

2.4 Implementation of works, material and human resource management in selected Zilla Panchayats

Audit reviewed (March-June 2007) the implementation of works, material and human resource management in selected five Zilla Panchayats (ZPs) covering the period from 2002-03 to 2006-07.*

Highlights

During 2002-07, the functioning of the District Planning Committee in the test-checked Zilla Panchayats was ineffective as Annual District Development Plans were either not forwarded to Government or were unrealistic. There was a shortfall in collection of funds towards the District Planning Committee Fund.

(Paragraph 2.4.5)

The test-checked Zilla Panchayats lost assistance amounting to Rs.6.40 crore in respect of implementation of schemes under housing, employment and rural development during 2002-07 due to non-adherence to the conditions stipulated in the respective guidelines.

(Paragraph 2.4.6)

As of March 2007, 17 road works taken up in the test-checked Zilla Panchayats during 2002-07 under NABARD assisted Rural Infrastructure Development Fund remained incomplete rendering the investment of Rs.1.44 crore unfruitful.

(Paragraph 2.4.7)

The water supply scheme to Ramnagar village in Joida taluk taken up way back in the year 2001 by Panchayat Raj Engineering Division, Karwar remained incomplete even as of September 2007 rendering the expenditure of Rs.51.88 lakh incurred on the scheme unfruitful.

(Paragraph 2.4.9)

Construction of 16 number of pre/post-matric hostel buildings taken up in four test-checked Zilla Panchayats remained incomplete despite investment of Rs.3.21 crore.

(Paragraph 2.4.10(a))

* Chamarajanagar, Gadag, Kodagu, Tumkur and Uttara Kannada

Failure of the District Social Welfare Officer, Tumkur to arrange adequate funds and monitor the progress of construction of Morarji Desai Residential School rendered the investment of Rs.99.50 lakh unfruitful besides cost escalation.

(Paragraph 2.4.10(b))

Surplus/obsolete stock valued at Rs.27.48 lakh were lying idle in four Panchayat Raj Engineering Divisions.

(Paragraph 2.4.11)

Large number of vacant posts in the departments under the jurisdiction of Zilla Panchayats hampered the effective implementation/completion of projects.

(Paragraph 2.4.12)

2.4.1 Scope and Audit Methodology

The methodology adopted for the review included test-check of records of ZPs, Panchayat Raj Engineering Divisions (PREDS) and Agriculture, Backward Classes and Minorities and Social Welfare Departments in ZPs selected for sample check. The Entry Conference for the performance audit review was held during May 2007 and suggestions of the Department were also accommodated. The draft review report containing the observations/issues noticed during the review was forwarded (August 2007) to the Principal Secretary to Government of Karnataka, Rural Development and Panchayat Raj Department; reply had not been received (March 2008).

2.4.2 Audit objectives

The following were the main objectives of the performance review :

- ⇒ To ascertain that the District Planning Committees were constituted in the ZPs and were functioning, as envisaged
- ⇒ To review the completion of various works taken up by ZPs/PREDS
- ⇒ To ascertain that there was adequate staff and utilisation of available personnel was optimum.

2.4.3 Audit criteria

The Audit criteria adopted for the review were :

- ⇒ The Karnataka Panchayat Raj Act 1993 and instructions issued by State Government
- ⇒ Guidelines/orders issued by Government of India (GOI) and State Government for implementation of schemes/works.

2.4.4 Funding

The details of the receipts and expenditure in the test-checked ZPs during 2002-07 were as given in the table below.

