

## CHAPTER - 5

### Controlling in Panchayati Raj Institutions: Accounting, Administrative and Community Control

#### 5.1: Controlling: Nature and Importance

According to Koontz and Wehrich (1998) the managerial function of controlling is the measurement and correction of performance in order to make sure that enterprise objectives and the plans devised by them are accomplished. They argue that planning and controlling are closely related. These are equivalent to two blades of a pair of scissors. As the scissor cannot work unless two blades work in consonance, likewise controlling cannot work without measuring the actual performance and comparing it with standards and targets decided at the time of planning.

Donnelly *et al.* (1984) enumerate following conditions for implementing controlling in an organization effectively.

- a. Standards can be established for the variable to be controlled
- b. Information is available for measuring the actual performance as well as the established standards
- c. Managers can take corrective actions when variables deviate from standards

On the basis of timing of use, intended purpose and use of methods *controlling is classified into three categories*. These are Preliminary Control, Concurrent Control and Feedback Control. In a manufacturing organization these three types of controlling can work simultaneously or separately depending on nature and requirement of the organisation. These methods have been briefly discussed in the following paragraph.

Focus of **Preliminary Control** is on preventing the deviations in quality and quantity of input. Emphasis of this category of control is on ensuring that materials must conform to specifications and employees selected do have essential qualification so that uncertified material or man does not affect the quality of

output. The focus of **Concurrent Control** is on monitoring ongoing operations with an aim to ensure that activities are on line as outlined in the plan. Supervising the employees and directing them the right methods of doings things come under this kind of control. Concurrent Audit and internal check fall under this category of Concurrent Control.

**Feedback Control** is defined as that kind of control, where controlling techniques are adopted after getting the feedback, information from factory supervisors or accountant. Overhauling of factory equipment after detecting large proportion of defective items may be cited as an example of **Feedback Control**. Adopting some market promotion techniques after getting record of declining sale figures from salesmen may also be taken as an example of feedback control.

## 5.2: Controlling in Panchayati Raj Organisations

Like commercial organisations controlling is equally important in Panchayati Raj Organizations. The framework designed for exercising control on the workings of the Gram Panchayats in West Bengal is inevitably lengthy, widespread and numerous. Panchayati Raj Institutions are subject to variety of institutional, administrative, technical and financial controls which restrict its area of operational autonomy and the extent of internal self-regulation (Narain Iqbal, 1970).

Field investigation reveals existence of different types of controlling in the Gram Panchayats in West Bengal. The different types of control being exercised on the Gram panchayats have been enumerated below:

- a. Administrative Control
- b. Budgetary Control
- c. Accounting Control
- d. Community Control
- e. Technical Control
- f. Legislative Control

Each kind of Control as applied on the workings of the Gram Panchayats has been discussed in the following paragraphs.

### **5.2.1: Administrative Control**

According to Narain Iqbal (1970) Administrative Controls on the workings of a Gram Panchayats can be exercised in the following forms.

- i) Control over functional schedule
- ii) Control over records and papers
- iii) Issue of general directives
- iv) Prescription of forms and formalities and procedures
- v) Compulsive performance of duties in case of persistent default
- vi) Inspection and enquiries

The West Bengal Gram Panchayat Administration Rules, 2004 assumes the prime position in the exercise of Administrative Control. The way the different office bearers should work, the duty they should perform, the manner in which the duties should be performed, how the meetings should be conducted, etc., have been clearly laid out in the said rules. The Administration Rules, 2004 have clearly indicated how and when the reports are to be prepared and sent to authorities at higher level. Any violation of the rules by any office bearer or any office personnel is treated as a punishable offence. So, while the office bearers and office personnel perform their duties, they keep watch to ensure that activities fall in line with the rules issued by the State Government.

### **5.2.2: Budgetary Control**

Budgeting is an important instrument of management control. In practice, budget is an advanced plan of action for next fiscal year expressed in quantitative and monetary terms. So, it contains indications as to what are to be done in the next fiscal year and what will be their corresponding fund provisions.

Government institutions, where operations are financed through grants and tax collection, it is binding that estimate of receipts of resources has to be made before making a plan of expenditure. The reason is that 'the authority of spending money for any purpose depends upon legislative approval' (Meig, Johnson and Keller, 1970). Any sum spent in excess of the amount provided in the budget is treated as a violation of the legislative approval. In other words executing the assigned

schemes with approved amount specified in the budget is defined as budgetary compliance. In Budgetary Accounting Practice, a separate column is created in the Annual Report to show every excess and shortfall in income and expenditure in comparison to provisions made in the budget.

