

CHAPTER – II
GENERAL SECTOR

CHAPTER-II

GENERAL SECTOR

2.1 Introduction

This Chapter of the Audit Report for the year ended 31 March 2018 deals with the findings on audit of State Government departments under General Sector.

During 2017-18, against a total budget provision of ₹ 3,033.62 crore, a total expenditure of ₹ 2,128.49 crore was incurred by 13 departments under the General Sector. The department-wise details of budget provision and expenditure incurred there-against are shown in Table-2.1.

Table-2.1:- Details of department-wise budget provision and expenditure
(₹ in crore)

Sl. No.	Name of the Department	Budget provision	Expenditure
1.	Legislative Assembly	22.57	21.99
2.	Governor	7.37	7.25
3.	Council of Ministers	5.93	4.78
4.	Law and Judicial	36.99	33.23
5.	Vigilance	6.06	6.06
6.	Finance	1,695.59	897.66
7.	Mizoram Public Service Commission	8.00	7.10
8.	Secretariat Administration	122.22	100.89
9.	Parliamentary Affairs	0.60	0.57
10.	General Administration	110.38	89.75
11.	Home	628.75	571.55
12.	Printing and Stationery	18.18	16.68
13.	District Councils and Minority Affairs	370.98	370.98
Total		3,033.62	2,128.49

Source: Appropriation Accounts: 2017-18

Besides, a sizable amount of funds were transferred directly to the implementing agencies of State Government by the Central Government for implementation of various programmes. During 2017-18, ₹ 11.67 crore was directly released to different implementing agencies under General Sector. The details are shown in **Appendix-2.1.1.**

During 2017-18, expenditure of ₹ 1,688.79 crore (including funds pertaining to previous years audited during the year) of State Government under General Sector were test checked in audit. Out of the expenditure test checked, approximately 62 per cent was committed expenditure (expenditure incurred on Salary and Wages, Pensions, Interest and subsidies).

COMPLIANCE AUDIT PARAGRAPH

HOME DEPARTMENT

2.2 Parking of funds and execution of work in violation of norms

Inspector General of Prisons parked ₹ 10.46 crore meant for construction of a women's jail in an unauthorised bank account, executed the work without technical sanction and gave an undue benefit to a firm

With a view to upgrade the Central Jail for construction of a separate women's jail in Mizoram, Ministry of Development of North Eastern Region (MoDoNER), GoI accorded (29 December 2014) administrative and financial approval for the project cost of ₹ 13.07 crore. The cost was to be borne by GoI and GoM in the ratio of 90:10 with GoI's share at ₹ 11.76 crore and that of GoM's at ₹ 1.31 crore. The project was to be completed within 36 months from the date of sanction *i.e.* by December 2017. Accordingly, the MoDoNER released (30 December 2014 and 16 November 2016) ₹ 9.41 crore to the GoM in two instalments. The GoM entered into an Agreement (16 December 2013)¹ in this regard with M/s North East Consultancy Services (NECS), an Aizawl based Executing Agency and released ₹ 10.46 crore to the Inspector General of Prisons (IGPr) from 25 May 2015 to 13 October 2017. The IGPr released ₹ 10.44 crore² to the firm.

Scrutiny (March 2017) of records of the IGPr revealed that the work actually started on 23 June 2015 and was not completed as of October 2018 even after a lapse of more than one year from the scheduled date of completion. Further scrutiny revealed that the work was executed in gross violation of the mandated rules and procedures as discussed below:

(i) Parking of funds in an unauthorised bank account

As per the Office Memorandum of the State Finance Department dated 05 May 2006, prior permission of the Finance Department has to be taken for opening bank account for specific projects and schemes. Scrutiny of records revealed that the amount of ₹ 10.46 crore (GoI's share: ₹ 9.41 crore *plus* GoM's share: ₹ 1.05 crore) released by the GoM to the IGPr was kept in a bank account³ which was not authorised by the Finance Department. Thus, the amount was kept outside the Government Account.

The Government in its reply (January 2019) stated that due to introduction of E-payment, the Department opened the account for making payments.

The reply of the Government is not acceptable, as the account was opened and operated without obtaining formal approval from the competent authority.

