

PREFACE

This report has been prepared for submission to the Government of Assam in accordance with the terms and conditions of the Technical Guidance and Support (TGS) over the audit of accounts of Panchayati Raj Institutions (PRIs) and Urban Local Bodies (ULBs) as entrusted by the Government of Assam to Comptroller & Auditor General (C&AG) of India under Section 20 (1) of the C&AG's DPC Act, 1971 in May 2002.

This Annual Technical Inspection Report for the year 2009-10 is consolidation of major audit findings arising out of audit of accounts of 70 PRIs (8 ZPs, 20 APs and 42 GPs) and 10 ULBs (1 MC, 3 MBs, and 6 TCs) conducted during 2009-10 (January to December 2010).

The Report contains three chapters of which Chapter I in Section 'A' contains an overview of the organization, finances, devolution and accountability frame work and Section 'B' contains financial reporting of PRIs and ULBs, Chapter II contains transactions audit of PRIs and Chapter III – contains Transaction Audit of ULBs for the year ended 31st March 2010.

The purpose of this report is to give overview of the functioning of PRIs and ULBs in the State and draw the attention of the Executive Departments for remedial action and improvement wherever necessary.

OVERVIEW

This Report deals with the results of audit of accounts of Local Bodies and is presented in three Chapters. **Chapter I** includes Section 'A' on an overview of the organisation, finances, devolution and accountability frame work of Panchayat Raj Institutions (PRIs) and Urban Local Bodies (ULBs). Section 'B' on Financial Reporting of Panchayat Raj institutions and Urban Local Bodies.

Chapter II contains observations on Audit of Transactions of Panchayat Raj Institutions and **Chapter III** contains observations on Audit of Transactions of Urban Local Bodies.

CHAPTER – I

SECTION 'A'

AN OVERVIEW OF THE ORGANISATION, FINANCES, DEVOLUTION AND ACCOUNTABILITY FRAME WORK OF PANCHAYAT RAJ INSTITUTIONS AND URBAN LOCAL BODIES

There are 2407 PRIs (20 Zilla Parishads, 185 Anchalik Panchayats and 2202 Gram Panchayats) and 89 ULBs (One Municipal Corporation, 31 Municipal Boards and 57 Town Committees) in the State. Principal Secretary, Panchayat and Rural Development is the administrative head of PRIs while Principal Secretary, Urban Development Department is the administrative head of ULBs (except Guwahati Municipal Corporation) in the State. The Secretary, Guwahati Development Department is the administrative head at the state level in respect of Guwahati Municipal Corporation (GMC).

(Paragraph 1.3 & 1.4)

There was delay in commencement of functioning of DPC in nine districts ranged from 1 to 2 years. No consolidated district plans were prepared and there is no practice of preparation of perspective plans of each Panchayat. Thus, functioning of the DPC was not up to the standards set in APA 1994.

(Paragraph 1.8)

The state has performed poorly in the devolution of Funds, Functions and Functionaries to PRIs and ranked 21 out of 23 states evaluated in the devolution.

(Paragraph 1.10.1)

The State Government was yet to complete the process of decentralization fully in accordance with the provision contained in Article 243W of the Constitution, which enjoin State Governments to transfer 18 subjects to ULBs listed in the Twelfth Schedule.

(Paragraph 1.10.2)

The development of database has not yet been started in any level of PRIs.

(Paragraph 1.13.1)

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

(Paragraph 1.13.2)

Audit of accounts of 70 PRIs (8 ZPs, 20 APs and 42 GPs), 10 ULBs (one Municipal Corporation, three Municipal Boards and six Town Committees) was conducted during January to December 2010.

(Paragraph 1.15.2)

SECTION 'B'

FINANCIAL REPORTING OF PANCHAYAT RAJ INSTITUTIONS AND URBAN LOCAL BODIES

Sixty nine out of 70 test checked PRIs maintained more than one cash book. Cash book balances were not reconciled with bank balances in any PRI.

(Paragraph 1.17.1 (a))

None of the PRIs maintained advance registers to keep watch over the adjustment of advances. Advances amounting to ₹7.48 crore remain outstanding in 9 PRIs.

(Paragraph 1.17.1 (b))

Due to inadequacy in relevant Acts and Rules, annual accounts were not prepared by the local bodies in the State and their states of affairs remain undisclosed.

(Paragraph 1.18.1)

Budget was not prepared in 67 out of 70 test checked PRIs. An analysis of budgets prepared by 3 PRIs during 2005-06 to 2008-09 revealed that the budgets were unrealistic.

(Paragraph 1.19.1)

There was no provision for internal audit either in relevant Municipal Acts and Rules and as such the system of internal audit does not exist in ULBs.

(Paragraph 1.21)

Arrears in issue of audit reports by DALF against the number of units audited were 456 at 61 per cent during 2008-09 and 421 at 68 per cent during 2009-10.

(Paragraph 1.22.1)

There were large number of Inspection Reports outstanding for settlement for want of replies.

(Paragraph 1.22.4)

CHAPTER – II
AUDIT OF TRANSACTIONS OF
PANCHAYATI RAJ INSTITUTIONS

Tinsukia ZP suffered loss of revenue of ₹27.31 lakh due to settlement of market with the bidders with less value.

(Paragraph 2.1.1)

Loss of Government revenue of ₹63.05 lakh due to awarding of lease of markets without stamp duty and registration.

(Paragraph 2.1.2)

Seven PRIs failed to realize outstanding Kist money of ₹2.06 crore from the defaulting lessees.

(Paragraph 2.1.3)

The BDO, Dimoria AP unauthorisedly appropriated revenue of ₹19.79 lakh from compensation award for implementation of SGRY Scheme and retained ₹38.40 lakh in bank account without crediting to Government account violating the Constitutional provision.

(Paragraph 2.1.5)

TFC grant amounting to ₹157.80 crore allotted to ZP remained in Civil Deposit creating hindrance in achieving the objective of the Grant. Five PRIs spent ₹66.08 lakh on ineligible items under TFC grants, depriving rural people of benefits from stipulated sectors.

(Paragraph 2.2.1)

Water purifiers procured by Sivasagar ZP at a cost of ₹13.69 lakh could not be installed due to lack of infrastructural facility thereby rendering the expenditure unproductive.

(Paragraph 2.5)

The state could not utilize ₹929.03 crore (31 per cent of available fund) as on March 2010 under MNREGA which generated less wage employment and only 6.19 per cent of households were provided 100 days employment.

(Paragraph 2.6.1)

Darrang ZP executed works under MNREGA through construction committees without engaging job card holders and thus the prime objective of the scheme was diluted.

(Paragraph 2.6.3)

Dhubri ZP incurred expenditure of ₹31.27 lakh on execution of works not permissible under SGRY.

(Paragraph 2.7.1)

Expenditure of ₹20.00 lakh under DDP in Darrang ZP appeared to be doubtful due to lack of supporting documentation.

(Paragraph 2.8.1)

Subsidy of ₹30.60 lakh was released by Barpeta ZP without obtaining bank loan and beneficiaries contribution under DDP.

(Paragraph 2.8.2)

The work of a hanging pipe bridge under Tinsukia ZP was taken up without assessing the feasibility. The bridge under construction with expenditure of ₹17.12 lakh, was washed away in flood and thus rendered the expenditure wasteful.

(Paragraph 2.9)

Contrary to IAY guidelines, ₹19.13 lakh was spent for providing assistance to 76 non-BPL beneficiaries in Gobardhana and Hajo AP.

(Paragraph 2.10)

Failure to utilize the created assets under SGSY rendered the expenditure of ₹15.00 lakh on construction of a market shed in Goroimari AP unfruitful.

(Paragraph 2.11)

An amount of ₹56.35 lakh deducted from salaries of panchayat employees had not been deposited in respective GPF and GIS accounts by two ZPs (Tinsukia; ₹35.42 lakh and Sonitpur ₹20.93 lakh) and locked up in civil deposit and current bank account.

(Paragraph 2.13)

CHAPTER – III

AUDIT OF TRANSACTIONS OF URBAN LOCAL BODIES

In eight ULBs outstanding taxes, licence fees and room rent amounted to ₹10.16 crore were outstanding upto March 2010.

(Paragraphs 3.1.1, 3.1.3, 3.1.4)

Two ULBs incurred loss of ₹25.94 lakh due to irregular remission allowed to lessees.

(Paragraph 3.1.2)

Loss of revenue to the tune of ₹9.68 lakh due to awarding of lease of markets without stamp paper by four ULBs.

(Paragraphs 3.1.5)

In three ULBs, there was outstanding Kist money of ₹23.02 lakh to be realized from the lessees during the year 2003-10.

(Paragraph 3.1.6)

Guwahati Municipal Corporation (GMC) suffered loss of revenue of ₹55.08 lakh due to non- settlement of lease rent

(Paragraph 3.1.8)

GMC suffered a huge loss of revenue due to non revision of annual valuation of property since long.

Paragraph 3.1.9)

GMC had short deposited ₹30.56 crore towards CPF account of employees.

(Paragraph 3.2.1)

GMC diverted ₹4.00 crore of CPF money towards payment of salary of staff.

(Paragraph 3.2.2)

GMC incurred unauthorized expenditure of ₹4.58 crore including avoidable expenditure of ₹4.18 crore in purchasing of land under JNNURM.

(Paragraph 3.3.1)

GMC extended undue financial benefit of ₹8.84 crore to contractors by way of excess mobilization advance over the prescribed limit. Advances were granted without provision of recovery of interest leading to further extension of undue benefit of ₹1.08 crore.

(Paragraph 3.3.2)

GMC utilized TFC grant of ₹1.64 crore for purposes not covered under the award.

(Paragraph 3.3.3)

Work for Strengthening/Restoration of existing water supply system of GMC remained incomplete after a lapse of 3½ years, though an investment of ₹6.62 crore was made to the work.

(Paragraphs 3.4)

There was time and cost overrun by 19 years and ₹4.87 crore respectively in the construction of Market cum Office complex by GMC.

(Paragraph 3.5)

Execution of work without ensuring clearance of site on the way of the drainage system led to the work remain incomplete after an expenditure ₹2.41 crore without achieving the intended objective.

(Paragraph 3.7)

Dibrugarh MB could not utilize the bus terminus constructed under IDSMT resulting idle outlay of ₹32.31 lakh for more than two years.

(Paragraph 3.8)

GMC paid ₹73.90 lakh towards the surcharge on electricity bills which was avoidable.

(Paragraph 3.9.1)

GMC diverted ₹1.20 crore from the salary grants to meet the expenditure on payment of bonus to staff and energy bills violating the conditions stipulated in the sanctions.

(Paragraph 3.9.2)

Advances amounting to ₹1.37 crore paid to employees, supplier for various purposes remained unadjusted. It increased the risk of defalcation/misappropriation of public money.

(Paragraph 3.9.3)

CHAPTER - I

SECTION 'A'

AN OVERVIEW OF THE ORGANISATION, FINANCES, DEVOLUTION AND ACCOUNTABILITY FRAMEWORK OF PANCHAYAT RAJ INSTITUTIONS AND URBAN LOCAL BODIES

1.1 Introduction

Seventy Third and Seventy Fourth Constitutional amendments gave constitutional status to the Panchayati Raj Institutions (PRIs) and Urban Local Bodies (ULBs) and established a system of uniform structure, regular elections, regular flow of funds through Finance Commission etc. As a follow up, the states were required to entrust these bodies with such powers, functions and responsibility so as to enable them to function as institutions of self government. In its wake, the Constitutional amendments intended to pave the way for smooth transition to fiscal decentralization at the grass root level. In particular, the PRIs and ULBs were required to prepare plans and implement schemes for economic development and social justice including those functions included in the Eleventh and Twelfth Schedules of the Constitution. Assam has a very strong historical background of local self government.

Assam had a strong Panchayat in different names or forms since long past. Post 73rd Constitutional amendment the State enacted Assam Panchayat Act, 1994 and framed Assam Panchayat (Administrative) Rules, 2002 and Assam Panchayat (Financial) Rules, 2002 to enable Local Bodies (LB) to work as third tier of government. The state has also identified and amended other related laws to empower LBs.

There were 2407 PRIs and 89 ULBs in the State as on 31 March 2010. Of the 89 ULBs, 72 were in General Areas and governed according to the provision of the Assam Municipal Act, 1956. The remaining 17 ULBs were within the jurisdiction of Sixth Schedule Area, governed by the rules framed by respective Autonomous District Councils (ADCs). The Third Assam State Finance Commission (TASFC) recommendations did not cover the ADC.

The Guwahati Municipal Corporation (GMC) was constituted under the Guwahati Municipal Corporation Act, 1971 and started functioning with effect from 15 February 1974.

1.2 State profile

Assam is situated in the North East (NE) part of India. According to 2001 census the State covers an area of 78,438 sq. km. with a population of 2.67 crore. The rural population in the State was 2.32 crore (87%) and urban population was 35 lakh (13%). The percentage shares of area and population of the State to that of the country are 2.4 and 2.6 respectively. The State has the highest population density among NE States at 340 persons per sqkm. As against decadal growth of 21.54 *per cent* at national level, the population of the State has grown by 18.85 *per cent* over the period 1991-2001. The sex ratio of Assam at 935 females to 1000 males is higher than the national average of 933. Female literacy rate of the State rose to 56.03 *per cent* from 43.03 *per cent* in 1991.

The State can be divided into three distinct geographical regions *viz.*

1. The Brahmaputra Valley comprising of twenty two plain districts with a total area of 56194 sq.km;
2. The Hills areas consisting of two districts with a total area of 15322 sq. km. and;
3. The Barak Valley covering three districts with a total area of 6922 sq.km.

There are 27 districts in the state, the districts are further subdivided into 56 *sub-divisions* and 145 *revenue circles* for the convenience of administration and revenue collection. The economy of Assam continues to be predominantly agrarian, the dependence of rural labour force on agriculture and allied activities was nearly 53 *per cent* as per Population Census, 2001. The service sector along with tea industries dominates Assam's economy.

As per Planning Commission and MOPR report (2009-10) the state has 11 backward districts out of 278 in India.

1.3 Size of Local Bodies (LBs)

The comparative position of local bodies in the state of Assam in numerical, average population and average area terms is given below in **Table 1.1:**

Table 1.1: Comparative position of Local Bodies

Level of LB	No.	Average Area per LB (Sq Km)	Average population	National value	
				No. of LBs	Average population
Zilla Parishad (ZP)	20	2032.93	1009940	582	1275976
Anchalik Panchayat (AP)	185	219.78	109183	6285	118157
Gram Panchayat (GP)	2202	18.46	9173	241428	3076
Municipal Corporation (MC)	1	216	808021		
Municipal Board (MB)	31	8.575	43802		
Town Committee (TC)	57	3.71	10225		

1.4 Organizational Setup in State Government and Local Bodies

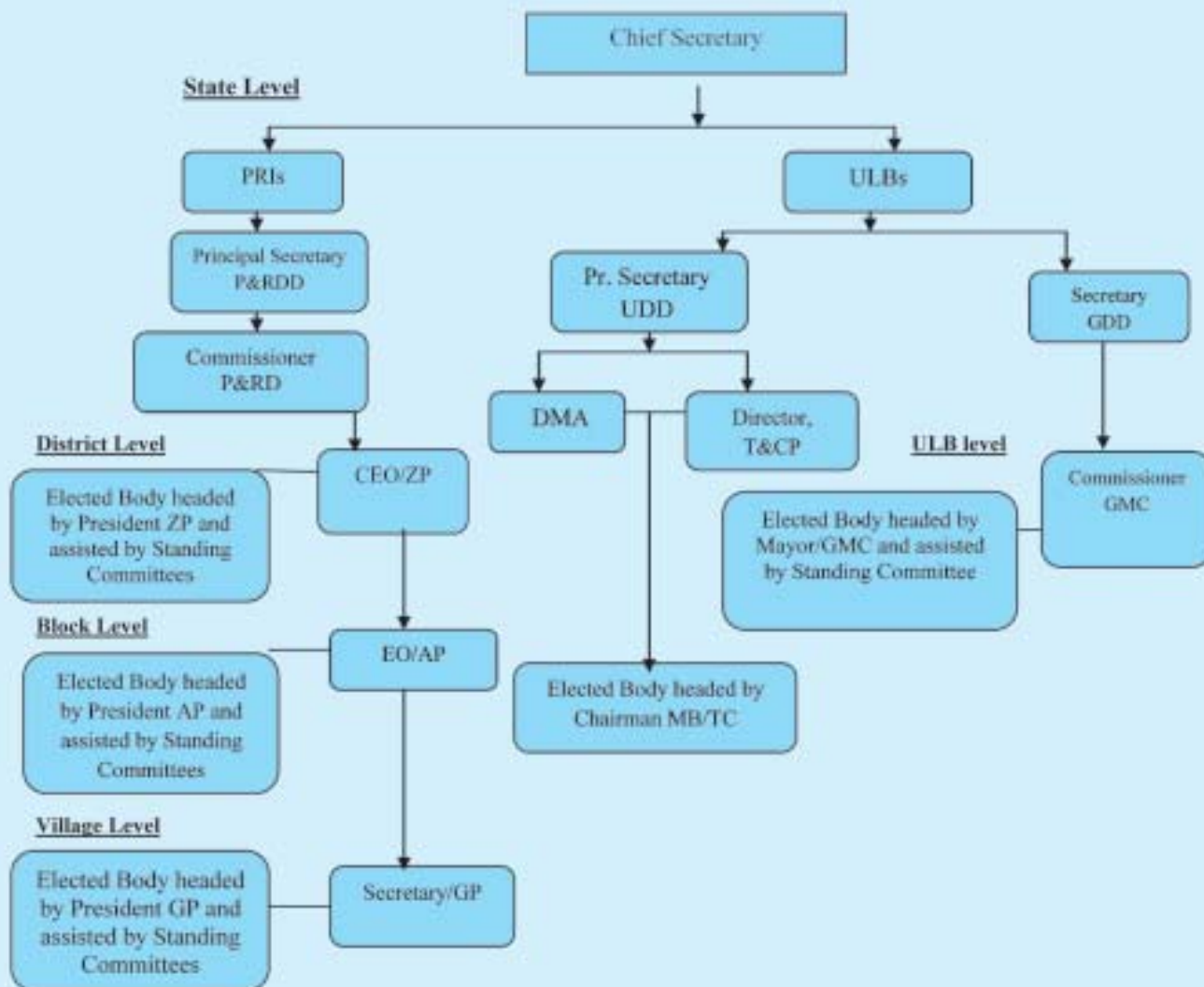
The Chief Secretary of the State is the overall incharge of monitoring the functions and activities of local bodies in the State. The Principal Secretary, Panchayat and Rural Development Department is the administrative head of PRIs and is assisted by the Commissioner, Panchayat and Rural Development in allocation of funds and in exercising overall control and supervision of functions and schemes at the State level.

The Principal Secretary, Urban Development Department is the administrative head of ULBs and is assisted by the Directors, Municipal Administration and Town & Country Planning in allocation of funds and in exercising overall control and supervision of functions and schemes at the State level.

The Secretary, Guwahati Development Department is the administrative head at the state level in respect of Guwahati Municipal Corporation (GMC).

The PRIs and ULBs are functioning under democratically elected bodies. PRI in each tier is headed by a President. However, GP President is represented in AP and likewise AP President is represented in ZP. As regards ULBs, a TC or MB is headed by a Chairman. The only Municipal Corporation in the State is headed by a Mayor.

Following organogram depicts the organizational set up at State Govt. Level and LB level with linkage between Administrative set up and elected body:



Note: P&RDD: Panchayat and Rural Development Department, UDD: Urban Development Department, GDD: Guwahati Development Department, DMA: Director of Municipal Administration, Dir, T&CP: Director, Town and Country Planning.

The functions of CEO in a ZP, Executive Secretary in an AP and the Secretary in a GP are to carryout the policies and directions of the Panchayat concerned, execution of works and development schemes. The CEO of a ZP is also responsible for allocation of funds under Finance commission grant and District Development Funds to the PRIs and implementing agencies in the district.

Sections 102 (2) and 103 (3) of AP Act, 1994 provide that Government shall appoint a Chief Accounts Officer (CAO) and a Chief Planning Officer for each ZP. The CAO shall advise the ZP on financial matters and shall be responsible for all matters relating to the

accounts of the ZP including preparation of annual accounts and the budget. The Chief Planning Officer shall advise the ZP on plan formulation and shall be responsible for all matters relating to the planning of the ZP. However, the Government had not created any post for appointment of these officers in the ZP till March 2010.

The executive function in the GMC is exercised by the Commissioner, GMC, under Section 34 of GMC Act, 1971. As per Section 53 of Assam Municipal Act, 1956, MBs may appoint executive officer with the approval of the Government. However, there is no executive officer in any MB or TC where the elected body is functioning. The Chairman exercises the executive function.

