

EXECUTIVE SUMMARY

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This Audit Report has been prepared in six Chapters. Chapters I to V deal with Social, Economic (other than Public Sector Undertakings), General, Revenue, Economic (Public Sector Undertakings) Sectors and Chapter VI deals with Follow up of Audit observations.

This Report contains three Performance audits and twenty compliance audit paragraphs. According to the existing arrangements, copies of the draft compliance audit and draft performance audits were sent to the concerned Secretaries/Principal Secretaries to the State Government with a request to furnish replies within six weeks. A demi-official letter was also sent to the Chief Secretary to the State Government on the issues raised in the draft audit paragraphs, draft performance audits *etc.*, for inclusion of the views/comments of the Government in the Audit Report. Replies of the Government/department wherever received have been incorporated in the report.

A synopsis of the important findings contained in this Report is presented in this Executive Summary.

Chapter-I: Social Sector

Performance Audit

Health Department

1.2 National Rural Health Mission

The National Rural Health Mission (NRHM) was launched throughout the country in April 2005 with the aim to establish a fully functional decentralized healthcare delivery system, and to increase access to quality health service for all. The NRHM has three main components, namely, (i) Reproductive and Child Health (RCH), (ii) Strengthening of Health Systems and (iii) National Disease Control Programme. Performance Audit undertaken on NRHM in the State covered activities/programmes under the component of RCH. Some of the significant audit findings are highlighted below.

Highlights

- *The availability of functional health centres as per population norms was in excess of the requirement in Community Health Centre and Primary Health Centre, but there was shortage of 38 Sub-Centres. However, there was shortfall of functional Primary Health Centres and Sub Centres to the extent of 26 (18 per cent) and 302 (51 per cent) respectively vis-à-vis the number of such centres actually approved by the State Government.*
- *The shortfall of health care professionals in the sampled District Hospitals was up to 157 (35 per cent). While the shortage in 6 Community Health Centres was 133(57 per cent), 11 Primary Health Centres had shortfall of 33 (33 per cent) against the requirement as per Indian Public Health Standard norm.*

- *As of March 2016, out of 685 Accredited Social Health Activists (ASHAs) in the four sampled districts, only 262 (38 per cent) ASHAs were trained. Moreover, ASHA kits were not provided to 55 per cent of ASHAs in position.*
- *Achievement of institutional delivery was 40 per cent of registered pregnant women during 2011-16.*
- *Antenatal mandatory check-ups were availed by 37 per cent of pregnant women registered. The postnatal care at the health centres was availed by only 42 per cent of institutional deliveries in the four sampled districts.*
- *There was low coverage of full immunization of children in the health centres between 11 per cent and 58 per cent. The achievement of administration of Vitamin A solution was also only between 8 and 26 per cent of the targeted children.*
- *The coverage under Janani Suraksha Yojana (JSY) for institutional and home deliveries was 60 per cent and 56 per cent respectively during 2011-2016. There was shortfall in payment of incentive to the extent of ₹ 165.89 lakh for institutional deliveries and ₹7.09 lakh for home deliveries.*

(Paragraph 1.2)

Education Department

1.3 Implementation of the Right of Children to Free and Compulsory Education (RTE) Act, 2009

The Right of Children to Free and Compulsory Education (RTE) Act, 2009 provides for free and compulsory elementary education to all children in the 6-14 age group. The key objective of the Act was universalization of elementary education by ensuring compulsory admission and completion of elementary education by every eligible child. The programme also provides for creating infrastructure, adequate classrooms, playground, library and learning equipment, kitchen shed for mid-day meal, etc. The Government also laid emphasis on ensuring favourable pupil teacher ratio, availability of qualified teachers in different stream and providing of uniform and text books to students enrolled in primary schools and upper primary schools. *Sarva Shiksha Abhiyann* (SSA) was the main vehicle for implementing the provisions of the RTE Act. Some major audit findings are highlighted below:

Highlights:

- *School mapping and household survey for identification of children eligible for elementary education has not been carried out since April 2010. As on March 2016, out of school children were 57,032 (18 per cent).*
- *232 primary school buildings and 130 upper primary school buildings constructed during 2014-16 were yet to be handed over to school authorities.*

