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REPORT OF THE
COMPTROLLER AND AUDITOR GENERAL
OF INDIA



FOR THE YEAR ENDED
31 MARCH 2004
(with effect from 5 DECEMBER 2003)

BODOLAND TERRITORIAL COUNCIL
KOKRAJHAR, ASSAM



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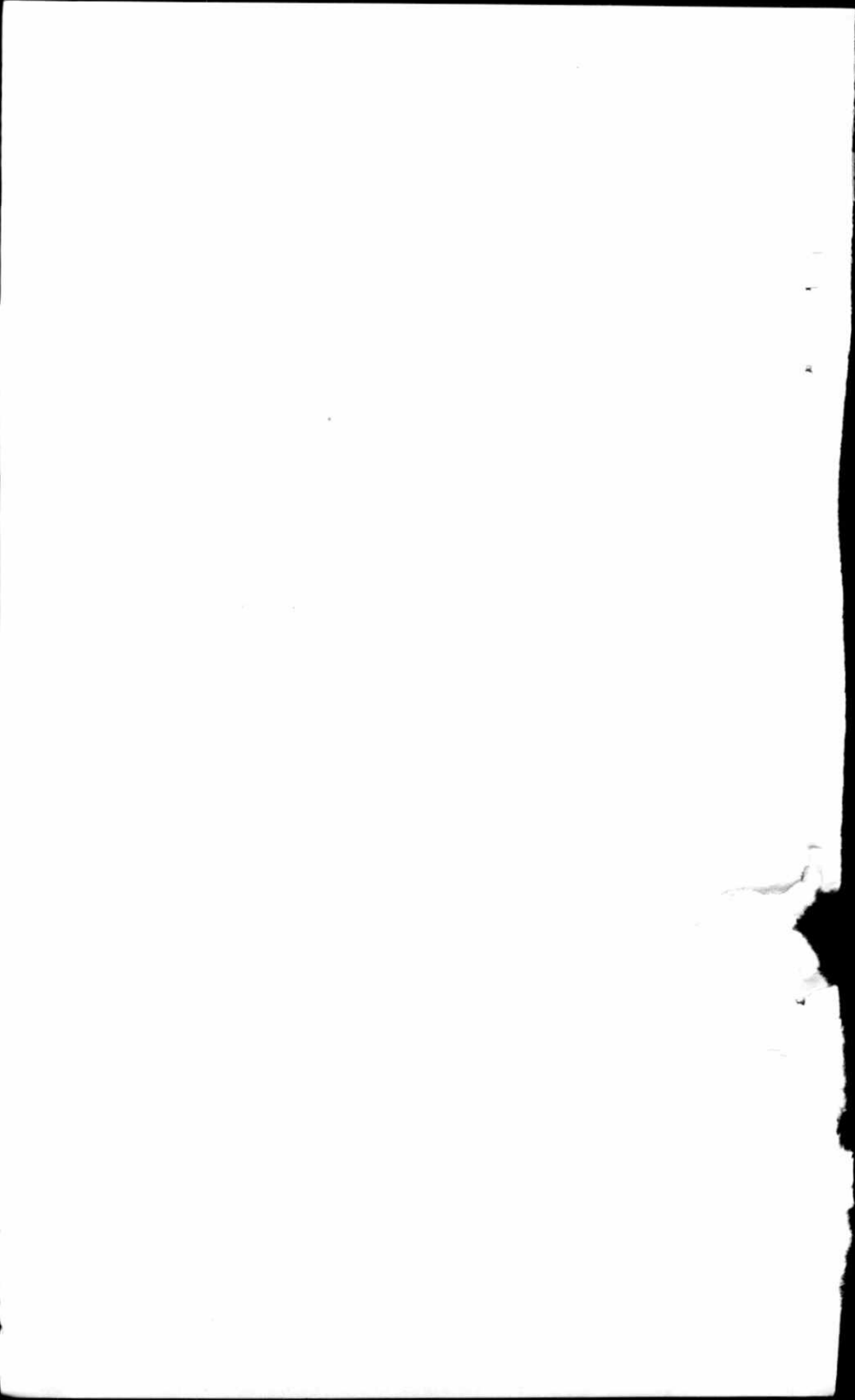
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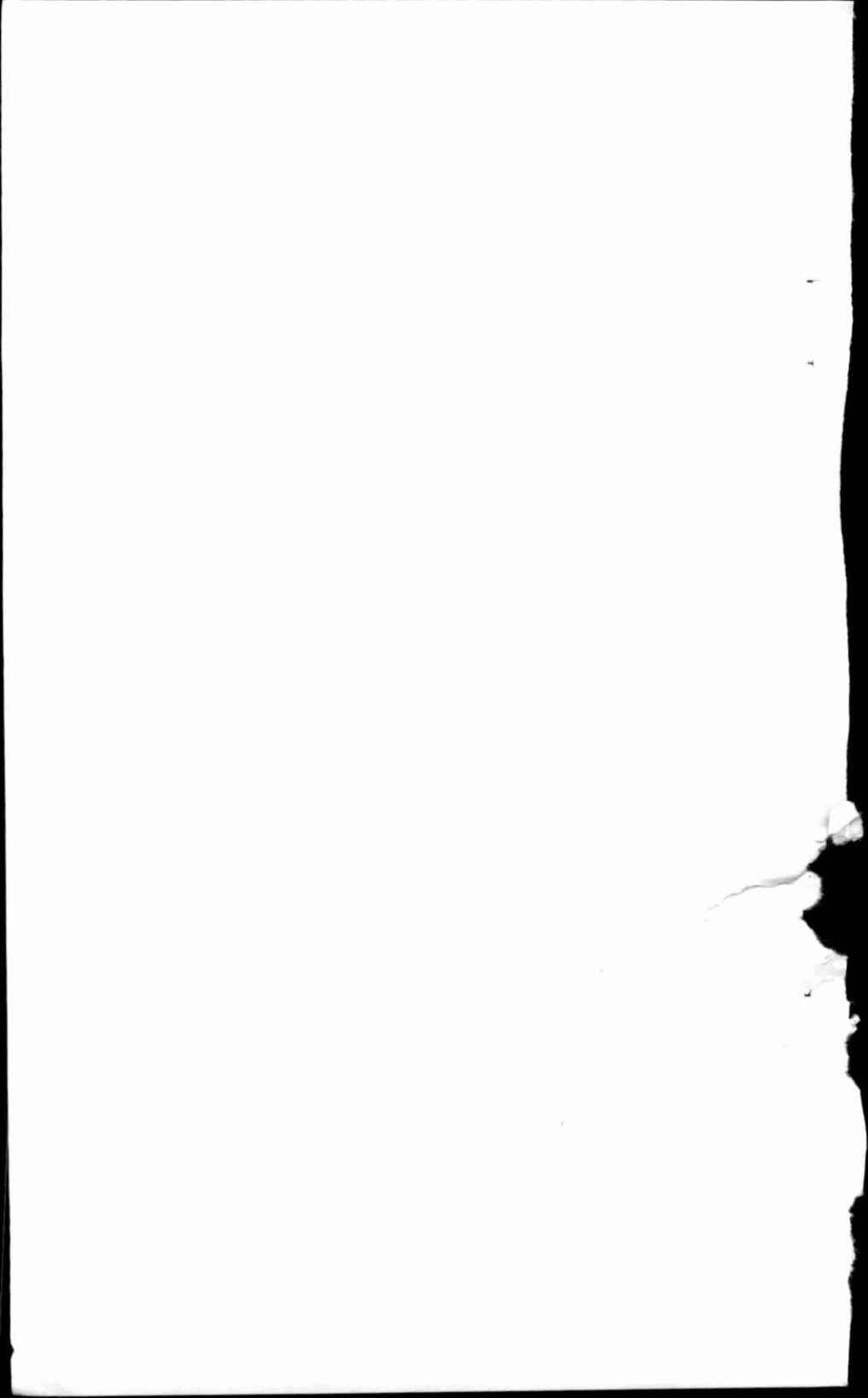
Preface

