

GOVERNEMENT OF ASSAM
FINANCE (ECONOMIC AFFAIRS) DEPARTMENT

No.FEA(SFC) 99/2009/51

Dated Dispur August 16, 2012

✓ To :

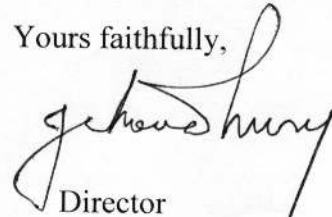
The Audit Officer (LBAA)
Office of the Principal Accountant General (Audit), Assam,
Maidamgaon, Beltola, Guwahati-29.

Sub: Requisition No.3 & 4 relating to Role of the State Government on
implementation of the CFC grants to Local Bodies.

Sir,

In inviting a reference to above, necessary information furnished as per
questionnaire is enclosed herewith.

Yours faithfully,



Director

Finance (Economic Affairs) Department.

Requisition - 3

Role of the State Govt. for implementation of the CFC Grants for local bodies,

| Query | Reply |
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| Total fund allocation made by GOI under 12 th FC & 13 th FC for PRI & ULB and subsequent released by GOI & Utilised. Whether any undisbursed fund available under 12 th FC against PRI and ULB. (As per annexure-I) | Furnished at Annexure-I |
| Whether any recommendations/ report made by the SFC to augment the consolidated funds of the State to supplement the resources of the Panchayats and Municipalities if so copy of the same. | Like Central Finance Commission, State Finance Commissions make recommendations for transfer of devolution funds and grants-in aid for Local Bodies in order to supplement their resources. Devolution Fund is untied and Grants-in-aid is tied against specific schemes. Reports of 3 rd and 4 th Assam State Finance Commission may be consulted. |
| Whether budget estimate are being prepared by the local bodies relating to plan schemes and forwarded the same to the SFC. | No budget estimate is prepared by Local Bodies and sent to SFC. |
| Whether local bodies are maintaining accounts in the Accounts Formats with double entry system for greater transparency and created the database on Finances prescribed by CAG | Information is not available with us. This may be obtained from the Director of Audit (Local Fund), Assam. Panchayat & Rural Development Department, Urban Development Department and Guwahati Development Department may also give information for PRIs, ULBs and GMC respectively. |
| Whether any fund has been earmarked from the total allocation made by GOI to extend funding support for maintenance of accounts and building database of the local bodies as recommended by 12 th FC. If so, the year wise allocation may be furnished. | 12 th FC did not earmark any fund for maintenance of accounts and building database of the local bodies out of total allocation for Local Bodies. However, State Government made total allocation of Rs.1368.60 lakh for Maintenance of Accounts and Rs.2194.02 lakh for Creation of Data Base. |
| Whether internal Audit system in the local bodies is existed, if so whether any detailed policy / guidelines is prescribed and periodically audit conducted. | This information may obtained from Panchayat & Rural Development Department, Urban Development Department and Guwahati Development Department. |
| Apart from suggesting principles for distribution of financial resources to the local bodies by SFC, it may please be stated whether any recommendation was imparted by the SFC for greater stability and sustainability of the mechanism. | No recommendation was imparted by the SFC for greater stability and sustainability of the mechanism. |
| Whether any Action Taken Report (ATR) was prepared to check the estimation and analysis of the fund at the pre & post transfer of fund and its utilisation by the implementing agency. | No Action Taken Report (ATR) was prepared. But Local Bodies are to report utilization of funds as per UC Format. |

