
OVERVIEW

This Report contains 46 audit paragraphs and four performance reviews (including a review on Internal Control in Home Department) apart from comments on the finances of the State Government and allocative priorities and appropriation of the Government of Mizoram for the year 2005-06. According to the existing arrangement, copies of the draft audit paragraphs and draft audit reviews were sent to the concerned Secretaries to the State Government by the Principal Accountant General (Audit) with the request to furnish replies within six weeks. The Secretaries were also reminded for replies. However, despite such efforts, in respect of 13 audit paragraphs and two reviews included in this Report, no response was received from the Secretary concerned. A synopsis of the important findings contained in this Report is presented in this overview.

1. Finances of the State Government

The fiscal position of the State as reflected in terms of key parameters *viz.* decrease in revenue surplus, increase in fiscal and primary deficits, indicates deteriorating position of State finances during 2005-06 over the previous year. While 10.59 *per cent* of the revenue receipts during 2005-06 have come from the State's own resources, Central transfers contributed 89.41 *per cent* of the total revenue. The increase in revenue receipts in 2005-06 was mainly due to increase in Central transfers by Rs.91.80 crore over the previous year. Both the revenue and capital expenditure of the State during 2005-06 have increased by 13.79 *per cent* and 36.97 *per cent* respectively, over the previous year. The overall fiscal liabilities of the State increased from Rs.1330.19 crore in 2000-01 to Rs.2541.55 crore in 2005-06. Augmentation in State's own resources with judicious spending policy would be required in the medium to long run to address the vulnerable position of State finances.

(Paragraphs 1.1 to 1.11)

2. Allocative priorities and Appropriation

Against the total provision of Rs.2558.81 crore during 2005-06, the actual expenditure aggregated to Rs.2307.49 crore resulting in net saving of Rs.251.32 crore. This was due to the net effect of overall savings of Rs.281.12 crore and excess of Rs.29.80 crore in 44 items of grants and appropriations and five items of grants and appropriations respectively. Anticipated savings exceeding Rs. 1 crore in eight cases remained unsurrendered at the end of 2005-06.

(Paragraphs 2.1 to 2.3.11)

3. Internal Control and Internal Audit

Internal Control was deficient in the Home Department as it had little control over its budgetary process. There were wide variations of expenditure. Due to parking of funds in Civil Deposit, non accountal of revenue receipts, financial management of the Department was flawed. The manpower management of the Department was also poor. Absence of any Internal Audit further hampered efficient internal control.

(Paragraph 5.1)

4. Performance reviews

(i) Sarva Shiksha Abhiyan

The Department retained huge unspent balance ranging from Rs.0.87 crore to Rs.21.64 crore at the end of each year indicating the failure of the Rajya Mission to optimally utilise the funds available with it.

(Paragraph 3.1.7.2)

The State Government had not released the State's share of Rs.6.19 crore to the Rajya Mission.

(Paragraph 3.1.7.3)

The Rajya Mission irregularly diverted Central assistance of Rs.2.85 crore for payment of salaries of teachers, which was to be met from the State share.

(Paragraph 3.1.7.4)

After incurring total expenditure of Rs.83.71 crore, 19 *per cent* of 2.33 lakh children (6 – 14 years) remained out of school.

(Paragraph 3.1.10.2)

(ii) Oilseeds Production Programme, Accelerated Maize Development Programme and National Pulses Development Project in Mizoram

Instead of new/hybrid varieties, old varieties of seeds worth Rs.85.25 lakh were procured and distributed to the farmers.

(Paragraph 3.2.11.7)

The Department extended undue financial benefit of Rs.35.72 lakh to the farmers by non-realising 70 *per cent* cost of seeds.

(Paragraph 3.2.15)

The Department incurred unauthorised expenditure of Rs.79.29 lakh on procurement of HDPE pipes, sprinklers and sprayers.

(Paragraph 3.2.16)

(iii) NABARD funded RIDF Schemes for Rural Drinking Water Supply

There was diversion of fund of Rs.34.76 lakh from composite N. Kawnpui water supply scheme.

(Paragraph 3.3.7)

Due to delay in completion of work, there was cost overrun by Rs.1.57 crore.

(Paragraph 3.3.8.1)

Post-offer modification of the scope of work led to undue financial advantage of Rs.50 lakh to the contractor.

(Paragraph 3.3.8.2)

Government sustained loss of revenue of Rs.4.94 crore due to non-billing of water charges as per water meter reading.

(Paragraph 3.3.8.6)

5. Other points of interest

(a) Civil and Works Department

5.1 Excess payment

The Public Works Department made excess payment of Rs.1.14 crore due to incorrect calculation of escalation charges for labour.

(Paragraph 4.1)

5.2 Wasteful expenditure

Twenty three Alcolizers procured by the Home Department without assessing the actual need and usage, had become obsolete rendering the expenditure of Rs.44.16 lakh wasteful.

(Paragraph 4.3)

5.3 Extra expenditure

The Public Health Engineering Department incurred extra expenditure of Rs.1.43 crore by adopting higher rate in procurement of sized stone.

(Paragraph 4.8)

5.4 Unfruitful expenditure

Due to lack of efforts on the part of Health Department to arrange power supply, the incinerator installed at a cost of Rs.45.65 lakh remained non-functional.

(Paragraph 4.9)

5.5 Diversion of fund

The Educational Department diverted an amount of Rs.45.38 lakh towards construction of kitchen shed instead of supplying mid day meal to children.

(Paragraph 4.14)

(b) Revenue Receipts

(i) Assessing officer failed to levy and realise interest of Rs.21.31 lakh in respect of three dealers for delayed/non payment of tax.

(Paragraph 6.11)

(ii) 32 unregistered contractors carried out works contract valued Rs.26.19 crore and evaded tax of Rs.1.35 crore.

(Paragraph 6.16)

(iii) Monopoly fee of Rs.34.34 lakh was not realised on transportation of 34.34 lakh bamboo.

(Paragraph 6.27)

(iv) Loss of revenue of Rs.10.47 lakh due to illicit felling and removal of 376.9054 cum of timber from reserve forest.

(Paragraph 6.28)

(v) Failure of the Department to arrange apparatus for smoke emission test led to plying of vehicles without pollution under control certificates and loss of revenue of Rs.2.99 crore.

(Paragraph 6.34)

(c) Commercial and Trading activities

(i) Purchase of electrical and mechanical equipment at higher rates and purchase in excess of the requirement resulted in excess expenditure of Rs.25.59 lakh.

(Paragraph 7.3)

(ii) Belated action and reconnection without recovery of outstanding dues resulted in non-recovery of Rs.36.94 lakh from a consumer.

(Paragraph 7.4)