ANNUAL TECHNICAL INSPECTION

REPORT

ON

PANCHAYATI RAJ INSTITUTIONS

GOVERNMENT OF ORISSA

In terms of the Technical Guidance and Supervision (TGS) by the Comptroller and Auditor General of India

FOR THE YEAR ENDED 31 MARCH 2008

Office of the Principal Accountant General (Civil Audit)
ORISSA, BHUBANESWAR

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PREFACE

This Report has been prepared for submission to the Government of Orissa in accordance with the terms and conditions of the Technical Guidance and Supervision (TGS) over the maintenance of accounts and audit of Panchayati Raj Institutions (PRIs) by the Comptroller & Auditor General (C&AG) of India.

Based on the recommendations of the Eleventh Finance Commission, the State Government entrusted audit of 20 *per cent* of Gram Panchayats (September 2003) and Panchayat Samitis (May 2004) to the C&AG of India under section 20(1) of the CAG's (DPC) Act 1971. The State Government also entrusted the Technical Guidance and Supervision of the audit conducted by the Examiner, Local Fund Audit (LFA) to the CAG.

This Report is based on the audit of Gram Panchayats (GPs) conducted under Section 20(1) and Panchayat Samitis (PSs) & Zilla Parishads (ZPs) under Section 14 of the C&AG's (DPC) Act 1971.

This Report contains three chapters. Chapter I contains an overview of the PRIs in Orissa and comments on accounts. Chapter II deals with a mini review on the mobilization of revenue resources of PRIs. Chapter III deals with the audit observations on transactions of PRIs.

The cases mentioned in the Report are among those, which came to notice during the course of test audit of accounts conducted during the year 2008-09 as well those which had come to notice in earlier years but could not be dealt with in the previous Reports.

OVERVIEW

OVERVIEW

This Report includes three Chapters. Chapters I present an overview of the accounts and finances of the Panchayati Raj Institutions (PRIs). Chapter-II comprises of mobilization of revenue resources while Chapter-III contain 18 transaction audit paragraphs.

A synopsis of important findings contained in this Report is presented in this overview.

1 An Overview of Accounts and Finances

- 'Own revenue' of Gram Panchayats (GPs) was only around 2 *per cent* of their total receipts during 2007-08 and as such they were dependent on grants and loans from the Central and State Governments. **(Paragraph 1.3)**

- Although the State Government accepted (April 2004) the formats of annual accounts prescribed by the Comptroller and Auditor General of India (C&AG) for Panchayat Samities (PSs), majority of PSs in the State were not maintaining the accounts in the prescribed formats. The formats prescribed by CAG for Zilla Panchayats and Gram Panchayats were not accepted. **(Paragraph 1.5)**

- Out of grants of Rs 432.90 crore received by test checked PRIs during 2007-08, only Rs 232.11crore (53.6 *per cent*) could be utilised by the PRIs.

(Paragraph 1.12.1)

2. Performance Review on Mobilisation of Resources

Mobilisation of Resources by Panchayati Raj Institutions revealed that though the State Finance Commission recommended (September 2004) assignment of taxation powers to the PRIs in 17 areas, the recommendation is yet to be implemented. Out of 643 revenue earning assets constructed under SGRY, 306 could not be allotted till March 2009. There was also unproductive expenditure of Rs 1.08 crore on incomplete units. None of the test checked GPs (except GP Rajpur) levied user charges on water supply and sanitation resulting in extra burden on the already financially constrained GPs.

(Paragraph 2.9& 2.10)

3. Audit of Transactions

- Two Panchayat Samities and 14 Gram Panchayats did not observe the codal provisions which resulted in misappropriation of cash of Rs 8.50 lakh.

(Paragraph 3.1)

- In four Panchayat Samities physical verification of stock account of rice under NFFWP and SGRY revealed shortage of 4330.79 quintals amounting to Rs. 59.34 lakh. **(Paragraph 3.4)**

- Deviation from the plans and non-fixation of screw gear shutter and Head regulator in the Water Harvesting Structure (WHS), Check dams and Minor Irrigation Projects(MIPs) by 11 PRIs resulted in unfruitful expenditure of Rs 60.15 lakh. **(Paragraph 3.8)**

- As at 31st March 2008 advances of Rs 35.26 crore were lying outstanding and unadjusted against the employees of 51 Panchayat Samitis. **(Paragraph 3.10)**

- In five Panchayat Samities 128 projects under SGRY/NFFWP/MPLAD/WODC on which expenditure of Rs 2.11 crore was incurred during 2002-03 to 2005-06 remained incomplete rendering the expenditure unfruitful. **(Paragraph 3.13)**

- In 11 Panchayat Samities, expenditure of Rs 2.72 crore incurred on construction of 2682 houses under IAY scheme became unfruitful due to non completion of these houses for periods ranging from three to eight years. **(Paragraph 3.14)**

- In 14 Panchayat Samities, 663 shopping units constructed during 2003-07 at a cost of Rs 2.25 crore out of SGRY, SGSY and MPLAD funds remained unallotted to the beneficiaries resulting in idling of funds. **(Paragraph 3.16)**

CHAPTER- I

CHAPTER-I

AN OVERVIEW OF THE PANCHAYATI RAJ INSTITUTIONS

1.1 Introduction

With the 73rd Constitutional Amendment Act, the entire contour of democratic decentralization in rural areas of the country has changed. It has enhanced the powers of PRIs and facilitated people-oriented developmental activities. The salient features of the Act are : Gram Sabha in each village, a three-tier system of Panchayats at village, block and district levels, direct elections of members at all levels, reservation of seats for Schedule Casts/ Schedule Tribe (SC/ST) candidates, reservation of one-third of total seats for women, five year tenure for every Panchayat. Besides, the Act provided in case of dissolution of an elected Panchayat elections to be held within six months, appointment of Finance Commission by every State Government to review the financial position of Panchayats and appointment of a State Election Commission to conduct elections for Local Bodies in every five years.

State Government, through legislation, amended the laws relating to the three tiers of Panchayati Raj Institution (PRIs) of the State. The PRIs in the State of Orissa are regulated by the Orissa Zilla Parishad Act, 1991 (OZPA) at district level, Orissa Panchayat Samiti Act, 1959 (OPSA) at block level and Orissa Gram Panchayat Act, 1964 (OGPA) at village level. The PRI system comprises elected bodies – Gram Panchayat (GP), Panchayat Samiti (PS), and Zilla Parishad (ZP) constituting three tiers in the State.

The Comptroller and Auditor General of India (CAG) was entrusted with the responsibility of exercising control and supervision over the proper maintenance of accounts and audit of all the three-tiers of PRIs as recommended by the Eleventh Finance Commission (EFC) and accordingly the State Government entrusted responsibility for providing Technical Guidance and Supervision (TGS) to the CAG under section 20(1) of CAG's Duties, Powers and Conditions of Service (DPC) Act,1971. Audit of all PSs and ZPs are being conducted under Section 14 and 20 *per cent* of GPs (from September 2003) under section 20(1) of the CAG's (DPC) Act 1971.

Though 20 *percent* of PSs were also entrusted (May 2004) to CAG for audit under Section 20(1) audit of all 314 PSs is being conducted under Section 14 of the above Act, since they are coming under audit jurisdiction by virtue of financial assistance received by them.

1.2 Organizational Set up

The PRIs function under the administrative control of the Panchayati Raj (PR) Department of the State Government headed by the Commissioner-cum- Secretary and assisted by the Director (PR) and the Director (Special Projects) at the State level.

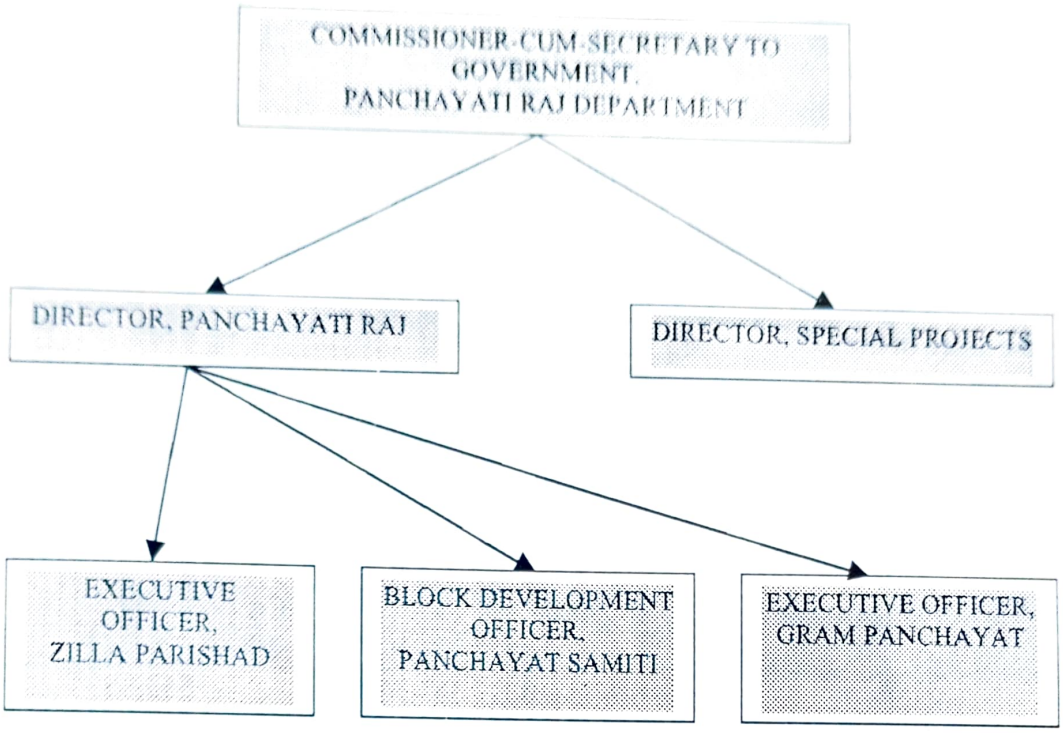
The State has 30 districts and each district has a ZP. The ZP is controlled by an elected body headed by a President, who is elected from among the elected representatives of the ZP. The District Collector is designated as the Chief Executive Officer (CEO). Under the CEO, one Executive Officer (EO) discharges the day-to-day administrative functions of the ZP.

The PS functioning at the Block level is controlled by an elected body headed by the Chairman duly elected from among the elected representatives of the PS and the Block Development Officer (BDO) is the executive head of the PS.

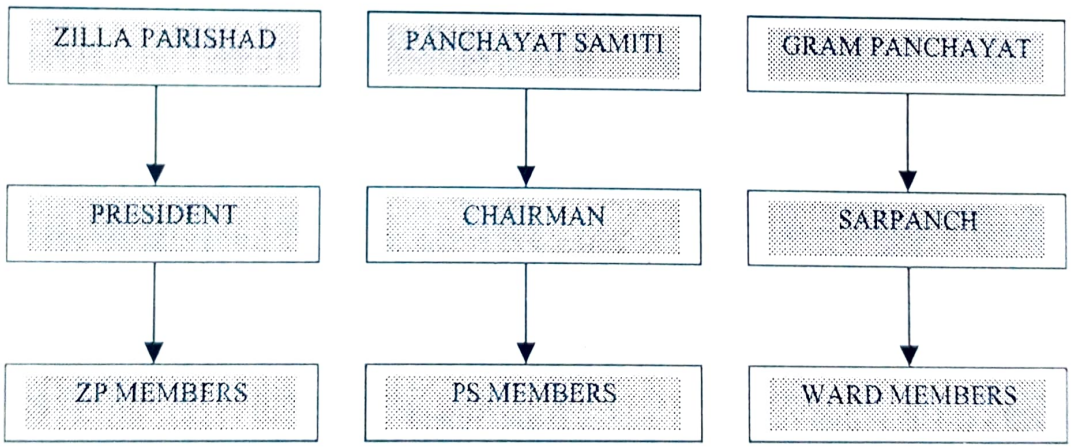
At the GP level, the elected members headed by a Sarpanch constituted the GP. The State Government by legislation declared the Village Level Worker (VLW) as the Executive Officer and entrusted the general supervision and overall control of the GP who discharges his duties under the supervision of the District Panchayat Officer (DPO).

