

Chapter-IV

Compliance Audit Observations

4.1 Loss of revenue due to settlement of Market/Vehicle Gate/Area below the official value

In exercise of the powers conferred under paragraph 8 of the Sixth Schedule to the Constitution, NCHAC, during 2018-19, operated 17 Markets/Vehicle Gates/ Areas where taxes on entry of goods into markets (Scheduled goods) and taxes on animals and vehicles entering into the district were collected. These markets/gates are settled annually with different lessees after inviting tender by fixing official value for each market/ vehicle gate/ area and adding five to 10 *per cent* to the settled value of the previous year.

Audit noticed that NCHAC extended the right for collection of tax for the year 2018-19 without inviting tender in violation of the Council's order No. FIN/B/ET/4/2017-18/3 dated 15.12.2017. Even settlement of four markets and two areas was done through negotiation below the official value resulting in loss of revenue of ₹ 22.40 lakh as shown in **Table-4.1**:

Table-4.1: Loss of revenue

| (In ₹) | | | | | |
|--------------|--|--|---------------|---------------|------------------|
| Sl. No. | Name of Bazar/gate/area | Name of the lessee | Official rate | Settled value | Loss of revenue |
| 1 | Garampani Bazar | Atendra Longmailai | 20,56,000 | 12,00,000 | 8,56,000 |
| 2 | Haflong Bazar | Amrit Kemprai | 36,85,000 | 35,17,500 | 1,67,500 |
| 3 | Harangajao Bazar | T Changsaan | 8,14,000 | 6,13,998 | 2,00,002 |
| 4 | Maibang Bazar | Hemonjoy Jidung | 7,70,000 | 6,00,000 | 1,70,000 |
| 5 | Maibang area on Petroleum Products | Hemonjoy Jidung | 7,56,300 | 4,00,000 | 3,56,300 |
| 6 | Mahur/ Harangajao area on Petroleum Products | Atendra Longmailai & Kalpesh Das Gupta | 13,20,000 | 8,30,000 | 4,90,000 |
| Total | | | | | 22,39,802 |

Settlement of the markets and two areas without following tendering process and fixing the rates below the official rate was irregular and has caused loss of revenue to the council to the extent of ₹ 22.40 lakh.

The Principal Secretary, NCHAC stated (March 2022) during exit meeting that reply would be furnished after verification of records, and which is awaited in Audit (May 2023).

The Council should take measures to revamp the revenue earning departments, so as to explore all the possibilities to increase its revenue earning and to eliminate the instances of loss of revenue.

4.2 Short realisation of Land Revenue

Land Revenue is an inherent subject provided under the 6th Schedule of the Constitution for NCHAC consisting of four Revenue Circles under Revenue Department. There are 28 mouzas headed by mouzadars entrusted for timely collection of revenues and depositing it to Revenue Department, NCHAC.

The Revenue Department of the Council could only furnish compiled reports to Audit for examination in respect of 8 out of 28 mouzas only for the year 2018-19. Records such as Demand Register, Collection and Deposit Register were sought for from the mouzadars, but none of the mouzadars could furnish these basic records. Details of revenue collection in respect of these eight mouzas are shown in **Table-4.2:**

Table-4.2: Details of Revenue realisation in 2018-19

| (In ₹) | | | | |
|----------------------------------|--------------------------|--------------|------------------|---------------------------------|
| Arrear Demand till 31 March 2018 | Demand raised in 2018-19 | Total Demand | Revenue realised | Outstanding as on 31 March 2019 |
| 11,28,969 | 16,72,896 | 28,01,865 | 9,25,516 | 18,76,357 |

In respect of the eight mouzas for which reports were furnished, Audit noticed that the Council could realise only 33 *per cent* of total demand of land revenue during 2018-19. Position of revenue collected by the remaining 20 mouzas could not be ascertained in audit due to non-furnishing of information.

Due to non-maintenance of any demand and collection registers to monitor the revenue collection by the mouzadars of the respective mouzas, it has not been possible to verify the position of revenue collection which posed serious limitation on Audit. The Council should issue strict instruction for maintenance of vital records of the revenue collection to prevent any possible mis-utilisation, misappropriation of revenue, *etc.*

The Council did not furnish any reply.

The Council should issue strict instruction for maintenance of vital records of revenue collection to prevent any possible mis-utilisation, misappropriation of revenue, etc.

