

Chapter-IV

Compliance Audit Observations

4.1 Irregularities in procurement of tent house set

4.1.1 Irregular and unauthorised expenditure on tent house sets

Test-check of records showed that the Chief of BTC desired (31 January 2014) necessary action for procurement of tent house on the basis of unsolicited offer for supply of tents made by three firms¹². Accordingly, the Joint Secretary (Jt. Secretary), BTC directed (13 February 2014) the CHD, Welfare of Plain Tribes and Backward Classes (WPT&BC), BTC for submission of proposal for the supply of tent house sets. Funds were not available under Chief Discretionary (CD) Fund head of account for the year 2013-14. The CHD, WPT&BC, BTC submitted (18 February 2014) requirement of fund of ₹12.54 crore¹³ for the supply of 300 tent house sets at the rate of ₹4,18,120 per set and proposed that the CD head of account for the year 2014-15 would bear the required expenditure. Each proposed tent house set consisted of different quantities of 22 items at the rate approved by the purchase committee in its meeting held on 23 March 2012. The Tent House sets were to be distributed through Sub-Divisional Welfare Officers (SDWO) within BTC area.

Due to non-availability of fund under CD for the year 2013-14, the Chief approved (22 February 2014) the proposal under CD fund for the year 2014-15 with the instruction to issue the supply order. The CHD, WPT&BC, accorded (01 March 2014) approval for the purchase of the articles as per the rate approved (23 March 2012) by the purchase committee. Supply orders were issued (03 March 2014) to the above three firms for the supply of tent house sets as per the rate approved with the instruction to supply the materials to the SDWOs concerned. The SDWOs were instructed to distribute these to the beneficiaries selected by the Sub-Divisional Scheduled Tribe Development Boards of the Sub-Divisions. After issuing supply orders (03 March 2014) and prior to the actual receipt (July 2014) of the materials by the concerned SDWO, the CHD, WPT&BC, BTC submitted (05 March 2014) bills valued ₹12.54 crore¹⁴. The BTC, however released (10 July 2014) the fund after actual receipt of materials classifying the expenditure under the head of account 2225-Welfare of SC/ST and other Backward Classes-Sub-head-800(ii) Chief Discretionary Fund (Plan) for the year 2014-15. Payments were accordingly made to the suppliers.

Audit, however, observed that the above expenditure of ₹12.54 crore towards procurement of 300 tent house sets was irregular on the following grounds:

- (i) The tent house sets worth ₹12.54 crore were procured solely on the basis of the request of the supplying firms as there was no proposal from the SDWO. No model estimates of beneficiary lists were approved by the Sub-Divisional ST

¹² M/s JT Enterprise, M/s D.B. Enterprise and M/s S.M. Enterprise.

¹³ ₹12,54,36,000 along with challans to the BTC authority for release of funds under CD fund for the year 2014-15.

¹⁴ ₹12,54,36,000.00.

Development Boards of Sub-Divisions, and there was no disclosure about the purpose and mode of utilisation of the said tent house sets.

- (ii) As per rule 105 of BTC Fund Rules, the Principal Secretary shall be responsible for seeing that the items of expenditure are of obvious necessity and are at fair and reasonable rates. The work was however, allotted at the rates that prevailed two years back (2012) as per the instruction of the BTC authority. The reasonableness of the old approved rates was not examined by ascertaining the prevailing competitive rates by way of inviting fresh tenders.
- (iii) During the year 2013-14, no fund was available under CD head of account, for which approval of ₹12.54 crore was accorded during 2013-14 charging the related expenditure under CD head of account for the year 2014-15. Thus, BTC authority approved during 2013-14 the utilisation of fund for 2014-15 in advance without any recorded budget allocation of fund for the year 2014-15. This action was not appropriate as it violated the financial rules and regulations.
- (iv) The status and impact of incurring the above expenditure remained unevaluated and actual utilisation/ distribution of the tent house sets could not be ascertained due to absence of any reports/ beneficiary related records and monitoring.

On this being pointed out, the Secretary, WPT&BC, BTC stated (October 2017) that the tent house sets were procured as per the proposal of the Chief of BTC at the rate prevailing in 2012 as approved by the purchase committee. There was no fund during 2013-14 under CD fund, however, the procurement was made based on the necessity and demand of the people for which the payment was made during 2014-15. Monitoring and evaluation have been taken up through SDWOs.