A responsible government should neither impose excessive taxes on the citizens, nor should it resort to unnecessary extravagance. This is purpose of Budgetary Control. Hitherto '*The West Bengal Panchayat (Gram Panchayat Budget) Rules, 1985*' played the lead role in the exercise of Budgetary Control on Gram Panchayats in west Bengal. Now Gram Panchayats in West Bengal follow the West Bengal (Gram Panchayat Account, Audit and Budget) Rules, 2007, which stipulate how budgets should be prepared and budgetary control is to be implemented. Since the accounting method followed by the Gram Pachayats is not the budgetary accounting, in its true sense, budgetary control has almost lost its importance in Gram Panchayat Management.

### **5.2.3: Accounting Control**

Control exercised through the use of accounting and auditing falls under the broader perspective of Accounting Control. However, Basu B. K. (1982) asserts that "auditing may be defined as accounting control". Auditing is a special kind of examination by a person other than parties involved, who compares performance with expectation and reports the result; it is a part of control mechanism of monitoring and securing accountability (Flint David, 1988).

Guidelines regarding Accounting control to be exercised on the Gram Panchayats have been enumerated in the West Bengal (Gram Panchayat Account, Audit and Budget) Rules, 2007. As per the rules the Gram Panchayats are subject to different kinds of audits. These are statutory audit and internal audit. Statutory Audit is conducted by officials as decided by the Accountant General, Bengal, while internal audit is conducted by the Panchayat Accounts & Audit Officer, who is a government employee posted at block level. His duty is to provide necessary guidance to the Gram Panchayats for keeping useful accounts free from mistakes, errors and frauds. The audit that he conducts is also known as concurrent audit, purpose of which is to give necessary directions so that errors do not creep into

accounts. Rules 28 and 29 of the above mentioned rules stipule the guidelines to be followed in statutory audit, while rule 30 outlines the procedures to be followed for internal auditing.

#### **5.2.4: Community Control**

The Balwant Rai Mehta Committee, (1957) advocated democratic decentralization on the assumption that the people would maintain constant and intelligent vigilance on local administration. By this process he wanted to establish people's control on the workings of the PRIs. Indeed community control, what the people of the locality exercise on the workings of a local government can be treated as the best control. Because, local people are actively involved with the workings of the institution and they know what road has been constructed and who are the beneficiaries. If people of locality are acting as the watch dog, none can manipulate the accounts by producing and entering some fake vouchers. Community Control is thus treated as the best means for enforcing public accountability. Normanton E. (1971) defines public accountability as a phenomenon that calls for openly declared facts and open debate of them by laymen and their elected representatives. (pp. 312). It means that public accountability is the accountability to the community at large. Hence community control should assume the leading place in enforcement of accountability and disciplining the performance of Gram Panchayats.

Governmental Audit Machinery is not appropriate in the context of rural development and rural atmosphere, because external auditors check if adequate books of accounts have been maintained, authentic vouchers have been kept and accounting rules complied with. But they cannot physically verify every work to be sure that the benefits have really been given to the villagers. As a tool of community control Roy Dipen, (2012) recommends Social Audit should be made mandatory auditing mechanism in every Gram Panchayat. This will provide the ultimate users an opportunity to scrutinise the activities and question why the schemes have not been executed. Social Audit is assumed to add a step forward in the process of people's empowerment in enforcing accountability and

transparency. MGNREGA has been rightly equipped with the provision of social audit in its armour.

### 5.2.5: Technical Control

Getting engineering plans approved by technical authority like CPWD falls under this category of control. As a part of technical control persons with the specialized technical knowledge in the specific field are appointed as members of different Standing Committees. For example, agriculture extension officer is a member of '*agriculture and animal husbandry standing committee*, Industry extension officer is a member of *industry standing committee*, etc. Narain Iqbal, (1970) noted the ways technical control over the Panchayati Raj institutions is exercised. These are the different ways listed below:

- i) Technical approval of schemes and projects by technical departments
- ii) Inspection, tours and personal visits by specialized officers
- iii) Attending meetings of the Panchayats
- iv) Calling of reports and statements from technical subordinates posted at panchayat level.

