MOST IMMEDIATE
AUDIT MATTER

G-25012/2/2018-B&F
Government of India
Ministry of Panchayati Raj

11th Floor, Jeevan Prakash Building
K.G. Marg, Connaught Place,
New Delhi – 110001

Dated, 27th December, 2018

Subject:- Inspection Report on the accounts of Ministry of Panchayati Raj for the year 2016-17 and 2017-18.

A copy of the draft Inspection Report on the accounts of Ministry of Panchayati Raj for the year 2016-17 and 2017-18 received from the O/o the Director General of Audit (Central Expenditure), I.P. Estate, New Delhi is sent herewith, which is self-explanatory.

2. It is requested that the consolidated replies/information along with supporting documents to the draft Audit Paras of the Inspection Report concerning your Division may be furnished directly to the O/o the Director General of Audit (Central Expenditure), I.P. Estate, New Delhi by 5th January, 2019 for early settlement/dropping of the same, under intimation to this Division.

3. This may please be accorded 'Top Priority'.

Harchandel
27/12/18

(Harkesh Chander)
Under Secretary (B&F)
Tel: - 011-23753814

Encl.As above.

JS (KSS)/JS(SKP)/EA (SS)

Copy for information:

1. PPS to SS&FA
2. PPS to SS (BP)
3. Dir (Fin.)

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Office of the Director General of Audit (Central Expenditure), I.P Estate, New Delhi-110002

Inspection Report on the accounts of Ministry of Panchayati Raj, New Delhi for the year 2016-17 and 2017-18.

Part-I

(I) Introduction

The Transaction& Grant- in- aid audit on the accounts of the Ministry of Panchayati Raj for the year 2016-17 and 2017-18 was conducted by the local audit party comprising Shri Sanjeev Kumar, Sr. Audit Officer, Shri Balakrishnan P., AAO (04.09.2018 to 09.10.2018), Sh. Ranjeet Chaudhary, AAO (18.09.2018 to 01.11.2018), Sh. Ranjeet Kumar, Auditor of the office of the Director General of Audit, Central Expenditure, New Delhi from 04.09.2018 to 01.11.2018 (40 working days). The last audit of the Ministry for the year 2015-16 was conducted from 19.09.2016 to 25.11.2016.

(II) Organizational set up and activities

The Ministry of Panchayati Raj was created in May 2004, primarily to oversee the implementation of Part IX of the Constitution, inserted by the 73rd Constitutional Amendment Act 1992 and provision of the Panchayats (Extension to the Scheduled Areas) Act, 1996 which has institutionalized Panchayati Raj Institution at the village, intermediate and the District level as a distinct unit of Self-Government. The aim was to combine social justice with devolution, with an emphasis on reservations for the deprived classes of the population in Panchayats including the leadership position.

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(III) Financial Position:

The Budget Allocation and Actual Expenditure of the Ministry for the last three years are as under:

(Rs. in Crore)

Year	Budget Estimate		Revised Estimate		Actual Expenditure	
	Plan	Non-Plan	Plan	Non-Plan	Plan	Non-Plan
2015-16	394.00	0.75	220.00	1.50	207.35	1.32
2016-17	750.00	18.33	655.00	20.15	654.90	19.09
2017-18	770.00	20.79	700.00	19.21	683.01	18.83

(IV) Internal Audit

Internal Audit of the Ministry has not been conducted.

(v) Scope of the Compliance audit

The proposed Grant in aid and Transaction Audit entailed scrutiny of records of Ministry of Panchayati Raj for the year 2016-17 and 2017-18 in light of Government Rules, Regulations and Scheme Guidelines formulated by Ministry.

In addition, audit checked the remedial actions taken by the Ministry on the audit observations pointed out in previous Inspections Reports.

Current Audit

Part-II (A)

Grant-in-Aid

-Nil-

Transaction Audit

-Nil-

Part-II (B)

Grant-in-Aid

Para 1:- Unspent Balances of Rs. 1904.45 crore lying with State Government/Implementing Agencies under BRGF Scheme

Backward Region Grant Fund (BRGF) scheme of the Ministry was implemented on 19th February, 2007 for supplementing and converging existing developmental inflows into identified backward districts in the country, so as to bridge critical gaps in local infrastructure. The Project under the scheme are planned, implemented and monitored by the Panchayats, Municipalities and other local bodies. The Ministry released grant-in-aid of Rs.21859.15 crore during the year 2009-10 to 2014-15. From the financial year 2015-16, BRGF scheme has been delinked from budgetary support of the Central Government and transferred to States who will run the scheme/programme from their own resources.

Audit noticed that amount of Rs. 1904.45 crore was lying unspent with the State Governments for which utilization certificates were pending as on 31.03.2018 as detailed below:

(Rs. in crore)

Sl. No.	State	Unspent balance
1	Andhra Pradesh	24.72
2	Arunachal Pradesh	0.40
3	Assam	24.69
4	Bihar	465.68
5	Chhattisgarh	35.25
6	Gujarat	69.86
7	Haryana	15.10
9	Jammu &Kashmir	71.88
10	Jharkhand	198.92
11	Karnataka	19.40
12	Kerala	2.42
13	Madhya Pradesh	72.99
14	`Maharashtra	131.47
16	Meghalaya	15.63
18	Nagaland	60.40
19	Odisha	296.42
21	Rajasthan	44.00
23	Tamil Nadu	14.95
24	Telangana	71.91
25	Uttar Pradesh	36.30
26	Uttarakhand	0.05
27	West Bengal	232.01
	Total	**1904.45**

Records/files relating to delinking of BRGF scheme from budgetary support of the Central Government, transferred to States were called for but the same was not furnished to audit. This was also pointed out in previous year inspection report.

The matter was referred to the Ministry vide Half Margin No. 1 dated 03.10.2018. P/5C Vol I
The Ministry in its reply dated 11.10.2018 has accepted the observation. P/160c-170c Vol-I

Para 2:- **Outstanding Utilization Certificates under RGPSA**

As per Rule 212 (1) of GFRs, a certificate of actual utilization of grant was required to be received from the grantee institution/organization, for the purpose for which it was sanctioned, in the prescribed form. The UC should also disclose whether the specified/quantified and qualitative targets had been achieved against the amount utilized, and if not, reasons thereof should be furnished. The UCs should be submitted within 12 months of the close of the financial year in which grant released by the organization or institute.

Audit scrutiny revealed that the Ministry implemented the Rajiv Gandhi Panchayat Shasktikaran Abhiyan (RGPSA) from 2012-13 to 2015-16 and Capacity Building-Panchayat Shasktikaran Abhiyan (CB_PSA) during 2016-17 and 2017-18 to improve the functioning of PRI. The scheme was transferred to states in 2015-16.

It was noticed that Cumulative Central release under the RGPSA was Rs.1858.96 crore whereas cumulative expenditure reported by the states was Rs.1353.83 crore from 2014-15 to 2017-18. Year-wise details of unspent balances are given below:

(Rs. in crore)

Year	Amount released	Amount utilized	Unspent balance
2014-15	481.45	404.95	76.50
2015-16	168.47	165.96	2.51
2016-17	586.39	532.35	54.04
2017-18	622.65*	250.57	372.08
Total	**1858.96**	**1353.83**	**505.13**

*As per answer given to unstarred question no.4460 (Lok Sabha)

It is evident from above that huge unspent/unutilized amount was lying with the State Governments since 2014-15 onwards. In addition to this difference was also noticed in the figures of amount released under the scheme 2017-18 between the answer given to unstarred question no.4460 (Lok Sabha) (622.65 crore) and information furnished (621.72 crore) to audit.

Further, it was gathered from the information provided by the Ministry that Utilization Certificates upto 2016-17 for the amount of Rs. 163.57 crore were pending from the states.