As of March 2008, 30 ZPs, 314 PSs and 6234 GPs were functioning in Orissa. Election to the PRIs was last conducted in February 2007.

The organizational chart of the PRIs is indicated below.



The Elected Body set-up of the PRIs is as follows:



1.3 Financial Position of PRIs

The main sources of income of PRIs in the State are funds received from Government of India (GOI) under various Centrally Sponsored Schemes (CSS) viz. [‡]SGRY, SGSY, IAY, NREGS, NFFWP etc., grants received from State Government as per the recommendation of State Finance Commission, grants received as per Central Finance Commission recommendations, funds received under State Sponsored Schemes like [§]GGY, BKBK etc., own resources mobilized through tax and non-tax revenue (GPs) and State share of the CSS.

The position of receipts and expenditure of PRIs during the last three years is as follows.

Table: 1 Receipt of PRIs **(Rupees in crore)**

Name of the institutions		Receipts		
		2005-06	2006-07	2007-08
GPs	Grants in aid	533.35	553.85	454.49
	Own source	9.85	10.12	10.43
PSs	Grants in aid	421.23	1166.32	1337.80
	Own source	-	-	-
ZPs	Grants in aid	98.48	95.98	174.20
	Own source	-	-	-
Total		**1062.91**	**1826.27**	**1976.92**

Table :2 Expenditure of PRIs **(Rupees in crore)**

Name of the institutions	Expenditure		
	2005-06	2006-07	2007-08
GPs	523.59	477.82	379.62
PSs	400.45	1229.34	1274.65
ZPs	96.98	71.27	148.23
Total	**1021.02**	**1778.43**	**1802.50**

Source : Information furnished by PR Department

As could be seen from the table, only GPs are mobilizing own sources of revenue (around 2 *percent* of total receipt) since they are empowered to collect various tax and non-tax revenues as per the OGPA.

[‡]SGRY - Sampoorna Gramin Rojagar Yojana, SGSY –Swarna Jayanti Swarrojagar Yojana, IAY- Indira Awas Yojana, , NREGS- National Rural Employment Guarantee Scheme, NFFWP-National Food For Work Programme,

[§] GGY- Gopabandhu Gramina Yojana, BKBK- Biju Kalahandi Bolangir Koraput

1.4 Functioning of PRIs

The PRIs execute various functions entrusted to them through seven Standing Committees, constituted for the proposes viz,

- Planning, Finance, Anti- poverty Programme and Co-ordination,
- Agriculture, Animal Husbandry, Soil Conservation, Horticulture etc.
- Works, Irrigation, Electricity, Water Supply etc.
- Health, Social Welfare etc.
- Public Distribution System, Welfare of the Weaker Sections etc.
- Handicrafts, Cottage Industry, Khadi and Village Industries etc.
- Education, Sports and Culture.

The overall monitoring and review of the programmes are conducted by the State Level Vigilance & Monitoring Committee (SLVMC) and at the district level by the District Monitoring and Vigilance Committees (DMVC). The SLVMC is constituted under the chairmanship of the Honourable Minister, Rural Development with three Co-Chairmen and 29 members. In case of DMVC, the District Collector is the Chairman, with one or two Assistant Engineers, one or two Junior Engineers from Public Works or Rural Development Departments, Superintendent of District Local Fund Audit Offices and one Officer in charge of public grievances nominated by the Collector as the members.

1.5 Maintenance of Accounts by PRIs

The Executive Officer in ZP and the Block Development Officer (BDO) in PS are responsible for maintenance of various books of accounts and annual financial statements. In case of GPs, the Executive officer/Secretary maintains the accounts.

The Annual Accounts are to be prepared by GPs in forms prescribed in Rule 159 of the GP Accounting Rules. The State Government has not adopted the new formats recommended by CAG for GPs (July 2009). Despite clear provision in the Act and Rules, the GPs are not preparing the Annual Accounts in the said forms.

As far as PSs are concerned, the new format prescribed by the CAG has been accepted with effect from 1st April 2004 without making any modifications. Though it is adopted and clear directions were issued by the State Government (April 2004), majority of the PSs in the State were not preparing their Annual Accounts in the new formats.

In respect of ZPs, neither the new formats prescribed by CAG had been accepted nor specific forms were prescribed for the preparation of the Annual Accounts of the ZP in the relevant Act/Rules. Thus, annual accounts were not being prepared by ZPs.

1.6 Non preparation of Budget Estimates

As per Section 98(1) of the Gram Panchayat Act and Section 24(1) of the Panchayat Samiti Act, the GPs and PSs shall in each year, prepare and place before the Grama Sabha and Panchayat Samiti respectively for its consideration, a budget estimate showing the probable receipts and expenditures for the following financial year and submit the budget to the respective elected body for its approval.

Test check of records in 12 PSs and 43 GPs revealed that none of the PSs and GPs has prepared the budget estimates though Rs 49.50 crore and Rs 55.68 lakh was spent by these PSs and GPs respectively during 2007-08. The State Government is releasing funds based on Annual Action plans submitted by the PRIs and not on the Budget Estimates, and the expenditures of the PRIs are not subjected to local budgetary control.

In the absence of the approved Budget Estimates (BE), the expenditure incurred by the PRIs was irregular and the probable receipts and expenditures for the financial year could not be ascertained and no financial control could be exercised in the GPs and PSs. The same position existed in the case of ZPs also.

1.7 Audit – Statutory

The Examiner Local Fund Audit (ELFA) is the Statutory Auditor of PRIs in the State. The ELFA conducts audit of PSs and GPs through District Audit Officers, Audit Superintendents and Auditors. CAG provides Technical Guidance and

Supervision (TGS) under Section 20(1) of CAG's (DPC) Act, 1971 for the proper maintenance of accounts and audit of PRIs.

The ELFA has not taken up audit of the accounts of ZPs since inception though it was entrusted to the ELFA vide Orissa Zilla Parishad (Amendment) Act, 2000. The audit of PSs and GPs are being carried out regularly by ELFA. The arrear position in respect of audit by ELFA is given in the following table.

Number of PRIs	Number of accounts in arrears
3227 GPs	9233
29 PSs	45

Though the accounting rules provide for Certification of Annual Accounts of PRIs by ELFA, no Certification of Annual Accounts had been done so far.

1.8 Audit by CAG

The audit of PRIs is being conducted by CAG under section 14(1) & 20 (1) of CAG (DPC) Act, 1971 and the audit of the accounts of 21 ZPs, 243 PSs and 1065 GPs were completed during the year 2007-08.

1.9 Non-clearance of objections raised by CAG

CAG conducts the audit of PRIs under Section 14 and 20(1) of CAG's (DPC) Act, 1971. Objections raised in audit were communicated to the respective DDOs in the form of Inspection Reports (IRs) with a copy to the Government. The objections raised in the IRs were to be attended promptly and the replies were to be furnished to the Senior Deputy Accountant General (LBA&A), Orissa along with action taken on such objections. But no compliance to these objections was submitted by the concerned DDOs resulting in non settlement of outstanding IR paras for long period. As regards the pendency of audit objections raised by the CAG of India, 12782 paras relating to PSs reported through 1521 Inspection Reports pertaining to the period from 1988-89 to 2007-08 issued by the Senior Deputy Accountant General (LBA&A), Orissa were pending for settlement as of March 2008. In respect of GPs, 1489 IRs containing 17377 paras issued pertaining to the years 2005-06, 2006-07, and 2007-08 were pending. Year wise details of the pending positions as on March 2008 were as follows:

Sl No	Particulars of PRIs	Period	No of LRs	No of Paras
1	Panchayat Samiti	1988-89 to 2005-06	1052	7684
		2006-07	176	2176
		2007-08	293	2922
	Total		**1521**	**12782**
2.	Gram Panchayats	2006-07	432	4329
		2007-08	1057	13048
	Total		**1489**	**17377**

1.10 Internal Audit

The Internal Audit System, known as Common Cadre Audit (CCA), exist in 20 out of 38 Civil Departments of the Government and functions under the control of Financial Advisor of the respective Departments. Though there is CCA system functioning in the PR Department, the Local Fund Audit (LFA) of Finance Department is the statutory auditor of PRIs and Urban Local Bodies (ULBs). The CCA is conducting only special audit whenever required.

1.11 District Planning Committees

The State Government enacted the Orissa District Planning Committee (DPC) Act, 1998 for setting up of District Planning Committees to consolidate the plans submitted by the PRIs and Urban Local Bodies and prepare integrated draft development plan for the district as a whole. The Committee was also assigned the powers to review the implementation of the developmental programmes by the Local Bodies (LBs). Elected members of PRIs and ULBs in the district were to fill up 80 *per cent* members of the committee and the rest 20 *per cent* members were to be nominated by the Government. The EFC devolved the LBs with powers for preparation of plans for economic development and social justice and implementation of need based developmental schemes for enabling them to function as institutions of self-government. The Draft District Development Plan was required to be forwarded

by the Chair Person of the DPC's to the State Government for approval. Despite the formation of the DPC's since 2001-02, they were not yet made functional due to absence of technical support teams and secretariat support staff for monitoring and implementation of plans even after a decade of enactment of the Act. However, Government (Planning and Coordination Department) stated (May 2008) that 23 Technical Support Institutions (TSI) were selected and assigned to different districts for preparation of district plans for the year 2008-09 as per the directives of the State Planning Commission. The TSIs were to report as per directions of Planning and Co-ordination Department and district plan 2008-09 was to be placed before DPCs by August 2008.

Test check of units by audit revealed that LBs formulated action plans for some individual schemes as a stand-alone process without having any linkage to the holistic development of the area. It lacked objectivity and vision for empowerment of Local bodies as envisaged in the Constitutional Amendment Act. Information on consolidated LB wise details of resource availability including activity wise planning of own funds, Grant In Aid, special grants, GOI and State plan funds and position of assets and liabilities were not available either in LBs concerned or centrally at District /State level.

1.12 COMMENTS ON ACCOUNTS

1.12.1 Non-utilization of Funds.

Test check of closing balances lying in the accounts of 155 PRIs for the year ended 31 March 2008 revealed that substantial amounts received for implementation of NRGA/SGRY/SGSY/BRGF etc were not utilized within the period specified as detailed under:

(Rupees in crore)

Name of the PRIs	No of PRIs	Opening balance	Receipt during the year	Total Receipt	Expenditure	Closing Balance
Zilla Parishad	5	4.88	36.73	41.61	29.61	12.00
Panchayat Samiti	50	157.33	210.70	368.03	187.16	180.87
Gram Panchayat	100	8.10	15.16	23.26	15.34	7.92
Total	**155**	**170.31**	**262.59**	**432.90**	**232.11**	**200.79**

The un-utilized amount of Rs 200.79 crore at the end of March 2008 indicated poor utilization of funds which was due to lack of appropriate planning and delays in execution of schemes/programmes by the PRIs through regular monitoring and evaluation. This resulted in non-achievement of the objective of the schemes and non-fulfillment of the felt needs of the people through developmental works.

1.12.2 Non-reconciliation of cash balances

In order to ensure accuracy of accounts, Government of Orissa, Panchayati Raj Department issued instruction (April 1999) for reconciliation of balances kept in the banks as per the cash book with that of the actual bank balance as per the bank pass books at the end of each month.

Test check of 14 PSs revealed that there was a difference of Rs 7.65 crore between bank balances as per cash books and balances as per bank pass books as on March 2008 as detailed below.

(Rupees in lakh)

Sl No	Name of the PSs	Balance as per pass book	Balance as per cash book	Discrepancies
1	Sinapali	461.51	431.11	30.40
2	Chandahandi	428.45	362.89	65.56
3	Morada	259.67	209.25	50.42
4	Bansapal	497.68	496.67	1.01
5	Lamtaput	253.55	224.44	29.11
6	Gudari	256.55	189.68	66.87
7	Sonpur	349.05	248.03	101.02
8	G.Udayagiri	189.35	171.62	17.73
9	Bargaon	375.79	137.55	238.24
10	Bisra	310.28	258.64	51.64
11	Laikera	384.83	377.24	7.59
12	Narla	275.61	239.32	36.29
13	Ghatagaon	177.01	162.37	14.64
14	Khunta	287.03	232.33	54.70
Total		**4506.36**	**3741.14**	**765.22**

Due to non- reconciliation of the discrepancies, the cash book did not reflect a true and fair picture of the state of accounts of the local bodies.

