

# Chapter-5

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## **Compliance Audit Observations**

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## School Education Department

### 5.1 Infrastructure facilities in Schools

Right of Children to Free and Compulsory Education (RTE) Act, 2009<sup>1</sup> imposes upon State Government the duty of providing infrastructure including school building with basic amenities to every child. Government of Andhra Pradesh enacted (April 2010) ‘The Andhra Pradesh Right of Children to Free and Compulsory Education Rules, 2010’ to achieve this objective.

Audit carried out an assessment of adequacy and availability of infrastructure facilities and basic amenities in schools in conformity with norms for a school prescribed under RTE Act, 2009. For this purpose, Audit analysed State level data (DISE<sup>2</sup> data) pertaining to 76,735 schools<sup>3</sup> compiled by Commissioner and Director of School Education (CDSE) and scrutinised records pertaining to Rashtriya Madhyamika Siksha Abhiyan<sup>4</sup> (RMSA) in offices of CDSE/District Educational Officers of six districts. Records of State Project Director (SPD) and District Project Offices<sup>5</sup> for the period 2010-13 were also scrutinised in respect of Rajiv Vidya Mission<sup>6</sup> (RVM) and Kasturba Gandhi Balika Vidyalayas. Audit also test checked during 2012-13, **154 out of 19,357 Primary/Upper Primary/High Schools in the six sampled districts<sup>7</sup> (Appendix-5.1).**

Norms and standards stipulated by RTE Act *inter alia* include provision of all weather building consisting of at least one classroom for every teacher and an office-cum-store room, barrier free access, separate toilets for boys and girls, safe and adequate drinking water facility to all children, a kitchen where mid-day meal can be cooked in the school, playground and arrangements for securing school building by boundary wall or fencing.

Audit scrutiny in this regard revealed the following.

#### 5.1.1 All weather buildings

Although 96 *per cent* of schools in the State have their own buildings, 19 *per cent* of primary schools (10,945 schools/15,513 classrooms) required major repairs to their buildings. In six sampled districts, 18 *per cent* of primary schools (2,619 schools/3,704 classrooms) required major repairs to buildings as per DISE data for 2012-13 reported by CDSE. State Project Director, RVM had no information as to period since when the buildings had been in need of such repairs.

<sup>1</sup> The RTE Act, 2009 was passed by the Parliament with the aim of providing free and compulsory education to all children of the age of six to fourteen years

<sup>2</sup> District Information System for Education (DISE)

<sup>3</sup> Primary Schools: 56,741, Upper Primary Schools: 8,982 and High Schools: 11,012

<sup>4</sup> A GoI scheme with objective to enhance access to secondary education and to improve its quality

<sup>5</sup> Mahbubnagar, Medak, Prakasam, Ranga Reddy, Vizianagaram and YSR Kadapa

<sup>6</sup> A GoI scheme with objective to achieve universalisation of elementary education

<sup>7</sup> Mahbubnagar (23), Medak (20), Prakasam (30), Ranga Reddy (31), Vizianagaram (28), YSR Kadapa (22)

Chief Engineer (RVM) replied (January 2014) that major repairs to primary schools were being taken up by Government every year in a phased manner and that the left-over works would be covered in the next annual plans.

In *six sampled districts*, 188 schools (*Appendix-5.2 refers*) were functioning without buildings (78 of these schools were in Vizianagaram district alone). Chief Engineer attributed this to non-availability of sites for constructing school buildings since these were mostly located in urban areas. Further, 58 school buildings were in dilapidated conditions (photograph of one such building is given along side).



*ZPHS, Nagireddipalli, YSR Kadapa district  
(19 February 2013)*

In two<sup>8</sup> out of *154 sampled schools*, there was no school building and high schools were functioning in primary school building/under trees. Though sanction for construction of school building was given in 2009-10 under RMSA, it did not materialise due to site disputes.

Government stated (January 2014) that nine additional class rooms were sanctioned and construction of these has reached up to lintel level. It was further stated that full-fledged building would be ready by beginning of next academic year.

The school building at Valasapalem, YSR Kadapa district, was in a semi-finished state due to paucity of funds.

#### **5.1.1.1 Civil works sanctioned**

Audit scrutiny of civil works sanctioned under RVM/RMSA revealed the following:

- As against 1,33,326 civil works sanctioned under RVM during 2010-13, only 1,06,044 works (80 *per cent*) were completed, 12073 works were in progress and 15,209 (11 *per cent*) works were not started as of April 2013 due to non-availability of sites, court disputes, paucity of funds, etc.
- Out of 5,580 civil works<sup>9</sup> sanctioned under RMSA during 2009-11, 1902 works were completed under Phase-I & II and none of 3,437 works sanctioned during 2011-12 under Phase-III were taken up as of June 2013 for want of additional funds<sup>10</sup> of ₹331.58 crore (over and above GoI sanction). Though proposals for sanction were submitted to State Government by CDSE in May 2013, additional funds had not been provided as of January 2014.

<sup>8</sup> Primary School, Valasapalem and High School, Someswarapuram, YSR Kadapa district

<sup>9</sup> Phase-I: 1,656, Phase-II: 487 and Phase-III: 3,437

<sup>10</sup> for additional class rooms (1,011), Art-Craft room (2,044), Library (969), Toilets (1,741), Drinking water facility (480) and MMER

### 5.1.1.2 Major/Minor repairs identified in schools

Audit scrutiny of major/minor repairs identified in schools (under RMSA) revealed the following:

- Although 3,087 schools<sup>11</sup> were identified in 2009-10 for carrying out **major repairs** under RMSA, no action was initiated to take up major repairs in any of these schools. Further, no schools were identified during 2010-13 for carrying out major repairs.
- Out of 8,548 schools identified for carrying out **minor repairs** under RMSA during the year 2009-10, in 6,990 (82 *per cent*) schools minor repairs were taken up. During 2010-13, although 20,208 schools<sup>12</sup> were identified for carrying out minor repairs, work was not initiated in any of the schools as of October 2013 due to non-release of funds.

### 5.1.1.3 Kasturba Gandhi Balika Vidyalayas (KGBVs)

Kasturba Gandhi Balika Vidyalaya (KGBV) scheme was launched by GoI in August 2004 for setting up residential schools at Upper Primary (UP) Level for Girls belonging predominantly to SC, ST, OBC and minorities. Scheme was being implemented in educationally backward blocks of the country where female rural literacy was below national average and gender gap in literacy was above national average. Such residential schools would be set up only in those backward blocks that did not have residential schools at UP level for girls under any other scheme of Ministry of Social Justice and Empowerment, Ministry of Tribal Affairs or the State Government.

- Buildings for 348 KGBVs sanctioned by GoI in May 2011 to accommodate 120 girl students (per KGBV) were to have been completed by March 2012. Two hundred and one KGBVs were completed as of November 2013, 136 works were in progress and 11 works were not started due to non-availability of sand, unsuitable sites, etc. Government stated (January 2014) that these issues had been solved and tenders invited for these works.
- Out of 395 KGBV buildings<sup>13</sup> sanctioned by GoI for providing additional infrastructure facilities and required to be completed by March 2012, only 228 (58 *per cent*) works were completed. Out of remaining 167 KGBV buildings, work was not started on 16 buildings and remaining 151 buildings were in various stages of completion. Government stated (January 2014) that action was being initiated for early completion of these works.
- Construction of KGBV buildings at Jadcherla and Bhoothpur were completed in August 2010 and May 2011 respectively. However, due to delay in providing power connection, the buildings were handed over to school authorities only in November 2011 and January 2012 respectively, with a delay of fifteen and eight months.

<sup>11</sup> Out of 3,087 works sanctioned, 56 works were executed by CDSE out of its regular maintenance budget

<sup>12</sup> 9,560 in 2010-11; 9,597 in 2011-12 and 1,051 in 2012-13

<sup>13</sup> Model-I: 363 and Model-II: 32

#### 5.1.1.4 Inclusive Education Resource Centres (IERC)

IERCs were established to cater to needs of Children with Special Needs (CWSN) to take up activities such as Physiotherapy, Speech therapy, counselling to parents of CWSN and teachers to ensure that education of CWSN was taken up on par with normal children. Centres were to be established nearer to Mandal Resource Centre (MRCs) building having one/two spare rooms for IERC to facilitate CWSN children and to conduct trainings and meetings.

