

CHAPTER-I

AN OVERVIEW OF ACCOUNTS AND FINANCES OF PANCHAYATI RAJ INSTITUTIONS

1.1 Introduction

The Rajasthan *Panchayat* Act, 1953 was enacted keeping in view the philosophy enshrined in Article 40 of the Constitution of India, which lays down that the State shall take steps to organise village *panchayats* and endow them with such powers and authority so as to enable them to function as units of self government. Subsequently, with a view to confirm to the new pattern of *Panchayati Raj*, the Rajasthan *Panchayat Samiti* and *Zila Parishad* Act was enacted in 1959 which provided for a three tier¹ structure of local self governing bodies at district, block and village levels and enhance decentralisation of powers. Consequent to 73rd Constitutional Amendment, the Rajasthan *Panchayati Raj* Act (RPRA), 1994 came into effect from April 1994, which delineated functions and powers of *Panchayati Raj* Institutions (PRIs). Later, Rajasthan *Panchayati Raj* Rules (RPRR), 1996 were incorporated thereunder to ensure the smooth functioning of PRIs.

There were 33 *Zila Parishads* (ZPs) with two cells in each ZP viz. Rural Development Cell (RDC) and *Panchayat* Cell (PC), 249 *Panchayat Samitis* (PSs) and 9,177 *Gram Panchayats* (GPs) in the State. The last election of all the three tier of PRIs was held in January-February 2010.

1.2 State profile

Rajasthan is the largest State in the country in terms of size and spans an area of 3.42 lakh square kilometers (sq kms). As per the 2001 census, the total population of the State was 5.65 crore, of which 4.33 crore (76.64 *per cent*) lived in rural areas. The comparative demographic and developmental profile of the State vis-à-vis the national profile is given in **Table 1.1** below:

Table 1.1: Important statistics of the State

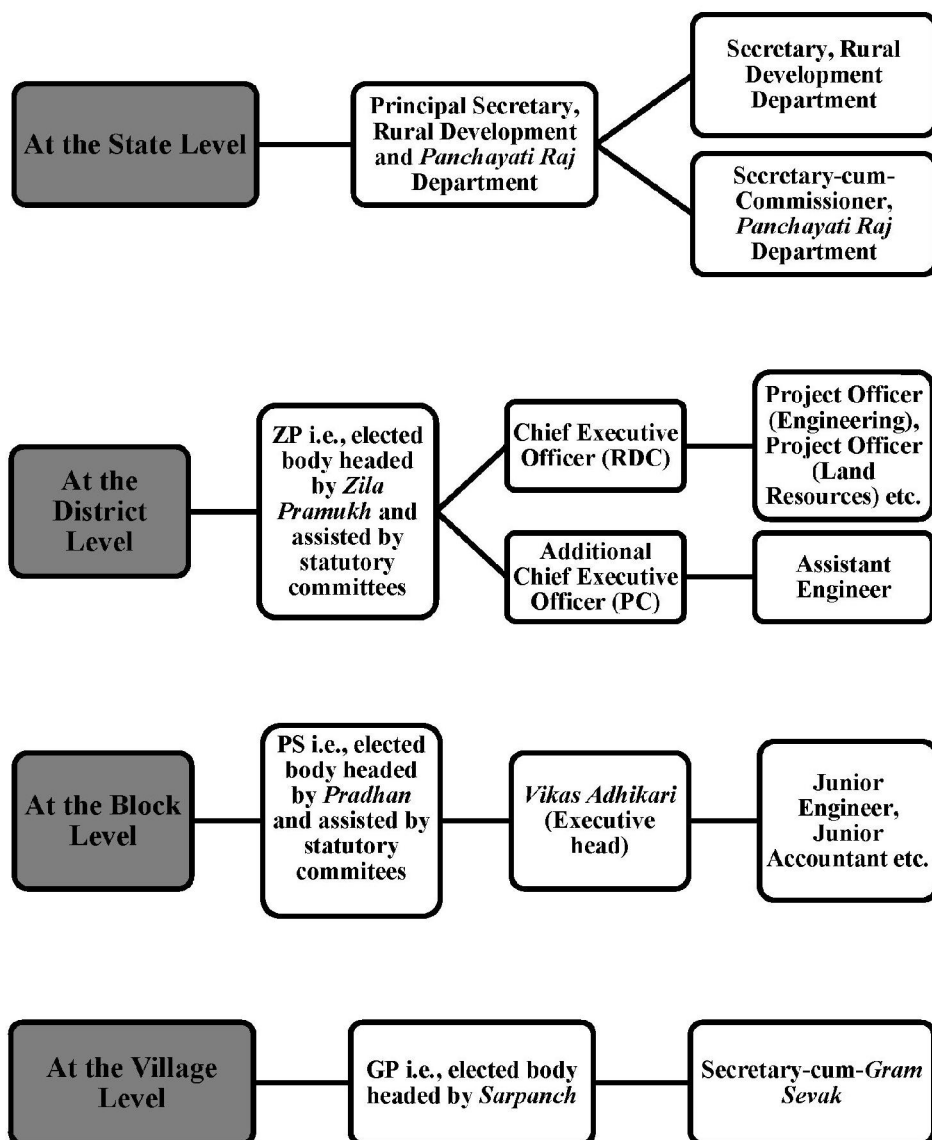
Indicator	Unit	State	National
Population	Crore	5.65	102.86
Population (Rural)	Crore	4.33	74.25
Population (Urban)	Crore	1.32	28.61
Population Density	Persons per sq km	165	324
Decadal Growth Rate	Percentage	28.33	21.34
Sex Ratio	Per 1000 males	922	933
Literacy Rate	Percentage	61.03	64.84

