

# **CHAPTER – II**

## **SOCIAL SECTOR**



## CHAPTER-II: SOCIAL SECTOR

### 2.1 Introduction

This Chapter of the Audit Report for the year ended 31 March 2019 deals with audit findings on State Government Departments under the Social Sector.

During 2018-19, total budget allocation of the State Government in Departments under Social Sector was ₹ 7559.48 crore, against which the actual expenditure was ₹ 5850.70 crore. Department-wise details of budget allocation, expenditure and percentage of expenditure to total budgetary allocation is given below.

**Table 2.1.1: Budget allocation and expenditure under Social Sector**

(₹ in crore)

Sl. No.	Department	Total Budget Allocation (BA)	Expenditure				Percentage of Expenditure to Total BA
			Salary	Maintenance	Other	Total	
1	Education	02255.39	896.62	29.70	942.60	1868.92	82.86
2	Public Health Engineering	1204.82	92.16	475.88	580.97	1149.01	95.37
3	Health & Family Welfare	1776.74	499.85	6.46	611.31	1117.62	62.90
4	Urban Development	772.93	22.04	130.98	438.05	591.07	76.47
5	Social Welfare	558.88	137.19	0.43	334.74	472.36	84.52
6	Panchayati Raj	191.66	11.02	2.70	172.73	186.45	97.28
7	Relief & Rehabilitation	239.13	7.30	0.00	172.16	179.46	75.05
8	Food & Civil Supplies	249.03	35.96	0.47	36.53	72.96	29.30
9	Housing	78.99	16.44	18.50	33.83	68.77	87.06
10	Sports & Youth Affairs	105.82	2.98	0.10	61.42	64.50	60.95
11	Social & Cultural Affairs	81.08	7.12	0.00	34.36	41.48	51.16
12	Tawang and West Kameng	19.47	0.64	0.00	15.64	16.28	83.62
13	Library	14.60	8.05	0.12	4.12	12.29	84.18
14	Labour	9.19	5.84	0.25	1.98	8.07	87.81
15	Political	1.75	0.00	0.00	1.46	1.46	83.43
<b>Total</b>		<b>7559.48</b>	<b>1743.21</b>	<b>665.59</b>	<b>3441.90</b>	<b>5850.70</b>	<b>77.40</b>

(Source: Appropriation Accounts 2018-19)

From the above it can be seen that:

- In the Social Sector, the expenditure incurred by the Departments ranged between 29 to 97 per cent of the allocation made and 30 per cent of expenditure was on Salaries.
- The Capital expenditure in the sector was ₹ 1227.31 crore, which is 21 per cent of the total expenditure.

#### 2.1.1 Planning and Conduct of Audit

Audit process starts with the assessment of risks faced by various departments of the Government based on expenditure incurred, criticality/complexity of activities, level of delegated financial powers and assessment of overall internal controls.

Audit of 32 units of seven departments under the Social Sector involving ₹ 3,016.19 crore (including expenditure of earlier years) was conducted during 2018-19.

After completion of audit of each unit, Inspection Reports (IRs) containing audit findings are issued to the Heads of Departments, who are requested to furnish replies within six weeks of receipt of IRs. Whenever replies were received, audit findings were either settled or further action for compliance was advised. Important audit observations arising out of Inspection Reports are processed for inclusion in the Audit Report, which is submitted to the Governor of the State under Article 151 of the Constitution of India for laying before the State Legislature.

Major observations noticed in Audit, pertaining to the Social Sector during 2018-19 are discussed in subsequent paragraphs of this Chapter.

## **Compliance Audit Paragraphs**

### **Sports and Youth Affairs Department**

#### **Development of Sports Infrastructure in Arunachal Pradesh**

#### **2.2 Introduction**

The National Sports Policy 2001 was formulated with the objective of raising the standard of sports in the country. The preamble of the policy states that activities relating to sports and physical education are essential components of human resource development, helping to promote good health, comradeship and a spirit of friendly competition, which, in turn, has positive impact on the overall development of personality of the youth. Excellence in sports enhances the sense of achievement, national pride and patriotism. The National Sports Policy 2001 also envisaged upgradation and development of sports infrastructure as it is basic to the development and broad-basing of sports. The State Government has to play a major role in the development of sports with Government of India (GOI) supporting its effort.

#### **2.2.1 Scope of Audit and Coverage**

The Compliance Audit covered the activities of the Directorate of Sports and implementing agencies in connection with the creation, maintenance and proper use of sports infrastructure in the State for the period 2014-15 to 2018-19. During the period, there were 80 projects on which total expenditure was of ₹ 217.79 crore incurred covering 18 districts<sup>1</sup> out of 25 districts in the State. Out of these, 51 projects were funded by Government of India under various schemes. Out of the 18 districts, we selected five<sup>2</sup> districts using Probability Proportional to Size Without Replacement (PPSWOR) method with size measure being the expenditure incurred on sports infrastructure in the districts.

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<sup>1</sup> Papumpare, Changlang, Siang, East Siang, West Siang, Upper Siang, Lower Subansiri, Upper Subansiri, Kurung Kumey, East Kameng, West Kameng, Kra Daadi, Lower Dibang, Longding, Namsai, Lohit, Tirap & Tawang

<sup>2</sup> East Siang, Lohit, Lower Subansiri, Papumpare and Tawang.

In the five districts so selected, 39 projects were implemented, at a total sanctioned cost of ₹ 243.13 crore. Out of the projects implemented in selected sampled districts, 21 projects (26 per cent of total projects in the State) were selected through Stratified Random Sampling (SRS) method.

Further, of the two sports academies in the State, audit sample covered one Sports Academy viz., Sangay Lhaden Sports Academy at Chimpu, Papumpare district.

### 2.2.2 Audit Methodology

The Compliance Audit commenced with an 'Entry Conference' held on 16 September 2019 with the Secretary, Sports & Youth Affairs Department, and the officials of the Sports Department wherein audit objectives, audit scope, audit methodology and audit criteria were discussed.

The audit evidence was collected through questionnaires and audit memos/queries issued to the Directorate of Sports; and examination of records, analysis of the data collected, discussion with the concerned authorities at various levels and joint site-inspection of some sports infrastructure facilities. The draft compliance audit report was issued to the Department on 29 May 2020. Audit findings were discussed with the Secretary (Sports & Youth Affairs) and representatives of the Directorate of Sports at an 'exit conference' held on 8 June 2020 and their views/replies have been suitably incorporated in this compliance audit report.

### 2.2.3 Audit Objectives

The Compliance Audit was conducted to examine whether:

- the sports infrastructure created was based on identified needs and properly planned for;
- the funds provided were adequate, released in time and utilized efficiently and economically for the envisaged purpose;
- the existing sports facilities were maintained properly and utilised optimally.

