

OVERVIEW

This Report includes two parts:

Part-A represents Panchayati Raj Institutions. This part includes two chapters. Chapter-I represents an ‘Overview of the Functioning, Accountability Mechanism and Financial Reporting Issues of Panchayati Raj Institutions’ and Chapter-II comprises of a Performance Audit and three Compliance Audit paragraphs.

Part-B represents Urban Local Bodies. This part includes two chapters. Chapter-III represents an ‘Overview of the Functioning, Accountability Mechanism and Financial Reporting Issues of Urban Local Bodies’ and Chapter-IV comprises of a Performance Audit and six Compliance Audit paragraphs.

A synopsis of important findings contained in this report is presented in this overview.

PART-A

Panchayati Raj Institutions

1. Overview of Functioning, Accountability Mechanism and Financial Reporting Issues of Panchayati Raj Institutions

The accountability mechanism and financial reporting of the Panchayati Raj Institutions (PRIs) in the State continue to be weak. Partial certification of incomplete and improper accounts by the Director Local Fund Audit Department in majority of the PRIs is another area of concern. Despite there being many accounting formats prescribed and accounting packages developed, the State Government has failed to evolve a sound accounting system. The PRIs continue to maintain their accounts in conventional formats. Gram Panchayats were receiving direct fund transfer from Central Finance Commission to make them self-reliant. Despite this, no records and returns were maintained. Non-availability of figures of ‘own revenue’ with the Department for the past many years reflects the failure of the PRIs to even recognize the importance of generation of own revenue leading to the total dependence on grants-in-aid received from State Government. Huge pendency of Audit objections over the years indicates State Government’s lack of interest in attending to Audit objections pertaining to important accounting and financial issues and the ways and means to address them.

(Paragraphs 1.1 to 1.12)

2. Audit Findings on Panchayati Raj Institutions

Implementation of Mahatma Gandhi National Rural Employment Guarantee Scheme

Government of India (GoI) enacted National Rural Employment Guarantee Act for providing employment to rural population in September 2005. In Rajasthan, the Act was made applicable from February 2006 initially in six districts and extended to all the districts by April 2008. The Act was renamed as “Mahatma Gandhi National Rural Employment Guarantee Act” (MGNREGA) from October 2009. Under the Act, Government of Rajasthan (GoR) notified the National Rural Employment Guarantee Scheme, Rajasthan in July 2006. The basic objective of the Act is enhancement of livelihood security in rural areas by providing at least 100 days of guaranteed wage employment in a financial year to any rural household whose adult members volunteer to do unskilled manual work on demand.

Performance Audit of the implementation of MGNREGA in the selected districts revealed that Annual Development Plan and Labour Budget were not approved timely and quorum for approval by Gram Sabha was not fulfilled, list of approved works were not displayed on the notice board. Convergence with the line departments was very low.

No door to door survey was conducted, job cards were not renewed, workers were not given receipts for their work demand and work provided to disabled persons was only 29 to 36 days. Overall 37.05 *per cent* works were incomplete and there were numerous deficiencies in the construction of durable assets.

Average employment provided in the State was only 52.02 days per household. Overall 15.82 *per cent* muster rolls remained with zero attendance and attendance of workers was not marked on a daily basis. Pending liabilities of wages and materials was ₹ 704.37 crore. Labour amenities and other entitlements guaranteed to the workers were not being provided except water facility. A sum of ₹ 628.89 crore was not recouped towards excess material component, person days, administrative cost etc.

The State Employment Guarantee Council was not holding regular meetings and was not performing its duties properly. Social Audit Report was not being uploaded on NREGASoft, 76.82 *per cent* complaints were not disposed off by the grievance cell within the prescribed time limit, periodical inspections were not being carried out and inspection reports and monitoring register of works were not maintained.

(Paragraph 2.1)

Magra Area Development Scheme

The objective of the Magra Area Development Scheme was socio-economic and basic infrastructural development in 14 Panchayat Samitis of five districts (Ajmer, Bhilwara, Chittorgarh, Pali and Rajsamand) of Rajasthan. The implementation of the Scheme suffered from various deficiencies as

prospective plan for holistic village development, drainage plan and detailed project reports were not prepared.

Out of ₹ 202.34 crore funds available under the scheme during 2012-17, only 21.81 *per cent* (average) were utilised and this resulted in huge unspent balances of ₹ 90.29 crore. Financial management was weak as utilisation certificates were not submitted in time and the department released funds without getting utilisation certificates. Further funds were also diverted to other scheme.