1.12.3 Non production of vouchers

During test check of records in seven** PSs, vouchers in support of expenditure of Rs.2.82 crore as detailed below were not produced to audit for verification. In the absence of the supporting vouchers, the genuineness of the expenditure could not be ensured. The concerned PS could not furnish any reason for non-production of the vouchers in support of the transactions.

Statement showing non-production of vouchers to Audit

(Rupees in Lakh)

Sl.No.	Name of the Panchayat Samitis	Amount
1	Sinapali PS	3.30
2	Boriguma PS	4.82
3	Jagannathprasad PS	2.70
4	Borden PS	48.20
5	Kesinga PS	1.35
6	Chhendipada PS	220.55
7	Bisra PS	1.05
	Total:	**281.97**

1.12.4 Deficiencies in the maintenance of Cash Books

Audit of cash books of test checked PRIs revealed the following deficiencies in maintenance of cash book in spite of repeated audit objections:

- Periodical as well as surprise physical verification of cash was not conducted.
- Heavy cash balances in excess of the prescribed limits of Rs.10000/- and not required for immediate purposes were kept in hand.
- A consolidated Cash Book showing the overall receipt and disbursement of cash of PS was not maintained despite operation of more than one cash book.
- Monthly analysis of closing cash balances was not made.

** Sinapali, Boriguma, Jagannathprasad, Borden, Kesinga, Chhendipada, Bisra

- Expenditures were booked under items of works for which no budget provision existed.
- Interest earned in the Bank Pass Book was not regularly accounted for in the Cash Book.
- There was huge difference in the opening balance and closing balance between the manual cash book and Project Accounting and Monitoring Information System (PAMIS) cash book.

1.12.5 Non-Preparation of Database

Though EFC had provided Rs 4.47 crore to the State Government for creation of database of the finances of the PRIs at the village, district and state level, no database had been created for capturing the details of the finances of the PRIs.

Twelfth Finance Commission (TFC) emphasized the need for creation of database for enabling rational determination of gap between the cost of service delivery and capacity to raise resources as well as proper maintenance of accounts at grass root level through use of modern technologies and management system. Though Rs 2.86 crore was allotted out of TFC grants for payment of remuneration of Computer Programmers, no database was created so far.

1.13 Recommendations

- Annual Accounts should be prepared by the PRIs regularly and timely in prescribed formats.
- Database on finances should be maintained at all levels of PRIs.
- Budget Estimates in respect of GPs and PSs should be prepared and placed before the Grama Sabha and Panchayat Samiti respectively for its consideration and approval.

- District Planning Committee should be strengthened by providing secretariat, technical and inspection staff for discharging their function in the spirit of provisions contained in the Constitution and the Act enacted.

- Scheme funds should be utilized timely by the PRIs.

CHAPTER-II

MOBILISATION OF REVENUE RESOURCES IN PRIs

CHAPTER-II
MOBILISATION OF REVENUE RESOURCES IN PANCHAYATI RAJ INSTITUTIONs

2.1 Introduction

The 73rd Constitution Amendment Act, 1992 conferred a constitutional status on the PRIs considering them as institutions of self government. As per the directive principles of State policy, the State had taken steps to organise the PRIs by endowing them with powers and authority to implement plans for economic development and social justice. For making the fiscal decentralisation meaningful and to maintain the balance between the functional assignments and resource availability, the State, as per the recommendations of successive Finance Commissions had taken steps to assign different revenue earning handles to the PRIs. The act and rules of the PRIs have been suitably amended adding new perspectives to their functions and responsibilities and they are now expected to work with broader frame work for moblising their resource base and become self sufficient to discharge their obligatory functions as per the need and expectations of the people. The amended act of Orissa Gram Panchayat (GP), Panchayat Samiti (PS), Zilla Parishad (ZP) and the rules made thereunder govern the principles of functioning of the three tiers of the PRIs.

2.2 Audit Coverage

A review in respect of revenue mobilization of PRIs covering a period of five years from 2003-04 to 2007-08 was conducted during the period from December 2008 to May 2009 with reference to records of 55 PRIs (40 GPs., 13 PSs.and two ZPs).

2.3 Taxation powers and sources of revenue of Gram Panchayats

Under Section 83 of Orissa GP Act, 1964 (Orissa Act 1 of 1965), the GPs are empowered to levy the following taxes:

(i) Vehicle taxes for four wheeled carriages drawn by horse and two wheeled vehicles;

(ii) Latrine or Conservancy tax payable by the occupiers or owners of buildings in respect of private latrines, privies, cess pools or premises or compounds cleaned by the Panchayat.

(iii) Water rate where water is supplied by Panchayats;

(iv) Lighting rate for public streets or buildings where lighting arrangement has been made by the GP;

(v) Drainage tax where drainage system is maintained by the GP;

(vi) Fees on private markets, cart stands and slaughterhouses;

(vii) Fees on animals brought for sale in public market;

(viii) Fees for regulating the movement of cattle for the protection of crops;

(ix) Fees for use of any building, structure, shop, stall, in public markets;

(x) Fees for use of slaughter houses and cart stands maintained by the GP;

(xi) Rent from temporary occupiers of open ground, structures or buildings belonging to or maintained by the GP;

(xii) License fees on brokers, commission agents weigh men and measures;

(xiii) Any other tax, rate or fees which GP is empowered to impose by any law in force and

(xiv) Any other tax, toll, fee or rate as may be decided by the GP subject to approval by State Government.

Besides the levy of taxes, the GPs are empowered to issue licenses for carrying on trades, business and running of industries, factories and dangerous and offensive trades under Section 55 of OGP Act. They are also competent to have control over places of public resort and entertainment under Section 56 through issue of licenses including their renewal. The GPs are empowered to levy license fees under Section 57 and 71 of the OGP Act, and exercise ownership on Public properties namely village roads, irrigation sources, ferries, wasteland and commercial land, protected and unreserved forests, markets and fairs.

During audit, it was noticed that the PRIs were unable to recover revenues from public for want of guidelines and rates of fees /charges as detailed in succeeding paragraphs.

2.4 Taxation powers and sources of internal revenue of Panchayat Samitis

The Orissa PS Act, 1959 does not empower the PS to levy tax like GPs but section 29 of the Act deals with income of the PS according to which the sources of income of the PS consist of the following items:

(i) Donations and contributions received by the Samiti from the Panchayats or public in any form.

(ii) Proceeds from taxes, surcharges or fees which the Samiti is empowered to levy under the Act or any other law.

(iii) Such contributions as the Samiti may levy on GPs.

(iv) Income from endowments, trusts or other institutions administered by the Samiti. Section 28(i) of the aforesaid Act provides that all moneys received by a Samiti shall constitute a fund called the "Panchayat Samiti Fund".

2.5 Taxation powers and sources of internal revenue of Zilla Parishads

The Orissa Zilla Parisad Act does not empower the ZP to levy any tax like the GPs. However, Section 14 of the Act mentions about the constitution of Zilla Parishad fund and Section 15 of the Act defines the sources of income of ZP, which consists of the following items.

(i) Income from endowments, trusts and other institutions administered by the Parishad.

(ii) Donation and contributions from samitis or from public in any form.

2.6 State Finance Commission

The 73rd Constitution Amendment Act provided for constitution of State Finance Commission (SFCs) at an interval of every five years to look into the resource position of the local bodies and make recommendations to improve their financial

position. Accordingly, the 2nd SFC was constituted in June 2003, which submitted its report in September 2004. As observed by the SFC, most of the GPs in Orissa were grappling with narrow tax and non tax base with stagnant source of income as they were not innovative to mobilise their available potential resource base. It recommended for assignment of taxation powers to the PRIs on 17 areas **(Appendix-I)** for augmenting the internal revenue and transfer of non-tax base.

Though the above recommendations were accepted by Government in principle (February 2006), the devolution of the following functions with taxation powers was not made over to the PRIs (March 2009).

i) Markets under the control of Regulated Market Committees;

ii) Sairat sources†† and minor minerals;

iii) Fees of birth and death certificates and

iv) Sharing of internal income by the three tiers of the PRIs.

2.7 Non-preparation of budget

Annual budget and perspective action plans are considered as part of the vision and mission statements of any organisation and these are essentially required to achieve the objectives with limited available resources. Section 98 of OGP Act, 24 of PS Act and 12 of OZP Act provide for preparation of annual budgets projecting the figures on probable receipts and expenditure of the PRIs. Records of test checked units revealed that non of the PRI units prepared the budget and annual action plans. The annual action plans prepared by the GPs and PSs for some schemes were done in a standalone process as per the scheme requirements which lacked integrated approach.

2.8 Low generation/non-generation of internal income

The revenue generation was made on a few items **(Appendix-II)** of non-tax base like cycle license, and lease / auction of sairat sources and not all of them were tapped every year causing probable loss of revenue to the GPs. The income of the GPs was only restricted to collection of revenue from non-tax base. In test checked ZPs/PSs no such income was generated.

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†† Revenue earning sources.

The meagre amount of income generated by the GPs from internal sources was spent on establishment charges (**Appendix-III**) which included payment of salary of peons and other contingent expenditures leaving hardly any amount for undertaking any developmental activities and provision of basic civic services.

The revenue mobilised by the GPs (**Appendix-IV**) from sairat sources had increased over the years but the quantum continued to be very negligible in terms of percentage to the gross domestic product of the State and varied between 0.02 and 0.03 *percent*. The low generation of income by the GPs was due to non-creation of any revenue earning assets and lack of efforts by the elected local bodies for levy of any taxes/user's fees.

The revenue collected by GPs as a ratio to the State Domestic Product from agriculture and allied activities, which represent the rural income, was very low which ranged between 0.07 and 0.11 *percent*. It was evident from the above fact that despite all emphasis being given on decentralisation, the performance was abysmally low in the provision of civic service and undertaking development activities due to low revenue generation.

Audit observed that the elected local bodies were not interested in augmenting tax and non tax revenues due to political considerations of loosing the goodwill of the people and in the absence of required staff for managing the affairs of the body even though augmentation of revenue was badly necessary for providing the intended level and quality of service to the people.

2.9 Improper management of revenue earning assets

In test checked PSs, no asset register was maintained containing the details of the community assets and properties available at their disposal. The PRIs did not have any revenue surplus for use in creation of capital assets and the only scope for creation of assets was through utilisation of the scheme funds. The Government funded schemes were implemented in the PRIs without pursuing the policy of asset generation to provide impetus for economic growth and poverty alleviation. The assets acquired under SGRY scheme were mostly marketing units constructed by the

PS and handed over to GPs for allotment to the identified beneficiaries. In the test checked PSs, a total number of 962 units were to be constructed upto February 2006 with unit cost of around Rs. 40,000. Out of this, 643 units could be constructed leaving a balance of 319 units (incomplete 297 units and not started 22 units) as of March 2009. Out of the 643 completed units, 480 units were handed over to GPs leaving a balance of 163 units with the PSs and no reasons for attributing to not handing over of these completed units could be furnished to audit. The GPs in turn could allot only 337 units to identified beneficiaries leaving a balance of 143 units remaining vacant as of March 2009. The expenditure incurred on incomplete market complexes was around Rs 1.08 crore which was unproductive.

The loss of revenue due to non handing over/allotment to the beneficiaries of 306 marketing units was around Rs 61200/- per month at the rate of Rs 200/- per unit

2.10 Non-collection of user charges on water supply and sanitation

As per the TFC recommendations, the PRIs were to be encouraged to take over the assets relating to water supply and sanitation and utilise the grants on repair, maintenance and rejuvenation cost and they were to recover at least 50 *percent* of the recurring cost in the form of user charges. Records of test checked units revealed that (except in one GP Rajpur Rs 3648) none of the GPs recovered the user charges. The expenditure incurred on maintenance of the water supply system and payment of salary to the mechanics was Rs 66.36 lakh during 2006-07 and 2007-08 in the test checked GPs (**Appendix-V**) were met out of general fund of these GPs.

