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CHAPTER IV : AUDIT OF TRANSACTIONS

LOSS

FOREST AND ENVIRONMENT DEPARTMENT

4.1 Loss of revenue

Loss of revenue of Rs. 11.80 lakh due to non-opening of fixed deposit account.

The Government of India, Ministry of Environment and Forests issued directives in March 2004 that the funds for compensatory afforestation should be deposited by the user agency with the Compensatory Afforestation Management and Planning Agency (CAMPA). Since the constitution of CAMPA was sub-judice, the Central Government asked the State Government to receive the fund for compensatory afforestation from the user agencies and keep the amount so received in the form of fixed deposits (FDs) in any nationalised bank in the name of concerned Divisional Forest Officer (DFO) or the nodal officer (Forest Conservation) of the state till CAMPA becomes operational.

Test-check of the records of the Principal Chief Conservator of Forest, Meghalaya, Shillong in October 2006 revealed that DFOs Jowai and Shillong between May 1996 and March 2004 received a sum of Rs.93.85 lakh from 23 user agencies for compensatory afforestation and deposited the amount in the treasury under reserve fund not bearing interest. These deposits had neither been withdrawn nor kept in the FDs in a nationalised bank as per directives of the Government of India. This resulted in loss of revenue in the form of interest of Rs.11.80 lakh (up to the month of audit) which would have accrued had the amount been deposited in fixed deposits.

The matter was reported to the Department and the Government in December 2006 and March 2007; their reply has not been received (February 2008).

PUBLIC HEALTH ENGINEERING DEPARTMENT

4.2 Loss due to non-availing of exemption of excise duty

Failure of the Department to avail of exemption from payment of excise duty resulted in a loss of Rs.29.73 lakh on procurement of pipes.

The Union Ministry of Finance and Company Affairs (MF&CA) extended (September 2002) excise duty exemption on pipes meant for delivery of water from source to water treatment plant and from there to storage facility. To avail this exemption, a certificate from the concerned District Magistrate/Deputy Commissioner was to be produced to the Excise Department.

Test-check of records of the Executive Engineers (EE), Tura Public Health Engineering (PHE) Division and Investigation Unit Division, Shillong revealed that the CE, PHE placed (June and September 2004) supply orders with Kolkata and Gautambudh Nagar (Uttar Pradesh) based firms for supply of DI and MS pipes for two water supply schemes under Non-lapsable Central Pool of Resources and Accelerated Rural Water Supply Programme. The pipes were supplied (June 2004 to November 2004) and payment of Rs.3.09 crore (including excise duty of Rs.29.73 lakh) was made (December 2004) by the EEs of the divisions concerned. Though the pipes were required for the purpose for which excise duty exemption was introduced, the EEs did not claim the exemption.

Thus, failure to take appropriate action for availing excise duty exemption by the EEs of Tura PHE Division and Investigation Unit Division, Shillong resulted in a loss of Rs.29.73 lakh[1].

Government stated (November 2007) that the notification or its contents issued (September 2002) by the MF&CA was not known to the Department till middle of 2006. The reply is not tenable because quoting this notification, the CE instructed (June 2004) the EE, Tura Division to obtain the requisite certificate from the Deputy Commissioner/District Magistrate required for availing excise duty exemption.

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[1] **Tura Division (Tura Phase III Water Supply Scheme)**:
DI Pipe - 200 mm – 5,699 RM & 300 mm – 5,297.50 RM
Total Payment: Rs. 191.91 lakh; Excise Duty: Rs.15.28 lakh

Investigation Unit Division (Lyngkyrdum Combined Water Supply Scheme): 150 mm dia MS pipes - 15,239.92 RM:
Total Payment: Rs.116.74 lakh; Excise Duty: Rs.14.45 lakh
Loss: Rs.29.73 lakh

EXTRA EXPENDITURE

PUBLIC WORKS DEPARTMENT

4.3 Extra expenditure due to engagement of excess labourers on Muster Roll

Deployment of excess Muster Roll labourers led to extra expenditure of Rs.10.48 lakh.

According to the existing norms reiterated by the Government of Meghalaya (July 1989), Divisional Officer may engage five muster roll labourers per month for maintenance and repair work of road length of eight kilometres. In addition, three labourers may also be engaged for maintenance of stores and stock. The Government orders (July 1989) further stipulated that any officer violating the norm would be held responsible and any excess expenditure incurred on engagement of excess labourers would be recovered from the pay of the officer concerned.

Test-check (January 2007) of records of the Executive Engineer (EE), Nongstoin (PWD Roads) Division revealed that the Division incurred extra expenditure of Rs.10.48 lakh on engagement of muster roll labourers under four Sub-Divisions during the years 2005-06 and 2006-07 (up to November 2006) in excess of the prescribed norm. The details are as under:

Table 4.1

Sub-Division	Year	Length of road	Requirement of muster roll labourers per month as per norm	Muster roll labourers actually engaged per month	Excess number of labourers	Period of deployment	Extra expenditure (at the rate of Rs.70 per day)
		(Kilometre)	(Number)			(Days)	(In Rupees)
Nongstoin - I	2005-06	149.956	94	97	3	362	76,020
	2006-07	141.956	89	101	12	244	2,04,960
Nongstoin - II	2005-07	116.00	75[2]	85	10	609	4,26,300
Markasa	2005-07	116.80	76[2]	80	4	609	1,70,520
Sonapahar	2005-07	162.45	105[2]	109	4	609	1,70,520
Total							**10,48,320**

Source: Prescribed norms and information furnished by the Sub-Divisional Officers concerned.

Reasons for excess deployment of labourers were not on record.

(2) Included three labourers for maintenance of stores and stock.

Government stated (February 2008) that almost all the labourers engaged were regular casual labourers for whom payment of the wages had been made after observing all formalities as per normal procedure. Reply is not tenable because extra expenditure was incurred on engagement of muster roll labourers in excess of the prescribed norm.

4.4 Extra expenditure due to adoption of incorrect rate in the Schedule of Rates

Failure to adopt the correct rate for an item of work in the Schedule of Rates resulted in extra expenditure of Rs.37.30 lakh, besides committed liability of Rs.3.67 lakh.

The scheme "Improvement of Khyndai Lad Junction (providing riding quality with bituminous mastic wearing course)", estimated to cost Rs.5.42 crore, was administratively approved by the Government (September 2004) and technical sanction was accorded by the Chief Engineer (CE), National Highway (NH) & Research (October 2004). The estimate of the work *inter alia* provided Rs.64.04 lakh for execution of the item "Providing and laying 25 mm thick mastic asphalt wearing course, *etc*. in 9,376.6 sqm at the rate of Rs.683 per sqm.".

