



CHAPTER-III

CHIEF CONTROLLING OFFICER BASED AUDIT

PUBLIC HEALTH ENGINEERING DEPARTMENT

3.1 Chief Controlling Officer Based Audit of Public Health Engineering Department

Highlights

Public Health Engineering Department is responsible for providing adequate and safe drinking water to the rural and urban population as well as hygienic sanitation facilities in the State. Apart from the coverage of remaining uncovered habitations with safe drinking water system, the Department is committed to promote sustainability of safe drinking water system and to institutionalize water quality monitoring and surveillance system. The Department is also engaged in improving the quality of life of the rural people and also to provide privacy and dignity to women through Total Sanitation Campaign. A performance review of integrated audit on Public Health Engineering Department revealed shortcomings in planning and execution of projects, time overrun, unauthorised diversion of funds, excess expenditure and poor financial management, which was further accentuated by internal audit mechanism. There were some positives in the effort of the department in program execution especially with reference to capacity building and sensitisation drive through IEC strategies, however, the review has flagged glaring aberration in the material procurement process and serious deviation from the basic canons of financial propriety especially with reference to purchase of GI pipes by the department. Materials were procured and payments made beyond the scope of delegated powers by the Head of Department and without obtaining the approval of the State Purchase Advisory Board. Significant audit findings are given below:

Absence of perspective plan and deficient annual plans resulting in delays in completion of water supply schemes and poor coverage for providing drinking water to rural schools and Anganwadi centres.

(Paragraphs 3.1.7.1, 3.1.10.2 (iii) & (v))

The Department incurred an extra expenditure of ₹ 1.92 crore on purchase of Galvanized Iron Pipes due to non-availing of the benefit of exemption from Central Excise Duty.

(Paragraph 3.1.8.8)

Splitting expenditure sanctions to avoid sanction of the Government, the CE, PHED irregularly resorted to piece-meal procurement of miscellaneous items worth ₹ 2.94 crore, which requires *ex-post-facto* approval of the Government.

(Paragraph 3.1.8.9)

There were undue delays in depositing of water charges of ₹ 20.06 crore collected by six divisions, may entail the risk of temporary misappropriation.

(Paragraph 3.1.9.2)

The Department incurred a loss of revenue to the tune of ₹ 5.34 crore on water charges due to lack of monitoring of billing system of water discharged to the consumers.

(Paragraph 3.1.10.2 (vi))

In violation of codal provisions, there were irregular purchase of pipes valued ₹ 68.54 crore (GI pipes: ₹ 66.89 crore and DI pipe: ₹ 1.65 crore) made by the Department without calling for tender to ascertain the competitive rates of pipes.

(Paragraphs 3.1.11.1 and 3.1.11.3)

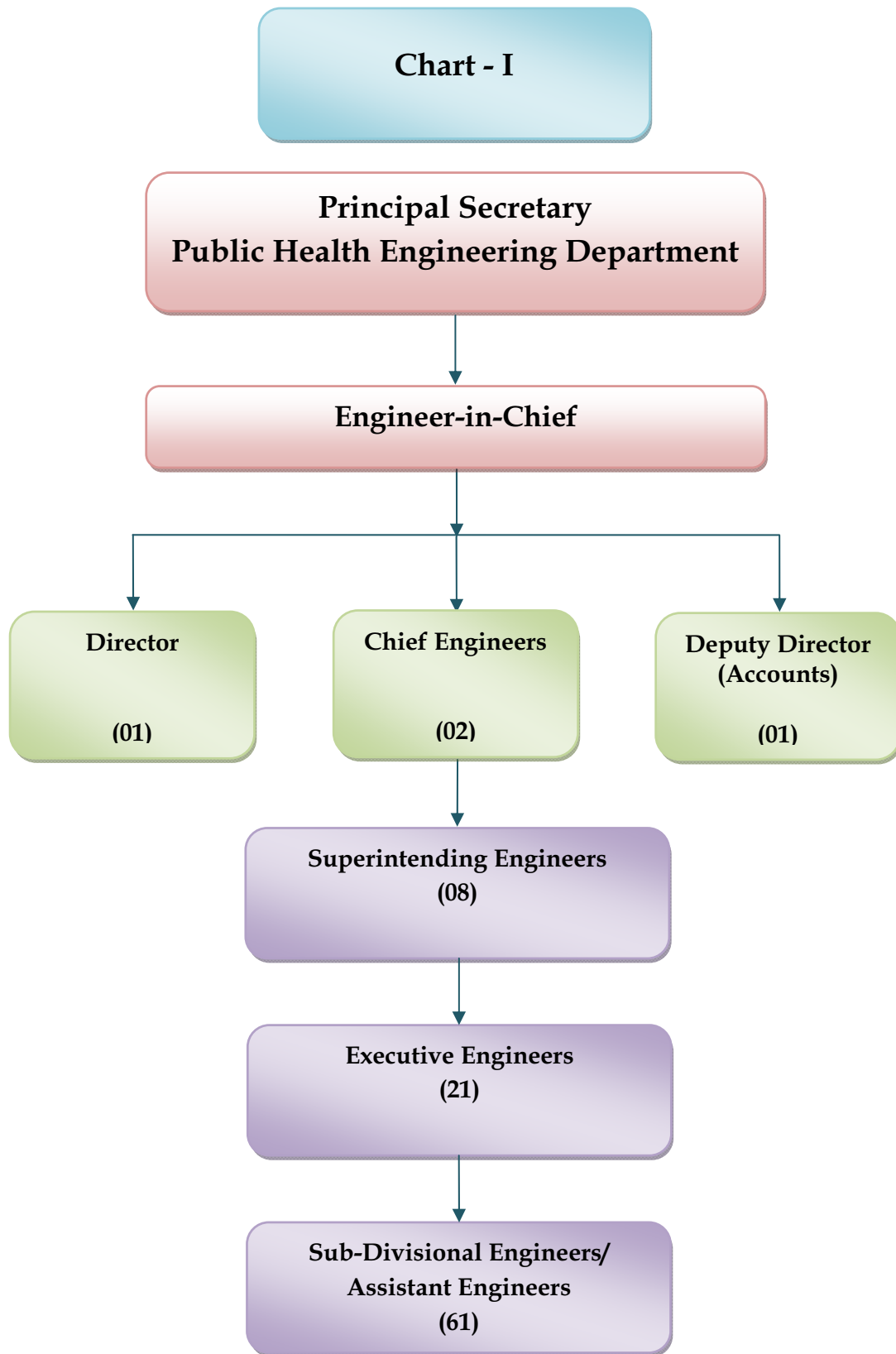
3.1.1 Introduction

The Public Health Engineering Department (PHED) is responsible for providing adequate and safe drinking water to the rural and urban population of the State besides ensuring hygienic sanitation facilities. In order to achieve this goal, programmes are implemented in the State out of funds released by Government of India (GoI) through Accelerated Rural Water Supply Programme (ARWSP)/National Rural Drinking Water Programme (NRDWP), Jawaharlal Nehru National Urban Renewal Mission (JNNURM) for Urban Development, Ministry of Development of North Eastern Region (DoNER), North Eastern Council (NEC) and State funds for Minimum Need Programme (MNP). Besides the coverage of remaining uncovered habitations with safe drinking water systems, the Department is committed to promote sustainability of safe drinking water systems as well as to institutionalize water quality monitoring and surveillance systems. The Department is also engaged in improving the quality of life of the rural people and also to provide privacy and dignity to women through Total Sanitation Campaign (TSC).

3.1.2 Organisational Structure

The Principal Secretary, Public Health Engineering Department (PHED) is the administrative head of the Department. The Department is managed by the Engineer-in-chief (E-in-C) as head of the PHED who is assisted by two Chief Engineers (CE, PHED and CE, Monitoring and Investigation), one Director and one Deputy Director, Accounts at head quarter level. At circle level there are eight Superintending Engineers (SE) under whom 21 Executive Engineers are posted at Divisional Level in eight Districts. The Executive Engineers are assisted by 61 Sub-Divisional Officers/ Assistant Engineers.

An organogram of the Department is shown below:



3.1.3 Scope of Audit

The functioning of the Department for the period 2006-11 was reviewed in audit during May-July 2011 through a test check of the records of the PHED, the Chief Controlling Officer (E-in-C, PHE) of the Department, two Chief Engineers, two Superintending Engineers and eight¹ Executive Engineers, who are responsible for the implementation of the programmes both under State and Central sector besides holding the charge of Drawing and Disbursing Officers. Further, records of the Secretary, District Water and Sanitation Committee were also test checked. The audit covered an expenditure of ₹ 242.15 crore (28 per cent), out of expenditure of ₹ 861.53 crore incurred by the Department 2006-11.

3.1.4 Audit Objectives

The audit objectives are to assess the performance of the Department on the following parameters:

- Survey of habitations effectively for authentic and reliable data;
- Adequate planning for implementation of the schemes/projects;
- Efficient and effective financial management;
- Provisions of safe drinking water/Quality assurance;
- Quality of works executed;
- Human Resource Management;
- Material Management; and
- Monitoring, evaluation and internal control mechanism.

3.1.5 Audit Criteria

Audit findings are benchmarked against the following criteria:

- Departmental policies, rules and regulations;
- Guidelines issued by the GoI for implementation of the schemes/projects;
- Project reports, estimates and sanction letters of individual schemes and projects;
- General Financial Rules;
- Central Treasury Rules; and
- Prescribed monitoring mechanism.

3.1.6 Audit Methodology

Before taking up the Chief Controlling Officer (CCO) based Audit an entry conference was held on 12 May 2011 with the officers of the Administrative Department and head of the Department

¹ 1) Champhai WATSAN Division, 2) Rural WATSAN Division, Lunglei, 3) Rural WATSAN Division, Aizawl, 4) Khawzawl WATSAN Division, 5) Lunglei Water Supply Maintenance Division, 6) Aizawl Water Distribution Division, 7) Aizawl Water Supply Project Division and 8) Ground Water & Quality Control Division

wherein audit objectives, scope and criteria was discussed. The selection of units was done through simple random sampling method. The audit methodology also covered field visit by the audit party along with departmental officials for physical verification of Assets created and interaction with the targeted beneficiaries through questionnaires duly authenticated by the departmental officials. Photographic evidence was also taken to substantiate audit observations. Audit findings were discussed with the departmental officers headed by the Joint Secretary (Tech.) in an exit conference (October 2011) and replies received from the Government have also been incorporated at appropriate places in the review.

