CHAPTER IV : AUDIT OF TRANSACTIONS

UNFRUITFUL EXPENDITURE

AGRICULTURE DEPARTMENT

4.1 Unfruitful expenditure on implementation of Centrally Sponsored Scheme on setting up of cold storages

Due to inaction of the department/Board to utilise the cold storages, expenditure of Rs.1.91 crore on their construction remained unfruitful, besides loss of revenue to the extent of Rs.1.06 crore.

To provide cold storage and transportation facilities for handling, processing and marketing of fruits and vegetables in the State, the Centrally sponsored scheme for setting up of two 1000 tonnes capacity cold storages at Mawiong and Garobadha, estimated to cost Rs.1.96 crore (including Rs.20 lakh for procurement of two refrigerated trucks), was taken up by the department during 1996-97. The two refrigerated trucks were meant for transportation of commodities from the production centres to the cold storages and from the cold storages to the markets and existing fruit processing units. The revenue from these cold storages was projected at Rs.88 lakh per annum. Implementation of the scheme was entrusted to the Meghalaya State Agricultural Marketing Board (Board). During February – March 1997 and March 2000, funds totalling Rs.1.64 crore were released to the Board by the Central (Rs.0.84 crore) and State (Rs.0.80 crore) Governments for construction of the cold storages.

Scrutiny (November 2003) of records of the Director of Horticulture, Shillong and information furnished (May 2004) by the Board revealed that the cold storages were commissioned by the Board in July 2002 (Mawiong) and December 2003 (Garobadha) at a cost of Rs.1.91 crore (Mawiong: Rs.0.92 crore; Garobadha: Rs.0.99 crore). None of the cold storages was utilised by the Board till date (June 2004), reasons for which were not on record. The refrigerated trucks were also not purchased by the Board due to non-availability of funds. The Secretary of the Board stated (June 2004) that the trucks, if purchased, would be an additional liability since the cold storages were still not utilised.

Thus, due to inaction of the department/Board to utilise the assets, benefits envisaged under the scheme had not been achieved even after completion of these cold storages rendering an expenditure of Rs.1.91 crore on construction thereof unfruitful, besides loss of revenue of at least Rs.1.06 crore[(a)].

The matter was reported to Government in February and July 2004 and followed up with a reminder in October 2004; reply had not been received (November 2004).

FISHERIES DEPARTMENT

4.2 Unfruitful expenditure on development of fisheries in reservoirs

Failure of the department in taking timely action to improve the productivity of fish in the reservoirs resulted in unfruitful expenditure of Rs.87.74 lakh.

To raise fish for marketable purposes under the scheme "Development of Reservoirs and Lakes", the Fisheries Department executed (February 1989) an agreement for five years with the Meghalaya State Electricity Board (Board) for use of two reservoirs of the Board, *viz.*, Kyrdemkulai and Nongmahir, against an annual fee of Rs.1,000 each. The validity of the lease period was periodically extended up to January 2006 and the annual fee was enhanced to Rs.25,000 for each reservoir (effective from February 1994) through subsequent agreements (February 1994, August 1998 and October 2000).

Scrutiny (April 2003 and June 2004) of records of the Director of Fisheries (DOF) and further information received (July 2004) from the DOF revealed that between 1992-93 and 2003-04, the department appointed a Reservoir Development Officer and 11 officials for the two reservoirs. During this

(a) Mawiong: August 2002 to June 2004 : 1 year 11 months
@ Rs.44 lakh per annum: Rs.84.33 lakh
Garobadha: January to June 2004: 6 months @ Rs.44 lakh per annum: Rs.22.00 lakh
Rs.106.33 lakh

period, the DOF incurred a total expenditure of Rs.88.98 lakh (pay and allowances: Rs.56.91 lakh; payment of fee to the Board: Rs.5.02 lakh; machineries: Rs.13.64 lakh; fish food/fish seed: Rs.13.41 lakh). Against the target of 225 tonnes of fish during 1993-2004, actual production of fish from the two reservoirs was 3.76 tonnes, the sale value of which was Rs.1.24 lakh only. Huge shortfall (98 *per cent*) in achievement of target was indicative of the fact that the reservoirs were taken up by the department without proper planning and survey.

