

PREFACE

The Report has been prepared for submission to the Government of Tripura in accordance with the terms and conditions of the entrustment of audit of Urban Local Bodies (ULBs) under Section 20(1) of CAG's DPC Act 1971 and audit of Panchayati Raj Institutions (PRIs) as a statutory auditor by the Comptroller & Auditor General (C&AG) of India.

The Office of the Senior Deputy Accountant General (Local Bodies Audit and Accounts) started functioning from 15th March 2007 under the administrative and technical control of the Accountant General (Audit), Tripura, Agartala.

Part-I of this Report consists of observations on Panchayati Raj Institutions and Part-II consists of observations on Urban Local Bodies.

The cases mentioned in the Report are those which came to notice during the course of test audit of accounts conducted upto 2010-11.

OVERVIEW

This Report, dealing with the results of audit of accounts of Local Bodies, is prepared in two parts and consists of four chapters. Part-I deals with Panchayati Raj Institutions and Part II on Urban Local Bodies. A synopsis of audit findings is presented in this overview.

I. An Overview of the Panchayati Raj Institutions

At present, there are four Zilla Parishads, 23 Panchayat Samitis and 511 Gram Panchayats in Tripura. At the State level, the Panchayat Department of the State Government co-ordinates and monitors the functioning of the Panchayati Raj Institutions (PRIs).

(Paragraph 1.1)

The State Government has devolved only five subjects out of 29 listed in the 11th Schedule to the Constitution to the control of 3-tier PRIs. Besides, the transfer of functionaries to PRIs was not done.

(Paragraph 1.3)

For execution of various developmental works, the PRIs mainly receive funds from the Government of India (GOI) and the State Government in the form of grants. Besides, the own source of funds includes the revenue earned by the PRIs in the form of rent, fees etc.

(Paragraph 1.5)

The State Government accepted 41 out of 47 recommendations of 3rd SFC relating to PRIs mainly on the issue of augmentation of revenue, enhancement of rates of honorarium in respect of elected representatives, devolution of funds, framing of necessary rules for maintenance of accounts by all tiers of PRIs, training for public representatives etc.

(Paragraph 1.9)

Development funds remaining unspent indicate poor planning and inadequate monitoring, there by depriving the beneficiaries from the intended benefit of the scheme.

(Paragraph 1.11.1)

Scrutiny of the records of one Zilla Parishad and 11 Panchayat Samitis revealed that neither the Zilla Parishad nor the Panchayat Samitis have prepared the budget of their estimated receipts and disbursement for the year upto 2009-10 and expenditures were incurred without preparing the budget.

(Paragraph 1.11.2)

A test check of records of one Zilla Parishad, 11 Panchayat Samitis and 507 Gram Panchayats revealed that none of the PRIs prepared Annual Accounts. In absence of Annual Accounts the position of opening balance, closing balance, receipts and payments under several heads could not ascertained.

(Paragraph 1.11.3)

On the recommendations of the EFC, database on finances were required to be maintained at all levels of PRIs for securing accountability and transparency in maintenance of accounts. But the databases are yet to be developed by the PRIs.

(Paragraph 1.11.4)

II. Audit of transactions in Panchayati Raj Institutions

Utilisation of funds under Mahatma Gandhi National Rural Employment Guarantee Act, on the works which were not included in the list of permissible works in Schedule I of the Act, led to unauthorised utilization of ₹ 3.58 crore.

(Paragraph 2.1)

Abandoning of the “Balicherra Project” at Ujjan Dhutpur Gram Panchayat under Kumarghat Panchayat Samiti due to inadequate survey has led to wasteful expenditure of ₹ 9.50 lakh.

(Paragraph 2.2)

Non-submission of adjustments by the Technical Assistant due to non-adoption of proper measure to safeguard the government money resulted into doubtful of recovery of ₹ 30.12 lakh.

(Paragraph 2.3)

Utilisation of Panchayat Development Fund in violation of the guidelines resulted in diversion of ₹ 52.79 lakh towards construction of community halls.

(Paragraph 2.4)

Irregular diversion of TFC grants of ₹ 2.72 crore deprived water supply and sanitation facilities to that extent.

(Paragraph 2.5)

Execution of works without approval of the Gram Sabha resulted in irregular expenditure of ₹ 1.44 crore.

(Paragraph 2.6)

Due to non-submission of adjustments by the implementing officers, advances of ₹ 28.89 lakh remained outstanding.

(Paragraph 2.7)

Lack of proper planning has resulted in poor utilisation of funds and less generation of man-days.

(Paragraph 2.8)

Non-execution of works has resulted in blockade of fund of Rs. 52.95 lakh

(Paragraph 2.9)

Stock of bricks valuing ₹ 1.48 crore was not accounted for and payment of bricks was made without maintaining stock register

(Paragraph 2.10)

Panchayat Secretary of Jarul Bachai Gram Panchayat has withdrawn money from bank with the signature of old pradhan even after the new Pradhan was elected which has resulted in unauthorized drawal of ₹ 2.58 lakh

(Paragraph 2.11)

Due to non-furnishing of replies by the auditees, large nos. of Inspection Reports/Paras remained un-settled.

(Paragraph 2.12)

III. An Overview of Urban Local Bodies

There were 16 Urban Local Bodies (1 Municipal Council and 15 Nagar Panchayats) in the State as on 31.03.2010. At the State level, the Urban Development Department of the State Government coordinates and monitors the functioning of ULBs.

(Paragraph 3.1)

All the 18 functions listed in the 12th Schedule of the Constitution have been transferred by the State Government to the ULBs. But in practice, certain important functions like fire service, road and bridges are still controlled by the State Government departments.

(Paragraph 3.3)

For execution of various developmental works, the ULBs mainly receive funds from the Government of India and the State Government in the form of grants. Besides, the sources include the revenue mobilized by the ULBs in the form of taxes, rent, fees, issue of licenses, etc.

(Paragraph 3.4)

The ULBs have not yet finalized their annual accounts. The accounts of Agartala Municipal Council and all the Nagar Panchayats are in arrears since their inception. Urban Development Department, Government of Tripura has prepared the Tripura Municipal Accounts Manual (volume I & II) 2006 based on the National Municipal Accounts Manual which has not yet been adopted by the State Government.

(Paragraph 3.9.2)

On the recommendations of the EFC, database on finances as prescribed by the C&AG were required to be maintained at all levels of ULBs for securing accountability and transparency in maintenance of accounts. But the database on finances has not yet been developed by the ULBs.

(Paragraph 3.9.4)

Test check of records of 10 Nagar Panchayats revealed that none of the Nagar Panchayats has prepared the Budget Estimates till now and expenditures were incurred without preparation and approval of the budget.

(Paragraph 3.9.5)

IV. Audit of transactions in Urban Local Bodies

Non-allotment of market stalls by Teliamura Nagar Panchayat has resulted in idle investment of ₹ 3.39 crore.

(Paragraph 4.1)

Execution of extra items of works without obtaining technical sanction, led to unauthorised expenditure of ₹ 20.29 lakh.

(Paragraph 4.2)

Non-selection of beneficiaries for the last two years led to blockage of Swarna Joyanti Shahari Rojgar Yojana fund of ₹ 25.04 lakh.

(Paragraph 4.3)

Funds for ₹ 1.13 crore received under NRHM remained un-utilised resulting into non-providing of medical facilities to the poor.

(Paragraph 4.4)

Non-adherence of prescribed guidelines resulted in irregular implementation of works under Member of Parliament Local Area Development Fund Scheme.

(Paragraph 4.5)

Due to poor implementation of the scheme, the objective of the Tripura Urban Employment Programme for providing wage employment to the urban poor people could not be achieved to the desired extent.

(Paragraph 4.6)

Non-collection of beneficiary contribution at the appropriate rate has resulted in short realisation of ₹ 67.22 lakh.

(Paragraph 4.7)

Three Nagar Panchayats paid wages for ₹71.41 lakh to 3034 nos. of registered job card holders under the Tripura Urban Employment Programme without maintaining employment registers/ works registers which led to irregular expenditure to that extent.

(Paragraph 4.8)

Advances of ₹ 56.76 lakh paid to various implementing officers during 2008-09 and 2009-10 remained unadjusted.

(Paragraph 4.9)

Due to lack of proper planning huge amount of development funds remained unspent at the end of the year.

(Paragraph 4.10)

Slow implementation of MPLADS works has deprived the people from the intended benefits of the scheme.

(Paragraph 4.11)

Due to non accounting of cash withdrawal of ₹ 21.47 lakh in the cash book, possibility of misappropriation/ embezzlement of Government money may not be ruled out.

(Paragraph 4.12)

Due to lack of proper planning and survey has led to delay in completion of the Anganwadi Centres which has deprived the people from intended benefit of the scheme.

(Paragraph 4.13)

Failure to assess and impose the property tax, Kumarghat Nagar Panchayat has been sustaining loss of revenue.

(Paragraph 4.14)

Lack of concerted efforts in collection of revenue by the four Nagar Panchayats resulted in outstanding revenue of ₹ 14.79 lakh.

(Paragraph 4.15)

Due to inaction of the AMC, ₹ 25 lakh remained un-realised from the allottees of market stalls of Bordowali Bipani Bitan.