The CE (NH), PWD (Roads), after inviting tenders, awarded (October 2005) the above item of work to a contractor at his quoted price of Rs.63.29 lakh (at the rate of Rs.675 per sqm) for completion of the work by October 2006. As of March 2006, the contractor executed 14,766.35 sqm of the work valued at Rs.99.67 lakh. Till June 2006, Rs.90.74 lakh had been paid to the contractor for execution of 13,442.85 sqm. of the work. The deviation in quantity (5,389.75 sqm) and the enhancement of value of the work (Rs.36.38 lakh) were approved by the CE (NH) (March 2006).

Test check (October-November 2006) of records of the EE, Shillong Central Division and further information received (May 2007) from the EE revealed that the estimate for the cost of the item was made on the basis of Schedule of Rates (SOR) for 2003-04 (NH Circle, PWD-Roads), which had been fixed wrongly as Rs.672 per sqm. The EE explained that the rate in SOR-2003-04 was fixed on the basis of earlier specification and not on the basis of up-to-date specification. The mistake was, however, rectified in November 2004, when the rate of this item was revised to Rs.387 per sqm. However, the CE failed to take note of the corrected rate even in October 2005 when the contract for the work was finalised. Therefore, the contract was awarded at incorrect and inflated rate of Rs.675 per sqm instead of Rs.387 per sqm.

Thus, failure to adopt the correct rate for the above item of work in the SOR led to preparation of inflated estimate (Rs.64.04 lakh instead of Rs.36.29 lakh), thereby giving an opportunity to the tenderers to quote rates higher than the actual cost involved in execution of the work. Consequently, the Department incurred extra expenditure of Rs.38.72 lakh[3] on execution of this item of work, besides committed liability of Rs.3.81 lakh[4]. Responsibility for the lapse had not been fixed (April 2007).

Government stated (October 2007) that the rate of Rs.672 was exclusive of the cost of correlated items, such as, providing tack coat with bituminous emulsion, extra carriage of coarse aggregates and stone chips and cost of handling. Even considering the cost of these items (Rs.10.55 per sqm[5]), there was excess expenditure of Rs.37.30 lakh[3] and committed liability of Rs.3.67 lakh[4].

4.5 Extra expenditure due to payment at higher rate

Failure of the Executive Engineer in restricting the payments to the contractor at agreed rate as well as execution of items of work less than the estimated quantities resulted in extra expenditure of Rs.9.75 lakh and execution of sub-standard work.

The Union Ministry of Road Transport and Highways accorded (February 2004) administrative approval, technical sanction and financial sanction to the work "Improvement of riding quality from 30 km to 43 km (13 km) of National Highway 44 in Meghalaya" at a cost of Rs.5.82 crore. The estimate of the work *inter alia* provided the following items:

(i) Providing and laying bituminous macadam in prepared surface: 7,404.513 cubic metre (cum) at the rate of Rs.3,447 per cum: Rs.2.55 crore;

(ii) Providing and laying and consolidating semi-dense bituminous concrete: 2,591.51 cum at the rate of Rs.5,734 per cum: Rs.1.49 crore; and,

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Quantity executed and paid for: 13,442.885 sqm. @ Rs.675 per sqm.:	Rs.90.74 lakh
Cost of work at revised rate of Rs.387 per sqm.:	Rs.52.02 lakh
Extra Expenditure:	**Rs.38.72 lakh**
Less: Cost of correlated items: 13,442.885 sqm. @ Rs.10.55 per sqm:	Rs. 1.42 lakh
	Rs.37.30 lakh

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Quantity executed but payment not yet made:	
1,323.465 sqm. @ Rs.675 per sqm.:	Rs. 8.93 lakh
Cost of work at revised rate of Rs.387 per sqm.	Rs. 5.12 lakh
Committed Liability:	**Rs. 3.81 lakh**
Less: Cost of correlated items: 1,323.465 sqm. @ Rs.10.55 per sqm:	Rs. 0.14 lakh
	Rs. 3.67 lakh

5 Rate for providing tack coat, extra carriage and handling provided in the Analysis of Rate for 100 sqm : 1,055.41 ÷100 = **Rs.10.55 per sqm**

(iii) Carriage of stone chips - Extra for additional lead of 19 km: 14,071.44 cum at the rate of Rs.127.60 per cum.: Rs.17.96 lakh.

The work was awarded (July 2004) by the CE (NH & Research) to a contractor at his tendered cost of Rs.4.54 crore stipulating the date of completion as July 2005. According to the agreement executed (date not available) with the contractor, the above three items of work were awarded to the contractor at par with the estimated rates. The work was completed in March 2005 at a cost of Rs.4.54 crore (paid in December 2005).

Test-check (March 2007) of records of the EE, PWD Central Division, Jowai revealed, that, payments (Rs.27.20 lakh) for carriage of 13,671.741 cum stone chips were made to the contractor at the rate of Rs.198.93 per cum instead of the agreed rate of Rs.127.60 per cum. Consequently, the Department incurred an extra expenditure of Rs.9.75 lakh[6] on this item of work. To compensate for the excess expenditure and to keep the total expenditure within the tender value of the work, the contractor executed less quantities in all the three items of work by 168.621 cum (Rs.5.81 lakh), 45.34 cum (Rs.2.60 lakh) and 399.699 cum (Rs.0.51 lakh) respectively. Reasons for acceptance of the higher rate for item (iii) of the work and execution of less than the estimated quantity of work were not on record.

Thus, the payments for item (iii) of the work at more than the agreed rate to the contractor resulted not only in an extra expenditure of Rs.9.75 lakh but also non-execution of agreed quantity of work by the contractor.

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

4.6 Extra expenditure due to award of work without ensuring clear title to site and without finalising plan and drawings

Enhancement of rate due to delay in handing over the clear site of the work and drawings, *etc.* for construction of Children's and Women's Hospital, Tura resulted in an extra expenditure of Rs.58.24 lakh.

