

EXECUTIVE SUMMARY

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This Audit Report has been prepared in five Chapters. Chapters I to V deal with Social, Economic (other than Public Sector Undertakings), General, Revenue and Economic (Public Sector Undertakings) Sectors. This Report contains four performance audits and ten compliance audit paragraphs.

According to the existing arrangements, copies of the draft compliance audit and draft performance reviews were sent to the concerned Secretaries/Principal Secretaries to the State Government by the Accountant General (Audit) with a request to furnish replies within six weeks. All the performance audits were discussed with the concerned Administrative Head of the departments and other departmental officials. Replies of the Government/department wherever received have been incorporated in the report.

CHAPTER-I

SOCIAL SECTOR

PERFORMANCE AUDIT

Right of Children to Free and Compulsory Education Act 2009 (RTE Act)

The Constitution (Eighty-Sixth Amendment) Act 2002 inserted Article 21-A in the Constitution of India to provide free and compulsory education of all children in the age group of six to fourteen years as a Fundamental Right in such a manner as the State may by law, determine. The Right of Children to Free and Compulsory Education Act 2009, which represents the consequential legislation envisaged under Article 21-A, gives every child the right to full time elementary education of satisfactory and equitable quality in a formal school which satisfies certain essential norms and standards. Article 21-A and the Act came into effect from 1 April 2010.

Sarva Shiksha Abhiyan, the main vehicle for implementing the provisions of the act mentioned above, has revised its framework of implementation and norms for intervention to correspond to its provisions. The Act has brought in new monitoring mechanisms to ensure that child rights are protected and provides for constitutionally created independent bodies like the National and State Commissions for Protection of Child Rights to perform this role. A performance audit on implementation of Rights of Children to Free and Compulsory Education Act 2009 in the State revealed the following significant findings:

- In the absence of actual child survey, audit could not authenticate the veracity of the department's data on the number of children who had attained the age of enrolment.
- The State could not establish schools for elementary education in all the eligible habitations within a period of three years from the commencement of the Act in the State.

Six habitations with 412 children and nine habitations with 853 children eligible for Primary Schools and Upper Primary Schools respectively as per neighbourhood norms were not provided with schools

- ₹ 743.16 lakh released for procurement of school uniforms during 2010-11 for 1.86 lakh school children by Government of Mizoram remained unspent due to non-completion of procurement formalities.
- ₹ 37.22 crore was incurred on salary of teachers in Aizawl and Lunglei who were deployed for non-educational works during 2010-16 which was against the provision of the Right to Education Act.
- As on 31 March 2016, 67 Primary and 34 Upper Primary Schools were in operation without obtaining requisite recognition certificate from the Department of School Education.
- ₹ 35 lakh for construction of additional classrooms meant for Class VIII were diverted on irregular works in three districts during 2011-12.

(Paragraph 1.3)

National Rural Health Mission

National Rural Health Mission (NRHM) was launched in April 2005 throughout the country with special focus on 18 States. Mizoram was one of the states selected for implementation of the Mission in 2005. The Mission seeks to provide accessible, affordable and quality health care to the rural population, especially the vulnerable sections. It covered the activities and programmes funded under NRHM Reproductive and Child Health Flexi-pool which encompassed the strengthening of infrastructure of healthcare centres at different levels, human resource management, implementation of schemes related to maternal health, institutional delivery, child health, immunisation, family planning, early detection, *etc.*

Performance audit on National Rural Health Mission in the State covered activities/programmes funded under the components of Reproductive and Child Health Flexi pool *viz.*, Strengthening of Health systems including Infrastructure, Mobile Medical Units, Patient Transport Systems (for referral and emergency), procurement of equipment and drugs, support to Accredited Social Health Activist workers and Village Health Sanitation & Nutrition Committees, Maternal and Child health interventions, Adolescent Health interventions and immunisation. Some of the significant audit findings are highlighted below:

- Facility surveys intended for identifying the health care needs of the people at the grassroots were not conducted in the State. District Health Action Plans were prepared without aggregating the Block and Village Health Action Plans.
- Loans to the tune of ₹ 15.40 crore released during 2011-16 from the Mission Flexipool fund to various other programs were not returned to the Mission Flexi pool.

