

CHAPTER – IV

AUDIT OF TRANSACTIONS

4.1 Misappropriation / Loss

FOREST, ENVIRONMENT AND WILDLIFE MANAGEMENT DEPARTMENT

4.1.1 Undue favour in acquisition of a private building resulting in wasteful expenditure

Entertaining of unsolicited offer for purchase of residential building, not required immediately, without proper survey of its physical condition resulted in wasteful expenditure of Rs. 16.60 lakh.

Based on an unsolicited offer received (May 2000) from an individual¹ offering sale of his building located at Namchi, South Sikkim, the Principal Chief Conservator of Forest cum Secretary (PCCFS) initiated (September 2000) a proposal for its purchase stating that the building was immediately required to provide residential accommodation to two Divisional Forest Officers of Social Forestry and Wildlife Circles and to house Range Offices of Land Use and Social Forestry Ranges of Namchi Division. Audit observed that this requirement was projected only after receipt of this unsolicited offer and not before that.

The State Government had constituted (April 1996 / March 2001) a Screening Committee (SC)² to examine and clear proposals for acquisition of new office buildings by various State Government Departments. On examining the above proposal of the PCCFS, the SC sought (December 2001) justification for purchasing such a building with reference to its existing strength of staff/officers at Namchi and proposed expenditure to make the building suitable for residential purpose etc. On receipt of reply (March 2002), the SC referred (April 2002) the matter to the Finance Department for detailed examination.

The Finance Secretary advised (April 2002) “floating of tender for wider publicity and for the sake of transparency”. The PCCFS accordingly published (May 2002) a notice inviting offers, however, conditions/stipulations of proposed building were so tailored that it almost matched the specifications of the building already proposed by them. Expectedly, Shri Phurden Lepcha whose offer was already with the Department, sent his offer and the same was placed again before the SC.

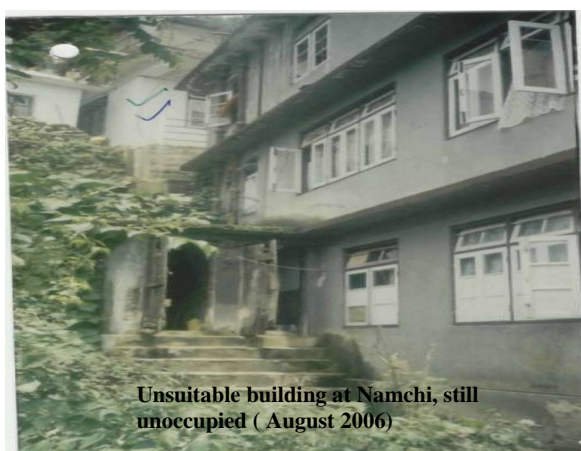
¹ Phurden Lepcha, a resident of Namchi, South Sikkim and son of the incumbent the then Forest Minister of the Government of Sikkim Shri D.T. Lepcha.

² Comprising the Chief Secretary/Addl. Chief Secretary as Chairman and Development Commissioner, Finance Secretary, Secretary to the Chief Minister, District Collectors & Secretary, Building and Housing Department as members.

The PCCFS categorically stated (May 2002) that the building was approachable by road and had provision for electricity and water supply and that no additional cost would be required to make the building habitable for residential purposes. The SC, however, observed (August 2002) that the expenditure on acquisition of the private building would be wasteful in view of construction of residential quarters and mini-secretariat building at Namchi by Building & Housing Department with the same objective of accommodating Government employees and officers located in the district.

However, despite such repeated rejection of the proposal by the SC, the PCCFS went ahead and acquired (December 2002 / March 2003) the private building at a cost of Rs. 16.60 lakh by obtaining the approval and sanction (November 2002) of the Cabinet.

Though the Department stated (February 2005) that the first and the second floors of the building had been allotted to two DFOs of the Land Use and Wildlife Divisions during February 2004 and the ground floor was being used to accommodate two Range offices of the Social Forestry and



Unsuitable building at Namchi, still unoccupied (August 2006)

Land Use divisions, physical inspection (August 2006) of the building by officers of the Forest, Environment and Wildlife Management Department (FEWD) in the presence of Audit revealed that the building was in a bad state of repairs with no approach footpath to the building, no parking space for vehicles and no provision for supply of water and electricity; it was temporarily occupied by the muster roll staff of the Department.

Thus investment of Rs. 16.60 lakh proved unfruitful and wasteful and the purpose for which the building was purchased was defeated as the decision of the PCCFS was only meant to benefit the seller.

In reply, PCCFS, FEWD while accepting the Audit observation, stated (August 2006) that effort would be taken to restore/repair the building to make it suitable for accommodating the proposed offices³ and residential quarters for ministerial staff.

The matter needs to be investigated by the State Government.

³ Office of the Range Officer (Social Forestry and Land Use)

HUMAN RESOURCE DEVELOPMENT DEPARTMENT

4.1.2 Fictitious utilisation of rice

Fictitious utilisation of 11,440.34 quintals of rice costing Rs. 91.52 lakh under the Mid-Day Meal Scheme, besides violation of Supreme Court's direction for providing cooked meal for specified school days.

The State Government through the Human Resources Development Department (HRDD) approved implementation of the Mid-Day Meal (MDM), a Centrally sponsored scheme with effect from 25 August 2003. The scheme provided for free supply of food grains from the nearest godowns of Food Corporation of India (FCI) at the rate of 100 gm of wheat/rice per student per day, for the children of primary stage (Class I to V) in Government schools.

Test check (October 2005 and May 2006) of records revealed that the Joint Directors of the districts had lifted 16,572.44 quintals and 21,265.90 quintals of rice from FCI godowns during the academic sessions 2004 and 2005 respectively and showed the entire quantity as utilised by various schools. Audit scrutiny, however, revealed huge gaps between the quantity of rice lifted and rice that could have been utilised on the basis of 85 per cent average attendance rate (AAR), fixed by the Department, as shown below:

Table 4.1

Year	Total no. of students enrolled	No. of students attended schools as per AAR	No. of school days	No. of school days MDM was distributed	Value of actual utilisation of rice @ 100 gm per student per day (quintals)	Quantity lifted from FCI (in quintals)	Unaccounted difference (quintals)
<i>a</i>	<i>b</i>	<i>c</i>	<i>d</i>	<i>e*</i>	<i>f</i>	<i>g</i>	<i>h</i>
2004	98,259	83,520	217	160	13,363.00	16,572.44	3,209.44
2005	98,934	84,094	222	155	13,035.00	21,265.90	8,230.90
Total	1,97,193	1,67,614	439	315	26,398.00	37,838.34	11,440.34

$$*e = c \times d \times 100 / 10^5$$

From the above table, it was evident that 11,440.34 quintals of rice costing Rs. 91.52.lakh⁴ remained unaccounted for.

