

# **CHAPTER-II**

## **Compliance Audit of Panchayati Raj Institutions**



## CHAPTER – II

### PANCHAYAT AND RURAL DEVELOPMENT DEPARTMENT

#### Compliance Audit of PRIs

#### 2.1 Unfruitful expenditure in Binnakandi Anchalik Panchayat

*Expenditure of ₹29.31 lakh on construction of Bharat Nirman Rajiv Gandhi Sewa Kendra remained unfruitful as the project remained incomplete even after spending all the funds.*

Ministry of Rural Development, Government of India (GoI) included (November 2009) construction of Bharat Nirman Rajiv Gandhi Sewa Kendra (Sewa Kendras) in the scope of permissible works under Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS). The Sewa Kendras were meant to provide space to facilitate the functioning of the MGNREGS office at the GP/Block level and also to act as Knowledge Resource Centre to provide information on MGNREGS and other Rural Development Programmes to citizens.

Accordingly, the District Programme Coordinator (DPC) MGNREGS, Nagaon accorded (June 2013 and August 2013) Administrative Approval (AA) for an amount of ₹ 70.00 lakh for construction of seven Sewa Kendras<sup>8</sup> in Binnakandi Anchalik Panchayat (AP) during 2013-14. The works were to be completed within six months from the date of commencement.

Scrutiny (March 2018) of records of the BDO, Binnakandi AP showed that the all seven Sewa Kendras constructed departmentally were declared to have been completed (between March 2014 and April 2016) at a total cost of ₹68.92 lakh. The data uploaded on the official website of MGNREGA (<https://www.nrega.nic.in>) also confirmed the completion of all these works between March 2014 and April 2016. However, joint physical verification of the project sites (April 2018 and July 2018) conducted by Audit and the representatives of the GPs concerned showed that Sewa Kendras in four GPs were complete while the Sewa Kendras in three GPs<sup>9</sup> were incomplete even after



<sup>8</sup> Burangatoli GP, Kapashbari GP and Akchek Pather GP, Borhawor GP, Changmaji GP, Samoili GP and Sutargaon GP

<sup>9</sup> Burangatoli GP, Kapashbari GP and Akchek Pather GP

incurring 96-99 per cent of the estimated expenditure as illustrated in the photograph of the Sewa Kendras captured (March 2018 and July 2018) during the physical inspection as shown below:



In response to the audit requisitions, the BDO, Binnakandi AP produced the bills, and vouchers relating to the works as uploaded on the website of MGNREGS to Audit. The AP, however, could not produce related supplementary records (*viz.*, Measurement Book, Suppliers' Bills, *etc.*) in support of the expenditure of ₹29.31 lakh claimed to have been incurred on construction of these three Sewa Kendras. This is a misrepresentation of facts, and the system was unable to prevent the same.

Audit observed that due to failure on the part of the Junior Engineer (JE) and Block Development Officer (BDO), to monitor the projects and adhere to the timeline for completion of the work, Sewa Kendras in three GPs of Binnakandi AP remained incomplete even after exhausting the entire funding. This resulted in unfruitful expenditure of ₹29.31 lakh incurred on three Sewa Kendras besides depriving the citizens of the area of the intended benefits of the project. Moreover, uploading false data regarding completion of the three works on the official website of MGNREGS was irregular on the part of the BDO, Binnakandi AP as the BDO was responsible to verify and update the status of works on the website.

After being pointed out (April 2018) by Audit, the DC, Hojai conducted an inquiry into the matter and made the following recommendation in the Enquiry Report (September 2018):

1. The concerned officer/ officials should be directed to complete the scheme by fixing a timeline as suggested by the Audit; or
2. The differential cost of unexecuted works should be recovered from the erring officer/ official to complete the schemes; or
3. Legal departmental action should be initiated against the officers/officials for misappropriation of Government funds.

During a meeting (November 2018) with Audit, the Secretary of, the P&RD Department accepted the facts and assured to initiate appropriate action against the erring officials. The matter was again discussed with the Department in September

2022. It was stated in reply (September 2022) that one Sewa Kendra at Burungatoli GP has been completed. However, Departmental action against the erring officer/officials was yet to be taken (September 2022).

