

Chapter-IV

Special Audit of PRIs

4.1 Lack of recording of the collection of ₹ 8.88 lakh and irregular payment of ₹ 49.53 lakh

Rule 46 of the Punjab Panchayat Samitis and Zila Parishads Finance, Budget, and Accounts Rules, 2014 requires the Executive Officer (EO) to ensure that all revenues or other dues of the Panchayat Samiti are correctly, promptly and regularly assessed, realised and credited to the Panchayat Samiti Fund. Further, Rule 20(1) and 20(2) stipulate that all money received by or spent on behalf of the Panchayat Samiti shall be brought to account in the cash book and no amount received shall be utilised directly for any payment. Instead, such receipts must first be recorded in the cash book and deposited in the bank. Additionally, at the close of each day, while signing the Cash Book, the EO must ensure that all receipts collected during the day are credited into the bank on the same day or, at the latest, on the morning of the next working day.

Review of primary records, including the property registers, rent receipt books, bank statements, expenditure vouchers of the receipt books and cash books of the Executive Officer Panchayat Samiti (EOPS) Phillaur (September 2017 to March 2023) and Bhogpur, Jalandhar (April 2014 to March 2023) revealed that these Panchayat Samitis collected ₹ 276.13 lakh (Phillaur: ₹ 72.97 lakh as rent of 48 shops and buildings and Bhogpur: ₹ 203.16 lakh as rent, wages and miscellaneous receipts). In this regard, Audit observed the following:

- Out of the above collection of ₹ 276.13 lakh, the collections of ₹ 8.88 lakh (Phillaur: ₹ 5.89 lakh and Bhogpur: ₹ 2.99 lakh) were neither accounted for in the bank nor in the cash book, despite the above-mentioned rules regarding proper accounting of funds received.
- Despite the specified rule requiring receipts to be recorded in the cash book and deposited in the bank, the Panchayat Samitis utilised ₹ 49.53 lakh in cash (Phillaur: ₹ 3.15 lakh and Bhogpur: ₹ 46.38 lakh), highlighting irregular payments in violation of the laid-down rules.

It was evident from the above instances that the Panchayat Samitis of Phillaur and Bhogpur did not ensure the recording and accounting of collections/funds received as per the specified rules, highlighting shortfalls in the internal control and monitoring mechanisms for safeguarding receipts and ensuring proper accounting thereof. Further, despite the above, no internal audit, vigilance, or internal enquiry was conducted up to the time of the audit, and the latest position, if any, thereon, as sought in September 2025, was still awaited.

The EOPS, Phillaur stated that ₹ 2.06 lakh had been recovered from the tax collector, assuring to recover the remaining amount at the earliest. However, no documentary evidence of recovery was produced to audit despite reminders.

Reply from EOPS Bhogpur was awaited (November 2024).

The matter was referred to the Government in December 2023/January 2024, with follow-ups during May 2025 to September 2025; the replies were awaited.

Recommendation: The State Government should take appropriate action to recover the remaining amount of ₹ 6.82 lakh (₹ 8.88 lakh - ₹ 2.06 lakh) and ensure compliance with internal controls for proper accounting and recording of collections and payments therefrom, as per the laid-down rules, to prevent recurrence of such instances in the future.