

## CHAPTER-1

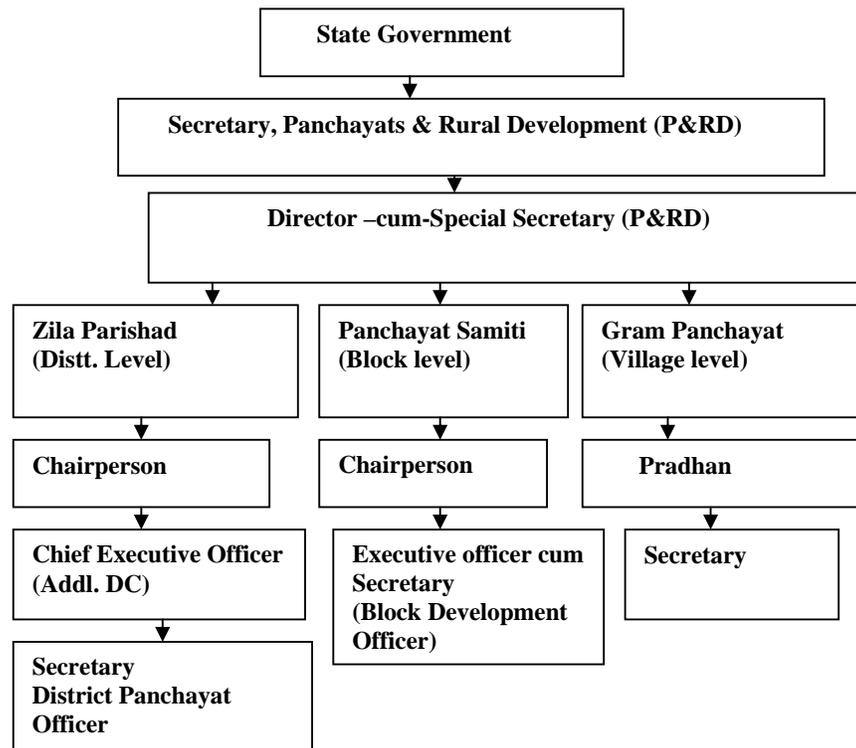
### 1. AN OVERVIEW OF THE PANCHAYTI RAJ INSTITUTIONS

#### 1-1 Introduction

There are 12 Zila Parishad, 75 Panchayat Samities and 3243 Gram Panchayats in the State. Panchayats are elected every five years and the last elections were held in December 2005. The 73<sup>rd</sup> constitutional Amendment envisaged devolution of funds, functions and functionaries to PRIs. Out of the twenty-nine functions listed in the 11<sup>th</sup> Schedule of the constitution, twenty six functions (Appendix-I) had been transferred by the State Government. However, the funds, functionaries have not been transferred yet.

#### 1.2 Organizational set up.

The organogram given below depicts the organizational structure:



The Chairman heads both Zila Parishad and Panchayat Samiti whereas the Pradhan heads Gram Panchayat.

### 1.3. Audit arrangements of PRIs

Sub-Section (I) of section 118 of the Himachal Panchayati Raj Act, 1994 provide that there will be a separate and independent Audit Agency under the control of the Director Panchayati Raj to audit the accounts of PRIs with a view to having proper financial control on income and expenditure. The audit of all the three tier is required to be conducted annually.

The Eleventh Finance Commission had recommended exercising control and supervision over maintenance of accounts of PRIs and their audit for all three tiers by C&AG. Consequently the State Govt. has authorised AG (Audit) to conduct audit of PRIs in any manner as deemed fit.

### 1.4. Sources of Funds

For execution of various developmental works, the Government of India and State Government provide funds in the form of grants besides the revenue earned by the PRIs out of their own resources such as taxes, rent, fees, issue of licenses, tehbazari etc. The following table shows the budget allotment & expenditure incurred during last three year ending March 2006 as under:-

Year	Budget Allotment (Rs. In lakhs)	Expenditure Incurred (Rs. In lakhs)
2003-04	3345.90	3345.90
2004-05	3569.45	3569.45
2005-06	4770.27	4770.27

The department had no consolidated information regarding own revenue.

### 1.5. Audit coverage

Audit of accounts of 7 Zila Parishads (out of 10), 22 Panchayat Samities (out of 75) and 166 Gram Panchayats (out of 3243) were conducted during 2005-2006 and 2006-2007. (Appendix-2)