

# **OVERVIEW**



## OVERVIEW

The Audit Report for the year ended 31 March 2023 contains five Chapters. Chapters I to IV deal with Social Sector, Economic Sector, Urban Local Bodies and State Public Sector Enterprises respectively. Chapter V deals with follow up of Audit Reports.

This Report contains one Performance Audit on ‘Welfare of Building and Other Construction Workers’ and nine Compliance Audit paragraphs including four Subject Specific Compliance Audit paragraphs on (i) Management of State Disaster Response Fund, (ii) Public Health Infrastructure and Management of Primary Health Services, (iii) Devolution of functions to Municipal Boards in Meghalaya under the Meghalaya Municipal Act, 1973 and (iv) Working of the Meghalaya Transport Corporation.

The findings are based on the audit of selected programmes and activities of the Government Departments and State Public Sector Enterprises.

According to the extant procedure laid down, draft audit findings were sent by the Principal Accountant General (Audit) to the respective heads of departments of the State Government with a request to furnish replies within six weeks. In respect of four compliance audit paragraphs out of nine audit paragraphs included in this Report, no response was received.

A synopsis of the important findings contained in this Report is presented below:

### SOCIAL SECTOR

#### Performance Audit

##### Labour Department

##### Welfare of Building and Other Construction Workers

Government of Meghalaya (GoM) framed the Meghalaya Building and Other Construction Workers’ (Regulation of employment and Conditions of Service) Rules, 2008 (Rules) for implementation of the Building and Other Construction Workers Welfare Cess Act in the State after a delay of 12 years from the enactment of the BOCW Act. Further, the State Government constituted (September 2009) the Meghalaya Building and Other Construction Workers Welfare Board (MBOCWW Board) to carry out welfare schemes for construction workers and imposed (April 2011) cess at the rate of one *per cent* in accordance with the requirements of the Cess Act.

In Meghalaya, 92,415 labourers were registered under the BOCW Act as of March 2023. MBOCWW Board manages the fund received as (i) cess collected from Government entities/ contractors/individual owners and (ii) fees and fines collected under the BOCW Act, 1996.

- Registration of all establishments engaged in construction works executed by the government was yet to be achieved. There was non-availability of data on the total number of labourers available in the State.

- Board had been ineffective in ensuring registration of private establishments despite the availability of information regarding construction contracts and labour deployed, with the building plan approval authorities in the State.
- As of March 2023, 25,163 migrant labourers were registered under MIRSS Act, 2020 in the four selected districts, however none of them were registered under the BOCW Act.
- As of March 2023, the Board had not prepared the annual budget since inception (September 2009).
- In Meghalaya, Meghalaya Urban Development Authority (MUDA) is collecting one *per cent* mandatory cess while approving building plans. Between August 2021 and March 2022, cess for Welfare of Building and other Construction Workers amounting to ₹ 1.04 crore was collected by Meghalaya Urban Development Authority (MUDA) from 130 owners/ contractors. Audit test-checked 46 approvals (35 *per cent*) and observed that an amount of ₹ 7.50 lakh was short-realised due to calculation of the estimated cost of the building/ construction at rate less than that prescribed by the SoR 2021-22.
- Despite being notified on 01 February 2019 and 15 April 2021 as building plan approving authorities, Autonomous District Councils did not start approving building plans resulting in non-regulation of construction works being undertaken within their jurisdiction and loss of an opportunity to collect labour cess.

There were no records to indicate that ADCs conducted awareness programmes, inspections and activities in this regard. There was no public notice issued to make the people aware of such provisions and no application was received by the ADCs for building plan approval.