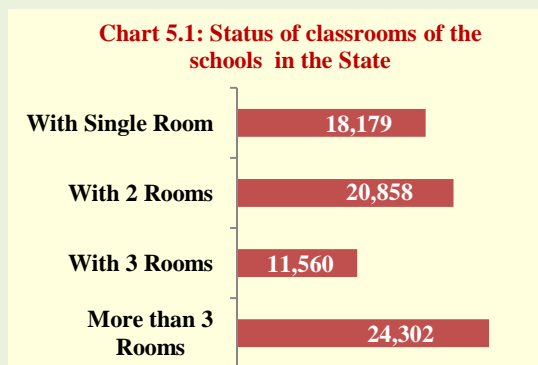
During year 2011-12, GoI approved proposals (July 2011) of State Government to establish IERCs in 382 identified MRCs. Government instructed (July 2011) that all IERCs should be constructed and operationalised by end of the financial year i.e., by March 2012 duly ensuring quality. Of 382 IERCs, construction of 295 buildings was completed as of December 2013 and remaining works were in progress.

Out of 97 IERC buildings<sup>14</sup> along with CWSN friendly toilets and ramps sanctioned in *six test checked districts* during October 2011 – January 2012, 64 buildings<sup>15</sup> were completed. 13 works (Prakasam: 4, YSR Kadapa: 3, Mahbubnagar: 1, Vizianagaram: 1 and Ranga Reddy: 4) were not yet started due to non-availability of site and delays in tendering and remaining 20 works remained incomplete<sup>16</sup>.

Government further stated that out of total sanction of 365 CWSN friendly toilets and ramps to IERC buildings, 233 works were completed and remaining works were in progress and that efforts were being made for their early completion.

#### 5.1.2 Class rooms

Contrary to the norm that every primary school and upper primary school were to be provided with at least one classroom for every teacher and Office-cum-Store-cum-Head teacher's room, 24 per cent of schools in the State were functioning in single rooms. In *six sampled districts*, 4,696 schools<sup>17</sup> (24 per cent) were functioning with only single room (*Appendix-5.2*).



Source: Records of CDSE

In 74 out of *154 test checked schools*, there were shortages of 199 class rooms. Further, 51 class rooms were in dilapidated conditions.

Out of 56,202 additional class rooms (ACRs) sanctioned<sup>18</sup> by GoI during 2010-13 under RVM, which were to be completed by the end of respective financial years,

<sup>14</sup> Prakasam:19, Vizianagaram: 12, Medak: 15, YSR Kadapa:17, Mahbubnagar: 21 and Ranga Reddy:13

<sup>15</sup> Prakasam:11, Vizianagaram: 9, Medak: 11, YSR Kadapa:12, Mahbubnagar: 15 and Ranga Reddy: 6

<sup>16</sup> Basement level: 2; Lintel level: 3; Roof level: 6 and Finishing stage: 9

<sup>17</sup> Medak: 543; Ranga Reddy: 364; Mahbubnagar: 943; Vizianagaram: 943; Prakasam: 920 and YSR Kadapa: 983

<sup>18</sup> 2010-11: 15,214; 2011-12: 20,599 and 2012-13: 20,389

8,697 (15 per cent) ACRs remained incomplete and 5,130 (nine per cent) were not even started as of April 2013. State Project Director, RVM attributed the delay in this regard to non-availability of sites, disputes over title of allotted sites and boundaries, encroachment of school lands, lack of preparedness by School Management Committees, non-availability of sand, delays in tendering process, legal problems, etc.

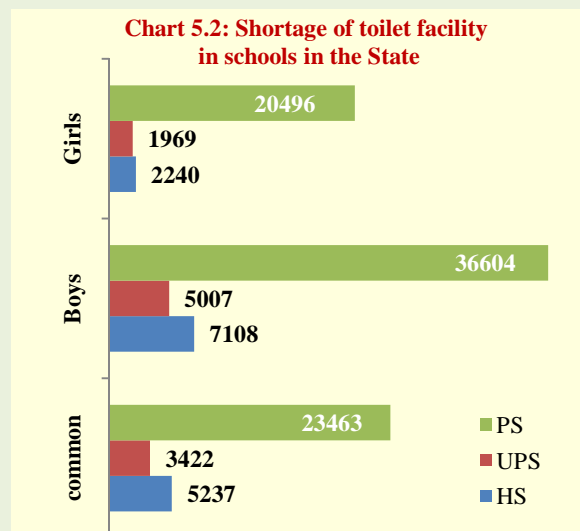
Government replied (January 2014) that major repairs were being planned for the next year and that 7,232 spill over works relating to ACRs were not approved by GoI and that these would be deferred to 2014-15. It was further stated that action was being initiated to complete the remaining ACRs which were at advanced stage of construction.

### 5.1.3 Barrier free access

Government sanctioned construction of ramps in 21,674 schools under civil works intervention in June 2011 at a cost of ₹0.12 lakh per ramp. Although works were scheduled to be completed by July 2011, 20974 (97 per cent) schools had completed this task as of November 2013. Further, 217 (22 per cent) ramps were completed out of 1,008 ramps sanctioned during 2012-13 as of November 2013. Government replied that action had been initiated to complete all works.

### 5.1.4 Toilets

Separate toilets for Girls' in 32 per cent schools, toilets for boys in 63 per cent schools and even common toilets in 42 per cent schools were not available in the State. In the *six sampled districts*, separate toilets were not provided for girls in 38 per cent (7,320) schools, for boys in 69 per cent (13,352) schools and even common toilets were not provided in 46 per cent (8,845) schools. The break up in this regard relating to primary, upper primary and high schools is given along side and in **Appendix-5.3**.



Source: Records of CDSE

Out of **154 test checked schools**, though toilets were available in 87 schools (56 per cent), none was in usable condition.

Government stated (January 2014) that 12,150 toilet units had been sanctioned through RWS&S<sup>19</sup> Department and the works were in progress. Government attributed non-functioning of toilets to lack of timely maintenance, proper security, scarcity of water, etc. It was further stated that no maintenance grant was approved by GoI for sustainable maintenance of toilets.

<sup>19</sup> Rural Water Supply and Sanitation

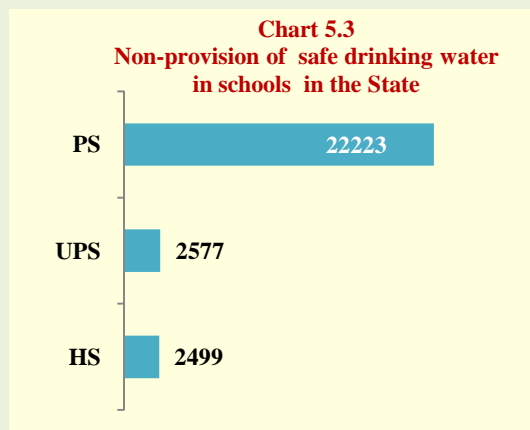
Out of 4,997 special toilets for Children with Special Needs (CWSN) sanctioned by the State Project Director (SPD), Rajiv Vidya Mission (SSA) during 2012-13 which were to be completed by March 2013, only 3,299 (66 per cent) were completed, 1249 (25 per cent) were in progress and 449 (nine per cent) toilets were not even started as of November 2013.

Government attributed delays in completion of toilets to non-availability of running water and suitable site. Government further stated that efforts were being made to complete remaining works before closure of financial year 2013-14.

### 5.1.5 Drinking Water

In 36 per cent schools in the State, adequate and safe drinking water facility was not provided. In the *six sampled districts*, 40 per cent (7,735) schools do not have safe drinking water facility. Details are given in *Appendix-5.3*.

In 39 (25 per cent) out of *154 test checked schools*, no drinking/running water facility was available. Though available, drinking water was not sufficient in 13 (eight per cent) schools.



