

## CHAPTER III – CCO BASED AUDIT OF GOVERNMENT DEPARTMENT

### PUBLIC HEALTH ENGINEERING and WATER SUPPLY DEPARTMENT

#### 3.1 Public Health Engineering and Water Supply Department

The Public Health Engineering and Water Supply (PHE & WS) Department, Government of Arunachal Pradesh is responsible for supply of safe drinking water to the people in the State. The Department is also responsible for implementation of Total Sanitation Campaign (TSC). Even though the number of fully covered habitations had increased from 978 habitations in 2005 to 2619 habitations in 2010, the Department has not been able to provide adequate and safe drinking water to the majority of the population in the State as the planning lacked purpose and direction. The project management was weak leading to delays in execution of works and projects remained incomplete for a long period. Quality control of drinking water was poor for want of adequate infrastructure.

#### *Highlights*

- *Budgeting was poor in view of the persistent savings during 2005-10 except in 2008-09 when the expenditure was in excess of the budget provision.*  
(Paragraph 3.1.7)
- *Due to improper planning and thin spread of financial resources, a number of projects remained incomplete resulting in idle investment.*  
(Paragraph 3.1.10)
- *Out of 18 projects covering 2.67 lakh urban population that were due for completion between March 2003 and March 2010, only six projects were actually completed covering 1.16 lakh (43 per cent) population as of March 2010.*  
(Paragraph 3.1.12)
- *Quality control of drinking water was poor for want of adequate infrastructure.*  
(Paragraph 3.1.13)
- *Physical verification of transit stores was not conducted and there were surplus material lying unutilized.*  
(Paragraph 3.1.15)
- *Internal control system had several weaknesses exposing the Department to fraud and misappropriation.*  
(Paragraph 3.1.16)

**3.1.1 Introduction:**

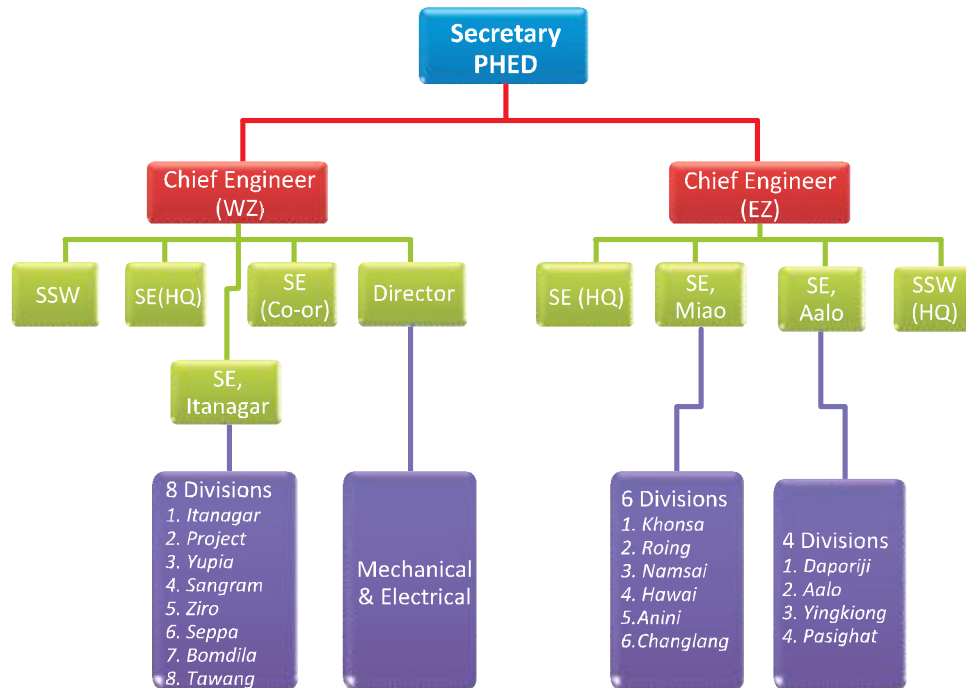
The Public Health Engineering and Water Supply (PHE&WS) Department is responsible for providing adequate and safe drinking water to both the rural and urban population of the State. In Arunachal Pradesh, the presence of iron content and bacteriological/ turbidity problem in water poses a major challenge to the Department. The Department is also responsible for implementation of the Total Sanitation Campaign (TSC) in the State by constructing 1.40 lakh sanitary toilets for APL, BPL and school/ anganwadi children by March, 2012.

The Department undertakes its activities mainly through the centrally sponsored schemes viz Accelerated Rural Water Supply Programme (ARWSP), Accelerated Urban Water Supply Programme (AUWSP), Non-Lapsable Central Pool of Resources (NLCPR) funding, 10 per cent lump sum grant for NE States, etc. Some works are also taken up under State Plan under the Additional Central Assistance (ACA) and Rural Water Supply Programme (RWSP).

**3.1.2 Organizational Set-up:**

There are 19 divisions (including one each of mechanical, electrical & Project) spread over the 16 districts in the State. The divisions headed by Executive Engineers (EEs) are supervised by 3 Superintending Engineers (SE) who along with 5 other SEs and one Director (Communication and Capacity Development Unit) assist the two Chief Engineers (Northern and Eastern Zone). The Administrative Head of the Department is the Secretary, PHE&WS who is also the Chief Controlling Officer (CCO) of the Department. The organogram is as follows:

**Chart No. 3.1.1**



### 3.1.3. Audit Objectives

The audit objectives were to assess the performance of the Department on the following parameters:

- Financial Management.
- Planning and Programme Management.
- Stores Management.
- Human Resource Management.
- Internal Controls
- Monitoring and evaluation System.

### 3.1.4. Audit Criteria

- Annual Operating plan.
- Guidelines of on Departmental Activities/Schemes.
- Financial Rules and Regulations.
- Prescribed monitoring mechanism.

### 3.1.5. Audit Coverage

Out of the 19 auditable units under the Department, two<sup>1</sup> units (out of four) in capital district of Papum Pare were selected on the basis of their financial profile. Five<sup>2</sup> out of the remaining 15 units covering five districts (out of remaining 15 districts) were selected based on simple random sampling without replacement method. Apart from this, records of the Chief Engineer (Western Zone) and Chief Engineer (Eastern Zone) were also test checked during May 2010 to July 2010. Out of the total expenditure of ₹ 1007.34 crore (both Plan and Non-plan) incurred during 2005-10 by the Department, an expenditure of ₹ 474.71 crore (46.25 per cent) was covered in audit.

### 3.1.6. Audit Methodology

An Entry Conference was held on 10<sup>th</sup> May 2010 with the PHE&WS officers wherein the audit objectives, scopes, criteria and the method used to select samples for detailed scrutiny were explained to them. Records of the selected units were scrutinized with reference to the audit objectives and criteria. Replies furnished by the Department to audit memos/requisitions, departmental publications, records of the Department and data collected through questionnaires were used as audit evidence. The major audit findings were discussed with the Department in an Exit Conference held on 30 September 2010. The Department's comment/replies have been incorporated in the Performance Audit Report wherever found relevant.

