

Annual Technical Inspection Report on Panchayat Raj Institutions and Urban Local Bodies

for the year ended 31 March 2013

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Office of the Principal Accountant General (Audit), Sikkim

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Government of Sikkim

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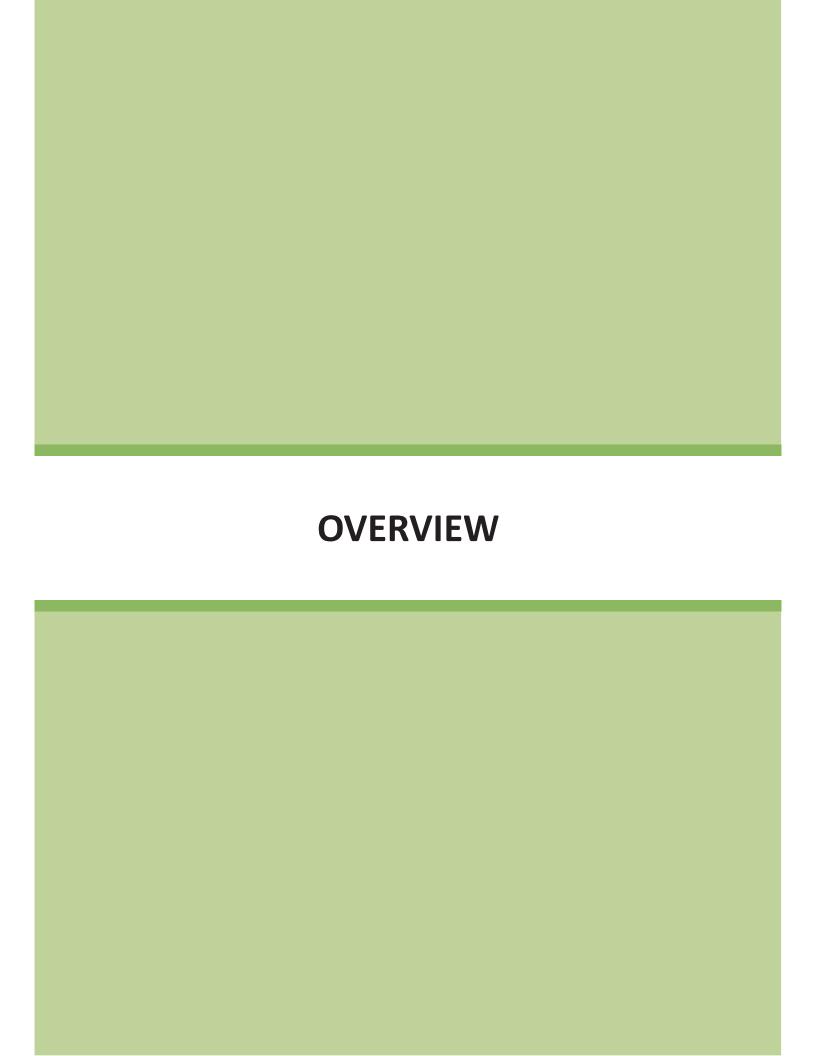
PREFACE

This Report for the year 2012-13 deals with the results of audit of the accounts of Panchayat Raj Institutions and Urban Local Bodies in the State of Sikkim. This is the sixth Technical Inspection Report for the PRIs and ULBs of the State of Sikkim.

This report has been prepared for submission to the Government of Sikkim in accordance with the terms and conditions of the Technical Guidance and Support (TGS) on audit of the accounts of Panchayat Raj Institutions (PRIs) and Urban Local Bodies (ULBs) as entrusted by the State Government to the Comptroller and Auditor General of India under Section 20(1) of CAG's DPC Act 1971.

The cases mentioned in the report are among those which came to notice mainly in course of audit of accounts of Zilla Panchayats, Gram Panchayats and Urban Local Bodies for the year 2012-13.

The purpose of this report is to give an overview of the functioning of PRIs and ULBs in the State of Sikkim and to draw the attention of the executive Departments, PRIs and ULBs for remedial actions and improvement wherever necessary.



OVERVIEW

This report contains five Chapters. Chapter I has two sections, Section 'A' gives an overview of the Panchayat Raj Institutions in the State and Section 'B' contains audit comments on Financial Reporting. Chapter II contains Performance Audit on "Implementation of Rural Drinking Water Programmes". Chapter III and V contain Transaction Audit Paragraphs. Chapter IV has two sections, Section 'A' gives an overview of the Urban Local Bodies in the State and Section 'B' contains Financial Reporting.

1. An overview of Panchayat Raj Institutions

Despite the provision for collection of taxes under Section 39(1) and 40(1) of Sikkim Panchayat Act, 1993, 126 out of 176 GPs had neither initiated any steps to identify the areas for levying taxes nor collected any revenue.

(Paragraph 1.6.1)

In the absence of a sound basis for transfer of funds to the PRIs by the departments, the PRIs could not formulate any plan with certainty. Thus, the planning at the PRI level was on an ad-hoc basis.

(Paragraph 1.8)

Although the State Government was to delineate the role and responsibilities of each tier of the PRIs by transferring 29 subjects for devolution of all the functions listed in the XIth schedule of the Constitution, the same was not implemented completely and only 15 subjects were transferred to the PRIs.

(Paragraph 1.9.1)

Scrutiny of records of 83 GPs revealed that many basic records and registers were not maintained properly as required under the Sikkim Gram Panchayat (Financial) Rules, 2004.

(Paragraph 1.13)

Despite provision under Sikkim Panchayat Act, 1993, none of the PRIs had maintained asset registers to indicate the assets possessed by the GPs/ZPs, cost of assets, maintenance cost, etc. Annual Physical Verification of assets as required under the Financial Rules was also not carried out in any of the GPs/ZPs.

(Paragraph 1.14.3)

2. Performance Audit on Rural Drinking Water Programmes

Out of total 2,498 habitations (Fully Covered-1,608 and Partially Covered-890), the State upgraded 262 PC to FC through execution of 608 projects out of 1,668 sanctioned projects.

(*Paragraph- 2.8 and 2.12*)

Comprehensive planning for rural water supply was not ensured by formulating State Specific Policy Framework, Annual Comprehensive Water Security Action Plan and Village Water Security Plan.

(Paragraph- 2.10)

There was short release of funds of $\not\equiv$ 65.82 crore by GOI and belated release of funds of $\not\equiv$ 27.30 crore to implementing agencies by the State Government. This short and belated release of funds affected programme implementation.

(Paragraph- 2.11.2 and 2.11.3)

The VWSC incurred an additional avoidable expenditure of \ref{thm} 10.25 lakh towards construction of sedimentation tank.

(Paragraph- 2.12)

Absence of adequate and timely maintenance of existing water supply projects led to damage of existing pipelines, tanks, and drying up of water sources resulting in 'slip back' of habitations from 'Fully Covered' to 'Partially Covered'.

(Paragraph- 2.13)

Quality control of water was not accorded due importance as the target for testing by the water testing laboratories was not fixed, field testing kits were not kept in functional condition, water samples were found 'unfit' for human consumption in many cases etc.

(Paragraph- 2.15)

Monitoring of executing agencies was inadequate in absence of establishment of Special monitoring cell and quality assurance team was not constituted to ensure proper quality of work. Neglect of Information Education and Communication (IEC) activities, as a result of which consumers were not well aware about management of water supply systems leading to drying up of sources, en-route tapping, etc.

(Paragraph- 2.16)

3. Transaction Audit Paragraphs of PRIs

The additional guest house at Tashiding constructed at a cost of ₹ 76.72 lakh from Special Central Assistance to Tribal Sub Plan was neither utilised for the intended purpose of accommodating tourists nor did it help in promoting tribal welfare.

(Paragraph 3.1)

Due to selection of beneficiaries without reference to their keenness in the trade, absence of follow-up and monitoring by the ZP / line department, ₹ 37.64 lakh incurred towards the distribution of piglet and poultry failed to achieve the intended objectives of the programme of enhancing cattle production in the District.

(Paragraph 3.2)

The Backward Region Grant Funds of ₹ 25.75 lakh was unauthorisedly diverted towards construction of co-operative society building in violation of BRGF guidelines.

(Paragraph 3.3)

The GPs and the RMDD failed in ensuring maintenance of accounts in the prescribed new accounting format by the PAAs for which they were primarily appointed, leading to unfruitful expenditure of \mathbb{Z} 2.99 crore.

(Paragraph 3.4)

4. Section "A"- An overview of the Urban Local Bodies

The revenue income showed an increasing trend except in the case of two Nagar Panchayats in the last three years.

(Paragraph 4.4.4)

All the 18 functions listed in the XIIth Schedule of the Constitution were to be transferred by the State Government to the ULBs, of which only three functions (viz. solid waste management, SJSRY and parking lots) were implemented by ULBs as of March 2013.

(Paragraph 4.6)

4. Section "B"- Financial Reporting

The Sikkim Urban Local Bodies Accounting Manual based on the National Municipal Accounting Manual (NMAM) was yet to be approved by the Government.

(Paragraph 4.9.2)

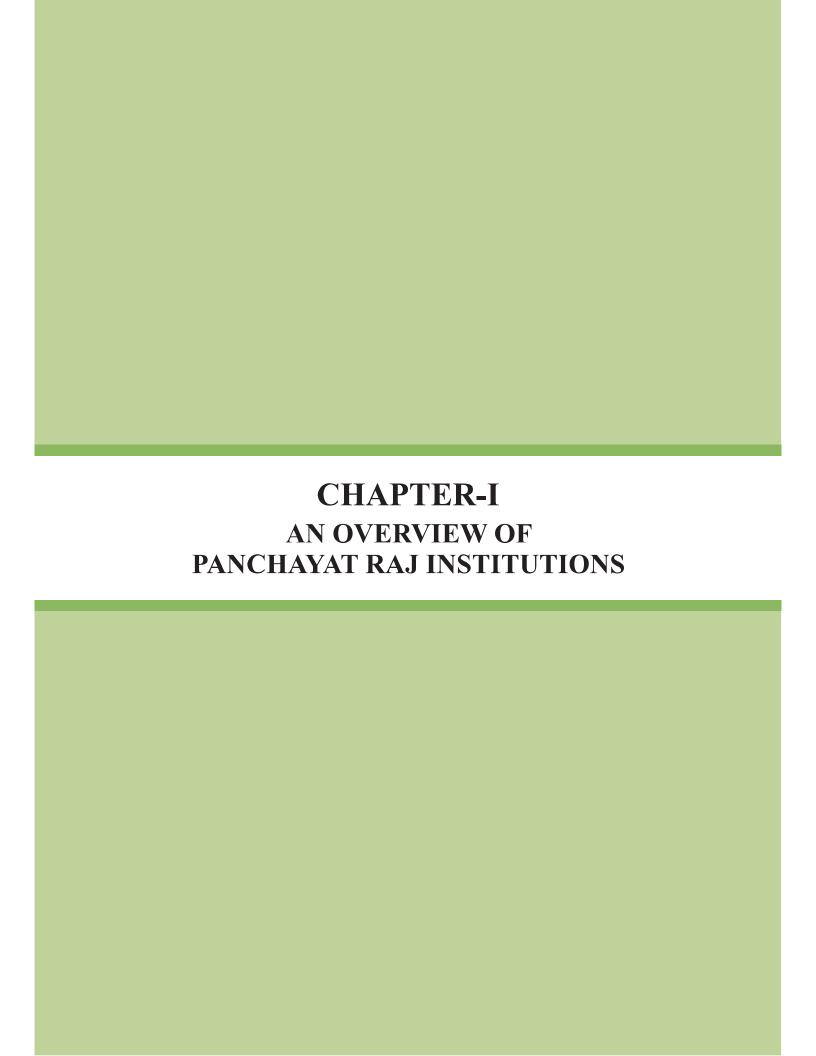
The ULBs were required to prepare their budgets. However, none of the four ULBs test checked had prepared budget till 2012-13 and expenditure was incurred without preparation and approval of the budget.

(Paragraph 4.9.3)

5. Transaction Audit Paragraphs of ULBs

The Gangtok Municipal Corporation unauthorisedly diverted ₹ 35.98 lakh from SJSRY towards administrative charges in contravention of the scheme guidelines and terms of the sanction.

(Paragraph-5.1)



CHAPTER-I

SECTION 'A'

AN OVERVIEW OF PANCHAYAT RAJ INSTITUTIONS

1.1 Introduction

The 73rd Constitutional Amendment gave constitutional status to Panchayat Raj Institutions (PRIs) and established a system of uniform structure, elections, regular flow of funds through Finance Commissions, etc. As a follow up, the States are required to entrust the PRIs with such powers, functions and responsibilities 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.

Consequent to the 73rd amendment of the Constitution, the Government of Sikkim enacted the Sikkim Panchayat Act, 1993. Under this Act, a two tier system of PRIs viz., Gram Panchayat at Village level and Zilla Panchayat at the District level were established. As of March 2013, there were 4 ZPs¹ and 176 GPs in the State.

Article 243 of the Constitution of India provides that elections in Panchayats and Municipalities shall be held once in every five years. Elections to the PRIs in the State were last conducted on 6^{th} November 2012.

1.2 State profile

As per 2011 Census, the total population of the State is 6.11 lakh of which male population is 3.23 lakh (53 per cent) and female population is 2.87 lakh (47 per cent). The rural population in the State is 4.56 lakh (75.03 per cent). Sikkim has a total literacy rate of 82.20 per cent (2011 Census) compared to the All India literacy rate of 74.04 per cent. The service sectors along with the agricultural sector dominate the State's economy. The important statistical information of the State is given in Table 1.1:

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North, East, South and West.

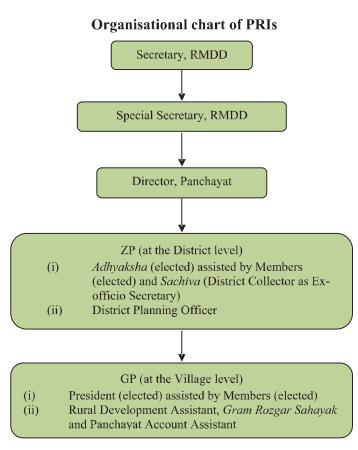
Table 1.1
Important statistics of the State

Indicator	Unit	State value	National value
Area	Sq.km.	7,096	32,87,263
Rural area	Per cent	88.90	72.20
District	Numbers	4	640
Village	Numbers	453	6,38,588
Population	In lakh	6.11	12,101.93
PRIs	Numbers	176	2,46,062
Municipal Corporation	Numbers	1	139
Municipal Council	Numbers	1	1,595
Nagar Panchayat	Numbers	5	2,108
Gender Ratio	1000 male	889	940
Poverty	Per cent	19.33	26.10
Literacy	Per cent	82.20	74.04
Total Households	Numbers	1,29,006	19,35,79,954

Source: Census report 2011 and information furnished by the State Government

1.3 Organisational structure of PRIs

The Secretary, Rural Management & Development Department (RMDD), is the administrative head of PRIs. He is assisted by the Special Secretary and Director (Panchayat) in exercising overall control and supervision of PRIs in the State. The organogram given below depicts the organisational structure of the Department and the PRIs.



1.3.1 Standing Committees

The State Government constituted a number of committees such as Social Audit-cum-Vigilance Committee; Disaster Management Committee; Block Development Committee; Village Health & Sanitation Committee; District Technical Support Committee; Water Supply & Sanitation Committee for smooth functioning of the Gram Panchayat, Block, etc. The position of various committees along with their assignments in respect of 83 test checked GPs are given below:

Sl. No.	Committee	Assignment	Audit Comment
1	Social Audit –cum- Vigilance Committee	To ensure that the works are executed at Panchayat level as per estimate and also to monitor the quality of works. The Committee consisted of a wide spectrum of stake holders, users, and marginalised and vulnerable sections of society, including women and senior citizens of the Gram Panchayat.	The Committee certifies the works executed by Gram Panchayats. However, day-to-day monitoring to ensure the quality of work was not done by the Committee.
2	Disaster Management Committee	To prepare disaster mitigation and preparedness plan, conduct mock drills twice a year, generate awareness among the residents on disaster preparedness, and manage and facilitate training of Disaster Management Team.	Disaster mitigation and preparedness plans were not prepared by GPs. Preparatory exercises such as conducting mock drills twice a year, generating awareness among the residents on disaster preparedness, management and facilitating training of Disaster Management Team were not carried out.
3	Block Development Committee	Identifying schemes and scrutinising them for overall development of the Gram Panchayat and Block, taking up schemes for implementation by ensuring proper monitoring and maintenance as well as projecting them to the District Planning Committee (DPC) so that the development/benefits generated at the lowest level (Gram Panchayat) is in overall interest of the Block through participation of the beneficiaries.	Monitoring and maintenance of schemes was not adequately done.
4	Village Health Sanitation Committee (VHSC)	Responsible for the overall sanitation facilities in the village and health condition of the villagers, formulation of village level health plan, analysing health issues, conducting household surveys and submitting reports.	VHSC was not adequately functional as it did not carry out household surveys before implementing the sanitation programme.

5	District Technical Support Committee	Preparation of District Perspective Plan for each sector; coordinating with the Gram Panchayat functionaries and its working groups to provide technical inputs for preparation of GP plan; assisting in formulation of ZP Plan and preparation of projects in collaboration with the Zilla Panchayat and scrutiny of technical aspects of the GP / ZP plan and submitting its observations to the District Planning Committee (DPC).	Estimates prepared by GPs were not technically vetted by District Technical Support Committee. This resulted in deficiency in preparation of estimate and also execution of a number of works without estimates being prepared.
6	Water Supply & Sanitation Committee	Preparation of Village Action Plan(VAP); preparation of the Water Safety Plan; conducting community mapping to describe the system; walk the system "Source to Mouth" ² ; preparation and operationalisation of Water Safety Plan; preparation of proposal for submission to the District for financing.	The Committee remained largely ineffective as action for preparation of the Water Safety Plan; community mapping to describe the system; walk the system "Source to Mouth"; preparation and personalisation of the Water Safety Plan; preparation of proposal for submission to District for financing had not been initiated.

1.4 District Planning Committee

In pursuance of Article 243ZD of the Constitution of India and Section 127 of the Sikkim Panchayat (SP) Act 1993, the State Government constituted (July 2008) the District Planning Committee (DPC). The Committee consisted of Members of the Legislative Assembly whose major part of the constituencies fell within the District; three members of the Zilla Panchayat besides the *Adhyaksha*, which shall include one member from Nagar Panchayat, an economist/ Sr. Administrative Officer appointed by the State Government, District Collector and Additional District Collector (Development) –cum-Panchayat Officer. The *Adhyaksha* will be the Chairman; the Mayor/President of Municipal Corporation/Council, the Vice-Chairman; and the Additional District Collector (Development) –cum-Panchayat Officer, the Member Secretary. The other members of the Committee consisted of Members of Parliament of both the Houses. The Committee was assigned the role and responsibility of consolidating the plans prepared by the ZPs, GPs, Nagar Panchayats and the Municipal Corporation in the District and preparing a draft development plan for the District as a whole.

Audit observed that the DPCs finalised the Annual District Development Plans (ADDPs) by merely consolidating the plan proposals received from the various line departments, without taking any inputs from the grassroot level for the overall District Development Plan. It also did not forward the same to the State Government for integration with the

² "Source to Mouth" means the water supply from its originating place (source) to the consumer point (mouth).

State plan. The DPCs had also not adequately engaged technical experts from different fields during preparation of the development plans.

1.5 Financial profile

The PRIs are solely funded by the Government through grants-in-aid from Central and State Governments for general administration as well as developmental activities. Funds are initially reflected in the State budget against the outlay of various administrative departments under grants-in-aid. Individual departments thereafter transfer the funds to *Sachiva*, Zilla Panchayats for Zilla Panchayat and Additional District Collector (Development)—cum- Panchayat Officer for GPs as grants-in-aid. The ZPs and GPs, in turn, deposit their funds in the savings account maintained with nationalised banks.