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| Whether the SFC has been constituted, if so number of people nominated in the SFC | Articles 243 I and Article 243 Y of the Constitution inserted by 73 rd and 74 th Constitutional amendments respectively mandated that State Finance Commission be appointed by the State Governments at the expiration of every fifth year. In consonance with the provisions of the aforesaid articles read with provision of Section 2 (I) of the Assam Finance Commission (Miscellaneous Provisions) Act, 1995, the Government of Assam had so far constituted four SFCs till date. Each SFC consists of mandated one Chairman and four Members. |
| Whether any permanent SFC cell has been created, if so what is the function. | Permanent SFC Cell was constituted. Notification regarding functions of SFC Cell is furnished. |
| Whether any High Level Monitoring Committee (HLMC) has been constituted to ensure proper utilisation of funds granted to local bodies. If so, total members nominated in the committee. | High Level Monitoring Committee (HLMC) has been constituted. Copy is furnished. |
| As per Finance Commission, HLMC is responsible for approval of the project in each sector, quantify the targets with a time table for achievement as such whether HLMC has monitored in respect of each grant if so, copy of such monitoring report may be produced. | This will be discussed in the next meeting of HLMC when held. |
| Is there any target fixed by HLMC to review the proper utilisation of fund. If so, copy of the same. | No such target is fixed. |
| AS per 12 th FC the HLMC should review the utilisation of grants and to issue directions for mid course corrections at least once in every quarter, Minutes of such HLMC meetings may be produced. | Meeting of HLC under 12 th FC were held for approval of the schemes/projects to be implemented by Local Bodies. |
| As per mandatory provisions of articles 243B and 243C panchayats and 243Q and 243R ULBs are to be constituted, whether there is any timeline framed for election of the panchayats and ULB and when last elections held and whether the Panchayats / ULBs are elected body, please give details. | Panchayats / ULBs are elected body, As regards timeline framed for election of the panchayats and ULB and when last elections held, this may be obtained from Panchayat & Rural Development Department and Urban Development Department. |
| Whether Utilisation certificate as per format (Annexure II) prescribed by GOI showing allocation, release and utilisation of grants by the local bodies furnished to GOI for subsequent allocation of fund, if so, the same may be produced to audit. | Utilization certificate as per format (Annexure II) prescribed by GOI has been furnished. |
| The grants under 12 th FC & 13 th FC are to be spent by ULB on schemes of solid waste managements and on schemes of water supply and sanitation by the PRIs and the State Finance | Certificates regarding transfer of funds under 13 th FC submitted to the GOI for subsequent release, have been furnished. |

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| Secretary required to provide a certificate showing the details of recurring O&M cost recoverable by the PRIs on schemes of water supply. Whether such certificates furnished to the GOI, if so copy of the same may be furnished. | |
| As per Finance Commission the ULBs and PRIs should implement the prescribed accounting framework for maintenance of the accounts and the State will certify to the GOI that the accounting systems as recommended have been introduced. Whether copy of such certificate issued to GOI, if so copy of the same may be produced. | Certificate regarding Model Accounting System (PRIYAsoft) developed by Ministry of Panchayati Raj under Government of India implemented by Panchayat & Rural Development Department and Certificate regarding adoption of Assam Municipal Accounting Manual, based on the National Municipal Accounts Manual in respect of ULBs are furnished. |
| As per Finance Commission, the State Govt. must put a system of independent local body 'Ombudsmen' to look into the corruption and mal-administration of the local bodies, whether the same has been formed, if so the copy of the same may be furnished. | As the Assam Lokayukta and Upa-Lokayukta Act, 1985 serves the purpose of looking into the corruption and mal-administration of the local bodies, a system of independent local body 'Ombudsmen' is not required. |
| As per Finance Commission, the State Govt. must put a state level Property Tax Board to assist all ULBs a transparent procedure for assessing property tax, whether the same has been formed, if so the copy of the same may be furnished. | Urban Development Department has constituted a common State Level Property Tax Board for Municipalities and Guwahati Municipal Corporation vide Gazette Notification No.UDD (M) 31/2008//199 dated 31.03.2011. |
| Organizational set up showing the flow of Fund. | Finance (Economic Affairs) Department transferred funds under 12 th FC to 20 Zilla Parishads for PRIs and DC/SDOs for ULBs in General Areas directly. But under 13 th FC, Finance (Economic Affairs) Department is releasing funds to the Commissioner of Panchayat & Rural Development Department for PRIs and the Director of Municipal Administration, Assam for ULBs directly. |

Requisition - 4

| Sl. No. | Query | Reply |
|---------|--------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1 | Basic aims and objectives against release of grants made by Central Finance Commission to the ULBs and PRIs. | The basic aims and objectives against release of grants made by Central Finance Commissions to the ULBs and PRIs are to augment the Consolidated Fund of the State to supplement the resources of the PRIs and ULBs in order to provide adequate levels of basic services at the grassroot levels more efficiently and to improve the functioning of local bodies. |