### 5.2.6: Legislative Control

The objective of legislative control is to ensure that institutional performance of the Panchayats conforms to certain norms and standards. In addition to above, the purpose of the control is to see that these statutory bodies do not violate or vitiate the spirit of the law that has created them (Narain Iqbal, 1970). The West Bengal Panchayat Act 1973 is behind the creation of the Panchayats in West Bengal. Therefore, no activity of the Panchayat should violate the provisions of the Act. Narain Iqbal (1970) has termed this kind of control as Institutional control. Legislative control can be operated in the following different ways:

- i) Dissolution and suppression
- ii) Removal of office bearers and members
- iii) Enforcement of no-confidence motion
- iv) Cancellation of orders and resolutions of Panchayati Raj

### 5.3: Accounting Control in Practice: Findings from Investigation

Statutory arrangement for exercising control on Panchayati Raj Institutions in West Bengal is indeed pervasive and multidimensional. To obtain the picture of Accounting Control the Gram Panchayats under the jurisdiction of Phansidewa Block, Darjeeling district in West Bengal have been studied. The focus of the study is on examining methods of record keeping and reporting practice followed by the Gram Panchayats. Randomly selected villagers of the selected Panchayats have been interviewed for checking effectiveness of '*reporting practice*'. The results obtained from field investigation have presented in the following paragraphs given below:

Accounts reflect how honest a government is and how much efficient the government is in delivering the services to the people. Accounting reports inform if all budgeted activities have been executed or not. Auditing, which involves checking of the consistency of transactions and attesting the authenticity of accounts, has a great role in developing financial discipline in any institution. Therefore, accounting is seen as a way of both making visible and disciplining the performance so that accountability can be demanded, policed and enforced.

Prior to 2007, for maintenance of accounts and audit of the accounts Gram Panchayats used to follow the West Bengal (Gram Panchayat Account and Audit) Rules, 1989. Now Gram Panchayats in West Bengal follow the West Bengal (Gram Panchayat Account, Audit and Budget) Rules, 2007 for maintenance of accounts and conduct of audit of their accounts. These new prescribed rules are essentially based on cash basis Double Entry system. For this purpose a General Ledger in Form 21 is to be maintained. For each classified receipt or payment a separate account is to be opened, in which respective entries of the Cash Book are to be subsequently posted date-wise.

For each entry in the debit or left side of the Cash Book, a corresponding credit entry is made in the credit or right side of the concerned account in the General Ledger. Similarly, for each entry in the credit or right side of the Cash Book, a corresponding debit entry is made in the debit or left side of the relevant account in the General Ledger.

**TABLE 5.1: Format of G.P Cash Book***Cash Book ..... Gram Panchayat*

Dr										Cr									
RECEIPTS								Signature of E. A.		PAYMENTS								Signature of E. A.	
Date	From Whom	For What Purpose	Receipt No	Folio No		Amount		Date	To whom paid	For what Purpose	Voucher No	Folio No		Amount		Date	To whom paid	For what Purpose	Voucher No
				Subsidiary Cash Book	Ledger	Cash	Bank					Subsidiary Cash Book	Ledger	Cash	Bank \ P.O				
1	2	3	4	5a	5b	6a	6b	7	8	9	10	11	12a	12b	13a	13b	14		
Total Receipts						Details of Closing Balance						Total Payments							
Opening Balance						Cash in hand						Closing Balance							
Grand Total						Cash at Bank						Grand Total							
Signature of Secretary/Authorised Employee																			

The said rules stipulate that Subsidiary Cash Book may be maintained for separate schemes, as and when such direction is received from the funding authority. The format of Subsidiary Cash Book is almost similar to that of Cash Book as given above. Following proforma as shown in Fig 5.2 has been prescribed for General Ledger of Gram Panchayats.

**TABLE 5.2: Format of G.P General Ledger***General Ledger ..... Gram Panchayat*

Folio No .....

Head of Account .....

Debit / Left Side					Credit/Right Side					Remark
Date	Particulars	Cash Book Folio	Amount	Amount	Date	Particulars	Cash Book Folio	Amount	Amount	
1	2	3	4	5	6	7	8	9	10	11
<b>Note:</b> Column 4 and 9 shall show the amount relating to particulars transaction and column 5 and 10 shall show the cumulative figures										

Along with these very fundamental prescriptions in respect of accounting and record keeping, Gram Panchayats are directed to maintain lots of registers and books. Those include 38 different Forms including Cheque Register, Register of Immovable Property, Scheme Register, etc. The entire set of rules is running through 150 pages, which is very difficult to accommodate in this chapter. Nonetheless, the subject matter is grossly of legislative nature.