Reasons for the difference in the figures along with current status of pending UCs was asked for vide Half Margin No. 2 dated 03.10.2018, but the reply of the Ministry is still awaited.

Para3:- Parking of funds of Rs. 13.43 crore

Rajiv Gandhi Panchayat Shasktikaran Abhiyan (RGPSA) from 2012-13 to 2015-16 and Capacity Building-Panchayat Shasktikaran Abhiyan (CB-PSA) during 2016-17 and 2017-18 was a centrally Sponsored Scheme (Central Sector Scheme since June 2016) being implemented by the Ministry of Panchayati Raj with the objective to strengthen the Panchayati Raj system across the country and address critical gaps that constrain it. It seeks to enhance capacities and effectiveness of Panchayats and Gram Sabhas, enable democratic decision making and accountability in panchayats and promote people's participation to improve the functioning of PRI. An important component of the programme is to support innovative projects and ractices in the field of Panchayti Raj that vitalize the functioning of these institutions and help them address the real issues of the people. The scheme was transferred to states in 2015-16.

During the scrutiny of the records relating to the release to states under the above scheme it was gathered that an amount of Rs. 13.43 crore was released to five states and no expenditure has been reported by these states till date. Details of the same are given below:-

Rs in Crore

Sl.No.	Name of State	Parked since	Amount
1	Himachal Pradesh	2016-17	1.40
2	Jammu and Kashmir	2014-15	8.58
3	Daman and Diu	2014-15	1.51
4	Chandigarh	2015-16	0.29
5	Lakshadweep	2015-16	1.65
Total			13.43

The Ministry may take necessary steps in this regard under intimation to audit.

The matter was referred to the Ministry vide Half Margin No. 3 dated 03.10.2018 but their reply is still awaited.

Para 4:- Infractuous expenditure of Rs. 30.47 Lakhs

During the scrutiny of the file relating to the Campaign on "National Panchayati Raj Day 2016" through various Mediums it was noticed that every year the Ministry organizes a National Conference to commemorate the National Panchayati Raj Day on the 24th April to highlight the achievements and initiatives of the Ministry among other issues in the campaign an extensive Mass Media and Awareness drive in all possible Mediums in order to reach out to the target audience is also carried out. Since the National Panchayati Raj Day is a commemorative celebration during which the national awards are also given, a media activity of this nature will help in highlighting the achievements of the Ministry and also feature the Award winning states and Panchayats. In this connection it was decided that one A/V spot on Special Gram Sabha and one A/V for ***"Gram Uday se Bharat Uday Campaign",*** may be prepared (initially the name of the campaign was "Gram Swaraj Abhiyaan" , which was later changed to Gram Uday se Bharat Uday Abhiyaan". The expenditure for combined IEC activities proposed was Rs. 17 crore, however since all activities did not take place; the actual expenditure towards campaign was Rs. 9.09 Cr. This expenditure towards approved Media activities was to be shared by the three ministries as decided in inter Ministerial committee. It was decided that the expenditure would be met by all three ministries in the ratio of 60:35:15 (60% by MoRD , 35% by MoDWS and 15% by MoPR) .

During the "Gramoday Se Bharat Uday Abhiyan", held in April 2016, two video spots and two audio spots were approved and were assigned to DAVP. The same were produced by DAVP for the Ministry for release during the ***Gramoday se Bharat Uday campaign*** and National Panchayati Raj day 2016. The spots were sent to election commission for its approval, before their release on Doordarshan and All India Radio. Approval of election commission was awaited, in the meantime I & B Ministry brought their A/V spots on Gramoday se Bharat Uday and the same was released in Doordarshan, Private channels etc. The spots prepared by MoPR and MoRD were not actually aired/telecast in TV and Radio .Moreover, the spots prepared by M/o I&B did not have the logo of M/o PR or M/o RD but the demand of Rs. 30,47,500/- was raised by the DAVP to produce these spots. Thus the A/V spots could not be utilized by the Ministry during the National Panchayati Raj Day which resulted in infractuous expenditure of Rs. 30,47,500/- . The payment is still to be made to DAVP by the Ministry.

Further it was gathered that an amount of Rs 3.26 Cr was also payable to DAVP pertaining to Print advisement released by MoPR on behalf of MoRD for campaign by MoRD on account of "Gramoday Se Bharat Uday Campaign" organized jointly by three Ministries i.e. Ministry of Panchayati Raj, Rural Development and Ministry of Drinking water and Sanitation. Though the matter has been taken up with the Ministry of Rural Development but the same has not been settled since organization of said campaign and DAVP is raising the demand for making the outstanding payment by the Ministry.

The matter was referred to the Ministry vide Half Margin No. 4 dated 03.10.2018 but their reply is still awaited.

Para 5:- Pending Utilisation Certificates amounting to Rs. 10.28 crore from NIC/NICSI

e-Panchayat is an ongoing project since 2009. The project was approved by the Standing Finance Committee (SFC), for awarding to NICSI on a nomination basis on 17.02.2009 and the project activities have since continued every year through NICSI. NICSI was provided Rs. 19.63 crore in 2016-17 for undertaking various project related activities under e-Panchayat. This included Rs. 16.55 crore released over 2 instalments and Rs. 3.08 crore from previous year's balance. During the year 2017-18 NICSI was given grant of Rs, 12.60 Crore. The funds were used for maintenance of PES applications, national project management unit, procurement of necessary hardware/software, training support to States, etc. NIC is over all responsible for the project management and the resource management. The nature of support provided includes software development, maintenance, training support, etc.

However, it was gathered that Utilisation Certificates for an amount of Rs. 10.28 crore were pending from NIC/NICSI till date. The Ministry may take necessary steps to get outstanding utilization certificates under intimation to audit.

The matter was referred to the Ministry vide Half Margin No. 8 dated 03.10.2018 but their reply is still awaited.

Para 6:- Non-finalization of underway projects under Action Research &Research Studies

Action Research & Research Studies (AR&RS) scheme provides financial support to academic institutions and research organization having specialized experiences in research and evaluation in the areas of Panchayati Raj. Action research proposals provide an in-depth analysis for long-term issues, impact and experiences in Panchayati Raj across the country. As per the AR&RS guidelines, the timeline of study varies from project to project depending upon its objectives, methodology and sample selection. Generally time duration varies from 6 to 12 months. The payment to the agency for research studies are made in three installments in the ratio of 50:30:20.

As per information furnished by the Ministry, 6 projects were sanctioned during the year 2016-17 and 2017-18 and an amount of Rs. 3.59 Crore was released to the Agencies and all the 6 projects were underway till date.

Further, test check of the vouchers revealed that an amount of Rs. 1.97 crore was released for various studies (Details in Annexure), and all of them are incomplete till now. And non submission of study report in time attracts penalty of Rs.9.85 lakh @ 5% of total cost of study, which becomes leviable on the Agencies at the time of final payment.

Current status of studies, payment made and penalty imposed if any, for delay in submission of report was asked for vide Half Margin No. 10 dated 03.10.2018 but their reply was still awaited.

Para 7:- **Delay in completion of films**

The ministry awarded the work related to the production of 25 Success story films as per approved list of 25 films to National Film Development Corporation Limited (NFDC) on 24 November 2017. According to the work order the timeline for the submission of films was as follows:-

(i) Submission of revised treatment of subject and approach -17th November 2017

(ii) Submission of script in Hindi- 30th November 2017

(iii) Submission of Text of Subtitles in English for approval -30th November 2017

(iv) Submission of first cuts of 25 films -5th December 2017

(v) Submission of final cut of 25 films and Trivias -12th December 2017

Further, Point No. 11 of the work order provides for a penalty of maximum 5% for delay in submission of deliverables.

