



लोकहितार्थं सत्यनिष्ठा
Dedicated to Truth in Public Interest

Regional Training Institute Hyderabad

 <p>सत्यमेव जयते</p>	<p>Regional Training Institute Hyderabad</p>	 <p>लोकहितार्थं सत्यनिष्ठा Dedicated to Truth in Public Interest</p>
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“The beautiful thing about learning is that nobody can take it away from you.”

— B.B. King

“Tell me and I forget, teach me and I may remember, involve me and I learn.”

– Benjamin Franklin





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REGIONAL TRAINING INSTITUTE

HYDERABAD



Regional Training Institute, Hyderabad was established in July 2018 and is housed in 'C' Block of the Accountant General Office Complex. RTI is under the administrative control of Director General. It caters to the training requirements of nineteen (19) offices of the Indian Audit and Accounts Department from the States of Andhra Pradesh, Telangana, and Karnataka.

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From the Director General's Desk

The continuing challenging times constrained us to continue with conducting the training programmes in online mode. During the half year period from April – September 2021, RTI Hyderabad has conducted 16 general courses and eight IS courses as per the scheduled Calendar. The programmes were very well received by the participants. All the courses during the period received encouraging feedback of above 4.5 on a scale of 1 to 5. Given the pandemic situation and lack of hostel facility, it was decided in consultation with the RAC to continue online mode of training till 31st December 2021. With respect to OIOS, regular training and handholding sessions were conducted for the user offices by the dedicated official posted on deputation to RTI.

Besides the training programmes scheduled in the Calendar, RTI conducted three additional courses viz. (1) GST exclusively for Indirect Taxes wing of office of the Director General of Audit (Central), Hyderabad and (2) Phases I and II of Induction training for DR AAOs (Commercial). 43 DRAAOs (Commercial) from audit offices in 6 states i.e., AP, Telangana, Karnataka, Tamil Nadu, Kerala, and Assam were imparted the training in online mode. While Phase-1 of the Induction Training conducted in April/May 2021 focussed on SAS syllabus, the three-month Phase-2 (1 September to 30 November 2021) was designed to give a practical overview of the various aspects of commercial audit. Separate sector-wise sessions on Compliance / Performance / Financial audits with case studies on printed audit observations/reports, sessions on GST, GIS & Remote Sensing, Audit of Contracts, exposure to SAP/Tableau/E-office, OIOS, etc, were delivered. Besides the functional aspects, several sessions on soft skills like Emotional Intelligence, Conflict Management, Team Spirit, Communication Skills etc were also included. Two sessions on 'Importance of Yoga for overall wellbeing' were also arranged wherein simple but essential yoga exercises were demonstrated. As the participants are at the beginning of the career, a half-day session on importance of and tools for personal financial planning was arranged. The participants actively participated and appreciated the eight practical sessions where they presented and discussed interesting topics from audit reports. Leveraging the benefits of online training, besides core faculty, appropriate guest faculty from various audit offices and external organizations/universities/ professional bodies all over the country (New Delhi, Mumbai, Kolkata, Chennai, Bengaluru, Ranchi, Vadodara, Vijayawada, Vizag, Nagpur etc) were invited.

I am happy to share that 14 participants cleared 8 / 9 papers out of the 9 SAS Commercial papers after the Phase-1 training.



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Despite the challenges faced in an online training environment, all out efforts were made to make the online sessions more engaging and interactive, with crisp presentations, case-studies, quizzes, online MCQ-based tests, etc. Expert faculty and consultants from Government/private sector were invited and group discussions were conducted on case studies, using the MS Teams break-out room feature.

I thank the Chairperson and other members of the Regional Advisory Committee for continual support and cooperation in enabling the Institute to march ahead with our programmes in the current situation.

(Chanda Pandit)
Director General

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1. Regional Advisory Committee

The seventh meeting of the Regional Advisory Committee (RAC) of Regional Training Institute, Hyderabad was held online on 23 September 2021 on MS Teams. Ms. Lata Mallikarjuna, Principal Accountant General (A&E), Andhra Pradesh chaired the meeting.

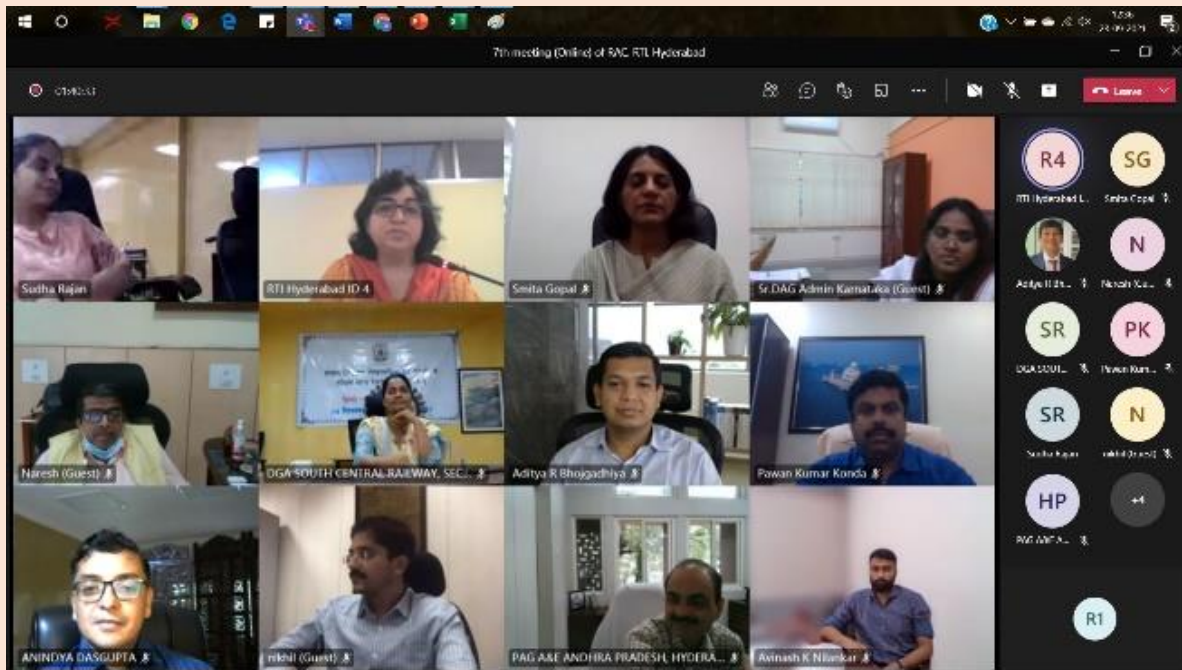
The Committee reviewed the activities of the RTI during the first half of 2021-22 and discussed the road map for the remaining part of 2021-22. The Committee was apprised of the staff position of the Institute and informed that all the vacancies have been filled up. Following are some of the important decisions taken in the meeting.