1.5.1 Overall financial position of PRIs

The Rural Management and Development Department (RMDD) could not furnish (March 2013) information on the opening balance, total receipts, total expenditure and closing balance regarding availability of funds and its utilisation by the Gram Panchayats and Zilla Panchayats during 2012-13. Audit obtained the information directly from ZPs / GPs. According to information furnished by two ZPs and 91GPs, a total of ₹ 67.34 crore was available, of which ₹ 50.48 crore was spent during 2012-13, leaving a balance of ₹ 16.86 crore as shown in table 1.2:

Table 1.2

(₹ in crore)

ZP / GP	Total fund available	Expenditure	Balance
ZPs (North & East)	23.86	11.97	11.89
East Sikkim (23 GPs)	3.83	2.22	1.61
West Sikkim (8 GPs)	2.43	2.02	0.41
North Sikkim (21 GPs)	22.51	22.41	0.10
South Sikkim (39 GPs)	14.71	11.86	2.85
Total	67.34	50.48	16.86

Source: Information furnished by ZPs& GPs

1.5.2 Inadequate release of fund to PRIs

As per Cabinet decision (March 2007), various departments of the State Government were required to transfer 10 *per cent* of the plan funds to the PRIs. The Third State Finance Commission Recommendations (March 2010), accepted by the State Government (November 2010), also stipulated for transfer of funds ranging between 2 to 35 *per cent* by various departments for the period 2010-11 to 2014-15. It was, however, noticed that the fund allocations to the PRIs ranged between 0.61 to 1.95 *per cent* of total Plan expenditure of the State Government during 2008-12. The fund allocations, however, improved marginally to 2.48 *per cent* of the total plan expenditure of the State Government during 2012-13, as shown in table 1.3:

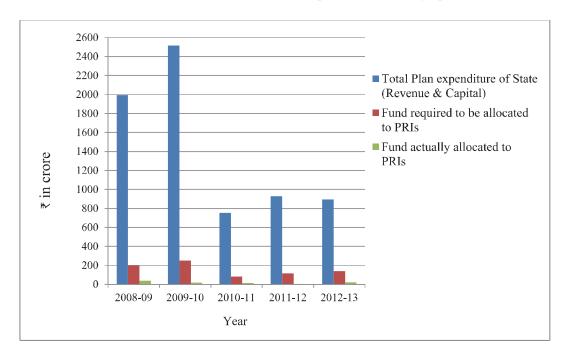
Table 1.3

(₹ in crore)

Year	Total plan expenditure of State (Revenue & Capital)	Fund required to be allocated to PRIs	Fund actually allocated to PRIs	Percentage
2008-09	1,992.34	199.23	38.90	1.95
2009-10	2,514.53	251.45	19.24	0.76
2010-11	754.48*	83.66	13.42	1.78
2011-12	927.64*	117.29	5.66	0.61
2012-13	894.18*	140.69	22.14	2.48
Total	7,083.17	792.32	99.36	

Source: Finance Accounts 2012-13 of Government of Sikkim

The total plan expenditure of State (Revenue & Capital), the fund required to be allotted to PRIs, and fund actually allocated to PRIs are depicted in the bar graph below:



Thus, despite the Cabinet decision and State Finance Commission's recommendations for transfer of funds ranging from 2 to 35 *per cent* by various departments, the State Government departments did not release the requisite funds to the PRIs (except in 2012-13) resulting in non-availability of adequate funds for implementation of various welfare activities.

1.5.3 Non-adherence to State Finance Commission recommendations

State Finance Commission (SFC) is set up to recommend:

Arrangements for distribution between the State and Panchayats as well as the Municipalities of net proceeds of the taxes, duties and fees leviable by the State.

^{*}Plan expenditure of only 14 Departments has been taken as per recommendation of the Third State Finance Commission.

- The determination of taxes, duties and tolls which may be assigned to or appropriated by the Panchayats as well as the Municipal bodies.
- For Grants-in-aid to the Panchayats as well as the Municipal bodies from the Consolidated Fund of the State.

Accordingly, the Third State Finance Commission (TSFC) recommended (February 2010) certain measures for improving the fiscal health of the Panchayats and Municipalities, which although accepted (November 2010) by the State Government, were not adhered to by the departments as detailed in the succeeding paragraphs:

It was noticed that the gap between allocations to PRIs and stipulation by the Cabinet i.e. transfer of 10 *per cent* of the plan funds to PRIs, had widened. While the State budget allocation increased from ₹ 1,992.34 crore (2008-09) to ₹ 2,514.53 crore (2009-10), the allocation for PRI decreased from ₹ 38.90 crore (2008-09) to ₹ 19.24 crore (2009-10). Similarly, during 2010-11 to 2012-13 also, considering the allocation to 14 departments (as recommended by TSFC), the PRI allocation was not commensurate with the stipulation. While the State budget for 14 departments increased from ₹ 754.48 crore (2010-11) to ₹ 894.18 crore (2012-13), the PRI allocation was only ₹ 13.42 crore for 2010-11 and ₹ 22.14 crore for 2012-13.

The Third State Finance Commission (TSFC) worked out the gap between administrative expenditure and own revenue of the PRIs (if the PRIs levied and collected all taxes as recommended by TSFC) and recommended the transfer of fund of ₹ 4.33 crore for 176 GPs {to be met from 2.28 per cent of net proceeds of revenue (after deducting 25 per cent of total revenue collected as cost of collection) collected by 8 departments ³ } for administrative expenses, which was accepted by the State Government. However, no fund was transferred to GPs towards administrative expenditure from this receipt head during 2012-13. Absence of transfer of full amount for administrative expenses constrained the PRIs to spend developmental fund for defraying establishment cost to that extent.

TSFC also recommended (February 2010) for the year 2012-13, the transfer of (i) 2.42 to 30.25 *per cent* plan fund aggregating to ₹ 92.91 crore from 14 sectors⁴ towards 'Specific purpose grant'; and (ii) 20 *per cent* of State Plan budget under RMDD towards General Purpose Grant to PRIs. This, however, was not followed during the year 2012-13. The total allocation under 'specific purpose grant' was excluding teachers' salary. The quantum of grant fixed as 'General purpose grant' was 24.20 *per cent* of the State Plan budget under RMDD. This percentage of 'General purpose grant' was also recommended by TSFC as untied grant⁵ in addition to 'Specific Purpose Grant'.

(i) Agriculture and Allied services, (ii) Animal Husbandry, (iii) Human Resource & Development Department, (iv) Health, (v) Forest, (vi) Commerce and Industries, (vii) Disaster Management, (viii) Irrigation, (ix) Culture, (x) RMDD, (xi) Co-operative, (xii) Social Welfare, (xiii) Tourism, and (xiv) Power

i. Land Revenue, ii. Stamps and Registration, iii. Tax on Sale, Trade etc. iv. Animal Husbandry, v. Forestry and Wildlife, vi. Minor Irrigation, vii. Village and Small Industries and viii. Tourism

Untied grants are not linked to any specific programme or purpose and can be utilised at the discretion of the PRIs towards meeting innovative/need based activity for GP/ZP.

1.6 Source of Receipts

The broad sources of receipts of PRIs for the period from 2008-09 to 2012-13 are given in table 1.4:

Table 1.4

(₹ in crore)

Year	Centra	al Grant		State	Grants		Total Fund		Grand	
			Development Fund		nt Direction & transferred from Tot Administration other Departments				tal	
	ZP	GP	ZP	GP	ZP	GP	ZP	GP	ZP	GP
2008-09	0	13.15	2.29	4.97	3.00	1.05	9.56	18.03	14.85	37.20
2009-10	33.95	107.17	2.70	2.71	2.07	1.45	5.78	13.46	44.50	124.79
2010-11	7.85	64.91	0.12	0.07	4.47	2.00	4.59	2.17	17.03	69.15
2011-12	9.14	122.12	0	0	3.67	2.00	0	0	12.81	124.12
2012-13	23.00	82.21	4.61	4.97	4.11	8.45	0	0	31.72	95.63
Total	73.94	389.56	9.72	12.72	17.32	14.95	19.93	33.66	120.91	450.89

Source: Information furnished by the Rural Management & Development Department, Government of Sikkim

The broad sources of receipts from Central Grants during the year 2008-09 to 2012-13 were from Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS), Backward Region Grant Fund (BRGF), Twelfth/Thirteenth Finance Commission and *Swarna Jayanti Gram Rojgar Yojana* as shown in table 1.5 A:

Table 1.5 A

(₹ in crore)

Year		2008-09	2009-	2010-11	2011-12	2012-13	Total
			10				
MGNREGS	ZP	0	0	0	0	0	0
	GP	12.02	103.68	44.48	100.80	74.07	335.05
BRGF	ZP	0	11.59	6.41	1.12	19.51	38.63
	GP	0	0	7.55	2.61	0	10.16
Twelfth FC	ZP	0	1.49	0	0	0	1.49
	GP	1.13	3.49	0	0	0	4.62
Thirteenth FC	ZP	0	0	1.44	8.02	3.49	12.95
	GP	0	0	7.14	18.71	8.14	33.99
SGRY	ZP	0	20.87	0	0	0	20.87
	GP	0	0	5.74	0	0	5.74
Total		13.15	141.12	72.76	131.26	105.21	463.50

Source: Information furnished by the Rural Management & Development Department, Government of Sikkim

During 2009-10 and 2011-12, the considerable increase of Central grant was due to implementation of MGNREGS in all the four districts of the State.

Share of receipts of PRIs from various sources during the period 2008-09 to 2012-13 is shown in table 1.5 B:

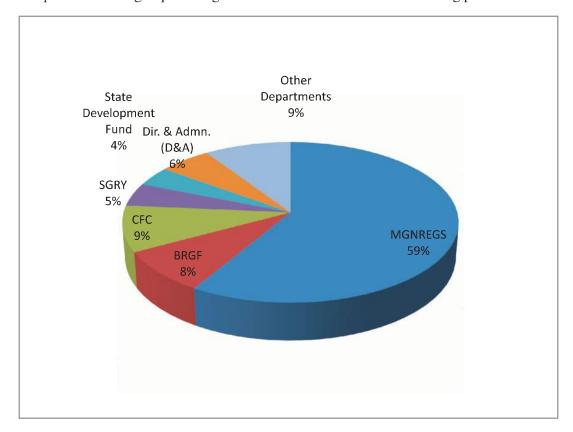
Table 1.5 B

(₹ in crore)

Name of Scheme	ZP	GP	Total	Percentage contribution w.r.t. total receipts
MGNREGS	0	335.05	335.05	58.60
BRGF	38.63	10.16	48.79	8.53
Central Finance Commission (CFC)	14.44	38.61	53.05	9.28
Swarna Jayanti Gram Rojgar Yojana (SGRY)	20.87	5.74	26.61	4.65
State Grants (Development Fund)	9.72	12.72	22.44	3.92
Direction & Administration (D&A)	17.32	14.95	32.27	5.64
Fund transferred from other Departments	19.93	33.66	53.59	9.37
Total Receipt	120.91	450.89	571.80	

Source: Information furnished by the Rural Management & Development Department, Government of Sikkim

The position relating to percentage contribution is shown in the following pie chart:



1.6.1 Non-levy of taxes

Sections 39 (1) and 40 (1) of Sikkim Panchayat Act, 1993, envisages constitution of Gram Panchayat Fund and levy of taxes, rates, and fees on the subjects mentioned in clauses (a) to (i) of Rule 40(1) by the GPs, subject to the rates fixed by the State Government. Similarly, ZP may also levy taxes, rates and fees with the approval of the State Government on the subjects mentioned in clauses (a) to (j) of section 77(1) of Sikkim Panchayat Act, 1993.

Based on the Third State Finance Commission (TSFC) recommendations (February 2010), the State Government notified (September 2010) for levying of Household Tax

(₹ 5 to ₹ 15 per month); Water & Sanitation Tax (₹ 1 per month for each household); Village Road & Environment Tax (₹ 1 per month per household); Panchayat Recommendation/Clearance/Certificate Fees @ ₹ 20 per case/application; Sale of Tender forms at the rate prescribed by SPWD/RMDD/ other Government departments; Building Construction Fees @ ₹ 2 for pucca construction and ₹ 1 for kutcha construction per square feet of plinth area and other miscellaneous receipts by the Gram Panchayat.

It was, however, noticed that despite the above enabling provisions,126 out of 176 GPs had neither initiated any steps to identify the areas for levying taxes nor collected any revenue. It was also noticed that the control mechanism for the levy of taxes/fees and its collection by the PRIs were not prescribed to facilitate timely initiation of the levy and collection procedure, despite notification issued by the State Government (September 2010) based on the recommendations of the TSFC.

1.7 Allocation of Funds as per recommendation of State Finance Commission

The 73rd Constitutional amendment provides for appointment of a Finance Commission by the State Government to review the financial position of the Panchayats and recommend the:

- (i) sharing pattern of the net proceeds of taxes, duties, tolls and fees leviable by the State between the State and the Panchayats;
- (ii) assignment of taxes, duties, tolls and fees to the Panchayats; and
- (iii) amount of grants-in-aid to be given to the Panchayats.

The report of the Commission together with a memorandum of action on it is to be laid before the State Legislature.

In pursuance of Article 243(I) of the Constitution of India, the State Government constituted the First State Finance Commission in 1998, Second State Finance Commission (SSFC) in 2003 and Third State Finance Commission (TSFC) in March 2009. The TSFC submitted its recommendations to the Government during February 2010. Among accepted recommendations, the following were not complied with:

- User charges were not levied by most of the PRIs to augment their resources as pointed out in para 1.6.1.
- Against mandated recommendation of TSFC for transfer of 2.28 *per cent* tax to PRIs, no amount was transferred to PRIs against the due share of ₹ 4.33crore during 2012-13 as shown in table 1.6:

Table 1.6

(₹ in crore)

Head	Tax receipt	Net proceeds (75 % of tax receipt)	2.28% of Net proceeds	Tax Transferred
Land Revenue	5.65	4.238	0.097	Nil
Stamp & Registration	5.34	4.005	0.091	Nil
Taxes on sales, trades	227.08	170.310	3.883	Nil
etc.				
Animal Husbandry	0.72	0.540	0.012	Nil
Forestry & Wild Life	12.28	9.210	0.210	Nil
Minor Irrigation	0.20	0.150	0.003	Nil
Village & Small Industries	0.05	0.038	0.001	Nil
Tourism	2.13	1.598	0.036	Nil
Total	253.45	190.089	4.333	Nil

Source: Finance Accounts 2012-13, Government of Sikkim

1.8 Sectoral Analysis

Mention was made in previous Annual Technical Inspection Reports, the last being 2011-12 (para 1.8) regarding maintenance of inadequate data on budget provisions, release of fund and expenditure incurred under Plan and Non-Plan head under important sectors like education, health, nutrition, social forestry, solid waste management, sanitation, water and housing etc., by Rural Management & Development Department. The above position still persists, thereby making it difficult to analyse the progress of work done in these sectors.

Audit observed that release of funds by various departments to the PRIs appeared to be based on the discretion of the departments, as against any rationale, as seen from the figures reflected in table 1.7:

Table 1.7
Sector-wise total expenditure vis-à-vis allocation to PRIs during 2012-13

(₹ in crore)

Name of Department	Total Plan Expenditure (Revenue and Capital)	Percentage to be transferred to PRI as recommended by Third Finance Commission (In <i>per cent</i>)	Amount to be transferred to PRI	Actual fund released to PRIs
Health & Family Welfare	159.37	24.20	38.57	
Social Welfare	60.90	18.15	11.05	
Tourism	61.23	18.15	11.11	
Commerce & Industries	16.96	18.15	3.08	
Energy	79.02	18.15	14.34	
Irrigation & Flood Control	59.88	18.15	10.87	
Co-operation	6.16	12.10	0.75	
Agriculture & Allied Services	71.06	24.20	17.20	

Animal Husbandry	16.78	30.25	5.08	
Human Resource Development	171.12	2.42	4.14	
Forest	17.60	18.15	3.19	
Rural				
Management &	142.14	12.10	17.20	22.14
Development				
Land Revenue	4.00	18.15	0.73	
Culture	27.96	12.10	3.38	
Total	894.18		140.69	22.14

Source: Finance Accounts 2012-13, Government of Sikkim and information furnished by the Rural Management & Development Department

Non-transfer of adequate funds to the PRIs by the departments put constraints on the PRIs in formulating any plan with certainty. Thus, the planning at the PRI level was done on *ad-hoc* basis.

1.9 Devolution of Funds, Functions and Functionaries (3Fs)

1.9.1 Activity Mapping⁶

Co-existence of various tiers of PRIs pre-supposes balanced distribution of powers and functions among them. The basic criteria for such distribution are that a function should be performed by a tier to which it belongs and a mechanism for inter-tier co-ordination exists in case of overlapping functions. In order to operationalise administrative decentralisation of funds, functions and functionaries among PRIs, the Ministry of Rural Development, GOI, constituted (July 2001) the Central Task Force (CTF) for suggesting the manner of transfer to each tier of PRIs so that devolution of all the 29 functions listed in the XIth Schedule of the Constitution could be completed by March 2002. Section 69 of the Sikkim Panchayat Act, 1993 has enabling provision for transfer of these functions to different tiers of PRIs. The department-wise list of 29 functions to be transferred to the PRIs by the State Government is detailed in *Appendix 1.1.* For effective functioning of both State Government and PRIs, it is necessary to delineate the role and responsibilities of the State Government and each tier of PRIs for each of the transferred subjects. This exercise was done through activity mapping in April 2010.

Functions not transferred as per 73rdConstitutional Amendment

Although the State Government delineated the role and responsibilities of each tier of PRIs by transferring 29 subjects for devolution of all the functions listed in the XIth Schedule of the Constitution to the PRIs, the same was not implemented completely and only 15 subjects were transferred to PRIs (April 2008). The department-wise position of schemes transferred to PRIs by the State Government as of March 2013 under the 15 functions is detailed in *Appendix 1.2*.

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⁶ 'Activity Mapping' is an exercise to devolve various functions to be discharged by the GPs and ZPs.

1.10 Accountability framework

As per the Sikkim Panchayat Act, 1993, and Rules made thereunder, the State Government exercises its powers in relation to PRIs. Details regarding the power of PRIs are given in *Appendix 1.3*. Besides, the Sikkim Panchayat Act (SPA) also entrusts the State Government with the following powers to enable the State Government to exercise control over functioning of the PRIs:

- call for any record, register, plan, estimate, information, etc., from the PRIs;
- inspect any office or any record or any document of the PRIs;
- inspect the works and development schemes implemented by PRIs;
- remove Adhyaksha and Upadhyaksha of ZP/GP after following the appropriate procedure; and
- take action for default of a Panchayat President, Secretary/District Planning Officer.

Despite the above empowerment of the State Government for the enhancement of quality of public service and governance, a number of deficiencies in the implementation of schemes, matters relating to finance, etc. were noticed.

1.10.1 Social Audit

The State Government introduced (February 2008) social audit to enable people to have access to the works of their GP. Social audits for MNREGS works are functional in the State.

1.10.2 Audit Mandate

As per Section 48(2) of the Sikkim Panchayat Act, 1993, the State Government is required to appoint an Auditor for audit of the accounts of the GPs. Section 48 (3) of the Act also provides for audit of accounts of Gram Panchayats by the Comptroller & Auditor General of India (C&AG). As per Section 86 of the Act, the accounts of the funds of the Gram Panchayat or Zilla Panchayat shall be examined and audited by the Auditor appointed under Sections 48(2) and 48(3) in such manner as may be prescribed. The State Government has not yet appointed any Auditor under Section 48(2) of the Sikkim Panchayat Act, 1993. The State Government, however, has not carried out audit of PRIs during the year 2009-13.