---

<sup>1</sup> Itanagar and Yupia

<sup>2</sup> Aalo, Pasighat, Changlang, Tawang and Hawaii

### 3.1.7. Financial Management

The budgetary allocations to PHE&WS are made under Grant No. 59. Audit scrutiny of the budgetary allocations and their utilizations revealed certain deficiencies in financial management, including poor budgeting and expenditure control, as discussed subsequently. Details of allotment vis-à-vis expenditure incurred during 2005-10 are indicated in the following table:

**Table: 3.1.1.**

(Rupees in crore)

Year	Original	Supplementary	Total	Expenditure	Savings(-) Excess (+)
2005-06	35.27	128.54	163.81	159.96	(-)3.85
2006-07	47.67	127.19	174.86	169.43	(-)5.43
2007-08	43.84	183.13	226.97	215.85	(-)11.12
2008-09	46.63	175.04	221.67	255.74	(+)34.07
2009-10	60.08	176.08	236.16	225.46	(-)10.70

Source – Appropriation Accounts.

#### 3.1.7.1 Poor Budgeting.

The State Government does not have any Budget Manual of their own and the provisions of the General Financial Rules are followed for formulation of budget and other financial matters. The Non-plan budget proposals are prepared by the Controlling Officers i.e. Chief Engineers on compilation of the inputs obtained from all the Drawing and Disbursing Officers (DDOs) for their onward transmission/submission to the State Finance Department through the Administrative Department in a consolidated form. In case of the plan budget, the annual plan outlay is finalized in consultation with the State Planning Department. A review of the budget provision and expenditure for the past five years showed that the budgeting process required more attention in view of the persistent savings though not very high, in each year 2005-10 except 2008-09 when expenditure was in excess of the budget provision.

- Savings occurred under both revenue and capital section of the grant. While savings in revenue section ranged between 2.18 and 4.97 *per cent* of the total provision, the savings in capital section ranged between 1.78 and 11 *per cent*. These facts highlight the slower rate of execution of work resulting in underutilization of allocated funds and lack of monitoring and reviewing mechanism at appropriate levels in the Department.
- Lack of foresight was evident in making original budget estimates which necessitated supplementary grants ranging from 266.81 to 417.72 *per cent* of the original grant in each of these years 2005-10. Considering the trend of expenditure in previous years, the original provision could have been enhanced in succeeding years to avoid obtaining of huge supplementary grant at the fag end of each year.

- In 2008-09, an expenditure of ₹ 34.07 crore (15.37 per cent) was incurred in excess of the authorized provision in spite of ₹ 175.04 crore of supplementary allocation which was 266 per cent of the original allocation, indicating inadequacy in assessment of the funds requirement at budget formulation stage and also weak system of control and monitoring of expenditure.
- In capital section, the savings occurred mainly under NLCPR projects due to the delay in finalization of tenders, administrative approvals, delays in timely completion of projects thereby denying the benefits of safe drinking water to the targeted population.
- In 2008-09, ₹ 54.67 crore was spent under ARWSP in excess of the authorised provision even when the Department had sufficient time to regularise the excess expenditure by obtaining supplementary provision.

In response, the Department stated (September, 2010) that the allocation at the supplementary stage was more because funds from the GOI are received very late and thus, they could incorporate them only at the supplementary budgeting stage. In case of the excess of ₹ 54.67 crore under ARWSP, the Department stated that the fund received from the GOI was not released by the State Finance Department but the expenditure was incurred in anticipation of the fund release.

### 3.1.7.2 Contraction of capital budget and expenditure

Though the overall budget provision and actual expenditure showed an increasing trend, the capital expenditure declined from ₹ 17.06 crore in 2005-06 to ₹ 8.47 crore in 2009-10 (Appendix 3.1.1) while revenue expenditure went up from ₹ 142.90 crore to ₹ 216.99 crore.

In response, the Department stated (September, 2010) that the figure of capital expenditure are understated because though a big chunk of expenditure was incurred on creation of assets, this was booked as revenue expenditure. The booking of expenditure incurred on creation of assets as revenue expenditure is not only in violation of GFRs but also results in incorrect accounting figures/information which are subsequently used for important management decisions.

### 3.1.7.3 Under utilization of Centrally sponsored scheme (CSS) funds.

There were considerable unspent balances every year under CSS funds released by the State Government due to Department's inability to utilize the allocation as shown below:

Table – 3.1.2

Year	Name of the CSS	Funds released by State Govt.	Expenditure	Unspent balances	Unspent balance (in per cent)
2005-06	NLCPR	10.00	9.33	0.67	6.70
	ARWSP	99.58	98.01	1.57	1.58
	10% LSD	4.78	4.59	0.19	3.97
	Computer Package(MIS)	1.71	1.37	0.34	19.88

Year	Name of the CSS	Funds released by State Govt.	Expenditure	Unspent balances	Unspent balance (in per cent)
2006-07	NLCPR	8.88	8.56	0.32	3.60
	ARWSP	138.20	103.11	35.09	25.39
	10% LSG	6.19	4.18	2.01	32.47
2007-08	NLCPR	11.31	10.50	0.81	7.16
	10% LSG	5.08	4.97	0.11	2.17
	JNNURM	17.38	13.43	3.95	22.73
	Computer package(MIS)	1.32	0.55	0.77	58.33
2008-09	ARWSP	154.86	154.11	0.75	0.48
	10% LSG	8.43	7.50	0.93	11.03
	Computer Package(MIS)	0.77	0.14	0.63	81.82
2009-10	NLCPR	10.13	8.12	2.01	19.84
	10% LSG for NE	3.28	2.17	1.11	33.84
	Computer Package(MIS)	0.64	0.53	0.11	17.19

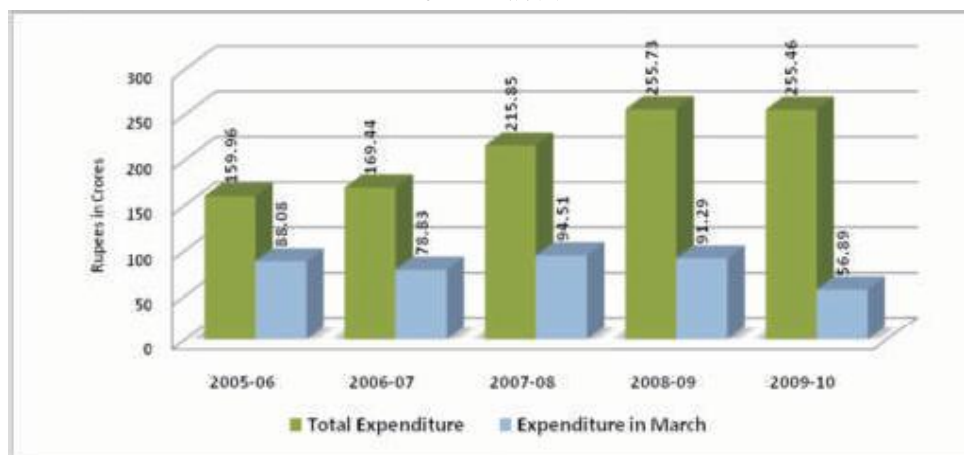
Source: Departmental Figure and Appropriation Account.

The Department accepted (September, 2010) the audit finding and assured that necessary corrective measures would be taken so that this does not occur in future.

### 3.1.7.4 Rush of Expenditure

Financial Rules and discipline require that Government expenditure be evenly phased over a financial year. This helps financial management and smooth execution of projects. Audit scrutiny revealed that 25 to 55 per cent of the total expenditure during 2005-10 was incurred in March as shown in the chart below:

Chart No. 3.1.2



The rush of expenditure particularly in the closing month of the financial year is to be regarded as a breach of financial regularity and should be avoided. The Department accepted (September, 2010) the audit finding and assured that necessary corrective measure would be taken so that this does not occur in future.

