



Executive Summary



EXECUTIVE SUMMARY

This Report has been prepared in six chapters. Chapters I to V deal with Social, Economic, Public Sector Undertakings, Revenue and General Sectors, and Chapter VI deals with Follow up of Audit observations. The Report contains two performance audits on Total Sanitation Campaign and Veterinary and Animal Husbandry Department and 20 paragraphs including results of audit on Infrastructure facilities in High and Higher Secondary Schools.

According to existing arrangements, copies of the performance audits and paragraphs were sent to the Administrative Heads of the concerned departments with the request to furnish replies within six weeks. All the performance audits were discussed with the concerned Administrative Heads of the departments and other departmental officers. In respect of 13 paragraphs, reply of the Government/Department was received. Replies had not been furnished by the Government/Department for 7 paragraphs.

CHAPTER I SOCIAL SECTOR

Compliance Audit Paragraphs

Audit on Infrastructure facilities in High and Higher Secondary Schools: The Department of Education (Schools) of the Government of Manipur is responsible for providing access to affordable quality school education from classes I to XII within easy reach. With the enactment of the Right to Free and Compulsory Education Act, 2009 (RTE Act), the Department has become more responsible for enforcing quality Elementary education which has become a fundamental right. Sarva Shiksha Abhiyan (SSA) was meant for translating this objective into reality in letter and spirit. Another important Centrally Sponsored Scheme that is going hand-in-hand with SSA in the Secondary Education Sector is the Rashtriya Madhyamik Shiksha Abhiyan (RMSA).

It was noticed that the creation of infrastructure for schools suffered due to short release of funds *viz*; construction of classroom, science laboratory room, computer room, library room, art and crafts room and toilet. Science Laboratories, Libraries and Art and craft centres could not be made functional as Laboratory Assistants, Librarians and Art and Craft instructors had not been appointed. Lack of laboratory equipment, Library Books and Art and Craft materials also posed impediments. Improving capacity in ICT skills suffered due to failure to put together the necessary IT infrastructure, Computer Faculty and study materials in the schools. Deployment of teachers was skewed and was not done in proportion to the enrolment, as envisaged in the guidelines.

(Paragraph 1.2)

Family Welfare Department: Expenditure of ₹ 97.93 lakh was incurred in violation of the delegated financial powers.

(Paragraph 1.3)

Relief and Disaster Management Department: Fund allocated under National School Safety Programme amounting to ₹ 65.93 lakh were withdrawn but not accounted for in the Cash Book.

(Paragraph 1.4)

Rural Development and Panchayati Raj Department: MGNREGS fund of ₹ 79.00 lakh was diverted for construction works which were not permissible as per scheme guidelines.

Due to preparation of estimates of works at rates higher than those admissible under MGNREGS, there was excess expenditure to the tune of ₹ 2.83 crore.

(Paragraph 1.5 & 1.6)

Social Welfare Department: A Braille machine procured in 2009 for ₹ 63.17 lakh had been lying unused for want of personnel to operate the machine.

(Paragraph 1.7)

CHAPTER II ECONOMIC SECTOR

PERFORMANCE AUDIT

Performance Audit on implementation of Total Sanitation Campaign

The main objective of Total Sanitation Campaign (TSC) is to accelerate sanitation coverage in Rural areas so as to make toilets accessible to all by 2022. Public Health Engineering Department (PHED) implements TSC renamed as Nirmal Bharat Abhiyan (NBA) all over the state of Manipur.

The process of planning was devoid of comprehensive assessment of the needs/requirement of rural beneficiaries. Reliable baseline data was not available. There was no community participation in the preparation of PIPs. Financial management was inefficient which resulted in delays in release of funds, short release of State's matching contribution, retention of huge balances and leakage of funds through inadmissible payments and avoidable expenditure. There were neither norms for assessment/identification of IHHL beneficiaries nor for upkeep of the IHHLs by the beneficiaries. As Information, Education and Communication activities were insignificant, dissemination of awareness about the programme amongst the various stake holders was poor. As Social Audit was not implemented there was no monitoring and evaluation as required by the guidelines and efficient and effective delivery of the programme was not ensured.

