

CHAPTER – I

SOCIAL SECTOR

CHAPTER-I

SOCIAL SECTOR

1.1 Introduction

This Chapter of the Audit Report for the year ended 31 March 2017 deals with the findings on audit of the State Government Departments under Social Sector.

During 2016-17, against a total budget provision of ₹ 2,760.58 crore, a total expenditure of ₹ 2,302.60 crore was incurred by 13 departments under the Social Sector. The department-wise details of budget provision and expenditure incurred there against are shown in Table-1.1.1.

Table-1.1.1:- Details of department-wise budget provision and expenditure

(₹ in crore)

Sl. No.	Name of the Department	Total Budget Allocation	Expenditure
1.	School Education	1044.30	998.06
2.	Higher and Technical Education	201.48	141.16
3.	Sports and Youth Services	28.75	24.26
4.	Art and Culture	12.09	10.76
5.	Medical and Public Health Services	573.63	399.95
6.	Water Supply and Sanitation	313.43	259.33
7.	Information and Public Relations	16.73	12.90
8.	Labour and Employment	31.25	15.01
9.	Social Welfare	192.66	164.29
10.	Disaster Management and Rehabilitation	20.94	12.56
11.	Local Administration Department	47.16	43.97
12.	Personnel & Administrative Reforms	3.25	2.65
13.	Urban Development and Poverty Alleviation	274.91	217.70
Total		2760.58	2302.60

Source: Appropriation Accounts, Government of Mizoram, 2016-17

Besides, the Central Government has been transferring a sizable amount of funds directly to the implementing agencies of the State Government for implementation of various programmes of the Central Government. During 2016-17, ₹ 72.05 crore was directly released to different implementing agencies under Social Sector. The details are shown in **Appendix-1.1.1**.

1.2 Planning and conduct of Audit

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

After completion of audit of each unit, Inspection Reports containing audit findings are issued to the Heads of the Departments. The Departments are requested to furnish replies to the audit findings within one month of receipt of the Inspection Reports. Audit findings are either settled or further action for compliance is advised whenever replies are received. The important audit observations arising out of these Inspection

Reports are processed for inclusion in the Audit Report. The Audit Report is submitted to the Governor of State under Article 151 of the Constitution of India.

During the year, an expenditure of ₹ 2,596.80 crore (including funds pertaining to previous years audited during year) of the State Government under Social Sector was test checked.

This Chapter contains findings on the performance audit of 'National Rural Drinking Water Programme' and two compliance audit paragraphs.

PERFORMANCE AUDIT

PUBLIC HEALTH ENGINEERING DEPARTMENT

1.3 Performance Audit on "National Rural Drinking Water Programme"

Highlights

National Rural Drinking Water Programme (NRDWP) was launched in April 2009 by the Government of India (GoI) to ensure delivery of safe and adequate drinking water to the rural population of the country. Ministry of Drinking Water and Sanitation (MDWS) implements the programme through state governments.

Highlights

Decentralised need-based and participatory plan through a bottom-up approach was not followed as water security plans at Village and District levels were not prepared.

(Paragraph 1.3.9.3)

The State Government released Central share of ₹ 59.56 crore to the implementing agency after delays ranging between one and 12 months during 2014-17.

(Paragraph 1.3.10.3)

An amount of ₹ 6.42 crore meant for 'Coverage', 'Sustainability' and 'Operation and Maintenance' components were utilised for inadmissible and irregular works.

(Paragraphs 1.3.10.4)

Against the goal to provide 55 litres per capita per day water to 5.23 lakh rural population by 2017, 1.08 lakh (21 per cent) rural population were covered.

(Paragraph 1.3.11.3)

The State could not achieve the target of providing individual household connection by 2017 as per Strategic Plan of the MDWS. All rural Government schools and *anganwadis* were not provided with safe drinking water facilities.

(Paragraphs 1.3.11.4 & 1.3.11.5)

The water quality testing laboratories were functioning with inadequate manpower and constrained capabilities to analyse mandated parameters.

(Paragraph 1.3.13 & 1.3.13.2)

Eight water treatment plants installed during August 2011 to December 2015 at a cost of ₹ 0.60 crore were non-operational.

(Paragraph 1.3.15.2)

Excess expenditure of ₹ 0.95 crore was incurred on construction of reservoirs due to wrong calculation of cost estimates.

(Paragraph 1.3.15.3)

The monitoring and evaluation mechanism and the Integrated Management Information System were inadequate.

(Paragraph 1.3.16 to 1.3.16.4)

1.3.1 Introduction

Government of India (GoI) had undertaken various programmes to provide safe drinking water to the rural masses since independence. The Government's first major intervention in the rural drinking water sector was through the Accelerated Rural Water Supply Programme (ARWSP) in 1972-73. The National Rural Drinking Water Programme (NRDWP) was launched in 2009 by modifying the ARWSP and subsuming earlier sub-missions and miscellaneous schemes. With the advent of 12th Five Year Plan (2012-17), NRDWP Guidelines were further updated (in 2013) with focus on piped water supply (PWS), increasing household tap connections and raising drinking water supply norms on a sustainable basis.

NRDWP was implemented under six components – 'Coverage', 'Water Quality', 'Operation & Maintenance', 'Sustainability', 'Support' and 'Water Quality Monitoring & Surveillance'. In the State of Mizoram, five components (except 'Water Quality') were implemented¹. Public Health Engineering Department (PHED) of Government of Mizoram (GoM) is the primary agency for executing rural water supply schemes under the NRDWP in the State. As on 31 March 2017, the Department is responsible for implementing the NRDWP across 708 villages with 738 habitations having a rural population of 5.23 lakh in the State².

1.3.2 Organisational set up

The Secretary to GoM is the administrative head of the PHED. The Secretary is assisted by an Engineer-in-Chief (E-in-C), two Chief Engineers (CEs), four Superintending Engineers (SEs) at circle level and 13 Executive Engineers (EEs) at division level.

1.3.3 Scope of audit

This Performance Audit (PA) covered the implementation of the NRDWP in the State during the period 2012-13 to 2016-17. The PA covered

- the office of the Engineer-in-Chief, PHED;
- two districts (Aizawl and Champhai) out of eight districts in the State;
- four out of eight blocks in Aizawl and Champhai districts;
- four out of six PHED divisions in Aizawl and Champhai districts;

¹ As per the Integrated Management Information System of the MDWS, there were no water quality affected habitations in Mizoram

² Out of a total population of 10.97 lakh in the State (Source: Census 2011)

- eight village councils (comprising a total of nine habitations) out of 94 village councils in the four selected blocks;
- examination of records of 56 schemes implemented under the NRDWP in Aizawl and Champhai districts during 2012-17 at a cost of ₹ 69.67 crore (out of 186 schemes implemented in the State at a cost of ₹ 149.32 crore during 2012-17);
- joint inspection by departmental and audit officials of 22 out of 56 schemes implemented in Aizawl and Champhai districts during 2012-17;
- a household beneficiary survey in eight selected village councils comprising of nine habitations (10 households from each habitation); and,
- data from Integrated Management Information System (IMIS) of the MDWS was also used to evaluate the performance of the NRDWP.

The details of the sample selection are given in **Table-1.3.1** and **Appendix-1.3.1**.

Table-1.3.1:-Details of samples covered in audit

	Districts	Divisions	Blocks	Village Councils	Habitations	Beneficiaries	NRDWP schemes
Selected	2	4	4	8	9	90	56
Total number	8 (in the state)	6 (in the two selected districts)	8 (in the two selected districts)	94 (in the four selected blocks)	9 (in the eight selected village councils)	1498 (in the nine selected habitations)	56 (in the four selected divisions)

Source: Departmental records and sample selection

1.3.4 Audit Objectives

The objectives of the PA were to ascertain whether:

- institutional mechanisms and planning processes were adequate;
- the fund management was economical and effective;
- the implementation of the NRDWP was effective and efficient; and,
- adequate and effective mechanism existed for monitoring and evaluation of the programme.

1.3.5 Audit Criteria

Audit criteria were drawn from:

- Guidelines of the NRDWP issued in 2009 and 2013; Strategic Plan, notifications, orders and circulars issued by the MDWS;
- Studies conducted by the Planning Commission (NITI Ayog) and other agencies;
- State Government orders relating to implementation of the NRDWP;
- Physical and financial progress reported under the IMIS available on website of the programme (<https://www.indiawater.gov.in>); and,
- NRDWP guidelines providing convergence with all other related programmes of GoI viz. MGNREGS (Department of Rural Development), National Afforestation Programme (Ministry of Environment and Forests), National

Projects for Repair, Restoration, Renovation of Water Bodies (Ministry of Water Resources), *etc.*

1.3.6 Audit methodology

The PA comprised of an entry conference (27 April 2017) with the PHED, requisition and examination of records, issue of audit observations, examination of response to audit observations, joint inspection of 22 NRDWP schemes executed in Aizawl and Champhai districts, issue of draft report to the Department and an exit conference (13 February 2018). The replies received and views expressed by the Department during the exit conference have been suitably incorporated in this PA wherever relevant.

1.3.7 Acknowledgement

We acknowledge the co-operation and assistance extended to us by the PHED during the conduct of this PA.

Audit Findings

The findings of the PA on the implementation of the NRDWP are discussed in the succeeding paragraphs.

1.3.8 Institutional mechanism for implementation of the programme

To strengthen and restructure the existing institutional mechanism and make it responsive to the needs of the community, the NRDWP Guidelines (2009) issued by the MDWS, prescribed the following institutions at the State, District, Block and Village levels to be constituted.

