

CHAPTER IV : AUDIT OF TRANSACTIONS

Fraud/Misappropriation/Embezzlement

COMMUNITY AND RURAL DEVELOPMENT DEPARTMENT

4.1 Presumptive embezzlement of Government money

Government money amounting to Rs. 30 lakh stated to have been spent on procurement of corrugated galvanised iron sheets, has presumably been embezzled.

Under the Special Rural Works Programme (SRWP)¹ for the year 2003-04, the State Level Committee accorded approval (October 2003) for purchase of 2,400 bundles of Corrugated Galvanised Iron (CGI) sheets at the rate of Rs. 1,250 per bundle, for distribution to 1,200 families of '49-Rajabala Assembly Constituency', Selsella Development Block, West Garo Hills District. The State Government sanctioned (January 2004) Rs. 30 lakh for the purpose, which was released (July 2004) to the Village Development Committee (VDC) by the Block Development Officer (BDO), Selsella Development Block.

Scrutiny (November 2007) of records of the BDO, Selsella Development Block revealed that against the envisaged requirement of 2,400 bundles, the VDC, without inviting tenders, purchased 1,200 bundles of CGI sheets from a Guwahati firm at double (Rs.2,500 per bundle) the approved rate of Rs. 1,250 per bundle. No record was produced to Audit in support of the transportation of CGI sheets from Guwahati to the Rajabala Constituency except an entry (without date) in the cash book of the VDC indicating payment of Rs. 30 lakh to the firm as cost of CGI sheets and a cash memo bearing no number or date. As per the distribution list produced to Audit, 1,400 bundles of sheets were distributed to 700 beneficiaries against the procurement of 1,200 bundles. The distribution list, however, did not indicate the address of the beneficiaries in detail. The concerned Guwahati firm in response (November 2008) to Audit enquiry stated that it had neither received any supply order for 1,200 bundles of CGI sheets, nor supplied the sheets. The firm also stated that the cash memo based on which payment for the CGI sheets was shown to have been made by the VDC was not issued by them and it was actually a format of their proforma invoice, which was mutilated as a cash memo and as such, there was no number and date. Obviously, the CGI sheets were neither procured nor distributed to the beneficiaries, but payment was shown to have been made on the basis of a fake document.

Thus, Government money amounting to Rs. 30 lakh has presumably been embezzled. There is an urgent need for a thorough investigation into the matter to fix responsibility and take action against the officials involved.

¹ SRWP is one of the programmes being implemented with the involvement of Members of Legislative Assembly.

The matter was reported to the Government in June 2008; reply had not been received (November 2008).

PARLIAMENTARY AFFAIRS DEPARTMENT

4.2 Discretionary grants to the Members of the Legislative Assembly

An expenditure of Rs. 12 crore was incurred irregularly on payment of grants-in-aid to the members of the Legislative Assembly without specifying the conditions stipulated in the Meghalaya Financial Rules, 1981.

The State Government has been sanctioning discretionary grants to all the 60 Members of the Legislative Assembly (MLA) of Meghalaya. The expenditure on such grants is debited to the Head of Account “2011-Parliament/State/ Union Territory Legislature-02-State Legislature-800-Other Expenditure-02-Discretionary Grants for the MLAs-31-Grants-in-Aid - General Non-Plan”.

According to Rule 515 of the Meghalaya Financial Rules, 1981 (MFR) and Appendix 14 thereto, sanction of grants-in-aid should *inter alia* contain the following particulars:

- Conditions and limitations, if any, such as, time limit for the completion of work or service for which non-recurring grants are given;
- The rule, if any, under which the sanction has been accorded. If it is not clear from the rule whether the grant is recurring or non-recurring, information on this point should be explicitly furnished;
- Period in the case of recurring grants-in-aid and the time limit within which the grant should be spent; and,
- Purpose of grant.

During the period 2001-08, the Parliamentary Affairs Department (PAD) issued sanction orders to the Secretary, Meghalaya Legislative Assembly for payment of discretionary grants amounting to Rs. 12 crore to the members of the Legislative Assembly. Year-wise position is given below:

Table 4.1

(Rupees in lakh)

Year	Total amount sanctioned	Amount per MLA
2001-02	60	1
2002-03	360	6
2003-04	180	3
2004-05	180	3
2005-06	180	3
2006-07	60	1
2007-08	180	3
Total	1,200	

Source: Sanction orders.

Scrutiny (August 2008) of relevant sanction orders revealed that these had been issued without specifying the conditions specified in Rule *ibid*. The sanctioned amount of Rs. 12 crore was drawn from the Treasury by the Secretary, Meghalaya Legislative Assembly and disbursed **in cash** to the members concerned. The action of the Department was contrary to the MFR. No record/evidence exists in support of utilisation of the grants and as such the veracity of the expenditure incurred out of the Consolidated Fund of the State could not be ascertained.

