CHAPTER II AUDIT OF TRANSACTIONS

CHAPTER II: AUDIT OF TRANSACTIONS

Fraud/Misappropriation/Embezzlement

SECRETARIAT ADMINISTRATION DEPARTMENT/ MEGHALAYA LEGISLATIVE ASSEMBLY

2.1 Fraudulent drawal of Travelling Allowance and Leave Travel Concession claims

Weak internal control mechanism resulted in fraudulent payment of Travelling Allowance/Leave Travel Concession claims amounting to Rs. 70.23 lakh.

According to the Meghalaya Legislative Assembly Members Salaries and Allowances Rules, 1972 (as amended), the travelling allowance of a member shall be regulated by the corresponding rules for the time being in force for officers of the senior grade appointed by the State Government. Meghalaya Travelling Allowance Rules, 1985 stipulate that it is the duty of the controlling officer to scrutinise the necessity, frequency and duration of journeys and to disallow the whole or any part of the travelling allowance claimed for unnecessary or unduly protracted journeys. He also must ensure that provision of Office Memorandum issued (January 2005) by the State Finance Department stipulating prior written approval of the Chief Minister or Deputy Chief Minister (in the absence of Chief Minister) has been adhered to.

Test-check (September 2008 and May 2009) of TA vouchers pertaining to 202 travel claims preferred by the Parliamentary Secretaries, Ministers, Members of the Legislative Assembly (MLA) and officers/staff of the Meghalaya Assembly Secretariat for tours outside the State and on Leave Travel Concession (LTC) during the period from February 2006 to April 2008 and paid by the Treasury between March 2006 and April 2008 revealed that-

- there had not been any indication in the payment vouchers of Parliamentary Secretaries about the approval of the Chief Minister/Deputy Chief Minister having been obtained before undertaking tours outside the State;
- the specific purpose for which such tours had been performed by Parliamentary Secretaries outside the State was not mentioned; as a mere mention about 'meeting with the counterparts' was quite vague;
- instead of supporting air travel claims by attaching boarding passes along with air tickets, only photo copies of air tickets/printouts of e-tickets/copies of tickets/money receipts were furnished in support of claims for air travel.

Information received from the concerned Airlines, whose tickets were submitted in support of air travels, revealed serious anomalies, details of which are given below:

Table 2.1

(In rupees)

		Number of cases		Amount involved			
Nature of anomalies in air tickets	Parliament ary Secretaries/ Ministers	MLAs and officers/staff of Assembly Secretariat	Total	Parliamen- tary Secretaries/ Ministers	MLAs and officers/ staff of Assembly Secretariat	Total	
		Travelling Allowa	ance on Tour	•			
Details of tickets not traced –journeys not performed, ticket not utilised	41	3	44	12,75,399	97,866	13,73,265	
Incorrect air ticket numbers/different flight date/data not traced	22	40	62	9,27,625	16,92,584	26,20,209	
Journeys performed by 'other' persons instead of by the claimants	17	-	17	4,73,247	-	4,73,247	
Ticket numbers repeated in many claims	9	-	9	1,67,292	-	1,67,292	
Refund claimed and ticket sectors being different	3	39	42	71,116	13,05,830	13,76,946	
	92	82	174	29,14,679	30,96,280	60,10,959	
		Travelling Allowa	ance on LTC	•			
Refund claimed/Sectors different/flight date different	_	16	16	-	6,69,535	6,69,535	
Ticket number is incorrect	-	12	12	-	3,42,695	3,42,695	
T . 1	-	28	28	20.44 (20	10,12,230	10,12,230	
Total	92	110	202	29,14,679	41,08,510	70,23,189	

Source: Payment Vouchers and information received from the concerned Airlines.

The table above shows that in 44 cases, journeys on the air tickets attached with payment vouchers were not performed. In 62 cases, either the numbers of air tickets were not correct or flight dates were different, indicating that no journeys had been performed on these tickets. In 17 cases, TA was claimed on the basis of tickets bearing numbers on which journeys were performed by other persons and on different dates. In nine cases, copies of air tickets bearing same numbers were attached with the payment vouchers, though as per an authorised travel agent, "air tickets bear a number which is issued to one passenger only and different passengers can not have the same ticket number". Evidently, journeys were not performed on these tickets as confirmed by the Airline concerned. In the remaining 42 cases, refund had been claimed on the air tickets attached with the payment vouchers. Obviously, air journeys were not performed on these tickets.

As regards LTC claims, in 16 cases, either the air tickets were got refunded as claimed or sectors were different and in 12 cases, ticket numbers were incorrect, indicating that air journeys were not performed on these tickets.

The total cost of air fare, daily allowances and road mileage paid to the Parliamentary Secretaries/MLAs/officers/staff for journeys not performed amounted to Rs. 70.23 lakh.

All the above instances indicated the failure in control over expenditure coupled with weak internal control mechanism of Secretariat Administration Department/Assembly Secretariat over such claims, resulting in fraudulent payment of TA/LTC claims amounting to Rs. 70.23 lakh. As the audit conducted only a test-check, there is every possibility that many such cases would have escaped detection.

Regarding TA claims of the Parliamentary Secretaries, the Government stated (December 2008) that since the Parliamentary Secretaries are self Drawing and Disbursing Officers, on receipt of their tour diaries, the Secretariat Administration Department prepares the TA bills and sends the same for their signature and the Treasury Officer passes the bills after check. The reply is not acceptable because there was no proper check on genuineness of these claims which led to fraudulent drawal of claims as discussed above.

The Secretary, Meghalaya Legislative Assembly stated (September 2009) that Rs. 2.82 lakh was recovered from one ex-MLA and one officer and action would be taken in respect of other cases. Government (Secretariat Administration Department) admitted the fact about Parliamentary Secretaries and stated (September 2009) that all the Parliamentary Secretaries were directed to refund the amount and Rs. 0.55 lakh was refunded by one Parliamentary Secretary. However, Rs. 66.86 lakh out of Rs. 70.23 lakh was still to be refunded by the Parliamentary Secretaries/Ministers/MLAs/officers/staff.

MEGHALAYA LEGISLATIVE ASSEMBLY

2.2 Entertainment of inflated travelling allowance claims

Payment of travelling allowance claims on the basis of fake documents and without supporting documents for the claims preferred resulted in inflated payment of Rs. 1.67 crore.

According to the instructions of the Cabinet Secretariat, GOI, political clearance from the Union Ministry of External Affairs and necessary permission from Union Ministry of Finance, Department of Economic Affairs is required before the Ministers of State Governments/Members of State Legislatures/ officials as members of official delegations undertake official visits abroad. Clearance from the security angle by the Union Ministry of Home Affairs is also required for undertaking such visits.

On the request (June 2006) from the then Speaker of the Meghalaya Legislative Assembly to the Speaker of the House of Commons for a study tour to the United Kingdom (UK), the Commonwealth Parliamentary Association, UK Branch extended (August 2006) an invitation for the visit of 15 members delegation headed by the former Speaker, Meghalaya Legislative Assembly along with two officials of the Assembly Secretariat for visiting British Parliament for one day on 9 October 2006, subject to the condition that the expenditure would be borne by the State Government.

Scrutiny (November 2008) of records of the Secretary, Meghalaya Legislative Assembly revealed the following irregularities:

- Though, the delegation had received invitation for one day's visit to British Parliament on 9 October 2006, the 17 member delegation visited Paris (France), Rome (Italy) and Amsterdam (Netherlands) during 11 October to 20 October 2006. Except clearance from Foreign Contribution Regulation Act angle in respect of the Speaker; no other documents in support of mandatory political and security clearances from the concerned Ministries/departments of the GOI for such visits by the members of the delegation were produced to Audit. The mandatory prior approval of the State Government (Finance Department) for undertaking such visits was also not obtained by the said delegation.
- In support of their visits abroad, 14 members of the delegation submitted travelling allowance (TA) claims at a uniform rate of Rs. 12.10 lakh and remaining three members for Rs. 11.06 lakh, Rs. 12.06 lakh and Rs. 12.08 lakh, which were paid by the Assembly Secretariat between November 2007 and February 2008. All the members of the delegation claimed at the rate of Rs. 4.55 lakh, Rs. 0.67 lakh and Rs. 5.94 lakh per person as (a) Air Fare for the sector Delhi-Amsterdam-London, Paris-Rome-Amsterdam-Delhi, (b) Euro Star Train fare from London to Paris and (c) Taxi fare for local journeys abroad, respectively, besides domestic air fare, daily allowance for foreign tour, personal incidental, *etc*.
- Air fare at the rate of Rs. 4.55 lakh for the journeys was claimed by the members of the delegation on the basis of a certificate issued by a Shillong based travel agency 'A'. But the air tickets and itinerary attached to the TA claims of these members showed that these were actually purchased from another Shillong based travel agency 'B'. According to information received from agency 'B', they had arranged air tickets for 17 member delegation for the said sectors at the rates ranging between Rs. 52,234 and Rs. 70,416 per person and that the fare of Rs. 4.55 lakh claimed by the members was not shown in the itinerary given by them. The air fare for the Speaker, being the business class, was Rs. 1.28 lakh for the entire tour.
- Each of the members of the delegation also claimed Rs. 6.61 lakh as Euro Star Train fare from London to Paris (Rs. 0.67 lakh) and taxi fare for local journeys (Airport to hotel, hotel to Airport, sightseeing, *etc.*) abroad (Rs. 5.94 lakh). Evidence in support of rail and taxi fare, e.g., tickets, money receipts, however, was not produced along with the TA claims and the claims were passed and paid on the basis of self certificate given by them.
- The booking for journey by Euro Star Train from London to Paris by the delegation was arranged by the Shillong based agency 'B' through a Mumbai based tour operator. According to this tour operator, all arrangements (08 to 20 October 2006) for journey from London to Paris by Euro Star train, local transportation from different airports to hotels/hotels to airports (except journey from hotel in London to the British Parliament and *vice versa*), hotel accommodation in London, Paris,

Amsterdam and Rome and local sightseeing at all locations for 17 persons¹ were made by them at a total cost of Rs. 12.21 lakh. The details are as under:

Table 2.2

(In rupees)

Number of person	Euro Star Train fare		Cost for arrang	Total amount	
	Per person	Total	Per person	Total	
Sixteen persons	3,073	49,168	68,998	11,03,968	11,53,136
One person	3,073	3,073	64,634	64,634	67,707
Total		52,241		11,68,602	12,20,843

Source: Information received from the Mumbai based tour operator.