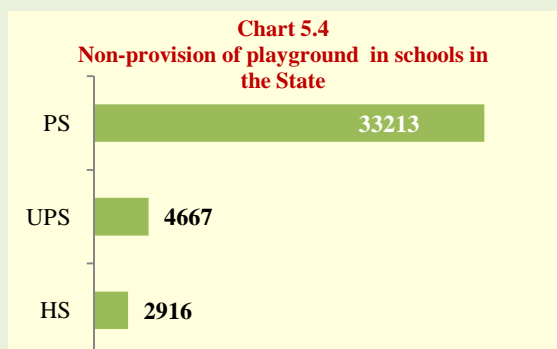
Source: Records of CDSE

Government stated (January 2014) that, as per the reports of RWS&S Department, drinking water facility had been provided in 5,371 schools and that the work was in progress in the remaining schools.

### 5.1.6 Kitchen sheds

In 101 (66 per cent) out of *154 test checked schools*, no kitchen shed was available for cooking mid-day meals. Consequently, food was getting cooked under the trees or in open spaces.

### 5.1.7 Playground



Source: Records of CDSE

In 53 per cent schools in the State, playground was not provided. In the *six sampled districts*, there was no playground facility in 53 per cent (10,262) schools. Details are given in *Appendix-5.3*.

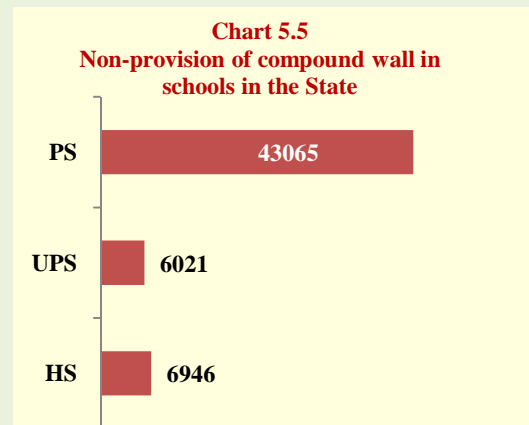
In 70 (45 per cent) out of *154 test checked schools*, playground was not available.



### 5.1.8 Security to School buildings

Compound wall facility for protecting school buildings was not provided to 73 per cent schools in the State. In the *six sampled districts* boundary wall for securing the school buildings was not provided to 71 per cent (13,742) schools. Details are given in *Appendix-5.3*.

In 83 (54 per cent) out of *154 test checked schools*, compound walls were not provided and in seven schools, these were constructed partly.



Source: Records of CDSE

Government attributed non-provision of compound wall to non-approval of relevant proposals by GoI and stated that proposal would again be submitted to GoI in 2014-15 for sanction.

### 5.1.9 Library Facilities

Out of 76,735 schools in the State, 4954 schools (six per cent) did not have facility of library and 2,359 (three per cent) schools did not have library books. Out of 19,357 schools in the *sampled districts*, 1512 (eight per cent) schools did not have the facility of library and 717 (four per cent) schools did not have any books in the library. Details are given in *Appendix-5.4*. In 36 (23 per cent) out of the *154 test checked schools*, library was not available.

Government replied (January 2014) that Mandal Education Officers and field level functionaries would be asked to monitor status of libraries in each school. It was further stated that proposals would be submitted to GoI for providing library room and necessary infrastructure so that all schools in the State would have active school libraries.

#### 5.1.10 Conclusion

*Although 96 per cent of schools in the State are housed in their own buildings, proper infrastructure in terms of adequate number of classrooms, barrier free access, separate toilets for girls and common toilets, safe drinking water, etc. were not provided in many of the schools as per the norms stipulated by Government of India and as enshrined in the RTE Act, 2009.*

## Housing Department

### 5.2 Implementation of Indira Awaas Yojana (IAY)

#### 5.2.1 Introduction

GoI launched (1996) Indira Awaas Yojana (IAY) with the objective of helping in construction/upgradation of dwelling units of rural BPL households belonging to SC/ST communities, freed bonded labourers, minorities and other non-SC/ST rural households, widows and next-of-kin of defence personnel/paramilitary forces killed in action residing in rural areas (irrespective of their income), ex-servicemen and retired members of paramilitary forces.

#### 5.2.2 Audit Framework

Audit of implementation of IAY was carried out between June - September 2013 covering the five year period 2008-13. Audit scrutiny involved examination of records in the Commissionerate of Weaker Sections Housing Programme and Andhra Pradesh State Housing Corporation Limited (APSHCL – implementing agency) and Project Directors in two districts of Telangana region viz., Karimnagar and Khammam<sup>20</sup>. Audit involved scrutiny of records at offices of concerned Project Directors in these districts as well as physical verification of houses stated to have been constructed with IAY funds, besides survey of 660 beneficiaries under the scheme. Audit findings were discussed in Exit Conference with Secretary, Housing Department, MD, APSHCL and other departmental officials in December 2013. Replies of Government have been incorporated at appropriate places in the report.

#### 5.2.3 Releases and expenditure

Expenditure on IAY is borne by GoI and the State in ratio of 75:25. Details of funds released by GoI and State Government are given in table below along with expenditure incurred during the period 2008-13.

Table 5.1

(₹ in crore)

Year	Releases by GoI	Matching State Share (MSS) to be released	MSS actually released	Total release	Expenditure
2008-09	693.47	231.16	125.00	818.47	899.38*
2009-10	990.85	330.28	388.53	1379.38	1307.96
2010-11	873.66	291.22	291.64	1165.30	1148.92
2011-12	892.37	297.46	281.83	1174.20	1113.01
2012-13	846.79**	313.05	174.13	1020.92	1132.53*
<b>Total</b>	<b>4297.14</b>	<b>1463.17</b>	<b>1261.13</b>	<b>5558.27</b>	<b>5601.80</b>

Source: Records of APSHCL

\*The excess expenditure in the years 2008-09 and 2012-13 was met from the funds available with APSHCL under INDIRAMMA programme to which IAY scheme was tagged on in the State

\*\*As against allocation of ₹939.16 crore, GoI imposed a cut of ₹92.37 crore due to non-submission of UC in respect of amount released (2010-11) for Homestead sites

<sup>20</sup> Audit of implementation of the scheme could not be carried out in the Coastal and Rayalaseema regions due to disturbances in these regions during the period of audit

Audit observations with regard to management of IAY funds by the State are given below:

- During the period of 2008-13 covered by Audit, State Government has not constructed any new houses in respect of the sanctions accorded by GoI under IAY. Instead, the houses constructed earlier under the State sponsored housing programme called INDIRAMMA were being shown as constructed under IAY while submitting the UCs to GoI. Government stated (December 2013) that IAY was subsumed in 'INDIRAMMA'.
- Scrutiny of online data relating to IAY revealed that 7,60,769 houses had been completed<sup>21</sup> during the period 2008-11<sup>22</sup> and ₹2,898.63 crore were to be released to the beneficiaries as per norms fixed. However, actual expenditure figures available online reveal that State Government had incurred an expenditure of ₹2,531.05 crore only. This was due to allocations being made by GoI from time to time under IAY at a specific unit cost and INDIRAMMA houses which were already commenced/completed with a lower unit cost being tagged on to IAY. During Exit Conference, MD stated that this was being applied in respect of houses completed only during the year and not for previously constructed houses. Audit analysis of database however, revealed that 8,68,403 cases (pertaining to Phases-I to III of INDIRAMMA) of houses completed in earlier years were also being tagged on to IAY.
- The figures of expenditure furnished by APSHCL in response to an audit enquiry differ from expenditure figures displayed online by State Government<sup>23</sup> with regard to IAY implementation. Therefore, Audit is unable to vouch for expenditure details provided by APSHCL. During Exit Conference, Government replied that there were some variations in online figures and stated that action was being taken to sort out the variations.
- GoI released an amount of ₹102.28 crore to 22 DRDAs in State towards Central assistance (for the year 2010-11) for providing homestead sites for 2,04,568 rural BPL households with regard to IAY scheme. Utilisation certificate for amount released was not furnished to GoI, as district administration had not identified any beneficiary under scheme. GoI had imposed (2012-13) a cut of ₹92.37 crore due to non-submission of UC in respect of amounts released for Homestead sites. Government stated (December 2013) that the house sites were being acquired by Social Welfare Department and that amount had been transferred to that department.