### 3.1.7.5 Parking of Funds:

At the end of the each financial year (2005-10), five divisional officers of PHE&WS (Aalo, Changlang, Tawang, Hawaii, and Yupia) kept substantial funds ranging from

₹ 1.03 crore to ₹ 6.51 crore in '8433' Civil Deposit to avoid lapse of funds and booked them as expenditure as tabulated below:

Table No. 3.1.3

(Rupees in lakh)

Year	Along	Changlang	Tawang	Hawai	Yupia	Total
2005-06	78.09	22.81	0.14	-	2.00	103.04
2006-07	13.36	27.35	34.79	53.92	-	129.42
2007-08	71.32	40.52	34.05	41.21	5.14	192.24
2008-09	121.46	81.09	20.88	14.34	5.14	242.91
2009-10	453.00	92.16	79.51	11.59	14.90	651.16

The Department admitted (September, 2010) the audit finding but also added that a major portion of the fund is received from the Finance Department very late in the financial year leaving very little scope for expenditure in the same year. In this situation, the Department has no option but to draw the funds and keep the same in deposits so that this can be used in the subsequent year.

#### **3.1.7.6 Deficiency in maintenance of Expenditure Control Registers.**

The CEs exercised control over funds utilization by issuing monthly letter of credit (LOC) against the requirements of the executing divisions. Under the existing system, the CEs are required to compile the monthly expenditure statements received from the executing divisions and submit a monthly consolidated expenditure statement to the Finance Department. Audit scrutiny, however, revealed that the expenditure control register in the CE's office was maintained sub-head wise without indicating allocation of funds which made it difficult to monitor the excess/savings under a sub-head and exercise expenditure control. There were few instances of expenditure in excess of provisions under Grant no. 59. Neither the reasons for the excess expenditure were made available to audit nor was any action taken to regularize the excess expenditure. The register was never reviewed at the level of CE or CCO to monitor the pace of expenditure and the savings/excess.

The Department needs a computerized monitoring system allowing online updating and facilitating monitoring of the expenditure data, detailed head-wise by the primary units of expenditure (division/sub-division). The system could also generate periodic reports to enable the CE/CCO to review the expenditure and exercise control from time to time and make necessary interventions when necessary.

In response the Department stated (September, 2010) that the expenditure control register is being maintained in CE's office. But the fact remains that the expenditure control register was maintained without indicating sub-head wise allocation of funds making it difficult to monitor the excess/savings under various sub-head and exercise required expenditure control.



**3.1.7.7 Poor control over departmental receipts and payments.**

Audit scrutiny revealed several instances of poor internal control over departmental receipts and payments making the Department vulnerable to malpractices as detailed below:

**(a) Avoidable expenditure on payment of electricity bills**

The Department of Power allowed two *per cent* rebate on the total amount of the electricity consumption bill paid within the due date of payment as mentioned in the electricity bill itself, failing which an interest @ two *per cent* would be charged on the outstanding amount. Test check of records revealed that between 2007-08 and 2009-10, the Itanagar division incurred an avoidable expenditure of ₹ 14.95 lakh as interest on electricity charges for the period from July 1988 to February 2008 and August 2000 to February 2008 on delayed payment of electricity bills.

Accepting the fact the Department stated (September, 2010) that the payments were delayed due to shortage of funds.

**(b) Non recovery of Government dues.**

As of March 2010, in six PHE&WS divisions (Aalo, Changlang, Hawaii, Itanagar, Tawang and Yupia), the water charges amounting to ₹ 95.43 lakh were outstanding from 4,522 private consumers, 303 commercial consumers and 322 Government institutions/officed. Pasighat division did not maintain water charges collection register properly as such the outstanding amount of water charges could not be ascertained in audit.

In response, the Department stated (September, 2010) that efforts would be made to collect the outstanding amount.

**(c) Non deposit of Government Revenue.**

Rule 7(1) of CTR provides that all moneys received by or tendered to Government officers on account of revenue or receipts of the Government shall, without undue delay, be credited in full to Government account. Delays in depositing of Government revenue, tantamount to temporary misappropriation of Government money.

Test check however, revealed that there were inordinate delays ranging from two to 12 months in depositing the revenue by the two divisions.

- Changlang division collected ₹ 1.43 lakh of water charges between November 2009 and December 2009 but did not deposit it into the Government account till July 2010.
- Similarly, water charges of Rs 0.58 lakh collected by Yupia division between May 2009 and March 2010 was not deposited in Government account till May 2010.

The Department stated (September, 2010) that these funds have now been deposited into the Government account but did not to furnish copies of deposit challans for ₹ 1.43 lakh in spite of agreeing to do so in the Exit Conference. Besides, copies of



challans dated 18 May 2010 for ₹ 0.58 lakh furnished to audit confirmed the temporary misappropriation of Government funds.

**(d) Delay in deposit of Government Revenue**

Six divisions (Aalo, Changlang, Hawaii, Itanagar, Tawang and Yupia) collected ₹ 42.68 lakh as water charges and deposited into Govt. account after delays ranging from one to nine months.

The Department stated (September, 2010) that this was indeed a serious matter and suitable directions were already issued to avoid such delays in depositing of funds to the Government account.

**(e) Non adjustment of advances**

Section 38.6 of CPWD Works Manual provides that maximum advance of 90 *per cent* of the store cost could be made against the dispatched documents. The officer making advance payment to suppliers shall be responsible for their adjustment within a period of one month.

Audit scrutiny revealed that 100 *per cent* advance amounting to ₹ 16.78 crore was paid by three divisions (Aalo, Pasighat and Changlang) during 2000-09 for procurement of GI pipes, cement, rod, etc. as against the admissible 90 *per cent* advance (₹ 15.10 crore). The advance was paid without any dispatch documents from suppliers in violation of the applicable rules, resulting in undue favour to the suppliers. The entire advance remained unadjusted as of March, 2010 though the materials were stated to have been received by the concerned divisions. This is indicative of serious lapse in the internal control system and lack of proper monitoring.

The Department stated (September, 2010) that it actually prepares the bank draft but does not hand it over to the supplier. Instead, a photocopy of the draft is sent to the supplier which gives the supplier an assurance about the timely payment. The reply is not tenable as not only the advances were actually paid without the receipt of the required dispatch documents from the suppliers but also the entire advance remained unadjusted due to lack of monitoring.

**3.1.7.8 Non recovery of Arunachal Pradesh Entry Tax.**

As against the supply orders issued between 2005-10 by the Chief Engineer and proforma invoice, the Changlang Division paid ₹ 11.43 crore inclusive of four *per cent* Arunachal Pradesh Entry Tax amounting to ₹ 43.95 lakh to a Guwahati based firm as 100 *per cent* advance payment for GI pipes whereas the advances for stores should not exceed 90 *per cent* of the store cost. Since, the pipes were actually delivered at Mohan Bari transit stores (within Assam) as stipulated in the supply orders, the payment of Entry Tax was irregular and was indicative of negligence on the part of divisional officers. Moreover, the payment of 100 *per cent* without receiving the required dispatch documents from the supplier, indicated Department's indifference to the applicable financial rules and undue favour to a private party at the

cost of Government. The firm, however, subsequently returned ₹ 24.63 lakh to the Arunachal Pradesh Tax & Excise Department, the remaining balance amount of ₹ 13.80 lakh had neither been refunded to the Department nor recovered from the officer(s) responsible for the gross violations till June 2010.