As can be seen from the above table, the tour operator claimed Rs. 3,073 per person as Euro Star train fare for journey from London to Paris. Against this, each of the member of the delegation claimed Rs. 67,500, which was paid to them by the Assembly Secretariat.

Similarly, tour operator claimed Rs. 68,998 per person from 16 member delegation and Rs. 64,634 from one member for all other arrangements, *viz;* hotel accommodation & local journeys at different places abroad. Against this, each member of the delegation claimed Rs. 5.94 lakh as taxi fare for local journeys only indicating inflated and unimaginative distances varying from 400 km to 950 km as indicated in **Appendix 2.1**.

- Instances of such serious inconsistencies relating to distances between different places and such places claimed to have been visited by the members as per their TA bills and places actually visited by them as per the tour operator have also been noticed. These details are given below:
- According to TA bills, members of the delegation visited Pisa (Rome) on 15 October 2006 for which they claimed taxi fare of Rs. 45,000 per person for a distance of 950 km (including return journey). But as per tour operator, on that day, the delegation had actually visited Florence for full day; the distance between the Hotel at Rome and Florence and back being 568 km only.
- Again, during their visit to Amsterdam (Netherlands), the members claimed to have visited Brussels in Belgium on 18 October 2006, covering a distance of 950 km and claimed Rs. 45,000 per person as taxi fare. But, as per the tour operator, the delegation performed city tour of Amsterdam on that day.
- As per his TA bill, the former Speaker, i.e. one of the members of the delegation returned to India on 21 October 2006 but according to tour operator, he returned to India on 18 October 2006 without completing the said tour along with others. Further, as per TA bill, during his stay at Amsterdam, he had visited Brussels in Belgium on 18 October 2006 and Hague and places of interest in Amsterdam on

¹ 16 members of delegation during 08 to 20 October 2006 and one member (Speaker) of the delegation from 08 to 18 October 2006. The Speaker returned to India on 18 October 2006.

19 October 2006 covering a distance of 950 km on each day and claimed Rs. 90,000 as taxi fare for these two days.

The details of the claims preferred by 17 members of the delegation (except the admissible amount of DA abroad), amount paid and actual expenditure incurred by them are given below:

Table 2.3

(Rupees in lakh)

Sl. No.	Items	Amount per member claimed by travel agency / tour operator	Amount claimed and paid to each member	Total amount paid	Amount paid to travel agency / tour operator	Excess amount paid to members of the delegation	
1.	Air fare for the secto	r Delhi-Amste	rdam-London	, Paris-Rome-A	Amsterdam-De	elhi	
	- For 16 members	0.52 to 0.70	4.55	72.80	8.90	63.90	
	- For one member	1.28	4.55	4.55	1.28	3.27	
2.	Euro Star tickets						
	from London to	0.03	0.67	11.39	0.51	10.88	
	Paris (17 members)						
3.	. Hotel charges and taxi fare for local transport and sightseeing						
	- For 16 members	0.69	5.94	95.04	11.04	84.00	
	- For one member	0.65	5.94	5.94	0.65	5.29	
	To	otal	189.72	22.38	167.34		

Source: Payment Vouchers and information received from travel agency/tour operator.

Even computed with reference to the payments made to the travel agency/tour operator and expenditure for the days not covered under the package of the tour operator, the Assembly Secretariat made excess payment of Rs. 1.67 crore due to entertainment of inflated claims submitted with fake documents and without submission of supporting documents in support of their expenditure/claims. Necessary approval required for journeys abroad was also not obtained by the delegation from Centre and State Government. In the circumstances, appropriate steps need to be taken to realise the excess amount from the persons concerned so as to avoid loss of Government funds.

The matter was referred to the Meghalaya Legislative Assembly Secretariat in June 2009; reply had not been received (November 2009).

2.3 Inadmissible payment of Mileage Allowance claims

Payment of mileage allowance of Rs. 38.95 lakh made by the Meghalaya Legislative Assembly Secretariat was inadmissible because the mode of journeys indicated by the claimants in their travelling allowance claims was incorrect.

According to the Meghalaya Legislative Assembly Members Salaries and Allowances Rules, 1972 (as amended), the travelling allowance of a member shall be regulated by the corresponding rules for the time being in force for officers of the senior grade appointed by the State Government. Meghalaya Travelling Allowance (MTA) Rules, 1985, mileage allowance for journeys by road within the State by own car is

admissible to the entitled Government servants at the prescribed rates for each km. travelled. As per MTA Rules, 1985, it is the duty of the controlling officer to scrutinize the necessity, frequency and duration of journeys, halt and distance entered in travelling allowance bills and to disallow the whole or any part of the travelling allowance claimed for unnecessary or unduly protracted journeys or halt of excessive duration.

Scrutiny of TA vouchers pertaining to 208 travel claims preferred by 28 Members of Legislative Assembly (MLA) of the Meghalaya Legislative Assembly revealed that between September 2003 and April 2008, road mileage amounting to Rs. 38.95 lakh was paid by the Assembly Secretariat to these MLAs for tours during the period from August 2003 to December 2007. The type and registration number of vehicles utilised by the claimants for performing the journeys were also recorded in the TA bills.

The cross check of the records of five District Transport Officers (DTOs)² of the State by Audit revealed that the type of vehicles the claimants claimed to have utilised for their journeys were not correct. Few instances of such anomalies are given below:

Table 2.4

Number	Type of vehicles	Information furnished by the DTOs					
of claims	recorded in the TA bills with Vehicle Number	Type of vehicles, etc. bearing number against which the TA was claimed	Owner of the vehicles				
206	Jeep	Motor Cycle, Maruti Car, Ambassador, LMV car, Truck, Bolero, Sumo, Scooter, <i>etc</i> .	In most of the cases, vehicles, <i>etc.</i> shown under column 3 belonged to the persons other than the claimants of the TA bills.				
1	Gypsy	Truck (Commercial)	Vehicle shown under column 3 belonged to some other person				
1	Hired Baleno	Bolero (Private)	Vehicle shown under column 3 belonged to some other person				

Source: TA Bills and information furnished by the DTOs concerned.

As can be seen from the above, though the claimants of the TA bills neither performed journeys by jeep nor by their own vehicles, their claims were accepted and paid by the Meghalaya Assembly Secretariat/Treasuries concerned. This indicated the failure in control over expenditure and weak internal control mechanism of the Assembly Secretariat over such claims, which resulted in payment of inadmissible TA claims amounting to Rs. 38.95 lakh. In the circumstances, appropriate steps need to be taken to recover the inadmissible amount from the persons concerned so as to avoid loss of Government funds.

As the audit conducted only a test-check, there is every possibility that many such cases would have escaped detection. As such, it is recommended that the Assembly Secretariat should review all such cases and take necessary steps to avoid the recurrence of such lapses in future.

² Shillong, Tura, Jowai, Baghmara and Williamnagar.

The matter was reported to the Meghalaya Legislative Assembly Secretariat in October 2009; reply had not been received (November 2009).

BORDER AREAS DEVELOPMENT AND FOREST & ENVIRONMENT DEPARTMENTS

2.4 Temporary misappropriation of Government money and unproductive expenditure on construction of a Park

Government money amounting to Rs. 30.61 lakh was retained temporarily in personal savings accounts and out of this, amount of Rs. 23.85 lakh was spent on creation of a park which is unutilised due to non-maintenance.

To promote tourism under the Border Areas Development Programme³ (BADP), the State level Screening Committee accorded (March 2000) approval for construction of a Park at Syndai village in Jaintia Hills at an estimated cost of Rs. 59.42 lakh. Accordingly, Government sanctioned and released Rs. 30.61 lakh (March 2001, November 2001 and March 2002) on the basis of an estimate containing 12 items of work prepared by the Chief Conservator of Forests (CCF), Social Forestry & Environment (SF&E). The work (initially entrusted to Soil and Water Conservation Department in March 2000) was entrusted (July 2002) to the Forest and Environment Department for execution. The Director, Border Areas Development Department (BADD) released the entire sanctioned amount of Rs. 30.61 lakh to the CCF (April 2003: Rs. 10.61 lakh; August 2004: Rs. 10 lakh; March 2005: Rs. 10 lakh).

The CCF initially retained the funds in his own personal savings bank account (2 April 2003: Rs. 10.61 lakh; 10 August 2004: Rs. 10 lakh; 17 March 2005: Rs. 10 lakh) and subsequently released Rs. 23.85 lakh to the DFO in four instalments (24 April 2003: Rs. 8 lakh; 25 August 2004: Rs. 6 lakh; 6 June 2006: Rs. 9.24 lakh; 7 July 2006: Rs. 0.61 lakh) after a delay ranging from 14 days to over one year. The balance amount of Rs. 6.76 lakh had not been released till date (October 2009). Retention of Government money in a personal savings bank account tantamounts to misappropriation and undue financial benefit as at least Rs. 1.27 lakh would have accrued as interest.

Further, scrutiny (September-October 2009) of records of the Director, BADD, CCF and Divisional Forest Officer (DFO), Social Forestry Division, Jowai further revealed that the construction of the Park remained incomplete even after the lapse of over four years from the date of release (March 2005) of last instalment. No time schedule was fixed for completion of the work.

Though the work was taken up departmentally by the DFO in March 2004, it remained suspended since March 2005 due to non-receipt of funds from the CCF. The work was, however, re-started in May 2007 and claimed to have been completed

³ A 100 per cent Centrally Sponsored Programme under the Union Ministry of Home Affairs funded under the Special Central Assistance.

in February 2008 at a cost of Rs. 23.85 lakh, except one item, *viz.* two units Grade IV staff quarters inside the park (estimated cost: Rs. 4.28 lakh). The reasons for the delay and non-completion of the work were attributed by the DFO to receipt of funds in a piecemeal manner without ensuring its regular flow as per the requirement of work.