The Account Rules are virtual administrative rules specifying guidelines for handling cash, procurement of materials, precautions to be taken in handling cash, steps to be followed before making any expenditure, etc. Finally, the accounting rules end with instructions relating to preparation of 'Monthly Account', 'Half Yearly Receipts and Payment Account' and 'Annual Receipts and Payment Account'.

The accounting technique followed by the Gram Panchayats is essentially cash accounting based on tall-claimed double entry, which is not based on fundamental accounting equation, thus thoroughly artificial. The accounting system is neither Budgetary Accounting as followed in U.K. nor Fund Accounting as followed in the USA.

It is really a puzzle to understand the accountability for what the accounts are prepared by the Gram Panchayats.

The 'accounting rules' followed by the Gram Panchayats are not prescribed by any accounting authority such as 'Financial Accounting Standard Board' or any other professional accounting body like 'Institute of Chartered Accountants'. Rather, these rules have been enacted and issued by the Government of West Bengal. Thus, rules followed by the Gram Panchayats cannot be accepted as standards rules applicable to democratic governments.

Prescribed accounting system that the Gram Panchayats follow is basically cash basis system, which overlooks the accountability for not mobilizing revenues due. It also does not record any obligation or liability until it is paid. Thus accounts payable and accounts receivable are neither recognized nor recorded in the books. This is the major weakness of the accounting system.

Finally, the accounting system is neither suitable for enforcing budgetary accountability, nor suitable for programme accountability. A system of accounting that ends with no balance sheet is a quasi-accounting. The system of accounting is nothing but 'book-keeping' for expenses. It does not question the accountability for assets created and liabilities incurred. It renders verifying accountability for financial probity is almost vague, because no record of assets created or no record of liability incurred is maintained to support that expenses have really been done.

#### **5.4: Submission of Reports and Accounts by the Gram Panchayat**

According to West Bengal Panchayat (Gram Panchayat Accounts, Audit and Budget) Rules at the end of each month, the Executive Assistant, with the assistance of the Secretary and other employees, shall prepare a Monthly Statement of Fund Position in Form 26. It will show total fund available with its classification on the basis of sources and nature of different components of the fund. The statement so prepared in Form 26 shall be placed, with the approval of the Pradhan, in the next meeting of the Gram Panchayat for deliberation and preparation of programmes for utilization of the available fund. On the basis of resolution taken in such deliberation, the Artha-O-Parikalpana Upa-Samiti may allocate fund for formulation and execution of programmes and schemes by other Upa-Samitis and also by Gram Unnayan Samitis within its jurisdiction. One copy of this statement shall be forwarded to the Executive Officer of the Panchayat Samiti concerned within the first week of the next month.

Now after full computerization of Gram Panchayat Accounting and successful implementation of GPMS software, Form 26 has been made an easily accessible public document. Now by opening the home page of GPMS any villager can download Form 26 of his own Gram Panchayat and examine the fund position of the Gram Panchayat. A downloaded copy of the Form 26 of Jalas Nizamtara Gram Panchayat has been shown in the appendix of this chapter:

#### **5.5: GPMS: An *e-governance initiative***

GPMS (Gram Panchayat Management System) is a program designed in-house by the Computerization Cell of Panchayat and Rural Development Department, Government of West Bengal as a part of *e-governance* initiative. The prime focus of the software is to standardize accounting system of the PRIs and make account keeping easy, transparent and comfortable to the users. Double Entry cash basis accounting system, as stipulated in the West Bengal (Gram Panchayat Account, Audit and Budget) Rules, 2007 has been codified and translated into this software.

As the Gram Panchayats upload their latest financial position at the given **address** of GPMS, district and block authorities get information about the status of various

schemes under implementation. To make accounting of these institutions even more transparent, the Gram Panchayats are directed to upload monthly statement of accounts (Form 26) at the website. Any villager with an interest in the workings of his Gram Panchayats can easily download 'Form 26' and scrutinize the fund position of the Gram Panchayat.

Contrary to what has been written in the rules and guidelines, majority of the Gram Panchayats do not prepare the monthly report timely in specified format of Form 26 and not upload the same at the end of every month. Following table shows that out of seven Gram Panchayats under Phansidewa block only 'Bidhannagar- 2 Gram Panchayat' uploads the Form regularly, while others are violating the rules and lagging behind several months.

