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07 FEB 2011

**REPORT OF THE
COMPTROLLER AND AUDITOR
GENERAL OF INDIA**

ON

INTERNAL CONTROLS AND RISK MANAGEMENT

FOR THE YEAR ENDED 31 MARCH 2010

Report No. 5

GOVERNMENT OF ASSAM

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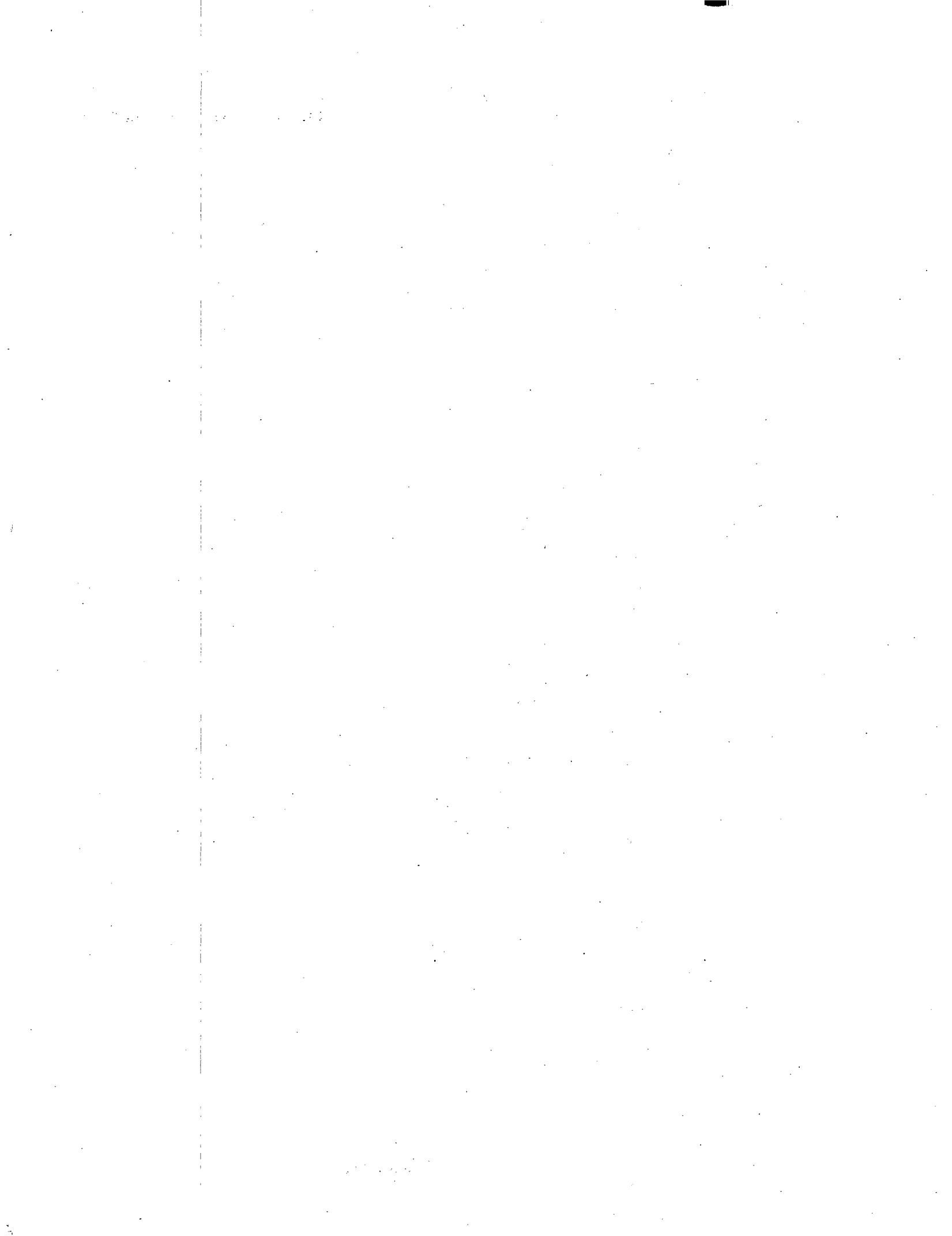
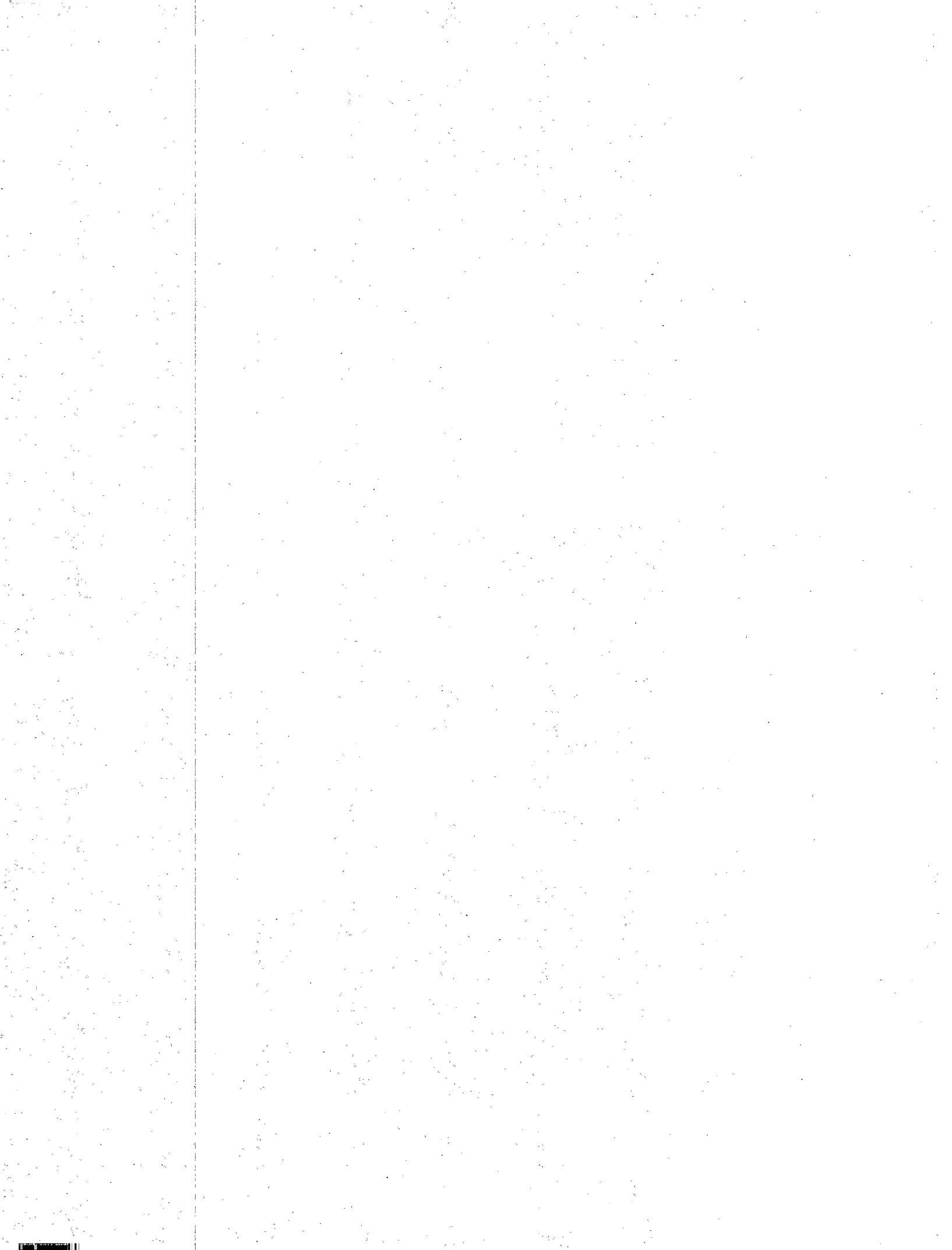


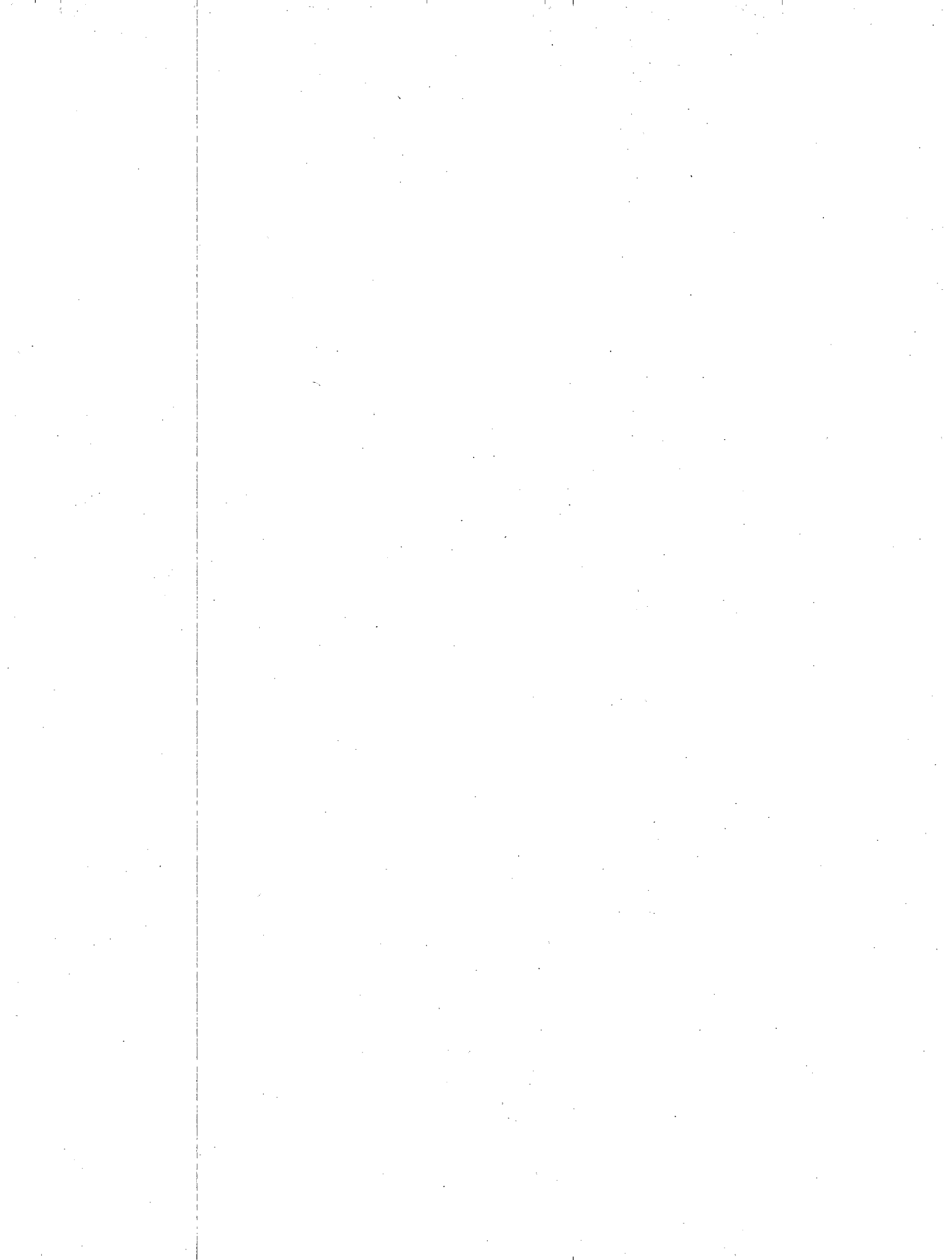
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Preface

1. This Report of the Comptroller and Auditor General of India contains the results of audit of compliance of few departments on 'Internal Controls and Risk Management'. The Report has been prepared for submission to the Governor under Article 151 of the Constitution of India.
2. The cases mentioned in this Report are among those which came to notice in the normal course of test-check of records of a few departments during the year 2009-10 as well as those in earlier years.
3. The audit has been conducted in conformity with the Auditing Standards issued by the Comptroller and Auditor General of India.



EXECUTIVE SUMMARY



Executive Summary

Internal control system encompasses the policies and procedures adopted by the management of an entity to assist in achieving management's objective of ensuring, as far as practicable, orderly and efficient conduct of business, including adherence to management policies, safeguarding of assets, prevention and detection of fraud and error, accuracy and completeness of the accounting records, executing orderly, ethical, economical, efficient and effective operations.

The massive size and scale of Government operations call for effective internal controls over its operations. Internal controls help strengthen public accountability of Government and help balance the competing demands of delivering responsive and quality services to the community whilst recognizing fiduciary responsibilities and maintaining standards of probity, prudence and ethics. Internal Controls are, therefore, closely aligned with good governance. The existence of internal controls and risk management framework and its vibrant and honest operationalization can lead to better service delivery, more efficient use of resources, better project management and promote innovation.

During the course of regular transaction audit through test check of 15¹ departments (out of a total of 49 departments), number of cases were noticed which raises question on the adequacy and effectiveness of the internal control systems existing in these departments. An audit analysis revealed serious inadequacies impacting the financial discipline in the departments. These deficiencies noticed were due to both overt and covert disregard for compliance of the internal control systems as prescribed in the Laws, Rules, Codes and Manuals guiding the operations of the Government departments. Ineffective internal audit coupled with lack of effectual monitoring by the Controlling Officers and Drawing and Disbursing Officers to oversee that the intended objectives of the controls in place were met through diligent discharge of their duties and responsibilities, aggravated the risk of misappropriation.

There were violations of the Government's policies and its Acts, Rules, Statutes and Regulations which resulted in misappropriation, defalcation and waste of Government funds. Absence of proper documentations and evidencing of transactions involving large sums of money, controls relating to handling of cash were rendered ineffective, as the prescribed control measures were being overlooked. Often, accountability was not being fixed. Execution of the works in total disregard of the operational controls viz. an orderly, ethical, economical, efficient and effective manner led to wasteful and excess expenditure including loss of Government funds. Public resources were not being conscientiously safeguarded against loss and misappropriations by the Controlling Officers and Heads of the Offices.

Significant issues highlighting the failure of the departmental functionaries and Heads of Offices/departments to exercise effective controls are summed up as under:

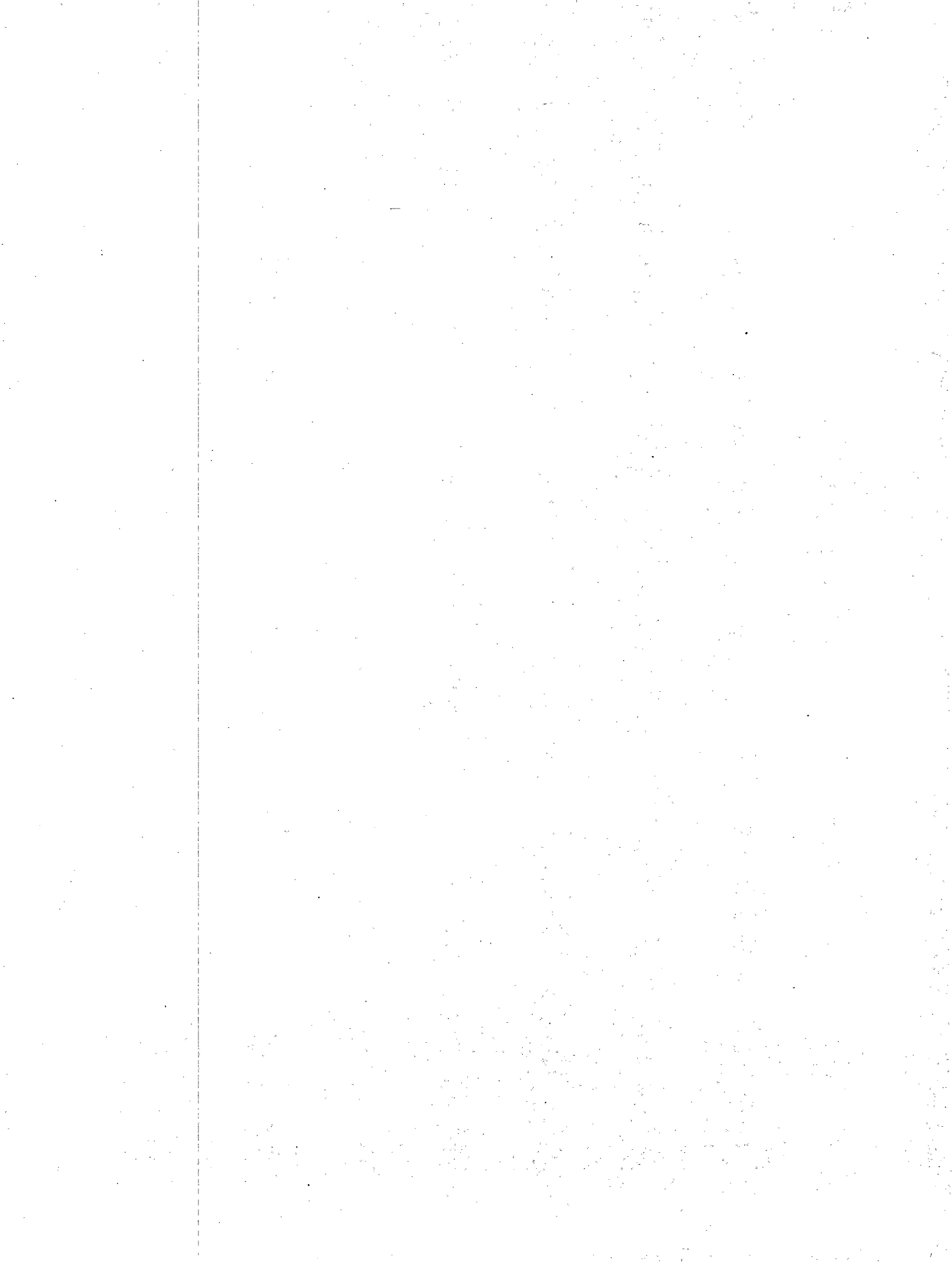
¹ (1) Animal Husbandry and Veterinary Department, (2) Commerce and Industries, (3) Dairy Development, (4) Education, (5) General Administration, (6) Health and Family Welfare, (7) Home, (8) Irrigation, (9) Panchayat and Rural Development, (10) Power, (11) Public Health Engineering, (12) Public Works, (13) Revenue (General), (14) Revenue (Reforms) and Disaster Management, (15) Urban Development

- Despite elaborate and explicit provisions in the General Financial Rules (GFR); Assam Financial Rules (AFR); Assam Treasury Rules (ATR) and Subsidiary Orders for effective cash management, violation of codal provisions resulted in misappropriation / suspected misappropriation / embezzlement / double payment / doubtful payment.
- Failure to physically ensure the actual receipt of materials by the departmental authorities resulting in fraudulent payment against fictitious certificates of receipt of materials.
- Weak system for ensuring statutory deductions from pay bills exercised by the Head of the Office/DDO.
- Weakening of internal controls for checking the nature of claim, amount claimed, correctness of claim, period of claim, expenditure sanction etc, over the proof of payment.
- Non-adherence to controls prescribed to safeguard the resources by ensuring that no departmental receipts are kept out of government accounts and used for meeting its own expenses without authorization, resulting in incorrect reflection of Government revenue and expenditure.
- Issuing supply order without budget provision by Departmental authorities resulting in avoidable expenditure and showing fictitious utilization of material indicating failure of operational controls and raising doubts of business ethics of the executing authority.
- Payment without work to contractor; payment against unauthorized and improper recordings in the measurement book; and payment for a work relating to non-existent part of the asset resulting in fictitious payments.
- Huge pendency in submission of Detailed Countersigned Contingency bills in respect of Abstract Contingency (AC) bills in violation of Contingency Manual is fraught with the risk of misappropriation.
- Huge funds were drawn on last day of the financial year and kept in 'Civil Deposit' to avoid lapse of budget grant. Funds were drawn in advance of requirements and retention for long periods in the form of DCR/Banker's cheques/Bank drafts/Cash.
- Utilisation Certificates amounting to ₹5,769.83 crore in 16,760 cases pending for submission as on 31 March 2010.

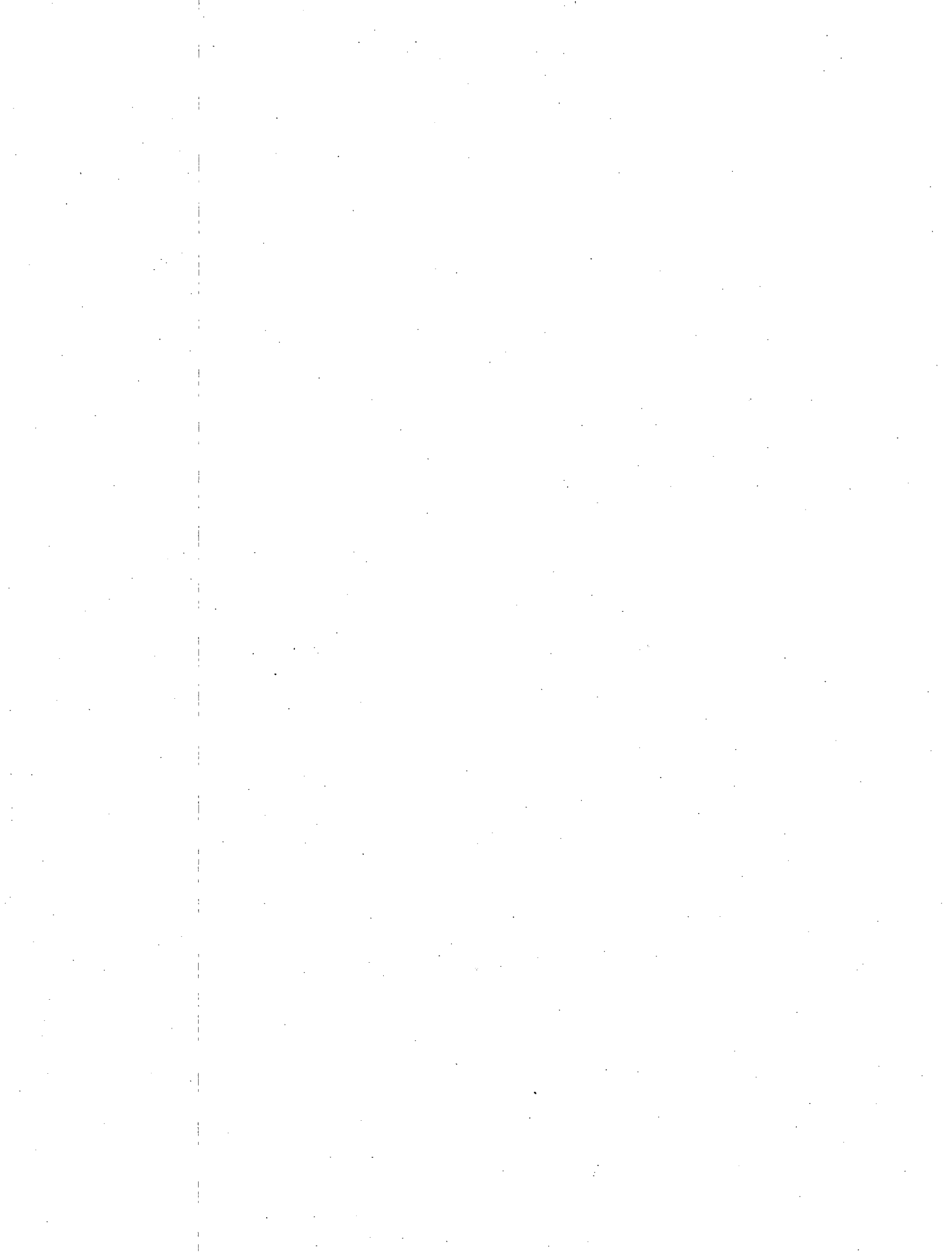
Recommendations

- In view of the weakened internal controls resulting in instances of missing assets/inventory, pilfering, inflated claims, double payments, false claims, payroll fraud in various State Departments; the Government should urgently assess the risk associated with these controls to ensure the efficacy of internal control system.

