rs 66.65 lakh incurred on construction of caste/community based *Sabha Bhawan*/Community Centres, etc. and places of worship was against the guidelines of MPLAD/ MLALAD schemes.

(Paragraph 2.4.3 (i))

(iii) Use of short quantity of cement in construction of 101 Cement Concrete roads by 18 *Gram Panchayats* during 2001-04 led to execution of sub-standard works worth Rs 1.02 crore, besides non-recovery of amount of works over-valued by Rs 14.91 lakh from the Sarpanchs/Secretaries of GPs concerned.

(Paragraph 2.4.3 (ii))

#### **5. Non-recovery of excess expenditure/rent/other dues**

(i) Inaction on the part of two *Panchayat Samitis* in effecting timely recovery/adjustment of the outstanding advances from Ex-Sarpanchs resulted in accumulation of outstanding amount of Rs 1.15 crore pertaining to the period 1962-March 2004.

(Paragraph 2.5.2)

(ii) In ZP Pali, excess administrative overhead of Rs 64 lakh was charged on the funds of watershed development projects and was deposited (March 1996-July 2003) by the project implementing 'Soil Conservation and Watershed Development Department' in the Government account as departmental receipts.

(Paragraph 2.5.4)

**(B) Urban Local Bodies**

**6. An Overview of the Accounts and Finances of Urban Local Bodies**

'Own Revenue' of ULBs accounted for only 13 *per cent* of their total receipts during 2003-04 and as such they were largely dependent on grants-in aid of the Central and State Governments.

*(Paragraphs 3.3.2 (ii) & 3.3.3(i))*

The share of entertainment tax released by State Government to ULBs for the year 2001-02 was Rs 3.15 crore which gradually declined by 53 *per cent* to Rs 1.47 crore during 2003-04. There were delays in devolution of funds to ULBs by State Government, besides short release of grants of Rs 53.53 crore during 2001-05.

*(Paragraphs 3.3.4 & 3.4.2 to 3.4.4)*

Annual accounts were maintained by the ULBs in conventional formats. 'Accrual Based Accounting System' as suggested by the Comptroller and Auditor General of India was yet to be introduced. Database on the finances of ULBs was also not developed in the formats prescribed by C&AG.

*(Paragraph 3.5)*

Reconciliation of a difference of Rs 2.56 crore between cash books and PD/bank pass books was not conducted by the ULBs for 1 to 25 years.

*(Paragraph 3.6.1)*

Budgetary and internal control measures in ULBs continued to be weak and inadequate. Excess expenditure of Rs 23.37\* crore was incurred over the allotted funds and advances of Rs 5.82\* crore were lying unadjusted/unrecovered against individuals since long.

*(Paragraphs 3.6.2 & 3.6.4)*

Arrears of revenue of ULBs aggregating Rs 75.20\* crore were also outstanding against Government departments/undertakings/statutory bodies since long periods which require Government's initiative for their expeditious settlement.

*(Paragraph 3.6.3)*

As of June 2005, 5846 IRs containing 77,452 paragraphs issued by DLFA upto 2004-05 remained pending for settlement. These included 412 cases of embezzlement amounting to Rs 1.54 crore. Audit of 48 Municipal Boards by DLFA was in arrears and audit fees of Rs 16.79 lakh was yet to be paid to DLFA by ULBs.

*(Paragraphs 3.9 & 3.10)*

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\* Refer to Statement of updated figures/details at page-97.

## **7. Blocking of funds/unfruitful expenditure**

(i) Due to short release of funds by the District Rural Development Agency, Churu and lack of proper monitoring by the Directorate of Local Bodies, construction of town hall in Ratangarh was lying incomplete and expenditure of Rs 62.44 lakh incurred on its construction remained blocked for more than four years.

*(Paragraph 4.2.1)*

(ii) Improper selection of site for construction of houses by Municipal Board, Pratapgarh led to deprival of housing at affordable cost to the persons belonging to economically weaker sections, besides expenditure of Rs 18.04 lakh on construction of 95 houses proved unfruitful.