1.3.8.1 State Water and Sanitation Mission (SWSM)

As per paragraph 12.4 of the NRDWP Guidelines (2009), each State was required to constitute a SWSM³. The responsibilities of the SWSM include providing policy guidance, co-ordination with other government departments and other partners, monitoring and evaluation of physical and financial performance of schemes and maintaining the accounts for programmes and support funds, *etc.* The SWSM was required to have one meeting in every quarter and not less than four meetings in a year.

It was observed that the GoM had constituted the SWSM in May 2009 headed by the Principal Secretary, PHED. However, no meeting of the SWSM was held during 2012-17. This state of affairs implied that the implementation of NRDWP schemes in the State was bereft of any policy guidance and monitoring and evaluation of the programme fell short of the level as envisaged in the NRDWP guidelines.

1.3.8.2 State Level Scheme Sanctioning Committee (SLSSC)

As per paragraph 12.4 of the NRDWP Guidelines (2009), a SLSSC was required to be constituted in the State under the Chairmanship of the Secretary, PHED with a representative of the MDWS for approval of Annual Action Plans (AAPs), sanction of

³ To be headed by the Chief Secretary with Secretaries in-charge of PHED, Rural Development, Panchayati Raj, Finance, Health, Education, Women and Child Development, Water Resources, Agriculture, Information and Public Relations as members

new schemes and monitoring the progress of on-going schemes. The Committee was to meet at least twice in a year.

Though, the SLSSC was constituted in October 2009, it was observed that during 2012-17, its role was confined only to approval of AAPs and sanctioning of projects. It did not monitor/review the progress of on-going schemes or the performance/functioning of the commissioned schemes. Further, the Committee met only on five occasions during 2012-17 as against the required 10 meetings.

1.3.8.3 Source Finding Committee (SFC)

As per Annexure VII of the NRDWP Guidelines (2009), the schemes submitted for approval to SLSSC should be cleared by the SFC. The Committee was responsible to review functioning/ performance of existing water supply schemes for availability of potable drinking water in adequate quantity in the rural habitations.

As of May 2018, the SFC had not been constituted in the State.

1.3.8.4 State Technical Agency (STA)

As per paragraph 12.4 of the NRDWP Guidelines (2009), the SWSM in consultation with the MDWS was required to identify a reputed technical institution to be designated as the STA to provide technical support to the implementing Department for designing/preparation of AAPs and scientific and cost effective rural water supply schemes.

As of May 2018, no technical institution was designated by the State Government as STA. Instead, a STA was constituted (November 2009) with the Joint Secretary, PHED as Officer-in-Charge and six other members⁴ including a representative from the All India Institute of Hygiene and Public Health, Kolkata which was responsible to engage technical experts for scrutinising projects.

No technical experts was engaged by the STA during 2012-17. It was further observed that the STA on its own scrutinised and approved 31 out of 106 Detailed Project Reports (DPRs) in a meeting held in July 2013.

1.3.8.5 Water and Sanitation Support Organisation (WSSO)

As per paragraph 12.4 of the NRDWP Guidelines (2009), the State Government was required to set up a WSSO under the SWSM to deal with Water Quality, Monitoring & Surveillance (WQMS), Management Information System (MIS)/ computerisation, online monitoring, Information, Education & Communication (IEC), Human Resource Development (HRD), Research and Development (R&D), etc. The WSSO was responsible to facilitate Village Water and Sanitation Committees to prepare Water Security Plans.

As of July 2017, the WSSO was not established in the State. In the exit conference, the Department stated (February 2018) that constitution of the WSSO was under process.

1.3.8.6 District Water and Sanitation Mission (DWSM)

As per paragraph 12.5 (Annexure VII) of the NRDWP Guidelines (2009), a DWSM was required to be constituted in each district. The DWSM headed by the Deputy

⁴ One Superintending Engineer, one Under Secretary, two Executive Engineer and one Assistant Engineer from the PHE Department

Commissioner was responsible for formulation, management and monitoring of projects and for this purpose, was required to meet at least once every quarter.

It was observed that the District Water and Sanitation Committees (DWSCs) were constituted in all the eight districts of the State. With respect to the requirement for 20 quarterly meetings to be held during the period 2012-17, the position in the two districts covered under this PA was:

- DWSM Aizawl met only thrice during 2012-17; and,
- DWSM Champhai did not meet even once during 2012-17.

1.3.8.7 Block Resource Centre (BRC)

As per paragraph 12.6 of the NRDWP Guidelines (2013), a BRC was required to be set up at the block level to provide continuous support in terms of awareness generation, motivation, mobilisation, training and handholding support to village communities. Further, the BRCs were to act as a link between the DWSM and village communities.

It was observed that the BRCs were not set up in the State. As a result, the villagers were deprived of continuous support as envisaged under the guidelines.

1.3.8.8 Village Water and Sanitation Committee (VWSC)

As per paragraph 12.7 of the NRDWP Guidelines (2013), a VWSC was required to be set up in each gram panchayat for planning, designing and implementation of water supply schemes to ensure active participation of villagers. The VWSC was to consist of 6 to 12 persons with at least 50 *per cent* members being women.

As per the IMIS, out of 708 villages in the State, the VWSCs were formed in 651 villages (92 *per cent*) as on 31 March 2017. The VWSCs were formed in all eight villages covered in this PA, but representation of women in these eight VWSCs was only 16 *per cent* (12 out of 77 members). It was noticed that the VWSCs were mainly engaged with the operation and maintenance of schemes and were not involved in planning, designing and implementation process of schemes.

1.3.8.9 Vigilance and Monitoring Committee (VMC)

As per paragraph 19.2 of the NRDWP Guidelines (2009), a VMC at State, District and Village levels should be set up. VMCs were required to hold regular meetings for monitoring the progress and exercising vigilance on the execution of schemes.

Examination of records revealed that VMCs were set up at the State and District levels, but no VMC was established at the village level.

During the period 2012-17, four meetings of State Level VMC were held.

In Aizawl district, District Vigilance and Monitoring Committee (DLVMC) held 13 meetings during 2012-17, of which in 12 meetings, issues relating to release of funds, coverage of habitations under the NRDWP were discussed.

In Champhai district, eight meetings of the DLVMC were held during 2012-17, of which in seven meetings, issues relating to progress of schemes under the NRDWP and availability of fund for implementing the NRDWP were discussed.

The Department stated (December 2017) that the Rural Development Department would be approached to constitute village level VMCs.

Although, Audit has made observations on non-formation of various committees as required under the guidelines, the State Government may like to take up the matter with GoI of formation of such committees which is neither feasible nor desirable given the manpower constraints and shortage of officers in a small state like Mizoram.

1.3.9 Planning

1.3.9.1 Strategic Plan

As per paragraph 2.3 of the Strategic Plan (2011-22) of the MDWS, targets for coverage of rural households are given in Table-1.3.2.

Table-1.3.2:-Targets for coverage of rural households

Targets	By 2017	By 2022
Provide with piped water supply	At least 50 <i>per cent</i>	At least 90 <i>per cent</i>
Have piped water supply with a household connection	At least 35 <i>per cent</i>	At least 80 <i>per cent</i>
Use of public tap	Less than 20 <i>per cent</i>	Less than 10 <i>per cent</i>
Use of hand pumps or other safe and adequate private water sources	Less than 45 <i>per cent</i>	Less than 10 <i>per cent</i>
Access to and use of adequate quantity of safe drinking water	All households, schools and <i>anganwadis</i>	--
Management of rural drinking water sources and systems by Panchayati Raj Institutions (PRIs) and local communities	At least 60 <i>per cent</i>	100 <i>per cent</i>

Source: Strategic Plan (2011-22)

Each State was to formulate its own Implementation Plan depending on its needs, capacity and resources and establish a timeframe for achieving the above objectives. It was noticed in audit that the State had not prepared any Implementation Plan indicating the roadmap to achieve the target set in the Strategic Plan of the MDWS.

The Department stated (December 2017) that State Government had submitted in November 2016 to the GoI, a draft action plan to achieve 100 *per cent* coverage of rural habitations with piped water supply with an outlay of ₹ 1,346.68 crore.

1.3.9.2 Comprehensive Water Security Action Plan and State Specific Sector Policy Framework

Paragraph 14 of the NRDWP Guidelines (2009) envisages preparation of a rolling five-year Comprehensive Water Security Action Plan (CWSAP) with broad directions, thrust are as and tangible targets. As per paragraph 15 of the Guidelines *ibid*, the Government was also required to prepare a State Specific Sector Policy Framework in line with National Policy Framework.

Examination of records revealed that the CWSAP and State Specific Sector Policy Framework were not prepared during the period covered by this PA.

The Department did not offer comment on this matter.

1.3.9.3 Village and District Water Security Plan

Paragraph 13 of the NRDWP Guidelines (2009) envisaged a decentralised, need-based and participatory planning through a bottom-up approach. For this, a Village Water Security Plans (VWSPs) were to be prepared. The VWSPs were to include demographic, physical features, water sources and other details of the village, available drinking water infrastructure and gaps, proposed work to augment the existing infrastructure and water sources. Based on all the VWSPs of the districts, the District Water Security Plans (DWSPs) were to be prepared.

It was noticed that none of the eight villages and the two districts covered under this PA had prepared VWSPs and DWSPs during the period 2012-2017. Thus, a decentralised need-based and participatory plan through a bottom-up approach was not followed in the implementation of the NRDWP in the State as can be inferred from the position obtained from the sampled villages and districts.

The Department stated (December 2017) that the VWSCs were involved in identifying/ selecting the schemes as well as in certifying the sustainability and security of the schemes.

The fact, however, remained that VWSPs and DWSPs were not formulated prior to formulating the AAPs at the State level. Further, no documentary evidence in support of involvement of the VWSCs in selection/ identification of schemes could be produced to audit.