**TABLE 5.3: LIST OF FORM 26 UPLOADED FROM PHANSIDEWA BLOCK, DARJEELING DISTRICT IN THE YEAR OF 2014-2015**

Sl. No.	Name of Gram Panchayats	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
1	Bidhannagar-1	×	×	×	×	×	×	×	×	×
2	Bidhannagar-2	✓	✓	✓	✓	×	×	×	×	×
3	Chathat	×	×	×	×	×	×	×	×	×
4	Phansidewa	×	×	×	×	×	×	×	×	×
5	Ghoshpukur	×	×	×	×	×	×	×	×	×
6	Hetmuri	✓	✓	×	×	×	×	×	×	×
7	Jalas Nizam Tara	✓	✓	×	×	×	×	×	×	×

Source: <http://www.wbprdgpmns.in/form26>. Downloaded at 2.30 pm on 26.8.2014

### **5.6: Submission of Annual Reports and Accounts by the Gram Panchayat**

The Executive Assistant of the Gram Panchayat with the assistance of the Secretary and other employees shall prepare a Half-yearly Statement of Receipts and Payments for the period 1st April to 30<sup>th</sup> September in terms of sub-section (2) of section 18 of the West Bengal Panchayat Act 1973 in Form 27 and shall submit it to the Pradhan. The Pradhan shall verify its correctness and place it before the *Artha-O-Parikalpana Upa-Samiti* for discussion and acceptance with modification, if any, on the basis of the records of accounts. The Pradhan shall place such statement in the meeting of the Gram Panchayat for deliberation and approval and shall send a copy of the statement to the Executive Officer of the

Panchayat Samiti within 25<sup>th</sup> October each year for information and views, if any. The statement shall include, inter alia, the half-yearly Receipt and Payment Statement of all functioning Gram Unnayan Samitis within the jurisdiction of the Gram Panchayat. A copy of the half-yearly statement shall be published in the notice board of the Gram Panchayat for public information immediately after the meeting, in pursuance of sub-section (3) of section 18 of the West Bengal Panchayat Act 1973. One copy of the statement shall also be sent to each Gram Unnayan Samiti located within the jurisdiction of Gram Panchayat for discussion and comments if any of the Gram Sansad in its next meeting.

The Executive Assistant shall also prepare the Annual Statement of Receipts and Payments, in the same manner as stipulated for preparation of Half-yearly Statement of Receipts and Payments Account, for the preceding year, 1<sup>st</sup> April to 31<sup>st</sup> March. The Pradhan shall place it before the Artha-O-Parikalpana Upa-Samiti for discussion and acceptance. Thereafter it shall be placed in the next general meeting of the Gram Panchayat for deliberation and approval within 30<sup>th</sup> April every year. A copy of the statement shall be sent to the Executive Officer of the Panchayat Samiti forthwith for information and views, if any. The annual statement shall be published and sent in the same manner as stated in the previous paragraph.

The system of uploading the Annual Statement of Receipts and Payments at GPMS site has yet not been started.

#### **5.7.1: Auditing of Accounts of Gram Panchayats: Rules and Guidelines**

Auditing is an important control mechanism. The West Bengal (Gram Panchayat Account, Audit and Budget) Rules, 2007 have outlines lots of provisions for auditing of the accounts of the Gram Panchayats. The Audit of the book of Accounts of the Gram Panchayat is done by the Auditor appointed in his behalf by the State Government. Some important rules and guidelines in respect of auditing of the accounts of Gram Panchayats as stated in the Gram Panchayat Account Rules 2007 have been stated below:

The Auditor verifies the cash balance in the hand of the Custodian on the date of commencement of audit. The Auditor also scrutinizes following things in course of auditing the accounts:

- a. Accounts have been maintained and are presented in approved forms.
- b. Particulars of receipts and payments are stated in sufficient details.
- c. Payments are supported by adequate authority and requisite vouchers.
- d. All sums received are brought into account and entered in the Cash Book.
- e. The receipts and payments in all cases are such as are authorized by law.

In course of the audit if any person neglects or refuses directly or indirectly to comply with the requisition made by the Auditor, the Auditor shall refer the matter to the Subdivisional Officer (SDO) who is the competent authority to issue directions to the persons neglecting or refusing to comply with the requisition made by the Auditor and such direction shall be binding on such person or persons.