The reply was not tenable as the purchase of tent house sets made by the BTC without any demand by the SDWOs by diverting plan funds, was both irregular and unauthorised. Moreover, there were no records of beneficiary wise distribution details.

4.2 Irregularities in procurement of articles/ materials

As per the provision of financial rules, every officer/ DDO should exercise the same vigilance in respect of expenditure incurred from public money as a person of ordinary prudence would exercise in respect of his/ her own money. The Finance Department, GoA further instructed¹⁵ all concerned that purchases of ₹50,000 and above must be done through bidding process and in case of any doubt on prices/ rate offered by suppliers/ tenderers, the market rate should be verified through Department of Taxes.

4.2.1 Extra expenditure towards procurement of medicated mosquito nets

The Operational Manual for Implementation of Malaria Programme 2009¹⁶, of the GoI provides that Long Lasting Insecticidal Nets (LLIN) are insecticide treated mosquito net with quality-controlled insecticide application. LLINs may be distributed to

¹⁵ Vide OM No FEC(I).10/2009/2 dated 11th August 2010.

¹⁶ Issued by the Directorate of Vector Borne Disease Control Programme of GoI under Integrated Vector Management.

targeted high-risk villages aiming at complete population coverage for the prevention of Malaria. The National Rural Health Mission, Assam is the implementing agency of the GoI programme.

The Director of Health Services (DHS), Assam procured 7,91,556 LLINs (Size: Length 180cm x Width 190cm x Height 150cm) at an expenditure of ₹30 crore during 2014-15 from an authorised distributor¹⁷ registered with Central Insecticide Board (CIB). The rate of LLIN was ₹379 per unit including all taxes and transportation cost up-to the district headquarters for all the 27 districts of Assam, included 60,500 LLINs worth ₹2.29 crore for the four districts¹⁸ located within the BTC jurisdiction.

In addition to the above procurement, different departments of BTC procured an additional 4,08,488 LLINs valued at ₹47.17 crore during 2014-15 without any assessment of requirement to justify the need of additional quantity in BTC area. These 4,08,488 LLINs were procured at different rates varying from ₹500 to ₹1,250 per LLIN¹⁹ at an extra expenditure of ₹31.69 crore, as detailed in **Table- 4.1**.

Table 4.1: Expenditure by different departments on LLIN

Name of the department	Specification of the LLIN procured	Total quantity procured during the year 2014-15 (number)	Rate paid per LLIN (in ₹)	Rate paid by DHS Assam (in ₹)	Total procurement cost of the LLIN (in ₹)	Total @ of ₹379/-	Difference (in ₹)	Fund under which procurement made	Purpose of procurement
LR&DM Department, BTC	Best quality (Size 190cm X 130cm or 180cm X 160cm)	19,843	500	379	99,21,500	75,20,497	24,01,003	State Plan for 2014-15	Relief and rehabilitation of riot affected families of 2012
DHS, BTC	Best quality (Size 190cm X 180cm X 150cm)	33,645	535	379	1,80,00,075	1,27,51,455	52,48,620	Plan fund under VBDCP for 2014-15	Implementation of Vector Borne Disease Control Programme (VBDCP)
P&RD Department, BTC	Best quality: Size 6ft X 4.5ft X 5.5ft.(180cm X 135cm X 165cm)	3,55,000	1250	379	44,37,50,000	13,45,45,000	30,92,05,000	AOP for 2014-15 and FA for PRIs	For distribution to the BPL families
Total		4,08,488			47,16,71,575	15,48,16,952	31,68,54,623		

Source: Departmental Records.

The said LLINs were procured from the local suppliers at a higher rate (₹500 to ₹1,250 per LLIN) than the approved rate of ₹379 per LLIN of DHS, Assam. Further, availability of CIB registration certificate or any other certificate of testing of the LLIN with the suppliers was not ascertained. This was due to non-existence of uniform purchase policy, co-ordination among the departments of BTC and non-exploration of market/ manufacturers' rates, prior to approval of rates.

Within the BTC establishment, the P&RD Department procured LLINs (180cm x 135cm x 165cm) at the rate of ₹1,250 each whereas LR&DM Department procured bigger sized LLINs (190cm x 130cm x 160cm) at the rate of ₹500 each and the DHS BTC procured at the rate of ₹535 each. Leaving aside the approved rate (₹379) of

¹⁷ M/s Health Circle Pvt. Ltd.