To ascertain the actual position of work done and present status of the Park, a joint physical verification of the Park was conducted on 14 October 2009 by the Audit team and the DFO. It was noticed during physical verification that the Park was totally abandoned and covered with wild bushes. The historical pond was filled with stagnant and filthy water and the water supply system was not functioning. Besides, only two out of the three gates were constructed and the path from historical pond site to two view points and small gate was incomplete. The assets created were left without any maintenance and there was no caretaker or staff posted to look after the assets. The photographs given below would indicate actual state of affairs of the Park:



Thus, due to retention of funds by the CCF in his personal account and non-release of funds and inaction of the Forest and Environment Department in proper maintenance of the assets created out of the State Exchequer, the objective of construction of the Park remained unachieved as no one was visiting the Park due to lack of adequate facilities/attractions. Consequently, the entire expenditure of Rs. 23.85 lakh rendered unproductive. Departmental proceedings has to be initiated against CCF for misappropriation of the Government money by depositing it in his personal bank

account and still retaining Rs. 6.76 lakh in his personal bank account. The Department should also take immediate action to recover the balance amount along with interest earned.

The matter was reported to the Government in October 2009; reply had not been received (November 2009).

COMMUNITY AND RURAL DEVELOPMENT DEPARTMENT

2.5 Presumptive embezzlement of Government money

Expenditure of Rs. 26.78 lakh shown to have been incurred on procurement of corrugated galvanized iron sheets remained doubtful.

Under the Special Rural Works Programme (SRWP) ⁴ for the year 2008-09, the State Level Committee accorded approval (November 2008) for purchase and distribution of 594 bundles of Corrugated Galvanised Iron (CGI) sheets at the rate of Rs. 4,500 per bundle for distribution to 198 below poverty line (BPL) families (three bundles for each family) of '37-Baghmara Assembly Constituency', Rongara Development Block, South Garo Hills District. As per guidelines, SRWP scheme should be directly implemented by beneficiaries' organisation and no contractor should be engaged. The Deputy Commissioner, South Garo Hills, Baghmara released (December 2008) Rs. 26.73 lakh for the purpose to the Block Development Officer (BDO), Rongara Development Block.

Scrutiny (June 2009) of records of the BDO, Rongara Development Block revealed that the BDO paid in cash (December 2008) Rs. 26.78 lakh to a local contractor as cost of 499 bundles of CGI sheets (Rs. 22.50 lakh) and labour and carrying charges of these sheets (Rs. 4.28 lakh). In support of payment, the BDO produced a bill (Rs. 4.28 lakh) for labour and carrying charges and a money receipt for Rs. 26.78 lakh by a contractor. Records like payment vouchers indicating quantity, rate and make of CGI sheets, delivery challan, stock register, were not produced to Audit. Though, the BDO furnished (July 2009) a list of 198 beneficiaries, this did not indicate proof of receipt of CGI sheets by them and also did not indicate full address of 15 beneficiaries.

In reply to an audit query, the BDO stated (July 2009) that the beneficiaries were recommended by the Member of the Legislative Assembly (MLA), 37-Baghmara Assembly Constituency. BDO further stated that the supply order for supply of 499 CGI sheets was issued by concerned MLA. Scrutiny of records revealed that while forwarding a list of 198 beneficiaries, the MLA, 37-Baghmara Assembly Constituency directed the BDO to release Rs. 26.78 lakh to the Government supplier for purchase of CGI sheets from the Guwahati based firm who incidentally happens to be the Secretary of the beneficiaries' organisation appointed by the concerned MLA.

SRWP is one of the programmes being implemented with the involvement of Members of Legislative Assembly.

The Guwahati based firm from which the CGI sheets were supposed to be procured, in response (July 2009) to an Audit query, stated that though it had issued a quotation for 499 bundles of CGI sheets to the contractor in November 2008, these sheets were not purchased by the contractor from them. The MLA of the concerned Constituency also certified (July 2009) that the CGI sheets were not purchased against the quotation of the Guwahati based firm. Obviously, the CGI sheets were neither procured by the contractor nor distributed to the beneficiaries, but payment was made on the basis of fake documents.

The BDO stated (July 2009) that the distribution of CGI sheets was in progress and the supporting record would be submitted after completion of the distribution. The reply is not convincing because the CGI sheets were not purchased by the contractor from the Guwahati based firm and there was no other document in support of procurement of these sheets by the contractor.

Thus, the CGI sheets, meant for the BPL families of Rongara Development Block were not provided to them and Government money amounting to Rs. 26.78 lakh has presumably been embezzled.

The matter was reported to the Government in July 2009; reply had not been received (November 2009).

Excess Payment/Excess Expenditure/Wasteful Expenditure

MEGHALAYA LEGISLATIVE ASSEMBLY

2.6 Excess expenditure on painting works

The Meghalaya Legislative Assembly Secretariat incurred excess payment of Rs. 2.83 crore due to execution of painting works flouting the provisions of Financial Rules.

According to the Meghalaya Financial Rules (MFR), 1981, for every work, other than petty works, initiated by or required by any department, it is necessary to obtain administrative approval and technical sanction before undertaking the work. It also provides that the departments concerned are required to follow the schedule of standard cost laid down by the PWD. When a work is to be done by a contractor, sealed tenders should be invited and a deed of contract should be executed.

Scrutiny (October-November 2008) of records of the Secretary, Assembly Secretariat revealed the following irregularities:

Painting of outside portion of the Member of Legislative Assembly Hostel

The work for painting of outside portion of the Member of Legislative Assembly Hostel was allotted (November 2004) by the Meghalaya Legislative Assembly Secretariat (the Secretariat) to a contractor at PWD Schedule of Rates (SOR) without any detailed plan and estimate, administrative approval and also without indicating

the quantum of work. Tenders for obtaining the competitive rates were also not invited before allotment of the work. The Secretariat neither had the definite measurement of the area of outside portion, i.e., the quantum of work, nor had they ascertained this from the Meghalaya Government Construction Corporation (MGCC)⁵. As ascertained by Audit from the MGCC, the total area of outside portion of the MLA Hostel was 4,999 sq m. Computed at the rate (Rs. 88 per sq m) prescribed in the SOR for the year 2004-05 prevalent during the period of allotment of work, the actual value of painting work for the actual existing area of outer portion worked out to Rs. 4.79 lakh only (including taxes). Against this, the total area of painting work was shown to have been executed as 54,226.46 sq m⁶, for which payment of Rs. 1.32 crore (including taxes) was made to the contractor at different rates in February 2005 (45,202 sq m @ Rs. 84 per sq m: Rs. 42.05 lakh) and June 2005 (97,142 sq ft @ Rs. 84 per sq ft: Rs. 89.96 lakh) leading to excess payment of Rs. 1.27 crore.

Thus, payment for the painting work for an area of 49,227.46 sq m in excess of the actual existing area resulted in an excess payment of Rs. 1.27 crore, which may be recovered from the contractor. Besides, the responsibility for lapses resulting in excess payment needs to be fixed.

Painting of four buildings

Between December 2006 and April 2008, the Secretariat executed four works at a cost of Rs. 3.17 crore through four contractors without any detailed plan and estimate, administrative approval and technical sanction. The works were also allotted to the contractors without inviting tenders to obtain the competitive rates. Though, the Secretariat did not have any technical manpower either to supervise the work or take measurement to assess the quantum of work carried out, the work was undertaken by the Secretariat instead of entrusting the same to the PWD or the MGCC. The Table given below indicates the details of these works, the amount paid to the contractor and excess amount paid with reference to PWD SOR.

Table 2.5

(Rupees in lakh)

Sl. No.	Details of work	Quantity of work reckoned for making payment	Rate at which paid	Value of work claimed & paid (including VAT)	Maximum rate as per SOR (Rupees per sq m)	Amount payable as per SOR (including VAT)	Excess expendi- ture	
1.	Newly constructed buildi	ing of Grade IV q	uarter in	MLA Hostel				
	Painting	6,000 sq ft	300 per	20.25	119	0.75	19.50	
		(557.398 sq m)	sq ft					
2.	Meghalaya Assembly Ses	Meghalaya Assembly Session Hall						
	Painting of internal wall	8,000 sq ft	400 per	36.00	119	0.99	35.01	
		(743.197 sq m)	sq ft					
	Painting of exterior wall	10,000 sq ft	350 per	39.38	119	1.24	38.14	
		(928.997 sq m)	sq ft					

⁵ The agency which had constructed the Meghalaya Legislative Assembly Hostel Building.

 $^{^{6}}$ 45,202 sq m + 9,024.46 sq m (97,142 sq ft) = 54,226.46 sq m.

SI. No.	Details of work	Quantity of work reckoned for making payment	Rate at which paid	Value of work claimed & paid (including VAT)	Maximum rate as per SOR (Rupees per sq m)	Amount payable as per SOR (including VAT)	Excess expendi- ture
3.	MLA Hostel						
	Painting of rooms with distemper	96,931 sq ft (9004.859 sq m)	40 per sq ft	43.62	32	3.24	40.38
	Painting of one room with enamel paint	1,691 sq ft (157.093 sq m)	300 per sq ft	5.71	83	0.15	5.56
4.	MLA Hostel (outside and	passages inside t	he Hostel)			
	Painting including polishing of doors and wooden wall of the passages inside the Hostel	49,416 sq m	310 per sq m	172.34 (Amount paid: Rs.80 lakh)	112	62.26	110.08
	To	tal		317.30		68.63	248.67
	Less: Amount yet to be paid						
		Excess ex	penditure				156.33

Source: Work orders, payment vouchers and PWD Schedule of Rates.

Out of Rs. 3.17 crore (including taxes), the Secretariat paid Rs. 2.25 crore to the contractors during August 2007 to December 2008 and the balance amount of Rs. 0.92 crore had not yet been paid (October 2009). Contrary to the provisions of the MFR, contractors' bills were admitted for payment as these were claimed without restricting the amount payable at rate laid down in SOR. Computed with reference to the rates for the similar works provided in the PWD SOR prevalent during the period of allotment of works, the value of these works worked out to Rs. 68.63 lakh.

