

CHAPTER-IV

4.1 Cases of fraud/misappropriation/losses

HOME DEPARTMENT

4.1.1 Misappropriation of funds

Failure of internal controls resulted in misappropriation of Government money amounting to Rs.1.21 crore by fraudulent drawal of funds by the Commandant, 10th Assam Police Battalion, Guwahati.

Scrutiny (October-November 2007) of the records of the Commandant, 10th Assam Police Battalion, Guwahati revealed that an excess amount of Rs.1.21 crore was drawn on account of pay and allowances of police personnel through fraudulent means during March 2005 to July 2006. The modus operandi involved the following:

- Rupees 67.10 lakh was drawn by inflating the number of employees in the pay bills and shown disbursed in the Cash Book without any supporting evidence;
- Rupees 22.79 lakh was drawn by inflating the basic pay of the employees in the pay bills in 624 cases. The amounts drawn were more than what was recorded in the Service Books;
- In 854 other cases, Rs.82.76 lakh was drawn at inflated basic pay but in the acquittance rolls, only Rs.52.11 lakh was shown disbursed on account of actual basic pay. The balance Rs.30.65 lakh was also shown disbursed as per the entry in the Cash Book without any supporting evidence;
- Rupees 9,560 being the pay and allowances of an employee, was drawn twice for the month of January 2006 and shown disbursed in the Cash Book.

Thus, due to failure to exercise the prescribed internal controls, Rs.1.21 crore was mis-appropriated by fraudulent drawal of funds. No recovery was made from the officials responsible in this regard so far (September 2008).

The matter was reported to the Government in January 2008; reply had not been received (September 2008).

PANCHAYAT AND RURAL DEVELOPMENT DEPARTMENT

4.1.2 Presumptive fraud

The Block Development Officer, Dhemaji did not produce any record of accountal and utilisation of Rs.15 lakh received from the Project Director, District Rural Development Agency as Central Grant for natural calamities.

Scrutiny (May-June 2007) of the records of the Project Director (PD), District Rural Development Agency (DRDA), Dhemaji revealed that an amount of Rs.15 lakh was released by the PD to the Block Development Officer (BDO) of Dhemaji Development Block on 15 September 2005 as Central grant for natural calamities. The amount was not entered in the Cash Book of the Block. The BDO did not also produce the relevant vouchers, Actual Payee Receipts etc, in support of utilisation of

the funds. Neither the PD nor the BDO could produce the list of works approved or executed under the scheme with this fund.

Thus, in the absence of records in support of utilisation of Rs.15 lakh by the BDO, it is presumed that the funds have been misappropriated. Further, the PD also did not monitor the accountal and utilisation of funds made available to the BDO by him for implementation of different schemes. In spite of the fact being pointed out by Audit, the PD did not take any action to confirm utilisation of the funds in a proper manner (September 2008).

The matter was reported to the Government in December 2007; reply had not been received (September 2008).

4.1.3 Presumptive fraud

The Project Director, DRDA, Dhemaji incurred an extra expenditure of Rs.27.71 lakh on procurement of chulhas and signboards and there was short receipt/non accountal of these at the Block level

As per the guidelines of Indira Awas Yojana (IAY) effective from April 2004, the unit cost of an IAY house including sanitary latrine and smokeless chulha in plain areas is Rs.25,000. There is no provision in the guidelines to procure chulhas and signboards with logo separately for distribution to the beneficiaries.

Scrutiny (May-June 2007) of the records of the Project Director (PD), DRDA, Dhemaji revealed that the PD had spent Rs.23.63 crore during 2004-06 on the construction of 9,452 IAY houses @ Rs.25,000 per house without sanitary latrines and smokeless chulhas. The reason for non-construction of sanitary latrines and smokeless chulhas within the specified amount was not on record.

The PD, in violation of scheme guidelines, procured 6,612 chulhas (@Rs.308 per chulha) and 6,613 signboards (@Rs.111 per board) at an extra cost of Rs.27.71 lakh during May 2004 to October 2005 from a local supplier without calling for tenders and the items were shown as issued to five Block Development Offices¹ (BDOs). The BDOs did not maintain any stock register showing the receipt of these items. It was only against a written requisition issued by audit (June 2007), that the concerned BDOs admitted receipt of 4,580 chulhas and 3,379 signboards during the period, indicating short/non receipt of 2,032 chulhas and 3,234 signboards valuing Rs.9.85 lakh. The PD neither investigated the loss due to short/non receipt of material nor fixed any responsibility despite the matter being brought to his notice.

Out of 4,580 chulhas and 3,379 signboards admitted to have been received, the concerned BDOs distributed only 776 chulhas and 261 signboards to the beneficiaries, leaving the balance items in stock as of July 2008. The reason for non-distribution of the items was not on record.

Thus, procurement of chulhas and signboards separately in violation of the guidelines resulted in an extra expenditure of Rs.27.71 lakh, besides non accrual of the intended benefit to the targeted families. The matter needs to be investigated.

The matter was reported to the Government in December 2007; reply had not been received (September 2008).

¹ 1. Dhemaji, 2.Bordoloni, 3.Sisuborgaon, 4.MSTD, 5.Machkhowa.

4.2 Excess Payment/wasteful/infructuous expenditure

ENVIRONMENT AND FOREST DEPARTMENT

4.2.1 Wasteful expenditure

The Environment and Forest Department incurred a wasteful expenditure of Rs.73 lakh towards construction of Forest Interpretation Centre in violation of the Building Byelaws of the Guwahati Metropolitan Development Authority.

The Revised Building Byelaws of the Guwahati Metropolitan Development Authority (GMDA) prohibit construction of multistoried buildings between river Brahmaputra and the main road from Raj Bhawan to Kamakhya Hills. In violation of these bye laws, the State Environment and Forest Department took up (February 2004) the construction of a multistoried Forest Interpretation Centre (FIC) under the Centrally Sponsored Scheme, "Integrated Forest Protection (IFP)" along the river at Kacharighat.

Scrutiny (April 2007) of the records of the Principal Chief Conservator of Forests (PCCF) and further information collected (April-May 2008) revealed that the State Government sanctioned and released (December 2003) Rs.1.43 crore for implementation of IFP, of which, allocation for 1st phase of FIC construction was Rs.73 lakh. The PCCF drew the amount in March 2004 and awarded the construction work to M/S Assam Government Construction Corporation (AGCC). The construction work started in March 2004 and was abandoned in October 2004 in view of the Government's order following protest by non-government organizations against the construction of the building in banned area. Meanwhile, the Department had incurred an expenditure of Rs.73 lakh towards the construction cost of the foundation work.