- Given the pandemic situation and lack of hostel facility at the RTI, the RAC agreed to the proposal of the RTI to continue online mode of training till 31st December 2021.
- It was also agreed to reschedule the five-day training programme on 'Use of Remote Sensing and GIS in audit' (originally scheduled in October 2021) to last quarter (March 2022), presuming offline classes and feasibility of site-visits. The course is proposed to be conducted in association with National Remote Sensing Centre, Hyderabad and National Institute of Rural Development and Panchayati Raj, Hyderabad which has a dedicated centre for the subject.
- Based on the inputs of the RAC, it was agreed to conduct a separate programme on Accounting Standards (instead of Ind AS) for civil audit staff, in the last quarter of 2021-22, which is relevant for audit of Autonomous Bodies and Universities. The training programme on Ind AS, which is currently applicable to PSUs, scheduled in February 2022 will be restricted to Commercial audit staff.
- Based on request from O/o DGCA, Hyderabad in the previous meeting of the RAC held in January 2021, a training programme on 'Exposure to SAP' from audit perspective, will be scheduled in the last quarter of 2021-22, preferably in offline mode.
- RAC accepted the proposal to conduct a three-day training programme on 'Outcome Based Audit' to be conducted in March 2022.



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7th meeting of Regional Advisory Committee on 23 September 2021

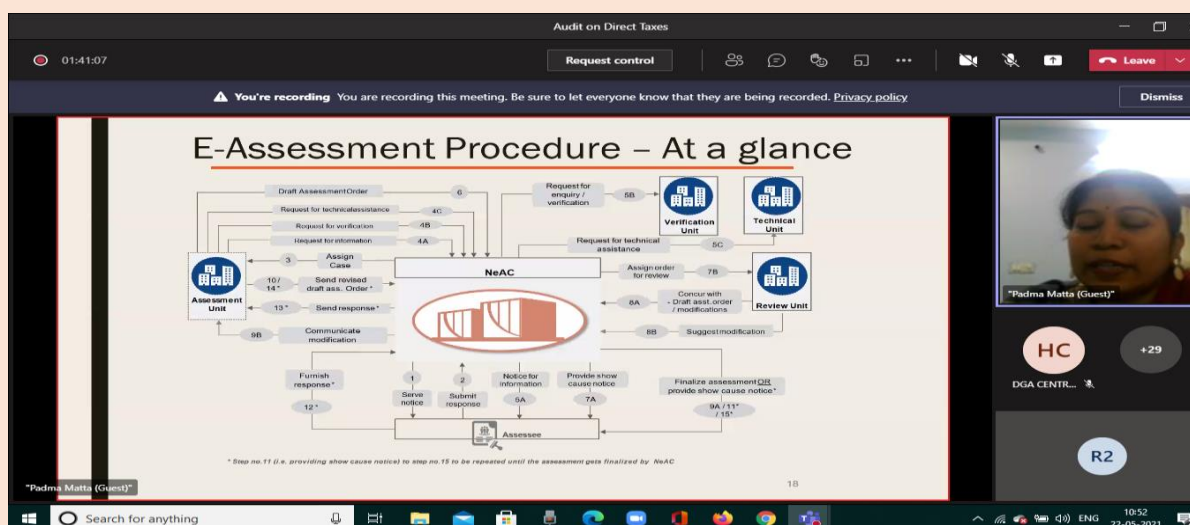
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2. General Courses

During the half year from April – September 2021, RTI has conducted 16 general courses as scheduled in the calendar and **three** additional courses viz.,

- (1) Course on GST exclusively for staff of Indirect Taxes wing of O/o Director General of Audit (Central), Hyderabad,
- (2) Phase-1 of DR AAOs (Commercial) Induction Training from April – May 2021 and
- (3) Phase -2 of DR AAOs (Commercial) Induction Training from September-November 2021.

Training programme on Audit of Direct Taxes: RTI has conducted a five-day training programme on ‘Audit of Direct Taxes’ in May 2021, wherein, specific topics suggested by Training Wing in Headquarters Office and by Direct Taxes Wing were included. The topics included Audit of Financial Statements, Ind AS, Income Computation and Disclosure Standards, Income Tax Business Applications & Scheme of Faceless Assessment of Income Tax Department. Experienced officers from Income Tax Department and practicing expert Chartered Accountants were invited as guest faculty. The programme received excellent feedback with a request to increase course duration.



Ms M. Padma, Joint Commissioner, Income Tax Department delivering lecture on the scheme of faceless assessment of Income Tax Department

The course received excellent feedback from the participants with a rating of 4.81. Some of the feedback given by the participants:

The topics covered in the training course were very useful especially for those who are dealing with audit of direct taxes

– Shri Mahesh. M, SAO O/o Director General of Audit (Central), Hyderabad



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The coverage of the topics by the lecturers were good but several times they had to rush through some topics as those topics required a longer time to explain. Due to online training only half-day sessions were arranged and I understand the constraints. However, this should be taken care of in classroom training and lecturers should be given more time.

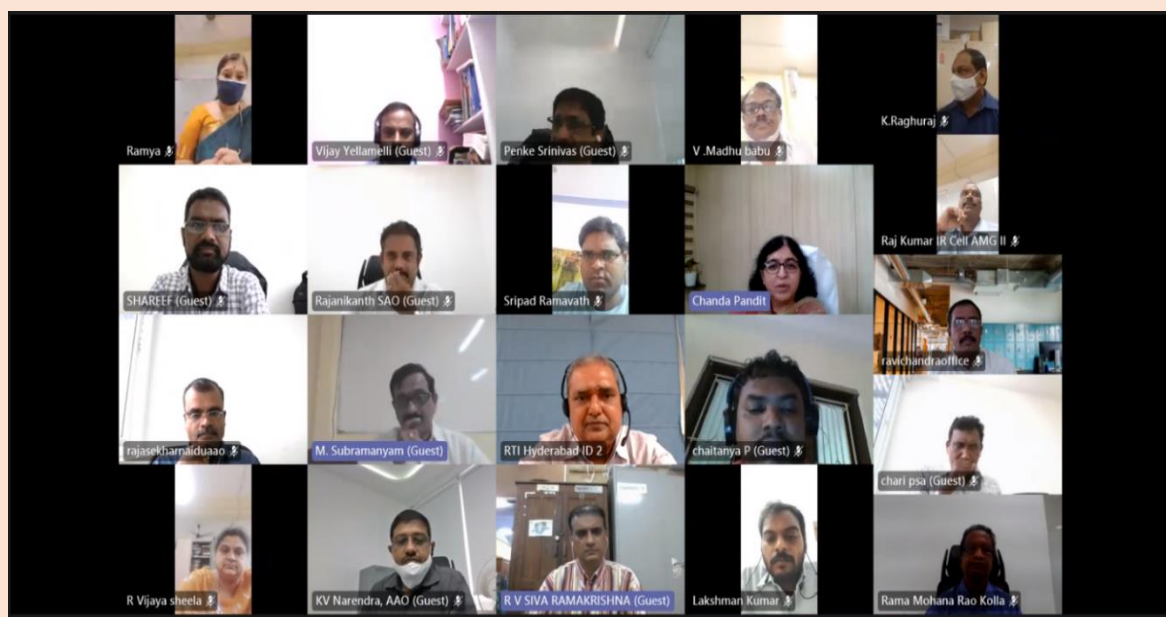
– Shri Himanshu, AAO O/o Principal Director of Audit (Central), Bengaluru

The course is informative, valuable, and good learning experience.

