CHAPTER-III

GENERAL SECTOR

3.1 Introduction

The findings based on audit of State Government units under General Sector feature in this chapter.

During 2014-15, against total budget provision of ₹8,673.54 crore, total expenditure of ₹5,819.95 crore was incurred by 11 departments under General Sector. Department-wise details of budget provision and expenditure incurred thereagainst are shown in ***Appendix – 3.1***. Moreover, in respect of three more heads of accounts[1], expenditure of ₹5,240.21 crore was incurred during 2014-15 against the budget provision of ₹3,697.62 crore ***(Appendix – 3.2)***.

3.1.1 Planning and conduct of Audit

The audits were conducted during 2014-15 involving expenditure of ₹5,602.72 crore of the State Government under General Sector. This chapter contains one Performance Audit on "Member of Legislative Assembly Area Development Scheme (MLAADS) from 2010-11 to 2014-15", one Follow-up Audit on "Comprehensive Treasury Management Information System (CTMIS)" and seven Compliance Audit Paragraphs. This chapter also contains three General Paragraphs.

The major observations made in audit during 2014-15 under General Sector are discussed in succeeding paragraphs.

PERFORMANCE AUDIT

Planning and Development Department

3.2 Performance Audit of "Member of Legislative Assembly Area Development Scheme"

Members of the Legislative Assembly (MLA) felt the necessity for the provision of certain basic facilities including community infrastructure for small works of capital nature in their local areas to meet the felt-needs keeping in view the socio- economic conditions of the people of Assam. State Government also felt the need for a specific mechanism to introduce a scheme. Keeping in view, Planning and Development (P&D) Department of the State Government introduced the "Member of Legislative Assembly Area Development Scheme (MLAADS)" in 1994-95 with the same approach of Member of Parliament Local Area Development (MPLAD) Scheme to develop small works of capital nature in each MLA constituency. Under the provisions of the

[1] (i) 23-Pension and other retirement benefits, (ii) 10-Public Service Commission and (iii) 68-Loans to Government Servant.

scheme, the works of developmental nature, catering to the needs of local people emphasising on income through creation of durable assets such as community halls, public library, rural roads, culvert, market sheds etc., were required to be taken up and executed by the line departments/reputed non-governmental organizations (NGOs/Panchayati Raj Institutions/Construction Committees or other user groups.

Performance Audit of the implementation of the scheme in the test-checked Legislative Area Constituencies (LACs) revealed various deficiencies such as delay in recommendations and sanction of works, absence of transparency in selection of implementing agencies, execution of inadmissible works, creation of assets on private land without obtaining No Objection Certificate (NOC) for community usage, creation of non-durable assets, non-maintenance of 'Asset Register' etc. Of the works taken up for execution during 2010-15, only 57 per cent in 17 selected test-checked LACs could be completed. Monitoring mechanism was ineffective both at State and district level. Besides, deficiencies in planning, instances of financial mis-management of the scheme funds were also noticed.

Highlights

Out of ₹58.03 crore received for implementation of the sanctioned works, ₹43.75 crore (75 *per cent*) was paid to Construction Committees, suppliers and labourers in cash by 59 implementing agencies of seven test-checked districts during 2010-15 in violation of financial rules leading to lack of transparency in financial management.

(Paragraph: 3.2.8.7)

Against the allotment of ₹213.71 crore during 2010-15, recommendations for 14093 works valued at ₹180.30 crore only were received from the MLAs in the eight test-checked districts.

(Paragraph: 3.2.9.2)

In four test-checked districts, 2257 Hand Tube Wells (HTW) and 70 Tara Pumps at a cost of ₹1.60 crore were installed during 2010-15 through different Construction Committees and Development Blocks on private lands for individual benefit without obtaining NOCs from the owners of the land regarding utilisation of assets for community usage.

(Paragraph: 3.2.9.3)

The DCs sanctioned 3651 works at a cost of ₹48.21 crore against the 4041 recommended works valued at ₹56.02 crore in the 17 selected LACs, of which 1568 works (43 *per cent*) valued at ₹21.94 crore remained incomplete despite release of ₹15.28 crore to the implementing agencies as of 31 March 2015. Completion Reports, Utilisation Certificates, photographs of 2083 completed works, valued ₹26.27 crore were not submitted even after lapse of 16 to 35 months from the date of release of funds as of March 2015. Thus, correctness of data of 2083 completed works as reported by the authorities was doubtful.

(Paragraph: 3.2.9.4)

There was no proper system of handing over and upkeep/maintenance of the assets created. Thus, sustainability of the completed assets was not ensured. Satisfaction analysis of beneficiaries also disclosed that the upgradation of life standards of the local people was partially (27 *per cent*) achieved.

(Paragraph: 3.2.9.7)

3.2.1 Introduction

In March 1994, following the footsteps of the Government of India (GoI), MPLAD Scheme, Chief Minister of Assam announced in the Legislative Assembly, the launch of a new scheme "Member of Legislative Assembly Area Development Scheme (MLAADS)" in the State. P&D Department of the State Government introduced the "MLA's Area Development Scheme" in 1994-95 with the same approach as the MPLAD Scheme. The objective of the scheme was to develop small works of capital nature in each MLA constituency. The fund allotment per annum against each Legislative Assembly Constituency (LAC) of the State from 1994-95 (year of inception of the scheme) to 2014-15 is shown in Table-3.1 below:

Table-3.1

Period		Allotment of fund per LAC per year (₹ in lakh)	Cost limit for Individual work (₹ in lakh)	
From	To		Minimum	Maximum
1994-95	--	5.00	0.25	5.00
1995-96	1996-97	10.00	0.25	5.00
1997-98	2002-03	20.00	0.25	5.00
2003-04	2006-07	30.00	0.25	5.00
2007-08	2011-12	40.00	0.25	5.00
2012-13	2014-15	100.00	0.50	10.00[2]

Source: Department records.

In terms of guidelines of the scheme, the works to be taken up under the scheme should be developmental in the nature, catering to the needs of local people emphasising on income through creation of durable assets such as community hall, public library, rural road, culvert, market shed etc. The Deputy Commissioner (DC) shall be the District Nodal Authority to implement the scheme in the district. The District Authority shall identify the Implementation Agency capable of executing the eligible work qualitatively, timely and satisfactorily and shall follow the established work scrutiny in the matter of works execution, and shall be responsible for timely and effective implementation of such works. During the period 2010-15, there were 126 Assembly Constituencies in the State.

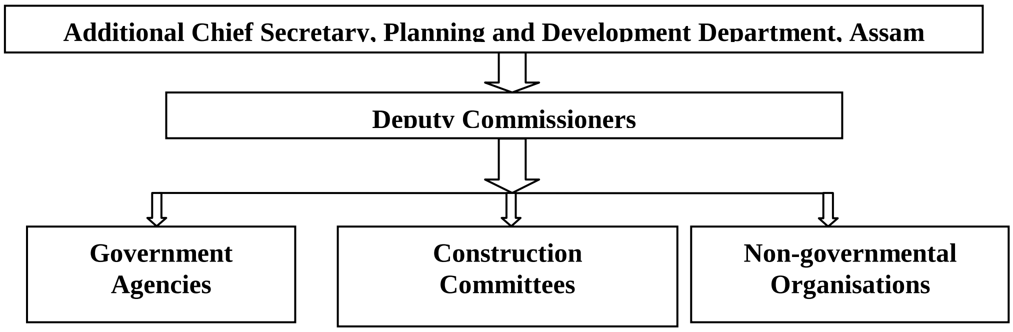
3.2.2 Organisational Set-up

The Additional Chief Secretary of the P&D Department is the Nodal authority at the State level for the implementation of the Scheme. At the district level, the Deputy

[2] The limit can be exceeded in special cases of bigger project up to ₹10 lakh per year subject to maximum of ₹20 lakh.

Commissioners (DCs) are responsible for sanction and implementation of the works recommended by the MLAs under the Scheme. The organisational structure for implementation of the MLAAD Scheme is given in Chart-3.1:

Chart-3.1



Source: Information provided by P&D Department, Govt. of Assam.

3.2.3 Audit objectives

The main objectives of the Performance Audit were to assess whether:

- the planning and selection of the developmental works was in accordance with the guidelines, based on the locally felt needs and aimed at creation of durable assets with emphasis on income generation;
- the financial management for the works and utilisation of the funds was efficient;
- the works were implemented within the stipulated time and the prescribed cost ceiling, executed economically, efficiently and effectively and the assets created were durable in nature and put to public use and maintained properly;
- internal control and monitoring mechanism as prescribed was in place, adequate and effective.

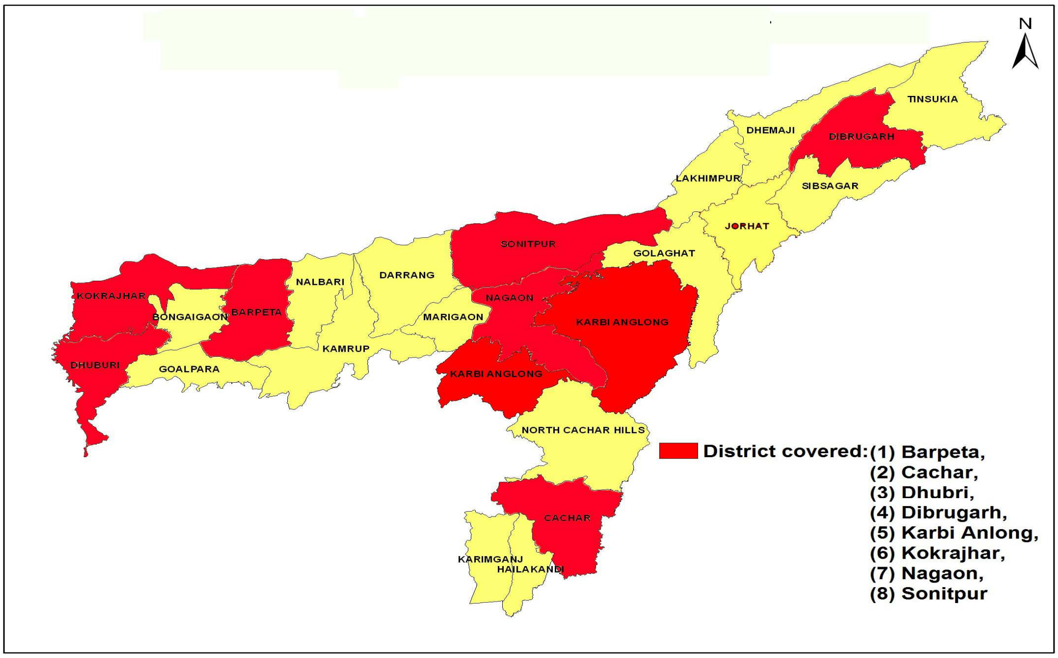
3.2.4 Audit criteria

The audit criteria for the performance audit were benchmarked against the following sources:

- Policy/Guidelines (revised in August 2007 and April 2013) formulated by the Planning and Development Department of the State Government;
- Annual Action Plans based on the recommendation of MLA/Nodal Agency;
- Sanction letters/Circulars/Instructions issued from time to time/Release orders of the State Government;
- Action Plan for implementation and maintenance of individual works;
- Prescribed monitoring and evaluation mechanism.

3.2.5 Scope of Audit

Audit of the implementation of MLAAD Scheme for the period 2010-15 was carried out during April-July 2015. Records relating to the Directorate of P&D Department, Assam Secretariat, offices of the Deputy Commissioners of eight[3] test-checked districts (30 *per cent of the total 27 districts*) covering 17 LACs[4] selected by using Simple Random Sampling Without Replacement (SRSWOR) method with size measurable as the total amount sanctioned by the concerned DC under MLAAD Scheme were test-checked . Detailed scrutiny of 420 works[5], valued at ₹11.44 crore, selected from the total 3651 works (valuing ₹48.21 crore) by using Systematic Random Sampling method were carried out in the 17 selected LACs.



Map of Assam indicating eight districts covered for Performance Audit of MLAADS

3.2.6 Audit Methodology

The performance audit commenced with an 'entry conference' (8 April 2015) held with Commissioner and Secretary to the GoA, P&D Department, Director, P&D Department, Joint Secretary, Finance Department, GoA and other departmental officers, wherein the audit objectives, criteria and scope of audit were discussed. The audit involved examination of records/documents of the selected units, Joint physical

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[3] Barpeta, Cachar, Dibrugarh, Dhubri, Kokrajhar, Karbi Anglong, Nagaon, Sonitpur

[4] Barpeta: Chenga, Jania, Cachar: Dholai, Silchar, Dibrugarh :Duliajan, Moran, Dhubri: Mankachar, Bilasipara East, Kokrajhar: Kokrajhar (East),Kokrajhar (West),Karbi Anglong: Diphu, Howraghat, Nagaon : Batadrava, Samaguri, Hojai, Sonitpur: Biswanath, Rangapara @ 25 *per cent* subject to minimum of 2 LACs per districts

[5] Chenga(21), Jania(25), Dholai(22), Silchar(28), Duliajan(21), Moran(24), Mankachar(29), Bilasipara East(31), Kokrajhar East(26),Kokrajhar West (21), Diphu(21), Howraghat(24), Batadrava(35), Samaguri(20), Hojai(24), Biswanath(27), Rangapara(21)

verification of selected works, User group survey and analysis of information/data collected from the audited entity through questionnaire/requisition.

The audit findings were discussed in the exit conference held (9 October 2015) with the Commissioner and Secretary, to the GoA, P&D Department wherein Director, P&D Department, Joint Secretary, Finance Department, GoA and other departmental officers were also present. Based on the discussion held and the replies to the observations received, the response of the department has been incorporated in the Report appropriately, wherever applicable.

3.2.7 Audit Findings

3.2.7.1 Planning

Planning is an integral part of programme implementation. Policy framework and programmes to meet up the necessity for provision of certain basic facilities including community infrastructure for small works of capital nature in their local areas of Assembly Constituency depend on basic information relating to the availability of the durable assets viz., drinking water supply, primary education, public health care, rural roads and culverts, market sheds etc., at the grassroots level. Survey to identify the area-wise need for strengthening and augmentation of infrastructure facilities in the Assembly Constituency has got direct relationship with planning and development process.

Scrutiny of records revealed that P&D Department, GoA neither conducted any survey nor prepared the Annual Action Plan (AAP) for implementation of Scheme in the State. P&D Department insisted (November 2012) upon the District Nodal Authority (DNA) cum Deputy Commissioners (DCs) of all the districts in Assam to prepare the Annual Action Calendar (AAC) of MLAAD scheme but the same was also not prepared.

On this being pointed out, it was stated (15 October 2015) by the department that it was beyond the scope of the P&D Department. The reply was not tenable as the P&D Department insisted upon the DNA to prepare the AAC, which was required for the prioritisation of works for creation of required facility/assets under the Scheme.

According to the guidelines of MLAAD scheme, each MLA shall recommend works for his constituency up to the annual entitlement during the financial year, preferably within 90 days of the commencement of the financial year (This was changed to within the financial year from April 2012) to the concerned District Authority for administrative approval and financial sanction based on the feasibility of the works. Further, special attention is required to be given for development of infrastructure in areas inhabited by SC and ST population including areas affected by natural calamities. The schemes should be recommended considering the prioritized development needs. The P&D Department is responsible for policy formulation/guidelines, sanction and release of funds and prescribing monitoring mechanism for implementation of the Scheme.

Scrutiny of records, however, revealed that during the period 2010-15, none of the DCs of the eight test-checked districts maintained consolidated records indicating the dates of receipt of recommendations from MLAs, date of sanction, date of completion and date of handing over of the assets created to the user groups, details of the areas inhabited by SCs/STs and those affected by natural calamities covered. Further, the recommendations concerning the works were not prioritized and no mechanism was evolved by the P&D Department for eliminating bogus or duplicate works. The works were not recommended within the time prescribed as per scheme guidelines despite availability of funds. The basis of recommendations of the works were also not found recorded except in case of 102 works[6] (2.52 *per cent*) out of total 4041 works recommended by the MLAs during 2010-15 in the 17 selected LACs.

Thus, the planning and formulation of the developmental works aimed at creation of durable assets for community with emphasis on income generation, strengthening and augmentation of infrastructure facilities were not based on surveys and priority.

3.2.8 Financial Management

3.2.8.1 Funding Pattern

The P&D Department allocates the annual fund to the districts on the basis of the number of constituencies. The annual allocation is released by P&D Department directly to the DC in two equal instalments as per demand from the concerned DC on the basis of the actual progress of works and execution of works against the previous instalments. The first instalment is released by June/July and the second instalment by November/December every year.

The DC can release 75 *per cent* of the estimated cost of the sanctioned works as first instalment to the implementing agencies and another 25 *per cent* as second instalment subject to submission of Utilisation Certificate (UC) and photographs of the works executed against the first instalment.