1.5 Standing Committees

PRIs shall constitute standing committees to perform the assigned functions. The political constitution of the committees of the PRIs is given in **Table 1.2** below:

Table 1.2: Political constitution of the Standing Committees

Level of PRIs	Chief Political Executive	Standing Committees	Political executives
GP	President	i) Development Committee ii) Social Justice Committee iii) Social Welfare Committee	President is the chairman of each of the three committees
AP	President	i) General Standing Committee ii) Finance, Audit and Planning Committee	President is the chairman of each committee
		iii) Social Justice Committee	Vice President is the chairman
ZP	President	i) General Standing Committee ii) Finance, Audit and Planning Committee	President is the chairman of each committee
		iii) Social Justice Committee iv) Planning and Development Committee	Chairman is elected among the elected members of each committee

PRI wise roles and responsibilities of the standing committees are given in **Appendix-1**.

Section 20 of Guwahati Municipal Corporation Act, 1971 provides for constitution of standing committees on the following:

- (i) Taxation and Finance and Planning and Development;
- (ii) Public Works;
- (iii) Public Health, Conservancy and Water Supply;
- (iv) Assessment, Markets and Trades;
- (v) Appeal.

Each Standing Committee is headed by a chairman and consists of five members elected by the members of the Corporation other than the mayor.

1.6 Staffing pattern of PRIs

Staffing pattern formulated under Assam Panchayat (Administrative) Rules, 2002 for Gr. III and IV staff, as detailed **Table 1.3** below, was quite inadequate in view of volume of work handled and funds transacted by all the three tiers of PRIs. From the table below, it is quite evident that provision of adequate staff for maintenance of accounts had not been considered for all the three tiers of PRIs.

Table 1.3: Staffing pattern of PRIs

Staffing Pattern for ZP		Staffing Pattern for AP		Staffing Pattern for GP	
Category of Staff	No.	Category of Staff	No.	Category of Staff	No.
Gr. III staff					
(i) Head Assistant	1(One)	(i) Upper Division Assistant	1 (One)	(i) Secretary	1 (One)
(ii) Upper Division Assistant	2(Two)	(ii) Lower Division Assistant	2 (Two)	(ii) Tax Collector cum Road Mohrar	-
(iii) Lower Division Assistant	4(Four)	(iii) Tax Collector	2 (Two)	-	-
(iv) Accountant	1 (One)	-	-	-	-
(v) Junior Engineer	1 (One)	-	-	-	-
(vi) Tax Collector	2 (Two)	-	-	-	-
(vii) Driver	1 (One)	-	-	-	-
Gr. IV staff					
(viii) Peon	4 (Four)	(iv) Peon	2 (Two)		
(ix) Chowkidar	2 (Two)	(v) Chowkidar	1 (One)	(ii) Peon cum Chowkidar	1 (One)

The Gram Panchayats (with two Gr-III and one Gr. IV staff), were poorly staffed to meet the demands of accounts and record keeping functions under various schemes.

1.7 Staffing pattern of Urban Local Bodies (ULBs)

There was no prescribed staffing pattern for ULBs. The number of employees of different ULBs did not conform to any norm based on population, area or other criteria. The department did not take any step to make an assessment of the number of officers and staff of different categories required for proper functioning of each ULB. A clear policy in this regard was not formulated by the State Government keeping in view the skill requirement of personnel considering work loads entrusted to ULBs under different programmes, schemes and projects.

1.8 District Planning Committee

In terms of Article 243-ZD of the Constitution provides for the constitution of District Planning Committee (DPC) to consolidate the plans prepared by the Panchayat into the Draft Development plan for the district. The Constitution also envisages active involvement of the people (beneficiaries/user group) in formulation of District Plan and implementation of scheme/maintenance of assets created.

Section 3 of APA, 1994 and AP (F) Rules 2002 framed thereunder; provide that the State Government shall constitute a District Planning Committee (DPC) in every district to consolidate the plans prepared by Zilla Parishad, Anchalik Panchayats, Gram Panchayats, Town Committees, Municipalities and Municipal Corporations in the district and to prepare a draft development plan for the district as a whole.

However, there was delay in commencement of functioning of DPC in nine districts ranged from 1 to 2 years from the date of the framing of the Rule. No consolidated district plan incorporating the needs of the grass root level with an integrated plan comprising all the development schemes of the district with the extent of available resources were prepared by the DPCs and their functions were limited to allocation of District Development Plan (DDP) fund provided by the State Government under the State Plan. Further, there is no practice of preparation of perspective plans of each Panchayat. None of the DPCs had engaged technical experts in different fields for preparation of the draft district development plan.

In absence of incorporation of defined needs of the grass root level the DPC allocated the DDP fund in routine manner. Thus, functioning of the DPC was not up to the standards set in APA, 1994.

1.9 State Finance Commission Recommendations

The Third Assam State Finance Commission (TASFC), constituted on 06 February 2006, submitted its report to the Governor of Assam on 27 March 2008. It covered a period of five years from 2006-07 to 2010-11. The recommendations of the TASFC relating primarily to devolution of state taxes, grants-in-aids and debts relief of the ULBs, decentralization of fund, function and functionaries had been accepted but not implemented (February 2010). Out of 103 recommendations relating to both ULBs and PRIs, government accepted 88 in full while two recommendations were partially accepted, five recommendations were kept pending, two recommendations accepted with modification. Government negated four recommendations in total, one recommendation relating to Pay and Pension of GMC employees referred to the cabinet. Further development in this regard is yet to be communicated by the Government (February 2011).

1.10 Devolution of Funds, Functions and Functionaries (3Fs)

1.10.1 Devolution of Funds , Functions and Functionaries to PRIs

The 73rd constitutional amendment aimed at enabling the PRIs to function as institutions of self government. The Assam Panchayat Act, 1994 has only enabling provision for functions identified for different tiers of PRIs, as detailed in **Appendix-2**.

However, for effective functioning of both state government and local bodies it is necessary to delineate the role and responsibilities of state government and each tier of PRI. This exercise was done through Activity Mapping drawn up by the State Government in June 2006 indicating devolution of powers for 23 out of 29 functions included in the 11th Schedule of the Constitution. Respective departments had been urged to issue notifications by 7 February 2007, indicating transfer of fund, functions and functionaries to be transferred to different tiers of PRIs and specifying the responsibilities of the officials against the activity transferred. However, target date so given passed by without any recorded compliance.

A Sub-committee constituted (October 2009) by the State Government, with Additional Chief Secretary as Chairman, to oversee the process of transfer of funds, functions and functionaries to PRIs, observed in June 2010 that:

- i) Field level transfer of funds, functions and functionaries to be taken up by respective departments had not taken place.
- ii) Some Head of Departments expressed difficulties in full transfer of funds, functions and functionaries to PRIs.
- iii) Schemes to be devolved were yet to be identified.
- iv) Requisite transfer of fund and functionaries would follow on identification of schemes.

Though the Sub-committee urged the Principal Secretary, P&RDD to initiate action with all respective departments to carryout the devolution exercise within a fortnight, the departments failed to carryout the devolution exercise. Even the merger of District Rural Development Agencies (DRDAs) with the ZPs, which was to take place by the first January 2007, was yet to be done (March 2011).

A study undertaken by the Indian Institute of Public Administration (IIPA) during 2009-10 on the status of devolution of funds, functions and functionaries in the States revealed that the State is lagging behind in actual devolution to the PRIs. Devolution status against certain devolution parameters as in March 2010 as per report of the institute (July 2010) is given below in **Table-1.4**.

Table: 1.4: Devolution status against certain devolution parameters

Devolution parameter	Score (out of 100)	Status (ranking)	Number of states evaluated
Framework	63.70	16	23
Function	23.08	22	-do-
Finance	26.56	15	-do-
Functionaries	12.67	23	-do-
Overall	28.31	21	-do-

The overall score of 28.31 and overall ranking of 21 out of 23 states indicated that the state has performed poorly in devolution of 3Fs to PRIs.

1.10.2 Devolution of Fund, Functions and Functionaries to ULBs

The State Government was yet to complete the process of decentralization fully in accordance with the provision contained in Article 243W of the Constitution, which enjoin State Governments to transfer 18 subjects to ULBs listed in the Twelfth Schedule. However, out of 18 subjects, only 8 were transferred to ULBs. Further, State Government had not transferred the functionaries required to carry out these functions.

The Principal Secretary, Urban Development Department (UDD) communicated (March 2010) that the matter of devolution of Fund, Functions and Functionaries to the ULBs in the state in conformity with the provision contained in Article 243W of the Constitution is under process.

The present status of devolution of Funds, Function and Functionaries to ULBs has not been communicated by the state Government (March 2011).

1.11 Financial Profile of PRIs

1.11.1 Funds flow to PRIs

The resource base of PRIs consists of own revenues, assigned and shared revenue, State Finance Commission grants, Central Finance Commission grants, Central Government grants for maintenance and development purposes, Central Government grants and loans. The fund wise source, its custody and reporting for each tier is given below in **Table 1.5**. The authorities for reporting use of funds in respect of ZPs, APs and GPs are Chief Executive Officer (CEO), Executive Officer (EO) and Secretary respectively.

Table – 1.5: Funds flow mechanism in each tier of PRI

Nature of Fund	ZPs		APs		GPs	
	Source of fund	Custody of fund	Source of fund	Custody of fund	Source of fund	Custody of fund
Own receipts	Assesses and users	Bank	Assesses and users	Bank	Assesses and users	Bank
SFC	State Government	do	State Government	do	State Government	do
CFC	GOI	do	GOI	do	GOI	do
State plan	State Government	do	State Government	do	State Government	do
MNREGA	GOI	do	GOI	do	GOI	do

Table 1.6: Fund flow arrangements in CFC grants and CS schemes

Sl. No	Scheme	Fund flow
1	2	3
1	Twelfth Finance Commission (TFC)	Government of India transfer the fund to the State exchequer, which is released through budget allocation to the Zilla Parishads. The ZPs after drawal of the fund through treasury distributes the share of APs and GPs under their jurisdiction.

1	2		3
2	Backward Region Grant Fund (BRGF)		Same as above.
3	Mahatma National Employment Guarantee (MNREGS)	Gandhi Rural Scheme	Government of India and State Government transfer their respective shares of MNREGA funds to the respective DRDAs .The Project Director of DRDA is the custodian of MNREGA funds in the district and transfer to ZPs, APs and GPs within the district.

Source: Scheme guidelines

The grants enjoin upon sanctioning authorities in Government of India (GOI) to ensure proper utilisation of grant money. This is achieved through receipt of progress reports, Utilisation Certificates (UCs) by the implementing agencies. Each sanction of grant contains certain conditions of grants-in-aid mentioned in General Financial Rules.

1.11.2 Resources: Trends and Composition

The trends of resources of PRIs for the period 2005-06 to 2009-10 is shown in **Table -1.7** below:

Table- 1.7: Time series data on PRI resources

	(₹ in crore)				
	2005-06	2006-07	2007-08	2008-09	2009-10
Own Revenue	8.79	12.30	16.00	NA	NA
SFC transfers	.....	.....	.....	.....	295.68
CFC transfers (TFC)	.....	50.04	55.17	52.60	152.71
Grants for State sponsored schemes	134.57	190.76	166.14	520.69	123.69
GOI grants for Centrally sponsored schemes	1487.72	2198.10	1382.50	1125.31	1712.18
Total	1631.08	2451.20	1619.81	1698.60	2284.26

Source: 2004-05 to 2007-08: Information furnished by the State Government to the Thirteenth Finance Commission. 2008-09: Commissioner P&RD, Assam, 2009-10: Appropriation & Finance Accounts

1.11.3 Public investment in social sector and rural development

During 2006-07 to 2009-10 public investment in social sector and rural development through major centrally sponsored schemes is given in **Table – 1.8**.

Table –1.8: Statement showing investment through major centrally sponsored schemes

(₹ in crore)

Sl. No.	Schemes	Year	Fund Released	Expenditure	Percentage of shortfall in utilisation
(1)	(2)	(3)	(4)	(5)	(6)
1.	MNREGA	2006-07	357.57	269.04	25
		2007-08	570.84	320.77	44
		2008-09	718.07	455.19	37
		2009-10	785.84	632.47	20
2.	IAY	2006-07	212.58	207.06	3
		2007-08	276.66	290.09	5
		2008-09	1996.39	627.04	69
		2009-10	635.34	470.51	26
3.	PMGSY	2006-07	889.35	691.15	22
		2007-08	155.00	261.20	41
		2008-09	9.82	10.07	2
		2009-10	900.00	931.69	4
4.	SGSY	2006-07	98.41	55.15	44
		2007-08	130.81	104.58	20
		2008-09	226.25	174.97	33
		2009-10	139.83	97.72	30
5.	BRGF	2006-07	NA	NA	-
		2007-08	59.98	59.98	-
		2008-09	41.06	NIL	100
		2009-10	59.41	57.78	3

Source: Sl. No. 1-4: MORD Annual Reports 2006-07 and 2009-10, Sl. No. 5: Govt. of Assam, P&RD Deptt.

There was considerable increase in expenditure on the Schemes in 2009-10 compared to the year 2006-07 except a minor decline in expenditure under BRGF in 2009-10 compared to the year 2007-08. The utilisation by the PRIs of the funds available has shown improvement.

Audit observed that the percentage of utilization has substantially increased in 2009-10 in comparison to the previous year.

1.12 Financial profile of ULBs

The ULB fund comprises receipts from its own sources, grants and assistance from Governments and loans obtained from any public financial institutions or nationalized banks or any other institutions.

1.12.1 Source of Revenue

There were two sources of revenue for the ULBs viz., (a) Government Grants and (b) Own Revenue. Own revenue resources of ULBs comprised of Tax and Non-Tax revenue realized by them. Property Tax was the major source of revenue. Government grants comprised of funds released by the Central and State Governments based on recommendations of EFC, TFC, SFC and GOI's share for various Central Sector Schemes. Besides, loans were also obtained by them from financial institutions for implementation of various schemes relating to Urban Development, Water Supply and Roads *etc.*

A flow chart of finances of an ULB was as under:



Under the provision of the Acts in force all collections such as tax on holdings, water tax, latrine tax *etc.*, were source of tax revenue and building plan sanction fees, rent from shops and buildings, tolls and other fees and charges constitute the main source of non-tax revenue. The State Government released grants-in-aid and loans to the ULBs to compensate their establishment expenses. Grants and assistance were also received from State Government and Central Government for implementation of specific schemes and projects. However, in absence of complete database of finances of ULBs, the overall financial position of ULBs in the State could not be ascertained.

1.12.2 Allocation and release of funds

The State Government through budget provisions allocated ₹ 96.28 crore under Grants in aid, schemes, salary *etc.* during 2009-10 to ULBs. However, actual releases of funds to ULBs were ₹10.83 crore only, at 11.24 *per cent* of the budget provision. Reasons for less release were not intimated. Details of budget provision and release are shown in **Table 1.9** below:

Table 1.9: Statement showing budget provision and funds released to ULBs

(₹ in lakh)

Sl. No.	Name of scheme	Year	Nature of grant	Budget Provision	Funds actually received	Funds actually released to ULBs
1	Grants in aid	2009-10		400.61	392.53	392.53
2	SJSRY	2009-10	Central Share	5400.00	Nil	Nil
			State Share	600.00	600.00	600.00
3	Urban Dev Grant	2009-10	12 th FC	861.00	Nil	Nil
			-do-	544.40	Nil	Nil
			Market	20.00	20.00	20.00
			SWM ¹	20.00	Nil	Nil
4	ABY ²	2009-10		1200.00	1090.00	Nil
5	SCCP ³	2009-10		230.00	230.00	Nil
6	TSP	2009-10		70.00	70.00	70.00
7	Salary	2009-10		282.23	238.66	Nil
Total				9627.84	2641.19	1082.53

(Source : Information furnished by Directorate of Municipal Administration)

1.12.3 Short release of CSS grants to ULBs

As per information furnished by the Director, T&CP, receipt and release of fund under various schemes during 2009-10 are shown as under in **Table 1.10**:

Table 1.10

(₹ in crore)

Sl. No.	Name of scheme	OB lying with Director T&CP	Amount received	Total fund	Amount released to ULBs	Closing Balance
1	IDSMT	0.54	Nil	0.54	Nil	0.54
2	UIDSSMT JNNURM	24.08	69.02	93.10	34.17	58.93
3	IHSDP of JNNURM	5.37	13.99	19.36	4.53	14.83
4	10 <i>per cent</i> Pool Fund	17.83	350.00	367.83	306.65	61.18
Total		47.82	433.01	480.83	345.35	135.48

(Source: Information furnished by the Director, T&CP)

¹ Solid Waste Management

² Assam Bikash Yojana

³ Special Component Plan for Schedule Caste

During 2009-10, the Director, T&CP was to allocate ₹480.83 crore including balance of preceding years to ULBs for implementation of the schemes. Against this, only ₹345.35 crore was released during the period resulting in short release of ₹135.48 crore thereby adversely affecting the implementation of the schemes. The reason for such short release has not been intimated.

1.13 Database on LB Finances

1.13.1 Development of Database of Finances of PRIs

Based on the recommendations of the Eleventh Finance Commission (EFC), CAG had prescribed database formats for capturing the finances of all PRIs. The database formats were prescribed with a view to have a consolidated position of the sector-wise resource and application of funds by PRIs, details of works executed by PRIs and their physical progress, etc.

Though Government accepted (August 2004) the formats prescribed by CAG, the development of database has not yet been started. Government constituted (February 2008) a committee to look into the matter. Government stated (September 2009) that computer & networking at ZP and AP level have only been completed and software called PRISM for maintenance of database has been developed. However, computerization at GP level has not been done yet and the software has not yet been introduced. Thus, a complete database of finances in a consolidated form covering all the PRIs in the State was not available.

1.13.2 Development of database formats on finances of ULBs

The Second State Finance Commission (SFC), beyond the fiscal package, recommended the need for building up database in respect of Municipal finances. This recommendation was accepted by the State Government. The inputs for the database need to be collected and compiled in standard formats as prescribed by the CAG. Even after regular correspondence and requests the final action taken for development of database was awaited (February 2011).

1.14 Accountability Framework

1.14.1 Authority and responsibility of State Government on PRIs and ULBs

The Constitution of India empowers states to legislate on Panchayats and Municipalities. Further, in exercise of relevant Acts and Rules, the state government exercises its powers in relation to PRIs and ULBs as detailed in **Appendix-3**.

The Assam Panchayat Act entrust the State Government with the following powers so that it can monitor the proper functioning of the PRIs.

- call for any record, register, plan, estimate, information, *etc.*, from the PRIs;
- inspect any office or any record or any document of the PRIs;
- inspect the works and development schemes implemented by PRIs; and
- take action for default of a Panchayat President, Secretary.

The Assam Municipal Act and Gauhati Municipal Corporation Act 1971, also enjoin similar provisions in the respective acts to enable the State Government to monitor proper functioning of the ULBs.

Despite the above mentioned duties and powers vested in the Government for the enhancement of quality of public service and governance, Audit noticed numerous lapses/defects in the formulation and implementation of schemes, matters relating to finance, *etc.*, as mentioned in Chapter II and III of this Report.

1.14.2 Social Audit

The primary objective of social audit is to bring the activities of Local Bodies under close surveillance of the public and the latter to have access to records and documents of the former. Owing to this mechanism, the citizens should be able to have immediate access to information which would facilitate transparency and accountability in day to day functioning of local bodies. The State Finance Department issued guidelines (May 2009) for social audit which *inter alia* includes:

- Use of Gram Sabhas and Ward Committees as important vehicles spread of awareness about social audit.
- Appointment of nodal officer at the level of Gram Sabhas and Ward Committees who would register complaints and fix the date for social auditing.

- Wide publication of the date of social audit through local newspapers, hand bills, leaflets and notice boards *etc.*
- Presentation by the GP Secretaries and representatives of Urban Local Bodies, the relevant data on revenue and expenditure of their organizations including bills vouchers, master rolls, measurement books, copies of sanction orders and other books of accounts and papers necessary for the purpose of social auditing.

However, except a provision made under the Assam Rural Employment Guarantee (AREG) Scheme in respect of schemes under MNREGA, the State Government is yet to amend the relevant Panchayat and Municipal Acts to make a statutory provision for social auditing.

1.15 Audit Mandate

1.15.1 Primary Auditor

Director of Audit, Local Fund (DALF), Assam under the provisions of Assam Local Funds (Accounts & Audit) Act, 1930 conducts audit of the accounts of any local authority such as universities, colleges, schools, religious and charitable institutions *etc.* including PRIs and ULBs in the State. The State Government had not yet made any provision in the relevant AP Act making the DALF the primary external auditor of PRIs. However, the State Government, through concerned departmental orders issued in December 2009 and January 2010, entrusted the DALF as primary auditor to conduct the audit of the accounts of ULBs and PRIs respectively.

1.15.1.1 Organizational Set up of DALF

The Local Fund Audit organization in the State under the Director of Audit Local Fund, Assam has 16 circle offices each headed by an Assistant Director to perform audit function at the district level. Each audit party comprised of one Audit Officer, one or more Assistant Audit Officers. At present (March 2011) there are 159 audit parties and they work under the direct supervision and guidance of the Assistant Director of the circle.

