

CHAPTER-III

GENERAL SECTOR

COMPLIANCE AUDIT

CHAPTER-III

GENERAL SECTOR

3.1 Introduction

The findings based on audit of State Government departments/offices under General Sector feature in this chapter.

During 2017-18, against a total budget provision of ₹ 17,871.10 crore, an expenditure of ₹ 11,865.00 crore was incurred by 15 departments. Department-wise details of budget provision and expenditure incurred there against by these 15 departments are given in *Appendix-3.1*.

3.1.1 Planning and conduct of audit

During 2017-18, out of 368 auditable units under General Sector, 222 units¹ were audited during the year involving an expenditure of ₹ 6,683.41 crore (including expenditure of earlier years). This chapter contains four Compliance Audit paragraphs.

The major observations made in audit during the year 2017-18 are discussed in succeeding paragraphs.

Compliance Audit

General Administration Department

3.2.1 Fraudulent payment and non-availability of supporting documents for execution of works

A Block Development Officer failed to produce supporting documents for execution of 25 works under MLALADS worth ₹ 1.12 crore besides making fraudulent payment of ₹ 14.92 lakh on fake forest challans which reflected lack of monitoring by Deputy Commissioner, Chirang.

DC, Chirang implemented 215 schemes involved ₹ 6.24 crore during the period from 2014-15 to 2016-17 under MLALADS² of which Audit test checked (August 2017) 25 schemes³ (*Appendix-3.2*) valuing ₹ 1.12 crore. The schemes were executed departmentally by Block Development Officer (BDO), Borobazar (13 schemes) and through Construction Committees (CCs) (12 schemes). Since, all the 25 works were executed departmentally, entire expenditure should have been supported with relevant sub-vouchers/ cash memos for procurement/ supply of materials and Muster Roll (MR) for engagement of labourers.

In this regard, audit observed that the entire expenditure was doubtful as:

¹ High risk units: 29, medium risk units: 11 and low risk units: 182.

² Member of Legislative Assembly's Local Area Development Scheme.

³ Construction of Roads (8), Construction of Reinforced Cement Concrete Box Culverts (11), Construction of Hume Pipe Culvert (2), Earth Filling and Sand Gravelling works (2) and Construction of Drain Cover (2).

1. Supporting bill vouchers for raw materials and labour components for the reported expenditure of ₹ 1.12 crore documents were not found available on record.
2. Only record produced to audit was 577 Forest Transit Challans (FTC) in support of transporting 3188 cubic meters of forest products⁴ worth ₹ 14.92 lakh used in execution of those 25 works (**Appendix-3.2**). These were proven fake as the concerned Divisional Forest Officer⁵ intimated to audit that the division did not issue those FTCs.
3. Further, test check of the registration numbers of 65 vehicles shown as used for carriage of forest materials were actually not goods carriage vehicles⁶ (**Appendix-3.3**).
4. Muster roll was not maintained for the labour employed.
5. During joint physical verification of all the 25 works, no sign board was found at the site to display execution of those works under the corresponding scheme and year.
6. Material statement, break-up of expenditure on material and wage components were not shown in the estimates. Measurement Book though maintained, was the replica of the estimate only.

In view of above, execution of works was not substantiated with supporting documents especially with regards to procurement of materials and engagement of labourers. In the absence of these vital records, the actual execution of works could not be ascertained.

As per the MLALADS guidelines, the Deputy Commissioner is designated as the Nodal Agency of the district for overall supervision, monitoring and co-ordination of the MLALADs implementation with the agencies/ line departments. Besides, the Deputy Commissioner is to inspect at least 10 *per cent* of MLALAD works under implementation every year and also engage his subordinate officers for regular visit of work sites. However, no such physical inspection report was found on record.

Thus, DC, Chirang being the nodal agency did not monitor actual utilization of the fund which facilitated fraudulent payment of ₹ 14.92 lakh in 25 test checked MLALAD schemes. Responsibility of the DC needs to be fixed for his lapses to ensure proper utilization of MLALAD fund. Further, in view of absence of other records, entire expenditure falls under the category of doubtful expenditure. Also, Government may consider investigating all the schemes executed under MLALADs in the light of audit observation.

The matter was reported to Government in August 2018 and was discussed in a meeting (November 2018) wherein it was stated by the Joint Secretary, GAD that the

⁴ Sand (420 cubic meter), Sand Gravel (2366 cubic meter) and Gravel (402 cubic meter)

⁵ Aie valley Division, Bongaigaon

⁶ Motor cycles (49), hatchback cars (12), invalid registration no. (1) and three wheelers (3) as verified by District Transport Officer, Kokrajhar and mParivahan app (a mobile app developed by NIC providing National Register of e-services of Registered Vehicles) (**Appendix -3.3**)

Transformation and Development Department (TDD), GoA had been instructed to furnish the reply. Audit then reported the matter to the TDD in December 2018. However, reply from Government was still awaited (July 2019).

