CHAPTER III INTEGRATED AUDIT OF GOVERNMENT

Border Areas Development

DEPARTMENTS

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BORDER AREAS DEVELOPMENT DEPARTMENT

3.1 Border Areas Development

The Border Areas Development Department is responsible for improvement of economic conditions of the border villages through implementation of various development schemes and the centrally sponsored "Border Areas Development Schemes" in particular. There was a significant shortfall in achievement of targets fixed for implementation during 2004-09. Evaluation of the schemes undertaken by the Department was not done and as such, the impact of implementation of these schemes remained unassessed. A review of the functioning of the Department revealed the following.

Highlights

The Department failed to utilise 28 per cent of funds provided by the Government of India (GOI) under the Border Areas Development Programme (BADP) during 2004-09 indicating ineffective implementation of the schemes.

(Paragraph 3.1.8.1)

The Department furnished fictitious utilisation certificates to the GOI for Rs. 3.49 crore for implementation of schemes during 2004-08 as the amounts were lying unutilised with the Director, Assistant Director and Border Areas Development Officers of the Department.

(Paragraph 3.1.8.2)

In violation of the BADP guidelines, the Department incurred expenditure of Rs. 2.87 crore for implementation of schemes in non-border areas.

(Paragraph 3.1.9.3)

The Department incurred unfruitful/unproductive expenditure of Rs. 1.93 crore due to non-utilisation of assets like market godown and market stall created under the BADP, non-providing of basic amenities in hostel and non-completion of a link road.

(Paragraphs 3.1.9.4, 3.1.9.5 & 3.1.9.6)

Interest of Rs. 59.59 lakh earned on investment of funds provided by the GOI for implementation of schemes under BADP was utilised for the purposes not covered under BADP.

There were cases of retention of heavy cash balance at the end of each month during 2007-09, which stood at Rs. 94.90 lakh at the end of March 2009.

(Paragraph 3.1.12)

3.1.1 Introduction

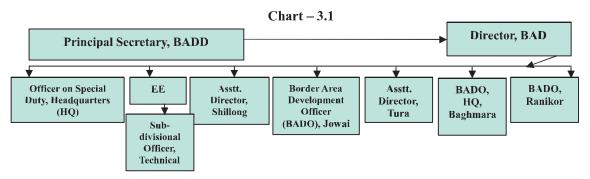
Border Areas Development Department (BADD) in Meghalaya was set up in 1973 to look after the integrated development and to implement such schemes and activities in the border villages which would help and improve their economic condition. The function of the Department is to formulate, approve, implement and monitor various developmental schemes for the border villages.

The most important scheme which the Department is implementing is the 100 *per cent* centrally sponsored "Border Areas Development Programme (BADP)" funded by the Union Ministry of Home Affairs as Special Central Assistance (SCA). The BADP was launched during 7th Plan with twin objectives of balanced development of sensitive border areas through adequate provision of infrastructural facilities and promotion of a sense of security amongst the local people. During Eighth Plan (1992-97), emphasis was laid on meeting the special developmental needs of the people living in remote and inaccessible areas along the international border. In Meghalaya, the programme was being implemented since 1993-94 in five border districts covering 443 km of international border with Bangladesh. The programme covers 1,566 villages in 17 blocks (either fully or partially) with population of 4.83 lakh.

Besides, the BADD is also implementing schemes funded by the Government of India (GOI) under Article 275(1) of the Constitution of India and Additional Central Assistance and State sector schemes for providing scholarships to border students, construction of rural roads in the border areas and acquisition of land and construction of departmental buildings. However, the Department is not implementing the scheme for providing border scholarships to border students directly, but channelises the funds through the Education Department, which sanctions scholarships to the students of border villages of the State.

3.1.2 Organisational Set up

The Principal Secretary of the BADD is responsible for overseeing the implementation of various border areas development schemes. The organisational structure for implementation of the schemes in the State is detailed below:



3.1.3 Scope of Audit

The functioning of the Department during 2004-09 was reviewed in audit through a test-check (April-June 2009) of the records of the Director of Border Areas Development (BAD), 11¹ out of 14 units in four² out of five border districts, covering 86 *per cent* (Rs. 59.13 crore) of the total expenditure (Rs. 68.95 crore).

3.1.4 Audit Objectives

The audit objectives were to assess whether:

- the objectives of the Department were achieved;
- adequate funds were provided by the Central/State Government and funds were utilised for the intended purpose;
- the targets fixed for various schemes were achieved;
- implementation of the schemes were as per approved plan;
- implementation of schemes was monitored effectively and evaluated periodically

3.1.5 Audit Criteria

Audit findings were benchmarked against the following criteria:

- Budget Manual and sanction orders of funds;
- Meghalaya Treasury Rules, 1985;
- GOI guidelines; and,
- Prescribed monitoring mechanism.

