



**Annual Technical Inspection Report**  
**on**  
**Panchayati Raj Institutions and Urban Local Bodies**  
**for the year ended 31 March 2015**

**GOVERNMENT OF MANIPUR**



**OFFICE OF THE PRINCIPAL ACCOUNTANT GENERAL (AUDIT),**  
**MANIPUR, IMPHAL**

*Placed in the State Legislature on 02 September, 2016*

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**Office of the Principal Accountant General (Audit),  
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## Table of Contents

	<i>Paragraph No.</i>	<i>Page No.</i>
<i>Preface</i>		<i>iii</i>
<i>Overview</i>		<i>v</i>
<b>Part - A</b>		
<b>Panchayati Raj Institutions</b>		
<b>CHAPTER – I</b>		
<b>An overview of the functioning of the Panchayati Raj Institutions</b>		
Introduction	1.1	1
Organization setup of Panchayati Raj Institutions	1.2	2
Functioning of Panchayati Raj Institutions	1.3	4
Formation of various committees	1.4	5
Audit arrangement	1.5	6
Response to audit observations	1.6	7
<b>Accountability Mechanism and Financial Reporting Issues</b>		
Accountability mechanism	1.7	8
Financial reporting issues	1.8	9
<b>CHAPTER – II</b>		
<b>Compliance Audit of Panchayati Raj Institutions</b>		
Status of Social Audit on implementation of “Audit of Scheme Rules, 2011”	2.1	15
Implementation of Mahatma Gandhi National Rural Employment Guarantee Scheme	2.2	19
Second State Finance Commission Award to PRIs	2.3	24
Central Finance Commission Awards	2.4	27
Irregularities in the implementation of programmes under devolution of powers to PRIs	2.5	29
<b>Part- B</b>		
<b>Urban Local Bodies</b>		
<b>CHAPTER III</b>		
<b>An overview of the functioning of Urban Local Bodies</b>		
Introduction	3.1	33
Organization setup of Urban Local Bodies	3.2	33
Functioning of Urban Local Bodies	3.3	34
Transfer of Funds, Functions and Functionaries to ULBs	3.4	35
Formation of various committees	3.5	36
Annual action plan	3.6	36
Audit arrangement	3.7	36
Response to Audit observations	3.8	37
<b>Accountability Mechanism and Financial Reporting Issues</b>		
Accountability mechanism	3.9	38
Financial reporting issues	3.10	40

<b>CHAPTER IV</b>		
<b>Compliance Audit of Urban Local Bodies</b>		
Swarna Jayanti Sahari Rozgar Yojana	4.1	43
Second State Finance Commission Award to ULBs	4.2	45
Central Finance Commission Award	4.3	51
Other points of interest	4.4	55

<b>APPENDICES</b>		
<b>Appendix Number</b>	<b>Details</b>	<b>Page Number</b>
I	Activity map for 16 line departments to be transferred to Panchayati Raj Institutions	57
II	Transfer of Funds, Functions and Functionaries to Zilla Parishads and Gram Panchayats as on 31 March 2015	59
III	The roles and responsibilities of standing committees of the Gram Panchayats and Zilla Parishads of Panchayati Raj Institutions	60
IV	Statement showing advance paid to the Beneficiary Secretaries for execution of development works under SSFC (C&A)	61
V	Evaluation of manpower/resource persons	62
VI	Statement showing less consumption of material than the estimate in MGNREGS works	63
VII	Delay in payment of wages	64
VIII	Statement showing list of abandoned works taken up during 2009-10 to 2013-14	65
IX	Key performance indicators	68

## PREFACE

This Report for the year ended March 2015 has been prepared for submission to the Government of Manipur in terms of Technical Guidance and Support to audit of Panchayati Raj Institutions (PRIs) and Urban Local Bodies (ULBs) under Section 20(1) of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971.

The Report contains significant results of the audit of the Panchayati Raj Institutions and Urban Local Bodies in the State including the departments concerned.

The issues noticed during test audit for the period 2014-15 as well as those issues which came to notice in earlier years, but could not be dealt with in the previous Reports have also been included in this Report, wherever necessary.

The audit has been conducted in conformity with Auditing Standards issued by the Comptroller and Auditor General of India.

# Overview of the Report

## OVERVIEW

This Report contains four chapters, Chapters I and III contain an overview of the functioning, accountability mechanism and financial reporting issues of the Panchayati Raj Institutions (PRIs) and Urban Local Bodies (ULBs) respectively. Chapters II and IV contain the result of compliance audit of the PRIs and ULBs respectively.

### Chapter-I An overview of the functioning of the Panchayati Raj Institutions

The two-tier Panchayati Raj system envisaged in the Manipur Panchayati Raj (MPR) Act, 1994 came into force with effect from 24 June 1994. Accordingly, two-tier PRI system at the village (Gram Panchayats) and district levels (Zilla Parishads) was established in the State, and Rules were framed to enable the PRIs to function as per the Constitutional mandate.

#### *Paragraph 1.1*

Out of 29 functions listed in the XI<sup>th</sup> Schedule of the Constitution of India, the State Government had devolved the functions of 16 departments to PRIs as of March 2015. Due to non-transfer/partial transfer of funds and functionaries, the PRIs were not able to perform the functions assigned to them effectively and efficiently.

#### *Paragraph 1.3*

Though District Planning Committees were constituted in four valley districts they were not made functional as of March 2015.

#### *Paragraph 1.4.1*

There was shortfall in actual release of fund to PRIs during 2010-15 as recommended by the Second State Finance Commission. The shortfall ranged from 64 to 79 per cent.

#### *Paragraph 1.8.3*

### Chapter-II Compliance Audit of Panchayati Raj Institutions

The Government of India framed a set of rules and regulations titled the “Audit of Scheme Rules – 2011” under Section 24(1) of the MGNREG Act, 2005 for guiding the process by which social audits should be conducted. Accordingly, the State Government established (January 2014) a Social Audit Unit (SAU) namely, the Manipur Social Audit Agency (MSAA) registered under the Manipur Societies Registration Act, 1989 for facilitating Social Audit by the Gram Sabhas. Even after four years of framing of the Audit of Scheme

Rules – 2011, the preliminary stage of establishment of fully functioning SAU is yet to be formalised in the State.

**Paragraph 2.1.1**

Mayeng Lamjao Gram Panchayat (GP) incurred excess expenditure of ₹ 44.68 lakh on “Construction of new road with shingling along with three slab culverts and three ring culverts from Tejpur main Inter Village Road (IVR) to Lamjao Maning Khongjao (4.1 Km)” under MGNREGS.

**Paragraph 2.2.2**

Five PRIs paid wages to the Job card holders under MGNREGS after delays ranging from nine days to 115 days without paying any compensation for the delay.

**Paragraph 2.2.3**

Imphal West ZP diverted ₹ 94.85 lakh from the three *per cent* contingency provisions for various MGNREGS works taken up during 2011-14 for procurement of items that were not contingent to the works executed.

**Paragraph 2.2.8**

Khurai Konsam Leikai GP and Khurai Laishram Leikai GP could not furnish relevant documents to support expenditure of ₹ 13.06 lakh for “Construction of Panchayat Ghar”.

**Paragraph 2.3.1**

Six GPs incurred expenditure of ₹ 61.76 lakh under Second State Finance Commission (Compensation and Assignment) without framing detailed estimates and without obtaining technical sanction.

**Paragraph 2.3.2**

**Chapter-III**  
**An overview of the functioning of the Urban Local Bodies**

In Manipur Urban Local Bodies (ULBs) are spread out in the four valley districts of the State and are governed by the Manipur Municipalities Act (MMA), 1994 which specify the obligatory and discretionary functions to be discharged by the ULBs.

**Paragraph 3.1**

Out of 18 functions listed in the XII<sup>th</sup> Schedule of the Constitution of India, seven functions are being performed by ULBs.

**Paragraph 3.4**



There was shortfall in actual release of fund during 2010-15 to ULBs as recommended by the Second State Finance Commission. The shortfall ranged from 47 to 100 *per cent*.

**Paragraph 3.10.2**

The Manipur Municipalities Act, 1994 stipulates that every ULB is mandated to maintain its accounts as prescribed in the National Municipal Accounts Manual (NMAM). However, none of the test-audited ULBs had prepared annual accounts or adopted NMAM as of March 2015.

**Paragraph 3.10.5**

## Chapter-IV

### Compliance Audit of Urban Local Bodies

In contravention to the guidelines of Urban Wage Employment Programme (UWEP), Bishnupur Municipal Council, Heirok Nagar Panchayat and Ningthoukhong Municipal Council diverted ₹ 23.40 lakh of UWEP fund for procurement of machineries.

**Paragraph 4.1.2**

Imphal Municipal Council could not furnish relevant records related to payment of ₹ 19.77 lakh to different contractors for various works under UWEP.

**Paragraph 4.1.3**

Imphal Municipal Council deducted VAT, Agency charge and Labour Cess of ₹ 44.84 lakh from the contractors/beneficiary secretaries on execution of works contracts but did not deposit to the proper head of account in violation of the Government order.

**Paragraph 4.2.1**

Mayang Imphal Municipal Council did not adhere to codal provision for procurement of materials worth ₹ 18.46 lakh under the SSFC (C&A) award during 2013-14.

**Paragraph 4.2.5**

Imphal Municipal Council instead of depositing the VAT, Labour Cess and Agency Charge to the Government Account, utilized ₹ 15.28 lakh for which no records was made available to Audit. Thus, ₹ 15.28 could have been misappropriated.

**Paragraph 4.3.1(c)**

**Part - A**  
**Panchayati Raj Institutions**

# **CHAPTER-I**

**An overview of the functioning, accountability mechanism and financial reporting issues of the Panchayati Raj Institutions**

## CHAPTER-I

### An overview of the functioning of the Panchayati Raj Institutions

#### 1.1 Introduction

The Constitution of India (Seventy-Third Amendment Act 1992) marked a new era in the federal democratic set up of the country as it conferred constitutional status to the Panchayats and recognized them as the third tier of Government. This amendment of the Constitution provides for devolution of powers and responsibilities to Panchayati Raj Institutions (PRIs) with respect to preparation of plans and programmes for economic development and social justice through implementation of the 29 subjects listed in XI<sup>th</sup> Schedule of the Constitution of India. This amendment also established a system of uniform structure, holding of regular election, and regular inflow of funds through Finance Commissions. As a follow up, the State enacted the Manipur Panchayati Raj (MPR) Act, 1994. A two-tier PRI system at the village (Gram Panchayats) and district levels (Zilla Parishads) was established in the State, and Rules were framed to enable the PRIs to function as per the Constitutional mandate.

The two-tier Panchayati Raj system envisaged in the MPR Act, 1994 came into force with effect from 24 June 1994. The first General Election to the Zilla Parishads (ZPs) and Gram Panchayats (GPs) was held in 1997. Since then, General Elections for the Panchayats have been held every five years, the last election was held in September 2012.

Manipur is situated in the North Eastern part of India. The State covers an area of 22,327 sq km with a total population of 25.70 lakh (2011 census). The State has nine districts, of which five districts are located in the hill areas and four districts are spread out in the valley. As against the decadal growth of 17.6 *per cent* at the national level, the population of the State has grown by 12.05 *per cent* in the decade of 2001-2011. The rural population of the State is 17.35 lakh which is 68 *per cent* of the total population. The service sectors along with the agricultural sector dominate the State's economy. The demography of the State as per 2011 Census is given in **Table No. 1.1** below:

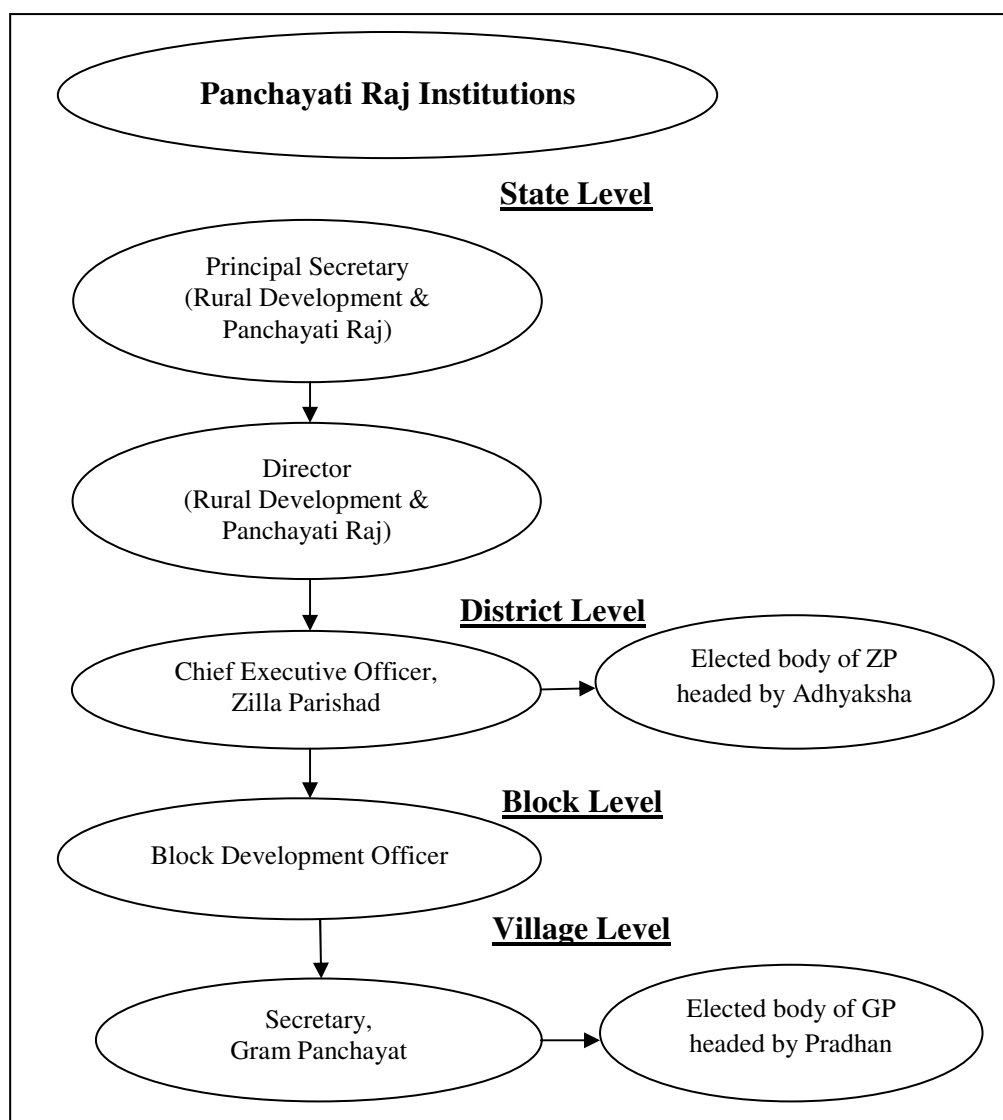
**Table No. 1.1: Statistics of the State**

Sl. No.	Indicator	Unit	Value
1	Population	1,000s	2570
2	Density of population	Persons per sq. Km.	115
3	Gender Ratio	Female per 1000 males	992
4	Gender Ratio (Rural)	Female per 1000 males	976
5	Gender Ratio (Urban)	Female per 1000 males	1026
6	Literacy	Percentage	79.21
7	Number of Zilla Parishads	Numbers	4
8	Number of Gram Panchayats	Numbers	161

Source: Census 2011 & Departmental Records

**1.2 Organization setup of PRIs**

The organizational setup of PRIs in the State is as under:



**1.2.1** The broad details of responsibility of PRIs functionaries are given in **Table No. 1.2** below:

**Table No. 1.2: Details of responsibility of PRIs functionaries**

Functionaries	Responsibilities
Principal Secretary (RD&PR)	Administers the overall monitoring and implementation of schemes relating to PRIs
Zilla Parishad (elected body)	Preparation of Plan for economic development and social justice of the District
Chief Executive Officer (CEO)	The CEO is appointed by the State Government and carries out the policies and directives of the ZP
Gram Panchayat (elected body)	Preparation of Annual Plan, Annual Budget and implementation of schemes related to PRIs etc.
Panchayat Secretary (PS)	The PS is appointed by the State Government for keeping of records and maintenance of Accounts

Source: Departmental Records

## **1.2.2 Composition of Panchayati Raj Institutions**

**Zilla Parishad (ZP):** Every ZP is a body which consists of the members directly elected from the territorial constituencies in the district. The Adhyaksha elected by the majority of the elected members presides over and conducts meeting of the ZP. The Adhyaksha is to exercise such other powers, perform such other functions and discharge such other duties as notified by the State Government from time to time.

**Gram Panchayat (GP):** Each GP has a body comprising Pradhan and its members. The Pradhan and its members are elected by direct election by the members of the Gram Sabha from amongst themselves. The Pradhan shall preside over the meeting of the Gram Sabha and Gram Panchayat and is also responsible for governance of the body.

## **1.2.3 Staffing Pattern of PRIs**

The Government may, by order, specify the staffing pattern, the scales of pay and mode of recruitment of the staff of GPs and ZPs. As per provision under Section 75 of MPR Act, 1994 the State Government shall appoint Chief Accounts Officers, Chief Planning Officer and such number of officers of Groups A, B and C Staff for each ZP on such terms and conditions as may be prescribed. However, no appointment against these posts was made as of March 2015.

**Zilla Parishad:** Each ZP is manned with staff deputed from different departments as a part of devolution of functionaries. However, there were deployment of staff beyond its sanctioned strength in four ZPs. The position of staff in the four ZPs as of March 2015 is detailed in the **Table No. 1.3** as below:

**Table No. 1.3: ZP wise staff position**

Sl. No.	Name of the ZP	Sanctioned Strength	Persons-in-position
1	Imphal East	0	20
2	Imphal West	0	25
3	Thoubal	0	6
4	Bishnupur	0	12
<b>Total</b>		<b>0</b>	<b>63</b>

Source: Departmental Records

Rural Development & Panchayati Raj (RD&PR) Department stated that there was no sanctioned strength or post for the Zilla Parishads. These PRIs are manned by the functionaries/staff deputed from line departments under the devolution of power to PRIs. One Manipur Civil Service (MCS) officer is deputed to each ZP by the Government for acting as Chief Executive Officer (CEO) to look after the affairs of the ZP offices.

**Gram Panchayat:** As per Section 45 of the MPR Act, 1994, there shall be a Panchayat Secretary for every Gram Panchayat who shall be appointed in such manner as may be prescribed by the Act/Rules. As of March 2015, against a sanctioned strength of 161 Panchayat Secretaries, there were only 86 Panchayat Secretaries. The shortfall of 75 Panchayat Secretaries was attributed to vacancy arising on account of retirement, death and promotion to higher post of the incumbents. Taking into account the various functions that have been delegated to the Gram Panchayats, the deployment of functionaries are required for the smooth and effective functioning of the PRIs. However, it is evident from the findings contained in Chapter I and III of this Report that the deployment of staff by the Government in the GPs is insufficient for carrying out their functions and maintaining the accounts.

### **1.3 Functioning of Panchayati Raj Institutions**

The Constitution of India (Seventy-Third Amendment Act 1992) and the MPR Act, 1994 envisaged transfer of the functions to PRIs listed in the XI<sup>th</sup> Schedule. Accordingly, the State Government through executive orders had to transfer all the 29 functions to the PRIs. Out of 29 functions, the State Government had devolved the functions of 16 departments to PRIs as of March 2015. The details of functions of 16 departments to be transferred to ZPs and GPs are shown in *Appendix-I*. There has been no change in the status of transfer of funds, functions and functionaries since the order was issued first time in 2005. The status on the transfer of funds, functions and functionaries in respect of 16 Departments to ZPs and GPs as on 31 March 2015 is shown in *Appendix-II*.

Due to non-transfer/partial transfer of funds and functionaries, the PRIs were not able to perform the functions assigned to them effectively and efficiently.

Thus, transfer of funds, functions and functionaries to PRIs was inadequate to enable them to function as Institutions of Local Self-Government.

#### 1.4 Formation of various committees

Under Sections 38 and 65 of the MPR Act, 1994, the Gram Panchayats and the Zilla Parishads are required to constitute Standing Committees as per details given in **Table No. 1.4** below to perform the functions assigned to them.