¹ On the basis of the 'concept notes' (October 2012) for the project to be undertaken during 2013-14

² 02 March 2016: ₹ 3.92 crore *plus* 03 November 2016: ₹ 0.44 crore *plus* 24 February 2017: ₹ 0.77 crore *plus* 02 February 2018: ₹ 4.71 crore *plus* 05 June 2018: ₹ 0.61 crore = ₹ **10.44 crore**

³ State Bank of India, Dawrpui Branch, Current Account No.-30272376559

(ii) Execution of work beyond the delegated limit and without technical sanction

As per the CPWD Manual, a “technical sanction” amounts to a guarantee that the proposals are technically sound, and that the estimates are accurately prepared and are based on adequate data. Further, as per the Notification⁴ of the Finance Department, estimates for all works relating to construction of Reinforced Cement Concrete (RCC) storied buildings or complicated structures, or all estimates costing more than ₹ 15 lakh, should be scrutinised and technically sanctioned by the Chief Engineer (CE)/ Superintending Engineer (SE). The Notification also fixed⁵ the delegation of powers for execution of works by the non-Works Department having Technical wing.

The Home Department, being a non-Works Department, having Technical wing headed by a Senior Executive Engineer and one Junior Engineer in the IGPr was looking after all the works executed in the IGPr. Hence, the delegation of powers for construction of building works was not to exceed ₹ 60 lakh.

Scrutiny of records revealed that the work was not technically sanctioned by the PWD nor was it handed over to the PWD for execution. It was observed that the IGPr went ahead with the execution of the work inspite of it exceeding its delegated limit of ₹ 60 lakh. Since the PWD was not entrusted with the work despite its request, it refused to check and countersign the running account bills of the firm.

The Government stated in its reply (January 2019) that the engagement of the consultant was considered the best method in the interest of the public by the Department. Further, the Government added that the State PWD normally does not accord priority to all the projects assigned to it due to heavy workload, which tends to result in cost and time overrun.

The reply of the Government is not acceptable, as the IGPr does not possess the requisite technical knowledge to execute the work of this nature.

(iii) Undue benefit to the Contractor:

(a) Performance guarantee not obtained

As per the CPWD Manual, the successful tenderer (hereafter referred to as the contractor) should deposit an amount equal to five *per cent* of the tendered and accepted value of the work (without limit) as Performance Guarantee (PG). Further, the letter for commencement of work shall be issued to the contractor only after the submission of the PG in an acceptable form.

It was noticed that the department had issued work order to the contractor without obtaining any PG.

⁴ Notification No.G.17012/1/2009-F.Est/28-29 dated 07 March 2013

⁵ Having Technical wing headed by (i) an officer of the level of Executive Engineer or equivalent officer having appropriate technical qualification in Civil Engineering - ₹ 60 lakh or (ii) an officer of the level of Assistant Engineer/ Sub-Divisional Officer/ or equivalent officer having appropriate technical qualification in Civil Engineering - ₹ 30 lakh or (iii) an officer of the level of Junior Engineer or equivalent officer having appropriate technical qualification in Civil Engineering - ₹ 10 lakh

While accepting the facts, the Government replied (January 2019) that the matter was noted for future compliance.

(b) Payment made without submitting Measurement Books

Section 9.1 of CPWD Works Manual envisages that before the bill of a contractor/supplier is passed, the entries in the Measurement Book (MB) relating to the description and quantities of work/ supplies should be scrutinised by the Assistant Engineer, and calculations of “Contents or Area” should be checked arithmetically under his supervision. The bill should be checked, passed and paid in the office of the Executive Engineer with reference to the entries recorded in the MB.

It was however, noticed that the firm had prepared the computerised Running Account (RA) bills and submitted to the IGPr for payment without submitting the supporting MBs. The IGPr had passed the RA bills for ₹ 10.44 crore and made payment to the firm.

Thus, the veracity of the payment of ₹ 10.44 crore made to the firm could not be ascertained in the absence of Measurement Books.

The Government stated (January 2019) that the Home Department conveyed sanction of funds to the IGPr and payment was made as per the provisions of the Agreement. The reply is not acceptable as the payment was released without ensuring proper scrutiny and cross verification of actual works executed by the firm with MB.

(c) Non-deduction of Security Deposit

As per the CPWD works manual, security deposit is to be deducted from the running bill of the contractors at the rate of five *per cent* of the gross amount of the bill.

During audit, it was observed that the IGPr had released the RA payments without deducting the security deposit, jeopardising the interests of the Department.

While accepting the facts, the department replied (November 2018) that the deduction of security deposit from RA Bills was not made as they were unaware of the codal requirement.

Thus, the basic canons of works execution and financial propriety were not followed in the implementation of this project. This was evident from many lapses and irregularities discussed above *viz.*, keeping of money outside Government account, non-obtaining of performance guarantee and technical sanction of the competent authority, non-maintenance of measurement books and non-deduction of security deposits. *As such, all lapses, being serious in nature, called for fixing of responsibility of the officials at fault.*

Government accepted (January 2019) the audit observations.