The Government stated (September 2008) that no rule/guidelines for payment of discretionary grants had yet been framed and the framing of the rule/guidelines was under examination by the Government and the mechanism/method to ascertain the utilisation of funds would be prescribed immediately. On being asked about the purpose for which such grants were being released to the MLAs, the Government stated that though no specific purpose is mentioned in the sanction letters, yet MLAs are given discretionary grants to help the needy persons of their constituencies. The Government, however, failed to provide the lists of such needy persons/beneficiaries to whom grants were released by the MLAs.

Since the Government could not provide any satisfactory reply or produce necessary records indicating the purpose as also the names of the persons to whom such grants had been given by the MLAs even in a single case, it is recommended that the Government without further lapse of time, frame rules/guidance to ensure that funds are not misused.

Excess Payment/Wasteful Expenditure

BORDER AREAS DEVELOPMENT DEPARTMENT

4.3 Extra expenditure

Due to delay in construction of a suspension foot bridge, there was a cost overrun of Rs. 16.15 lakh. Despite use of lower specification of wire rope in the construction of the bridge, in deviation from the specification approved by the technical authority, the difference in cost amounting to Rs. 7.32 lakh was not recovered.

Under the Border Area Development Programme² (BADP), the State Level Screening Committee (SLSC), headed by the Chief Secretary of the State, accorded (May 2003) approval for the construction of a suspension foot bridge over river Shella at Shella village, East Khasi Hills District at a cost of Rs. 34.40 lakh. The estimate of the work prepared by the technical wing of the Department and sanctioned by the Additional Chief Engineer (ACE), State

² The Border Area Development Programme is a 100 per cent Centrally funded programme for which funds are provided to the State by the Government of India as Special Central Assistance.

Public Works Department (PWD), *inter alia* provided for construction of the bridge by using wire rope of different diameters (32 mm: 1,368 RM; 28 mm: 460 RM; 12 mm: 306.4 RM).

The Director, Border Areas Development (BAD) awarded (February 2004) the work to a Village Committee (VC) with a stipulation to complete it within seven months (September 2004). Though Rs. 32.50 lakh³ was released between February 2004 and March 2006 to the VC, the work remained incomplete till March 2006. The estimate of work was revised (March 2006) to Rs. 50.52 lakh and the SLSC accorded approval (August 2006) for the additional amount.

As per the revised estimate, the specifications of the wire rope to be used in the construction were changed to 32 mm dia: 2,280 RM; 28 mm dia: 600 RM; 12 mm dia: 667 RM. Rs. 18.05 lakh were released (March 2007 to May 2008) to the VC to cater to the additional requirements specified. The construction of the bridge was completed at a cost of Rs. 50.55 lakh after a delay of over three years in April 2008. Thus, there was a cost over run of Rs. 16.15 lakh due to delay in completion of the work.

Scrutiny of the records revealed that the wire rope used in construction of the bridge was not in conformity either with the original or the revised specifications. While 64 *per cent* of the total wire rope to be used in the construction was of 32 mm dia, the bridge was constructed mostly by using 12 mm dia (57 *per cent*). Even though the wire of lesser diameter was used in the construction, the cost of the construction was not reduced proportionately (Rs. 7.32 lakh).

The Director stated (September 2008) that the delay in completion of the work was due to frequent illness of the Chairman of the VC and difficulty in getting the land for construction. The Director further stated (October 2008) that the use of wire ropes of different sizes was as per the actual requirement at site. The replies are not acceptable because the illness of the Chairman should not be a cause for delay in execution. Use of lower specification wire ropes in deviation of the specification approved by the technical authority was irregular and likely to affect the life-span of the bridge.

Thus, the delay in construction of the bridge led to a cost over run of Rs. 16.15 lakh. Besides, there was no reduction in the cost of construction (Rs. 7.32 lakh) despite use of wire rope of lower specification.

The matter was reported to the Government in August 2008; reply had not been received (November 2008).

³ February 2004: Rs. 10 lakh; January 2005: Rs. 5 lakh; February 2005: Rs. 6 lakh; August 2005: Rs. 5 lakh; September 2005: Rs. 5 lakh; March 2006: Rs. 1.50 lakh.

HEALTH AND FAMILY WELFARE DEPARTMENT

4.4 Extra expenditure on construction of a hospital building

Delay in issue of work order and handing over the clear site of the work for construction of OPD at Ganesh Das Hospital, Shillong resulted in an extra expenditure of Rs. 21.22 lakh.