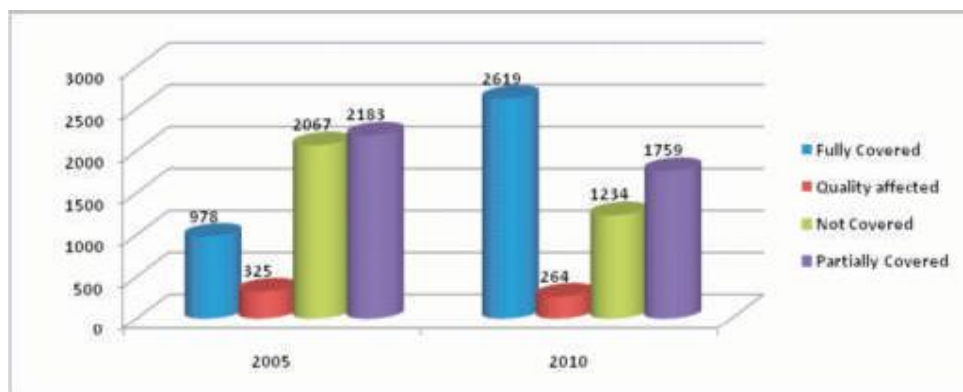
The Department accepted (September, 2010) the audit finding.

### 3.1.8 Status of Habitation and drinking water coverage

The Department has a major challenge to provide adequate and safe drinking water to all the people living in rural and urban areas of the State. As per norms, habitations with a supply of 40 litre per capita per day (lpcd) of water are categorized as fully covered (FC), those with 10 lpcd or more but less than 40 lpcd categorized as Partially Covered (PC) and those below it are categorized as not covered (NC). Apart from these norms, the quality of water is also a major challenge due to the high content of iron in the water, and the habitations, which do not have quality drinking water, are categorized as NC.

According to the National Survey by the Government of India conducted in 2003, only 978 of 5,228 rural habitations in Arunachal Pradesh were FC, which did not change till March 2005. During 2005-10, considerable progress was made. As of March 2010, number of FC habitations stood at 2,619 and PC and NC habitations has come down to 1,759 and 1,234 respectively as shown in the chart below. But it is a matter of concern that out of 2,619 FC habitation as of March 2010, 264 had quality problems.

Chart No.3.1.3



Moreover, as of March 2010, out of 5,612 habitations with 9.93 lakh rural population, the Department could fully cover only 4.48 lakh (45 per cent) and partially cover 2.68 lakh (27 per cent) of the population.

### 3.1.9. Planning

Suitable planning is imperative for achieving the objectives of a programme in a systematic and effective manner. Scrutiny of records showed that the Department did not prepare any perspective plan for achieving its mandate by breaking down the targets into actionable schemes/ programmes to be completed in a given timeframe.

However, every year (except 2009-10), the Department prepared an annual operative plan (AOP) showing the number of works (new and ongoing) to be executed during that year without specifically relating it to the overall improvement in the status of habitations to the PC or FC. As a result, a habitation-specific focus to programme implementation was missing.

### 3.1.10 Rural Water Supply

The rural water supply scheme/programme is implemented in the State through CSS viz Accelerated Rural Water Supply Programme (ARWSP) now renamed as National Rural Water Supply Programme (NRWSP). Under this programme as against total 9,92,595 rural population of the State as of March 2010 only 4,47,618 (45 per cent) persons could be fully covered by providing adequate safe drinking water. The slow progress was due to the following deficiencies:

#### 3.1.10.1 Implementation

As on 31 March 2005, there were 1,330 ongoing schemes. In addition, GOI sanctioned 3,227 new schemes during 2005-10. The year-wise targets for implementation of schemes/projects fixed by the Department and actually achieved are shown below:

**Table 3.1.4**

Year	Schemes planned			Achievement			Schemes sanctioned by GOI
	NC	PC	Total	NC	PC	Total	
2005-06	139	240	379	128	201	329	1223
2006-07	29	165	194	31	200	231	384
2007-08	89	140	229	214	244	458	417
2008-09	120	199	319	220	273	493	593
2009-10	520	Nil	520	552	Nil	552	610
<b>Total</b>	<b>897</b>	<b>744</b>	<b>1641</b>	<b>1113</b>	<b>918</b>	<b>2031</b>	<b>3227</b>

Source: Departmental Figures.

As against 4,557 (3,227 new and 1,330 ongoing) approved schemes, the Department fixed target of 1,641 schemes for completion during 2005-10 against which 2,031 schemes were completed. The yearly analysis of scheme approved, planned and achieved revealed that while all these years the Department exceeded its targets, the number of schemes targeted for completion was deliberately kept low. As a result, number of ongoing schemes has steadily increased from 1,330 (2005-06) to 2,526 (2009-10) - an increase of 90 per cent.

The Secretary stated (September, 2010) that the Department does have a Perspective Plan but failed to supply a copy as of December, 2010 in spite of agreeing to do so in the Exit Conference. Department also stated that achievements were more than the targets during the years 2006-10 due to the fact that the funds received from GOI subsequently were more than what they had expected while formulating targets.

Scrutiny revealed that the Department during 1995-2005 decided to execute 184 works under MNP/PMGY for execution of different water supply schemes at an

estimated cost of ₹ 33.81 crore. Out of them, however, the Department actually took up 141 works and spent ₹ 18.54 crore till 2006-07 from the funds provided by GOI and all the 141 schemes remained incomplete due to non-release of funds by the State Government.

Instead of taking up all the works from time to time, the Department could have restricted only to those works, which could have been completed with the available resources. Thus, due to deficiencies in planning and thin spread of available financial resources, large number of schemes remained incomplete for want of further funds. This resulted in an unproductive expenditure of ₹ 18.54 crore besides, depriving the targeted beneficiaries of safe and adequate drinking water.

The Secretary accepted (September, 2010) the audit finding and also added that these schemes were earlier funded under MNP/PMGY but could not be completed due to closure of these schemes. But Department would explore the possibility of completing these schemes through SPA.

### **3.1.10.2 Execution of works.**

The programme implementation of rural and urban water supply schemes was adversely affected by several deficiencies including delays in execution of work, preparation of inflated estimates, excess procurement of material, expenditure incurred beyond estimated provision and deficient monitoring. The deficiencies noticed in implementation of the schemes are discussed in the succeeding paragraphs.

### **3.1.10.3 Awarding of work without call of tender.**

The Department executed all the works departmentally by issuing work orders to the contractors except the works funded by Centrally sponsored schemes which were put to tender. As per the delegation of financial powers, the annual financial limit for awarding work by a divisional officer is ₹ 45 lakh. It was, however, noticed that six divisions (Aalo, Changlang, Pasighat, Itanagar, Hawaii and Tawang) continued to award work orders beyond their annual financial limits in violation of the delegation of financial powers rules. The excess over the prescribed limit varied from ₹ 1.86 crore to ₹ 16.37 crore during the last five years as depicted in the following table:

**Table 3.1.5**

Division	2005-06		2006-07		2007-08		2008-09		2009-10	
	No. of work order	Amount	No. of work order	Amount	No. of work order	Amount	No. of work order	Amount	No. of work order	Amount
Changlang	1032	705.34	799	578.95	831	527.76	1176	925.89	1495	1270.79
Tawang	860	994.44	790	1135.64	600	859.27	607	1075.96	969	1637.51
Itanagar	225	186.16	247	270.85	390	316.78	490	510.52	416	525.24
Aalo	1390	922.81	1900	1496.52	1128	797.03	1418	1102.32	1178	1033.94
Pasighat	667	379.01	969	642.72	870	555.59	1064	375.73	1010	545.11
Hawaii	-	-	1191	562.18	984	467.47	767	573.66	1201	765.57

*Source: Departmental Records*

There was no mechanism in the controlling offices to monitor the award of work without call of tender, and also to ascertain if anyone violated its delegated financial powers.