This Report has been prepared for submission to the Governor under paragraph 7(4) of the Sixth Schedule to the Constitution of India. It relates mainly to points arising from the audit of financial transactions of the Bodoland Territorial Council (BTC) Kokrajhar, Assam.

2. *Annual accounts was submitted in April 2008 in a format which was neither approved by the President of India nor in the format approved for other Councils in the State under Sixth Schedule to the Constitution of India. BTC was asked to resubmit annual accounts in the format applicable to other Councils. Pending resubmission of accounts in the format applicable to other Councils, audit of transactions (de-linked from audit of annual accounts) was taken up during December 2009 to March 2010. Annual accounts from 2003-04 (from 5 December 2003 to 31 March 2004) to 2007-08 were resubmitted in the form applicable to other Councils of the State under Sixth Schedule to the Constitution of India on 16 December 2010. Audit of the Accounts for 2003-04 to 2005-06 which were yet not in the format to be got approved by competent authority, was taken up as a special case between 28 November 2011 and 14 February 2012.*

The observations included in the Report are those which came to notice in the course of audit of transactions and annual accounts for 2003-04 (with effect from 5 December 2003) conducted during the period 22 December 2009 to 29 March 2010 and from 28 November 2011 to 14 February 2012, respectively.

3. *This Report contains three sections, of which the first section deals with constitution of the Council, the rules for the management of the District Fund and maintenance of accounts. The remaining two sections include comments on the Council's financial position and various irregularities noticed in audit relating to the period, 5 December 2003 to 31 March 2004.*



OVERVIEW

This Report contains three sections. Section-I deals with the constitution of the Council, rules for the management of District Fund and relevant constitutional provisions on maintenance of accounts. Section-II deals with comments arising out of audit of annual accounts of the Council for 2003-04 and contains ten paragraphs while Section-III of the Report details the audit findings pertaining to transaction audit relating to discharge of functions of the Council and contains four paragraphs. The significant audit findings contained in the Report are given below:

1. Comments on accounts

The annual accounts were not prepared as per approved format as required under paragraph 7(3) of Sixth Schedule to the Constitution of India.

(Paragraph 1.3)

There was a revenue and capital surplus of ₹ 10.30 crore and ₹1.66 crore respectively due to non utilisation of 'grants in aid'.

(Paragraph 2.2.2)

2. Audit findings on transaction audit

BTC did not enact required rule under the law which would have empowered BTC to retain its own revenue and deposit the same into PLA¹ as provided in Sixth Schedule to the Constitution of India which would have enabled it to treat ₹52.14 lakh as its own revenue.

(Paragraph 3.1)

¹ Personal Ledger Account

The purpose of speedy development of infrastructure for providing safe drinking water from NLCPR² was not achieved due to lack of proper planning and monitoring by BTC. Expenditure of ₹253.32 lakh thereby became unproductive due to non completion of NLCPR funded Drinking Water Supply scheme at Gossaigaon for long time.

(Paragraph 3.2)

Delay in execution of works by Public Works department on construction of Indoor Stadium led to extra avoidable expenditure of ₹56.71 lakh.

(Paragraph 3.3)

² Non -lapseable Central Pool of Resources.

Section-I

1.1 Introduction

1.1.1 Sixth Schedule (Schedule) to the Constitution of India provides for administration of specified tribal areas through the constitution of a District /Regional Council for each autonomous district/region with powers to make laws on matters listed in paragraph 3(1) of the Schedule, mainly in respect of allotment, occupation, use of land, management of forest (other than reserve forest), use of any canal or watercourse for agriculture, regulation of the practice of 'Jhum' or other forms of shifting cultivation, establishment of village or town committees or councils and their powers, village or town administration, Public Health and Sanitation and inheritance of property.

1.1.2 Bodoland Territorial Council (BTC) was set up on amendment¹ of the Schedule to the Constitution of India with the inclusion of Bodoland Territorial Area District² (BTAD) comprising four districts in the state of Assam and started functioning from 5 December 2003. BTC inherited the assets and liability of erstwhile Bodoland Autonomous Council which had been audited under section 19 (3) of the Comptroller and Auditor General's (DPC) Act, 1971 from 1993-1994 till 2002-03 (upto 5 December 2003).

¹ Sixth Schedule to the Constitution (Amendment) Act, 2003 (No 44 of 2003)

² Under Part I of Table below paragraph 20 of VI Schedule.

