
Compliance Audit

Chapter III
Compliance Audit on
‘Mana Badi Nadu Nedu Phase-I’ Scheme

School Education Department

Compliance Audit on 'Mana Badi Nadu Nedu Phase-I' Scheme

Summary

Audit of Phase-I of MBNN for the period 2019-20 to 2021-22 were conducted in the offices of Principal Secretary to the Government in School Education Department, the Commissioner of School Education (CSE), the State Project Director, Samagra Shiksha Society (SPD, SSS) and Andhra Pradesh Education and Welfare Infrastructure Development Corporation (APEWIDC) at State level and Additional Project Coordinators, Samagra Shiksha (APC, SS) in six districts in addition to selected 108 schools in six districts for the period 2019-20 to 2021-22. During the scrutiny of records, audit noticed that:

- *Selection of information technology agency for procurement of School Transformation Monitoring System was made on nomination basis instead of competitive and transparent process as per procedure.*
- *The work-contractor for the painting work in Government Schools was paid ₹292.43 crore for the work done without collecting labour cess at the rate of one per cent. Thus, an amount of ₹2.92 crore towards labour cess was not levied on the bills paid.*
- *During the joint physical verification of the test checked schools, audit observed idling of Green Chalk Boards, non-working of Drinking water system procured after incurring an expenditure of ₹76.80 lakh in 33 out of 108 test checked schools. Further, despite provision of component furniture for students and staff and incurring an expenditure of ₹383.51 crore for procurement of dual desks, in 32 out of 108 test checked schools, 1,973 students were sitting on the floor. Thus, despite incurring an expenditure of ₹3,818.52 crore on the scheme, even the basic amenities such as safe drinking water and benches could not be ensured by the Government.*

3.1 Introduction

Education is a primary social development measure. The public school system should act as a strong pillar to contribute to this important measure by providing affordability, accessibility and equity. Infrastructure in public schools is one of the key inputs for making the school system effective. It contributes directly to better learning environment in schools and indirectly to better learning outcomes.

Government of Andhra Pradesh (GoAP), with a view to facelift all schools in the State by improving the infrastructure and providing quality education to children, has brought out the scheme of Mana Badi Nadu Nedu⁴³ (meaning *Our School – Then and Now*). This scheme proposes to strengthen the infrastructure and transform the existing infrastructure

⁴³ G.O. Ms No.87 dated 30/11/2019 read with GO Ms No.7, dated 24/02/2020

in schools in mission mode and in a phased manner over a period of three years. The scheme was rolled out in 2019-20.

Government accorded administrative approval (November 2019) under MBNN programme for transformation/upgradation of buildings of Government schools to the Commissioner of School Education to take up basic infrastructure works in all Government schools with nine components *viz.*, Toilets with running water, Electrification with fans and tube lights, Drinking water supply, Furniture for students and staff, Painting of school building, Major and minor repairs, Green chalk boards, English labs and Compound walls.

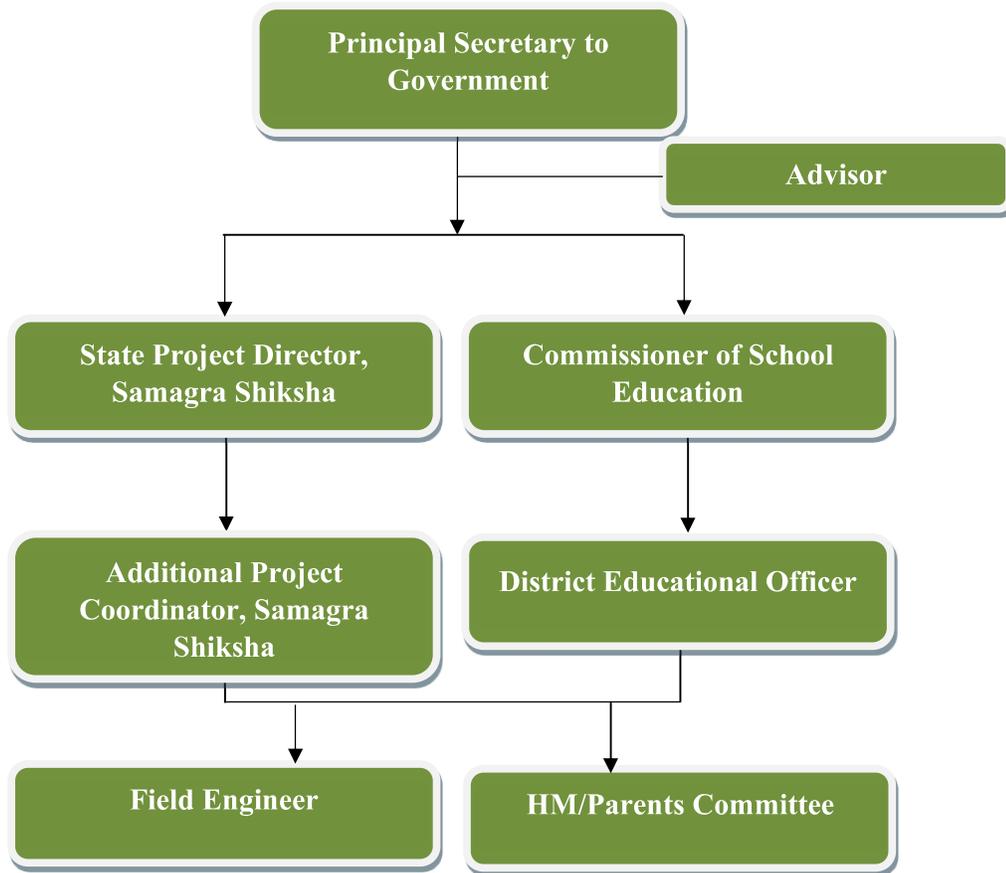
The works are to be executed by Parents Committees (PC) through community contracting. The PC of each school was to get the detailed estimate prepared by the executive agency for each component based on the actual requirement of the facilities of the school. The Field engineer⁴⁴ while preparing the estimates was to consult the PC members and seek their advice in finalising the provisions to be kept in the estimates. A resolution to this extent should be taken from the PC by the Headmaster and the same shall be uploaded into School Transformation Monitoring Software (STMS) by the Field Engineer while preparing the estimates.

