CHAPTER – II

AUDIT OF TRANSACTIONS (CIVIL DEPARTMENTS)

Misappropriation/Loss

WATER SECURITY AND PUBLIC HEALTH ENGINEERING DEPARTMENT

2.1 Loss due to non-completion of project

Failure of the Department to effectively monitor the execution of a project resulted in the intended benefit of providing potable water not reaching the population of Tashiding for two and half years. Besides, there was a loss of ₹ 76.35 lakh to the Government.

The work "Augmentation of Tashiding Bazar Water Supply Scheme", West Sikkim was taken up (June 2007) for implementation by the Department at ₹ 2.61 crore by availing of a loan from NABARD (₹ 2.22 crore) while the balance (₹ 39.19 lakh) was to be borne by Government of Sikkim.

The project envisaged drawing up of water from Ringyang Khola, a perennial source to provide 75 litres per capita per day (lpcd) water as per Central Public Health and Environmental Engineering Organisation (CPHEEO) level for 25 years, realisation of water tax of ₹ 3.14 lakh per annum and boosting social and economic development of the area through tourism and other activities.

Based on the lowest rate (June 2006) quoted by one contractor[1], the work was awarded (September 2007) to her at 14 *per cent* above the estimated cost of ₹ 47.33 lakh for civil work portion (₹ 53.93 lakh) with the stipulation to complete by September 2008. The scope of work included i) construction of saddle blocks, anchor pillars, jhora crossing and construction of distribution system; ii) construction of three lakh litres capacity clear water reservoir tank at Tashiding; iii) construction of three zonal reservoir tank of one lakh litres capacity each; iv) construction of sedimentation tank; and v) construction of chowkidar quarters and protective works.

The contractor had not adhered to the scheduled completion time (September 2008) despite reminders served by departmental officers. While 60 *per cent* of the work could be completed as of May 2011, Audit scrutiny revealed (May 2011) that there was virtually no progress since December 2009 despite the expenditure of ₹ 1.92 crore towards payment to the contractor (₹ 30.76 lakh) and execution of departmental work (₹ 1.61 crore).

[1] *Smt. Kabita Pradhan*

The departmental authorities not only failed to follow up with the contractor to complete the work within scheduled time (September 2008) but had also not invoked penalty clause, as envisaged in the Agreement, of 10 *per cent* of the project cost leading to loss of ₹ 26.12 lakh to Government and undue favour to contractor. Even the quality of work executed by the contractor was sub-standard. The construction site of zonal tank-I was shifted without the knowledge of the Department, the capacity of the tank was reduced to 60,000 litres from 1,00,000 litres, water continuously leaked from tank from numerous places which needed demolition and construction afresh, protective wall behind the zonal tank-II was damaged and needed restoration, GCI sheets used for roofing of sedimentation tank was of poor quality etc., which would be seen from the photographs below:

Image - 2.1

Sub-standard work

Image - 2.2

Incomplete work

The Department failed to effectively monitor the execution of the project which resulted in the intended benefit of providing potable water not reaching the population of Tashiding for two and half years. The drinking water needs therefore, continued to be met partially from existing water supply source developed by RMDD. Besides, there was a loss of ₹ 76.35 lakh to the Government on account of blocking of borrowed funds and avoidable payment of interest thereof (₹ 1.92 crore on which interest at the rate of 6.5 *per cent* per annum aggregated to ₹ 42.45 lakh), loss of potential revenue of ₹ 7.78 lakh towards water charges from consumers and non-levy of penalty of ₹ 26.12 lakh. The position was not consistent with the cost benefit ratio of 1:9 mentioned in the DPR based on which the project was sanctioned and approved for implementation by the Government.

The Department while accepting the slow progress and sub-standard quality of works stated (September 2011) that the hostile terrain, objection from land owners, re-execution of sub-standard works, etc. were responsible for delay in implementation of works. The Department added that imposition of penalty was being examined.