Thus, the injudicious decision of the Department to construct the FIC building in violation of GMDA norms resulted in a wasteful expenditure of Rs.73 lakh.

The matter was reported to the Government in September 2007; reply had not been received (September 2008).

HEALTH AND FAMILY WELFARE DEPARTMENT

4.2.2 Wasteful expenditure

The Director of Medical Education, Assam incurred a wasteful expenditure of Rs.62.56 lakh for procurement and installation of defective and substandard incinerators in three Medical Colleges & Hospitals.

According to Bio Medical Waste Rule 1998 framed under the Environment Protection Act, 1986, hospitals with a bed strength of 200 and above, were required to create facilities for disposal of bio-medical waste by December 1999. Mention was made in Para 3.18 of the Audit Report of the Comptroller and Auditor General of India (C&AG) for the year ended March 1999 that the incinerators installed in three Medical Colleges and Hospitals (having bed strengths above 200) between December 1995 and September 1997 at a cost of Rs.41.56 lakh became nonfunctional.

Further mention was made in Para 3.2.24 of the Audit Report of the C&AG of India for the year ended March 2005 regarding non-utilisation of Rs.1.10 crore sanctioned (March 2002) afresh by Union Ministry of Health and Family Welfare for bio-medical waste disposal in three Medical Colleges (Rs.30 lakh each) and Mohendra Mohan Choudhury Hospital (MMCH) (Rs.20 lakh).

Scrutiny (January 2008) of the records of the Director of Medical Education (DME) regarding utilisation of Rs.1.10 crore revealed that the works were taken up belatedly and agreements were drawn up with contractor in April 2004 (Guwahati Medical College Hospital), May 2004 (Assam Medical College Hospital) and August 2004 (Silchar Medical College Hospital) with stipulation to complete the work within two months of issue of work order at a total cost of Rs.76.05 lakh.

The firm installed the incinerators between April 2005 and December 2005 and was paid Rs.62.56 lakh till January 2008. The firm, however, did not furnish the Pollution Clearance Certificate from the State Pollution Board which is required as per the agreement. The Superintendents of all the three Medical Colleges reported (June to September 2007) non functioning/partial functioning of the waste disposal system.

As a third attempt, the State Government decided to install four new incinerators in three Medical Colleges and MMCH at a cost of Rs.2.52 crore from Twelfth Finance Commission award. The work was awarded (October 2007) to a Delhi based firm. The DME drew (December 2007) Rs.2.52 crore on AC bill and kept the amount in DCR till the date of audit.

The DME admitted (January 2008) that Pollution Control Board is not satisfied with the functioning of waste disposal system. Thus, the second attempt at installing waste disposal systems in three Medical Colleges failed to take off after incurring an expenditure of Rs.62.56 lakh. Besides, commitment for installing biomedical waste disposal system by December 1999 was not fulfilled. The third attempt at setting up the incinerators had also not materialised (August 2008).

The matter was reported to the Government in (May 2008); reply had not been received (September 2008).

SOCIAL WELFARE DEPARTMENT

4.2.3 Excess payment to contractors

The Director, Social Welfare paid Rs.1.93 crore as income tax from the scheme funds for construction of Anganwadi Centres, instead of deducting the amount from the contractors' bills.

The GOI released (February and November 2005) Rs.91.78 crore as grants-in-aid for construction of 7,342 Anganwadi Centres (AWC) @ Rs.1.25 lakh per unit during 2004-05 and 2005-06. The Social Welfare Department limited the estimated cost of an AWC to Rs.1.23 lakh after deduction of Rs.2,500 as its administrative charges.

Scrutiny (September-October 2006) of the records of the Director, Social Welfare and further information collected (June 2008) revealed that construction of the AWCs was completed (June 2008) at a cost of Rs.86.78 crore including VAT of Rs.2.66 crore. The contractors were paid Rs.84.12 lakh. However, income tax applicable on this payment, amounting to Rs.1.89 crore was not deducted from the contractors bills. The

Director drew an additional amount of Rs.1.93 crore from the treasury and deposited it in Government Account as income tax on behalf of the 13 contractors. Thus, there was an excess payment of Rs.1.89 crore to the contractors and excess deposit of Rs.four lakh against income tax.

The matter was reported to the Government in June 2008; reply had not been received (September 2008).

WATER RESOURCES DEPARTMENT

4.2.4 Extra expenditure

The Executive Engineer, Guwahati West E&D Division incurred an extra expenditure of Rs.41.71 lakh towards local carriage of boulders and procurement of wire netting sheets and boulders.

The work “Anti erosion measures to B/dyke on R/B of Brahmaputra from Hatimura to Adabari to protect Siliguri village and its adjoining areas” was completed (September 2003) at an expenditure of Rs.3.17 crore.

Scrutiny (November 2006) of the records of the Executive Engineer (EE), Guwahati Embankment and Drainage (E&D) Division revealed that:

- As per estimates, two wire netting sheets of size 2.57m x 1.66m were required to make one cage to dump one cubic metre of boulders. The Division dumped 16,866 cubic metres of boulders in cages which entailed utilisation of 33,732 (16,866 x 2) wire netting sheets. The Division also executed 4,242 cubic metres of boulders pitching, aggregating a total execution of 21,108 cubic metres of boulders. But, the Division had accounted for procurement and utilisation of 38,676 wire netting sheets and 24,525.50 cubic metres of boulders. The excess utilisation of 4,944 wire netting sheets and 3,417.50 cubic metres boulders was beyond the scope of the approved work and resulted in an excess expenditure of Rs.26.14 lakh² due to procurement of excess material against the work.
- Out of 24,525.50 cubic metre boulders, 19,424 cubic metre boulders were stacked 150 metres beyond the work site and later transported to the site through a 10 ton capacity truck.

As the work site was approachable by a 10 ton capacity truck, the boulders could have been stacked at the work site while carrying from the quarry at one go, instead of incurring an avoidable extra expenditure of Rs.15.57 lakh³.

Since the Department had not obtained technical sanction for the work, these lacunae in the preparation of estimates went undetected and resulted in an avoidable extra expenditure of Rs.41.71 lakh.

