

Overview

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This Audit Report has been prepared in six Chapters. Chapters I to V deal with Social Sector, General Sector, Economic Sector, Economic Sector (Public Sector Undertakings) and Revenue Sector respectively. Chapter VI deals with cases of follow up of Audit Reports.

This Report contains 14 paragraphs including 10 Compliance Audit Paragraphs and four paragraphs of Chapter VI. Performance Audits on “**Development of Sports Sector in Mizoram**” and “**Development of Infrastructure Facilities for the Judiciary**” are also included in the Report. The draft audit paragraphs and draft Performance Audit Reports were sent to the Principal Secretary/ Commissioner of the Departments concerned with a request to furnish replies within six weeks. The views of the Government have been incorporated wherever received. The audit findings were also discussed in Exit Conferences held with the representatives of the Government of Mizoram and their views were duly acknowledged in the Report. A synopsis of the important findings contained in the Report is presented below.

SOCIAL SECTOR

Performance Audit

Performance Audit on ‘Development of Sports Sector in Mizoram’

The Performance Audit (PA) on Development of Sports Sector in the State has brought out significant areas for improvement. During the period 2014-19, the Sports Department did not have benefit of any policy directions for development of sports and sports infrastructure. Out of the total budgetary allocation of ₹171.42 crore, the Department incurred an expenditure of ₹171.91 crore during 2014-19. The Department regularly transferred funds to the Public Account to avoid lapse of funds. Projects continued to fail to meet the completion deadlines due to delays in release of funds to the implementing agencies and execution delays.

Out of the 39 sanctioned projects implemented during the period, which included 24 projects sanctioned prior to 2014-15, 28 projects had been completed and 11 projects are still on-going. Out of the 28 projects completed during the period, 23 projects were completed with delays ranging from one to 55 months from their schedule completion date. Further, out of the 11 on-going projects, four projects are on-going beyond their scheduled date of completion as on 31 March 2019. There were administrative delays in clearing the project proposals due to delays in grant of Administrative Approval, tendering and issue of work orders as well as delays in the construction phase of works.

Testing of the newly laid synthetic football turf at Chhangphut was not ensured to draw an assurance that the contractor has indeed supplied the turf, which conformed to the standards of FIFA two star. The football ground at Lunglei and athletic track at Kolasib were not constructed as per the required standards. Further, the Department made payment of ₹80.31 lakh to contractors for unexecuted works, in absence of physical verification of works by the Departmental officials.

The Sports Department needs to coordinate with other executing Departments like Rural and Urban Development Departments, to ensure that sports infrastructure facilities are built as per required technical specifications.

Joint physical verification showed that completed sports infrastructure was lying idle due to non-handing over of the facilities to the Department, lack of routine upkeep and non-posting of staff and coaches. Instances of idle infrastructure were Multipurpose Indoor Hall at Sazaikawn; Sports Centre at Phulpui and the diving pool in Aquatic Complex at ITI Veng, Aizawl. This not only deprived sportspersons and trainees benefits of the facilities created but also wastage of public money. Besides, sports academies did not have medicine doctors and nutritionists and proper facilities for the sports trainees. Cash incentives were awarded to sportspersons, in infraction of the Rules and without adequate documentation. The Department had not hired sufficient sportspersons and coaches during the period which was the main reason for idle infrastructure not put to use especially in district places.

Monitoring of projects remained deficient. Neither were Monitoring Committees constituted nor were the meetings held at regular intervals as per the scheme guidelines.