Audit findings

The important points are discussed in the succeeding paragraphs.

3.1.7 *Planning*

3.1.7.1 *Lack of proper planning*

In order to implement the programmes for providing adequate safe drinking water to rural and urban population of the State besides hygienic sanitation facilities a Five year Perspective Plan is required to be formulated by the Department based on comprehensive and credible survey/ data gathering exercise relating to the need of the water for State's population as a whole. The requirement of resources to meet the departmental mandate is to be worked out in detail and phased in a prioritised manner. Annual Plans of works should flow from the perspective plan and conform to the targets set.

Audit observed that no Perspective Plan was prepared during the review period. Further, Tenth (2002-07) and Eleventh (2007-12) Five Year Plan were prepared by the Department to cover the following areas:

- i. Providing safe drinking water to all rural and urban areas;
- ii. Operation and maintenance of Water Supply Schemes;
- iii. Sustainability and development of catchments areas;
- iv. Sewerage and rural Sanitation; and
- v. Communication and Capacity Development through IEC activities.

Further, as per guidelines (April 2010) of the Rajiv Gandhi National Drinking Water Mission (RGNDWM) for implementation of Rural Water Supply Programme, the State Government is to prepare an Annual Action Plan (AAP) on the basis of the shelf of schemes approved by the State Level Scheme Sanctioning Committee (SLSSC), the projected size of allocation under ARWSP/ NRDWP along with the probable spill over of funds, if any, and submit them to the RGNDWM, by the beginning of October of the year for its examination during the annual plan discussions. While preparing the AAP, completion of the incomplete works should assume priority over new works so that there are no delays in execution of works which could result in cost escalation, non-utilisation of assets created, etc. As soon as the final outlay is decided, the AAP should be forwarded to the

GoI by 30 April of the respective financial year for allocation of funds. The AAP of the Department for the year 2006-09 though envisages outlay fixed by the State Planning Board, did not include the basis of the shelf of the Water Supply Schemes (WSS) and habitations resulting in deviation from the programme guidelines.

While the programme guidelines do not permit taking up of new schemes before completion of the on-going schemes, the Department took up execution of 619 new schemes during the period 2006-11 while a good number of on-going schemes were yet to be completed as detailed in the following table-3.1:

Table-3.1

Year	No. of on-going schemes at the beginning of the year	No. of new schemes/ works sanctioned	Total	No. of schemes completed			No. of incomplete schemes at the end of the year
				out of on-going schemes	out of new schemes	Total	
2006-07	108	104	212	66	63	129	83
2007-08	83	161	244	35	28	63	181
2008-09	181	129	310	127	31	158	152
2009-10	152	105	257	120	85	205	52
2010-11	52	120	172	17	109	126	46

Source: Departmental records

Due to poor planning, the Department spread its resources thinly over many schemes without ensuring completion of the on-going schemes, on priority.

The Government in their reply stated (October 2011) that 46 left out on-going schemes at the end of 2010-11 are expected to be completed within 2011-12 subject to availability of fund.

3.1.7.2 Status of habitation

At the instance of RGNDWM, a habitation survey was conducted in 2003 for assessing status of Rural Water Supply (RWS) in the State. The habitation survey in 2003, after its validation by the Indian Institute of Public Administration, New Delhi resulted in the status of water supply as indicated below:

Not covered (NC) ²	Partially covered (PC) ³	Fully covered (FC)	Total
187	430	159	776

² Habitations where water source/point does not exist within this range or those where the water source is affected by quality problems are categorized as **Not Covered (NC)**

³ Habitations which have a safe drinking water source point within 1.6 kilometers in plains and within 100 metre elevation in hill areas with capacity of the system ranging between 10 to 40 lpcd, are categorised as **Partially Covered (PC)** habitations

RWS came under Bharat Nirman Programme launched by GoI. As per the programme all the NC and PC habitations as per 2003 survey of habitations were to be enhanced to FC status by the year 2008-09. According to the revised guideline (2009) for RWS programme, the status of RWS was updated by the Department as per revalidation survey (February - May 2009).

The status of coverage of habitations in the State as on 1 April of the years 2006-11 are shown in table-3.2:

Table-3.2

Particulars	Status as on 1 April					
	2006	2007	2008	2009	2010	2011
Habitations F.C	190	298	471	348	472	589
Habitations N.C	157	149	87	31	27	----
Habitations P.C	430	330	219	398	278	188
Schools N.C	2583	597	597	453	453	327
Habitations slipped back from FC to N.C	----	----	----	----	----	----
Habitations slipped back from FC to P.C ⁴	----	----	----	123	----	----
Quality affected:						
a) Biological contamination (guinea worm, cholera, typhoid, etc.)	----	----	----	----	----	----
b) Beyond permissible limits of chemical contamination (excess fluoride, brackishness, iron, arsenic, nitrates, etc.)	----	----	----	----	----	----

Source: Information furnished by the Department

From the above table it is seen that though FC habitations increased by 108 (57 per cent) and 173 (58 per cent) during 2006-08 over the corresponding previous year and during 2009-10, the pace of coverage of habitations was low by 124 (36 per cent) and in 2010-11 by 117 (25 per cent) and it declined to 123 (26 per cent) during 2008-09.

While accepting the facts, the Government attributed (October 2011) the decline of percentage for reporting through on-line registration for the year 2008-09. However, the reply is silent about 2009-11.

⁴ Factors responsible for fully covered habitations slipping back to NC/PC habitations are :
Sources becoming dry due to lowering of the ground water table;
Sources becoming quality affected;
Systems outliving their lives;
Systems working below rated capacity due to poor Operation and Maintenance;
Increase in population resulting into lower per capita availability; and
Emergence of new habitations

3.1.8 Financial Management

3.1.8.1 Funding Pattern

The funding pattern for various water supply programmes was as follows:

Programme	Components	Central Share	State Share
		(In percentage)	
Accelerated Rural Water Supply Programme (ARWSP)	Coverage and Operation & Maintenance (O&M)	50	50
National Rural Drinking Water Programme (NRDWP)	Coverage Water Quality and Operation & Maintenance (O&M)	90	10
	Sustainability and support activities	100	---
Accelerated Urban Water Supply Programme (AUWSP)	Coverage	75	25

3.1.8.2 Budget and Expenditure

The State Government has not prescribed any budget manual of its own for formulating budget estimates by the respective Departments. The PHED follows the prescribed procedures as per General Financial Rules for formulating budget proposals. The annual Plan budget estimates of the Department were prepared on the basis of total outlay fixed by the State Planning Board without obtaining the required inputs from the field level Drawing and Disbursing Officers except for the administrative expenditure which was covered by Non-plan budget estimates.

The year wise budget provision *vis-à-vis* expenditure incurred by the Department during 2006-11 is shown in table-3.3:

Table-3.3

(₹ in crore)

Year	Budget provision				Actual Expenditure				Excess(+)/Savings (-)			
	Plan	Non-Plan	CSS	Total	Plan	Non-Plan	CSS	Total	Plan	Non-Plan	CSS	Total
2006-07	73.07	13.82	39.20	126.09	71.50	13.74	39.20	124.44	-1.57	-0.08	0.00	-1.65
2007-08	69.13	36.16	47.63	152.92	68.21	35.72	47.70	151.63	-0.92	-0.44	0.07	-1.29
2008-09	64.53	38.10	50.26	152.89	63.92	38.00	47.46	149.38	-0.61	-0.10	-2.80	-3.51
2009-10	82.80	45.90	36.02	164.72	82.57	45.21	35.93	163.71	-0.23	-0.69	-0.09	-1.01
2010-11	62.10	48.42	38.19	148.71	61.46	49.44	38.19	149.09	-0.64	1.02	0.00	0.38
Total	351.63	182.40	211.30	745.33	347.66	182.11	208.48	738.25	-3.97	-0.29	-2.82	-7.08

Source: Departmental's figures

It is evident from the table-3.3 that there were persistent savings in each year during 2006-10, except 2010-11. This indicated that the budget provision for the years was not made on realistic basis.

3.1.8.3 Parking of funds in Public Works Deposits

According to Rule 290 of the Central Treasury Rules, Vol.-I, which is being followed by the State Government, no money should be drawn unless it is required for immediate disbursement. Also, as per the said Rule, no money should be drawn at the fag-end of the year to avoid lapse of budget grants.

It was noticed from the records of 11 divisions that contrary to Rule *ibid*, the EEs had drawn an amount aggregating to ₹ 149.30 crore in the month of March every year during the period 2006 to 2011. Out of ₹ 149.30 crore an amount of ₹ 104.64 crore was spent by the EEs in the month of March of respective years itself and the balance amount of ₹ 44.66 crore was retained in Public Works (PW) Deposits. Immediately after drawal, the amount was shown as spent, although expenditure of ₹ 31.03 crore (69 *per cent*) out of PW Deposits (₹ 44.66 crore) was actually incurred at a late stage during April 2007 to May 2011. The balance amount of ₹ 13.63 crore (₹ 44.66 crore *minus* ₹ 31.03 crore) remained unadjusted as of 31 May 2011. Consequently, expenditure of the Department remained overstated distorting the accounts of the State Government. Details are shown in **Appendix-3.1**.

Thus, drawal of funds in excess of actual requirement and retention of funds in PW Deposits at the end of financial year to avoid lapse of funds is indicative of poor management of funds by the CCO.

While accepting the facts, the Government stated (October 2011) that due to sanction of some expenditure at the fag end of the years by the competent authorities the funds were retained in the PW Deposit.

3.1.8.4 Release of NRDWP funds directly to the PHED

The year-wise availability of funds from GoI for coverage, water quality and sustainability of Rural Water Supply Schemes (RWSS) and for support activities under NRDWP *vis-à-vis* expenditure during 2009-11 is given in table-3.4:

Table-3.4

(₹ in crore)

Year	Opening balance	Funds released	State Share	Interest earned	Total funds available	Expenditure	Savings (percentage)
2009-10	17.43	56.19	8.60	0.06	82.28	59.91	22.37 (27)
2010-11	22.37	61.58	8.00	0.37	92.32	63.37	28.95 (31)

Source: Departmental records

As can be seen from the table-3.4 that the Department failed to utilise 29 *per cent* funds available under NRDWP during 2009-11. Failure of the Chief Controlling Officer (CCO) to utilise the available funds deprived the people of safe drinking water due to non-completion/delay in completion of the RWSS, as discussed in the paragraph-3.1.10.2.

