

# **OVERVIEW**



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This report contains six chapters. The first and fourth chapters contain an overview of the Functioning, Accountability Mechanism and Financial Reporting issues of Panchayati Raj Institutions (PRIs) and Urban Local Bodies (ULBs) respectively. The second and third chapters contain a Performance Audit of “Implementation of recommendations of Fourth Assam State Finance Commission and Utilisation of the Grants by Panchayati Raj Institutions” and Compliance audit paragraphs of PRIs respectively. The fifth and sixth chapter contain a Performance Audit of “Utilisation of 13<sup>th</sup> and 14<sup>th</sup> Finance Commissions Grants by Urban Local Bodies “and Compliance audit paragraphs of ULBs respectively. A synopsis of the findings is presented in this overview.

- Till August 2017, activity mapping of 23 out of the 29 subjects listed in XI<sup>th</sup> Schedule of the Constitution of India in respect of PRIs was done by the Government of Assam (GoA). GoA ordered for devolution of only seven out of 23 subjects issued to the Panchayati Raj Institutions (PRIs). In respect of ULBs, only eight out of the 18 subjects listed in XII<sup>th</sup> Schedule were implemented by the ULBs in Assam, as their traditional functions. Thus, the objective of empowering the PRIs and ULBs to function as effective institution of Local Self-Government (LSG) remained unachieved.
- 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 and ULBs in the State. There were arrears in the audit of Local Bodies, by the DALF, during the period 2012-17, ranging between 21 and 56 *per cent*.
- The Comptroller and Auditor General (CAG) of India conducts audit of Local Bodies under Section 14 (1), 15, 20(1) of CAG’s Duties, Powers and Conditions of service (DPC) Act, 1971. Local Bodies are required to comply with the observations contained in the Inspection Reports (IRs) issued by the Accountant General. However, 8269 paragraphs with monetary value of ₹ 2987.24 crore were pending for settlement (March 2017) for want of replies from the concerned Local Bodies.
- The Committee on Local Fund Accounts (CoLFA) constituted by the State Legislature, discusses the Audit Report on LBs, which contain audit findings relating to the PRIs and ULBs. Till December 2017, Audit Report for the year ended March 2014 had been discussed by CoLFA. However, action taken report in this regard is awaited. Internal audit of PRIs and ULBs were never conducted.
- The Departments lacked control over its own revenue resources, as data regarding revenue mobilisation of the PRIs and ULBs were not available. Urban Development Department

(UDD) and Panchayat and Rural Development Department (PRDD) failed to furnish information on the present status of preparation of accounts.

- Funds were released by the Government even though PRIs and ULBs had not submitted budget proposals.
- Although these shortcomings were regularly pointed out to the PRIs and ULBs, as well as to the State Government, there was a marked lack of remedial action in this regard indicating inadequacy of the internal control mechanism.

**Performance Audit of “Implementation of recommendations of Fourth Assam State Finance Commission (4<sup>th</sup> AFSC) and utilisation of the Grants by Panchayati Raj Institutions”.**

- Government of Assam (GoA) failed to comply with the recommendations and suggestions of the 4<sup>th</sup> AFSC for transfer of all the activities as listed in Schedule XI of the Constitution of India. This frustrated the objective of empowering the PRIs to function as effective institutions of Local Self-Government (LSG).
- Due to short release of ₹ 2389.80 crore, PRIs could not take up the visible schemes like construction of roads, income generating assets, tourist lodges, markets and parks as well as complete construction of office and residential buildings for PRIs.
- Utilisation Certificates (UCs) for ₹ 533.24 crore were pending from 2011-17 in 20 Zilla Parishads (ZPs) which indicated lack of financial discipline by the ZPs besides lack of monitoring by Panchayat and Rural Development Department (PRDD). Non-submission of UCs deprived the ZPs of subsequent release of funds.
- Construction of eight multi-purpose halls by five ZPs remained incomplete though ₹ 6.10 crore was incurred. This deprived the rural population of their intended benefit besides loss of revenue to the respective ZPs.
- ₹ 10.00 crore incurred towards construction of 348 staff quarters remained idle as these buildings remained unoccupied for more than three years in five ZPs.
- ₹ 1.25 crore was released in March 2012 for construction of ZP Building and multi-purpose hall at Amingaon under Kamrup ZP. The work, however, could not commence till May 2017 resulting in blockade of funds to the tune of ₹ 1.25 crore.

**Performance Audit of “Utilisation of 13<sup>th</sup> and 14<sup>th</sup> Finance Commission Grants by Urban Local Bodies”.**

- Government of India (GoI) released Finance Commission (FC) grants of ₹ 217.18 crore to GoA during 2010-11 to 2016-17. GoA transferred only ₹203.41 crore out of ₹217.18 crore

to Urban Local Bodies (ULBs). As such there was a short release of ₹ 13.77 crore. Further, 23 ULBs covered under this audit, failed to effectively utilise ₹ 25.07 crore released to them, mainly due to non-completion/non-commencement of works.