(Source: As per Census 2001)

1. *Zila Parishad* at District level, *Panchayat Samiti* at Block level and *Gram Panchayat* at Village level.

1.3 Organisational set up

The administrative department dealing with affairs of the PRIs is Rural Development and *Panchayati Raj* Department (RD&PRD). The department is headed by Principal Secretary at Government level assisted by Secretary, Rural Development Department and Secretary-cum-Commissioner, *Panchayati Raj* Department. The organisational chart for the department is given below:



1.4 District Planning Committee

In pursuance of Article 243ZD of the Constitution of India and Section 121 of RPRA, 1994, the State Government has to constitute District Planning

Committee (DPC) in each district. The Committee consists of 25 members, out of which 20 members will be elected from urban and rural areas of the district in proportion to elected members of District Council/Urban Bodies. Remaining five members will be nominated as under:

- District Collector;
- Chief Executive Officer, ZP;
- Additional Chief Executive Officer, ZP and
- Two members as a representative of voluntary agencies will be nominated out of nominations made by the State Government or Member of Parliament/Legislative Assembly.

Out of above stated nominated members, first three are permanent members. *Zila Pramukh*, ZP is the Chairman of DPC. Chief Planning Officer is Secretary of DPC. Functions of the DPC are consolidation of annual plans prepared by PSs and Urban Bodies of the district and preparation of draft for development of whole district and forward the same to the State Government.

Out of 33 DPCs, 32 DPCs have been constituted by the State Government. DPC for one newly created Pratapgarh district is to be constituted.

In 15 districts² it was observed that against of the schedule of four meetings (one meeting in a quarter) in a year, only one to three meetings were held during 2008-10.

1.5 Social Audit

Social Audit supplements financial audit and is a tool for assessment of proper utilisation of public money for creation of quality assets beneficial to intended people on ground level. *Ward Sabha/Gram Sabha* of *panchayats* were empowered to conduct Social Audit under Section 8(E) of RPR, 1994 and Audit of Scheme Rules, 2011 under MNREGA Act. A separate Directorate of Social Audit was created from 2009-10. Social Audit is conducted twice a year by Social Audit forum³ formed at GP level during first and last quarter of a financial year. Social Audit is being conducted from 1996-97 and has been completed up to first half of 2011-12. The compliance of Social Audit report is watched by *Gram Sabha*.