Even in respect of the work mentioned at Sl. 4 above, uniform rate of Rs. 310 per sq m was allowed to the contractor despite execution of different types of work, i.e., painting of wall and polishing of doors and wooden wall.

Thus, allotment of works without observing any provisions of the MFR and also without ascertaining the competitive rates to safeguard the financial interest of the State resulted in excess expenditure of Rs. 1.56 crore. The excess expenditure would further be increased by Rs. 0.92 crore on payment of outstanding liabilities.

Thus, the entire excess payment made to the contractors was due to non-observance of provisions of MFR and lack of financial control. The excess payment should be recovered from the contractors and responsibility for lapses resulting in the said excess payment needs to be fixed.

The Secretary, Assembly Secretariat stated (March 2009) that necessary action would be taken after enquiry on the basis of the audit findings mentioned in the paragraph. Further development had not been received (November 2009).

2.7 Excess expenditure on construction of quarters and shed

The Meghalaya Legislative Assembly Secretariat incurred excess expenditure of Rs. 50.91 lakh due to execution of renovation work of four Grade IV quarters and one *chowkidar* shed without any estimate and without assessing the competitive rates by inviting tenders.

According to the Meghalaya Financial Rules (MFR), 1981, it is a fundamental rule that no work shall be commenced without a detailed plan and estimate. When a work is to be done by a contractor, sealed tenders should be invited and a deed of contract should be executed.

Test-check (October-November 2008) of records of the Secretary, Assembly Secretariat revealed that between May 2005 and August 2007, the Assembly Secretariat incurred an expenditure of Rs. 66 lakh for renovation of four Grade IV quarters of *chowkidar*; *mali*, peon and sweeper at MLA's Hostel and construction of a *chowkidar* shed at the new Assembly site, Upper Shillong through two contractors without any detailed plan and estimate, administrative approval and technical sanction. Besides, the works were allotted to the contractors without inviting tenders to assess the competitive rates. Though, the Assembly Secretariat did not have any technical manpower, both the works were undertaken by the Assembly Secretariat instead of the entrustment of the same to the State Public Works Department which is the competent technical department for such activities. The Table given below indicates the details of these works:

Table 2.6 (Rupees in lakh)

Sl. No.	Details of work	Month and year of issue of work order	Month and year of payment	Expenditure incurred		
1.	Renovation of four Grade IV quarters	April 2005	Between May 2005 and August 2007	42.00		
2.	Construction of chowkidar shed with complete sanitary system, water supply and electricity connection	December 2006	July 2007	24.00		
	Total					

Source: Work orders and payment vouchers.

In both the above cases, work orders were issued without indicating item-wise quantity and rate of the work to be executed by the contractors. Measurement Book which records details of measurement of all works executed and which forms the basis of all accounts of quantities was also not maintained by the Assembly Secretariat and whatever amount was claimed by the contractors in their bills was paid by the Assembly Secretariat.

Though, the plinth area of Grade IV quarters that were renovated, called for (May 2009) from the Assembly Secretariat, had not been furnished, yet according to the norms prescribed by the Government, the maximum plinth area for construction of Grade IV staff quarters is 33 sq m and the plinth area rate for new construction of these quarters during 2005-07 was Rs. 7,950 per sq m plus 15 per cent of the cost of

building for water supply, sanitation and electrification. Thus, the cost of construction of each new Grade IV quarters as per prescribed norms/rates was Rs. 3.02 lakh'. Even compared with the cost for new construction of this type of quarters, there was excess expenditure of Rs. 29.93 lakh⁸ on renovation of four Grade IV quarters of the Assembly Secretariat.

As regards construction of a *chowkidar* shed, 148.64 sq m of work was shown to have been executed by the contractor, payment (Rs. 24 lakh) for which was made at the rate of Rs. 16,146 per sq m. Even compared with the plinth area and rate for new construction of Grade IV quarters, not only the quantity of work was higher by 115.64 sq m (148.64 sq m - 33 sq m) but also the rate was higher by Rs. 7,003 per sq m (Rs. 16,146 – Rs. 9,143). Consequently, the Assembly Secretariat incurred an excess expenditure of Rs. 20.98 lakh⁹ on construction of a *chowkidar* shed.

Thus, allotment of works without observing any provisions of the MFR and also without ascertaining the competitive rates to safeguard the financial interest of the State resulted in excess expenditure of Rs. 50.91 lakh (Rs. 29.93 lakh + Rs. 20.98 lakh).

The Secretary, Assembly Secretariat stated (October 2008 and January 2009) that the Assembly Secretariat had not maintained documents like detail estimate, measurement books, etc. and that as far as the Assembly is concerned, the execution and completion of works by the party concerned is generally accepted on trust basis on the approval of the Speaker and admitted that such irregularities would not recur in future. The reply is not acceptable as the State Legislature has not been accorded any special dispensation as regards the expenditure by it and any expenditure incurred by it should have been made as laid down in prescribed rules and procedure. Further, the cost of renovation of four Grade IV staff quarters was more than three times the cost of construction of new quarters, which warrants thorough investigation and fixing of responsibility.

Excess expenditure:

Rs. 29,93,392 Expenditure incurred on construction of *chowkidar* shed: Rs. 24,00,000 Rs. 3,01,719 33 sq m @ Rs.9,143 per sq m: **Excess expenditure** Rs. 20,98,281

Rs.7,950 per sq m x 33 sq m = Rs.2,62,350 +15 per cent: Rs. 3,01,702

Expenditure incurred on renovation of four Grade IV quarters: Rs. 42,00,200 Expenditure on construction of four new Grade IV quarters as per norm: Rs. 12,06,808 $(Rs.3,01,702 \times 4)$

2.8 Excessive expenditure on furnishing of official residence

The Meghalaya Assembly Secretariat incurred exorbitant expenditure of Rs. 2.59 crore on supply of articles at the official residence of the Speaker, of which articles valued at Rs. 52.77 lakh were not returned even after one year and installed items valued Rs. 1.94 crore were not found installed on vacation of the residence by the Speaker.

According to the Meghalaya Speaker's (Allowances and Privileges) Rules, 1973, every residence provided to the Speaker shall be initially furnished with furniture, carpets, screens and other articles as per scales and the total expenditure by Government on this account shall not exceed Rs. 20,000. If any article is lost or damaged, except through normal wear and tear, the loss to Government shall be made good by the Speaker. The articles shall be physically verified at least once in a year by the Estate Officer, who shall maintain stock books. When the Speaker vacates the residence, the Estate Officer shall physically verify the articles supplied at the residence and take over the articles under his custody. As informed (June 2009) by the State Finance Department, no further amendment to monetary limit had been made.

Scrutiny (October-November 2008) of records of the Secretary, Assembly Secretariat revealed that material valued at Rs. 65.25 lakh were provided by the Meghalaya Assembly Secretariat between March 2004 and May 2007 at the official residence of the then Speaker during his term of office (March 2003 to March 2008). The details are given in the Table below:

Table 2.7

(Rupees in lakh/ Quantity in number)

SI. No.	Material	Month of purchase	Quantity	Cost
1.	Cycling machine, Tread Mill, Weight Machine, Pixna, TFT Monitor, Revolving chair	March 2004	01 each	2.24
2.	Air Conditioner	August 2005	05	7.34
3.	Wall Fan	August 2005	27	2.11
4.	PIV Lenova	March 2006	04 sets	5.63
5.	Laserjet printer & UPS	March 2006	02 each	2.66
6.	Dining Table	April 2006	02	1.03
7.	Carpet	June 2006	2857.14 sq m	23.00
8.	Sony LCD TV 50"	May 2007	03	11.81
9.	Inverter	May 2007	01	8.44
10.	Stabiliser, Ward Rope	May 2007	03 each	0.99
	Total			65.25

Source: Suppliers' bills

Besides CCTV, Additional camera and Intercom PABX valued at Rs. 1.94 crore were also installed between August 2005 and October 2007 at the residence of the Speaker increasing the total value of material supplied and installed at his residence to Rs. 2.59 crore.

The scale and monetary limit prescribed in 1973 is, however, unrealistic after 30 years. Even compared with the maximum amount of Rs. 2 lakh in case of a Minister of Government of Meghalaya, the expenditure incurred on supply of articles, *etc.* at the residence of the then Speaker was exorbitantly higher by Rs. 63.25 lakh. There was also no record of physical verification of these articles by the Estate Officer as required under Rules. According to the Secretary, Meghalaya Legislative Assembly, there was no inventory of items supplied/installed at the residence of the then Speaker and whatever material asked for by the Speaker were supplied by the Assembly Secretariat.

Although the Speaker vacated his official residence in May 2008, articles valued at Rs. 12.48 lakh¹¹ only (out of Rs. 65.25 lakh) were returned by him. There was also no record of physical verification of these articles required to be done by the Estate Officer after vacation of residence. Though, the articles valued at Rs. 52.77 lakh were not returned by the Speaker even after the passage of one year of vacation of residence, the Assembly Secretariat did not take any initiative to get back the same. The Secretary, Meghalaya Legislative Assembly, however, requested (April 2009) the Speaker to return the articles in good condition at the instance of Audit. Further developments had not been intimated (October 2009) to Audit. When the Speaker vacated the residence (May 2008), the security related items such as CCTV, Additional cameras and Intercom PABX valued at Rs. 1.94 crore were neither handed over nor were these found installed by the General Administration Department and no articles were left behind for use by the new occupant.

Thus, there was lack of control over expenditure in the Assembly Secretariat. Consequently, the Assembly Secretariat supplied and installed various items at the residence of the Speaker without any limit, the value of which jumped to the level of Rs. 2.59 crore. Besides, because of non availability of installed items, the department had sustained a loss Rs. 1.94 crore. The loss would further increase by Rs. 52.77 lakh if the remaining articles are not taken back in good condition without further delay.

The matter was referred to the Meghalaya Legislative Assembly Secretariat in July 2009; reply had not been received (November 2009).