Avoidable/Excess payment

EXCISE (ABKARI) DEPARTMENT

2.2 Avoidable expenditure and undue benefit

Non-compliance with statutory regulations not only caused an avoidable expenditure of ₹ 21.32 lakh but also resulted in the extension of undue financial benefit to that extent to the breweries/distilleries.

Sikkim Excise (Brewery) Rules 2000 (Rule 13) read with Sikkim Excise (Indian Made Foreign Liquor Manufactured in Sikkim) Licensing of Warehouses Rules 2000 (Rule 66) provides that the licensee shall provide suitable quarters free of cost to officials posted at breweries/ distilleries.

Scrutiny of records (March 2011) revealed that a number of Excise officials (*20 in 2006-07, 23 in 2007-08, 27 in 2008-09, 26 in 2009-10 and 26 in 2010-11*) posted in various breweries/ distilleries in the State were not provided with residential quarters as required under the Rules. The Department, instead of taking up the issue with the licensees for providing residential accommodation, continued to pay house rent allowances (HRA) amounting to ₹ 21.32 lakh during 2006-07 to 2010-11. The payment of HRA was not only avoidable but also was an extension of undue financial benefit to the breweries/ distilleries.

While accepting the Audit observation, the Department stated (October 2011) that a letter had been issued to the manufacturing units for implementation of the Rules, a response to which, however, was awaited.

RURAL MANAGEMENT AND DEVELOPMENT DEPARTMENT

2.3 Excess expenditure

Adoption of rate without proper survey, analysis and investigation resulted in excess expenditure of ₹ 3.74 crore towards establishment of rural connectivity under PMGSY-Phase V.

Estimates of PWD works are based on Schedule of Rates (SORs) which in turn are based on Analysis of Rates (AORs). For preparation of AORs, detailed market survey for stock materials, non-stock materials, labour rates, etc., are required to be carried out to arrive at reasonable basic rates which are relevant for one to two years after it comes into effect. Due to increase in price of stock, non-stock materials, POL, machinery and labour rates, the SOR 2002 used in the State of Sikkim became obsolete. Accordingly, the Roads and Bridges Department (RBD), the nodal Department for preparation of AORs and SORs, formulated after much deliberation, the SORs 2006 which came into effect from April 2007 for adoption by all the works executing departments of the State.

The Rural Management and Development Department (RMDD) had been executing the Pradhan Mantri Gram Sadak Yojna (PMGSY) scheme for establishment of rural connectivity in the State in a phased manner. As per the Operational Manual of PMGSY Scheme, estimates of PMGSY works may be prepared on SORs using Ministry of Rural Development (MORD) Standard Data Book (SDB) for Analysis of Rates for Rural Roads or the up-to-date SORs used in the State. The RMDD had been preparing estimates on the basis of State SORs. Phase V of the PMGSY works (67 works) involving ₹ 149.01 crore were prepared and approval obtained from the State Level Screening Committee (SLSC), State Rural Roads Development Agency (SRRDA) and finally from the MORD, GOI in March 2006. Works were tendered in April 2006 and approved by the Technical Evaluation Committee in May 2006 for execution. For Phase V works, the Department prepared the analysis of rates locally as the SDB of National Rural Roads Development Agency (NRRDA) was under preparation at Indian Roads Congress.

Scrutiny of records (December 2010) revealed that the rates for the items of works executed under PMGSY Phase V was approved in 2005-06, whereas the rates adopted and approved in 2007-08 for execution of works under PMGSY Phase VI were based on SOR 2006 prepared by RBD after requisite market survey and analysis. It was noticed that the rates adopted for Phase V works were much higher than those adopted for Phase VI. Despite the increase in cost of POL/ machineries/ stock/ non-stock materials/ labour, etc., during the subsequent two years, higher item rates were adopted in Phase V as compared to those adopted for Phase VI as under:

Table – 2.1

Work Item name	Rate per cum as per Phase V	Rate per cum as per Phase VI	Difference per cum
Excavation in soil in hilly areas by mechanical means	₹ 53.15	₹ 43.75	₹ 9.40
Excavation in hilly areas in Ordinary rocks by Mechanical means (no blasting)	₹ 84.11	₹ 45.01	₹ 39.10
Hill Cutting work Blasting of Rock	₹ 99.93	₹ 84.96	₹ 14.97

Adoption of higher item rates without proper survey, analysis and investigation resulted in avoidable and excess expenditure of ₹ 3.74 crore as detailed in the **Appendix – 2.1**.