The total cost of production of 25 films was 1,68,75,000/- plus applicable taxes and the ministry released the first advance of 40 per cent. In violation of the timeline the tentative scripts of the 25 success stories of award winning panchayat to be made by NFDC was submitted to the empowered committee for evaluation on 06.03.2018. Further, the 1st rough cut of the films was previewed by the ministry in May 2018 which was 6 months after the last date of submission of first cut of the films. Meanwhile the NFDC has submitted invoice for payment of 2nd installment. The final cut of films is yet to be received by the ministry which was to be received by 12th December 2017. In short, even after almost one year of delay the films have not been completed. This necessitates the need to levy 5 per cent penalty on NFDC (Rs. 8,43,750) for delay in completion of films. Further such a long delay in completion of films hampers the usefulness of films. It is also pertinent to note that even the revised Bank Guarantee of NFDC expired on 25.05.2018. The ministry has initiated the process of approval for the payment of 2nd installment to NFDC without even asking it to revise its bank guarantee.

The matter was referred to the Ministry vide Half Margin No. 15 dated 09.10.2018 but their reply is still awaited.

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Para 8:- **Diversion of funds**

The Ministry of Panchayati Raj runs a scheme of incentivizing the best performing Panchayats recommended by the State Governments/Union territories since 2011-12. The awards are given on the National Panchayati Raj Day (NPRD) celebrated on 24th April every year. During the year 2016-17 Rs. 38 Crore were allotted under the head 2515.00.101.31.02.31 (Incentivization of Panchayats). Test check of the vouchers made available to audit, it was revealed that instead of incurring the expenditure from above mentioned head, expenditure for incentivization of Panchayats was met from the head 2515.00.101.30.03.31 (Action research & Publicity). The Details of such cases, where expenditure was met from 'Action Research & Publicity' are tabulated below:-

S.No.	Head of the account debited for incentivization of Panchayat	Sanction no. &Date	Amount (In Lakhs)
1.	2515.00.101.30.03.31	J-11011/62/2014-Media -22.08.2016	10.00
2	2515.00.101.30.03.31	J-11011/62/2014-Media -07.09.2016	10.00
3	2515.00.101.30.03.31	J-11011/62/2014-Media -27.09.2016	10.00
4	2515.00.101.30.03.31	J-11011/62/2014-Media-27.06.2016	10.00
5	2515.00.101.30.03.31	J-11011/62/2014-Media-22.08.2016	10.00
6	2515.00.101.30.03.31	J-11011/62/2014-Media-27.06.2016	10.00
7	2515.00.101.30.03.31	J-11011/62/2014-Media -06.09.2016	10.00
Total			**70.00**

Thus it is evident from the above that the expenditure of Rs. 70.00 lakh was diverted.

The matter was referred to the Ministry vide Half Margin No. 17 dated 09.10.2018 but their reply is still awaited.

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Para 9:- Undue benefit to the Agency for Publication of Newsletter without due diligence

In order to convey the important messages to the various stakeholders, rural masses, PRI functionaries and Panchayats, it was decided to bring out a common Newsletter, 'Gramoday Sankalp' on Quarterly basis by all the three Ministries together i.e. Ministry of Panchayati Raj, Rural Development and Drinking Water and Sanitation may be printed and circulated upto the Gram Panchayat level. The main objective of publishing this common newsletter would be, apart from playing the role of awareness generation tool about the latest schemes/updates of all three Ministries, would be to facilitate a continuous communication between the policy makers, the implementing agencies and the functionaries and the grassroots. The entire cost of the newsletter would be shared by the three Ministries in ratio of the number of pages allotted to each Ministry. The ratio comes to 48% for MoRD, 33% for MoDWS and 19% for MoPR. The MoPR floated the Request for Proposal (RFP) on the CPP Portal on 19th April, 2017. The bids were opened on 5th June, 2017. Six Agencies participated in the e-tender. The Technical Evaluation Committee on 6th June, 2017, evaluated the technical bids and only two Agencies could secure only 54 and 60 marks against the minimum requirement of 70 marks. Therefore, their financial bids could not be opened. It was therefore, the RFP for 'Gramoday Sankalp' was floated again on CPP Portal on 12th June 2017. Last date was 29th June, 2017. A Tender Opening Committee was constituted in the Ministry with one representative each from MoRD and MoDWS. The e-Bids were opened on 30th June, 2017. The following Five Agencies had applied on CPP Portal:

(i) M/s D.B. Corp Ltd.

(ii) M/s Goldmine Advertising Limited

(iii) M/s India Offset Press

(iv) M/s Infinity Advertising Services Pvt. Ltd.

(v) M/s Jagran Prakashan Ltd.

All the Five Agencies qualified for technical evaluation and presentation. A Technical Evaluation Committee was constituted under the chairpersonship of Economic Advisor, PR, which met on 7th July 2017 and during technical evaluation three agencies viz. (i) M/s D.B. Corp Ltd. (ii)M/s Goldmine Advertising Ltd and (iii) M/s Jagran Prakashan Ltd. Secured more than the requirement of 70 marks. However, M/s D.B. Corp Ltd. was disqualified on the plea that the agency is not enlisted under any category viz. 'A' Class printer with DOP/DAVP and empanelled multimedia agency. Hence it could not qualify the technical bid criteria, as per Para4 (i),(e) page.4 of the RFP. Only two agencies viz. (i) M/s Goldmine Advertising Ltd and (ii) M/s Jagran Prakashan Ltd. Could qualify in the Technical Evaluation Committee and qualified for next level i.e. opening of financial bid.

The committee opened the financial bids of the two agencies on 11.01.2017. The financial bids were as follows:

(i) M/s Jagaran Prakashan : Rs. 1.962 crore

(ii) M/s Goldmine Advertising Limited: Rs. 1.07 crore

By applying Combined Quality Cum Cost Based System (CQCCBS) M/s Jagaran Prakashan qualified for the award of work at a total cost of Rs. 1.962 crore per issue excluding taxes. The contract for the same was awarded to M/s Jagran Prakashan Limited, Kanpur, for Four issues in one year.for an amount of Rs. 1,96,20000/-

However, During the scrutiny of the file it was gethered that M/s Goldmine Advertising Limited did not have any experience in publication of newsletter and was awarded zero points for it. However, as per Para 4 (i) c of the RFP experience in publishing Newsletter/Magazine for social sector Ministries was must. Therefore, M/s Goldmine Advertising should not have been qualified technically. Had that been the scenario only M/s Jagaran Prakashan could have qualified technically, leaving only one bidder for opening of financial bids wiping out all the competition. It could be seen from the received bids that the financial bid of M/s Jagaran Prakashan is almost double the bid of other technically qualified bidder. This would also increase the financial burden on the Ministry to that extent.

As per Rule 21 of GFR, high standards of financial propriety and strict economy must be adhered to. Every officer is expected to exercise the same vigilance in respect of expenditure incurred from public moneys as a person of ordinary prudence would exercise in respect of expenditure of his own money. Therefore, the Ministry should have gone for retendering.

The matter was referred to the Ministry vide Half Margin No. 20 dated 12.10.2018 but their reply is still awaited. P/35 vol-

Para 10:- Excess payment of Rs. 4,35,513/- to film making agencies

The ministry had given work orders for production of 25 films highlighting success stories of various Gram Panchayats. Para 2 (iii) of the work order stipulates that the consolidated rate for production of would include travel upto 200 kms outside Delhi. Further, para 2(iv) states that the producer will have to obtain prior permission of the Ministry for undertaking any journey by rail or by Air for the shooting a film and beyond 800 kms and amount will be reimbursed only on submission of used tickets and boarding passes (in case of air travel) to support their claim.