Within two months from the date on which audit is completed, the Auditor shall prepare a para-wise audit report containing his observations and objections, if any, on the accounts of the Gram Panchayat and sent the same for rectifications to the Pradhan of the Gram Panchayat along with the copies to the Subdivisional Officer (SDO), Block Development Officer (BDO) and the District Panchayat and Rural Development Officer (DP&RDO).

After receiving the audit report, the Pradhan shall, within ten days, place it in a specially convened meeting of the Artha O Parikalpana Upa- Samiti for discussion on the observations made by the Auditor on any material irregularity, or impropriety in expenditure, or recovery of money due to the Gram Panchayat or Gram Unnayan Samiti, or in any loss or wastage of money/ property, belonging to the concerned Panchayat.

After discussion of the audit report in detail, the Artha O Parikalpana Upa-Samiti shall take resolution recommending the remedial actions to be taken to rectify the defects or irregularities. It shall also record the reasons or explanations showing the grounds for which it is incorrect or undesirable to take remedial action as proposed in the audit report.

Thereafter the Pradhan shall convene a special meeting of the Gram Panchayat, within next ten days, to consider the observations made by the Auditor and the recommendations of the Artha O Parikalpana Upa-Samiti. After the meeting the Pradhan with the assistance of the Executive Assistant and other Gram Panchayat employee shall prepare a statement within a fortnight on the audit report and sent it to the Block Development Officer. The Block Development Officer shall record his comments, retain one copy with him and send two copies to the Sub-divisional Officer within ten days from the date of receipt of the statement. The Sub-divisional Officer shall put his comments in the statement prepared by the Gram Panchayat, retain one copy with him and forward other copy to the Auditor within seven days. The entire process of submission of replies to the Auditor shall be completed within a period of two months from the date of receipt of the audit report by the Gram Panchayat.

#### **5.7.2: Internal Audit of the Gram Panchayats: Rules and Guidelines**

In terms of section 196A, internal audit of the accounts of the fund of the Gram Panchayat shall be conducted by the Internal Audit Officer having jurisdiction at least once in every three month and will pursue to identify the procedural irregularities or lapses and financial impropriety, if any, in the matter of maintenance of accounts. Internal Audit Officer shall make notes of the same and shall render all possible assistance and guidance in the matter of reconciliation and rectification of the accounts and also of the functional process of the Gram Panchayat. The Internal Audit Officer shall prepare a quarterly report for each Gram Panchayat incorporating therein all irregularities noticed by him during the period mentioning the remedial measures taken, if any, and within one month from the end of the quarter, and send a copy to the Pradhan of the concerned Gram Panchayat and forward the copies to the BDO, SDO and the DP&RDO.

Within a fortnight of receipt of internal audit report or special report from the Internal Audit Officer, the Pradhan shall place the same before the Artha-O-Parikalpana Upa-Samiti for consideration and for suggesting appropriate measures to rectify or reconcile the defects and irregularities in the manner indicated in the said report. The Pradhan shall then place the matter in the meeting of the Gram

Panchayat within ten days of meeting of the Artha-O-Parikalpana Upa-Samiti with specific item of agenda in this behalf to consider the observations of the Internal Audit Officer and recommendation or views of the Artha-O-Parikalpana Upa-Samiti thereon keeping a record of the entire proceedings of the meeting. Within one month after the meeting of the Gram Panchayat the Pradhan shall prepare a item-wise report of compliance or otherwise on the said report and send it to the Internal Audit Officer with copies to the BDO, SDO and DP&RDO.

In other case if no information is received by the Internal Audit Officer from the Pradhan of the Gram Panchayat on the audit report or if, the grounds for non-compliance given by him on such report are not deemed to be satisfactory, the Internal Audit Officer shall refer the matter to the BDO, who shall issue necessary direction to the Gram Panchayat, with the copy of the same to the SDO and the DP&RDO. If within thirty days from the date of issue of such direction by the BDO, no information is received from the Gram Panchayat or if the explanations submitted are not deemed to be satisfactory, the BDO shall initiate a proposal for conducting a special audit.

### **5.8: Auditing in Practice: Findings from Field Investigation**

Field study reveals that the post of the Panchayat Accounts and Audit Officer remains vacant in the block. So, internal audit of the accounts of the Gram Panchayat is not done as regularly as provided in the rules. However, some part time personnel of some audit firms occasionally visit the Gram Panchayats. It has been noticed that the Gram Panchayats in general do not pay heed to flaws identified and suggestions given by the personnel doing internal audit of their accounts. This has rendered internal audit of Gram Panchayats meaningless.

