

**Report of the  
Comptroller and Auditor General of India  
on  
Local Bodies  
for the year ended March 2013**



**Government of Andhra Pradesh**  
*Report No. 6 of 2014*



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## Preface

1. This Report pertaining to the erstwhile composite state of Andhra Pradesh for the year ended March 2013 has been prepared for submission to Governors of Andhra Pradesh and Telangana under Article 151(2) of the Constitution of India, and in accordance with Section 45(1) of the Andhra Pradesh Reorganisation Act, 2014.
2. This Report contains significant results of Performance Audits and Compliance Audit of the Departments of the Government of the erstwhile composite state of Andhra Pradesh under the General and Social Sector covering (i) Panchayat Raj & Rural Development Department and (ii) Municipal Administration & Urban Development Department. Departments other than these two are covered in the Report on the General and Social Sectors.
3. The instances mentioned in this Report are those, which came to notice in the course of test audit for the period 2012-13 as well as those which came to notice in earlier years, but could not be reported in the previous Audit Reports; instances relating to the period subsequent to 2012-13 have also been included, wherever necessary.
4. The audit has been conducted in conformity with the Auditing Standards issued by the Comptroller and Auditor General of India.



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# Overview

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## **1 About this Report**

This Report of the Comptroller and Auditor General of India (CAG) relates to matters arising from performance audit of selected programmes of Panchayat Raj and Rural Development (PR & RD) and Municipal Administration and Urban Development (MA & UD) departments implemented with involvement of local bodies, and compliance audit of local bodies.

This Report also contains overview of finances and accounts of local bodies and observations on financial reporting.

## **2 Background**

Government of India (GoI) enacted the 73<sup>rd</sup> and 74<sup>th</sup> Amendments to the Constitution to empower local self governing institutions like the Panchayat Raj Institutions (PRIs) and Urban Local Bodies (ULBs). GoI further entrusted implementation of key socio-economic developmental programmes to PRIs and ULBs.

States, in turn were required to entrust these local bodies with such powers, functions and responsibilities to enable them to function as institutions of self-governance and implement schemes for economic development and social justice including those enumerated in the Eleventh and Twelfth Schedules to the Constitution.

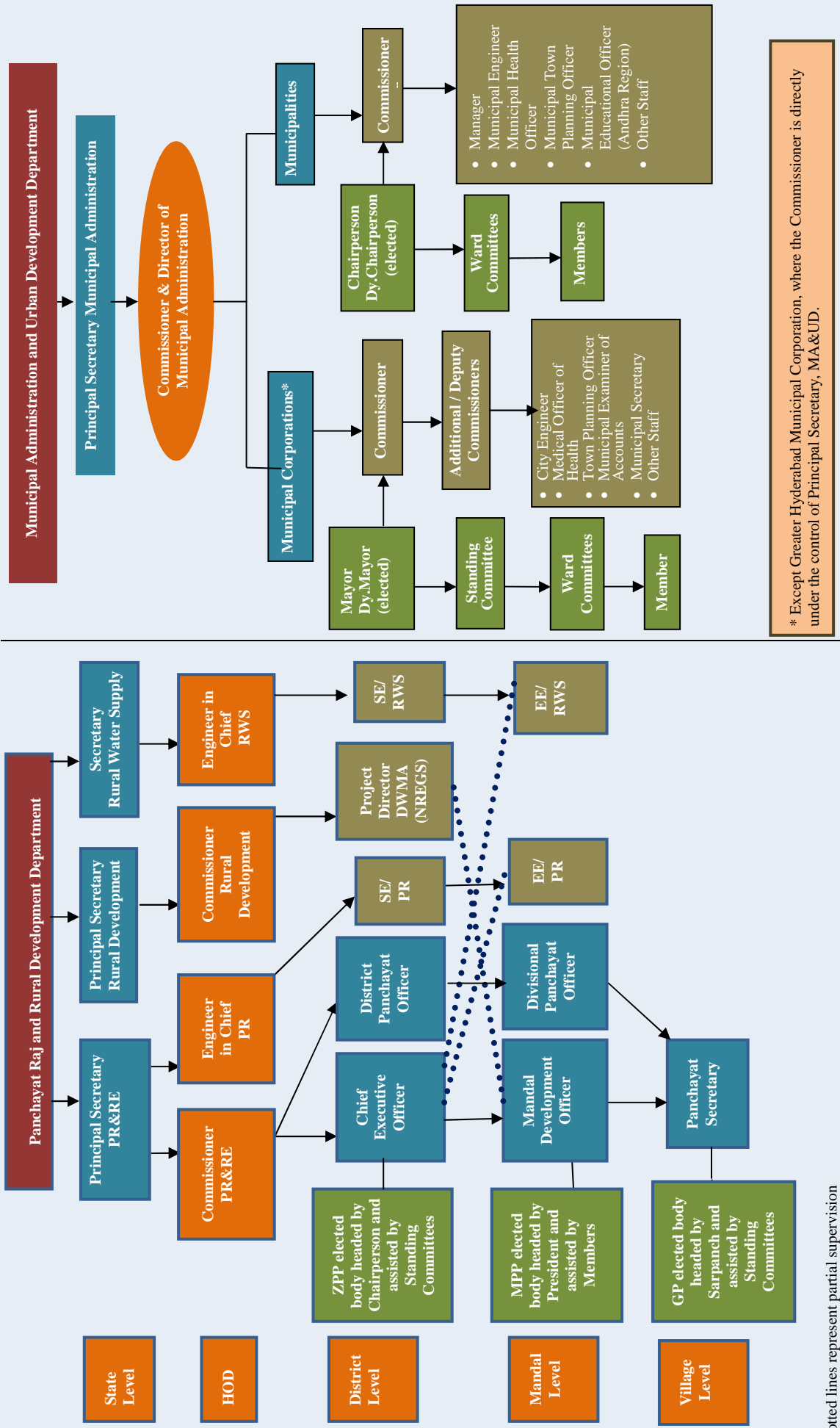
Accordingly, State Government enacted Andhra Pradesh Panchayat Raj (APPR) Act in 1994 repealing all the existing Acts, to establish a three-tier system at Village, Mandal and District levels. Further, Andhra Pradesh Municipal Corporations Act, 1994 was enacted to set up Municipal Corporations in the State and provisions of Hyderabad Municipal Corporation (HMC) Act, 1955 including the provisions relating to levy and collection of taxes or fees were extended to all other Municipal Corporations in the State. Municipalities are, however, governed by the Andhra Pradesh Municipalities Act, 1965.

As of 31 March 2013, there were 22,711 PRIs in Andhra Pradesh comprising 22 Zilla Praja Parishads (ZPPs), 1,097 Mandal Praja Parishads (MPPs) and 21,592 Gram Panchayats (GPs) and 182 ULBs comprising 19 Municipal Corporations, 117 Municipalities and 46 Nagar Panchayats.

## **3 Organisational set-up**

Organisational arrangements for the PRIs and ULBs, inclusive of Government machinery and elected representatives in the State, are as follows.

### Organisational set-up of PRIs and ULBs



Dotted lines represent partial supervision

The roles and responsibilities of each level of organisational set-up of PRIs are detailed in *Appendix-1*.

The Municipal Councils and Corporations transact their business as per the provisions of the Acts concerned. In respect of the Corporations, the Standing Committees, comprising the Chairpersons of all the Ward Committees under them, meet at intervals prescribed by the Act. Similarly, in respect of the Councils, the Municipal Ward Committees meet at prescribed intervals to transact business, make regulations and scrutinise municipal accounts. The main functions of the Ward Committees (both Municipalities as well as Corporations) include provision and maintenance of sanitation, water supply and drainage, street lighting, roads, market places, play grounds, school buildings, review of revenue collections, preparation of annual budget and sanctioning of works. Day-to-day administration of all the ULBs rests with the Commissioner, who is assisted by Additional/Deputy/Assistant Commissioner, Municipal Engineer, Medical Health Officer, Examiner of Accounts, Town Planning Officer and other staff.

## **4 Significant Audit Observations**

This Audit Report includes results of two Performance Audits and one compliance audit paragraph on PRIs and ULBs. Draft Performance Audits and compliance audit paragraph were forwarded to Government and replies received have been duly incorporated in the Report. Significant audit findings relating to these audits and paragraph are discussed below:

### **4.1 Implementation of Pradhan Mantri Gram Sadak Yojana**

*Pradhan Mantri Gram Sadak Yojana (PMGSY) was launched by Government of India in 2000 with the objective of providing road connectivity to all eligible rural habitations by way of all-weather roads in such a way that all eligible habitations with a population size of 1,000 and above were covered by 2003 and habitations of population size of 500 and above were covered by end of 2007.*

*Performance Audit of PMGSY was earlier carried out in 2005 covering execution of rural roads in Andhra Pradesh during 2000-05 and findings featured in Audit Report (Civil) of Comptroller and Auditor General of India for the year ended 31 March 2005. This Report brought out several lapses in implementation of PMGSY in areas of planning, financial management, execution of works, quality control and monitoring. Eight years since, it was decided to carry out another performance audit of PMGSY to assess whether State Government had taken adequate corrective measures to improve implementation of the programme. Audit scrutiny revealed that lacunae pointed out in earlier Report of CAG on this subject have not been addressed adequately and several lapses continue to persist. Significant audit findings on various issues are as follows:*

- *State Government was yet to release ₹210.73 crore being the prorata cost of 298 bridge works (cleared by GoI in September 2010) despite completion of*

*149 works and its share of ₹10.21 crore in respect of works sanctioned by GoI during 2012-13.*

*(Paragraph 2.6.2)*

- *Required studies, surveys and transect walks were not carried out with due diligence while preparing Detailed Project Reports (DPRs) resulting in many works either remaining incomplete or unawarded and also dropped subsequently.*

*(Paragraph 2.7.1)*

- *There were deficiencies in tendering process and some works were tendered before obtaining technical sanctions from appropriate authorities.*

*(Paragraph 2.8)*

- *Works were closed despite non-construction of bridges; non-laying of road to complete stretch; stoppage of works by contractors and improper execution of works which resulted in non-achievement of objective of providing all-weather connectivity to eligible habitations.*

*(Paragraph 2.9)*

- *Programme guidelines/provisions were not complied with in execution of side drains etc., and roads were in damaged condition due to non/improper maintenance.*

*(Paragraphs 2.9.4 and 2.11)*

- *Quality control mechanism at State level was not effective and there was shortfall in quality control tests.*

*(Paragraph 2.10)*

- *Financial management was ineffective and was marked by non-release of sufficient funds for maintenance of roads, non-adjustment of advances, non/improper maintenance of key registers etc.*

*(Paragraphs 2.11 and 2.12)*

## **4.2 Total Sanitation Campaign/Nirmal Bharat Abhiyan**

*Government of India (GoI) launched Total Sanitation Campaign (TSC) in 1999 for sustainable reforms in rural sanitation sector. TSC was renamed as “Nirmal Bharat Abhiyan” (NBA) in 2012, with objective of accelerating sanitation coverage in rural areas through renewed strategies and saturation approach. Performance Audit of Total Sanitation Campaign/Nirmal Bharat Abhiyan revealed the following:*

- *Despite availability of funds, there was shortfall in achievement of physical targets planned under IEC during 2010-13. Against ₹469.63 crore to be utilised towards various IEC activities during 2008-13, Government utilised only ₹32.41 crore.*

*(Paragraph 3.7.1)*



- *Instances of sanctioning two or more IHHLs to same beneficiary and allotment of same ID number to different beneficiaries were noticed.*  
(Paragraph 3.7.2)
- *In Mahbubnagar district, even though progress reports of District Water and Sanitation Mission (DWSM) showed cent per cent achievement, scrutiny of records in test checked units revealed shortfall in construction of toilets in schools indicating incomplete/incorrect depiction of district level data. In Anantapur district, construction of toilets in schools was not taken up during 2008-12.*  
(Paragraph 3.7.3)
- *About 48 per cent of physically verified schools did not provide separate toilets for girls.*  
(Paragraph 3.7.3)
- *State Government did not take effective action in setting up Production Centres, which not only resulted in non-utilisation of funds from Revolving Fund but also deprived beneficiaries of availability of material required for construction of IHHL at reasonable cost in their villages.*  
(Paragraph 3.7.7)
- *Financial management suffered from delay/non-release of programme funds to DWSM agencies, diversion of GoI funds (₹5.48 crore) towards State share and parking of funds in fixed deposits.*  
(Paragraph 3.8)
- *Government has not conducted any evaluation studies to assess effectiveness of implementation of programme in the State.*  
(Paragraph 3.10)

### **4.3 Compliance Audit**

- *Non-compliance with Government rules and lack of internal controls resulted in possible misappropriation of revenue collections amounting to ₹84.67 lakh and temporary misappropriation of ₹36.43 lakh in Sangareddy Municipality.*  
(Paragraph 4.1)



# Chapter-1

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## **Overview of Finances of Local Bodies and their Accounting Arrangements**

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## 1.1 Finances of Local Bodies

### 1.1.1 Fund flow

Resource base of PRIs and ULBs consists of own revenue generated by collection of tax<sup>1</sup> and non-tax<sup>2</sup> revenues, devolution at the instance of State and Central Finance Commissions, Central and State Government grants for maintenance and development purposes and other receipts<sup>3</sup>. The authorities responsible for reporting the use of funds in respect of Zilla Praja Parishads (ZPPs), Mandal Praja Parishads (MPPs) and Gram Panchayats (GPs) are the Chief Executive Officer (CEO), Mandal Parishad Development Officer (MPDO) and Panchayat Secretary respectively. The Commissioner concerned is responsible in case of Corporations and Municipalities.

### 1.1.2 Sources and application of funds

Summary of receipts of PRIs during 2008-13 is given below:

Table 1.1

(₹ in crore)

S.No.	Receipts	2008-09	2009-10	2010-11	2011-12	2012-13
<b>Panchayat Raj Institutions</b>						
1	Own Revenue	1597.79	928.33	955.77	1009.24	976.50
2	Assigned Revenue <sup>4</sup>	827.98	311.69	262.39	344.02	154.36
3	State Government Grants		930.16	797.05	1185.85	343.97
4	GoI Grants					
	BRGF <sup>5</sup>	1534.07	3070.50	2245.85	1913.9	1083.15
	12 <sup>th</sup> and 13 <sup>th</sup> Finance Commissions	518.01	491.31	393.52	428.29	117.88
5	Other Receipts	1147.71	341.4	362.45	331.68	84.18
	<b>Total</b>	<b>5625.56</b>	<b>6073.39</b>	<b>5017.03</b>	<b>5212.98</b>	<b>2760.04</b>

Source: Data furnished by Commissioner, Panchayat Raj

Own revenue as a percentage of total revenue showed a mixed pattern. Assigned revenue varied from 5 to 7 per cent, while grants ranged from 56 to 76 per cent of total revenue.

<sup>1</sup> House tax, advertisement fee, water tax etc.

<sup>2</sup> Rents from markets, shops and other properties, auction proceeds etc.

<sup>3</sup> Donations, interest on deposits etc.

<sup>4</sup> Seignorage fee and surcharge on stamp duty collected by Departments of Mines and Geology and Stamps and Registration are apportioned to Local Bodies in the form of assigned revenue

<sup>5</sup> Backward Region Grant Fund



Table 1.2 shows details of expenditure incurred by PRIs during 2009-13<sup>6</sup>.

**Table 1.2**

(₹ in crore)

S.No.	Type of expenditure	2009-10	2010-11	2011-12	2012-13
1	Revenue expenditure	3054.78	3314.82	2968.77	1405.49
2	Capital expenditure	1648.92	1545.84	1464.15	1033.47
	<b>Total</b>	<b>4703.70</b>	<b>4860.66</b>	<b>4432.92</b>	<b>2438.96</b>

Source: Data furnished by Commissioner, Panchayat Raj

It is seen from the table that both revenue and capital expenditure dropped abruptly in 2012-13, the reasons for which could not be provided to audit despite repeated requests and reminders.

Summary of receipts of ULBs during 2008-13 is given below:

**Table 1.3**

(₹ in crore)

S.No.	Receipts	2008-09	2009-10	2010-11	2011-12	2012-13
<b>Urban Local Bodies</b>						
1	<b>Own Revenue</b>	2039.96	1809.72	2013.74	2297.17	2898.52
2	<b>Assigned Revenue</b>	442.62	377.8	684.00	795.70	819.28
3	<b>State Government Grants</b>	313.60	350.00	430.00	608.00	921.00
4	<b>GoI Grants</b>					
	Scheme Funds	998.92	1093.40	734.27	704.24	378.36
	12 <sup>th</sup> and 13 <sup>th</sup> Finance Commissions	74.80	74.80	177.78	111.85	Nil
5	<b>Other Receipts</b>	Nil	Nil	Nil	Nil	Nil
	<b>Total</b>	<b>3869.90</b>	<b>3705.72</b>	<b>4039.79</b>	<b>4516.96</b>	<b>5017.16</b>

Source: Data furnished by Commissioner and Director of Municipal Administration

Though own revenue has increased over the years since 2009-10, it showed a declining trend in terms of its percentage to total revenue. State Government grants showed steady increase during 2009-13. Government replied that 13<sup>th</sup> Finance Commission grants were not received from GoI during 2012-13 due to non-conducting of elections.

Table 1.4 below shows details of expenditure incurred by ULBs during 2008-13.

**Table 1.4**

(₹ in crore)

S.No.	Type of expenditure	2008-09	2009-10	2010-11	2011-12	2012-13
1	Revenue expenditure	2165.16	2181.79	2621.40	2941.85	3153.33
2	Capital expenditure	1762.68	1313.38	1399.83	1253.08	1166.59
	<b>Total</b>	<b>3927.84</b>	<b>3495.17</b>	<b>4021.23</b>	<b>4194.93</b>	<b>4319.92</b>

Source: Data furnished by Commissioner and Director of Municipal Administration

<sup>6</sup>Details for 2008-09 were not furnished by Department

Revenue expenditure showed an increasing trend during 2008-13. Capital expenditure, however, showed a decreasing trend during 2010-13 indicating poor asset creation.

## 1.2 Devolution of Funds and Functions

Eleventh Schedule to 73<sup>rd</sup> Constitutional Amendment Act, 1992 listed 29 subjects for devolution to strengthen the PRIs. During 2007-08, State Government devolved 10<sup>7</sup> functions to PRIs and thereafter no initiative was taken for devolving the remaining functions. Funds relating to devolved functions are being released through line departments concerned. While PRIs of all the districts received funds during 2011-12<sup>8</sup> from Agriculture, Animal Husbandry and Fisheries Departments, only three districts received funds relating to Backward Classes and Social Welfare Departments. Details of function wise/district wise releases are shown in *Appendix-1.1*.

The 74<sup>th</sup> Constitutional Amendment Act, 1992 identified 18 functions for ULBs as incorporated in 12<sup>th</sup> Schedule to the Constitution. Except '*Fire Services*', all the functions mentioned in this Schedule were devolved to ULBs in the State.

## 1.3 Accounting arrangements

PRIs maintain accounts on cash basis. Model accounting system was prescribed by GoI in consultation with the Comptroller and Auditor General of India. State Government issued orders (September 2010) for adopting this format using PRIASoft, i.e., Panchayat Raj Institutions Accounting Software developed by National Informatics Centre (NIC). All the tiers of PRIs were provided with resource persons to operate PRIASoft for online accounting. However, as of November 2013, online accounting was completed only in eight (36 per cent) out of 22 ZPPs, 438 (40 per cent) out of 1,096<sup>9</sup> MPPs and 1,494 (7 per cent) out of 21,590<sup>10</sup> GPs in the State. Current status in this regard was not furnished by Commissioner Panchayat Raj and Rural Employment (CPR&RE) despite specific request from audit.

Test check (2012-13) of accounts of selected units (two ZPPs, three MPPs<sup>11</sup> and 100 GPs) using PRIASoft revealed that there were discrepancies between PRIASoft generated accounts and manually prepared accounts. Further, as against eight standard formats, only three are being used through PRIASoft and the remaining formats relating to accrual accounting are in the process of development. Therefore implementation of PRIASoft has not been completed as envisaged.

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<sup>7</sup> (i) Agriculture and Agricultural extension (ii) Animal Husbandry, Dairy and Poultry (iii) Fisheries (iv) Rural Development (v) Drinking Water and Sanitation (vi) Primary, Secondary and Adult Education (vii) Health, Sanitation, Primary Health Centres, Dispensaries and Family Welfare (viii) Social Welfare (ix) Backward Classes Welfare (x) Women and Child Development

<sup>8</sup> figures of 2012-13 are awaited from Commissioner, Panchayat Raj and Rural Employment (CPR&RE)

<sup>9</sup> Units as of November 2013

<sup>10</sup> Units as of November 2013

<sup>11</sup> ZPPs Anantapur and Nalgonda; MPDOs Muddanur, Patancheru and Hayathnagar

As regards ULBs, GoI in consultation with the Comptroller and Auditor General of India, had formulated (December 2004) National Municipal Accounts Manual (NMAM) with double entry system for greater transparency and control over finances and requested (May 2005) States to adopt it with appropriate modifications to meet the State's specific requirements. Accordingly, a Steering Committee was constituted (May 2005) by State Government and Andhra Pradesh Municipal Accounts Manual (APMAM) was developed during 2006-07. State Government issued orders in August 2007 for adoption of APMAM in all the ULBs in State. Similarly, other manuals viz., Andhra Pradesh Municipal Budget Manual and Andhra Pradesh Municipal Asset Manual, were also accepted by State for implementation (August 2007) by ULBs. Though double entry book keeping system is being followed in all the ULBs, test-check (2012-13) of 34 municipalities on sample basis revealed the following major irregularities in maintenance of accounts.