**Table No. 1.4: Details of Standing Committees**

Level of PRIs	Chief Political Executive	Standing Committees	Political Executives
GP	Pradhan	(a) Production Committee (b) Social Justice Committee (c) Amenities committees	Pradhan is the Chairman of each Committee
ZP	Adhyaksha	(a) General Standing Committee (b) Finance, Audit and Planning Committee	Adhyaksha is the Chairman of each Committee
		(c) Social Justice Committee	Up-Adhyaksha is the Chairman
		(d) Education and Health Committee (e) Agriculture and Industries Committee (f) Works Committee	Chairman is elected from the members of these Committees

Source: *The Manipur Panchayati Raj Act, 1994*

In case of GP, each Committee shall consist of not less than three and not more than five members including the Pradhan and Up-Pradhan as the case may be. In ZP, each Standing Committee shall consist of such number of members not exceeding five including the Chairman elected by the members of ZP from amongst the Standing Committees. However, only Imphal West ZP had constituted the above committee as of March 2015. In the absence of such Committees, functions like Education, Agriculture and Amenities *etc.* cannot be initiated and followed up in a systematic way. Consequently these activities are not getting focused as envisaged. The PRIs-wise roles and responsibilities of the Standing Committees are given in **Appendix-III**.

Beneficiary Secretary is the Secretary of the Agency responsible for the implementation of the works of the schemes.

##### 1.4.1 District Planning Committee

In terms of Article 243 ZD of the Constitution of India and Section 96 of the MPR Act, 1994, the State Government is required to constitute a District Planning Committee (DPC) in each district to consolidate the plans prepared by the Panchayats and Municipalities in the District and prepare a draft development plan for the district as a whole. The DPC was constituted in



Thoubal and Bishnupur Districts in August 1997, while in Imphal East and Imphal West District, it was constituted in May 2003. As per the MPR Act, 1994, the DPC shall consist of the following members:

- (a) Adhyaksha of the Zilla Parishad (Chairperson);
- (b) Members of the House of the People representing the district;
- (c) Members of Legislative Assembly who are elected in the district;
- (d) Such number of Councillors as may be specified by the Government from among the members of Councillors of Nagar Panchayat and Municipal Councils in the district; and
- (e) Chief Executive Officer of the ZP.

Though DPCs were constituted in four valley districts they were not made functional as of March 2015. None of the DPCs had engaged technical experts and secretarial support staff in different fields for preparation of draft district development plan, defeating the key purpose of constitution of the DPCs. Neither the GPs nor the ZPs prepared perspective plans to be submitted to DPC. Thus, in the absence of perspective plan of districts as a whole, funds were allocated by the Government to Local Bodies in routine manner.

## **1.5 Audit arrangement**

### **1.5.1 Primary Auditor**

The Director, Local Fund Audit (DLFA), Government of Manipur conducts audit of accounts of GPs and ZPs under Sections 44(1) and 74(1) of the MPR Act, 1994. The duty of the DLFA is to conduct audit of the accounts of PRIs and to forward the Audit reports to the audited entities and the State Government.

The DLFA intimated (October 2015) that none of the PRIs were audited during 2014-15. The Director further stated that no Audit report for any of the years was compiled as there was no such order of the Government to do so. Also, there was no case of follow-up action on the Inspection Reports (IRs) under Technical Guidance and Support (TG&S) arrangement as the DLFA did not forward copies of the IRs to the office of the Principal Accountant General (Audit), Manipur [PAG (Audit)]. Therefore, IRs could not serve the purpose of such audit. Also, the DLFA did not submit its Annual Audit Plan to the PAG (Audit). In the absence of such plan, the office of the PAG (Audit), Manipur could not suggest for any improvement of the Annual Audit Plan under Technical Guidance and Support.

### 1.5.2 Audit by Comptroller and Auditor General of India

The State Government has entrusted (March 2012) audit of PRIs to the Comptroller and Auditor General of India (CAG) with the responsibility of providing TG&S under Section 20(1) of the CAG's Duty, Power and Conditions of Service (DPC) Act, 1971 and laying the report before the State Legislature in pursuance of the recommendations of the 13<sup>th</sup> Finance Commission (FC) recommendations. Accordingly, the PAG (Audit), Manipur conducted the audit of the accounts of the PRIs. The result of audit *i.e.* Annual Technical Inspection Report (ATIR) (Audit of PRIs conducted during preceding years) was sent to the State Government for necessary action. The ATIR for the year ended 31 March 2014 was consequently laid on the floor of the State Legislative Assembly in July 2015. During 2014-15, PAG (Audit), Manipur test checked the accounts of 26 PRIs and the findings have been incorporated in this report.

In spite of the TG&S entrustment as stated above, the MPR Act 1994 is yet to be amended to operationalize the entrustment. In the absence of a separate committee for the discussion of ATIR, the ATIR was discussed by Public Accounts Committee (PAC) of Manipur Legislature.

### 1.6 Response to audit observations

The position of outstanding Inspection Reports of the audit of the accounts of PRIs during 2010-11 to 2014-15 are shown in **Table No. 1.5** below:

**Table No. 1.5: Details of IRs and outstanding paragraphs in respect of PRIs**

Year	IRs	Paragraphs	Money Value (₹ in lakh)
2010-11	6	32	2.78
2011-12	3	11	0
2012-13	30	137	0
2013-14	25	183	317.56
2014-15	23	147	488.86
<b>Total</b>	<b>87</b>	<b>510</b>	<b>809.20</b>

As seen in the above table, a total of 87 IRs containing 510 Paragraphs involving money value of ₹ 809.20 lakh during the last five years were yet to be settled. Except for the Year 2014-15, replies to the IRs pertaining to 2010-11 to 2013-14 were not furnished.

## Accountability Mechanism and Financial Reporting Issues

### 1.7 Accountability mechanism

#### 1.7.1 Ombudsman

The 13<sup>th</sup> Finance Commission recommended for the constitution of a Local Body Ombudsman to look into the complaints of corruption and maladministration against the functionaries of Local Bodies – both elected representatives and officials and to recommend suitable action. This in turn requires enactment of legislation and its notification.

Principal Secretary, RD&PR, Government of Manipur was requested to furnish information regarding the constitution of Ombudsman in the State. However, no reply was furnished by the Department (April 2016).

#### 1.7.2 Social Audit

The Government of India framed a set of rules and regulations titled the “Audit of Scheme Rules – 2011” under Section 24(1) of the MGNREG Act, 2005 for guiding the process by which social audits should be conducted. The primary objective of Social Audit is to bring the activities of PRIs under close surveillance of people to enable them to access the records and documents of PRIs. Such immediate access to information would facilitate transparency and accountability in day-to-day functioning of PRIs.

The State Government had established the Manipur Social Audit Agency (MSSA) in January 2014 and identified MGNREGS and Indira Awaas Yojana (IAY) schemes for taking up Social Audit. However, recruitment of staff for MSSA was stated (May 2015) to be under process. The audit was conducted on the implementation of MGNREGS only. A separate paragraph on status of implementation of “Audit of Scheme Rules- 2011” in Manipur is featured in Chapter-II of this Report.

#### 1.7.3 Lok Ayukta

The 13<sup>th</sup> Finance Commission recommended that where all or a class of elected representatives or officials fall under the jurisdiction of the Lok Ayukta of the State, the States may decide whether those functionaries should be shifted to the Ombudsman or to continue under the jurisdiction of the Lok Ayukta.

Principal Secretary (RD&PR), Government of Manipur was requested to furnish information regarding functioning of Lok Ayukta in the State. However, no reply was furnished by the Department (April 2016).

#### **1.7.4 Submission of Utilization Certificates**

Information regarding the submission of Utilization Certificate in respect of schemes implemented by the PRIs was sought from Principal Secretary (RD&PR), Government of Manipur. However, no reply was furnished by the Department (April 2016).

#### **1.7.5 Internal Audit and Internal Control System of PRIs**

As per Section 44(1) read with Section 74(1) of the MPR Act 1994, the accounts of a Gram Panchayat and Zilla Parishad shall be audited by the DLFA of the Government of Manipur in such manner as may be prescribed and a copy of the audit report shall be forwarded to the Gram Panchayat/Zilla Parishad within one month of the completion of the audit. The Act *ibid* is however silent about internal audit in PRIs.

Efficient functioning of PRIs depends on proper internal control mechanism. Proper internal control mechanism ensures the proper maintenance of records and regulates the implementation of various schemes/programmes. Audit noticed that in the absence of internal audit, there was no internal control mechanism in the PRIs. Though the matter was referred to the State Government, no reply was furnished (April 2016).

### **1.8 Financial reporting issues**

#### **1.8.1 Source of Funds**

The sources of funds of PRIs consists of Central Finance Commission (CFC) grants, State Finance Commission (SFC) grants, Central Government and State Government grants for maintenance and development purposes. Funding by the State Government was on the lines of accepted recommendations of the Second State Finance Commission that took into account factors like population, literacy, health, irrigation, medical facilities *etc.* The fund-wise source and its custody for each tier and the fund flow arrangements in flagship schemes are given in **Table No. 1.6** below. The authorities for reporting use of funds in respect of ZPs and GPs are Chief Executive Officer (CEO) and Panchayat Secretary respectively.

**Tables No. 1.6: Fund flow mechanism in PRIs**

Nature of Fund	ZPs		GPs	
	Source of fund	Custody of fund	Source of fund	Custody of fund
Own receipts	Assessee and users	Bank	Assessee and users	Bank
Revenue grants	State Government	Bank	State Government	Bank
State Finance Commission				
State Plan Scheme				
Central Finance Commission/Centrally Sponsored Scheme	Government of India	Bank	Government of India	Bank

Source: Departmental Records

### 1.8.2 Resources: Trends and composition

The fund flow arrangements and trends of resources of PRIs for the period 2010-11 to 2014-15 are shown in **Table No. 1.7** below:

**Table No. 1.7: Time series data on resources of PRIs**

Source of Fund	(₹ in crore)				
	2010-11	2011-12	2012-13	2013-14	2014-15
Government of India grants	129.38	241.39	214.04	70.45	#
State grants for Centrally sponsored Schemes	7.58	12.50	25.88	11.77	#
CFC grant	5.60	5.47	7.79	12.57	65.39
SFC grant	18.74	18.74	20.62	20.62	15.62
Salaries/Honorarium	0.72	3.42	2.70	2.91	2.89
Own Revenue	Nil	Nil	Nil	Nil	Nil
<b>Total</b>	<b>162.02</b>	<b>281.52</b>	<b>271.03</b>	<b>118.32</b>	<b>83.67</b>

Source: Data consolidated from the data received from MSRDA, Rural Development and Panchayati Raj (RD&PR) Department.

# MSRDA and RD&PR could not furnish the fund received from these sources.

### 1.8.3 Recommendations of the State Finance Commission

Since the enactment of the Constitution (Seventy-Third Amendment Act, 1992) the State Government has constituted three SFCs to determine the principles on the basis of which adequate financial resources would be ensured for PRIs. The recommendations of the Second SFC effective from 1 April 2001 were passed in the State Legislative Assembly during December 2005. The period of the Second SFC covered upto 31 March 2010. Though the report of the Third SFC (constituted in March 2013) was due in June 2013, status of submission of the report is still awaited from the State Government (April 2016).

As per the accepted recommendations of Second SFC, the State Government is required to transfer 10 *per cent* of the State's own revenue including the State's share of Central taxes to the local bodies including the Autonomous

District Councils (ADCs)<sup>1</sup>. Out of this 10 per cent, 34.38 per cent is to be transferred to PRIs.

Awaiting recommendations of the Third SFC, the State Government agreed to continue adoption of the recommendation of the Second SFC for implementation. Thus, funds pertaining to 2011-12 to 2014-15 were released on the basis of the recommendations of the Second SFC under the head 'Compensation and Assignment' (C & A). The position of funds released during 2010-15 are as shown in **Table No. 1.8** below:

**Table No. 1.8: Statement showing funds released under SSFC**

(₹ in crore)

Year	States revenue including states share of net proceeds of union taxes	Amount to be transferred to Local Bodies including ADCs (10 per cent )	Amount to be transferred to PRIs (34.38 per cent)	Amount actually released	Short release against recommendation of SFC to PRIs	Percentage of short release
1	2	3	4	5	6 = (4-5)	7
2010-11	1517.00	151.70	52.15	18.74	33.41	64.07
2011-12	1834.00	183.40	63.05	18.74	44.31	70.28
2012-13	1882.00	188.20	64.70	20.62	44.08	68.13
2013-14	2172.00	217.20	74.67	20.62	54.05	72.39
2014-15	2227.00	222.70	76.56	15.62	60.94	79.60

Source: Finance Accounts, Government of Manipur and information consolidated from the data received from MSRDA, Rural Development and Panchayati Raj (RD&PR) Department.

It is evident from the table above the actual release of fund by the State Government to the PRIs during 2010-15 was lower than that of the recommendation of the Second SFC. The shortfall in actual fund transferred during 2010-15 ranged from 64 to 79 per cent which showed an increasing trend. The reason for short release of funds was not furnished to audit. Such shortfall in fund transfers would impede the development works of the rural areas in the State.

#### 1.8.4 Maintenance of Records

##### 1.8.4.1 Advance Register not maintained

Paragraph 10.2.23 of CPW Accounts Code states that when an advance payment has been authorized by the competent authority, it should be adjusted within three months from the date on which it was made and the grant of a second advance before the first one has been recovered should not be permitted (except in very exceptional circumstances for reasons to be recorded in writing).

Test check (May - October 2014) of records of implementation of programmes under Second State Finance Commission (Compensation and Assignment)

<sup>1</sup> Institutions of local bodies in the five hill districts of the State.

{SSFC(C&A)} during 2014-15 showed that out of the total receipt of ₹ 270.07 lakh by seven PRIs<sup>2</sup> (four GPs and three ZPs), an amount of ₹ 207.61 lakh was paid to the Beneficiary Secretaries as advance for execution of various development works such as construction of community halls, public toilets, urinal shed, waiting shed, marketing shed, crematorium, reading room, etc. The details is given in **Appendix-IV**. The ZPs and GPs did not maintain Advance Register to watch over the progress of the payment made and monitor the execution of these works. Adjustment bills to substantiate the payment made in advance were also not maintained. Work orders indicating stipulated date of completion and agreements to safeguard the interest of the PRI were also not maintained. Records indicating circumstances under which second advance were granted to the Beneficiary Secretaries were also not provided to audit. In absence of the above records, the advance payment to the Beneficiary Secretaries *vis-à-vis* proper execution of the work could not be ensured.

#### **1.8.4.2 Measurement Books were not maintained**

Audit of records (August 2014) of Thoubal ZP showed that installation of hand pumps at an estimated cost of ₹ 1,00,000 each at Sora Maning Leikai near Nupi Madrassa and Sora Awang Maning Leikai near LT area were taken up under the SFC Award. The first payment of ₹ 1,60,000 for the two works was made on 16 April 2013 and final payment of ₹ 40,000 was made on 26 July 2013. It is mandatory that the technical in-charge who prepared Measurement Books (MBs) should indicate the dates of commencement and completion of work in the MB. A Government Servant entrusted for payment of money after carrying out his test check on the correctness of entries in the MB should sign at the end of its extract to accept the responsibility for correctness of the bill as a whole. However, it was observed that no date of commencement and completion of the two works were on records in the extract of the MBs. Also, no counter signature of the competent authority at the end of the extract of the MB was appended. This showed that MBs were prepared without test checking measurement of the works. Also, bills were passed without considering the entries in the MBs. This is indicative of absence of internal control mechanism in the ZP to ensure the correctness of bills and entries in the MBs.

#### **1.8.5 Balances as per Cash Book not reconciled with Bank Pass Book**

Bank Reconciliation is a procedure which aims to reconcile the bank balance as shown in the Cash Book (CB) of the local body with that of the bank balance as per the Bank Pass Book/Statement (BPB) received from the bank.

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<sup>2</sup> Irengband GP, Wabagai GP, Keirak GP, Pallel GP, Imphal West ZP, Bishnupur ZP and Thoubal ZP



However, none of the test-audited GPs and ZPs prepared Bank Reconciliation Statement. Some of the illustrative examples are as under:

- (i) as on 31 December 2012, there was a cash balance of ₹ 22.21 lakh as per BPB though balance as per CB of Pallel GP was ₹ 5.21 lakh which resulted a difference of ₹ 17.00 lakh and
- (ii) as on 31 March 2014, there was a cash balance of ₹ 0.02 lakh as per BPB though balance as per CB of Irengband GP was ₹ 5.96 lakh which resulted in a difference of ₹ 5.94 lakh

Thus, the correctness of cash balances as per Cash Book of all the test-checked PRIs could not be ascertained in the absence of reconciliation of balances with Bank Pass Book.

### **1.8.6 Maintenance of Accounts by PRIs**

Test-check (July 2014 – March 2015) of records of four ZPs and 21 GPs showed that Cash book was the only accounting record maintained by the PRIs. Other basic records such as grants-in-aid register, bill register, advance register, stock receipt and issue register *etc.* were not maintained in any of the test-audited PRIs.

Sections 43 and 73 of MPR Act, 1994 stipulate that the accounts of GPs and ZPs shall be kept in such form and manner as may be prescribed. Authority responsible to certify the accounts of the PRIs was not provided in the Act. The Ministry of Panchayati Raj, Government of India in consultation with the Comptroller and Auditor General of India had prescribed the Model Accounting System (MAS) to be adopted by the PRIs. The State Government also agreed to adopt the system of Accounts in MAS for all the PRIs with effect from April 2013. However, none of the test checked PRIs have adopted the form of Accounts in MAS as of March 2015.

## **1.9 Conclusion**

The State Government is yet to implement the provisions of the MPR Act, 1994 on appointment of officials for discharge of important key functions of the PRIs. There was shortage of manpower and non-transfer/partial transfer of funds and functionaries and as such PRIs were unable to discharge their important functions effectively and efficiently. As Standing committees were not constituted, activities were not carried out in a systematic way. As the District Planning Committees (DPCs) in the four districts were non-functional, draft development plan could not be prepared. The primary auditor (DLFA) is yet to fulfill the terms and conditions of TG&S arrangement. There was shortfall in release of funds to PRIs with respect to the Second State Finance



Commission recommendations. None of the test checked PRIs have adopted the form of Accounts as prescribed in MAS.

### **1.10 Recommendations**

The State Government may consider to:

- Devolve power to PRIs (fund, function and functionaries) as envisaged in the Constitution (Seventy-Third Amendment);
- Ensure that each DPC prepares a draft development plan and forward it for consideration by the government;
- Ensure the PRIs prepare perspective plans for consolidation at district level; and
- Advise the DLFA to fulfil the terms and conditions agreed under TG&S arrangement.

# **CHAPTER-II**

## **Compliance Audit of Panchayati Raj Institutions**

## CHAPTER-II

### COMPLIANCE AUDIT OF PANCHAYATI RAJ INSTITUTIONS

#### RURAL DEVELOPMENT AND PANCHAYATI RAJ DEPARTMENT

#### 2.1 Status of Social Audit on implementation of “Audit of Scheme Rules, 2011” in respect of Mahatma Gandhi National Rural Employment Generation Scheme

##### 2.1.1 Introduction

The Government of India framed a set of rules and regulations titled the “Audit of Scheme Rules – 2011” under Section 24(1) of the MGNREG Act, 2005 for guiding the process by which social audits should be conducted. The following are the broad provisions that need to be complied with by State Governments implementing MGNREGA under the Audit of Scheme Rules - 2011:

- Conduct Social Audit of the works taken up under the Act in every Gram Panchayat at least once in 6 months;
- Identify or establish an independent organization (Social Audit Unit) to facilitate the conduct of social audits by the Gram Sabha;
- Identify, train and deploy resource persons at the Village, Block, District and State level to facilitate conduct of social audits;
- Ensure that the Social Audit is independent of any process undertaken by the implementing agency of MGNREGA and ensure that the latter at no point interfere with the conduct of Social Audit;
- Provide all the records mentioned in the Rules to the Social Audit teams 15 days prior to the conduct of social audit;
- Ensure that the Social Audit is done on the basis of 100 *per cent* verification of all job card holders and worksites;
- Submit a summary of the findings of Social Audits conducted to the C&AG of India; and
- Ensure that follow up action is taken on the findings of the Social Audit.