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<sup>21</sup> 2008-09: 1,92,056; 2009-10: 3,32,779 and 2010-11: 2,35,934

<sup>22</sup> Audit findings are restricted to the period 2008-11 only as the houses sanctioned are to be completed within two years of the sanction

<sup>23</sup> 2008-09 (APSHCL: ₹672.20 crore and online: ₹530.60 crore – 1,92,056 completed houses), 2009-10 (₹1,164.72 crore and ₹952.59 crore – 3,32,779) and 2010-11 (₹1,061.70 crore and ₹1,047.86 crore – 2,35,934)

- Scrutiny of Cash Book and Bank Pass book of IAY funds in Karimnagar district revealed that reconciliation of balances between Cash Book and Pass book was not done during the period 2009-10 to 2012-13. Consequently, discrepancy of ₹23.38 crore between closing balances of Cash Book and Bank Pass book remained unaddressed since March 2010. Government stated (December 2013) that necessary reconciliation was being carried out for rectification of discrepancy.

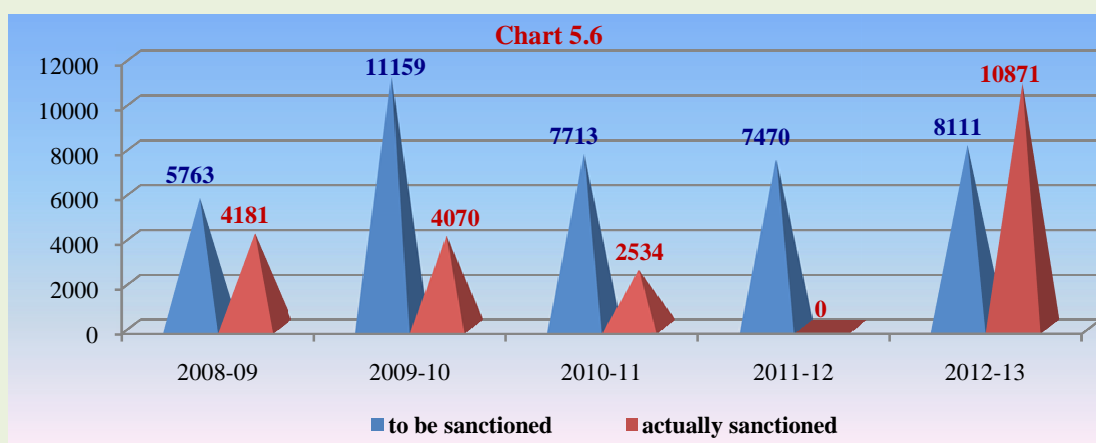
#### 5.2.4 Identification of beneficiaries

IAY guidelines stipulate preparation of a permanent waitlist on the basis of BPL lists in order of seniority in the list. Gram Panchayat is to draw out shelterless families from BPL list strictly in order of their ranking determined on the basis of a composite score worked out on 13 socio-economic parameters. As per guidelines, Gram Sabhas are to send this waitlist to DRDA who will in turn place it on the website of Ministry. It was however, observed that there was no permanent waitlist in the State and the beneficiaries selected under the State housing programme INDIRAMMA were being tagged on to IAY as well. As no beneficiary list was prepared, there was no assessment of beneficiaries before actual sanction of houses.

During Exit Conference, Government stated that the applications received during 'Rachabanda'<sup>24</sup> programme were considered as wait list under IAY and that the list of beneficiaries under IAY were being displayed on the website from 2013-14 only.

#### 5.2.5 Sanction and allotment of houses

As per IAY guidelines, beneficiaries should be prioritised for allotment of dwelling units and three *per cent* of total sanctioned houses should be allocated to physically and mentally challenged persons. However, there was shortfall in extending benefit to this category as per norms as can be seen from the chart below.



Source: Records of APSHCL

The shortfall was primarily due to non-maintenance of separate lists of beneficiaries for IAY programme. Government stated (December 2013) that some of the physically and mentally challenged persons were covered under INDIRAMMA and IAY depending upon the district allocation.

<sup>24</sup>A State Government programme intended for redressal of public grievances and taking administration to the door steps of the people

### 5.2.6 Deficiencies relating to Housing database

Houses under IAY scheme should be sanctioned only to rural beneficiaries and implementing agency should check credentials of beneficiaries before sanction of houses. Scrutiny of database relating to sanction of houses revealed the following:

- APSHCL sanctioned houses to 19 Pink ration card holders<sup>25</sup> and an amount of ₹4.64 lakh was paid to such persons in Khammam, Kurnool and Karimnagar districts.
- While ration card is the primary eligibility document for allotment under IAY, there were 3.48 lakh records with invalid ration card numbers in housing database under IAY. The total amount paid to such beneficiaries across the State worked out to ₹1,117.73 crore (Karimnagar: ₹45.60 crore and Khammam: ₹201.42 crore).
- It was observed during verification of ration cards that more than one beneficiary existed in respect of 10,452 ration cards (covering 31,209 beneficiaries) across the State with regard to IAY.
- Further, there were 5,238 beneficiaries from Karimnagar and 14,127 from Khammam whose ration cards did not exist in the Civil Supplies database, which was the basic database with regard to ration card information. The amounts released to such beneficiaries in these two districts was ₹66.66 crore (Karimnagar: ₹18.80 crore and Khammam: ₹47.86 crore).

Scrutiny of sanctions of houses in sampled districts revealed the following:

- 967 beneficiary names were repeated twice/thrice and have availed benefit under the scheme and an amount of ₹2.58 crore<sup>26</sup> was paid to these beneficiaries.
- In Karimnagar district, 395 ration cards were declared as invalid in Gram Sabhas/survey, even though ₹1.15 crore were paid to beneficiaries with these cards before declaring them as invalid. No action was taken by the PD for recovery of amounts already paid.
- Verification of online progress of construction of houses revealed that 164 beneficiaries in Urban areas were tagged on to IAY. Amount sanctioned to such ineligible beneficiaries aggregated ₹0.41 crore.
- In Khammam district, 222 beneficiaries were paid an amount of ₹44.57 lakh though houses were not constructed.

During Exit Conference, Government accepted (December 2013) that there were deviations in some districts and some ineligible persons did benefit under the scheme and assured that all ineligible cases would be sorted out within a couple of months and recovery initiated from them by duly imposing Revenue Recovery Act.

<sup>25</sup> Pink ration card denotes beneficiary is Above Poverty Line - APL

<sup>26</sup> Karimnagar (102): ₹0.28 crore and Khammam (865): ₹2.30 crore

## 5.2.7 Targets and Achievements

As per guidelines, houses under IAY programme should be completed within two years from the date of sanction. Out of 13,40,630 houses sanctioned under General IAY scheme for the period 2008-13, only 12,11,784 houses had been completed and 1,02,437 houses were yet to be taken up for construction as of March 2013. Details of the houses sanctioned and completed are given in table below.

**Table 5.2**

Year	Number of IAY houses		
	Sanctioned	Completed	Not yet taken up
2008-09	192132	192039	93
2009-10	371982	332770	39212
2010-11	257104	235936	21168
2011-12	249013	207081	41932
2012-13	270399	243958	26441*
<b>Total</b>	<b>1340630</b>	<b>1211784</b>	<b>128846</b>

Source: Records of APSHCL

\*26,409 houses since completed during the year 2013-14

Instances of inaccurate reporting to GoI by APSHCL were also noted by Audit. For example, in respect of sampled districts of Karimnagar and Khammam, there were over reporting of actual achievement of target (as per online data) by APSHCL to GoI to the extent of 4,164 and 27,339 houses respectively during the period 2008-13. Further, 39135 out of 50,724 sanctioned houses under Additional IAY (Khammam) scheme (for the year 2008-09) and 3,109 out of 3,731 sanctioned houses under Primitive Tribal Group (PTG) scheme in respect of IAY stimulus packages programme were only completed as of September 2013<sup>27</sup>. APSHCL however, reported (November 2012) to GoI that all the houses were completed.

State Government stated (December 2013) that all houses had been completed in all respects and GoI was apprised to this effect. Difference between actual achievement of target (as per online data) and the achievement reported by APSHCL to GoI was attributed to errors during data migration.

