

CHAPTER III

AUDIT OF TRANSACTIONS

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RURAL DEVELOPMENT AND WATER CONSERVATION DEPARTMENT

3.1 Improper planning and loss due to failure in installation of biometric devices

Installation of biometric devices at remote locations without ensuring internet connectivity with District Headquarters resulted in non-achievement of objective and blockage of funds amounting to ₹ 90.60 lakh

In response to Government of Maharashtra e-governance policy, Zilla Parishad, Thane (ZP) proposed (March 2008) to deploy state of art system to monitor attendance of teachers, staff, students at various schools and staff of Primary Health Centers (PHC) across the districts so as to maintain punctuality in the attendance of the teachers and students and monitor the closure of schools and PHCs. Attendance was sought to be captured using a Biometric device connected to a broadband installed in-site and the data to be transmitted to central database server located at the Headquarters of ZP, Thane which in turn will be processed online to generate various reports.

The Work order was issued (October 2008) to M/s Fortuna Impex PTE Ltd. Kolkata (Contractor) for “Supply, installation, testing and commissioning of 385¹³ stand-alone Fingerprint Biometric machine” in various departments of ZP for ₹ 1.39 crore. As per agreement it was the responsibility of the ZP to provide the internet connection to the site for biometric devices so that online access could be ensured. However, ZP neither addressed the non-availability of internet connectivity in many schools/PHCs as pointed out in the feasibility report of BSNL nor the problems of electricity to ensure effective functioning of the devices.

The stipulated date for completion of project including software development, system documentation, training, trial run and lives operation was December 2008, which was extended from time to time. 377 devices were installed (eight devices as reserve) and ₹ 90.60 lakh was paid to the contractor (February 2009 to April 2010) in three installments.

Audit scrutiny revealed that out of the 377 devices installed and internet facility provided, internet facilities were non-functional at 306 places. It was also observed that due to load shedding, the devices could not be used for attendance and therefore the attendance report could not be generated and submitted online to the ZP headquarters. As of September 2011 even after passage of two years from the date of supply, attendance reports could be generated to ZP server from 38¹⁴ locations from July 2011, even after installation of internet modem in 226 locations because save data

¹³ Ambernath-15; Bhiwandi-35; Dahanu-41; Jawahar-28; Kalyan-12; Mokhada-23; Murbad-39; Palghar-46; Shahapur-46; Talasari-17; Vikramgad-22; Vasai-23; Wada-30; ZP HQ-8

¹⁴ Thane Head Office (8), Taluka (13), ICDS (6), PHC (3), Schools (8)

configuration software (Modem activation) was not loaded by BSNL for internet activation.

Thus in the absence of internet connectivity, non-installation of modem and/or inadequate backup for electricity, the purpose of capturing data pertaining to attendance and its online transmission to Headquarters remained unachieved. On account of some of the locations being technically non-feasible, sustained connectivity of Broadband to these locations will not be possible and therefore the very purpose of installation of devices in these locations to capture online data was not prudent.

GOM stated (January 2012) that, Thane being a predominantly hilly area, there were difficulties in regular supply of electricity and internet connectivity and hence machines could not be used and reports generated online. Further, an amount of ₹ 35.36 lakh (4th phase), has not been released to contractor. However, to make the machine operational and generate the reports online GPRS is being installed in stages wherever internet connectivity is not available.

The reply is not tenable since feasibility report of BSNL was not taken into consideration regarding internet connectivity which stated that in 152 schools out of 253 schools and in 34 PHCs out of 77 PHCs, the broadband connectivity was either not feasible or temporarily not feasible. Also ZP did not take feasibility report from other service provider for getting competitive rates. Further ZP should have taken action for provision of electricity and internet connectivity at initial stages.

Thus the very purpose of installing the devices stood defeated and resulted in blocking of funds of ₹ 90.60 lakh. Furthermore, the planned linkage with GPRS system would involve avoidable additional outgo.

