

# **CHAPTER-III**

## **GENERAL SECTOR**



## CHAPTER III : GENERAL SECTOR

### 3.1 Introduction

This Chapter of the Audit Report for the year ended 31 March 2016 deals with the findings on audit of the State Government units under General Sector.

The names of the major State Government departments and the net budget provision and expenditure of the State Government under General Sector during the year 2015-16 are given in the table below:

**Table 3.1.1 - Net budget provision and expenditure of major departments**  
(₹ in crore)

Sl. No.	Name of Department	Budget provision (Original and Supplementary)	Expenditure
1.	Finance	983.59	1,114.63
2.	Home/Police/Jail	676.95	633.54
3.	Election	28.18	21.76
4.	Transport	36.47	28.81
5.	Printing & Stationery	25.24	21.21
6.	Law	39.38	27.96
7.	Assembly Secretariat	73.40	57.82
8.	Chief Minister's Secretariat, Secretariat Administrative Department, Personnel, including Passport	121.10	108.78
	<b>Total</b>	<b>1984.31</b>	<b>2,014.51</b>

Source: Budget Estimates and Appropriation Accounts

#### 3.1.1 Planning and conduct of Audit

Audit process starts with the assessment of risks faced by various departments of Government based on expenditure incurred, criticality/complexity of activities, level of delegated financial powers, assessment of overall internal controls and concerns. The audits were conducted during 2015-16 covering the expenditure of ₹ 159.74 crore incurred by various departments (including expenditure pertaining to previous years audited during the year) of the State Government under General Sector. The chapter contains one Compliance Audit paragraph.

The major observations under General Sector detected in audit during the year 2015-16 are given below:

## COMPLIANCE AUDIT PARAGRAPH

### DISTRICT COUNCIL AFFAIRS DEPARTMENT

#### 3.2 Avoidable Interest Payment

**Failure of the District Council Affairs Department in ensuring timely release of the Thirteenth Finance Commission grants to the three Autonomous District Councils (ADCs) resulted in avoidable interest payment of ₹ 1.64 crore.**

As per the guidelines issued (September 2010) by the Ministry of Finance, Government of India (GoI) for release and utilisation of local bodies grants recommended by the Thirteenth Finance Commission (FC-XIII), the fund were to be transferred to the Autonomous District Councils (ADCs) and the Urban Local Bodies (ULBs) by the State Government within five days of receipt from GoI in case of States with easy accessible banking infrastructure and ten days in case of State with inaccessible banking infrastructure. Any delay required the State Government to release the instalment with interest, at the bank rate of RBI, for the number of days of delay. This was applicable from the second instalment of 2010-11 onwards.

Scrutiny (February 2016) of records of the District Council Affairs Department (DCAD), for the period from November 2010 to September 2015, revealed that GoI released (31 March 2012) the second installment of ₹ 21.62 crore under the FC-XIII for 2011-12 for the ADCs. The DCAD however, between March and August 2013, released the balance amount of ₹ 21.62 crore to the three ADCs after a delay of 345 days beyond the stipulated period.

Audit scrutiny further showed that though DCAD released the second installment of ₹ 21.62 crore to the three ADCs<sup>1</sup> even before the ADCs had submitted the UCs for the first installment, the Finance Department, GoM incorrectly informed (April 2013) GoI that the amount of ₹ 21.62 crore was withheld since the three ADCs did not submit the UCs. The details of the second installment released and the UCs submitted by the ADCs is shown in the table below:

**Table 3.2.1 Release of grants and submission of the UCs by the ADCs**

District Councils	Detail of release of the 2 <sup>nd</sup> installment			Details of UCs submitted for the 1 <sup>st</sup> installment	
	Date of release		Amount released (₹ in lakh)	Date of submission	Amount (₹ in lakh)
	By GoI	By GoM			
KHADC	31/03/2012	25/03/2013	890.55	31/07/2013	890.55
		28/08/2013	82.24		
GHADC		25/03/2013	864.70	22/01/2014	791.60
JHADC		25/03/2013	324.26	21/05/2013	296.85
<b>Total</b>			<b>2161.75</b>		<b>1979.00</b>

<sup>1</sup> Khasi Hills Autonomous District Council (KHADC); Garo Hills Autonomous District Council (GHADC); and, Jaintia Hills Autonomous District Council (JHADC).

The DCAD thus, neither released the funds to the ADCs within the stipulated time nor did it enforce submission of UCs for the first installment prior to releasing the second installment.

GoI however, advised (April 2013) that the State had held back release of funds to the ADCs for 345 days and hence was to pay ₹ 1.64 crore as interest to the ADCs. It also advised that a copy of the sanction order for ₹ 1.64 crore be sent to the GoI for release of next installment. Accordingly the Finance Department, GoM sanctioned (July 2013) and released ₹ 1.64 crore as payment of interest to the three ADCs.

Thus, failure on the part of the DCAD to ensure timely release of the FC-XIII grants to the three ADCs, resulted in avoidable interest payment of ₹ 1.64 crore.

On being pointed out (May 2016), the DCAD in its reply (July and August 2016) while confirming the facts referred to the portion of guidelines issued by GoI which states “*Release of any instalment will be subject to a utilization certificate for the previous instalment drawn*”. The reply was however, not tenable as DCAD had released the second installment to the three ADCs even before they had submitted the UCs for the first installment.