3.1.6 Audit Methodology

Before taking up the integrated audit, an entry conference was held (May 2009) with the Principal Secretary, Director, BAD and other departmental officers, wherein the audit objectives, criteria and methodology were explained. The Directorate has been selected as compulsory unit. Four districts covering all the units were selected for detailed scrutiny on the basis of probability proportionate to size with replacement method. Audit findings were discussed (October 2009) with the Secretary, BADD and Director, BAD in an exit conference and the replies of the Department have been incorporated in the report at appropriate places.

Audit Findings

The important points noticed in the course of the integrated audit are discussed in the succeeding paragraphs.

¹ BADO, Sohra, Pynursla, Mawsynram, Ranikor, Dalu, Ampati, Kalaichar, Baghmara, Gasuapara and Assistant Director, Shillong and Tura.

² East Khasi Hills, West Khasi Hills, West Garo Hills and South Garo Hills.

3.1.7 Planning

Schemes under the BADP in each district and various areas of border blocks are approved by the State Level Screening Committee (SLSC) chaired by the Chief Secretary of the State. The SLSC included representative of the Union Ministry of Home Affairs (MHA), Department of Border Management, Border Guarding Forces operating in the State border and State Planning Secretary. The SLSC is to meet at least once in a year preferably before March in order to finalise the schemes for the following year and assess the progress of schemes under the programme. A list of schemes proposed to be implemented is to be sent to the Department of Border Management, MHA within March every year for release of funds.

The schemes approved by the SLSC are communicated by the Border Areas Development Officer (BADO) to the respective village committees with the request to furnish (a) name of members of local committee/development committee/managing committee, (b) registration certificate of the group/committee, (c) no objection certificate from village Headman showing that the committee have a land to implement the scheme and (d) authorisation letter to draw the fund from BADO and to look after the project work.

It was noticed that delays in holding of SLSC meetings every year during 2004-09 ranging from two to five months, resulted in delay in sanctioning of schemes and release of funds by the GOI to State Government and State Government to implementing agencies. Consequently, the Department failed to achieve the yearly target in time. The Director did not furnish specific reason for the delay in holding meeting of the SLSC but stated (August 2009) that the delay was beyond his control. During exit conference, the Secretary, BAD stated that steps would be taken for holding SLSC meeting in time from next year onwards.

For implementation of BADP, the Department followed the guidelines issued by the GOI during 2004-05 and the guidelines issued subsequently (2007 & 2008) by the GOI were not taken into consideration. According to the subsequent guidelines, the State should prepare district plan for each year based on village/block plan for which base line survey of each border block/village to be conducted and community were to be involved in sharing of 10 to 15 *per cent* cost of projects implemented under SCA. The impact of non-consideration of the subsequent guidelines would be evidenced from the fact that assets created during 2007-08 under model villages remained unutilised indicating absence of proper survey and non-completion of 139 schemes indicating lack of community involvement.

3.1.8 Financial Management

Provisions for the State sector programmes are made in State budget. For BADP, funds are allocated by the GOI to the State on the basis of length of international border, area and population of border blocks. Besides, 15 *per cent* weightage is given to hilly areas because of difficult terrain, scarcity of resources and the relatively higher cost of construction. The Department of Border Management under the MHA

intimates the amount of funds allocated to the State for the next year as Special Central Assistance (SCA) for the BADP, before the commencement of each financial year. Funds are released to the State Government in two instalments. State Government is required to have a separate budget head for the BADP. Funds to the implementing agencies are initially released as 50 *per cent* advance as first instalment on receipt of request from the respective committees and subsequent instalments are released based on the progress report of work.

Budget provision *vis-à-vis* expenditure of the Department during the last five years ending March 2009 was as under:

Table 3.1.1

(Rupees in crore)

| Year | Budget provision | | | | Savings | | |
|---------|------------------|--------------------|-------|-----------------|-------------------|-------|-------------------------|
| | State Sector | Central Sector | Total | State Sector | Central Sector | Total | State Sector (per cent) |
| 2004-05 | 2.30 | 3.13 | 5.43 | 1.56 | 3.13 | 4.69 | 0.74 (13) |
| 2005-06 | 2.50 | 10.81 | 13.31 | 1.76 | 10.81 | 12.57 | 0.74 (30) |
| 2006-07 | 2.96 | 13.13 | 16.09 | 2.04 | 13.13 | 15.17 | 0.92 (31) |
| 2007-08 | 3.97 | 10.64 | 14.61 | 3.69 | 10.64 | 14.33 | 0.28 (7) |
| 2008-09 | 5.79 | 16.66 | 22.45 | 5.53 | 16.66 | 22.19 | 0.26 (4) |
| Total | 17.52 | 54.37 ³ | 71.89 | 14.58 | 54.37 | 68.95 | 2.94 |

Source: Information furnished by the Director, BAD.

A review of the budget provision and expenditure during the last five years ending March 2009 revealed that budgeting was unrealistic and lacked credibility in view of the persistent and substantial savings, which ranged between 4 *per cent* and 31 *per cent* in all the years during 2004-09.

