

## **CHAPTER-III**

### **3. Other Important Topics**

#### **3.1 Irregular Implementation of schemes.**

As per guidelines of 12th Finance Commission the repair and maintenance of water supply and sanitation schemes in rural areas having monetary value of Rs. one lakh and more should only be sanctioned by the Zila Parishad. These schemes should be sanctioned out of the priorities fixed by the Gram Sabha in its annual plan/budget and relevant portion of which will be supplied to the Panchayat Samiti/Zila Parishad for sanction of schemes out of its budget share.

It was noticed that contrary to the provisions of guidelines, funds amounting to Rs. 48.67 lakh were sanctioned/released during 2005-06 for 150 schemes having monetary value of less than Rs. one lakh by two Zila Parishads (Shimla:98 schemes:Rs.27.46 lakh and Kullu:52 schemes Rs. 21.21 lakh)(Appendix-12). Moreover, these schemes were not out of priorities fixed by the respective Gram Sabha. Thus, the release of funds was irregular. The Secretary of concerned Zila Parishads stated (January, 2007) that matter had been taken up with the Govt. for relaxation in monetary value of each scheme as it was not possible to frame schemes having monetary value of Rs. one lakh and more. The replies were not tenable as the sanction of the schemes under centrally sponsored schemes was to be ensured strictly in accordance with the guidelines.

Similarly funds amounting to Rs. 78.56 lakh were placed (2005-06) at the disposal of Zila Parishad Kangra at Dharamsala for implementation of water supply and sanitation under 12<sup>th</sup> Finance Commission.

It was noticed that no action had been taken as of November 2006 to finalise the schemes and funds were lying unutilised. The Secretary Zila Parishad stated (November 2006) that relaxation to approve the scheme having monetary value upto 0.25 lakh had been sought from government and decision was awaited.

### **3.2 Non-Construction of office building.**

For the construction of office building of Zila Parishad, Shimla and Una funds amounting to Rs. 50 lakh (Rs.25 lakh each @ 5 lakh per annum (Appendix-13) were released between 1997-98 and 2001-02 to both the Zila Parishads for the purpose.

It was noticed in audit that entire amount had been lying unutilised with the respective Zila Parishad as the construction of buildings had not been started. The secretary Zila Parishad, Una stated (February-2006) that the funds could not be utilised for want of suitable land. The Secretary Zila Parishad Shimla stated (January-2007) that construction of building could not be started as the selected site had been rejected by the Town and Country Planning and efforts were being made to identify new site. Thus lack of proper planning led to blockade of funds which otherwise could have been used on other welfare works. Further developments were awaited.

### **3.3 Excess expenditure on material component**

As per instructions issued by the Government expenditure on labour and material component was to be maintained in the ratio of 60:40 for works executed under SGRY.

In violation of these instructions, 63 percent expenditure was made on material component and 37 percent made on labour component during the year 2002-2005 on 183 works executed in 15 Panchayats resulting in excess expenditure on material component of Rs. 5.33 lakh due to which loss of 7611 mandays occurred (Appendix-14). No reasons for excess expenditure on material component were advanced by any of Gram Panchayat.

### **3.4 Incomplete works.**

During test check of works registers and other relevant records, it was noticed that in 7 Panchayat Samities, 132 works totaling to Rs. 45.25 lakh were approved (2002-03: 14 works, 2003-04: 10 works and 2004-05: 99 works) through annual shelf works and were to be executed by the various Panchayats under the control of the P.Ss during the year 2002-2005 under SGRY scheme (details in appendix-15).

It was further noticed that out of above works of Rs.45.25 lakh, an expenditure of Rs.23.83 lakh was incurred as of March 2006 and a balance of Rs. 21.42 lakh remained unutilised.

As per condition of sanctions these works were required to be completed within one year from the date of sanction. Thus non-completion of these works even after stipulated period has resulted into unfruitful expenditure besides depriving the public from intended benefits. The concerned Executive officers stated that some of the works had been completed but accounts were awaited from concerned Panchayats. It was further stated that incomplete works could not be completed due to local disputes and lack of interest of concerned Panchayats. The replies were not tenable keeping in view delay involved.

