

## CHAPTER V GENERAL SECTOR

### 5.1 Introduction

This Chapter of the Audit Report for the year ended 31 March 2014 deals with the findings on audit of the State Government units under General Sector.

The names of the State Government departments and the total budget allocation and expenditure of the State Government under General Sector during the year 2013-14 are given in the table below:

Table 5.1.1

(₹ in crore)

Sl. No.	Name of the Departments	Total Budget Allocation	Expenditure
1.	Home	41.05	39.59
2.	Judiciary	11.89	10.11
3.	Election	3.08	3.26
4.	Information and Public Relation	14.58	14.25
5.	Sports and Youth Affairs	20.22	15.82
6.	Printing and Stationery	6.81	7.02
7.	Public Service Commission	2.70	2.61
8.	Information Technology	7.19	7.07
9.	Police	265.74	246.76
10.	Vigilance	4.93	5.38
11.	Development Planning, Economic Reforms and North Eastern Council Affairs	33.06	25.18
12.	Personnel, Administrative Reforms and Training, Public Grievances, Career Options and Employment, Skill Development and Chief Minister's Self Employment Schemes	9.23	7.55
13.	Governor	5.75	5.75
14.	Legislature	13.87	14.29
15.	Science, Technology and Climate Change	1.99	1.99
16.	Law	5.02	4.97
17.	Land Revenue and Disaster Management	672.00	504.99
18.	State Excise (Abk)	6.39	6.41
19.	Finance, Revenue and Expenditure	1,086.74	758.92
20.	Parliamentary Affairs	1.09	1.08
	<b>Total</b>	<b>2,213.33</b>	<b>1,683</b>

Besides the above, the Central Government has been transferring a sizeable amount of funds directly to the implementing agencies under the General Sector to different departments of the State Government. The major transfers for implementation of flagship programmes of the Central Government are detailed below:

Table 5.1.2

(₹ in lakh)

Sl. No.	Name of the Department	Name of the Scheme/Programme	Implementing Agency	Funds transferred during the year
1.	Information and Public Relation	North Eastern Council	Directorate of Information and Public Relations, Sikkim	0.14
2.	Sports and Youth Affairs Department	National Programme for Youth and Adolescent Development General	Youth Development Society of Sikkim	1.17
3.	Information Technology	North Eastern Council	Centre for Research & Training in Informatics	100
4.	Police	Crime and Criminal Tracking Network and System (CCTNS)	Computerisation of Police Society (SK_COPS)	0
		Crime and Criminal Tracking Network and System (CCTNS)	Computerisation of Police Society (SK_COPS)	206
5.	Science, Technology and Climate Change	National Mission of Education through ICT	Sikkim State Council of Science & Technology	76.53
		State Science & Technology Programme	Sikkim State Council of Science & Technology	57.38
		Technology Development Programme	Sikkim State Council of Science & Technology	4
		Bioinformatics	Sikkim State Council of Science & Technology	11.91
		Environment Information Education and Awareness	Sikkim State Council of Science & Technology	30.52
6.	Land Revenue and Disaster Management	MPLAD scheme	District Collector East	1000.00
7.	Sikkim Information Commission	Propagation of RTI Act – Improving Transparency and Accountability	Sikkim Information Commission	3
<b>Total</b>				<b>1,429.36</b>

Source: Central Plan Scheme Monitoring System of the GOI.

## 5.2 Planning and conduct of Audit

Audit process starts with the assessment of risks faced by various departments of Government based on expenditure incurred, criticality/complexity of activities, level of delegated financial powers, assessment of overall internal controls, etc.

After completion of audit of each unit on a test-check basis, Inspection Reports containing audit findings are issued to the heads of the departments. The departments are to furnish replies to the audit findings within one month of receipt of the Inspection Reports. Whenever replies are received, audit findings are either settled based on reply/action taken or further action is required by the audited entities for compliance. Some of the important audit observations arising out of these Inspection Reports are processed for inclusion in the Audit Reports, which are submitted to the Governor of the State under Article 151 of the Constitution of India for laying on the table of the Legislature.

The test audits were conducted involving expenditure of ₹ 333.16 crore (including expenditure of ₹ 303.42 crore of previous years) (details of year-wise break-up is given in **Appendix 5.2.1**) of the State Government under General Sector. This Chapter contains

one Performance Audit on Water supply schemes funded under NLCPR and NEC and one Compliance Audit paragraph as given below:

### **DEVELOPMENT PLANNING, ECONOMIC REFORMS AND NORTH EASTERN COUNCIL AFFAIRS DEPARTMENT**

#### **5.3 Water supply projects funded under NLCPR and NEC**

*Sikkim was recognised as part of North-Eastern Region (NER) from April 1998 and got formally integrated in the NER during 2002. Accordingly, it started availing of the benefit of funding from Non-Lapsable Central Pool of Resources (NLCPR) from 1998-99 and North Eastern Council (NEC) from 2003-04. A number of infrastructural projects were constructed out of these funds in various sectors such as Roads and Bridges, Irrigation & Flood Control, Energy & Power, Human Resource Development, etc. The overall responsibility of managing NLCPR and NEC funds was vested with the Development Planning, Economic Reforms and North Eastern Council Affairs Department (DPERNECAD). The Projects relating to Water Supply Schemes were implemented by Water Security and Public Health Engineering Department (WSPHED) and Rural Management and Development Department (RMDD) for urban and rural areas respectively.*

*The Performance Audit of the Water Supply Projects funded under NLCPR and NEC for the period 2009-14 was carried out during April-July 2014. Results of Performance Audit disclosed that during 2009-14, the State had executed 23 projects (13 NLCPR and 10 NEC), of which 6 were completed and remaining 17 projects were in progress as of March 2014. Analysis revealed that due emphasis was not accorded to appropriate formulation of projects. Perspective plan had not been prepared. The concept papers in most cases were not submitted or were incomplete. Further, many DPRs were prepared without proper survey and investigation and without ensuring the availability of land for the projects leading to revision of estimates and time and cost overrun in some cases.*

*Analysis of financial management disclosed short release of matching share by the State Government owing to fund constraint in the State plan outlay; non utilisation of funds in time by the implementing departments; unrealistic preparation of budget estimates; unauthorised diversion of funds and excess expenditure. Similarly, analysis of project implementation revealed that in many cases, the Departments (WSPHED and RMDD) had not initiated the tender procedure on time leading to delay in commencement of work; cost escalations of the projects; avoidable expenditure and extension of undue benefit to the contractors. The Nodal Department had neither attached due importance to quality control nor initiated suitable measures to streamline the monitoring and evaluation system to ensure timely accrual of intended benefits from the projects.*

## Highlights

**The Implementing Departments (WSPHED and RMDD) as well as the Nodal Department (DPERNECAD) had not accorded due emphasis in formulation of projects based on critical assessment of infrastructural gaps in basic minimum services.**

**(Paragraph 5.3.7)**

**There were short releases of matching share of ₹ 6.27 crore by the State Government.**

**(Paragraphs 5.3.9.1)**

**There was unauthorised diversion of fund of ₹ 0.77 crore.**

**(Paragraphs 5.3.8 and 5.3.10.4)**

**A total of 17 projects were under implementation out of which 14 projects were behind schedule ranging between 1 and 72 months. The delay in completion of 6 (out of 23) projects ranged from 33 months to 52 months.**

