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# **Chapter V**

## **Follow up of Audit Observations**

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## **CHAPTER V**

### **FOLLOW UP OF AUDIT OBSERVATIONS**

#### **5.1 Follow up action on earlier Audit Reports**

Audit observations on financial irregularities and deficiencies in maintenance of initial accounts noticed during local audit and not settled on the spot are communicated to the audited departments and to the higher authorities through Inspection Reports (IRs).

Serious irregularities noticed in audit are included in the Report of the Comptroller and Auditor General of India (Audit Reports) and presented to the State Legislature. According to the instructions issued by the Finance, Revenue and Expenditure Department (FRED), Government of Sikkim, all the concerned administrative departments were required to furnish explanatory notes on the paragraphs/Performance Audits included in the Audit Reports within one month from the date of issue of the Audit Reports.

It was, however, noticed that as of September 2018, in 25 *per cent* cases, the concerned administrative departments had not submitted the explanatory notes on the paragraphs/Performance Audits included in the Audit Report pertaining to the year 2012-13. In respect of Audit Reports for the year 2013-14, 2014-15, 2015-16 and 2016-17, explanatory notes had not been submitted by concerned departments in 78, 47, 75 and 100 *per cent* cases respectively.

#### **5.2 Response of the departments to the recommendations of the Public Accounts Committee**

The FRED issued instructions to all departments to submit Action Taken Notes (ATNs) on various suggestions, observations and recommendations made by Public Accounts Committee (PAC) for their consideration within 15 days of presentation of the PAC's Reports to the Legislature. The PAC's Reports/recommendations are the principal medium by which the Legislature enforces financial accountability of the Executives to the Legislature and it is appropriate that they elicit timely response from the departments in the form of ATNs.

Audit Reports (AR) for the year up to 2011-12 had been discussed and recommendations made on the ARs for the year up to 2010-11. As of September 2018, ATNs had been received in respect of all 614 recommendations of the PAC, made for the Audit Reports for the years between 1990-91 and 2010-11.

**5.3 Follow up audit of PAC’s recommendations on the Performance Audit ‘Acquisition and allotment of land’**

Report on Performance Audit (PA) on “Acquisition and Allotment of Land” for the period 2006-11 covering two Departments, viz. Land Revenue & Disaster Management Department (LRDMD) and Urban Development & Housing Department (UDHD) was included in the Audit Report of the Comptroller and Auditor General of India (C&AG) for the year ended 31 March 2011 (Report No. 2). The report was discussed by the Public Accounts Committee of the State Legislature of Sikkim in July 2016.

**5.3.1 Objective, scope and methodology of audit**

The PA contained 41 observations and four recommendations which included 13 actionable points and the departments were required to take remedial actions on them. Audit examined records relating to the corrective action taken by the Department on these 13 actionable points during April 2018 to July 2018 covering 11 departments<sup>1</sup>. The status of actionable points was categorised as ‘Insignificant or no progress’, ‘Substantial implementation’, or ‘Full implementation’. Position of action taken by the Departments was as below:

**Table 5.3.1  
Status of actionable points**

Recommendations	Audit Observations	Actionable points	Action taken		
			Insignificant or no progress	Substantial implementation	Full implementation
04	41	13	07	02	04

**5.3.1.2 Recommendations of Public Accounts Committee (PAC)**

The PAC in its 108 Report (March 2017) directed the Department to ponder upon Audit observations and initiate remedial actions subject to practicality.

Action Taken Note (ATN) by the Department was submitted to PAC in January 2018. The Action Taken Report (ATR) was not yet finalised by the PAC (December, 2018).

**5.3.2. Audit findings**

**5.3.2.1 Implementation of audit recommendations/observations**

Audit examined the corrective actions taken by the Department on the 13 actionable points. The category-wise status of action taken on the actionable points is given below:

<sup>1</sup> (i) LRDMD (ii) Urban Development & Housing Department (UDHD) (iii) Roads & Bridges Department (RBD) (iv) Rural Management and Development Department (RMDD) (v) Tourism and Civil Aviation Department (T&CAD) (vi) Energy and Power Department (E&PD) (vii) Animal Husbandry, Livestock, Fisheries & Veterinary Services Department (AHLF&VSD) (viii) Human Resource Development Department (HRDD) (ix) Cultural Affairs & Heritage Department (CA&HD) (x) Sashtra Seema Bal (SSB) and (xi) Health Care, Human Services and Family Welfare Department (HCHS&FWD).