1.15.1.2 Staff strength of DALF

The details of sanctioned strength and person in position in the organisation during 2009-10 were as shown in **Table 1.11** follows:

Table I.11: Statement showing sanctioned strength and person in position in DALF, Assam

Sl. No.	Post	Sanctioned	Persons in position	Vacant	Percentage of vacancy
1	Director	1	1	-	Nil
2	Joint Director	2	2	-	Nil
3	Deputy Director	3	2	1	50
4	Registrar	1	1	-	Nil
5	Audit officers	159	73	86	54
6	Assistant officers	159	80	79	50
7	Other ancillary staff	303	265	38	87
Overall		628	424	204	32

The organization is functioning with 32 *per cent* shortage of staff, but the shortages in the cadre of Audit Officers and Assistant Audit Officers are more than 50 *per cent* thereby adversely affecting the mandated function of the organization which is discussed in part B of this chapter.

1.15.2 Audit by C&AG of India

C&AG conducts audit of substantially financed local bodies under section 14 (1) of C&AG (DPC) Act 1971 and audit of specific grants to local bodies under section 15 of the Act *ibid* in the office of sanctioning authority. The audit of PRIs and ULBs is also conducted by CAG under section 20 (1) of the Act as per Technical Guidance and Support (TGS) module entrusted to C&AG by the State Government vide notification dated May 2002. However, the State Government has yet to finalize the parameters for TGS as laid down by CAG.

Audit of accounts of 70 PRIs (8 ZPs, 20 APs and 42 GPs), 10 ULBs (one Municipal Corporation, three Municipal Boards and six Town Committees) for the year 2009-10 were conducted during January to December 2010 as detailed in **Appendix-4**.

1.16 Conclusion

- Functioning of District Planning Committees (DPCs) were not upto the mark as envisaged in Assam Panchayat Act, 1994 as the consolidated and integrated development plans of the districts were not prepared.
- The State is lagging behind in actual devolution of fund function and functionalities as the field level devolution is yet to take place.

SECTION 'B'
FINANCIAL REPORTING OF PRIs & ULBs

SECTION 'B'
**FINANCIAL REPORTING OF PANCHAYAT RAJ INSTITUTIONS AND
URBAN LOCAL BODIES**

1.17 Legal framework

Financial reporting in the Local Bodies is a key element of accountability. Matters relating to drawal of funds, form of bills, incurring of expenditure and maintenance of primary financial records are governed by the provisions of the AP Act, AP (F) Rules, AM Act, GMC Act and AM (A/C) Rules and other departmental standing orders and instructions.

However, no provision was made in above Acts and Rules for preparation and rendering of Annual Accounts by the local bodies as required under best practices.

1.17.1 Deficiencies in maintenance of primary financial records

The deficiencies noticed in maintenance of primary financial records of PRIs during 2009-10 are detailed below:

a. Cash Book and other subsidiary accounts

Rule 8, sub rule 4 (a), (b) and (c) of AP (F) Rules 2002 stipulate that all moneys received and payments made should be entered in the cash book and it should be closed every day. Monthly closing of cash book with physical verification of cash and reconciliation of cash book balance with bank balance under proper authentication are to be done. Sub-rule 4 (e) further stipulates that at the close of each month, the bank balance as reflected in the cash book shall be reconciled with balances as per bank account. However, test check revealed that:

- Sixty nine of the 70 PRIs (98.5 *per cent*) test checked for the periods ranging from 2002-03 to 2009-10 maintained more than one cash book which were not closed daily or monthly and maintained as and when a transaction occurred without ever analysing the closing balance and conducting any physical verification of cash.
- In addition to the operation of multiple Cash Books, funds received under different schemes/ activities were parked in a number of bank accounts for each

- scheme, but cash book balances were not reconciled with bank balances in any PRI. Instances of un-reconciled balances with differences ranging from ₹0.14 lakh to ₹3.10 crore in 9 PRIs as on March 2010 are indicated in **Appendix-5**.
- None of the PRIs furnished certificate to Audit declaring total number of bank accounts maintained. In the absence of this, Audit could not ascertain the correctness of the bank transactions recorded in the cashbook.

This indicated failure of the DDOs of the PRIs to adhere to the provisions of financial rules to ensure proper maintenance of cashbook and subsidiary records and therefore, possibility of fraud and embezzlement of money cannot be ruled out.

b. Register of Advances

PRIs granted various advances to the members and officials. Advances were also granted to the departmental officials, construction committees, suppliers' *etc.*, for execution of works/ supplies *etc.* However, none of the 70 PRIs, test checked in audit during 2009-10, maintained Advance Registers for accountal of advances and watching recovery/ adjustments thereof. Instances of advances remaining outstanding in 9 PRIs amounting to ₹7.48 crore are indicated in **Appendix 6**.

The Assam Panchayat (Financial) Rules, 2002, neither provided for maintenance of Advance Register nor prescribed any mechanism for recovery/adjustments of advances. In the absence of any provision in the Rules, advance registers were not maintained and the PRIs thus, failed to watch recovery/ adjustment of advances and treated the amounts of advances as final expenditure.

c. Asset Register

- 69 out of 70 PRIs test checked in audit during 2009-10, did not maintain asset register in violation of the provision of Rule 19 of AP (F) Rules 2002.
- One PRI partially maintained one asset register where upto date entries were not found in respect of movable and immovable properties.
- Annual physical verification of movable and immovable properties was not done in any PRI.
- Stock Register for the period since 2002-03 was not maintained in 36 PRIs out of 70 test checked PRIs (51 *per cent*).

1.18 Annual Accounts and Budgetary control

1.18.1 Non preparation of Annual Accounts

The Government of Assam accepted the accounting formats prescribed by CAG for PRIs and accordingly amended the Assam Panchayat (Financial) Rule 2002 in August 2004. However, neither the formats for preparation of Monthly and Annual Accounts, as prescribed by the CAG, were incorporated in the Assam Panchayat (Financial) Rules 2002 nor any provision was made in the said Rules for preparation and submission of Monthly and Annual Accounts.

Assam Municipal (Account Rules) 1961 framed under Assam Municipal Act 1956, provide for maintenance of accounts of municipalities on cash basis and did not prescribe formats for preparation of annual accounts by ULBs. The State Government prepared the draft State Municipal Accounting Manual (SMAM) in September 2010 in the line of National Municipal Accounting Manual. However, the SMAM has not yet been finalised and the State Municipal Acts has not yet been amended to that effect (March 2011). The accounts of ULBs were continued to be maintained on cash basis and thereby true and fair view of financial affairs of ULBs and their assets and liabilities were not disclosed.

Due to inadequacy in relevant Acts and Rules, annual accounts are not prepared by the local bodies in the State and their states of affairs remain undisclosed.

1.19 Budget

1.19.1 Budget estimates of PRIs

Budget is the most important tool for financial planning, accountability and control. As per Section 27,59 and 96 of Assam Panchayat Act, 1994, the Budget proposals containing Detailed Estimates of Income and Expenditure expected during the ensuing year were to be prepared by the respective Standing Committees after considering the estimates and proposals submitted by the Secretary and the officers dealing with respective subjects. However, 67 out of 70 PRIs test checked in audit did not prepare their budgets up to the year 2009-10 and unauthorisedly incurred expenditure in the absence of budget allocation reflecting the absence of budgetary control at each tier of PRIs. Instances of 13 PRIs incurring unauthorised expenditure of ₹31.20 crore from their own fund are detailed in **Appendix 7**.

An analysis of budgets prepared by 3 PRIs during 2005-06 to 2008-09 revealed that the budgets were unrealistic. While excess estimation of receipts ranging from ₹4.35 lakh to ₹35.33 lakh were noticed in 3 PRIs, there were variations of ₹4.35 lakh and ₹16.77 lakh in estimated expenditure against the actuals in 2 PRIs as shown in **Table-1.12** below:

Table-1.12: Statement showing preparation of unrealistic budget by PRIs

(₹ in Lakh)

Sl. No	Name of PRIs	Year/ Period	Receipts		Excess provision	Expenditure		Excess provision
			Estimated	Actual		Estimated	Actual	
1.	Goroimari AP	2005-09	42.65	7.32	35.33	NA	NA	NA
2.	Rangapara AP	2006-09	8.31	3.96	4.35	8.31	3.96	4.35
3.	Biswanath Chariali AP	2005-09	26.45	7.70	18.75	24.11	7.34	16.77
Total			77.41	18.98	58.43	32.42	11.30	21.12

The actual receipts during 2005-09 were *much* below that the estimated receipts. This indicated that the budgets were unrealistic. Had the figures in the demand register and the actual collection during previous years been considered for preparation of the budget, it would have been more realistic and accurate.

Further, there was no mechanism at the state level to watch excess/savings in expenditure in respect of PRIs.

1.19.2 Budget estimates and expenditure of ULBs

As provided under Section-43A of the Assam Municipal Act (AMA), 1956 read with Rule-11 to 18 of the Assam Municipal Account Rules, 1961, the budget estimates showing details of probable receipts and expenditure shall be prepared in Municipal Account Form No.1 and placed before the Municipal Board in their meeting to be held at least two months before the close of the year. Further, the budget estimates shall be approved by the Municipal Board and copies thereof shall be submitted to the DMA.

1.19.2.1 Preparation of unrealistic budget

The variation between budget estimates prepared by the Guwahati Municipal Corporation and actuals of revenue receipts from Own source during years 2007-10 are as shown in **Table 1.13** below:

Table 1.13

(₹ in lakh)

Year	Source	Budget estimates	Actual receipts (₹)	Shortfall (₹)	Percentage of realization
2007-08	Own fund	5711.05	2791.09	2919.96	49
2008-09	-do-	5993.00	3077.80	2915.20	51
2009-10	-do-	6208.00	3146.59	3061.41	51
Total		17912.05	9015.48	8896.57	50.33

During the year 2007 to 2010 overall 50.33 per cent receipts were realized in comparison to the estimated receipts. This indicates preparation and adoption of unrealistic budget.

1.20 Internal control system at the level of LB

Internal control mechanism is an integral function of an organization which helps it to govern its activities effectively, to achieve its objectives. It is intended to provide reasonable assurance of proper enforcement of Acts, Rules and bye-laws. Various internal control measures in financial and operational activities were built into the departmental rules and manuals and their strict adherence would minimize the risk of errors and irregularities. Audit scrutiny revealed that the internal control provisions were not effectively implemented by the LBs.

The internal control system at the level of each PRIs and ULBs has been designed by state government through Assam Panchayat (AP) Act, 1994 AP (F) Rules 2002, Assam Municipal Act, 1956, Assam Municipal Accounts Rules, 1961, Guwahati Municipal Corporation Act, 1971 application of state government's own rules and policies relating to finance, budget, personnel matters. The significant provisions of internal control mechanism in PRIs and ULBs are indicated in **Appendix-8**.

1.20.1 Deficiencies in internal control mechanism in PRIs

1.20.1.1 Furnishing of Utilisation Certificates

Financial rules of Central Government, conditions regulating release of Central Finance Commission grants and scheme guidelines of CSS stipulate that for the grants provided for specific purposes, utilization certificates (UCs) should be obtained by departmental officers (specify) from the grantees and after verification, these should be forwarded to the sanctioning authority within a specified period unless specified otherwise. However, the State Panchayat and Rural Development Department did not furnish the status of

submission of UCs in respect of funds released by the Government of India under TFC, MNREGS, BRGF, SGSY etc. As per Annual Report 2009-10 of Ministry of Panchayati Raj, utilization certificate in respect of an amount of ₹7.75 crore sanctioned in 2006-07 for capacity building under BRGF was outstanding as of July 2009.

1.20.1.2 Cases of misappropriation/defalcation/losses, etc.

State financial rules stipulate that each DDO of the State Government should report any case of loss, theft or fraud to the Accountant General and State Government. The State Government will follow it to recover the loss, fix responsibility and remove systemic deficiency, if any. However, no specific provision exists in AP (F) Rules 2002 for DDO or Head of the PRI to report any case of loss, theft or fraud to the Accountant General and State Government. This is a systemic lapse at the level of State Government.

1.20.2 Deficiencies in internal control mechanism in ULBs

Due to lack of internal control, cash books had several deficiencies in the test-checked 10 ULBs as detailed below:

- Several sets of cash books were maintained in two ULBs⁴
- Particulars of payment, voucher nos; classification etc., were not recorded in Dibrugarh MB.
- Cash book was not closed at the end of every month and signed by the officer authorized in two ULBs⁵
- Cash book balances were not reconciled with the balances in banks in respect of 5 ULBs
- Physical verification of cash was not done in Biswanth TC
- In three ULBs ₹1.38 lakh collected through receipt book being the own revenue had not been accounted for in the Cash Book without assigning any reason as shown in the table below:

Sl. No.	Name of ULB	Period	Amount
1	Lakhipur TC	April 2008 to June 2008	11,071
2	North Guwahati TC	June 2007 to March 2008	46,859
3	Bakalia TC	June 2008 to March 2010	79,921
		Total	1,37,851

⁴Dibrugarh MB, Biswanath TC

⁵Dibrugarh MB, Biswanath TC

1.21 Internal Audit

Internal Audit is a vital component of internal control to enable an organization to assure itself that the prescribed system is functioning reasonably well.

Rule 18 of Assam Panchayat (Administrative) Rules, 2002 provided for utilisation of internal auditors of Panchayat & Rural Development Department for checking and rectification of accounts of PRIs. However, no such utilisation of departmental internal auditors were noticed during audit of PRIs. The system of internal audit, therefore, does not exist in PRIs.

There was no provision for internal audit in relevant municipal Acts and Rules and as such the system of internal audit does not exist in ULBs. As intimated by the Director of Municipal Administration, Assam (March 2011), the system of internal audit has not been introduced in the municipalities in Assam.

Guwahati Municipal Corporation (GMC) appointed (February 2007) M/s. Rudmalka and Associates as internal auditor of GMC for a monthly fee of ₹5000⁶. The scope of work included the following:-

- (i) Submission of monthly internal audit report on receipt and expenditure statements.
- (ii) Introduction of accrual system of accounts on the basis of double entry book keeping and preparation of GMC annual budget on accrual basis.
- (iii) Preparation of bank reconciliation statement (BRS)

During audit (August - September 2010) neither any record in support of conduct of any internal audit nor any internal audit report on the accounts of GMC could be produced. Double entry system of accounts on accrual basis has not yet been introduced in GMC and no bank reconciliation has yet been carried out by the firm. Thus GMC failed to have strong internal control system with the help of internal audit.

⁶ The monthly fee was enhanced (May 2007) with retrospective effect to ₹10,000- per month which was further enhanced (June 2010) to ₹20,000 per month w.e.f. May 2010. The firm was paid ₹4.82 lakh from February 2007 to August 2010.

The matter was reported through inspection reports to the Commissioner, GMC and Government of Assam, Guwahati Development Department in November 2010. Reply is awaited (April 2011).

1.22 Audit of accounts of local bodies

1.22.1 Audit coverage by DALF

Director of Audit, Local Fund (DALF), Assam under the provision of the Assam Local Funds (Accounts & Audit) Act, 1930 is the statutory external auditor of any local authority, including PRIs and ULBs. The duty of DALF *inter alia* is to certify correctness of accounts, assess internal control system and report cases of loss, theft and fraud to auditee and Government.

Year-wise position of number of units audited, number of audit reports and arrears in issue of audit reports as intimated by DALF (March 2011) are detailed in table below:

Table 1.15: Arrears in issue of audit reports by DALF

Year	No. of units planned for audit		No. of units audited		No. of audit reports issued		Arrears in issue of audit reports at the end of the year	
	PRIs	ULBs	PRIs	ULBs	PRIs	ULBs	PRIs	ULBs
2008-09	....	...	698	50	265	27	433	23
2009-10	1652	46	591	24	172	22	419	2

Arrears in issue of audit reports against the number of units audited were 456 at 61 *per cent* during 2008-09 and 421 at 68 *per cent* during 2009-10. Again there was shortfall in number of units audited against the number of units planned for audit during 2009-10. Reason for shortfall was attributed by DALF to shortage of staff. The shortfall in audit coverage had led the audit of the LBs in arrears and undue delay in issue of inspection reports affected the accountability mechanism in the auditee units leading to persistent irregularities without any corrective measure.

1.22.2 Presentation of annual consolidated audit report

As stated by the Director (February 2010), DALF is required to send an Annual Report to the Finance Department by 30 September each year incorporating major outstanding audit objections relating to LBs which were pending for settlement for further action by the Finance Department. However, no consolidated Annual Report had so far been sent to Finance Department. Further, the State Government did not set up any committee for discussion of Annual Report of DALF.

Thus in the absence of Annual Consolidated Reports, the results of audit conducted by DALF remain unreported without any follow up action thereby creating an environment of serious financial irregularities leading to loss to Government.

1.22.3 Response to Audit Observation

Results of audit of the accounts of PRIs and ULBs, conducted by the office of the Senior Deputy Accountant General (LB Audit & Accounts), Assam, were communicated to the respective units in the form of Inspection Reports (IRs) with copy to the State Government. PRI and ULB authorities were required to comply with the observations contained in the Inspection Reports (IRs) and rectify the defects and omissions and report their compliance to audit within three months from the date of issue of IRs. Only 75 PRI units and four ULBs had furnished replies to IRs till the end of February 2011.

The details of IRs and the outstanding paragraphs as of December 2010 is shown in table below:

Table 1.16: The details of IRs and the outstanding paragraphs

Year of issue	No. of Inspection Reports		No. of outstanding Paras		Money value (₹ in crore)		Total outstanding Paras	Money value (₹ in crore)
	PRIs	ULBs	PRIs	ULBs	PRIs	ULBs		
Up to 2006-07	50	79	762	1072	68.93	2.06	1834	70.99
2007-08	155	2	1312	27	64.57	0.01	1339	64.58
2008-09	97	11	860	190	158.59	80.83	1050	239.42
2009-10	70	10	421	139	138.63	72.79	560	211.42
Total	372	102	3355	1428	430.72	155.69	4783	586.41

Thus 4783 paragraphs with monetary value of ₹586.41 crore were pending for settlement (February, 2011) for want of replies from local bodies.

A review of the IRs, which was pending due to non-receipt of replies, revealed that the heads of the offices, whose records were inspected, did not send any reply to a large numbers of IRs/Paragraphs. The Principal Secretaries of the Departments also failed to ensure that the concerned officers of the LBs took prompt and timely action in furnishing replies to IRs.

1.23 Administrative Reports

Section 128, Sub-sections (1) and (2) of the AP Act, 1994, provides for submission of annual administrative report of the preceding year of AP and ZP to the Government by 30

September every year. Report of the ZP together with a memorandum by the Government reviewing the working of the ZP should be laid before the State Legislature as per subsection (3) of the section *ibid*. However, neither the PRIs prepared their annual administrative reports nor the State Government (P&RDD) called for annual administrative reports from PRIs for consolidation and submission to the State Legislature

Annual administrative report of the preceding year of GMC together with a statement of receipts, disbursements and balance at credit of the Municipal Fund at the close of the year is required to be submitted to the Government under Section 136 of GMC Act. However, during a test check of GMC records in August-September 2010 it was found that no such report was submitted to the Government.

1.24 Conclusion

- Financial reporting is inadequate with no provision in PRI and ULB Acts and Rules for preparation and rendering of annual accounts by Local Bodies. Non preparation of annual accounts resulted in lack of transparency of state of affairs as well as non-disclosure of financial assets and liabilities of Local Bodies. There is no provision for reporting of misappropriation, fraud *etc.*, to the State Government in PRI Acts and Rules and
- Internal control mechanism was weak as evidenced by non maintenance of community assets, register of advances and non furnishing of utilization certificates by PRIs and deficiencies in maintenance of primary financial records at all levels of PRIs and ULBs. There is no provision for internal audit in ULB Acts and Rules.
- Appropriation of fund without preparation of budget led to unauthorized expenditure in PRIs. Preparation of unrealistic budget resulted in over estimation of revenue in both PRIs and ULBs.
- There was poor response and delays in furnishing replies to audit observations leading to accumulation of outstanding audit objections.

CHAPTER – II

AUDIT OF TRANSACTIONS

PANCHAYAT AND RURAL DEVELOPMENT DEPARTMENT

PANCHAYATI RAJ INSTITUTIONS

2.1 Revenue Receipts

2.1.1 Loss of revenue of ₹ 27.31 lakh due to settlement of market with the bidders with less value

Sub-Rule (1) of the Rule 47 of the Assam Panchayat (Financial) Rules 2002, provides for settlement of Markets, Ferries, Fisheries and Ponds by inviting sealed tenders. Sub Rule 10 of the Rule *ibid* stipulates that tender of the highest bidder shall be accepted. Acceptance of tender other than the highest bid shall require the prior and formal approval of the Government.

Test check of records relating to settlement of markets under Tinsukia ZP revealed that markets were not leased out to highest bidders. In eight cases during 2007-08 and 2008-09 the highest bids were rejected without assigning any reason and other bidders who quoted lower bid value were allowed lease right of markets in violation of rules. Thus, the ZP incurred a loss of revenue of ₹27.31 lakh as detailed in **Appendix-9** during the period 2007-09 due to settlement of markets with lower bid value. No prior and formal approval in accepting the tenders other than the highest bid was obtained by the PRI from the State Government.

