

OVERVIEW

Overview

This report contains five chapters. While Chapter 1 provides an overview of Panchayati Raj Institutions detailing organisational structure, powers and functions, flow of fund, budget allocation, Finance Commission Grants etc., Chapters 2 and 3 present findings / observations on Financial Management and Implementation of Schemes. Outcome of Performance Audit conducted on "Indira Gandhi National Old Age Pension Scheme" has been included in Chapter 4. Chapter - 5 includes audit of transactions relating to examination of transactions of audited institutions to ascertain whether the provisions of guidelines, applicable rules, regulations, various orders and instructions issued by the competent authorities are being complied with. A synopsis of the chapters is presented in the overview.

1. An Overview of PRIs

There was short release of ₹ 1261.35 crore to PRIs against provision made in the budget by Panchayat & Rural Development Department during 2008-09, 2010-11 and 2011-12. In these years the shortfall ranged from seven to 22 *per cent* of budget allocation.

During 2012-13 the expenditure under Plan and Non Plan head increased by 26 and six *per cent* respectively in comparison to 2011-12. Total receipts and expenditure under schematic fund increased by 165 *per cent* and 170 *per cent* respectively during 2012-13 in comparison to 2008-09. Own Source Revenue (OSR) constituted only one to four *per cent* of total receipts of PRIs during 2008-11.

PRIs expended 40 to 63 *per cent* schematic fund towards poverty alleviation programmes.

(Paragraphs 1.6.1, 1.6.2 and 1.8)

Out of grants received during 2012-13 under the recommendations of Thirteenth Finance Commission, PRIs spent ₹ 2.55 crore towards safe drinking water which was only six *per cent* of the earmarked fund (₹ 40.90 crore). No fund was earmarked for maintenance of existing e-governance system, though PRIs spent ₹ 5.48 crore under the sector.

(Paragraph 1.7)

During 2009-13 the State Government released only ₹ 1359.11 crore against ₹ 2905.43 crore recommended by the State Finance Commission for 2009-13.

(Paragraph 1.10)

2. Financial management

Audit of 17 Zilla Parishads, one Mahakuma Parishad, 109 Panchayat Samitis and 2599 Gram Panchayats revealed that financial management and internal control system in PRIs were weak. Non-adherence to Rules framed for preparation of budget/supplementary budget, non-deposit of collection money, direct appropriation of revenue, non-deduction of income tax and sales tax, non-reconciliation of balances, failure in collection, diversion of schematic funds, huge amount of unadjusted advances and lapsed cheques were observed in course of audit as detailed below:

Twenty five PRIs spent ₹ 37.37 crore without preparing any budget estimate and 243 PRIs expended ₹ 98.27 crore in excess of budget provision during 2010-12.

(Paragraph 2.2)

During 2011-12, 13 PRIs directly spent ₹ 1.70 crore for miscellaneous payments out of the revenues collected from time to time before depositing those revenues into their respective GP/ PS fund accounts.

(Paragraph 2.3)

In Jalpaiguri ZP, cash amounting to ₹ 10.93 lakh was deposited with a delay ranging from three to nine months and demand draft / banker's cheques valuing ₹ 19.29 lakh were deposited after expiry of their validity. Delay in depositing collection money upto 724 days were noticed in 18 PRIs.

(Paragraph 2.4)

Nakashipara and Namkhana PSs disbursed bearer cheques to GPs for payment of pensions. Neither voucher was produced in respect of ₹ 9.45 lakh nor was the amount deposited as unspent balance with the PSs.

(Paragraph 2.5)

During 2011-12, 25 GPs did not deduct Income Tax of ₹ 2.88 lakh and Sales Tax of ₹ 3.96 lakh from the contractor's bills.

(Paragraph 2.7)

Thirty seven PRIs did not reconcile difference of ₹ 32.33 crore between Cash Book and Pass Book balances of Banks and Treasuries as on 31 March 2012.