(Paragraph 4.16)

CHAPTER I

AN OVERVIEW OF THE PANCHAYATI RAJ INSTITUTIONS

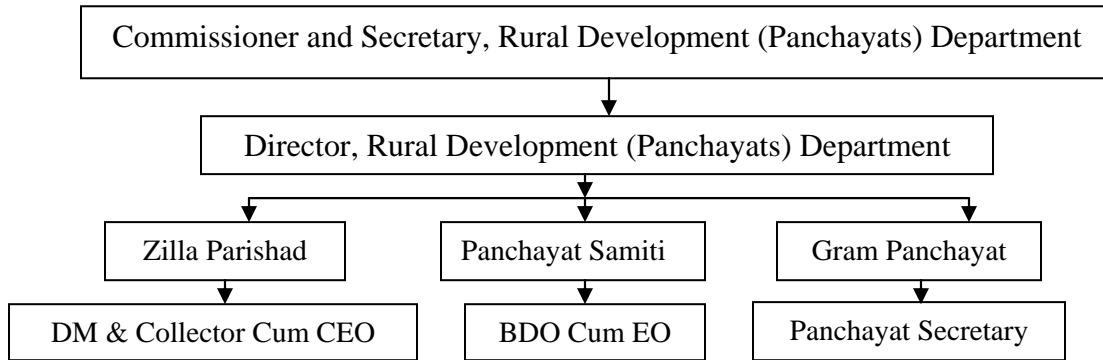
1.1 Introduction

In pursuance of 73rd Constitutional Amendment Act, 1992 the Government of Tripura has enacted the Tripura Panchayats Act, 1993 with a view to set up three tier Panchayati Raj system and to enable them to function as vibrant institutions of local self government at the District, Block and Village levels. The first general elections for the purpose were held in the year 1994. At present, there are 4 Zilla Parishads, 23 Panchayat Samitis and 511 Gram Panchayats in Tripura. At the State level, the Panchayat Department of the State Government co-ordinates and monitors the functioning of the Panchayati Raj Institutions (PRIs).

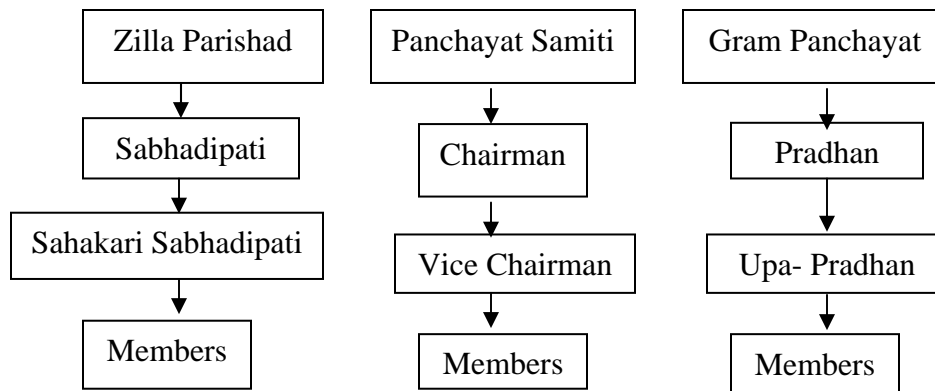
1.2 Organizational Structure of PRIs

The following organogram depicts the structure of the PRIs at different levels:

Administrative Body



Elected Body



At the district level, the District Magistrate & Collector-Cum-Chief Executive Officer of Zilla Parishad carries out the policies and directives of the Zilla Parishad, discharges duties defined under the Act, controls the officers/officials of Zilla Parishad and has custody of all papers and documents of Zilla Parishad.

The functions of the Block Development Officer-Cum-Executive Officer in Panchayat Samiti are to exercise all the powers conferred under the Act, to supervise and control the officials working under him, to supervise the execution of all works, to take custody of all papers and documents of Panchayat Samiti including drawals and disbursement of money out of the Panchayat Samiti fund.

The Panchayat Secretary is responsible for convening the meeting of Gram Sabha, maintenance of the records of Gram Panchayat, implementation of various developmental works and transaction of business as provided in the Act.

1.3 Devolution of Funds, Functions and Functionaries

The 73rd Constitutional Amendment Act, 1992 provided for devolution of funds, functions and functionaries to the PRIs to make them financially capable and autonomous. As per the report of the Tripura State Finance Commission, formal devolution of funds to PRIs was started from the year 1997-98. Funds devolved to PRIs under State Finance Commission for the last eight years are given in the table below:

Table No. 1

Head	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10
Grants-in-aid (Share of Taxes)	25.99	20.73	16.57	16.58	7.00	18.23	20.00	30.00
Grants-in-aid (PDF)	35.13	32.04	32.18	32.42	45.00	37.10	40.00	10.00
Total	61.12	52.77	48.75	49.00	52.00	55.33	60.00	40.00

Source: Report of the 3rd State Finance Commission and Panchayat Department

From the above it would be seen that devolution of funds during 2009-10 have been decreased. The State Government has devolved five subjects* to PRIs out of 29 subjects listed in the 11th Schedule of the Constitution (August, 2006 & August, 2007). Out of

* (1) Water Resources, (2) Primary School, (3) Adult and Non- Formal Education, (4) Social Welfare including Welfare of the Handicapped and Mentally Retarded and (5) Women and Child Development.

these five subjects, funds for payment of wages of pump operators and power consumption charges only had been transferred to the PRIs. The remaining 24 subjects are yet to be transferred. Besides, the transfer of functionaries to PRIs was not done which is a prerequisite for successful working of local self government at the grass-root level. The works of the PRIs are being performed by the State Government functionaries only.

1.4 Duties and Functions of PRIs

The Tripura Panchayats Act, 1993 prescribed various duties and functions for PRIs. Some of the important duties and functions are given below:

- (i) Preparation of Annual Action Plan.
- (ii) Promotion and development of agriculture and horticulture.
- (iii) Promotion of village plantation, social forestry and farm forestry.
- (iv) Irrigation including minor irrigation and water management.
- (v) Promotion of dairy farming, poultry and piggery.
- (vi) Development of pisciculture in private and community land.
- (vii) Implementation of poverty alleviation programmes.
- (viii) Any other local work or service of public utility.

1.5 Sources of Funds

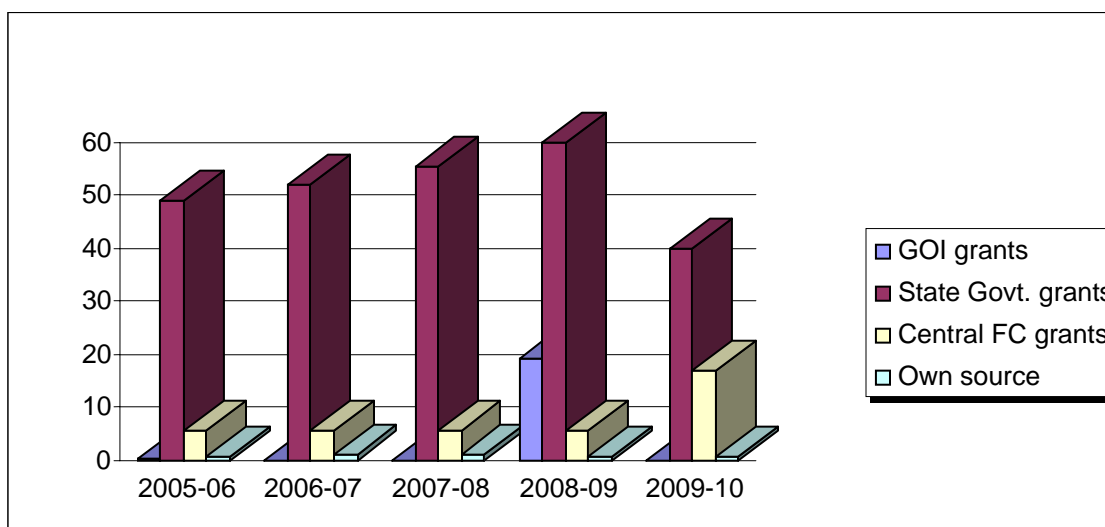
For execution of various developmental works, the PRIs mainly receive funds from the Government of India (GOI) and the State Government in the form of Grants. The GOI Grants include grants assigned under the recommendations of Eleventh Finance Commission (EFC) & Twelfth Finance Commission (TFC). The State Government grants are received under the recommendations of State Finance Commission (SFC). Besides, the own source of funds includes the revenue earned by the PRIs in the form of rent, fees etc. The position of receipts of funds by PRIs from different sources for the last five years is shown in the table below:

Table No. 2

(Rupees In crore)

Head	2005-06	2006-07	2007-08	2008-09	2009-10
GOI grants	0.43	0.02	-	19.32	NA
State Govt. grants	49.00	52.00	55.33	60.00	40.00
Central FC grants	5.69	5.70	5.70	5.70	17.10
Own source	0.63	1.02	0.97	0.70	00.72
Total	55.75	58.74	62.00	85.72	57.82

Chart No. 1



The above table/chart shows that grants from State Government have decreased in 2009 as compared to previous year. The receipts from own sources have not increased substantially over the years.

1.6 Functioning of PRIs through Standing Committees

Zilla Parishads and Panchayats Samitis have different Standing Committees through which various functions are performed as per the Act.

- Finance, Audit and Planning Committee, known as Finance Committee;
- Education, Environment, Cultural, Health and Sports Affairs Committee, known as Education and Health Committee;
- Communication, Rural Electrification and Non Conventional Energy Committee, known as Works Committee,
- Industries including Cottage Industries and Sericulture Committee, known as Industries Committee;

- Social Justice Committee;
- Agriculture, Food, Irrigation, Co-operation, Fisheries and Animal Husbandry Committee, known as Agriculture Committee;
- Poverty Alleviation Programme, Social and Farm forestry, Rural Housing and Drinking Water Committee, known as Poverty Alleviation Committee.

1.7 Accounting Arrangement

Under Section 175, Section 119 and Section 66 of the Tripura Panchayat Act, 1993 the Zilla Parishads, Panchayat Samitis and the Gram Panchayats shall keep such accounts in such form as may be prescribed. The Chief Executive Officer is responsible for maintenance of accounts at Zilla Parishad and the Executive Officer at Panchayat Samiti level with the assistance of Accountant. The accounts of Gram Panchayat are maintained by Panchayat Secretary.