The State Health and Family Welfare Department accorded (March 1996) administrative approval and expenditure sanction for the work “Construction of OPD at Ganesh Das Hospital, Shillong” at an estimated cost of Rs. 86.28 lakh with the concurrence of the Finance Department. Technical sanction, which was mandatory before commencement of construction as per Rule 244 of the Meghalaya Financial Rules, 1981, was not accorded. The construction work was awarded (September 1998) by the EE to a contractor for Rs. 57.93 lakh (based on the Schedule of Rates (SOR) for buildings - 1991-92) for completion by March 2000. The work was completed (June 2005) at a cost of Rs. 79.15 lakh.

Scrutiny (October-November 2007) of records of the EE, Engineering Wing of the DHS, Shillong revealed that -

- though the tender was finalised in favour of the lowest tenderer in November 1996, work order was issued to the contractor after a delay of about two years (September 1998);
- clear site for the work was given to the contractor after a further delay of one year (October 1999) from the date of issue of work order.

Due to the delay on the part of the Department, the contractor claimed (April 2001) 50 *per cent* escalation over his accepted rate on the ground of increase in the cost of material and labour, which was refused by the Government (August 2002). Consequently, the contractor filed (2002) a writ petition with the Shillong Bench of the Gauhati High Court. The Court, in its judgement (June 2003), directed the Department to grant the rates to the contractor as per the SOR of 1995-96. The estimate of the work was revised (December 2004) to Rs. 1.19 crore (including Rs. 87.07 lakh for the work allotted to the contractor) and final payment was made (September 2005) on the basis of this estimate.

Thus, inordinate delay in issue of work order and allotment of work without a clear site resulted in an extra expenditure of Rs. 21.22 lakh.

The EE stated (August 2008) that the delay in issue of work order was due to delay in getting permission for construction from the Deputy Commissioner, East Khasi Hills as well as from the Medical Superintendent of the concerned hospital. The reply is not tenable because necessary approval should have been obtained and clear site for construction of the work should have been finalised before inviting tenders.

The matter was reported to the Government in July 2008; reply had not been received (November 2008).

PUBLIC WORKS DEPARTMENT

4.5 Extra expenditure on purchase of bitumen

The Department incurred extra expenditure of Rs. 11.25 lakh due to issue of faulty orders for carriage of bitumen.

The Central Division, PWD (Roads), Shillong procures bitumen required for construction of various roads in Khasi and Jaintia Hills Districts of the State, from the stockyards of Hindustan Petroleum Corporation (HPC) at Guwahati and Siliguri on the basis of requirement placed by various Public Works (Roads) divisions of these districts.

Scrutiny (July 2008) of records of the Executive Engineer (EE), Central Division, Shillong revealed that during 2007-08, the EE issued orders to contractors for carrying 2,248.96 tonnes of bitumen from Guwahati (1,029.96 tonnes) and Siliguri (1,219 tonnes) to Byrnihat, Ri-Bhoi District and from Byrnihat to the store of the Division at Mawlai, Shillong at rates⁴ approved (June 2006) by the Superintending Engineer, PWD (Roads), NH Circle. Since the entire quantities of bitumen were to be delivered in the divisional store at Mawlai for meeting the requirement of various divisions in Khasi and Jaintia Hills Districts, the carriage orders should have been issued for supply of material directly from Guwahati/Siliguri to Mawlai instead of issuing separate orders for supply from Guwahati/Siliguri up to Byrnihat and then to Mawlai. Taking advantage of the faulty orders issued by the EE, the contractors claimed Rs. 44.78 lakh as carriage charges of bitumen separately for supply of material from Guwahati/Siliguri to Byrnihat and Byrnihat to Mawlai, which was paid (August-March 2008) by the EE. Thus, due to the imprudent action of the EE, the Department incurred an extra expenditure of Rs. 11.25 lakh.

The Superintending Engineer (SE), PWD (Roads), National Highway Circle stated (October 2008) that only 10 wheeler trucks were found convenient for carrying the bitumen from Siliguri which could not ply up to Shillong due to steep gradient of the road. As regards carriage of bitumen from Guwahati, the EE stated that lifting of bitumen from the Railway yard had to be completed within the stipulated time, to avoid payment of demurrage charges and as it was not possible to arrange trucks for lifting bitumen from Guwahati to Shillong, the carriage orders were issued to different contractors. The reply is not tenable because the carriage rate was approved on the basis of per tonne per km irrespective of the type of vehicle and therefore, carriage orders for bitumen should have been issued for direct transportation from Siliguri to the Mawlai stockyard to avoid additional expenditure. Besides, the CE (NH) PWD (Road) confirmed (November 2008) that the 10 wheeler vehicles are always plying on the Guwahati-Shillong stretches. The reply with regard to lifting of bitumen from Guwahati is not relevant to the context.

⁴ First 20 kms: Rs. 23 per tonne per kilometer, next 30 kms.: Rs. 5 per tonne per km; next 50 kms.: Rs. 4 per tonne per km.; additional 50 kms.: Rs. 3 per tonne per km; remaining distance: Rs. 2 per tonne per km.

