

CHAPTER-I

GENERAL SECTOR

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1.1 Introduction

This Chapter of the Audit report for the year ended 31 March 2014 deals with the findings on audit of the State Government under General Sector.

The names of the State Government Departments and the total budget allocation and expenditure of the State Government under General Sector during the year 2013-14 are given in the Table below:

Table-1.1.1

(₹ in crore)

Sl. No.	Name of the Departments	Total Budget Allocation	Expenditure
1.	Legislative Assembly	18.99	18.17
2.	Governor	5.17	5.14
3.	Council of Ministers	5.81	5.60
4.	Law and Judicial	25.73	22.53
5.	Vigilance	5.41	4.48
6.	Finance	430.24	555.10
7.	Mizoram Public Service Commission	4.92	4.97
8.	Secretariat Administration	7.90	7.90
9.	Parliamentary Affairs	0.53	0.44
10.	General Administration Department	114.09	104.08
11.	Home	514.48	473.12
12.	Printing and Stationery	16.28	15.49
13.	District Councils	280.63	245.15
Total		1430.18	1462.17

Source: Appropriation Accounts, Government of Mizoram, 2013-14

Besides the above, the Central Government has been transferring a sizeable amount of funds directly to the implementing agencies under the General Sector to different Departments of the State Government. The major transfers for implementation of flagship programmes of the Central Government are detailed below:

Table-1.1.2

(₹ in crore)

Name of the Departments	Name of the Schemes/ Programmes	Implementing Agency(s)	Amount of funds transferred during the year
Deputy Commissioner	MPs Local Area Development (MPLADS)	Deputy Commissioner Aizawl	10.00
Home	Scheme of Modernisation of State Police Forces by Police Modernisation Division	Director General of Police	8.87
		Mizoram Government	3.00
Law and Judicial	For Development of Infrastructure Facilities for Judiciary	Mizoram Government	8.13
Home	Crime and Criminal Tracking Network and System (CCTNS)	Mizoram Computerisation of Police Services Society	1.00
Total			31.00

Source: Finance Accounts, Government of Mizoram, 2013-14

1.2 Planning and conduct of Audit

Audit process starts with the assessment of risks faced by various Departments of Government based on expenditure incurred, criticality/complexity of activities, level of delegated financial powers, assessment of overall internal controls *etc.*

After completion of audit of each unit, Inspection Reports containing audit findings are issued to the heads of the Departments. The Departments are requested to furnish replies to the audit findings within one month of receipt of the Inspection Reports. Whenever replies are received, audit findings are either settled or further action for compliance is advised. The important audit observations arising out of these Inspection reports are processed for inclusion in the Audit Report, which is submitted to the Governor of State under Article 151 of the Constitution of India.

The audits were conducted during 2013-14 involving expenditure of ₹ 60.16 crore out of the total expenditure of ₹ 1,462.17 crore of the State Government under General Sector. This chapter contains two Compliance Audit paragraphs.

The major observations made in audit during 2013-14 are discussed in the succeeding paragraphs.

COMPLIANCE AUDIT PARAGRAPHS

FIRE AND EMERGENCY SERVICE (HOME) DEPARTMENT

1.3 Non-release of State's Share, diversion of Central Assistance and excess payment of CST

Non-release of matching State share led to possible diversion of Central Assistance of ₹ 17.02 lakh in execution of Centrally Sponsored Scheme "Strengthening of Fire and Emergency Services". Besides, excess payment of ₹ 27.45 lakh towards CST was also noticed.

Under the Centrally Sponsored Scheme (CSS) "Strengthening of Fire and Emergency Services", the Ministry of Home Affairs, Directorate General of Civil Defence (Fire), Government of India (GoI) accorded (23 November 2009) administrative approval of ₹ 3.60 crore for the State of Mizoram with the overall objective to strengthen Fire and Emergency Services into multi-hazard response force, capable of acting as first responder in all types of emergency situations. Against the approved cost of ₹ 3.60 crore the Central and State shares were in the ratio of 90:10.

The Central contribution of ₹ 3.27 crore which was released in three installments during January 2010 to May 2011 was to be utilised for procurement of approved capital equipments.

1.3.1 State Share not released

The State Government was to bear all the recurring expenditure and was to have the flexibility to utilise their share of ₹ 0.33 crore towards procurement of capital items and construction/up-gradation of Fire Station buildings and training infrastructure.

Audit observed that the State Government had not released (July 2014) their mandatory contribution of ₹ 0.33 crore to the Department as a result of which procurement of capital items and construction/up-gradation of Fire Station buildings and training infrastructure as emphasized in the Scheme guidelines could not be achieved to that extent.

