

CHAPTER – III : CCO-BASED AUDIT

3.1 RURAL WORKS DEPARTMENT

The Rural Works Department (RWD) is one of the major engineering departments in Arunachal Pradesh dealing with Rural Link Roads and Soil and Water Conservation. The RWD is also implementing Pradhan Mantri Gram Sadak Yojana, a centrally sponsored scheme of Ministry of Rural Development, Government of India.

There are 3880 villages in the State. As of March 2006, 628 villages were provided with road connectivity.. During 2006-2011, 240 more villages (20 from State Fund and 220 from PMGSY) were connected. The total number of villages connected up to 2011 was 866 (22.36 per cent). The remaining 3014 villages (77.64 per cent) are still unconnected till date (August 2011). A performance review of the functioning of the Department revealed that there was deficiency in planning and execution of schemes. Inadequate monitoring and internal control led to delay/non-completion of work.

Highlights

- *No comprehensive plan was in place in the State for connectivity. The state had no prospective plan and annual operative plans were prepared on the allocation made by the Planning Department.*

(Paragraph 3.1.8)

- *The Department under the Commissioner of Rural Works Department stated that as on April 2006, 628 villages (16.18 per cent) were connected by road (368 under State Fund and 260 under PMGSY) and 3254 villages (83.82 per cent) were still unconnected. Against this, on April 2011, 868 villages (22.36 per cent) were connected by road (388 under State Fund and, 480 under PMGSY) and 3014 villages (77.64 per cent) were still unconnected. In five years during 2006-11, a mere six per cent more villages were provided with road connectivity. No data on the length of roads were available.*

(Para - 3.1.7)

- *There was persistent savings both under Revenue and Capital section, which is indicative of poor budgeting and slow progress in execution of work by the department.*

(Para - 3.1.6)

- *No new work were taken up during the period 2006-10 under Roads and Bridges as well as Soil and Water Conservation schemes in State Plan. As of March 2011, 228 works pertaining to Road and Bridges and 246 Soil and Water Conservation works was remaining incomplete and majority of these works remaining incomplete since 2005-06 as no funds was provided for their completion.*

(Para - 3.1.9 and 3.1.10)

- *There were delays in completion of the projects leading to time and cost overruns. There were also several lapses in the execution of the work. Execution of sub-standard works was noticed in selected sample.*

(Para - 3.1.9.2, 3.1.9.3, 3.1.10.4, 3.1.11.1, 3.1.13.1 and 3.1.13.2)

- *Expenditure of ₹13.86 crore on three flood damaged roads in Seppa Division could not be vouched in Audit.*

(Para - 3.1.12 (iii))

- *₹ 18.79 crore meant for Soil and Water Conservation under Special Plan Assistance (SPA) was diverted for execution of rural road and bridges. ₹85.94 lakh spent on execution of a catchment area treatment project under SPA was rendered unfruitful due to execution of sub-standard work.*

(Para - 3.1.13)

- *Internal control system had several weaknesses exposing the Department to fraud and misappropriation.*

(Para - 3.1.8)

3.1.1 Introduction

The Rural Works Department (RWD) is one of the major engineering departments in Arunachal Pradesh dealing with Rural Link Roads and Soil and Water Conservation. In addition to these, various types of other works of other Departments like Agriculture, Horticulture, Animal Husbandry & Veterinary, etc. as and when assigned by the District Administration are also executed by the Department. The RWD is also implementing Pradhan Mantri Gram Sadak Yojana (PMGSY), a centrally sponsored scheme of Ministry of Rural Development, Government of India.

3.1.2 Organizational Structure

RWD functions under the overall guidance and supervision of the Commissioner, who is the Head of Department. The Chief Engineer, RWD, is the Nodal Officer responsible for implementation of Rural Link Roads and Bridges, Soil & Water Conservation and also functioning of State Land Use Board. The Chief Executive Officer (CEO) Arunachal Pradesh Rural Road Development Agency (ARRDA) is chief of the PMGSY programme and the Chief Engineer is the empowered Officer of ARRDA.

The Chief Engineer is assisted by the Superintending Surveyor of Works, Director of State Land Use Board (SLUB), Superintending Engineers and Senior Finance & Accounts Officer. There are four Superintending Engineers and under them, 15 Divisions headed by Executive Engineers, who are responsible for execution of works under the State Plan as well as PMGSY. There are four District Project Implementation Units for the execution of PMGSY works only. In addition there are three independent Soil Conservation Officers. The organization structure of the Department is as depicted in **Appendix-3.1.1**.

3.1.3 Audit Objectives

The objectives of Audit were to assess and evaluate whether

- planning was adequate
- there was compliance with State/MORD Guidelines
- funds allotted were utilized economically, effectively and efficiently for achieving the scheme objectives
- prescribed quality parameters were adhered to by the executing agencies
- there was adequate infrastructure (systems, manpower, etc.) to effectively implement and monitor the Projects
- there was any evaluation to ascertain the impact of the Programmes, and
- there was any monitoring and Internal Control System

3.1.4. Audit criteria

The CCO-based audit of the Department was benchmarked against the following audit criteria.

- Plan documents/Annual works programmes/Project reports;
- Guidelines for implementation of PMGSY programme;
- Guidelines of NABARD assisted projects; and
- Financial Rules and Regulations, etc.

3.1.5 Audit Methodology and Coverage

The Chief Controlling Officer (CCO) based audit was conducted from May to August, 2011. It covered the period from 2006-07 to 2010-11. The Offices of the Chief Engineer, RWD, Chief Executive Officer, ARRDA, two out of the four Superintending Engineers, four¹ out of the fifteen Divisions (covering five² out of 16 districts) and one out of three Soil Conservation Officer were selected on random statistical sampling without any substitution. An Entry Conference with the CEO, ARRDA and Officers of the Chief Engineer was held on 2nd June, 2011, where the Audit Objectives and criteria were discussed. The major audit findings were discussed with the department in an exit conference held on 25 October 2011. The Department's comment/replies have been incorporated in the Performance Audit Report wherever found relevant.

Audit Findings

Significant points noticed are discussed in the subsequent paragraphs

¹ Laaying-Yangte, Roing, Changlang and Seppa division

² Kurum Kumei, Lower Dibang Valley, Dibang Valley, Seppa and Changlang districts

3.1.6. Financial Management

Budgetary allocations to RWD are made under Grant No. 26. Audit observations of the budgetary allocations and their utilization revealed certain deficiencies in Financial Management, including poor budgeting and expenditure control. Details of allotment *vis-a-vis* expenditure incurred during 2006-11 are indicated in the following table:

Table No.: 3.1.1

(₹ in crore)

Year	Allotment		Total	Expenditure		Total	Savings(-) Excess (+)	
	Revenue	Capital		Revenue	Capital		Revenue	Capital
2006-07	31.57	12.06	43.63	31.38	11.96	43.34	(-)0.19	(-)0.10
2007-08	46.72	30.95	77.67	40.98	8.39	49.37	(-)5.74 (12.29)	(-)22.56 (72.89)
2008-09	135.34	86.67	222.01	121.67	78.39	200.06	(-)13.67 (10.10)	(-)8.28 (9.55)
2009-10	195.59	53.36	248.95	107.59	12.74	120.33	(-)88.00 (44.99)	(-)40.62 (76.12)
2010-11	159.57	88.57	248.14	157.72	88.57	246.29	(-)1.85 (1.16)	-
Total	568.79	271.61	840.40	459.34	200.05	659.39		

(Source: Appropriation Accounts)

Following aspects were noticed in the financial management:

- a) The State Government does not have a Budget Manual, and provisions of the General Financial Rules are followed for formulation of budget and other financial matters. Non-Plan Budget proposals are prepared by the Controlling Officer, i.e. the Chief Engineer, on receipt and compilation of inputs obtained from the Drawing and Disbursing Officers (DDOs) for onward transmission/submission to the State Finance Department in a Consolidated Form. In case of Plan Budget, the Annual Plan outlay is finalized in consultation with the State Planning Department. A review of the budget provision and expenditure for the past five years showed that the budgeting process required more attention in view of the persistent savings.
- b) Funds allotted for Capital Expenditure was only 32 *per cent* of the total allocation for the last five years.
- c) There were savings under both the Revenue and Capital sections of the Grant. While savings in the Capital Section was more than 70 *per cent* during the years 2007-08 and 2009-10, savings in the Revenue Section during the year 2009-10 was 45 *per cent*. This highlights the slower rate of execution of work,

resulting in underutilization of allotted funds and lack of a monitoring and reviewing mechanism at appropriate levels in the Department.

