

Chapter 4: Financial Management and Accounting Framework

Funds are allocated to the District through the State budget for various developmental activities. In addition, funds are directly released to DRDA and implementing agencies for implementation of various socio-economic programmes by the State and GOI. DRDA releases the funds to the Blocks and other executing agencies based on the approved allocation for individual schemes.

4.1 Gaps in the Funds flow and Expenditure incurred

The total flow of funds to the District during 2005-10 and expenditure incurred was not available either with the Additional Deputy Commissioner (Development) who is the Chief

Planning Officer or with the other district authorities like DRDA. However, information on funds received and reported expenditure as on March 2010 in respect of certain significant programmes as collected by Audit from various departments is detailed below.

Table-1: Position of funds received and expenditure incurred in respect of certain significant programmes

(₹ in crore)

Sl. No.	Scheme	Funds provided	Expenditure incurred
(1)	(2)	(3)	(4)
1.	National Rural Health Mission (NRHM)	53.58	37.92
2.	National Aids Control Programme (NACP)	0.32	0.23
3.	Sarva Shiksha Abhiyan (SSA)	106.24	105.75
4.	Pre-matric Scholarship for SC/ST students	0.10	0.10
5.	Post-matric Scholarship for SC/ST students	1.45	1.45
6.	Mid-day Meal	25.72	21.50
7.	Water Supply	175.08	175.08
8.	Total Sanitation Campaign (TSC)	21.78	10.31
9.	Pradhan Mantri Gram Sadak Yojana (PMGSY)	154.20	140.27
10.	Other Road Sector Schemes	123.28	123.28
11.	Irrigation	67.68	66.09
12.	District Development Plan (DDP)	13.40	12.71
13.	Untied Funds	5.58	4.59
14.	Member of Parliament Local Area Development Scheme (MPLADS)	9.00	8.01
15.	Member of Legislative Assembly Local Area Development Scheme (MLALADS)	11.20	8.59
16.	Sampoorna Grameen Rozgar Yojana (SGRY)	74.72	74.29
17.	National Rural Employment Guarantee Scheme (NREGS)	90.13	81.59
18.	Swarnjayanti Gram Swarozgar Yojana (SGSY)	45.09	41.96
19.	Kalpataru	10.02	8.50
20.	Indira Awaas Yojana (IAY)	139.65	136.57
21.	Rajiv Gandhi Grameen Vidyutikaran Yojana	58.42	58.41
22.	E-Governance	0.45	0.16
23.	Municipal Boards	7.32	5.07
24.	Silchar Storm Water Drainage Programme	17.00	4.25
25.	National Old Age Pension Scheme (NOAP)	20.68	20.01
26.	Integrated Child Development Scheme(ICDS)	51.21	46.18
	Total:	1,283.30	1,192.87

Source: Departmental figures.

Audit analysis revealed that there was a gap between the funds received and expenditure incurred as funds received from GOI and State Government are parked in different bank accounts (scheme-wise) without being utilised within the prescribed timeframe, as works could not progress due to delay in land acquisition, land disputes, inadequate project management – planning, execution, monitoring and supervision.

4.2 Maintenance of Accounts

DC released funds to BDOs, Construction Committees and NGOs for execution of works under different schemes implemented through them. Similarly, DRDA had released funds to BDOs who in turn released the same to GPs. Both DC and DRDA showed the funds as expended as soon as they were released to the next lower level. Except DRDA, BDOs and GPs did not maintain scheme-wise fund register indicating funds received and released/utilised. Further, GPs did not submit any statement of expenditure (SOE) to the blocks but the blocks furnished SOE to DRDA on the basis of funds released to GPs.

However, funds remained unutilised both at Block and GP level as discussed in paras 6.2.1, 6.2.2 and 6.3.1.

4.3 Internal Controls

BDOs hold monthly meetings to apprise the concerned Panchayat Secretaries about the works sanctioned and release the first installment on the basis of resolution passed by the concerned GP for preliminary work. However, Audit

scrutiny revealed that no control was exercised by BDOs to see that the resolutions from GPs (41 numbers) are received in time and works were executed in a timely manner. As a result, large amount of funds remained unutilised for long periods.

Besides, there were glaring examples of lapses in internal control resulting in misappropriation as evident from the following cases:

➤ According to the records of DRDA ₹1.09 crore was transferred to BDO, Kalain between April and November 2007. However, annual accounts of the Block disclosed receipt of ₹85 lakh (including opening balance of ₹3.00 lakh). Thus, there was a discrepancy of ₹27 lakh (₹109 lakh – ₹82 lakh) in receipt of fund from DRDA, misappropriation of which can not be ruled out. Of ₹85 lakh, ₹84 lakh were spent in implementation of the schemes. No vouchers/APRs etc., were produced in support of this expenditure.

➤ During 2007-08 an amount of ₹1.68 crore was released to BDO, Kalain for undertaking 15 works meant for nine GPs. BDO, however, diverted the funds for works executed at the Block level. An enquiry was conducted (between April and September 2008) by DC, Cachar wherein it was found that ₹1.58 crore was misappropriated. Except suspending the BDO and two other officials no other action had been initiated against the delinquent officials as of date. Thus, due to misappropriation of funds no employment could be generated out of the funds of ₹1.58 crore.

- In another enquiry conducted (April 2008) by the district administration against the then BDO, Silchar Development Block, it was found that the BDO misappropriated ₹10.41 lakh out of IAY funds for 2006-07 through fictitious vouchers. No action had been initiated against the officers.

In essence, in the absence of a integrated system of internal checks and controls of receipt, utilisation and accounting of developmental funds, there were funds lying unutilized and there was also a gap between the funds released and funds reported as utilised besides misappropriation of funds.

Recommendations

- A mechanism to ensure release of funds only for works and schemes for which all preliminary and preparatory works have been completed, needs to be evolved.
- A uniform system should be put in place for receipt, utilisation and accountal of funds and a system needs to be evolved for showing actual utilisation of funds as distinct from mere release of funds.