### 2.2.4 Audit Criteria

The audit findings were benchmarked against the following criteria:

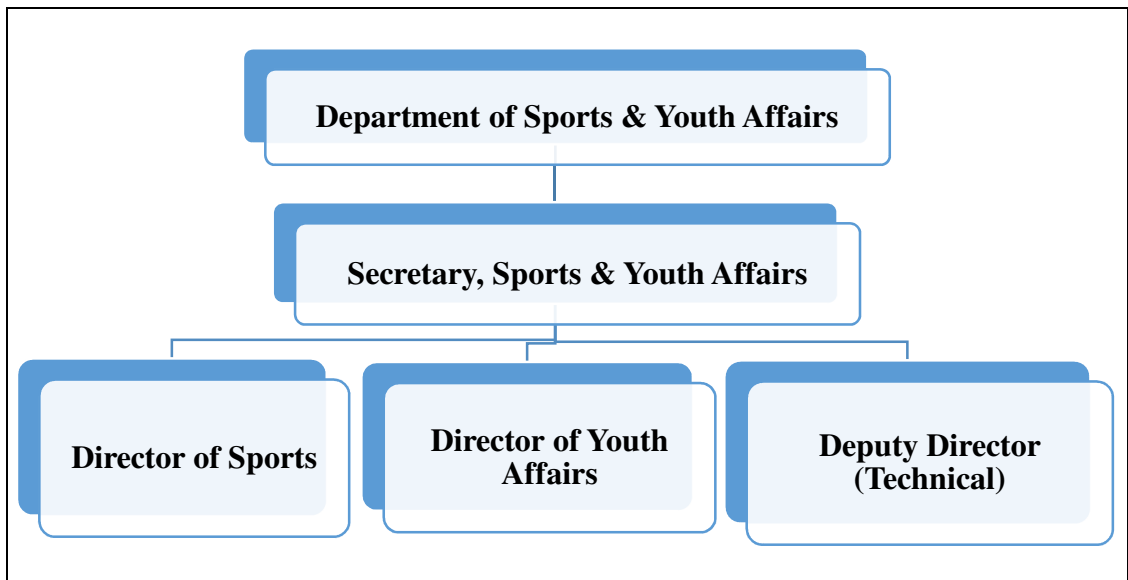
- National Sports Policy 2001;
- State Sports Policy 2017;
- General Financial Rules and Receipt and Payment Rules;
- Central Public Works Department (CPWD) Manual;
- State Schedule of Rates (SOR) and Analysis of Rates;
- Technical Specifications issued by Ministry of Youth Affairs & Sports, GOI under Urban Sports Infrastructure Scheme (now renamed Khelo India);
- Instructions/Orders/Notifications/Office Memorandums issued by GoI and GoAP; and
- Guidelines of schemes/projects.

## 2.2.5 Organisational Structure

The Sport Authority of Arunachal Pradesh is the Apex body headed by the Chief Minister of the State, and is responsible for promotion of sports and youth activities in the state. The Authority assists the government in policy formulation and release of funds to implementing agencies for creation of sport infrastructure, coaching & training and procurement of sports items as per demand and requirement of the state in consultation with the Directorate of Sports & Youth Affairs.

At the Government level, the Secretary to Government of Arunachal Pradesh (GoAP) is the administrative head of the Sports and Youth Affairs Department. The Director of Sports assists the administrative head for overall implementation and supervision of sports infrastructure schemes. The Directorate of Sports (DS) through its Engineering wing headed by Deputy Director (Technical) along with other implementing agencies<sup>3</sup> is mainly responsible for implementation of sports infrastructure schemes in the State. The organisational structure is shown below:

Chart – 2.1



## 2.2.6 Audit Findings

### 2.2.6.1 Policy and Planning

As per National Sports Policy, 2001, the Central Government, in conjunction with the State Government, the Olympic Association and National Sports Federation would concertedly pursue the twin objectives of 'Broad-basing' of Sports and 'Achieving Excellence in Sports at National and International levels'. The Broad-basing of Sports was primarily the responsibility of the State Governments. The Union Government was to actively supplement the efforts in this direction and tapping the latent talent,

<sup>3</sup> Public Works Department, Urban Development & Housing, Water Resources Department & Rural Works Department.

including in the rural and tribal area. The policy also envisaged that in addition to the Government, sustained involvement of other agencies<sup>4</sup> should be enlisted in creation, utilization and proper maintenance of sports infrastructure.

Though the Department of Sports and Youth Affairs was established in 1995 with the aim of promoting games and sports, including physical education and youth affairs related activities, the State Sports Policy was formulated only in September 2017. This Policy envisaged creation of 1 (one) Football Ground, 1 (one) Athletic Field and 1 (one) Indoor hall in each of the 99 blocks of the State. The basic pre-requisite need of infrastructure like Indoor Hall, Gymnasium, Outdoor stadium, Sports Hostel, Playground, swimming pool, sports school *etc.*, from the state level down to Panchayat level and necessary technical back up for development of sports and youth activities will be fulfilled in all the districts, sub-divisions and Block Headquarters of the State by the year 2030.

Audit, observed that the Department did not fix any phase-wise targets or yearly milestones to achieve the above objective. The Department neither maintained any centralized data on creation of such projects nor an Asset Register of the Infrastructure created in 99 blocks of the State which is also highlighted in para 2.2.8.4 of this compliance audit report.

#### **2.2.6.2 Non-prioritisation of Projects and shortage of Sports Coaches**

The medals tally of sportswoman/men who participated in various international and national events during the last 5 years is a pointer towards the potential for excellence in specific sports in the State.

It is observed that out of 35 medals won by State participants at various International tournaments during the last 5 years, 89 *per cent* of the medals (31) were won by the participants in Karate, Wushu and Weightlifting while 74 *per cent* of the medals in the national events during the same period were won in Karate, Taekwondo, Wushu and Weightlifting. In terms of participation in national games, the representation of sportsperson in these sports disciplines was more than other disciplines. However, it is noticed that the decision to create sports infrastructure projects did not reflect the need to create infrastructure in these fields. The Department took up infrastructure projects without assessing the potential for excellence in various sports disciplines, assessment of requirements and availability of coaches etc. Further, the Directorate of Sports created sports infrastructure based on proposals of public/elected representatives subject to availability of funds, without involvement of any other sports agencies (such as Sports Clubs, Sports Federations, local bodies etc.) for creation, utilization and maintenance in contravention of the National Sports Policy.

District wise position of sports infrastructure projects taken up during 2014-19 are as detailed in **Appendix-2.1**. Audit observed that the location of these projects was skewed wherein some districts like Papumpare had 20 *per cent* of the projects while in 7

<sup>4</sup> Panchayati Raj Institutions, Local Bodies, Educational Institutions, Sports Federations/Associations, Clubs and Industrial Undertakings.

districts (4<sup>5</sup> new districts and 3 old districts) of the State, no sports infrastructure projects were taken up during the last five years nor were sports coaches engaged. In districts where the infrastructure was created, majority of it were lying incomplete, unutilized or are in dilapidated condition.

The State Sports Policy, which was formulated in September 2017, envisaged that with the unfolding of the international standard of sports through the television and other media, the realization that right technical knowledge is required for a sports person from the beginning of his career has become an imperative. Such requirement demands availability of competent coaches in all discipline of sports. Endeavour will therefore, be made with the aid of a joint venture of the State Government, Sports Authority of Arunachal Pradesh and State Olympic Association to appoint coaches and make them available to the sports clubs and sports associations for arranging coaching camps.

The Department submitted a proposal for creation of 208 posts of coaches in 2016-17 but the proposal is yet to be sanctioned (November 2020) due to ban on creation of new posts in the State. As per information furnished by the Directorate of Sports, 26 coaches and physical training instructors have been appointed. These included 19 regular and seven contractual coaches, against a sanctioned strength of 20 regular and 7 contractual coaches. Moreover, there are 12 SAI (Sports Authority of India) coaches in the State who are deployed at Itanagar (8) and Naharlagun (4). It is observed that the number of coaches and instructors are not commensurate with the physical infrastructure projects completed/ongoing in the State, which is one of the prime reasons for many facilities lying neglected, as brought out in para 2.2.9 of this compliance audit.

The government/department may expedite clearance of the proposal for creation of additional posts of coaches so that the intended purpose of utilisation of the Sports infrastructure is fulfilled.