1.6 Audit arrangement

The Director, Local Fund Audit Department (LFAD) is the primary Auditor of the accounts of the PRIs under the RPR, 1994. Audit is being conducted by the Comptroller and Auditor General (C&AG) of India under Section 14 of

2. Alwar, Baran, Bharatpur, Bhilwara, Bikaner, Dausa, Dholpur, Hanumangarh, Jalore, Jhunjhunu, Nagaur, Jodhpur, Kota, Rajsamand and Sirohi.
3. Social Audit forum in *Gram Sabha* comprising of five members with at least two women members.

C&AG's (Duties, Powers and Conditions of Service) Act, 1971. Section 75(4) of the RPRA, 1994 as amended on 27 March 2011 also empowers the C&AG to conduct audit of the accounts of PRIs and provides for placement of audit report before the State Legislature. The State Government entrusted (February 2011) Technical Guidance and Supervision by the C&AG over audit of PRIs by Director, LFAD. An amendment in the Rajasthan Local Fund Audit Act, 1954 has also been made for laying of the Annual Audit Report compiled by the Director, LFAD with regard to PRIs before the State Legislature by insertion of Section 18 in Rajasthan Local Fund Audit Act, 1954.

1.7 Audit coverage

Out of 32 ZPs (each having a PC and RDC), 237 PSs and 9,184 GPs, (for the period 2007-08 and 2008-09) test check of accounts of 32 ZPs (PC), 32 ZPs (RDC) and 180 PSs including 1,662 GPs for the year 2007-08 and 32 ZPs (PC), 32 ZPs (RDC) and 108 PSs including 816 GPs for the year 2008-09 was conducted during 2008-09 and 2009-10 respectively. The position of audit coverage (numerically as well as fiscally) is indicated in **Table 1.2** below:

Table 1.2: Audit coverage of PRIs

	Numerical Audit coverage				Fiscal Audit coverage (Average basis)			
	2008-09		2009-10		2008-09		2009-10	
	Total	Audit coverage	Total	Audit coverage	Total expenditure	Audit coverage	Total expenditure	Audit coverage
	(in Numbers)				(₹ in crore)			
GPs	9,184	1,662	9,184	816	538.40	97.43	631.03	56.07
PSs	237	180	237	108	323.36	245.59	410.39	187.01
ZP (PC)	32	32	32	32	47.64	47.64	57.79	57.79
ZP (RDC)	32	32	32	32	7,248.70	7,248.70	965.87	965.87

(Source : As per information supplied by Panchayati Raj Department and Rural Development Department)

