Executive Summary

EXECUTIVE SUMMARY

This Report contains chapters on Social, Economic and General Sectors and State Public Sector Undertakings comprising three performance audits and 13 compliance audit paragraphs, based on the audit of certain selected programmes and activities and the financial transactions of the Government and Public Sector Undertakings.

Copies of the compliance audit paragraphs and performance audits were sent to the concerned Secretaries to the State Government by the Accountant General (Audit) with a request to furnish replies within six weeks. In respect of two performance audits and eight audit paragraphs in this Report, no response was received from the concerned Secretaries to the State Government.

A synopsis of the important findings contained in this Report is presented below:

SOCIAL SECTOR

Performance Audits

Implementation of Water Supply Schemes

The Public Health Engineering Department was implementing various programmes in order to supply sufficient and safe drinking water to both the rural as well as urban population of the State. The objectives of the programmes remained largely unachieved because habitations which had population ranging between 147 and 3592 slipped back from 'fully covered' to 'partially covered' during the years 2010-15 and several schemes were not completed even after a lapse of many years from the stipulated date of completion of the schemes.

Out of 28 Water Supply Schemes (WSS) selected for the purpose of performance audit covering 2010-15, not even one WSS could be completed by the Department in time. A total of 19 WSS were incomplete even after a lapse of one to seven years from the stipulated date of completion while nine WSS were completed after a delay of one to 11 years. The ineffective implementation and under achievement by the Department was due to lack of proper planning and effective monitoring, failure to utilise the available funds and poor fund management. Financial irregularities such as undue financial favour to supplier by way of granting time extension, undue benefit to contractors in granting mobilisation advances as well as undue benefit due to not deducting VAT were also noticed during the course of audit. In addition, there were cases of wasteful expenditure, unauthorised payment and wrong reporting. Only 50 *per cent* of the required sub-divisional laboratories were set up in the State. Evaluation studies on the performance of the schemes or to assess the performance of the Department were never taken up. There was virtual absence of any water quality and surveillance mechanism to ensure supply of safe drinking water.

(Paragraph 1.2)

Functioning of Industrial Training Institutes in Meghalaya

The Industrial Training Institutes (ITIs) were set up with the objective of imparting industrial training to the less privileged, poor and downtrodden school-leaving youth so that they acquire technical skills for gainful employment and to ensure a steady flow of skilled workers in different trades. Our Audit revealed that this remained largely unachieved. The XI & XII Five Years Plan targets of having a pool of 13 ITIs in Meghalaya were not made. Industrial exposure and on the job training for ITI trainees as required under the Apprentice Act, 1961 was not provided to the trainees. Huge funds were lying unspent as Government of India's assistance specifically earmarked for this purpose was not fully utilised. There was undue delay by the Directorate of Employment and Craftsmen Training in disbursing stipend to trainees.

There was inordinate delay in getting trades affiliated to the National Council of Vocational Training (NCVT). Due to lack of infrastructure facilities and manpower shortage, 18 trades in 9 ITIs had not been affiliated to NCVT. Though the position of vacant seats and dropouts in ITIs was a matter of concern, the performance of girls *vis-à-vis* boys in performance indicators such as admissions, drop outs, and pass percentage was much better. Even though 63 *per cent* passed out trainees remained without employment, none of the ITIs had a placement cell to assist them in obtaining employment.

Most of the ITIs lacked basic amenities such as potable water, toilet and bathroom facilities, playground, etc. Four ITIs were operating from rented buildings (4 to 24 years). Two of three hostel buildings had not been utilised till the date of audit (August 2015).

Monitoring of the ITIs by the inspecting officers of the State Directorate/Meghalaya State Council for Training in Vocational Trades, physical verification of stock and internal audit were totally absent.

(Paragraph 1.3)

Compliance Audit Paragraphs

Procurement of medicines by the Joint Mission Director, National Rural Health Mission, Meghalaya at higher than the approved rates resulted in extra expenditure of ₹ 1.94 crore and undue benefit of ₹ 0.49 crore to an unapproved firm.

(Paragraph 1.4)

The State was deprived of Additional Central Assistance of ₹ 17.41 crore due to failure to implement the reforms as per timelines under Jawaharlal Nehru National Urban Renewal Mission. Further, delay in completion of Greater Shillong Water Supply Project (Phase-III) led to unfruitful expenditure of ₹ 131.84 crore.

(Paragraph 1.5)

Delay in completion of the Solid Waste Management Projects by Meghalaya Urban Development Authority (MUDA) at Tura and Nongpoh resulted in unfruitful expenditure of ₹ 10.24 crore.

(Paragraph 1.6)

Injudicious release of funds and lack of monitoring by Education Department resulted in incurring of unfruitful expenditure of ₹ 1.71 crore on construction of Tikrikilla College Complex at West Garo Hills.

(Paragraph 1.7)

Weak internal controls in the Directorate of Arts & Culture, Shillong led to irregularities having financial implication of ₹ 2.78 crore besides loss of antiques.

(Paragraph 1.8)

ECONOMIC SECTOR

Compliance Audit Paragraphs

Faulty selection of road for implementing the new technology and execution of road work using RBI Grade 81 by Public Works Department without ensuring availability of proper equipment resulted in incurring wasteful expenditure of ₹ 51.44 lakh.

