

## CHAPTER IV : AUDIT OF TRANSACTIONS

### AGRICULTURE DEPARTMENT

#### 4.1 Locking up of Central and State funds and discrepancy in closing balances

**Central and State funds of Rs.5.90 crore were lying unutilised in bank accounts opened by the Director of Agriculture.**

Test-check (August 2004 and April-June 2005) of records of the Director of Agriculture (DoA), Meghalaya, Shillong revealed that the Director had been maintaining two current accounts with the United Commercial Bank (UCO) and Meghalaya Co-operative Apex (ACP) Bank for Central and State funds. Money drawn from the Treasury are kept in these accounts for subsequent disbursements by cheque. Two cash books (one for Central funds and the other for State funds) are also maintained by the Director for recording transactions of these funds.

According to the cash books, Rs.19.53 crore (Central: Rs.12.93 crore; State: Rs.6.60 crore) drawn from the Treasury between 1996-97 and 2004-05 were lying undisbursed in the bank accounts as of 31 March 2005. Year-wise position of undisbursed funds of Rs.2.55 crore (Central: Rs.1.10 crore; State: Rs.1.45 crore) was not indicated in the analysis recorded in the cash books as on 31 March 2005. The position of balance amount of Rs.16.98 crore was as under:

**Table 4.1**

Year	Position of unutilised funds as per		Total
	Central Sector Cash Book	State Sector Cash Book	
(Rupees in lakh)			
1996-97 to 1998-99	3.63	...	3.63
1999-2000	20.45	...	20.45
2000-01	4.25	0.68	4.93
2001-02	24.33	8.60	32.93
2002-03	46.31	5.87	52.18
2003-04	447.82	28.17	475.99
	<b>546.79</b>	<b>43.32</b>	<b>590.11</b>
2004-05	635.91	471.88	1107.79
<b>Total</b>	<b>1182.70</b>	<b>515.20</b>	<b>1697.90</b>

Source: Analysis of cash balances recorded in the cash books.

The above table shows that Central funds of Rs.5.47 crore were drawn from the Treasury between 1996-97 and 2003-04 without immediate requirement. Similarly, State funds of Rs.43.32 lakh drawn during 2000-01 to 2003-04 remained unutilised as of March 2005. Such action of the Director was contrary to the State Treasury Rules which prohibits drawal of money unless it is required for immediate disbursement.

Further, against closing bank balance of Rs.19.53 crore shown in the cash books as on 31 March 2005, the corresponding bank statements showed balance of Rs.14.83 crore (UCO Bank: Rs.14.53 crore; MCA Bank: Rs.0.30 crore), resulting in a discrepancy of Rs.4.70 crore. Failure in periodical reconciliation of balances reflected in the cash books with those of bank accounts led to accumulation of such a huge discrepancy. Though the Director stated in August 2004 that the discrepancy would be reconciled, the same had not been done till the date of audit.

Thus, failure of the Director in timely utilisation of moneys drawn from the Treasury resulted in locking up of Central and State funds of Rs.5.90 crore<sup>(a)</sup> (Central: Rs.5.47 crore; State Rs.0.43 crore) outside Government accounts for period ranging from one to eight years. Besides, arrears in bank reconciliation was fraught with the risk of misappropriation or frauds.

Government stated (November 2005) that (i) as per cheque register there was a discrepancy of Rs.22.70 lakh between the figures appearing in table 4.1 (Rs.1697.90 lakh) and in the cheque register (Rs.1675.20 lakh), (ii) the undisbursed balance had been reduced by Rs.6.27 crore till September 2005 and (iii) the discrepancy of closing bank balance was being reconciled. Since the figures in table 4.1 were based on the cash books of the DoA, reply at (i) indicated that either the figures in the cash books or in the cheque register were not properly recorded.

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<sup>(a)</sup> Undisbursed balance for the year 1996-2004 excluding Rs.2.55 crore for which year-wise position was not available.

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**BORDER AREAS DEVELOPMENT DEPARTMENT**

**4.2 Undue financial benefit to an organisation**

**The department showed undue favour to an organisation by payment of Rs.10 lakh even before selection of site for setting up of a fruit processing unit.**

To set up a fruit processing unit (unit) at Wahkdait in East Khasi Hills District (estimated cost: Rs.22.50 lakh), Government of India, Ministry of Tribal Affairs (Ministry) sanctioned (March 2003) grants-in-aid of Rs.10 lakh (first instalment) to the State Government with the condition to utilise the grants for the purpose for which they were sanctioned.