Government accorded (January 2000) administrative approval and expenditure sanction for the work "Construction of Children's and Women's Hospital at Tura" at an estimated cost of Rs.2.31 crore. The estimate, (Schedule of Rates (SOR) - 1995-96), provided Rs.1.53 crore for construction of building, water supply, sanitation, soil investigation and dismantling and Rs.0.78 crore for electrification, contingency, *etc.* Technical sanction to the detailed estimate, which was mandatory before commencement of construction as per Rule 244 of the Meghalaya Financial Rules, 1981, was not accorded. The construction work[7] was awarded (September 2001) by the CE, PWD (Buildings) to a

[6] 13,671.741 cum x Rs.71.33 per cum (Rs.198.93 – Rs.127.60): **Rs.9.75 lakh**

[7] Including sanitary, water supply, soil investigation and dismantling.

contractor for Rs.1.84 crore (35 *per cent* above the estimate) for completion by March 2003. Subsequently, the estimate of the work was revised (March 2004) to Rs.4.47 crore and re-revised (March 2006) to Rs.5.07 crore due to inclusion of additional work, change of specification, claiming of escalation by the contractor and increase in volume of civil works. The H&FW Department accorded (March 2004 and March 2006) administrative approval of the revised estimate with the concurrence of the Finance Department. The work was completed (September 2006) at a cost of Rs.4.44 crore.

Test-check (February 2007) of records of the EE, Building Division, Tura revealed that -

- the possession of clear site of the work was given to the contractor after a delay of five months (February 2002);
- the plan/structural drawing of two blocks of the building was handed over to the contractor (May 2003) after expiry of the originally stipulated date of completion, subsequently revised to May 2004;
- there was delay in handing over (March 2004) drawing of porch;
- there was delay in communicating (May 2004) the decision to extend the column over the roof to the contractor.

Due to the delay on the part of the Department, the contractor claimed (August 2004) 40 *per cent* escalation over his accepted rate on the ground of increase in the cost of material and labour. The Department allowed (January 2005) escalation of rate by 41 *per cent* for works executed during April to August 2004 and by 61 *per cent* for works executed thereafter on the ground of increase in the cost of steel and cement and variation between the rate of SORs-1995-96 and 2004-05. Since the work was allotted on the basis of SOR-1995-96 and the contractor also claimed enhancement of rate by 40 *per cent*, *suo motu* enhancement of rate higher than that demanded by the contractor was not justified.

Further, during April 2004 to September 2006, the contractor executed different items of work valued at Rs.81.34 lakh. Thus, computed at the enhanced rate of 40 *per cent* as claimed by the contractor, he was entitled for additional amount of Rs.32.54 lakh as cost escalation. But the Department paid Rs.47.77 lakh as cost escalation and Rs.10.47 lakh as profit on the cost of steel and cement purchased by the contractor from the market. Reasons for allowing profit on the cost of material despite payment of cost escalation were not on record.

Thus, the allotment of work without a clear site as well as inordinate delay by the Department in handing over the plan and drawings, resulted in an extra expenditure of Rs.58.24 lakh on payment due to cost escalation (Rs.32.54 lakh), for allowing escalation at higher rate (Rs.15.23 lakh[8]) and on payment of profit (Rs.10.47 lakh).

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[8] Escalation cost paid:	Rs.47.77 lakh
Escalation cost entitled:	Rs.32.54 lakh
Extra expenditure for allowing escalation at higher rate:	**Rs.15.23 lakh**

Government stated (February 2008) that (i) commencement of work was delayed due to delay in vacation of existing staff quarters on the site of the work, (ii) the rate was enhanced taking into account the SOR-2004-05 and (iii) contractor's profit was allowed due to increase in the cost of steel and cement procured by the contractor. The reply is not tenable because clear site of work should have been made available to the contractor immediately after allotment of work. Further, the cost escalation paid by the Department was higher than the 40 *per cent* claimed by the contractor, besides additional profit margin of Rs.10.47 lakh.

4.7 Extra expenditure on execution of a road work

The Department incurred extra expenditure of Rs.30.66 lakh on execution of two items of work due to payment for bitumen, which was not utilised in the work.

The work "Improvement and strengthening of Shillong-Nongstoin Road in different sections including reconstruction of a major bridge (under additional Central assistance)", estimated to cost Rs.8 crore, was administratively approved (March 2002) by the State Public Works (Roads & Buildings) Department with the concurrence of the Finance Department. Technical sanction to the estimate was accorded (November 2002) by the Additional Chief Engineer (ACE), PWD (Roads), Eastern Zone (ACE).

The ACE, after inviting tenders, awarded (June 2002) a portion of the work[9] to a contractor for Rs.5.32 crore (subsequently enhanced to Rs.5.50 crore) stipulating 9 June 2003 as the target date of completion. The works allotted *inter alia* provided execution of the following items:

(i) Providing and laying bituminous macadam on prepared surface with specified graded crushed aggregate for base/binding course, *etc.*; and,

(ii) Providing, laying and consolidation of semi-dense bituminous concrete with specified graded crushed aggregate for wearing coat, *etc.*

The agreement executed (May 2002) with the contractor provided for procurement of material, e.g., bitumen, cement, *etc.*, required for execution of the work by the contractor. The rates of Rs.3,367.05 and Rs.4,473.25 per cum fixed for execution of items (i) and (ii) respectively, were also inclusive of the cost of material. The contractor executed 4,630.41 cum of item (i) and 1,234.86 cum of item (ii) at a cost of Rs.1.56 crore and Rs.55.24 lakh respectively.

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[9] Improvement and strengthening of pavement of Shillong-Nongstoin Road – Portion from 1st to 16th Km of Mairang-Kynshi and 17th to 20th Km of Kynshi-Markasa Road including replacement of existing weak slab drains with NP3 Hume Pipe Culverts on 1st to 16th Km of Mairang-Kynshi Road, 17th to 28th Km of Kynshi-Markasa Road and Nongstoin-Markasa Road.

According to the information furnished (November 2006) by the Superintending Engineer (SE), PWD (Roads), Western Circle, the quantity of bitumen required for execution of the two items was 417.85 tonnes[10]. Test-check (April-May 2006) of records of the EE, Mairang Division revealed that against the requirement of 417.85 tonnes bitumen, the contractor utilised 198.85 tonnes of bitumen for execution of the above two items of work {item (i): 148.05 tonnes; item (ii): 50.8 tonnes}. However, payments were made to the contractor at the agreed rates without any deduction for the cost of 219 tonnes of bitumen not utilised in the work.

Thus, failure of the EE to get the above items of work executed by the contractor as per specification not only led to execution of sub-standard work but also resulted in an extra expenditure of Rs.30.66 lakh[11] due to payment for 219 tonnes of bitumen not utilised by the contractor.