2.1.2 Loss of Government revenue of ₹63.05 lakh due to awarding of lease without stamp duty and registration

As per Rule 47, sub-rule 11 and 16 of Assam Panchayat (Financial) Rules, 2002, the successful bidder within 7 days of acceptance of the bid for settlement of markets, Ferries, Fisheries Ponds *etc*, shall deposit with the Panchayat concerned not less than thirty *per cent* of his quoted amount as security and accept a duly stamped lease. The Panchayat shall provide the form of lease and stamp paper (@ three *per cent* of quoted amount) at the concerned lessees cost. The Panchayat concerned shall also take steps to register every lease.

Test-check of records of nine PRIs revealed that despite provisions made in rules, markets/ fisheries *etc.*, were leased out during 2002-10, without utilizing stamp papers and without registration of lease. Thus the State Government suffered a loss of revenue of ₹63.05 lakh (Registration Fee ₹44.11 lakh and cost of stamp papers ₹18.94 lakh) as indicated in **Appendix-10**.

2.1.3 Short realization of settlement amount (Kist money)

As per provision of Sub-Rules 11(i), 14 and 15 under Rule 47 of the Assam Panchayat (Financial) Rules, 2002 the successful bidder within 7 days acceptance of his bid for settlement of lease, shall deposit with the panchyat not less than 30 *per cent* of his quoted amount as security deposit and in case of non payment of kist money (installment of lease rent), the panchyat concerned shall appropriate the amount of deposit towards realization of sums due on lease. In case such deposit does not cover the sums due, the lease is liable to be terminated and resold by inviting fresh tender. In case price fetched at such re-sale does not cover the balance amount payable by the defaulting lessee, the panchyat concerned shall request the Deputy Commissioner (DC) of the district to take action for recovery of the amount from the defaulting lessees as arrears of land revenue.

Test-check of records of 7 PRIs revealed that Kist money amounting to ₹2.06 crore were yet to be realized from the lessees as of March 2010 as detailed in **Appendix-11**. However the panchyats concerned did not comply with the provisions of the rules and accepted the deposit money as advance payment to be adjusted against subsequent rents. Periodical demand notices, on the lessees, were also not served and the PRIs neither took any action for terminating the lease nor approached the DCs concerned for recovery of lease amount, as arrears of land revenue from the defaulting lessees.

Thus due to non compliance of provision of Rules, there were accumulation of huge outstanding kist money thereby widening the resources gap of the panchyats.

2.1.4 Non-Distribution of Sale proceeds of Hat-Ghats among ZPs, APs and GPs

As per Sub-Section 6 of Section 105 of APA, 1994, out of sale proceeds of hat/ghat in any ZP/AP, 20 *per cent* is to be devolved to the ZP, and 40 *per cent* shall be equally distributed to all GPs under the AP and balance 40 *per cent* is to be retained by AP.

Test check of records of two ZPs and seven APs revealed that the above ratio of devolution was not adhered to and deprived the concerned PRIs of their due share of

revenue. Thus, ZPs retained ₹86.31 lakh and APs retained ₹39.10 lakh in excess of their due share during 2002-10 as detailed in **Appendix-12**.

The matter of non distribution of above revenue was regularly intimated to the Government of Assam, P&RD Department through inspection reports of the PRIs, but irregularity still persists.

In the absence of any monitoring by the State Government on the distribution of shares of above revenue as defined in the APA, 1994, the Gram Panchayats were deprived of their due shares.

2.1.5. Unauthorized utilization and retention of departmental receipts

Article 266 of the Constitution of India lays down that all revenues received by the State Government shall be credited to the Consolidated Fund of the State and no money out of the said fund shall be appropriated except in accordance with law and the manner provided under the Constitution. Rule 7 (1) of the Assam Treasury Rules also reiterates the same.

Test check (June 2010) of records of BDO/EO Dimoria Development Block/AP revealed that the Deputy Commissioner cum Executive Director (ED), DRDA, Kamrup (Metro) administratively approved (June 2010) the work of Training cum Facilitation Center at Block HQ for ₹63.78 lakh with a direction to meet the expenditure out of the fund under SGRY (Infrastructure). The ED, DRDA, Kamrup (Metro) allocated ₹20.00 lakh to the BDO, Dimoria in June 2010 for execution of the work under SGRY (Infrastructure) during 2009-10. As of March 2010, a total expenditure of ₹23.89 lakh was incurred on the work. However, only ₹4.10 lakh was incurred out of SGRY fund and balance of ₹19.79 lakh was met from the compensation award of ₹58.19 lakh received between December 2008 and April 2010 from the Deputy Commissioner, Kamrup (Metro) being the compensation for acquisition of land and building of the Block by National Highway Authority of India (NHAI) for widening of National Highway. Balance award of ₹38.40 lakh (₹58.19 lakh – ₹19.79 lakh) was retained in bank account without credit to the revenue of the Government.

Thus the BDO/EO, Dimoria Development Block/AP not only failed to deposit the amount of compensation to Government account violating provision of the Constitution and

Assam Treasury Rules but also unauthorisedly spent ₹19.79 lakh towards execution of construction work.

2.2 Twelfth Finance Commission (TFC) Grants

2.2.1 Utilisation of Finance Commission grants

The share of grants recommended by Twelfth Finance Commission (TFC) to PRIs in the State was ₹526 crore (including six schedule areas) for release during 2005-10. The average annual share of PRIs was ₹105.20 crore to be released in two installments of ₹52.60 crore each. The PRIs were to improve the service delivery in respect of Water Supply and Sanitation (WSS) by taking over assets relating to WSS created under Swajaldhara Programme and were to utilize the funds for maintaining them, apart from creating other income generating sources. The State was to assess the funds required for building database and maintenance of accounts of Local Self Government Institutions (LSGIs) and to earmark funds accordingly from the grants. State High Level Committee (HLC) was to monitor the proper utilization of the grants. Information obtained (March 2010) from the State government regarding funds released under TFC grant revealed the following:

➤ Short release and Delay in release of TFC grants

According to Para 6.1 of the TFC guidelines, grants to Local Bodies are to be released by GOI to the States in two equal installments in July and January every year and the States have to mandatorily transfer the grants to different tiers of PRIs within 15 days of receipt, failing which interest at the rate prescribed by Reserve Bank of India is to be paid for the delayed period.

GOI as of March 2010 released a total amount of ₹ 520.92 crore as TFC grants for the period from 2005-06 to 2009-10. However, the State Government not only delayed the release of grants by 7 to 549 days beyond the stipulated period but short released an amount of ₹5.08 (₹526.00 – ₹520.92) crore also as detailed in **Table 2.1** below:

Table 2.1: Statement showing Short release and Delay in release of TFC grants

(₹ in crore)

Year of grant	Installment	Amount of grant awarded by TFC	Amount of grant released by GOI	Date of receipt by the State Govt.	Amount of grants released to PRIs	Date of release of grants to PRIs	Days Delayed in release of grants	Interest payable 5.5 per cent
2005-06	1st	52.60	52.60	28-12-05	42.36	8-12-06	330	2.11
					6.41	16-12-06	338	0.33
					1.27	21-3-07	433	0.08
					2.58	26-6-07	438	0.17
	2nd	52.60	52.60	22-6-07	42.36	15-10-07	100	0.64
					6.41	28-9-07	83	0.08
					3.82	14-11-07	130	0.07
2006-07	1st	52.60	52.60	22-6-07	52.60	07-01-09	549	4.35
	2nd	52.60	52.60	10-7-09	50.04	8-9-09	45	0.34
2007-08	1st	52.60	52.60	10-7-09	102.67	4-12-09	132	2.04
	2nd	52.60	52.60					
2008-09	1st	52.60	52.60	10.3.10	52.60	31.3.10	7	0.05
	2nd	52.60	52.60	10.3.10	52.60	31.3.10	7	0.05
2009-10	1st	105.20	105.20	10.3.10	105.20	31.3.10	7	0.11
Total		526.00	526.00		520.92			10.42

Source: Panchayat & Rural Development Department Government of Assam

As there were delays ranging 7 to 549 days in actual credit of allocated grants to individual account of PRIs, interest of ₹10.42 crore (as worked out by audit at the rate of 5.5 per cent) was due for payment to the PRIs. However, the State Government has so far released ₹ 3.23 crore only as interest to PRIs.

Allocation of balance grant of ₹ 5.08 crore (₹ 526.00 crore – ₹ 520.92 crore) had not been made nor was the grant released to the PRIs for execution of schemes.

➤ Parking of TFC grants in civil deposit

Government of India (GOI) in March 2010 released TFC grants for the years 2008-09 and 2009-10 for a total amount of ₹210.40 crore (@ ₹52.60 crore in each in two installments per year). The State Government while releasing the grants on 31 March 2010 directed the CEOs of the ZPs to keep an amount of ₹157.80 crore being the second installment of 2008-09 and 1st and 2nd installments of 2009-10 of the grant in Civil Deposit under the head "8443 – Civil Deposit; 800 – Other Deposit"

The Principal Secretary, Finance Department, Government of Assam in his release order advised the CEOs to keep the amount in the Civil Deposit until further order to avoid any undue haste in physical transfer of the amount to various PRIs on the last day of financial year. Accordingly, the CEOs drew the same and deposited the entire amount in Civil Deposit. The entire amount is lying in Civil Deposit awaiting withdrawal order from the State Government (April 2011).

Test check (November 2010) of records of the Sivasagar ZP revealed that though the CEO Sivasagar ZP requested (May 2010) for withdrawal of fund from Civil Deposit, the State Government did not permit the same and the amounts were still lying in Civil Deposit.

The order of the State Government is not tenable in audit as the amount is still lying in Civil Deposit for the last 13 months. Audit observe that by keeping the amount in Civil Deposit, on release from the State exchequer, the State Government avoided the liability of payment of interest on delay in release of grant.

➤ **Execution of ineligible works out of TFC grants**

Guidelines for utilization of local bodies grants recommended by TFC stipulated that grants should be utilized for Water Supply and Sanitation (WSS), creation of other income generating sources, creation of database, maintenance of accounts and O&M. Scrutiny of records of 5 PRIs test-checked in audit revealed that the PRIs in contravention of the above guidelines, spent ₹66.08 lakh on ineligible items. Details of such expenditure incurred are indicated in **Appendix 13**.

Thus, in violation of the guidelines, the expenditure of ₹66.08 lakh was incurred on ineligible items and defeated the purpose for which funds were provided.

The State HLC constituted to monitor proper utilisation of the grants also failed to control the expenditure incurred on ineligible works.

2.3 Short release of BRGF grants

Government of India, during the period from 2007-08 to 2009-10 released ₹134.86 crore to the backward districts in general areas. The Government of Assam (GOA), however, released only ₹106.31 crore during the same period, keeping the balance fund of ₹28.55 crore without any stated reason. Details of releases are indicated below in **Table-2.2**

Table-2.2

(₹ in crore)

Year	Opening balance	Fund released by GOI to GOA	Total fund with GOA during the year	Fund released by GOA to PRIs	Balance fund with GOA at the end of the year
2007-08	--	46.90	46.90	46.90	Nil
2008-09	--	46.90	46.90	Nil	46.90
2009-10	46.90	41.06	87.96	59.41	28.55
		134.86		106.31	28.55

2.4 Over payment of ₹1.00 lakh

The CEO, Darrang ZP withdrew ₹11.23 Lakh through two self cheques from TFC grant fund and paid in advance to a firm⁷ for supply of 370 sets of Hand Tube Wells (HTWs) in March 2007. No tender or quotation was invited to obtain the lowest and reasonable rate for HTWs prevailing in the market and the advance was paid to the firm without ascertaining the rate of per set of HTW.

Test check of records (July 2010) revealed that the firm submitted three bills/Cash memos for ₹10.23 lakh for 370 sets of HTWs but the balance of ₹1.00 lakh had not been recovered from the supplying firm. Thus payment of advance by the CEO without ascertaining the rate of HTW set resulted in an overpayment of ₹1.00 lakh.

2.5 Unproductive expenditure of ₹13.69 lakh

The CEO Sivasagar ZP purchased eight community based water purification system having capacity of 600 LPH-1000 LPH (Madhutara) at ₹15.64 lakh(@ ₹1,95,525 each) from a supplier⁸ in April 2008 from TFC grants 2005-06.

During test check (November 2010) the CEO failed to produce records in support of receipt, installation and functioning of the water purification systems. However, in reply to audit query 8 Anchalik Panchayats of Sivasagar district (out of eight) stated that they had received one item each from the ZP, but due to non availability of running water for functioning of the system, seven of these purifiers could not be installed since the date of receipt. Thus, due to lack of infrastructural facility required for installation, the expenditure of ₹13.69 lakh (₹1,95,525×7) incurred on procurement of 7 water purifiers

⁷ Kallash Trading, Guwahati

⁸ M/s. Supreme Enterprise, Guwahati

was rendered unproductive. This also frustrated the purpose of providing pure drinking water to the people of those Anchalik Panchayats.

2.6 Mahatma Gandhi National Rural Employment Guarantee Scheme (MNREGS)

2.6.1 Utilization of fund and provision of employment under MNREGA

The position of utilization of fund under the social sector scheme, MNREGA in general areas of the State during 2006-07 to 2009-10 as per progress report were as under in **Table 2.3.**

Table: 2.3: Utilization of fund under MNREGA

(₹ in crore)

Year	Total fund available	Expenditure	Closing balance	Percentage of utilization
2006-07	357.57	269.04	88.53	75.24
2007-08	570.84	320.77	250.07	56.19
2008-09	718.07	455.19	262.88	63.39
2009-10	1361.45	1033.90	327.55	75.95
Total	3007.93	2078.90	929.03	69.11

Though the investment increased about four fold since 2006-07, unspent balance under MNREGA stood at ₹929.03 crore as of March 2010. This indicated that 31 *per cent* of the available fund remains unutilized and in consequence the state could not create enough job opportunities for the employment seekers. The reason for non-utilisation of fund was not found on record.

The position of employment provided to the households during 2006-10 as shown in **Table 2.4** below:

Table: 2.4: Provision of employment under MNREGA

(Figure in lakh)

Year	Job card issued	Employment details		Employment generated in mandays	Household provided with 100 days employment	Percentage of household provided with 100 days employment	Average employment provided to each household (days)
		Demanded	Provided				
2006-07	4.99	3.88	3.83	NA	0.36	9.40	-
2007-08	11.69	9.55	8.98	206.79	1.02	11.35	23
2008-09	22.44	14.71	13.20	386.96	1.60	12.12	29
2009-10	36.12	21.39	21.00	416.56	1.30	6.19	20

Despite increase in investment in 2009-10 only 6.19 *per cent* of households were provided 100 days employment and average employment provided to each household during 2009-10 also decreased to 20 days only. Thus, the state also failed to utilize the fund optimally provided under the scheme and the objective of providing 100 days employment to every household demanding work, remain unfulfilled.

2.6.2 Non transfer of amounts unspent on closed schemes

As per guidelines of MNREGA, with the introduction of the scheme in a district, SGRY would cease to exist and unspent balances under SGRY would form part of fund under MNREGA. Test check of records of 15 PRIs as detailed in **Appendix-14**, revealed that unspent balances of ₹1.88 lakh under SGRY had not been transferred to MNREGS account.

2.6.3 Execution of work through construction committee without engaging job card holders under MNREGA

Para 5.4 of the guidelines of MNREGA provides that the ratio of wage costs to material costs should not be less than the minimum norm of 60:40 and wages of skilled labourers and mates should be included in the material cost. Para 5.2.5 of the guidelines further provides that contractors cannot be engaged in any manner in the execution of works. Execution of any work by construction committees had also not been prescribed in the guidelines.

Test check (July 2010) revealed that Darrang ZP could manage to maintain only 29.39 *per cent* wage ratio overall against the norms of 60 *per cent* during the year 2008-09.

Further, the ZP executed two schemes, *viz* (i) River protection of Kulsik river at hallow chowk near MLD Kalai Gram Rd. and (ii) Erosion protection at Salaipara Kalpani river near Ukhapathar under MNREGS 2008-09 through construction committees and paid ₹42.40 lakh to the committees on submission of bills by them. It was seen that the entire expenditure was incurred on materials by the committees without spending any amount towards wages. Although the provision for unskilled labour charge was made in the estimate, it was not quantified in terms of mandays with financial involvement.

As the works were executed through construction committees, the opportunities for employment of job card holders had been lost frustrating the objective of the scheme which intended to provide guaranteed wage employment to rural people.

Thus, the CEO/Darrang ZP failed to ensure wage employment to the employment seekers of the rural areas for which the scheme was envisaged. The matter was reported (August 2010) through inspection reports issued to the CEO/Darrang ZP and the Government of Assam, Panchayat & Rural Development department. Their reply is awaited (April 2011).

2.7 Sampurna Gramin Rojgar Yojana (SGRY)

2.7.1 Irregular utilization of SGRY fund of ₹31.27 lakh

Para 6.7.1 of SGRY scheme guidelines specifically provides that expenditure on buildings for religious purposes such as mosques, gurudwaras, churches, monuments, memorial statues, idol gate/welcome gate, bridges, building for HS Schools and Colleges, Black Topping of road *etc.*, are not permissible under the scheme.

Test check of records of Dhubri ZP revealed that ₹31.27 lakh were spent during the period 2006-07 to 2009-10 on construction of religious institutions like Mandir, Idgah field, college *etc* in contravention of the guidelines as detailed in **Appendix 15**. Thus, ₹31.27 lakh were spent out of SGRY scheme fund beyond the scope of the scheme.

2.7.2 Unauthorised expenditure of ₹1.30 lakh after closure of the programme

As per the instruction of the Government of India the unspent balance of SGRY as on 31 March 2008 because of closure of the scheme should be merged /transferred to MNREGS fund. But the Dhubri ZP incurred expenditure of ₹1.30 lakh between April 2008 to March 2009 *i.e.* after the closure of SGRY and introduction of MNREGS *w.e.f* 1st April 2008 without submitting the details of such expenditure.

2.8 District Development Programme (DDP)

District Development Programme (DDP) is a state sector scheme introduced in the year 2006-07. The fund for District Development Programme is provided under Grant No.56 Rural Development (Panchayat) in the State Budget and contains sectoral programmes of line departments executed at the district level. However, it is not a consolidation of all development plans of the district.

2.8.1 Doubtful expenditure of ₹20 Lakh under DDP

Rule 20 of Assam Panchayat (Financial) Rules provides that every payment should be supported by a voucher setting forth full and clear particulars on the claims and all information necessary for its proper clarification and identification of Payment.

Test check (July 2010) of records of the CEO, Darrang ZP revealed that the CEO accorded administrative approval in December 2008 for the scheme 'Distribution of cross breed cows with calf, construction of cowshed, utensils and training *etc.*, to 50 selected individual beneficiaries under DDP @ ₹40,000 as subsidy and ₹20,000 as Bank loan".

An implementation committee was constituted (December 2008) with President of the ZP as President of the committee and APO (T)⁹ of the ZP as Member, Secretary. A list of 50 beneficiaries was prepared by the President of the ZP without indicating the address and occupation of the people selected as beneficiary. As a result bonafides of the people selected could not be verified in audit. The procedure and basis of selection of beneficiaries by ZP were also not found on record.

Though, the total project cost approved for one unit was ₹60,000 (₹40,000 subsidy and ₹20,000 loan from bank), the APO (T) prepared an estimate of ₹40,000 which was technically sanctioned by the EE/DRDA, Darrang, ignoring the bank loan component.

Scrutiny revealed that the President of the implementation committee was paid ₹20.00 lakh (January 2009) against submission of 50 bills for ₹19,54,650 (@ ₹39,093 each showing supply of construction materials *viz* cement, brick, GCI sheet, utensils and one pair cross breed cows with calf) and ₹5,350 for carrying charge of cows from Guwahati to Mangaldai. No labour charges were claimed for construction of cow sheds.

However, the bills were submitted on plain paper and not supported with cash memos/delivery challans towards purchases of livestock, materials for construction of cow shed, utensils, road permit for transportation of livestock and acknowledgements from beneficiaries in support of receipt and utilization of materials.

Thus the failure of the CEO to ensure the bonafides of the beneficiaries, actual procurement of materials and livestock led to doubtful expenditure of ₹20.00 lakh on fraudulent payment against fictitious bills.

2.8.2 Unauthorized release of subsidy

Barpeta ZP took up a programme of Margin Money Assistance under the Commerce and Industries Sector which is one of the components under DDP 2007-08 involving

⁹ Assistant Project Officer (Technical)

₹1.00 lakh per beneficiary comprising 60 per cent Bank loan, 30 per cent Subsidy and 10 per cent Beneficiary contribution.

A list of beneficiaries furnished to audit (June 2010) revealed that 91 beneficiaries were selected under the programme with 70 per cent bank loan and 30 per cent subsidy, to be released by Barpeta ZP. There was no contribution from the beneficiaries concerned. Moreover, no record relating to arrangement with banks for provision of loans could be produced to audit. Commerce and Industries Department, Government of Assam, which is the administrative department for drawing up and implementation of the programme, was not approached at any stage right from the approval of the scheme upto the disbursement of the subsidy amount to the beneficiaries.

Scrutiny of records (June 2010) revealed that against the allocation of ₹30.00 lakh for 100 beneficiaries, an amount of ₹30.60 lakh in 102 cheques @ ₹0.30 lakh- each was disbursed to 101 beneficiaries (September 2008 to March 2009) without sanction of bank loan. One beneficiary¹⁰ was paid twice @ ₹0.30 lakh each. Details of payment are indicated in the **Appendix-16**.