- d) Even the expenditure incurred during each year do not reflect the correct position as huge amounts were kept under Part V- Civil Deposit during these years as indicated in the following table.

Table No.: 3.1.2

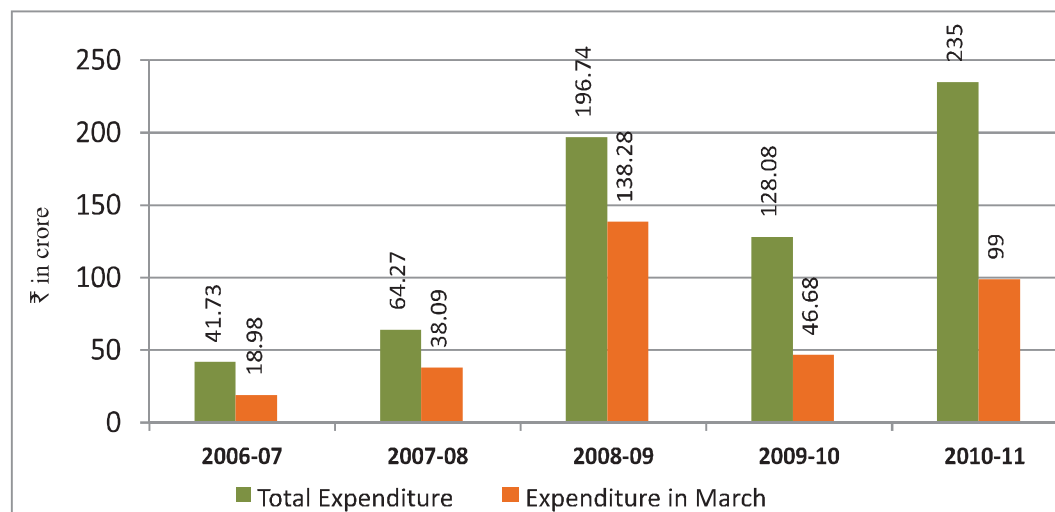
Year	Amount (₹ in core) (As percentage of total expenditure during the year)
2006-07	33.12 (76.42%)
2007-08	37.30 (75.55%)
2008-09	136.65 (68.30%)
2009-10	52.33 (43.49%)
2010-11	65.41 (27.75%)

(Source: Accounts of the Accountant General, Arunachal Pradesh)

3.1.6.1 Rush of Expenditure

Financial rules and discipline require that Government expenditure should be evenly phased over a financial year. This helps financial management and smooth execution of projects. Audit scrutiny revealed that 36 to 70 per cent of the total expenditure during 2006-11 was incurred in March as evident from Chart 3.1.1.

Chart No. 3.1.1



(Source: Departmental records)

The rush of expenditure, particularly in the closing month of the financial year, may lead to improper utilization of funds and should be avoided.

The Department stated in the exit conference (October 2011) that the rush of expenditure was due to late sanction of work at the end of the financial year.

3.1.6.2 Delay in Submission of Monthly Accounts and Deficiency in the Maintenance of Expenditure Control Register

The CEs exercised control over fund utilization by using monthly Letters of Credit (LOCs) against requirements of executing Divisions. Under the existing system, the CEs are required to compile monthly expenditure statements received from the executing Divisions and submit a monthly Consolidated Expenditure Statement to the Finance Department. Audit scrutiny, however, revealed that the Expenditure Control Register in the CE's Office was not maintained as per norms. The monthly accounts of Divisions should reach CE's Office by the 5th of the following month of transaction to enable the CCO to exercise his check with a view to control expenditure. Audit scrutiny revealed that none of the Divisions submitted their accounts on schedule as given in Table 3.1.3.

Four Divisions were regular defaulters and the delay in submission of their accounts ranged from 29 and 98 days as detailed below:-

Table No.: 3.1.3

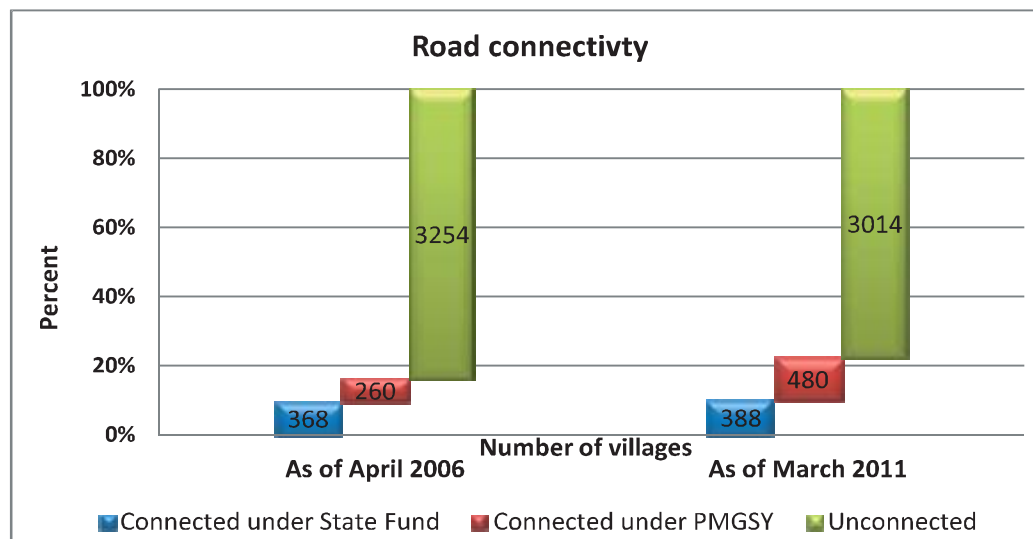
Name of Division	Delay (months)	Days	
		From	To
Tawang	7	38	78
Seppa	6	29	98
Daporijo	3	29	41
Yingkiong	2	39	69

(Source: Departmental records)

The delay in submission of monthly accounts may be avoided in future. The Department accepted the audit observation at the time of exit conference and assured action for timely submission of monthly accounts.

3.1.7 Road connectivity scenario.

As per the information provided by the CE, RWD, there are 3880 villages in the state of which 628 (368 from State Fund and 260 from PMGSY) were connected by road up to 2006. During 2006-2011, 240 more villages (20 out State Plan Fund and 220 under PMGSY programme) were given road connectivity. The total number of villages connected by road up to March 2011 was 866 and the remaining 3014 villages remained unconnected till date (August 2011).