² 3417.50cubic metre boulders @ Rs.478.40:	Rs. 16.35 lakh
4944 wire netting sheets @ Rs.182:	Rs. 9.00 lakh
Add 8% AGST on Rs.9 lakh:	Rs. 0.72 lakh
Add 10% additional charge on Rs.0.72 lakh:	<u>Rs. 0.07 lakh</u>
	Rs. 26.14 lakh

³ Local carriage of 19424 m ³ of boulders:	Rs.13.89 lakh
Stacking at work site:	<u>Rs. 1.68 lakh</u>
	Rs. 15.57 lakh

The matter was reported to the Government in March 2008; reply had not been received (September 2008).

4.3 Avoidable/unfruitful expenditure/undue favour to contractors

PUBLIC HEALTH ENGINEERING DEPARTMENT

4.3.1 Avoidable expenditure

Non procurement of Hand pumps at lower available rates (of Rs.6,786) by the Executive Engineer, Stores and Workshop Division, PHE resulted in extra expenditure of Rs.68.13 lakh.

The Chief Engineer Public Health Engineering (PHE) Department, after call of tenders, accepted (February 2002) the rate of Rs.7,272 of Delhi based firm for supply of Hand Pump. The CE, further accepted (October 2003) another rate of Rs.6,786 (including AGST) for local SSI units for supply of the same Hand Pump.

Scrutiny (March 2008) of the records of the Executive Engineer, Stores and Workshop Division (PHE) revealed that in addition to procuring 625 hand pumps @ Rs.6,786, the Division also procured 10,686 @ Rs.7,272 from the Delhi based firm and 2,983 sets @ Rs.7,329 (Rs.6,786 plus 8 *per cent* Central Excise Duty) of the same specification from local SSI units during December 2003 to August 2004. Central Excise Duty allowed on the purchase price of 2,983 sets was, however, inadmissible. Thus, non-procurement of hand pumps at the lower available rate of Rs. 6,786 resulted in extra expenditure of Rs. 68.13 lakh⁴.

The matter was reported to the Government in July 2008; reply had not been received (September 2008).

4.3.2 Undue financial benefit

The Executive Engineer, Stores and Workshop Division (PHE) incurred Rs.4.12 crore as Central Excise Duty, on procurement of UPVC pipes valuing Rs.25.75 crore although the supplying firms were exempted from Central Excise Duty.

Goods manufactured in the North Eastern States are exempted from central excise duty and additional excise duty, if the goods are cleared from a unit located in the Growth Centre or Integrated Infrastructure Development Centre, Industrial Estates, Commercial Estates etc.

Scrutiny (March 2008) of the records of the Executive Engineer, Stores and Workshop Division (PHE), Guwahati revealed that the Division procured 21,50,408 running metre unplasticised poly vinyl chloride (UPVC) pipes of different specifications during the years 2003-08 for ARWSP scheme from local manufacturing units and paid Rs.4.12 crore as central excise duty. Since the suppliers are exempted

⁴ 10,686 sets x Rs.7272 = Rs.77,08,592
2,983 sets x Rs.7329 = Rs.2,18,62,407
13,669 sets Rs.9,95,70,999
13,669 sets x Rs.6786 = Rs.9,27,57,834
Extra expenditure = Rs. 68,13,165

from paying central excise duty, payment of Rs.4.12 crore in addition to the value of goods was unjustified and resulted in undue financial benefit to the suppliers.

The matter was reported to the Government in July 2008; reply had not been received (September 2008).

PUBLIC WORKS DEPARTMENT

4.3.3 Undue financial aid and extra expenditure

Failure of the Public Works Department to restrict mobilisation advance as per rules resulted in undue temporary financial aid of Rs.2.69 crore to the contractor besides an extra expenditure of Rs. 99.09 lakh in the execution of the work.

Guwahati Development Department (GDD) accorded (July 2003) administrative approval (AA) to the project “Construction of New Secretariat complex at Dispur (balance work)” for an amount of Rs.69 crore. The Chief Engineer (CE), PWD (Building) awarded (November 2003) the work to M/s Unity Infra Projects Ltd. (UIPL), Mumbai at Rs.73.86 crore on the basis of their quoted rates, with a stipulation to complete the project within May 2005.

Scrutiny (January 2008) of the records of the Executive Engineer, Permanent Capital Construction Division revealed the following: -

- The CPWD Works Manual 2003 provides for Mobilisation Advance (MA) to the contractor at 10 *per cent* of the estimated cost or tendered value or Rupees one crore, whichever is less, at 10 *per cent* simple interest.

The Division paid (January 2004) Rs.3.69 crore as MA to the contractor i.e. an excess of Rs.2.69 crore in contravention of rules. The Division adjusted the MA during January 2004 to September 2005 in 24 installments without recovering any interest. Failure of the Department to restrict the MA to Rupees one crore as admissible and recover 10 *per cent* simple interest thereon resulted in temporary financial benefit of Rs.2.69 crore and loss of interest of Rs.27.91 lakh.

- The Division paid (July 2007) Rs.2.71 crore for the execution of 22,584 m of RCC piles @ Rs.1,200 per m. The rate of Rs.1,200 per m was admissible for the initial length of 7 m and the rate of additional length beyond 7 m was Rs.350 per m. Scrutiny of the records, however, revealed that the Division executed 11,658 m of pile works beyond the initial length of 7m and paid @ Rs.1,200 per m resulting in an extra expenditure of Rs.99.09 lakh.

The matter was reported to the Government in April 2008; reply had not been received (September 2008).

4.3.4 Undue financial aid

Executive Engineer, Kokrajhar Building Division extended an undue temporary financial benefit of Rs.2.09 crore to the contractor through mobilisation advance.

Bodo Territorial Council (BTC) accorded (January 2005) administrative approval (AA) to the “Construction of BTC Assembly and Secretariat Building” for an amount

of Rs.17 crore. The work was awarded (March 2005) by the Director, BTC to a contractor at a tendered value of Rs.15.46 crore with the stipulation to complete it within March 2007. Due to increase in floor area of the work, the estimate was revised (May 2006) to Rs.34.28 crore and the tendered value was enhanced to Rs.25.24 crore. An expenditure of Rs.26.12 crore was incurred on the work with a physical progress of 88 *per cent* as of March 2008.

The CPWD Works Manual 2003 provides for mobilisation advance (MA) to the contractor in respect of certain specialized and capital intensive works costing not less than Rupees two crore, to 10 *per cent* of the estimated cost or tendered value or Rupees one crore, whichever is less, at 10 *per cent* simple interest.

