

## CHAPTER II

### AUDIT OF TRANSACTIONS (PANCHAYATI RAJ INSTITUTIONS)

#### 2.1 Diversion of Panchayat Development Fund

##### **Utilisation of Panchayat Development Fund for construction of cycle stands, interaction room and vegetable market has led to diversion of ₹ 11.90 lakh.**

Government of Tripura introduced a State sponsored scheme namely Panchayat Development Fund (PDF) in November 1998 by replacing the 'Untied Fund' for undertaking various developmental works in PRIs and to increase productivity in Agriculture and Allied Sectors such as, creation of plantation, creation of irrigation sources, land levelling, construction of water harvesting and fisheries structures, acquisition of pumps, tillers, spray machines and other similar equipment, setting up of nurseries for supply of planting materials etc. The guidelines of PDF prohibit any new construction work.

Test check of records of Matabari Panchayat Samiti revealed that during 2010-11, Panchayat Samiti diverted PDF of ₹ 11.90 lakh towards construction of three new cycle stands, one interaction room and one vegetable market which were not permissible as per the scheme guidelines of PDF.

Thus, the Matabari Panchayat Samity has diverted ₹ 11.90 lakh which was irregular.

While admitting the fact, the Executive officer stated that no such works would be taken up in future by utilising PDF.

#### 2.2 Diversion of TFC grants

##### **TFC grants of ₹ 20.48 lakh was diverted towards maintenance of office buildings.**

One of the objectives of TFC grants is to improve the water supply and sanitation in rural areas.

During test check of records of Kumarghat Panchayat Samiti, it was noticed that Rural Development (Panchayats) Department, Government of Tripura, sub-allocated and placed ₹ 20.48 lakh to the Executive Officer (BDO) Kumarghat Panchayat Samiti during 2008-09 for the purpose of repair/maintenance of Panchayat Samiti office and maintenance of

office building of Gram Panchayats and Village Committees which were not permitted as per TFC guidelines.

Thus, the Executive Officer (BDO), Kumarghat Panchayat Samiti spent the entire amount of ₹ 20.48 lakh on maintenance of Panchayat Samiti office and office buildings of Gram Panchayats/Village Committees in violation of guidelines.

### **2.3 Non-realisation of user charges of Lift Irrigation Scheme**

#### **User charges of ₹ 2.76 lakh for lift Irrigation Scheme remained unrealized.**

As per the decision of Government of Tripura for payment of power consumption bill for Lift Irrigation Scheme (LI), users of the schemes are to pay 20 percent of power consumption bills and 80 percent is to be paid out of the budget being transferred in favour of Panchayat Department from the budget wing of Public Works Department.

Test check of 28 Gram Panchayats revealed that the users charges of LI schemes for the year 2010-11 amounting to ₹ 2.76 lakh were not realized and remained outstanding although the GPs were having sufficient manpower of at least two to three Panchayats Secretaries, one Gram Rojgar Sevak. Reasons for non-realisation of user charges were neither on records nor stated to audit. The reason for non-realisation of user charges of Lift Irrigation was not intimated by the Gram Panchayats.

### **2.4 Bank reconciliation statement not prepared**

#### **Due to non-preparation of bank reconciliation statement possibility of defalcation and misappropriation of funds could not be ruled out.**

Test check of records 29 Gram Panchayats revealed that difference of cash balance of ₹ 28.93 lakh for the year 2009-10 and ₹ 68.04 lakh for the year 2010-11 between Cash Book and Bank Pass Book at the close of the year was not reconciled.

Due to non-reconciliation of cash balance, possibility of defalcation and misappropriation of funds could not be ruled out. The authenticity of cash balance appearing in Cash Book of Gram Panchayats also remained unconfirmed (**Appendix 2.1**).

## 2.5 Non-production of records

**Due to non-production of records the authenticity of expenditure could not be ascertained.**

Two Gram Panchayats (GPs)\* did not produce records/vouchers to audit for the expenditure incurred amounting to ₹ 3.34 lakh for the year 2010-11 under MGNREGA and PDF scheme although the expenditures were reflected in the Cash Book of the GPs.

Due to non-production of records/vouchers, expenditure to the extent of ₹ 3.34 lakh could not be verified and the authenticity of expenditure could not be ascertained in audit.

## 2.6 Conclusion and recommendations

Diversion of funds, non-realisation of user charges, non-preparation of bank reconciliation statement etc., indicated that internal control mechanism was not adequate.

In view of the audit findings, the following recommendations are made:

- Fund should not be utilised for non-permissible and un-authorized works;
- Reconciliation of balances with the Bank should be done periodically;
- Internal control mechanism should be strengthened.

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\* Kalikrishnanagar ₹ 2.00 lakh  
Madhya Ganki ₹ 1.34 lakh  
**Total ₹ 3.34 lakh**