

## OVERVIEW

This Report deals with the results of audit of accounts of Local Bodies, is presented in two parts. **Part-A** includes three chapters containing observations on the Accounts and Finances of Panchayati Raj Institutions, one Performance Review and paragraphs on the audit of Financial Transactions of some of these institutions.

**Part-B** comprises two chapters containing observations on Accounts and Finances of Urban Local Bodies and paragraphs on the audit of financial transactions of some of the institutions. A few main audit findings are presented in this overview.

## Chapter – I

### Structure and Finances of the Panchayati Raj Institutions

**There are 20 Zilla Parishads (ZPs), 185 Anchalik Panchayats (APs) and 2202 Gaon Panchayats (GPs) in the State. The Panchayats and Rural Development Department (P&RDD) headed by a Principal Secretary exercises administrative control over the PRIs.**

*(Paragraph 1.2)*

**Out of 29 functions listed in the Eleventh Schedule of the constitution, 23 functions were devolved to the PRIs, however, field level transfer of the same had not taken place.**

*(Paragraph 1.4.2)*

**Allocation of fund for Rural Development was less than 4 per cent of total State Budget allocation for the last five years.**

*(Paragraph 1.7.1)*

**The functioning of the District Planning Committee (DPC) was ineffective as Annual District Development Plan (ADDP) were not forwarded to Government.**

*(Paragraph 1.9)*

**Due to non-adoption of formula recommended by the State Government, the APs of the test checked ZPs received ₹10.27 lakh more, GPs received ₹45.65 lakh less, during 2006-08**

*(Paragraph 1.11.3)*

## Chapter – II

### Performance review on Maintenance of Accounts in Panchayati Raj Institutions.(PRIs)

Accounting formats prescribed by CAG were only partially accepted by the State Government as all the prescribed formats were not incorporated in the Assam Panchayat (Financial) Rules, 2002.

*(Paragraph 2.6.1)*

Maintenance of multiple cashbooks with multiple bank accounts and non-reconciliation of bank balances is fraught with the risk of fraud and misappropriation of money.

*(Paragraphs 2.7.1 & 2.7.3)*

Non-accountal of receipts leading to shortage of ₹9.78 lakh in nine PRIs, speaks of weak cash management in PRIs.

*(Paragraph 2.7.4)*

Transactions of ₹18.10 crore without maintenance of Cash Book were noticed in Hailakandi ZP.

*(Paragraph 2.7.5)*

Due to non-maintenance of Advance Register, PRIs failed to watch recovery/adjustment of advances and treated the amounts of advances as final expenditure.

*(Paragraph 2.10)*

In the absence of the internal control through inspection of accounts and internal audit, accounts in Panchayats were not being maintained properly.

*(Paragraph 2.14)*

## Chapter – III

### Audit of Transactions

Loss of revenue of ₹1.07 Crore due to settlement of market with the bidders with less value

*(Paragraph 3.1.1)*

Loss of Government revenue of ₹51.90 lakh on Registration Fee and Stamp Duty due to non registration of mortgage deed

*(Paragraph 3.1.2)*

Thirteen PRIs failed to realize outstanding kist money of ₹1.33 crore from the defaulting lessees.

*(Paragraph 3.1.3)*

Twelve PRIs spent ₹2.57 crore on unapproved items under EFC & TFC grants, depriving rural people of benefits from stipulated sectors.

*(Paragraph 3.2)*

Infructuous expenditure of ₹26.52 lakh was noticed in Gomariguri AP under SGRY.

*(Paragraph 3.3.1)*

Loss of ₹17.93 lakh due to rotting of food-grains in Morigaon ZP and Badarpur AP.

*(Paragraph 3.3.5)*

Execution of work without satisfying the suitability of the site condition resulted in abandonment of the work with an unfruitful expenditure of ₹20.34 lakh.

*(Paragraph 3.4.3)*

Works valued at ₹1.19 crore executed without Technical Sanction violating Assam Public Works Department (APWD) Manual.

*(Paragraph 3.5.2)*

Contrary to IAY guidelines, ₹82.29 lakh was spent for providing assistance to 288 non-BPL beneficiaries.

*(Paragraph 3.6)*

## Chapter – IV

### Accounts and Finances of Urban Local Bodies

There were 89 Urban Local Bodies (ULBs)<sup>1</sup> in Assam (as of March 2010). The overall administration of ULBs vests with the Principal Secretary, Urban Development Department (UDD) at Government level.