In its reply (June 2020) the Department stated that it is constructing dedicated halls for Karate, Wushu, Weightlifting at Sangay Ladhen Sports Academy, Chimpu (Itanagar). The Department also stated that it has already submitted proposal for appointment of coaches to the State Government which was under consideration. The reply does not address the issues of non-involvement of sports bodies in creation of sports infrastructure.

## **2.2.7 Financial Management**

### **2.2.7.1 Budget provision and actual expenditure**

Position of budget provision and actual expenditure under Revenue and Capital section for the period 2014-19 is as given in the table below:

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<sup>5</sup> Shi-Yomi, Lepa-Rada and Pakke-Kessang districts created during 2018 and Kamle district created during 2017.



**Table 2.2.1: Budget Provision and Actual Expenditure of the Department during 2014-19****(₹ in crore)**

Year	Budget Provision					Actual Expenditure					Savings (-)/Excess (+) (Percentage) w.r.t Budget Provision	
	Revenue			Capital	Total	Revenue			Capital	Total	Revenue	Capital
	Salary	Maintenance	Others			Salary	Maintenance	Others				
2014-15	5.48	54.00	25.73	48.57	133.78	5.44	0.00	21.19	50.10	76.73	(-)58.59 (68.75)	(+)1.53 (3.15)
2015-16	6.44	0.02	16.68	81.49	104.63	6.43	0.02	15.17	38.48	60.09	(-)1.53 (6.61)	(-)43.01 (52.78)
2016-17	14.00	6.95	53.14	26.97	101.06	9.40	6.95	37.08	24.41	77.84	(-)20.66 (27.89)	(-)2.56 (9.49)
2017-18	13.44	8.95	65.77	45.40	133.56	12.68	8.89	38.44	14.29	74.30	(-)28.15 (31.93)	(-)31.11 (68.52)
2018-19	10.71	0.25	40.02	61.92	112.89	9.97	0.25	33.83	26.57	70.63	(-)6.92 (13.58)	(-)35.35 (57.09)
<b>Total</b>	<b>50.07</b>	<b>70.17</b>	<b>201.34</b>	<b>264.35</b>	<b>585.93</b>	<b>43.92</b>	<b>16.11</b>	<b>145.71</b>	<b>153.85</b>	<b>359.58</b>	<b>(-)115.85 (36.03)</b>	<b>(-)110.50 (41.80)</b>

(Source: Detailed Appropriation Accounts)

- i) It is observed that though the Department had projected a requirement of ₹ 798.91 crore under Capital Section for the last 5 years, budget provision of only ₹ 264.35 crore was made (33 per cent of requirement). The actual expenditure under Capital Section (₹ 153.85 crore) was only 58 per cent of the capital budget of the department during the last 5 years. Inability of the department to consistently spend the capital provision adversely affected the creation of sports infrastructure assets in the State.
- ii) Against a budget provision of ₹ 70.17 crore, the Department could spend only 23 per cent of the provision (₹ 16.11 crore). This adversely affected effective maintenance of the sports infrastructure assets in the State, as brought out in para 2.2.9 of this compliance audit.
- iii) It was also observed that out of ₹ 145.71 crore incurred as other expenditure consisting of grants in aid, office expenses, etc, as much as ₹ 106.50 crore was booked as other charges for which the detailed object head classification was not recorded. Further, audit could not establish any link between budget allocation for the years 2017-19 with respect to the requirements envisaged in State Sports Policy.

The Department in its reply (June 2020) stated that the funds are released by the State Government at the end of the financial year and the same could not be utilized by the Department within a short span of time. The reply does not explain the inefficiencies in budget management in the Department and deficiencies in project management including late release of funds to the implementing agencies and short release of State share.

During the period 2014-19, the average saving under Revenue and Capital heads were 36.03 per cent and 41.80 per cent respectively. The Government should release the

funds in a phased manner from the beginning of the financial year so that the works could be executed as per schedule and benefits accrue to the State.

### 2.2.7.2 Fund management for sports infrastructure funded by GoI

For creation of sports infrastructure, funds are provided by the State Government as well as Central Government under various schemes viz., Special Plan Assistance (SPA), Non-Lapsable Central Pool of Resources (NLCPR), North Eastern Council (NEC), Urban Sports Infrastructure Scheme (USIS) and Khelo India. Details of sports infrastructure taken up under GoI schemes during 2014-19 are given in the table below:

**Table 2.2.2: Fund release and expenditure against 80 Sports Infrastructure Projects implemented during 2014-19**

(₹ in crore)

Scheme	No. of Projects	Total cost of the Projects	Total Fund Released	Total Expenditure Incurred	Shortfall in Release	Shortfall in Expenditure	
<b>Funded by GoAP</b>							
SADA*	22	39.95	13.87	13.82	26.08	0.05	
SIDF**	6	3.25	3.25	2.69	-	0.56	
MPLAD	1	0.10	0.10	0.10	-	-	
<b>Sub-Total</b>	<b>29</b>	<b>43.30</b>	<b>17.22</b>	<b>16.61</b>	<b>26.08</b>	<b>0.61</b>	
<b>Funded by GoI</b>							
SPA	9	208.51	127.44	120.34	81.07	7.1	
DoNER	NLCPR	3	28.93	19.68	19.68	9.30	-
	NEC	19	47.81	47.73	40.06	0.08	7.67
USIS	2	9.50	9.50	9.50	-	-	
Khelo India	18	142.00	142.00	11.60	-	130.40	
<b>Sub-Total</b>	<b>51</b>	<b>436.75</b>	<b>346.35</b>	<b>201.18</b>	<b>90.45</b>	<b>145.17</b>	
<b>Total</b>	<b>80</b>	<b>480.05</b>	<b>363.57</b>	<b>217.79</b>	<b>116.53</b>	<b>145.78</b>	

\* State Annual Development Agenda (SADA) & \*\* State Infrastructure Development fund.

It is observed that the Department could utilise only 58 per cent of the funds released by Government of India (GoI) during the period. The most notable under-utilisation was under Khelo India Scheme of GoI in which the Department utilised only 8 per cent of the funds released. The under utilisation of funds under Khelo India was due to release of funds by the GOI at the fag end of the year. The Department also did not release funds in time to the implementing agencies. In 21 projects, utilisation certificates of ₹ 16.94 crore (out of ₹ 156.01 crore) were not submitted by the Department.

The Department in its reply (June 2020) stated that Utilisation Certificate for the projects executed by the Engineering wing of the Sports Department are submitted timely. Regarding non submission of Utilisation Certificate for the projects executed by other agencies, it stated that the matter was being taken up with them. No specific reply was given for under utilisation of GoI funds.

### 2.2.7.3 Delays in release of funds to implementing agencies

Ministry of Development of North Eastern Region (MDoNER), GoI while sanctioning and releasing funds for the three NLCPR infrastructure projects reiterated that funds released must be transmitted to the Implementing Agency/Project Authority by the State within 15 days from the date of release of funds from GOI. The Summarized positions are tabulated below:

**Table 2.2.3: Delay in release of funds against 19 projects funded by MDoNER & NEC**

Sl. No.	Number of Projects	Status of Completion	Period of delay in release of Funds	Time Overrun (as on 31.12.2019)
1	3 MDoNER projects i. C/o Sports Complex at Jenning; ii. C/o Multi Sports Complex at Namsai iii. C/o High Altitude Sports complex at Tawang	03 projects on going	09 to 39 months	36 to 81 months
2	16 NEC projects in 11 Districts	11 projects completed	02 to 20 months	06 to 41 months
		05 projects on going	02 to 10 months	06 to 22 months

As could be seen from Table-2.2.3 above, three MDoNER funded projects (total estimated cost ₹ 28.93 crore) were running behind schedule by 36 to 81 months. Similarly, 11 NEC funded projects (total estimated cost ₹ 39.49 crore) were completed with delays ranging from six to 41 months and there was a time overrun of six to 22 months in five ongoing projects (total estimated cost ₹ 15.19 crore).