### **3.5 Blocking of funds.**

Funds amounting to Rs. 102.37 lakh under 10<sup>th</sup> Finance Commission's recommendations were sanctioned between 1997 to 2001 for Zila Parishad Kangra for the execution of developmental works/schemes.

It was noticed that an amount of Rs. 11.02 lakh had been lying unutilised as no schemes were found formulated. Reasons for non-utilisation thereof were also not on record. The Secretary Zila Parishad stated (October, 2006) that the matter would be taken up with the Director for clarification regarding its utilisation. The reply was not tenable as funds were lying unutilised and all activities under 10<sup>th</sup> Finance Commission already stood closed.

### **3.6 Irregular Payment**

Main purpose of the Sampoorna Gramin Rojgar Yojna (SGRY) was that the development works in the Panchayat area were to be executed by engaging local labour so as to provide gainful employment to unemployed persons in rural areas and that the payments of wages to labourers were to be made on weekly basis in the presence of the Gram Pradhan. The use of machinery such as JCB was prohibited for the works /project unless use of machinery is essential for which prior approval of competent authority had been obtained.

In 4 Gram Panchayat test checked the construction of link roads was done through contractors by deploying/using machinery (JCB) in contravention of guidelines of the scheme for which payment of Rs. 5.43 lakh was made. (Appendix 16). No reasons for deployment of machinery were advanced by respective Gram Panchayats. Thus the intended purpose of SGRY remained unachieved.

**3.7 Expenditure in excess of sanctioned grant.**

It was notice that 38 Gram Panchayats had incurred an expenditure of Rs. 26.82 lakh (Appendix 17) in excess of sanctioned amount of grant in respect of 203 works during 2000-05 for which no approval was obtained from competent authority. No reasons for excess expenditure were advanced.

**3.8 Non start of works under SGRY.**

Guidelines of SGRY scheme provide that the funds sanctioned for developmental works should be utilised within the financial year. In 5 Panchayat Samities test checked, funds to the tune of Rs. 10.09 lakh released between 2002-03 and 2005-06 for execution of 35 developmental works under SGRY schemes remained unutilised as of March, 2006 as no work was started (Appendix-18).

**3.9 Diversion of funds.**

Grants released for the construction of minor irrigation and water supply schemes were required to be utilised strictly on the specified works of Panchayat Samiti.

It was noticed in audit of Panchayat Samities Kangra that Rs. 0.53 lakh (2004-05 Rs. 0.26 lakh and 2005-06 Rs. 0.27 lakh) meant for specified schemes had been withdrawn from the personal ledger account and utilised for other purposes such as repairs/maintenance, purchase of coal and miscellaneous expenditure etc by the Panchayat Samiti, Kangra. On this being pointed out in audit the Executive Officer Panchayat Samiti stated (November 2006) that the funds were utilised with the approval of Panchayat Samiti, and that the grant for construction of water and sanitation work shall be utilized shortly. The reply was not tenable as the funds were to be utilized for construction of minor irrigation and water supply schemes for which grants were received from Director (PR). Thus the

funds were diverted for other purposes. The scheme for which funds were sanctioned remained unattended. Such diversions led to denial of the intended benefits to beneficiaries.

### **3.10 Blocking of funds.**

16 Gram Panchayats had received various grants amounting to Rs. 11.68 lakh for 79 works (Appendix 19) between 2000-05 for execution of various developmental schemes.

Test check of their records revealed that although a period of one to five years had elapsed, but execution of works had not been taken up to March, 2005.

This had not only resulted in blockage of Government funds of Rs. 11.68 lakhs but also deprived the intended benefits to the beneficiaries. No action to start the works has been taken by the respective Gram Panchayats.