Scrutiny of the records (September 2007) of the Executive Engineer, Kokrajhar Building Division revealed that the Division paid (March, August and December 2005) interest free mobilisation advance Rs.3.09 crore to the contractor thereby providing an undue financial benefit of Rs.2.09 crore. The Division adjusted the amount during the period from December 2005 to September 2006 in three installments.

Thus, due to violation of codal provisions, apart from undue temporary financial benefit of Rs.2.09 crore over admissible amount, the Government sustained a loss of Rs.32.47 lakh as interest.

The matter was reported to the Government in May 2008; reply had not been received (September 2008).

4.4 Idle investment/blocking of funds/delays in commissioning of equipment/diversion/misutilisation of funds etc.

AGRICULTURE DEPARTMENT

4.4.1 Diversion of funds

The Comptroller, Assam Agriculture University incurred an excess expenditure of Rs.27.07 crore under State Plan and Non-plan sector by diverting funds received under Central Sector Schemes.

The State Government provides funds to the University for implementing various schemes under Education, Research and Extension in the field of Agriculture and other allied activities.

Scrutiny (January-March 2008) of the records of the Comptroller, Agriculture University, Jorhat revealed that the University had a minus opening balance of Rs.25.42 crore under State Plan (Rs.13.69 crore) and State Non-Plan (Rs.11.73 crore) as on 1 April 2006. During the year, the University received Rs.68.81 crore grant from the State Government (plan: Rs.31.18 crore; non-plan: Rs.37.63 crore). Out of the total available funds of Rs.43.39 crore after adjusting the minus balance under both plan (Rs.17.49 crore) and non-plan (Rs.25.90 crore), the university spent Rs.70.46 crore (Plan : Rs.28.90 crore; non-plan : Rs.41.56 crore) which resulted in excess expenditure of Rs.27.07 crore. The excess expenditure over allotment was on account of payment of salary, wages and pension and was met by diverting the

unutilized funds received under Central Sector Schemes. (ICAR schemes : Rs.7.44 crore; GOI schemes : Rs.4.89 crore) and taking loan from CPF.

The Comptroller stated (August 2008) that the excess expenditure was incurred since the grants provided by the State Government were not sufficient to meet the required expenditure during the years under salary, wages and pension. However, the fact remains that the ICAR schemes and the GOI schemes remained unimplemented to the extent of diversion.

The matter was reported to the Government in June 2006; reply had not been received (September 2008).

**HEALTH & FAMILY WELFARE/GENERAL ADMINISTRATION/
EDUCATION/BORDER AREAS DEPARTMENTS**

4.4.2 Blocking of funds

Retention of money in Banker's cheque, Bank Draft, Deposit at Call Receipts out of funds drawn during February 2002 to May 2008 resulted in blocking of funds of Rs.15.46 crore.

Assam Treasury Rule 16 read with Supplementary order 50 stipulates that money should not be drawn from treasury unless it is required for immediate disbursement. The Rule *ibid* also prohibits drawal of money just to avoid lapse of budget grant.

(a) Scrutiny (November-December 2007) of the records of the Deputy Commissioner (DC), Dhemaji revealed that the DC retained unutilized balance of Rs.2.77 crore as of November 2007 out of funds drawn from Treasury from time to time in the form of Bank Drafts/Banker's Cheque/Deposit at Call Receipts (DCR). The DC, however, did not furnish to audit the details of drawal of the amount kept in DCR.

(b) The Director of Medical Education (DME) drew Rs.1.61 crore during January 2003 to December 2006 under different schemes and for procurement of equipments. Out of Rs.1.61 crore, the DME spent Rs.1.32 crore till December 2007 and retained the balance amount of Rs.29 lakh in DCR.

(c) Scrutiny (June 2008) of the records of the Director, Border Areas (DBA) revealed that the DBA retained Rs.7.83 crore as of May 2008 in the form of DCR and BD out of funds drawn from time to time through different bills. Out of Rs.7.83 crore, the DBA did not furnish the details of drawal of Rs.69 lakh.

(d) Information furnished (May 2008) by the Director, Elementary Education (DEE) revealed that he drew Rs.26.64 crore during the period from November 2003 to March 2007 from the Treasury under different schemes and spent Rs.22.07 crore leaving a balance of Rs.4.57 crore unspent. The unspent amounts were retained by DEE in the form of BC/BD/DCR.

The unutilized funds were thus, retained by the DDOs for periods ranging between one month to seventy months. The DC, Dhemaji and DBA did not furnish the purposes for which funds were drawn. The other two DDOs did not furnish the reasons for non-implementation of schemes for which funds were released. None of the DDOs initiated any action either to utilise or to refund the same to Government account. Reasons for keeping the money unutilized by the DDOs were not on record. Thus, unauthorised retention of funds in BC/BD/DCRs resulted in blocking of

Government funds amounting to Rs.15.46 crore of the schemes and non achievement of the intended benefits.

The matter was reported to the Government in June 2008; reply had not been received (September 2008).

IRRIGATION DEPARTMENT

4.4.3 Unproductive expenditure

Non execution of survey and investigation works relating to new irrigation schemes resulted in unproductive expenditure of Rs.2.97 crore towards salary and other expenses of idle staff of Barak Valley Investigation Division (Irrigation), Badarpur.

The State Government created (June 1994) the Barak Valley Investigation Division (I), Badarpur under the Irrigation Department for survey and investigation work for new schemes.

Scrutiny ((November-December 2007) of the records of the concerned EE revealed that the Division had not taken up any survey and investigation work for new schemes since its inception due to non allotment of the required funds by the Government. No record of any other activity in which the services of the staff were utilised from time to time was produced to audit. The Division incurred an expenditure of Rs.2.97 crore⁵ during the period from 1995-96 to 2007-08 (June 2007) towards the pay and allowances of the staff (36), rent of office building etc.

Thus, non allotment of required funds to carry out survey and investigation work for new irrigation schemes frustrated the purpose of creation of the Division and failure of the Department to utilise the services of the divisional staff for any other activity rendered the expenditure of Rs.2.97 crore unproductive.

The matter was reported to the Government in May 2008; reply had not been received (September 2008).

PANCHAYAT AND RURAL DEVELOPMENT DEPARTMENT

4.4.4 Diversion of funds

The Project Directors, DRDAs Dhemaji and Sibsagar diverted scheme funds of Rs.two crore towards transportation cost.

