

State: Sikkim

Allocation / Receipt/ Utilisation of grants under the Fifteen Finance Commission(FC XV) for period 2020-21, 2021-22, 2022-23

Year	Untied Grants (Rs. Crores)			Tied Grants (Rs. Crores)		
	Allocation	Receipt	Utilization	Allocation	Receipt	Utilization
2020-21	21.00	21.00	17.2	21.00	21.00	16.2
2021-22	12.40	12.40	8.4	18.60	18.60	12.8
2022-23	13.20	13.20	4.1	19.8	19.8	2.9
Total	46.60	46.60	29.7	59.40	59.40	31.9

** 2nd Instalment for 2022-23 was received as on 03.03.2023 & 09.03.2023

Assets Generated out of XV FC Grants during 2020-2023 (in Crs.)

Type of Assets Created out of Untied Grants			Type of Assets Created out of Tied Grants			Whether Geo- Tagged in eGram Swaraj
Category	No/ Units	Value	Category	No/ Units	Value	
Education	152	5.31	Drinking water	378	20.10	Yes
GP Office Infrastructure	55	1.07	Sanitation	495	11.8	Yes
Health	176	2.37				Yes
Markets and fairs	24	.86				Yes
Rural electrification	174	4.91				Yes
Rural housing	254	5.92				Yes
Total	835	20.44		873	31.9	

- The reporting system existing in the State to monitor the utilization of FC XV funds
- **eGramSwaraj-PFMS integration with geo-tagging of Assets. Monitoring is further done through Block Development Offices where Accounting and Engineering Cells are present. Also CA Audit is done in all RLBs from where expenditure details are drawn.**
 - Audit of Panchayats' Annual Accounts

FY of Annual Accounts	Total No. of RLBs in the State	No. of RLBs audited online		No. of RLBs audited offline	
		By local fund auditors	By empanelled CAs	By local fund auditors	By empanelled CAs
2019-20	4 ZPs + 185 GPs	58	-	58	189
2020-21	4 ZPs + 185 GPs	189	-	189	Under progress
2021-22	4 ZPs + 185 GPs	189	-	189	Under progress

- Existing capacity of Local Fund Audit Department in the State

Designation	In Position	Sanctioned Strength	Efforts made to Strengthen the Auditing Units
Director	Director: Nil Additional Director: 1	-NA- Sanctioned Strength not approved till date	DLFA is a division under the Finance Department established under the Sikkim LFA Act 2012 and LFA Rules 2014. All personnel transferred from SSAS & SFAS (State Finance Services) by Finance Department
Senior Auditor	Accounts Officer:2		
Local Fund Auditor	Sr Accountant:2		
Others	Jr Accountant:1		

- Strategy of the States in getting 100% audit of RLBs to meet the condition for the year 2023-24.
- Annual Audit Plan is formulated within March to achieve 100% audit and the same is carried out. For Sikkim audit for 2020-21 has been uploaded 100% and for 2021-22 provisional accounts are being uploaded.**

- Strategy to strengthen Audit Infrastructure
- **Implementation of Technical Guidance & Supervision/ Support (TGS) with AG office. As per the meeting held on 03.03.2023 in the office of the Pr. AG, two trainings are scheduled to be conducted by the State AG office to DLFA this year which shall be confirmed as per the TGS Agenda for 2023-24 prepared by the AG office. Further the office of the Pr. AG has suggested Joint Audit of 2-3 GPUs is to be conducted.**

CALENDAR AS PER TGS AGENDA SETTING FOR 2023-24 AUDIT CYCLE (TENTATIVE)													
MONTH													
ACTIVITY	Mar-2023	Apr-2023	May-2023	Jun-2023	Jul-2023	Aug-2023	Sep-2023	Oct-2023	Nov-2023	Dec-2023	Jan-2024	Feb-2024	Mar-2024
Audit Planning	✓												
Audit Methodology		✓	✓	✓									
Inspection Reports		✓											
Returns		✓	✓	✓									
Test Check			✓	✓									
Serious Irregularities							✓						✓
Internal Control		✓	✓	✓									
Training & Capacity Building			✓	✓							✓	✓	
Any Other Area Requiring TGS											✓	✓	