The matter was reported to the Government in August 2008. Government endorsed (November 2008) the views of the SE.

4.6 Extra expenditure on payment of value added tax at higher rate

The Department incurred extra expenditure of Rs. 10.28 lakh due to procurement of bitumen on payment of value added tax at higher rate.

According to the Notification issued (March 2007) by the Union Ministry of Finance, the facility of inter-State purchases by the Government departments against Form 'D' was withdrawn from 01 April 2007 and the rate of Value Added Tax (VAT)/State Sales Tax applicable in the State of the selling dealer was applicable in case of such purchases. The notification was circulated by the Commissioner of Taxes, *etc.*, Meghalaya to all concerned including the Chief Engineer (CE), PWD (Roads) on 28 April 2007. The CE, on the request (21 May 2007) of the EE, Central Division, Shillong, granted (25 May 2007) permission for procurement of 500 tonnes of bitumen from Siliguri (West Bengal), as the rate of VAT in West Bengal was much lower (4 *per cent*) than that of Assam (22 *per cent*).

Scrutiny (July 2008) of records of the EE, Central Division revealed that though the EE sought permission of the CE for procurement of bitumen from Siliguri on 21 May 2007 on the ground of lower rate of VAT, he made payment of Rs. 1.30 crore to the HPC on the same day against a proforma bill of 14 May 2007 for procurement of 470 tonnes bitumen from the Guwahati stockyard of the HPC involving 22 *per cent* VAT.

The EE stated (July and October 2008) that proforma bill for procurement of bitumen was called for from the HPC over phone or by sending an official on the basis of requirement of various divisions and that, though the Division decided to procure bitumen from Siliguri, 470 tonnes bitumen was procured from Guwahati because of immediate requirement. Since the proforma bill was called for telephonically and the EE was aware about the financial implication of purchasing bitumen from Assam, immediate action should have been taken for cancellation of the payment of proforma bill received on 14 May 2007 in the financial interest of the State and also for procurement of bitumen from West Bengal obtaining a new proforma bill at the rates applicable in that State as of 01 April 2007.

Thus, due to the imprudent action of the EE, the Department incurred an extra expenditure of Rs. 10.28 lakh⁵.

⁵ Expenditure incurred on procurement of bitumen from **Guwahati**
 470 tonnes @ Rs.22,719.86 per tonne *plus* 22 *per cent* VAT *plus* carriage
 up to divisional store at Mawlai @ Rs. 802 per tonne: Rs. 1,34,04,508

Expenditure if procured from **Siliguri**:
 470 tonnes @ Rs. 23,453.78 per tonne *plus* 4 *per cent* VAT *plus* carriage
 up to divisional store at Mawlai @ Rs. 1,942 per tonne: Rs.1,23,76,948

Extra Expenditure: **Rs. 10,27,560**

The matter was reported to the Government in August 2008. Government endorsed (November 2008) the views of the EE.

BORDER AREAS DEVELOPMENT DEPARTMENT

4.7 Wasteful expenditure on establishment of Piggery and Poultry Farms

Absence of supervision and monitoring of the functioning of the Piggery and Poultry Farms resulted in wasteful expenditure of Rs. 22.32 lakh.

The SLSC accorded (May 2003) approval for establishment of Community Piggery and Poultry Farms at Tongseng, Jaintia Hills District at a cost of Rs. 25 lakh, with the condition that the village authority⁶ would register the Co-operative Society for operation and maintenance of the farm and the Society would execute an agreement with the Department for maintenance of the entire infrastructure.

Scrutiny (May 2008) of records of the Director, BAD revealed that contrary to the condition stipulated by the SLSC, the Director executed (June 2003) an agreement with the Chairman, Piggery and Poultry Co-operative Society, Tongseng, which was not a registered Society as on the date of the agreement. The Society was, however, registered in September 2003. As per the terms of the agreement with the Society, the scheme was to be implemented under the supervision of the BAD and Veterinary Departments and the Department was to conduct surprise visits to the farm. The Director released (June 2003 to January 2006) Rs. 19.50 lakh to the Chairman and Secretary of this society for establishment of the farm. The Society expended of Rs. 16.25 lakh on the construction of a pig sty, poultry building, office cum godown building (Rs. 10.50 lakh), pig and broiler feed (Rs. 5.62 lakh) and transportation, *etc.* (Rs. 0.13 lakh). Accounts for the balance amount of Rs. 3.25 lakh had not been furnished by the Society. In addition, the Director paid (March 2004) Rs. 2.82 lakh to the Regional Pig/Poultry Breeding Farm for supply of 161 grower pigs (Rs. 1.76 lakh) and 7,040 numbers of day old broiler chicks (Rs. 1.06 lakh). Against this, 161 grower pigs (Rs. 1.76 lakh) and 868 numbers of 5-20 weeks age chicks (Rs. 0.62 lakh) valued at Rs. 2.38 lakh were supplied by the farm and the balance amount of Rs. 0.44 lakh was lying with the farm.