4.3 Irregular utilisation of departmental receipts

Rule 17 of the District Fund Rules, 1953 of NCHAC provides that all receipts due to the Council collected by any employee of the Council authorised to collect such receipts shall pass through the Cashier, who shall enter them in his cash book. Rule 18 of the said Rules states that all moneys received by the Cashier on account of the Council shall be remitted intact into the treasury promptly and shall on no account be appropriated towards expenditure.

Scrutiny of records of the Transport Department revealed that during 2018-19 out of ₹ 57.87 lakh collected as bus fare, hiring charges of buses/dumpers and auction of old vehicles, *etc.*, only ₹ 24.49 lakh was deposited into the PDA. The balance of ₹ 33.38 lakh was spent towards purchase of PoL, repairing and maintenance of vehicle during 2018-19 in violation of Fund Rules. Similarly, General Administration Department (GAD) of the Council realised a total revenue of ₹ 2.97 lakh during 2018-19 on sale of stamp paper, and only ₹ 1.88 lakh was deposited into PDA but the balance of ₹ 1.09 lakh was utilised towards contingency expenditure.

Thus, during 2018-19, a total amount of ₹ 34.48 lakh (₹ 33.39 lakh + ₹ 1.09 lakh) was spent out of departmental receipts collected during the current financial year in violation of Fund Rules *ibid.*

The Principal Secretary, NCHAC stated (March 2022) during exit meeting that the day to day expenditure on PoL, etc., were adjusted from the revenue collection in the absence of separate budget provision for the purpose. The appropriate authority had been requested to make separate budget provision for the purpose from the next financial year.

Non-deposit of revenue collected during a particular financial year into PDA and utilising it for revenue expenditure is irregular.

The Council should evolve a system of checks so that revenues collected by various departments are deposited to PDA expeditiously as per the Fund Rules.

4.4 Avoidable expenditure due to delay in payment of land premium

As per Memorandum of Settlement (MoS) signed between GoI, GoA and DHD⁶ in October 2012, Delhi Development Authority allotted (July 2016) to NCHAC 1000 sqm of land at Sector-13, Dwarka, New Delhi for construction of the “Dimasa Bhawan” by payment of provisional premium @ ₹ 21.39 crore per acre for 750 sqm of land and @ ₹ 2,39,999 per sqm for 250 sqm of land at commercial rate with the condition that additional amount would be paid in case of revision of rate. Further, as per land allotment order, interest @ 18 per cent per annum was also payable for delay in payment exceeding 180 days from the date of issue of allotment order.

Audit observed that the value of demand for land premium stood at ₹ 20.43 crore⁷, which was reduced (February 2017) to ₹ 5.42 crore by the DDA. Due to revision of rate from ₹ 21.39 crore to ₹ 22.28 crore per acre land for the years 2016-18, an additional amount of ₹ 22.56 lakh (₹ 22.01 lakh + ₹ 0.55 lakh) became payable by NCHAC. The DDA had granted permission for payment of land premium till 15 June 2017.

NCHAC, however, paid the land premium of ₹ 5.42 crore on 17 May 2018 and the additional land premium of ₹ 22.56 lakh in October 2018. Due to delay in payment of land premium/additional land premium, interest of ₹ 1.19 crore calculated @ 18 per cent per annum up to July 2018 was paid to DDA during July 2019.

Thus, due to failure of NCHAC to pay the land premium on time, the Council had to pay an additional amount of ₹ 1.19 crore of interest for delayed payment of land premium.

The Principal Secretary, NCHAC stated (March 2022) during exit meeting that the land premium could not be paid to DDA in time due to paucity of funds.

⁶ Dima Halim Daoga, an armed militant group of Assam.

| | |
|--|----------------|
| ⁷ @ ₹ 21.39 crore per acre (4,046.86 sqm) for 100 FAR X 750 sqm (200 FAR) = | ₹ 7,92,81,468 |
| @ ₹ 2,39,999 per sqm for 100 FAR X 250 sqm (200 FAR) = | ₹ 11,99,99,500 |
| Ground Rent @ 2.5% p.a = | ₹ 49,82,024 |
| Documentation charges = | ₹ 45 |

Total ₹ 20,42,63,037

4.5 Extra expenditure on procurement of utensils

Rule 466 (1) of Assam Financial Rules, 1939 stipulated that every public officer should exert the same vigilance in respect of public expenditure and public funds generally as a person of ordinary prudence would exercise in respect of expenditure and the custody of his own money. Further, Section 4 (1) (c) of the Assam Public Procurement Act, 2017 stipulated that in relation to a public procurement, the procuring entity shall have the responsibility and accountability to ensure professionalism, economy and efficiency.

