



सत्यमेव जयते

**EPITOME OF
CAG's REPORTS ON
THE GOVERNMENT OF ASSAM
FOR THE YEAR ENDED 31 MARCH 2016**



Accountant General (Audit), Assam

15 September 2017

Presented in the Legislature on :

**EPITOME OF
CAG's REPORTS ON
THE GOVERNMENT OF ASSAM
FOR THE YEAR ENDED 31 MARCH 2016**

Accountant General (Audit), Assam

Please visit our website www.cag.gov.in and www.agasm.cag.gov.in for full text of audit reports

CONTENTS

Type/Category Report on	Description	Page Number
Preface		i
STATE FINANCES	Highlights	2
	Finances of State Government	5
	Budgetary Control and Financial Management	13
	Financial Reporting	17
SOCIAL, GENERAL AND ECONOMIC (NON-PSUs) SECTORS	Social Sector: Performance Audit	19
	Compliance Audit	22
	Economic Sector: Performance Audit	27
	Compliance Audit	30
	General Sector: Performance Audit	31
	Compliance Audit	34
REVENUE SECTOR	Highlights	37
	Performance Audit	39
	Compliance Audit	40
	Information Technology Audit	43
	Audit of Transactions	45
PUBLIC SECTOR UNDERTAKINGS	Highlights	49
	Performance Audit relating to Government company	52
	Compliance Audit Observations	54
LOCAL BODIES	Overview of the Functioning of the PRIs	55
	Compliance Audit of NRLM	58
	Compliance Audit of PRIs	60
	Overview of the Functioning of the ULBs	61
	Performance Audit of the ULBs	62
	Compliance Audit of ULBs	63

PREFACE

This epitome presents, at a glance, the contents of the Audit Reports (State Finances; Social, General and Economic (Non-PSUs) Sectors; Revenue Sector, Public Sector Undertakings and Local Bodies) of the Comptroller and Auditor General of India relating to the Government of Assam for the year ended 31 March 2016. These Reports contain major audit findings relating to transactions of the Government of Assam, Assam Government companies and statutory corporations. Other audit observations, which are not contained in these Audit Reports, are pursued for their settlement with the Controlling Officers and Heads of Offices.

In accordance with Article 151 of the Constitution, the Comptroller and Auditor General of India forwards his Audit Reports on the accounts as well as on the points noticed during the audit of financial transactions of the State Government to the Governor, who causes them to be laid on the table of the *Vidhan Sabha*.

The drafts of the paragraphs/performance audits (PAs) included in the Audit Reports are always forwarded to the Principal Secretary, Commissioner & Secretary and Secretary of the concerned department for comments so that the views of the Government are incorporated in the Audit Reports before their presentation to the *Vidhan Sabha*. The Finance Department has prescribed that the draft paragraphs should be disposed of as expeditiously as possible and the comments of the Department concerned intimated to Audit within a period

not exceeding six weeks. In a large number of cases, however, the Departments did not abide by the provision about furnishing the comments on the draft paragraphs and PA Reports within the stipulated time.

The Reports of the Comptroller and Auditor General of India on the transactions of the State Government presented to the *Vidhan Sabha* stand referred to the Public Accounts Committee (PAC) in respect of State Finances, Social, General and Economic (Non-PSUs) Sectors and Revenue Sectors and the Committee on Public Undertakings (COPU) in respect of the Commercial activities and the Committee on Local Fund Accounts (COLFA) in respect of the Local Bodies activities. The Government Departments are to submit *suo motu* Action Taken Notes on all Audit Paragraphs and PA Reports to the Committees, duly vetted by Audit. The Committees select some of the paragraphs for detailed examination after which a report containing their observations and recommendations is presented to the *Vidhan Sabha*.

This epitome contains only a summarised version of the more important issues included in the Audit Reports. While it has been our endeavour to keep the contents of this document as close to the original Reports as possible, the original Reports ought to be referred to for detailed facts and figures. The names and telephone numbers of the Officers who can be contacted for any clarification in respect of Audit Reports are on the inner page of the backside cover of this publication.

All the Reports are also available at our website www.cag.gov.in and www.agasm.cag.gov.in



**AUDIT REPORT ON
STATE FINANCES
FOR THE YEAR ENDED 31 MARCH 2016
(Report No. 4 of 2016)**

AUDIT REPORT ON STATE FINANCES FOR THE YEAR ENDED 31 MARCH 2016 (Report No. 4 of the year 2016)

This Report is structured in three Chapters. **Chapter I** is based on the audit of Finance Accounts and makes an assessment of the Government's fiscal position as on 31 March 2016. It provides an insight into trends in growth of Revenue Receipt, committed expenditure, borrowing pattern besides a brief account of Public Private Partnership (PPP) Projects conceived in the State. **Chapter-II** is based on audit of Appropriation Accounts and it gives the grant-by-grant description of appropriations and the manner in which the allocated resources were managed by the service delivery departments. **Chapter-III** is an inventory of Government's compliance with various reporting requirements and financial rules. This chapter also provides details on non-submission of annual accounts and also delays in placement of Separate Audit Reports in the Legislature by the Autonomous Bodies. Besides, the cases of money kept out of Government account, misappropriation, loss and defalcation that indicate inadequacy of controls in the Government departments are also detailed in this chapter.

Highlights

● Finances of the State Government

- The State had maintained Revenue Surplus during four years of last five year period–2011-16 (except during 2014-15). During 2015-16, the State has Revenue Surplus of ₹5,446 crore. As per limits prescribed under Assam Fiscal Responsibility and Budget Management (AFRBM) Act 2011, Fiscal Deficit of the State was to be limited to 3 *per cent* of Gross State Domestic Product (GSDP). But, the State exhibited the Fiscal Surplus of ₹3,005 crore during 2015-16. Primary Deficit of the last year also turned into Primary Surplus and stood at ₹5,623 crore during 2015-16.
- Revenue Receipts grew by ₹4,276 crore (11 *per cent*) over the previous year. The increase was however, offset by decrease in Grants-in-Aid from Government of India (GOI) by ₹1,210 crore (28 *per cent*). The Revenue Receipts at ₹42,457 crore was more by ₹2,596 crore than the assessment (₹39,861 crore) made in Medium Term Fiscal Plan (MTFP).
- The overall Revenue Expenditure of the State increased by 39.52 *per cent* from ₹26,528 crore in 2011-12 to ₹37,011 crore in 2015-16 at an annual average rate of 7.90 *per cent*. Non-Plan Revenue Expenditure (NPRE), which constituted a dominant share of nearly 75 *per cent* during the last five-year period *i.e.*, 2011-16,

decreased by ₹2,111 crore (7.11 *per cent*) during the current year over the previous year. The Plan Revenue Expenditure (PRE) increased nominally by ₹44 crore during 2015-16 over the previous year.

- During 2015-16, the Development Expenditure (₹26,855 crore) decreased by ₹2,717 crore (nine *per cent*) over the previous year.
- The overall fiscal liabilities of the State increased at an average annual rate of 7.43 *per cent* during the period 2011-16. During 2015-16, the fiscal liabilities of the State Government increased by ₹3,897 crore (10.12 *per cent*) from ₹38,512 crore in 2014-15 to ₹42,409 crore in 2015-16. The ratio of fiscal liabilities to GSDP had improved and was well within the norms (26.25 *per cent*), prescribed by the Fourteenth Finance Commission.

● **Budgetary Control and Financial Management**

- During 2015-16, expenditure of ₹42,031.46 crore was incurred against the total grants and appropriations of ₹74,818.49 crore resulting in a savings of ₹32,787.03 crore. At the close of 2015-16, there were 61 grants/appropriations in which savings (₹five crore & above in each grant) of ₹24,337.89 crore occurred but no surrenders were made by the concerned departments.
- The total amount of Detailed Countersigned Contingent (DCC) bills received was only ₹715.35 crore against

the amount of Abstract Contingent (AC) bills of ₹1,376.64 crore leading to an outstanding balance of ₹661.29 crore as on 31 March 2016.

- Out of 54 Controlling Officers, only one carried out full reconciliation of departmental receipts figures and 38 carried out full reconciliation of expenditure figures with those reflected in the books of Office of the Accountant General (Accounts and Entitlement), Assam.

● **Financial Reporting**

- 12,846 Utilisation Certificates in respect of grants aggregating ₹14,772.87 crore paid to 53 departments of the State Government during the period from 2001-02 to 2015-16 were in arrears indicating poor monitoring system.
- 115 Annual accounts in respect of 46 Government Bodies/Authorities due up to 2015-16 had not been received by the Accountant General (Audit), Assam as of June 2016 causing difficulties in taking up of audit.
- 284 cases of theft and misappropriation/loss of Government materials *etc.*, involving ₹313.34 crore as of March 2016 were pending for want of final reply/proper reply by the concerned department highlighting deficiency in effective mechanism.

Finances of the State Government

Finance Accounts

Finance Accounts of the State Government present details of all the transactions pertaining to both receipts and expenditure under appropriate classifications, apart from the summary of all the transactions in the Government Account. These also reflect (a) Summary of debt position, (b) Loans and Advances by Government, (c) Grants given by Government and (d) Summary of balances.