Thus, the State Government did not release funds in time to the implementing agencies which was the main reason for delays in completion of the projects.

The Department in its reply (June 2020) stated that the delay was due to cumbersome process of obtaining budgetary support and concurrence of the Finance Department. It further stated that that necessary instructions have been given to the implementing agencies for early completion of the 26 on-going projects. The Department also stated that work on nine projects that have not started during the audit period have already started and that GoAP has released partial fund for the three projects under SPA that have stopped. Further works on the three projects have already resumed and that GoAP has given assurance to provide the remaining fund for completion of the projects. The Department's reply does not answer delays in release of funds to the implementing agencies.

### 2.2.7.4 Infrastructure Development and Management

As per para 10 of the National Sports Policy 2001, availability of adequate sports facilities throughout the State was a basic requirement for developing and broad-basing of sports. Further, para 1.6 of the State Sport Policy 2017, states that it is essential to create and maintain sports infrastructure and to ensure their proper utilization to achieve excellence in sports at National and International levels.

During the period covered by audit (2014-15 to 2018-19), a total of 80 sports infrastructure projects were taken up at an estimated cost of ₹ 480.05 crore in the State. The details of the projects are tabulated below.

**Table 2.2.4: Status of Infrastructure and Development projects as on 31 March 19**

Type of Infrastructure	Number of works				
	Taken up	Completed	Ongoing	Not Started	Stopped
Outdoor Stadium	13	5	4	1	3
Mini Stadium	4	4	-	-	-
Sports Complex	3	-	3	-	-
Multipurpose Indoor Hall	19	-	13	6	-
Indoor Hall	10	8	2	-	-
Football Stadium	4	2	2	-	-
Football playground	6	5	1	-	-
Artificial Football Turf	1	1	-	-	-
Artificial Hockey Turf	1	1	-	-	-
Playground	11	10	1	-	-
Archery Arena	2	2	-	-	-
Volleyball Court	1	1	-	-	-
Audience Gallery	3	3	-	-	-
Badminton Academy	1	-	-	1	-
Synthetic Athletic track	1	-	-	1	-
<b>Total</b>	<b>80</b>	<b>42</b>	<b>26</b>	<b>9</b>	<b>3</b>

As on 31 March 2019, 42 projects had been completed at a cost of ₹ 90.28 crore and 26 projects were still ongoing. Works related to nine projects costing ₹ 97.53 crore have not started due to delay in release of fund and finalization of tender. Besides, three (3) projects<sup>6</sup> sanctioned under Special Plan Assistance (SPA) during 2014-15 at a total estimated cost ₹ 96.12 crore had stopped due to discontinuation of SPA schemes and inability of the Department to mobilize the balance fund of ₹ 81.07 crore from other sources.

Audit noticed (October 2019-January 2020) that the DS did not maintain an Asset Register wherein details of infrastructure created and maintained by the department are recorded. In absence of Asset Register detailing the actual sports infrastructure created in all districts, audit could not ascertain whether adequate sports facilities were

<sup>6</sup> Outdoor Stadium at Tezu, Outdoor Stadium at Chimpu & Outdoor Stadium at Aalo

available throughout the State in order to achieve the objectives envisaged in the above mentioned policies.

Regarding non-maintenance of Asset register, the Department stated (June 2020) that process has already been initiated for maintenance of the same.

### 2.2.7.5 Creation of sports infrastructure

During 2014-19, the DS executed 39 sports infrastructure projects (32 new projects and 7 ongoing projects) in the five districts covered under this audit. Audit test checked the records of 21 of these projects sanctioned at an estimated cost of ₹ 243.13 crore (detailed in *Appendix-2.3*). Audit also conducted joint physical verification of all the 21 selected projects. Details of projects in the five selected districts are given below.

**Table 2.2.5: Details of Sports Infrastructure test checked in the selected Districts**

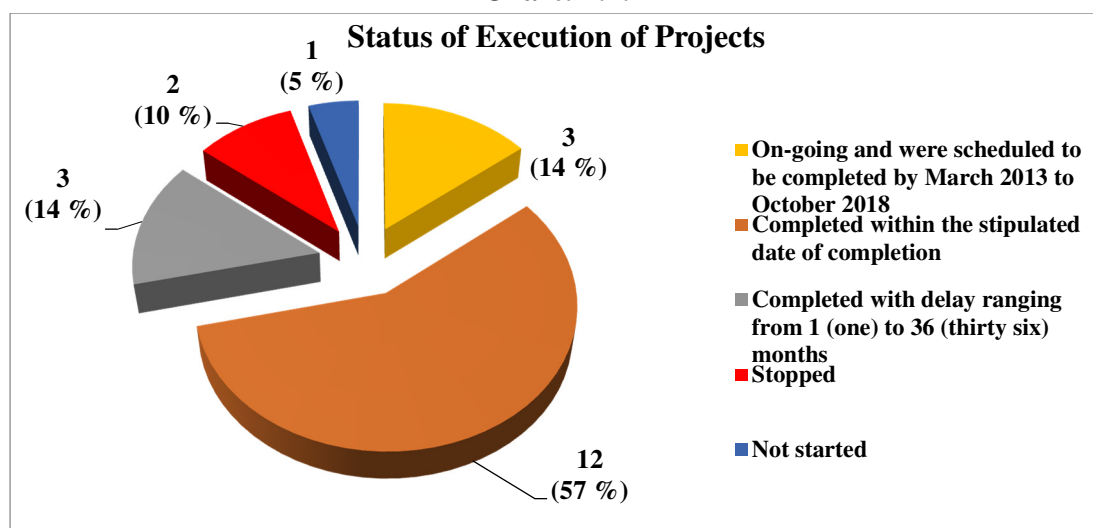
Sl. No.	Name of the selected District	No. of Sports Infrastructure Projects taken up by the Department during the audit period	Total cost of the Project (₹ in crore)	No. of Sports Infrastructure Projects selected for audit check	Total cost of the Project for test checked projects (₹ in crore)
1	East Siang	4	58.04	2	42.86
2	Lohit	5	38.24	3	28.04
3	Lower Subansiri	8	28.83	4	8.08
4	Papumpare	16	163.68	8	148.00
5	Tawang	6	32.01	4	18.10
<b>Total</b>		<b>39</b>	<b>320.80</b>	<b>21</b>	<b>243.13</b>

The deficiencies in execution of the projects are detailed in the succeeding paragraphs.

### 2.2.7.6 Delay in completion of projects

Completion of projects in a timely manner is necessary to deliver the intended benefits. It was seen in audit that out of 21 projects, 11 projects (cost ₹ 162.91 crore) were funded by GOI, while 10 projects (cost ₹ 80.22 crore) were funded by the State Government. The present status of execution of the projects is depicted in the Pie-chart given below:

**Chart: 2.2.1**



Thus, out of 21 projects taken up in the test checked districts with an outlay of ₹ 243.13 crore, only 15 projects costing ₹ 59.59 crore were completed whereas six projects were ongoing with expenditure incurred of ₹ 183.54 crore. Due to delay in completion of projects owing to delay in release of funds by the State Government and non-release of balance share of funds, the intended facilities could not be made available for sports related activities in time. The Department on its part had not taken with Finance Department, GoAP for timely release of State's share.