2.11 Poor quality of services provided by PRIs

While the PS and ZP Acts are silent on their duties and functions, Section 44 and 45 of GP Act contained a long list of obligatory and discretionary functions to be performed by GPs in respect of provisions of social and civic services. With low generation of income, the GPs were hardly able to provide any basic services like provision of drinking water, health and sanitation to the people. Their activities were confined to providing some nominal services which mainly related to water supply and construction of road and drain etc. with utilisation of scheme funds. Non-imposition of any service-related tax by the test checked units were indicative of the fact that such services were not provided by

and non-acquisition of revenue productive assets had affected the free riding capacity of the GPs to impose any tax.

2.12 Non-adoption of best practices for augmenting the resources

The TFC had made recommendation for adopting some best practices for augmenting the resources of the PRIs which included the following items.

(i) Levy of certain major taxes and exploitation of non-tax revenue sources to be made obligatory for the PRIs and the minimum rate was to be fixed by the State;

(ii) Minimum revenue collection for panchayats to be insisted;

(iii) Introduction of incentive grants by State Government for revenue collection;

(iv) Levy of tax / surcharges / fees on agriculture holding and

(v) Identification of common property assets in the village Panchayats and making them revenue productive.

No action was taken by the State Government to insist the GPs for adoption of best practices (March 2009).

2.13 Monitoring and evaluation

In order to build up the PRIs as effective organisations of Self Government, the State Government has to provide consistent and continued guidance undertaking regular monitoring activities providing internal vigilance, making inbuilt arrangements for mid-course correction and taking up regular evaluation. A major handicap in analysing the panchayat revenue is the paucity of information and data on panchayat finance. For effective planning and monitoring of the activities related to panchayat finance, compilation of data was an area of concern for which EFC had paid a grant of round rupees eight thousand per panchayat and the TFC had earmarked 15 *per cent* of its grant for computerisation of accounts of the panchayats. Based on the recommendations of EFC, the CAG had prescribed standardised formats for maintenance of accounts by the PRIs. Despite full utilisation of funds of the Finance Commission, the PRIs were not able to establish the required database and the accounts were not maintained in the standarised formats. The data maintained at State

level was too inadequate to undertake any meaningful analysis. The State Government had not evaluated the efficiency of the PRIs in mobilizing revenue with reference to the powers vested with them and their adequacy at any level.

2.14 Conclusion

Although the State had withdrawn from direct delivery of services coming within the governance of the PRIs, it still had indirect control over their finance and functioning as, the major funding continued to be made by it. On the contrary, the PRIs had not made any ground work for internal revenue mobilisation. With the meagre amount of internal revenue generation, the PRIs subserved their own interests rather than providing service to the people as, the internal income was grossly utilised in establishment expenditure. Despite the functional autonomy given to them, the PRIs were not able to generate any tax base due to low capacity building to administer and enforce the tax measures. Suitable expenditure policy was not pursued to utilise the scheme funds for capital formation and creation of revenue generating assets. Being traditionally dependant on Government grants, the PRIs functioned as Government agencies to implement the schemes and progress of the State Government at the base level bereft of the ethics of self governance and long after enactment of the Constitution amendment act, they still lived in the past having no vision and conviction of becoming self dependant.

2.15 Recommendations

- A relook should be made by the Government. over allocation of distribution of 29 subjects among three tiers of PRIs with separate taxation powers and consideration possibility of assignment of additional revenue handles. Devolution of more taxation power and finding out new area for revenue mobilisation should be made.

- Capacity building should be enforced to administer and enforce the tax measures through linking of benefits to taxes.

- An expenditure policy of creating revenue-earning assets by utilisation of schematic funds should be pursued.

- The best practices recommended by the TFC should be adopted.

- A minimum revenue collection by the panchayats should be insisted with provision of incentive/disincentives for revenue mobilisation so that the elected bodies would be left with no choice of not imposing taxes.

- A regulatory frame work should be evolved for maintaining economy in administrative expenditure.

- Appropriate and timely revision of tax and non tax revenue of PRIs should be ensured.

CHAPTER- III

TRANSACTION AUDIT

CHAPTER-III

TRANSACTION AUDIT

3.1 Misappropriation of cash

As per Rule 154 of Gram Panchayat Rules, 1968, all receipts and payments of the GP shall be entered in the cash book on the date of transaction itself and the cash book closed with dated signature of Secretary and Sarpanch of the GP on the same day. The Gram Panchayat Extension Officer (GPEO) is required to verify the cash book and cash in hand at least once in a month. Further Rule 32 read with Rule 35 and Rule 36 (e) of Panchayat Samiti Accounting Procedure (PSAP) Rules, 2002, stipulate that the cash book shall be maintained by the Accountant in prescribed format and all cash transactions shall be entered in the cash book. At the end of each month, BDO shall verify the cash balance with the balance in the cash book and signed certificate of physical verification shall be placed in the cash book. The Chairman of PS is also authorized to verify the cash balances whenever he desires.

During audit of GPs and PSs, it was noticed that the above codal provisions were not followed scrupulously by the concerned DDOs and an amount of Rs 8.50 lakh was misappropriated in two PSs and 14 GPs **(Appendix-VI)**.

During physical verification of cash in presence of audit cash was found short in 11 cases (Rs 7.41 lakh) and in five cases funds of Rs 1.09 lakh diverted from one scheme(s) to other schemes(s) were not taken in the cash book of the other schemes. Thus, non-observance of the codal provisions resulted in misappropriation of cash amounting to Rs 8.50 lakh.

Though the above misappropriation cases were brought to the notice of PRIs through IR paras, no response had been received from the PRIs (June 2009).

3.2 Misappropriation by way of false bills

As per Rule 77(2) of Panchayat Samiti Accounting Procedure Rules, 2002, in cases of repair and maintenance works, details of existing structures shall be indicated in the estimate giving the status of works and balance quantity of works required to be

executed for completing the works. Every estimate shall be technically sanctioned by the appropriate authority and copy of estimates so sanctioned shall be kept on record.

Scrutiny of records of Bandhugaon PS revealed that Rs 16.60 lakh was spent on repair and maintenance of staff quarters during 2007-08 out of sale proceeds of empty gunny bags (Source of funds) in different phases as per details given below.

(Rupees in lakh)

Sl.No.	Particulars of works	Voucher number and date	Amount
1.	Repairs and maintenance of Staff quarter	115/08.06.07	1.10
2.	-do-	116/08.06.07	2.50
3.	-do-	144/10.07.07	2.50
4.	-do-	244/12.10.07	1.00
5.	-do-	271/15.11.07	2.50
6.	-do-	284/06.12.07	2.50
7.	-do-	284/06.12.07	2.00
8.	-do-	314/08.02.08	2.50
	Total :		**16.60**

Though these works were executed departmentally by the Junior Engineer of the Panchayat Samiti, no measurement books giving details of measurements done in respect of the works executed, particulars of materials used with details of purchases, vouchers in support of payment made on procurement of such materials etc. were available in support of execution of the works. In absence of these basic documents the expenditure incurred by the [illegible] repair and maintenance [illegible] was doubtful. The present status of these quarters of the Samiti showed that the quarters were in a dilapidated stage as seen from the Photograph (March 2009).



In response to the audit queries, the BDO stated (March 2009) that there was no record evidencing the execution of work and admitted that the departmental officers misappropriated the entire amount by way of false bills and assured to initiate departmental proceedings against the erring officials.

3.3 Excess drawal of money

Scrutiny of records in Bandhugaon PS revealed that Rs 5.38 lakh was withdrawn from the banks though the entry made in cash book was only for Rs 2.48 lakh. The details of drawals from banks are given below.

(Rupees in Lakh)

Name of the Scheme	Name of the payee	Cheque No./ date	Amount drawn as per Bank Account	Date of payment as per cash book	Amount paid as per cash book	Excess drawn
NREGA	M.K.Beura, J.E	388145/ 31.03.07	1.95	31.03.07	0.95	1.00
NFFWP	Miniaka Kamaya, executant	388086/ 26.06.07	1.45	26.06.07	0.45	1.00
NREGA	M.K.Beura, J.E	388169/ 05.11.07	1.98	05.11.07	1.08	0.90
		Total	**5.38**		**2.48**	**2.90**

As could be seen, the excess withdrawals had been made by making additions in the cheques (both words and figures). Though the excess withdrawals were made long back, it remained out of sight and could not be detected by the PS even after expiry of two years, due to non-preparation of Bank Reconciliation Statement at the end of each month by the DDO. Commissioner-cum-Secretary, Panchayati Raj Department while accepting (July 2009) the audit observations stated that fraud had been committed by tampering of cheques, inflating the cheque amount and by inserting additional digits. He further, requested District Magistrate and Collector to initiate disciplinary/criminal proceedings against the person concerned.

3.4 Shortage of stock of rice vauling Rs 60.87 lakh issued under SGRY/NFFWP

The main objective of centrally sponsored schemes like Sampoorna Gramina Rojgar Yojana (SGRY) and National Food for Work Programme (NFFWP) was to provide additional wage employment in rural areas and thereby ensuring food security and improving nutritional standards of the rural poor. The rice for the programme is

allotted by Government of India through Food Corporation of India (FCI) godowns to respective PSs. The PSs after receipt of the rice from FCI, preserves the same conveniently in different godowns of the PSs/GPs. The rice is then issued to the executants for distribution to labourers engaged in different works as a part of their daily wages.

Physical verification of stock account of rice in four PS (July 2007, January 2008, September 2008 and November 2008) revealed that there was shortage of 4330.79 quintals valuing Rs 59.34 lakh[‡‡] in the physical stock as compared to the quantity shown in the stock records maintained by BDOs as detailed below.

Sl No	Name of the Panchayat Samiti	Name of the scheme	Balance as per stock register (in quintals)	Month/Date of Physical verification	Actual stock as per physical verification (in quintals)	Shortage (in quintals)	Total cost (Rupees in lakh)
1.	Lakhanpur	NFFWP SGRY Mission Danapani	1733.00 1434.00 33.00	November 2008	125.00	3075.00	42.13
		Sub-Total	**3200.00**		**125.00**	**3075.00**	**42.13**
2.	Kantamal,	NFFWP SGRY	445.48 10.67	January 2008	Nil	456.15	6.25
		Sub-Total	**456.15**		**Nil**	**456.15**	**6.25**
3.	Bhadrak	SGRY	690.32	July 2007	69.50	620.82	8.51
4.	Lamtaput	SGRY	340.67	September 2008	161.85	178.82	2.45
		Grand Total	**4687.14**		**356.35**	**4330.79**	**59.34**

Further, in Potanai GP of Kujang PS, 111.41 quintals of rice valuing Rs.1.53 lakh received from the PS during 2007-08 was not accounted for in the stock register and the same was misappropriated.

Thus, in the above mentioned four PSs and one GP a total of 4442.20 Quintals (4330.79+111.41) of rice valuing Rs 60.87 lakh was misappropriated.

‡‡ The FCI issue price of rice was Rs.1370/-per quintal.

The officials of PRIs stated (June 2008 to January 2009) that action would be taken to recover the cost of rice misappropriated under intimation to audit.

3.5 Non-recovery of cost of materials

Scrutiny of records in three PSs and two GPs revealed that though materials worth Rs 6.35 lakh **(Appendix-VII)** were issued to different works for their utilization, the cost of the same was not recovered from the works bill of the contractors at the time of final payment. Non-recovery of the cost of materials issued to the contractors resulted in excess payment of Rs 6.35lakh.

On being pointed out, the PRIs stated (September 2008 to March 2009) that the recovery of cost of materials would be made from the persons responsible for such lapses.

3.6 Non accountal of stock

Scrutiny of records revealed that stock materials worth Rs 2.20 lakh was misappropriated by the Ex- employees of the following PSs:

(a) Physical verification of stock materials conducted by the BDO, Bargaon in the district of Sundargarh (February 2008) revealed that there was a shortage of 21.30 quintals of MS rod valuing Rs 91590/- @ Rs 4300/- per quintals.

(b) In Bijepur PS it was noticed that the following materials were not handed over by the Ex- Store Keeper to the present Store Keeper (October 2007).