Principal Secretary to the Government heads the School Education Department at State level and is the Chairman of State Level Monitoring Committee, MBNN. The Committee comprises 13 members and Commissioner of School Education as Member-Convener has the responsibility to review and monitor the progress in the implementation of the programme in schools from time to time. The Advisor (Infrastructure) to Government, School Education shall coordinate with all concerned and advise the agencies in implementation of the programme in all aspects.

The District Collector is the Chairman of District level Monitoring committee. The Committee comprises 11 members and District Educational Officer as member-convener has the responsibility for monitoring of the program at the district level.

⁴⁴ the field engineer as authorised by the respective implementing agency of the department concerned depending on the school *viz.* AP Samagra Shiksha (APSS) Engineering Department, Andhra Pradesh Education Welfare and Infrastructure Development Corporation (APEWIDC), Tribal Welfare Engineering Department, Panchayat Raj (PR) Engineering Department, Municipal & Public Health (PH) Engineering Department

Chart 3.1: Organisational Chart



Source: Government Orders⁴⁵

3.1.1 Audit scope and methodology

The School Education Department implemented MBNN Phase-I during 2019-21. Audit conducted Entry Conference on 03 August 2022 with the Programme Director, Finance Controller and other departmental officials. During audit (October 2022 - February 2023), records pertaining to Phase-I of MBNN were scrutinised in the offices of Principal Secretary to the Government in School Education Department, the Commissioner of School Education (CSE), the State Project Director, Samagra Shiksha Society (SPD, SSS) and Andhra Pradesh Education and Welfare Infrastructure Development Corporation (APEWIDC) at State level and Additional Project Coordinators, Samagra Shiksha (APC, SS) in six districts in addition to selected 108 schools in six districts. Audit conducted Joint physical verification of the test checked schools. Exit conference was held on 05 January 2024 with the Principal Secretary to Government, School Education Department wherein the audit findings were discussed. Response of the department through replies and Government in the exit conference were incorporated in the Report.

⁴⁵ GO Ms No.87 dated 30/11/2019 read with GO Ms No.7, dated 24/02/2020

Audit Sample

The Phase-I of MBNN was implemented in 15,126⁴⁶ Schools in 26 newly reorganised districts⁴⁷. Six districts were selected on Probability Proportion to Size without Replacement (PPSWR) on weighted Index (50 per cent weight on number of schools and 50 per cent weight on the expenditure incurred).

In each District, three Mandals were selected using Simple Random Sampling Method based on the number of schools in which the scheme was implemented. In each Mandal, six schools were selected (the list of schools is in *Appendix 3.1*) using Stratified Random Sampling Method in the following manner:

- (i) All the schools, under the scheme, were divided into three strata viz. Primary (up to class V), Upper Primary (up to class VIII) and High Secondary School (up to class XII).
- (ii) Two schools from each stratum were selected based on the Random Sampling Without Replacement method.

3.1.2 Audit objectives

The compliance audit of the scheme was taken up to ensure:

- Whether **procurement, execution and payments** were in compliance with the existing Rules and Regulations and
- Whether the **monitoring** mechanisms were in place as per the scheme guidelines.

3.2 Audit findings

3.2.1 Financing the scheme

The financing was made through budgetary support by Government of Andhra Pradesh. The Budget allocation and expenditure details of the programme for the period 2019-20 to 2021-22 is detailed in the below *Table 3.1*:

Table 3.1: Budget allocation and expenditure details of the programme MBNN Phase-I

(₹ in Crore)

| Year | Budget allocation | Expenditure |
|--------------|-------------------|-----------------|
| 2019-20 | 100 | 100.00 |
| 2020-21 | 2,000 | 1,968.52 |
| 2021-22 | 1,750 | 1,750.00 |
| Total | 3,850 | 3,818.52 |

Source: As per annual accounts of Government of Andhra Pradesh.

Revenue expenditure is recurring in nature and is intended to be met from revenue receipts.

Capital expenditure is defined as expenditure incurred to create assets of a material and permanent character, or to reduce permanent liabilities. It was seen that the entire expenditure under MBNN Phase-I was booked as Capital Expenditure.