While accepting the facts, the Government stated (October 2011) that due to late release of the funds by the GoI, 100 *per cent* utilisation of the funds could not be achieved.

3.1.8.5 Non-reconciliation with Bank

Financial rules require a Drawing and Disbursing Officer (DDO)/Head of Office to make arrangements for regular monthly reconciliation of deposits and withdrawals from Government account.

Under NRDWP, during 2009-11 funds were released by the GoI to the State Water & Sanitation Mission (SW&SM), Mizoram. The Member Secretary, SW&SM authorised the EEs of the working divisions to draw the money from the Mission's account for implementation of rural drinking water supply schemes. The DDO (Member Secretary, SW&SM), however, did not arrange to carry out any reconciliation with the bank in order to ascertain the correctness of the account of SW&SM.

Thus, in the absence of reconciliation mechanism by the Department, the correctness of the closing balances at the end of the month as per cash book with the closing balances as per bank statements could not be ascertained in audit. Further, non-reconciliation of bank account may lead to mis-appropriation of funds.

The State Government stated (October 2011) that the process of reconciliation was in progress.

3.1.8.6 Diversion of funds

The Ministry of Rural Development released Grants-in-Aid of ₹ 113.06 crore (2009-10: ₹ 53.36 crore and 2010-11: ₹ 59.70 crore) to State Water and Sanitation Mission (SWSM) for Coverage, Water Quality and Sustainability of Rural Water Supply Scheme (RWSS) under NRDWP. Although, the release of funds by GoI was allotted for execution/completion of RWSS, the SWSM irregularly diverted ₹ 7.67 crore (2009-10: ₹ 3.05 crore and 2010-11: ₹ 4.62 crore) for Operation and Maintenance (O&M) of RWSS. Accordingly, the executing Divisions incurred the entire expenditure of ₹ 7.67 crore (2009-11) for O&M of RWSS.

Further, out of Grants-in-Aids released by GoI, although ₹ 23.00 crore (2009-10: ₹ 8.95 crore and 2010-11: ₹ 14.05 crore) was earmarked for Water Quality measure according to NRDWP guidelines, the SWSM, however, did not release any funds for Water Quality measures.

This led to diversion of Programme funds for O&M besides compromising with the quality of drinking water provided to rural people.

The Government in their reply stated (October 2011) that as per NRDWP ten *per cent* of the programme funds were diverted for O&M. But the contention of the Government is not acceptable as the GoI released the programme funds of ₹ 113.06 crore for different components, which do not include O&M.

3.1.8.7 Rush of Expenditure

Based on the budget allocation, funds are to be released to the respective Drawing and Disbursing Officers on quarterly basis. The General Financial Rules (GFR) also provide that expenditure against the budgetary provision should be evenly phased over the financial year so as to avoid rush of expenditure in the last quarter of the financial year.

An analysis of the quarterly statements of expenditure incurred during 2006-11 by eight DDOs⁵ under the Chief Engineer, PHED revealed that contrary to the above financial norms, the expenditure incurred by the DDOs during the last quarter under Plan sector ranged between 56 per cent and 59 per cent except 38 per cent during 2008-09 and under Non-Plan sector it ranged between 59 per cent and 71 per cent except 23 per cent (2006-07) and 27 per cent (2007-08). The details are given in the following table-3.5:

Table-3.5

(₹ in crore)

Year	Total Expenditure		Expenditure during three quarters (Percentage)		Expenditure during last quarter (Percentage)	
	Plan	Non-Plan	Plan	Non-Plan	Plan	Non-Plan
2006-07	69.94	6.41	30.05 (43)	4.93 (77)	39.89 (57)	1.48 (23)
2007-08	69.35	8.14	28.65 (41)	5.94 (73)	40.70 (59)	2.20 (27)
2008-09	53.82	13.64	33.19 (62)	5.50 (40)	20.63 (38)	8.14 (60)
2009-10	58.99	13.98	25.74 (44)	3.99 (29)	33.25 (56)	9.99 (71)
2010-11	42.54	12.63	18.44 (43)	5.19 (41)	24.10 (57)	7.44 (59)
Total	294.64	54.80	136.07 (46)	25.55 (47)	158.57 (54)	29.25 (53)

Source: Departmental records

Thus, the expenditure against the budgetary allocations were not evenly incurred during the financial years leading to rush of expenditure in the last quarter of the financial years which is indicative of lack of control over expenditure by the CCO.

While accepting the facts, the Government stated (October 2011) that due to long administrative processes and late release of fund, major expenditure of the Department is to be incurred during the last quarter of the years.

⁵ 1) Champhai WATSAN Division, 2) Rural WATSAN Division, Lunglei, 3) Rural WATSAN Division, Aizawl, 4) Khawzawl WATSAN Division, 5) Lunglei Water Supply Maintenance Division, 6) Aizawl Water Distribution Division, 7) Aizawl Water Supply Project Division and 8) Ground Water & Quality Control Division

3.1.8.8 Extra expenditure due to non-availing of exemption of Excise Duty

The Ministry of Finance and Company Affairs extended (September 2002) Excise Duty exemption on pipes required for delivery of untreated (raw) water from its source to the plant and from there the treated (potable drinking) water to the storage place. To avail of this exemption, a certificate from the concerned Collector/District Magistrate/Deputy Commissioner is required to be produced to the Central Excise Department. The Ministry further extended the benefit under Notification in March 2006 and the Central Excise & Customs Department, North Eastern Region appraised (September 2006) the PHED regarding exemption of excise duty on pipes.

Scrutiny of records of the CE, PHED and test checked divisions revealed that the CE, PHED issued (2006-11) supply orders to the firms for supply of GI pipes for different water supply schemes wherein excise duty would be payable on the value of pipes besides other charges. Though the pipes were required for the purpose for which excise duty exemption was allowed, the Department did not claim the benefits of exemption. Accordingly, 10 divisions paid Central excise duty of ₹ 1.92 crore during 2006-11 on purchase of 5,47,657 Rm GI pipes for which exemption from excise duty payment could have been availed. Details are shown in table-3.6:

Table-3.6

(₹ in lakh)

Sl. No.	Name of Division	Year	Quantity (Rm)	Value	Central Excise duty paid
1.	Aizawl Water Supply Project Division	2006-07	17842	187.29	29.96
2.	Champhai WATSAN Division	2006-08	105276	223.57	38.45
3.	Khawzawl WATSAN Division	2006-09	106726	190.75	30.41
4.	Rural WATSAN Division, Lunglei	2006-08	80821	146.50	23.55
5.	Lunglei Water Supply Maintenance Division	2006-07	1305	1.87	0.28
6.	Rural WATSAN Division, Aizawl	2006-07	41410	75.27	12.05
7.	Aizawl Water Distribution Division	2006-08	25570	97.99	15.68
8.	Ground Water & Quality Control Division, Aizawl	2006-08	5806	28.70	4.59
9.	Hnahthial WATSAN Division	2008-11	42702	134.01	6.19
10.	Lawngtlai WATSAN Division	2006-08	120199	190.66	30.51
Total			547657	1276.61	191.67

Source: Departmental records

Thus, failure of the CCO to avail of the benefit of exemption from Central Excise duty on purchase of GI pipes, the divisions incurred an extra expenditure of ₹ 1.92 crore, which was avoidable.

The Government in their reply stated (October 2011) that the CE, PHED has strictly availed of the Excise Exemption benefit to the fullest extent possible and the pipes were procured for all the schemes for raw water on excise exemption terms only. Further, the quantity of 5,47,657 Rm mentioned by the audit is meant for water distribution where no exemption is allowed. The reply

is not tenable as the divisional officers utilised these pipes for delivery of untreated water from its source to the plant and from there the treated water to the storage place and excise duty paid on these quantities.

3.1.8.9 Splitting up of sanction orders

As per Delegation of Financial Powers (DFP) Rules, 1978, as amended the CE, PHED may accord expenditure sanction for non recurring contingent expenditure limited to ₹ 30,000 *per annum*.

Test check of the records of the CE, PHED Office revealed that violating the prescribed procedures, the CE accorded expenditure sanctions towards purchase of miscellaneous items during 2006-11 by splitting up of expenditure sanctions (₹ 2.94 crore) into 64 numbers each ranging between ₹ one lakh to ₹ fifty three lakh beyond the delegated powers of such expenditure. The year wise expenditure incurred by the drawing and disbursing officer of CE's establishment during 2006-11 against such sanction orders of the CE, PHED is shown in table-3.7:

Table-3.7

Year	Number of Sanction orders issued	Amount of each sanction order varies (₹ in lakh)		Expenditure (₹ in crore)
		From	To	
2006-07	11	1.00	6.87	0.31
2007-08	15	1.26	4.50	0.40
2008-09	13	1.20	9.58	0.51
2009-10	12	1.12	53.00	1.02
2010-11	13	1.73	11.60	0.70
Total	64	----	----	2.94

Source: Departmental records.

It was further noticed in audit that out of total contingent expenditure of ₹ 2.94 crore during 2006-11, the Department issued supply orders for procurement of items valued ₹ 1.44 crore (stationery: ₹ 1.04 crore, computer/Xerox machine accessories: ₹ 0.26 crore and miscellaneous items: ₹ 0.14 crore), whereas rest of the procurement involving an amount of ₹ 1.50 crore was made without issuing any supply orders. Further, Stock and Issue register for watching receipt and issue of items purchased had also not been maintained by the CE's establishment. In the absence of Stock and Issue register, audit could not exercise check on the actual utilisation of items purchased.

Thus, irregular procurement of miscellaneous items valued ₹ 2.94 crore by splitting the expenditure sanctions, by the CE, PHED beyond the admissible limit of ₹ 1.50 lakh (₹ 30,000 x 5 years) is indicative of lack of control over expenditure by the CCO. The expenditure of ₹ 2.94 crore requires *ex-post-facto* sanction of the Government.

The Government in their reply (October 2011) has accepted the facts. But, the Government reply is silent about the requirement of *ex-post-facto* sanction of the expenditure of ₹ 2.94 crore.

3.1.8.10 Non-release of funds resulted in extra expenditure

According to electricity tariff of Power & Electricity Department (P&ED), Government of Mizoram (GoM), electricity bills are to be paid within the due date mentioned in the bills failing which interest @ two *per cent* on arrears as penalty is levied by the P&ED.