**(Paragraph 5.3.10.2)**

**Quality control was not attached due importance by the Nodal as well as implementing departments.**

**(Paragraph 5.3.11)**

**Suitable measures to streamline the monitoring mechanism were not initiated by Nodal Department leading to change in scope of works, delayed completion of works, cost overruns, etc.**

**(Paragraph 5.3.12)**

### 5.3.1 Introduction

The 'Non-Lapsable Central Pool of Resources' (NLCPR) was constituted (December 1997) by GOI for facilitating speedy development of infrastructure in the North Eastern States by increasing the flow of budgetary financing for specific viable infrastructure projects/schemes in various sectors and to reduce critical gaps in the basic minimum services such as irrigation, power, roads and bridges, education, health, water supply and sanitation, etc. NEC funded projects were started later on with the objectives of balanced socio-economic development of the region. Sikkim was recognised as part of the North Eastern Region since April 1998 and formally integrated in the North Eastern Region during 2002. Accordingly, the benefit of funding from NLCPR and NEC was availed of by the State from 1998-99 and 2003-04 respectively.



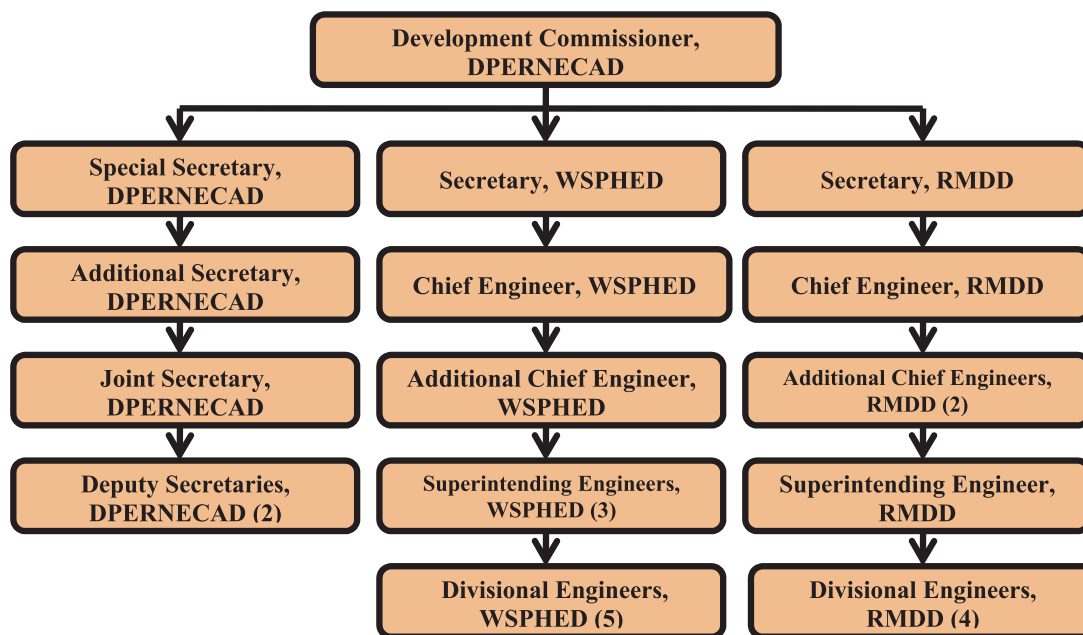
### 5.3.2 Organisation set-up

At the State level, the responsibility for implementation of NLCPR/NEC scheme was primarily vested with the Development, Planning, Economic Reforms and North Eastern Council Affairs Department (DPERNECAD) headed by the Development Commissioner who was assisted by a Special Secretary, Additional Secretary, Joint Secretary and Deputy Secretaries.

Projects relating to Water Supply were primarily implemented by Principal Chief Engineer-cum-Secretary, Water Security and Public Health Engineering Department (WSPHED) and Secretary, Rural Management and Development Department (RMDD). The responsibility for execution of individual projects within the departments rested with concerned Superintending Engineers who were assisted by Divisional Engineers and Assistant Engineers.

The organisational structure is depicted below:

Chart 5.3.1



### 5.3.3 Audit objective

The Performance Audit was carried out to ascertain whether the funding availed from NLCPR and NEC for Water Supply projects helped in ensuring availability of potable water to the targeted population in a timely manner.

In addition, the objectives of the PA were to assess whether:

- The mechanism in place for approval of the projects was strictly adhered to and appropriate checks applied at each stage, prior to approval and after release of funds;

- Adequate funds were released in a timely manner and utilised for specific purpose;
- Projects were executed efficiently and economically to achieve intended objectives;
- Impact of the scheme was analysed at various levels; and
- There was a mechanism for adequate and effective monitoring and evaluation of projects.

#### **5.3.4 Audit criteria**

The findings were benchmarked against the criteria obtained from the following documents:

- Scheme guidelines issued by Government of India;
- Instructions and circulars issued by DoNER, NEC and the State Government from time to time;
- Conditions and norms for release of funds;
- Detailed Project Reports;
- Sikkim Public Works Code and Manual;
- Sikkim Financial Rules; and
- Prescribed monitoring mechanism.

#### **5.3.5 Audit methodology**

The process of Performance Audit commenced with the preparation of guidelines for conduct of PA. Field audit began with letter of engagement (March 2014) to the Development Commissioner, DPERNECAD, followed by entry conference (April 2014) with the officers of the Nodal Department (DPERNECAD) and implementing departments (WSPHED and RMDD). Audit objectives, methodology, scope of audit and criteria were explained to the departments and their agreement obtained. This was followed by issue of requisition for records/data and questionnaire. Records/documents were examined and data analysis carried out. Physical verification of assets was conducted (June-July 2014) jointly by Audit and departmental officers to corroborate audit observations. Audit observations were issued to DPERNECAD, WSPHED and RMDD for their response. For generating executable recommendations, the exit conference was held (18 September 2014) with DPERNECAD, WSPHED and RMDD wherein the findings were discussed and report finalised after taking into account the views of the departments, duly incorporating the replies, wherever appropriate.

#### **5.3.6 Scope of audit and coverage**

The PA was carried out (April-July 2014) through test check of records in DPERNECAD, WSPHED and RMDD covering a period of five years (2009-14) for Water Supply projects financed under NLCPR and NEC. The projects for audit scrutiny were selected on the basis of two stage sampling. The sanctioned projects were segregated into two strata (NLCPR and NEC) in the first stage. In the second stage, projects were selected

through simple random sampling without replacement, applying random table. Out of 23 projects sanctioned, 16 projects were selected indicating 70 *per cent* of the total projects.

Besides, follow up of the recommendations incorporated in Comptroller and Auditor General's (CAG's) Audit Report on Government of Sikkim for the year ended 31 March 2008 and 31 March 2010 relating to NLCPR (1999-2008) and NEC (2003-10) respectively were also examined during the course of PA.

### Audit findings

The results of Audit are enumerated in the succeeding paragraphs.