The Director, BAD stated (July 2009) that the savings were due to non-release of budget provisions by the State Government because of fund constraints. Persistent savings year after year, however, did not justify the reply because this aspect should have been anticipated while framing the budget estimates for the subsequent years.

3.1.8.1 Release of Central funds and utilisation of available funds

Under the BADP, funds were to be released by the GOI on receipt of utilisation certificate of the entire amount released to the State during previous years, except the preceding year (first instalment) and depending on physical and financial progress (second instalment). Funds so released were to be released to the implementing agencies within 15 days from the date of release by the GOI. Scrutiny revealed the following irregularities in release and utilisation of funds:

There was inordinate delay ranging from 55 days to 175 days in release and drawal of Central funds (SCA for BADP: Rs. 51.02 crore; ACA: Rs. 3 crore) by the State Government and the Director, BAD during 2004-09. There was further delay on the part of the Director in drawal of fund as released by the State Government under

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³ Funds released by the GOI - SCA for BADP: Rs. 51.02 crore; ACA for construction of road: Rs. 3 crore; Central Assistance under Article 275(1): Rs. 0.35 crore.

SCA. During 2004-09, the delay in drawal of fund with reference to GOI release order ranged between 56 and 222 days. During 2005-07 and 2008-09, funds totalling Rs. 14.18 crore were released by the State Government on 31 March of the respective year.

According to the Director, BAD, central funds of Rs. 54.02 crore (SCA: Rs. 51.02 crore; ACA: Rs. 3 crore) released by the State Government during 2004-09 were utilised during the period. Scrutiny, however, revealed that out of Rs. 54.02 crore, Rs. 15.05 crore (28 *per cent*) remained unutilised with the Director, BAD, Deputy Commissioners of five districts, 11 BADOs and Assistant Director, Shillong in savings bank account. The details are as under:

Table 3.1.2

(Rupees in lakh)

| Authority keeping the unutilised | ι | Total | | | | |
|--|---------|---------|---------|---------|---------------------|----------|
| funds | 2004-05 | 2005-06 | 2006-07 | 2007-08 | 2008-09 | |
| Director, BAD | 69.65 | 22.29 | 55.30 | 46.76 | 747.56 ⁴ | 941.56 |
| Deputy Commissioners, Tura, Baghmara, Shillong, Nongstoin, Jowai | 1.83 | 1.20 | 4.66 | 27.35 | 165.86 | 200.90 |
| BADOs, Dalu, Kalaichar, Ampati, Baghmara/ Gasuapara, Mawsynram, Sohra, Pynursla, Nongstoin, Ranikor, Dawki, Khliehriat | 1.68 | 2.01 | 17.84 | 81.85 | 231.54 | 334.92 |
| Assistant Directors, Shillong & Tura | 7.73 | - | 1.30 | 8.33 | 10.10 | 27.46 |
| Total | 80.89 | 25.50 | 79.10 | 164.29 | 1,155.06 | 1,504.84 |

Source: Information furnished by the Director, BAD, DCs, Assistant Director and BADOs.

Even Rs. 26.30 lakh released during 1998-04 were lying unutilised with the Director, BAD (Rs. 7.18 lakh), DC, East Khasi Hills (Rs. 9.11 lakh), DC, West Garo Hills (Rs. 5.30 lakh), BADO, Ranikor (Rs. 4.71 lakh) till March 2009. Non-utilisation of the available funds indicated ineffective implementation of the schemes, as discussed in paragraph 3.1.9.1.

Government stated (October 2009) that delay in release of funds was due to receipt of GOI funds at the fag end of the year. The reply is not acceptable because there were delays in release of funds which were not received in the fag end of the year.

3.1.8.2 Report on utilisation of Central funds

Out of Rs. 38.35 crore released by the GOI under BADP during 2004-08, Rs. 3.49 crore was lying unspent with the Director, BAD (Rs. 1.94 crore), DCs (Rs. 0.35 crore), Assistant Directors, Shillong and Tura (Rs. 0.17 crore) and BADOs (Rs. 1.03 crore) at the end of March 2009. But, certificates in support of utilisation of the entire available funds were furnished to the GOI in December 2004, December 2006,

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⁴ Including Rs. 126.70 lakh lying in Civil Deposit.

January 2008 and May 2009. Obviously, fictitious utilisation certificates were furnished to get the funds released by the GOI, which was highly irregular.

During exit conference, the Department committed that the utilisation certificates would be furnished on the basis of actual utilisation of funds.

3.1.8.3 Parking of Central and State funds

Central and State funds of Rs. 11.75 crore drawn by the Director, BAD in March 2006 (Rs. 1.65 crore), March 2007 (Rs. 5.83 crore), and March 2009 (Rs. 4.27 crore), were initially parked in "8443 - Civil Deposit". Similarly, State funds of Rs. 4.22 crore drawn by the Director in March 2006 (Rs. 0.17 crore), March 2008 (Rs. 1.73 crore) and March 2009 (Rs. 2.32 crore) for construction/repair of office building, road, *etc.* under State plan schemes were retained in civil deposit in March of the respective year. Both the Central and State funds were withdrawn from the civil deposit during the month of May of the subsequent year and kept in savings bank account for utilisation from time to time. This was contrary to the State Treasury Rules, 1985, which prohibit drawal of money in anticipation of demand or to prevent lapse of budget grants. The fact of drawal of money from Treasury and deposit into civil deposit were also not recorded in the Cash Book of the Director. The Director stated (August 2009) that the amounts were recorded in the Cash Book after drawal from the civil deposit, but did not give reason for parking of funds in the civil deposit.