*(Paragraph 4.2.2)*

## **8. Irregular expenditure/excess payments**

(i) Allotment of 15 works costing Rs 1.20 crore to nine ineligible contractors and unauthorised persons by Jaipur Municipal Corporation was in violation of Public Works Financial and Accounts Rules.

*(Paragraph 4.3.2)*

(ii) Development works of Rs 46.15 lakh were executed irregularly by Jaipur Municipal Corporation in non-regularised *kutchi basties* and *kutchi basties* settled on forest land.

*(Paragraph 4.3.3)*

## **9. Non-eviction of unauthorised possessions**

(i) Municipal Board, Suratgarh failed to recover regularisation charges of Rs 7.68 lakh towards the land which could have been regularised under the prescribed ceiling. Eviction of unauthorised occupants of Municipal land valuing Rs 42.38 lakh was also not resorted to.

*(Paragraph 4.4.1(i))*

(ii) Jaipur Municipal Corporation unauthorisedly regularised the possession of municipal land valuing Rs 6.48 lakh by seven ineligible employees. It also failed to evict 216 employees unauthorisedly in possession of land worth Rs 3.01 crore in *kutchi basties*.

*(Paragraph 4.4.1(ii))*

## **10. Non/short realisation of revenue**

(i) Failure to recover conversion charges for commercial use, application of inappropriate reserve prices for the determination of conversion charges and

short recovery of lease money/slaughtering fee by municipalities resulted in non/short realisation of revenue of Rs 2.48 crore.

*(Paragraphs 4.5.1 to 4.5.3)*

(ii) Issuance of lease deed to a private institution by Municipal Council, Ajmer without recovering urban assessment resulted in loss of Rs 78.94 lakh.

*(Paragraph 4.5.4)*

### **11. Non-crediting/non-depositing of amounts in concerned account/fund**

(i) Urban assessment amounting to Rs 6.04\* crore which was required to be deposited in the Consolidated Fund of State Government, was unauthorisedly retained/utilised by 11\* municipalities.

*(Paragraph 4.6.1)*

(ii) Statutory recoveries on account of General Provident Fund/Contributory Provident Fund made from salaries of employees and Pension contribution/ Gratuity contribution aggregating Rs 14.78\* crore had not been deposited by ULBs in the concerned accounts/funds for 1 to 30 years.

*(Paragraph 4.6.2)*

### **12. Other points**

Out of Central/State subsidy amounting to Rs 3.69 crore received more than seven years back for construction/conversion of flush latrines under 'Integrated Low Cost Sanitation and Scavengers Rehabilitation Scheme', Rs 1.81 crore was lying unutilised with three municipalities and recovery of loan and contribution amounting to Rs 74.78 lakh had not been effected from the beneficiaries.

*(Paragraph 4.7.1)*

### **13. Implementation of Municipal Solid Waste, Biomedical Waste and Prevention of Cruelty to Animals Rules**

Review of implementation of Municipal Solid Wastes (Management and Handling) Rules, 2000, Bio-Medical Waste (Management and Handling) Rules, 1998 and Prevention of Cruelty to Animals (Slaughter House) Rules, 2001 in four Municipal Councils (Ajmer, Alwar, Bhilwara and Udaipur) revealed the following deficiencies:

- In the absence of category-wise bins, storage facilities and specially designed vehicles, municipal solid waste was being littered on roads, streets and open spaces and its transportation was not proper.

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\* Refer to Statement of updated figures/details at page-97.

- Sanitary landfill sites conforming to the prescribed standards had not been made ready for operation /dumping of waste and the waste processing units had not been set up.
- No system for the disposal and treatment of Bio Medical Waste (BMW) was established which was fraught with the risks of health hazards due to mixing of BMW with the municipal solid waste.
- Slaughter houses with prescribed facilities were not established and thus sale of contaminated and uncertified meat could not be prevented.

*(Paragraph 4.8)*

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