

OVERVIEW

This Report includes three Chapters. Chapters-I and II contain an overview of the Panchayati Raj Institutions and Urban Local Bodies (ULBs) respectively. Chapter-III comprises audit paragraphs on the financial transactions under National Rural Employment Guarantee Scheme (NREGS), Swarna Jayanti Sahari Rojgar Yojana (SJSRY) and Urban Development Fund (UDF) schemes of PRIs/ULBs followed by recommendations. A summary of audit findings is given as under:

There are four Zilla Parishads and 165 Gram Panchayats in the State of Manipur. The Rural Development and Panchayati Raj Department (RD&PR) of the State Government is the administrative head at the State level.

(Paragraph 1.2)

In September 2005, the State Government transferred 16 functions to the PRIs, but it remained on paper only as functionaries and funds were not actually transferred along with the functions.

(Paragraph 1.4)

Test check of records maintained in three ZPs and 25 GPs revealed that major portion of the fund earmarked for creation of database and maintenance of accounts under EFC and TFC awards was diverted towards other office expenses such as purchase of stationery, furniture, extension of building etc.

(Paragraph 1.5)

The State Government has issued orders for constituting District Planning Committees (DPCs) in all the four Valley Districts of Manipur. The DPCs did not prepare and submit the District Development Plans to the State Government as envisaged.

(Paragraph 1.8)

Director, Local Fund Audit (DLFA) acts as Primary Auditor of all the two tiers of PRIs. However, no separate audit of GPs & ZPs were conducted by the Director, Local Fund Audit as of March, 2010. The Comptroller and Auditor General of India (C&AG) conducts audit of these institutions under Section 14 & Section 20 (1) of the C&AG's (DPC) Act, 1971.

(Paragraph 1.9)

Due to non-maintenance of accounts, statements/records and poor maintenance of Cash Book, the financial as well as asset positions of the PRIs test audited could not be ascertained in audit.

(Paragraph 1.11.1)

Test-check of the records of three ZPs and 25 GPs revealed none of the PRIs prepared monthly and yearly Bank Reconciliation Statements in spite of finding differences in bank balances shown in the Cash Book and Bank Statements.

(Paragraph 1.11.2)

Ministry of Panchayati Raj, Government of India had circulated (October, 2009), the Modified Accounting Structure for PRIs with an instruction to operationalise it with effect from April 2010. Test check of records of selected PRIs revealed that none of the PRIs kept accounts in the formats prescribed by Ministry of Panchayati Raj.

(Paragraph 1.11.3)

Due to lack of accounting knowledge in all the PRIs test audited, no account was prepared and maintenance of records was found to be very poor. It was noticed that no training programme was conducted during the year 2009-10.

(Paragraph 1.11.5)

The 12th Schedule of the Constitution enlists 18 functions to be devolved to the ULBs. However, Government Notification in case of transfer of funds, functions and functionaries to ULBs is yet to be issued in Manipur.

(Paragraph 2.3)

Despite sufficient fund provided under EFC and TFC for creation of database and maintenance of accounts, the ULBs still maintained their accounts in conventional form.

(Paragraph 2.4)

The Comptroller and Auditor General of India (C&AG) conducts audit of ULBs institutions under Section 14 & Section 20 (1) of the C&AG's (DPC) Act, 1971.

(Paragraph 2.7)

Under Section 72(i) of the Manipur Municipalities Act, 1994, every ULB shall maintain such accounts for every financial year in such forms as may be prescribed and submit such statement to the Deputy Commissioner, the Director Local Fund Audit and the State Government. However, no account was prepared in all the ULBs test audited.

(Paragraph 2.9.2)

The test check of five ULBs revealed that none of the ULBs prepared monthly or quarterly Bank Reconciliation Statements.

(Paragraph 2.9.3)

None of the PRIs test audited merged the balance funds of SGRY as on 31 March 2008 with the MNREGS fund till the end of 2009-2010.

(Paragraph 3.1.1)

No unique number was allotted in the Muster Rolls used in all PRIs test audited. Moreover, no authentication on issue of the same by the Programme Officer was there. As such, unauthorized use of Muster Rolls could not be ruled out.

(Paragraph 3.1.3)

It was observed that the funds released by the Deputy Commissioner/District Programme Coordinator were found deposited in the bank account of the Programme Officer and the cost of materials of the works to be executed was

distributed in cash to the Pradhans/Panchayat Secretaries of the GPs in violation of the MNREGS guidelines.

(Paragraph 3.1.4)

Non accountal of TFC grants amounting to ₹ 46.04 lakh in Cash Books & Pass Book of 25 GPs under Imphal East-II, CD block.

(Paragraph 3.2.1)

No BPL list/register was maintained in any of the ULBs test audited for selection of beneficiaries under SJSRY. It is not ascertained in audit how beneficiaries were selected without maintaining a BPL list/register over the years.

(Paragraph 3.3.5)

Unauthorised diversion of Urban Development Fund to the tune of ₹ 0.71 lakh towards payment of Pay & allowances and remuneration of Staff.

(Paragraph 3.4.2)

Instances of unauthorised diversion of Twelfth Finance Commission funds in violation of TFC guidelines.

(Paragraph 3.5.3)

Award of works for installation of VSATs, purchase of Computer hardware and software for introduction of e-governance under JNNURM without call of tender for ₹ 10 lakh.

(Paragraph 3.6)