

Session 5

Session Title

Audit of Central/State schemes implemented through GP



- **Instructor's Guide**
- **PowerPoint Slides**
- **Exercise**
- **Solution**
- **Participants' Note**

Session Title: Audit of Central / State Schemes Implemented through Gram Panchayat		Session Guide
Instructor's Guide	Reference	Participants' Response
Session Overview		
Welcome participants to the session and remind them that their active participation is critical for the success of this session.		
Learning Objective		
<p>Inform: By the end of this session, we will be familiar with different schemes implemented in Gram Panchayat by Central/State Government jointly or separately and acquire knowledge on categories of schemes and their process of implementation, and role of the Gram Panchayat, which will enable us to draw audit conclusions in a practical job scenario.</p> <p>Explain Due to constraints of time some major schemes will be discussed in detail. Audit of other schemes can be carried out on a similar pattern.</p>	Lecture	
Basic Concepts		
<p>Mention:</p> <ul style="list-style-type: none"> The importance of these schemes in the rural socio-economy Categories of schemes, their nature, objective and target group <p>Familiarise them with different schemes,</p> <p>Discuss: Sampoorna Grameen Rozgar Yojana, Indira Awas Yojana, and National Social Assistance Programme.</p> <p>Make the participants aware of: The probable audit points to be looked into regarding schemes implemented through Gram Panchayat.</p> <p>Call upon them: To jot down their points individually.</p> <p>Explain: The suggested audit points to be looked into in respect of schemes implemented through Gram Panchayat.</p>	Lecture	
	Slide : Session 5 SCHEME	
Application:		
<p>Issue instruction for Exercise 1, including time allowed for individual effort and for discussion on answers.</p> <p>Distribute Exercise 1</p> <p>Distribute suggested solution</p> <p>Discuss the answers</p> <p>Distribute Participants' Note</p>	Session 5 Exercise 1 Solution 1 Participant s' Note	
Summarise:		
<p>Indicate: During the session, we discussed different Central / State Government schemes implemented in Gram Panchayat, the process of implementation, the role of GP in this regard and the possible audit points to be examined.</p> <p>Thank the participants and bring the session to a close.</p>		

Audit of schemes

Slide 1

AUDIT OF CENTRAL / STATE SCHEMES IMPLEMENTED IN GRAM PANCHAYAT

AUDIT OF GRAM PANCHAYAT 1

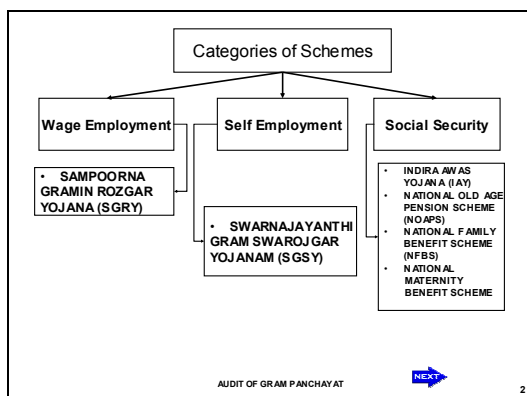
Slide 4

Nature of Scheme

- This programme is a Centrally sponsored Scheme on cost sharing basis between the Centre and the States in the ratio 75:25. In the case of Union Territories, the Centre would provide the entire 100% funds under the scheme.
- Food grains are to be provided free of cost to the States / Union Territories. The cost of transportation of food grains from the FCI godown to the work-site / PDS and its distribution will remain the responsibility of the State /UT Governments.

AUDIT OF GRAM PANCHAYAT 4

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Objectives

- The primary objective of the Scheme is to provide additional wage employment in all rural areas and thereby provide food security and improve nutritional levels.
- The secondary objective is the creation of durable community, social and economic assets and infrastructural development in rural areas.

AUDIT OF GRAM PANCHAYAT 5

Slide 3

Audit of Sampoorna Grameen Rozgar Yojana (SGRY)

AUDIT OF GRAM PANCHAYAT 3

Slide 6

Target Group

- The SGRY is available for all the rural poor (BPL and APL) who are in need of wage employment and are willing to take up manual labour or unskilled work in and around his or her village and habitation.
- However, the preference is given to the poorest among the poor, SC/ST and parents of child labour, withdrawn from hazardous occupation.

AUDIT OF GRAM PANCHAYAT 6

Slide 7

Programme Strategy

The programme is being implemented in two Streams:

- The First Stream is implemented at the District and intermediate Panchayat levels, 50% of the funds are earmarked out of the total funds available under the SGRY and distributed between the Zilla Parishad (20%) and intermediate level Panchayats or Panchayat Samitis (30%).

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Food Grains under SGRY (contd.)

- The State Government is free to calculate the cost of the food grains paid as part of wages, at a uniform rate which may be either BPL rate or APL rate or anywhere between the two rates. The workers are paid the balance of wages in cash
- Distribution of food grains to the workers under the programme is either through PDS or by Gram Panchayat or any other Agency appointed by the State Government;
- Distribution of food grains will be made to the workers, most preferably, at the work site.

AUDIT OF GRAM PANCHAYAT

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Programme Strategy

- The Second Stream is implemented at the village Panchayat level, 50% of the funds available under the SGRY is earmarked for the Village Panchayats and distributed among the Gram Panchayats through DRDAs / Zilla Parishads.

AUDIT OF GRAM PANCHAYAT

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Provision of Transportation Cost / Handling Charges

The State Govt. will bear the transportation cost and other handling charges from its own resources.

AUDIT OF GRAM PANCHAYAT

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Slide 9

Food Grains under SGRY

- Food grains should be given as part of wages under the SGRY;
- Distribution of food grains as part of wages under the SGRY (1st & 2nd Streams) is based on the principle of protecting the real wages of the worker besides improving the nutritional standards of the families of the rural poor;
- Food grains should be given as part of wages under the SGRY to the rural poor at the rate of 5Kg/mandays. However, should a State Government wish to give more than 5kg of grains per man-day, it may do so within the existing State allocation (subject to the minimum of 25% of the wages to be paid in cash);

AUDIT OF GRAM PANCHAYAT

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Slide 12

Criteria, Allocation and Utilisation of Resources

- The Second Stream of the SGRY will be implemented at the Village Panchayat level for generation of supplementary wage employment and creation of demand driven community village infrastructure which includes also durable assets to enable the rural poor to increase opportunities for sustained employment;
- Out of the total resources earmarked under the SGRY, 50% of the funds are earmarked for the Second Stream of the SGRY;

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Criteria, Allocation and Utilisation of Resources contd.

- The entire resources released under the Second Stream are distributed among Gram Panchayats directly by the DRDA/Zilla Parishad;
- Since 2002-03, the allocation of funds are made in a manner that each Panchayat receives at least a certain minimum of resources as to be decided from year to year;

Earmarking of resources:

- Minimum 50% of the allocation to the Village Panchayat (inclusive of food grains) shall be earmarked for the creation of need based village infrastructure in SC/ST habitations under the second stream of the SGRY.

AUDIT OF GRAM PANCHAYAT

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Administrative / Contingent and Maintenance expenditure

- Effort should be made by the village Panchayats to incur only such expenditure on maintenance of assets, which are absolutely necessary. Strict economy should be observed in incurring such expenditure.

AUDIT OF GRAM PANCHAYAT

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Slide 14

Provision for Maintenance of Assets

- Village Panchayats are permitted to spend upto a maximum of 15% of the funds on maintenance of the public assets created under the wage-employment programme sponsored by the Ministry of Rural Development from time to time within its geographical boundary.

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Release of funds to the Gram Panchayats

- The resources of SGRY to the village Panchayats will be distributed by the DRDAs / ZPs within fifteen days of the receipt of the funds by the DRDAs / ZPs from the Central or the State Government, as the case may be. Distribution of Central share should not wait for matching State share.

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Provision for Administrative / Contingent expenditure at the Gram Panchayat level

- Under the Second Stream of SGRY, Village Panchayat may spend upto maximum of 7.5% of the annual allocation of funds or Rs.7500/- whichever is less during a year on Administration/Contingencies and for technical consultancy.

AUDIT OF GRAM PANCHAYAT

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Planning, Works and Execution

- **Annual Action Plan (AAP)**
 - Each Gram Panchayat shall independently prepare and approve, before the beginning of each financial year, an AAP;
 - Works included in the AAP should be need based and prioritized. Taking into accounts the priorities of works and the availability of resources, only those works should be taken up which can be completed within a year and in exceptional circumstances in a maximum period of two years;

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Annual Action Plan (AAP) (contd.)

–While preparing the AAP, completion of the incomplete works including those of the Employee Assurance Scheme (EAS) /Jawahar Gram Rozgar Yojana (JGRY) should be given priority over the taking up of new works.

AUDIT OF GRAM PANCHAYAT 19

Slide 22

Execution of works under Second stream Implementing Authority contd.

- The Panchayats will execute the work. The Panchayats will have the power to execute works/schemes upto Rs.1,00,000/-with the approval of Gram Sabha. No other administrative or technical approval will be necessary. Preparation of cost-estimates for work / schemes up to Rs.1,00,000/- will be the sole responsibility of the Gram Panchayats;
- For works / schemes costing more than Rs. 1,00,000/- after taking approval of the Gram Sabha, the Gram Panchayat shall seek the technical / administrative approval of appropriate authorities.

AUDIT OF GRAM PANCHAYAT 22

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Execution of works under Second stream Implementing Authority contd.

- Execution of works can be entrusted to well-established Self -Help Groups under the Swarnajayanti Gramin Swarozgar Yojana (SGSY);
- At the village level, the entire work relating to co-ordination, review, supervision and monitoring of the programme will be the responsibility of the Village Panchayat.