Recommendations

- *The financial management in the Department requires to be more efficient by ensuring fund releases on time and timely payments. The practice of transferring funds to the Public Account requires to be stopped forthwith and payment to vendors should not be made in cash.*
- *The Department needs to monitor the approvals for major projects and construction schedule of the projects very closely to avoid delays. The works may be monitored through physical visits and timely reports from the executing agencies to ensure completion of facilities on time.*
- *It may be ensured that payments for work are made after physical verification of the completion of all items included in the estimates and contract. Departmental action be taken against officers committing irregularities in works and release of payments on incomplete works.*
- *In order to assure adherence to specific technical standards, in projects, the non-works departments should get the works estimates vetted and approved by the competent authority in Sports Department.*
- *There should be an institutionalised coordination mechanism between Sports and Youth Services Department (SYSD) and the executing agencies to ensure that the sports infrastructure facilities conform to the technical specifications and to avoid duplicity.*

- *The completed projects should be handed over to appropriate authorities without any delay and used optimally for the intended purposes by augmenting resources on infrastructure, maintenance and deployment of coaches/ trainees.*
- *The Sports Academies and Training Centres require support in terms of medicine doctors and nutritionists and adequate facilities for trainees. The Department may ensure posting of doctors and nutritionists in the academies or ensure their regular visits to these centres. They may ensure provision of basic facilities for trainees in the Academies.*
- *Cash incentives to meritorious sportspersons may be strictly regulated as per Rules and extant procedures.*
- *The State Government needs to speed up the process of recruitment of sportspersons as per the Instructions on recruitment and promotion of sportspersons to address the shortage of manpower at various sports facilities in the State.*

(Paragraph 1.3)

Compliance Audit Paragraph

Mizoram Youth Commission

The Commission incurred fraudulent expenditure of ₹113.92 lakh on purported training conducted for fictitious State Government employees.

Recommendations

- *The Government needs to further investigate the case and fix responsibility of the officers concerned for training not imparted to staff but fraudulent payments made to non-existent Government servants and take appropriate disciplinary action.*
- *They may issue instructions to Treasury Officers/ Departments/ Bodies of the Government, prohibiting drawal of cash for any payments out of Government funds.*

(Paragraph 1.4)

GENERAL SECTOR

Performance Audit

Performance Audit on ‘Development of Infrastructure Facilities for the Judiciary’

The performance Audit on the Centrally Sponsored Scheme (CSS) on Development of Infrastructure Facilities for the Judiciary and e-Courts Mission Mode Project (MMP) in the State has shown that the Schemes were executed without adequate planning. The Department did not take advantage of Government of India (GoI) funds available to improve the judicial infrastructure in the State. Out of eight districts, five districts did

not have separate Court buildings while judicial quarters were available in only three districts. Demands for construction of court houses, judicial houses and renovation works, included in the Annual Action Plans (AAPs) of the Department projected an outlay of ₹178.34 crore for the period 2014-19 but the State received ad-hoc funds from GoI in the form of lumpsum grants of only ₹44.92 crore. Under the CSS 'Development of Infrastructure Facilities for the Judiciary', the State Government released ₹50.69 crore to Public Works Department (PWD) (including its own share of ₹5.77 crore) for taking up construction projects during the period. The State Government released its matching share of ₹2.89 crore for the years 2012-13 and 2013-14 with a delay of 774 days and 580 days respectively while it did not release State Matching Share (SMS) of ₹2.11 crore for the years 2014-15 and 2015-16.

It is seen that subsequent to receipt of lumpsum funds, the works were not prioritised or revisited as per actual requirement. Works which were proposed in the AAPs were not taken up while works which were not included in the AAPs were taken up for execution. Similarly, no renovation/ restoration works were taken up while there were concrete proposals in the AAPs for such works. Preparation of AAPs remained ad-hoc, without any assessment of requirement of infrastructure.

Similarly, under e-Courts MMP, requirement of hardware, software and other equipments as well as prevalent court infrastructure was not taken into account before procurement of the equipments. As a consequence, the hardware and equipments remained idle, which runs the risk of obsolescence and wasteful expenditure.