#### 5.3.7 Planning and project formulation

##### *Audit objective-1*

*Mechanism in place for approval of the projects and application of appropriate checks at each stage, prior to approval and after release of funds.*

NLCPR guidelines (Para 4.1) envisaged submission of a perspective plan along with concept paper for drawing up of a priority list for the next financial year by the State Government, latest by 30 November, for availing funding under the scheme.

Audit examination revealed that:

- The implementing Department as well as Nodal Department had not initiated any action to prepare Perspective Plan during the period covered under the review (2009-14). Therefore, selection of projects for drawing priority lists from the perspective plan could not be done. The priority list, however, was forwarded by Nodal Department based on list of projects prepared sector-wise by implementing Department.
- The priority lists submitted by the State Government to the DoNER were forwarded belatedly in 15 (out of 23) cases test checked in Audit during the year 2009-14. The delay ranged between 23 days and 8 months. The priority lists were also devoid of detailed gap analysis of the proposed sector and justification for the list of projects for filling the gaps.
- According to the NLCPR guidelines (Para 4.1) concept papers for each of the projects incorporating the problem to be addressed through the projects, development objectives proposed to be achieved, benefits likely to accrue quantified in terms of population, environmental impact assessment and other parameters, issues relating to sustainability, operation and maintenance of assets after completion of projects. The other related issues were also required to be submitted to DoNER/NEC by State Government latest by 30 November every year.

Audit observed that concept papers were prepared project-wise for each sector and submitted annually to DoNER. The Concept papers were prepared perfunctorily in

15 cases as the important parameters such as problems to be addressed through the project, development objectives, sustainability, operation and maintenance were not incorporated therein.

The Department while accepting that the concept papers in earlier years were not as per the formats issued by DoNER, stated (August 2014) that the process had been improved in the recent year (2013-14).

#### **5.3.7.1 Defective preparation of DPRs**

NLCPR guidelines (Para-4.1(v)) envisaged upon the State Government for submission of Detailed Project Reports (DPRs) for all the projects. The DPRs should be accompanied by a socio-economic feasibility report, economic and technical viability, detailed technical specifications, project implementation and monitoring schedule through Critical Path Method (CPM) and Programme Evaluation and Review Technique (PERT) chart.

The DPRs submitted by the State Government were not accompanied by socio-economic feasibility reports, project implementation and monitoring schedule in 22 (including one DPR not furnished to audit) out of 23 works under execution by the departments. This led to delay in commencement of projects, unauthorised revision of projects and delay in completion of projects as detailed below:

#### **5.3.8 Project preparation**

The 22 DPRs (including one DPR not furnished to audit) out of 23 works under execution by the departments were not accompanied by socio-economic feasibility reports, project implementation and monitoring schedule and were also devoid of proper survey and investigation. As a result, six projects could be completed after delay of 33 to 52 months and 17 projects were in progress, of which 14 were behind the date of completion by 3 to 72 months. Out of 14 works in progress behind schedule, one project had not commenced (WSS Central Pandam) and one project was stalled (Water supply project to Makha Bazar). The details are shown in **Appendix 5.3.1**.

A few instances of such cases are given below:

##### **➤ Water supply projects at Central Pandam**

The RMDD initiated a project 'Augmentation of Central Pandam Water Supply scheme' in 2005 for ensuring regular and sustainable supply of potable drinking water for Central Pandam and its adjoining habitations. The Department invited tender (March 2005) for preparation of DPR of the project and awarded (November 2005) the work to M/s Archtech Consultant Pvt. Ltd., a Kolkata based consultancy firm for ₹ 96.50 lakh with stipulation to complete the DPR within nine months (August 2006). The consultant submitted (October 2008) the DPR of the project estimated at ₹ 21 crore and was paid ₹ 30 lakh<sup>1</sup>.

The State Government proposed (2008-09) to include the project under NLCPR and submitted (November 2008) the DPR for the project estimation at ₹ 21 crore to DoNER.

<sup>1</sup> Mobilisation advance (₹ 10 lakh in March 2006 and ₹ 20 lakh in October 2012).

The project envisaged drawing up water from Ritchu Khola situated along Pakyong Machong road for catering to the requirement of population of 5,434 persons in Central Pandam and its adjoining areas. The DoNER conveyed the financial approval (June 2009) for ₹ 20.50 crore (90:10 Central State sharing basis) with stipulation to complete the project by June 2012 and also released ₹ 6.33 crore for the project.

The RMDD invited (August 2009) tender for the work with estimated cost of ₹ 20.50 crore and awarded (April 2010) the work to the lowest bidder at ₹ 23.13 crore<sup>2</sup> with stipulation to complete within 24 months (March 2012). The revised estimated cost (₹ 23.13 crore) was approved (April 2010) by the State Cabinet. The Department incurred (December 2009) ₹ 3.62 crore towards procurement of GI pipes (7,628 metres) for the project.

Audit observed that the contractor had not commenced the work till January 2011 primarily owing to non-availability of clear site for laying pipelines. In the same month, the Department anticipated drying up of the water source, which was likely to affect adequate availability of water, especially during the lean period, and would not be sufficient to cater to the requirement of the targeted population. This was because of the fact that the WSPHED drew water from same source for another project 'Pakyong Water Supply' in 2010.

To obviate the situation, the Department carried out another survey (January 2011) incurring ₹ 3.90 lakh. Based on the survey, the Department was contemplating to modify the DPR. While the approval to the modified DPR was awaited, the project had not commenced as of June 2014. As a result, residents of Central Pandam and the adjoining areas were deprived of regular and sustainable supply of potable water.

#### ➤ ***Unauthorised revision of Rhenock Water supply project***

The Scheme 'Augmentation of Rhenock Water supply Scheme' was sanctioned (February 2008) by DoNER under NLCPR at an estimated cost of ₹ 16.27 crore with stipulation to complete the work by January 2010. The terms of sanction of DoNER stipulated strict implementation of the project through PERT and CPM. Changes in the scope of work, if any, were to be intimated to Central Public Health and Environmental Engineering Organisation (CPHEEO). The State Cabinet approved (July 2008) the proposal for execution of the project at an estimated cost of ₹ 16.27 crore.

Audit of records revealed that, the project was not completed within the stipulated date (January 2010) owing to failure of the Department to make available suitable land for laying pipelines due to objection from the land owners. The scope of work was revised (January 2010), after two years of sanction of the project, entailing substantial changes. The use of ductile iron pipes and galvanised iron pipes were changed into steel pipes, changes were brought about in the water treatment plant (WTP), reservoir, etc. Though the revised cost was kept within the original sanctioned cost through internal re-adjustment of the items of the work, intimation to CPHEEO and the funding agency

<sup>2</sup> Civil work (₹ 1,194.86 lakh+22 per cent above ₹ 1,457.73 lakh)+materials (₹ 768.41 lakh)+Miscellaneous expenditure (₹ 46.29 lakh)+Contingency (₹ 40.19 lakh) = ₹ 2,312.62 lakh.



(DoNER) was not sent and their approval was not obtained. CPM and PERT chart was not followed for ensuring effective and efficient project management.