- i. Financial statements were not supported by basic records like cash book, asset register, demand collection and balance (DCB) register, advances register, register of investments etc., in any of the 34 ULBs test checked.
- ii. Where details relating to demand and collection were maintained in some form (unauthenticated loose sheets), such details did not tally with the receipts and payments accounts in respect of property tax, vacant land tax, advertisement fee and water charges.

Above irregularities were communicated to Commissioner and Director of Municipal Administration (CDMA) and also Director, State Audit in March 2013. Replies are awaited (May 2014).

## **1.4 Audit Mandate**

### **1.4.1 Statutory Audit**

Director, State Audit (DSA) functioning under the administrative control of Finance Department is the statutory auditor for PRIs and ULBs under Andhra Pradesh State Audit Act, 1989. As per Section 11(2) of the Act, DSA is required to prepare a Consolidated State Audit and Review Report and present it to the State Legislature. The DSA has six Regional Offices, 22 District Offices, several Sub offices and Resident offices to conduct audit of all the PRIs and ULBs annually.

#### **1.4.1.1 Arrears in audit**

Certification of accounts gives an assurance that funds have been utilised for the purpose for which these have been authorised. However, it was noticed from the information furnished (May 2013) by DSA, that audit of 59 accounts of ULBs was pending as the accounts were yet to be compiled by the ULBs. In case of GPs, audit of 3,510 accounts were in arrears as of May 2013. DSA did not furnish specific reasons for delay in audit of GPs.

### **1.4.1.2 Submission of Consolidated State Audit and Review Reports**

DSA has prepared and submitted Consolidated State Audit and Review Reports up to the year 2010-11 to Finance department and the Government tabled (February 2014) the Report in the State Legislature. Some of the major findings are on excess utilisation/non-utilisation/diversion/mis-utilisation of grants, non-collection of dues, advances pending adjustments, violation of rules, wasteful expenditure etc.

### **1.4.1.3 Issue of surcharge certificates**

As per Section 10 of Act, DSA is empowered to initiate surcharge proceedings against the persons responsible for causing loss to the funds of local authorities or other authorities and such amounts are to be recovered by the executive authority concerned under Revenue Recovery (RR) Act. As of March 2013, there were 2,460 cases where surcharge certificates were issued but requisite amount was not recovered. The amount involved in this regard is ₹2.37 crore<sup>12</sup>.

## **1.4.2 Audit by CAG**

CAG conducts audit of Local Bodies (PRIs and ULBs) under Section 14 of CAG's (DPC) Act, 1971. Based on the recommendations of the Eleventh Finance Commission, State Government has entrusted (August 2004) the responsibility for providing Technical Guidance and Supervision (TGS) in connection with the accounts and audit of Local Bodies under Section 20 (1) of CAG's (DPC) Act.

CAG conducts only a test check and provides a consolidated report (TGS Note) at the end of each financial year to the DSA for improving the quality of their reports. TGS note for the year 2012-13 was issued in November 2013.

### **1.4.2.1 Planning and conduct of audit**

Audit process commences with assessment of risk of department/local body/scheme/programme etc., based on expenditure incurred, criticality/complexity of activities, priority accorded for the activity by Government, level of delegated financial powers and assessment of internal controls and concerns of stakeholders. Previous audit findings are also considered in this exercise. Based on this risk assessment, frequency and extent of audit is decided and an annual audit plan is formulated to conduct audit. During 2012-13, 265 PRIs and ULBs falling under the departments of PR & RD and MA & UD were subjected to performance and compliance audit.

### **1.4.2.2 Response of departments to Audit findings**

After completion of audit, Inspection Reports (IRs) containing audit findings are issued to head of the unit concerned. Heads of offices and next higher authorities are required to respond to observations contained in IRs within one month and take appropriate corrective action. Audit observations communicated in IRs are also

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<sup>12</sup> 16 cases involving ₹0.03 crore in MPPs and 2,444 cases involving ₹2.34 crore in GPs

discussed in meetings at district level by officers of the departments with officers of Principal Accountant General's office.

As of 31 March 2014, 518 IRs containing 6,245 paragraphs pertaining to the period up to 2012-13 were pending settlement as detailed in Table 1.5. Of these, first replies have not been received in respect of 133 IRs and 2,224 paragraphs.

**Table 1.5**

Year	Number of IRs/Paragraphs as of 30 September 2013				IRs/Paragraphs where even first replies have not been received			
	IRs		Paragraphs		IRs		Paragraphs	
	PRIs	ULBs	PRIs	ULBs	PRIs	ULBs	PRIs	ULBs
Up to 2008-09	181	82	1159	1577	19	5	152	113
2009-10	87	21	701	475	23	15	260	397
2010-11	87	14	677	408	40	14	412	408
2011-12	9	3	103	53	3	0	36	0
2012-13	0	34	0	1092	0	14	0	446
<b>Total</b>	<b>364</b>	<b>154</b>	<b>2640</b>	<b>3605</b>	<b>85</b>	<b>48</b>	<b>860</b>	<b>1364</b>

## 1.5 Financial Reporting

Best practices in matters relating to different elements of financial reporting like drawal of funds, form of bills, incurring of expenditure, maintenance of accounts, rendering of accounts by PRIs and ULBs are governed by the provisions of APPR Act, 1994 and HMC Act, 1955 respectively, rules framed by State Government from time to time, Andhra Pradesh Treasury Code, Financial Code, Public Works Accounts Code, Public Works Departmental Code, Stores Manual, Budget Manual, other Departmental Manuals, standing orders and instructions.

Significant issues relating to financial reporting by PRIs and ULBs are detailed below:

### 1.5.1 Creation of database of PRIs

State Government released (2002-10) Eleventh and Twelfth Finance Commission grants amounting to ₹57.80 crore<sup>13</sup> to Commissioner, Panchayat Raj and Rural Employment (CPR&RE) for creation of database on finances of PRIs. CPR&RE kept these funds with CEO, ZPP Rangareddy district and the latter parked these funds in fixed deposits with various banks. However, based on instructions of CPR&RE, CEO, ZPP, Rangareddy returned ₹67.37 crore (including interest) during January-February 2013 for which no reasons were on record.

On this being pointed out, CPR&RE stated (March 2013) that funds were again placed in fixed deposits and flexi savings accounts and did not furnish specific reply for non-utilisation of funds for creation of database of PRIs. Thus database was not created despite provision of funds by the GoI and thereby, objective of consolidating finances of PRIs remained unachieved for more than 12 years.

<sup>13</sup> Eleventh Finance Commission Grants ₹22.96 crore (2002-04) and Twelfth Finance Commission Grants ₹34.84 crore (2005-10)



### 1.5.2 Unspent balances in bank accounts of closed schemes

Scheme guidelines stipulate surrender of unspent amount into Government account in respect of closed schemes. State level authorities of the schemes concerned and the CDMA should watch the balances of closed schemes lying in the accounts of different ULBs. Scrutiny of records of 34 ULBs revealed that in 10 ULBs, an amount of ₹6.55 crore as detailed in *Appendix-1.2* remained unspent as of March 2014 in the accounts of closed schemes. No action was initiated by the executives to transfer the amount to Government account.

### 1.5.3 Advances pending adjustment

As per Andhra Pradesh Financial Code-1, advances paid should be adjusted without any delay and the DDOs concerned should watch their adjustment. Scrutiny of records of 34 ULBs during 2012-13 revealed that in 20 ULBs, funds amounting to ₹3.43 crore advanced to staff for various purposes during 1984-2013 remained unadjusted as of March 2014 as detailed in *Appendix-1.3*.

### 1.5.4 Utilisation Certificates (UCs)

Guidelines of central schemes/centrally sponsored schemes stipulate that UCs should be obtained by departmental officers from the grantees and after verification should be forwarded to GoI (MoPR). However, in respect of 6 out of 34 ULBs test-checked during 2012-13 UCs amounting to ₹30.01 crore in respect of several schemes were pending submission to HODs from 2005-13 indicating poor monitoring not only by Drawing and Disbursing Officers (DDOs) concerned, but also by the HOD.

### 1.5.5 Cases of misappropriation

Andhra Pradesh Financial Code stipulates responsibilities of Government servants in dealing with Government money, procedure for fixing responsibility for any loss sustained by Government and action to be initiated for recovery. State Government ordered (February 2004) the Secretaries of all the departments to review the cases of misappropriation in their departments on a monthly basis and the Chief Secretary to Government to review these cases once in six months with all the Secretaries concerned.

Misappropriation cases in PRIs furnished by Director, State Audit during 2008-09 to 2010-11 (figures for 2011-12 to 2012-13 awaited) yet to be disposed off at the end of March 2014 are given in Table 1.6.

Table 1.6

(₹ in crore)

PRI	No. of cases	Amount involved	No. of cases	Amount involved	No. of cases	Amount involved
	2008-09		2009-10		2010-11	
Zilla Praja Parishads	12	1.17	2	0.01	0	0
Mandal Praja Parishads	32	0.04	140	0.41	108	0.31
Gram Panchayats	288	0.78	448	1.13	672	2.09
<b>Total</b>	<b>332</b>	<b>1.99</b>	<b>590</b>	<b>1.55</b>	<b>780</b>	<b>2.40</b>

Urgent action needs to be taken by the Government in this regard.

### **1.5.6 Physical verification of stores and stock**

Article 143 of Andhra Pradesh Financial Code (Volume I) stipulates that all stores and stock should be verified physically once a year and a certificate to this effect be recorded by the Head of the Office in the Register concerned. Scrutiny of records of 34 ULBs during 2012-13 revealed that in respect of 20 (59 per cent) of these, annual physical verification of stock and stores was not being conducted.

### **1.5.7 Non-reconciliation of departmental figures with treasury**

As per para 19.6 of Andhra Pradesh Budget Manual, Drawing and Disbursing Officers (DDOs) are required to reconcile departmental receipts and expenditure with those booked in treasury every month to avoid any misclassification and fraudulent draws. Scrutiny of records of 34 ULBs during 2012-13 revealed that in respect of 20 (59 per cent) of these, reconciliation was pending for two to three years.

### **1.5.8 Non-finalisation of accounts**

According to Rule 4 of Andhra Pradesh Municipalities (Preparation and Submission of Accounts and Abstracts) Act, 1970, ULBs are to compile their Accounts annually and forward a copy to Audit not later than 15 June. However, there were arrears of more than two decades<sup>14</sup> in compilation of accounts by some ULBs (*Appendix-1.4*).

## **1.6 Conclusion**

As can be seen from above paragraphs, out of 29 functions listed in Eleventh Schedule to 73<sup>rd</sup> Constitutional Amendment Act, 1992, Government devolved only functions relating to 10 subjects. Model accounting system (PRIASoft) adopted by State Government is yet to be implemented by many GPs. Also, the database of finances was not created even after lapse of 12 years of releasing the funds.

As regards ULBs, there were delays in compilation of accounts by ULBs, with consequent delay in their audit by DSA. Financial reporting in test-checked ULBs during 2012-13 was inadequate as evidenced by non-remittance of unspent balances of closed schemes, non-furnishing of UCs and advances pending adjustment, non-finalisation of accounts, non-conducting of physical verification of stores and stock and non-reconciliation of departmental figures with treasury.

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<sup>14</sup> Greater Hyderabad Municipal Corporation: Accounts of 21 years; Gudur Municipality: Accounts of 28 years

# Chapter-2

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**Performance Audit of  
Pradhan Mantri Gram Sadak Yojana  
Panchayat Raj and Rural Development  
Department**

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## 2.1 Introduction

Pradhan Mantri Gram Sadak Yojana (PMGSY) was launched by Government of India in December 2000 with 100 *per cent* central funding with the objective of providing all-weather road connectivity in rural areas. This programme aimed at covering all the unconnected rural habitations with a population of 1,000 and above by 2003 and those with a population of 500 and above by the end of 2007. PMGSY permitted upgradation of existing roads in those districts where all the eligible habitations had already been provided all-weather road connectivity. This programme was implemented in Andhra Pradesh in 10 phases during December 2000 to March 2013.

## 2.2 Organisational set-up

Andhra Pradesh State Rural Roads Development Agency (APSRRDA) was set up as an autonomous body in March 2003 to advise Government on technical specifications, project appraisal and fund management of PMGSY. While APSRRDA has the Minister for Panchayat Raj as its Chairman and the Principal Secretary, Panchayat Raj & Rural Development (PR&RD) Department as its Vice Chairman, the empowered officer/programme implementing officer for PMGSY is the Engineer-in-Chief (ENC). He is assisted by Superintending Engineers and Executive Engineers in implementation of the programme.

## 2.3 Audit Framework

### 2.3.1 Audit Objectives

The objectives of undertaking this performance audit were to assess whether:

- Planning for programme was as per the procedure prescribed in Operations Manual for preparation of District Rural Roads Plan and Core Network for providing all-weather road connectivity to unconnected habitations;
- Adequate funds were provided and utilised for effective implementation of programme;
- Tendering and contract management, at all stages of programme implementation, followed canons of financial propriety and transparency;
- Construction of roads was taken up and completed within timeline specified in PMGSY guidelines and according to specifications of Indian Road Congress (IRC) without involving any cost overrun;
- Road maintenance contracts were implemented effectively and State Government took institutional measures to build capacity and devolve funds and functionaries to District Panchayats for sustainable maintenance of roads; and
- The envisaged three tier quality control mechanism and monitoring system were effective.

### 2.3.2 Audit criteria

Audit findings were benchmarked against the criteria sourced from the following:

- Budget of State Government during relevant period;
- GoI guidelines and Operations Manual on PMGSY;
- Rural Roads Manual and IRC specifications;
- Orders/guidelines/circulars issued by GoI and State Government from time to time;
- District Rural Roads Plan, Core Network, Comprehensive New Connectivity Priority List (CNCPL) and Comprehensive Upgradation Priority List (CUPL);
- Andhra Pradesh Public Works Code; and
- Andhra Pradesh Financial Code.

### 2.3.3 Audit Scope and Methodology

Performance Audit of PMGSY was carried out during May – July 2013 and covered execution of rural road works sanctioned during 2008-13. Audit methodology involved examination of records of PR&RD Department in Secretariat and Office of ENC and 11<sup>1</sup> Programme Implementation Units (PIUs). An Entry Conference was held in April 2013 with the Principal Secretary, PR&RD Department wherein audit scope, objectives, criteria, methodology including conduct of joint site inspection were explained and their inputs obtained. Exit Conference was held in March 2014 to discuss audit findings and Government response has been incorporated in the report at appropriate places.

### 2.3.4 Audit Sample

Audit sample for detailed scrutiny involved selection of 125 works on stratified sample basis<sup>2</sup> in seven districts viz., Adilabad, Anantapur, East Godavari, Guntur, Khammam, Medak and Prakasam. In addition to these districts, all works where expenditure was more than rupees three crore (six in all) were selected from across the State for scrutiny. The expenditure on 131 works constitutes 30 *per cent* of total expenditure on works sanctioned during 2008-13. Apart from scrutiny of records, physical inspection of site along with departmental representatives was also conducted and photographic evidence was taken where necessary to substantiate audit findings.

## 2.4 Follow-up on earlier Performance Audit

Implementation of PMGSY in Andhra Pradesh was earlier reviewed and reported through paragraph 3.1 of Comptroller and Auditor General's Audit Report (Civil) for the year ended 31 March 2005. Significant findings of earlier Performance Audit included absence of a detailed survey of roads while launching the programme leading to incorrect assessment of unconnected habitations, execution of works in

<sup>1</sup>Adilabad (3 PIUs), Anantapur (2 PIUs), East Godavari (1 PIU), Guntur (1 PIU), Khammam (1 PIU), Medak (2 PIUs) and Prakasam (1 PIU)

<sup>2</sup>Stratified on expenditure criteria and included 75 initiated works, 15 works awarded but with zero expenditure and 35 works sanctioned but not awarded

Phases I and II without preparation of District Rural Roads Plan (DRRP) and without formulating Core Network of roads, non-compliance with programme norms in construction of works and poor monitoring of execution of road works both at the Central and State level.

Government in its Explanatory Notes to the Report tabled in March 2006 replied that all the works from Phase III onwards were taken up from the approved Core Network and assured that necessary precautions would be taken hereafter as per guidelines of GoI. However, measures taken by Government with regard to issues pointed out by Audit earlier were not adequate, as evidenced from persistence of these lacunae during current audit. Also, there were several instances relating to contract management where GoI guidelines were not complied with as brought out in paragraph 2.8.

## **Audit findings**

### **2.5 Planning**

#### **2.5.1 District plans and Core Network**

As per programme guidelines, planning for rural road connectivity involves preparation of District Rural Roads Plan (DRRP) indicating existing road network in the district and identifying eligible unconnected habitations. Based on DRRP, a Core Network is to be prepared for constructing roads to provide basic access to essential socio-economic services to each of the eligible habitations. DRRP and Core Network are undertaken at block/mandal level and consolidated at district level before forwarding to State level agency (APSRRDA) and National Rural Roads Development Agency (NRRDA) for approval. Based on the approved Core Network, new connectivity to be taken up is prioritised through a Comprehensive New Connectivity Priority List (CNCPL) and Comprehensive Upgradation Priority List (CUPL) (with regard to proposed upgradation works). CNCPL/CUPL thereby form the basis for selection of road works.

Audit findings in this regard are as follows:

#### **2.5.2 Non-prioritisation of upgradation works**

Out of 36 upgradation works test checked in Audit, three works each in Nalgonda and Karimnagar districts were taken up although these did not figure in CUPLs of respective districts. Further, works were not selected in the order of priority accorded to them. Government in its reply (March 2014) accepted audit finding relating to Karimnagar district. With regard to Nalgonda, it was contended that these works featured in Core Network. However, stipulation is that upgradation works are to be prioritised as per CUPL, which was not done in these cases. Further, Government has not furnished (March 2014) specific reply for not selecting works in order of priority.

### 2.5.3 Non-construction of bridges

Government reported<sup>3</sup> completion of 1,093 road works under PMGSY during 2000-13. However, audit scrutiny revealed that several of these roads were not fully operational due to absence of bridges (both cross drainage and long span) connecting them. While 298 bridges were sanctioned by GoI during 2010-11, State Government identified (April 2012) need for 272 more such bridges to operationalise concerned roads. Therefore, Government's claim that all these roads were completed under PMGSY was doubtful. Government in reply (March 2014) accepted audit finding and stated that it would pursue with Ministry of Rural Development (MoRD), GoI for sanction of the additional bridges.

### 2.5.4 Cart track roads categorised as all-weather roads

Core Network prepared by State Government in 2003-04 depicted cart track roads and gravel roads over 9,986 kms connecting 5,219 eligible habitations (population of 500 and above) as all-weather roads. Although State Government sought approval of GoI in November 2007 to revise Core Network to enable these left out habitations to be connected under three different categories<sup>4</sup>, NRRDA cleared only roads proposed under 'cart track' (Category-I) to be included in Core Network and accordingly sanctioned (2008-09) only 395 new connectivity works (1,526.72 km) to provide connectivity to 410 habitations. NRRDA stated (January 2009) that verification and inclusion of roads shown under other categories would be taken up during general revision of Core Network of all States during 2009-10. This revision has not taken place as of March 2014. Government in its reply (March 2014) accepted audit finding but did not furnish any specific reasons for categorising cart track roads as all-weather roads. It was further stated that action would be taken to upgrade these roads when funds were available.

### 2.5.5 Data inconsistencies

Reliable data is imperative for proper planning and successful implementation of any programme. Audit scrutiny of data relating to eligible unconnected habitations revealed several inconsistencies. While ENC records show that 556 habitations were yet to be connected in habitations having population between 250 and 499, Audit scrutiny in seven (out of 22) districts revealed that there were 578 unconnected habitations in this category. Similarly, while ENC records show 340 excess connected habitations in category of population between 500 and above, State Level Standing Committee (SLSC) figures show 1,714 unconnected habitations in this category. In the seven test checked districts, there were 685 unconnected habitations in this category.

<sup>3</sup> Monthly Progress Report (April 2013) of ENC submitted to NRRDA

<sup>4</sup> **Category-I:** 461 Cart track roads with 2,054.33 km length covering 839 habitations, **Category-II:** 1,928 roads with nominal gravel covering the length of 5,006.53 km involving 3,065 habitations and **Category-III:** 750 gravel and cart track roads (more than 50 per cent of the road) with the length of 2,925.36 km covering 1,315 habitations



In reply (March 2014), Government stated that there was misrepresentation initially with regard to status of connectivity and stated that reconciled data has now been submitted to GoI.

## 2.6 Financial performance

### 2.6.1 Funding pattern

PMGSY is funded 100 *per cent* by GoI and funds are provided through three windows *viz.*, Programme fund (related to payments for works), Administrative fund (related to administrative costs) and Maintenance fund (for meeting maintenance expenditure).

