

Overview

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This Report contains two performance audits on (i) Construction of Rural Roads Financed by NABARD and (ii) Sewage Management in Urban Areas and 21 compliance audit paragraphs including one thematic paragraph and one follow up audit. Some of the major audit findings are mentioned below:

Performance Audit

Construction of Rural Roads Financed by NABARD

Performance Audit on 'Construction of Rural Roads financed by NABARD' covered issues of planning, finance, execution and quality controls/ monitoring. Audit noticed deficiencies in planning, fund management and execution of projects including contract management. Quality controls and monitoring of the projects were also ineffective. Some of the major findings are as under:

- Public Works and Planning Departments had not provided inputs to MLAs for prioritisation of projects under NABARD and selection of projects was made without anticipating bottlenecks, coordinated approach and comprehensive analysis of projects.
(Paragraph 2.1.6.1)
- Out of the 106 projects sanctioned during 2013-18, no project was sanctioned for distressed areas against 65 projects recommended by MLAs although roads were sanctioned for already connected villages.
(Paragraph 2.1.6.1)
- Three test-checked divisions had executed five projects at a cost of ₹ 7.76 crore without provision of black-top as required under NABARD guidelines depriving the public of all-weather road connectivity.
(Paragraph 2.1.6.5)
- Calculation of internal rate of return/ economic rate of return and benefit cost ratio in DPRs was not based on reliable data.
(Paragraph 2.1.6.7)
- In nine test-checked divisions, ₹ 10.71 crore irregularly withdrawn from the Consolidated Fund against NABARD projects were lying unspent in deposit head for 10 to 82 months. Against reimbursement of expenditure as loan for projects sanctioned during 2013-18, there was short claim of ₹ 57.73 crore from NABARD.
(Paragraphs 2.1.7.1 and 2.1.10.1)
- Non-obtaining of performance security, non-levy/ non-recovery of compensation for delay, inadmissible payment of cost-escalation and non-recovery of royalty and useful stones from contractors resulted in extension of undue financial benefit/ favour of ₹ 10.94 crore in 119 contracts.
(Paragraphs 2.1.8.1 to 2.1.8.5)
- Out of 269 projects sanctioned for ₹ 859.26 crore, 132 projects with the sanctioned cost of ₹ 393.79 crore were taken up for execution within one year. Only 65 projects were completed within stipulated period of four years after incurring an expenditure of ₹ 135.07 crore.
(Paragraph 2.1.9.1)
- In 17 test-checked divisions, 123 projects (out of 269) sanctioned for ₹ 414.67 crore were awarded to the contractors after a delay of one to 111 months resulting in further delay in execution of the projects.
(Paragraph 2.1.9.3)
- Thirty three roads constructed by eight test-checked divisions at a cost of ₹ 49.00 crore were not passed for vehicular traffic by road fitness committees rendering expenditure on these roads as largely unfruitful.
(Paragraph 2.1.9.8)

- Quality control mechanism was ineffective as Executive Engineers of test-checked divisions had not taken action for rectification of deficiencies in 28 projects pointed out in 134 inspections carried out by State Quality Control Wing (32) and State Quality Monitors (102) during 2013-18. **(Paragraph 2.1.10.3)**

Sewage Management in Urban Areas

Performance audit of sewage management in urban areas was conducted to evaluate aspects relating to planning and direction, fund utilisation, collection, treatment, and disposal of sewage through sewerage and septic tank systems and monitoring. Some of major findings are as under:

- Shortcomings in planning and direction included: non-preparation of strategy, non-ensuring of encumbrance-free land for sewerage schemes, lack of proactive action with regard to upgrading of overstressed STPs, design deficiencies in STPs/ septic tanks, and lack of control over disposal of sludge. **(Paragraph 2.2.5)**
- Shortcomings in financial management included: inadequate funding for sewerage schemes, non-release of 30 *per cent* and delayed release of 43 *per cent* funds by ULBs to IPH divisions, non-utilisation of 58 *per cent* funds in 11 out of 16 test-checked divisions, non-utilisation of funds received from the Finance Commission by 15 test-checked ULBs, and shortcomings with regard to collection of user charges. **(Paragraph 2.2.6)**
- Out of 25 test-checked sewerage schemes only one scheme was completed after delay of 205 months; 13 schemes were incomplete (delay: 18 to 230 months); and 11 schemes had not been started due to lack of planning for acquisition/ transfer of land; non-ensuring of encumbrance free land for laying of sewerage network; delay in preparation of DPRs; and lack of funds. **(Paragraph 2.2.7)**
- Households/ establishments were not connecting to sewerage network resulting in under-utilisation of STPs. Three STPs were over-stressed adversely impacting the treatment process and resulting in poor effluent quality. **(Paragraphs 2.2.8 to 2.2.9.1)**
- Non-functioning of STP components and design shortcomings resulted in poor quality of effluent being released into surface water bodies. In a large number of STPs, criteria for quality of treated effluent were not being met. Sludge treatment was inadequate. **(Paragraphs 2.2.9.2 to 2.2.9.4)**
- Community and domestic level septic tank systems did not have effluent treatment facility and effluent was being discharged into water bodies without proper treatment. There was no mechanism for de-sludging of the tanks at designated periods or for treatment of sludge before disposal. This had resulted in risk of contamination of water bodies and water borne diseases due to disposal of sludge and effluent without proper treatment. **(Paragraphs 2.2.10.1 and 2.2.10.2)**
- Monitoring mechanisms were weak at the Department, ULB and IPH division levels. **(Paragraph 2.2.11)**

Compliance Audit

Unproductive expenditure on milk processing plant

Failure of the HP-*Milkfed* (Animal Husbandry Department) in making realistic assessment of available milk and non-formation/ functioning of envisaged Village Dairy Cooperative Societies resulted in underutilisation of milk processing plant

rendering the investment of ₹ 63.35 lakh largely unproductive and leading to operational loss of ₹ 1.40 crore.