Audit was conducted during June – July 2015 to evaluate the progress of the implementation of the “Audit of Scheme Rules, 2011” in the State.

## **2.1.2 Audit findings**

### **2.1.2.1 Establishment of Social Audit Unit**

As per Rule 4 of MGNREG Audit of Scheme Rules 2011, the State Government shall identify or establish an independent organisation i.e., Social Audit unit, to facilitate conduct of Social Audit by Gram Sabhas. Accordingly, the State Government established (January 2014) a Social Audit Unit (SAU) namely, the Manipur Social Audit Agency (MSAA) registered under the Manipur Societies Registration Act, 1989 for facilitating Social Audit by the Gram Sabhas. However, no full time Director has been appointed till date. The Joint Secretary, Finance and RD&PR, Government of Manipur is holding the additional charge of Director, MSAA since February 2015. As the Director, MSAA also holds additional charges as Joint Secretary of RD&PR the independence of the SAU as envisaged in the Audit of Scheme Rules 2011 has been diluted.

### **2.1.2.2 Manpower/resource support**

The Social Audit unit shall be responsible to build capacity of Gram Sabhas for conducting Social Audit and to identify, train and deploy from suitable resource person at village, block, districts and State level from primary stakeholders and other Civil Society organizations having knowledge and experience of working for the rights of people. Audit noticed that other than appointment of Director, no manpower/resource persons/consultant as envisaged in the Audit of Scheme Rules 2011 had been appointed. Detailed analysis of manpower requirement of the SAU at State, District and Village level was yet to be made by the Department. The State Government is yet to approve (March 2016) the proposal of the Chairperson of the Executive Committee of MSAA (December 2014) for engagement of two Block level resource persons per district and three to five village level resource persons per village. The manpower position is given in *Appendix-V*.

Due to shortage of manpower, functioning of Social Audit Agency in the State is not effective.

During the Exit Conference, the Director MSAA accepted the audit findings and stated that proposal for recruitment (December 2014) of 11 core staff<sup>3</sup> under MSAA was still pending for approval by the State Government.

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<sup>3</sup> Social Audit expert – 2 staff and District Social Auditor – 9 staff

### 2.1.2.3 Financial position

The Audit of Scheme Rules required that one *per cent*<sup>4</sup> within the six *per cent* permissible limit “Administrative Charges” under MGNREGA is to be transferred to the SAU of the State. As of July 2015, Manipur State Rural Development Agency (MSRDA) transferred only ₹ 55.55 lakh<sup>5</sup> to MSAA during 2013-14 out of ₹ 250.70 lakh due. Thus there was short release of ₹ 195.15<sup>6</sup> lakh. The Social Audit unit had incurred expenditure of ₹ 0.59 lakh on field visit and to attend national training/workshop on Social Audit. The details of fund transferred to SAU and expenditure incurred thereof since promulgation of Audit of Scheme Rules are shown in **Table No. 2.1** below:

**Table No. 2.1: Financial Position**

(₹ in lakh)

Year	Funds received under MGNREGA	Amount due (to be transferred to SAU)	Opening Balance	Funds transferred by state Govt. to SAU	Interest receipt	Total	Expenditure			Balance
							Establishment of SAU and conduct of Social Audit	Other activities	Total	
2011-12										
2012-13										
2013-14	25,070.44	250.70 <sup>#</sup>	-	55.55	1.55	57.10	-	0.59	0.59	56.51
2014-15										

<sup>#</sup> 1 *per cent* within 6 *per cent* of ₹ 25,070.44 lakh.

During the Exit Conference, the Director, MSAA accepted the facts and figures pointed out by Audit and stated that the balance as such was due to non-setting up of fully functional SAU in the State.

### 2.1.2.4 Planning and monitoring

As per Rule 6 of MGNREG Audit of Scheme Rules 2011, SAU is required to prepare Annual calendar at the beginning of the year to conduct at least one Social Audit in each Gram Panchayat every six months. However, the SAU did not prepare any calendar for Social Audit. In the absence of annual calendar, it could not be ascertained in audit whether a fully functional and effective social audit system was in place in the State. The pace of operationalisation of the social audit system has been slow. The pilot social audit was planned to be conducted during June 2015 at Kakching Block with assistance from Ministry of Rural Development. However, the same was not conducted.

During the Exit Conference, the Director, MSAA accepted the audit observation and stated that the pilot Social Audit could not be conducted due

<sup>4</sup> One percent of MGNREGA Fund

<sup>5</sup> Central Share ₹ 50 lakh and State Share ₹ 5.55 lakh

<sup>6</sup> Short Release = ₹ 250.7 lakh - ₹ 55.55 lakh = ₹ 195.15 lakh

to the prevailing law and order situation in the State and stated that the same has been rescheduled for December 2015.

#### **2.1.2.5 Evaluation of Social Audit at District Project Coordinator and Gram Panchayat level**

The Social Audit under the Audit of Scheme Rules 2011 had not commenced in the State as at July 2015. During Exit Conference, the Director, MSAA accepted the audit observation. Thus, the transparency and the accountability as envisaged under MRNREG Act and Rules has been compromised.

#### **2.1.2.6 Role of other agency for support of social audit mechanism**

As per the Rule, State Employment Guarantee Council (SEGC) is responsible for monitoring Social Audit to support social audit mechanism. SEGC during its periodic meeting advised all the DPCs as well as State MGNREGA Cell for regular monitoring of the Social Audit in the State. However, their active involvement for support of social audit mechanism could not be ascertained as field inspection report(s), though called for was not furnished.

Ministry of Rural Development conducts monthly video conference and have engaged a social audit Consultant based at National Institute of Rural Development (NIRD), Hyderabad for effective implementation of social audit in the State. In order to rectify the poor compliance to the provisions of the Scheme Rules 2011, the Ministry has decided to provide technical assistance under special project that will be operational till 2017. Under this, the cost of engaging social audit resource persons at the State and District levels will be reimbursed to the State subject to fully functioning of the SAU as per the rules. This reimbursement is in addition to the fund earmarked for SAU under the scheme. However, recruitment of resource persons (except the Director) has not been made (June 2015).

During the Exit Conference, the Director, MSAA stated that the fully functional SAU in the State depends on the State Cabinet. After the Cabinet's approval, relevant recruitment procedure will be followed to recruit the core staff. It transpires from the reply of the MSAA that SAU has not yet been made fully functional even after two years from its establishment. Thus, grass root level checking of MGNREGA Scheme is not fully established in the State.

#### **2.1.3 Conclusion**

It is clear that even after four years of framing of the Audit of Scheme Rules – 2011, the preliminary stage of establishment of fully functioning SAU is yet to be formalised in the State.

### 2.1.4 Recommendation

Social Audit in the Gram Panchayats and Village Authorities should be implemented effectively in letter and spirit of the guideline of the “MGNREGS Audit of Scheme Rules - 2011”.

## 2.2 Implementation of Mahatma Gandhi National Rural Employment Guarantee Scheme

The objective of Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS) is to enhance livelihood security in rural areas by providing at least 100 days of guaranteed wage employment in a financial year to every household whose adult members volunteer to do unskilled manual work. The major audit findings on implementation of the scheme in the State are as follows:

### 2.2.1 Quality of work compromised

An important objective of MGNREGS as listed in the Act is the creation of durable assets. For this, the guidelines also provide for the maintenance of the assets created under the scheme. Further, as per Paragraph 23.1.2 of CPWD Works Manual 2007, a proper check is needed on deviations in quantities on higher/lower side for each and every item of work. In order to exercise proper check on deviations, following procedures shall be followed:

- Deviations in quantities of individual item upto plus/minus 10 *per cent* of agreement quantities will not need any prior approval of Technical Sanction authority and sanction of deviations is not required.
- Deviations beyond the limit of plus/minus 10 *per cent* should not be made at site without in principle approval of Technical Sanction authority. Once in principle approval is obtained, the total deviations (including initial plus/minus 10 *per cent*) shall be sanctioned by officers as per delegation of powers.

Test check of records (November - December 2014) of three Gram Panchayats viz., Keirang Khomidok, Khurai Chingangbam Leikai and Khurai Konsam Leikai showed that the GPs executed eight numbers of road work and one land development work during August 2013 to March 2014 at an estimated cost of ₹ 86.04 lakh. The estimates were prepared by Technical Assistants of the Gram Panchayat and Technical Sanction of the works were accorded by District Rural Development Agency (DRDA). The details of these works are shown in **Appendix-VI**. The quantity of material utilized in the works were lower than the approved quantity by 16 to 56 *per cent*. However, approval from the competent authority was not obtained for such deviation.

### 2.2.2 Excess Expenditure

Test check of records (July 2014) of Mayeng Lamjao GP showed that the work “Construction of new road with shingling along with three slab culverts and three ring culverts from Tejpur main Inter Village Road (IVR) to Lamjao Maning Khongjao (4.1 Km)” estimated to cost ₹ 85.64 lakh (based on MSR 2009) was taken up during 2011-12 and 2012-13. The work was executed in two stages- the first in December 2011 and the second in February-March 2013 and incurred total expenditure of ₹ 64.03 lakh.

As per the vouchers of materials consumed and record entry in MB No. 1, the work was carried out through mechanical transportation of truckloads of earth and total volume of work carried out was 12,860.16 *cum* along the stretch of 3,645 meter at the rate ₹ 252.865 per *cum*. Hence, the value of work recorded in MB No. 1 worked out to ₹ 32.52 lakh. However, during this stage of work *i.e.* December 2011 and March 2013, only 672 truckloads of earth *i.e.* only 3,803.52 *cum* (672 Nos. of truckload x 5.66 *cum* = 3,803.52 *cum*) was transported indicating that the volume recorded in the MB did not match with the materials (earth) transported. Hence, an excess entry of 9,056.64 *cum* of earthwork was recorded in the MB during the first stage.

Similarly, execution of 9,441.25 *cum* of the above nomenclature was recorded in the MB against which 146 truckloads (*i.e.* 826.36 *cum*) of earth was shown to have been procured/transported resulting in excess entry of 8,614.89 *cum* of earthwork (9,441.25 - 826.36) during the second stage of work *i.e.* during March 2013. As a result, the GP incurred excess expenditure of ₹44.68 lakh {(9,056.64 *cum* x ₹ 252.865) + (8,614.89 *cum* x ₹ 252.865)}.

### 2.2.3 Delay in payment of wages

Under Section 3(3) of MGNREG Act, workers are entitled to be paid on a weekly basis and in any case within a fortnight of the date on which work was done. Further, Paragraph 8.8 of the Operational Guideline 2013 (4<sup>th</sup> Edition) also envisage that in case wages are paid beyond 15 days of work done, compensation as calculated, shall be paid along with wages even without the worker having to file a claim for compensation. As per notification of Ministry of Rural Development dated 24 September 2013 on amendments in Schedule II of the Act, compensation would be at the rate of 1/4<sup>th</sup> of the unpaid wages upto 15 days beyond the 16<sup>th</sup> day of closure of Muster Roll and at the rate of one half of the unpaid wages if the delay is beyond 30 days from the day of closure of Muster Roll. Further, the State Government shall pay the compensation amount after verification and thereafter recover the amount so paid from the functionaries/agencies responsible for delay.



Test check of records (May-November 2014) relating to MGNREGS implemented in five<sup>7</sup> PRIs showed that ₹ 55.41 lakh was spent during August 2011 to February 2014 for execution of 17 works. Further scrutiny showed that payment of wages for the above works to the Job Card holders were delayed ranging from nine days to 115 days for which no compensation was given. The amount of compensation as per notification of Ministry worked out to ₹ 33.27 lakh (*Appendix-VII*).

#### **2.2.4 Abandoned/Unfruitful works**

Creation of durable assets is one of the objectives of MGNREGS (Paragraph 1.2(a) of the operational guideline 2008). Further, as per provisions of MGNREGS it is expected that works would be completed in a timely manner so as to ensure that the benefits are meaningfully received by the local community. The Ministry of Rural Development (MGNREGA Section) in its letter No. J-11060/4/2011-MGNREGA dated 21 January 2011 also instructed that a timeframe for completion of the works should be indicated while obtaining the Technical and Administrative Sanction for the works. Topmost priority should be given in completing the pending works before taking up the new works

Test check of records (July 2014) of five<sup>8</sup> PRIs showed that 41 number of works with an estimated cost of ₹ 728.92 lakh were left incomplete even after 2 to 7 years from the date of commencement while new projects/works were taken up at the discretion of the GP. The total value of work done/expenditure incurred for these 41 works as on August 2014 was ₹ 402.35 lakh leaving the value of work of ₹ 326.57 lakh incomplete. There was also no record to show that the competent authorities took up any action to complete the abandoned projects. In such circumstances, the expenditure of ₹ 402.35 lakh on these works was rendered unfruitful. The details of the works are shown in *Appendix-VIII*. Though the matter was referred to RD&PR, reply has not been received (April 2016).

#### **2.2.5 Procurement of material worth ₹ 208.34 lakh in violation of Financial Rules**

Rules 145 and 146 of General Financial Rules (GFR) envisage that purchases of goods may be made up to a value of ₹ 15,000 on each occasion without rate quotation and above ₹ 15,000 on the recommendation of purchase committee duly constituted for the purpose. The matter has also been spelt out in the Ministry of Rural Development's letter No. J-11060/3/2009-MGNREGA, dated 29 November 2010. Further, Paragraph 7.4.3 of the Operational Guideline 2013 also envisage adhering to the above provisions of GFR in

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<sup>7</sup> Heingang GP, Irengband GP, Imphal East ZP, Imphal West ZP and Thoubal ZP

<sup>8</sup> Pallel GP, Irengband GP, Hiyanglam GP, Wabagai GP and Keirak GP.

letter and spirit failing which disciplinary action shall be taken against officers responsible and State Government will be required to meet these expenses separately as this expenditure would be treated as a liability of the State Government in addition to the liability in accordance with the provision of Section 22 of the MGNREG Act.

Test check of records (May - August 2014) of four Gram Panchayats and two Zilla Parishads showed that materials valuing ₹ 208.34 lakh were purchased without forming purchase committees and floating tender in open market in violation of GFR as indicated in **Table No. 2.2** below:

**Table No. 2.2: Violation of Financial Rules**

(₹ in lakh)

Sl. No.	Name of Gram Panchayat/Zilla Parishad	Value of material purchased
1	Pallel Gram Panchayat	6.93
2	Hiyanglam Gram Panchayat	8.11
3	Wabagai Gram Panchayat	6.88
4	Keirak Gram Panchayat	4.55
5	Imphal West Zilla Parishad	108.91
6	Thoubal Zilla Parishad	72.96
	<b>Total</b>	<b>208.34</b>

### 2.2.6 Wasteful expenditure of ₹ 13.52 lakh on plantation work

Although tree plantation works is permitted in the MGNREGS guidelines, it is essential that the implementing agency has the required technical expertise (selection of right time/season of the year, site, species/varieties *etc.*) or gathers the same from an appropriate source. Further, as per the provision of Forest Manual, the maintenance of plantation works was to be carried out for a period of three years for their upkeep and survival.

Test check of records (July 2014) of Pallel GP showed that the GP executed two works of tree plantation *viz.* (i) Tree plantation cum Horticulture at Mapuilou hill during October 2011 to April 2012 and (ii) Tree plantation at Sekmai River bank with retaining wall during March 2013 incurring an expenditure of ₹13.52 lakh (₹ 5.12 lakh plus ₹ 8.40 lakh). As per progress as on 31 March 2014 of MGNREGS works, these plantation works were stated to have been completed. However, the GPs could not produce relevant records on maintenance of the tree saplings for their survival during the past three years.

During a joint physical verification conducted in July 2014, there was no trace of the trees planted. Thus, expenditure to the tune of ₹ 13.52 lakh was wasteful.

### 2.2.7 Excess expenditure

The work “Construction of road with singling on left side of Terapishak Khongnangkong to Thoubalkhong” was taken up by Hiyanglam GP under MGNREGS during 2012-13 and 2013-14 incurring a total expenditure of ₹ 59.15 lakh.

Audit scrutiny of MB No. 02051246 showed that for execution of earthwork in rough excavation banking excavated earth; depression and lift upto 1.5 m (Hard/dense soil) without roller, ₹ 47.11 lakh was paid for excavation of 18,632 cum of earth (hard/dense soil) at the rate of ₹ 252.865 per cum. Rate analysis of the unit rate (i.e. ₹ 252.865) was inclusive of basic rate (₹ 74.205), mechanical transportation of 5 km (₹ 130.19) and head load (₹ 48.47). As the Manipur Schedule of Rates (MSR) for mechanical transportation was inclusive of loading and unloading (head load) the GP incurred an excess expenditure of ₹ 9.03 lakh (₹ 48.47 x 18,632 cum).

Similarly in 2012-13 and 2013-14 another work “Construction of pucca drain on both side of Hiyanglam Waikhong Leikai from main road to Oinam Loubuk Jai Konung and Khomeimatontaba” estimated to cost ₹ 63.34 lakh (MSR 2011) was executed for ₹ 59.43 lakh. The unit rate for execution of 2<sup>nd</sup> class brick work in foundation and plinth in cement mortar 1:3 was inflated by ₹ 1142.105 per cum. As per the estimate and technical sanction, the unit rate adopted was ₹ 6637.395 per cum. However, as per MB, payment for execution of 563.237 cum was made at the rate of ₹ 7779.5 per cum. Rate analysis or any other justification for excess unit rate was not provided to Audit. As a result, the GP incurred excess expenditure of ₹ 6.43 lakh (₹ 1142.105 per cum x 563.237 cum).

Thus, the GP incurred an excess expenditure of ₹ 15.46 lakh (₹ 9.03 lakh plus ₹ 6.43 lakh) in excess due to inflation of unit rates.

### 2.2.8 Diversion of Scheme fund

Paragraph 6.2 and 6.8 of the Operational Guideline 2008 for implementation of MGNREGS envisaged that the cost of tools and implements may be booked under material component of the project and the expenditure on worksite facilities will be separately recorded and will not be included as part of the work measurement. Further administrative expenses to a maximum of six *per cent* of total cost of expenditure was also allowed by Ministry of Rural Development, Government of India vide letter No. 28012/3/05-06-NREGA dated 30 March 2007.

Test check of records (May 2014) of Imphal West ZP showed that various MGNREGS works were taken up during 2011-14 under 25 *per cent* ZP share.

The estimates of these works were framed with a provision of three *per cent* contingency of the total estimated value of the work to meet the unforeseen expenditure that may crop up while executing the work. Accordingly, administrative approval and expenditure sanction of the total estimated cost (including three *per cent* contingency) was accorded by Executive Director/District Programme Coordinator, MGNREGS Imphal West.

Scrutiny of the bills, vouchers and details of other contingent expenditure showed that the ZP utilized ₹ 94.85 lakh during 2011-14 from the stated three *per cent* contingency for procurement of items like stationery, mineral water, medicine, sign board, hardware items and other worksite facilities which are not contingent to the work executed and could have been borne from six *per cent* administrative charges. It may be noted that the admissible six *per cent* administrative expenses were already deducted at District Rural Development Agency (DRDA) level out of the total fund received for the district as a whole and the amount received by the ZP was for work component only. There was also no record that the ZP made any proposal to the DRDA, Imphal West for additional grant to meet these administrative expenses.

Thus, due to provision of contingency and inflation of estimate to that extent, the ZP incurred inadmissible expenditure of ₹ 94.85 lakh on contingency resulting in diversion of fund to that extent.

