

Regional Capacity Building & Knowledge Institute, Jammu



Case Study on “Swachh Bharat Mission (Urban)” Report No. 3 of 2022, C&AG of India, On Compliance Audit, Government of Jammu & Kashmir, for the year ended 31st March, 2021

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From the Director General's Desk

Knowledge is understanding and awareness of something and may refer to the information, facts, skills, and wisdom acquired through learning and experiences. Acquiring knowledge involves cognitive processes, communication, perception, and logic. It is also the human capacity to recognize and accept the truth. Acquiring knowledge and its application contributes to capacity building of the individuals and for the overall development of the organizations. The mission of the IA&AD, to promote accountability, transparency and good governance through high quality auditing and accounting and provide independent assurance to our stakeholders, the Legislature, the Executive and the Public, the public funds are being used efficiently and for the intended purposes, can only be fulfilled if our human resources are well equipped and motivated.

To achieve the objective, the Regional Training Institute, Jammu (now known as the Regional capacity building and Knowledge Institute) was established in 1989 and caters to the training needs, of 14 user offices. The Institute also acts a knowledge centre for four different areas viz. (a) Defence Audit, (ii) Audit of Regulatory Bodies (iii) Domain knowledge in Governance sectors (health, transport, and infrastructure) and (iv) New Technology and skills for the knowledge economy,

In pursuit of excellence in the assigned areas of training in respect of Audit and Accounts, the Institute focuses on the development of the knowledge and skills of IAAD officers by organizing trainings, workshops and seminars, besides bringing out a series of interesting case studies on frauds/deviation from rules and regulations etc. as reported and reflected in the Audit Reports of the Union Government/State Governments.

The case study on “Swachh Bharat Mission (Urban)” is based on Report No. 3 of 2022, C&AG of India, On Compliance Audit, Government of Jammu & Kashmir, for the year ended 31st March, 2021

The case study is meant for use in imparting training to the officers of various audit offices of the IA&AD. We look forward to suggestions and feedback from our user offices.

Sd/-

Dr. Abhishek Gupta
Director General

RCB&KI, Jammu

Section-1

**Background,
Main story, etc.**

Introduction

The case study is in the form of a fictional story, that revolves around solving a problem. The core area of focus is taking a decision as to whether an audit observation would be sustainable and the leadership role and team deficiencies during an audit as seen from the perspective of a Senior Audit Officer. The case study aims at making aware the trainees about the observations made by audit while making an assessment of the implementation of the Centrally sponsored flagship scheme of “Swachh Bharat Mission (SBM), Urban”, in the UT of Jammu & Kashmir. The story is seen through the eyes of the lead characters, S/Sh. Bashir Ahmad Mir Senior Audit Officer, supervising the audit party. The other characters in this case study are S/ Sh. Malik Muddasir, Surinder Mohan and Nissar Ahmad Lone all experienced Assistant Audit Officers,

The case study has been designed as an occurrence taking place during a compliance audit of flagship scheme of Swachh Bharat Mission (SBM), Urban which was launched in 2014, with the objective of making urban India 100 *per cent* free from open defecation in areas falling under the Urban Local Bodies in the country by October 2019. SBM, Urban (U) is being implemented by the Ministry of Housing and Urban Affairs, Government of India (MoH&UA) and Housing and Urban Development (H&UDD), Government of Jammu and Kashmir disaster management. The case study is meant to foster an appreciation of the challenges that may be faced by officials in conducting such audits.

Disclaimer:

This case study is only a guide to be used in training and should not be considered as being at par with audit reports or regulations or manuals or other instructions for audit.

Background/context

Sh. Bashir Ahmad Mir Senior Audit Officers, in-charge of a local audit parties had been assigned the responsibility of undertaking a compliance audit of the flagship scheme “Swachh Bharat Mission (SBM), Urban”, in the UT of Jammu & Kashmir. The audit parties also comprised of S/ Sh. Malik Mudassir, and Nissar Ahmad lone. And surrender Mohan.

Shri Bashir Ahmad Mir his team had carried out a study of the scheme to understand the auditee environment and the rules and regulations applicable to the entity. During the pilot study, the team had also carried out a risk analysis of the various activities undertaken by the auditee with reference to the set parameters of the entity.

Based on preliminary survey, the audit team had identified the Audit Objectives with reference to the topic intended to be covered during compliance audit. The Audit Criteria against which the performance of the entity was proposed to be evaluated and the proper evidence collection method to be followed was also determined.