1.1.3 Under Paragraph 3B³ of the schedule, BTC was vested with additional powers to make laws with respect to 40 subjects viz; (i) agriculture, including agricultural education and research, protection against pests and prevention of plant diseases; (ii) animal husbandry and veterinary, that is, preservation, protection and improvement of stock and prevention of animal diseases, veterinary training and practice, cattle pounds; (iii) co-operation; (iv) cultural affairs; (v) education, that is, primary education, higher secondary including vocational training, adult education, college education (general); (vi) fisheries; (vii) flood control for protection of village, paddy fields, markets and towns (not of technical nature); (viii) Food and civil supply; (ix) forests (other than reserved forests); (x) handloom and textile; (xi) health and family welfare, (xii) intoxicating liquors, opium and derivatives, subject to the provisions of entry 84 of List I of the Seventh Schedule; (xiii) irrigation; (xiv) labour and employment; (xv) land and revenue; (xvi) library services (financed and controlled by the State Government); (xvii) lotteries (subject to the provisions of entry 40 of List I of the Seventh Schedule), theatres, dramatic performances and cinemas (subject to the provisions of entry 60 of List I of the Seventh Schedule); (xviii) markets and fairs; (xix) municipal corporation, improvement trust, district boards and other local authorities; (xx) museum and

³ Included vide Sixth Schedule to the Constitution (Amendment) Act, 2003 (No 44 of 2003).

archaeology institutions controlled or financed by the State, ancient and historical monuments and records other than those declared by or under any law made by Parliament to be of national importance; (xxi) panchayat and rural development; (xxii) planning and development; (xxiii) printing and stationery; (xxiv) public health engineering; (xxv) public works department; (xxvi) publicity and public relations; (xxvii) registration of births and deaths; (xxviii) relief and rehabilitation; (xxix) sericulture; (xxx) small, cottage and rural industry subject to the provisions of entries 7 and 52 of List I of the Seventh Schedule; (xxxi) social Welfare; (xxxii) soil conservation; (xxxiii) sports and youth welfare; (xxxiv) statistics; (xxxv) tourism; (xxxvi) transport (roads, bridges, ferries and other means of communications not specified in List I of the Seventh Schedule, municipal tramways, ropeways, inland waterways and traffic thereon subject to the provision of List I and List III of the Seventh Schedule with regard to such waterways, vehicles other than mechanically propelled vehicles); (xxxvii) tribal research institute controlled and financed by the State Government; (xxxviii) urban development—town and country planning; (xxxix) weights and measures subject to the provisions of entry 50 of List I of the Seventh Schedule; and (xl) Welfare of plain tribes and backward classes.

1.1.4 Under paragraph 6(1) of the Schedule, the Councils have the powers to establish, construct or manage primary schools, dispensaries, markets, cattle pounds, ferries, fisheries, roads, road transport and waterways in the respective autonomous districts. BTC

also has the powers to assess, levy and collect within BTAD, revenue in respect of land and buildings, taxes on professions, trades, callings and employments, animals, vehicles and boats, tolls on passengers and goods carried in ferries, and maintenance of schools, dispensaries or roads as listed in paragraph 8 of the Schedule.

1.1.5 In order to enable BTC to exercise above powers, the State Government resolved to extend its executive powers (31 October 2003) and delegated/entrusted functions in respect of 39 out of 40 subjects (except Relief and Rehabilitation) listed in paragraph 3B of the Schedule. Accordingly administrative procedure /modalities were framed (16 October 2004) in consultation with BTC under which funds would be made available by the Government of Assam to BTC as advance for it to incur expenditure on 39 subjects, without difficulty. BTC is required to render monthly detailed accounts to the Principal Accountant General (A&E) Assam for making necessary adjustments. Budget provision for these functions is to be made in the State budget, and BTC will be responsible to the State Legislature in respect of all matters relating to such funds provided for discharging the functions transferred to it.

1.1.6 However, during 2003-04, the State Government did not provide any advance. Funds for BTC, were drawn by the Directorate of Welfare of Plain Tribes and Backward Classes, Government of Assam which were disbursed, as 'Grants in aid' to BTC in deviation of procedure/ modalities framed (16 October 2004).

1.2 Rules for the management of District Fund

Sub-para (1) of para 7 of the Schedule to the Constitution of India provides for the constitution of a District/Regional Fund for each district/region, to which shall be credited all moneys received by the Council in the course of administration of the district/region in accordance with the provisions of the Constitution. Sub-para (2) of the para, *ibid*, prescribed that the Governor may make rules for the management of the District Fund, or, as the case may be, the Regional Fund and for the procedure to be followed in respect of payment of money into the said Fund, the withdrawal of moneys therefrom, the custody of moneys therein and any other matter connected with or ancillary to the matters aforesaid. The administrative procedure /modalities framed (16 October 2004) by Government of Assam in consultation with Council provides that the Council shall ensure that existing rules, instructions, norms, guidelines *etc.*, of the Government of India and State Government, governing the implementation of schemes and other matters are followed strictly till the Council frames rules for the purpose. However, the Draft BTC Fund Rules 2005 proposed⁴ by BTC was approved by the Governor only in September 2012.

1.3 Maintenance of Accounts

In terms of paragraph 7(3) of the Sixth Schedule to the Constitution, the form in which the accounts of the District Council are to be maintained, is to be

⁴ 21st December 2006.

prescribed by the Comptroller and Auditor General of India (CAG). Appendix 14 of Draft BTC Fund Rule 2005, containing the format of annual accounts has been approved (April 2012) by CAG for the purpose of prescription of format of annual accounts for BTC. Prior to the approval, BTC submitted annual accounts (Balance Sheet *etc.*,) for 2003-04 to 2007-08 on 2 April 2008 prepared by a firm of chartered accountants. The said account was neither approved by BTC nor prepared as per format already prescribed by CAG for other Autonomous Councils constituted in terms of Sixth Schedule of the Constitution. BTC re-submitted annual accounts (Balance Sheet *etc.*, along with financial statement in line with the format prescribed for other Councils constituted under Sixth Schedule as annexure) for 2004-05⁵ to 2007-08 in December 2010. As a one time measure and in order to avoid delay the matter of audit further, it was decided to conduct audit of annual accounts of 2003-04 to 2007-08 prepared in unapproved format. BTC was separately requested to submit annual accounts from 2008-09 onwards, only in the approved format of accounts.

