

Executive Summary

Consequent upon restructuring of State Audit Offices on Sectoral basis by redistribution of departments, Audit Report (Civil) has been renamed as “Audit Report on Social, General and Economic (Non-PSUs) Sectors” and also rearranged showing sector-wise chapters in the order of importance/significance viz; Chapter I: Social Sector, Chapter II: Economic Sector, Chapter III: General Sector. Position of general issues consisting of (a) Follow up on Audit Reports, (b) Action taken on recommendations of the PAC and (c) Response to audit observations and compliance thereof by senior officials is reflected in Chapter III: General Sector.

This Report contains 42 paragraphs (Social Sector: 23, Economic Sector: 13 and General Sector: six including three general paragraphs) and three performance reviews (Economic Sector: two including one CCO based audit and General Sector: one concerning IT audit). The draft audit paragraphs and draft performance reviews were sent to the Commissioner/Secretary of the Departments concerned with a request to furnish replies within six weeks. However, in respect of 11 paragraphs included in the Report, no replies were received. The audit findings relating to the draft performance reviews were discussed with the Commissioners/Secretaries to the State Government and the views of the Government were incorporated wherever appropriate. A synopsis of the important findings contained in the Report is presented below.

SOCIAL SECTOR

AUDIT OF TRANSACTIONS

1. *Cases of fraud/misappropriation/losses*

Civil advance of ₹2.21 crore disbursed during 2005-10 by Divisional Forest Officer (DFO), Karbi Anglong West Division, Diphu to ranges and beats under it remained unvouched and untraceable leading to suspected misappropriation of ₹2.21 crore.

(Paragraph 1.2.1)

GMDA incurred a loss of revenue of ₹3.80 crore on account of short receipt of lease rent (₹50 lakh) and less allotment of capital share (₹3.30 crore) by the joint venture company, in addition to unquantifiable loss of dividend, otherwise due.

(Paragraph 1.2.2)

Joint Director of Health Services (Jt. DHS), Diphu had shown purchase and issue of medicines (tablets) for malaria treatment worth ₹22.68 lakh to District Malaria Officer (DMO), Diphu, the receipt of which was not reflected in DMO’s records pointing to fictitious purchase and suspected misappropriation.

(Paragraph 1.2.3)

Joint Director of Health Services (DHS), Diphu failed to observe and follow the statutory provision of financial Rules in maintaining cash book leading to lack of internal control in financial management and suspected misappropriation of ₹18.45 lakh.

(Paragraph 1.2.4)

Chief Executive Officer (CEO), Zilla Parishad (ZP), Nalbari withdrew funds through self cheques in violation of the relevant executive instruction and failed to produce records of utilization and whereabouts of ₹62.35 lakh pointing to misappropriation of Government money.

(Paragraph 1.2.5)

Principal Secretary, Bodoland Territorial Council (BTC) spent ₹84.60 lakh on installation of Hand Tube Well (HTW), other construction/renovations (₹30 lakh) and purchase of tarpaulin (₹54.60 lakh) for relief camps, of which detailed records were not available even after seven years of execution, rendering the utilization doubtful.

(Paragraph 1.2.6)

2. Excess payment/Wasteful/Infructuous expenditure

Procurement of medicines at higher rates than the approved rates, resulted in extra expenditure of ₹1.15 crore. Besides, quality assurance of the medicines purchased was not ensured.

(Paragraph 1.3.1)

Failure of Additional Chief Medical and Health Officer (ACM&HO), Diphu to utilize medicines worth ₹72.32 lakh, before expiry of their life span resulted in wasteful expenditure to that extent.

(Paragraph 1.3.2)

3. Avoidable/unfruitful expenditure/undue favour to contractors

Acceptance of faulty/inappropriate design and incorrect assessment of hydrological nature of the river Brhmaputra resulted in tilting of well shaft (TR-2) during flood, thereby rendering the expenditure of ₹3.11 crore unfruitful.

(Paragraph 1.4.1)

Expenditure of ₹1.36 crore incurred on establishment of State Ayurvedic Pharmacy (SAP) had not served the intended purpose and remained unfruitful.

(Paragraph 1.4.3)

Failure of Director of Health Services, Assam and GOA in making payment of outstanding dues of ₹16.19 lakh in time, despite having budget provision resulted in avoidable extra expenditure of ₹1.32 crore towards interest payment, in addition to incurring an unpaid liability of ₹61.32 lakh towards further interest.

(Paragraph 1.4.4)

Procurement of rice of same quality from open market instead of from FCI at a rate higher than the prevailing Government controlled rate without observing prescribed financial procedures resulted in avoidable extra expenditure of ₹76.88 lakh; which includes excess payment of ₹1.75 lakh due to inadmissible VAT included in supplier's bill.

(Paragraph 1.4.6)

Injudicious decision of Director, Social Welfare (DSW), Assam to procure excess towels for AWCs in violation of prescribed norms resulted in avoidable extra expenditure of ₹1.11 crore.