- *As of March 2016, there was 42 per cent shortfall in Science & Mathematics teachers.*
- *Despite excess procurement of text books by Director Elementary Education during 2010-11 to 2012-13, there was shortfall in receipt of text book in test checked schools in the sampled districts.*
- *Work books worth ₹123.02 lakh was not received from State Project Director, Sarva Shiksha Abhiyan by the test checked schools in each of four sampled districts.*
- *There was shortfall in supply of uniform in the test checked schools of the sampled districts to the extent of ₹30.98 lakh.*
- *2760 number of boys' uniform (₹ 11.04 lakh) and 13700 number of girls' uniform (₹54.80 lakh) were not delivered by the Suppliers.*
- *Text books worth ₹ 10.88 lakh was not delivered to State Project Director, Sarva Siksha Abhiyan by the Supplier.*

(Paragraph 1.3)

Compliance Audit Paragraphs

Health Department

Bio-Medical Waste Management

Government of India framed the 'Bio-Medical Waste (BMW) (Management and Handling) Rules, 1998' under the provisions of Environment (Protection) Act, 1986 which prescribed the procedures for treatment and disposal of bio-medical waste generated by institutions such as hospital, nursing home, clinic, dispensary etc. It was decided to do an audit regarding compliance of the BMW management at the Health Department and the Arunachal Pradesh State Pollution Control Board (APSPCB). Some of the important audit findings are as follows:

Highlights

- *Arunachal Pradesh State Pollution Control Board did not have state level data on Health Care Establishments which required compliance of rules and regulations of Bio-Medical Waste.*
- *Only 12 out of 437 Health Care Establishments are functioning with authorisations issued by Arunachal Pradesh State Pollution Control Board. Authorisations were issued by Arunachal Pradesh State Pollution Control Board even when the Health Care Establishments did not possess the necessary capacity to handle Bio-Medical Waste in accordance with the Rules.*

- *Treatment plants installed in 10 Government hospitals at a total cost of ₹ 635.46 lakh remained non-functional due to lack of trained manpower, technical defects, lack of funds for maintenance and power shortage, etc.*
- *Twelve hospitals inspected by Audit did not observe the standards prescribed in the Rules for disposal of bio-medical waste.*

(Paragraph 1.4)

Director of Sports & Youth Affairs, Itanagar made payment of ₹ 100.33 lakh for *Viewers' Gallery* without execution of the work and paid ₹118.98 lakh for items not included in the approved detailed estimate/measurement book without obtaining the approval of the competent authority.

(Paragraph 1.5)

In absence of documentary evidence to support the receipt of material and its utilisation for the Mahatma Gandhi National Rural Employment Guaranteed Act (MGNREGA) works, the expenditure of ₹ 74.81 lakh incurred by the Block Development Officer, Khimiyang (District Rural Development Agency), Changlang, in violation of MGNREGA guidelines and prescribed procedures, was doubtful.

(Paragraph 1.6)

Chapter-II: Economic Sector

Compliance Audit Paragraphs

An expenditure of ₹ 92.78 lakh incurred by Executive Engineer, Water Resources Division, Deomali, on construction of Water Harvesting Reservoirs remained unfruitful due to improper selection of site as it failed to meet the intended objectives of providing irrigation for agricultural activity. Besides, ₹ 22.60 lakh was paid to the contractor without execution of work (Recharge Pits and Fencing)

(Paragraph 2.2)

Due to hiring of Bulldozer at a rate higher than the approved rate, Executive Engineer, Public Works Department, Daporijo Division made an excess payment of ₹ 58.32 lakh.

(Paragraph 2.3)

Expenditure of ₹ 147.95 lakh incurred on construction of 15 cross drainages and three slab culvert was doubtful. Besides, an expenditure of ₹ 99.41 lakh was incurred on formation cutting and slip clearance without sanction of the competent authority.

(Paragraph 2.4)

Construction of RCC Bridge over River Singking remained incomplete for more than seven years, due to diversion of ₹ 154.63 lakh, rendering the expenditure of ₹ 2.45 crore incurred so far on its construction unfruitful.

(Paragraph 2.5)

Chapter-III: General Sector

Compliance Audit Paragraphs

General Administration

Expenditure of ₹ 90.00 lakh stated to have been incurred on construction of five suspension bridges under Daporijo and Giba CD Block, Upper Subansiri District was doubtful.

(Paragraph 3.2)

District Administration Department

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.

