

## OVERVIEW

This Report includes four Chapters. Chapters-I and III represent an overview of the accounts and finances of the *Panchayati Raj* Institutions (PRIs) and Urban Local Bodies (ULBs) respectively. Chapter-II comprises of two performance audits, one long paragraph and three transaction audit paragraphs and Chapter-IV comprises of two performance audits, one long paragraph and six transaction audit paragraphs arising out of the financial transactions of the PRIs and ULBs respectively.

A synopsis of important findings contained in this report is presented in this overview.

### (A) Panchayati Raj Institutions

#### 1. An Overview of Accounts and Finances of *Panchayati Raj* Institutions

*Panchayati Raj* Institutions continue to maintain the accounts in conventional formats though the State Government had accepted the simplified Accounting Formats prescribed by the Comptroller and Auditor General of India. Database on the finances of PRIs was not yet developed. 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.

*(Paragraph 1.9.1)*

#### 2. Performance Audit of Member of Parliament Local Area Development Scheme

Performance Audit of Member of Parliament Local Area Development Scheme conducted in Bharatpur, Bikaner, Churu, Dausa, Pali, Sikar, Sriganganagar and Tonk districts revealed that the utilisation of funds ranged between 40.49 and 89.53 per cent of the funds available with the District Authorities during the last five years (2004-09) leaving substantial closing balances in various bank accounts. The unspent balances of ₹ 0.54 crore left by predecessor *Rajya Sabha* MP of District Bikaner had not been distributed among the successor *Rajya Sabha* MPs of the State, rendering them idle. Further, instances of diversion of funds, release of advances to Implementing Agencies (IAs) in excess of the prescribed limit, non-refund of unspent balances by IAs were seen in Audit. There were several instances of delays in sanctioning works as well as sanctioning works without adhering to stipulated Scheme procedures. An expenditure of ₹ 1.44 crore was incurred on 61 works which were not permitted under the Scheme. Also an excess expenditure of ₹ 44.48 lakh to three trusts/societies against the prescribed ceiling was found.

*(Paragraph 2.1)*

### **3. Performance Audit of Member of Legislative Assembly Local Area Development Scheme**

Performance Audit of the Member of Legislative Assembly Local Area Development Scheme conducted in Alwar, Bharatpur, Bhilwara, Bundi, Churu, Dungarpur, Jhunjhunu and Sikar districts revealed that unsanctioned balance of ₹ 17.06 crore was lying in the Personal Deposit Accounts of District Authorities rendering them idle. An expenditure of ₹ 1.75 crore was incurred on 140 inadmissible works. 3,047 works amounting to ₹ 39.86 crore were sanctioned with a delay of one to 654 days beyond the prescribed period of 45 days from the date of receipt of recommendations. There was delay of three to 829 days in completion of 421 works costing ₹ 6.15 crore. Irregular payment of *prorata* charges of ₹ 14.13 lakh was made in respect of 53 works. Implementing agencies did not furnish utilisation certificates/ completion certificates for ₹ 24.95 crore of 2,432 works to the concerned District Authorities. There were cases of doubtful expenditure and double payment worth ₹ 0.90 lakh.

(Paragraph 2.2)

### **4. Long Draft Paragraph on Utilisation of Twelfth Finance Commission Grant by PRIs**

The Twelfth Finance Commission (TFC) sanctioned a grant of ₹ 1,230 crore to *Panchayati Raj* Institutions in the State for improving service delivery system of water supply and sanitation for the period 2005-2006 to 2009-2010. High priority was to be assigned for creation of database and maintenance of accounts at grass root level. It was seen that there were delays in release of TFC grants at all levels, ₹ 104.38 crore were lying unspent even after expiry of the scheme in March 2010, expenditure of ₹ 5.29 crore was incurred on inadmissible works, utilisation certificates of ₹ 120.19 crore were pending for adjustment and 851 works worth ₹ 3.66 crore were lying incomplete for more than one to five years.

