

CHAPTER II : GENERAL SECTOR

2.1 Introduction

This Chapter of the Audit Report for the year ended 31 March 2013 deals with the findings on audit of the State Government units under General Sector.

The names of the major State Government departments and the net budget provisions and expenditure of the State Government under General Sector during the year 2012-13 are given in the table below:

Table 2.1.1

(₹ in crore)

Sl. No.	Name of Department	Budget provision (Original and Supplementary)	Expenditure
1.	Finance	893.49	893.43
2.	Home/Police/Jail	488.85	439.52
3.	Secretariat General Services	55.78	51.71
4.	Assembly Secretariat	56.20	48.08
5.	Election	35.68	33.08
6.	Personnel, including Passport Political and Chief Minister's Secretariat	28.45	26.57
7.	Transport	24.31	15.31
8.	Printing & Stationery	20.89	20.44
9.	Taxation	19.17	14.40
10.	Excise	13.25	11.59
11.	Revenue	18.36	10.93
12.	General Administration	11.71	10.79
	Total	1666.14	1575.85

Source: Budget Estimates, Appropriation Acts and Appropriation Accounts

Besides the above, the Central Government had transferred a sizeable amount of funds (approximately ₹ 8.05 crore) directly to the Implementing agencies under the General Sector to different agencies of the State during 2012-13.

2.1.1 Planning and conduct of Audit

Audit process starts with the assessment of risks faced by various departments of Government based on expenditure incurred, criticality/complexity of activities, level of delegated financial powers, assessment of overall internal controls and concerns. The audits were conducted during 2012-13 involving expenditure of ₹ 141.49 crore (including expenditure pertaining to previous years audited during the year) of the State Government under General Sector. The chapter contains two Compliance Audit Paragraphs.

After completion of audit of each unit, Inspection Reports containing audit findings are issued to the heads of the departments. The departments are requested to furnish replies to the audit findings within one month of receipt of the Inspection Reports. Whenever replies are received, audit findings are either settled or further action for compliance is advised. The important audit observations arising out of these Inspection Reports are processed for inclusion in the Audit Reports, which are submitted to the Governor of State under Article 151 of the Constitution of India.

The major observations under General Sector detected in audit during the year 2012-13 are given below.

HOME (PRISONS) DEPARTMENT

2.2 Unfruitful expenditure on construction of two jails

Arbitrary action of the Public Works Department in execution of works for Nongstoin and Nongpoh jails contrary to the State's Financial Rules and exorbitant delay at every stage resulted in an unfruitful expenditure of ₹ 8.40 crore.

The Shillong jail which in addition to East Khasi Hills District, was also catering to the two neighbouring districts (West Khasi Hills and Ri Bhoi). To overcome the problem of overcrowding of Shillong jail, Government of Meghalaya (GoM) acquired land in August 1997 and October 1999 to set up two new jails at Nongstoin, West Khasi Hills and Nongpoh, Ri-Bhoi respectively at a total cost of ₹ 78.28 lakh¹. Under the scheme “Modernisation of Prisons” Ministry of Home Affairs, Government of India (GoI), sanctioned in March 2003 and December 2003, construction of two jails at Nongstoin and Nongpoh respectively. This scheme was launched by GoI in 2002-03 and was operative till 2006-07 (later extended up to 2008-09) and any additional fund required on account of revision of estimate to complete the project beyond the extended period of the scheme was to be borne by the State Government. GoM accorded Administrative Approval² (AA) for construction of both the jails at an estimated cost of ₹ 12.55 crore³. The State Public Works Department (PWD) was to construct both the jails by 2006-07, for which ₹ 12.12 crore was released to the PWD. While conveying the administrative approval for the jail at Nongpoh, the Assistant Chief Engineer (Buildings) (ACE) directed (March 2004) the Executive Engineer (EE), PWD (Buildings), Shillong to submit detailed estimate for technical sanction before actual execution of work and in case of cost escalation, to submit the revised estimate immediately.