(Source: Departmental records)

From the graph it can be seen that during five-year period (2006-11), percentage of villages connected by road has increased by merely six (from 16.13 per cent at the beginning of April 2006 to 22.37 per cent as of March 2011). This indicates that the State Government had not given due attention to provide proper communication which would have gone a long way in improving the economic standards of the people of the State.

Information furnished by four test-checked divisions, road connectivity provided in five districts under jurisdiction during 2006-11 was as follows.

Table No.: 3.1.4

District	No. of inhabited villages	Villages connected up to March 2006			Villages connected from io01/04/06 to 31/03/11			Total villages covered	Percentage of villages connected
		State Plan	PMGSY	Total	State Plan	PMGSY	Total		
Kurum Kumey	426	8	Nil	8	32	8	40	48	11.27
Lower Dibang Valley	127	16	Nil	16	2	2	4	20	15.75
Dibang Valley	100	14	Nil	14	4	0	4	18	18.00
Seppa	310	61	Nil	61	0	7	7	68	21.94
Changlang	338	157	16	173	0	18	18	191	56.51

(Source: Information furnished by four test checked divisions)

There is inconsistency in the information provided by CE, RWD and the Laaying Yangte division of Kurum Kumey, as the total number of villages in the State provided with road connectivity under State Plan during the period 2006-11 was 20 whereas as per information provided by the division, in Kurum Kumey district alone 32 villages were provided with road connectivity under State Plan during the same period. As such it is difficult to rely on the information provided.

3.1.8 Planning

Suitable planning is imperative to achieve the objective of a programme in a systematic and effective manner. Scrutiny of records showed that the Department did not prepare any Perspective Plan to achieve the mandate by breaking down targets into actionable schemes/programmes to be completed within a given time frame. The Department either centrally or at division-level has records indicating the actual length of road under its jurisdiction.

Suitable planning is all the more important as the Department undertakes rural developmental works like roads & bridges and soil & water conservation funded from different sources viz., State Plan, PMGSY, Additional Central Assistance, Special Plan Assistance and Rural Infrastructure Development Fund. In the absence of proper planning, there is a possibility for duplication of work leading to misappropriation; haphazard execution of work leading to delay in completion, abandonment of work midway, etc., resulting in wasteful expenditure, etc.

The Department prepared Annual Operative Plans (AOPs) on the allocation given by the Planning Department and approved by the State Planning Board. Role of the Commissioner in respect of approval of AOPs was not furnished even after several formal requests and personal interaction. The AOPs were prepared by the Division and submitted directly to the Chief Engineer. The Superintending Engineer had no role in the finalization of AOPs.

AOP prepared by the department provides only details in respect of number of roads to be taken up during the year from different source of funding and does not indicate the actual length of the roads to be constructed under each scheme/programme and even in a particular work planned for execution.

As per Annual Operative Plan (AOP) for 2010-11, as many as 402 Roads and Bridges and 345 Soil & Water Conservation Schemes taken up for execution between 1985-86 and 2003-04 remained incomplete as no funds were given for execution of these works since 2000. These schemes were in different stages of progress.

Execution of the schemes

Execution of works in the State under various schemes are discussed in the subsequent paragraphs.

3.1.9. Roads & Bridges under State Plan

As per Annual Operative Plan (AOP) for 2010-11, 402 Roads and Bridges, taken up for execution between 1985-86 and 2003-04 at an estimated cost of ₹ 5.28 crore and to be completed between 1997 and 2005, remained incomplete at the beginning of 2010-11. An amount of ₹ 37.05 crore was spent on their execution and progress of work ranged between 34 and 71 . An additional amount of ₹ 28.23 crore was required

to complete these works, However, only ₹ 11.13 crore was provided in the AOP for completion of 235 schemes. The year wise position of Roads and Bridges works executed during 2006-11 is shown below:

Table No.: 3.1.5

Year	OB	New works taken up	Works Completed	Balance incomplete works	Works transferred to other programme
2006-07	689	0	0	689	-
2007-08	689	0	0	689	-
2008-09	689	0	97	592	15
2009-10	577	0	31	546	144
2010-11	402	61	235*	228	-
Total works completed in 2006-11			363		

(Source: Information provided by the department * tentative figure)

As could be seen from the above table, as of March 2011, 228 works remained incomplete, of which 61 works were sanctioned during 2010-11 and remaining 167 works had been taken up for execution between 1985-86 and 2003-04 and not funded/partially funded during 2010-11.

Interesting points noticed in execution of works under taken by four test-checked divisions covering five districts are discussed in the following paragraphs.

3.1.9.1 Laaying-Yangte division

Laaying-Yangte division of RWD is responsible for execution of works in Kurum Kumey district. 42 works were taken up during 1985-86 to 1997-98 at an estimated cost of ₹ 4.23 crore, against which ₹ 2.28 crore were spent up to March 2010. Against the requirement of ₹ 1.95 crore for their completion, only ₹ 0.33 crore was provided to the Division for the completion of nine works mainly relating to wire rope suspension bridges (WRSB) and rural link roads (RLR). These works have been shown as actually completed.

Test check of records of the division in respect of twelve works of the 42 works taken up revealed that the division did not have any records relating to Estimates, Technical Sanctions (TS) and Material at Site Accounts. Of these, four works³ have been completed at a total cost of ₹ 0.74 crore and in remaining eight works ₹ 0.36 crore has been booked as expenditure but no progress in the work have been made as funds for

³

- (i) C/o of RLR from Leel to Yakitamlang
- (ii) C/o of RLR from Richi to Mange (Ph-I)
- (iii) C/o of RLR from PWD road to Radang
- (iv) c/o Security fencing and CC Steps from PWD road to RWD complex at Sangram

its completion was not provided. In the absence of relevant records it not certain whether these works were sanctioned at the first instance.

3.1.9.2 Roing Division

This division is responsible for execution of works in the districts of Dibang Valley and Lower Dibang Valley. ₹ 0.93 crore was spent up to March 2010 on execution of 28 works that were taken up during 1999 to 2000-01 at an estimated cost of ₹ 2.43 crore. Against the requirement of ₹ 1.50 crore to complete these works, only ₹ 0.65 crore was provided to the Division for the completion of 12 works, which claimed as completed.

Physical verification of two works revealed lapses in the execution work as depicted below.

Soiling and Metalling of RLR from Roing-Santipur PWD road to Meka Village	
No. and Date of sanction: April 2000 Estimated cost : ₹ 6.54 lakh Expenditure up to 2003-04: ₹ 5.17 lakh	Expenditure incurred in 2010-11: ₹ 1.37 lakh Work done: Soiling and Metalling
	
Audit finding:	<i>Though the work was shown as completed, soiling and metalling was not visible.</i>

Black Topping of RLR from Roing-Santipur Road to Ashali Village	
Date of Sanction: 1999-2000 Estimated Cost: ₹ 10.03 lakh Expenditure up to 03-04: ₹ 2.14 lakh	Expenditure incurred in 2010-11: ₹ 2.53 lakh Work Done: Water bound Macadam
	
Audit finding:	<i>No water-bound Macadam works has been carried out as claimed which is evident from the photograph</i>

3.1.9.3 Changlang Division

This division carries out the work in district of Changlang. As of March 2010, ₹ 84.03 lakh was spent on execution of 17 schemes that were taken up during 1992-93 to 1999-2000 at an estimated cost of ₹ 118.22 lakh. Against the requirement of ₹ 34.19 lakh to complete these works, only ₹ 20 lakh were provided to the Division for the completion of 15 works, which were shown as completed. Test-check of two works, viz., RLR from Diyum-Namsai Road to Innao-Chimai and RLR connecting Khagam-Singphoo to Phup Village with the existing Diyum-Deban Road revealed no deficiency.