## 5.2.8 Monitoring and Evaluation

Central Plan Scheme Monitoring System (CPSMS) is a monitoring mechanism of Planning Commission which is being implemented by Controller General of Accounts (CGA) to monitor availability and usage of funds sanctioned by GoI to implementing agencies so as to assess actual financial requirement for programme implementation. Under this system, Ministry of Finance, GoI directed (August 2011) that all implementing agencies in the States should be registered with CPSMS till the last tier i.e., up to sub-district level agencies with complete bank account details.

<sup>27</sup> Progress as of March 2013 was not made available to Audit

Though all PD offices of DRDA (Tier-I) were registered with CPSMS (as of December 2013), none of sub-district level agencies of District PDs of Housing (Tier-II) and MD, APSHCL (Tier-III) were registered. This resulted in funds at DRDAs being shown as 'NIL' and the balances at II and III tier offices not being available in CPSMS. Thus, envisaged central monitoring and evaluation mechanism was not put in place. Government stated (December 2013) that GoI had only requested to furnish details pertaining to PD, DRDAs and that relevant details had been furnished to GoI for updation in CPSMS.

However, since data relating to Tier-II (i.e., PD, APSHCL of the district concerned) and Tier-III (i.e., MD, APSHCL at the State level) were not registered in CPSMS till date, objective of assessing the actual financial requirement for implementation of the scheme was defeated.

### 5.2.9 Physical verification/beneficiary Survey

As per IAY guidelines, DRDAs should make concerted efforts to identify programmes/schemes being implemented by various Ministries/Departments of Central Government which could be dovetailed with IAY so as to ensure that IAY beneficiaries also derived benefits of these schemes intended for rural BPL households.

Audit conducted beneficiary survey/physical verification of 660 houses during period August – September 2013 in sampled districts along with personnel of APSHCL. Findings are as follows:

- IAY guidelines provide for construction of sanitary latrine and smokeless chulha for every house constructed/upgraded with financial assistance of IAY funds. Physical verification of 660 houses in the sampled districts however, revealed that 443 (67 *per cent*) houses (Karimnagar: 295 and Khammam: 148) were without smokeless chulhas; and 344 (52 *per cent*) houses (Karimnagar: 157 and Khammam: 187) did not have sanitary facilities;
- 139 houses (21 *per cent*) were not constructed as per specifications (type design);
- 457 houses (69 *per cent*) did not have drainage facilities;
- While 78 houses (12 *per cent*) did not have electricity supply, 129 houses (20 *per cent*) were not fitted with electricity meters. Out of 582 beneficiaries having electricity connections, 324 members (56 *per cent*) did not receive support from any Government schemes like RGGVY;
- 114 (17 *per cent*) beneficiaries were not provided expertise/information by APSHCL on disaster resistant technology;
- 75 beneficiaries (11 *per cent*) had faced problems in sanction of IAY houses like frequent visits/repeated applications and delay in release of payments;

- 511 beneficiaries (77 per cent) were not aware of differential rate of interest (DRI) loans (at an interest rate of four per cent per annum)/credit-cum-subsidy grants;
- None of the 660 houses were fitted with 'IAY logo'.

Government stated (December 2013) that smokeless chulhas were not provided as Government was sanctioning gas connections under Deepam scheme to the beneficiaries. Government did not however, furnish details as to the number of these beneficiaries covered under Deepam scheme. Government further stated that ₹2,750 had been made available to all beneficiaries under 'Total Sanitation Campaign' for construction of individual sanitary latrines (ISLs) and that this amount was being released after completion of ISLs and that the amount was since enhanced to ₹11,000. It was further stated that the basic infrastructural facilities like water supply and electricity was being taken up by APSHCL from its budget.

### 5.2.10 Conclusion

*Beneficiaries in the two test checked districts are not aware of the IAY and the IAY logo is not displayed in any of the houses constructed with IAY funds since the scheme is merged with the State sponsored INDIRAMMA scheme. There were gaps in information with regard to usage of funds or number of houses constructed with the funds provided by GoI with regard to IAY. Permanent waitlist for selection of beneficiaries as per guidelines was not prepared. There were lacunae relating to processes for validation of beneficiaries, with differences between Civil Supplies database and Housing database.*

Government assured that issues and lapses pointed out by Audit with regard to implementation of the programme would be given adequate attention to ensure that these issues are not repeated in future.

## 5.3 Delay in completion of houses under Flood Housing

**Houses sanctioned as a mitigation measure for flood affected families were not fully completed and where completed, could not be occupied due to non-provision of infrastructure facilities, depriving beneficiaries of benefits of permanent shelters even after lapse of more than four years since floods had rendered them homeless**

To mitigate hardship of people whose houses had collapsed or been damaged during floods in September - October 2009 in Guntur, Krishna, Kurnool, Nalgonda and Mahbubnagar districts, Government accorded sanction for construction of 1,00,000 houses<sup>28</sup> as a special package. Construction was entrusted to Andhra Pradesh State Housing Corporation Limited (APSHCL), being the nodal agency for housing construction activities in the State. Unit cost of houses sanctioned under this package was ₹68,450<sup>29</sup> and the houses were to be constructed within a period of six months.

<sup>28</sup> based on tentative estimates submitted by the District Collectors

<sup>29</sup> GoI subsidy (IAY): ₹26,500; GoAP subsidy (IAY): ₹8,500; INDIRAMMA subsidy: ₹13,200; GoAP loan: ₹17,500 and Toilet (PR Department): ₹2,750



GoI released central assistance of ₹14.40 crore (being the 2/3rd share of GoI at ₹35,000 per unit cost) for construction of 5,485 houses only (through DRDAs<sup>30</sup>) under IAY<sup>31</sup> (natural calamity) and the funds were passed on to APSHCL. With regard to State share, State Government asked APSHCL to utilise funds available with it under other State housing schemes for construction of houses. State Government released (February 2010) ₹50 crore for acquisition of land for this purpose from the Chief Minister's Relief Fund (CMRF).

Scrutiny of records (January 2013 and September/October 2013) by Audit revealed that, as against one lakh houses sanctioned by Government, District Collectors had sanctioned 50,756 houses in four flood affected districts. Of these, APSHCL had finally taken up 31,991 houses for construction (In-situ: 13,819; Re-location: 18,172). Further, against ₹50 crore released by State Government for acquisition of land, APSHCL released only an amount of ₹34.71 crore in various spells (from September 2010 to August 2011) to affected districts and the remaining amount of ₹15.29 crore was held in banks in form of Fixed Deposits<sup>32</sup>. Scrutiny also revealed that, out of 31,991 houses sanctioned, only 21,288 houses were completed; 7,773 houses were not even started and remaining 2,930 houses were at various stages of construction (October 2013).

Scrutiny revealed that even land required for construction of the houses had not been fully acquired (October 2013). Though houses sanctioned under flood housing programme were to be completed within six months, APSHCL was yet to acquire (October 2013) 104.16 acres of land out of the 1,330.29 acres required. Delay in this regard was stated to be for various reasons, as detailed below.

Table 5.3

District	Land (in acres)			Reasons/ Audit findings
	To be acquired	Acquired	Yet to be acquired	
Guntur	6.30	4.30	2.00	Due to litigation APSHCL had not taken action to identify alternate land
Krishna	32.00	10.40	21.60	Low lying areas and levelling was not done for want of funds
Kurnool	914.90	863.34	51.56	Due to litigation and non-transfer of land to Revenue authorities by Irrigation Department APSHCL had not taken action to identify alternate land
Mahbubnagar	377.09	348.09	29.00	Due to land dispute and non-transfer of land by Irrigation Department
<b>Total</b>	<b>1330.29</b>	<b>1226.13</b>	<b>104.16</b>	

Source: Records of Project Directors, APSHCL

<sup>30</sup> District Rural Development Agencies

<sup>31</sup> Indira Awaas Yojana

<sup>32</sup> which earned interest of ₹3.27 crore for period from July 2010 to January 2013 which was treated as income by APSHCL

Due to non-acquisition of land, nine relocation colonies<sup>33</sup> (out of 59 proposed) had not been formed yet, even after lapse of four years of occurrence of floods and thereby depriving 2,879 beneficiaries<sup>34</sup> of envisaged benefit of having permanent shelters (October 2013).

Government in its reply (December 2013) admitted that due to delay in land acquisition process in certain locations, commencement of construction activity was delayed. Government further stated that amounts available with APSHCL would be released as and when request was received from District Collectors.