(Rupees in crore)

Zilla Panchayat		2002-03	2003-04	2004-05	2005-06	2006-07
Chamarajanagar	Receipt	165.59	177.75	186.65	114.07	98.25
	Expenditure	168.16	178.61	181.52	99.69	84.30
Gadag	Receipt	163.15	182.28	213.37	171.22	101.98
	Expenditure	160.94	180.87	198.36	160.40	87.99
Kodagu	Receipt	123.05	104.92	103.30	61.44	Accounts not submitted
	Expenditure	124.56	81.86	84.46	56.00	
Tumkur	Receipt	507.18	528.83	579.42	332.71	265.59
	Expenditure	517.36	534.67	579.01	306.26	261.39
Uttara Kannada	Receipt	288.16	325.67	321.18	169.99	164.75
	Expenditure	293.17	329.02	313.18	159.53	157.75

Source : Annual accounts of the ZPs.

Audit findings

The audit findings arising from the performance review are discussed below:

2.4.5 Planning process

2.4.5.1 Ineffective functioning of District Planning Committees and non-preparation of envisaged Annual District Development Plan

The spirit of decentralised planning was diluted due to the ineffective functioning of DPCs

The State Government constituted (2000-01) District Planning Committees (DPC) in the ZPs. Though the DPCs were to meet once in a quarter, they did not meet as envisaged and as against the 20 meetings required to be conducted by each ZP during the five years covered in audit, the number of meetings conducted in test-checked ZPs ranged from one to five.

In accordance with the provisions of the Karnataka Panchayat Raj Act 1993 (KPR Act), the Grama Panchayats (GPs) were required to forward their plan proposals to the Taluk Panchayats (TPs) for consolidation and onward

transmission to the ZPs concerned. The DPC in the ZPs was to prepare the Annual District Development Plan (ADDP) based on the fiscal ceilings communicated by the Planning Department duly incorporating the development plans of the TPs and GPs. It was, however, noticed in the test-checked ZPs that excepting Uttara Kannada, the GPs/TPs did not forward their plan proposals for consolidation and the Chief Executive Officers (CEOs) of the ZPs did not insist on the lower tiers of Panchayat Raj Institutions (PRIs) to forward proposals as envisaged. In the absence of incorporation of defined needs at the grass root level, the DPC/ZP prepared the AADDP in a routine manner. The Chief Planning Officer, ZP, Uttara Kannada stated (March 2007) that the GPs/TPs submitted their plan proposals belatedly and though the AADDP was forwarded to Government during January every year, the same was not based on the proposals of GPs/TPs. Thus, the functioning of DPC in these ZPs was ineffective.

The State Government constituted (April 2001) the DPC Fund with contributions from PRIs[¥] and local bodies. The Fund was to be utilised for payment of sitting fees to members, commissioning of studies, etc. In the test-checked ZPs, as against Rs.3.04 crore to be collected towards DPC Fund during the years 2002-07, an amount of Rs.57 lakh was collected. Of this, only an amount of Rs.2.83 lakh had been utilised in the ZPs, Kodagu, Tumkur and Uttara Kannada. The ZPs, Chamarajanagar and Gadag did not collect any amount towards the DPC Fund. The details of collection and its utilisation in the test-checked ZPs are as exhibited in the table below.

Zilla Panchayat	Amount required to be collected	Amount actually collected	Interest earned	Utilised	Balance lying in ZPs
	(Rupees in lakh)				
Kodagu	38.25	11.23	0.39	1.40	10.22
Tumkur	102.75	25.90	2.90	1.28	27.52
Uttara Kannada	75.25	16.46	0.58	0.15	16.89
Chamarajanagar	45.00	No amount had been collected			
Gadag	42.75				
TOTAL	304.00	53.59	3.87	2.83	54.63

[¥] Contributions from PRIs, per annum, were prescribed at the following rates:
ZPs - Rupees two lakh, TPs - Rs.25,000 and GPs - Rs.5,000

Meagre utilisation of funds collected could be attributed to the ineffective functioning of the DPCs, thus, diluting the spirit of decentralised planning and resulting in the preparation of ADDPs in a routine manner.

Though these laxities (in respect of the ZPs covered during earlier years) were commented in previous Audit Reports of the Comptroller and Auditor General of India, the State Government had not initiated action against the ZPs for not complying with the codal provisions.