Funds for sanctioned projects are made available to State Government in two installments - first installment amounting to 50 *per cent* of value of projects (or annual allocation whichever is lower) after clearance of projects by GoI and second installment subject to utilisation of 60 *per cent* of available funds and completion of at least 80 *per cent* of road works awarded during previous year as well as 100 *per cent* of awarded works of all years preceding that year and fulfilment of other conditions if any, stipulated while releasing previous installment.

During the five year period 2008-13, GoI released ₹2,930 crore for implementation of PMGSY against which, State could spend only ₹2,476 crore. Unspent balances amounting to ₹454 crore were lying in APSRRDA account as of June 2013.

### 2.6.2 Non/Short release of State share

As per guidelines, State Government has to meet expenditure towards cost escalation and tender premium as well as cost of individual bridge works exceeding a length of 50 meters (75 meters in selected tribal and backward districts under Integrated Action Plan). Audit scrutiny of records of APSRRDA revealed the following:

- i. In respect of 298 bridge works cleared by GoI in September 2010, corresponding State share (*prorata* cost of work) amounting to ₹210.73 crore had not been released by State Government as of June 2013 despite completion of 149 of these works.
- ii. Further, State share of ₹10.21 crore due in respect of works sanctioned during 2012-13 was also not released.

In reply (March 2014), Government assured that it would release its share of programme funds.

## 2.7 Programme implementation

### 2.7.1 Preparation of Detailed Project Reports (DPRs)

As per programme guidelines, Programme Implementation Units (PIUs) are to prepare DPR for each work indicating land availability, details of transect walk<sup>5</sup>,

<sup>5</sup> Undertaken to determine the most suitable alignment, sorting out issues of land availability (including forest land), assess any adverse social and environmental impact and elicit necessary community participation in the programme

conformity to CNCPL/CUPL, full justification for new constructions exceeding 45 Commercial Vehicles Per Day (CVPD), separate DPR where cross drainage (CD) span exceeds 25 meters, economy design, including use of gravel surfacing, local materials and fly ash and preparation of estimates for five year routine maintenance. In order to ensure that disputes relating to alignment do not arise subsequent to finalisation of DPRs, GoI provided for a 'Transect walk' of identified area by Panchayat Pradhan, local Patwari, AE/JE and Forest officials (where forest land is involved).

Audit scrutiny revealed that DPRs were prepared in respect of all road works sanctioned by GoI. However, due to inadequate preparatory work and surveys while preparing DPRs, 18 works sanctioned during 2008-09 and 2010-11 had to be dropped subsequently on various grounds as shown in Table 2.1 alongside. Government confirmed (March 2014) audit finding.

**Table 2.1**

Reasons for dropping works	Sanctioned	
	2008-09	2010-11
Repetition of works	5	-
Land problem	1	1
Completion of works through NABARD and other grants	2	2
Transfer of works to R&B Department	-	3
Non-requirement of bridge works	-	4
<b>Total</b>	<b>8</b>	<b>10</b>

Source: ENC records

Test-check of works in PIUs of Adilabad, Anantapur, Karimnagar, Mahbubnagar, Medak and Warangal districts revealed a variation of ₹11.17 crore in cost of works as per contract value and actual execution in respect of 23 completed works<sup>6</sup>. These variations occurred essentially due to changes in specifications relating to length of road, CD works, vents, shoulders etc., from originally proposed items with differences in cost ranging from 3 to 81<sup>7</sup> per cent, indicating that DPRs were not prepared with due care. Government agreed (March 2014) with audit finding.

### 2.7.1.1 Defective DPRs

Audit scrutiny of records and physical verification of road work revealed that road work from **Bodilanka to Turruwada** in East Godavari district with a length of 8 km was taken up (October 2009) at contract value of ₹2.02 crore for providing connectivity to three habitations viz., Turruwada, Chavadikota and Munthamamidi. After executing stretch up to 3.925 km and 5.525 km to 6.800 km at an expenditure of ₹1.09 crore, work was stopped (July 2012) without completing the stretch from 3.925 km to 5.525 km (hilly terrain) as this portion involved steep gradient and laying of CC pavement in the ghat section. Non-feasibility of completing this work was confirmed by EE in May 2013. Government agreed (March 2014) with audit finding and stated that an alternative alignment was identified and that action would be taken to complete this work with State funds.

<sup>6</sup> Adilabad (5), Anantapur (4), Karimnagar (1), Mahbubnagar (1), Medak (11) and Warangal (1)

<sup>7</sup> Adilabad (6 to 25 per cent); Anantapur (3 to 6 per cent); Karimnagar (26 per cent); Mahbubnagar (17 per cent); Medak (12 to 81 per cent) and Warangal (13 per cent)

### 2.7.1.2 *Non-consideration of single connectivity*

Programme guidelines provide for only a single road connectivity to a habitation. Core Network indicates shortest single connectivity required to be provided to unconnected eligible habitations based on position of connectivity of habitations in DRRP. Audit scrutiny of records and physical verification of road works revealed that road work providing **BT road from PWD Road to Bangla Venkatapur** in Gazwel mandal of Medak district was executed to connect three villages (Bangla Venkatapur, Rangampet and Dharmareddy Palli), which already had all-weather connectivity. Government replied (March 2014) that the road was laid to reduce distance to State capital by 15 km. But objective of PMGSY is to provide single connectivity to unconnected habitations. Therefore, expenditure of ₹2.70 crore incurred on this road work is not justifiable under the programme.

### 2.7.1.3 *Inadequate Transect Walks*

Audit scrutiny revealed that 16 works<sup>8</sup> were initiated without undertaking/adequate transect walks. Consequently, works remained incomplete, abandoned mid-way or not commenced and dropped due to various reasons like lack of forest clearance, improper investigation, delay in approval of designs, land disputes etc., as discussed below:

#### **A. Non-completion of works due to lack of forest clearance**

- i. Road work from **Vetukuru to Siripuram** in East Godavari district was taken up (February 2009) to provide connectivity to 11 habitations covering 28 km. Work was stopped (March 2011) midway after laying WMM road (0 to 1.200 km) and BT road (4.600 to 25.785 km) for want of clearance from Forest Department. Government replied (March 2014) that it would initiate proposals for obtaining clearance under Forest Conservation Act. Hence, despite incurring ₹7.42 crore, objective of providing connectivity was defeated.
- ii. Similarly, road work from **GNT road to K. Kothuru (via) Vajrakutam** in East Godavari district was taken up (February 2009) for providing connectivity to three habitations viz., U.J.Puram, Vajrakutam and K.Kothur over a total length of 8 km. However, work was stopped (November 2011) midway after laying road up to 5.675 km for want of clearance from Forest Department. Consequently, only Vajrakutam was provided with connectivity leaving other two habitations unconnected. Besides, expenditure of ₹23.59 lakh incurred on the length of road from 4.400 km (Vajrakutam village) to 5.675 km i.e., end point up to which road was laid, also remained unfruitful. Government replied (March 2014) that proposals would be initiated for forest clearance under Forest Conservation Act.
- iii. Further, road from **Kancharagunta to Minchalampadu** in Guntur district was taken up (February 2009) to provide all-weather connectivity to three habitations viz., Minchalampadu, Kancharagunta and Kakirala and the work was completed in

<sup>8</sup> Adilabad (1), Anantapur (6), East Godavari (3), Guntur (1), Khammam (2), Medak (2) and Prakasam (1)

April 2010 with an expenditure of ₹4.81 crore. It was however, noticed that the road from 9.800 km to 10.700 km (0.90 km) was not completed due to lack of clearance from Forest Department for passage of construction equipment and machinery. In reply, Government stated (March 2014) that with the WBM surface laid in forest area, entire road could be qualified as all-weather road.

## **B. Improper connectivity through existing damaged bund**

Work of providing BT on road from *Angarajpally to Mutharaopally via Sunderashala* in Chennur mandal of Adilabad district was undertaken (August 2009) at a contract value of ₹2.72 crore to provide connectivity to nine habitations and completed in June 2010 at an expenditure of ₹2.88 crore. Audit scrutiny revealed that instead of laying a new road as envisaged, connectivity was provided *via* existing bund which was damaged and not traffic worthy. Thus, the objective of providing all-weather road to targeted habitations could not be achieved even after spending ₹2.88 crore. Government did not furnish (March 2014) specific reply for not laying new road. It was however, stated that action had been initiated to obtain sanction for repairing the existing road.

### **2.7.1.4 Non-possession of ownership of land**

As per Operations Manual of PMGSY, State Government may lay down guidelines for voluntary donation, exchange or other mechanism to ensure availability of land for constructing rural roads. Details of land made available should be reflected in local land records to avoid dispute. Voluntary donations should be documented through agreements with a copy forwarded to local revenue officials for making necessary changes in ownership/possession of land and an affidavit is to be obtained to this effect.

- i. In respect of 12 test checked works in Medak district, the above stipulated provisions were not complied with. As ascertained from beneficiaries of PT Venkatapur and Sekharraopet in the district, their land was acquired by Government for execution of road works without obtaining affidavits from them. Government stated (March 2014) that land owners had not come forward to donate their lands in writing. But the guidelines envisage that donations of land should be documented through agreements to avoid land disputes at a later stage.
- ii. In respect of road from *CPT-NRT R&B road – Veluru* in Guntur district, the work was undertaken (March 2009) over a length of 12.5 km to provide all-weather connectivity to two habitations *viz.*, Girijan colony and Veluru, and completed in March 2010 by incurring an expenditure of ₹4.94 crore. Physical verification of work along with departmental officials revealed that a portion of road work in Girijan colony was not taken up. Government replied (March 2014) that entire village along with Girijan colony population had been covered while execution. However, audit found that the said portion of road was not taken up as seen during physical verification.

### 2.7.1.5 Non-consideration of traffic intensity of proposed roads

In respect of road work from **Bodilanka to Turruwada** in Maredumilli mandal of East Godavari district (length of 8 km) sanctioned in 2008-09 and awarded (October 2009) at a contract value of ₹2.02 crore for providing connectivity to three habitations viz., Turruwada, Chavadikota and Munthamamidi, although there was a mining quarry at 5.800 km of the road, traffic intensity due to movement of heavy mining vehicles (proclainers etc.) was not considered at the time of preparation of estimates. This resulted in damage to the roads due to movement of heavy vehicles. Further, road laid from 3.400 km to 3.925 km was also damaged (May 2013) completely. Government replied (March 2014) that there was no mining activity prior to preparation of DPR. However, audit noticed that Government order for mining lease was issued in July 2007 and construction of road was taken up in October 2009.

## 2.8 Tendering and Contract Management

As per Standard Bidding Document (SBD) prescribed by GoI for construction and maintenance of roads under PMGSY, a two envelope tendering process consisting of Technical and Financial bids was to be followed. The SBD also specified (i) time frame for various activities in tendering process, (ii) clear qualifications for contractors to qualify for bidding and (iii) evaluation of bidding capacity in each case, etc.

Audit observations relating to tendering process followed in test checked projects are discussed below:

- i. **Invitation of tenders prior to technical sanction:** As per guidelines, notice inviting tenders should be issued only after projects are scrutinised by State Technical Agency (STA), cleared by NRRDA and are accorded technical sanction by the competent authority in the State. However, in respect of 47<sup>9</sup> out of 96 awarded works, tenders were invited either in advance of technical sanction (46 works) or on the day of technical sanction (1 work). Government contended (March 2014) that though tender notice was released in news papers prior to the date of technical sanction to save time, bids were published on e-procurement platform after according technical sanction.
- ii. **Award of works with variation without approval of NRRDA:** Although approval of NRRDA is to be obtained where variation between cost of work as per DPR and technical sanction exceeds 10 *per cent*, three works where variation ranged from 13 to 34 *per cent* were awarded in East Godavari and Khammam districts without obtaining approval of NRRDA. Government had not furnished (March 2014) specific reply in this regard.
- iii. **Award of works with excess time for completion:** As per programme guidelines, all road works are to be completed within nine months from the date of issue of work order. Where a package comprises more than one road work, total time given for completion of package should not exceed 12 calendar months. Audit

<sup>9</sup>Adilabad (6), Anantapur (3), East Godavari (5), Guntur (5), Karimnagar (1), Khammam (1), Krishna (1), Mahbubnagar (1), Medak (11), Prakasam (12) and Warangal (1)



scrutiny revealed that 12 works<sup>10</sup> in the test checked districts were given excess time for completion ranging from 3 to 6 months. Government had not furnished (March 2014) specific reply in this regard.

- iv. **Expiry of insurance policies prior to defect liability period:** As per general conditions of contract<sup>11</sup>, contractor is to provide insurance coverage for works and equipment. Audit scrutiny of 11 works in Adilabad (2), Anantapur (4) and Medak (5) districts revealed that insurance policies had expired prior (32 to 62 months) to completion of defect liability period as well as maintenance period. Government accepted (March 2014) the observation and stated that insurance policies were being obtained from contractors.
- v. **Authorisation of bills without withholding Further Security Deposits:** Bills related to 50 ongoing works in East Godavari, Khammam and Medak districts preferred by PIUs during 2009-12 were authorised without withholding amounts towards 'Further Security Deposits' (FSD) at 5 per cent of total value of work done as envisaged in programme guidelines. As FSD amount withheld from bills of contractors were due to be released only on expiry of defect liability period, non-withholding of amount facilitated contractors to realise their security deposits in advance to the extent of work done in all 50 cases. The possible risk of non-recovering the amounts in case of default by the contractors cannot be ruled out. Government replied (March 2014) that PIU, Medak has not recovered due to oversight and PIU, Khammam was recovering FSD. No specific reply was furnished in respect of PIU, East Godavari.
- vi. **Non-recovery of Performance Security Deposit:** Recovery towards Performance Security Deposit amounting to ₹45.38 lakh was not effected by PIU, Medak as per guidelines<sup>12</sup> from contractors in respect of six<sup>13</sup> test checked works. Government replied (March 2014) that this was due to oversight.
- vii. **Non-revalidation of Bank Guarantees:** Validity of Bank Guarantees (BGs) amounting to ₹31.79 lakh<sup>14</sup> expired in advance of construction and maintenance periods in respect of three works in East Godavari, Srikakulam and Vizianagaram districts. However, PIUs concerned did not take any action to get them revalidated. Government replied (March 2014) that letters for revalidation were addressed by PIU, Srikakulam district and assured revalidation in respect of works relating to PIU, East Godavari. No specific reply was furnished in respect of Vizianagaram district.

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<sup>10</sup> Karimnagar (1), Krishna (1), Mahbubnagar (1) and Medak (9)

<sup>11</sup> Clause 13 of General conditions of contract enclosed to Standard Bidding Document and Para 9.3.1 of Operations Manual

<sup>12</sup> Para 8.13 of Operations Manual and Clause 46 of General conditions of contract enclosed to Standard Bidding Document

<sup>13</sup> PT Venkatapur to Munigadapa, Teegul to Yousufkhanpally, PWD road to Bangla Venkatapur, Mundrai to Mandapalli, Bridge at Thipparam and Matindla to Ibrahimpur

<sup>14</sup> East Godavari: Road formation from Bodilanka to Turruwada (₹5.07 lakh), Srikakulam: Formation of BT to the road from Kusumapuram to Kalingapatnam (₹7.63 lakh and ₹1.90 lakh) and Vizianagaram: Providing BT from SD road to Yeguvaganjabadra (₹3.44 lakh and ₹13.75 lakh)

## 2.9 Execution of works

### 2.9.1 Status of works

Programme guidelines stipulate completion of all works within 15 months from their date of sanction by GoI. Status of works cleared by GoI during 2008-13 is given in Table 2.2.

Table 2.2

Year	Details of work	Number of works				Status of works				Expenditure as of March 2013 (₹ in crore)	
		Cleared by GoI	Awarded	Not awarded	Proposed for dropping	Works completed	Works completed with delay	Delay in months (range)	Works in progress	Completed works	Works in progress
Phase-VIII (2008-09)	Road works	431	420	3	8	397	47 (12%)	1-68	23	471.54	11.48
Phase-IX (2010-11)	Bridges	298	262	27	9	149	2 (1%)	1-50	113	50.41	82.78
	Road works	187	186	0	1	143	0	0	43	92.87	19.72
Phase-X (2012-13)	Road works	266	233	33	0	0	0	0	233	0	0
	Road works	188	0	188	0	0	0	0	0	0	0
<b>Total</b>		<b>1370</b>	<b>1101</b>	<b>251</b>	<b>18</b>	<b>689</b>	<b>49</b>	<b>1-68</b>	<b>412</b>	<b>614.82</b>	<b>113.98</b>

Source: Data furnished by ENC

Out of 1,101 works awarded, 689 works (63 per cent) were completed and there was delay of one to 68 months in completion of 49 works.

ENC attributed (May 2013) non-award of works sanctioned during 2008-13 and delay in completion of sanctioned works to non-receipt of forest clearance, extremists problem and non-approval of revised administrative sanctions owing to change in rates or change in alignments.

As per the records of ENC, out of 131 sampled works, 96 works were initiated and 35 works though sanctioned had not commenced as of March 2013. Of the 96 works initiated, 70 works were completed within stipulated time, six works were completed with delay ranging from 4-10 months, two works were terminated and 18 works were in-progress as of June 2013. In reply, Government accepted (March 2014) audit observation.

State Government reported (March 2013) that 35 works were sanctioned but not initiated. However, audit scrutiny revealed that out of these 35 works, four works were completed and 12 works were in progress indicating incorrect reporting. The remaining 19 works<sup>15</sup> were not initiated due to delay in finalisation of designs, lack of clearance from Forest Department etc. Status/details of sampled works are given in *Appendix-2.1*.

<sup>15</sup> Dropped (5), not awarded (12), not a sanctioned work (1) and awarded but not commenced (1)

Significant Audit findings with regard to execution of test checked works are discussed in the succeeding paragraphs.

## **2.9.2 Works executed without providing full connectivity**

As per programme guidelines<sup>16</sup>, PIUs were to ensure proper embankment, drainage, causeways, culverts and bridges where necessary, to provide all-weather connectivity to targeted habitations. Audit scrutiny of test checked works followed by physical verification revealed that though some works were completed, targeted habitations were not provided with all-weather connectivity due to non-construction of causeways, culverts, bridges, roads to complete stretch etc., as per approved DPRs. Therefore, objective of providing all-weather connectivity to all the targeted habitations was only partially fulfilled. Significant instances in test checked works are given below:

### **2.9.2.1 Non-construction of bridges**

- i. Road work from **Venkatapur to Motlaguda** in Adilabad district was taken up for providing all-weather connectivity to nine habitations and was completed in April 2011 at a cost of ₹5.47 crore. Another road work from **'Rampur to Digda'** was also completed in August 2010 at a cost of ₹2.07 crore. Audit scrutiny revealed that a bridge on Erravagu to connect four habitations viz., Girivalli, Karigi and Rampur (included in first work) and Digda (included in second work) was taken up separately. Due to non-completion (June 2013) of proposed bridge on Erravagu, objective of providing connectivity to all the habitations proposed in both works remained unachieved. In reply, Government stated (March 2014) that finalisation of designs for bridge was under process.
- ii. Construction of road from **49.700 km of T02 to Udumudilanka** in P. Gannavaram Mandal of East Godavari district was taken up (August 2009) for providing connectivity to two habitations viz., Udumudilanka and G. Pedapudilanka. Work was completed in March 2010 at a cost of ₹1.25 crore. Physical verification of road along with departmental officials revealed that no connectivity was provided (1.237 km and 1.335 km) to targeted habitations due to non-construction of bridge on river bed. People have to cross the river by foot, that too only during fair weather season. Government replied (March 2014) that bridge work was sanctioned (September 2010) and work was in tender stage.

### **2.9.2.2 Non-laying of road to complete stretch**

- i. Work of formation of road from **Garisepudi to Chinagollapalem** in Krishna district was taken up in February 2009 and completed in February 2011 at a cost of ₹3.51 crore. Physical verification revealed that one habitation (Eti power/Eti Mondi Palli Palem) existed beyond 9.16 km. Though road was laid from 6.00 km to 9.16 km, it did not cover any habitations except sea belt. Thus, the targeted habitation was not in effect provided with all-weather connectivity. In reply,

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<sup>16</sup> Para 8.5 (v) of the guidelines



Government agreed with audit observation and stated (March 2014) that road in the village portion would be executed with local grant.

- ii. Work of providing BT on road from **R&B road to Dabbanuthala** in Khammam district was taken up (September 2010) for providing connectivity to Kothuru and completed (March 2013) at a cost of ₹1.93 crore. Audit noticed during physical verification that though road was laid up to 8 km, proposed habitation was located 400-500 meters away from the end point of the road. Government replied (March 2014) that proposal was initiated to take up the road in village portion with local grant.

### 2.9.3 Improper execution of works

Audit scrutiny of test checked road works as well as physical verification revealed several issues in execution of works such as abandonment of works midway due to inadequate work experience, non-compliance with geometric design standards, deviation from approved designs, poor quality of construction, non-provision of connectivity to proposed habitations, etc. Significant Audit observations in this regard are discussed below:

#### 2.9.3.1 BT road connectivity to Yeguvaganjabadra (Vizianagaram district)

BT road work from SD road @ 19.000 km to Yeguvaganjabadra in Salur Mandal of Vizianagaram district was undertaken (July 2010) at a contract value of ₹6.87 crore for providing connectivity to five habitations viz., Kotiya, Sompigam, Kothavooru, Pulivala and Yeguvasambi.

