

## CHAPTER-II

### 2.1 Non-accounting of drawals from treasury

Monthly reconciliation of drawals from treasury and remittances into treasury is required to be carried out by the Chief Accounts and Finance Officer (CAFO) and certificate obtained from the Treasury Officer.

Rs 3.48 crore not accounted for in cash book.

In ZP Sangli Rs 0.08 crore drawn from the treasury in March 2001 and March 2002 and Rs 3.40 crore drawn from the treasury by ZP Solapur in March 2003 were not accounted for in the cash book.

The ZPs replied that the records would be verified with the treasury and the correct position intimated.

### 2.2 Non-reconciliation of balances of cash book and bank pass book

No reconciliation for an amount of Rs 18.50 crore.

In six ZPs<sup>1</sup> and 20 PSs, reconciliation was not completed as of March 2003 due to which a difference of Rs 18.50 crore was noticed.

Cheques amounting to Rs 88.35 lakh issued between April 1980 and March 2003 not cashed.

In Wardha and Buldana ZPs, 549 cheques involving an amount of Rs 58.59 lakh, issued between April 1980 and March 2002, were not encashed (October 2003). In ZP Kolhapur, cheques for amounts aggregating to Rs 29.76 lakh issued upto March 2003 remained to be encashed (February 2004).

The ZPs stated that necessary action would be taken.

### 2.3 Delay in publication of annual accounts

Annual accounts of ZPs should be published in the Government gazette by 15 November of each year after certification by the Chief Auditor of Local Fund Accounts and approval by the respective ZPs.

Records of Osmanabad and Wardha ZPs revealed that there was a delay ranging from 3 to 15 months in preparation of annual accounts for the years 2000-01 and 2001-02. Further, in ZP Buldana the accounts for the years 2001-02 and 2002-03 had not been

<sup>1</sup> Buldana, Chandrapur, Nagpur, Osmanabad, Parbhani, Wardha.

finalised as of October 2003 resulting in delay in publication of Accounts in the Government Gazette.

#### **2.4 Incorrect exhibition of accounts**

Closing balances of the previous year are required to be shown and accounted for as opening balances in the accounts of the following year as per accounting procedure.

Annual accounts of ZP Osmanabad for the years 1999-2000 to 2001-2002 revealed that the opening balances in respect of transferred and agency schemes were not shown in the accounts as under:

**Opening balances not shown in the accounts.**

**(Rupees in lakh)**

Year	Amount of opening balance		Total
	Transferred schemes	Agency schemes	
1999-2000	520.72	10.91	531.63
2000-2001	769.96	43.02	812.98
2001-2002	409.74	9.60	419.34

Thus, the accounts did not reflect a true and fair picture of the financial position of the ZP. The ZP accepted the omission and agreed to show the opening balances in future.

#### **2.5 Unspent balances not credited to Government account**

Unspent grants are required to be credited to Government account by the end of August of the following year without waiting for completion of assessment.

**Unspent grants of Rs 218.78 crore not credited to Government account.**

In all the 15 ZPs<sup>2</sup> test checked unspent grants amounting to Rs 218.78 crore relating to the periods between 1990-91 and 2002-03 were not credited to Government account as of months between April 2003 and March 2004 (Appendix-II).

#### **2.6 Multiple bank accounts opened for District Rural Development Agency (DRDA) schemes**

As per Government instructions, only one bank account should be opened in a scheduled bank, for one scheme.

<sup>2</sup> Ahmednagar, Buldana, Chandrapur, Kolhapur, Nagpur, Osmanabad, Parbhani, Raigad, Ratnagiri, Sangli, Satara, Sindhudurg, Solapur, Thane, Wardha.

It was however, noticed in five PSs of ZP Chandrapur and three PSs of ZP Parbhani that the funds received from DRDA under Indira Awas Yojna (IAY), Jawahar Rojgar Yojna (JRY) and Ashwashit Rojgar Yojna (ARY) were parked in more than one bank account under each scheme.

The BDOs replied that in future all the accounts falling under a single scheme would be merged into a single account.

## **2.7 Lapsed deposits not credited to revenue head**

Scrutiny of records of 6 ZPs<sup>3</sup> revealed that lapsed deposits of Rs 12.21 crore were not credited to revenue head even though the stipulated time limit of three years had elapsed.