2.4.6 Programme implementation

2.4.6.1 Loss of assistance

There was loss of assistance aggregating Rs.6.40 crore in test-checked ZPs

The ZPs were implementing various centrally sponsored schemes^Ω and the funds released for such schemes were required to be spent in accordance with the conditions stipulated in the respective scheme guidelines. Due to non-fulfilment of prescribed conditions resulting in shortfall in spending, excess carryover, etc., it was noticed that the GOI deducted an amount of Rs.5.09 crore while releasing the subsequent instalments in the five test-checked ZPs. Similarly, the State Government also deducted Rs.1.31 crore towards their share resulting in a total loss of assistance of Rs.6.40 crore under various schemes during the years 2002-07 as detailed below.

Schemes	Period	Amount deducted (Rupees in lakh)		
		Central	State	Total
Chamarajanagar				
SGRY	2003-05	16.50	0.44	16.94
IAY	2002-04	33.04	11.02	44.06
TOTAL		49.54	11.46	61.00
Kodagu				
SGRY	2003-07	4.47	1.49	5.96
TOTAL		4.47	1.49	5.96
Gadag				
SGRY	2003-04 and 2005-06	4.01	1.34	5.35
IAY	2003-04	0.41	0.14	0.55
TOTAL		4.42	1.48	5.90
Tumkur				
SGRY	2003-04 and 2005-07	67.75	22.58	90.33
IAY	2002-05	236.30	78.77	315.07
SGSY	2002-03 and 2005-07	33.90	NA	33.90
TOTAL		337.95	101.35	439.30

^Ω Sampoorna Grameena Rozgar Yojana (SGRY), Indira Awaas Yojana (IAY), Swarnajayanti Gram Swarozgar Yojana (SGSY), Western Ghats Development Programme (WGDP), etc.

Schemes	Period	Amount deducted (Rupees in lakh)		
		Central	State	Total
Uttara Kannada				
SGRY	2003-05	45.49	15.16	60.65
IAY	2005-06	42.54	NA	42.54
SGSY	2005-06	21.03	NA	21.03
WGDP*	2005-06	4.03	-	4.03
TOTAL		113.09	15.16	128.25
GRAND TOTAL		509.47	130.94	640.41

NA – Not available

* 100% central scheme. No state share.

Despite the stipulation in the respective scheme guidelines, the implementing authorities failed to properly plan, implement and monitor the progress of the schemes resulting in loss of assistance of Rs.6.40 crore mainly in implementation of schemes under housing, employment and rural development sectors.

2.4.7 Rural Infrastructure Development Fund scheme

Under Rural Infrastructure Development Fund (RIDF) scheme, the State Government was availing assistance in the form of loan from NABARD for creation of various rural infrastructure facilities. According to the guidelines for implementation of RIDF scheme, the works taken up were to be completed on schedule (within six months) as any delay in execution would result not only in depriving the rural beneficiaries from the intended benefits but also in the loan becoming high cost borrowing. Scrutiny of records relating to implementation of RIDF schemes in test-checked ZPs revealed the following.

2.4.7.1 Delay in completion of road works

As of December 2007, it was observed that out of the 66 road works (total estimated cost – Rs.10.54 crore) taken up during 2004-06 (IX and X tranches) in the test checked PREDs, 17 works, on which an expenditure of Rs.1.44 crore was incurred, remained incomplete even after the scheduled date of completion rendering the expenditure unfruitful. As of February 2008, the delay ranged from 15 to 30 months. The division-wise details were as below.