Government stated (February 2008) that the total quantity of bitumen procured by the contractor was more than the quantity required for the work and payment was made to the contractor as per quantity of work executed. As such, the work was not sub-standard and no overpayment was made to the contractor. The reply is not tenable because as per utilisation statement of bitumen attached with the final payment voucher, the quantity of bitumen (198.85 tonnes) utilised for execution of the above two items of work was less than the required quantity (417.85 tones).

AVOIDABLE/UNFRUITFUL EXPENDITURE

ANIMAL HUSBANDRY AND VETERINARY DEPARTMENT

4.8 Unfruitful expenditure and unauthorised diversion of funds under a Centrally Sponsored Scheme

The Department incurred unfruitful expenditure of Rs.12.64 lakh on production of sub-standard semen affecting the 'National Project for Cattle and Buffalo Breeding' in the State. Besides, there was unauthorised diversion of Central funds of Rs.14.69 lakh.

The Union Ministry of Agriculture (MOA) launched (October 2000) the Centrally Sponsored Scheme "National Project for Cattle and Buffalo Breeding (NPCBB)" to restructure and reorient the cattle and buffalo breeding operations in the country. In March 2004, the MOA released grants-in-aid of

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[10] Item (i): 311.16 tonnes; Item (ii): 106.69 tonnes.

[11] Short utilisation of 219 tonnes bitumen @ Rs.14,000 per tonne {as per rate provided in the Schedule of Rates-2000-01 – Western Circle (Roads, Bridges & E&D Works)}: **Rs.30.66 lakh**

Rs.65.64 lakh to the State Government for implementation of the scheme during 2003-04.

Test-check (August 2007) of records of the Director of Animal Husbandry and Veterinary (DAH&V), Meghalaya revealed the following irregularities:

- In July 2005, the Central Monitoring Unit (CMU) of the MOA, recommended the closure of the existing Semen Station[12] of the State as the Station did not have proper infrastructure, the semen produced was very poor and not fit for field use and as per the MOA, this would also adversely affect the NPCBB breeding programme. The Department, however, continued to produce substandard semen at a higher cost than the purchase price of a good quality semen. During 2005-07, the Station produced 39,017 doses of semen at a total cost of Rs.12.64 lakh (Rs.22 and Rs.72 per dose during 2005-06 and 2006-07 respectively) while at the same time, it procured 43,300 doses from outside the State at Rs.13 per dose. This shows the apathy of the Department in effective implementation of the NPCBB, besides unfruitful expenditure of Rs.12.64 lakh on production of sub-standard semen.

- Central grants of Rs.65.64 lakh was released to the State implementing agency (SIA) by the DAH&V in June 2005 for implementation of the NPCBB. But the certificate indicating full utilisation of the amount was furnished to the MOA by the State Government in May 2005, even before its release to the SIA, with a request to sanction Rs.1.61 crore for continuance of the scheme during 2005-06. Reasons for such misrepresentation of the fact to the MOA were not on record.

- The MOA sanctioned (March 2006) grants-in-aid of Rs.1.20 crore to the SIA for implementation of the NPCBB during 2005-06. Out of the available funds of Rs.1.86 crore (Rs.65.64 lakh plus Rs.1.20 crore), the SIA incurred a total expenditure of Rs.91.05 lakh (cryocans, semen straw, bulls, bull shed, *etc.*: Rs.76.36 lakh; vehicles: Rs.14.69 lakh) and the balance amount of Rs.94.07 lakh remained unutilised for over one year (June 2007) in the bank account of the Chief Executive Officer of the SIA.

- Though there was no provision in the grant sanctioning letters of the MOA for purchase of vehicles (except Rs.5 lakh for one liquid nitrogen transport vehicle with trolley), the SIA incurred an expenditure of Rs.14.69 lakh on procurement of two vehicles (August 2005 and June 2006), which were being utilised in the Directorate of AH&V and by the Chief Executive Officer of the SIA. Approval of the CPMU[13] required to be obtained in case of any change in the activities provided in the MOA's sanction order, was also not obtained by the SIA for procurement of these

[12] The Liquid Semen Station was established (1972) in Upper Shillong for production of liquid semen and with the commissioning of a liquid nitrogen plant in 1992, the frozen semen activity was started by converting the liquid semen.

[13] CPMU (Central Project Management Unit) was to coordinate and monitor the implementation of the NPCBB.

vehicles. The action of the SIA, thus, resulted in unauthorised diversion of Central funds.

The DAH&V stated (November 2007) that (i) the production cost of semen should be calculated on the variable cost only ignoring the fixed cost, (ii) on the request of the Department, the CMU again evaluated (April 2007) the Semen Station and suggested for improvement of this station for continuation, (iii) provisional utilisation certificate was furnished as the GOI insisted for submission of such certificate irrespective of whether the money was actually utilised or not and (iv) purchase of two vehicles was essential for successful implementation of the programme. The reply is not tenable because (i) the activity of the Semen Station was to produce semen only and therefore, fixed cost should also be taken into consideration for the production cost, (ii) the infrastructure of the Semen Station was yet to be improved, (iii) submission of utilisation certificate even without releasing the amount to the implementing agency was not justified and (iv) purchase of vehicles without approval of the CPMU was unauthorised.

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

4.9 Unfruitful expenditure under a Centrally Sponsored Scheme

Failure of the Department to strengthen/establish three pig breeding farms resulted in an unfruitful expenditure of Rs.32.48 lakh.

Under the Centrally Sponsored Scheme "Assistance to States for Integrated Piggery Development", the Union Ministry of Agriculture (MOA) released (March 2001) grant-in-aid of Rs.41.50 lakh[14] to the State Government for strengthening of two pig breeding farms (Nongstoin and Rongjeng) and establishment of a new farm at Sohra. The grants were revalidated (August 2001) by the MOA with the condition to surrender the unspent balance at the end of the financial year 2001-02.

Test-check (August 2007) of records of the Director of Animal Husbandry and Veterinary (DAH&V) revealed the following irregularities:

- The Central grants, released (March 2002) by the State Government, were initially kept (March 2002) by the DAH&V in '8443-Civil Deposit' and withdrawn in November 2002. As of August 2007, the DAH&V had incurred an expenditure of Rs.32.48 lakh on civil works (Rs.24 lakh), advance payment for purchase of pigs (Rs.5.48 lakh) and equipment (Rs.3 lakh), *etc*. The balance amount of Rs.9.02 lakh remained unutilised in a bank account of the DAH&V. However, the

[14] Purchase of pigs (including transport): Rs.13 lakh; Alteration and remodeling, *etc*.: Rs.18 lakh; Land development, fencing and water facilities, *etc*.: Rs.6 lakh; Purchase of equipment, feed utensils, furniture, *etc*.: Rs.4 lakh; Training facilities (for Sohra): Rs.0.50 lakh.