1.8 Audit Arrangement

As per Section 215 of the Tripura Panchayats Act, 1993, the audit of the accounts of the funds of Gram Panchayat or Panchayat Samiti or Zilla Parishad shall be carried out by the authority as may be prescribed by the Government. A copy of such reports will be submitted in the following manner:

- (a) report on the Gram Panchayat shall be forwarded to the Panchayat Samiti by the Gram Panchayat;
- (b) report on the Panchayat Samiti shall be forwarded to the Zilla Parishad or the prescribed authority by the Panchayat Samiti; and
- (c) report on the Zilla Parishad shall be forwarded to the State Government by the Zilla Parishad.

But no such prescribed audit authority or Director Local Fund Audit (DLFA) has been appointed by the State Government. The matter for appointment of DLFA to function as primary auditor for all local bodies in the State has been taken up with the Chief Secretary, Government of Tripura (March 2011) so as to enable to provide Technical Guidance and Support to DLFA by the C&AG under Section 20(1) of C&AGs (DPC)

Act, 1971. However, the audit of PRIs is conducted as per the request of State Government to C&AG in January 2004.

1.9 State Finance Commission

As per the provision of the Tripura Panchayats Act, 1993 the first State Finance Commission (SFC) was set up in the year 1994. The SFC submitted its report in January 1996 to the State Government which was considered and accepted by the State Government and placed before the Legislative Assembly. On consideration of its report, actions were taken by the State Government for devolution of funds to PRIs for undertaking different developmental works. The second SFC was constituted in the year 1999 and its reports were submitted on 10th April, 2003. The State Government did not accept the recommendations of the second SFC considering the fact that higher devolution of fund as recommended by the Commission was not found realistic under the prevailing financial position of the State. Instead the State Government had decided to continue the implementation of the recommendations of the first SFC till report of the next Finance Commission is received.

The third Finance Commission was constituted in March 2008 applicable for the period from 2010-11 to 2014-15. The Commission submitted the report in October 2009 and the Government laid the Action Taken Report in the Tripura Legislative Assembly in March 2010.

The State Government accepted 41 out of 47 recommendations of 3rd SFC relating to PRIs mainly on the issue of augmentation of revenue, enhancement of rates of honorarium in respect of elected representatives, devolution of funds, framing of necessary rules for maintenance of accounts by all tiers of PRIs, training for public representatives etc. The Government did not accept two recommendations relating to introduction of service charge to be realized from the beneficiaries who are provided significant individual benefits of durable nature from the panchayats and discontinuation of the programme for providing dhuti, saree and lungi to the beneficiaries respectively. Further, four have been proposed for further examination.

1.10 Audit Coverage

The audit of the accounts of one Zilla Parishad, 11 Panchayat Samitis and 507 Gram Panchayats were test checked during 2010-11. The important audit findings are summarized in the succeeding paragraphs and chapters.

1.11 COMMENTS ON ACCOUNTS

1.11.1 Unutilized Funds

Test check of closing balances of 11 Panchayat Samitis and 287 Gram Panchayats for the year ended 31st March 2010 revealed that funds relating to different schemes remained unutilised as shown in the table No. 3 and table No. 4 below:

Table No. 3

Position of unutilized funds of Panchayat Samitis

(Rupees In crore)

Sl. No.	Name of the Panchayat Samiti	Fund available			Expenditure			Closing balance as on 31.03.2010		
		PDF	NREGA	TFC	PDF	NREGA	TFC	PDF	NREGA	TFC
1	Khowai	0.42	13.28	0.43	0.40	12.88	0.38	0.02	0.40	0.05
2	Gournagar	0.24	41.04	0.65	0.24	38.41	0.64	Nil	2.63	0.01
3	Kadamtala	0.36	30.98	0.55	0.27	26.59	0.53	0.09	4.39	0.02
4	Kumarghat	0.23	30.88	0.48	0.13	28.26	0.47	0.10	2.62	0.01
5	Teliamura	0.40	16.97	0.42	0.31	16.94	0.42	0.09	0.03	Nil
6	Panisagar	0.29	31.44	0.55	0.27	31.26	0.46	0.02	0.18	0.09
7	Dukli	0.30	21.24	0.62	0.17	20.24	0.57	0.13	1.00	0.05
8	Boxanagar	0.60	8.29	0.50	0.50	5.87	0.39	0.10	2.42	0.11
9	Ambassa	0.10	13.20	0.47	0.05	13.05	0.47	0.05	0.15	Nil
10	Mohanpur	0.62	29.75	0.64	0.49	29.15	0.64	0.13	0.60	Nil
Total		3.56	237.07	5.31	2.83	222.65	4.97	0.73	14.42	0.34

Table No. 4

Position of unutilized funds of Gram Panchayats

(Rupees In crore)

Sl. No.	Name of Panchayat Samiti	NO. of GPs under the Panchayat Samiti	Opening balance	Fund received	Total	Expenditure	Unspent balance as on 31.03.10
1	Matabari	32	1.37	6.29	7.66	5.52	2.14
2	Kumarghat	21	0.48	13.83	14.31	12.97	1.34
3	Dukli	17	3.68	7.64	11.32	7.26	4.06
4	Boxanagar	15	1.39	8.25	9.64	8.50	1.14
5	Gournagar	30	0.60	16.55	17.15	13.07	4.08
6	Mohanpur	30	6.48	15.65	22.13	20.15	1.98
7	Jirania	23	2.00	4.99	6.99	5.39	1.60
8	Khowai	22	1.47	7.34	8.81	7.31	1.50
9	Kathalia	15	3.00	5.40	8.40	5.29	3.12
10	Kakraban	20	0.87	4.68	5.55	3.95	1.60
11	Salema	27	3.38	5.96	9.34	5.30	4.04
12	Amarpur	10	0.03	2.29	2.32	2.01	0.31
13	Rajnagar	25	1.21	16.43	17.64	11.08	6.56
Total		287	25.96	115.30	141.26	107.8	33.47

Development funds remaining unspent indicates poor planning and inadequate monitoring, thereby depriving the beneficiaries from the intended benefits of the schemes.

1.11.2 Non preparation of Budget

As per provisions of sections 64, 118 and 173 of the Tripura Panchayats Act, 1993, Annual Budget of Gram Panchayats, Panchayat Samitis and Zilla Parishads showing the estimated receipts and disbursement for the following year is required to be prepared and submitted to the next higher authority for approval. If the approval of the higher authority is not received within two months, or by the last day of the year, whichever is earlier, the budget shall be deemed to have been approved by the prescribed authority. The Act further states that no expenditure shall be incurred unless the budget is approved by the prescribed authority.

Scrutiny of the records of one Zilla Parishads and 11 Panchayat Samitis revealed that neither the Zilla Parishad nor the Panchayat Samitis have prepared the budget of its estimated receipts and disbursement for the year upto 2009-10 and expenditures were incurred without preparing the budget.

Thus, incurring expenditure without preparing the budget was irregular and violation of the provisions of the Act.

1.11.3 Non preparation of Annual Accounts

Under Section 175, Section 119 and Section 66 of the Tripura Panchayat Act, 1993 the Zilla Parishads, Panchayat Samitis and the Gram Panchayats shall keep such accounts in such form as may be prescribed. The accounts of PRIs are being maintained in the formats prescribed by the C&AG of India. The records of one Zilla Parishad, 11 Panchayats Samitis and 507 Gram Panchayats were test checked during 2010-11 and it was noticed that none of these PRIs prepared Annual Accounts upto the year 2009-10. In absence of Annual Accounts, the position of opening balance, closing balance, receipts and payment under several heads, diversion of grants, etc., could not be ascertained.

1.11.4 Maintenance of Database on Finances of PRIs

On the recommendations of the EFC, database on finances were required to be maintained at all levels of PRIs for securing accountability and transparency in maintenance of accounts. Accordingly, the C&AG prescribed formats for the database in 2002. Director of Panchayats, Government of Tripura intimated (November 2010) that State Government in the RD (Panchayats) Department has adopted the eight database formats on the Finances of PRIs as prescribed by the C&AG and all the formats were circulated (September 2010) to the PRIs for adoption. But the databases are yet to be fully developed by the PRIs.

1.11.5 Status of Certification of Accounts

The State Government has not yet made any provisions in the State Acts/Rules for certification of accounts of the PRIs by the Examiner of Local Fund Audit or any State Auditing Authority. Till now not a single unit prepared the Annual Accounts, which could provide basis for conducting certification audit.

CHAPTER II

AUDIT OF TRANSACTIONS (PANCHAYATI RAJ INSTITUTIONS)

2.1 Un-authorized utilization of funds

Utilisation of funds under Mahatma Gandhi National Rural Employment Guarantee Act, on the works which were not included in the list of permissible works in Schedule I of the Act, led to unauthorised utilisation of ₹ 3.58 crore.

The list of permissible works are detailed in para 5.1.1 of the Operational Guidelines under schedule 1 of NREGA, 2005. It is also mentioned in para 5.1.1(ix) of the Guidelines that any other work may be notified by the Central Government in consultation with State Government.

During test check of records of four Panchayat Samitis* for the year 2009-10, it was noticed that MGNREGA funds of ₹ 3.58 crore (**Appendix-I**) were utilized on the works which were not included in the list of permissible works. Besides, no record was made available to audit whether any notification was issued by the Central Government to this effect. Thus, utilization of funds on inadmissible items of works has resulted in unauthorised utilisation of MGNREGA funds of ₹ 3.58 crore.

On this being pointed out in audit, the executive officers of the above Panchayat Samitis stated (June 2010 to January 2011) that such works would not be taken up in future.

2.2 Wasteful expenditure

Abandoning of the “Balicherra Project” at Ujjan Dhutpur Gram Panchayat under Kumarghat Panchayat Samiti due to inadequate survey has led to wasteful expenditure of ₹ 9.50 lakh.