The guidelines of the schemes “Sampoorna Grameen Rozgar Yojana” (SGRY) and “National Food For Work Programme” (NFFWP) provide that the State Government would bear the transportation cost and handling charges (including taxes, if any) for the food grains (wheat/rice) component received from the GOI under the schemes, and that cash component under the scheme was not to be utilized for payment of transportation cost.

⁵ i) Pay and allowances of 36 staff Rs.2,89,32,255.00
ii) Rent of office building, office stationery Rs. 8,17,680.00
Rs.2,97,49,935.00

Scrutiny (May-August 2007) of the records of the Project Directors (PD), DRDAs, Dhemaji and Sibsagar revealed that during 2004-06 the PDs lifted and dispatched 47,169.09 MT (SGRY-40,461.69 MT; NFFWP-6,707.40 MT) of rice from Food Corporation of India (FCI) godown to the Blocks. In violation of the scheme guidelines, the PDs incurred an expenditure of Rs.two crore (SGRY-Rs.1.87 crore; NFFWP-Rs.0.13 crore) towards transportation cost out of the scheme funds meant for rural employment generation. Due to this diversion, 2.91 lakh mandays (@ Rs.68.75 per manday) employment could not be generated and the eligible beneficiaries were deprived of the benefit of employment to that extent. Further, the PDs did not initiate any action to get the amount reimbursed by the State Government.

The matter was reported to the Government in December 2007; reply had not been received (September 2008).

PLANNING AND DEVELOPMENT DEPARTMENT

4.4.5 Diversion of funds

The Deputy Commissioner, Dhemaji diverted Rs.19.80 lakh for 108 works in different religious places of Dhemaji and Jonai from Member of Parliament Local Area Development fund 2004-05.

As per guidelines for implementation of schemes under “Member of Parliament Local Area Development (MPLAD)”, funds can not be provided for works in religious places.

Scrutiny (November-December 2007) of the records of the Deputy Commissioner (DC), Dhemaji revealed that based on the recommendation of the concerned MP, the DC approved (February 2005) 108 works to be taken up in different religious places (Namgarh and Mandir campuses) of Dhemaji (72) and Jonai (36) at an estimated cost of Rs.25.20 lakh under MPLAD during 2004-05. The DC released (July 2005) the 1st installment of Rs.19.80 lakh to the Construction Committees and stopped release of further funds to those works on the ground that the works already approved were beyond the scope of the MPLAD scheme. The balance amount of Rs.5.40 lakh was recommended by the MP for a new scheme under MPLAD.

Thus, Rs.19.80 lakh were diverted out of MPLAD scheme/funds for works beyond the scope of the scheme.

The Government stated (September 2007) that the DC sanctioned the schemes considering the Namgarhs as cultural institutions. The reply of the Government is not tenable as the Namgarhs are religious organisations where works under MPLAD are not permissible.

PUBLIC WORKS DEPARTMENT

4.4.6 Irregular payment of Advance

Advance payment of Rs.5.33 crore was made to the Assam State Electricity Board for construction of Sub-stations without AA, ES and TS and without any work order/agreement.

Scrutiny (January 2008) of the records of the EE, Permanent Capital Construction Division, Dispur, Guwahati revealed that the Division made an advance payment of Rs.5.33 crore between April 2004 and March 2006 against an estimate of Rs.7.45 crore preferred by the Assam State Electricity Board (ASEB) towards the cost of construction of two Sub-Stations at Permanent Capital Complex, Dispur. The advance payment⁶ was made as per the decision of the Monitoring Committee of the Government.

Administrative approval, technical sanction and expenditure sanction were not obtained for the work and no contract or MOU was signed with ASEB, specifying the details of work and the time limits. Even the site was not handed over to the ASEB as of January 2008 and therefore, the work could not be started.

Thus, advance payment without obtaining the necessary approvals, without handing over the site and without entering into any agreement/MOU etc. for safeguarding the interest of the Government and even without a formal order to start the work was irregular and led to blocking of funds of Rs.5.33 crore for a period ranging from 24 months to 52 months (September 2008).

The matter was reported to the Government in March 2008; reply had not been received (September 2008).

4.4.7 Diversion of Central Road Fund

The Executive Engineer, Guwahati Rural Roads Division diverted Rs.18.36 lakh out of funds provided under the Central Road Fund (CRF), to other works.

GOI accorded (February 2003) administrative approval to the work 'Improvement by metalling and black topping of Palashbari Loharghat Rajapara PWD Road' under Central Road Fund (CRF). The work was awarded (May 2003) to a contractor at a tendered value of Rs. three crore with the stipulation to complete the work by May 2004. The work was completed in January 2006 at a cost of Rs.3.21 crore.

Scrutiny (January 2005) of the records of the EE, Guwahati Rural Road Division and further information collected (May 2007) revealed that the Division diverted

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Sl.No.	Vr./Hand receipt No. and date	Amount paid
1.	Vr. No.12 dated 12.4.04	Rs. 98,057.00
2.	Hand receipt No.1/74 dated 13.7.04	Rs. 3,56,00,000.00
3.	Vr. No.687 dated 30.3.05	Rs. 3,19,919.00
4.	Vr. No.312 dated 28.3.06	Rs. 1,72,76,249.00
Total :		Rs. 5,32,94,225.00

Rs.18.36 lakh out of the project funds, to execute various works in the CE's residence/office.

The EE admitted (March 2007) to diverting the funds and justified it as being necessitated by paucity of funds for the works to be taken up in the CE's office.

Thus, the diversion of Rs.18.36 lakh out of CRF to facilitate execution of unauthorised works is irregular.

The matter was reported to the Government in March 2008; reply had not been received (September 2008).

4.5 Regularity issues and others

AGRICULTURE DEPARTMENT

4.5.1 Non utilisation of scheme funds

The Agriculture Department failed to utilise the funds of Rs.1.55 crore to extend benefits to flood affected small and marginal farmers.

The State Government sanctioned (September 2004) Rs.4.98 crore under Calamity Relief Fund (CRF) for providing urgent relief to supplement the post-flood crop production to the flood-affected small and marginal farmers. The Director of Agriculture (DOA) released (December 2004) the amount to 25 Deputy Commissioners (DCs) for implementation of the programme covering 5,25,300 small and marginal farmers and 1,27,500 bigha damaged land. Assistance was to be provided in the form of hire charges of tractors and power tillers.