⁴⁶ though 15,713 schools were proposed to be taken up as part of Phase I, only 15,126 schools were actually taken up as per STMS application

⁴⁷ G.O.Rt.No.173 to 198, Revenue (Lands-IV), 02/04/2022

As per Government Orders⁴⁸, preference shall be given to schools identified in dilapidated condition. However, Government, finalised 1/3rd Phase-I Schools with high student strength duly ensuring coverage of all Constituencies and Mandals in Phase-I and dilapidated buildings were not taken into consideration as construction of classrooms was not an approved component of Nadu Nedu Phase-I.

Thus, it is evident from the above that there was no reconstruction of the dilapidated schools and expenditure was of revenue nature (repairs, painting, procurement of desks *etc.*). However, the entire expenditure was booked as Capital expenditure in contravention to Government accounting rules.

3.2.2 Procurement, execution and payment process

Procurement of School Transformation Monitoring System (STMS) software and seven items *viz.*, smart TVs, dual desks, drinking water systems, painting of schools, ceiling fans, sanitary ware and green chalk boards procured centrally by Andhra Pradesh Education & Welfare Infrastructure Development Corporation (APEWIDC) for the purpose of this programme were examined and observed the following:

3.2.2.1 Procurement of School Transformation Monitoring System (STMS) - Selection of IT Agency on nomination basis

As per Government Order (July 2015)⁴⁹, the services of experts, either as individuals or through a Firm should be obtained through a competitive process that is transparent and follows the principles and guidelines for procurement established by the GoI and the GoAP.

We observed for the development of STMS software, Tata Consultancy Services (TCS) Ltd was selected on nomination basis without following competitive process. An agreement was concluded between Department and M/s TCS in December 2020 for a lumpsum contract of ₹1.55 crore for development and maintenance of STMS portal to facilitate and monitor the works of MBNN. However, we observed that the effective period of Agreement commenced in March 2020 *i.e.* nine months prior to concluding the agreement.

During the exit conference, Principal Secretary stated that IT partner was chosen on nomination basis in view of the knowledge and experience in developing similar application which had similar features for monitoring and supporting centralised procurement of the material and cash payments to labour. Further, Government replied (March 2024) that M/s TCS was selected after cabinet approval.

The reply is not acceptable as Single Source Selection is appropriate when the contract is very small in value or only one consulting organisation has the qualifications or experience required to carry out the assignment. Thus, competitive and transparent process was not followed for single source procurement.

Recommendation 3.1: Government should follow the competitive and transparent process in selection of contractors/agencies, instead of nomination basis.

⁴⁸ GO Ms No.87 dt 30/11/2019 read with GO Ms No.7, School Education (Prog.II) Dept. dt 24/02/2020

⁴⁹ G.O.MS.No. 89 dated 16/07/2015 issued by Finance (HR-I) Department

3.2.2.2 Drinking Water System

Supply of Purified Drinking Water System (DWS) Type-III⁵⁰ for the Government Schools was awarded (17 October 2020) to 'Livpure Private Limited' for a contract price of ₹59,53,37,750.

As per Clause 7.4 (Milestone programme) of the agreement, the firm was to supply 25 *per cent* of DWS units within one month, fifty *per cent* of the quantity within two months and total quantity within 90 days from the date of signing the Agreement (17 October 2020). Further, as per Clause 8.b of Agreement, in case of delay in completion of work as per schedule or as per timelines, the firm shall pay liquidated damages at the rate of 0.1 *per cent* of contract value for each week of delay, subject to a maximum 2.5 *per cent* of contract value. Also, EMD shall be forfeited under Clause 4.7 of agreement besides blacklisting.

The firm should have supplied 1,750 DWS units⁵¹ by 16 December 2020. However, the firm had not supplied the DWS units up to 05 January 2021 (*i.e.* more than two months) from the date of Agreement. We observed that no liquidated damages (LDs) were levied for non-supply of DWS units within two months.

The Department stated that DWS units were supplied after 05 January 2021 and the entire quantity within the timelines fixed by the authority and hence, no liquidated damages were imposed considering the hurdles in the COVID situation.

Further, during the exit conference, Managing Director, APEWIDC stated that total supply was made before the last milestone *i.e.* within 90 days.

Reply of the Government is not acceptable as COVID Unlock 5.0 was declared with effect from 30 September 2020 *i.e.*, prior to commencement of the contract on 17 October 2020 and the supplier had not supplied 50 *per cent* within two months, and the intermittent milestones were also not achieved. Hence, an amount of ₹41,67,364 towards Liquidated Damages were to be charged for the non-supply within two months of stipulated milestone as per the agreement.

3.2.2.3 Painting of school building

APEWIDC floated National Competitive Bidding (February 2020 and re-tender in April 2020) for the work painting of Government School in Andhra Pradesh at an estimated contract value of ₹346 crore (including cost of transportation to designated schools, GST and all other taxes), with seven years of warranty from the date of supply.

APEWIDC issued (May 2020) Letter of Award (LoA) to the lowest bidder, M/s Berger Paints India Ltd. APEWIDC entered into an agreement (09 June 2020) for a contract value of ₹269.60 crore. As per the Clause 3(a) of the Agreement, painting work was to be completed in 120 days from the date of agreement with a warranty of seven years.