¹⁸ Kokrajhar, Udalguri, Chirang and Baska.

¹⁹ Either on the basis of previous years' approved rate or at the lowest rate offered against quotations invited by the respective departments of BTC.

DHS, Assam, LR&DM Department of BTC itself procured LLIN at the rate of ₹500 each, whereas, the P&RD Department of BTC procured LLIN of same specification of best quality with smaller size²⁰ at the rate of ₹1,250 each. Thus, the P&RD Department allowed extra rate of ₹750 (₹1,250– ₹500) per LLIN to the supplier within BTC establishment. Consequently, P&RD Department incurred an extra expenditure of ₹26.63 crore²¹ towards procurement of 3,55,000 LLINs due to allowing extra rate of ₹750 per LLIN. Further DHS, BTC incurred extra expenditure of ₹11.78 lakh²² in comparison with purchase made by the LR&DM Department.

It was also noted that 3,55,000 LLINs of the brand ‘Balaajie Packaging’ were procured from the suppliers at the rate of ₹1,250 per LLIN while the manufacturer’s selling price was ₹255 per LLIN²³. While comparing the rate of LLIN procured by the P&RD Department with the rate of the manufacturer (M/s Balaajie Packaging), it would be evident that the rate of ₹1,250 per LLIN allowed to the supplier was abnormally higher than the manufacturer’s rate of ₹255 per LLIN of the same specification.

Thus, in absence of coordination between departments of BTC, the P&RD Department did not negotiate with the supplier for reasonable price (₹500 per LLIN) offered to LR&DM Department which resulted in an extra expenditure of ₹26.63 crore towards procurement of 3,55,000 LLINs.

On this being pointed out, the Joint Secretary, P&RD, BTC stated (October 2017) that the LLINs were procured on the basis of the lowest quoted rates approved by the BTC as per proposal of the Chief of BTC. It was also stated that P&RD Department was neither instructed to consider the approved rates of DHS, Assam nor the approved rates of other departments of BTC were made available to P&RD Department. It was, however, assured that steps would be taken to implement year-wise uniform purchase policy by the departments of BTC in future.

The reply substantiates the fact that there was lack of co-ordination between the departments of BTC and absence of mechanism to explore prevalent market rate, which resulted in the extra expenditure of ₹31.69 crore.

4.2.2 Injudicious and irregular procurement of Spray Machines for distribution to the BPL families

Based on the request of Chief of BTC, a proposal for procurement of 1,02,548 Hymatic Napsak Spray Machines (16 Litre Capacity) out of the fund of 13th FC (32,583 Machines) and Annual Operational Plan (AOP) (69,965 Machines) for distribution to the BPL families of all Development Blocks under BTC was submitted by CHD, P&RD (19 May 2014 and 07 January 2015) to the Principal Secretary, BTC for approval. On receipt of approval, the CHD, P&RD invited quotations from the

²⁰ Size 180cm x 135cm x 165cm @₹1250 each and size 190cm x 180cm x 160cm @₹500 each.

²¹ ₹26,62,50,000 (35,5000 x ₹750).

²² (₹535-500) X 33,645=₹11,77,575.

²³ Furnished in response to audit enquiry.

intending suppliers and the departmental purchase committee recommended the rate of ₹2,175 per spray machine (lowest quoted), which was approved by the BTC.

The CHD, P&RD procured 1,02,548 Hymatic Napsak Spray Machines from the lowest bidder at an expenditure of ₹22.30 crore²⁴. The machines were delivered (August 2014 and February 2015) to the Project Director (PD), DRDAs of four districts²⁵ for distribution to the beneficiaries and payments were made²⁶ during August 2014 to February 2015 to the Supplier.

Cross verification of rates of procurement with other departments of BTC in respect of the same item showed that the Executive Engineer (Agriculture), Kokrajhar Division procured the same spray machine at the rate of ₹2,125 each during November 2014.

Thus, the rate of procurement of 1,02,548 spray machine by the CHD, P&RD was higher than the rate of procurement of sprayer machine during the same period by other departments. This indicates lack of co-ordination between the departments and laxity of the BTC authority which resulted in extra expenditure of ₹51.27 lakh²⁷. Had there been coordination between the departments, there would be uniformity in purchases and the benefits of comparative rate would have been received. In absence of sharing information about rates offered to Executive Engineer (Agriculture), the CHD, P&RD had purchased 1,02,548 Hymatic Napsak spray machines at the lowest quoted rate of ₹2,175 each without further negotiation with the supplier, resulting in extra expenditure of ₹51.27 lakh.