The Deputy Secretary (DS) of the department stated (May 2004) that the shortfall in achievement of target was due to existence of large number of tree-trunks, bamboos, *etc.* under the water of the reservoirs and regular release of water by the Board to maintain the water level. The DS further stated (September 2004) that the department had initiated steps to make the reservoirs productive and had recently taken up a pilot project to determine the possibility of using floating cages to increase the fish production in the reservoirs.

Thus, failure of the department in taking timely action either to improve the productivity of marketable fish or to discontinue the lease of the reservoirs after expiry of the first term resulted in unfruitful expenditure of Rs.87.74 lakh.

FOREST AND ENVIRONMENT DEPARTMENT

4.3 Unfruitful outlay on implementation of Central Sector Scheme on development of parks and sanctuaries

High frequency sets purchased for controlling poaching of wildlife were not put to use resulting in an unfruitful expenditure of Rs.17.28 lakh.

To set up High Frequency (HF) wireless transmission network as an anti-poaching measure, the State Government sanctioned (March 1999) Rs.10.93 lakh to the Principal Chief Conservator of Forests (PCCF) for purchase of nine HF sets for seven different stations and two as stand-by under the Central Sector Scheme "Assistance on development of parks and sanctuaries (Balpakram National Park)".

Scrutiny (October 2003) of records of the Divisional Forest Officer (DFO), Khasi Hills Wildlife Division and information furnished (July 2004) by the Conservator of Forests (Headquarters), Shillong (COF) revealed that the 'frequency' required for operating the HF sets was not allotted by the Ministry of Communication, Government of India (Ministry) in spite of repeated requests by the Chief Conservator of Forests from December 1995 onwards. Though the permission had not been obtained from the Ministry, the DFO purchased (January 2000) nine HF transreceiver sets at a cost of Rs.10.94 lakh (paid in January 2000: Rs.10.93 lakh and March 2000: Rs.0.01 lakh) from a New Delhi based firm, but these could not be put to use. Reasons for purchase of sets without allotment of the required frequency from the Ministry even after four years of correspondence were not on record.

Despite failure in utilisation of these sets, the State Government again sanctioned (March 2001) Rs.6.34 lakh to the PCCF for purchase of six more HF sets. In December 2001, the DFO purchased six sets at a cost of Rs.6.34 lakh from another firm (paid in June 2002). The contention of the COF (July 2004) that one stand-by set for each station was considered essential for un-interrupted communication is not justified, because the sets purchased earlier could not be put to use. Till June 2004 the required frequency had not been allotted and all the sets remained unutilised for two to over four years. Meanwhile, the warranty period of the sets had expired in January 2001 (nine sets) and December 2002 (six sets).

Thus, the purchase of HF sets without ensuring their proper utilisation resulted in unfruitful outlay of Rs.17.28 lakh. Further, since the warranty period of the sets had expired, the possibility of additional expenditure in case of any defects in the sets could not be ruled out.

The PCCF stated (August 2004) that the sets were procured in anticipation of obtaining allotment of frequency. The anticipation was not justified because the department failed to obtain the required frequency even after eight years.

The matter was reported to Government in February and July 2004. Government endorsed the views of the PCCF and stated (September 2004) that the funds released by Government of India had to be utilised immediately for procurement of high frequency transmission to strengthen parks and sanctuaries and buffer areas. The fact remains that the said objective had not yet been achieved.

PUBLIC WORKS DEPARTMENT

4.4 Unfruitful expenditure on execution of road work by Mairang PWD (Roads) Division

Execution of work on the extended portion of the road without execution of sub-base and base course resulted in an unfruitful expenditure of Rs.36.05 lakh.

The work "Strengthening of hard crust at five selected stretches on Mawngap-Mairang-Ranigodown Road – Section I (5^{th} to 24^{th} Km)", estimated to cost Rs.61.13 lakh, was administratively approved by Government in March 2001. According to the technically sanctioned (May 2001) estimate and the drawing of the road, the width of the existing hard crust (carriage way) of the road was 4.25 metres. The work was not executed by the department till March 2002.