Since houses were sanctioned as part of mitigation measure, the same should have been taken up/completed on time. Hence, due care should have been taken by APSHCL while identifying land for this purpose and for speedy transfer of identified lands by coordinating with other concerned departments. Further, APSHCL preferred to keep unutilised funds (intended for land acquisition) in fixed deposits rather than releasing a portion of the same towards levelling of the acquired land in liaison with District Collectors.

Audit scrutiny further revealed the following:

- In Krishna district, although 10.40 acres of land (out of 32 acres proposed for acquisition for six relocation colonies) were acquired (July 2010) to form two relocation colonies (beneficiaries involved: 235), entire exercise was rendered futile, as sites were low lying and levelling of the land could not be undertaken due to lack of sufficient funds and also on account of proposal under consideration for construction of a bridge. Further, in respect of four relocation colonies, even land had not been identified (beneficiaries involved: 718).
- In Guntur district, work of construction of 81 houses was entrusted (June 2012) to an NGO for completion within six months. However, none of the houses had been completed as of October 2013 even after lapse of over a year. APSHCL had neither issued any show-cause notice nor initiated any correspondence with the NGO to speed up construction indicating ineffective monitoring by it.

Government in its reply (December 2013) stated that out of 18,172 houses taken up under relocation, 11517 houses had been completed and 6,512 of these have been occupied.

Physical verification (October 2013) of Audit along with departmental officials of one layout colony at G. Singavaram in Kurnool district revealed that as against 1,003 houses sanctioned, 692 houses were completed and construction of 311 houses was not even taken up. Of the completed houses, only 60 (nine *per cent*) houses were occupied by beneficiaries and remaining houses were not occupied due to non-provision of infrastructural facilities like internal roads, water and electricity etc. Though District Collector apprised (November 2012) situation of internal roads in the

<sup>33</sup> Guntur (2), Krishna (4), Kurnool (2) and Mahbubnagar (1)

<sup>34</sup> Guntur (57), Krishna (718), Kurnool (1965) and Mahbubnagar (139)

flood relocation colonies to MD, APSHCL and sought release of funds, required funds had not been provided as of December 2013.

Government stated (December 2013) that infrastructural facilities could not be provided due to non-availability of funds with APSHCL for that purpose and that the responsibility of providing infrastructural facilities was entrusted to the local bodies.

## School Education Department

### 5.4 Accountal of examination fee

**Examination fees collected in respect of various entrance tests were retained and utilised in violation of codal provisions. Appropriation to the extent of ₹2.45 crore made from the exam fees towards meeting departmental expenditure was contrary to codal provisions. Unspent balances to the extent of ₹53.62 crore were also lying with Commissioner and Director of School Education outside Government account**

Government (School Education Department) conducts various recruitment tests<sup>35</sup> and Common Entrance Tests (CET) for admission to various courses. Commissioner and Director of School Education (Commissioner) is responsible for conducting these examinations through Conveners appointed for each such examination. Conveners are responsible for maintenance of proper books of account of receipts and expenditure in respect of each examination.

Audit scrutinised (August 2013) records of Commissioner relating to tests conducted during 2008-09 to 2012-13 (up to May/June 2013) with a view to assess compliance with codal provisions and Government orders with regard to accountal of examination receipts and expenditure thereon. Audit findings in this regard are given below.

#### 5.4.1 Retention and utilisation of Government receipts in violation of codal provisions

Rule 7(1) of AP Treasury Code Volume-1 stipulated that all moneys received by or tendered to Government servants in their official capacity should be paid in full into the treasury without undue delay.

- Contrary to above codal provisions, Government issued orders<sup>36</sup> allowing Commissioner to meet expenditure on conducting APTET from revenue earned by sale of applications and exam fee collected from applicants, instead of remitting the amounts to Government account and according separate sanction for meeting expenditure on conducting these examinations. Government also did not issue any instructions, with regard to utilisation of unspent funds available with Commissionerate after meeting expenditure on this account. Government orders

<sup>35</sup> District Selection Committee (DSC) for recruitment of teachers; AP Teachers Eligibility Test (APTET for eligibility for recruitment as teachers including in private schools)

<sup>36</sup> GO Ms. No. 51, School Education (SE. GENL.II) Department, dated 16 April 2011

with regard to collection and utilisation of examination fee collected in respect of DSC, DIETCET and LPCET<sup>37</sup> were not made available to Audit despite specific request.

- Commissioner collected ₹89.48 crore from applicants towards examination fee in respect of DSC, APTET, DIETCET and LPCET during the five year period 2008-13 and an amount of ₹35.86 crore was expended on the conduct of these examinations. This included advances of ₹11.02 crore given to District Educational officers (₹9.37 crore) and other officers (₹1.65 crore) which were pending adjustment for one to four years, attributable to lack of pursuance by the Commissionerate of School Education.
- Commissioner retained an amount of ₹53.62 crore<sup>38</sup> in fixed deposit/savings bank accounts even after completion of events pertaining to respective examinations.
- Commissioner diverted (2008-13) an amount of ₹2.45 crore<sup>39</sup> from fee collected for DSC examinations for meeting departmental expenditure not related to examinations, which should have been met from regular budget of the department. Commissioner attributed (July 2013) diversions to meagre budget provision.

#### **5.4.2 Non-maintenance of Cash Book and register of valuables**

As per AP Treasury rules, every Drawing Officer has to maintain Cash Book in APTC Form 5 and it should be closed regularly showing the balance available including that in all subsidiary Cash Books.

Audit scrutiny revealed that in spite of huge amounts being received and expended towards conduct of examinations, Cash Books were not maintained in respect of any examination. Only an abstract Cash Book was prepared based on cheque issue register, files, etc. Further, two bank accounts were opened in different banks for same examination (DIETCET 2010 and 2011). Due to non-maintenance of Cash Books, there was no assurance that all receipts and payments were properly accounted for.

As per para 3.39 of Handbook on Financial Accountability issued by Government in August 2008, moneys received in the shape of DDs etc. should be posted in the Register of Valuables immediately on their receipt and sent to bank for credit without any delay. Due to non-maintenance of register of valuables or any other record for the purpose, Audit is unable to vouch that all DDs were encashed and accounted for. Scrutiny of Abstract Cash Book and bank statements revealed (May 2013) a difference of ₹0.19 lakh with reference to DDs sent to bank but not realised. Further, there were delays ranging from two to four months in remittance of money received

<sup>37</sup> DIETCET for admission to District Institutes of Educational Training; LPCET for admission to Language Pundit courses

<sup>38</sup> DSC (2008, 2011 and 2012): ₹13.82 crore; TET (2011, January 2012 and May 2012): ₹23.78 crore; LPCET (2010, 2011 and 2012): ₹0.05 crore; DIETCET (2010, 2011 and 2012): ₹15.97 crore

<sup>39</sup> Advances to other purposes: ₹1.00 crore, Office expenditure: ₹0.87 crore, Procurement of fire equipment: ₹0.23 crore, Construction of RJD Office & others: ₹0.20 crore, Purchase of vehicle: ₹0.09 crore, Remuneration to steno to Government pleader: ₹0.04 crore, Purchase of furniture for exam centres: ₹0.02 crore

through DDs into bank. Commissioner stated (July 2013) that the issue has been taken up with bank authorities and action would be taken for realisation of the amounts.

The matter was reported to Government in November 2013; reply has not been received (January 2014).

## Revenue Department

### 5.5 Irregularities in alienation of land

**While allottee was yet to pay land cost of ₹2.82 crore to Government, District administration refunded ₹1.67 crore to the College (for payment of compensation to encroachers) in violation of Government instructions**

A Medical College requested (February 2009) State Government to allot about 600 acres of land in Chittoor district for setting up its second campus to host a super speciality hospital, medical college, pharmacy college, nursing college, dental college and institute of public health and bio-medical engineering college, besides a full-fledged residential campus, hostels and related social infrastructure.

Government considered the request and agreed (February 2009) to allot 640.17 acres of land situated in Chittoor and Gudipala mandals of Chittoor district in favour of the College. Formal alienation orders were however, issued in March 2010. Audit scrutiny of relevant records revealed the following.

