

CHAPTER-V
GENERAL SECTOR

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GENERAL SECTOR

5.1 Introduction

This Chapter of the Audit Report for the year ended 31 March 2016 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 2015-16 are given in the table below:

Table - 5.1.1

(₹ in crore)

Sl. No.	Name of the Departments	Total Budget Allocation	Expenditure
1.	Legislative Assembly	19.05	18.12
2.	Governor	5.70	5.54
3.	Council of Ministers	6.13	5.38
4.	Law and Judicial	38.64	24.60
5.	Vigilance	5.28	4.95
6.	Finance	1,021.41	646.28
7.	Mizoram Public Service Commission	6.79	5.52
8.	Secretariat Administration	96.94	84.61
9.	Parliamentary Affairs	0.52	0.44
10.	General Administration Department	87.59	67.83
11.	Home	619.12	552.79
12.	Printing and Stationery	17.83	14.98
13.	District Councils	287.41	287.41
Total		2,212.14	1,718.45

Source: Appropriation Accounts, Government of Mizoram, 2015-16

5.2 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 conducted during 2015-16 involved an expenditure of ₹ 58.95 crore out of the total expenditure of ₹ 1,718.46 crore of the State Government under General Sector. This chapter contains two compliance audit paragraphs.

COMPLIANCE AUDIT PARAGRAPHS

DISTRICT COUNCIL AFFAIRS DEPARTMENT

5.3 Fraudulent payment

Recording of false entries in the Measurement Book resulted in payment of ₹ 1.20 crore to a contractor even before completion of work by Chakma Autonomous District Council.

Under Non-Lapsable Central Pool of Resources (NLCPR), the Government of India (GoI), Ministry of Development of North Eastern Region (DoNER) accorded (October 2012) administrative and financial approval to the Chakma Autonomous District Council (CADC) for Modernisation of Kamalanagar Town under CADC in Mizoram. Under this project “Construction of BUG Bridge over River Samuksury” was approved at a cost of ₹ 1.20 crore at the cost sharing basis between the Central and the State of 90:10.

As per Sections 7 and 9 of the Central Public Works Department (CPWD) Manual, 2007 which is being followed in the State, a Measurement Book (MB), is required to be maintained wherein all the items of work done by the contractors shall be measured and recorded by the Junior Engineer (JE), in-charge of the work. Also, before the bill of a contractor is passed, the entries in the MB relating to description of work should be scrutinised by the Assistant Engineer (AE) and calculation of contents or area should be checked under his supervision and then the MB should be approved by the Executive Engineer.

The construction of the works was awarded (11 February 2013) by the Council to an Assam based contractor¹ at the approved cost of ₹ 1.20 crore without specifying any date of commencement/ completion in both the Agreement (11 February 2013) and the Notice to proceed with the work.

Scrutiny of the records (December 2015) of the Office of the Executive Secretary, Chakma Autonomous District Council (CADC) revealed that the contractor commenced the execution of work with effect from 13 September 2014.

It was noticed in audit that the Measurement Book (MB) showed completion of work by 23 February 2015. Based on these entries made in the MB, the CADC prepared First and Final Bill showing the completion of “Construction of BUG Bridge over River Samuksury” at a cost

¹ Mr. Dewan Abdul Khuma, Sonai Road, Silchar, Cachar, Assam

of ₹ 1.20 crore. Accordingly, the Executive Secretary of the CADC passed the bill for payment and released the entire amount of ₹ 1.20 crore to the contractor on 25 February 2015.

Joint physical verification of the work was conducted by audit (4 December 2015) in the presence of the Executive Engineer, PWD of the Council. This revealed that out of two abutments only one abutment was completed, leaving construction of Wing Walls and Slab. Photographic evidence of physical progress exhibits that the work was far from completion.



Progress of construction of BUG Bridge over River Samuksury as on 04 December 2015

Thus, the CADC made full payment of ₹ 1.20 crore to the contractor before the actual completion of execution of the work.

The Department stated (January 2017) that for early execution of the work, the contractor needed some amount for purchase of materials as the working season was running out and considering the greater interest of public benefit, the Department had no option but to make the bills for payment to the contractor. It further added that the construction work was in progress and would be completed soon.

The reply is not justified as it is a violation of all existing rules and encourages malpractice. The Department needs to investigate the matter and fix responsibility for false entries in the MB and payment made for work not done.

5.4 Fraudulent payment

Recording of false entries in Measurement Book resulted in payment of ₹ 1.21 crore to a contractor before the actual completion of the execution of work.

Under State Plan Assistance (SPA), the District Council Affairs Department (DCAD), Government of Mizoram (GoM) accorded (26 March 2014) expenditure sanction of ₹ 1.21 crore and released the entire assistance to the Chakma Autonomous District Council in March 2014 for 'Soling, Metaling and Black Topping Road from Udalthana to New Secretariat including permanent works'.

As per Section 7 & 9 of the Central Public Works Department (CPWD) Manual, 2007 which is being followed in the State, a Measurement Book (MB) is required to be maintained, wherein

all the items of work done by the contractors shall be measured and recorded by the Junior Engineer (JE), in-charge of the work. Further, before the bill of a contractor is passed, the entries in the MB relating to description of work should be scrutinized by the Assistant Engineer (AE) and calculation of contents or area should be checked under his supervision and then the MB should be approved by the Executive Engineer.