- Test check of records by Audit showed that, cess less than one *per cent* was deducted from the contractors' bills in three works divisions of Government Departments, leading to a loss of ₹ 16.10 lakh.
- During 2017-18 to 2021-22, out of the eight units which had actually transferred labour cess to the Welfare Board, none had actually transferred it within 30 days. The cess collecting authorities delayed remittance of Labour Cess for more than 100 days, with delay in specific cases being even more than two years.
- Audit observed that out of eight selected divisions pertaining to Works Departments, three divisions did not transfer the cess collected to the Welfare Board but instead remitted the same to the State Government Account. State Government could not ensure transfer of Labour Cess amounting to ₹ 4.81 crore to the Board within 30 days of its collection as mandated.
- During 2017-18 to 2021-22, only 303 beneficiaries were approved for maternity benefits. However, maternity benefits of only 147 beneficiaries involving an amount of ₹ 4.41 lakh were credited in their respective bank accounts.

- Board's performance was poor in extending benefits like provision of PPE kits to construction workers and construction of Transit Camps due to inaction, delay and absence of monitoring of works.
- Test check of records of the selected District Labour Offices showed that 790 inspections were conducted under the BOCW Act but only 10 inspection reports were found on record.
- Instead of the required 30 meetings, the Board conducted only 12 meetings (40 *per cent*) during 2017-18 to 2021-22 which led to a shortfall of 18 meetings during the said period. Shortfalls in Board meetings indicate lack of commitment and resulted in delayed critical decision on collection of details of total number of labourers in the State, non-preparation of annual budget, non-approval of building plans by Autonomous District Councils, *etc.*

**Recommendations:**

- *District Labour Offices should be consulted regarding requirement of additional manpower for better implementation of the BOCW Act, BOCW Cess Act and the related Rules.*
- *Labour Inspectors of Districts and Blocks should be informed regarding all the duties and responsibilities as mandated by the BOCW Act.*
- *Inspection Reports should be recorded for each and every inspection done by the Labour Inspector. A common proforma in this regard may be given to all the District Labour Offices.*
- *Labour Inspectors of the blocks may be asked to inspect establishments and take action as per the provisions of the Act.*
- *Block-wise target of inspections should be fixed to detect unregistered establishments and unregistered labourers.*
- *Electronic database of registered beneficiaries should be created and maintained at all levels.*
- *A user friendly IT application for registration of establishments engaged in construction activities, online submission of documents & deposit of labour cess, registration of workers, details of beneficiaries, etc. may be developed for better monitoring.*

**(Paragraph 1.2)**

**Compliance Audit Paragraph**

**Revenue & Disaster Management Department**

**Subject Specific Compliance Audit (SSCA) on 'Management of State Disaster Response Fund'**

The State Disaster Response Fund (SDRF) is a fund constituted under section 48 (1) (a) of the Disaster Management Act, 2005 (53 of 2005) for the purpose of financing

immediate relief efforts for individuals affected by various natural calamities as notified by the Central Government and the State Governments (State specific disasters). This fund is also utilised for specific issues pertaining to recovery & reconstruction, preparedness & capacity-building.

The amount of annual contribution to Meghalaya SDRF as recommended by the Finance Commissions was 90 *per cent* as grant from Government of India (GoI) and remaining 10 *per cent* to be contributed by Government of Meghalaya (GoM).

- There was a significant delay in release of both the first and second instalments (GoI share) received under SDRF by the State Government. Consequently, interest amounting to ₹ 3.32 crore was required to be paid in to the SDRF which had not been paid by the State Government as of March 2023.
- An amount of ₹ 2.00 crore<sup>1</sup> was diverted to the Chief Minister's Relief Fund, without the requisite approval from the State Executive Committee, as mandated under the guidelines.
- Department had not furnished correct accounts of SDRF funds available as well as investments made.
- During 2017-18 to 2021-22, out of ₹ 232.50 crore received in the Public Account, an amount of ₹ 228.17 crore was directly withdrawn and transferred to the current account of the Department for expenditure in violation of SDRF guidelines.
- Ex gratia payment of ₹ 1.07 crore made to 37 individuals involved in illegal activities was in contradiction to the SDRF guidelines.
- Utensils were provided to 14,755 HHs of Demdema Block which were not affected by the flood which occurred on 13-14 July 2019, leading to an irregular expenditure of ₹ 4.09 crore.
- ₹ 12.91 lakh had been disbursed to beneficiaries which led to instances of duplicate payments of relief funds.
- Against fund of ₹ 271.24 crore released to DCs of ten districts in the State during the review period (2017-18 to 2021-22), UCs for only ₹ 27.24 crore (10 *per cent* of the fund released) were submitted by the DCs.