1.3.9.4 Annual Action Plans (AAP) and coverage of priority habitations

As per paragraph 14 of the NRDWP Guidelines (2013), each State was required to prepare an AAP taking into consideration the on-going schemes, new schemes and schemes which required augmentation and link the habitations proposed to be covered. Paragraph 9.1 *ibid* envisaged that during planning, priority was to be given to habitations where zero to less than 50 *per cent* of the population had access to adequate and safe drinking water. The State Government was also required to take the help of the State Technical Agency (STA) to assist in planning and designing sound and cost effective rural water supply schemes and in preparation of action plan of the State. Further, the target for consumption of water from 40 litres per capita per day (lpcd) was increased (August 2013) to 55 lpcd by GoI.

Audit scrutiny revealed following deficiencies with respect to the above requirements:

- The Department did not avail any technical assistance from the STA (committee of officers constituted by the GoM as STA in November 2009 - refer **paragraph 1.3.8.4**) while preparing the AAPs for the period 2012-17 to ensure cost effective and sustainable water supply schemes.
- The Department prepared the AAPs for 2014-15 and 2015-16 with the norm of 40 lpcd instead of 55 lpcd as revised by GoI in August 2013. The revised norm of providing 55 lpcd of water was adopted only in the AAP for 2016-17.

As mentioned earlier, while planning for schemes in any year, priority was to be given to habitations where zero to less than 50 *per cent* of the population had access to adequate and safe drinking water. The details of total number of habitations, target and

actual coverage of habitations⁵ under the NRDWP during 2012-13 to 2016-17 is given below:

Table-1.3.3:-Details of coverage of habitations

Year	Number of Habitations											
	0 and < 25 per cent			> 25 and < 50 per cent			> 50 and < 75 per cent			> 75 and < 100 per cent		
	No.	T	A	No.	T	A	No.	T	A	No.	T	A
2012-13	10	6	0	16	14	0	20	17	0	20	20	1
2013-14	175	5	0	65	7	0	401	8	0	98	13	3
2014-15	122	26	12	169	15	4	230	6	1	172	5	21
2015-16	146	35	8	162	9	2	216	0	0	156	0	1
2016-17	83	18	17	97	6	8	258	1	0	184	0	0
Total		90	37		51	14		32	1		38	26

Source: IMIS data and Departmental records; T:- Target for coverage; A:- Achievement

As seen from the table:

- A total of 211 habitations were targeted for coverage under the NRDWP during 2012-17 of which however, only 141 habitations (67 per cent) were habitations (0 and < 25 per cent plus > 25 and 50 per cent) which were to be given priority for supply of adequate and safe drinking water as per the NRDWP Guidelines. 70 non-priority habitations were also targeted for coverage under the NRDWP during this period which was at the cost of coverage of the priority habitations.
- The target for coverage of priority habitations in 2012-13 and 2013-14 was 77 per cent and five per cent respectively of the total of such habitations in these years; in the remaining three years 2014-17, the target for coverage of priority habitations hovered around 13 per cent.
- Out of the total of 141 priority habitations targeted to be covered under the NRDWP during 2012-17, only 51 habitations (36 per cent) could actually be covered.
- In 2012-13 and 2013-14, a total of 20 and 12 priority habitations were targeted for coverage under the NRDWP - the achievement in both years was 'Nil'; in the remaining three years, the achievement was 39 per cent (2014-15), 23 per cent (2015-16) and 104 per cent (2016-17) of the target for the respective years.

The above figures point to the fact the objective of providing adequate and safe drinking water to priority habitations was largely not achieved.

The Department stated (December 2017) that habitations in the priority range could not be covered due to high head pumping, far distance of source or non-availability of source as well as requirement of huge fund.

The fact, nonetheless, remained that priority habitations were to be given precedence under the NRDWP Guidelines.

⁵ Habitations grouped in four categories viz., (i) 0 to 25 per cent of the population had access to adequate and safe drinking water; (ii) > 25 to < 50 per cent of the population had access to adequate and safe drinking; (iii) > 50 to < 75 per cent of the population had access to adequate and safe drinking; and, (iv) > 75 to < 100 per cent of the population had access to adequate and safe drinking

1.3.10 Fund Management

NRDWP is funded by GoI and the State Governments on cost sharing basis as detailed below:

Table-1.3.4:-Component-wise allocation of funds

NRDWP fund	Component	2012-13			2013-14 to 2014-15			2015-16 to 2016-17		
		Percentage share of NRDWP funds	Central Share	State Share	Percentage share of NRDWP funds	Central Share	State Share	Percentage share of NRDWP funds	Central Share	State Share
			(in per cent)			(in per cent)			(in per cent)	
Programme	Coverage	65	90	10	67	90	10	67	90	10
	Water Quality									
	O&M	10	90	10	15	90	10	15	90	10
	Sustainability	20	100	0	10	100	0	10	90	10
Support	Support	3	100	0	5	100	0	5	90	10
	WQM&S	2	100	0	3	100	0	3	90	10

Source: NRDWP Guidelines (2013)

Till 2013-14, funds allocated by GoI were routed through separate bank accounts operated by the SWSM for 'programme' account and 'support' account. The funding pattern was changed from April 2014 whereby, the funds under the NRDWP allocated by GoI are routed through the State Finance Department which then releases the funds to the implementing Department.

The findings of audit on fund management are discussed below.

1.3.10.1 Release and Utilisation of Fund

The year wise details of fund released by the GoI and State Government and expenditure incurred there against during 2012-17 are shown in Table-1.3.5:

Table-1.3.5:-Receipt and utilisation of fund

(₹ in crore)

Financial Year	Availability of Funds						
	Opening balance	Release		Misc. receipt ⁶	Total available	Expenditure	
		Central	State			Central	State
2012-13	5.90	47.92	2.64	0.37	56.83	44.92	2.64
2013-14	9.27	44.88	1.17	0.51	55.83	38.99	1.17
2014-15	15.67	34.50	0.00	0.51	50.68	44.41	0.00
2015-16	6.27	17.32	0.96	0.03	24.58	23.22	0.96
2016-17	0.40	24.49	1.63	0.02	26.54	24.83	1.63
Total	--	169.11	6.40	1.44	--	176.37	6.40

Source: Information furnished by the Department

As seen from the table, the closing balance increased from ₹ 9.27 crore as of 31 March 2013 to ₹ 15.67 crore at the end of 31 March 2014 and thereafter, utilisation of funds improved and the closing balance reduced to ₹ 0.08 crore as of 31 March 2017. Further, as per the funding pattern, the State Government was to release ₹ 14.62 crore as its share during 2012-17. However, only ₹ 6.40 crore was released resulting in short release of State share of ₹ 8.22 crore.

While accepting the fact, the Department stated (December 2017) that release of State's share would improve in the coming years.

⁶ Interest received on the SWSM accounts with the bank

1.3.10.2 Comparison of component-wise allocation and expenditure

The component-wise allocation of funds as per the limit (in percentage) prescribed under NRDWP and actual allocation and expenditure during 2012-17 is shown in the table below:

Table-1.3.6:-Component-wise allocation of fund

Sl. No.	Name of the Component	Allocation and utilisation of Funds (in per cent)					
		Limit prescribed		Actual allocation		Expenditure	
		2012-13	2013-17	2012-13	2013-17	2012-13	2013-17
1.	Coverage and Water Quality	65	67	67	61 to 75	66	65 to 74
2.	Sustainability	20	10	14	6 to 10	15	7 to 10
3.	Operation and Maintenance	10	15	11	10 to 27	12	11 to 21
4.	Support	3	5	5	1.55 to 3	4	3 to 4
5.	WQMS	2	3	3	1.55 to 3	3	1 to 3

Source: Departmental records

As seen from above, the actual allocation and utilisation of funds was not as per the prescribed limits. The allocation and utilisation under ‘coverage and water quality’ and ‘O&M’ components exceeded the limit in some years while allocation and utilisation under ‘Sustainability’, ‘Support’ and ‘WQMS’ were less than the prescribed limit in some years. The year-wise details of component-wise allocation and expenditure are given in **Appendix-1.3.2**.

Given the fact that Mizoram is a hilly State; as such, O&M expenditure are likely to be higher; the State Government should approach the GoI for revision of norms for hilly states.

1.3.10.3 Delay in release of funds by the State Government to SWSM

As per paragraph 17 of the NRDWP Guidelines (2013) read with sanction orders of GoI, the State should transfer the entire amount of central allocation received along with its matching share to the implementing agency(s) not later than 15 days of receipt of funds from GoI. In case of delay, penal interest at 12 *per cent* for the period of delay should be transferred by the State Government to the implementing agency.

Examination of sanction orders of GoI/ State Finance Department issued during 2014-17⁷ revealed that out of ₹ 76.31 crore released by GoI during 2014-17, ₹ 16.75 crore was released to the PHED within the stipulated period of 15 days. The remaining ₹ 59.56 crore was released by State Finance Department to the PHED with delays ranging between one and 12 months during 2014-17 and for which the State Government was liable to pay ₹ 1.82 crore as penal interest but was yet to be credited by it to the NRDWP account. The details are given in **Appendix-1.3.3**.

The Department stated (December 2017) that the delay arose from complying with various formalities for release of fund and added that the position would improve in the coming years.

⁷ During 2012-13 and 2013-14, the fund from GoI was directly transferred to the SWSM account

1.3.10.4 Diversion of funds

As per the NRDWP Guidelines (2013), funds allocated for any component should be utilised for that component only. It was observed that funds allocated for the following components were diverted for other purposes as discussed below:

(a) During 2012-17, four PHED divisions in the two districts covered in this PA prepared the estimates for execution of 37 new water supply schemes (WSS) at an estimated cost of ₹ 47.20 crore under 'Coverage' and 'Sustainability' components. Scrutiny of estimates revealed that the cost of repair and replacement costs of existing WSSs of ₹ 1.57 crore was included in the estimates of ₹ 47.20 crore. It was observed that ultimately, an expenditure of ₹ 1.67 crore was incurred for repair and replacement of existing WSSs in contravention of the guidelines which have impacted the implementation of new schemes in partially covered habitations. The details are given in **Appendix-1.3.4** and summarised in the table below.