While accepting the audit observation, the Rural Management and Development Department expressed (September 2011) their inability to recover the amount from the contractors as the works were on the verge of completion and the Department was bound by contractual obligation.

Infructuous/Wasteful expenditure

SIKKIM STATE COUNCIL OF SCIENCE & TECHNOLOGY AND RURAL MANAGEMENT & DEVELOPMENT DEPARTMENT

2.4 Infructuous expenditure and delayed execution of power project

Injudicious selection of inept contractor, unsuitable site and inexplicable apathy towards execution of the project resulted in price escalation of ₹ 5.20 crore, delay of more than 13 years, infructuous expenditure of ₹ 79.41 lakh, besides frustrating the basic objective of providing electricity to the intended beneficiaries of the locality.

With the objective of addressing the demand of local people as well as defence establishment in Thangu village of North Sikkim, the Ministry of Science and Technology, Government of India (GOI) sanctioned (November 1998) the project '2x100 KW-Thangu Micro Hydro Project' at a total estimated cost of ₹ 86.65 lakh (revised (October 2010) to ₹ 6.06 crore) with stipulation to complete the work within two years (October 2000). Out of ₹ 4.67 crore[2] ₹ 79.41 lakh was spent for the purpose as of October 2011.

Scrutiny of records (January 2011) revealed that the work was tendered and awarded (January 2006) to a Lachen based Society on turnkey basis with the stipulation for completion within one year. The execution of work by the society was not monitored by the State Council on a regular basis, as a result of which it could know during site inspection (October 2007) only that the work had been stopped due to construction of the PMGSY road by the Rural Management and Development Department (RMDD) across the project site. In the meeting convened (November 2009) by the Chief Secretary, Government of Sikkim, the MOU signed (January 2006) between the Society and the Government of Sikkim was cancelled and it was decided that the work would be executed by the Energy and Power Department (EPD). The EPD prepared a new Detailed Project Report (DPR) with an enhanced estimated cost of ₹ 6.06 crore on the ground of change in project site which was approved by the GOI (October 2010). As of May 2011, the work in the new site with modification had not even taken off. Scrutiny further revealed that injudicious selection of inept contractor, unsuitable site and inexplicable apathy towards execution of the project resulted in not only a price escalation of ₹ 5.20 crore along with delay of more than 13 years (sanctioned in 1998 and remaining incomplete even in May 2011), but also, the basic objective of providing electricity to the intended beneficiaries of the locality got frustrated, besides infructuous expenditure of ₹ 79.41 lakh.

The State Council of Science and Technology accepted (August 2011) the substantial delay in execution of the project and stated that Government of India decided to continue with the execution of the project at a revised cost in consideration of the ground situation. In this context, the RMDD stated (September 2011) that its intention was to accomplish the

[2] GOI: ₹ 3.85 crore, BADP: ₹ 48 lakh, State: ₹ 8 lakh and Interest ₹ 26.54 lakh during December 1998 to October 2010

connectivity to the unconnected rural habitations, but the alignment of the road was such that the site of power project had to be shifted which was unintentional. The fact remained that lack of coordination between the two departments resulted in shifting of the project site with consequential delay and infructuous expenditure.

BUILDING AND HOUSING DEPARTMENT

2.5 Infructuous expenditure

Absence of detailed survey and investigation of the land profile to identify its suitability for construction of jail at Omchung ultimately led to abandoning of structure and infructuous expenditure of ₹ 5.90 crore, besides denying accommodation to the jail inmates of West district.