In this connection the following observations are made:

⁵⁰ with TDS reduction to 150-400 ppm from source water having TDS 400-3000 ppm

⁵¹ as per Agreement, total indent was 3,500

a) Non-levy of penalty for the delayed execution

As per the Milestone programme of the Agreement (clause 7.4), the work was to be completed according to the following timelines and quantities as given in **Table 3.2** below:-

Table 3.2: Milestone programme of the Agreement

| Milestone | Period of Completion | Completion of work |
|-----------|----------------------|---------------------------|
| I | One month | 25% of the total quantity |
| II | Two months | 50% |
| III | Three months | 75% |
| IV | Four months | 100 % |

Source: As per Para 7.4 of the Agreement

As per clause 8(b) of the Contractual Agreement, the firm has to pay liquidated damages at the rate of 0.10 *per cent* of contract value for each week of delay subject to maximum of 2.5 *per cent* of the contract value, except in the event of natural calamities.

Further, as per Para 9 of Agreement, the EMD/Security Deposit shall be forfeited, if at any time, the Managing Director, APEWIDC shall be of the opinion that the firm was delaying commencement of the work or supplying of the product or violating any of the provisions of the contract or firm was neglecting or delaying the progress of the work.

MD, APEWIDC addressed (December 2020) a letter to M/s Berger Paints India Limited to speed up the work and finish the work on or before 31 January 2021, the target date. The firm completed only 612 schools out of 14,784 schools⁵², which was only 4.14 *per cent* progress. However, the State High Power Tender Committee unanimously resolved to allot part of work against indented quantity to the firm Asian Paints who was L2 bidder. It was also directed the Managing Director, APEWIDC, to rope in two more reputed companies on the same terms and conditions and on the rate quoted by the Berger paints India Limited, in order to complete the painting work by 31 January 2021. However, the work was allotted to two firms Asian Paints and Berger Paints.

During the exit conference (January 2024), the Commissioner replied that as the schools were not ready, the contractor had to wait for the repair works to be completed.

The reply of the Commissioner is not verifiable in Audit as the due procedure of granting Extension of Agreement Time was not followed by the Department to extend the milestones for the work.

⁵² resolution of the State High Power Tender Committee (SHPTC) in their Meeting No. 16 dated 15 December 2020

b) Non-levy and collection of Labour Cess

Government agencies⁵³ are to collect labour cess (LC) at the rate of one *per cent* on the cost of construction *i.e.*, value of the works contract.

An amount of ₹292.43 crore was paid (October 2022) to the contractor towards painting work on completion of work. However, labour cess at the rate of one *per cent i.e.*, an amount of ₹2.92 crore was not levied on the bills paid.

Government accepted (February 2024) the audit observation and assured to recover the labour cess from the amounts due to contractor.

3.2.2.4 Quality of ceiling fans

A review of Reports of the multiple inspection/QC tests conducted by six⁵⁴ universities/colleges revealed that

- As per the agreed specifications, the CMM⁵⁵ should be 210. However, as seen from the consolidated report pertaining to the period from November 2022 to February 2023 prepared by PMU, the CMM was less than the specification of 210 in 71 out of 157 (45.22 *per cent*) of the fans tested.
- The RPM⁵⁶ should be 380. However, as seen from the consolidated report pertaining to the period from November 2022 to February 2023 submitted by PMU the RPM was less than 380 in 67 out of 220 (30.45 *per cent*) of the fans tested.

Thus, quality of the fans was compromised as there were deviations from the specifications of the fans. Further during the exit conference, the Commissioner replied that penalty was imposed for the said shortcomings.

Government replied (05 March 2024) that MD, APEWIDC and Commissioner (School Infrastructure) were requested to recover the penalty from the balance amount payable to the firm M/s Crompton Greaves Consumer Electricals limited for non-compliance of quality parameters in supply of ceiling fans.

3.2.2.5 Procurement of cement

As per the orders of Commissioner⁵⁷, School Education Department, the cement would be supplied through cement companies at the rates fixed by the Government and no more invoices need to be taken for cement from vendors/hardware shops. The indenting officer (field engineer) shall calculate the school wise theoretical requirement and raise an indent (not less than 400 bags in one indent). Each indent may cover one or more schools and two delivery locations. The APC, SS shall seek the consolidated cement indent to the coordinator of cement companies' association (approved by the Industries Dept) who shall allot to various companies. SMS will be sent to the HMs/CRPs/Field Engineers by the cement companies about delivery details along with date and time and the HMs shall make

⁵³ G.O. Ms. No.112, GoAP, Labour, Employment, Training & Factories (Lab.II) Dept dated 15/12/2009

⁵⁴ Andhra University, Vishakhapatnam; NIT, Tadepalligudem; Acharya Nagarjuna University, Guntur; Sri Venkateswara University, Tirupati; RGUKT, Kadapa; JNTU, Anathapuramu

⁵⁵ Cubic Meters per Minute (CMM) is the volume of air by a ceiling fan supplies in one minute

⁵⁶ Revolutions Per Minute (RPM) is speed of a ceiling fan in a minute

⁵⁷ Cir. Memo. No. 07/19-20/Nadu Nedu dated: 01/04/2020

arrangements to unload the cement. The APC, SS shall seek the consolidated cement indent through YSR Nirman Portal to the coordinator of cement companies' association (approved by the Industries Dept) who shall allot to various companies.