(Paragraph 1.4.7)

4. *Idle investment/blocking of funds/delays in commissioning of equipment/diversion/misutilisation of funds etc.*

CEO, GMDA failed to complete the project of "reclamation and restoration of Borsola beel" due to non-execution of the work of removing organic sludge from the water body through bio-remedial process despite elapse of six years of its stipulated date of completion rendering expenditure of ₹5.22 crore unproductive.

(Paragraph 1.5.1)

DHS, Assam failed to utilize the "Magnetic Resonance Imaging (MRI)" system procured and installed at a cost of ₹6.91 crore which resulted in unproductive expenditure to that extent (₹6.91 crore), besides a committed liability of ₹0.73 crore as the intended objective of procurement of the MRI system could not be achieved for a considerable period.

(Paragraph 1.5.2)

Failure to analyse the pattern of consumption and non-assessment of actual requirement of hospital items resulted in accumulation of materials worth ₹183.59 lakh. Besides, there were instances of unauthorized issue of materials and absence of details of utilization led to possible misutilisation of Government money of ₹82.98 lakh.

(Paragraph 1.5.3)

Jt. DHS, Diphu procured equipment worth ₹211.65 lakh without observing basic financial norms of economy in purchase and also without ensuring quality by procurement from reputed manufacturers. Besides, Jt. DHS failed to utilize equipment worth ₹146.76 lakh even after elapse of 31 months rendering the procurement injudicious besides leading to blocking of fund to the extent of ₹146.76 lakh.

(Paragraph 1.5.4)

Joint Director of Health Services (Jt. DHS), Diphu unauthorisedly spent ₹1.99 crore for purposes other than those for which it was sanctioned.

(Paragraph 1.5.5)

Activities of Assam Building and Other Construction Workers' Welfare Board were far from satisfactory even after four years of its constitution despite having huge Cess Fund balance of ₹126.32 crore. Besides, non-investment of cess funds in fixed deposit during 2009-10 resulted in loss of interest for ₹33.24 lakh.

(Paragraph 1.5.6)

5. *Regularity issues and others*

Executive Officers, Barkhetri Anchalik Panchayat and Borigog Banbhag Anchalik Panchayat, Nalbari district incurred unauthorised expenditure of ₹3.08 crore towards allotment of 751 IAY houses, earmarked for SC/ST beneficiaries, to non-SC/ST beneficiaries.

(Paragraph 1.6.1)

CEO, Lakhimpur ZP and BDOs, Karunabari and Bihpuria Development Blocks incurred unauthorised expenditure of ₹64.15 lakh by providing financial assistance to ineligible beneficiaries in violation of the scheme guidelines thereby, depriving the corresponding benefits from reaching the intended beneficiaries.

(Paragraph 1.6.2)

ECONOMIC SECTOR

Performance Audits

1. *Performance Audit of "Roads and Bridges funded from Central Road Fund (CRF)"*

Central Road Fund (CRF) was conceived (27 December 2000) by Government of India (GOI) with a view to achieve a balanced development of the road network in the entire State. The objective of CRF had not been fully achieved as 67 per cent of the projects approved during 2007-12 remained incomplete as of March 2012. Five projects approved prior to April 2007 also remained incomplete. The composite plan

or the annual plan was not prepared after proper survey and investigation. In the absence of systematic selection procedure, 70 per cent of the State road projects were selected without the criteria being fulfilled. No new project was approved during 2009-12 as the Government of Assam (GOA) did not submit any proposal. Absence of systematic work plan and unsatisfactory contract and works management, delayed the completion of the projects abnormally. Completed roads got damaged as funds for maintenance was not provided by GOA. Quality control, supervision and monitoring were perfunctory. Some of the significant audit findings are highlighted below.

(Paragraph 2.2)

2. Chief Controlling Officer Based Audit of Fisheries Department

The prime objective of the Fisheries Department is to increase fish production by adopting scientific measures of fish culture and generating employment opportunities by producing high yielding seeds (fingerlings) of fish for distribution among fish farmers at reasonable rates as well as imparting training to the fishermen community. In the CCO based audit, the State Plan schemes, Central Sector/Centrally Sponsored and Externally Aided Projects implemented by the Director of fisheries during 2006-12 were covered. There were deficiencies in planning and budgeting coupled with inadequate flow of funds and insufficient control over programme implementation.

It was noticed that the production of fish registered a shortfall from 4.82 per cent to 16.86 per cent against even the modest target fixed on the basis of 10 per cent annual increase during 2007-08 to 2008-12. Although the fish seed production exceeded the target, the quality of the seed was substandard due to continuous in-breeding leading to lower productivity. At the beginning of 2006-07, the State had water resources of 3.74 lakh hectare (ha) in the form of river fisheries, beel, water bodies, reservoir fisheries, ponds and tanks etc., of which four per cent was used for 'Culture fisheries' and 96 per cent for 'Capture fisheries'. At the end of 2011-12, water resources for fisheries marginally increased to 3.92 lakh ha of which six per cent was used for 'Culture fisheries' and 94 per cent for 'Capture fisheries'.