In March 2002, Government accorded administrative approval for widening and strengthening of hard crust of the entire Mawngap-Mairang Road – Section I (5^{th} to 24^{th} Km) at an estimated cost of Rs.4.52 crore. The technically sanctioned (July 2002) detailed estimate of the work *inter alia* provided for execution of four items[(a)] of work on the entire road covering an

[(a)] (i) Cleaning of the existing black topped surface; (ii) Providing and applying tack coat on the prepared surface; (iii) Providing and laying bituminous macadam on prepared surface; (iv) Providing, laying and consolidating semi-dense bituminous concrete.

area of 1,00,800 sqm, taking into account the average width of the carriage way as 4.8 metres. But provision for sub-base and base course for the extended portion of 0.55 metre width (Proposed carriage way: 4.8 metres – Existing hard crust: 4.25 metres) was not made in the detailed estimate, reasons for which were not on record. The work was awarded (June 2002) by the Additional Chief Engineer (ACE) (Roads) to a contractor at his tendered value of Rs.3.36 crore (enhanced to Rs.3.62 crore in March 2003 due to execution of levelling course) even before technical sanction of the detailed estimate.

Test check (October-November 2003) of records of the Executive Engineer (EE), PWD (Roads), Mairang Division and the Running Account (RA) Bills of the contractor revealed that strengthening work of the road consisting of the four items mentioned above was executed almost on the entire estimated surfaced area of 1,00,799.08 sqm. But execution of sub-base and base course on the extended 11,550 sqm[(b)] area of the road was neither recorded in the Measurement Books nor in the RA Bill (3rd and latest RA bill of gross value: Rs.3.15 crore paid in June 2003) of the contractor.

Thus, bituminous work was shown to have been executed on the extended area and paid for when execution of sub-base and base course on it had neither been provided for in the estimate nor executed. This made the payment of Rs.36.05 lakh[(c)] questionable and in any case this was an unfruitful expenditure since bituminous work without sub-base and base would not serve any purpose.

The matter was reported to Government in January and June 2004 and followed up with a reminder in September 2004; reply had not been received (November 2004).

DOUBTFUL EXECUTION

PUBLIC WORKS DEPARTMENT

(b) Width: 0.55 m x Length: 20 kms. x 1000 + 5 *per cent* for curves = 11,550 sqm.

(c) Item (i):	11,550 sqm. @ Re.1 per sqm.	= Rs. 11,550
Item (ii):	11,550 sqm. @ Rs.5.10 per sqm.	= Rs. 58,905
Item (iii):	11,550 x 0.05 = 577.5 cum + 14.89 *per cent* for levelling course = 663.49 cum @ Rs.3,500 per cum	= Rs.23,22,215
Item (iv):	11,550 sqm x 0.025 = 288.75 cum @ Rs.4,200 per cum	= Rs.12,12,750
		Rs.36,05,420

4.5 Doubtful execution of construction work of a road by Shillong North Division

Execution of a road at the cost of Rs.44.27 lakh without construction of required hume pipe culverts remained doubtful.

For transportation of agricultural produce by the villagers, the State Government accorded (March 1998) administrative approval to the work "Construction of a road from Mawlong to Umtrai (portion from Umbi to Umtrai-length 5 kms.)" at an estimated cost of Rs.41.26 lakh, with the condition that no change of specification and quantity should be made for any item as provided in the sanctioned estimate. According to the technically sanctioned (June 1998) detailed estimate, the main components of the work were as under:

(i) Execution of 58,495.79 cum of earth work (cost: Rs.13.13 lakh) for the entire length of the road with 4.6 metres formation width (including side drain); and,

(ii) Construction of 270 Running Metres (RM) Hume Pipe (HP) culvert at 39 different locations at a cost of Rs.14.60 lakh.

