

CHAPTER– III
GENERAL SECTOR

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3.1 Introduction

This Chapter of the Audit Report for the year ended 31 March 2016 deals with the findings on Audit of the State Government units under the general sector.

During 2015-16, total budget allocation of the State Government in the major departments under General Sector was ₹ 1,865.29 crore against which actual expenditure was ₹ 1,391.47 crore. Details of Department wise budget allocation and expenditure are given in the following table.

Table: 3.1.1

(₹ in crore)

SL. No.	Department	Total Budget Allocation	Expenditure
1	Governor	12.25	10.79
2	Legislative	27.39	26.15
3	General Administration	885.58	535.10
4	Home	744.07	674.72
5	Legal Metrology	8.27	7.71
6	Election	19.82	18.25
7	Fire Services	32.20	30.88
8	Land Management	47.97	17.72
9	Administration of Justice	25.86	16.03
10	Stationery and Profiting	13.42	13.30
11	Protocol	2.63	2.56
12	Parliamentary Affairs	5.27	5.14
13	Information and Public Relation	26.85	20.99
14	State Public Service Commission	5.56	5.55
15	Administrative Training Institute	5.38	3.55
16	State Information Commission	1.90	2.20
17	State Lotteries	0.87	0.83
Total		1865.29	1391.47

(Source: Appropriation Accounts 2015-16)

3.1.1 Planning and Conduct of Audit

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

Audits were conducted in 24 units involving expenditure of the State Government amounting to ₹ 411.38 crore under the General Sector.

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

Major observations detected in Audit during 2015-16 pertaining to the General Sector are discussed in subsequent paragraphs of this Chapter. This chapter of Audit Report contains two Compliance Audit Paragraphs.

Compliance Audit Paragraph

General Administration

3.2 Doubtful Expenditure

Expenditure of ₹ 90.00 lakh stated to have been incurred on construction of five suspension bridges was doubtful.

According to Rule 26 (iv) of General Financial Rules (GFR), 2005, Controlling officer in respect of funds placed at his disposal are to ensure that adequate control mechanism is functioning in his department for prevention, detection of errors and irregularities in the financial proceedings of his subordinate offices and to guard against waste and loss of public money.

Further, Rule 132 (vii) of GFR stipulates final payment for work shall be made only on the certificates of the officer-in-charge of execution of the work. As per Section 9.1(3) of CPWD works Manual, before the bill of a contractor is passed and paid the entries in the Measurement Book relating to the description and quantities of work should be scrutinized.

Rural Development Department, GoAP accorded administrative approval and expenditure sanction under Special Plan Assistance (SPA) for “*Construction of Five Suspension bridges¹*” over three rivers, namely, Sippi, Dunli and Menga under Daporijo and Giba CD Blocks, Upper Subansiri District in December 2012 at a total cost of ₹ 90.00 lakh (₹ 18 lakh for each bridge). As per the sanction, tendering was mandatory for ensuring transparency and competitive bidding and the work was to be executed by the Project Director, DRDA, Daporijo. The sanction also stipulated that the Deputy Commissioner (DC), Daporijo, Upper Subansiri District was to monitor the progress of work at regular interval and also draw the amount from Treasury on receipt of bills from Project Director, DRDA, Daporijo for payment.

Scrutiny of records (October/November 2015) of Deputy Commissioner (DC), Upper Subansiri District revealed that Project Director, DRDA, Daporijo issued Notice Inviting Tender (NIT) in January 2013 for the construction of five suspension bridges at different locations with a stipulation to complete the execution of work in three months. The work was awarded to lowest bidder, M/s Reempu Construction, Naharlagun in February 2016. PD, DRDA submitted (March 2013) bills for payment for ₹ 90.00 lakh in favour of M/s Reempu Construction, Naharlagun for construction of five suspension bridges,

¹ i. Suspension bridge over Sippi river at Bicho-Leru (Mosi to Lamdik).
ii. Suspension bridge over Sippi river (Loker to Dadi).
iii. Suspension bridge on Sippi river at Taw Rijo.
iv. Suspension bridge over Dunli river at (Ruji to Hiju).
v. Suspension bridge over Menga river (Piya to Markia).

certifying that the work had been completed as per specification. ₹ 90 lakh was drawn by DC Daporijo and paid in cash to PD, DRDA, Daporijo on 11 March 2013.