- Names of appropriate forums/levels where action taken report (ATR) on the audit observations is to be placed in terms of the audit rule in the State.
- **Annual Consolidated Audit Report is submitted by DLFA to the Government for approval. After obtaining the approval the same is laid in the Legislative Assembly under Section 19 of Sikkim LFA Act, 2012, which is discussed with the Public Accounts Committee (PAC) along with ATIR from AG Office. First meeting with PAC was held on 25th May 2022.**
- Suggestion in respect of time schedule to be followed for follow up actions on Audit observations at appropriate forums/levels prior to their laying in the Assembly/Gram Sabha in terms of the audit rule of the State.
- **Response/follow ups to be submitted by the PRIs within 4 weeks time from the issue of IR, so that the Annual Consolidated Audit Report may be submitted to the government by 31st March each year. The process for the year 2021-22 is ongoing.**
- Suggestions in respect of Action Taken Module proposed to be incorporated / other aspects towards strengthening MoPR AuditOnline application.
- **Ways to involve the BDOs in monitoring and education of Audit Online process may be looked into.**

- Suggestions on enforcing compliance on audit paras by the RLBs like linking to further fund flow to the Panchayats, etc.
- **The Annual Consolidated Audit Report is placed in the Legislative Assembly and discussed with PAC and PAC recommends any action with compliance to the XVth Finance Commission Guidelines. Further the Block Development Officer (BDO's) should also play an active role in pursuing the replies of observations made by audit in the stipulated time period.**
- Status of Election to the RLBs in the State.

Tier of RLB	Details of Latest Due Elections		Remarks/ Reasons for non-conduct of elections
	Month/Year in which elections due	Month/Year in which elections were actually conducted	
Gram Panchayats	2027	2022	-
District Panchayats	2027	2022	-

- Suggestions for the process of recommendation to be followed by MoPR / DOWS for release of Untied/Tied Grants from FY 2023-24 onwards in view of MoF guidelines on provisional and audited accounts of RLBs as essential requirement for release of grants and the dynamic nature of their fulfilment in the States.
- **As per the MoF guidelines State of Sikkim has uploaded the Audited Accounts of the previous year i.e. 2020-21. Provisional Accounts for 2021-22 is being uploaded.**

- Changes suggested in GTC format, if any, towards the above
- **State complies with the Ministry's format**
- Present Status of latest SFC in the State including strategy and preparedness to lay the explanatory memorandum on its report in the State Legislature before March, 2024, as required
- **5th SFC is in force from 2020-21 to 2024-25**
- **6th SFC Constituted vide Not. No. GoS/FCD/Fin/2021-22/01/273 dated 20th June, 2022**
- **Time for submission of 6th SFC Report has been extended till 30th June 2023 vide Notification no. GOS/Fin/FD/2021-22/01/292 dated 22nd February 2023**


GOVERNMENT OF SIKKIM
FINANCE DEPARTMENT
TASHILING SECRETARIAT
BLOCK-B
GANGTOK

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No. GoS/FGD/Fin/2021-22/01/273

Dated 20th JUNE 2022

NOTIFICATION

In exercise of the powers conferred by Article 243 I and 243 Y of the Constitution of India read with Chapter X of Sikkim Panchayat Act, 1993, The Sikkim Municipalities Act, 2007, and in pursuance of section 3 of the Sikkim (Constitution of Finance Commission) Rules, 1995, the Governor of Sikkim is pleased to constitute the Sixth State Finance Commission consisting of Shri. Tashi Cho Cho, Secretary, Home and Administrative Reforms Commission as the Chairperson with the following officers as members:-

1. Smt. Rosal Rai,
Special Secretary,
Urban Development Department - Member
2. Shri Basant Lama,
Director Panchayat,
Rural Development Department - Member
3. Shri Raj Nayan Pradhan,
Director (Aocovers),
Rural Development Department - Member Secretary

2. The Chairperson and the other Members of the Commission shall hold the office from the date on which they respectively assume office and not later than 1st August, 2022 for a period of six months unless the Governor extends the term for the purpose.