(In Rupees)

SL.NO	PARTICULARS OF MATERIALS	BALANCE AS PER STOCK	ACTUALY STOCK HANDED OVER	SHORT AGE	RATE PER UNIT	TOTAL COST
1	Rolling shutter	18	14	04	6930/-	27,720
2	Sluice gate	23	20	03	25500/-	76500
3	M S Door	07	-	07	3391/-	23737
					Total	**127957 or Rs.1.28 lakh**

Reasons for not handing over of the stock of materials were not on records. No explanation was furnished to audit in this matter.

cases. However, no action had been taken (August/September 2008).

3.7 Unfruitful expenditure on pisciculture

One Integrated Pisciculture Farm was established (2004-05) out of NFFWP funds at a cost of Rs 10.00 lakh at Kanjusola GP of Champua PS to conserve the rain water and utilize the water for pisciculture farming.

Audit noticed (November 2008) that though three ponds were constructed, no pisciculture was done in the ponds since construction. The water storage of the project was situated at the foot hill of nearby hills and lands at high altitude and due to presence of PWD road between storage area and nallas dropping down from hills, no storage of rain water in the ponds was possible. The location of storage being a rain water passage area was subjected to regular siltation with several feet deep mud. All such factors made it unsuitable for an Integrated Pisciculture Project. The BDO, having no manpower with required skill did not take any guidance from the Fisheries Department regarding technical and functional viability of the farm before implementation and incurring of expenditure.

Thus, injudicious selection of water body without taking necessary guidance from the line department concerned resulted in failure of the project and expenditure of Rs 10.00 lakh became unfruitful.

3.8 Unfruitful expenditure on construction of WHS, Check-dam and MIPs

Scrutiny of records (August 2008) of Baipariguda Block showed that nine water harvesting structures (WHS) and one check dam **(Appendix-VIII)** works were taken up at an estimated cost of Rs 60.67 lakh (2005-06 and 2006-07). As per the estimates and designs of the individual works there was provision for fixation of one to five sluice gates in the WHS/Check dams for storage of rain water to provide water for irrigation. The dams were completed (December 2006) without installing sluice gates and as a result the check dams were unable to store water needed for irrigation and thus the expenditure of Rs 46.36 lakh spent on the project remained unfruitful.

Similarly in Chikiti PS, five Minor Irrigation Projects (MIPs) were taken up during 2004-05 under National Food For Work Programme (NFFWP) at an estimated cost of Rs 14 lakh. In the estimates, there was provision for fixing screw gear shutter/Head regulator to regulate water flowing downward and utilize the same for irrigation purposes. The PS incurred an expenditure of Rs 13.79 lakh without fixing of screw gear shutter/Head regulator in the MIPs and only earthern works were undertaken. Due to non-fixing of screw gear shutter/Head regulator in the MIPs, the flowing water could not be stored rendering the expenditure unfruitful.

Thus, the total expenditure of Rs 60.15 lakh (Rs 46.36 lakh + Rs 13.79 lakh) incurred in construction of WHS, Check dams, and MIPs remained unfruitful. No reply had been furnished by the PSs.

3.9 Blocking up of funds

To provide hostel facilities to SC/ST students, the Project Director (PD), District Rural Development Agency (DRDA), Bolangir undertook construction of two hostel buildings under Special Central Assistance of Revised Long term Action Plan (RLTAP) funds during 2005-06 at an estimated cost of Rs 28 lakh for Desil Boys' High School, Desil and Rs 17.50 lakh for Mahulpada Girls U.G. Primary school, Mahulpada under Titilagargh PS. The Civil works were tendered and executed through Contractors (February 2008) at a total cost of Rs 33.25 lakh. (Desil- Rs 21.58 lakh and Mahulpada –Rs 11.67 lakh). After completion of civil construction of the two hostel buildings in October 2008, the PS did not take up electrification and sanitary fittings with water supply to the buildings. Hence, the buildings could not be allotted to the SC/ST students during 2008-09 and the very purpose of the construction of the buildings was defeated and the entire expenditure of Rs 33.25 lakh remained idle.

On being pointed out, the BDO stated (November 2008) that they would execute the electrical, sanitary fittings and water supply work of the buildings as early as possible.

3.10 Advances lying unadjusted

As per Rule 41 of Panchayat Samiti Accounting Procedure Rules, 2002, advances made to individuals/contractors/suppliers for various purposes should be regularly and promptly adjusted. The Drawing and Disbursing Officers (DDOs) are to maintain a Register of advances showing particulars of date, details of payee, amount, purpose,

and its adjustment etc. The DDOs should review the Advance Register frequently to ensure timely adjustment of the advances. Apart from that, the Panchayati Raj Department, Government of Orissa instructed (December 2002) all the BDOs to adjust the outstanding advances within one month of payment of advance. In case, the advances are not adjusted within one month the same may be treated as temporary misappropriation of fund warranting initiation of disciplinary proceedings/criminal proceeding in appropriate cases.

In 51 test checked units, it was observed that Rs 35.26 crore paid to different officials were lying unadjusted as of March 2008 (**Appendix-1X**). Of the above, the details of the officials in respect of advances of Rs 26.44 crore were not available with the DDOs. No attempt was made by the department for adjustment of outstanding advances. It was also noticed that advances were paid to the officials on several occasions without adjusting the earlier advances outstanding. Such irregularities persisted despite repeated objections made through the Audit Reports. Further, it was observed that the Advance Register was not maintained by DDOs though maintenance of such Register was prescribed under rules.

Thus, due to failure in observing the prescribed financial rules and procedures by the DDOs and lack of efforts for their identification and adjustment, an amount of Rs 35.26 crore still remains to be adjusted and out of which no details were available for an amount of Rs 26.44 crore.

It was stated that action would be taken for adjustment of advances.

3.11 Diversion of funds

The Central and State Plan Scheme guidelines viz SGRY, IAY, NREGS, GGY etc. prohibited diversion of scheme funds to any other scheme /purpose.

Scrutiny of records revealed that in 16 test checked PRI units, Rs 4.29 crore was diverted during 2007-08 from one scheme to another in contravention of the above stipulations (**Appendix-X**) which affected the implementation of the schemes from which these funds were diverted.

The PSs had not furnished any replies to the audit observation (May 2008 to March 2009).

3.12 Irregular expenditure on transportation charges

As per SGRY/NFFWP guidelines, the transportation charges of food grains were to be borne by the State Government from their own resources and the cash component of the scheme was not to be used for transportation.

Scrutiny of records of six PSs revealed that Rs 42.26 lakh was diverted irregularly from the scheme funds during 2007-08 towards transportation charges of food grains under these schemes as detailed in **Appendix-XI**. Due to such diversion, the creation of socio economic assets in the rural areas were hampered to that extent.

On being pointed out, the concerned PSs agreed (April 2008 to September 2008) to recoup the cost of transportation of rice on receipt of funds from the DRDAs. The replies were not tenable since the schemes were already merged with NREGS and the chances of recoupment was remote.

3.13 Unfruitful expenditure of Rs 2.11 crore on incomplete works

To provide a greater thrust to additional wage employment, infrastructure development and food security in the rural areas, Sampoorna Gramin Rojgar Yojana (SGRY) was launched during September 2001 by merging the hitherto ongoing schemes of the Employment Assurance Scheme (EAS) and the Jawahar Gram Samridhi Yojana (JGSY). Further, another scheme named as National Food For Work Programme (NFFWP) has been introduced by GOI in April 2004 for providing supplementary wage employment and food security through creation of need based economic and community assets in these districts.

The Western Orissa Development Council (WODC) was constituted under Western Orissa Development Council Act, 2000 with a view to upgrade the levels of development to remove regional imbalances and the State Government provides fund to implement different programmes of the Council like, road communication, minor irrigation, construction of check-dam, water supply scheme etc. The Member of Legislative Assembly Local Area Development (MLALAD) scheme enables each MLA to sanction funds for the development of his constituency on a priority basis.

Thus, it would be seen that the schemes give thrust to two major factors viz, additional wage employment and creation of durable social and community assets.

Scrutiny of records of five PSs (September 2007 to March 2008) revealed that 128 projects undertaken under SGRY/ NFFWP/MPLAD/WODC during 2002-03 to 2005-06 at project cost of Rs 3.24 crore remained incomplete after incurring an expenditure of Rs 2.11 crore as detailed in **Appendix-XII**.

The BDOs of PSs attributed (July 2008 to February 2009) improper monitoring of the work, difference of opinion of the public and consequential dispute and shortage of funds as the reasons to the non-completion of works. However, no details of these facts were available on records. Further, there was no maintenance / improper maintenance of works register. The works were executed without issuance of formal work orders stipulating the dates of completion. Moreover none of the BDOs had any action plan to complete the incomplete projects.

Thus, due to lack of proper planning and monitoring, an amount of Rs 2.11crore utilised in those 128 projects remained unfruitful and hence the desired benefits of creation of durable social and community assets or provision of additional wage employment could not be extended to the beneficiaries.

3.14 Unfruitful expenditure due to non-completion of IAY houses

The objective of IAY was primarily to provide assistance for construction of houses to members of Scheduled Castes/Scheduled Tribes, freed bonded labourers and also to non-SC/ST rural poor below the poverty line (BPL). As per the instructions for construction of houses issued by the State Government the assistance for construction shall be payable in four stages and the beneficiaries were to start construction within 15 days from receipt of the work orders, failing which the allotment would be cancelled.

Scrutiny of records in 11 PSs revealed that 2682 houses taken up for construction under IAY during 1992-08 were not completed even after expiry of one to sixteen years of the commencement of the work. An expenditure of Rs 2.72 crore incurred on those incomplete houses remained unfruitful as detailed in **Appendix-XIII**. Though the officers at Block level were entrusted with the responsibility of closely monitoring the progress through regular field visits and ensuring the utilization of instalments paid to the beneficiaries, there was lack of supervision and monitoring in this regard by the departmental officers. Thus, due to lack of monitoring and supervision on

progress of works, the buildings were neither completed nor any action taken against the defaulting beneficiaries by cancellation of work orders and recovery of the amounts already paid to them. Due to non-completion of these houses, the objective of the programme to provide shelter to the BPL families could not be achieved and the Government failed to provide dwelling units to these beneficiaries rendering the expenditure of Rs 2.72 crore unfruitful.

The PRIs had not furnished any reply (March 2009) in this regard.

3.15 Irregular execution of works under GGY

Government launched (2006-07) Gopabandhu Gramina Yojana (GGY) in 11 districts of the State with the objective of providing funds for creation of infrastructure consisting primarily of Bijli, Sadak and Pani i.e. electrification, roads and water supply in every revenue village of the district. Besides, projects taken up under the scheme should ensure creation of durable assets.

Test check of records in two PSs revealed that an amount of Rs 60.08 lakh was spent towards improvement of the existing roads **(Appendix-XIV)** such as repair of pot holes, moorum roads etc. during 2007-08 instead of executing original work as envisaged in the guidelines like construction of CC Road and Black Topped road, electricity and drinking water projects etc., in violation of the scheme guidelines.

Due to execution of such repair and maintenance works, the scheme failed in achieving its objective of creation of rural infrastructures and expenditure of Rs 60.08 lakh proved to be irregular.

3.16 Idle expenditure on shopping units

The Centrally Sponsored Schemes like SGSY and SGRY provide for construction of Market Complexes for letting out to various rural entrepreneurs for conducting business besides generating a source of income for GPs in the form of rental income. The Shopping units constructed should be allotted to the targeted groups without delay and for this the Government of Orissa instructed (April 2005) all the District Collectors and the Project Directors of DRDAs not to keep the shopping units unallotted. For effective implementation of the schemes, officers from the level of State headquarters to PSs were to closely monitor the programmes and visit work sites to ensure timely completion of the projects.

Test check of records of 14 PSs revealed that 663 shopping units constructed without carrying out survey during 2001-07 **(Appendix-XV)** incurring an expenditure of Rs 2.25 crore out of the SGRY, SGSY and MPLAD funds were not allotted (July-2009) to the beneficiaries resulting in the entire expenditure remaining idle. The shopping units were not allotted as beneficiaries were not identified for distribution after completion of construction. Further, there was no demand for these units in rural areas. The units were constructed by the PSs without conducting proper survey for ascertaining the feasibility of the market complexes in those areas as per Government instructions.