3.2 Improper implementation of Mid-day meal scheme

Non-monitoring of the stock resulted in improper implementation of the Mid-day Meal Scheme

Mid-Day Meal Scheme (MMS) is implemented to provide nutritious cooked food to the school students of first to eighth standard for atleast 200 days in a year. The Education Officer,(EO) (Primary) is the Controlling Officer for implementing the MMS in Zilla Parishads (ZP). EO alongwith District Supply Officer(DSO) were responsible for ensuring the requirement of sufficient quantity of rice. On the basis of student strength submitted by Block Education Officer(BEO), Tahsildar supplies food grains to the Fair Price Shops (FPS). Head Master of the school lifts the food grains from the FPS on the basis of average students present in the school. At village level the scheme is implemented by Village Education Committee of respective Gram Panchayats (GP).

On scrutiny of records of EO, ZP Sindhudurg (April 2010), it was observed that BEO, Kankavali informed EO, ZP on 5 February 2010 that due to non-distribution of rice, MMS has been stopped in 26 schools with effect from February 2010. On verification of stock statement (December 2009–February

2010) it was observed that there was excess stock in Malvan Taluka¹⁵ under ZP Sindhudurg.

Similarly the records of Panchayat Samiti (PS) Junner and PS Velhe under ZP, Pune revealed that 72 schools of Junner¹⁶ PS had not provided mid day meal to students during November 2010 ranging from two to nine days and 195 school of Junner and Velhe PS¹⁷ had not provided the mid day meal to students during the month of December 2010 for a period ranging from one to 25 days.

On verification of records of ZP Sindhudurg for the month of January 2010 in respect of 26 schools, it was observed that in 14 schools the requirement of rice was met by borrowing and in the rest of the 12 schools, the MMS was stopped for a period ranging from three days to 40 days.

The EO failed to monitor the availability of rice and supply the same to the needy Taluka. This has resulted in excess stock of rice in Malvan Taluka, while there was shortage of rice in Kankavali Taluka under same ZP. Further, there was also shortage of rice in PS of Junner and Velhe in Pune ZP resulting in stoppage of MMS in these PSs and talukas.

ZP Sindhudurg replied (November 2011) that due to delay in sanction of quota of rice from GOM, there was shortage of rice in Kankavali and there was no provision of transportation from one place to other in the district as well as there was no provision of grant regarding this.

ZP Pune (November 2011) replied that the notice has been issued and action of cancellation of contract has been taken against supplier and the contract of supply of rice has been given to another supplier.

The reply is not tenable as EO, ZP, Sindhudurg who was aware of the delay in sanction of the quota, should have monitored the stock situation and accordingly taken appropriate action to make the rice available. Further, EO, ZP, Pune should have made alternate arrangement for supply of rice. As this was not done, the students remained deprived of benefit of mid day meal solely on account of improper planning and lack of monitoring at the level of PS and ZP.

The matter was referred to Government in December 2011. Reply has not been received (May 2012).

3.3 Idle investment on construction of staff quarters

Forty three staff quarters constructed between August 2004 and December 2009 at Panchayat Samiti Arni and Purna at a cost of ₹ 1.65 crore had remained vacant for the period ranging between two to seven years due to non-provision of electricity and water supply connections

With a view to provide facilities in newly created Panchayat Samitis (PSs), the Government of Maharashtra approved (June 1998) construction of Panchayat Samiti Building, Agriculture Godown and staff quarters.

¹⁵ Sindhudurg ZP: excess stock of 206.126 quintal rice in Malvan Taluka

¹⁶ Pune ZP : Junner PS – November 2010 – 72 schools- delay 2 to 9 days - 15.11.2010 to 30.11.2010, December 2010-168 schools- delay 1 to 25 days - 1.12.2010 to 31.12.2010

¹⁷ Pune ZP : Velhe PS- December 2010-27 schools-delay 9 to 19 days - 3.12.2010 to 30.12.2010

Scrutiny of records of the Executive Engineer, (EE) Works Division No 2, Zilla Parishad (ZP), Yavatmal in February 2011 and Block Development officer, Purna (PS) under ZP Parbhani in April 2011 revealed that the construction of 43 staff quarters at a estimated cost of ₹ 1.63 crore was taken up between May 1999 and March 2008 at PS Arni and Purna and was completed between August 2004 and December 2009 at a cost of ₹ 1.65 crore. These quarters were also handed over to the respective PS between August 2004 and December 2009, however, these quarters were not allotted to the staff for want of electricity and water supply connections (January 2012).