Summary of Current Year's Fiscal Operations

(₹ in crore)

Receipts			Disbursements				
2014-15	--	2015-16	2014-15	--	2015-16		
1	2	3	4	5	Non-Plan	Plan	Total
1	2	3	4	5	6	7	8
Section-A: Revenue							
38,181.49	Revenue Receipts	42,457.70	39,078.17	Revenue Expenditure	27,575.95	9,435.56	37,011.41
9,449.81	Tax Revenue	10,106.50	12,921.60	General Services	12,584.62	71.41	12,656.03
2,412.89	Non-Tax Revenue	2,741.57	18,087.74	Social Services	10,937.48	6,802.88	17,740.36
12,283.71	Share of Union Taxes/Duties	16,784.88	7,075.33	Economic Services	3,678.59	2,561.27	6,239.86
14,035.08	Grants from Government of India	12,824.75	993.50	Grants-in-Aid/Contributions	375.16	-	375.16
Section-B: Capital							
-	Miscellaneous Capital Receipts	-	3,912.27	Capital Outlay	(-) 13.14	2,704.05	2,690.91
10.13	Recoveries of Loans and Advances	510.09	630.71	Loans and Advances disbursed	-	-	260.09
4,582.26	Public Debt Receipts	5,497.99	16,27.03	Repayment of Public Debt	-	-	1,968.90
-	Contingency Fund	-	-	Contingency Fund	-	-	-
17,789.87	Public Account Receipts	15,702.12	16,376.43	Public Account disbursement	-	-	15,647.26
-	Closing overdraft from Reserve Bank of India	-	-	Opening overdraft from Reserve Bank of India	-	-	-
4,527.99	Opening Balance	3,467.13	3,467.13	Closing Balance	-	-	10,056.46
65,091.74	Total	67,635.03	65,091.74	Total	-	-	67,635.03

Following are the significant changes during 2015-16 over the previous year

Revenue receipts

Revenue Receipts grew by ₹4,276 crore (11 *per cent*) over the previous year. The increase was contributed by Tax Revenue ₹656 crore (15 *per cent*), Non-Tax Revenue by ₹328 crore (eight *per cent*) and State's share Union Taxes and Duties by ₹4,502 crore (105 *per cent*). The increase was however, offset by decrease in Grants-in-Aid from Government of India (GOI) by ₹1,210 crore (28 *per cent*). The Revenue Receipts at ₹42,457 crore was more by ₹2,596 crore than the assessment (₹39,861 crore) made in Medium Term Fiscal Plan (MTFP).

Revenue expenditure

Revenue Expenditure decreased by ₹2,067 crore over the previous year. Of this decrease, Non-Plan Revenue Expenditure (NPRE) decreased by ₹2,111 crore, which was however, offset by increase under Plan Head by ₹44 crore. The major sectors that registered significant decrease include Secretariat – General Services (₹302 crore), Public Works (₹262 crore), Welfare of Scheduled Castes, Scheduled Tribes, Other Backward Classes and Minorities (₹352 crore), Relief on Account of Natural Calamities (₹330 crore), Secretariat – Economic Services (₹141 crore) and Compensation & Assignment to Local Bodies & Panchayati Raj Institutions (₹618 crore).

Total expenditure

The total expenditure of the State increased by 37 *per cent* from ₹29,122 crore in 2011-12 to ₹39,962 crore in 2015-16. The decrease of ₹3,659 crore (8.39 *per cent*) in total expenditure in 2015-16 was due to decrease of ₹2,067 crore in Revenue Expenditure, ₹1,221 crore in Capital Expenditure and ₹371 crore in disbursement of Loans and Advances.

Investments and Returns

As of 31 March 2016, Government had invested ₹2,404.37 crore in Statutory Corporations, Rural Banks, Joint Stock Companies, Co-operatives and Government Companies. The average return on this investment was 1.05 *per cent* while the Government paid an average interest rate of 6.47 *per cent* on its borrowings during 2015-16.

Loans and advances by the Government

The total amount of outstanding Loans and Advances as on 31 March 2016 was ₹5,194 crore. The amount of loans disbursed during the year decreased by 58.80 *per cent* from ₹631 crore in 2014-15 to ₹260 crore in 2015-16. Out of the total amount of loans advanced during the year, ₹2.50 crore went to Social Services, ₹257.47 crore to Economic Services and ₹0.12 crore to Government servants. Under Social Services, entire loan went to Urban Development and under Economic Services, the major portion of loans went to loans for Power Projects (57 *per cent*) followed by loans to consumer industries (43 *per cent*). Recovery of Loans and Advances increased from ₹ 10 crore in 2014-15

to ₹510 crore in 2015-16. However, interest receipt against the Loans and Advances decreased by ₹one crore during the year. During 2015-16, fresh Loans and Advances (₹260 crore) were made during the year to 10 loanee entities¹ from whom repayments of earlier loans (₹3,599.87 crore) were in arrears. Out of 10 entities, loans in respect of Assam Hills Small Industries Development Corporations (₹29.52 crore) were in arrears since 1976-77.

Cash Balances and Investment of Cash Balances

Cash Balances of the State Government at the end of the current year increased significantly from ₹3,467 crore in 2014-15 to ₹10,056 crore in 2015-16. The State Government from the investments made in GOI Treasury Bills, had earned an interest of ₹284 crore during 2015-16. Further, the Government invested ₹3,355 crore in Sinking Fund and Development and Welfare Fund as of 31 March 2016. The interest receipts against investment on cash balance was 3.79 *per cent* during 2015-16 while Government paid interest at the rate of 6.47 *per cent* only on its borrowings during the year.

1

	(₹in crore)
1. Assam Urban Water Supply and Sewerage Development Board	49.41
2. Assam Tea Corporation Ltd.	36.77
3. Assam Hills Small Industries Development Corporations	29.52
4. Assam Plantation Crops Development Corporations Ltd.	2.16
5. Assam Power Distribution and Generation Company Ltd.	2,794.93
6. Assam State Housing Board	5.72
7. Assam Financial Corporation	583.74
8. Ashok Paper Mills Ltd.	4.38
9. PragBosimiSynthetics Ltd. (PBSL)	65.00
10. Co-operative Societies	28.24
	3,599.87

Fiscal liabilities

During the current year, the fiscal liabilities of the State Government increased by ₹3,897 crore (10.12 *per cent*) from ₹38,512 crore in 2014-15 to ₹42,409 crore in 2015-16. The increase in fiscal liabilities was mainly due to increase in the internal debt (₹3,612 crore) and Public Account liabilities (₹369 crore), which was however, offset by decrease in Loans and Advances from GOI (₹84 crore).

Trends in deficits

The State had maintained Revenue Surplus during four years of last five year period 2011-16 except during the year 2014-15. During the current year *i.e.*, 2015-16, the State has Revenue Surplus of ₹5,446 crore. As a major turnaround towards the fiscal consolidation, the State exhibited the Fiscal Surplus of ₹3,005 crore during 2015-16. Primary Deficit of the last year also turned into Primary Surplus and stood at ₹5,623 crore during 2015-16.

Time Series Data on State Government Finances

(₹ in crore)

	2011-12	2012-13	2013-14	2014-15	2015-16
Part A: Receipts					
1. Revenue Receipts	27455 (68)	30691 (69)	32213 (67)	38181 (63)	42457(66)
(i) Tax Revenue	7638 (28)	8250 (27)	8995 (28)	9450 (25)	10106(24)
<i>Taxes on Agricultural Income</i>	83 (1)	82 (1)	90 (1)	51	32
<i>Taxes on Sales, Trade etc.</i>	5694 (75)	6223 (75)	6848 (76)	7351 (78)	7494(74)
<i>Taxes and duties on Electricity</i>	37	42 (1)	41	44	48
<i>State Excise</i>	503 (7)	568 (7)	610 (7)	665 (7)	808(8)
<i>Taxes on vehicles</i>	294 (4)	328 (4)	351 (4)	365 (4)	443(4)
<i>Stamps and Registration fees</i>	175 (2)	252 (3)	252(3)	189 (2)	225(2)
<i>Land Revenue</i>	140 (2)	146 (2)	156 (2)	142 (2)	229(2)
<i>Other Taxes</i>	712 (9)	609 (7)	647 (7)	643 (7)	827(8)
(ii) Non Tax Revenue	2867 (10)	2474 (8)	2705 (8)	2413 (6)	2741(6)
(iii) State's share in Union taxes and duties	9283 (34)	10601 (35)	11575 (36)	12283 (32)	16785(40)
(iv) Grants in aid from Government of India	7667 (28)	9366 (30)	8938 (28)	14035 (37)	12825(30)
2. Miscellaneous Capital Receipts	--	--	--	--	--
3. Recovery of Loans and Advances	21	7	6	10	510
4. Total revenue and Non debt capital receipts (1+2+3)	27476	30698	32219	38191	42967
5. Public Debt Receipts	952 (2)	1388 (3)	1196 (2)	4582 (8)	5498(9)
<i>Internal Debt (excluding Ways and Means Advance and Overdraft)</i>	922	1349	1147	4532	5448
<i>Net transactions under Ways and Means Advance and Overdraft</i>	--	--	--	--	--
<i>Loans and Advances from Government of India</i>	30	39	49	50	50
6. Total receipts in the Consolidated Fund (4+5)	28428	32086	33415	42773	48465
7. Contingency Fund Receipts	--	--	--	--	--
8. Public Account Receipts	12176 (30)	12138 (28)	14948 (31)	17790 (29)	15702(24)
9. Total receipts of the State (6+7+8)	40604	44224	48363	60563	64167
Part B: Expenditure/Disbursement					
10. Revenue Expenditure	26528 (64)	29137 (65)	31990 (64)	39078 (63)	37011(93)
<i>Plan</i>	6487 (24)	6495 (22)	7028 (22)	9391 (24)	9435(25)
<i>Non Plan</i>	20041 (76)	22642 (78)	24962 (78)	29687 (76)	27576(75)
General Services (including interest payments)	9743	10570	10928	12922	12656
Social Services	11466	12618	14850	18088	17740
Economic Services	4663	5209	5836	7075	6240
Grants-in-aid and contributions	656	740	376	993	375
11. Capital Expenditure	2506 (6)	2617 (6)	3189 (6)	3912 (6)	2691(7)
<i>Plan</i>	2431 (97)	2545 (97)	3088 (97)	3827(98)	-13*(-0.48)
<i>Non Plan</i>	75 (3)	72 (3)	101 (3)	85(2)	2704(100.48)
General Services	68	102	126	134	76