On this being pointed out, the PRIs agreed to hand over the shopping units very soon to the beneficiaries.

3.17 Irregular expenditure under KL Grants

The Government (Panchayati Raj Department) passed a Resolution (December 2004) specifying the principles of utilisation of Kendu Leaf (KL) grants by the PRIs. As per this resolution 80 *per cent* of KL grant should be utilized for infrastructure development and 20 *per cent* for providing services to public in respect of primary education, health, drinking water, sanitation and other productive activities.

Scrutiny of records revealed that PS Naktideol spent Rs 5.29 lakh on repair and renovation of the existing projects during 2007-08 out of ZP share of KL Grants in the following works in clear deviation of guidelines.

(Rupees in lakh)

Sl.No.	Name of the works	Amount
1.	Repair of staff quarters in block colony	0.28
2.	[illegible] of patulidhip school, Rengali	2.70
3.	[illegible] and colour washing of playground	0.14
4.	[illegible] B.D.O quarters	0.37
5.	Completion of Sale Phate school building	0.20
6.	Repair of Anganwadi Centre at Malikud Balleam GP	0.15
7.	Repair of Tikilipada UP School, Jukillipada	0.30
8.	Repair of quarters in block colony	0.41
9.	Repair of quarters in block colony	0.74
	Total :	**5.29**

Utilization of KL Grant in repair works instead of utilizing the same in new projects in violation of the scheme guidelines resulted in creation of non-durable assets.

3.18 Non-remittance/advance payment of royalty

As per Government (Orissa Minor Mineral Concession) Rules, 2004, royalty shall be collected for use of metals moorums, sand and stones etc. and the same shall be remitted to Government account forthwith.

Test check of records revealed that in seven PSs, royalty of Rs 34.92 lakh **(Appendix-XVI)** though realized from the work bills during 2007-08 was not remitted to Government account.

In Gosani and R Udayagiri PSs, it was observed that Rs 4.31 lakh and Rs 0.67 lakh have been paid by the PSs as advance towards royalty to the State Government though there was no deduction of royalty from the work bills. Such royalty was paid as per the instruction of the Tahasildars concerned with the intention of showing higher revenue mobilization. PRIs could not furnish any reply to the objections.

05/03/10

(S. Palit)
Deputy Acconntant General
(Local Bodies Audit & Accounts),
O/o the Principal Accountant General (CA)
Orissa, Bhubaneswar.

Bhubaneswar
The------ day of-------2010

Countersigned

(B.R.KHATRNAR)
Principal Accountant General (Civil Audit)
Orissa, Bhubaneswar.

Bhubaneswar
Orissa, Bhubaneswar.

APPENDICES

APPENDIX-I
(Refer to paragraph 2.6 at page 16)

RECOMMENDATIONS FOR RESOURCE MOBILISATION OF THE PRIs

Panchayati Raj Institutions in the State are impoverished. Prosperity can not keep company with them unless they themselves endeavour to enrich their corpus. There is no point in day dreaming without efforts and beyond one's capabilities. It is the responsibility of the State Government to provide scope for an elastic revenue base to the PRIs and in turn the PRIs have to leave no stone un-turned to collect revenue. When they need more they must aim at getting more. Kautilya has pointed out a calf thirsting for milk does not hesitate striking at the udder of the mother. In this back ground and fully aware of the poverty condition of the people and the usual resistance of people to any sort of taxation, the Commission recommended certain taxation measures under Chapter-VI for augmenting the internal revenue of the Panchayati Raj Institutions. These are the following;-

1. Reintroduction of Panchayat Tax (Para 6.27 to 6.28)
2. Turnover Tax on Commercial Agricultural Farms (Para 6.29)
3. Livestock Registration and Development Fee (Para 6.30)
4. Capital / Property Transaction Fee (Para 6.32)
5. Population Welfare Cess (Para 6.33)
6. Pisciculture Cess (Para 6.35)
7. Education, Environment and Health Care Cess on Industries (Para 6.37)
8. Education, Environment and Health Care Cess on Mines (Para 6.38)
9. Education, Environment and Health Care Cess on Ports and Jetties (Para 6.39)
10. Education, Environment and Health Care Cess on Powers Plants (Para 6.40)
11. Parking Fees (Para 6.41)
12. Licence Fees from Shops on the basis of turn over (Para 6.42)
13. Toll fees for using village, GP and PS Roads (Para 6.46)
14. Local Body Cess by Forest Corporation for Kendu Leaves collected (Para 6.47)
15. Local Body Health Fees from Private Hospitals and Nursing Homes (Para 6.48)
16. Pilgrim Fee (Para 6.49 to 6.50)
17. Turnover Tax on Minor Forest Produce (Para 6.52 to 6.53)

APPENDIX-II

(Refer to Paragraph 2.8 at page 17)

Revenue generated by the GPs during 2003-04 to 2007-08

(In Rupees)

Sl. No.	Name of the GPs	Ponds auction	License fees	Miscellaneous	Kine house	Other Tax	Total
1.	Galua	148090	393	200	-	23100	171783
2.	Nandaapur	51953	14685	4800	4800	14500	90738
3.	Bishnudiha	35871	3640	7155	17055	-	63721
4.	Kujanga	15735	-	7226	-	304843	469964
5.	Gandakipur	8650	110	6560	-	26680	42000
6.	Bhutmundai	26176	-	5130	110	-	31416
7.	Nuagarh	2000	-	33483	-	-	35483
8.	Baluria	15065	1633	696	-	-	17394
9.	Dihudipur	5810	87	5747	-	-	11644
10.	Aradapally	-	627	1076	-	-	1703
11	Bhatasahi	140327	-	-	-	-	140327
12.	Nadiali	72910	-	24580	-	-	97490
13.	Laxmiprasad	48802	101	-	-	-	48903
14.	Madhusudanpur	8878	2040	11715	-	-	22633
15.	Tenntei	21672	2158	-	-	-	23830
16.	Attapur	12363	1908	170	-	-	14441
17.	Kochiladiha	32543	5423	22336	-	7310	67612
18.	Radho	70312	1983	150	215	3580	76240
19.	Badakhaman	10558	3327	3657	200	-	17742
20.	Baidipali	2985	4820	28519	-	1900	38224
21.	Sibatala	181495	7515	-	-	-	189010
22.	Chudapali	87852	3755	42946	-	2300	136853
23.	Jhakarpali	120315	13875	60076	-	2400	196166
24.	Keshramal	9560	2550	24964	-	25365	62439
25.	Kukuda	22694	6377	13187	100	-	42358
26.	Laing	2730	16300	423[illegible]	-	5915	448937
27.	Mundradguda	120816	2880	23271	-	8821	155788
28.	Dasigaon	355735	10765	32554	3000	-	402054

(Contd.)

Sl. No.	Name of the GPs	Ponds auction	License fees	Miscellaneous	Kine house	Other Tax	Total
29.	Matigaon	154550	4310	39732	-	200	198792
30.	Sindhigaon	10135	2761	17931	-	-	30827
31.	Bhatrasiuni	11895	16855	48200	120	-	77077
32.	Baghsiuni	29175	10175	40993	-	-	80343
33.	Badakumuli	34490	4816	28364	-	-	67670
34.	Daleiguda	1000	-	968	-	-	1968
35.	Gunthaput	-	870	1657	-	-	2527
36.	Renga	-	300	45	-	-	345
37.	Naranpur	60606	1986	-	-	21210	83802
38.	Maidankel	65040	4932	346	-	58977	129295
39.	Rajpur	71580	-	-	-	4095	75675
40.	Nampo	52836	10100	415	-	36683	100034

APPENDIX-III

(Refer to paragraph 2.8 at page 17)

Statement showing the percentage of expenditure over income.

Sl No.	Name of the Block	Name of the GP		Income from own source In Rupees	Expenditure on establishment In Rupees	Percentage
1.	Banapur	1.	Galua	171783	68255	40
		2.	Nandapur	90738	73613	81
		3.	Bishnudiha	63721	69085	108
2.	Kujang	4.	Kujang	469964	200121	43
		5.	Gandakipur	42000	75663	180
		6.	Bhutamundai	31416	39779	127
		7.	Nuagarh	35483	66626	188
3.	Pattamundai	8.	Baluria	17394	59695	343
		9.	Dihudipur	11644	27519	236
		10.	Ardapally	1703	18069	1061
4.	Nayagarh	11.	Bhatasahi	140327	271014	193
		12.	Nadiali	97490	70709	73
		13.	Laxmiprasad	48903	48974	100
5.	Soro	14.	Madhusudanpur	22633	71348	315
		15.	Tentei	23830	32590	137
		16.	Attapur	14441	30804	213
6.	Udula	17.	Kochiladiha	67612	71663	106
		18.	Radho	76240	115449	151
		19.	Badakhaman	17742	46388	261
7.	Bolangir	20.	Baidipali	38224	151313	494
		21.	Sibatala	189010	191760	101
		22.	Chudapali	136853	245959	180
		23.	Jhankarpali	196166	296185	151
8.	Rajgangpur	24.	Keshramal	62439	183752	294
		25.	Kukuda	42358	209247	494
		26.	Laing	448937	341535	76
9.	Junagarh	27.	Mundraguda	155788	114128	73
		28.	Dasigaon	402054	192129	48
		29.	Matigaon	198792	59076	30
10.	Nowarangpur	30.	Sindhigaon	30827	91058	295
		31.	Bhatraseuni	77070	130570	169
		32.	Baghaseuni	80343	171942	214
		33	Badakumuli	67670	168793	249
11.	Semiliguda	34.	Daleiguda	1968	49924	2537
		35.	Gunthaput	2527	6242	247
		36.	Renga	345	4303	1247
13.	Jaleswar	37.	Nampo	100034	47423	47
		38.	Rajpur	75675	27738	37

APPENDIX-IV

(Refer to paragraph 2.8 at page 17)

Statement showing revenue mobilization by GPs

Table-I

(Rupees in crore)

Year	Tax	Non-Tax	Total Revenue
2003-04	0.58	9.98	10.56
2004-05	0.74	11.27	12.01
2005-06	0.45	12.44	12.89
2006-07	0.75	16.66	17.41

Table-II

Statement showing the percentage of Revenue quantum of PRIs to the GDP of State

Year	Quantum of GDP (Rupees in crore)	Revenue quantum by PRIs (Rupees in crore)	Percentage	Per capita NSDP (In Rupees)
2003-04	61422.26	10.56	0.02	14252
2004-05	71428.02	24.02	0.03	11306
2005-06	78535.68	12.89	0.02	17610
2006-07	91150.69	17.41	0.02	20240

Table-III

Statement showing percentage of Revenue of ADP of State

(Rupees in crore)

Year	Agriculturel/domestic/product of the state	Revenue quantum of PRIs	percentage
2003-04	14388.58	10.56	0.07
2004-05	14862.54	12.01	0.08
2005-06	15335.30	12.89	0.08
2006-07	15622.29	17.41	0.11

Table-IV

Population as per 2001 census and per capita income.

(In Rupees)

Sl No	Name of the GP	Total population	Income of the GP from Internal sources	Average income	Per capita income
1.	Nampo	8527	100034	33345	4
2.	Rajpur	11271	75675	18919	2
3.	Galua	8510	17133	34346	4
4.	Nandapur	8857	90738	18147	2
5.	Bishnudiha	5800	63721	15930	3
6.	Kujanga	9144	469964	93992	10
4.	Gandakipur	5772	42000	10500	2
8.	Bhutamundei	7068	31416	7854	1
9.	Nuagarh	10092	35483	17741	2
10.	Baluria	4725	17392	3478	1
11.	Dihudipur	3010	11644	2328	1
12.	Aradapally	1941	1703	340	0.17
13.	Madhusudanpur	5165	22633	5658	1
14.	Tentei	4360	23830	4766	1
12.	Attapur	3861	14441	2888	1
16.	Kochiladiha	6620	67572	16893	3
17.	Radho	7147	76240	15248	2
18.	Bada Khaman	6042	17742	3548	1
19.	Baidipali	2792	36224	7245	3
20.	Sibatala	4664	189010	37802	8
21.	Chudapali	4152	136853	27370	7
22.	Jhankarpali	7030	196166	39233	6
23.	Kesharmal	10841	62439	12488	1
24.	Kukuda	6594	42358	8471	1
25.	Laing	12057	448937	89787	7
26.	Mundraguda	3890	155788	31158	8
27.	Dasigaon	6812	402054	80410	12
28.	Matigaon	6955	198787	39757	6
29.	Sidhigaon	6614	30827	6165	1
30.	Bhatrasiuni	3798	77070	15414	4
31.	Baghasiuni	5834	80343	16069	3
32.	Badakumuli	6320	67670	13534	2
33.	Daleiguda	3533	1968	394	0.11
34.	Gunthaput	5773	2527	505	0.08
35.	Renga	6031	345	69	0.01
36.	Bhatasahi	10161	140327	28065	3
37.	Nadiali	3496	97490	19498	6
38.	Laxmiprasad	5407	48812	9762	2

APPENDIX-V

(Refer paragraph 2.10 at page 19)

Statement showing the details of expenditure incurred on repair and maintenance charges and Users' charges collected during 2006-07 and 2007-08.