AUDIT OF GRAM PANCHAYAT 20

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Maintenance of Employment Register

- Each Gram Panchayat shall maintain an Employment Register for the works under SGRY which would obtain the details of number of persons employed including the number of SC/ST, gender of the workers and number of mandays generated for each work. This information should be based on the Muster Rolls which is maintained work-wise. The register would be open to the public for scrutiny.

AUDIT OF GRAM PANCHAYAT 23

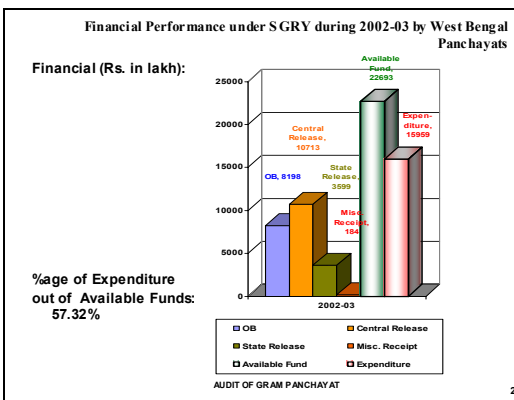
Slide 21

Execution of works under Second stream Implementing Authority

- The programme will be implemented through the Village Panchayats, who will be responsible for planning and execution of the scheme;
- The technical supervision will be the responsibility of the DRDAs / ZPs.

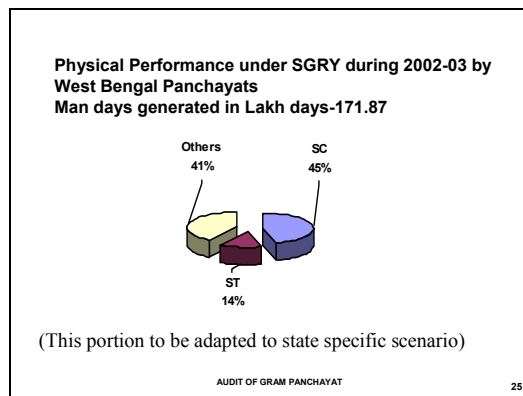
AUDIT OF GRAM PANCHAYAT 21

Slide 24



(This portion to be adapted to state specific scenario)

Slide 25



Slide 28

- Audit points regarding SGRY (contd.)
- Were proper vouchers kept for payment of balance of wages to the workers?
 - Were only such works taken up which could be completed ordinarily within a year and in exceptional circumstances in a maximum period of two years?
 - Were works included in the AAP taken up within the year?
- AUDIT OF GRAM PANCHAYAT 28

Slide 26

- Audit points regarding SGRY
- At the time of security the auditor has to see that-
- There was no rejection / condemnation of food-grains after lifting from FCI go-downs due to poor unhealthy quality;
 - Food-grains were lifted from the nearest FCI depot to effect economy on transportation charges;
 - What was the value of the Second Stream? Was it more than the total value of SGRY? If so, why?
 - Was the entire Fund of the Second Stream implemented at the Gram Panchayat level? If not, why?
- AUDIT OF GRAM PANCHAYAT 26

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- Audit points regarding SGRY (contd.)
- Were there cases of incomplete works being given priority over new works;
 - Were such works as
 - building for religious purposes like temple, mosque, gurudwara, church etc.
 - monuments, memorials, statue, idols, arch gate/welcome gate
 - bridges
 - building for higher secondary schools, colleges
 - black topping of roads
 were included in the AAP?
- AUDIT OF GRAM PANCHAYAT 29

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- Audit points regarding SGRY (contd.)
- Was the entire Fund of the Second Stream distributed among the GPs through DRDAs/ZP? If not, why and under whose orders?
 - Did the State Govt. grant more than the allotted 5kg. of food grains per man-day? If so, was it done through the existing State allocation?
 - Were the workers assured of the notified minimum wages?
 - Was the value of the wages paid in cash less than 25% of the total wages? If so, what were the reasons, and did it have the approval of the Central Govt. funding the Scheme?
- AUDIT OF GRAM PANCHAYAT 27

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- Audit points regarding SGRY (contd.)
- Were all the works taken up under the scheme of durable nature and they met the desired technical standards and specifications?
 - Were efforts made to utilise local materials and cost effective technologies?
 - Were proper registers maintained for:
 - accounts of expenditure incurred head-wise
 - measurement of physical work done
 - payments of wages to labourers
 - periodical statement of attendance
 - progress of works?
- AUDIT OF GRAM PANCHAYAT 30

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Audit points regarding SGRY (contd.)

17. Was any payment made to the FCI for lifting the food grains? If so, under whose orders?
18. Was an employment register for works under SGRY maintained by the GP? Were the necessary particulars of information taken from the Muster Rolls of the concerned works?
19. What were the constraints for the non-implementation of the scheme to the full even though fund was provided?

AUDIT OF GRAM PANCHAYAT 31

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Introduction(contd.)

- IAY operates as a 100% subsidized centrally sponsored programme with the resources being shared on 75:25 basis between Centre and the States.
- Funds under the scheme allocated to the States / UTs are further distributed to the districts in proportion to the SC/ST population in the district.

AUDIT OF GRAM PANCHAYAT 34

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**Audit of
Indira Awas Yojana
(IAY)**

AUDIT OF GRAM PANCHAYAT 32

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Objective & Target Group

- To provide grant for construction of houses to members of
 - SC/ST, freed bonded labourers,
 - non-SC/ST rural poor below poverty line,
 - ex-serviceman and
 - widows of defence personnel.

subject to the condition that:

- they reside in rural areas;
- they have not been covered under any other scheme of shelter rehabilitation;

contd. to next slide

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Introduction

- Indira Awas Yojana (IAY) was launched during 1985-86 as a sub-scheme of Rural Landless Employment Guarantee Programme (RLEGP) and continued as a sub-scheme of Jawahar Rozgar Yojana (JRY) since its launching from April, 1989.
- It has been delinked from the JRY and has been made an independent scheme with effect from January 1, 1996.

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Objective & Target Group (contd.)

- They are houseless or in need of shelter or shelter upgradation;
- The priority in the matter of allotment of houses to the ex-servicemen and paramilitary forces and their dependents will be out of 40% of the houses set apart for allotment among the non-SC/ST categories of beneficiaries;
- 3% of the funds have been earmarked for the benefit of disabled persons below poverty line i.e. disabled persons belonging to sections like SCs, STs and Others would fall in their respective categories.

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Identification of beneficiaries

- District Rural Development Agencies DRDAs / ZPs on the basis of allocations made and targets fixed shall decide Panchayat-wise number of houses to be constructed under IAY, during a particular financial year and intimate the same to the Gram Panchayat.

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Priority in selection of beneficiaries (contd.)

- Non-SC/ST households
- Physically handicapped
- Families / widows of personnel of defence service / paramilitary forces, killed in action
- Displaced persons on account of developmental projects, nomadic semi-nomadic and de-notified tribals, families with disabled members and internal refugee, subject to the households being below poverty line.

AUDIT OF GRAM PANCHAYAT 40

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Identification of beneficiaries (contd.)

- Thereafter, the Gram Sabha selects the beneficiaries restricting its number to the target allocated, from the list of eligible households, according to IAY guidelines and as per priorities fixed.
- No approval of the PS will be required. The Panchayat Samiti should however, be sent a list of selected beneficiaries for their information.

AUDIT OF GRAM PANCHAYAT 38

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Allotment & Location of IAY Houses

- Allotment of house should be in the name of female member of the beneficiary household. Alternatively, it can be allotted in the name of both husband and wife;
- The houses under IAY, should normally be built on individual plots in the main habitation of the village. The houses can also be built on micro habitat approach or in a cluster within a habitation, so as to facilitate the development of infrastructure, such as, internal roads, drainage, drinking water supply etc. and other common facilities.

AUDIT OF GRAM PANCHAYAT 41

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Priority in selection of beneficiaries

The order of priority for selection of beneficiaries amongst target group below poverty line is as follows:

- Freed bonded labourers
- SC/ST households
 - who are victims of atrocities
 - headed by widows and unmarried women
 - affected by flood, fire earthquake, cyclone and similar natural calamities.
 - Other SC/ST households

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Construction of IAY Houses

- At present, 80% of the allotted fund is meant for new construction and 20% of the fund is meant for conversion of unserviceable kuchha houses into pucca/semi pucca houses i.e., upgradation of houses.
- In West Bengal the construction assistance under IAY is as given below:

	All Districts except Darjeeling & Sundarban Block	Darjeeling District & Sundarban Blocks
Construction of house including Sanitary latrine & smokeless Chulla	Rs.20,000	Rs.22,000
Conversion of kachcha houses in to pucca / semi pucca houses including sanitary latrine & smokeless chullah	Rs.10,000	Rs.10,000

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(This slide to be adapted to state specific scenario)

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Construction of IAY Houses

- The responsibility of construction / converting the house will be solely on the beneficiary;
- Construction/conversion by contractor or departmental construction is totally banned;
- Panchayats may take up construction and/or supply of materials only if any physically handicapped beneficiary requests them in writing;

AUDIT OF GRAM PANCHAYAT 43

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Financial Performance of IAY during 2002-03 in West Bengal Panchayats (Rs. In lakh)

Release during 2002-03

Total Available Balance	Expenditure	%age of Exp. On Available Fund	Closing Balance
19079.94	14951.89	78.62	4128.05

contd. to next slide

(This portion to be adapted to state specific scenario)

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Construction of IAY Houses

- It should be ensured that every house constructed under IAY is provided with a fuel efficient 'chulla';
- Sanitary Latrine should also be taken up as part of the IAY houses;

AUDIT OF GRAM PANCHAYAT 44

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Physical Achievement (No. of houses) during 2002-03

Target New Construction	104216
SC	44897
ST	9019
Others	32461
Widow	30713
Unmarried Women	1761
Disabled	1005
% age achieved on target	68.19

(This portion to be adapted to state specific scenario)

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Maintenance of accounts

- The Zilla Parishad and the Gram Panchayat shall maintain separate subsidiary cash book and separate bank account for Indira Awas Yojana Fund.
- The interest amount accrued on the deposit of the Indira Awas Yojana fund shall be used for construction /upgradation of IAY houses through beneficiaries.