Thus, there was delay in commencement of the project leading to delay in completion of project beyond the scheduled date of completion (January 2010) by four years. Besides the change of scope of work was unauthorised as approval from CPHEEO and DoNER was not obtained. Further, an amount of ₹ 25.72 lakh from the project was diverted and utilised towards overhauling and annual maintenance contract of Selep WTP at Gangtok. This was in contravention to NLCPR guidelines.

The Department informed (August 2014) that the work has since been completed and that the delay was not intentional but was beyond the control of the Department as the land owners were not willing to part with their land for laying of pipelines. The reply was indicative of the fact that availability of land was not ensured before taking up the project. Besides, change in the scope of work was not intimated to funding agency and CPHEEO.

➤ ***Change of Water Source for Dentam Water supply project***

The project 'Augmentation of Dentam Water supply Scheme' in West Sikkim was approved by NEC (January 2010) for ₹ 4.50 crore. The Department could not implement the project due to cost escalation between project conceptualisation (2008) and date of sanction (January 2010) by NEC. To supplement the project, NEC was approached and additional sanction of ₹ 2.13 crore was obtained (March 2011) as Phase –II.

The work was awarded (December 2011) to two agencies (M/s Dentam Women Labour Co-operative Society and M/s Dentam Educated Unemployed Co-operative Society) without inviting any tender on the recommendation of the Dentam Gram Panchayat at an estimated cost of ₹ 15.84 lakh and ₹ 1.30 crore respectively with the stipulation to complete by June 2013.

Audit of records revealed that due to land dispute with private land owners during execution of the project, intake source had to be shifted from Tindobaney khola (originally envisaged in the DPR) to Upper Mangmoo khola, indicating defective survey and deviation from the approved project. The work stipulated to be completed by June 2011 had not been completed till July 2014. As a result, benefits envisaged from the project were not forthcoming.

The Department accepted (August 2014) that the project was delayed due to land dispute and assured that delay would be minimised in future.

➤ ***Water Distribution network at Singtam***

Based on the proposal submitted by the State Government, GOI sanctioned (July 2010) a project 'Water Distribution network at Singtam' at an estimated cost of ₹ 21.05 crore under NLCPR. The Cabinet approved (November 2011) implementation of the project.

According to the approved project four zonal tanks had to be constructed for water reservoir. The Department had to forgo one reservoir tank due to land dispute with Human Resource Development Department, which led to a saving of ₹ 1.43 crore. The entire saving (₹ 1.43 crore) was proposed to be diverted and utilised for repair of water



treatment plant (old Central Water Reservoir (CWR), which was beyond scope of the project.

The Department stated (August 2014) that zonal tank could not be constructed in the absence of availability of suitable land and instead size of other zonal tanks were increased. Besides, there was a proposal for repairing of the old CWR to enhance its storage capacity.

Failure of the Department to arrange for suitable land, as envisaged in the DPR, indicated inadequate survey and investigation and consequent defective preparation of DPR.

➤ ***Less importance to capacity building***

Recognising the problems faced by the State Government in preparation of DPRs, the Ministry of DoNER organised capacity building training courses from time to time for imparting training to officers from various States.

Audit observed that DPERNECAD had not kept details of training programmes conducted by the Ministry, number of officers imparted training during 2009-14, utilisation of services of trained officers in project preparation works, etc. This indicated that adequate importance was not attached to training although this was important in view of deficient preparation of DPRs and to avail full benefits of project funded by DoNER/NEC.

### 5.3.9 Financial management

***Audit objective-2***

***Adequate funds were released in a timely manner and utilised for specific purposes.***

The NLCPR/NEC funded water supply projects were executed by WSPHED and RMDD for catering to the need of potable water to urban and rural population respectively. The funds released and expenditure thereagainst for the period 2009-14 are given below:

**Table 5.3.1**

(₹ in lakh)

Year	Opening balance	Fund released by		Total	Expenditure	Closing balance
		GOI	GOS			
NLCPR						
2009-10	-76.31*	1,278.06	71.67	1,273.42	1,072.64	200.78(16)
2010-11	200.78	829.45	29.15	1,059.38	686.62	372.76(35)
2011-12	372.76	757.78	00	1,130.54	1,739.95	- 609.41*
2012-13	- 609.41*	3,474.74	157.80	3023.13	1245.36	1,777.77 (59)
2013-14	1,777.77	00	00	1,777.77	841.09	936.68(53)
NEC						
2009-10	154.81	623.95	73.32	852.08	4,59.91	392.17(46)
2010-11	392.17	84.98	8.52	485.67	176.20	309.47(64)
2011-12	309.47	481.66	33.32	824.45	445.88	378.57(46)
2012-13	378.57	150.00	00	528.57	300.75	227.82(43)
2013-14	227.82	609.29	00	837.11	309.29	527.82(63)

Source: Information furnished by departments and Detailed Appropriation Accounts. The figures in the brackets represent percentage.

\* Reasons for the adverse balances could not be explained by the Department.

Analysis revealed the following:

### 5.3.9.1 Short release of funds by State Government

Guidelines and terms of sanction of NEC/NLCPR projects stipulated release of State share (10 per cent) by the State Government simultaneously with the release by DoNER. This was however, not complied with by the State Government as seen from the following table:

Table 5.3.2

(₹ in lakh)

Year	Funds released by GOI	Matching Share of the State	Funds released by GOS	Short (-)/ Excess(+) release
<b>NLCPR</b>				
2009-10	1,278.06	142.00	71.67	(-) 70.33
2010-11	829.45	92.16	29.15	(-) 63.01
2011-12	1,477.71	164.19	00	(-) 164.19
2012-13	3,474.74	386.08	157.82	(-) 228.26
2013-14	00	00	00	00
<b>Total</b>	<b>7,059.96</b>	<b>784.43</b>	<b>258.64</b>	<b>(-) 525.79</b>
<b>NEC</b>				
2009-10	623.95	69.33	73.32	(+) 3.99
2010-11	84.98	9.44	8.52	(-) 0.92
2011-12	481.66	53.52	33.32	(-) 20.20
2012-13	150.00	16.67	00	(-) 16.67
2013-14	609.29	67.70	00	(-) 67.70
<b>Total</b>	<b>1,949.88</b>	<b>216.66</b>	<b>115.16</b>	<b>(-) 101.50</b>

Source: Departmental figure.

It would be noticed from the above table that against the requirement of matching share of ₹ 10.01 crore for the years 2009-10 to 2013-14 (₹ 7.84 crore - NLCPR and ₹ 2.17 crore - NEC), only ₹ 3.74 crore (₹ 2.59 crore - NLCPR and 1.15 crore NEC) were released by the State Government resulting in short release of ₹ 6.27 crore (₹ 5.25 crore - NLCPR and ₹ 1.02 - NEC) by the State Government due to fund constraint in the State plan fund. This was not only in contravention to the guidelines, but also hampered the progress of the works.

### 5.3.9.2 Absence of supervision over release of funds to implementing Department

According to the NLCPR guidelines (Para 8.6), funds released from the Pool must be transmitted to implementing departments by the State Government within 15 days from the date of release of funds by GOI. A certificate to this effect was also to be sent to the DoNER by the State Planning Department (DPERNECAD).