Results of test-check of annual accounts submitted by the Council for the period 5 December 2003 to 31 March 2004 are given in the succeeding paragraphs.

⁵ Annexure was not appended with annual accounts for the year 2003-04.

Section-II

2.1 Annual Accounts

2.1.1 Annual accounts comprising Balance Sheet, Income and Expenditure and Receipt & Payment account of BTC were submitted by Principal Secretary, BTC as prepared by chartered accountants, without bearing authentication from BTC as a token of approval of account.

After this being pointed out, BTC stated (May 2012) that the annual accounts was approved by the Executive Council of BTC. Regarding authentication of accounts, they assured that the audit observation was noted for future guidance.

2.1.2 BTC was vested with executive power of the State Government (16 October 2004) but its annual accounts did not depict major/minor head wise financial statements of receipts and expenditure so that those could be linked with Government accounts and a useful assessment of the state of affairs could be made.

BTC in reply stated (May 2011) that audit observation was noted for future guidance by them.

2.1.3 Grant-in-aid of ₹93 lakh exhibited as having been received for creation of infrastructure and public utility assets was accounted for as income in the statement of income and expenditure instead of capital receipt in the balance sheet. This has resulted in overstatement of income (receipts for revenue expenditure) of the year by ₹93 lakh.

On this being pointed out BTC stated (May 2012) that capital expenditure of ₹93 lakh was included in receipt of ₹1129 lakh in Receipt and Payments account and was reflected in Balance sheet as Assets. In Receipt and Payments accounts the amount of ₹93 lakh was not exhibited separately. Reply was not tenable as it was not relevant to the audit observation.

2.1.4 Assets exhibited in the Balance sheet were not supported by 'Assets Register in 'Form GFR 40 and were not physically verified.

On this being pointed out, BTC stated (May 2012) that DDOs of entrusted departments are to maintain register of works/assets. The reply was not tenable as BTC neither obtained verification reports from DDOs nor could ensure maintenance of the register, though these assets were accounted for in the Balance sheet of BTC.

2.1.5 Receipts of 'Plan' fund from the Government of India and State Government were neither identified in the accounts nor were respective sanctions/major head-wise details and records produced, thus making it not possible to establish any useful linkage between receipt of 'Plan' funds with their utilisation for the purpose for which it was provided to the Council.

In reply, BTC stated (May 2012) that above observation has been noted for future guidance by the Council.

2.1.6 Receipt and Payment account exhibited Opening balance as ₹32.85 lakh as against actual balance of ₹32.93 lakh resulting in understatement of Opening balance by ₹ 0.08 lakh.

2.1.7 Policy on depreciation as spelt out in 'significant accounting policy' as adopted, was neither approved by BTC nor by the State Government.

2.2 Receipts and expenditure

2.2.1 Revenue and Capital receipts and expenditure

Separate financial statement showing transactions and balances under District Fund and Deposit Fund with corresponding details of major head-wise receipts and expenditure of the BTC for the period 5 December 2003 to 31 March 2004 was not available in the annual accounts as prescribed and depicted in the statements of annual accounts of North Cachar Hills Autonomous Council, Haflong and Karbi Anglong Autonomous Council, Diphu resulting in non disclosure of major/minor head wise and revenue and capital wise receipts, and expenditure details. However, the position of receipts and expenditure of BTC and resultant revenue and capital surpluses during the period 5 December 2003 to 31 March 2004 were as shown in Table-1:

Table- 1

(₹ in lakh)

Part I District Fund		
(1)	(2)	(3)
Revenue Receipts	A Revenue Receipts and Disbursements	Revenue Expenditure
	Agriculture	24.75
	Secretariat General Services	39.70
0.10	Miscellaneous Receipts	0
870.00	Grants- in-Aid from State & Central Government (Plan Funds)	0

(1)	(2)	(3)
225.00	Grants- in-Aid from State Government (Non Plan Funds)	0
1095.10	Total-A:	64.45
	Revenue Receipts and Expenditure	
	Revenue Surplus	1030.65
Capital Receipts	B Capital Receipts and Disbursements	Capital expenditure
259.00 ⁶	Capital account	93.00
	Debit	
	Loans & Advances	
	Recoveries of Loans & Advances	
	Disbursement of Loans & advance	
259.00	Total-B: Capital receipts & disbursements	93.00
	Surplus under Capital & Loans and advances	166.00
1354.10	Total Receipts and Payments under Part-I: District Fund	157.45
1354.10	Total Part-I District Fund	1354.10
	Part II Deposit Fund	
C	Receipts and Disbursements under entrusted functions of the State Government	
	Funds received from the State Government	
	Expenditure incurred out of the deposit fund	
	Deficit/Surplus on deposit fund	
1354.10	Total Receipts and Disbursement under Part-I&II	157.45
Opening balance		Closing balance
0.17	Cash	0.12
32.68	Treasury (PLA)	1229.38
1386.95	Grand Total	1386.95

Source: Annual accounts of BTC and cash book

⁶ Receipts under PM's package was treated as capital

2.2.2 Revenue and Capital Surplus

Actual receipts for revenue and capital expenditure (including grants- in- aid from the State Government) of the Council for the period 5 December 2003 to 31 March 2004 pertaining to the functions as specified in Sixth Schedule to the Constitution were ₹10.95 crore and ₹ 2.59 crore respectively. Against this, BTC spent ₹ 0.65 crore and ₹ 0.93 crore only, resulting in revenue and capital surpluses of ₹ 10.30 crore and ₹ 1.66 crore respectively. BTC did not prepare budget estimates for the said period for planned expenditure of the available fund. Absence of proper planning resulted in funds remaining unspent at the end of the year, exhibiting surpluses, which did not reflect any efficiency in collection or augmentation of receipts through proactive action by BTC.