## **2.3 Second State Finance Commission Award to PRIs**

### **2.3.1 Suspected misappropriation of fund**

Test check of records (December 2014) of Khurai Konsam Leikai GP showed that the GP took up the work “Construction of Panchayat Ghar” with an estimated cost of ₹ 3.00 lakh out of the Second State Finance Commission Award (Compensation and Assignment) (SSFC C&A). The work was taken up by the Beneficiary Secretary<sup>9</sup> vide work order dated 6 June 2010 and completed in all respect on 30 December 2012 with the value of work done being ₹ 3.01 lakh (as per MB). It was further noticed that the same work (Construction of Panchayat Ghar) with a new estimate of ₹ 6.28 lakh was taken up again during May 2013 with the value of work done being ₹ 6.28 lakh (as per MB). There was no recorded reason as to why the same work was taken up repeatedly. It was also noticed that technical sanction of the competent authority for both the estimates were not accorded. Further there was no record of the work programme duly approved by the competent authority. Further scrutiny of the Cash Book showed that during the period

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<sup>9</sup> Beneficiary Secretary is the Secretary of the agency responsible for the implementation of the works of the schemes.

from July 2011 to Sept 2014, a total of ₹ 17.62 lakh was disbursed for the purpose of Construction of Panchayat Ghar as shown in **Table No. 2.3** below:

**Table No. 2.3: Repetition of work**

Sl. No.	Date of payment	Amount paid (in ₹)	Whom paid and Purpose	Cash Book reference
1	12-07-2011	2,40,000	Paid to Beneficiary Secy L Ibomcha for Construction of Panchayat Ghar	p/9
2	25-06-2012	4,50,860	Paid to W Rajen Beneficiary Secy for Construction of Panchayat Ghar	p/10
3	19-10-2012	1,12,700	Paid to W Rajen Beneficiary Secy for Construction of Panchayat Ghar	p/2 of new cash book
4	02-05-2013	4,95,842	Paid to W Rajen Beneficiary Secy for Construction of Panchayat Ghar	p/3 of new cash book
5	16-09-2014	4,62,868	Paid to W Rajen Beneficiary Secy for Construction of Panchayat Ghar	p/6 of new cash book
<b>Total</b>		<b>17,62,270</b>		

The GP could not furnish records such as Muster Roll, APRs, estimates, agreements, work order or vouchers etc., to substantiate the payments of ₹ 10.26 lakh (Sl. No. 2, 3 & 5 above). Considering the circumstances under which repetitive payments were made for same purpose coupled with the non-furnishing of relevant records by the GPs, the possibility of misappropriation of ₹ 10.26 lakh could not be ruled out.

Similarly, in respect of Khurai Laishram Leikai GP, the work “Construction of Panchayat Ghar” estimated to cost ₹ 6.80 lakh (as per work order) was taken up during June 2013. However, there was no record to indicate that the estimates were financially sound and technically feasible in all respect. As per Cash Book, ₹ 9.60 lakh was disbursed to the Beneficiary Secretary during the period from May 2011 to November 2013 as shown in **Table No. 2.4** below:

**Table No. 2.4: Repetition of work**

Sl. No.	Date	Amount (₹)	Paid to and purpose
1	03-05-2011	2,40,000	S Dabalo for Construction of Panchayat Ghar
2	27-07-2011	40,000	S Dabalo for Construction of Panchayat Ghar
3	27-04-2013	5,43,807	Y Jiten Singh for Construction of Panchayat Ghar
4	20-11-2013	1,35,950	Y Jiten Singh for Construction of Panchayat Ghar
<b>Total</b>		<b>9,59,757</b>	

Relevant records such as work order, Muster Rolls, estimate, MBs, bills and vouchers for the payments of ₹ 2.80 lakh (Sl. No. 1 and 2 above) were not furnished to Audit. Thus, the possibility of misappropriation of ₹ 2.80 lakh could not be ruled out.

### 2.3.2 Execution of works without framing detailed estimate

Rule 129 of the GFR stated that no works shall be commenced or liability incurred in connection with it until: (i) Administrative approval has been obtained from the appropriate authority in each case; (ii) Sanction to incur expenditure has been obtained from the competent authority; (iii) A properly detailed design has been sanctioned; (iv) Estimates containing the detailed specifications and quantities of various items have been prepared on the basis of the Schedule of Rates maintained by CPWD or other Public Works Organisations and sanctioned; (v) Funds to cover the charge during the year have been provided by competent authority; and (vi) Work Order issued.

Test check (July 2014 to January 2015) of record showed that six GPs<sup>10</sup> took up various development works from the grant of SSFC (C&A) Award. The works comprised construction of community hall, hand pump, public toilet, crematorium, waiting shed, reading room, bazaar shed, slab culvert, wooden bridge *etc.* as shown in **Table No. 2.5** below:

**Table No. 2.5: Works without framing detailed estimate**

Sl. No.	Name of the GP	Purpose	Fund received and Date	Date of payment	Amount paid (₹)
1	Hiyanglam GP	8 items of work namely construction of reading room, bazaar shed, waiting shed, slab culvert, wooden bridge, <i>etc.</i>	₹ 11,05,265 on 30.05.2012	04.06.2012	4,42,100
				06.06.2012	2,21,000
				04.08.2012	3,62,159
<b>Sub Total</b>					<b>10,25,259</b>
2	Wabagai GP	10 items of work, namely construction of community hall, bazaar shed, waiting shed, crematorium, wooden bridge, <i>etc.</i>	₹ 16,77,224 on 21.09.10	22.09.2010	6,70,890
				04.10.2010	3,35,445
				03.11.2010	3,35,445
				25.01.2011	2,32,000
				07.05.2011	1,03,444
<b>Sub Total</b>					<b>16,77,224</b>
3	Irengband GP	8 items of work namely construction of community hall, hand pump, public toilet, crematorium, waiting shed, <i>etc.</i>	₹ 11,45,101 on 12.04.13	20.04.2013	5,72,500
				30.04.2013	3,43,500
				15.07.2013	80,000
				27.07.2013	20,000
				04.09.2013	20,000
				04.02.2014	1,09,101
<b>Sub total</b>					<b>11,45,101</b>
4	Keirak GP	9 items of work, namely- construction of market shed, waiting shed, crematorium, wooden bridge, <i>etc.</i>	₹ 9,54,135 on 30.05.12	05.06.2012	3,81,650
				03.07.2012	1,90,826
				08.09.2012	3,81,659
<b>Sub total</b>					<b>9,54,135</b>
5	Moirangkampu GP	Construction of public latrine near Moirangkampu market shed	₹6,79,165 on 16.06.2012		1,50,000
		Construction of stair case of public pond at Moirangkampu Awang Leikai			2,00,000
<b>Sub total</b>					<b>3,50,000</b>

<sup>10</sup> Hiyanglam GP, Wabagai GP, Irengband GP, Keirak GP, Moirangkampu GP and Waiton GP

Sl. No.	Name of the GP	Purpose	Fund received and Date	Date of payment	Amount paid (₹)
6	Waiton GP	Construction of community hall at Pangei Nepali	₹10,24,729 on 15.09.2010	05.10.2010	8,19,700
		construction of community hall at Waiton Mayai Leikai		06.11.2010	2,04,900
		construction of club building at Pangei Meitei			
		construction of 6 Nos of tube wells at Pangei			
<b>Sub total</b>					<b>10,24,600</b>
<b>Grand Total</b>					<b>61,76,319</b>

It was noticed that the GPs neither prepared detailed estimate nor obtained technical sanction for the works to ascertain that the works were technically sound and financially feasible. In the absence of work estimates, audit could not assess whether the work executed was commensurate with the expenditure of ₹ 61.76 lakh.

## 2.4 Central Finance Commission Awards

### 2.4.1 Execution of works without framing detailed estimate

As per paragraph No. 7.2 of CPWD Works Manual 2007 the Measurement Book (MB) is the basis of all accounts of quantities whether of work done by the contractors or by labourers employed departmentally, or materials received. It should be so written that the transactions are readily traceable. This book should be maintained very carefully and accurately as it may have to be produced as evidence in a court of law, if and when required.

Test check (October-November 2014) of record of four PRIs<sup>11</sup> showed that the GPs took up various development works out of the grant of 13<sup>th</sup> FC Award. The works comprised construction of community hall, hand pump, public toilet, crematorium, waiting shed, reading room, bazaar shed, slab culvert, wooden bridge *etc.* However, the PRIs neither prepared detailed estimate nor obtained technical sanction for five works costing ₹ 52.09 lakh to ascertain that the works were technically sound and financially feasible. As on date of audit (October 2014) ₹ 48 lakh was paid for the works. The details are shown in **Table No. 2.6** below:

<sup>11</sup>Imphal East ZP, Bishnupur ZP, Heingang GP and Khurai Lairikyengbam GP



**Table No. 2.6: Works taken up without framing detail estimate**

Sl. No.	Name of the PRI	Purpose	Fund received and date	Date of payment	Amount paid (₹)
1	Imphal East ZP	19 development works such as expansion and deepening of pond, construction of community toilet, construction of sanitary drain, etc.	₹ 27,81,529 on 18.02.14	04.03.14	12,74,995
				05.03.14	7,65,000
				March 2014	5,10,005
2	Bishnupur ZP	11 items of work namely construction of public tank, public pond, etc.	₹ 19,66,038 on 18.02.14	18.02.14 and during March 2014	18,80,780
4	Heingang GP	Construction of community pond at Heingang Chingya	₹ 3,05,786 on 22.03.13	28.3.13 and 21.6.13	2,13,957
5	Lairikyengbam Leikai GP	5 construction works such as repairing of community water pond at Lairikyengbam Awang Leikai, etc.	₹ 1,55,430 on 04.09.09	29.09.09 and 29.10.09	1,55,400
<b>Total</b>			<b>₹ 52,08,783</b>		<b>48,00,137</b>

In the absence of work estimates, audit could not assess whether the executed works were commensurate with the funds allocated/expenditure incurred. Further, the relevant MBs (except Bishnupur ZP) which form the basis of value of the work done were not prepared. This indicates that the payments made for each work were not verified and justified with the technical aspects of the works. Thus, the programmes under the 13<sup>th</sup> FC Award were implemented without compliance to the provision of CPWD Works Manual.

#### 2.4.2 Payment of advance without immediate requirement

As per Rule 290 of the Central Treasury Rule, no money shall be drawn from the Treasury/Bank unless it is required for immediate disbursement. It is not permissible to draw money from the Treasury/Bank in anticipation of demand so as to prevent the lapse of budget grant.

Test check (July 2014) of records of Mayeng Lamjao GP showed that two works namely “Construction of Solid Waste Tank at Lamjao Mayai Leikai” (at the cost of ₹ 0.23 lakh) and “Construction of Pucca Drain at Lamjao Makha Leikai” (at the cost of ₹ 2.42 lakh) were taken up out of the 13<sup>th</sup> FC grant for the year 2011-12. For execution of these works, the GP made advance payment of ₹ 1.59 lakh on 26 May 2011 (cheque No. 323644) to the Beneficiary Secretaries. However, the relevant MBs of the works shows that the construction of Solid Waste Tank work was started on 1 January 2013 and completed on 14 January 2013 while the drainage work was started on 1 December 2012 and completed on 29 December 2012. There was also no recorded reason as to why the advance payment was made more than a year



before the works were actually started. Drawal of ₹ 1.59 lakh in advance of more than one year of its actual requirement was in violation of provision *ibid*.

## **2.5 Irregularities in the implementation of programmes (under devolution of power to PRIs)**

With the continued fragmentation of agricultural lands in the State, farmers without agricultural fields are emerging though they have fallow un-cultivated lands. To tackle this situation and to ensure that each of the families has some agriculture field to cultivate, Centrally Sponsored Scheme like Integrated Watershed Development Programme (IWDP), Watershed Development Project in Shifting Cultivation Areas (WDPSCA), *etc.*, are being implemented in the State. To supplement the effort under the Centrally Sponsored Scheme, the State Government introduced the scheme “Assistance to Small and Marginal Farmers for increasing Agricultural Productions” under the State Plan.

As per the guideline, unit project cost of cultivation shall be fixed at ₹ 50,000 per hectare, 50 *per cent* of which shall be provided by the State Government and remaining 50 *per cent* shall be contributed by the beneficiaries. One project will cover 5 to 15 hectare in compact area and in cluster which shall be identified on need basis. The scheme will include construction of new agriculture fields in virgin land or by way of re-construction of fields which were destroyed by flood, landslides and other forms of natural calamities.

Test check (May – November 2014) of records of four Zilla Parishads<sup>12</sup> showed that during 2013-14, the Department of Horticulture and Soil Conservation allocated ₹ 24 lakh (₹ 6 lakh to each ZP) for implementation of the scheme “Assistance to Small and Marginal Farmers for increasing Agricultural Productions” under devolution of power to PRIs. Audit scrutiny showed the following irregularities.

### **2.5.1 Irregular selection of beneficiaries**

Beneficiary selection is the most crucial step for the successful implementation of all schemes and programmes. It requires awareness of the situation and needs for each location so that the target groups are least affected or not skipped from the benefits of the scheme. A transparent process in beneficiary selection is vital to the success of the schemes and programmes.

Test check (May - October 2014) of records of Imphal West and Bishnupur ZPs showed that four (out of 12) beneficiaries in respect of Imphal West ZP who did not have details of the land owned by them were selected for the scheme and were awarded ₹ 50,000 each. In respect of Bishnupur ZP, it was

<sup>12</sup> Imphal East ZP, Imphal West ZP, Thoubal ZP and Bishnupur ZP

noticed that an amount of ₹ 6 lakh was paid (February 2014) for construction of bench terraces at three places for which information/documents regarding the owner of the land/awardees of the scheme was not available. Record showing invitation of application through wide publication (print or electronic media) for selection of the intended beneficiaries and documents to support the 50 per cent beneficiary contribution in both the ZPs were also not available. Therefore, transparency in implementation of the scheme and selection of beneficiaries was not evident from the records.

### **2.5.2 Lack of Monitoring and Evaluation**

As per the guideline, monitoring and evaluation of the scheme will be done by a departmental committee consisting of a Chairman (Director of Horticulture and Soil Conservation), Member (Joint Director, Soil Conservation) and Member Secretary (Additional Director, Horticulture). The Committee shall inspect the project site at least thrice i.e., before the commencement of the project, during execution of the project and after completion of the project and submit report to the authority.

However, no such reports were found in any of the ZPs. Thus, the scheme was implemented without having proper mechanism in place to monitor, evaluate and report the overall achievements to the stakeholders.

### **2.5.3 Irregularities in implementation of IREP**

The Imphal West ZP received 2106 Nos. of Light Emitting Diode (LED) Lamps in kind (April 2013) from Directorate of Science and Technology, Government of Manipur for implementation of Integrated Rural Energy Programme (IREP). The scheme was taken up under devolution of power to PRIs. As per guideline, the beneficiaries were to be selected through Gram Sabha and a beneficiary contribution of ₹ 25 per beneficiary was to be collected to meet the miscellaneous expenditure such as transportation, distribution *etc.*

As per the circular dated 9 May 2013, the LED lamps were to be distributed to the selected beneficiaries on 13 May 2013 in presence of ZP members and Pradhans. As per distribution register, 2106 lamps were received by the 14 members of the Zilla Parishad Constituencies (ZPC) for further distribution to the beneficiaries. Further scrutiny showed that the ZP members had distributed only 1895 Nos. of lamps to the beneficiaries leaving a balance of 211 Nos. (2106 – 1895) of lamps as on May 2014. There was no recorded reason as to why LED Lamps meant for distribution to beneficiaries were received by the ZP members and retention of 211 numbers of undistributed lamps.

There was also no record to show that the beneficiary contribution of ₹ 52,650 (₹ 25 x 2106 beneficiary) was collected by the office to meet the

transportation and other charges. However, ₹ 10,000 was drawn from the ZP's account for the scheme to meet the transportation charges.

## **2.6 Conclusion**

Implementation of MGNREGS failed to create durable assets. There was fund leakages in the form of excess expenditure, abandoned/unfruitful works, wasteful expenditure, suspected misappropriation etc. Job card holders were deprived in the form of delay in payment of wages and expenditure on material component without corresponding payment on wages. State Finance Commission Awards and Central Finance Commission Awards were beset with financial irregularities which resulted in leakage of funds. Documentation to support utilisation of funds was deficient.

## **2.7 Recommendations**

The Government may consider to ensure:

- Guidelines of the Schemes and recommendations of Finance Commissions are adhered to in letter and spirit;
- Maintenance of proper records for execution of works; and
- Close monitoring of works executed under MGNREGS and Finance Commission Awards to prevent leakage of funds.

**Part - B**  
**Urban Local Bodies**

# **CHAPTER-III**

**An overview of the functioning, accountability mechanism and financial reporting of Urban Local Bodies**

## CHAPTER- III

### An overview of the functioning of the Urban Local Bodies

#### 3.1 Introduction

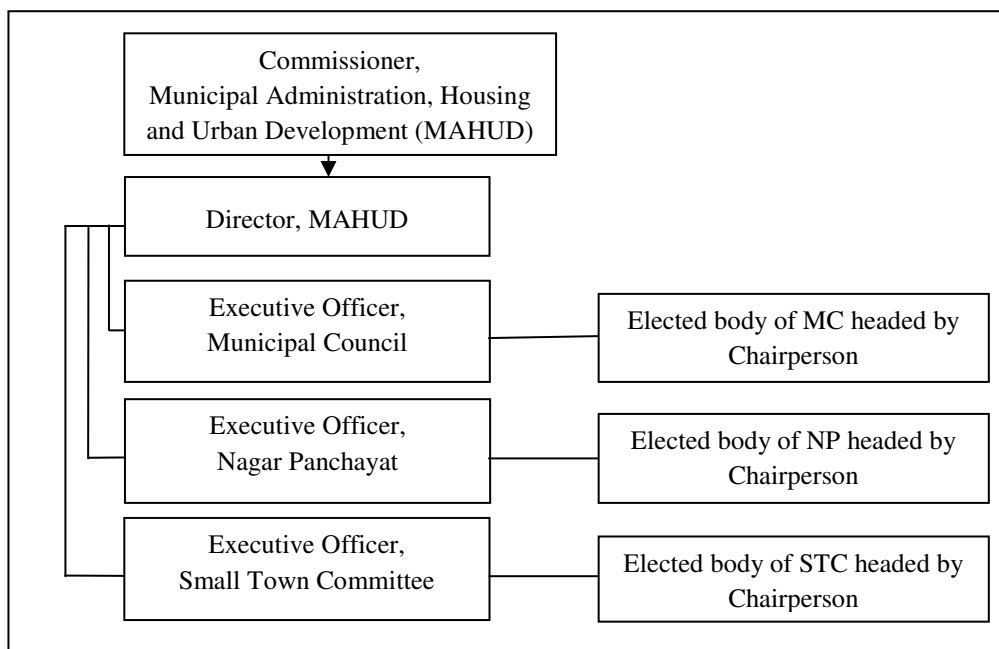
The Constitution of India (Seventy-Fourth Amendment Act, 1992) empowered Urban Local Bodies (ULBs) to function as Local Self-Government and to deliver services for economic development and social justice more effectively with regard to the 18 Subjects listed in the XII<sup>th</sup> Schedule of the Constitution of India. The ULBs are spread out in the four valley districts of the State. The urban population of the State as per 2011 Census is 8.35 lakh which is 32 *per cent* of the total population of the State.

In the State, there were nine Municipal Councils (MCs), 18 Nagar Panchayats (NPs) and one Small Town Committee (STC) as on 31 March 2015. Imphal MC having an area of 31 sq. km. with a population of 2.65 lakh (2011 Census) is the largest and the most populous among the MCs. The smallest NP is Sekmai with an area of one sq. km. Each ULB is governed by the Manipur Municipalities Act (MMA), 1994 which specify the obligatory and discretionary functions to be discharged by these ULBs. The said Act empowers ULBs to function as institution of Local Self-Government in delivering social and economic development in urban areas.

#### 3.2 Organization setup of Urban Local Bodies

The following organogram depicts the organizational setup at State level and Local Body level with linkage between administrative setup and elected body:

### Urban Local Bodies



**3.2.1** The broad details of responsibilities of functionaries are given in **Table No. 3.1** below:

**Table No. 3.1: Details of responsibilities of functionaries**

Authority	Responsibilities
Municipal Administration, Housing & Urban Development Department (MAHUD).	Overall administration and monitoring of ULBs.
Small Town Committee/Nagar Panchayat/Municipal Council (elected body)	Preparation of Plans for economic development and social justice.
Executive Officer	Monitoring of financial, executive and administrative functions of STC/NP/MC and performing all duties imposed or conferred upon him under the Manipur Municipalities Act.

