

OVERVIEW

This Report contains four Chapters. Chapter-I provide a background on the formation of the Autonomous District Council, rules for the management of the District Fund and relevant Constitutional provisions on maintenance of Accounts. Chapter-II gives an overview on the financial position of the Council and budgetary process during the year. Chapter-III deals with audit comments on annual accounts of the Council for the year 2017-18 and Chapter-IV of the Report deals with the audit findings pertaining to transaction audit of the Council.

Internal Control

An evaluation of internal control system in the Council revealed that internal control mechanism was weak as evident from persistent irregularities like non- maintenance of the staff positions under its jurisdiction, discrepancy of figures between the figures reported in its Annual Accounts with that of Treasury records, non- deposit of revenue in the Treasury, non-maintenance of Head of Account-wise/Grant-wise opening and closing balances, incurring of unfruitful expenditure, payment towards work not actually executed, lack of internal coordination among different departments, of liability, excess/avoidable expenditures *etc.*, highlighted in the Inspection Reports issued separately. Weak internal control is fraught with risks of fraud, misappropriation and financial irregularities, which remain undetected.

A synopsis of the important findings contained in the Report is presented below:

2. Autonomous District Council Fund

- BTC deviates both from C&AG's prescribed Chart of Accounts as well List of Major and Minor Heads followed by Union and State Government in preparation of the Council budget. Further, BTC also do not include unspent balance of previous year in the Entrusted Budget.

(Paragraph 2.1.2)
- Bulk of the activities (Approximately 97 *per cent*) undertaken by BTC during 2017-18 was from the funds provided by the State Government.

(Paragraph 2.2.1)
- BTC maintains only consolidated opening and closing balances without Head/Grant-wise details. Thus, there was no assurance that the expenditure was incurred for the purpose for which it was sanctioned.

(Paragraph 2.2.5)
- Budgetary exercise of the Council was not realistic during 2017-18. There was a wide variation between the Head of account wise Budget estimates and actual receipts ranging between minus 96 and 1,100 *per cent* during 2017-18.

(Paragraph 2.3)

Recommendations

Council should include anticipated unspent balances in the entrusted budget document of the succeeding financial year as envisaged in the Assam Budget Manual.

Council may ensure adoption of C&AG's prescribed Chart of Accounts in its Normal Budget for better depiction/disclosure in its Annual Accounts.

Council may disclose Grant-wise Head-wise breakup of consolidated opening and closing balances in the Annual Accounts to provide assurance that the expenditure incurred was for the purpose it was sanctioned.

3 Audit of Annual Accounts

- Rule 22(1) of BTC Fund Rules, 2012 requires revenue receipts from its own source including assistance by the state government, and corresponding expenditures therefrom to be shown under Part-I District Fund, while funds received from State budget for entrusted functions and expenditure incurred therefrom are to be shown under Part-II Deposit Fund instead of C&AG's prescribed format which is Part-I (District Fund) and also as per Rule 19 (1) of the BTC Fund Rules, 2012 leading to internal inconsistency within the same Rules.

(Paragraph 3.2.1)

- The Annual Accounts of BTC depict 'NIL' expenditure towards Capital Outlay while the Appropriation Accounts of Grants 78 shows BTC had incurred an expenditure of ₹ 432.48 crore towards Capital expenditure.

(Paragraph 3.2.3 b)

- The Annual Accounts of BTC for the year 2017-18 lack completeness and comparability as both Statement 5 showing details of revenue and Statement 6 showing details of expenditure provide insufficient information *vis-à-vis* the prescribed Forms of Account.

(Paragraph 3.2.3 f)

- In violation of the provision of its Fund Rules, the entire receipts of ₹ 6.04 crore received by BTC during 2017-18 under Article 275 (1) was irregularly parked outside the PDA in bank account and an expenditure of ₹ 3.97 crore was incurred therefrom. The entire transactions were also not accounted in the Annual Accounts.

(Paragraph 3.3.2.2)

- Discrepancy between the figures reported in the Annual Accounts and Treasury records was noticed which could not be explained by BTC due to non-reconciliation of figures of its own records with that of the figures maintained by Kokrajhar Treasury. This deficiency persisted despite being pointed out in previous Audit reports.

(Paragraph 3.4)

Recommendations

Council should compile its Annual Accounts following C&AG's prescribed guidelines for greater accountability and for proper disclosure.

Council should periodically reconcile its expenditure figures with PAG (A&E) and the Treasury Officer, Kokrajhar to ensure complete disclosure in its Annual Accounts.

4. Compliance Audit Observations

- BTC incurred extra expenditure on land acquisition for establishment of Green Field Helipad in adjoining areas of BTC Secretariat due to rejection of lower rate/value of land in May 2017 and acceptance of higher rate just after five months in December 2017 causing financial loss of ₹ 16.82 crore to BTC.

(Paragraph 4.1)

- Leasing out the Agro Processing Park at Lalpool to a lessee by the EE, Agriculture, Kokrajhar without ensuring his capability to run the plant has resulted the plant remained idled for more than four years and the delay in making the project operational resulted in expenditure of ₹ 8.75 crore remained unfruitful for more than four years.

(Paragraph 4.2)

- BTC made payment of ₹ 58.07 lakh towards the works where actual execution was doubtful.

(Paragraph 4.3)

- Director of Agriculture, BTC under Rashtriya Krishi Vikash Yojana (RKVY) issue supply orders to local supplier for supply of 1,375 quintal of two varieties of hybrid maize seeds (PAC-740 and HQPM-1) without indicating the variety wise quantity required. Further, the rate of both the above varieties accepted was for ₹ 18,020 per quintal (₹ 17,000 plus six per cent VAT) based on old rate for the variety PAC-740 procured during 2016-17 without inviting any tender or ascertaining the prevailing market rate or from the existing Government sources. This resulted BTC to incur an avoidable extra expenditure of ₹ 1.23 crore on procurement of HQPM-1 variety of maize.

(Paragraph 4.4)

Recommendations

Council needs to investigate and fix responsibility for allowing payment of higher value of land to private landowners causing financial loss to BTC.

Council should initiate steps to urgently operationalise Integrated Agro-Processing Park and ensure achievement of the intended objectives of the project.

Council may issue strict instructions to clearly prescribe the role and responsibilities of the Purchase Committee, and the Executives to avoid excess expenditures and over payment, irregular expenditure, etc.