2.3 Personal Ledger Account

BTC maintained Personal Ledger Account (PLA) with the Kokrajhar Treasury, into which all receipts on account of grants-in-aid and regular functions were credited and from which withdrawals for all expenditure were made. The balance held in the PLA as per cash book as of 31 March 2004 was required to be reconciled with the balance shown in the records of the Treasury and discrepancies, if any, between the two sets of records were to be reconciled. Cash book was maintained from 14 January 2004 although BTC started functioning from 5 December 2003.

Scrutiny of records of the Treasury (PLA pass book) with cash book of BTC revealed that, as of 31 March 2004, there was a difference of ₹ 0.04 lakh in the

opening balance and difference of ₹ 0.10 lakh in the closing balance between the two sets of records as shown in Table-2.

Table-2

(₹ in lakh)

Balance	As per PLA Pass Book maintained by Kokrajhar Treasury	As per Cash Book of BTC	Difference (+) Excess (-) Less In cash book
Opening balance as on 14 January 2004	32.89	32.93	(+) 0.04
Closing Balance as on 31 March 2004	1229.59	1229.49	(-) 0.10

In reply (May 2012), BTC stated that reconciliation has been done and treasury balance agreed with the balance of PLA, but did not furnish detailed statement of agreement arrived at by reconciliation. Besides, the reply was silent about the reasons for non-reconciliation prior to preparation of annual accounts by the Council.

Section-III

3.1 Non generation of revenue of ₹ 52.14 lakh

Under paragraph 3B of Sixth schedule to the Constitution of India, BTC was empowered to make laws with respect to the management of forest (other than reserve forest). Sub paragraph (1), (2) and (3) of paragraph 8 of Sixth Schedule of the Constitution of India provides that Council shall have power to assess and collect revenue on land, collect taxes on land and building, tolls on persons, residents, levy and have power to levy and collect all or any of the following taxes within such district:-

- a) Taxes on professions, trades, callings and employments.
- b) Taxes on animals, vehicles and boats.
- c) Taxes on the entry of goods into a market for sale therein; and
- d) Tolls on passengers and goods carried in ferries; and taxes for the maintenance of Schools, dispensaries or roads.

However, no law/rule has yet been enacted/notified (May 2012) with the assent of Governor as required under paragraph 3(4) and 8(4) of the schedule to give effect to the powers available to BTC under the schedule to the constitution of India.

As a result, forest revenue of ₹51.74 lakh collected by the forest department (other than reserve forest) of BTAD, professional tax of ₹0.30 lakh collected from its own staff and miscellaneous receipts of ₹ 0.10 lakh collected (details of which were not furnished to audit)

for the period 5 December 2003 to 31 March 2004 were deposited into Consolidated Fund of the State of Assam instead of depositing these in the personal ledger account (PLA) of BTC. Thus, due to non enactment of required rules under the law, BTC was unable to treat to the tune of ₹52.14 lakh as its own revenue.

BTC replied (May 2012) that the matter of issue of notification for collection and deposit of taxes on professions *etc.*, into the District Fund (PLA) had been taken up with the Government of Assam since May 2007 and was referred (January 2009) to the Governor of Assam. Progress in this matter, if any, was however, not intimated (September 2012).

3.2 Unproductive expenditure on incomplete Drinking Water Supply Scheme

Non-Lapsable Central Pool of Resources (NLCPR) was constituted by the Government of India (GOI) with the objective to ensure speedy development of infrastructure in the North Eastern Region. Guidelines of NLCPR provide that the fund from the central pool will be released in three instalments comprising 40 percent, 40 percent and 20 percent of approved cost of scheme/project. Release of second and subsequent instalment will be subject to utilization of previous instalment. Funds released from the pool must be transmitted to the implementing agency within 15 days and utilized within 12 months from the date of release. 90 percent of the approved cost could be released from central pool and balance 10 percent was to be borne by the State Government. Any project which could not be completed within the target date plus six months would

be treated as closed for the purpose of funding from NLCPR. In such a case, State Government would be responsible for completion of the balance work from its own resource.

The scheme for Drinking Water Supply at Gossaigaon was approved (5 September 2000) by GOI for funding from NLCPR at the estimated cost of ₹363 lakh with target date of completion as 3 December 2003. Amounts of ₹257.17 lakh (₹100 lakh in December 2000; ₹ 75.32 lakh in March 2005 and ₹81.85 lakh in September 2007) were released to the Government of Assam (GOA) towards 90 percent share from central pool. The State Government did not release its 10 percent share (₹36.30 lakh). The reasons for which ₹69.53 lakh was short released from NLCPR by GOI and non-release of state share were not stated though called for, nor were ascertainable from the records produced to audit.

The State Government, however accorded administrative approval to the scheme (December 2001) and the work was entrusted to the Assam Urban Water Supply and Sewerage Board (AUWSSB). A Project Implementation Committee comprising members from BTC, district administration and implementing agency was constituted (28 September 2001) for proper implementation of the scheme.

The State Government released ₹100 lakh (February 2002) to the erstwhile Bodoland Autonomous Council (BAC) which, in turn, released the amount to AUWSSB (28 May 2002 to 8 April 2004). Subsequently amounts of ₹75.30 lakh and ₹81.85 lakh were released by the

GOA to BTC during 29 November 2005 and 1 August 2009 which were, in turn, also released to AUWSSB during 17 March 2006 and 19 August 2009 respectively. Thus, there was delay ranging from 12 to 40 months between release of fund from GOI and receipt by AUWSSB. 38 work orders were issued by AUWSSB for execution of 18 components of the scheme (out of 22 components) during the period from May 2002 to April 2010, to 20 contractors. Of these, 4 components⁷ were completed and progress of works of balance components ranged from 5 per cent to 98 per cent with an expenditure of ₹253.32 lakh as shown in *Appendix-I* leaving an unspent balance of ₹3.83⁸ lakh. The works of the project were stopped since March 2009 on the grounds of non availability of funds. AUWSSB prepared work estimates for 15 components of works on which an extra expenditure of ₹71.77 lakh was to be incurred on account of price escalation due to delay in execution. AUWSSB also assessed (August 2009) requirement of fund of ₹66.27 lakh for making the scheme functional except fund required for establishment and contingency (₹6.53 lakh) and supervision charges (₹33.03 lakh). Scrutiny of records (March 2012) revealed that expenditure on component "Distribution Network" included the cost of "Asbestos Cement Pipe and Ductile Iron Pipe" worth ₹39.13 lakh which was actually