Test check of records of Kumarghat Panchayat Samiti revealed that the “Balicherra Project” a diversion channel at Ujjan Dudhpur Gram Panchyat under Kumarghat Panchayat Samiti was taken up during 2006-07 with an estimated cost of ₹ 5.27 lakh. The work was entrusted to the Junior Engineer (JE) of the Kumarghat block in November 2006. Further scrutiny revealed that a revised estimate for ₹ 13.91 lakh was framed for the said project in July 2007 as the condition of soil was very poor and sandy. The

* Mohanpur ₹ 0.33 crore, Teliamura ₹ 1.03 crore, Gournagar ₹ 0.68 crore, Dukli ₹ 1.54 crore

technical sanction of the revised estimate was obtained (January 2008) from the Superintending Engineer RD Circle, Agartala in January 2008. Accordingly, the Block Development Officer issued (January 2008) a revised work order to the JE with the stipulation to complete it within 90 days. Records indicated that the work could not be completed within the stipulated period and after incurring an expenditure of ₹ 9.50 lakh, the project had to be abandoned due to huge erosion of soil. No feasibility report for construction of the diversion channel was produced to audit.

Thus, taking up of the project without proper planning and survey, has resulted in wasteful expenditure of ₹ 9.50 lakh.

The Executive Officer stated (May 2010) that on the recommendation of the monitoring committee of the Panchayat Samiti, the project was abandoned.

2.3 Doubtful recovery of ₹ 30.12 lakh

Non-submission of adjustments by the Technical Assistant due to non-adoption of proper measures to safeguard the government money resulted into doubtful of recovery of ₹ 30.12 lakh.

During test check of records of Mohanpur Panchayat Samiti for the year 2009-10, audit observed that Panchayat Samiti had engaged a Technical Assistant (TA) on contractual basis for a period of two years under MGNREGA. The TA was terminated by his appointing authority (DM & Collector, West Tripura) from the service w.e.f. 31.10.2010

Scrutiny of advance register/adjustment register revealed that the Programme Officer (BDO) issued 78 nos. of works to the TA and paid an advance of ₹ 99.57 lakh for implementation of various works during the period from 2007-08 to 2009-10. Details of advances paid and adjustments made are shown in the table below:

Table No. 5

(Rupees In lakh)

Year	Nature of works	No of works	Advances paid	Advances adjusted	Advances un-adjusted as on 31.10.2010
2007-08	MGNREGA	28	16.23	12.88	3.35
2008-09	,,	18	27.54	17.14	10.40
2009-10	,,	21	40.50	23.35	17.15
2007-08	RD works	11	15.30	9.63	5.67
2008-09					
Total		78	99.57	63.00	36.57
Less cash refunded by TA					06.45
Outstanding balance					30.12

From the above, it would be seen that the TA did not submit any records on outstanding advances of ₹ 30.12 lakh. Neither the FIR was lodged against him nor any action was taken for recovery of the amount till the date of audit (January 2011).

Thus, non-submission of adjustments and non-initiation of any action by the authority before termination from the service led to doubtful recovery of ₹ 30.12 lakh.

The Executive Officer replied (January 2011) that action would be taken immediately to realize the amount. The reply of the Executive Officer was not pertinent as no safeguard had been taken by the authorities to avoid such issue by a contractual employee. Latest position has not been furnished (March 2011).

2.4 Un-authorized diversion of Funds

Utilisation of Panchayat Development Fund in violation of the guidelines resulted in diversion of ₹ 52.79 lakh towards construction of community halls.

Para 1(x) of the guidelines on Panchayat Development Fund (PDF) prohibits utilization of these funds on construction of school ghar, panchayat ghar or any new building.

Test check of records of Panisagar Panchayat Samiti revealed that the Chief Executive Officer, Uttar Tripura Zilla Parishad placed the funds under PDF to Panisagar Panchayat Samiti for construction of three new community halls at different Gram Panchayats. Details of funds placed and expenditure incurred are shown in the table below.

Table No. 6

(Rupees In lakh)

Name of community hall	Fund received	Expenditure incurred
Huplong community hall	23.00	19.70
Jalabazar community hall	13.52	9.91
Deocherra community hall	23.18	23.18
Total	59.70	52.79

Thus, utilization of PDF on construction of community halls in contravention to the above guidelines has resulted in un-authorized diversion of ₹ 52.79 lakh. The Executive Officer assured (September 2010) that PDF would be utilized as per the guidelines.

2.5 Irregular diversion of Twelfth Finance Commission (TFC) grants

Irregular diversion of TFC grants of ₹ 2.72 crore deprived water supply and sanitation facilities, in the rural areas to that extent.

The objectives of TFC grants were to improve water supply and sanitation in rural areas. There was no provision in the TFC guidelines to utilize these grants for repair/maintenance of the office buildings.

The Rural Development (Panchayats) Department, Government of Tripura released TFC funds of ₹ 2.72 crore to all 40 blocks (including 23 Panchayat Samitis) of Tripura for repairing of PRIs and ADC offices during 2009-10, in violation of the guidelines. Test check of records of eight[♦] Panchayat Samitis revealed that these funds have been utilised in the same manner for the purpose.

Thus, such diversion of funds has resulted into non achievement of improvement in water supply and sanitation facilities in the rural areas to that extent.

2.6 Irregular expenditure

Execution of works without approval of the Gram Sabha resulted in irregular expenditure of ₹ 1.44 crore.

Under Section 13(1) of the NREGA, the Panchayats at District, Intermediate and Village level shall be the principal authorities for planning and implementation of the scheme. As per Section 16(1) of the Act, the Gram Panchayat shall be responsible for identification of the projects in the Gram Panchayats area which are to be taken up as per the recommendations of the Gram Sabha and the Ward Sabha. Section 16(3) of the Act states that every Gram Panchayat shall, after considering the recommendations of the Gram Sabha and the ward Sabha, prepare a development plan and maintain a shelf of possible works to be taken up under the scheme as and when demand for work arises.

Test check of records of Panisagar Panchayat Samiti for the year 2009-10 revealed that an amount of ₹ 1.44 crore (**Appendix-II**) was paid to 15 Implementing Officers for

[♦] Khowai Panchayat Samiti ₹10 lakh, Teliamura Panchayat Samiti ₹8 lakh, Boxanagar Panchayat Samiti ₹5 lakh, Mohanpur Panchayat Samiti ₹6 lakh., Kadamtala Panchayat Samiti ₹8 lakh, Kumarghat Panchayat Samiti ₹10 lakh, Gourmagar Panchayat Samiti ₹10 lakh and Ambassa Panchayat Samiti ₹10 lakh)

execution of 47 nos. of works which were not included in the Annual Action Plan nor any prior approval was obtained from the Gram Sabha before execution of these works. Thus taken up of works without approval of the Gram Sabha was in violation of the Act.

The Executive Officer stated (September 2010) that the matter would be reviewed and approval of the Gram Sabha would be taken.

2.7 Outstanding advances

Due to non-submission of adjustments by the implementing officers, advances of ₹ 28.89 lakh remained outstanding.

During test check of records of three[^] Panchayat Samitis, it was noticed that an advance of ₹ 28.89 lakh was paid to 16 implementing officers and eight line departments for implementation of works during 2009-10 remained un-adjusted.

Due to non-submission of adjustments, it could not be ascertained in audit whether the works were actually executed.

The Executive Officers stated that steps would be taken to adjust the advances.

2.8 Poor utilization of funds under MGNREGA

Lack of proper planning has resulted in poor utilisation of funds and less generation of man-days.

The primary objective of the MGNREGA is to provide 100 days of employment in a financial year to every rural household who volunteers to do unskilled manual work. The others objectives include empowerment of rural women, reduction of rural migration and fostering social equity.

Test check of records of three Panchayat Samitis for the year 2009-10 revealed that an amount of ₹ 902.93 lakh under MGNREGA was lying unspent in the bank accounts as on 31.03.2010 as shown in the table below:

[^] Mohanpur, Teliamura, Kumarghat.

Table No. 7

Name of Panchayat Samiti	Purpose of drawal	Opening balance	Fund received	Total	Expenditure	Closing balance 31.03.10
		(Rupees in lakh)				
Dukli	Man-days generation	48.17	400.55	448.72	45.58	403.14
Kadamtala	„	2.58	3095.01	3097.59	2658.62	438.97
Mohanpur	„	96.71	2879.00	2975.71	2914.89	60.82
Total		147.46	6374.56	6522.02	5619.09	902.93

From the above it would be seen that Dukli Panchayat Samiti could utilize only 10.15% of the total amount available during the year 2009-10. There was also huge unspent balance with the Kadamtala Panchayat Samiti during the year.

Funds remaining unspent indicate improper planning and results into less generation of man-days.

2.9 Blockage of funds

Non-execution of works has resulted in blockage of ₹ 52.95 Lakh.

During test check records of Programme Officer (BDO), Mohanpur Panchayat Samiti, it was noticed that the Chief Executive Officer (DM& Collector), Paschim Tripura Zilla Parishad placed an amount of ₹ 52.95 lakh to the Programme Officer for construction of brick soling road/ box culverts in December 2008. But the fund was not utilised and remained blocked for more than two years (January 2011). Reasons for blockage of funds were neither on records nor stated to audit.

Thus, non-execution of works has resulted in blockage of funds of ₹ 52.95 lakh.

2.10 Payment without accounting of stores

Stock of bricks valuing ₹ 1.48 crore was not accounted for and payment of bricks was made without maintaining stock register

Rule 187(1) of General Financial Rules provides that while receiving goods and materials from a supplier, the officer-in-charge of stores should refer to the relevant contract terms and follow the prescribed procedure for receiving the materials.

Rule 187(2) provides that all materials shall be counted, measured or weighed and subjected to visual inspection at the time of receipts to ensure that the quantities are correct, the quality is according to the required specifications and there are no damages or deficiency in the materials.

Rule 187(3) provides that details of the materials so received should thereafter be entered in the appropriate stock register. The officer-in-charge of stores should certify that he has actually received the material and recorded it in the appropriate stock registers.