During 2006-09, the Division incurred ₹ 1.25 crore for the maintenance of RLR under Manmao Sub-division. Further, during 2009-10, a sum of ₹ 50 lakh was incurred on maintenance of RLR by the Sub-division by diverting funds meant for Soil and Water Conservation works. However, the details regarding the RLR on which these amounts were spent were not on record.

3.1.9.4 Seppa Division

This division cover the district Seppa. As of March 2010, ₹ 203.82 lakh was spent on 28 works which were taken up during 1995-96 to 2003-04 at an estimated cost of ₹ 329.89 lakh. Against the requirement of ₹ 126.02 lakh to complete the works, only ₹ 70.10 lakh was provided to the Division for the completion of 22 works, which were

shown as complete. Physical verification of works was conducted by Audit. Findings of the physical verification is indicated below:

Name of Work: *Construction of Steel Bridge over Kamu Nalla to Seppa Pabua, including upstream training work*

Date of Sanction: March 1998

Date of completion: During 2010-11

Estimated Cost: ₹ 27.69 lakh

Expenditure: ₹ 27.69 lakh



Audit finding: Work completed and found to be satisfactory

Name of Work: *Soiling and Metalling of RLR from Seppa to Pabua*

Date of Sanction: December 1997

Expenditure incurred in 2010-11: ₹ 0.69 lakh

Estimated Cost: ₹ 15.50 lakh

Work Done: Preparation of sub-grade

Expenditure up to 1997: ₹ 14.81 lakh



Audit finding: Water accumulation on the road

3.1.9.5 Financial Progress without Physical Progress

In the Annual Operative Plan (AOP) for the year 2010-11, against 44 works estimated at a total cost of ₹ 5.72 crore, amount totalling ₹ 198.08 lakh was shown as financial progress. However, no physical progress was mentioned.

Test check of records of Roing Division revealed that

- An amount of ₹ 1.30 lakh was shown as spent on purchase of materials in respect of work 'Construction of WRSB over Kalaw River between Marango and Hunli Village (70 m)'. However, the materials were transferred to other works.
- Similarly, ₹ 6.74 lakh was shown as spent on purchase of materials in respect of work 'Construction of WRSB over Chini River between Desali and Mitika', however, these materials were transferred to other works.

Thus, the actual position of expenditure and physical progress was not correctly mentioned in the AOP.

3.1.10 Soil and Water Conservation

Land and water resources conservation and development are crucial for sustained agricultural production. The main objectives of the programme are:-

- a. Prevention of land degradation by adoption of multi-disciplinary integrated approach of Soil Conservation and Watershed Management in catchment areas.
- b. Improvement of land capability and moisture regime in the Watershed.
- c. Promotion of land use to match land capability.
- d. Prevention of soil loss from catchment areas to reduce siltation of multi-purpose reservoirs and to enhance moisture conservation and surface rain water storage in catchment areas to reduce flood peaks and volumes of run-off.

High priority was to be given to vegetative measures like afforestation, growing grasses and shrubs, agro-forestry, horticulture and plant fuel, fodder, timber and fruit tree species.

As per Annual Operative Plan for year 2010-11, 345 works were taken up between 1992-93 & 2004-05 at an estimated cost of ₹ 14.32 crore and were to be completed between 1994-95 and 2006-07. However, these works remained incomplete as of March 2010. An amount of ₹ 7.28 crore was spent on these works. Physical progress achieved ranged between 11 and 48 . ₹ 5.65 crore was required to complete these schemes. However, ₹ 4.62 crore was released.

An analysis of these works, further revealed that 82 of works (282 works) was for land protection by engineering method and the remaining 18 works were related to

vegetative plantation. High percentage of work by engineering method was contrary to the guidelines of Soil Conservation schemes which stipulated that high priority should be given to vegetative measures.

Position of Soil Conservation schemes as furnished by the Chief Engineer is as follows:

Table No: 3.1.6

Year	OB	Number of new works taken up	Number of works completed	Balance
2006-07	398	0	2	396
2007-08	396	0	4	392
2008-09	392	0	9	383
2009-10	383	0	5	378
2010-11	378	9	246	141

From the above table it could be seen that no new works were taken up during 2006-10 as no funds were provided for the purpose. Only 20 works that were remaining incomplete for long period were completed during this period. Only in 2010-11, 246 pending works were completed, leaving a total of 141 works incomplete which included nine works sanctioned in 2010-11.

3.1.10.1 Doubtful Expenditure

Test check of the records of the office of the Chief Engineer, RWD, revealed that during March 2007, the Soil Conservation Officer, Naharlagun, procured seedlings/budded plants for ₹ 13.61 lakh from 24 suppliers. Payments were released to them by the Chief Engineer Office in May 2010 after obtaining a certificate from Soil Conservation Officer, Naharlagun, that the seedlings were actually received by him.

Further, scrutiny revealed that seedlings so procured were shown to have been issued to site, but records relating to site preparation, pit digging, site of plantation, planting of trees, watering, etc. were not on record. The Plantation Journal for recording works executed at the plantation was also not maintained. Moreover, there was no physical verification report from any officer as to whether the seedlings/budded plants were surviving, fruiting, etc.

In view of the above, the entire amount of ₹ 13.61 lakh spent on purchase of seedling appear to be doubtful.

3.1.10.2 Expenditure in contravention of guidelines

The guidelines stressed on engagement of daily labourers for the execution of work and strictly prohibited engagement of contractors.

Test check of the records of the office of the Chief Engineer, RWD, revealed that in respect of work relating to 'Soil Conservation for enhancing productivity of degraded lands in the Dikrong catchment of micro water shed various jobs like drainage line treatment, contour trenching, gibbon, micro-watershed, vegetative line fencing, etc


were awarded to 31 contractors at a total cost of ₹ 16.25 lakh on work order basis between October 2006 and March 2007. Awarding the work to the contractors was gross violation of the conditions stipulated in the guidelines.

Further, it was seen that that Soil Conservation Officer, Naharlagun, had drawn entire amount of ₹ 16.25 lakh in cash as wages bills for labourers from the cashier of the Chief Engineer Office between August 2006 and February 2007, but the entire amount was shown as paid to the contractors by recording the work in the Measurement Book. The measurement so recorded did not indicate the exact location and nomenclature of works executed. As such doubt arises that whether these jobs were actually carried out.

Test check of eight works in three divisions (Roing - three; Changlang – three; and Seppa - two) revealed the following:

3.1.10.3 Roing Division

In Roing Division, three works selected for audit were in progress. However, a partial photo of one work (i.e. land protection work at Abango cultivation field for Jawa River) is shown below:

Land protection work at Abango cultivation field for Jawa River	
Date of Sanction: March 1995 Estimated Cost: ₹ 9.20 lakh	Expenditure incurred upto 2010-11: ₹ 8.20 lakh
	
<p><i>Audit finding: The spur guard wall constructed during 2010-11 at a cost of ₹1.72 lakh is partially damaged due to flood. Condition of work constructed up to 2002-03 at a cost of ₹ 6.48 lakh is also damaged</i></p>	

3.1.10.4 Changlang Division

Out of the three works selected for audit, two works were completed. Audit findings are listed below:

- Land protection work at Chatphung, near Tirap River at Longkang was sanctioned in December 1994 at an estimated cost of ₹ 3.99 lakh. An expenditure ₹ 2.39 lakh was incurred on the work up to March 2004, During 2010-11 only earthwork for ₹ 1.60 lakh was done and project was declared complete. Mere earthwork alone cannot protect the land.
- Soil Conservation Wing, Rupa, till 2005-06 did some soil conservation works like avenue plantation and soil survey works. However, from 2006-07, under Centrally Sponsored Scheme, 'River Valley Project/Flood Prone River (RVP/FPR)'/ 'Reclamation and development of Acid Soil (RADAS)' the wing took up number of schemes in 'Jia Bharali Catchment area'. as per the priority of All India Soil Survey and Land Use Planning, Government of India.