- The Government needs to review the existing control mechanism prevalent in its departments to remove the flaws in design, errors of judgment or interpretation, misunderstanding, carelessness, fatigue, distraction, collusion, abuse or override.
- Organizational changes and management attitude can have a profound impact on the effectiveness of internal control and the personnel operating the system. Therefore the higher management (Chief Controlling Officers/Heads of Departments) needs to continually review and update controls and communicate the changes to personnel. Monitoring mechanism and operational controls should be strengthened and accountability fixed promptly for failure to exercise controls leading to frauds, loss to exchequer and pilferage etc.
- A close and rigorous oversight mechanism should be put in place to adjust the Abstract Contingent Bills within the prescribed time schedule from the date of drawal of the amount. No AC bills should be allowed to be drawn till settlement of earlier outstanding bills.
- Internal Audit wings should be established in all the Government Departments so as to provide assurance for adequacy of control systems.



CHAPTER - 1



Introduction

1.1 Internal controls are “the whole system of controls, financial or otherwise established by the management in order to carry on the business of the organization in a orderly and efficient manner, ensure adherence to management policies, safeguard assets and secure, as far as possible, the completeness and accuracy of records”. Government Departments are responsible for a range of diverse services for citizens. The probability that Government plans, programmes or projects may fail; services may not be delivered on time or to a satisfactory standard; benefits of a programme/scheme may not reach the targeted beneficiaries; financial loss, fraud or waste occurs, exists in all Government initiatives and endeavors. Therefore, establishing effective internal controls entails assessment/identification of risks and their detection, mitigation and prevention.

Internal Control is an integral process that is effected by an entity’s management and personnel and is designed to provide reasonable assurance that the following general objectives are achieved:

- Accountability obligations and transparency;
- Compliance with applicable laws and regulations;
- Operational controls; and
- Safeguarding resources against loss and failure of control mechanism.

Internal controls consist of five interrelated components, viz.,

- Control environment;
- Risk assessment;
- Control activities;
- Information and communication; and
- Monitoring

The massive size and scale of Government operations call for effective internal controls over its operations. Internal controls help strengthen public accountability of Government and help balance the competing demands of delivering responsive and quality services to the community whilst recognizing fiduciary responsibilities and maintaining standards of probity, prudence and ethics. Internal Controls are, therefore, closely aligned with good governance. The existence of internal controls and risk management framework and its vibrant and honest operationalization can lead to better service delivery, more efficient use of resources, better project management and promote innovation.

1.2 Budgetary and Expenditure Controls

The Budget Manual, the Contingency Manual, Financial Rules and Treasury Rules of the Government of Assam prescribe internal controls for drawal and utilization of funds from the Consolidated Fund of the State. Although these provisions are mandatory on the part of the

Executive, Audit observed that these were being bypassed persistently and with impunity by concerned authorities in the State Departments, as evidenced from the following instances:

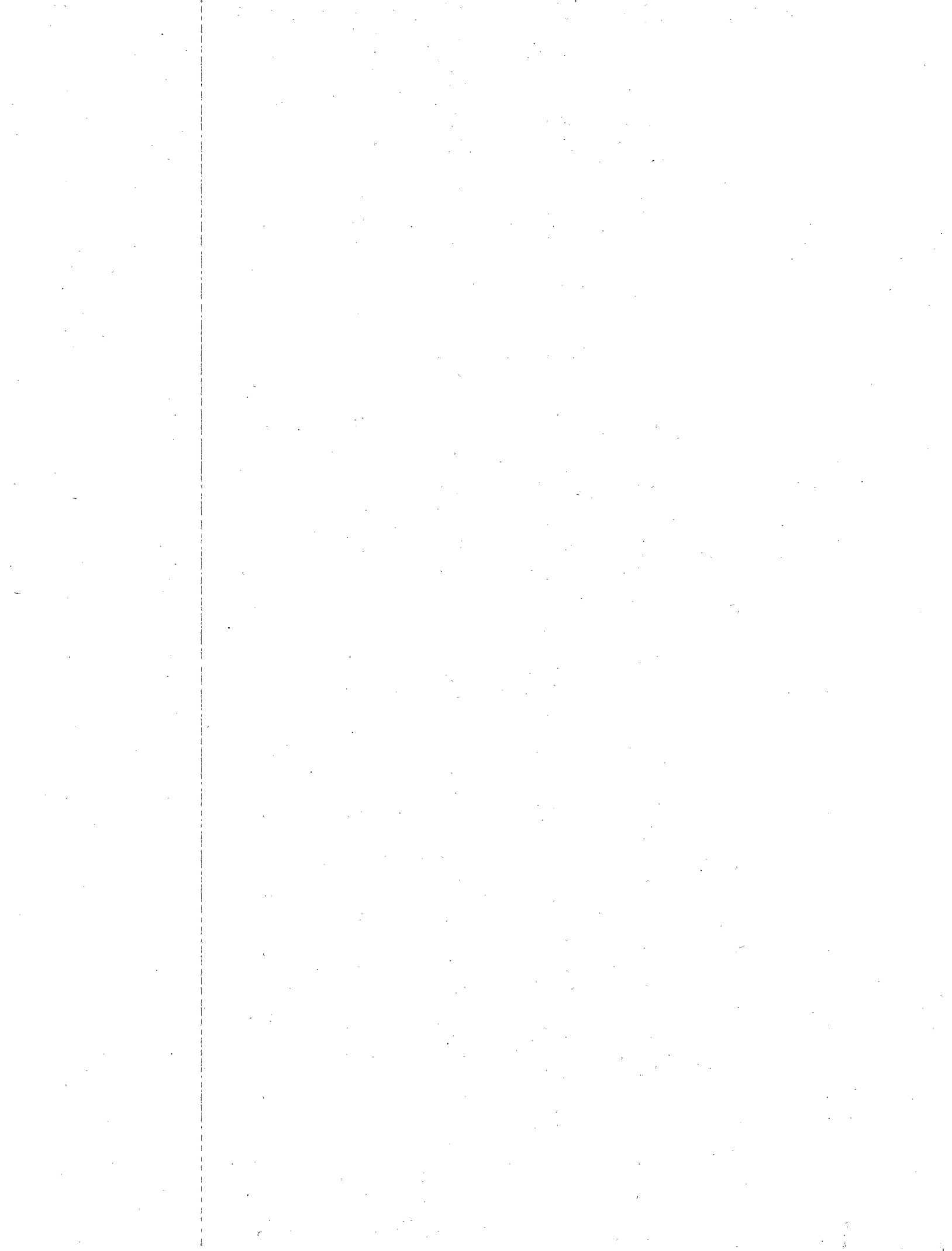
- Against the total amount of Abstract Contingent (AC) bills of ₹1,452.00 crore drawn by DDOs in various Departments up to 31 March 2010, the total amount of Detailed Countersigned Contingent (DCC) bills received during the period up to 31 March 2010 was only ₹ 79.59 crore; thus leading to an outstanding balance of DCC bills of ₹ 1,372.41 crore as on 31 March 2010. Non-adjustment of advances for long periods is fraught with the risk of misappropriation and therefore, requires close monitoring by the respective DDOs.
- Although the Assam Treasury Rules prohibits drawal of money from the treasury unless it is required for immediate disbursement, the State Government had drawn ₹ 127.30 crore at the fag end of the financial year and deposited into the head of account 8443 – Civil Deposit to avoid lapse of budget grant. Besides, there were nine cases in seven offices under four Departments wherein ₹ 27.21 crore was retained for periods ranging from one to seven years in Deposit at Call Receipt (DCR)/Bankers cheque/Bank drafts/Cash (*Appendix-I*). Such financial transgressions lead to blocking of funds and delay in implementation of schemes/programmes for which the funds were intended.
- Contrary to Assam Treasury Rules stipulation to avoid rush of expenditure in the closing month of the financial year, in respect of 28 Major heads listed in *Appendix II*, expenditure exceeding ₹ 10 crore and also more than 50 per cent of the total expenditure for the year was incurred in March 2010. Such lapses are fraught with the risk of weakening of controls over expenditure leading to financial mismanagement and instances of pilferage/misappropriation going undetected.
- As per Article 205 of the Constitution of India, it is mandatory for the State Government to get the excess over a Grant/Appropriation regularized by the State Legislature. However, the excess expenditure amounting to ₹ 2,361.67 crore for the years 2002-03 to 2009-10 was yet to be regularized. In violation of the provisions of the Assam Budget Manual, the excess drawal of ₹ 2,361.67 crore was made during 2002-10 leading to erosion of the authority of the legislature over the finances of the State Government.
- General Financial Rules (GFR) and Assam Financial Rules provide that for the grants provided for specific purposes, Utilisation Certificates (UCs) should be obtained by the departmental officers from the grantees and after verification these should be forwarded to the Accountant General (A&E) within 12 months from the date of their sanction unless specified otherwise. However, 16,760 UCs due in respect of grants aggregating ₹ 5,769.83 crore paid up to 2008-09 were outstanding as of March 2010. In the absence of the UCs it could not be ascertained whether the recipients had utilized the grants for the purposes for which these were given.
- As per the Public Accounts Committee (PAC) stipulations, the administrative departments are required to submit Action Taken Notes (ATNs) on paragraphs and reviews featured in the Audit Reports, within three months of presentation of the Audit Reports to the Legislature. Audit however, noticed that the PAC discussed (March 2010) 965 out of 1,521 paragraphs and reviews pertaining to the years 1983-2009 and ATNs pertaining to none of the paragraphs/reviews were received either from the Departments or through the PAC.

Consequently, none of these paras/reviews were settled by PAC as of March 2010. Therefore, the lacklustre approach of the Executive in responding Audit findings for taking remedial action and resting accountability on the defaulting officers dilutes the exercise of audit.

In view of the persistent nature of above transgressions of stipulated financial and budgetary provisions indicating weakening of the internal control mechanism in various State Departments, Audit has made an attempt to analyse and highlight the systemic control failures through test-check of financial transactions of 15¹ Departments of the State Government.

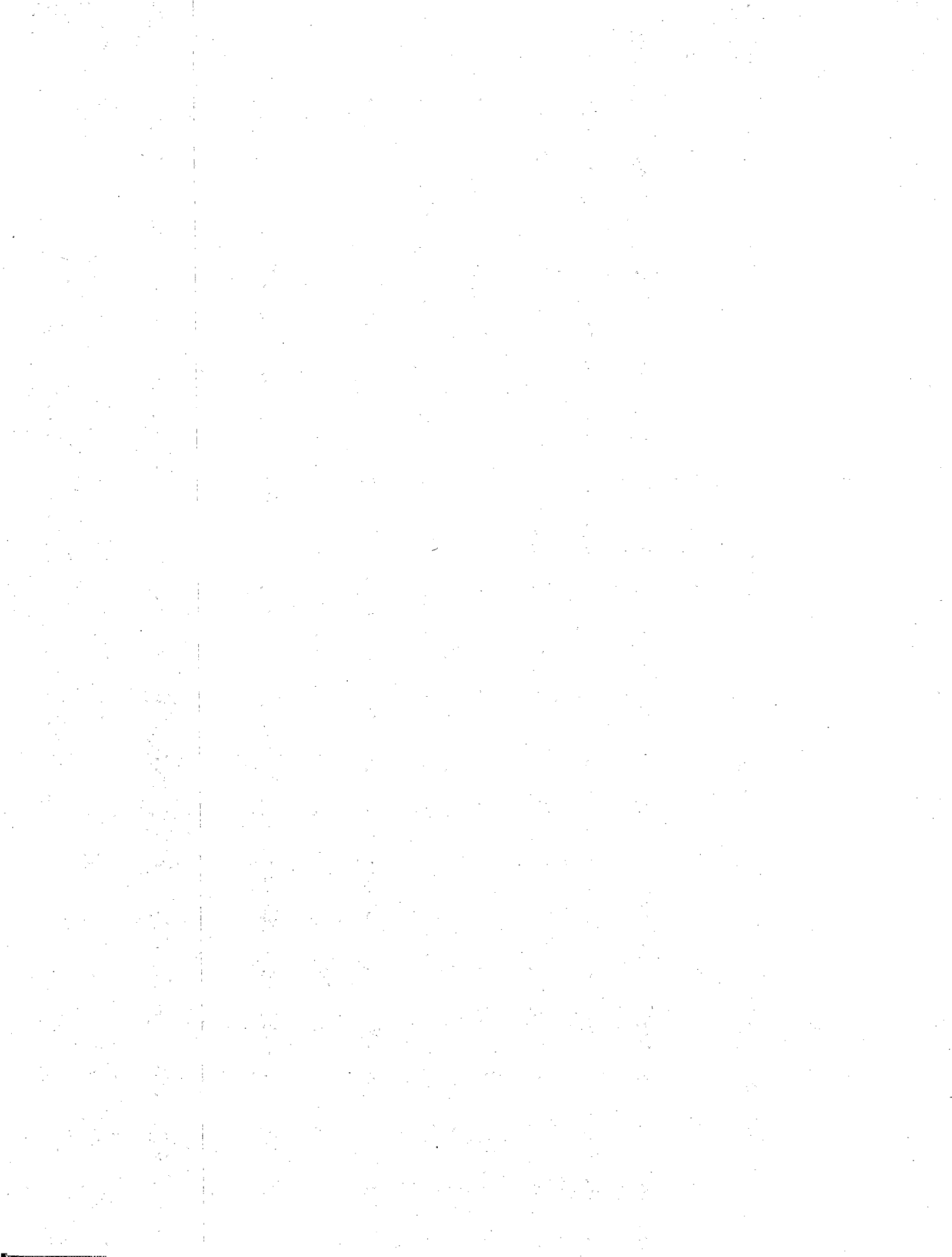
Audit findings relating to these departments of the State Government revealed weak financial discipline, owing not only to the absence of internal controls mechanism, but also due to inability of the management to effectively implement the controls already in place as prescribed in Laws, Rules, Regulations, Codes, Manuals etc. Absence of effective internal audit coupled with lack of supervision and monitoring to oversee that the obligations of internal controls were being discharged effectively by the executing officers aggravated the risk of failure of the systems. As is evidenced by the audit analysis; bypassing the internal control obligations resulted in misappropriation, defalcation, loss of Government funds, fictitious/wasteful expenditure; and extra, avoidable and unproductive expenditure. These are brought out under Chapters 3 to 6 of this Report. Chapter 7 deals with non-existence/non-functioning of internal audit wings in the departments which led to recurring and serious financial irregularities.

¹ (1) Animal Husbandry and Veterinary Department, (2) Commerce and Industries, (3) Dairy Development, (4) Education, (5) General Administration, (6) Health and Family Welfare, (7) Home, (8) Irrigation, (9) Panchayat and Rural Development, (10) Power, (11) Public Health Engineering, (12) Public Works, (13) Revenue (General), (14) Revenue (Reforms) and Disaster Management, (15) Urban Development.



CHAPTER - 2





Audit Framework

2.1 Scope of Coverage

In course of test-checks during compliance audit from April 2008 to 31 March 2010 of 31 offices of 15 out of 49 Departments of the Government of Assam, transgressions of internal controls were noticed in audit. The various transgressions threw patterns, which are grouped in five succeeding chapters. Each chapter captures a particular pattern of transgressions which have been exhibited in the form of case studies depicting instances of misappropriation, defalcation, infructuous/wasteful/fictitious expenditures. This Report, highlighting the transgressions noticed during the course of compliance audit, brings out the extent of adherence to and effectiveness of internal controls in those offices.

2.2 Audit Objectives

The objectives of the audit were to assess and seek reasonable assurance for achieving the following:

- Risk to avoid recurrence of misappropriations, frauds, pilferages etc;
- Assessing the accountability obligations;
- Complying with applicable laws and regulations;
- Executing orderly, economical, effective, efficient and ethical operations;
- Safeguarding resources against loss and failure of control mechanism;
- Monitoring and Supervisory controls; and
- Internal Audit.

2.3 Audit Criteria

Audit findings were benchmarked against the following criteria:

- Laws, Rules, Codes, Manuals of Assam Treasury rules, General financial rules, etc.;
- Government Sanctions, Circulars, Instructions; and
- Controls prescribed in the Guidelines of programmes/ schemes/projects.

2.4 Audit Methodology

Test check of the records of 15 Departments of the State Government for the period 2008-10 for compliance audit was carried out and audit conclusions were drawn and incorporated in the Report. The audit findings were intimated to the Heads of the concerned Departments and their replies, wherever received, have been appropriately incorporated in the Report.

2.5 Acknowledgements

The office of the Principal Accountant General (Audit), Assam acknowledges the co-operation rendered by the State Government Departments during the course of audit.

CHAPTER - 3

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Accountability and Transparency

Accountability is the process whereby public service bodies and the individuals working therein are to account for their decisions and actions including their stewardship of public funds, fairness and all aspects of performance. This would be realized by developing and maintaining reliable and relevant financial and non-financial information and by means of a fair disclosure of that information in timely reports to internal as well as external stakeholders. That the accountability obligations were not being always fulfilled is brought out in the succeeding four case studies and 23 instances featured in the Inspection Reports for the period from 1 April 2008 to 31 March 2010.

General Administration Department

3.1 ₹ 20 lakh remained unaccounted for due to non-adherence to internal controls

Rules 78 and 79 of Assam Financial Rules (AFR) provide that every payment should be supported by a voucher and Actual Payee's Receipt (APR). Further, according to Rule 95 of

DC, N.C. Hills, Haflong drew ₹ 20 lakh by reconverting deposit at call receipt but did not take it into Government account, resulting in misappropriation of ₹ 20 lakh.

AFR, every receipt and disbursement should be recorded in the cash book. Test-check (November 2009) of the records of DC, North Cachar Hills (N C Hills), Haflong revealed that ₹ 45.62 lakh was drawn (July 2008) to meet expenditure for counter-insurgency operation. The amount, thus drawn, was credited to DDO's bank account bearing number 6B-11315096998. Subsequently, the amount was withdrawn (8 July 2008) from the bank account and transferred to Nazarat Branch of the office.

According to payment register (subsidiary cash book) of Nazarat branch, out of ₹ 45.62 lakh, an amount of ₹ 25.62 lakh was drawn in cash and spent for the purpose for which it was drawn and ₹ 20 lakh was converted (8 July 2008) to deposit at call receipt in State Bank of India, Haflong branch. Though the amount was converted to deposit at call receipt but the same was not taken into account in the closing balance of the main cash book. Audit scrutiny further disclosed that the aforesaid deposit at call receipt was encashed by DC on the very next day, i.e. 9 July 2008, but the amount was neither recorded in the cash book nor any voucher, APR etc., in support of expenditure, were produced to audit, though called for. In reply, DC did not clarify the whereabouts of ₹ 20 lakh.

Thus, due to non-adherence to the financial provisions for proper maintenance of cash book in the Department, as provided in Rules 78, 79 and 95 of AFR, an amount of ₹ 20 lakh remained unaccounted for which tantamounted to misappropriation of Government money.

The matter was reported to the Government in February 2010; their reply had not been received (August 2010).

3.2 Failure of Deputy Commissioner, N.C.Hills, Haflong to conduct necessary checks as per the Financial Rules as drawing and disbursing officer

According to Rule 95 of Assam Financial Rules (AFR), a Drawing and Disbursing Officer (DDO) is personally responsible for accounting of all moneys received and disbursed and for the safe custody of cash. The DDO should satisfy himself, by periodical examination, that the actual cash

Failure of Deputy Commissioner, N.C.Hills, Haflong to conduct necessary checks as per the Financial Rules as drawing and disbursing officer led to misappropriation of ₹ 1.26 crore.

balance corresponds to the balance as per cash book. Further, DDO is required to verify day-to-day transactions, attest each entry appearing in the cash book and authenticate the analysis of daily/monthly closing balances. As per Rule 7 of Assam Treasury Rules (ATR), all money received or tendered to Government on account of revenue of the State Government should be credited to Government account immediately.

Test-check (November 2009) of the records of the Deputy Commissioner (DC), North Cachar Hills (N C Hills), Haflong revealed that:

i) DC, who also happened to be the DDO, took over charge on 27 February 2009 with a closing cash balance of ₹ 1,32,28,345. DDO did not record a certificate in the cash book to the effect that the cash balance was physically verified on the day of assuming charge. Further, he neither attested the day-to-day transactions appearing in the cash book since taking over charge nor conducted any physical verification of cash with the required analysis of closing balances, and hence exercised no control over financial transaction that took place during the period.

ii) Further, audit analysis revealed that, on 27 May 2009, new cashier resumed charge and a new cash book was opened with 'nil' opening balance as the previous cashier had not handed over any cash though there was actual closing cash balance of ₹ 1,26,39,961 on the previous day i.e., 26 May 2009, as revealed from the entries in the earlier cash book. The above fact was in the knowledge of the DC, however, there was nothing on record to show that the matter of misappropriation was reported by the DC to the Government or intimated to the Accountant General (A&E) and whether any action was taken against the defaulting official.

iii) The closing cash balance comprised of Government revenues (₹ 124.43 lakh) and un-disbursed balance (₹ 1.97 lakh) without detailed analysis.