In keeping with the recommendations of the Thirteenth Finance Commission and guidelines issued by the Ministry of Finance, Government of India, the Government of Sikkim has entrusted (June 2011) the audit of accounts of Panchayat Raj Institutions to C&AG under Section 20(1) of CAG's DPC Act 1971, under standard terms and conditions of the Technical Guidance and Support module.

Accordingly, audit of the GPs is being conducted biennially and ZPs, annually, by the office of the Principal Accountant General (Audit), Sikkim, as per the methodology and procedure enshrined in the Auditing Standards and the Guidelines issued by the C&AG

from time to time. During April 2012 to March 2013, the Accounts of 87 PRIs (4 ZPs and 83 GPs), were audited.

1.10.3 Internal Audit

Internal Audit is an important instrument to examine and evaluate the level of compliance with rules and procedures as envisaged in the relevant Acts as well as in the Financial/Accounting Rules so as to provide independent assurance to management on the adequacy of the risk management and internal control frame work in the LBs. However, there was no provision for Internal Audit in Sikkim Panchayat Act and a system of such audit does not exist in the PRIs of Sikkim. This has affected the sense of accountability in ensuring proper compliance of rules and procedures as envisaged in the relevant Acts/Rules.

1.10.4 Response to Audit

The compliance report on the observations issued by Audit is to be sent within three months. Details of inspection reports issued by the Principal Accountant General (Audit) as on 31 March 2013 and awaiting settlement are given in Table 1.8.

Table 1.8

Position of settlement of outstanding audit paragraphs during 2003-04 to 2012-13

Year	IR issued	Paragraph issued	Paragraph settled	Paragraph outstanding
Up to 2007-08	269	1,458	571	887
2008-09	56	234	106	128
2009-10	50	362	24	338
2010-11	33	192	22	170
2011-12	70	104	0	104
2012-13	87	87	0	87
Total	565	2,437	723	1,714

Source: Outstanding para register maintained in Office of the Pr. A.G. (Audit), Sikkim

1.10.5 Vigilance mechanism

To ensure that the schemes/projects are implemented properly at the Panchayat level, tenders are invited and finalised appropriately, projects implemented in a qualitative manner, and Social Audit-cum-Vigilance Committees formed (February 2008). The Committee consisted of a wide spectrum of stake holders, users, and marginalised and vulnerable sections of society, including women and senior citizens of the Gram Panchayats. The Committees certified the completed works, but day-to-day monitoring for ensuring quality and timeliness were not given adequate importance by the Committee.

1.11 Conclusion

The State Government transferred only 15 functions to PRIs out of the 29 functions as envisaged in the 73rd Constitutional amendment through activity mapping exercise (April 2008). The State Government also constituted a number of committees such as Social Audit-cum-Vigilance Committee; Disaster Management Committee; Block Development

Committee; Village Health Sanitation Committee; District Technical Support Committee; Water Supply &Sanitation Committee; etc., for smooth functioning of the Gram Panchayat, Block, etc. Only 50 out of 176 GPs initiated steps to levy taxes and collected some revenue.

Audit observed that the District Planning Committee (DPC) constituted (July 2008) in each district to ensure decentralised planning was not adequately effective. The DPC finalised the Annual District Development Plans (ADDPs) by merely consolidating the plan proposals received from the various line departments without taking any inputs from the grassroot level for the overall District Development Plan. The line departments did not transfer adequate funds to the PRIs as envisaged during the period 2008-09 to 2012-13. As a result, fund allocation to the PRIs ranged between 0.61 to 2.48 *per cent* of the total expenditure of the State Government during the period 2008-09 to 2012-13. This fund allocation was far less than the prescribed percentage. Against the recommendation of TSFC to transfer ₹ 4.33 crore for 176 GPs, no fund was transferred during 2012-13. Similarly, TSFC recommendation for transfer of ₹ 92.91 crore from 14 departments towards 'Specific purpose grant' and 24.20 *per cent* of State Plan budget under RMDD towards General Purpose Grant was not followed during the year 2012-13.

SECTION 'B' - FINANCIAL REPORTING

1.12 Legal Framework

Financial reporting in the PRIs is a key element of accountability. The best practices in matters relating to drawal of funds, form of bills, incurring of expenditure, maintenance of accounts, rendering of accounts by the ZPs and GPs are governed by the provisions of the Sikkim Panchayat (SP) Act, 1993; Sikkim Zilla Panchayat (Financial) Rules, 2001; Sikkim Zilla Panchayat (Financial) Amendment Rules, 2004; Sikkim Gram Panchayat (Financial) Rules, 2003; Sikkim Gram Panchayat (Financial) Amendment Rules, 2005; Sikkim Financial Rules; Sikkim Public Works Accounts Code; Sikkim Public Works Manual; and Standing Orders and Instructions.

1.13 Accounting system in Gram Panchayats

The Sikkim Gram Panchayat (Financial) Rules, 2004 [Rule 7(1) &7(2)] stipulated maintenance of various records such as (i) Cash Book, (ii) Monthly Receipt and Payment Register, (iii) Annual Receipts and Payment Accounts, (iv) Monthly Reconciliation Statement, (v) Inventory Register for Moveable Assets, (vi) Inventory Register for Immoveable Assets, and (vii) Balance Sheet for proper depiction of accounts of the Gram Panchayat Funds.

Scrutiny of records in 83 GPs revealed that many records and registers as indicated above were not maintained properly. The following deficiencies were seen:

- Maintenance of Cash Books in 83 GPs disclosed that (i) Cash Book balances were not certified in any of the GPs by the President of the GPs; (ii) none of the GPs had reconciled the Cash Book balances with the balances maintained by the Banks;
- Monthly Receipt and Payment Registers were not maintained;
- Annual Receipts and Payments Accounts were not maintained;
- Registers for Moveable and Immovable Assets were not maintained; and
- Balance Sheets were not prepared.

Besides, Advance Registers were not maintained by PRIs. Database formats as suggested by the C&AG were also not initiated by any of the GPs and the ZPs. The Model Accounting Structure for PRIs prescribed by the Ministry of Panchayat Raj, Government of India (2009) in consultation with the C&AG, was accepted (April 2010) by the State Government and the software PRIASoft for maintenance of accounts developed by NIC was also not adopted by any of the GPs and ZPs.

1.14 Financial Reporting issues

1.14.1 Arrears in Accounts

The Sikkim Panchayat Act, 1993 stipulated that annual accounts were to be passed by the General Body of PRIs within three months from the closure of the financial year and forwarded to the Principal Accountant General for auditing. However, the General Body Meetings were not convened by PRIs due to administrative constraints. None of the four ZPs⁷ and 83 (out of 176) GPs forwarded annual accounts for the period 2009-10 to 2012-13. The position persisted despite being pointed out in earlier Annual Technical Inspection Reports (ATIRs).

1.14.2 Budget

Budget is the most important tool for financial planning, accountability and control. The Sikkim Panchayat Act, 1993, read with the Sikkim Gram Panchayat (Financial) Rules, 2003 (*Para 8*), envisaged preparation of budget by the GPs indicating estimated receipts and expenditure for the next financial year by August each year for submission to the Secretary, Rural Management and Development Department of the State Government. It was noticed that no budget proposals were prepared by the GPs. Similarly, the ZPs also failed to prepare their budgets for submission to the State Government. This was despite stipulation in para 8(1) of Sikkim Gram Panchayat (Financial) Rules, 2003, requiring the District Planning Committee to consolidate the PRI budget into respective ZPs for integrating into the State Budget. In the absence of a Budget, the machinery to monitor excess/savings in expenditure over Budget provision in respect of ZPs/GPs was also non-existent. As the PRIs in Sikkim deal with low volume of funds, budget preparation exercise has not been accorded due importance by the PRIs, ever since the formation of PRIs. The funds were released to all PRIs without even preparation of budget.

1.14.3 Maintenance of community assets and Asset register

The Sikkim Panchayat Act gives the responsibility of maintenance of community assets to PRIs. All PRIs should maintain an asset register in the prescribed form, containing particulars of assets owned by them. The particulars should include description of asset, year of acquisition, and amount incurred towards acquisition. The scheme guidelines in respect of TFC, BRGF, MGNREGS, etc., also stipulate recording of assets created under such schemes.

Despite this provision, none of the PRIs had maintained asset registers to indicate the assets possessed by the GPs/ZPs, cost of assets, maintenance cost, etc. Annual Physical Verification of assets, as required under the Financial Rules, was also not carried out in any of the GPs/ZPs. Asset Registers were not maintained by any of the PRIs and hence the sufficiency of funds for maintenance of community assets could not be ascertained by Audit. The State Government also did not call for any return detailing the nature of assets, year of creation and monetary value of the assets held by the GPs / ZPs.

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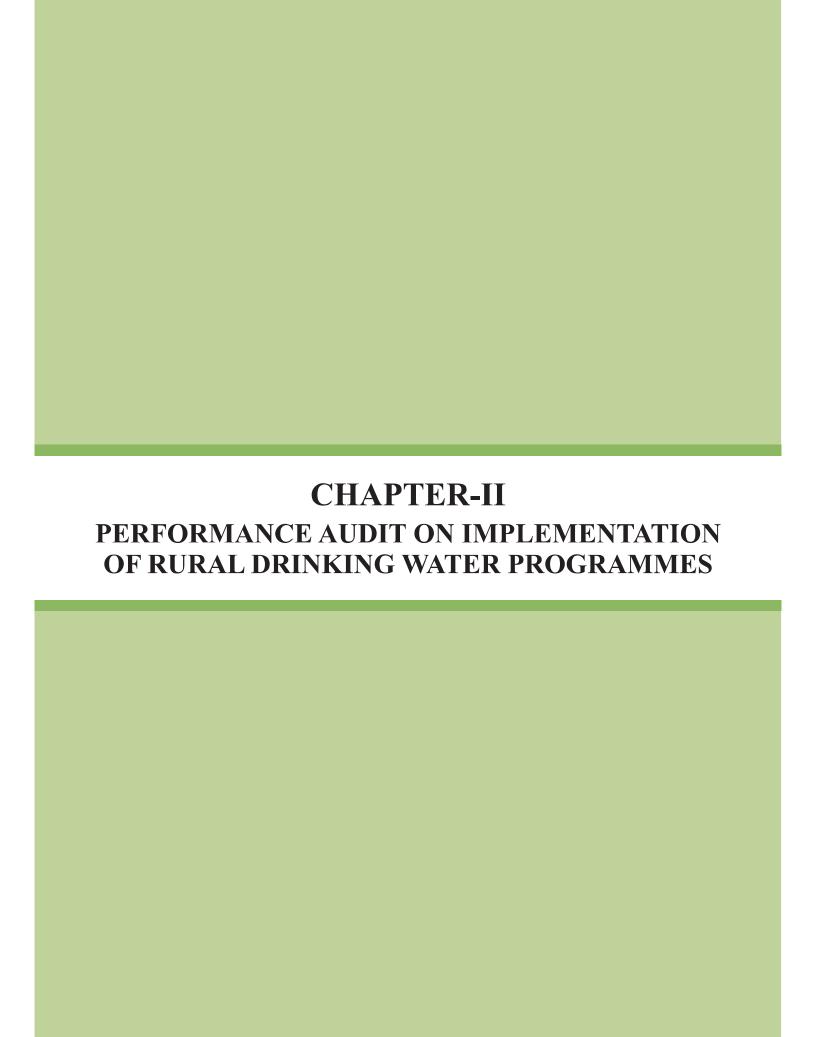
East, North, West, South

1.15 Placement of ATIR before the State Legislature

The ATIRs of the years 2007-09, 2009-10, 2010-11 and 2011-12 were placed in the State Legislature. However, the State Government had not amended the Sikkim Panchayat Act to spell out the *modus operandi* for discussing the Report.

1.16 Conclusion

The best practices in matters relating to drawal of funds, incurring expenditure, maintenance of accounts and records, rendering of accounts, etc. are governed by the provisions of the Sikkim Panchayat Act, 1993, and other Rules. However, audit noticed that basic records like Receipt and Payment Register, Balance Sheet, Assets Register, Advance Register, etc. were not maintained properly in PRIs. None of the PRIs adopted the New Accounting Format for PRIs prescribed by the Ministry of Panchayat Raj in 2009 for maintenance of accounts. Neither was the budget proposal prepared by PRIs as required under the provisions of the respective Acts / Rules nor were the Annual Accounts forwarded to the Principal Accountant General (Audit), Sikkim.



CHAPTER-II

PERFORMANCE AUDIT ON IMPLEMENTATION OF RURAL DRINKING WATER PROGRAMMES

Ensuring water security for rural areas of Sikkim was one of the thrust areas of the Government. The National Rural Drinking Water Programme (NRDWP) is one of the flagship programmes, financed by GOI and the State Government, in the ratio of 90:10 in the water sector for providing potable water to all rural households. The scheme envisaged ensuring availability of 40 litres per capita per day (lpcd) through 'one stand post' for every 250 persons.

Performance Audit of NRDWP disclosed that the State had put in commendable efforts which substantially reduced the number of 'partially covered' habitations during the period 2008-13 and was largely successful in making available the required quantity of potable water to rural households. The areas of concern, however, included absence of adequate and comprehensive planning, robust monitoring mechanism and effective programme implementation, as highlighted in the succeeding paragraphs:

Highlights

Out of total 2,498 habitations (Fully Covered-1,608 and Partially Covered-890), the State Government upgraded 262 PCs to FCs through execution of 608 projects out of 1,668 sanctioned projects.

Paragraph- 2.8 and 2.12

Comprehensive planning for rural water supply was not ensured by formulating State Specific Policy Framework, Annual Comprehensive Water Security Action Plan and Village Water Security Plan.

Paragraph- 2.10

There was short release of funds of ₹ 65.82 crore by GOI and belated release of funds of ₹ 27.30 crore to implementing agencies by the State Government. This short and belated release of funds affected programme implementation.

Paragraph- 2.11.2 and 2.11.3

The VWSC incurred an avoidable expenditure of ₹ 10.25 lakh towards construction of sedimentation tanks.

Paragraph- 2.12.2

Absence of adequate and timely maintenance of existing water supply projects led to damage of existing pipelines, tanks, and drying up of water sources resulting in 'slip back' of habitations from 'Fully Covered' to 'Partially Covered'.

Paragraph- 2.13

Quality control of water was not accorded due importance as the target for testing by the water laboratories was not fixed, field testing kits were not kept in functional condition, water samples were found 'unfit' for human consumption in many cases.

Paragraph- 2.15

One Stand Post' has been referred to in the NRDWP guidelines to denote one tap stand.

Monitoring of executing agencies was inadequate in absence of establishment of Special monitoring cell and quality assurance team was not constituted to ensure proper quality of work. Information Education and Communication (IEC) activities were neglected, as a result of which consumers were not well aware about management of water supply systems leading to drying up of sources, *en-route* tapping, etc.

Paragraph- 2.16

2.1 Introduction

Sikkim is known for its substantial water resources as the State is endowed with waterfalls, springs, rivers and lakes. Rainfall is the principal mode of recharge of surface water. Despite these positives, water crisis is increasing day by day due to rapid growth in population, industrial development and surface run-off of rain water into streams, springs and *kholas*⁹ due to mountainous slopes. Thus, ensuring availability of drinking water both in terms of adequacy and quality, on a sustainable basis, is a major challenge.

The State has been implementing a number of schemes to ensure provisioning of potable water to rural households. Some important ones are Accelerated Rural Water Supply Programme (ARWSP) and the National Rural Drinking Water Programme (NRDWP). During the period (2008-13) under PA, Rural Drinking Water Programme was catered to by ARWSP for first year (2008-09) and by NRDWP for subsequent four years (2009-13).

NRDWP was one of the flagship programmes of the Government of India (GOI) for providing safe and sufficient drinking water to rural areas. The programme was financed by the GOI and the State Government in the ratio 90:10. GOI prescribed (April 2009) norms of 40 litres per capita per day (lpcd) and one stand post for every 250 persons for providing potable drinking water in rural areas. According to GOI norms, rural habitations were categorised as Not Covered (NC), Partially Covered (PC) and Fully Covered (FC) habitations. The NC were those habitations where a drinking water source was not available within 100 meter elevation in hilly areas, or where the habitations had a water source affected by quality problems; PC were those habitations which had a safe drinking water source, but the capacity of the system ranged between 10 to 40 lpcd. The remaining habitations were known as FC habitations.

2.2 Organisational set-up

The ARWSP was one of the important programmes to ensure safe drinking water to identified villages. The PRIs were involved in implementation of this scheme, especially in selecting the location of the source (present and past sources, operation and maintenance, etc.). The scheme was applicable upto 2008-09.

Secretary, Rural Management & Development Department (RMDD); Chief Engineer, RMDD and Divisional Engineer posted at Zilla Panchayat formed part of the organisational set-up.

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Small rivers

At the State level, State Water and Sanitation Mission (SWSM)¹⁰, a registered society functioned as an administrative body and acted as a facilitator. Similarly, at the District level, District Water and Sanitation Mission (DWSM)¹¹, a registered society, was constituted to function under the overall supervision, control and guidance of the Zilla Panchayats. DWSM was assigned with the responsibility for formulation and management of project implementation in the districts. At the village level, Village Water & Sanitation Committees (VWSC) were set up as standing committees in each Gram Panchayat for planning, monitoring, implementation and operation and maintenance of the Water Supply Schemes to ensure active participation of the villagers.

The detailed functions and responsibilities of various functionaries are given in *Appendix 2.1.*

2.3 Audit Objectives

The performance audit was taken up to assess:

- > existence and adequacy of planning process for rural water supply schemes;
- > efficacy of utilisation and accounting of scheme funds;
- > execution of individual water supply projects with due regard to economy, efficiency and effectiveness; and
- > adequacy and effectiveness of monitoring and evaluation mechanism.

2.4 Audit Criteria

Audit findings were benchmarked against the criteria sourced from the following documents:

- > Scheme guidelines of Accelerated Rural Water Supply Programme, National Rural Drinking Water Programme;
- ➤ National Water Policy (April 2002);
- Sikkim Financial Rules;

➤ Sikkim Public Works Department (SPW) Code;

SPW Manual; and

Monitoring mechanism prescribed by GOI and the State Government.

Constitution of SWSM: (i) Nodal Secretary: Secretary, RMDD; (ii) Chairman: Additional Chief Secretary, RMDD; (iii) Member: Principal Secretary, Finance; (iv) Member: Principal Chief Engineer-cum- Secretary, PHED; (v) Member: Secretary, Health & Family Welfare; (vi) Member: Secretary, Human Resource & Development Department; and (vii) Member: Secretary, Information & Public Relation.

Constitution of DWSM: (i) Chairperson: District Collector; (ii) Member: Divisional Engineer, Zilla Panchayat; (iii) Member: Chief Medical Officer; and (iv) Member: Child Development Project Officer.

2.5 Scope of Audit

Performance Audit was carried out between August- September 2013 covering the implementation of Rural Water Supply Scheme (NRWDP and ARWSP) during 2008-13. Out of four districts, two districts (East and South) were selected for scrutiny. A total of ₹ 8.44 crore (out of a total expenditure of ₹ 41.35 crore) was test checked representing 20 per cent of the total expenditure. Correspondingly, 80 out of 223 works were selected for audit based on two stage stratified sampling through Simple Random Sampling without Replacement.

