

CHAPTER V
COMPLIANCE AUDIT
(PANCHAYAT RAJ INSTITUTIONS)

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COMPLIANCE AUDIT

Compliance Audit in six Panchayat Unions in Salem District on Provision of amenities to Panchayat Union Schools and five Panchayat Unions in Krishnagiri District under the administrative control of Rural Development and Panchayat Raj Department brought out instances of lapses in management of resources and failures in observance of regularity, propriety and economy. These have been presented in the succeeding paragraphs.

RURAL DEVELOPMENT AND PANCHAYAT RAJ DEPARTMENT

5.1 Provision of amenities to Panchayat Union Schools in Salem District

5.1.1 Introduction

Government of Tamil Nadu (GoTN) is implementing Tamil Nadu Village Habitations Improvement (THAI) Scheme to overcome the disparities in the developmental process and to ensure minimum basic infrastructure facilities to all habitations aiming at creation of urban standards in every village habitation. This scheme has been scheduled to be implemented for five years and every Village Panchayat (VP) would be taken up for implementation proportionately every year from 2011-12.

GoTN introduced (December 2011) Comprehensive School Infrastructure Development Scheme (CSIDS), a separate scheme, to provide all basic infrastructure facilities like new building, new/repair and renovation of kitchen sheds, toilets and water supply facilities in Panchayat Union Primary and Middle Schools. GoTN authorised Commissioner of Rural Development and Panchayat Raj (CRDPR) to deduct a sum of ₹ 100 crore every year from the State Finance Commission Grant share of Panchayat Unions (PUs) and District Panchayats (DPs) and to release the same to District Collectors who in turn reallocate the funds to Panchayat Unions to be released by the Project Director (PD), District Rural Development Agency (DRDA) for implementation of CSIDS. The scheme was implemented for the years 2011-12 and 2012-13.

5.1.2 Organisational set up

Principal Secretary, Rural Development and Panchayat Raj Department is the overall head at Government level. CRDPR is the Head of the Department. District Collector is the authority to accord administrative sanction for the works selected and to be executed under CSIDS. Block Development Officer (Block Panchayat) (BDO (BP)) is the executing authority at block level.

5.1.3 Scope, methodology and objective of Audit

Audit was conducted between July 2013 and September 2013 covering the period 2011-12 and 2012-13 in Salem District. Out of 20 PUs in Salem District, six¹ PUs were selected by random sampling. Out of 424 schools functioning in the selected PUs, 92 schools were covered under THAI scheme during 2011-12 (44 schools) and 2012-13 (48 schools) which were test-checked. One hundred and forty six works taken up in all 92 schools under CSIDS were checked (except seven works for which files were not produced to Audit) to assess whether (i) planning was adequate based on survey of schools and inspection of amenities required in the schools and (ii) the works were executed according to the proposals/needs without any delay.

5.1.4 Finance

GoTN sanctioned ₹ 100 crore each for the years 2011-12 and 2012-13 for implementation of CSIDS. Out of this, ₹ 2.74 crore and ₹ 4.72 crore were sanctioned for Salem District for the years 2011-12 and 2012-13 respectively.

5.1.5 Audit findings

5.1.5.1 Assessment of requirement

As per the guidelines for the years 2011-12 and 2012-13, a Selection Committee² should visit each and every school in the villages selected under THAI Scheme and list out the requirements of the schools and submit the recommendations to DRDA. The DRDA, in turn, selects the works to be executed and calls for detailed estimates from the BDOs (BP). On receipt of detailed estimates for the works from the BDOs, accompanied by the recommendations of the Selection Committee and photographs indicating inner and outer views of the school building, kitchen shed and toilet which are proposed to be taken up under CSIDS, District Collector accords administrative sanction and allots funds for execution of works. On receipt of administrative sanction and funds, BDOs execute the works.

Out of six PUs test-checked in audit, Selection Committees were formed in three PUs (Ayothiapattinam, Mecheri and Salem) and in other three PUs (Peddanaickenpalayam, Veerapandi and Yercaud), Selection Committees were not constituted as per the guidelines. However, in three PUs where Selection Committees were not constituted, BDOs and Union Engineers (UEs) of the PUs concerned visited the schools and assessed the needs and submitted recommendations to DRDA, Salem.

Test check by Audit revealed that the required amenities were not recommended by the Selection Committee, BDOs and UEs in the schools mentioned in the succeeding paragraphs.

¹ Ayothiapattinam, Mecheri, Peddanaickenpalayam, Salem, Veerapandi and Yercaud

² Selection Committee consists of Block Development Officer (Block Panchayat), Assistant Engineer (Rural Development)/Junior Engineer, Assistant Elementary Educational Officer concerned, Headmaster of the Panchayat Union School, President of the Village Panchayat and Panchayat Union Ward Member concerned for 2011-12 and Block Development Officer (Block Panchayat), Assistant Engineer (Rural Development) and Headmaster of the school concerned for 2012-13

(i) Inadequate provision of toilets

As per CSIDS guidelines, all PU schools should have adequate toilet facilities for boys and girls and construction of new toilets should be taken up based on the strength of students and number of possible staggered intervals of usage.