Scrutiny of the bills revealed that work commenced on 18 February 2013 and was recorded as completed on 01 March 2013 within 12 days from the date of commencement whereas three months' time was allowed in NIT. The measurement book in support of execution of work was not produced to Audit. Execution of work in such a short time cast an element of doubt whether the work was actually executed on ground by the contractor. Further; there was nothing on record to support the fact that DC, Daporijo has monitored the progress of the work.

Along with the reply (August 2016), the Department produced documents such as estimates, work orders, measurement books, bills, etc. Measurement books produced indicated only name of bridges, however, site specific details of each bridge with the quantity of work done and the date on which the measurement was taken, etc. was not indicated in the measurement book. The copy of bills furnished by the department along with the reply was different from the one that was produced during field audit. The copy of the bill produced along with the reply in August 2016 did not bear Voucher No, Bill No, and signature of the Finance Accounts Officer whereas the original bill produced to audit in November 2015 did contain these details.

The matter needs investigation to verify whether the work was actually done and to establish veracity of records. The Government also needs to ensure that existing rules are followed.

District Administration Department

3.3 Unauthorised Expenditure

Deputy Commissioner, Capital Complex, Itanagar kept a part of revenue realised from various citizen centric services outside Government account and incurred expenditure of ₹ 57.71 lakh out of this money for payment of wages, office stationery, phone bills, medical bills etc. which was in violation of the rules.

Under Rule 6 (1) of Central Government Account (Receipts and Payments) Rules 1983, all revenues received by or tendered to Government officers on account of revenues or receipts or dues of the Government shall, without undue delay, be paid in full into the accredited bank for inclusion in Government Account. Moneys received as aforesaid shall not be utilized to meet departmental expenditure unless authorized under sub-rule (2), nor otherwise kept apart from the accounts of the Government. Further, as per Rule 13 of Central Government Account (Receipts and Payments) Rules 1983, all monetary transactions should be entered in the cash book as soon as they occur and attested by the Head of the Office in token of check.

Scrutiny of records (February 2016) of the Deputy Commissioner (DC), Capital Complex, Itanagar revealed that during the period from July 2010 to January 2016, ₹ 119.76 lakh was collected as revenue from inner line permit fee, issue of domicile certificate, ST certificate, etc. by the DC. Out of these amount, ₹ 35.44 lakh was deposited in Government account, balance ₹ 84.32 lakh and the interest of ₹ 3.23 lakh

earned thereon was kept in the Bank Account² in Arunachal Pradesh State Co-op. Apex Bank Ltd. operated by ADC cum Member Secretary of Capital Complex e-Governance Society which was outside the Consolidated Fund of the State.

Further, scrutiny revealed that between August 2010 and January 2016, a total amount of ₹ 57.71 lakh was withdrawn from the Bank Account on 145 occasions. As of January 2016 a balance of ₹ 29.35 lakh was in the bank account. The deposits and withdrawals made from this bank account were not routed through the cash book maintained for Government Account. The expenditure incurred from the bank account were for different items such as payment of wage, office stationary, phone bills, repairs, reimbursement of medical bills, etc. Thus, the revenue collected by the Deputy Commissioner, was kept outside the Government Accounts and expenditure incurred was in violation of the extant Rules.

In reply, (August 2016) the Department stated that revenue collected on account of domicile certificate, ST certificate, ILP, etc., were deposited in two parts i.e. government account and society fund for smooth functioning of the e-governance society. Any kind of purchase of stationeries, office equipment, computer items, etc. was made as per Government codal provisions.

The reply of the Department is not acceptable as depositing government revenue into Bank Account maintained outside Consolidated Fund of the State and subsequent expenditure incurred there from (₹ 57.71 lakh) is not only violation of the extant rules but had also escaped the financial control of the Legislature. The Department should forthwith stop such irregular practice and instead of diverting the government revenue may provide grants for smooth functioning of e-governance society with the approval of the legislature or take any other steps as per rule. The balance of ₹ 29.35 lakh should be deposited into Government Accounts in compliance to the extant rules without any further delay.

² No. 688101072451