There were abnormal delays in completion of road works

PRED	Number of works			Expenditure on incomplete works (Rupees in lakh)	Range of delay (in months)
	Taken up	Estimated cost (Rupees in lakh)	Remained incomplete		
Chamarajanagar	11	143.00	3	22.19	26
Karwar	11	213.00	2	10.93	15-29
Madhugiri	14	174.00	3	23.91	15-28
Madikeri	11	135.00	4	29.91	28-30
Sirsi	11	285.00	3	37.72	16
Tumkur	8	104.00	2	19.65	17
TOTAL	66	1054.00	17	144.31	

The EEs of the PREDs failed to initiate adequate measures to monitor the progress and complete the works taken up under RIDF on schedule. There is a need to place a suitable monitoring mechanism to avoid undue delay in completion of works taken up under loan assistance from external sources.

2.4.8 Defective estimate leading to unfruitful expenditure

Failure to prepare a realistic estimate led to unfruitful expenditure of Rs.54.79 lakh

The work of improvement to Kanasagiri-Chittakula road (length – 7.35 Kms.) under PRED, Karwar estimated to cost Rs.68 lakh was entrusted (March 2003) to a contractor at his tendered amount of Rs.57.29 lakh with a stipulation to complete the work within six months. After showing a financial progress of Rs.39.26 lakh, the contractor stopped (September 2003) the work as there was a hillock with hard rock in the stretch, which was shown as soft soil in the estimate put to tender. Evidently, the estimate prepared by the EE, PRED, Karwar was defective. The contractor did not agree to execute the work in that portion. The additional work of clearing the hillock and cutting hard rock was got executed only during August 2006, after a delay of three years, by incurring an expenditure of Rs.12.53 lakh through another agency and metalling work of that stretch was taken up under the Chief Minister Rural Road Development Programme at an expenditure of Rs.three lakh. The work of metalling and black topping the entire stretch of the work was yet to be taken up (December 2007) and the work remained incomplete.

Thus, the failure of the EE, PRED, Karwar in preparing a realistic estimate resulted in unfruitful expenditure of Rs.54.79 lakh. Further, the commuting problems of villagers remained unaddressed even after four years. The cost may escalate further due to efflux of time. Responsibility should be fixed for preparation of estimates in a routine manner without conducting proper survey.

2.4.9 Unfruitful expenditure on incomplete water supply scheme

Delay in arranging funds resulted in delay in completion of a water supply scheme besides unfruitful expenditure of Rs.51.88 lakh

Based on the proposal of CEO, ZP, UttaraKannada for a water supply scheme to Ramnagar village in Joida taluk estimated to cost Rs.95.37 lakh, the State Government released (November 2001) an amount of Rs.15 lakh. The scheme was administratively approved (March 2002) by the Government. The sanction order stipulated that the balance fund was to be mobilised by the ZP

itself during the years 2002-04. The project was technically sanctioned (April 2002) by Chief Engineer (CE), PRE Department, Bangalore.

Though sufficient funds for the execution of the project were not available, the Executive Engineer (EE), PRED, Karwar awarded (October 2002) the work to a contractor with a stipulation to complete the work within 12 months excluding the monsoon period. The Chief Accounts Officer (CAO), ZP, Uttara Kannada could not provide sufficient funds for the project in time. The progress was tardy and a notice was issued by the Assistant Executive Engineer, PRED, Karwar to speed up the work. As against the physical progress of Rs.51.88 lakh by December 2003, a payment of Rs.25 lakh had been made (June 2003). The EE, PRED, Karwar stated (September 2007) that the contractor did not continue the work or apply for extension of time though notices were issued (August 2004–July 2005) to him and a proposal had been submitted to rescind the work at the risk and cost of the contractor. The reply was not tenable as it was observed in audit that though the contractor abandoned the work during December 2003 and reportedly did not respond to the notices, a further payment of Rs.26.88 lakh was made to the contractor between March and September 2005 and no penal action had been initiated as per contract agreement.

Even as of September 2007, the work remained incomplete rendering the investment of Rs.51.88 lakh unfruitful. Thus, the failure of the CAO, ZP to arrange for adequate funds, as stipulated by the Government and the EE, PRED, Karwar in entrusting the work without ensuring provision of funds resulted in the water supply scheme remaining incomplete even after a delay of more than six years after administrative approval, besides denying the rural population benefits of the proposed water supply scheme.

