

## Executive Summary

This Audit Report has been prepared in three chapters. Chapters I to III deal with Social, Economic and General Sectors.

This Report contains 31 paragraphs including three general paragraphs, 24 Compliance Audit paragraphs, Compliance Audits of 'Procurement of medicine with special emphasis on quality aspect', 'Water Supply Schemes in Guwahati City', 'Procurement Activities in Agriculture Department', 'Assam Trade Development Fund', and three Performance Audits (one each under Social Sector, Economic Sector and General Sector). The draft audit paragraphs and draft performance audit reports 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 audits 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

#### Performance Audit

##### *Performance Audit of “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. 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.

*(Paragraph 1.2)*

## **Compliance Audit**

### ***1. Compliance Audit of "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. It was noticed in audit that absence of adequate funding and an established procurement policy, in conjunction with a weak internal control mechanism, resulted in lack of financial discipline, supply of sub-standard and short supply of medicines. Non observance of storage norms, non-receipt/delayed receipt of laboratory test reports, also defeated the purpose of maintaining the quality of drugs being supplied to health care units.

*(Paragraph 1.3)*

### ***2. Compliance Audit of "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.

*(Paragraph 1.4)*

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.

***(Paragraph 1.5.1)***

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

***(Paragraph 1.5.2)***

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.

***(Paragraph 1.5.3)***

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.

***(Paragraph 1.5.4)***

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.

***(Paragraph 1.5.6)***

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.

***(Paragraph 1.5.8)***

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

***(Paragraph 1.5.9)***

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.

***(Paragraph 1.5.10)***

Wilful decision of the Director, Char Areas Development, to award supply order for the purchase of 8685 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.

***(Paragraph 1.5.13)***

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

*(Paragraph 1.5.14)*

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

*(Paragraph 1.5.17)*

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

*(Paragraph 1.5.18)*

## **ECONOMIC SECTOR**

### **Performance Audit**

#### ***Performance Audit of “Pradhan Mantri Gram Sadak Yojana”***

To enhance socio-economic development as well as to ensure increased agricultural incomes and productive employment opportunities, the Government of India 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, Ministry of Rural Development, Government of India 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 funding pattern was changed to 90:10 from the FY 2015-16. The performance audit of PMGSY, covering the period of 2010-16 was carried out in 13 Project Implementation Units 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 *i.e.*, the network of all the Rural Roads that are necessary 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.

*(Paragraph 2.2)*

## Compliance Audit

### *Compliance Audit of "Procurement Activities in Agriculture Department, Assam"*

Agriculture forms the backbone of the economy of the State of Assam 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 hectares (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* of total cropped area). Various Government schemes, such as the Rashtriya Krishi Vikash Yojana, National Food Security Mission, National Agricultural Extension Programme *etc.*, are being implemented in the state of Assam. For smooth implementation of these schemes, the Department of Agriculture procures and supplies agricultural inputs, equipment and machinery to farmers at subsidised rate. These agricultural inputs, equipment and machinery are purchased in bulk by the Director of Agriculture, Assam for being supplied to the District and Sub Divisional level functionaries. Audit revealed that there were no codified Purchase Manuals containing detailed purchase procedures, guidelines and proper delegation of power in the Directorate, in the absence of which the Directorate could not ensure transparency and economy in procurement. The Procurement Plan should take into account the requirements of the field formations for it to be realistic, which was not being done as was seen in few instances. There was absence of control checks over the quantity and quality of materials delivered at the District levels and payments were found to be released without ensuring the veracity and authenticity of the claims.

*(Paragraph 2.3)*

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

*(Paragraph 2.4.1)*

## GENERAL SECTOR

### Performance Audit

#### *Performance Audit of "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, 2003 issued by Government of India 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 on 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.

*(Paragraph 3.2)*

## **Compliance Audit**

### ***Compliance Audit of "Assam Trade Development Fund"***

The Assam Trade Development Fund was set up in Assam on 24 July 2008. The Governor of Assam constituted (July 2008) a committee for the administration of the Assam Trade Development Fund (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 drawn and disbursed by the Secretary, State Administrative Department (SAD-Accounts). 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 funds.

Audit revealed that financial management of ATDF was deficient as reflected from the drawal and keeping of substantial amount of funds 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 issued by 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 ATD Fund 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 ATD Funds were diverted on activities not covered for expenditure under ATDF.

*(Paragraph 3.3)*

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.

*(Paragraph 3.4.1)*

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

*(Paragraph 3.4.2)*

Absence of basic records of demand, supply, delivery, distribution and installation of 3215 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.

*(Paragraph 3.4.3)*

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

*(Paragraph 3.4.4)*