The objectives of the audit and scope of audit were broadly discussed with the individual office heads and Heads of the department connected with implementation of the scheme. Audit criteria/parameters/norms against which audit was to be benchmarked were also determined.

Now as per the approved audit programme, the team had been directed to assess the compliance of the activities relating to “Swachh Bharat Mission (SBM), Urban”.

(A) Scheme

The Government of India (GoI) launched flagship scheme of Swachh Bharat Mission (SBM), Urban on 02 October 2014 with the objective of making urban India 100 *per cent* free from open defecation in areas falling under the Urban Local Bodies in the country by October 2019. SBM, Urban (U) is being implemented by the Ministry of Housing and Urban Affairs, Government of India (MoH&UA) and Housing and Urban Development (H&UDD), Government of Jammu and Kashmir.

SBM (U) has various components and is funded by Government of India(GoI) and the State Government on 90:10 basis. In addition to prescribed 10 *per cent* state shared to be released by J&K Government in respect of Individual Household latrines (IHHLs) and Public toilets (PTs) additional State contribution was also released by the Government, as such the total quantum of State shared was more than 10 *per cent*. Housing and Urban Development Department (H&UDD), Jammu Municipal Corporation (JMC), Srinagar Municipal Corporation (SMC), Directors of Urban Local Bodies (ULBs), Jammu and Srinagar and 76 Municipal Councils/ Committees are responsible for implementation of SBM (U).

(B) Scope of Audit

The Compliance audit of two components under Swachh Bharat Mission (U) viz. Individual Household Latrines (IHHLs) and Public toilets (PTs), was carried out covering the period from 2016-17 to 2020-21. As per records, during the period 2016-21, 51,246 IHHLs and 2,621 PTs were constructed in the 78 ULBs (JMC, SMC and 76 Municipal Councils/ Committees) of Jammu and Kashmir. Scrutiny of records of Directors of Urban Local Bodies (ULBs), Jammu and Srinagar and JMC, SMC and 19 other ULBs (out of 76 Municipal Councils/ Committees) was carried out. The selection of these 21 ULBs was done on the basis of maximum expenditure incurred under SBM. A total of 27,317 IHHLs and 290 PTs were shown constructed, as per records, in the 416 wards of these 21 selected ULBs.

In addition to scrutiny of records, beneficiary survey and physical verification of IHHLs/ PTs were carried out jointly with staff of ULBs to see whether assets created under the mission were complete, functioning and well maintained. For the beneficiary survey and physical verification of IHHLs, out of the total 416 wards in the selected 21 ULBs, 102 wards (25 *per cent*) were selected on the basis of maximum number of IHHLs constructed. In these 102 wards, 14,675 IHHLs were constructed out of which 1,588 (10 *per cent*) were selected for beneficiary survey and physical verification.

173 PTs out of the total 290 PTs constructed within the jurisdiction of 21 selected ULBs, were selected for physical verification.

(C) Audit criteria:-

The team leader of the party having studied the various aspects of the scheme and also the required process involved for its successful implementation determined the following benchmark against which the implementation by different agencies was to be weighed: -

- Revised SBM, Guidelines issued by Government of India, Ministry of Housing and Urban Affairs (MOH&UA)
- Advisory on Public and Community Toilets issued by GOI, MOH&UA
- Terms and conditions communicated in Sanction and release orders
- Instruction issued by Mission Director, SBM, Government of Jammu & Kashmir
- J&K, Municipal Corporations Act, 2000 and &K, Municipal Act, 2000
- Action Plans prepared by Municipal Corporations and Urban Local Bodies, approved by Mission Director
- Financial Rules of J&K Government.

- (D) After having equipped the parties with the required material the process of collection of audit evidence in various implementing offices/agencies and following main points came to the notice: -

Case 1

Identification of beneficiaries

Challenges faced by the Audit team: -

The main challenge faced by the Audit party was how to establish genuineness or otherwise of the survey conducted by the auditee. For this purpose, there was a thorough discussion amongst the team members and after studying the preliminary records the team decided to review the allied offices of Mission Director, other concerned functionaries and also physically verify the photographs. Thereafter the records were analysed in following manner:-

The Audit party compared the process followed by the department in identification of beneficiaries with the guidelines of SBM (U) which stipulate that, a beneficiary shall mean any household that does not have access to individual household toilet or has an insanitary toilet. The it came to notice that as per the guidelines a house-to-house survey was required to be carried out on the basis of data of Census 2011 or any recent survey available to identify households practicing open defecation. The baseline data collected during the survey was to be put in public domain by 15.02.2015. On the basis of this data, the authorities were required to approve either a Household toilet or Community toilets (CTs) for group of households.