⁷ (1)+Under Ground Sump(2) Acquisition of land for Treatment Plant,(3) Security Fencing and(4) Load Testing

⁸ Fund released by GOA ₹ (100+75.30+81.85) lakh = ₹ 257.15 lakh minus Expenditure: ₹ 253.32 lakh=₹ 3.83 lakh

transferred to another⁹ scheme. Further, expenditure on procurement of pipes of ₹27.75 lakh (cost of 20900 RM Asbestos cement pipes worth ₹24.17 lakh and cost of transportation ₹3.58 lakh) was included under the expenditure on component “Distribution Network” but the said pipes were actually not received in the site account of the scheme. These irregularities had resulted in exhibition of excess expenditure of ₹66.88 lakh in the scheme account, whereas ₹70.71¹⁰ lakh had actually remained unspent with AUWSSB using which the scheme could have been made functional.

Though physical verification by BTC (11 August 2009) had revealed that the works of the scheme had been suspended since March 2009, BTC neither explored the possibility of making the scheme functional by completing its vital components with the funds available with AUWSSB (on account of inflated

⁹Materials transferred to different schemes

Name of the scheme to which materials transferred	Materials Transferred	Quantity In Running Meter	Date of transfer	Cost ₹ in lakh
Bilasipara WSS	100 mm AC Pipe	4197	23.10.2005	13.80
Gaurimpur WSS	100 mm AC Pipe	3000	23.10.2005	20.41
	125 mm AC Pipe	1550		
Goalpara WSS	300 mm DI Pipe	258	12.12.2007	4.92
Total				39.13

¹⁰ ₹ 66.88 lakh + unspent balance ₹ 3.83 lakh = ₹ 70.71 lakh

expenditure), nor could arrange funds either from the State Government or NLCPR. Thus, the purpose of providing funds from NLCPR was not achieved and the expenditure of ₹253.32 lakh became unproductive as the scheme remained incomplete due to

- (i) delay in release of funds at different stages;
- (ii) non release of State share;
- (iii) short release of NLCPR share;
- (iv) exhibition of excess expenditure by AUWSSB; and
- (v) lack of planning and proper monitoring of the implementation of the scheme by BTC and the committee set up for the purpose.

In reply, BTC stated (May 2012) that the reason for non completion of the project was non release of fund by the Government of Assam despite repeated requests by BTC. It was also stated that the non-completion was not due to lack of proper planning. Reply of BTC is not tenable as there were lapses regarding adherence to time schedule of utilisation of fund as contemplated in the guidelines.

3.3 Extra-avoidable expenditure

The work of construction of Indoor Stadium at Kokrajhar, which was one of the works under the project 'Construction of Special Area Game Centre at Kathalguri in Kokrajhar' as part of Prime Minister's Special Package under NLCPR, was estimated at ₹120.58¹¹ lakh and put to tender by the Chief Engineer(CE) PWD (Bldg), Assam. The work was awarded (November 2002) to a contractor by executing

¹¹ APWD Schedule Of Rates (SOR) 2000-01

an agreement at the tender value of ₹114.55 lakh (below 5% of SOR 2001-02) with the stipulation to complete the same within 8 months. The work was administratively approved (January 2002) by the erstwhile Bodoland Autonomous Council (BAC) at the total estimated cost of ₹929 lakh for the entire project.

During audit (December-March 2010) of records of BTC, Kokrajhar it was noticed that though the work was allotted to the contractor, drawings were not supplied to the contractor by the CE until April 2003. The actual date of commencement of work was not ascertainable from the records produced to audit. It was noticed that first running account bill was paid during May 2003.

BTC in their reply (March 2011) stated that estimate of the work was modified and Detailed Project Report was approved for ₹155.71 lakh by the CE. No records of enhancement of tender value as a result of such modification was found on record.

The Executive Engineer (EE), Kokrajhar Building Division reported (June 2006) that despite repeated persuasion, the contractor executed only 52 per cent of the work for which payment was made in full covering the items of work executed (₹77.29 lakh). The value of balance work was assessed at ₹78.42 lakh, on the basis of modified estimate. EE also opined that the contractor had no capacity to complete the remaining work of the Indoor Stadium and recommended cancellation and re-allotment of balance work to other contractor.

The work was rescinded and put to tender and BTC authority, through tender action and subsequent to negotiation, awarded the work with a few modifications

in the estimate of balance work to another contractor (September 2007) at the tendered value of ₹100.09 lakh (34% above SOR 2001-02) with the stipulation to complete the work within 12 months. The work was commenced in September 2007 and the second contractor was paid a sum of ₹93.57 lakh (August 2009). EE stated (July 2009) that the work was completed (date of completion was not on record) but there was a liability of ₹37.90 lakh. Besides, one more additional item of work 'Anti termite treatment' was awarded to a separate contractor and executed at a cost of ₹3.66 lakh. Thus, total expenditure on the project went up to ₹212.42 lakh* against the revised approved cost of ₹155.71 lakh resulting in extra expenditure of ₹56.71 lakh which was stated to be due to price escalation. Had there been no delay in providing drawings, payment of running bills, and taking action for rescinding and awarding the balance work, the extra expenditure could have been avoided.

On this being pointed out, BTC in reply stated (May 2012) that the estimated cost of indoor stadium was not ₹120.58 lakh. The reply is not relevant as extra expenditure of ₹56.71 lakh as observed by audit was not calculated on the estimated amount of ₹120.58 lakh but on the revised estimate of ₹155.71 lakh. BTC also stated that the entire work of construction of "Special Area Game Centre" has been completed within the approved estimated cost of ₹9.29 crore. The reply was not acceptable as the said estimate of ₹9.29 crore was

* ₹3.66 + ₹77.29 + ₹37.90 + ₹93.57 = ₹212.42 lakh

the cumulative approved estimated cost of different components of the sport complex of which indoor stadium was one of the components. However, BTC accepted the fact of delay in rescinding the balance work.

