

Chapter 9

Project Monitoring, Quality Assurance and Internal Control

9.1 The Directorate of Project Monitoring and Quality Assurance is responsible for monitoring projects and expenditure incurred thereon as also assuring the quality of work. The Directorate conducts quality assurance tests of projects. As per practice and as confirmed by the Management in its reply (August 2006), the site checks are carried out on instructions from the Member (Planning) and the programme is intimated in advance to the concerned project in charge. Audit observed that this practice was not a desirable one as the inspection should be at the discretion of the Directorate and without advance intimation to the project in charge. The Directorate was not given the discretion to select the project to be inspected, nor empowered to examine in detail, the time and cost overrun and the reasons and reasonableness of the variations. The purpose of quality checks was defeated by the advance intimation. Audit also observed that no periodical monitoring of the projects apart from what was done by the concerned Directorate was undertaken to ensure that the work was progressing as per schedule and the variations in time and cost were justified. It was seen that the Directorate was required to compile and issue circulars on lessons learnt/remedial measures to be taken in respect of past projects. During the period from April 2003 to March 2006, the Directorate issued nine such circulars but in none of the circulars issued under pre tender activity, the need for taking action for prior acquisition of land was specified. After this issue was raised by Audit (April 2006), the Management issued a circular in July 2006 for prior acquisition of land before award of works.

9.2 No uniformity between NAD and IAD contracts

The Authority did not have a works manual of its own. For the NAD projects, the division was adopting the NAD manual prepared earlier and for the IAD projects, the CPWD manual was followed. Lack of uniformity in respect of the two divisions had the result that different procedures for escalation, penalty, security deposit, performance guarantee etc. were adopted for the same items of work in IAD and NAD projects. The application of procedures prescribed in the NAD/CPWD manuals was also not uniform. To this, the Management replied (July 2006) that the common works manual was on the verge of finalisation.

9.3 Internal Audit

There was no internal audit manual outlining the scope and programme of work. There was no annual audit plan for internal audit and in the absence of any prescribed procedure for selection, the units for audit were got approved only before taking up the audit. The periodicity, scope and extent of coverage were also not adequate. The Management stated (July 2006) that considering the available manpower in internal audit, the periodicity of audit was restricted.

Recommendations

- Internal Audit should function independently and report their findings directly to the Chief Executive.
- A system for selection of projects for inspection should be evolved.
- Unified systems and manuals should be framed and implemented for both IAD and NAD of the Authority.
- Internal audit should be properly planned and its scope, extent and periodicity improved.