According to the Physical Progress Report for the quarter ending June 2003, the construction work of the road was physically completed at a cost of Rs.44.27 lakh (including Rs.21.73 lakh on earth works).

Test-check (August 2003) of records of the Executive Engineer (EE), Shillong North Division, Nongpoh revealed the following:

(i) Between June 1999 and December 2000, the earth works were awarded to 304 different contractors after inviting tenders. Contrary to the Government's instructions, the earth works were executed (between September 1999 and February 2001) at an expenditure of Rs.21.90 lakh with 6.6 and 7.6 metres formation width (including side drain) throughout the entire stretch against the estimated 4.6 metres. Further, as per measurement of earth work recorded in the Measurement Books (MB), the measurements of height at the end of a particular chainage and those obtained at the beginning of the next chainage did not match. The variation ranged between 0.5 and 3 metres. A few instances are given in Appendix XXVI. This indicated that the measurement was erroneous. Consequently, 1,00,397.44 cum of earth work being recorded in the MBs, which exceeded the estimated provision by 41,901.65 cum resulting in extra expenditure of Rs.8.77 lakh (details in Appendix XXVI). The EE also did not exercise the test-check of recorded measurements as required under Rule 317(i) of the Meghalaya Financial (MF) Rules, 1981.

(ii) In contrast, the HP culvert constructed by the Division was far below the technically sanctioned estimated quantity. Against the requirement of 270 RM of HP culverts at 39 locations, 156.25 RM were constructed at 25 locations at the cost of Rs.9.53 lakh throughout the entire stretch of the road.

Thus, failure of the EE to conduct required test-check of recorded measurements made the claim of the Division that the work was physically completed doubtful because of shortfall (42 *per cent* in length and 14 in number) in construction of HP culverts. Justification for such variation, though called for (August 2003) from the EE, had not yet been furnished.

Despite the stipulation in clause 7(i) and (ii) of the administrative approval of March 1998 that no change of specification and quantity as given in the sanctioned estimate was permissible, the Department could not explain the reasons for these major variations. Thus, the actual execution of the road at the cost of Rs.44.27 lakh remained doubtful.

The matter was reported to Government in December 2003 and June 2004 and followed up with a reminder in September 2004; reply had not been received (November 2004).

IDLE INVESTMENT/UNDUE FINANCIAL BENEFIT

COMMUNITY AND RURAL DEVELOPMENT DEPARTMENT

4.6 Idle investment of Central funds on construction of workshop-cum-trainees' hostel building for training centre at Nongstoin

Inordinate delay in commencement of the work and failure in selection of trainees by the District Rural Development Agency, Nongstoin for the training centre led to idle investment of Rs.11.63 lakh.

To provide necessary infrastructure for imparting training to young entrepreneurs on a large scale in selected viable economic enterprises and trades under the Centrally sponsored TRYSEM[a] programme, Government of India sanctioned (March 1996) Rs.10.66 lakh as grants-in-aid to the District Rural Development Agency (DRDA), Nongstoin for setting up of "Exclusive TRYSEM Training Centre". According to Government of India's instructions

[a] Training of Rural Youth for Self Employment.

of October 1995, (i) immediate action for setting up of the training centre should be initiated by the State Government and (ii) extreme care should be taken to ensure that the training centre did not remain idle. The Central grants were released to the DRDA in March 1996 and deposited by the DRDA in a savings bank account with a Bank in August 1996.

Test-check (December 2003) of records of the Project Director (PD), DRDA, Nongstoin revealed that contrary to the instructions of the Government of India, the DRDA took up the construction work of the workshop-cum-trainees' hostel building for the training centre only in April 2000. The delay was attributed (April 2000) by the DRDA to late completion of formalities required before implementation of the scheme. The building was completed in August 2001 at a cost of Rs.11.63 lakh. But the PD neither selected any group of trainees nor appointed staff (except one store keeper), part-time instructors, teachers, craftsmen, *etc.* for imparting training as required under Government of India's instructions of October 1995, reasons for which were not on record. Consequently, the building remained unutilised (December 2003).