Scrutiny (August-September 2004) of records of the Director, Border Areas Development, Shillong revealed that though the site for installation of the unit was not available, the Director paid (October 2003) Rs.10 lakh to the North Eastern Industrial and Technical Consultancy Organisation Limited (Organisation), Guwahati as first instalment for setting up the unit. According to the techno economic feasibility report of the unit prepared by the organisation, the commissioning and trial run of the unit was to be completed within seven months. The amount was paid to the organisation without execution of any agreement stipulating the date of completion. Basis for selection of the organisation as well as for payment of amount in advance was not on record. Although the land for installation of the unit was ready in October 2004, the progress of work was yet to be reported by the organisation (June 2005).

Meanwhile, the Ministry released the second instalment of grants of Rs.12.50 lakh in February 2004, which was lying unutilised in a bank account of the Director since May 2004. But the department furnished (June 2004) utilisation certificate to the Ministry indicating that the amount was fully utilised for the purpose for which it was sanctioned. Reasons for misrepresentation of the facts were not on record.

Thus, release of payment to the organisation before selection of the site for installation of the unit as well as without stipulating the date of completion of the work conferred an undue financial benefit of Rs.10 lakh to the organisation for about two years. Besides, there was locking up of Central grants of Rs.12.50 lakh for over one year.

The Secretary of the Department stated (October 2005) that the project was to be implemented on a plot of land owned by the beneficiary society of the project and thus, there was no question of non-availability of land. The reply

is not tenable because the fact of finalisation of site for the project was communicated by the Director, BAD to the organisation in October 2004 after one year of payment of the first instalment.

#### **4.3 Unproductive expenditure on construction of a road**

##### **Inordinate delay in sanction and construction of bridges resulted in unproductive expenditure of Rs.92.26 lakh.**

The construction of five kilometer road from Pancharing to Kuttapara (0-5 Km), estimated to cost Rs.69.77 lakh, was sanctioned by the State Government in July 1996. Though the additional provision of Rs.25.31 lakh for construction of two bridges (first and second kilometer) was made in the estimate, the same was not sanctioned. The executing agency, viz., Meghalaya Government Construction Corporation Limited (MGCCL) completed the construction of road in March 2000 at a cost of Rs.66.95 lakh.

Test-check (September 2004) of records of the Director, Border Areas Development (BAD) revealed that the MGCCL informed (July 1998 and March 2000) the Government of Meghalaya, BAD Department that though the road was completed, vehicular traffic could not ply round the year in the absence of the bridges and the road would be of no use to the villagers unless the bridges were constructed. But the bridge estimate (Rs.25.31 lakh) was sanctioned by Government only in November 2001, i.e., after a lapse of over three years from the date of completion of the road. Advance payment for the entire estimated cost (Rs.25.31 lakh) was also made (March 2002) by the Director to the MGCCL for construction of the bridges. Agreement and work order indicating the stipulated time for completion of the work could not be made available to Audit. According to the Managing Director, MGCCL (July and September 2005), (i) the bridges were fixed for completion by February 2006, (ii) 35 per cent of the first bridge was completed and (iii) the second bridge could be taken up only on completion of the first one. Progress of work made by the MGCCL after three years of receiving the advance indicated that completion of the remaining works (65 per cent of the first bridge and the entire portion of the second bridge) by the Corporation within the next six months (February 2006) would be a remote possibility.

Thus, due to sanction of the estimate without provision for bridges and inordinate delay in according sanction to the estimates and construction of bridges, the road could not be used rendering the expenditure of Rs.92.26 lakh largely unproductive (July 2005).

The Director stated (September 2005) that according to the MGCCL's letter of January 2002, the road was completed in January 2002 and thus, there was no delay in sanction and release of fund. The reply is not tenable because (i) the letter referred to by the Director was for handing/taking over papers for the road and (ii) according to the MGCCL's letter dated 1 March 2000 issued to the Under Secretary of the Department with copy to the Director as well as status report of the work sent under the said letter, the work was completed by March 2000.

The Secretary of the Department stated (October 2005) that it was not known to the Department why the need of two bridges was not provided in the very first estimate submitted by the MGCCL. The reply is not tenable because according to the MGCCL, additional provision for the bridges was made in the estimate submitted to the Director, BAD in June 1996.