The deficiencies noticed in implementation of this scheme in the eight test-checked districts are discussed below:

- The DC, Cachar released (July 2013) the entire amount of ₹0.14 crore [7] in single instalment (19 September 2013) instead of in two instalments, to the District Agriculture Officer, Cachar, for the distribution of agricultural kits/ agricultural hand implements to 1225 beneficiaries[8] under MLAADS during 2012-13.

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[6] The works were recommended based on the written request of the user groups: Lahowal=13, Moran=15, Naharkatia=7 of Dibrugarh district and Diphu of Karbi Anglong district = 67

[7] ₹0.06 crore for Borkhola LAC on 8 July 2013 and ₹0.08 crore on 12 July 2013 for Katigorah LAC

[8] 525 beneficiaries of Borkhola and 700 beneficiaries for Katigorah.

- The DC, Kokrajhar released ₹0.15 crore[9] in one installment during (July 2014 - May 2015) for the construction of 11 KV line, 11/0.43 KVA sub-station in Kokrajhar (East) LAC meant for Below Poverty Line (BPL) beneficiaries. Of these projects, construction of 11 KV Line, 11/0.04 sub-station and 25 KVA transformers for electrification of Jaoliapara Muslim Basti was completed. The records regarding the balance works and the list of the BPL beneficiaries were not made available to audit, though called for.

- The DC, Nagaon released ₹0.27 crore (March 2015) to the BDO, Bajiagaon Development Block for installation/augmentation of 23 transformers in Samaguri LAC by May 2015. The DC also released ₹0.23 crore (92 *per cent* of the total sanctioned amount of ₹0.25 crore) to BDO, Lawkhowa Development Block on 16 March 2015 for installation/augmentation of another 21 transformers in Samaguri LAC by May 2015. Of these projects, which were primarily meant for BPL beneficiaries, only one 100 KVA transformer was installed by replacing the existing 63 KVA transformer at Hatikhuli market chowk. The records regarding implementation of the balance works and list of the intended BPL beneficiaries were not made available to audit, though called for.

Thus, release of the fund by the DCs in one installment was in violation of scheme guidelines. Besides, the DCs failed to ensure the actual completion/implementation of the works.

3.2.8.2 Budget allocation and release of fund

Funds are provided by the GoA through budgetary provision under the Head of Account-Major Head '3451' (MLAAD fund). The year-wise position of fund received from the State Government and released to the district authorities in all constituencies for the period from 2010-11 to 2014-15 is shown in Table–3.2 and Chart-3.2:

Table – 3.2

Details of fund received and released to the district authorities in all constituencies of the state

(₹in crore)

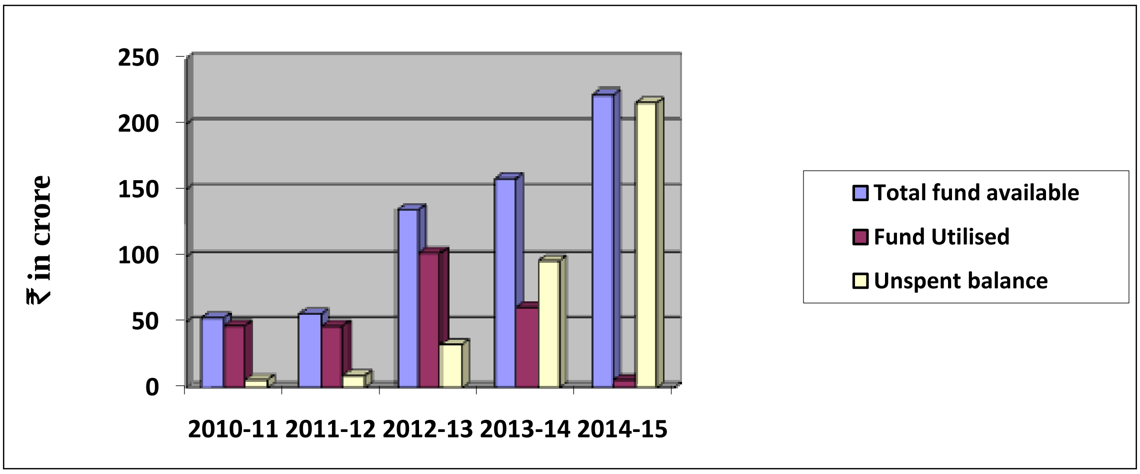
Year	Previous balance	Fund received during the year	Total fund available	Fund utilised by the district	Closing Balance	Percentage of fund utilised
2010-11	3.16	50.40	53.56	47.30	6.26	88
2011-12	6.26	50.40	56.66	46.98	9.68	83
2012-13	9.68	126.00	135.68	103.18	32.50	76
2013-14	32.50	126.00	158.50	61.70	96.80	38
2014-15	96.80	126.00	222.80	6.04	216.76	3
Total		**478.80**	**627.20**	**265.20**		

Source: Departmental records.

[9] Kokrajhar : electrification at Brahmapur (₹0.03 crore), Shealpara(₹0.04 crore) , Dangakhuti village (₹0.03 crore) and Jaouliapara Muslim Basti (₹0.05 crore) under Kokrajhar East LAC.

Chart –3.2

Fund received and utilised during 2010-15



Source: Department records.

- From the above table it is observed that out of the total fund of ₹627.20 crore, GoA could release only ₹265.20 crore (42.28 *per cent*) to the implementing agencies during 2010-15. The utilisation of fund declined gradually from 88 *per cent* of the released funds in 2010-11 to 3 *per cent* in 2014-15. The reason for decrease in utilisation of fund was not made available, though called for. Non-submission of Utilisation certificates (UCs) in respect of 1568 works in 17 selected LACs against the release of first installments led to consequential non-release of subsequent fund. This led to delay in completion of the works thereby depriving the intended beneficiaries of the benefits under the scheme.

3.2.8.3 Receipt and release of fund in the test checked districts

The position of fund received and released by the DCs of eight test-checked districts to the implementing agencies during 2010-15 is as shown in Table-3.3:

Table – 3.3

Details of fund received and released by the eight test checked districts during the period 2010-15

(₹in crore)

District	Previous Balance	Fund received	Interest earned	Total fund available	Amount released	Amount lying with DC as of 31 March 2015	Amount lying with DC in *per cent*
Barpeta	2.10	30.40	0.23	32.73	15.84	16.89	52
Cachar	2.06	29.28	0.54	31.88	24.58	7.30	23
Dhubri	3.44	27.44	0.75	31.63	21.97	9.66	31
Dibrugarh	3.73	27.10	0.37	31.20	20.00	11.20	36
Karbi Anglong	2.13	15.10	0.44	17.67	11.12	6.55	37
Kokrajhar	1.70	11.40	0.39	13.49	8.85	4.64	34
Nagaon	3.43	41.80	1.35	46.58	30.55	16.03	34
Sonitpur	5.93	30.40	0.89	37.22	26.26	10.96	29
Total	**24.52**	**212.92**	**4.96**	**242.40**	**159.17**	**83.23**	**34**

Source: Departmental records.

From the above table, it could be seen that out of the total fund of ₹242.40 crore available, the concerned DCs of the test-checked districts released ₹159.17 crore (66 *per cent*) to the implementing agencies. The balance amount of ₹83.23 crore was retained at bank by the district authorities as of 31 March 2015. The quantum of retention of fund ranged from 23 (Cachar) to 52 (Barpeta) *per cent* in the eight test-checked districts since last 24 to 36 months (March 2015). Scrutiny revealed that out of the total closing balance of ₹83.23 crore, ₹9.64 crore were meant for implementation of works sanctioned prior to 2010-11 in four districts[10]. The reasons for retention were attributed (April-July 2015) by the district authorities to delay in receipt of recommendations of the works, negligence of the Construction Committees in submission of UCs for releasing subsequent installment, replacement of the approved works with other works and site location thereof and disproportionate allocation of funds corresponding to the volume of works to be undertaken.

Thus, despite availability of funds due to lackadaisical attitude of the concerned authorities, intended benefits of the scheme could not reach the targeted beneficiaries.

3.2.8.4 Rush of release of funds in March

Scrutiny of records revealed that in the test-checked districts, out of the total fund of ₹212.92 crore received during 2010-15, ₹61.75 crore[11] (29 *per cent*) was received in the month of March alone. This resulted in spill over of the works well beyond the financial year to which the funds related and scheduled to be completed. This led to retention of funds and delay in completion of projects. Thus, intended objective of the scheme for the creation of durable assets and infrastructure development of the areas on a regular basis was defeated.

On being pointed out in audit, the P&D Department stated (15 October 2015) that the reason for rush of release of second installment in March was due to delay in recommendation of works, late submission of relevant document and delay in submission of UCs. The reply was not tenable as rush of releases in the month of March was noticed in the cases of release of first installment also.

3.2.8.5 Utilisation of funds in selected LACs

The position of funds received and expenditure incurred by the implementing agencies of the 17 test-checked LACs during 2010-15 is shown in Table-3.4:

[10] Barpeta :₹0.28 crore, Cachar :₹8.31 crore, Karbi Anglong : ₹0.04 crore and Nagaon : ₹1.01 crore

[11] Barpeta: ₹10.80 crore ,Cachar : ₹2.73 crore, Dibrugarh : ₹4.90 crore, Karbi Anglong: ₹6.10 crore, Kokrajhar : ₹4.90 crore, Nagaon: `₹16.50 crore, Sonitpur: ₹11.20 crore and Dhubri : ₹4.62 crore

Table – 3.4

Details of fund received and expenditure incurred by the 17 test-checked LACs during 2010-15

(₹in crore)

District	Name of the LAC	Previous Balance	Fund received including interest	Total fund available	Amount utilised	Unspent amount as on 31 March 2015	Unspent amount (in *per cent*)
Barpeta	Jania	0.40	3.61	4.01	2.58	1.43	35.66
	Chenga	0.20	3.92	4.12	1.77	2.35	57.04
Cachar	Dholai	0.58	3.87	4.45	3.31	1.14	25.62
	Silchar	0.06	3.83	3.89	3.22	0.67	17.22
Dhubri	Bilasipara	0.62	3.93	4.55	2.83	1.72	37.80
	Mankachar	0.48	3.90	4.38	3.51	0.87	19.86
Dibrugarh	Duliajan	0.13	4.05	4.18	2.22	1.96	46.89
	Moran	0.34	4.05	4.39	2.63	1.76	40.09
Karbi Anglong	Diphu	0.47	3.38	3.85	2.50	1.35	35.06
	Howraghat	0.58	3.92	4.50	3.17	1.33	29.56
Kokrajhar	Kokrajhar East	0.61	3.93	4.54	3.07	1.47	32.38
	Kokrajhar West	0.62	3.95	4.57	2.81	1.76	38.51
Nagaon	Samaguri	0.33	3.88	4.21	3.49	0.72	17.10
	Batadrava	0.35	4.11	4.46	1.72	2.74	61.43
	Hojai	0.27	3.89	4.16	3.41	0.75	18.03
Sonitpur	Biswanath	0.60	3.93	4.53	3.19	1.34	29.58
	Rangapara	0.63	3.85	4.48	3.04	1.44	32.14
Total		**7.27**	**66.00**	**73.27**	**48.47**	**24.80**	**33.87**

Source: Departmental Cash Book.

In the 17 LACs of eight test-checked districts, the implementing agencies could utilise only ₹48.47 crore (66 *per cent*) during 2010-15. The balance amount of ₹24.80 crore was retained in bank accounts by the DCs of the concerned LACs as of 31 March 2015. The retention of fund was maximum at Batadrava LAC (61 *per cent*) and minimum at Samaguri LAC (17 *per cent*), both in the Nagaon district.

3.2.8.6 Cash Management

According to the Rule 95 of Assam Financial Rules (AFR), a Drawing and Disbursing Officer (DDO) is personally responsible for accounting of all moneys received and disbursed and for the safe custody of cash. The DDO should satisfy himself by periodical examination that the actual cash balance in the bank corresponds to the balance as per the cash book. Further, DDO is required to verify day to day transactions, attest each entry appearing in the cash book and authenticate the analysis of daily/monthly closing balances.

Scrutiny of records of the test-checked districts revealed that:

- The DC, Sonitpur district, who is responsible for maintaining the Cash Book of MLAADS funds, did not maintain it from June 2014 to March 2015, though there was a transaction of ₹4.76 crore as of March 2015. In the absence of the cash books, actual expenditure could not be vouchsafed in audit. No reasons were furnished by the DC for the failure to maintain the Cash Books.

- The four implementing agencies[12] of Nagaon district did not maintain Cash Book despite incurring expenditure of ₹5.05 crore for implementing the works during 2010-15.

- The DC, Sonitpur district received ₹0.40 crore[13] from the P&D Department being second installment of the MLAADS fund for Tezpur LAC in 2010-11 and 2012-13. But, the amount was not found accounted for in the Cash Books as of March 2015. The records relating to the works against which the amount was received and utilised were also not furnished though called for. In the absence of the cash book, the utilisation of the amounts could not be ascertained and thus possibility of misappropriation of the funds could not be ruled out.

3.2.8.7 Payments in Cash

GoA, Finance Department ordered (18 May 2013) to close all the accounts maintained by Drawing and Disbursing Officers (DDOs) with an instruction to make all payment directly to the recipient account. The P&D Department also instructed (22 May 2014) that no advance and cash payment should be made under any programme and funds are to be released only through Account Payee cheques by the Construction Committee to Muster Roll Workers wherever they were engaged for. Prior to May 2013, payments in cash upto ₹5000[14] only was permissible.

Scrutiny of records of the implementing agencies of the test-checked districts revealed that, out of ₹58.03 crore received for implementation of works, ₹43.75 crore (75 *per cent*) was paid in cash (exceeding ₹5000 in each case) by 59 implementing agencies of seven test-checked districts[15] ***(Appendix-3.3)*** during 2010-15 in violation of financial rules indicating lack of transparency in financial management.

3.2.8.8 Individual Bank Account

According to the Government notification, the implementing agencies (Construction Committee) should maintain bank account to be operated jointly by the Member Secretary and Chairperson of the Construction Committee. Scrutiny of records revealed that the DC, Cachar constituted a Construction Committee consisting of ADC, Cachar as Chairperson and Junior Engineer, Dholai Development Block as Member Secretary on the recommendation of MLA of Dholai LAC, for implementation of 292 works at a cost of ₹3.19 crore during 2010-15. The responsibility of Chairperson of the Committee was neither stated in the scheme guidelines nor mentioned in the notification issued by the DC. The Construction

[12] Nagaon : Hojai LAC: Construction Committee (CC)=₹ 1.62 crore, Yamunamukh LA: CC:=₹ 2.47 crore, Rupahihat LAC :CC = ₹ 0.41 crore, Raha LAC : BDO, Roha = ₹ 0.55 crore,

[13] 2010-11: 1 February 2010 = ₹0. 20 crore, 2012-13 : 7 March 2013 = ₹0.20 crore)

[14] Government circular No.BB.87/94/Pt.I/179 dated 10 March 2006.

[15] Cachar: ₹9.00 crore, Dhubri: ₹9.68 crore, Dibrugarh: ₹5.69 crore, Karbi Anglong: ₹7.24 crore, Kokrajhar : ₹7.04 crore, Nagaon: ₹2.66 crore, Sonitpur: ₹2.44 crore

Committee opened a bank account at United Bank of India, Silchar branch in the name of the Member Secretary alone instead of joint bank account.

Thus, instead of joint bank account, opening of single operated bank account by the Member Secretary was in violation of the government instruction, which could lead to financial mismanagement.

3.2.8.9 Suspected misappropriation

DC, Cachar-cum-District Nodal Authority, electronically transferred an amount of ₹0.20 crore in two separate transactions on 20 March 2013 and 9 December 2013 respectively from the MLAADS fund of Dholai LAC[16] to the Secretary, Construction Committee[17]. However, records regarding recommendation, approval of the construction committee, the operator of the bank account, name of the works and details of the UCs could not be furnished to audit, though called for (May 2015). Thus, in the absence of records, the actual execution of the works and utilisation of the fund was doubtful and possibility of misappropriation of the amount could not be ruled out.

3.2.8.10 Diversion of scheme fund to administrative expenditure

According to Paragraph 5.7 of the MLAAD Scheme guideline, while preparing estimates of works and its implementation, the DC can utilize 0.30 *per cent* of cost of each work as contingency expenditure to be deducted at source. However, there was no provision for levying other charges like *centage* charges, supervision charges etc.

Scrutiny of records revealed that seven[18] implementing agencies utilised ₹0.20 crore from the scheme funds towards the administrative expenses i.e., office contingency, hire charges of vehicles, purchase of furniture and wages to casual workers beyond the stipulated provision of 0.30 *per cent* of the cost of each work as contingency expenditure without the approval of the concerned DCs.

Thus, there was diversion of scheme funds beyond authorised limits towards administrative expenditure at the District level resulting in deprivation of benefits under the scheme to the targeted population to that extent.