Test check of records of Programme Officer (PO) Khowai Panchayat Samiti revealed that the PO procured bricks at a value of ₹ 1.48 crore from nine bricks suppliers for execution of various works under MGNREGA during 2009-10. But the receipts of bricks were not entered in the stock register and details of consumption of stock were also not made available, however, payments have been made to the suppliers. As a result, actual receipts of bricks and their utilisation could not be ascertained in audit.

The PO replied (May 2010) that the stock registers would be opened shortly.

2.11 Unauthorised withdrawal of money from bank

Panchayat Secretary of Jarul Bachai Gram Panchayat has withdrawn money from bank with the signature of old Pradhan even after the new Pradhan was elected which has resulted in unauthorised drawal of ₹ 2.58 lakh

Test check of records of Jarul Bachai Gram Panchayat revealed that the Panchayat Secretary has withdrawn ₹ 2.58 lakh (₹ 2.46 lakh of NREGA funds and ₹ 0.12 lakh of PDF) on 21-08-2009 from the joint bank accounts maintained by the Panchayat Secretary and the former Pradhan. It could not be stated to audit how the money was drawn from banks by the Panchayat Secretary with the signature of former Pradhan while the newly elected members of Jarul Bachai Gram Panchayat had taken oath of office on 07.08.2009.

Thus, this has resulted in unauthorised and irregular withdrawal of ₹ 2.58 lakh.

2.12 Poor response to Inspection Reports

Due to non-furnishing of replies by the auditees, large nos. of Inspection Reports/Paras remained unsettled.

Audit observations on financial irregularities and defects in maintenance of accounts noticed during local audit and settled on spot were communicated to the auditee units and to their concerned higher authorities through Inspection Reports (IRs). The Government had prescribed that the first reply of IRs should be furnished by the concerned auditee units within one month from the date of receipts of the IRs.

During the period from 2007-08 to 2009-10, 49 IRs (ZPs and PSs) were issued with 236 paras involving money value of ₹ 246.86 crore, only 19 paras with money value of ₹ 7.71 crore were settled upto 31.03.2010 as shown in the table below:

Table No. 8

(Rupees In crore)

Year	No of IRs issued	Paras	Money value
2007-08	12	42	68.03
2008-09	17	105	31.68
2009-10	20	89	147.15
Total	49	236	246.86
Paras settled (2007-08 to 2009-10)	Nil	19	7.71
Closing balance as on 31.03.2010	49	217	239.15

Further scrutiny revealed that the 1st reply in respect of 18 IRs was received only after 49 days to 624 days from the issue of the IRs (**Appendix-III**).

2.13 Conclusion and recommendations

Unauthorized expenditure in violation of rules, wasteful and irregular expenditure, diversion of funds, unspent balance of funds, pending adjustments of advances etc., indicate that internal control and monitoring mechanism was not adequate.

In view of the findings, the following recommendations are made:

- Department should ensure regular monitoring of adjustment of advances made to implementing officers. The Government may initiate strengthening of the monitoring mechanism in this regard;
- To ensure financial accountability, the PRIs should prepare their annual accounts and develop database on their finances;
- To check unauthorised diversion of scheme funds, necessary control mechanism be evolved and implemented;
- To avoid huge unspent balance of the developmental funds at the end of financial year.
- To ensure the accountability towards audit, the Government may take follow-up actions to furnish early reply of audit observations.

CHAPTER III

AN OVERVIEW OF THE URBAN LOCAL BODIES

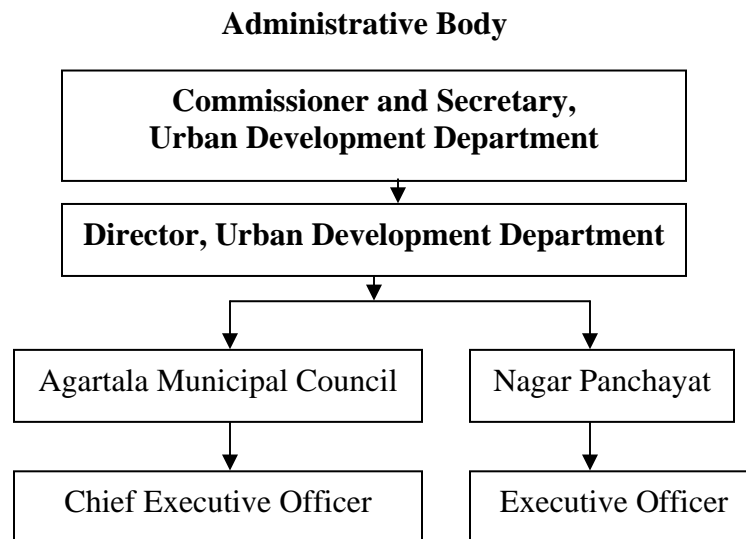
3.1 Introduction

Consequent upon the 74th amendment of the Constitution, the Government of Tripura enacted the Tripura Municipal Act, 1994, for transferring the powers and responsibilities to Urban Local Bodies (ULBs) in order to implement schemes for economic development and social justice including those in relation to the matter listed in the Twelfth Schedule of the Constitution of India. There were 16 Urban Local Bodies (1 Municipal Council and 15[◇] Nagar Panchayats) in the State as on 31.03.2010. At the State level, the Urban Development Department of the State Government coordinates and monitors the functioning of ULBs.

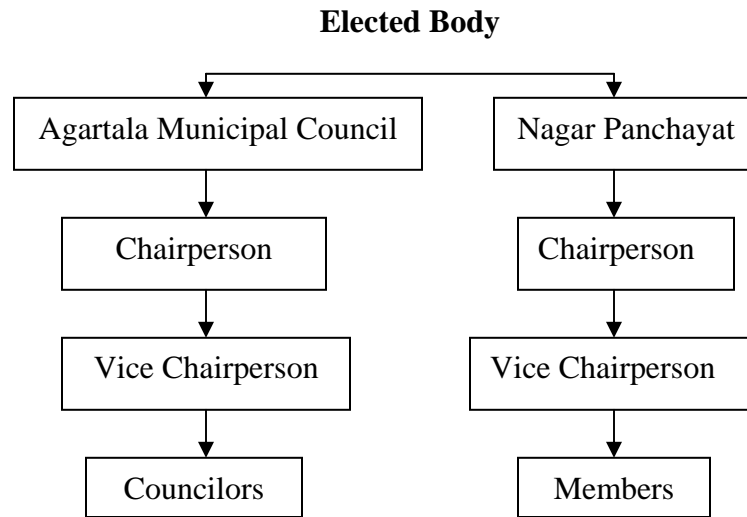
3.2 Organisational Structure of ULBs

The Chairperson elected by the majority of Councilors/Members is the executive head of the ULB. The executive powers of the ULB are exercised by the Council.

The organizational structure of the ULBs is as follows:



[◇] Three Nagar Panchayats viz Ambassa Nagar Panchayat, Bishalgarh Nagar Panchayat and Shantir Bazar Nagar Panchayat came into existence in March 2009.



3.3 Status of Devolution of Functions

The 74th amendment of the Constitution was enacted to decentralize the powers and functions to the Urban Local Bodies for ensuring proper and planned growth of cities and towns with adequate infrastructure and basic amenities. On the mandate of above, the Government of Tripura enacted the Tripura Municipal Act, 1994 for decentralization of powers and functions to ULBs. All the 18 functions listed in the 12th Schedule of the Constitution have been transferred by the State Government to the ULBs. But in practice, certain important functions like fire service, road and bridges are still controlled by the State Government departments.

3.4 Sources of Funds

For execution of various developmental works, the ULBs mainly receive funds from the Government of India and the State Government in the form of grants. The GOI grants include grants assigned under the recommendations of Eleventh Finance Commission and Twelfth Finance Commission. The State Government Grants are received through devolution of net proceeds of the total tax revenue under the recommendations of State Finance Commission. Besides, the sources include the revenue mobilized by the ULBs in the form of taxes, rent, fees, issue of licenses, etc. Receipts of funds from various sources for the last five years are given in table below:

Table No.9

(Rupees In crore)

Head	2005-06	2006-07	2007-08	2008-09	2009-10
Central share	5.01	5.61	8.22	37.65	27.06
State share	7.96	5.25	10.14	5.19	15.78
Grants-in-aid (Share of taxes)	14.72	19.62	18.13	25.70	30.59
Central FC grants(EFC/TFC)	0.80	0.80	0.80	-	1.60
Own source	NA	NA	8.27	14.15	15.27
Total	28.49	31.28	45.56	82.69	90.30

Source: Urban Development Department.

3.5 Functioning of ULBs

The ULBs perform their functions through the supervision of different Standing committees, such as Committee on Finance, Public Health and Public Works.

3.6 Accounting Arrangement

The Chief Finance Officer is responsible for maintenance of accounts of Agartala Municipal Council whereas the Executive Officers in case of Nagar Panchayats maintain the accounts with the assistance of accountants.

3.7 Audit Coverage

The audit of the accounts of Agartala Municipal Council and 10 Nagar Panchayats was test checked during 2010-11. Important audit findings are summarized in the succeeding paragraphs and chapter.

3.8 Audit Arrangement

As per Section 264, 265 and 266 of the Tripura Municipal Act, 1994, the accounts of the Municipality shall be examined and audited by an auditor appointed in that behalf by the State Government. The State Government shall, by rules, make provision with respect to the maintenance of accounts of the Municipalities and auditing of such accounts, including the power of the auditor. The auditor shall submit the audit report to the Chairperson of the Municipality and a copy thereof to the State Government. But no such arrangement has been made by the State Government. In October 1996, the Government of Tripura entrusted audit of accounts of Agartala Municipal Council and all Nagar Panchayats to the C&AG of India under Section 20(1) of the C&AG's (DPC) Act, 1971 on permanent basis.