Test-check (June and October 2012) of records of the Director General of Prisons and Executive Engineer, PWD Building Division, Shillong revealed that both the jails have not been completed till date (March 2013). The works in Nongstoin and Nongpoh jail have been stalled since December 2009 and March 2010 after a physical progress of 72 per cent and 85 per cent at an expenditure of ₹ 2.80 crore and ₹ 4.82 crore respectively. The balance amount of ₹ 4.50 crore (out of ₹ 12.12 crore released to the PWD) is lying under ‘8443-PW Deposit-III’.

Further scrutiny revealed that in contravention of the mandatory requirement stipulated in Rule 243 of the Meghalaya Financial Rules, 1981 (MFR) that for every work (except petty works) a detailed estimate must be prepared for technical sanction of the competent authority which must be obtained before commencement of construction and ignoring the instructions of the ACE, construction works in both the

¹ Nongstoin: ₹ 11 lakh; Nongpoh: ₹ 67.29 lakh

² Administrative Approval: Nongstoin jail on 16 August, 2004 and Nongpoh jail on 11 March, 2004

³ Nongstoin: ₹ 6.26 crore; Nongpoh: ₹ 6.29 crore.

jails were started before preparation of the detailed estimate and obtaining the same technically sanctioned. In addition, Audit also observed that there were delays at every stage, which are discussed below:-

(A) Nongstoin Jail

The work was split into 20 components. Tenders for different components were invited in three instalments from July 2004 to as late as November 2006 (i.e. after a lapse of 27 months from the issue of AA). The final work orders for only 16 components of work were issued between November 2004 and August 2007 after considerable delays. Final work orders for the remaining four components of work (all related to construction of Security wall/Boundary fencing) were yet to be issued (as of March 2013) due to non-payment of Security Deposit or failure to sign the contract agreement by the selected contractors. However, no action was taken to allot the works to the next eligible contractors. As per final work orders these components of works were scheduled for completion between November 2005 and August 2008. Even after the issue of final work order, some contractors could not commence the work due to non-availability of site/building layout in time by the Division. Meanwhile, the detailed revised estimate was submitted only in January 2006 after a delay of two years from the issue of AA. The total estimated cost of the work increased to ₹ 7.98 crore against the preliminary estimate of ₹ 6.26 crore.

The construction works remained suspended since December 2009 due to non-sanctioning of the detailed/revised estimate. Till then, physical progress of 72 *per cent* was achieved after incurring an expenditure of ₹ 2.80 crore.

Thereafter, the estimates were revised twice, first in February 2010 to ₹ 9.81 crore and the second in July 2012 to ₹ 16.87 crore.

(B) Nongpoh jail

The works for construction of Nongpoh jail was split into 21 components. Tenders for different components were invited in three instalments from June 2004 to November 2006 (i.e. after a lapse of 3 to 32 months from the issue of AA). The final work orders for all the 21 components were issued between November 2004 and January 2010 after considerable delays. As per final work orders, these components of works were scheduled for completion between March 2006 and June 2010. However, like in the case of Nongstoin jail, even after the issue of final work order, some contractors could not commence the work due to non-availability of site/building layout in time by the Division. The construction works remained suspended since March 2010 due to non-sanctioning of the detailed/revised estimate. Till then, physical progress of 85 *per cent* was achieved after incurring an expenditure of ₹ 4.82 crore. Meanwhile, three detailed/revised estimates have been submitted so far; first in November 2007 for ₹ 8.84 crore; second in September 2009 for ₹ 9.06 crore and third in September 2012 for ₹ 10.77 crore.

In both the cases, none of the detailed/revised estimates had been sanctioned by the GoM till date (March 2013).

The Director General of Prisons, Meghalaya stated (June 2013) that due to price escalation, the amount released by Government was not enough for completion of the jails. The EE, Shillong Building Division stated (June 2013) that the delay in completion of the jails was due to non-sanction of revised estimate by GoM. The replies are not acceptable because timely action was not initiated by the executing department to ascertain the actual cost of the jails through preparation of a detailed estimate, which led to further escalation in the cost of the works.

