

**ANNUAL REVIEW
ON THE WORKING OF
PUBLIC WORKS AND FOREST
DIVISIONS**

**FOR THE YEAR
2017-2018**

GOVERNMENT OF SIKKIM

PREFACE

This edition of the Annual Review by the Office of the Sr. Dy. Accountant General (A&E), Sikkim is a report on the working of the 41(Forty one) Public Works account rendering units and 05 (Five) Forest accounts rendering units in the State of Sikkim for the financial year 2017-18. The aim of this review is to bring to the notice of the State Government the Performance of the Public Works and Forest accounts rendering units in maintenance of their accounts.

After decentralization of payment system of the Government of Sikkim w.e.f 01.08.2003, the Chief Pay and Accounts Officer in each District viz., East, West, North and South district maintain initial and subsidiary accounts and render monthly compiled accounts to the Dy. Accountant General (A&E), Sikkim. This review also highlights the findings of audit of the division conducted by the office of the Accountant General (Audit), Sikkim.

The review also gives recommendations for increasing the efficacy and accuracy of accounts in the divisions.

Constructive suggestions to increase the utility of the review are welcome.



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HIGHLIGHT

1. Delay in rendition of accounts (Para 2.2)

Delay in timely rendition of monthly compiled accounts of Works and Forest Divisions by the respective district Pay and Accounts Offices affected the closing of the accounts during 2017-18. The review revealed that in almost all cases the concerned Pay and Accounts Office did not submit the accounts within the scheduled dates in spite of the delay being brought to the notice of concerned authorities regularly. Extent of delay (in number of days) for submission of accounts during 2017-18 was as under:-

Sl. No.	Name of accounts rendering units	Extent of delay in number of days during 2017-18
1.	Headquarters, Gangtok	00 to 08 days
2.	CPAO, East	00 to 06 days
3.	CPAO, West	00 to 11 days
4.	CPAO, South	00 to 07days
5.	CPAO, North	00 to 02 days
6.	Land Revenue	00 to 04 days

2. Classification in Receipt Accounts (Para 4.2)

In a few instances Pay and Accounts Offices of all districts did not record the classification of receipt heads correctly in the monthly accounts in respect of all the Works/Forest Divisions.

3. Schedule of expenditure not submitted (Para 4.3)

Schedule of works expenditure in Form 64 was not received from all the Public Works Divisions except Pay and Accounts Office, East District that too not in toto.

4. List of accounts not submitted (Para 4.4)

List of accounts in terms of Para 368 of the Sikkim Public Works Code was not found enclosed along with the compiled accounts in respect of all the divisional accounts which were rendered by North District.

5. Non-submission & incomplete submission of schedule of Deposits (Para 4.5)

Schedule of deposit in Form 79 was received from all the Public Works and Forest Departments during 2017-18 except from Land Revenue West & South Districts. Headquarters, Gangtok which started submitting works accounts from the accounting month of July 2013 only have also started submitting Form 79 from the year 2016-17.

6. Schedule of Deposit Works not submitted (Para 4.6)

Schedule of deposit works in Form 65 were not received from all Public Works and Forest departments.

7. Audit notes not replied to by the Divisions (Para 5.2)

In respect of PWD/Irrigation Divisions

- (i) Total no. of IRs issued = 06
- (ii) Total no. of Paras issued = 42
- (iii) Reply received = 17 Paras
- (iv) Reply not received = 25 Paras.

In respect of Forest Divisions

- (i) Total no. of IRs issued = 11
- (ii) Total no. of Paras issued = 35
- (iii) Reply received = 12 Paras
- (iv) Reply not received = 23 Paras

8. Major irregularities in local audit (Para 6.1)

The number of major irregularities noticed during the audit of various Public Works and Forest divisions are as under:

Sl. No.	Name of the Department	Number of Paras
1.	Roads & Bridges	02
2.	Building & Housing	04
3.	Water Resource & River Development	05
3.	Forest Divisions	05