While accepting the facts, the Director, Fire and Emergency Services (F&ES) stated (July 2014) that due to lack of knowledge the Department did not approach the State Government for release of State Share under the Scheme.

Further, the details of approved capital equipments and equipments actually procured by the Fire and Emergency Services Department at the cost of ₹ 3.27 crore are given in the following Table:

Table-1.3.1

(₹ in lakh)

Sl. No.	Name of items	Approved items		Actual expenditure	
		Units	Cost	Units	Cost
1.	Advanced Fire/ Water Tender	07	175.00	08	152.24
2.	Quick Response Vehicles (QRV)	08	36.00	06	81.86
3.	High Pressure Pump	16	84.00	08	44.80
4.	Combi Tools	16	32.00	16	31.08
5.	Tata Medium Truck	Nil	Nil	01	8.53
6.	POL/tyre/repair/generator/air compressor and water tanks	Nil	Nil	LS	8.49
Total		-	327.00	-	327.00

Source: Departmental records

An analysis of the expenditure incurred for the items mentioned in the table above revealed that expenditure was incurred on items not covered under the approved list of the GoI amounting to ₹ 17.02 lakh:

(i)	Tata Medium Truck	01 unit	₹ 8.53 lakh
(ii)	POL/ tyre/ repair/ generator/ air compressor and water tanks	LS	₹ 8.49 lakh
Total			₹ 17.02 lakh

While accepting the facts, the Director, F&ES stated (July 2014) that (a) the Department overlooked the approval and purchased one Tata Medium Truck for Water Tanker due to necessity of the requirement of the Water Tanker, and (b) as no provision was available

under the plan budget, the Department utilised a portion of the Central contribution towards procurement of POL/tyre/repair/generator/air compressor and water tanks.

Had the State Government released its share, the Department need not had resorted to diversion of the Central Assistance of ₹ 17.02 lakh for purchase of Truck, POL *etc.*

1.3.2 Excess expenditure

The Ministry of Finance (Department of Revenue), Government of India in their Notification dated 30 May 2008 reduced the rate of Central Sales Tax (CST) from existing three *per cent* to two *per cent* with effect from 1 June 2008 on inter-State sales of goods.

During the examination of records, it was noticed that out of Central contribution of ₹ 327 lakh, the Department incurred an expenditure of ₹ 303.31 lakh for procurement of chasis, quick response vehicles, high pressure pumps, combination tools and fabrication of Fire/Water tenders from six outside State suppliers. The details of supplier-wise items procured and expenditure incurred are given in **Appendix-1.3.1**.

Audit observed that the inter-State suppliers claimed an abnormal rate of CST (ranging between 5 to 14 *per cent* against the leviable rate of two *per cent* CST) for supply of Capital items worth ₹ 270.45 lakh during 2009-12. The actual amount of CST (@ two *per cent*) to be levied by the six suppliers for the materials worth ₹ 270.45 lakh was ₹ 5.41 lakh, against which the suppliers claimed ₹ 32.86 lakh. The Department, however, accepted the irregular claims and made payments of ₹ 303.31 lakh, including CST of ₹ 32.86 lakh to the six suppliers, which resulted in excess payment of ₹ 27.45 lakh. The excess payment was not recovered from the six suppliers for refunding to the GoI accounts till July 2014.

While accepting facts, the Director, F&ES stated (July 2014) that in future the prevailing rate of two *per cent* CST will be followed for inter-state purchase, if any.

The matter was reported (September 2014) to the Government and their reply is awaited (March 2015).

PRINTING AND STATIONERY DEPARTMENT

1.4 Loss to the State exchequer

Due to non-compliance of Government's instructions by various Departments a large stock of stationery at Luangmual Depot, Aizawl became obsolete and the Department sold it off through auctions resulting in a loss of ₹ 42.99 lakh to the State exchequer.

The Printing and Stationery Department (PSD) procures stationery and allied items in bulk and sells it to various Departments of the Government on no profit no loss basis. The Department makes necessary arrangement for supply of these items through its three Departmental depots at Aizawl, Lunglei and Saiha Districts.

In case, the PSD is not in a position to supply the required items, it will issue “No objection Certificate” (NOC) to the concerned Department to procure such items from any of the approved firms at the approved rates of the PSD.