1.8 Financial position of PRIs

1.8.1 Fund flow chart of PRIs:

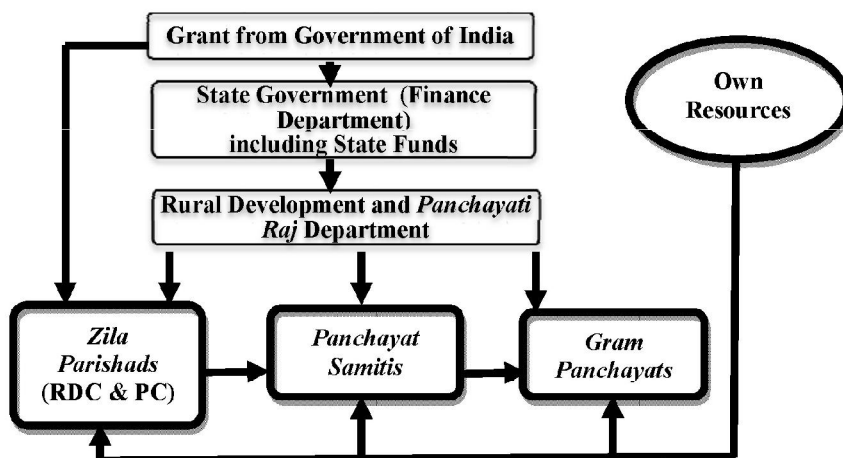


Table 1.3: Fund flow arrangements in some flagship schemes

Sl. No.	Schemes	Fund flow
1.	Mahatma Gandhi National Rural Employment Guarantee Schemes (MNREGA)	GoI transfers its share of MNREGA funds to Rajasthan Rural Employment Guarantee Council which transfers it to ZPs (RDC). State Government also transfers its share of MNREGA to ZPs (RDC). ZPs (RDC) transfer funds to Programm Officer who in turn releases the funds to implementing agencies.
2.	Backward Region Grant Fund (BRGF)	GoI transfers its share of BRGF to the State Government and the State Government after including its share releases funds to PRD. PRD releases the funds to ZPs and PSs for capacity building and GPs as development fund.

1.8.2 Financial position of Panchayati Raj Department

In addition to own sources of tax and non- tax revenue e.g., fair tax, building tax, fees, rent from land and buildings, water reservoirs etc. and capital receipts from sale of land, the PRIs receive funds from the State Government and Government of India (GoI) in the form of grants-in-aid/loans for general administration, implementation of developmental schemes/works, creation of infrastructure in rural areas etc. Funds are also provided under recommendations of the Central/State Finance Commissions. The position of receipts and expenditure of PRIs for the period 2005-10 based on data made available (April 2011) by the PRD is given in **Table 1.4** below:

Table 1.4: Financial position of PRD

(₹ in crore)

Particulars	2005-06	2006-07	2007-08	2008-09	2009-10
(A) Revenue receipts					
Own Tax	2.59	2.25	2.04	N.A.	N.A.
Own Non-Tax	12.33	13.99	12.45	N.A.	N.A.
Total Own Revenue	14.92	16.24	14.49	-	-
Grants-in-aid from State Government	128.72	125.37	166.27	540.40**	853.21**
Twelfth Finance Commission (TFC) grants	245.99	222.97	146.04	369.00	246.00
Total Receipts	389.63*	364.58*	326.80*	909.40	1,099.21
(B) Expenditure					
Revenue expenditure (Pay and allowances and maintenance expenditure)	340.43	319.98	297.60	881.88	1,024.09
Capital expenditure	49.20	44.60	29.20	27.52	75.12
Total Expenditure	389.63*	364.58*	326.80*	909.40	1,099.21
<i>(Source: As per data provided by Panchayati Raj Department)</i>					
<i>N.A. : Not available</i>					
<i>* In addition, grants of ₹ 157.57 crore, ₹ 180 crore and ₹ 180.10 crore were released during 2005-06, 2006-07 and 2007-08 respectively to the PRIs as per recommendations of Third State Finance Commission and same amounts were booked as expenditure by PRD in the relevant years in their own accounts.</i>					
<i>** Third State Finance Commission grant included in grant-in-aid from the State Government in 2008-09 and 2009-10.</i>					

The above position indicates that:

- Grant-in-aid from the State Government had increased by 56 per cent and 146.33 per cent in 2008-09 and 2009-10 over ₹ 346.37 crore (including State Finance Commission (SFC) grant) in 2007-08. As intimated (December 2011) by the department, increase in grant was for meeting out enhanced expenditure of pay and allowances of PRIs staff due to implementation of Sixth Pay Commission recommendations and also due to increased grant under Third State Finance Commission.
- Similarly, TFC grant had also increased by 152.67 per cent and 68.45 per cent in 2008-09 and 2009-10 over ₹ 146.04 crore in 2007-08.
- There was overall increase in total receipts by 79.40 per cent and 116.85 per cent in 2008-09 and 2009-10 over ₹ 506.90 (including SFC grant) in 2007-08.
- Compared to 2007-08 capital expenditure decreased by 5.75 per cent in 2008-09, it increased by 157.26 per cent in 2009-10 due to creation of assets by PRIs.
- Total expenditure had increased to ₹ 909.40 crore (by 79.40 per cent) in 2008-09 from ₹ 506.90 crore (including SFC grants) in 2007-08. The same further increased by 116.85 per cent in 2009-10 to ₹ 1,099.21 crore.
- Data in respect of 'Own tax' and 'Own non-tax' revenue of PRIs for 2008-09 and 2009-10 was not made available by PRD as there were no adequate arrangements for consolidation of data at State level.

1.8.2.1 Twelfth Finance Commission grants

The position of grants released by GoI and further released by the State Government to PRIs under recommendations of the Twelfth Finance Commission (TFC) during 2008-09 and 2009-10 is given in **Table 1.5** below:

Table 1.5: Grants of TFC

(₹ in crore)

Grants released by GoI to the State Government				Grants released by the State Government to PRIs	
Year	Installment	Amount	Date of receipt of grants	Amount	Date of release of grants to PRIs
2008-09	(First installment)	123	06.10.2008	123	16.10.2008
	(Second installment)	123	17.03.2009	123	31.03.2009
2009-10	(First installment)	123	07.08.2009	123	21.08.2009
	(Second installment)	123	07.01.2010	123	21.01.2010

The comments on utilisation of TFC grants have been included in paragraph 2.3 of the report.

1.8.3 Financial position of Rural Development Department

The position of receipts and expenditure of Rural Development Department (RDD) for the years 2006-10 based on data made available by the RDD is given in **Table 1.6** below:

Table 1.6: Financial position of RDD

(₹ in crore)

Particulars	2006-07			2007-08			2008-09			2009-10		
	CSS	SSS	Total	CSS	SSS	Total	CSS	SSS	Total	CSS	SSS	Total
Opening balance	365.46	211.12	576.58	552.81	233.44	786.25	648.17	248.41	896.58	455.67	124.25	579.92
Receipts	1,573.73	149.25	1,722.98	1,908.66	240.54	2,149.20	7796.57	194.15	7,990.72	775.29	185.25	960.54
Total available funds	1,939.19	360.37	2,299.56	2,461.47	473.98	2,935.45	8444.74	442.56	8,887.30	1,230.96	309.50	1,540.46
Expenditure	1,521.85	179.99	1,701.84	2,282.57	235.11	2,517.68	6972.86	275.84	7,248.70	811.34	154.53	965.87
Closing balance	417.34	180.38	597.72	178.90	238.87	417.77	1471.88	166.72	1,638.60	419.62	154.97	574.59
Percentage of expenditure	78.48	49.95	74.01	92.73	49.60	85.77	82.57	62.33	81.56	65.91	49.93	62.70
<p>(Source: As per data provided by Rural Development Department) (CSS: Centrally Sponsored Scheme, SSS: State Sponsored Scheme) Note: In addition ₹ 71.44 crore (CSS: ₹ 53.58 crore and State plan: ₹ 17.86 crore) also received additionally from GoI/Government of Rajasthan for construction of 40,824 houses under Indira Awas Yojana.</p>												

The above table indicates that:

- There was difference of ₹ 478.81 crore between the closing balance of 2007-08 and opening balance of 2008-09 and of ₹ 1,058.68 crore between the closing balance of 2008-09 and opening balance of 2009-10. RDD attributed (January 2010 and June 2011) the difference due to non-inclusion of release made by the Central and State Governments at the end of 2007-08 and 2008-09 and interest accrued for 2007-08 and 2008-09 which were credited at the beginning of next financial year. The procedure adopted by the State Government was not appropriate as the receipts should have been credited under the receipt head of the relevant year instead of increasing the opening balance with reference to closing balance of preceding year.