Further, against the 91 selected beneficiaries, cheques (₹0.30 lakh each) were issued to 101 beneficiaries without any recorded reason. No additional list of 10 beneficiaries was also made available to audit.

Thus, the CEO Barpeta ZP in violation of the approved plan unauthorisedly released subsidy of ₹30.60 lakh without provision of loan and without obtaining beneficiary contribution. This included double payment of ₹0.30 lakh to one beneficiary and ₹3.00 lakh released to 10 persons not selected as beneficiaries.

2.9 Wasteful expenditure of ₹17.12 lakh on construction of hanging Pipe Bridge

As per para 2.32 of CPWD Manual Volume II, the authority competent to accord technical sanction of a work should satisfy that proper survey for the work has been conducted, technical and financial feasibility assessed, estimates are accurately calculated and based on adequate data and the work as a whole is structurally sound and sustainable.

Test check (August 2010) of records of the CEO, Tinsukia ZP disclosed that on demand from local people, who were isolated by Tirap river, well known for recurring flood,

¹⁰ *Shri Kamaleswar Baruah, S/o Shri Rampati Baruah of Ahompathar Village*

breach and erosion for several years, the Deputy Commissioner (DC), Tinsukia accorded (February 2005) administrative approval (A/A) for ₹12.95 lakh for construction of a hanging Pipe Bridge over river Tirap on Udoipur Phaneng Road. A fund of ₹12.12 lakh was mobilized from different sources viz, MLA-LAD scheme, IOC Ltd and Oil India Ltd. during the period from February 2005 to November 2006.

Again for construction of super structure of the bridge the DC accorded another administrative approval for ₹25.00 lakh in November 2006 and allocated ₹12.50 lakh from DDP fund. The entire fund of ₹24.62 lakh (₹12.50 lakh + ₹12.12 lakh) was paid by CEO, Tinsukia ZP to the Executive Engineer (EE) PWD, State Road Division, Tinsukia between March 2005 and March 2008 for execution of the work. The work started from March 2005 and as intimated (April 2008) by the EE, an expenditure of ₹17.12 lakh was incurred upto May 2007 towards driving of steel pipes, completion of substructure, fitting of bearing beams and Rolled Steel Joist (RSJ) superstructure.

From the outset the work was taken up in adhoc manner by preparation of different estimates for different stages of the work over a period of time, without consolidating into a detailed project report and without fixing a timeframe for completion of the work. Technical sanction from higher authority competent to sanction the work of such magnitude was also not obtained.

Scrutiny revealed that the steel bridge under construction was damaged by flood in July 2007 which washed away the substructure, bearing beams and RSJ of five of spans of the bridge. No restoration and repairing work was done. The EE, PWD, State Road Division stated (April 2008) that the length of the bridge was more than 90 metres and hence hanging bridge would not be feasible. Reason for taking up the work without assessing the feasibility of construction of a hanging bridge of that length was not stated.

It was noticed that load testing of superstructure and initial load test on the pile of the bridge were not conducted. Thus, due to injudicious decision of the PWD to take up construction of a hanging bridge without assessing the feasibility and sustainability led to wasteful expenditure of ₹17.12 lakh besides non fulfillment of objective of the work.

2.10 Irregular selection of beneficiaries under Indira Awas Yojana

The scheme envisaged selection of beneficiaries under Indira Awas Yojana (IAY) from the BPL list prepared on the basis of certain priority criteria fixed by the GOI, such as free bonded labour, Schedule Cast/Schedule Tribes (SC/ST) households who are victims of atrocities, SC/ST households having widows and un-married women, SC/ST households affected by natural and other calamities like riots and physically and mentally challenged persons *etc.*

Test check of records of approved BPL list with financial assistance provided to beneficiaries of 2 APs revealed that an amount of ₹19.13 lakh was spent for construction of houses for non-BPL beneficiaries during 2007-08 under IAY shown in table below:

Table 2.5: IAY assistance provided for construction of houses for non-BPL beneficiaries

Sl. No.	Name of AP	No of beneficiaries provided assistances beyond the purview of BPL lists.	Year	Amount Spent (₹ in lakh)
1	Gobardhana	69	2007-08	17.38
2	Hajo	7	2007-08	1.75
Total		76		19.13

It was seen from records that names of 69 beneficiaries selected under Gobardhana AP were not found in the BPL list and they were selected by the concerned Gram Panchayats without involving the Gram Sabhas. Seven beneficiaries selected under Hajo AP did not have BPL identification number and approval of Gram Sabhas in their selection was not obtained.

This shows lack of internal control in selection of beneficiaries in contravention of the guidelines of the scheme.

2.11 Unfruitful expenditure on creation of infrastructure under Swarnjayati Gram Swarozgar Yojana (SGSY) – ₹15.00 lakh

Project Director, DRDA, Kamrup sanctioned ₹15.00 lakh during 2002-03 under SGSY for construction of market shed at Goroimari for providing infrastructure support to Self Help Groups (SHGs). The construction of market shed was taken up by the Goroimari Development Block in January 2004 and was completed in May 2005 at a cost of ₹15.00 lakh. It was seen in audit (May 2010) that the entire created infrastructure could not be

put to use since completion in May 2005 due to illegal occupancy of the rooms of the market by a section of people. However the BDO served notice to vacate the rooms to illegal occupants only in March 2010 *i.e.* after a lapse of about 5 years. Thus, the BDO failed to initiate any action for utilization of assets created under SGSY for more than four years except serving one notice.

Due to non-utilization of assets created under SGRY for providing infrastructural support, the intended benefit of the scheme is frustrated and the expenditure turned to be fruitless.

2.12 Assam Value Added Tax (AVAT)

Assam Value Added Tax (AVAT) Act requires statutory deductions out of payments to contractors/suppliers. These statutory deductions should be credited to respective government account within specified period.

Test check of records in 13 PRIs revealed that they failed to deduct AVAT amounting to ₹12.11 lakh from contractors/suppliers bills during the period from April 2007 to November 2010.

Test check further revealed that 3 PRIs between February 2008 and March 2010 deducted AVAT ₹7.50 lakh from contractors/suppliers bills, but the same had not been deposited to government account as of December 2010.

Details of non deduction of AVAT as well as non deposit of AVAT are indicated in **Appendix-17 (A) & (B).**

2.13 Retention of GPF and GIS money in the Civil Deposit and bank account

Test check of records of CEOs of Tinsukia ZP and Sonitpur ZP (June and August 2010) disclosed that the Government of Assam, P&RDD, Dispur in March 2007 sanctioned ₹73.35 lakh and ₹87.28 lakh to the two ZPs respectively for payment of arrear pay and allowances to in service, provincialised Panchayat employees for the period from January 1996 to April 2001. Sanctions were accorded with the condition that arrear pay for the period from August 1998 to April 2001 would be drawn in cash and that for the period from January 1996 to July 1998 would be deposited under the Head 8443 Civil Deposit – 101 Revenue Deposit. The amount would be subsequently withdrawn from civil deposit with prior approval of Finance Department for depositing into GPF accounts of respective

panchayat employees on allotment of GPF account number from Accountant General. Details of amounts sanctioned, drawn and credited to civil deposit are shown in table below:

Table 2.6

(₹ in lakh)				
Name of ZP	Total amount sanctioned	Amount sanctioned for 1.8.98 to 30.4.2001 for payment in cash	Amount sanctioned for 1.1.96 to 31.7.98 for credit to civil deposit	Amount credited to civil deposit
Tinsukia	73.35	51.58	21.77	21.77
Sonitpur	87.28	65.94	21.34	20.93
Total amount credited to civil deposit				42.70

Reason for less deposit of ₹0.41 lakh by the CEO, Sonitpur ZP was due to less release by the department.

Although the AG (A&E), Assam allotted GPF Account numbers to all the provincialised employees of these two ZPs by June 2008, the amount of ₹42.70 lakh had not been deposited in their respective GPF account and locked up in civil deposit for more than two years.

Test check further revealed that Tinsukia ZP deducted ₹13.06 lakh and ₹0.59 lakh from salary of 96 provincialised panchayat employees during June 2008 to February 2010 in respect of General Provident Fund (GPF) account and Group Insurance Scheme (GIS) respectively. The amounts were not credited to individual GPF and GIS accounts of employees till June 2010 and the total deducted amount of ₹13.65 lakh was unauthorizedly kept in current bank account without any recorded reason. Retention of money in current bank account without credit to concerned GPF and GIS accounts put the Government in avoidable financial liability of ₹13.65 lakh along with interest accrued thereon.

The matter was intimated to the Panchayat & Rural Development Department and the Finance Department through inspection report of Tinsukia ZP in July 2010 and that of Sonitpur ZP in August 2010. No reply received from their end till date (April 2011).

2.14 Conclusion

- Non adherence to standing rules and instructions and laxity in collection resulted in loss of revenue both to PRIs and Government.
- Execution of works in contravention to schematic guidelines and without ascertaining the feasibility of works resulted in unauthorized, unproductive, wasteful and unfruitful expenditure.
- Implementation of schemes disregarding the prime objectives and instructions as laid down by government diluted the very purpose of the scheme, poor monitoring and supervision by higher authority impeded the transparency in the implementation.
- Despite increase in investments, under MNREGA the State could not create enough job opportunities for rural people and 31 per cent of available fund remained unutilized. Provision of employment declined in 2009-10 in comparison to previous year.

2.15 Recommendations

- Awareness and adherence to the standing rules and regulation as well as regular monitoring will help to augment collection of revenue.
- Works should be properly planned ensuring the feasibility and in accordance to the guidelines to derive out the intended results.
- Regular monitoring, supervision and evaluation are required by higher authorities to bring the transparency in execution of schemes. Guidelines and instructions issued by government should strictly be adhered to.

CHAPTER – III

TRANSACTION AUDIT OF URBAN LOCAL BODIES

3.1 Revenue Receipts and results of Audit

The revenue receipts of an Urban Local Body (ULB) comprise of receipt from its own resources (tax and non-tax revenue), State Finance Commission Grants, Grants and Loans from Governments and loans from Financial Institutions. The performance of ULBs in the State in the matter of increasing own revenue from sources allocated to them had been dismal. The resultant inadequacy of funds prevented them from discharging even their obligatory functions. The deficiencies in management of resources, loss due to non-assessment, short/non-realization of dues and charges *etc.*, noticed during audit are discussed in the succeeding paragraphs.

3.1.1 Outstanding Holding Tax

As per Section 68 of AMA Act, 1956, ULBs are empowered to impose holding tax. Section 106 of the Act provided that when a tax, toll or fee remain outstanding exceeding three months after it has become due, the ULBs shall issue a bill along with a notice of demand to the person who is liable for payment. The position of outstanding holding tax and collection including arrears in respect of seven ULBs is shown in table below:

Table 3.1 Outstanding Holding Tax

							(₹ in lakh)
Sl. No.	Name of ULBs	Year	Amount of holding tax due including arrears	Collection including arrears	Outstanding	Percentage of collection	
1	North Guwahati TC	2002-10	32.38	3.52	28.86	10.87	
2	Lakhipur TC	2007-10	5.42	1.19	4.23	21.95	
3	Pathsala TC	2004-10	28.93	8.63	20.30	29.83	
4	Doboka TC	2002-10	14.77	1.01	13.76	6.83	
5	DerGram MB	2003-10	9.65	4.42	5.23	45.83	
6	Dibrugarh MB (collection during 2009-10)	2003-10	235.10	--	235.10	--	
7	Guwahati MC (For 3 zones out of 6)	2009-10	1191.04	891.90	299.15	74.88	
Total			1517.29	910.67	606.63	60.01	

During 2002-10 only 60.01 *per cent* of outstanding holding taxes could be collected thereby further increasing the outstanding amount at the close of the year.

The ULBs did not take necessary steps for identification of defaulters, issuance of bill and notice of demand as provided in the Act. Thus, due to lack of efforts in collection, the arrears accumulated to ₹6.07 crore (March 2010) in respect of all seven test checked ULBs. As stated by the chairman of the ULBs the main reason for poor collection was litigation in courts relating to assessment of property Tax, non-payment of user charges by the State Govt. The reply of chairman is not tenable in the absence of issuance of demand notice by the ULBs.

3.1.2 Loss of ₹25.94 lakh due to remission of kist money

Test check revealed that Tinsukia MB and Lakhipur TC allowed remission in settled value of kist money to be collected from the lessee during the period 2007-08 to 2009-10 without recording any satisfactory reason thereof. This resulted in loss of revenue to the tune of ₹25.94 lakh (Tinsukia MB ₹18.81, Lakhipur TC ₹7.13 lakh) detailed in **Appendix-18**.

3.1.3 Outstanding taxes on Government buildings

Taxes due against Government Buildings were payable by the concerned departments of the State Government. In Guwahati Municipal Corporation, ₹2.53 crore was outstanding against Government Buildings as on 31st March 2010. The Corporation made no efforts to recover the dues from concerned departments/authorities of the State Government.

3.1.4 Outstanding license fee and room rent

(i) Trade license fee:

Test-check of records and statement of outstanding demand and collection of trade license fee submitted to audit by 7 ULBs revealed that demand including arrear demand of ₹6.83 crore was raised in the year 2009-10 being the trade license fee, out of which ₹5.94 crore was collected and ₹0.89 crore was outstanding as on March 2010 as shown in table below:

Table 3.2: Outstanding Trade License fee

(₹ in lakh)						
Sl. No.	Name of ULB	Period	Total demand including arrears	Collection including arrears	Outstanding	Percentage of collection against demand
1	North Guwahati TC	2002-10	5.43	0.23	5.20	4.23
2	Lakhipur TC	2007-10	5.74	0.79	4.95	13.76
3	Pathsala TC	2004-10	5.10	2.04	3.06	40
4	Doboka TC	2002-10	4.49	0.46	4.03	10.24
5	Dibrugarh MB	2003-10	36.98	34.41	2.57	93.05
6	Guwahati MC (For 3 zones out of 6)	2009-10	530.19	464.65	65.54	87.64
7	Tinsukia MB	2002-10	95.19	91.79	3.40	96.42
		Total	683.12	594.37	88.75	87

(ii) Room rent from markets

Similarly, demand of ₹1.62 crore, being the room rent of markets, was raised by three ULBs during the period 2005-10. However against the demand, only ₹95.10 lakh was collected and ₹66.74 lakh was outstanding as on March 2010 as shown in table below:

Table 3.3: Outstanding Room Rent from market

(₹ in lakh)					
Sl. No	Name of ULB	Period	Demand	Collection	Outstanding
1	GMC	2005-10	71.53	55.76	15.77
2	Tinsukia MB	2007-10	86.24	35.53	50.71
3	Lakhipur TC	do	4.07	3.81	0.26
		Total	161.84	95.10	66.74

Due to short realization of tax there was a decrease in the fund available with the ULBs for providing essential services to the people. Action taken to realize the dues was not on record.

3.1.5 Loss of Government Revenue due to awarding of lease without stamp paper

As per rules and procedure framed under section 148 and 301 of Assam Municipal Act, 1956, for sale of pounds and markets by Municipal Boards and Town Committees, the successful bidder immediately on acceptance of the bid, shall deposit with the ULB concerned not less than twenty five *per cent* of his quoted amount as security and accept a

duly stamped lease. The ULB shall provide the form of lease and stamp paper (@ three per cent of quoted amount) at the concerned lessees cost.

Test-check of records of four ULBs revealed that despite provisions made in rules, markets were leased out during 2002-10, without utilizing stamp papers. Thus the State Government suffered a loss of revenue of ₹9.68 lakh during 2002-10 as shown in table below:

Table 3.4: Loss of government revenue due to awarding lease without stamp paper

(₹ in lakh)					
Sl. No.	Name of ULB	Period	Settled value	Cost of stamp paper	No of hat/Ghat
1	Biswanath Chariali TC	2002-09	114.71	3.44	6
2	DerGram MB	2003-10	87.40	2.47	4
3	Pathsala TC	2004-10	70.40	2.06	1
4	Lakhipur TC	2007-10	56.98	1.71	4
Total			329.49	9.68	

3.1.6 Short realisation of Kist Money

As per Section 148 of the AMA, 1956, the ULBs are required to recover kist money from the lessees/ bidders. Test-check of three ULBs revealed that the lessees/ bidders defaulted in payment of kist money and ₹23.02 lakh was yet to be realised from the lessees/bidders as shown in table below:

Table 3.5: Short realisation of kist money

(₹ in lakh)						
Sl. No.	Name of ULBs	Period	No. of market/ mahals	Realisable kist money	Realised	Outstanding
1	Doboka TC	2007-10	NA	40.29	30.66	9.63
2	Dergram MB	2003-10	4	87.40	80.52	6.88
3	Biswanath Chariali TC	2003-09	6	42.76	36.25	6.51
Total				170.45	147.43	23.02

ULBs, however, did not serve periodical demand notice to the lessees for realization of quarterly installments of leases. They did not take any action to cancel the leases and invite fresh bids. This was indicative of lack of initiative and poor internal control.

3.1.7 Short/Non-accountal of revenue receipts

As per Rule 32 of the Assam Municipal Account Rules, 1961 all money received on the account of the Municipal Board shall be remitted with the least possible delay into the treasury/ bank and shall no account be appropriated towards expenditure.

During audit it was found that in contravention of the above rule, four ULBs did not remit ₹1.79 lakh of collected money as shown in table below:

Table 3.6: Short/ non- accountal of revenue receipts

(₹in lakh)

Sl. No.	Name of ULB	Name of fund	Period	Amount not accounted for	Reason/ Remarks
1	Bakalia TC	Own fund	2008-10	0.79	₹9.14 lakh recorded in the cash book out of total collection of ₹9.94 lakh
2	North Guwahati TC	-do-	2007-08	0.47	Not deposited by tax collector
3	Lakhipur TC	-do-	2008-09	0.11	-do-
4	Guwahati Municipal Corporation	-do-	do	0.42	-do-
Total				1.79	

Due to non-accountal of money by the collectors, possibility of mis-utilisation of revenues could not be ruled out.

3.1.8 Loss of ₹55.08 lakh due to non- settlement of lease rent

The Commissioner of Guwahati Municipal Corporation (GMC) issued an order (May 2008) stopping the settlement (on lease) of the markets on the ground of non-receipt of Government approval for modified bye-laws. As such, during 2008-09 and 2009-10 the markets were not settled on lease and collection of toll from these markets was made departmentally. As per information furnished, ₹34.68 lakh and ₹40.92 lakh were collected departmentally during 2008-09 and 2009-10 respectively, which were much less than ₹65.34 lakh collected through lease settlement during 2007-08. GMC authority, however, could not state the reason for non-settlement of lease rent of the markets under the existing bye laws.

Thus, due to non-settlement of lease of GMC markets, the Corporation incurred a loss of revenue to the extent of ₹55.08 lakh as shown in table below: -

Table 3.7: Loss due to non-settlement of rent

Year	Amount settled and collected during 2007-08 (₹)	Total collection achieved departmentally (₹)	Loss in terms of amount settled during 2007-08 (₹)
2008-09	65.34 lakh	34.68 lakh	30.66 lakh
2009-10		40.92 lakh	24.42 lakh
			55.08 lakh

3.1.9 Non revision of annual valuation of property

As per section 150 of the GMC Act, 1971, assessment of property tax is done on the basis of Annual Rental Value (ARV)¹¹ of a property. Section 159 of the Act provides that it shall be in the discretion of the Commissioner, GMC to prepare for the whole or any part of the city a new assessment list every year or to adopt the rateable value and assessment contained in the list for any year.

The first general assessment of property tax was done by the GMC in 1979-80. The first attempt to re-assess in this regard was taken up precisely after 21 years in 2000-01 when the State Government had increased the ARV of each building at an average of ₹50,000 to ₹2,00,000. However that could not be implemented due to stiff public resistances on the ground that basic amenities were not provided by GMC. Hence, it was partially implemented in case of new constructions only. The Third Assam State Finance Commission (TASFC) in its report (March 2008) recommended that the GMC should take immediate steps to improve the quality and extent of its civic services and convince the rate payers to pay property taxes at enhanced rates as assessed in 2000-01. Though the State Government accepted the recommendation in September 2009, no effort has been initiated by the GMC to enhance the property tax as recommended.

While the real estate prices in the city have gone upto 200 to 300 times¹² over past three decades, GMC's tax collection is still based on assessments made 30 years ago resulting in recurring loss of huge chunk of revenue.

¹¹ ARV is the annual rent at which such buildings or building might reasonably expected to be let out.

¹² TASFC report dated March 2008.

3.2 Management of CPF Accounts by Guwahati Municipal Corporation

3.2.1 Outstanding liability of ₹30 .56 crore

Guwahati Municipal Corporation (GMC) introduced (January 1993) a Contributory Provident Fund (CPF) scheme for the employees under the regular establishment of GMC who have completed one year of continuous service. The GMC has at present 2772 staff all of whom were brought under the CPF scheme.

Under the present system of operation, 12 *per cent* collected by deduction from salary of all regular employees along with equal share of employer's contribution are required to be credited to the fund account at the bank in the name of commissioner, GMC.