2.9 Wasteful expenditure on sound system

Shifting and re-installation of the sound system without ensuring its proper maintenance rendered the expenditure of Rs. 79 lakh wasteful.

The Meghalaya Assembly Secretariat commissioned (February 2001) a sound system at a cost of Rs. 43.26 lakh in the State Central Library Auditorium for conducting Assembly Session.

Two Sony LCD TV 50": Rs.7,87,500; One set of PIV Lenova: Rs.1,40,712; One Air Conditioner: Rs.1,92,440; Three Wall fan: Rs.23,400; Two Dining Table: Rs.1,03,500 = \mathbf{Rs} .12,47,552.

Meghalaya Ministers' Allowances and Privileges Rules, 1989 (amended in February 2009).

Scrutiny (October-November 2008) of records of the Assembly Secretariat revealed that in September 2004, the Assembly Hall was shifted from the Auditorium to the Arts and Culture (A&C) Building, Rilbong. The work of dismantling and re-installation of the sound system from the Auditorium to the A&C Building was awarded (September 2004) by the Assembly Secretariat to a contractor without execution of any agreement indicating the cost of work and post installation maintenance services. The work was completed in December 2004 at a lump sum cost of Rs. 79 lakh which was paid during the same month which was nearly double the cost at which the sound system was commissioned. The sound system developed defects (April 2005) only after utilisation for 26 days in December 2004 (four days), March 2005 (11 days) and April 2005 (11 days). Instead of getting the defects of the existing sound system repaired, the Assembly Secretariat installed a new sound system in December 2005 through another contractor at a cost of Rs. 2.29 crore. The work was also allotted to the contractor without inviting tenders to assess the competitive rate. The defective sound system had been lying unutilised in the store of the A&C Building.

Thus, shifting and re-installation of the sound system without ensuring its proper maintenance through execution of an agreement not only showed the apathy of the Assembly Secretariat in proper utilisation of the asset created out of State Exchequer but also led to damage of the system only after four months of re-installation thereby rendering the expenditure Rs. 79 lakh wasteful.

The Secretary, Assembly Secretariat stated (March 2009) that necessary action would be taken after enquiry on the basis of the audit findings mentioned in the paragraph. Further development was awaited (November 2009).

2.10 Wasteful expenditure on foundation stone ceremony and undue benefit to a contractor

Construction of foundation stone and cleaning and levelling of the ground of the proposed Assembly complex at Upper Shillong before taking a final decision on the site for construction of the complex resulted in wasteful expenditure of Rs. 33.48 lakh.

According to the Meghalaya Financial Rules, 1981 (MFR), it is a fundamental rule that works shall not be commenced without a detailed plan and estimate. When a work is to be done by a contractor, sealed tenders should be invited and a deed of contract should be executed.

Consequent upon damage of the existing Meghalaya Legislative Assembly building (Khyndai Lad junction, Shillong) due to a fire incidence in January 2001, the High Power Committee (HPC) headed by the Ex-Speaker of the Meghalaya Legislative Assembly unanimously decided (March 2001) that the existing old site was most suitable for the construction of the permanent Assembly building. However, actual construction did not commence and the HPC selected different sites at different times between August 2003 and August 2006 and decided (August and December 2006) to

construct the building at Upper Shillong and lay the foundation stone at this place. The work for construction of foundation stone and cleaning and levelling of the ground of the proposed Assembly complex at a site in Upper Shillong was allotted (October 2007) by the Assembly Secretariat to a contractor without any detailed plan and estimate, administrative approval and also without indicating the quantum and value of work instead of entrusting the work to be executed through the Public Works Department, which is the competent technical department for such activities, through a well laid down and prescribed procedure. Tenders were also not invited before allotment of the work to obtain the competitive rates. Payments totalling Rs. 33.48 lakh were made (December 2007) to the contractor on the basis of bills submitted by him without any measurement.

Test-check (October-November 2008) of records of the Secretary, Assembly Secretariat revealed the following irregularities:

Though, the foundation stone was laid (December 2006) at Upper Shillong involving expenditure of Rs. 33.48 lakh, the HPC in its meeting held in November 2008, took a turnaround about the site of the new Assembly complex and decided to construct the complex at the existing old site as was initially decided in March 2001.



The firm claimed Rs. 11.25 lakh as labour charges at the rate of Rs. 250 per day

for deployment of 250 labourers for 18 days for cleaning, final dressing and levelling the site at Upper Shillong. According to the Schedule of Rates (SOR) - 2007-08 of the PWD, the rates of each skilled and unskilled labour per day were Rs. 250 and Rs. 100 per day respectively. Since the work executed by the firm did not require skilled labour, payment to the contractor should have been restricted to Rs. 5.18 lakh¹². Computed with reference to the rate of unskilled labour provided in the SOR and also providing 15 per cent contractor's profit and overhead charges, the Assembly Secretariat made an excess payment of at least Rs. 6.07 lakh (Rs. 11.25 lakh – Rs. 5.18 lakh).

The firm claimed Rs. 15.20 lakh for excavation of earth and levelling the site mechanically by using JCB machinery for 304 hours (@ Rs. 5,000 per hour). As per SOR, the hire charge of loader cum excavator (including operational charge and cost of fuel) was Rs. 890 per hour. Even by allowing 15 per cent as contractor's profit and overhead charges over the SOR rate, the Assembly Secretariat made excess payment of Rs. 12.09 lakh¹³ to the firm.

²⁵⁰ labourers @ Rs.115 (including 15 per cent for contractor's profit and overhead charges) x 18 days = Rs. 5.18 lakh.

Amount paid: Rs. 15.20 lakh Amount admissible as per SOR rate (304 hours x Rs. 890 + 15 per cent): Rs. 3.11 lakh **Excess payment:** Rs. 12.09 lakh

Thus, action of the Assembly Secretariat in execution of work before taking a firm decision about the site of the new Assembly complex, rendered the entire expenditure of Rs. 33.48 lakh wasteful. Further, by not restricting the claim in accordance with SOR, the contractor was extended undue benefit of Rs. 18.16 lakh, which needs to be recovered.

The Secretary, Assembly Secretariat stated (March 2008) that as the work was to be undertaken on urgent basis, the Assembly Secretariat was left with no alternative but to engage the said contractor to undertake the work urgently. The reply is not acceptable because the action was contrary to the MFR.

PUBLIC WORKS DEPARTMENT

2.11 Wasteful expenditure on construction of helipad

Construction of a helipad only for landing of VVIP for laying of foundation stone of the Rajiv Gandhi Indian Institute of Management and non-utilisation of the same for the purpose for which the same was constructed, resulted in wasteful expenditure of Rs. 42.87 lakh.

According to the Meghalaya Financial Rules, 1981, for every work, other than petty works, initiated by or required by any department, it is necessary to obtain administrative approval of the department concerned to the proposal before technical sanction. The accord of administrative approval in no way dispenses with the necessity for technical sanction, which must be obtained before commencement of construction.

To facilitate landing of helicopter carrying VVIPs, who were to attend the foundation stone laying ceremony of the Rajiv Gandhi Indian Institute of Management (RGIIM) at a site (Umsawli village) situated at a distance of 15 km from Shillong, the Department prepared an estimate amounting to Rs. 47.72 lakh for construction of helipad at Umsawli. The justification for construction of helipad was that the proposed location for the laying of foundation stone was far from the State capital where travelling by road was unsafe and inconvenient. Administrative approval and technical sanction to the estimate were accorded by the Government and the Chief Engineer, PWD (Roads) in July 2006. The estimate provided for execution of earthwork in excavation (Rs. 35.98 lakh), construction of embankment (Rs. 2.65 lakh), metalling and blacktopping of approach road to helipad (Rs. 3.79 lakh) and work charged, contingency, etc. (Rs. 5.30 lakh).

Scrutiny (May 2009) of records of the Executive Engineer (EE), National Highway Bye Pass Division, Shillong revealed that contrary to the MFR, the execution of the work was taken up (January 2006) by the Division much before accord of administrative approval. Work orders were issued (January 2006, February 2007 and April 2007) to four contractors for execution of different items of work. Except

blacktopping work of the approach road, all the other items were completed by May 2007 at a total cost of Rs. 42.87 lakh.

The foundation stone for the RGIIM was, however, laid on 1 December 2007 at another site (Mayurbhanj complex, Nongthymmai), where the RGIIM started functioning temporarily. Consequently, the helipad constructed at a cost of Rs. 42.87 lakh was not at all utilised. The utilisation of the helipad in near future is also not possible, because of deterioration due to passage of over two years time without any maintenance.

Thus, construction of a helipad only for landing of VVIP for one day for laying of foundation stone and non-utilisation of the same for the purpose for which the same was constructed rendered the entire expenditure of Rs. 42.87 lakh wasteful.

Government stated (October 2009) that as the site of the helipad is within the proposed new Shillong Township, more projects would come up and the helipad would ultimately be useful in near future. Even if the contention of the Government is accepted, use of the helipad would not be possible without incurring further expenditure because of deterioration in condition due to non-maintenance.

Idle/Unfruitful/Unproductive Expenditure

ELECTION DEPARTMENT

2.12 Idle expenditure on purchase of handy cams

Purchase of handy cams without assessment of actual requirement resulted in idle expenditure of Rs. 55.07 lakh.

To ensure free, fair and peaceful conduct of Lok Sabha Elections, 2009 by video recording of the poll process in polling stations, the Chief Electoral Officer (CEO), Meghalaya directed (January 2009) the Deputy Commissioners (DC) (Elections) of all the seven districts of the State and the Sub-Divisional Officers¹⁴ (SDO) (Elections) to furnish report on the number of video cameras available with them and additional requirement of such cameras. As per the reports of the DCs and SDOs, there was a stock of 480 cameras out of the purchases made during Assembly Election 2008 and the additional requirements were for 386 cameras.