3.9 COMMENTS ON ACCOUNTS

3.9.1 Receipts and expenditure

The funds in the form of grants received along-with unspent balance of previous year vis-à-vis the expenditure incurred by the 11 ULBs during 2009-10 is as under:

Table No. 10

(Rupees in crore)

Type of ULBs	Receipts	Expenditure	Balance
Agartala Municipal Council	48.26	21.59	26.67
Nagar Panchayats	49.66	26.81	22.85
Total	97.92	48.40	49.52

The above ULBs have not utilized about 50 *per cent* of the fund received indicating poor and slow implementation of different development schemes.

3.9.2 Non-finalisation of Annual Accounts

The ULBs have not finalized their annual accounts. The accounts of Agartala Municipal Council and all the Nagar Panchayats are in arrears since their inception. Urban Development Department, Government of Tripura has prepared the Tripura Municipal Accounts Manual (volume I & II) 2006 based on the National Municipal Accounts Manual which has not yet been adopted by the State Government.

3.9.3 Certification of Accounts

The State Government has not made any provisions in the State Acts/Rules for certification of accounts for the ULBs by the Examiner of Local Fund Audit or any other Auditing Authority.

3.9.4 Status of Database on the Finances of ULBs

On the recommendations of the EFC, database on finances as prescribed by the C&AG were required to be maintained at all levels of ULBs for securing accountability and transparency in maintenance of accounts. But the database on finances has not yet been developed by the ULBs.

3.9.5 Status of preparation of Budget

Under section 260(1) of the Tripura Municipality Act, 1994, the Budget Estimates of Municipality for a year shall be prepared in the prescribed form and presented before a meeting of Municipality, specially convened for the purpose, not later than the tenth day of March every year and shall be adopted after discussion within two weeks of presentation. A copy of the Budget Estimates adopted by the Municipality shall be sent to the State Government and a revised budget for the current year shall be framed in the prescribed form and presented before the Municipality for adoption after the first day of October, but not later than the thirty first day of December each year.

Test check of records of 10 Nagar Panchayats revealed that none of the Nagar Panchayats has prepared the Budget Estimates till now and expenditures were incurred without preparation and approval of the budget. Non preparation of budget indicates lack of internal control in the management of finances in the ULBs.

CHAPTER IV

AUDIT OF TRANSACTIONS (URBAN LOCAL BODIES)

4.1 Idle investment

Non-allotment of market stalls has resulted in idle investment of ₹ 3.39 crore.

The Government of Tripura had decided to set up a super market at Teliamura to create a good congenial commercial environment for urban development. The main objectives of setting up of the super market are to rehabilitate the hawkers and other occupants of the site, to decongest the roads and to provide a unified market complex for urban development.

Accordingly, the Uttaran Super Market with 90 nos. of stalls was constructed by the Teliamura Nagar Panchayat through NBCC Ltd. during 2007-08. The complex was handed over to Nagar Panchayat in June 2008. The total cost of the construction of the complex was ₹ 6.37 crore. The scrutiny of records revealed that out of 90 stalls, only 42 stalls were allotted and 48 stalls remained vacant till June 2010 as shown in the table below:

Table No. 11

Position of stalls	Total No. of stalls	No. of stalls allotted	No. of stalls vacant
Ground floor	24	13	11
1 st floor	44	18	26
2 nd floor	22	11	11
Total	90	42	48

Neither the demand nor the assessment report for construction of the super market was produced to audit.

On this being pointed out in audit, the Executive Officer replied (November 2010) that the super market is located at a place which is about a half kilometer away from the main market of Teliamura and the market is regulated by the Teliamura Agri Produce Market Committee which is less interested in allowing/encouraging businessmen migrating from the main market to super market. He further stated that steps were being taken to allot the vacant stalls to businessmen. Thus, non-allotment of 48 stalls has resulted an idle

investment of ₹ 3.39 crore. Latest position of allotment of stalls has not been furnished (March 2011).

4.2 Unauthorised expenditure

Execution of extra items of works without obtaining technical sanction, led to unauthorized expenditure of ₹ 20.29 lakh

During test check of records of Nagar Panchayat, Sonamura it was noticed that Nagar Panchayat constructed a paddy market and a super market through the contractors. The construction of paddy market was completed in December 2009 and the super market was completed in March 2010. The contractor was paid ₹ 11.31 lakh for construction of paddy market and ₹ 35.41 lakh for construction of super market. Final payments were yet to be made. The estimated cost, tender value, value of work done and amount deviated are given in the table below:

Table No. 12

<i>(Rupees In lakh)</i>				
Name of work	Estimated cost	Tendered value	Value of work done	Amount deviated
Paddy market	5.95	10.12	14.90	4.78
Super market	16.22	27.91	43.42	15.51
Total	22.17	38.03	58.32	20.29

Scrutiny of records revealed that some major substitution of items for both the works were executed without obtaining approval of the authority competent to accord technical sanction resulting into unauthorized expenditure of ₹ 20.29 lakh.

4.3 Blockage of Swarna Joyanti Shahari Rojgar Yojona fund

Non-selection of beneficiaries for the last two years led to blockage of Swarna Joyanti Shahari Rojgar Yojona fund of ₹ 25.04 lakh.

Swarna Joyanti Shahari Rojgar Yojona (SJSRY) a centrally sponsored scheme was introduced in Tripura in the year 1998-99. The main objective of the scheme was to provide gainful employment to the urban un-employed and under-employed living below the poverty line through encouraging self employment ventures or provision of wage employment opportunities.

During test check of records of Kumarghat Nagar Panchayat, it was noticed that Nagar Panchayat received substantial funds for implementation of SJSRY scheme. The position of funds during 2008-09 and 2009-10 is shown in table below:

Table No. 13

(Rupees In lakh)

Year	Spillover	Fund received	Total	Expenditure	Balance
2008-09	10.72	5.59	16.31	0.83	15.48
2009-10	15.48	10.42	25.90	0.86	25.04

During the audit it was observed that during the last two years Nagar Panchayat did not select any beneficiary for sanction of subsidy and individual loan by banks for self employment ventures. This has confirmed that Nagar Panchayat failed to provide employment opportunities to the urban un-employed due to non selection of beneficiaries despite having sufficient funds under the scheme.

On this being pointed out in audit, the Executive officer stated that the fund would be utilized very shortly.

4.4 Non-utilisation of National Rural Health Mission fund

Funds for ₹ 1.13 crore received under NRHM remained un-utilised resulting into non-providing of medical facilities to the poor.

The NRHM was launched by the Government of India in April 2005 with the objective of converging different health programmes. The mission mainly aims at the rural poor for special attention to mother and children. However, the proposal for implementation of the NRHM in the urban slum areas was approved by the Government of India. The main objectives of the mission are to reduce:

- i. infant mortality rate
- ii. mother mortality rate
- iii. total fertility rate per population and to
- iv. prevent and control communicable and non- communicable diseases including endemic diseases.

During test check of records of Agartala Municipal Council (AMC), it was noticed that the District Health Society, West Tripura placed an amount of ₹ 30.89 lakh (₹ 22.50 lakh for strengthening of nine dispensaries and ₹ 8.39 lakh for medicine purpose) to AMC in

December 2006. It was observed that only ₹ 8.39 lakh was utilized for purchase of medicine and ₹ 22.50 lakh remained un-utilized. During 2009-10, AMC received another amount of ₹ 91.30 lakh for construction of Urban Health Centres in slum areas. Records indicated that the entire fund of ₹ 1.13 crore (₹ 22.50 lakh and ₹ 91.30 lakh) remained unutilized (July 2010) and deposited in the bank account. Reasons for non-utilisation of funds were not on record.

Thus, the objective of the mission to provide medical facilities to the poor people remained un-achieved to that extent.

On this being pointed out, the Chief Executive Officer stated (July 2010) that construction of dispensaries would be started immediately. Latest position has not been received (March 2011).

4.5 Irregular implementation of Member of Parliament Local Area Development Scheme

Non-adherence of prescribed guidelines resulted in irregular implementation of works under Member of Parliament Local Area Development Fund Scheme.

Para 2.1 of guidelines of the Member of Parliament Local Area Development Scheme (MPLADS) prohibits engagement of private contractor on MPLADS works.

Test check of records of Sonamura Nagar Panchayat revealed that Nagar Panchayat constructed a sports development centre by engaging private contractor at an estimated cost of ₹ 9.99 lakh under MPLADS. The contractor completed the work in March 2009 and handed over the same to Nagar Panchayat in April 2009.

Thus, execution of works under MPLADS by engaging private contractor was in violation of the guidelines.

4.6 Poor implementation of Tripura Urban Employment Programme

Due to poor implementation of the scheme, the objective of the Tripura Urban Employment Programme for providing wage employment to the urban poor people could not be achieved to the desired extent.

The Government of Tripura introduced (2009) a scheme namely the Tripura Urban Employment Programme (TUEP) to provide wage employment to the urban poor living below the poverty line.

Test check of records of Agartala Municipal Council and Sonamura Nagar Panchayat for the year 2009-10 revealed that an amount of ₹ 7.63 crore was placed for wage employment under TUEP during 2009-10. But only ₹ 2.60 crore was spent for the purpose leaving an unspent balance of ₹ 5.03 crore at the end of March 2010 as shown in the table below:

Table No. 14

(Rupees In crore)

Year	Name of ULB	Funds available	Expenditure incurred for wage employment	Funds remained unutilised as on 31.03.2010
2009-10	Agartala Municipal Council	7.06	2.54	4.52
	Sonamura Nagar Panchayat	0.57	0.06	0.51
Total		7.63	2.60	5.03

From the above, it would be seen that both the ULBs spent only 34 *per cent* of the total funds available during the year and 66 *per cent* of funds remained un-utilised. Besides, no action plan could be furnished to audit for implementation of the scheme during 2009-10. This indicated that the scheme could not be implemented to the desired extent due to which the funds remained blocked.

Reasons for poor implementation of the scheme and non utilization of funds were not on records.

Thus, the objective of the scheme to provide wage employment to the needy urban poor people could not be achieved despite having sufficient funds during the year 2009-10.

