

## Chapter - II Performance Audit

### Panchayati Raj Department

#### 2.1 Receipt and Utilisation of BRGF grants by PRIs

##### *Executive Summary*

*The Backward Regions Grant Fund (BRGF) programme was conceived in 2006-07 by Government of India (GoI) to redress regional imbalances. The programme was introduced in 37 districts of Bihar since 2006-07 except Siwan which received funds from 2012-13.*

*A Performance Audit on 'Receipt and Utilisation of BRGF grants by PRIs' covering period 2010-15 was conducted in 10 Zila Parishads, 30 Panchayat Samitis and 96 Gram Panchayats of 10 test checked districts from April to August 2015 and the major findings are as follows:*

##### ***Financial Management***

Out of total entitlement of Capability Building Grant of ₹ 186 crore to Bihar for the period 2010-15, Ministry of Panchayati Raj (MoPR), GoI released only ₹ 31.34 crore in 2010-11. This was due to non-receipt of utilisation certificates from Panchayati Raj Institutions (PRIs), non-submission of physical and financial progress reports authenticated by Chartered Accountants (CAs) by the Panchayati Raj Department about works executed by utilising the grants and non-submission of audit reports with Action Taken Reports by CAs during 2011-15, thereby depriving the State of ₹ 154.66 crore. ***(Paragraph 2.1.6.1)***

Against the entitlement of Development Grants of ₹ 3,538.46 crore for the period 2010-15, the State received grants of ₹ 2,194.40 crore only due to late submission of demand and reduction of funds for BRGF programme in Revised Estimate stage by the MoPR. As a result, the State was deprived of Development Grants of ₹ 1,344.06 crore. ***(Paragraph 2.1.6.1)***

In 10 test checked Zila Parishads, there was a delay of 5 days (Madhepura) to 157 days (Aurangabad) in transferring funds of ₹ 370.97 crore to Zila Parishads by the State Government. However, the State Government failed to pay interest of ₹ 1.34 crore for the delays. ***(Paragraph 2.1.6.1)***

Ten test checked Zila Parishads failed to earmark funds of ₹ 32.44 crore (five per cent of the Development Grants) for providing essential staff to the panchayats for implementation of the Programme. ***(Paragraph 2.1.6.1)***

Grants of ₹ 168.74 crore were released by eight Zila Parishads to the lower level PRIs with delays of one to five months during 2010-15. ***(Paragraph 2.1.6.2 to 2.1.6.5, 2.1.6.7, 2.1.6.8, 2.1.6.10, 2.1.6.11)***

There was non-transfer of BRGF grants of ₹ 10.65 crore to lower level of Panchayati Raj Institutions by six Zila Parishads and excess transfer of ₹1.77 crore by three Zila Parishads. ***(Paragraph 2.1.6.2, 2.1.6.4, 2.1.6.5, 2.1.6.8 to 2.1.6.11)***

### **Planning**

High Powered Committee constituted by the Government of Bihar failed to monitor the utilisation of Capability Building Grant.

*(Paragraph 2.1.7.1)*

Despite Baseline Survey and preparation of Vision document and Perspective plan in the 10 test checked Zila Parishads, Annual Action Plan was prepared on the basis of proposals of elected representatives of the Panchayati Raj Institutions.

*(Paragraph 2.1.7.1)*

Integrated District Plan was not prepared in the 10 test checked Zila Parishads. Only BRGF specific annual plans were prepared.

*(Paragraph 2.1.7.1)*

In four Zila Parishads, 102 works of ₹ 1.68 crore were included in the Annual Plans of Panchayat Samitis and Gram Panchayats for 2010-15 by the District Planning Committee/Zila Parishad.

*(Paragraph 2.1.7.2, 2.1.7.3, 2.1.7.7, 2.1.7.10)*

Out of 402 works executed for Scheduled Caste/Scheduled Tribe in the 10 test checked Zila Parishads, only 23 works were from the priority sector.

*(Paragraph 2.1.7.2 to 2.1.7.11)*

### **Utilisation of Development/Capability Building Grants**

Works such as construction of roads, drains, community halls etc., were not undertaken in three Zila Parishads (2011-12 and 2014-15), nine Panchayat Samitis (2011-15) and 47 Gram Panchayats (2010-15) despite availability of grant of ₹ 8.29 crore and 1001 approved works under Annual Action Plan.

*(Paragraph 2.1.8.1 to 2.1.8.10)*

Though not included in the Annual Action Plan, 292 works costing ₹ 7.29 crore were executed by two Zila Parishads, 10 Panchayat Samitis and 26 Gram Panchayats.

*(Paragraph 2.1.8.1 to 2.1.8.8, 2.1.8.9 to 2.1.8.11)*

Five Zila Parishads, five Panchayat Samitis and three Gram Panchayats incurred an expenditure of ₹ 68.61 lakh on inadmissible works.

*(Paragraph 2.1.8.3 to 2.1.8.5, 2.1.8.8 to 2.1.8.10)*

Twenty four works of ₹ 1.54 crore were split into 111 works in two Panchayat Samitis and 18 Gram Panchayats to avoid sanction of higher authorities.

*(Paragraph 2.1.8.3, 2.1.8.4, 2.1.8.6, 2.1.8.8, 2.1.8.10)*

Advances of ₹ 6.20 crore were outstanding in eight Zila Parishads, 20 Panchayat Samitis and 23 Gram Panchayats for a period of one to seven years.

*(Paragraph 2.1.8.1 to 2.1.8.3, 2.1.8.5 to 2.1.8.10)*

### **Internal Control and Monitoring**

In two Zila Parishads and two Panchayat Samitis, Cash Book balance was more than Bank Pass Book balance while in two Zila Parishads and 15 Panchayat Samitis, the Bank Pass Book balance was more than the Cash Book balance.

*(Paragraph 2.1.10)*

Peer review, Quality monitoring system and Social Audit was not conducted in any of the 10 test checked Zila Parishads.

*(Paragraph 2.1.10)*

### 2.1.1 Introduction

The Backward Regions Grant Fund (BRGF) programme was conceived in 2006-07 by Government of India (GoI) to redress regional imbalances in development of the Country. The programme was introduced in 37 districts of Bihar since 2006-07 except Siwan which received funds from 2012-13.

BRGF consisted of Capability Building Grant (CBG) for planning, implementation, monitoring, accounting and improving accountability and transparency in Panchayati Raj Institutions (PRIs) and Development Grant (DG) to bridge the critical gaps in local infrastructure and other development requirements of the backward regions.

The CBG would be ₹ one crore per annum to each of the districts in the State. Under the DG, each of the districts would receive the entitled grant in two instalments subject to fulfilment of specified conditions. However, every district would receive a fixed minimum amount of DG of ₹ 10 crore per annum.

### 2.1.2 Audit Objectives

The objectives of the Performance Audit (PA) were to assess the:

- effectiveness of financial management of the Programme;
- adequacy and effectiveness of participatory and comprehensive planning process;
- effectiveness of utilisation of Development and Capability Building Grants to achieve the intended objectives;
- effectiveness of monitoring system existing at various levels.

### 2.1.3 Audit Criteria

The sources of criteria to review the programme were drawn from:

- BRGF Programme Guidelines and orders of GoI and Government of Bihar (GoB);
- Bihar Financial Rules (BFR), 2005/Bihar Treasury Code (BTC), 2011;
- Bihar Public Works Account Code;
- Bihar Panchayat Samitis and Zila Parishads (Budget and Account) Rules 1964; and
- Bihar Panchayati Raj Act (BPRA) 2006.

### 2.1.4 Audit Scope and Methodology

The PA on receipt and utilisation of BRGF grants by PRIs covering period 2010-15 was conducted during April to August 2015 in 10<sup>21</sup> out of 38 Zila Parishads (ZPs) of Bihar and 30 Panchayat Samitis (PSs) and 96 Gram Panchayats (GPs) under them selected through Simple Random Sampling Without Replacement (SRSWOR) method (*Appendix - 2.1*).

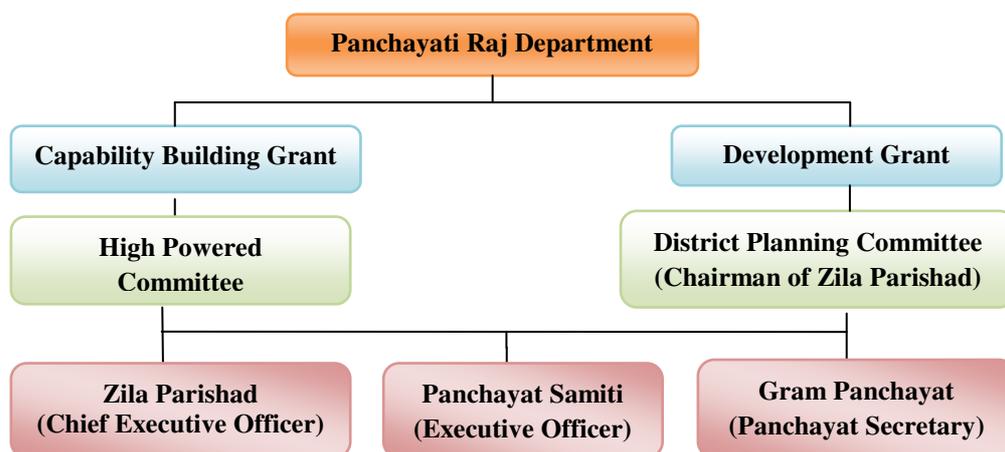
The Entry Conference was held with the Principal Secretary, PRD, GoB in March 2015 where audit objectives, scope and methodology adopted for the PA were discussed. During PA, records viz., Cash Books, Bank Pass Books, work guidelines, Utilisation Certificates (UCs), works files/registers etc., were test checked besides joint physical verification of selected works. Audit

<sup>21</sup> Aurangabad, Bhagalpur, Bhojpur, Katihar, Lakhisarai, Madhepura, Patna, Saharsa, Samastipur and Sitamarhi

findings were discussed with the Principal Secretary in Exit Conference held on 28 December 2015. The responses of the Department and audited entities have been incorporated at appropriate places in the report.