Table 5.3.2  
Category-wise status of action taken on the actionable points

*Insignificant or no progress*

Audit Recommendations	Gist of observations made in the Audit Report of 2011	Actionable points	Current status	Audit findings/comment
<p>1. The LRDMD should formulate a State Land Policy early. The Department may also revisit its mandate and incorporate all aspects of land acquisition like land stability, custody and monitoring of Government land, penalty against encroachment, etc. Departmental Code and Manual may be accordingly prepared and notified.</p>	<p>The LRDMD despite being specifically mandated to deal with all matters relating to settlement of all Government lands (excluding Forest and UDHD) had not formulated any <b>policy</b> relating to acquisition and management of Government lands till date. <b>(Paragraph 1.2.6.1)</b></p>	<p>1.1. Formulation of State Land Policy by LRDMD</p>	<p>State Land Policy was not formulated.</p>	<p>The LRDMD did not formulate State Land Policy (November 2018).</p> <p>The LRDMD in its reply (March 2017) to the PAC had stated that the State has its own laws and framing of land policy would contravene the existing land laws under Article 371 (F) of the Constitution.</p> <p>Audit scrutiny of existing laws revealed that the laws did not deal with acquisition of the Government land. It pertained to ban on sale/mortgage/sub-let of land belonging to Bhutia/Lepcha communities to other than Bhutia/Lepcha communities (17 May 1917) and also to ban on sale of land to non-Sikkimese (25 February 1961).</p> <p>Article 371 (F) does not bar the State Government from making State Land Policy regarding acquisition of Government lands. Thus, the question of contravention of Article 371 (F) does not arise while framing such Land Policy.</p> <p>The LRDMD in the exit conference (21 December 2018) stated that formulation of State Land Policy was in process.</p>

Audit Recommendations	Gist of observations made in the Audit Report of 2011	Actionable points	Current status	Audit findings/comment
		1.2. Revisit of LRDMD mandate.	Mandate of the LRDMD was not revised to incorporate various aspects of land acquisition like land stability, custody and monitoring of Government land, penalty against encroachment, etc.	<p><b>Recommendation: The Government should formulate appropriate State land policy.</b></p> <p>Although the State Government revisited (October 2017) the Allocation of Business Rules, 1994, no change in the mandate was effected in respect of LRDMD.</p> <p>The LRDMD in the ATN submitted (January 2018) to the PAC stated that LRDMD acts as a channel and facilitates the acquisition of land for land acquiring departments upon receipt of requisition from departments and existing system would be further strengthened giving due consideration to the recommendations.</p> <p>LRDMD in the exit conference stated (December 2018) that the LRDMD was responsible for acquiring land on behalf of any requiring Department as per the provisions of the Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement (RFCTLARR) Act, 2013 which was a Central Act. Before the enforcement of the said Act, the acquisition of land used to be carried out under the Land Acquisition Act, 1894. Therefore, revisiting of mandate was not required.</p> <p>Since the land acquisition and related issues were the subject matters pertaining to LRDMD and not to land acquiring Department as per the Government of Sikkim (Allocation of Business Rules, 1994 as amended up to October 2017, the</p>

Audit Recommendations	Gist of observations made in the Audit Report of 2011	Actionable points	Current status	Audit findings/comment
	<p>Although, the State is prone to frequent disasters resulting from landslides, flash floods and earthquakes, the aspects relating to land stability and vulnerability to disasters were not addressed at the time of acquisition of lands by the LRDMD.</p> <p><b>(Paragraph 1.2.6.4)</b></p>	<p>1.3. To obtain land stability and vulnerability report before acquisition of land from competent authorities.</p>	<p>Land stability and vulnerability report was not obtained by the LRDMD before acquisition of land from competent authorities.</p>	<p>issues recommended in Audit Report should have been incorporated while re-visiting (October 2017) the mandate.</p> <p>Audit noticed that the LRDMD, subsequent to the publication of Audit Report (2010-11), made 47 land acquisitions (during April 2012 to March 2018) on behalf of nine departments<sup>2</sup>. However, reports on land stability and vulnerability to disasters in case of 45 (out of 47) acquisitions of land were not obtained from the Mines, Minerals and Geology Department (MM&amp;GD).</p> <p>LRDMD in its ATN submitted (January 2018) to PAC stated that the onus of determining and ascertaining the stability of the land and its worthiness for the purpose, <i>etc.</i> lay with the land acquiring Department.</p> <p>LRDMD in the exit conference (December 2018) reiterated that the responsibility of obtaining land stability and vulnerability rested with the land acquiring departments. Department, further stated that a circular to this effect would be issued shortly to ensure land stability and vulnerability report of land was obtained from the competent authorities (MM&amp;GD) before acquisition by the land acquiring departments. A copy of the same would be shared with audit.</p>

