

CHAPTER-II

Compliance Audit of Panchayati Raj Institutions

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PANCHAYAT AND RURAL DEVELOPMENT DEPARTMENT

Compliance Audit of PRIs

2.1 Doubtful expenditure

Expenditure of ₹11.79 lakh incurred by Chief Executive Officer, Dhubri Zilla Parishad, on installation of Solar Street Lights through Junior Engineer, Dhubri ZP, was doubtful, as the expenditure was not supported by documentary evidence of actual execution.

As a part of devolution grant under Fifth Assam State Finance Commission, Commissioner, Panchayat & Rural Development, Government of Assam (GoA) allocated an amount of ₹1.74 crore for Dhubri Zilla Parishad (ZP) during 2018-19. Out of this allocation, the Chief Executive Officer (CEO), Dhubri ZP and the Deputy Commissioner (DC), Dhubri approved installation of 136 community wise Solar Street Light (SSL) at the total cost of ₹66.98 lakh. The cost approved for installation of each SSL was ₹49,510 which included an amount of ₹3000 for ‘barbed wire fencing with four wooden/RCC post’ and ₹600 for ‘erecting sign board against each of the SSL.’

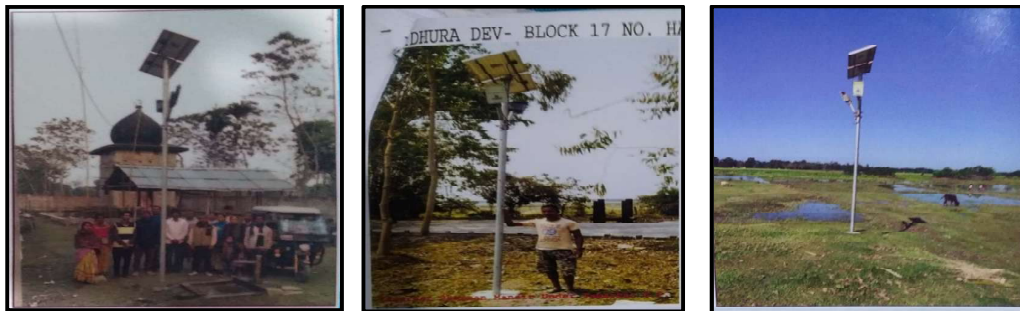
CEO, Dhubri ZP constituted (January 2020) a Construction Committee for execution of SSL with an instruction to open Bank account to be operated jointly by the Chairman and Member Secretary⁶ of the Construction Committee. The Junior Engineer (JE) of Dhubri ZP, being a technical member of the Committee, was responsible for installation of SSL at pinpoint locations.

Scrutiny of records (May 2023) showed that an amount of ₹66.98 lakh was transferred by CEO, Dhubri ZP between January 2020 and October 2020 to the Construction Committee’s bank account from the main account of the ZP. However, in violation of the CEO’s instructions referred in the preceding paragraph, ₹65.66 lakh was further transferred in three instalments (during January 2020 to November 2020) to a bank account solely operated by JE, Dhubri ZP without involvement of Chairman and Member Secretary of the Committee.

Further, Audit observed that as per Monitoring Report submitted by JE (October 2020) to CEO, Dhubri ZP, 136 SSLs were stated to have been installed till October 2020. However, as per bills/vouchers, supply of materials was indicated for 138 SSLs costing ₹47.78 lakh and installation was shown for 131 SSLs at the cost ₹19.20 lakh. Against the supply of materials, the bank statement of JE indicated payment of ₹50.86 lakh to the Supplier between March 2020 and November 2020. However, the Measurement Book (MB) and pinpoint locations list approved by President and CEO, Dhubri ZP indicated installation of only 121 SSLs. Against those 121 SSLs, photographs of only 91 SSLs could be provided by CEO to audit for verification. Audit further observed

⁶ The CEO of Dhubri Zilla Parishad was the Member Secretary of the Construction Committee

that in all 91 nos. photographs submitted by JE, Dhubri ZP in November 2020 to CEO, Dhubri ZP, none of the SSL installed had barbed wire fencing with wooden/ RCC posts and signboards as envisaged in the scheme. This indicated that the barbed wire fencing with posts and signboards were not provided at the time of installation of the SSLs. The same would also be evident from the sampled photographs given below.



Illustrative photographs of SSL installed without any fencing and signboards

It is evident from above that though funds of ₹65.66 lakh for installation of 136 SSLs was transferred to bank account of JE, Dhubri ZP, a total expenditure of ₹70.06 lakh (₹19.20 lakh + ₹50.86 lakh) was shown to have been incurred for the purpose and against which, only 121 SSLs were installed as per MB and that too without fencing and signboards. Thus, there was no documentary/ photographic evidence in support of installation of 15 SSLs and providing signboards and fencing (with posts) around all 121 installed SSLs. Hence, a total expenditure of ₹11.79 lakh (₹7.43 lakh for 15 SSLs and ₹4.36 lakh for fencing and signboards for 121 SSLs) was doubtful.