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Audit Points Regarding IAY

1. Were the proportionate shares of contribution by the Central and State Governments in the ratio 75/25 duly received? If not, why? What were the reason for non-receipt of the contributions? Was there any lapse by the ZP/PS?
2. Were all the conditions in respect of giving the benefits duly fulfilled? Has 80% of the fund been used for new construction and the rest 20% been used for upgradation of kachcha houses to pucca / semi-pucca houses?
3. Was any part of the grant utilised by any one other than those prescribed?
4. Did the total amount of benefits to non-SC/ST exceed 40% of the total allocation?

AUDIT OF GRAM PANCHAYAT 48

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Audit Points (contd.)

5. Did all the beneficiaries (other than ex-serviceman, widows or next of kin of defence personnel/para-military forces killed in action) belong to below poverty line?
6. Did all the beneficiaries actually reside in the rural areas?
7. Were all the houses for which grant was given actually constructed within the village concerned?
8. Did any of the beneficiaries get the covering of any other scheme of shelter rehabilitation?

AUDIT OF GRAM PANCHAYAT

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Audit Points (contd.)

21. Did the Gram Panchayat maintain separate subsidiary cash book and separate bank account for IAY?
22. Was the amount of interest earned on the deposit of IAY utilised for any purpose other than for construction / up-gradation of IAY houses?

AUDIT OF GRAM PANCHAYAT

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Audit Points (contd.)

9. Were all the beneficiaries actually houseless or in need of shelter or shelter up-gradation?
10. Were all allotments for ex-servicemen and para-military forces and their dependents made out of 40% of the houses set apart for allotment among the non-SC/ST categories?
11. Was the benefit actually extended to 3% of the disabled persons below poverty line?
12. Did the DRDA/ZP actually decide the Panchayat-wise number of houses to be constructed during a financial year under IAY according to the allotment/target, and intimate the same to the GPs?

AUDIT OF GRAM PANCHAYAT

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Audit Points (contd.)

24. Was the fund allotted for Gram Panchayat released promptly to the GPs directly?
25. In West Bengal during the year 2002-03, the %age of actual utilisation of the available fund was 78.62, whereas, the %age of physical achievement was 68.19. The data could be analysed in detail to elicit relevant audit comments.

AUDIT OF GRAM PANCHAYAT

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Audit Points (contd.)

13. Were actual beneficiaries selected by the Gram Sabhas of the GPs restricting the total numbers to the target allocated by the DRDA/ZP?
14. Was any allotment made exclusively in the name of a male member?
15. Was the allotment made for up-gradation of houses more than 20% of the total Fund?
16. Did the Panchayat body take up the work of construction of the houses of beneficiaries other than physically handicapped persons?

AUDIT OF GRAM PANCHAYAT

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**Audit of
National Social Assistance
Programme**

AUDIT OF GRAM PANCHAYAT

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Introduction

The National Social Assistance Programme (NSAP) comprises of three separate Schemes, namely:

1. National Old Age Pension Scheme (NOAPS);
2. National Family Benefit Scheme (NFBS); and
3. National Maternity Benefit Scheme (NMBS).

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Target Groups

The Scheme-wise target groups are as under:

- NOAPS- Old persons who are destitute having no regular means of subsistence from their own sources of income or through financial support from family members or other sources.
- NFMS- Households below the poverty line on the death of the primary breadwinner. The 'primary breadwinner' has been defined as the member of the family whose earnings contribute substantially to the total household income.
- NMBS- Pregnant women of the households living below poverty line upto the first two live births.

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Introduction (contd.)

- The programme introduces a national policy for social security assistance to the poor families and represents a significant step towards the fulfillment of the Directive Principles in Articles 2.1 and 2.2 of the Constitution recognizing the concurrent responsibility of the Central and State Govt. in the matter;
- This is a Centrally Sponsored Programme to extend 100% Central assistance to the States/UTs to provide the benefits under it in accordance with the norms guidelines and conditions laid down by the Central Government;
- The Programme has come in to effect from August, 15,1995.

AUDIT OF GRAM PANCHAYAT

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Funding Pattern

- The National Social Assistance Programme (NSAP) is a Centrally sponsored programme for which 100% Central assistance is made available to the States/UTs to provide benefits for the three Schemes under it in accordance with the norms, guidelines and conditions laid down by the Central Government'
- The funds are released directly to the Districts in two installments during a year.

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Objective

- The objective of the Programme is to extend financial assistance to old persons having little or no regular means of subsistence, to households living below the poverty line in case of death of the primary breadwinner and to pregnant women of households below the poverty line upto the first two live births.

AUDIT OF GRAM PANCHAYAT

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Implementing Agency

- The programme is implemented by the district level implementing authority headed by the District Collector / Magistrate / Deputy Commissioner. It is implemented with the assistance of the Panchayats in the delivery of social assistance to make it more responsive and cost effective.
- In the process, the Panchayats will be strengthened and it may be possible for them to mobilize local resources for supplementing benefits from the Governments. The responsibilities for implementation shall rest on the Panchayats.

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National Old Age Pension Scheme (NOAPS)

Salient Features

- Age of the applicant (male or female) should be 65 years or above;
- The applicant must be a destitute having little or no regular means of subsistence from his/ her own sources of income or through financial support from family members or other sources;

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National Family Benefit Scheme (NFBS)

Salient Features

- Central assistance for a lump sum family benefit is available for the household below the poverty line on the death of the primary breadwinner in the bereaved family;
- The amount of assistance is Rs. 10,000/-;
- The primary breadwinner is a member of the family whose earnings contribute substantially to the total household income;

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National Old Age Pension Scheme (NOAPS)_(contd.).

- The amount of pension is Rs.75/- p.m. per beneficiary. The State Govt. may add to this amount from their own sources;
- In West Bengal this Central assistance is supplemented by Rs.25/- p.m. from State budget which makes the total amount of assistance to Rs. 100/-p.m. per individual.*

* Annual Administrative Report 2002-2003 of Department of Panchayats & Rural Development, Govt. of West Bengal.

(This portion to be adapted to state specific scenario)

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National Family Benefit Scheme (NFBS)

(contd.)

- The death of the primary breadwinner due to natural or accidental causes should have occurred while he/she is in the age group of 18-65 years;
- The family benefit is paid to such surviving members of the households of the deceased who, after local enquiry, is determined to be the head of the household;

AUDIT OF GRAM PANCHAYAT

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National Old Age Pension Scheme (NOAPS)
(contd.)

- The benefit under NOAPS should be disbursed, in not less than two installments in a year and if possible the benefit may be disbursed in more installments as per directions of the State Government;
- Village Panchayats shall report every case of the death of a pensioner immediately after its occurrence to the appropriate sanctioning authority. The sanctioning authority shall ensure that payments are stopped thereafter;
- The sanctioning authority shall have the right to stop/recover payments of any pension sanctioned on the basis of false or mistaken information about eligibility.

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National Family Benefit Scheme (NFBS)

(contd.)

- For the purpose of the scheme, the term 'household' would include spouse, minor children, unmarried daughters and dependant parents. In case of death of an unmarried adult, the term 'household' would include minor brothers/sisters;
- The sanctioning authority shall have the right to recover payments made on the basis of false or mistaken information about eligibility.

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National Maternity Benefit Scheme (NMBS).

Salient Feature

- Lump sum cash assistance of Rs. 500/- to a pregnant woman living below the poverty line is given provided she is 19 years of age or above;
- The benefit is available upto the first two live births;
- The maternity benefit will be disbursed in one installment 12-18 weeks prior to the delivery. However, the benefit can be made even after the delivery of child subject to the sanctioning authority being satisfied about the genuineness of the case;
- The sanctioning authority shall have the right to stop/recover payments made on the basis of false or mistaken information about eligibility;

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General Conditions contd.

- Intimate to the Government of India the number of beneficiaries under each component of the NSAP, district-wise;
- In order to facilitate smooth flow of funds to the implementing agencies and to ensure prompt disbursement of benefits under NSAP, the State/UT Governments would arrange for opening of separate accounts at the District level for the release of funds by the Central Governments under the NSAP, for the district;

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General Conditions

The State / UTs Governments will:

- Ensure wide and continuous publicity to the benefits under the NSAP and the procedure for claiming them through posters, brochures, media and other means;
- They shall ensure that application forms are widely available in local languages;
- Procedure for verification of applications should be prompt and simple;
- Sanctions should be expeditious;

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General Conditions contd.

The Panchayats will be responsible for implementing the schemes in their respective areas of operation and for:

- Disseminating information about the NSAP and the procedures for obtaining benefits under it. In this task, they should encourage and involve the cooperation of voluntary organisations;

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General Conditions contd.

- Delays and malpractices should be eliminated in disbursement;
- Adequate accounting arrangements should be instituted to enable proper post-audit;
- Every effort should be made through these means to ensure that only eligible persons obtain the benefits;
- Subject to these and other guidelines issued by the Government of India from time to time, suitable procedures may be instituted for the implementation of the programme and Government of India kept informed. They may also comply with modifications that Government of India may indicate;

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General Conditions contd.

- The State Govt. may communicate target for NOAPS, NFBS and NMBS to the Gram Panchayats so that identification can take place in the Gram Sabhas by the gram panchayats in line with these targets;
- Central assistance under these three schemes may also be preferable disbursed in public meetings, such as gram sabha meetings in the rural areas;
- Monitoring and following up delays if any, in sanctions and disbursement;

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General Conditions contd.