Fund allotted and expenditure incurred during 2006-11 were as follows:-

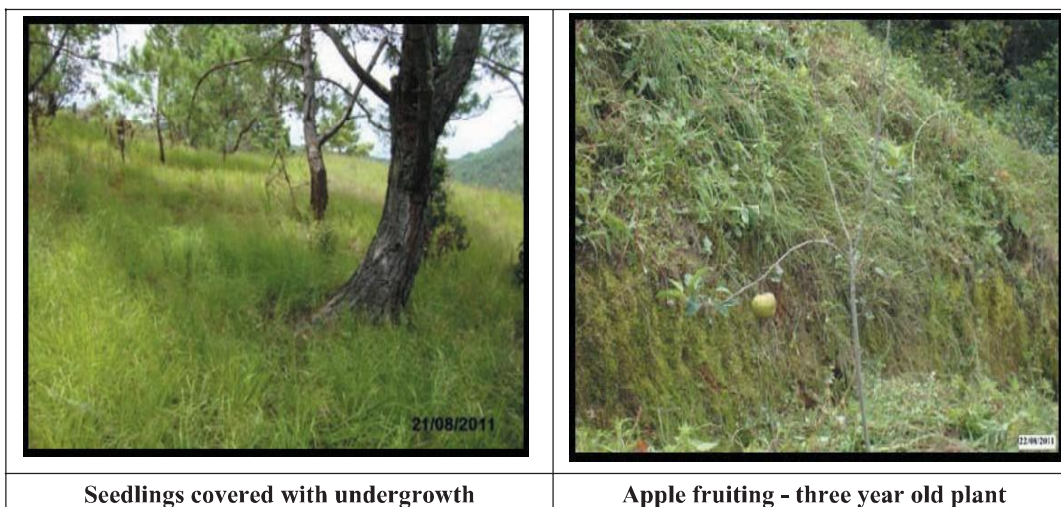
Table No: 3.1.7

(₹ in lakh)

Year	Allotment			Expenditure		
	Plan	Non-plan	Total	Plan	Non-plan	Total
2006-07	52.84	16.55	69.39	52.09	13.78	65.87
2007-08	168.24	14.40	182.64	165.82	11.55	177.37
2008-09	130.12	42.95	173.07	130.10	41.74	171.84
2009-10	164.24	104.40	268.64	164.22	30.87	195.09
2010-11	372.36	102.82	475.18	371.79	100.76	472.55

Out of the above mention amounts, expenditure of ₹ 33.00 lakh and ₹ 57.89 lakh was incurred for implementation of schemes in Tenga Village and New Bomdila and Pedung Village respectively. However, physical verification revealed that all the seedlings planted for both the schemes (viz., orange, mausambi, walnut, pear and apple) were covered by undergrowth as could seen from the following photographs.





As a result, there was high percentage of mortality and therefore, 57 per cent gap filling has to be carried out against norms of 10 per cent in schemes.

3.1.11 Rural Infrastructure Development Fund (RIDF)

There are six spill-over schemes under RIDF-X, out of which four schemes were completed in March 2009. Two more schemes were commenced during 2009-10 under RIDF XV. The details are shown below:

Table No: 3.1.8

(₹ in lakh)

Scheme	Date of commencement	Stipulated date of Completion	Estimated Cost	Expenditure.	Present Status
Construction of Bailey Steel Bridge over Pacha River in Seppa-Pabua-Jujudada Road at Ch. 4.80 km	2004-05	March '07	170.34	170.97	Work completed in March '09
Construction of Motorable Steel Truss Bridge over Dikrong River at Laptap Peach Hoj Village	2004-05	March '08	371.14	378.54	Work completed in March '09
Construction of RCC Cantiliver bridge over Dri river at Angrim valley	2004-05	March '08	213.92	219.22	In progress.
Construction of RCC Bridge over Kundil River in between Iduli and Kabang Village	2004-05	March '08	109.36	109.36	In progress
Construction of RCC Bridge over Denning Nallah	2004-05	March '07	39.50	39.50	Work completed in March '09
Construction of Steel Girder Bridge on Noglu-Chinan Road at Ch. 1020 m and 1224 m	2004-05	March '07	124	130.74	Work completed in March '09
Construction of Road from Hari Bridge Point to Watte	2009-10	March '12	400	165	In progress
Construction of Road from Papu Bridge to Gumtung	2009-10	March '12	400	165	In progress

Significant points noticed in execution of these works are discussed below:

3.1.11.1 Construction of RCC Bridge over Kundil River between Iduli and Kabang Village.

The work “*Construction of RCC Bridge over Kundil River between Iduli and Kabang Village,*” including River Training Works and approach filling was administratively approved at an estimated cost of ₹ 109.36 lakh and the work was to be completed by March 2008.

Test check revealed that between June 2005 and October 2006, two contractors carried out survey and soil investigation work and an expenditure of ₹ 5.95 lakh incurred. The consultants proposed a bridge span of 42 m instead of 31.40 m. Moreover, a pier with well foundation of 12.614 m was recommended instead of 6.78 m, as proposed in the Preliminary Estimate.

In order to economize the cost of construction of the foundation and to adopt a technically feasible super-structure, a steel bridge was proposed. A working estimate was prepared as per design submitted by the Consultancy Firm, with a view to keep the cost of the construction within the sanctioned amount. Tenders for the bridge were floated in November 2006 and bids were opened in December 2006. The Department then cancelled the tender in February 2007 and the work was executed on work order basis.

Excavation of the foundation started by awarding three work orders to a single contractor in February 2007 and the work was completed in March 2008. There is nothing on record as regards to the work carried out between April 2008 and March 2009. During the period from April 2009 to March 2010, works such as Gibon structures, abutments and erection of steel superstructures were executed by awarding 65 work orders to five contractors. The bridge was completed at an amount of ₹ 132.73 lakh including liability of ₹ 24.06 lakh.

It was further seen that the bridge was neither painted nor was a proper approach to the bridge made as evident from the following photograph.



Steel Bridge over Kundil River between Iduli and Kabang Village

A revised estimate for ₹ 216.13 lakh, with an additional amount of ₹ 106.77 lakh, was submitted to the NABARD, but the same has not yet been sanctioned (August 2011). As a result, the time overrun of 3 years and cost overrun of ₹ 106.77 lakh would have been reduced.

3.1.11.2 Construction of Steel Truss Bridge over Dri River at Anini

The construction of “RCC Cantilever Bridge over Dri River at Angrim Valley” was administratively approved in March 2005 at an estimated cost of ₹ 213.92 lakh. The work was to be completed by March 2008.

After sub-soil investigation by the Consultancy Firm in December 2005 (₹ 7.70 lakh was paid to them), there was a recommendation to increase the span of the bridge from 76 m to 81.50 m. Another firm had prepared the design of the superstructure between August 2006 and March 2007 at a cost of ₹ 1.65 lakh. In order to economize the cost of construction, a design for a steel truss bridge instead of a RCC Cantilever Bridge was proposed.