<sup>2</sup> (i) RBD (ii) RMDD (iii) T&CAD (iv) EPD (v) AHLF&VSD (vi) HRDD (vii) CA&HD (viii) UDHD and (ix) SSB

Audit Recommendations	Gist of observations made in the Audit Report of 2011	Actionable points	Current status	Audit findings/comment
				<p>LRDMD at the instance of Audit issued circular (26 December 2018) to all the State Government departments directing them to obtain land stability report from MM&amp;GD before forwarding proposals to the LRDMD for acquisition of land.</p> <p><b>Recommendation: The Government/Department should obtain Stability and Vulnerability Report from all departments concerned seeking to acquire land suffering from such issues.</b></p>
	<p>The land acquiring departments had not mutated the land in favour of the Department. In three cases involving three departments<sup>3</sup>, there were litigation due to dispute over title</p>	<p>1.6. To levy penalty against encroachment, etc.</p>	<p>LRDMD had not maintained records relating to encroachment of Government land.</p>	<p>LRDMD has not maintained any database of Government land under encroachment nor did it make any effort to collect the same from other departments/District Collectors to initiate steps to remove the encroachment and penalise the encroachers.</p> <p>Audit called for information on encroachment cases from eight departments<sup>4</sup>. Six departments<sup>5</sup> furnished a list of 162 cases relating to encroachment; while, two departments<sup>6</sup> did not respond.</p> <p>Out of the above cases, two cases pertaining to Tourism and Civil Aviation Department were settled. One case was settled</p>

<sup>3</sup> (i) HCHS&FWD, (ii) Transport and (iii) AHLF&VSD

<sup>4</sup> (i) HCHS&FWD (ii) RBD (iii) FE&WMD (iv) RMDD (v) T& CAD (vi) E&PD (vii) AHLF&VSD (viii) HRDD

<sup>5</sup> (i) T& CAD (2); (ii) E&PD (133); (iii) AHLF&VSD (1); (iv) HRDD (26); (v) FE&WMD (0) and (vi) RMDD (0)

<sup>6</sup> (i) HCHS&FWD (ii) RBD

Audit Recommendations	Gist of observations made in the Audit Report of 2011	Actionable points	Current status	Audit findings/comment
	<p>of land and encroachment.</p> <p><b>(Paragraph 1.2.8.1)</b></p>			<p>(February 2018) through court judgement declared in favour of the Department and in another case, the land was regularised in favour of the encroacher.</p> <p>Out of the remaining 160 cases of encroachment, the Energy and Power Department initiated and issued notices, through Legal Officer cum Advocate of the Department, to the encroachers in nine cases (out of 133) to vacate the encroached land. In the remaining 151 cases, no action was initiated by the departments concerned.</p> <p>LRDMD in its ATN submitted (January 2018) to PAC stated that instructions have been issued to the field functionaries through District Collectors for check upon cases of encroachment.</p> <p>The LRDMD also assured the PAC that penal provision against encroachment will be incorporated while formulating 'State Land Policy and Departmental Code and Manual.</p> <p>In the exit conference (December 2018), the LRDMD while agreeing that there are no systems for regular survey of Government land, informed that the last survey was carried out in 1978 and another survey was being planned for next year (2019-20). The Department, further stated that clause relating to penalty against encroachment would be incorporated in the proposed State Land Policy.</p>