Sikkim Public Works Code envisages that no work should commence unless a properly designed estimate is framed after detailed survey, investigation and technical sanction. The code further lays down that the estimate should always be accompanied by a report indicating the description of proposal for location, design, specification and drawing.

The Building and Housing Department took up (April 2005) the construction of 'Sub-Jail Complex at Omchung', West Sikkim on the requisition (July 2004) of Police Department at an estimated cost of ₹ 5.14 crore, subsequently revised (October 2008) to ₹ 6.61 crore, under the scheme of Modernisation of Police Force. Till date, an expenditure of ₹ 5.90 crore was incurred towards completion of 90 *per cent* civil work (July 2008).

Audit scrutiny revealed (August 2010) that the Department neither carried out detailed survey of the area for ascertaining the suitability of land for construction of a jail complex nor obtained mandatory expert opinion of the Mines and Geology Department in terms of Government notification dated February 2002, but framed estimate of the project without carrying out mandatory tests such as soil testing, stability analysis, etc. The tendering process was also finalised within fifteen days (18 March to 1 April 2005) and the contractor commenced (February 2006) the work and completed 90 *per cent* of work involving ₹ 5.90 crore as of July 2008. Thereafter, the work was stalled and the structure abandoned as deformities in the site, surroundings and structure were noticed by the Department (July 2009).

On a request (October 2009) from the Department, the Mines and Geology Department opined (October 2009) that the area fell under subsidence zone since 2001-02 itself and was thus unsuitable for construction.

Joint physical inspection (August 2010) by Audit in the presence of departmental engineers confirmed the deformities like tilting of building structure from its original position, cracks in RCC post, sinking of floor at various places as shown in the photographs below. Even the road profile of Legship-Gyalshing road got deformed due to the load exerted by the structure constructed.

Image - 2.3

Cracks in RCC structure

Image - 2.4

Tilting of building structure

Image - 2.5

Deformed Legship-Gyalshing road

Thus, the hasty and casual approach of the Department in finalising the estimate without detailed survey and investigation about the suitability of land, already reckoned as unsuitable in 2001-02, led to an infructuous expenditure of ₹ 5.90 crore, besides non-fulfilment of the objective of providing accommodation to the jail inmates of West district.

The Department while accepting (August 2011) their failure to obtain mandatory expert opinion of the Mines and Geology Department in terms of the Notification (February 2002) for ascertaining soil profile and load bearing capacity of the area agreed that the area was unsuitable for the construction.

ENERGY & POWER DEPARTMENT
AND
RURAL MANAGEMENT & DEVELOPMENT DEPARTMENT

2.6 Infructuous expenditure

Expenditure of ₹ 1.06 crore incurred on the work, "Restoration and Re-construction of Water Conductor System of Upper Rongnichu Hydel Project (URHP) (Nimtar II)" remained infructuous as the Power House could not be re-commissioned till date due to shifting of responsibilities from Energy and Power Department to RMDD and hence, the Department failed to achieve the envisaged objective of harnessing the power potential in Sikkim.

Under the scheme 'Long–Term Rehabilitation and Reconstruction of Damaged Infrastructure', the Energy and Power Department executed (November 2008) the work, "Restoration and Re-construction of Water Conductor System of URHP (Nimtar II)" at an estimated cost of ₹ 1.06 crore departmentally by engaging a local Government supplier. The reason for taking up the work departmentally was that the tendering process would consume more time which would have direct impact on generation of power. Hence, it was decided to execute the work of restoration and re-construction on war footing basis to complete it within the stipulated time frame of six months.

Scrutiny of records revealed (April 2010) that when the work was almost complete, landslides occurred (April 2008) which resulted in extensive damage of water conductor system requiring major restoration works. The landslides were caused partly by natural calamity but predominantly triggered by disturbances caused to land profile owing to construction of PMGSY road (from Pakyong to 32 Mile) being executed by Rural Management and Development Department (RMDD).