- Shri R. Srinivasa Rao-II, SAO O/o Accountant General (Audit), Andhra Pradesh

Training programme on Audit of works

RTI conducted a four-day training programme on Audit of works during September 2021. Out of 28 slots allotted to this programme, 20 were utilised by the O/o the Accountant General (Audit), Andhra Pradesh. The sessions were handled by senior faculty experienced in works audit. The topics included various stages of works, scrutiny of Contract management, Department's responsibilities, Contractor's responsibilities, Bills of quantity, Scrutiny of Measurement Books, Payments to contractors, price escalation, new technologies in works procurement, e-procurement, EPC contract were appreciated by the participants. All the sessions were appreciated and the programme received excellent feedback from the participants.



Training programme on Audit of works- September 2021



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The sequence of course is very good. As it was started with basic concepts and later to its application, which is very good for newcomers to works audit wing. I confidently say that this course will fetch in getting some good objection in field audit.

- Atyuthachari S Pedapati SAO O/o Accountant General (Audit), Andhra Pradesh

Liked the topics on new technologies in works procurement, e-procurement, EPC contract-challenges to audit. and case studies on audit of works

- K. Raghu Raj, SAO O/o Accountant General (Audit), Andhra Pradesh

Topics related to works audit were covered extensively. The case studies and real time examples which were discussed during the training course are very much useful for better understanding.

- P. Ravi Chandra Reddy, AAO O/o Accountant General (Audit), Andhra Pradesh

Liked the Selection of works audit topics and faculty by the RTI. The faculty members are very experienced and knowledgeable in works audit. They explained all topics clearly and systematically. They also shared their experiences in works audit during their field audits and potential audit observations-

- K. Rama Mohana Rao, SAO O/o Accountant General (Audit), Andhra Pradesh

All the topics were well selected, as these are the main issues to be concentrated while conducting audit of units in Works Department. Faculty has also delivered the lecture in an easily understandable manner.

- Mohammad Shareef Shaik, SAO O/o Accountant General (Audit), Andhra Pradesh

Additional Course on GST: A special Training Programme on GST has been conducted in August 2021, at the request of O/o DG(Audit), Central, Hyderabad. An exclusive session on 'Case Studies on Major Modus Operandi in GST Evasion' was included and expert guest faculty from O/o DG of GST Intelligence, Hyderabad was invited. This session received appreciation from the participants. The participants also liked the sessions on 'Input tax credit' and case studies on tax evasions.

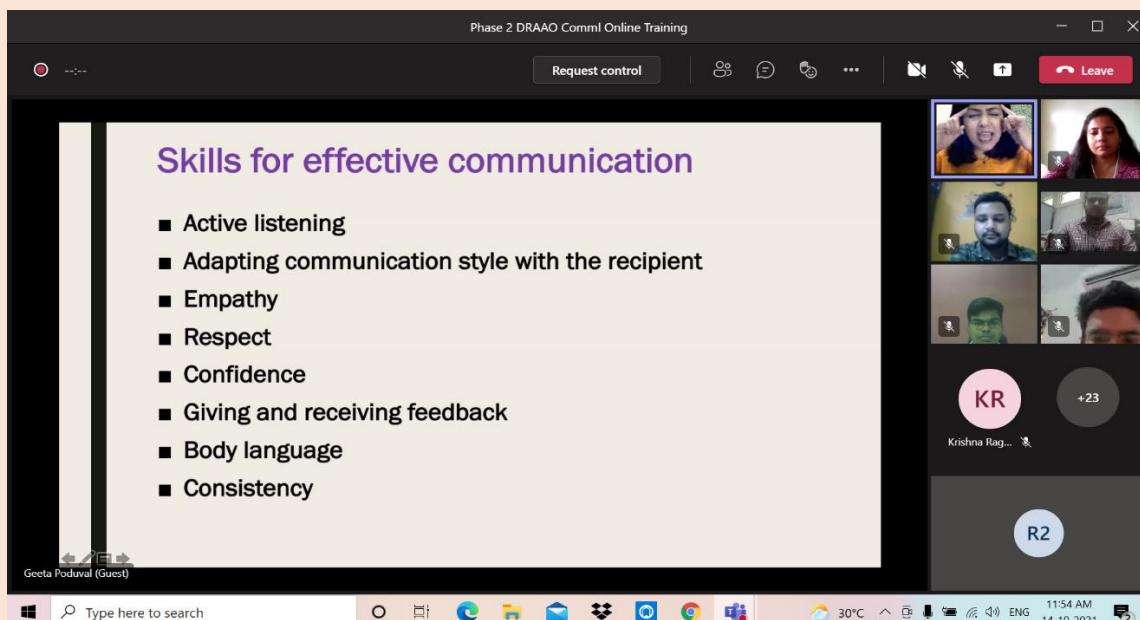
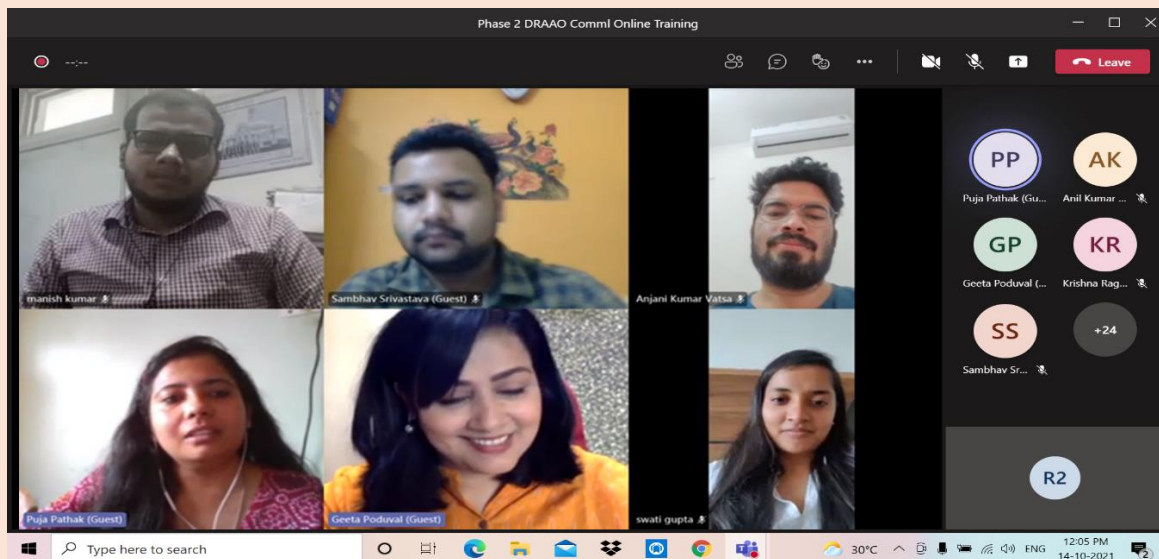
Induction Training for DR AAOs (Commercial): Headquarters has allotted the Phase-1 of DRAAO (Commercial) Induction Training in April/May 2021 that focussed on SAS syllabus. Further the 3-month Phase-2 (1 September to 30 November 2021) training programme was