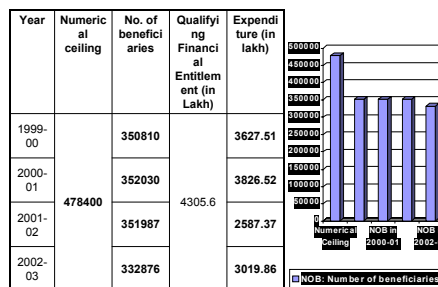
All benefit payments should preferably be payable to the bank account of the beneficiary in the Post office Savings Bank or in a commercial bank or through Postal Money Order. However, in case of NOAP and NMBS cash disbursement may be permitted provided the payment is made in public meetings preferably of Gram Sabha.

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Performance of West Bengal Panchayats under NOAPS



(This portion to be adapted to state specific scenario)

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Procedure for release of Central assistance

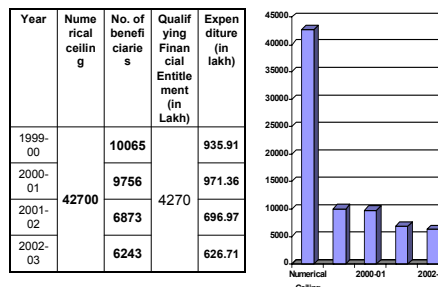
- First installment will be released in the beginning of the financial year on ad-hoc basis to those districts who have claimed second installment in the previous year;
- In case of districts who have not claimed second installment of the previous year, first installment will be released upon their fulfilling all the conditions that would made them eligible for release of second installment in the previous year i.e. the district should send proposal for release of funds after utilisation of 60% available funds along with Audit Report and Utilisation Certificate in the prescribed proforma through State Government;

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Performance of West Bengal Panchayats under NFBS



(This portion to be adapted to state specific scenario)

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Procedure for release of Central assistance contd.

- The second installment for the districts will be released on the requests of districts through State Govt. as per prescribed proforma on fulfillment of the following conditions:
 - 60% of the total available funds i.e. opening balance for the year and the amount received should be utilised at the time of applying for the second installment;
 - The opening balance in the district i.e. the aggregate of balance with DRDA should not exceed 20% of the district allocation during the previous year. In case of the opening balance exceeds this limit, the Central share of the excess will be deducted at the time of release of second installment;
 - Submission of Audit Report (for each scheme of NSAP separately) for the previous years;
 - Submission of utilisation certificate for the previous year in the prescribed proforma. Expenditure, available funds and balance as shown in Audit Report & Utilisation Certificate should match;

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Audit points to be looked into

1. Were all the beneficiaries of NSAP actually destitute and the families below the poverty line?
2. Did the beneficiaries of NOAPS have no other means of subsistence from their own sources of income or through financial support of family members or other sources?
3. Were the benefits under NFBS given to the families only after the death of their primary bread earners and the families lived below the poverty line?
4. Were all the beneficiaries of NOAPS in the age group of 65 years or above?

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Audit points to be looked into

5. Was there any case of grant of the benefit under NOAPS even after the death of the pensioner?
6. Was there any case of lump sum grant of NFBS in excess of Rs.10,000/- for an individual family? Was the legal entitlement of the beneficiary established before grant of the benefit?
7. Was the maximum amount of grant of NMBS to an individual limited to Rs.500/-?
8. Were there any cases of irregular grant of NSAP schemes due to wrong/false declaration of the recipients? If so, were the due recoveries made from them?

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Audit Of Eleventh Finance Commission Grants to Local Bodies

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Audit points to be looked into

9. Was a District Level Committee (DLC) constituted in the district for monitoring and evaluating the programmes under the NSAP schemes, as required under the conditions of the NSAP?
10. Was proper identification of the beneficiaries of the NSAP made consequent on the fixing of targets? If not, why? Did such non-identification/delay in identification lead to non- utilization of the allotted Funds?
11. Were all the necessary reports/returns including furnishing of utilization certificates sent in due course?

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Eleventh Finance Commission Grants to Local Bodies:

The Eleventh Finance Commission (EFC) recommended grants to Local Bodies amounting to Rs.8000 Crores for Panchayats for the period 2000-2005. These grants are over and above the normal flow of funds to the Local Bodies from the States and the amounts that would flow from the implementation of the respective State Finance Commission recommendation.

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Audit points to be looked into

12. Were there any cases of curtailment of allotments due to non- compliance of the conditions of NSAP?
13. The central scheme NSAP was introduced to strengthen the Panchayats to enable them to mobilize local resources for supplementing benefits from the Governments. Could the ZP actually mobilize any such local resources and thereby proclaim its self-sufficiency?

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Eleventh Finance Commission Grants to Local Bodies: contd.

The Funds released under Eleventh Finance Commission Grants to West Bengal are as follows :

Year	Fund Released (Rs. In Lakh)
2000 - 01	5,770.00
2001 - 02	17,045.44
2002 - 03	3,339.65
Total	26,155.09

(This portion to be adapted to state specific scenario)

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Objective

- To finance the maintenance of civic services in rural areas, including provision of primary education, health care, safe drinking water, street lighting, sanitation, maintenance of cremation and burial grounds etc.
 - Maintain accounts of the GP and conduct audit thereof
 - Development of data base at the districts, State and Central Government levels. The Director/Local Fund Audit (Accountant General, Local Bodies Audit in West Bengal) is responsible for the task of creation of a data base as per the format prescribed by the Comptroller & Auditor General of India;
- The projects should normally be those that are not covered under other schemes of the Government of India or the State Governments.

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Monitoring:

A Central Monitoring Committee, Government of India, is responsible to review the progress of implementation of the scheme;

At the State level, the Chief Secretary of the State is responsible for the coordination and monitoring of the scheme.

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Conditions:

• Local body grants shall be released to states that have completed the due election process in respect of local bodies. In case of delay in holding local body election in time, funds will be deducted proportionately;

• These grants shall not be diverted for any other purpose. Also, the grant shall not be withheld by the State Government;

• These grants would be untied except that they should not be used for payment of salaries and wages.

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Audit points regarding Grants to Local Bodies

- Whether the schemes executed under EFC have been included in the AAP for the years under audit scrutiny;
- Whether the schemes have been selected as per guide lines and through Gram Sabha/Sansad and subsequently duly approved by the Gram Panchayat. Whether the plans/estimates were prepared properly;
- Whether tender formalities for procurement of materials, as well as, execution were maintained properly;
- Whether the subsidiary registers/records were maintained as per requirement;
- Whether all the works taken under the scheme were included in the assets register after obtaining proper completion certificate.

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Role of C&AG

- The C&AG shall be responsible for exercising control and supervision over proper maintenance of accounts and their audit for all the three tiers of the PRIs;
- C&AG shall lay down the qualification and experience for the agency/person who could be contracted out the work of maintenance of accounts by Local Bodies. The agency may be registered by the Director, Local Fund Audit [Accountant General, Local Bodies Audit in West Bengal];
- Director, Local Fund Audit [Account General, Local Bodies Audit in West Bengal] may supervise the quality of work of the agency. Poor performance shall lead to de-registration of the agency.

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Audit points to be looked into: Contd...

- Whether there were cases of non-utilization/under-utilization of the grant and if so, the reasons thereof;
- Whether there was evidence that the grant was actually utilized for maintenance of civic services;
- Whether there was any case of incidence of expenditure on an item for which there was a specific grant through some other scheme;

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Exercise

Time: 10 mins.

Mark ✓ the right answers:

1. What is the cost sharing ratio between Centre and State in respect of Swampoorna Grameen Rozgar Yojana (SGRY)? 1) 75:25 2) 50:50
2. In Swampoorna Grameen Rozgar Yojana (SGRY)-food grains are provided to the States, 1) free of cost 2) At subsidized rate
3. In Swampoorna Grameen Rozgar Yojana (SGRY), the quantity of food grains given as part of wages is 1) 3 kg/manday 2) 5 kg/manday
4. Only those works should be taken up in SGRY which can be completed
1) within 1 year 2) Within 2 years
5. In SGRY- at least 25% of the wages has to be paid in cash? True / False
6. Indira Awas Yojana (IAY) is:
1) A Sub-Scheme of Rural landless Employment Guarantee Programme 2) An independent scheme 3) A Sub-Scheme of Jawahar Rojgar Yojana 4) None of the above.
7. In IAY, the benefit to the non-SC/ST people can not exceed the following percentage of the total allocation
1) 50% 2) 40% 3) $33\frac{1}{3}\%$
8. In IAY - the ratio of new construction to up-gradation of houses should be
1) 75% : 25% 2) 80% : 20% 3) 50% : 50%

Fill in the gaps:

9. Age of the applicant in National Old Age Pension Scheme (NOAPS) -should be ----- years and above,
10. The benefit under NOAPS should be disbursed in not less than ----- installment in a year.

Solution :

- 11. 1) 75% : 25%
- 12. 1) Free of Cost
- 13. 2) 5 Kg
- 14. 1) Within 1 year
- 15. True
- 16. 2) An independent scheme
- 17. 2) 40%
- 18. 2) 80% : 20%
- 19. 65 years
- 20. 2 instalments.

Session Title

Audit of Central/State Schemes

Session Overview

We are now on topics, wherein familiarisation with Central/State schemes along with audit thereof could be carried out as an end in itself.

In the previous session, the audit of accounts and relevant registers were discussed.

In this session we will discuss different Central/State schemes implemented by Gram Panchayat (GP) along with audit thereof to the extent that the audit conclusion indicates:

- Whether the keeping of accounts and relevant registers for the schemes is as per rules;
- Objectives of the schemes are being fulfilled; and
- Audit point is supported by evidence.