3.4 Deficiency in internal control mechanism

Internal Control is an integral process which is required to be designed to provide reasonable assurance to the effect that the following general objectives are achieved:-

- a) Fulfilling accountability obligations;
- b) Complying with applicable laws and regulations;
- c) Executing its functions in an orderly, ethical, economical, efficient and effective manner, and
- d) Safeguarding resources against loss.

The following deficiencies in maintenance of records and procedure adopted in BTC indicated inadequacies of the internal control system prevailed in the Council:

- (i) Voucher number and date was not recorded in the cash book as well as on the body of the vouchers.
- (ii) Neither Bill number nor cash book folio was found mentioned in the Cash Book and the Bill itself and vice versa.
- (iii) In case of payment in the form of draft, the draft number and date was not mentioned in the cash book. Even in the draft register, cheque references against drafts purchased, were not recorded.
- (iv) Analysis of the closing balance showing year wise breakup, viz., 'Plan', 'Grants-in-aid' etc., were not recorded in the cash book. Further, verification of closing balance at the end of the month and a certificate

to that effect, were not recorded in the cash book, during the period covered by audit.

(v) Ledgers were not maintained year wise, head wise and DDO wise separately for plan, non-plan, Grants-in-aid *etc.*, for funds released to offices under the administrative control of BTC.

(vi) Closing balance of stock of stationery & miscellaneous articles was not worked out at the end of the month in the stationery stock register.

(vii) No physical verification of fixed assets was done during the entire period covered by audit.

(viii) Financial Adviser and OSD (F) were not consulted while according sanction for Plan Funds, Grants-in-aid and funds of 12th Finance Commission *etc.*,

(ix) There was no Internal Audit Wing in BTC.

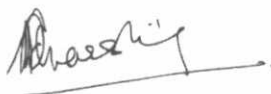
(x) Men-in-position was in excess of the sanctioned posts of Secretary and Joint Secretary level, as shown below:

Sl. No.	Name of post	Sanctioned	Entertained	Excess
1	Secretary	1	4	3
2	Joint Secretary	1	5	4

(xi) There was no system of verification and monitoring of collection of revenue, execution of works *etc.*, so as to increase the effectiveness of delivery of outcome and efficiency of implementation of schemes/projects.

In reply, for serial number (x) above, BTC stated (May 2012) that after creation of the BTC there was overload of work for which the State Government had been moved (February 2008) for deputing more officers.

However, the fact remains that BTC moved the Government only in February 2008 whereas there was excess deployment of staff/officers all along as compared to the sanctioned strength approved by Government of Assam. As regards other issues, BTC stated that the observations were noted for by the Council for future guidance.



Guwahati
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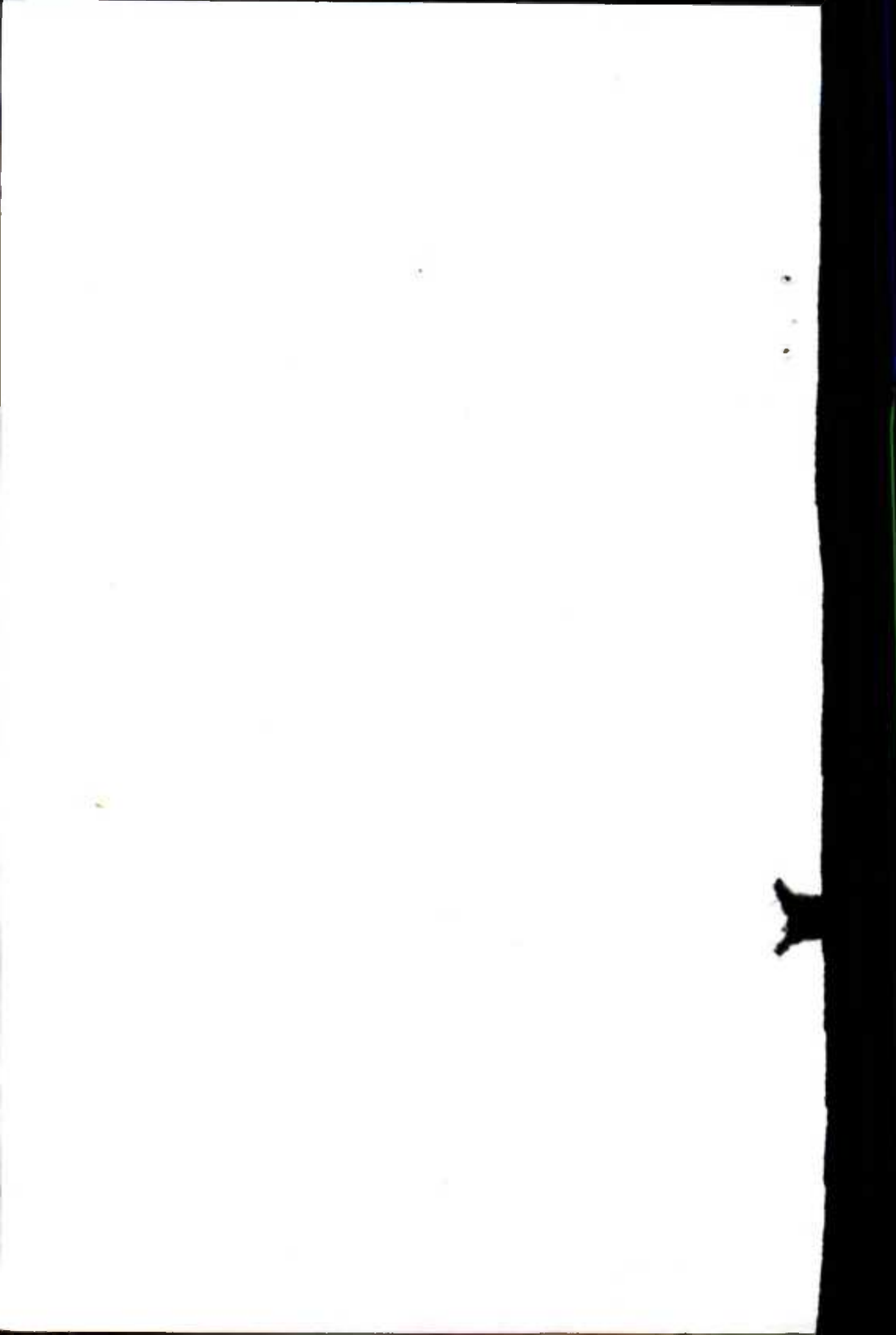
(C H Kharshiing)
Accountant General