The Joint Secretary, P&RD, BTC stated in reply (November 2016) that the information regarding approved rates of other departments of BTC was not shared by the department concerned and as such consideration of approved rates of other departments did not arise. The reply substantiates the audit observation of lack of co-ordination between the departments of BTC.

4.2.3 Extra expenditure towards procurement of Blankets

Rule 114 of BTC Fund Rules, 2012 provides that bills in support of payment shall be accompanied by a certificate that the articles detailed in the voucher have been actually received and entered in the stock register, that their quantities are correct and their quality good, that the rates paid are not in excess of accepted or market rates.

The CHD, P&RD Department procured 67,867 blankets (7ft x 5ft Double size) during 2014-15 for distribution to the BPL families from different suppliers, at the rate of ₹1,400 per blanket from the fund of 13th FC and Annual Operational Plan (AOP) as detailed in **Table-4.2**.

²⁴ (1,02,548 X ₹2,175.00).

²⁵ (Kokrajhar, Baska, Chirang and Udalguri).

²⁶ ₹7.08 crore + ₹15.22 crore on 24-02-2015 and 26-08-2014 respectively.

²⁷ (₹2,175.00 – ₹2,125.00) X ₹1,02,548= ₹51,27,400.

Table-4.2: Payment for blankets

Name of fund under which procurement was made	Supply order No. and date	Name of supplier	Qty. procured (pieces)	Rate per blanket (In ₹)	Total amount paid (In ₹)
AOP for the year 2014-15	DPRD/BTC/(AOP)-2/2014/84 dtd.07.11.14	M.R. Enterprise	4,660	1400	65,24,000
	DPRD/BTC/(AOP)-2/2014/83 dtd.07.11.14	M/s. Rati Enterprise	8,505	1400	1,19,07,000
	DPRD/BTC/(AOP)-2/2014/82 dtd.07.11.14	M/s. Prakash Enterprise	1,435	1400	20,09,000
	DPRD/BTC/(AOP)-2/2014/85 dtd.07.11.14	M/s. Surjya Enterprise	1,000	1400	14,00,000
	DPRD/BTC/(AOP)-2/2014/81 dtd.07.11.14	Auto Furnico	7,370	1400	1,03,18,000
Under the award of 13th FC during 2014-15	DPRD/BTC/(13 th FC)-21/2014/44 dtd.11.12.14	M/s. M. Bramha Enterprise	44,897	1400	6,28,55,800
Total :			67,867	1400	9,50,13,800

Source: Departmental Records

The department allowed the rate of ₹1,400 per blanket to the supplier on the basis of the lowest quoted rate approved by the purchase committee of P&RD Department (17 October 2014).

On scrutiny of records²⁸, it was seen that the Central Purchase Board (CPB) found the rate quoted for the blanket²⁹ by different firms was higher in comparison with the prevalent market rate as collected by the Handloom & Textile Department of BTC and the rate of Assam Small Industries Development Corporation (ASIDC). The Board negotiated the price with the bidders and approved the rate of blanket at ₹680 per piece as shown in **Table-4.3**.

Table-4.3: Procurement of blankets by Land Revenue department

(In ₹)

Name of the item with specification	Market rate assessed by the Handloom & Textile Department, BTC (incl. VAT)	ASIDC's rate per blanket (incl. VAT)	Lowest quoted tender rate per blanket (incl. VAT)	Negotiated approved rate per blanket of Central Purchase Board, BTC (incl. VAT)
Blanket Double size (1.5 mtr. x 2.5 mtr.)	300 to 600	588	735	680

Source: Departmental Records

It was also noticed that during the same period, LR&DM Department and WPT&BC Department of BTC procured 43,063 and 22,059 blankets of same size at the rate of ₹680 per blanket for distribution to the riot affected families of 2012 and BPL families respectively. It was also observed that the purchase committee of P&RD department while recommending the rate did not specify the quality parameters of the blanket.