3.2.2 Idle expenditure

DC, Nagaon misreported availability of land and subsequently failed to make the same available for construction of an ITI resulting in idle expenditure of ₹ 1.70 crore for a period of four years.

Government of India (GoI) approved (December 2011) construction of two Industrial Training Institutes (ITI) under Multi Sectoral Development Programme (MSDP)⁷ based on a proposal made by Deputy Commissioner (DC), Nagaon. It was clearly mentioned in the proposal that sufficient amount of suitable government land was available for the construction of ITIs proposed, which was a prerequisite condition of MSDP⁸.

Government of Assam (GoA) accorded administrative approval of ₹ 4.30 crore for construction of one ITI at Kathpara, Nagaon and issued financial sanction (July 2013) of ₹ 2.60 crore for the construction. The Chief Engineer, PWD (Building), Assam issued (August 2013) the work order⁹ to a contractor at a bid price of ₹ 3.64 crore with the stipulated date of completion by August 2014. As per Tender agreement¹⁰ and contract data, possession of the site was to be given to the contractor within seven days of work order.

Audit observed that:

1. In pursuance with the instructions (02 June 2012) of DC, Nagaon, the Circle Officer, Nagaon allotted (16 June 2012) 9 Bigha 3 Katha 7 Lessa of land for the entire ITI project.
2. Out of the total allotted land, Government land was 4 Bigha 3 Katha 15 Lessa and remaining 4 Bigha 4 Katha 12 Lessa was private land. However, the DC did not acquire the private land before allotting the same. As such, allotment of private land by DC was not in order.
3. During execution, only the Government land measuring 4 Bigha 3 Katha 15 Lessa was handed over to PWD, Nagaon Building Division.
4. The private land measuring 4 Bigha 4 Katha 12 Lessa was not handed over till date (October 2018) as it was not acquired.
5. Only 45 *per cent* of the works (Administrative building) was executed on the available land at an expenditure of ₹ 1.70 crore and the work had been stopped since December 2014.

⁷ A Centrally Sponsored Scheme.

⁸ As per paragraph 4.6 of the Guidelines for Implementation of MSDP.

⁹ Administrative Building, Hostel Building, Grade IV Quarter, Brick Boundary Wall, Raising Low Site, Load security, Sub-station, L.T. Line, Labour cess, Contingency.

¹⁰ Agreement was executed (August 2013) between Chief Engineer, PWD, Building, Assam and the contractor.

On being asked by Audit, DC, Nagaon stated (September 2018) that legal procedures were required for handing over the private land to the executing authority.

Against another query, the DC stated (January 2019), that MSDP did not have provision of fund for acquisition of private land, hence, no action for land acquisition was initiated by him.

Thus, DC made assurance regarding availability of suitable land for constructions of ITIs, and allotted private land without prior acquisition of the same, which was not handed over subsequently. Based on the incorrect assurance of availability of land and injudicious allotment by DC, Nagaon the project was commenced and the expenditure of ₹ 1.70 crore was incurred on Administrative Building which has been lying idle for a period of more than four years due to project not being completed.

The Government may fix responsibility on the DC, Nagaon for misreporting of facts resulting in idle investment.

The matter was reported to Government in June 2018 and was discussed in a meeting (November 2018). The Joint Secretary, GAD stated (November 2018) that the Skill Employment and Entrepreneurship Department (SEED), GoA would furnish the reply. The SEED, GoA in turn informed (January 2019) Audit that the scheme was not implemented by them.

3.2.3 Misappropriation of public funds.

Deputy Commissioner, Golaghat released ₹ 5.13 lakh to Implementing Committee (IC) for purchasing of books under MLALAD Scheme and the IC submitted fake bill without purchasing the books indicative of misappropriation of the amount.

Deputy Commissioner (DC), Golaghat sanctioned (August 2015) ₹ 5.15 lakh under Members of Legislative Assembly Local Area Development (MLALAD) Fund on the recommendation of local Member of Legislative Assembly (MLA), for purchase and distribution of books to students of 44 schools. Local MLA constituted an Implementing Committee¹¹ (IC) which was responsible for implementation of the scheme and submission of utilisation certificate (UC) with proper supporting documents¹².

An amount of ₹ 5.13 lakh was transferred (November 2015) to the account of the IC through National Electronic Fund Transfer (NEFT) for this purpose. The IC submitted bills and UC for ₹ 5.15 lakh¹³, but the beneficiaries' details, Actual Payee's Receipts, and photographs in support of distribution of books were not found attached with the UC as stipulated in sanction order.