However, we observed that cement bags were purchased locally by paying excess amount other than through YSR Nirman Portal (The rate of cement in YSR Portal hosted by the Department of Industries and Commerce is ₹235 per bag).

The purchase of cement bags in 85 test checked schools out of 108 test checked schools district wise is given in **Table 3.3** below:

Table 3.3: District-wise purchase of cement bags test checked schools

| Name of the district | No. of Schools | Qty. of cement bag purchased Locally | Amount to be paid @ ₹235/- per bag | Amount paid (in ₹) | Excess amount paid (in ₹) |
|----------------------|----------------|--------------------------------------|------------------------------------|--------------------|---------------------------|
| Chittoor | 14 | 1,590 | 3,73,650 | 6,38,982 | 2,65,332 |
| Kurnool | 13 | 1,919 | 4,50,965 | 6,87,433 | 2,36,468 |
| Konaseema | 15 | 1,148 | 2,69,780 | 4,48,159 | 1,78,379 |
| East Godavari | 15 | 2,046 | 4,81,280 | 7,04,485 | 2,23,205 |
| Krishna | 15 | 2,734 | 6,42,490 | 10,07,997 | 3,65,507 |
| Guntur | 13 | 2,743 | 6,44,605 | 9,82,184 | 3,37,579 |
| Total | 85 | 12,180 | 28,62,770 | 44,69,240 | 16,06,470 |

Thus, 12,180 cement bags were purchased locally amounting to ₹44,69,240 out of Revolving Fund (RF) in 85 test checked schools. This led to excess expenditure of ₹16,06,470.

The Department replied (June 2023) that due to covid situation certain works were adversely affected due to lack of supply of cement and the instructions were issued for local purchase for limited quantities.

Further, during the exit conference, Principal Secretary added that the work was carried out and in pandemic situation, the schools had to buy at a higher price to avoid idle labour.

The reply is not acceptable as labour would be engaged based on work requirement and cement was to be procured only in limited quantities.

3.2.2.6 Non deduction of TDS on GST while making the payments to the suppliers

As per Section 51 of CGST Act, 2017 and Section 51 of AP SGST Act, 2017, TDS is to be deducted at the rate of one *per cent* towards CGST and one *per cent* towards SGST on payments made to the supplier of taxable goods and/or services, where the total value of such supply is more than two lakh fifty thousand rupees.

As per Comprehensive Financial Management System (CFMS) data, across the State an amount of ₹1,140.97 crore was paid to 18 suppliers during January 2021 to March 2023. We observed that no tax was deducted at source at the rate of two *per cent* on ₹1,140.97 crore made to the 18 suppliers as per Act provisions above. Thus, an amount of ₹22.82 crore was due to be deducted towards TDS of two *per cent* as per the GST and remitted into the Government Account.

The details of payments made to the suppliers and the TDS to be deducted in the State are shown in the below **Table 3.4:**

Table 3.4: Statement showing TDS on GST to be made on central procurement

| Sl. No. | Beneficiary | Item of supply/ Works Contract | Beneficiary code | Gross Payment Amount in ₹ | GST TDS to be deducted | |
|--------------|---|--|------------------|---------------------------|------------------------|---------------------|
| | | | | | % | Amount in ₹ |
| 1 | Ahlada Engineers Limited | Green Chalk Board & Drinking Water Systems | 1008657805 | 67,69,48,786 | 2 | 1,35,38,976 |
| 2 | Aqua Yard | Drinking Water Systems | 1008701405 | 2,26,54,270 | 2 | 4,53,085 |
| 3 | Asian Paints Limited | Painting | 1008675822 | 45,77,33,540 | 2 | 91,54,671 |
| 4 | Bangalore Limited United Tele Links | Smart Tv | 1002794254 | 20,90,63,920 | 2 | 41,81,278 |
| 5 | Berger Paints India Limited | Painting | 1000297675 | 2,92,55,56,254 | 2 | 5,85,11,125 |
| 6 | Cera Sanitaryware Ltd | Sanitary Items | 1008220597 | 42,04,22,942 | 2 | 84,08,459 |
| 7 | Crompton Greaves Consumer Electricals Ltd | Ceiling Fan | 1008220054 | 35,20,93,507 | 2 | 70,41,870 |
| 8 | Innovative Aqua Systems Pvt Ltd | Drinking Water Systems | 1008675755 | 40,11,76,354 | 2 | 80,23,527 |
| 9 | Innovative Industries | Furniture | 1008701431 | 52,95,79,096 | 2 | 1,05,91,582 |
| 10 | Livpure Pvt Ltd | Drinking Water Systems | 1008718552 | 59,98,06,893 | 2 | 1,19,96,138 |
| 11 | Methodex Systems Ltd | Furniture | 1000476682 | 1,72,40,53,578 | 2 | 3,44,81,072 |
| 12 | Mirc Electronics Limited | Smart Tv | 1008217493 | 15,57,80,739 | 2 | 31,15,615 |
| 13 | Prince Board India | Green Chalk Board | 1008220223 | 51,85,39,932 | 2 | 1,03,70,799 |
| 14 | Swadeshi Khadi Gramodhyog | Furniture | 1008720110 | 32,70,90,603 | 2 | 65,41,812 |
| 15 | Synergy Punching Private Limited | Furniture | 1008718776 | 31,67,27,967 | 2 | 63,34,559 |
| 16 | V3 Enterprises Pvt Ltd | Furniture | 1008705364 | 52,65,30,960 | 2 | 1,05,30,619 |
| 17 | Whitemark Ltd | Green Chalk Board | 1008657861 | 14,11,73,981 | 2 | 28,23,480 |
| 18 | Zenith Metaplast Pvt Ltd | Furniture | 1008220200 | 1,10,47,43,634 | 2 | 2,20,94,873 |
| TOTAL | | | | 11,40,96,76,956 | | 22,81,93,540 |