From the above, it is evident that prior to procurement of 67,867 blankets, the purchase committee neither assessed the market rate of the blanket nor assessed the rate at which the other departments of BTC procured the same. Thus, if there had been coordination between the departments or a central procurement system in the Council, the procurement procedure followed by one department would have been utilised by other

²⁸ Minutes of the Central Purchase Board (BTC) meeting held on 12 January 2015 and CS of quoted rates submitted in response to tender invited on 27 December 2014,

²⁹ Double size 1.5 mtr x 2.5 mtr. i.e., 5 feet x 8 feet approximate.

departments. P&RD department did not verify market rates and due to lack of coordination among the departments of BTC, CHD, P&RD department had incurred an extra expenditure to the tune of ₹4.89 crore³⁰. Audit also noticed that no records were maintained regarding distribution of blankets to beneficiaries.

The Joint Secretary, P&RD Department of BTC stated in reply (October 2017) that the blankets were procured as per recommendation of the BTC authority on the basis of lowest quoted rates. The fact, however, remains that extra expenditure of ₹4.89 crore was incurred due to lack of coordination among the departments of BTC and allowing of higher rate to the supplier over the available lower rates.

4.2.4 Extra expenditure towards procurement of tarpaulin

The Director, LR&DM Department of BTC invited tender for procurement of plastic tarpaulin³¹ on 27 December 2014 and submitted the Comparative Statement (CS) of offered rates for approval of rate of procurement of the tarpaulin. The Handloom & Textile Department of BTC collected the prevalent market rate of plastic tarpaulin of the same size and specification as per directions of the Central Purchase Board (CPB).

The Board found³² (12 January 2015) that the rate quoted for plastic tarpaulin by different firms were higher in comparison to the prevalent market rate. As such, Board negotiated the price with the bidders and approved the rate of tarpaulin at ₹1,500 per piece. The details of CS are shown in **Table-4.4**.

Table 4.4: Comparison of rate of tarpaulin

(In ₹)

Name of the item with specification	Market rate assessed by the Handloom & Textile Department, BTC (incl. VAT)	Lowest quoted rate per tarpaulin (incl. VAT)	Negotiated approved rate per tarpaulin of Central Purchase Board, BTC (incl. VAT)
Tarpaulin (15ft. to 18ft.) General Best quality	500 to 550	2,890	1,500

Source: Departmental Records

The approved rate of ₹1,500 per tarpaulin was much higher than the market rate (maximum ₹550) as collected by the Handloom and Textile (H&T) Department of BTC. The Board, however, did not explain in the minutes, the reason for wide variation between the negotiated rate and prevailing rate as collected by H&T Department.

The Director, LR&DM Department of BTC procured 6,500 pieces of plastic tarpaulin³³ at the rate of ₹1,500 per piece during 2014-15 for distribution to the violence (December 2014) affected families under Sidli revenue circle of Chirang District.

Thus, the CPB allowed the suppliers undue financial benefit by way of approving higher rate than the available market rate. As a result, BTC incurred extra expenditure of ₹61.75 lakh³⁴.

³⁰ ₹(1,400-680) x 67,867

³¹ Size of 15 feet to 18 feet and specification of general best quality.

³² Minutes of the meeting held on 12 January 2015.

³³ Size of 15 feet to 18 feet and specification of general best quality.

³⁴ (₹1,500.00 – ₹550.00) x 6,500.

Further, department had not maintained records of distribution of tarpaulin to beneficiaries. In absence of records, the utilisation of this purchase could not be verified.

The Secretary, LR&DM, BTC stated in reply (October 2017), that the quality of tarpaulin whose market rate was collected and produced by the H&T Department to CPB was found to be not useable and therefore better quality of tarpaulin was approved.

The reply appears to be an afterthought, since the reasons for not abiding by the market rate of ₹550 should have been explained as part of the purchase proceedings and approvals taken accordingly.

4.2.5 Extra expenditure on procurement of surgical items

As per the Consumer Goods (Mandatory Printing of cost of production and maximum retail price) Act, 2014, it is mandatory for the manufacturer to print cost of production and maximum retail price, so that the consumer could not get overcharged by the agents/ dealers. Charging more than MRP is a punishable offence and can even lead to cancellation of licence of supplier.

DHS, BTC procured 7,100 rolls of absorbent cotton and 4,71,910 Disposable syringes³⁵ during December 2014 to January 2015 at a total expenditure of ₹95.44 lakh for use in health institutions³⁶ with due sanctions from BTC. However, the brand name of the product and manufacturer's identity was not indicated in any record (supply order, delivery challan, bill, stock register). The procurement price was indicated to be based on the rate approved by the Purchase Board of Health and Family Welfare Department of BTC in their meeting held on 14 August 2014.