The Department stated (September, 2010) that this was a legacy inherited from State PWD and was continued for ensuring the involvement of the local villagers in the execution of schemes so that they get their cooperation and it would make all efforts to go in slowly for competitive bidding system.

#### **3.1.10.4 Cost overrun and irregular booking**

ARWSP funds should not be utilized/ adjusted against any cost escalation of the scheme. Any expenditure incurred over and above the approved cost, is to be borne by the State Government from its own resources. Test check, however, revealed that six divisions took up 29 water supply schemes at an estimated cost of ₹ 14.15 crore during 2000-09 and completed them between 2005-10 after delays ranging from two to five years at a cost of ₹ 14.82 crore which, included cost overrun of ₹ 66.43 lakh. The cost overrun of ₹ 66.43 lakh was also booked under the GOI scheme.

The Department stated (September, 2010) that the variations pointed out by audit were within 10 percent. The reply is not relevant as the audit finding was about irregular booking of cost overrun against Central share/funds in violation of the ARWSP guidelines.

#### **3.1.10.5 Measurement Books (MBs) not test checked**

The Measurement books (MB) are the basis of all accounts of quantities whether works are done by contractor or by labour employed departmentally or material received. Section 7.10.1 and 7.10.2 of CPWD Work Manual provide that AE should exercise test check to the extent of 50 per cent while divisional officer at least to the extent of 10 per cent of the value of the measurement recorded by the JE before any Running/Final Bill is paid. Records of seven test checked divisions revealed that neither the AE nor the Divisional officer carried out any test checks of the MBs before the payments were made to the contractors/ suppliers.

Test check further revealed that the Divisional Officer, Yupia paid ₹ 0.63 lakh (₹ 0.13 lakh in March 2006 and ₹ 0.50 lakh in March 2010) to the contractor in excess of the admissible amount for execution of works, 'Water supply in community school at Rigo' and 'water supply at Nimte village' due to the wrong calculation recorded by JE in MB. However, the Department recovered ₹ 0.63 lakh from the contractor concerned in September, 2010 at the instance of audit. The absence of test check by DO and AE allowed this irregularity to occur.

#### **3.1.10.6 Non-Execution of work as per the approved specification**

'Extension and renovation of water supply at upper Borajan village' and 'Water supply from Rangkatu-kengku Tea Estate' were executed by Aalo and Changlang Divisions respectively at a total cost of ₹ 1.34 crore against the approved cost of

₹ 1.37 crore. According to the approved estimates of these two works, 21,470 m of GI pipes were required to complete the schemes (Aalo: 7775 m + Changlang: 13,695 m) against which only 10,320 m GI Pipe (Aalo: 4520 m, Changlang: 5800 m) were utilized. As a result of short-laying of 11,150 m of GI pipes and the non execution of work as per the approved estimates, only population of 448 could be covered as against targeted population of 537.

The department assured (September, 2010) that they would look into this but also added that some variations were unavoidable due to the unique requirements of the State.

### **3.1.11. Urban Water supply**

The urban water supply programme is implemented in the State through various Centrally sponsored schemes viz Accelerated Urban Water Supply Programme (AUWSP), Non-Lapsable Central Pool of Resources (NLCPR) funding, 10 per cent lump sum grant for NE States, Jawharlal Neheru National Urban Renewal Mission (JNNURM), and also by obtaining loan from NABARD under Rural Infrastructure Development Fund (RIDF). As of March 2010, in urban areas, out of projected population of 4.27 lakh, the Department could provide safe drinking water facilities only to a population of 1.16 lakh (27 per cent).

Between 2000-10, the Department had taken up for execution 21 urban water supply schemes at an estimated cost of ₹ 274.32 crore to cover 4.27 lakh urban population. Though 18 projects with coverage of 2.67 lakh population were due for completion between March 2003 and March 2010 but the Department could complete only six schemes/projects and covered only 1.16 lakh (43 per cent) urban population till March 2010 after incurring a total expenditure of ₹ 163.46 crore. The status of these projects is given below:

**Table 3.1.6**

Scheme	Number of projects	Approved cost	Fund released	Expenditure	Schemes to be completed by March 2010	Schemes completed as on March 2010
		<i>(Rupees in crore)</i>				
NLCPR	10 (1.93)	106.46	86.57	75.20	9 (1.80)	4(0.82)
10% LSG	4 (0.41)	32.39	31.24	31.24	4 (0.41)	1(0.12)
JNNURM	1 (1.42)	77.25	17.73	13.78	-	-
RIDF	6 (0.51)	58.22	50.61	50.61	5 (0.46)	1(0.22)
<b>Total</b>	<b>21 (4.27)</b>	<b>274.32</b>	<b>186.15</b>	<b>170.83</b>	<b>18 (2.67)</b>	<b>6(1.16)</b>

*Figures in brackets projected population in lakh targeted under the scheme*

*Source: Departmental Records*

Out of the above 21 projects, audit selected seven (five ongoing to be completed by March 2010 and two completed projects) for detailed examination. The position relating to funds released, expenditure and status of implementation are given in the following table:



Table 3.1.7

Name of project	Year of approval	Approved cost	Fund released	Fund utilized	Due date for completion	Status as on Mar-2010
		(Rupees in crore)				
<b>10 per cent Lump sum grant for North-eastern States</b>						
Improvement of WS at Jairampur Township.	2004-05	6.97	5.88	4.88	January 2008	60% completed
Augmentation of WS at Tawang Township.	2004-05	9.49	9.46	.46	January 2008	90% completed
<b>Rural Infrastructure Development Fund</b>						
Augmentation of WS at Baser Township	2005-06	7.58	7.05	.05	March 2007	Completed (March 2009)
Augmentation of WS at Likabali Township	2006-07	14.94	12.92	12.92	March 2009	30% completed
<b>Non-Lapsable Central Pool of Resources</b>						
Providing WS facilities to all Adm. Hqr and its villages under 14 <sup>th</sup> Daimukh constituency	2007-08	12.77	10.60	8.11	September 2009	70% completed
Augmentation of W.S. to Naharlagun-Nirjuli Township Ph-I	2002-03	14.90	14.90	14.90	May 2004	Completed (Jan 2008)
Potable drinking WS scheme for villages Sille, Tani, Sikabomin	2006-07	17.42	11.44	10.45	December 2009	60% completed

The photographs of a few ongoing projects are given below:



Some of interesting aspects noticed in audit in the execution of the schemes are discussed in the subsequent paragraphs.