Audit observed that no house-to-house survey was carried out to see whether beneficiaries had or did not have existing sanitary latrine. Instead, Mission Director SBM (U) had only issued (2015-16) notifications through print and electronic media advising households having no latrines or insanitary latrines to register their applications at nearby Common Service Centres/ Khidmat Centres. Non-conducting of house-to-house survey also resulted in wrong identification of beneficiaries, as brought out by the following instances: -

- Against the provision of one household toilet for each household, a total of 134 IHHLs were sanctioned for 45 households by JMC, Jammu, which also included 35 IHHLs sanctioned in favour of minors in the age group of 12 to 18 years. A photograph of same person was used in respect of five beneficiaries for release of payment.

Chief Accounts Officer (CAO), JMC stated (March 2022) that the matter would be examined and factual position intimated to audit.

- SBM guidelines stipulated that 1st instalment (50 per cent) of incentive for construction of IHHL should not be released without verification of beneficiary. Audit observed in Municipal Council, Sopore and Shopian that out of 1,563 beneficiaries, 154 beneficiaries were paid Rs.3.15 lakh in 2016-17 as 1st instalment for construction of sanitary

latrines. They were not paid further assistance as it was stated that they already had IHHLs. Thus, undue payment of` 3.15 lakh was made to these wrongly identified beneficiaries. No recovery was initiated as of May 2022.

The Executive officers of ULBs stated (December 2021/February 2022) that these beneficiaries who were initially paid assistance as per guidelines were, upon verification, found to have already existing latrines.

Chief Executive Officer, Municipal Council, Sopore stated (June 2022) that 1st instalment was released to the beneficiaries to start construction of IHHL units. It was further stated that after verification, it was observed that the beneficiaries had utilized the amounts for some other purposes and accordingly further payments were stopped.

The Director Finance, H&UDD stated (August 2022) that the Mission Director, SBM(U) had invited the beneficiaries through print and electronic media for registration in the near common service centres/ khidmat centres and ULBs had issued notices and obtained applications after door to door verification.

The claim regarding door-to-door verification by Director Finance, H&UDD was contradictory to the above quoted replies furnished (December 2021/ February 2022/ June 2022) by Executive officers of ULBs.

With regard to sanction of 35 IHHLs sanctioned in favour of minors, it was stated that the Commissioner JMC had initiated re-verification by a committee constituted for the purpose and that if any ineligible beneficiary was found the recovery proceedings would be initiated.

In the above context Participants may discuss the possible audit process and analyse the weakness in internal control system of the department

Case 2

Construction of IHHLs by beneficiaries themselves

Challenges faced by the Audit team:-

The audit team, by preliminary study of the records had come to the conclusion that as a part of activity some the selected beneficiaries had constructed pits/ septic tanks. To substantiate the findings the team after mutual consultation decided to conduct a joint physical verification/ beneficiary survey. The methodology proved effective and observations detailed in succeeding paras relating to the subject could be made:-

The Audit parties made a thorough discussion on further course of action. During exchange of ideas between members of the Audit parties it was decided to review the performance of the Department vis-à-vis implementation of the component “Construction of IHHLs by beneficiaries themselves”. The Audit parties noticed that guidelines provided that after release of 1st installment of incentive in favour of identified beneficiaries for construction of IHHLs, the 2nd installment was to be released upon verification of physical progress of construction. Actual process of verification was to be as per directions of respective State Government.

It was, however, observed that actual process of verification of physical progress of work, after release of 1st installment to ascertain whether the beneficiary had started construction of IHHL was not specified by the authorities of Housing and Urban Development Department (H&UDD). As per fund release orders issued by the State Mission Director, photographic/ video graphic evidence of works was to be maintained but the department had not specified the process for monitoring physical progress of work at various stages. This had resulted in non-conversion of insanitary latrines into sanitary ones and excess/ double payment to beneficiaries as detailed in Para 2.1 and .2.2 below: -