Scrutiny (September-October 2009) of records of the Election Department revealed that against requirement of additional 386 cameras, the CEO purchased (March 2009) 400 handy cams along with carrying cases at a cost of Rs. 95.36 lakh (Handy cam @ Rs. 22,950 each: Rs. 91.80 lakh; Carrying cases @ Rs. 890 each: Rs. 3.56 lakh (Rs.22,950 each), out of the funds (Rs. 13.33 crore) released by the State Government in March 2009 for conducting the 15th General Election to the Lok Sabha, 2009. Out

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Khliehriat, Sohra, Mairang, Mawkyrwat, Resubelpara and Ampati.

of 400 handy cams and carrying cases, 391 were distributed (March 2009) to seven DCs and six SDOs and two were distributed (May 2009) to the Joint CEO and Additional District Magistrate (ADM), Nongpoh leaving seven handy cams in stock.

Out of the total 871 handy cams held by seven DCs and six SDOs, only 649 were utilised during Lok Sabha Elections and the balance 222 handy cams were not utilised. The handy cams (two) issued to the Joint CEO and ADM were lying unutilised with them. It was also noticed that in two Sub-Divisions, the quantity issued by the CEO was more than the requirement submitted by them, while in another Sub-Division (Sohra), 10 handy cams were issued without any requirement.

Thus, the purchase of 400 handy cams with carrying cases was made injudiciously without assessment of actual requirement. Consequently, 231 handy cams (including carrying cases) valued at Rs. 55.07 lakh remained unutilised rendering the expenditure incurred on their purchase idle.

The State Election Department stated (November 2009) that assessment could not be perfect specially when the situation was never static, the excess cameras were actually the reserves and the cameras would last long for utilisation during future elections. The reply is not convincing because the procurement of cameras in excess of about 34 per cent of the requirement placed by the DCs/SDOs was not a prudent exercise particularly when the warranty period of these handy cams would be over after three years.

The matter was reported to Government in October 2009; reply had not been received (November 2009).

PUBLIC HEALTH ENGINEERING DEPARTMENT

2.13 Idle expenditure on construction of quarters

Construction of quarters without providing power supply, water supply and approach road rendered the expenditure of Rs. 42.42 lakh idle, besides avoidable expenditure of Rs. 3.52 lakh.

The work "Construction of Residential Accommodation for the officers and staff of Greater Shillong Water Supply Scheme at Mawphlang", estimated to cost Rs. 38.17 lakh, was administratively approved by the Government in December 2000. Technical sanction to the estimate was accorded by the Chief Engineer in September 2001. The estimate of the work provided for construction of 15 quarters¹⁵ without provision for power supply, water supply and approach road.

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¹⁵ Type II: 1 for Executive Engineer; Type III: 1 for Sub-Divisional Officer, Assistant Engineer, Divisional Accounts Officer; Type IV: 3 for Head Assistant, Junior Engineer, Junior Divisional Accountant, Line Man, Technical Gr. I; Type V: 5 for Section Assistant, Electrician, UDA, LDA, etc.; Type VI: 5 for Khalasi, Security Guard.

Scrutiny (January 2009) of records of the Executive Engineer (EE), PHE Electrical Division, Mawphlang revealed that construction of all the quarters was completed in March 2005 at a cost of Rs. 42.42 lakh. But these were not allotted to any officer/staff due to non-availability of power supply, water supply and approach road. The important essential items could not be put in place simultaneously along with the completion of construction of the quarters as required provision for the same was not catered for in the sanction, which is indicative of defective planning. Consequently, all the quarters had been lying unoccupied and possibility of deterioration due to lack of preventive maintenance could not be ruled out. Besides, an expenditure of at least Rs. 3.52 lakh¹⁶ has been incurred during April 2005 to March 2009 on payment of house rent allowances to the officers/staff for whom the quarters were constructed which could have been entirely avoided.

The EE stated (January 2009) that power supply, water supply and approach road were beyond the scope of the sanctioned estimate and as such, estimate for these items were submitted to the Government in September 2006 for sanction. Though, the Government sanctioned this estimate in March 2008, the execution of the work had not been started because of non-availability of budget provision.

Thus, the failure of the Department to synchronise the provision for approach road, power supply, *etc.* to match with the completion of construction of quarters rendered the expenditure of Rs. 42.42 lakh idle for over four years, besides entailing avoidable expenditure of Rs. 3.52 lakh on payment of house rent allowances. Significant delay in obtaining the required sanction for providing approach road, power supply and make necessary budget provision showed the apathy of the Department to put to use the assets created out of State exchequer.

Government stated (August 2009) that the provision for approach road was excluded from the original estimate due to paucity of fund and under normal circumstances, the Department had been utilising and maintaining assets created out of State exchequer, but in this case, assets could not be utilised timely due to paucity of funds. The reply is not convincing because taking up of any work for execution without ensuring its proper utilisation was not a prudent exercise and was indicative of ill planning.

Rs.375 x 48 months = Rs.90,000 : **Total: Rs.3,51,600.**

House Rent Allowance for the period from April 2005 to March 2009, i.e. 48 months

Type II: 1 x Rs.700 x 48 months = Rs.33,600; Type III: 1 x Rs.600 x 48 months = Rs.28,800; Type IV: 3 x Rs.550 x 48 months = Rs.79,200; Type V: 5 x Rs.500 x 48 months = Rs.1,20,000; Type VI: 5 x

PUBLIC WORKS DEPARTMENT

2.14 Idle expenditure on construction of Shillong Bye-Pass Road

Inordinate delay in acquiring the land required for construction of Shillong Bye-Pass Road free from all encumbrances resulted in idle expenditure of Rs. 7.83 crore.

To divert the national highway traffic and ease the traffic congestion of Shillong city, the Union Ministry of Surface Transport sanctioned (June 2000) Rs. 8.63 crore to the State for acquisition of land required for construction of Shillong Bye-Pass Road (47.6 km) with a stipulation to complete the requisite formalities within six months.

Scrutiny (May 2009) of records of the Executive Engineer, National Highway, Shillong Bye Pass Division revealed that 5,23,330.10 sq m of land required for construction of the road was acquired in East Khasi Hills District (2,43,086.99 sq m) and Ri-Bhoi District (2,80,243.11 sq m) by the Deputy Commissioners concerned at a cost of Rs. 7.83 crore. The acquired land was, however, handed over to the Department in February and May 2004 without completion of the demarcation process. The delay in demarcation was attributed by the Chief Engineer (NH), PWD (Roads) to objections by some of the land owners and pending finalisation of litigation because of a Court case filed by some land owners.

Although the Union Ministry of Shipping, Road Transport and Highways decided (October 2005) to construct the road by entrusting the work to the National Highways Authority of India (NHAI), the land for the road could not be handed over to the NHAI due to a legal dispute due to which the work on the road could not be started as of August 2009.

Thus, due to inordinate delay in acquiring the required land free from all encumbrances, the construction of the Shillong Bye-Pass Road could not be started thereby frustrating the desired objectives rendering the expenditure of Rs. 7.83 crore idle for over four years. Resultantly, the traffic congestion of Shillong city due to manifold increase in the number of vehicles had become a regular phenomenon causing great hardship to the local populace.

The CE stated (August 2009) that though all the disputes had been solved by 2008, the process of demarcation of land was yet to be completed. The reply is indicative of the casual approach of the Department in early completion of the proposed road, because the work could not be undertaken even after a lapse of over four years after taking possession of the land.

The matter was reported to the Government in July 2009; reply had not been received (November 2009).

TRANSPORT DEPARTMENT

2.15 Idle expenditure on construction of Baljek Airport

Baljek airport constructed at a cost of Rs. 12.77 crore remained nonfunctional rendering the entire expenditure incurred on its construction idle.

For the socio-economic development of the area and quick and reliable communication with the other parts of the country, the Government of Meghalaya (GOM) acquired (1986 and 1989) a plot of land measuring 61.97 hectares (ha) at a cost of Rs. 56.18 lakh for construction of a short take off and landing (STOL) airport at Baljek in Tura. The proposed airport was meant for operation of light 20 seater aircraft (Dornier-228).

The plot of land for the airport was handed over to the Airport Authority of India (AAI) in October 1989 for execution of the project. The AAI submitted an estimate for Rs. 7.20 crore for the project in January 1995 which was revised (September 1995) to Rs. 12.21 crore due to the change in the scope of work and cost escalation. A Memorandum of Agreement was executed (July 1997) between the GOM and the AAI stipulating the completion of the project by July 1999. Rs. 12.21 crore (Central funds: Rs. 10.18 crore; State funds: Rs. 2.03 crore) was paid to the AAI between August 1995 and September 2001.

Scrutiny (August 2009) of records of the Department revealed that the airport was completed in November 2003 except furnishing and fixing of fixtures in the terminal building, but could not be made operational because the runway was inadequate for landing of the ATR-42 aircraft. Accordingly, the GOM requested (November 2003) the AAI for preparation of the detailed project report, *etc*. The AAI, however, took four more years for furnishing and fixing and finally completed the airport in February 2008 at a cost of Rs. 12.54 crore (Rs. 33 lakh was yet to be paid) after a delay of over eight years from the stipulated date of completion. The delay in completion of the airport was attributed to law and order problems.

The airport was inaugurated by the President of India on 23 October 2008, but it could not be made operational because no scheduled airlines have Dornier type (20 seater) of aircrafts. Additional 19.42 ha (48 acres) of land was required for further extension of runway to accommodate ATR type (50 seater) aircraft. Despite knowing the fact of inadequacy of the runway (November 2003), the Department did not take effective steps to acquire the land required for extension of the runway (August 2009).

Thus, due to ill planning, the Baljek airport, though completed after eight years of the scheduled date of completion, remained inoperative. The possibility of operation of the airport in near future is also remote because the cost (Rs. 80 crore) for improvement and development of the existing airport estimated to be over six times of the expenditure (Rs. 12.54 crore) so far incurred which is not an easy proposition for a resource crunch State. The estimated cost might increase further because of damages

and deterioration of the airport which had been lying unutilised without maintenance. This not only showed the apathy of the GOM in proper utilisation of the assets created for the socio-economic development of the area and for better communication, but also rendered the expenditure of Rs. 12.77 crore idle (including cost of land), besides an undischarged liability of Rs. 33 lakh.

Government stated (November 2009) that steps were being taken to invite expression of interest from private airlines to operate commercial aircrafts.

