

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 2019-20 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. Further, BTC does not include the unspent balance of previous year in the current year entrusted budget as required under Assam Budget Manual.

Paragraph 2.1.2

- 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 2019-20. There were wide fluctuations/variations between the Budget estimates and actual receipts and expenditure during 2019-20.

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&AGs 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

- Form of Accounts followed by BTC for preparing its Annual Accounts was not in conformity with the Form of Accounts prescribed by CAG for District Councils in 1977.

Paragraph 3.2.1

- The Annual Accounts of BTC does not show any Capital expenditure while the Appropriation Account of Grant No. 78 shows BTC had incurred substantial expenditure under Capital Outlay.

Paragraph 3.2.3 (ii)

- Statement 5 and Statement-6 pertaining to the District Fund provide insufficient information *vis-à-vis* the prescribed form of accounts indicating lack completeness and comparability with the prescribed Form of Account.

Paragraph 3.2.3 (vi)

- Instances of financial transaction neither accounted in the Annual Accounts nor routed through the PDA in violation of the provisions of BTC Fund Rules was noticed.

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 devise a system of periodical reconciliation with PAG (A&E) and the Treasury Officer, Kokrajhar to avoid accumulation of discrepancies.

4. Compliance Audit Observations

- Finalisation of rates without assessing the prevailing market rates towards procurement of materials made by different departments of BTC led to avoidable/wasteful expenditure of ₹ 11.52 crore.

Paragraph 4.1

- Payment to the supplier, without verifying the actual quantity of materials supplied or received, resulted in extra payment of ₹ 3.99 crore for materials not actually supplied.

Paragraph 4.2

- Lack of competitive tendering without ascertaining the reasonableness of the rate resulted BTC to incur extra expenditure of ₹ 81 lakh on procurement of Tata Shakti GCI Sheets.

Paragraph 4.3

- An expenditure of ₹ 80.59 lakh incurred on the above five Gully Control Project works did not achieve the objective of providing irrigation to agricultural land through water harvesting and distribution for increase production and double cropping, rendering the expenditure unfruitful.

Paragraph 4.4

Recommendations

Council should investigate to fix responsibility on erring officials who had recorded the items of work in the MBs not actually executed and resulted in excess payment to the Contractors.

Council should initiate necessary steps for revision of its Fund Rules to clearly prescribe the role and responsibilities of the Purchase Committee and the Executives towards procurements of materials and payment to the contractors to avoid excess/wasteful expenditure from public purse.