## **COMMUNITY AND RURAL DEVELOPMENT DEPARTMENT**

### **4.4 Extra expenditure on purchase of corrugated galvanised iron sheets at higher rates**

**The department incurred extra expenditure of Rs.12.08 lakh on procurement of corrugated galvanised iron sheets at higher rates.**

Under the Special Rural Works Programme for the years 1999-2003, the Block Development Officer (BDO), Thadlaskein Development Block placed (between January 2001 and December 2002) supply orders for 2,815 bundles of corrugated galvanised iron (CGI) sheets (0.60 mm thick and eight-nine feet long) with two un-registered suppliers of Shillong and Jowai after inviting tenders. The quotations of the suppliers did not indicate the weight (except in one case), company and type of CGI sheets, though the same were to be quoted as per the Notice Inviting Quotations.

Between March 2001 and May 2003, the BDO paid Rs.68.95 lakh (rates varied between Rs.2,333 and Rs.3,000 per bundle) to the suppliers for 2,815 bundles of CGI sheets. Reasons for purchase of sheets from un-registered suppliers without ascertaining the weight, *etc.* of the CGI sheets to be supplied by them were not on record. Though the average annual requirement of CGI sheets was about 46 tonnes, the BDO did not make any effort to purchase the sheets directly from the manufacturers or through their dealers to ensure competitive rates as well as quality of sheets. Even compared with the maximum of the approved rates (Rs.31,082 per tonne) of superior quality of CGI sheets (0.63 mm thickness and 10 feet long) prevalent during 1999-2003

as furnished (July 2004) by the Director of Housing, Meghalaya, the cost of CGI sheets purchased by the BDO worked out to Rs.56.87 lakh<sup>(a)</sup>.

Thus, failure of the BDO in purchasing CGI sheets at economic rates resulted in extra expenditure of at least Rs.12.08 lakh.

The BDO stated (August 2005) that in the absence of registered/authorised suppliers/dealers in the District as well as specific instruction for the mode of procurement of CGI sheets, the office was not aware about the approved rates of other departments. As such, normal procedure for purchase through NIT was followed. The fact remains that efforts were not made to assess the lowest available rate prevalent during the period to purchase the sheets economically.

The matter was reported to Government in July 2005. Government endorsed (October 2005) the views of the BDO.

## **FOREST AND ENVIRONMENT DEPARTMENT**

### **4.5 Unfruitful expenditure on establishment of Social Forestry Complex in South Garo Hills**

**Social Forestry Complex constructed in South Garo Hills remained unutilised for over eight years resulting in unfruitful expenditure of Rs.31.35 lakh.**

To establish Social Forestry Complex in South Garo Hills, the department selected (1994) a plot of land measuring 23 *bighas* at Masighat. A cheque for Rs.1.50 lakh was also issued (March 1994) to the Deputy Commissioner (DC), South Garo Hills for payment of land compensation pending final valuation of the land. The total cost of the land was subsequently fixed at Rs.2.10 lakh. According to the Divisional Forest Officer (DFO), Social Forestry Division, Baghmara, the land was acquired in September 1994, but land compensation was not paid to the land owner by the DC till June 2005.

Scrutiny (December 2004) of records of the DFO revealed that between March 1994 and March 1997, the department incurred expenditure of Rs.31.35 lakh on construction of DFO's office building (Rs.8 lakh), quarters (Rs.12.15 lakh), approach road, boundary fencing/retaining wall (Rs.4.72 lakh) and as cost of

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<sup>(a)</sup> 2,815 bundles or 182.975 tonnes (taking average 65 kgs per bundle)

@ Rs.31,082 per tonne

= **Rs.56.87 lakh**

transformers, electrical fittings, water pumps, etc. (Rs.6.48 lakh). Although the complex was ready in March 1997, the same was not occupied by the DFO till the date of audit (June 2005).

The DFO stated (May and June 2005) that the complex was not occupied because (i) the location of the complex was around 10 kilometres from District Headquarters and surrounded by jungles, (ii) the communication facilities were expensive for the local staff and (iii) the land owner filed (April 2002) a case in the Gauhati High Court for non-receipt of land compensation, and that the office building had been functioning as Range Office since September 2000. Reasons for not taking into consideration the distance and communication problems before construction of the buildings, etc. as well as for non-payment of land compensation despite issue of a cheque for the purpose in March 1994 had not been stated. Besides, utilisation of the office building as Range Office instead of DFO's office was not justified.