Physical inspection (August 2006) by the Departmental officers in the presence of Audit and also interviews by Audit (September 2006) with the Principals / Headmasters of 27 schools revealed that the AAR was below 85 per cent; and MDM was distributed 4 days in a week for a total of 155

⁴ Value at the central issue price of FCI of Rs. 8.00 / kg from the Rangpo Depot for Public Distribution System purpose

to 160 days only during 2004 and 2005. Social Research Institute, New Delhi during a survey in February 2006 also recorded the AAR as 82.5 per cent.

Thus, utilisation of 11,460.30 quintals of rice worth Rs. 91.52 lakh was fictitious.

By distributing cooked meal only for 160 days in 2004 and 155 days in 2005, the Department also violated the Supreme Court's direction (November 2001) for providing cooked mid- day meal for 200 days in an academic year.

The matter was referred to the Department/ Government (August 2006); reply had not been received (November 2006).

The matter needs to be investigated by the State Government.

4.1.3 Fictitious expenditure by an NGO

Fictitious utilisation of funds of Rs. 12.35 lakh shown by an NGO under the Integrated Education for Disabled Children scheme and consequential denial of benefit to disabled children.

Based on the proposal (August 2002) of the Human Resource Development Department (HRDD), Government of Sikkim, Union Ministry of Human Resource Development (MHRD) approved and sanctioned (September 2002) Rs. 24.70 lakh for implementation of the Integrated Education for Disabled Children (IEDC) scheme, a 100 per cent Centrally sponsored scheme, for a target group of 488 disabled children in 40 identified Government schools in Sikkim. The MHRD accordingly released Rs. 12.35 lakh as first installment in September 2002.

The Principal Secretary, HRDD with the approval of the Minister decided (November 2002) to implement the scheme through Helping Hands Organisation (HHO), a local Non Governmental Organisation (NGO). Although in terms of the Memorandum of Understanding (MOU) signed (March 2003) between Government of Sikkim in the HRDD and the HHO, the HHO was to be provided grant by HRDD on quarterly / half yearly basis only, the entire amount of Rs. 12.35 lakh received from GOI as first installment was paid (March 2003) as advance to the HHO at one go. The HHO after expending the entire fund (Rs. 12.35 lakh) by March 2003 closed (August 2005) the project on the ground of non-receipt of funds as the GOI did not release the remaining funds due to non-furnishing of Utilisation certificate by the HRDD for the first installment.

Scrutiny of records in Audit revealed (August 2006) that the figures projected by the Principal Secretary, HRDD with regard to the number of disabled children (488) was for 223 schools all over the State, and not just the 40 schools identified by the Department.

Joint physical inspection (August 2006) of the schools and interview with the Principals / Headmasters (where this scheme was supposed to have been implemented by the NGO) of 42⁵ schools (out of the 223), by the officials of the HRDD in the presence of Audit also revealed that the scheme was not implemented in any of the schools during 2002-03 and 2003-04 by the HHO indicating that the expenditure of Rs. 12.35 lakh shown utilised by the HHO for 488 beneficiaries was fictitious. The scheme was actually found to have been implemented only during June 2004 to July 2005 in just one school, Chujachen Senior Secondary School, where there were only 10 disabled children.

Thus fictitious utilisation of Rs. 12.35 lakh and subsequent closure of the project by the HHO led to denial of benefits to the disabled children besides loss of second installment of Rs. 12.35 lakh and subsequent funding by the GOI.

The Secretary, HRDD in reply stated (July 2006) that the Department was taking measures to ensure proper and smooth running of the project by formulating more effective strategies to be adopted as soon as the Annual Plan 2006-07 was approved by MHRD, GOI. This indicated complete lack of information about the actual state of affairs in so far as the implementation of the scheme on the ground / field was concerned.

The matter needs to be investigated by the State Government.

4.2 Infertuous / Wasteful expenditure

ANIMAL HUSBANDRY, LIVESTOCK, FISHERIES AND VETERINARY SERVICES DEPARTMENT

4.2.1 Infertuous expenditure

Expenditure of Rs. 39.86 lakh on establishment of a Poultry Farm was rendered infertuous as the farm closed down its operations after running for only a year due to poor management.

The GOI sanctioned (August 2000) Rs. 45 lakh for establishment of a backyard Poultry Farm at Chujachen under the *cent per cent* Centrally sponsored scheme "Assistance to State Poultry Farms". The scheme envisaged maintenance of breeding stock of poultry birds requiring low input technology and backed by adequate health coverage for the birds. The scheme was targeted to benefit marginal farmers, landless labourers, women in groups and other socially backward sections of the society.

⁵ 12 schools out of the sample of 42 pertained to the list of original 40 schools included in the Department's proposal to the GOI.

The Animal Husbandry, Livestock, Fisheries and Veterinary Services (AHLFVS) Department incurred Rs. 39.86⁶ lakh during 2001-03 for establishment and running of the farm without first identifying the targeted beneficiaries as envisaged under the scheme.

Audit scrutiny (August 2005) revealed that the poultry farm commenced operations during August 2002 with 908 birds, of which, 574 birds (63 *per cent*) were recorded as dead, 318 birds were sold and the balance 16 birds could not be accounted for as of August 2005. The farm recorded production of 5,126 eggs between February and August 2003 out of which 4,919 were shown sold, 57 eggs broken and the balance 150 eggs spoiled. The farm closed down (August 2003) with no birds and eggs. No effort was made thereafter to revive the Farm as of February 2006 and the staff were shifted out and re-deployed in other units of the Department.

Though the farm had purchased 12 Gas brooder equipment worth Rs. 1.74 lakh, the Chief Veterinary Officer (CVO), who was in charge of the farm, had not initiated any action to prepare a stock of breeding chicks so that they could be used for multiplication of birds in the farm subsequently. The CVO also failed to contain the mortality rate to the minimum, which was very high at 63 *per cent*. Thus, the Department's failure in initiating appropriate and timely measures to maintain a breeding stock of poultry birds for multiplication rendered Rs. 39.86 lakh on establishment of the poultry farm infructuous and wasteful, besides denial of the intended benefits to the targeted group under the scheme.

In reply, Secretary of the Department attributed (May 2006) the non-functioning of the farm to out break of some uncontrollable disease leading to heavy mortality and defect in construction of building and further added that the farm was being revived. The reply is not tenable as the CVO records did not reveal any single instance of bringing such a matter either to the notice of higher authority or initiating any corrective action himself to contain the problem.

HUMAN RESOURCE DEVELOPMENT DEPARTMENT

4.2.2 Wasteful expenditure

Improper and un-planned implementation of the 'Development of Sanskrit Education' scheme resulted in wasteful expenditure of Rs. 1.30 crore.