[16] UCO Bank, Silchar, Account No: 00800109006389
[17] Account No: 5039101100-00267
[18]

District	LAC	Implementing Agencies	Amount in excess of admissible 0.30 *per cent* (₹ in lakh)
Karbi Anglong	Diphu, KA	BDO, Jugijan Development Block	0.21
		BDO, Lmbajong Development Block	0.48
Sonitpur	Rangapara	BDO, Rangapara Development Block	2.25
Dibrugarh	Lahowal	BDO, Lahowal Development Block	1.05
	Moran	BDO, Khowang Development Block	3.31
	Duliajan	BDO, Tengakhat Development Block	7.43
	Chabua	BDO, Panitola Development Block	5.04
Total			**19.77**

Source: Records of Implementing Agencies.

On being pointed out, the P&D Department admitted (15 October 2015) that the diversion took place at the district level, but remained silent on the steps initiated to prevent recurrence of such cases in future.

3.2.8.11 Utilisation of Interest

As per scheme guidelines, the fund should be kept in Savings Bank Account and the interest earned from the fund should be utilised for implementation of the scheme as per recommendations of the MLA. Further, the position of interest earned is to be intimated to the MLAs for recommendation of new works.

Scrutiny of records of selected LACs of test-checked districts, however, revealed that interest amount of ₹5.51 crore[19] accumulated since April 2008 was lying unutilised in eight[20] selected districts as of March 2015. Nothing was available on record to indicate that the concerned DCs intimated the MLAs regarding accrual of the interest on scheme funds for further recommendation of new works. This resulted in the idle retention of fund for the period under review.

3.2.9 Programme Implementation

As per the scheme guidelines, the DCs are responsible to identify the Implementing Agency among the Line Departments (LDs), reputed Non-Government Organizations (NGOs), Panchayati Raj Institutions or local self Government or Construction Committee (CC) of User Group depending upon the nature of works and capability of the agency for implementing the works satisfactorily. The Construction Committee of User Group may have a minimum of seven members and a maximum of 11 members for execution of the works where President shall be the DC/ADC (Development) with Member Secretary from the line Department.

3.2.9.1 Implementing Agencies

Scrutiny of records revealed that out of the eight selected districts, the DCs of Cachar, Nagaon and Sonitpur districts constituted only seven construction committees for implementation of 1428 works on the recommendation of the concerned MLAs during 2010-15, as shown in Table-3.5:

[19] Karbi Anglong-₹0.44 crore (since 2008-09), Barpeta-₹0.23 crore (since August 2010), Cachar-₹0.54 crore (since March 2011), Kokrajhar-₹0.39 crore (since June 2010), Nagaon-₹1.35 crore (since June 2010), Dibrugarh-₹0.37 crore (since May 2010), Dhubri-₹1.37 crore (since June 2010) and Sonitpur-₹0.82 crore (since October 2010)

[20] Barpeta=₹0.23 crore, Cachar = ₹0.54 crore, Karbi Anglong=₹0.44 crore, Kokrajhar =₹0.39 core, Nagaon= ₹1.35 crore, Dibrugarh=₹0.37 crore, Dhubri=₹1.37 crore, Sonitpur=₹0.82 crore.

Table-3.5

(₹ in crore)

Name of the test checked district	Year	Execution of works by Construction Committee (CC)	Estimated Cost	No of CC to be constituted as per guideline	No of CC constituted	Shortfall in constitution of CC
		No	No			
Cachar	2010-15	872	6.86	872	3	869
Nagaon		528	5.29	528	3	525
Sonitpur		28	1.11	28	1	27
Total		**1428**	**13.26**	**1428**	**7**	**1421**

Source: Department records.

- DCs of Cachar, Nagaon and Sonitpur districts, for the execution of 1428 works constituted only seven construction committees (instead of having a corresponding number of committees) violating the provision of the scheme guidelines relating to the implementation of works. This not only led to dilution of the effectiveness of implementation of the scheme, but also liable for deficiency in supervision of the works.

- Though, address alongwith phone number and photograph of all the members of the user group/construction committees were required to be recorded before sanctioning of the works but scrutiny of records revealed that these were not collected/ recorded in any of the selected districts. In the absence of the records, the involvement of the committee members in the actual execution of the works was not established.

- Further, four BDOs[21] of four districts released funds to the Construction Committee, as per the recommendation of the MLAs, without the approval of the DCs.

Thus, the District Nodal Authority (DCs) neither followed the scheme guidelines nor adopted any uniform policy in formation and selection of the implementing agencies indicating lack of transparency in selection of implementing agencies.

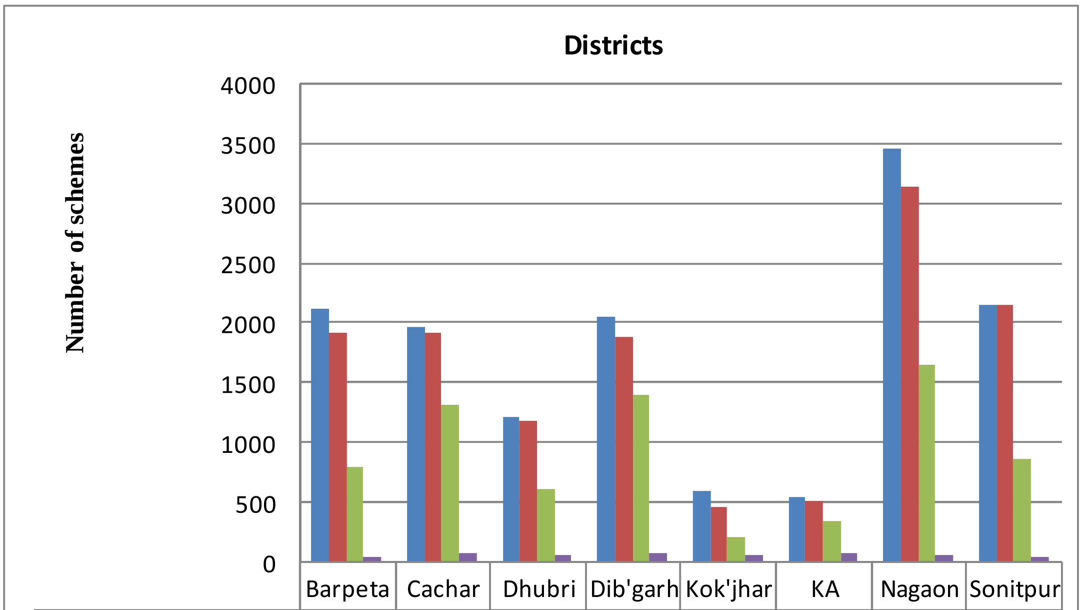
3.2.9.2 Implementation of works in test-checked districts

As per the progress reports of eight test-checked districts, consisting of 55 LACs, recommendation of 14093 works valuing ₹180.30 crore, against the available fund of ₹213.71 crore were made during 2010-15. The DCs sanctioned 13129 works at a cost of ₹162.43 crore, of which 7153 works were stated as completed as of 31 March 2015. The position of works recommended, sanctioned and completed in eight test-checked districts during 2010-15 ***(Appendix-3.4)*** is shown in Chart-3.3:

[21] Batadrava of Nagaon, Khowang of Dibrugarh, Diphu of Karbi Anglong, Kokrajhar East of Kokrajhar districts

Chart-3.3

Position of works recommended, sanctioned and completed as per progress reports of eight test-checked district during 2010-15



	Barpeta	Cachar	Dhubri	Dib'garh	Kok'jhar	KA	Nagaon	Sonitpur
Recommended	2114	1968	1218	2053	582	539	3463	2156
Sanctioned	1912	1917	1175	1875	450	506	3138	2156
Stated as Completed	783	1317	613	1389	196	340	1650	865
Complete in per cent	41	69	52	74	44	67	53	40

Source: Departmental records.

The percentage of completion of schemes ranged between 74 *per cent* (Dibrugarh) and 40 *per cent* (Sonitpur)[22] in the test-checked districts during 2010-15

On being pointed out, P&D Department failed to furnish a specific reply.

3.2.9.3 Deficiencies in implementation

According to the guidelines of MLAAD scheme, each MLA shall recommend works for his constituency up to the annual entitlement during the financial year, preferably within 90 days of the commencement of the financial year (This was changed to within the financial year from April 2012.) to the concerned District Authority for administrative approval and financial sanction based on the feasibility of the works.

The works are to be sanctioned by the DCs within 45 days from the date of recommendations by the MLAs, subject to availability of funds. It is mandatory to verify the feasibility of the works before its sanction. The guidelines of the scheme

[22] (Percentage of completion: Barpeta: 41, Cachar: 69, Dhubri: 52, Dibrugarh: 74, Kokrajhar: 44, Karbi Anglong: 67, Nagaon: 53, Sonitpur: 40)

prohibited execution of works like construction of office building, private schools, repairs and maintenance of any type, creation of asset for individual benefit, construction of religious structures, grants in aid to individuals or groups of people. As per sanction order, the works were to be completed within 15 to 180 days from the date of sanction.

Deficiencies relating to implementation of the scheme noticed in audit are discussed in the succeeding paragraphs:

Recommendations not received timely

In six[23] out of eight test-checked districts, despite availability of funds with the district authorities, recommendations of works from 35 MLAs[24] against the available fund of ₹30.16 crore during the years 2013-14 and 2014-15 respectively were not received by the concerned DCs as of March 2015. This indicated the inability on the part of the MLAs to initiate timely selection of the works for the benefit of the population. However, recommendation of 581 works for the entire allotted amount of ₹15.00 crore for year 2014-15 were received from 16 MLAs[25] by the DCs of four districts.

Sanction Pending

- In seven out of eight test-checked districts, 964 recommended works valuing ₹17.88 crore for the period 2010-15 were not sanctioned as of 31 March 2015 as shown in Table- 3.6. In Sonitpur, however, all the 2156 recommended works were sanctioned during 2010-15.

[23] Karbi Anglong : ₹5.87 crore, Nagaon ₹7.79 crore, Sonitpur: ₹3.84 crore, Dibrugarh: ₹2.16 crore, Cachar : ₹4.50 crore, Barpeta : ₹6.00 crore.

[24] Barpeta: 5, Cachar: 7, Dibrugarh :3, Karbi Anglong: 4, Nagaon: 10, Sonitpur: 6

[25] Dhubri :7, Dibrugarh : 5, Kokrajhar :3, Nagaon : 1

Table-3.6
Position of works pending sanction

(₹in lakh)

Sl. No.	District	Name of constituencies	Number of Works Recommended		Number of Works sanctioned		Number of Works not sanctioned	
			No.	Estimated Amount	No.	Estimated Amount	No.	Estimated Amount
1	Barpeta	Chenga	55	227.00	32	121.00	23	106.00
2		Jania	225	324.80	157	214.15	68	110.65
3		Barpeta	469	284.50	435	264.75	34	19.75
4		Baghbar	171	317.70	163	301.00	8	16.70
5		Bhawanipur	353	329.70	346	312.70	7	17.00
6		Patacharkuchi	260	310.83	249	296.33	11	14.50
7		Sorbhog	296	323.95	246	274.35	50	49.60
8		Sarukhetri	285	329.75	284	329.25	1	0.50
Sub-total			**2114**	**2448.23**	**1912**	**2113.53**	**202**	**334.70**
9	Nagaon	Batradava	249	266.58	192	189.90	57	76.68
10		Samaguri	336	299.87	325	293.59	11	6.28
11		Hojai	243	380.00	221	280.00	22	100.00
12		Barhampur	320	329.02	297	298.07	23	30.95
13		Dhing	328	287.74	319	267.69	9	20.05
14		Yamunamukh	335	270.90	308	249.50	27	21.40
15		Kaliabor	382	308.00	381	303.00	1	5.00
16		Lumding	329	380.00	264	280.00	65	100.00
17		Sadar	179	238.24	144	179.69	35	58.55
18		Raha	493	373.50	461	308.70	32	64.80
19		Rupahihat	269	330.00	226	230.00	43	100.00
Sub-total			**3463**	**3463.85**	**3138**	**2880.14**	**325**	**583.71**
20	Karbi Anglong	Howraghat	93	330.00	90	323.00	3	7.00
21		Diphu	200	339.50	191	305.00	9	34.50
22		Bokajan	184	280.00	182	277.00	2	3.00
23		Baithalangso	62	360.00	43	210.00	19	150.00
Sub-total			**539**	**1309.50**	**506**	**1115.00**	**33**	**194.50**
24	Cachar	Katigorah	435	380.00	384	330.00	51	50.00
Sub-total			**435**	**380.00**	**384**	**330.00**	**51**	**50.00**
25	Kokrajhar	Kokrajhar East	148	377.40	111	294.70	37	82.70
26		Kokrajhar West	270	381.20	201	267.20	69	114.00
27		Gossaigaon	164	379.40	138	291.70	26	87.70
Sub-total			**582**	**1138.00**	**450**	**853.60**	**132**	**284.40**
28	Dibrugarh	Duliajan	282	379.40	208	269.00	74	110.40
29		Moran	333	340.00	317	310.00	16	30.00
30		Dibrugarh	545	379.40	536	374.00	9	5.40
31		Lahowal	296	379.40	246	314.80	50	64.60
32		Chabua	102	131.20	101	130.08	1	1.12
33		Tingkhong	309	379.40	283	329.70	26	49.70
34		Naharkatia	186	279.70	184	277.20	2	2.50
Sub-total			**2053**	**2268.50**	**1875**	**2004.78**	**178**	**263.72**
35	Dhubri	Mankachar	148	329.88	147	326.88	1	3.00
36		Gauripur	181	367.16	140	298.48	41	68.68
37		Golakganj	180	376.87	179	371.87	1	5.00
Sub-total			**509**	**1073.91**	**466**	**997.23**	**43**	**76.68**
Total			**9695**	**12081.99**	**8731**	**10294.28**	**964**	**1787.71**

Source: *Departmental records.*

Of these, 151 works (*16 per cent*) valuing ₹2.06 crore were not sanctioned due to non-receipt of Plan and Estimates from the technical members of the implementing agencies while for the remaining 813 works (84 *per cent*), funds (₹15.82 crore) were received at the fag end of the year.

Thus, the district nodal authorities (DCs) could not implement the works in time resulting in parking of funds in banks to that extent.

Implementation delayed

- In the 55 LACs of the eight test-checked districts, 5976 works were not completed as of March 2015, even after elapse of 3 to 55 months from the date of their sanction. Scheme guidelines stipulate the works to be completed within one year of sanction of the works, subject to a maximum of two years to be fixed by the DC. No initiatives indicating steps taken towards ensuring timely completion of the works were noticed in audit. Thus, the expenditure of ₹57.74 crore incurred against these incomplete works, which should have been completed within the time frame, was unfruitful besides depriving the user groups from getting the intended benefits conceived under the schemes.

Creation of assets in private premises

- The DCs of four[26] test-checked districts, on the recommendation of MLAs, installed 2257 Hand Tube Wells (HTW) and 70 Tara Pumps at a cost of ₹1.60 crore during 2010-15 through different Construction Committees in different Development Blocks. Scrutiny of records, however, revealed that the HTWs and Tara Pumps were installed on private land for the individual benefits. Further, No Objection Certificates (NOCs) from the owners of the land were not obtained for utilization of assets for community usage. No specific agreement was entered into with the landlords to avoid future complications regarding utilisation of assets by the public in general.

Thus, scheme funds were utilised for creation of assets in private land without ensuring their community usage against the provision of scheme guidelines.

Construction of kachha roads

- Creation of durable assets is the main objective of the MLAAD scheme unlike non-durable assets, like kachha roads, which are of temporary nature and are not fit to provide all weather communication and hence, not sustainable. Scrutiny of records revealed that 386 kachha roads at a cost of ₹4.52 crore were sanctioned in eight test-checked districts during 2010-15. The implementing agencies could complete only 145 works (38 *per cent*) at a cost of ₹1.68 crore as of 31 March 2015. The balance 241 works costing ₹2.84 crore remained incomplete despite elapse of long period (4 to 40 months) from the date of their sanction (December 2011 to November 2014) till 31 Mach 2015. Construction of non-durable kachha roads depicted failure of the department to ensure selection of works as per scheme guidelines as the kachha roads would not be lasting long during monsoon season. Besides, the expenditure of ₹2.84 crore incurred against the 241 incomplete works remained unproductive defeating the purpose for which the money was sanctioned.