*(Paragraph 4.1 & 4.2)*

The State Government was yet to complete the process of decentralization (Devolution of Funds, Functions, and Functionaries) in accordance with the provision of contained in Article 243 W of the Constitution.

*(Paragraph 4.2.3)*

Adoption/acceptance of database formats on finances of ULBs was awaited.

*(Paragraph 4.2.6)*

Six ULBs did not repay loan and interest accrued thereon resulting in huge accumulation of liability of ₹30.52 crore.

*(Paragraph 4.3.8)*

<sup>1</sup> One Municipal Corporation (MC), 30 Municipal Boards (MBs) and 58 Town Committees (TCs).

**Four ULBs prepared unrealistic budget and utilized only 15 to 52 per cent of the budget provision.**

*(Paragraph 4.4.1)*

**Three ULBs incurred unauthorized expenditure of ₹12.90 crore during 2004-09 without preparing budget estimates.**

*(Paragraph 4.4.2)*

**Eighty Nine ULBs of the state did not submit UCs for ₹41.46 crore against total release of ₹48.99 crore under SJSRY.**

*(Paragraph 4.5)*

**There were difference ranging from ₹0.20 lakh to ₹11.72 lakh in five ULBs due to non-conducting of monthly reconciliation of balances in Cash book and bank pass book during 2007-08 and 2008-09.**

*(Paragraph 4.9.2)*

**Basic records viz Advance ledger, Loan ledger, Demand and Collection Register, Works Register, Un-paid Bill Register, Grant Register, Annual Report, Deposit Register, Asset Register were not maintained by 11 test-checked ULBs.**

*(Paragraph 4.9.3)*

## Chapter – V

### Transaction Audit of Urban Local Bodies

**In seven ULBs, holding tax of ₹7.93 crore was outstanding during 2007-09.**

*(Paragraph 5.1.1)*

**In the four test checked ULBs the rates of tax were not revised for the last one to 17 years from the date of due for revision, despite provision to revise after every five years. This resulted loss of potential revenue to the ULBs.**

*(Paragraph 5.1.2)*

**In two ULBs, realisation betterment tax of ₹1.21 crore was outstanding during 2008-09.**

*(Paragraph 5.1.6)*

**Five ULBs incurred a loss of revenue of ₹47.00 lakh due to leasing of markets etc., to lower bidders.**

*(Paragraph 5.1.8)*

**Loss of Government revenue of ₹94.12 lakh due to non-registration of deed and non/short purchase of stamp.**

*(Paragraph 5.1.9)*

**In seven ULBs, realization of Kist money of ₹97.08 lakh was outstanding during 2002-09.**

*(Paragraph 5.1.10)*

**In six ULBs, ₹1.83 crore was outstanding on account of rent of Municipal shops/building.**

*(Paragraph 5.1.11)*

**The collecting staff of five ULBs misappropriated ₹13.27 lakh during 2003-09.**

*(Paragraph 5.1.13)*

**Payment of ₹5.02 lakh was made to Land Acquisition Officer without acquisition of land for construction of Bus stand.**

*(Paragraph 5.2)*

**Cesspool cleaning equipment purchased at a cost of ₹9.14 lakh remained idle for 3-5 years.**

*(Paragraph 5.4.1)*

**Seven ULBs spent ₹37.54 lakh and ₹37.46 lakh on unapproved item of works under EFC and TFC grants respectively depriving the urban people of benefit from stipulated sector.**

*(Paragraphs 5.4 & 5.5)*

**Five ULBs could not utilize ₹1.10 crore available under eight scheme funds for various periods.**

*(Paragraph 5.6.1)*

**₹4.19 crore sanctioned for specific purposes under different schemes was diverted towards payment of salary to staff and repayment of loans.**

*(Paragraph 5.7)*

**Construction of two markets taken by Barpeta Road Municipal Board remained incomplete after spending ₹55.62 lakh.**

*(Paragraph 5.8)*

**The Director Municipal Administration, Assam drew ₹2.40 crore sanctioned under Assam Bikash Yojana for providing tractors and trailers to 39 ULBs held in DCR till January 2010 without utilizing it.**

*(Paragraph 5.13)*

**Advances amounting to ₹40.93 lakh paid to employees of staff for various purposes remained unadjusted. It increased the risk of defalcation/ misappropriation of fund and pointed to inadequate internal control mechanism.**

*(Paragraph 5.15)*

**Tax deducted at source of ₹12.54 lakh on account of Income Tax, Value Added Tax and Royalty were not credited to the concerned head of Government Accounts.**

*(Paragraph 5.16)*