Thus, failure of the DC to exercise prescribed checks for safeguarding resources led to misappropriation of ₹ 1.26 crore. This reflected poor control environment relating to handling of cash in the Department.

The reply of the DC, N C Hills, Haflong forwarded by the Government (May 2010) revealed that the DC accepted the observation and initiated an investigation (March 2010) at the instance of audit. Final report is awaited (August 2010).

Revenue (General) Department

3.3 Lack of proper verification before releasing payment to the contractor, led to double payment for the same work

The Government of India's decision (ii) below Rule 6 of General Financial Rules (GFR) provides that the expenditure should not be prima facie more than the occasion demands. The Government of Assam, Revenue (General) Department accorded (October 2005) sanction for ₹ 1.50 crore from Calamity Relief Fund for the work "Flood Damage Repair to Guwahati Garbhanga Road for 2004-05" with the condition to execute the work through Public Works Department (PWD). The work was divided chainage-wise in seven groups. Chief Engineer, Public Works Department (Roads) awarded (January 2006) the work of chainage 6200m to 6500m to a contractor at the tendered value of ₹ 20.16 lakh with the stipulation to complete the work within 60 days from the date of issue of work order. The work was completed in August 2006.

Failure to exercise required verification by the Department resulted in double payment of ₹ 20.16 lakh.

Test-check (August-September 2009) of the records of DC, Kamrup (Metro), Guwahati revealed that the passed bills for ₹ 20.16 lakh for execution of the said chainage (6200m to 6500m) were forwarded by the executing division² twice (18 July 2007 and 11 June 2008) to the DC for payment. DC, without proper verification, made payment to the contractor against the bills, dated 30.10.06 and 19.07.07. On this being pointed out in audit, the executing division admitted (September 2009) the double payment and stated that the excess payment (₹ 20.16 lakh) was recovered from the contractor's bill. However, further scrutiny revealed that the recovery was yet to be effected as the bill from which the said recovery was proposed to be made was unpaid (August 2010).

Thus, disregard of the mandatory checks of consulting previous records by the Executive Engineer as well as by the DC led to double payment for the same work resulting in defalcation of ₹ 20.16 lakh.

Panchayat and Rural Development Department

3.4 Payment for materials against fictitious certificates of receipt of materials and in violation of guidelines on DRDA Administration and NREGS, the Project Director incurred unauthorised expenditure

Sampoorna Grameen Rozgar Yojana was discontinued in the district of Karbi Anglong w.e.f 31 March 2007 and the unutilized fund, if any, were to be amalgamated with the fund of National Rural Employment Guarantee Scheme. According to the Guidelines on District Rural Development Agency (DRDA), the latter is a supporting and a facilitating organization and not the implementing agency for rural development programmes.

Project Director, District Rural Development Agency, Karbi Anglong, made payment for materials against fictitious certificates of receipt of materials, which resulted in fraudulent payment of ₹ 26.29 lakh. Further, the Project Director incurred unauthorised expenditure of ₹ 93.43 lakh.

Test-check (September-October 2009) of the records of the Project Director, DRDA, Karbi Anglong, Diphu revealed that during 2005-06, the PD placed supply orders on three local firms

² PWD Roads City Division No.1, Guwahati.

for supply of RCC Hume pipes, Collars and RCC rings valued at ₹ 93.43 lakh (Hume pipes and Collars for ₹ 23.37 lakh and RCC rings for ₹ 70.06 lakh) for implementation of Sampoorna Grameen Rozgar Yojana in five³ development blocks with the condition to deliver the material at site and submit bills supported by delivery challans with certificates of receipt of materials from the concerned block officials for payment. The materials were shown as supplied between June 2006 and September 2007 and on the strength of certification of receipts (August 2006 to May 2007) of materials on the body of the bills, duly signed by the concerned Block Development Officers, payments were made between November 2007 and March 2008 from the fund received under National Rural Employment Guarantee Scheme for 2007-08.

Of the five Development Blocks, materials were received only in three blocks (Nilip, Rongkhong and Rongmongwee). In reply to audit query, Block Development Officers (BDOs) of two Development Blocks (Samelangso and Howraghat) stated (September 2009) that they had not received any materials, valued at ₹ 26.29 lakh, under Sampoorna Grameen Rozgar Yojana from the supplier.

Thus, failure of the Project Director to physically ensure the actual receipt of materials led to fraudulent payment of ₹ 26.29 lakh against fictitious certificates of receipt of materials.

Further, the Project Director incurred unauthorised expenditure of ₹ 93.43 lakh under Sampoorna Grameen Rozgar Yojana in violation of guidelines on DRDA Administration and National Rural Employment Guarantee Scheme.

In case of entities where goods are received at field level and payments are made centrally, there should be a built in internal control mechanism for parallel checks which can be exercised through cross-verification and monitoring.

3.5 Misappropriation/Fraud/Embezzlement cases detected in 19 offices under seven Departments

Every Government servant is personally responsible for any loss sustained through fraud or negligence on his part. To reduce the risk of wrongful acts, frauds, embezzlement cases and the risk of not detecting such problems, effective checks and balances should exist in the system which should be enforced by the Head of Office/Controlling Officer through frequent checks to see that all financial rules are followed by his subordinates. Weak controls over these aspects and inadequate monitoring led to cases of misappropriation/fraud /embezzlement as brought out below:

Twenty-three cases of misappropriation/fraud/embezzlement involving ₹ 4.53 crore were detected in 19 offices under 7 Departments (detailed in *Appendix-III*) and reported to the State Government during the period from September 2008 to April 2010 through Inspection Reports with a request to furnish reply within four weeks from the date of receipt of Inspection Reports. However, no reply had been received from the Government in respect of the aforesaid cases as of August 2010.

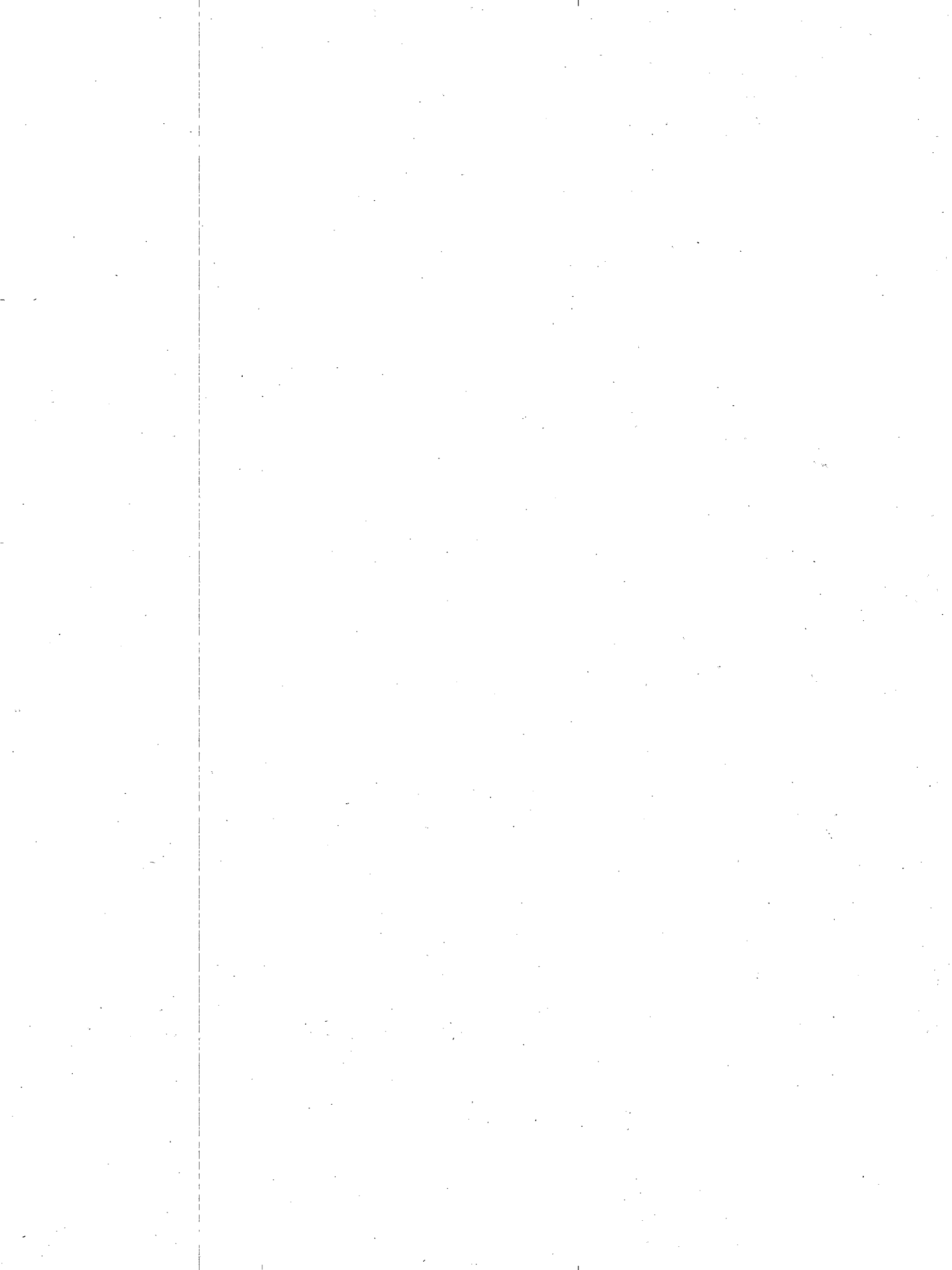
The *modus operandi* of misappropriation etc., were not entering the receipts in cashbook, not carrying out physical verification, forged drawal of funds from bank, disbursement of funds without vouchers and APRs etc.

Rules 78 and 79 of AFR provide that every payment should be supported by a voucher and Actual Payee's Receipt. Further, according to Rule 95 of AFR every receipt and disbursement should be recorded in the cashbook. Failure to observe these internal controls led to the misappropriation/fraud etc.

³ Nilip, Howraghat, Rongkhong, Rongmongwee and Samelangso.

CHAPTER - 4





Compliance

Government organizations are required to comply with applicable laws and regulations which include the Constitution, Finance Act, International treaties, laws and regulations on administration, accounting laws, environmental protection and civil rights laws, tax laws etc. Non compliance with applicable laws and regulations makes these vulnerable to fraud, misappropriation, fictitious payment, defalcation of Government Funds. Audit scrutiny revealed that the Government operations were not always in compliance with the extant laws, rules and regulations etc., as brought out in the succeeding six case studies and two other instances.

Education Department

4.1 Diversion of university fund due to non-deposit of income tax by the university authority

According to Section 192 of the Income Tax Act, 1961, any person responsible for paying any income chargeable under the head 'salaries' shall, at the time of payment, deduct income tax on the amount payable at the average rate of income tax computed on the basis of the rates in force in that financial year in which the payment is made. The duty of making proper deduction from pay bill on account of statutory deductions like Income Tax devolves on the drawer of the bill without any discretion.

Deposit of income tax of ₹ 31.85 lakh by the university on behalf of the employees without recovering the same from their salaries resulted in undue financial benefit to these employees for over four years.

Test-check (April-May 2009) of the records of Registrar, Dibrugarh University revealed that in course of physical verification of tax deduction at source conducted (September 2005) by I.T.O., TDS, Dibrugarh, and the result of Chartered Accountant's examination furnished to audit, Income Tax amounting to ₹ 31.85 lakh (₹ 24.41 lakh for 2003-04 and ₹ 7.44 lakh for 2004-05) was deducted short, from the salaries of different employees of the University. Further, as per resolution (July 2005) of the Executive Council, an amount of ₹ 31.85 lakh, deducted short, was deposited (July 2005 and September 2005) to the Income Tax head from general fund of the university with the condition to recoup the amount from the salaries of the respective employees in maximum twelve installments. However, it was noticed that, in violation of even the resolution of the Executive Council, the university had recovered only ₹ 19.85 lakh from the concerned employees and an amount of ₹ 12 lakh remained unrecovered (December 2009).



Administrative Building of Dibrugarh University

Thus, in violation of the Income Tax Act, deposit of income tax by the university authority on behalf of the employees, and failure to recover the same from the salaries of the respective employees, the university authority not only extended undue financial aid to the employees but also diverted the university fund to the tune of ₹ 31.85 lakh.

The reply of the University forwarded by the Government stated (June 2010) that entire recovery would be completed by June 2010. Recovery status is, however, awaited (August 2010). The fact, however, remains that the Provision of Section 192 of the Income Tax Act had been violated in addition to diversion of University fund.

Short deduction of Income tax and subsequent non-recovery from the pay bills of the employees is indicative of weak controls over statutory deductions from pay bills being exercised by the Head of the Office/DDO and therefore, there is an urgent need to strengthen the same to avoid recurrence.

Irrigation Department

4.2 Payment of contractors' bills in excess of legitimate dues

Payment of contractors' bills in excess of legitimate dues led to misappropriation of ₹ 27.62 lakh.

The Executive Engineer (EE), Itakhola Irrigation Division, Bordikorai had issued (March 2005 and February 2007) cheques aggregating ₹ 63.71 lakh to 11 contractors against 11 bills valued ₹ 39.29 lakh and passed bills for only ₹ 36.09 lakh (*Appendix-IV*). The contractors subsequently encashed the cheques.

Thus, drawal of money in excess of passed bill value for payment was in violation of Rule 78 of AFR. This led to misappropriation of Government money amounting to ₹ 27.62 lakh (₹ 63.71 lakh - ₹ 36.09 lakh). Had the required Rule 78 of AFR been followed, the misappropriation could have been avoided.

This clearly shows weakening of internal controls like, nature of claim, amount claimed, correctness of claim, period of claim, expenditure sanction etc., over the proof of payment i.e.



Bordikorai Irrigation Scheme

voucher prescribed for the Drawing Officer under the Financial rules and therefore, there is an urgent need to strengthen these controls.

The Government accepted (November 2009) the audit contention and stated that steps would be taken to recover the excess payment from the bills of the contractor. Recovery status of the excess payment made is, however, awaited (August 2010).

4.3 Non-adherence to codal provisions

Rule 131 of Assam Public Works Department Manual provides that every payment must be supported by a voucher setting forth full and clear particulars of the claim. This is reiterated in

Non-adherence to codal provisions resulted in fictitious payment of ₹ 2.27 crore.

Rule 78 of AFR. Test-check however, revealed that 92 vouchers relating to execution of different components of the Bordikorai Irrigation Scheme involving payment of ₹ 2.27 crore to the contractors for the months of March 2005 and February 2007 were not on record.

Though the payments were reflected in the cash book and monthly accounts but the vouchers were neither attached to the monthly accounts nor produced to Audit (*Appendix-V*). In the absence of vouchers in support of payment, though reflected in cash book, fictitious payment to the tune of ₹ 2.27 crore could not be ruled out. Failure to exercise the required checks as provided for in the Manual indicates a serious lapse and thus, is fraught with the risk of misappropriation of Government money.



Bordikorai Irrigation Scheme

The matter was reported to the Government in October 2009 and the Government accepted (November 2009) the audit observation. Further reply stating remedial action taken is awaited (August 2010).

Public Health Engineering Department

4.4 Defalcation in Public Health Engineering Division, Howraghat

According to Rule 268 of Assam Financial Rules (AFR), no work shall commence without sanctioned detailed design and estimate, allotment of funds and orders for its commencement issued by the competent authority. Further, Rules 78 and 79 of AFR provide that every payment should be supported by Vouchers and APRs.

An amount of ₹ 53.20 lakh was defalcated in Public Health Engineering Division, Howraghat towards contractor's payment.

Test-check of the records (November-December 2008) of Public Health Engineering (PHE) Division, Howraghat and further information collected (January 2010) revealed that an amount of ₹ 53.20 lakh was drawn by the division from Diphu treasury (through eleven cheques) during September 2004 without any authorization in the form of sanction and Fixation of ceiling (FOC)⁴. The fund was shown received in the cash book No.15 and subsequently shown disbursed on the payment side of the cash book to two contractors charging the amount under deposit⁵ during the period from 9-12 September 2004. No records, however, relating to name of works/schemes, work orders and payment vouchers/actual payee receipts towards execution of any work against the payment was available in the division. The withdrawal of fund from deposit head of account was not verified in audit due to non-maintenance of 'deposit register'.

In the absence of records in support of utilization, the likelihood of defalcation of the entire amount of ₹ 53.20 lakh could not be ruled out.

On being pointed out in audit (November-December 2008), the matter was investigated by the Government in March 2010. The Government in their reply after investigation of the matter stated (July 2010) that the Government fund of ₹ 53.20 lakh appears to be defalcated but needs

⁴ Fixation of ceiling for assignment is issued by the Finance Department in favour of a drawing and disbursing officer. Such fixation of ceiling for assignment specifies the maximum amount up to which the officer credited shall have authority to draw on the particular treasury on which the fixation of ceiling or the assignment has been issued.

⁵ Deposit transactions under Public Works Deposits inter-alia provided for disbursement of sums due to contractors on closed accounts.

further inquiry/investigation taking evidences from all concerned, for arriving at a final decision.

Failure to exercise the prescribed checks indicates serious lapse on the part of the Department. Thus, non-observation of codal provisions resulted in suspected defalcation of Government money amounting to ₹ 53.20 lakh.

Dairy Development Department

4.5 Non-compliance to constitutional and codal provisions led to unauthorised expenditure besides loss of interest

Non-compliance to constitutional and codal provisions led to unauthorised expenditure of ₹ 2.16 crore besides loss of interest for ₹ 17.20 lakh.

Rule 7(1) of Assam Treasury Rules envisages that all moneys received by or tendered by Government servants on account of the revenue of the province shall not be appropriated to meet departmental expenditure nor otherwise kept apart from the Consolidated Fund or the Public Account of the State. Article 266 of the Constitution of India also lays down that all revenues received by the

Government of a State shall be credited to the Consolidated Fund of the State and that no moneys out of the said Fund shall be appropriated except in accordance with law and in the manner provided under the constitution.

Test-check (July 2009) of the records of Assistant Dairy Development Officer (ADDO), Jorhat, Assam, revealed that during 2001-02 to 2008-09 the Assistant Dairy Development Officer, Jorhat, received total revenue of ₹ 2.31 crore from sale proceeds of packaged milk and milk products. Of this, ADDO deposited only ₹ 14.74 lakh (₹ 7.66 lakh directly through challan and ₹ 7.08 lakh by transfer against the receipt of FOC) in the treasury. In violation of the Constitutional and codal provisions, ADDO spent ₹ 2.16 crore for meeting the departmental expenditure towards payment of milk bills, though there were persistent savings in the Department, which ranged from ₹ 1.17 crore to ₹ 8.46 crore during these years against the budget provision for procurement and processing of milk under the Major head of accounts '2404-Dairy Development, II-State Plan and Non-Plan Schemes'. Against the budget provision of ₹ 1.07 crore the ADDO, who was also the DDO received 'Fixation of Ceiling' of ₹ 59.61 lakh during the period from 2001-02 to 2008-09 drew only ₹ 9.12 lakh but did not use the amount for the purpose of making payment of milk bills.

Thus, the failure of ADDO, Jorhat to comply with the Constitutional and codal provisions led to unauthorised expenditure of ₹ 2.16 crore besides non-deposit of departmental receipts into the revenue head of Government account. Further, the Government sustained a loss of ₹ 17.20 lakh at the average rate of interest of Government borrowing during the years 2001-09. In reply (May 2010), it was stated that due to non-receipt of adequate fund, the department had to pay the milk bills from the sale proceeds. Reply of the department is not acceptable as there was persistent savings ranging from ₹ 1.17 crore to ₹ 8.46 crore during these years.

In essence, non-adherence to controls prescribed to safeguard the resources by ensuring that no departmental receipts are kept out of Government accounts; kept out of consolidated funds or public account; not kept out for long and used for spending except under authorization, led to unauthorized expenditure by the Department resulting in incorrect reflection of Government revenue and expenditure.

General Administration Department

4.6 Non-compliance to constitutional and codal provisions led to Blockade of fund and Loss of interest

According to Assam Treasury Rules, 1937 and Subsidiary Orders (Rule 16, SO 50) read with Rules 62 and 63 of Assam Financial Rules (AFR), 1939, no money shall be drawn from the treasury unless it is required for immediate disbursement.

The Deputy Commissioner, Kokrajhar retained ₹1.24 crore in the form of DCRs for the period ranging from 13 to 211 months resulting in blockade of Government fund.

In violation of the above provisions, Deputy Commissioner (DC), Kokrajhar kept unutilized fund, received from time to time for different works under various schemes, in the form of DCR⁶ since 1993. As of March 2010, DC had accumulated unspent balance of ₹ 1.24 crore in 96 DCRs for periods ranging from 13 to

211 months. (Appendix-VI). DC, Kokrajhar made drawals of ₹ 22.82 lakh in respect of 52 out of 96 DCRs (Appendix-VII) during 1993 to 2007, but no particulars relating to these drawals were produced to audit. However, during discussion, the DC stated that the unspent amount of ₹ 22.82 lakh would be refunded to the proper head of account after obtaining necessary instructions from the Government.

Thus, retention of unspent scheme funds in DCRs for years together has resulted in loss of interest of ₹ 31.14 lakh at the average rate of Government borrowing during 1992-93 to 2009-10 (Appendix-VIII).

In reply, the DC stated (July 2010) that a further amount of ₹ 18.96 lakh had since been utilized, but documents in support of utilization were not furnished. Balance of ₹ 1.05 crore was however, still retained in DCRs. Thus, blockade of Government funds persists.

Miscellaneous Departments

4.7 Observations in Inspection Reports

(a) Assam Treasury Rules, 1937 envisages that all moneys received by or tendered by Government servants on account of the revenue of the province shall not be appropriated to meet departmental expenditure nor otherwise kept apart from the Consolidated Fund or the Public Account of the State.

In violation of above provision, Manager, Government Livestock Farm Barhampur, Nagaon spent ₹ 7.32 lakh from sale proceeds of fodder and milk collected since prior to 2005-06 to 2009-10 for departmental expenditure.

This was reported to Government in December 2009; their replies had not been received (August 2010).

