

OVERVIEW

This Report contains seven chapters. Chapter-I presents a detailed analysis of the financial position of the State. Chapter-II and Chapter-VII review the Government's control over expenditure during the year and system of Internal control and Internal audit followed by the Government. The remaining four chapters contain two reviews and 37 paragraphs based on audit of certain selected schemes and programmes and financial transactions of the Government. A synopsis of the findings contained in the reviews and important paragraphs is presented in this overview.

An overview of the finances of the Government of Assam

The revenue deficit of the state decreased from Rs.1,005 crore in 1999-2000 to Rs.320 crore in 2002-03. The fiscal deficit too decreased from Rs.1,606 crore to Rs.929 crore. As proportion to State's gross domestic product, revenue deficit had, however, increased to 0.89 *per cent* and fiscal deficit to 2.59 *per cent* in 2002-03.

Revenue receipts of the State increased from Rs.4,507 crore in 1998-99 to Rs.6,793 crore in 2002-03 and the rate of growth during the year increased to 13.88 *per cent*. The buoyancy of its own taxes and non-tax revenue was greater than one. Central tax transfers and grants-in-aid, however, had a low buoyancy of 0.621 and 0.937 respectively.

Overall expenditure of the Government comprising revenue expenditure, capital expenditure and loans and advances increased from Rs.4,856 crore in 1998-99 to Rs.7,750 crore in 2002-03 at an average annual trend of 12.53 *per cent*.

In 2002-03, total expenditure witnessed a growth due mainly to an increase in expenditure on Social services and Interest payments. Interest payment and expenditure on General services considered as non-developmental, accounted for nearly 41 *per cent* of total expenditure.

By the end of 2002-03, total investment in Statutory Corporations, Government Companies, Joint Stock Companies and Co-operatives stood at Rs.570 crore compared to Rs.429 crore in 1998-99. Dividend and interest received from these companies etc., were negligible.

Fiscal liabilities of the State increased from Rs.6,023 crore in 1998-99 to Rs.10,781 crore in 2002-03 at an average annual rate of 14.49 *per cent*. The net funds available towards the internal debt, loans and advances from Government of India and other liabilities after providing for interest and repayments, declined to a level of (-) 0.48 *per cent* of total fresh liabilities in 2002-03. In addition, Government had given guarantees which stood at Rs.1,881 crore as on 31 March 2003.

Overall interest received against the advances of Rs.2,832 crore as on 31 March 2003 had remained static at 0.03 *per cent* during 2001-02 and 2002-03.

(Paragraphs 1.1 to 1.12)

Appropriation Audit and Control over expenditure

During 2002-03, expenditure of Rs.15,229.29 crore was incurred against the total grants and appropriations of Rs.16,748.92 crore resulting in net savings of Rs.1,519.63 crore (9 *per cent*). The overall savings of Rs.3,138.49 crore in 67 cases of grants (Rs.2,756.28 crore) and 15 cases of appropriations (Rs.382.21 crore) was partly offset by an excess of Rs.1,618.86 crore in five grants (Rs.109.54 crore) and six appropriations (Rs.1,509.32 crore). The excess of Rs.1,618.86 crore requires regularisation by the Legislature under Article 205 of the Constitution.

Appropriation Accounts 2002-03 included 71 Grants and four Appropriations involving 2,793 sub-heads of which 1,314 sub-heads attracted comments from Government for excess/savings. Despite pursuance by Accountant General (A&E) the explanations for variations were not received for 1,282 sub-heads. The replies received for six out of 32 sub-heads were incomplete.

Supplementary provision made during the year constituted 22.54 *per cent* of original grants/appropriations as against 46.19 *per cent* in the preceding years. In 49 grants, supplementary provision of Rs.347.35 crore proved unnecessary.

In 60 grants and one appropriation, expenditure during the year fell short by more than Rupees one crore and also by more than 10 *per cent* or more of the total provision.

In 34 grants there were persistent savings in excess of Rs.10 lakh in each case representing 20 *per cent* or more of the total provision during the last three years.

(Paragraphs 2.1 to 2.7)

Audit Reviews on development and welfare activities

National AIDS control programme

National AIDS control programme is a 100 per cent centrally sponsored programme launched to prevent and reduce the incidence of HIV infection. A review of the programme indicated lack of modernised treatment facilities for patients with STD, deficiencies in perspective planning of targeted intervention projects and poor management of blood banks in the districts.

Out of Rs.1.50 crore released by Government of India during 1997-98 the State Government did not release Rs. 64.13 lakh to Assam State AIDS Control Society (ASACS) till May 2003 and thus implementation of the programme was retarded.