Since physical verification report regarding completion and functioning of the farms as well as report on supervision and monitoring of the farms by the Department could not be produced to Audit by the Director, a joint physical verification of the farm was conducted (May 2008) by Audit and Sub-divisional Officer (Technical), BAD in the presence of the village headman to ascertain the actual position. It was noticed during joint verification that

⁶ Village authority means the authority of village committee who was to implement the scheme.

the farms were totally abandoned. The photographs given below would indicate the actual state of affairs of both the farms:

Abandoned Pig Farm at Tongseng



Abandoned Poultry Farm at Tongseng



Thus, failure of the Director to supervise and monitor the functioning of the farm for proper utilisation of the amount released to the Society from time to time led to abandonment of the farm by the Society thereby rendering the expenditure of Rs. 22.32 lakh wasteful.

The matter was reported to the Government in July 2008; reply had not been received (November 2008).

Undue Favour to Contractors

SOCIAL WELFARE DEPARTMENT

4.8 Undue financial benefit to a supplier

The Department extended undue financial benefit of Rs. 17.58 lakh to a supplier due to failure in restricting the payment judiciously.

The Director of Social Welfare invited (February 2005) quotations for supply of Corrugated Galvanised Iron (CGI) sheets for construction of 390 Anganwadi Centres (AWC). The supply order was placed (July 2005) on the lowest tenderer for supply of CGI sheets at his quoted rate of Rs. 13,000 per AWC. After receipt of supply order, the supplier requested the Director for enhancement of rate to Rs. 17,115 per AWC on the ground of increase in excise duty from 12.24 *per cent* (including education cess) to 16 *per cent* and 2 *per cent* education cess on excise duty with effect from 01 March 2005. Instead of negotiating with the supplier to reduce his rate in conformity with the increased rate of excise duty, the Director procured CGI sheets required for 390 AWCs at the rate of Rs. 17,115 per AWC and paid Rs. 70.35 lakh in March 2006. Considering the increased rate of excise duty, the rate of CGI sheets per AWC should have been restricted to a maximum Rs. 13,530⁷ involving total expenditure of Rs. 52.77 lakh. Consequently, the supplier was allowed undue financial benefit of Rs. 17.58 lakh. Had the payment to the supplier been restricted judiciously, the amount of Rs. 17.58 lakh could have been utilised for the benefit of the rural populace.

The matter was reported to the Government in June and September 2008; reply had not been received (November 2008).

Idle/Unfruitful/Unproductive Expenditure

BORDER AREAS DEVELOPMENT DEPARTMENT

4.9 Unfruitful expenditure on construction of suspension foot bridge

Failure of the Department to complete a suspension bridge even after five years of the stipulated date of completion resulted in unfruitful expenditure of Rs. 17.74 lakh.

Under the BADP, the SLSC accorded (May 2002) approval for construction of a suspension foot bridge over river Umngot at Shnongpdeng village, Jaintia Hills District at a cost of Rs. 17.74 lakh. According to the guidelines of the

⁷ Enhanced rate of excise duty: 16 *per cent* + 2 *per cent* education cess on 16 *per cent* = 16.32 *per cent* less 12.24 *per cent* = 4.08 *per cent*
Accepted rate of CGI sheet per AWC: Rs. 13,000 plus 4.08 *per cent* = **Rs. 13,530**

BADP issued (August 2000) by the Planning Commission, the schemes should be drawn up by the State Government after undertaking a study of the remote villages in the border blocks in order to assess the needs of the people and the schemes should be executed by the State Government, voluntary agencies, District Councils, traditional councils, *etc.*

Scrutiny (May 2008) of records of the Director, BAD revealed that the Director awarded (August 2002) the work to a Co-operative Society (Society) with the stipulation to complete the work within four months (December 2002). The Director released (August 2002 to December 2002) Rs. 5 lakh to the Chairman of the Society. The remaining amount of Rs. 12.74 lakh was released to the Chairman of the Society during February 2003 to December 2003. The work, however, could not be completed within the stipulated time schedule. Despite non-completion of the work even after release of the approved amount, the SLSC approved (May 2004) an additional amount of Rs. 13.76 lakh for the work on the basis of the estimate approved by the Chief Engineer. The additional amount was drawn by the Director in March 2005 and is lying unutilised in his bank account. The execution of the work, however, remained suspended since January 2004.

The Sub-divisional Officer of the Directorate of BAD stated (May 2008) that the work could not be completed due to dispute amongst the villagers and efforts were being made to solve the same. The reply is indicative of the fact that the scheme in question was taken up without taking the villagers into confidence and there was lack of initiative in solving the dispute amongst the villagers. This not only resulted in non-completion of the foot bridge even after five years of the stipulated date of completion, but also rendered the expenditure of Rs. 17.74 lakh unfruitful, besides blocking up of Rs. 13.76 lakh with the Director for over three years.

