

# **EXECUTIVE SUMMARY**



## Executive Summary

This Audit Report has been prepared in five chapters. Chapters I to IV deal with Social, Economic, State Public Sector Undertakings and Revenue Sectors. Chapter V deals with Follow up of Audit observations.

This Report contains 26 paragraphs including 9 general paragraphs, one follow-up Audit on Education (School) Department, five Performance Audits (including one IT Audit) and 11 Compliance Audit paragraphs. According to the existing arrangements, copies of the draft paragraphs and draft performance audit were sent to the Secretary of the departments concerned with a request to furnish replies within six weeks. However, in respect of one Performance Audit and four Compliance Audit paragraphs included in the Report, no replies were received till the time of finalisation of the Report (November 2015). A synopsis of the important findings contained in the Report is presented below:

### SOCIAL SECTOR

#### Performance Audit

#### **National Programme of Nutritional Support to Primary Education (Mid-Day-Meal Scheme)**

Enrolment in MDM covered schools and in private schools in primary/upper primary levels during the five year audit period, registered opposite trends. While enrolment increased by *72 per cent* in private schools, it declined by *18 per cent* in MDM covered schools.

There was consistent decline in the reported coverage of children in primary schools from 2.97 lakh (2010-11) to 2.35 lakh (2014-15) and in upper primary schools from 1.38 lakh (2010-11) to 1.20 lakh (2014-15). The low attendance in schools is a cause of concern which needs to be addressed appropriately.

The problem areas that have been dogging the scheme are the leakages and financial indiscipline. Audit observed mismatch in the data relating to the number of children availing MDM as reported *vis-a-vis* the number of children actually availing MDM during the day of visit to test checked schools.

Audit also observed that the checks to ensure quality of meals and adequacy of nutritional value of food served to children remained deficient.

Cases of cooking of poor quality meals in unhygienic conditions, inadequate and poor quality of infrastructure in terms of kitchen sheds and utensils and lack of availability of safe drinking water were rampant in most of the schools exposing children to health hazards.

Adequate numbers of health check-ups of children were not conducted, in the absence of which the impact of MDMS on the nutritional status and required micronutrient supplements of the children could not be ascertained.

The monitoring system was deficient due to insufficient State Monitoring Committee (SMC) meetings, inadequate follow-up action on the recommendation of SMC, inadequate Inspections, etc.

*(Paragraph 1.3)*

### **Compliance Audit Paragraph**

Lack of financial propriety and internal controls over handling and management of cash resulted in fraudulent drawal and misappropriation of Government funds to the tune of ₹ 2, 85,000.

*(Paragraph 1.5)*

## **ECONOMIC SECTOR**

### **Performance Audits**

#### **Functioning of Industrial Training Institutes in Tripura**

Government's plan to provide ITIs in all the uncovered Sub-Divisions of the State remained unachieved. The test checked ITIs lacked infrastructural facilities such as adequate tools & equipment and hostel facilities for the girl trainees. Similarly, adequate raw material for the trades and reference material to trainees were not available in the test-checked ITIs. Irregularities in procurement of equipment/material by the Department led to supply of goods without basic documents from the manufactures. Procurement was done without any cost estimate and supplier dictated the specification of the supplied items. Failure of the Government in identifying new industries and institutions for placement of ITI passed candidates resulted in inadequate placements for apprenticeship training scheme in industries. The increasing trend of vacant seats and dropouts in ITIs was a matter of concern.

*(Paragraph 2.3)*

#### **Effectiveness in the functioning of Tripura State Pollution Control Board**

TSPCB, being the main agency for the enforcement of environment laws and responsible for formulation of policy for prevention, control and abatement of pollution did not conduct any survey to identify the polluting industries in the State and had not drawn up a comprehensive plan for preventing and controlling water and air pollution in the State. TSPCB's laboratory at Agartala was functioning without accreditation and without required testing facilities. The laboratories at zonal offices could not be made operational due to lack of infrastructural facilities. Large numbers of industrial units were operating in the State without renewal of consent. There was substantial shortfall in conducting inspections of even highly polluting 'Red' category industries. TSPCB could not establish the ambient air quality monitoring stations with requisite testing facilities for analysing all the essential parameters prescribed under NAMP. No action plan as required under Water Act was prepared by TSPCB for restoring the water quality of the rivers and water bodies. The municipal bodies did not comply with the provision of Municipal Solid Waste (Management and Handling) Rules, 2000 and TSPCB did not take any action under EP Act. Out of identified 1258

Health Care Establishments (HCEs), 694 HCEs did not obtain authorisation from TSPCB and there were deficient bio-medical waste treatment and disposal facilities. Financial management of TSPCB was deficient as it could utilise only 4.72 *per cent* to 14.13 *per cent* of yearly available funds on pollution control measures. Inadequate manpower adversely affected the functioning of TSPCB. TSPCB had no internal audit wing of its own and Audit Directorate under the State Finance Department responsible for internal audit of the State Government Department/Organisations also did not conduct audit of TSPCB during the period 2010-15.

*(Paragraph 2.4)*

### Compliance Audit Paragraphs

Adoption of incorrect parameters in computation of design life resulting in execution of richer specifications of Bituminous Macadam (BM) instead of required Open Grade Premix Carpet (OGPC) with seal coat caused avoidable expenditure of ₹ 6.59 crore on construction of 15.90 Km road from Maharani to Amarpur.