In response to the GOI's *cent per cent* assisted scheme of "providing facilities for teaching Sanskrit in secondary schools" under the "Development of Sanskrit education" scheme, the Commissioner-cum-Secretary, Human Resource Development Department (HRDD), Government of Sikkim submitted (July 2001) a proposal to the GOI for appointment of 29 Post

⁶ Civil Works (Rs.19.46 lakh), Equipments (Rs.15.05 lakh), feed (Rs.4.64 lakh), procurement of hatching eggs (Rs.0.50 lakh) and miscellaneous expenditure (Rs.0.21 lakh).

Graduate and 29 Graduate Sanskrit teachers. However, GOI approved (November 2001) appointment of 14 Post Graduate and 15 Graduate Sanskrit teachers only and accordingly sanctioned and released Rs. 40.02 lakh (March 2002), Rs. 43.84 lakh (March 2005) and Rs. 46.14 lakh (January 2006) towards their salaries.

To implement the scheme, the HRDD, with the concurrence of Finance Department, created (September 2002) 14 posts of Post Graduate Sanskrit teachers and 15 posts of Graduate Sanskrit teachers in as many number of schools and appointed the teachers in February 2003.

Audit scrutiny revealed (November 2005) that (i) prior to this appointment, no Sanskrit teacher had ever been appointed in any Government school in Sikkim since Sanskrit was not taught as an elective or as a regular language subject in any of the Government schools in the State; (ii) one of the conditions laid down by the GOI for appointment of Graduate / Post- Graduate Sanskrit teachers was that the teachers should possess degree/diploma in teaching besides being graduate/post graduate degree holders in Sanskrit, but, the appointees did not possess any degree or diploma in teaching indicating that they were not even qualified teachers; (iii) while text-books and question papers on all subjects (*including vernacular*) were being demanded for and accordingly arranged by the Secretary, HRDD as per the prescribed indenting procedure in place, none of the Government schools indented for Sanskrit text-books or question papers. Sanskrit text-books / question papers were also not arranged by the HRDD on its own.

It was further seen that Sanskrit had not been recognised by the HRDD as an elective/language subject for the Board Examinations at the end of Classes VIII, X and XII as of November 2005 (also accepted by the Department in its reply dated April 2006). As a consequence, the question of any student offering Sanskrit as a subject in the aforesaid Board Examinations did not, therefore, arise and also Sanskrit was not being taught in the primary classes in any of the schools as of February 2006. Therefore, the possibility of students choosing this subject at the secondary school stage or even at the higher level in future was remote.

Inspection (August 2006) of the schools by the Joint Director (East), HRDD in the presence of Audit and interviews (September 2006) with the School Principals and Headmasters of 12 Schools in the East district, besides corroborating the above Audit findings, further revealed that (i) Sanskrit teachers were sent to the schools with the appointment order but without any guidelines and instructions to the school Principals / Headmasters of the schools regarding their deployment and teaching of the language; (ii) the Sanskrit teachers were mainly engaged in teaching vernacular languages (Hindi & Nepali), attending games classes and standing in for absentee teachers. Sanskrit teaching constituted a few classes in a week which was largely informal due to non-prescription of syllabus and non-availability of books and reference materials for the students. The Sanskrit teachers made their own arrangement of the teachers' copy of reference book. Thus, the HRDD had taken up the scheme without proper planning and need analysis

and without even carrying out rudimentary groundwork for successful implementation of the new scheme in the State, merely to avail 100 per cent funding by the GOI. This rendered the expenditure of Rs. 1.30 crore (March 2003 to March 2006) towards salary and allowances of these 29 Sanskrit teachers wasteful. Further, the possibility of this wasteful expenditure continuing as the teachers had already been appointed on regular basis though the scheme was solely dependent on GOI assistance to sustain itself, cannot also be ruled out.

In reply, Secretary, HRDD stated (April 2006) that all the Sanskrit teachers posted in secondary and senior secondary level schools possessed Sastri and Acharya degrees which is equivalent to BA and MA degrees respectively in formal education system. The Department further added that internal assessment was being conducted and it was seriously being considered to supply proper teaching materials and introduce Sanskrit in lower classes in future. The reply is not tenable since the scheme guidelines prescribed degree/diploma in teaching besides graduate/post graduate degree in Sanskrit as eligibility criteria for appointment as Sanskrit teacher. Further, the planning sought to be done now or in future should actually have been done while submitting proposal to GOI and appointing the teachers.

POLICE DEPARTMENT

4.2.3 Unwarranted expenditure on procurement of additional vehicles

Unauthorised allotment of two vehicles each to 15 Police officers without entitlement for a second vehicle led to avoidable expenditure of Rs. 64.33 lakh.

Test check of records of the Director General of Police (DGP), for the period from July 2004 to April 2005, revealed (July 2005) that in contravention of the State Government's (Home Department) notification (January 1997) to allot one vehicle for officers of rank/ level of Additional Secretary/ Joint Secretary, the DGP allotted 15 officers of the rank of Superintendent of Police (SP) and above two vehicles each from 'Modernisation of State Police Forces (MSPF)' (Rs. 44.42 lakh) and North-East package (Rs. 3.6 lakh) of GOI fund and State's normal budget (Rs. 16.31 lakh).

No driver was recruited for driving the additional vehicle and no log book was maintained to record the movement of these vehicles. But vehicle charges at Rs. 500 per month (Rs. 1,000 for two vehicles) was deducted from the salary of the respective officers indicating that the additional vehicle was provided for the private use of the officers concerned. Approval of Home Department (Administrative Department) was also not obtained for this transgression.

Thus, allotment of additional vehicles to the police officers was not only without authority, entitlement and valid justification but also injudicious rendering the expenditure of Rs. 64.33 lakh towards purchase of these vehicles avoidable.

The reply (May 2006) of the DGP that allotment of vehicles was made to Sikkim Police as per the scale prescribed by the Bureau of Police Research & Development (BPR&D) is not tenable as the BPR& D norms did not prescribe allotment of additional vehicles to police officers for their personal use and approval of Home Department was also not obtained before making such additional allotment.

SCIENCE AND TECHNOLOGY DEPARTMENT

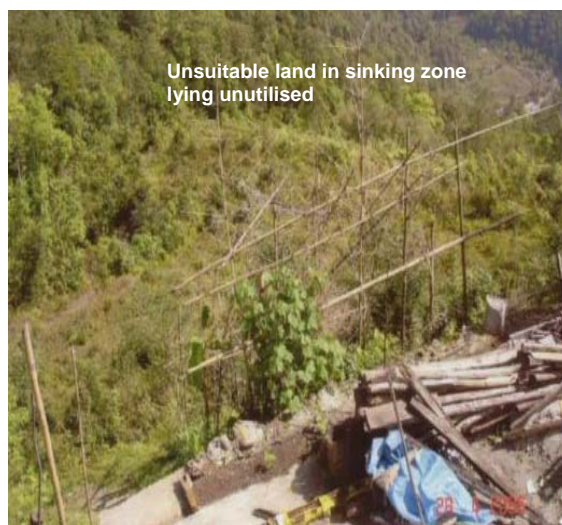
4.2.4 Undue favour in purchase of an unsuitable land resulting in wasteful expenditure

Undue favour to a seller by the Department in purchase of his unsuitable land, despite negative reports from the Mines & Geology Department led to wasteful expenditure of Rs. 65.76 lakh.