The ministry paid 40% of the total consolidated rate (Rs. 4,50,000 plus service tax), i.e. Rs. 1,80,000/- at the time of issue of work order, while the rest of the amount was to be paid after completion of the film and its handing over to the ministry. Test check of vouchers revealed that certain agencies have been reimbursed travel charges even when in most of the cases they have not included travel charges in their final bill. Following is the list of such excess payments made by the ministry to various agencies:-

S. No.	Name of the Agency	Amount of final Installment	Amount claimed by the agency for final installment	Amount Paid	Excess Payment (Travel Expenses)
1.	M/s Ajay Shukla Productions Pvt. Ltd.	325620/-	325620/-*	341252/-	71252
2.	Icon Communications	325620/-	325000/-	365044/-	39424
3.	LEO VIII films Private Limited	270000/-	3,35,250/-	413172/-	143172
4.	Ranjit Studio Pvt Ltd	335250/-	335250/-	420006/-	84756
5.	A.M. Films & Advertising	335250/-	395733/-*	330483/-	60483
6.	R.N. Production	325620/-	325620/-	306426/-	36426
				Total	435513/-

* Service tax was to be paid on proof of payment, so not paid by ministry in test checked voucher

It was also noted that bills were submitted by many agencies after at least 3 months of the timeline for the delivery of films.

List of these agencies are as follows:

S.No.	Name of the Agency	Scheduled time for completion	Final Bill Submission date
1.	Ajay Shukla Productions Private Limited	02.10.2014	10.03.2015
2.	Leo VIII Films Pvt. Ltd.	21.11.2014	28.03.2016
3.	Macons People Private Limited	21.11.2014	21.03.2015
4.	Ranjit Studio Pvt. Ltd.	21.11.2014	19.05.2016
5.	AM Films and Advertising	21.11.2014	22.02.2016
6.	R.N. Production	21.11.2014	24.02.2015

Test check of vouchers/records made available to audit, it could not be ascertained if the films were completed on time or not. There is a provision of imposition of penalty of 5% for delay in completion of films, though instance of imposition of penalty was found.

The matter was referred to the Ministry vide Half Margin No. 21 dated 12.10.2018 but their reply is still awaited.

Para 11:- In fructuous expenditure of Rs. 18 Lakhs on production of films

The Ministry decided to undertake the important media related activities including **"Production of Training Films"** under **"Media and Action Research"**Scheme during the year 2014-15 and submitted its action plan to Cabinet Secretariat/PMO in August 2014. Further, the Ministry decided to make 15 short Training films (including 10 short training films and 5 animated films) and 20 success stories training films and readied by September, 2014. For this, the Ministry empanelled 30 producers/production agencies for production of films at its own. Out of these 30 empanelled producers/production agencies, 27 were in audio visual category while 03 were in the audio category. These films were to be telecasted on Doordarshan through its National and Regional channcls.Thc Ministry approved Rs. 67.50 lakh for 15 training films @ Rs.4.50 lakh each to 15 agencies and Rs. 90.00 lakh for 20 video films based on inspirational success story @ Rs.4.50 lakh each. The release was to be made in the ratio of 40:40:20. Accordingly, the Ministry released Rs. 27.00 lakh to 15 agencies @ Rs.1.80 lakh each for 15 training films in September 2014 and Rs.36.00 lakh to 20 agencies @ Rs.1.80 lakh each for 20 success stories films in October 2014as first installment of (40% of Rs.4.50 lakh). The training films were to be completed by September 2014.

Out of these 35 films, 25 films were approved in March 2016 after a long drawn process of preview at various stages. The ministry has released final payment of Rs. 85,19,157/- to various agencies for the production of 25 films. Ex-post facto approval of SPR was taken for the release of above mentioned payment.

It was also gathered from the concerned file that the remaining 10 films commissioned in 2014 were yet to be previewed by the Empowered Committee as on 26.07.2018. It has been four years since the films were commissioned, and even if they are approved now, they will not serve the purpose of the Ministry. This inordinate delay in approval of 10 films has diminished the effectiveness of these films, rendering the payment made to these agencies (1st installment of Rs. 18 Lakhs, Rs. 1,80,000*10, i.e. 30 percent of total cost) infractuous.

The matter was referred to the Ministry vide Half Margin No. 28 dated 26.10.2018 but their reply is still awaited.

Para 12:- Unspent balances of Rs. 98.70 Lakh lying with states

Ministry of Panchayati Raj runs a scheme of incentivizing the best performing Panchayats recommended by the State Governments/Union Territories since 2011-12. The awards are given on the National Panchayati Raj Day celebrated on 24th April every year. For this the ministry releases some amount as Administrative Cost under the scheme. The amount needs to be utilized by the State Government for preparation of State-specific indicators, questionnaire and marking scheme, field verification, preparation of training curriculum, imparting training to State teams and consultancy service etc.

During the scrutiny of related files made available to audit, it was found that a high percentage of funds issued to states as administrative cost under the abovementioned scheme remained unutilized. The summary is given in the table below:-

(Rs. in Lakh)

S.No.	Financial Year	Total Amount under Administrative Cost with States	Fund Utilized	Unspent Balance held with the States	Percentage of Utilized funds
1	2014-15	118.52	49.07	69.45	42
2	2015-16	120.07	41.73	78.34	35
3	2016-17 and 2017-18	135.70	37.00	98.70	27

Status as on 12 September 2017

Further it was noticed that four states have done no utilization of funds released to them under the scheme since financial year 2014-15 as detailed below:-

(Rs.in Lakh)

S.No.	Name of the state	Funds released from 2014-15 to 2017-18 (Including unspent balance of 2013-14)	Funds Utilized	Unspent fund
2	Gujarat	5.99	-	5.99
3	Jammu & Kashmir	3.19	-	3.19
4	Madhya Pradesh	10.01	-	10.01
5	Odisha	2.68	-	2.68

Status as on 12 September 2017

In this regard current status of UC's received from the states along with reasons for non/short utilization of funds and action taken by the ministry to recover the unutilized funds was asked for vide Half margin No. 29 dated 26.10.2018. The Ministry in its reply dated 31.10.2018 stated that due care is being taken regarding unspent balance with the States/UTs while releasing the subsequent funds towards administrative cost, however current status regarding pending funds/UCs was not provided.

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Transaction Audit

Para 13:- Expenditure of Data Cards in contravention of Rules

Department of Expenditure, Ministry of Finance, had, vide Circular No. 24(5)/E.Coord/2012 dated 11 May 2012, issued instructions regarding providing of Internet facility through Data card. These instructions stipulated (i) No Data-Card (Hardware etc) would be provided by the office and only reimbursement for data use, through data card, will be allowed on submission of Bill, (ii) The User has the liberty to choose any operator/plan beneficial to them, and (iii) Re-imbursement would be allowed for one data card connection only. Besides, the circular stipulated that this facility could be extended to Class 'A' Officers only for reimbursement towards charges of mobile phone/residential phone/data card/broadband etc and is subject to expenditure ceiling.

However, it was gathered that following officials have been provided with the data card from the office:-

Sl. No.	Name of the Officer	Designation
1	Dr. Bala Prasad	Additional Secretary
2	Sh. Khuswant Singh Sethi	Joint Secretary
3	Smt Sujata Sharma	Economic Advisor
4	Sh. S S Prasad	Director
5	Sh. Sharad Gupta	Consultant
6	Sh. K K Tripathi	Director

Further, Sh. Sharad Gupta, being Consultant is not entitled to avail this facility.

This is in violation of the abovementioned circular.

The matter was referred to the Ministry vide Half Margin No. 5 dated 03.10.2018 but their reply is still awaited.