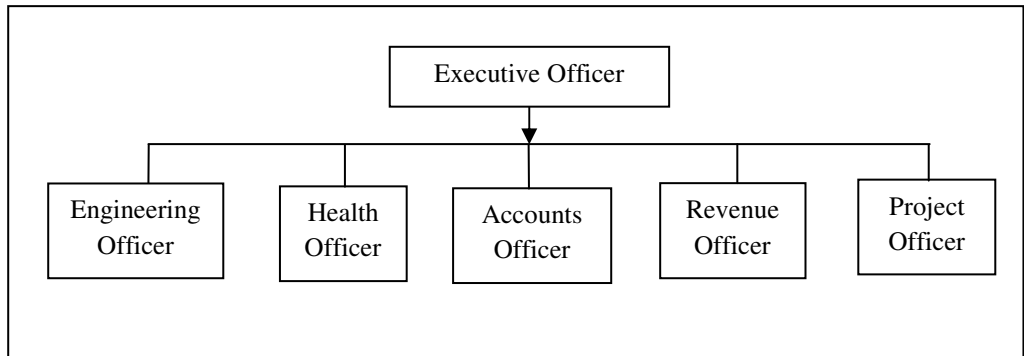
### **3.3 Functioning of Urban Local Bodies**

All the ULBs have a body comprising Councillors elected by the people under their respective jurisdictions. The Chairperson elected by the majority of Councillors presides over the meetings of the MC/NP/STC and is responsible for the governance of the bodies (MC/NP/STC).

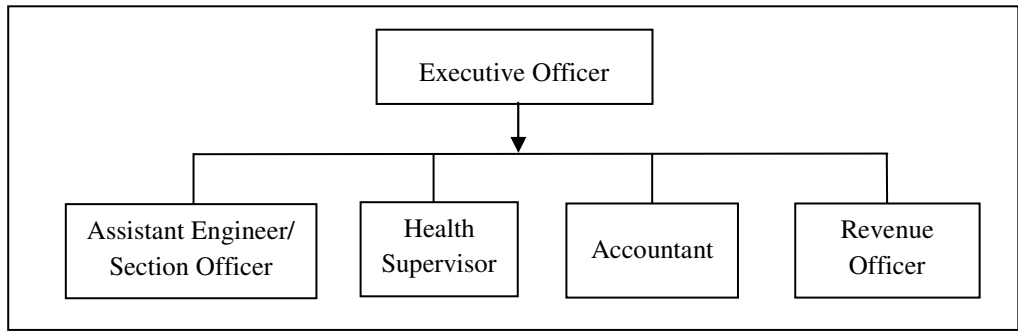
The Executive Officer (EO) appointed by the State Government is a whole time Principal EO of the body for administrative control of a ULB. Other officers are also appointed to exercise such powers and perform such functions

as notified by the State Government from time to time. The Executive setup of the ULBs is depicted in the following organograms:

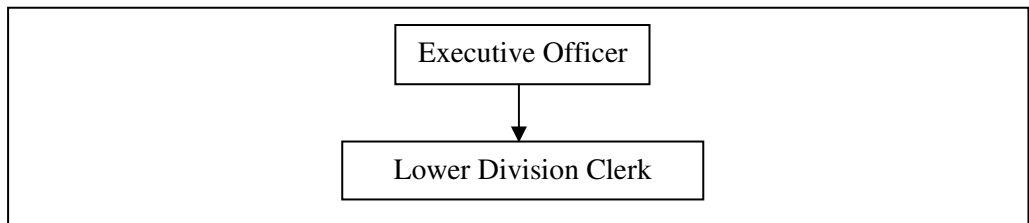
**Executive Setup of Imphal Municipal Council**



**Executive Setup of other Municipal Councils**



**Executive Setup of Nagar Panchayats/Small Town Committee**



Source: Compiled from the list of staff-strength furnished by ULBs

**3.4 Transfer of Funds, Functions and Functionaries to ULBs**

The Constitution of India (Seventy-Fourth Amendment Act, 1992) provides for devolution of powers and responsibilities with respect to preparation of plans and programmes for economic development and social justice relating to 18 subjects for Municipalities listed in the XII<sup>th</sup> Schedule of the Constitution of India. The Directorate of MAHUD, Government of Manipur intimated



(September 2014) that out of 18 functions, seven functions<sup>13</sup> are being performed by ULBs.

### **3.5 Formation of various committees**

Section 56 of the MMA, 1994 provides for constitution of committee called “Standing Committee” in each NP or Council to assist it in the discharge of any specific duties devolved upon it under this Act. Each Committee shall consist of Councillors as members. The status of constitution of Standing Committee has been called for from the Department (MAHUD) during September 2015. However, the reply is still awaited (April 2016).

### **3.6 Annual action plan**

As per Section 227(6) of the Manipur Municipality Act 1994, District Planning Committee (headed by the Deputy Commissioner of the district as Chairman) shall consolidate the plan prepared by GP, ZP, NP & MC and prepare a draft development plan titled Annual Action Plan (AAP) for the district as a whole and submit to the Government. The main purpose of preparing such plan is to avoid plurality in planning on various development issues.

During audit, it was observed that no such action plan was prepared in any of the test-checked ULBs. Also, in the absence of AAP, the overall district plan could not emerge. Preparation of AAP by ULBs and their consolidation along with the plans of the PRIs is crucial to ensure incorporation of local needs and wants in the development process. In the absence of planning, the element of popular participation was compromised. Though the issue was brought to the notice of the State Government in the ATIR for the Year ended 31 March 2014, no appropriate action has been taken as yet to ensure compliance with the provision of the Act *ibid*.

### **3.7 Audit arrangement**

#### **3.7.1 Primary Auditor**

Under Section 72(1) of the MMA, 1994 the DLFA is the primary auditor for ULBs and conducts audit of accounts of MCs, NPs and STC. Under Technical Guidance & Support (TG&S) arrangement, the DLFA needs to forward the Annual Audit Plan to the Principal Accountant General (Audit) (PAG), Manipur. The PAG would select some of the Inspection Reports (IRs) of the DLFA on the audit of the ULBs for review and make suggestion for

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<sup>13</sup> 1. Regulation of Land Use and Construction of Buildings, 2. Solid Waste Management and Sanitation, 3. Urban Poverty Alleviation, 4. Cattle Pounds, 5. Regulation of Slaughter Houses and Tanneries, 6. Registration of Birth and Death Certificates and 7. Slum Improvement and Upgradation.

improvement of existing system being followed by DLFA. Further the DLFA has to prepare Audit Report on PRIs and ULBs for placing before the State Legislature as recommended by the 13<sup>th</sup> Finance Commission (FC).

In October 2015, DLFA stated that the audit of accounts of 21 units out of 28 ULBs was conducted during the year 2014-15 but none of the IRs were forwarded to the office of the PAG (Audit), Manipur. The Director further stated that no Audit report for any period was compiled as there was no such order of the Government to do so. The DLFA also did not prepare and submit Annual Audit Plan 2014-15 to the office of PAG (Audit), Manipur. Therefore, the PAG (Audit) could neither examine the Annual Audit Plan nor review the IRs of the DLFA with a view to make suggestions for improvement under TG&S arrangement.

### 3.7.2 Audit by Comptroller and Auditor General of India

The PAG (Audit), Manipur conducts the audit of the accounts of ULBs under Section 20(1) of the CAG's (DPC) Act, 1971. The State Government had entrusted audit of ULBs to the Comptroller and Auditor General of India under TG&S arrangements in pursuance of the recommendations of the 13<sup>th</sup> FC. However, necessary amendment in the relevant State Acts/Rules to facilitate implementation of terms and conditions of TG&S is yet to be carried out by the Government. During 2014-15, PAG (Audit), Manipur test checked the accounts of eight ULBs and the findings have been incorporated in this report.

### 3.8 Response to Audit observations

The position of IRs and outstanding paragraphs yet to be settled at the end of each year for the period from 2010-11 to 2014-15 is shown in **Table No. 3.2** below:

**Table No. 3.2: Details of IRs and outstanding paragraphs in respect of ULBs**

Year	IRs	Paragraphs	Money Value(₹ in lakh)
2010-11	5	52	268.58
2011-12	7	17	0.00
2012-13	11	51	29.71
2013-14	10	105	353.80
2014-15	7	70	379.83
<b>Total</b>	<b>40</b>	<b>295</b>	<b>1031.92</b>

As evident in the above table, 295 paragraphs of 40 IRs with money value of ₹ 1031.92 lakh during the last five years were yet to be settled.

## Accountability Mechanism and Financial Reporting Issues

### 3.9 Accountability mechanism

#### 3.9.1 Ombudsman

The 13<sup>th</sup> FC recommended the constitution of a Local Body Ombudsman to look into the complaints of corruption and maladministration against the functionaries of local bodies – both elected representatives and officials and to recommend suitable action. This requires enactment of legislation and its notification.

Information regarding the constitution of a Local Body Ombudsman of ULBs in the State was sought from Secretary, MAHUD, Government of Manipur. However, no reply was furnished by the Department (April 2016).

#### 3.9.2 Social Audit

Information regarding the Social Audit of ULBs and its functioning in the State was sought from Secretary, MAHUD, Government of Manipur. However, no reply was furnished by the Department (April 2016).

#### 3.9.3 Lok Ayukta

The 13<sup>th</sup> FC recommended that where all or a class of elected representatives or officials fall under the jurisdiction of the Lok Ayukta of the State, the States may decide whether those functionaries should be shifted to the Ombudsman or to continue under the jurisdiction of the Lok Ayukta.

Information regarding Lok Ayukta jurisdiction over functionaries of ULBs in the State was sought from Secretary, MAHUD, Government of Manipur. However, no reply was furnished by the Department (April 2016).

#### 3.9.4 Property Tax Board

Property Tax Board is to assist all Municipalities and Municipal Corporations in the State to put in place an independent and transparent procedure for assessing property tax. Information regarding the status of Property Tax Board in the State was sought from Secretary, MAHUD, Government of Manipur. However, no reply was furnished by the Department (April 2016).

#### 3.9.5 Service Level Benchmark

As per recommendation and guideline of 13<sup>th</sup> FC, the State Government must gradually put in place standards for delivery of all essential services provided by local bodies (Paragraph 10.161, viii) through 15 key performance indicators (*Appendix-IX*). The State Government must notify or cause all the

Municipalities to notify by the end of a fiscal year (31 March) the service standards of four service sectors proposed to be achieved by them by the end of the succeeding fiscal year.

Test check (September 2014) of records of Imphal Municipal Council (IMC) showed that the service of water supply and sewerage was stated to have been undertaken by Public Health Engineering Department (PHED) and Solid Waste Management and Storm Water Drainage was undertaken by Imphal Municipal Council. However, the notification of the State Government highlighting the various standards to be achieved by the ULBs were not available in the records furnished to Audit. The 15 indicators as per Handbook of Ministry of Urban Development and their target and achievement by IMC in respect of Solid Waste Management during 2013-14 are shown in *Appendix-IX*. The benchmark, target and achievement on monitoring of the solid waste management (Sl. No. 10 to 15) was not done. Further, the basis on which the percentage of current level/achievement against the benchmark was arrived at during 2013-14 (Sl. No. 1 to 8) could not be ascertained.

### **3.9.6 Submission of Utilisation Certificates**

Information regarding the submission of Utilization Certificate in respect of schemes implemented by the ULBs was sought from Secretary, MAHUD, Government of Manipur. However, no reply was furnished by the Department (April 2016).

### **3.9.7 Internal Audit and Internal Control System of ULBs**

As per Section 72(2) of the MMA, 1994, every municipality shall maintain such accounts for every financial year in such forms as may be prescribed and submit such statement to the Deputy Commissioner, the Director and the State Government and such accounts shall be audited by the DLFA of the Government of Manipur in such manner as may be prescribed. The Act *ibid* is however silent about internal audit in ULBs.

Efficient functioning of ULBs depends on proper internal control mechanism. Proper internal control mechanism provides assurance about the proper maintenance of records and regulates the implementation of various schemes/programmes. Audit noticed that in the absence of internal audit, there was no internal control mechanism in the PRIs. Though the matter was referred to the State Government, no reply was furnished (April 2016).

### 3.10 Financial reporting issues

#### 3.10.1 Source of Funds

The finances of the ULBs comprise own sources, grants and assistance from Government of India (GoI) and State Government. Sections 74 and 75 of the MM Act, 1994, empower the ULBs, being the Local Self-Government, to impose taxes and collect fees for various services rendered by them. The grants/assistance released to ULBs by the State and Central Government and their own sources of revenue during 2010-11 to 2014-15 are shown in **Table No. 3.3** below:

**Table No. 3.3: Time series data of resources of ULBs**

(₹ in crore)					
Source of Fund	2010-11	2011-12	2012-13	2013-14	2014-15
GoI/State grants for Centrally Sponsored Schemes	15.14	36.20	21.46	5.94	13.58
Central Finance Commission	3.81	3.72	4.82	5.91	10.85
State Finance Commission	11.25	Nil	11.25	11.25	24.19
Salaries/Honorariums/Hiring of Staff and Building	4.94	6.07	12.97	11.14	13.92
Own Revenue	Not available	Not available	2.07	1.80	Not available
<b>Total</b>	<b>35.14</b>	<b>45.99</b>	<b>52.57</b>	<b>36.04</b>	<b>62.54</b>

Source: Compiled from the records furnished by MAHUD Department.

#### 3.10.2 Recommendations of the State Finance Commission (SFC)

The Constitution (Seventy-Third Amendment and Seventy-Fourth Amendments) Act mandated the constitution of State Finance Commission (SFC) every five years to determine sharing of revenue between the State and local bodies. As of March 2015, three State Finance Commissions were constituted in the State. The period of the Second SFC covered up to 31 March 2010. The Third SFC was constituted in March 2013 and its report was due in June 2013. Pending recommendation of the Third SFC, the State Government agreed to continue adoption of the recommendation of the Second SFC until the recommendation of the Third SFC is accepted for implementation. Thus, Funds were released in line with the recommendations of Second SFC during 2010-15 under the head "Compensation and Assignment". The Second SFC recommended a 10 per cent share of the State's own revenue including from the State's share in the central taxes for the Rural Local Bodies including District Councils and Urban Local Bodies. Out of 10 per cent, 20.62 per cent was to be transferred to ULBs. The position of funds released and shortfall in release of funds during 2010-15 are as shown in **Table No. 3.4** below:

**Table No. 3.4: Funds transferable vis-à-vis actual funds transferred**

(₹ in crore)

Year	State's revenue including State's Share of net Proceeds of Union Taxes	Amount transferable to rural Local Bodies including ADCs (10 per cent)	Amount transferable to ULBs (20.62 per cent)	Amount released	Short released (per cent)
2010-11	1517	151.70	31.28	11	20.28 (64)
2011-12	1834	183.40	37.81	Nil	37.81 (100)
2012-13	1882	188.20	38.80	11	27.80 (71)
2013-14	2172	217.20	44.78	11	33.78(76)
2014-15	2227	222.70	45.92	24.19	21.73 (47)

Source: MAHUD Department

It is evident from the table above that the release of funds to the ULBs was much lower than that of the recommendation of Second SFC during the period from 2010-11 to 2014-15. The shortfall was ranged from 47 per cent to 100 per cent.

### 3.10.3 Recommendations of the Central Finance Commission

During the year 2014-15, the Government of India released ₹ 10.85 crore under 13<sup>th</sup> FC Award and the same was released to the ULBs during the year. The funds received vis-à-vis released to the ULBs during 2010-15 are shown in **Table No. 3.3** under paragraph No. 3.10.1.

### 3.10.4 Maintenance of Records

Test check (September 2014) showed that the Imphal Municipal Council maintained 12 Cash Books during the period covered by audit. One Cash Book for each bank account irrespective of transaction of different funds was maintained by the Municipal Council. In addition to these, the Municipal Council maintained another Cash Book where all cash receipts and cash payments were posted irrespective of head of funds/schemes. It may be pointed out that no separate Cash Book was maintained for each scheme/fund though multiple Cash Books were maintained by the Municipal Council. An instance may be stated that a Cash Book was maintained for the transactions occurring in United Bank of India, (A/c No. 0254050010261) where funds related to Second SFC Award, 13<sup>th</sup> FC Award, compensation in lieu of Octroi, etc. were transacted. Irregularities of non-maintenance of separate Cash Books for separate scheme/fund was also pointed out in the previous Reports (2011-12 and 2012-13). However, the position remained unchanged. In the absence of separate Cash Books for each scheme/fund, accumulated expenditure against the particular scheme/fund and balance thereof could not be readily ascertained.

### **3.10.5 Maintenance of Accounts by ULBs**

The Ministry of Urban Development, Government of India in consultation with the CAG of India developed the National Municipal Accounts Manual (NMAM). (December 2004) which is based on accrual based double entry accounting system for greater transparency and control over finances. The ULBs were required to prepare their budget and maintain their accounts in the formats as prescribed in the NMAM with appropriate codifications and classifications. The MMA, 1994 stipulates that every ULB is mandated to maintain its accounts as prescribed in the NMAM. Further, The State Government also issued an order in March 2011 for adoption of NMAM in maintenance of their accounts with immediate effect in all ULBs in the State.

It was, however, observed that none of the test-audited ULBs had prepared annual accounts or adopted NMAM as of March 2015. Thus, accounts of the ULBs do not reflect their true and correct financial position.

### **3.10.6 Maintenance of database and the formats therein on the finances of ULBs**

There was no record/evidence of maintenance of financial database in the eight ULBs test checked during 2014-15. Further, the Secretary, MAHUD has not responded (April 2016) to Audit query regarding maintenance of database and the formats therein on the finances of ULBs in the State.

## **3.11 Conclusion**

Devolution of functions and funds, creation of necessary manpower, formulation of plans, audit arrangements, accountability mechanism and financial reporting frameworks are yet to be put in place as envisaged in the relevant Acts and Finance Commission recommendations. As the appropriate systems are yet to become fully functional, the service delivery of the ULBs was affected.

## **3.12 Recommendations**

The Government may consider to ensure:

- Preparation of Annual Action Plan by the ULBs;
- Transfer functions listed in the XII<sup>th</sup> Schedule of the Constitution of India; and
- Maintenance of proper accounting records.

# **CHAPTER-IV**

## **Compliance Audit of Urban Local Bodies**



COMPLIANCE AUDIT OF URBAN LOCAL BODIES

4.1 Swarna Jayanti Sahari Rozgar Yojana

Swarna Jayanti Sahari Rozgar Yojana (SJSRY) is a Centrally Sponsored Scheme. The key objective of SJSRY is to provide gainful employment to the urban unemployed/ underemployed through the setting up of self-employment ventures or provision of wage employment. The scheme consists of two special schemes namely (i) The Urban Self Employment Programme (USEP) and (ii) The Urban Wage Employment Programme (UWEP). The audit findings on implementation of the schemes by eight selected ULBs<sup>14</sup> are as follows:

4.1.1 Suspected misappropriation of funds

Heirolk Nagar Panchayat received a total of ₹ 6.12 lakh (November 2011) for implementation of UWEP component of SJSRY for the year 2009-10 and 2010-11 including backlog share of 2007-08 and 2008-09 during 2011-12.

Test check (April – May 2014) of records showed that the Nagar Panchayat (NP) drew ₹ 6.12 lakh on 4 January 2012 through self cheque. As per records of the NP, ₹ 67,955 per Ward (₹ 24,000 for material component and ₹ 43,955 for wages) for 12 months was stated to have been disbursed to nine Ward Development Committees (WDCs) for implementation of the programme. The NP or WDCs could not furnish to Audit the relevant documents such as work estimates, MBs, Muster Rolls or the list of works executed in the nine Wards. There was no recorded reason as to why funds meant for utilisation during the span of 12 months were altogether drawn and disbursed on 4 January 2012. Further, expenditure of ₹ 3.96 lakh (₹ 43955 x 9) being wages for nine Wards was also not entered in any of the Cash Book maintained in the Wards. In the light of the above, the possibility of misappropriation of wage component amounting to ₹ 3.96 lakh could not be ruled out.

4.1.2 Diversion of fund

Provision of the SJSRY Scheme (revised guidelines 2009) states that under UWEP component, employment should be provided to urban beneficiaries living below the poverty line within the locality by utilising their labour in creating socially and economically useful public assets.