Audit Recommendations	Gist of observations made in the Audit Report of 2011	Actionable points	Current status	Audit findings/comment
				<p><b>Recommendation: The Government should institute inbuilt mechanism through statutory/legal provision or by way of an Act for imposing penalty and such other action against encroachment of Government lands.</b></p>
	<p>There was no Departmental Code or Manual to regulate the functions and activities of the LRDMD and the duties and responsibilities of the officers and staff. No segregation of duties among different level of sub-ordinate staff/officers (Survey Inspector, Revenue Officer, Sub-Divisional Magistrate, District Collector) was done</p>	<p>1.7 To prepare and notify the departmental Code and Manual.</p>	<p>Departmental Code and Manual was not prepared.</p>	<p>No Departmental code or manual was found in the Department during the audit scrutiny.</p> <p>LRDMD in its ATN submitted (January 2018) to PAC stated that the Department would give due consideration to the recommendations while formulating State Land Policy and Departmental Code &amp; Manual.</p> <p>LRDMD in the exit conference (December 2018) reiterated that the Department was formulating the Code and Manual. The exercise would be completed within six months.</p> <p><b>Recommendation: The Department should formulate Departmental Code and Manual to effectively regulate its functions and activities.</b></p>

Audit Recommendations	Gist of observations made in the Audit Report of 2011	Actionable points	Current status	Audit findings/comment
	with prescribed percentage of checking of assessment cases at each stage. <b>(Paragraph 1.2.11.1)</b>			
3. Cost of standing properties in respect of land acquired for PMGSY road and SPWD road should be thoroughly verified before approval and sanction.	Land compensation, inter alia, included cost of standing trees. For removal of more than five trees for any non-forestry project, marking order from the Forest, Environment and Wildlife Management Department (FEWLMD) was required to be obtained before the removal of the	3.1. Inclusion of cost of standing trees in respect of land acquired for PMGSY road and SPWD road only after obtaining order from FEWLMD	Cost of standing trees were included in land compensation without obtaining marking order from FEWLMD.	LRDMD did not ensure adequate checks by obtaining marking order for trees beforehand from FEWLMD to prevent inclusion of excess number of trees in compensation claims.  Audit scrutiny of 12 cases (out of 47 cases involving ₹ 14.76 crore for the period 2012-18) revealed that in 10 cases ₹ 3.93 crore was paid as compensation for 9,385 trees without obtaining marking order from FEWLMD (Details are in <b>Appendix 5.1</b> ).  LRDMD in its ATN submitted (January 2018) to PAC stated that the system of verification at multiple levels was already in place wherein the following procedure was adopted for determining the number and cost of standing properties:  1. First, a joint survey in the presence of land owners, revenue officials, panchayats and the representatives of the requiring Department is conducted.

Audit Recommendations	Gist of observations made in the Audit Report of 2011	Actionable points	Current status	Audit findings/comment
	<p>trees. Although the assessing authorities included large number of trees for different road projects, in most cases, no marking orders were obtained from the FEWLMD for removing the trees.</p> <p><b>(Paragraph 1.2.8.11)</b></p>			<ol style="list-style-type: none"> <li>2. The Revenue official enumerates the standing property in the prescribed statement form.</li> <li>3. Revenue officer scrutinises the form.</li> <li>4. Revenue officer after scrutiny of said form forwards it to the District Collector, who also scrutinises the form and forward it to the LRDMD.</li> <li>5. LRDMD scrutinises the forms before sending it to the land acquiring department for release of payment.</li> <li>6. In case of any discrepancies in the statement the same is sent back to the concerned District Collector for rectification.</li> </ol> <p>The LRDMD assured (January 2018) the PAC that the Department would further strengthen the procedure.</p> <p>However, the District Collector during assessment of standing properties did not ensure the involvement of personnel from the Forest Department.</p> <p><b>Recommendation: The Department should invariably obtain prior marking orders from FEWLMD for removal of standing trees from all lands proposed to be acquired for road projects.</b></p>
4. Firm criteria should be laid down	The UDHD did not have any databank	4.2 UDHD to maintain	Comprehensive data bank not	Audit checks revealed that comprehensive databank for urban land was not maintained by UDHD. The Department