Thus, due to the imprudent action of the department, quarters/office worth Rs.31.35 lakh remained unutilised for over eight years for the purpose for which these were created, thereby rendering the entire expenditure unfruitful.

The Principal Chief Conservator of Forests (PCCF), Meghalaya stated (October 2005) that steps were being taken for completion of acquisition proceedings as well as for occupation of the buildings by the staff at the earliest and thus, the assumption of unfruitful expenditure was not correct. Reply is not tenable because such action would have been taken at the initial stage to avoid non-utilisation of the buildings for over eight years of their completion.

The matter was reported to Government in July 2005. Government endorsed (November 2005) the views of the PCCF.

## HOME (CIVIL DEFENCE & HOME GUARDS) DEPARTMENT

### 4.6 Misappropriation of Government money

**Failure to observe the prescribed procedures resulted in misappropriation of Rs.8.33 lakh.**

The Meghalaya Financial Rules, 1981, *inter alia*, provides for daily verification of each entry in the cash book with relevant records of receipts and disbursements by the Head of the Office (HO) or an officer authorised by him. The cash book along with balances should be closed by the

HO/authorised officer each day and the balance of each column of the cash book at the end of the month should also be verified with the balance of cash in hand and a certificate to that effect recorded in the cash book.

Test-check (August-September 2004) of records of the Commandant, Central Training Institute, Shillong revealed that an amount of Rs.144.31 lakh (net amount) was shown in the cash book and acquittance rolls as disbursed to the Grade III staff during May 2001 to June 2004. But on actual count of entries in the acquittance rolls, the amount of salary disbursed to the staff during the said period was worked out by Audit as Rs.135.98 lakh. Rs.144.31 lakh was drawn from the Treasury by inflating the total amount of acquittance rolls and the inflated figures were exhibited in the cash book as disbursed. During May 2001 to June 2004, the HO neither verified the entries in the cash book nor recorded any certificate in the cash book as required under the Financial Rules. It was further noticed (December 2004) that after detection by Audit (August-September 2004), the expenditure figures in the cash book were increased either by manipulating the entries (March & May 2002 and April 2003) or inserting fresh entries<sup>(a)</sup>.

Thus, failure to observe the prescribed procedures resulted in misappropriation of Rs.8.33 lakh. Responsibility for the lapse had not been fixed (November 2004).

The Government stated (May and October 2005) that the Director of Civil Defence and Commandant General of Home Guards had been appointed to inquire into the matter and fix responsibility and departmental proceedings had been initiated against defaulting officer and staff.

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<sup>(a)</sup> July to December 2001, November-December 2002, February to July & December 2003 and April-May 2004.

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**PUBLIC WORKS DEPARTMENT**
**4.7 Avoidable extra expenditure on improvement of the riding quality of a section of National Highway**

**Inflated measurement of bituminous macadam work on the prepared surface for improvement of a section of the National Highway-40 beyond the scope of actual execution resulted in avoidable extra payment of Rs.28.67 lakh by the Executive Engineer, National Highway Division, Shillong.**

Government of India, Ministry of Road Transport & Highways (Ministry) accorded (October 2002) administrative approval and technical sanction to the work “Improvement of riding quality from 87 Km. to 101 Km. of Shillong-Tamabil Section of National Highway (NH)-40” at an estimated cost of Rs.4.32 crore. The estimate of the work *inter alia* provided for execution of the following items of work:

- (i) Providing and applying tack coat on the prepared surface on a surface area of 95,936.5 square metre (sqm).
- (ii) Providing and laying bituminous macadam on the prepared surface, etc. with 50 mm compacted thickness for a total quantity of 5,276.51 cum (95,936.50 sqm x 0.05 m + 10 *per cent* for the levelling course).

The work was awarded (April 2003) by the Chief Engineer (CE), NH & Research, PWD (Roads) to a contractor at his tendered value of Rs.3.31 crore stipulating the date of completion as 10 months (February 2004). The work was completed in December 2003 at a cost of Rs.4.28 crore.

Test-check (December 2004) of records of the Executive Engineer, NH Division, Shillong revealed that item (i) of the work was executed by the contractor on a total surface area of 95,935.67 sqm. Consequently, item (ii) was to be executed for a total quantity of 5,276.46 cum (95,935.67 sqm x 0.05 m + 10 *per cent*). But according to the Measurement Book (MB), 6,063.146 cum of the said item was shown to have been executed by the contractor at a cost of Rs.2.21 crore. Since item (i) of the work was executed on a surface area of 95,935.67 sqm and approval of the Ministry, as required under paragraph 6.3 of the Ministry’s technical note of October 2002, for undertaking work beyond the scope of the sanctioned estimate was not obtained, there was no scope for execution of the quantity of item (ii) in excess of 5,276.46 cum at the approved compacted thickness of 50 mm. Reasons for recording inflated measurement in the MB were not on record.

