

**REPORT OF  
THE EXAMINER OF LOCAL ACCOUNTS, BIHAR**

**FOR THE YEAR ENDED  
31<sup>ST</sup> MARCH 2009 and 2010**

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**PANCHAYAT RAJ INSTITUTIONS  
GOVERNMENT OF BIHAR**

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## PREFACE

The **Examiner of Local Accounts, Bihar**, Patna heads the **Local Audit Department (LAD)** under the supervision of the **Principal Accountant General (Audit), Bihar**, Patna. The Government of Bihar has appointed the ELA as statutory auditor of PRIs vide notification dated: 18.10.2006. The ELA conducts Audit of all the Local Bodies in accordance with provisions under **Local Fund Audit (LFA) Act, 1925** of the Bihar State and various other acts of the Bihar Government from time to time.

The ELA prepares Report on the accounts of PRIs unit wise and sends such report to the Mukhia, the Pramukh, the Adhyaksha, as the case may be, of the Gram Panchayat, the Panchayat Samiti or the Zilla Parishad and a copy thereof to the State Government.

This Report of the ELA for the year ended 31 March 2010 is consolidation of major audit findings arising out of audit of accounts of Panchayati Raj Institutions in the State of Bihar.

The audit findings in the Report are those which came to notice in the course of audit of accounts of Panchayat Raj Institutions conducted during 2009-2010 as well as those which had come to notice in the earlier years but could not be dealt with in previous Reports

## OVERVIEW

The Report contains four chapters. The first chapter brings out status of PRIs in the State of Bihar. The second chapter contains observation on Financial Management and Reporting. Third chapter discusses about Internal Control Mechanism in PRIs. Chapter four contains observation of audit on execution of schemes. A synopsis of the findings contained in the Annual Report is presented in this overview.

### 1. Introduction of PRIs in the State of Bihar

- In response to objections raised by audit ₹ 1.09 crore and ₹ 0.41 crore was recovered at the instance of audit during the year 2008-09 and 2009-10 respectively.

**(Paragraph-1.10)**

### 2. Financial Management and Reporting

- The Zila Parishads sustained a loss of ₹7.73 crore due to non-realisation of settlement amount, stamp fee, rent of shops & govt. offices.

**(Paragraph-2.2.1,2.2.2,2.2.3,2.2.4 & 2.2.5)**

- Advances of ₹104.18 crore lying unadjusted/unrecovered.

**(Paragraph-2.5)**

- The PRIs were following the Panchayat Samiti and Zila Parishad (Budget and Accounts) Rules, 1964. The Budget and Accounts formats prescribed by the C & AG of India were not operationalised.

**(Paragraph-2.7)**

- None of the PRIs covered in this report did prepare Annual Accounts.

**(Paragraph-2.7)**

- None of the Panchayat Samitis and Gram Panchayats had prepared Budget estimates.

**(Paragraph-2.7)**

- The PRIs were not maintain/maintaining improperly the basic record/register as prescribed by the rules, viz. Govt. Grant Register, Loan Register, Loan Appropriation Register, Advance Ledger, Deposit Ledger, Register of Outstanding Advance, Register of works, Asset Register etc.

**(Paragraph-2.8)**

### 3. Internal Control Mechanism

- Due to lack of Monitoring and Supervision over works 18705 works remained incomplete involving advance of ₹ 201.93 crore.

**(Paragraph-3.4.1)**

- In a large no. of projects undertaken by the PRIs advances of ₹ 2.10 crore were made to the executing agents but neither the projects were started nor the advances were recovered.

**(Paragraph-3.4.2)**

- The PRIs did not take follow up action on the Audit Reports issued to them due to which irregularities pointed out in audit reports remained unchecked. Upto 2008-09, 65061 paras in respect of 4165 ARs involving money value of ₹371.16 crore remained outstanding for compliance.

**(Paragraph-3.7)**

### 4. Execution of Schemes

- The grant of ₹ 14.00 crore meant for execution of works for the benefit of SC/ST community was diverted towards the execution of general schemes.

**(Paragraph-4.1.1)**

- Engagement of labours with same name for the same period were shown in the same scheme as well as in more than one scheme.

**(Paragraph-4.3.1)**

- In test checked 40 PRIs ₹ 2.58 crore was spent during 2006-07 to 2008-09 on the execution of works such as repairs/renovation of ZP/Block office by violating TFC guidelines.

**(Paragraph-4.4.6)**

## CHAPTER-I

### INTRODUCTION TO PRIs IN THE STATE OF BIHAR

#### 1.1 Background

The 73<sup>rd</sup> Constitutional Amendment gave constitutional status to Panchayat Raj Institutions (PRIs) and established a system of uniform structure, regular elections, and regular flow of funds through Finance Commission etc. As a follow up, the States are required to entrust these bodies with such powers, functions and responsibilities so as to enable them to function as institutions of self-government. In particular, the PRIs are required to prepare plans and implement schemes for economic development and social justice including those enumerated in the Eleventh Schedule of the Constitution.

After the 73<sup>rd</sup> amendment, the Government of Bihar enacted the Bihar Panchayat Raj Act (BPRA), 1993, subsequently replaced by Bihar Panchayat Raj Act, 2006 and a three tier system of Panchayat Raj (Zila Parishad, Panchayat Samiti and Gram Panchayat) came into existence after 1<sup>st</sup> general election held in April/May 2001. As of March 2010 there were 38 Z.P.s, 531 P.Ss and 8463 G.Ps in the state. The Panchayat Raj Department co-ordinates functioning of PRIs.

#### 1.2 State Profile

The state of Bihar with an area of 94,163 sq.km accounts for about 3% of the total geographical area of the country. It has a population of 8.29 crore (approx.) which accounts for 8% of the population of the country. The adverse land-man ratio is reflected in the high density of population, which is 881 per sq.km. The decadal growth of population for 1991-2001 is 28.43% which is the highest in the country. Literacy rate in the state is 47.53% and is lowest in the country. As per census 2001 share of Rural population is 89% of state population (approximately). The economy of the state is characterized by high incidence of poverty, low literacy rate, unemployment and low per capita income. The human development indicators are also very poor. The comparative demographic and developmental picture of the State is given in Table: 1.1.

**Table-1.1: Important Statistics of the State**

Sl. No.	Particulars	Unit	State figure	Ranking among states	All India figure
1	Share in Country's Population	<i>per cent</i>	8.07	3	
2	Share of Rural Population	<i>per cent</i>	89.5	2	
3	Total Area	km <sup>2</sup>	94,163	12	32,87,240
4	Population Density	<i>per km<sup>2</sup></i>	881	2	313
5	Literacy rate (2001)	<i>per cent</i>	47	28	64.8
6	Sex ratio	<i>per 1000</i>	919	20	933
7	Population below poverty line (FY05)	<i>per cent</i>	41.4	28	27.5
8	Human Development Index (2001)		0.367	28	

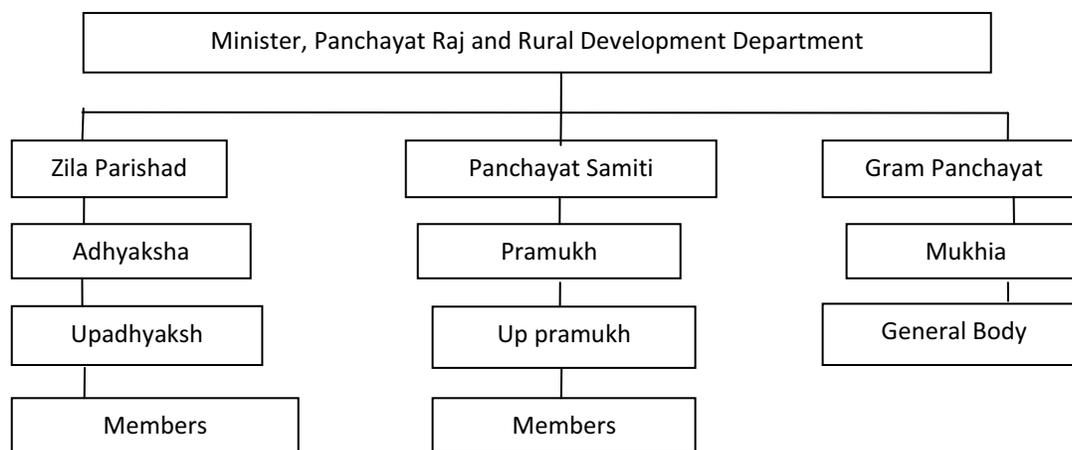
A comparison of population per Local Body of Bihar with all India figure and with State of Kerala, which is number one in Devolution Index, is provided in Table 1.2 (Census-2001):

**Table-1.2**

Sl. No.	Type of PRIs	Number of PRIs (Bihar)	Average population per PRI (Bihar)	Total number of PRIs (non SCS states of India)	Average population per PRI (non SCS states of India)	Number of PRIs (Kerala)	Average population per PRI (Kerala)
1	Zila Parishads	38	19,55,703	493	14,20,254	14	19,03,357
2	Panchayat Samitis	531	1,39,956	5728	1,22,239	152	1,75,309
3	Gram Panchayats	8463	8,781	228679	3,062	999	26,674
	<b>Total</b>	<b>9032</b>		<b>234900</b>		<b>1165</b>	

### 1.3 Organisational Structure of PRIs

#### Organisational set up of Elected Body

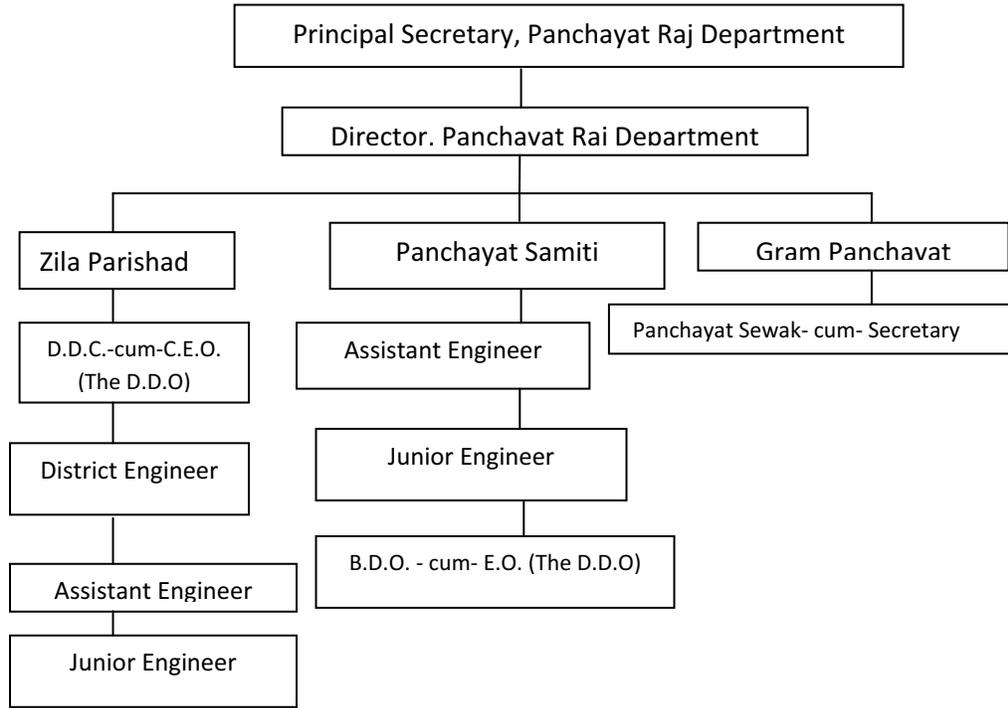


Elaborated organizational structure is depicted in the Table 1.3.

**Table-1.3**

Level of LB	Elected Body	Authorities	Others
District level	Zila Parishad	Adhyaksha, Upadhyaksha and Standing Committees	<ul style="list-style-type: none"> <li>Members are elected from territorial constituencies.</li> <li>Elected head of Panchayat Samiti i.e. Pramukh is the ex-officio member of Zila Parishad.</li> <li>Members of Parliament and State Legislature are ex-officio members of Local Bodies of their respective constituencies or where they are registered voters.</li> </ul>
Block Level	Panchayat Samiti	Pramukh, Up-pramukh and Standing Committees	<ul style="list-style-type: none"> <li>Members are elected from territorial constituencies.</li> <li>Elected head of Gram Panchayat i.e. Mukhiya is the ex-officio member of Panchayat Samiti in concerned block.</li> <li>Members of Parliament and State Legislature are ex-officio members of Local Bodies of their respective constituencies or where they are registered voters.</li> </ul>
Village Level	Gram Panchayat	Mukhiya, Up-mukhiya, Standing Committees	<ul style="list-style-type: none"> <li>Members are elected from territorial constituencies.</li> <li>Gram Sabha is a body consisting of persons registered in the electoral rolls relating to a village comprised within the area of the Panchayat at the village level.</li> </ul>
	Gram Katchahary	Sarpanch, Up-sarpanch	<ul style="list-style-type: none"> <li>Panches (territorial constituencies of Panches are same as those of the members of Gram Panchayats)</li> </ul>

### Administrative set-up



Elaborated organizational structure is depicted in Table 1.4:

**Table-1.4**

Local Body	Administrative Head	Other Staff
Zila Parishad	D.D.C.-cum-Chief Executive Officer (The DDO)	Accountants, Head Clerk, Assistant Engineers/ Junior Engineers, District Engineer, etc.
Panchayat Samiti	B.D.O.-cum- Executive Officer	Accountants (MNREGS), Junior Engineer, Panchayat Technical Assistant (MNREGS), Assistant Engineer Panchayat Samiti, etc.
	Programme Officer (for MNREGS)	
Gram Panchayat	Panchayat Sevak-cum-Panchayat Secretary	No other staff
	Panchayat Rojgar Sewak (for MNREGS)	

#### 1.4 Powers and Roles of State Government in relation to PRIs

The following **Table** depicts a brief summary of Powers and Role of State Government in relation to Panchayat Raj Institutions under Bihar Panchayat Raj Act 2006:

**Table-1.5: Powers and Role of State Government**

Authority	Powers and Role of State Government
Section 146 of BPR Act 2006	<b>Power to frame rules</b> Government may, by notification in Gazette, make rules to carry out purposes of Bihar Panchayat Raj Act 2006, subject to approval by the State Legislature.
Section 153 of BPR Act 2006	<b>Power to inspect Office, records etc</b> Government has the power to inspect any office or records under the control of the PRIs.
Sections 150 and 152 of BPR Act 2006	<b>Model Regulations and Inquiry</b> State Government has power to make model regulations for PRIs and inquire into affairs of Panchayats.
Section 172 of BPR Act 2006	<b>Removal of difficulties</b> If any difficulty arises in giving effect to the provisions of the Act, the State Government, may by order, do anything necessary to remove the difficulty.
Sections 166 and 167 of BPR Act 2006	<b>Development and Planning</b> Every Gram Panchayat is to prepare a development plan every year and submit it to the Panchayat Samiti. Each Panchayat Samiti is to prepare every year a development plan for its area including the development plans of the concerned Gram Panchayats and submit it to the Zila Parishad. Every Zila Parishad is to prepare every year a development plan for its area including the development plans of the concerned Panchayat Samitis and submit it to the <b>District Planning Committee</b> . The State government is to constitute in every district a <b>District planning Committee</b> to consolidate the plans prepared by the Panchayats and the Municipalities in the district to prepare a draft development plan for the district as a whole.

Note:-1. The DDC-cum-CEO of Zila Parishad carries out the policies and directives of the ZP, discharges duties defined under the Act, controls the officers/officials of ZP, has custody of all papers and documents of ZP and draws and disburses money.

2. The functions of the B.D.O.-cum-E.O. in Panchayat Samiti are to exercise all the power conferred under the Act, lay down the duties of officials, supervise and control the officers and officials under him, supervise the execution of all works, have custody of all papers and documents of Panchayat Samiti including drawal and disbursement of money out of the PS fund.

3. The Mukhia is responsible for convening the meeting of Gram Sabha, maintenance of the records of GP, financial and executive administration, supervision over the work of GP employees and transaction of business connected with the Act.