With the objective of establishing a Planetarium and Science Complex in the State, a High Powered Committee approved (15 April 1998) acquisition of six to 10 acres of land.

On receipt of an unsolicited offer (22 May 1998) from one Shri Palzor Lachungpa to sell his land for the purpose, the Executive Committee of the State Council of Science and Technology requested for a report (December 1998) on soil stability from the Mines & Geology Department (MGD) before taking any steps for acquisition of the land. The MGD in its report (January 1999), indicated that the proposed land was unsuitable for establishment of the Science Complex in its present condition (with a relative stability rating of 3 only).

Despite being aware of the unsuitability of the land, Science and Technology Department acquired 1.9120 hectares of the land at a cost of Rs. 65.76 lakh⁷ in March 1999. Subsequent soil test and geological engineering appraisal (August 2001) by a Kolkata based firm⁸ selected by the Birla



⁷ Rs.25 lakh paid in March 1999 & Rs.40.76 lakh paid in September 1999.

⁸ S.K.Mitra & Associates, Kolkata

Institute of Technology Museum (BITM), Kolkata also observed that the land was located in a sinking zone unsuitable in its present state for heavy construction.

Six years after acquisition of the land, the Department finally (April 2005) abandoned the idea of establishing the proposed Planetarium and Science Complex in the said location and decided to shift to another location at Marchak, East Sikkim which, however, had not materialised till date (August 2006). Thus, the decision of the Department in acquiring the said land despite negative report (January 1999) from the MGD resulted in wasteful expenditure of Rs. 65.76 lakh, besides undue favour to the seller.

In reply, the Department stated (April 2006) that it was proposing to set up the Sikkim Bio-technology Centre at the site. However, as of September 2006, the land still remained vacant as revealed during physical verification (April 2006) by the officers of the Council in the presence of Audit.

The matter needs to be investigated by the State Government.

4.2.5 Unfruitful expenditure

Improper planning and flawed conceptualisation of the 'Gem Cutting Training Centre' by the State Council of Science and Technology led to unfruitful expenditure of Rs. 12.63 lakh.

The State Council of Science and Technology (SCST), Sikkim submitted (October 1997) a proposal to the Ministry of Science and Technology, Government of India for establishment of a 'gem-cutting centre' for providing training facilities to rural women in gem-cutting so that they could be developed into entrepreneurs who could, after being trained, install the machines at their houses, work in their free time or employ other workers and earn their livelihood. According to the Detailed Project Report (DPR) (1997), the SCST formulated the project after wide ranging consultations with various development departments, industries and NGOs and envisaged both forward and backward linkages with Sikkim Jewels Ltd., and projected enormous social benefit to rural women and other weaker sections of society for gainful employment.

The Government of India (GOI) sanctioned (October 1998) Rs. 19.66 lakh for the project and released Rs. 18 lakh in two installments of Rs. 10 lakh (November 1998) and Rs. 8 lakh (May 2002). The second installment was received even when the first installment had not been fully utilised by the SCST.

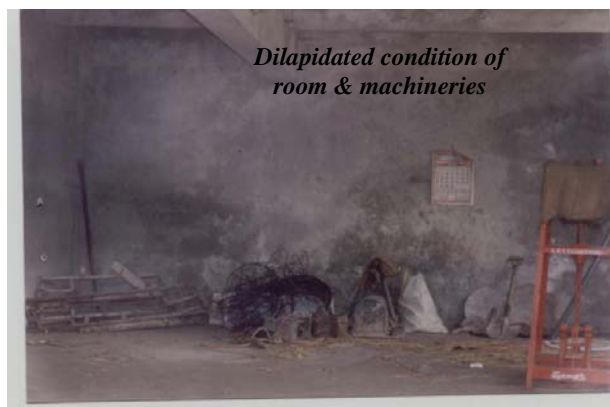
Audit scrutiny (July 2005) revealed that after incurring an expenditure of Rs. 12.63 lakh⁹, the venture could not take off for want of trained manpower, difficulty in procurement of raw materials, marketing of products etc. These constraints were required to have been identified by the SCST before proposing the project to Government of India for funding. But the project

⁹ Equipments (Rs. 5.06 lakh), Salaries, Wages (Rs. 5.57 lakh), and workshop (Rs.2 lakh)

proposed by the SCST had failed to address these fundamental and critical issues. Scrutiny of the DPR in Audit revealed that the same was prepared without undertaking any field survey and without reference to the actual ground realities.

As an alternative, the SCST decided (November 2003) to switch over to another project *i.e.*, “Khada¹⁰ (scarf) Training Centre”. The Government of India, however, turned down (May 2004) the switch over proposal and instead, instructed the SCST to refund the balance of Rs. 5.38 lakh.

Thus, failure of the SCST to address fundamental and critical issues relating to the project at the conception stage itself led to the entire expenditure of Rs. 12.63 lakh incurred on the project as of March 2005 being rendered unfruitful, besides denial of any benefit to the targeted group of rural women.



Physical verification (May 2006) of the workshed carried out by the officers of the council in the presence of Audit revealed that the workshed was in an absolutely dilapidated condition as can be seen from the photograph. The doors and glass panes of the windows were not fitted and the leaf cup making machine was dumped in one room.

In reply, the Department stated (April 2006) that the project could not take off as most of the staff employed for the project left mid-way and the remaining staff were asked to leave as the project came to an abrupt end. The reply, however, did not address the issue as to why detailed field survey was not undertaken at the stage of formulation of the DPR and ground realities analysed before taking up the project.

TRANSPORT DEPARTMENT

4.2.6 Wasteful expenditure on Smart Card System

Hasty decision to switchover from one system to another and then to another without adequately analysing the need resulted in wasteful expenditure of Rs. 34.68 lakh on Smart Card System.

The General Manager, SNT¹¹ moved (January 2004) a proposal to replace the existing system of issuing pre-paid paper coupon for issue of petrol, diesel and

¹⁰ Khada is a kind of customary scarf, which is used, in almost all social functions, as a mark of respect in local tradition.

¹¹ Sikkim Nationalised Transport (Transport Department)

mobil oil to Government officers who are entitled for use of Government vehicles by introducing a Smart Card System (SCS), similar to that of the ATM system of banking at Rs. 29.58 lakh. The Cabinet approved (January 2004) the proposal.

After one year of operation, the Private Secretary to Chief Secretary proposed (January 2005) resumption of the old system on the ground that the SCS allowed drawal of petrol from only a limited number of pumps in Gangtok where the system was installed.