Categorisation of schemes

With a view to developing human resources, infra-structure and civil amenities and achieving economic self-sufficiency and securing social justice, different schemes have been taken up by Central or State Government jointly or separately for implementation in the rural areas by the

Panchayats. These schemes may be broadly classified into three categories. These are:

1. Wage Employment Schemes e.g. Sampoorna Gramin Rozgar Yojana (SGRY);
2. Self Employment Schemes e.g. Swarnajayanti Gram Swarozgar Yojana (SGSY);
3. Social Security Scheme e.g.
 - a. Indira Awas Yojana (IAY);
 - b. National Social Assistance Programme (NSAP) under which there are three schemes:
 - i. National Old Age Pension Scheme (NOAPS);
 - ii. National Family Benefit Scheme (NFBS);
 - iii. National Maternity Benefit Scheme

Some major schemes viz. Sampoorna Grameen Rozgar Yojana, Indira Awas Yojana and National Social Assistance Programme are discussed below along with relevant audit points thereon. The audit of other Central/State schemes can be carried out on a similar pattern.

Audit of Sampoorna Grameen Rozgar Yojana (SGRY)

Nature of the scheme

This programme is a centrally sponsored scheme on cost sharing basis between the Centre and the States in the ratio 75:25. In the case of Union Territories, the Centre would provide the entire 100% funds under the scheme.

Food grains are to be provided free of cost to the States / Union Territories. The cost of transportation of food grains from the Food Corporation of India (FCI) godown to the work-site and its distribution is the responsibility of the State /UT Governments.

Objectives

The primary objective of the scheme is to provide additional wage employment in all rural areas and thereby provide food security and improve nutritional levels.

The secondary objective is the creation of durable community, social and economic assets and infrastructural development in rural areas.

Target group

The SGRY is available for all the rural poor (BPL and APL) who are in need of wage employment and are willing to take

up manual labour on unskilled work in and around his or her village and habitation.

However, the preference is given to the poorest among the poor, SC/ST and parents of child labour, withdrawn from hazardous occupation.

Programme strategy

The programme is being implemented in two streams:

- The first stream is implemented at the District and intermediate Panchayat levels; 50% of the funds are earmarked out of the total funds available under the SGRY and distributed between the ZPs (20%) and intermediate level Panchayats or PSs (30%).
- The second stream is implemented at the Village Panchayat level, 50% of the funds available under the SGRY are earmarked for the Village Panchayats and distributed among the GPs through the District Rural Development Agency (DRDA) / ZP.

Food grains under SGRY

- Food grain should be given as part of wages under the SGRY;
- Distribution of food grain as part of wages under the SGRY (1st & 2nd Streams) is based on the principle of

protecting the real wages of the workers besides improving the nutritional standards of the families of the rural poor;

- Food grains should be given as part of wages under the SGRY to the rural poor at the rate of 5 Kg/mandays (subject to the minimum of 25% of the wages to be paid in cash);

- The State Government is free to calculate the cost of the food grains paid as part of wages, at a uniform rate which may be either Below Poverty Level (BPL) rate or Above Poverty Level (APL) rate or anywhere between the two rates. The workers are paid the balance of wages in cash;

- Distribution of food grains to the workers under the programme is by GP or any other Agency appointed by the State Government;

- Distribution of food grains will be made to the workers, most preferably, at the work site.

Distribution and release of food grains

The Department of Rural Development (DRD) will intimate the Department of Food & Public Distribution (DFPD) the

quantity of food grains to be released to the State, with district-wise details. The DFPD will thereafter send an appropriate advice to the FCI under intimation to the DRD and the Secretary, Rural Development (RD) of the State, to release food grains from its designated depots to the authorised agencies of the State Governments / ZPs/ DRDAs.

The DRD will release funds for the food grains directly to the FCI at the economic cost. The FCI will be required to send bills duly verified by the DRDA/ZP to the DRD on the basis of statements of quantities of food grains allocated, lifted district-wise, signed jointly by the Panchayat Department (PD), (DRDA)/Chief Executive Officer (CEO), ZP and District Manager, FCI.

At the District level the PD, DRDA/CEO, and ZP will coordinate the release and lifting of stocks under the programme. No payment will be required to be made to the FCI at the depots by the DRDA or Authorised Agency for lifting the food grains within the District.

Provision of transportation cost/handling charges

The State Government will bear the transportation cost and other handling charges from its own resources.

Payment of wages under the scheme

Under the scheme, 5kg of food grains (in kind) will be made available per man day. However, should a State Government wish to give more than 5kg of grains per manday, it may do so within the existing State allocation. The State Government may calculate the cost of food grains paid as part of wages, at either BPL rates or APL rates or anything between the two rates. The workers will be paid the balance of wages in cash, such that they are assured of the notified Minimum Wages.

Criteria, allocation and utilisation of resources

The second stream of the SGRY is implemented at the Village Panchayat level for generation of supplementary wage employment and creation of demand driven community village infrastructure, which includes also durable assets to enable the rural poor to increase opportunities for sustained employment.

Out of the total resources earmarked under the SGRY, 50% of the funds are earmarked for the second stream of the SGRY.

The entire resources released under the second stream are distributed among GPs directly by the DRDA/ZP.

Since 2002-03, the allocation of funds is made in a manner that each Panchayat receives at least a certain minimum of resources as to be decided from year to year.

Earmarking of resources

Minimum 50% of the allocation to the Village Panchayat (inclusive of food grains) shall be earmarked for the creation of need based Village Infrastructure in SC/ST habitations.

Provision for maintenance of assets

Village Panchayats are permitted to spend upto a maximum of 15% of the funds on maintenance of the public assets created under the wage-employment programme sponsored by the Ministry of Rural Development from time to time within its geographical boundary.

Provision for administrative / contingent expenditure at the GP level

Under the second stream of SGRY, Village Panchayat may spend upto a maximum of 7.5% of the annual allocation of funds or Rs.7500/- whichever is less during a year, on the Administration/Contingencies and for technical consultancy.

Release of funds to the GPs

The resources of SGRY to the village Panchayats will be distributed by the DRDAs / ZPs within fifteen days of the receipt of the funds by the DRDAs / ZPs from the Central or the State Government, as the case may be. Distribution of the Central share should not wait for the matching State share.

Planning, works and execution Annual Action Plan (AAP)

- Each GP shall independently prepare and approve, before the beginning of each financial year, an Annual Action Plan. No work can be taken up unless it forms part of the AAP.
- Works included in the AAP should be need based and properly prioritized. Taking into account the priority of works and the availability of resources, only those works should be taken up which can be completed within a year and in

exceptional circumstances in a maximum period of two years.

- While preparing the AAP, completion of the incomplete works including those of the Employee Assurance Scheme (EAS) /Jawahar Gram Rozgar Yojana (JGRY) should be given priority over the taking up of new works.

Execution of works under second stream

Implementing authority

The programme will be implemented through the Village Panchayats, who will be responsible for planning and execution of the scheme.

The technical supervision will be the responsibility of the DRDAs / ZPs.

Execution of works can be entrusted to well-established Self Help Groups under the Swarnajayanti Gramin Swarozgar Yojana (SGSY).

At the village level, the entire work relating to co-ordination, review, supervision and monitoring of the programme will be the responsibility of the Village Panchayat.

The Panchayats will have the power to execute works/schemes upto

Rs.1,00,000/-with the approval of Gram Sabha. No other administrative or technical approval will be necessary. Preparation of cost-estimates for work / schemes up to Rs.1,00,000/- will be the sole responsibility of the GPs.

For works / schemes costing more than Rs. 1,00,000/- after taking approval of the Gram Sabha, the GP shall seek the technical / administrative approval of appropriate authorities.

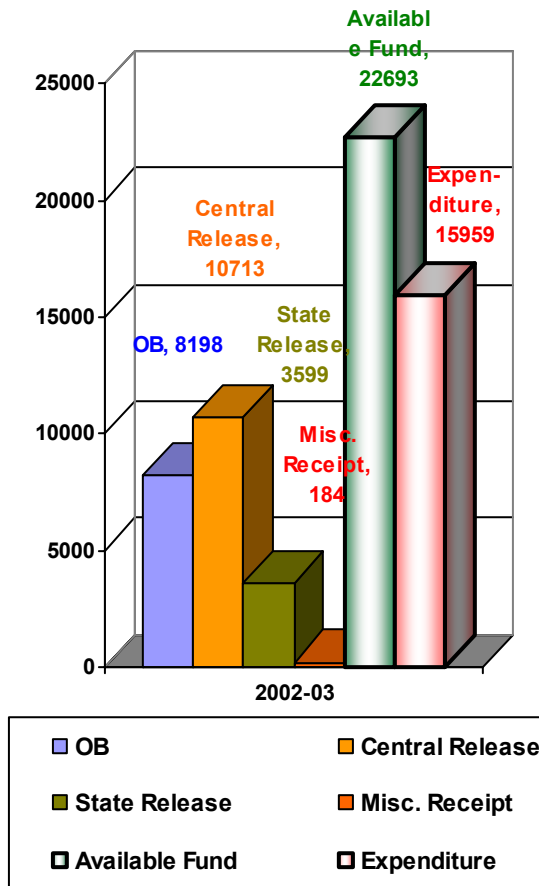
Maintenance of Employment Register under First stream

Each GP shall maintain an Employment Register for the works under the GP component which would obtain the details of number of persons employed including the number of SC/ST, gender of the workers and number of mandays generated for each work under SGRY. This information should be based on the Muster Rolls which are maintained work-wise. This Register would be open to the public for scrutiny. Display board should be put on the work site giving details of the work.

The ZP shall similarly maintain the Employment Register for the entire district for its own component.