The funds released by the DoNER/NEC are received by the Finance Department, which in turn, released the funds to implementing Department based on requisition received from the implementing departments and recommendations by DPNERCAD. It was observed that DPERNECAD had neither kept proper records indicating actual date of transfer of funds to the implementing departments (WSPHED and RMDD) nor furnished certificate to the DoNER that the funds had been transmitted to the implementing departments within 15 days of receipt of funds as required under the guidelines. This indicated absence of proper supervision over release of funds by the Nodal Department (DPERNECAD).

Examination of records relating to WSPHED revealed that against the GOI release of ₹ 13.76 crore as of March 2014, Finance Revenue, Expenditure Department (FRED) released only ₹ 3 crore, leaving a balance of ₹ 10.76 crore. The Nodal Department and implementing departments had not followed up vigorously with the Finance Department to obtain full funds released by GOI from FRED.

### 5.3.10 Project implementation

#### *Audit objective-3*

*Projects were executed efficiently and economically to achieve intended objectives.*

Project implementation is one of the most important activities for realising the benefits envisaged from the projects in a timely manner. The terms of sanction also stipulate expeditious completion of projects (usually ranging from 1 year to 3 years), effective monitoring of the execution so as to avoid time and cost overruns, etc. Audit noticed that the implementing departments and the Nodal Department had not ensured effective project implementation leading to delay in tendering process, non-completion of projects, abandonment of work by the contractors, deviation in the scope of works and excess procurement of pipes as indicated below.

The defects such as cost escalation and delay in completion of works, although highlighted in CAG's Audit Report, Government of Sikkim for the year ended 31 March 2008 and 31 March 2010 relating to NLCPR (1999-2008) and NEC (2003-10), continued unabated despite PAC's recommendations (March 2011).

#### **5.3.10.1 Tendering and award of work**

NLCPR guidelines (Para 7.1) require the implementing departments to award the works to the contractors within three months of sanction of the projects by the Ministry (even without waiting for the release of funds from the State Governments to implementing agency), after following appropriate tendering process through wide publicity in print media and websites.

Audit of records revealed that the WSPHED and RMDD failed to initiate the tender procedure on time leading to delay in award of works to the contractors. 17 (out of 23) projects were awarded belatedly recording a delay of one to 31 months. Audit of records revealed that the Department was submitting proposals to State Government through DPNERCAD and FRED for according approval to take up the execution of projects and financial sanctions. This was time consuming and led to delayed initiation of projects, which in turn also led to delayed completion of projects and cost escalation due to time overrun reflected in subsequent paragraphs.

#### **5.3.10.2 Delay in execution of works**

The status of projects as of April 2009, new projects sanctioned and completed during 2009-14 and projects remaining incomplete as of March 2014 are given below:

Table 5.3.3

Scheme	Projects as on 1 <sup>st</sup> April 2009	Projects sanctioned during 2009-14	Total	Projects completed during 2009-14	Projects incomplete on 31 March 2014
NLCPR	6	7	13	4	9
NEC	6	4	10	2	8

Source: Monthly & Quarterly Progress Reports furnished by the departments.

Water supply projects (23) funded under NEC (10 projects ₹ 38.79 crore) and NLCPR (13 projects ₹ 177.80 crore) involving ₹ 216.60 crore were under implementation by RMDD (NLCPR 4 ₹ 44.64 crore) and WSPHED (NLCPR 9 ₹ 133.16 crore and NEC 10 ₹ 38.79 crore) during 2009-14.

Six projects (out of 23) were completed recording a delay of 33 to 52 months. Out of remaining 17 projects under implementation as of March 2014, 14 projects were behind schedule from stipulated date of completion for 1 to 72 months. The physical progress of projects under implementation ranged between 13 and 98 *per cent* as of March 2014 as detailed in **Appendix 5.3.1**.

Audit noticed that reasons for delays in completion of the projects were non-finalisation of land, non-obtaining of forest clearance and fault on the part of contractors. The implementing departments indicated availability of land in the Detailed Project Reports, but in majority of the cases, land was not available for commencement of the works for the projects. In 6 cases (out of 16) test checked in Audit, land free from encumbrances was not available and disputes affected the progress of the work. Similarly, forest clearance in 8 (out of 16), were not obtained in advance despite the fact that 47.69 *per cent* of geographical area in Sikkim was under forest cover and accordingly, the majority of the water supply projects run through forest areas. In most cases (8 out of 16), the process of obtaining forest clearances was initiated only after the issue of work orders for execution, let alone prior to sanction and approval of the projects from the Ministry. In two cases, delay in execution was exclusively due to fault on the part of contractors.

Both the implementing departments as well as Nodal Department (DPERNECAD) had not initiated suitable steps to complete the projects within scheduled time. Nodal Department neither carried out mid-term review of the projects nor monitored the progress from time to time for ensuring expeditious completion. Non-completion / delayed completion of projects led to postponement of accrual of intended benefits from the projects even after spending ₹ 72.78 crore on those projects.

The Department stated (August 2014) that the matter regarding land acquisition was pursued vigorously at the grass root level and with the appropriate authorities. However, unintentional delays, could not be avoided. The reply was not acceptable as it was incumbent upon the Department to ensure availability of land beforehand for implementation of the projects (SPWD Manual Para-4.5).

#### 5.3.10.3 Water Supply Scheme to Jorethang Nagar Panchayat

Government of Sikkim, through WSPHED submitted (August 2009) DPR to DoNER for the project 'Augmentation of Water Supply Scheme to Newly Created Jorethang Nagar

Panchayat' in South Sikkim under NLCPR to cater to a population of 2,967. The DoNER accorded (March 2011) administrative approval for ₹ 9.53 crore for the project with cost sharing of 90 (GOI) and 10 (State Government) *per cent*. Till March 2014, DoNER released ₹ 2.46 crore towards the project. The project constituted nine components, of which civil work component with estimated cost of ₹ 2.92 crore was awarded (July 2013) to the contractor at 25 *per cent* above the estimated cost i.e. ₹ 3.65 crore.

Examination of records revealed that against the GOI's sanction of ₹ 2.58 crore towards 'laying of pipelines', the Department executed work of ₹ 1.45 crore, without any information to the funding agency (DoNER). The action of the Department was against the GOI's guidelines (Para 4.1) which expressly prohibited diversion of funds.

Physical verification by Audit alongwith departmental officers confirmed (July 2014) that the sedimentation tank II and zonal tank had not been constructed; Chowkidar's quarter and filter house, although required, to be constructed separately, were clubbed together; the execution of sedimentation tank I (₹ 8.65 lakh) was enhanced to ₹ 32.41 lakh by internal readjustment without obtaining approval of DoNER.

The Department stated (August 2014) that many things changed at ground level during the execution phase which brought about changes in the estimate. The Department always endeavoured to complete the project successfully within the sanctioned cost. The fact however, remained that the changes were not intimated to funding agency in GOI.