Para 14:- **Distribution of cash prices to contractual Staff**

Scrutiny of the records relating to the Hindi Pakhwara orgainsed during 01-15 September 2017 it was revealed that a number of contestant were given cash Price to the winners for the competition organized during the period mentioned above by the Ministry. It was, however, noticed that consultants engaged on contractual basis were allowed to participate in the Hindi competition and price money of Rs. 32125/- was also given to them in addition to the regular staff of the Ministry. Details of the which is given in the table below:-

Sl.No.	Name of the consultant	Amount given as price money
1	Anjani Kumar Tiwari	8500
2	Pragya Singh	1875
3	Chandrani Saha	10000
4	Satyajeet Mishra	5750
5	G.S. Krishnan	6000
Total		**32125**

Under which provision the consultants were allowed to participate during the Hindi Pakhwara and given cash price could not be understood in audit. The matter was referred to the Ministry vide Half Margin No. 6 dated 03.10.2018. The Ministry in its reply dated 10.10.2018 stated that approval from secretary was taken for allowing consultants to participate in competitions related to Hindi Pakhwara, however, the provisions of DFPR under which such approval was given was not furnished.

Para 15:- **Excess deployment of outsourced staff**

During the scrutiny of the records related to engagement of contractual staff , it was noticed that staff was engaged by the Ministry of Panchayati Raj in various categories viz.

Consultant, Office Superintendent, Office Assistant, MTS and Drivers. Total 77 officials (14 consultants, 28 OA, 5 OS, 22 MTS and 5 Drivers) were hired during the year 2016-18.

Status of vacancy in different cadre of Group B and C during the period 2016-18 and persons deployed on contractual basis is given as follows:

Sl.No.	**Cadre**	**No. of Vacancies available**	**Staff outsourced**	**No. of staff outsourced**
1	Section officer	6		
3	PS	2		
4	Assistant Section Officer	1		
5	Steno Gr.C/personal Assitant	3		
6	Research Assistant	1	Consultant (Research Assistant and Others)	14
7	Accountant	1		
8	Caretaker	1		
9	Steno Gr. D	1		
10	Senior Secretariat Assistant	1	Office Superintendent (5) and Office Assistant (28)	33
11	Junior Secretariat Assistant	1		
12	Despatch Rider	1		
13	Staff Car Driver	2	Staff Car Driver	6
14	MTS	6	MTS	22
Total		**27**		**65**

From the above table it could be seen that there was only 1 vacancy in Research Assistant, 2 vacancy in Senior and Junior Secretariat Assistant, 2 vacancies Staff Car Driver and 6 in MTS cadres; however, the Ministry hired 14 consultants, 33 Office Superintendent and Officer Assistants, 22 MTS and 6 Drivers. In the cadre/s shown above there was total 32 vacancies under B and C cadre, whereas, 75 persons/staff were outsourced. Hence the outsourcing was done on very higher side.

The matter was referred to the Ministry vide Half Margin No. 7 dated 03.10.2018 but their reply is still awaited.

Para 16:- Avoidable expenditure of Rs. 26.46 Lakhs on purchase of Desktop computers.

Government of India M/o Finance, Department of Expenditure has, from time to time, issued guidelines/instructions to enforce strict economy in expenditure, fiscal prudence and austerity. Further, as per Rule 21 of GFR, high standards of financial propriety and strict economy must be adhered to. Every officer is expected to exercise the same vigilance in respect of expenditure incurred from public moneys as a person of ordinary prudence would exercise in respect of expenditure of his own money.

Ministry of Panchayati Raj is currently functioning from three premises namely 11th floor Jeevan Prakash Building, Sardar Patel Bhawan and Krishi Bhawan. It has a sanctioned strength of 96 personnels out of which 64 are in position. Further, it currently employs 14 Consultants, 28 Office Assitants and 5 Office Superintendents on contractual basis. This takes the total deskbound strength of ministry to 111. Scrutiny of stock register revealed that the ministry has a total of 182 desktop computers which outnumbers the no. of deskbound staff by 71. Even if we keep a reasonable buffer of 20 percent the ministry should have 133 computers which still leaves a surplus of 49 computers. It is pertinent to note that according to Ministry of Communications and IT guidelines (No. 8-11/2012-13/IT-1 dated 09/01/2015) desktop computers have a life of 5 years after which they may be condemned. Also they depreciate at 20 per cent per annum. Above fact indicate that the ministry has made an avoidable expenditure of 26.46 lakh (taking average price of computer to be Rs. 54,000).

The matter was referred to the Ministry vide Half Margin No. 9 dated 03.10.2018 but their reply is still awaited.

Para 17:- Non Operation of Detailed Head "99" for purchases related to Information Technology

In pursuance of the recommendation of High Powered Committee for improving administrative efficiency for earmarking an amount exceeding 2-3 per cent of Ministries/Departments' budget for initiatives relating to furthering the use of Information Technology, including training, acquisition of hardware, software as well as development "and maintenance of software etc., Planning Commission had vide their D.O. No. H-11016/32/97-PC dated 24.4.1998 and D.O. No. N-11016/8/2000-PC dated 23.10.2000 directed all Ministries/Departments to locate the required amount for information Technology. Ministry of Finance, Department of Expenditure had also issued a circular F.No. 10/3/E.Coord/99 dated 9.11.1999 reiterating the same, with the specific instructions to all Financial Advisers that a separate budget head be indicated for the purpose.

The Department of Expenditure, Ministry of Finance vide its O.M. No. F. No.15(4)/B(D)/2003 dated 09.07.2003 decided in consultation with Controller General of Accounts and Department of Expenditure, to place "Information Technology" at 'detailed head level at the fifth level of classification in Detailed Demands for Grants. A standard computer code, i.e. "99" has been allotted against "information Technology" to serve the purpose of consolidating the expenditure incurred by the Ministry/Department on the same.

During the test check of the paid vouchers of Ministry of Panchayati Raj it was noticed that the Ministry was incurring expenditure related to Information Technology under secretariat management cell (Detailed head 59) which is in contravention to above orders. Details of such few cases are tabulated below:-

Sl. No.	Bill No. & Date	Amount	Classified Head	Subject
	CP00001252/08.01.2018	69825	345100090590213	VSM Advance Automation Pvt. Ltd. For purchase of HP All In One PC (I5)
	CP00001330/22.01.2018	17500	345100090590213	M/s R.G. Monotech for supply of hp mono LaserJet printer
	CP00001263/08.01.2018	69900	345100090590213	M/s Lusture Softech Private Ltd. For supply of Hp Laptop Core I-5
	CP00001257/08.01.2018	69700	345100090590213	M/s R.G. Infotech for supply of HP I-5 All in one Computer
Total		**226925**		

From the test check it was apparent that the ministry was making its purchases related to IT under detailed head 59. The order, that purchases related to IT should be booked under detailed head 99 is published in budget circular, issued by the Budget Division, Ministry of Finance before the beginning of every financial year.

The matter was referred to the Ministry vide Half Margin No. 25 dated 18.10.2018 but their reply is still awaited.

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Para 18:- Splitting of purchase order

Rule 149 of of GFR 2017 makes it mandatory for all Ministries/Department to procure the goods and services available on Government e-Market(GeM), through GeM. Rule 149(ii) further stipulates that procurement of Goods or Services above Rs. 50,000/- and upto Rs. 30,00,000/- through GeM seller having lowest price amongst the available sellers, of atleast three different manufacturers, on GeM, meeting the requisite quality, specification and delivery period. The tools for online bidding and online reverse auction available on GeM can be used by the buyer if decided by competent authority.