Government admitted the fact of irregular parking of funds and stated (October 2009) that receipt of funds at the end of the year was the reason for such irregular practice.

3.1.8.4 Unauthorised drawal of Government money

According to the Meghalaya Treasury Rules, 1985, cheques payable to officers of the Government to enable them to make disbursement of pay and allowances of staff, contingent expenditure, *etc.*, on behalf of the Government, shall be issued in favour of the Government official concerned by designation, the word 'only' being added after the designation of the payee officer on the cheque. Such cheques shall not be crossed but shall bear the superscription "Not transferable".

It was noticed that a cheque for Rs. 7.50 lakh issued (December 2007) by the DC, West Garo Hills in favour of the Assistant Director, BAD, Tura for release of funds for three schemes⁵ was sent to the bank through the peon of the Assistant Director for credit in his bank account. But this cheque was drawn by the Secretary, Construction Committee of one of these schemes who was entrusted with the work for construction of RCC foot bridge over Malsom stream at an estimated cost of Rs. 5 lakh. According to the Bank, the cheque was a bearer one, which was drawn by the said Secretary. This was indicative of the fact that the cheque was issued without observing the procedure prescribed in the Treasury Rules. The Secretary paid Rs. 2.50 lakh to the Secretary of another scheme and the balance amount of Rs. 5 lakh

⁵ Link road from PWD road to Kujikura, Link road from Gongbanga to BRTF road and RCC foot bridge over Malsom stream at Karong Nokat village.

was retained by him, though the value of work done by him was Rs. 1.45 lakh only. Though, the Assistant Director requested (October 2008) him to complete the allotted work, the same had not been completed (July 2009).

Thus, due to non-observance of prescribed procedure, the cheque was unauthorisedly drawn by the Secretary, which was fraught with the risk of loss to the Government to the extent of Rs. 3.55 lakh.

During exit conference, the Department stated that to avoid recurrence of such incidence, money would be released directly to the Assistant Director instead of through the DCs.

3.1.9 Programme Implementation

The activities of the Department are centred around the improvement of economic condition of the people of border villages through implementation of various schemes and activities⁶ under the BADP. During 2004-09, the Department had implemented various schemes under BADP for the development of these activities.

Sector-wise position of implementation of the schemes under BADP during 2004-09 is given below:

Table 3.1.3 (Rupees in crore)

| | | | | | | | (IXupc | es in crore) |
|----------------------|---------------------------|----------------------------|------------------|--------------------|-------------|---------------------|-----------------------|------------------------------------|
| | Number | Approved | | Completed projects | | Incomplete projects | | |
| Sector | of projects sanctioned | cost / Fund released | Fund utilised | Number | Expenditure | Number | Appro- ved cost | Expenditure up to March 2009 |
| Education | 509 | 7.15 | 4.61 | 398 | 4.43 | 111 | 2.90 | 0.18 |
| Health | 26 | 0.38 | 0.40 | 25 | 0.37 | 1 | 0.03 | 0.03 |
| Agriculture & Allied | 114 | 4.39 | 3.20 | 69 | 2.50 | 45 | 2.59 | 0.70 |
| Infrastructure | 901 | 28.47 | 21.59 | 718 | 19.68 | 183 | 10.71 | 1.92 |
| Social | 259 | 2.74 | 1.81 | 197 | 1.66 | 62 | 1.24 | 0.15 |
| Miscellaneous | 13 | 6.88 | 9.84 | 11 | 6.35 | 2 | 4.02 | 3.48 |
| Total | 1,822 | 50.01 ⁷ | 41.45 | 1,418 | 34.99 | 404 | 21.49 | 6.46 |

Source: Minutes of SLSC.

According to the Department, an expenditure of Rs. 41.45 crore was incurred during 2004-09 on the implementation of 1,822 schemes against the allocation of Rs. 50.01 crore (excluding Rs. 3 crore transferred to PWD for construction of road). However, the performance of the Department was far from satisfactory, which would be evidenced from the position discussed below.

Excluding Rs. 1.01 crore for maintenance charges.

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⁶ Education Sector: Construction of school/hostel building, playgrounds; Medical Sector: Procurement of medical equipment for Community Health Centres; Agriculture Sector: Animal husbandry, poultry and piggery farms, horticulture, floriculture, minor irrigation, etc.; Infrastructure Sector: Construction of approach road, village road, culverts, suspension bridges, foot bridges, footpath, tourist centre, mini stadium, ropeways; Social Sector: Construction of community hall, recreation youth centre; Miscellaneous Sector: Development of model villages in border areas.