*The Government of Assam may take steps for completing the Sewa Kendras and ensure the veracity of information about works being uploaded on the MGNREGS website.*

## **2.2 Fictitious expenditure in Jugijan Anchalik Panchayat**

*Failure of the EO, Jugijan AP to properly monitor the execution and measurement of works led to a fictitious expenditure of ₹39.31 lakh.*

Deputy Commissioner, Nagaon accorded Administrative Approval (February 2016) of ₹9.95 crore and ₹7.55 crore for 79 and 54 works respectively to be executed by the Gaon Panchayats (GP) of Jugijan Anchalik Panchayat (AP) under MGNREGS for 2015-16. As per the Administrative Approval cum sanction order, the Executive Officer (EO) and Junior Engineer (JE) of the AP were responsible to monitor proper execution of the works. The sanction order further stipulated that any fraudulent withdrawal of money from the Electronic Fund Management System (e-FMS) account would invite criminal proceedings against the erring officials.

Further, as per the prescribed procedure, Gram Rozgar Sahayak (GRS) was responsible for the preparation of the Muster Roll and the JE was responsible for the preparation of the measurement book and materials bills. The bills are first passed by the accountant and finally by the Block Development Officer/Executive Officer.

During the course of the audit, the sites of four works, which were reported to have been completed (August 2017 to February 2018) on the MGNREGA website, were physically verified (December 2017 and January 2018) by Audit with the representatives of the APs concerned. During the joint physical verification, it was observed that three (Work-I<sup>10</sup>, Work-II<sup>11</sup>, Work-III<sup>12</sup>) out of four works were less executed to the extent of 75.96 per cent, 51.92 per cent, and 62.50 per cent having a monetary implication of ₹39.31 lakh as detailed in *Appendix 2.1*.

In reply, the Commissioner, P&RD stated (July/August 2018) that based on public demand and existing site conditions, the height of the work had been raised/increased which caused a corresponding decrease in the length of the related work without any fraudulent withdrawal of money.

The reply was not acceptable in view of the following anomalies noticed in the revised works estimates submitted by the Commissioner, P&RD along with their reply (August 2018).

<sup>10</sup> Construction of flood protection Bund from Haider Ali House to Gulia under MGNREGS 2015-16

<sup>11</sup> Construction of flood protection Bund from Ahmed Ali house to Abdulla House under MGNREGS 2015-16

<sup>12</sup> Construction of Cement Concrete Paver road from PMGSY road to Shrimanta Malik House via Ramjibhai LP School under MGNREGS 2015-16

- The revised cost estimate (Work-I & III of *Appendix 2.1*) submitted (in July 2018) by the Commissioner P&RD along with their reply had reference to the same Technical Sanction Order as mentioned against the original cost estimates submitted (December 2015-June 2018) during the conduct of the audit;
- Signatures and countersignatures of all the officials and dates (31 December 2015) on the approval of original and revised estimates of two works (I&III) appear to have been tampered with;
- The actual expenditure incurred on some of the work components (e.g., providing CC block) as uploaded on the MGNREGS website was as per the pre-revised cost estimates and not as per the revised estimates submitted by GoA;
- The revised cost estimates had a wrong reference of DRDA, Barpeta while the works under observation (Jugijan AP) fell under the jurisdiction of DRDA, Nagaon.

The above anomalies point towards tampering with the cost estimates to counter the audit observation.

During a meeting with Audit (November 2018), the Secretary, P&RDD, GoA agreed that there was less execution of works and assured to initiate action against the erring officials. The matter was again discussed with the Department in September 2022. However, no action was taken against the erring officials as assured in November 2018 by the Secretary, P&RDD, GoA.

*Government of Assam may ensure timely action against the erring officials for misreporting of facts on the national portal of MGNREGS and tampering with the approved estimates.*

### **2.3 Fictitious payment in Katlichera AP**

*Payment of ₹27.04 lakh against the actual execution of works valuing only ₹5.40 lakh resulted in fictitious payment of ₹21.64 lakh by BDO, Katlichera AP.*

Test check of records of the Executive Officer (EO), Katlichera Anchalik Panchayat (AP) showed that Katlichera AP received (February 2011 to March 2013) ₹ 64.50 lakh from the Chief Executive Officer (CEO), Hailakandi Zilla Parishad (ZP) for execution of 17 works under Backward Region Grant Fund (BRGF) for the period from 2009-10 to 2011-12. The plan and estimate of the schemes were prepared by the Junior Engineer (JE) of Katlichera AP and technically approved by the Executive Engineer, DRDA, Hailakandi. The works were executed departmentally and shown as completed between February 2011 and April 2013 by incurring an expenditure of ₹64.50 lakh. The bills were certified as well as measurement books were prepared by the JE.

