

CHAPTER III

PERFORMANCE AUDIT

PERFORMANCE AUDIT

This chapter presents two performance audits on Urban Water Supply Schemes and Educational Development of Scheduled Castes and one long paragraph on Functioning of the Computerised Billing System in the Government Automobile Workshop, Puducherry.

PUBLIC WORKS DEPARTMENT

3.1 Review on Urban Water Supply Schemes

Highlights

Sixty one per cent of the total population of the Union Territory lives in urban areas and the department implemented a number of water supply schemes mainly to create additional resources/infrastructure to augment the existing water supply. Audit scrutiny of these schemes, however, revealed extraction of ground water in excess of requirement and supply of water in excess of norms prescribed by Government of India. This resulted in creation of unnecessary infrastructure and wastage of water.

Ground water was extracted in excess over requirement in Puducherry, Karaikal and Mahe regions and schemes for using surface water were not implemented in Puducherry and Mahe regions for want of land.

(Paragraphs 3.1.6.1 and 3.1.6.2)

Poor planning and non-adherence to Government of India instructions in designing schemes in Puducherry and Karaikal regions resulted in wasteful expenditure of Rs 82.14 lakh.

(Paragraphs 3.1.7.1 and 3.1.7.2)

Infrastructure facilities beyond requirement were created for treatment and storage of water in Yanam region during 2002-07 at a cost of Rs 10.73 crore.

(Paragraph 3.1.7.3)

Avoidable delay in completion of three schemes and non commissioning of one scheme in Puducherry region and non commissioning of pipelines laid in Yanam region resulted in blocking of Rs 15.09 crore.

(Paragraph 3.1.7.5)

Water tariff did not meet even the operational cost.

(Paragraph 3.1.8.2)

3.1.1 Introduction

The Union Territory (UT) of Puducherry comprises four geographically isolated regions¹ with an urban population of 6.48 lakh². Drinking water requirement in urban areas of Puducherry and Karaikal regions is met by utilising ground water resources. Mahe is provided with drinking water by the Kerala Government on payment and this is augmented by ground water resources. Yanam gets water from Godavari river supplied by Andhra Pradesh Government.

Tenth Plan (2002-07) laid stress on (a) qualitative improvement of water ensuring sustainability of sources on long term basis and diminishing reliance on ground water by increasing use of surface water through rain water harvesting measures (b) revamping the existing system by creating additional resources or replacing quality affected/defunct sources, constructing storage reservoirs, redesigning/relaying of distribution networks to balance supply with demand and (c) monitoring of water supply through surveillance, revamping of operation and maintenance systems and rationalisation of water tariff to deterrent level to check wastage. To achieve these objectives, the UT Government implemented Water Supply Schemes (WSS) in the urban areas during 2002-07 at a cost of Rs 103.27 crore (Capital : Rs 80.76 crore and Revenue : Rs 22.51 crore).

Central Public Health and Environmental Engineering Organisation (CPHEEO) prescribes guidelines for economical designing of various components of WSS, norms for drinking water supply to various categories of consumers and maintenance of WSS. Public Works Department implements water supply augmentation schemes by adopting these guidelines. Puducherry region has been divided into nine zones and works in three zones³ were completed before the commencement of the tenth plan period. Works in three more zones (Zone II, VI and IX) were completed during the tenth plan and works in the remaining three zones are in progress (March 2007). In Karaikal, augmentation schemes in all the three zones were completed. As there was huge shortfall in supply of water by Kerala Government to Mahe region, the department had taken up (May 2003) laying of a direct pipeline from the treatment plant in Kerala to the service reservoirs as a deposit work by Kerala Water Authority. The work was completed in October 2006. In Yanam, only infrastructure development works were carried out.

¹ Puducherry, Karaikal, Mahe and Yanam

² 2001 census

³ Zone I, IV and V

3.1.2 Organisational set up

The Chief Engineer (CE), who is the head of the department, is assisted by the Superintending Engineer II (SE) and four Executive Engineers (EEs) one in each region in implementing WSS. The Secretary to Government is the Administrative Head.

3.1.3 Audit objective

The performance of urban WSS executed in the four regions was reviewed in audit to assess:

- the effectiveness of measures taken for qualitative improvements of water and sustainability of sources with diminishing reliance on ground water and increased utilisation of surface water
- the economy, efficiency and effectiveness in revamping the existing system and creation of additional sources
- the economy, efficiency and effectiveness of the operation and maintenance system.

3.1.4 Audit criteria

- CPHEEO Manual
- Government Plan Document
- Central Public Works Department Works Manual
- Government orders and circulars, instruction issued by Government/CE/SE.
- Rules on water connection policies in Union Territory of Puducherry

3.1.5 Audit coverage and methodology

Records relating to the execution of WSS by the four divisions of the department during the year 2002-07, and the related records maintained in the office of SE and CE were reviewed during January 2007 to May 2007. Site visits were conducted and discussions were held with the officers. An entry conference was held in February 2007 with the CE. In the exit conference held in June 2007, the Secretary to Government assured to review the status and take up action on the audit observations.