### 2.1.5 Organisational Structure

The BRGF programme was implemented in the State under the overall supervision of Principal Secretary, Panchayati Raj Department (PRD). The organisational structure for implementation of BRGF in the State is as follows:



(Source: BPRA, 2006 and BRGF guidelines)

### 2.1.6 Financial Management

#### 2.1.6.1 Panchayati Raj Department

##### Entitlement, release and utilisation of grants

The status of entitlement and release of CBG and DG during 2010-15 is given in **Table 2.1** below:

**Table - 2.1: Entitlement and release of Grants to PRIs**

(₹ in crore)

Year	Grant Entitlement		Grant Released by MoPR		Grants short released	
	CBG	DG	CBG	DG	CBG (Percentage)	DG (Percentage)
2010-11	36.00	602.99	31.34	602.99	4.66 (13)	0.00 (0)
2011-12	36.00	652.05	0.00	454.99	36.00 (100)	197.06 (30)
2012-13	38.00	684.70	0.00	444.10	38.00 (100)	240.60 (35)
2013-14	38.00	839.80	0.00	485.80	38.00 (100)	354.00 (42)
2014-15	38.00	758.92	0.00	206.52	38.00 (100)	552.40 (73)
<b>Total</b>	<b>186.00</b>	<b>3538.46</b>	<b>31.34</b>	<b>2194.4</b>	<b>154.66</b>	<b>1344.06</b>

(Source: Information from MoPR and PRD)

As evident from **Table 2.1**, there was short release of CBG by 13 per cent during 2010-11 and CBG was not released during 2011-15. Further, there was short release of DG to the State in four out of five years ranging from 30 per cent (2011-12) to 73 per cent (2014-15).

The short release of CBG was due to non-receipt of utilisation certificates from Panchayati Raj Institutions (PRIs), non-submission of physical and financial progress reports authenticated by Chartered Accountants (CAs) by the Panchayati Raj Department about works executed by utilising the grants and non-submission of audit reports with Action Taken Reports by CAs during 2011-15, thereby depriving the State of ₹ 154.66 crore while short

receipt of DG was due to late submission of demand and reduction of funds for BRGF programme in Revised Estimate stage by the MoPR.

Further, scrutiny revealed that out of the 37 ZPs, 29 ZPs during 2011-12 and out of 38 ZPs, 26 ZPs during 2012-13 did not receive the second instalment of DG of ₹ 437.66 crore. It was also noticed that out of 38 ZPs, three ZPs during 2013-14 and 24 ZPs during 2014-15 did not receive the first instalment of DG of ₹ 80.57 crore and ₹ 478.57 crore respectively while the second instalment of DG was not released to any of the ZPs during 2013-15.

Audit observed that out of ₹ 31.34 crore released under CBG during 2010-11, ₹15.03 crore was shown as expended as per the UCs of the State Government and ₹ 13.72 crore was deposited in the State treasury. The balance amount of ₹ 2.59 crore was lying in the accounts of PRIs concerned.

In the 10 test checked ZPs, against an entitlement of CBG of ₹ 50 crore for the period 2010-15, only ₹ 4.79 crore was received by the ZPs during 2010-11 and CBG was not released during subsequent years.

In 10 test checked ZPs, against an entitlement of DG of ₹ 971.13 crore during 2010-15, there was short/non-release of ₹ 381.93 crore (*Appendix-2.2*).

#### ***Payment of interest for delay in transfer of grants***

BRGF Guidelines stipulate that the BRGF funds made available to State/ Department by the MoPR should be transferred to the Implementing Agencies (IAs) within 15 days of receipt. In case of delay in transfer, penal interest at the Reserve Bank of India rates should be paid to the IAs.

In 10 test checked ZPs, the delay in transfer of DG of ₹ 370.97 crore by the GoB ranged from five days (Madhepura) to 157 days (Aurangabad). However, the State Government failed to pay the interest of ₹ 1.34 crore (*Appendix-2.3*).

The PRD attributed the delay in transfer of funds to model code of conduct during general elections. The reply was not tenable as general election was held in 2010-11 but the delay was noticed during the entire five year period.

#### ***Earmarking of five per cent of Development Grant***

As per BRGF guidelines, five *per cent* of the DG should be allocated for providing essential staff to the panchayats for planning and implementation of Programme. But, 10 test checked ZPs failed to earmark five *per cent* of the DG of ₹ 648.91 crore i.e., ₹ 32.44 crore (*Appendix-2.4*). As a result, staff strength of functionaries at panchayat level could not be augmented, hampering the implementation of programme.

#### ***Release of Grants in anticipation of Central Grant***

The PRD released (since 2012-13) grants to the districts in advance, on the basis of proposals received from them and in anticipation of release of funds from MoPR. These funds were adjusted from subsequent funds released from MoPR to the districts.

Audit noticed that due to delay in submission of proposals to the MoPR, the amount of grants earmarked in the budget was reduced at revised estimate stage (2012-15). As a result, ₹ 223.61 crore released in advance during 2013-15 by PRD remained unadjusted till 2014-15. The Principal Secretary, PRD replied during Exit Conference that assent of the Cabinet would be

taken with the approval of Finance department to treat the unadjusted grant as aid from the State Government.

### ***Allocation of works to lower level of PRIs***

As per BRGF guidelines, if a higher level of Panchayat, such as a ZP or a PS sanctions work of a value less than the prescribed floor limit of ₹ five lakh per work, it should transfer the money allocated for that work to the GPs concerned for implementation.

However, none of the test checked ZPs transferred funds in respect of 1292 works (₹ 32.86 crore) of value less than the prescribed floor limit to GPs (**Appendix-2.5**). The Principal Secretary PRD replied during Exit Conference that the norms of financial subsidiarity were desirable and not mandatory. The reply was not tenable as guidelines specified that works of the prescribed floor limit were to be executed by the appropriate level of the panchayat.

### **2.1.6.2 Zila Parishad Aurangabad**

#### **Entitlement, release and utilisation of grants**

As per MoPR directives the first instalment being 90 *per cent* of the entitlement of the district was to be released subject to Opening Balance not exceeding 40 *per cent* of the funds available in the preceding year and second instalments of remaining 10 *per cent* released after receipt of at least 60 *per cent* Utilisation Certificates along with Non-embezzlement, Non-diversion certificates, Audit Report and Physical and Financial report.

The MoPR released DG of ₹ 45.91 crore against allocation of ₹ 95.34 crore resulting in short receipt of ₹ 49.43 crore during 2010-15. This was due to non utilisation of 60 *per cent* of DG during the previous year.

#### ***Release of grants to the lower tier of PRIs***

The DG sanctioning letters stipulated immediate transfer of grants to the lower level PRIs by the ZPs. However, Audit observed delay of one to five months in release of DG of ₹ 28.30 crore during 2010-15 (**Appendix-2.6**). The Principal Secretary, PRD replied it was procedural delay and steps were being taken to transfer the funds directly into the bank account of the Panchayats.

#### ***Transfer of grants***

The ZPs should release funds to the lower level PRIs as per the grant sanctioning letters which clearly indicated the quantum of grants to be released including grants under Special Component for Scheduled Caste (SCPSC) and Scheduled Tribes Sub Plan (STSP).

The DG of ₹ 8.74 lakh pertaining to SCPSC and STSP was transferred to PS Rafigang, five GPs (Bhadwa, Chev, Chowara, Dhosila and Lohara) by the ZP but it was not credited into the account of the PRIs concerned even after lapse of one to three years (**Appendix-2.7**). The Executive Officer (EO) and the Panchayat Secretary (P.Sy) concerned replied that information would be sought from the bank and the ZP.

#### ***Utilisation of interest earned on deposits***

As per BRGF guidelines, interest accrued on deposits should be treated as additional resources for the scheme. The ZP provided ₹ 5.93 crore (2010-15) to the District Engineer (DE) as implementing agency for execution of the

works and interest of ₹ 6.60 lakh earned on it was to be refunded to the ZP. But, the DE did not refund the interest which remained unutilised in the accounts of the DE. The Principal Secretary, PRD replied that the instruction would be issued to refund the amount to ZP.

### ***Utilisation Certificates***

BRGF guidelines envisaged that the Nodal Department would be responsible for maintaining details of the UCs from each panchayat and UCs were required to be submitted within one year of the release of funds.

Scrutiny of UCs submitted to the MoPR and the Audit Report of Chartered Accountant (CA) revealed that during 2010-11 and 2013-14 (SCPSC), the ZP submitted UCs of DG for ₹ 22.03 crore against the expenditure of ₹ 18.06 crore and during 2013-14 (non-SCPSC/STSP) submitted UCs for ₹ 4.02 crore against an expenditure of ₹ 6.70 crore (**Appendix-2.10**). The Principal Secretary, PRD replied that the corrective measures would be taken.