Audit Recommendations	Gist of observations made in the Audit Report of 2011	Actionable points	Current status	Audit findings/comment
<p>for allotment of house sites by the UDHD to ensure allotment to the most deserving candidates.</p> <p>Comprehensive databank of Government land in urban notified areas should be created and maximum and minimum ceiling for allotment of house sites should be prescribed.</p>	<p>of total land available with it in the urban notified areas for allotment of house sites. The house sites were allotted on the basis of plots identified by the applicants themselves.</p> <p><b>(Paragraph 1.2.10.1)</b></p>	<p>comprehensive databank of Government land in urban notified areas.</p>	<p>maintained by UDHD.</p>	<p>stated (May 2018) that the comprehensive databank of land in urban notified areas was maintained by the nodal department <i>i.e</i> LRDMD.</p> <p>Further, LRDMD in its ATN submitted (January 2018) to PAC assured that the Department will duly consider the recommendation for creation of comprehensive databank of Government land in urban areas in consultation with UD&amp;HD.</p> <p>UDHD in the exit conference (December 2018) stated that the preparation of comprehensive data of Government land in urban notified areas was in process.</p>

## Substantial implementation

Audit Recommendations	Gist of observations made in the Audit Report of 2011	Actionable points	Current status	Audit findings/comment
<p>1. The LRDMD should formulate a State Land Policy early. The Department may also revisit its mandate and incorporate all aspects of land acquisition like land stability, custody and monitoring of Government land, penalty against encroachment, etc. Departmental Code and Manual may be</p>	<p>Despite repeated Government instructions, the heads of various departments took no substantive action to mutate and register lands acquired by the Government at substantial cost. This resulted in litigation due to want of proper ownership documents. In 76 cases involving 60.2455 hectares land in respect of four Departments<sup>7</sup>, the land was not registered and mutated in favour of</p>	<p>1.4 To mutate land in favour of Department acquiring land and custody thereof.</p>	<p>Records relating to mutation of land in favour of Department acquiring land and custody thereof were not maintained by LRDMD.</p>	<p>The LRDMD acquired land involving 143.5023 hectares for 47 construction works on behalf of nine land requiring departments. Test check of 16 (out of 47) cases involving six departments<sup>8</sup> revealed that:</p> <ul style="list-style-type: none"> <li>• in nine cases pertaining to five departments<sup>9</sup> involving 10.4048 hectares lands were mutated in favour of land acquiring departments.</li> <li>• in four cases pertaining to three Departments<sup>10</sup>, the land was partially mutated<sup>11</sup>. However, area of partially mutated land was not furnished to Audit.</li> <li>• in the remaining three cases pertaining to three Departments<sup>12</sup> involving 2.9577 hectares of land, mutation was not done at all.</li> </ul> <p>Reasons for not obtaining mutation of land acquired by the Departments were not on record either with the District Collectorate office or with the land acquiring Departments. LRDMD in the exit conference (December 2018) stated that responsibility of mutation and registration of Government land</p>

<sup>7</sup> (i) HCHS&FWD (ii) UDHD (iii) AHLF&VSD (iv) Horticulture & Cash Crop Development (H&CCD)

<sup>8</sup> (i) E&PD (4) (ii) UDHD (1) (iii) AH, L, F&VSD (2) (iv) T&CAD (4) (v) SPWD(R&B) (4) (vi) HRDD (1)

<sup>9</sup> (i) E&PD (2) (ii) UDHD (1) (iii) AHLF&VSD (1) (iv) T&CAD (2) and (v) RBD (2)

<sup>10</sup> (i) E&PD (2) (ii) T & CAD (1) and (iii) RBD (1)

<sup>11</sup> Involved 70 nos. of plots of land, out of which 43 plots of land were mutated in favour of departments and in remaining 27 plots land were not mutated.