	2011-12	2012-13	2013-14	2014-15	2015-16
Social Services	162	176	194	569	596
Economic Services	2276	2339	2869	3209	2019
12. Disbursement of Loans and Advances	88	461 (1)	822 (2)	631 (1)	260(1)
13. Total (10+11+12)	29122	32215	36001	43621	39962
<i>*Negative figure is due to recoveries of overpayments</i>					
14. Repayment of Public Debt	1146 (3)	1533 (3)	1177 (2)	1627 (3)	1969(3)
Internal Debt (excluding Ways and Means Advances and Overdraft)	1021	1407	1015	1225	1835
Net transactions under Ways and Means Advances and Overdraft	--	--	--	--	--
Loans and Advances from Government of India	125	126	162	402	134
15. Appropriation to Contingency Fund	--	--	--	--	--
16. Total disbursement out of Consolidated Fund (13+14+15)	30268	33748	37178	45248	41931
17. Contingency Fund disbursements	--	--	--	--	--
18. Public Account disbursements	11070 (27)	11228 (25)	13277 (26)	16376 (27)	15647(27)
19. Total disbursement by the state (16+17+18)	41338	44976	50455	61624	57578
<i>Part C: Deficits</i>					
20. Revenue Deficit (-)/ Surplus (+) (1-10)	(+) 927	(+) 1554	(+) 223	(-) 897	(+) 5446
21. Fiscal Deficit(-)/ Surplus(+) (4-13)	(-) 1646	(-) 1517	(-) 3782	(-) 5430	(+) 3005
22. Primary Deficit (-)/ Surplus (+) (21+23)	(+) 428	(+) 598	(-) 1584	(-) 3096	5623
<i>Part D: Other data</i>					
23. Interest Payments (included in revenue expenditure)	2074	2115	2198	2334	2618
24. Financial Assistance to local bodies etc.	2117	3425	4213	2716	1664
25. Ways and Means Advances/ Overdraft availed (days)					
i) Ways and Means Advances availed (days)	--	--	--	1563.20 (31)	--
ii) Overdraft availed (days)	--	--	--	--	--
26. Interest on Ways and Means Advances/overdraft	--	--	--	4.52	--
27. Gross State Domestic Product (GSDP)↕	143175	156864	177745	198098	224234
28. Outstanding fiscal liabilities (year end) including interest	33571	35012	36574	40846	45027
29. Outstanding guarantees (year end)	259	114	90	143	143
30. Maximum amount guaranteed (year end)	652	597	582	582	482
31. Number of incomplete projects	348	69	109	62	127
32. Capital blocked in incomplete projects (₹ in crore)	669	316	385	409	304

Epitome of CAG's Reports on the Government of Assam for the year ended 31 March 2016

	2011-12	2012-13	2013-14	2014-15	2015-16
Part E: Fiscal Health Indicators					
I. Resource Mobilisation (in per cent)					
Own tax Revenue/GSDP	5.33	5.26	5.06	4.77	4.51
Own Non-Tax Revenue/GSDP	2.00	1.58	1.52	1.22	1.22
Central Transfers/GSDP	11.84	12.73	11.54	13.29	13.20
II. Expenditure Management (in per cent)					
Total Expenditure/GSDP	20.34	20.54	20.25	22.02	17.82
Total Expenditure/Revenue Receipts	106.07	104.97	111.76	114.25	94.12
Revenue Expenditure/Total Expenditure	91.09	90.45	88.86	89.59	92.62
Expenditure on Social Services/Total Expenditure	39.93	39.71	41.79	42.77	45.88
Expenditure on Economic Services/Total Expenditure	23.83	23.43	24.18	23.58	20.67
Capital Expenditure/Total Expenditure	8.61	8.12	8.86	8.97	6.73
Capital Expenditure on Social and Economic Services/Total Expenditure	8.37	7.81	8.51	8.66	6.54
III. Management of Fiscal Imbalances (in per cent)					
Revenue Deficit (surplus)/GSDP	(+) 0.65	(+) 0.99	(+) 0.13	(-) 0.45	2.43
Fiscal Deficit (surplus)/GSDP	(-) 1.15	(-) 0.97	(-) 2.13	(-) 2.74	1.34
Primary Deficit (surplus)/GSDP	(+) 0.30	(+) 0.38	(-) 0.89	(-) 1.56	2.51
Revenue Deficit/Fiscal Deficit	*	*	*	16.52	*
Primary Revenue Balance/GSDP	2.11	2.34	1.37	0.73	3.82
IV. Management of Fiscal Liabilities (in per cent)					
Fiscal Liabilities/GSDP	22.00	20.97	19.34	19.44	18.91
Fiscal Liabilities/RR	114.72	107.19	106.71	100.86	99.89
Primary Deficit <i>vis-à-vis</i> quantum spread	**	**	(-) 0.55	(-) 0.91	**
Debt Redemption (Principal + Interest)/Total Debt Receipts	295.48	227.16	238.55	72.94	71.70
V. Other Fiscal Health Indicators					
Return on Investment (in per cent)	0.62	0.53	0.53	0.68	2.91
Balance from Current Revenue (₹ in crore)	(+) 842	(+) 239	(-) 863	(-) 3913	(+) 5,543
Financial Assets/Liabilities	1.20	1.24	1.23	1.18	1.30

Note: Figures in brackets represent percentages (rounded) to total of each sub heading

* There was Revenue surplus

** There was Primary surplus

† GSDP figures at current prices (Base year 2011-12) were obtained from Directorate of Economics and Statistics.

Budgetary Control and Financial Management

Definition

The Appropriation Accounts are accounts of the expenditure, Voted and Charged, of the Government for each financial year compared with the amounts of the Voted grants and Charged Appropriations for different purposes as specified in the schedules appended to the Appropriation Acts passed by the Legislature. These Accounts list the original budget estimates, supplementary grants, surrenders and re-appropriations distinctly and indicate actual capital and revenue expenditure on various specified services *vis-à-vis* those authorised by the Appropriation Act in respect of both Charged and Voted items of budget. The Appropriation Accounts is thus, a control document facilitating management of finances and monitoring of budgetary provisions and are therefore, complementary to Finance Accounts.

Summarised position of Actual Expenditure *vis-à-vis* Original/Supplementary provisions during 2015-16

(₹ in crore)

Voted/Charged	Nature of Expenditure	Original grant/appropriation	Supplementary grant/appropriation	Total	Actual expenditure	Savings (-)/Excess (+)	Amount surrendered	Amount surrendered on 31 March 2016	Percentage of savings surrendered by 31 March 2016 (Col.8/col.7)
1	2	3	4	5	6	7	8	9	10
Voted	I Revenue	48,715.57	6,490.82	55,206.40	34,280.46	(-) 2,0925.94	2,280.84	1,345.64	10.90
	II Capital	9,411.12	1,884.09	11,296.75	2690.91	(-) 8,605.84	198.19	187.58	2.30
	III Loans & Advances	776.04	80.00	854.49	260.09	(-) 594.40	7.28	-	1.22
Total Voted		54,371.39	58,902.73	8,454.91	67,357.64	37,231.46	(-) 30,126.18	2,486.31	1,533.22
Charged	IV Revenue	2,847.28	221.42	3,068.70	2,831.10	(-)237.60	26.56	26.56	11.18
	V Capital	-	-	-	-	-	-	-	-
	VI Public Debt Repayment	4,392.15	-	4,392.15	1,968.90	(-) 2,423.25	-	-	-
Total Charged		7,239.43	221.42	7,460.85	4,800.00	(-) 2,660.85	26.56	26.56	11.18
Appropriation to Contingency Fund (if any)		-	-	-	-	-	-	-	-
Grand Total		66,142.16	8,676.34	74,818.49	42,031.46	(-) 32,787.03	2,512.87	1,559.78	7.66

Appropriation vis-à-vis Allocative properties

The audit of Appropriation Accounts revealed that in 80 cases relating to 63 grants and one appropriation, savings exceeded ₹10 crore in each case and also by more than 20 per cent of total provision. Against the total savings of ₹33,030.80 crore, savings of ₹32,087.75 crore (97.14 per cent) occurred in 64 cases relating to 49 grants and one appropriation where savings were ₹ 50 crore and above in each case. Reasons for savings were awaited (November 2016).

Unnecessary supplementary provision

Supplementary provision aggregating ₹ 7,783.59 crore obtained in 68 cases amounting to ₹ 10 lakh or more in

each case during the year proved unnecessary as the expenditure under the respective heads was even less than the original budget provision.

Re-appropriation of funds

Injudicious re-appropriation proved excessive and resulted in savings of ₹10 lakh and above in four sub-heads/sub sub-heads out of which the saving in two sub-heads was more than ₹one crore. Moreover, in 25 cases the re-appropriation also proved unnecessary as the re-appropriated amount ultimately resulted in savings of ₹10 lakh and above in each case. Of these, the savings were even more than ₹one crore in 12 sub-heads.

Substantial surrenders

Out of total surrenders of ₹1,559.78 crore made on 31 March 2016, surrenders exceeded ₹10 crore and above in respect of four cases on account of either non-implementation or slow implementation of schemes/programmes. Out of the total provision amounting to ₹3,209.25 crore in those four cases, ₹156.90 crore (4.89 per cent) was surrendered at the close of the year.

Anticipated savings not surrendered

At the close of the year 2015-16 there were 61 grants/appropriations in which substantial savings of ₹ five crore and above occurred but surrenders were not made by the concerned departments. The amount involved in those cases was ₹24,337.89 crore.

Rush of expenditure

Out of total expenditure of ₹1,312.77 crore in respect of seven cases (expenditure exceeding ₹10 crore and also more than 50 *per cent* of the total expenditure), ₹763.74 crore (58.56 *per cent*) was incurred in March 2016, contrary to the provisions of Assam Treasury Rules.

Un-reconciled Expenditure

During 2015-16, out of 54 Controlling Officers (COs), only one carried out full reconciliation of departmental receipts figures and 38 carried out full reconciliation of departmental expenditure figures with those reflected in the books of the Office of the Accountant General (A&E), Assam.

Personal Deposit Accounts

28 Personal Deposit Accounts (PDA) involving ₹ one crore were not closed as on 31 March 2016 by the concerned departments disregarding the instruction of the Finance Department to close the accounts at the end of the financial year. This practice of retaining funds in the Personal Deposit Accounts after the close of the financial year is fraught with the risk of misuse of funds and therefore, needs to be avoided.

Financial Reporting

This Chapter provides an overview and status of the State Government on the compliance of various financial rules, procedures and directives during the current year.

Delay in furnishing Utilisation Certificates (UCs)

12, 846 UCs in respect of grants aggregating ₹ 14,772.87 crore paid to 53 departments of the State Government during the period from 2001-02 to 2015-16 were in arrears. Of these, 19 departments even failed to submit the UCs for the year 2001-02.