Scrutiny of the records of Lunglei Water Supply Maintenance Division revealed that the Division paid total penal interest of ₹ 9.92 lakh on arrears of electricity bills amounting to ₹ 6.67 crore during the period 2006-11 due to late receipt of Letter of Credits (LoC) from the CE, PHED.

Thus, non release of funds by the Controlling officer for timely payment of electricity charges resulted in extra expenditure of ₹ 9.92 lakh.

While accepting the facts, the Government stated (October 2011) that due to untimely release of fund the charges on electricity of P&E Department could not be cleared in time.

3.1.9 Cash Management

3.1.9.1 Collection of water charges

The actual revenue realised on water charges during 2006-11 against the target fixed is shown in the following table-3.8:

Table-3.8

(₹ in crore)			
Year	Target	Actual	Excess(+)/Shortfall(-) (percentage)
2006-07	4.60	5.34	(+) 0.74 (16)
2007-08	6.00	6.36	(+) 0.36 (6)
2008-09	6.50	6.61	(+) 0.11 (2)
2009-10	7.21	7.47	(+) 0.26 (4)
2010-11	10.00	7.95	(-) 2.05 (21)

Source: Information furnished by the E-in-C, PHED

It is evident from the table-3.8 that there was an excess (two to sixteen *per cent*) in collection of water charges during 2006-10, while there was a shortfall (21 *per cent*) during 2010-11, which reflected lack of monitoring at the Sub-Divisions level in collection of water charges.

While accepting the facts, the Government stated (October 2011) that in anticipation that the water tariff rate will be revised and increased from 2010-11, the target for the year 2010-11 was increased. However, due to ultimate non-revision of tariff rate actual achievement could not be achieved as per the anticipated target. The reply is, however, silent as to why the proposed revision of tariff rate could not be effected during 2010-11.

3.1.9.2 Delay in deposit of water charges

Rule 7(1) of the Central Treasury Rules (CTR) provides that all money received by or tendered to Government Officers on account of revenue of the Government shall, without undue delay be paid in full into a treasury and shall be included in the Government accounts.

Scrutiny of the records of six test checked divisions revealed that the divisions collected total water charges of ₹ 24.62 crore during 2006-11, out of which ₹ 20.06 crore (81 per cent) was credited to the Government Account with a period of delay ranging between 7 and 581 days as detailed in table-3.9:

Table-3.9

Sl. No.	Name of Division	Amount collected and deposited (₹ in crore)	Delay in deposit	
			Amount (₹ in crore)	Period (In days)
1.	Lunglei Water Supply Maintenance Division	4.21	3.10	7 to 74
2.	Rural WATSAN Division, Lunglei	0.23	0.18	7 to 79
3.	Khawzawl WATSAN Division	1.22	1.04	7 to 107
4.	Champhai WATSAN Division	0.27	0.26	10 to 115
5.	Rural WATSAN Division, Aizawl	0.31	0.27	8 to 581
6.	Aizawl Water Distribution Division	18.38	15.21	7 to 68
Total		24.62	20.06	

Source: Departmental records

Further, daily collection of water charges was not accounted for in the cash book on the same day. Instead, the same had been recorded in the cash book (both receipt and payment side) on the day the accumulated collection for a certain period was deposited into treasury. In the process, daily collection of water charges remained outside the Government account till the date of deposit into treasury. Reasons for the delay in depositing the revenue were not on record.

Thus, delay in depositing of revenue collected may entail the risk of temporary misappropriation.

The Government in their reply stated (October 2011) that position will be scrutinised by appointing responsible officer and efforts will be taken to improve delay in remittance.

3.1.10 Implementation

3.1.10.1 Targets and achievements

The targets for coverage of habitations/schools for water supply schemes under ARWSP, NRDWP and MNP vis-a-vis achievement thereagainst during 2006-11 were as under:

Table-3.10

Year	Habitation Target				Achievement				Schools	
	NC	PC	Total	Population	NC	PC	Total	Population	Target	Achievement
2006-07	8	126	134	88990	8	126	134	88990	1986	1986
2007-08	49	102	151	55285	41	76	117	52285	-----	----
2008-09	19	37	56	31501	19	37	56	31501	144	144
2009-10	---	124	124	73481	---	124	124	73481	-----	----
2010-11	---	124	124	64023	---	121	121	62409	126	126

Source: Information furnished by the Department

There was short achievement of 34 (23 per cent) habitations coverage during 2007-08 as compared to target fixed and no target was set for during 2007-08 and 2009-10 for coverage of schools although there were unspent balances with the Department as indicated in the preceding Paragraphs 3.1.8.2 and 3.1.8.4 respectively.

While accepting the facts, the Government stated (October 2011) that during 2007-08 and 2009-10 no target was set for coverage of school due to non-receipt of list of school from the Divisional Offices. This clearly indicates that targets had not been set realistically taking into account the availability of funds.

3.1.10.2 Execution of water supply schemes

During 2006-11, the Department has taken up 677 water supply schemes for executions, out of which 280 schemes were taken up by the four⁶ test check divisions. Out of 280 schemes, 79 schemes (28 per cent) were covered by audit. The important points noticed in course of audit are spelt out in the succeeding paragraphs:

(i) Execution of unapproved schemes

As per NRDWP guidelines, the Department is to prepare annual Detail Project Reports (DPRs) of the water supply schemes/projects. These DPRs are to be scrutinized and vetted by the State Technical Agency. Once the DPR is finalised, the same is required to be approved by the State Level Scheme Sanctioning Committee (SLSSC). The approved schemes of the DPR are to be entered online (Integrated Management Information System). The State Water & Sanitation Mission (SW&SM) is to release funds to the executing divisions for implementation of water supply schemes approved by SLSSC.

During 2009-11, water supply schemes approved by SLSSC and funds released by the SW&SM to the executing divisions for coverage of schemes under NRDWP are shown in the following table-3.11:

⁶ 1) Champhai WATSAN Division, 2) Rural WATSAN Division, Lunglei 3) Rural WATSAN Division, Aizawl and 4) Khawzawl WATSAN Division

Table-3.11

(₹ in crore)

Year	Schemes approved by SLSSC		Funds released by SWSM				Unapproved schemes	
	No.	Cost	No. of scheme		Total	Amount	No.	Amount
			Approved	Unapproved				
2009-10	16	8.09	15	46	61	23.46	46	21.99
2010-11	97	37.16	96	--	96	35.37	--	----
Total	113	45.25	--	--	157	58.83	46	----

Source: Departmental records

It can be seen from the above table that during 2009-10 against 16 schemes (cost : ₹ 8.09 crore) approved by the SLSSC, the SWSM released ₹ 23.46 crore to the executing divisions for implementation of 61 schemes. Thus, the Department executed 46 schemes without the approval of the SLSSC. On being pointed this, the CE (M&I) stated (August 2011) that additional funds of ₹ 21.99 crore were released during 2009-10 for completion of 46 on-going WSS as of March 2009. The fact, however, remains that 46 on-going schemes taken up during 2009-10 were neither cleared by SLSSC as required nor included in the DPR.

The Government in their reply stated (October 2011) that the 46 schemes were approved by the Technical Committee during 2008-09, however, the reply is silent about the non-approval of the SLSSC during 2009-10.

(ii) Award of works without call of tenders

Under Section 14 of Central Public Works Department (CPWD) Manual (which is being followed by PWD) tenders should be called for all works costing more than ₹ 50,000 except in urgent cases, or when the interest of works demands, works may be awarded by the EE without calling the tenders subject to maximum ceiling of works upto ₹ 1.25 lakh/₹ 4 lakh (from 2010) and SE subject to ₹ 4.5 lakh/₹ 12 lakh (from 2010).

Scrutiny of the records of eight test checked divisions revealed that over and above the prescribed ceiling SEs awarded 131 works totaling ₹ 7.02 crore and EEs awarded 323 works totaling ₹ 8.27 crore during 2006-11 to contractors without calling for the tenders for execution of Rural Water Supply Schemes, although all the schemes were not of urgent nature. Further, reasons for issue of these work orders without calling for the tenders were not on record. Details are shown in the following table-3.12:

Table-3.12

Sl. No.	Name of division	Work order issued by SE			Work order issued by EE		
		Year	Number	Amount (₹ in crore)	Year	Number	Amount (₹ in crore)
1.	Aizawl Water Distribution Division	2007-08	4	0.09	2007-09 & 2010-11	55	0.71
2.	Khawzawl WATSAN Division	2006-11	41	2.71	2008-11	27	0.55
3.	Champhai WATSAN Division	----	-----	-----	2006-10	34	1.02
4.	Rural WATSAN Division, Lunglei	2006-09 & 2010-11	37	1.67	2006-11	75	2.31
5.	Rural WATSAN Division, Aizawl	2006-11	44	2.04	2006-11	24	1.60
6.	Lunglei Water Supply Maintenance Division	-----	-----	-----	2007-10	13	0.96
7.	Ground Water & Quality Control Division, Aizawl	2010-11	5	0.51	-----	----	-----
8.	Aizawl Water Supply Project Division	-----	-----	-----	2006-09	95	1.12
Total			131	7.02		323	8.27

Source: Departmental records

Thus, the action of the SEs and EEs were not in consonance with the codal provisions and also against the interest of the Department as the benefit of competitive rates and quality of works through tendered process could not be availed of.

While accepting the facts, the Government stated (October 2011) that the PHE Department was not having any registered contractor as such floating of tender is not possible and Rules for Registration of Contractor has now been approved by the Cabinet.

(iii) Time Overrun

During 2006-11, the Department took up 677 water supply schemes under ARWSP/NRDWP and AUWSP for execution of which 658 schemes were due for completion by March 2011. Against these, 618 schemes were completed within the targeted date, 36 schemes (five per cent) were completed within the sanctioned cost of ₹ 84.60 crore after a delay ranging from nine to sixty nine months. The remaining four schemes (sanctioned cost ₹ 136.47 crore) due for completion between March 2005 and March 2011 were in progress after incurring an expenditure of ₹ 121.55 crore. Details of works are shown in **Appendix-3.2(a) & 2(b)**.

The Department, however, stated that the delay in completion of the schemes was mainly due to non release of funds by GoI. The contention of the Department is not factually correct

as the programme funds are released by GoI after sanction of the scheme and subsequent installments are further released on the basis of utilisation certificates submitted by the Department.