- i. **Non-completion of work by contractor:** Although road formation involves plain terrain and hilly terrain (5.200 km to 10.500 km), since work experience on hilly terrain was not a precondition, after executing work valuing ₹6.39 crore, contractor abandoned work at hilly terrain in November 2011 and it was terminated in March 2013. Leftover works (₹1.51 crore as per working estimates) included pavement from 10.800 km to 14.200 km, shoulders from 5.400 km to 14.200 km and CD works from 6.200 km to 14.200 km. Government replied (March 2014) that action was being initiated against the contractor for stopping work and that leftover works would be taken up after calling tenders.
- ii. **Improper execution:** Though CC pavements were constructed by expending ₹1.73 crore, gravel shoulders were not provided due to which road was eroded. Warning slogans indicating 'danger to use the road' were displayed at some places by the Department. Further, road width was not increased at curves to facilitate free movement of vehicles. Government replied (March 2014) that these would be rectified.
- iii. **Termination of contract without rectification of defects:** National Quality Monitors (NQM) who inspected (January 2013) the road declared it unsatisfactory (sub-grade, sub-base and WBM as poor; uneven BT and poor CDs) and suggested replacing the sub-standard items. Government terminated (March 2013) the

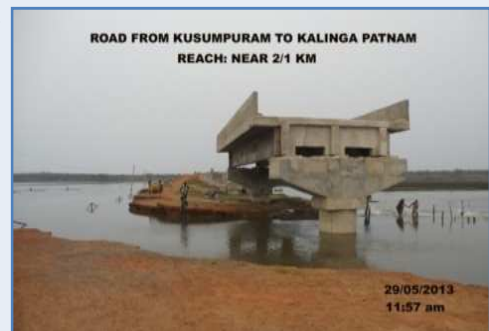
contract without rectification of defects. Government replied (March 2014) that rectification works were being taken up at the cost of contractor.

- iv. **Blasting works undertaken without approval:** An amount of ₹66.47 lakh was paid for excavation of hard rock in hilly areas with blasting material by mechanical means at chainages 3.000 km to 3.100 km without obtaining permission for blasting from competent authority. Government replied (March 2014) that it was not aware about taking permission and assured that care would be taken to avoid such lapses in future.
- v. **Non-coverage of all the targeted habitations:** Although the road work was proposed for providing connectivity to five habitations as per ground verification report enclosed to DPR, it was noticed that the road passed through three other habitations viz., Nerellavalasa, Dhulibhadra and Sarika and ended with only one targeted habitation i.e., Yeguvasambi. Therefore, all the other targeted habitations were not provided with connectivity. Government replied (March 2014) that except Kotiya habitation, all others were provided connectivity with branched out roads to the said road. But inspection of the site by Audit in April 2014 revealed that only a kutchra road was laid.

### 2.9.3.2 Road connectivity to Kalingapatnam (Srikakulam district)

This road work in Kaviti Mandal of Srikakulam district was awarded (July 2010) at a contract value of ₹3.79 crore. Audit scrutiny of relevant records and physical verification of the work revealed the following:

- i. **Delay in finalisation of designs:** The work was sanctioned in February 2009. However, design for construction of bridge (length: 125.75 mts with six vents of 16.5 mts with pile foundation) was approved only in April 2011. DPR was also approved without finalisation of designs, which was irregular. Government replied (March 2014) that the delay was on account of modified designs which were approved in April 2011.
- ii. **Non-completion of works:** Contractor after executing works valuing ₹3.58 crore stopped further execution in December 2011 for which no reasons were on record. The work was terminated in December 2012. Thus, due to non-completion of bridge work, connectivity to targeted habitation could not be provided as can be seen from photograph given alongside. In reply, Government stated (March 2014) that balance works would be taken up on receipt of revised administrative sanction.



- iii. **Extension of price adjustment clause despite non-completion of work:** As per Government orders<sup>17</sup>, price adjustment amount can be paid only when the work is

<sup>17</sup> GO Ms.94 dated 16 April 2008, T.R&B(T1) Department

completed within agreement period or within extended period. Despite non-completion of work, Department paid (August – December 2011) ₹34.70 lakh towards price adjustment for change in prices of cement, steel, emulsion and bitumen etc. Government stated (March 2014) that action would be initiated to recover the amount from the contractor.

- iv. **Non-recovery of penalty:** While extending deadline to contractor in November 2012, an amount of ₹19.25 lakh was levied as penalty. However, agreement was terminated in December 2012 and the penal amount was not recovered (May 2013). Government replied (March 2014) that penalty would be recovered from the contractor.

### **2.9.3.3 Non-construction of complete revetment (Road connectivity to Brahmasamedhyam and Chirrayanam - East Godavari district)**

Work in Katrenikona Mandal of East Godavari district was taken up in November 2009 and completed in March 2012 by incurring an expenditure of ₹4.25 crore. Since the road passed through a water logged area affected by back waters of sea, slopes of the road were prone to erosion due to tidal waves during high tide and cyclones, NQM warned (November 2010) about possible wash out



or scouring of road work at any time, if the revetment was not provided. Audit however, noticed (May 2013) during physical verification of road along with the departmental officials that many risk prone stretches were left without construction of necessary revetment works, causing erosion of slopes as can be seen from photograph given above. In reply, Government stated (March 2014) that it had initiated proposal for taking up protection works to road slopes from other grants.

### **2.9.3.4 Execution of work on single metal layer (Road connectivity from Kaleshwaram to Palugula - Karimnagar district)**

Work in Mahadevpur Mandal of Karimnagar district was taken up (September 2009) at a contract value of ₹2.50 crore for providing connectivity to four habitations viz., Pushkapalli, Palugula, Kuntlam and Maddulapalli and was completed in September 2010 by incurring an expenditure of ₹3.16 crore. Although as per Operations Manual, bituminous items of work should be executed after laying of WBM Grade-II and WBM Grade-III metal, WBM Grade-II metal layer was not laid and bituminous items were executed on single metal layer i.e., WBM Grade-III metal. Government replied (March 2014) that work was executed as per DPR approved by STA. But the fact remained that above provisions were made contrary to Operations Manual.

### **2.9.3.5 Construction of dam at earthen road outside the purview of the reach (BT road from Mundrai to Mandapally - Medak district)**

Work was undertaken (August 2009) at a contract value of ₹2.05 crore for providing connectivity to three habitations viz., Mundrai, Mandapally and Tekulapally which

was completed in August 2010 at a cost of ₹2.61 crore. Audit scrutiny followed by physical verification revealed that a vented road dam (15 vents of 900 mm dia RCC pipe) was constructed outside the purview of the reach at a cost of ₹37.64 lakh at Chainage 1.000 km on the **road from Mandapally to Rajiv Rahadari Road via Gundlacheru village**, which was a mud road. Government stated (March 2014) that the upgradation of road from earthen to all-weather road would be taken up from State funds.

### **2.9.3.6 Non-achievement of all-weather connectivity (Road to Ravindernagar - Adilabad district)**

The work undertaken (2008-09) for providing all-weather road connectivity to two habitations viz., Ravindernagar and Nagapur was completed in July 2010 at a cost of ₹1.47 crore. Audit noticed that one culvert constructed at the entrance of habitation was washed away (2010) in floods. As the damaged culvert was not yet reconstructed (May 2013), targeted habitations could not be provided with all-weather road connectivity. Further, the bridge at 5.150 km was not executed as of May 2013. Government replied (March 2014) that a notice was issued to the contractor for rectification of damaged culvert and further stated that revised administrative approval was accorded for construction of bridge work.

## **2.9.4 Non-compliance with programme guidelines/provisions**

### **2.9.4.1 Non-execution of side drains**

PMGSY Operations Manual stipulates that when road passes through a village, care should be taken to ensure that there are side drains on either side of the road to drain away water. During physical verification of works in Medak district, Audit noticed that side drains were not laid in respect of two works viz., road from **PWD Road to Gopya thanda** and road from **Alladurga Metalkunta PWD Road to Muslapur via Bairandibba**. Government in reply stated (March 2014) that there was no requirement. The fact remains that as per guidelines, side drains are to be provided to ensure proper drainage and prevent water from entering into dwellings.

### **2.9.4.2 Usage of technologies in rural road construction**

NRRDA forwarded (September 2009) a list of new materials/technologies<sup>18</sup> suitable for use in rural road construction as accredited by IRC, New Delhi and instructed APSRRDA to circulate it to PIUs for preparation of project proposals of at least 2-3 per cent of roads with use of such materials/technologies. This was not complied with by APSRRDA and no reasons were on record for ignoring these instructions. Government replied (March 2014) that six works in Adilabad district were now being taken up with new technology and the same were under tendering process.

<sup>18</sup> RBI Grade 81 – Soil Stabilizer, Recron 3 S Dossier, Zycosoil TM Nano Technology, Renolith Based Technology, Jute Geo textiles, Wacker BS Dry soil, Imperial Smelting Furnace (ISF) slag, Soil Fix – Bound Pavement Stabilizer, Metallurgical Slag (Waelz Kiln Slag) and Copper Slag, etc.

## 2.10 Quality Control

A three tier quality control mechanism was envisaged in PMGSY with the PIU and State Quality Monitors (SQM) being the first and second tier respectively to ensure that material utilised and workmanship conformed to the prescribed specifications and that all prescribed tests were carried out at specified time and place by the specified person/authority. At the third tier, NRRDA is to engage National Quality Monitors (NQMs) for inspection of roads at random. Inspections are to be planned in such a way that every road work is inspected at least three times.

Details relating to supervision of the first tier quality management and monthly returns of tests conducted by PIUs and compliance reports obtained by State Quality Co-ordinator (SQC) have not been produced to audit for verification. Government replied (March 2014) that instructions were given to all the PIUs to maintain records in this regard.

Test check of functioning of quality control mechanism relating to second and third tiers in sampled units revealed the following:

- i. **Non-maintenance of Complaint Register:** Complaint Register for recording complaints received from public and through GoI/NRRDA, was not maintained by SQM. Government replied (March 2014) that this would be done.
- ii. **Engagement of SQMs from implementing agency:** Contrary to guidelines, State Government engaged SQMs from implementing agency itself which defeated the purpose of instituting an independent quality control mechanism. Government replied (March 2014) that they have initiated inspection with outsourced SQMs from July 2013.
- iii. **Non-submission of Action Taken Reports (ATRs) on NQM inspections:** In case inspected works were graded 'unsatisfactory' by NQM, State Government was to ensure replacement of material or rectification of workmanship to ensure that grading is 'satisfactory'. However, out of 108 Action Taken Reports (ATRs) required to be sent on NQM inspections during April 2011 to April 2013, State Government submitted only 84 ATRs as of July 2013. Government informed (March 2014) that 94 ATRs were submitted and remaining ATRs would be submitted in due course.
- iv. **Inadequate inspection:** SQM inspected 788 completed works during March 2007 to March 2013. Of these, 650 works were inspected once, 120 works twice and 18 works more than twice against three inspections to be carried out. In reply, Government stated (March 2014) that inspections could not be conducted due to staff constraints.

## 2.11 Maintenance



Guidelines provide for maintenance of PMGSY roads for a period of five years by contractor. Funds for the purpose are to be provided by State Government from its



own resources and placed at disposal of APSRRDA in a separate maintenance account.

Audit scrutiny revealed that State Government received proposals for ₹1,104.10 crore (as of June 2013) for BT renewals and routine maintenance of roads against which it released only ₹99.86 crore. Further, APSRRDA could utilise only ₹35.36 crore since inception of programme. Due to non-release/non-utilisation of funds, roads constructed at a cost of ₹3,871.67 crore were not maintained, thereby exposing them to damage, causing risk to public. In reply, Government stated (March 2014) that it was taking steps to achieve targets relating to maintenance of roads.

Physical inspection of roads in test checked districts revealed poor maintenance and damaged condition like erosion of bituminous layer, non-maintenance of road shoulders, etc. Illustrative instances are given below:

Work	<b>Road from R &amp; B road – Cheruvulopalem</b>	
District	Guntur	
Sanctioned	2008-09	
Completed	July 2010	
Expenditure	₹1.61 crore	
Audit observation	BT on road was eroded and potholes (2.200 km to 2.600 km) were affecting riding surface	
Work	<b>Road from Petlurivaripalem – Lingamguntla</b>	
District	Guntur	
Sanctioned	2008-09	
Completed	October 2010	
Expenditure	₹2.52 crore	
Audit observation	BT on road was eroded and riding surface was completely damaged	

Government replied (March 2014) that the road surface was restored to good riding surface. However, re-inspection of above sites in April 2014 revealed that roads at Cheruvulopalem and Lingamguntla were further damaged.

## 2.12 Financial Management and Internal Controls

### 2.12.1 Maintenance of Fund Accounts

APSRRDA and PIUs keep separate account of receipts and expenditure for Programme fund, Administrative fund and Maintenance fund as per prescribed procedure. Audit scrutiny revealed following deficiencies in maintenance of accounts in APSRRDA as well as in test checked PIUs.

- Non-adjustment of advances:** PIUs of five test checked districts have not adjusted an amount of ₹2.92 crore<sup>19</sup> incurred on preparation of DPRs, to Programme fund. Concerned PIUs could not furnish details relating to this

<sup>19</sup> Adilabad: ₹0.62 crore; Anantapur: ₹1.11 crore; East Godavari: ₹0.22 crore; Khammam: ₹0.57 crore and Medak ₹0.40 crore

- expenditure. Government replied (March 2014) that action was initiated for adjustment of DPR advance.
- ii. **Cost of DPR debited to grant without clearance of projects:** APSRRDA issued (October 2010, February 2012 and March 2012) release orders for debiting cost of DPR for works amounting to ₹52.33 lakh<sup>20</sup> without clearance of these projects by GoI in respect of PIUs of Krishna and Srikakulam districts. Government replied (March 2014) that action would be initiated to utilise DPRs for sanctions in other grants and that DPR charges would be debited to respective grants. However, debiting cost of DPRs to Programme fund without clearance of projects is contrary to guidelines.
  - iii. **Expenditure in excess of permissible limits:** As per guidelines, administrative funds released by GoI are meant for usual office expenses, expenditure relating to operation of Online Management and Monitoring System (OMMS), computers and their maintenance. APSRRDA incurred an expenditure of ₹94.28 lakh in excess of the prescribed limit of ₹50 lakh per year during 2010-11 and 2011-12 without any recorded reasons. Government replied (March 2014) that ₹1.03 crore was incurred towards Geographical Information System (GIS) as one time expenditure. But concurrence of GoI should have been obtained for incurring expenditure from administrative fund.
  - iv. **Non-reversal of time barred cheques:** There were 219 cheques amounting to ₹3.59 crore which were time barred from 2005 to 2011 (details thereafter were not furnished). No action was initiated in this regard as of July 2013. Government replied (March 2014) that all the cheques were reversed. However, documentary evidence to this effect was not made available.

### 2.12.2 Non/Improper maintenance of key registers

Review of internal controls in test checked PIUs disclosed that key control registers were not maintained during the period under review. Specific instances in this regard are detailed as follows:

- i. PMGSY envisages maintenance of various registers like Register of Works, Contractors Ledger, Debit and Credit Register, Statutory Deductions, Interest Bearing Securities/Bank Guarantees, Miscellaneous Works Advances, EMD and Security Deposit, Statutory Liabilities, Sanctioned Estimates, Measurement Books, Cheque books/Money Receipts books, Detailed completion report, Travelling Expenses, Cheques/Receipt Books, Unpaid Bills, Durable assets etc. However, none of the test checked PIUs maintained these registers.
- ii. In violation of Accounts Manual (Para 4.1.1), separate sets of books of accounts were not maintained for Programme fund, Administrative fund and Maintenance fund account in prescribed form by any of the test checked PIUs during 2009-12. Therefore, Audit could not verify correctness of transactions.

<sup>20</sup> Srikakulam district ₹37.45 lakh (details of works not made available) and Krishna district ₹14.88 lakh for 71 works

Government replied (March 2014) that relevant data is available in OMMS with regard to Programme and Administrative funds. It was further stated that records in all PIUs would be got audited by Internal Auditors and all relevant registers would be maintained.

- iii. In violation of Accounts Manual (Para 7.6.1), PIU, East Godavari did not maintain cash book for Maintenance fund during 2008-12 and a combined cash book was maintained thereafter along with Programme fund. Cash books for Administrative fund and Programme fund were not closed during 2008-13 and opening and closing balances were not exhibited. Reconciliation with bank transactions was also not done. Government did not furnish (March 2014) specific reply in this regard.
- iv. As per Accounts Manual, accounts were to be prepared monthly and annually and submitted to Governing Council for approval. However, APSRRDA had not prepared accounts (monthly as well as annual accounts) for Maintenance fund for the period 2008-13 despite specific instruction of NRRDA to this effect in 2007. Government replied (March 2014) that annual accounts up to March 2013 were prepared in November 2013. However, it could not provide any documentary evidence to this effect.

### **2.13 Impact Assessment Study**

As per programme guidelines, NRRDA will provide 100 *per cent* assistance for independent studies to establish impact of new rural connectivity in a district from time to time. Audit however, observed that no such studies were conducted in respect of any of the test checked districts. Government stated (March 2014) that impact analysis of rural connectivity would be taken up.

### **2.14 Conclusion**

*Programme implementation was based on unreliable data and without ensuring envisaged planning process like preparation of Core Network and proper DPRs. Consequently, a number of habitations remained unconnected in the State. Several road works were initiated/awarded without adequate preparatory work and surveys while preparing DPRs, leading to works remaining abandoned/dropped/not awarded/incomplete due to lack of forest clearance, land disputes, change of alignments, designs and non-approval of revised administrative sanctions. There were several cases where works were tendered before obtaining technical sanction. Several deficiencies were noticed in execution of works such as works having been completed without providing full connectivity to identified habitations and execution of works in violation of programme guidelines. Quality control inspections were not effective and appropriate action was not taken to rectify defects pointed out during such inspections. Financial management was ineffective and was marked by non-release of sufficient funds for maintenance of roads, non-adjustment of advances, non/improper maintenance of key registers etc. Impact assessment was not carried out as envisaged.*



## 2.15 Recommendations

- Government should ensure strict adherence to planning process as envisaged in programme guidelines for smooth and early completion of road works. Effective co-ordination with other Departments responsible for granting clearances should also be ensured.
- Tendering process as prescribed in programme guidelines should be strictly complied with to ensure that works are awarded in a timely manner.
- Release of funds for execution of works and their utilisation should be monitored closely. Also, adequate funds should be earmarked for maintenance of roads for sustainability of assets.
- Government should ensure strict compliance with regard to quality control checks to be exercised at various stages by different authorities. Immediate steps should be taken to ensure that defects pointed out during quality control checks are rectified promptly.



# Chapter-3

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## **Performance Audit of Total Sanitation Campaign/ Nirmal Bharat Abhiyan**

**Panchayat Raj and Rural Development  
Department**

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### 3.1 Introduction

Government of India launched Total Sanitation Campaign (TSC) in 1999 for sustainable reforms in rural sanitation sector. To give a fillip to TSC, GoI also launched Nirmal Gram Puraskar (NGP) in 2003. Buoyed by success of NGP, TSC was renamed as “Nirmal Bharat Abhiyan” (NBA) in 2012, to accelerate sanitation coverage in rural areas through renewed strategies and saturation approach.

#### *Salient features of TSC/NBA*

- Coverage of all rural BPL/APL<sup>1</sup> households by 2012 (*extended to 2022 in 2011*) by incentivising construction of toilets;
- Motivation of communities and Panchayat Raj Institutions to promote sustainable sanitation facilities through awareness creation and health education;
- Provision of toilets in schools (March 2008) and Anganwadis (March 2009) (*extended to 2013 in 2011*);
- Encouraging cost effective and ecologically safe and sustainable sanitation by setting up Rural Sanitary Marts/Production Centres;
- Developing community managed environmental sanitation systems focusing on Solid & Liquid Waste Management.

### 3.2 Organisational set-up

State Water and Sanitation Mission (SWSM)<sup>2</sup> headed by a Project Director is nodal agency for implementation of NBA in the State. Principal Secretary to Government, Rural Water Supply & Sanitation (RWS&S) Department is Chairman of SWSM and is responsible for providing policy guidance and overall supervision. At the district level, District Water and Sanitation Mission (DWSM) is headed by Chairman, Zilla Praja Parishad (ZPP) with support from engineering divisions of RWS&S Department, Mandal Parishad Development Officers (MPDOs) and Village Water and Sanitation Committees (VWSCs).

### 3.3 Audit Framework

#### 3.3.1 Audit Objectives

The objectives of Performance Audit were to assess whether,

- Proper planning was done for accelerating sanitation coverage in rural areas;
- All components of TSC were implemented effectively to generate awareness among people and create demand;

<sup>1</sup> Below Poverty Line/Above Poverty Line, SC/ST, small and marginal farmers, landless labourers with homestead, physically handicapped and women headed households

<sup>2</sup> constituted vide G.O. Ms. No. 460 of Panchayat Raj and Rural Development (RWS) Department dated 19 December 2002, consisting of 17 members

- Programme achieved the targeted coverage with regard to schools, Anganwadis and household latrines;
- Adequate funds were provided and utilised for effective implementation of the programme; and
- Monitoring and evaluation mechanisms were effective.