**Lapsed deposits of Rs 12.21 crore not credited to revenue account**

## **2.8 Non adjustment of ways and means advances**

**2.8.1** Out of an amount of Rs 23.05 crore received by ZP Wardha during the period 1999 to 2002, as ways and means advances, Rs 16.75 crore was adjusted as grants and the balance of Rs 6.30 crore remained to be adjusted. The assessments of grants received for the periods upto 1999-2000 were completed as of October 2003.

**Ways and means advance of Rs 6.30 crore not adjusted.**

**2.8.2** In November 2002, the Additional Director, Public Health and Family Welfare had assessed the grants released to ZP Sindhudurg for the period 1996-97 to 2001-02 and earlier years and disallowed expenditure of Rs 42.95 lakh. The disallowed amount was, however, not credited to Government account (September 2003) by the ZP.

**Disallowed expenditure of Rs 42.95 lakh not credited to Government Account.**

## **2.9 Irregular retention of amounts under deposit head**

The amounts relating to contractors' deposits, earnest money deposits, security deposits and matured investments only are to be kept in deposit account.

Scrutiny of records revealed that:

- In ZP Nagpur, the unspent salary and non-salary grant of Rs 58.96 lakh was credited to deposit account on 17 April 1996.

**Rs 1.85 crore irregularly held under deposit account.**

<sup>3</sup> Buldana, Nagpur, Parbhani, Ratnagiri, Thane, Wardha

- The BDO Kalmeshwar credited the unspent balance of grant of Rs 24.15 lakh received under Dalit Wasti Sudharna Scheme to deposit account on 26 April 2000.
- In ZP Thane, amounts aggregating to Rs 10.16 lakh were lying in XI-Miscellaneous deposit account since 1993-94. The amounts pertained to Chief Minister's Relief fund, *vangaon* (forest villages) and Training for Rural Youth in Self Employment (TRYSEM) scheme.
- In ZP Satara, receipts from sale of agricultural implements during the period 1997-98 to 2001-02 and in earlier years, amounting to Rs 91.94 lakh was retained in deposit account.

## **2.10 Not crediting receipts to Government account**

**2.10.1** Fees on account of veterinary services were required to be credited to Government account. The Kolhapur and Sangli ZPs, had collected fees of Rs 1.02 crore on account of veterinary services during the period 2000-01 to 2002-03. However only Rs 13.40 lakh was credited to Government account and Rs 88.47 lakh remained to be credited.

**2.10.2** Fees collected in Primary Health Centres (PHC) for services rendered to patients are required to be credited to Government account. In ZP Parbhani, receipts of Rs 3.12 lakh collected during 1996-97 and 1998-99 from patients were not credited to Government account.

The ZP stated that the hospital fees would be deposited into Government account as early as possible.

## **2.11 Inadequate contribution towards District Maintenance and Repairs Fund (DMRF)**

The State Government created a DMRF in ZPs for undertaking repairs and maintenance of water supply schemes. The Fund is sourced by (i) grants received from the Government (ii) 20 per cent share of ZPs' own income and (iii) part of water charges collected by GPs'.

**Receipts of Rs 91.59 lakh not credited to Government account**

**Short contributions to District Maintenance Repairs Fund.**

Audit scrutiny revealed that,

- As against Rs 3.39 crore to be contributed for periods between 2000-01 and 2002-03, only Rs 0.85 crore was contributed by Ahmednagar and Kolhapur ZPs to the Fund.
- In ZP Satara, contribution to the Fund for the years 1999-2000 to 2001-02 amounting to Rs 45.00 lakh was paid in subsequent years with delays ranging from 7 to 19 months.
- In ZP Sangli, 20 *per cent* of water charges collected by the GPs for the year 2002-03 amounting to Rs 3.96 crore was not credited to the fund.
- In ZP Ratnagiri, the contribution from GPs of seven<sup>4</sup> blocks amounting to Rs 28.95 lakh, was outstanding for the years 1996-97 to 2002-03.

## **2.12 Inadequate contribution towards Depreciation Fund**

The Zilla Parishad should maintain a depreciation fund and the amount of depreciation on all assets at the prescribed rate should be credited annually to this fund. A summary of assets is required to be disclosed in the annual report showing original cost of the assets, assets acquired during the year and assets on which no depreciation was provided with reasons etc. Further, any accumulated balance in the funds shall be invested in securities and the amount on maturity along with interest credited to the fund.