4. BPR Act 2006 provides for various Standing Committees (General Standing, Planning, Co-ordination and Finance Committee, Production Committee, Social justice Committees, Education Committees, Committee on Public Health, Family welfare and Rural Sanitation, Public works Committee) and other committees in each tier of PRIs headed by Adhyaksha/Upadhyaksha, Pramukh/Up-pramukh and Mukhia in ZP, PS and GP respectively to regulate the affairs of the PRIs.

## 1.5 Delegation of Functions to PRIs

The Government of Bihar has transferred<sup>1</sup> (September 2001) 79 functions to GPs, 60 functions to PSs and 61 functions to ZPs consisting of 20 departments (**Appendix-I**). A Table of activities delegated to PRIs by some departments is placed at **Appendix-II**. The delegation was very weak in nature. No substantial responsibilities and resources was given to these institutions.

<sup>1</sup>Source: Fourth State Finance Commission Report (June 2010)

## **1.6 Best Practices**

The government of Bihar has taken some steps towards strengthening the PRIs. Some of these are as follows:

- The Government has reserved 50% seats for women representative in each of its three tiers.
- The Zila Parishads are being given matching grant equal to the revenue raised by them by the state government encouraging to improve their financial position. The State government approved a matching grant of ₹ 9.72 crore in 2008-09 and ₹ 10.74 crore in 2009-10 to 38 Zila Parishads<sup>2</sup>.

## **1.7 Audit Arrangement**

As per provisions of BPR, 2006 under Section 31, 59 and 86, the audit of PRIs will be carried out by the authority as may be prescribed by the State Government. The Govt. of Bihar declared the Examiner of Local Accounts (ELA), Bihar as prescribed audit authority of PRIs and the audit is to be conducted as per provisions of the Bihar and Orissa Local Fund Audit (B&O LFA) Act, 1925. Accordingly the ELA, Bihar functions as the sole auditor of PRIs under the supervision of the Principal Accountant General (Audit), Bihar. The ELA is assisted by the Local Audit Department (LAD) in discharge of his duties and responsibilities.

The Audit Reports of the PRIs audited, are sent to the Chief Executive Officers, Executive Officers and Mukhias of the PRIs concerned with copies to Panchayat Raj Directorate. The follow up action on the Audit Report is to be taken by the executive of the auditee units and Standing Committees on Finance, Audit and Planning in ZPs and PSs.

Further, as per recommendation of the Pr.A.G (Audit), Bihar, the State Govt. has constituted a three tier committee for compliance of annual reports. The first level committee will function at District level which will be headed by the District Magistrate. It has the responsibility to ensure the compliance of audit reports received from PRIs/ULBs of that district. The second level committee has been set up at department level, which will be headed by the Secretary of the department. It will review the status of compliance made by the district level committee. Both the committees will have a member nominated from the Pr.A.G. (Audit), LAD, Bihar. The third and apex level committee will be headed by the Principal Secretary to the Finance Department, Govt. of Bihar. Pr.A.G. (Audit), Bihar has been made a member to this committee. The committee will meet once in six months to review the

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<sup>2</sup> Source: Fourth State Finance Commission Report (June 2010)

function of District level committees and Department level committee and issue necessary guidelines.

### **1.8 Audit Coverage**

Audit of the accounts of 12 ZPs, 44PSs & 628 GPs was conducted during 2008-09. And, during the year 2009-10, accounts of the 18 ZPs, 82PSs & 1210 GPs were audited. Important audit findings in respect of selected 30 ZPs, 122 PSs and 599 GPs are summarized in the succeeding chapters and paragraphs.

### **1.9 Status of Recovery by Surcharge Proceedings**

As per provisions contained in Section 9 of Bihar and Orissa Local Fund Audit Act, 1925, the Examiner of Local Accounts, Bihar is empowered to order recovery of any loss due to negligence and misconduct of employees and loss of stores through surcharge from persons responsible. In four PRIs (ZP-katihar, PS-Bikram, Paliganj, Manjhaulia) seven cases of surcharge notices involving ₹1.90 lakh in 2008-09 and in PS, Parbatta three surcharge notices involving ₹ 0.71 lakh and in ZP, Katihar three cases of Surcharge Orders involving ₹0.32 lakh were issued in 2009-10 for recovery by the Examiner of Local Accounts, Bihar.

Surcharge notices have been issued to the person(s) responsible for lapses through the District Magistrates (D.Ms) but reports of serving the surcharge notices have not been received in any case.

### **1.10 Impact of audit**

During the year 2008-09<sup>3</sup> and 2009-10<sup>4</sup> recoveries amounting to ₹1.09 crore and ₹0.41 crore respectively were made at the instance of audit for excess payment, collection amount, shop rent, outstanding advances *etc.*

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<sup>3</sup> ZP-Vaishali, Nawada, Aurangabad, Muzaffarpur, Madhepura, Sheohar, Munger, Kishanganj; PS-Bettiah; GP-Pargarhi Lakra

<sup>4</sup> ZP-

Siwan, Saran, Motihari, Nalanda, Patna, Supaul, Madhubani, Kaimur, Bhojpur, Jehanabad, Gaya, Darbhanga; PS-Rohtas, Punpun, Sugauli, Danapur, Amour, Chautham; GP-Narhi Pirhi, Singhara Kopa, Bara Bharti, Tailia Kumri, Sahebganj, Dumaria, Bhargawan, Kaiyar

**CHAPTER-II**

**FINANCIAL MANAGEMENT AND REPORTING**

**2.1 Fund Flow Arrangement**

**(A)** The Panchayat Raj Institutions receive funds mainly from the state government’s consolidated fund as per State Finance Commission recommendation, tied funds from central government for execution of Centrally Sponsored Schemes (CSS), tied funds received directly from centre/state under the MP-LADs and MLA-LADs schemes, grants-in-aid from the Finance Commissions recommendation. The fund-wise source and its custody for each tier is given in **Table 2.1**

**Table-2.1: Fund flow mechanism in PRIs**

Nature of Fund	ZPs		PSs		GPs	
	Source of fund	Custody of Fund	Source of fund	Custody of Fund	Source of fund	Custody of Fund
Own receipt	Lease/rent of ZP properties	Treasury/Bank	-	-	-	-
Assigned revenue/SFC	State Government	Treasury	State Government	Treasury	State Government	Treasury
CFC/CSS	GOI	Bank	GOI	Bank	GOI	Bank
State Plan	State Government	Treasury	State Government	Treasury	State Government	Treasury

Note:-1) PSs & GPs do not have their own source of revenue as the State Government have not yet notified minimum and maximum rates of taxes, tolls & fees etc. to be imposed by them despite recommendation of the State Finance Commissions.

2) CFC/CSS typically move from MoRD to DRDA accounts, then to the three respective tiers of PRIs on a predetermined formula. The CSS require maintenance of separate bank accounts and submission of separate audited utilization certificate.

**(B)** The PRIs did not maintain annual accounts, receipts and payment accounts, and related registers. So, it was difficult to ascertain an overall picture of the PRI’s financial situation. Audit did, however, attempt a compilation of the Funds Available (FA) and Expenditure (EX) in important rural social development schemes in the selected 30 ZPs, 122 PSs and 599 GPs (**Table-2.2**) on the basis of records produced by the these PRIs.

**Table 2.2: Fund Flows for important Rural Social Development Schemes**

(₹ in Crore)

Name of Scheme	Zila Parishad			Panchayat Samiti			Gram Panchayats			Total unspent balance
	FA	Ex	UB	FA	Ex	UB	FA	Ex	UB	
Xth F.C.	0.17	0.05	0.12	2.04	1.74	0.30	5.73	5.42	0.31	0.73
XIth F.C.	40.56	39.61	0.95	9.53	8.13	1.40	33.68	32.40	1.28	3.63
XIIth F.C.	766.41	731.64	34.77	15.00	10.79	4.21	61.87	54.24	7.63	46.61
EAS/JRY/SGRY	168.35	159.13	9.22	210.28	193.81	16.47	86.36	82.93	3.43	29.12
MNREGS	318.87	276.07	42.80	248.26	220.83	27.43	94.21	79.08	15.13	85.36
BRGF	472.68	294.27	178.41	3.94	1.65	2.29	18.92	9.92	9.00	189.70
Other (MP, MLA, PHEd, etc.)	21.59	18.19	3.40	18.90	17.41	1.50	6.75	5.96	0.79	5.69
Own Resources and Misc. receipts	158.74	87.22	71.52	-	-	-	-	-	-	-
<b>Total</b>	<b>1947.37</b>	<b>1606.18</b>	<b>341.19</b>	<b>507.956</b>	<b>454.36</b>	<b>53.60</b>	<b>307.52</b>	<b>269.95</b>	<b>37.57</b>	<b>360.84</b>

Abbreviation: FA-Funs Available, It includes closing balance of last year. EX-Expenditure, UB-Unspent Balance  
ZP=2004-05 to 2008-09, PSs & GPs=2001-02 to 2008-09

## Revenue Management

### 2.2 Non-realisation of revenue

The Zila Parishads collect revenue from their own sources viz. rent of shops, Dak Bunglow(DB)/Inspection Bunglow(IB), settlement of pounds, ghats, ferries, road side land & trees, bullock cart registration fee etc. Scrutiny of related records revealed that Zila Parishads failed to realize revenue from above sources.

#### 2.2.1 Non/Short credit of revenue to the tune of ₹ 5.73 lakh

In five ZPs against a total collection of ₹10.21 lakh, the collecting staff deposited ₹2.87 lakh only retaining ₹7.34 lakh in hand. Out of this ₹1.61 lakh was deposited in course of audit and a sum of ₹5.73 lakh remained to be realized from the officials concerned as detailed in the Table 2.3:

**Table-2.3: Non/short credit of collection amount**

(₹ in lakh)

Sl. No.	Name of Z.P.	Amount collected	Amount deposited	Amount of non/short deposit	Amount deposited at the instance of audit	Balance to be deposited	Period of collection	Particulars of collection
1	Siwan	0.22	0.00	0.22	0.20	0.02	06-07 to 08-09	Misc. Receipt
2	Darbhanga	0.56	0.00	0.56	0.29	0.27	06-07 to 08-09	Misc. Receipt
3	Madhubani	6.51	0.00	6.51	1.12	5.39	06-07 to 08-09	Misc. Receipt
4	Kaimur	1.12	1.10	0.02	0.00	0.02	07-08 to 08-09	Misc. Receipt
5	Motihari	1.80	1.77	0.03	0.00	0.03	07-08 to 08-09	Misc. Receipt
	<b>Total</b>	<b>10.21</b>	<b>2.87</b>	<b>7.34</b>	<b>1.61</b>	<b>5.73</b>		

### 2.2.2 Loss of ₹ 2.66 crore due to non-ralisation of settlement amount

The assets of Zila Parishad viz. bus stand, ferry ghat, pond, road side land and trees etc. are settled through bid system annually. The settlement amount is to be realized at the time of settlement from the bidders and where the amount is considerably high it can be recovered in two to three instalments. It was noticed in audit that dues of settlement amount to the tune of ₹ 2.66 crore were not recovered in seven ZPs as detailed below:

**Table-2.4: Non-realisation of dues of settlement of sairats/shops**

Sl. No.	Name of ZP	Dues of settlement (₹ in crore)	Period of settlement	Particulars of settlement
1	Darbhanga	0.03	07-08 to 08-09	Ghats, pond
2	Saharsa	0.02	04-05 to 08-09	Ghat, pond, ferries
3	Gaya	0.02	04-05 to 08-09	Bus stand, subzi mandi
4	Kaimur	0.03	07-08	Bus stand
5	Motihari	0.05	07-08 to 08-09	Bus stand, Ghat, Bazar
6	Rohtas	0.01	07-08 to 08-09	Taxi stand
7	Patna	2.50	94-95 to 08-09	Shops
	<b>Total</b>	<b>2.66</b>		

### 2.2.3 Loss of ₹3.20 lakh due to non-realisation of stamp fee

As per instructions issued to PRIs by the Chief Secretary, Govt. of Bihar vide letter no.1920 dated:-14.08.2002 and Inspector General of Registration vide letter no. 549 dated: 15.03.2005 stamp fee at the rate of 3% of settlement amount was to be realized in all cases of settlement of bus stand, haat, bazaar, ferry and ghats, shops etc. from the persons in whose favour the settlement is made. Scrutiny of records disclosed that five ZPs did not realize the stamp fee resulting in loss of revenue of ₹3.20 lakh as shown in the table below:-

**Table-2.5: Loss of revenue due to non-realisation of stamp fee**

Sl. No.	Name of Zila Parishad	Period of settlement	Amount of settlement (₹ in lakh)	Stamp fee @ 3% of settlement amount (₹ in lakh)	Particulars of settlement
1	Gaya	05-06 to 08-09	23.61	0.71	Bus stand, sabzi mandi, tempo stand
2	Bhojpur	07-08 to 08-09	14.57	0.44	Vacant land, ghat
3	Arwal	06-07 to 08-09	15.77	0.47	Bus stand
4	Kaimur	06-07 to 08-09	18.05	0.54	Bus stand
5	Supaul	06-07 to 08-09	34.84	1.04	Ghat, Bazar, Bus stand
	<b>Total</b>		<b>106.84</b>	<b>3.20</b>	

### 2.2.4 Non-realisation of rent of shops

The Zila Parishads had constructed shops either from own resources or under self-financing schemes and received rent from it. Audit scrutiny revealed that ₹ 4.67 crore pertaining to various periods remained unrealized in the following ZPs:

**Table- 2.6: Non-realisation of rent of shops**

Sl. No.	Name of Z.P.	Dues of rent (₹ in crore)	Period of dues
1	Siwan	0.15	06-07 to 08-09
2	Darbhangha	0.12	Up to Dec'09
3	Shiekhpora	0.03	06-07 to 08-09
4	Sitamarhi	0.08	02-03 to 08-09
5	Arwal	0.22	Up to Oct'09
6	Jehanabad	0.26	07-08 to 08-09
7	Saran	0.48	87-88 to July 2009
8	Madhubani	0.62	Up to March 2009
9	Saharsa	0.61	04-05 to 08-09
10	Nalanda	0.18	Up to March 2009
11	Patna	0.43	Up to March 2009
12	Motihari	0.33	Up to March 2009
13	Kaimur	0.62	Up to March 2009
14	Rohtas	0.13	Up to March 2009
15	Lakhisarai	0.41	Up to March 2009
	<b>Total</b>	<b>4.67</b>	

**2.2.5 Loss of ₹ 0.37 crore due to non-realisation of rent from govt. offices**

Four Zila Parishads failed to realize ₹0.37 crore on account of rent from various government offices situated on Zila Parishad land. Details are as follow:-

**Table-2.7: Non-realisation of rent from govt. offices**

Sl. No.	Name of Z.P.	Dues of rent (₹ in crore)	Particulars	Period of dues
1	Saharsa	0.07	Fire station, quarters	Up to March'09
2	Nalanda	0.02	NREP offices	Up to March'09
3	Rohtas	0.21	Govt. offices	Up to March'09
4	Supaul	0.07	Inspection Bungalows/Quarters	Up to March'09
	<b>Total</b>	<b>0.37</b>		

**2.3 Loss of ₹1.34 lakh due to irregular remission by the Chief Executive Officer**

Jehanabad Bus Stand was settled for the year 2006-07 with a contractor at ₹8.25 lakh. As per terms of settlement 25% of bid amount was to be deposited at the time of settlement and rest 75% in eleven instalments. However, the contractor deposited ₹6.91 lakh only and instead of depositing the balance amount he applied for remission of dues on the ground that buses did not ply for many days. The DDC-cum-CEO of the Zila Parishad allowed remission of ₹1.34 lakh (₹0.69 lakh on 16.06.06 and ₹0.65 lakh on 16.05.07)

The DDC-cum-CEO was not competent to grant remission. Rule 87 of the Bihar Panchayat Samiti and Zila Parishad (Budget and Accounts) Rules, 1964 requires approval of the govt. for writing off any loss of money, stores or other property. But, the matter was not sent to the govt. for approval. Thus, the irregular remission by DDC-cum-CEO, Zila Parishad sustained a loss of ₹ 1.34 lakh.