Audit Comments

3.1.6 Sustainability of sources

All the four regions of the UT are situated in the coastal areas and excess extraction of ground water would result in the sea water intrusion thereby affecting the quality of water in the source. To avoid such excess extraction, the department had to formulate schemes to utilise surface water through rain water harvesting measures. Audit scrutiny of the adherence to these instructions by the department revealed the following:

3.1.6.1 Excess extraction of ground water

The department drew ground water in excess of norms prescribed by CPHEEO

CPHEEO prescribed supply of 135 litres/70 litres per capita per day (lpcd) of water for cities having sewerage system and not having sewage system respectively and an additional 15 *per cent* for transmission loss. The department extracted ground water in Puducherry, Karaikal and Mahe regions much in excess of requirement as detailed below:

Region	Population projected from 2001 Census		Norm as per CPHEEO (in lpcd)	Water requirement (in million litres per day (mld))	Water actually drawn and supplied during the month (in mld)
	Month	Population			
Puducherry	May 2007	5,66,426	155.25	87.94	121.85
Karaikal	March 2007	84,843	80.50	6.83	11.00
Mahe	November 2006	38,637	80.50	3.11	4.73*

* 1.45 mld supplied by Kerala Government

Excessive drawal of ground water over the norms fixed would result in sea water intrusion as was evidenced in the aquifer in the coastal areas of the Puducherry region.

3.1.6.2 Non-utilisation of surface water

Schemes to use surface water were not implemented due to non-acquisition of land

Drinking water requirement of Puducherry region is being met by ground water sources only. With a view to utilise the existing surface water sources in Puducherry, Government appointed a consultant (August 2001) and paid Rs 44 lakh for identifying water availability from Oussudu and Bahour tanks. The report of the consultant (June 2002) recommended utilisation of surplus water from Oussudu tank for about 4 to 5 months in a year till the year 2011 and for the entire year during 2012 to 2021. A site was selected in August 2003 for constructing a treatment plant for using the water from this tank but the requisition for acquisition of the land by invoking urgency provision of Land Acquisition Act was sent to the Land Acquisition Officer (LAO) only in December 2005. Proposals for issue of notification under section 4 (1) of the Act was submitted by the LAO in November 2006 along with the approval of Chief Secretary for invoking urgency provision. It was,

however, returned by the Revenue Officer with a request to submit a revised proposal (January 2007) for acquiring the land under normal acquisition proceedings as courts have taken strong exception for invoking urgency provisions. The proposal was not submitted as of July 2007 as land use conversion was to be obtained from Town and Country Planning Department. The avoidable delay in acquiring land resulted in non-implementation of the scheme.

The department included a scheme for construction of a treatment plant in Karaikal for using surface water of Arasalar river in the Annual Plan for 2002-03, but the estimate for the scheme was prepared during 2005-06 and the scheme was sanctioned in July 2006. The tenders called for in October 2006 were rejected by the CE in June 2007 on account of non-verification of credentials of the bidders and retendering was yet to be done (August 2007).

In order to augment the short supply of drinking water in Mahe during summer months, the department carried out (March 2001) detailed investigation through a consultant for harvesting rain water and storing it in newly formed ponds. While one pond, constructed at a cost of Rs 6.97 lakh in December 2004, was not put to use due to objections from the residents fearing drying up of their wells, the proposals for issue of notification for acquiring land for the other pond, sent by LAO in January 2004, was pending with Government (May 2007).

3.1.7 Revamping of existing systems to meet the demand

Water Supply Schemes comprise creation of sources with infiltration wells (for surface water) and borewells (for ground water), construction of treatment plants (for surface water), conveyance of treated water to sumps and service reservoirs and supply of water to consumers through distribution system. CPHEEO has prescribed norms for arriving at the capacity of various infrastructure to be created and their designed life period to improve the efficiency and effectiveness of the schemes and economise the expenditure. The execution of various works by the department disclosed the following deficiencies:

3.1.7.1 Wasteful expenditure due to poor planning

In order to augment the shortfall in water supply to Kanuvapet area, the EE, Public Health Division, Puducherry constructed (January 2004) two borewells at a cost of Rs 2.72 lakh and awarded (March 2004) the work of construction of compound wall to protect the structure and the pumping main to be laid. The work was stopped after spending Rs 15.71 lakh due to claim by a private party that the land on which one of the borewells was located and a portion of the land used for constructing compound wall were his property. On verification, it was found one of the borewells was not located within the boundary of Government land and further work were not taken up. On account of demand from public for supply of quality water, the EE proposed to use the other borewell located on Government land. The