Table-1.3.7:-Diversion of funds for repair and maintenance

(₹ in crore)

District	Division	No. of new WSSs	Total cost of new WSSs	Repair and replacement cost met out of fund for new WSSs
Aizawl	Rural WATSAN Division, Aizawl	6	6.56	0.15
	Serchhip WATSAN Division	1	1.54	0.09
Champhai	Champhai WATSAN Division	12	14.62	0.51
	Khawzawl WATSAN Division	18	24.48	0.92
Total		37	47.20	1.67

Source: Departmental records

The Department stated (December 2017) that funds were diverted due to limitation of maintenance fund for existing schemes.

(b) As per the NRDWP Guidelines, O&M funds are required to be spent for operation and maintenance of only rural WSSs. Three PHED divisions covered in this PA received ₹ 7.21 crore under 'O&M' component during 2012-17. Scrutiny of records revealed that ₹ 1.51 crore out of O&M fund of ₹ 7.21 crore was diverted for O&M of urban WSSs when budgetary allocation for them are available separately. Further, this diversion has impacted the vulnerable groups in rural areas. The details are given in **Appendix-1.3.5** and summarised in the following table:

Table-1.3.8:-Diversion of fund for O&M of urban WSSs

(₹ in crore)

District	Division	Fund received for O&M of rural WSSs	Fund diverted for O&M of urban WSSs
Aizawl	Rural WATSAN Division, Aizawl	2.89	0.57
Champhai	Champhai WATSAN Division	2.98	0.69
	Khawzawl WATSAN Division	1.34	0.25
Total		7.21	1.51

Source: Departmental records

The Department, while accepting the fact, stated (December 2017) that funds would not be diverted for the O&M of urban WSSs in future.

(c) Two PHED divisions covered under this PA received ₹ 5.87 crore during 2012-17 under 'O&M' component for rural WSSs. Scrutiny of records revealed that ₹ 0.76 crore out of ₹ 5.87 crore was diverted for procurement of stationery, furniture, wages of work charged employees, security fencing of Engineer-in-Chief's office, etc. The details are given in **Appendix-1.3.6** and summarised in the table below.

Table-1.3.9:- Diversion of funds for inadmissible items

(₹ in crore)

District	Division	Fund received for O&M of rural WSSs	Fund diverted for procurement of stationery, etc.
Aizawl	Rural WATSAN Division, Aizawl	2.89	0.19
Champhai	Champhai WATSAN Division	2.98	0.57
Total		5.87	0.76

Source: Departmental records

While accepting the fact, the Department assured (December 2017) that these would not be repeated in future.

(d) The Department received ₹ 7.64 crore under 'Sustainability' component during 2013-15. Scrutiny of records revealed that the Department diverted ₹ 2.48 crore meant for augmenting and sustaining the existing WSSs for implementing six piped WSSs during 2013-15 adversely affecting the sustainability of existing rural water supply schemes. The details are given in **Appendix-1.3.7**.

Further, during 2012-17, the State Government had budget allocation of only ₹ 2.00 to ₹ 2.95 crore for maintenance of rural water supply schemes without assessing the actual requirement. The State Government may also take up the matter of enhanced funding for O&M of existing assets with Government of India.

1.3.11 Programme Implementation

1.3.11.1 Introduction

As mentioned earlier, five components (out of six) of the NRDWP are being implemented in the State viz. 'Coverage', 'O&M', 'Sustainability', 'Support' and 'WQMS'. The purpose of each component is explained in Table-1.3.10:

Table-1.3.10:- Component-wise details of NRDWP

Component	Purpose
<i>Coverage</i>	For providing safe and adequate drinking water supply to unserved, partially served and slipped back habitations
<i>O&M</i>	For expenditure on running, repair and replacement cost of drinking water supply projects
<i>Sustainability</i>	To encourage States to achieve drinking water security at the local level through sustainability of sources and systems
<i>Support</i>	Providing support for awareness creation (Information, Education and Communication), training activities (Human Resource Development), hardware and software support for Management Information System and computerisation, Research and Development, etc.
<i>WQMS</i>	For monitoring and surveillance of water quality in habitations at field level and for setting up, upgrading laboratories at State, districts and sub-division levels

Source: NRDWP Guidelines, 2013

1.3.11.2 Coverage of habitations

As of 01 April 2012, the number of on-going WSSs were 65. During 2012-17, 82 new WSSs were taken up for execution. As on 31 March 2017, 143 schemes were completed, while four schemes were on-going.

In the 11th Five Year Plan, a habitation was declared as 'fully covered' if people residing in that habitation had access to 40 lpcd of water supply within a distance of 500 meters from their household. In the 12th Five Year Plan, the criteria was revised (August 2013). Under the revised criteria, at least 50 *per cent* of rural population should have access to 55 lpcd water within the household premises or within a radius of 100 meter by 2017. Accordingly, the MDWS suggested that state governments should design the schemes funded under the NRDWP for 55 lpcd or higher from 2013-14 and further, existing WSSs of 40 lpcd were to be upgraded to 55 lpcd or higher.

As mentioned in **paragraph 1.3.9.4**, the PHED implemented the revised norms of 55 lpcd in the schemes from 2016-17 onwards only.

The status of year-wise coverage of habitations, considering water supply of 40 lpcd during 2012-13 and 55 lpcd during 2013-17 is given in Table-1.3.11 below.

Table-1.3.11:- Status of coverage of habitations

Position as on	Total habitations	Partially covered habitations with population coverage					'Fully covered' habitations
		> 0 and < 25 <i>per cent</i>	> 25 and < 50 <i>per cent</i>	>50 and <75 <i>per cent</i>	>75 and <100 <i>per cent</i>	Total (3+4+5+6)	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
01.04.2012 ⁸	777	10	16	20	20	66	711
01.04.2013	777	175	65	401	98	739	38 ⁹
01.04.2014	777	122	169	230	172	693	84
01.04.2015	760	146	162	216	156	680	80
01.04.2016	738 ¹⁰	83	97	258	184	622	116
01.04.2017	738	68	91	248	182	589	149

Source: IMIS Data

As seen from above table, only 149 (20 *per cent*) out of 738 rural habitations in the State were fully covered with 55 lpcd water supply as on 31 March 2017.

In two districts Aizawl and Champhai covered in this PA, the position as on 31 March 2017 was as under:

Table-1.3.12:- Coverage of habitations

District (Position as on 01 April 2017)	Total habitations	Partially covered habitations with population coverage					'Fully covered' habitations
		>0 and <25 <i>per cent</i>	>25 and <50 <i>per cent</i>	>50 and <75 <i>per cent</i>	>75 and <100 <i>per cent</i>	Total (Col. 3+4+5+6)	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Aizawl	108	3	6	9	11	29	79
Champhai	84	0	7	12	20	39	45

Source: IMIS Data

⁸ As per 40 lpcd

⁹ The number of fully covered habitations reduced during the year because of increased norms of water supply from 40 lpcd to 55 lpcd

¹⁰ Number reduced due to merger to habitations

1.3.11.3 Coverage of population

As per paragraph 4 of the NRDWP Guidelines (2013), at least 50 *per cent* of rural population should have access to 55 lpcd water supply within their household premises or within a 100 meter radius by 2017. Accordingly, the Department was required to provide piped water supply to 2.61 lakh population (50 *per cent* of 5.23 lakh rural population) within their household premises or within a 100 meter radius by 2017.

However, as per the IMIS data, as on 31 March 2017, only 1.08 lakh (21 *per cent*) of the rural population in the State had access to water supply of 55 lpcd within their household premises or within a 100 meter radius.

As per IMIS data, as on 31 March 2017, in Aizawl and Champhai districts covered in this PA, only 13,035 (13 *per cent*) and 4,278 (six *per cent*) respectively of the rural population had piped water supply of 55 lpcd water within their household premises or within a 100 meter radius.

1.3.11.4 Coverage of individual households with PWS connection

As per paragraph 2.3 of the Strategic Plan (2011-22) of the MDWS, at least 35 *per cent* of rural households should have piped water supply with individual household connections by 2017. Accordingly, the Department was required to provide individual connections to rural 36,668 households in the State (35 *per cent* of 1,04,765 rural households¹¹ in the State) by March 2017.

As per the IMIS data, 2,779 (eight *per cent*) households out of 36,668 rural households in the State were having individual household connections as on 1 April 2012. By 31 March 2017, 13.47 *per cent* (14,108 households out of a total of 1,04,765 rural households in the State) were having piped water supply through individual household connections.

Thus, while the Department had made progress on this front, the goal of providing piped water supply through individual household connections to 35 *per cent* of the rural households by 2017 had largely not been achieved.

While accepting the fact, the Department stated (December 2017) that position would improve in the coming years with the help of the VWSCs.