⁶ Deposit at Call Receipt.

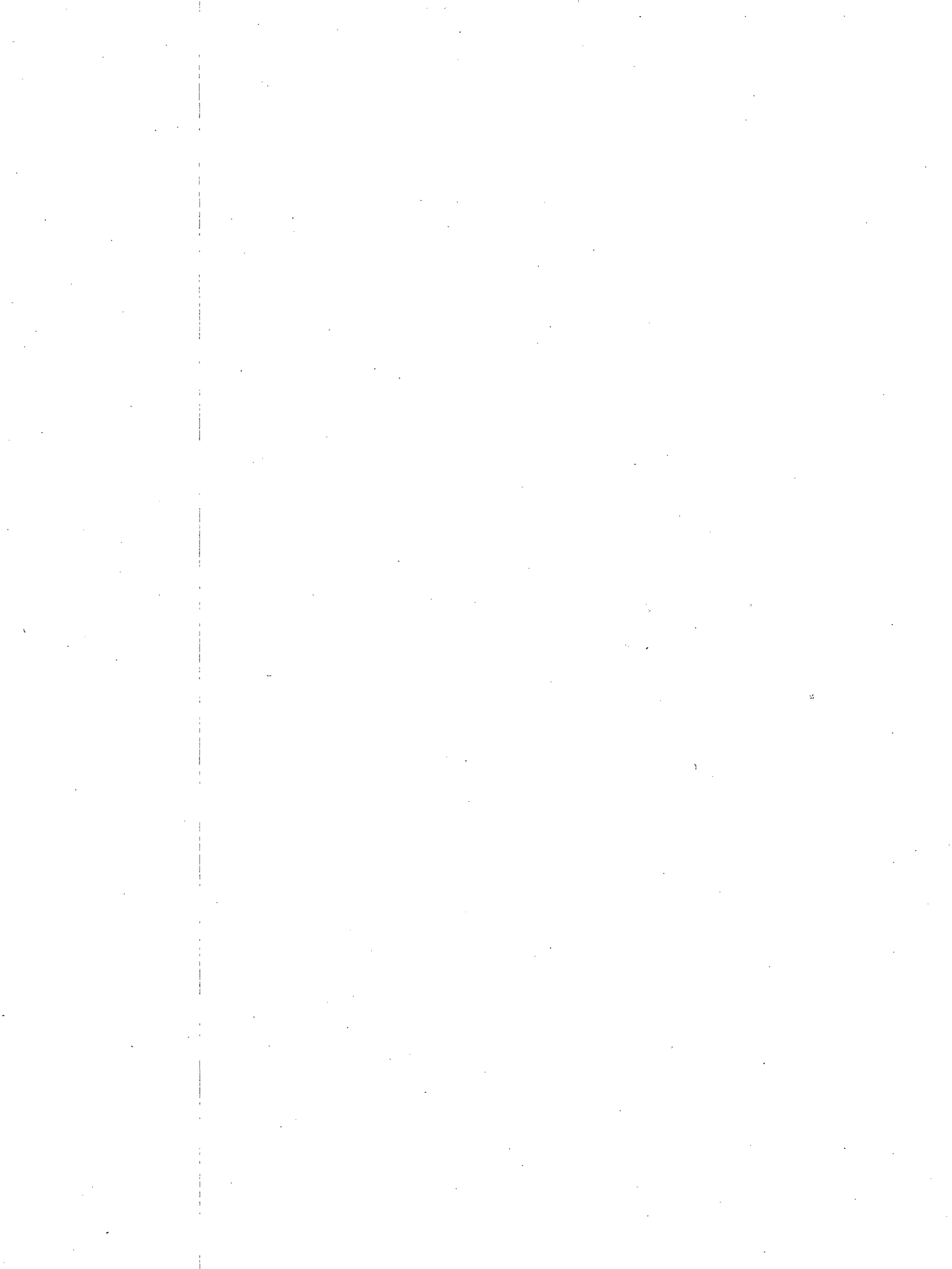
(b) Traveling Allowance/Leave Travel Concession Rules provide that when LTC advance is taken, the final bill should be submitted within one month of return journey, failing which the advance should be recovered in lump sum. Test-check (June 2009) of the records of District Elementary Education Officer (DEEO), Dhemaji revealed that LTC advance of ₹ 3.18 lakh disbursed to 18 school teachers during January 2001 to November 2005 were neither adjusted nor recovered and most of the teachers had either expired or retired rendering the advances unrecoverable.

This was reported to Government in September 2009; their replies had not been received (August 2010).

The details of the Inspection Reports issued (during the period from July-December 2009) to the Government are shown in (*Appendix-IX*). In none of these cases replies were furnished.

CHAPTER - 5





Operational Controls

The operational controls of the entity's operations should be orderly, ethical, economical, efficient and effective. General expectations are that public servants should serve the public interest with fairness and manage public resource ethically.

Four case studies discussed in the succeeding paragraphs bring out the failure of the Government to observe the operational controls, in the test-checked offices of 15 departments during 2008-09 and 2009-10, relating to its policies and guidelines of schemes being implemented in the State.

Health and Family Welfare Department

5.1 Procurement of bed nets of shorter shelf-life when bed nets of longer shelf-life were available and their delayed distribution

Procurement of insecticide treated bed nets of shorter shelf-life when bed nets of longer shelf-life were available at same rates and their delayed distribution resulted in wasteful expenditure of ₹ 83.37 lakh.

GOI decision (i) below Rule 6 of GFR provides that, "Every officer is expected to exercise the same vigilance in respect of expenditure incurred from public moneys as a person of ordinary prudence would exercise in respect of expenditure of his own money".

Health and Family Welfare (A) Department sanctioned (February 2008) ₹ 3.88 crore for procurement of long-lasting insecticide treated bed nets @ ₹ 397 each against award of Twelfth Finance Commission. The Director of Health Services (DHS), Assam placed (February 2008) supply order on M/S Health Circle Private Limited, Guwahati for supply of 97,853 long lasting insecticide treated bed nets at the aforesaid rate within February 2008. The supplier was asked to supply bed nets having shelf-life of one year, although bed nets with shelf life of four years were available at same price. The firm supplied 68,000 and 29,853 bed nets in March and May 2008 respectively.

Test-check (July 2009) of the records of DHS, Assam revealed that the 68,000 bed nets supplied in March 2008 had shelf-life of only 10 months (date of expiry: January 2009). Of these 68,000, 47,000 bed nets were issued to different Civil hospitals of Assam between May and August 2008 and remaining 21,000 bed nets were issued in February 2009, when their shelf-life had already expired.

Thus, due to acceptance of bed nets having shorter shelf-life and inability on the part of the Department to issue the bed nets promptly on their receipt frustrated the objective of procuring the insecticide treated bed nets. This was not only failure of operational controls but also led to unfruitful expenditure of ₹ 83.37 lakh⁷. Besides, 47,000 bed nets, worth ₹ 1.87 crore, issued to different civil hospitals, had shelf-life of only 10 months, which obviously limited the effectiveness of the bed nets in terms of time. Significantly, as a part of the same consignment, 29,853 bed nets were received in May 2008 with shelf-life of almost four years, at the same price. Thus, ordering supply of bed nets with shorter shelf-lives (10 and 12 months) when bed nets with longer shelf-life were obtained at the same price was injudicious and infraction of Rule 6 of GFR.

⁷ ₹ 397 X 21000 = ₹ 83.37 lakh.

In reply Government stated (March 2010 & July 2010) that the period of effectiveness is calculated from the date of its use and not the date of manufacture. Reply of the Government is contradictory as the stock register itself shows that date of expiry of the shelf life of the bed nets was one year (upto January 2009).

Home Department

5.2 In violation of the provision of Assam Jail Manual, the Government handed over the work of 'construction of new Central Jail', to APHC Ltd., withdrawing the same from PWD

The injudicious decision of the Government to handover the work, 'construction of new Central Jail', to APHC Ltd., withdrawing the same from PWD in violation of the provision of Assam Jail Manual, resulted in extra expenditure of ₹64.48 lakh besides non-completion within the schedule resulted in cost overrun of ₹ 5.24 crore.

According to Assam Jail Manual, all works of original nature (including addition/alteration to existing structures) as well as all repairs to the jail buildings, borne on the books of PWD are to be technically sanctioned and executed by PWD after obtaining the relevant administrative approval from the competent authority.

Test-check (May 2009) of the records of the Inspector General of Prisons, Assam revealed that under the scheme "Modernization of Prison Administration" the Government of Assam had taken up the work, 'construction of new Central Jail at Sarusajai, Guwahati'

and an estimate of ₹ 15.26 crore was prepared (December 2004) by the Executive Engineer, PWD (Building), Guwahati. Though the Government of Assam, Home Department accorded (January 2005) the administrative approval for ₹ 14.31 crore, but necessary technical sanction was not obtained from PWD. The Inspector General (Prison) entrusted the work to the Chief Engineer, PWD (Building), Assam (January 2005) with a request to complete the work expeditiously. The work was started in May 2005 after a delay of nearly four months.

Further scrutiny revealed that a meeting was held (9 November 2006) in the official residence of Hon'ble Minister, Jails and Social Welfare, wherein it was decided that in order to expedite the progress of the works, the portion of works which were already started by PWD would be continued and completed by them and the remaining portion of works, which had not yet been started by PWD, would be entrusted to Assam Police Housing Corporation (APHC) Ltd. This was stated to be done for expeditious execution with a condition that the works would be done by APHC Ltd through the same contractors to whom these works had been allotted by PWD without any alteration in the tendered values and terms and conditions. Accordingly, Home Department entrusted (December 2006) all the works, which had not been started by PWD, to APHC Ltd. with an instruction to complete the work by March 2007. PWD handed over the relevant portion of works to APHC Ltd in December 2006.

Further information revealed that APHC Ltd., instead of completing the work by March 2007, submitted in August 2008 i.e., 17 months after the schedule of completion, a revised estimate for ₹ 22.51 crore, incorporating 10 per cent agency charge, three per cent contingency charge and two per cent work charge to Home Department for Phase -I of the work, though for the same item of works the estimate of PWD was ₹13.53 crore. The Administrative Approval of the revised estimate for ₹19.55 crore was accorded (November 2008) by Home Department after allowing five per cent agency charge of ₹ 88.85 lakh and one per cent contingency charge of ₹17.77 lakh. From the

physical progress report submitted by APHC Ltd. till March 2009, it was noticed that the agency failed to complete the work (progress 20 to 100 *per cent* under different components) within the stipulated date (March 2007). An amount of ₹ 13.54 crore had already been paid to APHC Ltd. till May 2009 besides payment of ₹ 77.94 lakh to PWD upto February 2008 against their respective completed items of works.

Thus, the intended objective of expeditious execution of the work through APHC had not been achieved. Further, the injudicious decision of the Government to handover the work to APHC Ltd., in violation of the provision of Assam Jail Manual, resulted in an extra expenditure of ₹ 64.48 lakh towards payment of five *per cent* agency charge to APHC Ltd. There was already (March 2010) cost overrun of ₹ 5.24 crore and time over run of three years.

In reply, Government stated (July 2010) that entrustment of Government works to Public Sector Work Agencies such as APHC Ltd. was not incorporated in the Jail Manual, which was last revised in 1934. Besides, APHC Ltd. is officially entitled to 5 *per cent* agency charge. But the fact remains that Government had to bear an extra burden of ₹ 64.48 lakh towards agency charge due to handing over of the work to APHC Ltd from PWD. Further, non-completion of the work on scheduled date resulted in cost overrun of ₹ 5.24 crore.

The injudicious action of the Government to change the implementing agency mid-way without taking into consideration the costs, benefits and risks involved was indicative of lax controls vis-à-vis its operations in safeguarding the resources of the State and also to deliver services/goods on time.

Revenue (Reforms) and Disaster Management Department

5.3 Injudicious procurement, without budget provision and delay in payment of supplier's outstanding claim

According to the Assam Budget Manual, expenditure should not be incurred on schemes/services without provision of funds. The Director of Land Records and Surveys (DLR), Assam placed (September 1998) a supply order on the Assam Small Industries Development Corporation Ltd. (ASIDC), Guwahati, a State Government undertaking, for supply of tent and tarpaulin valued at ₹ 7.86 lakh (cost of materials: ₹ 7.51 lakh and ASIDC's commission: ₹ 0.35 lakh). DLR placed the supply order without any provision in the budget and without any sanction from the Government. ASIDC entrusted M/s Assam Tent and Tarpaulin Industries, to supply the materials. The materials were supplied (March 1999) and a bill for ₹ 7.86 lakh was submitted by the ASIDC for payment in March 1999 to DLR.

Injudicious procurement, without budget provision and avoidable delay in payment of supplier's outstanding claim, resulted in avoidable expenditure of ₹ 25.11 lakh towards payment of interest.

Test-check (August 2009) of the records of DLR revealed that after eight months (November 1999) of receipt of the materials the Director requested the Government for providing fund for payment to supplier. The Government asked (December 1999) the Directorate to explain the reasons for purchase of materials when there was no budget provision for the purpose. The reply furnished (August 2000 and March 2001) by the Director was not found satisfactory and the sanction and provision for fund were not accorded.

Meanwhile, the supplier approached the Civil Courts for getting his payment released from ASIDC. The Court directed (August 2003) for payment of bill valued at ₹ 7,50,854 with compound interest at the rate of 18 *per cent* per annum from the date of the bill till the date of full and final payment. As the payment was not received by the supplier, he again appealed in High Court for realization of his dues and once again, the Hon'ble High Court ruled in his favour (November 2006).

As a compliance of the Court orders, Revenue (Reforms) & Disaster Management Department accorded sanction for ₹ 32.62 lakh for payment of the cost (₹ 7.51 lakh) of materials to ASIDC with 18 *per cent* compound interest from 7 July 1999 to 16 January 2008 (₹ 25.11 lakh) to M/s Assam Tent and Tarpaulin Industries, Guwahati. The payments were made between January 2008 (₹ 29.95 lakh) and February 2009 (₹ 2.67 lakh).

Thus, the injudicious supply order placed without required budget provision and avoidable delay in payment of supplier's outstanding claim and failure of internal control resulted in avoidable expenditure of ₹ 25.11 lakh towards payment of interest.

The Government accepted (April 2010) the observation and stated that action had been initiated against officers responsible for issue of supply orders without budget provision.

Power Department

5.4 Delay in payment of outstanding dues

Power Department assumed liabilities (November 2003) of outstanding dues (as on 31 October 2003) of purchased power by Assam State Electricity Board (ASEB) to GRID Corporation of Orissa Limited, Bhubaneswar (GRIDCO), under the Financial Restructuring Plan (FRP). The outstanding dues were ₹ 127.11 crore (Principal: ₹ 47.27 crore and Surcharge: ₹ 79.84 crore). A meeting was held (April 2004) between ASEB and GRIDCO to determine the payment modalities, wherein GRIDCO agreed to waive 60 *per cent* surcharge on the request of ASEB.

Delay in payment of outstanding dues resulted in payment of additional/penal interest to the tune of ₹ 4.44 crore.

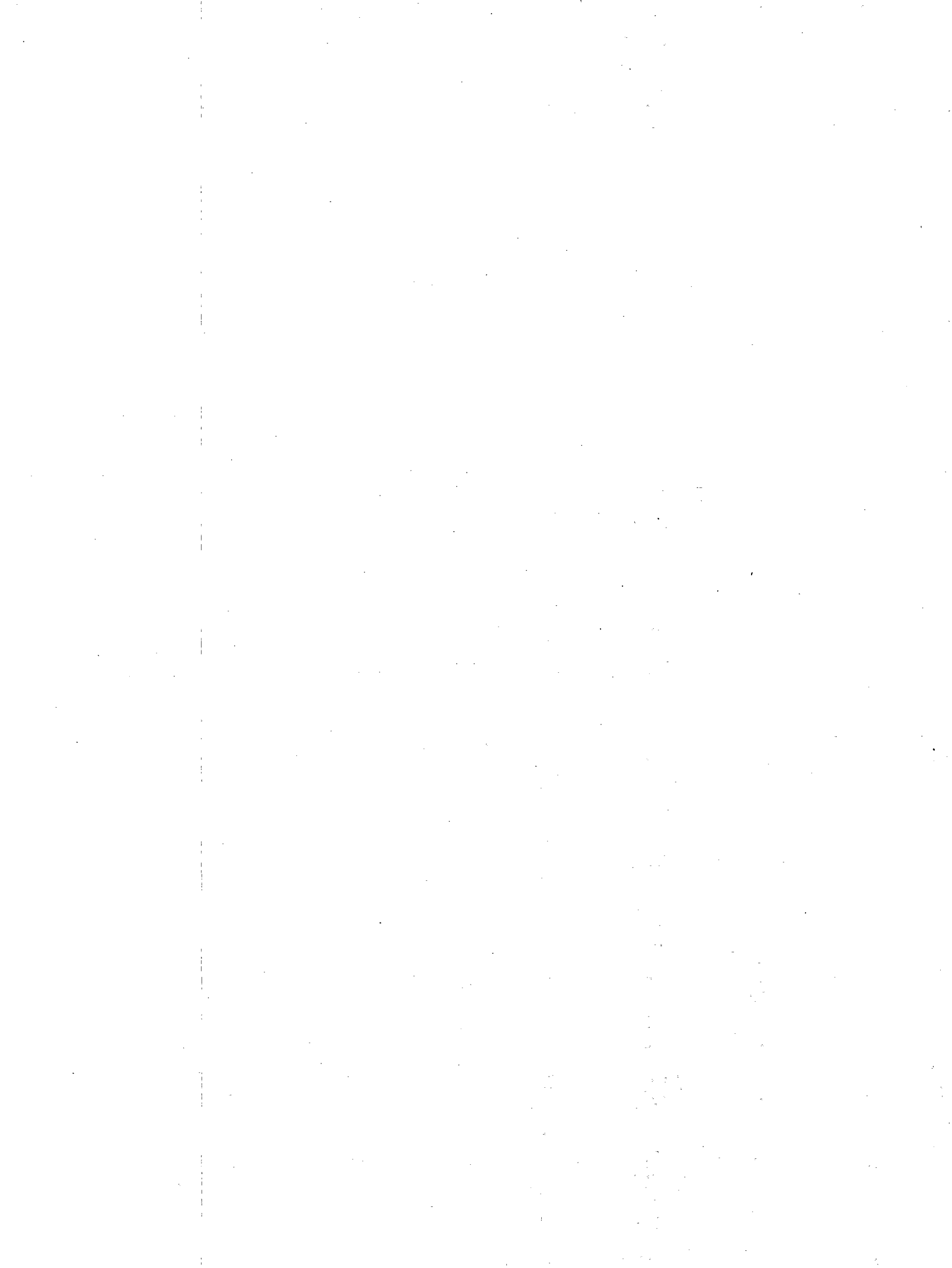
According to the modalities, the Government of Assam was to pay ₹ 100.65 crore (Principal: ₹ 79.20 crore and interest: ₹ 21.45 crore) over a period of five years from November 2003 to July 2008 in 20 quarterly installments. The payment modalities were accepted by the Government of Assam and the same was conveyed (May 2005) to GRIDCO.

Test-check (May-June 2009) of the records of Deputy Secretary, Secretariat Administration (Accounts) Department revealed that the Government of Assam released and paid (between October 2005 and June 2008) ₹ 105.09 crore to GRIDCO. An excess payment of ₹ 4.44 crore (₹ 105.09 crore – ₹ 100.65 crore) had to be made due to delays (ranging from 9 to 466 days) in payments of principal and interest thereon. The delay was unwarranted, especially in view of the fact that there were unsurrendered savings, in each year during 2004-09 in the Department, which ranged from ₹ 137 crore to ₹ 4,290 crore under the relevant head of account. Further, GRIDCO claimed (October 2008) another amount of ₹ 54.37 lakh, being the interest and penal interest on the principal loan of ₹ 79.21 crore, due to delays in payment of installment on

scheduled dates. The Government of Assam requested (February 2009) to waive the same; the response of GRIDCO was awaited (August 2010).

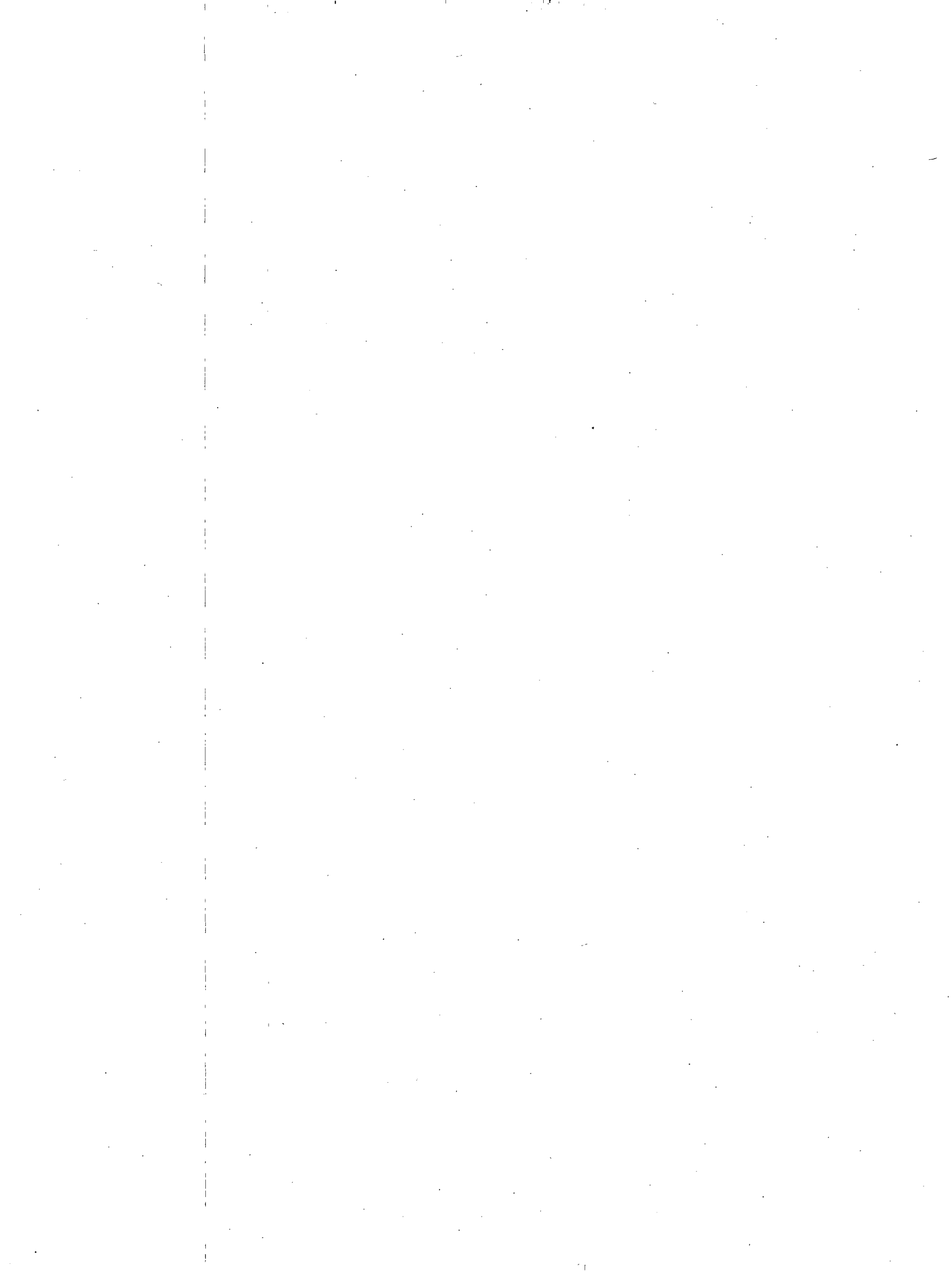
Thus, despite availability of budgetary provision, the timely payment was not made to GRIDCO though the Department was signatory to the payment schedule. Due to delay in payment of outstanding dues, as per agreement, the Government had to incur a loss of ₹ 4.44 crore towards payment of additional and penal interest. The loss of ₹ 4.44 crore could have been avoided if the due payments were made to the GRIDCO on time. The Government accepted the audit observation and stated (June 2010) that the delay occurred in observing the formalities of sanction and release of funds.