#### ***5.3.10.4 Augmentation of Kaluk-Rinchepong Water Supply Scheme***

The DoNER sanctioned (February 2004) 'Augmentation of the Kaluk-Rinchepong Water supply project' for ₹ 3.50 crore for catering to the requirement of drinking water to 13,330 people of Kaluk-Rinchenpong for a period of 25 years from the date of completion of the project.

The civil works portion of the project was awarded (March 2005) to three contractors with stipulation to complete within 12 months (February 2006). The project was completed belatedly (January 2010) at an expenditure of ₹ 3.46 crore due to slow pace of work by contractors.

Physical verification of the project by Audit in presence of departmental officers revealed (June 2014) that the project was non-functional in absence of rectification of defects caused due to frequent bursting of pipes in the difficult terrain. The project was not yielding any benefit to the public of Kaluk-Rinchenpong, who were in need of potable water, even after incurring ₹ 3.46 crore towards execution of the project. Besides, project funds of ₹ 50.96 lakh was diverted towards implementation of 'Geyzing Water Supply Project' which had not been recovered as of June 2014.

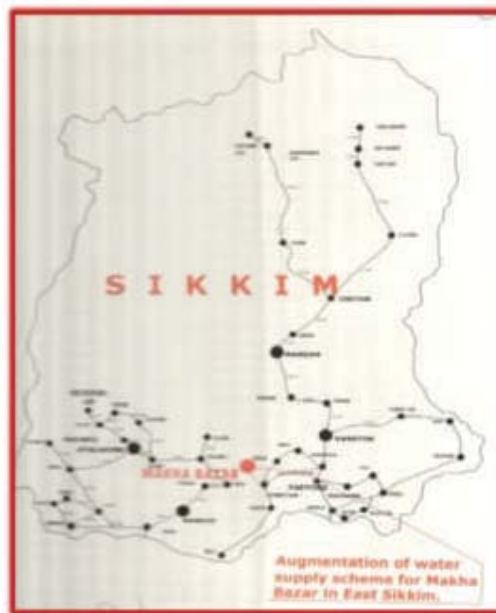
The Department stated (August 2014) that bursting of pipes occurred due to natural phenomenon in hilly states with young mountain and it was being resolved to make it operational.

The project however was not operational as of September 2014.



**5.3.10.5 Makha Bazar Water Supply Scheme.****Map 5.3.1**

The work 'Augmentation of Water Supply Project for Makha Bazar', East Sikkim was sanctioned (December 2011) by DoNER for ₹ 4.92 crore. ₹ 3.27 crore was released by DoNER as first (₹ 1.50 crore in December 2011) and second (₹ 1.77 crore in September 2013) instalments. The State Cabinet approved (April 2012) the project for implementation. The Project envisaged providing of 135 litre per capita per day of safe drinking water to 1,796 people of Makha bazar and surrounding areas drawing water from Rangsang khola, a perennial source situated at a distance of 9.10 km.



On the recommendation of Singbel Gram Panchayat, the civil work portion of the project with an estimated cost of ₹ 1.61 crore was awarded (September 2012) to Patuk-Singbel Civil Contractors Co-operative Society, Makha without inviting quotations with stipulation to complete within 24 months (August 2014). Mobilisation advance of ₹ 16.10 lakh was also released to the Co-operative Society. The contractor, after laying 4.5 km of pipelines (out of 9.10 km), between December 2012 and October 2013, stopped the execution of the project. The contractor represented to the Chief Minister (October 2013) and also to the Secretary, WSPHED (February 2014) requesting for cost escalation on the plea that the estimated cost was based on SOR-2006, which was not workable. The revision was not accepted (February 2014) by the Department.

**Image 5.3.1**

*Location at Rangsang Khola for construction of  
Intake tank*

**Image 5.3.2**

*Location at Rangsang Khola for construction of  
Sedimentation Tank*

Joint Physical verification of the project alongwith the departmental officers confirmed (June 2014) that the contractor had not carried out any work as of June 2014 except for laying of 4.5 km of pipelines.



Thus, slackness on the part of the contractor, coupled with the failure of the Department to ensure strict supervision and monitoring of the execution of the project led to stalling of the project and idling of fund of ₹ 3.27 crore released by the DoNER for almost two years, blocking of fund of ₹ 16.10 lakh released to contractor as interest free mobilisation advance and postponement of intended benefits from the project.

The Department stated (August 2014) that the work was monitored on monthly basis through monthly progress report. The contractor executed work wherever land was available. For the remaining stretches, the Department was pursuing with the District Collectorate for finalisation of assessment and acquisition of land to complete the work expeditiously within the sanctioned cost.

The reply is not acceptable as it was the responsibility of the Department to ensure availability of land beforehand for expeditious implementation of the project (SPWD Manual Para-4.5). Besides, the work was stopped by the contractor since October 2013 owing to demand for cost escalation.

#### **5.3.10.6 Water supply Project at Rapdentse, West Sikkim**

With a view to augment the supply of water to the rural populace of eight villages<sup>3</sup> of West Sikkim having total population of 12,661 (census 2001), the State Government approved (2003) the project for 'Construction of Water harvesting structure at Rabdentse' at an estimated cost of ₹ 3.26 crore. The work constituted civil works (₹ 2.63 crore), supply of materials and contingency (₹ 63.12 lakh). The Civil work was awarded (February 2004) to the contractor at 15 *per cent* above the estimated cost (₹ 2.63 crore) based on SOR-2002 with stipulation to complete by February 2005. The contractor was paid ₹ 30.25 lakh as mobilisation advance (₹ 14.75 lakh in March 2004 and ₹ 15.50 lakh in September 2004).

The contractor had not commenced the work as of March 2007, primarily owing to non-obtaining of forest clearance. The Department later submitted the project to DoNER for funding under NLCPR and obtained the sanction (July 2007) of the DoNER for ₹ 4.62 crore. The work was awarded (January 2008) to the same contractor without inviting fresh tender at enhanced estimated cost of ₹ 3.70 crore with stipulation to complete by July 2008. The project was physically completed in December 2013 after recording a delay of more than five years from the date of sanction of DoNER.

Audit observed that (i) the project was not entitled for funding under DoNER according to the scheme guidelines (Para-2.3) as it was initially approved for funding under the State Plan;

(ii) The work was awarded to the contractor without quotation in contravention of the SPW Code and the terms of sanction of the DoNER;

(iii) The Department had also released the TDR (₹ 8.50 lakh) before the financial closure of the project and recovered MA of ₹ 15 lakh as against ₹ 30.50 lakh as of June 2014, leading to extension of undue advantage to the contractor.

<sup>3</sup> Gyalshing, Singyang, Bhaluthang, Onglop, Omchung, Yangtey, Kyongsha, and Yangthang.

The RMDD stated (October 2014) that work which was primarily delayed owing to non-receipt of forest clearance, monsoon and construction of bird sanctuary in the same area by Forest Department, had since been physically completed (December 2013). The remaining MA of ₹ 15.50 lakh would be recovered from the contractor while releasing the final bill (₹ 24 lakh) which would be paid after the availability of fund.

