# OVERVIEW

# Overview

This Audit Report has been prepared in four chapters. Chapters I to III deal with Social, Economic and General Sectors. Chapter IV deals with general paragraphs.

This Report contains one Performance Audit (PA) on "Implementation of Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA)" and one Information Technology (IT) Audit on "Integrated Financial Management System (IFMS)". The Report also contains 11 Compliance Audit Paragraphs and three general paragraphs. The draft Performance Audit/IT Audit Report and draft paragraphs were sent to the Principal Secretary/Commissioner of the Departments concerned with a request to verify the facts and figures and furnish replies there against. The findings of PA, IT Audit and draft paragraphs were also discussed in exit conferences held with the representatives of the Government of Assam and their response were suitably incorporated in the Report. A synopsis of the important findings contained in the Report is presented below.

# SOCIAL SECTOR

## Performance Audit

### *Performance Audit on the Implementation of Mahatma Gandhi National Rural Employment Guarantee Act*

The Government of India (GoI), Ministry of Rural Development (MoRD) enacted the 'National Rural Employment Guarantee Act, 2005 (NREGA)' in September 2005 with a view to enhance livelihood security in rural areas by providing at least 100 days of guaranteed wage employment in a financial year to every rural household whose adult members volunteer to do unskilled manual work and brought it into effect from February 2006. The other objectives of the NREGA were to create durable assets, empower the socially disadvantaged, especially women, Scheduled Castes (SCs) and Scheduled Tribes (STs), through the process of right-based legislation and to strengthen Panchayati Raj Institutions. Unlike earlier wage employment programmes, which were allocation-based, MGNREGA provides a legal guarantee of wage employment focused on rural household and is a demand driven, people-centric programme with bottom-up approach. Besides, Social audit is also an integral part of the Scheme. The Act covers all districts of the country[1] including all the 35 districts of Assam. The name of the Act was changed to 'Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA)' in October 2009.

The Performance Audit of implementation of 'Mahatma Gandhi National Rural Employment Guarantee Act' was conducted to assess whether planning and financial management were adequate towards achieving the goals of the Act, while

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[1] Except the districts having hundred *per cent* urban population.

adhering to relevant rules and regulations; fair access to employment opportunities and adequate job generation ensured social protection and livelihood security; durable assets were created and maintained with convergence across other programmes/schemes; and appropriate and adequate monitoring, social audit and grievance redressal systems were in place to ensure transparency and accountability.

- Out of 47 sampled Gaon Panchayats (GPs)/ Village Development Councils (VDCs), 35 GPs/ VDCs did not prepare LB for the period 2019-24 implying that adherence to the principles of bottom-up approach from planning to approval of selected shelf of projects were not ensured by the District Programme Coordinators (DPC).

***(Paragraph 1.2.4.3)***

- There were delays in release of Central share as well as corresponding State share ranging from 11 to 249 days (Central share) and 11 to 327 days (State share) during 2019-24. There were also instances of diversion of funds (₹6.19 crore), doubtful expenditure (₹7.76 crore) and non-payment of wages to the workers (₹16.51 crore).

***(Paragraphs 1.2.4.7.2 to 1.2.4.7.7)***

- There was limited conduct of door-to-door survey which affected identification of eligible households that may have been left out of registration. There were instances of issue of multiple Job Cards (JCs), delay in payment of compensation allowance to the workers thereby undermining the primary objective of ensuring livelihood security of the rural population. The State Government had not appointed an Information, Education and Communication (IEC) Nodal Officer to look after the IEC activities in the State and no documented IEC plan was produced to audit. There was shortfall (86 *per cent*) in conducting *Rozgar Diwas* and worksite facilities did not exist in sampled GPs/VDCs.

***(Paragraphs 1.2.5.1 to 1.2.5.9)***

- The scheme implementation showed serious lacunae leading to non-completion of a substantial number of works. Eighteen *per cent* of the works completed in the selected blocks were yet to be geotagged. Efforts towards ensuring convergence of MGNREGA works with resources of other programmes/schemes available with panchayat and other line departments of Government for sustainable livelihood to the targeted rural community were deficient. These point towards the fact that Operational Guidelines were not being followed to ensure transparency in implementation of the scheme.

***(Paragraphs 1.2.6.1 & 1.2.6.2)***

- The envisaged monitoring and steering of the scheme at the highest level of SEGA was reduced to being a perfunctory exercise reducing accountability of Executive to the Legislature. During 2019-24, against the provision of conducting Social Audit of each GP once in six months, except for the year 2022-23, the Assam Society for Social Audit (ASSA) could not achieve the prescribe target with shortfall ranging between three *per cent* and 80 *per cent*. The Grievance redressal mechanism in the State was not adequate as 236 out of 720 complaints remained pending for disposal as of December 2024.