Non-submission of accounts

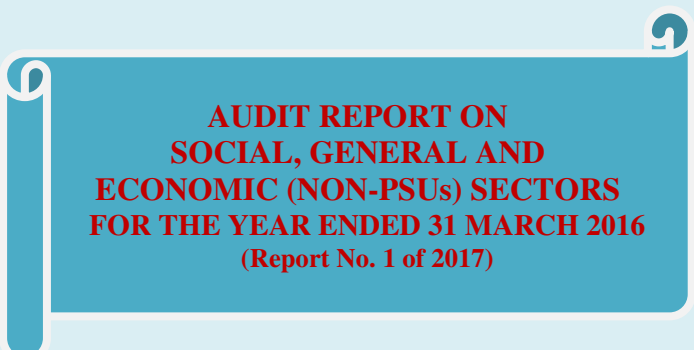
115 Annual accounts in respect of 46 Government Bodies/Authorities due up to 2015-16 had not been received by the Accountant General (Audit), Assam as of June 2016 causing difficulties in taking up of audit.

Money kept out of Government account

Seven DDOs kept Government money of ₹26.13 crore in different bank instrument as well as in Civil Deposit as of March 2016 giving scope of mis-utilisation of the same.

Misappropriations, losses, defalcations etc.

284 cases of theft and misappropriation/loss of materials etc., involving ₹313.34 crore as of March 2016 were pending for want of final reply/proper reply by the concerned department highlighting deficiency in effective mechanism.



**AUDIT REPORT ON
SOCIAL, GENERAL AND
ECONOMIC (NON-PSUs) SECTORS
FOR THE YEAR ENDED 31 MARCH 2016
(Report No. 1 of 2017)**

**AUDIT REPORT ON SOCIAL, GENERAL
AND ECONOMIC (Non-PSUs) SECTORS
FOR THE YEAR ENDED 31 MARCH 2016
(Report No. 1 of the year 2017)**

SOCIAL SECTOR

PERFORMANCE AUDIT

Implementation of Right to Education Act

Under the Right of Children to Free and Compulsory Education (RTE) Act, 2009, the Government was responsible to provide free and compulsory education to all children of the age of six to 14 years. The performance audit of implementation of the RTE Act in Assam was taken up to evaluate the achievement made in implementing the objectives of the Act in the State. The Sarva Siksha Abhiyan (SSA) acts as the programmatic vehicle for the delivery of the Act. During 2010-16, ₹7,621.18 crore was spent by SSA, out of the combined allocation of all the components of SSA. Implementation of the RTE Act included establishing schools in all eligible neighbourhoods, providing requisite infrastructure in these schools, maintaining the prescribed Pupil-Teacher Ratio, distributing Free Text Books etc., so as to increase the enrolment and retention of children in schools. These areas were scrutinized under SSA, in five districts, as well as 19 blocks and 150 schools within these districts selected as

sample by audit for detailed examination. During audit, a number of significant issues, viz., non-fulfillment of the provision of 25 per cent reservation in unaided private schools for children belonging to weaker sections and disadvantaged groups, lack of infrastructural facilities and disproportionate deployment of teachers in the schools were noticed. Besides, instances of declining trend of enrollment in Government schools together with high dropout rates were observed, which required redressal. Some significant findings are given below:

Planning

Government of Assam (GoA) did neither prepare any perspective plan or any action plan setting timelines to implement provisions of the RTE Act. Annual Plans at the State and district levels though prepared were without ensuring the bottom-up approach.

Release of Grant under Thirteenth Finance Commission

GoA deprived itself of ₹59 crore under the Thirteenth Finance Commission grants due to not meeting the stipulated growth of expenditure on elementary education affecting the implementation of the programme.

Implementation of provisions of the RTE Act

GoA could not establish schools in all eligible neighbourhoods. In four out of the five selected districts, provision of 25 per cent reservation for children of target sections in unaided schools was not implemented at all.

School infrastructure

Infrastructural facilities, as mandated in the RTE Act for each school, were not provided even after lapse of more than three years from the stipulated date (31 March 2013).

Civil Works

949 sanctioned works with estimated value of ₹27.90 crore relating to infrastructure development in the schools of the five districts selected for audit, remained incomplete (March 2016).

Human Resource Management

Though the Pupil-Teacher Ratio (PTR) was favourable at the State level, the school-wise PTR was not maintained as per the RTE norms due to not rationalising the deployment of teachers. This resulted in existence of single teacher schools, as also schools without any teacher. A significant number of teachers were yet to acquire the requisite academic and professional qualifications due to non-imparting of proper training.

Enrolment of children in schools

Enrolment in government schools was decreasing whereas the rate of dropout of students as well as the number of out-of-school children was increasing.

Monitoring and Evaluation

The existing monitoring and grievance redressal mechanism was inadequate for effective attainment of the objectives of free and compulsory education of specified age group of children conceived as per the RTE Act.

COMPLIANCE AUDIT

Procurement of medicine with Special emphasis on quality aspect

Timely supply of drugs is necessary for the purpose of ensuring quality medical services to citizens. The Director of Health Services, Government of Assam procures medicines for distribution among the Hospitals, Community Health Centers, Primary Health Centers, Medical College Hospitals, Ayurvedic and Homeopathic Dispensaries, from Small Scale Industry units, through the Assam Small Scale Industry Development Corporation and firms approved by the State Medical Stores Purchase Committee. In emergency situations (epidemics, floods, earthquakes *etc.*), medicines are purchased at the Directorate level. The Drugs Controller of the Department is responsible for overseeing the quality control aspect of procured drugs empowered by the Drugs and Cosmetics Act, 1940 in the State. Absence of adequate funding and an established procurement policy, in conjunction with a weak internal control mechanism resulted in lack of financial discipline (Avoidable expenditure of ₹55.41 crore & Extra expenditure of ₹1.02 crore) and supply of sub-standard of medicines (₹0.70 crore). Non observance of storage norms, non-receipt/delayed receipt of laboratory test reports (368 numbers), also defeated the purpose of maintaining the quality of drugs being supplied to health care units.

Water Supply Schemes in Guwahati City

The rapid and unplanned growth of Guwahati has led to many challenges and providing drinking water to the residents is amongst the most crucial of these challenges. There are seven mega Water Supply Schemes and 81 Piped Water Supply Schemes (PWSSs) maintained by three agencies viz., Guwahati Municipal Corporation (GMC), Public Health Engineering Department (PHED); and Jalboard, Guwahati. Its population of 1.24 million, residing within an area of 272 square kilometres, requires 243.53 million litres per day (MLD) of potable water presently. Compliance Audit of the Water Supply Schemes showed that the existing water supply systems could cater to the needs of only 29 *per cent* of population of Guwahati City through the completed schemes and regular supply of water could not be ensured even to those populace. The Guwahati Metropolitan Development Authority, under the administrative supervision of Guwahati Development Department has taken up the implementation of three new water supply projects. Audit noticed that the three piped water supply schemes which became non-functional between June 2015 and February 2016, had not been operationalised (November 2016). The water being supplied by the PHED and GMC to their consumers, was found unsafe as the disinfection facilities available in the existing PWSSs in the city were not adequate. New schemes could not be completed on time mainly due to improper planning and as such, the coverage to the 1.24 million population of Guwahati city through the water supply schemes, as had been conceived was remote in the near future.

Health & Family Welfare Department

- ***Fraudulent payment***

In the absence of basic records in support of procurement and distribution of fruits to indoor patients of Kanaklata Civil Hospital, payment of ₹ 66.68 lakh released on the basis of claims of suppliers, was susceptible to fraud.

Public Health Engineering Department

- ***Excess payment***

The Store and Workshop Division (PHE), Guwahati, made excess payment of ₹ 3.20 crore being VAT amount, to Assam Government Marketing Corporation Limited, for supply of Polyvinyl Chloride (PVC)/Galvanised Iron (GI) pipes, pumps *etc.*, during 2011-14.

- ***Extension of undue financial benefit to contractors***

Undue financial benefit of ₹ 1.36 crore was extended to contractors by the Executive Engineer, Guwahati Division-II (PHE) due to wrong computation of item rate of supplying, laying, fitting and fixing of Ductile Iron (DI) and Mild Steel (MS) pipes.

- ***Extra avoidable expenditure***

Failure of the Executive Engineer, Store and Workshop Division (PHE) to avail excise duty exemption resulted in avoidable expenditure of ₹ 10.61 crore on procurement of pipes.

- ***Extra expenditure towards procurement of GI pipes***

Extra expenditure of ₹ 8.39 crore was incurred by the Department due to procurement of PVC/GI pipes from Assam Government Marketing Corporation Limited at higher rates, in violation of Government notification and orders.

- ***Inadmissible expenditure***

Executive Engineer, Store and Workshop Division, Guwahati, incurred inadmissible expenditure of ₹ 9.07 crore, by diverting Operation and Maintenance fund under National Rural Drinking Water Programme.

- ***Undue financial benefit to the supplier***

Injudicious decision of the Chief Engineer (P) and Chief Engineer (B&S), PHED, Assam to allow enhanced rates resulted in extension of undue financial benefit to the supplier of ₹ 4.77 crore towards procurement of DI pipes.

Social Welfare Department

- ***Extra expenditure***

Director of Social Welfare, Assam, incurred extra expenditure of ₹ 1.08 crore towards purchase of drawing books of pre-school education kit at exorbitantly higher rate than the prevailing market rates.

Welfare of Minorities Development Department

- ***Undue financial benefit***

Injudicious decision of the Director, Char Areas Development to award supply order for the purchase of 8,685 Hand Tube Wells at a higher rate to a bidding firm, resulted in extension of undue financial benefit of ₹ 95.53 lakh to the supplier.

Welfare Plain Tribes & Backward Classes Department

- ***Excess expenditure***

Bodoland Territorial Council (BTC) incurred excess expenditure of ₹ 1.47 crore in procurement of biscuits for Morning Snack to the children of Anganwadi Centres.

- ***Extra avoidable expenditure***

Failure of the Panchayat and Rural Development Department, BTC to procure spray machines at a lower rate resulted in extra avoidable expenditure of ₹ 1.17 crore.

- ***Payment of fraudulent claims***

Expenditure of ₹ 94.28 lakh incurred by the Executive Engineer (Agriculture), BTC for tractorisation of land belonging to riot affected farmers on claims preferred by the owners of tractors proved fraudulent.