Funds of ₹26.59 lakh earmarked for construction of projects was diverted on hire and purchase of vehicles and ₹3.14 crore was transferred to Public Account to avoid lapse of funds. Since works were executed by PWD on behalf of Law and Judicial Department, there was no formal and institutionalised mechanism of coordination between the two departments to ensure adequate value for money and timeliness in execution of projects. Contracts were outsourced to third parties by the PWD contractors, there was use of sub-standard materials in construction, deviations in approved designs, *etc.*

During physical verification of Information Technology (IT) infrastructure procured under e-Courts MMP, Audit observed that IT hardware procured for ₹97.88 lakh remained idle due to absence of enabling infrastructure in the courts. Items were bought on the basis of funds received from the e-Committee of the Supreme Court rather than on an actual assessment of requirement and availability of conducive environment for its utilisation.

Video conference facility between the Magistrates and under trial prisoners remained non-functional in four districts due to lack of internet facility depriving both the parties the benefit of the facility. Provisions for data security, disaster mitigation, electricity back up, fire fighting equipments, *etc.* were found to be deficient in the Courts. Digitisation of case records remained a non-starter and monitoring of the two schemes remained deficient.

Recommendations

(a) Development of Infrastructure Facilities for the Judiciary:

- *need based Action Plan for successful implementation of the scheme;*
- *free and fair competition in inviting tenders for works and also adhere to the terms and conditions of the agreement;*
- *timely utilisation of the funds and submission of the Utilisation Certificates; and*
- *proper monitoring of the works being executed.*

(b) E-Courts Mission Mode Project:

- *proper assessment of requirement of IT hardwares/ softwares for each Court and utilisation of the materials procured for effective implementation of project;*
- *fruitful utilisation of IT related hardwares already procured in other courts;*
- *security protocols on logical and physical access with disaster mitigation measures;*
- *regular update of cases on the National Judicial data Grid; and*
- *provision of internet facilities in Jails for utilisation of Video Conference facilities by the Judiciary.*

(Paragraph 2.2)

Compliance Audit Paragraphs

General Administration Department (Aviation Wing)

The Department allowed the Principal Consultant, appointed on contractual basis, to function as Drawing and Disbursing Officer (DDO) in violation of extant State Government's orders as well as observations of the State Finance Department. They failed to ensure compliance to extant rules and procedures in award of works and as well as withdrawal of money from the Government accounts before execution of works. Besides, there was temporary misappropriation of Government money by the Principal Consultant.

Recommendation

- *The Government may take necessary steps for vesting of DDO powers to regular employees in terms of their own instructions. The Department may also take appropriate action against the Principal Consultant for temporary misappropriation of Government money. They may also fix responsibility for the works irregularities mentioned in the para.*

(Paragraph 2.3)

The Department failed to realise Passenger Services Fees of ₹6.34 crore due from Air India Limited.

Recommendation

- *The State Government needs to make more serious efforts to realise Passenger Services Fees due from Air India. Efforts should be made to improve passenger facilities at the Airport for overall passenger comfort.*

(Paragraph 2.4)

ECONOMIC SECTOR

Compliance Audit Paragraphs

Public Works Department

The Department took up construction of a road at an estimated cost of ₹19.68 crore to connect a non-existent village (Builum under Kolasib District) which was relocated due to construction of a Dam. The road work on which expenditure of ₹11.32 crore was incurred was irregular being violative of the Pradhan Mantri Gram Sadhak Yojana (PMGSY) guidelines.

Recommendations

- *The State Government may immediately explore the possibility of utilising the already created asset to connect other habitations. It may also institute enquiry for faulty Detailed Project Report (DPR) prepared, vetted and sent to GoI for release of funds for a road to connect a non-existent village, without reconciling habitation data in Online Management, Monitoring and Accounting System (OMMAS).*
- *The State Government may revise and reconcile the habitation data in OMMAS to avoid such recurrences in future.*
- *The State Government may fix responsibility for the incorrect DPR prepared for the work and resultant malfeasance and irregularity committed.*

(Paragraph 3.2)

Tourism Department

The State Institute of Hotel Management (SIHM) constructed at a cost of ₹ eight crore could not be made functional since the last seven years due to non-posting of teaching and non-teaching staff and non-provision of required equipments.