Thus, payment to the contractor on inflated measurement of bituminous macadam on the prepared surface resulted in extra expenditure of Rs.28.67 lakh<sup>(a)</sup>.

The CE, (NH), PWD (Roads) stated (October 2005) that the increase in quantity of item (ii) of the work mentioned above was due to (a) surface undulation for which extra thickness of bituminous macadam was necessary for levelling course and (b) extra width of pavement in some stretches. The reply is not tenable because additional 10 *per cent* for laying of bituminous macadam was already provided in the estimate and there was no scope for execution of work on extra width of pavement since the item of work was to be executed on the prepared surface area of 95,935.67 sqm.

The matter was reported to Government in May 2005. Government endorsed (November 2005) the views of the CE.

#### **4.8 Avoidable extra expenditure on construction of a bridge**

**Repeated suspension of the allotted work of a bridge resulted in avoidable extra expenditure of Rs.33.80 lakh incurred on repair and maintenance of sub-way bridge. Besides, expenditure of Rs.80.03 lakh incurred on construction of the RCC bridge was rendered unproductive.**

The work “Re-construction of RCC Bridge No. 28/3 on Dalu Purakhasia Road with approaches”, estimated to cost Rs.2.01 crore, was administratively approved by Government in March 1997. According to the estimate, the existing semi-permanent bridge would act as sub-way bridge during construction of the RCC bridge.

Test-check (October 2004) of records of the Executive Engineer (EE), PWD (Roads), Barengapara revealed that despite the stipulation in clause 7 (iii) of the administrative approval of March 1997 that no work should be taken up without detailed estimate and technical sanction, the Chief Engineer, PWD (Roads) awarded (December 1997) the work to a contractor without a technically sanctioned detailed estimate at tendered value of Rs.1.76 crore stipulating the date of completion as December 1999 (two years from the date of issue of final work order).

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(a) Quantity of item (ii) shown to have been executed:	6063.146 cum
Less Quantity required to be executed on the surface area prepared after execution of item (i) :	<u>5276.46 cum</u>
	<u>786.686 cum</u>

**Extra expenditure: 786.686 cum @ Rs.3643.96 per cum = Rs.28,66,652**

In December 1997, the contractor started the work, but it was suspended by the Superintending Engineer, PWD (Roads), Tura Circle in February 1998 due to non-finalisation of the alignment of the bridge. Though the contractor resumed the work in February 1999 after finalisation of the alignment, the work remained incomplete even after two years. In October 2001, the Additional Chief Engineer (ACE), PWD (Roads), Western Zone again stopped the work of abutment well on one side of the bridge for re-adjustment of span arrangement of the bridge. The proposal of the ACE was rejected by the Secretary of the Department in December 2002, who directed to go ahead with the work as per approved drawings and design.

On being instructed (December 2002) by the EE to resume the work, the contractor refused to do the same at the agreed rate because of increase in prices of labour and materials during the suspended period. Consequently, the work allotted to the contractor was cancelled (September 2004) after physical achievement of 62 *per cent*. Although the balance items of work were estimated (May 2005) at Rs.1.16 crore, the same had not been awarded (May 2005).

As of March 2005, the total expenditure booked under the work was Rs.1.56 crore. This included expenditure of Rs.33.80 lakh incurred on repair and maintenance of the sub-way bridge between December 2000 and October 2002.

The EE stated (October 2005) that (i) re-adjustment of the bridge alignment was necessitated due to change in the course of river because of flood in 1997, (ii) regular maintenance of the sub-way bridge was unavoidable and (iii) the sub-way bridge was washed out in the flash flood in 2002 requiring heavy expenditure for complete restoration. Reasons for (i) one year delay in finalisation of the alignment, (ii) non-completion of RCC bridge even after two years of resumption of work, (iii) unjustified suspension of a part of the work and (iv) delay over one year in taking decision to continue the work as per approved drawings and design had not been stated.