(Paragraph 3.1)

Infructuous expenditure on programme for Environment Protection and Carbon Neutrality

Shortcomings in the agreement signed with Programme Management Agency (PMA), failure of the Environment, Science and Technology Department to ensure compliance with the provisions of the agreement by the PMA, and lack of monitoring by the Department resulted in non-achievement of intended programme objectives of mobilising communities for environmental assessment, protection and carbon neutrality, and infructuous expenditure of ₹ 1.96 crore.

(Paragraph 3.2)

Procurement, Supply and Utilisation of Drugs & Consumables and Machinery & Equipment in Health Institutions under the Directorate of Health Services

Assessment of demand for procurement of drugs & consumables and their distribution was neither scientific nor systematic, leading to instances of non-procurement, delay in procurement and non-availability of drugs; and non-issuing, short issuing, excess issuing of drugs to health institutions. Drugs were purchased irregularly and without requirement resulting in their expiry. Ineffective quality control resulted in distribution of substandard drugs to patients. Procurement of machinery & equipment was not systematic in the absence of any inventory management system leading to cases of non-procurement and procurement without requirement, which resulted in items remaining unutilised/ idle and non-functional. Items were also found to be lying unutilised owing to non-posting of technical staff.

(Paragraph 3.6)

Excess payment of agency charges on deposit works

Failure of the Industries Department in restricting the payment of agency charges to the approved rates resulted in excess payment of ₹ 2.13 crore to the Corporation on total value of deposit work of ₹ 89.37 crore executed during 2015-18.

(Paragraph 3.7)

Idle investment on irrigation project through rain water harvesting structures

Failure of the Irrigation and Public Health Department to secure prior forest clearance before award of works to contractors led to non-completion of a project for more than eight years defeating the purpose of providing irrigation facility to the beneficiaries and resulted in idle investment of ₹ 17.48 crore.

(Paragraph 3.9)

Unfruitful expenditure and loss on augmentation of lift water supply scheme

Faulty planning and failure of the Irrigation and Public Health Department to design safer alignment of a lift water supply scheme led to damage of rising main of booster and first stage in flash floods resulting in loss of ₹ 0.60 crore besides rendering the expenditure of ₹ 1.45 crore as unfruitful.

(Paragraph 3.11)

Misutilisation of Sectoral Decentralised Planning funds

Funds amounting to ₹ 2.93 crore out of allocations under Sectoral Decentralised Planning (SDP) meant for addressing development needs were misutilised by Planning Department for construction and repair works in Government residential and office buildings and religious places in violation of scheme guidelines.

(Paragraph 3.13)

Sanction of funds for inadmissible works under Member of Parliament Local Area Development Scheme and Vidhayak Kshetra Vikas Nidhi Yojana (Planning Department)

Despite the violation having been highlighted previously by Audit, funds amounting to ₹ 1.93 crore were released by the Deputy Commissioners of five districts for execution of 170 works within places of religious worship in violation of scheme guidelines.

(Paragraph 3.14)

Short realisation of dues for laying of optical fibre cable

Failure of the Public Works Department to apply correct rates for dues from telecom companies for laying of optical fibre cable along roads resulted in short realisation of ₹ 1.66 crore.

(Paragraph 3.15)

Unfruitful expenditure due to non-completion of construction of road

Due to improper planning and repeated failure of the Public Works Department in preparation of estimates as per topography/ site conditions, the road could not be completed for more than 14 years depriving the beneficiaries of intended road connectivity and the expenditure of ₹ 17.98 crore remained unfruitful.

(Paragraph 3.16)

Diversion and misutilisation of money from State Disaster Response Fund (SDRF) for inadmissible works (Revenue Department)

The State Executive Committee was not discharging its duty of ensuring that money drawn from SDRF was being properly utilised, resulting in diversion and misutilisation of ₹ 2.19 crore from SDRF by Deputy Commissioners for repair and restoration of Government office and residential buildings not damaged by disaster/ calamity, while claims of ₹ 3.19 crore for immediate relief to victims of natural calamities remained pending, defeating the purpose of SDRF.

(Paragraph 3.17)

Short-realisation of contribution towards Local Area Development Fund (LADF) and misutilisation of LADF amount (Revenue Department)

Local Area Development Fund of ₹ 6.14 crore and interest thereupon of ₹ 2.72 crore were short-realised from developers of hydroelectric power projects although a period ranging between four months and ten years had elapsed since the date on which final instalment was due. Funds amounting to ₹ 2.05 crore were misutilised on items not pertaining to local area development.

(Paragraph 3.18)

Avoidable payment of interest

Failure of the Tourism and Civil Aviation Department to release compensation of ₹ 2.02 crore to seven land owners for eight years resulted in avoidable interest payment of ₹ 1.76 crore.

(Paragraph 3.19)

Avoidable loss on construction of bus stand on unsafe site (Transport Department)

Imprudent decision of the Authority to construct a bus stand in flood prone area and failure of the Authority to adopt flood protection measures to reduce/ mitigate the effects of floods resulted in avoidable loss of ₹ 5.25 crore and avoidable expenditure of ₹ 1.01 crore on restoration of damages.

(Paragraph 3.20)

Infructuous expenditure due to selection of unsuitable site for bus stand (Transport Department)

Lack of planning on part of the Himachal Pradesh City Transport and Bus Stands Management and Development Authority in selecting suitable site coupled with failure to assess the requirement and finalise the design of proposed bus stand rendered the expenditure of ₹ 93.61 lakh on preparatory works infructuous.

(Paragraph 3.21)