The Energy and Power Department submitted (January 2009) a restoration estimate for ₹ 65.96 lakh to RMDD. Even though the damage of water conductor system was caused by RMDD due to construction of PMGSY road, the RMDD forwarded the said proposal to Finance Revenue and Expenditure Department for allocation of additional resource through Land Revenue and Disaster Management Department (LRDMD) under Natural Calamity Fund (CRF).

The detailed report (October 2009) of concerned Divisional Engineer stated that the calamity took place at the instance of RMDD. Further, the Secretary, LRDMD was of the view (October 2009) that the damage was due to negligence on the part of the contractor who was assigned to undertake construction of road under PMGSY and thus, it was a man-made calamity. The Secretary, LRDMD further commented that such kind of damage did not fall under the purview of CRF guidelines. All this indicated that had the work been executed with due care the damage could have been avoided. Accordingly, the file was sent back to RMDD and till date neither had a conclusive decision been arrived at nor had the damaged work been rectified.

Image - 2.6

URHP Powerhouse

The Government of Sikkim had not enacted "Prevention of Damage to Public Property Act" in Sikkim, in absence of which, the same was being regulated under Prevention of Damage to Public Property Act 1984 (Indian Penal Code Manual) which is applicable to whole of India except Jammu & Kashmir. Thus, the officers in charge of the work ought to have lodged First Information Report (FIR) against the contractor executing the PMGSY road in the nearest Police Station after it had come to their knowledge. Instead, a joint site inspection was conducted (November 2008) after a lapse of 6 months from the date of the incident by the officials of RMDD and Department to examine and assess the extent of damages.

Thus, the Department instead of fixing the responsibility by lodging FIR against the delinquent contractor adopted a joint mechanism involving the RMDD and Department which turned out to be a futile exercise as disaster was caused at the instance of construction of PMGSY road by RMDD and till date the damaged infrastructure has not been restored. Hence, expenditure of ₹ 1.06 crore incurred on the said work remained infructuous as the Power House could not be re-commissioned till date due to shifting of responsibilities from Energy and Power Department to RMDD which in turn forwarded the file to LRDMD. Hence, the Department failed to achieve the envisaged objective of harnessing the power potential in Sikkim. Further, it indicated lack of co-ordination between the departments.

RMDD stated (September 2011) that final payment having been released, responsibility could not be fixed on the contractor. It further stated that RMDD alone was not to be blamed for the loss not pre-assessed. While the reply from the Energy and Power Department was awaited, RMDD cannot shirk the responsibility of safeguarding the existing Government properties during the execution of works under its supervision and jurisdiction. Release of final payment before ensuring the adequacy of work executed also helped in letting off the erring contractor in the process.

Inadmissible expenditure

LAND REVENUE & DISASTER MANAGEMENT DEPARTMENT AND IRRIGATION & FLOOD CONTROL DEPARTMENT

2.7 Inadmissible expenditure

Procurement of HDPE pipes beyond the scope of Calamity Relief Fund (CRF) led to inadmissible expenditure of ₹ 99.46 lakh besides blocking up of fund of ₹ 24.96 lakh in stock materials intended for immediate relief.

Guidelines issued by the Government of India on Calamity Relief Fund (CRF) provide that the fund should be used for providing immediate relief to the victims of a natural calamity such as cyclone, drought, earthquake, fire, flood, hailstorm, landslide, etc. Emergency works were to be taken up with the prior approval of the State Level Relief Committee (SLRC) constituted for the administration of CRF, and expenditure on restoration of damaged infrastructure such as roads, bridges, drinking water supply, etc., should ordinarily be met from normal budgetary heads. The guidelines further stipulate that the provision for disaster preparedness and mitigation needs to be built into the State Plans and should not form a part of CRF. In the irrigation sector, immediate relief could be provided only for repair of damaged canal structure and earthen/ masonry works of tanks and small reservoirs with the use of cement, sand bags and stones. The repair works have to be immediately carried out within 45 to 60 days (in case of hilly areas) of occurrence of the calamity. There was no provision for purchase of High Density Polyethane (HDPE) pipes purportedly for distribution to the farmers.