3.1.9.1 Targets and achievements

The Director, BAD claimed a hundred *per cent* achievement of the targets fixed during 2004-08. Scrutiny of records of the Director, BAD, eight BADOs⁸ and Assistant Director, Shillong, however, negated the claim of the Director inasmuch as 139 out of 1,338 schemes targeted during 2004-08 remained incomplete as on 31 March 2009. None of 265 schemes targeted during 2008-09 were completed during the year. Non-completion of schemes resulted in the accumulation of huge unspent balance at different levels as mentioned in paragraph 3.1.8.1.

Out of released amount of Rs. 8.82 crore, Rs. 6.46 crore was spent on implementation of these 139 schemes and the balance amount of Rs. 2.36 crore were lying unutilised with the respective implementing officers.

The Director stated (July 2009) that due to non-submission of utilisation certificates by the respective village development committees after receipt of first instalment of funds, second instalment was not released as a result of which works/projects could not be completed. This was indicative of Department's failure in proper monitoring of implementation of schemes sanctioned under BADP. The reply was, however, silent about incorrect information for the years 2004-08 furnished by him to Audit as well as action taken to get the required utilisation certificates from the village development committees.

Government stated (October 2009) that action was being taken to utilise the unspent balance.

3.1.9.2 Allocation of funds for security related schemes

According to the BADP guidelines, security related schemes, such as construction of link roads to border out posts, offices/residential units for Police Station/Police Posts, *etc.* may be taken up under BADP and the expenditure on such schemes should not exceed 10 *per cent* of the total allocation under SCA in a year.

During 2004-05 and 2006-08, only 1 *per cent* to 7 *per cent* of total funds were released in security sector against the norm of 10 *per cent*. But no funds were released by the State Government during 2005-06 and 2008-09 for security purpose. Thus, emphasis was not given by the Department on the security of the border areas.

Out of Rs. 1.62 crore, Rs. 34.16 lakh was released during 2007-08 for construction of immigration check posts at Dalu and Dawki. To ascertain the actual position of utilisation of funds, joint physical verification (October 2009) of these two check posts and water supply scheme sanctioned during 2006-07 (Cost: Rs. 6.82 lakh) for Border Security Force at Border Out Posts, Latangtilla and Dawki was conducted by Audit and Sub-Divisional Officer, Technical. It was noticed that one of the check posts, *viz.* Dawki, was completed and the amount of Rs. 17.08 lakh pertaining to the other check posts was lying unutilised with the State Police. The water supply

Kalaichar, Dalu, Ampati, Pynursla, Baghmara, Mawsynram, Sohra and Ranikor.

scheme, though constructed at a cost of Rs. 6.82 lakh, remained non-functional because of the damage of laid pipes.

Government stated (October 2009) that in future all the security agencies would be communicated the allocation of funds under BADP for submission of scheme proposal in accordance with the GOI guidelines.

3.1.9.3 Spending of BADP funds in non-border areas

The programme guidelines stipulated that the schemes financed by SCA should be implemented within the border areas/border blocks only. The border areas have been defined and demarcated as territory to the distance of 10 km inside the State from the international border with Bangladesh.

It was noticed that during 2004-08, SCA of Rs. 75.86 lakh was spent by the BADO, Ranikor on 44 schemes in 15 villages. As per report of the State Forest Department, the aerial distance of these 15 villages from Bangladesh Border was more than 13 km. Thus, the expenditure incurred on implementation of these 44 schemes was in violation of the BADP guidelines. During 2008-09, the department further sanctioned nine schemes involving expenditure of Rs. 36.35 lakh in those 15 villages, the work on which was in progress (March 2009).

Similarly, 187 schemes costing Rs. 2.81 crore were taken up by the Department for implementation during 2004-09 in the villages of three test-checked development blocks⁹ which do not have any international border.

As of March 2009, 167 out of 187 schemes sanctioned during 2004-08 were completed at a cost of Rs. 2.11 crore and the remaining 20 schemes sanctioned during 2008-09 were in progress.

The Director, BAD stated (August 2009) that the Department notified (1974, 1982 and 1992) border villages on the basis of the dependency on border trade with Bangladesh, economic backwardness and 10 km. crow-fly distance from the international border. Regarding 187 schemes, the Director stated (August 2009) that the villages falling under each BADO is known as border block. The replies are not acceptable because -

- The distance of these villages from the international border was arrived at on assumption without any scientific method.
- As per GOI's instructions, blocks having no international border line with Bangladesh should not be treated as border block and no scheme should be approved for these blocks.

During exit conference, the Department agreed to review the position.

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⁹ Betasing, Chokpot and Mawkynrew Blocks.

