

PANCHAYATI RAJ INSTITUTIONS

CHAPTER-II

ACCOUNTING PROCEDURE AND FINANCIAL MANAGEMENT

2.1 Loss of revenue due to non-deduction and non-remittance of Income tax.

As per relevant provisions, Income Tax should be deducted at source from the bills of Contractors/Suppliers @ 15% on forest products (Sand, Boulders, Stones, Chips, Stone Dust etc) and @ 2% on general bills plus ½% surcharge thereon and shall be credited into the Government account in the subsequent month.

Test check of the records of 12 (Twelve) PRIs revealed that they did not deduct and deposit Income tax from the contractors/suppliers' final payment bills. As a result Government incurred a loss of Rs. 6.86 lakh during the period from April 2002 to March 2006. **(Annexure-A)**

2.2 Retention of huge amounts in cash amounting to Rs.2.78 lakh

As per Rule 11 (1) and Rule 6 of the Assam Panchayat (Financial) Rules 2002, the Executive officer may not incur any expenditure out of the PRI fund without prior sanction/approval of the President of the concerned AP. Further, no money shall be withdrawn from the PRI fund unless required for immediate utilization and disbursement. If for any reason, the amount drawn could not be utilized and disbursed immediately, the amount such shall be refunded to the fund and may be drawn again when required.

Test check of relevant records, such as Cash Book, vouchers etc. of 2 (two) PRIs units revealed that the CEO/EO/BDO had drawn an amount of Rs. 2.78 lakh by drawing self-cheques *during February 2002 to May 2006* but these amounts remained undisbursed for long period ranging from 2 to 4 years. (**Annexure-B**)

2.3 Tax Collected not reflected in Cash Book and Bank Pass Book

Test check of records of 6(Six) PRIs revealed that various taxes and fees for Rs 4.42 lakhs collected during January 2001 to March 2006 as per records of the Receipt Books were neither reflected in the Cash Book nor in the Bank Pass Book. Non-accountal of such receipts in the books of accounts can lead to misappropriation/embezzlement. (**Annexure-C**)

2.4 Non-adjustment of Advances

(a) Test check of the records of Demow and Nazira APs revealed that Rs.61000/- sanctioned as advances (Nazira AP Rs. 37500 as TA advance to 7 (Seven) employees during 9/03 to 8/04 and Demow AP Rs.23, 500 as misc. advances to 4 (Four) employees during 9/01 to 8/05) have not been adjusted till March,2007

The practice of non-adjustment of advances for several years is in violations of provisions of General Financial Rules. (**Annexure-D**)

(b) As per Rule 17 (1) of the Assam Panchayat (Admn.) Rules 2002, the President and the Vice President of the Zilla Parishad shall be entitled to TA and DA on tour as admissible to class 1 State Govt officer and the President/Vice President of Anchalik Panchayat shall be entitled to TA and DA on tour as admissible to class II State Govt. officer.

Test check of the records of Dibrugarh Zilla Parishad, revealed that instead of preferring traveling allowances by the President/Vice President/CEO, cost of POL were claimed in advance in an adhoc manner without any adjustments.

Thus payments amounting to Rs 1,77,252/- made during 2002-03 to 2005-06 were in contravention of prescribed rules and need to be recovered/adjusted against preferred TA claims.

No response from the concerned unit was received till date.

SI No	Particulars	Period	Amount (In Rupees)
1	Cost of POL, Paid to the President/Vice President	12/04 to 10/05	120480
2	Cost of POL, Paid to the CEO	1/03 to 10/05	56772
		Total	177252

2.5 Non-merger of erstwhile Mahkuma Parishad Funds to Zilla Parishad Funds.

Test check of records viz. closing balance of erstwhile Mahakuma Parishad's Cash Book, Bank accounts and list of handing over memos of Sivasagar and Dibrugarh Zilla Parishad revealed that funds of the erstwhile Mahkuma Parishads, which were to be merged at the time of constitution of these Zilla Parishad, were not transferred to the new account of these Zilla Parishads. The ZPs had no *details* about the funds and did not initiate any action to trace these funds. Thus embezzlement/misappropriation of fund of Rs 50.71 lakh cannot be ruled out. *

2.6 Non-recoupment of fund in connection with the lifting of Mid Day Meal

As per guidelines of Mid day meal (MDM) scheme, raw materials for preparing the meals are distributed by the Panchayats within their jurisdiction. The transportation cost is to be initially borne by the PRIs from their own funds/SGRY fund as per instruction of District Administration and would subsequently be reimbursed by the District Administration. Despite preference of claims by PRIs, no refund/reimbursement was made by the district

* Erstwhile Nazira Mahakuma Parishad (Rs 960/-) and Charaideo Mahakuma Parishad (Rs.2443954/-) merged with Sibsagar Zilla Parishad = Rs.2444914/-
 Dibrugarh Mahkuma Parishad merged with Dibrugarh Zilla Parishad = Rs.2625897/-
Grand Total Rs.5070811/-

administration till date of audit in respect of 8(eight) Development Block/APs amounting to Rs 15.83 lakh for the period from April 2002 to March 2006. (**Annexure-E**)

2.7 Acquisition of moveable assets costing Rs. 10.6 lakh without approval of State Govt.

As per section 90, 92, 93, 96, 99 and 100 of the Assam Panchayat Act, 1994, Zilla Parishad have the power to acquire/hold/dispose of property or to meet expenditure provided prior approval of the State Government is obtained.

Test check of records revealed that Sivasagar Zilla Parishad purchased 2 (two) vehicles costing Rs.10.6 lakh from ZP's own fund and Bank Loans (no specific amount and name of the Bank from where the loans were obtained was recorded in the resolution) based on resolutions without taking any approval of the State Government.

Thus, the expenditure of Rs.10.6 lakh on purchase of the 2 (two) vehicles by Sivasagar Zilla Parishad was irregular and unauthorized. ***

(a) Resolution No. 8 dated 5th December 2002, resolved in the meeting to purchase a new Tata Sumo on the ground of recurring expenditure on repair of old vehicle. But no decision was taken regarding the fate of old vehicle and the Budget Provision for purchase.

(b) Similarly, in the resolution No. 11 (a) dated 16th February 2004, it was decided to purchase a vehicle (without Brand) for the use of C.E.O by Bank loan without fixing the maximum limit of loan and source from where the loan would be repaid.

*** Tata Sumo bearing Regn. No. AS-04D 7289 dtd 1.1.03 = Rs. 5,63,734/-

Balero (Mahindra) No. AS-04D/0002 dated: 1.3.04 _____ = Rs. 4,93,890/-

Total Rs.10, 57,624/-