In the six test checked districts, an amount of ₹526.75 crore was paid to 18 suppliers. Scrutiny of the bills in CFMS portal revealed that no TDS was deducted on the payments made to the suppliers.

The Commissioner replied in Exit Conference that two *per cent* of TDS towards IT was done. Further, Commissioner replied (30 May 2024) that recovery of IT is not required as per IT Act and hence two *per cent* deduction already made from the suppliers at Additional Project Coordinator (APC) level would be adjusted towards GST. Thus, department promised compliance.

3.2.2.7 Observations in test checked schools including joint physical verification

The following observations are made in the test checked 108 schools in six districts during the physical verification conducted from November 2022 to February 2023.

(i) Green Chalk boards

As per the Technical Manual, one Green Chalk Board (GCB) was to be fixed in each classroom.

However, Audit observed that excess number of GCBs were supplied than required in the test checked schools. In 25 out of 108 test checked schools, 87 GCBs were not put to use as given in **Table 3.5**:

Table 3.5: Statement showing school wise number of Green Chalk Boards not in use

| Name of the District | No. of schools | No. of GCBs required | No. of GCBs provided | No. GCBs not put to use |
|----------------------|----------------|----------------------|----------------------|-------------------------|
| Chittoor | 10 | 79 | 86 | 29 |
| Kurnool | 09 | 84 | 94 | 38 |
| Konaseema | 03 | 15 | 23 | 08 |
| East Godavari | 01 | 07 | 08 | 01 |
| Krishna | 02 | 23 | 34 | 11 |
| Total | 25 | 208 | 245 | 87 |



Image 3.1: GCB kept idle in Headmaster's room in ZPHS BNR Peta, Chittoor District



Image 3.2: GCB kept idle in MPPS Moolanatham, Nagari, Chittoor District



Image 3.3: GCB kept idle in MPUPS MR Palem, Kadiyam Mandal, East Godavari District



Image 3.4: GCB kept idle in ZPHS, Kothapalem, Kothapeta Mandal, Konaseema District

Department replied (June 2023) that as Interactive Flat Panels (IFPs) and smart TVs were provided to Phase-I schools, the installed GCBs and the excess GCBs in the test checked schools were shifted/moved to Phase-III schools.

Th reply is not acceptable as the fact remains that the Green Chalk Boards (87 in 108 schools) supplied in the years 2020 and 2021 were lying idle on the dates of joint physical verification.

(ii) Drinking water System

Drinking Water Systems (DWS) were procured centrally and supplied to the schools as explained in **Paragraph 3.2.1**. During field visits to the schools, we observed that DWS in 33 test checked schools out of 108 test checked schools were not working. An expenditure of ₹76.80 lakh was incurred on procuring DWS as detailed in **Appendix 3.2**. District-wise information is given in **Table 3.6**:

Table 3.6: District-wise information on non-function of DWS in test checked schools

| Name of the district | No. of schools in which DWS not functional |
|----------------------|--|
| Chittoor | 11 |
| Kurnool | 6 |
| Konaseema | 3 |
| East Godavari | 2 |
| Krishna | 6 |
| Guntur | 5 |
| Total | 33 |

The Department stated that DWS issues were monitored closely through webex meetings with the suppliers and the payments withheld would be released only after rectification of defects. Further, M/s Livpure Company (one of the suppliers) was blacklisted for not attending to the issues and the balance payments were also withheld.

However, the objective of providing safe drinking water to the school children was not achieved due to non-functioning of DWS.

(iii) Painting work**(a) Improper Painting on the walls**

Interior and Exterior painting with wall art was one of the key components of Mana Badi Nadu-Nedu Programme and was a visible component of Nadu-Nedu programme. We observed that painting of the walls was not properly done *i.e.*, without scrubbing and scrapping the old paint in seven out of 18 test checked schools in Chittoor district, in ten out of 16 schools in Kurnool district and two out of 16 schools in Guntur District.



Image 3.5: Painting done without scrapping the old paint in ZPHS Pudupet, Nagari

(b) Excess payment due to variation in quantities with Measurement Book

The agreed procedure for payment for painting is (i) after work is done, 70 *per cent* of the value of work done based on the invoice furnished by M/S Berger shall be paid to Berger upon uploading of the invoice and work done certificate by the HM, (ii) 20 *per cent* shall be paid after measurement and upload of M-Book by Mandal Engineer and check measurement by Deputy Executive Engineer(DEE) and (iii) remaining 10 *per cent* shall be paid on fulfilment of all agreed conditions.