4.7 Short realisation of beneficiary contribution

Non-collection of beneficiary contribution at the appropriate rate has resulted in short realisation of ₹ 67.22 lakh.

According to para 4.8 of the guidelines of the Integrated Housing and Slum Development Programme (IHSDP), the dwelling houses should not be provided free of cost to the beneficiaries by the State Government. A Minimum of 10 *per cent* to 12 *per cent* beneficiary contribution of the unit cost of a house should be realised from each beneficiary.

Test check of records of three³¹ Nagar Panchayats for the year 2009-10 revealed that the Nagar Panchayats constructed 987 nos. of houses under IHSDP and beneficiary contribution of ₹ 23.48 lakh (@ 4,000 per unit) was collected from the beneficiaries of Ranirbazar and Belonia Nagar Panchayats instead of collecting at the Minimum of 10 per cent of the unit cost of each house as prescribed in the above guidelines. Nagar Panchayat, Teliamura, however, allotted the houses without collecting any beneficiary contribution. Thus, non- collection of beneficiary contribution at the appropriate rate has resulted in short realisation of ₹ 67.22 lakh as shown in the table below:

Table No. 15

(Rupees In lakh)

Name of NP	No. of houses constructed	Unit cost of house	Beneficiary contribution minimum @ 10 per cent of unit cost of house	Contribution to be collected @ 10 per cent	Contribution collected @ Rs 4,000 per house	Contribution short collected
Ranirbazar	422	1.00	0.10	42.20	16.88	25.32
Belonia	165	1.00	0.10	16.50	6.60	9.90
Teliamura	400	0.80	0.08	32.00	Nil	32.00
Total	987	2.80	0.28	90.70	23.48	67.22

On this being pointed out in audit, the Executive Officers of the Nagar Panchayats replied that the beneficiary contribution was collected as per Detailed Project Report. But the replies of the Executive Officers were not tenable as it was clearly mentioned in the guidelines of the IHSDP to collect beneficiary contribution at 10 per cent to 12 per cent of the unit cost of the houses.

4.8 Irregular payment of wages

Three Nagar Panchayats paid wages for ₹ 71.41 lakh to 3034 nos. of registered job card holders under the Tripura Urban Employment Programme without maintaining employment registers/ works registers which led to irregular expenditure to that extent.

The Government of Tripura introduced (2009) an urban employment programme viz; Tripura Urban Employment Programme(TUEP) modeled on MGNREGA. As per the guidelines of TUEP, an adult member of each BPL family will be provided 50 days of wage employment in a year. Payment of wages to the registered job card holders should be made through bank/post office. The Urban Local Bodies are required to maintain

³¹ Ranirbazar, Belonia, Teliamura

employment register/work register, to record the date of applications for work, date of allotment of work to job card holders, amount of wages paid etc.

Test check of records of three[↔] Nagar Panchayats revealed that wages for ₹ 71.41 lakh was paid to 3034 job card holders under TUEP during 2009-10 without maintaining any employment register/works registers as detailed in the table below:

Table No. 16

Name of NP	Fund received	Wages paid	No. of job card holders to whom wages paid
	(Rupees in lakh)		
Sonamura	39.46	18.84	769
Kumarghat	38.15	17.51	1,040
Belonia	64.50	35.06	1,225
Total	142.11	71.41	3,034

Due to non-maintenance of employment registers/works registers, the actual nos. of man-days generated, no. of days worked by the job card holders etc. could not be ascertained. Thus, the expenditures of ₹ 71.41 towards payment of wages without recording details of particulars were irregular.

The Executive Officers while admitting the fact stated that henceforth all the records/register would be maintained.

4.9 Non-adjustment of advances

Advances of ₹ 56.76 lakh paid to various implementing officers during 2008-09 and 2009-10 remained unadjusted.

Test check of records of Khowai Nagar Panchayat, revealed that advances of ₹ 56.76 lakh paid to various implementing officers during 2008-09 & 2009-10 for execution of different development works remained un-adjusted till the date of audit (June 2010).

Due to non-submission of adjustment, it could not be ascertained in audit whether the works were actually executed for which the advances were given to the implementing officers.

The Executive Officer replied (June 2010) that necessary instruction would be issued to the implementing officers for submission of adjustments. Latest position has not been furnished (March 2011).

[↔] Kumarghat, Sonamura, Belonia

4.10 Unspent balance of funds

Due to lack of proper planning huge amount of development funds remained unspent at the end of the year.

During test check of records of 11 ULBs, it was observed that with the available funds of ₹ 116.50 crore during 2009-10, the ULBs could utilize only ₹ 56.87 crore and the balance of ₹ 59.63 crores remained unutilized at the end of the year. The percentage of utilisation of funds ranged between 21.84 per cent and 69.27 per cent (**Appendix IV**).

Reasons for non-utilisation of funds were not stated.

Funds remained unspent indicate lack of proper planning so as to utilize the funds in the prescribed time.

4.11 Slow implementation of works under MPLADS

Slow implementation of MPLADS works has deprived the people from the intended benefits of the scheme.

Guidelines of the MPLAD scheme provide that any recommendation received from Member of Parliament is required to be examined within 45 days by the District Authority and the time limit for completion of sanctioned works should generally not exceed more than a year.

Scrutiny of records of AMC relating to implementation of MPLAD scheme revealed that huge amount of funds could not be utilized during the last two years as shown in the table below:

Table No. 17

(Rupees In lakh)

Year	Opening balance	Fund received	Total	Expenditure	Balance
2008-09	164.22	27.83	192.05	21.98	170.07
2009-10	170.07	49.67	219.74	58.90	160.84

During 2008-09, the utilization of funds was very poor (11.44 per cent). In 2009-10, only 26.80 per cent was utilized out of the total available funds of ₹ 219.74 lakh.

Records indicated that some works which were sanctioned during 1995-96 had not yet been taken up. It was further observed that the works which were taken up in the year 2005-06 onwards have not yet been completed till the date of audit (July 2010).

Thus, slow implementation of works has resulted into idling of funds and deprivation of the intended benefits of the scheme to the targeted beneficiaries.

4.12 Non accounting of cash withdrawal in the cash book

Due to non accounting of cash withdrawal of ₹ 21.47 lakh in the cash book, possibility of misappropriation/ embezzlement of Government money may not be ruled out.

During test check of records of cash book and bank pass book of secretary, Ward No. 24. SD Mission Kalitilla under South Zone of AMC, it was observed that the ward secretary has withdrawn ₹ 21.47 lakh from bank (A/C No. 14470 TGB, Bardawali Branch) between 22.09.2009 and 28.04.2010, however, the entire amount of ₹ 21.47 lakh was neither entered in the receipts side of the cash book nor was any disbursement shown in the payment side of the cash book. Besides, the cash book was also not closed daily basis as prescribed. Thus the possibility of misappropriation/ embezzlement of Government money could not be ruled out.

The Chief Executive Officer replied (July 2010) that the ward cash book would be verified and result would be intimated to audit. However, report of verification has not yet been received (March 2011).

4.13 Delay in construction of the Anganwadi Centres

Due to lack of proper planning and survey has led to delay in completion of the Anganwadi Centres which has deprived the people from intended benefit of the scheme.

The Director of Social Welfare and Social Education Department, Government of Tripura placed ₹ 3.00 crore to AMC during period from 2007-08 to 2009-10 for construction of 223 nos of Anganwadi Centres (AWCs) in AMC area. Year-wise details of funds received and expenditure made etc. are given in the table below:

Table No. 18

Year	Target for construction	Fund received	Expenditure	No of centre completed
		<i>(Rupees in lakh)</i>		
2007-08	70	87.50	80.70	61
2008-09	63	55.13	33.09	05
2009-10	90	157.50	85.70	Nil
Total	223	300.13	199.49	66

It would be seen that against the target of construction of 223 nos of AWCs during the year 2007-08 to 2009-10 only 66 nos have been completed and 157 nos remained incomplete and an amount of ₹ 1.00 crore remained unutilized.

Thus, there was inordinate delay in construction of AWCs. Records indicated that delay for construction of the centers was attributable mainly due to site dispute. This indicates that the site selection was not done with due diligence.

4.14 Non-imposition of property tax

Failure to assess and impose the property tax, Kumarghat Nagar Panchayat has been sustaining loss of revenue.

Director, Urban Development Department, Government of Tripura instructed all Nagar Panchayats to impose of property tax w.e.f 1st April 2006.

Test check of records of Kumarghat Nagar Panchayat, revealed that Nagar Panchayat did not impose property tax as yet in spite of instruction issued by the Urban Development Department to impose the same and also no assessment has been made by the Nagar Panchayat for imposition of the tax till the date of audit (September 2010). Due to non-assessment of the tax, the actual loss of revenue could not be ascertained in audit.

Reasons for non assessment and non imposition of property tax were neither on records nor stated to audit. This has resulted into deprivation of the scheme benefit to targeted beneficiaries.

Executive Officer replied (September 2010) that property tax would be imposed and collected in consultation with the Nagar Panchayat committee.

4.15 Outstanding revenue

Lack of concerted efforts in collection of revenue by the four Nagar Panchayats resulted in outstanding revenue of ₹ 14.79 lakh

Test check of records of four Nagar Panchayats revealed that own source of revenue such as stall rent, property tax, water charges etc. amounting to ₹ 14.79 lakh remained outstanding as on 31-03-2010 as shown in the table below:

Table No. 19

(Rupees In lakh)

Name of Nagar Panchayat	Outstanding revenue as on 31.03.2010
Teliamura	3.39
Dharmanagar	1.08
Sonamura	9.29
Amarpur	1.03
Total	14.79

Revenue remained outstanding indicates that Nagar Panchayats did not have any concrete plan nor any concerted efforts were taken to collect and increase their own source of revenue.