Thus, due to arbitrary action of the PWD to commence works of both Nongstoin and Nongpoh jails without a technically sanctioned detailed estimate in contravention of the MFR and undue delay at every stage resulted in cost escalation. Consequently, these jails remained incomplete even after six years of the scheduled target of 2006-07 rendering the expenditure of ₹ 8.40 crore⁴ unfruitful, besides frustrating the intended objectives. Since the scheme under which the construction of both the jails sanctioned by GoI had been closed in 2008-09, the possibility of completion of these jails in near future is remote, due to resource crunch in the State as the additional cost of ₹ 15.52 crore⁵ has to be borne by the State Government for completion.

The matter was reported to Government in September 2013; reply had not been received (February 2014).

HOME (POLICE) DEPARTMENT

2.3 Idle expenditure on procurement of boots in excess of requirement

Twelve police formations had boots worth ₹ 76.71 lakh in stock in excess of requirement as at the end of March 2013.

The Meghalaya Police Handbook, 1991 lays down that personnel of the rank of constable to havildar/assistant sub-inspector are to be issued a pair of ‘ammunition boots’ (hereinafter referred to as ‘boots’) annually. The Assistant Inspector General of Police (Administration) [AIG] every year places the supply order for boots for the State’s police force.

The prescribed average lifespan of the boots is one year. As such, the entire process of requirement, tendering, purchase and issue to the formations is a cyclical annual event which needs to commence and conclude within a period of 12 months so that all eligible recipients receive fresh pair after lapse of 12 months from the date of previous issue.

⁴ ₹ 7.62 crore being the expenditure incurred on the two jails up to March 2010 plus ₹ 0.78 crore being the cost of acquiring the land for both the jails.

⁵ Latest revised estimated cost: ₹ 27.64 crore – Expenditure so far incurred: ₹ 7.62 crore = ₹ 20.02 crore - ₹ 4.50 crore = ₹ 15.52 crore.

The stocking and issue of boots pertaining to the years 2010-11, 2011-12 and 2012-13 was examined in 12⁶ randomly selected police formations (out of total of 32 formations).

The position of stock, receipt and issue of boots in the 12 formations is given below:

Table 2.3.1

Particulars	2010-11	2011-12	2012-13
Sanctioned Strength of police personnel in the 12 formations eligible to be issued boots	8474	8610	8730
Opening Balance (numbers in pairs)	1235	6093	15318
No. of pairs received by the formations during the year	6920	18319	10590
No. of pairs issued by the formations during the year	1961	7556	8291
No. of pairs transferred to <i>other</i> police formations during the year	100	1538	-
Closing Balance of boots (numbers in pairs)	6093	15318	17617
Approved price per pair of boots	₹ 260	₹ 418	₹ 447

Source: Data furnished by the 12 selected police formations

As can be seen from the above table:

- The stock (closing balance of boots) held by twelve formations had increased during successive years and stood at 17,617 pairs at the close of 2012-13 as compared to 6,093 pairs at the close of 2010-11.
- This was due to the fact that no proper mechanism existed in the office of the AIGP for collection of requirements from the units/formations and placing of supply order for the quantity to be supplied in the units as per requirement and sanctioned strength of the particular units.

Thus, procurement of boots without assessing the actual requirement as well as purchase of new stock despite availability of old stock resulted in accumulation of stock of boots. As of March 2013, 17,617 pairs of boots worth ₹ 76.71 lakh were lying idle. Such accumulation of stock of boots in remaining 20 units/formations not covered in audit cannot be ruled out.

Government stated (November 2013) that the excess quantities would be utilised by distributing to four new districts and new battalions. The reply is not acceptable as the closing stock as of March 2013 was enough to meet two years requirement of the units. Further, the strength of police force would not drastically increase because of formation of four new districts as the personnel already serving would be redistributed among newly formed districts.

⁶ **District Superintendents of Police:** (i) East Khasi Hills (ii) West Khasi Hills (iii) Ri-Bhoi (iv) West Garo Hills; **Police Battalions (Bn.):** (v) 1st MLP Bn. (vi) 2nd MLP Bn. (vii) 3rd MLP Bn. (viii) 4th MLP Bn. (ix) 5th MLP Bn.; **Police Organisations:** (x) Police Training School (xi) Meghalaya Police Radio Organisation (xii) Fire & Emergency Services