

## OVERVIEW

*This Report contains four chapters. The first and the third chapters contain a summary of finances and accounts of Panchayati Raj Institutions and Urban Local Bodies respectively. The second chapter contains one performance audit and one thematic audit based on the audit of financial transactions of the Panchayati Raj Institutions. The fourth chapter contains a performance audit based on the audit of financial transactions of Urban Local Bodies. A synopsis of the findings contained in the performance audits and thematic audit are presented in this overview.*

### **1 An overview of Finances and Accounts of Panchayati Raj Institutions**

*A review of finances of Panchayati Raj Institutions (PRIs) revealed that the State Government has not yet devolved 10 functions out of 29 functions to the PRIs as envisaged in the 11<sup>th</sup> Schedule of the Constitution. District Planning Committees have been constituted in 10 districts only. Prescribed periodicity for constitution of State Finance Commissions was not maintained. Formats of Model Accounting System prescribed by CAG were not adopted. Long pendency of audit paragraphs and non settlement of audit observations indicated weak internal control system in PRIs.*

(Paragraph 1.1 to 1.13)

### **2 Implementation of Mahatma Gandhi National Rural Employment Guarantee Scheme**

*The performance audit on implementation of Mahatma Gandhi National Rural Employment Guarantee Scheme revealed deficiencies in planning and implementation of scheme. Utilisation of funds was not optimal. Deficiencies in financial management like incorrect financial reporting, unspent balances lying with GPs, booking of advance payment as final expenditure, etc. were noticed. There were discrepancies in registration of households and issue of job cards. Employment of 100 days to registered households was not ensured. Several instances of suspected payments and ghost workers were noticed. Prohibited works were taken up and payments made. Vigilance, monitoring and evaluation mechanisms were not effective.*

(Paragraph 2.1 to 2.1.22)

### **3 Management of Finance in Bhavnagar and Surendranagar District Panchayats**

*The thematic audit on management of finance in Bhavnagar and Surendranagar District Panchayats revealed that unspent balances of Bhavnagar and Surendranagar District Panchayats (DPs) increased due to*

*non-achievement of targets communicated by the State Government under the schemes. Receipts of own revenue decreased in both DPs due to poor recovery of taxes. Grants received for water supply, purchase of vehicles and from Twelfth Finance Commission were not utilised. Funds of devolved function of primary health were not transferred to Block Health Officers. DPs failed to indentify backward GPs for providing District Equalisation Fund grants to minimise inequalities and also did not distribute grants on account of royalty to GPs. Separate fund for welfare of SC, ST and OBC was not earmarked in Surendranagar DP. Advance payments were lying un-adjusted since long. Cash Books of DPs and TPs were also not properly maintained.*

(Paragraph 2.2.1 to 2.2.14)

#### **4 An Overview of Finances and Accounts of Urban Local Bodies**

*A review of finances of Urban Local Bodies (ULBs) revealed that the grant-in-aid of ULBs reduced by 27 per cent though their own revenue increased by 34 per cent. The utilisation of funds increased by only 12 per cent though the closing balance of funds enhanced significantly. The utilisation of funds on roads, drains and culverts reduced to 14 per cent (2011-12) from 22 per cent (2009-10). Thirteenth Finance Commission's grant of ₹124.47 crore were not utilised by 96 Nagarpalikas. State's municipal accounts manual has not been finalised. The audit of Director Local Fund Audit (DLFA) was in arrears. The Department failed to ensure prompt and timely action by executives of ULBs in respect of audit objections raised by DLFA and CAG.*

(Paragraph 3.1 to 3.8)

#### **5 Implementation of Jawaharlal Nehru National Urban Renewal Mission**

*The performance audit on implementation of Jawaharlal Nehru National Urban Renewal Mission (JNNURM) revealed that the stipulated urban reforms had not been implemented fully. The implementation of JNNURM was deficient in planning and the DPRs were prepared without addressing all the issues. Instances of award of work to second lowest agencies after post tender negotiations, injudicious rejection of tenders, cost overrun and loss of Central assistance were noticed. In some cases, works were not taken up due to failure of the ULBs to arrange land and providing alternate/transit accommodation for the slum dwellers. Projects already under execution were included in the Mission against the scheme guidelines. Monitoring mechanism was also not effective.*

(Paragraph 4.1 to 4.1.16)