The Finance Department sought (21 March 2005) reconsideration of the matter and proposed adoption of cash payment on monthly basis in lieu of SCS on ground of inconvenience to the user Departments and non-accrual of any benefit to SNT. The proposal was approved (31 March 2005) by the Chief Minister and the new (the third one) system of cash payment in lieu of Smart Cards was introduced (April 2005).

The SNT had, meanwhile, incurred Rs. 34.68 lakh on installation of the SCS by May 2004 as against the Cabinet Sanction of Rs. 29.85 lakh in January 2004. Thus, the decision to switchover from one system to another and then to another was very hasty, not based on adequate need and problem analysis and inputs from various users there by rendering the entire expenditure of Rs. 34.68 lakh incurred as of May 2004 on introduction of the SCS wasteful.

The Principal Secretary, Transport Department, while accepting that the SCS was functioning smoothly, stated (March 2006) that the system was discontinued in view of inconvenience to many Departments especially the VIPs and touring officers as this facility was not available outside the State. The reply reinforced the Audit contention that the Department had switched over from one system to another without adequate analysis of need and problems and without obtaining adequate inputs from various users. The Principal Secretary, Finance, Revenue and Expenditure Department reiterated (August 2006) the reply of Transport Department, resulting in wasteful expenditure of Rs. 34.68 lakh.

URBAN DEVELOPMENT AND HOUSING DEPARTMENT

4.2.7 Infertuous expenditure and loss of revenue

Construction of houses for providing shelter to the urban poor without pre-construction demand survey, inordinate delay in fixing the allotment criteria and non-identification of genuine beneficiaries resulted in infertuous expenditure of Rs. 47.71 lakh.

With a view to uplifting the living conditions of the urban poor, the Urban Development and Housing Department (UDHD) took up 'construction of double storied houses with RCC frameworks' having two bedrooms and a kitchen, under the 'Twenty Points Programme of Social Housing'. The State

Cabinet approved (March 2001) construction of 28 such units alongwith six-seater public toilets at Rangpo, Rongli and Mangan at a cost of Rs. 47.71 lakh. The construction work commenced in March 2001 and was completed between March 2002 (Rangpo and Mangan) and December 2002 (Rongli).

Inspection (March-April 2006) of the housing units by Departmental authorities in presence of Audit revealed that all the housing units were lying idle in dilapidated condition, had no water supply and electricity connection and were yet to be occupied.

Test check of records of the Secretary, UDHD revealed (October 2004) that the Department had neither fixed the allotment criteria nor conducted any demand assessment before commencing construction. It was only as late as March 2005 the Department issued the notification specifying the criteria for allotment of these houses, that is after a lapse of five years from the commencement of the construction and more than three years after completion of the same. The reason for the delay in fixing the allotment criteria was attributed (April 2006) by the Department to constant change/transfer of the dealing officers. This reason however was not justifiable as there was only one change in the post of Head of the Department and one in that of Additional/ Special Secretary who dealt with the Social Housing Programme during the period from March 2003 to March 2005. Further, even after the finalisation of allotment criteria, identification and selection of genuine beneficiaries had not (as of March 2006) been completed (in case of Rangpo) due to inordinate delay (ranging upto 312 days) by local MLAs in sending their recommendations of beneficiaries to the Department which was the practice in vogue.

Thus, due to non-assessment of demand before starting construction, inordinate delay in fixing the allotment criteria by the Department and non-identification of genuine beneficiaries, expenditure of Rs. 47.71 lakh incurred on construction of houses meant for providing shelter to the urban poor remained infructuous for more than three years after completion of the units. Besides, the Department also sustained an estimated loss of Government revenue to the extent of Rs. 1.87 lakh¹² as of March 2006 on rent due to non-occupation of these houses.

The matter was reported (June 2006) to the Department/ Government; reply is awaited (August 2006).

¹² Rangpo @ Rs. 150 X 16 units X 48 months (w.e.f April 2002 to March 2006) = Rs. 1,15,200
Mangan @ Rs. 150 X 4 units X 48 months (w.e.f. April 2002 to March 2006) = Rs. 28,800
Rongli @ Rs. 150 X 8 units X 36 months (w.e.f January 2003 to March 2006) = Rs. 43,200
Total Rs. 1,87,200

ZILLA PANCHAYAT, NORTH DISTRICT

4.2.8 Wasteful expenditure on establishment of a cardamom drying system

Fundamental flaws in the conception stage in the proposal aggravated by absence of a proper feasibility study while establishing a 'Radio Frequency Drying System' at Mangan, for drying of large cardamom fruits ultimately led to wasteful expenditure of Rs. 81.19 lakh.

The Adhyaksha, North District Zilla Panchayat (NDZP) submitted (March 2000) a proposal to the Secretary, Union Ministry of Information Technology (MIT) for assistance to set up a 'Radio Frequency Drying System' (RFDS) at Mangan (district headquarter of the North district) with the help of technology developed by the Society for Applied Microwave Electronic Engineering and Research (SAMEER), Mumbai, for providing a scientific system of drying large cardamom fruits grown extensively in the North District of the State. It was envisaged in the proposal that after the existing traditional furnaces brought down the moisture content of the raw cardamom from a level of 85 to 25 *per cent*, the product could be further processed faster than the traditional method in the RFDS to bring down the moisture content to the desired level of 8 to 10 *per cent* without losing natural colour and aroma of cardamom fruits. Thus, a high quality end product could be ensured which would fetch better price to the farmers.

As directed by the MIT, the SAMEER in consultation with NDZP prepared (May 2000) a project proposal for the NDZP which was approved by the GOI on December 2000 at a total outlay of Rs. 75.50 lakh, subsequently enhanced to Rs. 81.19 lakh in March 2002.

Test check (October 2004) of records of the Adhyaksha, NDZP revealed that though the project was finally completed in December 2002 at the approved outlay of Rs. 81.19 lakh (which was met by the GOI as a grants-in-aid to the NDZP), the NDZP had not yet taken over the system as of August 2006 despite insistence by GOI, on the ground that the system could be put to use only after a pre-drier and washing unit was installed. As of August 2006, the system remained completely idle as no action was taken to make it functional.

Audit observed that the project was fundamentally flawed right from the conception stage. The proposition that the initial drying of the cardamoms would be done by the farmers themselves using firewood to bring down the moisture content to 25 *per cent* level and thereafter the product would be brought to the Radio Frequency Drying System for further drying proved impractical leading to wasteful expenditure of Rs. 81.19 lakh on design and development of the system besides deterioration of the equipment due to prolonged non-use.

In reply, Adhakshya (NDZP) stated (May 2006) that pending conduct of mass trials on cardamom by the SAMEER and construction and testing of pre-

driers, NDZP was not in a position to take over the running and maintenance of the project drier. The reply is not tenable as the NDZP and SAMEER should have carried out proper feasibility study using prototypes prior to setting up of the full-fledged Radio Frequency Drying System to save such huge unproductive expenditure (as of August 2006) later and mass trials should have been conducted immediately after completion (December 2002) of the project.

