

## OVERVIEW

*This Report contains four chapters. The first and the third chapters contain a summary of finances and accounts of Panchayati Raj Institutions (PRIs) and Urban Local Bodies (ULBs) respectively. The second chapter contains two Performance Audits, one Compliance Audit paragraph and an individual paragraph based on the Audit of financial transactions of PRIs. The fourth chapter contains two Performance Audits based on the Audit of financial transactions of ULBs. A synopsis of the findings contained in the Performance Audits and Compliance Audit are presented in this overview.*

### 1 An overview on Finances and Accounts of Panchayati Raj Institutions

*A review of finances of PRIs revealed that the spirit of the Constitutional Amendment for the PRIs to function as LSGIs was not fulfilled substantially as the State Government had not yet devolved 10 functions out of 29 functions to the PRIs as envisaged in the 11<sup>th</sup> Schedule of the Constitution. The District Planning Committees (DPCs) were constituted in 23 Districts only. Out of the 23 Districts in which DPCs were constituted, meetings of DPC were held in only six Districts. Prescribed periodicity for constitution of State Finance Commission (SFC) was not maintained and though the 3<sup>rd</sup> SFC was constituted in February 2011, the committee has not submitted its report till date (March 2014). An amount of ₹ 1.92 crore of Twelfth Finance Commission (TwFC) and ₹ 158.38 crore of Thirteenth Finance Commission (ThFC) is lying unspent. Formats of Model Accounting System (MAS) prescribed by CAG were not adopted. Long pendency of audit paragraphs and non-settlement of audit observations indicated weak internal control system in PRIs.*

*(Paragraph 1.1 to 1.13)*

### 2 Implementation of Indira Awaas Yojana

*The Performance Audit on implementation of Indira Awaas Yojana (IAY) revealed that :*

- Central assistance of ₹ 117.20 crore could not be availed due to excess carryover of funds on account of non-utilisation of available funds and delay in transfer of surplus funds, non-submission and delay in submission of proposals for second instalment.*
- Though IAY State Supplementary scheme was discontinued (April 2010), unspent funds of ₹ 89.64 crore was not refunded by the District authorities.*
- An amount of ₹ 0.24 crore was diverted for contingent expenses in violation of scheme guideline.*
- Irregular deductions of ₹ 10.76 lakh were made from the assistance paid to beneficiaries for non-installation of smokeless chulhas and non-construction of sanitary latrines in contravention to GoI instructions.*

- *In contravention to GoI instruction, assistance was given by individual cheques instead of transferring it directly to beneficiaries' bank or post office account in eight test checked Talukas.*
- *The achievement against physical target did not represent a true picture, as figures of achievement against target fixed for each year was not maintained and the achievement reported included incomplete houses of earlier years. Though the construction of the houses were to be completed within a maximum time of two years, in test checked Talukas as on March 2013, 16,722 houses out of 35,063 houses sanctioned during 2008-11 remained incomplete.*
- *Deficiencies in identification and selection of beneficiaries were noticed as two separate permanent IAY waitlists were not maintained and beneficiaries were not selected in accordance with the prescribed priority resulting in sanction of assistance to ineligible beneficiaries and subsequent cancellation of selected beneficiaries.*
- *CRD had not identified cost effective, disaster resistant and environment friendly technologies for construction of houses. Trainings were not imparted to District and Taluka level officials or masons and others who were involved in construction of the houses.*
- *Adequate efforts were not made to identify appropriate programmes for providing all basic amenities to IAY beneficiaries by convergence with other schemes. IAY beneficiaries were not provided additional funds from Total Sanitation Campaign scheme for construction of toilets in test checked Districts inspite of GoI instruction.*
- *Instances of incorrect reporting and submission of incorrect completion certificates were noticed due to lack of technical supervision.*
- *Improper/non-maintenance of inventory of houses constructed under the scheme were noticed in some test checked Talukas and Gram Panchayats. Monitoring and grievance redressal mechanism was not effective.*