2.6 Audit Methodology

The field audit process began with entry conference (August 2013) with the SWSM, DWSM, VWSC and panchayat functionaries wherein audit objectives, scope, criteria and methodology were discussed. Audit methodology involved test-check of records in the SWSM and sampled units in DWSM, VWSC, etc. Besides, records of the offices of the Additional District Collectors (Development), ZPs, Block offices and GPs of the selected units were test checked during audit. Some of the works were also jointly physically verified alongwith panchayat functionaries involved with the execution of the projects.

Audit findings were discussed with the SWSM officials in an exit conference (November 2013). However, the replies of the findings were not received (April 2014) even after several persuasions.

2.7 Acknowledgement

Audit acknowledges the co-operation and support extended by the SWSM, DWSM, VWSC and PRI functionaries in conducting this audit.

2.8 Physical Performance

As per the data furnished by the SWSM, the change in status of habitations in the State between April 2009 and March 2013 was as follows:

Table 2.1

Category	Status as on	Status as on	Change
	1 April 2009	31March 2013	
FC	1,608	1,870	(+) 262
PC	890	628	(-) 262
NC	-	-	-
Total	2,498	2,498	_

Source: SWSM records

Habitation coverage as on 1st April 2009

Fully covered
Partially covered
Covered
Covered
Partially covered

The position relating to status of habitations is reflected in the following pie-chart:

From the above data, it would be seen that the State had put in commendable efforts to enhance the number of FC habitations by upgrading the PC habitations through implementation of projects during the period 2008-13. No validation by any agency or through survey, of the base data, which is updated dynamically in the 'Watersoft' database of the State Government, was made available to audit.

It was also observed that all the 628 PC habitations (100 per cent) were 'slipped back' habitations i.e., those which had come 'down' from FC to PC status. SWSM attributed (March 2013) the 'slipped back' status to increased depletion of ground water and unavailability of safe drinking water. However, the 'slipped back' status was due to inadequate measures taken by the State Government towards sustainability aspects as mentioned in paragraph- 2.14.

2.9 Year wise Target and Achievement

Target vis-à-vis achievement of PC habitations during 2008-13 is given in table 2.2:

Table 2.2

Vacu	Target		Ashiovomont	Ch outfall		
Year	Spillover	New	Total	Achievement	Shortfall	
2008-09	NA	NA	300	247	53 (18)	
2009-10	53	197	250	110	140 (56)	
2010-11	140	35	175	100	75 (43)	
2011-12	75	125	200	50	150 (75)	
2012-13	150	120	270	100	170 (63)	

Source: SWSM records. NA: Not Available. Figures in bracket indicate percentage.

It was noticed that the shortfall ranged between 18 to 75 *per cent* despite availability of funds during 2008-13. The reasons for shortfall and the consequent affects are given in succeeding paragraphs 2.12 and 2.14.

Audit findings

The Audit findings are brought out in the succeeding paragraphs.

2.10 Planning

National Rural Drinking Water Programme (NRDWP) guidelines (Para-15.1) envisaged preparation of State specific Sector Policy framework through the involvement of VWSC to capture the requirements of the lowest level (village), preparation of water budgeting, etc.

Scrutiny of records of State Water and Sanitation Mission (SWSM) and interaction with the officers concerned revealed (September 2013) that State specific Sector Policy framework was not prepared due to lack of initiative on the part of VWSC, absence of proper training to the stakeholders, inadequate survey, etc. As a result, State level planning for taking up water supply schemes could not be prepared on the basis of State Policy framework, which was in violation of the programme guidelines.

2.10.1 Village and District Water Security Plan (VWSP)

NRDWP guidelines (Para- 13) envisaged that the Village Water and Sanitation Committee (VWSC) would have the responsibility of planning, implementation, management, operation and maintenance of rural water supply systems in their respective areas. Village level planning *inter- alia* included water budgeting so as to ensure optimum utilisation of water. Appropriate institutional support, required to facilitate the process of preparation of Village Water Security Plan (VWSP), was to be rendered by the village community with the help of NGOs.

Audit observed that the VWSP *inter-alia* including the demographic, physical features, water sources, other details of the village, available drinking water infrastructure and gaps, proposed work to augment the existing infrastructure and water sources, funding by dovetailing various funds available at village level and requirement of funds for rural water supply programmes was not formulated during 2008-13. The VWSCs were not even aware of VWSP and water budgeting.

Similarly, water safety plan, performance improvement plan while augmenting existing infrastructure and an operational plan for operating the scheme which was a part of the VWSP was also not prepared. As a result, District Water Security Plans which were to be based on the VWSPs of the district could not be prepared.

2.10.2 Comprehensive Water Security Action Plan (CWSAP)

NRDWP guidelines (Para-14) required the SWSM to prepare the Annual Comprehensive Water Security Action Plan (ACWSAP) duly incorporating thrust areas and tangible targets proposed to be achieved within the financial year. The main objective of ACWSAP was to provide a definite direction to the programme and also to ensure regular monitoring of the progress of the State towards the goal of achieving drinking water security for every rural household.

Audit observed that that the ACWSAP was not prepared during the period 2008-13 and thus the benefits of the ACWSAP were not forthcoming as mentioned in the succeeding paragraphs:

- In the absence of ACWSAP, thrust areas and tangible targets proposed to be achieved in the financial year were not well planned and documented. It also affected providing a definite direction to the programme and to ensure regular monitoring of the progress of the State towards achieving the overall goal of providing drinking water security to every rural household.
- Although all works relating to water supply were executed under the overall control of SWSM, absence of adequate co-ordination among various wings involved with execution of schemes was noticed. Coverage of habitation through National Rural Drinking Water Programme (NRDWP), National Agricultural Bank for Rural Development (NABARD), Non Lapsable Central Pool Resources (NLCPR) and National Disaster Relief Fund (NDRF) were never reconciled to provide consolidated data on habitation coverage.
- Strength, Weakness, Opportunity and Threat (SWOT) analysis and the progress chart indicating target for the year for coverage of habitations, ongoing and new habitations, etc. as required under the guidelines (Para-14) were not attempted by the SWSM for most of the projects executed by them. As a result, data was compiled afresh each time, without any reference to previous year's statistics, for submission to various agencies.
- The completion of the works was not accorded due priority although envisaged in the guidelines in absence of ACWSAP. Similarly, adequate action was not initiated to ensure that the works taken up were completed as per schedule to avail the benefits envisaged.
- Instead of giving higher priority to coverage of habitations with 0 per cent population covered, followed by 0-25 per cent population covered, SC, ST and minority dominated habitations in planning; the planning for coverage was on ad-hoc basis without any reference to the above stipulation and rationale.
- Planning for Water quality monitoring, training, sample testing, etc. also suffered in absence of ACWSAP.

2.11 Financial Management

Details of funds released by GOI and the State Government for implementation of water supply schemes during 2008-13 along with the expenditure incurred are given in table 2.3:

Table 2.3

(₹in lakh)

Year	Opening	Receipt		Total	Expenditure	Closing	
	Balance	GOI	State	Interest			Balance
2008-09	673.29	3,045.00	1,450.00	-	5,168.29	4,135.06	1,033.23
2009-10	1,033.23	1,960.00	1,303.00	-	4,296.23	3,988.06	308.17
2010-11	308.17	2,254.10	541.00	26.66	3,129.93	2,242.59	887.34
2011-12	887.34	2,687.00	616.62	23.32	4,214.28	2,985.27	1,229.01
2012-13	1,229.01	3,218.73	470.00	177.54	5,095.28	2,584.15	2,511.13
Total		13,164.83	4,380.62	227.52	21,904.01	15,935.13	

Source: Information furnished by SWSM

As would be seen from above, the State funds (₹ 43.81 crore) and GOI funds (₹ 131.65 crore) released were not fully utilised indicating idling of about 27 *per cent* of the funds received during 2008-13.

2.11.1 Flow of fund

NRDWP Guidelines (Para- 16.1) envisaged upon the SWSM to open savings bank account in any public sector bank having internet connectivity at the State Headquarters for maintaining two accounts viz., Programme fund and Support activities under National Rural Drinking Water Programme.

The SWSM opened (December 2009) accounts in Gangtok branch of the State Bank of India and the funds were deposited in two different accounts viz., programme (account-30981031063) and support (account-30981018688) funds.

2.11.2 Release of GOI funds for implementing agencies

As per the NRDWP guidelines (Para- 16.5), the cost is to be shared between the GOI and the State Government in the ratio of 90:10. The funds so provided were to be released within 15 days of the receipt of the funds to the implementing agencies.

It was however noticed that the funds were not released to the implementing agencies within the stipulated time of 15 days. The delay ranged from 2 to 40 months during 2008-13 involving a sum of ₹ 27.30 crore as shown in table 2.4:

Table 2.4

(₹ in lakh)

Year	Fund sanctioned and released by GOI to State Government			Funds	Funds released by State Government		
	Sanction	Release	Receipt	I.A.	Release	Delay	
		223.71	01.04.2008				
		648.29	26.06.2008		October 2010 to	10 4- 40	
2008-09	3,045.00	401.01	16.02.2009	677.12	August 2012	18 to 40 months	
		471.99	17.03.2009		August 2012	monus	
		1,300.00	30.09.2009				
		657.00	21.04.2009		June to November 2012	26 to 31	
2009-10	2009-10 1,960.00	323.00	29.09.2009	131.31		months	
		980.00	26.03.2010		2012	monus	
		733.88	21.06.2010		May 2011 to	2 to 20	
2010-11	2,254.10	512.34	16.12.2010	950.35	December 2012	months	
		1,007.58	28.03.2011				
		612.00	26.08.2011		June 2012 to		
2011-12	2,687.00	306.03	08.02.2012	925.21	December 2012	3 to 9	
2011-12	2,087.00	1,161.00	28.02.2012	923.21	December 2012	months	
		607.97	29.03.2012				
		822.37	30.07.2012				
2012-13	3,218.73	932.87	27.02.2013	46.37	October 2013	8 months	
		1,464.49	28.03.2013				
Total				2,730.36			

Source: SWSM Cash book

I.A.: Implementing Agency

Failure on the part of State Government to release funds of ₹ 27.30 crore to the IA within the stipulated time of 15 days affected programme implementation.

2.11.3 Release of funds

According to NRDWP guidelines (Para- 17), the first installment of programme fund equivalent to 50 *per cent* of the allocation would be released once the allocation under the programme is decided by the GOI.

Similarly, second installment under programme fund to cover the balance of the annual allocation would be released on fulfillment of the conditions, such as receipt of a specific proposal under programme fund from the State in the prescribed proforma with progress reports; utilisation of 60 *per cent* of the available resources under programme fund; etc.

Audit observed that against the requirement to release ₹ 65.83 crore (50% of ₹ 131.65 crore), ₹ 36.97 crore were released by GOI towards first installment during 2008-13 indicating a shortfall of ₹ 28.86 crore (44 *per cent*). Similarly, second installments were also not released in full by GOI to cover the sanctioned funds. The details are shown in table 2.5:

Table 2.5

(₹ in lakh)

Year	Total	1 st Installment		2 nd Installment	Total release	Shortfall
	Sanction	50 per cent	Released	Released		
2008-09	3,045	1,523	872	651	1,523	1,522
2009-10	1,960	980	657	323	980	980
2010-11	2,254	1,127	734	393	1,127	1,127
2011-12	2,687	1,344	612	732	1,344	1,343
2012-13	3,219	1,609	822	787	1,609	1,610
Total	13,165	6,583	3,697	2,886	6,583	6,582

Source: Copy of Utilisation certificates

Audit observed that on an average 50 *per cent* of the funds sanctioned in each financial year was released by GOI during the period 2008-13, which aggregated to ₹ 65.83 crore (56 *per cent*). The short release of funds was due to delay in submission of utilisation certificates (UCs) by SWSM to GOI. The UCs were submitted belatedly, ranging between five and 12 months. Non-obtaining of full funds affected programme implementation, as pointed out in paragraph 2.12.

2.11.4 Diversion of fund

NRDWP guideline (Para-17) does not permit utilisation of funds for component of works other than what was sanctioned by GOI. It was, however, noticed that SWSM incurred ₹ 63.14 crore against the sanction of ₹ 58.65 crore towards 'coverage' components through a diversion of ₹ 4.48 crore from sustainability components.

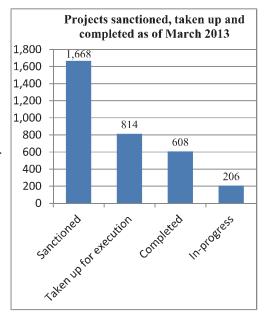
2.12 Programme Implementation

A total of 1,668 projects were sanctioned by GOI between 2008-13, of which 814 (49 per cent) projects were taken up for execution. Remaining 854 (51 per cent) had not been taken up for execution as of March 2013 owing to non-availability of land at the project sites, disinclination on the part of landowners to part with the land required for the projects and laying of pipe lines, forest clearance, etc. Out of 814 projects (49 per cent)

taken up for execution, 608 projects were completed as of March 2013 and 206 were in progress as can be seen from the status depicted alongside.

It is observed that the completed projects accounted for only 36 *per cent* of the sanctioned projects while 206 projects indicating (12 *per cent*) were in progress as of March 2013.

A total of 80 projects pertaining to water supply projects (30) and Rain Water Harvesting Structures (50) were taken up for scrutiny in audit. The results of scrutiny are given in the succeeding paragraphs:



2.12.1 Proper Survey not conducted before execution of work

Sikkim Public Works Department Manual, 2009 (Para- 3.10 read with para 4.14) lays down preparation of a properly detailed estimate *inter-alia* indicating essential drawings and preliminary structural and service designs based on proper survey and investigation for individual work.

Audit observed that records indicating carrying out of proper survey were not available with the SWSM. Absence of detailed survey led to change of project site (from the source to the distribution tanks), change in design and dimensions in 20 out of 30 works test checked in Audit. Drawings of masonry and concrete works in most of the 20 works test checked in Audit were defective leading to shifting of position of tank, etc. This also led to delayed execution of work. Report indicating demographic compositions and the present arrangement for water supply in the area was not incorporated in the estimate and the proposed hydraulic gradients/self-cleansing velocity was also not prepared. 'Discharge of source' determination was done in a casual manner by applying 'bucket method' 12 in 10 (out of 30) cases. In 20 projects, discharge data of the source was not incorporated in the estimate indicating that discharge was not measured before preparation of Detailed Project Report (DPR).

Bucket method is the method used for determing source discharge, i.e. a bucket is kept at the discharge point and time taken to fill up the bucket is noted to determine source discharge of water at source point.

2.12.2 Avoidable expenditure on construction of Sedimentation tank

In water supply scheme in hilly areas water is tapped from natural streams in two ways - one by construction of 'D' type trap and the other by constructing 'N' type trap. 'D' type trap is used for conveying water from source to sedimentation tank by constructing 'V' shaped channel and 'N' type trap is utilised to convey the water to sedimentation tank and also to cleanse the silt carried by water. Thus, in case of 'N' type trap, additional sedimentation tank was not required. This was further confirmed during joint physical verification conducted in East District, alongwith panchayat functionaries, where it



Sedimentation tank

was seen that additional sedimentation tanks were not constructed in five out of 10 projects. The water was consumed by the villagers and no untoward incident was reported. It was, however, noticed that in 25 cases, additional sedimentation tanks involving expenditure of ₹ 10.25 lakh were constructed in case of 'N' type of trap which was avoidable.

2.12.3 Poor workmanship resulted in head loss

According to basic fundamentals¹³, velocity of water is reduced whenever there is a change of dimension of pipes. Accordingly, the technically sanctioned estimate and the design stipulated use of fittings such as tee, bend, etc. for changing the direction of water flow without affecting the velocity of water and also without deforming the shape of the pipes.

Physical verification of projects by Audit team conducted in East District revealed that in 20 out of 30 cases, instead of using fittings such as tee, bend etc. pipes were bent as shown in the photographs.

The bending of pipes without using tee, bend, etc.; affected the velocity of water supply downstream, besides enhancing the chances of water leakages as shown in the photograph.



Pipe bent instead of using tee, bend, etc.

2.12.4 Poor quality of fitting and fixing



Leakage of water

Physical verification also revealed that the quality of fittings procured by the SWSM, for ₹ 15.26 lakh, was not upto the mark. The fittings, as would be seen in the photograph, had developed rust, leakages, etc. within one year of installation



Rusted fitting

Handbook of Engineering for Water Supply by P. Venkatesware Rao.

leading to chances of contamination of water, reduction of avilability of water to the ultimate consumers and increased maintenance cost. Thus, fittings purchased involving ₹ 15.26 lakh had not yielded value for money.

2.13 Maintenance of Water Supply Projects

Funds from various sources {10 per cent of NRDWP, Operation & Maintenance (O&M) funds released under Central Finance Commission's grants towards drinking water supply, etc.} are to be deposited in a corpus fund of the project to be operated by the GPs.

Audit noticed that neither procedure for O&M of drinking water supply projects were formulated nor requisite fund as envisaged in the respective guidelines (NRDWP, FCs, etc.) was released towards maintenance of water supply projects as detailed in the following points:

- ➤ Against the requirement to transfer ₹ 15.94 crore (against the sanction of ₹ 159.35 crore) towards O&M for meeting maintenance cost of the water supply projects, no funds were transferred to VWSC during 2008-13.
- Absence of timely repair and maintenance led to reconstruction of water supply projects involving considerable funds. Although O&M includes only replacement of fitting, fixing and repair of tank, etc., entire set of pipelines were changed and new tanks were constructed indicating that new work was executed in the guise of repair and maintenance of existing water supply projects. Thus, expenditure meant for O&M was diverted towards construction of new projects.
- Non-maintenance of existing water supply projects led to damage of existing pipeline, tank, etc. and drying up of water sources, resulting in 'slip back' of habitations from FC to PC.

2.14 Sustainability of Water Supply Projects

NRDWP Guidelines (Para- 6) envisaged ensuring of a lifeline i.e. drinking water security under all circumstances and at all times. This was to be ensured through an alternate sub District, District, State level water supply system, in the form of a grid, supplying metered bulk water to GPs/ villages.

Audit observed that works ensuring long term sustainability for drinking water were not adequately ensured except through Rain Roof Water Harvesting structures. The funds (₹ 4.48 crore) sanctioned for 'sustainability' were diverted towards 'coverage' as indicated in para 2.11.4. The grid system, as suggested in the guidelines, to ensure water security under all circumstances and at all times through alternate sub District, District, State level water supply system had not been initiated as of March 2013.

A total of 223 Structures for Roof Water Harvesting involving an amount of ₹ 2.59 crore were planned during 2008-13. Out of 223 structures, 150 were completed upto March 2013. Some of the deficiencies observed are as under:

2.14.1 Inferior work of Rain roof water harvesting

According to the agreement (clause 14), if the work executed by the contractor was imperfect, inferior, or not in accordance with the contract, the contractor would be liable to reconstruct the work so specified or alternatively bear the cost of rectification, besides paying compensation at the rate of one *per cent* per day not exceeding ten days, on the estimated cost of the defective items.

Scrutiny of records relating to construction of 'Roof Water Harvesting Tank' revealed that as against the requirement to use steel of 130 kg per cum for RCC work, the contractors had used steel ranging from 90 to 110 kg per cum in 28 out of 50 cases. The details are shown in *Appendix 2.2.* This was not only in violation of the technically sanctioned estimate which cannot be altered without obtaining the approval of sanctioning authority (Para-36.2 of SPWD Manual), but also led to execution of



Inferior work of Rain Roof Harvesting

inferior quality of work. The SWSM and VWSC, however, had not got the necessary rectification done by the contractor as envisaged in the agreement.