Despite the inadmissible expenditure on unnecessary purchase of HDPE pipes from CRF featuring in the Audit Report 2006-07, the inadmissible expenditure from the CRF fund was continued by the Relief Commissioner (RC), Land Revenue and Disaster Management Department (LRDMD).

Scrutiny (April 2010) of records of the RC, LRDMD revealed that the proposal of Irrigation and Flood Control Department (IFCD) for purchase of HDPE pipes for distribution to the farmers to immediately mitigate the damages caused by the torrential rain during June 2009 to the Kutcha water channels used for carrying water to the paddy fields was approved (June 2009) by the Chief Minister. With the sanction of ₹ 99.46 lakh from the SLRC, the supply order was placed (September 2009) to State Trading Corporation of Sikkim (STCS) for supply of 4,338 mtrs of 140 mm dia HDPE pipes with 451 sets of joints and 2,694 mtrs of 160 mm dia HDPE pipes with 423 sets of joints. While the natural calamity took place in June 2009, scrutiny of records of two central stores of IFCD revealed that out of 7,032 mtrs of pipes received during October 2009 to December 2009, only 2,040 mtrs (29 *per cent*) could be distributed by the Department till the end of April 2010. A further examination through joint physical verification (April 2011) with departmental officers revealed that even after almost two years from the natural calamity, 1,596 mtrs of HDPE pipes (576 mtrs of 140 mm dia with

80 sets of joints and 1,020 mtrs of 160 mm dia with 182 sets of joints) valuing ₹ 24.96 lakh were lying idle in the stores. Thus, while purchase of HDPE pipes for the rain affected farmers were beyond the scope of CRF, inordinate delay in utilisation of the pipes further establishes that these were not intended for immediate relief to the victims of the calamity. This has resulted in inadmissible expenditure of ₹ 99.46 lakh from the CRF besides blocking of ₹ 24.96 lakh in stock materials intended for immediate relief.

The Irrigation and Flood Control Department stated (August 2011) that due to the torrential rains of June 2009, landslides occurred at many places which damaged the public properties and irrigation channels. In the absence of any scope within the budgetary provision of the Department and keeping in mind future requirements, HDPE pipes were purchased. It was further stated that the remaining pipes were issued later to the affected farmers. While issue of stock materials idle for over two years, after verification and objection by Audit, was to negate the objection, procurement from the CRF on the plea of future requirement and inadequacy of normal budgetary provision was not acceptable.

LAND REVENUE AND DISASTER MANAGEMENT DEPARTMENT

2.8 Inadmissible expenditure

Expenditure of ₹ 80 lakh from CRF on the works of permanent and routine nature led to inadmissible expenditure not covered within the ambit of CRF norms.

The norms for expenditure from the Calamity Relief Fund (CRF) envisage that the State Government meet the expenditure on restoration of damaged infrastructure and capital assets from its normal budgetary heads. The provision for disaster preparedness and mitigation, needs to be built into the State Plans and should not form a part of Calamity Relief. In the Roads Sector, only items of works such as filling up of breaches and potholes, repair of breached culverts, providing diversion to damaged bridges to restore connectivity, temporary repair of approach to bridges, repair of causeways to restore immediate connectivity, over-damaged stretch of roads to restore traffic etc., can be met from the CRF. However, such temporary restoration works have to be completed within 60 days even in case of severe damage in the hilly areas.

The Roads and Bridges Department (RBD) proposed (February 2009) to take up the work 'Restoration of the damages sustained to the walls due to heavy rainfall and the consequent landslides at various chainages of the Gyalshing - Pelling Road Km 1st and the Legship - Gyalshing Road Km 14th' at a total cost of ₹ 80 lakh from the CRF and accordingly approached the Relief Commissioner for financial assistance from the CRF. Records indicated that the Relief Commissioner, after seeing the ground realities, verbally agreed to the proposal and instructed the RBD to take up the work immediately on the plea of its emergent nature. The proposal was later approved by the State Level Relief Committee on 8 September 2009.