Thus, due to delay in completion of the water supply schemes, the targeted beneficiaries were deprived of getting the intended benefit of availability of drinking water.

While accepting the facts, the Government stated (October 2011) that all the 36 nos. of works are now completed.

(iv) Excess expenditure for execution of Water Supply Schemes

Scrutiny of the records of the Rural WATSAN Division, Lunglei revealed that the execution of work 'laying of GI pipes' for gravity main and distribution network under different rural water supply schemes was taken up by the Division departmentally by engaging skilled/semi-skilled/unskilled Muster Roll (MR) labourers. The payments to MR labourers was made at the daily rate of wages fixed by the State Government. Further, after detailed analysis, the Chief Engineer, PHED fixed (August 2007) the rate for laying of per running metre GI pipe of different sizes. The rate was further revised by the Department in April 2010. Compared with the rate fixed by the CE, PHED, with the actual payments made to the MR labourers, it was seen that the Division incurred excess expenditure of ₹ 8.40 lakh for laying of 25,000 Rm GI pipes in eight water supply schemes during the period from January 2008 to March 2010. Details are shown in **Appendix-3.3**.

The Government in their reply stated (October 2011) that while executing Rural Water Supply Scheme it is difficult to follow the rate fix for each different diameter of GI Pipes. The reply is, however, is not acceptable as the Chief Engineer, PHED had fixed the rates for laying of per running metre GI pipe of different sizes after conducting proper analysis.

(v) Drinking water in Rural schools and Anganwadis

As provided in the scheme guidelines of ARWSP/NRDWP, the rural schools and Anganwadi centres not covered with drinking water facility are to be provided with drinking water facility by the end of 2010-11. Expenditure for this purpose would be shared by the Central and State Government in the ratio of 50:50 basis from the funds allocated for new schemes under ARWSP/NRDWP.

It was, however, noticed in audit that the PHE Department failed to provide drinking water facilities to 2027 rural schools and 977 Anganwadi centres in eight districts of the State despite availability of sufficient funds under the programme (March 2011). The position of district-wise coverage is shown in the following table-3.13:

Table-3.13

(Figures in Nos.)

Sl. No.	Name of District	Rural schools				Anganwadis		
		As per Education Department	As per PHED	Coverage (percentage)	Not covered (As per PHD)	No.	Coverage (percentage)	Not covered
1.	Aizawl	425	1133	328 (29)	805	310	120 (39)	190
2.	Champhai	319	399	276 (69)	123	196	137 (70)	59
3.	Kolasib	130	250	70 (28)	180	71	14 (20)	57
4.	Lawngtlai	410	422	72 (17)	350	130	-- (0)	130
5.	Lunglei	431	675	269 (40)	406	330	131 (40)	199
6.	Mamit	248	178	168 (94)	10	233	59 (25)	174
7.	Saiha	178	253	196 (77)	57	139	-- (0)	139
8.	Serchhip	137	213	117 (55)	96	93	64 (69)	29
Total		2278	3523	1496 (42)	2027	1502	525 (35)	977

Source: Departmental records

It can be seen from the above table that as per records maintained by the School Education Department the existing number of schools in the eight districts of the State was 2,278 only, whereas as per records maintained by the PHED the existing number of schools in the eight districts of the State was 3,523. The reason for variation was not on records. Thus, the Department is required to reconcile the actual position with the School Education Department.

Further, as per figures maintained by the PHED, the Department achieved only 42 per cent coverage in rural schools and 35 per cent in Anganwadi centres as of March 2011. Although the coverage in rural schools of five districts varies from 40 per cent to 94 per cent, the same in three districts (Lawngtlai, Kolasib and Aizawl) was from 17 per cent to 29 per cent only. Further, out of eight districts, in three districts coverage of Anganwadi centres varies from 40 per cent to 70 per cent and in other three districts (Kolasib, Mamit and Aizawl) it was between 20 per cent and 39 per cent respectively. There was no coverage drinking water in Anganwadis in the remaining two districts (Lawngtlai and Saiha).

This indicated lack of commitment of the Department for providing drinking water to rural schools and Anganwadi centres in a phased manner within the targeted period.

(vi) Loss of revenue

Under Rule 7 of the Mizoram Water Supplies (Control) Rules, 2006, the rate of tariff for supply of water per month per piped water connection is as shown below:

	Quantity of water	Rate per kilolitre (KL)
i.	Upto 10000 litres	₹ 10 subject to minimum ₹ 100
ii.	Above 10000 litres to 30000 litres	₹ 15
iii.	Above 30000 litres	₹ 20

In respect of two test checked districts (Aizawl and Lunglei) it is revealed that two EEs viz. Aizawl Water Distribution (AWD) Division and Lunglei Water Supply Maintenance (LWSM) Division are responsible for supply of water at Aizawl city and Lunglei town respectively.

Scrutiny of the records of AWD Division and LWSM Division revealed that there was huge differences of quantity of water pumped for distribution and the quantity distributed to the consumers for which water charges levied by the divisions. Details are shown in table-3.14:

Table-3.14**(Kl. in lakh)**

Name of Division	Period	Quantity of water pumped	Quantity of water against which water charges levied	Difference
Aizawl Water Distribution Division	April 2009 to March 2011	82.58	20.95	61.63
Lunglei Water Supply Maintenance Division	October 2010 to April 2011	4.14	3.69	0.45
Total		86.72	24.64	62.08

Source: Departmental records

It can be seen from the above table that out of 86.72 lakh Kl. water pumped for distribution during April 2009 to April 2011, water charges were levied only for 24.64 lakh Kl. leaving a huge balance of 62.08 lakh Kl. without levying water charges which indicates lack of proper monitoring in billing system with reference to the actual distribution. Further, in absence of definite norms for wastage of water in pumping/distribution, if 10 per cent wastage of water is considered out of 86.72 lakh Kl. water pumped, the Department distributed 78.05 lakh Kl. (86.72 lakh Kl. minus 8.67 lakh Kl.) of water to its consumers. But, against which water charges was levied for 24.64 lakh Kl. only with a consequential loss of Government revenue to the extent of ₹ 5.34 crore (calculated at minimum rate of ₹ 100 per Kl.) for unbilled quantity of water of 53.41 lakh Kl. (78.05 lakh Kl. minus 24.64 lakh Kl.).

While accepting the facts, the Government in their reply stated (October 2011) the following reasons in respect of loss of revenue:

- ***Aizawl Water Distribution Division:*** The entire system of Aizawl Water Supply Scheme commissioned in 1988 is working at low rate of efficiency and frequent unmetered supply of water due to damage/defunct/loss of water meter.
- ***Lunglei Water Supply Maintenance Division:*** Efforts have been made to minimize these losses.

(vii) Non-maintenance of Inspection Register

According to Section 25.2 of CPWD Works Manual, an inspection register is required to be maintained by the division at every site of work.

In order to ensure that the works under the water supply schemes are being executed according to design, drawing and specifications laid down as per estimate/work order/contract agreement, the execution of works are required to be inspected by the Executive Engineer, Superintending Engineer and Chief Engineer. Inspecting officers should ensure issue of instructions by way of recording their findings in the inspection register at site or by issue of inspection notes, copies of which shall be pasted in the inspection register. The observations recorded in the inspection register are required to be reviewed by the inspecting officers during subsequent inspections.

It was, however, noticed in audit that none of the eight test checked divisions maintained the inspection register. Thus, in the absence of the inspection registers, the details of actual inspection carried out by the above mentioned functionaries and the follow-up action by the executing divisions could not be ascertained in audit.

While accepting the facts, the Government stated (October 2011) that now onwards inspection register will be maintained.

3.1.11 *Material Management*

3.1.11.1 *Irregular purchase of Galvanized Iron Pipes in violation of financial propriety*

As per terms of reference of the reconstituted (May 2007) State Purchase Advisory Board (SPAB) and Departmental Purchase Advisory Board (DPAB), the DPAB and SPAB can recommend purchase proposals upto ₹ 50 lakh and above ₹ 50 lakh respectively. However, all purchase proposals are required to be submitted to the Government for approval.

Further, according to CPWD Works Manual, after consolidating the requirements of materials by all Divisions, purchase of materials costing more than ₹ one lakh shall be made after inviting quotations or tender preferably from manufacturers/authorised dealers directly.

However, the DPAB on the ground that the two firms (M/s Utkarsh Tubes Pvt. Ltd., Kolkata and M/s North East Tubes Pvt. Ltd., Guwahati) were the regular supplier of Galvanized Iron (GI)

pipes in the PHE Department for the last many years and they required revision of prices of GI pipes due to increased cost of raw materials, in violation of codal provisions recommended (July 2006 and July 2007) purchase of different sizes of GI pipes from these two firms at their offered price without calling for any tenders/quotations to assess the competitive market rates.

As against DPAB's recommendations (July 2006 and 2007), the CE, PHED placed 184 supply orders with the firms during 2006-10 and the Department purchased GI Pipes valued at ₹ 66.89 crore (2006-07: ₹ 16.56 crore, 2007-08: ₹ 23.64 crore, 2008-09: ₹ 18.10 crore and 2009-10: ₹ 8.59 crore).

Thus, without calling for tender in technical and price/commercial bid system to ascertain the competitive rates of GI pipes, the Department made procurement for the huge quantity of GI Pipes valued at ₹ 66.89 crore in violation of the standing norms and purchase rules. Further, the purchase of materials valued at ₹ 66.89 crore without obtaining mandatory recommendations from the SPAB and approval of the Government, was grossly irregular and was a departure from the prescribed procurement norms.

The Government in their reply stated (October 2011) that the two firms are manufacturer of GI Pipes and their offered rates must be low due to their close vicinity to Mizoram. As such, calling quotation was found not necessary. But, the contention of the Government is presumptive only, as there was no scope for comparison of lowest rates in absence of tenders/quotations from other manufacturers.

3.1.11.2 Purchase of Galvanized Iron Pipes from unapproved supplier

The CE, PHED placed four supply orders (April 2009) at approved rates with Sangtei Enterprises, Aizawl for supply of 36,365 Rm GI pipe of various sizes to the EE, Rural WATSAN Division, Lunglei for execution of WSS. The pipes were received by the Division during May to July 2009 and payments of ₹ 49.60 lakh made (January to March 2010) to the supplier.