#### **2.4 Misappropriation of ₹0.23 crore in Panchayat Samiti, Punpun**

In Panchayat Samiti, Punpun a sum of ₹0.23 crore was withdrawn by the Nazir during 09.10.06 to 28.11.07 from the Patliputra Central co-operative Bank, Punpun account no.-2401 maintained for transaction of NAREGS grants. But entry regarding withdrawal was not found into the Cash Book. Expenditure detail against the withdrawn amount was not produced to audit. The said amount was withdrawn through cheques; and out of total ₹0.23 crore; a sum of 1.54 lakh was withdrawn by the Nazir through self-cheques. The Nazir did not reply the purpose of withdrawn amount.

#### **2.5 Advances of ₹ 104.18 crore lying unadjusted/unrecovered**

In violation of rule 90 of BPS & ZP (B&A)R, 1964 the authorities of PRIs continued to pay second, third and fourth advances to a work without ensuring adjustment of first or earlier advance. In 13 Zila Parishads it was noticed that against outstanding advance of ₹22.46 crore<sup>5</sup>, adjustment of advance was made merely of ₹3.42 crore<sup>6</sup> as of March 2010. The mounting position of advance clearly reflects that the authorities had not taken effective steps for adjustments/recovery of advance and remained interested in only granting advances to a few executing agents particularly to the Assistant Engineers, the Junior Engineers, the Office Assistants etc.

In 81 Panchayat Samitis and 383 Gram Panchayats advances for the period 2001-02 to 2008-09 to the tune of ₹85.14 crore (₹61.07 crore in PSs and ₹24.07 crore in GPs) remained unadjusted, which was paid for execution of works. Effective steps for adjustment/recovery of advances by the Executive Officer of the PS and Mukhias of the GPs were not taken.

#### **➤ Huge advance outstanding**

Scrutiny of records of Zila Parishad, Kaimur revealed that a junior engineer was paid advances of ₹0.28 crore between 24.05.2006 and 14.10.2006 in fifteen instalments without getting adjusted the earlier advances. He was expired on 27.11.2006. Thus, due to non-observance of rules regarding grant of advances, ₹0.28 crore resulted in huge outstanding against him.

#### **2.6 Expenditure on idle staff**

➤ In six Zila Parishads viz Arwal, Jehanabad, Sitamarhi, Sheikhpura, Patna and Nalanda, the medical staff remained idle for more than two years as neither any

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<sup>5</sup> Supaul(641.44 lakh),Gaya(3.92 lakh),Patna(606.49 lakh), Nalanda(41.70 lakh), Saharsa(62.27 lakh), Bhojpur (2.15 lakh), Madhubani (2.65 lakh), Kaimur(48.17 lakh) Rohtas(98.74 lakh), Sitamarhi(6.99 lakh), Darbhanga(59.86 lakh), Sheikhpura (1.19 lakh), Saran (669.97 lakh)

<sup>6</sup> Saharsa (50.40 lakh),Kaimur(12.74 lakh),Saran(279.35 lakh)

medicine nor any equipment were supplied to the dispensaries. As such utilisation of services of the medical staff viz. Vaidyas, Hakims, Homeopathic Doctors and compounders etc. remained doubtful. The six ZPs had expended ₹1.71 crore<sup>7</sup> towards their pay and allowances during 2004-05 to 2009-10. The Z.P. authorities failed to utilize the services of the medical staff despite regular expenditure over their salaries.

- ZP Motihari appointed five assessors for collection of tax from 'tyre cart'. Tax tokens were to be supplied by the ZP for purpose of tax collection. Audit scrutiny revealed that tax tokens were supplied to the assessors only after passing nine months and eight months in the year 2007-08 and 2008-09 respectively. The assessor remained idle for nine and eight months respectively in these years. Had the tokens supplied in the beginning of the year the tax collection would have been increased. Thus, the Zila Parishad failed to utilize service of these assessors despite payment of ₹6.08 lakh on their salary.

## Financial Reporting

### 2.7 Maintenance of Accounts by PRIs

The PRIs were following the Panchayat Samities and Zilla Parishads (Budget and Accounts) Rules, 1964, which have not been reviewed according to contemporary best practices. The Budget and Accounts Formats prescribed by the C&AG of India, though accepted by the State Government, were not operationalised at the PRIs level for want of issue of Government orders in this regard. Even existing provisions are not being followed for maintenance of accounts as detailed below:

- (A) It is also observed that as per Panchayat Raj Act, 2006, Chief Accounts Officer was to be appointed in each Zilla Parishad but the said appointment had not been made so far. Qualified staffs for handling accounts were also not posted so far. Due to above deficiencies, the transactions in PRIs lacked transparency and accountability of the executives could not be ensured.
- (B) As per Section 31 of Bihar Zila Parishad and Panchayat Samiti Act 1961 monthly statement in the prescribed form of income and expenditure of Panchayat Samiti is to be submitted by Block Development Officer to the Zila Parishad and Collector and abstract of every Annual Account of Panchayat Samiti shall be prepared in prescribed form and submitted to the State Government and to Zila Parishad within two months of the close of the financial year. In case of Zila Parishad Annual Accounts is to be

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<sup>7</sup> Arwal (15.52 lakh), Jehanabad (23.33 lakh), Sitamarhi (16.20 lakh), Sheikhpura (13.01 lakh), Patna (75.04 lakh), Nalanda (27.73 lakh)

submitted to State Government. But out of 30 ZPs, 122 PSs and 599 GPs have been discussed in this report; none of the PRIs prepared Annual Accounts for the year upto March 2008 and March 2009. In the absence of Annual Accounts, the position of opening balance, closing balance, receipt and payment under several heads, diversion of grants etc. could not be ascertained.

- (C) As per Zila Parishad and Panchayat Samiti (Budget and Account) Rules 1964 the annual budget estimates of the Panchayat Samiti/Zila Parishad is to be prepared on the basis of the average of its last three years actuals of income and expenditure. The budget of the Samiti is to be approved by the Zila Parishad /Collector as the case may be by the 25<sup>th</sup> March of every year. The budget of Zila Parishad is to be sanctioned by Parishad itself not later than 15<sup>th</sup> February and sent to the Adhyaksha and the Collector by 20<sup>th</sup> February and finally the budget is forwarded to the State Government by the Adhyaksha before 1<sup>st</sup> March every year. None of the Panchayat Samities and Gram Panchayats covered in audit had prepared budget estimates. Out of 30 ZPs, 13 ZPs<sup>8</sup> did not produce budget file and copies of budget to audit (One ZP, Sheohar prepared budget but time schedule was not followed for passing the budget estimate and copies of the same was not sent to State Government). ZP Supaul and ZP Patna did not produce budget for the period 2006-07 and 2007-08 respectively. Therefore, it could not be ascertained in audit whether total expenditure incurred by these PRIs was within budgetary provisions. Six Zila Parishads viz. Jehanabad, Nalanda, Madhubani, Sitamarhi<sup>9</sup>, Sheikhpura, Lakhisarai<sup>10</sup> and Gaya did not prepare budget. Incurring of expenditure without budget is not a healthy financial practice as it undermines the importance of prioritization of resources, besides diluting exercise of control over receipt and expenditure.

## 2.8 Upkeep of records

- The basic records/registers prescribed for maintenance by Zila Parishad and Panchayat Samiti under rule 77 of the Bihar Panchayat Samitis and Zila Parishad (Budget and Accounts) Rules 1964 viz. Govt. Grant Register, Govt. Loan Register, Loan Appropriation Register, Advance Ledger, Deposit Ledger, Register of outstanding Advance, Register of works, Asset Register etc. were

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Araria, Nawada, Muzaffarpur, Madheplura, Munger, Banka, Kishanganj, Begusarai, Vaishali, Buxar, Aurangabad, Patna, Supaul

<sup>9</sup> for 2008-09 not prepared

<sup>10</sup> prepared only for 2006-07

not maintained. In Panchayat Samitis and Gram Panchayats only cash books and scheme registers were being maintained.

- All the PRIs were maintaining several cash books but the transactions made in said cash books were not being compiled in one main cashbook which resulted in non-depiction of actual position of finance. The cash books were not maintained properly as the receipt and expenditure were neither codified nor classified and the closing balance was not arrived at and analyzed.
- The bank reconciliation statements were also not prepared by the PRIs, in order to detect cases of omission of entry in the cash book and treasury/bank pass books, cases of wrong debit and wrong credit, interest allowed and commission charged by the bank but not entered in cash book etc. Most of the audited PRIs did not have updated bank pass books and the Treasury pass books were not written or certified by the Treasury Officer due to which the position of closing balance in Treasury/Bank remained unascertainable.
- As per rule 80 (d) of Budget and Accounts Rules, 1964 at the end of each month, Block Development authority/Secretary shall verify the cash balance in the chest with the balance of the subsidiary cash book and the cashier's cash book and record a signed and dated certificate. The audited PRIs could not produce Cash verification report, if any.
- As per Rule 128 a physical verification of stores shall be carried out at least once in six months by the B.D.O./Secretary or the head of an institution or the authority in charge of any scheme in collaboration with Samiti Overseer and in token of his having done so, he shall record a certificate and make note of any other salient facts regarding excess, shortage, unusual depreciation of stores, etc. The audited PRIs could not produce physical verification report, if any.

## **2.9 Status of presentation of GPFS in PRI**

Financial reporting in the public sector is a key element of accountability. It requires preparation of General Purpose Financial Statements (GPFS) for each accounting entity. The GPFS are intended to meet the needs of users who look to financial reports for performance. They may be financial statements presented separately or within another document such as annual report. The GPFS are accounting statements prepared to communicate information about financial performance and position.

The Bihar Panchayat Samiti and Zila Parishad (Budget and Account) Rules, 1964 requires PRIs to be guided by the following financial management and reporting principles:

- a) The Block Development Officer/Secretary shall communicate the circumstances to the Samiti/Parishad which shall deem necessary or expedient to cover any expenditure not covered by a budget grant. (Rule 28)
- b) The Pramukh/Adhyaksha of the Samiti/Parishad shall report cases of loss of money, stores or other property by embezzlement, theft, fire or otherwise to the Examiner of Local Accounts, Bihar and to the Administrative Department. No money stores or other property lost by embezzlement, theft, and fire or otherwise shall be written off from the accounts except with the sanction of the Government. (Rule 87)
- c) The Samiti/Parishads shall render such accounts and submit such returns to the State Government and other officers as may be prescribed by the government. (Rule 115).
- d) Soon after the close of the month the Block Development Officer/Secretary should scrutinize the accounts of the Samiti/Parishad to see if all accounts, records including subsidiary accounts like contractor's ledgers, works abstract, vouchers etc, have been kept in order. A report of the scrutiny should be submitted quarterly to the Samiti/Parishad indicating the irregularities noticed and the action taken to remedy them.(Rule 139)

Govt. of Bihar has not revised Budget and accounting rules to adopt the preparation of GPFS. The existing rules require preparation of statement of account head wise receipts and expenditure on monthly and annual basis. The significant omission in this regard is the absence of statement of management responsibility about correctness of accounts and adequacy and effectiveness of internal control. The financial statements prepared by the PRIs do not have 'notes to accounts' to explain significant accounting policies, disclosures on assets and liabilities, financial and physical performance etc.

## **2.10 Recommendation**

- a) To augment the own revenue of PSs and GPs Govt. must notify minimum and maximum rates of taxes, tolls & fees etc. to be imposed by them as recommended by State Finance Commissions,

- b) Realization of settlement amount, stamp fee, rent etc. may be ensured and legal proceedings may be initiated against the person, who failed to perform their duty,
- c) Rules for maintenance of accounts is required to be revised as per CAG's recommendations,
- d) Proper records management must be ensured in PRIs.

## Chapter-III

### Internal Control Mechanism

#### 3.1 Internal controls

Effective Internal Control system helps to provide reasonable assurance of adherence to laws, rules, regulations and orders, safeguards against fraud, abuse and mismanagement and ensures reliable financial and management information to higher authorities. The control activities include documentation, system of authorization and approval of payments, segregation of duties, reconciliation & verification, inspection and audit, review of operating performance and monitoring.

#### 3.2 Common lapses in maintenance of records relating to execution of works

The PRIs are executing works against grants received under 10th FC, 11th FC, 12th FC, SGRY, NREGA/BREGA, MP/MLA/MLC and BRGF funds. The audit of execution of schemes in 30 ZPs, 122 PSs and 599 GPs showed the following shortcomings:

- (i) The work orders for developmental works were either not issued or if issued, the time required for completion was not indicated in the orders.
- (ii) The work completion certificate was not furnished by the test checked PRIs for any of the works executed by them.
- (iii) Photographic records of the works of the various stages of implementation and display board as required under various schemes were not kept.
- (iv) Asset Register showing assets created out of various development works and containing the details i.e. date of commencement, date of completion, cost involved, benefits derived and employment generated etc. were not maintained by any of the PRIs audited during 2008-09 and 2009-10 .
- (v) Employment Register showing period of engagement of labourers, position of employment of women and total number of labourers employed in a year was not maintained by any PRIs.
- (vi) Muster Roll sheets were not stitched and numbered and the sheets were certified only by the Junior Engineers who were the executing agents and these were not certified by any elected member of Gram Panchayat in whose area the works were executed.
- (vii) The Advance Ledger was not properly maintained by the PRIs.

### 3.3 Segregation of Duties

- To reduce risk of error, waste or wrongful acts and risk of not detecting such problems, no single individual or team should control all key stages of a transaction or event. Rather, duties and responsibilities should be assigned systematically to a number of individuals to ensure effective checks and balances exist. Scrutiny of accounting and payment system in PRIs revealed that one or two persons were controlling most of the stages of transactions or event. Details are given in **Table** below:

**Table 3.1 - Segregation of duties**

Stage	Responsibility in GPs	Responsibility in P.Ss.	Responsibility in Z.Ps.	Responsibility in State Government	Responsibility in Government of India
Maintenance of accounts	Panchayat Secretary	Executive Officer	Chief Accounts Officer	Accountant General (A&E)	Pay and Accounts Office
Bill preparation	Panchayat Secretary	Dealing Clerk	Dealing Clerk	Dealing clerk	Dealing clerk
Passing of bills	Mukhiya	Executive Officer	Chief Executive Officer	DDO	DDO
Pay order	Mukhiya	Executive Officer	Chief Executive Officer	Treasury officer	PAO
Handling of cash/cheque	Panchayat Secretary	Cashier	Cashier	Cashier	Cashier
Sanction to expenditure	Mukhiya	Pramukh	Adhyaksha	Sanctioning authority as per delegation of power	Sanctioning authority as per delegation of power

### 3.4 Monitoring

Monitoring should assess the quality of performance over time and ensure that the findings of audits and other reviews are promptly resolved. There are provisions for various levels of monitoring of works and schemes in PRIs.

Section 10 of BPR Act 2006 provides for formation of one or more **Vigilance Committees** by Gram Sabha from persons not members of Gram Panchayat to supervise Gram Panchayat works, schemes and other activities relating to that village and to put up reports related to them in its meeting. But the same is not functional and effective. Sections 61 and 88 of the Act lay down that Executive

Officer in P.S. and Chief Executive Officer in Z.P. shall supervise and control execution of all works. Due to lack of proper supervision and control by Gram Panchayats, Panchayat Samities, Zila Parishads and by their heads and executives serious irregularities were noticed in the implementation of projects which are as follows:

#### 3.4.1 Incomplete works due to lack of monitoring

A number of projects were undertaken under various schemes by PRIs but due to lack of monitoring and supervision over works, many of them remained incomplete as detailed below:

(₹ in crore)

PRI	Number of Units	Number of Projects undertaken	Number of Incomplete Projects	Estimated cost of incomplete projects	Advance involved in incomplete projects
Z.Ps.	27	14270	5176	160.79	90.38
P.Ss.	121	27060	8130	166.82	80.95
G.Ps.	581	52624	5399	65.65	30.60
<b>Total</b>	<b>729</b>	<b>93954</b>	<b>18705</b>	<b>393.26</b>	<b>201.933</b>

Execution of large number of works was entrusted to a few executing agents viz. AEs/JEs/Panchayat Sewaks/Panchayat Rojgar Sewaks, resulting in non-completion of projects. The departmental execution of works from all types of grants was thus inefficient as the DDOs could not exercise enough control over advances paid and failure to ensure its timely adjustment.