<sup>12</sup> (i) HRDD (1) (ii) T&CAD (1) and (iii) RBD (1)

Audit Recommendations	Gist of observations made in the Audit Report of 2011	Actionable points	Current status	Audit findings/comment
accordingly prepared and notified.	the Department/ Government. <b>(Paragraph 1.2.8.1)</b>			lay with the land acquiring departments. The cases of partially mutated and non-mutated land were being investigated and report after investigation shall be submitted to Audit. The report was awaited.
	There was no system of centralised monitoring and supervision of Government land by the LRDM. The Department did not possess centralised databank for all the Government land under various departments. As on date, it was not clear how much land Government possessed. <b>(Paragraph 1.2.12)</b>	1.5 To devise a suitable system of centralised monitoring and prepare centralised data bank.	Suitable system of centralised monitoring and data bank was not devised.	Sub-divisions wise data of Government land by the respective Sub-Registrars/SDMs under the District Collectors were maintained electronically with proper ownership documents like Khasra number, Khatian in favour of Departments, site plan of the acquired area, etc. However, LRDM had neither maintained comprehensive centralised data bank for all the Government land nor devised system of centralised monitoring. LRDM in the exit conference stated (December 2018) that the data of Government land maintained by all the District Collectors were being sought for preparation of comprehensive data of Government land. <b>Recommendation: The Department should maintain comprehensive centralised data bank for all Government lands and also devise appropriate system for centralised monitoring of such data.</b>

## Full implementation

Audit Recommendations	Gist of observations made in the Audit Report of 2011	Actionable points	Current status	Audit findings/comment
<p>2. The rates of land should be periodically revised and determined based on scientific principles in keeping with current utilisation pattern. Compensation for land should be finalised after rigorous checking and vetting at several levels.</p>	<p>The LRDMD normally applied the following methodology for determining the rates for acquisition of land - (i) rate notified by the Government (LRDMD) from time to time based on agricultural productivity, where the land owner agreed to sell his land willingly (ii) in the event the land owner was not willing to sell land at the Government notified rate, acquisition was effected after determining the prevailing market rate in terms of Section 23 of the Land Acquisition Act, 1894. There was no prescribed formula or methodology for determining Government rates of land. No norms had been laid down for regular and periodical revision of the rates. Audit scrutiny revealed that Government rate was not updated regularly at fixed intervals of time. The rates were enhanced and reduced arbitrarily without</p>	<p>2.1 Periodic revision of rate of land and determination of rates based on scientific principles in keeping with current utilisation pattern.</p>	<p>The Block rates have been determined based on the procedure prescribed in the First Schedule of the Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement (RFCTLARR) Act, 2013. LRDMD stated (July 2018) that land compensation, before 1<sup>st</sup> January 2014 was determined as per Section 23 of Land Acquisition Act, 1894 and after 1<sup>st</sup> January 2014, the procedure prescribed as per the 1<sup>st</sup> Schedule of the RFCTLARR Act, 2013 was followed.</p>	<p>LRDMD revised and notified block rates (May 2018) of land for registration fees and stamp duty to serve as a bench mark for estimating the valuation of land. LRDMD in the exit conference reiterated (December 2018) that revised Block rates of land have been notified (May 2018). The Block Rates have been framed, based on the methodology prescribed under the RFCTLARR Act, 2013 for calculation of market rates.</p> <p><b>Recommendation: The Department should undertake periodic revision of rate of land and determine rates based on scientific principles in consonance with current utilisation pattern.</b></p>

Audit Recommendations	Gist of observations made in the Audit Report of 2011	Actionable points	Current status	Audit findings/comment
	<p>following any rationale or established procedure. <b>(Paragraph 1.2.6.2)</b></p> <p>For the purpose of fixation of market rate and assessment of land compensation, different levels of sub-ordinate staff/officers (<i>Survey Inspector, Revenue Officer, Sub-Divisional Magistrate, and District Collector</i>) were involved in the Department, segregation of duties with a fixed percentage of checking at each stage had not been prescribed. Scrutiny of records revealed that in nine cases, extra expenditure of ₹ 22.14 crore had to be incurred by the Government due to erroneous assessment such as simple calculation mistake, etc. The assessment done by the lowest level officer was rarely checked by officers at higher levels. Hence, connivance of the field officers with the land owners to inflate cost of land and thereby extend undue</p>	<p>2.2 Compensation for land to be finalised after rigorous checking and vetting at several levels</p>	<p>The procedures adopted by District Collector for fixing of rate and assessment of land compensation was based on the Executive Instructions for implementation of the Land Acquisition (LA) Act, 1894.</p>	<p>Audit check of 25 (Out of 47) cases of land acquisition done during April 2012 to March 2017 revealed no discrepancies in calculation of land compensation. The LRDMD assured (January 2018) the PAC that Department will further strengthen the procedure. LRDMD in its reply (May 2018) stated that system for checking of land compensation at multiple levels was in place. LRDMD in the exit conference reiterated (Dec 2018) that the system of verification and determining the compensation for land at multiple levels was already in place. The system, however, was not found codified thus, leaving room for discrepancy. <b>Recommendation: The Department should codify the procedure for finalisation of land compensation with due rigour before finalisation.</b></p>