### 3.3.2 Audit Criteria

Audit findings were benchmarked against criteria sourced from the following:

- Budget of State during the relevant period;
- GoI guidelines issued from time to time on TSC/NBA;
- Orders/guidelines/circulars issued by GoI and State Government from time to time;
- Project implementation Plans of districts and decisions taken during SWSM and DWSC meetings; and
- AP Financial Code.

### 3.3.3 Audit scope and methodology

Audit was carried out between July and August 2013 and covered implementation of TSC/NBA during the period 2008-13. Audit methodology involved test check of records of RWS&S Department, SWSM and DWSMs in six districts<sup>3</sup> selected on random sampling basis. In each district, three Mandals and 10 Gram Panchayats (GPs) within each selected Mandal were chosen for detailed scrutiny of records. 1,427 units<sup>4</sup> were selected at random from within the sampled GPs for field survey and physical verification and 2,183 beneficiaries were interviewed for their feedback about implementation of the programme. Details of audit sample are given in *Appendix-3.1*. Government was intimated in May 2013 about conducting Performance Audit of TSC/NBA and SWSM authorities were apprised about audit objectives, scope and methodology along with sample selection. Exit Conference was held in March 2014 to discuss audit findings and replies of Government have been incorporated in the report at appropriate places.

## 3.4 Funding pattern

TSC is funded by GoI and State Governments in the ratio as detailed in Table 3.1. As far as individual latrines are concerned, beneficiaries are to contribute certain amount of funds. GoI transferred funds directly to district implementing agencies up to September 2010 with reference to approved District Plans and thereafter funds are released to accredited bank (Union Bank of India) of SWSM through Central Plan Scheme Monitoring System (CPSMS). Key components of TSC along with their

<sup>3</sup> Anantapur, Krishna, Mahbubnagar, Nellore, Rangareddy and Warangal

<sup>4</sup> Individual Household Latrines (IHHLs) - 971 (TSC implemented units); Households - 346 (TSC non implemented units) ; School toilets – 84 and Anganwadi toilets – 26 in Mahbubnagar, Rangareddy and Warangal districts

percentage share of total allocation and funding pattern for each sub-component is given in Table 3.1.

Table 3.1

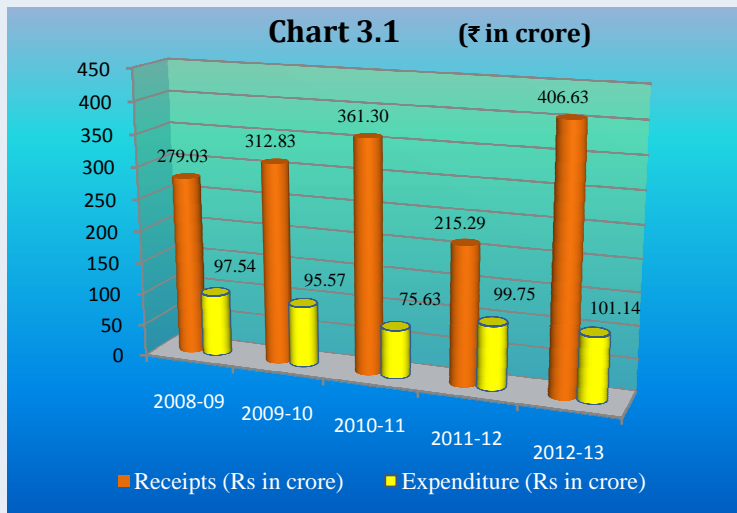
S.No.	Component	Percentage allocation of the total project outlay	Funding pattern		
			GoI (%)	State Government (%)	Beneficiary contribution (%)
1	IEC and Start up Activity including motivational awareness and educative campaigns, advocacy etc.	Up to 15%	80	20	0
2	Alternative Delivery Mechanism (Production Centers (PCs)/Rural Sanitary Marts (RSMs))	Up to 5% (subject to a maximum of ₹35 lakh per district for PCs/RSMs and additional ₹50 lakh as revolving fund for group lending activity)	80	20	0
	Revolving Fund	Up to 5%	80	20	0
3	(i) Individual latrines	Actual amount required for full coverage	₹3200	₹1400	₹900
	(ii) Community sanitary complexes		60	30	10
4	Institutional toilets including school and Anganwadi sanitation (Hardware and support services)	Actual amount required for full coverage	70	30	0
5	Administrative charges, including training, staff, support services, monitoring and evaluation etc.	Less than 5% (2011)	80	20	0
		Up to 4% (2012)	80	20	0
6	Solid/Liquid Waste Management (SLWM) (Capital cost)	Up to 10% (2011)	60	20	20
		Actual amount as per SLWM project cost within limits permitted (2012)	70	30	0

GoI releases its share in two installments and second installment is released on fulfilment of certain conditions *viz.*, achievement of targets, commitment of State Government to release its proportionate share within 15 days of release by GoI, utilisation of 60 *per cent* of funds kept at disposal of SWSM, submission of audited certificates and Utilisation Certificates (UCs). SWSM releases central grants along with matching grant to DWSMs within 15 days of receipt and the latter in turn release funds to implementing agencies.

## 3.5 Financial and Physical Performance

### 3.5.1 Receipts and Expenditure

Since funds are released by GoI directly and not routed through State budgetary system, Appropriation and Finance Accounts do not capture expenditure particulars in respect of these releases. Details of receipts and expenditure on the programme during the period 2008-13 are given in chart 3.1.



Source: Statutory Auditors' Audit reports of SWSM

As can be seen from chart given along side, funds spent on programme *vis-à-vis* releases during 2008-13 ranged from 21 to 46 *per cent*. Unspent balances remained with various DWSMs. Despite this, SWSM continued to release funds to the implementing agencies.

### 3.5.2 Physical Performance

Performance of State in implementing TSC (component wise) during 2009-13 (details relating to 2008-09 were not furnished by SWSM) is given below:

Table 3.2

Year	IHHL (Number in lakh)		Institutional Toilets (in Number)		Community Sanitary Complexes (in Number)		Rural Sanitary Marts/ Production Centers (in Number)		Solid/Liquid Waste Management (in Number)	
	T	A	T	A	T	A	T	A	T	A
2009-10	13.73	5.83 (42%)	30040	3001 (10%)	0	13	0	0	0	0
2010-11	20.90	10.50 (50%)	14392	4777 (33%)	89	27 (30%)	0	0	3378	289 (9%)
2011-12	13.62	4.84 (36%)	18403	6850 (37%)	111	21 (19%)	0	0	5365	673 (13%)
2012-13	12.64	2.88 (23%)	44049	5759 (13%)	61	09 (15%)	155	61 (39%)	3482	0 (0%)
<b>Total</b>	<b>60.89</b>	<b>24.05</b>	<b>106884</b>	<b>20387</b>	<b>261</b>	<b>70</b>	<b>155</b>	<b>61</b>	<b>12225</b>	<b>962</b>

Source: SWSM records

Note: T-Target; A-Achievement. Figures in parenthesis indicate percentage of achievement *vis-à-vis* targets

As may be seen from the table above, though implementation of Individual Household Latrine (IHHL) component increased from 42 *per cent* in 2009-10 to 50 *per cent* in 2010-11, it declined to 36 *per cent* and 23 *per cent* in 2011-12 and 2012-13 respectively. Similarly, in case of institutional toilets, though achievement increased from 10 *per cent* in 2009-10 to 33 *per cent* in 2010-11 and 37 *per cent* in 2011-12, it decreased to 13 *per cent* in 2012-13. In respect of community sanitary complexes, percentage of achievement showed a declining trend from 2010-11 to 2012-13 (30 in 2010-11 to 15 in 2012-13). In respect of solid/liquid waste management projects, though the achievement increased from nine *per cent* (2010-11) to 13 *per cent* (2011-12), there was no achievement in 2012-13. Rural sanitary marts/production centres were not targeted for 2009-12 and during 2012-13, achievement was only 39 *per cent* against target. Thus, alternative delivery mechanism planned for effective and successful implementation of TSC did not take off to the envisaged level.



Government replied (February 2014) that targets set in Annual Implementation Plan (AIP) were tentative and substantially higher, as the programme was planned to be completed by 2012, but could not be achieved at field level due to lack of demand from beneficiaries. However, since this is a demand driven programme, Government should have undertaken IEC activities more vigorously so that rural populace would have adequate information about the programme, to generate demand.

## **3.6 Planning**

### **3.6.1 Involvement of local community**

GoI envisaged TSC to be a 'community led' and 'people centric' programme with increased emphasis on awareness creation and demand generation for sanitary facilities in houses, schools and cleaner environment coupled with alternate delivery mechanism to meet community needs.

Programme guidelines envisage that IEC activities would contribute to creating demand for sanitary facilities in rural households, schools, Anganwadis and community sanitary complexes. Programme guidelines further envisage constitution of Village Water and Sanitation Committees (VWSCs) in every GP for providing support in terms of motivation, mobilisation, implementation and supervision of programme. As observed from Annual Implementation Plans for 2013-14, although 13,501 VWSCs were constituted (as against 21,757 GPs), only 10,132 VWSCs (47 *per cent*) were functional as of end of January 2013. Government replied (February 2014) that formation of VWSCs was in progress and would be completed by end of March 2014.

### **3.6.2 Capacity development**

Training is to be imparted<sup>5</sup> to VWSC and PRI members, Block/Mandal and district functionaries, grass root functionaries such as Accredited Social Health Activists (ASHAs) and other health education and related functionaries, Anganwadi workers etc. Self Help Groups (SHGs) are to be trained in masonry, brick making, toilet pan making etc. Similarly, at Block/Mandal level, Block Resource Centres (BRCs) are to be set up to generate awareness, motivate, mobilise, training and for hand holding of village communities, GPs and VWSCs.

Scrutiny of records of test checked units revealed that while training programmes were conducted in Mahbubnagar district, no arrangements were made for training motivators in GPs in Nellore district and these were not effective in Anantapur, Krishna and Rangareddy districts. Details relating to trainings provided in Warangal district were not furnished by DWSM.

BRCs were not set up in Warangal district and in Krishna and Anantapur districts where these were set up, their functioning was ineffective. BRCs were set up in Rangareddy, Mahbubnagar and Nellore districts; there was however, no evidence on record with regard to their functioning. In reply, Government accepted (February

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<sup>5</sup>IEC guidelines 2010 issued by GoI in connection with TSC programme

2014) audit findings relating to Krishna district and stated that training was given only in 2012-13 to VWSC members and SHGs in Rangareddy district. No details were provided with regard to other districts.

### 3.7 Programme Implementation

#### 3.7.1 Information, Education and Communication (IEC)

IEC activity is an important component aimed at triggering demand for sanitary facilities in rural areas for households, schools, Anganwadis and community sanitary complexes through behavioural change. These activities<sup>6</sup> are to be carried out continuously and should encompass all tiers of governance (National, State, District, Block/Mandal and Gram Panchayats).

- i. **Shortfall in IEC activities:** Scrutiny of records at SWSM revealed that there was 13 to 99 *per cent* shortfall<sup>7</sup> in achievement of physical targets planned during 2010-13 under various IEC activities *viz.*, song and dramas, street plays, melas, hoardings and banners, group meetings, school rallies, radio spots, exhibitions and participatory rural appraisals, awareness cum inaugural workshop, wall writings and group meetings. Consequently, only ₹32.41 crore (7 *per cent*) out of ₹469.63 crore was utilised during 2008-13 on IEC activities, which was less than the stipulated percentage of up to 15 *per cent* of allocated funds. Even though guidelines stipulate that mass media campaign should be taken up at State level, no expenditure was incurred on this activity during last five years. As regards test checked districts<sup>8</sup>, utilisation ranged from 11 *per cent* to 81 *per cent* (Anantapur: 51 *per cent*, Krishna: 81 *per cent*, Mahbubnagar: 11 *per cent*, Nellore: 23 *per cent*, and Rangareddy: 48 *per cent*). Government agreed with audit observation (February 2014) and stated that it had taken fresh initiatives to boost IEC activity in convergence with NRDWP<sup>9</sup>.
- ii. **Non-functioning of Swachchhata Doots:** Programme guidelines provide for engaging motivators (Swachchhata Doots) at village level for demand creation and taking up behaviour change activities based on population size. GPs with population less than 2000 are to be positioned with one Swachchhata Doot (SD) and two SDs for more than 2000 people as part of IEC activities. Although 13,438 GPs were identified for engaging SDs, only 807 SDs were engaged and none of them was functioning as of August 2013. Government replied (February 2014) that response from villagers to work as SDs was poor. This indicated lack of motivation at GP level, which adversely affected IEC activities in the State.

<sup>6</sup>through various mediums such as folk media, mass media and outdoor media, with focus on health and hygiene practices and environmental sanitation aspects

<sup>7</sup>Song and Dramas (85 *per cent*), Street Plays (71 *per cent*), Hoardings and Banners (86 *per cent*), School Rallies (51 *per cent*), Radio Spots (99 *per cent*), Exhibitions (89 *per cent*), Participatory Rural Appraisals (36 *per cent*), Awareness cum Inaugural Workshop (33 *per cent*), Wall Writings (34 *per cent*) and Group Meetings (13 *per cent*)

<sup>8</sup>Details of Warangal district not furnished

<sup>9</sup>National Rural Drinking Water Programme

Lack of adequate attention to IEC activities indirectly contributed to non-achievement of desired objectives set by Government despite lapse of 15 years after introduction of the programme and availability of funds. Lack of awareness about the programme (53 per cent of TSC non-implemented units indicated that they were unaware of the programme) and continuation of open defecation (confirmed by 52 per cent) point to inadequate implementation of IEC activities. Government replied (February 2014) that a Communication and Capacity Development Unit (CCDU) under RWS&S department was set up for promoting behaviour change among rural community and several activities were being undertaken in collaboration with UNICEF and in convergence with MGNREGS.

### 3.7.2 Individual Household Latrines (IHHL)

As per programme guidelines, construction of household toilets was to be undertaken by BPL household itself and on its completion and use, cash incentive is provided. As regards Above Poverty Line (APL) households, benefits of programme were restricted to SC/ST, small and marginal farmers, landless labourers, physically handicapped and women headed households.

DWSC releases funds to MPDOs for releasing incentive amount to eligible households and also to Andhra Pradesh State Housing Corporation Limited (APSHCL) (where TSC is converged with State sponsored Housing scheme, INDIRAMMA/IA<sup>10</sup>).

Audit findings pertaining to IHHLs in test checked units are discussed below:

- i. **Sanction of more than one IHHL on same Ration Card:** Even though a single household is sanctioned an IHHL based on a Ration Card containing a Unique Identification Number, in Anantapur, Mahbubnagar, Nellore and Rangareddy districts more than one IHHL<sup>11</sup> was sanctioned on the same Ration Card with different beneficiaries' names. In such a situation, possibility of mis-utilisation/misappropriation of programme funds cannot be ruled out. In reply, Government accepted (February 2014) audit observation and assured necessary action in this regard.
- ii. **Two or more IHHLs to same beneficiary:** In Anantapur, Mahbubnagar and Rangareddy districts, two or more IHHLs were sanctioned to same beneficiary in 79 out of 27,954 cases. Government accepted (February 2014) audit observation and assured necessary action.
- iii. **Other irregularities in sanctions of IHHLs:** In 93 cases test checked in Nellore district, there were several irregularities like non-assignment of code numbers (9 cases), absence of photographs before and after construction of toilets (4 cases), absence of signature in payment vouchers, applications not in prescribed form, non-obtaining of signature from applicant in token of receipt of

<sup>10</sup> Integrated Novel Development in Rural Areas and Model Municipal Areas/Indira Awas Yojana

<sup>11</sup> Nellore district (274 on 107 ration cards), Mahbubnagar (91 on 21 cards), Anantapur (259 on 69 cards) and Rangareddy (510 on 69 cards)

cheque, lack of measurement books, payment of incentives to two/three beneficiaries for single toilet constructed<sup>12</sup> etc., in 25 cases. Government replied (February 2014) that all the checks were exercised by sub-division before sanctioning the units.

- iv. **Construction of units in violation of prescribed designs:** During survey conducted in 15 villages in Rangareddy district, eight beneficiaries stated that IHHLs were constructed with underground septic tank with 12 to 15 rings for outflow of human waste and with exhaust air pipe, which is contrary to the design prescribed by Government i.e., two leach pits of 1.0 M. dia with provision for abandoning one pit after filling for conversion into manure. With design of 12 to 15 rings, there is every possibility of ground water getting polluted. Further air pipe for exhaust allows oxygen which would prevent human waste from being converted into manure. In reply, Government concurred (February 2014) with audit observation.
- v. **Utilisation of funds for construction of units in urban areas:** In Warangal district, scrutiny of UC furnished by Project Director/Housing revealed that programme funds meant for construction of toilets in rural areas were utilised (2008-12) towards construction of IHHL units in urban areas of Jangaon (420 units) and Warangal (1,939 units) at the rate of ₹2,750 per unit (amounting to ₹64.87 lakh). During exit conference (March 2014) Engineer-in-Chief (ENC) promised to get the funds recouped.
- vi. **Incomplete toilets:** Physical verification of 971 TSC covered units in test checked districts revealed that 400 toilets (41 per cent) had no roof and 382 toilets (39 per cent) had no doors. Illustrative photographs of units physically verified are given below. Government replied (February 2014) that main objective of programme was to prevent open defecation and bring about behavioral change. However, since the units were not utilised as corroborated by photographs given below, the beneficiaries had no option but to continue with their earlier practices.



**Gram Panchayat:** Banda Raviryala  
**Mandal:** Hayath Nagar  
**District:** Rangareddy  
**Toilet used as store room**



**Gram Panchayat:** Thummalacheruvu  
**Mandal:** Ghattu  
**District:** Mahbubnagar  
**IHHL without door, roof and devoid of water**

<sup>12</sup> RWS&S Sub Division, Vinjamur (two incentives on one ration card), RWS&S Sub Division, Udayagiri (five incentives on two ration cards)

Further, during survey, 111 out of 971 beneficiaries (11 *per cent*) stated that constructed toilets were not being used by them. 24 beneficiaries attributed it to non-availability of water facility and 953 beneficiaries reported that pits were not cleaned periodically. Government replied (February 2014) that it would take up sanitation and water supply programmes in convergence mode and further stated that responsibility of cleaning toilets lies with beneficiaries. Government should have ensured adequate IEC activity for this information to reach beneficiaries.

### 3.7.3 School toilets

As per TSC guidelines, toilets should be provided in all Government schools with emphasis on separate toilets for girls. At least one teacher should be trained to educate students about hygienic behaviour. Construction activity is undertaken by RWS divisions and by Integrated Tribal Development Agencies (ITDAs) with regard to schools in tribal areas. Targets and achievements in test checked districts during 2008-13 are given below:

Table 3.3

Name of District	2008-09		2009-10		2010-11		2011-12		2012-13	
	T	A	T	A	T	A	T	A	T	A
Anantapur	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	391	250
Krishna	Nil	Nil	976	Nil	976	976	172	172	Nil	Nil
Mahbubnagar	1372	1372	956	Nil	956	126	830	829	2	2
Nellore	6415	5188	1227	Nil	751	Nil	1227	471	370	112
Rangareddy	1121	770	351	99	252	135	117	117	2564	262
Warangal	1630	1150	480	172	308	236	72	72	Nil	Nil

Source: DWSMs records (T-Target; A-Achievement)

As can be seen from above table, while construction of toilets in schools was taken up sporadically in Krishna, Warangal and Nellore districts, it started only in 2012-13 in Anantapur district. As regards Mahbubnagar district, even though progress reports of DWSM showed *cent per cent* achievement, scrutiny of records revealed shortfall in construction of toilets indicating incomplete/incorrect depiction of district data. In reply, Government accepted (February 2014) audit observation.

- i. **Non-completion of units/non-release of funds despite requirement:** Out of ₹2.05 crore released (March 2008) to Project Officer, Rajiv Vidya Mission (RVM) by DWSM, Mahbubnagar for construction of 1,027 toilets in schools, only 723 units were completed as of June 2010 and balance amount of ₹60.84 lakh was refunded to DWSM without any recorded reasons. In test checked Mandals of Ghattu and Damaragidda, no funds were released during 2008-13, even though 49 out of 98 schools did not have toilet facility. Government replied (February 2014) that targets could not be achieved due to increase in cost of construction. State Government however, did not take any action for cost revision. Specific reply was not furnished for non-release of funds to Ghattu and Damaragidda despite requirement of toilets.