2.15 Quality of Water

The NRDWP guidelines lay great emphasis on water quality and accordingly 20 per cent fund were allocated towards ensuring quality of water by setting up of Water quality laboratories at the State level, intermediary level like district laboratories and grass-root level units. The guidelines prescribed (Para-5) testing of drinking water sources at least twice a year for bacteriological contamination and once in a year for chemical contamination; district laboratories were to test at least 30 per cent of water samples tested at GP Level and all cases where possibility of contamination was reported by the community, capacity building of Panchayats, etc. The position in this respect is given as follows:

Water Quality Laboratories

Two¹⁴ laboratories were established in the State at District level as of March 2013. Though the target for water testing by these laboratories was not fixed, the laboratories carried out a number of tests during 2008-13. However, figures and test reports were made available only for 2012-13.

In the absence of any target, shortfall etc., the tests could not be analysed in audit. The test results made available to audit for the period 2012-13 revealed that water was found to be 'unfit' for human consumption in 39 out of 46 cases (85 *per cent*). This indicated an alarming situation with regard to the quality of water. No corrective action in this regard however, had been initiated by SWSM and the VWSC as of March 2013.

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¹⁴ Karfector and Tadong

Field Testing Kits (FTKs)

The FTKs are simple testing kits to obtain a preliminary report on quality of water with basic chemical and bacteriological parameters, subject to confirmation through subsequent testing in the established laboratories. These kits can be utilised by anyone at any place by following its instructions or with simple training. As per the National Rural Drinking Water Quality Monitoring & Surveillance Programme, O&M of FTKs, including their refilling cost, cost of disinfection, remedial expenses and honorarium to GP Level co-ordinators were to be met from community contribution of ₹ 1 per family per month.

It was, however, noticed that ₹ 1.46 crore was incurred during 2012-13 towards purchase of 126 FTKs (₹ 60 lakh), purchase of 156 bacteriological vials (₹ 30 lakh) and imparting training programmes (₹ 56 lakh) to PRI functionaries and VWSC members. The training was imparted by State Institute of Rural Development, Karfectar for bringing awareness on water quality and use of filter tool out of the funds allocated by GOI under NRDWP, instead of meeting the same from community contribution.

Further, these FTKs were utilised by the GPs till the vials lasted. Thereafter, these remained idle for want of refilling of chemicals. Thus, not only the expenditure on procurement of FTKs was irregularly incurred by the SWSM, non-maintenance and absence of refilling of consumables also rendered the expenditure of ₹ 60 lakh incurred on procurement of these units largely unfruitful, defeating the objective of procurement of FTKs.

> Unauthorised en-route tapping of water

According to DPRs, the water would be conveyed to the end user's points through pipelines propelled through gravitational force to the downstream. Thus, the design of water supply projects are made in such a way that water reaches to the lowest end of consumers without any interruption. The households avail the water through the hydrant installed at various locations within the village.

It was, however, noticed that households in many cases had indulged into *en-route* tapping of water from the main line as shown in the photograph. The tapping reduced the possibility of reaching water supply to the lowest end of households. The VWSC had not initiated adequate steps to check the unauthorised tapping of water. Not only was this practice irregular and unauthorised, but was



tapping Unauthorised en-route

also fraught with the risk of contamination of water, insufficient volume of water reaching to consumers downstream, loss of revenue and increased wear and tear leading to additional burden of maintenance cost.

2.16 Monitoring and evaluation

NRDWP guidelines (Para-10.5) lays emphasis on monitoring and evaluation, to ensure providing adequate and good quality potable water to all households in the most economical and efficient manner. The position in this respect is given as follows:

> Special monitoring cell

Guidelines (Para-19.2) prescribed for setting up of a special monitoring cell and investigation unit at the State headquarters headed by a well-qualified and senior officer with necessary supporting staff. The Monitoring unit shall be responsible for collecting information from the executing agencies through prescribed reports and returns, maintenance of the data and timely online submission of the prescribed data to the Central Government by due dates.

Special monitoring cell and investigation unit, as envisaged, was not set up as of March 2013. As a result, timely online submission of prescribed consolidated data to the Central Government was not done. Moreover, aspects of quality of water, adequacy of service and other related qualitative aspects of the programme at the field level could not be ensured.

> Quality assurance team

Quality Assurance Team headed by the Superintending Engineer, as prescribed in SPWD Manual (Para- 36) for ensuring proper quality of work as per approved specifications for achieving designed life of the works was not constituted by the SWSM. Periodical review and monitoring of the Quality Control System as required under the Manual, had also not been initiated adequately for the projects test checked in audit. This affected the quality of works as pointed out in para-2.12.3.

State Water Sanitation Mission

SWSM was required to carry out inspection of ongoing works of rural water supply and submit reports on progress of works to the State Level Scheme Sanctioning Committee (SLSSC). It was, however, noticed that inspection reports were not available in test checked projects/offices. In absence of details, the effectiveness of the monitoring mechanism in implementation of the projects could not be evaluated in audit.

> Information, Education and Communication (IEC) activities not accorded due importance

The NRDWP guidelines (Para-3 of Annexure-IVA) aimed at empowered, well aware and skilled stakeholders capable of proper planning, implementation, operation, maintenance and management of water supply and water resources at all levels. For this, a multipronged approach with well-planned IEC campaign was necessary. It was, however, noticed during audit that IEC activities were not accorded due importance as a result of which consumers were not well aware about the management of water supply systems leading to drying up of sources, reconstruction of existing projects within limited time period, *en-route* tapping, etc.

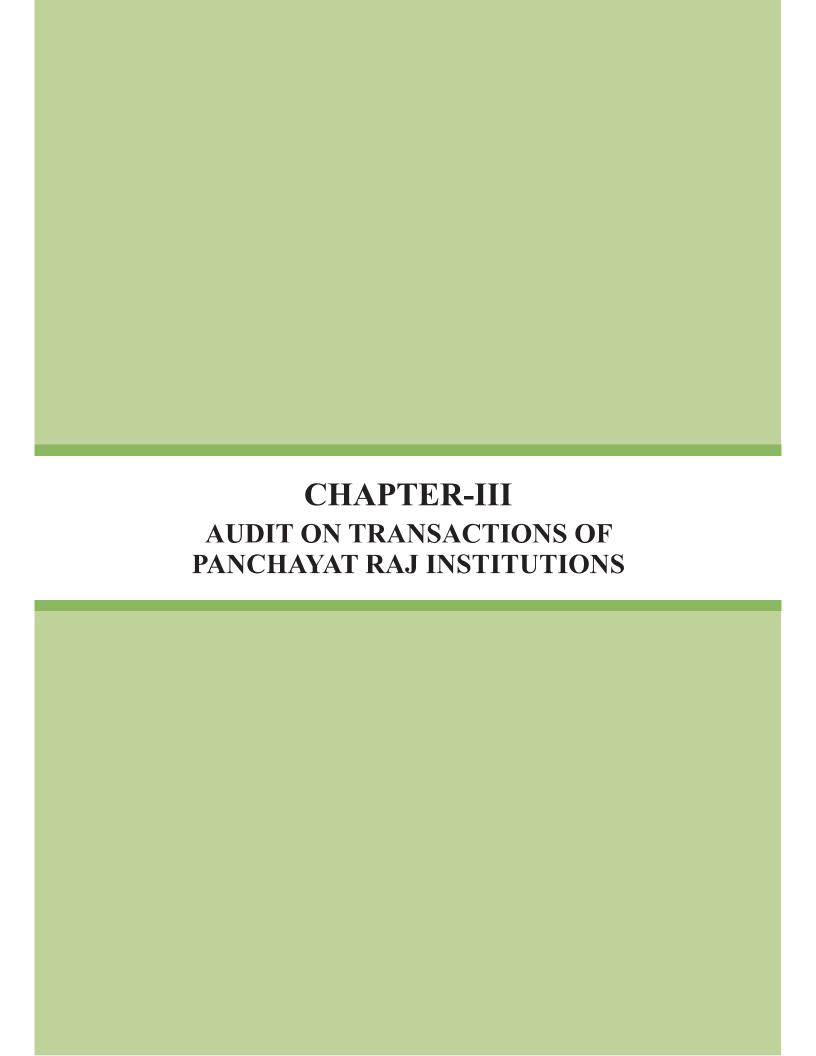
2.17 Conclusion

Although the State was successful in reducing the number of 'partially covered' habitations during 2008-13 and could largely make available required quantity of water to rural households, the implementation aspects had weaknesses in planning, execution of works and monitoring. The comprehensive planning for rural water supply projects were not accorded due priority, release of full funds by GOI was not ensured, funds to the implementing authorities were not released within the specified time frame of 15 days, UCs were submitted belatedly to GOI, quality of water was not ensured in some cases and sustainability was not accorded adequate importance. Absence of timely initiation and proper monitoring led to taking up of only 814 projects (out of total sanctioned 1,668 projects) and completion of only 608 projects between 2008-13, besides incurring avoidable additional expenditure.

2.18 Recommendations

It is recommended that :-

- ➤ adequate emphasis should be placed on coverage of all habitations into FC through expedient execution of all projects sanctioned;
- planning mechanism should be strengthened by formulation of State Specific Sector Policy Framework;
- > the two plans of ACWSAP and VWSP should be expeditiously prepared;
- ➤ adequate and timely release of funds by GOI and State Government should be ensured;
- ➤ programme implementation should be strengthened to avoid additional expenditure, ensure timely completion of projects and qualitative execution of works;
- adequate quality control mechanism should be developed to ensure provision of potable water to all households; and
- > monitoring mechanism should be strengthened.



CHAPTER-III

AUDIT ON TRANSACTIONS OF PANCHAYAT RAJ INSTITUTIONS

3.1 The additional guest house constructed at a cost of ₹76.72 lakh at Tashiding was not utilized as required under the scheme.

The additional guest house at Tashiding constructed at a cost of ₹ 76.72 lakh from Special Central Assistance to Tribal Sub-Plan was neither utilised for the intended purpose of accommodating tourists nor did it help in promoting tribal welfare through family oriented income generating schemes, as envisaged under the scheme.

According to scheme guidelines, Special Central Assistance is given to States/UTs to supplement their efforts in tribal development through Tribal Sub-Plan. This assistance is meant for family-oriented income-generating schemes in the sectors of agriculture, horticulture, minor irrigation, soil conservation, animal husbandry, forests, education, cooperatives, fisheries, village and small scale industries and for minimum needs programme.

Rural Management & Development Department (RMDD) took up (October 2007) 'Construction of an additional guest house at Tashiding, along with repair and maintenance of existing guest house' at Tashiding, West Sikkim at an estimated cost of ₹83.89 lakh (₹68.76 lakh for additional guest house and ₹15.13 lakh for repairing of existing guest house). The construction of the guest house was taken up to facilitate accommodation for the visiting tourists to Tashiding, which is a remote area having high concentration of Schedule Tribes and falls under the Buddhist religious circuit, thereby visited by a large number of devotees and tourists.

The project was sanctioned (September 2007) by the State Cabinet and the cost was met from Special Central Assistance to Tribal Sub-Plan (SCA to TSP) head under Social Justice Empowerment & Welfare Department. The estimate was later revised (November 2007) to ₹82.49 lakh (from ₹83.89 lakh) excluding the component of repair of existing guest house (₹15.13 lakh).

The work was put to tender (August 2008) for ₹ 76.71 lakh which included civil work (₹ 56.83 lakh), external electrification (₹ 9.94 lakh) and water supply (₹ 9.94 lakh) and was awarded (October 2008) to the lowest bidder at 8 *per cent* above the estimated cost with stipulation for completion within one year (i.e. by September 2009). The work commenced from October 2008 and was completed in February 2012, recording a delay of almost two and half years (October 2009 to January 2012).

Audit noticed that even after belated completion of the guest house, the ZP (West) had not ensured the utilisation of the assets for the intended purposes. This is primarily due to the fact that tourists and pilgrims visited once in a year in January and preferred to stay at private accommodation rather than in the guest house. Even at the time of proposal (November 2007) of the additional guest house, tourists were not staying in the existing guest house. Infact, the existing (old) guest house was utilised for



Existing (old) guest house utilised for Community Service Centre (CSC) and Gram Prasasan Kendra

Community Service Centre (CSC) and *Gram Prasasan Kendra* (GPK) at the time of proposal as shown in the photograph. Even today, the guest house (old) continued to be utilised for housing the CSC and GPK. The newly constructed guest house was also not utilised for the intended purpose of tourist accommodation. The building was temporarily utilised for accommodating newly formed *Gram Vikas Kendra* (GVK), Tashiding since January 2013 (after one year of completion of construction) till the construction of new GVK building.

Thus, the ZP(West) and RMDD misled the State Governmeent with the proposal for construction of guest house citing reasons that a large number of devotees and tourists visiting Tashiding were in need of guest house accommodation. As a result, expenditure of ₹ 76.72 lakh incurred on the project from SCA to TSP neither helped in promotion of tribal welfare by way of family-oriented income generating schemes nor facilitated accommodation of tourists, for whom the asset was purportedly constructed. Besides, the decision of debiting the cost to SCA to TSP was unauthorised as the scheme guidelines permitted expenditure related to income generating activities alone.

The penalty of ₹ 0.77 lakh as envisaged in the agreement (para-2) was also not levied for delayed completion of the project by almost two and half years, resulting in undue favour to the contractor.

The matter was reported to the Government (October 2013); reply is awaited (April 2014).

3.2 Wasteful expenditure on distribution of piglets and poultry

Due to selection of beneficiaries without reference to their keenness in the trade, absence of follow-up and monitoring by the ZP / line department; ₹ 37.64 lakh incurred towards distribution of piglet and poultry failed to achieve the intended objectives of the programme of enhancing cattle¹⁵ production in the District.

The Backward Region Grant Fund (BRGF) scheme was launched (February 2006) by Government of India to fill the gap of increasing regional imbalances in economic and social development. The scheme aimed at catalysing development by providing livelihood opportunities to help in poverty alleviation duly considering the local resources

¹⁵ Cattle here includes poultry, piggery etc. as per the Detailed Project Report.

and skill endowments. To ensure that the objective of the scheme was achieved, the BRGF guidelines (Para 5.6) stipulated setting up of strong concurrent and independent monitoring systems for planning and implementation having a judicious mix of external and local agencies.

The District Planning committee (DPC), West District sanctioned (April 2011) ₹ 3.24 crore for execution of various works during 2011-12 by the ZP (West) as per the recommendation of the GP/ZP of West District, which *interalia* included distribution of piglets and poultry for ₹ 37.64 lakh.



Zilla Panchayat (West) Building

Audit scrutiny of the above programme (distribution of piglets and poultry) revealed (April 2013) that no survey had been undertaken to identify the existing gaps in infrastructure or assessment of livelihood opportunities, keeping in mind the available local resources and skill endowments of the local people before launching of the programme. The available funds of BRGF were distributed equally among six Block Administrative Centres and ZP (West) instead of apportionment of the funds on need basis to help in poverty alleviation based on assessment and survey.

Audit scrutiny revealed (March 2013) that ₹ 37.64 lakh was allocated for distribution of piglets and poultry to enhance cattle population to make the District self-reliant and also to raise the income level of beneficiaries. While ₹ 5,000 per beneficiary was allocated for distribution of two piglets (one each of male and female to 150 beneficiaries); ₹ 30,000 was allocated for poultry towards construction of shed (₹ 10,000), cost of chicken (₹ 5,800) and equipment (₹ 14,200) to 100 beneficiaries.

Physical verification (April 2013) by Audit in the presence of Panchayat functionaries and departmental officers revealed that instead of two piglets, only one piglet was distributed to each beneficiary (300 beneficiaries). Besides, beneficiaries were given feed for the piglet, which was not a component of the approved programme. It was noticed that the assistance given to the beneficiaries with the objective of increasing cattle population in the district for achieving self-reliance and also to provide self-employment to the beneficiaries was not achieved, as the beneficiaries did not adopt the programme of rearing and multiplying the piglet but used the piglets for self- consumption.

Similarly, in case of poultry distribution, although ₹ 30 lakh was incurred towards assistance to 100 beneficiaries, for poultry farming as a trade, none of the beneficiaries had adopted poultry rearing as an activity. Physical verification, in test checked cases by Audit, in the presence of departmental officers and Panchayat functionaries revealed (April 2013) that sheds for poultry as envisaged in the programme were not constructed by 25 (out of 28) beneficiaries, chicken was not seen in the premises of 24 (out of 28) beneficiaries and equipment (feeding tray, bucket, mug) were not procured by 27 (out of 28) beneficiaries.

Thus, expenditure of ₹ 37.64 lakh incurred towards implementation of the programme failed to achieve the intended objectives due to selection of beneficiaries in lackadaisical manner without reference to their keenness in the trade. This not only proved to be an obstacle in District becoming self-reliant in cattle population but also hindered in raising the income level of beneficiaries.

The matter was reported to the Government (October 2013); reply is awaited (April 2014).

3.3 Irregular diversion of fund

The Backward Region Grant Funds of ₹ 25.75 lakh was unauthorisedly diverted towards construction of co-operative society building in violation of BRGF guidelines.

According to Backward Region Grant Fund (BRGF) scheme guidelines (Para-4.32), the funds meant for creation of infrastructure should be utilised for rural electrification and drinking water supply.

Scrutiny of records of ZP (West) revealed (April 2013) that ₹ 25.75 lakh¹⁶ was allocated (December 2011) by the State Government (DPC) towards construction of cooperative society buildings across the District. The fund of ₹ 25.61 lakh (out of ₹ 25.75 lakh) was transferred (December 2011) by the ZP (West) to a newly formed (July 2011) Co-operative society, i.e. West Sikkim Marketing and Cooperative Society (WSMCS), Gyalshing for uplifting cooperative societies of West Sikkim.

Audit noticed that the WSMCS deposited (February 2012) ₹ 16 lakh (out of ₹ 25.61 lakh) in fixed deposits (FD) and released (July 2012) ₹ 10 lakh to five cooperative societies equally as loan for developing tourism in West Sikkim. The interest of ₹ 0.84 lakh earned from the FD was also utilised to meet the differential cost and repair of two cooperative society shops though the shop was under the jurisdiction of Co-operation Department, Government of Sikkim.

According to the terms of sanction of loan by WSMCS to the co-operative societies, the loan was to be refunded by the borrowing cooperative societies within one year (by July 2013) from the date of release, failing which interest at the rate of $10 \ per \ cent$ per annum would be charged. It was noticed that none of the cooperative societies excepting one 17 (refunded $\stackrel{?}{\sim} 0.50$ lakh out of $\stackrel{?}{\sim} 2$ lakh) refunded the loan. The societies were also not charged with interest ($\stackrel{?}{\sim} 1$ lakh) as of September 2013.

Thus, the decision to incur BRG fund towards construction of co-operative societies rather than rural electrification, drinking water supply, etc. was in violation of BRGF guidelines and was in effect unauthorised diversion of scheme funds. The ZP (West) not only diverted the funds for unauthorised purposes but also misled GOI that the funds had been utilised for the intended purposes while forwarding utilisation certificates.

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 $^{^{16}}$ ₹ 50,000 X 25 TC+₹ 25000 X 53 GP = ₹ 25.75 lakh

¹⁷ Pragati Sangh Cooperative Society

The matter was reported to the Government (October 2013); reply is awaited (April 2014).

3.4 Unfruitful expenditure on appointment of Panchayat Account Assistants (PAAs)

The GPs and the RMDD failed in ensuring maintenance of accounts in the prescribed new accounting format by the PAAs for which they were primarily appointed, leading to unfruitful expenditure of ₹ 2.99 crore.

The Ministry of Panchayat Raj and Comptroller & Auditor General of India prescribed (January 2009) new accounting formats for Panchayat Raj. The Thirteenth Finance Commission (TFC) recommended (December 2009) implementation of new accounting formats with effect from 2010-11 with the objective to facilitate a gradual shift to the accrual system. Non-implementation of the new accounting format would disqualify the States for General Performance Grants of the TFC.