The purchase of GI pipe valued at ₹ 49.60 lakh from local market other than the approved supplier/manufacturer was, thus, irregular.

While accepting the facts, the Government stated (October 2011) that the practice will henceforth be stopped.

3.1.11.3 Purchase of Ductile Iron Pipes

In violation of the codal provisions as mentioned in the preceding Paragraph-3.1.11.1, the CE, PHE Department issued supply orders to two firms for supply of Ductile Iron (DI) pipes involving financial implication of ₹ three crore without calling for any tender/quotation. Further, the recommendation from the SPAB was also not obtained. Details are shown in table-3.15 below:

Table-3.15

Sl. No.	Name of supplier	Details of supply order			Details of actual procurement		
		Month of supply order	Quantity (Rm)	Amount (₹ in crore)	Month of procurement	Quantity (Rm)	Amount (₹ in crore)
1.	M/s Excelsior Merchants Pvt. Ltd., Kolkata	August 2007	13249.50	2.71	February-March 2008	5000	1.06
		February 2008	2117.00	0.54	February 2008	2117	0.54
2.	M/s TP Enterprise, Aizawl	February 2009	350.00	0.05	March 2009	350	0.05
Total			15716.50	3.30		7467	1.65

Source: Departmental records

As can be seen from the table-3.15, against the supply orders of 15,716.50 Rm DI pipes, the Department ultimately procured 7,467 Rm of DI pipe at a cost of ₹ 1.65 crore (basic price) between February 2008 and March 2009.

On being pointed out in audit, the CE, PHED stated (July 2011) that the DI pipes (7,467 Rm) at the cost of ₹ 1.65 crore was purchased at the rate contract of Director General of Supplies and Disposal (DGS&D). The reply of the Department is, however, not acceptable as the supply orders issued to two firms do not contain any clause for supply of pipes at DGS&D's rate contract, nor the Department could produce any documents in support of their claim, and thus, the procurement of 7,467 Rm of DI pipe at a cost of ₹ 1.65 crore violating procurement procedure was irregular.

While accepting the facts, the Government stated (October 2011) that prior to the year 2004 used to purchase DI pipes through DGS&D's rate contract and as the manufacturer could not supply DI pipes at DGS&D's rate the Department have no alternative but to accept the rate offered by the manufacturers.

3.1.11.4 Loss due to unnecessary procurement besides unauthorised issue of write-off sanction

As per Rule 103 of the General Financial Rules and CPWD Works Manual, purchase of stores shall be made in accordance with definite requirements and not to purchase stores much in advance of actual requirements, if such purchases are likely to prove unprofitable to Government.

Further, according to the delegation of financial power, the CE can issue write off sanction to losses on account of stores upto ₹ 25,000 and losses on stores exceeding ₹ 25,000 is to be submitted to the Government for write-off sanction. In case of survey reports of stores valued above the powers

of acceptance by the CE, a certificate that survey materials are unserviceable should be recorded by the SE concerned after inspection of the stores.

Test check of the records of Ground Water and Quality Control Division (GW&QC) (formerly Stores Division) Aizawl revealed that materials worth ₹ 1.50 crore procured by the divisions during May 1985 to June 2003 were found unserviceable during physical verification conducted (date not on record) by the Sub-Divisional Officer. The EE of GW&QC Division recommended (date not on record) disposal of unserviceable materials valued at ₹ 1.50 crore for auction. Accordingly, the SE submitted (May 2008) 64 survey reports containing unserviceable materials worth ₹ 1.50 crore to the CE, PHED. The CE, PHED irregularly accorded (May 2008) write off sanctions of ₹ 1.50 crore by splitting up the sanction orders into 64 numbers to bring them within his delegatged powers in order to avoid sanctions from the Government. The unserviceable stores were, however, disposed off (July 2008) by the EE, GW&QC division for ₹ one lakh only through public auction.

Thus, the write off sanction of the stores worth ₹ 1.50 crore requires *ex-post facto* approval of the Government which was not obtained (August 2011). Further, had the stores worth ₹ 1.50 crore were timely distributed to the concerned executing PHE divisions, without prolonged storage, huge loss could have been avoided.

Thus, unnecessary procurement of stores, their prolonged storage and unauthorised issue of write off sanctions by CE, PHED, led to a loss of ₹ 1.49 crore (₹ 1.50 crore minus ₹ 0.01 crore) to Government, which was avoidable.

In their reply (October 2011), the Government failed to explain as to why the Department did not obtain the Government sanction for write-off of stores exceeding ₹ 25,000.

3.1.12 Human Resource Management

3.1.12.1 Unfruitful expenditure on manpower

In discontinuing centralised procurement system of stores, the Store Division, Aizawl PHED has started functioning as Ground Water and Quality Control (GW&QC) Division from July 2002 with its two Sub-Divisional level offices (Ground Water Sub-Division and Quality Control Sub-Division). Out of two sub-divisions the Quality Control sub-division has been functioning since July 2002 without any quality control activities due to non-commission of required laboratory for quality control test.

Scrutiny of the records of the EE, GW&QC Division revealed that though no quality control activities was undertaken by the quality control sub-division, the Division maintained following 26 nos. of staff incurring a substantial expenditure of ₹ 2.14 crore towards payment of salaries during 2006-11:

Table-3.16

Category of Staff				Expenditure incurred to Salary during 2006-11			
Regular		Work charged		Amount (₹ in crore)			
(In Nos.)				Year	Regular	Work charged	Total
Technical	02	Driver	04	2006-07	0.12	0.24	0.36
Clerical	02	Handyman	01	2007-08	0.13	0.25	0.38
Group D	02	Store Keeper	05	2008-09	0.08	0.28	0.36
		Work Assistant	02	2009-10	0.14	0.32	0.46
		Carpenter	01	2010-11	0.17	0.41	0.58
		Chowkidar	07				
	06		20	Total	0.64	1.50	2.14

Source: Departmental records

As can be seen from the table-3.16 that the Department incurred an expenditure of ₹ 2.14 crore during 2006-11 against the 26 nos. of virtually idle staff attached to the sub-division.

Thus, posting/retention of staff without the requisite infrastructure not only reflects poorly on the planning process but also resulted in unfruitful expenditure of ₹ 2.14 crore on payment of salary to idle staff.

The Government in their reply stated (October 2011) that though the division is no longer remained as store division it is still functioning as Transit Godown and the staff attached to quality control sub-division were engaged for the activities of Transit Godown and as such they were not idle during 2006-11. The reply is, however, not acceptable as the pipes procured by the other executing divisions of the Department against the works were directly supplied by the concerned suppliers to the premises of the indenting divisions or at the site of the works as per their work orders.

The Government, however, stated that proposal is made for functioning and commissioning of laboratory. The Government should therefore, immediately take action for functioning of the laboratory for engagement of the idle staff.

3.1.13 Support Services

3.1.13.1 Water sample testing

As per guidelines of NRDWP, all drinking water sources in the State should be tested atleast twice for bacteriological contamination and once a year for chemical contamination. To facilitate quality control test of drinking water at district level, the Department already established (1990 to 2007) eight⁷ district level water testing laboratories at a total cost of ₹ 39 lakh. The Aizawl district level laboratory was, however, upgraded (August 2007) as State Referral Institute.

Scrutiny of the records of the Chief Chemist, State Referral Institute, Mizoram, Aizawl revealed that as of March 2011 the Department failed to fill up 22 key posts of the laboratories as shown in the following table-3.17:

⁷ Aizawl, Lunglei, Champhai, Mamit, Lawngtlai, Kolasib, Serchhip and Saiha

Table-3.17

Name of District	Category of vacant posts as of March 2011: (Figure in Nos.)							
	Chief Chemist	Senior Chemist	Chemist	Bacteriologist	Senior Analyst	Analyst	Lab. Assistant	Total
Aizawl	01	01	---	02	01	03	---	08
Lunglei	---	01	---	---	---	01	01	03
Champhai	---	01	---	---	---	01	---	02
Mamit	---	01	---	---	---	01	---	02
Lawngtlai	---	---	01	---	---	01	---	02
Kolasib	---	---	---	01	---	01	---	02
Serchhip	---	---	---	---	---	01	---	01
Saiha	---	---	01	---	---	01	---	02
Total	01	04	02	03	01	10	01	22

Source: Departmental records

As per information furnished (May 2011) by the Senior Chemist of State Referral Institute, Aizawl revealed that during the period covered (2006-11) under audit, the number of sample tested/analysed in the eight district laboratories along with expenditure incurred thereon are given in the following table-3.18:

Table-3.18

Sl. No.	Name of district	Number of sample tested/analysed	Expenditure for running laboratories (₹ in lakh)	Cost of each sample tested in laboratories (In ₹)
1.	Aizawl	13501	158.08	1171
2.	Lunglei	10386	17.63	170
3.	Champhai	4495	22.65	504
4.	Mamit	1938	19.14	988
5.	Lawngtlai	3058	21.12	691
6.	Kolasib	3172	18.98	598
7.	Serchhip	4083	37.31	914
8.	Saiha	1604	29.05	1811
Total		42237	323.96	----

Source: Departmental records

It can be seen from the table-3.18 that district-wise cost of analysis of each water sample ranges from ₹ 170 to ₹ 1,811. While in Lunglei district cost of analysis of each sample was only ₹ 170, in other five districts it was from ₹ 504 to ₹ 988 and in the remaining two districts it was ₹ 1,171 (Aizawl) and ₹ 1,811 (Saiha). This indicated that posting of staff in district laboratories was not done on the basis of work load in the laboratories.

While accepting the facts, the Government stated (October 2011) that efforts are being made to fill up the vacant post and necessary corrective measures will be taken for distribution of laboratory staff according to the work-load in the laboratories.

3.1.13.2 Communication and Capacity Development

Communication and Capacity Development (CCD) has been set up (August 2007) in the state for promoting initiatives in the water supply and sanitation sector. The main objective of the CCD Unit are to:

- develop state specific information, education and communication strategy,
- provide capacity development of functionaries at all levels, and
- address the need of sustainability in water and sanitation.

The Unit shall provide Human Resource Development (HRD) and Information, education and Communication (IEC) inputs to the NRDWP and Total Sanitation Campaign (TSC) projects in the State.