2.1 . Wasteful expenditure of`1.09 crore

Assistance of Rs.1.09 crore was paid (October 2019) to 1828 beneficiaries as 1st instalment of Rs.6,000 each for conversion of insanitary latrines into sanitary latrines in different localities falling under Srinagar Municipal Corporation (SMC). Audit noticed that as of September 2021, the 2nd instalment had not been released in their favour. No reasons were on record for non-release of 2nd instalment in favour of the beneficiaries. Out of 1828 beneficiaries, 51 were selected in seven selected wards of SMC for joint physical verification/ beneficiary survey with departmental staff of SMC. It was noticed during joint physical verification/ beneficiary survey that none of the selected beneficiaries had constructed pits/ septic tanks and were still discharging the human waste/ excrete of their toilets into open surface drains. Non-conducting of survey for identification of beneficiaries had resulted in wasteful expenditure of Rs. 1.09 crore (including Rs.3.06 lakh paid to 51 beneficiaries) paid to these 1,828 beneficiaries. Thus, the genuineness of records of SMC

relating to achievement of conversion of 1,828 insanitary IHHLs into sanitary units is doubtful.

On being pointed out, the Director Finance, H&UDD stated (August 2022) that the SMC had initiated a re-verification survey by ward officers, sanitary supervisors and sanitary inspectors and in case delinquency was found, notices would be issued to complete the work and in case of non-compliance, recovery proceedings including imposition of penalty would be initiated.

2.2 . Excess/ double payment of Rs. 2.85 lakh to 29 beneficiaries

In two out of 21 test checked ULBs, 26 beneficiaries were paid assistance of ₹ 2.21 lakh in excess during the period 2016-17 to 2020-21 and in Municipal Committee (MC), Shopian double payment of ₹ 0.64 lakh was made to three beneficiaries for conversion of insanitary latrines into sanitary latrines and construction of new latrines. The Executive Officers(EO), MC Sopore and MC Shopian stated that excess amount would be recovered from the beneficiaries. The EO, MC Shopian stated (June 2022) that the excess payment of Rs.10,000 made had been recovered from one beneficiary and the process for recovery of the amount of double payment of `Rs.0.64 lakh would be started shortly. EO, MC Sopore stated (June 2022) that Rs.1.95 lakh had already been recovered from 23 beneficiaries, and the remaining amount would be recovered soon

On being pointed out at apex level, the Director Finance, H&UDD stated (August 2022) that CEO Shopian and CEO Sopore had initiated recoveries from the concerned beneficiaries and process for recovery of balance amount would be completed in shortest possible time.

In the above context participants can go beyond the audit findings and discuss the case study in the light of “Outcome audit”

Case 3

Construction of IHHLs by NGOs

The Sr. Audit officer consulted the team in scrutinizing the records relating to this subject. One of the AAOs suggested random selection of works. Another suggested to review the complaint register. However, the Sr. Audit officer laid emphasis. During further study of the implementation of the scheme by various agencies/Departments the audit observed certain interesting points as summarized below:-

Scheme guidelines stipulate that the construction of IHHL should be undertaken by the household itself. Though guidelines did not provide for construction of IHHLs through contractors or non-government organizations (NGOs), the MoUD authorized engagement of NGOs and contractors for construction of IHHLs for identified beneficiaries to achieve ODF targets. The erstwhile State Government had empanelled various NGOs for construction of new IHHLs at a cost of ₹17,490 per unit.

In the terms and conditions of orders issued for engagement of NGOs for construction of IHHLs it was stipulated that the construction work be closely monitored by the engineering staff of the concerned ULB to ensure that execution of work was as per approved specifications prescribed in the scheme guidelines. Payment in respect of IHHL constructed by an NGO was to be made in stages only after the completion certificate is furnished by the concerned beneficiary. Audit however, noticed that stage wise documentary evidence regarding construction of IHHL to be produced by the NGOs and certified by engineering staff of ULBs for making payment in stages of construction of IHHL were not specified, which led to irregularities as detailed in Para 3.1 below: -

3.1 Lump sum payment to NGOs instead of in stages and without monitoring execution of work with approved specifications: -

Rs.19.87 crore was paid to NGOs in 20 ULBs for construction of 12,297 IHHLs for identified beneficiaries. Audit noticed that IHHLs constructed by NGOs for beneficiaries were not closely monitored to see whether work was executed as per approved specifications as no monitoring reports were on record.

Audit selected 1,315 cases of IHHLs for collection of data in respect of completion certificates obtained from beneficiaries for passing payments in favour of NGOs and noticed that in respect of 364 IHHLs completion certificates were not on record; in respect of 123 IHHLs completion certificates though signed by beneficiaries were not authenticated by the ULB authorities and in six cases completion certificates were not signed by beneficiaries.