It was seen that for construction of Dorjee Khandu Badminton Academy at Itanagar, against estimated cost of ₹ 35.61 crore, though funds were available and ₹ 10.00 crore were given to Executive Engineer, UD & Housing, Itanagar, the work remained incomplete. Audit observed that the entire sanctioned fund of ₹ 10.00 crore was drawn (March 2019) on self-cheque by the Dy. Director, Urban Development and Housing, Itanagar Division and retained in the form of Bankers Cheque. No expenditure was incurred on the project till audit (December 2019).

The reply of the Department was not received (November 2020).

### 2.2.7.7 Award of works without tendering

Rule 136(1) (vi), of General Financial Rules, 2017 (GFR) stipulate that no work shall be commenced without inviting tenders and formal execution of agreement with the contractors/suppliers. For works costing ₹ 5.00 lakh and above, open tenders should be invited; and for work costing less than ₹ 5.00 lakh limited tender should be called.

Audit observed that out of 21 projects selected for test check, five projects (total estimated cost ₹ 144.00 lakh) were executed by awarding the projects to various local contractors without inviting tenders with the approval of the Deputy Director (Tech) of Sports Department (2 works, Sr. no. 2 and 3) and 3 Executive Engineers of PWD (1) and RWD (2). The reasons for non-inviting of tender were not on record. Details of the projects are given in the table below:

**Table 2.2.6: Details of award of Projects without inviting tender**

(₹ in lakh)			
Sl. No.	Name of Project	Executing Agency	Estimated cost/Sanctioned cost of works executed without tenders
1	C/o Badminton auditorium at MLA cottage	PWD	50.00
2	Renovation of Badminton Hall at Ziro	DS	8.00
3	C/o Football field at Togo	DS	20.00
4	Extension of room at KalikhoPul memorial hall at Tezu	RWD	46.00
5	C/o Rostrum & Playfield development at Sunpura	RWD	20.00
<b>Total</b>			<b>144.00</b>

Awarding of works without inviting tenders is violation of the Codal provisions of the GFR. Since the tender procedure was not followed, competitive pricing and transparency was not ensured in award of these works.



The Department in its reply (June 2020) stated that two projects (Sl. No. 2 & 3 of the above table) were executed by the Sports Department on work-order basis without calling for tender due to urgency of conducting tournament. The reply is not acceptable as rules provide that in such circumstances, short tender system has to be followed. No reply was given for the other three projects, executed by other agencies.

### 2.2.7.8 Non-handing over of completed sports projects

Out of 21 test checked projects in the sampled districts, 15 projects were completed at a cost of ₹ 59.59 crore during August 2016 to March 2019. Audit observed that eight (8) of the completed projects executed by other implementing agencies<sup>7</sup> were not formally handed over to the Sports Authority/Department by the agencies. There was also no evidence of handing them over to the concerned authorities of the balance seven completed projects executed by the Engineering wing of the Sports Department.

The Department in its reply (June 2020) stated that projects executed by the Engineering wing of the Sports Department are utilized by the Department itself and directly controlled by the Director of Sports. Regarding non-handing over of the eight projects executed by other works department, it was stated that necessary correspondence has been initiated for taking over the projects through the concerned District Sports Officer of the district so that the projects are utilized for the intended purpose.

Audit further examined in detail four projects out of 15 completed projects, namely, 'Construction of Mini Stadium at Yachuli' 'Construction of Outdoor Stadium at Pasighat', 'Construction of High Altitude Sports complex at Tawang', and 'Construction of Outdoor Stadium at Yupia' and observations are as under:

### 2.2.7.9 Construction of Mini Stadium at Yachuli – Wasteful expenditure

Construction of 'Mini Stadium at Yachuli' (Lower Subansiri District) at an estimated cost of ₹ 2.43 crore was sanctioned (September 2011) by NEC, GOI and was to be completed by September 2014. Scrutiny of records revealed that the project, executed by the Rural Works Department, Ziro Division, was completed in June 2017 after a delay of 3 years from the scheduled date of completion. During site inspection (December 2019), audit observed that the facility was located far from habitation and the



*The stadium was lying unutilized in a dilapidated condition and without any maintenance*

same is lying unutilized. Audit also observed that the ground was unusable with uneven surface and thick vegetation growth and that the gallery, VIP rostrum and toilet facility were in a dilapidated condition. Audit further observed that the project is not formally handed over to the sports department, reason for which were not available on record.

<sup>7</sup> PWD-4 Projects, RWD -3 Projects and UD&H-1 Projects.

Thus selection of the site far from habitation without proper assessment of the demand alongwith the unusable condition of the ground surface and non maintenance of the facilities i.e gallery, VIP rostrum etc. coupled with non handing over the project to the Sports Department resulted in wasteful expenditure of ₹ 2.43 crore on the construction of the mini stadium at Yachuli.

The reply of the Department was not received (November 2020).

#### **2.2.7.10 Construction of Outdoor Stadium at Pasighat- Project not handed over to Department**

Construction of ‘**Outdoor Stadium at Pasighat**’ (East Siang district) at an estimated cost of ₹ 40.90 crore was sanctioned (March 2014) by GoAP with stipulated date of completion in March 2017. Scrutiny of records (December 2019) revealed that the executing agency (Urban Development & Housing, Pasighat Division) invited tender for the work in September 2014 after a delay of six months from the date of sanction. The work was then awarded (March 2015) to the successful bidder (M/s Engineering Projects India Ltd., Assam). However, due to inordinate delay in submission of Bank Guarantee and execution of Agreement, the tender acceptance to the firm was cancelled in July 2015. The work was re-tendered in October 2015 and awarded (January 2016) to M/s Kakum Enterprises, Itanagar after a delay of 22 months from the date of sanction. The work was completed in November 2018 at a cost of ₹ 40.90 crore. However, the project has not yet been handed over to the Sports Department even after a lapse of more than 16 months from the date of completion of the project. Reasons for not handing over of the project were not on record.

Further, Sports Authority of India’s (SAI) handbook on Field of Play and specification for Sports Infrastructure stipulates that the primary characteristics of a good playing field should include proper underground and surface drainage to allow play during rain and to get rid of surface water during extremely wet conditions. There should be no patches of water logging and/or ponding. However, in the DPR no provision was made for underground drainage. During site inspection (January 2020), audit observed that there were patches of water logging in the playfield. Audit further observed that due to water logging problem, the venue for the 25<sup>th</sup> National Senior Women’s Football Championship 2019 was shifted from the stadium.

The Department in reply (June 2020) stated that necessary correspondence has been initiated for taking over the project through the concerned District Sports officer of the district so that the project is utilized for the intended purpose.

It is recommended that the specifications for such critical infrastructure should be strictly based on the SAI hand book, and the DPRs should be thoroughly got vetted by technical experts in sports infrastructure before executing the work.

#### **2.2.7.11 High Altitude Sports Complex at Tawang- Conversion of facility for Government College.**

GoI accorded (October 2010) administrative approval for construction of High Altitude Sports complex at Tawang under NLCPR at an estimated cost of ₹ 13.07 crore. The



work was scheduled to be completed by March 2013. The project was partially completed (November 2019) with a total expenditure of ₹ 11.43 crore. As the balance Central Share of ₹ 1.64 crore was not released, the project remained incomplete due to non-completion of site development works like wire fencing, electrical installation (internal & external, street lighting etc.). During site inspection (December 2019), audit observed that the main building, including the VIP gallery of the stadium, completed in March 2017 at a cost of ₹ 5.20 crore, were being utilised by the Dorjee Khandu Government College as class rooms/office.