Audit (June 2014) of records of the Controller, PSD, Mizoram revealed that despite repeated instructions issued by the Finance Department as well as PSD since 1990, a large number of Departments located in Aizawl District continued to procure stationery items directly from the market in disregard of the availability of stock in the Depots and without obtaining NOC from the PSD. Due to the non-compliance by the various Departments, a large number of stocks of stationery items at Luangmual Depot at Aizawl had become obsolete, outdated, broken, rotten, expired or degraded.

Audit of records revealed that during February 2009 to September 2012 the Department sold various items of old stock of stationery lying at Luangmual Depot through Public Auctions and realized an amount of ₹ 1.09 lakh against the book value of ₹ 44.08 lakh of the auctioned items, which resulted in a loss of ₹ 42.99 lakh to the State exchequer.

The details of amount realized through auction and book value of the items are shown in following Table:

Table-1.4.1

(₹ in lakh)

Date of Public Auction	Book Value of Auctioned Store	Amount recovered through auction	Loss
25 February 2009	11.89	0.03	11.86
02 June 2010	19.01	1.01	18.00
26 September 2012	13.18	0.05	13.13
Total	44.08	1.09	42.99

Source: Departmental records

Thus, due to lack of compliance with Government’s instructions by the various Government Departments, a large stock of stationery items at Luangmual Depot, Aizawl became idle and obsolete. As a result, the Department had to dispose them off through auctions incurring a loss of ₹ 42.99 lakh.

The matter was reported to the Government in September 2014 and their reply is awaited (March 2015).

FOLLOW UP OF AUDIT OBSERVATIONS

1.5 Non-submission of *suo moto* Action Taken Notes (ATNs)

With a view to ensuring accountability of the Executive in respect of all the issues dealt with in various Audit Reports, the Public Accounts Committee (PAC), issued (May 2000) instructions for submission of *suo moto* ATNs on all paragraphs and reviews featured in the Audit Report within three months of its presentation to the Legislature. For submission

of the Action Taken Notes (ATNs) on its recommendations, the PAC provided six months time.

A review of follow up action on submission of *suo moto* ATNs disclosed that the various Departments of the State Government had submitted *suo moto* replies in respect of all paragraphs/reviews that had featured in the Audit Reports up to the year 2010-11 with certain delays. The Audit Report for the year 2012-13 was laid on the table of the State legislative assembly on 09 July 2014. The *suo moto* replies in respect of two paragraphs/reviews in respect of General Sector that had appeared in the Audit Report were due by the end of October 2014. However, no replies in respect of the paragraphs/reviews that have been included in the Reports of the Comptroller and Auditor General of India were received as of February 2015, even after a delay of about four months as mentioned below:

Table-1.5.1

Year of Audit Report	Date of presentation of the Audit Report to the Legislature	Number of paragraphs/ reviews included in the Audit Report (excluding standard paragraphs)	Total number of paragraphs and reviews for which <i>suo moto</i> explanatory notes are awaited	Number of Departments
2012-13	09.07.2014	2	2	2

Source: Legislative Assembly Secretariat

Thus, due to the failure of the respective Departments to comply with the instructions of the PAC, the objective of accountability was not ensured.

1.6 Response to audit observations and compliance thereof by the Executive

Accountant General (Audit) conducts periodical inspections of Government Departments to test-check the transactions and verify the maintenance of significant accounting and other records as per the prescribed rules and procedures. These inspections are followed by Inspection Reports (IRs) issued to the Heads of Offices inspected, with a copy to the next higher authorities. Rules/orders of the Government provide for prompt response by the Executive to the IRs issued by the Accountant General to ensure corrective action in complying with the prescribed rules and procedures and accountability for the deficiencies, lapses, *etc.*, noticed during the inspection. The Heads of Offices and next higher authorities are required to comply with the observations contained in the IRs and rectify the defects and omissions promptly and report their compliance to the Accountant General. Serious irregularities are also brought to the notice of the Head of the Department by the Office of the Accountant General.

As of March 2014, a review of the outstanding IRs issued during 2008-14 revealed that 44 paragraphs relating to 21 IRs remained outstanding as shown in the following Table:

Table-1.6.1

Name of the Sector	Opening Balance (upto 2012-13)		Addition during the year 2013-14		Disposal during the year 2013-14		Closing Balance	
	IR	Paras	IR	Paras	IR	Paras	IR	Paras
General	17	59	17	41	13	56	21	44

1.7 Audit Committee Meetings

State Government had notified (04 September 2013) for constitution of an Audit Committee to consider and take measures for timely response and speedy settlement of outstanding paragraphs of Inspection Reports lying in different Departments.

During 2013-14, no audit committee meeting was held in respect of General Sector.