During 2008-09 and 2009-10, RDD could utilise only 81.56 and 62.70 *per cent* respectively out of total available funds under Centrally Sponsored Schemes (CSS) and State Sponsored Schemes (SSS). During the year 2009-10, only 49.93 *per cent* funds were utilised under SSS out of total available funds due to which possibility of deprivation of the intended benefits by the targeted beneficiaries cannot be ruled out. RDD attributed (December 2011) less utilisation of funds under CSS/SSS to (i) availability of huge opening balances, (ii) receipt of recommendations for works at the fag end of the year, (iii) non-completion/non-starting of work due to dispute/encroachment on land and (iv) litigation in some cases, etc.

1.9 Accounting arrangements and maintenance of accounts

1.9.1 Accounting arrangements

Although the State Government had accepted (August 2003) formats of accounts prescribed by the C&AG for preparation of annual accounts (16 formats) and data base (eight formats) and relevant orders for implementation was circulated to PRIs. Despite the orders for implementation of the aforesaid formats, Annual Accounts for the years 2007-08 and 2008-09 were maintained by the PRIs in conventional formats prescribed under Chapter 11 of RPRR, 1996 and database was also not being maintained in prescribed formats.

Meanwhile, Simplified Accounting Formats, 2009 have been adopted for mandatory implementation with effect from 1 April 2011. Necessary amendment in Rule 245 of RPRR, 1996 was under consideration with Law Department (since December 2010). Training to PRI staff for maintaining database and accounts for the year 2009-10 and onwards in revised formats has been given (February 2011).

In the exit conference (November 2011), while accepting the facts the State Government stated that necessary action is being taken to implement new accounting formats with newly developed software i.e., *Panchayati Raj* Institution Accounting Software.

There was no system of consolidation and compilation of accounts at the State level in respect of receipts and expenditure of the various tiers of PRIs for generation of information on flow of funds to the local bodies and its application. Consolidation of realistic data on income and expenditure of PRIs is required for realistic assessment of the needs of the *Panchayats* for basic civic and developmental functions.

The RD&PRD has taken up a project called Computerisation Automation Refinement of Integrated System of Management and Accounts (CARISMA) for computerising and inter-connectivity of the PRIs. The project includes software pertaining to accounting, management information system, statutory duties (birth and death registration) and village database. The State Government initiated the project in November 2005 to interlink *Panchayati Raj* Headquarters, 32 ZPs, 237 PSs, 1,100 out of 9,189 GPs at an initial cost of ₹ 23.31 crore. The project alongwith its major key components viz. creation of database, inter-connectivity of PRIs and maintenance of accounts was scheduled to be completed by February 2011. The average inter-connectivity of live links during 2007-11 as intimated by RD&PRD in July 2011 is given in **Table 1.7** below:

Table 1.7: Average inter-connectivity of live links

Name of PRI	Total No. of PRI	Average inter-connectivity of live links in the year			
		2007-08	2008-09	2009-10	2010-11
ZPs	32	10(31)	17(53)	15(47)	5(16)
PSs	237	45(19)	74(31)	66(28)	22(09)
GPs	1,100	81(07)	219(20)	199(18)	80(07)

Note: Figure in bracket denote the percentage to the total number of PRIs concerned.

The above position indicates that average inter-connectivity of live links decreased during 2009-10 (ZPs: 47 per cent, PSs: 28 per cent and GPs: 18 per cent) in comparison to average live links of 2008-09 (ZPs: 53 per cent, PSs: 31 per cent and GPs: 20 per cent). Average inter-connectivity further decreased during 2010-11 (ZPs: 16 per cent, PSs: nine per cent and GPs: seven per cent). Reasons for lesser connectivity were attributed (July 2010) to problems relating to power and network points, technical matters related with hardware/software and towers, online connectivity and natural calamities etc. Further, due to incorporation of additional and ancillary works such as installation of routers, batteries and increase in the height of towers etc., an amount of ₹ 47.53 crore⁴ was made available for implementation of scheme and ₹ 43.15 crore had been spent. The State Government intimated (January 2012) that in view of the connectivity problems being faced and non-availability of additional funds to overcome these problems, it was decided in a meeting (October 2010) to wind up the project. Further, ₹ 1.58 crore has been demanded from ITI Limited, New Delhi.