Audit Recommendations	Gist of observations made in the Audit Report of 2011	Actionable points	Current status	Audit findings/comment
	financial benefit could not be ruled out. <b>(Paragraph 1.2.8.2)</b>			
<p>4. Firm criteria should be laid down for allotment of house sites by the UDHD to ensure allotment to the most deserving candidates. Comprehensive databank of Government land in urban notified areas should be created and maximum and minimum ceiling for allotment of house sites should be prescribed.</p>	<p>No eligibility criteria like BPL, weaker sections of the society, Scheduled Caste/Scheduled Tribe, landless labourers, low income groups, eminent personalities, etc. were prescribed in the Act or in any Notification issued by the Government. Stringent selection procedure had also not been delineated for allotment of house sites. <b>(Paragraph 1.2.10.2)</b></p> <p>The UDHD had not incorporated any ceiling limit for minimum and maximum area (size limit) for allotment of house sites. In the absence of ceiling limit, the allotment of sites ranged from 49 sq. ft. to 6631 sq.ft. <b>(Paragraph 1.2.10.4)</b></p>	<p>4.1. Firm criteria should be laid down for allotment of house sites by the UDHD to ensure allotment to the most deserving candidates.</p> <p>4.3 To prescribe maximum and minimum ceiling for allotment of house sites.</p>	<p>The Sikkim Site Allotment Rules was notified on 22 May 2012 and all matters relating to candidature, maximum and minimum ceiling, etc. had been inserted in the said notification. Further, no fresh allotments of sites had been made after framing the above rules.</p> <p>All matters including maximum and minimum ceiling for house allotment have been inserted in the Notification (May 2012) issued by UDHD.</p>	<p>After publication of Audit Report, UDHD notified (February 2012) the Sikkim State Site Allotment Rules, 2012 and reservation criteria like BPL, scheduled weaker sections of the society, Scheduled Caste/Scheduled Tribe, landless labourers, low income groups, eminent personalities, etc. for allotment of house sites were incorporated in the said Rules. However, no land had been allotted to any individual after framing of Site Allotment Rules, 2012.</p> <p>Audit check of the Sikkim State Site Allotment Rules 2012 revealed that Ceiling limit of minimum of 500 square feet and maximum of 1200 square feet for allotment of house sites were incorporated.</p>

### 5.3.3 Conclusion

The Audit Report comprised four audit recommendations containing 13 actionable points. Follow up Audit on the above actionable points revealed that the departments had implemented the audit recommendation regarding notification of the Sikkim State Site Allotment Rules, 2012 duly incorporating reservation for weaker sections, SC/ST, land less labour, etc. and indicating maximum and minimum ceiling limit of area for allotment of house sites, notification of Block rates for determining market rate of land and streamlining the system of checking of assessment of land compensation.

Substantial implementation was also noticed relating to the mutation of Government land and centralised monitoring system for Government land. However, the State Government had not achieved much progress relating to formulation of State Land Policy, obtaining stability and vulnerability report from Mines and Geology Department before acquisition of land, instituting penalty against encroachers of Government land, formulation of Departmental Code and Manual and maintenance of comprehensive data bank for urban land.

The Departments in the Exit Conference (December 2018) assured that expeditious action will be initiated for compliance of the remaining actionable points of Audit recommendations. As such, Audit recommend as under:

- (a) The Government should formulate appropriate State Land Policy.
- (b) The Government / Department should obtain stability and vulnerability report from all departments concerned seeking to acquire land so as to avoid acquiring land suffering from such issues.
- (c) The Government should institute inbuilt mechanism through Statutory/legal provision or by way of an Act for imposing penalty and such other action against encroachment of Government land.
- (d) The Department should formulate Departmental Code and Manual to effectively regulate its functions and activities.
- (e) The Department should maintain comprehensive centralised data bank for all Government lands and also devise appropriate system for centralised monitoring of such data.