This was indicative of poor monitoring and weak internal controls in the Department and raises a question mark on the working efficiency of the Department.



CHAPTER - 6





Safeguarding Resources

Safeguarding resources against loss in any sector is imperative for economical, efficient and effective operations for delivery of goods and services. Given the fiduciary responsibility of the Government it assumes greater significance in public sector. Internal controls to safeguard resources are to be put in place and these are to be doggedly adhered to both in letter and spirit. The internal controls to safeguard resources would entail disciplined structure, robust and transparent procedures and committed personnel operating in a conducive climate to provide good governance.

Issues and instances relating to blatant disregard by the State departmental authorities to safeguard resources of the State against loss noticed during the course of audit are brought out in the succeeding paragraphs.

Irrigation Department

6.1 Payment without work

Rule 479(1) of Assam Financial Rules stipulates that the Divisional Officer as the primary disbursing officer of the division is responsible not only for the financial regularity of the transactions of the whole division but also for the maintenance of the transaction correctly and in accordance with the rules in force.

The work, 'Development of Inspection Path on the embankments from Chainage 0 m to 6,506 m (Left Bank) and Chainage 6,506 m to 8,508 m (Right Bank)', was technically sanctioned (November 2006) by the Additional Chief Engineer, Irrigation department for ₹ 30.39 lakh and was awarded (date not available) to a contractor⁸ for ₹ 17.47 lakh. Test-check of the records revealed that although a bill for the said work amounting to ₹ 21.39 lakh remained unpassed and unpaid as of July 2009 but cash book of the division depicted (8 February 2007) a payment of ₹ 10.50 lakh to another contractor⁹ (not related to aforesaid work) against the unpassed bill resulting in misappropriation of ₹ 10.50 lakh. Thus, failure of the Department to carry out the required checks as provided for in rules and codes led to misappropriation of Government money amounting to ₹ 10.50 lakh. Therefore, an effective accountability mechanism was lacking in the Department and needs strengthening.

Payment without work led to misappropriation of Government money amounting to ₹10.50 lakh.

The matter was reported to the Government in October 2009 and March 2010. In reply, Government accepted (November 2009) the observation and stated that action would be taken to recover the said amount from the concerned contractor. Further reply was awaited (August 2010).

6.2 Fictitious payment to a contractor, not associated with the work

Paragraph 309 of APWD Code read with Rule 275 of AFR provides that an advance payment on work actually executed but not measured may be made on the basis of certificate of Sub-divisional officer to the effect that not less than the quantity of work paid for has actually been done.

⁸ Shri Monohar Ansari.

⁹ Shri Gouri Sankar Deka.

The work, 'Construction of approach road of colony at Seijusa', was technically sanctioned (TS) (November 2005) by Additional Chief Engineer, Zone-II, Irrigation Department, Tezpur, for ₹ 36.68 lakh. The work was, however, awarded (February 2005) prior to according TS in two groups (A-32: Shri M. Bhagwati and A-33: M/s Swagata Construction). EE, Irrigation Division, Itakhola paid (March 2005) ₹ 35 lakh (₹ 17.50 lakh each), as part payment against two advance bills of Shri M. Bhagwati and M/s Swagata Construction of ₹ 18 lakh each, to M. Bhagwati according to cash book whereas payment was made to M/s Swagat Construction vide Voucher No.171 dated 19 March 2005 and Hand Receipt No.18 dated Nil against the work 'Removal of silt at Main Canal' and not for the work construction of approach road of colony at Seijusa. The work of silt clearance was however not awarded to M/s Swagata Construction.

Payment to a contractor, not associated with the work for which the payment was made, resulted in fictitious expenditure of ₹ 35 lakh.

Detailed audit check further disclosed that:

- supporting bills did not bear the signature of the contractor in support of their claim and also not routed through Seijusa Sub-Division;
- measurement books were not available in support of payment to contractors;
- mandatory certificate in support of advance payment by the SDO/AEE was not authenticated with official seal;
- contrary to the provisions, advance payment was made on hand receipt and the hand receipt did not bear the official seal of the contractor;
- final adjustment bills were not available even after more than four years of advance payment.

Thus, non-observation of prescribed checks raises doubts about the effectiveness of the internal control system in place to ensure that no fictitious payment was made by the Department. Weak controls resulted in payment of ₹ 35 lakh to a contractor for the work, which was not executed by him.

The matter was reported to Government in October 2009 and March 2010. The Government stated (November 2009) that the payment of ₹ 35 lakh to one contractor against two bills was due to some mistake. The reply was not tenable as none of the checks prescribed was observed.

6.3 Payment of contractor's bills against unauthorized recordings in measurement books

According to Assam PWD Manual, payments for work done should be made on the basis of measurements recorded in the measurement book and entries therein should be made in ink.

Payment of contractor's bills against unauthorized recordings in measurement books led to fictitious payment of ₹21.27 lakh.

Test-check of cash book and vouchers pertaining to seven different works¹⁰ of Bordikorai Irrigation Project revealed that seven bills worth ₹ 21.27 lakh were paid (8 February 2007) by EE, Irrigation Division, Itakhola prior to receipt of the bills (10 February 2007) in the Division

¹⁰ (i) River Diversion to feed water to Main Canal Ch. 90-180, (ii) River Diversion to feed water to Main Canal Ch. 0-90, (iii) Removal of Silt & debris from the Bed of Main Canal Ch 8180-8345, (iv) Removal of Silt and debris from the bed of Main Canal Ch.6130M- 6740M and Ch. 8345M-8508M, (v) Removal of deposited silt from the bed of Main Canal Ch.4980M to 5010M, (vi) Removal of Silt deposited with debris from the bed of Main Canal Ch. 6145M-6280M and (vii) Removal of Silt and debris from bed of Main Canal Ch. 6280M-6460M.

(Appendix-X). These works were neither put to tender nor were any comparative statements prepared. The measurements were recorded in the measurement book in pencil and not signed by the concerned Site Engineer. By recording the prime data with pencil; the department made the system vulnerable to manipulations and has raised serious question mark on the operational control system prevailing in the Department.

The fact that such a case of fictitious payment remained undetected for about three years reflects that internal control system was not effective and the oversight mechanism was weak as no checks were exercised by the superiors as part of monitoring mechanism.

The matter was reported to the Government in October 2009 and March 2010. The Government stated (November 2009) that due to drought like situation in 2006 the work was taken up as an emergency measure and that the measurement book remained unsigned due to oversight of the concerned Junior Engineer and pencil entries in the measurement book were due to his ignorance. The replies were not tenable as it not only violated the codal provisions but also led to fictitious payment of ₹ 21.27 lakh to contractors. Further reply was awaited (August 2010).

6.4 Fictitious expenditure towards non-existent part of canal

EE, Irrigation division, Itakhola incurred fictitious expenditure of ₹ 2.50 lakh towards non-existent part of canal.

For the work, 'Renovation of head regulator at chainage 8,508 metre of main canal' an amount of ₹ 2.50 lakh was paid to one contractor in February 2007. Test-check of the records in respect of work of renovation of head regulator of main canal of Bordikorai Irrigation Scheme revealed

that the actual length of the main canal was only up to 8,459 metre and not 8,508 metre. Therefore, renovation of head regulator at chainage 8,508 metre was a physical impossibility.

Awarding of fictitious work and payment thereagainst was reflective of failure of internal controls at each level, starting from sanction; notice inviting tender; appraisal of bids; award

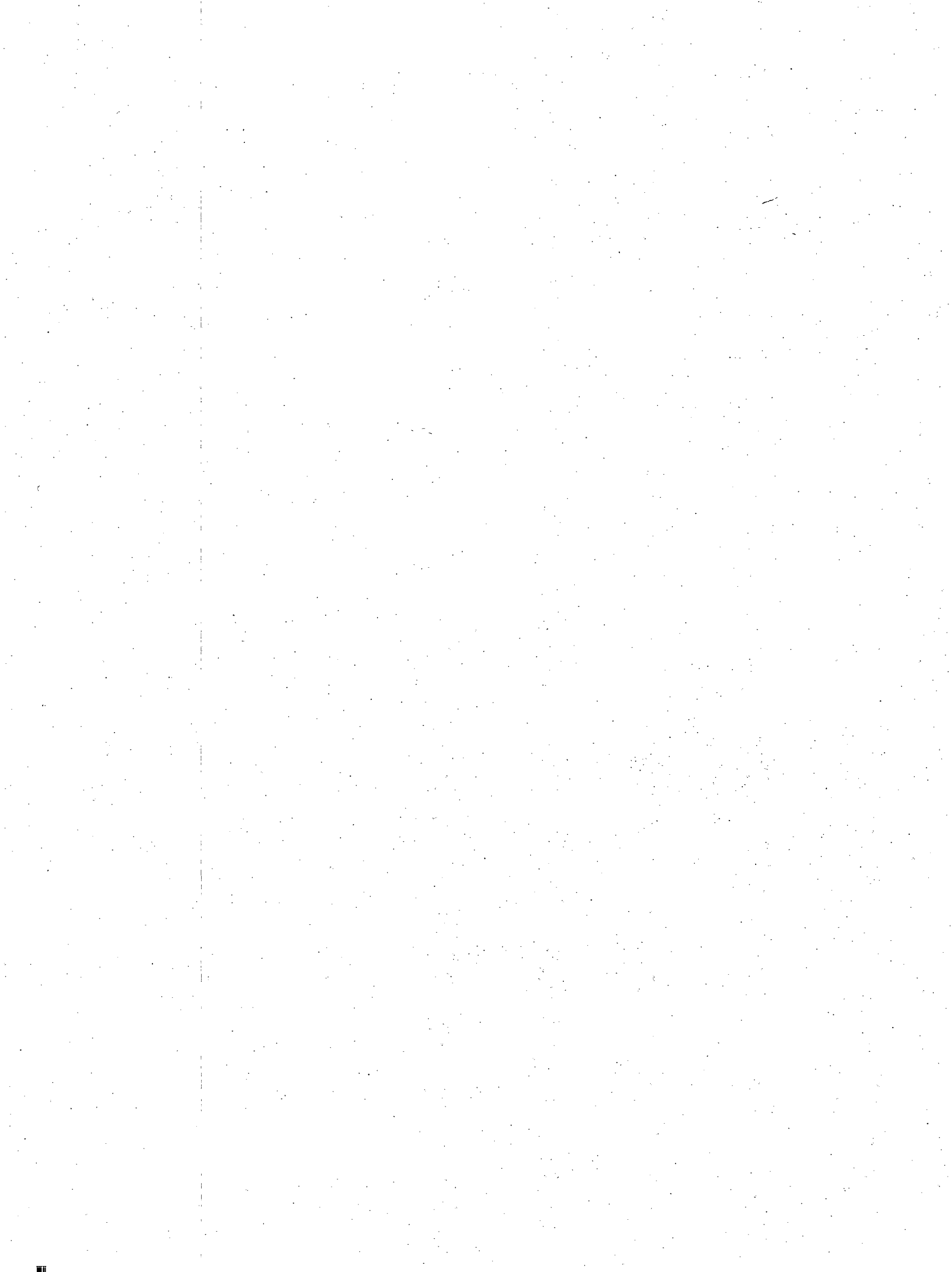


Bordikorai Irrigation Scheme

of work; execution of work and its supervision and required evidencing in documents like bills, measurement books; and finally, payment. Such failures indicate a nexus of authorities at various levels and do not bode well for good governance.

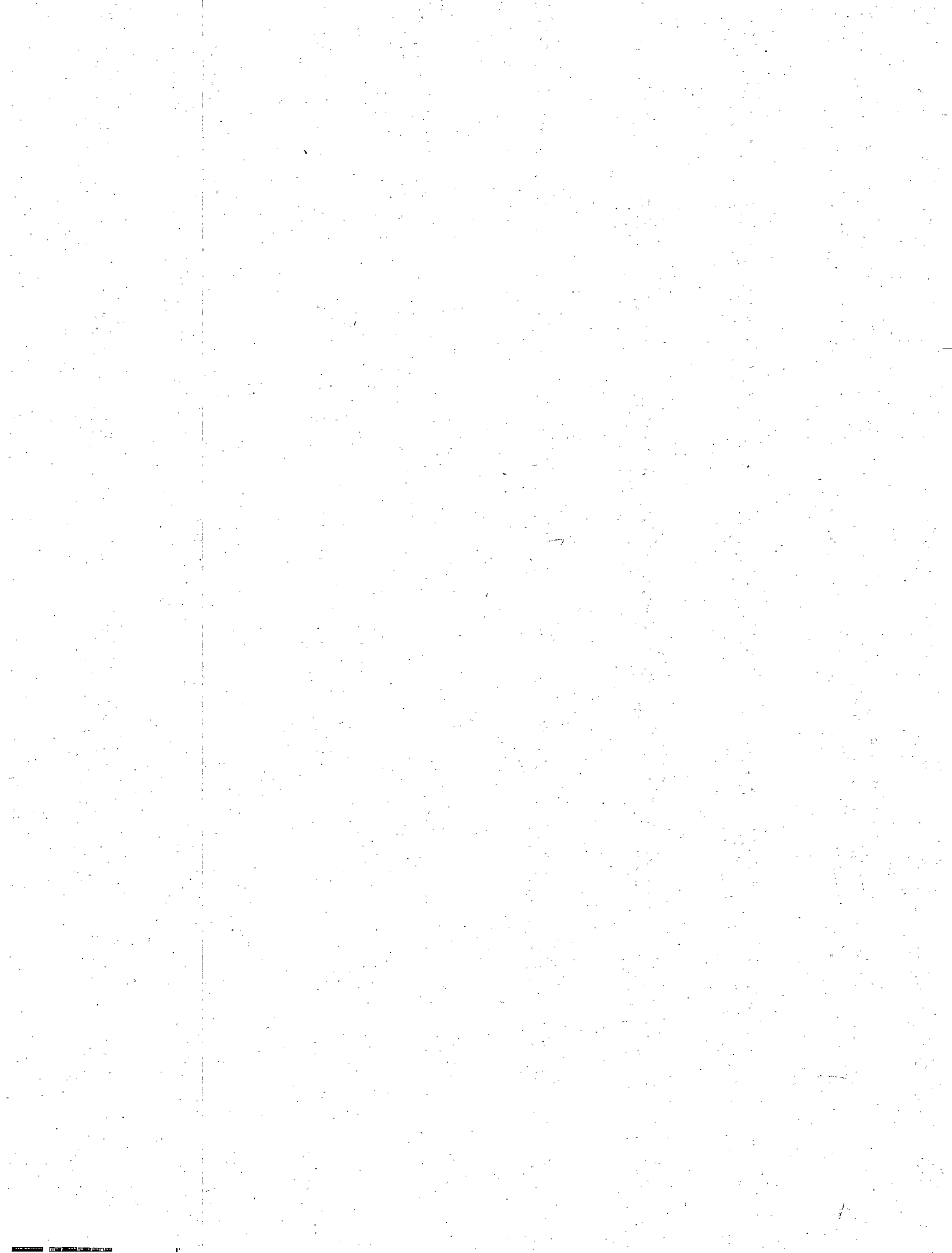
The matter was reported to the Government in October 2009 and March 2010. The Government stated (November 2009) that the length of the main canal was 8,508 metre. The reply was not tenable as not only the revised project report showed the total length of

the main canal as 8,459 metre, even the approved index map of Bordikorai Irrigation Scheme showed the total length of the main canal as 8,459 metre.



CHAPTER - 7





Internal Audit

7.1 Main objectives

Internal audit assists an organization in ensuring adherence to internal controls by evaluating their effectiveness and efficiency and by promoting continuous improvement. Based on the result of risk assessment, the internal audit activity should evaluate the adequacy and effectiveness of controls encompassing the organization's governance, operations and information systems. This should include:

- Reliability and integrity of financial and operational information;
- Effectiveness and efficiency of operations;
- Safeguarding of assets; and
- Compliance with laws, regulations and contracts.

7.2 Internal Audit in Government Departments

Internal audit wings have been set up only in 19 Departments¹¹ under the control of the Directorate of the Departments, which prevents it from functioning independently and objectively. Their functioning is confined mainly to accounting work. The wing, where it existed (19 Departments) did not have a manual or stated mandate.

Information from five Departments out of five test-checked departments revealed that in Public Health Engineering and Co-operation Department there was no internal audit wing. The Accounts Officers posted in the Chief Engineer's office and divisions under PHE by Finance Department were engaged mainly in accounting work like pre-check of bills and advising the Chief Engineer and Executive Engineers on financial matters. In other three Departments viz, Agriculture, Industries & Commerce and Animal Husbandry & Veterinary (AH & Vety), although there were audit wings, their activities were very limited. The two internal auditors posted in AH & Vety Directorate had not conducted audit of any unit. Under Agriculture Department one officer from Assam Finance Service and seven to eight departmental assistants of the audit wing covered only six *per cent* of the auditable units during 2001-06. Again under Industries and Commerce Department, two officers from Assam Audit service and three extension officers (Industries) conducted audit of only one unit out of 27 auditable units in 2007-08.

¹¹ 1. Agriculture, 2. Animal Husbandry and Veterinary, 3. Commerce and Industries, 4. Dairy Development, 5. Economics and Statistics, 6. Education (Elementary and Secondary), 7. Education (Higher), 8. Financial Inspection, 9. Fisheries, 10. Forest, 11. Handloom and Textile, 12. Health and Family Welfare, 13. Home, 14. Legal Metrology, 15. Planning and Development, 16. Printing and Stationery, 17. Sericulture, 18. Social Welfare and 19. Sports and Youth Welfare.

In sum, non-existence/non-functioning of internal audit wings in the Departments of the State Government deprived the latter of detecting instances of non-observance, inadequacies (if any) and effectiveness of internal controls. Consequently, a lessons-learnt mechanism, to respond to error signals, could not be put in place by the State Government which led to recurring and serious financial irregularities, often of similar/identical nature, over last several years.

7.3 Response to audit observations in Inspection Reports

The Principal Accountant General (Audit) (AG) arranges to conduct periodical inspection of Government offices to test-check the transactions and verify the due maintenance of significant accounting and other records according to prescribed rules and procedures. Inspection Reports (IRs) are issued to the Heads of the concerned offices with a copy to the Government. Orders of the State Government (March 1986) provide for prompt response by the Executive to the IRs issued by the AG to ensure rectificatory action in compliance to the prescribed rules and procedures. A half-yearly report of pending IRs is sent to the concerned Commissioner and Secretary of the Departments by the Principal Accountant General (Audit) Assam, Guwahati to facilitate monitoring of the audit observations in the pending IRs.