Tenders for the above bridge were floated in November 2006 and opened in December 2006. The tender was cancelled in February 2007 as the rates quoted by the bidders (number of bidders not mentioned) were not only above the tender amount, but the percentage of rates quoted above the tender amount was also absent.

The work commenced in April 2007 by issuing 77 work orders to seven contractors. An expenditure of ₹ 219.22 lakh has been incurred on the work (March 2009). The work remained incomplete. No further progress on work has been made till date (October 2011). Meantime, the Division had submitted a revised estimate (November 2007) for ₹ 388.65 lakh, but this was yet to be approved (August 2011).

Thus, even after lapse of more than three years of schedule date of completion and an expenditure of ₹ 219.22 lakh, the work remains incomplete and as a result the villagers of Angrim, Acheso and Dambin were deprived off connectivity.

3.1.12 Additional Central Assistance (ACA)

During the period 2006-11, an amount of ₹ 113.69 crore was provided under Additional Central Assistance for maintenance works under Rural Works and Reconstruction of damage of infrastructure by floods/natural calamities during 2005 (Phase I and II) and the entire amount was spent.

Scrutiny of work under taken in four test-checked divisions revealed the following.

- (i) Four works were under taken by Roing Division, an expenditure of ₹ 1.24 crore incurred and the works were executed as per specifications.
- (ii) In Changlang Division seven works were analyzed in detail. The status of the works was as follows:

Table No: 3.1.9

Sl. No.	Name of Work	Estimated Cost (₹ in lakh)	Date of commencement	Date of completion	Expenditure (₹ in lakh)
1.	RLR Miao-Jagun Road (MJ Road) to Kharsang	10.00	April 2009	May 2009	5.64
2.	MJ Road to Tibetan Refugee Camp	20.00	April 2009	May 2009	19.99
3.	RLR MJ Road to Palin	10.00	April 2009	April 2009	9.99
4.	Widening of RLR from Mammai to Kharsang	10.00	Not recorded		5.93
5.	Manmao to Hanalthand	10.00	Not recorded		10.00
6.	Restoration of RLR under Kharsang Sub-division (4 Roads)	39.96	March 2010	Sept 2011	35.36
7.	RLR from Chainage 4 km New Khandu to 5 km Khandu	10.00	Not recorded		10.00

- a) In respect of works undertaken at Sl. No 4 and 5 of the above table, the vouchers produced did not contain details regarding date of commencement and completion of work and further, no measurement book was made available to the audit.
- b) In the case of Miao-Jagun Road to Tibetan Refugee Camp, an amount of ₹ 19.37 lakh was spent for the same purpose from SPA. As such, the entire matter needs to be investigated.
- (iii) Scrutiny of records of Seppa Division revealed three works were executed in Phase I and II of 'Reconstruction of damaged infrastructure by flood and natural calamity during 2005'. However, these roads were taken up for construction under PMGSY Stage –II as discussed in the subsequent paragraphs
- Flood damaged road works for Link Road from BRTF Road to Veo were under taken under PMGSY Stage - II during the period 2010-11 and an amount of ₹ 4.75 lakh was incurred on it. However it is seen that this road was taken up for construction under PMGSY Stage - II in December 2007 and completed at a cost of ₹ 104.70 lakh in March, 2011. Thus, there is possibility of misappropriation of the funds and needs investigation.
 - An expenditure of ₹ 110.00 lakh was incurred between August 2010 and March 2011 in respect of flood damaged road works for Link Road from Seppa to Loffa. This road was constructed under PMGSY funds in 2006 at a cost of ₹ 2.68 crore, hence, not eligible under the reconstruction of the infrastructure damaged by flood during 2005. This requires investigation.
 - Like wise, an expenditure of ₹ 23.81 lakh was spent between November 2010 and January 2011 in connection with flood damaged road works for Link Road from PWD Pachi Road to Attarangsinghi. However, this road was constructed under PMGSY funds during 2007-09 at a cost of ₹ 201.70 lakh, hence, not eligible under the reconstruction of the infrastructure damaged by flood during 2005. This requires thorough investigation.

3.1.13 Special Plan Assistance (SPA)

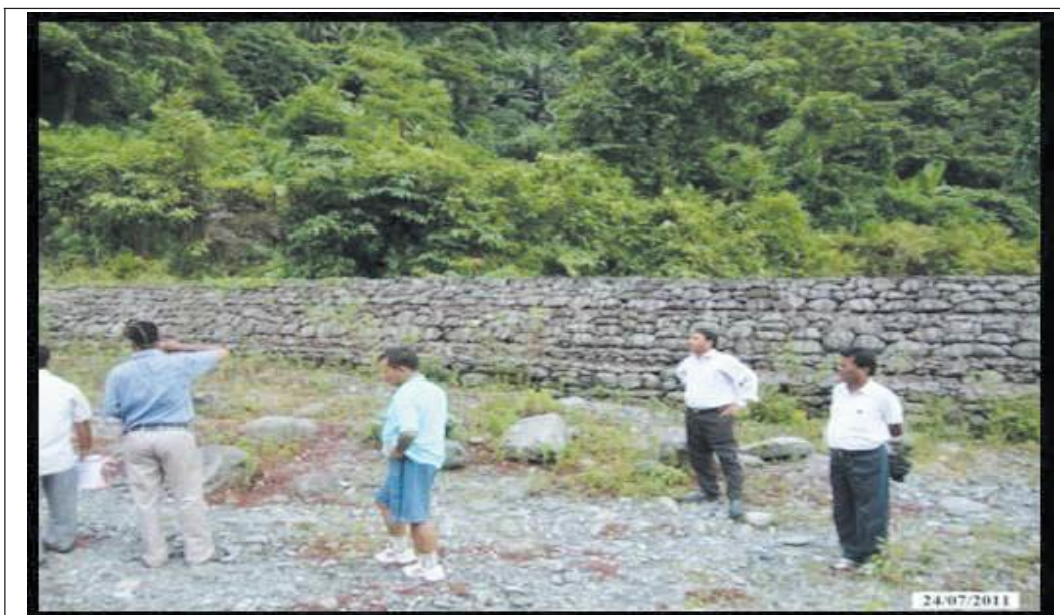
Under Special Plan Assistance, during 2006-10, a total amount of ₹ 125.29 crore was received from Government of India for execution of works relating to Rural Roads and Bridges and Soil Conservation.

69 Rural Roads and Bridges and 6 Soil Conservation schemes were executed and total expenditure incurred on them was ₹ 125.29 crore. However, it is seen that expenditure incurred on 15 schemes under Rural Roads and Bridges totaling to ₹ 18.79 crore was wrongly booked against Soil and Water Conservation (Plan).