***(Paragraphs 1.2.7.1.4, 1.2.7.2 & 1.2.7.3)***

***Recommendations:***

*The Government may*

- *ensure that the funds received from the GoI along with the State Matching Share are released in time.*
- *ensure that mandatory records are maintained at all the levels for transparency.*
- *ensure that the issue of non-payment of wages to the workers due to failed transactions is resolved promptly and the pending compensation cases for delayed payments to unskilled workers are cleared at the earliest.*
- *ensure conduct of door-to-door survey on priority.*
- *strengthen the mechanism for issue of job-cards and ensure that JCs are issued to eligible HHs in a time bound manner.*
- *ensure payment of the compensation allowance for delayed payment of wages and recovery of the same from the erring officials.*
- *step up IEC activities and organise Rozgar Diwas on a regular basis to ensure that the beneficiaries are aware of their rights under the MGNREG Act.*
- *prepare the estimates for works in a realistic manner after making proper analysis of requisite work and ensure timely completion.*
- *ensure geotagging of completed works in compliance with GoI instructions.*
- *install Citizen Information Board at the work site, to facilitate dissemination of the essential information about the work to be executed.*
- *ensure convergence of MGNREGA works with resources of other programmes/ schemes available with panchayat and other line departments of Government for providing sustainable livelihood to the targeted rural community.*
- *ensure setting up of State Quality Monitoring Unit with State Quality Monitors for each districts in the State to ensure quality monitoring by external monitors.*
- *evolve a mechanism to conduct social audit of all the GPs and ensure the timely settlement of observations raised in social audit Reports.*
- *intensively monitor the scheme through State Employment Guarantee Authority for proper implementation.*
- *formulate and notify rules to establish Grievance Redressal mechanism.*

## Compliance Audit

Health and Family Welfare Department, Government of Assam did not put to use the ancillary works executed at a cost of ₹1.62 crore due to demolition of the same for construction of new Medical College and Hospital rendering the expenditure incurred on the works unfruitful.

***(Paragraph 1.3.1)***

The implementing agencies finalised tender based on the faulty estimate prepared by the Executive Engineer, PWD (Building), Capital Construction Division, Guwahati leading to an extra expenditure of ₹2.07 crore, which was avoidable.

***(Paragraph 1.3.2)***

The Directorate of Tribal Affairs (Plain), Assam, incurred an avoidable excess expenditure of ₹11.49 crore in procuring Pressure Cookers, Gas Stoves, and Battery Operated Sprayers for Scheduled Tribe and Other Backward Class beneficiaries under various welfare schemes. This was due to procurement at rates exceeding the Maximum Retail Price, in contravention of financial prudence and statutory procurement norms.

***(Paragraph 1.3.3)***

The Directorate of Tribal Affairs (Plain), Assam did not adhere to the codal provisions in implementation of a community driven scheme and released payment without ensuring actual receipt of the items by the intended beneficiaries, which resulted in irregular expenditure of ₹9.92 crore. Besides, the distribution of items worth ₹6.58 crore without obtaining any acknowledgement of receipt, rendered the validity of such distribution doubtful.

***(Paragraph 1.3.4)***

Injudicious decision of the Director, Women and Child Development, Assam to procure rice from open market for distribution to adolescent girls under Scheme for Adolescent Girls, disregarding the rice allotted from Food Corporation of India, resulted in excess expenditure of ₹7.24 crore.

***(Paragraph 1.3.5)***

## ECONOMIC SECTOR

## Compliance Audit

Irregular award of consultancy for the work of "Proposed Swahid Smarak Khetra at Pachim Boragaon", resulted in an extra cost burden of ₹71.60 lakh.

***(Paragraph 2.2.1)***

Finalisation of tender based on altered item rates instead of the rates actually quoted by the contractor resulted in undue financial benefit of ₹1.25 crore to the contractor.

***(Paragraph 2.2.2)***

Despite the significant reduction in the revised estimate, the Department did not revise the contract price and allowed execution of the work at the originally contract price of ₹6.43 crore, which was 91 *per cent* higher than the revised estimate, resulting in an undue financial benefit of ₹3.06 crore.

***(Paragraph 2.2.3)***

Award of work by the Departmental Tender Committee at higher rate based on a comparative statement (CS), instead of a system generated statement resulted in undue payment of ₹30.70 lakh to the contractors.

***(Paragraph 2.2.4)***

# GENERAL SECTOR

## Information Technology Audit

### *Information Technology (IT) Audit on Integrated Financial Management System (IFMS)*

With the objectives of enhancing the sanctity of the budget, ensuring efficient resource mobilisation and convergence of programs to avoid duplication of schemes across departments, the Government of Assam (GoA) set up (May 2016) the Assam Society for Comprehensive Financial Management System (AS-CFMS), a Special Purpose Vehicle (SPV). The SPV was mandated to bring about synergy in planning and implementation of various IT-based Public Financial Management reforms of the Finance Department.