(Paragraph 2.2)

Performance Audit of Veterinary and Animal Husbandry Department

The Department of Veterinary and Animal Husbandry Services, Government of Manipur is responsible for improving the livestock production to reduce protein hunger and to improve nutritional standards of human populace and also to provide technical support for the maintenance and improvement of livestock in the State.

During the period 2009-14, institutional weakness in the area of planning, implementation and monitoring was noticed. Financial management and accounting was poor resulting in large number of irregularities. Budget estimates were finalised without obtaining inputs from field offices. In the absence of Annual Plan and Perspective Plan for the activities to be carried out, the Department planned for short-term goals rather than being guided by long-term goals.

Though the population of Manipuri Pony had decreased alarmingly from 1037 in 2007 to less than 500 in 2014 and the animal was in danger of extinction, the Department had neither formulated a specific policy for its conservation and development nor taken advantage of GoI initiative for conservation of various Threatened Breeds of Livestock. Measures for improving livestock production and for controlling/prevention of animal diseases were not taken up due to mismanagement and misappropriation in the areas of procurement, stocking/storage and distribution of medicine/vaccines, concentrate feed for livestock, appliances and creation of infrastructure (veterinary hospitals and dispensaries). Available manpower was also not deployed judiciously. Internal control and monitoring mechanism in the Department was weak.

(Paragraph 2.3)

Compliance Audit Paragraphs

Forest Department: The interest free machinery advance paid to the contractor exceeded the contract provision by ₹ 17.66 crore. Further, there was no security for the outstanding advance of ₹ 1.23 crore.

(Paragraph 2.4)

Public Health Engineering Department: The supplier had not delivered DI pipes worth ₹ 1.53 crore even after three years of receiving full payment.

Water charges to the extent of ₹ 7.10 crore were outstanding due to the Department's failure to collect the same.

Misappropriation of Galvanized Iron (GI) pipes worth ₹ 53.08 lakh is suspected as these were not received even after 63 months of making payments.

(Paragraph 2.5, 2.6 and 2.7)

Public Works Department: The Department incurred expenditure of ₹ 25.06 lakh on items of work which were not correlated to the main work.

(Paragraph 2.8)

CHAPTER III

ECONOMIC SECTOR (Public Sector Undertakings)

Overview of Government Companies and Statutory Corporations

As on 31 March 2014, there were ten SPSUs (seven were working and three were non-working), none of which were listed on the stock exchange(s). The State working SPSUs registered a turnover of ₹ 7.03 crore for 2013-14 as per their latest finalised accounts as of September 2014. This turnover was equal to 0.05 *per cent* of State Gross Domestic Product (GDP) for 2013-14. The State SPSUs earned a profit of ₹ 0.78 crore in the aggregate for 2013-14, as per their latest finalised accounts.

(Paragraph 3.1.1)

As on 31 March 2014, the Investment (Capital and Long-Term Loans) in 10 SPSUs (Including three non-working Companies) was ₹ 56.49 crore (Working SPSUs: ₹ 35.25 crore/62.40 *per cent* and Non-working SPSUs: ₹ 21.24 crore/37.60 *per cent*). The Government had not made any investment in those companies during 2013-14.

(Paragraph 3.1.4)

The turnover of working SPSUs increased only marginally from ₹ 6.77 crore in 2008-09 to ₹ 7.03 crore in 2013-14. The percentage of turnover to State GDP however, decreased from 0.09 *per cent* in 2008-09 to 0.05 *per cent* in 2013-14. The overall profit of working SPSUs increased only marginally from ₹ 0.89 crore in 2008-09 to ₹ 1.04 crore in 2013-14. During the year 2013-14, out of seven working SPSUs, four SPSUs earned profit of ₹ 1.75 crore and two SPSUs incurred loss of ₹ 0.71 crore. One working SPSU¹ had not started commercial activities.