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designed to give a practical overview of the various aspects of Commercial audit. Separate sessions on sector-wise case studies (Transport, Power etc) and sessions on GST, GIS, Remote Sensing, CAATs, Audit of Contracts, etc were included. Leveraging the benefits of online training, besides core faculty, appropriate guest faculty from various audit offices and external organizations/universities/ professional bodies all over the country (New Delhi, Mumbai, Kolkata, Chennai, Bengaluru, Ranchi, Vadodara, Vijayawada, Vizag, Nagpur etc) were invited.



Ms Geeta Poduval, handling the 'Soft skills' session for DR AAOs (Commercial)

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RTI had put in all efforts to make the online sessions more engaging and interactive, with crisp presentations, case-studies, quizzes, online MCQ-based tests, etc. All the courses received encouraging feedback of above 4.5 on a scale of 1 to 5.

3. Remote Audit – The new emerging trend

-A.V.S.S. Subramanya Sarma, AAO (CF-IS)

Digitalisation initiative of Governments is facilitating the organisations to dispense with manual records. Drive towards paper less or less paper office concept being adopted by the Governments is minimising the need to maintain physical records. However, the volume of digital information being stored in electronic form is increasing exponentially. This digitalisation drive of Governments has major impact on the performance of audit. Some of the challenges faced in audit are mentioned below:

- Several manual records were either dispensed with or not being maintained because the information is captured in the system and available in the electronic form.
- The software, hardware, and the application platform in which the digitalisation of the organisation is taken up is not common among all offices. The audit will become ineffective if the auditor is not familiar with the technology being used by the auditee organisation
- Without required IT skills, the auditors are forced to limit their reviews on the information available in the system or they need to depend on the IT staff of the auditee organisation for assistance. This is limiting the effectiveness of the audit.
- Whenever the auditor requisitions for certain information, the auditee organisation may generate the report from their system and will provide the same to the auditor. However, review of reports generated from the system does not reveal the defects in the data entry, errors in data, changes made to the data etc. To identify such errors or defects, the auditor needs to review the data stored in the database for which he should be provided access to the database and the auditor should have required expertise to understand the data, extract the information through queries, analyse the data and identify the observations etc.
- On several occasions, the auditor may not have sufficient time to review the entire data available in the system in the premises of auditee organisations. The auditor may need to collect the data and carry with him for review the same at a later stage. The auditor may face numerous challenges in exporting/importing the huge data.
- The availability of data in electronic form enables the auditor to analyse the data completely and quickly using various CAAT tools instead of picking sample transactions for test check from manual records duly applying sampling methods. Complete analysis of data will help in detecting more insights on the data. However,

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absence of required tools or expertise to use the tools limits the auditor to attempt data analysis techniques.

Besides these massive changes in record maintenance due to digitalisation by the organisations, the COVID pandemic shattered the established processes being followed by the organisations. The lockdowns disrupted the lives and businesses. The 9 to 5 work culture was disturbed. Work from home, duties on rotation basis etc are became acceptable norms even in Government organisations. Restrictions on travel, strict safety norms, guidelines on social distancing norms etc effected several traditional work processes. Audit, which cannot be completed without field visit and interaction with officials is one of the areas which experienced severe jolt in its performance because of the changes brought in by the pandemic.

Change is constant and humans will always strive to find ways to face the challenges thrown against them. Organisations are no exception to this. Audit which is an integral part of any financial system is also experimenting to find new ways and methods to emerge as a winner against all odds. Technologically driven organisations are opening new opportunities to Audit. Adoption of 'Single Source of Truth' concepts by organisations, High speed internet, systems with powerful computing capabilities, video conferencing tools, instant communication through phone and mail connectivity, easy to use analysis and visualisation software are available now to aid the Audit in a more efficient way. With the help of these tools new trends are emerging in the Audit which is called 'Remote Audit' or 'Virtual Audit'.

In Remote Audit:

- Audit process will be initiated by the auditor using Information and Communication Technologies without visiting the field.
- Prior to field visit, auditor may analyse the transactions of the auditee organisations which are available in electronic form. The auditor may connect to the database remotely if login credentials were provided by the auditee organisation or can obtain the data through mail or in database dump format for analysis purpose.
- If needed, the auditor may hire a specialist as a team member for activities such as data importing, data preparation, analysis of data etc so that the auditor need not depend on the IT staff of the auditee organisation.
- The auditor may obtain additional information, clarifications on the transactions if required etc., over phone or through e-mail.
- The auditor may also use the online tools like Google forms etc to obtain replies to questionnaires, survey reports etc.
- The auditor may also utilize the online video conferencing tools like MS Teams, Google Meet, CONSOL etc to organise virtual meetings with the officials concerned at mutually convenient times.