CHAPTER - 1**INTRODUCTORY**

There are 41 (Forty one) Public Works accounts rendering units and 5 (Five) Forest accounts rendering units under different departments. Consequent upon the decentralization of accounts by the State Government w.e.f 01.08.2003, all the divisional (Works & Forest) accounts except Land Revenue Department are now compiled according to the provisions contained in the Sikkim Public Works Code by the respective Pay & Accounts Office (Works Cell) in the Headquarters and districts and are rendered to the Office of the Senior Deputy Accountant General (A&E), Sikkim, Gangtok. The details are as below:-

Sl.No	Name of the Departments	Monthly Compiled Accounts rendering units					TOTAL
		HQs. Gtk.	CPAO (East)	CPAO (West)	CPAO (South)	CPAO (North)	
WORKS DIVISION							
1.	Roads & Bridges		1	1	1	1	4
2.	Buildings & Housing		1	1	1	1	4
3.	RMDD		1	1	1	1	4
4.	PHE		1	1	1	1	4
5.	Education Eng. Cell		1	1	1	1	4
6.	Irrigation & FC		1	1	1	1	4
7.	Health & Family Welfare		1	-	-	-	1
8.	UD&HD		1	-	1	-	2
9.	Power		1	1	1	1	4
10.	Land Revenue*		1	1	1	1	4
11.	Animal Husbandry	1	-	-	-	-	1
13.	Civil Aviation & Tourism	1	-	-	-	-	1
14.	Horticulture	1	-	-	-	-	1
15.	Food Security & Agri	1	-	-	-	-	1
16	Fisheries		1	-	-	1	2
TOTAL		4	11	8	9	9	41
16.	Forest		1	1	1	1	4
17	Land Use		-			1	1
TOTAL							5

* Land Revenue Department being a works department is still functioning as a self-cheque drawing department. The concerned department prepares the monthly compiled accounts by itself and renders them directly to the Office of the Sr. Deputy Accountant General(A&E), Sikkim, Gangtok

CHAPTER – II

2. Submission of Monthly Accounts

2.1 *Codal provision regarding submission of Accounts*

Each Pay & Accounts Office (Works Cell) forms an accounting unit under the charge of the Chief Pay & Accounts officer who is responsible for the up-to-date and proper maintenance of initial accounts of Public Works/Forest transactions. It is the duty of the Chief Pay & Accounts Officer to ensure submission of the monthly accounts in a complete shape to the Office of the Sr. Deputy Accountant (A&E), Sikkim, Gangtok by the 10th of the following month to which the transactions relate.

2.2 *Delay in submission of Accounts*

Delay in timely rendition of monthly compiled accounts by the Pay & Accounts Office (Works Cell) results in delayed closure of monthly accounts and in some cases, even exclusion of these accounts as a result of which monthly civil accounts compiled and submitted by this office to the State Government do not give a true and correct picture of the financial position of the State. Non-submission of monthly accounts by the due date also upsets the time schedule laid down by the Comptroller & Auditor General of India for finalizing the Finance & Appropriation Accounts of the State.

The table in Annexure-II gives the dates on which the monthly accounts for various Public Works and Forest Divisions under different departments were received in this office. It will be seen that the delay in submission ranged from 02 to 11 days.

The extent of delay in rendition of monthly compiled accounts was as under:-

Sl. No.	Name of accounts rendering units	Extent of delay in number of days during 2017-18
1.	Headquarters, Gangtok	00 to 08 days
2.	CPAO, East	00 to 06 days
3.	CPAO, West	00 to 11 days
4.	CPAO, South	00 to 07 days
5.	CPAO, North	00 to 02 days
6.	Land Revenue	00 to 04 days

2.3 *Wanting vouchers*

As per paragraph 368 of Sikkim Public Works Code, monthly accounts should be accompanied with the paid vouchers alongwith all relevant documents/schedules. Since non submission of vouchers alongwith the monthly compiled accounts frustrates the objective of timely and proper audit check, it is appreciated that vouchers from all the 41 works & 5 forest accounts rendering units under various departments for the year 2017-18 were received with the monthly compiled accounts.