#### 3.4.2 Non-start of work despite advances made

In a large number of projects undertaken by PRIs and advances were made in the shape of either cash or food grain to the executing agents but neither the projects were started nor the advances were recovered. The scrutiny of records of 10 Zila Parishads and 22 Panchayat Samitis and 22 Gram Panchayats disclosed that 584 projects were not started despite making of advance payment of ₹ 2.10 crore as detailed below:-

**Table-3.2 : Details of advances paid on works which were not started**

(₹ in crore)

PRI	Number of Units	Amount of advance	No of works for which advance was given	Status of the work as on 31 <sup>st</sup> March, 2009
Z.Ps.	10	0.62	97	Work not started

<b>P.Ss.</b>	22	1.27	358	Work not started
<b>G.Ps.</b>	22	0.21	129	Work not started
<b>Total</b>	<b>54</b>	<b>2.10</b>	<b>584</b>	

(Details in **Appendix- III**)

### **3.4.3 Diversion of Grant**

Eight Zila Parishads and Six Panchayat Samitis diverted ₹ 4.7 crore out of, SGRY, MGNREGS, and road construction grants for other purposes which have not been recouped at the end of concerned year. (**Appendix-IV**) Due to irregular diversion of specific grant meant for execution of development works the desired objectives of those grants remained unachieved.

### **3.5 Internal Audit**

Sections 31(3), 59(3) and 86(3) of BPR Act 2006 lay down provisions for concurrent or special audit of PRIs. But under these provisions no manuals or rules have been prepared for the PRIs. Section 153 of the Act ibid has provision for inspection of the offices of Panchayats and records and accounts. The Act also provides that Finance, Audit and Planning Committees shall perform functions relating to audit. But no such reports in token of such internal check/audit were made available.

Government of West Bengal has made detailed provision for internal audit of PRIs. Under section 30(1) of West Bengal Panchayat (Gram Panchayat Accounts, Audit & Budget) Rules, 2007 Internal Audit Officer has been entrusted to conduct internal audit of the accounts of G.P. under its jurisdiction at least once in every three months. Under section 212 (1) of West Bengal (Zilla Parishad & Panchayat Samiti) Accounts and Finance Rules-2003, the Samiti Accounts and Audit Officer and Parishad Accounts and Audit Officer shall organize, examine and audit periodically of the accounts of Panchayat Samiti and Zilla Parishad respectively. Bihar Acts and Provisions do not elaborate such visible machinery of Internal Control in PRIs.

### **3.6 External Audit**

The State Govt. has entrusted the audit of PRIs to Examiner of Local Accounts (ELA) vide its letter no. -3P/Misc.-6037/06-4008/PRI. Patna dated - 18-10-2006.

The ELA forwards audit reports to the each PRI after completion of audit in compliance of section 31, 59 and 86 of the Act. The PRIs have to send compliance of the Audit Report to the Examiner of Local Accounts within three months. But the Executives of ZPs/PSs/GPs did not take any initiative to settle the outstanding paras despite issue of reminders. Under Bihar Panchyat Raj, Act 2006 the standing

committee on Finance, Audit and Planning in Zila Parishads and Panchayat Samitis is to discuss the audit report and take suitable action but none of the standing committees of test checked 30 ZPs and 122 PS either discussed the Audit report or took steps for settlement of paras.

### 3.7 Poor response to audit observations

The Executive Officers of the PRIs are required to comply with the observations contained in the Audit Report (AR). They are required to remedy the irregularities pointed out in AR and send compliance report through proper channel to the Examiner of Local Accounts, Bihar within three months from the date of receipt of the ARs. The Executive Officers do not take effective steps for settlement of outstanding paras despite issue of several reminders. Due to non-settlement of outstanding paras the irregularities pointed out in ARs continue to occur.

As of March 2010, total no. of 65,061 outstanding paras involving ₹ 371.16 crore were outstanding for settlement in various PRIs. During the year 2009-10, 2,593 paras were cleared. Year-wise details of reports and paragraphs outstanding are detailed in the Table 3.3-

**Table-3.3: Position of outstanding Paras in PRIs**

(₹ in crore)									
Sl. No.	Period	Total No. of AR	Total No. of Paras	Amount involved	No of A.R settled	No. of Paras settled	No. of outstanding paras	Amount of settlement	Money value of outstanding Paras
1	Up to 2005	818	16126	76.78	Nil	3	16123	0.02	76.76
2	2005-06	741	10055	72.51	Nil	21	10034	0.33	72.18
3	2006-07	566	7543	59.54	Nil	112	7431	2.30	57.24
4	2007-08	741	13997	35.53	21	874	13123	0.19	35.34
5	2008-09	703	11194	61.55	21	2251	8943	2.19	59.36
6	2009-10	659	12000	71.48	21	2593	9407	1.20	70.28
<b>Total</b>		<b>4228</b>	<b>70915</b>	<b>377.39</b>	<b>63</b>	<b>5854</b>	<b>65061</b>	<b>6.23</b>	<b>371.16</b>

### **3.8 Persistence of Irregularities**

Some irregularities which are occurring in almost all PRIs year-after-year have been discussed in subsequent paragraphs:

➤ **Common lapses in execution of works**

The PRIs are executing a number of works out of grants received from Centre and State Govt. Audit of records of these works revealed various common shortcomings across the PRIs such as: non-issuance of work order, non-furnishing of work completion certificate, photographic record of work, non-maintenance of asset register showing assets created, employment register, advance ledger, uncertified muster rolls *etc.*

➤ **Incomplete works**

The PRIs undertake a large number of schemes out of grants received from the Central and State Govt. Audit observed that a large number of works remained incomplete despite payment of huge advances to the executing agents. In many cases works were neither started by the executing agents even after taking advances nor the advances returned. Due to non-completion of works, intended benefit out of these schemes could not be achieved.

➤ **Unadjusted Advances**

The PRIs granted advances to the executing agents for execution of schemes. Audit observed that a huge amount of advances were unadjusted as the executing agents did not submit adjustment bills as a large number of schemes were incomplete. Zila Parishads gave advances to its employees for various purposes. These advances were also not adjusted in many cases.

➤ **Irregularities in Muster Rolls**

Muster Rolls are used as a record of engagement of labour in various schemes. Scrutiny of muster rolls of schemes revealed many irregularities such as: not certified by elected representative, monitoring committee, supervising authority, repetition of names of labourers, non-recording of period, job card registration number *etc.*

These irregularities were reported to the PRIs as well as government through the previous Annual Reports. The happening of above irregularities indicates failure of monitoring, control and supervision of the authorities concerned who are responsible for the proper functioning of PRIs. This shows lack of internal control over PRIs. The govt. of Bihar (March 2010) informed that a three tier committee viz. District level, Department level and govt. level has been constituted to review and

compliance of the Annual Audit Report. But, no further development regarding settlement of paras have been received.

### **3.9 Annual Administrative Report (AAR)**

As per Section 169(1) of BPR Act 2006 as soon as may be after the 1<sup>st</sup> day of April in every year and not later than such date as may be fixed by the government the Panchayat Secretary of Gram Panchayat shall submit AAR to the Zila Parishad with resolution of the Gram Panchayat. As per Section 169(2) the Executive Officer shall prepare AAR and submit to the Zila Parishad with the resolution of Panchayat Samiti. As per Section 169(3) Zila Parishad shall on receipt of AARs review the working of G.Ps. and P.Ss. and submit a consolidated report in this behalf to the Government. As per Section 169(4) the Chief Executive Officer shall prepare AAR and submit to government with the approval of the Zila Parishad. As per Section 169(5) the AARs submitted to the Government together with the memorandum by the Government reviewing the working of the Gram Panchayats, Panchayat Samitis and Zila Parishads shall be laid before both houses of the State Legislature. In course of audit it was found that, no such reports were prepared by the PRIs.

### **3.10 Recommendation**

- a) Stepwise documentation of execution of works must be ensured,
- b) Duties in PSs and GPs may be segregated in such way that no single individual or team should control all key stages of a transactions or event,
- c) Advances for execution of work may be released in instalments and second and further instalments may be made only after completion of fixed stage of works,
- d) Acts and provisions are required to be revised in such manner as to include best contemporary practices of internal audit,
- e) Regular revision of audit paras may be done by three tier committees constituted by State Govt. for compliance of annual reports.

## Chapter IV

### Execution of Schemes

The three tiers of PRIs execute mainly centrally sponsored and state sponsored schemes, schemes referred under Finance Commission Grants and schemes suggested under MP, MLA, MLC funds. Irregularities noticed in audit during 2001-02 to 2008-09 in implementation of NREGS/ BREGS and SGRY and other schemes are discussed in the subsequent paragraphs.

#### 4.1 SGRY Schemes

The SGRY became effective from 25<sup>th</sup> September 2001 with the primary objective to provide additional wage employment in all rural areas and thereby provide food security and improve nutrition levels and the secondary objective of creation of durable community, social and economic assets and infrastructural development in rural areas.

##### 4.1.1 Irregularities in SGRY schemes meant for SC/ST community

###### ➤ Ineffective monitoring by Social Justice Committee

Sections 25, 50 and 77 of the BPR Act 2006 provides for formation of Social Justice Committee at G.P., P.S. and Z.P. level for promotion of educational, economic, social, cultural and other interests of scheduled castes, scheduled tribes and other weaker sections and protection of such castes and classes from social injustice and all forms of exploitation. Due to improper functioning of Social Justice Committees in the PRIs the SC/ST communities were deprived of intended benefits under SGRY scheme. As per para 1.5 of the SGRY guidelines, 22.5 percent of the fund, received for execution of SGRY Scheme was required to be spent on works for the benefit of the SC/ST community. It was noticed that out of grant of ₹ 62.14 crore received by four ZPs and 25 PSs during the year 2002-03 to 2007-08, only ₹ 5.50 crore (8.85%) was utilised for the purpose by four ZPs and 25 PSs against an earmarked amount of ₹ 14.00 crore (22.5%). Thus the grant to the tune of ₹ 8.50 crore meant for execution of works for benefit of SC/ST community was diverted towards the execution of general schemes which resulted in violation of the guidelines and deprived the SC/ST beneficiaries from the desired benefit (**Appendix-V**).

###### ➤ Infertuous expenditure of ₹ 12.65 lakh under SGRY 22.5% scheme

Zila Parishad Vaishali undertook construction of 59 buildings for running cottage industries at an estimated cost of ₹23.42 lakh (₹ 39,700 per

building). Against the total estimated cost of ₹ 23.42 lakh, the beneficiaries were paid merely ₹ 12.65 lakh resulting in non-completion of any building. Moreover, there was no record of measurement of the work done or any proof of commencement of work. The SGRY scheme finally was closed on 30.06.07 and no fund remained available for further payment. Thus, the entire payment of ₹ 12.65 lakh became infructuous.

➤ **Doubtful construction of dwelling houses.**

The ZP Muzaffarpur advanced ₹ 15.94 lakh (₹ 7.80 lakh to 65 beneficiaries and ₹ 8.14 lakh to 37 beneficiaries) for construction of 102 dwelling units at a cost of ₹ 25 thousand each, during the year 2005-06. But, neither any estimate of the work was prepared nor the availability of land under possession/ title of the beneficiary was ensured. The payment was directly made to beneficiaries instead of departmental execution of the work. There was no record of measurement of work done by the Junior Engineers entrusted for supervision of these 102 works. Similarly, the aforesaid procedure was not ensured in PS, Tharthari for construction of 69 dwelling houses at the cost of 20,000.00 each for which advance of 13.41 lakh was given during 2002-04.

➤ **Infructuous expenditure of ₹1.21 crore on construction of workshops**

The ZP Saran selected 51 schemes (20 schemes in 2005-06 and 31 in 2006-07) of construction of workshops for the benefit of SC/ST community and advanced ₹1.21 crore to executing agents. But all the works were remained incomplete till 24.09.2009. As the SGRY scheme has been closed on 31.08.2007, these schemes have no possibility to be completed and the expenditure made in these schemes proved unfruitful.

➤ **Doubtful distribution of Rickshaw to beneficiaries**

Panchayat Samiti Singhwara purchased and distributed Rickshaws among 72 BPL beneficiaries. But, during audit scrutiny the signatures or thumb impression of 12 beneficiaries in token of receipt of rickshaws were not found. Thus, distribution of rickshaw to these 12 beneficiaries remains doubtful.

#### **4.1.2 Irregularities in Execution of schemes**

➤ **Arbitrary execution of schemes by the Executive Officer**

The Panchayat Samiti, Bhore gave approval for execution of 59 SGRY schemes in its meeting dated 04.10.2004. Against this, only 18 schemes were executed in 2004-05. The P.S. Board in its meeting dated 21.05.2005 resolved to cancel remaining 41 works and gave approval for execution of 83 new works.

The Executive Officer, however, managed to obtain the administrative approval of the D.D.C. cum CEO of Gopalganj (01.06.05) on three schemes of earth filling and brick soling (Scheme No. 21, 22 and 23 of 2004-05) estimating ₹ 8.27 lakh by suppressing the fact that execution of these scheme has been cancelled by P.S. When this fact came to the notice of the DDC cum CEO then he called for an explanation from BDO on 25.06.05. The B.D.O., however, did not submit his reply and arbitrarily started execution of above three schemes. The P.S. Board again resolved on 15.07.05 to stop execution of these schemes and payment for above works. Despite the BDO did not stop these works and at the time of his transfer released final payment on (11.04.2007) of ₹ 8.27 lakh.

B.D.O is the Secretary of the Pramukh and he is to execute the decision taken by the P.S. Board and has got no power to select schemes for execution. But, Panchayat Samiti has no administrative tools at its disposal under Bihar Panchayat Raj Act 2006 to exercise supervision and control over Secretary, because of which the Secretary acted in disregard of the resolutions of Panchayat Samiti.

➤ **Closure of schemes midway resulting in unfruitful expenditure of ₹ 2.81 crore**

Test check of records of 4 Zila Parishads, 17 Panchayat Samitis and 5 Gram Panchayats disclosed that the works undertaken were closed midway without assigning any reasons for closure. In respect of 288 works estimated to the cost of ₹ 3.82 crore, advance was paid to the tune of ₹ 3.61 crore while the value of work done was of only ₹ 2.81 crore. Due to partial execution of works the value of work done of ₹ 2.81 crore became unfruitful. Moreover, the excess advance of ₹ 0.80 crore paid to the executing agents was not recovered. Details are given in the Table 4.1:

**Table-4.1: Unfruitful expenditure due to non-completion of works**

(₹ in Crore)

Sl. No.	PRIs	Projects	Amount of unfruitful expenditure	Excess Payment
1	04 ZPs	138	1.24	0.36
2	17 PSs	143	2.32	0.43
3	05 GPs	7	0.05	0.01
<b>Grand Total</b>		<b>288</b>	<b>3.61</b>	<b>0.80</b>

(Detailed in Appendix-VI)

➤ **Irregular expenditure of ₹8.80 lakh under 2% contingency funds**

As per para 4.6 and 4.7 of guidelines SGRY scheme, the expenditure from the contingency fund was to be made only for co-ordination and inspection

of the scheme and upkeep of the assets created. Zila Parishad Bhojpur and Zila Parishad Gaya spent ₹ 4.19 lakh and ₹ 4.61 lakh respectively on different items viz. telephone bills, fuel expenses, advertisement, stationery, repairing of generators and vehicles etc. during 2005-08 which was contrary to the above guidelines.

➤ **Excess payment of ₹1.52 lakh**

Scrutiny of scheme register and related records of following PRIs revealed that ₹1.52 lakh was paid in excess of value of work done to the executing agents. These schemes were closed/completed but the non-adjustment of advances resulted in excess payment as detailed in Table-4.2.