During scrutiny of file no. D-12011/3/2017-GA-Section-Part(1) it was noticed that the programme division of the ministry initiated a process for procurement of various toners (7 nos) on request from various officers at an estimated cost of Rs. 1,63,713/- . On receipt of the proposal the IFD (Competent authority in this case) asked the PD to go for online/reverse bidding of the procurement, offered in GeM portal in the instant case. The PD in its reply stated that online bidding or reverse auction was not required in this case. The IFD did not agree with the view of the PD, however the PD citing expiry of period of 10 days and change in rate of GST decided to start the process of procurement afresh.

However, instead of starting the procurement process afresh, it was noticed that the PD purchased 4 sets of Cartridges costing Rs. 29,955/-, 30,249/-, 69,720/- and 31,376/- respectively (Total Rs. 1,61,300) one by one, by splitting the purchase without the concurrence of IFD, which is in violation of aforementioned rules.

The matter was referred to the Ministry vide Half Margin No. 12 dated 03.10.2018 but their reply is still awaited.

Para 19:- **Non-conduct of physical verification of Fixed assets and consumable/non-consumable stock and store**

Rule 213 (1) and 213 (2) states that the physical verification of Fixed assets and consumable/non-consumable items should be done at least once in year and a certificate to that effect should be recorded in the corresponding register. Discrepancies, if any, should be promptly investigated and results recorded in the stock register for appropriate action by the competent authority.

Audit observed that physical verification of dead stock and non-consumable/consumable stores was not conducted by the Ministry since 2015-16. The Ministry is having their offices at three places. In the absence of physical verification, the possibility of misuse of store items, if any, cannot be ruled out. This was also pointed out in the previous inspection report but no action has been initiated by the Ministry.

The matter was referred to the Ministry vide Half Margin No. 13 dated 03.10.2018 but their reply is still awaited.

Para 20:- **Non-conduct of Internal Audit**

An effective system of internal audit is essential to safeguard against errors, double payment and irregularities in functioning of the Institute. Greater effectiveness of internal audit often translates into greater efficiency and more effective utilization of resources in administration. The position of expenditure of the Ministry during last three years was as under:

(Rs In Crore)

Sl.No.	Year	Actual expenditure
1.	2015-16	208.70
2.	2016-17	673.99
3.	2017-18	701.84*

*Provisional

Despite having such heavy expenditure, no internal audit of the Ministry had been conducted by the Internal Audit Wing of the Ministry since 2015-16 to check the transactions maintenance & proper observance of rules and regulations issued by the Govt. of India from time to time.

Audit is of the view that the necessity of internal audit as such cannot be under-estimated/ignored.

The matter was referred to the Ministry vide Half Margin No. 14 dated 03.10.2018 but their reply is still awaited.

Para 21:- Irregular Expenditure of Rs. 3.18 lakh towards purchase of 'Grocery items'.

Government of India M/o Finance, Department of Expenditure has, from time to time, issued guidelines/instructions to enforce strict economy in expenditure, fiscal prudence and austerity. Further, as per Rule 21 of GFR, high standards of financial propriety and strict economy must be adhered to. Every officer is expected to exercise the same vigilance in respect of expenditure incurred from public moneys as a person of ordinary prudence would exercise in respect of expenditure of his own money.

It came to notice during test check of vouchers/records that the ministry was regularly making payment towards 'Hospitality Allowance' to its Gazetted officers every month. Besides, expenditure towards purchase of 'Grocery items' of Rs. 3,18,065 (Details in Annexure A) was also incurred wherein various items were purchased for use by officers/officials on hospitality related activities without specifying occasion. Expenditure on the purchase of grocery items, when the ministry is providing hospitality allowance to its officers, needs elucidation to audit.

The matter was referred to the Ministry vide Half Margin No. 16 dated 09.10.2018 but their reply is still awaited.

Para 22:- **Non-deduction of Tax Deducted Source (TDS)**

As per section 194 (C), Tax Deducted at Source (TDS) is to be deducted @ 2% on amount paid to Contractors and 10% on amount paid for professional services as per 194 (J) of Income Tax Act, 1961. However, during test check of vouchers/records of the Ministry, it has been noticed that TDS was not deducted in the following cases;

Sl. No.	Particulars	Bill No. & Date	Amount Paid (In Rs.)	TDS rate	TDS to be deducted
1.	I.T.D.C Ltd. Unit Vigyan Bhawan, New Delhi	CP00000587/18.08.2016	16290	@ 2%	326
2.	ITDC Ashok Events	CP00000588/18.08.2016	25050	@ 2%	501
3.	M/s Zed Impex	CP00000256/06.06.2016	251765	@ 2%	5035
4.	ITDC Ashok Events	CP00000320/23.06.2016	66000	@ 2%	1320
5.	I.T.D.C Ltd. Unit Vigyan Bhawan, New Delhi	CP00000321/23.06.2016	230779	@ 2%	4615
6.	Balagopal & Bibhuti Events and Expositions Pvt. Ltd.	CP00000384/12.07.2016	1328000	@ 2%	26560
7.	M/s Prakriti Media	CP00000510/05.08.2016	210000	@ 2%	4200
8.	Rajbhasha Seva Sansthan	CP00000862/13.10.2016	29322	@ 2%	586
9.	Integrated Power Conversion Pvt. Ltd.	CP00000667/31.08.2016	45000	@ 2%	900
10.	Dalip Kumar	CP00001017/23.11.2016	8000	@10%	800
11.	Seema Khan	CP00000786/19.09.2016	13000	@10%	1300
	Total				**46143**

From the above, it is evident that no TDS of Rs. **46143/-** was deducted from the aforesaid firms, which was to be deducted as per section of Income Tax ibid. Such other cases may also be reviewed and TDS may be deducted under intimation to audit.

The matter was referred to the Ministry vide Half Margin No. 18 dated 09.10.2018 but their reply is still awaited.

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Para 23:- **Materials not entered in stock register**

As per GFR Rule 187 (III) details of the materials received from the vendor should be entered in the appropriate stock register. The office-in-charge of stores should certify that he has actually received the material and recorded it in the appropriate stock register.

On scrutiny of the vouchers and Stock Register, it was gathered that following items worth Rs. 2,59,660/- as detailed below were not found recorded in the appropriate page of stock register.

Sl. No	Items	Vendor's Name	Bill No. and Date	Quantity	Amount (In Rs.)
1.	Mouse USB HP Make	M/s NCCF	298001/01.04.2016	5	2750
2.	Key Board USB HP Make	M/s NCCF	298001/01.04.2016	2	1560
3.	Hard Disk 1 TB External	M/s Comptek Technology Pvt. Ltd.	140/01.07.2016	1	5040
4.	Jute Bag	M/s Lepakshi Handicrafts Emporium	03/09.04.2016	340	169999
5.	Office Bage Jute	M/s H. P. State Handicrafts and Handloom Corporation Ltd.	00001/08.04.2016	8	3927
6.	SMF Exide Battery CS 7-12	M/s Comptek Technology Pvt. Ltd.	270/19.10.2016	25	21093
7.	Jute Conference Bag	M/s Lepakshi Handicrafts Emporium	CR_E_25/08.01.2018	60	36960
8.	Hard Disk 1 TB External	M/s Comptek Technology Pvt. Ltd.	163/20.07.2016	1	5040
9.	Thermas Flask Milton	M/s NCCF	300401/25.01.2017	2	760
10.	Pen Drive 32 GB HP	M/s NCCF	298495/16.03.2017	1	1092
11.	Toner Cartridges HP Q6000A & Q6002A	M/s NCCF	298505/20.03.2017	1 Set	11439
				Total	**259660**

Stock register is maintained for watch the flow of goods. Non-entering of received goods could be a chance of misappropriation of Govt. assets. This may be looked into and result thereof may be intimated to audit.

The matter was referred to the Ministry vide Half Margin No. 19 dated 09.10.2018 but their reply is still awaited.