The Finance Department took initiatives (May 2016) to address certain pressing operational bottlenecks of the conventional system through introduction of electronic approval of Fixation of Ceiling, integrating the Computerised Treasury Management Information System (CTMIS) with the e-Kuber payments system of the Reserve Bank of India, online salary bill preparation, automating budget consolidation, and updating the treasury rules and delegation of financial powers. Towards this goal, the SPV (*i.e.,* AS-CFMS) implemented the Integrated Financial Management System (IFMS) in Assam (referred to as Financial Management Information System during implementation stage and as Integrated Financial Management Information System after integration of all modules) under a World Bank-aided project named the Assam State Public Finance Institutional Reforms (ASPIRe). It aimed at transforming public finance management in the State by streamlining workflows, eliminating data redundancies and modernising the approach towards financial management through various sustainable institutional reforms. The IT Audit of 'Integrated Financial Management System' was conducted to assess whether: business process re-engineering for synergy of processes in an IT environment, was well defined; project management of IFMS was aligned with targeted timeframe and business objectives; IFMS system functionalities and controls are adequate; and information system security is well defined with role-based access and business continuity.

- The project was lagging in implementation schedule with only eight out of 18 modules having been rolled out as of December 2023, necessitating extension of contract period and resulting in additional liability for Helpdesk and Operation & Maintenance support in the extended contract agreement period (September 2023 to February 2025).

**_(Paragraph 3.2.8.1)_**

- The PMC flagged many issues in the quarterly reports on the performance of the projects, however, the deficiencies later pointed out by Audit were not identified and resolved by the PMC at the developmental and UAT stage.

**_(Paragraph 3.2.8.2)_**

- The Heads of Accounts were not consistently mapped to DDOs and Grants were not always uniquely maintained, and were in some cases misclassified with respect to prescribed list of Major and Minor Heads.

***(Paragraphs 3.2.9.2, 3.2.9.4 & 3.2.9.6)***

- The budget distributed amount was greater than the balance budget amount against the corresponding Head of Accounts.

***(Paragraph 3.2.10.1)***

- The process of creation of Project Profile intended to facilitate informed decision making on resource management has not been implemented. Further, Employee related sanction process such as travel, leave, pensionary benefits have also not been automated. Sanction process based on Delegation of Financial Power Rules, 2022 and financial rules such as IGAS 2 was yet to be implemented.

***{Paragraphs 3.2.10.3 & 3.2.10.4(i)}***

- The validations and the controls as outlined in Functional Requirement Specifications/ Software Requirement Specifications have not been complied with on many occasions leading to deficiencies in mapping of business requirements and Rules in the system. Deficiencies in mapping of business requirements and Rules in payroll processing as well as deficiencies in capture of data for permanent and wage employees were observed.

***{Paragraphs 3.2.10.4(ii), 3.2.10.5 to 3.2.10.7}***

- Policy for Identity and Access Management had not been adopted and documented. The user ID had not been mapped to Employee ID and defined roles. The de-active date is not based on the retirement date but flatly entered as 50 years from active date.

***(Paragraph 3.2.12)***

- The efficacy of the Business Continuity Plan (BCP) and Disaster Recovery Plan (DRP) could not be assessed as no virtual exercise was conducted for impact assessment in case of sudden disaster. No periodical meeting has been held for monitoring the BCP and DRP activities. As such, audit could not ascertain whether recovery plan would work in the event of any disaster.

***(Paragraph 3.2.13)***

***Recommendations:***

➢ *The Project Management Team should continuously monitor the development and implementation progress so that the milestones of the project are adhered to. Necessary penalties should be imposed wherever applicable under Service Level Agreement, for delay in completion of the project.*

➢ *Validations and controls as outlined in Functional Requirement Specifications/ Software Requirement Specifications should be complied with. Translation of functional and software requirements into the system should be tested and verified during the User Acceptance and sign off.*

- *Business requirements and rules such as mapping of Grant with Head of Account, correct classification of Head of Account as per the List of Major and Minor heads, mapping of head of account to user, etc., should be incorporated into the system.*
- *Proper process flow and well-defined user privilege should be embedded in the system.*
- *Database and logfiles (System, DBA, Application) should be maintained and necessary information should be captured in the entries of Log-files.*
- *Policy for Identity and Access Management should be prepared. Also, the processes and policies to control super user activities should be well documented.*
- *The Business Continuity Plan (BCP) and Disaster Recovery Plan (DRP should be well-documented, tested periodically and updated. Periodical exercise and meeting should be conducted for impact assessment and monitoring the BCP & DRP activities.*

## Compliance Audit

Wasteful expenditure of ₹2.14 crore due to inadequate planning, lack of feasibility assessment and non-obtaining of mandatory forest clearance, leading to closure of the work for establishment of a training institute at the Assam Administrative Staff College.

***(Paragraph 3.3.1)***

By allowing an unjustified period of 365 days instead of the admissible 64 days for calculation of additional compensation against acquisition of land, District Commissioner (DC), Kamrup Metropolitan paid an excess amount of ₹94.26 lakh to a landowner.

***(Paragraph 3.3.2)***