**Table-4.2: Excess payment in SGRY schemes**

(₹ in lakh)

Sl. No.	Name of PRI	Value of work done as per MB	Payment made	Excess payment	No. of works
1	ZP Rohtas	3.63	4.10	0.47	3
2	GP Katauna (Barhat-Jamui)	1.11	1.41	0.30	5
3	GP Sahbajpur (Mushahri)	1.88	2.03	0.15	4
4	GP Lakhai (Barhat-Jamui)	1.73	2.33	0.60	7
	<b>Total</b>	<b>8.35</b>	<b>9.87</b>	<b>1.52</b>	<b>19</b>

➤ **Partial execution of schemes resulting in wasteful expenditure**

Test check of records of 3 ZPs and 14 PSs disclosed that many works undertaken during 2001-02 to 2006-07 remained partially executed till the closure of the schemes. The SGRY schemes have been finally closed by 30.06.07 as new scheme NREGS was launched from 2005-06 so there is no possibility of completion of these partially executed works due to non availability of fund from this source. Thus, ₹ 4.49 crore spent on these schemes proved to be infructuous (**Appendix- VII**).

**4.1.3 Irregularities related to Food Grains in SGRY**

➤ **Stock of grain lying unutilized valued at ₹ 17.29 crore**

Food grain was to be issued at subsidised rate for execution of schemes under SGRY as part of wage component. The SGRY work ended in June 2006 and was replaced by new scheme NREGS in which food grains was not to be issued. During Scrutiny of records of 7 Z.Ps., 32 P.Ss. and 22 G.Ps. it was found that 1,38,342.10 quintals food grains valuing ₹ 17.29 crore was lying undisbursed with PDS dealers (**Appendix-VIII**). The guidelines of NREGA while highlighting the transition from SGRY to NREGA mentions that the SGRY programme shall stand discontinued in the districts on starting of the NREGA programme therein and the SGRY will get merged in NREGS. The entire balance funds of SGRY as on 31<sup>st</sup> March, 2008 must be transferred

immediately to a separate account created for NREGA works at the district level. The test checked PRIs, however, did not either refund it or utilize it against ongoing projects pointing to the possibility of embezzlement /loss of food grains of ₹ 17.29 crore (at double of the issue rate of ₹ 1250/- per quintal) is anticipated on this account. Reasons for non-utilization of food grain were not made available to audit by the concerned PRIs, also there was no certificate of physical verification of stock regarding quantity and quality of food grains.

➤ **Misutilization of food grain under SGRY work due to its issue after completion of work**

In one Zila Parishad, 7 Panchayat Samities<sup>11</sup> 2740.07 quintal of food grain was depicted as issued after a period ranging from 2 months to 48 months after completion of SGRY works. In SGRY works, food grain was to be issued to the labourers at subsidised rate as a part of wage component in order to improve the nutritional level of the labourers but issue of food grain after completion of work, made distribution of food grains amongst labourers doubtful and hinted at misutilization by the executing agents. The executing agents were thus given undue benefit because the cost of grain was recovered at the subsidised rate while the purchase price was more than the double issue rate. Even if calculated at double issue rate (₹ 1250/- per quintal (-) cost recovered @ ₹ 625/- per quintal) undue benefit of ₹ 17.13 lakh was provided to executing agents.

## **4.2 National Rural Employment Guarantee Act/BREGS**

The National Rural Employment Guarantee Act, (NREGA) was notified on September 7, 2005. The objective of the Act is to enhance livelihood security in rural areas by providing at least 100 days of guaranteed wage employment in a financial year to every household whose adult members volunteer to do unskilled manual work.

### **4.2.1 Unfruitful Expenditure**

➤ **Unfruitful expenditure of ₹ 3.06 crore due to non-completion of work.**

Test check of records in respect of 2 Zila Parishads, 5 Panchayat Samities and 6 Gram Panchayat revealed that the works were undertaken but closed midway without assigning any reasons. In respect of 49 works having estimated cost of ₹ 4.11 crore advance was paid to the tune of ₹ 3.06 crore while the value of work done was ₹ 2.03 crore and the excess advance of ₹ 1.03 crore paid to the executing agents was not recovered. Moreover due to

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<sup>11</sup> ZP=Begusarai, PS=Ramnagar,Sidhwalia,Amdabad,Pranpur,Bahadurpur,Benipur

partial execution of works the value of work done amounting to ₹ 3.06 crore also became unfruitful as detailed in Table-4.3:-

**Table-4.3**

(₹ in crore)

Sl. No.	Number of PRIs	No. of Projects	Amount of unfruitful expenditure	Excess payment
1	2 Zila Parishads	13	1.70	0.61
2	5 Panchayat Samities	47	1.26	0.40
3	6 Gram Panchayats	9	0.10	0.02
	<b>Total</b>	<b>69</b>	<b>3.06</b>	<b>1.03</b>

(Detailed in Appendix-IX)

➤ **Closure of schemes midway resulting in unfruitful expenditure of ₹0.46 crore**

Test check of records of 2 ZPs, 1 PSs and 2 GPs disclosed that 61 works undertaken during 2006-07 to 2008-09 under NAREGS were closed in midway. In respect of these works ₹0.46 crore was spent. Due to partial execution of works, the expenditure made on these works became unfruitful as details in the table below:

**Table-4.4: Details of closure of works midway (SGRY)**

(₹ in crore)

Sl. No.	Name of PRI	No. of schemes	Estimated cost	Expenditure made	Reason for closure
1	ZP Supaul	47	3.91	0.31	Schemes relating to Brick Soling and RCC culvert which were not maintaining 60:40 ratio
2	ZP Kaimur	3	0.15	0.05	Land dispute, non-availability of land, increase in price of material
3	PS Manihari	1	0.04	0.02	Some portion of the work fall within the municipal area
4	PS Rupauli	1	0.04	0.01	Hike in wage rate
5	GP Manika Harikesh (PS Mushahri)	5	0.05	0.01	Land dispute, non-availability of land, increase in price of material
6	GP Khurmabad (PS Chenari)	4	0.10	0.06	No any reason cited
	<b>Total</b>	<b>61</b>	<b>4.29</b>	<b>0.46</b>	

➤ **Wasteful expenditure of ₹ 22.93 lakh in BREGS schemes**

The P.S. Beldaur received ₹ 26.93 lakh under BREGS during 2005-06 and 2006-07 against which five schemes in 2006-07 estimating ₹ 38.18 lakh and 10 schemes in 2007-08 estimating ₹ 49.37 lakh were undertaken for execution but none of the 15 schemes were finally completed despite expenditure of ₹ 22.93 lakh. BREGS was launched in 2005-06 in 15 districts

of Bihar where NREGS was not running. In 2006-07 MNREGS was extended to all the districts and so no further release of funds under BREGS remained possible for completion of above 15 works. The entire expenditure of ₹ 22.93 lakh, thus, became wasteful due to undertaking large number of schemes without ensuring availability of fund.

➤ **Wasteful expenditure of ₹ 13.75 lakh on construction of water reservoir**

In the Annual Action Plan for the period 2006-07 of ZP Sheohar, execution of four projects under MNREGS of construction of Water Reservoir in old stream of Bagmati River in village Gosaipur was included and execution of these projects estimating ₹ 66.89 lakh was entrusted to Executive Engineer, Bagmati Division. Fifty percent amount i.e. ₹ 33.40 lakh was released to the division between 10.04.07 to 22.05.07.

The DDC, Sheohar however directed the Executive Engineer, Bagmati Division on 31.05.2007 to stop execution of above four projects because the construction site belonged to farmer's land for which they were already paying land revenue and in the opinion of Technical officers it would be dangerous to disturb the stream because the main stream might cause mass destruction. The works were abandoned but the Executive Engineer submitted an account of expenditure of ₹ 13.75 lakh in respect of execution of three projects and still retained ₹ 19.69 lakh in ZP fund. The above facts show that projects were undertaken without verification of site and without examining feasibility of the work which ultimately resulted in wasteful expenditure of ₹ 13.75 lakh.

#### **4.2.2 Doubtful Expenditure**

➤ **Doubtful utilization of ₹37.12 lakh in ZP Bhojpur**

Zila Parishad, Bhojpur paid ₹37.12 lakh as advance to the District Engineer for execution of 22 schemes of 'tree plantation' under MNREGS for 2006-07. An amount of ₹15.99 lakh was shown spent on 17 schemes. But, even after lapse of more than three years all the schemes were remained incomplete. No any record in support of purchase, carriage, plantation and maintenance of trees in consecutive year's viz. 2007-08, 2008-09 and 2009-10 was found. In the M.B. entries for only Gabian was found. Therefore, the execution of aforesaid works remained doubtful and possibility of misappropriation of advance of ₹37.12 lakh may not be ruled out.

➤ **Doubtful wage payment of ₹7.02 lakh**

In panchayat samiti, Punpun seal of post office on 10 advices of ₹7.02 lakh on account of wage payment was not found in four schemes, which were sent by the executing agents to the post office for payment of wages to

labours. Audit examined the daily receipt and payment register of the post office. No any entry of receipt or payment was found on the said dates of advices. Thus, the payment of wages to the labours was doubtful.

➤ **Irregularities in utilization of Bihar Rojgar Guarantee Yojna grant ₹ 10.47 Lakh in P.S., Bhore**

A total sum of ₹ 10.47 lakh was paid to 8 staff of Panchayat Samiti Bhore (Gopalganj) as advance for execution of 47 works under BREGS for 2006-07. But even after lapse of more than one year, the executing agencies neither submitted adjustment accounts nor made demand for further instalment of advance. The B.D.O. cum Executive Officer of the Panchayat Samiti transferred the scheme files to the Programme Officers of NREGS without watching progress of work. The Executing agents did not even submit MBs, vouchers and Muster Rolls in support of works executed against advance received. Therefore, the execution of aforesaid works remained doubtful and possibility of misappropriation of amount of advance of ₹ 10.47 lakh may not be ruled out.

➤ **Irregular payment of wage ₹0.65 lakh**

In Zila Parishad, Jehanabad scrutiny of records of scheme no.12/2006-07 (MNREGS) disclosed that the final measurement of work was done on 31.03.2007 but 864 labours were shown engaged during 01.04.2007 to 09.05.2007 and ₹0.65 lakh was spent irregularly on their wage.

**4.2.3 Excess Payment**

➤ **Excess payment of ₹21.86 lakh in 60 MNREGS works**

Scrutiny of scheme register and related records of following PRIs revealed that ₹21.86 lakh was paid in excess of value of work done to the executing agents. These schemes were closed/completed but the non-adjustment of advances resulted in excess payment. Details are as follows:-

**Table:-4.5 Excess Payment in MNREGS schemes**

					(₹ in lakh)
Sl. No.	Name of PRI	Value of work done as per MB	Payment made	Excess payment	No. of works
1	ZP Rohtas	5.44	7.06	1.62	4
2	PS Pandarakh	8.21	10.23	2.02	6
3	PS Giriyak	16.50	21.76	5.26	9
4	PS Sakra	0.47	0.58	0.11	2
5	PS Tharthari	25.44	35.51	10.07	26
6	GP Utarthu (PS Bind)	1.46	2.08	0.62	3
7	GP Sona Gopalpur (PS Sampatchak)	3.03	3.56	0.53	5
8	GP M.Raghurampur (PS Danapur)	5.37	6.66	1.29	3
9	GP Gauriyarpur (PS B.Kothi)	5.23	5.57	0.34	2
	<b>Total</b>	<b>71.15</b>	<b>93.01</b>	<b>21.86</b>	<b>60</b>

#### 4.2.4 Other Irregularities

➤ **Execution of scheme by violation of guidelines**

Para 6.1.1 (viii) of MNREGA-2005 (operational guideline-2008) prohibits construction of cement concrete roads under MNREGS. But, the Zila Parishad, Lakhisarai executed five P.C.C. works (Scheme No.-6/06-07,90/06-07,1/07-08,21/08-09,31/08-09) and spent ₹27.82 lakh on these schemes by violating the scheme guideline.

➤ **Fraudulent withdrawal of ₹3.56 lakh by PRS**

Scrutiny of cash book of MNREGS of GP Alawalpur (PS Fatuha, District-Patna) disclosed that ₹3.56 lakh was withdrawn by Shri Ravishankar Kumar, PRS by making fake signature of Mukhia. In reply the Programme Officer stated that a case against the PRS is pending in the court.

➤ **Non-Recovery of advance of ₹ 7.92 lakh in two ZPs despite postponement of works of NREGS/ BREGS due to land dispute**

**(A)** Nawada Zila Parishad undertook execution of 666 projects under NREGS during 2006-07 and 2007-08 but 14 projects could not be started due to land disputes. ₹ 4.20 lakh advanced to executing agents for aforesaid projects was however not recovered resulting in loss to Zila Parishad fund.

**(B)** ZP, Buxar entrusted execution of 49 projects under BREGS to Executive Engineer Gramin Vikas (Special Division No.-I), but three works of de-silting of Pokhar Canal were not executed either due to non-availability of land or encroachment of land. ₹ 3.72 lakh paid during 05-06 for execution of these three projects was not refunded by the division. The ZP authorities also did not take action for recovery of above advance.

➤ **Execution of excess projects than the fund available in ZP, Aurangabad under MNREGS**

Fund available with ZP, Auragabad under MNREGS was ₹ 5.82 crore in 2006-07 but execution of 325 projects estimating ₹ 10.69 crore were undertaken. As a result 177 projects remained incomplete and three works were finally closed after partial execution. The expenditure of ₹ 3.48 crore on above 180 projects thus became infructuous as 52 new projects were further undertaken for execution during 2007-08 out of fund received in 2007-08.

#### 4.3 Muster Rolls

Muster Rolls are the basic records in respect of implementation of any work providing evidence of payment made to engage labourers. The irregularities noticed in respect of muster rolls are as under:

#### **4.3.1 Suspected Fraud**

Muster rolls are maintained by the executing agents. Entries regarding name, father's name, address, registration number and thumb impression of labourer have to be verified by supervising/inspecting authorities, monitoring committee, and elected member of PRIs in those area the works were executed. Besides, the DDO is responsible to ensure that these checks have been exercised before making payment.

Audit examined muster rolls of some schemes and found various instances of engagement of labour more than once in the same period in same scheme as-well-as in two or more schemes. **(Appendix-X)** In these muster rolls name, father's name, registration number and period of engagement were same which is not possible. Clearly these muster rolls were fake.

In spite of the above mentioned checks by the different authorities before payment such cases of fake muster rolls happened. It indicates either involvement of every level of checking authorities or negligence on their part.

#### **4.3.2 Doubtful Muster Roll due to fake distribution of Food Grain in Z.P. Muzaffarpur**

In three SGRY scheme undertaken for execution by ZP Muzaffarpur (148, 154 and 214 of 05-06) the executing agents were issued only 100 quintals of food grain while the distribution of food grain was shown of 182.01 quintals in the Muster Roll of ₹ 1.77 lakh. Distribution of excess quantity of food grain than the amount available rendered the entire Muster Rolls doubtful.

#### **4.3.3 Doubtful Muster Rolls in ZP, Nawada due to fake distribution of grain.**

In 12 SGRY works of 2004-05, undertaken for execution by ZP, Nawada, only 550.05 quintals of food grains were issued to executing agents at the time of execution of works and further 932.50 quintals food grains were issued to them at the time of final payment which was made after 2 to 18 months of the completion of works. In the Muster Rolls, the executing agents showed distribution of 1482.55 quintal food grain to labourers while during the period of engagement of labourers only 550.05 quintals food grain was available with them. The payment shown in the Muster Rolls was, therefore, doubtful. Further, undue benefit of ₹ 5.82 lakh was given to the executing agents because the cost of grain was recovered @ ₹ 624/- per quintals while this was to be recovered at the double the issue rate because the grains were actually not distributed amongst labourers.