Countersigned



New Delhi
The

(Vinod Rai)
Comptroller and Auditor General of India



Appendix-I
(Reference : Para 3.2)

Statement showing Physical & Financial Progress of Gossaigaon water supply scheme

Sl. No.	Name of the component	Approved cost as per DPR ₹ in lakh	Approved Cost as per working estimate ₹ in lakh	Estimated excess expenditure as per working estimates ₹ in lakh	Expenditure / Payment made	Physical progress	Funds required for completion	Reason for non completion of the work
01	Drilling bore hole – Drilling exploiter bore hole to asses yield aquifer depth	2.00	2.00	0	5.12	50%	0.57	One deep tube well is completed and the other deep tube well installation could not be completed due to non allotment of land by local elected authority.
	deep tube well of size 200x150mm dia of averager depth 100 m completed with all materials.	8.70	8.70	0				
02	Supply, installation, Testing and commissioning of 2 Nos. 12 HP (1 Stand by) submersible pumping set complete with column pipe, electrical control panel	1.20	1.30	0.10	0	0	0	Work order issued for supplying of materials
03	Supplying, installation and commissioning of 3 Nos. of 10 HP (including 1 No. stand by) electrically driven centrifugal pump set with electrical panel	1.80	3.46	1.66	1.80	70%	0	Procurement of clear water pump set is completed and installation will be done after drawal of power line.
04	Supplying and Laying of 100 mm dia of 150 m length DISS pipe raw water pumping main with valves and specials etc., complete with all materials	9.94	0.49	0	9.94	50%	0	Raw water pumping main is laid for one deep tube well and other will be laid after installation of 2nd deep tube well.
05	Treatment Plant - Construction of	22.80	34.54	1.05	26.88	98%	1.06	The concerned contractor has been

	complete treatment plant 1.90 MLD capacity arrangement of aerator, coagulation, sedimentation, filtration and disinfection i/c sludge & wash water including supplying filter media							communicated to complete the work. The work is not completed due to non-payment of outstanding bill.
06	Clear water pump house – Construction of 1 No. RCC clear water pump house of area 30 Sqm complete with all labour & materials.	1.89			1.89	80%	0.12	Plastering work is to be carryout and the work will be executed after receiving the balance fund from the Govt.
07	Chemical House – Construction of 2 (two) storied RCC building chemical of plinth area 50 Sqm to accommodate the chemical store laboratory, operator room office etc., complete all labour and materials.	3.15			3.15	98%	0	The works not completed due to non-payment of outstanding bill.
8	Under Ground Sump - Construction of under ground sump complete with all labour & materials.	5.65			5.65	100%	0	
9	Clear water pumping main – Supplying and Laying of 200 mm 100 m length DISS pipe clear water pumping main with valves and specials etc., complete with all materials and labour from TP site & ESR	2.61	32.64	30.03	6.64	93%	0	The concern contractor has been communicated to complete the work.
10	Raw water pump house –	1.26	0.49	0	0.05	50%	0	As the one deep tube well has been installed

	Construction of 2 Nos. RCC raw water pump house of 10 Sqm area for each unit complete with all labour & materials.							so raw water pump house has been constructed for the same.
11	ESR - Construction Elevated Service Reservoir of 440 Cum capacity with staging height 12 m including arrangement for inlet and outlet pipe, lighting aerator, ventilating etc., complete with all materials and labour.	30.80	36.11	5.31	33.68	80%	0	Work completed upto bottom ring beam. Remainder has been issued to contractor for completion of the balance work.
12	Distribution Network (36.90 KM) - Supplying, testing and commissioning of distribution pipe network of diameter 40 mm to 300 mm with specials, reconstruction of valve chamber for the entire project area complete with all materials and labour including crossing	161.31	190.36	29.05	145.37	85%	5.50	Work not completed due to non payment of outstanding bill to the allotted contractor.
13	Approach road - Approach road to deep tube well & TP site.	2.00	0	0	0	0	0.20	Nil
14	Road restoration - Restoration cost payable to PWD road & local bodies.	3.00	0	0	3.00	85%	0	Balance work will be executed along with the pipe laying work of distribution network.
15	Laboratory - Supplying and installation of Laboratory equipment	1.00	0	0	0	0	0.10	Work will be carried out after completion of all the civil works.
16	Power Line - Cost of drawing electrical power line including transformer etc., to the raw water	2.00	2.91	0.91	2.00	5%	0	Estimate of ₹ 2,91,139.00 received from A.S.E.B. for construction of 11 KV line for drawing of power line and the same has

	and clear water pump house treatment plant <i>etc.</i> , complete.							been forwarded to the Head Office but due to non availability of fund payment could not be made to A.S.E.B.
17	Internal electrification – Cost of internal electrification and lighting arrangement in the pump houses, treatment plants <i>etc.</i> , including compound lightings .	0.50	0		Nil	Nil	0.05	Work will be executed after completion of the Treatment Plant & Pump house in all respect.
18.	Construction of staff quarter	12.70	0	0	0	0	1.26	
19.	Cost of acquisition of land	0	0	0	0	0	0	Free of cost
20	Land development –Land development of the treatment plant deep tube well and ESR	1.00	1.97	0.97	1.50	50%	0.10	Balance work will be completed after receiving the balance fund from the Govt.
21	Security fencing – Providing security fencing with gates in Deep tube well sites and treatment plant site.	3.00	2.96	0	2.96	100%	0.04	
22	Load Testing – Load testing, detailed survey and detailed engineering	1.00	3.69	2.69	3.69	100%	0	
23.	Store yard	1.00	0	0	0	0	0.10	
24.	Telephone Connection	0.20	0	0	0	0	0.20	
25.	Establishment & contingency	20.22	0				6.53	
26.	Escalation <i>etc.</i> ,	57.00	0				56.96	
27.	Administration & Supervision Charge	33.00	0				33.03	
	Total	363.00	321.62	71.77	253.32		105.83	