From the records produced to audit, it was observed:

¹¹ Constituted by the local MLA, comprising of Block Development Officer, Golaghat Central Development Block as President and six local people as Members and one Member Secretary.

¹² Bills/vouchers, photographs, actual payees receipt (APR) etc.

¹³ Cost of book ₹ 5.00 lakh (2,500 books @ 200 each), contingency and carrying charge for distribution ₹ 0.15 lakh.

1. As per the cash memo¹⁴, the books were purchased on 20 December 2015. However, bank statement of the IC disclosed that on 22 December 2015 an amount of ₹ 5.10 lakh was transferred to the bank account of a local person who was not the book supplier.
2. The vendor shown to have supplied the books as per the Cash memo denied issuing the said cash memo produced by the IC, which indicates that the cash memo produced was fake.
3. Test check with heads of seven out of 44 schools listed for distribution of books denied receipt of any such books.

In view of above it is concluded that the IC submitted fake bills of ₹ 5.13 lakh and the amount of ₹ 5.10 lakh was transferred to the account of a third person to misappropriate public money.

The guidelines of MLALAD Scheme designated the DC as the Nodal Officer of the district for overall supervision, monitoring and co-ordination of the implementation of the scheme. On this being pointed out, the DC, Golaghat accepted (July 2018) the fact of transferring the amount to the third person but did not furnish any reply on fake bill. Further, the DC also did not offer any comment on actual receipt of books by concerned schools. Department may inquire into the matter and also consider lodging FIR (first information report) against the persons involved in purchase/distribution of books. Besides, appropriate action against DC may also be initiated for his lapses to ensure actual utilization of fund and also for not taking action against the persons who misappropriated the money.

The matter was reported to Government in June 2018 and was discussed in a meeting (November 2018) wherein it was stated by the Joint Secretary, GAD that the Transformation and Development Department (TDD), GoA had been instructed to furnish the reply. Accordingly, Audit reported the matter to the TDD in December 2018. However, reply from Government was still awaited (July 2019).

Information and Public Relation Department

3.2.4 Doubtful expenditure

The Director, Information and Public Relations reported an expenditure of ₹ 8.47 crore towards doubtful erection of 1,300 hoardings relating to publicity material.

Government of Assam (GoA) sanctioned (December 2015 to January 2016) an amount of ₹ 31.93 crore under Vision Assam Mission Assam (VAMA), an awareness building campaign through various media platforms showcasing the achievements of GoA. The estimate prepared by Director of Information and Public Relations (DIPR) contained the components *viz.*, hoardings with steel frame and iron structure, kiosk, auto rickshaw and bus Panel, leaflets, media dissemination through television/radio,

¹⁴ M/s Papyrus, Guwahati.

social media, newspaper *etc.* DIPR reported an expenditure of ₹ 30.63 crore towards the campaign which *inter-alia* included an expenditure of ₹ 8.47 crore for erection (January 2016 to February 2016) of 1,300 hoardings with steel/iron frames¹⁵ throughout the State.

Audit test checked (September 2016) the expenditure of ₹ 8.47 crore on erection of hoardings and observed that those were removed on 4 March 2016 due to enforcement of Model Code of Conduct for Assam Assembly Election-2016. It was stated (September 2016) to Audit that steel/iron frames were reusable, but could not be collected after removal due to lack of storage facility. However, documentary evidence in support of erection *viz.*, photograph, certificate from concerned authority *etc.*, as well as removal were not found available on record. As such, erection of hoardings just one month ahead of election and subsequent removal appeared doubtful.

It is pertinent to mention here that subsequent to audit making this observation (September 2016), the Chief Minister's Special Vigilance Cell (CMSVC) filed an FIR to the Special Judges' Court, Guwahati on 21 October 2017 on an alleged multi-crore scam in VAMA campaign, and subsequently, the Director, IPR Department was arrested (November 2017) by the CMSVC.

Further correspondence was made (8 March 2018) by Audit to know the status of the frames. In response, DIPR forwarded an Enquiry Report (16 March 2018) relating to this issue to Audit. The present DIPR stated that actual erection of the hoardings was doubtful. He also stated that there was no evidence of collecting the frames and the statement by the previous DIPR regarding lack of storage facility in DIPR office was not acceptable.

The matter was reported to Government in September 2018 and also discussed in a meeting (November 2018); and in their reply it was stated that the case has been registered and the Director, IPR Department was arrested and suspended from service. However, recovery was yet to be made (April 2019).

¹⁵ Cost of 1,300 steel/iron frames (size 10 feet x 20 feet) ₹ 7.97 crore @ ₹ 61,325 each and total cost of hoardings *plus* printing cost of ₹ 50.38 lakh @ ₹ 3,875 each.