

CHAPTER II
COMPLIANCE AUDIT
(PANCHAYAT RAJ INSTITUTIONS)

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COMPLIANCE AUDIT

Compliance Audit of Rural Roads Maintenance Scheme and Assistant Director of Rural Development (Panchayats), Tiruchirappalli brought out instances of lapses in management of resources and failure in the observance of the norms of regularity, propriety and economy. These are presented in the succeeding paragraphs.

RURAL DEVELOPMENT AND PANCHAYAT RAJ DEPARTMENT

2.1 Rural Roads Maintenance Scheme

2.1.1 Introduction

Rural connectivity is one of the key factors for rapid development of rural areas. Proper maintenance of black topped roads is very important to prevent costly and premature upgradation of the roads. For this purpose, Government of Tamil Nadu ordered (July 2013) the implementation of Rural Roads Maintenance Scheme in the entire State (except Chennai district) at a cost of ₹ 700 crore and issued (July 2013 and December 2014) guidelines for the implementation. With funds received from Director of Rural Development and Panchayat Raj through District Rural Development Agencies (DRDAs), Block Development Officers (BDOs) of Panchayat Unions executed the works. The scheme was implemented during 2013-14 and 2014-15. Scrutiny of records of DRDAs of four districts viz. Dindigul, Salem, Thanjavur and Villupuram, revealed the following deficiencies in implementation of the scheme in those districts:

2.1.2 Selection of ineligible roads

(i) As per the guidelines, roads, which were improved by Panchayat Unions or Village Panchayats under any Rural Development scheme within the last five years or nearing the timeline should not be taken up for maintenance under this scheme. However, DRDAs of the two districts selected 22 roads (Salem: 17 and Villupuram: 5) which, according to online Road Registers maintained by the DRDAs, were laid/improved during 2009-10 to 2013-14 and had not completed five years. The BDOs concerned executed maintenance work on those roads at a cost of ₹ 4.20 crore (**Appendix 2.1**).

DRDA, Salem attributed (June 2017) the selection to the provision in Paragraph 3 (VI) of the guidelines issued in July 2013. DRDA, Villupuram, replied (June 2017) that the five roads were taken up for maintenance before the due period of five years as the same were affected by Thane cyclone in 2012. The replies of DRDAs were not acceptable as the above provision permitted taking up of a road under the scheme within five years, if it is heavily damaged due to act of natural forces warranting immediate renewal/maintenance, subject to verification and certification by the District Collector after inspection; however, there was no such verification and certification by the Collector in the instant cases.

(ii) As per the guidelines, the length of the roads taken up for maintenance should not be less than one kilometre (km). However, DRDAs of the four districts selected 34 roads (Dindigul: 2, Salem: 1, Thanjavur: 8 and Villupuram: 23), whose length ranged from 0.43 to 0.98 km in violation of the above guidelines. The BDOs concerned executed maintenance work on those roads at a cost of ₹ 2.62 crore (**Appendix 2.2**).

DRDAs, Thanjavur and Villupuram, replied (August and June 2017) that roads less than one km were taken up as permitted under Paragraph 3 (III) of the guidelines. DRDA, Dindigul replied (July 2017) that the roads were used for transporting agricultural products and hence, were taken up. DRDA, Salem stated (June 2017) that due to necessity of public, the roads were taken up. The replies are not acceptable as the guidelines specifically mentioned that roads taken up should not be less than one km and the Paragraph cited by DRDAs, Thanjavur and Villupuram was about prioritisation of roads and did not give exemption from the one km norm.

2.1.3 Avoidable expenditure due to non-adoption of prescribed surface type

In Salem district, DRDA sanctioned (September 2013) maintenance work for two roads in Omalur Panchayat Union viz. Muthunaickenpatty to Thoppur Road via Kalarpatti Km. 0/0 - 4/0 and Vellalapatty to Nallukalpallam Road via Gobinathapuram Km. 0/0 - 3/2 for ₹ 44 lakh and ₹ 35.20 lakh respectively. The Chief Engineer (Rural Development) accorded (September 2013) technical sanction for the above works with Open Graded Pre-mix Surface (OGPS).

As per Rural Roads Manual (Special Publication 20) of Indian Roads Congress (IRC), Close Graded Pre-mix Surfacing (CGPS) material of 20 millimetre (mm) thickness composed of graded aggregates pre-mixed with bituminous binder was to be provided on a previously prepared base/surface to serve as a wearing course. According to Highways Research Station under Highways Department of Government of Tamil Nadu, CGPS was advantageous over OGPS in view of (i) better performance as graded aggregates were used and non-porous, (ii) construction being done in

one stage against two stages i.e. laying of pre-mix carpet and laying of seal coat in OGPS, (iii) use of lesser quantity of bitumen and aggregates and (iv) lesser duration of construction. However, the BDO executed the two works in June and October 2014 with OGPS of 20 mm compacted thickness at a cost of ₹ 43.98 lakh and ₹ 35.16 lakh respectively. The use of OGPS type instead of the prescribed CGPS type, which was technically superior and economically advantageous, resulted in avoidable expenditure of ₹ 8.44 lakh in the two works.