Financial and physical performance under SGRY (Stream-II) during 2002-03 of West Bengal Gram Panchayats

Financial (Rs. in lakh)

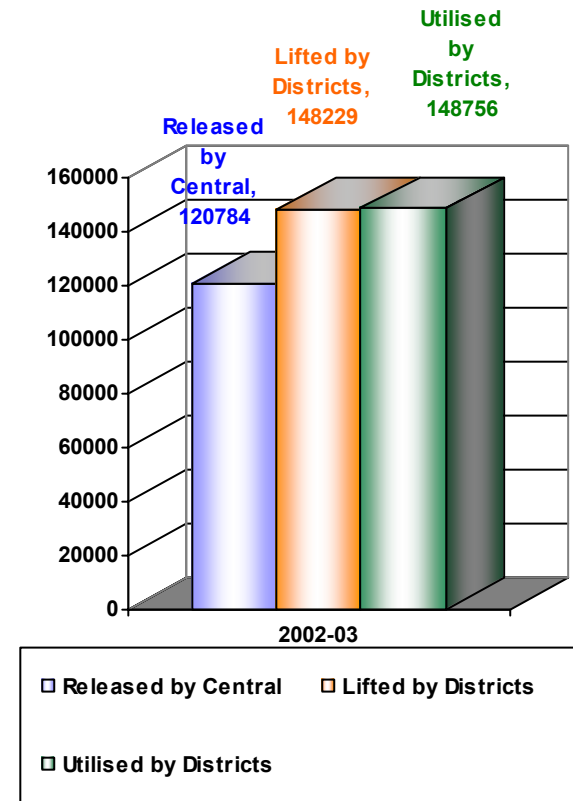


The percentage of expenditure out of available funds was 57.32 %

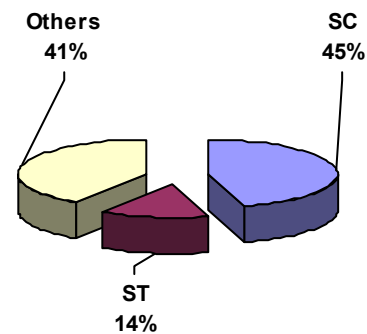
* Annual Administrative Report 2002-03 of Deptt. of Panchayat & Rural Devp. West Bengal.

* This portion to be adapted to state specific scenario.

***Food Grains (in MT)**



***Physical Achievement: Man days generated in Lakh days-171.87**



Audit points regarding SGRY

1. Was there any case of rejection / condemnation of food-grains after lifting them from the FCI godowns due to poor quality or any other reason?
2. Were food-grains lifted from the nearest FCI depot to effect economy in transportation charges?
3. Was any payment made to the FCI for lifting the food grains? If so, under whose orders?
4. Was the entire part of the second stream implemented at the GP level? If not, why?
5. Was the entire Fund of the second stream distributed among the GPs through DRDAs/ZP? If not, why?
6. Did the State Government grant more than the allotted 5kg. of food grains per manday? If so, was it done through the existing State allocation?
7. Were the workers assured of the notified minimum wages?
8. Was the value of the wages paid in cash less than 25% of the total wages? If so, what were the reasons, and did it have the approval of the Central Government funding the scheme?
9. Were proper vouchers kept for payment of balance of wages to the workers?
10. Were only such works taken up which could be completed ordinarily within a year and in exceptional circumstances in a maximum period of two years?
11. Were works included in the AAP taken up within the year?
12. Were incomplete works given priority over new works?
13. Were any such works as
 - (a) building for religious purposes like temple, mosque, gurudwara, church etc.;
 - (b) monuments, memorials, statue, idols, arch gate/welcome gate;
 - (c) bridges;
 - (d) building for higher secondary schools, colleges;
 - (e) black taping of roads included in the AAP?
14. Were all the works taken up under the scheme of durable nature and they met the desired technical standards and specifications?

15. Were efforts made to utilise local materials and cost effective technologies?

16. Were proper registers maintained for:

(a) accounts of expenditure incurred head-wise;

(b) measurement of physical work done;

(c) payments of wages to labourers;

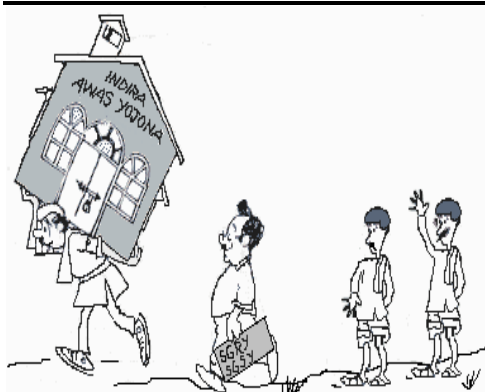
(d) periodical statement of attendance;

(e) progress of works?

17. Was an Employment Register for works under SGRY maintained by the GP?

Were the necessary particulars of information taken from the Muster Rolls of the concerned works?

18. What were the constraints for non-implementation of the scheme fully even though fund was provided?



Indira Awas Yojana (IAY)

Indira Awas Yojana (IAY) was launched during 1985-86 as a sub-scheme of

Rural Landless Employment Guarantee Programme (RLEGP) and continued as a sub-scheme of Jawahar Rozgar Yojana (JRY) since its launching from April, 1989. It has been delinked from JRY and has been made an independent scheme with effect from January 1, 1996.

IAY operates as a 100% subsidized centrally sponsored programme with the resources being shared on 75:25 basis between Centre and the States. Funds under the scheme allocated to the States / UTs are further distributed to the districts in proportion to the SC/ST population in the district.

Objective

To provide grant for construction of houses to members of SC/ST, freed bonded labourers, to non-SC/ST rural poor belonging to BPL, ex-serviceman and also widows of defence personnel.

Target group

The target group for houses under IAY will be BPL people living in rural areas belonging to SC/ST, free bonded labourers and non-SC/ST subject to the condition that the benefits to non-

SC/ST should not exceed 40% of the total IAY allocation during a financial year.

From 1995-96, the IAY benefits have been extended to ex-servicemen, widows or next-of-kin of defence personnel and para-military forces killed in action irrespective of the income criteria subject to the condition that

- They reside in rural areas;
- They have not been covered under any other scheme of shelter rehabilitation; and
- They are houseless or in need of shelter or shelter upgradation. Priority is given to other ex-servicemen and retired members of paramilitary forces as long as they fulfill the normal eligibility conditions for IAY and have not been covered under any other shelter rehabilitation scheme.
- The priority in the matter of allotment of houses to the ex-servicemen and paramilitary forces and their dependents will be out of 40% of the houses set apart for allotment

among the non-SC/ST categories of beneficiaries.

- 3% of the funds have been earmarked for the benefit of disabled BPL persons i.e. disabled persons belonging to sections like SCs, STs and others would fall in their respective categories.

Identification of beneficiaries

District Rural Development Agencies (DRDAs) / ZPs on the basis of allocations made and targets fixed shall decide Panchayat-wise number of houses to be constructed under IAY, during a particular financial year and intimate the same to the GP. Thereafter, the Gram Sabha will select the beneficiaries restricting its number to the target allocated, from the list of eligible households, according to IAY guidelines and as per priorities fixed.

Priority in selection of beneficiaries

The order of priority for selection of beneficiaries amongst the target group below poverty line is as follows:

1. Freed bonded labourers
2. SC/ST households who are victims of atrocities

3. SC/ST house holds, headed by widows and unmarried women
4. SC/ST households affected by flood, fire earthquake, cyclone and similar natural calamities
5. Other SC/ST households
6. Non-SC/ST households
7. Physically handicapped
8. Families / widows of personnel of defence service / paramilitary forces, killed in action
9. Displaced persons on account of developmental projects, nomadic semi-nomadic and de-notified tribals, families with disabled members and internal refugees, subject to the households being below poverty line.

Allotment of houses

Allotment of house should be in the name of female member of the beneficiary household. Alternatively, it can be allotted in the name of both husband and wife.

Location of IAY houses

The houses under IAY, should normally be built on individual plots in the main habitation of the village. The houses can also be built on micro habitat approach or in a cluster within a habitation, so as to facilitate the development of infrastructure, such as, internal roads, drainage, drinking water supply etc. and other common facilities.

Construction of IAY houses

At present, 80% of the allotted fund is meant for new construction and 20% for conversion of unserviceable kuchha houses into pucca/semi pucca houses i.e., upgradation of houses.

In West Bengal the construction assistance under IAY is as given below:

	All Districts except Darjeeling & Sundarban Block	Darjeeling District & Sundarban Blocks
Construction of house including sanitary latrine and smokeless chullah	Rs.20,000	Rs.22,000
Conversion of Kuchha houses in to pucca / semi-pucca houses including sanitary latrine & smokeless chullah.	Rs.10,000	Rs.10,000

The responsibility of construction / converting the house will be solely on the beneficiary. Construction / conversion by contractor or departmental construction is totally banned. Panchayats may take up construction and/or supply of materials only if any physically handicapped beneficiary requests them in writing.

Integral part of IAY houses

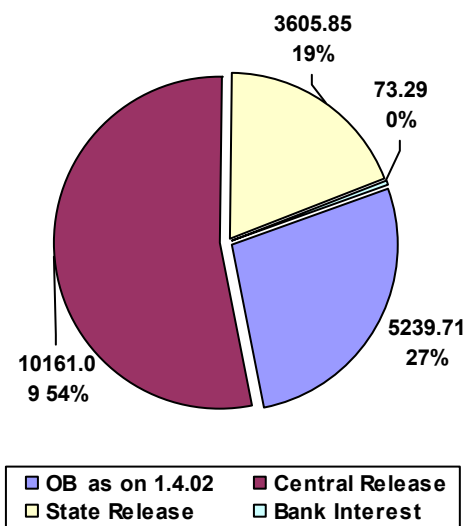
It should be ensured that every house constructed under IAY is provided with a fuel efficient 'chulla'. Sanitary Latrine should also be taken up as part of the IAY houses.

Maintenance of accounts

The ZP and the GP shall maintain separate subsidiary Cash Book and separate bank account for Indira Awas Yojana Fund. The interest amount accrued on the deposit of the IAY fund shall be used for construction /upgradation of IAY houses through beneficiaries.