Scrutiny (January-February 2007) of the records of the DOA and further information collected (September 2008) revealed that the DCs utilized Rs.3.43 crore out of Rs.4.98 crore provided, leaving an unspent balance of Rs.1.55 crore as of August 2008. Out of 5,25,300 small and marginal farmers, 3,43,297 were covered under the programme leaving flood damaged land of 1,82,003 farmers untractorised. Of the unspent balance of Rs.1.55 crore, only Rs.10.77 lakh was deposited/refunded to CRF account by the DC and Rs.1.33 crore was refunded to the DOA. The remaining unspent balance of Rs. 11.23 lakh was retained by three DCs for more than three years despite DOA's instructions (March 2005) to refund the unspent amount. Reasons for retention and non-deposit of Rs.1.44 crore to CRF were not found on record. The DOA stated (September 2008) that the amount could not be utilised due to higher hire rates of tractors and also due to constraints of time and crop schedule.

Thus, the Department's failure to utilise Rs.1.55 crore, deprived needy small and marginal farmers of the intended benefits of the scheme.

The matter was reported to the Government in August 2007; reply had not been received (September 2008).

4.5.2 Non-implementation of scheme

Non-implementation of State Plan Schemes by the Assam Agriculture University resulted in blocking of Rs.3.99 crore besides denial of desired benefit to the students.

The State Government sanctioned (March 2006) Rs. one crore as grants-in-aid to the Assam Agriculture University (AAU), Jorhat for “Strengthening of facilities for Computer and Laboratories during 2005-06”. The amount was drawn (March 2006) by the Director of Agriculture (DOA) and remitted (July 2006) to the University’s account.

Scrutiny (January-March 2008) of the records of the Comptroller, AAU revealed that out of Rs. one crore, only Rs.0.61 lakh was spent by the University towards advertisement charges for inviting tender for supply and installation of hardware and software. The University placed (March 2007) a supply order with M/s HCL for supply and installation of hardware and software at a cost of Rs.85.60 lakh without mentioning the date of completion and without entering into any agreement. The firm, however, had not supplied/installed the hardware and software as of August 2008.

The State Government further sanctioned (March 2007) Rs. three crore for setting up a Bio-Technology Institute at AAU, Jorhat during 2006-07. The primary objectives of the scheme are to:

- offer bio-technology degrees at Under-Graduate and Post-Graduate level;
- conduct research in selected areas of bio-technology of special interest to the State;
- provide training in bio-technology for entrepreneurship development; and
- disseminate bio-technological know how to the stakeholders.

The DOA deposited (March 2007) the amount into the University’s savings bank account and subsequently invested the amount in Short Term Deposit for 180 days.

Scrutiny of the records of the Comptroller, AAU revealed that the University authorities did not initiate any action for implementation of the scheme as of August 2008.

Non-implementation of the above State Plan Scheme not only resulted in parking of Government funds to the tune of Rs.3.99 crore, but also deprived the students of the intended benefits.

The matter was reported to the Government in June 2008; reply had not been received (September 2008).

DAIRY DEVELOPMENT DEPARTMENT

4.5.3 Non-implementation of Centrally Sponsored Scheme

Non-implementation of the Centrally Sponsored Scheme “Intensive Dairy Development Programme-II” resulted in denial of envisaged benefits to dairy farmers.

The Union Ministry of Agriculture (MOA) approved (March 2005) the project cost of Rs.5.88 crore for implementation of the Dairy Development Programme II (IDDP II) within a period of five years. The main objectives of the scheme were:

- To organize the milk producers into dairy Co-operative Societies and to provide them with required support and services for increasing milk production;
- To increase the milk production in the project area and to provide hygienic and quality milk to consumers at reasonable price;
- To create critical infrastructure required for processing milk;
- To organize the whole process of procurement and marketing of milk products in the rural areas and to prevent unhealthy practices in the process of milk marketing.

The GOI released (March 2005) Rs. 1.86 crore (1st installment) subject to the following conditions:

- The amount was to be utilized by 30 June 2005;
- The project was to be implemented by the Co-operative Milk Union/Federation to be constituted by the State Government;
- The State Government was to constitute a Technical Management Committee (TMC) to constantly monitor implementation of the project.

Scrutiny (July 2007) of the records of the Director, Dairy Development Department and further information collected revealed that the State Government failed to form any Milk Union/Federation as of March 2007. The MOA recommended (April 2007) that IDDP-II be implemented in the State by an apex body created under West Assam Milk Union (WAMUL) as an adhoc arrangement and a Milk Union should be formed within six months (October 2007). Examination of the records, however, revealed that neither the scheme was implemented by the apex body created under WAMUL nor was any Milk Union/Federation formed for the purpose, as of August 2008. Further, the Department had not constituted any TMC (August 2008).

Thus, the objectives of the scheme were not achieved besides denial of self employment opportunities for dairy farmers in selected districts, enhancement of milk production and supply of quality milk at reasonable rates to consumers.

The matter was reported to the Government in December 2007; reply had not been received (September 2008).

HEALTH AND FAMILY WELFARE DEPARTMENT

4.5.4 Irregular payment

The Director Medical Education, Assam made an irregular payment of Rs.3.75 crore to Assam Electronics Development Corporation Limited without a proper plan, detailed estimates, tender, contract and a formal work order.

Scrutiny (January 2008) of the records of the Director, Medical Education (DME) revealed that the DME forwarded (March 2007) to the Government, a proposal submitted by the Assam Electronics Development Corporation Limited (AMTRON) for computerisation of Guwahati Medical College Hospital (GMCH) at a cost of Rs.3.75 crore (Phase-I). As per the proposal the firm was responsible for software (SW), hardware (HW) and networking. The work was to be completed by September 2007. The Government sanctioned (March 2007) and the DME drew (March 2007) the amount on the basis of retail invoices submitted by AMTRON and paid (April 2007) Rs.3.61 crore to the firm after deducting and depositing VAT (Rs.14 lakh). The DME neither invited tenders nor executed any agreement with AMTRON. Further, documents relating to selection of the firm, work order, plan estimates were not produced to audit. AMTRON stated (March 2008) that bills were submitted on verbal request of the Department to facilitate drawal of funds. The work was stated to be in progress.

The DME in his reply (August 2008) stated that AMTRON, is a State Government undertaking and according to the Government instruction all IT requirements are to be procured through AMTRON. He, however, had not stated the reasons for not preparing plan and estimate and not executing agreement with definite time schedule for completion of the project.

Thus, payment of Rs.3.75 crore to a firm without any plan or detailed estimates of work, non tendering and non execution of a contract with the firm was irregular.