Department submitted, in July 2002, fictitious utilisation certificate to the MOA indicating that the entire grant of Rs.41.50 lakh was utilised during 2001-02.

- Although the MOA's sanction provided Rs.13 lakh for purchase of pigs, only Rs.5.48 lakh was advanced (February 2005) to Regional Pig Breeding farm, Kyrdemkulai for supply of 220 pigs each to the Nongstoin and Rongjeng farms and no expenditure was incurred for purchase of pigs for the Sohra farm. Out of 440 pigs, the Kyrdemkulai farm supplied (August, October and December 2006) only 32 pigs to these two farms (Nongstoin: 22; Rongjeng: 10). Despite this supply of pigs, the total stock of pigs in the Nongstoin and Rongjeng farms as of March 2007 was reduced to 73 and 21 against 135 and 35 pigs respectively in July 2005. As regards Sohra farm, against the target of 50 pigs for the new farm, only 16 pigs valued at Rs.0.18 lakh were purchased till March 2007 (payments not yet made). This indicated that the objective of establishment and strengthening of these farms remained unachieved even after six years of release of funds by the MOA thereby rendering the expenditure of Rs.32.48 lakh incurred on these farms unfruitful.

The DAH&V stated (November 2007) that provisional utilisation certificate was furnished as per instruction of the GOI. The reply is not tenable because submission of utilisation certificate without actual utilisation of the amount was not justified.

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

PUBLIC WORKS DEPARTMENT

4.10 Avoidable extra expenditure on construction of over bridge

Allotment of construction work of over bridge without a technically sanctioned detailed estimate with provision for appropriate size of plastic sheet required for roofing the bridge, resulted in avoidable expenditure of Rs.10.55 lakh.

The work "Construction of over bridge connecting the Additional Secretariat with Main Secretariat Building at Shillong", estimated to cost Rs.48.92 lakh, was administratively approved by the Government in February 2001. The CE (NH & Research), without obtaining technical sanction to the detailed estimate as required under the Meghalaya Financial Rules, 1981, awarded (December 2001) the work to a contractor at his tendered value of Rs.26.76 lakh, stipulating the date of completion as June 2003. The estimate of the work *inter alia* provided for roofing of the bridge by fibre glass corrugated PVV sheets for a length of 83.05 running metres at a cost of Rs.11.11 lakh. But during allotment of work, this item was substituted (December 2001) by 'eight mm thick transparent fibre reinforced plastic sheet' for an area of 181 sqm at the rate of Rs.7,850 per sqm. This modification was regularised through a revised estimate approved (August 2004) by the Government for Rs.70 lakh, with further increase in the roofing area to 325 sqm.

Test-check (October-November 2006) of records of the EE, Shillong Central Division revealed, that, in May 2003, after execution of 78.75 sqm of the roofing work with eight mm thick transparent fibre reinforced plastic sheet, at a cost of Rs.6.18 lakh, the CE directed the contractor to change the thickness of sheet to three mm. Based on the market rate, the EE analysed the rate for the modified item as Rs.2,834 per sqm, which was approved by the SE, PWD (Roads) (November 2004). However, the contractor refused to accept this rate and agreed to execute the work with three mm sheet subject to acceptance of the rate of Rs.6,280 per sqm. Ignoring his own approved rate, the SE re-analysed (November 2004) the rate of the item as Rs.5,495 per sqm and the remaining portion (247.141 sqm) of the bridge was executed by the contractor with three mm sheet at the re-analysed rate. The over bridge was completed by the contractor (August 2005) at a cost of Rs.41 lakh (including Rs.19.76 lakh for roofing), which was paid in March 2006. The delay in completion of the work was due to delay in finalisation of the alignment of the bridge and slow progress of work.

Thus, the lackadaisical approach of the Department in taking a proper decision regarding the type of roofing, relenting to the unjustified demand of the contractor and allotment of work without a technically sanctioned detailed estimate contrary to the State Financial Rules, led to roofing of the bridge with different types of sheets and extra expenditure of at least Rs.10.55 lakh[15] on construction of the over bridge. The SE stated (February 2007) that the rate analysed by the Division was not acceptable to the contractor and therefore, to ensure early completion of the work, the Department decided to settle the matter amicably with the contractor.

Government stated (February 2008) that all the drawings were technically approved by the competent authority before actual execution of the work and the rate of Rs.5,495 was as per approved analysis of rate. The reply is not tenable because as per information initially furnished (May 2007) by the EE, Shillong Central Division, technical sanction of the work was not accorded till May 2007 though the work was completed in August 2005 and the rate of Rs.2,834 was also as per analysis of rate approved by the SE, PWD (Roads).

[15] Expenditure incurred on roofing of over bridge:	Rs.19,76,227
Cost of roofing (325 sqm) with three mm sheet at the rate of Rs.2,834 per sqm analysed by the EE and approved by the SE:	Rs. 9,21,050
Avoidable extra expenditure:	**Rs.10,55,177**

UNPRODUCTIVE EXPENDITURE/IDLE INVESTMENT

BORDER AREAS DEVELOPMENT DEPARTMENT

4.11 Unproductive expenditure on construction of a Micro Hydel Project

Handing over of the Umsaw Micro Hydel Project to the village committee resulted in unproductive expenditure of Rs.34.58 lakh.

For construction of the Umsaw Micro Hydel Project (installed capacity of 1x10 KW), estimated to cost Rs.34 lakh, the Director, Border Areas Development (BAD) released (June 1998 and July 2001) Rs.33.99 lakh to the Meghalaya State Electricity Board (MeSEB). The objective of the project was to generate and supply electricity to the Sankhat village of Jaintia Hills District. Construction of the project was completed by the MeSEB in May 2002 at a cost of Rs.33.99 lakh.

Scrutiny (July 2003 and April 2006) of records of the Director, BAD revealed that in accordance with Government policy, the project was handed over (May 2002) to the village committee of the Sankhat village for operation and maintenance. However, as the power-house was not attended to regularly by the persons trained for the purpose, it had to be shut down (June 2002) due to damage of the slip ring of the generator because of continuous running of the turbo generator sets. Though the project was made functional in August 2002 after replacement of the slip ring at a cost of Rs.0.08 lakh, it again developed defects in December 2002 due to non-functioning of one of the machines. The defects of the machines were repaired in July 2003 at a cost of Rs.0.51 lakh. Even then the project remained non-functional on many occasions and ultimately was abandoned by the village committee. The period of non-functioning of the project and the date from which it was lying idle were neither on record nor stated by the Director, BAD or the MeSEB. Consequently, the MeSEB suggested (March 2005) that the Department should take back the project from the village committee and hand it over to any individual or society for optimal utilisation rather than leaving it idle. However, no action in this regard was taken by the Department till the date of audit (September 2007). The Government stated (July 2007) that due to slackness/reluctance of the village committee, the project had been left unattended for a number of years and steps were being taken to make the same operational.