- ii. **Non-furnishing of details of expenditure:** DWSM placed (November 2011) an amount of ₹43.75 lakh at the disposal of Andhra Pradesh Education & Welfare Infrastructure Development Corporation (APEWIDC), Mahbubnagar for construction of 125 school toilets. However, details of expenditure had not been received by DWSM as of July 2013. Government replied (February 2014) that UC had been submitted by EE, APEWIDC, Mahbubnagar in February 2014 for entire amount. However, vouchers and bills in support of UC have not been enclosed to check the veracity of expenditure in audit.
- iii. **Non-utilisation of funds:** Similarly, in Rangareddy district, funds (₹24.60 lakh) placed (May 2009) at the disposal of Project Officer, RVM for construction of 75 school toilets remained unutilised and were refunded a year later (October 2010). Government replied (February 2014) that it would claim interest on this amount.
- iv. **Lack of separate toilets for girls:** Even though GoI guidelines emphasised separate toilets for girls and boys in all co-educational schools, audit scrutiny revealed that there were no separate toilets for girls in 40 out of 84 physically verified schools. Though separate toilets were available for girls in the remaining 44 schools, toilets in 19 schools were in a dilapidated condition and there was no water facility in the toilets of 12 schools, which effectively rules out their use.

Though concerned departments are mandated to provide adequate funds for maintenance of toilets in schools/Anganwadis, role of PRIs in upkeep of sanitation in schools/Anganwadis is also significant. Physical verification of 84 toilets presented a picture of dilapidation and non-maintenance, as can be seen from the illustrative photographs given below:

	
<p><b>School:</b> Primary school  <b>Gram Panchayat:</b> Sirigiripur Thanda  <b>Mandal:</b> Maheswaram  <b>District:</b> Rangareddy  <i>Toilets not in use due to non-availability of water</i></p>	<p><b>School:</b> Mandal Praja Parishad School  <b>Gram Panchayat:</b> Gudimunkanpally  <b>Mandal:</b> Damaragidda  <b>District:</b> Mahbubnagar  <i>Toilets not in use due to dilapidated condition</i></p>

Government replied (February 2014) that maintenance of school/Anganwadi toilet was the responsibility of concerned departments. However, guidelines categorically stipulate a clear role for PRIs in upkeep of school sanitation.

### 3.7.4 Anganwadi toilets

In order to inculcate the habit of using toilets in children from an early age, Anganwadis were envisaged as a platform for behavioural change in children as well as mothers. Therefore, each Anganwadi was required to be provided with baby friendly toilet. Unit cost of toilets constructed in Anganwadi centres is met in the ratio of 70:30 by GoI and State Government. Construction activity is undertaken by RWS divisions and also by Women and Child Welfare department. Details of targets and achievements in respect of Anganwadi toilets in test checked districts during 2008-13 are given in Table 3.4.

Table 3.4

Name of District	2008-09		2009-10		2010-11		2011-12		2012-13	
	T	A	T	A	T	A	T	A	T	A
Anantapur	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Krishna	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Mahbubnagar	Nil	Nil	357	142	Nil	Nil	215	215	1677	Nil
Nellore	1396	197	1199	Nil	Nil	Nil	498	128	1726	148
Rangareddy	265	26	239	125	114	42	72	72	1395	Nil
Warangal	419	Nil	419	Nil	130	Nil	464	54	410	287

Source: DWSSMs records (T-Targets; A-Achievements)

Construction of toilets in Anganwadis was not contemplated in Anantapur and Krishna districts during 2008-13 as the targets were stated to have been met by Government prior to 2008. While it was aimed at providing an impetus to Anganwadi toilets in Mahbubnagar, Nellore and Rangareddy during 2012-13 by way of higher targets, there was no achievement in Mahbubnagar and Rangareddy, and it was only nine *per cent* in Nellore district. Government replied (February 2014) that works were in progress in Mahbubnagar, Nellore and Rangareddy districts and would be completed shortly.

Scrutiny of records in test checked units revealed the following:

- i. **Non-completion of Anganwadi toilets:** During 2008-13, while 65 Anganwadis were identified as lacking in toilet facilities in Ghattu and Damaragidda Mandals of Mahbubnagar district, Government sanctioned (2008-13) only 26 toilets and failed to complete any of these. Government replied (February 2014) that works were in progress.
- ii. **Lack of facilities in Anganwadi toilets:** During survey carried out in 26 Anganwadis by audit teams, all 26 Aayas in these centres reported non-availability of baby friendly toilet and 35 to 54 *per cent* beneficiaries stated that toilets were without doors and roof. About 88 *per cent* indicated that toilets were devoid of water supply. In reply, Government assured (February 2014) to make necessary arrangements for providing water supply but contended that guidelines did not provide for doors and roof for baby friendly toilets. Reply is not relevant

as audit observation is regarding toilets other than baby friendly toilets, where guidelines stipulate provision of doors and roof.

### 3.7.5 Revolving fund

Operational guidelines (NBA guidelines 2012) envisage creation of a Revolving Fund through 80:20 sharing by GoI and State Government for release of funds to co-operative societies or Self Help Groups (SHGs) whose credit worthiness is established. This fund can be accessed by APL households that are not eligible for incentives under the programme. Loan from this fund is to be recovered in 12 to 18 installments. Scrutiny of records of SWSM and test checked units in this regard revealed the following:

- i. **Non-release of State matching grant/non-recovery of installments:** An amount of ₹2.70 crore was utilised during 2011-12 and 2012-13 out of funds provided by GoI without matching contribution of ₹67.50 lakh from State Government. Further, recovery of installments was not effected from beneficiaries as of March 2013. Government replied (February 2014) that State share would be released after receipt of funds.
- ii. **Delayed release of funds to implementing agency:** SWSM had released<sup>13</sup> (March 2013) ₹50 lakh to DWSC, Warangal towards Revolving Fund for placing at the disposal of Project Director, DRDA. Although guidelines stipulate that these funds were to be released to the next level within 15 days, no action was taken by DWSM, Warangal as of August 2013 in this regard resulting in blocking of funds at the district level besides non-achievement of desired objective. Government replied (February 2014) that funds were released (December 2013) to DRDA. There was however, considerable delay (9 months) in release, which affected progress of implementation.
- iii. **Non-utilisation of funds:** In Nellore district, fund to the tune of ₹26.68 lakh (GoI: ₹21.50 lakh and State Government: ₹5.18 lakh) received in 2002 was yet to be utilised as of July 2013. While confirming delay, Government replied (February 2014) that funds were released in December 2013.
- iv. **Non-submission of details of utilisation:** In Rangareddy district, details of utilisation of ₹50 lakh released to DRDA in March 2013 were not furnished. Government contended (February 2014) that UCs were obtained, but did not produce any documents to audit to substantiate its claim.

### 3.7.6 Low priority to Community Sanitary Complexes

Construction of Community Sanitary Complexes (CSCs) is considered to be an important part of NBA campaign. Construction of these complexes is to be considered when there is lack of space for construction of IHHLs in the village and community owns up their operation and maintenance after construction. Cost of these units is to be shared among GoI, State Government and local community in the ratio of 60:30:10

<sup>13</sup> Proceedings No.744/SWSM/TSC/GoI Release/639/2010/2, dated 20 March 2013



and maintenance cost is to be met by PRIs through appropriate mechanisms like levying user charges etc.

Of the six test checked districts, targets were set for construction of CSCs only in respect of Mahbubnagar and Krishna districts. Out of 20 CSCs targeted (2008-09) in these districts, 17<sup>14</sup> were constructed as of March 2013. No further targets were set during the review period, indicating a low priority to this component. Government replied (February 2014) that construction of IHHLs was given top priority instead of CSCs due to maintenance problem as very few communities had come forward to construct CSCs.

### 3.7.7 Shortfall/Non-setting up of Rural Sanitary Marts/Production Centres

Total Sanitation Campaign/Nirmal Bharat Abhiyan envisaged setting up Rural Sanitary Marts (RSMs)/Production Centres (PCs) to deal in material, hardware and designs required for construction of sanitary latrines, soakage and compost pits, vermi composting, washing platforms, certified domestic water filters and other hygiene accessories required.

- i. **Shortfall in setting up of RSMs:** Scrutiny of records revealed that RSMs were not set up in any of the test-checked districts except Mahbubnagar (15). In Krishna district, despite release (July 2008) of ₹8 lakh to two contractors at the rate of ₹4 lakh each for setting up RSMs in Gudiwada and Bantumilli sub-divisions, these were yet to be set up even after five years from the date of release of funds. Government replied (February 2014) that except in Mahbubnagar district, RSMs were not set up in any of the test checked districts since SHGs did not come forward to set up such units. It was further stated that recovery of amount was now ordered from contractors in Krishna district.
- ii. **Non-setting up of Production Centres:** State Government did not take effective action in setting up the PCs, which resulted not only in non-utilisation of funds from Revolving Fund, but also deprived beneficiaries of availability of material required for construction of IHHLs at reasonable cost in their villages. Further, it also deprived rural community of much needed employment through these centres. Government replied (February 2014) that decision to set up units was taken at District level based on demand from beneficiaries. As mentioned in paragraph 3.7.1, this was partly a fallout of poor IEC activities and Government's inability to create awareness about benefit involved in setting up these units.

### 3.7.8 Solid and Liquid Waste Management (SLWM)

Under this component, activities like compost pits, vermi composting, common and individual biogas plants, low cost drainage, soakage channels/pits, reuse of water and system for collection, segregation and disposal of household garbage etc., are to be taken up. Project cost is to be shared between GoI, State and Gram Panchayat in the

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<sup>14</sup> Krishna: 8 and Mahbubnagar: 9

ratio of 60:20:20 during 2008-09 to 2011-12 and at 70:30 by GoI and State from 2012-13 onwards.

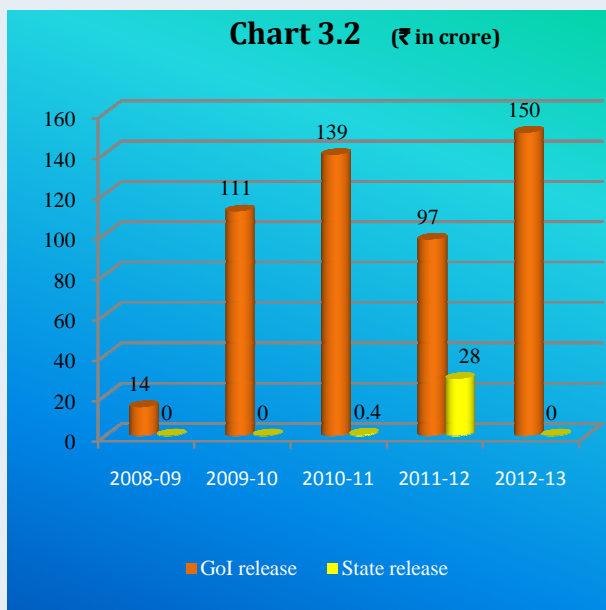
Scrutiny of records in test checked units revealed the following:

- i. **Under utilisation of funds:** Despite availability of funds amounting to ₹31.64 crore (GoI: ₹23.31 crore and State Government: ₹8.33 crore), State could utilise only ₹2.60 crore (8 per cent) during 2008-12. Government replied (February 2014) that it had issued (January 2013) order for sanctioning SLWM projects in 3,482 GPs, of which, four works in four GPs of Nalgonda, Medak, East Godavari and Anantapur districts were taken up on pilot basis.
- ii. **Non taking up of works under SLWM:** In Warangal district, a meagre amount of ₹6.72 lakh (0.11 per cent) out of total project outlay of ₹60.27 crore was utilised during 2008-13 towards construction of underground drainage and side drains. In reply, Government attributed (February 2014) lack of specific guidelines for not taking up works under SLWM. But, GoI guidelines for allocation of funds under SLWM already existed.
- iii. **Poor utilisation of funds meant for SLWM works:** DWSSM, Rangareddy utilised only ₹51.06 lakh during 2008-13 against ₹1.26 crore, which included ₹31.06 lakh utilised towards purchase of tricycles (127) and dustbins (25,400) for distribution among 14 mandals in the district. Government replied (February 2014) that it would take up these works.  
  
Similarly, in Krishna district as against ₹2.72 crore earmarked for this component, only ₹51.56 lakh (19 per cent) was utilised by DWSSM. Government accepted (February 2014) audit observation.
- iv. **Excess release of funds:** Against permissible limit of ₹20 lakh to be released to GPs with 500 households under this component, ₹28 lakh was released (2012-13) to Puppalguda GP of Rangareddy district towards laying of underground drainage system with sewerage treatment plant contrary to guidelines, which categorically state that the additional cost requirement is to be met with funds from State/GP. Government did not furnish specific reply.

During physical verification of all 15 GPs in Rangareddy district, it was observed that sewage water was being let out into agricultural fields, tanks and Musi river or tanks connected to Musi river. This would ultimately result in polluting water bodies and could cause several diseases. In other test checked districts of Anantapur, Mahbubnagar and Nellore, no projects were initiated under this component. In respect of Anantapur and Nellore districts, Government accepted audit observation. In respect of Mahbubnagar, it was stated (February 2014) that SLWM programmes were undertaken. However, no corroborating documentary evidence in support of its contention was produced to audit. It was further stated in respect of Rangareddy district that projects taken up under SLWM were at various stages of completion and as such, major problems related to pollution would be resolved.

### 3.8 Financial Management

Details of funds released by GoI and State Government for implementation of TSC during 2008-13 are given in Chart 3.2.



Source: Appropriation Accounts of concerned years

It could be seen from the chart alongside that State Government had not released any amount during 2008-09, 2009-10 and 2012-13, for which State Government did not furnish specific reply. State Government issued Budget Release Orders (BROs) for ₹100 crore during 2011-12 towards its matching share. While ₹28 crore was booked as expenditure by SWSM, audit scrutiny of relevant records revealed that only ₹14.57 crore was spent by SWSM. Government accepted (February 2014) audit findings.

GoI funds amounting to ₹5.48 crore<sup>15</sup> were diverted (2011-12) towards State share, stated to be on reimbursement basis, which was not done as of August 2013. Government accepted (February 2014) audit finding and agreed to adjust the amount.

#### 3.8.1 Delay in release of funds

While GoI guidelines stipulate that funds released to SWSM are to be released to implementing agencies within 15 days, there were delays ranging from 28 to 301 days in release of funds amounting to ₹174.18 crore during August 2010 - May 2012 by SWSM to DWSMs. State Government replied (February 2014) that funds were being released to districts as and when required. Since GoI guidelines provide for district as unit for implementation of TSC, Government should have built adequate capacities at district level to absorb planned releases of funds for effective implementation of programme.

Similarly, despite availability of funds (₹15.14 crore), DWSM, Anantapur released only ₹25.19 lakh during 2010-13 to implementing agencies for construction of 907 out of 5,290 IHHLs sanctioned during 2010-11. During Exit Conference (March 2014), ENC assured compliance in this regard.

#### 3.8.2 Parking of funds in Fixed Deposits

SWSM invested (2008-09/2010-11) programme funds amounting to ₹8.50 crore in Fixed Deposits (FDs) in violation of guidelines. In test checked districts, funds

<sup>15</sup> Warangal ₹44.20 lakh, Krishna ₹5.04 crore

amounting to ₹25.86 crore were parked in short term FDs<sup>16</sup>. Government accepted (February 2014) audit observation.

### 3.8.3 Pending UCs

In the following test checked units, Utilisation Certificates (UCs) were not received from implementing agencies for funds released under TSC.

Table 3.5

S.No.	Name of unit	Details of UCs pending		
		Amount (₹ in crore)	Agencies from whom UCs were pending	Pending from
1	SWSM	0.68	Project Directors, DW&CDAs <sup>17</sup> in all the 22 districts	August 2010
2	DWSM, Rangareddy	4.99	MPDOs	2008-12
		6.13	RWS Sub Divisions	2007-13
3	DWSM, Warangal	0.26	EE, Social Welfare (2008-09), PD, Women Development & Child Welfare (2009-10 and 2010-11)	2008-11
4	DWSM, Anantapur	0.04	Project Director, ITDA, Srisailam	July 2008
5	DWSM, Nellore	3.47	RWS Divisions, MPDOs	2011-12
<b>Total</b>		<b>15.57</b>		

Source: Records of test checked units

Government replied (February 2014) that PD, ITDA, Srisailam had refunded (February 2014) entire amount of ₹4 lakh along with interest. Record to that effect was however, not furnished. As regards other districts, Government assured pursuance for early utilisation of funds.

- i. DWSM, Rangareddy showed an amount of ₹4.05 crore received in March 2011 as spent, although it was available with EE, RWS&S division, Hyderabad (one of the TSC implementing agencies under the control of DWSM, Rangareddy) up to May 2012.
- ii. Amount of ₹3.67 crore advanced to officials/implementing agencies by five DWSMs<sup>18</sup> during 2008-12 remained unadjusted as of August 2013. Government replied (February 2014) that advances were being recovered from the line departments. However, recovery particulars were not received in audit as of May 2014.

### 3.8.4 Irregularities in Administrative Expenses

Programme guidelines permit administrative expenditure at five *per cent* of total project outlay in the district during 2008-12 and at four *per cent* thereafter. Administrative charges include money spent on training, salary of temporary staff deployed during project period, support services, fuel charges, vehicle hire charges, stationery, monitoring and evaluation of TSC project. Fees for consultants hired in the

<sup>16</sup> Anantapur: ₹5 crore (June 2007 to April 2010); Nellore: ₹7 crore (2010-11), Mahbubnagar: ₹12.56 crore, Rangareddy: ₹1.30 crore (June 2009 to September 2010)

<sup>17</sup> District Women and Child Development Agencies

<sup>18</sup> Anantapur ₹1 crore, Krishna ₹1.44 crore, Mahbubnagar ₹9.76 lakh, Rangareddy ₹80 lakh and Warangal ₹32.63 lakh

fields of Communication, Human Resource Development, School sanitation & Hygiene education and Monitoring and purchase of one computer with accessories per district are also permissible.

Scrutiny of records in test checked units revealed irregularities, involving ₹18.44 lakh, as discussed below:

- i. **Absence of details of payment:** In Nandigama sub-division of Krishna district, ₹12.30 lakh was drawn (2008) through self cheques by Deputy Executive Engineer (Dy.EE) without indicating the purpose. Vouchers in support of payments made or acquittances as proof of receipt by the recipients were not furnished to audit. In absence of details of payments for the drawals in the cash book/bank account and non-availability of vouchers/acquittances, the possibility of misappropriation/fraud cannot be ruled out. Government replied (February 2014) that acquittances were available. It did not however, furnish these.
- ii. **Non-furnishing of payment details:** An amount of ₹6.14 lakh was paid (February & May 2010) by DWSM, Krishna to NGOs towards IEC activities for which relevant vouchers and acquittances were not furnished to audit. Therefore, correctness of this expenditure cannot be vouchsafed. Government replied (February 2014) that acquittances were available but none were made available to audit.

### 3.8.5 Operation of Multiple Bank Accounts

As per TSC/NBA guidelines, SWSM is required to operate a single savings bank account in any nationalised bank/bank authorised by State Government and funds are to be operated from this account for all transactions. However, SWSM (six accounts) and all the test checked districts<sup>19</sup> operated various accounts in multiple banks in violation of programme guidelines. Necessity/reason for operation of multiple bank accounts has not been stated despite specific query from audit. In reply, Government assured (February 2014) remedial action.

### 3.8.6 Irregularities in maintenance of Cash Book

Scrutiny of Cash Books relating to TSC/NBA revealed the following:

- i. SWSM did not maintain cash book during 2 June 2009 to 17 August 2010. Audit is therefore not able to vouch for six receipts involving transactions of ₹4.70 crore and 16 expenditure related transactions worth ₹4.49 crore during this period. While cash book was prepared for subsequent period, it was neither closed nor reconciled with bank balances. Irregular closing of cash books was also noticed in RWS&S sub- division, Nellore and DWSM, Mahbubnagar.

<sup>19</sup> DWSM, Anantapur (3 Accounts), DWSM, Krishna (5 Accounts), DWSM, Mahbubnagar (2 Accounts), RWS, Sullurpet, Kavali and Vinjamur in Nellore district (6 Accounts), DWSM, Rangareddy (9 Accounts), DWSM, Warangal (2 Accounts) RWS Division, Warangal (3 Accounts), RWS Division, Hanmakonda (3 Accounts)



- ii. In Rangareddy district, there was a variation of ₹31.92 lakh as of August 2013 between bank balances of DWSM and RWS Sub Division, Ibrahimpatnam. All drawals from this bank account were made through self cheques, but cash book was not produced to enable audit scrutiny. Further, an amount of ₹15 lakh released (2008-09) by DWSM to Ibrahimpatnam sub-division was not reflected in bank account, and thus not accounted for. In reply (February 2014), Superintending Engineer RWS&S Rangareddy stated that the variation had occurred as RWS Sub Division, Ibrahimpatnam had maintained only one account for all releases pertaining to TSC/Twelfth Finance Commission/State Finance Commission and salaries of work charged establishment. It was further stated that the amount of ₹15 lakh was released to some other Sub Division and not to Ibrahimpatnam. However, Department did not produce bank reconciliation statements or any other supporting documents in support of its contention.

In the absence of proper accountal of receipts and expenditure in these cases, possibility of fraud/embezzlement cannot be ruled out.

### **3.9 Monitoring mechanism**

Project Monitoring Unit (PMU) was set up<sup>20</sup> (December 2002) at State level under Principal Secretary, Panchayat Raj & Rural Development Department to monitor implementation of programme online and intermediate meetings were held at State level. Following deficiencies were noticed during verification of records in SWSM and test checked units indicating ineffective monitoring at State level.