*Main building of the Stadium being used as college*

Records relating to authorization to convert the stadium into Government college were not available. During exit conference the Department stated that reply from the Executing Agency i.e. PWD, Tawang division has not been received.

The reply of the Department was not received (November 2020).

The Department may use the facility for the intended purpose and provide the balance funds from its own resources for expeditious completion of the remaining site development works.

#### **2.2.7.12 Construction of Outdoor Stadium at Yupia**

GoAP sanctioned (March 2014) construction of ‘Outdoor Stadium at Yupia’ Papumpare district an estimated cost of ₹ 59.49 crore with stipulated date of completion of April 2018. Scrutiny of records (December 2019) revealed that tender for the work was called in December 2014 i.e. after a delay of more than nine months from the date of sanction, and awarded (April 2015) to a firm at tendered cost of ₹ 49.44 crore. The work was completed except in respect of the Deck parking, after a delay of 32 months incurring a expenditure of ₹ 59.49 crore on the project.

The reply of the Department was not received (January 2021).


#### **2.2.8 Non maintenance of sports infrastructure**

Audit Team carried out a joint physical inspection of the sports facilities in the sampled districts, along with the officials of the Sports and Youth Affairs Department, to assess

the nature of their maintenance. The results of the joint inspection are detailed in the table below:

**Table: Joint Physical Inspection of sports facilities**

	<p><b>Name:</b> Swimming pool at Chimpu  <b>Cost:</b> ₹ 0.90 crore  <b>Executing Agency:</b> Engineering Wing, Directorate of Sports  <b>Year of Completion:</b> 2013-14  <b>Status:</b> (i) The facility was lying unutilised.  (ii) The swimming pool was found dry with no external connection for water supply.  (iii) The Changing room was not in a usable condition.</p>
	<p><b>Name:</b> VIP gallery with player's Lounge, change room &amp; toilet block' at hockey field Chimpu  <b>Cost:</b> ₹ 0.49 crore  <b>Executing Agency:</b> Engineering Wing, Directorate of Sports  <b>Year of Completion:</b> 2017-18  <b>Status:</b> (i) The building structure was in a dilapidated condition as doors and windows of the changing room were broken  (ii) Player's lounge &amp; toilet were found unusable and animal excreta were found all over the floor and in the building premises</p>
	<p><b>Name:</b> Archery Stadium at Lumla  <b>Cost:</b> ₹ 1.00 crore  <b>Executing Agency:</b> PWD, Lumla Division  <b>Year of Completion:</b> 2016-17  <b>Status:</b> (i) The facility was not formally handed over to the sports authority.  (ii) District Sports Officer, archery trainer/ coach were not posted in the district.  (iii) There was no evidence of the stadium being utilized and maintained properly because the range and the gallery were filled with earth.  (iv) The Rostrum and attached toilet were in a dilapidated condition.</p>

	<p><b>Name:</b> Construction of audience gallery &amp; rostrum at sports complex Lumla</p> <p><b>Cost:</b> ₹ 1.00 crore</p> <p><b>Executing Agency:</b> PWD, Lumla Division</p> <p><b>Year of Completion:</b> 2016-17</p> <p><b>Status:</b> (i) The facility was not formally handed over to the sports authority.  (ii) No coaches were posted for the sports complex.  (iii) All electrical works were damaged.  (iv) There was leakage of stagnant rain water from the roof.</p>
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The Department in its reply (June 2020) stated that the swimming pool at Sangay Lhaden Sports Academy was made fully functional but due to non-posting of coaches and due to trespassing by nearby residents the water was drained out to avoid fatalities. Further, due to non-operation of the pool for a long period, few of the components /structures require maintenance for which necessary proposal has been submitted to Government of Arunachal Pradesh.

Regarding ‘VIP gallery with player’s Lounge, change room & toilet block’ at hockey field Chimpu, the Department stated that necessary maintenance has already been done. Further, hockey coach has been posted by Sports Authority of India and the astro-hockey field is now utilised.

The non-maintenance of the created sports facilities not only denied full utilisation of the projects by the aspiring Sports person, it also rendered the expenditure on their creation as wasteful. It is noted that despite availability of resources under maintenance head, the department could utilise only 23 *per cent* of the budget provision.

The assets lying unutilised due to non-maintenance should be accorded high priority, handed over to the Sports Department immediately and the latter should earmark necessary resources, infrastructure including appointment of Coaches and District Sports Officers to make these functional. Besides, the Department may also fix responsibility for such apathy in ensuring utilisation and maintenance of the infrastructure created.

### 2.2.9 Conclusion

The planning for prioritisation of sports infrastructure projects was not systematic and did not take into account the potential for excellence of sports persons in the State. The Sports Policy 2017 to create physical sports infrastructure in each of the 99 blocks of the State was partially achieved. Projects were taken up without consultation with stakeholders like sports bodies/associations. There was consistent shortfall in expenditure as compared to budget provision under maintenance and capital heads. The Department spent funds of ₹ 359.58 crore during the period 2014-19. The Department underutilised GoI grants and persistently delayed release of funds to implementing agencies which



affected the timely completion of projects. There were delays on part of the Department also in tendering and non-monitoring of timely completion of the works taken up.

Maintenance of assets created remained an area of concern, since they were not taken over in time and were found in dilapidated condition. Infrastructure created was diverted for other purpose. The completed projects remained unutilised and in some cases like Outdoor stadium at Pasighat, the completed projects were not even handed over to the Sports Department. There were other deficiencies in project execution such as award without tender, parking of funds etc. One of the main reasons for unused Sports Infrastructure was non-appointment of adequate Sports coaches by the Department. Thus the Department needed to take appropriate steps to both create and utilise sports infrastructure in the State.

#### **2.2.10 Recommendations**

- The Department may formulate long and short term action plan for holistic development of sports infrastructure with prioritization on sports where the State players have high chances of achieving laurels at national and international level. Besides, sports infrastructure facilities created in every district as envisaged under the State's Sports Policy.
- Phase wise targets should be set for efficient monitoring of the completion of the projects, along with creation of a centralised database and Asset Register.
- Additional coaches may be appointed expeditiously for optimal utilisation of completed infrastructure projects.
- The Department should utilize budget under both capital and Revenue sections efficiently and on time. The funds may be released to the implementing agencies promptly so that projects are not held up due to want of funds.
- A dedicated monitoring cell may be established by the Department of Sports to ensure completion of all ongoing and stalled projects on time, by coordinating with the concerned executing agencies and also ensure timely taking of completed projects.
- The completed projects which are lying unused must be utilized so that the intended benefits accrue to the users. This may require allocation of funds for maintenance and repair and appointment of coaches/instructors, if required.
- Sports infrastructure created may be used for the intended purposes without any diversions.
- The Department may revamp their monitoring mechanism for utilisation of funds, completion and utilisation of infrastructure created.

## Food & Civil Supplies Department

### 2.3 Excess payment

#### **Unauthorised and excess payment of ₹ 93.60 lakh on account of Hill Transport subsidy payments to carriage contractor**

The Hill Transport Subsidy (HTS) Scheme was meant for States/UTs, which are predominantly hilly with little or no Railways and poor road communication. In such States/Union Territories (UTs), the Food Corporation of India (FCI) was required to open Godowns at Principal Distribution Centres (PDCs) wherever possible, or reimburse the State Governments/UTs the cost of transportation of food grains on actual basis for lifting them from FCI Base Depots to designated PDCs.