(Paragraph 2.3)

### **5. Audit of Transactions**

Improper monitoring at state and district level and non-execution of scheme as intended resulted in failure of *Swarna Jayanti Gram Swarozgar Yojana* special project 'Production of *Vermi* Compost' and consequent unfruitful expenditure of ₹ 37.50 lakh. Besides, *Zila Parishad* Rural Development Cell, Jaipur failed to utilise central grant of ₹ 37.80 lakh which led to non-availing of central grant of ₹ 112.95 lakh.

(Paragraph 2.4)

*Zila Parishad* (Rural Development Cell), Jaipur irregularly sanctioned and utilised funds of ₹ 24.97 lakh for construction of hospital building under Member of Parliament Local Area Development Scheme.

(Paragraph 2.5)

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## **(B) Urban Local Bodies**

### **6. An Overview of Accounts and Finances of Urban Local Bodies**

'Own revenue' of Urban Local Bodies accounted for only 26.45 *per cent* and 29.44 *per cent* of their total receipts during 2008-09 and 2009-10 respectively and as such they were dependent on grants and loans from the Central and State Governments. Annual accounts of ULBs (except six ULBs) for the year 2008-09 and 2009-10 were still being maintained in the conventional formats on cash basis instead of accrual basis.

*(Paragraphs 3.3.2, 3.3.3 and 3.4)*

### **7. Performance Audit of Financial Management in Municipal Corporations**

Performance Audit of Financial Managements by three Municipal Corporations (M Corps) (Jaipur, Jodhpur and Kota) during 2005-09 revealed that M Corps could not augment their revenue resources to the desired extent. Budget and Accounts were not prepared in time. Short fall in collection of certain revenue arrears accumulated to ₹ 516.02 crore. Non/Short levy of non-tax revenue resulted in loss of ₹ 22.82 crore.

*(Paragraph 4.1)*

### **8. Performance Audit of Sanitation including Solid Waste Management in Municipal Corporations**

Performance Audit of Sanitation including Solid Waste Management of three M Corps, Jaipur, Jodhpur and Kota revealed that there was tardy progress in implementation of MSW Rules, 2000 as house-to-house collection and its segregation were not done fully and sanitary landfills were not set up for scientific disposal of the waste even after nine years of their notification leading to deterioration in quality of ambient air and water. Despite shortage, 452 sweepers were diverted by M Corps for other items of work. Incorrect estimation of the maximum quantity of waste by M Corp, Jaipur led to avoidable payment of ₹ 3.47 crore to private contractors engaged for transportation of waste. M Corps, Jaipur and Jodhpur failed to take action against contractors despite repeated shortfalls/deficiencies in Solid Waste Management and cleaning of roads/drains, collection and transportation of waste.

*(Paragraph 4.2)*

## **9. Long Paragraph on Utilisation of Twelfth Finance Commission Grant by Urban Local Bodies**

A test check on utilisation of Twelfth Finance Commission Grant by ULBs revealed that there were instances of delay and inequitable distribution of TFC grants, diversion in contravention of TFC guidelines and incurring of expenditure against the approved Action Plan. Improper monitoring by High Level Committee on utilisation of TFC grants was also noticed.

*(Paragraph 4.3)*

## **10. Audit of Transactions**

Failure of Local Self Government Department to approve rates of tender and sanction expenditure within validity period of tender, resulted in avoidable expenditure of ₹ 20 lakh on construction of *nallah* in Municipal Council, Pali.

*(Paragraph 4.5.1)*

Municipal Corporation, Jodhpur irregularly changed land use of three plots from residential to commercial purpose only for built up areas of plots instead of its entire areas without approval of the State Government which resulted in short-realisation of conversion charges of ₹ 30.68 lakh.

*(Paragraph 4.6)*

Failure of Municipal Board, Banswara in taking timely and effective action for recovery of rent of shops from defaulting tenants resulted in accumulation of outstanding rent amounting to ₹ 84.88 lakh.

*(Paragraph 4.8)*