#### **3.9.1 Field inspections**

Despite provision for field visits in programme guidelines, DWSM, Nellore and Warangal reported that no field visits were conducted in the district during 2009-13. In Anantapur, Krishna and Rangareddy districts, even though DWSMs stated that inspections were carried out at periodical intervals, no records were furnished to audit for scrutiny. Status with regard to Mahbubnagar district was not furnished despite specific request. In reply (February 2014), Government confirmed that field inspections were not carried out in Warangal and Nellore districts due to shortage of staff. As for other districts, it was stated that inspections were carried out, but did not provide any substantiation for its claim.

#### **3.9.2 Non-observance of Swachhata Diwas in Gram Panchayats**

As per programme guidelines, every GP has to declare a specific day in the month as Swachhata Diwas (Sanitation day) to strengthen transparency, participation, consultation and consent, accountability and grievance redressal in NBA. This is to be followed by Gram Swachhata Sabha every six months to discuss progress made under various monthly plans. Swachhata Diwas was not followed in any of the GPs in test checked Mandals. Government assured (February 2014) necessary remedial action in this regard.

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<sup>20</sup> G.O. Ms. No.460, PR&RD (RWS) Department, dated 19 December 2002

### 3.10 Evaluation studies

Programme guidelines envision evaluation studies to be conducted and remedial action to be taken thereon. However, State Government (SWSM) did not conduct any studies to evaluate implementation of programme and no expenditure was incurred on this component. Consequently it could not initiate corrective action with regard to lapses in implementation and achievement of set targets. Government replied (February 2014) that evaluation studies were conducted on sustainability of Nirmal Gram Puraskar awarded Gram Panchayats during 2012-13 by an NGO. This limited action of State Government did not meet the requirement outlined by GoI for effective implementation of the programme and mid-course correction of identified lacunae.

### 3.11 Conclusion

*Despite implementation of this programme for over 15 years, the objectives of bringing about a behavioural change in rural populace to desist from open defecation and generate demands from them for sanitary facilities were not adequately or successfully met largely, as the key component of IEC was not implemented effectively. Inadequate priority accorded to this programme by State Government as evidenced from allocation of inadequate funds and lack of proper monitoring of implementation resulted in non-achievement of targets in every component of the programme. Alternative delivery mechanism through establishment of RSMs/PCs and utilisation of revolving fund was not put in place to support implementation of the programme which deprived rural community of material and employment through these centres. State Government failed to ensure hygienic conditions in schools and other institutional toilets and has also not ensured separate toilets for girls. Overall, implementation of this programme left several gaps.*

### 3.12 Recommendations

- State Government should take adequate measures to strengthen IEC activities, so as to make demand driven approach of TSC/NBA successful.
- State Government should ensure provision of separate toilets for girls in schools.
- Government should put in place alternative delivery mechanisms to support proper implementation of the programme.
- Monitoring mechanism needs to be strengthened to ensure reliability of data and to keep constant watch on progress of implementation and take corrective action wherever necessary.





# Chapter-4

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## **Compliance Audit Paragraph**

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## Municipal Administration and Urban Development Department

### 4.1 Misappropriation of receipts in Sangareddy Municipality

**Non-compliance with Government rules and lack of internal controls resulted in possible misappropriation of revenue collections of ₹84.67 lakh and temporary misappropriation of ₹36.43 lakh**

Andhra Pradesh Treasury Code<sup>1</sup> stipulates that all moneys received by or tendered to Government servants should be paid in full into the treasury without delay. Further, Municipal Manual requires the Shroff (Cashier) to remit collections into Municipal General Fund maintained by bank/treasury on the day of receipt or next working day. Moneys received as above are not to be appropriated for departmental expenditure or otherwise kept apart from Government Account. Drawal of self cheques on Municipal General Fund account is not permitted except in respect of salaries and petty office expenses.

Scrutiny of records (January/October 2013) of Sangareddy Municipality revealed the following:

- i. Daily collections from levy of various taxes and non-taxes amounting to ₹2.39 crore during the period 2008-13 were deposited in State Bank of Hyderabad (savings bank account of Commissioner, Sangareddy Municipality: ₹1.97 crore, other scheme accounts: ₹42.37 lakh) instead of remitting into the General Fund account.
- ii. Out of ₹2.39 crore shown in Chitta Register (Daily Collection Register) as having been deposited in savings bank account, ₹36.43 lakh was actually deposited with a delay of more than one year, which amounts to temporary misappropriation.
- iii. Out of ₹42.37 lakh shown (August 2011 – September 2012) as deposited in other scheme accounts<sup>2</sup> in Chitta Register, ₹1.88 lakh were not deposited as of October 2013.
- iv. Self cheques for an amount of ₹82.79 lakh were drawn (2009 to 2012) by the Commissioner from SBH account for meeting various items of expenditure. However, supporting vouchers were not furnished to audit. Hence the veracity of expenditure claimed to have been incurred could not be vouchsafed in audit.

Non-compliance with Government rules and lack of internal controls resulted in possible misappropriation of ₹84.67<sup>3</sup> lakh and temporary misappropriation of ₹36.43 lakh.

<sup>1</sup> Rule 7 of Part-I

<sup>2</sup> Backward Region Grant Fund, Rajiv Nagar Bata and Thirteenth Finance Commission

<sup>3</sup> ₹1.88 lakh and ₹82.79 lakh

Government replied (May 2014) that Commissioner and Director of Municipal Administration (CDMA) has been instructed to initiate appropriate action against the concerned officials of the Municipality. Further, the Director, State Audit, was also requested to conduct special audit of accounts of Sangareddy Municipality for the period 2008-13.

Hyderabad  
The



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

**Countersigned**

New Delhi  
The



**(SHASHI KANT SHARMA)**  
**Comptroller and Auditor General of India**

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# **Appendices**

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## Appendix-1

(Reference to Overview Page vii)

**Statement showing roles and responsibilities of each level of organisational set-up of Panchayat Raj Institutions**

S.No.	Organisation/ Agency/Authority	Role	Responsibilities
1	Principal Secretary Panchayat Raj Department	-	Assist the Government in formulating policies.
2	Commissioner, Panchayat Raj & Rural Employment	Head of the Department.	Overall incharge of Panchayat Raj & Rural Employment department in the State.
<b>Zilla Praja Parishads</b>			
3	Chairperson of ZPP	Head of the Zilla Praja Parishad (ZPP).	Convene and preside over the meetings of standing committees and General body and take up with Government on major issues relating to the District requiring immediate intervention of Government.
4	Vice Chairman	Vice Chairperson, in the absence of chairperson for more than 15 days, exercise the powers and functions of the Chairperson.	To exercise the powers and functions of the Chairperson in his absence for more than 15 days.
5	Standing Committees	Act provides for constitution of seven Standing Committees for scrutiny of business of ZPP.	To watch the progress of implementation of works and schemes related to subjects assigned to them.
6	Chief Executive Officer	The Chief Executive authority of ZPP.	<ul style="list-style-type: none"> <li>• Holds the executive powers for the purpose of carrying out the provisions of the Act.</li> <li>• Responsible for implementation of resolutions of Zilla Praja Parishad standing committees.</li> <li>• Supervises and conducts the execution of all activities of Zilla Praja Parishad.</li> <li>• With the approval or on the direction of the Chairman, convene the Zilla Praja Parishad meetings atleast once in every month.</li> <li>• Have administrative control over all offices working under Zilla Praja Parishad.</li> <li>• As member convener of the district education committee, he has to constitute District Education Committee meetings.</li> </ul>
<b>Mandal Praja Parishads</b>			
7	President of Mandal Praja Parishad	To enlist people's co-operation for all Government programmes under Five year plans with involvement	<ul style="list-style-type: none"> <li>• Convene the meetings of Mandal Praja Parishads (MPPs) and approve the agenda.</li> <li>• Have control over MPDO for the purpose of implementation of resolutions of MPP.</li> <li>• Inspect the schemes implemented through</li> </ul>



S.No.	Organisation/ Agency/Authority	Role	Responsibilities
		and participation of people in rural areas.	Government funds.
8	Mandal Parishad Development Officer	Mandal Parishad Development Officer is the executive authority of the Mandal.	<ul style="list-style-type: none"> <li>• Has to implement all the resolutions passed by the Mandal Praja Parishad Council.</li> <li>• Responsible for prompt adjustment of all the Government grants to Mandal Praja Parishad and exercise such powers of supervision over the Gram Panchayats in the Mandal as may be prescribed.</li> </ul>
<b>Gram Panchayats</b>			
9	Sarpanch	Head of the Gram Panchayat elected by the elected members of Gram Panchayat.	<ul style="list-style-type: none"> <li>• Presides over the meetings of the Gram Panchayat.</li> <li>• Supervises the working of Gram Panchayat and implementation of developmental schemes.</li> </ul>
10	Upa-sarpanch	Exercises the powers and perform the functions of Sarpanch when the office of the Sarpanch is vacant and until new Sarpanch is elected and assumes his charge.	<ul style="list-style-type: none"> <li>• During his charge as Sarpanch he is responsible for all the responsibilities assigned to the post of Sarpanch.</li> </ul>
11	Members	All the members are elected representatives of the wards of the village.	Shall have the right to move resolutions and to interpolate the Sarpanch on matters connected with the administration of Panchayat.
12	Panchayat Secretary	A whole time or part time executive authority of a Gram Panchayat.	Responsible for exercising the executive powers for the purpose of carrying out the provisions of Panchayat Raj Act and directly responsible for fulfillment of the purpose thereof.

## Appendix-1.1

(Reference to paragraph 1.2 page 3)

Statement showing the district-wise and department-wise funds devolution to PRIs during 2011-12

(₹ in lakh)

S.No.	Name of the ZPP	Name of the Department					
		Agriculture	Animal Husbandry	Fisheries	Social Welfare	BC Welfare	Total
1	Adilabad	28.93	7.93	5.25	0	0	42.11
2	Anantapur	36.36	4.89	2.50	0	0	43.75
3	Chittoor	17.12	20.01	0.50	0	0	37.63
4	East Godavari	0	4.18	1.00	0	0	5.18
5	Guntur	0	29.77	1.50	0	0	31.27
6	Karimnagar	6.00	2.0	2.00	0	0	10.00
7	Khammam	3.67	7.32	0	22.32	0	33.31
8	Krishna	0	0	1.75	0	0	1.75
9	Kurnool	30.28	6.03	1.50	0	0	37.81
10	Mahbubnagar	58.50	22.16	5.00	0	0	85.66
11	Medak	20.19	31.88	1.50	0	0	53.57
12	Nalgonda	18.17	60.35	1.50	0	0	80.02
13	Nellore	11.00	0	0	0	0	11.00
14	Nizamabad	10.09	0	0	0	0	10.09
15	Prakasam	0	1.84	0	0	0	1.84
16	Rangareddy	31.75	30.06	1.75	0	0.30	63.86
17	Srikakulam	6.11	42.23	2.75	0	0	51.09
18	Visakhapatnam	14.38	0	0.50	0	0	14.88
19	Vizianagaram	10.09	0	2.25	0	0	12.34
20	Warangal	6.65	93.80	0	0.24	0	100.69
21	West Godavari	0	10.09	0	0	0	10.09
22	YSR Kadapa	52.63	28.20	1.25	0	0	82.08
<b>Total</b>		<b>361.92</b>	<b>402.74</b>	<b>32.50</b>	<b>22.56</b>	<b>0.30</b>	<b>820.02</b>

**Appendix-1.2**

(Reference to paragraph 1.5.2 page 7)

**Statement showing the details of closed scheme funds retained by ULBs**

(₹ in lakh)

S.No.	Name of the Municipality	Particulars of scheme	Period from which funds are lying unutilised	Amount
1	Mahbubnagar	Twelfth Finance Commission (TFC)	2005-06 to 2009-10	36.43
2	Gudur	TFC	2009-10	6.82
		Swarna Jayanthi Gram Swarojgar Yojana (SGSRY), National Slum Development Programme (NSDP), Integrated Development of Small and Medium Towns (IDSMT) etc.	2010-11	41.14
		IDSMT	2005-06	5.78
3	Nalgonda	Andhra Pradesh Urban Services for Poor (APUSP), Andhra Pradesh Urban Reforms and Municipal Services Project (APURMSP)	2009-10 to 2011-12	7.10
4	Hindupur	Janmabhoomi, MLA funds, Neeru Meeru, APURMSP, Chief Minister relief fund etc.	2011-12	33.57
5	Nandyala	NSDP, Akshara Jyothi, Janmabhoomi, Adverse Seasonal Grant, Praja Patham etc.	2005-06	40.48
6	Guntakal	Janmabhoomi, Neeru Meeru	Not available	70.71
		Backward Region Grant Fund (BRGF)	2009-10 to 2012-13	26.88
7	Tadepalligudem	IDSMT	2005-06	11.59
8	Sangareddy	IDSMT	2005-06	72.42
9	Kadiri	APURMSP, IDSMT, BRGF, Building Penalisation Scheme (BPS)	2013	7.54
10	Kavali	Pavala Vaddi, BPS, TFC etc.	2010-11 to 2011-12	294.40
<b>Total</b>				<b>654.86</b>

**Appendix-1.3**  
**(Reference to paragraph 1.5.3 page 7)**  
**Statement showing the details of advances pending adjustment**

(₹ in lakh)

S.No.	Name of the Municipality	Period from which advances remained unadjusted	Amount
1	Kadiri	2008-09	18.83
2	Srikalahasthi	2011-12	3.44
3	Salur	2001-02	5.60
4	Jaggiahpet	2007-08 to 2010-11	7.15
5	Adoni	2003-04	13.94
6	Dhone	2009-10 to 2012-13	12.45
7	Wanaparthi	2006 to 2012	1.95
8	Hindupur	2005 to 2009	52.35
9	Nandyala	1994-95 to 2010-11	30.98
10	Suryapeta	2008-09 to 2011-12	14.62
11	Tenali	1984-85 to 2011-12	49.20
12	Guntakal	2006-07 to 2011-12	0.68
13	Nuzvid	2003-04 to 2010-11	3.90
14	Machilipatnam	2006-07 to 2011-12	70.29
15	Vizianagaram	2006-07 to 2011-12	2.06
		2000-01 to 2011-12	26.23
16	Bodhan	2002-03 to 2010-11	7.12
17	Kavali	2005-06 to 2011-12	6.80
18	Sangareddy	2006-07 to 2010-11	11.65
19	Ponnur	2000-01 to 2007-08	1.41
20	Tadipatri	2008-09 to 2011-12	1.91
<b>Total</b>			<b>342.56</b>

**Appendix-1.4**  
**(Reference to paragraph 1.5.8 page 8)**  
**Statement showing the details of non-compilation of Accounts in ULBs**

S.No.	Name of the ULB	No. of years
1	Greater Hyderabad Municipal Corporation	21
2	Greater Visakhapatnam Municipal Corporation	12
3	Vijayawada Municipal Corporation	6
4	Kurnool Municipal Corporation	10
5	Kadapa Municipal Corporation	13
6	Anantapur Municipal Corporation	1
7	Tirupati Municipal Corporation	5

S.No.	Name of the ULB	No. of years
8	Warangal Municipal Corporation	8
9	Karimnagar Municipal Corporation	1
10	Ramagundam Municipal Corporation	1
11	Ichapuram Municipality	1
12	Rajam Municipality	1
13	Anakapally Municipality	1
14	Tadepalligudem Municipality	2
15	Nidadavolu Municipality	1
16	Machilipatnam Municipality	8
17	Jaggiahpet Municipality	5
18	Nuzvid Municipality	1
19	Gudivada Municipality	1
20	Pedana Municipality	1
21	Macherla Municipality	3
22	Gudur Municipality	28
23	Venkatagiri Municipality	2
24	Markapuram Municipality	3
25	Dhone Municipality	1
26	Dharmavaram Municipality	1
27	Kadiri Municipality	2
28	Jammalamadugu Municipality	1
29	Khammam Municipality (Corporation w.e.f. 19 December 2012)	5
30	Kothagudem Municipality	1
31	Palvancha Municipality	1
32	Yellandu Municipality	1
33	Adilabad Municipality	1
34	Bellampally Municipality	1
35	Mancherial Municipality	1
36	Nirmal Municipality	1
37	Kaghaznagar Municipality	1
38	Mandamarri Municipality	1
39	Bhainsa Municipality	1
40	Jangaon Municipality	1
41	Mahbubnagar Municipality	3
42	Narayanpet Municipality	1
43	Wanaparthy Municipality	2
44	Gadwal Municipality	2
45	Sangareddy Municipality	2

**Appendix-2.1**  
**(Reference to paragraph 2.9.1 page 19)**  
**Details of Audit Sample for PMGSY**

**a) Works initiated****(₹ in crore)**

S.No.	District	Package No.	Name of the Work	Year of Sanction	Approved Cost	Expenditure	Status
1	Adilabad	APVIII0114	Providing BT surface to road from Venkatapur to Motlaguda of Dahgaon Mandal	2008-09	5.52	5.47	Completed
2	Adilabad	APVIII0112	Providing BT surface to road from Chittapur-Gundla Somaram	2008-09	3.99	3.67	Completed
3	Adilabad	APVIII0102	Road from R&B Road to Beervelly via Pukkur, Kommera, Erraguntapally	2008-09	4.07	3.44	Completed
4	Adilabad	APVIII0103	Road from Angarajpally to Mutharaopally via Sundarasala	2008-09	3.40	2.88	Completed
5	Adilabad	APVIII0113	Providing BT on road from R&B Rd. to Bhamanagar	2008-09	2.21	2.16	Completed
6	Adilabad	APVIII0105	Road from Rampur to Digda	2008-09	2.09	2.07	Completed
7	Adilabad	APVIII0120	Providing BT on road from R&B Road to Ravindernagar	2008-09	1.62	1.47	Completed
8	Adilabad	APVIII0124	Providing BT on road from PWD Road Mategaon-Boregaon	2008-09	1.42	1.34	Completed
9	Adilabad	APVIII0117	PR Road - Kotha Rahapally	2008-09	1.39	1.18	Completed
10	Adilabad	APVIII0115	R&B Road- Boregaon	2008-09	1.66	1.11	Completed
11	Adilabad	AP01IXLB04	Bejjur(Etiguda) to Agarguda Via Gundepally	2010-11	1.51	1.12	Completed
12	Adilabad	AP01IXLB05	PWD road to Ponala (Kollamguda)	2010-11	1.31	0.55	In progress
13	Adilabad	AP01IXLB09	PWD Road to Chowka (Bejjur to Papannapet and Gangapur to Kosigi)	2010-11	1.47	0.69	In progress
14	Anantapur	AP02IX0203	Construction of Causeway @ 0/0-1/0 km on road from Dadithota to Nayanipalli	2010-11	6.42	4.71	In progress
15	Anantapur	VIII0231	Providing BT surface to the road from Venkatampalli to Mangalakunta	2008-09	3.61	3.28	Completed
16	Anantapur	VIII0213	Providing BT surface to the road from Yerronipally to K.D. Road	2008-09	2.89	2.86	Completed
17	Anantapur	VIII0273	Providing BT to road from Gugudu-Maddipalli Road to Madugupalli	2008-09	2.68	2.68	Completed
18	Anantapur	VIII0249	Providing BT surface to the road from MB Road-P.Kottala	2008-09	2.28	2.24	Completed

S.No.	District	Package No.	Name of the Work	Year of Sanction	Approved Cost	Expenditure	Status
19	Anantapur	VIII0209	Providing BT to road from Golla-Beluguppa-Virupapalli via Seerpi	2008-09	2.47	2.22	Completed
20	Anantapur	VIII0297	Road from R&B Road to Ramannagudiselu	2008-09	1.80	1.81	Completed
21	Anantapur	VIII0268	Providing BT to road from R&B Road to Vengannapalli via Goparajupalli	2008-09	1.89	1.69	Completed
22	Anantapur	VIII0219	Providing BT to road from RJ Road to GS Thanda	2008-09	1.72	1.67	Completed
23	Anantapur	VIII0295	Providing BT to road from Kokkanti to E.Chekkavari Palli	2008-09	1.61	1.61	Completed
24	Anantapur	VIII02100	Providing BT surface to the road from Yellanur to Kodumurthy	2008-09	1.78	1.58	Completed
25	Anantapur	AP02IX0209	Construction of causeway on road from Roddam to Cherukuru road 8/6-8/8	2010-11	0.18	0.00	In progress
26	Anantapur	VIII0288	RJ Road-GG Hatti	2008-09	0.60	0.00	Completed but payment not made
27	Anantapur	AP02IX0203	Construction of slab culvert on road from D.Honor to Hosahalli via Honnalli	2010-11	0.16	0.00	In progress
28	Anantapur	AP02IX0212	B.K. Road - R.K.Road via Pulicherla	2010-11	0.28	0.00	In progress
29	Anantapur	AP02IX27	Road from Kambadur to Obiganipalli	2010-11	0.88	0.00	In progress
30	East Godavari	APVIII0509	Road from 49/7 of T02 to Udimudilanka	2008-09	1.47	1.25	Completed
31	East Godavari	APVIII0510	GNT road to Vajrakutam	2008-09	2.02	1.05	Completed
32	East Godavari	AP05IXLB02	HLB Rameswaram to Allavaram	2010-11	8.35	4.70	In progress
33	East Godavari	APVIII0508	Road from Vetukuru to Siripuram	2008-09	9.87	7.42	Completed
34	East Godavari	AP05IXLB07	High level bridge D Polavaram to Subhadrayammampet	2010-11	7.94	1.66	In progress
35	East Godavari	AP05IXLB08	High level bridge across Inapuram drain in N.Kothapalli	2010-11	1.82	1.82	Completed
36	East Godavari	APVIII0506	Bodilanka to Turruwada	2008-09	2.38	1.09	In progress
37	East Godavari	APVIII0507	Road to Ijjaluru H/o GM Valasa	2008-09	2.15	2.14	Completed
38	East Godavari	APVIII0505	Road to Brahmasamedhyam	2008-09	4.40	4.25	Completed
39	East Godavari	AP05LB09	Construction of High Level Bridge at Gollugunta	2010-11	0.50	0.42	Completed
40	Guntur	APVIII0601	Nandirajupalem - Gangireddy palem	2008-09	1.65	1.60	Completed
41	Guntur	APVIII0604	R&B road - Nagabhiravapalem	2008-09	1.51	1.34	Completed
42	Guntur	APVIII0615	M.N R&B road - Mandavarimalapalli	2008-09	1.46	1.34	Completed