The Rural Management & Development Department (RMDD), Government of Sikkim informed (April 2010) the Government of India that it had adopted the new accounting format with effect from 2010-11. For implementation of the new accounting formats, the State Government imparted (July-September 2010) training to Rural Development Assistants (RDAs) at the State Institute of Rural Development (SIRD), Karfectar and also printed a number of registers, formats, etc. at a cost of ₹ 1.50 lakh and issued (September 2010) the same to the GPs to enable them to maintain accounts as prescribed in the new accounting format.

Besides, the RMDD also appointed (April and September 2010) 166 Panchayat Account Assistants (PAA) at a consolidated salary of ₹ 5,000 per month. The terms of appointment of the PAAs included maintenance of accounts in the Gram Panchayats in the new accounting formats.

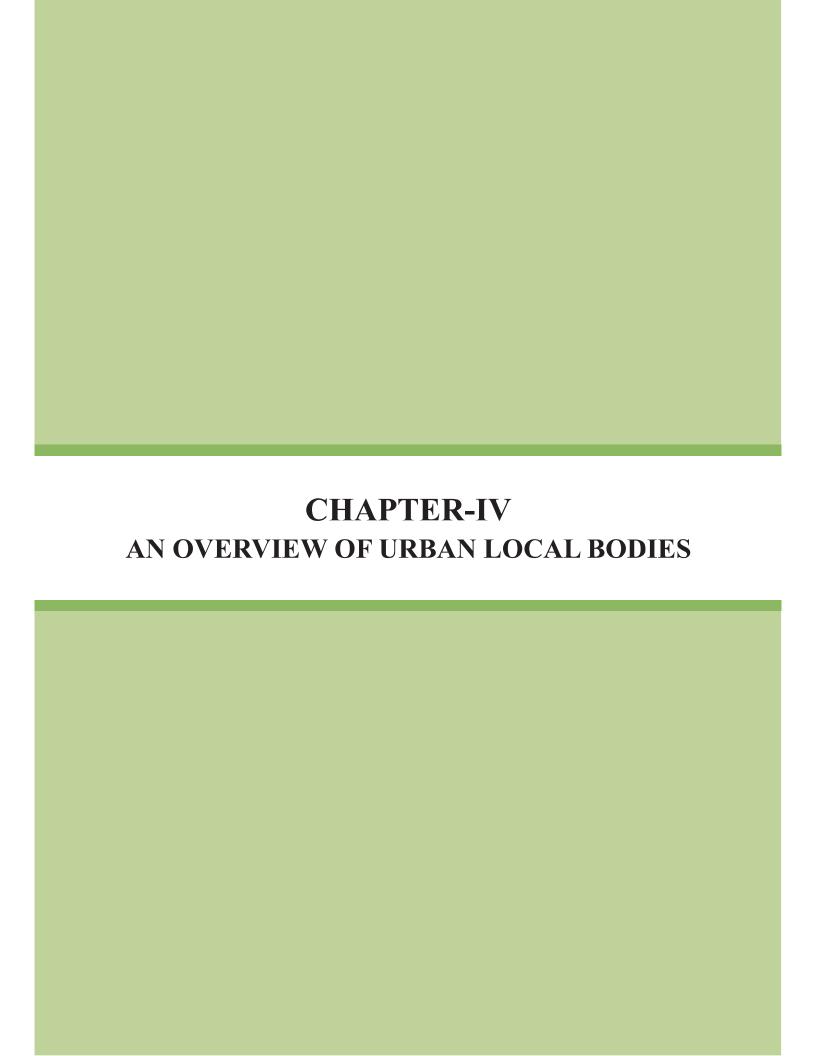
Audit scrutiny revealed (March 2013) that the accounts of the GPs were not maintained in the new accounting format as prescribed by the Ministry of Panchayat Raj and Comptroller & Auditor General of India. Instead, the accounts continued to be maintained in the old single entry system. This was despite the State Government's commitment (April 2010) to GOI regarding adoption of the new accounting formats with effect from 2010-11 and also imparting training to the RDAs (July-September 2010) and PAAs (March-April 2011) by the SIRD for maintenance of accounts as per the new accounting formats.

However, the services of the PAAs were not utilised towards maintenance of accounts as per the new accounting formats. As a result, expenditure of ₹ 2.99¹⁸ crore incurred towards salary (April 2010 to March 2013) of the newly appointed PAAs across the State remained largely unfruitful as the objective of maintaining accounts in the new format had not taken place.

¹⁸ ₹ 5,000 pm X 36 months X 166 GPs= ₹ 298.80 lakh.

Thus, the GPs and the RMDD failed in ensuring maintenance of accounts in the prescribed new accounting format. Till September 2013, ₹ 46.94 crore had been received by way of TFC grants by GPs and ZPs even though the new accounting formats have not been implemented in the GPs in Sikkim.

The matter was reported to the Government (October 2013); reply is awaited (April 2014).



CHAPTER-IV

SECTION "A" AN OVERVIEW OF URBAN LOCAL BODIES

4.1 Introduction

Consequent upon the 74th Constitutional Amendment, the Urban Local Bodies (ULBs) were made full-fledged institutions of Local Self Governments and witnessed a significant increase in responsibilities with greater powers and distinct sharing of resources with the State Government. The amendment empowered ULBs to function efficiently and effectively and to deliver services for economic development and social justice with regard to 18 subjects listed in the XIIth Schedule of the Constitution. The Government of Sikkim enacted the Sikkim Municipalities Act, 2007 empowering ULBs to function as institutions of Self Government and to accelerate economic development in urban areas.

The category-wise ULBs in the State as of March 2013 are shown in table 4.1:

Table 4.1
Category-wise ULBs in Sikkim

Sl.	ULBs	Number of ULBs
No.		
1	Municipal Corporation	1
2	Municipal Council	1
3	Nagar Panchayats	5
	Total	7

The ULBs are governed by the Sikkim Municipalities Act, 2007. Each ULB area is divided into a number of wards, which is determined and notified by the State Government.

4.2 Size of ULBs

The comparative position of ULBs in the State of Sikkim in terms of area and population is given in table 4.2:

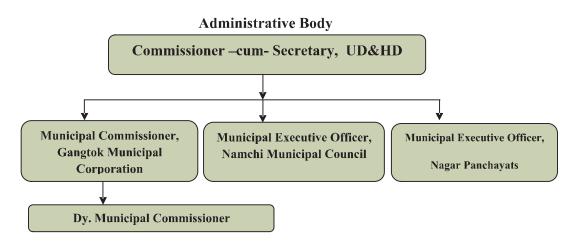
Table 4.2
Statement showing area and population of ULBs

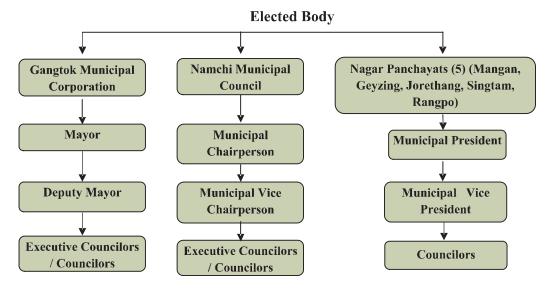
Sl. No.	Name of the ULBs	Area (in Sq. km.)	Total Population as per 2011 Census
1	Gangtok Municipal Corporation (GMC)	19.02	1,00,286
2	Namchi Municipal Council	Not furnished	12,190
3	Nagar Panchayats (all 5 together)	Not furnished	33,984

Source: Information furnished by the ULBs and Census Report 2011

4.3 Organisational set up

4.3.1 The Commissioner-cum-Secretary, Urban Development & Housing Department (UD&HD) is the overall in charge of Urban Local Bodies in the State. The organisational structure with respect to functioning of ULBs in the State is as under:





4.3.2 Composition of ULBs

All the ULBs have a body comprising of Councilors / Members elected by the people under their jurisdiction. The Mayor presides over the meetings of Municipal Corporation and the Chairperson/President presides over the meetings of the Council/Nagar Panchayats and is responsible for overall functioning of the body.

The Municipal Commissioner is the executive head of the Gangtok Municipal Corporation (GMC) while the Council / Nagar Panchayats (NP) is headed by the Municipal Executive Officer. They exercise such powers and perform such functions as

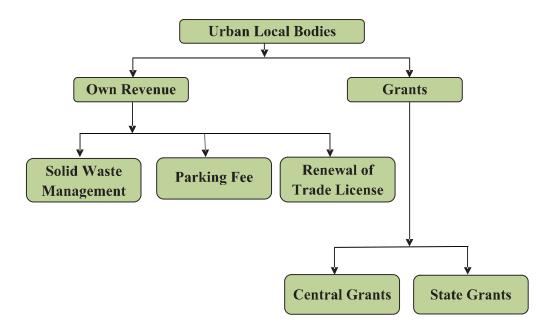
prescribed in the Act and as per instructions of the Urban Development & Housing Department.

4.4 Financial Profile

4.4.1 Resources of ULBs

The ULBs do not have a large independent tax domain. The Finances of ULBs comprise of receipts from own sources, grants and assistance from Government of India (GOI) and State Government. State Government Grants are received through devolution of net proceeds of the total tax revenue under the recommendations of the State Finance Commission. While power to collect certain taxes is vested with the ULBs, powers pertaining to the rates and revision thereof, procedure of collection, method of assessment, exemption, concessions, etc. are vested with the State Government. The own non-tax revenue of ULBs comprise of fee for solid waste management, parking fee and renewal of trade license, etc.

Grants and assistance released by the Governments are utilised for extending civic facilities to the urban population. Flow chart of finance of ULBs is as follows:



4.4.2 Custody of fund in ULBs

The grants received for implementation of various schemes/programmes are kept in bank accounts of the ULBs duly authorised by the State Government. The Drawing & Disbursing Officers under ULBs are empowered to draw the funds from the banks after obtaining sanction from the Municipal Commissioner / Municipal Executive Officer.

4.4.3 Position of funds of ULBs

The detailed position of funds of ULBs for the period from 2010-13 are shown in table 4.3:

Table 4.3
Statement showing the position of funds of ULBs for the last three years

(₹ in lakh)

ULBs		GI	MC		Council / NPs			
Year	Central	State	Own	Total	Central	State	Own	Total
	Grants	Grants	Revenue		Grants	Grants	Revenue	
2010-11	0	282.84	64.14	346.98	1.02	132.77	32.44	166.23
2011-12	51.25	505.13	277.47	833.85	85.27	168.14	117.27	370.68
2012-13	54.82	387.93	554.15	996.90	155.74	109.53	151.89	417.16

Source: Information furnished by the ULBs

4.4.4 Own revenue of ULBs

Own revenue of ULBs includes revenues from solid waste management, parking fee, and renewal of trade license, etc. Collection of own revenue in respect of seven ULBs during the last three years is shown in table 4.4:

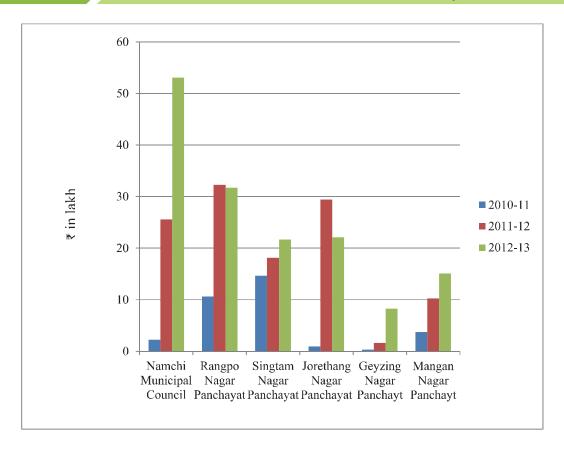
Table 4.4 Statement showing collection of own revenue of seven ULBs

(₹ in lakh)

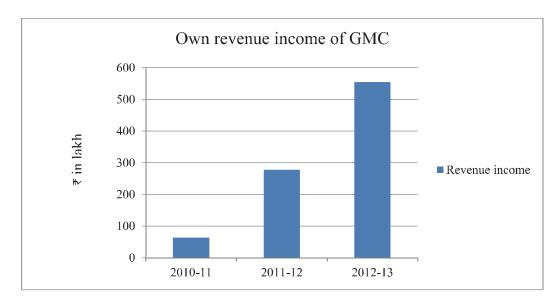
Sl. No.	Name of the ULB	2010-11	2011-12	2012-13
1	Gangtok Municipal Corporation	64.14	277.47	554.15
2.	Namchi Municipal Council	2.24	25.60	53.05
3.	Rangpo Nagar Panchayat	10.63	32.28	31.73
4.	Singtam Nagar Panchayat	14.62	18.11	21.65
5.	Jorethang Nagar Panchayat	0.96	29.42	22.13
6.	Geyzing Nagar Panchayat	0.29	1.62	8.27
7.	Mangan Nagar Panchayat	3.70	10.24	15.06
	Total	96.58	394.74	706.04

Source: Information furnished by the ULBs

The above table indicates that the revenue collection had shown an increasing trend except in case of 2 Nagar Panchayats (Rangpo and Jorethang) for the year 2011-12 and 2012-13 as shown in the following bar graph:



Similarly, in case of GMC, the own revenue increased from ₹ 64.14 lakh to ₹ 554.15 lakh during the period 2010-11 to 2012-13 as shown in graph below:



4.4.5 Grants received and expenditure therefrom

Receipts and expenditure by the GMC, Namchi Municipal Council and 5 NPs during the year 2012-13 are shown in table 4.5:

Table 4.5
Statement showing grants received and expenditure there from of ULBs during 2012-13

(₹ in lakh)

Type of ULBs	Grants received	Expenditure	Balance
Gangtok Municipal Corporation	442.75	457.02	(-) 14.27 ¹⁹
Namchi Municipal Council	46.86	51.16	(-) 4.30
Nagar Panchayats	218.43	152.56	65.87
Total	708.04	660.74	47.30

Source: Information furnished by ULBs

From the above, it is seen that GMC and NMC could utilise the full funds received during 2012-13 and the NPs also utilized funds to the extent of 69.84*per cent*.

4.5 Investment through major schemes

Receipt vis-a-vis expenditure incurred for major schemes implemented by ULBs during 2011-12 and 2012-13 are given in table 4.6:

Table 4.6
Statement showing receipts and expenditure of major schemes

(₹ in lakh)

Name of the Scheme	2	011-12	-12 2012-	
Name of the Scheme	Receipts	Expenditure	Receipts	Expenditure
Swarna Jayanti Shahari	60.52	2.49	13.09	31.92*
Rojgar Yojana (SJSRY)		(4.11)		(243.85)
Backward Region Grant Fund	75.27	53.93	172.36	78.40
(BRGF)		(71.65)		(45.49)
Thirteenth Finance	0.73		9.49	3.46
Commission Fund				(36.46)
Total	136.52	56.42 (41.33)	194.94	113.78
				(58.37)

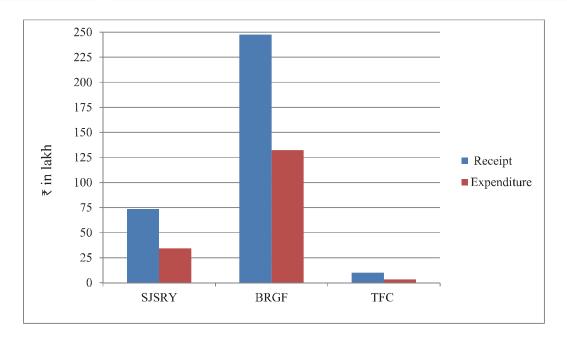
Source: Information furnished by ULBs

Out of ₹ 73.61 lakh available for SJSRY, ₹ 34.41 lakh was utilised indicating 46.74 *per cent* utilisation. Similarly, ₹ 132.33 lakh and ₹ 3.46 lakh was utilised for BRGF and TFC as against the availability of ₹ 247.63 lakh and ₹ 10.22 lakh respectively. The expenditure of BRGF and TFC was 53.44 *per cent* and 33.86 *per cent* respectively. The position is shown in the graph below. Reason for low utilisation of funds were neither reflected in records nor furnished to Audit.

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^{*} Expenditure also incurred from the previous year's unspent balances available under the schemes. Figures in bracket indicate percentage.

Excess expenditure done from last year's savings.



4.6 Status of devolution of functions

The Sikkim Municipalities Act, 2007 envisaged transfer of functions of various departments of the State Government to ULBs. All the 18 functions listed in the XIIth Schedule of the Constitution had been transferred by the State Government to the ULBs, of which only three functions (viz. solid waste management, SJSRY and parking lots) were being implemented by ULBs as of March 2013.

4.7 Accountability framework

4.7.1 Power of the State Government

Acts governing the ULBs entrusts the State Government with the following powers so as to enable the State to monitor the proper functioning of the ULBs:

- frame rules to carry out the objectives of the Sikkim Municipalities Act;
- dissolve the ULBs, if the ULBs fail to perform or default in the performance of any of the duties assigned to them;
- removal of difficulties in giving effect to the provisions of the Act: and
- creation, abolition, recruitment and placement of staff of State Government at the disposal of the Municipality.

4.7.2 Audit mandate

According to Section 60(1) of the Sikkim Municipalities Act, 2007, the municipal accounts as contained in the financial statements including the accounts of special funds, if any, and the balance sheet shall be examined and audited by the Director, or any other person, as may be appointed by the State Government or an Auditor appointed by the Municipality from the panel of professional Chartered Accountants prepared in that

behalf by that Government. According to 61(1) of the Sikkim Municipalities Act, 2007, as soon as practicable after the completion of audit of the accounts of the Municipality, but not later than the thirtieth day of September each year, the Auditor shall prepare a report of the accounts audited and examined and shall send such report along with the report of the results of the test check of accounts of the Comptroller & Auditor General (C&AG) of India to the Chief Municipal Officer. Based on the recommendations of the 13th Finance Commission, the State Government entrusted (June 2011) audit of all ULBs in the State under Technical Guidance and Support/Supervision arrangement (TGS) to the C&AG as per standard terms and conditions under section 20(1) of CAG's DPC Act, 1971. Accordingly, the audit of ULBs is being conducted from 2012-13, by the Principal Accountant General (Audit), Sikkim.

4.8 Conclusion

The ULBs were yet to become fully functional in discharging various functions delegated to them. The utilisation of available funds ranged between 33.86 *per cent* and 53.44 *per cent* indicating inadequate absorption capacity of the ULBs. Revenue generation of the ULBs was not sufficient for defraying the establishment cost and for reducing dependence on Government grants.

SECTION "B"

FINANCIAL REPORTING

4.9 Legal Framework

4.9.1 Financial reporting is a key element of accountability. According to Section 57(1) and 58(1) of the Sikkim Municipalities Act, 2007, the ULBs should prepare the Annual Financial Statements which would include Income and Expenditure Accounts for the preceding year within four months of the close of a financial year. The annual Balance Sheet of assets and liabilities in the prescribed form should be prepared within three months of the close of the financial year.

4.9.2 Accounting Reforms

Based on the recommendation of XIth Finance Commission, the Ministry of Urban Development, GOI in consultation with Comptroller and Auditor General of India developed the National Municipal Accounts Manual (NMAM) which is based on double entry accrual based system of accounting. The Urban Development & Housing Department, Government of Sikkim had drafted (March 2008) the Sikkim Urban Local Bodies Accounting Manual based on the NMAM. The Manual was in the process of approval by the Government. Till date of audit, the accounts were maintained under Double Entry System.