Administrative approval and financial sanction for ₹ 21.18 crore was accorded (December 2018) by the Addl. Secretary (N), PWD, NCHAC towards execution of 24 items of work under “40-Capital Outlay on Public Works for the financial year 2018-19” from the Normal Budget of the Council. It was, however, seen that three⁸ of the 24 items, included in the working estimate, were of revenue nature. Classification of revenue expenditure under Capital head of account is not in conformity with the prescribed procedure of classification of expenditure.

It was further noticed that against the sanction of ₹ 21.18 crore, an amount ₹ 19.93 crore was released to the Executive Engineer & Estate Officer (EE&EO), PWD, NCHAC. The amount was drawn by EE&EO, PWD, NCHAC and deposited to bank (SB A/c No.xxxx4175 with Axis bank) on 20 March 2019.

As part of the above work the supply order was awarded (17 December 2018) to the lowest bidder for “Supply of kitchen utensils at different villages of Dima Hasao”, who quoted his rates for each item at par with the estimated rate approved by the EE & EO on the basis of approved rate of Deputy Director, Social Welfare (DDSW), Dima Hasao district. The items were supplied on 31 December 2018 and payment of ₹ 8.04 crore was made to the supplier on 25 March 2019.

A joint physical verification of all the utensils procured by the EE & EO was carried out (21 March 2022) and it was found that an item ‘Aluminium Kettle (Large size)’ was exactly similar to the one procured by DDSW @ ₹ 1,850 per piece approved rates. However, Audit observed that the said item was procured @ ₹ 3,500 per piece by EE&EO as compared to @ ₹ 1,850 per piece procured by DDSW during the same period of time. Interestingly, the approved rate of DDSW was shown as ₹ 3,500 per piece by the EE & EO while issuing the supply order. As a result, the EE & EO, PWD, NCHAC incurred an extra expenditure of ₹ 1.14 crore⁹ towards procurement of 6,900 Aluminium Kettle (Large size).

⁸ Supply of (i) PA system worth ₹ 3.03 crore, (ii) Office stationery worth ₹ 9.70 lakh and (iii) Kitchen utensils worth ₹ 8.04 crore.

⁹

| Procured by | Specification (Size) | Weight | Rate (In ₹) |
|--|----------------------|--------|----------------|
| EE & EO, PWD, NCHAC | Large size | 1 Kg | 3,500.00 |
| DDSW, Haflong | -- | 1 Kg | 1,850.00 |
| Difference in rate | | | 1,650.00 |
| Extra expenditure by EE & EO (1,650.00 x 6900) | | | 1,13,85,000.00 |

The Principal Secretary, NCHAC stated (March 2022) during exit meeting that the entire process of procurement of utensils would be examined and detailed reply would be furnished to audit accordingly. Further reply is awaited (May 2023).

4.6 Suspected misappropriation of funds

Government of Assam (GoA), Finance Department's Office Memorandum (August 2010) stipulates that open tenders/competitive bidding are to be invited by Government departments for purchase of any item or stores involving public funds of ₹ 50,000 and above. Further, as per Rule 192 of Assam Financial Rules (AFR), all materials received should be examined, counted, measured or weighed, as the case may be, when delivery is taken, and they should be kept in charge of a responsible Government servant who should be required to give certificate that he actually received the materials and recorded them in the appropriate stock registers.

Scrutiny of records showed that on the basis of administrative and financial approval (September 2018) of NCHAC, a work order for ₹ 79.46 lakh was issued (September 2018) by the Assistant Executive Engineer (AEE), PWD, NCHAC to the lowest tenderer (Sri Ratan Jarambusa) selected through invitation of quotation without going for open tendering/competitive bidding to get the most competitive rates for supply of furniture to the newly constructed Girls Hostel at Panjabari, Guwahati. It was shown that the supplier directly supplied the materials to the Girls Hostel at Panjabari and an amount of ₹ 79.46 lakh was paid in November 2018, on the certificate of supply issued by the AEE, PWD, NCHAC.

A physical verification was carried out by Audit in the premises of the Girls Hostel on 12 March 2022 to ascertain the quantity and quality of the materials actually supplied. Audit noticed that items worth ₹ 21.50 lakh (excluding the perishable items) as detailed in **Appendix-V** were not found at site.