Due to non-availability of modernised treatment facilities in 16 out of the 23 districts, post detection treatment of sexually transmitted diseases and containment of HIV infection was insignificant.

Poor management of 16 blood banks out of 23 districts and weak infrastructure base of blood testing centres led to insignificant achievement of counselling (367 numbers) and voluntary blood testing (109 numbers) during 1998-2003.

(Paragraph 3.1)

NABARD assisted Rural Road and Bridge projects in Assam

Government of Assam obtained a sanction of loan assistance of Rs.241.42 crore (90 per cent of the Project Cost) from National Bank for Agriculture and Rural Development (NABARD) for completion of 138 bridges and six roads under Rural Infrastructure Development Fund (RIDF) during 1996-97 to 2000-2001. A review of the implementation of the Projects revealed failure of the departmental officers to enforce contract clauses and to adhere to the terms and conditions of NABARD, giving undue benefits to contractors, idle investment, extra/avoidable expenditure, slow progress of works, non-completion/delay in completion and not opening of bridges in violation of completion schedule fixed by NABARD.

Shortfall in expenditure by 53 per cent against budgetary support resulted in non-release of loan assistance of Rs.54.38 crore by NABARD till March 2003. Loan assistance of Rs.21.56 crore released by NABARD in excess of expenditure during 1998-2003 was not passed on to the implementing agencies. Utilisation of Rs.21.56 crore could not be shown to audit.

Against the target for completion of 138 bridges and six roads by 31 March 2003, only 65 bridges were completed within the stipulated period.

21 bridges completed, between April 2000 and March 2003, could not be opened to traffic till March 2003 due to non-completion of approaches resulting in idle investment of Rs.24.06 crore on completed bridges.

There were instances of overpayment, excess and inadmissible payment and undue financial benefits to contractors aggregating Rs.21.73 crore.

(Paragraph 4.1)

Internal Control and Internal Audit

For enforcing proper internal controls in various Government departments, the Government of Assam, inter alia, created the posts of Financial Advisors (FAs), Finance and Accounts Officers (FAOs) and Internal Auditors (IAs). By not prescribing any auditing standard, not defining duties and responsibilities of the internal audit (IA) wing, not-ensuring the independence of the IA wing and by not having any internal audit planning, the system of Internal Control and Internal Audit was largely ineffective.

Internal Auditors were posted to only 19 of the 79 heads of departments. Information on deployment of 47 out of 88 FAOs etc., was not furnished.

Internal control and Internal audit were non-existent in all the offices of seven Chief Engineers (Works etc.).

There was no nodal agency to monitor the performances of the FAs, FAOs and IAs posted in various departments. Audit planning for Internal Audit was not prepared in 13 out of 15 civil departments/directorates.

(Paragraph 7.1)

Audit Paragraphs

Fraudulent drawals/Financial mismanagement

Due to non-enforcement of proper control mechanism by the Director, Dairy Development, Assam, there was an overall system failure in the department leading to fraud/misappropriation/embezzlement of Rs.6.08 crore.

(Paragraph 3.2.3)

Failure to exercise regulatory checks in admitting and passing Leave Travel Concession (LTC) bills by the Deputy Inspector of Schools, Bilasipara and District Elementary Education Officers, Cachar and Nalbari resulted in fraudulent payment of Rs.1.42 crore on fictitious LTC claims.

(Paragraph 3.3)

Due to non-maintenance of cash books and records for disbursement, salary expenditure of Rs.12.02 crore incurred by the Block Elementary Education Officers, Dhemaji and Bordoloni between March 2000 and July 2001 could not be vouchsafed in audit.

(Paragraph 3.4)

Additional Chief Medical and Health Officer (Family Welfare), Goalpara failed to exercise regulatory checks as drawing and disbursing officer resulting in unvouched expenditure of Rs.43.81 lakh and misappropriation of cash of Rs.23.89 lakh by the cashier during May 1996 to October 1998.

(Paragraph 3.6)

Failure to comply with the rules and orders in discharging obligatory functions as drawing and disbursing officer by the Superintendent, Assam Medical College and Hospital, Dibrugarh led to fraudulent drawal of G.P. Fund advance of Rs.8.28 lakh persistently since December 1998.

(Paragraph 3.7)

As financial rules were not observed and bank reconciliation not carried out, the cash book of Bodoland Autonomous Council continued to reflect short account of cash of Rs.71.33 lakh while difference of Rs.19 lakh between the balances as per cash book and PLA account persisted for ten years.