Undue Favour to Contractors

GENERAL ADMINISTRATION DEPARTMENT

2.16 Undue financial benefit and extra expenditure on construction of residential cum commercial complex, Kolkata

The Department extended undue financial benefit of Rs. 4.42 crore to a firm engaged for construction of residential cum commercial complex at Kolkata and incurred extra expenditure of Rs. 65.27 lakh on payment for the work not actually executed.

The Government of Meghalaya (GOM) executed (June 2001) an agreement with a Kolkata based firm (selected after inviting tenders) for construction of office cum commercial complex on joint venture basis having guest house (two suits and 34 rooms) and 19 quarters by dismantling the 100 years old and unsafe premises at Russel Street (presently Anadilal Poddar Sarani), Kolkata, which was acquired in 1977 for establishing Meghalaya House.

The State Cabinet decided (November 2001) to withdraw the agreement as there was a wide spread public protest against the agreement, which allowed a lease for 100 years in favour of the firm. Aggrieved with the decision of the Government, the firm filed a case in the Arbitral Tribunal set up for the purpose under the provisions of the Arbitration and Conciliation Act, 1996. In pursuance of the order (January 2003) of the Tribunal, the firm offered out of Court settlement of the matter subject to the conditions of monetary compensation of Rs. 43.29 crore or to allot the construction work of the residential-cum-commercial complex on the plot of land as a turnkey contractor. The GOM agreed to the demand of the firm and engaged (June 2005) the firm as turnkey contractor for construction of residential-cum-commercial complex (built up area 1,29,000 sq ft¹⁷) at a lump-sum cost of Rs. 22.12 crore, stipulating the completion of work within 30 months. Administrative approval for the above construction at an estimated cost of Rs. 24.50 crore (based on plinth area rate) was, however, accorded by the GOM in July 2005. Technical sanction to the estimate

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Commercial purpose, such as, creation of shopping mall, emporium, business centres, conference room and a multipurpose auditorium: 0.90 lakh sq ft.; residential facilities for visiting VIPs and other guest: 0.26 lakh sq ft; residential quarters for staff: 0.13 lakh sq ft.

required to be obtained as per Rule 243 of Meghalaya Financial Rules 1981 was, however, not obtained. As of March 2009, the physical progress of the work was 60 *per cent* against payment of Rs. 13.27 crore.

Scrutiny (March 2009) of records of the Shillong Building Division revealed the following irregularities:

- Since a part of the building (0.90 lakh sq ft) was proposed for commercial purpose (at a cost of Rs. 15.43 crore), the economic viability of the project was required to be assessed. Though, the Government was requested (August 2009) to intimate whether any feasibility study was conducted to ascertain the economic viability of the project, their reply had not been received (August 2009).
- There is another Meghalaya House at Shanti Pally, Kolkata. The land for this Guest House was taken over by the GOM from the Calcutta Metropolitan Development Authority in June 1991 on lease for a period of 99 years on outright payment of Rs. 44.24 lakh. The Meghalaya House on this land was commissioned in September 2001 with provisions for two suits for VVIPs, eight suits for VIPs, 20 AC rooms, four non-AC rooms and 70 dormitories. During the last five years (2004-09), the rate of occupancy of this House ranged between 66 *per cent* and 70 *per cent* of its capacity. When the existing capacity of the Meghalaya House was not being utilised fully, decision for construction of another residential complex for the VIPs and others at a cost of Rs. 4.46 crore was not a prudent exercise.
- The statutory clearance required to be obtained by the firm from the Kolkata Municipal Corporation (KMC) within six months, was obtained after a lapse of one year in June 2006. Despite knowing the fact that the execution of work would not commence within six months, a provision for payment of mobilisation advance within one month from the date of execution of agreement was made in the agreement, without provision for levy of interest. Accordingly, mobilisation advance of Rs. 4.42 crore was paid (July 2005), which was subsequently adjusted through five running account bills paid till March 2009. C onsequently, the firm was allowed undue financial benefit of Rs. 4.42 crore for one year from July 2005 to June 2006 as mobilisation advance. Had there been a provision for levy of interest at least as per Central Public Works Department Manual (10 per cent per annum), the Department could have earned revenue of Rs. 1.39 crore as interest on such advance.
- The estimate for the work provided for piling work of 600 piles in the ground coverage of 4194.30 sq m worth Rs. 2.02 crore (@ Rs. 33,642 per pile). But the actual execution of work was done as per the plan approved by the KMC which provides for 406 piles.

Though as per actual execution, the contractor executed only 406 piles with ground coverage of 2033.13 sq m, payment was made for 600 piles. Thus, cost for piling work for 194 piles valued at Rs. 65.27 lakh (194 x Rs. 33,642) was paid to the contractor although the firm had not executed any work for 194 piles. This resulted in an excess payment of Rs. 65.27 lakh.

From the foregoing paragraphs it is observed that –

- the agreement executed with the firm was, in fact, in exchange of earlier agreement and at the dictate of the firm, thereby extending a concealed benefit of Rs. 4.42 crore to the firm in the shape of mobilization advance, besides excess payment of Rs. 65.27 lakh for works not actually executed by the firm.
- in the absence of any record regarding assessment of the economic viability of the commercial complex and non-availability of sufficient guests for the existing guest house, proper utility of the proposed residential cum commercial complex after its completion at a cost of Rs. 22.12 crore remained questionable.

The matter was reported to Government in June 2009; reply had not been received (November 2009).

Regulatory Issues and Others

ELECTION DEPARTMENT

2.17 Unauthorised expenditure on purchase of vehicles

The Department incurred unauthorised expenditure of Rs. 1.11 crore on purchase of vehicles by diverting funds provided for conducting General Elections of the Lok Sabha.

According to the basic policy of sharing of expenditure on elections circulated (August 2003) by the Union Ministry of Law and Justice (Legislative Department) to the Chief Electoral Officers of all States, the expenditure incurred on the Lok Sabha Elections is borne entirely by the Union Government when such elections are held independently. The Government of India, however, does not share any expenditure on any capital item such as motor cars, buildings, furniture, *etc.* incurred in connection with elections, as these items will be an acquisition to the State Government after the elections are over and the Union Government will have no use for them.

For conducting the 15th General Elections to the Lok Sabha, 2009, Government of Meghalaya accorded (March 2009) sanction for drawal of Rs. 13.33 crore on Abstract Contingent (AC) Bill with the stipulation to regularise the AC bill by submission of Detailed Countersigned Contingent (DCC) bill within one month. Accordingly, the amount was drawn by the Election Department on 10 March 2009 on AC bill. Though, the General Elections to the Lok Sabha, 2009 were over on 16 April 2009 in Meghalaya, DCC bill against drawal of Rs. 13.33 crore on AC bill was not submitted even after five months (September 2009) of the stipulated period (09 April 2009).

Scrutiny (June, September and October 2009) of records of the Chief Electoral Officer (CEO), Meghalaya Shillong further revealed that though the sanction order for Rs. 13.33 crore did not provide for purchase of vehicles, the Department utilised

Rs. 1.11 crore on purchase of 17 vehicles¹⁸ valued at Rs. 1.13 crore (including one Chevrolet Captiva luxury vehicle worth Rs.18.69 lakh). The supply orders for all these vehicles were issued (23 April, 18 May and 29 July 2009) after the election was over (16 April 2009). All the vehicles were received during April-September 2009 and allotted to the CEO (Chevrolet Captiva), Joint Chief Electoral Officer (Safari), seven districts and eight Sub-divisional Officers in-charge of Elections (15 Bolero).

Thus, purchase of 17 vehicles (including one luxury vehicle) at a cost of Rs. 1.11 crore by diverting funds provided for conducting General Election was not only contrary to the basic policy of sharing of expenditure on elections but also avoidable, because the purchase was made after the general election. Further, one of the 17 vehicles allotted to the Sub- Divisional Officer (Election), Ampati Civil Sub-Division was stolen on 24 August 2009 from the residential complex of Additional Deputy Commissioner at Tura, for which First Information Report was lodged with the Police. Thus, possibility of loss of Rs. 5.60 lakh (cost of stolen vehicle) could not be ruled out.

The State Election Department stated (October and November 2009) that their office was not aware of the fact that the capital items like vehicles were not permissible, the expenditure would not be claimed for reimbursement from Government of India, the State Government accorded *post facto* sanction to the procurement of vehicles from its budget, there was acute shortage of vehicles in the Government including Election Department and the sanction of vehicles is the discretion of the Government. The reply is not acceptable because the basic policy was circulated to all the CEOs by the GOI in August 2003. Besides, the require ment for purchase of any vehicle for conduct of Parliamentary Elections or for any other purpose was not provided by the State Government in the sanction order of Rs. 13.33 crore. Further, placing of supply orders for these vehicles after completion of the election process indicated that the vehicles were not required for election purposes.

The matter was reported to the Government in October 2009; reply had not been received (November 2009).

MEGHALAYA LEGISLATIVE ASSEMBLY

2.18 Unauthorised expenditure on engagement of excess staff

The Meghalaya Assembly Secretariat incurred unauthorised expenditure of Rs. 8.59 crore on appointment of temporary staff in excess of sanctioned strength.

Article 187 of the Constitution of India provides for framing rules regulating the recruitment and the conditions of service of the persons appointed to the Secretariat of the Legislature of the State. As per Meghalaya Delegation of Financial Power Rules (MDFPR), 1981 (as amended), creation of temporary post beyond a period of 12

Chevrolet Captiva (01): Rs.18.69 lakh; Safari (01): Rs.10.02 lakh; Bolero (15 @ Rs. 5.60 lakh each including taxes): Rs.84 lakh . Total cost: Rs. 1.13 crore; Amount paid up to August 2009: Rs.1.11 crore.

months invariably requires the approval of the Finance Department. For direct recruitment, Government laid down that there should be a written examination and personal interview (if necessary) for Group 'C' posts and interview for Group 'D' posts amongst the candidates recommended by the Employment Exchange.

