

CHAPTER-IX

Conclusion and Recommendations

9.1 Conclusion

- The Position of management of finance and accounts in PRIs in Bihar is far from satisfactory. Recording of financial transactions through cash books and monthly and annual accounts was found deficient and even non-existent. Non maintenance of related records and non-adherence to accounting and budgetary procedures weakened the system of internal controls. As a result, audit could neither ascertain accuracy of facts nor the correctness of figures. It could not satisfy itself about compliance with procedures and fulfillment of objectives in all cases.
- The maintenance of accounts and records in PRIs was deficient as they maintained several Cash Books instead of one. All the transactions of all Cash Books were not compiled and Annual Accounts were not prepared. In the absence of which the position of receipt and utilisation of different grants remained unascertainable. Even the basic accounting records such as Govt. grant register, Govt. Loan register, Advance register, Deposit Register, Employment and Assets Register etc. were not maintained in absence of which the liabilities and assets of PRIs remained undisclosed.
- Internal Control was found deficient over collection of money and its deposit due to which cases of misappropriation, short credit etc. persisted.
- The State Govt. was yet to issue instructions/directions to PRIs to prepare Budget and Accounts in the formats prescribed by the C&AG.
- Creation of database on finances of PRIs had not even started and Rs. 5.72 crore drawn for this purpose in March, 2005 is still lying in Civil Deposit.
- There was lack of monitoring and supervision over works due to which 3215 works in 12 ZPs, 4163 works in 48 PSs and 2019 works in 194 Gram Panchayats were found incomplete despite payment of advances (cash and grain) of Rs 25.40 crore, Rs. 32.55 crore and Rs. 5.78 crore respectively.
- Execution of large number of works was entrusted to a few executing agents viz. AEs/JEs/Panchayat Sewaks, resulting in large number of works remaining incompleted. The departmental execution of works from all

types of grants paid to PRIs was thus inefficient as the Drawing and Disbursing Officers could not exercise enough control over advances paid and failure to ensure its timely adjustment.

- The PS and GPs are still to augment their own sources of receipts by imposition of taxes, fees and tolls as clear cut direction in this regard have not been issued by the State Govt. so far.

9.2 Recommendations

The following measures are recommended for ensuring accountability of the PRIs functionaries by strengthening the internal control system:-

- The PRIs may be instructed to prepare budget and accounts in Standard Budget and Accounting Formats prescribed by the C&AG after duly considering the simplified accounting codes handed over to the Panchayat Raj Department in February 2007. To this end qualified staffs need to be posted in PRIs at the earliest.
- Data base on PRIs finances may be developed for compilation of position of different grants/funds which would help the authorities to exercise effective monitoring of schemes, assets created and employment generated. Amount of Rs. 5.72 crore drawn by the State Government in March 2005 and kept in Civil Deposit may be utilised immediately for the purpose.
- Accounts rules in consonance with the provisions of Bihar Panchayat Raj Act, 2006 may be framed immediately as the PRIs are still observing outdated rules.
- Preparation of budget estimates and Annual Action Plan may be ensured by the concerned authorities of the PRIs and accountability may be fixed on the responsible officials/officers for lapses in budgetary control and execution of schemes.
- The accounts, records and staff of Panchayat Samitis need to be separated from the Block offices for ascertaining a clear position of financial transactions and performance of Panchayat Samitis.
- Funds were directly provided to PRIs by Panchayat Raj Department and Rural Development Department through DRDA. Release of all type of grants to PRIs by Panchayat Raj Department should be done in a timely

manner so that the Department may be able to exercise adequate control over its proper utilisation.

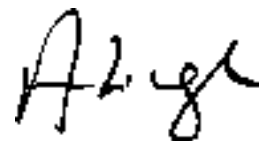
- Internal control systems may be strengthened for pre audit of bills/vouchers and check over collections by internal audit wing.
- Transfer of functionaries and finances of 20 departments which devolved their functions to PRIs may be made effective as the finances were not released by these departments nor the functionaries transferred.
- Position of mounting outstanding advances may be reduced and a time schedule may be provided for submission of Adjustment Bills as well as for passing of adjustment bills by the Accounts Section.
- Monitoring, supervision and evaluation of the works by the required authorities may be ensured for completion of works within stipulated period.



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