## 4.4 Implementation of XII<sup>th</sup> Finance Commission

### 4.4.1 Delayed release of fund

The Zila Parishads in whose favour the total grant of the district was sanctioned were required to transfer grants to Panchayat Samitis and Gram Panchayats of the district within seven days of the receipt of funds but in the following Zila Parishads, funds were released after a gap of 16 to 145 days resulted in non/delayed completion of work. Details are given below:

**Table-4.6: Delay in release of fund**

Sl. No.	Name of Z.P.	Transferable amount	Date receipt of fund	Date released of lower tier	Period of delay
1	Bhojpur	4.36 crore	20.03.2008	05.05.2008	46 days
2	Gaya	6.28 crore	01.08.2006	04.10.2006	57 days
		6.26 crore	31.03.2007	11.05.2006	34 days
		6.26 crore	19.03.2008	09.05.2008	44 days
		6.26 crore	06.01.2009	28.02.2009	46 days
3	Sheikhpura	1.01 crore	31.03.2006	01.08.2006	115 days
		1.01 crore	30.03.2007	23.05.2007	46 days
4	Supaul	3.39 crore	17.08.2006	11.10.2006	55 days
		3.41 crore	12.11.2007	20.12.2007	38 days
		3.41 crore	12.08.2008	17.10.2008	65 days
5	Arwal	1.37 crore	05.04.2006	28.08.2006	145 days
6	Rohtas	4.62 crore	13.10.2008	27.11.2008	45 days
7	Darbhanga	6.23 crore	20.11.2007	20.12.2007	23 days
		6.23 crore	14.10.2008	06.11.2008	16 days

### 4.4.2 Non/short transfer of fund

In following ZPs, ₹ 4.40 crore was short/not transferred to the PS/GP:

Name of ZP	Transferable amount	Amount Transferred	Non/Short transfer
Arwal	1.29 crore	1.21 crore	0.08 crore
Bhojpur	4.28 crore	0.00 crore	4.28 crore
Darbhanga	52.06 crore	52.02 crore	0.04 crore
<b>Total</b>	<b>57.63 crore</b>	<b>53.23 crore</b>	<b>4.40 crore</b>

This resulted in either non-completion of work or poor quality of work.

### 4.4.3 Non-transfer of interest amount

Zila Parishad Gaya and Madhubani received ₹37.48 lakh and ₹ 15.61 lakh as interest on account of deposit of 12<sup>th</sup> Finance Commission grant in saving bank account. The interest accrued on the deposit became an additional fund to the grant and was to be apportioned among GPs, PSs and ZPs in the ratio of 92:6:2. But, the interest amounts were not transferred to GPs and PSs concerned. It was retained irregularly by the ZPs.

### 4.4.4 Utilisation certificate

As per section 117 of the Bihar Panchayat Samiti and Zila Parishad (Budget and Account) Rules, 1964, it shall be responsibility of the samiti/parishads to furnish the

utilization certificate to the authority sanctioning the grant. The Utilization certificate of Twelfth Finance Commission grants for 2007-08 showed the expenditure of ₹ 253.09 crore against the grant of ₹ 324.80 crore. Total expenditure on water supply and sanitation shown as incurred was ₹ 126.99 crore (39.10 %) against the requirement of 50 per cent on this sector. The Zila Parishads in whose favour the total grant of the district was sanctioned were required to release grants to Panchayat Samitis and Gram Panchayats of the district within seven days of the receipt of funds but the Zila Parishads Kishanganj, Begusarai and Sheohar released funds after a gap of one to five months.

Further, audit examined the utilization certificates sent by the PRIs to the state government and found that in following cases wrong utilization certificates were sent:

- Zila Parishad Bhojpur has submitted utilization certificate for full amount of grant of 12<sup>th</sup> F.C. without obtaining utilization from all PSs and GPs concerned and even without utilizing full amount of its own share.
- Utilisation certificate for second instalment of 12<sup>th</sup> F.C. grants in respect of 2006-07 was submitted by ZP Madhubani to the state government (letter no.675 dated:-01.07.2009) in which entire amount including G.P.s and P.S.s share was shown utilised. But, scrutiny of records revealed that the Zila Parishad did not disburse ₹0.04 lakh, the Share of GPs and PSs concerned.
- Zila Parishad, Lakhisarai sent utilization certificate for ₹12.26 crore (12<sup>th</sup> F.C.) received during 2005-06 to 2008-09 to the state Govt. on 13.07.2009 without obtaining details of expenditure for ₹6.13 crore from PSs and GPs. Besides, ₹0.94 lakh, share of Panchayat Samiti-Barahia was not transferred till 30.11.2009. There was also an unspent balance of ₹13.43 lakh in GPs under PS-Suryagarha till 14.08.2009. Hence, utilization certificate sent to the State Govt. was incorrect.
- Zila Parishad Saharsa sent utilization certificate for ₹23.51 crore (12<sup>th</sup> F.C.) received during 2004-05 to 2008-09 without obtaining utilization certificates from the GPs and PSs concerned. Mere transfer of fund to the GPs and PSs was considered final utilization of grant.

#### **4.4.5 Infertuous expenditure of ₹1.84 lakh**

The Gram Panchayat, Jianganj (PS Banmankhi) taken up four schemes of installation of solar lights with estimated cost of ₹1.84 lakh under 12<sup>th</sup> F.C. Quotations were invited and quotation of M/s Bhardwaj Distributors, Purnea was finalized. The GP paid an advance of ₹1.84 lakh on 25.11.2006 to the supplier vide cheque no.

2927912 and 2927917. The solar lights were to be installed within 21 days of the agreement. But, no any solar light were installed by the supplier even after getting the entire amount in advance. The agency did not reply any of the notices including a legal one sent by the Mukhia. Matter was informed to the B.D.O. on 10.09.2007 but not any FIR was lodged against the agency. Thus, expenditure of ₹1.84 lakh became infructuous.

#### **4.4.6 Execution of ineligible works**

The guidelines issued by the State Government broadly classified the items of works to be taken up by different tiers of PRIs. It was noticed that the test checked 40 PRIs<sup>12</sup> incurred an expenditure of ₹2.58 crore during 2006-07 to 2008-09 on execution of works (repair/renovation of Zila Parishads/Block Offices etc.) not contemplated in the TFC guidelines (Details in **Appendix-XI**). The expenditure incurred on such ineligible works deprived the beneficiaries of the intended objective of these funds.

#### **4.5 Recommendation**

- a) Higher authorities should ask for regular return in compliance of their orders. Physical verification of stores and stock at regular intervals and submission of report to higher authorities may be ensured.
- b) No projects should be abandoned mid-way even after closure of any Scheme. It may be completed under any running Scheme.
- c) Monitoring, supervision and evaluation of the works by the authorities concerned may be ensured for completion of works within the stipulated period.

**Place: Patna**

**Date:**

**Countersigned**

**(Atul Prakash)**

**DAG(SS-I)-cum-Examiner,LAD,  
Bihar, Patna**

**Place: Patna**

**Date:**

**(R. B. Sinha)**

**Pr. Accountant General (Audit)**

**Bihar, Patna.**

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<sup>12</sup> 5 ZPs and 35 PSs

**APPENDIX-I**

**Details of functions devolved by 20 Departments to PRI**

(Reference: Para No.-1.5/Page No.- 5)

Sl. No.	Activity	Number of functions transferred to PRIs		
		GPs	PSs	ZPs
1	Agriculture	4	6	6
2	Revenue and Land Development	10	1	Nil
3	Water Resources (Minor Irrigation)	8	3	2
4	Animal Husbandry and Fishery	10	3	8
5	Forest and Environment	5	5	5
6	Industry	6	6	6
7	Public Health Engineering	3	3	4
8	Rural Development	3	2	1
9	Rural Engineering (Road, Bridge, Culvert etc.)	1	1	2
10	Energy	3	3	3
11	Primary Education	9	8	7
12	Adult Education	1	1	1
13	Literacy	1	1	1
14	Cultural Activities	3	2	3
15	Medical	1	1	Nil
16	Family Welfare	1	1	Nil
17	Social Welfare	5	5	5
18	Welfare of Handicapped	2	4	4
19	Public Distribution System	2	3	3
20	Relief and Rehabilitation	1	1	Nil
	<b>Total</b>	<b>79</b>	<b>60</b>	<b>61</b>

## APPENDIX-II

### Details of activities transferred to PRI

(Reference: Para No.-1.5/Page No.- 5)

Sl. No.	Activities transferred to GPs	Activities transferred to PSs	Activities transferred to ZPs	Department from which activity transferred
1	*Exercise control, inspection & supervision over individual M.I. beneficiary schemes	*Control over surface irrigation scheme	*Supervision and site selection	Minor Irrigation Department
2	*Selection of beneficiaries in several schemes, *responsibility of development of grazing grounds, control of epidemic and contagious diseases, disposal of dead animals	*selection of beneficiary in some schemes *Control over Block level staff in matter of granting C.L.	* Make selection of beneficiary in several schemes *Control over department staff in matter of granting C.L.	Animal Husbandry and Fisheries
3	*Recommendation of execution of Handloom & Handicrafts schemes *Supervision of weaver's co-operatives who will get financial assistance or loan on recommendation of GP	*power to supervise & inspect centers for handloom /power loom, silk training, extension & production	*Monitoring establishment of new Small Scale Industries *Recommendation of beneficiary of KVIC *Recommendation of selection of growth centers *Recommendation of candidates for enterprise development *supervise & inspect centers for handloom /power loom, silk training, extension & production	Industry
4	*to undertake schemes for ordinary & special repairing of handpumps *Make selection of BPL beneficiaries under Total Sanitation Programme	*Monitor sinking of new & maintenance of existing handpumps *Supervise other water supply scheme	*Selection of Panchayats for sinking of tubewells in primary & middle school *Decide priority in Piped Water Supply scheme *Exercise supervision over 'Prakalp' and departmental employee in rural water supply scheme	Public Health Engineering Department
5	*Execute Jawahar Gram Samriddhi Yojana scheme upto ₹50,000.00 *Selection of Self-Help groups under Swarn Jayanti Gram Swarajgar Yojana *Select beneficiary in Indira Awas Yojana	-	-	Rural Development Department
6	*Maintenance, up-gradation or new construction of rural road & drain	*Construction & maintenance of public roads, drains, culvert & other means of communication	*Decide priority of roads, bridges & culvert in the district for maintenance & Up-gradation	Department of Rural Engineering
7	*Monitoring & supervision of rural electrification scheme *Selection of beneficiaries for schemes to popularize non-conventional source of energy	*Monitoring & supervision of rural electrification schemes *Recommendation of sites for installation of solar panel	*Selection of PSs & GPs where schemes of non-conventional sources of energy will be implemented *Prepare scheme for rural electrification projects and settle the priority of villages chosen for this purpose	Energy Department
8	*Selection of site for opening new school *Supervision of repairing work of school through School Education Committee *Appointment of Para Teachers(2001) & Elementary Teachers (2006) *supervision & Evaluation of mid-day meal scheme	*Recommend up-gradation of primary school to middle schools *Allocate funds for repairing of school *Power to transfer teachers within their block *Supervise & evaluate the implementation of mid-day meal scheme	*Distribute teacher units sanctioned by government between GPs *Allocate funds for repairing of school buildings *Appointment of secondary teachers *Power to transfer teachers within their district *Supervision & Evaluation of Mid-day meal scheme	Education Department
9	*Ensure proper distribution of medicine	*Identifying patients in special campaign against certain diseases & to bring them to health centers	*Supervision the activities like distribution of medicine and campaign against certain diseases	Health Department
10	*recommend individual and SHG eligible	* Selection of beneficiaries,	*Supervising the selection of Anganbadi	Department of

	<p>for assistance under CSS</p> <p><b>*Selection of beneficiaries, renewal &amp; disbursement of scholarship in lower schools</b></p> <p>*Site selection for building for Anganwadi, Child Development project godown</p> <p>*Selection of Anganbadi Sewikas &amp; Sahayikas</p> <p>*Control over distribution of nutritional material, medical care</p>	<p><b>renewal &amp; disbursement of scholarship in higher schools</b></p> <p>*Site selection for building for Anganwadi, Child Development project godown</p> <p>*Control over distribution of nutritional material, medical care</p>	<p>and Sahaikas</p> <p><b>*Supervise over scholarship for physically challenged</b></p> <p><b>*Supervision of activities of distribution of nutritional materials &amp; medical care etc. by PSs &amp; GPs</b></p>	Social Welfare
11	<p><b>* Maintain register of migrant and unorganized labourers</b></p> <p><b>* Maintain list of liberated bonded labourers &amp; recommend schemes for their rehabilitation</b></p> <p><b>* Select beneficiaries &amp; eliminate expired cases under social Security Programs like Maternal Benefit, family benefit &amp; age old pension</b></p> <p><b>* exercise vigil over payment of minimum wages</b></p>	-	<b>*Consideration of recommendations of PSs &amp; GPs regarding beneficiaries of Social Securities Schemes</b>	Department of Labour, Employment and Training
12	<p><b>*Selection of new beneficiaries under Annapurna scheme &amp; Antyodaya Anna Yojana</b></p> <p><b>*Monitor distribution of commodities through PDS shops, preparation of ration cards etc.</b></p>	<b>*Monitor distribution of commodities through PDS shops, preparation of ration cards etc.</b>	<b>*Exercise general supervision</b>	Department of Food & Consumer Protection
13	<p><b>* Preparation of list of beneficiaries for distribution of relief</b></p> <p><b>* responsibility of Mukhiya to see that no one dies of starvation in his area</b></p>	<b>* Pramukh has power to sanction up to ₹ 25,000.00 in one year for relief in natural calamities</b>	<b>* Adhyaksha has power to sanction up to ₹ 1,00,000.00 in one year for relief in natural calamities</b>	Relief and Rehabilitation (Disaster Management) Department

**APPENDIX-III**

**Statement showing advance paid but works not started**

(Reference: Para no.- 3.4.2/Page no.- 20)

Sl. No.	Name of PRIs	Amount of advance (₹ in lakh)	No. of works	Status of work
1	ZP Nawada	7.42	SGRY-29	Work not started till 31 <sup>st</sup> March 2008
2	ZP Muzaffarpur	3.95	SGRY-35	Work not started till 31 <sup>st</sup> March 2008
3	ZP Buxar	8.68	SGRY-4	Work not started till 31 <sup>st</sup> March 2008
4	ZP Vaishali	18.37	SGRY-5	Work not started till 31 <sup>st</sup> March 2008
5	ZP Begusarai	14.52	MNREGS-3	Work not started till 31 <sup>st</sup> March 2008
6	ZP Araria	2.20	SGRY-4	Work not started till 31 <sup>st</sup> March 2008
7	ZP Kishanganj	4.11	MNREGS-1	Work not started till 31 <sup>st</sup> March 2008
8	ZP Sheohar	0.45	SGRY-6	Work not started till 31 <sup>st</sup> March 2008
9	ZP Saran	0.75	MGNREGS-1	Work not started till 31 <sup>st</sup> March 2009
10	ZP Lakhisarai	1.80	SGRY-9	Work not started till 31 <sup>st</sup> March 2009
11	PS Shivsagar	80.94	SGRY-128	Work not started till 31 <sup>st</sup> March 2008
12	PS Mansi	0.42	Xth FC-3,XIth FC-1,BREGP-6	Work not started till 31 <sup>st</sup> March 2008
13	PS Tekari	3.90	SGRY-50	Work not started till 31 <sup>st</sup> March 2008
14	PS Amdabad	0.35	SGRY-3	Work not started till 31 <sup>st</sup> March 2008
15	PS Karakat	2.39	SGRY-35	Work not started till 31 <sup>st</sup> March 2008
16	PS Sasaram	5.08	SGRY-8	Work not started till 31 <sup>st</sup> March 2008
17	PS Shambhuganj	0.39	SGRY-2	Work not started till 31 <sup>st</sup> March 2008
18	PS Barari	5.32	XIth FC-2	Work not started till 31 <sup>st</sup> March 2008
19	PS Chiraiya	1.45	SGRY-9	Work not started till 31 <sup>st</sup> March 2008
20	PS Karagahar	6.29	SGRY-18	Work not started till 31 <sup>st</sup> March 2008
21	PS Kateya	4.40	SGRY-18	Work not started till 31 <sup>st</sup> March 2008
22	PS Piprahi	8.61	XIth FC-7,XIIth FC-1, SGRY-5	Work not started till 31 <sup>st</sup> March 2008
23	PS Belhar	0.23	BREGS-3	Work not started till 31 <sup>st</sup> March 2009
24	PS Sakra	0.47	MNREGS-7	Work not started till 31 <sup>st</sup> March 2009
25	PS Singhwara	0.23	SGRY-1	Work not started till 31 <sup>st</sup> March 2009
26	PS Simri Bakhtiyarpur	0.61	XIth FC-1, XIIth FC-7	Work not started till 31 <sup>st</sup> March 2009
27	PS Giddhaur	0.68	SGRY-9	Work not started till 31 <sup>st</sup> March 2009
28	PS Kursaila	0.18	MNREGS-1	Work not started till 31 <sup>st</sup> March 2009
29	PSBarahat (Jamui)	0.23	MNREGS-3	Work not started till 31 <sup>st</sup> March 2009
30	PS Dulhin Bazar	0.31	XIth FC-6, XIth-6	Work not started till 31 <sup>st</sup> March 2009
31	PS Aurai	0.83	XIIth FC-4, MNREGS-7	Work not started till 31 <sup>st</sup> March 2009
32	PS giriyak	3.53	MNREGS-7	Work not started till 31 <sup>st</sup> March 2009
33	GP Sisai	1.37	SGRY-5	Work not started till 31 <sup>st</sup> March 2008
34	GP Fetehpur	0.88	SGRY-1	Work not started till 31 <sup>st</sup> March 2008
35	GP Rajpur	0.50	SGRY-1	Work not started till 31 <sup>st</sup> March 2008
36	GP Gachiya	0.68	SGRY-1	Work not started till 31 <sup>st</sup> March 2008
37	GPHarnarena	0.65	SGRY-3	Work not started till 31 <sup>st</sup> March 2008
38	GP Raj Haraj	1.08	SGRY-6	Work not started till 31 <sup>st</sup> March 2008