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Some of the advantages with the Remote Audit are:

- It is possible to assess the risk and reliability of the information on real-time or on-demand basis. For example, it is possible to analyse the data of auditee office on daily/weekly/monthly basis to identify the audit observations.
- The traditional field visit audits are usually checklist or rule based and based on test checks. This may not reveal the complete insights of the data. However, the remote audits, which are conducted using IT tools, help in monitoring the transactions at periodic intervals (it is possible to automate and schedule the monitoring process and the system alerts the auditor with observations such as high-risk transactions, control failure, abnormal events etc through SMS or email based on the settings) through a series of rule-based tests and statistical models.
- Auditee organisations may prepare or tamper key evidence when they know the schedule of audit in advance. However, this risk can be mitigated through remote audit where in the auditor may act as a perpetual monitor of the system remotely.
- It is practically not possible to the auditor to confirm that the auditee organisations rectified the errors pointed out in the audit report and also ensure that the same errors are not being repeated in subsequent transactions. The fact may be known only during subsequent audits when the similar errors were again noticed in the test check. However, by analysing the subsequent transactions on periodical basis, auditor can easily monitor such issues.
- The auditor may also review the log history, an automatic feature in databases which records the data modification/deletion activities which may be crucial for audit to observe the changes made to the data. With the help of log history, it is possible to understand the flow of a transaction and also identify the person responsible for modification/deletion of data.

Some of the challenges in Remote Audit are:

- The level of trust is crucial in accepting the material exchanged between the auditor and auditee organisation through electronic mode
- Change in the technology due to shifting to new application using latest technology by auditee organisation may pose challenges to the auditor to learn the skills and apply the audit techniques.
- It is not possible to cover all aspects of audit through remote audit. For example, presence of net stock in the premises, quality of mid-day meal cooked for school children, presence of inmates in a hostel or employees in an office, deviations in access controls, work progress etc can be ascertained only through physical inspection.
- Poor bandwidth of internet at either side may hamper the progress of remote audit

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Despite the challenges, the remote audit techniques will certainly help the auditors in conducting the audits in a more efficient way. Since the advantages that may accrue through remote audit such as - complete analysis of data, getting alerts through automated monitoring system, quick response from auditee organisations to the queries raised, time saving in obtaining desired information, saving of time, money and energy in travel, facility to plan and meet the officials concerned through video conferencing at the shortest possible time etc., cannot be undermined, the auditors may look forward to adapt the remote audit concepts in their organisations. Though field visits are unavoidable, remote audit techniques certainly help the auditors to pave the way for more focused audit based on the observations obtained through data analysis.

4. One IAAD One System (OIOS)

Changes in Diarizing Communication: The OIOS Way

- *O.V. Shyam Das, AAO (OIOS)*

From my initial initiation into Government Service, in the Administrative Department I was entrusted to work in DAK/Tappal section. It was drilled into us that you get to know about the total office activities working in the DAK/Tappal section with various types of communications in the form of letters, files etc. flowing in and out of Office. We, being quite new, found it just another extension of Post Offices where regular stamping of letters whether received inward or outward was done and routing the letters to their designated Sections/Officers etc. after making a note in the respective Registers. That was it. We had strict orders, no letters received either in the form of receipt or dispatch should be held for long in your tray. So immediately after stamping and diarizing, it was disposed of to the respective section. There was hardly any time to even go through the entire letter. After a certain period, another new incumbent turned in Office and we were replaced by him.

Now, after passing over a considerable period, I realize the importance of DAK/Tappal section. Other than unopened letters, one gets an opportunity to go through every letter minutely. Going through them, we can have a pulse of the entire set of activities going on in the Office. One can know the types of work carried out by various departments in the Office. Unknowingly, you are trained with a first-hand knowledge of the roles played by various Sections/Wings etc.

The next role of tracking to know what happened to the inward Communication which was passed on the Section heads/dealing Heads of the respective Departments were kept by the respective DAK sections of the said Wings/Sections. Also, some Offices developed their own system for tracking the Communications received and action taken for the same.

With the arrival of OIOS (One IAAD One System), a separate module has been created within the Application wherein the erstwhile in-charge of DAK/Tappal section assumes the role of



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Mail supervisor. He will be having privilege to prepare a receipt and would receive all the DAK/Tappal in the office either from within the Department or from outside the Department and the same would be scanned and diarized by making manual entry in the application and routed to the respective Sections/Departments/Sub-offices.

A screen shot of the communication Module is annexed below:

One IAAD One System

My Work REC-1175

Receipt (REC-1175)

Receipt ID: REC-1175

Letter date: 01/02/2021

Office: Ghaziabad

Wing:

Letter number:

Received from:

Received from category:

Type of letter:

Actions: Capture receipt details, Link to business entity, Review receipt details, Action

0:00:48 Cancel 0:06:50 Continue

The receipts/communication can either be received Manually or through e-mail. For the receipts/communication received through E-mail the attachments would get auto populated.

One IAAD One System

My Work REC-1175

Receipt (REC-1175)

Addressed to: PST-1289

Receipt description:

Email Details

Channels

Attachments

Total files: 1 Attach

File name	Category	Attached by	Attached on	Actions	Status
Test_123.docx	Communication	System	18/01/2021	Delete	

0:02:10 Cancel 0:05:28 Continue



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A particular person may be assigned the role to prepare the Dispatch for the communications received either from within the Department or out of Department.

In built templates for various types of letters - Business letters (with or without a copy), Demi Official letters (with or without a copy) have been deployed into the system, which can be auto generated by the system and dispatched.

The screenshot shows the 'One IAAD One System' interface. The main content area is titled 'Dispatch (DIS-424)'. It features a table with the following data:

Template Type	Action	Action	Select
Official with copy to	Preview	Download	<input checked="" type="checkbox"/>
Official without copy to	Preview	Download	<input checked="" type="checkbox"/>
Demi official with copy to	Preview	Download	<input type="checkbox"/>
Demi official without copy to	Preview	Download	<input type="checkbox"/>

Below the table is an 'Attachments' section with a table of files:

File name	Category	Attached by	Attached on	Actions	Status
-----------	----------	-------------	-------------	---------	--------

The interface also includes a navigation menu on the left, a top bar with 'My Work' and 'DIS-424', and a bottom bar with 'Back' and 'Continue' buttons.

Through the 'Communications monitoring Dashboard', record of all communications received, dispatched, and pending for disposal can be summarized and highlighted to the respective Sections/Wings.



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A snapshot of the same is annexed.

One IAAD One System

My Work Communications Monitor Commu...

Branch Section Dealing Hand

Advanced Filter

Received From Priority Type of letter

Is due date delayed:

Total inward pending disposal: 47

Period of pendency	Received from category	Priority	Linked business entities
Over 1 month: 8	Internal: 21	High: 19	Office: 3
Over 2 month: 30	External: 3	Medium: 5	Wing: 2
Over 3 month: 9		Low: 0	Branch: 2
			Section: 3
			Dealing Hand: 3
			Employee: 6
			Auditee entity: 0
			Field visit: 0

Reset Search

5. Significant Audit Paras on Knowledge Centre Topic – Audit of Urban Local Bodies

One of the Knowledge Centre topics allotted to RTI, Hyderabad is ‘Audit of Urban Local Bodies (ULBs)’. Some significant Paras related to the above topic and included in the Reports of the CAG of India tabled in the State Legislatures during the half year from April to October 2021 are shared below. These cover Audit Paragraphs printed in Audit Reports of Government of Kerala and Government of Andhra Pradesh for the year ended March 2021. For complete details of the Paragraphs, Audit Reports may please be referred to.