1.3.11.5 Coverage of schools and anganwadis

As per the Strategic Plan of the MDWS read with the NRDWP guidelines, all government schools and *anganwadis* should have access to safe drinking water by 2017. Data sourced by Audit from the IMIS, School Education Department (SED) and Social Welfare Department (SWD) of the State Government and the PHED in this respect was as under:

¹¹ As per IMIS

Table-1.3.13:-Drinking water provided to schools (as on 31 March 2017)

State and Selected districts	Total Number of government schools as per			Number of government schools provided with drinking water facility		
	IMIS	SED	PHED	IMIS	SED	PHED
State-Mizoram	1619	2047	1154	1460	1883	1154
District-Aizawl	291	305	164	273	298	164
District-Champhai	284	252	145	279	252	145

Source: IMIS, Sarva Shiksha Abhiyan data and Departmental records

Table-1.3.14:-Drinking water provided to *anganwadis* (as on 31 March 2017)

State and Selected districts	Total Number of <i>anganwadis</i> as per			Number of <i>anganwadis</i> provided with drinking water facility		
	IMIS	SWD	PHED	IMIS	SWD	PHED
State-Mizoram	829	2244	892	691	1701	753
District-Aizawl	187	544	104	148	509	103
District-Champhai	161	275	89	159	261	73

Source: IMIS, Social Welfare Department data and Departmental records

It will be seen from the above tables that the number of schools and *anganwadis* in the State obtained from different sources differed widely as also the number of schools and *anganwadis* provided with drinking water facility. Under the circumstances, Audit could not evaluate the performance of the PHED with respect to the goal of providing drinking water facility to all government schools and *anganwadis* by 2017 as set out by the MDWS in its Strategic Plan. The inconsistency of data also indicated lack of coordination between different State agencies on this subject.

While accepting the fact, the Department stated (December 2017) that schools and *anganwadis* would be provided water supply as early as possible.

1.3.12 Operation and Maintenance (O&M)

As per paragraph 9.7 of the NRDWP Guidelines (2013), the Department was required to prepare an O&M plan for each water supply scheme specifying the procedure for checks and inspections at set intervals. For this purpose, the States were authorised to utilise 15 per cent of the NRDWP funds for O&M.

PHED had utilised ₹ 22.74 crore for O&M in the State during 2012-17. Two districts (Aizawl and Champhai) covered under this PA, between them, incurred an expenditure of ₹ 10.46 crore for O&M during the same period.

Scrutiny of records revealed:

- the Department did not prepare any O&M annual plans for any of the five years during the period 2012-13 to 2016-17. The details of equipment cost, life, etc. were not compiled and consequently not available with the PHED nor was a reporting system indicating the status of assets and equipment in vogue;
- the Department did not fix any performance standards for different components of the NRDWP projects to evaluate actual performance;
- no system of water audits and leakage control measures was put in place in two districts covered in this PA; and,
- in Aizawl and Champhai districts, 31 and 26 WSSs respectively were completed during 2012-17 and all the WSSs were transferred to the VWSCs. However, funds

were not transferred to the VWSCs for O&M as envisaged under the NRDWP Guidelines. Instead, the PHED divisions in these two districts incurred the entire expenditure of ₹ 10.46 crore (Aizawl District – ₹ 5.89 crore; Champhai District – ₹ 4.57 crore) towards O&M.

While accepting the fact, the Department stated (December 2017) that performance standards for different components of water supply schemes to evaluate their actual performance would be prepared. It further added that water audits and leakage control measures would be initiated in some villages.

13.13 Water Quality Monitoring and Surveillance

Paragraph 2 of the Uniform Drinking Water Quality Monitoring Protocol (UDWQMP), 2013 read with paragraph 10.4 of the NRDWP Guidelines (2013) envisages that laboratories at State, District and Sub-divisional levels should be established for regular testing and surveillance of drinking water. Paragraph 5.3 of the UDWQMP also stipulates that the laboratories at all levels and especially at the State level, shall obtain NABL¹² accreditation at an early date. Further, paragraph 4.1 and 4.2 *ibid* require that the State, District, and sub-divisional level laboratories should have the capability of analysing the prescribed range (number) of physical, chemical and microbiological parameters as listed in the protocol. Paragraph 5.4.1 *ibid* prescribes the staffing norms for a State, District and Sub-divisional laboratory.

Examination of records with respect to the above requirements revealed the following:

- (i) The State had set up laboratories at State, District and Sub-divisional levels for monitoring of water quality as detailed below:

Table-1.3.15:-Details of Laboratories

Name of laboratories	Required	Available	Shortage
State laboratory	1	1	Nil
District laboratories	8	8	Nil
Sub-divisional laboratories	23	18	5

Source: Information furnished by the Department

It was however, observed that none of the above water quality testing laboratories had obtained NABL accreditation.

- (ii) Inspection by Audit of the State laboratory, Aizawl and Champhai district laboratories and two sub-divisional laboratories (one from each district) revealed significant shortfalls in the capability of these laboratories to analyse prescribed number of physical, chemical and microbiological parameters as listed under the UDWQMP, as detailed in the table below:

¹² National Accreditation Board for Testing and Calibration of Laboratories

Table-1.3.16:- Details of availability of parameters *vis-à-vis* requirement

Laboratories	Number of test parameters		Shortfall
	Prescribed under the UDWQMP	Laboratory was equipped to carry out	
State laboratory	75	34	41
Aizawl District laboratory	34	29	5
Champhai District laboratory	34	15	19
Khawzawl sub-divisional laboratory	19	9	10
Khawbung sub-divisional laboratory	19	11	8

Source: Physical inspection reports

It can be seen from above that the State laboratory had the capability to analyse 34 of the prescribed 75 parameters. Aizawl and Champhai district laboratories had the capacity to analyse only 29 and 15 parameters respectively against the required 34 parameters. Khawzawl and Khawbung sub-divisional laboratories had the wherewithal to analyse only 9 and 11 parameters respectively against 19 parameters which was required of them.

The Department stated (December 2017) that efforts would be made to fulfil the requirement for water testing parameters, as suggested in the UDWQMP.

(iii) Review (31 March 2017) of the manning of five laboratories with respect to the manpower norms prescribed under the UDWQMP revealed that these facilities were significantly understaffed as under:

Table-1.3.17:- Details of manpower position

Name of the laboratory	Manpower position		
	As prescribed by the UDWQMP	Available	Vacancies
State laboratory	14	7	7
Aizawl District laboratory	8	4	4
Champhai District laboratory	8	5	3
Khawzawl sub-divisional laboratory	8	3	5
Khawbung sub-divisional laboratory	8	3	5

Source: Departmental records

As seen from the above table:

- Against 14 positions prescribed under the UDWQMP for a State laboratory, only seven positions were manned at the Mizoram State laboratory. Out of the seven vacant posts, the posts of Senior Chemist (one post), Data Entry Operators (two posts), Laboratory Assistant (three posts) were yet to be sanctioned by the State Government. The post of bacteriologist though sanctioned by the GoM, was lying vacant.

The UDWQMP prescribes that a district and a sub-divisional laboratory should each have a staff of eight personnel. With respect to this norm -

- Aizawl and Champhai district laboratories were short staffed by 50 and 38 *per cent* respectively. There were vacancies in the positions of bacteriologist (one post), Sampling Assistant (two posts) and Laboratory Assistants (four posts).

- Khawzawl and Khawbung sub-divisional laboratories each had only three positions filled against the prescribed eight positions for each laboratory. There were vacancies in the posts of Laboratory Attendants (two posts), Data Entry Operators (two posts), Sampling Assistants (four posts) and Laboratory Assistants (two posts).

The significant shortage of personnel (ranging from 38 to 63 *per cent*) as brought out above in the aforementioned five laboratories would have severely compromised the capability and effectiveness of these facilities in carrying out their mandate as envisaged under the NRDWP guidelines and the UDWQMP.

1.3.13.1 Water Quality Testing in State Laboratory

As per paragraph 5 of Annexure III of the NRDWP Guidelines (2013), 10 *per cent* of the samples tested in District Level Laboratories (DLLs) should be sent to the State Laboratory for further testing. Year-wise samples required to be tested by the State laboratory *vis-à-vis* tests done by district labs during 2012-17 are shown in the table below:

Table-1.3.18:-Tests conducted by the State Laboratory

Year	Total Nos. of water samples tested in DLLs	Details of water samples tested by State Laboratory			
		Required	Actual	Shortfall	Percentage
2012-13	11653	1165	722	443	38
2013-14	13419	1342	720	622	46
2014-15	12386	1239	717	522	42
2015-16	18112	1811	699	1112	61
2016-17	17042	1704	648	1056	62
Total	72612	7261	3506	3755	52

Source: Departmental records

As evident from the table above, the State Laboratory tested only 3,506 water samples against the requirement of 7,261 samples resulting in a shortfall of 52 *per cent* in sample testing during the period 2012-17. Moreover, during the period, the shortfall in testing had seen an increasing trend except in the year 2014-15. This indicated that the process of cross-verification of water samples at the State laboratory was minimal and the accuracy of testing at DLLs could not be ensured.

1.3.13.2 Water Quality Testing in District and Sub-divisional labs

Paragraph 5 (Annexure III) of the NRDWP Guidelines (2013) read with paragraph 5.2 of the UDWQMP prescribes that all drinking water sources should be tested by district and sub-divisional laboratories at least twice a year (pre and post monsoon) for bacteriological contamination¹³ and once a year for chemical contamination¹⁴ and uploaded in the IMIS for regular monitoring.