- Government of India (GoI) did not release General Performance Grants (GPGs) to GoA for the period 2012-15 due to non-fulfilment of eligibility conditions by the ULBs. As a result, GoA suffered a loss of ₹ 77.50 crore.
- GoA did not get ₹ 21.17 crore as General Basic Grants (GBG) due to non-submission of UCs. This deprived the urban population of civic amenities.
- The Director, Municipal Administration (DMA) instead of releasing the FC grants to the ULBs, released ₹ 13.27 crore to the Public Works Department, Assam for construction of Urban Management Institute at Guwahati, which also remained incomplete till March 2017.
- Nine out of 23 ULBs covered under this audit, did not have any dumping grounds. The collected solid wastes were dumped in nearby low lying areas posing threat to health and causing adverse impact on environment due to pollution.
- Nine ULBs in violation of FC guidelines incurred expenditure of ₹ 6.89 crore for payment of salary, retirement benefit, electricity bill and honorarium for chairperson and members *etc.*, out of 13<sup>th</sup> and 14<sup>th</sup> FC grants.
- Objective of creation of database and preparation of accounts remained unachieved even after incurring an expenditure of ₹ 1.61 crore in 22 test-checked ULBs. Further, due to non-preparation of the accounts, GoA was deprived of GPG for the years 2012-15.

### **Compliance Audit Paragraphs on PRIs**

- Development Blocks/Anchalik Panchayats (APs) were to close their Bank accounts in respect of National Social Assistance Programme (NSAP) as ZPs were disbursing pension online (RTGS) directly to beneficiaries' account since financial year 2014-15. However, Nagaon ZP, Kamrup ZP and Karbi Anglong District Rural Development Authority (DRDA) retained ₹ 2.73 crore till May 2017 without disbursing pension to beneficiaries. Unauthorised retention of NSAP fund deprived the pensioners of their pension in time.
- The age of the primary bread-winner, at the time of death, is required to be verified in all cases before selecting the beneficiaries. DRDA, Karbi Anglong, Cachar ZP, Kamrup ZP and Nagaon ZP, disbursed family benefit of ₹ 9.92 crore under NFBS to 5729 beneficiaries without proper verification of age of the deceased bread-winner.
- Project Director (PD) DRDA, Karbi Anglong sanctioned National Family Benefit Scheme (NFBS) assistance of ₹ 5.10 lakh without verifying relevant documents forwarded by Block Development Officer (BDO). Scrutiny of records of 51 deceased persons showed

that death certificates of 20 deceased persons, issued by the same issuing authority were bearing same certificate number (0014385). It was also noticed that in one case, the issuing authority issued death certificate before the occurrence of death of the bread-winner.

- Only three out of five market sheds were constructed by the construction committee though full amount of ₹ 25 lakh was withdrawn for construction of market shed in Chariduar weekly bazar under Sonitpur ZP leading to suspected misappropriation of ₹ 16.25 lakh.
- The BDO of Sipajhar AP made payment of ₹ 28.11 lakh and ₹ 8.07 lakh on fictitious procurement and installation of 412 and 374 hand tube wells respectively.
- Nagaon ZP incurred a loss of revenue amounting to ₹ 1.01 crore due to settlement of markets/hats/beels<sup>1</sup> at lower bid value ignoring the highest bidder.
- Sonitpur ZP incurred loss of Government revenue of ₹ 43.85 lakh by not registering lease deeds of markets, fisheries *etc.*, resulting in undue financial benefit to lessees to that extent.
- Avoidable extra expenditure of ₹ 22.55 lakh was incurred by the Kamrup ZP due to non-deduction of 10 *per cent* contractor's profit in the estimate for the works executed departmentally.

#### **Compliance Audit Paragraphs on ULBs**

- The cashier of the Guwahati Municipal Corporation (GMC) misappropriated ₹ 1.84 crore by not depositing the amount collected in cash from different branches of GMC in the bank accounts of Guwahati Municipal Corporation.
- GMC suffered loss of revenue of ₹ 16.08 lakh due to lack of monitoring of deposit of lease value by lessee of the Beltola Bi-weekly market besides suspected misappropriation of ₹ 6.49 lakh.
- Gossaigaon Town Committee irregularly granted mobilisation advance to the contractor beyond the prescribed limit and incurred loss of interest of ₹ 21.64 lakh also as no interest was levied on the advance released to the contractor.
- The Chairman, Dhekiajuli Municipal Board incurred avoidable expenditure of ₹ 11.45 lakh by not deducting 10 *per cent* contractor's profit from the works executed departmentally.

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<sup>1</sup> *Beel means a large water body.*