(Paragraph 3.3)

Chapter-IV: Revenue Sector

Trend of Revenue receipts

During the year 2015-16, Revenue raised by State Government (₹ 927.19 crore) was 8.79 per cent of the total Revenue receipts. The balance 91.21 per cent of receipts during 2015-16 was from Government of India.

The Tax Revenue raised by the State Government during 2015-16 (₹ 535.07 crore) increased by 6 per cent as compared to the previous year (₹ 462.16 crore). The Non-Tax Revenue during 2015-16 (₹ 392.12 crore) also increased by 13 per cent as compared to the previous year (₹ 457.64 crore).

(Paragraph 4.1.1)

Compliance Audit Paragraphs

Transport Department

Collection of revenue from outsourced activities

Department of Transport (DoT), Government of Arunachal Pradesh is governed by the Central Motor Vehicles Act, 1988, the Central Motor Vehicles Rules, 1989 and the Arunachal Pradesh Motor Vehicle Taxation Act, 1984. As per the Supreme Court verdict and orders of the Ministry of Road Transport and Highways (MoRTH), affixtures of High Security Registration Plates (HSRP) under the provision of Rule 50 of the Central Motor Vehicles Rules, 1989 has to be ensured on all newly registered vehicles as well as old vehicles in phased manner within two years from the date of implementation. Further, as per Rule 115(7) of Motor Vehicles Rules, 1989 every motor vehicle shall

carry a valid Pollution under Control certificate after the expiry of one year from the date on which the motor vehicle was first registered. The Pollution under Control certificate is to be issued by an agency authorized for this purpose by the State Government. Some of the important audit findings are highlighted below:

Highlights

- *Out of these 3,08,400 number of vehicles in the State only 36,374 vehicles (11.79 per cent) were installed with High Security Registration Plates and the balance 2,72,026 vehicles (88.21 per cent) were plying without High Security Registration Plates as on 31 March 2016. This deprived the State Government of revenue to the tune of ₹ 1.77 crore which could accrue from installation of High Security Registration Plates on 2.72 lakh vehicles.*
- *As many as 2,71,008 vehicles (one year old) were plying without Pollution under Control certificate on 31 March 2016 mainly due to weak enforcement of Rule 115(7) of the Central Motor Vehicle Rules, 1989 by District Transport Officers. This has also led to low revenue collection by Automobile Emission Testing Stations and consequently the State was deprived potential minimum revenue earnings during 2015-16 alone to the extent of ₹ 226.12 lakh against 2,71,008 vehicles plying without Pollution under Control certificate.*

(Paragraph 4.2)

- *Road Tax of ₹ 89.19 lakh due from the owners of 120 vehicles and leviable penalty of ₹ 23.30 lakh were not collected despite default for more than one year to seven years.*

(Paragraph 4.3)

Taxation Department

Loss of revenue of ₹ 5.72 crore due to application of incorrect tax rate at the time of Tax Deduction at Source from contractors' bills.

(Paragraph 4.4)

A dealer concealed sales turnover of ₹ 17.20 crore and evaded tax of ₹ 68.81 lakh on which interest of ₹ 16.38 lakh and penalty not exceeding ₹ 68.81 lakh were also leviable.

(Paragraph 4.5)

A manufacturing unit was allowed exemption of tax without production of the required certificate from competent authority resulting in loss of revenue of ₹ 1.61 crore.

(Paragraph 4.6)

Failure of the Superintendent of Tax (ST) to assess the self-assessed returns submitted by the dealer led to evasion of tax of ₹ 41.47 lakh on which interest ₹ 23.16 lakh and penalty of not exceeding ₹ 41.47 lakh was also leviable.

(Paragraph 4.7)

The Executive Engineer made payment to a dealer/supplier of Value Added Tax (VAT) component of ₹ 1.36 crore on fake documents of payment of Entry Tax produced by the dealer.

(Paragraph 4.8)

Superintendent of Tax, Bhalukpong short-realised entry tax of ₹ 1.42 crore from a dealer on total taxable goods imported of ₹ 17.42 crore.

(Paragraph 4.9)

Land Management Department

Failure of the Department to assess and recover lease rent led to non-realisation of revenue of ₹ 30.53 lakh from State Bank of India, Roing along with interest of ₹ 32.39 lakh.

(Paragraph 4.10)

State Excise Department

Establishment charges of ₹ 6.41 lakh in respect of Excise officials posted in different Bonded Warehouses were not realised.

