CHAPTER -2

ACCOUNTING PROCEDURES

2.1 Irregularities in the Annual Accounts

Review of cash books , personal deposit accounts and bank accounts of PSs revealed difference of Rs 19.70 crore which was not reconciled in nine ZPs and 61 PSs for one to two years (Annexure-I). Closing balances of the annual accounts involving Rs 3.09 crore at the end of the financial year were not taken as opening balances during the next financial year in six PSs (Nadoti, Bhopalgarh, Dausa, Garhi, Khanpur and Bayana) for which no reasons were recorded in the books. The unreconciled differences between books of accounts are fraught with risk of misappropriation.

2.2 Excess expenditure over the allotted funds

In 28 ZPs and 91 PSs excess expenditure of Rs 72.26 crore (Annexure II) was incurred and remained to be regularised (December 2003) which not only defeated the purpose for which funds were originally granted but also raised doubts over general financial discipline in PRIs as 91 PSs and 28 ZPs out of 166 and 32 test checked units respectively incurred excess expenditure over allotted funds.

ZP Kota spent Rs 3.95 crore under EFC/SFC although it had provision of only Rs 2.96 crore under this head during 2002-03. In PS Sam, expenditure of Rs 2.94 crore in excess of allotted funds under 63 programmes had been incurred up to March 2002. Despite this, the PS spent Rs 21.98 lakh on 10 programmes during 2002-03 though there was no allotment of funds for these programmes and Rs 1.70 lakh was spent on eight programmes in excess of allotted funds. Thus, the PS incurred cumulative excess expenditure of Rs 3.18 crore by the end of 2002-03. Reasons for excess expenditure were not intimated by the ZPs/PSs.

The excess expenditure was met from the balances of other schemes lying in PD Account. Further, PD Account being a consolidated fund of several schemes, it was not possible to ascertain as to which scheme's fund was utilized to meet this excess expenditure because the ZPs /PSs did not maintain and keep details of scheme wise balances of the funds in PD Account.

2.3 Non depositing of statutory recoveries

The Vikas Adhikari of Panchayat Samiti has to get cheques prepared for the amounts deducted from the salary bills of employees on account of General Provident Fund (GPF) , State Insurance (SI) , Income Tax (IT) , License fee and Life Insurance Corporation (LIC) etc. and to forward these to the concerned departments by the first week of the next month[1]. In 29 PSs Rs 4.37 crore (AnnexureIII) so deducted from salary bills was not deposited after two to 14 of recovery. Out of this Rs 2.17 crore pertained to deduction on account of GPF only. This also led to uncovered risk to employees by LIC, State Insurance in event of some unforeseen eventuality. Failure to deposit income tax deducted invites interest, penalty and prosecution leading to rigorous imprisonment from three months to seven years and fine under Income Tax Act. Thus, the concerned Vikas Adhikaris not only violated the rules warranting fixation of responsibility but also created a liability on the PS on account of interest payable to employees on their GPF balances.

2.4 Pending utilisation/ completion certificates

Funds for execution of works were to be given to executive agencies in two or three instalments and they were to submit utilisation certificates (UCs) within 14 days of incurring expenditure to obtain subsequent instalments of funds[2]. Further the evaluation and completion certificates (CCs) of works executed by GPs and PSs were required to be submitted by concerned Junior Engineers of PSs within 10 days of receipt of information about their completion from the executive agencies. Sarpanchs were authorised to issue CCs in respect of works costing up to Rs 0.50 lakh .

UCs/CCs worth Rs 40.29 crore in 14 ZPs and 31 PSs were awaited for the last one to 10 years. In PS Sriganganagar Rs 2.68 lakh was lying unadjusted since 29 years. (Annexure IV). In ZP Barmer ,UCs worth Rs 12.99 crore were awaited (September 2003) of which Rs 2.88 crore was related to the funds transferred to executive agencies prior to 1999-2000. In PS Sangod UCs of Rs 3.55 lakh remained pending out of Rs 1.25 crore pertaining to three schemes (NREP, RLEGP and JEEVAN DHARA) which had been abandoned/ closed since last six years.