On a comparison of Measurement Book recording relating to painting work with Expenditure Statements, we observed that excess payments of ₹25,90,478 were made to M/s Berger Paints Ltd. and M/s. Asian Paints Ltd in 35 schools out of 108 test checked schools (*Appendix 3.3*) given in *Table 3.7*:

Table 3.7: Statement Showing Excess payment under MBNN Phase-I over Measurement Book
(Amount in ₹)

| District | Name of the agency | No of Schools | Total amount payable as per M.Book | Amount paid | Excess amount paid |
|---------------|---|---------------|------------------------------------|--------------------|--------------------|
| Konaseema | M/s Berger Paints Ltd. | 12 | 34,20,925 | 37,18,799 | 2,97,874 |
| East Godavari | M/s Berger Paints Ltd. | 10 | 34,76,272 | 47,64,007 | 12,87,735 |
| Krishna | M/s Asian paints | 7 | 18,46,300 | 24,77,982 | 6,31,682 |
| Guntur | M/s Berger Paints Ltd. & M/s Asian paints | 6 | 4,54,363 | 8,27,550 | 3,73,187 |
| Total | | 35 | 91,97,860 | 1,17,88,338 | 25,90,478 |

The Department stated that the excess payment in case of painting due to variations in measurements was examined and the same would be deducted while making the final payments⁵⁸ to them.

(iv) Dual desks

As per the Government Orders⁵⁹, facilities and amenities should be provided to each school selected in MBNN Phase-I to reach desired standards, based on the actual needs of the school. One of the amenities is providing dual desks for students in schools. However, it is noticed that 1,973 students in 32 schools out of 108 test checked schools were sitting on the floor as given in *Appendix 3.4*.



Image 3.6: MPPS, Veeravaram, Kadiyam Mandal, East Godavari Dist



Image 3.7: ZPHS, Veeravaram, Kadiyam Mandal, East Godavari Dist



Image 3.8: MPUPS Obulnaidupalem, Guntur(M), Guntur District

The Department stated that the indents were furnished by Parent Committees (PCs) and the works were based on the requirements of the schools and certain central procurement material (CPM) items had to be cut down. Further, the Department stated that the proposals were sent to Government to provide furniture to all students in Phase-I schools.

The fact however remains that despite incurring an expenditure of ₹3,818.52 crore on the scheme, even the basic amenities such as benches could not be provided by the Government.

Recommendation 3.2: Government should take necessary steps to evolve a system to ascertain the actual requirement of components before placing an indent. Further, responsibility should be fixed by Government on those officials who have indented components in excess of requirements.

(v) English lab

English lab is an educational part for students to learn and understand the basics of English in a structured way through audio visual devices such as smart TVs, smart screens, etc.

- a) As per the specifications, the smart TVs should have a minimum total storage of 32 GB, out of which minimum of 8 GB should be inbuilt and rest may be integrated storage. However, it was observed that, the smart TVs (TCL-55P615) had 16 GB internal storage

⁵⁸ as per Para 3(k) of Agreement, due payments would be released after testing the quality (7.5 per cent) and after completion of two years (2.5 per cent)

⁵⁹ G.O Ms 87 dated 30/11/2019

and no external storage for rest of 16 GB in all the 108 schools in the six test checked districts.

- b) As per the specifications, the brightness should be greater than or equal to 300 nits. However as per the specifications of the TVs (55P615) supplied, the brightness was 270 nits.
- c) As per the specifications, TVs should have two USB ports, one inbuilt USB port and RS 232 port. However, during the school visit and as per the specifications, it was observed that the TVs had only one USB port and no RS-232 port.
- d) Detachable sound bar of ≥ 20 Watt was to be supplied with each TV in Primary and Upper primary schools. However, we observed that soundbar was supplied only in seven⁶⁰ out of 72 test checked Primary and Upper primary schools in six districts and one primary school (MPPS, Atmakur) did not place indent for TV.

The Department stated that the details would be sent to the vendor through APEWIDC for rectification and for supplying the missing components in the above mentioned places.

The reply is not tenable as 11,000 schools were supplied with smart TVs (2020-21) and the supplying of detachable soundbars could have been monitored/ensured at the time of supply only. The shortfall may be assessed in all the schools supplied with smart TVs and the TVs supplied not as per the specifications as mentioned in contract agreement may be replaced.

Supply of TVs as per specifications or missing accessories showed lack of monitoring during/after the supply of Smart TVs (centrally procured item).

(vi) Execution of works to be taken up by MGNREGS

As per the Circular⁶¹ of the Commissioner, filling the low-lying ditches in the premises, filling and raising low level area in and around the school buildings was to be done. If the quantity of filling work exceeds 30 cubic meters, such work should be taken up under MGNREGS only.