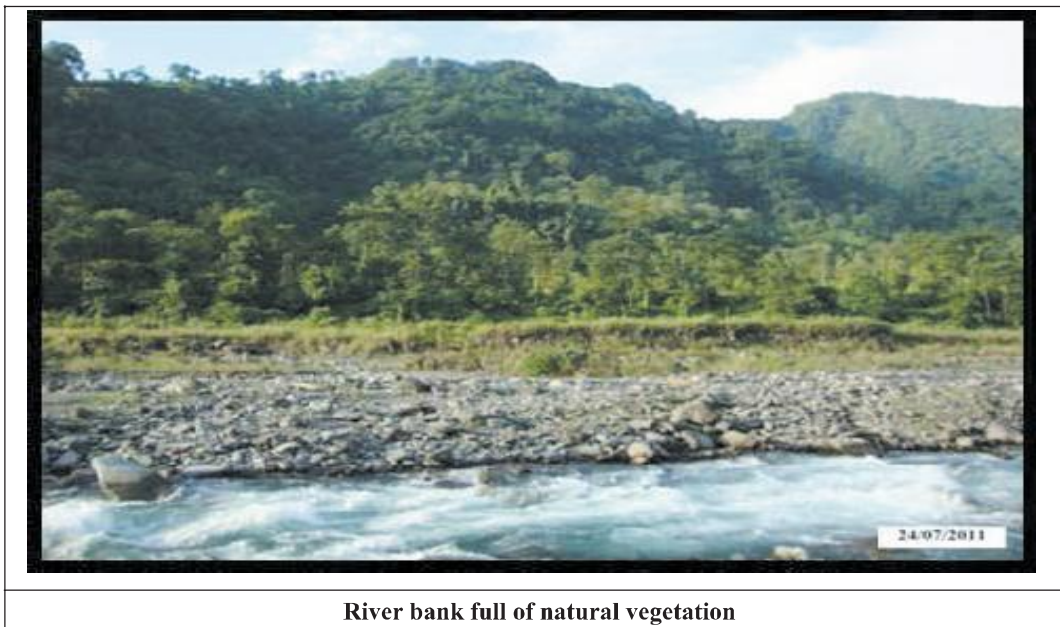
Significant points noticed in the execution of schemes under SPA which were checked in detail by Audit is discussed in the subsequent paragraphs.

3.1.13.1 Catchment Area Treatment of Deopani River

The work “*Catchment Area Treatment of Deopani River*” MHS Phase - I to protect Roing Township Water Supply Project under Lower Dibang Valley District, was administratively approved in July 2008 and was to be completed by March 2009. The work commenced in July 2008 and was completed in September 2008. The works executed by engineering method were spur, earthen embankment, percolation pond, etc. at a cost of ₹ 59.73 lakh; and by vegetative method were land development and plantation, brushwood check dam, fencing, page-wire fencing and nursery work of seeds and manure at a cost of ₹ 24.40 lakh. All the work done by engineering method was on the riverbed, which was found intact. However, the plantation created by vegetative method could not be located as the riverbank was full of natural vegetation as evident from the photographs.



Structure in river bed



3.1.13.2 Upper Catchment Area - Ehipani River at Roing

The work “*Upper Catchment Area Ehipani River*” was administratively approved in March, 2009 for ₹ 99.50 lakh and the work was to be completed by 31st March, 2010. The work commenced in 22/03/2009 and completed on 19/06/2009.

Test check revealed that the Department incurred ₹ 58.03 lakh towards apron, guide bund, check dam, etc., and ₹ 27.91 lakh was incurred for Vegetative Method.

However, third party monitoring and the evaluation report revealed that no quality control register was maintained, and no detailed feasibility survey was conducted.



Physical verification on 24th July 2011 revealed that the spur, apron, guide bund and check dam were broken due to use boulders of disproportionate sizes as evident from the photograph. Moreover, only around 20 seedlings could be seen at the time of physical verification.

Thus the entire expenditure ₹ 85.94 incurred on the scheme has been rendered fruitless.

3.1.13.3 Construction of RLR from Nampong to Sangwal Village of Changlang District

The work was administratively approved in March 2009 for ₹ 199 lakh against the estimated cost of ₹ 200 lakh. The stipulated date of completion was not mentioned either in the estimate or the administrative approval. The work commenced in November 2008 and was completed in March 2009 through 16 contractors by issuing 244 work orders. An amount of ₹ 194.20 lakh was paid to the contractors against the estimated provision of ₹ 194.18 lakh. However, it was seen that the estimate included excavation of 113990.95 cum of ordinary rock, and the rate allowed was ₹ 123 per cum, which included cost of blasting materials and wages of drillers.

As the excavation of ordinary rock does not require blasting materials and driller, hence, the inclusion of the cost of blasting materials and wages of drillers in the rate allowed was not in order, If the element of cost relating to blasting materials and wages of drillers is excluded the applicable rate works out to ₹ 100 per cum

The Department, thus, incurred excess expenditure of ₹ 26.22 lakh, being payment for excavation of 113990.95 cum of ordinary rock @ ₹ 123 per cum.

3.1.14 Pradhan Mantri Gram Sadak Yojana (PMGSY)

PMGSY was launched in December 2000 to provide all-weather access to unconnected habitations. PMGSY is a Centrally Sponsored Scheme fully funded by GoI. The primary objective of PMGSY is to provide connectivity by way of all weather roads with necessary culverts and cross drainage structures, operable throughout the year. In respect of Hill States, the objective is to connect habitations with a population of 250 and above.

Funds for cleared projects are made available to the State Rural Road Development Agency (SRRDA) in two instalments. The first instalment of 50 *per cent* and the release of the second instalment in a year was subject to the following main conditions:

- a. Utilization Certificate for funds released earlier;
- b. Certificate by Bank Manager indicating the balance on the date of the certificate and the interest credited; and
- c. Certificate regarding the requisite physical completion of works.

The State Government was to credit funds for maintenance to the Maintenance Account. The State Government was also to credit the Programme Account funds in order to meet work related expenses not found eligible to be funded under PMGSY, and to meet cost escalation, tender premium and other programme expenses which are the responsibility of the State Government.

In Arunachal Pradesh, Rural Works Department is nominated as the Nodal Department and Arunachal Pradesh Rural Road Development Agency receives the funds from the Union Government for implementation of the programme.

In drawing up the annual list of the road works, the District Panchayat was to ensure that the order of priority for new connectivity/upgradation was strictly followed. The only exceptions (in new connectivity links) from the order of priority are in respect of routes of the core network that include village panchayat headquarters, market centres, educational/medical institutions, essential services or those which stand notified by the State Government as places of tourist interest and places of strategic defence importance. These can be taken up irrespective of the population size.

The position of funds allotted and expenditure incurred during the period 2006-11 is indicated in the following table.

Table No: 3.1.10

(₹ in crore)

Year	Opening Balance	Funds Received	Total fund available	Funds Utilized	Closing Balance	Percentage of unspent fund during the year
2006-07	179.46	54.22	233.68	63.96	(-) 169.72	73
2007-08	169.72	102.03	271.75	136.62	(-) 135.13	50
2008-09	135.13	104.49	239.62	159.00	(-) 80.62	34
2009-10	80.62	282.51	363.13	251.13	(-) 112.00	31
2010-11	112.00	369.87	481.87	348.85	(-) 133.02	28

(Source: Information furnished by the Chief Engineer)

It can be seen from the above table that although amount of funds utilized during during the period 2006-11 has increased there was substantial unutilized funds at the end of each year.

Further, an amount of ₹ 10.18 crore was earned as interest from 2006-07 to 2010-11. Out of the interest, ₹ 3.00 crore was accorded (December 2008) for creation of a digital database for Rural Roads Planning in border areas of the state by procurement of hardware, software, etc. and engagement of consultants for preparation of DPR.

3.1.14.2 Execution of Work

The position of number of schemes taken up and completed during the period 2006-11 is indicated in the following table.

Table No: 3.1.11

Year	Opening balance	Number of Schemes taken up	Total number of schemes	Number of schemes Completed	Closing Balance
2006-07	66	43	109	13	96
2007-08	96	73	169	33	136
2008-09	136	104	240	31	209
2009-10	209	64	273	38	235
2010-11	235	46	281	67	214

(Source: Information furnished by the Chief Engineer)

As could be seen from the above table, at the beginning of 2006-07 there were 66 ongoing schemes and another 330 were taken up during 2006-11. Against this only 182 schemes were completed and the remaining 214 schemes are yet to be completed.