(Paragraph 3.1.9 and 3.1.10)

The accounts were in arrears for periods ranging from two years to 26 years. The delays in finalisation of accounts were due to abnormal delay in compilation and approval of the accounts, delay in submission of the same to the Statutory Auditors by the management and delay in adoption of accounts in the Annual General Meeting.

(Paragraph 3.1.13)

¹ The Manipur Food Industries Corporation Ltd.

Compliance Audit Paragraphs

Manipur Tribal Development Corporation Ltd: The company extended undue benefit to suppliers/ transporter by releasing 100 per cent advances (₹ 2.35 crore) to suppliers and making excess payment of ₹ 13.78 lakh to transporter.

The Company released interest free Mobilisation Advance of ₹ 50 lakh to a contractor in violation of extant rules.

(Paragraph 3.2 and 3.3)

Manipur Police Housing Corporation Ltd: Full advance payment to the suppliers without obtaining any safeguard resulted in delay in receipt of materials worth ₹ 1.79 crore.

(Paragraph 3.4)

CHAPTER IV REVENUE SECTOR

Trend of revenue receipts

During the year 2013-14, the revenue raised by the State Government (₹ 733.40 crore) was ten *per cent* of the total revenue receipts of ₹ 7282.79 crore as against eight per cent in the preceding year (₹ 564.61 crore). The balance 90 *per cent* of receipts of ₹ 6549.39 crore during 2013-14 was from the Government of India.

(Paragraph 4.1.1)

The Tax Revenue raised during 2013-14 (₹ 472.73 crore) increased by 42.03 *per cent* as compared to the previous year (₹ 332.83 crore). The Non - Tax Revenue raised during 2013-14 (₹ 260.67 crore) also increased by 12.46 *per cent* as compared to the previous year (₹ 231.78 crore).

(Paragraph 4.1.2 and 4.1.3)

Response of the Departments/Government towards Audit

In respect of the Inspection reports (IRs) issued upto December 2013, 641 paragraphs involving ₹ 74.24 crore relating to 235 IRs remained outstanding at the end of June 2014.

(Paragraph 4.6)

Compliance Audit Paragraphs

Revenue Department: Undervaluation of properties for the purpose of levying Stamp Duty and Registration Fees resulted in loss of revenue to the extent of ₹ 31.67 lakh to the State exchequer.

(Paragraph 4.12)

Taxation Department: Concealment of purchase turnover resulted in evasion of tax of ₹ 0.52 crore and penalty to the tune of ₹ 1.04 crore.

The Government suffered loss to the tune of ₹ 39.06 lakh due to non-deduction of VAT from unregistered dealers.

The Department failed to realise tax of ₹ 1.19 crore and interest of ₹ 1.48 crore from five dealers.

Due to non-submission of mandatory form “F” even after expiry of the stipulated period, a dealer was liable to pay VAT of ₹ 6.16 lakh and penalty of ₹ 12.32 lakh for submission of incomplete and incorrect returns.

(Paragraph 4.13, 4.14, 4.15 and 4.16)

Transport Department: Non-recovery of professional tax amounting ₹ 72.99 lakh from the permit holders resulted in loss to the State exchequer.

(Paragraph 4.17)

CHAPTER V GENERAL SECTOR

During 2013-14, against a total budget provision of ₹ 2815.32 crore, a total expenditure of ₹ 2130.25 crore was incurred by 16 Departments under the General Sector. In respect of funds of ₹ 889.45 crore released directly by the Central Government during 2013-14 to the implementing agencies of the State Government for implementation of various programmes of the Central Government, ₹ 35.24 crore was under General Sector.

(Paragraph 5.1)

Expenditure of ₹ 698.34 crore (including expenditure of ₹ 472.63 crore of previous years) under General Sector of the State Government was test checked during 2013-14.

(Paragraph 5.1.1)

CHAPTER VI
FOLLOW UP OF AUDIT OBSERVATIONS

As of November 2014, 2202 Inspection Reports issued from 2003-04 onwards were outstanding for settlement. Even the initial replies, which were required to be received from the Heads of Offices of the Government Departments within four weeks from the date of issue of IRs were not received from the Departments.

(Paragraph 6.4)