The Director stated (September 2008) that at present there was no dispute amongst the villagers and the Department had been considering implementation of the remaining works. The reply does not alter the fact that the suspension bridge scheduled to be completed in December 2002, remained incomplete till September 2008.

The matter was reported to the Government in July 2008; reply had not been received (November 2008).

HEALTH AND FAMILY WELFARE DEPARTMENT

4.10 Idle expenditure

Non-functioning of the hospital despite completion of construction work and procurement of required material resulted in idle expenditure of Rs. 3.60 crore.

Mention was made in Paragraph 4.1 of the Report of the Comptroller and Auditor General of India for the year ended 31 March 2006 regarding extra

expenditure of Rs. 51.76 lakh on construction of additional 200 bedded hospital at Shillong Civil Hospital complex. The construction work of the hospital, estimated to cost Rs. 2.91 crore, was administratively approved by the Government in March 2001.

Scrutiny (February 2007) of records of the Director of Health Services (DHS) and further information collected in June and August 2008 revealed that the construction of hospital building (including water supply) was completed in August 2006 at a cost of Rs. 3.60 crore. Besides, equipment, beds, linen, *etc.* worth Rs. 59.26 lakh were also procured (July 2006 to March 2007) by the DHS for the hospital, though payment was not made (July 2008) due to non-release of funds by the Government. Despite completion of the hospital building and procurement of the required material, the hospital could not be made functional due to non-availability of the required manpower. The proposal for sanction of requisite posts was sent to the Government by the Director in December 2005, which is yet to be approved. Meanwhile, the Government approved (August 2007) new norm of staffing pattern for the 600 bedded hospital (existing Shillong Civil Hospital: 400 beds; additional hospital attached to the Shillong Civil Hospital: 200 beds). The Director, however, sent the proposal for staff as per the new norm after a delay of one year, in July 2008, which was not sanctioned by the Government as of October 2008. Consequently, the existing civil hospital had been admitting at least 20 to 25 (average) patients a day in excess of its capacity (400 beds) by accommodating them in its corridor, despite having a completed hospital building of 200 bedded capacity.

Thus, due to inordinate delay on the part of the Director and the Government in taking a final decision about the actual requirement of posts for the hospital and sanction of the required posts, the extended hospital facility remained non-functional even after almost two years of completion. This not only showed the apathy of the Department in proper utilisation of the assets created for the health care of the populace but also rendered the expenditure of Rs. 3.60 crore idle, besides an undischarged liability of Rs. 59.26 lakh.

The matter was reported to the Government in August 2008; reply had not been received (November 2008).

PUBLIC WORKS DEPARTMENT

4.11 Idle expenditure on construction of roads

Failure of the Department to complete the bridges despite completion of the road works resulted in idle expenditure of Rs. 2.08 crore.

Scrutiny (December 2007 and June 2008) of records of the EEs, Umsning and Shillong South Divisions revealed the failure of the Public Works Department in completing two road works even after eight and 11 years of the stipulated

date of completion, as discussed in the succeeding paragraphs. Details of the two works sanctioned are given in the table below:

Table 4.2**(Rupees in lakh)**

Name of work	Name of Division	Estimated cost	Dates of administrative approval/ technical sanction	Stipulated date of completion	Up to date expenditure
Road from Mawlai-Umthlong on GS Road to Mawden and Nongpathaw via Umiam River and bridge over river Umiam (Phase I – 0-6 th Km)	Umsning	167.00	March 1996/ September 1996	April 1997	164.60
Road from Laitkudoi to Laitlarem via Syiemlieh (L=2.730 Km)	Shillong South	47.33	March 1998/ September 1998	March 2000	43.78
Total					208.38

Source: Administrative approval, technical sanction and progress report.

- The estimate of the first work mentioned above provided Rs. 66.47 lakh for construction of a 50 metre span built up girder (BUG) bridge at chainage 6,350 metre of the road. Though construction of the road (commenced in November 1998) was completed (September 2002) at a cost of Rs. 1.54 crore, the construction work of the BUG bridge, allotted to a contractor in January 1998, was not started by him on the ground of non-completion of the road up to the bridge point. Therefore, the contractor expressed (February 2001) his inability to execute the work as the rate quoted by him three years back was no longer workable. The work was, however, not re-allotted and remained suspended since October 2002.

After a lapse of over three years, the ACE submitted a revised estimate of the work (February 2006) to the Government enhancing the cost of the work to Rs. 3.44 crore, mainly due to increase in the cost of the bridge by Rs. 96.46 lakh. Though administrative approval to the revised estimate was accorded in March 2008 by the Government, the construction work of the bridge was yet to start (July 2008). Consequently, the road remained unutilised. Meanwhile, the EE incurred an expenditure of Rs. 10.32 lakh on stabilization of road and clearance of landslip, etc. till September 2007.