Execution of works under the scheme was slow as out of 4,772 works, 31.29 *per cent* works were lying incomplete. The works under the Scheme were not executed as per specification and Cement Concrete Roads were constructed without drains and without required layers. During joint physical verification with departmental authorities, it was observed that payments were made for unexecuted items and many of the assets created were not being used for the intended purposes. Further, the assets created were not maintained inspite of 15 *per cent* of funds for maintenance being available under the Scheme. Monitoring and evaluation was also weak as third party Audit and Social Audit was not conducted.

(Paragraph 2.2)

Panchayat Samiti, Shiv (Barmer) failed to recover outstanding rent ₹ 89.13 lakh.

(Paragraph 2.3)

Non completion of hostel buildings (Isarda and Bamanwas) in Zila Parishad, Sawai Madhopur resulted in deprival of proper hostel facilities to the students.

(Paragraph 2.4)

PART-B

Urban Local Bodies

3. Overview of the Functioning, Accountability Mechanism and Financial Reporting issues of Urban Local Bodies

Own resources of Urban Local Bodies (ULBs) were not adequate and the ULBs were largely dependent on grants and loan from the Central and State Governments. Absence of timely finalisation of accounts in the prescribed formats and lackadaisical approach in certification of accounts resulted in denial of correct accounting information to the stakeholders. During 2016-17, as against accounts of 190 ULBs required to be certified, accounts of only 122 ULBs (64 *per cent*) were certified by the Local Fund Audit Department. Likewise, annual accounts for the year 2015-16 of 22 ULBs and annual accounts for the year 2016-17 of 70 ULBs were not available with Directorate Local Bodies Department. Annual accounts of ULBs were still being maintained in the conventional formats on cash basis instead of on accrual

basis except in 48 ULBs. There were huge delays in attending to Audit observations and in their settlement. Failure to timely respond to Audit observations is fraught with the risk of continuance of irregularities/deficiencies.

(Paragraphs 3.1 to 3.13)

4. Audit Findings on Urban Local Bodies

Waste Management

Rajasthan is the largest State of India in terms of area. With growing urbanisation and changing lifestyle, generation of waste and its appropriate disposal has become a challenge for the State. Central Government under the provisions of the Environment Protection Act (EPA), 1986, has issued several rules for handling and management of solid waste, plastic waste and e-waste. These rules are applicable to States also. Rajasthan State Pollution Control Board is engaged in implementation of the various rules under EPA, 1986, in the State. Waste management is a State subject and local bodies are responsible for performing waste management related activities. A Performance Audit of waste management revealed that:

Assessment of waste being generated, projection of waste likely to be generated in future, requirement of manpower & vehicles and risk to environment & human health posed by waste was not done at State level as well as in 50 *per cent* test checked ULBs and in all test checked PRIs level.

Government of Rajasthan (GoR) released ₹ 292.81 crore only to ULBs during 2015-17 for solid waste management under Swachh Bahrat Mission, out of which only 20.69 *per cent* funds was utilised by all ULBs and in test checked 22 ULBs only 7.27 *per cent* of allotted funds was utilised.

Though adequate Acts, Rules and Policies were available, there were no effective strategies/plans for ‘Reducing, Reusing and Recycling’ of waste in most of the ULBs and all Gram Panchayats. Further, in the absence of bye-laws and designated authorities to levy penalty, none of test checked GPs had imposed penalty for violation of waste rules. GoR did not prepare integrated plan for implementation of e-waste.

Door to door collection of Municipal Solid Waste (MSW) was not done in 55.41 *per cent* urban wards of the State during 2016-17. Solid waste was being neither segregated nor processed in all test checked ULBs & GPs and unprocessed MSW was being dumped in open land. Further, landfill sites were constructed in only three out of 22 ULBs, however these landfills were not being used.

None of test checked ULBs established a mechanism for collection, handling, storage, transportation and disposal of plastic waste.

(Paragraph 4.1)

Short recovery of premium, lease rent, conversion and external development charges amounting to ₹ 2.49 crore.

(Paragraph 4.2)

Non-recovery of road cutting charges of ₹ 2.45 crore from Jodhpur Vidhyut Vitran Nigam Limited and Public Health Engineering Department.

(Paragraph 4.3)

Municipal Corporation, Ajmer had not selected sites for installation of signage boards resulted in loss of revenue of ₹ 2.14 crore.

(Paragraph 4.4)

Non-recovery/short recovery of betterment levy by Municipal Corporation, Bikaner and Municipal Council, Nagaur of ₹ 1.98 crore from the applicants on granting permission for construction of buildings.

(Paragraph 4.5)

Unfruitful expenditure and loss of revenue aggregating ₹ 1.44 crore on unipoles/signage and display boards on electricity poles in Municipal Corporation, Udaipur.

(Paragraph 4.6)

Non recovery of registration fee and arbitrary reduction in the annual permission fee without approval of Local Self Government Department resulted in non/short recovery of ₹ 97.12 lakh from marriage places.

(Paragraph 4.7)