Statutory Audit is also found very irregular. Officers from Accountant General, Bengal visit the offices of the Gram Panchayat and conduct the statutory audit of their accounts once in five years. Only last year (i.e., 2013) statutory audit of the accounts of the all Gram Panchayats of Phansidewa block was conducted by the auditors from the office of Accountant General, Bengal.

### 5.9: Community Control in Practice: Findings from Investigation

The legal and theoretical framework in respect community control is indeed very widespread. However, actual community control at operational level is found very much neglected. Lack of motivation in using community control gets reflected in following variables. These are –

- i) Percentage of people attending Gram Sabha meeting
- ii) Percentage of taxes paid by the villagers

**TABLE 5.4.1: PERCENTAGE OF POPULATION ATTENDING GRAM SANSAD MEETINGS**

Name of the G.P	November 2009	May 2010	November 2010	May 2011
Bidhannagar1	8.71	9.94	8.59	7.97
Bidhannagar2	13.32	8.83	10.31	130.28
Chathat Bansgaon Kismat	10.60	10.57	11.39	11.59
Ghoshpukur	9.92	12.95	12.95	11.52
Hetmuri Singhijhora	10.32	11.11	11.84	10.14
JalasNizam Tara	11.75	8.49	11.02	10.32
Phansidewa Bansgaon Kismat	10.67	11.11	9.44	7.28

**TABLE 5.4.2: PERCENTAGE OF POPULATION ATTENDING GRAM SANSAD MEETINGS**

Name of the G.P	November 2011	May 2012	November 2012	May 2013
Bidhannagar1	9.50	11.95	11.95	8.50
Bidhannagar2	10.47	7.78	10.94	11.22
Chathat Bansgaon Kismat	11.87	10.58	10.77	10.32
Ghoshpukur	10.28	12.67	8.74	10.33
Hetmuri Singhijhora	11.88	6.21	6.21	3.46
JalasNizam Tara	11.70	8.07	11.37	3.59
Phansidewa Bansgaon Kismat	8.42	7.26	8.39	8.52

Table 5.4.1 and Table 5.4.2 reveal that only average 10% electorates attends Gram Sansad meeting. In some Gram Panchayats this percentage is even less than 10%. However, the Pradhans prepare this as official record. Actual attendance is much lower than figures shown. Field study reveals that negligible number of villagers attend Gram Sansad meetings. However, for sending a record for official purpose (or window dressing) the Panchayat leaders collect signatures of villagers and their followers/ beneficiaries from their home. World Bank (2000) also notes similar findings.

**TABLE 5.4.3: PERCENTAGE OF VILLAGERS ATTENDING GRAM SABHA MEETINGS**

Name of the G.P	2009	2010	2011	2012
Bidhannagar I	3.00	5.12	5.44	2.59
Bidhannagar 2	5.21	-	5.33	5.30
Chathat Bansgaon Kismat	-	-	2.00	2.40
Ghoshpukur	-	-	-	-
Hetmuri Singhijhora	0.67	4.99	-	-
JalasNizam Tara	5.05	5.10	5.23	5.19
Phansidewa Bansgaon Kismat	-	5.19	5.14	5.03

Table 5.4.3 shows the Percentage of Population Attending the Gram Sabha Meetings. Available data reveal that the attendance in the Gram Sabha meetings is much lower than the Gram Sansad meetings. Official records show that Gram Sabha meetings are held with an average attendance of 5%, which is the minimum quorum for conducting the meeting and no higher rate of attendance is observed in respect to Gram Sabha in the official records. Chathat Bansgaon had an attendance rate of 2% and 2.40% in the year 2011 and 2012 respectively and the meeting had to be adjourned due to want of quorum.

### 5.10: Summary and Conclusion

Numerous Provisions and rules have been designed for exercising control on Gram Panchayats. Categories of control that the institutions face are of different nature too. Those include financial, technical, institutional and community control. Narain Iqbal (1970) noted that exercise of so much of external control is going to undermine the autonomy of the institution. However, management control what is defined to be a part of operational management, having its focus on assured attainment of objectives by measuring the actual performance and correcting the deviations from planned performance is virtually non-existing. Budget, what the Gram Panchayats prepare is not an integral part of management control. Rather, it is also a part of external control subject to the provisions of the West Bengal (Gram Panchayat Account, Audit and Budget) Rules, 2007.