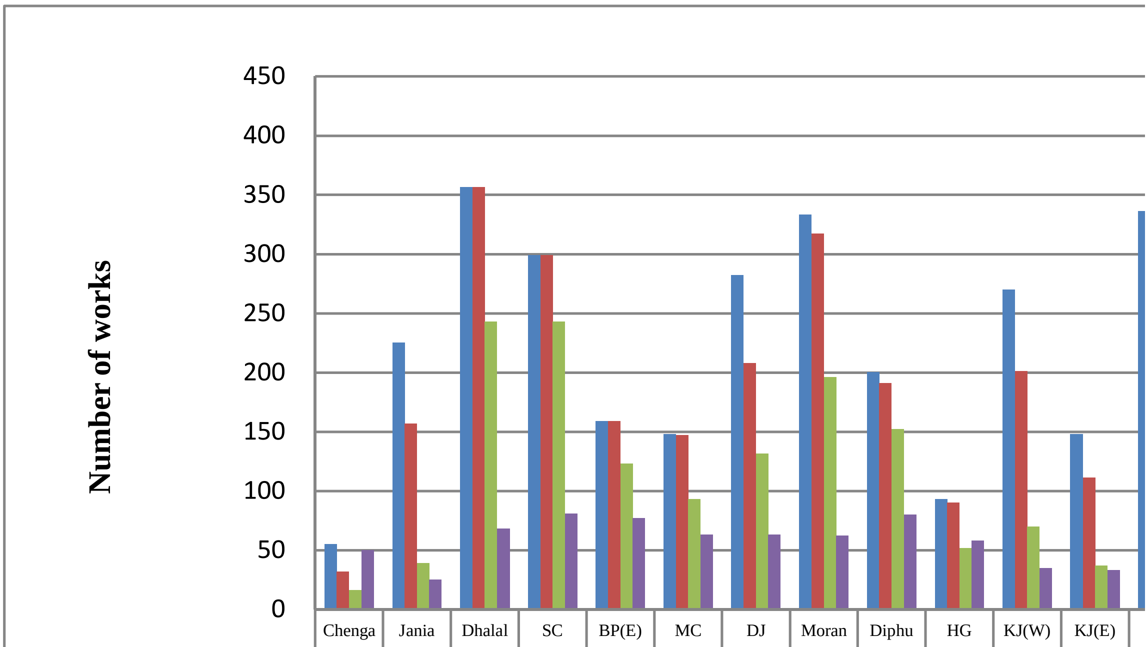
[26] Barpeta : HTW= 632 No of ₹0.35 crore, Cachar: Tara Pumps= 70 No of ₹0.25 crore, Dhubri : HTW = 1463 No of ₹0.92 crore, Nagaon : HTW=162 No of ₹0.08 crore

3.2.9.4 Implementation of schemes in selected LACs

Scheme guidelines, inter-alia provides that completion certificate is to be furnished by the implementing/executing agency together with the photograph of the completed works within one month of release of the final installment.

Scrutiny of records revealed that eight DCs in charge of 17 selected LACs sanctioned 3,651 works at a cost of ₹48.21 crore against the 4,041 recommended works valued at ₹56.02 crore during 2010-15. Out of the 3,651 sanctioned works, 2,083 (57 *per cent*) works were stated as completed at a cost of ₹26.27 crore as of 31 March 2015. The balance 1568 works valuing ₹21.94 crore remained incomplete (01 month to 24 months from the date of sanction) as of 31 March 2015 despite release of ₹15.28 crore as first installment to the implementing agencies. The position of works recommended, sanctioned and completed in the selected 17 LACs during 2010-15 as furnished (April-July 2015) to audit by the DCs of the eight test-checked districts is shown in Chart-3.4.

Chart-3.4
Implementation of works at selected 17 LACs of eight test-checked districts[27]



	Chenga	Jania	Dhalal	SC	BP(E)	MC	DJ	Moran	Diphu	HG	KJ(W)	KJ(E)
works recommended	55	225	356	299	159	148	282	333	200	93	270	148
works sanctioned	32	157	356	299	159	147	208	317	191	90	201	111
works completed	16	39	243	243	123	93	131	196	152	52	70	37
works completed in percent	50	25	68	81	77	63	63	62	80	58	35	33

Source: Departmental records.

[27] SC : Silchar, BP(East): Bilasipara (East), MC: Mankachar, DJ: Duliajan, HG: Howraghat, KJ(West): Kokrajhar (West), KJ(East):Kokrajhar

However, completion reports, utilisation certificates (UCs), photographs of 2,083 works, valued ₹26.27 crore were not submitted even after lapse of 16 to 35 months (as of 8 July 2015) from the date of release of the final installment. Thus, actual completion of the works and proper utilisation of the funds for creation of durable assets as per scheme guidelines could not be ascertained in audit. Of the works shown as completed, 420 works were physically verified through joint physical verification (April-July 2015) during which only 188 works were found to be completed and the remaining 232 works were incomplete. Thus, in the absence of submission of required documents, the veracity of 2083 completed works as reported by the authorities was doubtful.

As of 31 March 2015, the financial progress of the 1568 incomplete works valued ₹21.94 crore is shown in Table-3.7:

Table-3.7

Expenditure incurred on incomplete works in the 17 selected LACs

(₹in lakh)

Sl. No.	District	Name of constituencies	No of incomplete works	Total estimated cost	Expenditure incurred (March 2015)	Expenditure on incomplete works (% age)
1	Barpeta	Chenga	16	65.00	48.36	75
2		Jania	118	154.00	98.45	64
3	Nagaon	Batradava	103	104.00	77.33	74
4		Samaguri	211	204.00	166.26	81
5		Hojai	3	3.00	1.87	75
6	Karbi Anglong	Howraghat	38	132.00	65.75	50
7		Diphu	39	83.00	44.29	53
8	Cachar	Silchar	56	55.00	41.25	75
9		Dholai	113	150.00	112.50	75
10	Kokrajhar	Kokrajhar East	74	195.00	146.22	75
11		Kokrajhar(W)	131	170.00	120.57	71
12	Dibrugarh	Duliajan	77	110.00	82.59	75
13		Moran	121	137.00	102.36	75
14	Sonitpur	Rangapara	113	190.00	124.18	65
15		Biswanath	265	240.00	157.52	66
16	Dhubri	Mankachar	54	124.00	79.62	64
17		Bilasipara East	36	78.00	58.58	75
Total			**1568**	**2194.00**	**1527.70**	

Source: Department records.

As indicated in the Table, the expenditure for the incomplete works ranged from 53 (Diphu) to 81 (Samaguri) *per cent* of the total sanctioned cost as of March 2015. However, the actual physical progress of works was not available with the DCs, which indicated lack of monitoring of the works at the higher level.

Further scrutiny of records revealed that three buildings (community hall), though inaugurated (12 July 2013) by the local MLA of Hojai LAC in Nagaon district (target date being 6 Aug 2013), remained incomplete as of (March 2015).

Incomplete community hall building inaugurated by the MLA of Hojai LAC of Nagaon district (08 May 2015)

The reason for non-completion of buildings were neither found on record nor furnished by the authority concerned.

3.2.9.5 Contractors' profit not deducted

As per the MLAAD scheme guidelines, the plan and estimates of the construction works are prepared on the basis of the Schedule of Rates (SoR) of the Assam Public Work Department (PWD) wherein a component of 10 *per cent* Contractors' Profit is already included in the rates. Since the works under the scheme are not executed through Contractors, the 10 *per cent* Contractors' Profit is required to be deducted from the estimated value of the works being undertaken under the scheme.

Test-check of records revealed that BDO, Kokrajhar Development Block and Project Director, DRDA, Karbi Anglong did not deduct the 10 *per cent* contractors' profit amounting to ₹0.23 crore[28] from the bills against the works implemented through Construction Committees during 2010-2015 leading to excess expenditure to that extent, which was unauthorised.

3.2.9.6 Result of Joint Physical Verification and User Agency Survey

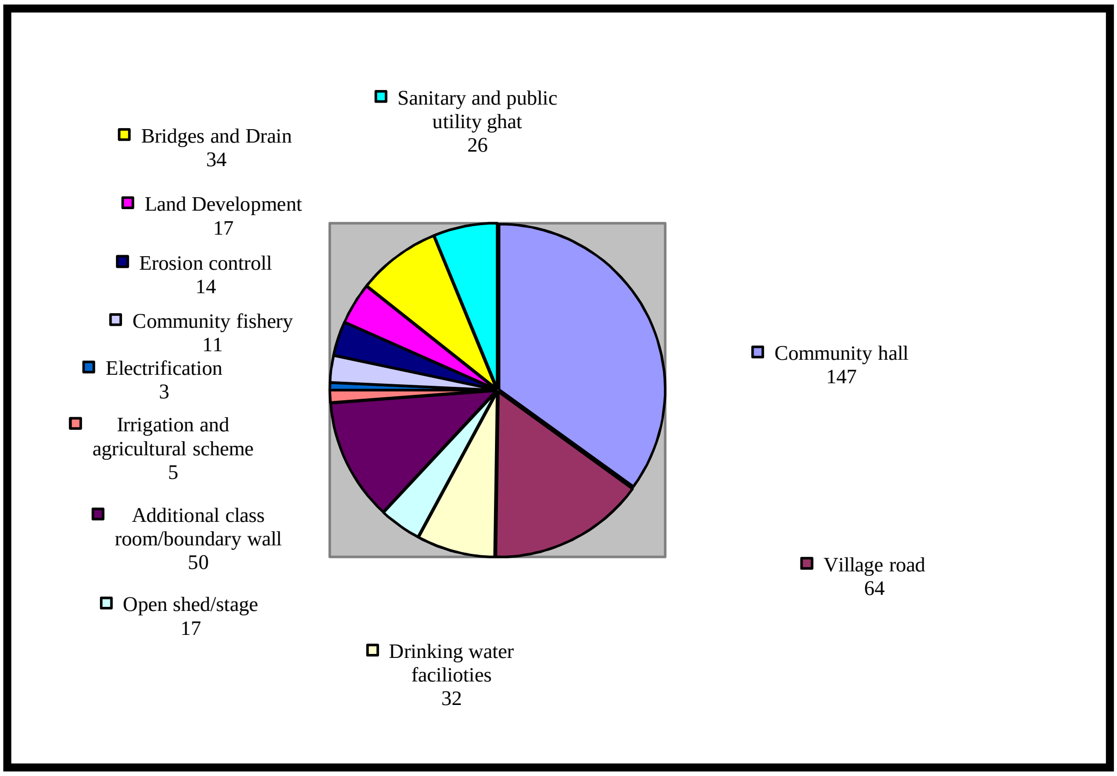
Out of the 3651 works sanctioned (2010-15) in the 17 selected LACs of the eight test-checked districts, 420 works were selected for detailed scrutiny, joint physical verification and user group survey. The construction of community hall, improvement of village roads, installation of drinking water facilities (Hand Tube Wells, Ring Wells, Tara Pumps), construction of buildings at Masjid and Mandir premises,

[28] BDO, Kokrajhar Development Block ₹0.21 crore and Project Director, District Rural Development Agency, Diphu ₹0.02 crore

Additional Class Rooms, Guest Houses, Open Stages/Sheds, Earth Filling etc., were among the 420 selected works implemented during the period 2010-15 as shown in Chart-3.5:

Chart-3.5

Component-wise execution of the 420 works in the 17 selected LACs



Source: Departmental records.

- It was observed from the Chart-3.5 that construction of community halls (35 *per cent* of 420 works) was given the highest priority. The infrastructure development for irrigation and agriculture was given less importance (one *per cent)* in the 17 selected LACs during 2010-15. In a review meeting of MLAAD Scheme held in November 2012, it was stressed upon that the execution of works under MLAAD scheme should be selected not only in the field of community hall, boundary wall but also in the field of irrigation, agriculture also. However, 420 works selected for detailed scrutiny indicated that the decision taken during the meeting (November 2012), regarding implementation of the schemes for infrastructure development in irrigation and agricultural sectors, was not given priority.

The findings during joint physical verification of the selected 420 works in the 17 selected LACs are summarized in Table-3.8.

Table-3.8

Findings during joint physical verification of the selected works

(₹ in crore)

Sl No	Particular of the work	Total works verified	Estimated cost	Completed works as of March 2015		Incomplete works as of March 2015	Non-existent works shown as completed by the DCs	
				Number	Amount	Number	Number (percentage with respect to verified works)	Amount
1	Community Hall	147	3.56	43	1.08	69	35 (24)	0.87
2	Village road	64	1.62	38	0.97	25	1 (2)	0.03
3	Drinking water facility	32	1.02	16	0.34	16	0	0.00
4	Open shed/stage	17	0.52	14	0.37	2	1 (6)	0.01
5	Additional class room/boundary wall	50	1.11	19	0.37	29	2 (4)	0.03
6	Irrigation/Agricultural schemes	5	0.26	0	0.00	5	0	0.00
7	Electrification	3	0.54	1	0.01	2	0	0.00
8	Community Fishery	11	0.23	4	0.03	7	0.	0.00
9	Erosion control	14	0.63	5	0.17	9	0	0.00
10	Land Development	17	0.31	8	0.13	9	0	0.00
11	Bridges and Drain	34	0.98	17	0.50	17	0	0.00
12	Sanitary and Public Utility Ghat	26	0.64	23	0.56	23	0.	0.00
Total		**420**	**11.42**	**188**	**4.53**	**193**	**39 (9)**	**0.94**

Source: Department records.

Deficiencies noticed in joint physical verification are discussed below.

- Recommendations of 268 works[29] (64 *per cent of 420* works) in the 17 selected LACs were submitted belatedly from the date prescribed in the scheme guidelines. Besides, the sanction of selected works was delayed in case of 194 works[30] (46 *per cent*). In Howraghat LAC of Karbi Anglong district, delay in sanction of 19 out of 24 test-checked works ranged upto one year in 18 cases and 2 years in one case from the date of recommendations. Thus, delay in recommendation and sanction led to delay in implementation of the schemes depriving the common people of the intended benefit of the durable assets on time.

- Non-Duplication Certificates (NDC) of 45 works (11 *per cent* of 420 works) costing ₹0.96 crore of Dibrugarh district were not available with the DC. As such, possibility of duplication of works could not be ruled out in these cases.

- The DC, Dhubri sanctioned (May 2015) earth work of APS Road on an existing black topped road from Aidoba to Baghpara under MLAADS 2014-15, based on the recommendation (18 November 2014) of the MLA, at a cost of ₹0.03 crore

[29] Chenga:20,Jania:21,Batadrava:34,Samaguri:17,Hojai:16,Howraghat:21,Diphu:16,Silchar:20,Dholai: 14, Kokrajhar (East):15, Kokrajhar (West):18, Duliajan: 20, Moran: 15, Bilasipara (East):21.

[30] Chenga:14,Jania:12,Batadrava:24,Samaguri:8, Hojai: 5, Howraghat: 19 ,Diphu: 15, Silchar: 4, Dholai: 12, Kokrajhar (East):26, Kokrajhar (West):20, Duliajan: 10, Moran: 20, Bilasipara (East): 5.

under Mankachar LAC. This indicated improper selection of works due to lack of verification by the Deputy Commissioner, which led to duplication of works and wasteful expenditure.

- 66 works[31] involving ₹1.17 crore were executed at religious premises in violation of scheme guidelines.

Construction of Jagat Bandhu Mandir at Hojai Town, Ward No .8 under MLAADS 2013-14 (21 May 2015)

- DCs of seven[32] out of eight test-checked districts sanctioned 20 Mega Projects[33], valued at ₹1.93 crore during 2010-15. Of these, 11 Mega projects, worth ₹1.17 crore, were sanctioned in phased manner in two subsequent years and the balance nine Mega projects, valued at ₹0.76 crore were sanctioned for implementation in single phase. Out of ₹1.93 crore, ₹1.61 crore was released (January 2011 to February 2015) to the implementing agencies. The balance amount of ₹0.32 crore ***(Appendix-3.5)*** were not released as of March 2015 due to non-receipt of UCs against the amount released (75 *per cent* of the total sanctioned amount) in first installment. As a result, 13 out of the 20 projects remained incomplete.

- ₹0.10 crore[34] released (June 2013) for construction of the buildings of the Dhing Swahid Bhawan and Madhab Dev Natya Mandir under Batadrava LAC of Nagaon district was only to meet the part of the total cost of the works as the funds to the concerned works were also released from other sources.

[31] Barpeta (5):₹0.17 crore, Cachar(10):₹.0.13 crore, Dhubri(6):₹0.12 crore, Dibrugarh(6):₹.0.07 crore, Karbi Anglong (8):₹0.30 crore, Kokrajhar(1):₹0.02 crore, Sonitpur (6):₹.0.05 crore, Nagaon(24):₹0.31 crore,

[32] Barpeta (3),Nagaon (9),Sonitpur (3), Cachar (1),Dhubri (1), Dibrugarh (2), Karbi Anglong (1)

[33] Project costing more than ₹5.00 lakh per scheme

[34] Total sanction cost ₹0.20 crore

Incomplete building of Dhing Swahid Bhawan under Batadrava LAC (2011-13)

(11 May 2015)

However, the sources from where the funds were received to meet the total cost of works and the schedule date of completion of the works were not made available to audit, though called for. The buildings were lying in dilapidated condition as of July 2015. This indicated that feasibility and receipt of non-duplicity certificate of the works were not ensured before according administrative approval and financial sanction of the works by the DC.