4.3 Undue benefit

HUMAN RESOURCE DEVELOPMENT DEPARTMENT

4.3.1 Avoidable payment of consultancy fees

Failure to modify the effective date of operation of contract and payment of consultancy fees beyond the contractual period resulted in avoidable payment of Rs. 40 lakh as consultancy fees to the NBCC.

The Project Director (PD), Directorate of Technical Education signed (November 2002) an agreement with the National Buildings Construction Corporation (NBCC) for providing architectural Consultancy-cum-Project Management Services for two World Bank aided construction projects¹³ for a period of 24 months (effective 22 November 2002) at a total contractual cost of Rs. 77.32 lakh¹⁴, payable at 3.95 per cent of the value of work done or Rs. 2.50 lakh per month, whichever was higher. Further, if the work extended beyond the period of contract (with NBCC) due to unforeseen reasons or reasons not attributable to the NBCC, then the latter were to be paid fees of Rs. 2.50 lakh per month for the extended period.

The first project (CCCT at Chisopani) was to be completed within 24 months from date of signing the agreement (August 2002) with the executing contractor, M/s Simplex Projects Ltd., Kolkata.

Test check of records revealed (June 2005 / March 2006) that due to delay¹⁵ in handing over site to the executing contractor, (M/s Simplex Projects Ltd., Kolkata) the work was subsequently reckoned to have been commenced from 2 January 2003 and accordingly the date of its completion was reckoned as 1 January 2005. The work, however, actually commenced from February 2003, after a delay of one month after the revised date. But the PD, Directorate of Technical Education, failed to modify the effective date of operation of the Consultancy-cum-Project Management Services contract with the NBCC, accordingly.

Even after the delayed commencement of the works (February 2003), the executing contractor failed to adhere to the completion schedule of 24 months

¹³ (i) Centre for Computer and Communication Technology (CCCT) at Chisopani, South Sikkim and (ii) Advance Technical Training Centre (ATTC) at Bardang, Singtam

¹⁴ Consultancy fee = 3.95% of Rs. 19.58 crore (Work Value)

¹⁵ Due to i) existence of standing trees at the work site & ii) absence of water supply.

and the work still remained incomplete as of March 2006, leading to a total delay of 16 months¹⁶ while the NBCC was paid Consultancy cum Project Management Services right from January 2003 to March 2006.

Thus, besides non-accrual of intended benefits from the project on time, the delay resulted in avoidable payment of Rs. 40 lakh¹⁷ towards consultancy fees to the NBCC.

URBAN DEVELOPMENT AND HOUSING DEPARTMENT

4.3.2 Undue benefit to contractors

Failure of the Department in not deducting the cost of stones available at site from two contractors' bills and allowing carriage for these stones and spoils resulted in undue benefit of Rs. 43.60 lakh to the contractors.

The work 'Construction of storm water drain along NH 31 'A' from White Hall to Ranipool Bridge' (12.83 Km) was awarded (June 2003) to two¹⁸ contractors in two parts for Rs. 3.42 crore (at 20 per cent above the tendered amount) and Rs. 2.02 crore (at 18 per cent above the tendered amount) respectively. The items of work *inter-alia* included hill cutting and excavation of foundation trenches in three categories of earth profiles, viz. i) mixed soil, ii) soft rock and iii) hard rock.

The entire stretch (12.83 km) of this work lay on the hill-ward side of the National Highway 31A. The rock cutting works were, therefore, to be carried out manually (by chiseling) and not by using detonators. Therefore, the entire quantity of stones obtained from such hill cutting and excavation of trenches in hard rock were to be salvaged for use in other items of works within the project as was originally envisaged while awarding the work.

It was, however, seen (October 2004) during Audit that although 10,007.85 cum (3,066.92 from first work + 6,940.93 from second work) of stone were available from hard rock cutting in these two works, no deductions towards these were made from the contractors' bills. Besides, the Department also allowed undue carriage cost for another 6,014.77 cum of stones to both the contractors amounting to Rs. 18.85¹⁹ lakh and 6,940.93 cum of spoils amounting to Rs. 11.97²⁰ lakh to the second contractor.

Thus, failure of the Department in not deducting the cost of stones available at site (from rock cutting) from the two contractors' bills and allowing

¹⁶ January'03 to February '03 (1 month) and January'05 to March'06 (15 months), total = 16 months

¹⁷ 16 months @ Rs.2.50 lakh per month = Rs.40 lakh.

¹⁸ Shri T. Lachungpa (first 7.11 Km) and Shri Megh Raj Pradhan (next 5.72 Km)

¹⁹ i) Shri T. Lachungpa (first 7.11 Km) Carriage of 1208.4842 cum stones: Rs. 5.20 lakh

ii) Shri Megh Raj Pradhan (next 5.72 Km) Carriage of 4806.2900 cum stones: Rs. 13.65 lakh

Total 6014.7742 cum stones: Rs. 18.85 lakh

²⁰ Shri Megh Raj Pradhan (next 5.72 Km) 2129.42 cum X Rs. 179.80 per cum plus 18 % above = Rs. 4.52 lakh

4811.51 cum X Rs.131.20 per cum plus 18 % above = Rs. 7.45 lakh

Total Rs.11.97 lakh

unnecessary carriage cost for stones and spoils resulted in undue benefit of Rs. 43.60²¹ lakh to the contractors.

The Department stated (June 2006) that the stone extracted from hard rock cutting could not be used due to small size, inferior quality and difficulty in stacking due to heavy traffic. The reply is not tenable as the same quality of stones obtained from hard rock-cutting was salvaged and utilised in another three stretches²² (150.10 cum, 759.72 cum and 948.00 cum) of the same work along the same National Highway and the cost of stones was deducted from the contractors' bills.

4.4 Idle Investment / Blocking of Funds

URBAN DEVELOPMENT & HOUSING DEPARTMENT

4.4.1 Delay in allotment of shops and revenue loss

Implementation of IDS&MT Scheme at Singtam was characterised by negligent vetting of the estimate by departmental engineers, idling of assets worth Rs. 1.45 crore besides revenue loss of Rs. 14.76 lakh.

The Urban Development and Housing Department (UD&HD) submitted (February 1998) a proposal for construction of a four storied shopping complex with 104 shop-rooms and 14 showrooms along with associated facilities in Singtam town at a cost of Rs. 98 lakh under 'Integrated Development of Small and Medium Towns' (IDS&MT), a Centrally sponsored scheme. The GOI, however, approved (March 1998) Rs. 72 lakh only for the project, thus necessitating exclusion of some structures (*Yatri Niwas*) from the original proposal of the State Government. The revised proposal was approved by the State Government in November 1998. The work was awarded (March 2000) at 32 *per cent* above the estimated cost with stipulation to complete the work within two years *i.e.* by March 2002.