### 3.1.11.1 Inflated estimates

While framing the estimates of a water supply scheme/project, provision for GI/DI fittings should be restricted to 5-10 per cent of the total cost of GI/DI pipes required for the scheme/project. Scrutiny, however, revealed that three Divisions framed five estimates with excess provision ranging from 38 to 79 per cent involving ₹ 0.55 crore to ₹ 2.55 crore in excess of the stipulation and interestingly these were sanctioned by



the competent authority. The works were ongoing and hence, the impact of excess provision could not be worked out as detailed below:

**Table 3.1.8**

*(Rupees in crore)*

Project	Provision in estimate for		Provision admissible for GI/DI fittings	Excess provision
	GI/DI pipes	GI/DI fittings		
Augmentation of water supply to Tawang Town in Tawang division	2.31	1.12 (48)	0.23	0.89
Water supply at Balijan Adm. Circle in Yupia division	3.80	3.00 (79)	0.38	2.62
Water supply to Doimukh Adm.Circle in Yupia division				
Water supply at Kinin Adm. HQr in Yupia division				
Water supply at Jairampur Township in Changland division	1.94	0.74 (38)	0.19	0.55

*Sources: Departmental records.*

The Department stated (September, 2010) that the audit finding was noted and they have already issued instructions to avoid such occurrences in future.

### **3.1.11.2 Delays in finalization of tender.**

Rule (Appendix 23 of CPWD Works Manual) provides that the tender should be finalised by the competent authority within one month from the date of opening of the tender.

In six divisions in respect of seven projects, audit noticed that there were delays in finalisation of tender ranging from four to 19 months. There were further delays in the execution of the projects and they could not be completed by the scheduled date of completion. While two projects were completed after a delay of 42 and 31 months, five projects are still ongoing even after expiry of the scheduled date of completion. This resulted not only in cost overrun but also delay in making available safe and adequate drinking water to the targeted habitations involving 57,953 beneficiaries. The cost overrun in respect of 'Augmentation of water supply to Naharlagun-Nirjuli Township Phase - I' project was ₹ 3.12 crore, which has been regularised in March 2006 by according sanction for revised estimate. Likewise, the possibility of cost overrun in respect of five ongoing projects could not be ruled out.

The Department accepted (September, 2010) the audit finding and assured that suitable corrective measure in the existing tender finalization process would be taken.

### **3.1.11.3 Irregular expenditure**

The work 'Augmentation of water supply scheme at Basar Township' was administratively approved (AA) by the State in March 2006 under RIDF loan linked project at an estimated cost of ₹ 7.58 crore (NABARD: ₹ 6.28 crore and State: ₹ 0.77 crore). The work was to be completed by March, 2007. It was noticed in audit that after one year of AA, civil work of the project was awarded to a local contractor in

March, 2007 at a tender value of ₹ 1.30 crore for completion by March, 2009. The residual works, however, were executed departmentally and the scheme was completed in all respect by March, 2009 after incurring a total expenditure of ₹ 7.05 crore.

Scrutiny revealed that the total expenditure at ₹ 7.05 crore included cost of GI fittings (such as GI socket, elbow, flange, wheel valve, etc.) worth ₹ 19.33 lakh which were procured in March, 2009 after completion of the project. Since the materials were not at all required for the project, these were lying idle in MAS account without any issue till June 2010. Thus, instead of refunding the unspent balance of ₹ 19.33 lakh, the Division resorted to purchase GI fitting which was not only irregular but also led to inflation of the total project cost.

The Department accepted (September, 2010) the audit finding and assured that suitable corrective action would be taken.

#### **3.1.11.4 Avoidable Expenditure**

The Chief Engineer (EZ) PWD fixed the rate of hiring charge of excavator at ₹ 2866.00 per hour and ₹ 8597.00 per day. Scrutiny of records the Divisional Officer, Pasighat revealed that two excavators were hired on hourly rate basis for formation cutting work of approach road relating to the project, “Potable drinking water supply scheme for the villages of Sille, Rani, Sikabamin, etc.”. The excavators were used for 1075 hours during continuous period of 125 days for which ₹ 30.81 lakh was paid as hire charges. Had the excavators been hired on daily rate basis, the division could have saved ₹ 20.06 lakh<sup>3</sup>.

The Department stated that it would examine the matter relating to payment of higher charges of excavator by hourly rate.

#### **3.1.11.5 Payment of wages out of Water Supply Schemes.**

The Department is maintaining 546 work-charged (WC), 4627 labourers and 384 fixed pay employees for execution and maintenance of the existing water supply schemes and incurring an average annual expenditure of ₹ 26.98 crore towards payment of their wages by charging the entire expenditure against various water supply schemes, without keeping any provision in the estimates. Thus, the practice adversely affected the execution of water supply scheme due to diversion of the funds allotted for their execution.

The Department accepted (September, 2010) the audit finding and assured that they will look into the matter.

<sup>3</sup> Total working hours	=	1075 x ₹ 2866	=	₹ 30.81 lakh
Total working days	=	125 x ₹ 8597	=	₹ 10.75 lakh
Difference				₹ 20.06 lakh

### 3.1.12 Total Sanitation Campaign (TSC)

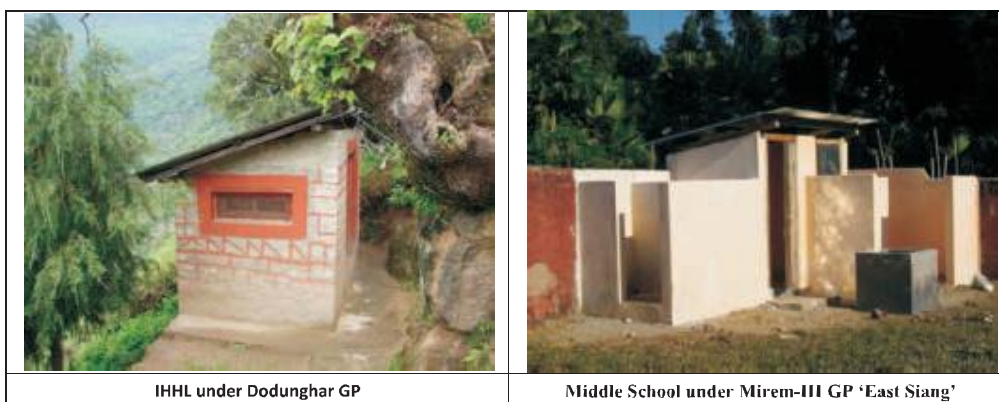
With a view to increase the sanitary facilities in the State, the GOI sanctioned between March 2000 and January 2008 1,40,028 sanitary toilets (BPL: 1,15,560, APL: 18,301, School: 3,944, Anganwadi: 1,866, Sanitary compound: 318 and Rural Sanitary Mart: 39) for the State under TSC at a total cost of ₹ 60.74 crore (Central share: ₹ 41.28 crore, State share: ₹ 14.86 crore and beneficiaries contribution: ₹ 4.60 crore) to be executed by 16 divisions of PHED. As per the TSC guidelines, all the toilets are to be completed by 2012. Of these, toilets in school and anganwadi centres were to be completed by March 2008 and March 2009 respectively.

The GOI released ₹ 25.70 crore directly to the executing divisions while State released ₹ 4.14 crore and beneficiaries' contribution of ₹ 0.83 crore was also realized during the period from March 2000 to March 2010.

Following aspects were noticed in audit in implementation and execution of the programme.