The matter was reported to the Government in May 2008; reply had not been received (September 2008).

**HOME/SECRETARIAT ADMINISTRATION (ACCOUNTS 'B')/
HEALTH AND FAMILY WELFARE DEPARTMENTS**

4.5.5 Non-submission of Detailed Countersigned Contingent Bills

Rupees 209.91 crore was drawn by four DDOs through AC bills during 2001-07 but the corresponding DCC bills were not submitted.

Contingent Charges may be drawn from the treasury by presenting Abstract Contingent (AC) bills, which require approval of the Controlling Authority before they can be admitted as legitimate expenditure. The Contingency Manual of the Government of Assam stipulates that detailed bills for the charges drawn on AC bills in a month should be submitted to the Controlling Officer by the 2nd of the following month. The Controlling Officer should send all the Detailed Countersigned Contingent (DCC) bills to the Accountant General (A & E) by 25th of the following month. The Treasury Officer should ensure that no payment is made after the 10th of a

month on any AC bill unless it is certified by the drawing officer that all DCC bills for sums drawn on AC bills in the previous month have been forwarded to the Controlling Officer.

- Drawals on AC bills by three departments⁷ were scrutinised between April 2005 and January 2008. Out of Rs.209.91 crore drawn through 142 AC bills by these departments from 2001-02 to 2006-07, DCC bills had not been submitted (June 2008) to the Controlling officers in respect of Rs.208.15 crore (99.16 per cent).
- Out of the amounts drawn, Rs. 153.76 crore were spent and Rs.56.15 crore (DCR: Rs.30.10 crore, Cash/bank a/c: Rs.26.05 crore) remained unutilised as of June 2008. The period of retention of funds ranged from 14 to 74 months. This indicated that funds were drawn without immediate requirement and only to avoid lapse of budget grants.
- The Drawing Officers concerned while drawing the amounts on AC bills certified that DCC bills for drawals of earlier months had been submitted by them even though they had not submitted DCC bills for earlier months.

Due to non-submission of DCC bills, the veracity of actual utilisation of Rs.153.76 crore could not be ascertained in audit.

The matter was reported to the Government in July 2008; reply had not been received (September 2008).

PANCHAYAT AND RURAL DEVELOPMENT DEPARTMENT

4.5.6 Unauthorised expenditure

The Project Director, District Rural Development Agency, Dhemaji unauthorisedly incurred an expenditure of Rs.49.30 lakh for Construction of godown at Block Headquarters including unproductive expenditure of Rs.16.10 lakh.

The “Sampoorna Grameen Rozgar Yojana” (SGRY) guidelines do not have any provision for construction of godown at Block Headquarters out of scheme funds. Further, no work can be taken up unless it forms part of approved Annual Action Plan.

Scrutiny (May-June 2007) of the records of the Project Director (PD), District Rural Development Agency (DRDA), Dhemaji revealed that between May 2005 and June 2006, the PD, in violation of scheme guidelines, incurred an expenditure of Rs.49.30 lakh for construction of five godowns at five Block Development⁸ Headquarters. These works did not form part of the approved Annual Action Plan. Further, as per verbal order of the Deputy Commissioner, the godown at Dhemaji

⁷ Home (Director General of Police), Secretariat Administration (Deputy Secretary, Accounts ‘B’), Health and Family Welfare (Director, Medical Education and Director of Health Services (General)).

⁸ Bordoloni Development Blocks-Rs.7.95 lakh; Machkhuwa Development Block-Rs.8.65 lakh; Jonai Development Block-Rs.8.80 lakh; Dhmeaji Development Block-Rs.16.10 lakh; Sissiborgaon Development Block-Rs.7.80 lakh.

Development Block was occupied by the CRPF personnel since its completion (May 2005).

Thus, the expenditure of Rs.49.30 lakh incurred by the PD on construction of godowns was irregular and unauthorised. Besides, occupation of the godown at Dhemaji Development Block (construction cost: Rs.16.10 lakh) since its completion (May 2005) by CRPF personnel resulted in use of Departmental assets for purposes other than those for which these were constructed.

The matter was reported to the Government in December 2007; reply had not been received (September 2008).

PUBLIC WORKS DEPARTMENT

4.5.7 Cost overrun

Delay of eight years in awarding the work resulted in extra expenditure of Rs.2.83 crore on the construction of a bridge.

Construction of Lunglit Bridge No. 48/4 (bridge proper) was awarded (October 2000) by the Chief Engineer, PWD (NH Division), to a contractor at a tendered value of Rs.4.17 crore with the stipulation to complete the work within October 2003. Due to some calculation mistake the tender value of the work was subsequently reduced (July 2005) to Rs.4.15 crore and the due date for completion was extended to 31 March 2006. The work of bridge proper was completed in January 2008 at a cost of Rs.4.09 crore.

Scrutiny of the records (February-March 2007) of the EE, Bakulia NH Division, Diphu revealed that the work was originally sanctioned (March 1992) by the GOI for Rs.1.79 crore. Though the tender for the bridge proper was first invited in July 1992, the work was finally awarded only in October 2000 after re-tendering for the seventh time (June 2000). This was mainly due to delay in processing the tenders ranging from three months to eighteen months on six occasions and corresponding delay in obtaining sanction. By the time sanction arrived, the validity of the tender either expired or the lowest tenderer refused to sign the tender agreement due to increased cost of material and labour etc. In its sanction (July 2004) to the revised estimate of the work for Rs.4.90 crore, the Ministry of Road Transport & Highways (MORTH) also opined (July 2006) that inordinate delay of more than eight years in awarding the work resulted in avoidable time/cost overrun in the execution of the project.

Thus, failure of the Department in finalizing the tenders and awarding the work in time, delayed the progress of the work by at least eight years involving a cost overrun of Rs.2.83 crore⁹.

The matter was reported to the Government in March 2008; reply had not been received (September 2008).

⁹ Revised sanction against bridge proper : Rs.4.15 crore
Original sanction against bridge proper : Rs.1.32 crore
Cost overrun : Rs.2.83 crore

4.5.8 Doubtful expenditure

Expenditure of Rs. 36.72 lakh was incurred by Executive Engineer, Goalpara Rural Roads Division, Goalpara without detailed measurements and authentication of executed work.