In reply, the CEO, Dhubri ZP stated (September 2023) that the fencings erected were taken away by the locals soon after it was erected. The reply is not tenable as the photographs taken at the time of installation did not show any fencing and signboards. Further, no reply was furnished for short installation of SSLs.

The matter was reported to the Government in November 2023; however, the Government only forwarded (February 2024) the CEO's reply without verifying the facts stated by the CEO. Further, the CEO claimed (November 2023) that all photocopies of bills/ vouchers and relevant pages of the MBs had been submitted to Audit in September 2023. The statement may be viewed with the fact that all the observations on mismatch in installed number of SSLs and non-execution of fencing, *etc.* were based on the documents so furnished by the CEO. The same was reiterated by Audit in February 2024 with a reminder for submission of crucial records like approved list of SSLs, exact locations of remaining SSLs, geo-tagged photographs, *etc.* However, as of date (March 2024), the same were not furnished to Audit.

Thus, expenditure of ₹11.79 lakh shown to have incurred towards installation of SSLs with fencing and signboards was doubtful and suspected to have been misappropriated.

The Government should investigate the matter to ascertain the facts, fix accountability and initiate appropriate action.

2.2 Doubtful Expenditure

The Executive Engineer, DRDA, Udalguri paid ₹4.29 lakh to the contractor for works not executed though recorded in Measurement Book, and thus the expenditure shown to have been incurred for the works was doubtful.

In terms of Rule 293 of Assam Financial Rules, the Measurement Book (MB) must be maintained in Form No. 24 as an original record of actual measurements or counts of work done by daily labour or by the piece or by contract. The officer or subordinate granting such a certificate is held personally responsible for any over-payment which may result.

Principal Secretary, Bodoland Territorial Council, Kokrajhar accorded (August 2018) administrative approval for extension of District Rural Development Authority (DRDA) office building at third floor at the cost ₹20 lakh to be executed in two phases, viz., phase-I and phase-II, valuing ₹10 lakh each. As per the estimate, items of work included steel work, cement concrete work, shuttering & formwork, brick work, gypsum board ceiling in phase I, and steel work, plastering work, roofing, painting and internal electrification in phase II. Executive Engineer, Public Works Department (PWD), Roads and Buildings (R&B) Division, Udalguri awarded (August 2018) the work to lowest bidder.

Scrutiny of records (May 2023) of Director, District Rural Development Agency (DRDA), Udalguri showed that the contractor started the work in August 2018 and stated to have completed the work (phase-I and phase-II) in February 2019. Accordingly, full payment of ₹20 lakh was made to the contractor in February 2019.

However, Joint Physical Verification (May 2023) conducted at the site revealed that some items of work such as gypsum board ceiling (Phase-I) valued at ₹3.47 lakh, wall and ceiling painting (Phase-II) valued at ₹0.26 lakh and internal electrification (Phase-II) worth ₹0.56 lakh, totalling ₹4.29 lakh, were not executed by the contractor though recorded in the MB as executed which was also certified by Executive Engineer, DRDA, Udalguri. This is evident from the photographs as shown below.



Photographs showing incomplete state of works in the 3rd floor of the office building of the DRDA, Udalguri

Thus, payment of ₹4.29 lakh was made to the contractor without actual execution of works.

The matter was reported to the Government in November 2023; their reply has not been received (March 2024).

The Government should fix responsibility against the officials and the amount of ₹4.29 lakh should be recovered from the contractor at the earliest.

2.3 Loss of Revenue

The Chief Executive Officer, Sonitpur Zilla Parishad leased out markets to the bidders other than the higher bidder without sufficient justifications in violation of the Assam Panchayat (Financial) Rules, 2002. No prior approval of the Government, though stipulated in the Act, was obtained. This led to loss of revenue of ₹43.45 lakh for Sonitpur Zilla Parishad.

Sub-Rule 10 of Rule 47 of Assam Panchayat (Financial) Rules, 2002 stipulates that for leasing out markets, the Chief Executive Officer (CEO) of the Zilla Parishad (ZP) must settle bid value through sealed tenders and the highest bidder is to be allotted the market on lease. Acceptance of tender other than the highest bid shall require prior and formal approval of the Government.

Scrutiny (July 2019) of records of the CEO, Sonitpur ZP revealed that tenders were invited for leasing out seven markets under various Anchalik Panchayats (APs). The respective Standing Committee of Anchalik Panchayats (APs) prepared comparative statements based on the sealed bids received from intending bidders and forwarded the same to CEO, ZP, Sonitpur for finalisation. Audit observed that during the period 2016-17 to 2018-19, the CEO, Sonitpur ZP leased out markets to the bidders other than the highest bidder without justified reasons and without obtaining formal approval of the Government. This led to loss of revenue of ₹43.45 lakh as detailed in **Table 2.1**.