(In Rupees)

Sl No.	Name of the PS		Name of the GP	Expenditure on R/M + SEM payment	User's charges collected
1.	Keonjhar	1.	Maidankel	97286	
		2.	Naranpur	140758	
2.	Balasore	3.	Nampo (07-08)	69753	
		4.	Rajpur	113266	3648
3.	Banpur	5.	Galua	208900	
		6.	Nandapur	271375	
		7.	Bishnudiha	170849	
4.	Kujanga	8.	Kujanga (07-08)	171716	
		9.	Gandakipur	103423	
		10.	Bhutmundai	65443	
		11.	Nuagarh	147063	
5.	Pattamundai	12.	Baluria	122471	
		13.	Dihudipur	82230	
		14.	Aradapally	86373	
6.	Nayagarh	15.	Bhatasahi	246231	
		16.	Nadiali	145632	
		17.	Laxmiprasad	186474	
7.	Soro	18.	Madhusudanpur	122500	
		19.	Tentei	94205	
		20.	Attapur	122500	
8.	Udala	21.	Kochiladiha (07-08)	199000	
		22.	Radho	113625	
		23.	Badakhaman	642650	
9.	Bolangir	24.	Baidipali	171312	
		25.	Sibatala	118814	
		26.	Chudapali	127863	
		27.	Jhakarpali	541329	
10.	Rajgangpur	28.	Keshramal	195165	
		29.	Kukuda	123970	
		30.	Laing	92560	
11.	Junagarh	31.	Mundraguda	138123	
		32.	Dasigaon	231718	
		33.	Matigaon	239065	
12.	Nowarangpur	34.	Sindhigaon	95710	
		35.	Bhatraseuni	119370	
		36.	Baghaseuni	160460	
		37.	Badakumuli	167858	
13.	Semiliguda	38.	Daleiguda	1,24,594	
		39.	Gunthaput	129738	
		40.	Renga	134854	
	Total			**6636226**	**3648**

APPENDIX-VI

(Refer Paragraph 3.1 at page 23)

Statement showing misappropriation of cash

(In Rupees)

Sl No	Name of the GP	Amount of misappropriation	Nature of misappropriation
1.	Mariwada GP (PS. Korkunda Dist-Malkangiri)	31522	During physical verification of closing balance on 03.11.2007 it was found that there was a shortage of Rs 31522. It was revealed that the amount was with Ex-Sarpanch and Ex-Secretary
2.	Rayan Ramachandrapur GP, (PS. Jaleswar, Dist-Balasore	45000	An amount of Rs 45000/- drawn from SB A/c by the Secretary of the GP under SGRY shown to have been diverted to IAY cashbook on 21.10.06. But the same was not accounted for in the IAY Cash Book nor vouchers thereof were maintained.
3.	Sorisapal GP, (PS. Bangiriposi Dist-Mayurbhanj	7858	An amount of Rs 7858 shown to have been diverted from SGRY cash book to GP cash book on 14.08.03 was not actually accounted for in the GP cash book
4.	PS Thuamul Rampur Dist-Kalahandi	132586	During physical verification of cash in presence of audit on 16.01.09, as against the book balance of cash Rs 4,41,436.50 actual cash found was of Rs 308850.50 and the balance amount of Rs 1,32,586/- was found short.
5.	PS Jujomura Dist-Sambalpur	4217	During physical verification of cash in presence of audit on 24.12.08, as against available balance of Rs 8167/-, actual cash found was Rs 3950/- and balance amount of Rs 4217 was found short.
6.	Jharbeda GP Kuarmunda PS Dist:Sundergarh	4586	During physical verification of cash in presence of audit on 19.02.09, as against cash book balance of Rs 4586/-, no cash balance was found in the chest.
7.	Chatiaguda GP Sinapali PS Dist-Nuapada	282204	During physical verification of cash in presence of audit on 21.01.09, as against available cash balance of Rs 2, 82,204 no cash balance was found in the chest.
8.	Hatikhoj GP Kesinga PS Dist-Kalahandi	112391	During physical verification of cash in presence of audit on [illegible]8.08 as against the available cash balance was of Rs 1,18,865/- actual cash found was of Rs 112391 and the balance amount of Rs [illegible] found short.

(Contd)

Sl No	Name of the GP	Amount of misappropriation	Nature of misappropriation
9	Adhamunda GP Kesinga PS Dist-Kalahandi	26254	During physical verification of cash in presence of audit on 11.08.08, as against the available cash balance of Rs 65814/- actual cash found was of Rs 39560/- and the balance of Rs 26254/- was found short.
10	Bharuamunda GP, PS-Sinapalli Dist:Nuapada	16066	An amount of Rs 16066 shown to have been diverted from GPI FUND cash book on 2.10.07 to PDS cash book was not actually accounted for in the PDS cash book as on the date of audit (14.01.09).
11.	Kaligaon GP, Hatadihi PS, Dist : Keonjhar	20000	An amount of Rs 20000 shown to have been diverted from TFC cash book to NREGA cash book on 10.05.07 was not actually accounted for in the NREGS cash book as on the date of audit (24.01.09).
12.	Utkela GP, Kesinga PS, Dist : Kalahandi	86427	During physical verification of cash in presence of audit on 05.08.08 as against the available cash balance of Rs 88105/- actual cash found was Rs 1678/- and the balance amount of Rs 86427/- was found short.
13	Sogada GP, Gunupur PS, Rayagada Dist.	20,000	An amount of Rs 62624/- was shown to have been diverted from NREGS cash book to SGRY cash book on 07.09.2006 but actually an amount of Rs 42624/-was accounted for in the SGRY cash book which resulted short accounting of Rs.20,000/-.
14	Subai GP, Semiliguda PS in Koraput Dist.	9509	During physical verification of cash in presence of audit on 22.08.08 as against the available cash balance of Rs 13470/- actual cash found was Rs 3961/- and the balance amount of Rs 9509/- was found short.
15.	Majhapada GP Kuarmunda PS	40735	The records have been tampered and an amount of Rs 185000 had been shown as paid instead of actual amount due for payment Rs 144265.
16.	Potanai GP Kujanga PS	10300	During physical verification of cash in presence of audit on 13.02.2009, as against the available cash balance of Rs 10,636/-, actual cash found was Rs 336/- and the balance amount of Rs 10300/- was found short.
	Total	**849655**	

APPENDIX-VII

(Refer Paragraph 3.5 at page 27)

Statement showing non-recovery of cost of materials.

(Rice in quintals and Cement in number of bags and cost rate in Rupees)

Sl. No	Name of the PRIs	Name of the works	Scheme	Material issued	Quantity issued	Quantity recovered	Quantity not recovered	Rate	Cost of material not recovered
1	Semiliguda PS	Diversion weir and Field channel at Ranikona	NFFWP	Rice	209.10	20.00	189.10	630	119133
		-do-		Cement	800	400	400	180	72000
		-do-		Sluice gate	2.	-	2	17671	35342
2	Bandhu-gaon PS	CD work on Kesubhandra Road	BKBK	MS Sign board	1	-	1	993	993
				Cement	250	-	250	206	51500
		Field channel and diversion weir	BKBK	Cement	400	-	400	206	82400
				MS Sign board	1	-	1	993	993
		CD work at Kapalda to Tikarpada	BKBK	MS Sign board	1	-	1	993	993
				Cement	400	-	400	206	82400
3.	Pakari GP Kotagarh PS	CC road from Pakari school to Gorlaguda	SGRY	Rice	130	-	130	630	81900
4.	Remuna PS	Road from Ganjia to Bethipur	SGRY	Rice	150	-	150	630	94500
5.	Kumbhar-pada GP Khandapada PS	Phalikiasai new well	SGRY	Rice	20	-	20	630	12600
								Total	634754 or Rs.6.35 lakh

APPENDIX-VIII

(Refer Paragraph 3.8 at page 28)

Unfruitful expenditure on construction of WHS and Check-dam.

(Rupees in lakh)

Sl.NO	Name of the work	Scheme	Estimated cost	Expenditure incurred
1	Construction of W.H.S at Pujariput	NFFWP	3.50	3.50
	-DO-	NREGS	1.64	1.64
2	Construction of WHS at Chingadaguda	NFFWP	5.00	5.00
	-DO-	NREGS	2.20	1.06
3	Construction of WHS at Dabuguda	NFFWP	5.00	3.21
4	Construction of WHS at Kenduput	NFFWP	5.00	3.97
5	Construction of WHS at Bhejapabata	NFFWP	5.00	3.21
6	Construction of WHS at Kaliajholi	NFFWP	5.00	2.15
	-DO-	NREGS	2.84	2.83
7	Construction of WHS at paliguda	NFFWP	5.00	3.29
	-DO-	NREGS	1.71	1.71
8	Construction of WHS at Handikhol	NFFWP	5.00	3.80
	-DO-	NREGS	1.20	1.20
9	Construction of WHS at Titapada	NFFWP	5.00	2.21
	-DO-	NREGS	2.31	2.31
10	Construction of Check Dam at Koliatal	NFFWP	3.00	3.00
	-DO-	NREGS	2.27	2.27
	Total		60.67	46.36
11	Minor Irrigation Projects (5 nos.) in PS Chikiti	NFFWP	14.00	13.79
		Grand Total	**74.67**	**60.15**

APPENDIX-IX

(Refer Paragraph 3.11 at page 30)

Statement showing non-adjustment of outstanding advances

(Rupees in lakh)

Sl.No	Name of the PSs	Unadjusted outstanding advance	Classified advance	Un Classified advance
1	Sinapalli	262.94	179.27	83.67
2	Rengali	41.33	-	41.33
3	Suliapada	3.67	-	3.67
4	Boriguma	103.33	-	103.33
5	Junagarh	9.73	-	9.73
6	Bangiriposhi	27.73	-	27.73
7	Rasagobindapur	21.68	-	21.68
8	Chandahandi	24.13	-	24.13
9	Gunupur	26.29	-	26.29
10	Tangarpalli	55.56	-	55.56
11	Badasahi	20.13	-	20.13
12	Bhapur	7.36	-	7.36
13	Biramaharajpur	82.72	-	82.72
14	Morada	15.25	2.40	12.85
15	Jagannathprasad	106.85	-	106.85
16	Jharbandh	96.3	-	96.3
17	Bhadradh	82.61	-	82.61
18	Bhandaripokhari	47.56	-	47.56
19	Bansapal	82.72	-	82.72
20	Patnagarh	50.22	46.03	4.19
21	Kirimira	60.21	-	60.21
22	Kolnara	21.60	-	21.60
23	Barpali	68.77	28.93	39.84
24	Jeypore	43.67	7.90	[illegible].77
25	Boden	92.64	25.60	[illegible]04
26	Kundra	12.04	-	[illegible]04
27	Agalpur	26.81	8.38	[illegible]43

(Con[illegible])