### **2.1.6.3 Zila Parishad Bhagalpur**

As per provisions discussed in **paragraph 2.1.6.2 ante**,

#### **Entitlement, release and utilisation of grants**

The MoPR released DG of ₹ 42.06 crore to the ZP against entitlement of ₹97.99 crore resulting in short receipt of ₹ 55.93 crore during 2010-15 due to non-fulfillment of eligibility conditions specified in the BRGF guidelines.

#### ***Release of grants to the lower tier of PRIs***

There was delay of one to two months in release of DG of ₹ 29.83 crore (2010-15) to the lower level PRIs by the ZP (**Appendix-2.6**). The Principal Secretary, PRD replied that it was procedural delay and steps are being taken to transfer the funds directly into the bank accounts of the Panchayats.

#### ***Transfer of grants***

A sum of ₹ 10.89 lakh pertaining to DG of STSP component was irregularly transferred by the ZP to 48 non-ST populated GPs (**Appendix- 2.9**). Further, ₹ 43.77 lakh of SCPSC and STSP component was diverted to non-SC/ST components in two PSs and 119 GPs (2013-14).

#### ***Utilisation of grants***

As per Rule 343 of BFR, 2005, the grant should be spent upon the object within a reasonable time. But, sum of ₹ 1.07 crore received during 2007-08 and 2009-10 was lying unutilised in the Personal Ledger Account of ZP for more than five years. The CEO, ZP replied that action would be taken to withdraw the amounts from treasury. The reply was not tenable as the BRGF Programme was closed in the State during 2015-16.

### ***Utilisation Certificates***

ZP submitted UCs of DG for ₹ 33.93 crore (2010-12) against expenditure of ₹ 28.33 crore and UCs of DG for ₹ 12.20 crore were not submitted during 2013-14 (**Appendix-2.10**). The Principal Secretary, PRD replied that corrective measures would be taken.

### **2.1.6.4 Zila Parishad Bhojpur**

As per provisions discussed in **paragraph 2.1.6.2 ante**,

### **Entitlement, release and utilisation of grants**

The MoPR released DG of ₹ 67.30 crore to ZPs against entitlement of ₹94.74 crore resulting in short receipt of ₹ 27.44 crore during 2010-15 due to non-fulfillment of eligibility conditions specified in the BRGF guidelines.

#### ***Accountal of grants***

Rule 16 of BTC stipulates that every amount received or paid as well as all adjustments by transfer should be entered in the cash book.

The ZP was in the practice of recording only its own share in the Cash Book and share of PS and GP of ₹ 48.61 crore for 2010-15 (second instalment) was not entered in the Cash Book of ZP. The CEO, ZP replied that separate cash book for lower tiers of PRIs would be maintained.

#### ***Release of grants to the lower tier of PRIs***

There was delay of one to five months in release of DG of ₹ 27.19 crore by the ZP to the lower level PRIs (**Appendix-2.6**). The Principal Secretary, PRD replied that it was procedural delay and steps are being taken to transfer the funds directly into the bank accounts of the Panchayats.

#### ***Transfer of grants***

Out of DG of ₹ 3.34 crore for 2010-11, ₹ 2.62 crore only was transferred to lower tiers of PRIs by the ZP resulting in short transfer of ₹ 0.72 crore (July 2015). Further, out of ₹ 2.62 crore transferred by the ZP, ₹ 24.31 lakh was not transferred to two PSs and 17 GPs by bank (**Appendix-2.7**). The CEO, ZP replied that the non-transferred DG would be transferred to PRIs after verification.

#### ***Utilisation of interest earned on deposits***

Interest of ₹ 7.56 lakh on grant of ₹ 5.13 crore was lying with the DE (2010-15). The DE replied that interest amount would be refunded to the ZP.

ZP earned interest of ₹ 57.70 lakh on DG meant for the three tier PRIs under the BRGF programme during 2010-15 out of which ₹ 22.30 lakh was irregularly transferred to EO Koilwar and ₹ 35.40 lakh remained unutilised (July 2015). The Principal Secretary, PRD replied that instruction would be issued to refund the amount to ZP.

#### ***Utilisation of grant***

CBG of ₹ 5.65 lakh was not utilised by the ZP and two PSs (Piro and Tarari) and grants for preparation of Perspective plan of ₹ 3.88 lakh was not utilised by the ZP in the district for a period one to six years. The CEO, ZP and EO Piro replied that direction for utilisation/surrender of the grant would be sought from PRD.

#### ***Utilisation Certificates***

UCs for DG of ₹ 40.65 crore for the period 2011-15 were not submitted (**Appendix-2.10**). The Principal Secretary, PRD replied that corrective measures would be taken.

#### **2.1.6.5 Zila Parishad Katihar**

As per provisions discussed in **paragraph 2.1.6.2 and 2.1.6.4 ante**,

### **Entitlement, release and utilisation of grants**

The MoPR released DG of ₹ 75.42 crore to the ZP against allocation of ₹99.57 crore resulting in short receipt of ₹ 24.15 crore during 2010-15 due to non-fulfillment of eligibility conditions specified in the BRGF guidelines.

#### ***Release of grants to the lower tier of PRIs***

There was delay of one to three months in release of DG of ₹ 39.80 crore to the lower level PRIs by the ZP (**Appendix-2.6**). The Principal Secretary, PRD replied that it was procedural delay and steps are being taken to transfer the funds directly into the bank accounts of the Panchayats.

#### ***Transfer of grants***

DG of ₹ 2.12 lakh (2009-10) was not transferred to GP Simariya South (**Appendix-2.7**). The CEO, ZP stated that if needed, the funds would be transferred.

#### ***Utilisation of interest earned on deposits***

ZP provided ₹ 6.16 crore (2010-15) to the DE for execution of the works. However, the DE did not refund interest of ₹ 4.40 lakh and the amount could not be utilised for the BRGF programme. The Principal Secretary, PRD replied that instruction would be issued to refund the amount to ZP.

#### ***Utilisation Certificates***

UCs for DG of ₹ 22.29 crore for the period 2011-12 and 2013-15 were not submitted (**Appendix-2.10**). The Principal Secretary, PRD replied that corrective measures would be taken.

### **2.1.6.6 Zila Parishad Lakhisarai**

As per provisions discussed in **paragraph 2.1.6.2 and 2.1.6.4 ante**,

### **Entitlement, release and utilisation of grants**

The MoPR released DG of ₹ 53.44 crore to the ZP against allocation of ₹70.04 crore resulting in short receipt of ₹ 16.60 crore during 2010-15 due to utilisation of below 60 *per cent* of the grant received.

#### ***Transfer of grants***

The STSP grants were to be disbursed to the GPs in proportion to their ST population but ₹ 6.30 lakh earmarked for 58 GPs was released equally to 80 GPs resulting in irregular transfer of ₹ 1.33 lakh to 17 GPs in three PS (**Appendix-2.9**). The CEO, ZP replied that action is being taken for recovery of the amount.

#### ***Utilisation of grants***

CBG of ₹ 3.12 lakh was lying unutilised with ZP since April 2012.

#### ***Utilisation Certificates***

The ZP submitted UCs of DG for ₹ 66.55 crore against expenditure of ₹45.29 crore during 2010-14 and UCs for ₹ 18.66 crore was not submitted for the period 2013-14 (**Appendix-2.10**). The Principal Secretary, PRD replied that corrective measures would be taken.

### **2.1.6.7 Zila Parishad Madhepura**

As per provisions discussed in *paragraph 2.1.6.2 and 2.1.6.4 ante*,

#### **Entitlement, release and utilisation of grants**

The MoPR released DG of ₹ 67.03 crore to the ZP against allocation of ₹82.27 crore resulting in short receipt of ₹ 15.24 crore during 2010-15 due to non-fulfillment of eligibility conditions specified in the BRGF guidelines.

#### **Release of grants**

There was a delay of 23 to 37 days in release of DG of ₹ 14.75 crore to the lower level PRIs. (*Appendix-2.6*). The Principal Secretary, PRD replied that it was procedural delay and steps are being taken to transfer the funds directly into the bank accounts of the Panchayats.

#### **Utilisation of interest earned on deposits**

Interest of ₹ 2.17 lakh earned on deposits of ₹ 71.30 lakh provided to AE for execution of 52 works (2011-14) was not taken into the accounts of PS Alam Nagar. The EO replied that interest accrued would be transferred to the BRGF account.

#### **Utilisation Certificates**

ZP submitted UCs of DG for ₹ 17.69 crore against expenditure of ₹ 12.68 crore during 2011-12 and 2013-14. (*Appendix-2.10*). The Principal Secretary, PRD replied corrective measures would be taken.

### **2.1.6.8 Zila Parishad Patna**

As per provisions discussed in *paragraph 2.1.6.2 and 2.1.6.4 ante*,

#### **Entitlement, release and utilisation of grants**

The MoPR released DG of ₹ 56.46 crore to the ZP against entitlement of ₹132.81 crore resulting in short receipt of ₹ 76.35 crore during 2010-15 due to non-fulfillment of eligibility conditions specified in the BRGF guidelines.