- The Department had not prepared year wise target till 2008-09. The Department prepared, only in March 2009, district wise action plan for the years 2009-10 to 2011-12 so that construction of all toilets is completed by March 2012.
- Department has been able to complete only 47,903 toilets (34 per cent) as of March 2010 in a period of 10 years by spending ₹ 19.97 crore. At this pace it is unlikely that remaining 92,125 toilets (66 per cent) would be completed in the next two years i.e. by March 2012.
- Though 3,944 toilets in schools were to be completed by March 2008, even after delay of two years, the Department could complete only 3549 (90 per cent) toilets as of March 2010. Similarly, as against 1,866 Anganwadi toilets to be completed by March 2009, the achievement up to March 2010 was only 1,375 toilets (74 per cent). This is indicative of lack of proper planning and also ineffective implementation/execution of the works even though funds were available with the Department.

The photographs of sanitation facilities in four test checked schools and individual households are given below.





### 3.1.13 *Water quality*

The Department's preparedness to tackle the issue of quality control of the drinking water supplied was lacking due to absence of the required infrastructure, proper planning, and sub-optimal utilization of manpower.

#### 3.1.13.1 *Inadequate infrastructure for water testing*

The Department had never conducted any survey/test through All India Institute of Hygiene and Public Health or any other agency to assess the quality of water in different districts of the State. However, as per the report furnished to the GOI as of March, 2010, only 263 habitations were affected with iron beyond permissible limit. The Department had 7 water treatment plants (WTP) in urban areas, 180 iron removing plants (IRP) and 1,734 habitations were provided with filtration facilities. There were only 13 laboratories attached with each division in 13 out of 16 districts of the State. In three districts no laboratories existed. The comparatively less developed districts of Dibang Valley, Kurung Kumey and Anjaw have no water testing laboratory.

The Department has prepared (December 2009) a master plan for upgradation of 13 district laboratories and setting up of 30 sub-divisional laboratories in the State. The master plan does not indicate the targeted dates for setting up of the laboratories, requirement of technical manpower for their operation and maintenance and the source of funding.

The Department, however, in March 2010 released ₹ 35.25 lakh to 16 divisions of 16 districts (including 3 districts where no laboratories existed) for water quality monitoring and surveillance. Test check of 7 divisions revealed that none of them utilized these funds till June 2010. The Divisional Officer, Yupia stated (May 2010) that under his division there was no laboratory though an amount of ₹ 2.09 lakh was allotted to the division. Thus, the efforts of the State Government of providing quality drinking water to the State's population lacked proper direction.

The Department stated (September, 2010) that the Anjaw and Kurung Kumey Water testing plants were complete and one at Anini was in progress. The Department also

added that fortunately in the State the water quality does not have serious problem like chemicals. In spite of this they are managing water testing facility.

Test check of Hawaii Division in Anjaw district showed that though the construction of divisional building was complete (March 2009), there was no electricity connection to the building and infrastructure for water testing.

It was also noticed that the office of Hawaii Division is located at Khupa in a temporary building where two laboratory Assistants were posted in November 2007 without any water testing laboratory and, thereby, the services of the two lab assistants could not be utilised optimally.

### ***3.1.13.2 Inadequate testing of water.***

As per the existing norms adopted by the Department, each year four water samples of a source was to be tested but the Divisions having testing facilities were found deficit in performing requisite testing as indicated below:

- In Pasighat division, only 9 samples were collected from total 126 sources and tested during 2008-10 against the required testing of 1,008 samples.
- Aalo division collected 67 samples from 29 sources (out of 219) and tested during 2009-10 against the required testing of 876 samples
- Itanagar division collected 195 samples from different sources among 67 sources and tested during 2007-10 against the required testing of 804 samples
- Yupia Division had 182 sources but no test was conducted by the division as it had no water testing laboratory.

Thus, the number of tests conducted by the divisions was less as compared with norms fixed for the purpose. Further, no remedial action were taken by the Department though the results of some of the tests showed presence of iron, turbidity and bacteria in the water.

The Department stated (September, 2010) that the number of water testing samples was less because it was only for testing done on surface water and did not include ground water and added that now these figures are also being taken into account and are being updated online.

### ***3.1.13.3 Absence of technically qualified Staffs***

No chemist or technician was posted in the district/divisional laboratories to test the samples for identification of the problems. The Department, however, imparted training on water quality to some general graduates for 15 days in North Eastern Regional Institute of Science and Technology (NERIST) and 15 days in Itanagar at divisional/ district laboratory. On completion of these trainings, they were posted to different divisions as Laboratory Assistants during 2007-08. In the absence of adequate/technically sound staff, the work of quality control was getting hampered and compromised.



The Department stated (September, 2010) that tests conducted were fortunately not very complicated and 15 days of training provided by NERIST was considered enough. Besides, the Department had engaged one Water Quality Expert as consultant who visits the water testing plants in the State and guides the technicians.

### **3.1.14 Operation and maintenance.**

#### **3.1.14.1 No schedule for O&M activities**

The Central Public Health Environment and Engineering Organization Manual prescribes that detailed operation and maintenance (O&M) schedules for each component of the water supply system should be established and enforced to preserve the capital investment made and to optimize the related benefits and prevent emergencies. These include regular inspections at supervisory and management levels. However, no such system existed in the Department. The O&M schedules were not prescribed and enforced through inspections by the higher authorities or through a management information system.

The Department stated (September, 2010) that O&M schedule for pump based water plants does exist but agreed that there was no O&M schedule for gravity based plants. The Department assured to take corrective action in this direction.

#### **3.1.14.2 Non-operation of pump house**

The CE's office did not maintain centralized records regarding the breakdowns and the response time in attending the breakdowns. Audit scrutiny revealed that two pumps at Polo Colony and one pump at F-Sector, Naharlagun under Itanagar division were not operational since March 2007 and September 2008 respectively affecting the water supply adversely.

The Department stated (September, 2010) that the two pumps were redundant due to the completion of a new scheme, and also added that the Department would shift them to other projects, if found usable.

### **3.1.15. Store Management**

#### **3.1.15.1 Unplanned purchases**

The Department did not maintain any designated store for the material procured. GI and DI Pipes are procured each year charging the expenditure to the respective works to be executed during that year. At the beginning of each financial year, the CE obtained requirement of GI/DI Pipes from each executing divisions and supply orders were placed on the respective firms with the instructions to supply the material to four transit stores (Kharsingsa, Bhalukpong, Likabali and Mohan Bari). On the basis of supply orders and consignment note 100 per cent advance payments were to be made to the firm by the respective divisional offices and then GI/DI Pipes are lifted from the nearest transit store. The Junior Engineer (JE) was to maintain a Stock Register showing the division-wise receipt and issue of material.

Audit, however, noticed that none of the Divisional Officers of seven test checked divisions lifted the demanded quantities of pipes from these transit stores. As a result, there was huge accumulation of pipes of different sizes valued at ₹ 5.41 crore as on 31 March 2010 at different transit stores. This indicated that either the supply orders by CE were not based on input collected from the divisions indicating unrealistic and unplanned purchases; or there were serious delays in execution of the water supply schemes.

The Department accepted (September, 2010) the audit finding and assured that suitable corrective action would be taken.

#### **3.1.15.2 Physical verification of stores**

The divisions under which the transit stores are functioning were never physically verified by any of the Divisional Officers. The receipt and issue of GI/DI Pipes were also not authenticated by the Sub-Divisional Officer, in-charge of store. The absence of physical verification system rendered the stores vulnerable to misappropriation.

The Department accepted (September, 2010) the audit finding and assured that suitable corrective action would be taken.