Test check (August- September 2010) revealed that the GMC had an outstanding liability of ₹30.00 crore towards CPF accounts upto the period prior to 2008-09. In 2008-09 against the total required deposit of ₹2.54 crore¹³, the GMC deposited ₹1.98 crore only, thereby short depositing ₹0.56 crore for the year 2008-09. Thus, as on March 2009 the GMC had an outstanding liability of ₹30.56 crore towards CPF accounts.

However, the GMC is maintaining the CPF accounts showing regular credits to individual ledger account of employees without actually crediting the required fund. As on March 2009 the individual ledger account of employees stood at ₹31.52 crore which included ₹30 .56 crore not deposited by GMC.

3.2.2 Diversion of ₹ 4.00 crore from CPF money towards payment of salary

Guwahati Municipal Corporation during 2004-07 utilised ₹4.00 crore from the Contributory Provident Fund towards payment of salary during the period January 2005 to November 2006.

No effort has been taken by the GMC to recoup the amount to the CPF accounts till the date of audit (September, 2010). The payment of salary from CPF accounts by GMC was unauthorised.

¹³ ₹1.27 crore deducted from salary of the employees plus equal amount of ₹1.27 crore being the employer's share of contribution.

3.2.3 Non-reconciliation of accounts of CPF with the bank statement

Non-reconciliation of accounts of CPF with the bank statement by the GMC made the accounts even more unreliable. The closing balance as on 31 March 2010 as per bank account of the CPF was ₹39.41 lakh against the balance of ₹24.80 lakh depicted in the Cash book indicating a difference of ₹14.61 lakh. The difference of ₹14.61 lakh could not be analysed and verified in audit for want of detailed analysis of closing balance in the Cash book and non reconciliation of cash book balance with bank account facilitated short/non-accountal in the cash book

3.2.4 Less deposit of CPF contribution of ₹25.77 lakh to the employees account

Test check (May 2010) of records of Dibrugarh Municipal Board revealed that the Board authority deducted the CPF contribution of employees @ minimum of 6.25% from the pay of the employees per month which, along with equal share of the employer was required to be deposited in the individual CPF account of the General Staff and labour staff of the Board.

However, the Board had deposited less than the due amount to the CPF account of the employees and labour staff as shown in table below:-

Table 3.8

Year	Amount of employees share deducted (₹)	Amount of employer's due share (₹)	Total amount due to be deposited (₹)	Amount deposited (₹)	Less deposited (₹)
03-04	308134	308134	616268	490000	126268
04-05	362517	362517	725034	468000	257034
05-06	219930	219930	439860	402000	37860
06-07	437454	437454	874908	464000	410908
07-08	586995	586995	1173990	476000	697990
08-09	516184	516184	1032368	498000	959278
	212455	212455	424910		
09-10	279952	279952	559904	472000	87904
Total	2923621	2923621	5847242	3270000	2577242

Thus, the Board failed to deposit the due amount in the CPF account of the employees since 2003-04 till 2009-2010.

3.3 Implementation of Schemes

3.3.1 Unauthorised expenditure of ₹4.58 crore including extra avoidable expenditure of ₹4.18 crore under JNNURM

Note below para-7 of the guidelines for projects of Jawaharlal Nehru National Urban Renewal Mission (JNNURM) on Basic Services to the Urban Poor (BSUP) provides that land cost will not be financed except for acquisition of private land for schemes/projects in the North Eastern State or hilly states.

Test check (August-September 2010) revealed that the GMC purchased a plot of land measuring 20 bigha 1 katha 15 lessa¹⁴ from the GMDA¹⁵ at a cost of ₹4.58 crore for construction of 1028 dwelling houses for urban poor at Amin Gram under BSUP phase-II (JNNURM) and paid ₹3.00 crore in February 2010. The balance amount of ₹1.58 crore would be paid after receipt of the 2nd instalment of fund. The land record showed that the GMDA was holding the patta of the land on behalf of the Government of Assam.

Since the land belonged to Govt, the entire payment of ₹4.58 crore (including committed liability of ₹1.58 crore) was in violation of guidelines of JNNURM.

Test check further revealed that the gross valuation of the said land was actually assessed (July 2009) by the Deputy Commissioner (DC), Kamrup district at ₹39.43 lakh only (@ ₹1.94 lakh per bigha), based on registered sale deeds of that time in that locality, but the GMC agreed to the valuation adopted by the GMDA at ₹4.58 crore @ ₹22.5 lakh per bigha assessed by a private valuer in December 2009, which was stated to be based on prevailing market rate. The GMC did not insist on the value assessed by the DC and accepted the demand of GMDA for payment of the value of land at the higher rate.

Thus, besides unauthorised purchase of land, in violation of the JNNURM guidelines, the GMC also ignored the value assessed by the DC and accepted the higher rate assessed by a private valuer. This resulted in increase in project cost by ₹418.44 lakh (₹457.87 lakh – ₹39.43 lakh) which could have been avoided and better utilised for construction of more units of dwelling houses to cover more urban poor.

¹⁴ 20 bigas = 2,88,000 sq. ft.
 1 khata = 2,880 sq. ft.
 15 lessas = 2,160 sq. ft.
 Total = 2,93,040 sq. ft.

¹⁵ Garwahati Metropolitan Development Authority

3.3.2 Undue financial benefit to contractors and loss of interest

According to para 31.6 of CPWD works Manual 2003, Mobilisation Advance (MA) to contractor is admissible in respect of certain specialized and capital intensive works costing not less than ₹2.00 crore and restricted to 10 *per cent* of the estimated cost or tendered value or ₹1.00 crore, whichever is less, at 10 *per cent* simple interest on the outstanding Mobilization Advance.

With the objective to provide shelter, basic services and other related civic amenities to the urban poor, the GMC undertook to construct dwelling houses for slum dwellers under the BSUP under JNNURM during the year 2008-09 and 2009-10.

Although, no provision was made for MA in the NIT (Notices Inviting Tender), the GMC authority in pre-bid meetings, agreed to pay 10 *per cent* MA on the contract value of work with the condition that in no case the work shall be delayed due to non-release of MA in time and paid interest free MA in excess of prescribed limit by ₹8.84 crore as shown in table below:

Table 3.9: Payment of Interest free MA in excess of prescribed limit

(₹ in crore)

Name of project	No. of units	Name of contractor	Contract value/ estimated value (₹)	Prescribed limit of MA (₹)	MA paid (₹)	MA paid in excess of prescribed limit (₹)	Date of payment
1) BSUP Phase-I i) Package-I	Fatashil-1104	Nymi Enterprise Pvt. Ltd.	51.80	1.00	5.18	4.18	26.2.09
ii) Package-II	Morashali – 64 Solapara – 64	Hirise Inf. Pvt. Ltd.	7.50	0.75	0.91	0.16	25.8.09
2) BSUP-II	AminGram-1028	Nymi Enterprise Pvt. Ltd.	54.94	1.00	5.49	4.50	29.1.10
Total :			114.24	2.75	11.58	8.84	

Test check (July-September) further revealed that the progress of work was not satisfactory and the GMC suffered a financial loss of ₹1.08 crore, as shown in table below, on interest on outstanding MA due to non incorporation of interest clause while agreeing for MA to the contractors.

Table 3.10

Name of project	No. of units	Progress	Due date of completion	Delay	Reasons for delay	Interest on outstanding MA (₹ in lakh)
Phase-I/ Package-I	Fatashil-1104	85% of civil work for 352 units and 20% for 752 units	26.5.10	4 months	Bad site condition and difficulties in shifting the slum dwellers	63.70
Phase-I/ Package-II	Morashali - 64	30% of civil work	9.8.10	1 ½ months		10.40
	Solapara - 64	No progress	9.8.10	1 ½ months	Site not handed over to contractor	
Phase-II	AminGram-1028	80% of site development work only	25.7.11	-	Difficulties in eviction of unauthorized occupants in the site	33.46
Total						107.56

The contractor for Phase-I/Package-II was paid MA for the whole package i.e. 64 unit at Morasali and 64 unit at Solapara. But the contractor was retaining the amount of MA without doing any work at Solapara.

The reason for delay, as per record, was due to bad site condition and difficulties in shifting the slum dwellers in case of Phase-I and eviction of unauthorized occupants from the site in case of Phase II. However, the reason for delay was not tenable as the contract agreement stipulated that:

- i) the contractor should clear the area covered by slums,
- ii) accommodate the slum dwellers residing in the work site into temporary structure and
- iii) the difficulty in shifting of slum dwellers to temporary accommodation, if any, shall in no case cause any delay in execution of work.

Thus, the contractors were unduly benefited by ₹8.84 crore by way of paying excess mobilization advance over the prescribed limit. There was also a loss of ₹1.08 crore on account of non-imposition of interest on mobilization advance.

3.3.3 Diversion of TFC Grants of ₹1.64 crore

Guwahati Municipal Corporation, during the period from June 2006 to April 2010, received ₹8.18 crore for the years 2005-06, 2006-07 and 2007-08 under the awards of the

Twelfth Finance Commission (TFC) for the purpose of maintenance of accounts, creation of database on finances of GMC and Solid Waste Management. GMC, between June 2006 and August 2010, incurred total expenditure of ₹5.00 crore of which ₹1.64 crore (32.80% of the total expenditure of ₹5.00 crore) was spent not for the purposes for which it was sanctioned, violating the provisions of the guidelines for utilization of TFC grants. Details of such inadmissible expenditure are shown in the **Appendix-19**.

3.4 Incomplete work

Government of Assam, Guwahati Development Department accorded (February 2005) Administrative Approval for an amount of ₹6.00 crore for the work Strengthening/Restoration of existing water supply system of Guwahati Municipal Corporation (GMC) and sanctioned ₹6.90 crore during the period February 2005 to February 2008 for implementation of the scheme. Further, Administrative Approval for ₹1.00 crore was accorded in February 2008.

The work was awarded (October 2005) to Kirloskar Brothers Ltd. (KBL), Kolkata at the negotiated rate of ₹7.00 crore against the lowest rate tendered by the firm at ₹7.85 crore. The firm was paid mobilization advance of ₹3.15 crore (during October & December 2005) in two installments as was agreed upon during negotiation. The work was to be completed within 15 months *i.e.* by January 2007. However, the time schedule was extended to February 2008 at the request of the contractor.

The firm, however, did not execute the work even as per extended schedule and repeatedly requested for further extensions. Finally the firm left the work incomplete (July 2010) and requested the GMC authority to complete the work departmentally. GMC authority had not taken any action on the repeated failure of the firm to complete the work. The work remained incomplete as of September 2010.

The firm was paid ₹6.62 crore upto the 10th running account bill (April 2006 to March 2010) after adjustment of ₹2.98 crore out of ₹3.15 crore paid to the firm as mobilisation advance leaving an amount of ₹0.17 crore unadjusted.

Though the firm continuously delayed execution of the work and did not complete even within the extended schedule (February 2008), the GMC authority did not take action to

terminate the work and get the balance work done by another contractor. Thus due to laxity of the GMC authority, the work, which was scheduled to be completed in January 2007 still remain incomplete after a lapse of 3 ½ years, though an investment of ₹6.62 crore was made on the work in the meantime.

3.5 Time and Cost over run of 19 years and ₹4.87 crore respectively in construction of market cum office complex at Fancy Bazar.

The Work of Multi storied Market cum Office complex at Fancy bazaar, Guwahati, was awarded in January 1990 to Flowmore Construction Co. of Guwahati at ₹2.15 crore to be completed by 15 April 1991. The firm started the work in April 1990, but after construction of foundation and basement for ₹1.19 crore, left the work without any recorded reason. Subsequently, the contract was terminated in July 1992. The balance work was awarded to another contractor in September 1992, at his tendered rate of ₹3.63 crore. As per work order (November 1993), the work was to be completed within 18 months *i.e.* April 1995.

The work, awarded to the 2nd contractor, was stopped repeatedly and dragged on for over 16 years on the plea of non-payment of running account bills although the contractor was provided with mobilization advance of ₹19.63 lakh awaiting adjustment from the running account bills. The work did not resume after execution of civil works upto 1st floor only till December 2004. During the period the work remained stopped; the contractor submitted 25 running account bills and was paid ₹3.82 crore (upto June 2008) against value of works done.

The balance work for the 2nd floor, awarded to M/s Rangadeo Associates, was stipulated to be completed by 15 August 2008. However, the work was still in progress (September 2010) and the contractor was paid for a total value of work for ₹1.33 crore upto 6th RA bill as on July 2010.

There were persistent delays in execution of the work due to fund constraints and lack of control of the GMC as analysed below:

- Though the work was approved by the State government, specific provision for budgetary allocation for funding of the project was not made. Funds were provided from different sources without any continuity. Thus uninterrupted flow

- of fund was not ensured and as a result the work suffered from recurring interruptions.
- The works were not commenced within the target dates of 15 days from the date of issue of work orders. Both first and second contractors delayed commencement of the work by 3 months and 8 months respectively from the target dates without any reason, but the Corporation failed to terminate the contract and forfeit the earnest money invoking clause 2 of the agreement which provided for rescission of the contract in case of such delay. Thus, the conditions set in the contract were not scrupulously observed and imposed on the contractors.
- While executing the contract agreement, the provision of terminating the work and getting the balance work done through another contractor at the risk and cost of the existing contractors stopping the work, was not incorporated. Resultantly the contractors frequently stopped the work without any fear of paying any penalty.
- Mobilization advance was granted without setting any condition for uninterrupted execution of work. The interest of the GMC in executing the work of public interest had not been safeguarded even after substantial investment.

Thus, due to failure of the GMC in ensuring continuous flow of fund and exercising control over timely execution and completion within the stipulated date, the work due for completion in April 1991, continued to be dragged on for 19 years and yet remain incomplete (September 2010). The total cost of the work including the two incomplete works amounting to ₹7.02 crore (₹1.19 crore + ₹3.82 crore + ₹2.01 crore) overran the original cost by ₹4.87 crore (₹7.02 crore - ₹2.15 crore).

Before taking up any project or work GMC should ensure that there is continuous flow of fund, sufficient safeguard in execution of contract agreement and there is no lapse in control mechanism in overseeing the execution of work.

3.6 Blockade of fund amounting to ₹25.84 lakh

The Executive Engineer PWD (R), Guwahati State Road Division paid (January 2004) ₹19.16 lakh to GMC for shifting of pipeline at Athgaon Level Crossing on AT Road where a flyover was being constructed by PWD.

The GMC could not execute the work as the PWD had constructed footpaths below the flyover and eventually there was no space left to shift the water supply line. As there was no scope for execution of the work, the amount was refundable to PWD. The GMC authority, instead of the refund, kept the entire amount in fixed deposit earning an interest of ₹6.68 lakh as on 31 March 2009. The PWD, Road Division Guwahati did not pursue the matter to get back the money from the GMC, rather requested the Commissioner, GMC to issue a work completion certificate for the non-executed work.

No refund was made by the GMC till the date of audit (October, 2010) leading to blockade of funds of ₹25.84 lakh, including interest amount of ₹6.68 lakh in form of fixed deposit.

3.7 Unfruitful expenditure of ₹2.41 crore

Test check (September 2010) of records of Patshala Town Committee (TC) revealed that a work of storm water drainage (Ph-1) at a total cost of ₹4.65 crore under urban infrastructural development scheme for small and medium town (UIDSSMT) was taken up for protection of existing road from water logging and clearance of water of the town.

The work was awarded (June 2008) to three contractors at a tendered value of ₹4.65 crore with a stipulation to complete the work within 6 months (November 2008). The contractors commenced the work in June 2008, but the progress of work suffered at different stretches of the drain passing through private land involving a total length of 300.24 meter due to obstruction and the land owners demanding payment of compensation. The TC did not make any provision in the Detail Project Report (DPR) for acquisition of land for the proposed drain and as such the TC failed to hand over the land for those stretches of the drain to the contractors on account of the land dispute.

Finally as requested by the contractors, the TC measured the finished portion of work and paid ₹2.41 crore to contractors in October 2009.

The chairman, TC requested (April 2010) the DC, Nalbari to take necessary action for acquisition of those stretches of land for the unfinished drain, but information collected subsequently revealed that the same could not be acquired till November 2010.

Due to non-construction of the drain at different stretches for land dispute, the work remain incomplete and drain water continue to overflow the existing road submerging it during heavy rains.

Thus due to execution of work without ensuring clearance of site on the way of the drainage system led to the work remain incomplete after an expenditure ₹2.41 crore without achieving the intended objective.

3.8 Idle outlay of ₹32.31 lakh on construction of bus terminus

Test check of records (June 2010) of Dibrugarh MB revealed that the MB incurred expenditure of ₹32.31 lakh on construction of Muralidhar Jalan Public bus terminus (MJPBT) at Dibrugarh during December 2006 to September 2008 under IDSMT. However, no DPR for the work was available on record.

Though the bus terminus was made functional (September 2008), records of utilisation of the bus terminus by the bus owners/operators and the number of buses utilizing the facility were not available with the Municipal Board. Revenue if any, earned from the MJPBT since it was made functional also could not be confirmed by the Municipal Board.

The bus terminus is therefore, lying idle without earning any revenue for the last one year eight months since it was made functional. Reason for non-utilisation of the bus terminus also could not be stated.

It was seen from records that other infrastructural facilities like waiting room, canteen, toilets and washrooms, restrooms, drainage *etc.*, for convenience of the passengers and operators were not created. In the absence of DPR it could not be ascertained whether provisions for these facilities were made.

Thus, the MB took up the work without proper planning and suitability of the site, accessibility of area and its connectivity, provisions for ancillary facilities, *etc.* were not considered and as a result the infrastructure created under IDSMT remain unutilized.

The chairman Dibrugarh MB in reply (January 2011) furnished following reasons for non function of the bus terminus:

- A master plan needed to be prepared and steps are being taken for the purpose.
- Some infrastructure needed to be provided and a scheme for construction of toilet has been approved and work will start shortly.
- A drainage network is needed to be provided for draining out rain water.

It was also stated that help of the district administration is needed for utilization of the terminus by the buses.

3.9 Miscellaneous

3.9.1 Avoidable expenditure on surcharge on electricity bills of ₹73.90 lakh

Schedule of tariff of Assam State Electricity Board (ASEB) provides that bills for consumption of electrical energy is to be paid in full within the due date as mentioned in the bill and in case of failure to pay the bill within due date, two *per cent* surcharge is to be levied for each 30 days of successive period of default or part thereof.

Test check of records (October 2010) of GMC, revealed that against the outstanding energy bill of ₹481.38 lakh as of March 2009, being charges of energy consumption (₹334.08 lakh) and surcharge (₹147.81 lakh) of GMC, the General Manager (Com-Rev), ASEB, Guwahati restricted the outstanding dues of energy consumption charges to ₹470.93 lakh (Principal ₹334.08 lakh and Surcharge ₹73.90 lakh) after allowing waiver of 50 *per cent* surcharge with a condition to pay the dues in one instalment within April 2009.

The GMC after adjusting the outstanding property tax of ₹223.02 lakh (2005-09) payable by the ASEB to GMC, paid the balance amount of ₹184.96 lakh (Principal ₹111.05 lakh and surcharge ₹73.90 lakh) to ASEB from General fund of GMC in April 2009. Due to non-payment of electricity bills by due date the GMC had to pay surcharge amounting to ₹73.90 lakh which could have otherwise been avoided by paying the bills within due date.

3.9.2 Unauthorized expenditure

Government of Assam Finance (Economic affairs) Department released ₹16.44 crore in January 2009 to GMC for payment of salary to the GMC employees for the period from

April to September 2008 under the award of Third Assam State Finance Commission (TASFC) during 2008-09.

As per conditions attached to the sanctions, funds should be utilized for payment of salary only and not to be diverted for other purposes including payment of bonuses to the employees and the commissioner GMC was required to submit expenditure statement after drawl of salaries to the SFC Cell under Finance (Economic affairs) Department.

Test check of records of GMC (October 2010) revealed that against release of ₹16.44 crore, an amount of ₹70.00 lakh was spent towards payment of bonus to GMC employees for the year 2007-08. The commissioner GMC however, did not submit the expenditure statement to the sanctioning authority.

The sanctioning authority, without verifying compliance of conditions in the earlier sanction letter, again released ₹19.63 crore in September 2009 through transfer credit to GMC towards expenditure against payment of salary of GMC employees for the period from April 2009 to September 2009 and out of the amount the commissioner GMC spent ₹50.37 lakh towards payment of energy bills.

Thus, ₹1.20 crore (₹70.00 lakh + ₹50.37 lakh) was diverted from the salary grants to meet the expenditure on payment of bonus to staff and energy bills violating the conditions stipulated in the sanctions.

Failure of the sanctioning authority to watch over the conditions of sanctions, funds released for specific purposes continued to be diverted without any exercise of control.