S.No.	District	Package No.	Name of the Work	Year of Sanction	Approved Cost	Expenditure	Status
43	Guntur	APVIII0620	R&B road – Cheruvulopalem	2008-09	1.61	1.61	Completed
44	Guntur	APVIII0628	Kancharagunta – Minchalampadu	2008-09	4.60	4.81	Completed
45	Guntur	APVIII6029	Obulesunipalli – Gajapuram	2008-09	2.96	3.09	Completed
46	Guntur	APVIII6030	CPT-NRT R&B road – Veluru	2008-09	4.94	4.94	Completed
47	Guntur	APVIII0631	Satluru – Sankrantipadu	2008-09	2.34	2.34	Completed
48	Guntur	APVIII0634	Petlurivaripalem – Lingamguntla	2008-09	2.51	2.52	Completed
49	Guntur	APVIII0635	Kunkalagunta – Papisettyapalem	2008-09	1.64	1.64	Completed
50	Karimnagar	AP07VIII01	PWD road Kaleshwaram 86/0 km of T02 - Palugula	2008-09	3.14	3.16	Completed
51	Khammam	AP08LW105	R&B road to Mamidigundala	2010-11	3.50	3.50	Completed
52	Khammam	AP08LW104	Marrigudem to Edupulagudem	2010-11	1.37	1.30	Completed
53	Khammam	AP08LW078	PWD road to Yerrabodu	2010-11	4.23	2.85	Completed
54	Khammam	AP08LW69	Mulkalpally to Mangaligutta	2010-11	2.82	2.67	Completed
55	Khammam	AP08LW34	R&B Road to Dabbanuthala (Kothuru)	2010-11	1.98	1.93	Completed
56	Khammam	AP08LW41	Gundala to Settipally	2010-11	4.02	0.59	In progress
57	Khammam	AP08LW12	Burgampahad to Sompally	2010-11	2.89	0	In progress
58	Khammam	AP08IXLB03	Kanchanapalli to Ananthogu	2010-11	3.39	0.45	In progress
59	Khammam	AP08LW84	Anisettipalli to Markodu	2010-11	14.41	8.07	In progress
60	Khammam	AP08LW66	PWD road to Chinnaravigudem	2010-11	2.34	0	In progress
61	Khammam	AP08LW83	R&B road to Lachagudem	2010-11	3.47	2.43	In progress
62	Khammam	AP08LB75	ZP road to Kistapuram	2010-11	1.94	1.80	Completed
63	Khammam	AP08LW07	R&B road to Kusumanapalli	2010-11	1.56	1.30	Completed
64	Khammam	AP08LW78	PWD road to Kotharelakayalapalli	2010-11	4.23	0.21	In progress
65	Krishna	APVIII0901	Garisapadu to Chinnagollapalem	2008-09	3.44	3.51	Completed
66	Mahbubnagar	APVIII1205	PWD Road at Veldanda – Ankamonikunta	2008-09	5.05	4.05	Completed
67	Medak	APVIII1110	P.T Venkatapur – Munigadapa	2008-09	4.97	4.84	Completed
68	Medak	APVIII1112	Road from Teegul – Yousufkhanpally	2008-09	5.32	4.57	Completed
69	Medak	AP12IXLB06	Bridge at 6/4 to 6/6 km on Road Audhutpur – Gondgaon	2010-11	3.26	2.72	In progress
70	Medak	APVIII1123	Road from Gollapally - Kondapur mandal Headquarters	2008-09	2.87	2.71	Completed
71	Medak	APVIII1104	PWD road – Banglavenkatapur	2008-09	2.70	2.70	Completed
72	Medak	APVIII1107	Enkepally - Mavinally via,Utpally	2008-09	2.65	2.65	Completed
73	Medak	APVIII1119	Mundrai – Mamdapally	2008-09	2.70	2.61	Completed

S.No.	District	Package No.	Name of the Work	Year of Sanction	Approved Cost	Expenditure	Status
74	Medak	APVIII1103	Alladurga Metalkunta PWD Road to Muslapur via Bairandibba	2008-09	2.06	1.89	Completed
75	Medak	AP12IXLB03	Bridge on road from PWD to Thipparam	2010-11	2.94	1.84	Completed
76	Medak	APVIII1114	PWD Road - Ananthsagar via, Jukal and Chandapur	2008-09	1.76	1.78	Completed
77	Medak	APVIII1109	PWD Road - Gopya thanda	2008-09	1.73	1.73	Completed
78	Medak	APVIII1121	Road from Matindla - Ibrahimpur via, Shekarrapet	2008-09	1.91	1.60	Completed
79	Prakasam	AP16IXLB03	M.C.Road - Ramayapatnam 8/6 to 8/8	2010-11	1.67	1.65	Completed
80	Prakasam	APVIII1601	NH5 to Ramakur at 338/6 km	2008-09	1.73	1.72	Completed
81	Prakasam	APVIII1602	Tangutur - Venkatayapalem road to Kesupalem	2008-09	2.87	2.48	Completed
82	Prakasam	APVIII1606	Mogalluru 14/8 km – Cheerladinne	2008-09	2.66	2.71	Completed
83	Prakasam	APVIII1608	Neredupalli - Murugummy	2008-09	2.36	2.46	Completed
84	Prakasam	APVIII1609	OV road - PC palli via Yeruvaripalli Battupalli	2008-09	3.55	3.37	Completed
85	Prakasam	APVIII1615	Pedairlapadu – Lakshmakkapalli	2008-09	3.24	3.06	Completed
86	Prakasam	APVIII1616	Pamuru - Kandkuru R&B – Ayyannakota	2008-09	1.64	1.68	Completed
87	Prakasam	APVIII1619	Kandukur – Narisettyvaripalem	2008-09	2.69	2.69	Completed
88	Prakasam	APVIII1620	OV road to – Ramanadhapuram	2008-09	2.90	2.90	Completed
89	Prakasam	APVIII1621	B.Agraharam road – Polinenicheruvu	2008-09	3.77	3.72	Completed
90	Prakasam	APVIII1622	Polineni Cheruvu road – Gandhinagar	2008-09	1.96	1.98	Completed
91	Prakasam	APVIII1625	Malakondarayunipalem - KV road Bangarakkapalem	2008-09	1.82	1.82	Completed
92	Prakasam	APVIII1626	Donakonda - Gajjalakonda	2008-09	3.72	3.23	Completed
93	Prakasam	APVIII1638	Kokavanikunta-Ganjivanipalli road 10/8 km - Thambadapalli	2008-09	3.27	3.10	Completed
94	Srikakulam	APVIII1808	Kusumpuram to Kalingapatnam	2008-09	4.55	3.58	Terminated
95	Vizianagaram	APVIII2009	SD Road to Yeguvaganjabadra	2008-09	8.43	6.39	Terminated
96	Warangal	AP21IXLB14	Construction of causeway across Thummalavagu on road from R&B Road Narlapur to Kalvapally	2010-11	3.83	3.10	Completed

**b) Works shown as sanctioned but not awarded**

S.No.	District	Package	Name of the work	Year of Sanction	Status of work as of June 2013
1	Adilabad	APVIII0119	PWD Hangigirga 6/0 - Dahegaon	2008-2009	Not awarded
2	Adilabad	APVIII0123	PWD – Sangvi	2008-2009	Not awarded
3	Adilabad	APVIII0126	ZP road – Ranjani	2008-2009	Not awarded
4	Adilabad	AP01IXLB07	Karjelly to Motlaguda (Bejjur to Somini)	2010-2011	In progress
5	Adilabad	AP01IXLB08	PWD Road to Laxmipur	2010-2011	In progress
6	Adilabad	AP01IXLB11	PWD Road to Kishantanda	2010-2011	Not awarded
7	Adilabad	AP01IXLB12	Karanjiwada to Lendiguda	2010-2011	Not awarded
8	Adilabad	AP01IXLB13	Karanjiwada to Lendiguda	2010-2011	In progress
9	Adilabad	AP01IXLB14	R/F Kosagutta to Yapalguda	2010-2011	Awarded but not commenced for want of Forest Clearance
10	Adilabad	AP01IXLB15	R/F Kuntala K to Mathurathanda	2010-2011	In progress
11	Adilabad	AP01IXLB16	R/F Kuntala K to Mathurathanda	2010-2011	In progress
12	Anantapur	APVIII0229	Agali-Ratnagiri Road - Jangamanahalli	2008-2009	Completed
13	Anantapur	APVIII0258	Allipur Thanda - Chowti Thanda	2008-2009	In progress
14	Anantapur	VIII02105	Dharmavaram - Mamillapalli Road – Kamireddipalli	2008-2009	Completed
15	Anantapur	VIII02106	NH Road - Apparacheruvu	2008-2009	Completed
16	Anantapur	VIII02107	A.K.Road - Lingareddipalli	2008-2009	Completed
17	Anantapur	AP02IX0207	NH 7 - Rajeev Colony	2010-2011	Not awarded
18	Anantapur	AP02IX0210	Kondapalli – Peruru	2010-2011	Dropped
19	Anantapur	AP02IX0216	A. Kondapuram to Peddapappur	2010-2011	Not awarded
20	Anantapur	AP02IX0226	Vajrakaruru to Velupumadugu	2010-2011	Not a sanctioned work
21	Anantapur	AP02IX0227	Malla puram to Palthur	2010-2011	In progress
22	Anantapur	AP02IX0228	Malla puram to Palthur	2010-2011	In progress
23	Anantapur	AP02IX0229	Malla puram to Palthur	2010-2011	In progress
24	Anantapur	AP02IX0231	Palthur – Mallapuram	2010-2011	In progress
25	Anantapur	AP02IX10	NH63 – Ammenpalli	2010-2011	In progress
26	Anantapur	AP02IX16	Kondapalli - Peruru 5/0 to 6/0	2010-2011	Dropped
27	Anantapur	AP02IX27	Kambaduru – Obiganipalli	2010-2011	In progress
28	East Godavari	AP05IXLB01	AR Road – Matlapadu	2010-2011	Not awarded
29	East Godavari	AP05IXLB03	75/4 of T01 - Valasalathippa	2010-2011	Not awarded
30	East Godavari	AP05IXLB04	49/7 km of T02 - Udimudilanka	2010-2011	Not awarded
31	Guntur	APVIII0606	Lemallepadu - Kovelamudi	2008-2009	Dropped
32	Guntur	AP06IXLB03	Valiveru to Vetapalem Road	2010-2011	Not awarded
33	Khammam	AP08IXLB02	BT Road from Nagupally to Tottipampu	2010-2011	Not awarded
34	Khammam	AP08LW19	Kesaram – Guduru	2010-2011	Dropped
35	Prakasam	APVIII1634	D.S.Road – Marrisipalem	2008-2009	Dropped

**Appendix-3.1**

(Reference to paragraph 3.3.3 page 32)

**Details of Audit Sample for TSC/NBA**

District	Mandal	Gram Panchayats
Anantapur	<b>Putlur</b>	C.Vengannapalli, Chalavemula, Cherlopalli, Ellutla, Jangamreddipeta, Kondapuram, Kondepalli, Kummanamala, Putlur and Takkallapalli
	<b>Settur</b>	Kanukur, Perugupalyam, Mulakaledu, Idukal, Makodiki, Lakshampalle, Thippampalli, Yatakal, Cherlopalli and Chinnampalli
	<b>Gandlapenta</b>	Maddivarigondi, Chamalagondi, Jeenulakunta, Thummalabylu, Godduvelagala, Katarupalli, Thoopalli, Gandlapenta, Veparala and Kurumamidi
Krishna	<b>Bapulapadu</b>	Ampapuram, Billanapalli, Bommuluru, Chirivada, Dantaguntla, Kakulapadu, Madicherla, Ogirala, Perikeedu and Remalle
	<b>Kanchikacherla</b>	Bathinapadu, Gandepalle, Ganiatukuru, Kanchikacherla, Kesara, Munnaluru, Perakalapadu, Seri Amaravaram and Vemulapalle
	<b>Chatrai</b>	Arugolanupeta, Burugugudem, Chatrai, Cheepurugudem, Chittapur, Janardhanavaram, Kotapadu, Krishnaraopalem, Narasimharaopalem and Tummagudem
Mahbubnagar	<b>Amangal</b>	Akuthotapalle, Amangal, Ekwaipalle, Karkalpahad, Konapur, Meddigadda Tanda, Polepalle, Ramanuthula, Settiramnagar Tanda and Singampalle
	<b>Damaragidda</b>	Bapanpalle, Bommanpad, Damaragidda, Gadapa, Gadimunkanpalle, Kandanpalle, Lokurthy, Malreddipalle, Udmalgidda and Vathugundla
	<b>Ghattu</b>	Aragidda, Boyalagudem, Ghattu, Gorkhandoddi, Kuchinerla, Lingapuram, Nandinne, Penchikalapadu, Thummalacheruvu and Thummalapalli
Nellore	<b>Kaligiri</b>	Ananthapuram, Kaligiri, Kavali Musthapuram, Krakuturu, Nagasamudram, Patikota, Pedakonduru, Turupu Dubagunta, Veeranakollu and Yerukalareddipalem
	<b>Udayagiri</b>	Arlapadiya, Dasari Palle, G.Ayyavari Palle, G.Chervu Palle, Gandipalem, Kondayapalem, Krishnampalle, Pullayapalle, Thirumalpuram and Vengalarao Nagar
	<b>Ojili</b>	Bhatlakanupuru, Bhuvanagiripalem, Chillamanuchenu, Kurugonda, Machavaram, Mummayapalem, Punnepalle, Rachapalem, Ravipadu and VenkatareddiPalem
Rangareddy	<b>Hayathnagar</b>	Abdullapur, Bandaraviryal, Batasingaram, Brahamanpally, Chinnaraviryal, Gandicheruvu, Kawadipally, Munganoor, Pasmamla and Turkayamjal
	<b>Maheswaram</b>	Ameerpet, Dubbacherla, Ghatpally, Harshaguda, Kalvakole, Mankhal, Nagireddy Pally, Sirigiripur, Subhanpur and Tummaloor
	<b>Shamirpet</b>	Bomraspet, Devarayamjal, Jaggamguda, Kolthur, Lalgadimalakpet, Narayanapur, Pothaipalle, Thumkunta, Turakapally and Uddemarri
Warangal	<b>Palakurthy</b>	Bommera, Kondapur, Mallampalle, Manchuppula, Mutharam, Palakurthy, Sirisannagudem, Theegaram, Vavilala and Visnoor
	<b>Khanapur</b>	Ashoknagar, Budharaopet, Dabeerpet, Dharmaraopeta, Khanapur, Kothuru, Mangalavaripet, Manubothulagadda Thanda and Rangapur
	<b>Shayampet</b>	Gangirengudem, Gatlakaniparthi, Hussainpalle, Koppula, Neredpalle, Pathipaka, Peddakodepaka, Rajupalle, Shayampet and Taharapur

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# **Glossary of Abbreviations**

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<b>AE</b>	Assistant Engineer
<b>AIP</b>	Annual Implementation Plan
<b>APEWIDC</b>	Andhra Pradesh Education & Welfare Infrastructure Development Corporation
<b>APL</b>	Above Poverty Line
<b>APSHCL</b>	Andhra Pradesh State Housing Corporation Limited
<b>APSRRDA</b>	Andhra Pradesh State Rural Roads Development Agency
<b>ASHA</b>	Accredited Social Health Activist
<b>ATRs</b>	Action Taken Reports
<b>BG</b>	Bank Guarantee
<b>BPL</b>	Below Poverty Line
<b>BRCs</b>	Block Resource Centers
<b>BROs</b>	Budget Release Orders
<b>BT</b>	Black Topped
<b>CAG</b>	Comptroller and Auditor General of India
<b>CC</b>	Cement Concrete
<b>CCDU</b>	Communication & Capacity Development Unit
<b>CD</b>	Cross Drainage
<b>CDMA</b>	Commissioner and Director of Municipal Administration
<b>CNCPL</b>	Comprehensive New Connectivity Priority List
<b>CPSMS</b>	Central Plan Scheme Monitoring System
<b>CSCs</b>	Community Sanitary Complexes
<b>CUPL</b>	Comprehensive Upgradation Priority List
<b>CVPD</b>	Commercial Vehicles Per Day
<b>DDP</b>	Desert Development Programme
<b>DPR</b>	Detailed Project Report
<b>DRDA</b>	District Rural Development Agency
<b>DRRP</b>	District Rural Roads Plan
<b>DWSM</b>	District Water & Sanitation Mission
<b>EE</b>	Executive Engineer
<b>EMD</b>	Earnest Money Deposit
<b>ENC</b>	Engineer-in-Chief
<b>FD</b>	Fixed Deposit
<b>FSD</b>	Further Security Deposit

<b>GoI</b>	Government of India
<b>GP</b>	Gram Panchayat
<b>IAY</b>	Indira Awas Yojana
<b>IEC</b>	Information, Education and Communication
<b>IHHL</b>	Individual Household Latrines
<b>INDIRAMMA</b>	Integrated Novel Development in Rural Areas & Model Municipal Areas
<b>IRC</b>	Indian Road Congress
<b>IR</b>	Inspection Reports
<b>ISL</b>	Individual Sanitation Latrines
<b>ITDA</b>	Integrated Tribal Development Agency
<b>JE</b>	Junior Engineer
<b>MA&amp;UD</b>	Municipal Administration and Urban Development
<b>MGNREGS</b>	Mahatma Gandhi National Rural Employment Guarantee Scheme
<b>MLA</b>	Member of Legislative Assembly
<b>MoRD</b>	Ministry of Rural Development
<b>MPDO</b>	Mandal Parishad Development Officer
<b>MPP</b>	Mandal Praja Parishad
<b>NBA</b>	Nirmal Bharat Abhiyan
<b>NGO</b>	Non-Government Organisation
<b>NGP</b>	Nirmal Gram Puraskar
<b>NQM</b>	National Quality Monitor
<b>NRDWP</b>	National Rural Drinking Water Programme
<b>NRRDA</b>	National Rural Roads Development Agency
<b>OMMS</b>	Online Management & Monitoring System
<b>PAC</b>	Plan Approval Committee
<b>PCs</b>	Production Centers
<b>PD</b>	Project Director
<b>PIP</b>	Project Implementation Plan
<b>PIUs</b>	Programme Implementation Units
<b>PMGSY</b>	Pradhan Mantri Gram Sadak Yojana
<b>PMU</b>	Project Monitoring Unit
<b>PR&amp;RD</b>	Panchayat Raj and Rural Development
<b>PRI</b>	Panchayat Raj Institution



<b>PWD</b>	Public Works Department
<b>RRM</b>	Rural Road Manual
<b>RSMs</b>	Rural Sanitary Marts
<b>RVM</b>	Rajiv Vidya Mission
<b>RWS&amp;S</b>	Rural Water Supply & Sanitation
<b>SBH</b>	State Bank of Hyderabad
<b>SD</b>	Swachchhata Doot
<b>SFC</b>	State Finance Commission
<b>SHG</b>	Self Help Group
<b>SLSC</b>	State Level Standing Committee
<b>SLWM</b>	Solid & Liquid Waste Management
<b>SQC</b>	State Quality Control
<b>SQM</b>	State Quality Monitor
<b>SRRDA</b>	State Rural Roads Development Agency
<b>STA</b>	State Technical Agency
<b>SWSM</b>	State Water & Sanitation Mission
<b>TGS</b>	Technical Guidance and Supervision
<b>TSC</b>	Total Sanitation Campaign
<b>UC</b>	Utilisation Certificate
<b>ULBs</b>	Urban Local Bodies
<b>UNICEF</b>	United Nations Children's Fund, formerly known as United Nations International Children's Emergency fund
<b>VAT</b>	Value Added Tax
<b>VWSCs</b>	Village Water and Sanitation Committees
<b>WBM</b>	Water Bound Macadam
<b>WMM</b>	Wet Mix Macadam
<b>ZPP</b>	Zilla Praja Parishad





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