Table 2.1: Details of leasing out of markets

(₹ in lakh)

Sl. No.	Name of Market and year of allotment	Value of the selected Bid	Value of Higher Bid which could have been accepted	Difference between bids
1	Khelmati Weekly Market (2016-17)	9.03 (4 th highest)	10.67	1.64
2	Borsola Weekly Market (2017-18).	7.75 (5 th highest)	9.97	2.22
3	Ketekibari Bi-weekly Market (2018-19)	7.32 (2 nd highest)	27.21	19.89
4	Tinisuti Weekly Market (2016-17)	5.66 (7 th highest)	8.86	3.20
5	Missamari Weekly Market (2016-17)	10.00 (12 th highest)	21.88	11.88
6	Tinisuti Weekly Market (2017-18)	5.10 (3 rd highest)	6.36	1.26
7	Toubhanga Weekly Market (2018-19)	5.15 (4 th highest)	8.51	3.36
	Total	50.01	93.46	43.45

The CEO, Sonitpur ZP attributed such decisions to various reasons as detailed below. The Department, however, without endorsing these comments of the CEO, merely forwarded (December 2023) the replies to Audit.

Sl. No.	Name of Market and year of allotment	Replies of the CEO which was forwarded by the Government	Reply not tenable due to following reasons
1	Khelmati Weekly Market (2016-17) (4 th highest bidder was selected)	The higher bidders failed to submit the required documents along with the Tenders.	It was observed by Audit that the selected bidders had also not submitted the mandatory documents, viz., land valuation certificate, non-incumbency certificate, land revenue clearance certificate or Khajana receipt, Income Tax Clearance certificate, affidavit for agreement for Government Rules, copy of Jamabandi. However, he was allotted the market by the Standing Committee (SC) stating that the bidder has submitted all the required documents.
2	Tinisuti Weekly Market (2016-17) (7 th highest bidder was selected)		It was observed that the bidder selected (2016-17) by the SC also did not fulfil six of the parameters mandatorily required as per Comparative Sheet (CS) but he was selected without any justified reason.
3	Tinisuti Weekly Market (2017-18) (3 rd highest bidder was selected)		Further, it was found that the 3 rd highest bidder (2017-18) also failed to furnish all the documents along with the tender similar to bidder 1 & 2.
4	Missamari Weekly Market (2016-17) (12 th highest bidder was selected)		It was found that the SC rejected the 5 th , 7 th , 8 th and 10 th highest bidder on the ground that they had not submitted required documents along with the tender. However, as per the CS prepared by the SC, the said documents were marked as submitted with the tender. Thus, rejecting the bidders on the ground of non-submission of required documents was not justified.
5	Thobhanga Weekly Market (2018-19) (4 th highest bidder was selected)		It was found that all the bidders failed to fulfil the criteria mentioned in the CS submitted by the SC. Justification for non-selection of the highest eligible bidder was not found on records furnished by Commissioner, P&RD.
6	Borsola Weekly Market (5 th highest bidder was selected)	In case of Borsola Weekly Market the highest bidder had wrongly submitted Earnest Money Bank Draft, and 2 nd highest bidder failed to submit the required documents within the stipulated time and being the next valid bidder (5 th highest) was selected by the Committee to settle the market.	It was found that the 5 th highest bidder was selected ignoring the 2 nd , 3 rd and 4 th highest bidder, without any justified reason, even though he did not submit most of the documents required to be submitted with the tender. Further, CS prepared by the SC was also not submitted along with the replies by the Commissioner, P&RD.
7	Ketekibari Bi-Weekly Market (2 nd highest bidder was selected)	In case of Ketekibari Bi-Weekly Market, the highest bidder had not submitted Earnest Money as such, his bid was rejected and the 2 nd valid bidder Shri Locan Bora had been selected for settlement of the aforesaid market.	Since the amount offered by the highest bidder was significantly higher than the next highest bidder, he should have been given an opportunity to submit the Earnest Money within a stipulated time. However, no communication in this regard was found on records.

Thus, the Standing Committee of Sonitpur Zilla Parishad accepted lower bids for leasing out markets rejecting higher bids on flimsy grounds. Moreover, in violation of the provisions of the Assam Panchayat (Financial) Rules, 2002 necessary approval of Government of Assam for selection of bidder other than the highest one, was also not obtained in any of the cases. This has resulted in loss of revenue to the extent of ₹43.45 lakh. The loss of revenue assumes significance considering the low augmentation of revenue by PRIs in the State.