(Paragraph 2.8)

Advance of ₹ 14.62 crore remained unadjusted in 23 PRIs, five PRIs diverted/transferred ₹ 20.65 crore from scheme funds and 33 PRIs did not write back value of 1073 lapsed cheques amounting to ₹ 2.14 crore into their accounts

(Paragraphs 2.14, 2.16 and 2.17)

3. Implementation of Schemes

Centrally sponsored schemes like Indira Awaas Yojana (IAY), Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS) and Total Sanitation Campaign (TSC) are being implemented by PRIs in pursuance of guidelines framed by Government of India. In 2012-13, PRIs expended ₹ 873.93 crore and ₹ 3893.32 crore on IAY and MGNREGS respectively. Delayed payment of wages, failure to provide at least 100 days of guaranteed employment in a financial year, absence of photographs on job cards, failure to create durable assets, non-transfer of SGRY funds to MGNREGS accounts, wasteful expenditure on social forestry and failure to conduct social audit were some of the deviations from the guidelines noticed. There were also unauthorized extension of IAY benefits to persons not belonging to Permanent Wait List (PWL), shortfall in selection of SC/ST beneficiary, failure to construct sanitary latrine and loss of IAY assistance. In implementation of TSC, diversion of fund, undue benefit to Rural Sanitary Mart (RSM) and unsatisfactory performance of sanitary marts were observed. Some of the major observations are mentioned below:

One thousand eight hundred and thirty six GPs could not provide 100 days of employment to any households and 1124 GPs failed to create durable assets even after spending ₹ 333.98 crore under MGNREGS during 2011-12.

(Paragraphs 3.1.3.1 and 3.1.3.2)

In 60 GPs, 37426 job applicants were neither provided with employment nor paid unemployment allowance during 2011-12. Delay in disbursement of wages was also noticed in 459 GPs.

(Paragraphs 3.1.3.4 and 3.1.3.5)

Social audit forums were not formed in 33 GPs, social audit was not conducted in 31 GPs and objections raised during social audit were not settled in 30 GPs during 2011-12.

(Paragraph 3.1.3.9)

Expenditure of ₹ 18.16 lakh on plantation in Kanturka GP was rendered wasteful as the plants did not survive due to non-engagement of any labour for watering and monitoring.

(Paragraph 3.1.3.11)

Despite government directive, 12 PRIs did not transfer balance fund of SGRY amounting to ₹ 1.48 crore to MGNREGS account.

(Paragraph 3.1.3.12)

Six PSs disbursed IAY assistance to 2350 beneficiaries having mud homes without exhausting the list of more needy beneficiaries who were without any home or with dilapidated home and four PSs unauthorisedly extended IAY assistance of ₹ 73.50 lakh to 232 persons who were not included in the PWL of IAY during 2009-12.

(Paragraphs 3.2.2 and 3.2.3)

Twenty PRIs allotted ₹ 6.68 crore to 3261 male beneficiaries during 2009-12 in violation of IAY guidelines.

(Paragraph 3.2.4)

Nakashipara PS paid assistance of ₹ 10.50 lakh to 30 beneficiaries whose names were not matched with the names of PWL and of Rural Household Survey (RHS) IDs.

(Paragraph 3.2.9)

Non-adherence to the conditions laid down by GoI regarding sanction of IAY grant led to curtailment of IAY assistance of ₹ 95.91 crore in Paschim Medinipur ZP during 2006-12.

(Paragraph 3.2.10)

Utilization of TSC fund in Galsi-II, Hanskhali, Jamalpur and Kalna-II PSs ranged between 0.1 and 22 *per cent* during 2010-12.

(Paragraph 3.3.2)

Nakashipara and Jamalpur PSs diverted TSC fund of ₹ 3.55 lakh and ₹ 0.48 lakh respectively towards purchase of computer, organising animal health camp, installation of tube well etc beyond the purview of TSC guidelines.

(Paragraph 3.3.3)

Raninagar-I and Samserganj PSs paid subsidy of ₹ 74.74 lakh and ₹ 2.16 crore respectively during 2010-12 directly to RSMs instead of paying it to the individual households in violation of TSC guideline.

(Paragraph 3.3.6)

4. Performance Audit on Indira Gandhi National Old Age Pension Scheme

In nine GPs of four districts, 12 underage persons were unauthorisedly extended the benefits of the scheme as revealed from the Electors' Photo Identity Cards (EPIC) checked during beneficiary survey. Three PSs extended benefits to 10 deceased beneficiaries.