Thus, due to allotment of work without a technically sanctioned detailed estimate and delay at different levels as well as unjustified suspension of a part of the work resulted in delay in the progress of work. This led to repair and maintenance of the sub-way bridge one year after the stipulated date of completion of the RCC bridge, which resulted in avoidable extra expenditure of Rs.33.80 lakh. Besides, the expenditure of Rs.80.03 lakh<sup>(a)</sup> so far incurred on construction of RCC bridge was rendered unproductive since the bridge could not be completed even after eight years of its approval by Government. Substantial increase in the cost of construction of the bridge due to delay in completion of the balance items of work also could not be ruled out.

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<sup>(a)</sup> Excluding expenditure on sub-way bridge (Rs.33.80 lakh) and on other works charged under this work (Rs.42.17 lakh).

The matter was reported to Government in July 2005. Government endorsed (November 2005) the views of the EE.

#### **4.9 Extra expenditure on execution of sub-base course of a road work**

##### **Payment for materials not utilised for execution of sub-base course of the Dawki-Amlarem-Jowai Section of National Highway-40 resulted in extra expenditure of Rs.53.87 lakh.**

Government of India, Ministry of Road Transport & Highways (Ministry) accorded (February 2002) administrative approval and technical sanction to the work “Rehabilitation of pavement from Km 162 to 183.110 of Dawki-Amlarem-Jowai Section of National Highway (NH) – 40” under Jowai Central Division at an estimated cost of Rs.14.85 crore. The estimate *inter alia* provided execution of 18,929.7 cum of sub-base course<sup>(a)</sup>.

The work was awarded (August 2002) by the Chief Engineer, NH & Research, PWD (Roads) to a local contractor at his tendered value of Rs.12.92 crore with stipulated date of completion as February 2004. The work order issued to the contractor *inter alia* provided for execution of 18,929.7 cum sub-base course work at the rate of Rs.813.20 per cum. This rate was fixed taking into account the cost for execution of the said item (Rs.385 per cum) and cost for additional lead of stone aggregates including forest royalty, income tax, sales tax and surcharge (Rs.428.20 per cum). According to the quarterly progress report for the quarter ending June 2004, 75 per cent of the work was completed at an expenditure of Rs.11.40 crore. Reasons for the delay in completion of the work were not on record.

Test-check (September 2004) of records of the Executive Engineer (EE), PWD (Roads), Central Division, Jowai revealed that the contractor executed 23,216.327 cum of sub-base course work utilising sand (11,608.16 cum) and blindage<sup>(b)</sup> (11,608.16 cum). Since stone aggregates were not utilised for execution of this item of work, the rate for the work based on the usage of sand and blindage instead of stone aggregates should have been re-fixed. But payment for Rs.1.89 crore was made (March 2004) to the contractor for execution of the sub-base course work at the rate of Rs.813.20 per cum,

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<sup>(a)</sup> Providing laying, spreading and compacting specified graded sand, gravel or any other course materials in sub-base course including premixing the materials, *etc.* with the provision for granular sub-base of 225 mm thick (13,230 cum) and for hard shoulder 90 cm width on either sides (5699.7 cum).

<sup>(b)</sup> A non-plastic sandy soil.

reasons for which as well as for execution of 4,286.627 cum of work in excess of estimated provision were not on record.

Thus, failure of the EE in restricting the payment to the value of materials actually utilised for execution of the sub-base course resulted in extra expenditure of Rs.53.87 lakh<sup>(c)</sup>.

The matter was reported to Government in May 2005 and followed up with a reminder in August 2005; reply had not been received (November 2005).

#### 4.10 Unproductive expenditure on construction of toll collection plaza

**Injudicious decision of the department for construction of toll collection plaza at 16<sup>th</sup> mile of GS Road without assessing its financial prospect resulted in unproductive expenditure of Rs.33.53 lakh.**

To check the congestion of traffic on Guwahati-Shillong (GS) road due to scattered check gates in many places, the State Government accorded (February 1996) administrative approval to the work “Construction of four lane toll collection plaza including office and staff quarters for combined check gate at 16<sup>th</sup> mile of GS Road (Umling) on National Highway (NH)-40” at an estimated cost of Rs.80.98 lakh. Technical sanction to the work was

