

## 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 2018-19 and Chapter-IV of the Report deals with the audit findings pertaining to transaction audit of the Council.

### Internal Control

For efficient management of any organisation, an effective internal control mechanism should be in place to ensure that proper checks and procedures are exercised for effective discharge of its mandate, reliability of its financial reporting and compliance with applicable laws and regulations to avoid/minimise errors, detect and prevent instances of possible misappropriation, irregular payment, *etc.* An evaluation of internal control system in the Council revealed that internal control mechanism was weak as evident from persistent irregularities like discrepancy in cash balances as per annual accounts with that of Treasury records, non- deposit of Council's revenue in the Treasury, non-disclosure of Head of Account-wise and fund-wise opening and closing balances, unfruitful expenditure, failure to collect own revenue, lack of internal coordination among different departments, irregular submission of utilisation certificate (UCs), creation 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

➤ Annual Accounts did not follow the same CoA as was used for preparation of budget. BTC neither adopted CoA prescribed by C&AG nor followed LMMH.

#### *Paragraph 2.1.2*

➤ BTC maintains only consolidated opening and closing balances without Head/Grant wise details in the Personal Deposit Account. Non-disclosure of balances Head/Grant-wise details makes the Annual Accounts opaque and weakens the basis for control over expenditure and posed serious risk of mis-utilisation of funds released for various schemes/programmes.

#### *Paragraph 2.2.5*

➤ Details of Heads of Account-wise budget provisions *vis-à-vis* revenue actually collected during 2018-19 showed variation ranging between minus 100 and 172 *per cent.* BTC's Budget estimation on revenue collection need to be reviewed to set a more realistic target for better augmentation of own resources.

#### *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***

➤ Annual Accounts of BTC depicted 'NIL' expenditure under Capital Outlay while Appropriation Accounts (Grant No. 78) indicate that BTC had incurred an expenditure of ₹ 804.97 crore towards creation of Capital assets as on 31 March 2019.

#### ***Paragraph 3.2.3 (ii)***

➤ The Annual Accounts of BTC for the year 2018-19 lack completeness and comparability as both Statement 5 and Statement 6 provide insufficient information *vis-à-vis* the prescribed Forms of Account.

#### ***Paragraph 3.2.3 (vi)***

➤ During 2018-19, under Article 275 (1), the CHD, WPT&BC incurred an expenditure of ₹ 1.79 crore on 30 numbers of works but the entire financial transaction was neither accounted for in the Annual Accounts nor routed through the PDA in violation of the provisions of BTC Fund Rules.

#### ***Paragraph 3.3.2.1***

➤ 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 may review its Fund Rules to exclude all internal inconsistencies, and for adoption of good accounting practices of State Government and other autonomous councils created under the sixth schedule of the constitution.*

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

*Council may carry out a periodical reconciliation of its accounts with PAG (A&E) and the Treasury Officer, Kokrajhar to avoid accumulation of discrepancies.*

## **4. Compliance Audit Observations**

- BTC procured dustbins at a rate in excess of MRP leading to excess payment of ₹ 6.12 crore.

### **Paragraph 4.1**

- Release of payment to the supplier by BTC, without verifying the actual supply and installation of solar sets at the site resulted in avoidable extra payment of ₹ 1.36 crore for materials not actually supplied. The expenditure of ₹ 3.42 crore incurred for installation of Solar Power Energy Generating Devices remained unfruitful.

### **Paragraph 4.2**

- Lack of coordination between the different departments under BTC or Centralised procurement system at the BTC resulted in avoidable extra expenditure of ₹ 2.69 crore on procurement of blanket by P&RD Department.

### **Paragraph 4.3**

- Failure of Divisional Forest Officer, Chirang to increase the annual contract money payable by the Contractor by 25 *per cent* on completion of each block of three years as per provisions of Rule 18 (2) of AMMC Rules, 2013 in the contract agreement resulted in short realisation of revenue to the tune of ₹ 10.47 lakh and another potential loss of revenue to the extent of ₹ 78.20 lakh at the end of the seven year contract period.

### **Paragraph 4.4**

### **Recommendations**

*Council should initiate action against the officials for accepting and submitting delivery challans without ascertaining the actual receipts which resulted in excess payment for materials not actually supplied.*

*Council should issue clear instructions prescribing the role and responsibilities of the Purchase Committee, processes and procedures for procurement of materials, coordination among its different Departments to prevent excess and inadmissible expenditure.*

*Council should fix responsibility for not including the provisions of AMMC Rules in the agreement which led to loss of Government revenue.*