*(Paragraph 2.1.1 to 2.1.14)*

### **3 Total Sanitation Campaign**

*The Performance Audit on Total Sanitation Campaign (TSC) revealed that :*

- *Though the guidelines provided for preparation of Project Implementation Plan (PIP) after conducting a Baseline Survey to assess the component-wise actual requirement of toilets, the PIP for Districts were prepared without conducting a Baseline Survey.*
- *The expenditure against the available funds ranged between 43 and 60 per cent during 2008-13.*
- *Award money of ₹ 6.80 crore received from GoI under Nirmal Gram Puraskar scheme were not distributed to award winning GPs to be utilised for improving and maintaining sanitation facilities.*

- *Information, Education and Communication (IEC) activities to spread awareness among public was not carried out properly as the targets set in the Annual Action Plan were not achieved.*
- *Rural Sanitary Marts opened were not operational in any of the Districts test checked and the loans provided to Non-government organisations (NGOs) for their establishment and operation was not fully recovered.*
- *The achievements of target for Individual Household Latrines (IHHL) had been inflated as the progress reports were generated on the basis of funds released to GPs instead of actual construction of toilets. As per latest Base-line survey (October 2013), the sanitation coverage in the State was only 46 per cent which was much lower when compared to the progress of individual toilets as reported by the Department.*
- *Toilets constructed at the cost of ₹ 2.80 crore could not be put to use due to inferior quality of toilet structure or non-construction of Soak pit.*
- *As against the target of 40,439 school toilets to be completed by March 2012, only 36,438 were completed. The achievement against targets in Jamnagar and Porbandar Districts were only 54 per cent and 65 per cent respectively.*
- *More than 5,000 Anganwadi centres were without toilet facilities.*
- *Though the guidelines provided for construction of Community Sanitary Complexes at public places, markets, etc., DRDA, Dang provided financial assistance to trusts/societies for construction of toilets in their training centres.*
- *Though manual scavenging is prohibited under Employment of Manual Scavengers and construction of Dry Latrines (Prohibition) Act, 1993, cases of manual scavenging were reported in the State as per census report 2011.*
- *Monitoring of the scheme was weak as State Sanitation Mission, the apex committee for monitoring did not meet as envisaged and Taluka Sanitation Committees also did not meet in any of the Districts test checked.*
- *Evaluation of the scheme and Social Audit were not carried out.*

*(Paragraph 2.2.1 to 2.2.18)*

#### **4 Infrastructure and Human Resources Management in Elementary Schools run by Panchayati Raj Institutions**

*The Compliance Audit on Infrastructure and Human Resources Management in Elementary Schools run by Panchayati Raj Institutions revealed that the GoI and State Government's share of ₹ 2,112.68 crore under SSA was curtailed due to under-utilisation of funds on various activities such as training of teachers and construction of school buildings, toilets, boundary walls, etc. A number of elementary schools were running without buildings and basic amenities guaranteed under RTE Act though sufficient funds were available. The information of availability of separate toilets for boys and girls, drinking water facility in elementary schools was incorrectly reported. Many schools*

are functioning without requisite number of teachers and 57 schools were functioning without any teacher. Shortage of teachers and head teachers was noticed in upper primary schools (UPSs). Increasing preference for private schools vis-a-vis government schools and increase in drop-outs could be attributed to inadequate infrastructural facilities, lack of basic amenities and lack of teachers. These are important areas needing urgent attention of the State Government.

(Paragraph 2.3.1 to 2.3.8)

## **5 Excess expenditure and loss to Government of ₹ 70.35 lakh on procurement of cement**

The procurement of cement made by the Taluka Development Officer, Ahwa at higher rate in comparison to the rate of Gujarat State Civil Supplies Corporation Limited led to excess expenditure and loss to the Government of ₹ 70.35 lakh.

(Paragraph 2.4)

## **6 An Overview of Finances and Accounts of Urban Local Bodies**

A review of finances of ULBs revealed that increase in total expenditure (57 per cent) during 2010-13 did not keep pace with increase in total available funds (65 per cent). As of March 2013, unspent grant of ₹ 251.85 crore of ThFC was lying with the NPs and Municipal Corporations (MCs). Though ThFC grants of ₹ 35.74 crore was released to 17 NPs during 2010-11 to 2012-13, no expenditure had been incurred by these NPs till date. State's municipal accounts manual has also not been finalised. The Audit of Examiner Local Fund Audit (ELFA) was found to be in arrears. The Department failed to ensure prompt and timely action by executives of ULBs to the audit objections raised by ELFA and CAG.