Accounts reflect how honest a government is and how much efficient the government is in delivering the services to the people. Accounting reports inform if

all budgeted activities have been executed or not. Auditing, which involves checking of the consistency of transactions and attesting the authenticity of accounts, has a great role in developing financial discipline in any institution. However, auditing has been found very irregular. Statutory audit is done once after an interval of five years. This can only unearth a manipulation, when all alternatives of protecting mis-use of fund will become time-barred.

It is really a puzzle to understand the accountability for what the accounts are prepared by the Gram Panchayats. E-Governance and launching of GPMS are praise-worthy. However, the process is not sincerely operated. Many Gram Panchayats do not upload Form 26 timely.

In case of community control the participation of the Villagers in the Gram Sansad and the Gram Sabha Meetings were analysed and it was observed that the percentage of the villagers attending these meetings is very negligible, which rendered community control almost ineffective. Government should take steps to ensure that the objectives of social audit and community control are not defeated.

**Appendix -1**  
**FORM 26**  
**[See Rule 27(1)]**  
**Monthly Statement of Fund Position**  
**Gram Panchayat: Jalas-Nizamtara**  
**Fund Position- May 2014-2015**

Sl No	Classification of Fund	Balance Of Fund At The Beginning Of The Month	Fund Received During The Month	Total Fund Available [Col. 3 + Col. 4]	Payment Made During The Month	Balance Fund Available	Payment Commitment [Total Pending Payment]	Net Balance [Col. 7 - Col. 8]
[1]	[2]	[3]	[4]	[5]	[6]	[7]	[8]	[9]
1.	<u>GLA Programme</u>							
	Construction Renovation of Health Sub Center - Assigned	70,769.50	0.00	70,769.50	0.00	70,769.50	0.00	70,769
	Sarva Shiksha Mission - Assigned	11,805.00	0.00	11,805.00	0.00	11,805.00	0.00	11,805
	CHCMI - Sponsored	1,822.00	0.00	1,822.00	0.00	1,822.00	0.00	1,822
	NREGS - Sponsored	12,802.50	207,006.00	219,808.50	70,142.00	149,666.50	0.00	149,666
	13th Finance Commission - Untied	1,248,956.00	0.00	1,248,956.00	0.00	1,248,956.00	0.00	1,248,956
	3rd State Finance Commission - Untied	1,514,008	0.00	1,514,008	0.00	1,514,008	0.00	1,514,008
	Group Total	2,860,163	207,006	3,067,169	70,142	2,997,027	0.00	2,997,027
2.	<u>GLA Establishment</u>							
	Entertainment and Luxury Tax - Allowance	13,412.00	0.00	13,412.00	0.00	13,412.00	0.00	13,412.00
	GP Tax Collectors Allowance - Allowance	0.00	4,800.00	4,800.00	0.00	4,800.00	0.00	4,800.00
	Honorarium For H.M.O and C.C.D - Honorarium	313.00	0.00	313.00	0.00	313.00	0.00	313.00
	Pradhan honorarium - Honorarium	0.00	51,100.00	51,100.00	0.00	51,100.00	0.00	51,100.00
	Group Total	13,725.00	55,900.00	69,625.00	0.00	69,625.00	0.00	69,625.00
3.	<u>Contribution from ZP</u>							
4.	<u>Contribution from PS</u>							
5.	<u>Contribution from Other</u>							
	SAHAY - Other	1,422.00	0.00	1,422.00	0.00	1,422.00	0.00	1,422.00
	Group Total	1,422.00	0.00	1,422.00	0.00	1,422.00	0.00	1,422.00
6.	<u>Own Source Revenue</u>							
	Own Fund - OSR OTHER	704,308.70	29,551.00	733,859.70	33,329.00	700,530	0.00	700,530.70
	Group Total	704,308	29,551	733,859	33,329	700,530	0.00	700,530
7.	<u>Loan Advance Deposit</u>							
	Security Deposit 3RD S.F.C. - DEPOSIT	121,787.00	0.00	121,787.00	9,735.00	112,052.00	0.00	112,052.00
	Security Deposit(Own) - DEPOSIT	45,141.00	0.00	45,141.00	7,465.00	37,676.00	0.00	37,676.00
	Group Total	166,928	0.00	166,928	17,200	149,728	0.00	149,728
8.	<u>Miscellaneous</u>							
	Net Total	3,746,547	292,457	4,039,004	120,671	3,918,333	0.00	3,918,333

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