The Government accorded (March 2014) administrative approval and expenditure sanction for ₹ 9.80 crore towards payment of HTS claims in respect of M/s Sanghi Gai Multi-purpose Co-operative Society, Ltd. (Carriage Contractor), for transportation of PDS rice in 05 Circles of Kurung Kumey District from September 2012 to May 2013. The amount was paid to the Agency on 29<sup>th</sup> March 2014. The payment was released, based on recommendations of the Screening Committee constituted in October 2013 to verify the correctness of HTS claims of Carriage Contractors. The payment of ₹ 9.80 crore made to the Contractor also included payment of ₹ 1.04 crore towards carriage.

During Audit (November 2018) while comparing HTS claims submitted by Carriage Contractors with the proceedings of the Screening Committee and actual payments made, it was seen the claim payable for transporting 97.80 quintals as per the Contractor's claim was only ₹ 10.40 lakh<sup>8</sup>. However, the Department, while tabulating claims for scrutiny by the Screening Committee, erroneously mentioned the amount as ₹ 1.04 crore instead of ₹ 10.40 lakh and certified the claims as admissible, based on which payment was made. The DDO also did not independently verify the claims to ensure their correctness with reference to the original claims submitted by the Carriage Contractor. This resulted in excess and unauthorized payment of ₹ 93.60 lakh. The amount of ₹ 1.04 crore made to the Contractor was included in the total payment of ₹ 9.80 crore made to the Contractor.

In reply (December 2019), the Department admitted that there was a typographical error in the total claimed and admissible amount figures and accordingly the claim was erroneously passed for payment. The Department further stated that the discrepancy was detected during the process of billing to the Treasury, which was corrected and the alleged excess payment of ₹ 93.60 lakh did not occur and correct Bill amount of ₹ 10.40 lakh was only paid to the Contractor.

The claim of the Department is not only factually incorrect but also misleading. The Directorate of Food & Civil Supplies Cash Book entry in Page No: 7 (March 2014)

<sup>8</sup> The Carriage Contractor was to be paid ₹ 125/- per quintal per km for headload and ₹ 2.80 per quintal per km for vehicular transportation.

clearly mentioned payment of ₹ 9.80 crore against HTS to the Contractor *vide* Bank Draft bearing No: 976383 dated 29<sup>th</sup> March 2014. This amount was an inflated figure caused by error in computation by including payment of ₹ 1.04 crore instead of ₹ 10.40 lakh, resulting in excess payment of ₹ 93.60 lakh to the Contractor.

**Recommendations:** *The excess payment may be recovered immediately and Department may take appropriate action on those responsible for the excess expenditure. Further, internal controls may be strengthened in the department to ensure that all payments are correctly released to agencies.*

## Public Health Engineering & Water Supplies

### 2.4 Unverifiable expenditure

**The Executive Engineer (EE), Public Health Engineering & Water Supply (PHE & WS), Khonsa Division did not seek technical sanction for a major work of ‘Providing water supply for Boduria and adjoining village in Tirap District’ as per delegation of powers in the Department and nor did he invite tenders in violation of manual provisions. The completed work included unverifiable expenditure of ₹ 75.70 lakh on purported excavation work and avoidable expenditure of ₹ 62.23 lakh due to non-utilization of existing water pipe line. Besides, the objective of the project to augment existing water supply remained unfulfilled since the entire work was executed with the existing water head sources.**

Government of Arunachal Pradesh sanctioned (28 March 2015) the project *‘Providing of Water Supply for Boduria and adjoining village, Tirap District’* under NABARD funded RIDF scheme sanctioned for ₹ 5.00 crore (₹ 4.5 crore NABARD loan and ₹ 50.00 lakh as state share). As per the requirement for the work as provided in the estimate, the existing water supply cannot meet the ever increasing water supply demand due to increase in population, problem of incrustation in old pipes as well as drying up of present water source<sup>9</sup>. Therefore, as per approved estimate, the head-work of the project was to be executed at **‘Binting nallah’** (new source) for the new water supply line to augment existing water system. The new water supply system was proposed to accommodate the demand for next 30 years<sup>10</sup>. The work was stipulated to be completed in March 2018.

Scrutiny (September 2018) of records of the Executive Engineer (EE), Public Health Engineering & Water Supply (PHE&WS), Khonsa Division revealed the following:

As per delegation of financial powers provided in Section 2.5.1 of CPWD Works Manual 2014, the financial power delegated to the Superintending Engineer (SE) for according technical sanction (TS) is from ₹ 60.00 lakh to ₹ 4.00 crore and to the Chief Engineer (CE) from ₹ 4.00 crore to ₹ 15.00 crore. However, the EE did not seek TS for the work either from the SE or CE. The work was commenced in December 2015

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<sup>9</sup> Batjo nallah

<sup>10</sup> Assuming 3% annual population increase

**without TS and completed at a cost of ₹ 5.00 crore in March 2020**, by issuing 93 work orders to 28 local contractors/suppliers without calling for tenders.

As regards work execution it was seen that the estimate had a provision for porter track/trace cutting for laying of 100 mm dia GI pipes by excavating 37,122.14 cum of earth work costing ₹ 69.90 lakh from the head work to old Bunting village (7.80 Km). Audit noted that excavation of 31040.67<sup>11</sup> cum was shown to have been done during the period from January 2016 to March 2018, by incurring an expenditure of ₹ 75.70 lakh for laying of 100 mm dia GI pipes. The division procured 9000 rmt of 100 mm dia GI pipes costing ₹ 77.31 lakh of which 7351 rmt pipes costing ₹ 62.23 lakh<sup>12</sup> were shown as laid between chainage 0 to 6.67 Km during the period from January 2018 to March 2018 and expenditure incurred was ₹ 5.99 lakh for laying such pipes.

However, audit observed that the measurement books did not indicate the method of excavation *i.e.*, whether the excavation was done manually or mechanically. Neither the Muster Roll for engagement of labour nor the details of the machinery deployed for excavation were on record. As per section 7.10.2 (1) of CPWD Manual 2014, the EE should test check 10% of the measurements recorded by his subordinates at least every alternative bill for works at his headquarter, and at least every third bill for works outside his headquarter. However, these provisions were not complied.

In the absence of documentary evidence for executing of work as per the estimate, the audit party conducted joint inspection with the departmental officers. During joint inspection (September 2018) of the work site, it was noticed that although the scheme was to augment water supply as the existing two water supply lines were unable to meet demand for water of the growing population of the area, the headwork was constructed at 'Batjo nallah' (existing source) instead of the proposed new source at 'Binting nallah'. Neither the reasons for such major deviation in changing the source was on record nor was the approval of the Competent Authority for such deviation obtained. Moreover, the purported construction of the porter track/trace cutting for laying of pipes (6.67 Km) remained unverifiable due to the fact that (i) since the head work was not constructed at the proposed source, the track/trace cutting for laying of 100 mm dia GI pipes from the head work to Old Bunting village by incurring an expenditure of ₹ 75.70 lakh on excavation was not required; and (ii) Even where the laying of new pipe lines was required, the pipes were seen to be laid on the existing line/route which was exposed on the surface, rather than embedded below the ground. Physical verification between chainage 4.30 to 6.18 km also showed that the pipes were laid on the surface without any evidence of trace cutting or formation cutting as shown in the photograph below:

<sup>11</sup> 21125.87 cum excavated during January 2016 to July 2016 (₹ 44.60 lakh) and 9914.80 cum excavated during January 2018 to March 2018 (₹ 31.10 lakh).