(Paragraph 6.3)

Wasteful/Unproductive/Infructuous/Avoidable/ Unfruitful/Extra expenditure

Between June 2000 and July 2001, the Director of Health Services, Assam incurred avoidable extra expenditure of Rs.66.09 lakh for purchase of medicines at higher rates from two non-approved firms.

(Paragraph 3.8)

Temporary retirement bund constructed at a cost of Rs.63.65 lakh in a flood and erosion prone area by the Executive Engineer, Dibrugarh Embankment and Drainage division turned out wasteful as it was washed out within 18 months of construction.

(Paragraph 4.2)

Non-completion of earthen canal and appurtenant works of Damugaon Flow Irrigation Scheme under Barpeta Irrigation division rendered the investment of Rs.1.87 crore on the scheme unfruitful, as it could not be commissioned.

(Paragraph 4.3)

Due to non-payment of electricity bills by due date, the Executive Engineer, Public Health Engineering division II, Guwahati had to make avoidable payment of surcharge of Rs.2.54 crore.

(Paragraph 4.4)

In Golaghat PWD (Roads) division, construction of a RCC bridge in an erosion prone area, without appurtenant works and inadequate fund provision led to cost overrun of Rs.6.10 crore besides infructuous expenditure of Rs.1.69 crore as work remained incomplete for nearly 14 years.

(Paragraph 4.6)

Due to non acquisition of land for approach roads and protection works at both ends of a RCC bridge over river Kollong at Nagaon since 1993-94, the expenditure of Rs. 73.26 lakh on completion of bridge proper in June 1998 remained unproductive for last five years.

(Paragraph 4.7)

Procurement of Ductile Iron Pipes of different diametres worth Rs.2.79 crore by the Managing Director, Assam Urban Water Supply and Sewerage Board at rates higher than the rates of DGS&D resulted in extra avoidable expenditure of Rs.1.18 crore.

(Paragraph 5.1)

The Managing Director, Assam Urban Water Supply and Sewerage Board incurred unproductive expenditure of Rs.6.70 crore on Barpeta Road Town Water Supply Scheme since September 1990 but even then 89 *per cent* of the targeted inhabitant were not provided with safe drinking water after 18 years of launching of the scheme.

(Paragraph 6.6)

Because of procurement of 33 grade Ordinary Portland Cement (OPC) at rates higher than the rates offered by the Cement Corporation of India and further procurement of

53 grade OPC in lieu of 33 grade OPC at still higher rate from the local suppliers, the Project Director, District Rural Development Agency, Kamrup, incurred excess and extra expenditure aggregating Rs.63.11 lakh.

(Paragraph 6.10)

Diversion of Funds

Out of Central grants of Rs.63.95 crore available upto 2001-2002 under Integrated Child Development Service Scheme, the State Government released Rs.43.78 crore for implementation of the scheme by the Social Welfare department and the balance of Rs.20.17 crore was diverted to meet other expenditure of the Government.

(Paragraph 3.13)

Idle investment

Three rural hospital buildings at Hailakandi and Cachar districts constructed at a cost of Rs.67.99 lakh during January 1992 to May 2001 remained unutilised and non-functional because of non sanctioning/posting of medical and para medical staff by the Government resulting in idle investment of Rs.67.99 lakh besides denial of health care facilities to rural people.

(Paragraph 3.9)

Because of defective installation of water pump heads and abandonment of works of Tezpur Water Supply scheme by the firm, the Managing Director, Assam Urban Water Supply and Sewerage Board, incurred unfruitful and idle expenditure of Rs.3.28 crore.

(Paragraph 6.8)

Locking up of funds

Between March 1996 and March 2002, Director of Industries and Commerce retained unutilised funds of Rs.2.08 crore in Deposit at Call Receipts/bank drafts/Bankers Cheques. The cost of retention of Rs.2.08 crore at average rate of 11 *per cent* of Government borrowing during 1996-97 to 2002-03 amounted to Rs.41.76 lakh.

(Paragraph 3.10)

Funds of Rs.4.37 crore under Chief Minister's "Swa-Niyojan Yojana 2000-2002", remained locked up in Deposit at Call Receipts/Current account.

(Paragraph 3.11)

Injudicious payment of 90 *per cent* advances by Managing Director, Assam Urban Water Supply and Sewerage Board against proforma bills of suppliers without any security deposit/guarantee etc., led to locking up of Rs.0.52 crore with the suppliers since June 1996.

(Paragraph 6.7)