***Recommendations:***

- Department may take steps to recoup the fund of ₹ 2.15 crore expended from SDRF.*
- Investment of fund released for SDRF and expenditure incurred on relief works should be properly accounted for as per SDRF guidelines. Direct expenditure from public account head 8121 may not be made.*
- Expenditure from SDRF should be incurred only on admissible items and as per the norms of assistance provided in SDRF guidelines.*

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<sup>1</sup> ₹ 1.00 crore was designated for donation to the Chief Minister's Relief Fund of Kerala, and another ₹ 1.00 crore was released as relief funds for the victims of Cyclone 'FANI' in Odisha.

(iv) UCs should be obtained for fund released to the districts and un-utilised fund should be surrendered to the SDRF.

**(Paragraph 1.3)**

### Health & Family Welfare Department

#### SSCA on 'Public Health Infrastructure and Management of Health Services'

Meghalaya had a population of 29.66 lakh as per Census 2011. To cater to the healthcare services of its citizens at different levels, the State Government established 10 Civil/ District Hospitals, two Maternal and Child Health Facilities (MCH)<sup>2</sup>, two specialised hospitals<sup>3</sup>, 30 Community Health Centres (CHC), 119 Primary Health Centres (PHC) and 467 Sub-Centres (SC). As of June 2023, no functional Medical Colleges or tertiary care hospitals were available under the State Government.

The present Subject Specific Compliance Audit covers health facilities at village and block levels which provide primary health care services and a holistic view of improvement of necessary infrastructure created for meeting emergency related issues and service delivery by the sampled health institutions for the period 2016-17 to 2021-22.

- Joint Physical Verification of private health facilities/nursing homes in four selected districts by Audit revealed that 19 facilities (out of 22) were running without a valid license and 17 doctors employed in Government Hospitals were found practising in the Private Health Facilities, in violation of Meghalaya Nursing Home Rules, 2015.
- There was an overall shortage of 60 and 50 *per cent* amongst doctors, 7 and 4 *per cent* amongst nursing staff as well as 58 and 4 *per cent* in terms of paramedical staff in the eight selected CHCs and PHCs respectively, when compared with the State norms.
- Joint Physical Verification (August/September 2022) showed shortage of equipment in the selected CHCs ranging from 16 *per cent* to 100 *per cent*, while the shortage of equipment in the selected PHCs ranged from 20 *per cent* to 58 *per cent* in respect of six categories of equipment.
- Similarly, there was shortage of 63 to 76 *per cent* of essential drugs in the selected CHCs, while there was shortage in all five categories of drugs in all the PHCs. There was also shortage of 90 *per cent* of essential drugs observed in the selected CHCs and PHCs *w.r.t* 1,329 Nos. of drugs in the State Essential Drugs List.
- Non availability of essential diagnostic services in the selected CHCs ranged from 33 *per cent* (Serology) to 100 *per cent* (Ophthalmology).
- During the period from 2017-18 to 2021-22, 13,893 out of the total registered 11,32,394 patients had been referred out from the CHCs/PHCs. Common

<sup>2</sup> Ganesh Das Govt. MCH Hospital, Shillong and District MCH, Tura.

<sup>3</sup> MIMHANS, Shillong and Reid Provincial Chest Hospital, Shillong.

reasons for referral were mainly shortage of manpower, equipment, drugs, diagnostic services and absence of required treatment facilities, etc.