Tea Tribes Welfare Department

- ***Avoidable extra expenditure***

Procurement of Sewing Machines at higher rate as compared to the procurement rates of machines by other department/Board resulted in extra avoidable expenditure of ₹ 62.70lakh

- ***Extra expenditure***

Procurement of power tillers by the Director, Welfare of Tea Garden Tribes at higher rate resulted in extra expenditure of ₹ 60.27 lakh.

ECONOMIC SECTOR

PERFORMANCE AUDIT

Pradhan Mantri Gram Sadak Yojana

To enhance socio-economic development as well as to ensure increased agricultural incomes and productive employment opportunities, GoI launched (25 December 2000) the 'Pradhan Mantri Gram Sadak Yojana' (PMGSY), a programme aiming to provide all-weather road access to eligible unconnected habitations. The National Rural Road Development Agency (NRRDA), Ministry of Rural Development, GoI, has been entrusted with the task of organizing the programme through State Level Agencies viz., State Rural Road Development Agencies. The PMGSY programme was a 100 per cent Centrally Sponsored Scheme upto the FY 2014-15. The performance audit of PMGSY, covering the period of 2010-16 was carried out in 13 Project Implementation Units (PIUs) under eight selected districts. The audit revealed a number of irregularities in the implementation of the programme viz., deficiencies in the preparation of Core Network to provide basic access to all the Habitations, District Rural Road Plan, Detailed Project Report, non-achievement of targets, non-utilisation of funds in time, submission of fake Bank Guarantees, delayed completion of works; non-maintenance of roads, and inadequacies in quality control. Some of the significant audit findings are as under:

Planning

The Online Management and Monitoring System (OMMS) and the District Rural Roads Plans (DRRPs) prepared during the initial stage of implementation of the PMGSY based on the Census Report of 2001 had not been revised/updated.

Execution of works outside the Core Network

In violation of the PMGSY Guidelines, the selected Project Implementation Units (PIUs) undertook construction of some roads outside the Core Network and also executed inadmissible works.

Delay in transfer of Central Assistance

Defying the directive of NRRDA, the State Government transferred PMGSY fund (₹658.44 crore/2014-16) to Assam State Road Board (ASRB) with delays ranging from four to 95 days, creating a committed liability of ₹8.87 crore, being the interest payable to ASRB by GoA.

Short/non-release of Central Assistance by the State Government

Against the Central release of ₹ 344.61 crore (2015-16), GoA released only ₹ 263.76 crore to ASRB, resulting in short/non-release by ₹ 80.85 crore.

Non-release of matching share by GoA

During 2015-16, GoA released only ₹ 18.97 crore, against the State share of ₹ 34.46 crore.

Delay in awarding and completion of works

There were delays in awarding the road construction Packages ranging from three to 577 days besides delays in execution of works ranged from 30 to 3,440 days resulting in failure to provide the targeted habitations with all-weather roads in time.

Non-execution of routine maintenance of roads during MCP

Routine maintenance of the PMGSY roads during 2010-16 was not carried out, despite availability of funds (₹23.92 crore).

Other points of interest

Due to lack of proper monitoring and not ensuring the authenticity of Bank Guarantees, fake Bank Guarantees, worth ₹8.94 crore, were furnished by Contractors/Firms.

Findings of Joint Physical Verification

Deficiencies such as disintegration, development of potholes, damage of road surface *etc.*, were noticed during joint physical verification of 25 road and bridge works, in eight selected districts.

COMPLIANCE AUDIT

Procurement Activities in Agriculture Department, Assam

Agriculture forms the backbone of the economy of the State and accounted for 19.74 *per cent* of the State's income in 2013-14. Out of the total geographical area of 78.50 lakh hectare (ha) in the State, the total cropped area is 41.74 lakh ha (53.17 *per cent*), of which the area under food grains is 26.40 lakh ha (63.25 *per cent*). Various schemes, such as the Rashtriya Krishi Vikash Yojana, National Food Security Mission, National Agricultural Extension Programme *etc.*, are being implemented in the state. For implementation of these schemes, the Department of Agriculture procures and supplies agricultural inputs, equipment and machinery to farmers at subsidised rate. Audit revealed that there was no Purchase Manuals containing detailed purchase procedures, guidelines and proper delegation of power in the Directorate, in the absence of which transparency and economy in procurement could not be ensured. The Procurement Plan with the requirements of the field formations was not done in some instances. There was absence of control checks over delivery of materials at the District levels and payments were found released without ensuring the veracity of the claims.

Public Works Department

- ***Unproductive expenditure***

Lack of proper planning prior to commencement of the work, led to expenditure of ₹102.50 lakh remaining unproductive.

GENERAL SECTOR

PERFORMANCE AUDIT

Management of Prisons

The management and administration of prisons falls exclusively under the control of the concerned State Governments which is governed by the Prisons Act, 1894 and Prisoners Act, 1900. The Model Prison Manual (MPM), 2003 issued GoI, contains detailed guidelines for streamlining prison administration and the reform of prisoners. The main purpose of establishing prisons is to confine offenders committing offences under various laws. In Assam, apart from providing custodial care and detention to offenders, the State Government also undertook planned programmes aimed at reforming them, as a part of the process of social reclamation. As of 31 March 2016, there were 31 prisons in Assam headed by the Superintendents of Jail (30 Jails) and a Magistrate (one Jail).

A performance audit of the Management of Prisons in the State was conducted to assess the efficacy of the management and the administration of Prisons in Assam with reference to relevant provisions of the Prisons Acts and Manuals in vogue. The audit revealed a number of significant issues including those related to prisoners' amenities and prisons safety, weak reform process, instances of delay in execution of civil works, financial mismanagement, overcrowding in jails, existence of a large number of vacancies at the functional level of

security staff as well as periodic inspections of prisons not being carried out. Further, the Prison Department did not carry out any survey to identify the thrust areas requiring immediate intervention. Significant findings are as under:

Budget provision and expenditure

Funds aggregating to ₹49.15 crore remained unspent during 2011-16, owing to excess provisioning towards salary against vacant posts and release of funds at the fag-end of the years.

Lack of basic amenities, security staff and escape of prisoners

Prison security faced challenges due to acute shortage of guarding staff, non-availability of weapons/antiquated weaponry, insufficient height of boundary walls, as well as in the absence of watch towers and security equipment. 68 escapes were registered during the years 2012 to 2015.

Overcrowding of prisons

Management of registered capacity utilisation was imbalanced as there was overcrowding of inmates in 18 jails, while the registered capacity of 12 jails remained unutilised throughout the period of 2012-16.

Detention of UTPs for prolonged periods

Despite overcrowding of jails, with 60 *per cent* of the total inmates comprising of Under Trial Prisoners (UTPs), Under Trial Review Committees meant for reviewing the duration of imprisonment of UTPs, did not function in 15 jails during the entire period covered by Audit.

Vocational and educational programmes

Against an average of 8,425 inmates each year during 2011-2015, vocational training was imparted only to 349 inmates (4 *per cent*) and educational training to 1,508 inmates (18 *per cent*) during each of the last five calendar years ending December 2015.

Advisory Boards, Prison Development Board, Board of Work Programme and Vocational Training not constituted

The State Advisory Board, the Prison Development Board and the Board of Work Programme and Vocational Training, required to be constituted with a view to improving the efficiency and functioning of prisons in the State, were yet be constituted.

COMPLIANCE AUDIT

Assam Trade Development Fund

The Assam Trade Development Fund (ATDF) was set up in Assam on 24 July 2008. The Governor of Assam constituted (July 2008) a committee for the administration of ATDF, which was set up exclusively for the development of infrastructure or amenities to facilitate trade, commerce and intercourse from the proceeds of the Assam Entry Tax, collected by the Commissioner of Taxes, Assam from 2001-02 onwards, within the meaning of Section-10 of the Assam Entry Tax Act, 2008. Implementing departments are to submit proposals, for the development of infrastructure or amenities to facilitate trade, commerce and intercourse, to the Finance (Taxation) Department. Rule 11 of the Assam Entry Tax Rules 2008, stipulates that the tax shall be deposited in a separate, distinct and exclusive Head of Account "0042-106-Tax on Entry of Goods into local area" and the deposit shall constitute the ATDF. Further, the total allocation of the budget proposals made in a financial year shall not be less than the amount collected as Entry Tax minus cost of collection during the year. The funds under ATDF do not lapse and are carried over to the succeeding year. The Committee so formed is required to sit every quarter and examine and recommend sanction and release of funds to the implementing Departments.

The Principal Secretary, Finance (Taxation) Department is to accord administrative sanctions to all proposals

recommended by the Committee and funds are to be disbursed by the Secretary, State Administrative Department. The Departments of Power, Public Works (State & Rural Roads), Public Health Engineering and Urban Local Bodies are the implementing agencies for infrastructure projects sanctioned from ATDF.

Audit revealed that financial management of ATDF was deficient as reflected from the drawal and keeping of substantial amount in Revenue Deposits. Neither was any long/short term action plan prepared for implementation of targeted works nor any assessment of financial returns made leading to ad-hoc decisions being made by the Department. Non-regularisation of funds drawn through Abstract Contingent Bills for longer periods was indicative of lack of financial discipline as non-submission of Detailed Countersigned Contingent Bills, was not only violative of the directives of the Finance Department and provisions of the Budget Manual-2012, but was also fraught with the risk of misappropriation of funds. In the absence of any monitoring mechanism at the apex level, monitoring of development schemes was deficient. It was noticed that the ATDF was diverted to a Pension Fund by the Assam State Electricity Board and faulty financial sanction orders were issued by the Finance Taxation Department for the purchase of electricity. Instances were also noticed when the ATDF were diverted on activities not covered for expenditure under ATDF.

General Administration Department

- ***Excess payment***

Failure of the Deputy Commissioners to deduct 10 *per cent* contractor's profit at the time of payment for works executed through Construction Committees/ Non-Government Organisations resulted in excess payment of ₹ 1.08 crore.

- ***Fictitious payment***

Alleged transportation of soil through fake carriers, led to fictitious payment of ₹ 16.28 lakh by the Deputy Commissioner, Hailakandi.

- ***Probable bogus payment of MPLADS fund***

Absence of basic records of demand, supply, delivery, distribution and installation of 3,215 Hand Tube Wells, coupled with the payment of ₹ one crore without ensuring the genuineness of the utilization certificate, pointed towards the possibility of misappropriation of the entire amount.