Audit scrutiny revealed (November 2004) the following:

- After executing major portion of building works (Rs. 54.91 lakh), the Department revised (December 2001) the scope of work to Rs. 1.45 crore due to omission of provision for slabs in the first, second and the third floors in the original approved estimates, though the same had been vetted by qualified engineers (Junior Engineer, Assistant Engineer & Superintendent Engineer) of the Department.
- Completion of shopping complex was delayed by one year (from October 2002 to August 2003) without any valid reason.

²¹ First contractor (Sh T.Lachungpa) :Rs.10.21 lakh (cost of stone - Rs.5.01 lakh & carriage of stone - Rs 5.20 lakh).
Second contractor (Sh Meghraj Pradhan): Rs.33.39 lakh (cost of stone - Rs.7.77 lakh, carriage of stone - Rs 13.65 lakh & throwing of spoils - Rs.11.97 lakh).

²² 2 cases of hill- cutting and 1 case of excavation of foundation trenches (MB No. 350 & 626/UDHD) in respect of the first work (first 7.11 km)

- The construction of the building work was then scaled down to only three floors with 40 shop-rooms and was finally completed in October 2002 at Rs. 1.45 crore.
- Despite good response for the shop-rooms (on rental basis) from more than 100 applicants as of December 2002 and more than 200 applicants as of December 2004, the shops remained unoccupied owing to non-finalisation of allotment criteria by the Department till December 2004. Even after approval of allotment criteria by the Cabinet in December 2004 and of the rent structure for these shop-rooms in March 2005, the shop-rooms remained vacant as of August 2006.

Thus, non-allotment of the shop-rooms in time not only led to loss of potential revenue of Rs. 14.76 lakh²³ towards rent as of August 2006 but also led to idling of assets worth Rs. 1.45 crore for more than three years (August 2003 to August 2006).

While admitting the lapses in vetting the estimates, the Department stated (June 2006) that the allotment of shops to identified beneficiaries would be completed within a month (*i.e.* June 2006). However, subsequent physical verification by the Departmental officials in the presence of Audit revealed (August 2006) that the shops were yet to be allotted as of August 2006.

4.5 Regularity issues

CULTURE AND HERITAGE DEPARTMENT

4.5.1 Loss of interest

The Department suffered a loss of Rs. 12.14 lakh as interest due to injudicious and negligent investment decisions for shorter periods of time and failure to renew the fixed deposits in time.

With a view to strengthening and upgrading the network of public libraries in the country, the Eleventh Finance Commission (EFC) provided Rs. one crore to each State for State Level Libraries (SLL). In addition, Rs. 20 lakh were also provided to each district for upgradation of public libraries in the rural areas. The Culture and Heritage Department received Rs. 1.80 crore in 3 installments (2001-02: Rs. 1.07 crore, 2002-03: Rs. 0.35 crore and 2003-04: Rs. 0.38 crore) for this purpose.

The EFC guidelines, *inter alia*, enjoined upon the States to create a corpus fund, invest it and use the returns from it for purchase of books and periodicals every year on a sustainable basis.

Test check of records revealed (May/June 2005) that the Department invested these amounts (Rs. 1.07 crore, Rs. 0.35 crore and Rs. 0.38 crore) on 09 June 2002, 05 May 2003 and 02 December 2003 respectively as fixed deposits in

²³ Rs. 86,819 per month X 17 months = Rs. 14.76 lakh *i.e.* from April 2005 (after approval of rent structure by the Chief Minister) to August 2006

the State Bank of Sikkim (SBS) at interest rates ranging from 5.25 *per cent* to 6.75 *per cent* per annum for periods upto one year and earned interest of Rs. 36.12 lakh for the period from 09 June 2002 to 08 May 2006 from these fixed deposits. Audit scrutiny revealed that a higher rate of interest ranging from 5.75 *per cent* to 8.25 *per cent* available from the Bank by making the investment for a longer duration i.e more than a year had not been considered by the Department. Since the fund given by the GOI was meant to create a corpus, the Department could have invested this in fixed deposits for periods above three years and earned interest of Rs. 44.63 lakh. Failure to do this led to loss of interest of Rs. 8.51 lakh.

It was further seen that the Department failed to renew the fixed deposits on six occasions during February 2004 and July 2005 leading to break periods ranging from 77 to 95 days resulting in further loss of interest of Rs. 3.63 lakh. Thus, the Department suffered a total interest loss of Rs. 12.14 lakh as of 05 May 2006 due to injudicious investments for shorter periods of time and failure to renew the fixed deposits in time. Further, the Department had not even utilised the interest earned from investments of the corpus fund to fulfill the objectives of the scheme, *i.e.*, upgradation of public libraries, purchase of books, etc.

The Department, while accepting the Audit observation, stated (May 2006) that proposal for investment for longer period had been initiated. However, as of September 2006, no development had taken place.

HUMAN RESOURCE DEVELOPMENT DEPARTMENT

4.5.2 Irregular appointment of excess teachers

Decision of the Department to appoint 205 adhoc teachers without conducting any selection test and/ or interview was not only irregular but also led to recruitment of unsuitable candidates in excess of the requirement resulting in avoidable expenditure of Rs. 59.79 lakh.

Education Department²⁴ (Primary Teachers, Graduate and Post Graduate Teachers) Recruitment Rules 1991 (amended in February 2003) laid down the eligibility criteria for recruitment of teachers as per which the Human Resources Development Department (HRDD), was to fill up the vacant posts of teachers by inviting applications from interested and eligible candidates through advertisement in local papers and selection of teachers was to be made on the basis of written test and viva-voce.

Audit scrutiny of the records of the Secretary, HRDD, revealed (October 2005) that in violation of the above laid down norms, HRDD appointed (August 2005) 66 new Primary Teachers and 139 Graduate Teachers on adhoc basis for three months (upto 9 December 2005), purely on the recommendation of public representatives/Member of Legislative Assembly, without conducting any selection test and/ or interview to ascertain their suitability.

²⁴ Rechristened 'Human Resources Development Department'

It was further noticed that although there were 86 excess primary teachers in various Government schools in and around capital town of Gangtok in East District, the HRDD had appointed (August 2005) these 66 new primary teachers against the existing 30 vacancies in other districts leading to a total excess of 122 primary school teachers in regular (56) and adhoc (66) capacity.

Similarly 139 untrained Graduate Teachers were appointed (August 2005) to fill up the vacancies created due to retirement/promotion of regular teachers although they did not possess the desirable technical qualification of Bachelor of Education as was envisaged in Recruitment Rules. While doing so, the Department had also conspicuously not considered 191 teachers appointed under Sarva Shiksha Abhiyan during 2003-04 while computing the vacancies, for filling up these posts.