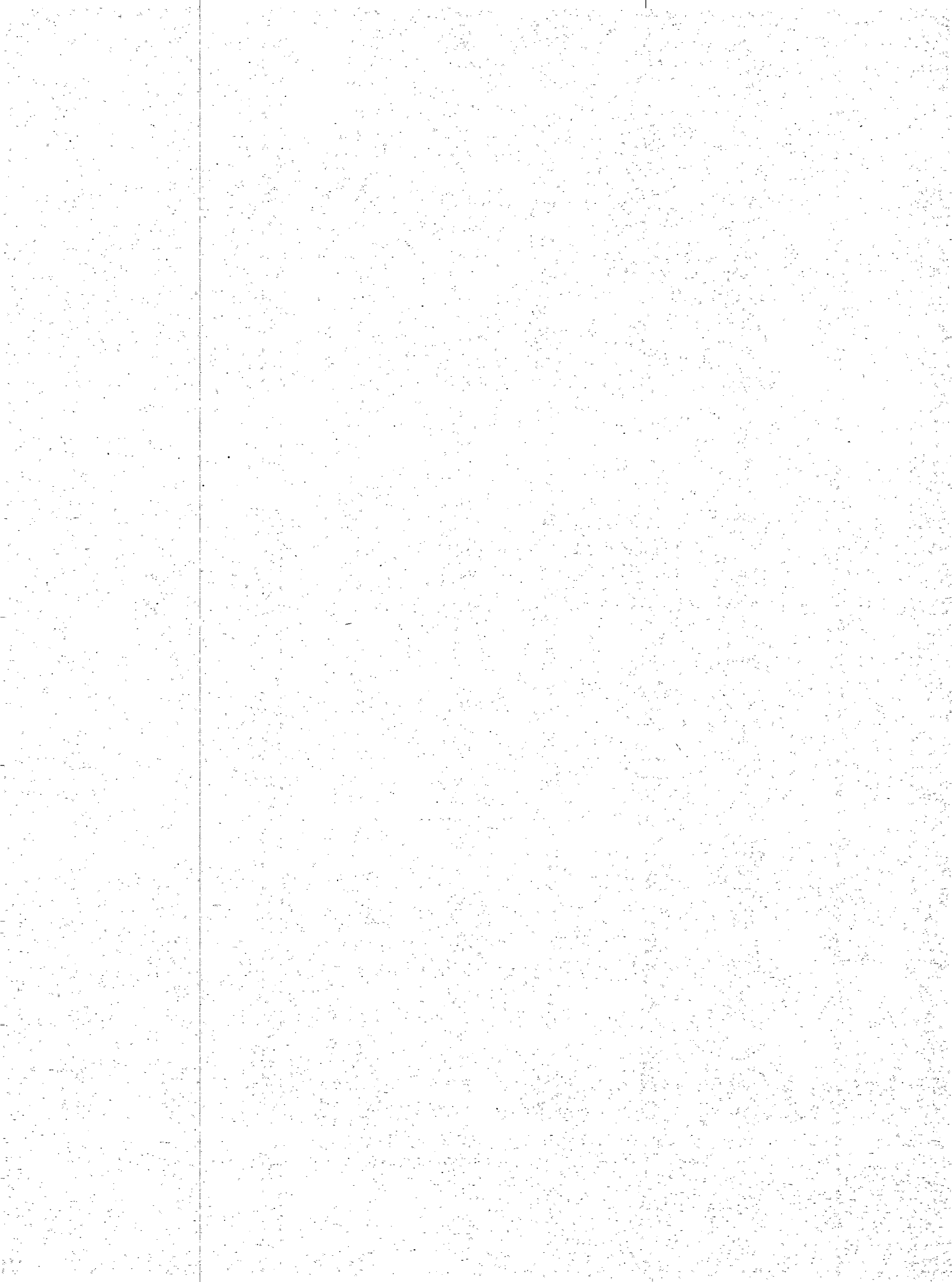
Audit observations by the Accountant General are required to be attended to by the Department within one month from the receipt of the Inspection Reports (IRs). It was however, noticed that 4,905 IRs and 25,880 Paragraphs were pending for settlement as of May 2010 as detailed below:

Year	Opening Balance		Addition		Settlement		Balance (as on May 2010)		Money Value (Rupees in crore)
	IRs	Paras	IRs	Paras	IRs	Paras	IRs	Paras	
2005-06	5,801	29,278	450	3,279	923	7,400	5,328	25,157	1,466.39
2006-07	5,328	25,157	503	3,726	336	3,578	5,495	25,305	2,870.04
2007-08	5,495	25,305	680	4,489	332	2,073	5,843	27,721	2,632.30
2008-09	5,843	27,721	598	3,844	160	1,916	6,281	29,649	4,591.08
2009-10	6,281	29,649	514	3,759	1,890	7,528	4,905	25,880	5,371.39

IRs and Paragraphs therein are error signals to which a State Government should be sensitive to ensure that errors are comprehensively dealt with, those responsible for these are held accountable and these don't recur. More the sensitivity and more the alacrity to act firmer is the Government's resolve to deliver good governance to its people. However, the State Government's sensitivity to IRs and Paragraphs did not infuse the desired confidence in its people/legislature.

CHAPTER - 8



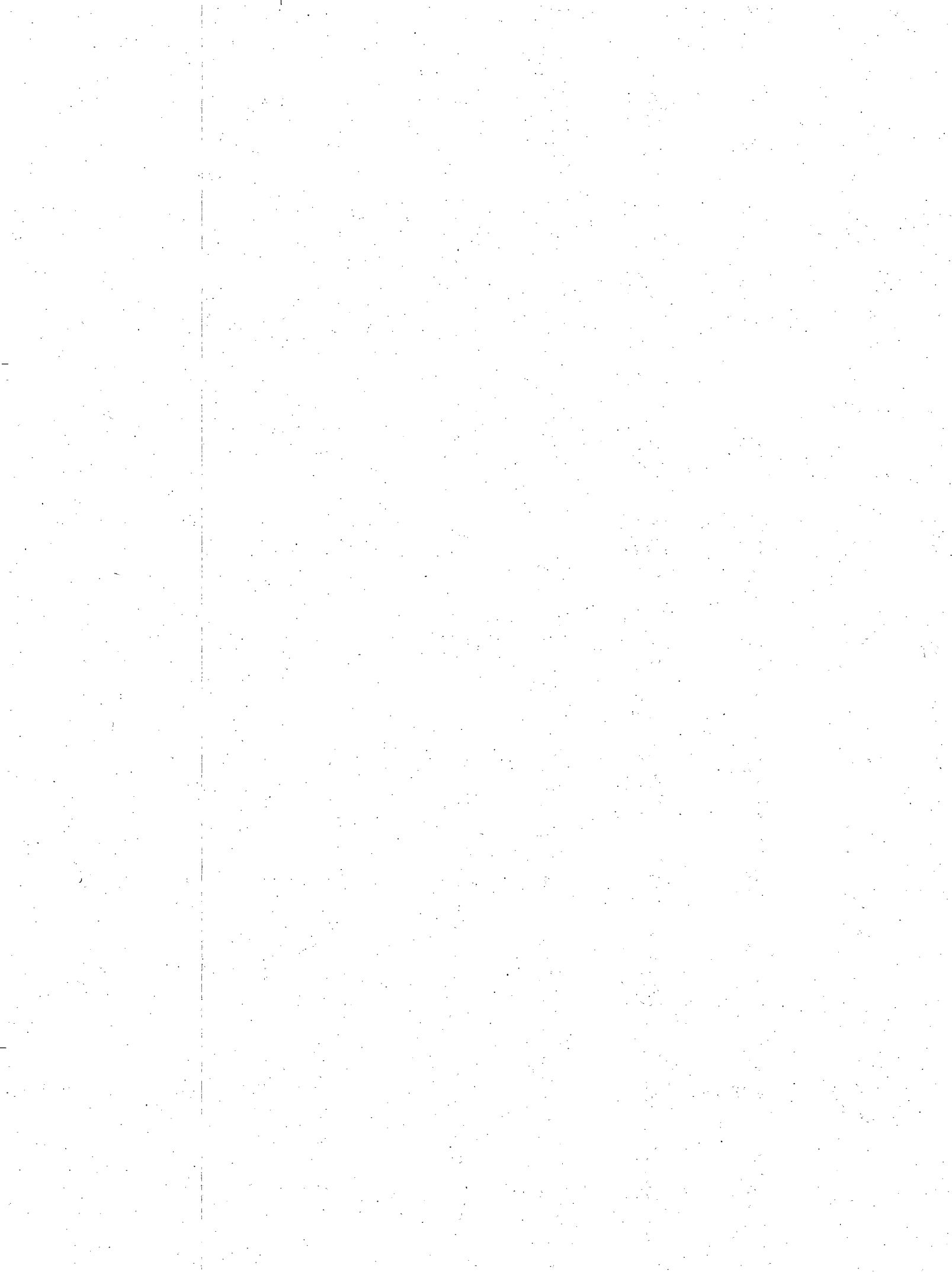


Conclusion

Review of internal controls in the Departments and its directorates through test-check of field offices revealed absence of control environment as officials at various levels were either unaware of the controls in place or had a tendency to ignore/bypass the same.

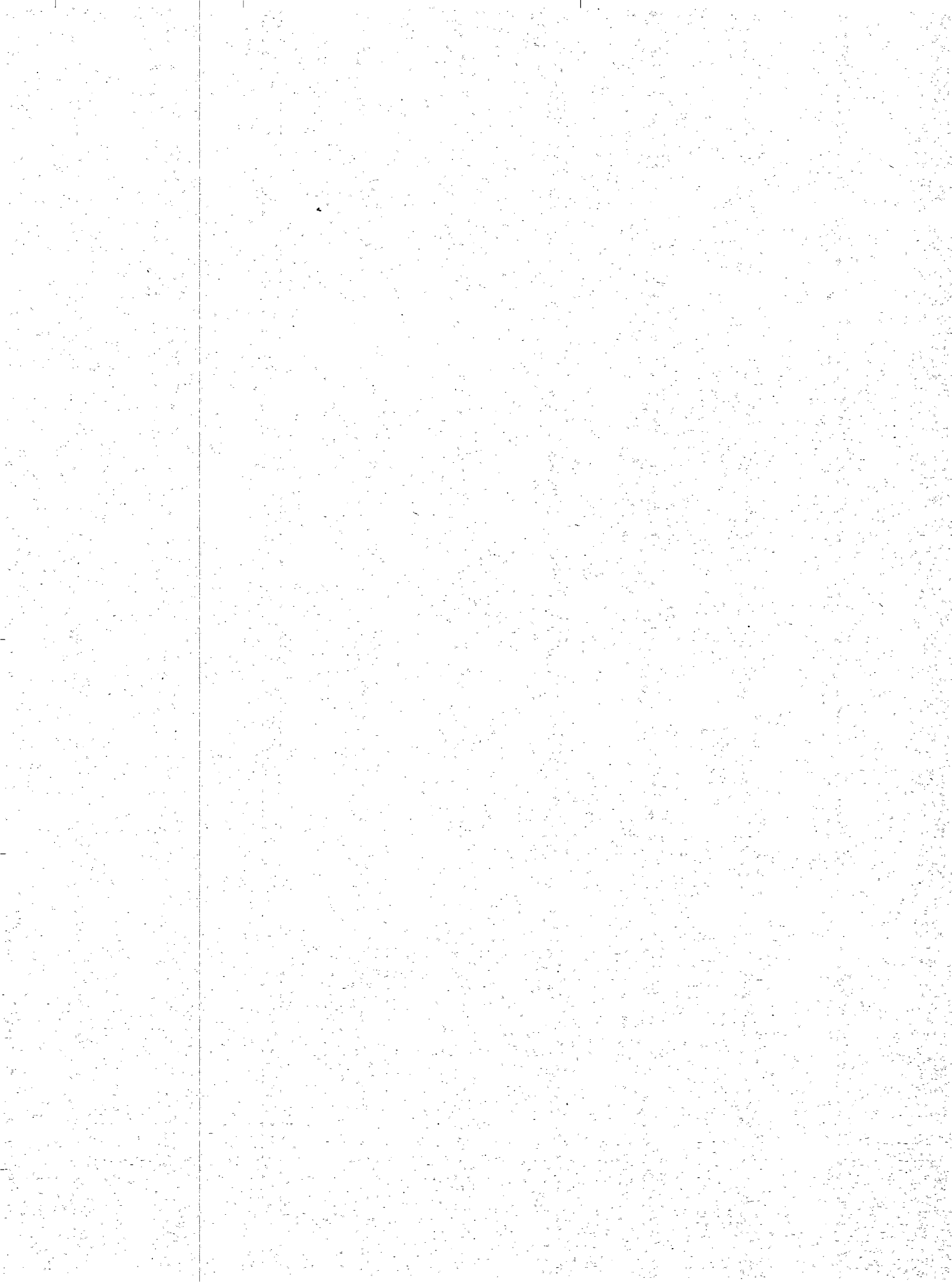
Bypassing the regulatory framework is the most common anatomy of any fraud. Audit scrutiny of the records revealed violations of the Government's policies and its Acts, Rules, Statutes and Regulations resulting in misappropriation, defalcation, waste etc., of Government Funds. Absence of proper documentation and evidencing of transactions involving large sums of money were noticed. Cash controls were ineffective, as mandatory internal control measures were not being observed. Often, accountability was not being fixed. Non-execution of the works in an orderly, ethical, economical, efficient and effective manner resulted in wasteful, extra and avoidable/unproductive expenditure including loss of Government funds. Public resources were not being safeguarded against loss and operational controls were often not being observed.

Near-absence of effective internal audit and weak supervision and monitoring to oversee that the obligation of internal controls were being discharged properly by the executing officers aggravated the risks. Persistent violation of the provisions of the Budget Manual and Contingency Manual led to huge pendency of submission of DCC bills, UCs, unnecessary drawals and retention of funds, increasing the risk of misuse, misutilisation and even misappropriation of public money.



CHAPTER - 9





Recommendations

- In view of the weakened internal controls resulting in instances of missing assets/inventory, pilfering, inflated claims, double payments, false claims, payroll fraud in various departments, the Government should urgently assess the risk associated with these controls to ensure the efficacy of internal control.
- The Government needs to review the existing control mechanism prevalent in its departments to remove the flaws in design, errors of judgment or interpretation, misunderstanding, carelessness, fatigue, distraction, collusion, abuse or override.
- Organizational changes and management attitude can have a profound impact on the effectiveness of internal control and the personnel operating the system. Therefore, the higher management (Chief Controlling Officers/Heads of Departments) needs to continually review and update controls and communicate changes to personnel. Monitoring mechanism and operational controls should be strengthened and accountability fixed promptly for failure to exercise controls leading to frauds, loss to exchequer and pilferage etc.
- A close and rigorous oversight mechanism should be put in place to adjust the Abstract Contingent Bills within the prescribed time schedule from the date of drawal of the amount. No AC bills should be allowed to be drawn till settlement of earlier outstanding bills.
- Internal Audit wings should be established in all the Government Departments so as to provide assurance for adequacy of control systems.

Guwahati

The

22 DEC 2010



(Mukesh P. Singh)

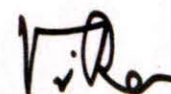
Principal Accountant General

Countersigned

New Delhi

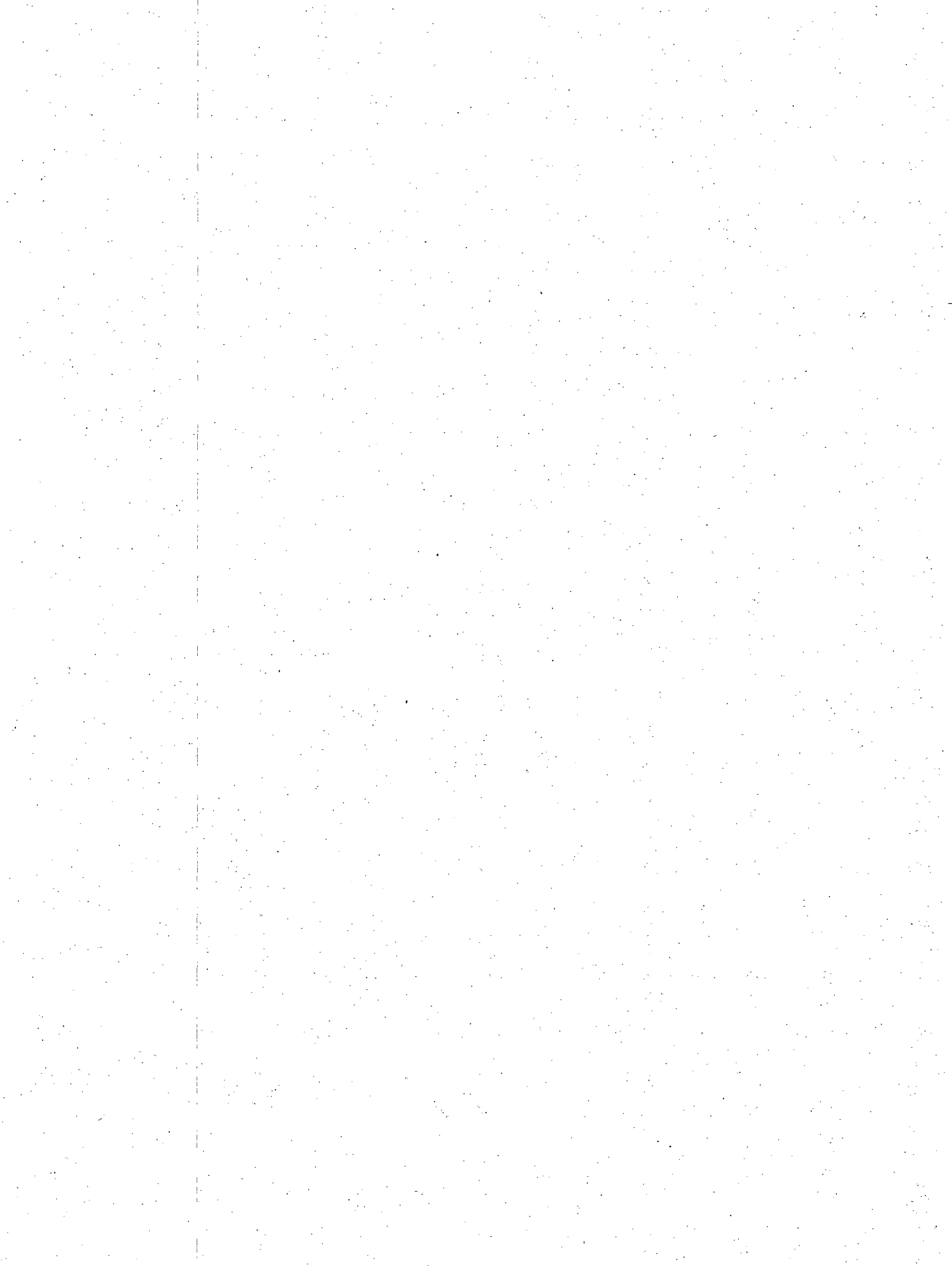
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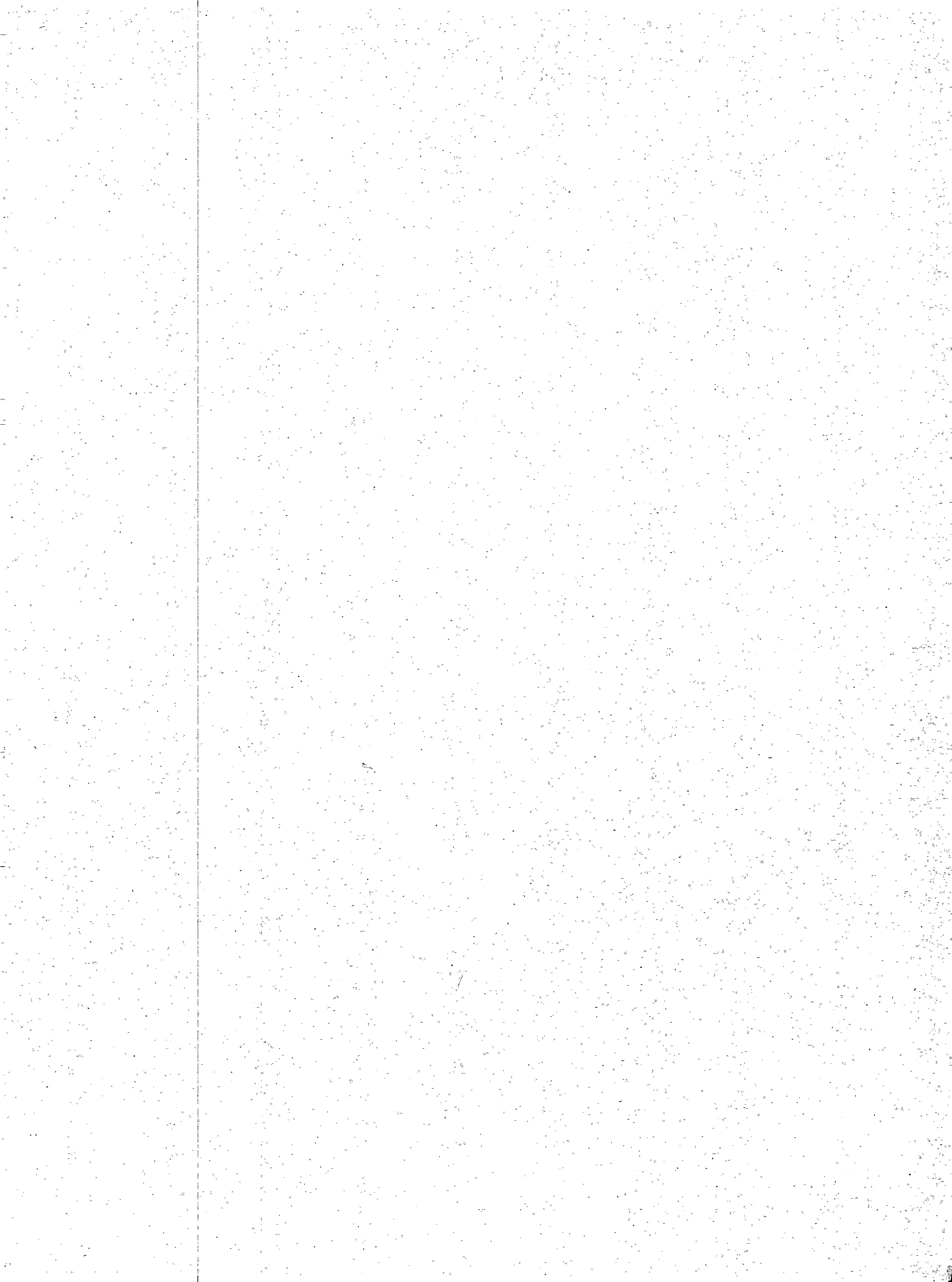
(Vinod Rai)

Comptroller and Auditor General of India



APPENDICES





Appendix -I

(Reference to paragraph - 1.2; Page-2)