Thus, inordinate delay in commencement of work of the training centre as well as failure to utilise the building even after two years of completion resulted in idle investment of Rs.11.63 lakh (including locking up of Central funds of Rs.10.66 lakh for four years).

The PD of the DRDA stated (July and October 2004) that after December 2003 the building was utilised for providing accommodation to the trainees of self help group members under SGSY, *etc*. and for imparting training by other departments. Since no group of trainees was selected and training was not imparted in selected trades, utilisation of the building for other purpose was not justified.

The matter was reported to Government in May 2004 and followed up with a reminder in November 2004; reply had not been received (November 2004).

ELECTION DEPARTMENT

4.7 Undue financial benefit to the agencies on preparation of Electors' Photo Identity Cards

Acceptance of claims of the agencies for undertaking the job of preparation of Electors' Photo Identity Cards beyond the stipulated time led to undue financial benefit of Rs.15.15 lakh to the agencies.

Under the Electors' Photo Identity Cards (EPIC) programme, the State Chief Electoral Officer (CEO) invited (May 2001) tenders for preparation of EPICs of eligible voters. Out of tenders received from nine agencies, the rates of two agencies for on-line[(a)] mode of EPICs as considered (July 2001) by the Tender Committee (Committee) were as under:

Table 4.1

(In rupees)

Particulars of agencies	Urban areas of Shillong and Nongstoin		Urban areas of Jowai and Nongpoh	
	Rate per team day	Rate per defect free distributed EPIC	Rate per team day	Rate per defect free distributed EPIC
Agency 'A'	5,500.00	6.00	5,500.00	6.00
Agency 'B'	2,400.00	14.90	2,490.00	14.90

Source: Comparative statement (Annexure II of the minutes of the Tender Committee) showing the rates offered by the tenderers.

Taking into consideration the views of the Deputy Commissioners and Sub-divisional Officers and also for lessening the burden on the State exchequer, the Committee fixed (July 2001) the production target of 350 on-line mode EPICs per day in urban areas by the agencies. Accordingly, the rates offered by Agency 'A' was approved by the Committee as lowest[(b)]. The job was awarded (September 2001) to both the agencies at the approved lowest rates.

Besides the rates[(c)] of payment, the agreement executed (September 2001) with the agencies *inter alia* provided for delivery of approximately 72,549 on-line mode EPICs (Agency 'A': 37,509; Agency 'B': 35,040) in 10 Assembly Constituencies[(d)] (AC) within 207 team days (Agency 'A': 107 days; Agency 'B': 100 days).

Test-check (May 2004) of records of the CEO revealed that contrary to the agreed conditions, the agencies claimed payment (Rs.29.42 lakh) for 535 team days for preparation and delivery of EPICs between 13 September 2001 and 1 October 2002 in the 10 ACs (Agency 'A' : Rs.16.72 lakh for 304 team days; Agency 'B': Rs.12.70 lakh for 231 team days). According to the CEO, the agencies delivered 24,619 EPICs (Agency 'A': 21,582; Agency 'B': 3,037) in the 10 ACs. The department, instead of restricting the claim according to the

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(a) EPICs to be distributed on the same day of taking photograph on the spot.

(b) **Agency 'A'** :
350 EPICs per day @ Rs.6 per EPIC + Rs.5,500 = Rs.7,600 ÷ 350 = Rs.21.71 per EPIC.
Agency 'B' :
350 EPICs per day @ Rs.14.90 per EPIC + Rs.2,490 = Rs.7,705 ÷ 350 = Rs.22.00 per EPIC.

(c) Rs.5,500 per team day; Rs.6 per defect free distributed EPIC; @ 350 EPICs per day.

(d) Agency 'A' : Malki-Nongthymmai, Laitumkhrah, Jaiaw, Mawkhar and Mawlai in East Khasi Hills District.
Agency 'B' : Laban, Mawprem and Pynthorumkhrah in East Khasi Hills District, Nongpoh in Ri-Bhoi District and Jowai in Jaintia Hills District.

agreed conditions, paid Rs.28.02 lakh (including advance of Rs.7.89 lakh paid on 15 September 2001) to the agencies (Agency 'A': Rs.15.85 lakh; Agency 'B': Rs.12.17 lakh). The EPICs delivered by the agencies were also far below the approximate target made in the agreements.