3.9.3 Non adjustment of advances of ₹1.37 crore

Test check of Advance register (September 2010) maintained by GMC revealed that ₹1.37 crore remained unadjusted being the advances paid to employees, suppliers, contractors and engineers for various purposes from General Fund is shown in table shown below:

Table 3.11: Un-adjusted advances

Year	Amount of unadjusted advances (₹)
Prior to 2007-08	43,00,224
2007-08	46,13,594
2008-09	19,18,619
2009-10	28,89,531
	1,37,21,968

The advance register was also not maintained properly. The deficiencies noticed were:

- (i) Entries in the Register were not certified by any authority.
- (ii) Breakup of opening balance brought forward from the previous year was not recorded.
- (iii) Category-wise and year-wise analysis of outstanding advances at the end of the year was not prepared by GMC,
- (iv) Second and subsequent advances for the same purpose were made without adjustment of previous ones.
- (v) Advances were paid for immediate and urgent nature of work but the same were not adjusted promptly.

Laxity in adjustment of advances over the years has encouraged undesirable practice of blockade of institutional fund for indefinite period which is fraught with the risk of defalcation/misappropriation of public money. It also indicates weak internal control mechanism to follow up for regular adjustment of advances.

3.10 Conclusion

- Non-revision of rates, poor planning in the settlement of markets, week collection regime resulted in huge loss of revenue and accumulation of arrears of taxes and duties.
- Week and inefficient contract, lack of proper planning resulted in incomplete works, time and cost overrun, undue benefit to contractors, unfruitful expenditure, loss of interest to ULBs.
- Incomplete infrastructures and non-utilisation of created works frustrated the very purpose of augmentation of revenue.
- Non-adherence to the instructions and guidelines in spending public money resulted in diversion and expenditure on inadmissible works.

3.11 Recommendations

- Effective revision and settlement to be planned and collection of revenue regime be strengthened to avoid loss of revenue and accumulation of arrears in collection of revenue.
- Contractual agreement should be entered more firmly, so that works are completed within the stipulated period and estimated cost and the contractors are not unduly benefited at the cost of the ULBs.
- There should be internal control and monitoring mechanism to avoid unfruitful expenditure and to utilize the created infrastructure as a source of revenue.

- Selection of schemes should be done considering the feasibility and implemented in accordance to the scheme guidelines to avoid unfruitful expenditure and diversion of fund and expenditure on inadmissible works.

Guwahati,
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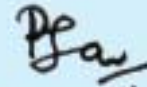


(Tapas Sengupta)

Deputy Accountant General
(Local Bodies Audit & Accounts)

Countersigned by

Guwahati,
The



(P. Sesh Kumar)
Principal Accountant General (Audit)

Appendix-1

(Ref to Para No. 1.5; Page 5)

Roles and Responsibilities of Standing Committees of PRIs

Sl. No.	Category of PRI	Name of Standing Committee	Responsibilities
1.	Gram Panchayat	i) Development Committee	Functions relating to agricultural production, animal husbandry and rural industries and poverty alleviation programmes.
		ii) Social Justice Committee	(a) Promotion of educational, economic, social, cultural and other interests of Scheduled castes and Scheduled Tribes and Backward Classes; (b) protection of such castes and classes from social injustice and any form of exploitations; (c) welfare of women and children.
		iii) Social Welfare Committee	Functions in respect of education, public health, public works and other functions of the Gaon Panchayat.
2.	Anchalik Panchayat	i) General Standing Committee	Establishment matters, communication, buildings, rural housing, relief against natural calamities, water supply and all miscellaneous residuary matters.
		ii) Finance, Audit and Planning Committee	Finance of the Anchalik Panchayat, training, budget scrutinizing proposals for increase of revenue, examination of receipts and expenditure statement, consideration of all proposals affecting the finance of the Anchalik Panchayat and general supervision of the revenue and expenditure of the Anchalik Panchayat and Planning and consolidating the Anchalik Panchayat Plans, Co-operation, small saving schemes and any other function relating to the development of Anchalik Panchayat areas.
		iii) Social Justice Committee	Same as in case of Gaon Panchayat
3.	Zilla Parishad	i) General Standing Committee	Same as in case of Anchalik Panchayat
		ii) Finance, Audit and Planning Committee	Same as in case of Anchalik Panchayat
		iii) Social Justice Committee	Same as in case of Anchalik Panchayat
		iv) Planning and Development Committee	Activities relating to: (a) education, adult literacy and cultural activities as the Zilla Parishad may assign to it; (b) health Service, Hospital, Water Supply, Family, Welfare and other allied matters; (c) agricultural production, animal husbandry co-operation, contour ["bunding"] and reclamation; (d) village and cottage industries; (e) promotion of industrial development of the district.

Appendix-2

(Ref to Para No. 1.10.1; Page 8)

List of functions identified for Panchayats under section 19,49 and 90 of Assam Panchayat Act, 1994

1. Agriculture including agriculture extension
2. Animal Husbandry, Dairy Development and Poultry.
3. Fisheries
4. Social and Farm Forestry/Minor Forest produce, fuel and fodder
5. Khadi, village and cottage industries
6. Rural housing
7. Drinking water
8. Roads, building, culverts, bridges, ferries, waterways and other means of communication
9. Rural electrification
10. Non-conventional energy sources
11. Poverty alleviation programme
12. Education including primary schools
13. Adult and non-formal education
14. Libraries
15. Cultural activities
16. Markets and fairs
17. Rural sanitation
18. Public health and family welfare
19. Women and child development
20. Social welfare including welfare of handicapped and mentally retarded
21. Welfare of the weaker sections and in particular the scheduled castes and scheduled tribes
22. Public distribution system
23. Maintenance of community assets
24. Construction and maintenance of Dharamsalas and similar institutions.
25. Construction and maintenance of cattle sheds, pounds and cart stands.
26. Maintenance of public parks and play grounds
27. Construction and maintenance of slaughter houses
28. Maintenance and regulation of manure
29. Such other functions as may be entrusted from time to time by order of the Govt. in the Department of Panchayat and Rural Development.

Appendix-3

(Reference: Para 1.14.1; Page 16)

Authority and responsibility of State Government on PRIs and ULBs

Powers	Type of LB	Nature of power and conditionalities attached to its exercise with reference to Acts & Rules
1	2	3
Power to make rules	PRIs,	The State Government under sec.141 of AP Act 1994 may make rules for carrying out the purposes and object of the Act.
	ULBs	As above in case of ULBs under section 301 of AM Act 1956 & sec 426 of GMC Act 1971.
Call for any record, reports, returns, information for inspection	PRIs	The State Government may call for any record, register, return, plan, estimate, statement, accounts or statistics or any information or report connected with the panchayat (section 122,sub section 2 (a), (b), and (c) the AP Act).
	ULBs,	As above in case of ULBs under section 293 of AM Act 1956 & sec 420 of GMC Act 1971.
Revoke or suspend resolution of PRIs and ULBs	PRIs	Under sec. 124 ((1) of AP Act 1994 the Zilla Parishad is empowered to suspend and prohibit an order or a resolution of a Gaon Panchayat if the: (i) resolution is improper, (ii) cause or likely to injury or annoyance to the public or (iii) may lead to a breach of peace.
	ULBs	The State Government may by an order in writing suspend and prohibit an order or a resolution of a Municipality if the (i) resolution is improper, (ii) cause or likely to injury or annoyance to the public or (iii) may lead to a breach of peace. (Sec 293 of AM Act 1956 & Sec 424 of GMC Act 1971)
Dissolution of PRIs and ULBs	PRIs	Under section 125 of the AP Act, 1994 the State Government may, by an order published in the Official Gazette dissolve a PRI, if in the opinion of the Government that such PRI (i) exceeds or abuses its powers (ii) is not competent to perform or makes persistent defaults in the performance of duties imposed on it under this Act or any other law for the time being in force.

1	2	3
	ULBs	As above in case of ULBs under section 298 of AM Act 1956 & sec 425 of GMC Act 1971.
Give directions	PRIs	The government is empowered to issue directions to any panchayat in matters relating to state and national policies and such directions shall be binding on the panchayat (section 122 (1) of the AP Act)
Conduct enquiry	PRIs	The State Government may, at any time for reasons to be recorded, cause an enquiry to be made against any of its officers in regard to any GP or AP or ZP on matters concerning it, or any matter with respect to which the sanction, approval, consent or orders of the Government is required under 121 (1) of AP Act.
Appointment of primary external auditor	PRIs	Under Sec 29, 61 & 98 of AP Act 1994 & Rule 37(ii), AP (F) Rules 2002, the State Government may prescribe an authority to conduct audit of the accounts of PRIs.
	ULBs	The State Government Under sec 301 (2) (iv) of Assam Municipal Act and sec 138 of GMC Act prescribed the Director of Audit, Local Fund as primary external auditor of ULBs.
Access to audit reports	PRIs	The GP and the AP after remedying the defects or irregularities pointed out in audit report send it to the Director of Panchayat and Rural Development, Assam within three months of receipt (Sec 29(2) and 61 (2) of AP Act). Like wise the ZP shall send the report to the Government as per provision of sec 98 (2) of the Act.
	ULBs	The GMC and the ULBs after remedying the defects or irregularities pointed out in audit report send it to the Government as per provisions of sec 141 of GMC ACT and Rule 95 (b) AM (A/C) Rules under AM Act.
To obtain annual administrative report from LB	PRIs	Annual administrative report of the preceding year of AP and ZP is required to be submitted to the Government by 30 September every year. Report of the ZP together with a memorandum by the Government reviewing the working of the ZP be laid before the State Legislature. (Section 128, (1), (2) and (3) of the Act)
	ULBs	Annual administrative report of the preceding year of GMC is required to be submitted to the Government Under sec 136 of GMC Act.
Cadre control staff (section 140 (1) AP Act read with Rule 4 (20 of AP (Administrative) Rules, 2002,	PRIs	Panchayat employees appointed to different grades in any GP or AP or ZP, within the jurisdiction of a ZP, shall form a unit of district cadre of panchayat employees with <i>inter-se-seniority</i> of such employees within the district.

Appendix-4

(Ref to Para No. 1.15.2; Page 18)

List of PRIs and ULBs audited during January 2010 to December 2010

Panchayati Raj Institution									
Name of Zilla Parishad				Name of Gaon Panchayat					
1	Dhemaji ZP	5	Sonitpur ZP	1	Borka Satgaon GP	15	Phulbari GP	29	Parbatia GP
2	Barpeta ZP	6	Dhubri ZP	2	Modertola GP	16	Borjuli GP	30	Bagodi GP
3	Tinsukia ZP	7	Goalpara ZP	3	Borsil GP	17	Sonajuli GP	31	Bhella GP
4	Darrang ZP	8	Sivasagar ZP	4	Khetri GP	18	Jorsimalu GP	32	Rampur GP
Name of Anchalik Panchayat				5	Topatoli GP	19	Hatisola Bhalukapara GP	33	Dahali Dakhala GP
1	Kamalpur AP	11	Gabharu AP	6	Sonapur GP	20	Tukrapara GP	34	Chandrapur GP
2	Dimoria AP	12	Kalaigaon AP	7	Moloybari GP	21	Batahidia GP	35	Mankachar Bazar GP
3	Gobardhana AP	13	Barpeta AP	8	Paschim Howly GP	22	Burigong GP	36	Kalapani GP
4	Hajo AP	14	Rampur AP	9	Gobardhana GP	23	Panibhoral GP	37	Fewrakhowa GP
5	Rangapara AP	15	Mankachar AP	10	Khoirabari GP	24	Biswanath GP	38	Kalahbhanga GP
6	Goroimari AP	16	Chakchaka AP	11	Uttar Howly GP	25	Champaknagar GP	39	Charadeo GP
7	Biswanath AP	17	Ronjuli Tribal AP	12	No. 1 Hajo GP	26	Paschim Chaygaon GP	40	Nimanagarh GP
8	Chaygaon AP	18	Lakuwa AP	13	Phulguri GP	27	Gumi Bankakata GP	41	Agia GP
9	Chandrapur AP	19	Balijana AP	14	Naharani GP	28	Rajapukhuri GP	42	Kalpani-Chandamari GP
10	Bechimari AP	20	Sapekhata AP						
Urban Local Bodies									
	Name of Municipal Corporation		Name of Municipal Board		Name of Town Committee				
1	Gauhati Municipal Corporation	1	Dibrugarh MB	1	Bakulia TC	4	Pathsala TC		
		2	Dergaon MB	2	Biswanath Chariali TC	5	North Guwahati TC		
		3	Tinsukia MB	3	Doboka TC	6	Lakhipur TC		

Appendix-5

(Ref to Para No. 1.17.1(a); Page 19)

Statement showing non-reconciliation of bank balances as per Bank Pass Book and Cash Book

(₹ in lakh)

Sl. No.	Name of PRIs	Name of Scheme/Programme	As on 31 March	Balance as per Bank Pass Book	Balance as per Cash Book	Difference
1	Tinsukia ZP	DDP	3/10	718.30	708.28	10.02
	-do-	TFC	3/10	617.77	307.88	309.89
2	Goalpara ZP	Own Fund	3/10	0.97	172.00	75.00
3	Sonitpur ZP	Own Fund	6/09	30.58	2.44	28.14
	-do-	EFC	11/09	34.09	32.36	1.73
	-do-	DDP	3/10	0.04	0.55	0.51
4	Darrang ZP	Own Fund	6/10	3.02	4.68	1.66
	-do-	EFC	3/09	14.22	13.93	0.29
	-do-	DDP	3/10	4.87	1.68	3.19
5	Dhubri ZP	Own Fund	6/07	71.91	71.77	0.14
	-do-	DDP	3/10	1066.00	1050.00	16.00
	-do-	EFC	3/10	21.68	22.07	(-) 0.39
	-do-	TFC	3/10	998.12	988.38	0.26
	-do-	NOAP	3/10	203.01	201.26	1.75
	-do-	SGRY	3/09	0.16	Nil	0.16
6	Lakuwa AP	IAY	3/09	0.40	0.21	0.19
	-do-	SGRY	3/06	0.24	0.98	0.74
	-do-	NREGS	3/10	3.29	2.49	0.80
7	Kamalpur AP	NREGS	3/10	2.20	22.93	20.73
	-do-	IAY	3/10	2.48	1.73	0.75
	-do-	IWDP	3/10	7.99	1.63	6.36
	-do-	NOAP	3/09	76.83	72.45	4.38
8	Biswanath AP	NREGS	3/10	5.85	3.30	2.55
		IAY	3/10	41.56	13.56	28.00
9	Biswanath GP	NREGS	3/10	0.62	0.39	0.23

Appendix-6

(Ref to Para No. 1.17.1(b); Page20)

Statement showing Non-adjustment of Advances in PRIs

(₹ in lakh)

Sl No.	Name of PRIs	Name of fund from which advances made	Period of advance Period of Advance	Amount of Advance	Nature of Advance	To whom paid	Remarks
1	Barpeta ZP	EFC, DDP	Mar/07 – Mar/10	459.37	Execution of schemes	Concerned EE & JEs	Advance register/adjustment records not maintained
2.	Dhubri ZP	SGRY, TFC	2006-07 to 2009-10	242.42	-do-	Concerned AEE & JE	-do-
3.	Goal para ZP	Own Fund	Jan/09-Dec-09	5.41	Purchase of materials & meeting expenses	ZP officials	-do-
4.	Tinsukia ZP	Own Fund	Jan/07-Jun/09	2.88	TA	ZP members & officials	-do-
5.	Chakchaka AP	TFC	2008-09 to 2009-10	14.19	Execution of schemes	3 JEs	-do-
6.	Balijana AP	TFC	Aug/07-Apr/08	9.76	Execution of schemes	Concerned JEs	-do-
7.	Dimoria AP	SGSY	2009-10	9.09	Execution of schemes	Concerned JEs	-do-
8.	Mankachar AP	Own Fund	Oct/05- Nov/10	0.89	Various advances	ZP members & officials	-do-
9.	Barpeta AP	BRGF	Dec/09-Mar/10	4.27	Execution of schemes	One JE	-do-
Total				748.28			

Appendix-7

(Ref to Para No. 1.19.1; Page 21)

Statement showing expenditure incurred by PRIs without preparation of budget

(₹ in lakh)

Sl. No.	Name of PRI	Year	Name of Scheme/fund	Amount of Expenditure
1	Dhubri ZP	2006-07 to 2009-10	Own Fund	280.45
2	Goalpara ZP	2007-08 to 2009-10		66.57
3	Barpeta ZP	2002-03 to 2009-10		2613.73
4	Gabharu AP	-do-		86.30
5	Kalaigaon AP	2006-07 to 2009-10		1.58
6	Gobordhana AP	2004-05 to 2009-10		4.51
7	Chakchaka AP	2002-03 to 2009-10		22.37
8	Rongjuli Tribal AP	-do-		16.30
9.	Rampur AP	-do-		13.62
10	Rampur GP	-do-		0.97
11	Champaknagar GP	-do-		4.73
12	Gumi Bankakata GP	-do-		3.70
13	Paschim Chaygaon	-do-		4.69
Total				3119.52

Appendix-8

(Reference: Para 1.20; Page 23)

Significant provisions of internal control mechanism in PRIs and ULBs

Provision	Type of LB	Authority	Applicability to LB	Remarks
1	2	3	4	5
Accounts	PRIs	AP Act, 1994, Section 28,60 & 97	Applicable to all 3 tiers of PRIs	Accounting records to be maintained in the format prescribed by the State Government
	ULBs	Sec 301 (2) (iv) of AM Act 1956 & Sec 134 of GMC Act 1971	Applicable to all tiers of ULBs and the GMC	The State Govt make rules to Regulate the keeping, checking and publication of accounts and the manner of periodical audit.
Reporting of loss due to fraud, theft or negligence	PRIs	Rule 37 (iv), AP (F) Rules 2002	Applicable to all 3 tiers of PRIs	To be reported by an officer authorized to inspect the documents of PRIs
	ULBs	Rule 8 (2) of Assam Municipal (Account Rules) 1961	Applicable to all tiers of ULBs and the GMC	To be reported by the Chairman or the Executive Officer to the DALF and the Dy. Commissioner of the District.
Asset register	PRIs	Rule 19 of AP (F) Rules 2002	Applicable to all 3 tiers of PRIs	To be maintained in the format prescribed under the rule
	ULBs	Rule 118 of Assam Municipal (Account Rules) 1961	Applicable to all tiers of ULBs and the GMC	A register of Land to be maintained
Works manual	PRIs	NA	NA	Not prescribed under APA, 1994 and AP (F) Rules 2002
	ULBs	NA	NA	Not prescribed under relevant Municipal Acts and Rules
Office Procedure Manual	PRIs	NA	NA	Not prescribed under APA, 1994 and AP (F) Rules 2002
	ULBs	NA	NA	Not prescribed under relevant Municipal Acts and Rules
Budget	PRIs	AP Act 1994, Sec 27,59 & 96	Applicable to all 3 tiers of PRIs	To be prepared in the format prescribed under AP (F) Rules 2002

1	2	3	4	5
	ULBs	Rule 11 of Assam Municipal (Account Rules) 1961	Applicable to all tiers of ULBs and the GMC	To be prepared in the format prescribed under the Rule.
Internal audit	PRIs	Rule 18 of AP (A) Rules 2002	Applicable to all 3 tiers of PRIs	Departmental internal auditors to conduct internal audit of PRIs
	ULBs	NA	NA	Not prescribed under relevant Municipal Acts and Rules
Inspection	PRIs	Sec 112 of AP Act 1994	Applicable to all 3 tiers of PRIs	Officers empowered by the State Government have general powers of inspection of any property, document, accounts proceedings etc. of the PRIs.
	ULBs	Sec 295 of AM Act 1956 & Sec 421 of GMC Act 1971	Applicable to all tiers of ULBs and the GMC	-do- in respect of the ULBs
External Audit	PRIs	Sec 29,61 & 98 of AP Act 1994 & Assam Local Fund Audit & Accounts Act, 1930	Applicable to all 3 tiers of PRIs	Director of Audit, Local Fund (DALF), is the primary external auditor of PRIs
	ULBs	Rule 118 of Assam Municipal (Account Rules) 1961 & Sec 138 of GMC Act 1971	Applicable to all tiers of ULBs and the GMC	-do- in respect of ULBs.
Ombudsmen		NA	NA	Not introduced for LBs in Assam
Lok Ayukta		NA	NA	Not introduced for LBs in Assam
Citizen charter		NA	NA	Not introduced for LBs in Assam
Right to Information		As per RTI Act, 2005	Applicable to all tiers of PRIs & ULBs.	
Conduct rules		State Government		Rules/Orders Specific to PRIs & ULBs Not Available
Social audit		As per Assam Rural Employment Guarantee (AREG) Act. 2006	Applicable to all 3 tiers of PRIs	For NREG Scheme

Appendix-9

(Ref to Para No. 2.1.1; Page 29)

Statement showing non-settlement of Hats/Ghats with highest bid value

Year	Name of Hat/Ghat with bidders	Highest bid value (₹)	Bid value Accepted (₹)	Difference (₹)
2007-08	<u>Tingrai weekly markets</u> H. Bidder – Sh. B. Moran B. Accepted Sh. B. Chetia	2,21,981/-	1,52,321/-	69660.00
	<u>Hijuguri daily bazaar</u> H.B. Sh. P. Hazarika B.A. Sh. P. Hazarika	2,31,100/-	1,65,500/-	65600.00
	<u>Nengri weekly market</u> H.B. Sh. S. Barpatra Gohain B.A. Sh. M. Konowar	7,39,099/-	2,85,821/-	453278.00
	<u>Dhola daily/weekly market</u> H.B. Sh. Bipul Sonowal B.A. Smt. N. Hazarika	9,00,000/-	2,00,000/-	700000.00
2008-09	<u>Baghjan weekly market</u> H.B. Sh. P. Chetia B.A. Sh. B. Saikia	1,45,500/-	1,31,200/-	14300.00
	<u>Amarpur Debong Ghat</u> H.B. Sh. B. Pasung B.A. Smti L. Pratin	7,00,000/-	1,10,000/-	590000.00
	<u>Chapakhowa weekly cattle mkt.</u> H.B. Sh. K. Buragohain B.A. Sh. A. Buragohain	5,00,000/-	1,24,500/-	375500.00
	<u>Chapakhowa weekly Sunday mkt.</u> H.B. Sh. P.K. Mech B.A. Sh. J. Buragohain	6,00,000/-	1,37,500/-	462500.00
Total:				2730838.00

Appendix-10

(Ref to Para No. 2.1.2; Page 29)

Non-realization of Registration Fee & Stamp Duty

(₹ in lakh)

Sl. No.	Name of PRIs	Period	Settled value	Value of Registration Fee	Value of stamp duty	Total amount
1	Goalpara ZP	2007-10	71.89	5.28	2.16	7.44
2	Sonitpur ZP	2005-10	305.66	23.38	9.17	32.55
3	Tinsukia ZP	2005-10	152.00	10.61	4.56	15.17
4	Bechimari AP	2002-10	38.84	2.38	1.21	3.59
5	Mankachar AP	Do	21.33	0.79	0.63	1.42
6	Rangjuli AP	Do	16.82	0.76	0.50	1.26
7	Lakua AP	2003-10	9.72	0.40	0.29	0.69
8	Sapekhati AP	2008-10	2.87	0.37	0.32	0.69
9	Hajo AP	2007-10	0.33	0.14	0.10	0.24
Total			619.46	44.11	18.94	63.05

Appendix-11

(Ref to Para No.2.1.3; Page 30)

Short realization of settlement amount (Kist money)

(₹ in lakh)

Sl. No.	Name of PRIs	Period	Settlement amount	Amount realized	Short realized amount	No of hat/ghat
1	Goalpara ZP	2007-10	71.89	50.01	21.88	8
2	Darrang ZP	2005-10	241.13	71.72	169.40	12
3	Chandrapur AP	2002-04 and 2005-10	5.38	3.05	2.33	5
4	Chakchaka AP	2002-10	23.95	18.69	5.26	6
5	Kamalpur AP	2002-09	10.53	7.64	2.89	9
6	Gobordhana AP	2005-10	4.26	1.46	2.80	10
7	Dimoria AP	2002-03 & 2007-09	3.27	1.56	1.71	4
Total			360.41	154.13	206.27	

Appendix-12

(Ref to Para No.2.1.4; Page 30)

Non Distribution of Sale proceeds of Hat/Ghats among ZPs, APs and GPs.