The Purchase Board of the different departments of BTC, normally approve the rates for procurement of articles as per lowest quoted price offered by the supplier in response to tender invited. But in the instant case, it was noticed that the Board resolved to approve the previous rate³⁷. The reason for such resolution was not spelt out in the minutes.

Cross verification of rates of items during the period of audit (August to November 2016) however, showed that the rates allowed to the suppliers were much higher as compared to the Maximum Retail Price (MRP). The rates allowed were found to be higher by 83 to 196 *per cent* than the prevailing maximum retail price of the items. As such, there was feasibility of procurement of the articles at lesser cost than the actual procurement cost. Thus, procurement at higher rates resulted in avoidable extra expenditure to the tune of ₹49.16 lakh, as detailed in **Table-4.5**.

³⁵ (2ml: 1,41,726 syringes; 5ml: 2,30,026 syringes and 10ml: 1,00,158 syringes).

³⁶ Civil Hospitals, Community Health Centres and Health Institutions within BTAD.

³⁷ Applicable in the case of procurement of hospital machineries, equipment, surgical and other hospital goods as detailed in Annexure III to the minutes of meeting held on 14 August 2014.

Table 4.5: Excess expenditure on surgical items

							(In ₹)	
Sl. No.	Supply order No. and date	Name of the Items	Quantity procured	Rate allowed per unit	MRP per unit	Excess in rates per unit	Excess expenditure	
							Amount	Per cent
1	2	3	4	5	6	7 (5-6)	8 (4 x 7)	9
01	DHS/BTC/ Surgical- 25/ 14- 15/80 dtd.	Absorbent cotton 500gr Roll	5,000	550.00	300.00	250.00	12,50,000.00	83
02		Disposable Syringe 2 ml	1,21,726	13.34	4.50	8.84	107,60,57.84	196
03		Disposable Syringe 5 ml	1,50,026	10.64	5.00	5.64	8,46,146.64	113
04		Disposable Syringe 10 ml	90,003	12.90	7.00	5.90	5,31,017.70	84
05		Absorbent cotton 500gr Roll	2,100	550.00	300.00	250.00	5,25,000.00	83
06		Disposable Syringe 2 ml	20,000	13.34	4.50	8.84	1,76,800.00	196
07		Disposable Syringe 5 ml	80,000	10.64	5.00	5.64	45,1,200.00	113
08		Disposable Syringe 10 ml	10,155	12.90	7.00	5.90	59,914.50	84
Total		Absorbent cotton 500gr Roll	7,100	550.00	300.00	250.00	17,75,000.00	
		Disposable Syringe 2 ml	1,41,726	13.34	4.50	8.84	12,52,857.84	
		Disposable Syringe 5 ml	2,30,026	10.64	5.00	5.64	12,97,346.64	
		Disposable Syringe 10 ml	1,00,158	12.90	7.00	5.90	5,90,932.20	
Grand Total		Disposable Syringe	4,71,910				49,16,136.68	--
		Absorbent cotton	7,100					

Source: Departmental Records

BTC stated in reply (October 2017) that the items were procured at the Assam Government Marketing Corporation (AGMC) rates as the rates were accepted by the purchase board. The reply was not acceptable as the rates allowed were much higher than the MRP of the respective items, which resulted in excess expenditure of ₹49.16 lakh.

4.3 Other observations

4.3.1 Blockage of funds due to unspent Scheme funds

Test-check of records and information furnished showed that ₹2.82 crore under different schemes (other than State Plan) remained unutilised from the year 2012-13. Such retention of the scheme funds without utilisation resulted not only in blockage of fund, but benefits of these schemes remained unattained during the last four years. The details of unspent funds are detailed in *Appendix-II*.

BTC, while accepting the observation stated (October 2017) that the funds of National Maternity Benefit Scheme (NMBS) of ₹53.20 lakh would be refunded to the GoA and the fund of Indira Gandhi National Old Age Pension Scheme (IGNOAPS) of ₹1.79 crore would be disbursed to the beneficiaries. However, reasons for non-utilisation of the balances ₹0.53 crore were not furnished. Further, status of refund or disbursement had not been intimated (October 2020).