Thus, due to acceptance of claims of the agencies for undertaking the job beyond the stipulated time and that too without ensuring distribution of the targeted EPICs resulted in undue financial benefit of at least Rs.15.15 lakh[e] to the agencies even allowing the entire allotted 207 team days. Such action had also frustrated the objective of economic execution of the work as considered by the Committee while approving the lowest rate.

The CEO and Commissioner & Secretary (CEO&CS) of the department stated (September 2004) that (i) no restriction was imposed on the claim beyond the agreed time frame due to the disruption of the programme in East Khasi Hills, commitment of the department to make payment for team days and compulsion for achieving target set by the Election Commission before February 2003, (ii) the disproportionate number of team days applied in relation to the card production was mainly caused by uncertain environment and the insecurity of the voters and (iii) though it was conceded that team days done by the vendors overlapped the agreed time frame, the rates per card and per team day did not deviate from those approved by the Tender Committee.

Replies are not tenable because –

(i) on 11 September 2001, the CEO was informed by the Inspector General of Police (SB) about opposition on EPIC programme by an organisation. Further, according to the Chief Secretary of the State (letter dated 14 September 2001 to the Election Commission of India), the CEO was asked to keep the implementation of the scheme in abeyance due to objections from certain groups of people/Non-Governmental organisations especially in the East Khasi Hills District. Even so, the programme was continued in East Khasi Hills between 13 September and 30 October 2001 by both the agencies for which Rs.6.76 lakh was claimed by them for 123 team days. The balance amount of Rs.22.66 lakh was claimed by the agencies for implementation of the programme between 3 June and 1 October 2002 after resumption of the programme in May 2002 with the original rate, terms and conditions and thus, non-imposition of the agreed conditions was not justified. Further, in addition to the rate for team days, the agreement provided for 350 EPICs per day and

[e]

Amount paid:		Rs.28,01,600
Amount payable allowing the allotted team days:		
Agency 'A': 107 days @ Rs.5,500 per day	= Rs.5,88,500	
21,582 EPICs @ Rs.6 each	= Rs.1,29,492	
Agency 'B': 100 days @ Rs.5,500 per day	= Rs.5,50,000	
3,037 EPICs @ Rs.6 each	= Rs. 18,222	Rs.12,86,214
Undue benefit		**Rs.15,15,386**

thus, the targeted EPICs (72,549) could have been completed within the time frame even after resumption of programme;

(ii) production of 350 on-line EPICs per day in urban areas was fixed by the Committee taking into consideration the uncertain environment like low turnout of voters and unavoidable circumstances leading to less production of cards by the agencies as apprised to the Committee by the CEO during the meeting (July 2001); and

(iii) the lowest rate (Rs.21.71 per EPIC) was approved by the Committee on the basis of 350 cards per day. Thus, number of cards delivered by the agencies would have been completed within 62 days (Agency 'A') and nine days (Agency 'B'). Taking into account the number of cards delivered by the agencies against the amount paid to them, the rate of each card worked out to Rs.73.44 (Agency 'A') and Rs.400.59 (Agency 'B').

The CEO&CS further stated (October 2004) that in 1995, the vendors had to be compensated for haltage because of suspension of EPIC scheme for opposition from various organisations. To avoid claim of compensation by the vendors in the case of EPIC programme in 2001 as well as to improve the implementation of the scheme it was decided to invite the bids on the basis of two components (team days and number of cards) and assign a target of 350 cards per day for on-line areas. As regards sub-paragraphs (i) to (iii) above, the CEO&CS stated that (i) in election related works the Inspector General of Police and the Chief Secretary did not have the final authority over the CEO; hence, only on receipt of Election Commission's decision on 25 September 2001, the Deputy Commissioner, East Khasi Hills informed (27 September 2001) the vendors to keep the scheme in abeyance, (ii) the formula for the team days and 350 cards per day was based on the advice of CMC, Kolkata (State Level Agency) and (iii) the lowest rate of Rs.21.71 per EPIC was notional as payment was made on the basis of team days and actual cards produced.