	Nurullahpur			
39	GP M. Nakatpura (PS-Biharsharif)	0.48	SGRY-4,XIIth FC-3,MNREGS-1	Work not started till 31 <sup>st</sup> March 2009
40	GP Bariyarpur (PS-Barhat,Jamui)	1.91	XIth FC-5, SGRY-10	Work not started till 31 <sup>st</sup> March 2009
41	GP Numer (PS-Barhat,Jamui)	1.39	XIth FC-2,XIIth FC-1,SGRY-10	Work not started till 31 <sup>st</sup> March 2009
42	GPKatauna (PS-Barhat,Jamui)	0.76	XIIth FC-1,SGRY-10	Work not started till 31 <sup>st</sup> March 2009
43	GP Lakhaiya (PS-Barhat, Jamui)	0.64	XIth FC-1,SGRY-5	Work not started till 31 <sup>st</sup> March 2009
44	GP Malaypur (PS-Barhat,Jamui)	0.08	XIth FC-1	Work not started till 31 <sup>st</sup> March 2009
45	GP Ashthawana (PS-Ashthawana)	1.35	Xth FC-3, XIth FC-1,XIIth FC-15, BRGF-1. MNREGS-5	Work not started till 31 <sup>st</sup> March 2009
46	GP Katahari (PS-Ashthawana)	0.47	XIIth FC-1,PHED-1	Work not started till 31 <sup>st</sup> March 2009
47	GP Amawana (PS-Ashthawana)	1.41	SGRY-2,MNREGS-1	Work not started till 31 <sup>st</sup> March 2009
48	GP -Nerut (PS-Ashthawana)	0.78	MNREGS-1	Work not started till 31 <sup>st</sup> March 2009
49	GP Tajnipur (PS-Bind)	1.80	XIIth FC-2,BRGF-1	Work not started till 31 <sup>st</sup> March 2009
50	GP Utharthu (PS-Bind)	1.88	MNREGS-6	Work not started till 31 <sup>st</sup> March 2009
51	GP Bind (PS-Bind)	2.38	SGRY-10	Work not started till 31 <sup>st</sup> March 2009
52	GP -Abgila chaurasa (PS-Aliganj)	0.10	MNREGS-1	Work not started till 31 <sup>st</sup> March 2009
53	GP- Alliganj (PS-Aliganj)	0.30	SGRY-1,MNREGS-3	Work not started till 31 <sup>st</sup> March 2009
54	GP-Mirjaganj (PS-Aliganj)	0.18	SGRY-1,MNREGS-2	Work not started till 31 <sup>st</sup> March 2009
	<b>Total</b>	<b>210.16</b>	<b>584</b>	

**APPENDIX-IV**

**Statement showing diversion of Grant**

(Reference: Para No. 3.4.3/Page No.-21)

Sl. No.	Name of Fund	Head	Amount diverted ( ₹ in lakh)	purpose of diversion
1	ZP Munger	MNREGS Grants	5.69	For the purpose of offset printing machine
2	ZP Vaishali	SGRY Grants	434.10	PS/GP share were diverted towards ZP SGRY schemes due to taking excess SGRY scheme in ZP
3	ZP Buxar	SGRY Grants	0.44	telephone bill and fuel charges of chairman and vice-chairman
4	ZP Banka	Road construction	3.33	PCC and repair of drain in L.B at Bansi market
5	ZP Aurangabad	SGRY Grants	0.37	amount paid on account of retirement benefit to shri K K Tiwari
6	ZP Jehanabad	SGRY Grants	2.09	Establishment expenditure
7	ZP Motihari	SGRY Grants	2.00	Establishment expenditure
8	ZP Kaimur	SGRY Grants	5.01	other than the SGRY schemes
9	PS Dinara	SGRY Grants	10.25	for purposes of old age pension
10	PS Koda	SGRY Grants	2.20	In Sum Vikash Yojana
	<b>Total</b>		<b>465.48</b>	

**APPENDIX-V**

**Statement showing diversion of 22.5% of Grant under SGRY**

(Reference: Para no.-4.1.1/ Page no.-25)

Sl.no.	Name of Unit	Grant received (₹ in crore)	Amount of 22.5% earmarked for benefit of SCs/STs(₹ in crore)	Amount utilized on benefit of SCs/STs(₹ in crore)	Amount diverted for other purposes(₹ in crore)	Percentage of expenditure on benefit of SC/ST community
1	Z.P. Munger	1.13	0.25	0.00	0.25	0%
2	Z.P. Madhepura	9.67	2.18	1.86	0.32	19.23%
3	Z.P. Araria	5.47	1.23	0.27	0.96	4.94%
4	Z.P. Saharsa	7.34	1.65	0.86	0.79	11.64%
5	P.S. Ramnagar	1.68	0.38	0.17	0.21	10.12%
6	P.S. Shambhuganj	1.63	0.37	0.19	0.18	11.66%
7	P.S. Dhoriya	2.84	0.64	0.38	0.26	13.38%
8	P.S. Gaunaha	1.87	0.42	0.24	0.18	12.83%
9	P.S. Harsidhi	1.26	0.28	0.04	0.24	3.17%
10	P.S. Mohanpur	3.62	0.81	0.06	0.75	1.66%
11	P.S. Piprasi	0.28	0.06	0.01	0.05	3.57%
12	P.S. Hayaghat	0.84	0.19	0.04	0.15	4.76%
13	P.S. Kodha	3.26	0.73	0.08	0.65	2.45%
14	P.S. Sidhwalia	0.93	0.21	0.11	0.10	11.83%
15	P.S. Chiriya	1.76	0.40	0.00	0.40	0%
16	P.S. Thawe	0.85	0.19	0.09	0.10	10.59%
17	P.S. Bettiah	0.80	0.18	0.04	0.14	5.00%
18	P.S. Amdabad	1.35	0.30	0.19	0.11	14.07%
19	P.S. Pranpur	1.08	0.24	0.04	0.20	3.70%
20	P.S. Balrampur	0.36	0.08	0.07	0.01	19.44%
21	P.S. Katoria	2.64	0.60	0.00	0.60	0%
22	P.S. Bairia	1.36	0.31	0.21	0.10	15.44%
23	P.S. Kargahar	1.16	0.26	0.08	0.18	6.90%
24	P.S. Chautham	3.60	0.82	0.21	0.61	5.82%
25	P.S. Chakia	1.37	0.31	0.09	0.22	6.54%
26	P.S. Ashthawana	1.95	0.44	0.06	0.38	3.24%
27	P.S. Sakra	1.09	0.25	0.00	0.25	0%
28	P.S. Giddhaur	0.43	0.10	0.07	0.03	16.11%
29	P.S. Dandkhora	0.52	0.12	0.04	0.08	7.80%
<b>Total</b>		<b>62.14</b>	<b>14.00</b>	<b>5.50</b>	<b>8.50</b>	<b>8.85%</b>

**APPENDIX- VI**

**Statement showing details of fruitless expenditure due to non-completion of works  
(SGRY)**

(Reference: Para no -4.1.2/ page no- 27)

(₹ in crore)

Sl. No.	Name of PRIs	Total No. of Schemes	No. of schemes (Period)	Estimated Cost	Payment Made	Actual Payment made as per M.B	Excess advance not recovered
1	ZP Araria	19	19 (2005-06)	0.193	0.165	0.114	0.051
2	ZP Begusarai	15	1(2004-05), 8(2005-06), 6(2006-07)	0.685	0.509	0.364	0.145
3	ZP Nawada	92	92(2004-05)	0.536	0.423	0.374	0.049
4	ZP Banka	12	12(2005-06)	0.233	0.148	0.031	0.117
5	PS Gaunaha	31	2(2001-02), 12(2002-03), 10(2003-04), 7(2004-05)	0.653	0.491	0.467	0.024
6	PS Banka	5	1(2003-04), 1(2004-05), 2(2005-06), 1(2006-07)	0.099	0.100	0.067	0.033
7	PS Balrampur	17	2(2001-02), 10(2002-03), 4(2003-04), 1(2004-05)	0.601	0.475	0.314	0.161
8	PS Sidhwaliya	5	1(1997-98), 4(1998-99)	NA	0.061	0.056	0.005
9	PS Chiraria	7	1(2001-02), 2(2002-03), 2(2003-04), 2(2006-07)	NA	0.127	0.120	0.007
10	PS Thawe	1	1(1997-98)	0.017	0.016	0.015	0.001
11	PS Bhore	9	3(2005-06), 6(2006-07)	NA	0.082	0.079	0.003
12	PS Sasaram	7	7(2003-08)	0.081	0.067	0.060	0.007
13	PS Ramnagar	4	4(2005-06)	0.069	0.059	0.052	0.007
14	PS Pranpur	5	1(1995-96), 2(1996-67), 2(1997-98)	NA	0.164	0.146	0.018
15	PS Ketya	13	10(2003-04), 2(2004-05), 1(2005-06)	0.138	0.103	0.073	0.030
16	PS Bettiah	1	1(2006-07)	0.010	0.005	0.004	0.001
17	PS Bairai	15	15(1995-96 to 1997-98)	NA	0.299	0.268	0.031
18	PS Amdabad	3	2(1995-96), 1(2001-02)	0.055	0.047	0.036	0.011
19	PS Kargahar	8	8(2006-07)	0.154	0.102	0.075	0.027
20	PS Barari	11	11(2003-04)	0.041	0.033	0.027	0.006
21	PS Piprasi	1	1(2004-05)	0.130	0.080	0.030	0.050
22	GP Mednipur	1	1(2006-07)	0.010	0.009	0.007	0.002
23	GP Mahisal	1	1(2004-05)	0.019	0.019	0.017	0.002
24	GP Bathua Bazar	1	1(2003-04)	0.004	0.007	0.004	0.003
25	GP Sahpur	1	1(2002-03)	0.085	0.006	0.005	0.001
26	GP Jhakara	3	1(2002-03), 1(2005-06), 1(2007-08)	0.010	0.009	0.002	0.007
	<b>Total</b>	<b>288</b>		<b>3.823</b>	<b>3.606</b>	<b>2.807</b>	<b>0.799</b>

**APPENDIX-VII**

**Statement showing details of Infructuous expenditure incurred on schemes**

(Reference: Para no.-4.1.2/ Page no.28)

(₹ In Lakh)

Sl. No.	Name of Fund (PS)	Particulars of fund	Total no. of schemes	no. of scheme (year)	Estimated Cost	Payment made
1	P.S. Piprasi	EAS/SGRY	10	1 (01-02), 04(02-03), 4 (04-05), 01- (06-07)	18.65	13.41
2	PS-Sidhwalia	SGRY	38	5 (03-04), 26 (05-06), 7(06-07)	15.59	13.71
3	PS-Dinara	EAS/SGRY	121	03 (01-02), 01 (02-03), 18 (03-04), 01 (04-05), 98 (05-06)	87.33	55.06
4	PS-Harshidhi	EAS/SGRY	46	01 (01-02), 02 (02-03), 02 (03-04), 01 (04-05), 14 (05-06), 26 (06-07)	43.05	28.40
5	PS-Kodha	SGRY	20	16 (03-04), 04 (04-05)	26.21	6.85
6	PS-Amdabad	SGRY	22	07 (02-03), 04 (03-04), 05 (04-05), 06 (05-06)	58.01	22.52
7	PS-Sasaram	EAS/SGRY	24	01 (02-03), 02 (03-04), 02 (04-05), 19 (05-06)	31.98	24.91
8	PS-Ramnagar	SGRY	54	03 (02-03), 06 (03-04), 43 (04-05), 02 (05-06)	65.28	41.99
9	PS-Banka	SGRY	16	05 (04-05), 11 (06-07)	26.10	21.08
10	PS-Balrampur	SGRY	02	02 (05-06)	9.42	9.04
11	PS-Gaunaha	EAS/SGRY	37	02 (01-02), 17 (02-03), 11 (03-04), 07 (04-05)	64.50	49.16
12	PS-Panchdevri	SGRY	06	06 (05-06)	2.04	1.62
13	PS-Shiv Sagar	EAS /SGRY	85	01 (01-02), 03 (02-03), 03(03-04), 21 (04-05), 57 (05-06)	63.36	40.96
14	PS-Pranpur	SGRY	19	05 (02-03), 01 (03-04), 08 (04-05), 05 (05-06)	66.15	34.63
15	Z.P.- Aurangabad	SGRY (22.5 %)	231	231 (05-06)	53.30	36.24
16	Z.P. -Kishanganj	EAS/SGRY	12	07 (01-02), 05 (03-04)	47.88	21.25
17	Z.P. -Araria	SJGSRY	07	07 (05-06)	32.58	28.60
	<b>Total</b>		<b>750</b>		<b>711.43</b>	<b>449.43</b>

## Appendix-VIII

### Statement showing details of stock of food grain lying with PDS dealers

(Reference: Para no.4.1.3/Page no.-28)

Sl.No.	Name of PRIs	Quantity in quintals	Sl.No.	Name of PRIs	Quantity in quintals
1	ZP Buxar	3708.07	32	PS Nursarai	42.89
2	ZP Vaishali	3493.90	33	PS Madhubani	443.45
3	ZP Araria	9323.47	34	PS Dulhin Bazar	522.73
4	ZP Kishanganj	528.50	35	PS Jamui	2840.32
5	ZP Munger	12124.03	36	PS Ashthawana	2330.54
6	ZP Gaya	31427.32	37	PS Dandari	1211.17
7	ZP Saharsa	6194.72	38	PS Hanumannagar	1365.77
8	PS Ramnagar	1609.40	39	PS Simri Bakhtiyarpur	5464.37
9	PS Dhoraiya	226.99	40	GP Baruara	249.43
10	PS Gaunaha	2052.00	41	GP Rambhadrapur	244.16
11	PS Rchakaaon	803.52	42	GP Mekanabeda	77.30
12	PS Pranpur	953.30	43	GP Beladhi	119.61
13	PS Balrampur	4876.27	44	GP Chatwan	5.49
14	PS Keoi	2496.19	45	GP Darhia	630.76
15	PS Karagahar	697.81	46	GP Domuhan	131.87
16	PS Kateya	1536.46	47	GP Sukerbegchak	628.92
17	PS Bettiah	1455.58	48	GP A. Barari	310.43
18	PS Benipur	5122.46	49	GP Mansinghpur	156.15
19	PS Phulwaria	4865.00	50	GP Usti	170.03
20	PS Patharghat	457.42	51	GP Sahuri	159.00
21	PS Nasriganj	2315.25	52	GP Amri	248.00
22	PS Saraiya	7016.93	53	GP Manika	345.45
23	PS Aurai	1076.76	54	GP Ghuriary	158.71
24	PS Samhi Akra Kurha	487.02	55	GP Pandarakh West	51.86
25	PS Fatuha	169.92	56	GP Bharatpura	106.16
26	PS Navhatta (Saharsa)	1177.01	57	GP Selhauri Belhauri	120.37
27	PS Daniawana	697.72	58	GP Aura	117.79
28	PS Belhar	4229.39	59	GP Hathidah Bujurg	131.63
29	PS Manihari	829.99	60	GP Rajopur	106.00
30	PS Viraul	7126.35	61	GP Katahri	171.00
31	PS Sampatchak	601.99	<b>Total</b>		<b>18661.360</b>