- The community hall at Sitaram Mandir, Namonigaon constructed during 2012-14 at a cost of ₹0.15 crore against the total sanctioned amount of ₹0.20 crore under Rangapara LAC of Sonitpur district was being used as Marriage Hall on rental basis for the benefit of a group of people (members of CC), though the building was not completed. Thus, the intended objective of creation of community hall, meant for the benefit of the entire community, was defeated.

- The existence of 39 buildings ***(Appendix-3.6)*** involving ₹0.87 crore in six LACs of three test-checked districts[35], though shown as completed, was not found during joint physical verification. On this being pointed out by audit, the officers of the development branches of the concerned DCs, responsible for monitoring the progress of the works, stated (April-July 2015) that the amount was utilised for the construction of temples and Masjids instead of the approved works. The reply was not tenable as in the Utilisation Certificates and Progress Reports, the amount was stated as utilised for the purpose for which it was sanctioned and the works were shown executed as per plan and estimates. No records *viz.*, vouchers, plaque/signboard and photographs in support of utilisation of the amount could be made available to audit. Thus, possibility of misappropriation of ₹0.87 crore could not be ruled out.

[35] Barpeta: Chenga-1, Nagaon: Samaguri: 4; Batadrava- 13, Hojai-6, Sonitpur: Rangapara- 10, Biswanath- 5

- MLAAD scheme guidelines provide for electrification and installation of transformers for the benefit of the BPL families. Scrutiny of records revealed that the DCs of two [36] test-checked districts, spent ₹0.05 crore for electrification during March 2013 to February 2015. Records *viz*., completion certificates, test report of transformers, details of HT/LT lines, installation of transformers and list of the targeted BPL families to whom the electricity facility was to be provided in Dibrugarh and Sonitpur districts were not made available to audit, though called for. Thus, the actual utilisation of the amount of ₹0.05 crore by the implementing agencies in Dibrugarh and Sonitpur districts could not be ascertained.

- The electrification of the Rajapather Tiniali High school in Karbi Anglong under Diphu LAC undertaken at a cost of ₹0.02 crore remained non-functional due to non-availability of electric supply. Thus, the intended benefit of providing electricity to the school was frustrated.

- The quality of construction with due economy requires proper coordination with the implementing agencies. Scrutiny revealed that in five LACs of two districts[37], of the 19 works executed at ₹0.70 crore, few items of work valued at ₹0.12 crore were not carried out as per plan and estimates. The entire sanctioned amount was, however, shown as utilised and the works were recorded as completed without ensuring the quality, cost effectiveness and completion of the works as planned.

On this being pointed out, it was stated (April-July 2015) by the district authority that there was no mechanism for ensuring the quality and cost effectiveness in execution of works. The reply confirmed that the very purpose and objective of the scheme to create durable assets economically was defeated.

Construction of classroom of Kalgachia Girls ME School with roofing sheets instead of brick wall as per sanctioned Plan and Estimate in Jania LAC under MLAADS 2012-13
(28 April 2015)

[36] Dibrugarh: ₹ 0.04 crore and Sonitpur : ₹0.01 crore
[37] Karbi Anglong- 9 works: ₹0.08 crore, Dibrugarh-9 works: ₹0.04 crore

3.2.9.7 Satisfaction level of user group

To assess the impact of the works, interactions with user groups were made at the time of joint physical verification (April-July 2015) of the 420 works selected for detailed scrutiny. The responses regarding their satisfaction level on different parameters relevant to them were collected in the form of questionnaire from the user of 330 works, which are detailed in Table-3.9. The users of the balance 90 works did not respond to the audit questionnaires.

Table- 3.9

Response of user groups on different parameters

Sl. No.	Parameters	Number of user group covered	Response based on completed works	Response (in Yes/No)		Response in percentage
1	Whether the works were locally felt needed.	330	-	Yes :	330	100.00
				No :	0	0
2	Whether the plaque/signboard indicating the name of works and cost involved were displayed.	330	-	Yes:	113	34.00
				No :	217	66.00
2	Whether the assets were handed over to the user group after completion.	330	188	Yes:	18	10.00
				No :	170	90.00
3	Whether the works were adequate and put to use.	330	188	Yes:	106	56.00
				No :	82	44.00
5	Whether the assets created[38] were durable.	330	188	Yes:	76	40.00
				No :	112	60.00
6	Whether the assets created were maintained properly.	330	188	Yes:	49	26.00
				No :	139	74.00
7	Whether the assets upgraded the living standard of the local people with stability and assured income.	330	188	Yes:	50	27.00
				No :	138	73.00

Source: User group survey questionnaires.

On the basis of the trend of responses received, it could be concluded that though the works were locally felt needed, the creation of public awareness of the schemes implemented under MLAAD Scheme by displaying signboards/plaques indicating *inter alia*, the cost involved was not ensured. The durability of the created assets and their actual usages were not adequate indicating lack of transparency in execution of the works. There was no system of handing over and operational upkeep/maintenance of the assets created. Survey revealed that the upgradation of the living standard of the local people was only partially achieved.

3.2.9.8 Asset Registers

A register showing details of the assets created in the districts under MLAAD Scheme is required to be maintained by the concerned DCs. Besides, the firm commitment about the operation, upkeep and maintenance of the assets is required to be collected from the concerned user groups before the execution of the work.

[38] The response based on 188 completed works, noticed at the time of joint physical verification of 420 schemes selected for detailed check.

Scrutiny of the records revealed that no 'Asset Register' was maintained in the test-checked districts as of July 2015. Further, future maintenance of the assets created were also not ensured by the districts due to non-collection of the Completion Certificate, firm commitment from the user groups regarding maintenance of the assets created, thereby jeopardising the durability of the created assets.

3.2.10 Internal Audit

Internal audit is a process, designed to provide reasonable assurance so as to achieve the intended objectives of the schemes, through reliable financial and operational data, reports etc., in compliance with the relevant rules and regulations.

Scrutiny of records revealed that as of June 2015, P&D Department, GoA had not prescribed the system of Internal Audit of the Nodal Department/Nodal Agencies of the MLAAD Schemes. Non-existence of Internal Audit resulted in lack of internal control leading to cases like non-maintenance of Cash Book by implementing agencies, suspected misappropriation, doubtful execution and unauthorised diversion of scheme funds as discussed in the preceding paragraphs.

3.2.11 Follow up action on previous Audit Report

A Performance Audit of MLAAD scheme was conducted covering the period from 2004-09 and featured in the Report of the Comptroller and Auditor General of India, Government of Assam (Civil) for the year ended 31 March 2009. Action taken on the report could not be furnished to audit, though called for.

3.2.12 Monitoring and Evaluation

GoA, P&D Department is responsible for policy formulation/guidelines, sanction and release of funds and prescribing monitoring mechanism for proper implementation of the Scheme. The DCs were responsible for overall supervision, monitoring and coordination of the MLAAD Scheme implementation with the Agencies/line Departments. During the course of audit, following deficiencies relating to monitoring and evaluation were noticed.

- **Reports and Returns:** DC, Barpeta failed to submit quarterly physical and financial progress reports, as per revised prescribed format, of the works implemented, to the P&D Department.

- **Monitoring by P&D Department:** As per the scheme guidelines, the P&D Department is required to monitor the overall position of the implementation of the MLAAD Scheme *viz*., physical and financial progress of works including utilization of funds on quarterly basis, holding of review meetings with the District Authority to review the implementation of the scheme including Audit Observations etc. However, records relating to monitoring by the P&D Department could not be produced to Audit, though called for.

- **Physical verification by DCs**: As per the scheme guidelines, the DCs were to inspect physically at least 10 *per cent* of the works in the district. But records regarding conduct of such physical verification were not produced to audit, though called for. Thus, the DCs and the P&D Department failed in exercising their duties to verify that the works under the scheme had been executed as per the prescribed specification.

- **Public redressal system:** A redressal system is essential for any department for regulating and disposing of any public complaint. Scrutiny of records, however, revealed that there was no prescribed public redressal system regarding implementation of the MLAAD Scheme in the eight test-checked districts. On this being pointed out, it was stated that although acknowledgements of public complaint were not issued, but the complaints were addressed as and when received. Scrutiny of records, however, revealed that a complaint from a student organisation was registered (11.03.2015) to enquire about the doubtful construction of 17 works under Rupahihat LAC, Nagaon during 2011-14. On receipt of the complaint, the DC, Nagaon instructed (March 2015) the Circle Officer, Rupahi (Juria) Revenue Circle to conduct physical verification of eight works at an early date without specifying the time frame. However, action was yet to be initiated by the Circle Officer. Meanwhile, the relevant records of the works were seized in April 2015 by Rupahihat Police Station of Nagaon district.

Besides, the DC, Nagaon conducted an enquiry in December 2011 on doubtful construction of 18 Community Halls under MLAAD Scheme 2010-11 in Hojai LAC, where 11 Community Halls costing ₹0.05 crore were reportedly (December 2011) non-existent and seven Community Halls were completed to the extent of only 10 to 70 *per cent*. The implementing agency (BDO, Jugijan Development Block) in February 2012, clarified that physical achievement attained was upto 75 *per cent* and one building could not be constructed due to land dispute. It was noticed that the matter was neither brought to the notice of the higher authorities nor was any remedial action initiated to ensure that such irregularities do not recur in future. On being pointed out in audit, DC, Nagaon stated (May 2015) that the matter would be verified and action taken accordingly.

In another case, the BDO, Howraghat Block, Karbi Anglong district was instructed (February 2013) by the DC, Karbi Anglong to enquire about the doubtful utilisation of the second installment released (August 2011) for the construction of 'Open Stage' including earth filling at Centre Bazar during 2010-11 and to submit the report within a week on priority basis. But, action initiated in this regard was not furnished, though called for.

The above cases indicated not only the absence of adequate redressal system but also ineffective monitoring by the District Nodal Authorities.

- **Adherence to Policy/Guidelines:** The P&D Department formulated (27 November 2012) policy for conducting Review Meeting involving all the concerned MLAs at district level for evaluation of the scheme implementation. The data relating to the implementation the schemes were to be uploaded in the MIS on real time basis besides submission of the utilisation certificates in time. Scrutiny of records revealed that no review meeting was organised during the period 2010-15 in the test-checked districts except in Kokrajhar (11 December 2014). Further, none of the eight test-checked districts uploaded the MLAAD Scheme data (up to 31 March 2015) in the MIS as of July 2015.

Thus, non-adherence to the policy/guidelines not only was in violation of the government instructions but also indicated failure of the district authorities in involving the concerned MLAs actively in implementation process of the schemes.

- **Assessment of outcome:** The P&D Department never assessed the outcomes of the MLAAD schemes implemented to ascertain whether the durable assets created had brought any improvement in the living standards of people with stability, assured income, strengthening and augmenting the infrastructure facilities in the Assembly Constituencies.

3.2.13 Conclusion

Audit scrutiny of the MLAAD scheme in 17 LACs of eight test-checked districts in the State revealed that survey to identify the area-wise need for strengthening and augmenting infrastructural facilities in the Assembly Constituencies was not done and timely and effective implementation of the works in the absence of requisite Annual Action Calendar (AAC) could not be ensured. Implementation of the scheme was only partially successful as only 57 *per cent* of works taken up for execution during 2010-15 could be completed in 17 test-checked LACs.

Besides overall savings of 33.87 *per cent* of available funds in 17 test-checked LACs, instances of rush of release of funds at the fag end of the financial year, maintenance of individual bank accounts instead of joint accounts and huge cash transactions during the period 2010-15 were also noticed. It was also observed that due to delay in recommendation and sanction of the recommended works and due to non-submission of UCs by the implementing agencies, the optimum utilisation of funds for creation of durable assets could not be achieved.

Monitoring mechanism and supervisory functions were ineffective both at State and district level, as a result of which buildings that were stated to be completed were found non-existent at the time of joint physical verification.

3.2.14 Recommendations

- The State Government should ensure receipt of timely recommendation from the MLAs regarding the works to be taken up under the scheme during a year to achieve the intended objectives.
- Preparation of Annual Action Calendar for timely completion of the works should be ensured both at State and district levels.
- Transparency by adopting a participatory approach in selection of works and implementing agencies should be ensured and usage of scheme funds for creation of assets on private land be stopped.
- Financial management should be strengthened for optimum utilisation of public funds for creation of durable assets to the benefit of the people at large.
- Maintenance of Assets Register and obtaining photographic evidence of completed works/UCs and firm commitment from user groups for upkeep of the created assets should be ensured.
- Monitoring mechanism should be strengthened both at State and district levels for effective implementation of the schemes in a time bound manner.

COMPLIANCE AUDIT

Finance Department

3.3.1 Loss of Interest and avoidable payment

Delay in opening of savings bank account resulted in loss of interest of ₹17.50 crore. Besides, there was an avoidable payment of interest of ₹1.32 crore due to belated payment of TDS by banks.

A) Assam Infrastructure Financing Authority (AIFA) was constituted in October 2009 and registered in December 2009, as a Society under the Societies Registration Act, 1860, with extended validity upto 18 March 2016. The society was created for the purpose of obviating delays in the implementation of big infrastructure projects due to budgetary fluctuations and expediting implementation of major infrastructure projects by ensuring smooth flow of fund for execution of such projects. The main objective of AIFA was to finance major and critical infrastructure projects costing ₹50 crore and above and where the State Government's investment was not less than ₹15 crore. Audit of AIFA was entrusted to the Comptroller and Auditor General of India in June 2014.

Scrutiny (June 2015) of records of the Principal Secretary, Finance, AIFA revealed that in the first General Meeting (4 November 2009) of AIFA, it was resolved and adopted that a savings bank account to be jointly operated by the Secretary and

Treasurer of the Society, would be opened with a nationalized bank for the placement of AIFA fund to be provided by the Government. Government of Assam, Finance (Budget) Department sanctioned (March 2010), an initial corpus of ₹500 crore to AIFA, for undertaking and implementation of various projects. Further scrutiny revealed that the amount was drawn (29 March 2010) vide Abstract Contingency (AC) bill (Bill Number 3805) and kept in Revenue Deposit (RD), a non-interest bearing account. It was subsequently withdrawn and deposited (29 March 2011) into a newly opened (18 November 2010) savings bank account[39] *i.e.*, after a lapse of more than one year from the date of drawal of funds, primarily due to delay in the selection of a nationalized bank.

Thus, delay in opening of bank account and transferring the corpus amount of ₹500 crore into it resulted in loss on account of interest amounting to ₹17.50 crore[40].

B) According to the Income Tax Act, 1961, AIFA was also liable to pay Tax on interest earned, which was to be deducted at source by the banks in which Accounts were being maintained.

Scrutiny (June 2015) of the records of AIFA disclosed that two banks *viz.*, State Bank of India (SBI), Dispur Branch, Guwahati (assessment year 2012-13) and United Bank of India (UBI), Noonmati Branch, Guwahati (assessment years 2012-13 and 2013-14), failed to comply with the statutory obligations under the Income Tax Act 1961, towards timely payment of tax deducted at source (TDS), with respect to banking transactions of AIFA. AIFA also failed to provide the mandatory PAN number and TDS exemption certificate, if any, to the banks at the time of opening of the accounts for non-deduction of TDS. It was noticed that though SBI, Dispur Branch had deducted TDS (₹7.76 crore), the amount was deposited in fixed deposit in favour of AIFA, while in case of UBI, Noonmati Branch, no TDS (₹0.73 crore) was deducted by the Bank. Consequently, the Income Tax department issued (15 March 2013 and 21 March 2013) notices to the assessees (SBI, Dispur Branch and UBI, Noonmati Branch), under sections 201(1) and 201(1A), to pay the total tax liability of ₹9.82 crore[41], which included a penalty amount of ₹1.32 crore[42] for delay in deducting and depositing of TDS on the interest earned by AIFA ***(Appendix-3.7)***. Tax liability of ₹9.02 crore (out of ₹9.82 crore), including penalty of ₹1.26 crore in respect of investment made with SBI, Dispur Branch, was finally deposited by SBI, Dispur (March 2013) to the Income Tax (IT) Department.

To a query, the Project Director (PD), AIFA stated (November 2015) that the amount deducted by SBI, Dispur was deposited in fixed deposit, instead of paying to IT Department without the consent of AIFA, while the TDS, with penalty, in respect of

[39] Account No. 31503276853 with SBI, Assam Secretariat branch, Guwahati.
[40] (₹ 500 crore x0 .035x 1) simple interest. Rate of interest=3.5 *per cent* per annum.
[41] SBI, Dispur Branch: ₹9.02 crore and UBI, Noonmati Branch: ₹0.80 crore
[42] SBI, Dispur Branch: ₹1.26 crore and UBI, Noonmati Branch: ₹0.06 crore

investment made with UBI, Noonmati was paid by the concerned bank in March 2013.