(₹ in lakh)

Sl No.	Name of ZPs	Period	Total collection	Due Share of ZP (20 per cent)	Amount released to APs & GPs	Amount retained by ZPs	Amount retained in excess of due share
1	Goalpara ZP	2007-10	50.01	10.00	3.91	36.10	26.10
2	Dhubri ZP	2006-07	105.00	21.00	23.79	81.21	60.21
Total			155.01	31.00	27.70	117.31	86.31
Sl No.	Name of APs	Period	Total collection	Due Share of AP (40 per cent)	Amount released to ZPs & GPs	Amount retained by APs	Amount retained in excess of due share
3	Gubharu AP	2002-10	70.41	28.16	28.43	41.98	13.82
4	Bechimari AP	2002-10	78.00	31.00	28.22	49.78	18.78
5	Rangjuli AP	2002-10	2.93	1.17	1.19	1.74	0.57
6	Sapekhati AP	2008-10	8.76	3.50	2.50	6.26	2.76
7	Lakwa AP	2003-10	8.85	3.54	2.84	6.01	2.47
8	Hajo AP	2007-10	3.30	1.32	1.12	1.52	0.20
9	Dimoria	2007-09	4.01	1.60	1.91	2.10	0.50
Total			176.26	70.29	66.21	109.39	39.10
Grand total(ZP+AP)			331.27	101.29	93.91	226.70	125.41

Appendix-13

(Ref to Para No. 2.2.1; Page 32)

Statement showing expenditure on ineligible items out of TFC grants

(₹ in lakh)

Sl. No.	Name of the PRI	Period	Amount	Purpose of expenditure
1	Goalpara ZP	2007-10	15.82	Providing goat, sheeps, pig, cycles, spray machines etc. beneficiary and SHGs.
2	Dhubri ZP	2007-10	14.26	Repairing of office building, purchase of computer, stationeries, hiring of vehicle etc.
3	Barpeta ZP	2007-10	18.02	Purchase of Furniture
4	Tinsukia ZP	2007-10	11.92	Office building, staff quarter, const. of road, bridge etc.
5	Gobordhana AP	2007-08	6.06	IBS to SHGs.
Total			66.08	

Appendix-14

(Ref to Para No.2.6.2; Page 37)

Statement showing non transfer of unspent balances of SGRY

Sl. No.	Name of PRI	Name of the Scheme	Year of closure of the scheme	Amount of Unspent balance(₹)
1.	Darrang ZP	SGRY	2007-08	13000
2.	Sonitpur ZP		2008-09	19000
3.	Rampur AP		2008-09	18951
4.	Charaideo GP		2007-08	92368
5.	Chandrapur GP			23000
6.	Batahdia GP			7000
7.	Borjuli GP			4000
8.	Sonajuli			3000
9.	Phulbari			2000
10.	Sonapur			1096
11.	Uttar Howly			1016
12.	Paschim Howly			1000
13.	Phulguri			1000
14.	Parbatia			1000
15.	Burigang			1000
Total				188431

Appendix-15

(Ref to Para No 2.7.1; Page 38)

Statement showing SGRY fund utilized for creation of inappropriate assets

Sl. No	Vr. No.	Date	Cash Memo Bill	Items	ZPC	₹
1	2	3	4	5	6	7
1	366	24/3/08	Order	Repair of Khudimari Fulkumari Edgah Moidan	Hamganj	43000
2	365	"	"	Repair of Borabari Kabarstan	Alonganj	24000
3	364	"	"	Construction of boundary wall at Charavita Kabarstan under Saltari GP (Including FG 30 Qts)	Tuspara	100000
4	319	5/3/08	"	Development of Chardar Gaon Kabarstan	Uttar Geramari	35000
5	"	"	"	Development of Nowdagaon Masjid	"	33000
6	"	"	"	Development of Siliarpar Kalardoba Masjid	"	30000
7	"	"	"	Earth filling work at Godahdar Parghat Kali Mandir	"	35000
8	309	"	"	Earth filling in the premises of Jhagararpar Magnemari Kaborstan	M/ Tiamari	80000
9	287	"	"	Boundary wall at Naliya pt-II Kaborstan	Mojirghat	100000
10	213	14/1/08	"	Construction of boundary wall of pepulibari Idgah Math	Kalapani	100000
11	157	26/11/07	"	Development of Shiva Mandir at Ghapusabari	Agomoni	50000
12	123	26/11/07	"	Earth filling in the premises of Jhagararpar Maghumari Kaborstan	Tiamari	80000
13	63	27/10/07	313/07-08	Protection work of Masjid al-sudha Vasha	Panbari	75000
14	51	16/10/10	91/06-07 20/6/07	Improvement and development of Okmbari Old Masjid	Fekamari	100000
15	43	11/10/07	164/06-07	Construction of boundary wall of Barkanda New Idgah	Barkanda	75000
16	13	25/4/07	313/07-08/5	Protection work of Masjid at Sadhuvasha	Panbari	75000
17	10	25/9/07	314/07-08/8 21/9/07	Protection work of Tanukari Idgah Moidan work of urinal al latine at 25 kali mandir Bagribari	Bagribari	25000
18	103	30/3/07	214/06-07 27/3/07	Repair of Khudimari Fulkumari Idgah Moidan	Alonganj	43000
19	90	30/3/07	228/06-07 30/3/07	Earth filling at Bochaimari Edgah Math	Airkata	20000
20	46	30/3/07	130/06-07 30/3/07	Earth filling at Idgah field	Kumarganj	10000
21	44	"	263/06-07 30/3	Construction of boundary wall at Charavita Kabarstan	Tushpara	100000

1	2	3	4	5	6	7
22	148	26/11/07	293/06-07 25/11	Land development Baglamari Kabarstan	Motichar	32000
23	145	"	127/05-06 22/11	Construction of sanitary latrine Urinal in the committee hall campus of Bagribari Kalimandir	Barkanda	60000
24	129	26/11/07	07-08 25/11	Earth filling at Hudurhat Dhamasala H.S. School	Garpara	150000
25	106	26/11/07	07-08 25/11/07	Construction of Urinal & latrine at Diara Bazar Zama masjid campus	Kalapani	30000
26	56	26/10/02	362/06-07	Construction of Guest house attached to Jekata satra	Halakura	250000
27	363	24/3/08	Nil 29/2/08	Committee hall in the premises of Rupshi Daobhangi College	Rupshi	100000
28	330	10/3/08	- 29/2	Construction of guest house attached to Jinkata Satra	Halakura	390000
29	317	"	429/07-08 29/2	Construction of bridge culvert approach road towards Nabodaya Bidyalaya	Alomganj	150000
30	311	"	- 29/12/10	Construction of committee hall attached to Satrasal Satra	Agomoni	385000
31	304	"	ZPD (A) 441/ 07-08 29/2/08	Construction of Latrine and urinal near Barogirarpar Masjid	Barkanda	50000
32	115	30.3.07	132/06-07 30.3.07	Construction & Repair of Boundary wall at Kadamtala Masjid	ZPC Nayeralga	65000
33	105	30/03/07	212/06-07 27/3/07	Improvement of Dalaner Alga Kabarstan at	Moslapara ZPC	65000
34	103	30/3/07	214/06-07 27/3/07	Repairing of Khudimari Fulkumari Edgah Moidan	ZPC Alomgang	43000
35	91	30/03/07	237/06-07 30/3/07	Repair of Borbari Koborstan	ZPC Alomgang	24000
36	44	30/3/07	263/06-07 30/3/07	Construction of boundary wall al-Chararvita Kabarstan under saltari	ZPC Tuspara	100000
Total						31,27,000

Appendix-16

(Ref to Para No. 2.8.2; Page 39)

List showing the names of beneficiaries and details of release of subsidy amount

Sl. No.	Name of beneficiary	Cheques & Date	Sl. No.	Name of beneficiary	Cheques & Date
1	2	3	4	5	6
1	Jahinur Islam	901818/26.9.08	52	Nala Kishor Das	903424/ -do-
2	Abdur Rahman	901819/ -do-	53	Sri Dipak Pathak	903425/ -do-
3	Saidur Rahman	901820/ -do-	54	Sri Subhas Ch. Roy	903426/ -do-
4	Suazuddin	903381/ -do-	55	Tazar Ali Ahmed	903427/ -do-
5	Albus Salam Sarkar	903382/ -do-	56	Kaddus Ali	903428/ -do-
6	Mazimuddin	903383/ -do-	57	Lhandakar Nazrul Islam	903429/ -do-
7	Mahibul Haque	903384/ -do-	58	Saiful Islam	903430/ -do-
8	Saidul Islam	903385/ -do-	59	Mohamad Ali	903431/ -do-
9	Md. Matin Rahman	903386/ -do-	60	Sajal Sarkar	903432/ -do-
10	Faruddin Ahmed	903388/ -do-	61	Sona Miya	903433/ -do-
11	Shahar Ali	903388/ -do-	62	Anowar Hussain	903434/ -do-

1	2	3	4	5	6
12	Md. Siddique Ali	903389/ -do-	63	Sri Biswajit Sarkar	903435/ -do-
13	Ali Mortaza	903390/ -do-	64	Sri Sanatan Sarkar	903436/ -do-
14	Kh. Zakir Hussain	903391/ -do-	65	Abdul Kalam	903437/ -do-
15	Md. Omar Ali	903392/ -do-	66	Shirazul Haque	903438/ -do-
16	Md. Amsher Ali	903393/ -do-	67	Salek Ali Ahmed	903439/ -do-
17	Jaher Ali	903344/ -do-	68	Jahedul Islam	903440/ -do-
18	Md. Matlab Ali	903395/ -do-	69	Kamleswar Baruah	903341/ -do-
19	Abdul Rahman	903396/ -do-	70	Prashanta Das	903342/ -do-
20	Sri Bhajan Das	903397/ -do-	71	Sri Dulu Roy	903343/ -do-
21	Badshah Ali	903398/ -do-	72	Sri Ganga Sarma	903344/ -do-
22	Joynal Abedin	903399/ -do-	73	Sri Sarat Patgiri	903345/ -do-
23	Noor Matamnod Ali	903400/ -do-	74	Sri Champak Kalita	903346/ -do-
24	Noor Mohammad Ali	903401/ -do-	75	Sri Kokil Das	903347/ -do-
25	Abu Bakhar Sarkar	903402/ -do-	76	Ratiquil Hussain	903348/ -do-
26	Exsof Ali Choudhury	903403/ -do-	77	Sri Gunajit Medhi	903349/ -do-
27	Shahjahan Ali	903404/ -do-	78	Putul Patowari	903350/ -do-
28	Anowar Rahman	903405/ -do-	79	Nitul Patowari	903351/ -do-
29	Jahesul Islam	903406/ -do-	80	Ranjal alukdar	903352/ -do-
30	Badruddin	903407/ -do-	81	Jehedul Isalam	903353/ -do-
31	Gulap Hussain	903408/ -do-	82	Aminul Bhuyan	903354/ -do-
32	Miss Debasri Dutta	903409/ -do-	83	Thaneswar Deka	903355/ -do-
33	Sri Sudananda Sarkar	903410/ -do-	84	Ramakanta Kalita	903356/ -do-
34	Manik Ali	903411/ -do-	85	Md. Haseam Ali	903357/ -do-
35	Hatiszur Rahman	903412/ -do-	86	Sameshuddin	903358/ -do-
36	Roushanua Pabin	903413/ -do-	87	Johidul Islam	903359/ -do-
37	Mazaafar Ali Ahmed	903414/ -do-	88	Abdul Sattar	903360/ -do-
38	Abul Hatim	903415/ -do-	89	Md. Nabibor Rahman	903361/ -do-
39	Esuf Ali	903416/ -do-	90	Amjat Khan	903362/ -do-
40	Sahidu Islam	903417/ -do-	91	Atab Ali Ahmed	903363/ -do-
41	Dewan Sadulla Ahmed	903418/ -do-	92	Sural Ali	903364/ -do-
42	Abdul Aziz	903419/ -do-	93	Nabibul Hussain	903365/ -do-
43	Rafiqul Islam	903420/ -do-	94	Samsu Allah	903379/ -do-
44	Saiguddin Ahmed	903421/ -do-	95	Mahindra Akalita	903366/ -do-
45	Mamoni Medhi	903422/ -do-	96	Hriday Kalita	903367/ -do-
46	Gajen Kalita	903423/ -do-	97	R. Rahman	903380/ -do-
47	Sadulla	903521/ -do-	98	Brojen Roy	905829/ -do-
48	I. Hussain	903522/ -do-	99	Akshay Kr. Kalita	905830/ 23.3.09
49	M. Khamen	903523/ -do-	100	Kamaleswar Baruah	903614/ -do-
50	Kalisaran Thakuria	903570/6.10.08	101	Amrit Medhi	903614/11.12.08
51	Sailen Patgiri	903571/ -do-			

Appendix-17 (A)*(Ref to Para No 2.12; Page 43)***Statement showing non-deduction of AVAT from suppliers bills by PRIs**

Sl. No.	Name of PRI	Period procurement	Value of procurement (₹ in lakh)	Amount of AVAT (₹ in lakh)
1.	Barpeta ZP	Feb/08-Dec/09	10.74	1.29
2.	Dhubri ZP	Oct/06-Feb/08	81.46	3.26
3.	Goalpara ZP	Mar/08-Mar/10	97.78	3.91
4.	Chakahaka AP	Aug/08-Mar/10	3.56	0.14
5.	Rangapara AP	Mar/08-Feb/10	11.68	0.46
6.	Rongjuli AP	Jun/07-Mar/10	16.97	1.23
7.	Chaygaon AP	Aug/07-Mar/10	12.25	0.50
8.	Agia GP	Jun/09-Dec/09	8.46	0.34
9.	Bogodi GP	Apr/07-Mar/10	2.35	0.11
10.	Fesukhowa GP	Mar/09-Nov/10	2.21	0.09
11.	Gobardhana GP	Aug/09-Feb/10	2.63	0.12
12.	Rampur AP	Aug/09-Mar/10	4.19	0.52
13.	Rampur GP	Nov/07-Sep/10	1.43	0.14
Total			255.71	12.11

Appendix-17 (B)*(Ref to Para No. 2.12; Page 43)***Statement showing non deposit of AVAT deducted from suppliers bills to the account of Government by PRIs**

Sl. No.	Name of PRI	Period procurement	Value of procurement (₹ in lakh)	Amount of AVAT deducted (₹ in lakh)	Position as on
1.	Goalpara ZP	Jul/09	2.84	0.11	Nov/10
2.	Dhubri ZP	Feb/08-Jun/08	177.97	6.85	Nov/10
3.	Chakchaka AP	Apr/08-Mar/10	12.23	0.54	Dec/10
Total			193.04	7.50	

Appendix-18

(Ref to Para No. 3.1.2; Page 48)

Statement showing loss due to remission allowed

Year	Name of the Market	Settled value (in ₹)	Remission allowed (in ₹)
i)Tinsukia MB			
2007-08	Cow market	9,46,916/-	2,41,047
	Bi-weekly Market	3,54,186/-	1,01,000
	Goat Market	1,39,992/-	35,000
	Daily Bazar	1,13,401/-	46,100
2008-09	Cow market	9,46,916/-	3,46,916
	Bi-weekly Market	3,54,186/-	1,37,093
	Goat Market	1,39,992/-	45,644
	Daily Bazar	70,000/-	15,000
2009-10	Cow market	16,21,575/-	5,63,787
	Bi-weekly Market	6,25,547/-	2,18,940
	Goat Market	2,85,561/-	99,946
	Daily Bazar	1,00,100/-	30,05
Total Tinsukia MB			18,80,523/-
Lakhipur TC			
07-08	Daily fish market	1428826/-	200000
07-08	Daily Vegetable market	1281375/-	150000
07-08	Sunday Hat	913523/-	113380
08-09	Daily Vegetable market	1620001/-	150000
08-09	Sunday Hat	1031623/-	100000
Total Lakhipur TC			713380
Grand total			25,93,903

Appendix-19

(Ref to Para No. 3.3.3; Page 57)

Inadmissible expenditure under TFC Award

Particulars of TFC grants received		Expenditure incurred				
Name of the installment	Amount (₹)	Sl. No.	Vr. No.	Amount paid (₹)	Purpose	To whom paid
1 st installment 2005-06	1,17,63,500	1	153, 154, 155 dt. 30/6/06	14,25,916	Procurement of PC and accessories	M/s HCL Inpsys
		2	9, 10 dt. 9/11/06; 104, 105, 106 dt. 22/7/06	5,67,441	Repair of Adabari Bus Parking Field	Shri Bibash Das
		3	70, 71 dt. 22/11/06	59,990	Purchase of Sony Laptop	
		4	32 dt. 19/12/06	26,050	Service connection to Adabari Bus Station	Divisional Engineer, Electrical Sub-Div., Jalukbari
		5	33 dt. 19/12/06	33,775	Purchase of electrical materials for installation of street light at Adabari Bus Stand.	M/s Dutta Electricals
2 nd installment of 2005-06 and 1 st installment of 2006-07	2,35,00,000	6	99, 100 dt. 5/8/09; 170, 171 dt. 21/1/10; 50, 51 dt. 9/6/10; 81, 82, 83 dt. 24/3/10; 228, 229 dt. 27/7/10	58,70,230	(i) Installation of Sodium Vapour Lamp at Adabari Bus Stand; (ii) Supply of street light materials; (iii) repair & replacement of non-functional street light.	M/s Dutta Electricals
		7	250, 251 dt. 19/8/09	18,48,500	Purchase of Tata Mobile Model 207 (4 no) for Health, Enforcement Water works and Electrical Branches	M/s Himatsinka Auto
		8	70 dt. 16/11/09	39,350	Purchase of AC canon with installation charge	Shri Bhabesh Goswami, Nazir
2 nd installment of 2006-7	1,17,76,000	9	108,109 dt. 15/5/10	4,99,443	Supply of Thermal Fogging Machine	M/s Intermix Marketing & consultancy
		10	47 dt. 6/8/10	63,97,435	80% advance against proforma invoice for supply of ISI work centrifugally cast ductile iron pipes etc. for laying of 100 mm dia pipe line for S.K. Bhuyan Road and others.	M/s Electro Castings Ltd.
Total				1,63,68,130		