#### **Release of grants to the lower tier of PRIs**

There was delay of one month in release of DG of ₹ five crore by the ZP to the lower level PRIs (*Appendix-2.6*). The Principal Secretary, PRD replied that it was procedural delay and steps are being taken to transfer the funds directly into the bank accounts of the Panchayats.

#### **Transfer of grants**

The GoB directed (July 2012) that in respect of merged GPs the share of merged GPs should either to be transferred to the Urban Local Bodies (ULBs) or should be distributed equally to those panchayats under whose jurisdiction the villages of the old GPs had merged.

But, DG of ₹ 76.49 lakh was not transferred by the ZP to one PS, three ULBs and four GPs (*Appendix-2.7*) while DG of ₹ 1.17 crore was released twice to eight PSs and six GPs (*Appendix-2.8*). The CEO, ZP replied that due to merger of four GPs into Nagar Panchayat, funds were not transferred and the release of grants twice was taken up with the bank.

***Utilisation of interest earned on deposits***

The ZP provided ₹ 7.80 crore (2010-15) to the DE for execution of the works and interest earned was to be refunded to the ZP but, DE did not refund interest of ₹11.89 lakh. The Principal Secretary, PRD replied that instruction would be issued to refund the amount to ZP.

***Utilisation Certificates***

There was a delay of two to three years in submission of UCs of ₹ 44.41 crore (2010-13) while UCs of DG for ₹ 31.88 crore (2012-14) was not submitted (*Appendix-2.10*). The Principal Secretary, PRD replied that corrective measures would be taken accordingly.

**2.1.6.9 Zila Parishad Saharsa**

As per provisions discussed in *paragraph 2.1.6.2 and 2.1.6.4 ante*,

**Entitlement, release and utilisation of grants**

The MoPR released DG of ₹ 59.55 crore to the ZP against entitlement of ₹84.55 crore resulting in short receipt of ₹ 25 crore during 2010-15 due to non-fulfillment of eligibility conditions specified in the BRGF guidelines.

***Transfer of grants***

The GPs Bakhtiyarpur North and Bakhtiyarpur south was merged into Nagar Panchayat (NP) Simri Bakhtiyarpur but, their share of ₹ 8.09 lakh DG was not transferred to NP by ZP in 2012-13. The DG of ₹ four lakh (2010-11) was also not transferred to two GPs (Murli Basantpur and Barsam) by the ZP (*Appendix-2.7*). The CEO, ZP replied that the said grant would be transferred to the GPs concerned after assessing their liabilities.

***Utilisation of interest earned on deposits***

ZP provided ₹ 5.87 crore (2010-15) to the DE for execution of works but, DE did not refund interest of ₹ 6.97 lakh. The Principal Secretary, PRD replied that instruction would be issued to refund the amount to ZP.

***Utilisation of grant***

A sum of ₹ 4.30 lakh CBG was unutilised by ZP and two PSs and grants for preparation of Perspective plan of ₹ 1.13 lakh was not utilised by the ZP in the district for the period of three to four years. The CEO, ZP and EO PS Banma Ithari replied that the unutilised grant would be utilised/ surrendered as per the directions of PRD.

***Utilisation Certificates***

UCs of DG for ₹ 19.01 crore for the period 2011-15 were not submitted (*Appendix-2.10*). The Principal Secretary, PRD replied that corrective measures would be taken.

**2.1.6.10 Zila Parishad Samastipur**

As per provisions discussed in *paragraph 2.1.6.2 and 2.1.6.4 ante*,

### **Entitlement, release and utilisation of grants**

The MoPR released DG of ₹ 61.21 crore to the ZPs against entitlement of ₹113.09 crore resulting in short receipt of ₹ 51.88 crore during 2010-15 due to non-fulfillment of eligibility conditions specified in the BRGF guidelines.

#### ***Release of grants to the lower tier of PRIs***

There was delay of four months in release of DG of ₹ 3.93 crore to the lower level PRIs by the ZP (**Appendix-2.6**). It was also noticed that there were delays of 11 to 282 days in transfer of funds to the PRIs by the bank. The Principal Secretary, PRD replied that it was procedural delay and steps are being taken to transfer the funds directly into the bank accounts of the Panchayat.

#### ***Transfer of grant***

STSP grants of ₹ 33.75 lakh was transferred in excess to 17 PSs (**Appendix-2.8**) while ₹ 1.59 lakh was transferred (May 2012) in short to Nagar Parishad Samastipur. The CEO, ZP replied that the excess transfer was done by the bank and correspondence would be made in this regard with Bank and PS.

#### ***Utilisation of interest earned on deposits***

Interest of ₹ 6.97 lakh was not taken into the accounts of the ZP while ₹ 1.09 crore interest earned from Central Bank account relating to different heads was not bifurcated and credited into the BRGF account. The ZP provided ₹8.10 crore (2010-15) to the DE for execution of the work but, DE did not refund interest of ₹ 10.81 lakh. The Principal Secretary, PRD replied that instruction would be issued to refund the amount to ZP.

#### ***Utilisation of grant***

An amount of ₹ five lakh received as grants for preparation of Perspective plan was lying unutilised with the ZP since May 2008.

#### ***Utilisation Certificates***

UCs of DG for ₹ 54.11 crore were not submitted for the period 2010-15 (**Appendix-2.10**). The Principal Secretary, PRD replied that corrective measures would be taken.

### **2.1.6.11 Zila Parishad Sitamarhi**

As per provisions discussed in **paragraph 2.1.6.1 and 2.1.6.4 ante**,

### **Entitlement, release and utilisation of grants**

The MoPR released DG of ₹ 60.82 crore to the ZP against entitlement of ₹100.73 crore resulting in short receipt of ₹ 39.91 crore during 2010-15 due to non-fulfillment of eligibility conditions specified in the BRGF guidelines.

#### ***Release of grants to the lower tier of PRIs***

There was delay of one to two months in release of DG of ₹ 19.94 crore to the lower level PRIs by the ZP (**Appendix-2.6**). The Principal Secretary, PRD replied that it was procedural delay and steps are being taken to transfer the funds directly into the bank accounts of the Panchayats.

***Transfer of grant***

DG of ₹ 9.41 crore (February 2015) was not transferred (May 2015) to the lower level PRIs (**Appendix-2.7**). Further, ₹ 26.56 lakh DG of non- SC/ST was transferred twice to 11 GPs resulting in excess transfer (**Appendix-2.8**). The CEO, ZP replied that notice was sent to the concerned bank for ensuring early transfer of funds while action was being taken to recover the said amount from the GPs concerned.

***Utilisation of interest earned on deposits***

The ZP provided ₹ 5.73 crore (2010-15) to the DE for execution of works but, the DE did not refund interest of ₹ 15.32 lakh. The Principal Secretary, PRD replied that instruction would be issued to refund the amount to ZP.

***Utilisation of grants***

CBG of ₹ 5.53 lakh was unutilised by ZP and PS Runnisaipur since 2013-14 while grants for preparation of Perspective Plan of ₹ 1.83 lakh was unutilised by ZP since 2011-12.

***Recommendations:***

***State Government should take effective steps for optimal utilisation of grants by PRIs and submit demands to MoPR timely to get entitled share of grants and should earmark five per cent of grants for augmentation of functionaries.***

***The ZPs should adhere to the guidelines regarding timely transfer of grants to lower level of PRIs and submit UCs correctly and in time.***

**2.1.7 Planning****2.1.7.1 Panchayati Raj Department**

As per guidelines, BRGF programme was to commence in each districts based on study of its backwardness including a baseline survey followed by preparation of a district development perspective plan. Programmes identified for implementation under the Fund was to be selected through people's participation, particularly through Gram Sabhas. The plans so prepared by each Panchayat was to be consolidated into the district plan by DPC. The High Power Committee (HPC) headed by the State Chief Secretary was to consider and approve the proposed district plan.

***High Power Committee***

The GoB constituted (March 2007) the HPC for approval of the plans and its evaluation and monitoring under BRGF. Three meetings of the HPC were held (2010-15) where district plans upto 2010-11 were approved. Thereafter, the task was transferred to the DPC for DG and to HPC for CBG. Audit noticed that during 2011-15, HPC held two meetings only (September 2013 and August 2014). As a result, the HPC failed to monitor the utilisation of CBG and the State was deprived of CBG of ₹ 154.66 crore during 2011-15. The Principal Secretary, PRD accepted the views of audit in exit conference.

***Baseline survey, Vision document and Perspective plan***

The baseline survey was conducted in all the test checked districts by Technical Support Institutions (TSI) and the vision document and Perspective

plan were also prepared. However, Annual Action Plan (AAP) was prepared on the basis of proposals from elected representatives of PRIs instead of from Perspective plan thereby rendering the Baseline survey, Vision Document and Perspective plan futile. The Principal Secretary, PRD accepted the views of audit in exit conference.

### ***Integrated District Plan (IDP)***

As per Para 2.1 of BRGF guidelines, an IDP should be prepared by DPC by taking into account all the available resources covering all the sectoral activities/works assigned to various levels of Governments in the district. During 2010-15, IDP was not prepared by DPC in all the 10 test checked districts and BRGF specific annual plans were only being prepared. The Principal Secretary, PRD accepted that IDP was not prepared, instead only BRGF specific annual plans were prepared and assured to look into it.

#### **2.1.7.2 Zila Parishad Aurangabad**

##### ***Top-down planning***

The planning process under BRGF represents a major shift in approach from top-down plans to the plans prepared from the grassroots level upwards.