*Financial performance of IAY during 2002-03 in West Bengal Panchayats (Rs. In lakh)

Release during 2002-03



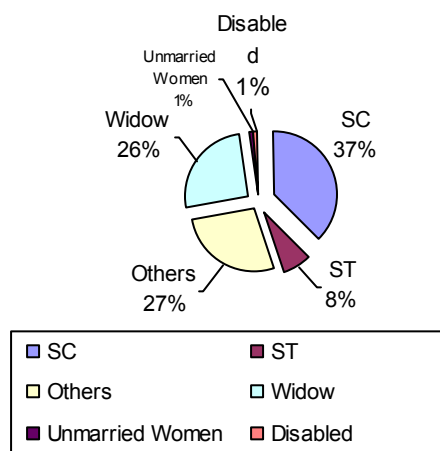
*This portion to be adapted to state specific scenario.

Financial performance during 2002-03 (Rs. In lakh)

Total Available Balance	Expenditure	%age of expenditure on available Funds	Closing Balance
19079.94	14951.89	78.62	4128.05

Physical achievement (No. of houses) during 2002-03

Target	New	104216
Construction		
SC		44897
ST		9019
Others		32461
Widow		30713
Unmarried Women		1761
Disabled		1005
%age achieved on target		68.19



Audit points regarding IAY

1. Were the proportionate shares of contribution by the Central and State Governments in the ratio 75/25 duly received? If not, why? Was there any lapse by the ZP/PS/GP?
2. Were all the conditions in respect of giving the benefits duly fulfilled?
3. Was 80% of the fund used for new construction and the rest 20% used for upgradation of *kachcha* houses to *pucca / semi-pucca* houses.
4. Was any part of the grant utilised by any one other than those prescribed?
5. Did the total amount of benefits to non-SC/ST exceed 40% of the total allocation?
6. Did all the beneficiaries (other than ex-serviceman, widows or next of kin of defence personnel/paramilitary forces killed in action) belong to BPL?
7. Did all the beneficiaries actually reside in the rural areas?
8. Had selection of beneficiaries been made by Gram Sabha?
9. Were all the houses for which grant was given actually constructed within the village concerned?
10. Were any of the beneficiaries covered by any other scheme of shelter rehabilitation?
11. Were all the beneficiaries actually houseless or in need of shelter or shelter up-gradation?
12. Were sanitary latrines /smokeless chullahs constructed in the newly constructed / upgraded huts?
13. Were all allotments for ex-servicemen and para-military forces and their dependents made out of 40% of the houses set apart for allotment among the non-SC/ST categories?
14. Was the benefit actually extended to 3% of the disabled persons below poverty line?
15. Were actual beneficiaries selected by the Gram Sabhas of the GPs restricting the total numbers to the target allocated by the DRDA/ZP?
16. Was any allotment made exclusively in the name of a male member?

17. Was the allotment made for up-gradation of houses more than 20% of the total allotment?

18. Did the Panchayat body take up the work of construction of the houses of beneficiaries other than physically handicapped persons?

19. Did the GP maintain separate subsidiary Cash Book and separate bank account for IAY?

20. Had the following four approved lists of beneficiaries been furnished in prescribed proforma to the concerned PS before start of work every year:

1. List for SC/ST beneficiaries for construction of new house;
2. Same for non-SC/ST;
3. List for SC/ST beneficiaries for upgradation of house; and
4. Same for non-SC/ST.

21. Was the amount of interest earned on the deposit of IAY utilised for any purpose other than for construction / up-gradation of IAY houses?

* 22. In West Bengal during the year 2002-03, the %age of actual utilisation of the available fund was 78.62,

whereas, the %age of physical achievement was 68.19. The data could be analysed in detail to elicit relevant audit comments.

Audit of National Social Assistance Programme (NSAP)

Introduction

The National Social Assistance Programme (NSAP) comprises of three separate schemes, viz.,

1. National Old Age Pension Scheme (NOAPS);
2. National Family Benefit Scheme (NFBS); and
3. National Maternity Benefit Scheme (NMBS).

The programme introduces a national policy for social security assistance to the poor families and represents a significant step towards the fulfillment of the Directive Principles as embodied in Articles 2.1 and 2.2 of the Constitution recognizing the concurrent responsibility of the Central and State Government in the matter.

The Programme has come into effect from August 15, 1995.

*This portion to be adapted to state specific scenario.

Objective

The objective of the Programme is to extend financial assistance to old persons having little or no regular means of subsistence, to households living below the poverty line in case of death of the primary bread earner and to pregnant women of households below the poverty line upto the first two live births.

Target groups

The assistance under the National Social Assistance Programme (NSAP) is available to the destitute, the poorest of the poor and families below the poverty lines. The scheme-wise target groups are as under:

1. NOAPS- Old persons who are destitute in the sense of having no regular means of subsistence from their own sources of income or through financial support from family members or other sources.
2. NFMS- Households below the poverty line on the death of the primary bread-earner. The 'primary bread-earner' has been defined as the member of the family whose earnings

contribute substantially to the total household income.

3. NMBS- Pregnant women of the households living below poverty line upto the first two live births.

Salient Features National Old Age Pension Scheme (NOAPS)

- Age of the applicant (male or female) should be 65 years or above;
- The applicant must be a destitute in the sense of having little or no regular means of subsistence from his/her own sources of income or through financial support from family members or other sources;
- The amount of pension is Rs.75/- p.m. per beneficiary. The State Government may add to this amount from their own sources. In West Bengal this Central Assistance is supplemented by Rs.25/- p.m. from the State budget which makes the total amount of assistance to Rs. 100/-p.m. per individual;*

* *Annual Administrative Report 2002-2003 of Department of Panchayats & Rural Development, Government of West Bengal. (To be adapted to state specific scenario)*

- The benefit under NOAPS should be disbursed, in not less than two installments in a year and, if possible, the benefit may be disbursed in more installments as per directions of the State Government;
- Village Panchayats shall report every case of the death of a pensioner immediately after its occurrence to the appropriate sanctioning authority. The sanctioning authority shall ensure that payments are stopped thereafter;
- The sanctioning authority shall have the right to stop/recover payments of any pension sanctioned on the basis of false or mistaken information about eligibility.

National Family Benefit Scheme (NFBS)

- Central assistance for a lump sum family benefit is available for the household below the poverty line on the death of the primary breadwinner in the bereaved family;
- The amount of assistance is Rs. 10,000/-;
- The primary breadwinner is a member of the family whose earnings

contribute substantially to the total household income;

- The death of the primary breadwinner due to natural or accidental causes should have occurred while he/she is in the age group of 18-65 years;
- The family benefit is paid to such surviving members of the households of the deceased who, after local enquiry, is determined to be the head of the household;
- For the purpose of the scheme, the term 'household' would include spouse, minor children, unmarried daughters and dependant parents. In case of death of an unmarried adult, the term 'household' would include minor brothers / sisters;
- The sanctioning authority shall have the right to recover payments made on the basis of false or mistaken information about eligibility.

National Maternity Benefit Scheme (NMBS)

- Lump sum cash assistance of Rs. 500/- to the pregnant woman of the household living below the poverty line

is given provided she is 19 years of age or above;

- The benefit is available upto the first two live births;
- The maternity benefit will be disbursed in one installment 12-18 weeks prior to the delivery. However, the benefit can be made even after the delivery of child subject to the sanctioning authority being satisfied about the genuineness of the case. It is desirable that the child receives one dose of oral polio and BCG vaccination at birth and the first dose of DPT and polio in the sixth week;
- The sanctioning authority shall have the right to stop/recover payments made on the basis of false or mistaken information about eligibility.

Funding pattern

The National Social Assistance Programme (NSAP) is a Centrally sponsored programme for which 100% Central assistance is made available to the States/UTs to provide benefits for the three schemes under it in accordance with the norms, guidelines and conditions laid down by the Central

Government. The funds are released directly to the districts in two installments during a year.

Implementing agency

The programme is implemented by the district level implementing authority headed by the District Collector / Magistrate / Deputy Commissioner. It is implemented with the assistance of the Panchayats and Municipalities to make it more responsive and cost effective.

General Conditions

The State / UTs Governments will be responsible for the following:

- To ensure wide and continuous publicity to the benefits under the NSAP and the procedure for claiming them through posters, brochures, media and other means;
- To ensure that application forms are widely available in local languages;
- Procedure for verification of applications are prompt and simple;
- Sanctions are expeditious;
- Delays and malpractices are eliminated in disbursement;

- Adequate accounting arrangements have been instituted to enable proper post-audit;
- Only eligible persons obtain the benefits;
- Subject to these and other guidelines issued by the Government of India from time to time, suitable procedures may be instituted for the implementation of the programme and Government of India kept informed. They may also comply with modifications that Government of India may indicate;
- Intimate to the Government of India the number of beneficiaries under each component of the NSAP, district-wise;
- In order to facilitate smooth flow of funds to the implementing agencies and to ensure prompt disbursement of benefits under NSAP, the State/UT Governments would arrange for opening of separate accounts at the District level for release of funds by the Central Governments under the NSAP, for the district.

- Constitute State Level and District Level Committee for the purposes laid down in these guidelines in the implementation of the NSAP.

The **State Level Committee** (SLC) will be headed by the Chief Secretary and will include

- Concerned Secretaries such as Finance, Rural Development, Municipal Affairs, Health and Welfare;
 - A nominee of the Union Ministry of Rural Development;
 - A nominee of the Ministry of Urban Development; and
 - Independent experts and representatives of NGOs.
- This Committee will be responsible for monitoring and evaluation of the Programme and matters concerned therewith and to report to the Government of India.

The **District Level Committee** (DLC) will be headed by the Collector and will include:

- Concerned Members of Parliament;

- About 1/3rd of the Members of the State Legislative Assembly from the district, as far as possible representing all political parties;
- Chairperson of the ZP and/or of its relevant Standing Committee;
- Heads of the relevant departments at the district level;
- Representatives from among chairpersons of PSs and Municipalities; and
- Independent experts and representatives of NGOs.
- The DLC will be responsible for monitoring and evaluating the Programme and for matters concerned therewith.