4.3.2 Excess Expenditure on procurement of Pre-School Education Kits

Directorate of Social Welfare, BTC, Kokrajhar, submitted proposals from time to time to the GoA for sanction of funds for providing Pre-school Education (PSE) kits to 13,439 full-fledged Anganwadi Centres (AWCs) and 446 Mini AWCs under BTAD areas. The proposals consisted of procurement of kits comprising nine³⁸ and eight³⁹

³⁸ 1. Colour pencil, 2. Nail cutter, 3. Lead pencil, 4. Pencil sharpener, 5. Pencil eraser, 6. Drawing book, 7. Note book, 8. National flag and 9. Scale (plastic).

³⁹ 1. Colour pencil, 2. Nail cutter, 3. Lead pencil, 4. Pencil sharpener, 5. Pencil eraser, 6. Drawing book, 7. Note book and 8. Scale (plastic).

items for full-fledged AWCs and mini AWCs respectively as per rates approved by Government of Assam. The prescribed rate of PSE kits of ₹1,000 for full-fledged AWCs and ₹250 for mini AWCs inclusive of VAT (five *per cent*) and Administrative Charges (two *per cent*). In turn, the GoA, Social Welfare Department sanctioned funds towards procurement and distribution of PSE kits.

Test-check of records showed that, the Joint Secretary, BTC issued supply order (August 2013) to the three local suppliers and the rate was inclusive of five *per cent* VAT. The suppliers supplied the PSE kits and BTC incurred an expenditure of ₹71.72 lakh towards procurement of 13,439 PSE kits for full AWCs at the rate of ₹1,000 per kit and 446 PSE kits for mini AWCs at the rate of ₹250 per kit from different suppliers. In addition to the payment of ₹1,000 and ₹250 per kit, the suppliers were allowed five *per cent* VAT, and two *per cent* Administrative Charges in case of AGMC only. Thus, due to negligence on the part of Social Welfare Department, the suppliers were paid VAT at the rate of five *per cent* in addition to the approved rate which was inclusive of VAT. This resulted in overpayment of ₹6.78 lakh⁴⁰ to suppliers beyond the approved rate.

On this being pointed out, Joint Director, Social Welfare Department, BTC assured (December 2018) that necessary steps would be taken in consultation with the BTC authority.

4.4 Conclusion

The audit of accounts of BTC for 2014-15 disclosed that:

- i. System of Governance appears lacking as evidenced by numerous control failures listed in paragraph above, including issue of supply orders based solely on unsolicited request by the suppliers, and/ or without call of tender.
- ii. Compliance with financial rules and orders in the Council was weak which resulted in various irregularities as pointed out in preceding paragraphs of this Report.
- iii. There was absence of a well-defined purchase policy, as also lack of coordination amongst the departments within BTC due to which, the rates of procurement of the same items varied from department to department and BTC had to incur extra expenditure, as mentioned in Paragraphs 4.2.1, 4.2.2, 4.2.3 and 4.2.4.

These issues need to be addressed with corrective measures taken by the BTC in order to improve its functioning and compliance with Financial Rules.

4.5 Recommendations

- ✓ *Council may clearly define objectives and activities to be taken up under various schemes /programme including Chief Discretionary grants and ensure proper documentation of all relevant records.*

⁴⁰ Full AWCs 13,439 @ ₹1000 x 5% + Mini AWCs 446 @ ₹250 x 5% = ₹6.78 lakh


- ✓ Council may ensure that procurement of materials is made as per Annual Action Plan of the Council following all the codal provisions for procurement.
- ✓ Council may devise a system for purchase of items of common requirement through a Central Purchase Committee. A charter that clearly prescribes the Central Purchase Committee's role and responsibilities, composition, structure, authority, processes and procedures for finalising such purchases may be drawn up.
- ✓ Council is advised that before implementation of beneficiary oriented programmes, prior selection of beneficiaries is made ensuring proper documentation and then necessary tenders/ supply orders are issued. Beneficiary wise proper distribution records should also be maintained and be available for verification. Council may review all unspent balances of State Government Grants for Schemes/ Programmes and take action to refund them/ intimate the State Government Departments.
- ✓ Systems for strengthening internal controls and checks in the Council Departments and Subordinate offices may be put in place on priority.
- ✓ Council needs to take necessary steps to establish Internal Audit wing and also adopt internal control policies so that deficiencies in internal control system as pointed out in this Report are addressed.

Guwahati
The 01 July 2022


(K. S. GOPINATH NARAYAN)
Principal Accountant General (Audit), Assam

Countersigned

New Delhi
The 20 July 2022


(GIRISH CHANDRA MURMU)
Comptroller and Auditor General of India