Irregular retention of Government fund

Sl. No.	IR No/Para	Period of audit	Name of unit	Period of Inspection	Brief particulars	Money value (₹ In crore)	Reply
Health and Family Welfare Department							
1.	IC-I/10-3/09-10/Pt-IIA/Para 3	1/08 to 4/09	Director Medical Education, Assam, Guwahati	5.5.09 to 16.5.09	DCR & Bankers cheque for ₹ 46.09 lakh drawn between May 2004 to September 2007 were lying in hand without utilisation. It was stated (July 2009) that steps will be taken to refund the unutilized fund into Government Account. No steps however had been taken till April 2010.	0.46	Reply furnished (Aug 2010)
Education Department							
2.	IC-II/33-01/09-10/Pt-IIIB/Para 3	3/07 to 3/09	Director of Secondary Education, Assam	4.5.09 to 15.5.09	Retention of heavy Closing Balance of ₹13.49 crore in DCR/Bank drafts/Bankers cheques drawn between 2004 and 2009.	13.49	Reply not furnished (Aug 2010)
Home Department							
3.	IC-II/39-03/09-10 Pt-IIIB/Para 4	7/07 to 4/09	I.G. Prison	16.5.09 to 26.5.09	Retention of heavy closing balance of ₹2.66 crore in DCR/Bank drafts/cash etc drawn between May 2005 and April 2009.	2.66	Reply not furnished (Aug 2010)
4.	IC-II/39-32/08-09/Pt-IIA/Para-5	7/07 to 11/08	Director General of Police (Hq) Guwahati	16.12.08 to 1.1.09	Blocking of fund worth ₹1.93 crore in DCR drawn between March 2003 and March 2007.	1.93	Reply not furnished (Aug 2010)
General Administration Department							
5.	IC-II/40-12/08-09/Pt-IIA/Para 1	11/06 to 11/08	D.C. Nagaon	14.11.08 to 8.12.08	Unauthorized retention of Government fund to the tune of ₹1.05 crore in DCR drawn between March 1994 to March 2007.	1.05	Reply not furnished (Aug 2010)
6.	IC-II/40-14/08-09/Pt-IIA/Para 3	8/07 to 1/09	D.C. Golaghat	7.2.09 to 3.3.09	Retention of cash balance of ₹5.36 crore at the end of March 2009. Of ₹5.36 crore, ₹1.15 crore was retained in hand since prior to July 2004.	5.36	Reply not furnished (Aug 2010)
7.	IC-II/40-09/09-10/Pt-IIA/Para 3	11/07 to 7/09	D.C., Kamrup (Metro), Guwahati	20.08.09 to 14.9.09	Balance funds released since 2003 to 2008 mainly under flood relief/FDR and water supply schemes amounting to ₹1.38 crore accumulated in hand.	1.38	Reply not furnished (Aug 2010)
8.	-do-	-do-	-do-	-do-	Funds released to three BDOs during February 2008 to May 2008 for implementation of Kalpataru scheme irregularly retained in hand.	0.44	Reply not furnished (Aug 2010)
9.	-do- Pt-IIIB/Para 8	-do-	-do-	-do-	Blockade of Kalpataru scheme fund of ₹43.57 lakh since 2006-07.	0.44	Reply not furnished (Aug 2010)
Total						27.21	

Appendix -II

(Reference to Paragraph-1.2; Page 2)

Rush of Expenditure

(₹ in crore)

Sl No.	Grant No. and Name	Head of Account Scheme/ Service	Expenditure incurred in March 2010	Total expenditure	Percentage of total expenditure incurred during March 2010
1	2	3	4	5	6
1	9- Transport Services	5055	21.00	28.00	75
2	11- Secretariat and Attached Offices	2052	787.07	1026.95	77
3	17- Administrative and Functional Buildings	4059	41.34	59.59	69
4	27- Art and Culture	2205	56.39	99.00	57
5	31- Urban Development (Town & Country Planning)	2217	64.15	100.92	64
6	34- Urban Development (Municipal Area Development)	2217	32.98	46.06	72
7	36- Labour and Employment	2230	52.39	87.45	60
8	37- Food Storage, Warehousing and Civil Supplies	2408	12.72	23.97	53
9	38- Welfare of Scheduled Castes/Scheduled Tribes & OBCs etc.	2225	273.43	368.33	74
10	39- Social Security, Welfare and Nutrition	2236	254.07	314.94	81
11	41- Natural Calamities	2245	517.07	622.39	83
12	42- Social Services	2070	17.88	20.23	88
13	48- Agriculture	2401	296.44	398.57	74
14	53- Dairy Development	2404	12.48	20.78	60
15	54- Fisheries	2405	28.98	46.27	63
16	56- Rural Development (Panchayat)	2515	243.67	396.24	62
17	58- Industries	2852	10.52	17.04	62
		4885	12.50	16.03	78
18	62- Power (Electricity)	2801	10.79	11.78	92
		6801	27.34	40.34	68
19	64- Roads and Bridges	5054	378.97	603.87	63
20	65- Tourism	5452	12.45	16.45	76
21	66- Compensation and Assignment to Local Bodies and Panchayati Raj Institutions	3604	378.91	549.89	69
22	69- Scientific Services and Research	3425	12.54	18.30	69
23	Public Debt and Servicing of Debt	6004	162.76	220.11	74
24	25- Miscellaneous General Services	2075	1412.11	1412.11	100
25	72- Relief and Rehabilitation	2235	68.13	96.81	70
26	73- Urban Development (GDD)	2217	59.87	89.78	67
27	75- Information Technology	4859	22.23	24.09	92
28	76- Hill Areas Department (KAAC)	2515	32.83	37.09	89
		4702	43.63	62.09	70

Appendix –III
(Reference to paragraph – 3.5: Page-10)
Misappropriation/Fraud/Embezzlement as reported in the Inspection Reports

Sl. No	IR No/Para	Period of audit	Name of unit	Period of Inspection	Brief particulars	Money value (₹ In crore)	Reply
Education Department							
1.	IC-II/33-8/09-10/ Pt-IIA/Para 1	2/06 to 5/09	District Elementary Education Officer (DEEO) Dhemaji	3.6.09 to 15.6.09	Misappropriation of ₹5.15 lakh In violation of rule 95 of AFR the cash book was not closed on 31.1.06 by the erstwhile deceased cashier. The cash book was started by the new cashier from 15.2.06 with closing bank balance. Audit found a discrepancy of ₹5,15,402 in the closing balance. The DEEO during discussion (June 2009) assured to investigate the matter. No reply was however, received as of March 2010.	0.05	Reply not furnished (Aug 2010)
2.	IC-II/33-8/09-10/ Pt-IIA/Para 2	2/06 to 5/09	District Elementary Education Officer (DEEO) Dhemaji	3.6.09 to 15.6.09	Suspected misappropriation of ₹4.40 lakh In violation of Rule 95 of AFR ₹9.60 lakh being scholarship money drawn in March 2007 was not entered in the cash book of DEEO. Subsequently, ₹2.70 lakh was disbursed and ₹2.50 lakh was deposited into DDO's account. Rest ₹4.40 lakh was neither refunded nor disbursed resulting in misappropriation.	0.04	Reply not furnished (Aug 2010)
3.	IAB/SSA/1-6/08-09/ Para 2/Pt-IIB	2001-02 to 2006-07	DMC, SSA, Golaghat	9.6.08 to 20.6.08	Suspected misappropriation of ₹1.33 lakh In violation of Rule 95 of AFR money en-cashed (May-June 2002) from bank through four self-cheques amounting to ₹1,33,260 were not entered in the cash book. Vouchers and APRs were also not available resulting in misappropriation.	0.01	Reply not furnished (Aug 2010)

4.	IAB/SSA/1-12/08-09/ Para 7/Pt-IIB	2002-03 to 2006-07	DMC, SSA, Goalpara	11.8.08 to 26.8.08	Misappropriation of ₹1.24 lakh The LDA cum Accountant of the office of the Block Mission Co-ordinator Lakhipur drew (November 2004 to January 2005) excess amount of ₹1.24 lakh by manipulating the amounts of five cheques and cash in hand of ₹14,000. Subsequently ₹ 0.45 lakh was recovered leaving a balance of ₹0.79 lakh yet to be recovered.	0.01	Reply not furnished (Aug 2010)
Panchayat and Rural Development Department							
5.	IAB/DRDA/2-4/2009-10/ Para 3/Pt-IIB	2006-07 to 2007-08	PD, DRDA, Morigaon	29.5.09 to 30.6.09	Reported misappropriation of Govt. money ₹51.51 lakh Secretary Dhupguri Gaon Panchyat under BDO Lahorighat went on leave from July 2008 without handing over records to the President. Subsequently, the officials of Lahorighat Anchalik Panchayat detected misappropriation of ₹10.20 lakh (2007-08) and lodged FIR. Audit found that apart from ₹10.20 lakh, ₹61.27 lakh was also received by the Gaon Panchyat under different schemes of which ₹19.96 lakh was lying in Bank Account. However, no records in support of utilization of ₹41.31 lakh was shown to audit resulting in misappropriation of total amount of ₹51.51 lakh (₹41.31 lakh + ₹10.20 lakh).	0.52	Reply not furnished (Aug 2010)
6.	IAB/DRDA/2-8/07-08/ Para 1/Pt IIA	2005-06 to 2006-07	PD DRDA, Golaghat	29.5.09 to 30.6.09	Embezzlement of SGRY fund of ₹2.01 crore Orders for supply of 3.10 lakh M.R. forms and 0.50 lakh M.B.s were given to a non-existent supplier and payment of ₹25 lakh was also made in October 2006. However supply was not received and amount was suspected to be embezzled.	0.25	Reply not furnished (Aug 2010)
7.	LBAA/1-8/09-10 Para 5 (B)	4/04 to 3/09	Dhemaji ZP	22.2.10 to 8.3.10	In violation of Rule 78 & 79 of Assam Financial Rule, ₹3.33 lakh out of ₹12.33 lakh received from BDO, Morkengstek Tribal Development Block on 16.01.09 was shown as spent without any voucher or APRs in the cash book. The CEO stated (March 2010) that voucher would be produced but no reply had been received.	0.03	Reply not furnished (Aug 2010)

8.	LBAA/1-8/09-10 Para 5 (B)	4/04 to 3/09	Dhemaji ZP	22.2.10 to 8.3.10	Rupees four lakh was paid to the President and CEO of the ZP in July 2004 without any recorded reason. Another payment of ₹2.50 lakh was reflected in the cash book in July 2004 without recording the purpose of expenditure and particulars of payee. Vouchers and APRs were not available for the total amount of ₹6.50 lakh. According to the record the amounts (₹6.50 lakh) were drawn by the accountant of the Zilla Parishad with the intention to deposit it in a particular account. However, till date of audit (February – March 2010) the amounts were not returned.	0.07	Reply not furnished (Aug 2010)
9.	LBAA/1-8/09-10 Para 5 (B)	4/04 to 3/09	Dhemaji ZP	22.2.10 to 8.3.10	Expenditure of ₹38.38 lakh, during the period from February 2007 to February 2009 (under NREGS), was incurred on procurement and installation of Hand Tube wells (HTW). But the report regarding installation of HTW was not produced to audit. Neither any completion certificate nor related measurement books were shown to audit. Bills, vouchers and APRs also were not shown to audit.	0.38	Reply not furnished (Aug 2010)
10.	LBAA/1-4/9-10/2073-78 Para 1	4/06 to 3/09	Kamrup ZP	4.9.09 to 18.9.09	The amount of ₹74 lakh was shown as advances paid to four ZP officials on 30.3.07 under SGRY. As per auditors (CA) report (12.07.07) the amount was not adjusted till that date and treated by the auditor as advance. Subsequently, the amount was recorded in the cash book as adjusted by mentioning the date of adjustment as 31.03.2007. But neither voucher reference nor dates of voucher were recorded against the adjustment entries. Even the names of works against which adjustments were made were not recorded. In course of audit in September 2009 (i.e. after two and half years of adjustment) related records like MBs, MR vouchers, in support of the adjustment were not produced to audit. No advance register was maintained to watch recovery/adjustments of advances. The CEO stated (September 2009) that advance register will be maintained and records will be produced to next audit. The CEO in an interim reply (October 2009) stated that pursuant to audit observation advance register and adjustment register have been maintained. Reply to the inspection report issued in December 2009 however, had not been received.	0.74	Reply not furnished (Aug 2010)

11.	LBAA/1-4/9-10/2073-78 Para 2	4/06 to 3/09	Kamrup ZP	4.9.09 to 18.9.09	<p>₹5.70 lakh was released by the CEO, Kamrup ZP to the BDO, Boko Development Block on 31.01.2008 under SGRY 2007-08. The cheque was debited to the BDO on 29.03.2008. But as per auditors report the amount was not taken to BDO's account (12.10.2008). The CEO, Kamrup ZP did not take action/carry out any investigation and stated (September 2009) that the matter would be verified and intimated. The CEO in an interim reply (October 2009) stated that the concerned BDO was asked to clarify the matter.</p> <p>Reply to the inspection report, issued in December 2009, however, had not been received (May 2010). An audit party was deputed in January 2010 to conduct audit of the accounts of BDO, Boko, but no record was produced to audit. The matter of non-production of records was intimated to the Government in March 2010.</p>	0.06	Reply not furnished (Aug 2010)
12.	LBAA/IR/MZP/08-09 Para 8	4/02 to 3/07	Morigaon ZP	26.12.08 to 8.1.09	Doubtful procurement of Hand Tube Well for Rupees one lakh in August 2007. Materials were neither entered in the stock book nor stock certificate recorded in the body of the bill. List of beneficiary, records showing place of installing the HTW were not made available to audit.	0.01	Reply not furnished (Aug 2010)
13.	LBAA/IR/1-5/09- 10/3113-18 Para 12	4/02 to 3/09	Hailakandi ZP	26.12.08 to 8.1.09	Director, P&RD, Assam released ₹5.65 lakh vide letter No. DRD-12P/22/2007-08/134 dt. 30.5.08 (Bank draft No. 569364 dt. 26.5.08) and the amount was paid to ZP members for distribution to 565 selected SHGs @ ₹100 per SHG under Assam Vikash Yojana. APRs in support of receipt of the amount by the SHGs were not available. Utilisation Certificates had also not been sent to Director, P&RD Assam.	0.06	Reply not furnished (Aug 2010)
14.	APLBAA/2-8/09-10 Para 3	4/06 to 3/09	Chamaria Dev. Block	5.9.09 To 16.09.09	₹24.29 lakh was spent in March 2008 for purchase of 1,699 sprayers. But delivery challans/bills cash memos etc. and stock register in support of receipt of materials were not produced to audit.	0.24	Reply not furnished (Aug 2010)

15.	AP LBAA/2-13/09-10/3139-44 Para 5	4/02 to 3/09	Kaliapani Block	Dev.	12.11.09 to 20.11.09	Doubtful payment of wages for ₹85,119 was made based on muster roll. Scrutiny of muster rolls revealed that during March – April 2009 expenditure of ₹85,119 was made without obtaining signatures of the labourers in support of disbursement of wages.	0.01	Reply not furnished (Aug 2010)
16.	LBAA/2-6/09-10/2743-48 Para 1	4/07 to 3/09	Katlichera Block/AP	Dev.	5.8.09 to 12.08.09	An amount of ₹16 lakh was drawn by the BDO on 27.2.2009 through self-cheque and paid to a Junior Engineer on 28.02.2009 for construction of 64 IAY houses. However, no supporting vouchers/APRs were shown to audit regarding construction of above houses. During discussion the BDO stated that reply would be submitted in due course. However, no reply was received.	0.16	Reply not furnished (Aug 2010)
Health and Family Welfare Department								
17.	IC-I/10-28/09-10/ Para 1/Pt-IIB	5/2000 to 10/2009	Adtl. CM&HO (FW) Morigaon		4.12.09 to 15.12.09	Suspected misappropriation of ₹3.50 lakh ₹1,81,524 withdrawn from bank through five cheques during January 2007 to March 2007 for routine immunization, were not entered in the cash book. Further, out of ₹70,000 drawn from bank in March 2008, only ₹11,000 was entered in the cash book leaving ₹59,000 out of account. Thus, total amount of ₹2.41 lakh drawn from bank remained unaccounted for leading to misappropriation. Besides, ₹1.09 lakh, being the closing balance on 27.6.2003, was not taken as opening balance of the next day resulting in further misappropriation of ₹1.09 lakh.	0.03	Reply not furnished (Aug 2010)
18.	IC-I/10-34/09-10/ Para 5/Pt-IIB	10/07 to 12/09	Joint Kamrup	DHS (DMO)	20.1.10 to 1.2.10	Misappropriation of ₹1.03 lakh While carrying forward the closing cash balance of ₹3,94,934.86 as on 31.10.2009 to the next day's (1.11.2009) opening balance, it was erroneously recorded as ₹2,91,787.86 (less by ₹1,03,147). The error was not detected as physical verification of cash was not done and subsequently the amount was misappropriated.	0.01	Reply not furnished (Aug 2010)

Commerce and Industries Department							
19.	IC-II/23-4/09-10/ Para 4/Pt IIB	8/05 to 6/09	G.M. District Industries & Commerce, Kokrajhar	8.7.09 to 16.7.09	Suspected misappropriation of ₹ 60.38 lakh ₹ 60.38 lakh, received from Bodoland Territorial Council (BTC), Kokrajhar between March 2008 to August 2008, was not entered in the cash book even after more than one year from the dates of receipt.	0.60	Reply not furnished (Aug 2010)
Public Health and Engineering Department							
20.	WA-II/PHE-16/08-09 Para 1	08/04 to 08/08	E.E. Howraghat PHE Division	21.11.08 to 03.12.08	Fraudulent drawal of ₹ 1.20 crore In violation of Rule 95, Rule 78 and Rule 79 of AFR, ₹ 1,20,39,000 were drawn from Diphu Treasury in January and February 2005 in 26 cheques by forging the signature of the Executive Engineer, Howraghat. There were no vouchers, APRs or entry in Cash Book. Cheque books were in the custody of the Accounts officer who was placed under suspension. In reply the matter was stated to be under investigation.	1.20	Reply not furnished (Aug 2010)
Public Works Department							
21	WA-II/PWD (R)-4/08-09 Para-10	12/06 to 01/08	E.E. Sarupathar Rural Road Division	21.04.08 to 03.05.08	Double drawal of ₹ 0.56 lakh In violation of Rule 95, Rule 78 and Rule 79 of AFR pay and allowances amounting to ₹ 56,000 for the month of August 2007 were drawn (09/2007 and 10/2007) twice by the AEE and AE by making two separate salary bills.	0.01	Reply not furnished (Aug 2010)
22	WA-II/Bldg-2/09-10 Para 5	07/07 to 05/09	E.E. North Lakhimpur PWD Building Division	09-07-09 to 21-07-09	Fraudulent drawal of ₹ 3.27 lakh In violation of Rule 95, Rule 78 and Rule 79 of AFR temporary GPF advances of ₹ 3.27 lakh were drawn from Dhemaji Treasury during 2004 and 2005 by a Sectional Assistant in respect of 20 employees of the office by using duplicate office seal and forging the signature of office staff and DDO. An FIR was lodged by the Treasury Officer, Dhemaji against him and subsequently he was placed under suspension.	0.03	Reply not furnished (Aug 2010)
Urban Development Department							
23.	LBAA/5-8/09-10/ 3145-49 Para 9 (b)	9/02 to 3/09	Morigaon MB,	3.11.09 to 20.11.09	Suspected misappropriation of ₹ 1.20 lakh Town & Country Planning released ₹ 1.20 lakh under Integrated Development of Small and Medium Towns to Morigaon Municipal Board, but the amount was neither recorded in the cash book nor reflected in bank pass book/bank statement. The Chairman of the Morigaon MB during discussion stated that the matter would be verified and intimated to audit. No intimation received so far.	0.01	Reply not furnished (Aug 2010)
Total						4.53	

Appendix -IV

(Reference to Paragraph 4.2; Page-12)

Statement showing the amount paid in excess of bill value passed for payment

(In ₹)

Sl. No.	Name of the contractor	Bill value	Passed for payment	Amount paid including deductions	Excess payment	Vr. No. and date	Cheque No.
1	2	3	4	5	6 (Col.5-4)	7	8
1	Miukul Kalita	1,97,761	19,7000	4,50,000	2,53,000	296 dt.7/2/07	383895/7678
2	Ikram Hussain	1,97,000	1,96,000	3,00,000	1,04,000	286 dt.7/2/07	383886/7678
3	Md.Imdad	2,67,776	2,67,000	9,98,900	7,31,900	292 dt.7/2/07	383892/7678
4	Dil Ahmed	1,99,904	1,99,000	2,00,000	1,000	304 dt.7/2/07	383952/7680
5	Lakhi Saikia	28,055	25,000	31,460	6,460	463 dt.8/2/07	383900/7658
6	Mehboob Hussain	1,28,003	1,27,000	5,00,000	3,73,000	408 & 409 dt.7/2/07	382860/7658
7	Pradip Ghose	46,916	25,000	50,000	25,000	436 dt.8/2/07	382873/7658
8	Har Gobinda Mahanta	33,800	30,000	1,00,000	70,000	287 dt.7/2/07	383887/7678
9	Mrigen Bhagawati	27,72,661	25,00,000	36,95,814	11,95,814	474 dt.8/2/07	382961/7660
10	Dipti Pd. Borah	30,383	19,600	19,627	27	105 dt.7/2/07	383711/7675
11	Suren Borah	27,000	23,000	25,000	2,000	426 dt.19/3/05	332006/6641
Total		39,29,259	36,08,600	63,70,801	27,62,201		

Appendix - V

(Reference to Paragraph - 4.3; Page-13)

Statement showing the details of wanting vouchers

Sl. No.	Name of Contractor	Name of work	Chainage	Net Payment (₹)	Gross Payment (₹)	Vr No	Date
1	2	3	4	5	6	7	8
1	Pranab Ranjan Bhattacharjee	O/E		8,000	8,000	7	11-Mar-05
2	Arun Borah	S/C D3	3486-3516M	7,296	8,000	176	19-Mar-05
3	Mohendra Nath	S/C D3	326-350M	5,472	6,000	257	19-Mar-05
4	Durlov Hazarika	S/C D1	152-166M	4,560	5,000	329	19-Mar-05
5	Ankur Biswakarma	S/C D2M2	81-108M	6,384	7,000	392	19-Mar-05
6	Mahendra Nath	S/C D3	8095-8116m	3,648	4,000	399	19-Mar-05
7	Lalit Kalita	S/C D3M1	1710-1740M	9,120	10,000	584	21-Mar-05
8	Rajesh Daimari	Aqueduct D3	1950M	22,500	25,250	592	21-Mar-05
9	Jayanta Sarmah	B/C D1M2		44,500	50,000	708	21-Mar-05
10	Neebul Enterprise	Reequip. M/C	1002-1030M	2,22,500	2,50,000	776	21-Mar-05
Sub-total				3,33,980	3,73,250		
11	Bhabani Saikia	C/D at D3M3		39,761	44,675	51	6-Feb-07
12	Bhabani Saikia	S/C at D3		18,152	19,903	52	6-Feb-07
13	Kulendra Kalita	S/C at D1		59,630	67,000	60	6-Feb-07
14	Bhabani Saikia	S/C at D1		22,250	25,000	80	6-Feb-07
15	Dip Newar	S/C at Main Canal		2,670	2,927	120	7-Feb-07
16	Prabin Ozah	S/C at Main Canal		22,250	25,000	136	7-Feb-07
17	Binoy Basumatary	S/C at Main Canal		81,702	91,800	141	7-Feb-07
18	Pronoy Basumatary	B/C at Main Canal		54,418	61,144	150	7-Feb-07
19	Gurin Phukan	River Diversion		4,00,500	4,50,000	151	7-Feb-07
20	Lakhi Balu	S/C at Main Canal		600	600	202	7-Feb-07
21	Suresh Ghatraj	B/C at Main Canal		1,95,800	2,20,000	214	7-Feb-07
22	Pranab Ranjan Bhatta	C.C.L. at Main Canal		38,30,920	44,00,000	218	7-Feb-07
23	Rajen Saikia	S/C at Main Canal		44,567	50,075	220	7-Feb-07
24	Sunil Dawka	RGB		4,107	4,503	241	7-Feb-07
25	Sunil Dawka	RGB		3,860	4,015	247	7-Feb-07
26	Sunil Dawka	RGB		2,274	2,365	248	7-Feb-07
27	Sunil Dawka	RGB		3,995	4,162	249	7-Feb-07
28	Sunil Dawka	RGB		8,081	8,418	250	7-Feb-07
29	Gurin Phukan	Log Clearance & Levelling		9,79,000	11,00,000	251	7-Feb-07
30	Gurin Phukan	S/C at Main Canal		6,23,498	7,00,560	252	7-Feb-07
31	Anwar Zmam	S/C at D1	2160-2306M	4,08,376	4,58,850	257	7-Feb-07
32	Jewel Chakravarty	S/C at Main Canal	7872-7884M	7,477	8,400	275	7-Feb-07
33	Jewel Chakravarty	S/C at Main Canal		11,542	12,968	276	7-Feb-07
34	Rainbow Enterprise	B/C at Main Canal		2,67,000	3,00,000	279	7-Feb-07