4.9.3 Budget

Under Section 51(5), 53(1) and 53(2) of the Sikkim Municipalities Act, 2007, the Budget estimates of Municipality for a year should be prepared in the prescribed form and presented before a meeting of Municipality, especially convened for the purpose on the thirty-first day of August in each year and should be adopted after discussion by the thirtieth day of September in each year. A copy of the Budget estimates adopted by the Municipality should be sent to the State Government. The Budget estimates received by the State Government shall be returned to the Municipality before the thirty-first day of March of the year immediately preceding the year to which the budget estimate relates with or without modifications of the provisions thereof and the budget estimate for the current year shall be reviewed by the 31st day of October each year and a revised budget estimate for the year shall be prepared by 30th day of November each year and adopted by the councilors within the 31st day of December each year.

Test check of records of 4 ULBs²⁰ revealed that none of the ULBs had prepared the budget till date and expenditure was incurred without preparation and approval of the budget. Non preparation of budget was fraught with the risk of inadequate internal control in the management of finances in the ULBs.

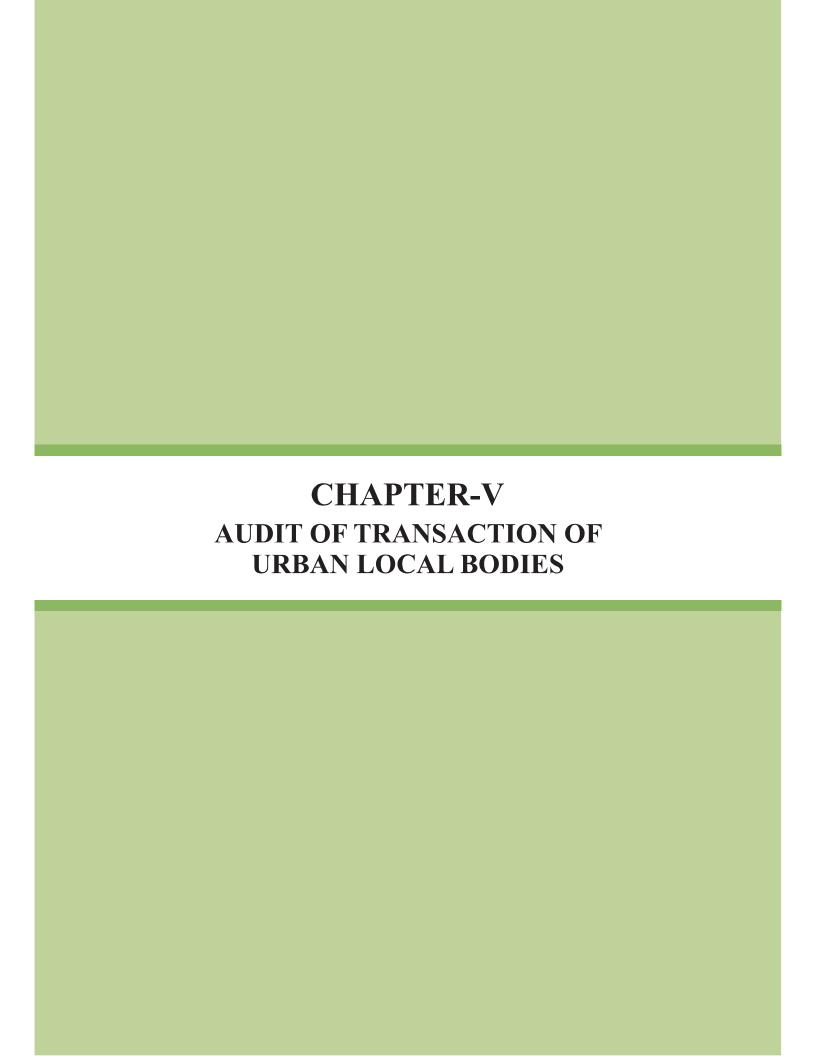
Gangtok Municipal Corporation, Namchi Municipal Council, Gyalshing Nagar Panchayat and Mangan Nagar Panchayat.

4.9.4 Certification of Accounts

The State Government has not made any provisions in the State Acts / Rules for certification of accounts of the ULBs.

4.10 Conclusion

The approval of the Sikkim Urban Local Bodies Accounting Manual had not been obtained. This is essential for prepare budgets in accordance with the Sikkim Municipalities Act, 2007 which would strengthen internal control and financial management in the ULBs.



CHAPTER-V

AUDIT OF TRANSACTION OF URBAN LOCAL BODIES

5.1 Unauthorised diversion of ₹35.98 lakh towards meeting administrative charges

The GMC unauthorisedly diverted ₹ 35.98 lakh from SJSRY in contravention of the scheme guidelines and terms of sanction.

According to *Swarna Jayanti Sahari Rojgar Yojna* (SJSRY) guidelines (Para 2.1), the funds under the scheme should be utilised for addressing urban poverty alleviation through gainful employment to the urban unemployed or underemployed poor by encouraging them to set up self-employment ventures, etc.

Gangtok Municipal Corporation (GMC) received (November 2011) ₹ 35.98 lakh under the SJSRY from State Government for implementing the scheme in Gangtok Municipal area. However, GMC did not work out the *modus operandi* for utilising the funds for the intended purposes. Instead, the fund was kept idle for a few months and then the entire fund was spent (September 2010 to March 2012) towards meeting administrative charges (salary, office expenditure, etc.).

Thus, the GMC unauthorisedly diverted ₹ 35.98 lakh sanctioned for addressing urban poverty alleviation in contravention of the scheme guidelines and terms of the sanction.

The matter was reported to the Government (October 2013); reply is awaited (April 2014).

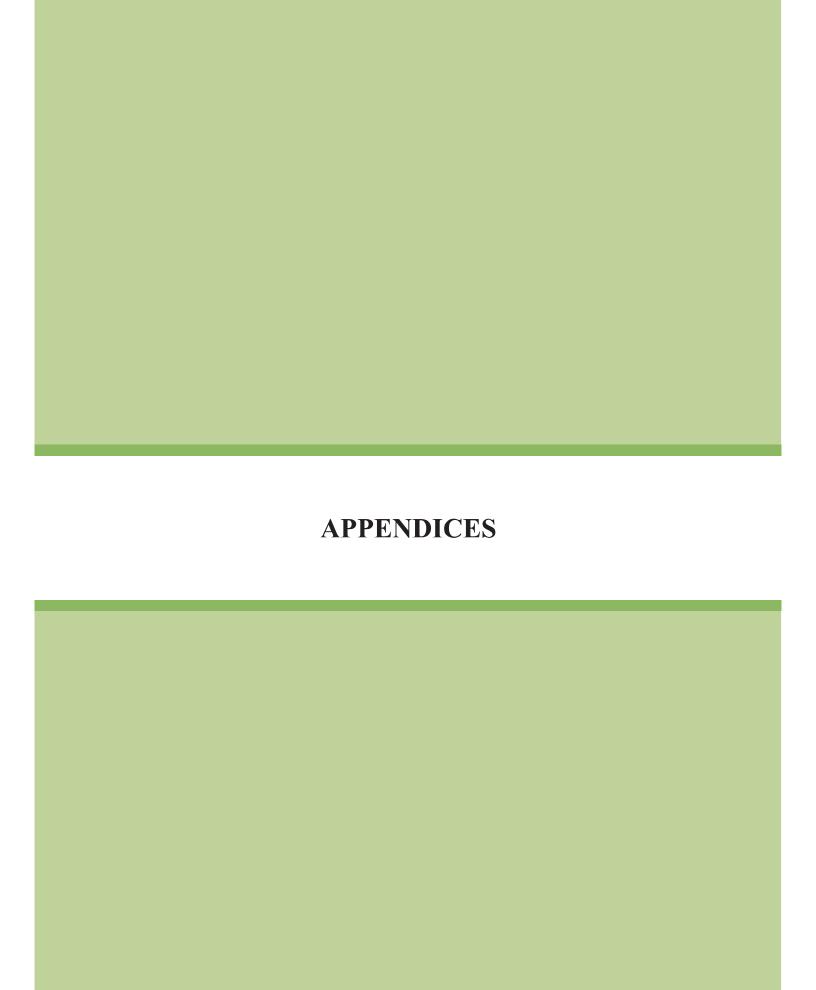
(L. Angam Chand Singh)

Principal Accountant General (Audit)

Angam Chand

Sikkim

Gangtok The



Appendix - 1.1 Statement showing transfer of 29 subjects to PRIs (Reference: Paragraph- 1.9.1: Activity Mapping; Page: 12)

Name of Sector	Activities under Zilla	Activities under Gram Panchayat
/ Department	Panchayat	Trectivities under Gram Lanenagae
1. Agriculture & Food Security	Identification of areas for all programmes; National Agricultural Insurance Scheme; extension and demonstration on organic farming; conducting crop competition demonstration; deconstruction programme; compensation for crop loss due to natural calamities; establishment of storage facilities; and generation of crop statistics.	Selection of beneficiaries for demonstration and organic manure production; assisting in organising crop competition & exhibition; selection of beneficiaries for special program of organic farming; generating yield data; reporting of crop loss; maintenance of infrastructures and organising & motivation for agriculture production.
2. Horticulture & Cash Crop	Extension & demonstration on organic farming related to horticulture; conducting crop competition & exhibition; training & demonstration of horticulture crops including fruits, vegetables, potato, ginger & cardamom; creating awareness in floriculture as commercial venture; assessment, verification and compensation of horticulture crop losses due to natural calamities; establishment of storage facilities; generation of horticulture crop statistics and motivation and implementation of crop insurance.	Extension & demonstration on organic farming related to horticulture and development of local entrepreneurs for production of organic manures; assisting in organising crop competitions & exhibitions; training & demonstration of horticulture crops through selection of right beneficiaries and areas; assessment and reporting of horticulture crop losses; maintenance of storage facilities; generating horticulture crop statistics; and motivation of crop insurance programme.
3. Animal Husbandry, Livestock, Veterinary Services	Rabies control, vaccination & elimination of affected animals; distribution of preventive materials for control of animal diseases preventive measures; compilation of reports & dissemination of information; identification of areas for different types of animal development programme; quality monitoring; meat inspection & certification; programmes for fodder production; management of marketing of animal products; processing centres; training & awareness of animal husbandry related programmes; organising District level training workshops & programmes;	Identification of beneficiaries for various purposes under Animal Husbandry Sector; distribution of fodder; collection of products for large markets; assessment of production collection centres; supervision of delivery of Government services; identification of training needs of farmers; requisition of training programmes; distribution of high bred varieties of farm animals; execution of works up to ₹ 2 lakh; and supervision of implementation.

	4 4	
	cross breeding management of artificial insemination programmes; execution of	
	works between ₹ 2 to ₹ 5 lakh; and identifying areas for various types of fisheries.	
4. Education.	Overall supervision of Junior High School (JHS) except appointment and transfer of teachers; all repairs & maintenance of JHS; supporting state authorities in survey & related projects; literacy programmes; and	Overall supervision of functioning of Primary School (PS) and Lower Primary School (LPS) except appointment and transfer of teachers; conducting all repairs & maintenance works up to ₹ 10 lakh; identification of learners; and assisting in Literacy Supervision programmes.
	monitoring the programmes.	
5. Health & Family welfare.	To facilitate the formation of village health and sanitation committees at the Gram Panchayat level; to ensure and help district health mission under NRHM to prepare a need based demand driven socio- demographic plan at the district level; to oversee effective implementation of health and family welfare programmes at the district level by monitoring and supervising the functions and functionaries, training, equipping and empowering Panchayat members suitably to manage and supervise the functioning of health care infra-structure and manpower and further co-ordinate works of different departments such as Health &Family Welfare, Social	Form village health and sanitation committee comprising of Auxillary Nurse Midwife (ANM) / Multipurpose Health Worker (Male) {MPHW(M)}, Accredited Social Health Activist (ASHA),Non Government Organisations (NGOs) and village representatives with adequate representation for women members (Existing village sanitation campaign may be redesignated as Village Health and Sanitation Committees); to ensure and help village level health committees under NRHM to prepare an area specific, need based, demand driven, socio- demographic plan at the village/ sub-centre level; to grant approval and ensure proper utilisation of funds earmarked as untied funds under NRHM; to ensure selection of sincere and dedicated ASHA in village; to improve health care standard at the household level through female health activist (ASHA); to demonstrate exemplary performance in compulsory registration of births, deaths, marriage and pregnancies; ensuring safe deliveries to bring a reduction in Infant Mortality Rate (IMR) and Maternal Mortality Rate (MMR); identification of people in need of service and facilitate in providing service in collaboration with village level health workers in respect of National programmes like Reproductive and Child Health, Blindness, Tuberculosis (TB) Control, Sexually Transmitted Disease (STD) / Human Immunodeficiency Virus (HIV) / Acquired Immunodeficiency Syndrome (AIDS), etc.
	Welfare, Public Health Engineering, Rural Development, etc. at the district level; and to ensure un-biased selection of Accredited Social Health Activist (ASHA).	Acquired Immunodeficiency Syndrome (AIDS), etc. keeping provision of fund for maternal and child health activities (referral of high risk cases, etc.) in the PRI budget; awareness generation regarding all health and family welfare related issues and to generate demand from the community for services under different National and State health programmes; and to increase service utilisation at different levels through different effective locally acceptable approaches.
6. Forests, Environment and Wildlife	Facilitation for marketing of saplings for Government & private plantation; providing marketing facilities for medicinal plants & other forestry products; training for cultivation; protection support to Smriti Van ²¹ ;	Establishment of community nurseries; establishment of medical plants gardens for commercial purpose; establishment of Smriti vans; control of forest fires; coordination with Joint Forest Management Committee (JFMC); control of grazing in forest land; implementation of regulated grazing; plantation of Non Timber Forest Produces (NTFP) production; micro- planning & implementation of soil conservation works; planning &

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²¹ "Smriti Van" is a piece of land where medicinal plants have been planted through community participation.

	support for control of forest	implementation of Green mission works: planning &
7. Commerce & Industries.	support for control of forest fire, prevention & control; awareness and promotion on regulated grazing; promotion of Non-timber Forest Produce (NTFP) -bamboo plantations; promotion of timber substitutes-marketing; identification of Gram Panchayats for the programme; monitoring of the programme; and harvesting & distribution of fuel wood. Providing assistance to trained beneficiaries to start their own units including credit support; organizing entrepreneurial development programmes; providing marketing facilities for	implementation of Green mission works; planning & implementation of fuel wood plantation in community lands; identification of sites; and upkeep of parks & gardens. Identification of beneficiaries for training; distribution of raw materials and promotion of cottage industries based on locally available materials.
	cottage and village products; and identifying locations for specific industrial & commercial activity.	
8.Disaster management	Assisting in assessment of damages during natural calamity; providing training on rescue and relief operation; coordinating with District Relief Committee and Village Relief Committee; investment in preventive and preparedness measures; and maintenance & minor repair works between ₹ 10 to ₹ 20 lakh.	Awareness generation on disaster management; mock drill; and rescue & relief operation.
9. Irrigation	Creation of minor irrigation channels.	Identification of locations for minor irrigation channels; and all repairs of minor irrigation channels.
10. Cultural activities	Identification and preservation of heritage sites.	Promotion of folk art; preservation of traditional culture and customs; and opening and maintenance of rural (village) Libraries.
11. Rural water Supply	All maintenance works and new schemes between ₹ 10 to ₹ 20 lakh.	Minor repairs and new schemes up to ₹ 10 lakh.
12. Rural bridges	All maintenance works and new schemes between ₹ 10 to ₹ 20 lakh.	Minor repairs and new schemes up to ₹ 10 lakh.
13. Rural sanitation	Promoting environment friendly means of disposal of solid and liquid waste; maintenance of environmental hygiene; construction and maintenance of institutional and community latrines and bathing places.	Conducting environment friendly waste management through Gram Panchayat level Water and Sanitation Committees; and construction and maintenance of Individual Sanitary latrines and bathing cubicles.
14. Cooperatives	Promotion of Co-operative movement in the district.	Generating awareness about cooperatives.

15. Miscellaneous	Regulating building construction; rural street lighting and its maintenance; establishment & maintenance of crematoriums and burial places; regulating disposal of carcasses; construction of Integrated Child Development Scheme (ICDS) Centres; disbursement of Old Age Pension (OAP) & Sumptuary Allowance (SA); implementation of Small Family Benefits Scheme; implementation of National Family Benefit Scheme; promotion of eco-tourism; maintaining tourist's infrastructure and amenities at the district level; identification of potential places for development of tourism; promotion of use of renewable energy sources; maintaining haat sheds at the Sub-divisional level markets not falling under the jurisdiction of ULBs; and assisting the State Govt. in collection of data / survey / maintenance of law & order and Information, Education and Communication (IEC) activities.	Enforcing regulation for building construction; establishing facilities for generation of renewable energy sources; reporting on presence of carcasses; supervision and maintenance of ICDS Centres; maintaining tourist infra-structure and amenities at the village level; regulating the use of <i>haat</i> sheds at the Sub- Divisional level markets not falling under the jurisdiction of ULBs; collection of data for the State Govt. and reporting to the District Administration of the Law &Order situation including potential dangers and disturbances.
All centrally sponsored schemes	As per guidelines given by the GOI.	As per guidelines given by the GOI.

Appendix 1.2 Statement showing actual transfer of functions to PRIs (Reference: Paragraph- 1.9.1: Activity Mapping; Page: 12)

Name of Sector /	Activities under Zilla Panchayat	Activities under Gram Panchayat
Department		
1. Animal Husbandry, Livestock, Veterinary Services	Training & awareness of animal husbandry related programmes; organizing District level training workshops & programmes; cross breeding management of artificial insemination programmes; execution of works between ₹ 2 to ₹ 5 lakh and identifying areas for various types of fisheries.	Distribution of fodder; distribution of high bred varieties of farm animals; execution of works up to ₹ 2 lakh; and supervision of implementation of Animal Husbandry sector programmes.
2. Education.	Overall supervision of JHS except appointment and transfer of teachers; repairs & maintenance of JHS; supporting State authorities in survey & related projects; literacy programmes and monitoring the programmes relating to Education.	Overall supervision of functioning of PS and LPS except appointment and transfer of teachers; repairs & maintenance of PS & LPS up to ₹ 10 lakh; identification of learners; and assisting in supervision of literacy programmes.
3. Health & Family Welfare.	To facilitate the formation of Village Health and Sanitation Committees at the Gram Panchayat level; to ensure and help District health mission under NRHM to prepare a need based demand driven socio-demographic plan at the District level; to oversee effective implementation of health and family welfare programmes at the District level by monitoring and supervising the functions and functionaries, by training, equipping and empowering Panchayat members suitably to manage and supervise the functioning of health care infrastructure and manpower and co-ordinate works of different departments such as Health and Family Welfare, Social Welfare, Public Health Engineering, Rural Development, etc. at the District level; to ensure un-biased selection of ASHA in each village by Panchayat members and to devise mechanism at the district level for monitoring of ASHA; awareness generation regarding all health and family welfare related issues and generate demand from the community regarding available provision of services under different National Programmes and State Service Provision; and to increase service utilisation at different levels through different effective, locally acceptable approaches.	Form Village Health and Sanitation Committee comprising of ANM/MPHW(M),ASHA, NGOs and village representatives with adequate representation for women members (Existing village sanitation campaign may be redesignated as village Health and Sanitation Committees); awareness generation regarding all health and family welfare related issues and to generate demand from the community for services under different National and State health programmes to each village by Panchayat members and to devise mechanism for monitoring of ASHA; to increase service utilisation at different levels through different effective, locally acceptable approaches.
4. Forests, Environment and Wildlife	Facilitation for marketing of saplings for Government and private plantation; and promotion of NTFP-bamboo plantations.	Co-ordination with Joint Forest Management Committee (JFMC); control of grazing in forest land; implementation of regulated grazing; and plantation of Non-timber Forest Produce (NTFP).