Thus, handing over the project to the village committee was an exercise in futility and resulted in non-functioning of the project due to mishandling rendering the expenditure of Rs.34.58 lakh (including repairing cost) unproductive.

Government stated (November 2007) that there was inadequate water at the source to run the project and the MeSEB would re-investigate the actual reason for shortfall of water and submit its report within December 2007 for making the project operational.

FOREST AND ENVIRONMENT DEPARTMENT

4.12 Idle investment on purchase of land for State Zoo and Botanical Garden

Purchase of land for setting up State Zoo and Botanical Garden without ensuring its proper utilisation led to idle investment of Rs.4.82 crore.

To set up a Botanical Garden cum Biodiversity Centre and State Zoo, the Government sanctioned (March 2000, March 2001 and February 2002) Rs.2.97 crore and Rs.1.89 crore respectively for acquisition of land. Accordingly, two plots of land at Lum Sohpetbneng and Umtrew in Ri-Bhoi District were acquired (April 2001 and August 2002) by the Department at a cost of Rs.2.97 crore and Rs.1.85 crore for the botanical garden and zoo respectively.

Scrutiny (November 2006 and March 2007) of records of the Divisional Forest Officers (DFO), Wildlife Division and Silviculture Division revealed that though the plots of land were available, the Department did not take effective steps to set up the zoo and botanical garden. While the proposal for the zoo was sent (November 2006) to the Central Zoo Authority for approval, project proposal for the botanical garden was not submitted (March 2007). A provision of Rs.40 lakh was made in the budget for the years 2002-07 for setting up a State Botanical Garden for conservation of Biogenetic Diversity, but no expenditure was incurred thereagainst. Reasons for non-finalisation of the project proposals despite availability of adequate funds were not on record.

Thus, procurement of land and non-initiation of the approved project despite availability of funds indicate the lackadaisical attitude of the Department. It has also resulted in idle investment of Rs.4.82 crore for over four to five years.

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

HEALTH AND FAMILY WELFARE DEPARTMENT

4.13 Idle expenditure on construction of additional 100 bedded hospital at Tura

Purchase of equipment/furniture before construction of the building for the additional 100 bedded hospital, Tura as well as non-functioning of the hospital despite completion of construction work resulted in an idle expenditure of Rs.6.38 crore.

The work "Construction of additional 100 bedded hospital at Tura", estimated to cost Rs.4.67 crore, was technically sanctioned (October 2000) by the Technical Board of the Department and administratively approved (March 2001) by the Government with the concurrence of the Finance Department. The estimated cost of the work was revised (March 2004) to Rs.5.55 crore. The construction work of the hospital was entrusted (August 2002) to a contractor with the stipulation to complete the work by February 2004 at his tender value of Rs.2.78 crore which was enhanced to Rs.3.24 crore. The construction work was, however, completed at a cost of Rs.5.30 crore after a delay of over two years (June 2006). Further, despite completion of the hospital building, it could not be made functional due to non-sanction of the posts of medical and para-medical staff.

Test-check (March 2007) of records of the Director of Health Services (DHS), Medical Institutions revealed that even before completion (June 2006) of construction, the District Medical and Health Officer (DM&HO), Tura purchased (February-March 2005 and February-March 2006) 154 items of medical/surgical equipment and hospital goods valued at Rs.1.09 crore. In addition, furniture valued at Rs.12.26 lakh was also procured (March 2005) and payment of Rs.8.22 lakh was made to the firm (July 2005 to December 2006). The balance amount of Rs.4.04 lakh was yet to be paid (February 2007). However, since the hospital was not functional, the equipment/goods were lying unutilised in stock except for five items valued at Rs.9.13 lakh, which were being utilised in the old hospital on emergency as stated by the Superintendent, Tura Civil Hospital.

Thus, the imprudent action of the DM&HO in procurement of equipment/goods for the hospital even before construction of the building and failure of the Government to sanction the posts required for making the hospital functional rendered the expenditure of Rs.6.38 crore[16] idle.

Government stated (February 2008) that regarding purchase of equipment much in advance, instructions had been issued to manage resources prudently and all the posts had been sanctioned in January 2008. Reply is, however, silent about engagement of staff required for functioning of the hospital.

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[16] Rs.109 lakh + Rs.8.22 lakh + Rs.530 lakh **–** Rs.9.13 lakh = **Rs.638.09 lakh.**

4.14 Unproductive expenditure on purchase of incinerators/ scrubbers

Inordinate delay in construction of sheds required for installation of the incinerators/scrubbers resulted in unproductive expenditure of Rs.86.12 lakh.

The Bio-Medical Waste (Management and Handling) Rules, 1998 (BMWMH)[17] stipulate that every institution generating biomedical waste shall set up requisite biomedical waste treatment facilities like incineration, autoclave and microwave system to ensure that such waste is handled without any adverse affect on human health and environment. Accordingly, the Union Ministry of Health and Family Welfare (MHFW) accorded administrative approval and expenditure sanction (March and April 2001) for procurement and installation of incinerators in four hospitals (Shillong: Civil Hospital, Ganesh Das Hospital and RP Chest Hospital; Tura: Civil Hospital) at a cost of Rs.60 lakh. As the three hospitals in Shillong had already procured the incinerators, the Director of Health Services (DHS), Medical Institutions approached (August 2001) the State Government for allotment of three incinerators to Civil Hospital, Jowai, Williamnagar Community Health Centre (CHC) and Nongpoh CHC. Records in support of approval of the proposed changes by the State Government or MHFW were not produced to Audit (March 2007).

Scrutiny (March 2007) of records of the DHS revealed that the DHS placed (December 2003) an order for supply of four incinerators with accessories with a New Delhi based firm at a cost of Rs.50.24 lakh. The firm informed (January 2004) the DHS that as per latest emission standards, it was important and mandatory to install a scrubber along with an incinerator. After receipt of incinerators (September 2004), the DHS placed (March 2005) another order with the firm for supply of three scrubbers at a cost of Rs.46.56 lakh. Accordingly, the firm supplied scrubbers (August 2005). Of the total cost of Rs.96.80 lakh, Rs.86.12 lakh was paid (June 2004 and April and October 2005) and the balance amount was to be paid after installation. GOI's approval for the additional amount of Rs.36.80 lakh was not on record.