<sup>(c)</sup> <b>A - Payment made for execution of sub-base course including additional lead</b>		
23216.327 cum @ Rs.813.20 per cum:		Rs.1,88,79,517
<b>B - Value of work actually executed</b>		
(i) Execution of the sub-base course:		
23216.327 @ Rs.385 per cum:	Rs.89,38,286	
(ii) Additional lead:		
Sand: 11608.16 cum @ Rs.146.65 per cum:	Rs.17,02,337	
Blindage: 11608.16 cum @ Rs.201.73 per cum:	Rs.23,41,714	
Forest Royalty (FR):		
Sand: 11608.16 cum @ Rs.20 per cum:	Rs. 2,32,163	
Blindage: 11608.16 cum @ Rs.16 per cum:	Rs. 1,85,731	
Income Tax: 15 per cent on FR:	Rs. 62,684	
Sales Tax: 7 per cent on FR:	Rs. 29,253	
Surcharge: 1 per cent on Sales Tax	<u>Rs. 293</u>	
	<u>Rs.45,54,175</u>	
Total B (i) + (ii)		<u>Rs.1,34,92,461</u>
<b>Extra Expenditure (A – B)</b>		<u><b>Rs. 53,87,056</b></u>

accorded by the Additional Chief Engineer (ACE), PWD (Roads) in March 1996. The work was awarded (April and June 1999) by the ACE to two contractors at their tendered value of Rs.19.43 lakh and Rs.19.32 lakh stipulating the date of completion as 12 months.

Test-check (November-December 2004) of records of the Executive Engineer, PWD (Roads), NH Division, Shillong revealed that after physical completion of about 70 *per cent* of the work up to March 2000, the department decided (July 2000) to pre-close the work and shift the check gate to another location on the ground that there would be heavy loss of revenue as the toll collection plaza at 16<sup>th</sup> mile was quite far from the interstate border. Meanwhile, the department incurred (between October 1999 and September 2002), expenditure of Rs.33.53 lakh on payment of contractors' incomplete final bills (Rs.17.16 lakh), cost of fencing the land at the original work site (Rs.5.30 lakh) and materials, work charged establishment, contingency, *etc.* (Rs.11.07 lakh). The detailed lay out plan for construction of the toll collection plaza at a new location (3<sup>rd</sup> Km. of GS Road) was submitted to the Transport Department. Further development was awaited (July 2005).

Thus, injudicious decision of the department for construction of toll plaza without assessing the financial prospect of the same rendered the expenditure of Rs.33.53 lakh unproductive.

The Chief Engineer (National Highway), PWD (Roads) stated (July 2005) that after partial completion of the work, it was learnt (date not mentioned) that the Ministry of Road Transport and Highways (MoRTH) had proposed to make GS Road into four lane highway. Hence, the area selected for the toll plaza was found inadequate. He further stated that the Speaker of the State Legislative Assembly advised in 1994 that the location of toll plaza/check gate should be reviewed and shifted close to the interstate boundary. Moreover, if the toll plaza was constructed at Umling, a large number of feeder roads that converge on the national highway between Umling and Jorabat on the border with Assam would not be covered by the check gate resulting in loss of revenue. It was, therefore, decided (July 2000) to select another suitable site towards Jorabat. Reasons for Government approval (February 1996) and award of the work of the toll plaza at 16<sup>th</sup> mile disregarding the advice of the Speaker as well as for not taking appropriate action for shifting the location of the toll plaza immediately on receipt of information regarding the proposal of the MoRTH had not been furnished.

The matter was reported to Government in May 2005 and followed up with a reminder in August 2005. Government endorsed (October 2005) the views of the Chief Engineer.

## GENERAL

### **4.11 Failure to respond to Audit objections and compliance thereof**

Accountant General (Audit) (AG) arranges to conduct periodical inspection of the Government departments to test check the transactions and verify the maintenance of important accounting and other records as per prescribed rules and procedures. These inspections are followed up with Inspection Reports (IRs). When important irregularities, *etc.* detected during inspection are not settled on the spot, these IRs are issued to the Heads of offices inspected with a copy to the next higher authorities. The Meghalaya Financial Rules, 1981 provide for prompt response by the executive to the IRs issued by the AG to ensure rectificatory action in compliance of the prescribed rules and procedures and accountability for the deficiencies and lapses noticed during inspection. The Heads of offices and next higher authorities are required to comply with the observations contained in the IRs and rectify the defects and omissions promptly and report their compliance to the AG. Serious irregularities are also brought to the notice of the Head of the Department by the office of the Accountant General (Audit). A half-yearly report of pending IRs is sent to the Secretary of the concerned department to facilitate monitoring of the Audit observations in the pending IRs.