#### **3.1.15.3 Maintenance of MAS Account**

Section 46.2 of CPWD Works Manual provides that at least twice a year the Divisional Officer should check the material-at-site account maintained by JE for each work and then record a certificate to that effect that the materials procured for the work were actually utilized/issued to work. But none of the Divisional Officer of seven test-checked divisions had ever checked the material-at-site account maintained by JE. Scrutiny of material-at-site account disclosed the following irregularities:

- In Aalo division, GI fittings valued at ₹ 2.63 lakh were neither issued to work nor transferred to any other works;
- In Hawaii division, GI fittings, MS rods, cement and T&P material valued at ₹ 1.69 lakh were neither issued to work nor transferred to any other works, indicating lack of internal control mechanism in the divisions.

The Department accepted (September, 2010) the audit finding and assured that suitable corrective action would be taken.

#### **3.1.15.4 Non maintenance of Tools and Plants (T&P) ledger.**

None of the Sub-Divisions in the test checked divisions produced T&P ledger to audit though requisitioned. As such position of T&P could not be examined.

The Department accepted (September, 2010) the audit finding and assured that suitable corrective action would be taken.



**3.1.16. Internal controls and vulnerability to fraud and corruption.**

The following major weaknesses were noticed in the internal control system of the Department creating possibilities for malpractices, misappropriation, fraud and embezzlement.

- Execution of work without call of tender.
- Test check of MB's not done.
- Absence of physical verification of store.
- Material-at-site account not checked.
- Non-maintenance of T&P Ledger.

Apart from the above following significant aspects pointing towards inadequate internal control system were also noticed in audit.

**(a) Arrear in posting of General Provident Fund (GPF)**

Test check revealed that posting of Class IV Staffs GPF ledger was completed by Aalo division up to March 2007, Yupia division up to March 2008 and Tawang and Pasighat divisions up to March 2009. In the absence of up to date GPF ledger, the advances/withdrawals, if any, by the subscriber and regular deductions could not be checked. Moreover, there was no indication whether the amount payable to the retired/expired persons were duly paid to the officials/family concerned.

**(b) Internal audit arrangement and vigilance mechanism**

Internal audit is an important internal control in a Department to ascertain and evaluate the level of compliance to the rules and procedures in the Organization. Test check revealed that the Department did not have any internal audit wing of its own and during last five years none of the test checked divisions were audited by the internal audit wing of the State's Director of Audit and Pension.

**(c) Non maintenance of records**

Test check of records of 7 divisions revealed that important records like asset register, liability register, contractor ledger, control register etc. were not maintained. As a result, the divisions were not aware regarding the details of their assets, liabilities, up to the date payments made to the contractors during execution of works and project-wise revenue receipts under the relevant head.

**(d) Lack of response to Audit**

None of the divisions test checked maintained the prescribed control register (Section 54.14 of CPWD work manual) to keep a watch on disposal of Inspection Reports (IR) issued by the Accountant General's Office. As of March 2010, a total of 202 Paragraphs involving ₹ 42.70 crore relating to 41 IR's containing comments relating to amounts recoverable from and undue benefit to contractors, blocking of funds, excess procurement of GI fittings, avoidable/unfruitful expenditure, etc. were lying

unsettled for want of replies. Non response to the audit observations and non-maintenance of prescribed control register may lead to recurrence of irregularities.

The Department accepted (September, 2010) the audit finding and assured that suitable corrective action would be taken.

### ***3.1.17. Human Resource management***

The Department had not carried out any scientific assessment of manpower requirements category and position-wise taking into account the present and future requirement using well defined work norms. As on 31 March 2010, as against the total sanctioned strength of all categories of staff (both technical and ministerial) of 1134, the men on roll were 1069. The Division-wise sanctioned strength and men-in-position could not be furnished by the CE's Office and as such judicious deployment of the staff could not be ascertained in audit. Though, there were overall shortages of manpower, the Department is entertaining 3 AEs and 47 JEs in excess of the sanctioned strength. The shortage was mainly in ministerial staff in Group C and D cadre. In addition, the Department is maintaining 546 work-charged, 384 fixed pay staffs and 4627 casual labours.

#### ***3.1.17.1 Under-qualified staffs***

Test check revealed that in 2 divisions (Itanagar and Pasighat), out of the 40 Pump operators none of them had technical qualification (certificate course from ITI) and 4 divisions (Changlang, Pasighat, Hawaii and Yupia) had no qualified Divisional Accountant. In the absence of Divisional Accountants, Cashier/Head clerk are functioning as Divisional Accountant. None of the accounting staff were trained either departmentally or through any other agency.

The Department stated (September, 2010) that fortunately the pumps used in the State were very simple which can be maintained even by low qualified technicians. Besides, the pumps were being phased out slowly.

### ***3.1.18. Monitoring***

#### ***(i) Absence of centralized monitoring system***

There is no centralized database of the projects under execution, projects executed during the last five years, critical execution milestones for monitoring. As a result, the monitoring at the CCO level was adhoc and unsystematic. The progress reports were no rendered regularly by the divisions to CCO. Except the annual review meeting, no evaluation study was undertaken by the Department.

The Department stated (September, 2010) that some delay was unavoidable due to the difficult and inaccessible geographical conditions in the state and also added that corrective action would be taken.

#### ***(ii) Delay in Submission of MPRs and QPRs and expenditure statement***

The Monthly Progress Report (MPR)/Quarterly Progress Report (QPR) submitted to the CE's office by the executing divisions were delayed which ranged from 15 days to

60 days making the monitoring difficult and led to delays in submission of reports to other authorities. A few instances are given below.

- There was delay in submission of QPRs for RIDF schemes to the State Finance Department ranging from 1 to 3 months. QPRs for the quarter ending December 2008, March 2009 and December 2009 were not sent to the Finance Department.
- QPRs for the projects under 10 percent Lump sum grant for NE States were sent to GOI with a delay ranging from 1 to 3 months. QPRs for the quarter ending March 2006 to December 2006 and December 2008 were not forwarded to the G.O.I.
- QPRs for the project under NLCPR sent to G.O.I were delayed by 1 to 2 months.

In response, the Department accepted (September, 2010) the audit finding and assured that suitable corrective action would be taken.

**(iii) Periodical inspection of divisions not conducted by SE'S**

As per CPWD code, the SE is required to inspect the divisions under his control at least once in a year. It was noticed that out of the 7 divisions test checked only 2 divisions (Changlang and Hawaii) were inspected by SE, Miao in July and September 2007 respectively. The SE, Naharlagun and S.E, Aalo did not conduct any inspection during the last five years. This indicated inadequacy in the internal control and monitoring of the affairs of the Department.

The Department accepted (September, 2010) the audit finding and assured that suitable corrective action would be taken.

**3.1.19 Conclusion**

The Government has not been able to provide adequate and safe drinking water to the majority of the population in the State. The planning lacked purpose and direction. The project management was weak leading to delay in execution of works and projects remained incomplete for long period of time. Quality control of drinking water was poor for want of adequate infrastructure. The supervision and monitoring mechanism requires strengthening. The Internal control system was deficient.

**3.1.20 Recommendations:**

- The Department in consultation with the Finance Department should streamline the existing system to ensure that funds are available in time for smooth implementation of the programmes;
- On the basis of availability of resources, priority should be given by the Department to complete the ongoing projects before taking up new projects;
- Project monitoring at all levels should be streamlined and implementation schedule should be enforced for timely completion of projects;
- Internal control mechanism should be strengthened; and
- Training needs of the technical and support staff should be assessed and properly trained.