Although the incinerators and scrubbers were procured by the DHS, these were lying uninstalled in the open space as the sheds required for installation had not been constructed till March 2007 despite release of Rs.10 lakh to the Engineering Wing of the Department in March 2002 for construction of the sheds.

Thus, inordinate delay in construction of sheds required for installation of the incinerators/scrubbers not only showed the apathy of the Department in setting up of the biomedical waste treatment facilities but also rendered the expenditure of Rs.86.12 lakh unproductive. The delay in installation of the

[17] The BMWMH Rules, 1998 were notified by the Ministry of Environment and Forests, Government of India and came into effect from July 1998 throughout the country.

incinerators/scrubbers and their storage in open is also fraught with the risk of the equipment getting damaged permanently.

Government stated (February 2008) that steps were being taken to complete installation of incinerators within the current financial year. The fact remains that the incinerators/scrubbers were not installed even after two to three years of procurement.

4.15 Idle expenditure on purchase of equipment/goods and on construction of hospital building

Purchase of equipment/goods for the Children's and Women's Hospital, Tura even before construction of the building for the hospital and failure to complete the electrical works of the hospital building resulted in idle expenditure of Rs.5.09 crore, besides irregular payment of Rs.8.19 lakh for the material which had not been received.

The work "Construction of Children's and Women's Hospital at Tura", estimated to cost Rs.2.31 crore, was administratively approved (January 2000) by the State Health and Family Welfare (H&FW) Department. The estimated cost of the work was revised (March 2004) to Rs.4.47 crore and re-revised (March 2006) to Rs.5.07 crore by the H&FW Department. The construction work of the hospital was entrusted (September 2001) to the State Public Works Department. The civil work of the hospital building, scheduled to be completed in March 2003, was completed in September 2006 at a cost of Rs.4.44 crore. However, the electrical works had not been completed even after one year of the stipulated date of completion (September 2006) and despite incurring an expenditure of Rs.23.07 lakh. As such, the hospital building could not be taken over by the Department (September 2007).

Test-check (March 2007) of records of the Director of Health Services (DHS), Medical Institutions revealed that though the hospital building had not yet been taken over, the District Medical and Health Officer (DM&HO), Tura placed supply orders (March 2005) with three firms for 100 items of medical/surgical equipment, hospital goods and linen at a cost of Rs.64.86 lakh. Of this, only 84 items (cost: Rs.56.67 lakh) were received (March and September 2005). But bills for all the 100 items were forwarded (March 2005) by the DM&HO to the DHS for payment to the suppliers with a fictitious certificate that the articles had been received and entered into the stock register. Accordingly, Rs.64.86 lakh was paid (May 2006) by the DHS to the suppliers.

Thus, the imprudent action of the DM&HO in procuring equipment/goods for the hospital even before construction of the building and delay in completion of electrical works resulted in idle expenditure of Rs.5.09 crore (civil work:

Rs.4.44 crore; equipment/goods: Rs.0.65 crore) for one to two years. Besides, payment of Rs.8.19 lakh on 16 items (**Appendix 4.1**) which had not been received, is irregular and fraught with the risk of misappropriation.

Government stated (February 2008) that medical/surgical equipment were purchased in anticipation of early completion of electrical works and action was being initiated to make the hospital functional at the earliest.

PUBLIC HEALTH ENGINEERING DEPARTMENT

4.16 Unproductive expenditure due to delay in finalising drawings and estimates

Inordinate delay in handing over the drawings *etc.*, required for implementation of the Baghmara Water Supply Scheme resulted in unproductive expenditure of Rs.3.38 crore.

The Baghmara Water Supply Scheme, estimated to cost Rs.3.86 crore, was technically approved by the GOI in December 2000 and administratively approved (March 2001) by the Public Health Engineering (PHE) Department of the State with the concurrence of the Finance Department. According to the conditions of administrative approval, the scheme was to be completed by 2003.

As of March 2007, the total expenditure on the incomplete scheme was Rs.3.38 crore[18].

The CE, PHE awarded (December 2001) the work relating to construction of intake tower, pump house, treatment plant *etc.* (estimated cost: Rs.95.98 lakh) to a Guwahati based contractor at his tendered value of Rs.89.64 lakh stipulating June 2003 as the date of completion. Besides, two additional items (construction of retaining wall and boring of grit chamber) were also awarded (January 2002 and March 2003) to the same contractor for Rs.10.18 lakh.

Test-check (December 2006) of records of the EE (PHE), Rural Water Supply Division, Baghmara and further information received (June 2007) from the Division revealed that -

- the drawings for intake well, pump house, grit chamber and treatment plant were handed over to the contractor after a delay of about one year (November 2002);

[18] Item (i) and additional items: Rs.70.80 lakh; Item (ii): Rs.25.78 lakh; Item (iv): Rs.7.64 lakh; Item (v): Rs.19.01 lakh; Item (vi): Rs.50.26 lakh; Purchase of pipes including carriage: Rs.164.82 lakh.

- though the contract stated that material would be provided by the Department, due to non-availability of these material with the Division, the contractor was permitted to arrange construction material such as cement, rod, *etc.*, after a delay of about one year (November 2002); and,

- the estimate for exploratory boring in the work site for construction of intake well and grit chamber was approved by the CE after a delay of over one year (March 2003).

Due to the delay of the Department, the contractor claimed (January 2006) 50 *per cent* enhancement over his accepted rate which was not agreed to by the Department and the contractor stopped (May 2006) the work. As of March 2007, the EE had paid Rs.70.80 lakh to the contractor. Though the CE rescinded the work in May 2007, no action was initiated for completion of the work through some other agency.

Thus, inordinate delay in handing over the drawings, *etc.* resulted in discontinuation of the work by the contractor. Consequently, the scheme remained incomplete even after three years of the scheduled date of completion (2003), rendering the expenditure of Rs.3.38 crore unproductive, besides, depriving a population of 8,946 of the Baghmara town of the benefit of adequate drinking water.

Government stated (November 2007) that the main reason for the delay was the limited working season as no work could be done during the rainy season and that the work had already been taken up separately and would be completed by March 2008. The reply is not acceptable because the scheduled date for completion of the work should have been fixed taking into consideration all the infrastructure and weather condition and thus, non-completion of the work even after three years of the stipulated date was not justified.