CHAPTER – III

3. RECONCILIATION OF ACCOUNTS

3.1 Reconciliation of accounts.

The departmental officers are required to verify the figures of the monthly accounts as submitted by each CPAO offices with those booked in the Office of the Sr. Deputy Accountant General (A&E), Sikkim to ensure the correctness of accounts in all respect. There is no arrear of reconciliation for the year under review.

3.2 Rectification of misclassification

During the year 2017-18, a total of 36 transfer entries were adjusted with a view to rectifying the misclassification noticed at the time of reconciliation of receipt and expenditure figures with representatives of all the divisions. Details are as below:-

Name of Departments	No. of Transfer Entries adjusted					Total	Amt. involved in (₹) Rupees
	HQ	East	West	South	North		
Roads & Bridges		2	2	6	1	11	34,62,74,303
Civil Aviation & Tourism	1	-	-	-	-	1	43,08,000
Health & FW		2	-	-	-	2	10,73,809
UD & HD		-	-	1	-	1	63,140
Horticulture & Cash crops	2	-	-	-	-	2	18,62,093
Land Revenue & DM	1	-	-	-	-	1	46,89,75,315
Building & Housing		1	1	2	-	4	5,19,88,886
RMDD		-	1	-	2	3	4,65,004
Irrigation		-	-	-	1	1	10,03,996
Forest		5	-	-	1	6	90,79,80,800
PHE		3	-	-	-	3	24,24,693
Power		-	-	1	-	1	32,220
TOTAL:	4	13	4	10	5	36	1,78,64,52,259

CHAPTER-IV

4. DEFECTS IN THE PREPARATION OF MONTHLY ACCOUNTS

4.1 Monthly accounts (SPWD Form 80)

In terms of Para 354 of the Sikkim Public Works Code, monthly compiled accounts are required to be prepared in Form 80. It was observed from the schedule of monthly accounts that certificates of temporary advances lying unadjusted were not recorded in Form 80 in respect of the maximum numbers of Public Works and Forest accounts submitted by the Chief Pay and Accounts Office.

4.2 Classification of receipts

While reviewing the monthly accounts, it was noticed that proper classification of receipt heads was not recorded by the Pay and Accounts Office, of all Districts in the monthly compiled accounts in a few instances in respect of all the divisions as a result of which the possibility of misclassification of transactions could not be ruled out.

4.3 Schedule of works expenditure not submitted

In terms of Para 297 and 365 of the Sikkim Public Works Code, Schedule of Works expenditure are required to be prepared in Form 64 separately for expenditure relating to each of the Major Heads in respect of works on which expenditure has been incurred. Such schedules were found to be wanting in respect of all the departments functioning under the Public Works system & Forest division in West, North & South district.

4.4 List of accounts accompanying the monthly accounts

In terms of Para 368 of the Sikkim Public Works Code, a list of accounts accompanying the monthly compiled accounts is required to be submitted in Form 83.

(specimen copy enclosed as Annexure I). Accounts received during the year from the CPAO, North district were not strictly in accordance with the aforementioned codal provisions. The Officers who are responsible for submission of monthly compiled accounts are required to be more particular and should exercise proper checks of the monthly accounts before their submission to the office of the Sr. Dy. Accountant General(A&E), Sikkim, Gangtok.

4.5 Non-submission/incomplete submission of schedule of deposits

In terms of para 315 of Sikkim Public Works Code, a monthly extract from deposit register known as the schedule of deposit in Form 79 showing for each item the opening balance, the credit and debit and closing balance, should be prepared and submitted to A.G. along with the monthly compiled accounts. Such schedules were found to be wanting in a large number of Public Works and Forest Accounts. A test check revealed that in 37 cases, the schedules are wanting. In few cases, schedule of deposits were received in incomplete shape without showing the Opening balance and closing balance.

This situation needs to be remedied by issuing suitable instructions to the departments and accounts rendering authorities.

4.6 Schedule of deposit works not submitted

In terms of para 365 of the Sikkim Public Works Code, the schedule of deposit works should be prepared in Form 65 showing the name of work, head of accounts, opening balance, credit & debit, expenditure during the month and progressive expenditure at the end of the month are required to be submitted to the Office of the Sr. Dy. Accountant General(A&E), Sikkim along with compiled accounts. Such schedules were found to be wanting in respect of all the Public Works and Forest departments.