Inspection Reports issued up to March 2005 pertaining to 80 offices/divisions of four departments disclosed that 698 paragraphs relating to 198 IRs remained outstanding at the end of September 2005. Of these, 44 IRs containing 125 paragraphs had not been replied to/settled for more than 10 years. Year-wise position of the outstanding IRs and paragraphs is detailed in the *Appendix XXXIV*. Even the initial replies, which were required to be received from the Heads of offices within six weeks from the date of issue of IR were not received from nine offices for 48 paragraphs of nine IRs issued between December 1991 and March 2005. As a result the following serious irregularities commented upon in these IRs had not been settled as of September 2005.

**Table 4.1**

Serial number	Nature of irregularities	Number of paragraphs	Amount (Rupees in crore)
1.	Recovery of departmental receipts, advances, overpayments/inadmissible payments and other recoverable charges were either delayed or not made	34	1.91
2.	Unauthorised/Infructuous/wasteful expenditure and excess over sanctioned estimate	18	3.48
3.	Drawal of fund in advance of requirement	21	6.76
4.	Wanting Payees' Receipts/Detailed Countersigned Contingent Bills/ sanctions	12	1.68
5.	Utilisation certificates not submitted	21	4.05
6.	Locking up of funds/idle outlay	15	3.41
7.	Avoidable/Injudicious/Unproductive/Excess expenditure	27	5.92
8.	Others	550	67.47
	<b>Total</b>	<b>698</b>	<b>94.68</b>

A review of the IRs which were pending due to non-receipt of replies from the departments mentioned in the *Appendix XXXIV* revealed that the Heads of the offices whose records were inspected and the concerned Heads of the Departments/offices<sup>(a)</sup> failed to discharge due responsibility as they did not arrange to send reply to a large number of IRs/Paragraphs indicating their failure to initiate action in regard to the defects, omissions and irregularities pointed out in the IRs of the AG. The Secretaries of the concerned departments, who were informed of the position through half-yearly reports, also failed to ensure prompt and timely action by the concerned officers of the department.

The above also indicated inaction against the defaulting officers and thereby facilitating the continuation of serious financial irregularities and loss to the Government.

It is recommended that Government should look into this matter and ensure that procedure exists for (a) action against the officials who failed to send replies to IRs/Paragraphs as per the prescribed time schedule, (b) action to recover loss/outstanding advances/overpayments in a time bound manner and (c) revamping the system of proper response to the Audit observations in the department.

The matter was reported to the Government in August 2005; reply had not been received (November 2005).

<sup>(a)</sup> Director of Health Services, Director of Animal Husbandry & Veterinary, Directors, Higher & Technical Education and Elementary & Mass Education and Chief Engineer, Public Health Engineering.

#### **4.12 Follow up action on Audit Reports**

To ensure accountability of the executive about the issues dealt in the various Audit Reports, the Public Accounts Committee (PAC) issued instructions (July 1993) for submission of *suo motu* explanatory notes by the concerned administrative departments within one month of presenting the Audit Reports to the State Legislature. According to the said instructions, the Report was to be taken up from 1986-87 onwards. Review of outstanding explanatory notes on paragraphs included in the Reports of the Comptroller and Auditor General of India for the years from 1986-87 to 2003-04 revealed that the concerned administrative departments were not complying with these instructions. As of November 2005, *suo motu* explanatory notes on 235 paragraphs of these Audit Reports (Civil and Works Chapters) were outstanding from various departments as detailed in *Appendix XXXV*.

The administrative departments were required to take suitable action on the recommendations made in the Report of the PAC presented to the State Legislature. Following the circulation of the Reports of the PAC, the departments were to prepare comments on action taken or proposed to be taken on the recommendations of the PAC and submit the same to the Assembly Secretariat. The PAC specified the time frame for submission of such ATNs as six weeks up to 32<sup>nd</sup> Report of the PAC and six months in 33<sup>rd</sup> Report. Review of 12 Reports of the PAC involving 14 departments (containing recommendations on 50 paragraphs of Audit Reports as detailed in *Appendix XXXVI*) presented to the Legislature between April 1995 and December 1997 (10 reports), in June 2000 (one report) and April 2005 (one report) revealed that none of these departments sent the ATN to the Assembly Secretariat as of August 2005. Thus, the fate of the valuable recommendations contained in the said reports of the PAC and whether they were being acted upon by the administrative departments could not be ascertained in audit.

The matter was reported to Government in August 2005; reply had not been received (November 2005).