Recommendation

- *The State Government may ensure posting of personnel to the SIHM, on priority and procure the required equipments to make the Institute functional. Until it is made functional with permanent staff, the Government may make temporary arrangements for utilising the facility created.*

(Paragraph 3.3)

ECONOMIC SECTOR (PUBLIC SECTOR UNDERTAKINGS)

Functioning of Public Sector Undertakings

As on 31 March 2019, the State of Mizoram had six Public Sector Undertakings (PSUs) (all working Government companies) in which, the investment of the State Government (capital and long-term loans) in five PSUs (excluding one PSU where State Government has no direct investment) was ₹63.48 crore consisting of ₹54.04 crore (85.13 per cent) towards capital and ₹9.44 crore (14.87 per cent) towards long-term loans. The losses of three of these PSUs (accumulated losses of ₹44.28 crore) had completely eroded the State's investment in their paid-up capital (₹41.23 crore) as per their latest finalised accounts.

(Paragraphs 4.1.1 and 4.1.2.1)

The State Government has provided budgetary support during the year of ₹4.54 crore in the form of grants to Zoram Industrial Development Corporation Limited (₹2.83 crore) and Mizoram Food and Allied Industries Corporation Limited (₹1.71 crore) mainly to meet their salaries and other establishment expenditure.

(Paragraph 4.1.4)

The paid-up capital and accumulated losses of six working PSUs as per their latest finalised accounts were ₹58.61 crore and ₹57.10 crore respectively. During 2018-19, out of six working PSUs, one PSU (Zoram Industrial Development Corporation Limited) earned profit of ₹2.54 crore while remaining five PSUs incurred aggregate losses of ₹2.87 crore.

(Paragraph 4.1.8.2)

REVENUE SECTOR

Compliance Audit Paragraphs

Taxation Department

Tax of ₹5.73 crore was not levied on two works contractor dealers in absence of any mechanism for cross verification with tax deductors.

Recommendations

- *Audit noticed non-levy of tax in one case, the Department needs to review all cases of major works contractors and assess their returns.*
- *The Department needs to put in place a cross verification mechanism and get list of contractors/ contracts from all State Government agencies and bring the contractors under tax.*

(Paragraph 5.9)

Concealment of turnover by ten dealers remained undetected leading to non-levy of tax of ₹2.98 crore, besides penalty leviable.

Recommendations

- *Audit noticed non-levy of tax in selected cases, the Department needs to review all such cases and recover the dues, if any, along with the penalty and interest leviable.*
- *The Department needs to put in place an institutionalised mechanism to ensure that the non-filing of returns are tracked, appropriate action is initiated against the defaulting dealers and taxes due to the Government are recovered on priority.*

(Paragraph 5.10)

Under-assessment of tax of ₹27.04 lakh of a dealer due to closing balance of stock not carried forward in accounts.

Recommendation

- *The Department may speed up to complete all pending assessments as per instruction issued in March 2017 and also the recovery of the assessed tax.*

(Paragraph 5.11)

Suppression of opening stock by three dealers led to non-levy of tax of ₹1.11 crore.

Recommendation

- *Government needs to establish a mechanism to verify the sales of the dealers with the concerned line departments in respect of works contract to ascertain the actual tax element. Further, the Government needs to fix responsibility of the Assessing Officers who failed to comply with the provisions of the Mizoram Valued Added Tax (MVAT) Act, which resulted in evasion of tax.*

(Paragraph 5.12)

Transport Department

There was a suspected misappropriation of Government revenue of ₹44.85 lakh due to non-accountal/ deposit of receipts under Motor Vehicles Act.

Recommendation

- *Government needs to investigate the matter and evolve a mechanism to reconcile the computerised day-end-report and the cash book. Further, the Government needs to fix responsibility on the District Transport Officer (DTO) also for short accountal of revenue in the cash book and short deposit of revenue into the Government Account and take appropriate action for the misappropriation of Government money.*

(Paragraph 5.13)