Thus, the amount of ₹ 43.15 crore spent on CARISMA project has become infructuous.

1.9.2 Maintenance of accounts

1.9.2.1 Delayed submission of annual accounts

- Annual accounts of ZPs (RDC) for the year 2007-08 and 2008-09 were required to be sent to RDD by 30 September 2008 and 2009 respectively.

The position of submission of annual accounts to RDD by ZPs (RDC) is shown in *Appendix-I*. It was observed that there was delayed submission of annual accounts for the year 2007-08 ranging from 62 days to 303 days by 30 ZPs (RDC) to RDD. ZPs (RDC), Jodhpur and Pali did not submit their annual accounts to RDD. Similarly, annual accounts for the year 2008-09 were submitted by 30 ZPs (RDC) to RDD with delays ranging from 98 days to 379 days. ZPs (RDC), Jodhpur and Pali did not submit their annual accounts to RDD. The State Government stated (December 2011) that a Chartered Accountant has been appointed for preparation of accounts of ZP, Jodhpur and ZP, Pali has been asked for reasons for non-submission of accounts.

- Similarly, Annual Accounts for ZPs (PC) for the year 2007-08 and 2008-09 were required to be sent to *Panchayati Raj* Department (PRD) by 15 May of the following years.

The position of submission of annual accounts to PRD by ZPs (PC) is shown in *Appendix-I*. It was observed that there was delayed submission of annual accounts for the year 2007-08 ranging from three days to 258 days by 28 ZPs (PC) to PRD. ZPs (PC), Barmer, Jalore and Kota did not submit their annual accounts to PRD. ZP (PC), Sikar submitted its annual accounts in time.

4. Eleventh Finance Commission: ₹ 26.38 crore, *Rashtriya Gram Swarajgar Yojana*: ₹ two crore, *Panchayat* Empowerment and Accountability Incentive Scheme: ₹ 0.70 crore and TFC: ₹ 18.45 crore.

Similarly, annual accounts for the year 2008-09 were submitted by 29 ZPs (PC) to PRD with delays ranging from nine to 331 days. ZP (PC), Barmer did not submit its annual accounts to PRD. ZPs (PC), Bundi and Jaipur submitted its annual accounts in time. The State Government intimated (January 2012) that ZP (PC), Barmer has submitted their accounts for the years 2007-08 and 2008-09 and all offices have been directed to furnish accounts in time.

Delayed submissions of annual accounts were also pointed out in previous Audit Reports for 2004-05, 2005-06, 2006-07 and 2007-08 respectively. However, no remedial action was taken.

1.9.2.2 Certification of accounts

As per Rajasthan Local Fund Audit Rules, 1955, Local Fund Audit Department (LFAD) is to certify the accounts of PRIs but Director, LFAD intimated (April 2011) that they conduct only transaction audit of accounts and do not certify the accounts of PRIs. Hence, correctness of the accounts of PRIs cannot be verified in audit.

