

## TABLE OF CONTENTS

Particulars	Paragraph	Page No.
Preface		iii
Overview		v
<b>PART-A</b>		
<b>PANCHAYATI RAJ INSTITUTIONS</b>		
<b>CHAPTER-1</b>		
<b>PROFILE OF PANCHAYATI RAJ INSTITUTIONS</b>		
Background of Panchayati Raj Institutions	1.1	1
Audit mandate of the CAG	1.2	1
Organisational structure of Panchayati Raj Institutions	1.3	1
Financial profile	1.4	3
Accounting system in PRIs	1.5	5
Financial reporting and accountability framework of PRIs (internal control system)	1.6	6
Primary audit and Internal audit of PRIs	1.7	6
Technical Guidance and Support	1.8	6
Audit coverage	1.9	7
Inspection reports and audit paras pending compliance	1.10	7
<b>CHAPTER-2</b>		
<b>RESULTS OF AUDIT OF PANCHAYATI RAJ INSTITUTIONS</b>		
Accounting System	2.1	9
Revenue	2.2	12
Blocking of funds	2.3	13
Doubtful/ double payment of wages under Mahatma Gandhi National Rural Employment Guarantee Scheme	2.4	16
Delay in release of wages under Mahatma Gandhi National Rural Employment Guarantee Scheme	2.5	17
Doubtful expenditure	2.6	18
Non adjustment of temporary advances	2.7	18
<b>PART-B</b>		
<b>URBAN LOCAL BODIES</b>		
<b>CHAPTER-3</b>		
<b>PROFILE OF URBAN LOCAL BODIES</b>		
Background	3.1	19
Audit mandate	3.2	19
Organisational structure of Urban Local Bodies	3.3	19
Financial profile	3.4	20
Financial reporting and accounting framework of ULBs (Internal Control System)	3.5	22
Primary audit and Internal audit of ULBs	3.6	22
Technical Guidance and Support	3.7	22
Audit coverage	3.8	23
Audit observations pending compliance	3.9	23

<b>CHAPTER-4</b>		
<b>RESULTS OF AUDIT OF URBAN LOCAL BODIES</b>		
Accounting System	4.1	25
Preparation of Budget	4.2	25
Non-reconciliation with bank statements	4.3	26
Non-accounting of material	4.4	26
Revenue	4.5	26
Blocking of funds	4.6	30
Non adjustment of temporary advances	4.7	32
<b>APPENDICES</b>		
<b>Particulars</b>	<b>Appendix No.</b>	<b>Page No.</b>
Details of functions listed under 11 <sup>th</sup> and 12 <sup>th</sup> Schedules of the Constitution	1	33
Detail of 15 line departments assigned to PRIs	2	34
Audit coverage- Details of Panchayati Raj Institutions and Urban Local Bodies audited during 2016-17	3	35
Difference between figures of receipt and expenditure furnished to audit by test-checked GPs and that of uploaded on PRIASoft during 2015-16	4	38
Non-preparation of cash book in PRIASoft and non-maintenance of assets on National Assets Directory	5	41
Non-maintenance of records by the Panchayati Raj Institutions	6	43
Non-reconciliation of difference between cash books with bank pass books	7	45
Non conducting of physical verification	8	47
Details of non-accountal of material by the Gram Panchayats concerned	9	49
Details of non-recovery of house tax by the Gram Panchayat concerned	10	50
Details of outstanding rent of shops	11	52
Details of non-recovery of duty for installation/ renewal of mobile tower within Gram Panchayat area	12	53
Details of blocking of funds due to non-start of works	13	54
Details of blocking of funds due to non-completion of works	14	55
Details of blocking of funds under 13 <sup>th</sup> Finance Commission	15	56
Details of blocking of funds under 14 <sup>th</sup> Finance Commission	16	58
Details of delay in releasing payments under MGNREG Scheme	17	60
Statement of budget estimates and actual expenditure of ULBs during 2013-16	18	61
Details of outstanding house tax in respect of Municipal Councils and Nagar Panchayats	19	63
Details of non-realisation of rent from shops/ booths/ stalls during the period 2015-16	20	64
Details of non-recovery of duty for installation/ renewal of mobile towers within Urban Local Bodies area	21	65
Statement showing the detail of outstanding advances given to officials but not adjusted or recouped as of January 2017	22	66

## PREFACE

This Report for the year ended 31 March 2017 has been prepared for submission to the Government of Himachal Pradesh in terms of Technical Guidance and Support to audit of Panchayati Raj Institutions and Urban Local Bodies under Section 20(1) of the Comptroller and Auditor General's (CAG's) Duties, Powers and Conditions of Service (DPC) Act, 1971.

The Report contains significant results of the audit of the Panchayati Raj Institutions and Urban Local Bodies in the State including the departments concerned.

The issues noticed in the course of test audit for the period 2016-17, as well as those issues which came to notice in earlier years, but could not be dealt within the previous Reports have also been included, wherever necessary.

The audit has been conducted in conformity with auditing standards issued by the Comptroller and Auditor General of India.