- ₹ 4.16 crore was spent on upgradation of Community Health Centres at Khawzawl & Hnahthial from the Mission Flexipool without approval of Government of India.
- Seven out of 49 Sub Centers reconstructed/constructed during 2012-14 at a total cost of ₹ 45.14 lakh were non-operational.
- Mobile Medical Units with an aim of taking health care to the doorstep of the needy were not fully functional. Many machines (X-ray, Ultrasound, ECG and power back up) were nonfunctional.
- Under *Janani Suraksha Yojana*, which had twin objective of reducing maternal and infant mortality by providing cash incentives to pregnant women, ₹ 1.43 crore was due for payment to eligible pregnant mothers and Accredited Social Health Activist workers as of March 2016.

(Paragraph 1.4)

COMPLIANCE AUDIT PARAGRAPHS

Social Welfare Department granted old age pension of ₹ 1.48 crore to ineligible beneficiaries during 2010-15.

(Paragraph 1.5)

The Director, Hospital & Medical Education under Health & Family Welfare Department incurred an infructuous expenditure of ₹ 50 lakh due to installation of water treatment plants at five Government Hospitals without ensuring water source for water treatment plants.

(Paragraph 1.6)

CHAPTER-II

ECONOMIC SECTOR (Other than State Public Sector Undertakings)

PERFORMANCE AUDIT

New Land Use Policy

The New Land Use Policy, the Flagship Programme of Mizoram, was launched on 14 January 2011 with the triple aim of weaning farmers away from the destructive practice of shifting cultivation, attaining self-sufficiency in production of rice and reforestation of the land.

The Scheme was to help beneficiaries establish alternative means of livelihood by providing monetary assistance to help them switch over to higher income yielding permanent and sustainable livelihood activities. Beneficiaries were to be chosen by village level committees with the help of a professionally conducted baseline survey submitted to the implementing

board. These beneficiaries were then given the option to choose their trade of choice from a pre-selected list of trades which was decided by the board. These guidelines were not followed in actual practice as a result of which village level committees were unaware of both the chosen beneficiaries and their trades. Follow up on monitoring of beneficiaries was not available.

It was expected that the programme would result in the formulation and implementation of a Land Use Plan for the State and land reforms would be taken up. It was also anticipated that families depending on *jhum* cultivation would switch over to higher income yielding permanent and sustainable livelihood activities, food security would be ensured and ecological balance would be restored through rejuvenation of forest cover, improvement of surface and ground water management. However, the practice of *jhumming* is still widely prevalent, before commencement of the Scheme, the number of *jhum* cultivators in Mizoram was 68,433 which was reduced to 60,338 during 2014-15. In the same period, the increase in wet rice cultivation from 50 to 60 *per cent* (of total rice production in the State) has proved insufficient as the State's import of rice has remained at 70 *per cent*.

The performance audit on the New Land Use Policy (NLUP) revealed the following:

- The baseline survey results were not shared with Village Level NLUP Committee. Village level/District level plans were not prepared. No compact area was identified and as a consequence land-based trades were scattered over wide areas.
- The selection of beneficiaries to be done by the Village Level NLUP Committee was actually done by the NLUP Apex Body. In the selected sample districts audit identified at least 1400 ineligible beneficiaries.
- Due to delay in the release of cash assistance to the beneficiaries for more than three years, the timely implementation of the programme could not be ensured.
- In order to avoid lapse of budgetary grants NLUP funds were kept in Civil Deposits at the end of each financial year.
- Due to improper planning and *ad hoc* execution major objectives of the scheme: putting an end to *Jhum* cultivation, attaining self-sufficiency in production of rice, afforestation *etc.*, could not be achieved.
- There was an excess expenditure of ₹ 159.73 lakh in the procurement of geomembrane; ₹ 119.19 lakh in the procurement of Common Carp fish seed under the Fisheries Department.