- ***Shortage of cash***

Lack of effective control and monitoring by the Deputy Commissioner, Morigaon, led to shortage of cash amounting to ₹ 24.41 lakh.



**AUDIT REPORT ON
REVENUE SECTOR
FOR THE YEAR ENDED 31 MARCH 2016
(Report No. 3 of 2017)**

**AUDIT REPORT ON REVENUE SECTOR
FOR THE YEAR ENDED 31 MARCH 2016
(Report No. 3 of 2017)**

This Report contains 38 draft paragraphs relating to non/short levy of taxes/duties/royalty, interest and penalty *etc.*, loss of revenue, irregular exemption, unfruitful expenditure and other irregularities.

It also contains a Performance Audit on 'Working of Transport Department', an Information Technology Audit of the Registration System '*e-Panjeeyan*' and two Compliance Audits on - (i) 'Impact of Tax Exemptions to Industrial Units of Assam' and (ii) 'State Compensatory Afforestation Fund Management and Planning Authority'.

The departments accepted cases involving revenue of ₹ 11.81 crore and recovered ₹ one lakh.

Some of the major findings are mentioned below:

Highlights

- Tax exemptions of 200 *per cent* were allowed to Mega Projects, despite the decision taken by the Task Force of the Empowered Committee of Finance Ministers constituted by GoI that incentives should generally be in the range of 25-50 *per cent* and that, only in the rarest of rare cases, should 100 *per cent* should be granted.
- There was loss of revenue of ₹ 34.80 crore on account of irregular grant of entry tax exemption not provided for under Industrial Policy, 2008.

- Acceptance of purchase price of coal at rates lower than that applicable at the source of coal in Meghalaya led to short levy of tax by ₹14.67 crore on which interest of ₹8.57 crore was additionally leviable.
- Revenue of ₹1.02 crore being State Excise duty was not realised against damaged stock allowed for destruction.
- Due to the absence of a mechanism to review the combined register at periodical intervals, the concerned district transport offices could not detect non-payment of tax of ₹2.94 crore by the vehicle owners.
- Discrepancy on remittance of fund of ₹90.57 crore received from user agencies under State CAMPA had not been reconciled.
- The full features of computerisation of the Registration application 'e-Panjeeyan' are yet to be implemented, even five years after the system was rolled out in September 2011.

Trend of Revenue Receipts

The total receipts of the State for the year 2015-16 were ₹42,457.68 crore against ₹38,181.49 crore in the previous year. Of this, 30 *per cent* was raised by the State Government through tax revenue (₹10,106.49 crore) and non-tax revenue (₹2,741.56 crore). The balance 70 *per cent* was received from the Government of India in the form of State's share of net proceeds of divisible Union taxes (₹16,784.88 crore) and grants-in-aid (₹12,824.75 crore).

PERFORMANCE AUDIT

Working of Transport Department

The functioning of the Transport Department and levy, collection of tax and fee in the State are governed by the Motor Vehicles (MV) Act, 1988, the Central Motor Vehicles (CMV) Rules, 1989, the Assam Motor Vehicles Taxation (AMVT) Act, 1936 and the Assam Motor Vehicle (AMV) Rules, 2003. The main source of revenue of the Department comprises MV tax, fee for registration/grant of driving licences and issue of road permits, apart from fines and penalty for default. Besides, a composite fee *in lieu of* motor vehicles tax is also collected from commercial vehicles bearing national permit/tourist permit of other States willing to ply in the State. The Performance audit of the department revealed the following significant observations.

Failure in raising demands of MV Tax

Due to the absence of a mechanism to review the combined register at periodical intervals, the concerned district transport offices could not detect non-payment of tax of ₹2.94 crore by the vehicle owners.

Non-realisation of fitness fees from the vehicle owners

Fitness fee of ₹1.28 crore could not be recovered due to not verifying the fitness of the vehicles.

Internal Control Mechanism

Inadequate existence of internal control system led to misappropriation and not-depositing of Government revenue.

COMPLIANCE AUDIT

(A) Impact of Tax Exemptions to Industrial Units of Assam

With the introduction of the North East Industrial and Investment Promotion Policy (NEIIPP), 2007, the GoI approved a package of fiscal incentives and other concessions for the North Eastern Region. In synergy with the NEIIPP, the Government of Assam (GoA) rolled out special industrial incentives, comprising of various subsidies and exemptions, through the Industrial Policies, 2008 and 2014, both of which were rolled out for five-year periods, with the primary purposes of creation of income and generation of employment in the State. Compliance audit revealed the following observations.

Meeting of Task Force on Incentives Schemes

Tax exemptions of 200 *per cent* were allowed to Mega Projects, despite the decision taken by the Task Force of the Empowered Committee of Finance Ministers constituted by GoI that incentives should generally be in the range of 25-50 *per cent* and that, only in the rarest of rare cases, should 100 *per cent* should be granted.

Analysis of employment in Mega Projects vis-à-vis Medium/Large industries

Though substantial tax incentives (200 *per cent*) were granted to Mega Projects, the employment generated by them was far below that generated by Small/Medium/Large scale industries receiving lesser tax incentives.

Functional Mega Projects

There was loss of revenue of ₹34.80 crore on account of irregular grant of entry tax exemptions not provided for under the Industrial Policy, 2008 while tax exemptions of ₹110.34 crore were granted irregularly to two Mega Projects.

Irregular tax exemptions to ineligible industries

Despite the judgment of Supreme Court prohibiting the coverage of certain activities under the term 'manufacture', tax exemptions, aggregating ₹78.48 crore, were irregularly granted to 45 ineligible industries.

Absence of mid-term review/'Outcome Budget' of Policies

No mid-course corrections were initiated in regard to tax incentives.

(B) State Compensatory Afforestation Fund Management and Planning Authority (State CAMPA)

The Supreme Court of India directed (October 2002) that a 'Compensatory Afforestation Fund' (CAF) shall be created in which all the monies received from user agencies towards Compensatory Afforestation (CA), Additional/Penal Compensatory Afforestation (ACA/PCA), Net Present Value (NPV) of forest land, Catchment Area Treatment (CAT) Plan funds, etc. shall be deposited. The CAF was to compensate for the loss of tangible as well as intangible benefits from the forest lands which were diverted for non-forest use. The Court observed that the fund would not be part of general

revenues of the Union, of the States or part of the Consolidated Fund of India. Ministry of Environment and Forests (MoEF) issued notification to constitute the Compensatory Afforestation Fund Management and Planning Authority (CAMPA) in April 2004 for the management of the compensatory afforestation fund. MoEF in July 2009 framed State CAMPA guidelines for establishing CAMPAs in the States/ Union Territories and putting in place a funding mechanism for enhancing forest and tree cover and conservation and management of wildlife by utilising funds received towards CA, NPV etc., currently available with *Ad-hoc* CAMPA.

On receipt (July 2009) of guidelines from the GoI, GoA constituted the State CAMPA in August 2009. Compliance audit revealed the following major observations.

Receipt into CAMPA

- Discrepancy on remittance of fund of ₹ 90.57 crore received from user agencies had not been reconciled.

Non-deposit of receipts

- Non-remittance of ₹17.41 crore to *Ad-hoc* CAMPA received from user agencies.

Utilisation of Compensatory Afforestation Funds

- State CAMPA incurred expenditure of ₹53.50 lakh towards purchase of vehicles and repair of Forest Inspection *Bungalow* in violation of CAMPA guidelines.
- There was failure of plantation in 3,256.50 hectares involving expenditure of ₹6.51 crore due to non-release of fund in time for maintenance.

INFORMATION TECHNOLOGY AUDIT

Registration System '*e-Panjeeyan*'

The Project 'Computerisation of Registration of Properties' in the State of Assam, spearheaded by the Revenue & Disaster Management Department, was undertaken in two phases. In Phase I, the GoA undertook a pilot project for Computerisation of Registration, under the 'Horizontal Replication of Successful *e-Governance Initiatives*' programme of the Department of Information Technology (DIT), GoI. The project sought to simplify the processes and work involved in the registration process of any document and provides speedier services to citizens by way of delivery of registered documents/deeds etc. The department initiated a State-wide Rollout (Phase-II) in the year 2010 throughout the State of Assam. IT audit revealed the following points.

Land Records verification

- The full features of computerisation of the Registration application '*e-Panjeeyan*' are yet to be implemented, even five years after the system was rolled out in September 2011.
- Lack of integration with the Land Records Application made the system vulnerable to unauthorised processing, with even government land being sold to individuals.

Post Data Module

The Post Data Module remained non-functional, due to lack of inter-connectivity among the Sub-Registrar Offices and the Data Centre, as a result of which, data backup is not being maintained properly at the Data Centre.

Legacy Data

No concrete steps have been taken to update the Legacy Data.

Registration Fee and Stamp Fee

Flaws in System Design and inappropriate Programme Formulae resulted in manual entries of Registration Fee.

Input Controls and Validation Checks

Absence of Input Controls and Validation Checks led to inadequate assurance regarding the completeness and validity of data.

Security Controls

Inadequate security controls resulted in modification of registration details without authorisation by superior officers.

AUDIT OF TRANSACTIONS

TAXES ON SALES, TRADE ETC.

Short levy of tax

- Acceptance of purchase price of coal at rates lower than that applicable at the source of coal in Meghalaya led to short levy of tax by ₹14.67 crore on which interest of ₹8.57 crore was additionally leviable.
- Two dealers declared a portion of the turnover as exempted sales/applied lower rate of tax resulting in short levy of tax by ₹1.88 crore on which interest of ₹88.41 lakh was additionally leviable.
- Irregular allowance of concessional rate of tax against declaration forms issued by an unregistered dealer resulted in short levy of tax of ₹31.78 lakh on which interest of ₹19.07 lakh was additionally leviable.
- Determination of purchase turnover without considering the freight charges resulted in short determination of turnover and consequent short levy of tax of ₹1.73 crore

Unrealised tax

Concealment of turnover by a dealer and failure of the Assessing Officer (AO) to detect the same resulted in tax of ₹54.73 lakh remaining unrealised on which interest of ₹22.99 lakh was additionally leviable.

