

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)