Without approval of the PS, the ZP included three BRGF works estimated at ₹ eight lakh in the AAP in PS Rafiganj (**Appendix-2.11**).

The PS Goh submitted plan of ₹ 1.56 crore for inclusion in AAP of 2012-13 but the ZP arbitrarily limited the plan to ₹ 49.41 lakh. The Principal Secretary, PRD stated that steps are being taken to initiate the selection of development schemes from Ward Sabhas.

##### ***Execution of left over works of previous year***

The PRD issued guidelines for preparation of AAP (May 2012) in which it was desired to review and include the incomplete and left over works of the previous year in the current year AAP.

However, the ZP executed 92 works of ₹ 2.88 crore (2012-15) without including in current year AAP (**Appendix-2.12**). The CEO, ZP replied that due to time constraint the due process was not followed

##### ***Preparation of separate Scheduled Caste/Scheduled Tribe sub-plan***

BRGF guidelines provide that District Plans should address issues relating to Scheduled Caste (SC)/ Scheduled Tribe (ST) development by preparation of a separate SC/ST sub-plan and ensure that funds were allotted at least in proportion to their population and should be utilised on prioritised sectors of work.

However, Audit observed that separate SC/ST sub-plan was not prepared in the ZP (2010-15). Out of 286 works of ₹ 6.15 crore executed in the test checked PRIs, only 60 works of ₹ 1.09 crore were executed for the SC/ST. As a result, only 17.72 per cent of the scheme funds were utilised for the benefit of the SC/ST against 24.52 per cent SC/ST rural population. Further, only two works out of the 60 works were executed as per the priority sectors. Thus, the SC/ST was not only deprived of the amenities in proportion to their population but priority sector works were also ignored. The Principal

Secretary, PRD stated that if execution of priority works were not undertaken it would be looked into and corrective action would be taken urgently.

### **2.1.7.3 Zila Parishad Bhagalpur**

As per provisions discussed in *paragraph 2.1.7.2 ante*,

#### ***Top-down planning***

In one PS and six GPs, 91 works of ₹ 1.32 crore was included in AAP without approval of PSs and GPs (*Appendix-2.11*). The Principal Secretary, PRD cited that steps are being taken to initiate the selection of development schemes from Ward Sabhas.

#### ***Execution of left over works of previous year***

The ZP executed four works of previous year without including the same in current year AAP (2014-15) and incurring an expenditure of ₹ 11.56 lakh (*Appendix-2.12*). The CEO, ZP replied that works were executed on recommendation of the elected representatives of ZP and approvals of DPC would be obtained in next meeting.

#### ***Preparation of separate SC/ST sub-plan***

During 2010-15, separate SC/ST sub-plan was not prepared by the ZP. Out of 402 works of ₹ 7.36 crore executed in the test checked PSs/GPs in the ZP, 25 works of ₹ 22 lakh only were executed for the SC/ST (including three prioritised sector works). As a result, only 2.93 per cent of the funds were utilised for the benefit of the SC/ST against rural SC/ST population of 12.8 per cent. The Principal Secretary, PRD stated that if execution of priority works were not undertaken it would be looked into and corrective action would be taken urgently.

### **2.1.7.4 Zila Parishad Bhojpur**

As per provisions discussed in *paragraph 2.1.7.2 ante*,

#### ***Execution of left over works of previous year***

Two PSs and Six GPs executed 32 works of previous year without including the same in current year's AAP and an expenditure of ₹ 1.17 crore was incurred for the works (*Appendix-2.12*). The GP Bihta, Imadpur and Sandesh replied that works were executed in public interest.

#### ***Preparation of separate SC/ST sub-plan***

The ZP executed 31 works of ₹ 75.14 lakh under SCSPC/STSP, but no work was executed from the priority sector. The Principal Secretary, PRD stated that if execution of priority works were not undertaken it would be looked into and corrective action would be taken urgently.

### **2.1.7.5 Zila Parishad Katihar**

As per provisions discussed in *paragraph 2.1.7.2 ante*,

#### ***Execution of left over works of previous year***

One PS and five GPs executed 18 works of previous year incurring an expenditure of ₹ 79.99 lakh (2012-14) without including the works in current

year's AAP (**Appendix-2.12**). The EO, PS Kursela and the P.Sy, GP East and North Muradpur replied that it happened due to delay in approval of schemes.

**Preparation of separate SC/ST sub-plan**

The ZP executed 21 works of ₹ 1.11 crore for the SC/ST, out of which 19 works were beyond the priority sectors list of SC/ST. The Principal Secretary, PRD stated that if execution of priority works were not undertaken it would be looked into and corrective action would be taken urgently.

**2.1.7.6 Zila Parishad Lakhisarai**

As per provisions discussed in *paragraph 2.1.7.2 ante*,

**Execution of left over works of previous year**

PS Pipariya and GP Bhaluee executed six works of previous year without including in current year's AAP incurring an expenditure of ₹ 26.90 lakh during 2012-15 (**Appendix-2.12**).

**Preparation of separate SC/ST sub-plan**

Separate SC sub-plan was not prepared in the district due to meager amount of grant. Out of 88 works of ₹ 4.61 crore executed by ZP only, seven works were executed for the SC involving an amount of ₹ 33.77 lakh. As a result, only 7.32 per cent of the funds were utilised for the benefit of the SC against 15.78 per cent of SC population. Out of seven works, no works of prioritised sector were executed. Further, works exclusively for the STSP component were also not executed during 2011-15 despite grant of ₹ 28 lakh received under the head. The Principal Secretary, PRD stated that if execution of priority works were not undertaken it would be looked into and corrective action would be taken urgently.

**2.1.7.7 Zila Parishad Madhepura**

As per provisions discussed in *paragraph 2.1.7.2 ante*,

**Top-down Planning**

Four works estimated at ₹ 12.79 lakh in PS Alamnagar was included in AAP without approval of PS and subsequently executed (**Appendix-2.11**). District Panchayat plan was prepared by the DPC instead of ZP on the basis of list of works submitted by the ZP members. The Principal Secretary, PRD cited that steps are being taken to initiate the selection of development schemes from Ward Sabhas.

**Preparation of separate SC/ST sub-plan**

ZP executed 73 works with an expenditure of ₹ 2.76 crore for SC/ST but out of 73 works, only 14 works pertain to priority sector list. The Principal Secretary, PRD stated that if execution of priority works were not undertaken it would be looked into and corrective action would be taken urgently.

**2.1.7.8 Zila Parishad Patna**

As per provisions discussed in *paragraph 2.1.7.2 ante*,

**Execution of left over works of previous years**

During 2012-15, two PSs and three GPs executed 26 works of previous year

having an expenditure of ₹ 30.23 lakh without including the works in current years AAP (*Appendix- 2.12*).

***Preparation of separate SC/ST sub-plan***

ZP executed 38 works of ₹ 94 lakh under SC component but, only one out of the 38 works executed pertains to the priority sectors list. The CEO, ZP replied that works recommended by the ZP members were executed. No work exclusively for the STSP was executed (2011-15) despite grant of ₹ eight lakh received under the head. The Principal Secretary, PRD stated that if execution of priority works were not undertaken it would be looked into and corrective action would be taken urgently.

**2.1.7.9 Zila Parishad Saharsa**

As per provisions discussed in *paragraph 2.1.7.2 ante*,

***Execution of left over works of previous year***

Four GPs executed 11 works of previous years incurring expenditure of ₹38.06 lakh without including the works in current year's AAP (*Appendix-2.12*). The GP Patori replied that works were executed in public interest and the GP was ignorant about AAP.

***Preparation of separate SC/ST sub-plan***

ZP executed 18 works of ₹ 80 lakh under SC component but, none of the 18 works executed pertain to the priority sectors list. The CEO, ZP replied that only works approved by DPC were executed by ZP.

The ZP failed to execute any work for STSP during 2011-15 despite receipt of grant of ₹ 14 lakh. The Principal Secretary, PRD stated that if execution of priority works were not undertaken it would be looked into and corrective action would be taken urgently.

**2.1.7.10 Zila Parishad Samastipur**

As per provisions discussed in *paragraph 2.1.7.2 ante*,

***Top-down planning***

Four BRGF works of ₹ 15.21 lakh were imposed by ZP on GP Raipur Bujurg (*Appendix-2.11*). The Principal Secretary, PRD cited that steps are being taken to initiate the selection of development schemes from Ward Sabhas.

***Execution of left over works of previous year***

During 2012-15, two PSs and four GPs executed 28 works costing ₹ 96.31 lakh pertaining to previous year without including in current year's AAP (*Appendix-2.12*).

***Preparation of separate SC/ST sub-plan***

During 2010-15, separate SC/ST sub-plan was not prepared and included in the AAP of the ZP and the AAP showed only the amount released for the benefit of SC/ST.

Out of 142 works of ₹ 5.12 crore executed in the test checked units, nine works were executed for the SC/ST involving ₹ 30.31 lakh. As a result, only 5.92 per cent of the funds were used for the benefit of the SC/ST against

SC/ST rural population of 18.62 *per cent*. Of the 142 works, only one work pertaining to the priority sector was executed in PS Mohiuddin Nagar. The Principal Secretary, PRD stated that if execution of priority works were not undertaken it would be looked into and corrective action would be taken urgently.