3.1.9.4 Non-utilisation of assets

According to the existing procedure, all assets created under the BADP are to be handed over to the village committees, managing committees, etc. for utilisation, management and maintenance. Under the scheme "Construction of Model Village 10," (covered under BADP), eight assets¹¹ were created in three border villages (Shella, Ranikor and Gasuapara) between November 2007 and March 2008 at a cost of Rs. 1.31 crore. Of these, three assets created in Gasuapara were handed over to the village committee immediately after completion and the remaining assets were still to be handed over (July 2009). It was, however, noticed during joint verification (April, June and October 2009) that six out of the eight assets remained unutilised thereby rendering the expenditure of Rs. 99.60 lakh unfruitful. The school building and the hostel at Ranikor were constructed without provision for water supply, electricity, toilets, bath room, kitchen and boundary wall. Besides, there were cracks on the walls of the class rooms of the school. Consequently, the inmates of the hostel were taking bath in nearby river, utilising nearby jungle and agricultural field as toilet, cooking their meal inside the hostel room and sleeping on the school benches in absence of cots. This indicated that the school and hostel buildings were constructed without providing for the basic amenities, rendering the expenditure of Rs. 31.54 lakh largely unfruitful. The photographs given below would indicate the actual state of affairs of the assets created out of the programme funds.



Unutilised market stall at Gasuapara



Unutilised market godown at Shella Model Village



Crack in the wall of the class room of Nalikata Secondary School



Unutilised market stall at Ranikor

¹⁰ Composite development of one village having sizeable population surrounded by five or more villages close to the border.

Shella: Market Godown (Rs.6.54 lakh) completed in September 2008; Ranikor: Market Stall (Rs.27.48 lakh) completed in March 2008, Market Godown (Rs.6.54 lakh) completed in December 2008, Buildings for Nalikata Secondary School and Boys' Hostel (Rs.21.93 lakh & Rs.9.61 lakh) completed in March 2008; Gasuapara: Market Godown (Rs.6.54 lakh) completed in November 2007, Market Stall (Rs.27.49 lakh) completed in January 2008 and Boys' Hostel (Rs.25.01 lakh) completed in May 2008.

The BADO, Gasuapara stated (June 2009) that since the assets were handed over to village committee, it was their responsibility to utilise the same properly. This was indicative of the fact that there was lack of interest on the part of the BADO in proper utilisation of assets created out of Central funds. The BADOs of Sohra and Ranikor did not furnish any reason for non-utilisation of assets.

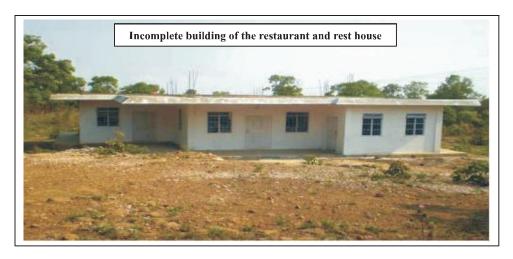
Government stated (October 2009) that necessary steps were being taken for proper utilisation of the assets created under model villages.

3.1.9.5 Non-completion of a park

To improve the economic condition and employment opportunity of the people of Laitkynsiew village, Sohra, East Khasi Hills District through tourism, an estimate for construction of park at Laitkynsiew was sanctioned (2004-05) by the Government for an amount of Rs. 26.80 lakh. The estimate of the work *inter alia* provided for construction of restaurant including rest house (Rs. 10.77 lakh), railing post (Rs. 10.66 lakh), intake arrangement, water supply, *etc.* (Rs. 2.10 lakh) and footpath (Rs. 1.47 lakh).

According to the Director, BAD (January 2009), the proposed works of the park were completed in May 2008 at a cost of Rs. 26.80 lakh. Besides, the Department spent (September 2008 to July 2009) a further amount of Rs. 25 lakh for the development of the park (four RCC bridges: Rs. 12.05 lakh; chowkidar quarters: Rs. 3.62 lakh; public toilet: Rs. 5.19 lakh; parking place: Rs. 2.65 lakh; retaining wall: Rs. 1.49 lakh).

It was noticed during field visit (March 2009) by Audit that the construction of park was not completed because of non-completion of the first floor of the two storey building for the restaurant and rest house. The photograph given below would indicate the actual state of affairs of the building:



Thus, the contention of the Director, BAD about completion of the park was not correct. Failure to complete the building for the restaurant and rest house was indicative of lack of planning and monitoring during execution which resulted in

unproductive expenditure of Rs. 51.80 lakh, besides depriving the village populace of the desired benefit.

Government stated (October 2009) that steps would be taken to complete the park at the earliest.

3.1.9.6 Non-completion of a road

Under the scheme 'Model Village at Gasuapara 2006-07', the Department constructed (May 2008) one link road from Kondok to Anggratuli via Babrakona (3 km length) at a cost of Rs. 10.23 lakh. But, the road could not be made operational because of non-construction of one RCC bridge which was not included in the approved plan and estimate of the link road, rendering the entire expenditure unproductive. The BADO, Gasuapara stated (July 2007) that proposal for construction of RCC bridge was under process. Construction of a road even without a provision for the required bridge was not only an imprudent exercise but also indicative of Department's apathy in providing road connectivity to the villagers.