- As per SDG India Index 2020-21, Meghalaya ranked 19<sup>th</sup> out of 37 States and UTs in SDG-3 Index score.
- The 100 bedded prefab centre at Shillong and Tura constructed at a total cost of ₹ 5.18 crore remained unutilised due to non-availability of water supply in case of Shillong centre and absence of electricity connection & water supply connection in respect of Tura centre.
- Installation/construction of 18 Nos. of oxygen generation plants had been completed at a total cost of ₹ 3.53 crore. However, 10 plants constructed at a total cost of ₹ 2.46 crore had not been utilised from the date of their completion mainly due to non-availability of transformer or pipeline connection issues or low transformer load.
- Construction of eight AYUSH facilities had been completed in the year 2019 at a total cost of ₹ 1.77 crore and handed over during May 2019 to December 2020. However, all centres had remained non-functional till September 2022.
- 755 non-medical items were lying idle at the stores of five Corona Care centres as of July 2022. However, as item-wise expenditure for the items lying idle was not made available, the quantum of expenditure involved in the procurement of these items could not be ascertained in Audit.

### **Recommendations**

- *Keeping in view that Health is a state subject, it is imperative that the State Government should address gaps in Human resources.*
- *To be able to administer quality health care services, medical equipment must always be available and function effectively.*
- *A comprehensive arrangement should be in place according to the need of hospitals to ensure all time availability of essential drugs in each health facility. It should be ensured that a formulary of drugs is prepared by each health facility on the basis of disease patterns and inflow of patients, the State Essential Drug List (SEDL) be updated accordingly and stock-out of required drugs is forestalled.*
- *Necessary action may be taken to make all idle medical infrastructure functional for better health services.*

**(Paragraph 1.4)**

## **Social Welfare Department**

### **Unfruitful expenditure on Tribal Girls Hostel**

Tribal Girls Hostel at Ballonggre constructed at a total cost of ₹ 1.00 crore remained unoccupied since its completion in December 2016 due to its secluded location and non-availability of approach road, thereby rendering the expenditure incurred on its construction unfruitful.

**Recommendation:** Responsibility needs to be fixed for selection of site for construction of the girls' hostel without any feasibility study and for violation of conditions of the sanction order by not associating the newly created facility with any government school.

(Paragraph 1.5)

## ECONOMIC SECTOR

### Compliance Audit Paragraphs

#### Soil & Water Conservation Department and Meghalaya Basin Development Authority

##### Idle expenditure

Hi-Tech Nurseries set up at a cost of ₹ 54.00 lakh for propagation of local and indigenous species were not functional even after six years of completion resulting in idle expenditure.

(Paragraph 2.2)

#### Public Works Department

##### Idle and avoidable expenditure due to prolonged delay in completion of a bridge

Absence of monitoring led to prolonged delay in completion of reconstruction of bridge No. 10/2 even after more than 13 years of its sanction, led to cost escalation of ₹ 1.27 crore and resulted in idle expenditure of ₹ 1.69 crore besides avoidable expenditure of ₹ 0.72 crore towards special repair of SPT Sub-way of bridge No.10/2.

**Recommendation:** The State Government may investigate the matter and fix responsibility on the official (s) concerned for inordinate delay in completion of project.

(Paragraph 2.3)

#### Border Areas Development Department

##### Infructuous expenditure

Setting up of Herbal Cosmetic Common Facilities Centre in a hasty and ill planned manner without assessing the competency of the facilitator and without necessary monitoring had resulted in infructuous expenditure of ₹ 1.47 crore and non-achievement of the intended objective of providing sustainable livelihood.

(Paragraph 2.4)

## URBAN LOCAL BODIES

### Compliance Audit Paragraph

#### Urban Development Department

##### SSCA on 'Devolution of functions to the Municipal Boards in Meghalaya under the Meghalaya Municipal Act, 1973'

The 74th Constitutional Amendment Act, 1992 (74th CAA) of the Constitution came into effect on 01 June 1993 with provisions for the establishment of Urban Local Bodies

(ULBs) as the third tier of governance in urban areas. Meghalaya is exempted from implementation of the 74<sup>th</sup> CAA under Article 243 ZC of the Constitution. Even though the 74<sup>th</sup> CAA is not applicable, the State Government had strived to enable all local bodies to have financial autonomy and to perform functions analogous to the functions of other local bodies constituted under Part IX and Part IX-A of the Constitution while retaining the distinctive tribal identity protected by the Sixth Schedule of the Constitution of India which is foundational to the local bodies of the State.