Thus, delay in making payment of TDS by the banks, coupled with non-submission of essential documents to banks by AIFA to reduce its tax liabilities, resulted in payment of interest (penalty) of ₹1.32 crore, which was avoidable.

On being pointed out, the PD, AIFA, stated (October 2015) that the matter had been taken up with the bank authorities for the recovery of amount paid by them on behalf of AIFA as penal interest to IT Department.

The matter was reported to Government; their reply had not been received (November 2015).

General Administration Department

3.3.2 Shortage of cash

Failure on the part of the Deputy Commissioner, Kamrup (Metro) to exercise effective control and monitoring led to shortage of cash amounting to ₹1.63 crore.

According to Rule 95 of Assam Financial Rules (AFR), the Head of office is personally responsible for accounting of all money received and disbursed and for the safe custody of cash. Each entry made in the cash book including analysis of daily/monthly closing balances after necessary verification is required to be authenticated. Further, according to Government orders (February 1995), the drawing and disbursing officer (DDO) must ensure regular and up-to-date maintenance of cash book besides carrying out surprise physical verification of closing balance and recording the result of such verification in the cash book with dated signature. Article 266 of the Constitution of India also lays down that all revenues received by the Government of a State shall be credited to the Consolidated Fund of the State and that no moneys out of the said Fund shall be appropriated except in accordance with law and in the manner provided under the constitution.

Scrutiny (October - November 2014) of the cash book of the Deputy Commissioner (DC), Kamrup (Metro) revealed that the cash book was maintained up to 30 August 2014 showing closing balance of ₹2.11 crore, which included revenue receipt[43] of ₹1.38 crore accumulated since January 2008 and undisbursed fund of ₹0.73 crore[44] drawn between March 2013 and August 2014. The cash book was, however, updated up to 31 October 2014 with closing balance of ₹1.80 crore[45] at the instance of audit.

[43] Bakijai collection, auction money, license fees of arms, revenue collection from circuit house, contingency charges etc.

[44] Counter insurgency operations, Minimum need programme, Gaon Bura's remuneration, hiring of vehicles etc.

[45] Revenue receipts (□0.99 crore) realized since January 2008 and undisbursed amount (□0.81 crore) since 2013.

In this regard, audit observed that retention of Government revenue instead of depositing the same into Government account was in violation of the relevant constitutional provision. Further, the cash in chest was retained without the safe custody of locker and obtaining security bond from the official handling cash as required under rules 106 and 484 of AFR. Neither necessary authentication in the token of check of each entry of the cash book was done nor the analysis of daily/monthly closing balances was verified by the head of office. The DDO also failed to ensure that the cash book was updated regularly besides conducting surprise physical verification of closing balance. The irregularities mentioned above indicated that the internal control existing in the office of the DC, Kamrup (Metro) was largely ineffective and prone to the risk of financial mismanagement.

In reply to an audit query (12 November 2014) regarding physical verification of the cash balance, the Additional DC (who is also the DDO) stated (15 November 2014) that only ₹0.17 crore (Banker Cheques ₹16,51,186 and Deposit at Call Receipt ₹87,809) was lying in cash as on 31 October 2014 and no paid vouchers were pending for entering in the cash book. Thus, there was shortage of cash amounting to ₹1.63 crore (₹1.80 crore - ₹0.17 crore) pointing to suspected misappropriation of Government money to that extent.

On this being pointed out, the DC stated (December 2014) that the matter would be verified and intimated to Audit; however no reply was received (November 2015).

The matter was reported to Government; their reply had not been received (November 2015).

3.3.3 Loss to Government

Delay in handing over the land to the recognised owner after de-requisition of the same and failure to protect the requisitioned land from encroachment resulted in payment of ₹1.60 crore to the pattadar beyond the period of stoppage of operations of helipad.

Section 3(1) of Assam Land (Requisition and Acquisition) Act, 1964 (ALA) stipulates that if in the opinion of the State Government or any person authorised in this behalf by the State Government, it is necessary to provide proper facilities for transport, communication etc., the State Government may requisition any kind of land by order in writing provided that the person interested has been given an opportunity of making representation against it within such time and in such manner as may be prescribed in this behalf. Section 11(4) (b) of the Act provides that where any land is requisitioned under Section 3, the requisition rent (annual rent) shall be payable to the owner of the land not exceeding rent payable under provisions of different relevant Assam Rent Control/Tenancy Acts. Section 8 (1) of the ALA, further envisages that where any land requisitioned is not acquired and is to be released from requisition, it will revert to the owner and the Collector will deliver possession of the land to such owner or person interested in as good condition as the land was when possession thereof was taken provided that changes are not caused by reasonable wear and tear and irresistible force.

In November 2014 records of the Deputy Commissioner (DC), Kamrup (Metro) were scrutinized along with information collected from General Administration Department (GAD), Government of Assam (GoA). This scrutiny revealed that based on a proposal (October 1976) from GAD for handing over a land for the construction of Dispur helipad, the DC, under Section 3(1) of the ALA 1964, requisitioned (26 October 1976) land measuring 50B-01K-14Ls at village Maidamgaon under Beltola Mouza. Records further disclosed that the helipad constructed over the land had stopped operations since 26 October 1986 and the land was subsequently de-requisitioned (20 December 1999) by the DC as use of the helipad had not been considered very safe from the security point of view. Though the decision to hand over the land to the pattadar was taken in December 1999 by the GAD, the pattadar refused (December 1999) to take possession of it citing violation of Section 8 (1) of the ALA, due to illegal occupation and settlement on the stated land by 124 families while under the custody of the GAD. The period of construction of the helipad, the expenditure incurred on its construction and reasons for stopping the operation of helipad since 1986 could not be stated to Audit either by the GAD or the DC, Kamrup (Metro) despite specific and repeated requests made (March, April and May 2015) in this regard. The fact of illegal encroachment and settlement of 124 families on the requisitioned land was however, brought to the notice of the DC by the Circle Officer (CO), Dispur, only in 2002.

The DC paid ₹1.84 crore[46] to the pattadar by way of annual rent covering the period from 26.10.1976 to 20.12.1999 at the rate of seven and half *per cent* on the land value as per provision of the Assam Urban Areas Rent Control Act, 1972. The payment (November 2013) of rent included ₹1.42 crore made consequent upon decree award (February 2013) by Hon'ble Gauhati High Court following the case filed (June 2012) by the pattadar. Thereafter, no requisition compensation was deposited at the disposal of the DC by the GAD, the reason for which was not on record.

Delay of almost 13 years to arrive at a decision to hand over the land back to pattadar coupled with failure of GAD to protect the land from illegal encroachment led to loss of ₹1.60 crore which was avoidable had the decision to handover the land back to owner been taken timely. Besides, as the land was yet to be freed from illegal settlers for being handed over to the recognised owner or person interested, possibility of further payment of rent beyond the period (from 21 December 1999 onwards) could also not be ruled out.

[46] ₹1.84 crore (Requisition compensation of ₹0.24 crore pertaining to the period from 26 October 1976 (day of requisition) to 25 October 1986 (date of stoppage of operations of the helipad) + ₹1.60 crore accrued from 26 October 1986 till 20 December 1999 (date of de-requisitioning).

On this being pointed out (May 2015), the Commissioner and Secretary, GAD stated (August 2015) that the DC, Kamrup (Metro) had been instructed to move the Hon'ble High Court for modification/vacation of the earlier orders to enable the eviction of the encroachers from the derequisitioned land. The fact, however, remained that the land was yet to be handed over to the pattadar (November 2015).

3.3.4 Fictitious payments

Expenditure of ₹31.47 lakh incurred by Deputy Commissioner, Baksa towards carriage cost of earth by showing its transportation by the fake carriers led to fictitious payments of ₹31.47 lakh. Besides, in two other cases, possibilities of misappropriation of funds amounting to ₹18.41 lakh could also not be ruled out due to non-availability of specific information.

Government of Assam (GoA), Border Areas Department (BAD) accorded (September 2010 to July 2013) administrative approval and expenditure sanction of ₹2.29 crore for the execution of 12 works under Border Area Development Programme (BADP). As of November 2014, ₹1.22 crore (being 1st/2nd instalment) was released (April 2012-July 2013) to Block Development Officers (BDOs), Jalah (₹1.07 crore) and Baksa (₹0.15 crore) for the execution of the works.

Scrutiny (November 2014) of records of Deputy Commissioner, Baksa revealed serious irregularities on expenditure shown as incurred towards transportation of earth by the tractors. Cross checking of actual payees' receipts (APRs) with reference to the information obtained from District Transport Officers (DTOs)[47] revealed that registration numbers of tractors embodied in the APRs in 16 cases were of motor cycles/scooters/Auto rickshaw and in three cases, the registration numbers were not at all issued by the DTOs. This shows booking of fictitious payments of ₹31.47 lakh **(*Appendix-3.8)*** made for the transportation of earth.

Further, in two other cases expenditure of another ₹18.41 lakh was shown as incurred towards carriage of earth where the registration number of the tractors in the APRs was not mentioned. Thus, veracity of the expenditure of ₹18.41 lakh remained unascertained in audit.

On this being pointed out in audit the DC did not furnish any comments/replies despite repeated reminders placed by audit.

Thus, expenditure of ₹31.47 lakh incurred by Deputy Commissioner, Baksa towards carriage cost of earth by fake carriers led to fictitious payments of ₹31.47 lakh. Besides, in two other cases possibilities of misappropriation of funds amounting to ₹18.41 lakh could not be ruled out due to non-availability of specific information relating to the carriers.

[47] DTOs, Baksa, Barpeta, Kamrup and Nalbari.

The matter was reported to Government; their reply had not been received (November 2015).

Home Department

3.3.5 Unrealised revenue

₹1.81 crore being the cost of police guards deployed in various Government/Non-Government Organisations and for the security of individuals remained unrealised for more than three years.

The Assam Police Manual read with sections 13 and 14 of the Police Act 1861 provides for additional Police guards to be deputed to Government/Non-Government Organisations and for the security of individuals to maintain order and peace at any place, on request. Section 13 of the Police Act V of 1861 also provides for recovery of the cost of such deployment from the concerned party.

Scrutiny of records (May-October 2014) and further collection of information (March 2015) from the office of the two Superintendents of Police[48] (SPs) revealed that as against ₹3.95 crore leviable towards the cost of police guards provided during April 2012 to March 2015, only ₹2.14 crore could be realised, leaving an outstanding balance of ₹1.81 crore (as of March 2015) for recovery **(*Appendix-3.9)***. Of the un-realised revenue, ₹0.14 crore was receivable from individuals.

However, both SPs continued to provide services to requiring organisations/ individuals without taking any concrete action for realisation of huge outstanding dues to safeguard the financial interest of the Government.

On this being pointed out by audit, the SPs stated that action would be initiated to realise the outstanding revenue. The fact, however, remained that ₹1.81 crore was still lying outstanding to be recovered for more than three years from Government/ Non-Government Organisations and individuals.

The matter was reported to Government; their reply had not been received (November 2015).

[48] Superintendent of Police, Nagaon and Superintendent of Police, Dibrugarh.

Revenue and Disaster Management Department

3.3.6 Excess expenditure

Deputy Commissioner, Kokrajhar and Sub-divisional Officers, Gossaigaon and Parbatjhora incurred excess expenditure of ₹5.98 crore towards distribution of 20,389 quintal foodstuff to inmates of relief camps beyond the requirement.

Assam Relief Manual (ARM), 1976 read with amended notification (December 1988) envisages scale of distribution of Gratuitous Relief Items (GRIs) *inter alia* as follows:

Category	Scale per head per day *(In grams)*		
	Rice	Pulses	Salt
Adult	600	100	30
Minor (up to 12 years)	400	100	30

Revenue and Disaster Management Department (RDMD), Relief and Rehabilitation Branch (RRB), Government of Assam (GoA) sanctioned (July 2012 to July 2014) ₹59.14 crore as Gratuitous Relief/Relief Grant for providing relief to victims in 89 relief camps under three Sub-Divisions *viz*., Kokrajhar Sadar (36), Gossaigaon (44) and Parbatjhora (9) of Kokrajhar District during ethnic violence of 2012. While the fund in respect of Kokrajhar Sadar Sub-division (₹13.17 crore) was released/sanctioned to the Deputy Commissioner (DC), Kokrajhar being in-charge of the Sub-division, fund in respect of Gossaigaon (₹44.75 crore) and Parbatjhora Sub-division (₹1.22 crore) was sanctioned/released directly to Sub-divisional Officers (SDOs) concerned for providing relief.

Scrutiny (August-September 2014) of records of the DC, Kokrajhar along with records of the three sub-divisions furnished by the DC revealed that out of total relief grant of ₹59.14 crore, ₹42.85 crore was spent for distribution of GRIs to 4,07,511 victims involving maximum 1,36,33,185 feeding days[49]. Beneficiary lists, however, could not be made available to audit. Distribution records of GRIs of rice, pulses and salt revealed that as against actual requirement of 90,228 quintal, 1,10,617 quintal foodstuff was shown to have been distributed by the DC and two SDOs during July 2012 to July 2014, which resulted in an excess expenditure of ₹5.98 crore towards distribution of 20,389 quintal foodstuff in excess of requirement as detailed below:

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Number of days on which food stuff provided	Maximum days involved	No. of beneficiaries	Feeding days
1	2	3	4 (2 X 3)
0-3	3	89290	267870
0-15	15	94718	1420770
0-30	30	83402	2502060
0-60	60	71006	4260360
0-75	75	69095	5182125
Total		**4,07,511**	**1,36,33,185**

Source:Departmental records.

Details of distribution of foodstuff by the DC and two SDOs during July 2012 to July 2014

Item of food stuff	Scale per head per day *(In quintal)*		Feeding days			Food stuff required as per norm *(In quintal)*	Actual distri-bution as per record *(In quintal)*	Excess distri-bution *(In quintal)*	Lowest procure-ment rate *(per quintal)* (In ₹)	Excess expen-diture (₹ in crore)
			Adult	Minor	Total					
1	2	3	4	5	6	7	8	9 (8-7)	10	11 (9x10)
Rice	Adult	0.006	8985795	4647390	13633185	72505[50]	85839	13334	2000	2.67
	Minor	0.004								
Pulses	Adult and minor	0.001				13633[51]	18501	4868	6500	3.16
Salt	Adult and minor	0.0003				4090[52]	6277	2187	700	0.15
Total						90228	110617	20389		5.98

Source: Departmental records.

Audit of records also revealed that during the ethnic violence of 2012, though the Deputy Commissioner, Kokrajhar was in charge of Kokrajhar Sub-division, the relief was looked after by the Additional Deputy Commissioner, Kokrajhar. SDOs of Gossaigaon and Parbatjhora Sub-divisions were in charge of relief camps in their respective Sub-divisions.

Thus, Deputy Commissioner, Kokrajhar and SDOs, Gossaigaon and Parbatjhora incurred excess expenditure of ₹5.98 crore ostensibly towards distribution of 20,389 quintal foodstuff to inmates of relief camps beyond the scales prescribed. No evidence was produced to Audit to clarify as to the supposed beneficiaries of this extra material. Under the circumstances, the possibility of diversion of these relief material and/or misappropriation of funds to that extent cannot be ruled out.

On this being pointed out, the DC, however, did not offer his comments on the audit observation despite being requested repeatedly. Subsequently (February, 2015), the SDO, Gossaigaon who was in charge of distribution of the relief material in Gossaigaon Sub-division was placed under suspension and enquiry initiated for diversion of relief material and misuse/misappropriation of Government money.

The matter was reported to Government; their reply had not been received (November 2015).

3.3.7 Irregular expenditure

Expenditure of ₹2.85 crore on up-gradation, repair and new work incurred by diverting Calamity Relief Fund by Deputy Commissioner, Kokrajhar was unauthorized and irregular.

According to the guidelines, Calamity Relief Fund (CRF) should be used for providing immediate relief to victims of natural calamities such as cyclone, drought, earthquake, fire, flood, hailstorm, landslide etc., with the prior approval of the State Level Committee (SLC) constituted for administration of CRF. The guidelines also envisage that the expenditure on restoration of damaged infrastructure such as roads,

[50] Rice: {8985795 (feeding days) x 0.006 quintal + 4647390 (feeding days) x 0.004 quintal}.
[51] Pulses: 13633185 feeding days x 0.001 quintal.
[52] Salt: 13633185 feeding days x 0.0003 quintal.

bridges, drinking water supply etc., should ordinarily be met from normal budgetary heads. In this regard, Ministry of Home Affairs (MHA), Government of India (GoI), which monitors expenditure under CRF through six-monthly utilisation statements, had expressed (July 2007) its concern/dissatisfaction that in many cases, the money drawn from the CRF were not actually utilized by the State for the intended purpose under the scheme.