The year-wise status of funds released by GoI directly to the CCD Unit during 2006-11 are shown in table-3.19:

Table-3.19

(₹ in lakh)

Year	Opening balance	Funds received	Interest accrued	Total	Funds Utilised	Closing balance
2006-07	----	65.29	0.98	66.27	24.75	41.52
2007-08	41.52	23.53	0.86	65.91	40.40	25.51
2008-09	25.51	-----	0.67	26.18	26.17	0.01
2009-10	0.01	100.00	0.10	100.11	100.00	0.11
2010-11	0.11	89.28	1.54	90.93	90.92	0.01
Total	67.15	278.10	4.15	349.40	282.24	----

Source: Departmental records

3.1.13.3 Training

Every year the Communication and Capacity Development Unit needs to prepare a Capacity Building Plan for the training of different stakeholders on issues of rural water sanitation programme at i) Village Level ii) Block Level, iii) District Level, and iv) State Level.

The Unit, however, conducted training/workshop programmes at district level during February 2010 to March 2011 on the topic 'Sensitization on NRDWP and Water Quality Monitoring and Surveillance Programme (WQMSP). Besides this, workshop was organised on 'Institutionalization of Village Water and Sanitation Committee' wherein 3,059 members participated. Further, awareness campaigns were organized by the unit among 1894 participants during March 2007 to November 2007 in seven districts (out of eight) of the State.

The initiative on human resource development was commendable.

3.1.13.4 Information Education and Communication

Information Education and Communication (IEC) is a comprehensive strategy under NRDWP programme which includes awareness of the rural community about bacteriological contamination, water-borne diseases and their impact on health. Under the programme, the awareness activities is to be undertaken by means of publicity through electronic media, advertisement, hoardings and banners etc.

Scrutiny of the records revealed that the CCDU spent ₹ 8.53 lakh (2009-11) towards IEC activities for publicity through electronic media, advertisement in print media, hoardings, leaflets, documentary film and by article/drama writing competition.

The CCDU, however, did not carry out impact evaluation on the programmes which would have resulted in taking appropriate corrective measures to help promote in meeting the IEC objective.

The Government, while accepting the facts, stated (October 2011) that impact evaluation on the programmes will be carried out in future.

3.1.13.5 Research and Development

Research and Development (R&D) in the field of Rural Water Supply and Sanitation programme is one of the support activities of the Department of Drinking Water Supply for which 100 per cent funding to research organizations including NGOs is given by the GoI under NRDWP (Support) funds. The PHED is to establish R&D cell with adequate manpower and infrastructure for specific research projects.

The Department, however, had neither established R&D cell nor any research projects taken up as of August 2011.

The Government in their reply stated (October 2011) that there are no research organisation and NGO, who are competent enough to conduct research and development in the priority areas as specified in the Guidelines. However, efforts would be made to address this issue in future.

3.1.13.6 Programme and Project Monitoring and Evaluation

Under 100 per cent central assistance, the Department may take up monitoring and evaluation studies on the implementation of the rural water supply programme through reputed organization/institution from time to time.

The Department, however, did not take up monitoring and evaluation studies through external agency for corrective action in order to improve the quality of programme implementation.

While accepting the facts, the Government stated (October 2011) that monitoring and evaluation studies on the implementation of Rural Water Supply Programme will be taken up in future.

3.1.14 Other support activities

3.1.14.1 Poor performance of rigs

Under PHED, three rigs (KA-02/B-2310, MZ01-0349 and MZ01-0350) were in working conditions during 2006-11. According to norms, each rig is to drill 12 bores/720 metres per month.

Audit scrutiny of the records of the GW&QC Division, Aizawl, revealed the following:

Table-3.20

Year	No. of rigs	As per norms		Achievement		Shortfall	
		No. of bores	Drilling (In metres)	No. of bores	Drilling (In metres)	No. of bores	Drilling (In metres)
2006-07	3	432	25920	180	13500	252	12420
2007-08	3	432	25920	10	750	422	25170
2008-09	3	432	25920	110	8250	322	17670
2009-10	3	432	25920	222	16650	210	9270
2010-11	3	432	25920	22	1650	410	24270
Total	--	2160	129600	544	40800	1616	88800

Source: Departmental records

The analysis of the performance of the rigs is spelt-out in the following paragraphs:

(i) Shortfall in drilling of bores

Against 2,160 bores to be drilled involving 1,29,600 metres, the rigs drilled 544 bores of 40,800 metres incurring an expenditure of ₹ 6.14 crore. Thus, there was a shortfall of 75 per cent (1,616) bores and 69 per cent (88,800) metres in drilling.

Reasons for such poor performance of rigs were not on record. The division, however, stated (August 2011) that out of three rigs, though one rig functioned properly, the other two rigs could not be utilized fully (period not stated) due to repairs of the machines (rigs).

While accepting the facts, the Government stated (October 2011) that even though there is some specific norms for the year-wise performance of the said rigs, the Department cannot follow the said norms since it is having a programme/target of its own.

(ii) Unsuccessful boring

Out of 544 number of bores drilled, the number of successful bore holes were only 63 per cent (342) of total bores drilled during 2006-11.

Thus, out of ₹ 6.14 crore spent for drilling of 544 bores, the expenditure of ₹ 2.28 crore involved in 202 (544 minus 342) boring proved unfruitful. This was indicative of the deficiency in taking up the works without conduct of proper survey and investigation of sites.

The Government, while accepting the facts, stated (October 2011) that it is very difficult to ascertain the exact depth of the location of the water level even after conducting proper survey and investigation. Besides, unfavourable hydrogeological conditions and heterogeneous strata and formation the rigs could not reached beyond 75 mtrs below from the ground level and there is a chance of unsuccessful boring as the water level is sometimes beyond the reach of drilling equipments. The fact, however, remains that the norms for performance of rigs were fixed based on analysis of the relevant data for this purpose.

3.1.15 *Total Sanitation Campaign*

3.1.15.1 *Introduction*

The Central Rural Sanitation Programme (CRSP) was launched (1986) by Union Ministry of Rural Development, Department of Drinking Water Supply primarily with the objective of improving the quality of life of the rural people and also to provide privacy and dignity to women. The concept of sanitation was expanded to include personal hygiene, home sanitation, safe water, garbage disposal, excreta disposal and waste water disposal. Keeping in view the objective, the CRSP was improved and the format changed, moving towards a demand driven approach titled “Total Sanitation Campaign (TSC)” emphasizing more on Information, Education and Communication (IEC), Human Resource Development (HRD) and Capacity Development Activities to increase awareness among the rural people and generation of demand for sanitary facilities.

3.1.15.2 *Organisational Structure*

Under the administrative control of the Principal Secretary, PHED, the E-in-C is responsible for TSC programme in the State. The E-in-C is assisted by the Executive Committee, State Level Scheme Sanctioning Committee and State Level Technical Agency besides, District Water and Sanitation Committee and Village Water and Sanitation Committee.

3.1.15.3 *Funding pattern*

The component wise Funding pattern for TSC programme was as follows:

Component	Contribution (In per cent)		
	GoI	State	Beneficiary Household/ Community
Start up activity, Information Education and Communication (IEC)	80	20	---
Individual latrine for BPL	60	28	12
Community Sanitary Complexes	60	30	10
Individual house hold latrines for APL	---	---	100
Institutional Toilets including School and Anganwadi Sanitation	70	30	---
Solid/Liquid Waste Management	60	20	20
Administrative Charges	80	20	---

3.1.15.4 Release of funds by the Centre and the State

The funds released by the GoI on the basis of the District Project Implementation Plan submitted by the State Government and State share *vis-a-vis* expenditure thereagainst for implementation of TSC programme during the year 2006-11 are shown in table-3.21:

Table-3.21

(₹ in crore)

Year	Opening balance	GoI released	State share	Interest earned	Total funds available	Expenditure	Closing balance
2006-07	0.23	6.48	1.00	0.02	7.73	6.70	1.03
2007-08	1.03	1.83	3.00	0.03	5.89	4.48	1.40
2008-09	1.40	3.60	0.42	0.04	5.46	3.65	1.81
2009-10	1.81	4.55	0.81	0.07	7.65 ⁸	4.69	2.96
2010-11	2.96	3.02	1.36	0.10	7.44	3.82	3.62

Source : Departmental records

It can be seen from the above table-3.21 that during 2006-11, the Department could not utilise the allocated funds fully to deliver the benefits of the TSC to the beneficiaries.

While accepting the facts, the Government stated (October 2011) that due to insufficient staff the progress of work was slow and steady.

3.1.15.5 Non-reconciliation of TSC bank account

Financial rules prescribe that the Drawing and Disbursing Officer (DDO)/Head of office should carry out regular monthly reconciliation of deposits and withdrawals from Government account.

Under TSC programme during 2006-11, funds were released by GoI to bank account in favour of eight Secretaries of District Water & Sanitation Committee (DW&SC), Mizoram. The Secretaries, DW&SC drew the money from the bank account for implementation of rural TSC programme. The DDO (Secretary, DW&SC), however, did not carry out any reconciliation with the bank with the objective of ascertaining the correctness of the accounts of DW&SC.

While accepting the facts, the Government stated (October 2011) that Bank Reconciliation was not done before, but it is being done now.

3.1.15.6 The programme components and activities for TSC

(i) Start-up activities

According to the guidelines for TSC, Baseline Survey (BLS) was conducted (2004) by the Department to assess the status of sanitation and hygiene practice, people's attitude and demand for improved sanitation etc. The status report was approved (September 2008) by the National Scheme Sanctioning Committee (NSSC).

⁸ ₹ 7.65 crore includes ₹ 0.41 crore (Nirmal Gram Puraskar Award, ₹ 0.23 crore plus ₹ 0.06 crore and other receipts ₹ 0.12 crore)

(ii) Target and Achievement

The targets and coverage of households, schools, anganwadi centres etc. under TSC and achievement thereagainst during 2006-07 to 2010-11 are given in the following table-3.22:

Table-3.22**(In number)**

Component	Target (2006-11)	Achievement						Balance
		2006-07	2007-08	2008-09	2009-10	2010-11	Total	
IHHL (BPL)	54272	27257	15644	6303	3574	1494	54272	-----
IHHL (APL)	16861	10000	----	2679	4065	117	16861	-----
Sanitary Complex	560	220	18	47	95	135	515	45
School toilet	3086	864	2222	-----	-----	-----	3086	-----
Anganwadi toilet	774	307	350	117	-----	-----	774	-----
RSM/PC	20	-----	-----	-----	-----	-----	-----	20
SLWM	-----	-----	-----	1	10	48	-----	-----

Source : Departmental records

While the overall achievement recorded is quite satisfactory, there was, however, some shortfall in construction of 45 sanitary complexes despite availability of funds as indicated in Paragraph-3.1.15.4.