2.4.10 Unfruitful expenditure on incomplete buildings

(a) Inordinate delay in completion of hostel buildings

Audit scrutiny of records of District Social Welfare Officer(DSWO) of Social Welfare Department and District Officer of Department for Backward Classes and Minorities relating to construction of hostel buildings for pre/post-matric students in four ZPs selected for sample check revealed that 16 buildings

Sixteen hostel buildings remained incomplete despite investment of Rs.3.21 crore

remained incomplete despite the investment of Rs.3.21 crore. Recurring expenditure of Rs.4.38 lakh every year was also being incurred towards rent to private parties in respect of 13 out of 16 hostels and the period of delay in completion ranged upto 24 months. The District Level Officers of the departments in these ZPs failed to monitor the progress of work and did not initiate adequate measures to get the buildings completed. The ZP-wise position of incomplete hostel buildings was as shown in the table below.

Zilla Panchayat	Number of hostel buildings remained incomplete	Period of entrustment	Total estimated cost	Actual expenditure incurred on incomplete buildings
			(Rupees in lakh)	
Chamarajanagar	5	2001-05	159.04	89.00
Gadag	2	2005-06	61.56	34.59
Tumkur	8	2003-05	232.72	187.83
Uttara Kannada	1	2005-06	22.80	9.25
Total	16		476.12	320.67

It also deprived the rural students of the envisaged improved environment for studies besides avoidable recurring expenditure towards rent. In many cases, the District Level Officers were not in possession of the details such as scheduled date of completion, quantum of funds released, actual expenditure incurred on the buildings, status of work, etc.

(b) Morarji Desai Residential School

Failure in providing adequate funds rendered the investment of Rs.99.50 lakh unfruitful besides cost escalation

Based on a proposal by the Director, Social Welfare Department, Bangalore the Government accorded (June 1998) administrative approval for construction of a Morarji Desai Residential School at Maidanahalli (Kupuchari Koppa) in Madhugiri Taluk under ZP, Tumkur at an estimated cost of Rs.99.84 lakh. The work was entrusted (June 1998) to Karnataka Land Army Corporation (KLAC) at a cost of Rs.99.84 lakh stipulating that (i) the work was to be completed within 24 months, and (ii) any escalation in cost was to be borne by the KLAC.

Scrutiny of records revealed that an amount of Rs.99.50 lakh was released (December 1998 to January 2001) to KLAC. Though the site was handed over to KLAC during December 1998 and work commenced in February 1999, the residential school building remained incomplete (March 2007) even after a delay of more than seven years.

It was further observed that the expenditure on the building had escalated to Rs.1.10 crore due to construction of two additional classrooms which were not included in the estimate. The Assistant Director, KLAC, Tumkur attributed (February 2007) the delay in completion to distance of the site from the town, non-availability of water/electricity, difficulties in transporting the raw materials to the work spot, etc. The revised estimate for completing the building had been prepared (January 2008) for Rs.1.29 crore.

The DSWO, Tumkur stated (February 2007) that the building remained incomplete due to non-release of sufficient funds by the Government. The reply was not acceptable as adequate efforts were not made by the DSWO to get sufficient funds for the construction of residential school building taken up way back in 1998 and the progress of work was not monitored regularly as evidenced by the fact that the DSWO was not in possession of the details of entrustment, amount released to the agency, physical progress, etc. The expenditure of Rs.99.50 lakh on the incomplete building remained unfruitful besides additional liability due to inclusion of items after entrustment of work to the agency.