Chief Executive Officer, Municipal Council Shopian stated (June 2022) that final instalment has been released to the NGOs after obtaining completion certificate/ verification from the monitoring committee duly signed by the beneficiary, Junior Engineer and Executive Officer. Chief Executive Officer, Municipal Council Anantnag stated (June 2022) that technical verification in respect of these units was received from concerned AEE and all

completion certificates were signed by the CEO as well as by the Engineering staff. The reply is not based on fact as no completion certificates of beneficiaries were on record. On being pointed out at apex level, the Director Finance, H&UDD stated (August 2022) that payment was released to the NGOs after obtaining requisite certificate from the beneficiaries/ JE/ CEO. The reply is not based on fact as out of 1,315 selected cases of IHHLs completion certificates in respect of 364 IHHLs were not on record and in respect of 123 IHHLs completion certificates though signed by beneficiaries were not authenticated by the ULB authorities and in six cases completion certificates were not signed by beneficiaries.

The replies were not convincing, as no monitoring reports and photographic evidence in support of having closely monitored the physical progress of construction work in stages were on record and payments were made to NGOs in lump sum.

In JMC, audit noticed that 331 beneficiaries had addresses of locations falling outside the jurisdiction of JMC and eight beneficiaries had addresses of other states.

The Director Finance, H&UDD stated (August 2022) that re-verification had been initiated by a committee constituted for the purpose and that if any ineligible beneficiary was found the recovery proceedings would be initiated.

These lapses on the part of ULB authorities cast doubt over genuineness of construction of IHHLs by NGOs, as well as over the genuineness of expenditure incurred on these constructions. Doubtful construction of IHHLs by NGOs was also corroborated by physical verification and beneficiary survey as discussed in para 3.1 (A) below:-

3.1(A) Doubtful payment of `Rs.116.46 lakh.

In 18 out of 21 selected ULBs, empanelled NGOs were allotted (2016-2018) work for construction of new IHHLs and conversion of insanitary to sanitary IHHLs in respect of 11,577 beneficiaries.

Beneficiary survey was carried out in 18 ULBs with randomly selected 942 beneficiaries whose IHHLs were also physically verified.

- Out of 942 selected beneficiaries, 633 beneficiaries stated that their IHHLs were constructed by NGOs
- . Out of these 633 IHHLs, 453 IHHLs were non-functional, 95 were complete, 16 were left half way, and 69 IHHLs were dismantled by beneficiaries. Thus, out of 942 selected IHHLs constructed by NGOs, only 95 IHHLs (10 per cent) were found functional.
- Out of 942 selected beneficiaries, 238 beneficiaries stated that NGOs had not constructed their IHHLs but they constructed IHHLs on their own.
- Out of these 238 beneficiaries, 137 stated that they had received Rs.11.23 lakh (out of due amount of Rs.22,86 lakh) from the NGOs.

- Out of 942 selected beneficiaries, IHHLs of 66 beneficiaries of JMC were not found constructed and IHHLs of 05 beneficiaries could not be traced out.

This indicated that ULB authorities had made payment of Rs.57.17 lakh to NGOs without ensuring actual construction of 325 IHHLs (16+238+66+5) by NGOs rendering the expenditure doubtful.

In addition to 942 randomly selected beneficiaries audit also conducted physical verification and beneficiary survey in respect of 339 beneficiaries whose addresses of locations was shown falling outside JMC jurisdiction and other states. The concerned officials of JMC failed to identify the location of sites where IHHLs had been shown in records as constructed by NGOs. Thus, payment of Rs. 59.29 lakh made to NGOs for construction of these 339 IHHLs was doubtful which too had resulted due to non-conducting of house-to-house survey for identification of beneficiaries

CAO, JMC, stated (March 2022) that beneficiaries had provided only copy of Aadhaar Card and the present addresses of beneficiaries were not available with JMC.

There was, thus, a doubtful payment of Rs.116.46 lakh made to the NGOs in respect of 664 cases. The Executive officers of eight ULBs stated that the matter would be looked into and factual position intimated to audit.

The Director Finance, H&UDD stated (August 2022) that DULBJ had ordered an enquiry to look into payments made to NGOs and based on the findings thereof action would be initiated against the erring officers/ officials. It was also stated that JMC had reported, in respect of 339 IHHLs, that these were sanctioned in favour of eligible beneficiaries. However, re-verification had been initiated by a committee constituted for the purpose and that if any ineligible beneficiary was found the recovery proceedings would be initiated.

All such cases of doubtful payment should be reviewed for fixing the responsibility and effecting the recoveries from the responsible parties.

- In two ULBs of Jammu division, double payment of `Rs.3.15 lakh was made to NGOs in respect of 17 beneficiaries for construction of new latrines.