CHAPTER-V**5. COMMON TYPE OF IRREGULARITIES NOTICED IN AUDIT OF VOUCHERS**

5.1 Particulars of Audit observations noticed for the period 2017-18 during the audit of vouchers for which no replies have been received:

Department	Nature of Observation
Raj Bhawan	Irregular purchase of stationery amounting to 49,691/-
PAO, North	Irregular purchase of stationery amounting to 16,000/-
Health & FW	Irregular purchase of misc. items amounting to 3.39 lakh
Commercial Taxes	Irregular purchase of stationery amounting to 10,550/-
Home Dept	Irregular purchase of stationery amounting to 1,16,604/-
District Collectorate	Irregular purchase of stationery amounting to 31,007/-
Energy & Power	Repair of Govt. vehicle in unauthorized garage amounting to 1,77,377/-
Roads & Bridges	Irregular payment of TA bill amounting to 48,140/-
RMDD	Irregular payment of LTC bill amounting to 1,04,430/-
Health & FW	Irregular payment of Medical TA bill amounting to 22,000/-
Animal Husbandry	Non-levy of 3% commission charges amounting to 21,508/-
Health & FW	Undue benefit to supplier amounting to 41,922/-
-do-	Undue benefit to supplier amounting to 41,922/-
HRDD	Undue benefit to supplier amounting to 6,35,087/-/-

5.2 Compliance to Inspection Reports(IRs) not received

PWD/Irrigation/PHED Divisions

- (i) Inspection Reports issued = 06
- (ii) Total paras issued = 42
- (iii) Reply received = 17 paras
- (iv) Replies not received = 25 paras.

Forest Divisions

- (i) Inspection Reports issued = 11
- (ii) Total paras issued = 35
- (iii) Reply received = 12 paras
- (iv) Replies not received = 23 paras.

6. IMPORTANT IRREGULARITIES NOTICED IN THE LOCAL AUDIT INSPECTION OF PUBLIC WORKS/IRRIGATION DIVISIONS.

6.1 IMPORTANT IRREGULARITIES NOTICED DURING AUDIT OF WORKS DIVISIONS:

IR No:	Para No:	Nature of irregularities
20/17-18 Project Director, North Eastern States Roads Investment Programme	01	Delay in completion of work led to extra burden towards consultancy fees ₹ 3.54 crore
	02	Excess payment of ₹ 0.69 crore
IR 76/17-18 PCE cum Secretary SPWD, Building, Gangtok.	01	Non-imposition of penalty for delay in execution of work- ₹ 556.84 lakh
	02	Improper framing of the project without acquiring land led to blockade of the Central fund of ₹ 10.62 crore over the period of 8 years
	03	In fructuous expenditure of ₹ 113.62 lakh
	04	Abnormal delay in completion of NEC funded project 'setting up of a Hand Made Paper unit at Melli' of ₹ 398.96 lakh
IR 102/2017-18 Principal chief Engineer Cum Secretary, Water Security & Public Health Engineering Department, Gangtok	01	Undue benefit to contractor ₹ 0.97 in the work crore "Augmentation of Pakyong Water Supply Scheme"
	02	Unfruitful expenditure of ₹ 1.60 crore in the work "Augmentation of Dentam Water Supply Scheme (Phase-II)"

	03	Unfruitful Expenditure in the work
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		“Sewerage facility and construction of Sewerage Treatment Plant (STP) at jorethang Bazar and surrounding areas under JNNURM □ 3.20 crore.
IR 103/2017-18 Divisional Engineer, Water Security & Public Health Engineering Department, South, Namchi	01	Undue benefit to contractor- □ 3.76 crore “Augmentation of Namchi Water Supply Scheme” under Non-lapsable Pool of Resource (NLCPR) sanctioned □ 38.22 crore for project
	02	Non-realization of Water charges amounting to □70.90 lakh

IMPORTANT IRREGULARITIES NOTICED DURING AUDIT OF FOREST DIVISIONS.