## 5.4 Monitoring

The following Committees had been formed at the Government level to monitor the follow up action on Audit related matters:

**Departmental Audit and Accounts Committee:** Departmental Audit and Accounts Committee (DAAC) had been formed (November 2010) by all departments of the Government under the Chairmanship of the departmental Secretary/Head of Department to monitor the follow up action on Audit related matters. The DAAC's function was to monitor the response and corrective action on findings reported in the IRs issued by the Accountant General (Audit). It was to hold meetings once in three months and to send quarterly action taken report on the issues to the State Audit and Accounts Committee. During 2017-18, no DAAC meeting was held.

**State Audit and Accounts Committee:** State Audit and Accounts Committee (SAAC) had been formed (June 2010) at the State level under the Chairmanship of the Chief Secretary. This was to monitor the response and corrective action on the findings reported by Audit to review and oversee the working of DAAC and also to hold meetings once in three months. The information in this regard was not furnished, though called for.

After formation of DAAC and SAAC by the State Government, Human Resource Development Department and Animal Husbandry, Livestock and Fisheries Development Department approached the Office of the Accountant General, Audit (AG) to settle outstanding paragraphs and IRs during 2011-12 and 2015-16 respectively. However, during 2012-15 and 2016-18, not a single Department approached to settle outstanding paragraphs and IRs.

### **5.5 Outstanding Inspection Reports**

The AG conducts periodical inspection of the Government departments to test check the transactions and verify the maintenance of important accounts and other records as prescribed in the rules and procedures. These inspections are followed up by issue of IRs incorporating irregularities detected during the inspection and not settled on the spot, which are issued to the Heads of the Offices inspected, with copies to the higher authorities for taking prompt corrective action. The Heads of the Offices/Government are required to promptly comply with the observations contained in the IRs, rectify the defects and omissions and report compliance through initial reply to the AG within one month from the date of the issue of the IRs. Serious irregularities are reported to the Heads of the departments and the Government.

The position of outstanding IRs pertaining to Civil (Expenditure audit including that of Works, Forest and Autonomous Bodies), Revenue (Audit of Revenue departments) and Commercial (Audit of State Public Sector Undertakings) audit as of March 2018 is shown below:

**Table 5.5.1  
Position of outstanding Inspection Reports and Paragraphs**

Year	Civil (including works, Forest and Autonomous Bodies)		Revenue		Commercial	
	No. of IRs	Paragraphs	No. of IRs	Paragraphs	No. of IRs	Paragraphs
Upto 2013-14	608	1401	62	149	78	241
2014-15	120	401	3	10	16	66
2015-16	123	512	11	37	18	132
2016-17	90	424	10	35	13	108
2017-18	81	426	5	16	7	46
<b>TOTAL</b>	<b>1022</b>	<b>3164</b>	<b>91</b>	<b>247</b>	<b>132</b>	<b>593</b>

This large pendency of IRs was indicative of inadequate action by the Heads of offices and departments in respect of remedial measures that should have been taken on the irregularities pointed out by Audit through the IRs.

## 5.6 Departmental Audit Committee Meetings

The position of Audit Committee Meetings for the year 2017-18 are detailed below:

**Table 5.6.1**

**Position of Audit Committee meetings held and IRs/Paragraphs discussed/settled**

Sector	No. of meetings	Discussed		Settled	
		IR	Paragraphs	IR	Paragraphs
Civil (including Works, Forest and Autonomous Bodies)	3	28	112	7	69
Revenue	-	-	-	-	-
Commercial	-	-	-	-	-
<b>TOTAL</b>	<b>3</b>	<b>28</b>	<b>112</b>	<b>7</b>	<b>69</b>

During 2017-18, three Audit Committee Meetings were held, and 28 IRs and 112 paragraphs were discussed, out of which, seven IRs and 69 paragraphs were settled.

**Gangtok**  
**Dated: 05 July 2019**



**(RINA AKOIJAM)**  
**Accountant General (Audit), Sikkim**

**Countersigned**

**New Delhi**  
**Dated: 08 July 2019**



**(RAJIV MEHRISHI)**  
**Comptroller and Auditor General of India**

