

# Review of Performance of XVth FC funds, Audit and Compliance related to SFC

Development and Panchayats Department, Government  
of Haryana

10<sup>th</sup> March 2023

# Allocation/Receipt/Utilization of grants under the XVth FC

- The following table shows allocation/receipt/utilization of grants

Year	Untied Grants (In cr.)			Tied Grants (In cr.)		
	Allocation	Receipt	Utilization	Allocation	Receipt	Utilization
2020-21	632.00	632.00	156.44	632.00	632.00	72.96
2021-22	374	374	206.86	561	280.5	133.67
2022-23	387.20	0	96.29	580.8	0	109.15

# Assets created out of XVth FC funds

- Data on bifurcation of assets created under tied and untied grants of XVth FC are not available on e-gramswaraj.
- MoPR may be requested to provide such data to the State.

## Existing system to monitor utilization of XV FC funds

- The State is using e-GramSwaraj Portal for monitoring the receipt and expenditure of the grants.
- Various SOPs and Instructions circulated across all Panchayats for utilization of the funds strictly as per guidelines.
- A Programme Management Unit at State, District and Block level has been constituted under the Rashtriya Gram Swaraj Abhiyan (RGSA) scheme of MoPR, Govt of India.

# Audit of Panchayats Annual Accounts

- The following table shows the status of audit of Panchayat accounts -

FY of annual accounts audited	Total no. of RLBs in the State	No. of RLBs audited online		No. of RLB audited offline	
		By LFAs	By empanelled CAs	By LFAs	By empanelled CAs
2019-20	6210	1544	—	1611	—
2020-21	6223	3104	—	2108	—
2021-22	6225	-----	—	1044	—

# Existing capacity of Local Fund Audit Department

<b>Designation</b>	<b>Sanctioned Strength</b>	<b>In position</b>	<b>Efforts made to strengthen auditing units</b>
Director	1	1	Government has already requested to fill up the vacant posts of SAs/Auditors at the earliest.
Senior Auditor	107	29 (Posted in MCs, Univs. & Circles)	
Local Fund Auditor	434	200 (16 for offline audit of PRIs, 6 senior auditors and 16 auditors for audit online)	
Others			

# Strategy for 100% Audit of RLB Accounts from 2023-24 onwards

- Department has prepared 100% audit plans in respect of Gram Panchayats for the year 2021-22 for audit to Senior Auditors/ Auditors and more manpower will be deputed for audit online as soon as more auditors are recruited.
- Audit Plans in respect of Zila Parishads and Panchayat Samitis will be made in the month of March 2023.
- As far as audit for the period 2022-23 to be conducted in 2023-24, plans will be made accordingly.

## Strategy to improve Audit infrastructure

- Matter has already been taken up with Haryana Staff Selection Commission to fill up the vacant posts of Auditor and Senior Auditor as department is facing acute shortage of staff.
- At present Auditors of the department have not been provided Laptop with Internet Connection to complete their job. A case will be submitted to the Development and panchayats Department to provide Laptop with Internet Connection to all the Auditors deputed for audit online purpose.
- MoPR is requested to provide adequate training to all the Auditors deputed for audit online time to time in offline mode.



## Forums where ATRs on audit observations are to be placed

- ATRs prepared by the auditee are to be placed before the Auditor concerned. The Auditor will satisfy himself with the ATRs and will forward the same with his comments/recommendation to the Deputy Director who vetted/generated audit report for settlement of paras.

# Time schedule for follow up actions on observations

- Suggestions – ATRs may be submitted within three months of generation of audit report.
- Auditor will submit his comments/recommendation to the Deputy Director within one month after satisfying himself with the ATRs.
- Deputy Director will settle the observation within three months from the receipt of comments of Auditor.

# Action Taken Module and other aspects for strengthening Audit Online application

- Suggestions: Responses to audit paras prepared by Panchayat Secretary should be forwarded through BDPO concerned to audit.
- Auditonline application should be fast and user friendly.
- The issue resolved by NIC once should not re-occur.
- At the time of assigning auditee name of scheme and start/end date of audit is selected one by one whereas it should be prompted to be applicable to all.
- Similarly, while freezing assigned auditee there should be option to select all entries in one go.