Test-check (October-November 2008) of records of the Secretary, Meghalaya Legislative Assembly revealed that despite Constitutional requirement, no rules regulating the recruitment and the conditions of service of the persons appointed to the Secretariat of the Legislature were framed even after 37 years of constitution of the Meghalaya Legislative Assembly (1972). Though, the existing strength (sanctioned by the Finance Department) of the Assembly Secretariat was 327 staff (218 permanent posts and 109 temporary posts), the Secretariat appointed (January 2000 to May 2008) an additional 417 staff (Group 'C': 160; Group 'D': 257) on temporary basis in excess of the sanctioned strength at a fixed rate of pay plus allowances. These persons were appointed on 'pick and choose' policy without adhering to any selection criteria and these appointments were made without obtaining any approval/sanction from the Finance Department and also without conducting any examination/interview and recommendations from the Employment Exchange.

Thus, the appointment of 417 temporary employees in excess of the sanctioned strength was contrary to the MDFPR and Government's instructions. Out of 417 staff, the services of 199 staff were terminated in April 2008 after incurring an expenditure of Rs. 47.05 lakh on their pay and allowances on the ground of being 'overstaff'. Computed with reference to the fixed basic pay of these staff, the Assembly Secretariat incurred unauthorised expenditure of Rs. 8.59 crore on entertainment of 417 staff during January 2000 to June 2009 in excess of the sanctioned strength.

The Secretary, Meghalaya Assembly Secretariat stated during audit that as per practice and procedure of Parliament, the independent position of the Secretariat has been safeguarded both under the Constitution and the Lok Sabha (Recruitment and Conditions of Service) Rules, 1955, which is followed by all Legislative Assemblies of India and that appointment of temporary staff with effect from the year 2002 was necessitated due to gutting of Assembly building and having a temporary Assembly Chamber in the State Central Library, Shillong from February 2001 and Art and Culture Building, Rilbong from September 2004 onwards. The reply is not acceptable because the posts required for the Assembly Secretariat are sanctioned by the Finance Department and as such, the appointment of staff without the approval of the latter as well as without observing the procedure prescribed under Office Memorandum of August 1970 was irregular, particularly when there are no rules for regulating the service matters of the Assembly Secretariat. In its judgement (16 June 2008) on a writ petition filed by 179 out of 199 employees who had been removed from their services in April 2008, the Gauhati High Court (Shillong Bench) decreed that "had the Assembly framed Recruitment Rules, there would have been no scope for whimsical

and excess appointment on temporary basis". The writ petition was accordingly dismissed by the Court. The Secretary further stated (September 2009) that the Assembly Secretariat had moved Finance Department for regularisation of posts since 2006.

REVENUE DEPARTMENT

2.19 Denial of relief to the flood victims and blocking of funds

Calamity relief funds of Rs. 67.54 lakh meant for the flood affected people of West Garo Hills District remained undisbursed for four years thereby depriving the beneficiaries of the benefit of flood relief.

For providing wage employment to 44,583 persons of West Garo Hills District who had been rendered unemployed due to flood of June-July 2004, Government had sanctioned (August 2005) Rs. 67.54 lakh out of the Calamity Relief Fund. The amount released (September 2005) to the Deputy Commissioner (DC), West Garo Hills was to be utilised keeping in view the guidelines of Special Components of Sampoorna Grameen Rozgar Yojana (SGRY), i.e., providing food grains as part of wages @ 5 kgs per manday, subject to a minimum of 25 per cent of wages to be paid in cash.

Scrutiny (June 2009) of records of the DC (Relief), West Garo Hills, Tura revealed that the amount (Rs. 67.54 lakh) received by the DC was lying unutilised in the savings bank account of National Calamity Relief Fund since October 2005. On being requested (July 2009) by Audit about the reasons for non-utilisation of funds, the Additional Deputy Commissioner, in charge of Revenue & Relief (ADC) stated (July 2009) that beneficiaries were yet to be identified and the SGRY guidelines were not available with them which resulted in non-utilisation of funds. The ADC further stated that no proposal for sanction of Rs. 67.54 lakh against BPL and APL families was sent to the Government as there was no such record with the relief branch. The reply is not acceptable because the SGRY guidelines were available with the Project Director, District Rural Development Agency (DRDA), Tura and the DC is the Chairman, DRDA. Obviously, there was lack of interest and commitment in providing relief to the flood affected people because the DC failed to obtain the guidelines and identify the beneficiaries during the last four years. The basis on which the sanction was accorded by the Government specifying the number of beneficiaries, though called for (September 2009) from the Commissioner and Secretary of the Revenue Department, had not been received.

Thus, due to an apathetic approach of the DC and lack of coordination and monitoring on the part of the Government, the flood affected people were deprived of the benefit of flood relief, besides blocking of Rs. 67.54 lakh for four years.

While admitting the facts, the Government stated (November 2009) that they had viewed the matter seriously and they were not aware of the unspent amount of

Rs. 67.54 lakh and the amount was refunded by the DC in November 2009. The fact, however, remains that the flood victims were the ultimate sufferers for non-disbursement of the funds meant for flood relief.

URBAN AFFAIRS DEPARTMENT

2.20 Unauthorised expenditure on engagement of excess staff by the Meghalaya Urban Development Authority

The Meghalaya Urban Development Authority incurred unauthorised expenditure of Rs. 2.89 crore on appointment of temporary staff in excess of sanctioned strength.

The Meghalaya Urban Development Authority (MUDA) had passed a resolution in April 2001 that no Grade III and IV staff should be appointed in excess of the sanctioned posts.

Scrutiny (September 2009) of records of MUDA revealed that as of September 2009, against 119 sanctioned posts of various categories, the persons-in-position were 90. 29 posts of technical and other important nature were vacant. The Chairman, MUDA, in violation of the resolution of April 2001, appointed between 2003-04 and 2009-10 (September 2009) 137 persons (monthly salary: Rs. 2,400 and above) over and above the sanctioned posts. The details are given below:

Table 2.11

(Rupees in lakh)

Sl. No.	Designation Checker	Number of persons appointed	Expenditure incurred on pay and allowances (up to August 2009) 3.57	Sl. No.	Designation Lower Division	Number of persons appointed	Expenditure incurred on pay and allowances (up to August 2009)
					Assistant		
2.	Chowkidar	02	4.09	15.	Typist	01	4.78
3.	Cleaner	04	6.36	16.	Muster Roll on fixed pay	04	0.75
4.	Computer Assistant	01	7.04	17.	Parking Attendant	18	18.06
5.	Driver	04	6.30	18.	Personal Assistant	01	2.73
6.	Electrician	01	3.74	19.	Process Server	06	8.97
7.	Enforcement Inspector	01	3.41	20.	Peon	01	5.24
8.	Home Guard	13	15.20	21.	Record Keeper	02	4.65
9.	In-charge	11	7.77	22.	Sectional Assistant	26	75.64
10.	Investigator	03	11.90	23.	Stenographer	01	4.14
11.	Jr. Division Accountant	07	27.52	24.	Sweeper	05	6.74
12.	Khalasi	03	8.15	25.	Tracer	06	15.59
13.	Lower Division Assistant cum Typist	02	3.98				
	Total					137	288.65

Source: Information furnished by the MUDA.

As can be seen from the above, the MUDA incurred an expenditure of Rs. 2.89 crore on pay and allowances of 137 persons till August 2009. These persons were appointed by the Chairman, MUDA on 'pick and choose' policy without obtaining any approval/sanction from the State Government and also without adhering to any selection criteria, such as conducting examination / interview and recommendations from the Employment Exchange. The requirement for such additional staff was also not supported by any norm.

Thus, the appointment of 137 temporary employees in excess of the sanctioned strength was not only contrary to Rule, 1973 *ibid* and the resolution (April 2001) of MUDA, but also resulted in an unauthorised expenditure of Rs. 2.89 crore on pay and allowances of these employees. In the circumstances, corrective action needs to be taken to avoid recurrence of such unauthorised expenditure besides fixing responsibility for the lapses in the matter.

The matter was reported to the Government in October 2009; reply had not been received (November 2009).

General

2.21 Follow up action on Audit Reports

With a view to ensure accountability of the executive about the issues contained in the various Audit Reports, the Public Accounts Committee (PAC) of Meghalaya Legislative Assembly issued instructions (July 1993) for submission of *suo motu* explanatory notes by the concerned administrative departments within one month of presentation of the Audit Reports to the State Legislature. These instructions were applicable for the Reports with effect 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 2006-07¹⁹ revealed that the concerned administrative departments were not complying with these instructions. As of March 2009, *suo motu* explanatory notes on 237 paragraphs of these Audit Reports were awaited from various departments.

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 action taken notes (ATNs) indicating 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 nd Report. Review of 13 Reports of the PAC involving 14 departments (containing recommendations on 52 paragraphs of Audit Reports) presented to the Legislature between April 1995 and December 1997 (10 reports), in June 2000 (one report) and April 2005 (one report) and April 2007 (one

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 $^{^{19}}$ Audit Report for the year 2007-08 was placed before the State Legislature on 24 June 2009.

report) revealed that none of these departments had sent the ATN to the Assembly Secretariat as of March 2009. 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 Government in August 2009; reply had not been received (November 2009).

2.22 Lack of response to Audit

The Meghalaya Financial Rules, 1981 provide for prompt response by the executive to the Inspection Reports (IR) issued by the Accountant General (Audit) of the State (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 Heads of the Department by the AG through a half-yearly report in respect of pending IRs to facilitate monitoring of the Audit observations and for taking appropriate corrective action.

Ten Audit Committee meetings were held during 2008-09 wherein 786 audit paragraphs relating to transactions of civil and works departments were discussed and 596 paragraphs settled.

At the end of March 2009, 896 IRs involving 3,301 paragraphs pertaining to the period 1986-87 to 2008-09 were outstanding.

Lack of response to Audit indicated inaction on the part of the departments concerned which facilitated recurring of serious irregularities and loss to Government even after being pointed out in audit.

As such, it is recommended that the Government should look into this matter and revamp the system to ensure proper and quick response of the departments to the audit observations in a time bound manner, which would help in facilitating reduction in financial irregularities and lapses of various types leading to good governance.