- The estimate of the second work provided Rs. 10 lakh for construction of a 20 metre span encased RS Joist Bridge at 1st kilometer of the road. The construction of the road (commenced in 1998-99) was completed in March 2005 at a cost of Rs. 43.78 lakh, except the bridge. Consequently, the road remained unutilised (June 2008). Despite the stipulation in clause 7 (i) of the administrative approval that no change of specification should be made for any item as provided in the sanctioned estimate, the Superintending Engineer, Shillong Eastern Circle directed (May 2001) the EE to change the specification of the bridge to 24.75 metre span RCC T-beam bridge because of the large volume of water. Though a revised estimate with provision for the RCC T-beam bridge at a cost of Rs. 31.94 lakh was forwarded (January 2004) to the Government, this was yet to be approved (June 2008). The EE stated (July 2008) that the necessity for change of the specification of the bridge was felt only after completion of the road formation work which was delayed due to shortage of blasting material/fund and that the delay in forwarding the

revised estimate was due to delay in completion of the work. The reply is indicative of the fact that either the technical sanction was not based on proper survey or the decision of the SE was faulty.

Thus, failure of the Department to complete the bridges even after eight and 11 years respectively of the stipulated date of completion resulted in idle expenditure of Rs. 2.08 crore, since the roads are not being utilised. Inordinate delay in completion of the first work would also lead to a probable cost overrun of at least Rs. 96.46 lakh due to time overrun.

The matter was reported to the Government in June and August 2008; reply had not been received (November 2008).

Regularity Issues and Others

EDUCATION DEPARTMENT

4.12 Irregularities in implementation of computer education programme in schools

The Department incurred extra/unfruitful/idle expenditure of Rs. 88.19 lakh due to non-provision of basic infrastructure required for installation of computers and execution of a faulty agreement for imparting computer education/training to the students/teachers.

For imparting computer education to school children, the Eleventh Finance Commission (EFC) recommended an upgradation grant of Rs. 3.01 crore for setting up computer centres in all the seven districts of the State. The State Government sanctioned Rs. 3.01 crore (March 2001: Rs. 50 lakh; February 2004: Rs. 2.51 crore) to the Director of Higher & Technical Education (DHTE), Meghalaya for coverage of 36 schools in the State. The scheme was to be implemented during 2000-05.

The DHTE incurred an expenditure of Rs. 2.40 crore between August 2004 and January 2008 on procurement of 10 computers, peripherals, networking tools, software, *etc.* at a cost of Rs. 5.66 lakh for each of the 36 schools (Rs. 2.04 crore) and computer tables, almirah, stationery, *etc.* (Rs. 36.14 lakh). In addition, Rs. 61.20 lakh was paid (March 2005) to a Kolkata based firm (NIIT) engaged for providing computer education to the students of Classes V to XII and for imparting training to the teachers of these schools (at the rate of Rs. 1.70 lakh per school).

Scrutiny (August 2007) of records of the DHTE and further information received (January 2008) from the DHTE revealed the following irregularities:

- Out of 36 schools, installation of computers was completed in 32 (July 2004 to October 2005). Of the remaining, in one school, computers, peripherals, *etc.* could not be installed due to non-availability of power supply

and training was also not imparted by the NIIT. Information regarding installation of computers in the remaining three schools was not on record. Consequently, the expenditure of Rs. 8.27 lakh incurred on computers, *etc.* and payment to the NIIT was unfruitful.

- The agreement executed (March 2005) with the NIIT provided for imparting computer education for 26 months from the date of signing the agreement instead of from the date of deployment of faculty at the schools. The faculty was deployed in 18 schools by the NIIT in May 2005 instead of in April 2005 and in eight schools during June 2005 to April 2006. Consequently, computer education was imparted to the students of these schools by the NIIT for 14 to 25 months, although Rs. 44.20 lakh was paid in advance to the firm for imparting training for 26 months. In another school, though Rs. 1.70 lakh was paid to the NIIT in advance, faculty was not provided, as the school had its own computer teachers. Due to execution of a faulty agreement, the Department could not restrict the payment to the NIIT for the actual period of training imparted by it and thus, incurred an avoidable extra expenditure of Rs. 6.34 lakh.

The DHTE admitted the facts and stated (January 2008) that the omission was due to oversight.

- Instead of a mandatory provision for imparting training to the teachers in all the 36 schools, the agreement executed with the NIIT provided for training a maximum of three teachers in each school, wherever feasible, during the agreement period, which expired in May 2007. Taking advantage of the flaw in the agreement, the NIIT imparted training to the teachers of only 22 schools. Thus, the expenditure of Rs. 73.58 lakh incurred on creation of infrastructure for computer education in 13 remaining schools (excluding one school which had computer teachers) was rendered idle due to lack of trained faculty.