#### ***5.3.10.7 Injudicious liability towards consultancy fees***

WSPHED engaged (December 2009) a consultant (M/s Empire High Tech Solution Pvt. Ltd., Ranipool, East Sikkim) for developing comprehensive Drinking Water Supply System for Namchi and its surrounding areas at 6 *per cent* of the estimated cost of the proposed project. The terms and conditions setting forth upper limit for estimated cost of the proposed DPR, its viability, etc. were not incorporated in the work order.

The consultancy firm submitted (November 2011) the DPR with an estimated cost of ₹ 94.67 crore for the project after carrying out survey and investigation and also submitted a bill for ₹ 5.68 crore of which ₹ 1.75 crore was released (March 2013) and payment for the remaining amount (₹ 3.93 crore) was under process for release. Audit noticed that DoNER approved the project only for ₹ 38.22 crore (out of ₹ 94.67 crore). Thus, payment to the consultant for ₹ 94.67 crore was unwarranted. Had the Department inserted appropriate clause in the work order, it would have saved ₹ 3.39 crore.

#### ***5.3.10.8 Abandonment of work by contractor***

Augmentation of Gyalshing Water Supply Scheme, estimated at ₹ 7.52 crore, was approved (February 2004) by DoNER. Civil work estimated at ₹ 1.08 crore, was put to tender (October 2004) and awarded (January 2005) to the contractor at 25 *per cent* above the estimated cost with stipulation to complete by August 2006.

Audit noticed that the contractor, after execution of 67 *per cent* of the work between January 2005 and December 2007, did not make any progress in the work. Time extension upto March 2008 also was allowed to the contractor. The contractor did neither resume the work despite several reminders, nor intimate reason for non-execution of work. Finally (December 2008), the contract was rescinded and the remaining work (₹ 35.93 lakh) executed departmentally.

Audit scrutiny revealed (June 2014) that the Department had not initiated any penal action against the contractor despite his negligence in completing the project within the stipulated time frame. The penalty for delay in completion amounting to ₹ 10.08 lakh was neither levied nor was the contractor blacklisted.

The Department stated (August 2014) that project complexities are sometimes beyond control and penal action on the contractor would have further delayed the project. The Department therefore, thought it to be prudent to complete the work with available resources and assured that such incidents would be avoided in future.

#### ***5.3.10.9 Realignment and strengthening of existing pipelines at Pakyong***

The Project 'Construction of Water Supply Scheme in Pakyong, East Sikkim' was sanctioned at an estimated cost of ₹ 9.83 crore by DoNER under NLCPR in December

2010. The Civil portion of work was awarded (March 2012) to the contractor for ₹ 5.62 crore with stipulation to complete by February 2014. As of March 2014, physical progress of the work stood at 66 *per cent* incurring ₹ 6.41 crore. According to the sanctioned approval by DoNER, the execution of project *inter alia* constituted realignment and strengthening of existing pipelines (₹ 62.45 lakh). During joint physical verification (June 2014) of project with Departmental officers, it was found that this particular item of work had not been carried out.

The Department stated (August 2014) that the realignment work would be taken up as per the requirement while laying the new pipelines at the stretches wherever required.

#### **5.3.10.10 Metering system at Melli Water Supply Scheme**

The work 'Augmentation of Melli Water Supply Scheme in South Sikkim' with an estimated cost of ₹ 8.72 crore was sanctioned (July 2011) by DoNER under NLCPR. The project *inter alia* envisaged installation of metering system at ₹ 66.68 lakh.

Scrutiny revealed that civil work (₹ 2.44 crore) was awarded (June 2012) to the contractor with stipulation to complete by December 2013 and a portion of civil work (₹ 71.33 lakh) was executed departmentally. As of June 2014, the Department had not initiated any action towards installation of metering system despite the fact that entire available fund was spent towards other components of the same work.

The Department stated (August 2014) that the metering would be done after completion of the project. However, the fact remains that available fund was spent on other works indicating that metering was not accorded due importance.

#### **5.3.10.11 Excess procurement of pipes**

The work 'Water Supply Scheme from Chakmakey and Ringyang' in West Sikkim was approved and sanctioned by the State Government (June 2003) at an estimated cost of ₹ 6.64 crore. The work was put to tender (November 2003) and awarded (March 2004) to a contractor at 30 *per cent* above the estimated cost with stipulation to complete by August 2005.

The contractor however, did not complete the work within the stipulated time primarily in the absence of forest clearance and the project was later converted (April 2008) for funding under NLCPR with revised estimated cost of ₹ 12.41 crore after incorporation of additional quantities, such as, new distribution lines, reservoirs, sedimentation and filtering tanks and allied works. The work was completed in August 2009 at an expenditure of ₹ 12.25 crore.

Audit of records revealed that against the total procurement of 19,860 mtr of 150 mm GI pipes (₹ 2.04 crore) for the project, 15,843 mtr GI pipes was utilised, leaving 4,026 mtr GI pipes (₹ 0.59 crore) unutilised, which indicated procurement of pipes without proper assessment.

### 5.3.11 Quality control

Quality control of potable water as well as the project execution was important to ensure reaping of timely and appropriate benefits from the projects. The position is reflected below:

#### *5.3.11.1 Quality control in the supply of portable water*

Drinking water regardless of its origin must be treated and tested to ensure its safety. World Health Organisation guidelines issued for drinking water quality also stressed upon supply of safe and quality water to the communities for protection of human health and well-being.

The implementing departments (WSPHED and RMDD) had not attached due importance to the quality aspect of the drinking water except one at Selep Water Treatment Plant, Gangtok, manned by only one Chemist Officer for assessing the quality of water. Non-testing of water and non- installation of water treatment plant is fraught with the risk of exposing the public of the area to health hazards.

#### *5.3.11.2 Quality control in execution of civil works*

In response to the CAG's Audit Report on Government of Sikkim for the year ended March 2008, the WSPHED had assured the Public Accounts Committee (PAC) for establishment of material testing laboratory at Adampool during 11<sup>th</sup> Plan period. The PAC, in turn, recommended (75<sup>th</sup> Report of February 2009) for establishment of material testing laboratory at the earliest. Audit noticed that the material testing laboratory was not established as of July 2014 despite PAC's recommendation and Department's assurance.

The Department stated (August 2014) that establishment of material testing laboratory was the priority of the Department and would be taken up once adequate budgetary support was available.

### 5.3.12 Monitoring and evaluation

#### *Audit objective-4*

#### *Mechanism for adequate and effective monitoring and evaluation of projects.*

The Nodal Department (DPERNECAD) and implementing departments had not initiated suitable measures to streamline the monitoring and evaluation system as would be evident from the following:

#### ➤ *Release of funds*

The DPERNECAD, despite being the nodal authority, for implementation of the programme, did not possess information about the release of funds by DoNER and NEC through FRED to the project implementing departments and expenditure incurred against it.

➤ ***Submission of returns***

The NLCPR guidelines (Para 8.1) stipulated submission of project-wise progress of implementation on a quarterly basis so as to reach DoNER within three weeks of the end of the quarter under report. In case of NEC projects, quarterly progress reports (QPR) and utilisation certificates (UC) were to reach NEC Secretariat, Shillong by 15<sup>th</sup> of next month following the end of quarter. However, it was seen in audit that implementing departments failed to submit the QPRs and UCs in time to the Nodal Department (DPERNECAD). The Nodal Department also consequently failed to submit the same to the Ministry of DoNER and NEC in time. The delay in forwarding of the QPR by the DPERNECAD in case of NLCPR projects ranged between 3 and 39 days and in case of NEC projects, delay ranged between 6 and 80 days.