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| 2 | Whether any recommendation has been made by the SFC to the ULBs and PRIs against functioning and utilization of grants released by CFC | No recommendation has been made by the SFC to the ULBs and PRIs against functioning and utilization of grants released by CFC. |
| 3 | Whether there is any prescribed format by GOI for submission of utilization certificate. | Yes, there is prescribed format by GOI for submission of utilization certificate under 12 th FC and 13 th FC. |
| 4 | Year-wise utilization certificate under the award of 12 th FC and 13 th FC by ULBs and PRIs may be furnished. | Utilization certificates furnished. |
| 5 | Against the release of grant by GOA whether there was any provision made for contribution by ULBs and PRIs, if so, what was the contribution made by the ULBs and PRIs year-wise since 2005-06 to as on date may please be furnished. | Against the release of grant by GOA there was no provision made for contribution by ULBs and PRIs. |
| 6 | Financial progress report showing grants received from GOA/contribution made if any by LSGIs/and unspent balance if any may please be furnished. | No such information is available in this department. |
| 7 | Records revealed that there was delay in payment of grants as such information may kindly be furnished year-wise number of days delayed and interest paid @ to ULBs and PRIs | Information furnished in the Certificates and the Statements |
| 8 | Non-release of CFC grants if any by the GOI or by the SFC to the ULBs and PRIs may be please be furnished. | Three instalments of grants under 12 th FC i.e. 2 nd instalment of 2008-09 and 1 st and 2 nd instalments of 2009-10 amounting to Rs 157.80 crore for PRIs and Rs.16.50 crore for ULBs was not released by CFC. Out of the SFC's recommended amount of Rs.640.87 crore for 2010-11 approved by the State Government, State Government released Rs. Rs.417.63 crore during 2011-12. Out of Rs.417.63 crore released, Rs.189.67 crore for ULBs and Rs.227.96 crore for PRIs. |

Statement showing the fund released/utilized under 12th FC & 13th FC against local bodies (Annexure- I)

| Year | 12 th FC & 13 th FC | Fund Allocated by GOI | | | Fund actually released by GOI | | | Fund actually released by GOA | | | UC furnished against the fund received | | | Unspent amount lying at the end of each year | | | |
|---------|-------------------------------------------|-----------------------|---------------|-----------------------|-------------------------------|--------------|-----------------------|-------------------------------|--------------|-----------------------|----------------------------------------|-----|-------------------------------|----------------------------------------------|-----|-----|-----|
| | | PRI | ULB | Spl Areas Basic Grant | PRI | ULB | Spl Areas Basic Grant | PRI | ULB | Spl Areas Basic Grant | PRI | ULB | Spl Areas Basic Grant | PRI | ULB | PRI | ULB |
| 2005-06 | 12 th FC | 105.20 | 11.00 | | 52.60 | 5.50 | | 50.04 | 5.50 | | | | | | | | |
| 2006-07 | | 105.20 | 11.00 | | | | | | | | | | | | | | Nil |
| 2007-08 | | 105.20 | 11.00 | | 105.20 | 11.00 | | 52.60 | | | | | | 38.50 | | | |
| 2008-09 | | 105.20 | 11.00 | | | | | 52.60 | 8.64 | | | | | | | | |
| 2009-10 | | 105.20 | 11.00 | | 210.40 | 22.00 | | 212.96 | 24.36 | | | | | | | | |
| | Total 12th FC | 526.00 | 55.00 | | 368.20 | 38.50 | | 368.20 | 38.50 | | | | | 38.50 | | | |
| 2010-11 | 13 th FC | 146.91 | 23.59 | 7.30 | 73.44 | 11.79 | 3.65 | 73.44 | 11.79 | 3.65 | | | | | | | |
| 2011-12 | | 228.60 | 36.70 | 10.90 | 217.99 | 36.14 | 7.30 | 205.15 | 33.30 | 7.30 | | | Transfer fund to concern DDOs | | | | |
| 2012-13 | | 335.79 | 53.91 | 14.60 | 92.95 | 14.92 | 3.65 | 105.79 | 17.76 | 3.65 | | | | | | | |
| 2013-14 | | 397.05 | 63.75 | 14.60 | | | | | | | | | | | | | |
| 2014-15 | | 469.34 | 75.36 | 14.60 | | | | | | | | | | | | | |
| | Total 13th FC | 1577.69 | 253.31 | 62.00 | 384.38 | 62.85 | 14.60 | 384.38 | 62.85 | 14.60 | | | | | | | |