3. The Commission shall make recommendations as to the following matters, namely:-

(a) The principles which should govern:-

- (i) The distribution of fund between the State and the local bodies namely Zilla Panchayats, Gram Panchayats, Municipalities, Municipal Councils and Nagar Panchayats, of the net proceeds of the taxes, duties, tolls and fees leviable by the State which may be divided between them under part IX and IX A of the Constitution of India and the allocation between the Zilla Panchayats, Gram Panchayats and Urban Local Bodies at all levels of their respective shares of such proceeds;
- (ii) The determination of taxes, duties, tolls and fees which may be assigned to or appropriated by the Zilla Panchayats, Gram Panchayats, Municipalities, Municipal Councils and Nagar Panchayats;
- (iii) The Grants-in-Aid to the Zilla Panchayats, Gram Panchayats, Municipalities, Municipal Councils and Nagar Panchayats from the Consolidated fund of the State.

(b) The measures needed to improve the financial position of the Zilla Panchayats, Gram Panchayats, Municipalities, Municipal Councils and Nagar Panchayats.


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4. The Commission shall also:-

(i) Examine and suggest the extent to which and the manner in which the resource available to the local bodies could best be utilized for meeting the expenditure of the bodies;

(ii) Make a detailed analysis of the repayment of loans and advances, if any, extended by the Government from time to time to the local bodies and make suitable recommendations for repayment of Government dues and make possibility of adjusting these dues against future devolution of revenues from Government to these bodies;

(iii) Examine the resources of the Local Bodies for the five years commencing on 1st April 2025, on the basis of the existing and proposed level of taxation and non-tax revenues likely to be reached by the end of fiscal year 2029-30. Any new taxes and duties leviable during the aforesaid period may be taken into consideration.

5. In making its recommendations, the Commission shall have regard to, among other things:-

(i) The resources of the State Government and the demands, thereon, on account of expenditure on civil administration, debt servicing, development and other committed expenditure of the Local bodies;

(ii) Suggest to improve the quality of public expenditure to obtain better outputs and outcomes;

(iii) Examine the composition of maintenance and up keep of capital assets created by the Local Bodies or transferred by the Government to the Local Bodies.

6. In making its recommendations on various matters, the Commission shall take the base of population figure as of 2011, in all such cases where population is a factor for determination of devolution of taxes, duties and grants-in-aids.


7. The Commission shall indicate the basis on which it has arrived at its findings and make available the estimate of receipts and expenditure of each tier of Local Bodies within the State.

8. The Commission shall submit its recommendations to the Governor within 31st December, 2022, covering the period of five years commencing on the 1st day of April, 2025.


 (V.B. Pathak) IAS
 Additional Chief Secretary
 Finance Department

Copy to:

1. All concerned above
2. All Secretaries/Heads of Departments
3. Secretary to H.E. the Governor
4. Secretary to the Hon'ble Chief Minister
5. Joint Secretary (Conf.) Home Department for publication in Government Gazets
6. File and
7. Guard file.


GOVERNMENT OF SIKKIM
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No. GoS/FGD/2021-22/01/273
 Dated: 20th February 2022

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Whereas Shri Basant Lama has since been promoted and posted as Secretary, Culture Department vide O.O. No. 6566/11/DOF dated 16th December 2022; the Governor is hereby pleased to appoint Shri Terzang Dorjee Demzongpa as member of the Sixth State Finance Commission and for that purpose makes the following amendment in the aforesaid Order.

In the said order, in paragraph 1, for serial number 2 and the entries relating therein, the following entries shall be substituted, namely:

1. Shri Terzang Dorjee Demzongpa,
Director Panchayat,
Rural Development Department - Member

2. In the said order, the Governor is also pleased to extend the tenure of holding of office by Chairperson and the other Members of the Commission by another six months up to 31st July 2023. The Commission shall now submit its recommendations to the Governor within 30th June 2023.


 (V.B. Pathak) IAS
 Additional Chief Secretary
 Finance Department

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7. Guard file.

6th SFC Constituted vide Not. No. GoS/FGD/Fin/2021-22/01/273 dated 20th June, 2022

Thank You