Government stated (October 2009) that steps would be taken for construction of RCC bridge to make the road functional.

3.1.9.7 Wasteful expenditure on the schemes

Audit check disclosed unfruitful expenditure of Rs. 7.72 lakh on execution of two projects under BADP, as discussed below:

- For construction of a foot bridge over river Rom at Amongpara, Dalu, the Director, BAD paid (May and November 2006) Rs. 6.22 lakh to a development committee. When 65 per cent of work was complete, the BADO, Dalu had expressed (April 2007) concern over the unsatisfactory work. But, no action was taken to improve the quality of construction, which ultimately led to the collapse of the bridge in June 2007, rendering Rs. 6.22 lakh incurred on its construction a waste. Non-completion of the foot bridge, which is the lifeline of the socio economic development of the area, had a significant impact on the mobility of the general public.
- Cement concrete dam across Doreng Jasi stream at Babelapara, which was nearing completion, collapsed. Defective specification and utilisation of poor quality of material, were attributed to the dam's collapse. Thus, Rs. 1.50 lakh incurred on construction of the dam was rendered wasteful. Collapse of the concrete dam adversely affected the irrigation facilities to agricultural land of the area with consequential less productivity of agricultural products.

3.1.10 Display of sign board in front of assets

The programme guidelines stipulated that display boards showing funding of the scheme/projects under BADP should be placed in front of all the assets created under the scheme. It was, however, noticed during field visit of projects sites in four test-checked districts that display boards were not placed in front of 64 out of 91 projects

executed under BADP in West Khasi Hills and South Garo Hills districts. As such, one of the vital requirement of the BADP guidelines remained unfulfilled which indicated absence of proper monitoring system in the Department.

Government stated (October 2009) that steps would be taken to display the sign boards for all projects implemented under BADP.

3.1.11 Training of staff

According to BADP guidelines, to enhance the effectiveness of the programme the institutional arrangements for planning and staffing of the department in border blocks were to be strengthened. The staff members engaged in the field were to be properly trained. The State Government was to reserve a portion of funds out of the allocation of the State under BADP for training of the staff and monitoring of the programme. But funds were not allotted by the State Government for training and monitoring and thus, no training was imparted to the staff. Consequently, the schemes were implemented under the BADP with the help of untrained staff.

Government stated (October 2009) that steps had been taken for imparting training to the officers and staff on office procedure, financial management and technical aspects for implementation of BADP.

3.1.12 Internal control

Internal control provide reasonable assurance to the management that organizational objectives are achieved, financial interest, assets and other resources of the organization are safeguarded and reliable information is available.

According to the Director, BAD and Assistant Directors of East Khasi and Garo Hills Districts, internal control system in the Department was in force by way of supervision of project work by the Director, DCs of border districts, technical wing of the Directorate and respective BADOs. But inspection reports in support of supervision of schemes were not produced to Audit. An evaluation of the internal controls of the Department revealed the following irregularities:

Funds released by the Central and State Governments for implementation of various schemes are first kept by the Director, BAD in a savings bank account opened with the Meghalaya Co-operative Apex Bank and then released to the Deputy Commissioners of border districts by cheque/demand draft for release to the implementing agencies (BADOs/Assistant Director). Permission of the Government for opening such accounts, as required under the Treasury Rules, was, however, not obtained. This indicated absence of internal control by the Director, BAD on the functioning of the field offices. During exit conference, the Secretary, BAD stated that the bank account would be transferred to State Bank of India with the approval of the Government.

It was further noticed that interest of Rs. 59.59 lakh earned during 2004-09 on retention of BADP funds in savings bank accounts was diverted by the Director, BAD

(Rs. 57.20 lakh) and Assistant Director, Shillong (Rs. 2.39 lakh) for the purpose ¹² not covered under the BADP. This was contrary to the BADP guidelines, which provide for utilisation of funds for the schemes in the identified border blocks only and not for normal State Plan flows.

Government stated (October 2009) that funds were utilised by the Director, BAD for purchase of vehicles, computers, *etc.* with the approval of the administrative department. The reply is not acceptable because the funds were diverted without the approval of GOI and the funds to that extent were not available for implementation of the border area depriving the benefit to targeted group.

According to Meghalaya Treasury Rules, 1985, no money shall be drawn from the treasury unless it is required for immediate disbursement. It is not permissible to draw money from the treasury in anticipation of demands. In violation of this stipulation, huge amounts were withdrawn by the BADO, Baghmara from his bank account without any immediate requirement and kept the same as cash balance. During 2007-08, the cash balance of the BADO, Baghmara at the end of each month (May 2007 to March 2008) ranged between Rs. 4.53 lakh and Rs. 50.10 lakh. The position further worsened during 2008-09, when the cash balance ranged between Rs. 13.58 lakh and Rs. 78.67 lakh during April 2008 to February 2009 and stood at Rs. 94.90 lakh at the end of March 2009. This indicated absence of internal control by the Director, BAD on the functioning of the field offices.