The GPs will be responsible for implementing the schemes in their respective areas of operation and for:

- Disseminating information about the NSAP and the procedures for obtaining benefits under it.
- The GPs are expected to play an active role in the identification of beneficiaries under the three schemes.

The State Government may thus communicate targets for NOAPS, NFBS and NMBS to the GPs so that identification can take place in line with these targets accordingly.

- Central assistance under these three schemes may also be preferably disbursed in public meetings, such as Gram Sabha meetings in the rural areas.
- Monitoring and follow up of delays if any, in sanctions and disbursement.

All benefit payments should preferably be payable to the Bank account of the beneficiary in the Post Office Savings Bank or in a commercial bank or through Postal Money Order. However, in case of NOAP and NMBS cash disbursement may be permitted provided the payment is made in public meetings, preferably of Gram Sabha.

Procedure for release of Central assistance

1. First installment will be released in the beginning of the financial year on ad-hoc basis to those districts who

have claimed second installment in the previous year.

2. In case of districts which have not claimed second installment of the previous year, first installment will be released upon their fulfilling all the conditions that would make them eligible for release of second installment in the previous year i.e. the district should send proposal for release of funds after utilisation of 60% available funds along with Audit Report and Utilisation Certificate in the prescribed proforma through State Government.

3. The second installment for the districts will be released on the request of districts through State Government as per prescribed proforma on fulfillment of the following conditions:

a. 60% of the total available funds i.e. opening balance for the year and the amount received should be utilised at the time of applying for the second installment;

b. The opening balance in the district i.e. the aggregate of balance

with DRDA should not exceed 20% of the district allocation during the previous year. In case the opening balance exceeds this limit, the Central share of the excess will be deducted at the time of release of second installment;

c. Submission of Audit Report (for each scheme of NSAP separately) for the previous years;

d. Submission of utilisation certificate for the previous year in the prescribed proforma. Expenditure, available funds and balance as shown in Audit Report and Utilisation Certificate should match.

4. The quantum of second installment will be dependent on the time of reporting of utilisation. Depending on the receipt of the complete proposal for the second installment, the quantum will be governed as follows:

Proposal received in:

December - 50% of allocated funds

January - 40% of allocated funds

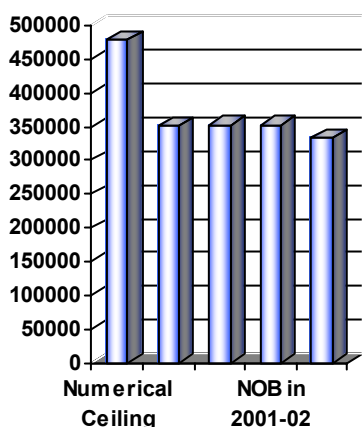
February - 30% of allocated funds

March - 20% of allocated funds

Proposal received after 15th March will not be entertained.

***Performance of West Bengal Panchayats under NOAPS**

Year	Numerical ceiling	No. of beneficiaries	Qualifying Financial Entitlement(in lakh)	Expenditure(in lakh)
1999-00	478400	35,0810	4306	3628
2000-01		35,2030		3827
2001-02		35,1987		2587
2002-03		33,2876		3020



□ NOB: Number of beneficiaries

* Upper ceiling on the number of beneficiaries for West Bengal as fixed by Government of India. Authority: Guideline on 'National Social Assistance Programme' published by Government of India.

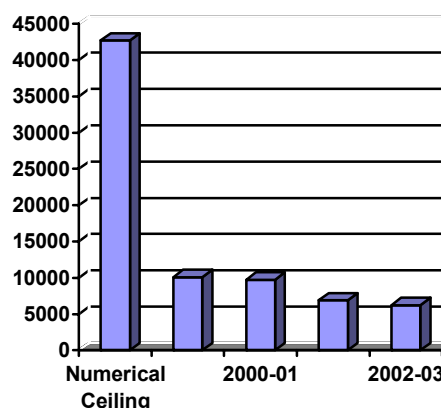
⊙ Qualifying Financial Entitlement for West Bengal as fixed by Government of India. Authority: Guideline on 'National Social Assistance Programme' published by Government of India.

Actual physical targets and allocation of funds from year to year for the States / UT Governments will however be based on the budget allocation for NSAP in the current year.

*This portion to be adapted to state specific scenario.

***Performance of West Bengal Panchayats under NFBS**

Year	Numerical ceiling	No. of beneficiaries(in lakh)	Qualifying Financial Entitlement(in lakhs)	Expenditure(in lakh)
1999-00	42700	10,065	4270	935.91
2000-01		9756		971.36
2001-02		6873		696.97
2002-03		6243		626.71



⊙ Upper ceiling on the number of beneficiaries for West Bengal as fixed by Government of India. Authority: Guideline on 'National Social Assistance Programme' published by Government of India.

⊙ Qualifying Financial Entitlement for West Bengal as fixed by Government of India. Authority: Guideline on 'National Social Assistance Programme' published by Government of India.

Actual physical targets and allocation of funds from year to year for the States / UT Governments will however be based on the budget allocation for NSAP in the current year.

Audit points regarding NSAP

1. Were all the beneficiaries of NSAP actually destitute and the families belonged to BPL?
2. Did the beneficiaries of NOAPS have no other means of subsistence from their own sources of income or through financial support of family members or other sources?
3. Were the benefits under NFBS given to the families only after the death of their primary bread earners and the families were living below the poverty line?
4. Were all the beneficiaries of NOAPS in the age group of 65 years or above?
5. Was there any case of grant of the benefit under NOAPS even after the death of the pensioner?
6. Was there any case of lump sum grant of NFBS in excess of Rs.10,000/- for an individual family? Was the legal entitlement of the beneficiary established before grant of the benefit?
7. Was the maximum amount of grant of NMBS to an individual limited to Rs.500/-?
8. Were there any cases of irregular grant of NSAP schemes due to wrong/false declaration of the recipients?

If so, were the due recoveries made from them?

9. Was a District Level Committee (DLC) constituted in the district for monitoring and evaluating the programmes under the NSAP schemes, as required under the conditions of the NSAP?

10. Was proper identification of the beneficiaries of the NSAP made consequent on the fixing of targets? If not, why? Did such non-identification/delay in identification lead to non-utilization of the allotted Funds?

11. Were all the necessary reports/returns including furnishing of utilization certificates sent in due course?

12. Were there any cases of curtailment of allotments due to non-compliance of the conditions of NSAP?

Eleventh Finance Commission grants to local bodies

The Eleventh Finance Commission (EFC) recommended grants to local bodies amounting to Rs.8000 Crores for Panchayats for the period 2000-2005. These grants are over and above the normal flow of funds to the local bodies from the States and the amounts that would flow

from the implementation of the respective State Finance Commission recommendation.

The funds released under EFC Grants to West Bengal are as follows:

Year	Fund Released (Rs. In Lakh)
2000 - 01	5,770.00
2001 - 02	17,045.44
2002 - 03	3,339.65
Total	26,155.09

(Annual Administrative Report 2002-2003 of Department of Panchayats & Rural Developments. To be adapted to state specific scenario)

Objectives

The EFC grants are to be used for:

- To finance the maintenance of civic services in rural areas, including provision of primary education, health care, safe drinking water, street lighting, sanitation, maintenance of cremation and burial grounds etc.;
- To maintain accounts of the GP and conduct audit thereof;
- Development of data base of finances of local bodies at the districts, State and Central Government levels. The Director/Local Fund Audit (Accountant General, Local Bodies Audit in West Bengal) is responsible for the task of creation of a

data base as per the format prescribed by the CAG.

The projects should normally be those that are not covered under other schemes of the Government of India or the State Governments.

Conditions

Local body grants shall be released to states that have completed the due election process in respect of local bodies. In case of delay in holding election to the local body election in time, funds will be deducted proportionately.

These grants shall not be diverted for any other purpose. Also, the grant shall not be withheld by the State Government.

These grants would be untied except that they should not be used for payment of salaries and wages.

Role of Comptroller and Auditor General (C&AG) of India

- The C&AG shall be responsible for exercising control and supervision over proper maintenance of accounts and their audit for all the three tiers of the PRIs.
- C&AG shall lay down the qualification and experience for the agency/person who could be contracted out the work of maintenance of accounts by local bodies.

- The agency may be registered by the Director, Local Fund Audit [Accountant General, Local Bodies Audit in West Bengal].
- Director, Local Fund Audit [Account General, Local Bodies Audit in West Bengal] may supervise the quality of work of the agency. Poor performance shall lead to de-registration of the agency.

Monitoring

A Central Monitoring Committee, Government of India, is responsible to review the progress of implementation of the scheme. At the State level, the Chief Secretary of the State is responsible for the coordination and monitoring of the scheme.

Audit points Regarding Grants to Local Bodies by EFC

- Whether the schemes executed under EFC have been included in the AAP for the years under audit scrutiny.
- Whether the schemes have been selected as per guide lines and through Gram Sabha/Sansad and subsequently duly approved by the GP.
- Whether the plans/estimates were prepared properly.
- Whether tender formalities for procurement of materials, as well as, execution were maintained properly.

- Whether the subsidiary registers/records were maintained as per requirement.
- Whether all the works taken under the scheme were included in the assets register after obtaining proper completion certificate.
- Whether there were cases of non-utilization/under-utilization of the grant and if so, the reasons thereof.
- Whether there was evidence that the grant was actually utilized for maintenance of civic services.
- Whether there was any case of incidence of expenditure on an item for which there was a specific grant through some other scheme.

Summary

The session discusses different schemes sponsored by Central Government/State Government jointly or separately as well as relevant audit points regarding some major schemes.