5.1 Loss of excavated material in Thiruvananthapuram Municipal Corporation

Section 2206.8 of the Kerala Public Works Department (KPWD) Manual, 2012 stipulates that any excess excavated material which is not required for the construction of the works is the property of the Department. The contractor shall stockpile these materials separately or place the materials in an approved location on-site. Thiruvananthapuram Municipal Corporation (TMC) awarded the work of ‘Sanitary Land Fill at Vilappilsala - Preparation of Land Fill site’ relating to Vilappilsala Solid Waste Management project to M/s. Jamshedpur Utilities and Services Company Limited (JUSCO) for an agreed amount of Rs 6.66 crore. The agreement was executed in March 2010 with the date of completion in November 2010. Due to public agitation, the Government had to foreclose the project in December 2011. The contractor had executed site-development works partially and the total value of work done was calculated as Rs 1.31 crore. Final payment of Rs 75 lakh including retention money was made in March 2017. As per the agreement, for executing the component ‘site development works’, a quantity of 3,100 CuM hard rock was to be blasted for an agreed rate of Rs 6,109 per 10 CuM. Scrutiny

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of the M-Book revealed that a quantity of 5,094.13 CuM hard rock was blasted against the agreed quantity of 3,100 CuM.

As per the Standard Data Book of KPWD, 1965, blasting 10 CuM of hard rock (measured in solid) when stacked for measurement would yield 15 CuM of blasted rubble. Accordingly, 5,094.13 CuM when stacked for measurement would have yielded 7,641.20 CuM of blasted rubble. The joint site verification (September 2018) by Audit along with officials of the Engineering wing of TMC revealed that blasted rubble available at the site was only 255.26 CuM. On a scrutiny of the work bill and the M-Book, Audit observed that neither the balance quantity of 7,385.94 CuM blasted rubble was utilised for the work nor the stack measurement of blasted rubble recorded in the M-Book. The Secretary, TMC confirmed that blasted rubble was not sold, but failed to explain its absence. Thus, the failure on the part of TMC to safeguard the excavated material obtained from the Vilappilsala Solid Waste Management Project resulted in disappearance of the material which would have fetched Rs 31.02 lakh if sold.

The Government of Kerala stated (February 2019) that the matter had been examined in detail and that based on the report of the Chief Engineer, LSGD it would initiate action against the officials responsible for the loss of excavated material from the site. Local Self-Government Institutions (LSGI) should take prompt action to safeguard/ dispose of excavated materials belonging to LSGIs, after making necessary recordings in the M-book.

(Para 2.7 of Report No 1 of 2021 Government of Kerala - General and Social Sector)

5.2 Unfruitful expenditure on construction of a modern fish market

As per Section 1402 of Kerala Public Works Department (KPWD) Manual, 2012, every work shall be properly investigated and all relevant data collected and correlated before finalising the design and estimate for the work. Wrong choice of site or designs based on incorrect or insufficient data can result in considerable avoidable expenditure and delays. Thiruvananthapuram Municipal Corporation (TMC) undertook (March 2015) construction of a modern fish market in Palayam Connemara Market. The project was to construct a new modern fish vending zone to replace the existing temporary fish vending zone in the market. The estimated cost of the project was Rs 25 lakh and technical sanction was accorded for the same amount (March 2015). Work was awarded (May 2015) to the lowest tenderer at 6.20 per cent below estimate rate. While executing the work, based on the request (September 2015) of the then Ward Councillor to accommodate more vendors in the available space, TMC revised the items in the estimate without change in the total project cost. The work was completed in October 2016 and an amount of Rs 23.25 lakh was paid to the contractor (May 2017). Scrutiny of the records in TMC and joint site inspection (May 2018) conducted by Audit along with TMC officials revealed that the fish market remains unutilised due to its unscientific design and lack of space for fish vendors. Fish vending is still carried out from the temporary fish market.

Audit noticed that seating facility was not provided for the fish vendors due to lack of space. The fish vendors had to stand and do their work which was not acceptable to the vendors. Space between rows of the fish vending tables was insufficient. TMC deleted essential items

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like plumbing works, water supply, etc., and included non-essential items like replacing ceramic with vitrified tiles for floor. Fish market was completed without provision for drainage, water, etc., which was essential for normal hygienic operation and maintenance of the fish market.

The design of the fish market was prepared without assessing the requirements of the fish vendors and the market was constructed without ensuring the facilities required for its functioning. Thus, construction of a modern fish market building by TMC without proper investigation and correlating the design with the requirements of fish vendors resulted in non-utilisation of the modern fish market, rendering an expenditure of Rs. 23.25 lakh unfruitful. The Government of Kerala agreed (January 2019) with the audit findings.

(Para 2.9 of Report No 1 of 2021 Government of Kerala - General and Social Sector)

5.3 Avoidable expenditure on interest and penalty

As per the provisions of Employees' Provident Fund (EPF) & Miscellaneous Provisions Act, 1952 (Act), the principal employer has the responsibility to pay the provident fund contribution in respect of both the employees directly employed by employer and the employees employed by or through a contractor along with administrative charges. Further, it is the employer's duty to deduct the employee's contribution / statutory dues from the wages and to remit the recovered amount together with employer's share to the fund within 15 days of the close of every month. Section 7Q and 14B of the Act provide for levy of interest and penalty respectively on belated remittances at the rate specified.

Scrutiny of records (April 2018 /March 2019) of seven Urban Local Bodies (ULBs) revealed that the EPF contributions of contractual employees of these ULBs were remitted to the Employees' Provident Fund Office (EPFO) with delays ranging between 2 to 1849 days during the period June 2008 to August 2018. Consequently, EPFO, under the provisions of the Act, levied (notices given between December 2013 to October 2018) interest of ₹5.77 crore and penalty of ₹10.41 crore on the ULBs. Out of the total payable demand of ₹16.18 crore, five of the seven ULBs had paid an amount of ₹8.12 crore and the balance amount of ₹8.06 crore remained as a committed liability for ULBs towards interest and penalty as of April 2018 / March 2019.

The ULBs attributed the delays in remittance of EPF contributions to their weak financial position and other administrative reasons, which were not justifiable in view of specific statutory requirements under the Act to remit the contributions to EPFO within the stipulated time. Thus, the failure of the ULBs to ensure timely remittance of contributions to EPFO resulted in avoidable expenditure of ₹16.18 crore (including ₹8.06 crore remaining to be paid) towards interest and penalty.

