

Chapter IV

Monitoring

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The Project suffered from monitoring deficiencies such as absence of monitoring mechanism at Government level, non-conduct of regular monthly multilevel review meetings, non-conduct of third-party inspections for works taken up under Phase-I and other deficiencies in maintenance of work records.

The quality of project work significantly depends on effective supervision and timely monitoring. For completion of projects within the stipulated time and cost with specified quality standards, periodical inspection/evaluation should be done by various level of officers. Periodical monitoring system ensures necessary timely modification of the operations, if any, for improving the performance of execution of the project. The deficiencies noticed in monitoring of the Project are as follows:

4.1 Absence of Monitoring mechanism at Government level

VJNL was monitoring the Project, through the Monthly Multilevel Review (MMR) meeting at various levels *viz.*, Managing Director (MD), Chief Engineer (CE), Superintending Engineer (SE), Executive Engineer (EE) and other field level officers and thereafter at the Government level with the Additional Chief Secretary, Water Resources Department with special emphasis on adverse situation and remedial measures required wherever necessary to ensure progress of the work.

However, Audit observed that the GoK/VJNL did not prescribe any monitoring system/policy for the Project by fixing specific periodicity/schedule of inspections by various level officers such as EE, SE, CE, MD and Government as well as its reporting to ensure timely completion of the Project with quality execution.

In the absence of an effective monitoring system at the Government and various levels, there was no mechanism available to resolve the numerous bottlenecks that cropped up during the implementation of the Project (as discussed in earlier paragraphs) which contributed to the abnormal delay in completion of the Project and non-achievement of the objective of providing drinking water facility to the drought prone districts.

4.2 Non-conducting of regular Monthly Multilevel Review meetings

VJNL holds Monthly Multilevel Review (MMR) meetings in which progress of all ongoing major works was reviewed, so as to resolve any obstacles / issues faced in execution of projects. On a review of the MMR meeting records of the test checked Divisions, it was observed that the meetings were not being conducted regularly and only 54 meetings were conducted in 108 months during April 2014 to August 2023 viz., 37 meetings at Division level, seven meetings at Circle office level and 10 meetings at Zonal office level.

Thus, non-conducting of envisaged monthly MMR meetings indicated weak monitoring of the progress of the Project which needs to be seen in conjunction with the delay in completion of the Project.

4.3 Deficiencies in inspection and maintenance of work records

Apart from the deficiencies and shortfall in monitoring of the Project at Government/VJNL level, Audit also observed deficiencies in inspection of works and maintenance of work records as detailed below:

- GoK issued (February 2005) directions for conduct of third-party inspection of works and made it mandatory in respect of all work contracts of estimated value more than ₹ two crore. Audit observed that the work order for third-party inspection was awarded (March 2018) after a delay of four years from the date of award of the five packages in Phase-I works, by which time, almost 64 *per cent* of physical progress consisting of the work of laying of MS Raising Main pipes had already been achieved. Tests such as ultrasonic tests, dye penetration test and radiography test on these laid pipes could not be carried out by the third-party inspection. Thus, delay in appointment of the agencies for third-party inspection resulted in significant portion of Phase-I works being excluded from the purview of such inspections.

Government in its reply (March 2024) stated that since Quality Control Sub-Division under Chief Engineer, Upper Bhadra Project, Chitradurga was functional in VJNL, third party quality supervision consultants were not appointed. Reply is not acceptable as the non-appointment of third-party

inspection agencies was contrary to the GoK directives. The works under the Project were large turn-key contracts involving complex works and substantial cost which required quality supervision through third party specialised agencies. Recognising this, the VJNL themselves appointed third party quality supervision agencies subsequently in March 2018.

- Paragraph 11 of KPWD Code prescribes that for all works carried out by involving acquisition of land/usage of Government land, the Sub-Divisional offices shall maintain a register of lands showing details of all land in possession. All the land documents should be digitised and available in the concerned Sub-Divisional Offices. Audit noticed that none of the Sub-Divisions were maintaining the land register and had digitised the land documents as prescribed though 3722.14 acres of land were acquired for the Project.

Government replied (March 2024) that Sub-Divisional Offices would maintain the land register as instructed, once the land acquisition process was completed and the titles were transferred in the name of VJNL. The digitisation of land records would be carried out under the Karnataka Geographical Information System which was under development phase.

- Karnataka Financial Code prescribes procedure for maintenance of cash book and other accounts in Government offices. Cash book is a subsidiary ledger in which all transactions of receipt and payments will be recorded. Audit noticed that none of the divisions have been maintaining work cash book duly recording all the receipts and payments relating to the works. Non-maintenance of work cash book would amount to weak monitoring controls, where in check of balances by way of reconciliation between cash book and bank book was not possible.

Government in its reply (March 2024) stated that since all payments under the Project were centralised, manual works cash book has been maintained in the Chief Accounts Office, Chitradurga from April 2023 onwards. In exit conference, the Government stated (March 2024) that all Divisional offices would also be directed to maintain the work cash book hereinafter.

- Paragraph 110 of KPWD Code provides detailed instructions regarding issue, recording and storage of measurement books. GoK has also issued (January 2005) detailed guidelines for recording of measurement of works and supplies. Audit observed that for Phase-I works, the detailed measurements for works and supplies were not taken and recorded in the measurement books. Instead, the measurements were being recorded on percentage of completion basis as the works were awarded on turn-key basis. In respect of Phase-II works, the measurements were recorded in loose excel spread sheets instead of utilising the facility provided in the contract management module of *e*-procurement platform. The loose excel spread sheets used for recording the measurements were in editable mode and susceptible to modification.

On being point out, the Government did not submit any reply for the Phase-I works paid prior to February 2022 and further submitted (March 2024) that instructions have been issued (February 2022) to record detailed measurements for all the works executed and directed the Accounts Section not to recommend any bills for payment without detailed measurements. In respect of Phase-II works, reply stated that the measurement books were being maintained in excel spread sheets as per the Government instructions. The reply is not acceptable, as the measurements were still being recorded in loose excel sheets and not in *e*-procurement platform of Contract Management Module, as envisaged in the Government instructions

- As per Clause 13.1 of Section 3: Conditions of Contract, the contractor shall provide necessary insurance in terms approved by the Employer, to cover all risks covering the total contract value which shall be valid till completion of maintenance period. The copies of the policies shall be furnished to the employer within one month from the award of the contract. However, Audit noticed that full insurance cover was not available in three out of five packages of Phase-I works, except for Package-III and Package-V. Thus, VJNL failed to comply with the provisions of contract in this regard, which may prove costly in case of any eventuality.

In reply, the Government stated (March 2024) that even though full insurance cover was not available, VJNL has the right to recover any loss/damage to the property in case of eventuality as per the various provisions of the contract agreement. The reply is not acceptable, as insurance coverage is a specific contractual condition to cover unforeseen losses/damages which cannot be enforced through other contract conditions. Hence, absence of mandated insurance cover may result in huge financial loss to the Government in case of any eventuality.

Audit Recommendation

Recommendation 7: An effective monitoring system should be constituted at the Government level and VJNL should strengthen the Project monitoring through third-party inspection as well as conduct of prescribed review meetings at various levels.

Bengaluru
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(Ashok Sinha)
Principal Accountant General (Audit-II)
Karnataka

Countersigned

New Delhi
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(K. Sanjay Murthy)
Comptroller and Auditor General of India