However, during joint physical verification (October 2017) of four out of 17 completed works (January 2012 to March 2016) conducted by Audit with the representative of Katlichera AP, it was seen that the works were either executed in less quantity or not executed at all by the EO/ BDO, Katlichera AP. The details of works executed in less quantity/ not executed are shown in **Table 2.1**:

Table 2.1: Details of works executed in lesser quantity or not executed

(Amount in ₹)

Sl. No.	Name of scheme	Sanctioned amount	Reported expenditure	Value of work		Remarks
				Found at the site <sup>13</sup>	Not executed/less executed	
1	Construction of Block Resource Centre in Katlichera AP including Cost of Building, Equipment Infrastructure & Service	13,00,000	13,00,000	5,40,270	7,59,730	Only 3 out of 17 items of work were found executed during physical verification.
2	Earth filling & Improvement of the Water Supply Scheme Site near Satsang of Rangabak GP	10,00,000	9,99,999	Nil	9,99,999	No trace of any work done was found at the site during joint physical verification.
3	Commercial Cultivation of Horticulture crops (Banana and Lichi) <sup>14</sup> and mixed garden at Appin Rongpur	2,00,000	2,01,928	Nil	2,01,928	
4	Commercial Cultivation of Horticulture crops (Banana and Lichi) and mixed garden at Sonachera Rupchera	2,00,000	2,01,928	Nil	2,01,928	
<b>Total</b>		<b>27,00,000</b>	<b>27,03,855</b>	<b>5,40,270</b>	<b>21,63,585</b>	

The following photographs taken during joint physical verification also depict the status of one of the incomplete works.



**Incomplete 1<sup>st</sup> floor of the Block Resource Centre under Katlichera AP**

During scrutiny of records of the AP, Audit noticed instances where the date of receipt of materials recorded in the MBs was found to be prior to the actual receipt of materials as per the bill. Further, the issue date of the bills and bill serial numbers were also not in chronological order.

During a meeting with Audit (November 2018), the Secretary, P&RD Department, GoA accepted the facts and assured to enquire into the matter and initiate appropriate

<sup>13</sup> Calculated by the Junior Engineer of the AP who was part of the joint physical verification team

<sup>14</sup> Expected life span of Banana and Litchi plantation are 25 years (NCERT-BIO: Chapter-1 (Reproduction of Organisms) and 21 years respectively (<https://www.agrifarming.in/litchi-fruit-farming>)

action against the erring officials. The matter was again discussed with the Department in September 2022. However, this time also the Department did not furnish any evidence of completion of work. Also, no action was taken against the erring officials as assured in November 2018 by the Secretary, P&RDD, GoA.

The Department may take action against the erring officers in a time-bound manner.

#### **2.4 Doubtful execution of pro-siltation works in Morigaon District**

*Procurement of materials without corresponding engagement of labour in execution of pro-siltation works valuing ₹ 2.00 crore in Morigaon district as well as improper reporting of the work program points towards doubtful execution of works.*

Deputy Commissioner (DC), Morigaon who was also the District Programme Coordinator (DPC), accorded (February 2014) Administrative Approval of ₹2.00 crore for implementation of four pro-siltation works<sup>15</sup> under MGNREGS in convergence with the schemes of Water Resource Department for the year 2013-14 under Moirabari Development Block. The objective of the projects was to combat erosion in the locality as a vast area of fertile cultivable land had been eroded by the river Brahmaputra. As per the Administrative Approval, the work was to be executed under the technical supervision of the Executive Engineer (EE), Water Resource (WR) Department, Morigaon Division through the concerned Programme Officer. The Program officer was also responsible to maintain Measurement Book (MB) and Muster Roll (MR) in the Gaon Panchayat and conduct physical verification of works. The estimates for the works were prepared by the EE, WR Division, Morigaon, and technical sanction was accorded (February 2014) by the Superintending Engineer, WR Circle, Nagaon. The execution of works commenced in February 2014 with the stipulated date of completion being three months (May 2014) from the date of commencement of work.