Unrealised revenue

Incorrect grant of concession against invalid declaration form led to revenue of ₹ 28.39 lakh including interest remaining unrealised.

Non-realisation of entry tax/Unrealised entry tax

- Assessment of purchase price of coal at lower rates led to short determination of turnover and consequent non-realisation of entry tax of ₹2.29 crore on which interest of ₹1.58 crore was additionally leviable.
- Failure of the AO to bring all taxable goods imported under the tax net resulted in entry tax of ₹61.63 lakh including interest remaining unrealised.
- Failure to register two dealers under the Assam Entry Tax Act, 2001 resulted in entry tax of ₹29.34 lakh (including interest) remaining unrealised.

Short payment of entry tax

Application of incorrect rate of tax resulted in short payment of entry tax of ₹13.91 lakh on which interest of ₹9.39 lakh was additionally leviable.

State Excise

Non-realised revenue

Revenue of ₹1.02 crore was not realised against damaged stock allowed for destruction.

Non-recovery of revenue

Revenue of ₹70.70 lakh involved in stock of India Made Foreign Liquor (IMFL) damaged in fire was not recovered despite orders of the Commissioner of Excise.

Non-realisation of licence fees

Three bonded warehouses, one bottling unit, two retail 'OFF' and three 'ON' bar licencees did not pay the annual licence fees resulting in licence fees of ₹34.17 lakh not being realised.

Short realisation of excise duty

Short realisation of excise duty of ₹31.90 lakh on IMFL/Wine/Beer issued to the retailers by two bonded warehouses.

Evasion of revenue

Stock of IMFL/Beer/Wine was irregularly deducted from the stock register resulting in evasion of revenue of ₹29.56 lakh.

Irregular allowance

Irregular allowance of godown wastage leading to revenue of ₹23.38 lakh not being realised.

Unrealised Revenue

Five consignments of IMFL were not accounted for by two bonded warehouses on which demand was not raised by the Superintendent of Excise resulting in revenue of ₹14.21 lakh remaining unrealised.

Short realisation of licence fees

Non-monitoring of stock of IMFL held by a bonded warehouse and enhancement of bond limit without realizing the balance licence fees resulted in short realisation of licence fees of ₹7.50 lakh.



**AUDIT REPORT ON
PUBLIC SECTOR UNDERTAKINGS
FOR THE YEAR ENDED 31 MARCH 2016
(Report No. 5 of 2016)**

**AUDIT REPORT ON PUBLIC SECTOR
UNDERTAKINGS
FOR THE YEARENDED 31 MARCH 2016
(Report No. 5 of 2016)**

The Report of the Comptroller and Auditor General of India on Public Sector Undertakings (Report No. 5 of 2016) deals with the results of audit of Government Companies and Statutory Corporations for the year ended 31 March 2016, and was prepared for submission to the Governor of the State under Article 151 (2) of the Constitution of India as amended from time to time. The Report contains an overview on the functioning of State Public Sector Undertakings (SPSUs), one performance audit nine compliance audit paragraphs.

Highlights

Audit of Government companies is governed by Section 143 of the Companies Act, 2013. The financial statements of Government companies are audited by Statutory Auditors appointed by CAG. These financial statements are also subject to supplementary audit conducted by officers of the CAG. Audit of Statutory corporations is governed by their respective legislations. As on 31 March 2016, the State of Assam had 49 SPSUs (33 working and 16 non-working), which employed 40,675 employees. The 33 working SPSUs included 30 companies and 3 Statutory corporations. The working SPSUs registered a turnover of ₹5,061.36 crore for 2015-16 (as on 30 September 2016). This turnover was equal to 2.59 *per cent* of State Gross Domestic Product. At the same time, the working

SPSUs incurred an overall loss of ₹663.12 crore for 2015-16 as per their latest finalised accounts as on 30 September 2016.

Investment in SPSUs

As on 31 March 2016, the investment (capital and long term loans) in 49 SPSUs was ₹4,983.15 crore. It increased by 50.43 *per cent* from ₹3,312.69 crore in 2011-12. The thrust of investment in SPSUs was mainly in the Power Sector, which accounted for 73.98 *per cent* of total investment in 2015-16. During 2015-16 the State Government contributed an aggregate amount of ₹962.60 crore towards loans (₹455.35 crore), and grants/subsidies (₹507.25 crore) to 12 SPSUs.

Reconciliation with Finance Accounts

During 2015-16, the unreconciled differences in the figures of the State Government's investments in equity and loans outstanding as per records of SPSUs and that appearing in the Finance Accounts of the State marginally decreased from ₹373.98 crore (2014-15) to ₹373.88 crore (2015-16) and those in loans reduced from ₹1,414.92 crore (2014-15) to ₹1,167.34 crore (2015-16). The unreconciled differences of outstanding investments, however, still remained significant.

Arrears in accounts

As on September 2016, 26 working SPSUs had arrears of 171 accounts with the periods of backlog ranging up to 25 years, which was significant. As no purpose is served by keeping 16 non-working SPSUs in existence, the liquidation process to wind up these SPSUs need to be expedited.

Performance of SPSUs

During the year 2015-16, out of 33 working SPSUs, 16 SPSUs earned aggregate profit of ₹97.98 crore and 17 SPSUs incurred loss of ₹761.10 crore. The major contributors to profit were Assam Gas Company Limited (₹67.32 crore), DNP Limited (₹9.58 crore), Assam Industrial Development Corporation Limited (₹5.53 crore) and Assam Mineral Development Corporation Limited (₹4.14 crore). The heavy losses were incurred by Assam Power Distribution Company Limited (₹577.50 crore) and Assam Electricity Grid Corporation Limited (₹80.55 crore).

Quality of accounts

All the 74 accounts finalised by 24 working SPSUs (including 2 accounts of 2 Statutory corporations) during October 2015 to September 2016, had received qualified certificates. There were 59 instances of non-compliance with Accounting Standards in 22 accounts.

Compliance with the Reports of Committee on Public Undertakings (COPU)

Action Taken Notes (ATN) on 31 recommendations pertaining to 10 Reports of the COPU presented to the State Legislature between April 2008 and December 2011 had not been received (November 2016).

PERFORMANCE AUDIT RELATING TO GOVERNMENT COMPANY

Assam Petro-Chemicals Limited (Company) was incorporated (1971) as a subsidiary of the Assam Industrial Development Corporation Limited (AIDC) with the main objective to manufacture, market and deal in petrochemicals, chemical compounds and chemical products and also to undertake all incidental and consequential activities. The present activities of the Company are, however, confined to production and marketing of Methanol and Formalin only.

The performance audit was conducted to assess the economy, efficiency and effectiveness of the Company in implementation and operation of industrial projects during the period 2011-16 and also to assess the compliance of the Company against environmental issues.

Financial profile

The Reserves and Surplus of the Company reduced from ₹63.73 crore (2011-12) to ₹45.96 crore (2015-16) mainly due to losses of ₹6.47 crore (2014-15) and ₹22.19 crore (2015-16) incurred during the last two years. The broad reason for increase in losses of the Company during 2014-15 and 2015-16 were decrease in prices of Methanol and Formalin in the domestic as well as the international market.

Planning

The Company prepared isolated project specific plans for executing the capital projects. For the production planning, the Company prepared short-term production plans based on

the expected plant availability during the ensuing year. Further, *ad hoc* allocations were made for marketing operations based on the requirements. Thus, a long term vision of Company's operations through a perspective/long term planning mechanism was missing.

Project Management

Delay in approval of the integrated 500 TPD Methanol Project as well as delays on part of the holding Company (AIDC) in delisting of equity shares of the Company, led to non-availability of the major portion of the project funding for execution of the project. Owing to this, the project cost had escalated from ₹1,028 crore to ₹1,990 crore and even after changing of the project components by the Company, the revised cost stood at ₹1,340 crore.

Operational Management

The Company was operating two manufacturing units with a production capacity of 33,000 MT per annum (Methanol plant) and 41,250 MT per annum (Formalin plant). As compared to the production capacity of the plants during the five years from 2011-12 to 2015-16, there was under achievement of 13,298 MT in case of the Methanol plant and 14,468 MT in case of the Formalin plant. The low capacity utilisation was attributable to low pressure of gas, ageing of the Methanol plant, delay in charging of silver catalyst, lack of maintenance and absence of health assessment at pre-determined intervals, which led to unplanned shutdowns.

Monitoring and Internal Control

Several deficiencies were noticed in the internal control of the Company. The Internal Audit Reports of the Company for the years 2011-16 were silent on several vital issues, such as the efficacy of systems and controls, in the manufacturing units, adherence to plans, policies and procedures, operational efficiency of plants *etc.* There was absence of control mechanism to monitor the stock holding of the Company within the reasonable limits.

COMPLIANCE AUDIT OBSERVATIONS

Undue favour

Decision of Assam Power Distribution Company Limited to award the contract based on different rates for similar items in violation of the bid document led to an undue favour of ₹3.18 crore to the contractor.

Violation of AERC Regulation

Supply of electricity at lower voltage level in violation of AERC Regulations led to irrecoverable loss of ₹91.58 lakh to Assam Power Distribution Company Limited.

Avoidable expenditure

Negligence of Assam Plains Tribes Development Corporation Limited in taking timely action for payment of EPF dues resulted in avoidable expenditure of ₹2.85 crore.

Undue favour

Assam State Textbook Production and Publication Corporation Limited extended undue favour of ₹ 61.71 lakh to the supplier by not adjusting the price for change in specification of paper.



**AUDIT REPORT ON
LOCAL BODIES
FOR THE YEAR ENDED 31 MARCH 2016
(Report No. 2 of 2017)**

AUDIT REPORT ON LOCAL BODIES FOR THE YEAR ENDED 31 MARCH 2016 (Report No. 2 of 2017)

This Report contains six chapters. The first and fourth chapters respectively contain an overview of the Functioning, Accountability Mechanism and Financial Reporting issues of Panchayati Raj Institutions (PRIs) and Urban Local Bodies (ULBs). The second and third chapters respectively contain a Compliance Audit on “National Rural Livelihoods Mission” and Compliance audit paragraphs of PRIs. The fifth and sixth chapter respectively contains a Performance Audit of “Management of Own Fund by Municipal Boards including collection of Revenue” and Compliance audit paragraphs of ULBs. A synopsis of the findings is presented in this overview.