(Para 2.5 of Report No 1 of 2021 Government of Andhra Pradesh on General, Social & Economic Sectors and Public Sector Undertakings)

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5.4 Loss of revenue of ₹92.67 lakh due to incorrect fixation of upset price

As per the orders issued (February 2011) by the Municipal Administration and Urban Development Department, upset price for lease of immovable property by Municipal Council was required to be determined in the following manner: (a) Rent at 10 per cent of the current market value of the property per annum i.e., both building and land as per market value of the land and construction rates of the structures and buildings fixed by Registration Department. (or) (b) Prevailing rent of such properties situated in the vicinity, whichever is higher, in case of lease of immovable properties for the first time. (c) In case of renewal of lease of immovable properties, the upset price shall be fixed either at the rent mentioned in clause (a) or (b) or rent at 33 $\frac{1}{3}$ per cent above the earlier rent, whichever is higher.

Greater Visakhapatnam Municipal Corporation (GVMC) leased out (January 2015) Swamy Vivekananda Kalyan mandapam to the highest bidder for ₹25.70 lakh as against the upset price of ₹12 lakh, for a period of three years (1.1.2015 to 31.12.2017). Proceeding orders were issued (January 2015) to the lessee to take over the premises with a condition to pay ₹25.70 lakh and execute lease agreement. The lessee remitted the lease amount as per the lease conditions. Audit observed that GVMC did not follow the above-mentioned Government Order while fixing the upset price at ₹12 lakh, for three-year lease of Kalyan mandapam. GVMC neither considered lease rent of ₹39.46 lakh per annum based on the prevailing market value (as of June 2014) of the immovable asset nor the rates of similar properties within the vicinity, which worked out to ₹28.80 lakh per annum. Considering the contents of the Government Order, the upset price for three years of lease period should have been fixed at ₹1.18 crore, instead of ₹12 lakh as fixed by GVMC. Thus, fixation of the upset price in deviation from Government Order resulted in loss of revenue of ₹92.67 lakh¹²³ for the lease period.

(Para 2.7 of Report No 1 of 2021 Government of Andhra Pradesh on General, Social & Economic Sectors and Public Sector Undertakings)

5.5 Loss of revenue due to non-collection of rents/fees from lessees

As required under the provisions of Section 534 of the Andhra Pradesh Municipal Corporations Act, 1994, Ananthapuramu Municipal Corporation (Corporation) conducted public auction every year for leasing out its municipal markets in old and new town areas. As per terms of auction, the lessee (successful bidder) should pay one-fourth of the auction amount within seven days of auction. The balance amount is to be paid in equal monthly instalments on or before fifth day of every month in advance, else a penal interest at 2.5 per cent per month or part thereof is to be levied for the belated/ delayed payments. Under the terms of the auction, the lessee was allowed to collect market fee from the sellers.

Scrutiny (November 2017/August 2019) of records of the Corporation pertaining to auctions/ leases for the period 2011-19 revealed that the Corporation failed to collect the legitimate dues under the terms and conditions of the auction from the lessees during the period 2011-12 to 2015-16 (except during 2012-13). Consequently, there were outstanding dues of ₹1.57 crore¹²⁴ pertaining to the period 2011-16. Further, the Corporation did not collect any interest from the defaulting lessees, in violation of conditions of auction. Audit assessed the loss of

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interest at ₹2.87 crore as per the conditions of auction based on belated payments/unpaid dues. Thus, the Corporation failed to collect its legitimate dues of ₹1.57 crore and interest of ₹2.87 crore on outstanding dues/belated receipts.

(Para 2.8 of Report No 1 of 2021 Government of Andhra Pradesh on General, Social & Economic Sectors and Public Sector Undertakings)

5.6 Non-recovery of mobilisation advance

Government of Andhra Pradesh accorded (September 2012) administrative approval to the project under Sub-Mission on Urban Infrastructure Governance of Jawaharlal Nehru National Urban Renewal Mission (JNNURM) for “Implementation of 24x7 water supply in left out areas of Greater Visakhapatnam Municipal Corporation (GVMC)” at a cost of ₹110.98 crore. The main objective of the project was to ensure 24x7 metered water supply to these areas, control unaccounted-for water by installing water flow meters in water supply systems duly replacing the distribution network and constructing additional service reservoirs.

The project under package-I was awarded (July 2013) to M/s SMC-CCSPL-ECL Joint Venture (Contractor) at a cost of ₹86.90 crore for completion by July 2014. The Contractor submitted (July 2013) Bank Guarantee worth ₹2.17 crore towards Earnest Money Deposit, which was valid up to 12 July 2014. Later, contract period was extended up to 31 December 2015. In May 2015, GVMC revised the scope of the project by reducing the length of the pipeline and House Service Connections to 50 per cent in hilly areas and revised the contract value to ₹65 crore. Subsequently, there was no progress in the work. The contractor abandoned the work by July 2016. However, GVMC did not take any action to revive the balance work. As a result, the intended benefit of providing 24x7 water supply could not be achieved and the expenditure of ₹21.85 crore incurred so far remains unfruitful.

Audit noticed that contract period was extended by GVMC without ensuring extension of the validity of BGs. Subsequently, BGs worth ₹8.69 crore expired (January/February 2015). As a result, GVMC failed to recover ₹6.29 crore of outstanding Mobilisation Advance from the Contractor. Further, interest of ₹4.46 crore due on outstanding MA up to 31 March 2019 was also not recovered. Thus, there was a loss of ₹9.11 crore to GVMC due to its failure to obtain valid BGs and their timely encashment.

(Para 2.9 of Report No 1 of 2021 Government of Andhra Pradesh on General, Social & Economic Sectors and Public Sector Undertakings)

5.7 Unfruitful expenditure due to substandard quality pipes

Ichapuram Municipality executed water supply works with substandard quality pipes supplied by the contractor resulting in unfruitful expenditure of ₹1.18 crore

Ichapuram Municipality (Municipality) got (October 2011) technical sanction for awarding the work of providing High-Density Polyethylene (HDPE) pumping main of 180 mm from Lallapeta off-take point to the 500 Kilo Litre (KL) Ground Level Service Reservoir (GLSR) at Purushottapuram under 13th Finance Commission (FC) grants of ₹94.41 lakh to provide

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drinking water to the unserved areas. The works were awarded (August 2012/June 2013 /September 2015) to the lowest tenderers in three phases. The works were executed (July 2013/ February 2016 /June 2016) to the extent of ₹62.51 lakh (₹21.74 lakh, ₹18.35 lakh and ₹22.42 lakh respectively).