		X1
5. Commerce & Industries.	Providing assistance to trained beneficiaries to start their own units including credit support; and organising entrepreneurial development programmes.	Identification of beneficiaries for training and distribution of raw materials.
6.Disaster management	Assisting in assessment of damages during natural calamity; providing training on rescue and relief operation; and coordinating with District Relief Committee and Village Relief Committee.	Rescue and relief operation.
7. Irrigation	Creation of minor irrigation channels.	Identification of locations for minor irrigation channels; and all repairs of minor irrigation channels.
8. Cultural activities	Identification and preservation of heritage sites.	Opening and maintenance of rural (village) libraries.
9. Rural water Supply	All maintenance and new schemes between ₹ 10 to ₹ 20 lakh.	Minor repairs and new schemes up to ₹ 10 lakh.
10. Rural bridges	All maintenance and new schemes between ₹ 10 to ₹ 20 lakh.	Minor repairs and new schemes up to ₹ 10 lakh.
11. Rural sanitation	Promoting environment friendly means of disposal of solid and liquid waste; maintenance of environmental hygiene; and construction and maintenance of institutional and community latrines and bathing places.	Construction and maintenance of Individual Sanitary latrines and bathing cubicles.
12. Cooperatives	Promoting Co-operative movement.	Generating awareness about cooperatives.
13. Miscellaneous	Regulating building construction; and rural street lighting and its maintenance; establishment & Maintenance of crematoriums and burial places; regulating disposal of carcasses; construction of ICDS Centres; disbursement of Old Age Pension & Sumptuary Allowances; Small Family Benefits Scheme; National Family Benefit Scheme; promotion of ecotourism; maintaining tourist's infrastructure and amenities at the District level; identification of potential places for development of tourism; promotion of use of renewable energy sources; maintaining haat sheds at the Subdivisional level markets not falling under the jurisdiction of ULBs; and assisting the State Govt. in collection of data / survey / maintenance of law & order and IEC activities.	Supervision and maintenance of ICDS Centres; maintaining tourist infra-structure and amenities at the village level; regulating the use of <i>haat</i> sheds at the Sub- Divisional level markets not falling under the jurisdiction of ULBs.
All centrally sponsored schemes	As per guidelines given by the GOI.	As per guidelines given by the GOI.

Appendix 1.3 Statement of powers exercised by State Government in relation to PRIs (Reference: Paragraph- 1.10: Accountability framework; Page: 13)

CI	F - 4° - /6 1	D CCL + C				
Sl No.	Function / Scheme	Power of State Government				
	ULTURE					
01.	Farmers' field seed	Selection and procurement of seeds & their technological supervision.				
***	Production	Sold of the production of books as their technological super vision.				
02.	Manure & fertilizers	Procurement of fertilizers.				
03.	Plant protection	Procurement of pesticides and overall technical supervision.				
04.	(A) Commercial crops	Procurement of seeds having Inter district ramification.				
	(B) Other minor					
	Commercial Crops					
	(C) Spices					
0.5	(D) Tuber crops	Providing symiother to ships side and Other metanish arranisation				
05.	Extension & Training	Providing curriculum teaching aids and Other materials, organisation of more sophisticated training and training of trainers.				
06.	(A) Oil seed production	As in item-4.				
	programme					
	(B) Pulses production	As in item-4.				
07.	Rejuvenation of old orchards	Technological support, supervision and annual physical verification.				
08.	Planting new Orchards;	Procurement of planting materials in case of Inter District				
	integrated development of	Procurement.				
	fruits, vegetable					
	development, floriculture,					
09.	etc. Subsidy of bank finance	Formulation of scheme and allocation of funds.				
07.	scheme	1 of indiation of scheme and anocation of funds.				
ANIMA	L HUSBANDRY					
1.	Prevention and control of	Formulation of strategy for prevention & control of diseases; and				
	animal diseases	provisioning of technology and medicine to Zilla Panchayats.				
2.	Cattle improvement	Formulation of programme and policy and allocation of fund to Zilla				
	through (A) Natural	Panchayats.				
	Service and (B) A. I.					
3.	Integrated Piggery	Programme introduction guidelines and allocation of funds.				
	Development Programme					
4.	Extension & training	Providing curriculum teaching aids and other materials, organisation of more sophisticated training and training of trainers.				
5.	Minor works/ supervision/	Allocation of funds to district.				
J.	maintenance	Through of funds to district.				
MEDIC	AL AND PUBLIC HEALTI	1 H				
1.	Mass education	Allocation of funds to district.				
2.	Rural family welfare	Allocation of funds to district.				
	services					
3.	Maintenance of Primary	Allocation of funds to district.				
	Health Sub Centre					
4	(PHSC)	W 0 GI 11 W 10 P				
4.	I.C.D.S.	Women & Child Welfare Department to provide funds from their				
DIIDAT	 DEVELOPMENT DEPAR	SOURCES. THE DIT				
RUKAL 1.	Maintenance of Panchayat	Fund allocation to district & monitoring.				
1.	Ghar	i and anovation to district & monitoring.				
	Giidi					
2.	Sanitation	Formulation of programme for sanitation.				

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3.	New and Renewable	Fund allocation to district and overall control.
	Source of Energy	
	(NRSE)National	
	programme on Bio- gas	
	development	
EDUCA	TION DEPARTMENT	
1.	Non-formal education	Planning, Co-ordination and management of programmes as per GOI
		guidelines.
2.	Adult education	Planning, co-ordination & management of programmes as per GOI
		guidelines.
3.	Mid Day Meals	Co- ordination &Monitoring.

Appendix – 2.1 Statement showing functions and responsibilities of various functionaries (Reference: Paragraph- 2.2: Organisational set up; Page: 21)

Level	Authority	Functions and Responsibilities
		 Provide policy guidance; convergence of water supply and sanitation activities including Special Projects;
	State Water and Sanitation Mission (SWSM)	 coordination with various State Government Departments and other partners in relevant activities; monitoring and evaluation of physical and financial performance and management of the water supply and sanitation projects; integrating communication and capacity development programmes for both water supply and sanitation; and maintaining the accounts for Programme Fund and Support Fund and
State	State Level Scheme Sanctioning Committee (SLSSC)	 Before the beginning of every year, the State Government will prepare an Annual Action Plan on the habitations to be targeted adhering to the prioritisation of habitations to be covered as laid down in the Guidelines, schemes to be taken up and other activities to be taken up in the year; based on the Annual Action Plan that is finalized after discussions with the DDWS before or in the beginning of the year, the habitations to be targeted and schemes to be taken up for approval of the State level Scheme Sanctioning Committee should be firmed up and marked on the Irrigation Management Information System (IMIS). Annual Action Plan of all support activities under Communicational Capacity Development Unit (CCDU), Water Quality Monitoring & Surveillance (WQM&S), Management Information System (MIS), Research & Development (R&D), Monitoring & Evaluation (M&E), etc. to be undertaken by State Water and Sanitation Support Organization needs to prepared and got approved in the SLSSC as per the guidelines issued by Directorate of Drinking Water Mission, GOI.; the schemes put up for approval in the committee should be cleared by the Source Finding Committee and technical approval should be given by the competent authority of the State/UT; State Level Scheme Sanctioning Committee should ensure that all the approved projects are entered on the central online MIS for accounting of habitations addressed/covered during the year; meetings of the Committee should be held at least twice in a year, wherein apart from sanctioning new schemes, progress, completion and commissioning of the schemes approved earlier by the Committee should be reviewed; and the Committee should review the functioning/performance of existing water supply schemes for availability of potable drinking water in adequate quantity in the rural habitations of the State/UT.
	State Technical Agency (STA)	 To assist the State Department to plan and design scientifically sound and cost effective rural water supply schemes with special emphasis on sustainability of the source and system; to assist the Public Health Engineering Department(PHED) in preparation of action plan for both software activities and hardware activities; to evaluate and scrutinise major/ complicated water supply schemes as
		 assigned by the SLSSC/PHED for consideration under SLSSC; to provide feedback to the SWSM/SLSSC/ PHED on various aspects of programme and problems encountered in planning and implementation at the field level for possible changes/solution at the State level; and to engage technical experts on specific assignments.

	Г	
		 This organization would only deal with software aspect of RWS sector and may not be involved in implementation of water supply schemes; the organisation's main function would be to act as a facilitating
	Water and Sanitation Support Organization	agency and would function as a bridge between the PHED/ Board and the Community Organisations, assisting the PRIs and VWSCs to prepare water security plan, implement and maintain RWS projects based on the water security plan;
	(WSSO)	• take up Human Resources Development (HRD) and IEC activities through CCDU;
		• take up evaluation studies, impact assessment studies, R&D activities and share the findings with PHED for corrective action;
		• take up MIS and computerisation programmes, GIS mapping and online monitoring systems, including those for water quality monitoring & surveillance.
		• Formulation, management and monitoring of projects and progress on drinking water security and total sanitation in rural areas;
		• scrutiny and approval of the schemes submitted by the Block Panchayat/ Gram Panchayat and forwarding them to SLSSC wherever necessary;
	District Water and Sanitation Mission (DWSM)	• selection of agencies / NGOs and enter into agreements for social mobilisation, capacity development, communication, project management and supervision,
District		 sensitising the public representatives, officials and the general public; engaging Institutions for imparting training for capacity development of stakeholders and undertaking communication campaign;
		• coordination of matters relating to water and sanitation between District representatives as well as National programmes such as <i>Sarva Shiksha Abhiyan</i> (SSA), National Rural Health Mission (NRHM), Integrated Child Development Scheme (ICDS), etc.; and
		• interaction with SWSM, State Government and the Government of India.
		• Planning, designing, and implementing all drinking water and sanitation activities;
		• providing facts and figures to the Gram Panchayat for reviewing water and sanitation issues;
		providing inputs for the Village Water Security Plan;
		• ensuring community participation and decision making in all phases of scheme activities;
		• organising community contributions towards capital costs, both in cash and kind (land, labour or materials), if any;
	Village Water and Sanitation	opening and managing bank account for depositing community cash
Village	Committee (VWSC)	contributions, Operation & Maintenance (O&M) funds and management of project funds;
	,	• commissioning and takeover of completed water supply and sanitation works through a joint inspection with Line Department Staff;
		• collection of funds through a tariff, charges and deposit system for
		O&M of water supply and sanitation works for proper managing and financing of O&M of the services on a sustainable basis; and
		empowering of women for day to day operation and repairs of the scheme;
		• for multi village schemes, the Standing Committee of the Block
		Panchayat could perform a similar role.

Source: National Rural Water Development Programme Guidelines

Statement showing construction of Roof Water Harvesting Structure (RWHS) (Reference: Paragraph 2.14.1: Inferior work of repair of Rain Roof Water Harvesting; Page:31) Appendix-2.2

Construction of ROOF WATER HARVESTING STRUCTURE (RWHS)

As per	Col. 5 Ckg./m³)		130	130	130	130	130	
				93	66	801	501	107
As per	CACCUIT	Col.14 X100 Col. 8 (kg./m³)	17					
	Amt		16	43214	39534	42514	44561	35537
or Steel	As per execution	Rate	51	4119.55	4119.55	4119.55	4119.45	4119.45
Supplying Bending & Binding Tor Steel	As p	Ont (Quintal)	14	10.49	9.6	10.32	10.82	9.59
Bending &		Amt (₹)	13	39485	39485	35537	39485	39485
Supplying I	As per estimate	Rate	12	4119.45	4119.45	4119.45	4119.45	4119.45
	As per Ont (Quintal)		11	9.58	9.58	9.59	9.58	9.58
	ion	Amt (₹)	10	35046	25382	26225	27971	22786
	As per execution	Rate	6	3090.48	3090.48	3090.48	3090.48	3090.48
P/L RCC 1.2.4	As	Ont (m³)	8	11.34	29.6	9.56	10.3	8.95
P/L RC	ate	Amt (₹)		22786	22786	22786	22786	22786
	As per estimate	Rate	9	3090,48	3090.48	3090.48	3090,48	3090.48
	A	Ont (m³)	5	7.37	7.37	7.37	7.37	7.37
Vr. No.	& Date		4	22/ARWSP /EDZP 17.08.2012	56/ARWSP 18.10.12	29/ARWSP (NRDWP) 10.09.2012	8/NRDWP 5.06.2013	103/ARWSS 24.02.2012
Name of	Deficially		3	Smt. Sangey Dome Sherpa	Thendup Bhutia	Dhan Maya Rasaily	Ravi Lall Khanal	North Regu Womens Labour Co-operative Society Ltd
Name of work	:		2	Const of RWHS at Sajong under Central Pendam	Const of RWH Tank at Upper Khamdong	Const of RWHS at Bhurung Central Pendam	Const of RWHS at Sajong under Central Pendam	Const of RWHS at Regu GPU
S S	S. S. C. C. C. C. C. A.		S					

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Const of RWHS at Gouri Namy and Gulveut EDZP Const of RWHS at Gouri Namy and Gulveut EDZP Const of RWHS at Kaman Singh Solveut Bhrata Solveut	4119.45	4119.45	4119.45	4119.45	4119.45	4119.45	4119.46	4119.45	4119.55	4119.45
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Const of RWHS at Suresh Khatiwara 91/Acctu/ Earlimhang under Const of RWHS at Gouri Narayan 64/Acct/ Aritar Bernam Gouri Narayan 64/Acct/ Aritar Dalapchand B.1.1.2011 Const of RWHS at Labour Co-opt EDZP Sajong under Rai Bhim Bahadur 25/ARWSP Contral Pendam Const of RWHS at Topden Bhutia 19/Acctu/EDZP M Sumin Topden Bhutia 19/Acctu/EDZP M Sumin Topden Bhutia 30.05.2012 Const of RWHS at Kailash Chandra 3/Acctt Sajong, C Pendam Sharma 10.04.2012 Const of RWHS at Lalit Kr Chettri EDZP Goral Const of RWH at Lalit Kr Chettri EDZP EDZP Goral Const of RWH at Lalit Kr Chettri EDZP Goral Const of RWH at Lalit Kr Chettri EDZP Goral Const of RWH at Lalit Kr Chettri EDZP Goral Go	3090.48	3090.48	3090.48	3090.48	3090.48	3090.48	3090.48	3090.48	3090.48	3090.48
Const of RWHS at Suresh Khatiwara Karimthang under Central Pendam Aritar Aritar Const of RWHS at Gouri Narayan Aritar Const of RWHS at Labour Co-opt society Const of RWHS at Sajong under Central Pendam Const of RWHS at Raman Singh Bering Const of RWHS at Topden Bhutia M Sumin Const of RWHS at Topden Bhutia M Sumin Const of RWHS at Railash Chandra Sajong, C Pendam Sajong, C Pendam Const of RWHS at Lalit Kr Chettri Deorali, C Pendam Sajong, C Pendam Const of RWHs at Lalit Kr Chettri Deorali, C Pendam Talit Kr Chettri Deorali, C Pendam Const of WH tank Talit Kr Chettri Deorali, C Pendam Talit Kr Chettri	7.37	7.37	7.37	7.37	7.37	7.37	7.63	7.37	7.37	7.63
Const of RWHS at Karimthang under Central Pendam Aritar Aritar Const of RWHS at Guddi area Const of RWHS at Bering Const of RWHS at Bering Const of RWHS at M Sumin Const of RWHS at M Sumin Const of RWHS at A Sajong under Const of RWHS at M Sumin Const of RWHS at A Sajong, C Pendam Const of RWHS at Busty Const of RWHS at Deorali, C Pendam Const of WH tank at Pachekhani	91/Acctt/ EDZP 29.01.2013	64/Acct/ EDZP 18.11.2011	58/ARWSP EDZP 28.09.2011	56/Actt/EDZP 03.09.2012	25/ARWSP EDZP 18.08.2012	19/Acctt/EDZP 30.05.2012		3/Acctt 10.04.2012	23/Acctt/ EDZP 07.06.2012	69/Acct/ EDZP 19.10.2012
	Suresh Khatiwara	Gouri Narayan Pradhan	Dalapchand Labour Co-opt society	Kaman Singh Chettri	Bhim Bahadur Rai	Topden Bhutia	Birmati Subba	Kailash Chandra Sharma	Lalit Kr Chettri	Deepak Bhusal
	Const of RWHS at Karimthang under Central Pendam	Const of RWHS at Aritar	Const of RWHS at Guddi area	Const of RWHS at Bering	Const of RWHS at Sajong under Central Pendam	Const of RWHS at M Sumin	Const of RWH tank at U Bering Busty	Const of RWHS at Sajong, C Pendam	Const of RWHS at Deorali, C Pendam	Const of WH tank at Pachekhani
	9	r	∞	6	10	=	12	13	14	15

130	130	130	130	129	130	130	130	130	130
108	93	06	104	109	93	93	94	96	93
39551	48858	39259	43543	47125	37543	37652	40625	40618	38311
4119.55	4119.55	4119.55	4119.45	4119,45	4119.45	4119.45	4119.45	4119.45	4119.45
9.6	11.86	9.53	10.57	11.44	9.11	9.14	9.86	9.86	9.3
35537	39485	39485	39485	39485	39486	39485	40919	40919	39464
4119.55	4119.55	4119.55	4119.55	4119.55	4119.55	4119.55	4119.45	4119.45	4119.55
9.58	9.58	9.58	9.58	9.58	9.58	9.58	9.92	9.92	9.58
22861	44750	33872	29174	28533	30318	30318	23583	23580	21726
3090.5	3090.48	3090.48	3090.48	3090.48	3090.48	3090.48	3090.48	3090.48	3090.48
8.9	12.8	10.6	10.2	10.5	9.81	9.81	10.5	10.3	9.95
22787	22786	22786	22786	22870	200000	22786	23584	23584	22786
3090.5	3090.48	3090.48	3090.48	3090.48	3090.48	3090.48	3090.48	3090	3090.48
7.37	7.37	7.37	7.37	7.4	7.37	7.37	7.63	7.63	7.37
2/NRDWP/ 23.04.2012	25/ARWSP 17.08.2012	19/ARWSP 04.08.2012	60/Acctt 07.08.2013	117/Acctt 20.03.2013	16/Acctt 23.05.2012	34/Acct 21.06.2012	95/Acctt 04.02.2013	89/ACCTT 21.03.2012	711/Acctt 04.12.2012
Netra Prasad Adhikari	Sonam Tshring Sherpa	Bharal Lall Katiwada	Bishnu Maya Rai	Shiv Shanker Pradhan	Meena Kumari Gurung	Ganga Devi Bhattarai	Karma Sherpa	TTLepcha	Doma Bhutia
Const of RWH tank at Dugalakha	Const of RWHS at Sajong	Const of RWHS at Sajong, C Pendam	Const of RWHS at Sinjebong under West Pendam	Const of RWHS at Khani under West Pendam	Const of RWHS at Upper Sumin	Const of RWHS at Shyaplay under West Pendam	Const of RWH tank at Changey under Changey Senti	Const of RWH tank at Raigaon under SCP & TPC	Const of RWHS at Namgeythang
16	17	18	19	20	21	22	23	24	25

ATIR on Panchayat Raj Institutions and Urban Local Bodies for the year ended 31 March 2013

130	130	130
107	104	102
40625	40625	40618
4119.45	4119.45	4119.45
9.86	98.6	9.86
40919	40919	40919
4119.45	4119.45	4119.45
9.92	9.92	9.92
23583	23583	23580
3090.48	9.5 3090.48	3090.48
9.2	9.5	6.7
23584	23584	23584
3090	3090	3090
7.63	7.63	7.63
21/Acett 30.05.2012	115/Acctt 15.03.2013	90/Acett 21.03,2012
B B Darnal	Binod Dardewa	Ash Bdr Rai
Const of RWH tank at Nalakhang Mamring under Amba	Const of RWH tank at Nalakthang Mamring under Amba	Const of RWH tank at Raigaon under SCP & TPC
26	27	28