(Paragraph 4.11)

Chapter-V: Economic Sector (SPSUs)

In Arunachal Pradesh, there were seven State Public Sector Undertakings (SPSUs) (all Government Companies including two non-working Companies). Audit of Government Companies is governed by respective provisions of Section 139 and 143 of the Companies Act 2013. The accounts of State Government Companies are audited by Statutory Auditors appointed by the Comptroller and Auditor General (CAG) of India. These accounts are also subject to Supplementary Audit by the Comptroller and Auditor General of India.

Investment in SPSUs

As on 31 March 2016, the investment (capital and long-term loans) in seven SPSUs was ₹ 32.14 crore. The investment had increased by 3.44 *per cent* from ₹ 31.07 crore in 2010-11 to ₹ 32.14 crore in 2015-16. The thrust of investment was mainly in the Power and Finance sectors, which had 38.73 *per cent* and 38.15 *per cent* of the total investment respectively.

Performance of SPSUs

The working SPSUs showed negative working results during the two years from 2011-12 to 2012-13 ranging between (-) 5.59 crore and (-) 5.92 crore and improved overall profits during 2013-14 to 2015-16. During the year 2015-16, out of five working SPSUs, three SPSUs earned aggregate net profit of ₹ 8.14 crore and two SPSUs incurred losses of ₹ 1.46 crore. The contributors of profit were Arunachal Pradesh Forest Corporation

Limited (₹ 3.54 crore), Arunachal Police Housing and Welfare Corporation Limited (₹ 3.87 crore) and Hydro Power Development Corporation of Arunachal Pradesh Limited (₹ 0.73 crore). The heavy losses were incurred by Arunachal Pradesh Industrial Development and Financial Corporation Limited (₹ 1.18 crore) and Arunachal Pradesh Mineral Development and Trading Corporation Limited (₹ 0.28 crore). The working SPSUs had earned aggregate profit of ₹ 6.68 crore during 2015-16 as compared to aggregate profit of ₹ 6.64 crore during 2014-15.

(Paragraph 5.1)

Performance Audit

State Transport Department

Arunachal Pradesh State Transport Services

Arunachal Pradesh State Transport Services (APSTS) is mandated to provide adequate, viable, economical and well-coordinated bus services to common masses of Arunachal Pradesh. APSTS functions under the administrative control of the Transport Department, Government of Arunachal Pradesh. The Performance Audit was conducted to assess the working of APSTS for the period from 2011-12 to 2015-16. Some of the major audit findings are highlighted below:

Highlights

- *In five selected stations, 729 villages out of 1414 villages were outside the public transport system. Despite wide gap in transport services, Arunachal Pradesh State Transport Services operated only 94 routes out of 119 connected routes and thus 25 routes were not operated as on March 2016.*
- *Against a target for procurement of 120 buses in the 12th Five Year Plan, APSTS had procured only 50 buses by December 2016.*
- *Against budget estimate of ₹ 527.83 crore, only ₹ 445.52 crore was allocated by the State Government, of which Arunachal Pradesh State Transport Services spent only ₹ 408.79 crore during the five year period resulting in shortfall of operational expenditure.*
- *Out of 134 purchase orders for spare parts, 129 purchase orders valued ₹ 8.43 crore were issued and expenditure incurred without obtaining sanction of the competent authority.*
- *There was doubtful expenditure of ₹ 1.08 crore on purchase of spare parts from firms registered under the Value Added Tax authorities for doing business related to other than sale of spare parts.*
- *There was excess consumption of fuel of 29.18 lakh litres costing ₹ 15.04 crore by various stations during the period 2011-12 to 2015-16.*

- *137 engine overhauling cases valued at ₹ 2.77 crore and 1438 cases of repair works valued at ₹ 24.61 crore of five selected stations were outsourced to private firms despite having a Central Workshop. Thus, the objective of having own Central Workshop for ensuring economy in repair and maintenance remained unachieved.*

(Paragraph 5.2)

Compliance Audit Paragraphs

Failure of Arunachal Pradesh Mineral Development & Trading Corporation Limited (APMDTCL) to revise the coal price in accordance with rates revised by Coal India Limited, in time, resulted in loss of revenue amounting to ₹ 19.88 crore. Besides, an amount of ₹ 11.69 crore which was outstanding against the extraction contractor on account of revision of prices of coal had not been recovered till February 2017.

(Paragraph 5.3)