Audit on the “Devolution of functions to the Municipal Boards in Meghalaya under the Meghalaya Municipal Act, 1973” covering the period between 2018-19 and 2022-23 was conducted during October 2023 to November 2023 to examine whether (i) the existing institutional mechanism created by Government had effectively empowered the ULBs to discharge their devolved functions; and (ii) whether the ULBs have access to raise and manage adequate financial resources.

- Audit scrutiny of records of the Urban Affairs Department, Directorate of Urban Affairs, Meghalaya and all the six Municipal Boards (MBs) in the State indicated that, in spite of the existence of the legal framework and the claim by the State Government regarding devolution of functions, there was a lack of effective empowerment of Municipal Boards. Out of 16 functions stated to have been devolved, in practice, MBs in Meghalaya assumed sole responsibility for three functions; had overlapping jurisdictions with State departments in three functions; and had no role in ten functions.
- No municipal elections had been conducted since 1972, leading to the appointment of Commissioners and Chief Executive Officers by the State Government.
- As far as training of staff was concerned, only SMB had conducted training for their staff while the remaining five MBs had not imparted any training to their staff during the period covered by audit.
- Government grants constituted 77 *per cent* of ULBs revenue from 2018-19 to 2022-23, with their own revenue contributing only 23 *per cent* of the total revenue.
- The State Finance Commission, vital for financial autonomy and democratic decentralisation, had not been constituted as of June 2023.
- There were persistent delays by all Municipal Boards in submission of the Annual Budget.
- Performance grants under the 14<sup>th</sup> Finance Commission were not received due to non-fulfilment of the prescribed eligibility criteria. Lack of these funds hindered their ability to improve urban services and infrastructure.

### ***Recommendations***

- *The State Government may take constructive action to match the devolution of funds and functionaries with the devolution of functions.*
- *The State Government should take steps to augment the resources of the Local Bodies to ensure their financial autonomy.*

**(Paragraph 3.2)**

## STATE PUBLIC SECTOR ENTERPRISES

### Functioning of State Public Sector Enterprises

As on 31 March 2023, the State of Meghalaya had 21 SPSEs, including two Statutory Corporations and 19 Government Companies (including two non-working Government Companies) under the audit jurisdiction of the Comptroller and Auditor General of India (CAG). The combined investment of State and Other Stakeholders as on 31 March 2023 in SPSEs under various sectors stood at ₹ 9,088.47 crore. The investment was highest in the Power Sector SPSEs (₹ 8,455.77 crore) followed by Manufacturing Sector SPSEs (₹ 313.31 crore). The investment of the State Government (capital and long-term loans) in 21 SPSEs was ₹ 3,885.07 crore consisting of 85 *per cent* (₹ 3,291.06 crore) towards capital and 15 *per cent* (₹ 594.01 crore) towards long-term loans.

**(Paragraphs 4.1.1, 4.1.2.1 & 4.1.2.3)**

As per the information furnished by the SPSEs, during 2022-23 the State Government had provided budgetary support of ₹ 1,371.44 crore in the form of capital (₹ 577.77 crore), grants (₹ 791.84 crore) and subsidy (₹ 1.83 crore).

**(Paragraph 4.1.3)**

As per the information available as on 30 September 2023, 19 working SPSEs had arrears of total 39 accounts ranging from one to seven years. The highest arrears of accounts pertained to Meghalaya Transport Corporation (seven Accounts) and Livelihood Improvement Finance Company of Meghalaya (five Accounts).

**(Paragraph 4.1.5)**

During 2022-23, out of 19 working SPSEs, three SPSEs earned profit (₹ 1.61 crore) as per their latest finalised accounts as on 30 September 2023. Further, the accumulated losses of seven working SPSEs (₹ 3,057.36 crore) had completely eroded their paid-up-capital (₹ 1,164.85 crore).