Audit scrutiny revealed that,

- ZP Sangli credited a fixed sum of Rs 2.00 lakh in cash as against the prescribed rates of 2.5 to 9 *per cent*. The ZP did not carry out valuation of the assets.
- ZP Sindhudurg credited Rs 46.76 lakh against the payable contribution of Rs 81.09 lakh during 2002-03.
- During the period from 1990-91 to 2001-02, ZP Thane had credited Rs 1.54 crore against its payable contribution of Rs 2.08 crore.

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<sup>4</sup> Dapoli, Khed,, Lanza, Mandangad, Rajapur, Ratnagiri, Sangameshwar

**Short contributions  
to Depreciation  
Fund.**

- ZP Ratnagiri had not made any contribution to the Fund for the period 2001-02 and 2002-03 though an amount of Rs 5.42 lakh was payable.

### **2.13 Irregular credit of interest earned on amount invested from transferred and agency schemes to ZP Fund**

Interest earned on investment of grants received from Government on account of transferred schemes and agency schemes should be treated as a part of grant receivable from Government.

ZP Sindhudurg had invested grants of transferred schemes and agency schemes in short term deposits and interest of Rs 29.54 lakh earned for the period 2001-02 and 2002-03 therefrom was credited to ZP fund account instead of being taken as grant received under transferred and agency schemes.

### **2.14 Non crediting to General Provident Fund (GPF) from Public Provident Fund (PPF) and other investments.**

Provident fund balances of all the teaching and non-teaching staff of aided schools for the physically handicapped, blind and mutually deficient children as on 31 March 2003 was to be credited to Government account under the head “8336-Civil Deposits 800 Other Deposits-PF of employees for special schools for handicapped”.

- In ZP Sangli, contribution of Rs 50.66 lakh made by 126 employees working in aided schools for the handicapped was lying in PPF/postal deposit account/fixed deposits without being credited to Government account.

### **2.15 Excess expenditure over sanction**

Scrutiny of annual accounts and connected records of budget estimates of 9 ZPs<sup>5</sup> revealed that an amount of Rs 60.13 crore was spent in excess over the sanctioned grants (Appendix III).

### **2.16 Outstanding advances**

The CAFO and the BDO should ensure that the amount pending under ‘Advances’ is kept at minimum and all pending items of advances are adjusted in time.

<sup>5</sup> Ahmednagar, Nagpur, Osmanabad, Parbhani, Raigad, Ratnagiri, Satara, Sindhudurg, Thane.

**Interest of Rs 29.54 lakh incorrectly credited to ZP Fund account.**

**Contribution of Rs 50.66 lakh towards Provident Fund not credited to Government account.**

**Rs 60.13 crore incurred in excess of sanctioned grants.**

**Advances of Rs 4.03 crore paid to staff were outstanding for one to 42 years.**

Scrutiny of records of eight ZPs<sup>6</sup> revealed that advances amounting to Rs 4.03 crore paid to officials for execution of works and as personal advances were outstanding as of March 2003. These amounts were outstanding for periods ranging from one year to 42 years.

### **2.17 Non crediting of interest to DRDA**

For implementing various centrally sponsored development schemes, GOI releases funds through DRDAs to the PSs. These funds are to be kept in nationalised banks by opening separate savings bank account for each scheme. Instructions issued by DRDA stipulate that the interest earned in respect of these savings bank accounts should be credited to DRDA for use as additional resource for the implementation of GOI schemes.

Scrutiny of records of 12 BDOs under 4 ZPs<sup>7</sup> revealed that Rs 49.86 lakh earned as interest on the amounts kept in the savings bank accounts at PS level were not credited to DRDA as of March 2003.

The PSs agreed to credit the interest amount to the respective DRDAs.

### **2.18 Non distribution of grants**

Grants received on account of stamp duty, land revenue, land equalisation etc., from the revenue authorities, are required to be distributed by the BDOs to the concerned GPs within the same financial year.

Scrutiny of records of Purna and Gangakhed PSs under ZP Parbhani revealed that grants of Rs.16.52 lakh received during the period 1997-98 to 1999-2000 were lying undisbursed with

the PSs as of 31 March 2003.

<sup>6</sup> Buldana, Chandrapur, Kolhapur, Nagpur, Osmanabad, Parbhani, Thane Wardha.

<sup>7</sup> Chandrapur, Nagpur, Parbhani, Wardha.

**Rs 49.86 lakh earned as interest not credited to DRDA.**

**Grant of Rs 16.52 lakh remained undisbursed in ZP Parbhani.**