

OVERVIEW

This Report contains four Chapters. Chapter-I provide a background on the formation of the Autonomous District Council, rules for the management of the District Fund and relevant Constitutional provisions on maintenance of Accounts. Chapter-II gives an overview on the financial position of the Council and budgetary process during the year. Chapter-III deals with audit comments on annual accounts of the Council for the year 2016-17 and Chapter-IV of the Report deals with the audit findings pertaining to transaction audit of the Council.

Internal Control

For efficient management of any organisation, an effective internal control mechanism should be in place to ensure that proper checks and procedures are exercised for effective discharge of its mandate, reliability of its financial reporting and compliance with applicable laws and regulations to avoid/minimise errors, detect and prevent instances of possible misappropriation, irregular payment, *etc.* An evaluation of internal control system in the Council revealed that internal control mechanism was weak as evident from persistent irregularities like discrepancy in cash balances as per annual accounts with that of Treasury records, non- deposit of Council's revenue in the Treasury, non-disclosure of Head of Account-wise and fund-wise opening and closing balances, unfruitful expenditure, failure to collect own revenue, lack of internal coordination among different departments, irregular submission of utilisation certificate (UCs), creation of liability, excess/avoidable expenditure, *etc.*, highlighted in Inspection Reports (IRs) issued separately. Weak internal control is fraught with risks of fraud, misappropriation and financial irregularities, which remain undetected.

A synopsis of the important findings contained in the Report is presented below:

2. Autonomous District Council Fund

➤ Council Normal Budget deviates from both Comptroller and Auditor General of India prescribed Chart of Accounts as well as List of Major and Minor Heads prescribed by Controller General of Accounts.

(Paragraph 2.1.2)

➤ BTC maintains only consolidated opening and closing balances without Head/Grant-wise details. Non-disclosure of Head/Grant-wise balances details makes the Annual Accounts opaque and weakens the basis for control over expenditure.

(Paragraph 2.2.5)

➤ Variation on revenue collection ranging between minus 14 and 44 *per cent* between estimated provisions (Normal) and actuals was noticed during 2016-17 indicating unrealistic preparation of budget.

(Paragraph 2.3)

Recommendations

Council may ensure adoption of C&AGs prescribed Chart of Accounts in its Normal Budget for better depiction/disclosure in its Annual Accounts.

Council may disclose Grant-wise Head-wise breakup of consolidated opening and closing balances in the Annual Accounts to provide assurance that the expenditure incurred was for the purpose it was sanctioned.

3 Audit of Annual Accounts

➤ Form of Accounts followed by BTC for preparing its Annual Accounts was not in conformity with the Form of Accounts prescribed by C&AG for District Councils in 1977.

Paragraph 3.2.1

➤ The Annual Accounts of BTC depicted 'Nil' expenditures towards Capital Outlay while Grant No. 78 of the Appropriation Account showed BTC had incurred expenditure of ₹ 192.99 crore under Capital Outlay.

Paragraph 3.2.3 (b)

➤ Receipts of ₹ 2.80 crore including previous years balance of ₹ 0.05 crore being sale proceeds of 'way side bus tickets' and expenditure of ₹ 2.75 crore under Bodoland Transport Services (BTS) was neither deposited into the PDA nor entered in the Council's Cash Book in violation of the provision of its Fund Rules.

Paragraph 3.3.1.1

➤ BTC compiled its Annual Accounts for the year 2016-17 without reconciling its records with Pr. Accountant General (A&E) and the Treasury.

Paragraph 3.4.2

Recommendations

Council should compile its Annual Accounts following C&AG's prescribed guidelines for greater accountability and for proper disclosure.

Council may devise a system of periodical reconciliation with PAG (A&E) and the Treasury Officer, Kokrajhar.

4. Compliance Audit Observations

➤ BTC rejected highest bidders without any recorded reasons during settlement of Mineral Concession, Market/Hats/Ghat resulting in loss ₹ 11.83 crore of revenue.

Paragraphs 4.1.1 and 4.1.2

➤ BTC irregularly diverted Fifth Assam State Finance Commission grant scheme funds towards payment of staff salaries in violation of the schemes guidelines and submitted UCs to the Finance Department before incurring actual expenditure.

Paragraph 4.2

- Inaction on the part of BTC authorities led to unfruitful expenditure of ₹ one crore on construction of Guest House at Kokrajhar.

Paragraph 4.3

- CHD, Social Welfare Department, BTC prior to placing of supply order did not make, any attempt to ascertain the prevailing market rate of materials. Consequently, materials were purchased at exorbitantly higher rate resulting in excess expenditure of ₹ 3.61 crore on procurement of Anganwadi materials and food stuff under SNP.

Paragraph 4.4 and 4.5

- BTC created a liability of ₹ 41.79 crore in violation to the provision of its Fund Rules while incurring expenditure during the procurement of sewing machines, blankets, and medicated mosquito nets due to non-availability of funds.

Paragraph 4.6

Recommendations

The Council should consider taking appropriate action to fix responsibility for loss of revenue and issue strict instruction for proper selections of bidders as per Financial Rules.

Council may issue clear instructions to prescribe the responsibilities and procedures to be followed by the Purchase Committee, and the Executives to avoid excess expenditures, loss of revenues, irregular expenditure, etc.