Information furnished to Audit by Aizawl and Champhai district laboratories and Khawzawl and Khawbung sub-divisional laboratories regarding the water quality testing carried out by them during 2012-17 was as under:

¹³ Total coliform and Faecal coliform

¹⁴ Alkalinity, Chloride, Total hardness, Iron, Nitrate, Arsenic, Fluoride, *etc.*

Table -1.3.19:- Details of bacteriological and chemical tests

Laboratory	Year	Total Nos. of water sources	Bacteriological Tests			Chemical Tests		
			Number of			Number of		
			Tests prescribed	Tests done	Contaminated samples	Tests prescribed	Tests done	Contaminated samples
Aizawl District laboratory	2012-13	562	1124	263	120	562	1070	Nil
	2013-14	568	1136	227	136	568	1344	Nil
	2014-15	571	1142	156	74	571	907	Nil
	2015-16	575	1150	187	132	575	1273	Nil
	2016-17	580	1160	263	66	580	1131	Nil
Total			5712	1096	528	2856	5725	Nil
Champhai District laboratory	2012-13	533	1066	406	25	Nil	856	Nil
	2013-14	541	1082	194	20	541	885	Nil
	2014-15	548	1096	551	6	548	939	Nil
	2015-16	551	1102	584	Nil	551	961	Nil
	2016-17	553	1106	813	Nil	553	1034	Nil
Total			5452	2548	51	2193	4675	Nil
Khawzawl sub-divisional laboratory	2012-13	92	184	154	18	92	594	Nil
	2013-14	92	184	189	20	92	458	Nil
	2014-15	92	184	193	23	92	734	Nil
	2015-16	92	184	187	15	92	1085	Nil
	2016-17	92	184	184	12	92	1049	Nil
Total			920	907	88	460	3920	Nil
Khawbung sub-divisional laboratory	2012-13	91	182	183	17	91	366	Nil
	2013-14	91	182	209	22	91	418	Nil
	2014-15	91	182	184	20	91	392	Nil
	2015-16	91	182	306	12	91	664	Nil
	2016-17	91	182	323	15	91	669	Nil
Total			910	1205	86	455	2509	Nil

Source: Departmental records

During 2012-17, as seen from above table:

- Aizawl district laboratory tested only 1,096 water samples (19 *per cent*) against the required 5,712 samples required to be taken and tested for bacteriological contamination. Out of 1,096 samples tested, 528 samples (48 *per cent*) were found to be bacteriologically contaminated. Against 2,856 water samples to be tested for chemical contamination, 5,725 samples were actually tested and not a single sample tested positive for chemical contamination.
- Champhai district laboratory tested 2,548 water samples (47 *per cent*) against the required 5,452 samples required to be taken and tested for bacteriological contamination. Out of 2,548 samples tested, 51 samples (two *per cent*) were found to be bacteriologically contaminated. Against 2,193 water samples to be tested for chemical contamination, 4,675 samples were actually tested and not a single sample tested positive for chemical contamination.
- Khawzawl sub-divisional laboratory tested 907 water samples (98 *per cent*) against the required 920 samples required to be taken and tested for bacteriological contamination. Out of 907 samples tested, 88 samples (10 *per cent*) were found to be bacteriologically contaminated. Against 460 water samples to be tested for chemical contamination, 3,920 samples were actually tested and not a single sample tested positive for chemical contamination.

- Khawbung sub-divisional laboratory tested 1,205 water samples (132 *per cent*) against the required 910 samples required to be taken and tested for bacteriological contamination. Out of 1,205 samples tested, 86 samples (seven *per cent*) were found to be bacteriologically contaminated. Against 455 water samples for be tested for chemical contamination, 2,509 samples were actually tested and not a single sample tested positive for chemical contamination.

Audit further observed that neither the State Laboratory nor any of the district or sub-divisional laboratories in the State were uploading their test results on the IMIS as required under the NRDWP guidelines and the UDWQMP.

The Department stated (December 2017) that efforts would be made to conduct the requisite pre and post monsoon bacteriological tests as envisaged in the UDWQMP.

1.3.13.3 Field Testing Kits (FTKs)

As per paragraph 10.4 of the NRDWP Guidelines (2013), FTKs should be used for primary detection of chemical and bacteriological contamination of all drinking water sources in the villages. At least five persons in each village are required to be trained and their services utilised for surveillance.

Examination of records revealed that FTKs were not procured in the State for primary detection of chemicals and bacteriological contamination of all drinking water sources in the villages during 2012-17.

None of the water testing laboratories in the State were NABL accredited which would have given assurance about the rigour of their testing procedures. Further, the laboratories were significantly understaffed and had constrained capabilities to carry out the entire range of tests as mandated under the UDWQMP. Moreover, the tests were not being carried out to the extent prescribed and the test results were not being uploaded on the IMIS to ensure regular monitoring. FTKs had not been procured/distributed during the period 2012-17. The PHED should urgently address these issues so that there is a reasonable assurance that drinking water supplied to rural habitations and villages in the State is of an acceptable quality.

1.3.14 Procurement process

According to Rule 137 of the General Financial Rules (GFR), every authority delegated with the financial power of procuring goods in public interest shall have the responsibility to ensure efficiency, economy and transparency in such procurement.

Scrutiny of records revealed that as per guidelines (May 2007) of the Finance Department of GoM, prices approved by the State Purchase Advisory Board (SPAB) were valid for one year extendable by another six months. The SPAB approved purchase of GI Pipes under the NRDWP from a firm¹⁵ in March 2010. However, the PHED, in contravention of the GFR provisions and the guidelines of the State Government, procured pipes valuing ₹ 19.40 crore from the same firm at the same rates without inviting fresh tenders during 2012-17 though, the validity of the approval given by the SPAB had expired. This deprived the Department of the opportunity of ascertaining

¹⁵ North Eastern Tubes Limited, Guwahati

current market prices and assuring itself of the competitiveness and reasonableness of the expenditure incurred on the procurement of GI pipes.

While accepting the facts, the Department stated (December 2017) that new bidding documents would be prepared for fresh works.

1.3.15 Execution of Water Supply Schemes (WSS)

Out of 186 schemes executed at a cost of ₹ 149.32 crore during 2012-17, 56 schemes executed in Aizawl and Champhai districts at a cost of ₹ 69.67 crore were test-checked in audit. Further, out of the 56 selected schemes, 22 schemes were also jointly inspected by departmental and audit officials to verify the actual ground level status of these schemes. Test check of these schemes and joint inspection revealed the following observations:

Table-1.3.20:- Details of nature of observations

Sl. No.	Nature of observations	No. of schemes involved	(₹ in crore)
			Amount of irregularity
1.	Award of works without inviting tenders	25	9.67
2.	Non-functional community water purification plants	7	0.60
3.	Extra expenditure	27	0.95
4.	Suspected misappropriation	2	0.81

The observations are discussed below:

1.3.15.1 Award of works with inviting tenders

The CPWD Manual, 2012 (adopted by the State) stipulates that tenders should be called for all works costing more than ₹ 50,000 except in urgent cases or when the interest of works demands, works may be awarded by the Executive Engineer (EE) without calling of tenders subject to maximum ceiling of works costing up to ₹ four lakh and by the Superintendent Engineer (SE) subject to maximum ceiling of works costing up to ₹ 12 lakh.

Audit observed that during 2012-17, the Executive Engineers of three PHED divisions¹⁶ of Aizawl and Champhai districts awarded 63 works valuing ₹ 9.67 crore to contractors relating to 25 NRDWP schemes without inviting tenders although, the works were not of an urgent nature. The details are given in **Appendix-1.3.8**. Reasons for issue of these work orders without calling tenders were not on record.

The comments of the Department on this observation were yet to be received (May 2018).

1.3.15.2 Non-functional community water purification plants

The Department installed (August 2011 to December 2015) eight water purification plants at a cost of ₹ 0.60 crore in Champhai district. During joint verification of these plants, it was found that all eight purification plants were non-operational. The details are given in **Appendix-1.3.9**.

¹⁶ Rural WATSAN Division, Aizawl, Khawzawl WATSAN Division and Champhai WATSAN Division

While accepting the fact, the Department stated (December 2017) that O&M of village water purification plants was the responsibility of the VWSCs. It added that more emphasis would be given for timely O&M to make them functional.

1.3.15.3 Extra expenditure for execution of water supply schemes

(a) As per a PHED circular of May 2013, Works Contract Tax at 13.50 *per cent* of 70 *per cent* of the total cost of works and Labour Cess at one *per cent* of 30 *per cent* of total cost of works were to be added over and above the approved rates in the construction of Water Retaining Structures. The Works Contract Tax and Labour Cess were to be deducted and deposited in government account as required under the Mizoram Value Added Tax, 2005 and Building and Other Constructions Workers' Act, 1996 respectively.

Audit observed that the four PHED divisions covered in this PA in Aizawl and Champhai districts executed (2013-17) 16 water supply schemes at a cost of ₹ 6.63 crore. However, the Works Contract Tax and Labour Cess aggregating ₹ 0.57 crore were not deducted and deposited by the four divisions into government account. The details are given in **Appendix-1.3.10**.

The Department stated (December 2017) that Works Contract Tax and Labour Cess in respect of the above schemes were utilised for construction of approach road to reservoir, drainage systems, inlet-outlet control system, *etc.*

The reply was not acceptable as the tax and cess were in the nature of statutory deductions and, as per the PHED circular of May 2013, the deductions on this account were to be deposited into government account.

(b) The PHED in May 2011 circulated (May 2011) a mathematical model¹⁷ for calculation of cost estimates for RCC Water Retaining Structures.

Test check of records of three PHED divisions¹⁸ revealed that the divisions computed the cost estimates for 36 RCC reservoirs under 11 water supply schemes at ₹ 6.85 crore following the mathematical model. Audit calculated the cost estimates of the 36 RCC reservoirs using the same mathematical model and the figure worked out to ₹ 6.47 crore. The details are given in **Appendix-1.3.11**. Thus, due to wrong calculation, the estimates were inflated by ₹ 0.38 crore (₹ 6.85 crore - ₹ 6.47 crore).

The Department stated (December 2017) that extra amount available was utilised for approach road, side drain, control valves, retaining wall, *etc.* connected with the reservoir.

The reply is not acceptable as the divisions executed the extra work without the approval of the competent authority.