Chief Accounts Officer, JMC stated (March 2022) that due to oversight double payment was made to the NGOs with whom matter has been taken up to refund the same. EO Municipal Committee, Arnia stated (December 2021) that matter would be examined and the factual position intimated to audit.

- Out of 633 beneficiaries who stated that their IHHLs were constructed by NGOs, 69 IHHLs were found dismantled by beneficiaries who reported that these were not worth use. 453 IHHLs were found non-functional out of which 374 IHHLs were used as stores. This had resulted in unproductive expenditure of Rs.91.30 lakh on payment to NGOs for construction of 522 IHHLs.

Chief Executive Officer Municipal Council, Bandipora stated (June 2022) that all the IHHL units have been made functional by the beneficiaries. The reply is not convincing as dismantled IHHLs cannot be made functional.

On being pointed out at apex level, the Director Finance, H&UDD stated (August 2022) that Directorate of urban Local Bodies, Jammu (DULBJ) had ordered an enquiry to look into the matter.

Depiction of wrong achievement of targets

In SMC an expenditure of Rs.1.14 crore was incurred on 704 IHHLs constructed by six NGOs. Audit noticed that as against 704 IHHLs actually constructed by NGOs, the SMC had shown achievement of construction of 1887 IHHLs. Thus, achievement of 1,183 IHHLs shown by the SMC in the records was not based on fact. During physical verification/beneficiary survey in respect of 47 selected IHHLs out of 1,183 shown constructed by NGOs the beneficiaries stated that they had constructed IHHLs on their own. Beneficiaries added that SMC officials had geo-tagged their self-constructed IHHLs. This was indicative that the SMC had wrongly depicted construction of IHHLs by NGOs for 1,183 beneficiaries to show achievement of targets.

The Director Finance, H&UDD stated (August 2022) that the H&UDD had initiated (December 2020) an enquiry into the matter in SMC and Anti-Corruption had also registered an FIR and investigations were under process.

- *In the above context the participants can share their view on the lapses on the part of ULB authorities and also discuss how genuineness of construction of IHHLs by NGOs, as well as over the genuineness of expenditure incurred on these constructions could be questioned and what will be the audit conclusion*

Case 4

Public Toilets (PTs)

The audit team examined the component of the scheme which dealt with construction of Public toilets which is an important step towards eradication of open defecation at public places and to promote a behavioural change among public regarding maintenance of hygiene.

The scheme guidelines envisage that a Public Toilet (PT) be provided for general public in places including markets and train stations. It was to be ensured that a PT has separate provision for men and women and facilities such as ramp and Braille signage for specially-abled. As per advisory issued (November 2018) by the MHUD, for construction of PT a public place which witnesses a heavy footfall should be chosen and the PT should be easily accessible to general public. A proper system was required to be put in place for operation and maintenance (O&M) of the PT. The guidelines also envisage involvement of private sector to construct and manage PTs through a PPP mode. The State/ UT Government empanelled various NGOs for construction of PTs at the approved (March 2016) net rate of Rs.13.60 lakh for Kashmir valley and hilly areas of Jammu and Rs.10.50 lakh for non-hilly areas of Jammu.

The following main points were noticed during audit: -

- **Wasteful expenditure of Rs.20.36 lakh due to non selection of encumbrance free sites**

Audit noticed in Srinagar Municipal Corporation that sites selected for construction of five out of 121 PTs were either disputed or needed 'no objection certificate' (NOC) from other departments before execution of works. After incurring an expenditure of 20.36 lakh on these works the works had to be abandoned mid-way due to disputes not settled beforehand.

- **Non-functional/ non-operational PTs**

Audit scrutiny of records of SMC revealed that 150 PTs were targeted (2017-19) to be completed within three months from the date of allotment of work. Out of these, only 121 PTs were completed but only 74 PTs were functional as of October 2021. An amount of Rs.4.92 crore was incurred on the construction of these 47 PTs. This had resulted in denial of intended benefits to the beneficiaries

On being pointed out at apex level the Director Finance, H&UDD stated (August 2022) that SMC had reported that in respect of PTs at Shalimar and Nishat gardens, the Floriculture Department had not raised any objection at the start of construction work but the objection was raised subsequently when the department prepared dossier for submission to UNESCO. In respect of PT at Green Patch Bemina it was stated that construction of PT was started before work of a grade separator was approved and taken up by the SDA. Regarding Gurdwara at Rainawari it was stated that the work of PT could not be continued due to a

dispute within Sikh community. The fact remained that NoC had not been obtained from concerned departments before taking up execution of works.