3.1.14.3 Finalization of Tenders

The Rural Works Department would invite tenders after the project proposals are cleared and technical sanction accorded,. There is a well established procedure for tendering through competitive bidding. The time allowed for finalization of a tender is 75 days from the date of clearance by Ministry.

In four test-checked divisions, no tenders were finalized by the divisions within the stipulated time of 75 days. There were delays ranging between 21 days to 125 days in finalization of tenders in respect of 34 works for which technical sanction was given as shown in the following table:

Table No. 3.1.12

Sl. No.	Division	No. of Works	Date of Technical Sanction (TS) between	Date of Work Order between	Time taken between T.S. and Work Order	Period of delay beyond permissible 75 days
1	Laaying-Yangte	7	Sep. 08 & Nov 08	27 Apr 09 & 01 Jul 09	159 and 228 days	84 to 153 days
2	Roing	2	30 May 07	17 Dec 07	200 days	125 days
		8	08 Jun 09	05 Nov 09	148 to 179 days	73 to 104 days
3	Changlang	3	10 Jul 07	09 Jan 08 & 01 Feb 08	183 to 205 days	92 to 130 days
		4	20 Oct 08	02 Feb 09 & 04 Feb 09	165 to 167 days	90 to 92 days
		3	24 Jul 09	04 Dec 09 & 29 Oct 10	96 to 147 days	21 to 72 days
4	Seppa	3	31 Jul 07	12 Dec 08	133 days	58 days
		1	18 Nov 08	23 Jul 09	247 days	172 days
		3	06 Jul 09	04 Jan 10 & 22 Feb 10	181 to 230 days	106 to 155 days

3.1.14.4 Non-maintenance of completed PMGSY Roads

It was seen in Audit that expenditure of ₹ 3.50 lakh incurred on maintenance of four ongoing works⁴ was booked (in March 2011) against “55 km Dambuk-Paglam Road to Keba Village” road which was completed in March 2007. This is not only irregular but also creates doubts whether such expenditure was incurred in first place.

⁴ 1. PMGSY Road from Old Abali to Injino
 2. m/o PMGSY Road under RWSD, Anini
 3. m/o PMGSY road from old Abali to Injino
 4. M/o PMGSY Road from Old Abali to Injino

3.1.14.6 Delay in Completion of Works

In 13 works in two test-checked divisions delay in issue of work orders ranging from two to 27 months was noticed as listed below

Table No: 3.1.13

Division	No. of Works	Year	Date of Technical Sanction	Date of Work Order	Stipulated Date of Completion	Date of Completion	Delay in Completion (months)
Seppa	4	2006-07	03 Jul 07	09 Dec 07 & 02 Dec 08	09 Dec 08 & 12 Dec 08	Mar 2010 & Mar 2011	15 27
				05 Mar 09	04/03/10	Mar. 2011	11
	1	2008-09	06/07/09	04/01/10	3/1/11	Feb. 2011	1
Changlang	2	2006-07	04/07/07	22/1/08 & 01/02/08	21/1/09 & 31/01/09	Mar. 2011	26
	2	2007-08	20/10/08 & 04/11/08	04/02/09	03/02/10	Nov. 2010	9
	2	2008-09	24/07/09	14/Dec/09	10/Dec/10 & 19/Dec/10	Mar. 2011 Mar. 2011	3 2

3.1.14.7. Works executed in violation of population norms

Koloriang - Nikja Road (catering population of 38) and Old Palin - Rakso Road (catering population of 72) were taken up in May 2009 at an estimated cost of ₹ 74.82 and ₹ 164.05 lakh respectively, in violation of the population norm of a minimum 250 habitation. Incidentally, these two places were neither place of tourist attraction nor were of strategic defence importance.

3.1.15 Monitoring

There is no centralized database of projects under execution or projects executed during the last 5 years, except for PMGSY, where monitoring was carried out by the EEs & AEs, and sometimes by the Superintending Engineer and Chief Engineer through field visits. There was also no monitoring of schemes undertaken under State Plan Schemes and Centrally Funded Schemes routed through the budget.

There was no Citizens' Charter of the Department. In case of Projects under State Plan, no milestones could be recorded due to uncertain flow of funds. Monitoring virtually was non-existence in the department.

3.1.16 Internal Control and vulnerability to fraud and corruption

The following major weaknesses were noticed in the Internal Control System of the Department, giving scope for malpractices, misappropriation of funds and embezzlement.

- i) Execution of works without calling for tenders
- ii) Award of works on single tender basis
- iii) Material-at-site Accounts not checked

Apart from the above following significant aspects showing inadequate Internal Control System were also noticed in audit.

- Physical verification in three Divisions showed that the cash balance was not recorded in the Cash Book. Reports on surprise checks were also not maintained. In Seppa Division, payments exceeding ₹ 10, 000 were made in cash in violation of the prescribed rules and regulation.
- The Commissioner (RWD) had no role to play in Internal Control through any vigilance mechanism.
- Due to lack of adequate Internal Control in Seppa Division, (minus) ₹ 35.27 lakh was lying in deposit Part – III, though regular accounts were submitted by the Division to the Chief Engineer's Office for verification.
- None of the Divisions were audited by the Internal Audit Wing of the Department during the period covered by audit.
- As per the CPWD Code, the SE is required to inspect the Divisions under his control at least once in a year. It was noticed that SE, Itanagar had never visited Laaying-Yangte Division in the last five years.
- Only positive aspect noticed was SE, Rupa, visited all the PMGSY works under his Circle.

3.1.16.1 Maintenance of MAS Accounts

Section 46.2 of the CPWD Works Manual provides that the Material-at-site Account, maintained by the JE for each work, should be checked at least twice a year and a certificate to the effect that materials procured for the work were actually utilized/issued to the work is to be recorded.

- In Laaying-Yangte Division, six WRSBs were sanctioned in 1996-97 and 1997-98 at an estimated cost of ₹ 67.10 lakh. An amount of ₹ 34.63 lakh was incurred on procurement of materials, but the MAS Accounts could not be traced.

- In Roing Division, in the work “*Upper Catchment Area Treatment on Ehipani River*” there was shortage of 485 kg. sausage wire. Material worth ₹ 0.57 lakh were lying in the site account of the work “*SPT Type Qtr. for Staff*”.
- In Seppa Division, not a single site account could be produced to audit.

3.1.17 Outstanding observations of previous years

121 Paras (Part II-A – 30 and Part II-B - 91) with a money value of ₹ 63.80 crore (Part II-A – ₹ 22.59 crore and Part II-B – ₹ 41.21 crore) issued between June 1984 and October 2010 are not settled till date.

3.1.18 Conclusion

The Government was not able to provide connectivity in a timely manner to a majority of the rural population of the State. Planning lacked purpose and direction. Project Management was weak, leading to delay in execution of works and projects, a large number of which remained incomplete for long periods. Tender processes, other than in PMGSY works, were not yet followed/introduced. Supervision and monitoring required strengthening. The Internal Control System was inadequate.

3.1.19 Recommendations

- The Department, in consultation with the Finance Department, should streamline the existing system to ensure that funds are available in time for smooth implementation of Programmes.
- On the basis of availability of resources, resources should be appropriately distributed between ongoing projects and new projects with emphasis on completing ongoing projects.
- Project monitoring at all levels should be streamlined and the implementation schedule should be enforced for timely completion of projects.
- Tendering of all works should be done as per rules prescribed by State Government.
- Work orders should be issued without undue delay after technical sanction is accorded.
- The Internal Control Mechanism should be strengthened.