<sup>14</sup> 1. Heirolk NP, 2. Kwakta NP, 3. Mayang Imphal MC, 4. Ningthoukhong MC, 5. Bishnupur MC, 6. Moirang MC, 7. Imphal MC and 8. Thoubal MC

Test check (October 2014) of relevant accounting records showed that the Bishnupur Municipal Council received ₹ 36.29 lakh (March 2014) being the fund for UWEP component under SJSRY Scheme. Out of the fund, the MC spent ₹ 7.80 lakh (April 2014) on purchase of one Tractor and one Trailer from M/S East India Machines Company, Mantripukhri, Imphal. Similarly, Heirolk Nagar Panchayat and Ningthoukhong Municipal Council purchased machineries from funds meant for UWEP. The details are shown in **Table No. 4.1** below:

**Table No. 4.1: Diversion of fund**

(₹ in lakh)				
Sl. No.	Name of ULB	Machineries Purchased	Name of Firm from where Machineries were purchased	Amount incurred
1	Bishnupur Municipal Council	Tractor and trailer	M/S East India Machines Company, Mantripukhri	7.80
2	Heirolk Nagar Panchayat	Tractor (having tipping facilities)	M/S Machelva Agro Machineries and Service, Imphal	7.80
3	Ningthoukhong Municipal Council	Tractor and trailer	M/S East India Machines Company	7.80
<b>Total</b>				<b>23.40</b>

However, it may be stated that purchase of tractor and trailer out of UWEP fund is not permissible. Thus, the objective of providing employment to the urban poor and creation of durable community assets was defeated due to diversion of scheme fund to the tune of ₹ 23.40 lakh.

#### 4.1.3 Doubtful expenditure

Test check (September 2014) of records of Imphal Municipal Council (IMC) showed that the Council paid ₹ 19.77 lakh to different contractors during March 2014 for various works under UWEP component of SJSRY Scheme as shown in **Table No. 4.2** below:

**Table No. 4.2: Doubtful expenditure**

Sl. No.	Fund available (₹)	Payment made (₹)	Cheque No. & date	Purpose / Particulars	Name of contractors
1	19,76,996	9,50,000	012110 dt 26/3/14	Land filling & solid waste at Krypasa ground under UWEP	Paid to Kh Gourachand Singh
2		1,69,041	714940 dt 28/3/14	Land filling at Krypasa ground under UWEP	Paid to Kh Manohar Singh (as 2 <sup>nd</sup> advance)
3		1,22,402	714942 dt 28/3/14	5.6% VAT & 1% Labour Cess for the above work	Self cheque
4		7,35,527	714939 dt 28/3/14	Land filling at Krypasa ground under UWEP	Paid to Kh Manohar Singh (as 2 <sup>nd</sup> advance)
<b>Total</b>		<b>19,76,970</b>			

However, IMC could not furnish relevant records like detailed estimate, drawings, technical sanction, work order, agreement, administrative approval of the work, MB, tender records (bidding), completion certificate, details of the labourers/beneficiaries engaged and the relevant files.

Further, the circumstances under which payments were made to different individuals including contractors out of the scheme fund whose objective was generation of employment to the urban poor in the locality by utilising their labour in creating economical and useful public assets could also not be ascertained. During a joint physical verification conducted on 11 September 2014, it was found that the work “Ground Filling and Levelling of the Krypsa Ground” was not done. Thus, in the light of the above instances, the expenditure of ₹ 19.77 lakh incurred by the Council was doubtful.

## **4.2 Second State Finance Commission (SSFC) Award to ULBs**

### **4.2.1 Government revenue not remitted**

As per notification of Finance Department, Government of Manipur {No.5/45/2006-FD (TAX) dated 3 September 2009; No.5/6/2006-FC dated 13 July 2007 and No.5/5/2011-FC dated 6 September 2011}, any person responsible for paying any sum as tax on execution of works contract on behalf of any Department, Local Authority, Corporation or any Board constituted under the Central or State Act shall at the time of payment made to the person executing works contract deduct the amount of tax. The amount of tax so deducted shall be deposited by the person on behalf of the person executing works contract into the designated bank by treasury challan within seven days from the expiry of the month. If the person fails to deduct the tax or to pay tax after deduction within the stipulated period of seven days he shall be liable to pay by way of penalty not exceeding double the amount of tax deductible but not so deducted and if deducted not so deposited into the Government Account.

Test check (September 2014) of records of Imphal Municipal Council (IMC) showed that a sum of ₹ 44.84 lakh was deducted as VAT, Agency charge and Labour Cess (at IMC level ₹ 8.94 lakh and at Ward level ₹ 35.90 lakh) from the contractors/beneficiary secretaries for execution of various development works out of the total expenditure of ₹ 225 lakh.

It was further noticed that the Utilization Certificate for the released amount (₹ 225 lakh) was submitted on 14 March 2014. This indicated that the works at Ward level and Municipal level were all completed and funds were utilised for the purpose it was sanctioned. However, as of August 2014, VAT, Labour Cess and Agency Charge of ₹ 44.84 lakh deducted out of the expenditure incurred on development works was yet to be deposited to the proper head of account. Thus, an amount of ₹ 44.84 lakh remained parked in the accounts of the Municipal Council in violation of the above order.

#### 4.2.2 Execution of unapproved works

Test check (September 2014) of records in Imphal Municipal Council shows that out of the total grants of ₹ 225 lakh under Second SFC, an amount of ₹ 168.75 lakh (being 75 per cent Wards' share) was sub-allocated for the Ward level for various approved works. However, examination of the Cash Books and Bank Pass Books of Ward Nos. 9, 20, and 21 showed that the three Wards had utilised funds for other purposes as shown in **Table No. 4.3** below:

**Table No. 4.3: Execution of unapproved works**

Ward	Works approved	Works executed	Date of payment	Amount (₹)
9	Construction of drain from approach road of Keisham Kumar Singh at Keishampat Mutum Leikai.	Construction of drain along the road side of (L) Advocate R.K. Manisana Keishampat Leimajam Leikai.	02.11.13	2,40,000
			04.12.13	2,50,000
			04.04.14	18,675
20	Construction of six water tanks and three community ponds.	Construction of drain at Khangenbam Leirak to Ayangpalli road.	10.10.13	2,03,331
			31.10.13	3,71,538
21	Construction of 10 public toilets and one waiting shed.	Construction of drain at (a) Chasad Avenue (b) Nongmeibung bazaar (c) Nongmeibung Wankheirakpam Leikai to Chakpram Leikai.	29.10.13	2,70,000
			22.02.14	2,50,000
<b>Total</b>				<b>16,03,544</b>

As fund was released for a specific purpose, the above stated expenditure on works which were not in the approved work programme amounts to unauthorized expenditure.

#### 4.2.3 Records not maintained

Test check (May 2014) of records of Kwakta Nagar Panchayat showed that out of grant of ₹ 17.79 lakh under the State Finance Commission: Compensation and Assignment Award (April 2013), ₹ 4.47 lakh was sub-allocated for the NP while ₹ 13.32 lakh was to be equally apportioned at the rate of ₹ 1.48 lakh each to the 9 Wards of the NP. Accordingly the allocated share of ₹ 1.48 lakh each was transferred to the nine Wards (26 April 2013) through e-payment.

As per available records, the work "Construction of storm water drain from the campus of Madrasa Machinatul to Kwakta bazaar Jama Masjid" at an estimated cost of ₹ 4.47 lakh was to be implemented at NP Level and various development works such as construction of slab culvert, digging of ring well, digging of public pond, etc. were to be implemented at Ward level out of the allocated amount of ₹ 1.48 lakh per Ward.

It was noticed that ₹ 4.47 lakh was drawn from bank on 27 April 2013 for construction of the drain and ₹ 13.32 lakh pertaining to nine Wards was drawn from the bank during April to November 2013 for various development works. However, records such as MB, Muster Rolls, sanction order, work order, agreements, bills and vouchers *etc.* were not maintained in both the NP and Ward level.

It may be pointed out that the Executive Officer directed the Ward Development Committees (WDCs) to strictly adhere to Section 10(d) of the Manipur Municipality Community Participation Act, 2010 while encashing funds from the WDC accounts. The Chairperson of the Ward Finance Committee shall be the authorized signatory for maintenance and use of accounts under Section 10(d), *ibid.* However, there was no record to indicate that the persons/officials involved in the management of public fund in any Wards had adhered to the provision *ibid.* This is indicative of lack of transparency on the part of the WDC in management of public funds besides diluting the accountability on management of public fund.

#### **4.2.4 Muster Rolls not maintained**

As per Paragraph 10.2.3 of the CPWD Account Code all persons engaged (except permanent and temporary engagement, members of work charged establishment) for the execution of works are considered as day labourers and their wages should be drawn on Muster Rolls (Form CPWA 21) and charged to the estimates of the works on which they are employed. Further, as per Rule 389 of Central Treasury Rules, wages of labourers engaged departmentally are to be drawn on Muster Rolls showing the names of the labourers, number of days they have worked and the amount due to each labourer. The daily attendance and absence of labourers is to be so recorded and payment must be made or witnessed by the highest officer available, who should certify to the payments. The amount paid on each date shall be noted in words as well as in figures at the bottom of the Muster Roll.

Test check (May 2014) of records of Kwakta NP showed that three development works were taken up during May 2011 out of the grant of ₹ 24.85 lakh received under SSFC. As per Cash Book, a total of ₹ 24.81 lakh was drawn from the account on 5 May 2011 (₹ 18.64 lakh) and 18 May 2011 (₹ 6.17 lakh). Out of this, expenditure of ₹ 7.35 lakh was incurred on payment of wages for execution of the three works as shown in **Table No. 4.4** below:

**Table No. 4.4: Expenditure on payment of wages**

Sl.	Name of Work	Period of execution	Expenditure on wages (₹)
1	Construction of drain at Northern side of Kwakta public playground	7.5.11 to 28.5.11	1,45,000
2	Construction of drain between Jama Masjid Road and Kwakta bazaar	6.5.11 to 31.5.11	1,70,000
3	Construction of drain on the Western side of Tiddim Road.	6.5.11 to 30.5.11	4,20,000
<b>Total</b>			<b>7,35,000</b>

However, the NP paid the labour charge amounting to ₹ 7.35 lakh through hand receipt (Form CPWA 28) without preparing the prescribed Muster Roll. Thus there is high risk of fraud and manipulation.

#### 4.2.5 Procurement of materials without adhering to codal provision

Every authority delegated with the financial powers of procuring goods in public interest shall have the responsibility and accountability to bring efficiency, economy, transparency in matters relating to public procurement and for fair and equitable treatment of suppliers and promotion of competition in public procurement. Rule 151 of GFR allowed Limited Tender Enquiry by obtaining bids when estimated value of the goods to be procured is up to ₹ 25 lakh. Copies of the bidding document should be sent directly to the list of registered suppliers for the goods. The number of supplier firms in Limited Tender Enquiry should be more than three.

Test check (June 2014) of records of Mayang Imphal Municipal Council showed that construction of Pucca shops: 36 Nos. at 1<sup>st</sup> floor of Emoinu Shopping Complex at Mayang Imphal Bazaar was taken up during 2013-14 under the SSFC(C&A) grant of ₹ 56.32 lakh. Further examination showed that materials worth ₹ 18.46 lakh were procured from three agencies, the details of which are shown in **Table No. 4.5** below:

**Table No. 4.5: Details of material procured**

Sl. No	Particulars	Name of the Firm/Agency	Date	Amount (₹)
1	CGI Sheet	M/s Ashok Steel & Sanitary	06.06.13	8,25,500
2	Iron/Steel	M/s Sharat Enterprises, Mayang Imphal bazaar	25.07.13	3,00,000
3	Bore Tubular	M/s Mayang Imphal Hardware, Mayang Imphal	18.05.13	3,60,000
			20.05.13	3,60,000
<b>Total</b>				<b>18,45,500</b>

There was no record of notice inviting tender indicating that the office did not take up any effort to safeguard the responsibility and accountability on the part of the Council in bringing efficiency, economy and transparency. Further, the relevant bills of the firm did not indicate any specification of the materials such as size, quantity, quality, thickness etc. Other requirements such as

placement of supply order, agreements to safeguard the interest of the Council were also not followed. This shows that the Council did not observe the financial principles of public procurement. Though the matter was brought to the notice of the Municipal Council, no reply was received (April 2016).

#### 4.2.6 Payment without proper documentation

Test check (September 2014) of records of Moirang Municipal Council showed that ₹ 47.12 lakh was received (5 May 2013) for implementation of programmes under SSFC (C&A). Out of the total grant, ₹ 11.72 lakh was sub-allocated for the works to be implemented at the Municipal level and remaining ₹ 35.40 lakh was allocated for implementation at 12 Wards of the Council (at the rate of ₹ 2.95 lakh per Ward). Accordingly, the Wards' share was released on 9 April 2013. Out of 12 Wards, seven Wards had withdrawn the entire fund as indicated in **Table No. 4.6** below:

**Table No. 4.6: Payment without proper documentation**

Ward Nos.	Date of 1 <sup>st</sup> withdrawal	Amount (₹)	Date of 2 <sup>nd</sup> withdrawal	Amount (₹)	Total Amount drawn (₹)
1	25.04.13	1,47,500	11.06.13	1,47,500	2,95,000
2	06.05.13	1,47,500	03.06.13	1,47,500	2,95,000
7	18.04.13	1,47,500	24.04.13	1,47,500	2,95,000
8	27.04.13	1,47,500	31.05.13	1,47,500	2,95,000
9	15.05.13	1,47,500	10.06.13	1,47,500	2,95,000
10	24.04.13	1,47,500	06.05.13	1,47,500	2,95,000
11	15.05.13	1,47,500	19.08.13	1,47,500	2,95,000
<b>Total</b>		<b>10,32,500</b>		<b>10,32,500</b>	<b>20,65,000</b>

It was noticed in audit that no proper records were maintained for ensuring transparency and accountability on the part of the Wards. Funds were withdrawn from the bank without proper noting and approval of the Executive Officer.

Thus, there was no system to check and ensure proper utilisation of public fund dealt with by the authorities of the Council and Wards.

#### 4.2.7 Parking of Scheme fund

Test check (October 2014) of records of Bishnupur Municipal Council showed that during 2012-13 and 2013-14, the MC received ₹ 54.41 lakh under the SSFC Award and Utilisation Certificate for the same amount was furnished to the State Government (25 June 2014). Out of the total fund, 25 per cent (₹ 13.65 lakh) was allocated for implementation of programmes at Municipal level as shown in **Table No. 4.7** below:



**Table No. 4.7: Parking of scheme fund**

Sl. No.	Name of fund	Date of receipt	Total amount (₹)	Percentage	For Municipal level (₹)	For Ward level (₹)
1	SSFC (2010-11)	21.12.12	10,50,000	40%	2,62,800	7,87,200
2	SSFC (2010-11)	08.04.13	15,75,000	60%	3,94,200	11,80,800
<b>Sub-total</b>			<b>26,25,000</b>		<b>6,57,000</b>	<b>19,68,000</b>
3	SSFC (2012-13)	18.04.13	28,16,000		7,08,000	21,12,000
<b>Grand Total</b>			<b>54,41,000</b>		<b>13,65,000</b>	<b>40,80,000</b>

As per work programme approved by MAHUD, three works with an estimated cost of ₹ 6.57 lakh and two works with an estimated cost of ₹ 7.08 lakh were to be taken up out of the grant for the years 2010-11 and 2012-13 respectively. However, the entire fund of ₹ 13.65 lakh, allocated for implementation at Municipal level, was retained in the Bank Account (A/c No 08540110005033, UCO bank) as of October 2014. The Cash Book and Bank balance as on 5 July 2014 was ₹ 16.71 lakh and no transaction took place since then (as on October 2014). This indicates that UCs were submitted before incurring expenditure on the approved works. There was no recorded reason why the programme was not implemented and denied the benefits to the community although the funds were drawn by the Council.

#### 4.2.8 Excess expenditure

Test check (September 2013) of records of Lilong NP showed that the NP received grants of ₹ 63.28 lakh (April 2011) under the SSFC Award for the year 2009-10 from MAHUD. Secretary of Beneficiary Committee (SBC) of the NP was entrusted for execution of the works under the Award (May 2011) as detailed in **Table No. 4.8** below:

**Table No. 4.8: Work under the SSFC Award**

Sl. No.	Name of works	Estimated cost based on MSR 2009 (₹)	Work order value (₹)	Time allowed
1	Construction of Public bazaar Hall at Lilong Ward No.1	35,99,816	35,00,000	4 months
2	Construction of covering drain of Lilong bazar Ward No.1	18,66,347	18,66,000	4 months
3	Construction of public toilet at Usoipokpi near Lilong (Th) NP	4,62,250	4,62,000	4 months
4	Repairing of ground flooring and market shed at Lilong bazar	5,00,468	5,00,000	4 months
<b>Total</b>		<b>64,28,881</b>	<b>63,28,000</b>	

Examination of MB (No. 1 of 2011, Second SFC Award 2009-10) for the above four works showed that the works were completed in August 2011 with the total value of work done being ₹ 63.28 lakh including 1.31 per cent cost



index (₹ 0.82 lakh). Payment of ₹ 63.20 lakh was made in three instances (May 2011 to August 2011).

Further scrutiny of the MB showed that the sum total of cost of items in abstract of cost was miscalculated. As a result, value of work done was inflated to the tune of ₹ 2.86 lakh as shown in **Table No. 4.9** below:

**Table No. 4.9: Inflated amount of work under the SSFC Award**

(Amount in ₹)

Sl. No.	Item Number	Value of work recorded in MB	Actual value worked out	Inflated value of work
1	1 to 15	58,41,307.47	58,41,307.47	0
2	16 to 21	67,398.00	61,398.00	6,000
3	22 to 49	3,37,793.00	58,073.00	2,79,720
	<b>Total</b>	<b>62,46,498.47</b>	<b>59,60,778.47</b>	<b>2,85,720</b>

As agreement of the work does not stipulate the provision of cost escalation, paying an additional 1.31 *per cent* cost escalation amounting to ₹ 0.82 lakh was not admissible. Hence, an excess expenditure of ₹ 3.68 lakh was incurred due to unauthorized addition of cost index (₹ 0.82 lakh) and miscalculation (₹ 2.86 lakh) by the Lilong Nagar Panchayat.

### 4.3 Central Finance Commission Award

#### 4.3.1 Irregularities in implementation at Ward level

During July 2013 and September 2013, 13<sup>th</sup> FC fund of ₹ 167.94 lakh was released to 27 Wards of IMC (at the rate of ₹ 6.22 lakh per Ward) for implementation of programmes. The details of fund released are shown in **Table No. 4.10** below:

**Table No. 4.10: Details of fund released**

Sl. No	Purpose	Fund received by MC (₹)	Date of fund released by MC	Fund released to each WDC (₹)	Fund released to 27 WDCs (₹)	Remarks
1	For implementation of programmes under General Performance Grant	24,01,500	29-07-2013	66,708	18,01,116	<i>Released without any deduction at MC level</i>
2		21,86,400	01-08-2013	60,733	16,39,791	
<b>Sub Total</b>		<b>45,87,900</b>		<b>1,27,441</b>	<b>34,40,907</b>	
3	For implementation of programmes under General Basic Grant	1,99,26,370	20-09-2013	4,94,637	133,55,199	<i>After deduction of ₹ 15.90 lakh @ ₹ 58,873/ Ward being 5.6 % VAT, 1% Labour Cess &amp; contingency and Agency charge</i>
<b>Total</b>		<b>245,14,270</b>		<b>6,22,078</b>	<b>167,96,106</b>	

Audit observed the following on utilization of the fund:

**(a) Poor maintenance of record**

In respect of ₹ 34.41 lakh mentioned at Sl. No. 1 and 2 of **Table No. 4.10**, the Executive Officer, Imphal Municipal Council (IMC), had directed the Ward Development Committees (WDCs) to take up the works with help of Engineering Section of the MC after submitting work programme and estimates. In pursuance to the Government of Manipur notification as stated at paragraph 5.2.1, the WDCs were directed to deduct 5.6 *per cent* VAT and 1 *per cent* Labour Cess from the payments made and deposit the same to IMC.

Test check (September 2014) of records showed that the WDCs had drawn the entire amount of ₹ 34.41 lakh by resolution for taking up drain clearance work and payments were recorded in the Cash Book. However, the WDCs could not furnish records such as bill abstract (statement of claim), technical sanction, detailed estimate, vouchers, completion certificates, APRs and account/expenditure statement indicating deduction of the above charges. The payment for wages could not be authenticated in audit as the relevant Muster Rolls were neither signed by the payees in token of receipt of dues nor countersigned by the staff of the WDCs in token of disbursement. As such, the proper utilization of 13<sup>th</sup> FC grants of ₹ 34.41 lakh for drain clearance could not be ascertained in audit.