#### **2.1.7.11 Zila Parishad Sitamarhi**

As per provisions discussed in *paragraph 2.1.7.2 ante*,

##### ***Execution of left over works of previous year***

During 2012-15, two PSs and three GPs executed 75 works costing ₹ 1.41 crore pertaining to previous year without including the works in current year's AAP (*Appendix-2.12*).

##### ***Preparation of separate SC/ST sub-plan***

Separate SC sub plan was not prepared in the district. Out of 85 works of ₹3.73 crore executed during 2012-14 by ZP, only seven works of ₹ 23.18 lakh were executed for the SC. As a result, only 6.21 *per cent* of the funds were used for the benefit of the SC against 11.76 *per cent* of SC population. The CEO, ZP replied that the ZP submitted proposal according to component received from its three tier PRIs and ULBs in which these components were not received.

No work under the STSP component was executed during 2011-15 despite availability of grant of ₹ three lakh under the head. The Principal Secretary, PRD stated that if execution of priority works were not undertaken it would be looked into and corrective action would be taken urgently.

***Recommendation: Works should be executed as per current years' approved Annual Action Plan and SC/ST component of grants should be utilised on priority sector works.***

#### **2.1.8 Utilisation of Development/Capability Building grant**

BRGF guidelines envisage that the financial resources available in the ZP should be optimally utilised without delay and diversion.

#### **2.1.8.1 Zila Parishad Aurangabad**

##### ***Physical progress of works under the programme***

In the ZP, two PSs and eight GPs test checked, 1516 works were approved by the DPC (2010-15) against which only 376 works (25 *per cent*) were undertaken. However, 162 works (43 *per cent*) involving an expenditure of ₹2.28 crore (*Appendix-2.13*) remained incomplete for the period ranging from one to four years. Further, in the ZP, no works such as construction of roads, drains, community halls etc., were executed during 2011-12 despite receipt of grants of ₹ 1.11 crore and availability of 116 approved works under AAP (*Appendix-2.14*).

##### ***Execution of works beyond AAP***

GoB issued directives (December 2011) that under BRGF, works approved by DPC should only be taken up for execution and no deviation should be allowed under any circumstance.

Contrary to the above provision, 214 works costing ₹ 4.71 crore were executed by ZP, two PSs and eight GPs (**Appendix-2.15**) without inclusion in AAP. Therefore, it could not be ensured that works of priority areas were undertaken and critical gaps were bridged. The Principal Secretary, PRD stated that as works had already been executed by the PRIs, the expenditure of the same would be adjusted from the grants released to the districts, in advance.

#### ***Awarding of works in violation of Government directives***

The GoB issued directives (December 2012) that for departmental works, Government officials would be the Executing Agents (EAs) and a maximum of three works should be executed by each EA, subject to location of works within a circumference of five km. Balance works should be executed through tender.

Twenty eight works costing ₹ 1.43 crore were awarded during 2014-15 to three EAs (eight to ten works at a time) by ZP in violation of Government directives (**Appendix-2.16**). As a result, 16 works (57 per cent) remained incomplete and 10 works (36 per cent) were completed with a delay of one to four months. The CEO, ZP replied that directives would be followed in future.

#### ***Unadjusted advances***

The BPS and ZP (B&A) Rules, 1964 stipulate that a second advance for any work should not be granted until the first advance was accounted for. Contrary to the provisions, advances of ₹ 42.90 lakh were paid (ZP, two PSs and five GPs) to the agencies during 2010-14 for 54 works. Out of this, 38 works were neither started by the agency nor the advances of ₹ 18 lakh refunded to the ZP and two PS despite lapse of one to four years (**Appendix-2.19**). Though the same works were allotted to other agency subsequently, the advance of ₹ 18 lakh remained to be recovered from the persons concerned. The Principal Secretary, PRD assured to take action in this regard.

### **2.1.8.2 Zila Parishad Bhagalpur**

As per provisions discussed in the *paragraph 2.1.8.1 ante*,

#### ***Physical progress of works under the programme***

In the ZP, three PSs and 12 GPs test checked, 1555 works were approved by the DPC during 2010-15 against which only 401 works (26 per cent) were undertaken. Out of this, 72 works (18 per cent) involving expenditure of ₹1.16 crore (**Appendix-2.13**) remained incomplete for a period ranging from one to four years. Further, one PS, and two GPs failed to execute any works such as construction of roads, drains, community halls etc., were despite availability of ₹ 20.90 lakh during 2012-14 and 57 works approved in the AAP (**Appendix-2.14**).

#### ***Execution of works beyond AAP***

In contravention to the Government direction, 133 works not specified in the AAP and valued ₹ 1.89 crore were executed by three PSs and 12 GPs (**Appendix-2.15**). The Principal Secretary, PRD stated that as works had already been executed by the PRIs, the expenditure of the same would be adjusted from the grants released to the districts, in advance.

### ***Unfruitful Expenditure***

Rule 107 of BPS and ZP (B&A) Rules, 1964 states that no work should be left in incomplete stage.

However, expenditure of ₹ 7.30 lakh on incomplete works was rendered unfruitful due to disputed sites, transfer of EAs and insufficient fund in ZP, PS Rangra Chowk and GP Olapur.

### ***Unadjusted advances***

Advances of ₹ 7.85 lakh on 10 works were lying unadjusted even after lapse of one to four and half years in one PS and two GPs (**Appendix-2.19**). The Principal Secretary, PRD assured to take action in this regard.

#### **2.1.8.3 Zila Parishad Bhojpur**

As per provisions discussed in the **paragraph 2.1.8.1 ante**,

### ***Physical progress of works under the programme***

In the ZP, three PSs and 11 GPs test checked, 1670 works were approved by the DPC during 2010-15 against which only 354 works (21 *per cent*) were undertaken. However, 56 works (16 *per cent*) involving an expenditure of ₹0.61 crore remained incomplete for the period ranging from one to four years (**Appendix-2.13**).

Further, ZP, three PSs and seven GPs did not execute any works (2011-15) such as construction of roads, drains, community halls etc., despite availability of ₹ 2.62 crore and 284 approved works in AAP (**Appendix-2.14**).

The EO Sandesh replied that works were not executed due to dispute among the PS Members, while EO Tarari cited shortage of officials. GP Bihta, Imadpur, Ahpura and Sandesh replied that due to lack of co-ordination and difference of opinion in Gram Sabha, works were not executed.

### ***Execution of works beyond AAP***

Contrary to the Government direction, 51 works of ₹ 43.21 lakh were executed by two PSs and eight GPs beyond AAP (**Appendix-2.15**). The Principal Secretary, PRD stated that as works had already been executed by the PRIs, the expenditure of the same would be adjusted from the grants released to the districts, in advance.

### ***Awarding of works in violation of Government directives***

Eighty five works of ₹ 1.74 crore were awarded to nine EAs (four to 19 works at a time) by ZP and PS Tarari in violation of Government directives during 2012-15 (**Appendix-2.16**). As a result, 29 works (34 *per cent*) remained incomplete (July 2015). The CEO, ZP replied that EAs were awarded more than three works by the then CEO, ZP.

### ***Inadmissible expenditure***

BRGF guidelines and State Government directives clearly indicated the purposes for which DGs were to be utilised.

However ZP and three GPs incurred an expenditure of ₹ 3.27 lakh on inadmissible item of works (**Appendix-2.17**). The CEO, ZP replied that due

to non-availability of fund in concerned head, expenditure was made. GP Sedhan, Rajeyan and Katar replied that amount would be recouped.

#### ***Splitting of works to avoid sanction of higher authority***

Rule 206 of BFR, 2005 provides that works should not be split to avoid sanction of higher authority. In violation of the provisions, eight works of ₹38.37 lakh were split into 43 works to avoid the sanction of higher authority by six GPs (*Appendix-2.18*). The Principal Secretary, PRD assured of non-repetition of the same.

#### ***Unadjusted advances***

Advance of ₹ 62.97 lakh on 47 works were lying unadjusted for one and half years to four years in ZP, two PSs and one GP (*Appendix-2.19*).

The GoB directed that sanction of the first advance in the work would be ₹15,000 or 25 per cent of the estimated cost whichever is less. But, in 177 works advances were sanctioned to the EAs by ZP and two GPs ranging from 10 to 95 per cent of the estimated cost (*Appendix-2.20*). The Principal Secretary, PRD assured to take action in this regard.

### **2.1.8.4 Zila Parishad Katihar**

As per provisions discussed in the *paragraph 2.1.8.1 and 2.1.8.3 ante*,

#### ***Physical progress of works under the programme***

In the ZP, three PSs and eight GPs test checked, 589 works were approved by the DPC (2010-15) against which only 211 (36 per cent) works were undertaken (*Appendix-2.13*). Further, six GPs did not execute any works (2010-15) such as construction of roads, drains, community halls etc., despite availability of ₹ 33.86 lakh in their account and 50 approved works in AAP (*Appendix-2.14*).

The GP Bhatwara cited interruption by public for non- execution of work whereas GP East Muradpur stated that works of MLA fund were executed, hence no work was taken up from BRGF. Remaining four GPs replied that works were not executed due to difference of opinion among villagers.

#### ***Execution of works beyond AAP***

Eight works of ₹ 32.80 lakh were executed beyond AAP by two PSs and three GPs (*Appendix-2.15*). The Principal Secretary, PRD stated that as works had already been executed by the PRIs, the expenditure of the same would be adjusted from the grants released to the districts, in advance.