Thus, the decision of the Department to appoint 205(66 + 139) teachers on ad-hoc basis without conducting any selection test and/ or interview was not only irregular but also led to appointment of unsuitable teachers, far in excess of requirement, resulting in avoidable expenditure of Rs. 59.79 lakh on their pay and allowances.

In reply, Secretary of the Department stated (August 2006) that excess teachers have been re-deployed to rural areas where there were shortages.

In reply to a specific Audit query, the Department further stated (November 2006) that ad-hoc appointments were resorted to without conducting interview on the recommendations of the public representatives in the best interest of the students. The reply is not convincing as not only did it violate the Recruitment Rules in vogue but was also against the recent rulings (10 April 2006) of the Supreme Court which held that “vacancies cannot be filled up with adhoc appointment and that regular appointments have necessarily to be resorted to by following the recruitment Rules in order to fill up vacancies”.

The matter needs to be investigated by the State Government.

**LAND REVENUE AND DISASTER MANAGEMENT
DEPARTMENT**

4.5.3 Loss of interest to the Calamity Relief Fund due to non-investment of balances

Failure of the Relief Commissioner, Calamity Relief Fund to invest the available funds in accordance with the stipulated rules of the CRFS framed by Government of India resulted in loss of interest of Rs. 5.35 crore to the Fund, besides contravention of the guideline of the scheme.

According to the revised scheme of “Constitution and Administration of the Calamity Relief Fund and Investment there from” effective from 1 April 2000, periodical contribution to the Fund as well as other income of the Fund were

to be invested in one or more interest earning securities and deposits of Central Government or scheduled commercial/co-operative banks. In case it was not feasible to invest in the aforesaid manner, the amount could be kept in the Public Account of the State Government on which the State Government pays interest at one and half times of the rate applicable to overdraft under Overdraft Regulation Scheme of the Reserve Bank of India. The Public Accounts Committee (13th Lok Sabha) in its 28th Report also instructed the Ministry of Agriculture to direct the State Governments to follow the norms of investment scrupulously.

Scrutiny of records of Relief Commissioner, Calamity Relief Fund revealed (June 2004) that a total fund of Rs. 48.10 crore was released by GOI and the State Government during 2000-01 to 2004-05 as allocation towards the Fund. After utilisation of some funds towards relief measures during April 2000 to March 2005, the Department had at its disposal balances ranging from Rs. 2.38 crore to Rs. 14.46 crore which was available for investment according to the terms of the Calamity Relief Fund Scheme (CRFS) during this period. But the Department made a single investment of Rs. 2.50 crore only in November 2001 in the Sikkim State Co-Operative Bank Limited as fixed deposit. The State Government also failed to pay any interest to the Fund at the prescribed rate as per terms of the CRFS.

Thus, failure of the Relief Commissioner to invest the available funds in accordance with the stipulated rules of the CRFS, framed by Government of India, resulted in loss of interest of Rs. 5.35 crore to the Fund, besides contravention of the guideline of the scheme.

In reply (March 2006), the Additional Secretary of the Department, while accepting the Audit observation, stated that henceforth available balances would be invested in the State Co-operative Banks or any other nationalised Bank.

4.6 General

Audit arrangement for local bodies

4.6.1 Introduction

Autonomous bodies and authorities are set up to discharge generally non-commercial functions or public utility services. These bodies and authorities usually receive substantial financial assistance from the Government. The grants are intended essentially for construction and maintenance of educational institutions, hospitals and charitable institutions and improvement of roads and other communication facilities under the local bodies, besides others.

During 2005-06, financial assistance of Rs. 18.01 crore was released to various autonomous bodies and institutions, broadly grouped as under:

Table-4.2

(Rupees in crore)

Name of institutions	No. of sanctions	Amount of assistance given
Universities and Educational Institutions	09	1.14
Zilla Parishad and Panchayati Raj Institutions	18	0.27
Development Agencies	04	10.40
Hospitals and other Charitable Institutions	13	0.31
Other Institutions	176	5.89
Total	220	18.01

Source: Departmental figures.

4.6.2 Delay in furnishing utilisation certificates

The financial rules of the Government require that where grants are given for specific purposes, certificates of utilisation should be obtained by the departmental offices from the grantees and, after verification, these should be forwarded to the Accountant General within one year from the date of sanction unless otherwise specified.

Out of 220 utilisation certificates aggregating Rs. 18.01 crore involving 33 departments only 140 certificates aggregating Rs. 14.06 crore were received by the grant releasing departments by September 2006 and 80 certificates pertaining to six departments for Rs. 3.95 crore were in arrears. Department-wise and age-wise break-up of outstanding utilisation certificates was as follows:

Table-4.3

(Rupees in crore)

Department	More than 1 year but less than 2 years		More than 6 months but less than 1 year		Total	
	No. of certificate	Amount	No. of certificate	Amount	No. of certificate	Amount
Food Security & Agriculture Development	12	0.07	Nil	Nil	12	0.07
Cultural Affairs & Heritage	31	0.48	24	0.44	55	0.92
Health Care, Human Services and Family Welfare	04	0.10	04	2.66	08	2.76
Horticulture and Cash Crops Development	Nil	Nil	02	0.04	02	0.04
Sikkim Legislative Assembly	01	0.05	Nil	Nil	01	0.05
Sports & Youth Affairs	Nil	Nil	02	0.11	02	0.11
Total	48	0.70	32	3.25	80	3.95

4.6.3 Audit arrangement

The primary Audit of local bodies (Zilla Parishads and Gram Panchayats), educational institutions and others is conducted by the State Government. The Audit of co-operative societies is also conducted by the State Government. Only four bodies/authorities attracted Audit under section 20 (1) of the Comptroller and Auditor General's (DPCs) Act 1971. The period and date of entrustments, status of submission of accounts by these organisations and completion of their audits as of September 2006 are given below:

Table-4.4

Name of body	Entrustment		Annual accounts	
	Period	Date	Received upto	Audited upto
Sikkim Khadi and Village Industries Board	2005-06 to 2009-10	22.12.2005	2004-05	2004-05
Sikkim Co-operative Milk Producers Union Limited (SMU)	2003-04 to 2007-08	18.11.2002	2005-06	2005-06
Sikkim Co-operative Supply and Marketing Federation Ltd. (SIMFED)	2005-06 to 2009-10	22.12.2005	2004-05	2004-05
Panchayat Raj Institutions (PRI)	2001-02 to 2005-06	27.08.2001	2004-05 ²⁵	2004-05

Against 19 Institutions, which attracted Audit under section 14 of the Comptroller and Auditor General's (DPC) Act 1971, the accounts of only three bodies are up to date. The accounts of 11 bodies were finalised and audited upto 2004-05 and the accounts of the remaining five bodies were in arrears for two arrears.

²⁵ Only West district Zilla Panchayat submitted the accounts for 2004-05 prior to this no account was submitted by any of the PRI.