Further, in the paid bill of the supplier, ₹ 4.00 lakh was shown as payment towards 20 KVA Generator set for use in the Girls Hostel at Panjabari, wherein it was certified by the AEE, PWD, NCHAC, Haflong as received on the bill/voucher of the item (date not available). However, no 20 KVA Gen-set was found installed in the Hostel premises.

Thus, payment of ₹ 25.50 lakh (₹ 21.50 lakh + ₹ 4.00 lakh) against materials not supplied by the supplier amounted to fraudulent payment and suspected to have been misappropriated.

The Principal Secretary, NCHAC stated (March 2022) during exit meeting that the matter would be examined and reply would be furnished accordingly. However, no reply was received in Audit (May 2023).

The matter should be investigated and action to be taken to recover the amount from the official involved.

4.7 Unfruitful expenditure on plantation

Out of the total release of ₹ 1.10 crore, an amount of ₹ 10.00 lakh was earmarked for creation of plantation. Of this, ₹ 8.40 lakh was expended for procurement of seedling

for creation of new plantation (₹ 5.60 lakh) and payment of wages towards preparation of plantation site at Lodi Kachari Beat office (₹ 2.80 lakh).

However, Audit noticed that no bill/voucher and Actual Payee Receipts (APRs) in support of the expenditure was available for verification in Audit.

On being pointed out, the Range Officer, Jinam range furnished the latest photograph (taken on 01 March 2022) of the plantation site. It can be seen that the entire plantation site was covered with dense forest without any visible plantation. In reply, the Range Officer stated that all the plants were damaged due to non-receipt of any fund for maintenance work from the NCHAC.



Thus, the expenditure made on plantation work valued ₹ 8.40 lakh became unfruitful as the objective of the expenditure was not fulfilled.

The Principal Secretary, NCHAC stated (March 2022) during exit meeting that the matter would be taken up with the DFO (West) and Range Officer, Jinam Range and reply would be furnished to Audit, which is awaited in Audit (May 2023).

4.8 Irregular expenditure against discontinued scheme - BRGF

The Backward Regions Grant Fund (BRGF) was introduced in the year 2007 and discontinued by GoI in 2015-16. The main objectives of BRGF was to:

- (a) Bridge critical gaps in local infrastructure and other development requirements that are not being adequately met through existing inflows,
- (b) Strengthen Panchayat and Municipality level governance with more appropriate capacity building,
- (c) Provide professional support to local bodies for planning, implementation and monitoring their plans, and
- (d) Improve the performance and delivery of critical functions assigned to Panchayats, and counter possible efficiency and equity losses on account of inadequate local capacity.

Audit noticed that an amount of ₹ 12.48 crore was sanctioned by Panchayat & Rural Development Department (P&RD) GoA during 2012-13 under BRGF scheme and was deposited in Bank of India, Haflong branch (Account No. xxxx3119) in favour of Principal Secretary, NCHAC. The bank account showed an unspent balance of


₹ 21,71,995 as of September 2018. The balance of ₹ 21.00 lakh was transferred (12 October 2018) to the bank account of Executive Engineer & Estate Officer (A/c No. xxxx7100 with State bank of India, Haflong) for payment towards construction of one way shed, retaining wall and soiling work, etc., in one field. The balance of ₹ 87,790¹⁰ was lying in the bank account till the date of Audit (February 2022).

Though BRGF scheme was discontinued in 2015-16, the account was being operated till the date of Audit (February 2022) and an expenditure of ₹ 21.00 lakh was incurred beyond the scope of the BRGF guidelines even after discontinuation of the Scheme, which was irregular.

The Principal Secretary, NCHAC stated (March 2022) during exit meeting that ex-post-facto approval would be taken from the fund sanctioning authority and the unspent interest fund would be refunded into the relevant head of account under intimation to audit, which is awaited in Audit (May 2023).

Council may issue clear instructions prescribing the role and responsibilities of the Executives to avoid irregular and unfruitful expenditure.

Guwahati
The 22 February 2024


(KUMAR ABHAY)
Accountant General (Audit), Assam

Countersigned

New Delhi
The 27 February 2024


(GIRISH CHANDRA MURMU)
Comptroller and Auditor General of India

¹⁰ ₹ 21,71,995 – ₹ 21,00,000 – ₹ 59.00 (bank charges) + ₹ 15,854 (interest) = ₹ 87,790