#### ***Inadmissible expenditure***

ZP incurred ₹ 3.09 lakh for payment to CA (*Appendix-2.17*). The Principal Secretary, PRD stated that for timely release of BRGF grant, submission of audit reports of the programme was one of the pre-requisites and as no separate fund was provided for payment of audit fee in respect of BRGF scheme hence, the payment to CAs was made from BRGF grant.

#### ***Avoidable expenditure***

PS Pranpur incurred avoidable expenditure of ₹ 2.32 lakh due to non-completion of work within the stipulated time resulting in cost escalation from ₹ 9.78 to ₹ 12.10 lakh.

### ***Splitting of works to avoid sanction from higher authorities***

Three works of ₹ 32.50 lakh were split into seven works to avoid the sanction of higher authority in two PSs (**Appendix-2.18**). The Principal Secretary, PRD assured of non-repetition of the same.

### ***Unadjusted advances***

In 185 works advances were sanctioned to the EAs by ZP, two PSs and five GPs ranging from 10 to 44 *per cent* of the estimated cost (**Appendix-2.20**). The Principal Secretary, PRD assured to take action in this regard.

#### **2.1.8.5 Zila Parishad Lakhisarai**

As per provisions discussed in the **paragraph 2.1.8.1 ante**,

### ***Physical progress of works under the programme***

In the ZP, two PSs and four GPs test checked, 627 works were approved by the DPC (2010-15) against which only 204 (32 *per cent*) works were undertaken. However, 76 works (37 *per cent*) involving an expenditure of ₹ two crore (**Appendix-2.13**) remained incomplete for the period ranging from one to four years.

Further, PS Chanan and GP Lakhochak failed to execute any works such as construction of roads, drains, community halls etc., despite availability of ₹54.46 lakh (2012-15) and 52 works approved in the AAP (**Appendix-2.14**).

### ***Execution of works beyond AAP***

Seventeen works of ₹ 22.52 lakh were executed by two GPs beyond AAP (**Appendix-2.15**). The Principal Secretary, PRD stated that as works had already been executed by the PRIs, the expenditure of the same would be adjusted from the grants released to the districts, in advance.

### ***Inadmissible Expenditure***

Two inadmissible works of construction of boundary wall costing ₹ 6.45 lakh were taken up by PS Pipariya (2010-15) under BRGF (**Appendix-2.17**). The EO replied that works were executed as per approval in PS meeting and passed by the DPC.

### ***Excess/avoidable expenditure on installation of Solar Street Lights***

As per the GoB directives, Solar Street Lights were to be procured at rate specified by the State Purchase Organisation (SPO).

But, one PS and four GPs procured 56 solar street lights (2010-12) from local suppliers at market rate ranging from ₹ 39,867 to ₹ 61,740 per unit whereas rate notified by the SPO was ₹ 26,684 per unit (2010-12) resulting in excess and avoidable expenditure of ₹ 15.13 lakh.

The GP/PS replied that no correspondence was made by the district regarding SPO rate. The reply was not tenable as all the units were provided the SPO rate.

### ***Unadjusted advances***

Advances of ₹ 1.06 crore on 42 works were lying unadjusted even after lapse of one to four years (July 2015) in ZP, two PS and two GP (**Appendix-2.19**).

The Principal Secretary, PRD assured to take action in this regard.

### 2.1.8.6 Zila Parishad Madhepura

As per provisions discussed in the *paragraph 2.1.8.1 and 2.1.8.5 ante*,

#### ***Physical progress of works under the programme***

In the ZP, three PSs and seven GPs test checked, 849 works were approved by the DPC during 2010-15 against which only 326 works (38 per cent) were undertaken. However, 106 works (33 per cent) involving an expenditure of ₹3.39 crore (**Appendix-2.13**) remained incomplete for the period ranging from one to four years. Further, Six GPs did not execute any works such as construction of roads, drains, community halls etc., despite availability of ₹ 26.98 lakh and 13 works approved in the AAP (**Appendix-2.14**).

#### ***Execution of works beyond AAP***

Thirty four works of ₹ 92.58 lakh were executed during 2010-13 by the ZP, one PS and seven GPs beyond AAP (**Appendix-2.15**). The Principal Secretary, PRD stated that as works had already been executed by the PRIs, the expenditure of the same would be adjusted from the grants released to the districts, in advance.

#### ***Awarding of works in violation of Government directives***

Seven to twenty four works (49 works) of ₹ 1.92 crore were awarded (2013-15) to two EAs by ZP in violation of Government directives (**Appendix-2.16**). As a result, 39 works (80 per cent) were incomplete as of June 2015.

#### ***Unadjusted advances***

Advances of ₹ 1.09 crore on 37 works were lying unadjusted even after lapse of one to four years (June 2015) in ZP, two PS and three GPs (**Appendix-2.19**). The Principal Secretary, PRD assured to take action in this regard.

### 2.1.8.7 Zila Parishad Patna

As per provisions discussed in the *paragraph 2.1.8.1, 2.1.8.3, 2.1.8.5 ante*,

#### ***Physical progress of works under the programme***

In the ZP, five PSs and 13 GPs test checked, 1437 works were approved by the DPC (2010-15) against which only 656 works (46 per cent) were undertaken. However, 184 works (28 per cent) involving an expenditure of ₹1.39 crore (**Appendix-2.13**) remained incomplete for the period ranging from one to four years. Further, three PSs and seven GPs did not execute any works (2011-15) such as construction of roads, drains, community halls etc., despite availability of ₹ 85.57 lakh and 88 approved works in AAP (**Appendix-2.14**).

#### ***Execution of works beyond AAP***

Two hundred thirty works of ₹ 1.26 crore were executed by three PSs and seven GPs beyond AAP (**Appendix-2.15**). The Principal Secretary, PRD stated that as works had already been executed by the PRIs, the expenditure of the same would be adjusted from the grants released to the districts, in advance.

### ***Unfruitful Expenditure***

Four works involving expenditure of ₹ 16.19 lakh (2010-12) were rendered unfruitful due to non-completion of works. The CEO, ZP replied that works were left abandoned due to dispute at site.

### ***Awarding of works in violation of Government directives***

Four to six works (20 works) of ₹ 28.33 lakh were awarded (2013-14) to four EAs by ZP in violation of Government directives (**Appendix-2.16**). As a result, six works (30 per cent) remained incomplete as on April 2015.

### ***Splitting of works to avoid sanction from higher authority***

Three works of ₹ 9.78 lakh were split into six works to avoid the sanction of higher authority in GP Kumhara and Singhi while two works of ₹ 7.5 lakh and above of ₹ 17.48 lakh were executed by ZP instead of tendering (**Appendix-2.18**). The Principal Secretary, PRD assured of non-repetition of the same.

### ***Refund of unspent balances***

ZP provided funds to the DE against works approved in the AAP. The unspent amount was to be refunded to the ZP for utilisation under the programme. ZP released (2011-14) ₹ 20.05 lakh for 27 works but no work were done by the DE despite lapse of one to three years. The CEO, ZP replied that the DE had been directed to complete the works speedily.

### ***Unadjusted advances***

Advance of ₹ 89.92 lakh for 111 works was lying unadjusted (May 2015) for one to five years in ZP, four PS and four GPs (**Appendix-2.19**). The Principal Secretary, PRD assured to take action in this regard.

## **2.1.8.8 Zila Parishad Saharsa**

As per provisions discussed in the **paragraph 2.1.8.1, 2.1.8.3, 2.1.8.5 ante**,

### ***Physical progress of works under the programme***

In the ZP, two PSs and five GPs test checked, 412 works were approved by the DPC (2010-15) against which only 274 works (67 per cent) were undertaken. However, 67 works (25 per cent) involving an expenditure of ₹1.41 crore (**Appendix-2.13**) remained incomplete for the period ranging from one to four years. Further, PS Satar Katayia and GP Patori did not execute any works such as construction of roads, drains, community halls etc., in the year 2011-13 and 2014-15 despite availability of ₹45 lakh in their account and 49 approved works in AAP (**Appendix-2.14**).

The EO, Sattar Katayia replied that to complete the works of previous year, new works were not taken up. The P.Sy, Patori replied that works were not taken up due to paucity of fund. The reply is not tenable as ₹ 9.13 lakh was lying in the Panchayat fund.

### ***Execution of works beyond AAP***

Twenty two works of ₹ 21.81 lakh were executed by three GPs beyond AAP (**Appendix-2.15**). The Principal Secretary, PRD stated that as works had already been executed by the PRIs, the expenditure of the same would be adjusted from the grants released to the districts, in advance.

***Awarding of works in violation of Government directives***

Four to sixty works (total 80 works) of ₹ 3.21 crore were awarded during 2012-15 to only one EA by ZP and two EAs by PS Satar Kataiya in violation of Government directives (**Appendix-2.16**). As a result, 42 works (52 per cent) remained incomplete (May 2015).

The CEO, ZP replied that works had been executed in the light of the decision taken in the meeting of Board. The EO Sattar Katayia replied that P.Sy was awarded more than three works due to additional charge of more than one GP.

***Inadmissible expenditure***

The ZP incurred inadmissible expenditure of ₹ 3.58 lakh (2010-13) (**Appendix-2.17**). The CEO, ZP replied that as no separate fund was provided by PRD to make payment towards audit fee of BRGF, ₹ 3.40 lakh of Perspective Plan grant was utilised to meet the audit fee and the PRD was intimated in this regard.