The BADO, Baghmara stated (July 2009) that heavy cash balance was retained for disbursement to the implementing agencies and major portion of the cash balance was already disbursed and that action would be taken to reduce the balance by withdrawing money for immediate requirement. The retention of heavy cash balance month after month was not only a serious deficiency in the control over expenditure but also fraught with the risk of misappropriation or loss of Government money.

Government stated (October 2009) that the BADO, Baghmara had been instructed to explain reason for retention of heavy cash balance.

Seven out of nine BADOs covered under audit also admitted about non-existence of any internal control system.

3.1.13 Maintenance/production of records

It was noticed that except the BADOs of Ampati, Dalu and Kalaichar, none of the remaining eight test-checked units and the Director, BAD maintained any asset register for assets created under BADP. Besides, bills in support of works executed by three Junior Engineers (Shillong, Ranikor and Jowai) against Rs. 2.22 crore advanced to them for execution of 40 works were not produced to Audit. The

Director, BAD - Purchase of vehicles: Rs.32.97 lakh; Computer accessories: Rs.8.09 lakh; Bank commission: Rs.2.83 lakh; Fruit processing unit: Rs.2.31 lakh; Seminar: Rs.2 lakh; Payment to the Managing Director, Development of tourism: Rs.5 lakh; Camera, hotel expenses, *etc.*: Rs.4 lakh. Assistant Director: Photo copier: Rs.1.05 lakh, Furniture, Camera & spare parts of vehicles: Rs.1.34 lakh.

Director, BAD stated (August 2009) that there were no instructions from the Government for maintenance of asset register. The reply was not acceptable because the Director himself directed (September 2006) the Assistant Directors and BADOs to maintain asset register for all assets created since 2001-02.

Government stated (October 2009) that instructions had already been issued to all Assistant Directors and BADOs for maintenance of asset records.

3.1.14 Monitoring and evaluation

3.1.14.1 Survey/progress report

Effective monitoring system is a pre-requisite for a department for its smooth functioning and achievement of its targets and objectives. There was a prescribed procedure for submission of quarterly progress reports to the Directorate of BAD regarding achievement of targets from field units. As per BADP guidelines, the State Government would closely monitor the implementation of the works/schemes being undertaken under BADP. They must carry out inspection from time to time so as to ensure quality and timely completion of the works. The report of the inspection carried out by the officers of the State Government should be sent to the Ministry of Home Affairs on quarterly basis.

Audit scrutiny revealed the following shortcomings:

- Quarterly progress reports submitted by the field units to the Director, BAD did not indicate reasons for non-completion of projects within the target date and remedial measures initiated to complete the projects.
- Survey was never conducted by the Department to verify whether the schemes implemented were functioning properly.
- The Director, BAD stated (August 2009) that the departmental officers and the DCs visited the site of the schemes from time to time for monitoring, quality control and overall supervision. But no record/register indicating the date of visit and their findings were maintained by the Director. In the absence of relevant records, Audit could not verify the genuineness of such visits.
- The performance of the Department had never been evaluated till March 2009. However, the Directorate of Programme Implementation and Evaluation of the State engaged (February 2009) Martin Luther Christian University, Shillong for evaluation of the implementation of BADP. As per the report on evaluation study submitted (September 2009) by the University to the Director, BAD, the achievement of the programme did not appear noteworthy. The report further mentioned that the BADP in the State was found to be surging ahead and to a large extent contributed towards creating and enabling environment for undertaking normal economic activities in border areas and expanding development opportunities for the local population. The degree of success, however, varied between States and across sectors in a State. However, the report was yet to be accepted by the State Government.

Government stated (October 2009) that necessary steps were being initiated for proper submission of the progress report by the BADOs and Assistant Directors and also to ensure systematic documentation of various projects.

3.1.14.2 Centralised monitoring framework

There was no centralised database of the projects with critical milestones for monitoring. As a result, the monitoring at the CCO/CO level was ad-hoc and unsystematic. There was no systematic record of the minutes of the review meeting taken by the Minister/Secretary/Director, the discussion taken therein and the follow-up action required/taken.

3.1.15 Conclusion

The objectives of the Department to improve the economic condition of the border villages through implementation of various development schemes remained largely unachieved because of significant shortfall in completion of the targeted 139 schemes under the BADP. The Department could not absorb the available funds provided by the GOI. There were cases of misrepresentation of facts about utilisation of Central funds, retention of heavy cash balance and unfruitful expenditure due to non-utilisation of assets. Inadequate monitoring over implementation of schemes coupled with submission of incomplete physical progress reports adversely affected the programme. According to the evaluation study of implementation of BADP conducted by a University, the achievement of the programme did not appear noteworthy.

3.1.16 Recommendations

- The meeting of the SLSC should be held in time so that the schemes sanctioned by the SLSC reach GOI in time.
- Timely release and proper utilisation of fund with reference to planned activities should be made mandatory.
- Proper utilisation of assets created out of Central funds should be ensured.
- Monitoring and internal control mechanism should be strengthened and the impact of the schemes should be periodically assessed.