### **3.11 Expenditure incurred without preparing any budget.**

According to Rule 38 of HP Panchayati Raj (Finance, Budget, Accounts, Audit etc) Rule 2002 every Panchayat Samiti and Zila Parishad shall prepare annually a budget estimates of its receipt and expenditure in form 12 for the year commencing on 1<sup>st</sup> day of the following April. The budget estimates shall be prepared by the Secretary of the Panchayat Samiti or the Zila Parishad, as the case may be by 31<sup>st</sup> December and he shall submit it to the Finance, Audit and Planning Committee of the Panchayat Samiti or the Zila Parishad, as the case may be, for its close scrutiny or any modification as it may consider fit, and the said committee shall submit the same to the Panchayat Samiti or the Zila Parishad, as the case may be for approval on or before the 15<sup>th</sup> February,

It was noticed that in 3 Zila Parishad and 4 Panchayat Samities test checked budget estimates for the period from 2002-03 to 2005-06 had not been prepared. However, expenditure of Rs. 139.43 lakh had been incurred between 2002-03 to 2005-06 without preparation of budget estimates which was irregular (details in Appendix 20)

The concerned institutions stated that in future, budget estimates would be prepared. The replies were not tenable as provision of rules had not been complied with.

### **3.12 Blocking of funds in PLA**

Panchayati Raj Department had been according sanctions for implementation of water supply and minor irrigation scheme in the rural areas to be executed by the Panchayat Samiti under head grant in aid. The funds released by the department were to be credited to PLA account of the respective Panchayat Samities. As per conditions of the sanction, the funds were to be utilised within one year from the date of sanction failing which the amount of grants required to be refunded.

It was noticed that in 5 Panchayat Samities test checked (Appendix 21) there were opening balance of Rs. 8.85 lakh as on 1<sup>st</sup> April 2002 and an amount of Rs. 1.82 lakh was received between 2002-03 and 2004-05 against which expenditure of Rs. 2.13 lakh stood incurred leaving unspent balance of Rs. 8.54 lakh as of March 2005. Similarly, in respect of Panchayat Samiti, Kangra there was balance of Rs. 4.57 lakh as on 1<sup>st</sup> April, 2004 and funds amounting to Rs. 0.66 lakh were received during 2004-05 and an expenditure of Rs. 2.31 lakh had been incurred leaving a balance of Rs. 2.92 lakh as of March 2005. Thus, funds amounting to Rs. 11.46 lakh stood blocked and purpose for which the funds were released also remained un-achieved. The concerned institutions stated that action was being taken.

### **3.13 Non-Execution of works by the Zila Parishad.**

Rule 93 of Himachal Pradesh Panchayati Raj Rules 2002 provides that the Zila Parishad shall execute works out of the funds available through the participatory committee constituted by the Zila Parishad. It has further been provided that separate participatory committee should be framed for each works for maintaining complete transparency in its functioning.

It was noticed that Zila Parishad Kullu had not constituted any participatory committee for execution of works approved by the house of Zila Parishad. Consequently funds amounting to Rs. 21.21 lakh were released during 2005-06 to the blocks for further execution of works by the concerned Panchayats which was irregular. The Secretary stated (January, 2007) that the action would be taken in future.

### 3.14 Awaited Utilisation.

The Director (PRI) has been releasing various grants to Panchayati Raj Institutions for developmental schemes and concerned institutions were required to furnish utilisation certificates within two years from receipt of grants.

It was noticed that grants aggregating to Rs. 1099.07 lakh were released to PRIs during 2004-05 but the requisite utilisation certificates were awaited as of March 2007. The Department stated (March, 2007) that the UCs were being collected.

### 3.15 Internal Audit

As per provisions of Himachal Pradesh Panchayati Raj Act, 1994, there is an internal Audit agency in the Panchayati Raj Department to look after the accounts of the Panchayati Raj Institutions. The audit of all the institution was to be conducted annually

**The position of audit of PRIs during the year 2005-06 was as under:-**

| Name of Institution  | Total units | Nos. of units audited during 2005-06 | Percentage |
|----------------------|-------------|--------------------------------------|------------|
| 1. Zila Parishad     | 12          | 6                                    | 50         |
| 2. Panchayats Samiti | 75          | 29                                   | 39         |
| 3. Gram Panchayats   | 3037        | 1667                                 | 55         |

Evidently the coverage of units was between 39 and 55 percent only. The Director(Panchayati Raj) stated(March,2007) that the targets for the audit could not be achieved during 2005-06 due to general election of Panchayati Raj Institutions.

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