(Paragraph 3.1. to 3.8)

## **7 Management of Municipal Solid Waste in Nagarpalikas**

The Performance Audit on Management of Municipal Solid Waste (MSW) in Nagarpalikas (NPs) revealed that :

- Proper assessment of quantum of solid waste generated in the NPs had not been carried out. Instances of mixing of bio-medical, horticultural and construction waste with MSW were noticed. Organised segregation of various types of waste at the point of generation and Vermicompost plants were not carried out in test checked NPs. Instances of overflowing of storage containers were found which led to accumulation of waste and creation of unhygienic conditions. Transportation of MSW in open instead of covered vehicles were noticed in test checked NPs.

- *Vermicompost Plants (VCPs) were either not being utilised at all or were not being utilised optimally, and seven Sanitary Landfill Facilities (SLFs) though completed by January 2013 had not been put to use till date (August 2013). Six other SLFs constructed (November 2006) at a cost of ₹ 2.29 crore under Gujarat Earthquake Rehabilitation and Reconstruction Programme were not operationalised due to defective designs prepared by the consultants.*
- *Out of 159 NPs in the State, 66 NPs were not having VCPs and 123 NPs had no SLFs. The absence of VCPs and SLFs led to open dumping of waste by NPs in violation of MSW Rules.*
- *Twelfth Finance Commission (TwFC) funds were utilised for inadmissible works and ₹ 61.35 crore were utilised after the award period without approval of GoI, and incorrect utilisation certificate was submitted to the GoI. Due to non-procurement of Litter Bins, ₹ 2.41 crore were refunded. Operation and Maintenance contract of VCPs were awarded by Gujarat Urban Development Company Limited (GUDC) without invitation of tenders.*
- *NPs were operating VCPs without authorisation from Gujarat Pollution Control Board (GPCB). Risks to environment and human health were not addressed due to lack of monitoring by GPCB. Carbon credit benefits of ₹ 7.42 crore could not be availed by GUDC.*

*(Paragraph 4.1.1 to 4.1.12)*

## **8 Implementation of Water Supply Projects under Urban Infrastructure Development Scheme for Small and Medium Towns**

*The Performance Audit on Implementation of Water Supply Projects under Urban Infrastructure Development Scheme for Small and Medium Towns (UIDSSMT) revealed that :*

- *In 97 cases, Gujarat Urban Development Mission (GUDM) retained funds aggregating to ₹ 185.97 crore for periods ranging from one to 40 months and consequently earned interest thereon of ₹ 5.78 crore.*
- *GUDM failed to claim additional assistance of five per cent of Central grant (maximum of ₹ 21.74 crore) for capacity building. GUDM failed to create a revolving fund which could have helped the NPs to leverage market funds for financing further investment in infrastructure projects.*
- *Non-inclusion of essential components in the Detailed Project Reports (DPRs) resulted in loss of central assistance of ₹ 3.27 crore in three test checked projects.*

- *Delay in finalisation of tender resulted in non-completion/delay in completion of projects and consequent cost overrun of ₹ 25.63 crore in 15 test checked projects. Injudicious rejection of tenders in four projects resulted in avoidable expenditure of ₹ 5.59 crore. Instances of projects remaining incomplete or delayed completion of projects were noticed due to non-obtaining of permission/clearance from other Government agencies, non-identification of land/space, non-identification of water source, non-availability of funds, etc.*
- *In most of the test checked NPs, coverage and quantum of water supply as envisaged were not achieved. The efficiency of collection of water charges ranged from 18 to 85 per cent in the test checked NPs.*
- *Jetpur and Keshod NPs procured excess material aggregating to ₹ 2.77 crore. Valsad NP resorted to open purchase of pipes and in excess of the required quantity resulting in extra expenditure of ₹ 0.36 crore.*
- *The State Level Sanctioning Committee met only on six occasions against the minimum requirement of 21 meetings.*
- *Project Implementation Units were not formed in any of the test checked NPs.*

**(Paragraph 4.2.1 to 4.2.15)**