***Undue benefit under the scheme***

In GP Ithari 12 hand pumps of ₹ 0.80 lakh were distributed irregularly twice to the 12 beneficiaries.

***Splitting of works to avoid sanction of higher authority***

Six works of ₹ 57.91 lakh were split into 39 works to avoid the sanction of higher authority by six GPs (**Appendix-2.18**). The Principal Secretary, PRD assured of non-repetition of the same.

***Unadjusted advances***

Advance of ₹ 68.25 lakh, on 28 works, were lying unadjusted for one to four years in ZP, two PSs and GP Itahari (**Appendix-2.19**). Further, in 130 works advances were sanctioned to the EAs by ZP and PS Satar Katayia ranging from 33 to 70 per cent of the estimated cost (**Appendix-2.20**). As a result AE of ZP parked the advance in his personal saving bank account which earned interest of ₹ 3.42 lakh during 2010-15 to the AE. The Principal Secretary, PRD assured to take action in this regard.

<b>2.1.8.9</b>	<b>Zila Parishad Samastipur</b>
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As per provisions discussed in the **paragraph 2.1.8.1 and 2.1.8.5 ante**,

***Physical progress of works under the programme***

In the ZP, four PSs and 14 GPs test checked, 912 works were approved by the DPC (2010-15) against which only 335 works (37 per cent) were undertaken. However, 136 works (41 per cent) involving expenditure of ₹ 2.78 crore (**Appendix-2.13**) remained incomplete for the period ranging from one to four years. Further, ZP and 10 GPs did not execute any works (2010-15) such as construction of roads, drains, community halls etc., despite availability of ₹ 1.71 crore in their account and 262 approved works in AAP (**Appendix-2.14**).

***Execution of works beyond AAP***

Forty two works of ₹ 1.08 crore were executed by the four PS and eight GPs

beyond AAP (**Appendix-2.15**). The Principal Secretary, PRD stated that as works had already been executed by the PRIs, the expenditure of the same would be adjusted from the grants released to the districts, in advance.

***Awarding of works in violation of Government directives***

Forty to seventy three works (total 155 works) of ₹ 4.87 crore were awarded to three EAs (2012-15) at a time by ZP in violation of Government directives (**Appendix-2.16**) out of which 52 works (34 *per cent*) were incomplete (July 2015).

***Inadmissible expenditure***

ZP and two PS incurred ₹ 10.51 lakh on inadmissible purposes (**Appendix-2.17**) while, the DE made provision of one *per cent* Contingency in the estimate and deducted ₹ 6.94 lakh from the bills of the works against which ₹ 2.02 lakh was expended by the DE in contravention of BRGF guidelines. The CEO, ZP replied that the deductions were utilised for purchase of office stationery.

***Refund of unspent balances***

The ZP released ₹ 46.12 lakh for five works (2008-09) to the DE but despite lapse of one to six years, ₹ 21.73 lakh was lying with the DE.

***Unadjusted advances***

Advances of ₹ 1.20 crore on 93 works were lying unadjusted for one to seven years in ZP, four PS and four GPs (**Appendix-2.19**). The Principal Secretary, PRD assured to take action in this regard.

**2.1.8.10 Zila Parishad Sitamarhi**

As per provisions discussed in the *paragraph 2.1.8.1, 2.1.8.3, 2.1.8.5 ante*,

***Physical progress of works under the programme***

In the ZP, three PSs and 14 GPs test checked, 1294 works were approved by the DPC (2010-15) against which only 600 works (46 *per cent*) were undertaken (**Appendix-2.13**). Further, Seven GPs did not execute any works such as construction of roads, drains, community halls etc., despite availability of ₹ 17.80 lakh and 30 approved works in AAP of the year 2011-13 and 2014-15 (**Appendix-2.14**).

***Execution of works beyond AAP***

In contravention to the Government direction, 114 works of ₹ 1.28 crore were executed by one PS and nine GPs beyond AAP (**Appendix-2.15**). The Principal Secretary, PRD stated that as works had already been executed by the PRIs, the expenditure of the same would be adjusted from the grants released to the districts, in advance.

***Awarding of works in violation of Government directives***

ZP executed 194 works costing ₹ 4.26 crore during 2010-14. Violating the Government directives, ZP awarded 162 works costing ₹ 3.34 crore to the AE out of which 34 works (21 *per cent*) were incomplete for one to four years (**Appendix-2.16**).

***Inadmissible expenditure***

Inadmissible works costing ₹ 41.71 lakh were taken up by ZP and two PS (2010-14) under BRGF (*Appendix-2.17*). The EO, PS Runnisaidpur and Sursand replied that works were approved by DPC as such executed while the CEO, ZP replied that purchases in ZP were made by the then CEO, ZP.

***Splitting of works to avoid sanction of higher authority***

Four works of ₹ 15.27 lakh were split into 16 work avoid sanction of the higher authority in four GPs (*Appendix-2.18*). The Principal Secretary, PRD assured of non-repetition of the same.

***Refund of unspent balances***

ZP approved and released ₹ 56.62 lakh for 30 works (August 2010 to December 2013) but no works were done by the DE despite lapse of two to five years resulting in blockade of fund. The CEO, ZP stated that reply is being sought from the DE.

***Unadjusted advances***

Advances of ₹ 12.55 lakh on 17 works were lying unadjusted for one to four years in ZP, PS Nanpur and GP Giddha Phulwaria (*Appendix-2.19*). The Principal Secretary, PRD assured to take action in this regard.

***Recommendation: The schemes should be executed by the PRIs as per the guidelines/Government directions on BRGF and advances should be adjusted as per rules.***

**2.1.9 Joint physical verification**

Joint physical verification of 259 works viz., roads, hand pumps, toilets, community halls etc. executed under BRGF during 2010-15 in three ZPs, 11 PSs and 32 GPs were done with the Junior Engineers and Panchayat Secretaries of the PRIs concerned.

In two GPs (Rasalpur and Itahari) under Saharsa district, 185 hand pumps were distributed among the beneficiaries instead of being installed by the GPs. During joint physical verification, 78 hand pumps out of 185 hand pumps costing ₹ 2.65 lakh were found not received by the beneficiaries. In GP Sedhan Bhojpur 11 hand pumps of ₹ 0.65 lakh were not installed at the specified places recorded in the Measurement Book. Seventy seven hand pumps out of 225 hand pumps were installed (*Appendix-2.21*) and four toilets out of 13 toilets were constructed by PSs and GPs in private premises in violation of BRGF guidelines (*Appendix-2.22*).

Seven works (road and platform construction) of ₹ 27.47 lakh were found damaged in Lakhisarai, Patna and Sitamarhi districts. Nine works of construction of *Aanganwari Kendras*, Culverts etc., were abandoned in three districts (Madhepura, Patna and Samastipur) after incurring an expenditure of ₹ 42.65 lakh (*Appendix-2.22*).

**2.1.10 Internal control and Monitoring**

For effective implementation of the BRGF work a strong and functional control and monitoring system was required. Audit observed the following:

### ***Reconciliation of Cash Book with Bank***

As per the provisions contained in BPS and ZP (B&A) Rules, 1964, the Cash Book should be balanced daily and signed by the Secretary and at the end of each month, a statement indicating the reconciliation of balances should be recorded in the Cash Book.

In two ZPs and two PSs, the Cash Books balance was more than the Bank Pass Book balance by ₹ 79.60 lakh (***Appendix- 2.23***) while in two ZPs and 15 PSs the bank Pass Book balance was more than the Cash Book balance by ₹ 3.60 crore (***Appendix-2.24***). This indicated non- reconciliation of the cash books by the PRIs.

### ***Constitution of Peer review and Review Committee at District***

Guidelines of BRGF provide for peer reviews of progress in implementation of programme by GPs and PSs. It also prescribed setting up of a Review committee by DPC to review such peer review reports. But, no peer reviews were conducted in any of the test-checked districts during 2010-15.

### ***Institution of Quality Monitoring System***

The State Government issued (September 2010) directives for quality monitoring system to maintain quality in implementation of works, which was to be reviewed regularly by the DPC. In none of the test checked districts, such reviews were done by the DPC.

### ***Conduction of Social Audit***

BRGF prescribed Social audit by Gram Sabhas in rural areas. HPC instructed (April 2010) that Social Audit be conducted and guidelines for the same were issued (September 2010). Subsequently, HPC approved (July 2012) Social audit as per guidelines of MGNREGS. But, in none of the 10 test checked districts, social audit was conducted (2010-15).

The Principal Secretary, PRD agreed with the audit findings and expressed his concern regarding the same.

***Recommendation: State Government should initiate steps to constitute monitoring committees and ensure that reconciliation of accounts and Social Audits of works are conducted regularly by PRIs.***

#### **2.1.11 Conclusion**

The State was deprived of substantial share of Development and Capability Building Grants due to delay in submission of demand and low spending. There were delays in release of fund to PRIs but the State Government did not pay any interest to the PRIs.

The planning process was not satisfactory as despite preparation of vision document and perspective plan, the PRIs executed works on the basis of recommendations of the elected representatives of ZPs and PSs.

Execution of works under the scheme was marred with violation of Government directives, scheme guidelines etc. Works could not be taken up despite availability of funds and approved works in Annual Action Plan.

Monitoring was not adequate as peer reviews and social audits were not conducted in any of the test checked Zila Parishads.