- As against total amount of ₹18.96 crore<sup>40</sup> payable, the College paid only ₹16.14 crore (April – July 2009) towards cost of land, leaving a balance of ₹2.82 crore yet to be paid (May 2013).
- Rules<sup>41</sup> prescribe that alienation of land to a company/private individual or institutions for any public purpose should be made against collection of its market value<sup>42</sup> and subject to terms and conditions prescribed in Board of Standing Orders (BSO). Further, Section 18 of AP Land Acquisition Act specifies that fair market value of land (to be acquired) has to be ascertained with reference to date of notification for its acquisition and that market value of land to be acquired would depend on where the land is situated and its surroundings. In the instant case, District Collector recommended alienation of land at rupees one lakh per acre as against market rate of ₹1.50 lakh to ₹2 lakh determined by Joint Collector and Revenue Divisional Officer (RDO) after inspecting land in January 2009. It is

<sup>40</sup> Government land: 237.74 acres/₹1 lakh per acre, DKT land: 319.11 acres/₹1 lakh per acre + ex-gratia at ₹2.50 lakh per acre and Patta land: 83.32 acres/₹5 lakh per acre + 30 per cent solatium

<sup>41</sup> Standing Orders of the erstwhile Board of Revenue (BSO) and the Andhra Pradesh (Telangana Area) Alienation of State Lands and Land Revenue Rules, 1975

<sup>42</sup> Market value has been defined in the AP Land Acquisition Act as the price obtained by sale of adjacent lands with similar advantages

pertinent to note that as per Government orders<sup>43</sup> of February 2005, land can be allotted to Educational Institutions only at market value. Further, Empowered Committee in its meeting (February 2009) recommended for alienation of the land at ₹1.50 lakh per acre. However, contrary to its own guidelines and ignoring recommendations of Empowered Committee, Government alienated the land at Rupees one lakh per acre. Due to alienation of land at a lesser rate than market value, Government sustained a loss of at least ₹1.19 crore<sup>44</sup>.

- As per Government (Revenue Department) instructions of March 2010, encroachers of land were not eligible for any compensation/ex-gratia. Therefore, encroachers of Government lands, kalva and vagu<sup>45</sup> poramboke lands of Mapakshi and 190 Ramapuram villages of Chittoor and Gudipala mandals respectively were to be evicted after following due process of law. Contrary to this, based on a request from the College, District Administration refunded (April 2010) ₹1.67 crore out of ₹16.14 crore remitted by the College towards land cost to the College for payment of compensation to encroachers of Government land (extent: 66.72 acres<sup>46</sup>) at ₹2.50 lakh per acre without obtaining Government sanction.

*Thus, while the College was yet to pay ₹2.82 crore to Government, District Administration refunded ₹1.67 crore to the College (for payment of compensation to encroachers) in violation of Government directions, thereby extending undue benefit to the College.*

The matter was reported to Government in July 2013; reply has not been received (January 2014).

## **5.6 Alienation of Government land to unauthorised occupant**

### **Failure of District Administration, Chittoor to protect Government lands from encroachment resulted in loss of ₹57.56 lakh to Government**

Based on request of Educational Academy, Chittoor, Government allotted (August 2011) land to an extent of 34.34 acres in Muthireval village, Puthalapattu mandal, Tirupati in favour of the Academy at ₹4 lakh per acre as recommended (April 2010) by the Empowered Committee for construction of engineering college buildings. The land was handed over to the Academy in October 2011.

Audit observed that in June 1999, the Academy had requested for allotment of only 17.84 acres of land for the purpose of construction of college buildings in the above village on payment of market value. District Collector, Chittoor submitted (January 2001) proposals to Government for alienation of 14.39 acres of land in favour of the Academy for construction of college buildings on payment of market value. These proposals were however, rejected by Government in December 2001. Although the then Joint collector had observed (May 2002) that the said land

<sup>43</sup> GO Ms. No. 243 Revenue (Assn.I) Department dated 28 February 2005

<sup>44</sup> ₹50,000 per acre X 237.74 acres

<sup>45</sup> Kalva and vagu are streams in local dialect

<sup>46</sup> Mapakshi village: 41.68 acres and 190-Ramapuram village: 25.04 acres

(14.39 acres) was under encroachment by the Academy and that buildings were unauthorisedly constructed on it, no action was taken by the District Administration to evict the encroacher and resume the land to Government.

It was further observed that, in December 2009 the District Administration submitted proposals for allotting the total land of 48.73 acres of which the aforesaid 14.39 acres was a part in favour of the Academy, but the proposal did not materialise. However, in August 2011, the 34.34 acres of land was alienated to the Academy, leaving out the 14.39 acre land which was already encroached upon by the Academy.

***Thus, District Administration, instead of taking action to evict encroachers from Government land and penalising them, rather extended benefits to the encroacher by alienating 34.34 acres of land in its favour, resulting in a loss of ₹57.56 lakh<sup>47</sup> to the Government.***

The matter was reported to Government in July 2013; reply has not been received (January 2014).

## Finance and other Departments

### 5.7 Irregular payments towards hiring of vehicles

**Failure of Heads of Offices in ensuring compliance with Government orders and non-exercise of adequate checks by the Drawing Officers and Treasury Officers before sanction and admission of claims resulted in irregular payments towards hiring of vehicles. Drawing Officers had not effected deduction of Income Tax as required from bills claimed by suppliers**

State Government imposed (January 1994) ban on purchase of vehicles by Government departments and Government affiliated organisations and allowed hiring of vehicles in cases of extreme necessity subject to certain conditions.

Audit scrutinised 866 paid vouchers (involving an expenditure of ₹4.87 crore) relating to payment of monthly hire charges for vehicles across all 22 districts and the Pay and Accounts Officer, Hyderabad pertaining to 12 Government departments (*Appendix-5.5*) in the State during 2009-10 to 2012-13. Audit was carried out with the objective of checking compliance with Government orders and provisions of Income Tax Act in connection with deduction of income tax at source.

During scrutiny, Audit noticed non-compliance with Government Orders in 326 (38 *per cent*) vouchers relating to eight out of the 12 departments. Non-compliance was particularly significant in Revenue (79 *per cent*) and General Administration (11 *per cent*) departments. Details in this regard are given below.

<sup>47</sup> Calculated at ₹4 lakh per acre fixed by Empowered Committee for land alienated in August 2011

### **5.7.1 Withdrawals unsupported by relevant documentary evidence- possibility of fraud thereof**

Government orders allowed hiring of cars in view of ban on purchase of vehicles. The monthly rates prescribed by Government were in respect of hired 'taxis'.

A cross check of vehicle numbers with Transport Department website revealed that 100 vehicles (in 63 vouchers involving payment of ₹21.72 lakh) hired by various departments were two wheelers/tractors/auto rickshaws/goods carriers and not cars (taxis) as stipulated in Government orders. Random numbers had been quoted and incorrect class of vehicles was cited. Thus, payment of hire charges of ₹21.72 lakh was inappropriate, unsupported by relevant documentary evidence.

### **5.7.2 Hiring of private vehicles (non-taxi)**

Government orders stipulated that vehicles registered as taxis only can be hired. Thus, private vehicles cannot be hired by Government departments/Government affiliated agencies.

In violation thereof, departmental officers hired private vehicles 'not registered as taxis' and paid hire charges of ₹1.19 crore for 438 cars (263 vouchers).

### **5.7.3 Non-deduction of income tax at source**

As per Section 194C of Income Tax Act, the Drawing Officers were required to deduct income tax at source (TDS) at two *per cent* of the payments (as per Section 206AA 20 *per cent* in case PAN number was not mentioned in the bill) made to/credited to the account of the owners of the vehicles.

Scrutiny revealed that the bills claimed by the suppliers did not indicate the PAN number of the supplier. The amount deductible even at two *per cent* of the hire charges paid worked out to ₹10.03 lakh<sup>48</sup> from 866 vouchers. However, the Drawing Officers had not effected any deduction of income tax as required, save officers of three departments<sup>49</sup> who recovered an amount of ₹11,000 in respect of 28 vouchers.