IR No 85/2017-18 Principal Chief Conservator of Forest cum Principal Secretary	01	Diversion of CESS fund allocated for approved Forest related works to the construction of 1000 bedded Hospital at Sichey under Health & Family Welfare Department to the tune of □ 1.25 crore
	02	Blockage of fund of □ 92.05 lakh due to slow implementation of Sericulture Scheme.
IR No 85/2017-18 Principal Chief Conservator of Forest cum Principal Secretary, Environment and Soil Conservation Circle, Department Of Forest Environment & Wildlife Management, Government Of Sikkim,	01	Training Component on IWMP □ 3.40 crore: observation thereof.
	02	Diversion of Integrated Watershed Management Project (IWMP) fund □ 29.43 lakh
	03	Improper execution of Micro Enterprises Activities and idling of fund □ 29.10 lakh

Annexure - I**Form-83****(Referred to in Para 4.4)****LIST OF ACCOUNTS SUBMITTED TO ACCOUNTANT GENERAL**

FORM NO.	NAME OF DOCUMENT
80	MONTHLY ACCOUNTS
46A	SCHEDULE OF REVENUE REALISED
74	CLASSIFIED ABSTRACT OF EXPENDITURE
64	SCHEDULE OF WORKS EXPENDITURE
61	SCHEDULE DOCKETS(FOR EACH WORK) WITH TRANSFER ENTRY ORDERS, VOUCHERS
73	STOCK ACCOUNT
69	SCHEDULE OF CREDIT/DEBIT TO PURCHASE SUPPORTED BY TEOs
70	SCHEDULE OF MISC. PUBLIC WORKS ADVANCES
76	SCHEDULE OF CREDIT/DEBIT TO MISC. HEAD OF ACCOUNTS
79	SCHEDULE OF DEPOSITS
65	SCHEDULE OF DEPOSIT WORKS

ANNEXURE – II

Sl. No	Name of the accounts rendering units	Due date of receipt	Actual date of receipt of monthly compiled accounts from Treasury, Pay & Accounts Office (Works Cell)											
			April'17	May'17	June'17	July'17	Aug'17	Sept'17	Oct'17	Nov'17	Dec'17	Jan'18	Feb'18	Mar'18
1.	PAO HQ	10 th of the following month	11.05.17	14.06.17	18.07.17	11.08.17	11.09.17	11.10.17	15.11.17	28.12.17	16.01.18	09.02.18	14.03.18	19.04.18
1.	CPAO, East	--do--	11.05.17	08.06.17	11.07.17	11.08.17	19.09.17	12.10.17	16.11.17	11.12.17	10.01.18	12.02.18	14.03.18	27.04.18
2.	CPAO, West	--do--	25.05.17	23.06.17	21.07.17	24.08.17	19.09.17	26.10.17	21.11.17	19.12.17	19.01.18	22.02.18	21.03.18	19.04.18
3.	CPAO, South	--do--	22.05.17	14.06.17	12.07.17	10.08.17	14.09.17	18.10.17	16.11.17	18.12.17	16.01.18	14.02.18	13.03.18	26.04.18
4.	CPAO, North	--do--	23.05.17	13.06.17	07.07.17	11.08.17	11.09.17	12.10.17	10.11.17	11.12.17	12.01.18	09.02.18	12.03.18	13.04.18
5.	Land Revenue	--do--	22.05.17	14.06.17	10.07.17	11.08.17	11.09.17	12.10.17	16.11.17	11.12.17	12.01.18	12.02.18	13.03.18	11.04.18

* *Due date for submission of March(P) accounts is 15th of the following month.*

Delay in rendition of monthly compiled accounts by the Pay & Accounts Office(Works Cell)/P.W Divisions was regularly brought to the notice of the Chief Pay & Accounts Office/departments every month.

PAO HQ started submission of compiled works accounts in respect of four departments viz., Civil Aviation & Tourism, Animal Husbandry, Livestock and Veterinary Services, Food Security & Agriculture Development and Horticulture and Cash Crops Development from the accounting month of July 2013.