Accordingly, the RBD took up (February 2009) the work departmentally and completed it in November 2009 at an expenditure of ₹ 80 lakh released (December 2009) from the CRF. Thus, against the provision in the CRF norms not to take up works of permanent and routine nature not intended for immediate restoration/relief within 60 days, the works were executed over a period of more than nine months beyond the ambit of CRF norms. That the works were of permanent and routine nature would be revealed from the photographs taken during joint physical verification (13 May 2011) as under:

Image - 2.7

Normal protective work of road

Image - 2.8

Protection for houses below the road

Image - 2.9

Protection for houses above the road

Image - 2.10

Normal protective works

The matter was reported to the Department/ Government (July 2010). Despite being reminded (October 2011) their reply was not received (October 2011).

General

2.9.1 Follow-up action on earlier Audit Reports

Serious irregularities noticed in audit are included in the Report of the Comptroller and Auditor General of India (Audit Reports) and presented to the State Legislature. According to the instructions issued by the Finance Department, Government of Sikkim, all the concerned Administrative departments were required to furnish explanatory notes on the paragraph/reviews included in the Audit Reports within one month from the date of issue of the Audit Reports.

It was noticed that the concerned administrative departments, complying with these instructions, submitted all explanatory notes in respect of Audit Reports from the years 1990-91 to 2009-10. As of August 2011, there was no *suo moto* Explanatory Notes pending from any of the concerned administrative departments.

2.9.2 Response of the departments to the recommendations of the Public Accounts Committee (PAC)

Finance Department, Government of Sikkim issued instructions to all departments to submit Action Taken Notes (ATN) on various suggestions, observations and recommendations made by PAC for their consideration within 15 days of presentation of the PAC Reports to the Legislature. The PAC Reports/Recommendations are the principal medium by which the Legislature enforces financial accountability of the Executive to the Legislature and it is appropriate that they elicit timely response from the departments in the form of Action Taken Notes (ATNs).

As of August 2011, out of 563 recommendations of the PAC, made between 1990-91 and 2007-08, ATNs in respect of 553 recommendations had been submitted to the PAC, out of which 538 had been discussed. The concerned administrative departments were yet to submit ATNs for 10 recommendations. Of these, four recommendations were due from Health Care Human Services and Family Welfare Department, two each from Rural Management and Development Department and Development Planning, Economic Reforms and North Eastern Council Affairs Department and one each from Energy & Power Department and SABCCO.

2.9.3 Monitoring

The following Committees had been formed at the Government level to monitor the follow up action on Audit related matters:

Departmental Audit and Accounts Committee: Departmental Audit and Accounts Committee (DAAC) had been formed (November 2010) by all departments of the Government under the Chairmanship of the Departmental Secretary/Head of Department to monitor the follow up action on Audit related matters. The DAACs's function was to monitor the response and corrective action on findings reported in the Inspection Reports issued by the Accountant General. It was to hold meetings once in three months and send quarterly action taken report on the issue to the State Audit and Accounts Committee.

As of October 2011, no meeting was held and also no report was sent to the State Audit and Accounts Committee.

State Audit and Accounts Committee: State Audit and Accounts Committee (SAAC) had been formed (June 2010) at the State level under the Chairmanship of the Chief Secretary to monitor the response and corrective action on the findings reported by audit, to review and oversee the working of DAAC and also to hold meetings once in three months.

As of October 2011, no meeting was held.

2.9.4 Outstanding Inspection Reports

2,185 paragraphs included in 870 Inspection Reports in respect of Civil Departments which include 258 paragraph and 86 Inspection Reports in respect of Autonomous Bodies were pending settlement as of March 2011.

Audit committee Meetings were being held on a regular basis to settle the outstanding audit paragraphs. Four Audit Committees Meetings were held during 2010-11 wherein 22 Inspection Reports and 101 paragraphs were discussed out of which three Inspection Reports and 42 paragraphs were settled.