Para 24:- Inadmissible payment of Transportation Allowance to the tune of Rs. 43920

As per FR&SR, Part-II, transport allowance is not admissible to employees during absence from duty for a full calendar month due to leave/training/tour etc. If the absence covers more than one month, it will not be admissible for calendar month(s) wholly covered by absence. If the absence covers part of any calendar month, it will be admissible for full month.

Audit noticed that the following officials were on leave for whole calendar month and were paid as transport allowance for the same month.

(Amount in Rs.)

Sl. No.	Name of the Officials	Period of Leave	Nature of Leave	Calendar month Covered	Amount paid as TA/DA
1.	Shri Subhash Sangwan, SO	06.02.2017 to 28.04.2017	Training	March and April	14400
2.	Shri Abhay Garg, SO	06.02.2017 to 28.04.2017	Training	March and April	14400
3.	Shri Rajesh Kumar, Add. PS (SO)	21.08.2017 to 10.11.2017	Training	September and October	15120
	Total				**43920**

The amount of Rs.43920/- may recovered from the concerned officials under intimation to audit.

The matter was referred to the Ministry vide Half Margin No. 22 dated 12.10.2018 but their reply is still awaited.

Para 25:- Irregular LTC claim

As per LTC Rules 12 GID Entitled officer and their families may travel only by Air India and the reimbursement of expenses on air travel has to be restricted to the cost of travel by economy class irrespective of entitlement. For cases of air travel by Airlines other than Air India because of operational or other reasons or on account of non-availability, the powers are delegated to the Financial Advisors of the Ministry/Department to accord the exemption for air travel, both domestic and International.

DOP&T O.M. No. 31011/2/2006-Estt.(A) Dated 24.04.2006 stipulates that journey by private airlines is permissible to non entitled officers for LTC subject to condition that reimbursement of fare would be restricted to the non-entitled class by rail.

Further, Department of Expenditure O.M. No. 19024/1/2012-E.IV dated 09.07.2013 states that in all cases of air travel where the Govt. of India bears the cost of air passage, air tickets may be purchased directly from Airlines (booking counters/office/website of airlines) or by authorized agency viz. M/s Balmer Lawrie & Company Limited, M/s Ashok Travels & Tours and Indian Railways Catering and Tourism Corporation Ltd. (IRCTC).

It was, however, noticed that in following cases the air journey was performed by the non-entitled officials but their claim was not restricted by rail fare. In case of LTC, in violation of the above provision, their claims were reimbursed by the Department whereas the same should not have been entertained and same was recoverable.

Sl.No.	Name of the Employee	Designation	Basic Pay	Airline Used	Amount Claimed
1	Lalita Gandhi	PA	73400	Air India	53074

In addition to above in following cases, journey has been performed by private vehicle/Pvt. Bus/other, which is not allowed. The same may also be recovered.

Sl. No.	Name of the Employee	Designation	Basic Pay	Vehicle used	Amount Claimed
1.	Ramdeo Nayak	PA	47600	Pvt. Bus	560
2.	Sarita Kalra	SO	70000	Horse	2800

Further, in case of Shri Anand Mani Dimri, Record Assistant, the air ticket was purchased from M/s Make My Trip which is not an authorized agent and was reimbursed an amount of Rs. 14420. The same should not have been entertained and need to be recovered.

The matter was referred to the Ministry vide Half Margin No. 23 dated 12.10.2018 but their reply is still awaited. P/99 Vol

Para 26:- **Interest not charged on LTC Advance**

As per Rule 2 (2) of Compendium of Rules on Advances to government servants interest @ 2 % (two per cent) over the interest rate which is allowed by the Government on the Provident Fund balances of its employees shall be charged in cases where the advance is not utilized fully but the adjustment bill is submitted in time on the unutilized portion of advance from the date of drawl of advance to the date of refund.

However, on scrutiny of advance register of LTC noticed that in following cases interest had not been charged on unutilized amount.

Sl. No.	Name of Employee	Date of Drawl of Advance	Date of refund	Amount Unutilized	Amount Refunded	Interest Rate (%)	Amount of Interest to be recoverd
1.	Sanjeeb Kumar Patjoshi, JS	21.12.2016	09.02.2017	62040	62040	10.65 (8.65+2)	905.10
2.	K. S. Sethi, JS	06.12.2017	21.12.2017	103400	103400	10.55 (8.55+2)	448.30
						Total	**1353.4**

Recovery may be made under intimation to the audit.

The matter was referred to the Ministry vide Half Margin No. 24 dated 12.10.2018 but their reply is still awaited.

Para 27:- **Avoidable expenditure of Rs. 2399.25/- paid as Surcharge/Late Fee on Telephone bills**

During test check of paid vouchers of the Ministry of Panchayati Raj, it was noticed that the Ministry had paid surcharge of 2399.25on telephone bills after due date of payment. Had the Ministry made payment timely, the aforesaid surcharge/late fee could have been avoided. The surcharge/late fee paid on telephone bills are detailed below:-

Sl. No.	Telephone No./ Mobile No.	Month of the Bill	Surcharge Rs.
1.	21410060	Sep. 2015	20.00
		Nov. 2015	40.00
		Jan. 2016	40.00
		Feb. 2016	40.00
		March 2016	40.00
		April 2016	100.00

		May 2016	40.00
		June 2016	40.00
		July 2016	40.00
		August 2016	40.00
2.	9414090050	May 2015	20.42
		June 2015	23.40
		July 2015	10.50
		August 2015	10.97
		Sep. 2015	14.58
		Nov. 2015	16.96
		Dec. 2015	10.50
		Jan. 2016	12.41
		Feb. 2016	13.95
		March 2016	11.29
		April 2016	14.09
		June 2016	16.89
		July 2016	11.03
3.	23022443	April 2013	20.00
		May 2013	40.00
		June 2013	20.00
		July 2013	20.00
		August 2013	20.00
		Sep. 2013	20.00
		Oct. 2013	40.00
4.	9810858520	April 2016	100.00
5.	9425603838	Nov. 2017	25.03
6.	9425603838	Oct. 2016	10.00
7.	9910647881	Nov. 2016	100.00
8.	9425603838	Dec. 2017	27.23
9.	21610106	Feb. 2016	40.00
		March 2016	70
10.	9818534995	Feb. 2016	100.00
		April 2016	200.00
11.	23019391	July 2014	150.00
		Feb. 2015	70.00
		March 2015	200.00
		April 2015	100.00
		May 2015	100.00
		June 2015	100.00
		July 2015	100.00
		August 2015	100.00
Total			**2399.25**

The matter was referred to the Ministry vide Half Margin No. 11 dated 03.10.2018 but their reply is still awaited.

Para 28:- Grant of Non functional up-gradation before completion of 4 years in existing grade

The Ministry of Personnel, P.G. and Pensions vide its order no. 21/36/03-CS.I dated 13th November 2003stated that the cadre authorities of CSS may grant the non-functional pay scale of Rs. 8000-275-13500 to the Section Officers of CSS in accordance with the following parameter:-

(i) The non-functional pay scale of Rs. 8000-275-13500 is admissible to the Section Officers of CSS on completion of 4 years of approved service in that grade, subject to their vigilance clearance.

This order is effective since 3rd October, 2003.

During the course of the audit, it was two cases were noticed where non-functional up-gradation was provided to officers before completion of stipulated time, which are given below:-

Case 1:- Sh. Musafir Singh, Section Officer

Sh. Musafir Singh was promoted to Grade (Section Officer) of CSS cadre vide DoPT's order no. 6/7/2013-CS.I(S) dated 26th December 2014. He was appointed as Section Officer w.e.f 26th December 2014 vide Ministry order no. A-20011/1/2010-Estt dated 9th March, 2015. The ministry vides its order no. A-20011/14/2014-EStt. Dated 14 July 2017 granted Non-functional up-gradation to him after completion of 31 months in the grade of Section officer, i.e. before the completion of 4 years in the said grade, which is in contravention to above orders.