Test-check (August-September 2017) of records of the Project Director (PD), District Rural Development Agency (DRDA), Morigaon showed that ₹ 1.99 crore (99.5 per cent) was utilised by the PD, DRDA, Morigaon for the execution of these four works. However, during the joint physical verification conducted (June 2018) by Audit with the representatives of Moirabari Block, none of the pro-siltation work was found at the approved sites.

In an interim reply to an audit query, the PD, DRDA, Morigaon stated (June 2018) that the works were executed within the stipulated time (June 2014) but was washed away by flood during 2014-15. The reply was, however, not convincing due to the following facts:

- The PD, DRDA, Morigaon stated that the works were completed in June 2014 but Assets Register uploaded on the MGNREGS website of the Ministry of Rural

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<sup>15</sup>Pro-siltation measure to protect Solmari area; Ulubari area; Bhojaikhati and Goroimari area; and Leruamukh Biringabari and Muamari area from the erosion of river Brahmaputra



Development showed that the works were completed between December 2015 to July 2017.

- Muster Roll uploaded on the website through MIS showed that the labourers were engaged in three out of four works from April 2014 to June 2014 whereas the materials for the works were procured even after June 2014 till October 2014. As no expenditure was incurred on labour after June 2014, the utilisation of the material shown to have been procured after June 2014 seems doubtful. Moreover, there were instances of approval of suppliers' bills by the Programme Officer, Moirabari Block without having any reference to Measurement Book and without the details of work concerned and date on the body of the bills.
- As per the Flood Report of the DC Office, Morigaon, the district was affected by flood<sup>16</sup> from 16 August 2014 to 30 September 2014. However, as per the MB, the works in respect of Solmari and Ulubari GP area were found to have been measured on 29 September 2014 *i.e.*, during the flood, which was not possible and points towards a fictitious recording of the works in the MB.
- Further, entries related to use of hydraulic driving equipment for the works, which was one of the major items included in the estimates, was neither found in the MBs nor in the bills/ vouchers relating to labour and material cost as uploaded on the website.
- Also, Asset Register uploaded on the website showed that in respect of the work 'Pro-siltation measures to protect Ulubari area from erosion of river Brahmaputra for 2013-14', the same photograph was uploaded before start of the work, during the execution of the work and after completion of the work.

Thus, all the above facts and inconsistencies in various reports as mentioned above point towards doubtful execution of four pro-siltation works valued at ₹2.00 crore.

During a meeting with the Audit, the Secretary, P&RDD, GoA stated (November 2018) that:

- Works were completed from April to June 2014 but some payments were made very late due to delayed receipt of fund. The JE concerned wrongly recorded the measurement in the MB after the completion of work, *i.e.*, June 2014 to October 2014.
- The photographs were wrongly uploaded in MIS by the Computer Assistant.
- Use of labour-displacing machinery in MGNREGS works is strictly prohibited. As such, hydraulic equipment was not used in the work.

The reply regarding delayed payment of expenditure was not acceptable as the bills against supply of material should have been issued on the date of actual supply even though the payments were made subsequently. Further, other irregularities noticed in the bills/vouchers (no reference to MB, no mention of work name/date, *etc.*) as well as

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<sup>16</sup> 1st wave - 16.08.2014 to 01.09.2014; 2nd wave - 23.09.2014 to 30.09.2014

frequent/ repeated inconsistencies in the MB entries substantiate the audit observation. Further, the plea of prohibition on the use of hydraulic equipment in MGNREGA works, was also not acceptable as the work estimates involving use of the hydraulic equipment in the execution of work were approved by the competent authority. As regards the plea of uploading incorrect information/photographs on the GoI/NREGA website, the issue has serious implications and needs appropriate action.

The matter was again discussed with the Department in September 2022; but Action Taken Report, if any, against the erring officials was not furnished (October 2022).

*Suitable action may be taken against officials for uploading false data to the Government of India website. The Government of Assam should also instruct all the PRIs/ DRDAs for strict compliance with the estimates approved by the competent authority.*