(Paragraph 2.3)

AUDIT OF TRANSACTIONS

1. Cases of fraud/misappropriation/losses

Executive Engineer, Guwahati West Division (Irrigation) undertaken dewatering of the canal at headwork site before completion of the work of closing bund and diversion canal which was improbable and pointed towards doubtful utilisation of pumps rendering the expenditure of ₹57.30 lakh towards de-watering, fictitious.

(Paragraph 2.4.1)

Executive Engineer (EE) PWD (Roads), Barpathar Road Division, Silonijan, executed the same items of work in the same chainages simultaneously under two different approved works rendering earlier work in same chainage doubtful and expenditure (₹27.89 lakh) fictitious.

(Paragraph 2.4.2)

Failure to confirm the authenticity of the Bank Guarantee by exercising necessary checks by the Executive Engineer, Dhemaji State Road Division before allowing advance payments to a contractor led to loss of Government money to the tune of ₹30 lakh.

(Paragraph 2.4.3)

2. Excess payment/Wasteful/Infructuous expenditure

Executive Engineer, Guwahati West Division (Irrigation) incurred extra expenditure of ₹1.89 crore in implementation of Flow Irrigation Schemes (FIS) by injudicious inclusion of overhead charges in the estimates.

(Paragraph 2.5.1)

Execution of work prior to assessing the technical feasibility and not taking the protection work into consideration led to wasteful expenditure of ₹1.91 crore.

(Paragraph 2.5.2)

3. Avoidable/unfruitful expenditure/undue favour to contractors

Executive Engineer, Mankachar Division (Irrigation), Hatsingimari extended undue financial benefit of ₹66.85 lakh to the contractor in violation of codal provision and the terms of the tender agreement.

(Paragraph 2.6.1)

Executive Engineer, Guwahati West Division (Irrigation) Guwahati, extended undue financial benefit to the tune of ₹50.26 lakh through short recovery of statutory deductions from the contractors.

(Paragraph 2.6.2)

Deviation in the tender notice and agreement from the approved estimate sanctioned by Government of India led to an unfruitful expenditure of ₹2.10 crore incurred on incomplete and sub-standard bridges.

(Paragraph 2.6.3)

There was an unfruitful expenditure of ₹3.26 crore towards construction of Polytechnic building at Diphu as the building was not put to use by Education Department for the intended purpose even after a lapse of four years of construction.

(Paragraph 2.6.4)

4. Idle investment/blocking of funds/delays in commissioning of equipment/diversion/misutilisation of funds etc.

Failure of the Department to take timely and effective action to complete the bridge work even after a lapse of 66 months from the stipulated date of completion resulted in unproductive expenditure of ₹86.44 lakh.

(Paragraph 2.7.1)

Construction of bridge proper without adequate survey and proper planning for approaches to the bridge, rendered the expenditure of ₹76.59 lakh, unproductive.

(Paragraph 2.7.2)

GENERAL SECTOR

Performance Audits

1. Information Technology Audit on “Computerisation of Land Records in Assam”

Revenue and Disaster Management Department (R&DMD) introduced (2006-07) “Dharitree” software in the Computerisation of Land Records (CLR). Examination in Audit revealed that R&DMD is yet to fully comply with System Requirement Specification (SRS) of the software. As a result of limitations of the software, database and system designing, cross referencing of data in various fields, detecting of errors/blanks in database, generation of different types of certificates, convertibility of land area into metric unit etc., were not possible to be done through the system. Besides, delays in data entry and completion of training programme hampered the completion of the project in accordance with the specified time schedule. The security system installed was not fool-proof. There were deficiencies in financial management leading to blocking up of funds besides idle and excess expenditure. CLR could not be fully operationalised in the entire State even after nine years of taking up the pilot project.

(Paragraph 3.2)

Audit of Transactions

1. Cases of fraud/misappropriation/losses

Failure of DC, Baksa to ensure genuineness of the claim before releasing fund and lack of proper monitoring by the officials of Agriculture Department, resulted in suspected fraudulent expenditure of ₹10 lakh.

(Paragraph 3.3.1)

2. *Excess payment/Wasteful/Infructuous expenditure*

Failure on the part of DC, Darrang to recover ₹84.61 lakh being the cost of substandard summer paddy seeds (MTU-7029) supplied by National Seed Corporation Limited (NSCL) in violation of terms of supply order led to wasteful expenditure of ₹84.61 lakh besides depriving the drought affected farmers from the intended benefits of the programme.

(Paragraph 3.4.1)

Inordinate delay (24 years) in payment of compensation to the land owner by GMC as well as DC led to avoidable extra expenditure of ₹10.80 crore in addition to further excess expenditure of ₹0.75 crore towards payment of annual rent (recurring compensation).

(Paragraph 3.4.2)