(Paragraphs 4.7.1.2 and 4.7.1.5)

The PRIs did not keep separate accounts of IGNOAPS funds and actual receipt and expenditure was not ascertainable from the accounts of PRIs. Utilisation of fund in five selected districts as per their Monthly Progress Report furnished to GoI varied from 83 to 100 *per cent* during 2008-13.

(Paragraph 4.7.2)

Delays in disbursement of pension ranging from one to 17 months were noticed in Coochbehar and Malda districts, Tufanganj-II, Suri-I, Chanchol-I and Shyampur-II PSs, Bhagawanpur, Matiharpur, Chapra-I, Hatishala-II, Domdoma, Abinashpur and Kasba GPs.

(Paragraph 4.7.2.4)

In Kaliganj PS, ₹ 0.44 lakh in respect of 28 deceased beneficiaries was lying in different post offices. Pension funds amounting to ₹ 2.37 lakh lying with Bhagawanpur, Kasba and Daspalsa GPs had not been deposited to PS fund till September 2013.

(Paragraph 4.7.2.5)

During 2009-10, 20 beneficiaries of Brittihuda GP were paid pension of ₹ 0.08 lakh twice for the month of July 2009.

(Paragraph 4.7.2.7)

Pension in respect of 10 beneficiaries of Chanchol-I PS was withheld since shifting of the scheme from GP to PS.

(Paragraph 4.7.2.8)

Four beneficiaries in four GPs were denied the benefit of enhanced pension even though they were above 80 years as per EPIC.

(Paragraph 4.7.2.9)

Separate committees both at State and District level, to monitor/ evaluate and report the progress of the scheme to GoI, were not constituted.

5. Audit of transactions

Five PRIs executed deposit works on behalf of different line departments but did not recover establishment charges of ₹ 89.34 lakh from these departments.

(Paragraph 5.1.1)

Jalpaiguri and Hooghly ZPs reimbursed royalty charges of ₹ 82.85 lakh to the contractors without verifying the actual payment made by the contractors in contravention to the provision of SOR.

(Paragraph 5.1.2)

Purulia, Jalpaiguri, Hooghly and Uttar Dinajpur ZPs incurred avoidable expenditure of ₹ 1.19 crore by allowing extra carriage for supply of stone metals and also by not considering correct distance and cheapest possible route for transportation of materials.

(Paragraphs 5.1.3 and 5.1.4)

Siliguri Mahakuma Parishad, Jalpaiguri, Uttar Dinajpur and Purulia ZPs, Medinipur Sadar and Amta-I PSs did not adopt revised rate of reinforced concrete work, current rates of bitumen and emulsion and revised rate of spreading/consolidation of WBM (Grade-2/3) and thereby extended undue benefit of ₹ 91.22 lakh to contractors.

(Paragraphs 5.1.5, 5.1.7 and 5.1.9)

Purulia ZP and Karimpur-I PS did not consider nearest source of stone metals while preparing estimates and had not specified the source of stone metal in price schedule/BOQ while Jalpaiguri ZP did not consider same lead (distance) while executing of works at Purba Satali. As a result these PRIs made excess payment of ₹ 31.11 lakh to contractors.

(Paragraph 5.1.8)

Handing over of construction of Bell Metal Sheet Factory to SHGs without providing technical support, lack of monitoring and technical supervision by Patashpur-II PS resulted in unfruitful expenditure of ₹ 23.30 lakh as the factory remained incomplete.

(Paragraph 5.2.1)

Ten PRIs did not adhere to the prescribed provisions of Panchayat Rules regarding tender/ quotation procedure for execution of various works and procurement of materials and incurred irregular expenditure of ₹ 8.01 crore.

Four PSs in Alia (cyclone) affected districts did not disburse the grants of ₹ 2.93 crore received for distribution of assistance to affected families due to non-finalization of list of beneficiaries after receipt of Aila grant depriving the targeted beneficiaries of disaster relief. Three of these PSs refunded ₹ 2.88 crore after a period of 13 to 24 months while the fourth PS retained the amount.

(Paragraph 5.4.1)