

OVERVIEW

Overview

This report contains five chapters. While Chapter I provides an overview of Panchayati Raj Institutions (PRIs) detailing organisational structure, powers and functions, fund of PRIs, Finance Commission Grants etc., Chapters II and III present findings / observations on Financial Management and Implementation of Schemes respectively. Outcome of Performance Audits conducted on "Indira Awaas Yojana" and "Receipts of Panchayats" have been included in Chapter IV. Chapter V 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 given below:

An overview of PRIs

During 2013-14, total receipt of PRIs increased by 15 *per cent* over 2012-13. PRIs made 37 *per cent* of schematic expenditure towards poverty alleviation programmes in 2013-14. Receipt and expenditure under Social Security Sector increased by 160 *per cent* and 263 *per cent* respectively in 2013-14 in comparison to 2012-13. Expenditure under Rural Housing decreased to 0.99 *per cent* in 2013-14 from 21 *per cent* in 2009-10. Expenditure under Health and Family Welfare sector reduced to 0.01 *per cent* of total schematic expenditure in 2013-14 from 3 *per cent* in 2009-10.

(Paragraph 1.7)

Out of grants received during 2013-14 under the recommendations of Thirteenth Finance Commission, PRIs spent ₹ 3.39 crore towards Safe Drinking Water Supply which was only one *per cent* of the total expenditure. No fund was earmarked for maintenance of existing e-governance system but PRIs spent ₹ 9.96 crore under the sector.

(Paragraph 1.8)

During 2009-14 the State Government released only ₹ 1,852.84 crore against ₹ 3,862.54 crore recommended by State Finance Commission for the said period.

(Paragraph 1.10)

Financial Management

Audit of 18 Zilla Parishads (including one Mahakuma Parishad), 167 Panchayat Samitis and 2,086 Gram Panchayats revealed that financial management and internal control system in PRIs were weak as detailed below:

One ZP and three PSs spent ₹ 7.13 crore during 2010-13 without preparing any budget estimates while two ZPs, eight PSs and 465 GPs spent ₹ 128.48 crore in excess of budget provision during the same period.

(Paragraph 2.2)

During 2010-13, 17 PRIs directly spent ₹ 45.97 lakh towards office expenses and miscellaneous payments out of the revenues collected without depositing into bank account.

(Paragraph 2.3)

Ex-Pradhans of four GPs retained ₹ 4.23 lakh between 13 and 25 years and cases of theft, defalcation and loss of valuable assets etc. valuing ₹ 26.97 lakh were reported by one PS and 28 GPs during 2012-13.

(Paragraph 2.5)

Differences of ₹ 37.53 crore between Cash Book and Pass Book balances were not reconciled in 57 PRIs as on 31 March 2013.

(Paragraph 2.7)

Nine PRIs diverted / irregularly transferred ₹ 5.19 crore from scheme funds, 193 PRIs did not write back 1,442 lapsed cheques amounting to ₹ 3.61 crore into bank accounts and advance of ₹ 19.40 crore remained unadjusted in 54 PRIs.

(Paragraphs 2.12, 2.13 and 2.14)

Implementation of Schemes

Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS) is being implemented in PRIs. Delayed payment of wages, failure to provide

at least 100 days of guaranteed employment in a financial year, non-payment of unemployment allowance and failure to conduct social audit were some of the deviations from the guidelines noticed.

1569 GPs could not provide 100 days of employment to any households and 1,044 GPs failed to create durable assets even after spending ₹ 520.69 crore under MGNREGS during 2012-13.

In 85 GPs 13,412 job applicants were neither provided with employment nor paid unemployment allowance during 2012-13. Delay in disbursement of wages was also noticed in 375 GPs.

(Paragraphs 3.1.3.5 and 3.1.3.6)

Social audit forums were not formed in 60 GPs, social audit was not conducted in 60 GPs and objections raised during social audit were not settled in 102 GPs during 2012-13.

(Paragraph 3.1.3.11)

In 18 GPs, expenditure of ₹ 7.45 crore was incurred for excavation / re-excavation of private ponds without any agreement with the owners of the ponds.

(Paragraph 3.1.3.12)

During 2010-12, rate of construction of sanitary latrines under Total Sanitation Campaign was between nil and six *per cent* in four PSs and three PSs paid incentives of ₹ 80.34 lakh directly to Rural Sanitary Marts instead of paying the same to the individual beneficiaries.