2.4.11 Material management

❖ Delay in conducting physical verification of stock and non-disposal of surplus stock

**The surplus/
obsolete stock in
PREDS
aggregated
Rs.27.48 lakh**

The EEs of the PREDS were required to verify their stock half yearly (March and September) on or before 15th of the month following the closure of half yearly accounts. Further, the physical verification of stores, at least once in a year, should be done by an independent agency other than the custodian of the stores and results thereof brought on record.

It was noticed in PREDS, Madhugiri, Madikeri and Tumkur that though physical verification of stock was conducted regularly during the period 2002-06, there were delays in half yearly stock verification in respect of Madhugiri and Tumkur. The EE, PRED, Madikeri did not conduct the half yearly verification during 2006-07. The EEs of other four[£] divisions did not furnish the details of stock verification to audit.

[£] Chamarajanagar, Gadag, Karwar and Sirsi

Sample check of records of the PREDs disclosed that, as of March 2007, there was surplus/obsolete stock worth Rs.27.48 lakh lying idle in four PREDs (including sub-divisions) as listed below:

PRED	Value of surplus stock (Rupees in lakh)	Nature of items	Pending since
Chamarajanagar	1.85	Water supply materials	2000-01
Gadag	14.88	Pipes, collars, etc.	Not available
Kodagu	1.83	Water supply materials	1982 onwards
Sirsi	8.92	Pipes, bends, valves, etc.	2001-02
Total	27.48		

The EE of the PREDs replied that action would be taken to dispose of the surplus/obsolete stock after obtaining the approval of the ZPs.

2.4.12 Human resource management

❖ Large number of vacant posts in departments

Large number of vacant posts hampered the effective functioning of ZPs/departments

It was observed during audit that there were large number of vacant posts in all the offices/departments under the jurisdiction of the ZPs. The vacancy position in the office of the CEO, as furnished by the ZPs is shown below:

Zilla Panchayat	Sanctioned	Working	Vacant	Percentage of vacancy
Chamarajanagar	88	54	34	39
Gadag	Details not furnished			
Kodagu	90	56	34	38
Tumkur	110	102	8	7
Uttara Kannada	108	70	38	35

It was noticed that, except in ZP, Tumkur, the Central office of the ZPs were functioning with less than two-third of the sanctioned strength. Similar details in respect of certain other departments under the ZPs are furnished in the **Appendix 2.3**. The abstract of the department-wise position of the ZPs as a whole is shown in the table below.

Department	Sanctioned	Working	Vacant
Department of Backward Classes and Minorities	989	753	236
Agriculture Department	1407	931	476
Social Welfare Department	1334	854	480

It would be observed from the details in the appendix that the percentage of vacancy in the Department of Backward Classes and Minorities ranged

between 19 and 31, in the Agriculture Department it was between 13 and 53 and such percentage ranged between 17 and 41 in the Social Welfare Department. The large number of vacant posts in the departments of ZPs hampered the implementation/completion of schemes/projects.

2.4.13 Recommendations

- ✓ The CEO of the ZPs should be made responsible for obtaining the plan proposals defining the needs at the grass roots level from GPs/TPs
- ✓ Responsibility should be fixed for failure to prepare and forward ADDPs
- ✓ Functioning of the DPCs should be streamlined, as envisaged
- ✓ Monitoring of programme implementation of centrally sponsored schemes at the PRI level should be strengthened to improve service delivery and avoid loss of Central/State assistance
- ✓ Effective steps should be taken to complete the road works taken up under NABARD assisted RIDF scheme to avoid additional interest liability
- ✓ Functionaries at PRI level should be involved actively while according approval/entrustment of work, release of funds for effective monitoring the progress of work to avoid delays
- ✓ Effective monitoring mechanism should be in place in the PRIs to monitor the completion of schemes/projects on schedule.

2.4.14 The Exit Conference of the performance review was held on 14 January 2008 and the points noticed during the review were discussed with the Secretary of the RDPR Department. The Secretary while accepting the audit comments stated that appropriate action would be taken. The specific remarks of the Government are still awaited (February 2008).