*(Paragraph 2.5)*

Withdrawal of funds from the Consolidated Fund of the State in violation of provision prescribed by the GoI under SPA and charging to the work which had not commenced led to blocking of funds of ₹ 5.34 crore for more than 34 months. There was also diversion of ₹ 5.47 crore coupled with issue of false UC of ₹ 10.83 crore. This was not only irregular but was also fraught with the risk of misappropriation of Government funds.

*(Paragraph 2.6)*

Commencement of work without adequate study of soil strata and plugging the pier wells at lesser than desired levels besides leading to extra expenditure of ₹ 1.44 crore and huge time overrun, compromised the soundness and stability of the bridge.

*(Paragraph 2.7)*

Mobilisation advance of ₹ 56 lakh out of ₹ 2.10 crore was not recovered from the executing agency for construction of Head work at Muhuri irrigation project at Kalashi resulted in loss to the Government.

*(Paragraph 2.8)*

Commencement of work without conducting soil investigation adequately led to huge extra earth cutting for construction of TSR battalion HQ at Pathaliaghat and thereby execution of earth work with two different rates which resulted in avoidable expenditure of ₹ 55.31 lakh.

*(Paragraph 2.9)*

Injudicious rejection of first call of tender by the Chief Engineer PWD(R&B) and subsequent awarding of the same work at a much higher rate caused a loss of ₹ 52 lakh to the Government besides undue favour to the unqualified bidder

*(Paragraph 2.10)*

**ECONOMIC SECTOR  
(STATE PUBLIC SECTOR UNDERTAKINGS)**

**Performance Audit**

**Tripura Forest Development and Plantation Corporation Limited**

Tripura Forest Development and Plantation Corporation Limited (Company) was incorporated (March 1976) as a State Government Company with the intention of rehabilitating degraded forest lands, settling of tribal shifting cultivators and generation of employment in the rural areas by raising commercial plantations and dealing in products there from. At present, activities of the Company are restricted to raising of commercial rubber plantations; extraction and processing of rubber latex sourced from own plantations as well as outside sources; extraction, treatment and processing of rubber wood into value added products like timber, furniture and doors.

The Company was one of the few State PSUs which recorded profits and paid dividend. The operational surplus of the Company was, however, increasingly under strain due to the losses made by its wood processing activities and declining trend of rubber prices.

The Company did not have any long term planning mechanism to attain its laid down objectives. The Annual Action Plans prepared by the Company merely served the purposes of addressing the immediate and short term issues without addressing the core issues in long run like poor yield, low capacity utilisation of processing units, manpower shortages, low demand for processed wood products and financial uncertainty on account of fluctuating prices of its products, etc. The first Five year Tree extraction plan (2013-14 to 2017-18) prepared by Company did not adequately consider the necessity of replanting of over matured and thinly populated plantations so as to improve productivity.

Forest lands handed over to the Company for raising plantations were encroached in the absence of legal title, lack of proper documentation, inadequate monitoring and absence of effective administrative action for eviction of encroached areas. The Company irregularly utilised the forest land allotted for the benefits of tribal for own commercial plantations in violation of the Government of India approval, thus depriving the tribal community of the intended benefits of land allotment besides involving the risk of payment of compensation towards said diversion of forest land.

The average yield from the plantations managed by the Company was less than half of the average yield of the State during the five years under review mainly due to delay in re-plantation in over-matured plantation areas, failure of replanted areas, poor density of tapping trees, low productivity and absenteeism of tappers, inadequate field supervision and control, etc.

Rubber wood processing activities of the Company resulted in substantial operational losses due to low capacity utilisation, manpower shortage, lack of adequate marketing efforts and lack of performance evaluation of the production units. The operations of

Cenex and Indian Standard Natural Rubber manufacturing facilities were also not efficient in absence of trained workers and effective supervision of operations.

Monitoring and internal control activities had scope for improvements.

*(Paragraph 3.2)*

### **Compliance Audit Paragraphs**

Negligence in filing of Annual Income Tax Return and shortfall in remittance of Advance Income Tax resulted in avoidable interest expenditure of ₹ 4.52 crore.

*(Paragraph 3.3)*

Non-application of the prescribed selection criteria uniformly for all the bidders resulted in extra expenditure of ₹ 36.09 lakh on purchase of distribution transformers.

*(Paragraph 3.4)*

## **REVENUE SECTOR**

### **Performance Audit**

#### **IT Audit on Computerisation of Land Records**

Audit of Computerisation of Land Records/National Land Records Modernisation Programme revealed deficiencies in the software, database and system design. Presence of duplicate plot numbers were noticed. Manual intervention for generation of mutation notice, deficiencies in data entry and validation checks led to the full potential of JAMI Software not being used.

*(Paragraph 4.2)*

### **Compliance Audit Paragraphs**

Due to concealment of turnover by the dealers which escaped notice of the assessing authorities, non submission of audited Accounts and collection of sum by way of tax by unregistered dealer resulted in short levy of VAT of ₹ 5.91 lakh, leviable interest of ₹ 3.63 lakh and penalty of ₹ 7.75 lakh.

*(Paragraph 4.3)*

Differential amount of ₹ 21.97 lakh on account of revision of import fee at Liquor and Beer collected by Bonded Warehouses from the retail vendors resulted in unjust enrichment to the Bonded Warehouses.

*(Paragraph 4.4)*