1.10 Outstanding utilisation certificates

Funds are allotted to ZPs by RD & PRD for execution of works under various schemes. After execution of works, certificate of utilisation of allotted funds are sent to RD & PRD. Analysis of information furnished by RD&PRD indicates that there was huge pendency of utilisation certificates as given in **Table 1.8** below:

Table 1.8: Outstanding utilisation certificates

(₹ in crore)

Particulars	Total Allotment	Total Expenditure	UCs Received	Outstanding UCs	Remarks
RDD	1,242.68	NA	124.25	1,118.43	As on 31.05.2011
PRD (SFC- III)	1,188.56	904.34	775.62	412.94	As on 28.02.2011
PRD (TFC)	1,230.00	1087.07	945.73	284.27	As on 28.02.2011

1.11 Arrears of Audit

The LFAD is the Statutory Auditor for the accounts of PRIs. There were arrears of audit of 23,703 units of PRIs (ZPs: 40, PSs: 413 and GPs: 23,250) since 1980-81. As of December 2011, the details of arrears is given in **Table 1.9** below:

Table 1.9: Arrears of audit of Director, LFAD

Arrears of audit (one year one unit)	ZP	PS	GP	Total
Upto 1980-81	0	03	4,522	4,525
1980-81 to 2009-10	15	184	10,445	10,644
2010-11	25	226	8,283	8,534
Total	40	413	23,250	23,703

(Source: As per data provided by Director Local Fund Audit Department)

Possibilities of availability of records of three PSs and 4,522 GPs prior to 1980-81 are remote after lapse of 30 years. Moreover, delay in Audit leads to loss of relevancy and as such irregularities remain undetected, leading to failure in scrutiny of proper utilisation of public money.

In order to reduce arrears of Audit, Director, LFAD intimated (February 2011) that audit of previous years arrears have been taken up alongwith audit of current year and efforts are being made for filling up of vacant posts alongwith creation of additional manpower for clearance of arrears.

1.12 Lack of response to Audit Observations

1.12.1 Up to December 2011, 50,163 (ZPs: 1,884, PSs: 48,279) paragraphs of 6,342 (ZPs: 401, PSs: 5941) inspection reports of PRIs issued by Director, LFAD were pending for settlement. Audit observations includes 7,308 paragraphs of embezzlement involving ₹ 14.06 crore were also pending for action as of December 2011.

1.12.2 A total of 1,755 inspection reports (IRs) of ZPs and PSs (including GPs) comprising 18,433 paragraphs issued by Office of the Principal Accountant General upto July 2004 and thereafter by Office of the Senior Deputy Accountant General (Local Bodies Audit and Accounts) from August 2004 to March 2010 were pending for settlement at the end of June 2011 as detailed in **Table 1.10** below:

Table 1.10: Outstanding IRs and paragraphs

Year	IRs	Paragraphs
Upto 2002-03	230	439
2003-04	235	1,360
2004-05	302	2,872
2005-06	240	2,630
2006-07	182	2,080
2007-08	195	2,610
2008-09	206	3,581
2009-10	165	2,861
Total *	1,755	18,433

** This includes 90 inspection reports comprising 352 outstanding paragraphs of Soil Conservation Department*

In the exit conference (November 2011), State Government stated that there are large number of Audit Observations which are difficult to manage and needs to be categorised according to their significance.

1.13 Impact of Audit

During 2008-09 and 2009-10 excess payments, double payments, dues, interest on excess cash balances, rent of shops etc. aggregating to ₹ 18.41 lakh and ₹ 17.98 lakh were recovered in 81 and 54 cases respectively by the PRIs at the instance of C&AG's audit.

Besides above, under MNREGA, ZP (RDC) has recovered ₹ 1.57 crore out of ₹ 2.25 crore, after pointing out by audit.

1.14 Conclusion

- Accounting records were not maintained in the prescribed formats and the grants were not utilised in a time bound manner to derive intended benefits. The database at any of the three levels viz., *Gram Panchayat*, District and State was also not developed despite availability of funds.
- There was no system of consolidation and compilation of accounts at the State level in respect of receipts and expenditure of the various tiers of PRIs.
- Instances of non-submission of UCs were noticed.
- There was no mechanism with the PRD for centralised database on the receipts and expenditure of various tiers of PRIs for monitoring and decision making purpose.
- There were huge pendency of audit observations and delays in their settlement.