The DHTE stated (January 2008) that these schools would be asked to engage computer trained persons to make use of the computers.

- Out of the expenditure of Rs. 2.04 crore incurred on procurement of computers, *etc.*, Rs. 9.97 lakh was meant for networking tools. For covering the internet as part of the syllabus, the agreement executed with the NIIT made it mandatory for the schools to obtain telephone and internet connection. Information regarding telephone and internet connection in the 36 schools was neither on record nor furnished by the DHTE. Physical verification (September 2008) of 10⁽⁸⁾ out of 36 schools conducted by Audit team in the presence of the Principals of the schools concerned, however, revealed that neither internet connection was provided nor computer teachers were deployed in all these schools. In six of these schools, there was no separate computer

⁽⁸⁾ Government Girls' HS School, Tura, Government Boys HS School, Tura, Tura Public School, Tura Town Deficit HS School, Ampati Government HS School, Sibbari Deficit Secondary School, Donbosco Secondary School, Baghmara, RM Girls' Secondary School, Baghmara, Dilma Apal Secondary School, Mendipathar and Resubelpara Government HS School.

room and in four schools, telephone connection was not provided. As such, utilisation of networking tools worth Rs. 9.97 lakh remained doubtful.

The matter was reported to the Government in July 2008; reply had not been received (November 2008).

FOREST AND ENVIRONMENT DEPARTMENT

4.13 Non-realisation of net present value of forest land

Forest land was diverted for non-forest purposes, without realising the net present value of Rs. 5.77 crore.

The Supreme Court ordered (September 2006) that the net present value (NPV) is payable in all cases of diversion of forest land for non-forest purposes under the Forest (Conservation) Act, 1980 for which final approval has already been granted on or after 30 October 2002 irrespective of the date of in-principle approval. The order of the Court was circulated by the Compensatory Afforestation Fund Management and Planning Authority (CAMPA) in October 2006 to all the States directing them to recover the NPV in all the cases covered by the said order. The rate of NPV prescribed by the Court was Rs. 5.80 lakh to Rs. 9.20 lakh per hectare.

Scrutiny of records of the Principal Chief Conservator of Forests, Meghalaya, Shillong (November 2007) revealed that 99.48 hectares of forest land in Jaintia Hills District was diverted for non-forest purposes by two user agencies in May 2003 and May 2004 on payment of Rs. 20.70 lakh towards the cost of compensatory afforestation. However, the Department did not raise the demand for NPV of Rs. 5.77 crore (calculated at the lowest rate of Rs. 5.80 lakh per hectare).

Thus, inaction of the Department to realise the NPV was not only contrary to the Forest (Conservation) Act, 1980 and the directives of the Apex Court, but also deprived it of the compensation of Rs. 5.77 crore on account of transfer of forest land for non-forestry purposes.

The matter was reported to the Government in June 2008; reply had not been received (November 2008).

General

4.14 Follow up action on Audit Reports

To ensure accountability of the executive to the issues dealt with in 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. These instructions were applicable for the Reports 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 2005-06⁽⁹⁾ revealed that the concerned administrative departments were not complying with these instructions. As of March 2008, *suo motu* explanatory notes on 237 paragraphs of these Audit Reports were outstanding from various departments.

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 32nd Report of the PAC and six months in 33rd Report. Review of 13 Reports of the PAC involving 14 departments (containing recommendations on 52 paragraphs of Audit Reports) presented to the Legislature between April 1995 and December 1997 (10 reports), in June 2000 (one report), April 2005 (one report) and April 2007 (one report) revealed that none of these departments sent the ATN to the Assembly Secretariat as of September 2008. Thus, the fate of the 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 the Government in October 2008; reply had not been received (November 2008).

4.15 Lack of response to Audit

The Meghalaya Financial Rules, 1981 provide for prompt response by the executive to the Inspection Reports (IR) issued by the AG to ensure rectificatory action in compliance with 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 AG through a half-yearly report of pending IRs to facilitate monitoring of the Audit observations and take appropriate corrective action.

Nine Audit Committee meetings were held during 2007-08 wherein 617 audit paragraphs relating to transactions of civil departments were discussed and 329 paragraphs settled.

At the end of March 2008, 828 IRs involving 2,570 paragraphs pertaining to the period 1986-87 to 2008 were outstanding.

⁽⁹⁾ Audit Report for the year 2006-07 was placed before the State Legislature on 12 May 2008.

Lack of response to Audit indicated inaction against the defaulting officers, and facilitated continuation of serious irregularities and loss to Government even after being pointed out in audit.

It is recommended that the Government look into this matter and revamp the system to ensure proper response to the audit observations from the departments in a time bound-manner.