The BDO replied (May 2017) that CGPS type was adopted in highway roads in view of heavy volume of traffic and by this, surface voids would be closed and roads would become smoother; whereas in rural roads with low traffic density, the top surface would not become smooth through the CGPS type and hence, OGPS was adopted. The reply is not acceptable as CGPS is prescribed by IRC for rural roads and also stated by Highways Research Station as non-porous and technically superior.

The matter was referred to Government in November 2017; reply has not been received (December 2017).

2.2 Excess expenditure

FOURTEEN PANCHAYAT UNIONS IN TIRUCHIRAPPALLI DISTRICT

2.2.1 Excess expenditure due to non-adherence to tender procedure

Failure of District Collector, Tiruchirappalli, to follow the procedures prescribed in the Tamil Nadu Transparency in Tenders Act, 1998, resulted in excess expenditure of ₹ 1.58 crore.

The Tamil Nadu Transparency in Tenders Rules, 2000 (Rule 9), require tender inviting authority to publish notice inviting tenders in State Tender Bulletin when the value of procurement exceeds ₹ 25 lakh. Further, as per Section 10(1) of the Tamil Nadu Transparency in Tenders Act, 1998 (Act), the tender accepting authority shall cause an objective evaluation of the tenders taking into consideration the prevailing market rates. Also, Government of Tamil Nadu ordered (December 2007) all procuring entities¹ under the Act to provide for submission of all tenders exceeding ₹ 10 lakh electronically and upload the tender document to the designated website, which would be accessible to all with effect from January 2008.

¹ Schedule to the Act listed Procuring Entities, which included Government Departments and Local Bodies in the State.

For prevention of dengue and provision of potable drinking water, Director of Rural Development and Panchayat Raj instructed (July and December 2015) all District Collectors, who are also Inspectors of Village Panchayats, to undertake measures including cleaning of overhead tanks and supply water after proper chlorination. Scrutiny of records (August 2017) relating to procurement of chlorine tablets in the office of the Assistant Director of Rural Development (Panchayats), Tiruchirappalli, revealed the following:

For 3,576 overhead tanks with total capacity of 10.24 crore litres of water in all 14 Panchayat Unions in Tiruchirappalli district, the District Collector approved (December 2015 - March 2017) the procurement of 40,730 kilograms (kg) of chlorine tablets for a total value of ₹ 5.81 crore as detailed in **Appendix 2.3**. The Block Development Officers purchased (January 2016 - April 2017) the above quantity and paid the amount from the General Fund of the Panchayat Unions. The value varied between ₹ 59.02 lakh and ₹ 88.74 lakh.

Non-adherence to procedures prescribed

On every occasion, the Collector approved the supplier and issued orders to Block Development Officer of each of the 14 Panchayat Unions to purchase the quantity specified in the orders and pay the supplier from the Panchayat Unions' General Fund. Audit observed that despite the value of purchase on every occasion exceeding ₹ 25 lakh, the Collector did not follow the procedures prescribed for selection of supplier, viz. publishing notice inviting tenders in the State Tender Bulletin and providing for submission of tenders by electronic mode; instead, the selection was based either on (a) quotations received from few bidders, with no recorded details as to how the bidders came to know of the intended purchase and details of rates quoted by other bidders or (b) selection on earlier occasions.

Non-comparison with market rates

Though the Act required the tender accepting authority to cause an objective evaluation of the tenders taking into consideration the prevailing market rates, the Collector did not arrange for such evaluation of the quotations received. Audit observed that Greater Chennai Corporation purchased (December 2015) chlorine tablets on emergency basis at the rate of ₹ 990 per kg *plus 5 per cent* VAT (which, the Corporation stated to Audit as more than the usual workable rate) for emergency use in Chennai city affected by floods. Considering the above rate as the prevailing market rate during December 2015, the rate (₹ 1,400 per kg) approved by the Collector exceeded the market rate by ₹ 360 per kg (35 *per cent*) resulting in excess expenditure of ₹ 1.58 crore². The Assistant Director of Rural Development did not reply to Audit queries (July 2017) on the deviations from the procedures prescribed.

² ₹ 5.81 crore paid by Block Development Officers for 40,730 kg tablets *less* ₹ 4.23 crore being the cost of such quantity at the rate of ₹ 1,040.

Thus, the failure of the District Collector to follow the procedures prescribed in the Tamil Nadu Transparency in Tenders Act, 1998, and instruction issued by the Government resulted in excess expenditure of ₹ 1.58 crore.

The matter was referred to Government in September 2017; reply has not been received (December 2017).