<sup>12</sup> 7351 rmt x ₹ 846.65



At Ch: 4300 mtr



At Ch: 5940 mtr

Moreover, audit observed that the Division laid new pipes (100 mm dia) costing ₹ 62.23 lakh between the Chainages (0 to 6.67 Km) from 'Batjo nallah' (existing source) up to a place called New Petrol pump and joined this new pipe line with the existing 80 mm pipe line at New Petrol pump instead of utilizing the existing 100 mm dia pipeline, which was in good condition. Utilization of the existing pipes from Bajto Nallah for 6.67 km would have avoided expenditure of ₹ 62.23 lakh.

Thus, not only the expenditure of ₹ 75.70 lakh on excavation of earth was unverifiable but also there was an avoidable expenditure of ₹ 62.23 lakh on existing pipeline not utilised. The entire expenditure remained unfruitful as neither the present nor future needs could be attended as there was no change in the existing source of the water supply scheme or the pipeline. Besides, the objective of augmenting water supply from new source to Boduria and adjoining village, Tirap District remained unfulfilled.

In reply (March 2019), the Division stated that during 2016, excavation of earth work was done for laying 100 mm dia GI pipes on the ground but since the pipes delivery was delayed by almost 24 months, the trace was ruined due to the heavy rain, minor landslides/soil erosion etc.

The reply is not acceptable as the claim of excavation of earth work in 2016 is not corroborated by any documentary evidence on record and site verification. Beside the department records showed that the 100 mm dia pipes were received during the period from May 2016 to September 2017 and not after 24 months as stated. Besides, excavation was purportedly shown to have been done in 2018 as well and the pipes were received and shown to have been laid between January-March 2018. Physical verification has confirmed that the pipes were laid on the ground surface and not embedded below the surface, that too besides the existing pipeline. The contention that the existing pipeline is being used for providing water supply to other places is not corroborated by any record and it was lying unused during physical verification.

***Recommendation: The Department may fix responsibility in this case for technical sanction not obtained and tenders not invited for a major work. Besides, strict monitoring of the actual execution of works require to be ensured, especially in respect of major projects. The Department may issue instructions to Executive Engineers to not only check measurement books but also physically verify works before releasing payments to executing agencies.***



## 2.5 Erroneous Expenditure

**The Executive Engineer (EE), Public Health Engineering & Water Supply (PHE & WS) Division, Bomdila showed erroneous expenditure of ₹ 53.79 lakh on procurement and purported use of GI fittings for a water supply scheme in and around Thrizino ADC HQRs in West Kameng District.**

Government of Arunachal Pradesh sanctioned (February 2015) '*Improvement & Augmentation of Water Supply for in and around Thrizino ADC headquarter, West Kameng District*' for ₹ 5.00 crore under Rural Infrastructure Development Fund (RIDF). The Chief Engineer accorded technical sanction for the work for an amount of ₹ 4.85 crore. The construction portions<sup>13</sup> of the work were awarded (February 2017) through tender in two Packages<sup>14</sup> after inviting NIT in January 2017. The balance portions<sup>15</sup> of the work were executed departmentally by issuing 94 works orders amounting to ₹ 2.59 crore besides procurement of GI pipes amounting to ₹ 68.53 lakh. **The work was completed within the scheduled date of completion i.e. March 2018.**

Test check of the records of the PHE & WS Division, Bomdila (November 2018) revealed the following:

In the estimate, there was provision for procurement of different sizes of GI pipes (15 mm to 80 mm) for ₹ 1.33 crore and ₹ 46.78 lakhs for GI fittings. Audit noticed that there was an arithmetical error in computing the value of the estimate. In the estimate for package I, against the item of 15 mm dia GI pipe for a quantity of 600 Rmt, at a rate of ₹ 87.87 per Rmt, the value was shown as ₹ 58.25 lakh, while the actual value should have been ₹ 0.53 lakh only. Similarly, in package II also, against the item of 15 mm dia GI pipe for a quantity of 600 Rmt, at a rate of ₹ 87.87 per Rmt, the value was shown as ₹ 8.13 lakh, while the actual value should have been ₹ 0.53 lakh only. Thus, due to arithmetical errors, the estimates got inflated by ₹ 65.32 lakh<sup>16</sup>. The actual value of GI pipes in the estimate should have been only ₹ 67.44 lakh (₹ 132.76 lakh - ₹ 65.32 lakh). The estimate was approved by the Chief Engineer with the erroneous figures and the Department procured the GI pipes and fittings for the work for ₹ 1.69 crore (Pipes- ₹ 68.53 lakh, Fittings- ₹ 1.01 crore) without reference to the actual quantities required for the work, based on the erroneous values provided in the estimate. It was seen that the division procured GI fittings amounting to ₹ 1.01 crore against the actual requirement of fittings amounting to ₹ 46.78 lakh.

The division did not maintain Material-at Site Accounts where the receipts and issue of GI pipes and fittings were to be recorded and there was no record in the MBs for utilization of GI pipes and fittings. Since the work required GI fittings valued ₹ 46.78 lakh, there was excess procurement and purported utilisation of GI fittings for ₹ 53.79 lakh (₹ 100.57 lakh - ₹ 46.78 lakh).

<sup>13</sup> C/o Sedimentation Tank, Slow Sand Filtration Tank, Headwork and Storage Tank, etc.

<sup>14</sup> I & II to two firms for ₹ 80.56 lakh (Package-I) and for ₹ 41.73 lakh (Package-II).

<sup>15</sup> Procurement of GI fittings, Jungle clearance, Formation Cutting, Laying and fitting of GI Pipes, C/o Anchor Block

<sup>16</sup> {(58.25-0.53) + (8.13-0.53)}

The Department in its reply (January 2020) accepted that due to wrong data entry in the computer in Microsoft Excel by omission at the time of Technical Sanction estimate preparation. The wrong addition in the cost of GI pipes was discovered only at a later stage when the work was already awarded to the contractor. This additional cost of pipes was used in the procurement of additional GI fittings as it was felt necessary for maintenance of few existing pipelines and for future maintenance of the project as pipeline passes through hilly terrain. It was further stated that due to hostile and unfavourable site conditions, alignment of the pipeline was changed many times during the middle of the work and after completing many kilometres of pipe laying.

The reply of the Department seems to be an afterthought on the procurement and purported use of disproportionate quantity of GI fittings. This unusual consumption is not supported by any valid reason and record. Even the argument that the error came to notice after award of work to contractor is not relevant as the procurement of GI pipes and fittings was done departmentally and continued from December 2016 to March 2018 while the contract for construction portion was awarded in February 2017. Further, as per MAS accounts furnished by the Division later (February 2020), the entire quantity of G.I pipes and G.I fittings procured were shown to have been utilized against this work only and neither any quantity was utilized for maintenance of any other existing pipelines nor found to be kept for future maintenance of pipes. Moreover, on cross verification of MAS Accounts with that of MBs and Vouchers in respect of G.I fittings, audit observed that name of the suppliers also did not match indicating that the MAS account furnished later was fabricated. No evidence was also furnished to support that there were any changes in alignment during execution. Thus the portion of the work claimed to have been done departmentally (both procurement and fitting) was not executed at all and the Departmental officials will have to pay the Government ₹ 53.79 lakh.

***Recommendation: The State Government may investigate this case further and take appropriate action to fix responsibility on the Chief Engineer and Executive Engineer of the Division. Since the modus operandi was through the Departmental portion of the work by inflating the cost estimates, the Department needs to review the internal controls and checks for Departmentally executed works.***