REGULARITY ISSUES

FOREST AND ENVIRONMENT DEPARTMENT

4.17 Denial of financial benefit due to non-collection of net present value of land from the user agency

The Department was deprived of financial benefit of Rs.28.21 lakh due to non-collection of net present value of land from the user agency for over four years.

The Honb’le Supreme Court of India issued (November 2002) an order for collection of the Net Present Value (NPV) of the forest land diverted for non-forestry purposes from the user agency. The rate prescribed by the Honb’le

Court was Rs.5.80 lakh to Rs.9.20 lakh per hectare. The order of the Apex Court was circulated (July 2003) by the Union Ministry of Environment and Forests (MEF) to all the States. The MEF also informed (August 2003) the Chief Secretaries of the States that the NPV of the forest land approved for diversion after 30 October 2002 for non-forestry purpose shall be collected at the prescribed rates.

Test-check (January 2006) of records of the Divisional Forest Officer (DFO), East Khasi Hills Division, Shillong revealed that in accordance with the Ministry's approval (April 2003), 4.863 hectare of forest land was diverted for utilisation for non-forestry purposes by the North Eastern Hill University, Shillong on payment (July 2003) of Rs.1.71 lakh as cost of compensatory afforestation. Though the order of the Supreme Court was in vogue during diversion of the forest land, NPV of Rs.28.21 lakh for the diverted forest land was not realised by the DFO from the user agency.

On the request (October 2003) of the DFO to remit the NPV, the user agency stated (December 2004) that the land was not a forest land and thus, it would not be proper to consider it within the purview of NPV scheme. Though the DFO clarified (February 2005) to the user agency that the land in question had been deemed as 'forest land', the NPV was not remitted by the user agency. However, the DFO did not pursue the matter further with the user agency for payment of requisite amount.

Thus, due to lack of follow-up action of the DFO, the Department had been deprived of the compensation of Rs.28.21 lakh on account of transfer of forest land for non-forestry purpose.

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

GENERAL

4.18 Failure to respond to Audit observations and compliance thereof

Accountant General (Audit) (AG) arranges to conduct periodical inspection of Government departments to test check the transactions and verify the maintenance of important accounting and other records as per prescribed rules and procedures. These inspections are followed up with Inspection Reports (IRs). When important irregularities, *etc.* detected during inspection are not settled on the spot, these IRs are issued to the Heads of offices inspected with a copy to the next higher authorities. The Meghalaya Financial Rules, 1981 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 and accountability for the deficiencies and lapses noticed during inspection. The Heads of offices and next higher authorities are required to comply with the observations contained in the IRs and rectify the defects and omissions promptly and report their compliance to the AG. Serious irregularities are also brought to the notice of the Head of the Department by the office of the AG. A half-yearly report of pending IRs is sent to the Secretary of the concerned department to facilitate monitoring of the Audit observations in the pending IRs.

Inspection Reports numbering 208 issued up to March 2007 pertaining to 82 offices/divisions of four departments containing 815 paragraphs were outstanding at the end of September 2007. Of these, 70 IRs containing 234 paragraphs had not been replied to/settled for more than 10 years. Year-wise position of the outstanding IRs and paragraphs is detailed in **Appendix 4.2.** As a result, the following irregularities commented upon in these IRs had not been addressed as of September 2007.

Table 4.1

Nature of irregularities	Number of paragraphs	Amount involved (Rupees in crore)
Recovery of departmental receipts, advances, overpayments/inadmissible payments and other recoverable charges were either delayed or not made	16	0.23
Rules relating to custody and handling of cash, maintenance of cash book and Muster Roll not observed	69	0.29
Unauthorised/infructuous/extra expenditure	44	25.58
Drawal of fund in advance of requirement/Payment of grants in excess of requirement	36	8.49
Wanting Payees' Receipts/Detailed Countersigned Contingent (DCC) Bills/ Sanctions	20	1.00
Overpayment/inadmissible payment	62	3.77
Improper maintenance of store account/absence of physical verification of stores/Idle Stock/Defective maintenance/non-maintenance of log book of vehicles	9	0.48
Loss due to theft, non-recovery and prolonged storage of stock and non-salvaging of excavated hard rock	8	1.51
Purchase of stationery in excess of authorized limits/expenditure without sanctions	8	0.36
Others	543	62.54
Total	**815**	**104.25**

The Secretaries of the concerned departments, who were informed of the position through half-yearly reports, also failed to ensure prompt and timely action by the concerned officers of the department.

The above also indicates inaction against the defaulting officers, thereby facilitating the continuance of serious financial irregularities and loss to the Government.

It is recommended that Government look into this matter and ensure that a procedure exists for (a) action against the officials who failed to send replies to IRs/Paragraphs as per the prescribed time schedule, (b) action is taken to recover loss/outstanding advances/overpayments in a time bound manner and (c) revamping the system to ensure proper response to the Audit observations in the department.

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

4.19 Follow up action on Audit Reports

To ensure accountability of the executive to the issues dealt with in various Audit Reports, the Public Accounts Committee (PAC) issued instructions (July 1993) for submission of *suo motu* explanatory notes by the concerned administrative departments within one month of presenting the Audit Reports to the State Legislature. These instructions were applicable for the Reports from 1986-87 onwards. Review of outstanding explanatory notes on paragraphs included in the Reports of the Comptroller and Auditor General of India for the years from 1986-87 to 2005-06 revealed that the concerned administrative departments were not complying with these instructions. As of November 2007, *suo motu* explanatory notes on 237 paragraphs of these Audit Reports were outstanding from various departments as detailed in **Appendix 4.3**.

The administrative departments were required to take suitable action on the recommendations made in the Report of the PAC presented to the State Legislature. Following the circulation of the Reports of the PAC, the departments were to prepare comments on action taken or proposed to be taken on the recommendations of the PAC and submit the same to the Assembly Secretariat. The PAC specified the time frame for submission of such ATNs as six weeks up to 32^{nd} Report of the PAC and six months in 33^{rd} Report. Review of 13 Reports of the PAC involving 14 departments (containing recommendations on 52 paragraphs of Audit Reports as detailed in **Appendix 4.4**) presented to the Legislature between April 1995 and December 1997 (10 reports), in June 2000 (one report), April 2005 (one report) and April 2007 (one report) revealed that none of these departments sent the ATN to the Assembly Secretariat as of September 2007. Thus, the fate of the recommendations contained in the said reports of the PAC and whether they were being acted upon by the administrative departments could not be ascertained in audit.

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