# Compliance on audit paras like linking to further fund flows

- Suggestions - It is appropriate to link the compliance on audit paras to release of funds to a particular auditee.
- Disciplinary action should be initiated against the concerned officer/official for not taking action on the audit observation on time.

# Conduct of Panchayat elections

- .The following table provides information on Panchayat elections -

Tier of RLB	Details of latest due elections		Remarks/Reasons for non-conduct of elections
	Month/Year in which elections were due	Month/Year in which elections actually conducted	
Gram Panchayat	March '21	December '22	The election process was challenged in the High Court
Block Panchayat	March '21	December '22	
District Panchayat	March '21	December '22	

# Release of Untied/Tied grants to RLBs from 2023-24

- Suggestions to MoPR/DDWS –
  - MoF guidelines whereby it states that release of grants will be subjected to availability of provisional accounts and audited statement in public domain, should be followed.
  - In the above case, the condition of transfer of funds from State Consolidated Fund to accounts of RLBs should not exceed a period of 15 days in any case.
  - The condition should also be extended to grants received from State Finance Commission by RLBs.

# Status of SFC and Explanatory Memorandum

- The 6th SFC was constituted on 22nd Sept. 2020 and submitted its report to the Governor in December 2021 for the period 2021-22 to 2025-26.
- The recommendations were examined by a Cabinet Sub-Committee under the Chairmanship of Chief Minister and Minister for Development and Panchayats and Minister for Urban Local Bodies.
- Financial recommendations of the Commission were accepted with some modifications as under -
  - Financial devolution of 7% of the net State's Own Tax Revenue (actual basis) to local bodies in the ratio of 55:45 (PRIs:ULBs).
  - Distribution criteria for PRIs and ULBs based on weightage of 75% to Population and 25% to Per Capita Own Revenue Distance.

# Status of SFC and Explanatory Memorandum

- Distribution criteria for ZP and PS based on population on Parivar Pehchan Patra (as on 31st December each year).
- Not more than 30% of devolved funds can be utilised for pavement of streets by LBs.
- Necessary action for amendments of relevant Acts/Rules introduction of legislative measures, wherever necessary, for the implementation of the recommendations of the Commission will be taken up by the concerned department.



## Issues faced in e-Gramswaraj

- All details such as work code, admin approval cost, expenditure, status of work, stage, geo-tagging stage, payment status - should be available for a work taken up under GPDP, PSDP and ZPDP.
- Mechanism for GP and PS to report to ZP and ZP to monitor works should be in place.
- There should be a provision to delete/de-activate the m-ActionSoft user in the district user, if the employee gets transferred. Currently no such provisions.

## Issues faced in e-Gramswaraj

- There should be different user for engineering wing for uploading estimates and technical approval under XVth FC.
- There should be a provision to create m-ActionSoft user in GP admin user.
- Mission Antyodaya gaps are not visible in prepared GPDP.
- A schemewise report should be there in which details of all activities taken up under a scheme in every year is reflected.

# Issues faced in e-Gramswaraj

## Accounting - PFMS integration:

- Approval Authority (Maker-checker) name should be shown in voucher/payment status.
- Facility to add the interest of Both the Heads i.e. Tied and Untied at the time of Bank Reconciliation should be enabled.
- There is no provision in e-GramSwaraj to enter the amount of untied funds (under 14th FC) deposited by the Sarpanch.
- No provision to adjust unspent balance of 14th FC on portal.
- Bank interest receipt not showing automatically at reconciliation.

# Issues faced in Audit Online

- When Auditors are sending Intimation Letters to the concerned Panchayat Secretary, name of some Panchayat Secretaries are not showing in the portal, hence, Auditors could not send the Intimation Letters.
- Due to some technical problem Intimation letters in respect of ZPs & PSs could not be sent till date. Problem already conveyed to State Panchayat Department.
- There is no facility of text message available for both the officials of Audit and Auditee in respect of Intimation Letter send/approve.

# Issues faced in Audit Online

- Auditors do not have computer/laptop alongwith Internet Connectivity, they are managing the same at their own and completing the task in addition to their own regular duties of offline audit.
- Requisite record in audit such as Grants sanction letter, Administrative Approval, Technical Sanction, Estimates, Tender Documents, Measurement Books, Bills, Vouchers, relevant registers etc. are not available on the portal.
- In absence of requisite record the present audit is not effective.

Thank you