**(Paragraphs 4.1.7.2 & 4.1.7.4)**

## Compliance Audit Paragraphs

### Transport Department

#### SSCA on Working of Meghalaya Transport Corporation

The Meghalaya Transport Corporation (Corporation) is mandated to provide public transport service in the State of Meghalaya. The Audit of Working of Meghalaya Transport Corporation was taken up covering the period from April 2019 to March 2023 to assess the Corporation's compliance to financial regulations, operational standards and enforcement of internal controls. Audit findings have revealed that:

- MTC's sustained losses had resulted in complete erosion of its equity and enhancing its dependence on Government grants for salary and relief packages which had gone up from ₹ 1,060.66 lakh to ₹ 1,506.36 lakh during 2019-20 to 2021-22.

- During 2019-2023, earnings from passengers were ₹ 1,184.09 lakh *i.e.*, merely 17 *per cent* which was not even sufficient for payment of salary and other emoluments to its employees amounting to ₹ 5,194.70 lakh during the period.
- As of 31 March 2023, 57 *per cent* of the fleet is more than eight years old. MTC's expenditure on Repair & Maintenance of buses was ₹ 61.92 lakh (2019-20), ₹ 26.06 lakh (2020-21), ₹ 46.65 lakh (2021-22) and ₹ 47.36 lakh (2022-23), which ranged from 1.71 *per cent* to 3.91 *per cent* of its total operating expenditure during 2019-20 to 2022-23.
- During 2019-20 to 2022-23, Shillong General Depot contributed 62 *per cent* of revenue of MTC, whereas the contribution of the remaining three depots and four sub-depots to MTC's revenue was in the range of zero to eight *per cent*.
- MTC's inability to monetise 93 *per cent* of its landed property as well as collect rent accrued on its existing rental properties was indicative of sub-optimal revenue earning by the MTC.
- Against the sanctioned strength, MTC had excess persons in position to the extent of 26 *per cent* (April 2019), 6 *per cent* (March 2022) and 16 *per cent* (March 2023). At the same time, hiring of contractual staff increased from 56 (30 *per cent* of sanctioned strength) to 98 (53 *per cent* of sanctioned strength). Resultantly, MTC was burdened with salary costs of excess manpower.

### **Recommendations**

- *MTC may put in place short to medium term plans for improving its operational efficiency by phasing out old buses and hiring of new fuel efficient buses as well as by increasing the frequency of buses on profitable routes.*
- *MTC should take effective steps to monetise its landed property by exploring the possibility of commercial utilisation of the available surplus land and periodic revision of the building rent in consonance with market rates.*
- *MTC may carry out manpower review vis-à-vis its scale of operations to determine an optimal staff strength.*
- *MTC Board may ensure timely submission of Annual Accounts by deputing required manpower and by appointing a consultant (Chartered Accountant), if required.*

**(Paragraph 4.2)**

### **Power Department**

#### **Avoidable expenditure**

Procurement of Distribution Transformers at IPDS rates which were substantially higher than the rates of supply of DTs under a GoM scheme, resulted in avoidable expenditure of ₹ 1.63 crore by MeECL.

**(Paragraph 4.3)**

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**Follow up of Audit observations**

Analysis of the position of outstanding paragraphs showed that 3,419 paragraphs relating to the period from 1988-89 to March 2023 were outstanding of which, 1,865 paragraphs were more than five years old.

**(Paragraph 5.1)**

As of December 2023, the departments concerned did not submit *suo motu* explanatory notes in respect of six Performance Audits and 43 Compliance Audit Paragraphs out of 25 Performance Audits and 116 Compliance Audit Paragraphs awaiting discussion by Public Accounts Committee relating to Audit Reports from the years 2010-11 to 2020-22.

**(Paragraph 5.3)**

Review of 17 Reports of the PAC involving 15 Departments presented to the Legislature between April 1995 and March 2022, revealed that none of these Departments had submitted the ATNs to the PAC as of March 2023. Similarly, review of six Reports of COPU involving four Departments, *viz.*, Transport, Commerce & Industries, Tourism and Power presented to the Legislature between April 2008 and March 2020 revealed that out of 18 ATNs received, seven had been sent to the Assembly Secretariat as of March 2023.

**(Paragraph 5.5)**