1.3.15.4 Suspected misappropriation

(a) The Department sanctioned (March 2017) ₹ 0.51 crore for a water supply scheme at Phaibakkawn which was executed departmentally by Serchhip WATSAN

¹⁷ $(Y) = 1.993 \times 10^5 + 3.330 \times (X) + 1.344 \times 10^{-7} \times (X)^2 - 1.474 \times 10^{-12} \times (X)^3$, where: X= total volume including free board in litre and Y = estimated cost based on Schedule of Rates 2007, Mizoram (*Relevant cost indices should be added to the estimated cost*)

¹⁸ Rural WATSAN Division, Aizawl, Champhai WATSAN Division and Khawzawl WATSAN Division

Division. The works under the scheme consisted of construction of Intake, Conveyance Main and Distribution System.

Scrutiny of the Monthly Progress Reports revealed that the work had been completed by May 2017. Joint physical verification (June 2017) by audit and departmental officials of the Phaibakkawn water supply scheme, however, revealed that the work had not even started. Photographic evidence confirming this fact are shown below.

Phaibakkawn Water Supply Scheme



Proposed intake site



Proposed Reservoir and HRF Filter site

The Division had spent ₹ 0.51 crore in March 2017 by preparing fake bills amounting to ₹ 28.10 lakh for supply of GI Pipes, cement, sand, etc. Further, another ₹ 22.80 lakh was also drawn by preparing fake bills for construction of RCC reservoir (₹ 1.20 lakh) and labour costs (₹ 21.60 lakh).

(b) The scheme '*Improvement of Chhawrtui Water Supply Scheme*' at a cost of ₹ 3.29 crore was sanctioned by the GoM in 2011-12 which was executed departmentally by Serchhip WATSAN Division, Serchhip. The work *inter alia* consisted of dismantling and refitting of 3,409 running meter (rm.) of the existing Gravity Mainline 40 mm GI pipes, as well as construction of six approach roads (total length 4,099 meters) for six reservoirs¹⁹.

During joint physical verification (June 2017) of the scheme, it was noticed that:

- ₹ 4.39 lakh was approved in the estimate for dismantling and re-fitting of the existing Gravity Mainline of 40 mm GI pipes. Scrutiny of records revealed that the Division had incurred an expenditure of ₹ 4.29 lakh for dismantling and re-fitting of existing 40 mm GI pipes as per the approved estimates. Further, an additional expenditure of ₹ 16.22 lakh was incurred on payments to labourers for dismantling and re-fitting of existing Gravity Mainline GI pipes of 65 mm (4,464 rm.) and 50 mm (6,962 rm.).

It was found that the existing scheme had no 65 mm and 50 mm GI pipes. Hence, the question of dismantling and re-fitting of 65 mm and 50 mm GI pipes did not arise. Under the circumstances, the expenditure of ₹ 16.22 lakh incurred on dismantling and re-fitting of existing gravity mainline on 65 mm and 50 mm GI pipes was doubtful.

¹⁹ Five nos. of 5.00 lakh litres capacity and 1 no. of 3.70 lakh litres capacity

- It was also found that only two approach roads of 1,300 metre length were constructed. However, the Division spent ₹ 20.84 lakh for labour payments (drawn through six bills) for the construction of six approach roads.

Thus, the expenditure of ₹ 30.45 lakh (₹ 16.22 lakh incurred on labour payments for dismantling and re-fitting of 65 mm and 50 mm GI pipes *plus* ₹ 14.23 lakh²⁰ incurred on labour payments for construction four non-existent approach roads) was doubtful.

The Department stated (December 2017) that some portion of the gravity mainline GI pipes (65 mm) was washed away due to heavy monsoon in May 2013. Expenditure was incurred for dismantling and refitting of the washed portion of 65 mm GI pipes. It further added that 50 mm GI pipe line of the previous scheme needed to be dismantled due to prolonged service. In the absence of documented evidence to support the Department's claim, the reply was unacceptable. Further, the Department was silent on the labour payments made for four non-existent approach roads.

Audit recommends that both the above cases be referred to the State's Vigilance Department for investigation.

1.3.16 Monitoring and Evaluation

As per paragraph 8 of the NRDWP Guidelines (2009), monitoring through regular field inspections by officers at the National, State and District levels should be put in place for effective implementation of the NRDWP. The DWSM was also to constitute a team of experts in the districts to review (at least once in a quarter) the implementation of the programme in the blocks.

The Department did not have any records of any field inspections carried out during the period 2012-17 by officers at the National, State and District levels.

The Department stated (December 2017) that monitoring reports and details of field visit would be maintained henceforth.

1.3.16.1 Community monitoring and social audit

As per paragraph 19.3 of the NRDWP Guidelines (2009), the community and community based organisations should monitor the demand/ need of the people in the villages and coverage of the programme and a six - monthly social audit should be conducted to measure, understand, report and improve the executing agency's social responsibility and ethical performance.

During the period 2012-17, no community monitoring or social audit of the implementation of the NRDWP was conducted in any of the eight villages covered under this PA.

The Department stated (December 2017) that efforts will be made to conduct community monitoring and social audit in the coming years.

1.3.16.2 Evaluation study

As per paragraph 10.5 of the NRDWP Guidelines (2009), the State Government was required to take up monitoring and evaluation studies periodically on the implementation of the NRDWP through reputed organisations.

²⁰ ₹ 20.84 lakh - ₹ 6.61 lakh (3.41 m³ of earth assumed to be excavated for every meter of road constructed. Thus, 3.41 x 1,300m x ₹ 149/m³ = ₹ 6.61 lakh)

Examination of records revealed that during 2012-17, the State Government had not engaged any organisation to undertake an evaluation study of the implementation of the NRDWP in Mizoram.

1.3.16.3 Computerised Grievance Redressal System

As per Annexure V of the NRDWP Guidelines (2013), Computerised Grievance Redressal System (CGRS) should be set up at the State/ District levels.

The CGRS was not put in place either at the State or District level.

The Department stated (December 2017) that CGRS would be set up as early as possible.

1.3.16.4 Inconsistencies and unreliability of IMIS data

Monitoring and evaluation are two important aspects for ensuring the success of any project. The MDWS had developed the IMIS software for monitoring the implementation of the NRDWP. Under the IMIS, the data and information as prescribed by the MDWS from time to time, was to be uploaded by the concerned State agency in the relevant module of the IMIS.

As required under paragraph 19.2 of the NRDWP Guidelines (2009), the Department had designated one Superintending Engineer as State IT Nodal officer to oversee the accuracy of the IMIS data being furnished by the districts.

Examination of the IMIS data revealed the following:

- The Department had established (1983) a State level water quality testing laboratory at Aizawl. The IMIS, however, had not been updated to include the laboratory in its database and as a consequence, the tests and other reports of the State level laboratory were not available on the IMIS. As mentioned earlier in this report, the district and sub-divisional water testing laboratories were also not uploading their test and other reports in the IMIS although, they were included in the database.
- In eight villages covered in this PA, 24 hand-pumps were installed. However, this data was not found uploaded in the IMIS.
- As per format B-21 (IMIS data), there were a total of 22 hand pumps in all eight districts of the State. As per departmental records, however, the number was 860 hand pumps. Further, departmental records also showed that there were 226 non-functional hand pumps in the State - this data was not in the IMIS although there was a provision in the IMIS to upload this information.
- As per departmental records a total 11,356 individual households were provided with piped water supply connections during 2014-17, while as per format C-36 (IMIS data) this number was only 37 for the same period.

The above discrepancies indicated unreliability of the IMIS data and hence compromised the usefulness of the software to be used as a monitoring mechanism for the implementation of the NRDWP in the State.

While accepting the fact, the Department stated (December 2017) that due to the posts of programmer and system analyst not being filled, there was lack of data entry from

time to time. It added that the data entry and updating would improve with recruitment of the programmer and the system analyst in the near future.

1.3.17 Impact of the programme

Audit conducted a beneficiary survey of 90 beneficiaries (10 beneficiaries per habitation) in nine habitations of eight villages covered under this PA. The results of this survey was as under:

Table-1.3.21:- Summary of survey findings on adequacy of drinking water

No. of beneficiaries surveyed	Water supply of sufficient drinking water	Water supply was available round the year	Water supply was at regular hours	Access to water supply from alternative sources
90	80	70	70	70

Source: Survey reports

Table-1.3.22:- Summary of survey findings on water quality of drinking water

No. of beneficiaries surveyed	Awareness of safe/potable drinking water	Satisfied with water quality	Samples were collected from source/supply point for testing	Community Water Purification Plan was installed	Awareness of water quality test conducted by the laboratories
90	1	75	15	0	0

Source: Survey reports

Table-1.3.23:- Training and awareness

No. of beneficiaries surveyed	Training provided to the beneficiaries	Providing awareness generating IEC activities to the beneficiaries
90	0	0

Source: Survey reports

Table-1.3.24:- Operation and maintenance

No. of beneficiaries surveyed	WSS remained non-operation due to O&M	Collection of user charges for O&M
90	10	60

Source: Survey reports

1.3.18 Conclusion

The Department had not prepared water security plans at different levels as envisaged in the NRDWP guidelines. A five-year comprehensive rolling water security action plan and State specific policy framework were not prepared. Component-wise expenditure was not ensured as per norms of the guidelines. There was delay in the release of funds by the Department. It was not clear how many government schools and *anganwadis* in the State were provided drinking water facility although this was to be done by 2017. The State, District and Sub-divisional level laboratories did not carry out water quality tests as mandated. There were instances of procurement and award of works in violation of the GFR and CPWD Manual. There were instances of expenditure incurred in excess of estimates, non-utilisation of assets created, suspected misappropriation, etc. There were no records of inspection carried out to monitor the implementation of the NRDWP and no social audit was undertaken.