Statement showing Interest Amount to PRIs & ULBs

| Sl No | Subject | Sanction No | Date | (Rs. in lakhs) | | | | | | | | | | | | |
|------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------|------------|-----------------|---------------|--------------|-------------|-------------|-------------|----------------|-------------|-------------|-------------|-------------|----------------|---------------|
| | | | | Amount Released | | | | | Total | Balance Amount | | | | | | |
| | | | | PRI | ULB | GMC | BTC | KAAC | | NC Hills | PRI | ULB | GMC | BTC | KAAC | NC Hills |
| FY 2009-10 | | | | | | | | | | | | | | | | |
| 1 | Sanction towards interest to GMC - 12th FC | FEA (SFC) 272/2008/126 | 15.06.2009 | | | 17.94 | | | | | | | | | | |
| 2 | Sanction towards interest to ULBs - 12th FC | FEA (SFC) 272/2008/125 | 15.06.2009 | | 65.84 | | | | | | | | | | | |
| 3 | Sanction towards interest to PRIs - 12th FC | FEA (SFC) 272/2008/124 | 15.06.2009 | 400.62 | | | | | | | | | | | | |
| 4 | Sanction towards interest to PRIs for 2nd inst of 2006-07 and 1st & 2nd inst of 2007-08 - 12th FC | FEA (SFC) 172/2006/P/94 | 24.02.2010 | 323.34 | | | | | | | | | | | | |
| Total (2009-10) | | | | 723.96 | 65.84 | 17.94 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 807.74 |
| FY 2010-11 | | | | | | | | | | | | | | | | |
| 5 | Sanction for transfer of interest to ULBs 1st instalment of 2010-11 | FEA (SFC) 47/2011/32 | 30.03.2011 | | | | | | | | | | | | | |
| 6 | Sanction towards interest to PRIs for 1st inst of 2010-11 | FEA (SFC) 47/2011/30 | 30.03.2011 | | 26.22 | | | | | | | | | | | |
| 7 | Sanction towards interest to PRIs for 1st inst of 2010-11- (BTC, KAAC & DHAC) | FEA (SFC) 47/2011/34 | 30.03.2011 | 210.47 | | | | | | | | | | | | |
| 8 | Sanction towards interest to ULBs for 1st inst of 2010-11- (BTC, KAAC & DHAC) | FEA (SFC) 47/2011/36 | 30.03.2011 | 43.20 | | | | | | | | | | | | |
| 9 | Sanction for transfer of interest to GMC 1st instalment 2010-11 | FEA (SFC) 47/2011/38 | 30.03.2011 | | 4.21 | | | | | | | | | | | |
| Total (2010-11) | | | | 253.67 | 30.43 | 9.32 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 293.42 |
| FY 2011-12 | | | | | | | | | | | | | | | | |
| 10 | Sanction for transfer of interest to GMC 2nd instalment | FEA (SFC) 47/2011/81 | 24.01.2012 | | | 0.82 | | | | | | | | | | |
| 11 | Sanction for transfer of interest to PRIs 2nd instalment (BTC & Sixth Schedule Areas) | FEA (SFC) 47/2011/79 | 24.01.2012 | 2.94 | | | | | | | | | | | | |
| 12 | Sanction for transfer of interest to ULBs for delayed payment of 2nd inst to General Basic Grant/Special Area Basic Grant (BTC & Sixth Schedule Areas) | FEA (SFC) 47/2011/77 | 24.01.2012 | | 0.41 | | | | | | | | | | | |
| 13 | Sanction for transfer of interest to ULBs for delayed payment of 2nd inst to General Basic Grant | FEA (SFC) 47/2011/75 | 24.01.2012 | | | | | | | | | | | | | |
| 14 | Sanction for transfer of interest to PRIs 2nd inst to General Basic Grant | FEA (SFC) 47/2011/73 | 24.01.2012 | | 2.29 | | | | | | | | | | | |
| 15 | Sanction for interest to PRIs of 1st instalment | FEA (SFC) 47/2011/59 | 07.07.2011 | 18.41 | | | | | | | | | | | | |
| 16 | Sanction for transfer of interest to ULBs of 1st instalment (General Areas) | FEA (SFC) 47/2011/60 | 07.07.2011 | 42.09 | | | | | | | | | | | | |
| 17 | Sanction for transfer of interest to ULBs 1st instalment (BTC, KAAC & DHAC) | FEA (SFC) 47/2011/61 | 07.07.2011 | | 5.25 | | | | | | | | | | | |
| 18 | Sanction for transfer of interest to PRIs 1st instalment (BTC, KAAC & DHAC) | FEA (SFC) 47/2011/62 | 07.07.2011 | | 0.84 | | | | | | | | | | | |
| 19 | Sanction for transfer of interest to GMC 1st instalment | FEA (SFC) 47/2011/63 | 07.07.2011 | 8.64 | | | | | | | | | | | | |
| Total (2011-12) | | | | 72.08 | 8.79 | 1.86 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 83.55 |
| Total 12th FC | | | | 723.96 | 65.84 | 17.94 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 807.74 |
| Total- 13th FC | | | | 325.75 | 39.22 | 12.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 376.97 |
| Grand Total | | | | 1049.71 | 105.06 | 29.94 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 1184.71 | |