It was noticed that out of 92 schools in the selected PUs, only one toilet was available in each of the 48 schools (52 *per cent*) including eight middle schools to cater to the needs of 3,663 students of both boys (1,778) and girls (1,885) as listed in **Appendix 5.1**. Though the scheme guidelines provided for taking up construction of new toilets in the schools, this amenity was not provided to the above 48 schools. BDOs (BP) replied (September 2013) that action would be taken to provide amenities to the schools under General Fund subject to availability of funds.

(ii) Non-provision of incinerators

As per scheme guidelines, incinerators should be provided in the girls toilet located in the middle schools. There were 32 middle schools in the selected PUs and all those middle schools were functioning under co-education pattern. Though separate toilet facilities for boys and girls were available in 24 out of 32 middle schools, incinerators were provided only in six middle schools and in the eight middle schools where no separate toilet facilities for boys and girls were available, incinerators were provided in only one school. In all, out of 32 middle schools in the selected PUs, incinerators were not provided in 25 schools (78 *per cent*).

(iii) Non-selection of damaged kitchen sheds for renovation

As per the guidelines, new kitchen sheds should be constructed in those schools where they were not available and existing kitchen sheds which were in damaged condition should be repaired or renovated. Audit scrutiny revealed that though kitchen sheds were in damaged condition in five³ schools in Yercaud PU, they were not taken up for repairs or renovation under CSIDS during 2012-13. BDO (BP), Yercaud PU replied (September 2013) that the works would be executed in future out of General Funds.

5.1.5.2 Preparation of estimates for works

As per scheme guidelines, District Collector should accord administrative approval based on the detailed estimates submitted by BDOs along with recommendations of Selection Committee and photographs depicting repairs/renovation works to be taken up in school buildings, kitchen sheds and toilets.

(i) Non-preparation of estimates by a Panchayat Union

In Peddanaickenpalayam PU, 26 works were selected for implementation under CSIDS at a cost of ₹ 63.75 lakh during 2011-12. Though PD, DRDA, Salem instructed (April 2012) the BDOs in Salem District to prepare and submit estimates for the works selected by the Selection Committee for according administrative sanction, BDO of Peddanaickenpalayam PU did not

³ Middle School at Muluvi and Elementary Schools at Kothumuttal, Kottachedu, Mundagambadi and Senthittu

submit the detailed estimates and reason for the same was not furnished to Audit. As such, all the 26 works were not taken up in the schools located in Peddanaickenpalayam PU for the year 2011-12. Failure of the BDO (BP) in preparation of estimates and getting administrative sanction in 2011-12 itself resulted in non-achievement of objective of providing amenities to the schools despite availability of funds.

On this being pointed out, PD, DRDA, Salem replied (October 2013) that action taken against the BDO for non-submission of estimates would be intimated to Audit. Failure of PD, DRDA to monitor the utilisation of funds for the intended purpose also contributed to non-provision of amenities to the schools.

5.1.5.3 Execution of works

Basic aim of CSIDS was to provide all basic infrastructure facilities in PU Primary and Middle schools. As such, any deficiency in execution of works would result in deprivation of benefits to the students studying in those schools. Audit scrutiny revealed that there were deficiencies in execution of works as discussed below.

(i) Deficiencies in contract management

Audit scrutiny revealed that BDOs of the selected PUs did not ensure execution of agreements with the contractors within the stipulated time mentioned in work order during the period 2011-12 and 2012-13. The agreements were executed (i) on the day of passing final bills in respect of 27 cases in four PUs, (ii) after passing of final bills in one case in one PU and (iii) blank agreement was signed only by the BDO of the concerned PU in 10 cases in three PUs. This showed not only the non-adherence by BDOs to provision stipulated for executing agreements before commencement of the works, but also their failure to ensure collection of penal charges of ₹ 5.13 lakh as detailed in **Appendix 5.2** for belated execution of works.

BDOs replied (July, August and September 2013) that even though agreements were obtained from the contractors belatedly, there had not been serious violations of the conditions of contract and that, in future, the contract agreements would be obtained from the contractors as and when work orders are issued.

Work orders issued to successful contractors stipulated execution of agreement within seven days from the date of award of work and the work should be completed within the stipulated time mentioned in the work order, failing which penalty at the rate prescribed in the work order would be recovered. Out of 139 works scrutinised by Audit, there were delays of more than 100 days in respect of 75 cases (54 per cent) in completion of work during the years 2011-12 and 2012-13. Further, penalty at the rate of 10 per cent on the estimate value amounting to ₹ 5.13 lakh (**Appendix 5.2**) in respect of 43 cases for which penalty provision was included in the work order, was not levied. As no provision for levying penalty was included in the work order in respect of 32 cases, penalty could not be levied though there was a delay of more than 100 days in completion of work (**Appendix 5.3**).

(ii) Kitchen shed at unhealthy site

In PU Elementary School at Nagalur village of Yercaud PU, a kitchen shed was constructed (May 2013) at a cost of ₹ 3 lakh under CSIDS for 2011-12. During joint inspection (September 2013) along with department officials, it was noticed that a Veterinary Dispensary was functioning within school premises and the kitchen shed was constructed adjacent to the Veterinary Dispensary. Provision of kitchen shed near a Veterinary Dispensary would be detrimental to the health of the children studying in the school and taking food prepared in that kitchen shed may expose them to infections.