(Paragraphs 3.2.2 and 3.2.4)

Performance Audit

Indira Awaas Yojana

IAY assistance amounting to ₹ 24.63 lakh was extended to 72 ineligible beneficiaries of Cooch Behar, Malda and Birbhum districts.

Twenty three GPs of five selected ZPs allotted IAY assistance of ₹ 32.72 lakh to 253 male members despite female members being available in the family in violation of guidelines.

(Paragraph 4.1.5.2)

There was curtailment of IAY assistance of ₹ 177.97 crore during 2008-13 due to non-utilisation of funds and short release of state share.

(Paragraph 4.1.7.1)

Delay ranging from 1 to 11 months in release of state share was observed in two ZPs.

(Paragraph 4.1.7.2)

Monitoring and supervision were found inadequate as instances like faulty reporting of physical and financial achievements, lack of technical supervision, etc. were observed. Regular field visits were not undertaken and there was delay in disposal of complaints.

(Paragraphs 4.1.9.2, 4.1.9.3, 4.1.9.4 and 4.1.10)

Receipts of Panchayats

PRIs did not have detailed codified heads of accounts. Consequently, classifications of receipts varied from PRI to PRI.

(Paragraph 4.2.6)

PRIs were unaware of devolved functions though they received funds from line departments.

(Paragraph 4.2.8)

None of the selected 42 GPs followed the assessment procedure properly. Collection of taxes in selected GPs remained far below optimal.

Five PRIs had written off arrear demand / current demand and extended remission of revenue unauthorisedly.

(Paragraph 4.2.9.4)

There is no specific provision in the Act or in the Rules framed thereunder to monitor the receipts of the PRIs. No monitoring mechanism to watch over the financial improvement of PRIs existed at the State level.

(Paragraphs 4.2.11.1 and 4.2.11.2)

Audit of Transactions

Six ZPs did not adhere to the provision of Panchayat Rules while executing deposit works on behalf of different line departments and suffered loss of ₹ 1.75 crore due to non-realisation of establishment charges from those line departments.

(Paragraph 5.1.1)

Bankura and Birbhum ZPs granted unauthorised remission of revenue of ₹ 32.60 lakh receivable from lessees of bundhs and roads without taking approval of Directorate of Panchayat and Rural Development Department as per provision of West Bengal Panchayat (ZP & PS) Accounts and Financial Rules, 2003. This in turn led to loss of ZPs' own fund.

(Paragraph 5.1.2)

Malda ZP did not adopt the revised rate of reinforcement before execution of bridges and Cooch Behar ZP allowed higher rate for bitumen and emulsion over the scheduled rate for execution of road works. Consequently the ZPs made excess expenditure of ₹ 42.19 lakh and extended undue benefit to contractors.

(Paragraph 5.1.5)

Bardhaman ZP while executing road works did not adhere to the provisions of IRC codes regarding utilisation of locally available low cost marginal aggregates and incurred an avoidable expenditure of ₹ 20.41 lakh by selecting costlier stone metals over cost effective jhama metals during upgradation of roads.

Jalpaiguri ZP constructed a market complex from RIDF-XV at a cost of ₹ 54.40 lakh and unauthorisedly sold the asset to SHG&SE Department of West Bengal for ₹ 2.40 crore without taking necessary approval from P&RDD. Besides the ZP treated the sale proceeds as own fund.

(Paragraph 5.2.1)

Bankura, Bardhaman and North 24 Parganas ZPs did not consider nearest/shortest as well as economical rate of stone materials while execution of road works and incurred avoidable excess expenditure of ₹ 1.41 crore.

(Paragraph 5.2.2)

Bardhaman ZP while execution of road works did not adhere to the provisions of SOR of PWD (Roads), IRC codes and specifications of MORT&H and incurred an avoidable expenditure of ₹ 35.14 lakh towards use of low capacity machines in lieu of schedule approved cost effective high capacity machines for bituminous macadam mix and concrete mix.

(Paragraph 5.2.4)

Paschim Medinipur ZP and Nalhati-I PSs failed to utilise government grant of ₹ 3.72 crore and ₹ 0.13 crore respectively. Grants were surrendered after remaining blocked in the PRIs.

(Paragraph 5.4.1)