1.3.19 Recommendations

- The Department should make efforts to prepare rolling State five-year comprehensive water security action plans under the aegis of a State specific policy framework.
- Efforts should be made to fully utilise the available funds and avoid delays in release of GoI funds and the State's matching share.
- The quality of drinking water should be ensured by ensuring that the requisite range of tests are carried out at all water testing laboratories.
- Regular monitoring through regular field inspections of the projects should be carried out and social audit as envisaged in NRDWP guidelines should be conducted.

COMPLIANCE AUDIT PARAGRAPHS**MIZORAM YOUTH COMMISSION****1.4 Doubtful payment to consultants**

The Mizoram Youth Commission made doubtful payment of ₹ 77.53 lakh to placement agencies without any documentary evidence of placements done. Payments were made in cash even before the invoices were received

The Ministry of Development of North Eastern Region (DoNER), Government of India in January 2016 sanctioned a grant of ₹ 2.51 crore to the Mizoram Youth Commission²¹ (MYC) for imparting training to 400 unemployed youth of North Eastern region in specified trades and fields. DoNER released the amount in two instalments (₹ 1.88 crore in January 2016 and ₹ 0.63 crore in August 2016) to the MYC.

The MYC in January 2016 decided to appoint 16 Placement Agencies (PA) to facilitate the placement of the youth who would be trained and during February-May 2016, conducted training programmes on Hospitality, Aviation, Retail, Tourism and Information Technology for 463 youth (of which 50 youth dropped out before completing the training) with the grant received from DoNER.

Rule 168 (ii) of the General Financial Rules, 2005 stipulates that where the estimated cost of the work or service is above ₹ 25 lakh, an enquiry seeking 'Expression of Interest' (EOI) from consultants should be published in at least one national daily and the Department's website. Enquiry for seeking EOI should *inter alia* include in brief, the broad scope of work or service, eligibility and the pre-qualification criteria to be met by the consultant(s), consultant's past experience in similar work or service, etc.

Audit observed that 16 PAs were engaged in violation of the above requirement. Moreover, no appointment letters detailing the scope of work and consultancy fees to

²¹ A Body Corporate established under the Mizoram Youth Commission Act, 2008 in April 2008

be paid were issued to the PAs. The MYC between May 2016 and January 2017 paid ₹ 77.53 lakh in cash to the PAs. This payment was also irregular and doubtful in view of the circumstances as detailed below:

- Audit observed differences in the number of youth who were placed - as per the list provided by the MYC to Audit, 386 out of 413 youth²² who had undergone training were placed. As per the invoices of the PAs however, 506 youth were placed.
- The 16 PAs submitted 25 invoices (May 2016 to January 2017) to the MYC for payment of consultancy fees without any documentary evidence of placements done in support of their claims. All the invoices were printed on plain paper without any details of their registration numbers, service tax registration numbers, etc. as required under Rule 4 of the Service Tax Rules, 1994.
- With respect to 24 of the 25 invoices received from the 16 PAs, the payments were made even before the invoices were received (details given in **Appendix-1.4.1**). In the case of one invoice²³, the payment was made on the same day the invoice was received.
- No Actual Payee Receipts were taken from the PAs for payments made in cash to them in contravention of Rule 56 of Receipt and Payment Rules.
- Invoices submitted by eight of the 16 PAs indicated that they were private limited companies. Audit cross checked this information from the website of the Registrar of Companies, Ministry of Corporate Affairs which revealed that only one PA²⁴ was registered with the Ministry as a private limited company.

The aforementioned facts indicated that the credentials of the PAs as well as the payments made to them were doubtful.

On the above being pointed out, the Department accepted (May 2018) the facts of doubtful payment to consultants.

Thus, the MYC engaged and made payments to the tune of ₹ 77.53 lakh to the PAs in violation of the Rules and without proof of work.

Audit recommends that this matter be referred to the Vigilance Department, Government of Mizoram for further investigation.

²² Total of 463 youth who underwent training *minus* 50 youth who did not complete the training

²³

Name of the Consultant	Vr. No.	Date of		Amount (in lakh)	Trainees placed	
		Invoice	Payment		Trade	No.
Intelligent Resources Private Limited	135	30.01.2017	30.01.2017	0.61	Hospitality	10

²⁴ The seven PAs which did not figure in the Ministry's website were (i) Intelligent Resources Private Limited, (ii) Delta Consultants Private Limited, (iii) AS Private Limited, (iv) AMS Services Private Limited, (v) Future Wings Private Limited, (vi) Wizmatrix Consulting Private Limited, and (vii) SD Private Limited

DISASTER MANAGEMENT & REHABILITATION DEPARTMENT

1.5 Undue favour to the vendor

The arbitrary rejection of the lowest bid resulted in extra expenditure of ₹ 85 lakh on procurement of tarpaulin during 2014-15 to 2016-17

Rule 137 of the General Financial Rules, 2005 prescribes that every authority delegated with the financial powers of procuring goods in public interest shall have the responsibility and accountability to bring efficiency, economy and transparency in matters relating to public procurement and for fair and equitable treatment of suppliers and promotion of competition in public procurement.

Scrutiny of records (December 2016) of the Disaster Management & Rehabilitation Department, revealed that the Department had floated (August 2014) a Short Quotation Notice (SQN) for procurement of a specified type of tarpaulin. The SQN *inter alia* stipulated that bidders should attach proof of being a manufacturer or submit a certified copy of appointment as dealer or agent for the item offered.

The Department received three bids in response to the SQN. At the end of tender process, the competent authority²⁵ approved procurement (₹ 1,404/- per piece) of the tarpaulin from the highest bidder²⁶ (the second lowest offer²⁷ was rejected by the competent authority for want of the certificate of being appointed as an authorised dealer by the manufacturer).

Audit observed that the competent authority - overlooking the fact that the authorisation letter attached by the lowest bidder with his bid documents clearly mentioned that the bidder was an authorised dealer for the 'North East region' - arbitrarily rejected the lowest bidder's offer²⁸ (₹ 1,305/- per piece) on the ground that "*attested copy of the authorised dealer certificate from the Supreme Industries, Kolkata (manufacturer) submitted; however, it was learned that the firm is an authorised dealer for Silchar, Assam*"²⁹.

During 2014-15 to 2016-17, the Department procured 85,662 tarpaulin pieces at a cost of ₹ 12.03 crore instead of at ₹ 11.18 crore³⁰ which would have been the case had the material been purchased from the lowest bidder.

²⁵ A six member State Level Purchase Advisory Board under the Chairmanship of the Chief Secretary

²⁶ M/s Floria Glamour, Aizawl, Mizoram

²⁷ The second lowest offer (₹ 1,400/- per piece) by M/s JK Enterprise

²⁸ Tripal and Textile Traders, Silchar, Assam

²⁹ Minutes of meeting of the competent authority held on 15 September 2014

³⁰ Floria Glamour 85,662 X ₹ 1,404 = ₹ 12,02,69,448

Tirpal & Textile 85,662 X ₹ 1,305 = ₹ 11,17,88,910

Extra Expenditure = ₹ 84,80,538

Thus, the patently facetious decision of the competent authority to reject the offer of the lowest bidder resulted in extra expenditure of ₹ 85 lakh. Further, the Department would continue to pay the higher rate till the time it invites fresh tenders for procurement of tarpaulin which is a regular requirement due to the State's climatic conditions.

The matter was reported to the Department in May 2018; reply was awaited (July 2018).

FOLLOW UP OF AUDIT OBSERVATIONS

1.6 Non-submission of *suo moto* Action Taken Notes

With a view to ensuring accountability of the Executive in respect of all the issues dealt with in various Audit Reports, the Public Accounts Committee (PAC), issued (May 2000) instructions for submission of *suo moto* ATNs on all paragraphs and reviews featured in the Audit Report within three months of its presentation to the Legislature. For submission of the Action Taken Notes (ATNs) on its recommendations, the PAC has provided six months time.

A review of follow up action on submission of *suo moto* ATNs disclosed that there were pendency in replies in respect of the Audit Reports for the years 2011-12 to 2015-16. The Audit Report for the year 2015-16 was laid on the table of the State legislative assembly on 25 May 2017. The *suo moto* replies in respect of two Performance Audit and two paragraphs that had appeared in the Audit Report were due by the end of August 2017. However, no replies in respect of the paragraphs/Performance Audit were received as of December 2017, even after a delay of about four months.

Thus, due to the failure of the respective departments to comply with the instructions of the PAC, the objective of ensuring accountability remained inadequate.

1.7 Response to audit observations and compliance thereof by the Executive

Accountant General (Audit) conducts periodical inspections of Government Departments to test-check the transactions. The maintenance of significant accounting and other records as per the prescribed rules and procedures is also verified. These inspections are followed by the Inspection Reports (IRs) issued to the Heads of Offices inspected, with a copy to the next higher authorities. Rules/orders of the Government provide for prompt response by the Executive to the IRs. The Heads of Offices and next higher authorities are required to rectify the defects and omissions promptly and report their compliance to the Accountant General. Serious irregularities are also brought to the notice of the Head of the Department by the Office of the Accountant General.

As of March 2017, a review of the outstanding IRs issued during 2008-17 revealed that 802 paragraphs relating to 180 IRs remained outstanding as shown in the following Table:

Table-1.7.1:- Details of outstanding IRs

Name of the Sector	Opening Balance (upto 2015-16)		Addition during the year 2016-17		Disposal during the year 2016-17		Closing Balance	
	IR	Paras	IR	Paras	IR	Paras	IR	Paras
Social	131	595	54	284	5	77	180	802

1.8 Audit Committee Meetings

State Government had notified (04 September 2013) constitution of Audit Committees (ACs). ACs are to consider and take measures for timely response and speedy settlement of outstanding paragraphs of Inspection Reports lying in different Departments.

During 2016-17, no audit committee meeting was held in respect of Social Sector.