(Paragraph 2.3)

CHAPTER-III

REVENUE SECTOR

PERFORMANCE AUDIT

Computerisation of Transport Department in Mizoram

The Ministry of Road Transport and Highways in an effort to modernise and streamline service delivery, transparency and revenue monitoring provided standardised software 'VAHAN' for registration of vehicles and 'SARATHI' for issuance of Driving Licenses (DLs) to the Transport Department, Government of Mizoram. The applications were developed by National Informatics Centre which also provided technical assistance, free of charge, for customisation and backend integration.

The performance audit on Computerisation of Transport Department in Mizoram revealed the following significant findings:

- Computerisation in the Department was executed without proper documentation and planning.
- All modules which were already available in the software were not being utilised.
- Non-existence/Delayed installation of physical components resulting in delayed service delivery by five days to 3,172 days.
- The physical, data security and logical access controls in existence were weak. There was no meaningful user login information and thus the audit trail was lost.
- There was compilation error of data already captured under VAHAN on generation of daily transaction reports rendering it unreliable.
- Business rules were not mapped into the software to ensure compliance with the provisions of the existing rules and acts.
- Incorrect collection of late registration fine from 3,067 vehicles amounting to ₹ 3.07 lakh and non-levy of late registration fine from 7,142 vehicles amounting to ₹ 7.14 lakh.

(Paragraph 3.11)

COMPLIANCE AUDIT

There was an under-assessment of tax of ₹ 5.21 lakh in Taxation Department.

(Paragraph 3.12)

Penalty of ₹ 37.56 lakh from 56 dealers, who failed to submit Audited Statement, was not imposed by the Assessing Officers of two zonal offices of Taxation Department.

(Paragraph 3.13)

Under National Land Records Modernisation Programme, the Director, Land Revenue & Settlement Department incurred an irregular expenditure of ₹ 2.02 crore without supporting vouchers.

(Paragraph 3.14)

The Geology and Mineral Resources Department failed to realise penalty of ₹ 57.46 lakh from 26 stone quarry permit holders for non-submission of monthly returns.

(Paragraph 3.15)

The Geology and Mineral Resources Department did not levy Annual license fee of ₹ 60.43 lakh at penal rate on delayed payment of annual license fee by two license holders.

(Paragraph 3.16)

CHAPTER-IV

ECONOMIC SECTOR (State Public Sector Undertakings)

Overview of State Public Sector Undertakings

The State Public Sector Undertakings (SPSUs) comprise of State Government Companies and Statutory Corporations. The SPSUs are established to carry out activities of commercial nature keeping in view the welfare of people and also occupy an important place in the State economy. As on 31 March 2016, in Mizoram there were six State Public Sector Undertakings. These SPSUs registered a turnover of ₹ 5.86 crore as per their latest finalised accounts as of September 2016 and provisional figures furnished by the Companies. This turnover was equal to 0.04 *per cent* of State Gross Domestic Product (GDP) for 2015-16. The working SPSUs incurred loss of ₹ 6.36 crore as per their latest finalized accounts as of September 2016 and provisional figures furnished by the Companies. They had employed 131 employees as at the end of March 2016.

Investment in State Public Sector Undertakings

As on 31 March 2016, the investment (capital and long-term loans) in six SPSUs was ₹ 72.37 crore.

Performance of SPSUs

The financial position and working results of working Government companies and Statutory Corporations showed that five SPSUs were incurring losses continuously during the period between 2011-12 and 2015-16. During the year 2015-16, five SPSUs incurred loss of ₹ 6.36 crore. The Mizoram Handloom and Handicrafts Development Corporation Limited (ZOHANDCO) ranked first among the SPSUs in incurring losses followed by the Mizoram Food and Allied Industries Corporation Limited (MIFCO).

The losses of SPSUs are mainly attributable to deficiencies in financial management, planning, running their operations and monitoring.

COMPLIANCE AUDIT

Deficiency in stock management of stores under the District Civil Supplies Officer, Champhai led to non-recovery of shortages of stores of ₹ 158.70 lakh.

(Paragraph 4.19)

CHAPTER-V

GENERAL SECTOR

COMPLIANCE AUDIT

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.

(Paragraph 5.3)

Recording of false entries in Measurement Books resulted in payment of ₹ 1.21 crore to a contractor before the actual completion of the execution of work by Chakma Autonomous District Council.

(Paragraph 5.4)