**(b) Doubtful expenditure**

In respect of Sl. No. 3 of **Table No. 4.10**, IMC released ₹ 4.95 lakh each to 27 WDCs after deducting ₹ 58,873 per WDC towards VAT, Labour Cess, Contingency and Agency Charge.

As per the Cash Book and bank statement maintained at 27 WDCs, the fund of ₹ 4.95 lakh was drawn in full during October - December 2013 without recording the reason/purpose. Neither the WDCs nor the Engineering Section of the MC had prepared detailed estimate or the programme of works taken up. The 27 WDCs could not furnish records such as MBs, bill abstract (statement of claim), vouchers, completion certificates, APRs and account/expenditure statement in support of expenditure incurred against fund released.

Thus, in absence of the records mentioned above, the expenditure of ₹ 4.95 lakh incurred by the WDCs could not be verified and is doubtful. It appears that the scheme funds were drawn on regular basis without adhering to the financial provision and without any checks of the competent authority.

**(c) Suspected misappropriation of scheme fund**

As mentioned in preceding Paragraph 4.2.1, VAT, Labour Cess and Agency Charges are required to be deducted at source from payment against works contract and deposited to Government account. Non compliance would attract penalty as specified in Government Notification.

In respect of work at Sl. No. 3 mentioned at **Table No. 4.10**, Audit noticed that out of ₹ 15.90 lakh deducted at source towards VAT, Labour Cess, and Agency Charge, the IMC paid ₹ 15.28 lakh to the Councillors of 27 Wards. The MC paid ₹ 8.10 lakh (*i.e.* ₹ 30,000 per Ward) to the Councillors of the 27 Wards on 28 September 2013 for National Cleanliness Day and disbursed ₹ 7.18 lakh (*i.e.* ₹ 26,593 per Ward) for drain clearance work in 27 Wards on 19 April 2014. However, receipts for these amounts were not recorded in the Cash Book or Bank Accounts of the 27 Wards. Moreover, except for the sanction order and bill abstract for disbursement of ₹ 15.28 lakh at the MC, no other records were made available to Audit for execution of these works.

The MC instead of depositing the VAT, Labour Cess, and Agency Charge to the Government Account, utilized ₹ 15.28 lakh for which no records were made available to Audit. Thus, ₹ 15.28 could have been misappropriated.

**4.3.2 Deficient maintenance of record**

Test check (September 2014) of records of Moirang Municipal Council showed that total of ₹ 15.03 lakh (being 75 percent of the total fund) was released to 12 Wards (₹ 11.50 lakh in February 2013 and ₹ 3.53 lakh in April 2013) out of the total 13<sup>th</sup> FC grant of ₹ 20.05 lakh received by the Moirang Municipal Council. The details of fund received and disbursed are shown in **Table No. 4.11** below:

**Table No. 4.11: Detail of fund released and disbursed**

Sl. No.	Purpose	Fund received by the Municipal Council (₹)	Date of receipt	Fund released per Ward (₹)	Total amount released to 12 Ward (₹)
1	For implementation of programmes under 13 <sup>th</sup> FCA General Basic Grant	15,33,739	February 2013	95,859	11,50,308
2	For implementation of programmes under 13 <sup>th</sup> FCA General Performance Grant	4,70,980	April 2013	29,436	3,53,232
		<b>20,04,719</b>		<b>1,25,295</b>	<b>15,03,540</b>

Test check of records of the MC (September 2014) showed that no work programme was prepared and submitted to Municipality by any of the 12 Wards prior to the release of the fund. No records of expenditure such as bills, vouchers, APRs, Muster Rolls or any other document could be furnished

by the 12 Wards (except the work estimates of Ward No. 5 and 9) though bank statement of the 12 Wards showed that all the amounts were drawn during July to November 2013, the purpose of which could not be ascertained. In absence of proper records of expenditure, proper utilisation of the scheme fund could not be ascertained in Audit.

#### 4.3.3 Parking of scheme fund

Test check (October 2014) of records of the Bishnupur Municipal Council showed that the Municipality received ₹ 2.81 lakh of 13<sup>th</sup> FC grant on 12 June 2013 and credited to Bank account (A/c No. 08540200000067 of UCO Bank, Bishnupur Branch). After one month, the whole amount was transferred to another account (A/c No. 08540100014432 of UCO Bank, Bishnupur Branch) on 8 July 2013 which was meant for SJSRY Scheme. It was further noticed that the whole amount was again transferred on 13 March 2014 to another account (A/c No 08540100014431 of UCO Bank Bishnupur Branch) which was operated for transactions of 13<sup>th</sup> FC Grants. The above Bank accounts were opened in the name of Bishnupur Municipal Council. Without any recorded reason the fund was transferred to different Bank Accounts and remained parked as of October 2014.

#### 4.3.4 Wasteful expenditure

Under the 12<sup>th</sup> FC grants, funds are provided to be utilized for maintenance of accounts and for creation of data base. Test check (April – May 2014) of records of two<sup>15</sup> Nagar Panchayats showed that an expenditure of ₹ 2.13 lakh was incurred out of the grant for payment of honorarium to Computer Operator and TA/DA for training on double entry accounting and database creation. The details are shown in **Table No. 4.12** below.

**Table No. 4.12: Payment of honorarium**

Sl. No.	Purpose	Name of the Nagar Panchayat	Amount paid (₹)	Period of payment
1	Being honorarium to Computer Operator	Kwakta Nagar Panchayat	99,000	November 2009 to February 2011
2	Being honorarium to Computer operator and expenses on training of Double entry accounting	Heirolk Nagar Panchayat	1,14,000	December 2009 to November 2010
<b>Total</b>			<b>2,13,000</b>	

It was noticed in audit that neither database nor accounts in the prescribed format were maintained in any of the Nagar Panchayats. The only accounting record maintained by these NPs was the Cash book. Thus, expenditure of ₹ 2.13 lakh out of the 12<sup>th</sup> FC was wasteful as the purpose of the expenditure was not fulfilled.

<sup>15</sup> Kwakta Nagar Panchayat and Heirolk Nagar Panchayat

#### 4.4 Other points of interest

##### 4.4.1 VAT, Labour Cess and Agency Charges not deposited

As mentioned in preceding Paragraph 4.2.1, VAT, Labour Cess and Agency Charges are required to be deducted at source from payment against works contract and deposited to Government account within a stipulated period of seven days. Non compliance would attract penalty as specified in Government Notification.

Test check (September 2014) of records of Imphal Municipal Council shows that the MC deducted ₹ 7.51 lakh as Sale tax/VAT as shown in **Table No. 4.13** below. These amounts were drawn from the bank through various self cheques.

**Table No. 4.13: Deduction of Tax**

Sl. No.	Purpose	Bill value (₹ in lakh)	VAT/ Sale tax deducted (₹)	Cheque & date	Remarks
1	Purchase of Tata DI & Tow Van	20.86	2,81,648	456661 dt 17/6/14	Paid to Kamal
2	Repairing of Bull Dozer	12.21	2,43,573	276820 dt 21/6/14	Self cheque
3	Construction of drain in 15 wards	13.59	89,719	714938 dt 4/4/14	Self cheque
4	Land filling and solid waste disposal at Krypasa ground	10.27	1,22,402	714942 dt 28/3/14	Self cheque
5	Purchase of CFC Bulbs	1.56	13,720	004702 dt 20/11/13	Self cheque
	<b>Total</b>	<b>58.49</b>	<b>7,51,062</b>		

However, the MC was unable to produce the relevant records that the revenue was deposited to the proper head of account despite lapses of 3 to 10 months from the date of drawal. Thus, the total amount collected as Government revenue to the tune of ₹ 7.51 lakh remained with the MC.

##### 4.4.2 Records not produced

During 2012-13, Thoubal MC incurred expenditure of ₹ 338.28 lakh for implementation of the Integrated Low Cost Sanitary Scheme (ILCS). However, vital records of expenditure like beneficiary list, measurement records, bills and vouchers or any other relevant records could not be produced despite requisition and reminders. It may be noted that the same irregularity was also pointed out in the last IR (for the year 2012-13). The Council failed to produce the same to the ongoing audit (for the year 2013-14) which added more doubt about the authenticity of the expenditure incurred by the office. In view of the persistent failure of the MC to produce relevant records in support of the expenditure incurred, Audit cannot vouch that

₹ 338.28 lakh was spent for the purpose for which it was meant. Moreover there is high risk that amount could have been misappropriated.

#### **4.5 Conclusion**


The documentation for utilised fund was deficient across the ULBs. There was leakage of fund in implementation of SJSRY, State Finance Commission Awards and Central Finance Commission Awards in the form of suspected misappropriation, diversion, unauthorised expenditure, payment without supporting documents.

#### **4.6 Recommendations**

The Government may consider to ensure:


- Transparency in utilisation of public funds by the ULBs and adherence to the Financial Rules;
- Maintenance of proper accounting records; and
- Financial discipline through adherence to prescribed rules and norms in regulating payments.

**Imphal**  
**The**

  
**(Aditya R Bhojgadhya)**  
**Deputy Accountant General (Local Bodies), Manipur**

**Countersigned**

**Imphal**  
**The**

  
**(Birendra Kumar)**  
**Principal Accountant General (Audit), Manipur**

# APPENDICES

## Appendix-I

## Activity map for 16 line departments to be transferred to Panchayati Raj Institutions

(Reference: Paragraph 1.3)

Sl. No.	Department	Activities to be transferred to ZPs	Activities to be transferred to GPs
1	Transport	<ul style="list-style-type: none"> <li>i) Maintenance of Bus stands and terminus along National/State High ways/District Roads</li> <li>ii) Collection of parking fees as prescribed by the Transport Department under a notification</li> </ul>	<ul style="list-style-type: none"> <li>i) Maintenance of Bus Stand along Inter Village Roads</li> <li>ii) Collection of parking fees in the rural markets in the respective areas of GPs</li> </ul>
2	Health	To manage all public health institutions under National Rural Health Mission(NRHM)	Implementation of activities, preparation of village action plan under NRHM
3	Veterinary & Animal Husbandry.	<ul style="list-style-type: none"> <li>i) Maintenance of Veterinary Dispensaries, Health Centres</li> <li>ii) Distribution of fodder seeds</li> </ul>	<ul style="list-style-type: none"> <li>i) Identification of beneficiary trainees for the schemes programmes through a meeting of Gram Sabha</li> <li>ii) Identification of beneficiaries for fodder cultivation</li> </ul>
4	Fisheries	<ul style="list-style-type: none"> <li>i) Selection of beneficiaries under Centrally Sponsored Scheme Fish Farmers Development Agency programmes/schemes</li> <li>ii) Distribution of feed/fishing equipment to progressive farmers</li> </ul>	Identification of beneficiaries through Gram Sabha
5	Rural Development.	<ul style="list-style-type: none"> <li>i) Planning and implementation of works programmes/shelf of projects</li> <li>ii) b) Implementation, supervision and monitoring of various Centrally Sponsored Schemes Poverty Alleviation programmes</li> </ul>	<ul style="list-style-type: none"> <li>i) Identification of location of works with the approval of the Gram Sabha</li> <li>ii) Identification of location of works with the approval of the Gram Sabha</li> </ul>
6	Education (School)	<ul style="list-style-type: none"> <li>i) Organisation of Adult Education/Non Formal education centres</li> <li>ii) Repair and maintenance of primary school building</li> </ul>	<ul style="list-style-type: none"> <li>i) Selection of adult Education/Non-Formal Education centres</li> <li>ii) Identification of works through Gram Sabha &amp; formation of beneficiaries committee</li> </ul>
7	Industries	<ul style="list-style-type: none"> <li>i) Association in selection of beneficiaries of Khadi and Village Industries and entrepreneurs in service sector</li> <li>ii) Association with the task force for selection of beneficiaries under Pradhan Mantri Rozgar Yojana</li> </ul>	Recommendation of beneficiaries through Gram Sabha
8	Agriculture	<ul style="list-style-type: none"> <li>i) Distribution of improved agricultural tools &amp; implements and other inputs to farmers</li> <li>ii) Establishment &amp; maintenance of rural markets</li> </ul>	<ul style="list-style-type: none"> <li>i) Selection of beneficiaries through Gram Sabha</li> <li>ii) Selection of suitable marketing sites through Gram Sabha</li> </ul>



Sl. No.	Department	Activities to be transferred to ZPs	Activities to be transferred to GPs
9	Horticulture	i) Implementation of a) Expansion programmes; and b) Demonstration programmes ii) a) Assistance to small marginal farmers in the construction of small Engineering Structure and land levelling; and b) Construction of water harvesting structure	Selection of beneficiaries/sites through Gram Sabha
10	Tribal Development	i) Implementation of family oriented schemes like Animal Husbandry, Fisheries, Industries, etc ii) Maintenance of village approach roads, community hall, school buildings iii) Implementation of rural shelters scheme for Scheduled Caste	Selection of beneficiaries through Gram Sabha.
11	Co-operation	Recovery of crop loan and extending credit to farmers with the assistance of Manipur State Cooperative Bank(MSCB)	To associate with the Deptt/ ZPs/MSCB in the recovery of loan and identification of farmers for extending crop loans
12	Minor Irrigation	i) Maintenance of River Lift Irrigation & Surface Flow schemes and collection of water charges ii) Association with the task force for selection of beneficiaries under Pradhan Mantri Rozgar Yojana	Identification of work sites and collection of water charges
13	Arts & Culture	i) Supervision and monitoring of cultural programmes. ii) Maintenance of rural libraries under Raja Ram Mohan Roy and Rajiv Gandhi Foundations.	Implementation of cultural programmes through cultural Non Governmental Organisations (NGOs)
14	Social Welfare	i) Supervision, Implementation and monitoring of programmes ii) Prevention of drug abuse. iii) Implementation of BSY (Balika Samridhi Yojana) Schemes	Identification of beneficiaries
15	Science & Technology	i) Establishment of non conventional energy sources such as bio gas plants/scholar cooking plants ii) Introduction of smokeless chulha. iii) Improved portable chulha	Selection of beneficiaries with the approval of Gram Sabha
16	Family Welfare	Implementation of Family Welfare scheme	Selection of beneficiaries through Gram Sabha

**Appendix-II**  
**Transfer of Funds, Functions and Functionaries to**  
**ZPs and GPs as on 31 March 2015\***  
**(Reference: Paragraph 1.3)**

Sl. No.	Department	Latest Status on functionaries transferred	Latest Status on fund transferred	
			Year	Amount
<b>ZPs</b>				
1	Fisheries	1-Inspector, 1 Field Assistant to each ZP	2009-10 to 2013-14	Nil
2	Horticulture	1 Assistant Agriculture Officer, 1 Assistant Horticulture Inspector and 1 Soil Surveyor to each ZP	2009-10 to 2013-14	Nil
3	Tribal Development	1 Extension Officer (Agriculture), 1 Field Assistant & 1 Road Mohorriir to each ZP	2009-10 to 2013-14	Nil
4	Rural Development	1-Extension Officer (P), 1-Upper Divisional Clerk, 1 Accountant to each ZP	2009-10	₹ 3113.66 lakh
			2010-11	₹ 1875 lakh
			2011-12	₹ 1875 lakh
			2012-13	₹ 2062 lakh
			2013-14	₹ 2062 lakh
5	Science & Technology	Not transferred	2009-10 to 2013-14	Nil
6	Veterinary & Animal Husbandry	Not transferred	Not transferred	
7	Social Welfare	Not transferred	Not transferred	
8	Minor Irrigation	Not transferred	Not transferred	
9	Agriculture	Not transferred	Not transferred	
10	Industries	Not transferred	Not transferred	
11	Co-operation	Not transferred	Not transferred	
12	Transport	Not transferred	Not transferred	
13	Health	Not transferred	Not transferred	
14	Arts & Culture	Not transferred	Not transferred	
15	Family Welfare	Not transferred	Not transferred	
16	Education (Schools)	Not transferred	Not transferred	
<b>GPs</b>				
1	Fisheries	Not transferred	Not transferred	
2	Horticulture	Not transferred	Not transferred	
3	Tribal Development	Not transferred	Not transferred	
4	Rural Development	1-Panchayat Secretary each to 161 GPs	Not transferred	
5	Science & Technology	Not transferred	Not transferred	
6	Veterinary & Animal Husbandry	Not transferred	Not transferred	
7	Social Welfare	Not transferred	Not transferred	
8	Minor Irrigation	Not transferred	Not transferred	
9	Agriculture	Not transferred	Not transferred	
10	Industries	Not transferred	Not transferred	
11	Co-operation	Not transferred	Not transferred	
12	Transport	Not transferred	Not transferred	
13	Health	Not transferred	Not transferred	
14	Arts & Culture	Not transferred	Not transferred	
15	Family Welfare	Not transferred	Not transferred	
16	Education (Schools)	Not transferred	Not transferred	

\* Information pertaining to the year ended March 2015 has not been furnished by the Department, therefore information upto March 2014 has been incorporated.

### Appendix-III

#### The roles and responsibilities of Standing Committees of the Gram Panchayats and Zilla Parishads of Panchayati Raj Institutions

(Reference: Paragraph 1.4)

Gram Panchayat	Zilla Parishad
Production Committee for performing functions relating to agricultural products, animal husbandry and rural industries and poverty alleviation programmes	General Standing Committee shall perform functions relating to the establishment matters and functions relating to communication, building, rural housing, village extension, relief against the natural calamities and allied matters and other matters
Social Justice Committee for performing functions relating to:- i) promotion of education, economic, social, cultural and other interest of the Scheduled Caste and Scheduled Tribes and Backward Classes; ii) protection of such castes and classes from social injustice and any form of exploitation; and iii) Welfare of women and children	Finance Audit and Planning Committee shall perform the functions relating to:- i) the finances of the ZP, framing of budgets, scrutinizing proposals for increasing revenue, examination of receipts and expenditure statements, consideration of all proposals affecting the finances of the ZP and general supervision of the revenue and expenditure of the ZP; and ii) the plan priorities, allocation of outlays to developments, horizontal and vertical linkages, implementation of guidelines issued by the Government, regular review of planning programmes, evaluation of important programmes and small savings schemes.
Amenities Committee to perform functions in respect of education, public health, public works and other functions of the Gram Panchayat	Social Justice Committee shall perform functions relating to:- i) promotion of education, economic, social, cultural and other interests of the Scheduled Castes, Scheduled Tribes and Backward Classes; ii) protecting them from social injustice and all other forms of exploitation; iii) amelioration of the Scheduled Castes, the Scheduled Tribes and Backward Classes; and iv) Securing social justice to the Scheduled Castes, the Scheduled Tribes, women and other weaker sections of the society
	Education and Health Committee shall:- i) be in-charge of all educational activities of the ZP; ii) undertake the planning of education in the district within the framework of the national policy and the central and the state plans; iii) survey and evaluate the educational activities of the ZP; iv) perform such other duties pertaining to education, adult literacy and cultural activities as the ZP may assign to it; and v) health services, hospitals, water supply, family welfare and other related matters
	Agriculture and Industry Committee shall perform functions relating to:- i) Agriculture production, animal husbandry, co-operation, contour bunding and reclamation; ii) village and cottage industries; and iii) promotion of industrial development of the district.