Government replied (January 2014) that suitable instructions have been issued (December 2013) to all the Secretariat Departments and Heads of Departments to check fraudulent and irregular payments if any, towards hiring of vehicles. It further stated that Finance (Internal Audit) Department has been instructed (December 2013) to cause specific audit and furnish a report.

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<sup>48</sup> Tax at two *per cent* of ₹4.87 crore (₹9.74 lakh) plus surcharge at three *per cent* on tax (₹0.29 lakh) totalling to ₹10.03 lakh

<sup>49</sup> Finance, Home (Police) and Revenue



## Health, Medical and Family Welfare Department

### 5.8 Delay in construction of prisoners ward at Institute of Mental Health, Hyderabad

**Due to delays at every stage of construction and non-availability of adequate funds, construction of prisoners ward was not completed even after lapse of seven years, rendering the expenditure of ₹1.05 crore unfruitful**

Government of India, Ministry of Health and Family Welfare (GoI) provided (September 2005) a one-time grant-in-aid of ₹2.71 crore for upgradation of the Institute of Mental Health, Hyderabad (IMH) (as against the estimated cost of ₹3 crore) under the National Mental Health Programme. Upgradation involved construction of a 150 bedded<sup>50</sup> prisoners ward at an estimated cost of ₹1.50 crore<sup>51</sup> in the premises of IMH and renovation of other wards and procurement of equipment at ₹1.50 crore. Amount of ₹2.71 crore was deposited (July 2006) with Andhra Pradesh Medical Services Infrastructure Development Corporation (APMSIDC - erstwhile APMHIDC) for undertaking construction work, as it was the nodal agency for execution of such works. State Government has been pursuing with GoI for release of the balance amount of ₹29 lakh. Construction of envisaged work has not been completed (October 2013) even after lapse of seven years.

Audit scrutiny of records of APMSIDC and IMH revealed the following:

- Legal title of the land handed over by IMH to APMSIDC was disputed and the Hon'ble High Court issued stay orders in 2006 even before commencement of work by the executing agency. Consequently, the contract had to be cancelled in January 2007.
- IMH provided (February 2008) an alternate site (in the premises of IMH) to APMSIDC after a delay of one year, which resulted in cost escalation by ₹1 crore. Since IMH could not obtain additional funds from either GoI or the State Government, it decided (October 2008) to reduce the construction area (from 2,060 sq. mts. to 1,110 sq. mts.) to accommodate work within available funds. While APMSIDC was left with only ₹1.05 crore for this work (after spending ₹1.66 crore on other items), it entrusted (August 2008) the work with reduced plinth area of 1,110 sq. mts. to contractor for ₹1.22 crore and a supplemental agreement was concluded for an amount of ₹33.37 lakh for supplemental items. As such, sufficient funds (₹1.55 crore<sup>52</sup>) were not available with APMSIDC towards construction of the prisoners ward even with reduced plinth area.

<sup>50</sup>Currently, prisoners ward has a capacity for 40 patients

<sup>51</sup>As per SSR 2005-06

<sup>52</sup>₹1.22 crore + ₹33.37 lakh

- APMSIDC asked (June 2009) IMH to deposit an additional amount of ₹45.35 lakh (escalated to ₹58 lakh by 2013) for completion of the work and both APMSIDC and IMH approached (July 2009) Director of Medical Education for provision of additional funds. However, additional funds have not been provided as of December 2013.
- Work was stopped in July 2009 after completion up to roof slab due to lack of funds and there was no progress in construction during the four year period 2009-13. Contract was closed in December 2011 as contractor was not willing to execute the balance work.

***Thus, due to delays at every stage of construction and non-availability of adequate funds, construction of prisoners ward was not completed even after lapse of seven years, rendering the expenditure of ₹1.05 crore unfruitful.***

Government in its reply admitted (December 2013) the delay and assured that it was initiating action for immediate release of additional funds required for completion of the work within the shortest time possible. Government further contended that all the patients were being provided treatment facilities in an existing prisoners ward. However, the fact remains that the prisoners ward under construction was supposed to have a criminal ward with facilities at par in jails i.e., high rising walls with solar fencing and inbuilt closed circuit cameras, etc.

## Home (Prisons) Department

### 5.9 Undue benefit to service providers of Fire Outposts

**Payment of enhanced maintenance cost of Fire Outposts retrospectively to service providers without addressing deficiencies identified earlier amounted to undue benefit of ₹1.37 crore to them without any improvement in fire and disaster preparedness of the State**

State Government decided (January 2004) to establish 21 Fire Outposts in 12 districts on outsourcing basis and entrusted maintenance of 19 Outposts in 11 districts to service providers selected through open tender process for each Outpost. Contracts with service providers were valid for a period of five years from date of commencement at rates ranging from ₹10.22 lakh to ₹11.89 lakh per annum based on location of the Outpost. While land for the Fire Outposts and the cost of construction of garage and office accommodation were to be provided by Government, service provider was to maintain requisite equipment like water tender, portable water pump, delivery hoses, CO<sub>2</sub> extinguisher and other accessories besides 16 trained personnel (firemen, driver etc.) to work in two shifts in each Fire Outpost. The Fire Outposts started functioning between July 2006 and February 2012.

On a request (August 2008) from ‘AP Fire & Emergency Outpost Service Providers State Association’ for enhancement of operation and maintenance charges, Government constituted (August 2008) a Committee<sup>53</sup> to examine the issue. The Committee noted that service providers were not complying with several contractual conditions with regard to the following:

- Availability of Breathing Apparatus set and prescribed fire fighting equipment (in particular, delivery hoses) in all Fire Outposts;
- Adequate number of trained personnel in Fire Outposts *vis-à-vis* stipulated norms;
- Deployment of equipment in good condition;
- Payment of wages through bank accounts to the personnel.

Committee recommended (September 2010) enhancement of annual payment to service providers to ₹20.36 lakh per annum subject to rectification of above deficiencies in the existing Fire Outposts.

Audit scrutiny revealed that, Government issued orders in May 2011 enhancing annual operation and maintenance cost of each Fire Outpost to ₹20.36 lakh (from ₹11.89 lakh<sup>54</sup>) with retrospective effect from April 2010 as recommended by the Committee, without however, ensuring that the deficiencies pointed out by the Committee were rectified by the service providers. In fact, Government in its orders, did not specify any condition with regard to rectification of defects pointed out by the Committee. This gave scope for payment of enhanced cost to service providers without addressing the concerns flagged by the Committee.

During scrutiny of records of District Fire Officers (June - July 2013), Audit found deficiencies like deployment of untrained staff in 15 Outposts, non-maintenance of all the equipment in 15 Outposts, non-maintenance of stipulated records in five Outposts etc. While the Agreement with the service providers stipulated deployment of certain personnel and equipment on a round-the-clock basis, it was silent about penalties for non-compliance with this condition. Further, none of the 19 Fire Outposts had maintained records relating to total fire calls received and attended as stipulated in the agreement. Though penalty was to be imposed for unattended fire calls, inspection reports of District Fire Officers contained only the ‘calls attended’ and not the ‘calls received’.

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<sup>53</sup> Comprising Additional Director of Fire and Emergency Services, Regional Fire Officers, Eastern and Central Region

<sup>54</sup> Salaries (₹7.78 lakh), uniform charges (₹0.80 lakh), POL charges/maintenance of vehicles (₹0.50 lakh), depreciation for equipment (₹1.26 lakh) and 15 *per cent* profit margin (₹1.55 lakh)

In the absence of adequate number of trained personnel and requisite fire fighting equipment in good condition coupled with non-maintenance of stipulated records by the service providers, payment of enhanced cost amounting to ₹1.37 crore (enhanced amount of ₹3.38 crore paid towards wages, POL, margin money, etc. *minus* initial bid amount of ₹2.01 crore) retrospectively from April 2010 to March 2011 without ensuring compliance to issues flagged by the Committee was unjustified on the part of the Government and resulted in undue benefit of ₹1.37 crore to the service providers without improving fire and disaster preparedness of the State.

The matter was reported to Government in December 2013; reply has not been received (January 2014).

Hyderabad  
The



(VANI SRIRAM)  
Principal Accountant General (G&SSA)  
Andhra Pradesh

Countersigned



New Delhi  
The

(SHASHI KANT SHARMA)  
Comptroller and Auditor General of India