Chapter I

An Overview of the Functioning, Accountability Mechanism and Financial Reporting issues of the PRIs in the State

Highlights

- The Administrative set up of panchayats in the State comprises of a three-tier system, Gram Panchayats (GPs) at the village level, Anchalik Panchayats (APs) at the intermediate level (co-terminus with Blocks) and ZillaParishads (ZPs) at the District level. The Constitution

enjoins the State Government to make appropriate legislation regarding devolution of powers and functions to the panchayats to enable them to function as Local Self Government Institutions (LSGIs).

- The Third Assam State Finance Commission (TASFC) recommended a revised staffing pattern, of 30, 20 and 8, for each ZP, AP and GP respectively, from 2008-09. However, the said revised staffing pattern was yet to be implemented by the Panchayat and Rural Development Department (PRDD).
- GoA issued (June 2007), a notification regarding 'Activity Mapping', for 23 out of 29 subjects listed in the XIth Schedule of the Constitution of India, for devolution of 'Funds', 'Functions' and 'Functionaries' (3Fs) to the PRIs. Further, 'Activity Mapping' in respect of the remaining six subjects had not been completed (October 2016).
- The Director of Audit, Local Fund (DALF), Assam, established under the Assam Local Funds (Accounts & Audit) Act, 1930 is the Primary Auditor of all tiers of PRIs in the State. There were arrears in the audit of PRIs, by the DALF, during the period 2011-16, ranging between 21 and 50 *per cent*.
- Comptroller and Auditor General (CAG) of India conducts audit of substantially financed PRIs under Section 14 (1) of CAG's (DPC) Act, 1971 and audit of specific grants to PRIs under Section 15 of the Act *ibid*. The audit of PRIs is also conducted by CAG under section 20 (1) of the Act, as per Technical Guidance and Support (TGS) arrangements.

During April 2015 to March 2016, accounts of 80 PRIs (Four ZPs., 39 APs and 37 GPs) were audited.

- Since 2011-12, 5,382 paragraphs with monetary value of ₹1,535.38 crore were pending for settlement (March 2016) for want of replies from the concerned PRIs.
- In July 2014, the Government designated the State Institute of Rural Development (SIRD) as the Nodal Agency for conducting Social Audit of all Panchayati Raj Schemes and Rural Development Schemes of the Go/GoA under PRDD. SIRD conducted Social Audit of 2201 GPs during November 2014. However, the Social Audit Report is yet to be approved by the Government (October 2016).
- Test-check of records, during 2015-16, revealed that there was short collection of *kist* (installment) money of ₹2.10 crore in 21 PRIs which adversely affected revenue receipts of the PRIs to that extent.
- The State Government had to pay penal interest of ₹12.03 crore to the PRIs for late release of the 13th Finance Commission award funds during the period 2011-12 to 2014-15.

Chapter II

Audit of “Implementation of National Rural Livelihoods Mission (NRLM) in Assam”

Highlights

- Swarnajayanti Gram Swarojgar Yojana (SGSY) launched (April 1999) as an integrated programme for self-employment for rural poor was restructured in June 2011 as the National Rural Livelihoods Mission (NRLM). Some important features were:
 - ❖ Adoption of demand-driven strategy for capacity building of women Self Help Groups (SHGs); and
 - ❖ Promotion of the two critical support structures for the SHGs viz., Village federations and Cluster federations, and their members, in their journey out of poverty.
- Audit analysed the implementation of NRLM and observed that lacunae in implementation of various components of NRLM, due to improper planning process; non-assessment of performance of SHGs, Village Organisations (VOs) and Cluster Level Federations (CLFs); improper identification of beneficiaries; lack of control over budget and management of resources affected the process of providing strong self-managed grass root institutions.

- With a view to providing access to credit at affordable rates of interest to the rural poor and make their investments more viable, NRLM was to provide interest subsidy, comprising the difference between the interest charged by the bank and seven *per cent* per annum on all loans from main stream financial institutions to SHGs, which were regular in loan repayment.
- It was observed that despite having a balance of ₹ 10.01 crore under the component “Interest Subvention” (as of March 2016), Assam State Rural Livelihood Mission Society (ASRLMS) transferred Interest Subsidy of ₹ 15.05 lakh to the bank accounts of 1,774 SHGs, against ₹ 39.36 lakh due to be transferred to the bank accounts of 5,729 SHGs (as of March 2016).
- Lacunae in planning process and irregularities in the implementation of the scheme during the period 2011-12 to 2015-16 was indicative of lack of control over monitoring, evaluation and reporting at different levels of implementation.
- Only three review meetings with the districts and block officers and staff was held by ASRLMS, for review of implementation of NRLM, during 2012-13 and 2013-14. Though ASRLMS had stated that it would convene 22 review meetings during 2014-15 and 2015-16, it could provide minutes of only seven review meetings.

Chapter III

Compliance Audit Paragraphs of PRIs

Highlights

- ₹ 16.63 lakh and ₹ 13.85 lakh received from different lessees, were not deposited in Government Account by the respective Accountants of Golaghat ZP and Sivasagar AP.
- The Junior Engineers under Cachar ZP changed the approved site for two market sheds to private lands, without approval of the competent authority. One of these was re-occupied by the owner after the ZP had incurred an expenditure of ₹ 7.50 lakh and the same now stand abandoned. The construction work of the market shed at other site was abandoned by the JE without citing any reason. This resulted in wasteful expenditure of ₹ 15 lakh.
- The project “Construction of Road cum bundh from Md. Goyal SK house to Simalbari Parghat” under Agomoni AP, remained incomplete since August 2012 due to non-release of balance funds by the PD, DRDA, Dhubri. The major portion of the construction was gradually washed away resulting in unfruitful expenditure of ₹ 2.23 crore.
- Construction of Bharat Nirman Rajiv Gandhi Sewa Kendras remained incomplete in seven APs due to inaction on the part of the CEO, North Lakhimpur ZP and the respective APs in monitoring the schemes and submission of Utilisation Certificate (UCs) in time, resulting in idle expenditure of ₹ 1.32 crore.

Chapter IV

An Overview of the Functioning, Accountability Mechanism and Financial Reporting issues of the ULBs in the State

Highlights

- Out of 18 subjects listed in the XIIth Schedule of the Constitution of India, only eight subjects were transferred and implemented by the ULBs as on March 2016. In respect of Gauhati Municipal Corporation (GMC), activities under four functions only were transferred to GMC as of March 2016.
- DALF is the Primary Auditor to conduct the audit of ULBs of Assam. There were regular shortfalls in coverage of audit by DALF during the period from 2011-12 to 2015-16, which ranged between 28 and 56 *per cent*.
- During April 2015 to March 2016, accounts of 11 ULBs and four Town Committees (TCs) only were audited under Section 20(1) of the CAG's Duties, Powers and Conditions of Service Act 1971.
- Since 2011-12, 1755 paragraphs with monetary value of ₹ 557.47 crore were pending for settlement (March 2016) for want of replies from the concerned ULBs.
- The ASFCs recommended for devolution of ₹ 849.44 crore during 2011-12 to 2015-16, out of which the GoA had released only ₹ 477.09 crore to ULBs, which affected implementation of various welfare activities.

Chapter V

Performance Audit of "Management of Own Funds by Municipal Boards including collection of Revenue by Municipal Boards"

The Performance Audit of Management of own funds by Municipal Boards (MBs) including collection of revenue by Municipal Boards revealed that:

- MBs failed to maintain comprehensive lists of holdings in their municipal areas. As a result, a significant part of the potential revenue sources of the MBs remained untapped.
- GoA issued guidelines for assessment of property tax adopting the Unit Area Method (UAM). However, 26 out of 34 MBs in the State failed to adopt the UAM for revision of assessment of Property tax *vis-a-vis* enhancement in collections of holding tax.
- There was shortfall in collection of revenues totaling ₹ 170.24 crore (68.81 *per cent* of the total demand), in respect of 10 test checked MBs.
- Penalties on arrear collections was not imposed by the 10 test-checked MBs leading to loss of ₹ 1.30 crore.
- The 10 test-checked MBs failed to identify the sources of revenue as they did not maintain lists of Municipal Properties, as required under section 62 of AM Act, 1956.
- Six out of the 10 selected MBs were imposing and collecting property tax based on the value of assets fixed seven to 41 years before.

Chapter VI

Compliance audit paragraphs of ULBs

Highlights

- Out of ₹1.23 crore allotted for the service work of the project “Construction of Business Centre at Dokmoka Town Committee”, ₹87.25 lakh was drawn as advance by the Chairman, Dokmoka Town Committee but no work was executed. Further, there was also no evidence of execution of any work by the two contractors who had been paid advance of ₹34.03 lakh for execution of internal electrification and sanitary works.
- Submission of fake/forged Bank Pay-in-Slip by Non-Government Organisations (NGOs) and irregular payment of commission, without verifying records of actual deposit, resulted in loss of ₹29.20 lakh to the GMC. Further, there was an unauthorised payment of ₹5.83 lakh, as commission, to the NGOs.
- The GMC made payment to the NGOs irrespective of the actual collection and deposit of user charges. Though, ₹6.62 crore was paid to the NGOs for collection of Municipal Solid Waste (MSW) from the households, only ₹1.21 crore as user charges was collected by the NGOs against due collection of ₹8.07 crore, which led to loss of revenue to the GMC to the tune of ₹6.86 crore. Similar loss of revenue was also found in case of collection of MSW from commercial holdings as well.

- Lack of timely action on part of the GMC in settling the disputes with construction firms, not challenging the Arbitration award and delayed implementation of the Arbitration award, led to loss of ₹4.86 crore, besides diversion of ₹7.80 crore from 4th Assam State Finance Commission (ASFC) fund.
- The Chairman, Dokmoka TC, paid the full amount of ₹3.06 crore, in advance, to the contractor, prior to completion of the project. The project remained incomplete as the contractor abandoned the work after getting the full amount. Besides, penalty of ₹30.56 lakh was also not levied on the contractor for not completing the work.

**© COMPTROLLER AND
AUDITOR GENERAL OF INDIA
2017
www.saiindia.gov.in**

<http://agasm.cag.gov.in>