Audit observed that longitudinal leakages/bursts were reported in the pumping mains during the trial run (November 2016) due to substandard quality of pipes. This fact was also confirmed subsequently by the Central Institute of Plastic Engineering & Technology (CIPET), which reported (June 2019) that the pipes used in the said works were of poor quality. As the leakages were not rectified (November 2020), the water could not flow from Lallapeta off-take point to the GLSR at Purushottapuram. Thus, the expenditure of ₹62.51 lakh incurred towards laying of pumping mains had become unfruitful.

Further, the work of distribution pipelines for supply of water in unserved areas from the pumping mains completed (April 2016) at a cost of ₹45.32 lakh (out of ₹69.87 lakh from 13th FC grants) remained unfruitful due to faulty pumping mains. Thus, about 9,046 beneficiaries in three wards (1, 2&3) of Ichapuram Municipality, were deprived of the benefits of this water supply Scheme due to faulty pumping mains. The Municipal Commissioner accepted (October 2019) the fact that water was not supplied to the unserved areas due to leakages in the pumping mains.

(Para 2.10 of Report No 1 of 2021 Government of Andhra Pradesh on General, Social & Economic Sectors and Public Sector Undertakings)

5.8 Incomplete transfer of Profession Tax to Greater Visakhapatnam Municipal Corporation

As per provisions of AP Tax on Professions, Trades, Callings and Employments Act, 1987, Administration of Profession Tax (PT)142 was entrusted to the Commercial Tax Department (CTD) of Government of Andhra Pradesh. Deputy Commercial Tax Officer (DCTO) of respective jurisdictions were made as collecting agent (CA) to exercise the powers and perform the functions of an assessing authority and 95 per cent of the amount collected towards PT is required to be transferred to the respective local bodies on quarterly basis after deducting five per cent towards administrative charges.

In August 2012, the Government designated the Commissioner of Greater Visakhapatnam Municipal Corporation (GVMC) as CA for collection of PT in its jurisdiction. However, GVMC did not make necessary arrangements for collection of PT during the period 2013-17. During this period 2013-17, CTD had collected the PT of ₹163.99 crore. As per GVMC's records, only ₹21.00 crore was received as share of PT from CTD for the period 2013-15 (₹10.50 crore each year). Hence, balance of ₹134.79 crore (95 per cent of collected PT) towards share of PT for the period 2013-17 was pending for transfer by CTD.

GVMC had commenced collection of PT from April 2017 onwards. Although GVMC collected ₹24.01 crore during 2017-18, the same was not remitted into the designated Account Head. CTD had also collected PT of ₹87.83 crore during 2017-18. However, the proportionate



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amount of ₹83.44 crore (95 per cent of collected PT) was not transferred by CTD to GVMC. The Government had not ensured the operationalisation of its Order of August 2012, which specified that the collected amount of PT transferred to GVMC on a monthly basis, so that its legitimate revenue is made available to GVMC.

(Para 2.11 of Report No 1 of 2021 Government of Andhra Pradesh on General, Social & Economic Sectors and Public Sector Undertakings)

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6. Points to Ponder

-A. Suneetha, Sr. Accountant

विद्या ददाति विनयम्, विनयाद् याति पात्रताम् ।

पात्रत्वात् धनमाप्नोति, धनात् धर्मं ततः सुखम् ॥

विद्या से विनय की प्राप्ति होती है, विनय से हमे पात्रता की प्राप्ति होती है, पात्रता से हमे धन की प्राप्ति होती है, धन से धर्म की प्राप्ति होती है और धर्म से सुख की प्राप्ति होती है ।

Subhasitham

The Sanskrit sloka says – Education gives one a humble disposition. After understanding the great scope of learning and applying them, one realises one’s limitations. Humility, Good Attitude, understanding, and integrity make people eligible for great things which will lead them to wealth, peace, and contentment. That is the reason why the rating and feedback of interviewer is taken as deciding criteria than the qualification on the biodata of the candidate.

It is proved during the pandemic that some highly educated people too made the period even worse by trying to take advantage of helpless people. Public and the organisations worldwide realized need to focus on the values of humanity.

How truly wonderful it sounds that Sir Abraham Lincoln, wrote to his son’s teacher and prayed to teach values, emotional intelligence along with academics:

“My son starts school today. It is all going to be strange and new to him for a while and I wish you would treat him gently. It is an adventure that might take him across continents. All adventures that probably include wars, tragedy, and sorrow. To live this life will require faith, love, and courage.

So dear Teacher, will you please take him by his hand and teach him things he will have to know, teaching him – but gently, if you can. Teach him that for every enemy, there is a friend. He will have to know that all men are not just, that all men are not true. But teach him also that for every scoundrel there is a hero, that for every crooked politician, there is a dedicated leader.

Teach him if you can that 10 cents earned is of far more value than a dollar found. In school, teacher, it is far more honourable to fail than to cheat. Teach him to learn how to gracefully lose and enjoy winning when he does win.

Teach him to be gentle with people, tough with tough people. Steer him away from envy if you can and teach him the secret of quiet laughter. Teach him if you can – how to laugh when he is sad,

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teach him there is no shame in tears. Teach him there can be glory in failure and despair in success. Teach him to scoff at cynics.

Teach him if you can the wonders of books, but also give time to ponder the extreme mystery of birds in the sky, bees in the sun and flowers on a green hill. Teach him to have faith in his own ideas, even if everyone tells him they are wrong.

Try to give my son the strength not to follow the crowd when everyone else is doing it. Teach him to listen to everyone but teach him also to filter all that he hears on a screen of truth and take only the good that comes through.

Teach him to sell his talents and brains to the highest bidder but never to put a price tag on his heart and soul. Let him have the courage to be impatient, let him have the patient to be brave. Teach him to have sublime faith in himself, because then he will always have sublime faith in mankind, in God.

This is the order, teacher but see what best you can do. He is such a nice little boy and he is my son.”

Time to vouch for a comprehensive learning of skills, education and values for all-inclusive development as said by great leader and ancient wisdom.

Do you know?

- The word ‘Education’ is derived from Latin words:

‘Educare’ - means nourish and bring up

‘Educere’ - means lead forth and draw out

‘Educatum’ - ‘Educatum’ is composed of ‘E’ and ‘Duco’. ‘E’ implies movement from inward to outward and ‘Duco’ means developing or progressive.

- In Sanskrit, ‘Vidya’ – derived from ‘Vidh’ which means to know

‘Siksha’ – derived from ‘Shah’ which means control or to discipline



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The Greatest Enemy of Knowledge Is Not Ignorance,

It Is the Illusion of Knowledge

- Stephen Hawking

**“Education Is Not the Learning of Facts, But The
Training of The Mind to Think”**

- Albert Einstein