State Government accorded (September 2004) Administrative Approval (AA) for “Construction of RCC Br. No.2/1 on Lakhipur Chunari Road including approaches and protection works under RIDF-IX of NABARD” for Rs.2.89 crore. The Chief Engineer (CE), PWD, (ARIASP & RIDF), Assam awarded (December 2004) the work to a contractor at a tendered value of Rs.2.88 crore with the stipulation to complete the work within December 2006. Against 95 *per cent* physical progress of the work (August 2007) the contractor was paid Rs.1.66 crore (January 2007).

Scrutiny (August 2007) of the records of the EE, Goalpara Rural Roads Division revealed that the Division prepared the abstract of three items valued at Rs.36.72 lakh¹⁰ without recording any detailed measurement in the relevant Measurement Book (MB). Further, the Division prepared the bill and made payment though the EE did not authenticate the execution.

Payment without detailed measurements and authentication rendered the expenditure of Rs. 36.72 lakh doubtful.

The matter was reported to the Government in March 2008; reply had not been received (September 2008).

SOCIAL WELFARE DEPARTMENT

4.5.9 Injudicious expenditure

The Director, Social Welfare incurred Rs.1.11 crore on procurement of utensils after discontinuation of supply of cooked meal to the beneficiaries enrolled under Anganwadi Centres.

With the introduction of Pradhan Mantri Gramodaya Yojana to strengthen supplementary nutrition programme with effect from 2000-01, the supply of cooked meal to the beneficiaries enrolled under Anganwadi Centres (AWCs) was discontinued. Under the new system, rice @80 gms and dal @20 gms per beneficiary per day were to be distributed with a unit cost of Rs.0.95 per child per day and Rs.1.15 per pregnant/nursing mother per day.

Scrutiny (September-October 2006) of the records of Director of Social Welfare and further information collected (June 2008) revealed that the Government sanctioned

¹⁰

Sl. No.	Item No.	Item of work	Quantity executed	Rate Rs.	Amount Rs.
1.	2/9	E/w for Embankment in core etc	12273.025 cum	80/cum	9,81,842
2.	13/28	Providing and fixing in position rocker & roller bearing etc.,	6 sets	80,000/set	4,80,000
3.	14/21	Supplying providing & placing in position and profiling prestressed cable etc.,	17 MT	1,30,000/MT	22,10,000
Total					36,71,842

(May 2005) Rs.1.56 crore for supply of utensils to 7,470 AWCs under the centrally sponsored Integrated Child Development Scheme (ICDS) during 2005-06. The sanction fixed the cost of utensils to be provided to each AWC at Rs.2084.15 based on approved rates of the Government Marketing Corporation (AGMC)/Assam Small Industries Development Corporation (ASIDC). Out of the sanctioned amount, Rs.1.11 crore was released, which was drawn (December 2005) and spent by the Directorate for procurement of utensils.

Procurement of utensils for Rs.1.11 crore after discontinuance of supply of cooked meal was, thus, irregular and injudicious.

The Director stated that order for supply of utensils was issued on the basis of Government's decision dated December 1999. The Government, however, in its reply stated (August 2008) that as there was no provision for procurement of utensils under Supplementary Nutrition Programme, these were purchased from funds available under ICDS. The reply is not tenable, since the supply of cooked meal was discontinued with effect from 2000-01 and the amount was sanctioned and paid only in 2005-06.

4.6 General

4.6.1 Follow up on Audit Reports

Non-submission of suo-moto Action Taken Notes

In terms of the resolution (September 1994) of the Public Accounts Committee (PAC), the administrative departments are required to submit *suo-moto* Action Taken Notes (ATNs) on paragraphs and reviews included in the Audit Reports within three months of presentation of the Audit Reports to the Legislature, to the PAC with a copy to the Accountant General (AG), (Audit) without waiting for any notice or call from the PAC, duly indicating the action taken or proposed to be taken. The PAC in turn is required to forward the ATNs to AG (Audit) for vetting before its comments and recommendation.

It was, however, noticed that ATNs pertaining to 593 paragraphs/reviews for the years 1983-2007 were not received *suo-moto* either from the Departments or through the PAC. Consequently, the audit observations/comments included in these paras/reviews are yet to be discussed/settled by PAC as of March 2008.

4.6.2 Action taken on recommendations of the Public Accounts Committee

Three hundred and forty three (343) recommendations of the PAC, made in its Fifty Fifth to Hundred and Fifteenth Report with regard to 36 Departments, were pending settlement as of March 2008 due to non-receipt of Action Taken Notes/Reports.

4.6.3 Failure of senior officials to respond to audit observations and compliance thereof

The Accountant General (AG) arranges to conduct periodical inspection of Government Departments to test-check the transactions and verify the maintenance of significant accounting and other records according to prescribed rules and procedures. When important irregularities, detected during inspection are not settled on the spot, Inspection Reports (IRs) are issued to the Heads of the concerned Offices with a copy

to the next higher authorities. Orders of the State Government (March 1986) provide for prompt response by the executive to the IRs issued by the AG to ensure rectificatory action in compliance with the prescribed rules and procedures. A half-yearly report of pending IRs is sent to the Commissioners and Secretaries of the Departments concerned to facilitate monitoring of the audit observations in the pending IRs.

IRs issued upto March 2008 pertaining to Civil Departments/Public Health Engineering Department/Public Works Department/Flood Control Department/Irrigation and Inland Water Transport Department disclosed that 25,883 paragraphs pertaining to 5,545 IRs issued from 1994-95 were outstanding for settlement at the end of March 2008. Of these, 1,297 IRs containing 3,957 paragraphs had not been settled for more than 10 years. Even the initial replies, which were required to be received from the Heads of Offices within six weeks from the date of issue, were not received from 47 departments in respect of 1,532 IRs. Non furnishing of replies and inaction against the defaulting officers, facilitates continuation of serious financial irregularities and loss to the Government.

In view of the large number of outstanding IRs and Paragraphs, the Government has constituted two Audit Committees for consideration and settlement of outstanding audit observations relating to Civil and Works departments. During 2007-2008, 245 meetings (Civil: 143; Works: 102) of the Committees were held, in which 1,629 IRs and 5,572 Paragraphs were discussed and 363 IRs and 2,424 Paragraphs were settled.

It is recommended that Government review the matter and ensure that effective system exists for (a) action against defaulting officials, who failed to send replies to IRs/Paragraphs as per the prescribed time schedule, (b) action to recover loss/outstanding advances/ overpayments in a time bound manner, and, (c) revamp the system to ensure prompt and timely response to audit observations.