While accepting the facts, the Government stated (October 2011) that the work could not be taken up immediately awaiting awareness and demand from beneficiaries so as to have a good maintenance and functional Toilet especially in construction of Sanitary Complex.

(iii) Information, Education and Communication

Information, Education and Communication (IEC) intend to create demand for sanitary facilities in the rural areas for households, schools, Anganwadis and community sanitary complex. IEC strategy and plan have to be implemented not just to create demand but also for utilisation of facilities, maintenance and up-gradation so that sanitation and hygiene become an integral part of rural life and thereby sustainable.

Scrutiny of records of the Secretary, DW&SC of three districts (Aizawl, Champhai and Lunglei) revealed that the department had undertaken awareness campaign at state level through mass media and at district and block level by inter-personal communication, wall painting, hoardings, folk media and pamphlets.

(iv) Rural Sanitary Marts and Production Centres

The programme is funded with central assistance (80 per cent) and state share (20 per cent). It was noticed in audit that the Department had not established Rural Sanitary Mart (RSM) with Production Centres (PC) to deal with the materials, hardware and designs for the construction of

sanitary latrines, soakage and compost pits and other sanitation and hygiene accessories required for individuals, families and the environment in the rural areas. Thus, commercial venture with a social objective as envisaged in the scheme remained largely unfulfilled.

While accepting the facts, the Government stated (October 2011) that an initial stage experiment was done for production of TSC materials like Squatting Pan etc., the cost was found too high and uneconomical. Hence, it was decided to purchase the materials directly from manufacturers or local market.

3.1.15.7 Inspections

Monitoring through regular field inspections by officers from the state and district levels is essential to ensure that construction of work is done as per norms, community has been involved in construction, latrines are not polluting the water sources, and that the constructed latrines are being fully made use of by the beneficiaries.

It was, however, noticed in audit that no such inspections was done upto March 2010 at the state and district levels required as per norms. This indicated that effective implementation of the programme was not assessed.

While accepting the facts, the Government stated (October 2011) that the regular inspection and evaluation is very difficult at State and District Level in the past years due to insufficient staff.

3.1.15.8 Evaluation

As per guideline, under central assistance, the State should conduct periodical evaluation studies on the implementation of the TSC by reputed institution and organization.

The Department, however, did not arrange for evaluation studies. Thus, there was no scope of identifying the areas of deficiency which needs to be addressed in implementation of the programme.

While accepting the facts, the Government stated (October 2011) that the Department will try to conduct evaluation studies in future.

3.1.16 Satisfaction level of beneficiaries

In order to assess the impact of the programmes implemented by the Department, one officer of the audit party interacted (June to July 2011) with the beneficiaries (Aizawl: 286, Champhai: 503 and Lunglei: 568) in the presence of EE/Sub-Divisional Officers of PHED and members from Village Water and Sanitation Committee. The result of interaction is spelt out below:

(i) Short receipt of cash incentive for construction of toilet

864 beneficiaries belonging to BPL families of 20 villages under three districts (Aizawl, Lunglei, Champhai) stated that they received cash incentive of a meager amount for construction of

Individual house Hold Latrine (IHHL) under TSC Programme. The amount actually received by the beneficiaries against the admissible amount is shown in table-3.23:

Table-3.23

No. of beneficiaries	Amount admissible by each beneficiary	Amount received by each beneficiary	Short receipt by each beneficiary	Total short receipt
	(In ₹)	(In ₹)	(In ₹)	(₹in lakh)
338	730	500	230	0.78
128	2230	500	1730	2.21
139	730	400	330	0.46
100	730	425	305	0.31
60	730	375	355	0.21
25	730	430	300	0.08
36	730	250	480	0.17
34	730	300	430	0.15
4	730	330	400	0.02
Total 864	----	----	----	4.39

Source : Departmental records

- 137 beneficiaries of BPL families did not receive cash incentive in recognition of construction and use of toilets.
- 54 beneficiaries of BPL families neither received commode sets nor cash incentive in recognition of construction and use of toilets.
- Three villages (Falkawn, Melriat and Muallungthu) did not have water supply throughout the year.
- Eight villages under Lunglei district did not receive sufficient water during the whole year.
- The habitants of 10 villages (Aizawl:4, Champhai:1, Lunglei:5) expressed their dissatisfaction with the overall implementation of the programme.

3.1.17 Non-maintenance of record of Assets created by the Department

As per ARWSP guidelines each village council, block and district should have a complete inventory of the drinking water sources created under different programmes, like ARWSP/NRDWP, MNP, Calamity Relief Fund and other sources, giving date of the start and completion of the schemes/projects, cost of completion, agency responsible for operation and maintenance and other relevant details. The inventory of assets created should also be available with the different field functionaries of the Department for the habitations within their jurisdiction. A computerised data base of the overall information should be available with the Department.

It was, however, noticed in audit that neither the Executive Engineers of eight test checked divisions nor at the level of village council, block and district had maintained the inventory record of assets created by the Department. Further, the overall information on assets created was not available with the Department.

While accepting the facts, the Government stated (October 2011) that instruction will be issued to all Divisional officers to maintain inventory records which in turn will inform Village Council, Block and District Level.

3.1.18 Physical verification of stocks and assets

As per provisions contained in Rule 192 (1) of General Financial Rules (GFR), 2005, fixed assets should be verified at least once in year and the corresponding register. Discrepancies, if any, should be investigated and brought to account.

However, it is revealed in audit that the Department had not conducted any physical verification of Stocks/Assets created during 2006-11. Further, the Executive Engineers of the concerned divisions under the Department on their part did not submit any verification report to the Department during the corresponding period.

While accepting the facts, the Government stated (October 2011) that the physical verification of Stock/Assets would be conducted in due course.

3.1.19 Internal Audit Mechanism

Internal audit is an indispensable requirement for evaluating the efficiency and effectiveness of the internal controls in place and procedures in the Department in the implementation of various programmes. Although one Deputy Director (Accounts) was posted in E-in-C office, the Department failed to exercise effective financial controls which is amply reflected in the instances noticed in audit especially with reference to unrealistic budgeting, irregular issue of sanction orders, lack of control over expenditure besides purchase of materials with complete disregards to financial propriety.

The Chief Controller of Accounts (CCA), Mizoram is responsible for conducting internal audit of the accounts of the Department. During the years 2006-11, CCA could not conduct any internal audit of PHE Department due to shortage of staff in internal audit wing. The PHED also does not have an internal audit wing of its own. Thus, the absence of internal audit in the Department facilitated delay in depositing revenue/water tax, entertainment of idle staff and loss of stores due to prolonged storage.

While accepting the facts, the Government stated (October 2011) that necessary steps will be taken in this regard.

3.1.20 Audit observations and compliance

Accountant General (Audit) conducts periodical inspection of Government Departments to check the transactions and verify the maintenance of records besides accounting system as per the prescribed rules and procedures. The Inspection Reports (IRs) are issued to the Heads of officers inspected, with a copy to the higher authorities. The Heads of officers and next higher authorities are required to comply with the observations contained in the IRs and rectify the defects and omissions promptly and report their compliance to Accountant General.

A review of IRs issued to the Chief Engineer, PHED during 1996 to 2011 revealed that 159 paragraphs relating 25 IRs remained outstanding as of 31 October 2011.

3.1.21 Internal Controls

The implementation of works programme is monitored through monthly/quarterly physical and financial progress report submitted by the executing divisions to the Controlling officer/Chief Engineer (M&I). The progress reports submitted by the divisions were compiled by the monitoring cell (functioning at state level in office of the CE, PHED/CE (M&I), Aizawl) for submission to the State government as well as to the GoI. Further, scrutiny of progress reports of eight test checked divisions revealed that the prescribed format of physical and financial progress report did not provide for the target and actual date of completion of the scheme. As a result, the controlling officer was not able to take corrective measures against time overrun of works which led to poor monitoring.

While accepting the facts, the Government stated (October 2011) that the target and actual date of completion of the scheme will be included in future.

3.1.22 Conclusion

The findings of the review points to a number of shortfalls in achieving the programme objectives owing largely to the various deficiencies at the planning, execution and more importantly in the context of this review the absence of independent program evaluation, poor and deficient monitoring activity and absence of internal control mechanism which are all so crucial in ensuring the success of the programmes implemented by the Department. The Planning process was flawed as it failed to factor in vital issues that require the planners to prioritise ongoing and incomplete over new projects in their AAPs. With large number of incomplete projects, the department continued to include new schemes in each successive year AAPs which was bound to result in its resources spread thinly in program management adversely impacting on the execution of works which further lead to time and cost over-runs. Deficiency in planning in turn impinged on the financial management of the schemes and project which is conspicuously apparent in the persistent recurrence of savings in each successive years between 2006-11 revealing the departments incapacity to absorb funds released by GoI which is clearly reflected in the trend of rush of expenditure in the last quarter of the financial year, and worst still, leading to huge amounts being parked in PW Deposits. There were instances of splitting of sanctions contrary to the norms and guidelines laid down by the finance department. Cases of award of contract beyond the delegated powers also noticed during the review period. Diversion of funds to operations and maintenance revealed that the Department had digressed in its application of funds for purposes it was sanctioned thereby affecting vital programme elements like Water Quality measures, which has serious public health implications. There were cases of manpower remaining virtually idle during 2006-11 in the Ground Water and Quality Control Division arising out of the failure of the Department to plan and provide the requisite and laboratory equipment for the technical hands in position to work on is an obvious instance of inefficiencies in HR management.

3.1.23 Recommendations

- The annual action plan should cover rural schools and Anganwadi centres with need based approach.
- Budget estimate should be prepared on a realistic basis and provisions should be utilised optimally as estimated and planned.
- The Department should ensure prioritization of allocations for the completion of on-going schemes before taking up new schemes.
- Purchase should follow the sanction from the competent authority.
- Appropriate format should be devised and the execution of works should be monitored closely for expeditious completion of the schemes as scheduled.
- The Government may consider evaluation of the impact of various programmes/schemes to ensure that the benefit had percolated to the population it was intended for.