Participants, after thorough discussion in the class and may offer their group-wise conclusion Conclusion on the issues like :-

- ***Identification of beneficiaries and monitoring thereof***
- ***Doubtful payment of Rs.116.48 lakh***
- ***Manipulation of records relating to functional toilets.***

After summing up of the views these can be compared with the 1 suggestive conclusions as per Annexure to this case study.

Section-2

Teaching notes for instructor

Synopsis

Scheme, its implementation pattern and audit aspects

The Government of India (GoI) launched flagship scheme of Swachh Bharat Mission (SBM), Urban on 02 October 2014 with the objective of making urban India 100 *per cent* free from open defecation in areas falling under the Urban Local Bodies in the country by October 2019. SBM, Urban (U) is being implemented by the Ministry of Housing and Urban Affairs, Government of India (MoH&UA) and Housing and Urban Development (H&UDD), Government of Jammu and Kashmir.

SBM (U) has various components and is funded by Government of India(GoI) and the State Government on 90:10 basis. In addition to prescribed 10 *per cent* state shared to be released by J&K Government in respect of IHHLs and PTs, additional State contribution was also released by the Government, as such the total quantum of State shared was more than 10 *per cent*. Housing and Urban Development Department (H&UDD), Jammu Municipal Corporation (JMC), Srinagar Municipal Corporation (SMC), Directors of Urban Local Bodies (ULBs), Jammu and Srinagar and 76 Municipal Councils/ Committees are responsible for implementation of SBM (U).

The Compliance audit of two components under Swachh Bharat Mission (U) viz. Individual Household Latrines (IHHLs) and Public toilets (PTs), was carried out covering the period from 2016-17 to 2020-21.

Teaching Objectives

The objectives of this case study are to enable the participants to arrive at a conclusion whether an audit observation may be sustained or not, considering the arguments for or against it, from the perspective of a Sr. Audit Officer and his team and get an idea

1. which audit criteria is applicable and relevant for which type of irregularity.
2. To see what the audit mandate and scope in such matters could be.
3. To get an idea of sources of audit evidence and methodology for audit.
4. To learn from each other through discussion as to how to tackle/ rebut replies/ views of the auditee organisation during a performance audit.

Target Audience

This case study is meant for use in trainings relating to Performance Audit/compliance Audits to be conducted for Group “A” (Non IA&AS) and Group “B” officers.

References

- Revised SBM, Guidelines issued by Government of India, Ministry of Housing and Urban Affairs (MOH&UA)
- Advisory on Public and Community Toilets issued by GOI, MOH&UA
- Terms and conditions communicated in Sanction and release orders
- Instruction issued by Mission Director, SBM, Government of Jammu & Kashmir
- J&K, Municipal Corporations Act, 2000 and J&K, Municipal Act, 2000
- Action Plans prepared by Municipal Corporations and Urban Local Bodies, approved by Mission Director
- Financial Rules of J&K Government.

Assignment questions

Case 1:

Q:- How, in your opinion, does the non-conducting of house to house survey for identification of beneficiaries, impacted the implementation of the scheme?

A:- Non-conducting of house-to-house survey also resulted in wrong identification of beneficiaries, e.g. against the provision of one household toilet for each household, a total of 134 IHHLs were sanctioned for 45 households by JMC, Jammu, which also included 35 IHHLs sanctioned in favour of minors in the age group of 12 to 18 years. A photograph of same person was used in respect of five beneficiaries for release of payment. This was indicative of non seriousness on the part of implementing agencies in implementation of the scheme and falsification of records to show their achievement.

Q:- How the audit rebutted the claim of Director Finance, H&UDD Regarding conducting of survey the the Director Finance, H&UDD who stated that the Mission Director, SBM(U) had invited the beneficiaries through print and electronic media for in the near common service centres/ khidmat centres and ULBs had issued notices and obtained applications after door to door verification?

A:- The claim of Director Finance, H&UD, regarding door-to-door verification was contradictory to the replies furnished by Executive officers of ULBs who are ground implementing agencies and who admitted that the payment of 1st Instalment was released without conducting door to door survey. Besides the facts were also substantiated by the audit findings that the beneficiaries did not approach for second installment owing to already existent IHHLs of these beneficiaries.

Case 2:-

Q:- Can we say that Assistance of 1.09 crore paid to 1828 beneficiaries as 1st installment of Rs. 6,000 each for conversion of insanitary latrines into sanitary latrines in different localities under Srinagar Municipal Corporation (SMC) was a wasteful expenditure and how the irregularity had taken place?