Scrutiny (August – September 2014) of records of Deputy Commissioner (DC), Kokrajhar revealed that Government of Assam (GoA), Revenue and Disaster Management Department (RDMD) sanctioned (November 2009 to December 2012) ₹2.85 crore for the maintenance of six[53] works under CRF 2004-09. The Executive Engineer (EE), Public Works Department (PWD), Rural Road Division (RRD), Kokrajhar incurred (December 2011 to April 2013) an expenditure of ₹2.85 crore on execution of the works from the funds (₹2.85 crore) released by DC Kokrajhar in this period.

The approved estimate of the works indicated that the repair works were undertaken (i) for construction of road damaged owing to plying of heavy vehicles as well as due to incessant rain, (ii) for construction of kutcha road, (iii) for construction of new work, (iv) for communication purposes, (v) for widening of the existing width of road; and (vi) due to continuous erosion by river Gongia. Neither any approval of SLC for the aforesaid works nor copy of any of the reports submitted to the GoI on completion of the six works were furnished to audit by the DC, Kokrajhar, though called for.

Execution of repairing/up-gradation of damaged roads not caused by any natural calamity but by normal wear and tear over a course of time do not qualify to be funded through CRF. The works were taken up after almost two to five years since their identification under CRF, which clearly indicates that executions were not restoration works of immediate nature. Further, execution of new works under CRF clearly indicates that the same were not related to the needs of immediate relief due to natural calamity.

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Sl No	Name of work	Estimate/actual expenditure (₹ in crore)	Period of execution
1	Restoration of flood damaged Mukhigaon Hakmabil road under CRF 2007-08	0.23	July-October 2010
2	Repairs & restoration of flood damaged Tulsibil Harbhanga road under CRF (FDR) 2008-09	0.40	June 2010 to April 2011
3	FDR to training of river Gongia in D/S confluence with river Hel at Pathakata village under CRF 2004-05	0.72	July 2010 to September 2011
4	Restoration of road from Gossaigaon Soraibil PWD road to Balagaon Tiniali under CRF 2008-09	0.60	July 2011 to January 2012
5	Construction of RCC Box Cell Bridge of size 4 m x4m for 4 cells at Hekaipara over Mora river under CRF (FDR) 2008-09	0.30	January 2011
6	Permanent restoration of Massuaghat Kabarstan to Saralbhanga river Connection road under CRF (FDR) 2008-09	0.60	January 2011
	Total	**2.85**	

Source: Departmental records.

Thus, execution of repair works of regular nature by utilizing funds out of CRF, in violation of the guidelines of CRF, was irregular and led to unauthorized expenditure of ₹2.85 crore.

The matter was reported to Government; their reply had not been received (November 2015).

FOLLOW UP AUDIT

Finance Department

3.4 Follow up Audit on "Comprehensive Treasury Management Information System (CTMIS)"

Treasuries in Assam, functioning under the administrative control of the Finance Department, are responsible for receipt and payment of money on behalf of the Government and for the maintenance of accounts relating to these transactions. They also act as the banker in respect of Local Bodies and others who deposit their revenues in the Treasuries. Since 2002-03, Comprehensive Treasury Management Information System (CTMIS), a web-based application software, developed by M/s Tata Consultancy Services (TCS) and comprising of five modules, was operationalised in the state of Assam, which connects 29 treasuries and 34 sub-treasuries of Assam to the Central Data Centre located at Kar Bhawan, Guwahat, the headquarters of the Director of Accounts and Treasury (DoAT). A performance audit on CTMIS was included in the Report of the Comptroller and Auditor General of India for the year ended 31 March 2007, Government of Assam (Civil). This follow up audit was taken to assess the progress made towards implementation of the recommendations of the previous audit and also to cover new issues i.e., cyber treasury, connectivity etc. Some of the significant findings are as under:

Highlights

No remedial action was taken to rectify the deficiencies in the implementation of CTMIS as pointed out in the previous Audit Report.

(Paragraph 3.4.7.1)

Presence of redundant data alongwith lack of validation control made the data of Treasury Module and Cyber Treasury, inconsistent.

(Paragraph 3.4.7.4 and 3.4.7.8)

Inadequate security policy rendered the system vulnerable to data loss and manipulation.

(Paragraph 3.4.7.5)

Inability to prevent back-end corrections had made the system unreliable.

(Paragraph 3.4.7.6)

Neither documented policy nor disaster simulation exercises testing was done till November 2015 to ensure recovery plans in case of a real time disaster.

(Paragraph 3.4.7.7)

Even after incurring an expenditure of ₹20.63 crore, only one out of the five modules of CTMIS (since 2002-03), had been implemented as of November 2015.

(Paragraph 3.4.7.10)

3.4.1 Introduction

Treasuries in Assam, functioning under the administrative control of the Finance Department, are responsible for receipt and payment of money on behalf of the Government and for the maintenance of accounts relating to these transactions as per Assam Treasury Rules and Assam Financial Rules. Treasuries also act as Bankers in respect of Local Bodies and others who deposit their revenues in the Treasuries. Computerisation of Treasury Accounts was started in 1998-99 for which National Informatics Centre (NIC) provided software "Treasury Accounting Application Software (TAAS)". During implementation stage, it transpired that this system could not fulfill the requirements drawn up by the State Government as well as the Treasury. Subsequently, a new System called "Comprehensive Treasury Management System (CTMIS)" was developed (2002-03) comprising of five modules *viz.*, Budget module, Treasury module, Department module, DDO module and Head office module.

3.4.2 Rationale for Follow-up audit

A performance audit on CTMIS was conducted by the C&AG covering the period 2006-07 which featured in the C&AG Audit Report on GoA for the year ended 31st March 2007. The audit found, *inter alia*, considerable delays in implementation of various modules of CTMIS. Besides, though the TCS (Software vendor) installed and handed over the CTMIS software in March 2004, only one module *viz.*, Treasury module could be implemented till May 2007. Thus, the full potential of the software had not been exploited till the time of finalizing the Report. System also lacked adequate IT controls. This had adversely affected macro level budget monitoring for effective Ways and Means control. Following recommendations were made during the previous audit:

- Structured procedure and documentation for the development, modification and implementation of the system should be followed to achieve the objectives and user requirements.
- All other modules should be implemented at an early date to ensure proper controls and validation in the modules.
- Policy procedure regarding data security, documentation of data, backup and restoration should be prepared and implemented accordingly.
- Security of data and ant-virus measures should be immediately implemented to prevent data loss and corruption.

- Changes in data after passing of bills and changes in data after submission of accounts to AG should be dispensed with immediately and necessary modifications be made to the software to record any such discrepancy noticed strictly as per Assam Treasury Code.
- The provisions for AC/DC bills, issues in entry of Personal Deposit accounts should be incorporated in the software.
- The DoAT may train its own technical persons for project management and data management instead of fully depending on the TCS and the facility management vendor.

Neither any reply to the Performance Audit report had been received (November 2015) from the Department of Treasuries/Government nor had the Report been taken up (November 2015) for discussion by the Public Accounts Committee (PAC).

The present audit was conducted as a follow up to the earlier audit for the following reasons:

- Eight years had elapsed since the period covered in the last audit and almost eleven years since the installation and handing over the software by TCS (March 2004).
- Volume of Government transactions had grown manifold from ₹14,978.48 crore (27,42,054 transactions) in 2006-07 to ₹46,557 crore (38,30,886 transactions) in 2013-14, an increase of 211 *per cent*.
- GoA introduced online payment of taxes and the accounts of these tax receipts are maintained by a Cyber Treasury attached to the Dispur Treasury.

3.4.3 Organisational Set-up

There are 63 treasuries and sub-treasuries in Assam. All of them are banking treasuries *i.e.*, they transact their business through accredited Public Sector Banks. Shillong (South) treasury is a District Treasury located in the State of Meghalaya, which is functioning as a treasury of Assam for all purposes as per arrangement between the Government of Meghalaya and the Government of Assam, in consultation with the Comptroller and Auditor General (C&AG) of India. All these treasuries render their monthly accounts to the Accountant General {Accounts and Entitlements, (A&E)}, Assam. Consequent upon computerisation of the treasuries and introduction of CTMIS, the Government of Assam (GoA) dispensed with the procedural requirement of submission of accounts by sub-treasuries to the district treasuries for incorporation in the monthly accounts of the district treasuries and their submission to the Accountant General (A&E), Assam. The Treasury Officer (TO), Dispur is responsible to submit the accounts of the tax receipts to the Accountant General (A&E), Assam.

3.4.4 Objectives of computerisation

The major objectives of the CTMIS *inter-alia*, included:

- allowing the Department to exercise desired control over financial transactions by rational allocation of budget to Drawing and Disbursing Officers (DDOs), thereby enabling TOs to have a proper control over expenditure as per the budget allocation;
- making flow of information current, authentic and consistent and thus, eliminating any excess or unauthorised drawals, diversion of funds, wrong bookings etc.;
- compilation of monthly accounts and their timely submission to the Accountant General (A&E).

3.4.5 Audit Scope and Methodology

The follow up audit on CTMIS was conducted from May 2015 to July 2015. Records from the central server were collected from the department. Data for the period July 2004 to May 2015 pertaining to Kamrup treasury and Dispur treasury was analyzed through an audit tool *viz.*, Interactive Data Extraction and Analysis (IDEA) to ensure completeness, correctness and authenticity and for the verification of controls.

3.4.6 Audit Objectives

The objectives of the review were to assess whether:

- recommendations of the previous Performance Audit (conducted in 2007) were implemented;
- the system provided real time and accurate information to various Government departments on receipts and expenditure; and
- key benefits envisaged for development of the CTMIS were being derived by the Finance Department, line departments, Accountant General (A&E) and the treasuries.

3.4.7 Audit Findings

3.4.7.1 Position of acceptance of the recommendations of previous Audit Report

A performance audit on CTMIS was conducted covering the period 2006-07 and featured in the C&AG's Audit Report on GoA for the year ended 31 March 2007.

It was observed that except setting up of Disaster Recovery Site at Hyderabad and installation of firewall for network security, no remedial action was taken to rectify the deficiencies in the implementation of CTMIS as pointed out in the previous Audit Report. Present status of implementation of CTMIS against the recommendations made is discussed in the succeeding paragraphs.

3.4.7.2 Improper database design structure

Database tuning is a process where unnecessary tables or redundant data is weeded out periodically for improving the performance of the database application as a whole. Scrutiny revealed the existence of 55 redundant tables. The tables, besides being empty, were unnecessarily occupying valuable space thereby slowing down the retrieval of data. On being pointed out by audit, DoAT assured (June 2015) that the redundant tables would be removed.

3.4.7.3 System design deficiencies

Analysis of the system for Treasury module at Kamrup and Dispur treasuries revealed the following shortcomings:

3.4.7.3.1 Treasury Module (Receipt)

a. Challans above ₹25,000 should be countersigned by the TO for authentication. In the system, there was no provision for signature authentication. The application was vulnerable to unauthorised approvals even if the challan had not been authenticated by the TO.

b. 162 unverified challans for the period from April 2013 to June 2015 in Dispur treasury were lying pending for approval at TO's level under various Heads of accounts. The application software did not generate any alert message periodically to the user for approval updation.

c. As per Assam Treasury Rules (SO 37), challans are valid only for such time, or exceeding 10 days, as may be fixed by the Collector. If they are presented after the allotted time, the money will not be received by the bank until they are revalidated by the Collector. When a challan lapses, a separate challan is to be raised for remittance of the revenue.

Analysis of "Lapsed Challan information" in Dispur treasury revealed that 898 lapsed challans were generated (during June 2010 to June 2012) under Rent, Court, Security and Revenue Deposit amounting to ₹364.51 crore, which were not reconciled by the DDO with the treasury. Consequently, the TO also failed to revalidate the challans. There was no provision for tracking such cases. In certain instances, after the challans were passed by the TOs, the revenue was not remitted because the amount payable had either increased by then or the dealer did not have enough funds to deposit the revenue amount. Thus, the system lacked mechanism to reconcile the lapsed challans before passing a fresh challan.

3.4.7.3.2 Treasury Module (Payment)

The Assam Financial Rules provide that a certificate shall be attached to every AC bill to the effect that the DCC bills, in respect of AC bills drawn more than a month before the date of the present bill, have been submitted to the AG. However, in

CTMIS, there was no provision for checking the status of pending AC Bills in terms of capturing details of the certificate for DCC bills before passing a fresh AC Bill, as the system accepted all AC bills without checking the pendency status.

3.4.7.3.3 Treasury Module (Pension)

a. Pension Payment Order (PPO) contains details of the pensioner along with photographs in both halves so as to ensure proper identification of the pensioner at the time of physical appearance from time to time. This would facilitate easy verification through the system.

CTMIS application software did not have the provision for storage of photographs of existing pensioners.

In the absence of such provision, the verification continued to be done through the hard copies of the PPOs issued.

b. There was no provision for recording scanned specimen signature/thumb impression/photograph of the pensioner at the time of entry of PPO for a new pensioner to check duplicity or fraud bills.

c. There was no provision for tracking outstanding pension bills of a particular pensioner. This was being done manually leading to delay in payment of pension.

d. In case of an existing pensioner, there was no provision in the CTMIS for change of payment bank or treasury, whenever such a valid request was forwarded to a treasury. The same was done manually.

e. Arrear calculator in CTMIS application software was incapable of calculating correctly and providing print options. This necessitated reworking the calculations manually leading to delays in processing the pension bills for payment. Users were opting for manual procedure in order to avoid reworking and delays.

3.4.7.3.4 Budget Module

The Budget module was not implemented (November 2015). Checking of Budget and Allotment figures was done manually making the system vulnerable to human errors and therefore possibility of consequent payment of excess expenditures could not be ruled out.

3.4.7.3.5 Department Module

The Department module was not implemented. As a result, the treasury had to verify that the bills were within the allotment based on the DDO's self-certification (at the back of the bills), record of which was maintained manually by the treasuries in the DDO registers and not through CTMIS.

3.4.7.3.6 Head office Module

The Head office module, meant for assisting the department maintain data of employees as well as sanctioned post details, was pending for implementation. Thus, no computerised validation for pay bills and other entitlement bills of the employees was being done.

3.4.7.4 Analytical review of data

Analysis of master data and transaction data for all the treasuries for the period from August 2004 to May 2015 through IDEA, revealed the following inconsistencies:

3.4.7.4.1 Master data

a. The DDO master table contained 11,247 records, of which 1,433 records were repeated 2 to 9 times, the DDO's name and designation had identical entries. There were 10,533 duplicate DDO codes. The table had 163 modified records, but the identity of the modifier users was not captured in the system. This indicated absence of audit trail.

b. 204 dummy records were found, having treasury code as 'XXX' and ranging from July 2004 to August 2014, which might have been used for testing purposes but remained to be deleted.

c. The DDO table had 268 records with blank date of entry in the system and 295 records wherein the person who entered the data in the software was not known.

d. The table for the department master had two digit numbers from 00 to 99. There were eight records wherein the department name was blank and also 11 missing sequences where records had been deleted unauthorisedly.

e. The table to store the roles created had 16 roles with no create date, user ID.

f. In details of all the sanctions granted by the government, abnormal sanction dates that ranged from 00-000-00 to 04-Mar-2991 were found captured.

g. PPO codes should be unique; there should not be any duplication. Analysis of Pension details revealed cases of 6 and 12 duplicated PPO codes in Dispur and Kamrup treasury respectively.

These indicated that the system lacked adequate validation controls to ensure that data entered was correct and complete.

3.4.7.4.2 Transaction data

Voucher and Challan data of Dispur and Kamrup treasuries was analyzed.

a. Analysis of table containing vouchers revealed the following:

i) In case of Dispur treasury, there were 181 records where voucher date of the bill was prior to the date of entry of the bill in the system.

ii) Similarly, in case of Kamrup treasury, there were 7,710 records where voucher date of the bill was prior to the date of entry of the bill in the system.

Voucher numbers and voucher dates are generated at the time of compilation of all bills passed for payments for a particular month. It was noticed that payments were made by the bank before presenting the bill at the treasury. Thus, the software should not allow voucher date in advance of transaction date *i.e.*, when bills are presented by departments at treasuries.

b. Analysis of table containing challan details revealed the following:

i) In case of Dispur treasury, there were 5,299 duplicate challans and 131 records with challan amount as zero.

ii) In case of Kamrup treasury, there were 2,622 duplicate challans, 181 records with challan amount as zero and 57 gaps in the challan sequence in 51,515 occasions.

There was lack of validation in the system where every receipt should be assigned a unique challan number. Any challan with zero amount is doubtful challan and the same should not be accepted by the system. It was noticed in the event of wrong entry, challans were deleted and re-entered with correct data and were given new challan numbers. This created gaps in challan sequence.

c. Analysis of table containing final payment details revealed the following:

iii) In case of Dispur treasury, there were 102 records without voucher number and 70 gaps in the Token number sequence.

iv) In case of Kamrup treasury, there were 1,370 records without voucher number and 77 gaps in the Token number sequence.