Thus, non-occupation of the staff quarters has resulted in idle investment of ₹ 1.65 crore for a period ranging between two to seven years and resultant possibility of deterioration of these quarters could not be ruled out as those had remained unoccupied for years together.

BDO, Arni stated (April 2011) that due to non-availability of electricity and water supply connections quarters remained vacant.

CEO, ZP, Parbhani while admitting (January 2012) the delay stated that action is being taken for fixing responsibility.

The reply of the department was not acceptable due to non-occupation of those staff quarters, larger objective of providing housing facilities to staff of PS posted in remote areas was not fulfilled with avoidable additional outgo of ₹ 13.10 lakh on account of house rent paid to staff during 2005-11.

The matter was referred to Government in November 2011. Reply has not been received (May 2012).

3.4 Undue benefit to the contractor

Non-enforcement of recovery of insurance premium of ₹ 15.03 lakh resulted in passing of undue benefit to the contractors

Finance Department, Government of Maharashtra directed (August 1998) that all Government Departments and Corporations under their administrative control, Municipal Councils, Municipal Corporations, Zilla Parishads, Panchayat Samitis and Gram Panchayats should take insurance policies only from Director of Insurance. These directives were reiterated (September 2003) by Rural Development Department (RDD). Clause 13 of the Standard Bidding Document (SBD) provides that the contractors shall produce insurance policies to the engineer before start of the works. The rates specified in Schedule of Rates were also inclusive of the cost of insurance and clause 13 (a) of SBD provided for recovery of one *per cent* of Project Approved Cost (PAC) towards insurance premium.

Scrutiny of records (July 2009) of Executive Engineer, Works Department, Zilla Parishad, Jalna (EE), revealed that neither the insurance policies in respect of 23 works having PAC of ₹ 15.03 crore were submitted by the contractors before start of work nor was this ensured by the EE.

The EE while confirming the facts stated (November 2011) that the contractors did not submit the policies despite repeated reminders.

Thus, non-enforcement of recovery of insurance premium of ₹ 15.03 lakh resulted in passing on un-intended benefit to the contractor.

The matter was referred to Government in November 2011. Reply has not been received (May 2012).

3.5 Irregular expenditure

Three Gram Panchayats in Zilla Parishad Satara incurred ₹ 12.67 lakh on construction of Samaj Mandir in contravention to the guidelines

Dalit Wasti Sudhar Yojana (DWSY) was implemented in the State to provide basic civic amenities to Scheduled Caste Communities living in Dalit Wastis with effect from the year 1999. The revised guidelines (November 2008) stipulated that there should be only one Samaj Mandir in each revenue village to maintain communal harmony though it may have more than one Dalit Wasti.

Scrutiny of the records (August 2011) of Social Welfare Officer, Zilla Parishad (ZP), Satara revealed that expenditure of ₹ 12.67 lakh was incurred under DWSY by three Gram Panchayats(GPs)¹⁸ for construction of Samaj Mandirs in contravention to the guidelines quoted supra as the Samaj Mandirs were already in existence in these GPs. This has resulted in irregular expenditure of ₹ 12.67 lakh.

Chief Executive Officer, ZP, Satara stated (November 2011) that the Samaj Mandirs were sanctioned on demand of backward class people of these villages and assured not to make such mistakes in future.

The contention is not acceptable as expenditure of ₹ 12.67 lakh was incurred in contravention of the DWSY guidelines.

The matter was referred to Government in November 2011. Reply has not been received (May 2012).

¹⁸ Mayni, Taluka Khatav (₹ 5.67 lakh), Padal, Taluka Khatav (₹ 3 lakh) and Palshi, Taluka Khandale (₹ 4 lakh)