A:- Yes it can be concluded that Assistance of 1.09 crore did not prove fruitful as in case of 1828 beneficiaries no second instalment was released which was substantiated by the fact that in respect of 51 units selected in seven selected wards of SMC for joint physical verification/beneficiary survey with departmental staff of SMC indicated that none of the selected beneficiaries had constructed pits/ septic tanks and were still discharging the human waste/ excrete of their toilets into open surface drains which defeated the purpose of the scheme. The irregularity can safely be attributed to non conducting of a proper door to door survey

Case 3:-

Q:- How can we say and conclude that non conducting of door to door survey and payment of lump sum amount to NGOs resulted in Doubtful payment of `Rs.116.46 lakh?

A;- ULB authorities had made payment of Rs.57.17 lakh to NGOs without ensuring actual construction of 325 IHHLs which could have been avoided had there been a proper survey to identify the deserving beneficiaries. Besides step to step monitoring of progress of work done by NGOS and releasing full payment after completion in place of a lump sum payment could have easily ensured standard construction for actual deserving beneficiaries

Q;-How have the Government agencies failed in correct depiction of achievement of targets.

A;-Lack of close monitoring by the concerned agencies during the construction stage and also lack of physical verification of the works executed resulted in a serious irregularity of depiction of achievements that were never on the ground.

Case 4:-

Q;- What is your opinion on the reply of the Director, Finance on wasteful expenditure of Rs.20.36 lakh on construction of Public toilets due to failure of the Department in ensuring encumbrance free sites before taking up construction works

A:- The reply of the Director Finance is not fully justifiable as the department should have ensured the availability of sites through a clear NOC from the concerned departments/revenue department

Teaching Plan/Takeaway response etc.

The class may be divided into small groups. The case study document may be given to them. The whole teaching plan can be in following phases:-

be Introduction and setting up of the situation

Discussion of the background

Evaluating the alternatives

Discussion on “What happened”

Case wrap up

However the Annexure to the case study may be given at the end to participants to enable them to compare the conclusion drawn by the groups with suggestive conclusions conclusion mentioned in the Annexure

Take Away responses:

After the participants read the case study, the groups may be requested to go through the issues pointed out and identify possible solutions. After the groups have identified solutions, the issues may be discussed in the class. Some points for analysis are:

Case:1

Some of the participants, while discussing the non identification of beneficiaries may question about the need for the survey and its implications. However, the facilitator may explain that had there been a proper survey of the beneficiaries, the cash assistance would not have fallen in the hands of in eligible persons, who did not need this for the intended purpose

Case:2

Non-monitoring of the progress of the work by the designated authorities may come up for discussion. Some participants may suggest that the audit party should have substantiated the findings on the basis of documentary evidence in addition to physical surveys, as the documentary evidence is more persuasive than oral evidence. Here the facilitator may refer to the findings of audit that the actual process of verification of physical progress of work, after release of 1st installment to ascertain whether the beneficiary had started construction of IHHL was not specified by the authorities of Housing and Urban Development Department. This

can be considered the documentary evidence coupled with the acceptance of the audit observation by various authorities at apex level

Case:3

The participants may discuss the recording of incorrect achievement of targets by various authorities. They may also discuss and bring out how it was possible for audit to verify that there was a Geo-tagging of self constructed IHHLs by SMC officials amongst the list of those IHHLs constructed by NGOs. The seriousness of the matter and defrauding of public exchequer may be critically analysed.

Case:4

The participants may discuss about the incompleteness of toilet blocks due to non-availability of encumbrance free sites. Here the facilitator may refer to similar instances of abandonment of works due to lack of encumbrance free sites on which some expenditure has already been incurred. A consensus may be arrived at framing of a sound audit objection in such cases

Studying the case

The participants may be organized into groups of 4-5 members each.

Individual Reading Time: 20 minutes

Group Discussion Time: 20 minutes

Discussion in the plenary: 10 minutes for each group + 10 minutes

for other groups to respond: 20 minutes per group x (say) 4 groups: 80 minutes

Summing up and recounting of similar observations by faculty: 20 minutes

Time for final summing up by groups: 10 minutes

Total 150 minutes

Summing Up

While summing up, the trainers should mention that the case is based on Report No. 3 of 2022, C&AG of India, On Compliance Audit, Government of Jammu & Kashmir, for the year ended 31st March, 2021