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Case 2:- Sh. Abhay Garg, Section Officer

In another case Sh. Ajay Garg was promoted to Grade (Section Officer) of CSS cadre vide DoPT's order no. 6/3/2011-CS.I(S) dated 27.10.2011. He was appointed as section officer w.e.f 04.11.2011 vide Ministry's order no. A-19012/5/2011-Estt. Dated 14th June 2012. He was given non-functional up-gradation w.e.f 01.07.2012, i.e. just after completion of 7 months of joining as Section officer.

Such type of other cases may also be reviewed and result thereof may be intimated to audit

The matter was referred to the Ministry vide Half Margin No. 26 dated 18.10.2018. The Ministry in its reply dated 23.10.2018 stated officers were granted non-functional up-gradation based on Select List year 2013 and 2008 respectively. However OM no. 5/4/2005-CS.I(S) of Ministry of PPG & Pensions dated 01.04.2014 clearly states that Non-functional Scale may be granted to Section Officers who have completed 4 years approved service in the grade. Grade in this case is that of section officers which starts from date of order of promotion in both the cases. Hence, service rendered in the grade of Section Officer in both the cases does not fulfill the requisite norm of 4 years.

Para 29:- Short levy of income tax (Rs. 9996/-)

During the scrutiny of form-16 of Sh. Shiv Shankar Prasad, Director, issued by the Ministry it was found that Sh. Prasad was claiming a rebate under section 24 of the income tax act. However, it was found that he claimed only Rs. 1,66,679 under section 24 as loss from house property, whereas, the Ministry has given him a rebate of maximum possible limit of Rs. 2 lakh admissible under the section, which resulted in short levy of Income Tax of Rs. 9996/- plus applicable cess. The same is need to be recovered.

The matter was referred to the Ministry vide Half Margin No. 27 dated 18.10.2018 ~~but their reply is still awaited~~ The ministry gave its reply on 31.10.2018. In view of the reply the para may be ~~settled~~ treated as settled.

Para 30:- Irregular reimbursement of TA Claim

During the test check of vouchers it was noticed that Smt. Uma Iyer Rawla, Media Consultant, was reimbursed a total amount of Rs. 34,184 for various journeys made by her for official purposes. However it was noticed that she travelled with First Class in Railways and used private airlines in the following cases:-

Arrival		Departure		Kind of Journey (Rail/Air)	Type of Airline	Fare Amount
Name and place of the station	Date	Name and place of the station	Date			
Delhi	01.06.2016	Bikaner	02.06.2016	Rail	N.A.	1896
Bikaner	03.06.2016	Delhi Cantt	04.06.2016	Rail	N.A.	1986
Bengaluru	19.06.2016	Hubli	19.06.2016	Air	Private	4238
Belgaum	21.06.2016	Mumbai	21.06.2016	Air	Private	6619
Mumbai	21.06.2016	Delhi	21.06.2016	Air	Private	6311
Delhi	22.06.2016	Kolkata	22.06.2016	Air	Private	6400
Kolkaa	25.06.2016	Delhi	25.06.2016	Air	Private	6734
Total						34184

It is pertinent to note that the air tickets were booked by herself using un-authorised travel agent i.e. M/s Usha Travels in all the cases, and no approval from the ministry for travelling by air (Private Airlines) and in First Class in Railways was found. Thus this was irregular. Necessary action may be taken in this regard under intimation to audit.

The matter was referred to the Ministry vide Half Margin No. 30 dated 26.10.2018 but their reply is still awaited. P/63 Vall

Para 31:- Avoidable payment of Rs. 40818.69 on account of Finance charges

Audit noticed that the Ministry was filling the petrol/diesel for their vehicles along with oil and lubricants from M/s Hindustan Petroleum Corporation Ltd, Chanakya Puri, New Delhi since 2009. The Ministry was paying the bills on monthly basis for which Rs. 15000 was deposited as Security money with the aforesaid agency. However, it was noticed that two *per cent* extra as finance charges was being charged by the agency on petrol bills. The expenditure on petrol during 2016-17 and 2017-18 was Rs. 20.41 lakh and Rs. 40,818/- was paid on account of finance charge by the Ministry (Details in Annex B).

Audit further noticed that M/s Prem Oil Corporation, Church Road and M/s Jiwan Service Station, Man Singh Road introduced themselves in the year 2013 and were ready to provide the petrol against no advance/security deposits and also without two *per cent* finance charges but the Ministry continued with the same agency and paid extra two *per cent* on every bill. From the file it was also evident that no further quotations have been invited by the ministry for contract of fuel refilling for its vehicles. Reasons for not switching over to other petrol station to save finance charges were not found on record.

The matter was referred to the Ministry vide Half Margin No. 31 dated 26.10.2018 but their reply is still awaited. P/67 Vall

Para 32:- Non-adherence to guidelines for Software Asset Management.

Section 63B of Indian Copyright Act 1957 specifies that *use of infringing copy of computer programme is an offence*. Hence, in order to ensure compliance to Intellectual

Property Rights (IPR) related law, any organization should have requisite number of licenses/legal copies of software based on actual requirement of software by users/in systems depending on user roles and system requirements. Software Asset Management (SAM) guidelines published by Ministry of Electronics and Information Technology recommend framework for managing software with twin objectives of compliance to law and rationalization of expenditure. Among other things, SAM guidelines recommend keeping inventory and management of all software assets like licenses, upgrades, versions and documentation to mitigate risk of IPR violation and achieve cost optimization.

Scrutiny of stock register revealed that the ministry has a total of 182 desktop computers. However, as per stock register the ministry is holding only 32 MS Office licenses, which is definitely not adequate for 182 desktop computers. Information regarding no. of MS office licenses being held by the Ministry, and record, if any being maintained by the ministry regarding inventory of licenses of software was asked for vide Audit Memo no. 41, but the reply is still awaited.

Risk of non-compliance could not be ruled out in such a scenario.

The matter was referred to the Ministry vide Half Margin No. 32 dated 26.10.2018 but their reply is still awaited.

Para 33:- **Non-adherence to tendering process**

Rule 201 (ii) of GFR 2017 regarding invitation of bids for hiring of non-consulting service states that for services with estimated value above Rs.10 lakhs, the Ministry or Department should issue advertisement. In such case, the advertisement should be given on Central Public Procurement Portal (CPPP) at www.eprocure.gov.in and on GeM. An organisation having its own website should also publish all its advertised tender enquiries on the website.

Scrutiny of files/records related to printing of books, reports, journals etc. revealed that the Ministry is getting printed books, reports, journals, publicity items etc. from M/s Kamal Printers without having any formal contract with them. The Ministry was having contract with M/s Kamal Printers for printing of D.O. letter heads, letter heads, visiting cards, invitation cards, photocopying and spiral binding etc from 08.01.2015 to 07.01.2016, which was extended for another year for period 07.01.2016 to 06.01.2017.

Since, 06.01.2017 the General Section of the Ministry is getting the above items printed from them without having any contract with them. The General Section of the Ministry has paid an amount of Rs.2,23,288/- since the expiry of contract with time till 31.03.2018 (as gathered from file no. 29011/1/2014-GA Section), while the Media division of the Ministry has paid Rs. 62,11,388/- to them in the Financial Year 2017-18 for printing of various books/advertisement related materials.

According to the above mentioned rule, the ministry should have gone for advertised tender for printing of aforesaid materials as it incurs a substantial amount on printing every financial year. Thus this was irregular and needs to be looked into.

The matter was referred to the Ministry vide Half Margin No. 33 dated 26.10.2018 but their reply is still awaited.