Overview

This report contains three chapters. The Chapter I contains an overview of the Panchayat Raj Institutions in the State and deficiencies in the accounting procedures. Chapter II consists of performance audit on Twelfth Finance Commission and Chapter III contains Audit of Transactions.

1. An overview of Panchayat Raj Institutions

Despite the provisions for collection of taxes, the GPs had not initiated any steps to identify the areas for levying of taxes nor collected any revenue except Lunchok Kamery GP and Melli Dara GP which had levied the above fees and taxes and realized revenue meriting appreciation.

(Paragraph 1.6.1)

Absence of sound basis for transfer of funds to the PRIs by the departments constrained the PRIs to gauge the extent of fund availability with them in any particular year restricting them to make any plan with foreseeable certainty. The planning at the PRI level was therefore totally on ad-hoc basis.

(Paragraph 1.8)

Planning process duly reflecting the needs and aspiration of people at grassroots through Gram Planning Forum (GPF), value addition at BDO and DDO level and final consolidation by District Planning Committee (DPC) after obtaining technical expertise from DTSC was non-functional despite formation of GPF, DPC, DTSC, etc.

(Paragraph 1.9)

There is no centralized system for accountal of value of assets created by the PRI. Out of 41 PRIs test checked, 16 PRIs did not maintain moveable and immovable Assets registers duly reflecting moveable and immoveable properties. Despite codal provision and observations made by audit for physical verification of assets, the PRIs yet to introduce the system.

(Paragraph 1.10)

It was noticed that neither the GPs had prepared their budget estimates as envisaged in Sikkim Panchayat Manual nor the DPO insisted the PRIs for submission of budget estimates to check the same and suggest corrective measures for optimal utilization of funds. Scrutiny of records in 41 GPs revealed that basic records and registers as envisaged in Sikkim Gram Panchayat Financial Rules 2004 were not maintained properly.

(Paragraph 1.11)

2. Twelfth Finance Commission - Utilisation of grants by Panchayat Raj Institutions

There was delay in release of funds by Government of India ranging between 106 to 940 days which had a cascading effect as the State Government in turn could release funds to PRIs belatedly affecting the programme implementation at the PRI level.

(Paragraph-2.1.6.1)

The State Government neither adhered to the time schedule of 15 days for release of TFC funds to the PRIs nor released the penal interest in full for delayed release of TFC grants to the PRIs .

(Paragraph-2.1.6.2)

The State Government forwarded the utilization certificates of the TFC grants to the Government of India for full amount of funds transferred to the PRIs without any reference to the actual utilization and obtaining of utilization certificates from ZPs and GPs indicating that U.Cs were perfunctorily sent to GOI.

(Paragraph-2.1.6.3)

ZPs did not prepare any long term strategy for solid waste management and instead on the request of individuals, selected places for implementation of solid waste management programmes. No progress report as to the quantum of waste collected and treated was on record indicating that the project was taken only as a means to incur expenditure than to inculcate a behavioral change of the households in handling of waste as the garbage continued to be dumped in open and jhoras in indiscriminate manner.

(Paragraph-2.1.7.1)

Implementation of Rural Water Supply Scheme was characterized by absence of proper planning at GP level before taking of the implementation, non opening of separate bank account, non compilation of list of Rural Water Supply Works for repairs and above all absence of inventorisation of all Rural Water Supply Schemes even after termination of TFC period (2005-10) in total disregard of TFC guidelines.

(Paragraph-2.1.7.2)

The position of maintenance of accounts in the ZPs and the PRIs continued to be poor despite an expenditure of ₹ 20 lakh within 2005-10 under TFC grants. The Chartered Accountant firm appointed for the purpose could neither train the Panchayat functionaries for preparation of accounts nor could prepare the accounts for the entire period.

(Paragraph-2.1.7.4)

Audit scrutiny revealed (April 2011) that the revenue base had not shown any remarkable improvement as the PRIs continued to get only 1.7 per cent of developmental funds as against the State Government commitments to transfer atleast 10% of the developmental funds by each of the implementing departments.

(Paragraph-2.1.7.5)

The High level Committee constituted by the State Government met only thrice as against the mandatory requirement of 20 times in a span of five years indicating a shortfall of at least 17 meetings in absence of which strict vigilance and monitoring by the sufficiently high level officers as expected in the TFC recommendations was not forthcoming.

(Paragraph-2.1.8)

3. Audit of Transactions

Three ZPs utilized steel tree guard instead of bamboo tree guard without any indepth need analysis, justification and cost benefit ratio leading to unwarranted additional expenditure of ₹ 36.75 lakh.

(Paragraph 3.1)

Execution of rural water supply work for ₹ 1.94 crore under BRGF to Kanchanjunga Tourist Villa and three villages were unwarranted and against the guidelines of the Fund which categorically stipulates that BRG Fund was meant to bridge the critical gaps in local infrastructure and other development requirements which were not being adequately met through existing inflows.

(Paragraph 3.2)

Failures of the ZP to complete the contract work in time not only led to blockage of Government fund of ₹ 59.47 lakh of Block Administrative Centre but also entailed an avoidable expenditure of ₹ 2.40 lakh on payment of rent towards the rented building on which the BAC was presently functioning. Pending completion of the BAC, Nandok the Block Development Office continued to function in the unhygienic condition without adequate space and requisite furniture to the officers and staff.

(Paragraph 3.3)

Instead of utilising site for intended purpose, the site is being used for mere a platform for further constructional work of tourism department. Hence the objective of developing infrastructure in and around Mangan for helping very poor, multipurpose activities throughout the year, organizing different events as per local calendar was baseless.

(Paragraph 3.4)

Casual approach of the ZP official in failing to segregate the actual estimated cost with that of the probable estimated cost led to loss of Rs.7.83 lakh to the Government and undue favour of equivalent amount to the contractor.

(Paragraph 3.5)

Tendering were not done in the most open and transparent manner. In 200 cases (out of 249) scrutinized by Audit, works commenced even before the conclusion of the agreement. Audit scrutiny revealed that community development fund was not utilized for the purposes for which it was transferred to ZP.

(Paragraph 3.6)