4.16 Non-realization of ₹ 25.00 lakh from the allottees of market stalls

Due to inaction of the AMC, ₹ 25.00 lakh remained un-realised from the allottees of market stalls of Bordowali Bipani Bitan.

Agartala Municipal Council (AMC) constructed Bordowali Bipani Bitan through the NBCC Ltd. at a cost of ₹ 1.76 crore. NBCC handed over the Bipani Bitan to AMC in September 2008. There were 21 stalls in ground floor, 23 stalls in first floor and 11 stalls in 2nd floor.

Scrutiny of records revealed that AMC allotted 31 out of 55 nos of stalls in March 2009. AMC had given an opportunity to the allottees to exercise either option I or option II.

As per option I, if the allottees pay full value of the amount payable at the time of allotment, they will be entitled for 5 per cent rebate on the total cost of the stalls.

As per option II, the allottees may pay 50 per cent of the total value at the time of allotment and the remaining balance of 50 per cent be paid in four equal instalments on or before 31.05.2009, 31.08.2009, 30.11.2009 and 28.02.2010.

Records showed that all the allottees exercised option II and AMC fixed the following rates for allotment of the stalls in different floors.

1. Stall in ground floor- Rs. 1,208 per sq. ft
2. Stall in first floor- Rs. 1,087 per sq. ft
3. Stall in 2nd floor- Rs. 966 per sq. ft

It was noticed that 21 stalls having floor area of 2834.58 sq. ft in ground floor and 10 stalls with floor area of 1367.23 sq. ft in first floor were allotted to the beneficiaries. The total payable price for 21 stalls in ground floor and 10 stalls in first floor comes to ₹ 49.10 lakh (₹ 1208 × 2834.58 + ₹ 1087 × 1367.23) respectively. But AMC realized only ₹ 24.09 lakh. Thus, ₹ 25.01 lakh remained un-realized from the allottees. No action has been taken by AMC to collect the balance amount of ₹ 25.01 lakh from the allottees till the date of audit (July 2010).

The Chief Executive Officer replied (July 2010) that steps would be taken to realize the amount from the allottees, however, recovery details are awaited (March 2011).

4.17 Conclusion and Recommendations

There were a number of cases of accumulation of unutilized balances of funds. Annual accounts were not prepared. Idle investment on construction of market stalls, unauthorised expenditure, blockade of funds, poor implementation of schemes, non-imposition of property tax, non-adjustment of advances, are instances indicating inadequate internal control mechanism in the ULBs.

The following recommendations are made for consideration of the Government:

- Annual accounts may be prepared by the ULBs without further delays.
- Proper assessment of requirement should be made before construction of market stalls.
- Schemes should be implemented in timely manner to achieve the intended benefits.

- Advances given to Implementing Officers should be adjusted within the prescribed time.
- Internal control mechanism should be put in place and be strengthened wherever found necessary.

Agartala

(S. K. Garg)
Sr. Deputy Accountant General
(Local Bodies Audit & Accounts)

Countersigned

Agartala

(K. Srinivasan)
Accountant General (Audit),
Tripura

Appendix – I

Statement showing unauthorized utilization of funds of ₹ 3.58 crore

(Reference: Paragraph 2.1; Page 11)

(Rupees In crore)

Name of Panchayat Samiti	Name of works executed	Expenditure incurred
Teliamura	1. Construction of steel bridge	0.66
	2. Construction of bridge	0.13
	3. Construction of market stalls	0.13
	4. Construction of kitchen sheds	0.04
	5. Construction of children sheds	0.06
	6. Construction of passenger sheds	0.01
Mohanpur	Construction of kitchen sheds	0.33
Gournagar	1. Construction of fertilizer godown	0.05
	2. Construction of walls	0.17
	3. Construction of swimming poll	0.16
	4. Mechanical earth filling	0.02
	5. Construction of market stalls	0.28
Dukli	1. Mechanical earth filling	0.13
	2. Construction of RCC walls	0.76
	3. Construction of market stall	0.33
	4. Construction of Panchayat buildings	0.08
	5. Sluice gate	0.20
	6. Construction of steel bridge	0.04
Total		3.58

Appendix –II

Statement showing irregular expenditure of ₹ 1.44 crores

(Reference : Paragraph 2.6; Page 14)

Work order No.& date	No. of works allotted	(Rupees In crore)
		Amount involved
F2(35)BDO/PNS/NREGA/2009-10/2820-01 Dt. 02.03.10	09	0.16
F2(35)BDO/PNS/NREGA/2009-10/2820-02 Dt. 02.03.10	02	0.13
F2(35)BDO/PNS/NREGA/2009-10/2820-03 Dt. 02.03.10	02	0.07
F2(35)BDO/PNS/NREGA/2009-10/2820-04 Dt. 02.03.10	03	0.15
F2(35)BDO/PNS/NREGA/2009-10/2820-05 Dt. 02.03.10	04	0.09
F2(35)BDO/PNS/NREGA/2009-10/2820-06 Dt. 02.03.10	01	0.03
F2(35)BDO/PNS/NREGA/2009-10/2820-07 Dt. 02.03.10	02	0.06
F2(35)BDO/PNS/NREGA/2009-10/2820-08 Dt. 02.03.10	04	0.40
F2(35)BDO/PNS/NREGA/2009-10/2820-09 Dt. 02.03.10	01	0.06
F2(35)BDO/PNS/NREGA/2009-10/2820-10 Dt. 02.03.10	02	0.01
F2(35)BDO/PNS/NREGA/2009-10/2820-11 Dt. 02.03.10	07	0.10
F2(35)BDO/PNS/NREGA/2009-10/2820-12 Dt. 02.03.10	02	0.03
F2(35)BDO/PNS/NREGA/2009-10/2820-13 Dt. 02.03.10	01	0.04
F2(35)BDO/PNS/NREGA/2009-10/2820-14 Dt. 02.03.10	06	0.08
F2(35)BDO/PNS/NREGA/2009-10/2820-15 Dt. 02.03.10	01	0.03
Total	47	1.44

Appendix – III

Statement showing poor settlement of IRs & Paras

(Reference : Paragraph 2.12; Page 17)

Sl. No.	Name of Panchayat Samiti	Period of Audit	No. of IR issued	Date of issue	Non receipt of Ist reply (no of days)
1	Salema	2007-08	LBA&A/IR/PS/S/07-08/126	21.04.09	339
2	- Do -	2008-09	LBA&A/IR/PS/S/08-09/691	17.12.09	105
3	Teliamure	2007-08	LBA&A/IR/PS/TLM/07-08/996	12.08.08	595
4	- Do -	2008-09	LBA&A/IR/PS/ TLM /08-09/694	11.12.09	51
5	Hrishyamukh	2007-08	LBA&A/IR/PS/HM/07-08/121	21.04.09	350
6	Dukli	2007-08	LBA&A/IR/PS/DUK/07-08/26	02.04.09	359
7	Bagafa	2007-08	LBA&A/IR/PS/BF/07-08/1502	24.04.09	337
8	Melaghar	2007-08	LBA&A/IR/PS/MLG/07-08/1431	06.03.09	391
9	- Do -	2008-09	LBA&A/IR/PS/MLG/08-09/642	17.11.09	133
10	Jirania	2007-08	LBA&A/IR/PS/JIR/07-08/994	19.08.08	588
11	Khowai	2008-09	LBA&A/IR/PS/KWI/08-09/1059	08.02.10	50
12	Satchand	2007-08	LBA&A/IR/PS/ST/07-08/241	05.05.09	327
13	Ambassa	2008-09	LBA&A/IR/PS/AMBA/08-09/1070	10.02.10	49
14	Mohanpur	2007-08	LBA&A/IR/PS/MP/07-08/938	13.07.08	865
15	- Do -	2008-09	LBA&A/IR/PS/MP/08-09/547	20.07.09	496
16	Boxanagar	2008-09	LBA&A/IR/PS/BNX/08-09/627	12.11.09	455

Zilla Parishad

1	Uttar Tripura Z P	2008-09	LBA&A/IR/UT.ZP/08-09/1062	03.02.10	56
2	Paschim Tripura Z P	2008-09	LBA&A/IR/PT. ZP/08-09/1470	18.03.09	374
3	Dhalai ZP	2007-08	LBA&A/IR/DH. ZP/07-08/393	06.02.09	417

Appendix –1V

Statement showing the unspent balance of funds with ULBs as on 31.03.2010

(Reference: Paragraph 4.10; Page 31)

(Rupees In crore)

Sl. No.	Name of ULB	Opening balance	Fund received	Total	Expenditure	Unspent balance as on 31.3.10	Percentage of utilization	Percentage of non utilization
1	Agartala Municipal Council	34.66	13.60	48.26	21.59	26.67	44.74	55.26
2	Sonamura Nagar Panchayat	1.56	2.10	3.66	1.86	1.80	50.81	49.19
3	Sabroom Nagar Panchayat	0.42	1.61	2.03	1.48	0.55	48.84	51.16
4	Teliamura Nagar Panchayat	0.95	6.60	7.55	5.23	2.32	69.27	30.73
5	Amarpur Nagar Panchayat	0.58	2.30	2.88	1.88	1.00	65.27	34.73
6	Dharmanagar Nagar Panchayat	0.85	3.60	4.45	2.20	2.25	49.43	50.57
7	Belonia Nagar Panchayat	10.57	9.15	19.72	10.00	9.72	50.70	49.30
8	Kumarghat Nagar Panchayat	0.93	2.08	3.01	1.35	1.66	44.85	55.15
9	Ranirbazar Nagar Panchayat	0.42	12.23	12.65	7.30	5.35	57.70	42.30
10	Khowai Nagar Panchayat	2.23	3.19	5.42	2.40	3.02	44.28	55.72
11	Kamalpur Nagar Panchayat	0.27	6.60	6.87	1.58	5.29	21.84	78.16
Total		53.44	63.06	116.50	56.87	59.63	21.84% to 69.27%	30.73% to 78.16%