➤ ***Field inspection***

The NLCPR guidelines (Para 8.6) stipulated that the monitoring and evaluation of implementation of the project shall also be undertaken through field inspections by officers of the Ministry of DoNER, as well as through impact studies, social audits and evaluations conducted by the Government or through independent agencies at the request of DoNER. However, only one inspection was conducted during the entire period of 2009-14.

➤ ***Lax periodical inspection by Nodal Department***

The State Government (Nodal Department) was required to carry out periodical inspection of projects and indicate the findings through separate and distinct sections in the quarterly review report. No such finding was found included in the quarterly review report indicating that no periodical inspection was ever carried out by the Nodal Department during 2009-14. Thus, the monitoring by Nodal Department was lax.

### **5.3.13 Transparency and publicity of information**

NLCPR guidelines (Para-10) require the implementing departments to ensure that the information about developmental schemes reaches the targeted beneficiaries. To ensure greater transparency and publicity of information, it was imperative to give wide publicity about the scheme in local media, display a sign board at project site and disseminate information through appropriate means to the public. Audit noticed that adequate steps were not initiated by WSPHED, RMDD and DPERNECAD as evidenced from the following:

➤ ***Wide publication not done***

Sikkim Financial Rules and SPW Code and Manual stipulated for wide publication through advertisement in local and national newspapers, at least one month before the date for submission of bids.

Test check revealed that the departments had not given wide publicity through advertisement in national newspapers in respect of any of the projects checked by audit. The advertisements were restricted to one or two local newspapers. Non-publication of



notice inviting tender (NIT) in national newspapers deprived the Government from availing the benefit of fair and competitive bids.

➤ **Display board at project site**

Display board at project site, immediately after sanction of the project, indicating the date of sanction of the project, likely date of completion, estimated cost of the project, source of funding, physical target, name of the contractor, etc. was not erected by the implementing departments in any of the projects except at 'Water Treatment Plant at Singtam'.

Similarly, permanent display at the site indicating funding agency, date of commencement/completion, cost involved and name of the contractor for identification of the projects were not seen in any of the 7 cases<sup>4</sup> physically verified (June 2014) by Audit alongwith departmental Officers.

#### 5.3.14 Impact studies

*Audit objective-5*

*Analysis of impact of the scheme at various levels.*

No impact study about the status of implementation had been carried out by any agency. The deficiency regarding convening of meetings at Chief Secretary level was pointed out in Audit Report (2008). However, no improvement was brought about. During 2009-14, quarterly meetings headed by the Chief Secretary, as stipulated in the scheme guidelines (Para 8.2) were not convened even once.

The Ministry on its part had also never deputed a representative from the Ministry for attending the quarterly review meetings of the State during 2009-14 despite stipulation in the guidelines. Thus, the spirit of the quarterly meetings to review the progress of implementation was not achieved. Timely review of the implementation status would have helped the implementing departments to improve the execution lacunae as pointed out in the preceding paragraphs.

#### 5.3.15 Conclusion

*The funding from NLCPR and NEC for water supply projects had helped in construction of a number of infrastructural projects in the State for making available potable water to the public. Performance Audit of implementation of projects over a five year period (2009-14) revealed that out of a total of 23 projects, only 6 (26 per cent) projects were completed and 17 (74 per cent) were under construction. The physical progress of incomplete projects ranged between 13 and 98 per cent till March 2014. The completed projects (6) also recorded a delay in completion ranging between 33 and 52 beyond the scheduled date of completion. Similarly, out of total funds of ₹ 86.64 crore released during 2009-14, ₹ 72.78 crore was incurred during the period as of March 2014. Out of*

4 (i) Namchi WSS; (ii) Jorethang WSS; (iii) Melli WSS; (iv) Pakyong WSS; (v) Rhenock WSS; (vi) Singtam WSS; (vii) Feeder Selep.



*₹ 72.78 crore spent, irregular diversion of ₹ 0.77 crore and undue benefits to contractors amounting to ₹ 0.38 crore were noticed in Audit. The closing balances, coupled with irregular excess expenditure and slow pace of implementation of projects indicated that the speedy development of infrastructure projects was not achieved to the desired extent.*

#### 5.3.16 Recommendations

The following recommendations are made:

- The land should invariably be arranged by the departments before finalisation of DPRs.
- Quality control mechanism should be strengthened to ensure availability of potable water and proper execution of works.
- Schedule of inspections should be drawn up and carried out.

### FINANCE, REVENUE AND EXPENDITURE DEPARTMENT

#### 5.4 Non-recovery of forfeited travelling allowance advances

**Non adherence to codal provisions by Drawing and Disbursing Officers resulted in non-recovery of forfeited travelling allowance advances of ₹ 1.25 crore.**

According to Rule 216 of Sikkim Financial Rules (SFR), the travelling allowance advances granted shall be adjusted immediately on the completion of the tour or by 31<sup>st</sup> March, whichever is earlier and the right of the Government servant to travelling allowance and daily allowances shall be forfeited or deemed to have been relinquished if the claim is not preferred within one year from the date on which the journey is completed. The advance so granted shall be recovered from his pay or any other dues in one instalment by the authority competent to sanction such advance.

Scrutiny of advance register(s) and other related records of 29 Departments revealed (June 2014) that travelling allowance advances aggregating ₹ 1.25 crore drawn and disbursed to various officers/officials during 1980-81 to 2012-13 remained to be adjusted/recovered as detailed at **Appendix 5.4.1**. It can be seen from the Appendix that Sikkim Legislative Assembly (₹ 73.92 lakh), Home Department (₹ 10.57 lakh) and Health Care, Human Service and Family Welfare Department (₹ 7.72 lakh) had the highest incidence of non-adjustment/non-recovery. As per extant rules, these amounts should have been forfeited and recovered as these amounts pertain to periods over one year. The age-wise analysis of pendency was as under:

Table 5.3.1

Sl. No.	Pendency (year of drawal)	Travelling allowance advances (₹)
A	More than one year and up to two years (2011-12 to 2012-13)	48,94,896
B	More than two years and up to five years (2009-10 to 2010-2011)	23,85,890
C	More than five years and up to ten years (2004-05 to 2008-09)	24,22,603
D	More than ten years (upto 2003-2004)	27,70,291
<b>Grand total</b>		<b>1,24,73,680</b>

The reason for non-adjustment/non-recovery after the due dates was not on record. Thus, non-discharging of the responsibility on the part of Drawing and Disbursing Officers led to non-adjustment/non-recovery of advances pending as far back as 1980-81. Further, the right of the Government servant to travelling advances and daily allowances stood forfeited in the above cases as the claims were not preferred within the stipulated period. While the advances so granted should have been recovered from their pay or any other dues in one instalment by the authority competent to sanction such advances, the same had not been effected as of July 2014.

The matter was referred to the concerned Departments (May 2014); their reply had not been received (October 2014).