We noticed that in 26 schools out of 108 test checked schools (*Appendix 3.5*), work of filling of low lying areas exceeding 30 cubic meters was undertaken under the component Major & Minor Repairs of MBNN instead of MGNREGS as given in *Table 3.8* below:

Table 3.8: work of filling of low lying areas exceeding 30 cubic meters was undertaken under the component Major & Minor Repairs of MBNN instead of MGNREGS

| Name of the district | No. of schools | Total Qty. executed (in Cubic Meter) |
|----------------------|----------------|--------------------------------------|
| Chittoor | 4 | 303.60 |
| Kurnool | 6 | 505.21 |
| Konaseema | 3 | 397.00 |
| East Godavari | 6 | 1,136.82 |
| Krishna | 7 | 891.30 |
| TOTAL | 26 | 3,233.93 |

The Department assured to take appropriate action.

⁶⁰ MPPS Main Pedavadlapudi, MPL Ps, 7th Ward, Mangalagiri, MPL UPS Bhl 22ward, MPPS Penumaka (He), MPPS R.R.Nagar, MPUPS Nulakapet (U), MPUPS Kunchinapalli

⁶¹ para 3.h.iv of Circular Rc.No. 1138010/DC/MBNN/2020 dt. 03/05/2020

(vii) Funds kept idle in bank accounts of PCs

To facilitate⁶² transfer of funds from surplus schools to needy schools within the District, provision was made to implement Transfer Entry Order (TEO) system for funds with the approval of Joint Collector (Development). The Additional Project Coordinator (APC) and Joint Collector (Development) shall obtain the list of schools and surplus amount available from the Mandal Educational Officers (MEOs) in the prescribed format. The District Educational Officer (DEO) shall propose the transfer entry from one school to another school based on the actual need and take approval from the Joint Collector (Development) and the same shall be entered in STMS by Finance and Accounts Officer (FAO).

We observed during November 2022 to February 2023 that an amount of ₹27,50,673 was lying idle from July 2021 in 51 schools out of 54 test checked schools in Konaseema, East Godavari and Krishna districts (**Appendix 3.6**) in the PC Bank Accounts.

The Department stated that instructions were issued to utilise the amounts available with PCs for fixing of the IFPs. However, no document in support of such instruction being issued was provided by the Department. The funds were lying idle after completion of the MBNN Phase-I *i.e.* August 2021.

(viii) Non-conduct of Quality Control tests

As per Para-XV of the Guidelines⁶³ all the Quality Control (QC) wings of implementing agencies⁶⁴, shall inspect the works exceeding ₹15 lakh at least once before its closure. They also shall get 0.5 *per cent* of the estimated cost towards quality assurance services.

Audit could not ascertain whether QC tests were conducted by the implementing agencies in the test checked schools as no records were maintained relating to QC tests. Thus, payment of ₹6.38 crore (0.5 *per cent* of the payment on service charges) made to APEWIDC could not be vouchsafed by Audit.

The Department stated that the QC checks were made by the implementing agencies as per G.O M.No.27 and payments for QC Checks were allowed only for APEWIDC.

(ix) Testing for drinking water after installation

Technical training manual of MBNN stipulated that the drinking water shall be tested for quality every six months by authorised Department. Total dissolved solids (TDS) shall be less than 400 PPM and the fluoride content shall be less than 1.5 mg per litre. Audit noticed that in all 108 test checked schools, the testing of water was carried out before installation of DWS but was not done afterwards periodically.

In its reply, the Department has stated that every pre-monsoon from April to June 2023, the Rural Water Supply (RWS) Department will test the quality of drinking water in Schools and Anganwadis. In support of this under the program Jal Jeevan Mission program the activities are monitored in Schools and Anganwadis.

⁶² Circular no: 1322231/MBNN/2021 Date 05/02/2021

⁶³ G.O.Ms.No.87 School Education (Prog.II) Department, dated 30/11/2019

⁶⁴ Para XV of the Guidelines

The reply of the Department is not acceptable as the testing of water was never done after installation of the water purifiers in the test checked schools. Further, audit conducted water quality tests using Total Dissolved Solids (TDS) meter in the test checked schools of three districts⁶⁵. It was noticed that the Total Dissolved Solids in the drinking water ranged from 400 mg/l to 1,408 mg/l wherein the permissible limit is only 400 mg/l, as per the norms.⁶⁶

3.3 Monitoring

3.3.1 Cluster level monitoring

As per the Circular Memo⁶⁷ of the Commissioner, the Coordinators and Cluster monitoring officers were to be nominated and cluster monitoring officers should visit five schools every day and upload the details of work.

As per the Guidelines⁶⁸, two committees *viz.*, at State level and District level to review and monitor the implementation process and progress of the schools should be formed. The formation of committees with the required number of members and their functioning could not be ascertained from the records provided. Department replied (October 2023) that at field level, every week officers were visiting, checking the progress, and recording the progress online. Further, during exit conference, the Commissioner replied that every work would be monitored every week and the data was maintained in the form of photos.

However, as the Cluster Monitoring Officer has to upload the details of daily visits, the monitoring in the form of photos would not suffice as proper monitoring of the Programme. Further, no record was provided to substantiate the reply.

⁶⁵ Chittoor, Guntur, Kurnool

⁶⁶ Technical Manual of MBNN

⁶⁷ as per para 3(h) of Memo No. 13021/69/MBNN/2020 dated 20/05/2020

⁶⁸ para 3 V (b) of G.O.Ms.No.87 dated 30/11/2019