GENERAL

4.8 Failure to respond to Audit objections and compliance thereof

Accountant General (Audit) (AG) arranges to conduct periodical inspection of the 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 of 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 Accountant General (Audit). 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 issued up to March 2004 pertaining to 229 offices/divisions of four departments disclosed that 970 paragraphs relating to 280 IRs remained outstanding at the end of September 2004. Of these, 61 IRs containing 165 paragraphs had not been replied to/settled for more than 10 years. Year-wise position of the outstanding IRs and paragraphs is detailed in the Appendix XXVII. Even the initial replies, which were required to be received from the Heads of offices within six weeks from the date of issue of IR were not received from 24 offices for 196 paragraphs of 24 IRs issued between 1986-87 and 2003-04. As a result the following serious irregularities commented upon in these IRs had not been settled as of September 2004.

Table 4.3

Serial number	Nature of irregularities	Number of paragraphs	Amount (Rupees in lakh)
1.	Rules relating to custody and handling of cash, maintenance of cash book and Muster Roll not observed	24	17.03
2.	Recovery of departmental receipts, advances, overpayments/inadmissible payments and other recoverable charges were either delayed or not made	76	190.04
3.	Unauthorised/Infructuous/wasteful expenditure and excess over sanctioned estimate	140	309.75
4.	Drawal of fund in advance of requirement	10	45.11
5.	Wanting Payees' Receipts/Detailed Countersigned Contingent (DCC) Bills/ sanctions	17	3661.25
6.	Utilisation certificates not submitted	12	234.45
7.	Local purchase of materials without immediate requirement/locking up of funds due to excessive purchase	30	53.30
8.	Excess payment due to non-deduction of void/forest royalty/Avoidable expenditure due to change in classification of soil, *etc.*/Excess entertainment of muster roll labourers	70	79.40
9.	Improper maintenance of store account/absence of physical verification of stores/Idle Stock/Stock in excess of reserve stock limit	28	72.27

10.	Others	563	2290.40
	Total	**970**	**6953.00**

A review of the IRs which were pending due to non-receipt of replies from the departments mentioned in the Appendix XXVII revealed that the Heads of the offices whose records were inspected and the concerned Heads of the Departments/offices[a] failed to discharge due responsibility as they did not arrange to send reply to a large number of IRs/Paragraphs indicating their failure to initiate action in regard to the defects, omissions and irregularities pointed out in the IRs of the AG. 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 indicated inaction against the defaulting officers and thereby facilitating the continuation of serious financial irregularities and loss to the Government.

It is recommended that Government should look into this matter and ensure that procedure exists for (a) action against the 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) revamping the system of proper response to the Audit observations in the department.

The matter was reported to the Government in November 2004; reply had not been received (January 2005).

4.9 Follow up action on Audit Reports

To ensure accountability of the executive about the issues dealt in the 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. According to the said instructions, the Report was to be taken up 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 2002-03 revealed that the concerned administrative departments were not complying with these instructions. As of November 2004, *suo motu* explanatory notes on 238 paragraphs of these Audit Reports (Civil and Works Chapters) were outstanding from various

[a] Directors, Community and Rural Development, Tourism & Information & Public Relation, and Chief Engineer, Public Works Department.

departments as detailed in Appendix XXVIII. Department-wise position of some of the important paragraphs of Audit Reports for the last three years ending March 2003 on which follow-up action had been inadequate are given in Appendix XXIX.

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 11 Reports of the PAC involving 13 departments (containing recommendations on 47 paragraphs of Audit Reports as detailed in Appendix XXX) presented to the Legislature between April 1995 and December 1997 (10 reports) and in June 2000 (one report) revealed that none of these departments sent the ATN to the Assembly Secretariat as of November 2004. Thus, the fate of the valuable 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 Government in November 2004; reply had not been received (January 2005).