There was inconsistency in generation of voucher numbers because voucher numbers and voucher dates were being generated at the time of compilation of all bills passed for payments for a particular month. It was noticed, in the event of wrong entry of bills, the same were deleted and re-entered with correct data and were given new token number. This created gaps in token number sequence.

d. Analysis of table containing Pension bills revealed that Token number was blank in six cases.

Token numbers should not be blank as these are auto generated and thus, the possibility of manipulation from the back-end cannot be ruled out.

3.4.7.5 Information System (IS) Security

Audit noticed that system lacked adequate Access Control and Password Policy.

a. As a security measure, user passwords created should be strong (a combination of alphanumeric and special characters) and sharing of passwords among the users should be prohibited.

Scrutiny of records revealed that no approved password policy was formulated by the department. Moreover, in CTMIS application there was no check to ensure that the user created passwords were strong. It was observed that user created passwords were very simple and could easily be cracked, *e.g.*, “123”, “abc” etc., and this made the systems highly vulnerable to threat. Further, many users of Dispur and Kamrup treasuries were using the same password and many super users (TOs) were still using the default passwords of the system.

b. As a security measure in a web-based application, a user should be automatically prompted to change the password after a certain period of time. However, test-check of the selected treasuries revealed that no such provision existed in CTMIS application.

c. In any web-based application, “session timeout” should be effectively set in order to invalidate a user session after a certain interval of inactivity to safeguard against any unauthorised access. Scrutiny revealed that there was no such provision in the system.

d. As a network security measure, administrative right should not be given to the client PCs. With such right, a user may change/manipulate the configuration thereby affecting the CTMIS application/network.

Audit, however, observed that administrative right was given to all the PCs in Dispur and Kamrup treasuries.

e. In CTMIS application, there was no provision to restrict invalid login attempts so as to stop unauthorised access to the system. Analysis of login screen revealed that even after five invalid login attempts with a wrong password, the application was still active.

f. Audit observed that in two[54] operational client PCs, no antivirus was installed. It was also observed that inspite of automatic update having been activated, antivirus in the client machines was not updated. This indicated improper client and server configuration leaving the PCs vulnerable to viruses.

3.4.7.6 Back-end corrections

Scrutiny of call logs of CTMIS application for the period from August 2012 to June 2015 revealed that calls (more than 10,000) were logged for back-end corrections relating to correction of challan numbers, bill numbers, scroll entry, monthly account compilation, transfer entry, date change, head of account, bill amount etc.

In the absence of any provision in the software for online authorisation and related documentation, it could not be ruled out that the back-end corrections were done without proper authorisation of any higher authority.

[54] Serial numbers A093A1146805 (Dispur Treasury) and 6073A1531991 (Kamrup Treasury),

3.4.7.7 Disaster Recovery Policy and Business Continuity Plan

The objective of having a Disaster Recovery (DR) and Business Continuity Plan (BCP) and associated controls, is to ensure that the organisation can accomplish its mission and would not lose the capability to protect, retrieve and process information in the event of an interruption or disaster leading to temporary or permanent loss of data. Plan should include evaluating the ability of personnel to respond effectively in emergency situations through reviewing emergency procedures, training and drills.

Scrutiny of records of the DoAT revealed that despite a DR site being set up (2012) at NIC, Hyderabad at a cost of ₹2.30 crore, no documented policy was executed (till November 2015) to ensure that recovery plans would work as intended in the event of a disaster. Further, no disaster simulation exercises testing was conducted (till November 2015). It was also observed that no training was imparted to the IT officials of the DoAT for DR and BCP.

In the absence of the recommended exercises, in the event of a disaster, resumption of business could be jeopardised.

New Issues

3.4.7.8 Cyber Treasury

As per Government of Assam Notification No FEB71/2008/135 dated March 2009, online collection of taxes of the Commissionerate of Taxes, Assam was launched in May 2009. The DoAT, Assam was nominated the Account Rendering Unit and to function as Cyber Treasury in reporting of e-receipts collected by six banks *viz.*, State Bank of India (SBI), ICICI Bank, United Bank of India (UBI), Housing Development and Finance Corporation (HDFC), Industrial Development Bank of India (IDBI) and the Union Bank of India (UBI) with State Bank of India being the first to start the e-mode of tax collection for the taxation department. Initially, payment under Value Added Tax (VAT), Central Sales Tax (CST) and Entry tax was collected in electronic mode from only registered dealers of taxation department. Later, the e-mode of tax collection was extended to all acts administered by taxation department. All Banks had developed the module for tax collection in their portal and sent daily transaction details on a T+1 basis in a comma separated text file to the DoAT. These transaction details are then updated in Tax and Treasury systems respectively. At the month end, these are cross-verified with the Day-wise Monthly Statement given by banks and subsequently, submitted to the Accountant General (A&E), Assam as the monthly accounts for that particular month.

a. Analysis of table containing deposit of taxes by various dealers revealed the following:

i. Out of 1,85,811 records, 8,731 records did not have any registration number. Thus, it was a case of serious validation lapse where "only the Registered Taxpayers/Dealers can pay their tax dues online through Net Banking under the scheme" clause was not strictly followed.

ii. 21,274 records have unusual registration number as "_".

b. Analysis of transactions related to Cyber Treasury revealed the following:

i. The challan entry dates of five, one and 20 transactions respectively were related to the years 2051, 2029 and 2020.

ii. Under challan sequence, there were 39 gaps on 62 occasions.

iii. Four records contained branch codes as 0000.

iv. 10 records had registration numbers as "ANAMIKA MOTORS", "NITCO LTD" *etc.*, and 1,905 records contained registration numbers as "zero".

v. 1,478 records contained duplicate treasury challan numbers.

3.4.7.9 Connectivity with Accountant General (A&E) and Banks

CTMIS envisaged development of a (i) treasury interface for electronic transfer of treasury data to Voucher Level Computerisation (VLC) database in the Office of the AG (A&E) and (ii) another interface with the banks. These, however, had not been made operational in either case. This resulted in duplication of work and other difficulties, as discussed below:

(i) AG was unable to use the CTMIS data and the vouchers were to be entered manually at AG's end.

(ii) In the absence of interface with banks, receipt/payment transactions in the banks were entered manually into CTMIS, on the basis of the printed bank scrolls at the end of the day making it vulnerable to human errors.

Entry of wrong data poses a grave risk to the accurate compilation of accounts, thereby affecting the process of informed decision-making.

3.4.7.10 Delay in completion and implementation

Despite lapse of 12 years (target date June 2003) and incurring expenditure of ₹20.63 crore, only one[55] out of the five modules was implemented (November 2015). The remaining four modules were not made operational. As a result, the objective of CTMIS remained unfulfilled.

3.4.7.11 Delay in submission of Monthly Accounts

As per the Assam Treasuries Rules, monthly accounts of each month of a treasury should be submitted to the AG (A&E) by 10th of the following month. Scrutiny of receipt of accounts of Kamrup and Dispur treasuries revealed the following deficiencies:

[55] Treasury Module

There was delay in rendition of monthly accounts to the AG (A&E) by most of the treasuries. Kamrup treasury delayed the submission of accounts from a minimum period of one day (for the month November 2014) to a maximum of 23 days (for the month May 2015) and Dispur treasury delayed the submission of accounts from a minimum period of three days (for the month February 2014) to a maximum of 30 days (for the month of May 2013) despite implementation of CTMIS.

3.4.7.12 Improper maintenance of Server, UPS rooms and network equipment

During physical verification of server and Uninterrupted Power Supply (UPS) room of DoAT and Kamrup treasury, it was observed that some of the air conditioners were fitted just above the isolation transformers, miniature circuit breaker (MCB) boards and switch boards.

Central Data Centre (Kar Bhavan, Dispur)
(4 June 2015)

Thus, improper layout of server room and UPS room increased the risk of accidents, damage and loss due to short circuit.

Further, it was also observed that the routers in the DoAT, Kamrup and Dispur treasuries were not properly maintained. Network and hardware equipments like routers, switches, UPS *etc.*, were in a deplorable condition. In Dispur treasury, the ceiling of the room wherein network and hardware equipments were kept, was found to be accident prone and porous during the rainy season.

Dispur Treasury (5 and 8 June 2015)

3.4.8 Conclusion

There was considerable delay in implementation of the various modules of CTMIS. Though TCS installed and handed over the CTMIS software to DoAT in March 2004, of the five modules only one module *viz.*, Treasury module could be implemented till November 2015. Further, the controls and validation required for the system could not be fully implemented. This had adversely affected macro level budget monitoring for effective Ways and Means control. Since there were delays in receipt of Treasury accounts, one of the objectives for timely submission of accounts was defeated. The system also remained vulnerable due to inadequate controls, as a result, full potential of the software was yet to be exploited.

3.4.9 Recommendations

- The remaining modules should be implemented at an early date for optimal utilisation of software.
- Necessary controls and validation checks should be incorporated to ensure correctness and completeness of data.
- The provisions for AC/DC bills, issues for proper checks of lapsed challans should be incorporated in the software.
- Changes in data, if required, should be done with proper authorisation of higher authority and documentation.
- Policy regarding data security, documentation of data, backup and restoration should be prepared and implemented.

3.5 General

3.5.1 Follow up on Audit Reports

Non-submission of suo-moto Action Taken Notes

In terms of the resolution (September 1994) of the Public Accounts Committee (PAC), the administrative Departments were required to submit *suo-moto* Action Taken Notes (ATNs) on paragraphs and reviews included in the Audit Reports, within three months of presentation of the Audit Reports to the Legislature, to the PAC with a copy to Accountant General (AG) (Audit) without waiting for any notice or call from the PAC, duly indicating the action taken or proposed to be taken. The PAC, in turn, is required to forward the ATNs to AG (Audit) for vetting before its comments and recommendation. No *suo-moto* replies/explanatory notes were, however, received in respect of paragraphs and reviews included in the Audit Reports (Civil) up to 2013-14 from the respective departments, except in respect of few paragraphs relating to Audit Report for 2010-11 where against 41 paragraphs and reviews included in the

Audit Report ibid; only two *suo-moto* replies/explanatory notes were received from the respective departments.

As of March 2015, PAC discussed 1,119 out of 1,705 paragraphs, reviews and stand-alone Reports pertaining to the years 1983-84 to 2013-14. However, as of March 2015, only two ATNs relating to two paragraphs pertaining to 2004-05 and 2006-07 were furnished by the Home and Water Resources Department respectively. Consequently, the audit observations/comments included in those paras/reviews had not been settled by the PAC as of March 2015.

3.5.2 Action taken on recommendations of the PAC

520 recommendations of the PAC, made in its Fifty Fifth to Hundred and thirty sixth Reports with regard to 45 Departments, were pending settlement as of March 2015 due to non-receipt of Action Taken Notes/Reports.

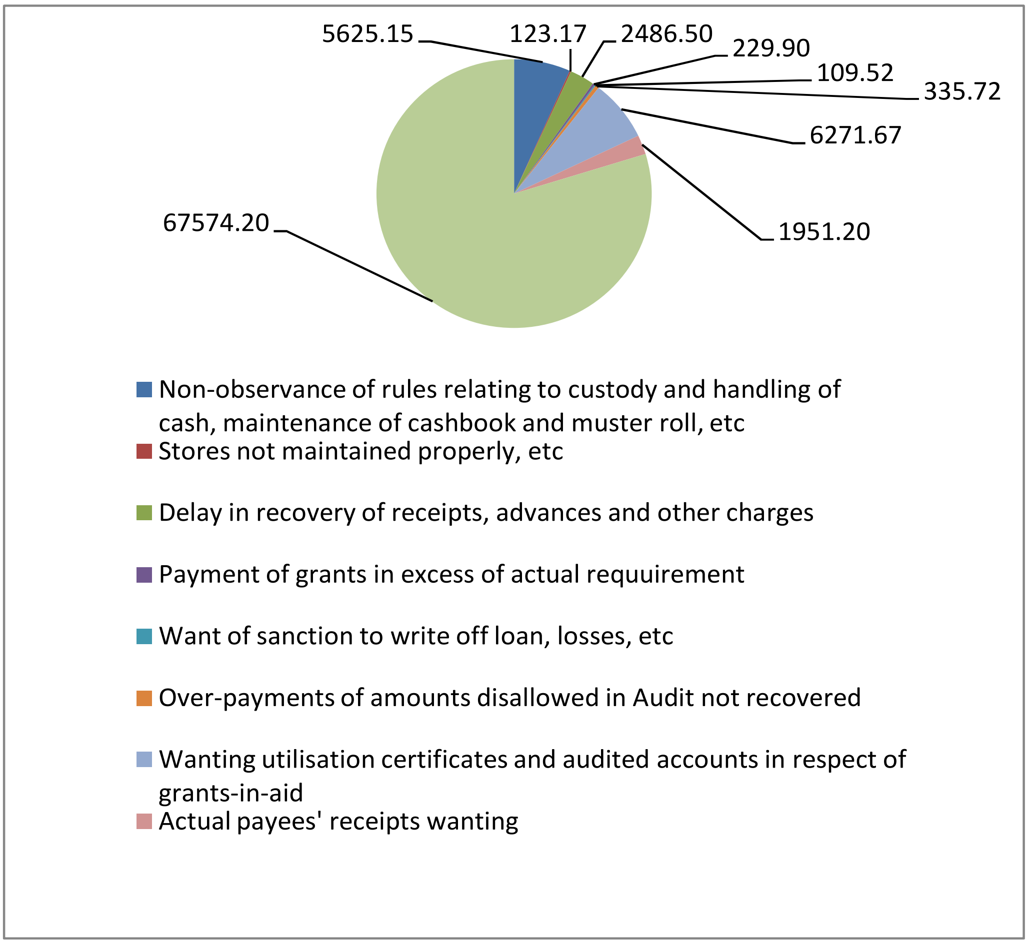
3.5.3 Response to audit observations and compliance thereof by senior officials

The Accountant General (AG) arranges to conduct periodical inspection of Government Departments to test-check the transactions and verify the maintenance of significant accounting and other records according to prescribed rules and procedures. When important irregularities detected during inspection are not settled on the spot, Inspection Reports (IRs) are issued to the Heads of the concerned Offices with a copy to the next higher authorities. Orders of the State Government (March 1986) provide for prompt response by the executive to the IRs issued by the AG to ensure rectificatory action in compliance with the prescribed rules and procedures. The authorities of the Offices and Departments concerned were required to examine the observations contained in the IRs in the light of the given rules and regulations and prescribed procedures and rectify the defects and omissions promptly wherever called for and report their compliance to the AG. A half-yearly report of pending IRs was sent to the Commissioners and Secretaries of the Departments concerned from time to time to facilitate monitoring of the audit observations in the pending IRs.

IRs issued up to December 2014 pertaining to Civil Departments/Public Health Engineering Department /Public Works Department/ Water Resource Department/ Irrigation and Inland Water Transport Department disclosed that 23,499 paragraphs pertaining to 4,633 IRs were outstanding for settlement at the end of June 2015. Of these, 852 IRs containing 2,741 paragraphs had not been replied to/settled for more than 10 years. Even the initial replies, which were required to be received from the Heads of Offices within six weeks from the date of issue, were not received from 45 Departments in respect of 1,087 IRs issued between 1994-95 and 2014-15. As a result, serious irregularities commented upon through 23,499 paragraphs involving ₹84,734.02 crore, had not been addressed as of June 2015 as shown in the Chart.

Chart-3.6

(₹ in crore)



Non-receipt of replies to the IRs in respect of 45 Departments are indicative of the failure on the part of the Heads of Departments (Directors/Executive Engineers) to initiate action with regard to defects, omissions and irregularities pointed out by Audit. The Commissioners and Secretaries of the Departments concerned, who were informed of the position through half-yearly reports also failed to ensure prompt and timely action by the officers of the Departments concerned.

The above mentioned facts also indicated inaction against the defaulting officers thereby facilitating continuation of serious financial irregularities and loss to the Government though these were pointed out in Audit.

In view of large number of outstanding IRs and Paragraphs, Audit Objection Committee (AOC) is constituted by the Government every year at State level for consideration and settlement of outstanding audit observations relating to Civil and Works Departments. During 2014-15, the Government had constituted (30 July 2014) one AOC for discussion of the outstanding audit observations of all the three Sectors and 77 meetings (Social Sector: 61; Economic Sector: 11; and General Sector: 5) of the Committee were held, in which, 1,012 IRs and 3,899 Paragraphs were discussed and 94 IRs and 880 Paragraphs were settled.

It is recommended that Government should review the matter and ensure that effective system exists for (a) action against defaulting officials who failed to send replies to IRs/Paragraphs as per the prescribed time schedule, (b) action to recover loss/outstanding advances/ overpayments in a time bound manner; and (c) revamp the system to ensure prompt and timely response to the audit observations.

(C.H.Kharshiing)
Accountant General (Audit), Assam

Guwahati
The 24 January 2016

Countersigned

(Shashi Kant Sharma)
Comptroller and Auditor General of India

New Delhi
The 20 February 2016