**APPENDIX- IX**

**Statement showing details of fruitless expenditure due to non-completion of works  
(MNREGS)**

(Reference: Para no -4.2.1/ Page no-30)

(₹ in crore)

Sl. No.	Name of PRIs	Total No. of Schemes	No. of schemes (Period)	Estimated Cost	Payment Made	Actual Payment made as per M.B	Excess advance not recovered
1	ZP Madhepura	1	1 (2007-08)	0.130	0.129	0.128	0.001
2	ZP Sheohar	12	12(2007-08)	2.177	1.565	0.956	0.609
3	PS Dinara	20	NA	0.376	0.247	0.223	0.024
4	PS Piprahi	1	1(2006-07)	0.053	0.053	0.048	0.005
5	PS Shahpur	1	1(2006-07)	0.085	0.062	0.025	0.037
6	PS Amdabad	1	1(2006-07)	0.076	0.070	0.063	0.007
7	PS Balrampur	24	24(2006-07)	1.091	0.831	0.504	0.320
8	GP Gunsej	1	1(2007-08)	0.007	0.006	0.004	0.002
9	GP Lilbachh	2	2(2006-07)	0.016	0.015	0.010	0.005
10	GP Phulwaria	1	1(2007-08)	0.011	0.011	0.001	0.010
11	GP Sargapur	1	1(2006-07)	0.020	0.017	0.011	0.006
12	GP Jhakara	1	1(2006-07)	0.024	0.011	0.010	0.001
13	GP Pararia	3	3(2006-07)	0.047	0.041	0.040	0.001
	<b>Total</b>	<b>69</b>		<b>4.113</b>	<b>3.058</b>	<b>2.023</b>	<b>1.028</b>

**APPENDIX- X**

**Statement showing details of Muster Rolls with same names**

(Reference: Para no – 4.3.1/ Page no-34)

Sl. No.	Name of PRI	Scheme No./Period	Period of engagement of labourers	No. of names appearing more than once
1	ZP Patna	6/1 of 06-07 (MNREGS)	09.06.2008 to 15.06.2008	10 labourers appeared four times, 90 labours appeared thrice
		7/37(06-07) & 8/37(06-07) (MNREGS)	24.12.07 to 30.12.07	8 labours appeared in both schemes
		7/37(06-07) & 8/37(06-07) (MNREGS)	02.01.08 to 08.01.08	8 labours appeared in both schemes
		1/37(06-07) & 2/37(06-07) (MNREGS)	07.01.08 to 09.01.08	19 labours appeared in both schemes
2	PS Paru	54(06-07)(MNREGS)	25.03.07 to 03.05.07	1 labours appeared twice in each week
3	PS Aurai	1/06-07(12 <sup>th</sup> FC)	31.01.07 to 05.02.07	1 labours appeared twice
		1/06-07(12 <sup>th</sup> FC)	23.01.07 to 29.01.07	3 labours appeared twice
4	PS Minapur	8/03-04(SGRY)	09.03.04 to 14.03.04	34 labours appeared twice
5	PS Khushrupur	6/05-06 (SGRY)	14.05.06 to 20.05.06	10 labours appeared six times, 10 labours appeared thrice
6	PS Punpun	16/05-06(SGRY)	01.04.06 to 07.04.06	10 labours appeared thrice, 20 labours appeared twice
7	PS Kursaila	4/03-04(SGRY)	25.05.04 to 31.05.04	6 labours appeared twice
8	PS Singhwara	29/06-07 & 30/06-07 (MNREGS)	14.01.07 to 20.01.07	9 labours appeared in both schemes
		2/06-07 & 63/06-07 (MNREGS)	07.03.07 to 11.03.07	3 labours appeared in both schemes
		72/06-07 & 73/06-07 (MNREGS)	14.06.07 to 19.06.07	8 labours appeared in both schemes
		62/06-07 & 64/06-07 (MNREGS)	16.03.07 to 18.03.07	4 labours appeared in both schemes
9	PS Mushahari	18/03-04 & 19 (03-04)(SGRY)	10.05.04 to 17.05.04	6 labours appeared in both schemes
10	PS Punpun	15/05-06 & 16/05-06 (SGRY)	01.04.06 to 07.04.06	30 labours appeared in both schemes
11	P.S Dhoraiya	5/05-06 & 06/05-06 (SGRY)	1.12.05 to 7.12.05 9.12.05 to 15.12.05 17.12.05 to 23.12.05 25.12.05 to 31.12.05	04 labourers were found engaged twice in both schemes.

12	P.S Panchdevari	(3/05-06 & 6/05-06) (MNREGS)	20.04.06 to 26.4.06	01 labourers found engaged twice in both
13	P.S Mohanpur	4/01-02(SGRY)	20.6.02 to 26.6.02	5 labourers appeared twice
14	P.S Koda	1/02-03 (Xth FC)	17.03.03 to 26.03.03	10 labourers appeared twice.
15	P.S Katoria	59/06-07 & 67/06-07 (SGRY)	22.03.07 to 30.03.07	4 labourers appeared twice in both schemes
16	P.S Keoti	11/05-06 & 12/05-06 (SGRY)	19.03.06 to 25.03.06	8 labourers appeared twice in both schemes
17	P.S Kalyanpur	26/05-06,27/05-06,70/05- 06,75/05-06,77/05-06,85/05-06 ,86/05-06,87/05-06,88/05-06 (SGRY)	20.12.05 to 16.01.06	10 labourers appeared in all nine schemes
18	G.P Derukhpurvi phohadi	02/01-02 (SGRY)	25.02.02 to 03.03.02	6 labourers appeared twice
19	GP Tajnipur (PS Bind)	14/03-04(SGRY)	18.03.04 to 25.03.04	6 labours appeared twice
20	GP Sonpur Pachadi (PS Viraul)	3/06-07 (MNREGS)	17.03.07 to 23.03.07	3 labours appeared twice
21	GP Ibrahimpur (PS Barh)	4/07-08 & 6/07-08 (MNREGS)	01.06.08 to 07.06.08	8 labours appeared twice in both schemes
		4/07-08 & 6/07-08 (MNREGS)	09.06.08 to 15.06.08	8 labours appeared twice in both schemes
22	GP Pothia (PS Falka)	1/06-07 & 2/06-07 (MNREGS)	01.04.07 to 07.04.07	8 labours appeared twice in both schemes

## Appendix-XI

### Statement showing expenditure of 12th F.C. grant towards Repair/Renovation of Zila Parishad/Block Offices etc.

(Reference: Para No.- 4.4.6/ Page No.-37)

Sl. No.	Name of Fund	Scheme No./year	Particulars of work	Amount Spent (₹ in Lakh)
1	ZP Supaul	1/2006-07	Construction of computer room at ZP office	2.10
		1/2007-08	Renovation of ZP conference hall	6.55
		2/2007-08	Construction of chairman's quarter in ZP campus	3.72
2	ZP Motihari	NA	Construction of PCC road at ZP Campus, repairing of ZP Building, Chairman's residence CEO's residence, Generator room, guard room etc. (10 works)	53.51
3	ZP Madhubani	1/2008-09	Misc. Repairing at DDC's residence	2.75
		2/2008-09	Special repairing of Govt. offices at Z.P campus	3.49
		3/2008-09	Repairing of staff quarters of Z.P	6.93
		4/2008-09	Special repairing of Govt. offices at Z.P chairman & V.C.	3.73
		5/2008-09	Repairing of kitchen stores puja bhawan at DDC's residence	1.68
		6/2008-09	Repairing of DDC's residence	1.85
		7/2008-09	Special repairing of chairman's residence	5.61
		8/2008-09	Repairing of roof of Z.P office	1.25
4	ZP Saran	9/2006-07	Repairing of the office of DDC cum CEO	1.32
		10/2007-08	Repairing of staff quarters in the campus of CEO	1.96
		19/2007-08	Boring and water supply in ZP campus	1.83
5	ZP Darbhanga	NA	Construction of ZP's main gate	1.45
		NA	Construction of ZP's conference hall	2.26
		NA	Repairing of ZP's chairman & VC's chamber	3.48
		NA	Development of ZP's campus	5.85
6	PS Purnea East	01/2006-07	Repairing of block office building	5.30
		02/2007-08	Repairing & renovation of boundary wall of residential campus under block office	2.45
		01/2008-09	Renovation of & beautification of main gate of P.S. Hd. Qtr.	1.76
7	PS Barhat	02/2007-08	Repairing of block office	1.58
		01/2008-09	Repairing of Sadhbhawana Bhawan of training-cum-production centre of block office	1.33
8	PS Manihari	02/2007-08	Repairing of Circle-cum-Block Office	1.50
		04/2007-08	Repairing of TRYSEM building and Anchal Guard Bhawan	2.00
9	PS Dandari	02/2006-07	Repairing of Block Office	1.79

10	PS Aurai	01/2006-07	Renovation of Community-cum-Office Hall under block premises	3.89
		05/2006-07	renovation of Atma Bhawan and etc. at block office	1.48
11	PS Sampchat	1/2006-07	Repairing of Block Office	1.49
12	PS Asthawan	01/2006-07	Repairing of laterine unit under block compound	1.88
		02/2006-07	Repairing of boundary wall of B.D.O. residence	1.83
13	PS Barahat	01/2006-07	Repairing of Block cum C.O. office	3.58
14	PS Paru	02/2006-07	Renovation of office of A.E. & JE under block premises	2.10
15	Katihar	01/2007-08	Special repairing of Anchal guard building	2.16
		02/2007-08	Repairing of block circle office garrage	1.25
16	Chauthan	01/2007-08	Construction of gate & approach road of Block-cum-Circle office	2.00
17	Chenari	06/2006-07	Repairing of Block Office	1.00
18	Jamui	02/2006-07	renovation of TRYSEM building	1.20
		03/2007-08	Repairing of Block Office	4.13
		01/2005-06	Afforesation and fencing of Block campus	3.80
19	PS Viraul	02/2006-07	Renovation of Block Headquarter building	2.01
		03/2006-07	Renovation of Block Najarat building	1.29
		04/2006-07	Renovation of Anchal Guard building	1.28
20	PS Amour	01/2006-07	Special repairing of Block-cum-Circle Office	11.50
21	PS Madhubani	01/2007-08	Construction of solar light in block office campus	1.01
22	Sakra	01/2006-07	Repairing & maintenance of residential building in block campus	2.27
		02/2006-07	Special repairing of Block-cum-Circle Office	1.18
		01/2008-09	Repairing of Anchal Guard building in block headquarter	1.78
23	PS Mushari	02/2006-07	Renovation and repairing of block office building	3.96
24	PS Rupauli	01/2008-09	Fencing of rain measurement instrument situated in block headquarter	2.26
25	PS Falka	01/2006-07	Renovation of block office building	2.31
		02/2006-07	Construction of computer data base building in block campus	3.07

26	Saraiya	01/2005-06	Repairing of boundary wall of block campus and repairing of sabha bhawan	3.17
		01/2006-07	Renovation of Block Office	3.60
		01/2007-08	Renovation of B.D.O. quarter	1.22
		01/2008-09	Renovation of old buildings of block campus	1.27
27	PS Punpun	02/2006-07	Repairing of old Block Panchayat Samiti Office	1.43
		01/2007-08	Fencing and other work in Anchal Main Building	1.17
28	Singhwara	07/2008-09	Repairing of Block-cum-Circle Office	4.58
29	PS Meenapur	01/2008-09	Repairing and water supply to residence under block premises	3.65
30	PS Sikandara	01/2006-07	Repairing of Block Building	1.60
		02/2006-07	Repairing of Block Building	1.60
		01/2007-08	Repairing of chabutra under block premises	1.10
31	PS Dehri	01/2007-08	Repairing of Block Building	2.17
32	PS Dhamdaha	01/2007-08	Repairing of Block-cum-Anchal Office	4.29
33	PS Dawath	01/200809	Repairing of Block Building	1.43
34	PS Banmankhi	04/2005-06	Repairing of Block Building	4.30
		01/2006-07	Repairing of block office, computer and generator room	1.65
		04/2007-08	Construction & repairing of boundary wall of Block Office	1.89
35	PS Danapur	01/2007-08	Repairing of Block Building	2.23
36	PS Kurhani	02/2006-07	Repairing of TRYSEM,CDPO building & meeting hall under block premises	3.56
		03/2006-07	Repairing of BDO residence	1.66
		04/2006-07	Repairing of supervisor and group 'D' staff residence	2.49
37	PS Fatuha	01/2006-07	Renovation of mini ITI under Block premises	2.70
		01/2007-08	Repairing of boundary wall of children park under block premises	1.64
38	PS Mansahi	2/2007-08	Repairing of TRYSEM Bhawan and latrine	1.16
39	PS Hanumannagar	01/2007-08	Renovation and repairing of block building	1.15
40	PS Pandarakh	03/2006-07	Renovation of meeting hall under Block premises	1.64
		04/2006-07	Renovation of community hall under Block premises	1.99

	04/2007-08	Renovation & repairing of TRYSEM Bhawan & latrine	1.15
	05/2007-08	Repairing of Chamber of BDO,CO,Pramukh and animal husbandry office	2.21
	<b>Total</b>		<b>258.44</b>

## Appendix-XII

### Glossary of Abbreviation

<b>LAD</b>	Local Audit Department
<b>LFA</b>	Local Fund Audit
<b>C &amp; AG</b>	Comptroller and Auditor General
<b>PRIs</b>	Panchayat Raj Institutions
<b>SC/ST</b>	Scheduled Caste/Scheduled Tribes
<b>SGRY</b>	Sampurna Gramin Rojgar Yojana
<b>PDS</b>	Public Distribution System
<b>ZPs</b>	Zila Parishads
<b>DRDA</b>	District Rural Development Agency
<b>DM</b>	District Magistrate
<b>DDC</b>	Deputy Development Commissioner
<b>GP</b>	Gram Panchayat
<b>PS</b>	Panchayat Samiti
<b>SFC</b>	State Finance Commission
<b>EFC</b>	Eleventh Finance Commission
<b>TFC</b>	Twelfth Finance Commission
<b>CEO</b>	Chief Executive Officer
<b>RDD</b>	Rural Development Department
<b>PL A/cs</b>	Personal Ledger Accounts
<b>AAP</b>	Annual Action Plan
<b>BDO</b>	Block Development Officer
<b>PRD</b>	Panchayat Raj Department
<b>ACP</b>	Assured Carrier Promotion
<b>BPRA</b>	Bihar Panchayat Raj Act
<b>D.B.</b>	Dak Bunglow
<b>I.B</b>	Inspection Bunglow
<b>ELA</b>	The Examiner of Local Accounts
<b>BLFA</b>	Bihar Local Fund Audit
<b>BRGF</b>	Backward Region Grant Fund
<b>NREGS</b>	National Rural Employment Guarantee Schemes
<b>EAS</b>	Employment Assurance Scheme
<b>JRY</b>	Jawahar Rojgar Yojna
<b>Misc.</b>	Miscellaneous
<b>SDO</b>	Sub Divisional Officer
<b>NA</b>	Not Applicable
<b>TSI</b>	Technical Support Institutions
<b>AR</b>	Audit Report
<b>AAR</b>	Annual Administration Report
<b>JE</b>	Junior Engineer
<b>AE</b>	Assistant Engineer
<b>GPFS</b>	General Purpose Financial Statements