

# OVERVIEW

# OVERVIEW

*This report contains three Chapters. Chapter I contains an overview of functioning, accountability mechanism and financial reporting issues of Panchayati Raj Institutions in the State, Chapter II contains Compliance Audit Paragraphs related to PRIs. Chapter III contains an overview of the functioning, accountability mechanism and financial reporting issues of Urban Local Bodies in the State.*

## 1. An overview of Panchayati Raj Institutions

*The State Government was to delineate the role and responsibilities of each tier of the PRIs by transferring 29 subjects along with devolution of all the functions listed in the XI<sup>th</sup> schedule of the Constitution. However, only 15 subjects were transferred to the PRIs.*

*(Paragraph 1.3.1 & 1.3.2)*

*Out of 14 Departments, only one Department (Rural Management & Development Department) released funds of ₹ 5.61 crore to PRIs during 2014-15 against the mandatory release of ₹ 28.91 crore. The other 13 departments had not done the mandatory fund transfer of ₹ 207.52 crore during 2014-15 to PRIs. 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 1.12.1)*

*Sikkim Panchayat Act, 1993 provides for collection of taxes under Section 39(1) and 40(1). The information in this regard was received from 117 GPs out of which 08 GPs had neither initiated any steps to identify the areas for levying taxes nor collected any revenue.*

*(Paragraph 1.12.2)*

*Scrutiny of records of 88 GPs revealed that basic records and registers were not maintained properly as required under the Sikkim Gram Panchayat (Financial) Rules, 2004.*

*(Paragraph 1.12.4)*

## 2. Compliance Audit Paragraphs of PRIs

*Zilla Panchayat (ZP), East failed to utilise the services of Divisional Forest Officer posted at ZP and thus ₹ 29.02 lakh incurred towards his salary and allowances for 2009-14 were wasteful.*

*(Paragraph 2.1)*

*Action of the ZP (West) to allow rate revision at par with SOR-2012 (from SOR- 2006) and allowing of rates at revised cost based on SOR-2012 for new item of works was in contravention to SPWD Manual. This led to extra expenditure of ₹ 44.61 lakh besides extension of undue benefit to the contractor.*

*(Paragraph 2.2)*

*Decision of the ZP (South) to take up Pandal making and Equipment leasing was neither in conformity with the TFC guidelines nor in consonance with Annual Plan and SWOT analysis leading to injudicious expenditure of ₹50 lakh from District Innovation Fund.*

*(Paragraph 2.3)*

*Expenditure of ₹1.66 crore for construction of 80 tanks remained largely unfruitful as it failed to provide safe drinking water in adequate quantity, especially during distress periods.*

*(Paragraph 2.4)*

*Expenditure of ₹16 lakh incurred towards awareness-cum-coordination meeting was unfruitful as awareness among Panchayats, NGOs and SHGs about preparation of budget was not achieved.*

*(Paragraph 2.5)*

### **3. An overview of the Urban Local Bodies**

*Out of 18 functions listed in the XII<sup>th</sup> Schedule of the Constitution, only three functions were partially transferred by the State Government to the ULBs as of March 2015.*

*(Paragraph 3.3)*

*The revenue income showed an increasing trend during 2014-15 as compared to previous year (2013-14) in case of three Nagar Panchayats (i.e. Mangan, Geyzing and Jorethang) and decreasing trend in case of two Nagar Panchayats (Rangpoo and Singtam). Gangtok Municipal Corporation and Namchi Municipal Council also showed decreasing trend of own revenue during 2014-15.*

*(Paragraph 3.14.1)*

*The Sikkim Urban Local Bodies Accounting Manual based on the National Municipal Accounting Manual (NMAM) had not been approved by the Government as of March 2015.*

*(Paragraph 3.14.4)*