(Paragraph 2.2)

Injudicious decision by the Public Works Department to substantially increase the height of the bridge than that provided in the Detailed Project Report resulted in the project remaining incomplete even after expenditure of ₹ 18.08 crore and pending liabilities of ₹ 0.48 crore. The Department needs to incur additional expenditure of at least another ₹ 4.68 crore to complete the project. Besides, the project objectives to provide efficient transportation for the Leskha Hydro Power Project remained unachieved.

(Paragraph 2.3)

Failure to monitor the project by the Border Areas Development Department led to unfruitful expenditure of ₹ 0.94 crore on creation of tourism infrastructure at Ranikor. The objective of harnessing the potential of adventure and river cruise tourism to create employment opportunities and generate income for the people living in those areas also stood defeated.

(Paragraph 2.4)

GENERAL SECTOR

Compliance Audit Paragraph

Deputy Commissioner, Jowai irregularly released excess funds of ₹ 0.70 crore (including release of ₹ 0.59 crore for purchase of hospital equipment not permitted) to a Society in contravention of the scheme guidelines. The irregular release is likely to go up further when the ongoing process of releasing additional ₹ 0.25 crore is completed.

(Paragraph 3.2)

ECONOMIC SECTOR (PUBLIC SECTOR UNDERTAKINGS)

Performance Audit

State Transport Utilities in the State of Meghalaya

The Meghalaya Transport Corporation (Corporation) is mandated to provide public transport service in the State of Meghalaya. In addition, Meghalaya Urban Development Agency (MUDA) and Urban Local Bodies (ULBs) had also been operating to provide public transport services in the State. The performance audit (PA) covers the performance of the Corporation and the performance of buses operated by the Corporation/MUDA under Jawaharlal Nehru National Urban Renewal Mission (JnNURM) of Government of India (GoI). The coverage of the PA had to be restricted to four years from 2010-11 to 2013-14 due to non-availability of the financial data of the Corporation for 2014-15.

As the operations of the vehicles run by ULBs have already been covered previously and audit findings featured under Annual Technical Inspection Report on Urban Local Bodies for the year ended 31 March 2014, Government of Meghalaya, the same have been excluded from the present PA.

During 2010-11 to 2014-15, share of the Corporation in state public transport was below one *per cent* of total public service vehicles (public and private) in the State. The Corporation could not compete with private players in the State on account of several reasons like absence of a well thought of state transport policy and long term planning for gradual and systematic increase in its share in the State Public Transport, inability to increase the fleet strength due to the financial constraints, operational inefficiencies and high cost of operations leading to continuous operational losses.

The Corporation had a low fleet strength which ranged from 50 to 65 buses during 2010-11 to 2014-15. Fleet utilisation was also low and ranged from 47 to 65 *per cent* during the last five years. This coupled with high cost of operation and operational inefficiencies resulted in non-recovery of cost of operation resulting in continuous operational losses to the Corporation.

MUDA failed to ensure the projected returns as envisaged in the detailed project report (DPR) through operations of 120 buses purchased (October 2010 to July 2013) under JnNURM.

MUDA did not effectively enforce the terms of the agreements with private operators and monitor their performance with reference to the agreed commitments leading to extension of undue financial favour to private operators.

The Corporation failed to exploit its vast idle land resources located in prime locations for commercial use. Further, letting out of building space below the market rates resulted in loss of rental income of ₹ 5.04 crore during the last five years. The Corporation also failed to recover an amount of ₹ 1.48 crore due from Indian Railways against the commission earned on railway ticketing services.

The Corporation failed to finalise its accounts from 2010-11 onwards. As a result, authentic and reliable data on various financial and performance activities of the Corporation was not available.

The Corporation continued to incur losses and the accumulated losses (provisional) of ₹ 101.64 crore had completely wiped off the entire capital contribution of ₹ 88.08 crore of the Corporation as on 31 March 2014.The Corporation has not devised any fund management policy and did not demonstrate utmost discipline in following up its claims for recovery in time. As a result, the Corporation was highly dependent on budgetary allocations from GoM to meet its financial requirements, which was not a healthy practice for progressive development of the Corporation.

(Paragraph 4.2)

Compliance Audit Paragraphs

The Meghalaya Energy Corporation Limited irregularly transferred the contract load from the consumer to its sister concern without insisting for settlement of earlier dues of the consumer leading to accumulation of unpaid dues of ₹ 13.40 crore.

(Paragraph 4.3)

Failure to obtain the insurance cover at correct value of assets led to avoidable loss of ₹ 0.76 crore to the Meghalaya Energy Corporation Limited on account of underinsurance.

(Paragraph 4.4)

The Meghalaya Energy Corporation Limited incurred unwarranted expenditure of ₹ 0.51 crore on Survey & Investigation works after handing over the Project to private Developer.

(Paragraph 4.5)

There was unauthorised retention of statutory dues aggregating ₹ 7.76 crore by the Meghalaya Tourism Development Corporation Limited.

(Paragraph 4.6)