## Appendix-IV

## Statement showing advance paid to the Beneficiary Secretaries for execution of development works under SSFC (C&amp;A)

(Reference: Paragraph 1.8.4.1)

(Amounts in ₹)

Sl. No	Name of GP/ZP	Purpose	To whom paid	Amount received under the programme	1st Advance	Date	2nd advance	Date	3rd advance	Date	Total
1	Irengband GP	For execution of 8 developmental works	8 beneficiary secretaries	10,41,238	4,16,000	02-05-2011	2,08,247	14-05-2011			6,24,247
2	Wabgai GP	For execution of 10 developmental works	10 beneficiary secretarie	13,69,631	6,84,800	19-04-2013	4,11,000	27-04-2013			10,95,800
3	Keirak GP	For execution of 8 developmental works	8 beneficiary secretaries	12,84,963	5,13,985	13-10-2010	2,56,192	03-11-2010	2,56,192	10-02-2011	10,26,369
4	Pallel GP	For execution of developmental works such as construction of community halls, public toilets, Urinal shed, waiting shed, marketing shed, etc	6 nos of beneficiary secretaries	10,51,288	4,20,500	27-05-2011					4,20,500
			3 nos of beneficiary secretaries	10,51,249	4,20,490	03-07-2012					4,20,490
			2 nos of beneficiary secretaries		2,80,000	27-07-2012					2,80,000
			10 nos of beneficiary secretaries	11,56,110	5,78,000	24-04-2013					5,78,000
5	Imphal West ZP	For implementation of different items of developmental works	40 beneficiary secretaries	6059490	48,47,592	17-04-2013					48,47,592
6	Bishnupur ZP	27 items of work namely community hall, crematorium, community pond, bridge, etc	27 beneficiary secretaries	63,09,780	37,85,400	10-04-2013					37,85,400
7	Thoubal ZP	For implementation of different developmental works in the ZP areas	40 beneficiary secretaries	76,82,976	76,82,976	16-04-2013					76,82,976
<b>Grand total</b>				<b>2,70,06,725</b>	<b>1,47,82,151</b>		<b>8,75,439</b>		<b>2,56,192</b>		<b>2,07,61,374</b>

**Appendix-V**  
**Evaluation of manpower/resource persons**  
(Reference: Paragraph No. 2.1.2.2)

I. Resource Person at State Level	Number of Resource Person		Remarks/ Audit comment
	As on 01.04.2014	As on 01.04.2015	
a. State Resource Person required	-	3	
b. State Resource Persons deployed	-	Nil	
c. Shortfall	-	3	
d. State Resource Person to whom training was provide	-	Nil	
<b>II. Resource Persons at District Level</b>			
a. District Resource Persons required	-	4	
b. District Resource Persons deployed	-	Nil	
c. Shortfall	-	4	
d. District Resource Persons to whom training was provide	-	Nil	
<b>III. Resource Persons at Block Level</b>			
a. Block Resource Persons required	-	2	
b. Block Resource Persons deployed	-	Nil	
c. Shortfall	-	2	
d. Block Resource Persons whom training was provided	-	Nil	
<b>IV. Village Level Resource Persons</b>			
a. Village Resource Persons required	-	3 to 5	
b. Village Resource Persons deployed	-	Nil	
c. Shortfall	-	3 to 5	
d. Village Resource Persons whom training was provided	-	Nil	

## Appendix-VI

Statement showing less consumption of material than the estimate in MGNREGS works  
(Reference: Paragraph 2.2.1)

Sl No.	Name of work	Estimate (₹)	Quantity required as per Estimate (cum)	No. of truckload	Volume of material procured (cum)	Shortfall (cum)	Percentage of Difference	Date of completion
1	2	3	4	5	6	7 (4-6)	8	9
<b>KEIRANG KHOMIDOK GP</b>								
1	Improvement of road at village no 4 &5	15,73,715	1494.932	116	656.56	838.372	56%	29-08-2013
2	Improvement of IVR with Shingling at Khomidok ward No. 7	4,76,193	440.35	65	376.9	72.45	16%	31-12-2011
3	Shingling of Pidoinu Lambi	9,57,343	909.42	70	396.2	513.216	56%	14-01-2014
4	Impvt. Of road at village No.1, Kairang Khomodok.	7,86,857	747.465	66	373.56	373.905	50%	18-11-2013
<b>KHURAI CHINGAMBAM LEIKAI GP</b>								
5	Improvement of Road at Lainingthou Ahanba Leirak	6,24,240	219.6	30	169.8	49.8	23%	27-11-2013
			402.016	35	198.1	203.92	55%	
6	Impvt. of IVR at chongtham leirak to Khullem leirak	10,32,226	380.965	49	277.34	103.625	27%	21-08-2013
			756.941	124	701.84	55.101	7%	
7	Shingling of road at khurai chingangbam leikai	15,89,484	1469.83		1199.92	269.91	18%	08-01-2012
<b>KHURAI KONSAM LEIKAI GP</b>								
8	Improvement of Playground at Senjam Lampak	4,66,666	907.416	103	582.98	324.436	36%	29-03-2014
9	Improvement of approach road in Khurai Konsam Laikai	10,97,666	831.6	90	509.4	321.6	39%	21-11-2013
<b>TOTAL</b>		<b>86,04,390</b>	<b>8,560.535</b>	<b>748</b>	<b>5,442.60</b>	<b>3,126</b>		

**Appendix-VII**  
**Delay in payment of wages**  
**(Reference: Paragraph 2.2.3)**

Sl. No.	Name of implementing GP/ZP	Name of the work	Date of commencement of work	Date of completion of work	Expenditure on wages (₹)	Date of wages payment as per bank statement/ bank draft/Pay order	Delay in payment of wages in days	Penalty for delay for first 15 days	Penalty for delay after 15 days
1	2	3	4	5	6	7	8	9 = (6) x 0.25	10=(6)x0.5
1	Irengband GP	Improvement of road with singling from sabal Inaothoibi mapa to Asem Rogen mamang taba	05-02-2013	17-02-2013	3,17,376	25-03-2013	21	79,344	1,58,688
2	Heingang GP	Construction of fishery ring bund at Heingang Pat	22-03-2013	27-03-2013	5,01,120	17-05-2013	36	1,25,280	2,50,560
3	Imphal West ZP	Earth filling and leveling at Langjing mamang Leikai Community Hall	01-08-2013	28-08-2013	74,052	24-10-2013	42	18,513	37,026
4	Imphal West ZP	L/D at Laitonjam Mani Singh makha lampat w/no 1	11-02-2014	21-02-2014	3,43,638	31-03-2014	23	85,910	1,71,819
5	Imphal East ZP	Imprv. Of IVR at ThangjamKollup, RK Tikensana	06-12-2013	11-12-2013	3,42,414	20-01-2014	25	85,604	1,71,207
6	Imphal East ZP	Imprv. Of IVR at PangambamManoi Leirak	21-08-2013	26-08-2013	2,29,500	27-12-2013	108	57,375	1,14,750
7	Imphal East ZP	Imprv. Of IVR at NingthounaiMakhaLeikai	21-08-2013	26-08-2013	3,26,808	03-01-2014	115	81,702	1,63,404
8	Imphal East ZP	Constn. Of IVR at ChingyaLeikai Leirak	26-08-2013	31-08-2013	2,68,056	03-01-2014	110	67,014	1,34,028
9	Imphal East ZP	Constn. Of road from WaitonMachinTaba to Ngamthong	09-09-2013	14-09-2013	2,85,498	08-01-2014	101	71,375	1,42,749
10	Imphal East ZP	Land development at Kabarstan of NingthounaiMakhaLeikai	23-12-2013	28-12-2013	2,29,500	11-03-2014	58	57,375	1,14,750
11	Thoubal ZP	Imp of IVR from main road to UFO mamang taba with 3 ring culvert	25-10-2013	09-11-2013	3,06,306	20-12-2013	26	76,577	1,53,153
12	Thoubal ZP	c/o of IVR from pakhangba chinjin to hodam road	20-09-2013	05-10-2013	1,22,706	18-11-2013	29	30,677	61,353
13	Thoubal ZP	c/o of public pond at kangyambem mamang leikai	16-04-2013	01-05-2013	2,78,460	30-08-2013	106	69,615	1,39,230
			02-05-2013	17-05-2013	1,41,831	30-08-2013	90	35,458	70,916
14	Thoubal ZP	c/o of road with e/work and shingling at irom kunjo leirak, leishangthem mang leirak, leishangthem nilamadhop leirak, kulla chaoba & oinam leirak...	09-12-2013	19-12-2013	1,43,514	20-01-2014	17	35,879	71,757
15	Thoubal ZP	imp of public ground with tree plantation	22-02-2014	28-02-2014	1,72,584	07-04-2014	23	43,146	86,292
16	Thoubal ZP	Const. of Retaining wall at N.Maniton Thongal Pukhri achouba	03-05-2013	18-05-2013	1,52,082	16-07-2013	44	38,021	76,041
			21-05-2013	05-06-2013	1,49,940	16-07-2013	26	37,485	74,970
			07-06-2013	22-06-2013	1,50,705	16-07-2013	9	37,676	
<b>Total</b>					<b>45,36,090</b>			<b>11,34,023</b>	<b>21,92,693</b>

## Appendix-VIII

## Statement showing list of abandoned works taken up during 2009-10 to 2013-14

(Reference: Paragraph 2.2.4)

Sl.	Name of work/project	Approx. Estimate cost (₹)	Expenditure (₹)			Date of Starting	Value of work left (₹)	Time since start of work (years)
			Wage	Material	Total			
<b>PALLEL GP</b>								
<b>Date of Audit Inspection: July 2014</b>								
1	Diversion of Sekmai river at (i) the side of Pallel public playground (ii) Mayaileikai to Maningawangleikai (iii) Northern side of Pallel Primary Health Center 1.0 km	20,14,000	10,93,176	1,14,473	12,07,649	23-02-2012	18,86,351	2 Years, 5 months
2	Tree plantation cum Horticulture at Mapuilou hill, Unapal	9,50,000	3,77,496	1,35,000	5,12,496	06-05-2011	4,37,504	3 Years, 2 months
3	Construction of road with shingling at (a)PalleLeikolleikai (b)T.Lalaleirak (c)Kumar leirak (d)Bamolleirak (f)Mayaileikaileirak with provision of drain on both side including 6 nos of ring culverts	16,25,000	8,13,996	2,85,000	10,98,996	12-10-2011	5,26,004	2 Years, 9 months
4	Construction of road with Shingling at Pallel (a) M.KrishnamohonLeirak (b)Maningmandhoppareng (c)S.Ranabirleirak (d)M.Nimaileirak (e) T.Upendroleirak (f)Ksh.Kunjapapuleirak with provision of pucca drain on both side including 6 ring culvert	12,65,000	7,58,394	2,57,128	10,15,522	06-09-2011	2,49,478	2 Years, 10 months
5	Construction of road with shingling at Pallel mamang YVA leikai to Molnoi village with construction of both side drain	11,40,000	6,83,748	2,35,000	9,18,748	12-10-2011	2,21,252	2 Years, 9 months
6	Construction of Inter-connecting IVR with shingling at (a)Playground to Apabimangingtaba (b)RousandMamangchingkhong to NH 39 taba (c)Terahoubichingkhong to NH 39 Sora bazaar (d) Abdul Aji mamang to Chinglaktaba 6.5 kms	16,59,100	9,16,434	1,70,000	10,86,434	11-12-2011	5,72,666	2 Years, 7 months
7	Construction of IVR with shingling at Pallel (a)S.Bedasing leirak (b) P.Tomal Leirak (c)Abersing leirak with drain and 4 nos of ring culverts(Phase-I)	4,73,080	2,68,632	30,000	2,98,632	12-10-2011	1,74,448	2 Years, 9 months
8	Construction of IVR from NH. 39 Khunuta chingjin and Iliyas house mapa via the area of the hill 3 kms.	9,05,000	5,02,128	1,12,000	6,14,128	13-12-2012	2,90,872	1 Years, 7 months



Sl.	Name of work/project	Approx. Estimate cost (₹)	Expenditure (₹)			Date of Starting	Value of work left (₹)	Time since start of work (years)
			Wage	Material	Total			
9	Construction of IVR with shingling at Sora Mamang Abdul mapa to Mv. Akhtar mapa taba with 3 slab culverts.	24,66,000	15,54,480	4,10,482	19,64,962	13-12-2011	5,01,038	2 Years, 7 months
10	Construction of Pucca drain at Sora Mamang Heimanglok with Slab culvert	41,44,000	12,72,056	7,61,177	20,33,234	08-02-2013	21,10,766	1 Years, 5 months
11	Tree Plantation at Sekmai River bank with retaining wall construction.	16,53,000	6,39,648	2,00,000	8,39,648	04-03-2013	8,13,352	1 Years, 4 months
12	Construction of both side pucca drain at Pallel (a)S.Bedasing leirak (b) P.Tomal Leirak (c)Abersing leirak with 3 nos of ring culverts	39,25,000	15,53,106	3,85,717	19,38,823	Feb 2013	19,86,177	1 Year, 5 months
13	Construction of Pucca drain at Bijoypur playground with 3 nos. of ring culverts	10,36,000	5,03,499	3,55,836	8,59,335	Feb 2013	1,76,665	1 Year, 5 months
14	Reconstruction of Public pond near the Panchayat Ghar, Pallel	8,50,000	4,50,000	1,33,835	5,83,835	19-06-2012	2,66,165	1 Year, 8 months
<b>IRENGBAND GP</b>						<b>Date of Audit Inspection: July 2014</b>		
15	Renovation and De-silting of water reservoir of Irum Khong 1000x50 m(First phase	51,10,000	6,42,123	31,641	6,73,764	22-08-2010	44,36,236	3 Years, 10 months
16	Renovation of canal from Khongkhaikhong canal via Hawairou Laimaya sumang loubuk	5,27,000	1,26,000	12,000	1,38,000	18-02-2012	3,89,000	2 years, 5 months
17	Constn of road with shingling from RDS dam to Hawairou mamang leikai sora Irengband road	18,80,000	10,04,724	4,12,000	14,16,724	01-08-2011	4,63,276	2 Years, 11 months
18	Construction of road with Shingling from Hawairou Mayai Leikai to Irum Ningthou	12,20,000	3,99,924	12,000	4,11,924	18-02-2012	8,08,076	2 years, 5 months
19	Constn of Nallah Drain from Mitong dam to Loushi pat taba i/c 1 slab & 14 ring culvt	7,60,000	2,99,880	12,000	3,11,880	18-02-2012	4,48,120	2 years, 5 months
20	Constn of road from Sabal Makha Leikai to NH-39 khunuta ching via Leingang loukol	31,80,000	15,70,752	5,04,714	20,75,466	18-02-2012	11,04,534	2 years, 5 months
21	Constn of IVR from Ibotomba chithek to Kunjeshor maning High School taba	3,44,080	1,79,928	62,000	2,41,928	18-02-2012	1,02,152	2 years, 5 months
22	Constn of road with singling from RDS dam to Hawairou awang leikai Bazar to Loushi Khonjao (phase 2	13,70,000	4,92,912	0	4,92,912	18-02-2012	8,77,088	2 years, 5 months
23	Construction of Public Pond at sora karanchi santhel leikai	7,85,000	3,51,936	2,36,951	5,88,887	18-02-2012	1,96,113	2 years, 5 months
24	Improvement of road with singling from sabal Inaorthoibi mapa to Asem Rogen mamang taba	11,67,000	5,80,032	89,832	6,69,864	18-02-2012	4,97,136	2 years, 5 months
25	Re-construction of Public pond at Mairambam Pukhri Achouba with fencing	21,20,000	2,52,000	1,50,000	4,02,000	18-02-2012	17,18,000	2 years, 5 months

Sl.	Name of work/project	Approx. Estimate cost (₹)	Expenditure (₹)			Date of Starting	Value of work left (₹)	Time since start of work (years)
			Wage	Material	Total			
26	Constn of road with singling from RDS dam to Hawairou awang leikai Bazar to Loushi Khongjao(Phase -1	14,00,000	8,39,952	3,98,951	12,38,903	13-08-2012	1,61,097	1 year, 11 months
27	Constn of canal from Mitong Dam to Loushi pat taba i/c Constn of road on western side of canal	17,33,000	3,11,472	0	3,11,472	24-08-2012	14,21,528	1 year, 11 months
<b>Hiyanglam GP</b>						<b>Date of Audit Inspection: July 2014</b>		
28	Renovation of M.I canal at Dabalokhong Hiranmei. 7kms.	14,19,000	6,38,928	21,639	6,60,567	09-06-2013	7,58,433	1 Year, 1 month
<b>Wabagai GP</b>						<b>Date of Audit Inspection: July 2014</b>		
29	Constn of pucca drain at Leirak Achouba L.P. School ground to Salam Bira Mapa.0.5	12,34,100	7,68,600	2,90,602	10,59,202	23-07-2012	1,74,898	2 Years
30	Constn of road with earth work and shingling from N. Tampha Singh to Sekmai Main Canal at Wabagai yangbi Mamang.	20,66,000	12,19,338	3,30,684	15,50,022	03-06-2012	5,15,978	2 Years, 1 months
31	Renovation of Charothoubi Lake. 9.84hac.	13,85,000	2,28,327	19,366	2,47,693	15-09-2009	11,37,307	4 Years, 10 months
32	Renovation of Luwangtou Lake hactor. 9.84	13,85,000	2,81,400	18,412	2,99,812	04-08-2009	10,85,188	4 Year, 11 months
33	Renovation of Kangjeibung Lake.11.81ha	16,62,000	7,26,739	83,689	8,10,428	15-07-2009	8,51,572	5 Years
34	Construction of road from Sekmai river bank to machil (Bedamkhong) 2kms.	18,08,000	10,90,359	3,07,255	13,97,614	18-12-2008	4,10,386	5 Years, 7 months
35	Constn of pucca drain at Wabagai Awang Leikai Western Side with 6 ring culverts. Phase III	19,96,000	7,62,426	2,90,244	10,52,670	29-02-2012	9,43,330	2 years, 5 months
36	Renovation of Sekamai Barrage Main Canal right side with constn. Of road from Bedamkhong to Cooperative via Kapchetpat at Wabagai Kangjeibung Loukon. 6km	21,58,000	14,66,953	3,84,192	18,51,145	04-05-2010	3,06,855	4 Years, 2 months
37	Renovation of road with protection of flood from Laishram Narahari to K. Ibomcha Sharma Mapa. 700m	22,96,100	13,94,946	2,00,000	15,94,946	11-07-2011	7,01,154	3 Years
38	Constn of Yangkjheinithoi Maril road(E/W) with shingling at Wabagai Kadajit Maning Leikai from Mayai Lambi road to Sekmai river 2.8km	23,39,100	18,13,014	2,00,000	20,13,014	19-12-2012	3,26,086	1 Year, 8 months
39	Construction of road with earthwork and shingling at Wabagai Teraurak Lamdaibung i/c constn of pucca drain on both sides of the road with 3 nos of ring culverts. Phase I	38,19,500	18,14,256	9,16,204	27,30,460	04-01-2013	10,89,040	8 months

Sl.	Name of work/project	Approx. Estimate cost (₹)	Expenditure (₹)			Date of Starting	Value of work left (₹)	Time since start of work (years)
			Wage	Material	Total			
<b>Keirak GP</b>						<b>Date of Audit Inspection: July 2014</b>		
40	Ground Levelling at Keirak Awang Kangjeibung (SWC)	14,00,000	5,05,179	2,15,096	7,20,275	12-02-2008	6,79,725	6 Years, 5 months
41	Construction of canal (p/drain) from Keirak Muslim culvert to Tejpur with 3 ring culverts.	22,23,000	10,91,466	2,89,775	13,81,241	02-01-2013	8,41,759	1 Year, 6 months
<b>Total</b>		<b>7,28,92,060</b>	<b>322,40,359</b>	<b>90,74,895</b>	<b>4,13,15,255</b>		<b>3,26,56,805</b>	

## Appendix IX

### Key performance indicators

(Reference: Paragraph No 3.9.5)

Sl. No.	Key performance indicator (as per handbook)	Benchmark (per cent)	Current level/achievement for 2013-14 (per cent)	Target for 2014-15 (per cent)
		(furnished by the IMC)		
1	Household level coverage of solid waste management service	100	80	80
2	Efficiency of collection of municipal solid waste	100	80	80
3	Extent of segregation of municipal solid waste	100	0	0
4	Extent of municipal solid waste recovered/recycled	80	2	5
5	Extent of scientific disposal of municipal solid waste	100	5	50
6	Extent of cost recovery in solid waste management service	100	1	5
7	Efficiency of redressal of customer complaints	80	60	50
8	Efficiency in collection of user charges	90	1	5
9	Extent of processing and treatment of Municipal Solid waste	Nil	Nil	Nil
10	Monitoring on collection of waste from waste storage	Nil	Nil	Nil
11	Primary collection operation for ward/Town/City	Nil	Nil	Nil
12	Monitoring of transfer stations operations	Nil	Nil	Nil
13	Record of transfer of waste from transfer station to disposal site	Nil	Nil	Nil
14	Vehicle movement monitoring	Nil	Nil	Nil
15	Drivers attendance monitoring	Nil	Nil	Nil

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