Thus the monitoring and utilisation of grants by the Panchayati Raj Institutions was not satisfactory.

2.5 Outstanding advances from individuals

Advances to individuals (Sarpanchs/Pradhans/Officials etc) should be got adjusted at the most within three months failing which it would amount to

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[1]. Rajasthan Panchayati Raj Rules 1996- Rule 212.

[2]. Gramin Karya Nirdeshika (GKN) - Para Nos. 8 & 18.

temporary embezzlement and unutilised cash balances shall be deposited back along with 18 *per cent* interest[3].

In contravention/violation of the above provisions a sum of Rs 15.19 crore was outstanding against 4000 individuals (Officials/Sarpanchs/Pradhans etc.) for the last one to 44 years in 12 ZPs and 80 PSs (Annexure-V). Action to recover/adjust/write off the advances needs to be initiated and the monitoring mechanism should be strengthened to ensure speedy and timely recovery. Unrecoverable amounts on account of death etc. need to be written off by the State overnment.

2.6 Irregular transfer of interest to' Own income 'and loss of interest

Government of India (GOI) issued instructions from time to time to the State Government that the Centrally Sponsored Schemes (CSS) funds should be kept in the Nationalised/Scheduled/Cooperative Banks in an exclusive and separate savings account and interest earned on funds of each scheme should be added to the scheme fund. In no case funds were to be kept or transferred in Personal Deposit (PD) Account. In regard to interest earned on State Sponsored Scheme the State Government had also made it clear (May 99) that such money should be utilised as additional resource for that scheme.

During 1996-2003 in 13 ZPs and 18 PSs (Annexure VI) interest of Rs 2.51 crore and Rs 38.67 lakh earned on various central and state sponsored schemes respectively was credited to their 'own income' in contravention to the instructions, denying their gainful use for development works. As schemewise accounts were not maintained by ZPs and PSs it could not be ascertained as to how much amount of interest pertained to CSS and State Sponsored Schemes separately.

Further, CSS funds of Rs 1.39 crore in two PSs[4] were kept in non-interest bearing PD Account for a period of six to 20 months which resulted in loss of interest of Rs 8.26 lakh.

2.7 Non -Surrender of unspent balances of inactive schemes

The State Government (Rural Development Department) issued instructions (October 1997) that unspent balances of closed and inactive Schemes/Programmes should be surrendered to the concerned department. However, a sum of Rs 27.70 crore pertaining to various dead/closed schemes and programmes was lying unspent in Personal Deposit Accounts of 18 ZPs

[3]. Rajasthan Panchayati Raj Rules 1996- Rule 215.

[4]. P.S. Sardarshahar: Funds Rs 1.01 crore, Interest Rs 7.10 lakh, Period -20 months and P.S. Taranagar : Funds Rs 0.38 crore, Interest Rs 1.16 lakh, Period - 6 months.

and 29 PSs for the last two to 10 years resulting in blocking of these funds. (Annexure-VII)

2.8 Maintaining excess imprest

The limit of imprest to be kept as advance for defraying current expenses is Rs 500 in case of a GP. Further Secretary/ Sarpanch of the GP shall be personally liable for keeping cash balance in excess of the limit prescribed at the close of the month and in such cases shall be liable to pay interest at the rate of 18 *per cent* on such excess amount[5].

It was noticed that in 27 GPs (Annexure VIII) cash balances in excess of the prescribed limit of Rs 500 were kept at the close of the month. The amount in excess of the limit ranged between Rs 51 to Rs 0.71 lakh and the months during which the amount was kept in this range varied from three to 24 during 2001-03. The limit of Rs 500 was crossed to the extent of Rs 0.71 lakh by the GP Raziapura of PS Karoli during February 2003. Temporary misuse of the amount cannot be ruled out. This was not only a gross violation of rules but was also indicative of financial indiscipline in these GPs due to which interest of Rs 0.33 lakh also became leviable on the amounts so retained in excess, from the secretary/sarpanch concerned.

[5]. Section 64(3) of Rajasthan Panchayati Raj Act ,1994 and Rule 211 of Rajasthan Panchayati Raj Rules 1996.