After following tendering process, the Council entered into (30 May 2014) an agreement with the lowest tenderer² for ‘Soling, Metaling and Black Topping Road from Udalthana to New Secretariat’ at the approved cost of ₹ 1.21 crore, to be completed by 22 May 2016. The work consisted of four components with the following cost:

Table - 5.4.1

Sl. No.	Item of works	Cost (₹ in lakh)
1.	Kutchra side drains	1.48
2.	Protection works	14.00
3.	Drainage work (slab culverts)	22.23
4.	Pavement	82.88
Total		120.59

Source: Council records

Scrutiny of the records (December 2015) of the Office of the Executive Secretary, Chakma Autonomous District Council (CADC) revealed that the execution of work commenced on 2 June 2014.

It was, however, observed that in the Measurement Book (MB) it was recorded (between 5 June 2014 and 18 December 2014) that all the four components of the work were completed between 5 June 2014 and 18 December 2014 as detailed below:

Table - 5.4.2

(₹ in lakh)

Sl. No.	Item of works	Date of commencement (as per MB)	Date of completion (as per MB)	Bill amount
1.	Kutchra side drains	02.06.2014	05.06.2014	1.48
2.	Protection works	05.06.2014	25.06.2014	14.00
3.	Drainage work (slab culverts)	26.06.2014	14.08.2014	22.23
4.	Pavement	13.10.2014	18.12.2014	82.88
Total				120.59

Source: Council records

² Pu. R. V. Hluna. Edentharr, Aizawl

Based on the entries made in the MB, the Council prepared component-wise four First and Final Bill showing the completion of construction of 'Soling, Metaling and Black Topping Road from Udalthana to New Secretariat including permanent works'. Accordingly the Executive Secretary of the Council passed the bills for payment and released the entire amount of ₹ 1.21 crore to the contractor on 26 February 2015.

Joint Physical verification of the work conducted by audit (4 December 2015) in the presence of the Executive Engineer, PWD of the Council revealed that as of December 2015 the contractor had completed only three components of the work (Kutchra side drains, Protection works and Drainage work) leaving pavement work, which was in progress with laying boulders. Photographic evidence taken during joint physical inspection shows that pavement work was not completed.



Progress of SMBT Road from Udalthana to New Secretariat as on 4 December 2015

Thus, without the actual completion of the work, false measurements were recorded in the MB showing completion of the work. Based on the false recording in the MB, full payment of ₹ 1.21 crore was made to the contractor.

The Department stated (January 2017) that (i) actual length of the road was 3 km long whereas as per detailed estimates it was 2 km, hence bouldering was done for 3 km though not included in the estimates and (ii) there was a huge landslide along the road near New Secretariat resulting in diversion of the road and construction of retaining walls. These caused burden to the contractor and hence entire payment was made after the contractor gave assurance to complete the work within six months and the work is in progress.

The contention is not acceptable because instead of following prescribed procedure for approval and execution of extra item of work, false measurement was recorded in the MB showing the completion of all four components of the work in order to facilitate the release of entire amount of ₹ 1.21 crore to the contractor. This is irregular and violation of the existing rules. The

Department needs to investigate this matter, fix responsibility for making payment for work not done and take steps to ensure that this does not happen again.

FOLLOW UP OF AUDIT OBSERVATIONS

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

With a view to ensuring accountability of the Executive in respect of all the issues addressed in various Audit Reports, the Public Accounts Committee (PAC) issued (May 2000) instructions for submission of *suo moto* ATNs on all paragraphs and Performance Audits 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 various Departments of the State Government had submitted *suo moto* ATNs in respect of all paragraphs/performance audits that had featured in the Audit Reports up to the year 2010-11, there are still some pendency in respect of the Audit Reports for the years 2011-12 to 2013-14. The Audit Report for the year 2014-15 was laid on the table of the State legislative assembly on 31 August 2016, replies were awaited (February 2017).

5.6 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 and to give reply within a month of issuance of IRs.

As of March 2016, a review of the outstanding IRs issued during 2008-16 revealed that 175 paragraphs relating to 56 IRs remained outstanding as shown in the following table:

Table - 5.6.1

Name of the Sector	Opening Balance		Addition during the year 2014-15		Disposal during the year 2014-15		Closing Balance	
	IR	Paras	IR	Paras	IR	Paras	IR	Paras
General	36	95	26	123	06	43	56	175

5.7 Audit Committee Meetings

State Government had notified (04 September 2013) the constitution of an Audit Committee to consider and take measures for timely response and speedy settlement of outstanding paragraphs of Inspection Reports of different departments. During 2015-16, no audit committee meeting was held.

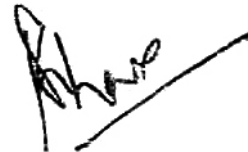
Aizawl
The 28 March 2017



(H.K. Dharmadarshi)
Accountant General, Mizoram

Countersigned

New Delhi
The 6 April 2017



(Shashi Kant Sharma)
Comptroller and Auditor General of India