1	2	3	4	5	6	7	8
35	Largus Guria	Improv. at D1		13,449	14,747	280	7-Feb-07
36	Dharmananda Borah	B/C at Main Canal		1,33,500	1,50,000	293	7-Feb-07
37	Ugam Chand	Improv. at D1		62,300	70,000	297	7-Feb-07
38	Ratul Hazarika	S/C at Main Canal		1,92,631	2,16,439	303	8-Feb-07
39	Kamala Baishya	C.C.L. at Main Canal		12,65,000	15,00,000	305	8-Feb-07
40	Neebul Enterprise	Log Clearance		24,18,881	26,93,125	306	8-Feb-07
41	Neebul Enterprise	Bld. (Rest House)		6,09,700	6,50,000	308	8-Feb-07
42	Gaurisankar Deka	S/C at Main Canal		20,025	22,500	311	8-Feb-07
43	Gaurisankar Deka	Inspection Path		9,34,500	10,50,000	313	8-Feb-07
44	Gaurisankar Deka	???		1,78,587	1,98,232	314	8-Feb-07
45	Khirood Das	RGB		7,71,824	8,67,220	316	8-Feb-07
46	Ashik Xerox Centre	S/C at D1		7,850	7,850	331	8-Feb-07
47	Ashik Xerox Centre	S/C at D1		4,900	4,900	332	8-Feb-07
48	Ashik Xerox Centre	RGB		1,430	1,430	333	8-Feb-07
49	Ashik Xerox Centre	RGB		9,420	9,420	334	8-Feb-07
50	Ashik Xerox Centre	RGB		7,155	7,155	335	8-Feb-07
51	Dutta Xerox	S/C at D1		2,840	2,840	340	8-Feb-07
52	Dutta Xerox	RGB		2,468	2,468	341	8-Feb-07
53	Dutta Xerox	S/C at D1		4,742	4,742	342	8-Feb-07
54	Dutta Xerox	RGB		2,700	2,700	343	8-Feb-07
55	Dutta Xerox	RGB		3,069	3,069	344	8-Feb-07
56	Tezpur Conting	RGB		2,365	2,365	345	8-Feb-07
57	Tarun Kalita	B/C at Main Canal		5,19,109	5,92,167	358	8-Feb-07
58	Dipen Baruah	C.C. at D3		23,875	26,825	369	8-Feb-07
59	Tapan Das	Improv. at D1		6,384	7,000	370	8-Feb-07
60	Bhanu Saikia	S/C at D1M2		10,944	12,000	373	8-Feb-07
61	Horen Borah	B/C at Main Canal		1,05,352	1,18,373	382	8-Feb-07
62	Bhabani Saikia	C/D at D3		50,000	56,180	383	8-Feb-07
63	Fariuddin Ahmed	Improv. at D3 Canal		1,02,400	1,15,000	395	8-Feb-07
64	Samsul Hoque	S/C at D1		4,560	5,000	397	8-Feb-07
65	Phunu Hazarika	B/C at Main Canal		3,41,693	3,79,279	407	8-Feb-07
66	Kaji Abdul Hai	C.C.L. at D1M2		6,67,300	7,70,000	413	8-Feb-07
67	Rimpuraj Sutradhar	B/C at Main Canal		2,84,800	3,20,000	414	8-Feb-07
68	Rimpuraj Sutradhar	B/C at Main Canal		71,200	80,000	415	8-Feb-07
69	Rajen Basumatary	B/C at Main Canal		16,964	19,060	419	8-Feb-07
70	Ghana Kt. Borah	B/C at Main Canal		2,00,000	2,24,720	420	8-Feb-07
71	Prasanta Das	Improv. of D1		13,600	15,280	438	8-Feb-07
72	Nilamoni Borah	Improv. of D3M2		10,12,000	11,37,070	440	8-Feb-07
73	Bipul Borah	C/D at D2		44,500	50,000	441	8-Feb-07
74	Rupjyoti Saikia	S/C at Main Canal		13,680	15,000	442	8-Feb-07
75	Nipak Bharali	S/C at Main Canal		9,120	10,000	443	8-Feb-07
76	Kedar Singh	???		44,500	50,000	444	8-Feb-07
77	Niranjan Saikia	S/C at Main Canal		26,700	30,000	445	8-Feb-07
78	Khanjan Saikia	S/C at Main Canal		17,800	20,000	446	8-Feb-07
79	Jaan Sarmah	S/C at Main Canal		17,800	20,000	451	8-Feb-07

1	2	3	4	5	6	7	8
80	Digen Das	S/C at D2		11,856	13,000	452	8-Feb-07
81	Bibek Deka	S/C at D1		35,600	40,000	455	8-Feb-07
82	Piyush Kanti Das	S/C at Main Canal		44,500	50,000	457	8-Feb-07
83	Chandan Hazarika	S/C at Main Canal		32,040	36,000	460	8-Feb-07
84	Nasar Ali	S/C at Main Canal		9,120	10,000	462	8-Feb-07
85	Samir Kakoti	B/C at Main Canal		1,33,000	1,49,438	464	8-Feb-07
86	Pranjal Saikia	S/C at Main Canal		3,73,800	4,20,000	466	8-Feb-07
87	Diganta Borah	S/C at Main Canal		44,500	50,000	473	8-Feb-07
88	Nilamoni Borah	S/C at Main Canal		3,56,000	4,00,000	475	8-Feb-07
89	Pradip Ghose	River Diversion		2,67,000	3,00,000	476	8-Feb-07
90	Khirod Das	S/C at Main Canal		4,45,000	5,00,000	477	8-Feb-07
91	Ashraf Ali Ansari	Escape Channel		3,56,000	4,00,000	482	8-Feb-07
92	Ashraf Ali Ansari	Escape Channel		3,56,000	3,90,857	483	8-Feb-07
Sub-total				1,98,10,463	2,23,75,816		
Total				2,01,44,443	2,27,49,066		

Appendix - VI

(Reference to paragraph 4.6 Page-15)

Statement showing the details of DCR in which particulars of drawal were not produced

Year	Sl. No	DCR No	Date	Amount	Name of bank	Branch	Particulars of drawal	Total (In ₹)
1	2	3	4	5	6	7	8	9
1992-93	1	DL773345	31/3/93	70000	SBI	DO	Not available	78223
	2	DL804196	3/3/1993	3223	SBI	DO	Not available	
	3	DL773241	7 th Jan,1993	5000	SBI	DO	Not available	
1993-94	4	DL804100	24-6-93	200	SBI	DO	Not available	88021
	5	DL804006	8/4/1993	5000	SBI	DO	Not available	
	6	DL804252	5/11/1993	7821	SBI	DO	Not available	
	7	DL804356	28/2/94	75000	SBI	DO	Not available	
1994-95	8	DL804536	27/4/94	5917	SBI	DO	Not available	30891
	9	DL804929	31/12/94	739	SBI	DO	Not available	
	10	DL80737	1/8/1994	3095	SBI	DO	Not available	
	11	DL804839	21/10/94	10140	SBI	DO	Not available	
	12	J0801182	18/4/95	11000	SBI	DO	Not available	
1995-96	13	J801569	18/01/96	2280	SBI	DO	Not available	206282
	14	J801305	29/6/95	5292	SBI	DO	Not available	
	15	J801337	25/7/95	7669	SBI	DO	Not available	
	16	J801429	18/9/95	761	SBI	DO	Not available	
	17		2/8/1995	71201	SBI	DO	Not available	
	18	J801513	12 th Dec,95	119079	SBI	DO	Not available	
1996-97	19	DL802185	4/5/1996	16871	SBI	DO	Not available	333553
	20	J801926	6/4/1996	4844	SBI	DO	Not available	
	21	J801917	2/4/1996	449	SBI	DO	Not available	
	22	J802184	4/5/1996	270000	SBI	DO	Not available	
	23	J802489	5/11/1996	23444	SBI	DO	Not available	
	24	J802617	4/2/1997	7828			Not available	
	25	J802784	11/4/1997	117	SBI	DO	Not available	
	26	J802615	3/2/1997	10000	SBI	DO	Not available	
1997-98	27	J803678	18-9-98	3000	SBI	DO	Not available	53000
	28	J803515	9/6/1998	50000	SBI	DO	Not available	
1999-2000	29	J804080	15-6-99	26800	SBI	DO	Not available	27020
	30	J804425	25-2-2000	220	SBI	DO	Not available	
2000-01	31	J804782	29-9-2000	78979	SBI	DO	Relief	96595
	32	938	30/1/01	17616	Pragjyotish Gaonlia Bank (PGB)	Kokra-jhar	Not available	

2001-02	33	J805148	18-8-01	154623	SBI	DO	BAC ELECTION	176129
	34	J805209	29-10-01	6000	SBI	DO	Not available	
	35	J805357	4/3/2002	15506	SBI	DO	Not available	
2002-03	36	J805704	5/12/2002	13000	SBI	DO	Not available	221871
	37	J805688	18-11-02	5000	SBI	DO	Not available	
	38	J805440	3/5/2002	144	SBI	DO	Not available	
	39	J805868	25-3-03	193727	SBI	DO	Relief	
	40	J805790	14-2-03	10000	SBI	DO	Not available	
2003-04	41	DM768087	7/10/2003	60000	SBI	DO	Relief	145000
	42	DM768059	16-9-03	10000	SBI	DO	Not available	
	43	DM768111	7/11/2003	25000	SBI	DO	Not available	
	44	J805995	11/7/2003	5000	SBI	DO	Not available	
	45	J805916	12/5/2003	10000	SBI	DO	Not available	
	46	DM768242	11/3/2004	5000	SBI	DO	Not available	
	47	DM768162	8/1/2004	30000	SBI	DO	Not available	
2004-05	48	DM768372	30-7-04	30126	SBI	DO	Relief	1299084
	49	DM768479	14-10-04	15000	SBI	DO	Not available	
	50	DM768352	13-7-04	25000	SBI	DO	Not available	
	51	DM768776	28-3-05	69000	SBI	DO	Ex-gratia	
	52	DM768699	4/3/2005	30000	SBI	DO	Not available	
	53	DM768655	15-2-05	6000	SBI	DO	Not available	
	54	DM768629	5/2/2005	38958	SBI	DO	Computerisation of land records	
	55	DM768607	15-1-05	85000	SBI	DO	Relief	
	56	DM769741	23-3-05	1000000	SBI	DO	Not available	
2005-06	57	DM769000	12/7/2005	15000	SBI	DO	Relief	120114
	58	DM769421	9/12/2005	20000	SBI		Ex-gratia	
	59	DM769229	15-9-05	10000	SBI		Ex-gratia	
	60	DM769134	16-8-05	25000	SBI	DO	Relief	
	61	DM769103	8/8/2005	10000	SBI	DO	Relief	
	62	DM768999	12/7/2005	34	SBI	DO	Not available	
	63	DM769498	17-1-06	80	SBI	DO	Not available	
	64	DM769495	13-1-06	10000	SBI	DO	Relief (exgratia)	
	65	DM769653	13-3-06	10000	SBI	DO	Ex-gratia	
	66	DM769699	23-3-06	5000	SBI	DO	(exgratia)	
2005-06	67	DM769570	16-2-06	15000	SBI	DO	Not available	120114
2006-07	68	DM770352	7/12/2006	279826	SBI	DO	Not available	3088821
	69	DM770366	15-12-06	30000	SBI	DO	Ex-gratia	
	70	DM770132	18-8-06	45000	SBI	DO	Ex-gratia	
	71	DM770194	11/9/2006	5000	SBI	DO	Ex-gratia	
	72	DM770221	20-9-06	5900	SBI	DO	Relief	
	73	DM770146	29-8-06	197000	SBI	DO	CRF	
	74	DM770293	2/11/2006	976074	SBI	DO	2245 (Nc)	

	75	DM769516	25-1-06	10000	SBI	DO	Relief (exgratia)	
	76	DM769936	23-6-06	750600	SBI	DO	CRF	
	77	DM770124	10/8/2006	10000	SBI	DO	Not available	
	78	DM770307	8/11/2006	421	SBI	DO	Not available	
	79	DM770556	14-3-07	5000	SBI	DO	Ex-gratia	
	80	DM770423	1/2/2007	750000	SBI	DO	RKG	
	81	DM770448	12/2/2007	15000	SBI	DO	Ex-gratia	
	82	DM770452	14-2-07	9000	SBI	DO	Relief	
	83	DM770972	12/6/2007	430000	SBI	DO	CRF	
	84	DM771053	19-7-07	20000	SBI	DO	Ex-gratia	
	85	DM771114	28-8-07	5000	SBI	DO	Ex-gratia	
	86	DM771115	28-8-07	5000	SBI	DO	Ex-gratia	
	87	DM771132	12/9/2007	458470	SBI	DO	CRF	
	88	DM771263	5/11/2007	84000	SBI	DO	Mid-day -Meal	
	89	DM770656	29-3-07	5000	SBI	DO	Not available	
2007-08	90	DM770918	4/6/2007	11	SBI	DO	Not available)	1007481
	91	DM771930	19-8-08	4314511	SBI	DO	CRF	
	92	DM771984	10th Oct,08	25432	SBI	DO	2235-Central relief	
	93	DM771749	25-4-08	100000	SBI	DO	2245-Ex-gratia	
	94	DM514991	14-11-08	105000	SBI	DO	Ex-gratia	
2008-09	95	32119	17-2-09	874000	SBI	DO	Computerisation of land records	5418943
2009-10	96	32577	7/7/2009	13613	SBI	DO	undisbursed pay	13613
Total				12404641	Total			12404641

Appendix -VII

(Reference to paragraph 4.6 Page-15)

Statement showing the details of DCR in which particulars of drawal were not produced

SI NO.	DCR No. and date	Amount (₹)
1	DL 804252 dated 5.11.1993	7,821
2	DL 773241 dated 7.1.1993	5,000
3	DL 804196 dated 3.3.1993	3,223
4	DL 773345 dated 31.3.1993	70,000
5	DL 804006 dated 8.4.1993	5,000
6	DL 804356 dated 28.2.1994	75,000
7	DL 804356 dated 27.4.1994	5,917
8	DL 804737 dated 1.8.1994	3,095
9	DL 804839 dated 21.10.1994	10,140
10	J 801182 dated 18.4.1995	11,000
11	J 801305 dated 29.6.95	5,292
12	J 801337 dated 25.7.1995	7,669
13	J 801356 dated 2.8.1995	71,201
14	J 801573 dated 12.12.1995	1,19,079
15	J 801569 dated 18.1.1996	2,280
16	J 801926 dated 6.4.1996	4,844
17	J 802185 dated 4.5.1996	16,871
18	J 802184 dated 4.5.1996	2,70,000
19	J 802489 dated 5.11.1996	23,444
20	J 802615 dated 3.2.1997	10,000
21	J 802617 dated 4.2.1997	7,828
22	J 803515 dated 9.6.1998	50,000
23	J 803679 dated 18.9.1998	3,000
24	J 804080 dated 15.6.1999	26,800
25	J 804782 dated 29.9.2000	78,979
26	J 805148 dated 18.8.2001	1,54,623
27	J 805209 dated 29.10.2001	6,000
28	J 805357 dated 4.3.2002	15,506
29	J 805688 dated 18.11.2002	5,000
30	J 805704 dated 5.12.2002	13,000
31	J 805868 dated 25.3.2003	1,93,727
32	J 805790 dated 14.2.2003	10,000
33	J 805916 dated 12.5.2003	10,000
34	J 805995 dated 11.7.2003	5,000
35	DM 768059 dated 16.9.2003	10,000
36	DM 768057 dated 7.10.2003	60,000
37	DM 768372 dated 30.7.2004	30,126
38	DM 768162 dated 8.1.2004	30,000
39	DM 768242 dated 11.3.2004	5,000
40	DM 768352 dated 13.7.2004	25,000
41	DM 768479 dated 14.10.2004	15,000
42	DM 769570 dated 16.2.2006	15,000
43	DM 769653 dated 13.3.2006	10,000
44	DM 770124 dated 10.8.2006	10,000
45	DM 770132 dated 16.8.2006	45,000
46	DM 770146 dated 29.8.2006	1,97,000
47	DM 770366 dated 15.12.2006	30,000
48	DM 770556 dated 14.3.2007	5,000
49	DM 771132 dated 12.9.2007	4,58,470
50	DM 771115 dated 28.8.2007	5,000
51	DM 771114 dated 28.8.2007	5,000
52	DM 771053 dated 19.7.2007	20,000
Total:		22,81,935

Appendix - VIII

(Reference to paragraph 4.6 Page-15)

Statement showing the loss of interest for retention of unutilized fund in the form of DCR

Sl. No	Number of DCR	Amount (In rupees)	Year from which the amount retained	Total Number of Years as on 31/03/2010	Minimum rate of interest on investment	Total loss of interest on investment (In rupees)
1	3	78223	1992-93	17	7.50% ¹	99734
2	4	88021	1993-94	16	7.50%	105625
3	5	30891	1994-95	15	7.50%	34752
4	6	206282	1995-96	14	7.50%	216596
5	7	333436	1996-97	13	7.50%	325100
6	1	117	1997-98	12	7.50%	105
7	2	53000	1998-99	11	7.50%	43725
8	2	27020	1999-2000	10	7.50%	20265
9	2	96595	2000-01	9	9.34%	81198
10	3	176129	2001-02	8	9.70%	136676
11	5	221871	2002-03	7	9.82%	152514
12	7	145000	2003-04	6	9.97%	86739
13	9	1299084	2004-05	5	8.47%	550162
14	12	130114	2005-06	4	8.18%	42573
15	15	3083821	2006-07	3	7.66%	708662
16	7	1002481	2007-08	2	7.14%	143154
17	5	5418943	2008-09	1	6.76%	366320
18	1	13613	2009-10	-	6.76%	0
Total	96	12404641				31,13,900

¹ Minimum rate of interest on Government Borrowing is taken for 1992-93 to 1999-2000.

Appendix -IX

(Reference to paragraph -4.7 ; Page-16)

Miscellaneous observations

Sl. No.	IR No/Para	Period of audit	Name of unit	Period of Inspection	Brief particulars	Money value (₹ in crore)	Reply
Animal Husbandry and Veterinary Department							
1.	IC-II/31-08/09-10/Para 1/Pt-IIB	7/97 to 9/09	Manager, Govt. live stock farm, Barhampur, Nagaon	21.10.09 to 26.10.09	Departmental receipts amounting to ₹7.32 lakh collected from sale proceeds of fodder and milk since prior to 2005-06 to 2009-10 spent for departmental expenditure in violation of Rule 7 of Assam Treasury Rule.	0.07	Reply not furnished (August 2010)
Education Department							
2.	IC-II/33-8/09-10/Pt-IIB/Para 3	2/06 to 5/09	District Elementary Education Officer (DEEO) Dhemaji	3.6.09 to 15.6.09	As per TA Rules, LTC advance was required to be recovered in one installment if final bill is not submitted within one month of completing inward journey. LTC advance of ₹3.18 lakh disbursed to 18 school teachers during January 2001 to November 2005 were neither adjusted nor recovered and most of the teachers had either expired or retired.	0.03	Reply not furnished (August 2010)

Appendix -X

(Reference to paragraph-6.3; Page-25)

Statement showing payment details against unauthorized recordings in measurement book

Sl. No	Voucher No. & dt.	Voucher Amount (₹)	Divisional Bill No. & date	Name of Contractor	Name of work	Pay/ order (₹)	MB No. / Page No.
1	479 dt. 8/2/07	12,47,190	896 dt. 10/2/07	Khirod Das	River Diversion to feed water to Main Canal Ch. 90-180	4,00,000	28 / Page 70-71
			899 dt. 10/2/07	Khirod Das	River Diversion to feed water to Main Canal Ch. 0-90	4,47,190	28 / Page 67-69
			900 dt. 10/2/07	Khirod Das	Removal of Silt & debris from the Bed of Main Canal Ch 8180-8345	4,00,000	544 / Page 180-182
2	478 dt. 8/2/07	5,00,000	891 dt. 10/2/07	Khirod Das	Removal of Silt and debris from the bed of Main Canal Ch.6130M- 6740M and Ch.8345M-8508M	4,60,000	Not Mentioned in Voucher
			892 dt. 10/2/07	Khirod Das	Removal of deposited silt from the bed of Main Canl Ch.4980 to 5010 M	40,000	Not Mentioned in Voucher
3	432 dt. 8/2/07	3,80,000	893 dt. 10/2/07	Abdul Kadir Khan	Removal of Silt deposited with debris from the bed of Main Canal Ch. 6145M-6280M	1,80,000	544 / Page 154-155
			895 dt. 10/2/07	Abdul Kadir Khan	Removal of Silt and debris from bed of Main Canal Ch. 6280M-6460	2,00,000	Not Mentioned in Voucher
TOTAL						21,27,190	