BDO, Yercaud PU stated (September 2013) that action would be taken to address the Assistant Director of Veterinary Hospital, Yercaud to vacate the dispensary early.

(iii) Defective repair works

Salem PU renovated (January 2013) two school buildings with tiled roofing at a cost of ₹ 2.60 lakh at Thirumalaigiri. It was noticed during joint inspection (September 2013) by Audit along with departmental officials that out of two renovated tiled buildings, one tiled building still remained unfit for conducting classes due to opening and leakage in the roof. The building could not be put to use due to defective repair works. BDO (BP), Salem PU replied (September 2013) that action would be taken to carry out the repair works.

5.1.6 Conclusion

Audit of implementation of Comprehensive School Infrastructure Development Scheme (CSIDS) in Salem District during 2011-12 and 2012-13 revealed that all basic amenities such as new building, new/repair and renovation of kitchen sheds, toilets and water supply facilities could not be provided to Panchayat Union Primary and Middle Schools located in the identified Village Panchayats as contemplated in CSIDS guidelines. The authorities failed to form Selection Committee, make recommendations based on scheme guidelines, execute contract agreement within the prescribed time and levy penal charges on contractors for delay in completion of works.

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

RURAL DEVELOPMENT AND PANCHAYAT RAJ DEPARTMENT

5.2 Unfruitful expenditure

BARGUR, HOSUR, THALLI, UTHANGARAI AND VEPPANAPALLI PANCHAYAT UNIONS

5.2.1 Unfruitful expenditure on installation of bio-mass gasifiers

Non-utilisation of bio-mass gasifiers due to non-availability of staff resulted in unfruitful expenditure of ₹ 35.67 lakh.

Bio-mass gasification is a process in which solid bio-mass i.e. organic materials of agricultural waste, crop residue, coconut fronds, fire wood, etc., are converted into gaseous form. Using the gas produced, it is possible to generate electricity and operate diesel engine on dual fuel mode. The process of gasification is done by a device called gasifier.

Government of India (GoI), Ministry of Non-conventional Energy Sources (MNES) provided subsidy up to ₹ 15,000 for installed capacity of each kilowatt (kW) of bio-mass gasifier system to the beneficiaries through Tamil Nadu Energy Development Agency (TEDA) for such installations in Tamil Nadu. The balance cost of bio-mass gasifiers and other expenditure towards construction of shed, providing electrical lines etc. for installing the gasifiers should be borne by the beneficiaries. The subsidy was released through TEDA in three instalments i.e. first instalment of 20 per cent without any condition; second instalment of 50 per cent on supply/receipt of equipment at site and third and final instalment of 30 per cent on erection and commissioning and after three months (or) 1,000 hours of trouble free operation of the whole system whichever was earlier. Further, GoI conditions for release of subsidy *inter alia* prescribed annual maintenance contract for five years after the guarantee period with the manufacturer/supplier and an undertaking by the beneficiary to keep the system operational at least for a period of ten years.

In Tamil Nadu, 60 gasifiers were installed in Village Panchayats (VPs) of 13 districts with GoI subsidy of ₹ 65.07 lakh during the period 2003-11 with necessary provisions for shed, electrical lines etc. In Krishnagiri District, eight gasifiers were installed in eight⁴ VPs of five Panchayat Unions⁵ during 2005-06 at a total cost of ₹ 35.67 lakh including cost of erection, with GoI subsidy of ₹ 6.88 lakh (64 per cent) received through TEDA. The balance of ₹ 3.92 lakh (36 per cent) was not received from MNES due to non-functioning of gasifiers.

Audit scrutiny (March 2013) revealed that based on the VPs' resolutions Project Director (PD), District Rural Development Agency (DRDA), Krishnagiri purchased eight gasifiers which were installed and commissioned

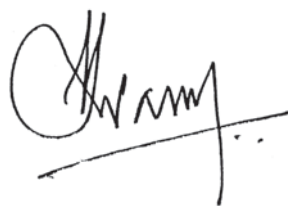
⁴ Belagondapalli, Chennasandiram, Jawalagiri, Kalugondapalli, Kundukottai, Nochipatti, Parandapalli and Zuzuwadi

⁵ Bargur, Hosur, Thalli, Uthangarai and Veppanapalli

between June 2005 and March 2006. The gasifiers were operated only for a period of two months after commissioning as trial run and thereafter they were not functioning till March 2013 due to break-down of equipment, improper load connection, lack of trained personnel etc.

PD, DRDA, Krishnagiri accepted the audit observation and attributed (October 2013) the reasons for non-functioning of gasifiers to non-availability of staff. Thus, expenditure of ₹ 35.67 lakh (**Appendix 5.4**) on installation of eight bio-mass gasifiers became unfruitful besides non-achievement of objective of utilisation of non-conventional energy sources.

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



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The 16 May 2014

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The 30 May 2014