Sl.No	Name of the PSs	Unadjusted outstanding advance	Classified advance	Un Classified advance
28	Chikiti	141.00	14.97	126.03
29	Lamtaput	73.10	-	73.10
30	Bargarh	198.67	151.17	47.50
31	Kaptipada	57.79	-	57.79
32	R. Udayagiri	67.09	65.39	1.70
33	Bhatili	135.57	112.73	22.84
34	Kuarmunda	84.76	-	84.76
35	Khariar	128.33	-	128.33
36	Kesinga	24.55	-	24.55
37	Tileibani	126.58	-	126.58
38	Gudari	51.44	-	51.44
39	G Udayagiri	9.89	-	9.89
40	Belaguntha	44.02	1.08	42.94
41	Paikamal	27.77	1.54	26.23
42	Loisinga	61.34	-	61.34
43	Bargaon	246.54	201.88	44.66
44	Talcher	77.50	34.93	42.57
45	Kotagarh	85.29	-	85.29
46	Bisra	54.44	-	54.44
47	Dharakot	41.00	-	41.00
48	Rajgangpur	83.89	-	83.89
49	Similiguda	119.00	-	119.00
50	Sundargarh	30.49	-	30.49
51	Padmapur	62.02	-	62.02
	Total	**3525.92**	**882.20**	**2643.72**

APPENDIX-X

(Refer Paragraph 3.11 at page 30)

Statement showing diversion of funds

(Rupees in lakh)

Sl.No	Name of the PRIs	Scheme from which diverted	Scheme to which diverted	Amount
1	Khalikote PS	NREGS	Election	1.50
		IAY	SGRY	5.00
2	Jharbandh PS	GGY	NREGA	61.62
		IAY	Government	5.37
		SGRY	Government	5.00
3	Bhadrak PS	IAY	TFC	5.56
4	Bhandaripokhari PS	IAY	Relief	2.00
5	Chikiti PS	SGRY	MLALAD	7.49
		SGRY	NFFWP	3.05
		NREGS	TFC	4.08
		MPLAD	SGRY	1.70
		NREGS	MPLAD	4.66
		IAY	NREGA	20.00
		NREGS	RSVY	2.00
6	Lamtaput PS	IAY	SGRY	3.35
		IAY	NFFWP	4.37
		NREGS	IAY	1.71
7	Shergada PS	IAY	NREGA	10.00
		IAY	NREGA	15.00
8	Bhatili PS	IAY	NREGA	5.00
		GGY	NREGA	12.22
9	Khariar PS	SGRY	RWSS	9.02
		NREGS	TFC	4.06
10	Tileibani PS	BRGF	NREGA	50.00
11	Sonpur PS	MLALAD	IAY	1.61
		CRF	IAY	8.58
		MPLAD	NREGA	3.74
12	Paikamal PS	IAY	NREGA	26.00
		IAY	MLALAD	5.00
13	Bargan PS	BRGF	NREGA	23.30
		RSVY	NREGA	5.25
		IAY	NREGA	9.00
		MPLAD	PMGSY	10.00
14	Bisoi PS	IAY	TFC	4.65
15	Bijeipur PS	NREGS	GGY	35.00
		NREGS	IAY	4.45
16	Kasipur PS	NREGS	MLALAD	30.00
		NFFWP	SGRY	20.00
			Total	**429.24 or 29 crore**

APPENDIX-XI

(Refer Paragraph 3.12 at page 31)

Statement showing irregular expenditure on transportation charges

(Rupees in lakh)

Sl. NO	Name of the PRIs	Scheme	Period	Amount
1	Bangiriposhi PS	SGRY/ NFFWP	2007-08	5.74
2	Boriguma PS	SGRY	2007-08	25.47
3	R.Udayagiri PS	SGRY	2007-08	7.82
4	Gosani PS	SGRY	2007-08	1.91
5	Kotagarh PS	SGRY/ NFFWP	2007-08	0.69
6	Ambabhona PS	SGRY	2007-08	0.63
			Total	**42.26**

APPENDIX-XII

(Refer Paragraph 3.13 at page 31)

Statement showing unfruitful expenditure on incomplete works

(Rupees in lakh)

Sl No.	Name of the Panchayat Samiti	Name of the Scheme	No of projects	Estimated cost	Up to date Expenditure
1	Reamal	SGRY	10	25.43	17.69
		MPLAD	1	0.99	0.29
		NFFWP	23	48.00	28.42
		WODC	4	3.50	2.37
2	Gudvella	SGRY	1	5.00	3.43
		NFFWP	3	10.00	4.32
3	Tangi	LI	1	3.00	2.35
		SGRY	14	25.10	18.37
		SDF	2	5.00	2.39
4	Barpalli	SGRY	19	52.60	33.87
5	Turekela	MPLAD	8	3.60	2.45
		MLALAD	9	51.01	28.94
		RLTAP	2	3.00	1.02
		WODC	7	14.00	10.74
		NFFWP	18	62.00	47.68
		SGRY	6	11.79	7.09
		Total	**128**	**324.02**	**211.33 or Rs.2.11 crore**

APPENDIX-XIII

(Refer Paragraph 3.14 at page 32)

Statement showing incomplete IAY houses

(Rupees in lakh)

Sl No	Name of the PS	Period	No of incomplete houses	Amount
1	Bangiriposhi	1999-07	189	25.16
2	Bhapur	2001-06	80	8.85
3	Bhadrak	2000-01	1055	91.98
4	Bhandaripokhari	2000-08	791	83.48
5	Jeypore	2005-07	49	5.75
6	Gosani	1992-08	119	9.16
7	Belaguntha	2002-07	145	18.85
8	Sundergarh	2002-07	145	18.85
9	Chhendipada	2003-06	9	1.08
10	Baipariguda	2005-07	42	1.83
11	Khunta	2004-05	58	7.26
		Total	**2682**	**272.25 or 2.72 crore**

APPENDIX-XIV

(Refer Paragraph 3.15 at page 33)
Statement showing irregular expenditure on GGY

(Rupees in lakh)

Sl No	Name of the PS	Name of the works	Estimated cost	Expenditure incurred
1	Paikmal PS	Improvement of road from Patraguda School to Terminal	3.00	3.00
		Improvement of road from Gontiapada to Bhurupada	3.00	3.00
		Improvement of road from Mendesil to Madhunagar	5.00	5.00
		Improvement of road from Dumarbahal to Nilathar	3.00	3.00
		Improvement of road from Bikremunda to Mundekhal road	5.00	5.00
		Improvement of road from Bhuchapalli to R.D Road	3.00	3.00
		Improvement of road from Khensibanjhi to Bijadihi	2.00	2.00
		Improvement of road from Benemal to R.D.Road	02.00	2.00
		Improvement of road from Terminal Chhutigudi to Patraguda	3.00	3.00
		Improvement of road from Nangarpada to Ampada	5.00	5.00
		Improvement of road from Bartunda to Badibahal	5.00	5.00
		Improvement of road from Gadgaon to Barpalli	2.00	2.00
		Improvement of road from Dhenkimunde to Kansada	5.00	5.00
		Improvement of road from Jamseth Tudapada Narsinghapada to Jamseth village	3.00	3.00
2	Bijepur PS	Improvement of road from R.D Road	3.00	1.28
		Improvement of road from Jakhipalli	5.00	1.80
		Improvement of road from Japadar	5.00	5.00
		Improvement of roadl from Kerpuri	3.00	3.00
		Total	**65.00**	**60.08**

APPENDIX-XV

(Refer Paragraph 3.16 at page 33)

Statement showing idle expenditure on shopping units

(Rupees in lakh)

Sl No	Name of the PS	Scheme	Period	No. of units	Amount
1	Tangarpalli	SGRY	2003-05	39	19.30
2	Bhapur	SGRY	2001-07	10	14.90
3	Jharbandh	SGRY/SGSY	2004-06	20	5.16
4	Jagannathprasad	SGRY	2005-06	41	13.54
5	Bhadral	SGRY/MPLAD	2001-05	57	26.40
6	Kundra	SGRY	2004-06	45	15.67
7	Agalpur	SGRY	2003-07	64	7.90
8	Maneswar	SGRY	2004-06	75	17.30
9	Lamtaput	SGRY/SGSY	2004-06	77	25.00
10	Bargarh	SGRY	2005-06	52	15.60
11	Bhatili	SGRY	2003-06	83	25.00
12	Belaguntha	SGRY	2004-05	16	5.78
13	Bijepur	SGRY	2004-06	45	13.80
14	Barkot	SGRY	2003-04	39	19.21
			Total	**663**	**224.56 or 2.25 crore**

APPENDIX XVI

(Refer Paragraph 3.18 at page 35)

Statement showing non-remittance of royalty

(Rupees in lakh)

Sl.No.	Name of the PS	Scheme	Period	Amount
1	Patna	RSVY	2006-08	0.36
		MLALAD	2006-08	0.62
		IAY	2006-08	0.16
		NREGA	2006-08	5.35
		TFC	2006-08	0.30
2	Mahanga	PSMISC	2007-08	1.53
3	Ghasipura	IAY	2007-08	0.25
		NREGA	2007-08	1.65
		MLALAD	2007-08	0.58
		MPLAD	2007-08	0.12
		NFFWP	2007-08	0.84
		SDF	2007-08	0.14
4	Dhamnagar	SGRY	2007-08	2.64
		MLALAD	2007-08	0.39
		IAY	2007-08	0.92
5	Bangiriposhi	PSMISC	2007-08	7.34
		TFC	2007-08	0.56
		MPLAD	2007-08	0.47
		MLALAD	2007-08	0.89
		NFFWP	2007-08	0.23
		NREGA	2007-08	5.54
		SGRY	2007-08	0.23
6	Pattamundai	PSMISC	2007-08	0.44
		IAY	2007-08	0.25
		SGRY	2007-08	0.57
		MLALAD	2007-08	0.51
		FDR	2007-08	0.19
7	Astaranga	GGY	2007-08	0.79
		IAY	2007-08	0.74
		SGRY	2007-08	0.38
			Total	**34.92**

Glossary of abbreviations

	A
AAP	Annual Action Plan
ATIR	Annual Technical Inspection Report
AWC	Anganwadi Centre
	B
BDO	Block Development Officer
BKBK	Biju Kalahandi Bolangir Koraput
BPL	Below Poverty Line
BRGF	Backward Regional Grant Fund
	C
C & AG	Comptroller and Auditor General
CC Road	Cement Concrete Road
CEO	Chief Executive Officer
CSS	Centrally Sponsored Scheme
	D
DDO	Drawing and Disbursing Officer
DMVC	District Monitoring Vigilance Committee
DPO	District Panchayat Officer
DRDA	District Rural Development Agency
	E
EAS	Employment Assurance Scheme
EFC	Eleventh Finance Commission
ELFA	Examiner Local Fund Audit
EO	Executive Officer
	G
GGY	Gopabandhu Gramina Yojana
GP	Gram Panchayat
GPEO	Gram Panchayat Executive Officer
GOI	Government of India
	I
IAY	Indira Awas Yojana
IR	Inspection Report

	J
JGSY	Jawahar Gramina Samridhi Yojana
	K
KBK	Kalahandi Bolangir Koraoput
KL	Kendu Leaf
	L
LBA&A	Local Bodies Audit and Accounts
	M
MIP	Minor Irrigation Project
MLALAD	Member of Legislative Assembly Local Area Development
MPLAD	Member of Parliament Local Area Development
	N
NFFWP	National Food For Work Programme
NREGS	National Rural Employment Guarantee Scheme
	O
OGPA	Orissa Gram Panchayat Act
OPSA	Orissa Panchayat Samiti Act
OZPA	Orissa Zilla Parishad Act
	P
PD	Project Director
PR	Panchayati Raj
PRI	Panchayati Raj Institutions
PS	Panchayat Samiti
PSAP	Panchayat Samiti Accounting Procedure
PMGSY	Prime Minister Gram Sadak Yojana
	R
RLTAP	Revised Long Term Action Plan
RWSS	Rural Water Supply and Sanitation
	S
SC	Scheduled Caste
SFC	State Finance Commission
SGRY	Sampoorn Gramin Rojgar Yojana
SGSY	Sampoorna Gramin Sworojgar Yojana

SLVMC	State Level Vigilance Monitoring Committee
ST	Scheduled Tribe
	T
TGS	Technical Guidance and Supervision
TFC	Twelfth Finance Commission
	V
VLW	Village Level Worker
WHS	Water Harvesting Structure
	W
WODC	Western Orissa Development Council
	Z
ZP	Zilla Parishad

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