Expenditure on constructing a WSS in private land resulted in non-utilising of infrastructure costing Rs 23.17 lakh

water from this borewell was, however, found unfit due to higher total dissolved solids (July 2006). In spite of this, the EE obtained Government sanction (September 2006) for laying pumping main from this borewell to the existing overhead tank (OHT). The work was taken up in December 2006 and completed in February 2007 at a cost of Rs 4.74 lakh. However, due to poor quality of water, the department constructed another borewell (February 2007) and took over one of the borewells constructed by Villianur Commune Panchayat and supplied water to the public. Wrong location of borewell and construction of pumping main fully knowing the poor quality of water from the source rendered the expenditure of Rs 23.17 lakh wasteful.

3.1.7.2 Wasteful expenditure on construction of storage facilities

Designing of storage facility in Karaikal region for 30 years instead of 15 years resulted in wasteful expenditure of Rs 58.97 lakh

CPHEEO manual provides for designing storage facilities like sump, OHT for 15 years⁴ to facilitate carrying out extensions when required and to avoid expenditure far ahead of utility. The department constructed a 20 lakh litres OHT (Rs 2.18 crore) and a six lakh litres sump (Rs 26.27 lakh) for the Central Zone in Karaikal on the ground that the existing seven lakh litres OHT was damaged and the existing 14 lakh litres sump would be insufficient. Audit scrutiny of the estimate revealed that the Chief Engineer approved the work for a design period of 30 years instead of 15 years. Had the guidelines of CPHEEO manual been followed, 17 lakh litres OHT and eight lakh litres sump would have been adequate for the zone. Construction of OHT of three lakh litres capacity in excess of requirement and sump of six lakh litres capacity resulted in a wasteful expenditure of Rs 58.97 lakh.

3.1.7.3 Unnecessary creation of infrastructure

CPHEEO recommended 70 lpcd as the maximum water supply level for domestic and non-domestic purposes for towns without sewerage system and this includes requirement of water for commercial, institutional and minor industries. CPHEEO also recommended a maximum of 15 per cent of the total requirement towards unaccounted water supply. In addition, water supply schemes should provide water for fire fighting, for institutions of considerable magnitude and for major industries. It also stipulated that the storage facility should be designed for continuous supply to consumers as intermittent supply are neither desirable for the public health point of view nor economical. The capacity of OHTs where power is available throughout 24 hours and 16 hours of pumping is possible should be for 15 per cent of daily demand and the capacity of the sumps for filling the OHT should be designed for 50 per cent of the capacity of the OHT, if two fillings per day is resorted to.

Yanam region has an area of 20 square kilometres. The surface water received from Government of Andhra Pradesh for this region is stored in

⁴ Water requirement for the projected population at the end of 16 years including one year project period at the prescribed norm for the area

three locations (Yanam Town, Kanakalapeta and Dariyalathipa) which are interconnected. The water is treated in treatment plant with sand filters and carried through pipelines to sumps constructed in different locations, pumped to overhead tanks constructed nearby and distributed by gravity to consumers. The distribution system for the whole region is interconnected. The region had three water treatment plants (WTPs) with a total capacity of 5.75 mld, five OHTs and 12 sumps with a total capacity of 10 lakh litres and 12.05 lakh litres respectively as of March 2002. The department increased the capacity of WTPs, OHTs and sumps to 14.75 mld, 32 lakh litres and 23.05 lakh litres during 2002-07 on the ground that the projected population in the year 2018 (designed period of 15 years) would be 90,300 and tail end areas had inadequate water. Audit scrutiny, however, revealed that the projected population for the Yanam region in the year 2018 is only 50,000. As there are no big institutions and major industries and the department is not supplying treated water to industries, the water requirement for this population adopting the norms prescribed by CPHEEO would be 4.735 mld⁵. Hence, the requirement of infrastructure would be 4.735 mld of WTP, 7.5 lakh litres OHT⁶ and 3.75 lakh litres sump. As such, the infrastructure existed as of March 2002 would be more than adequate. By boosting the projected population to 90,300, adopting higher norms of 100 lpcd and including huge quantity of water for institutional and industrial demand (4.19 mld), the department worked out the water requirement for 2018 at 14.39 mld and constructed three WTPs with a total capacity of nine mld, eight OHTs of 22 lakh litres capacity and eight sumps of 11 lakh litres capacity at a total cost of Rs 10.73 crore (vide **Appendix – 3.1**). Failure to follow CPHEEO guidelines resulted in creation of unnecessary infrastructure, wastage of water and higher cost of maintenance.

Government contended (November 2007) that the additional infrastructure was provided to cater to the projected population for 30 years (upto 2033) and the requirement of surrounding population of neighbouring Andhra Pradesh and industrialisation was also considered. This contention was not factual as the project reports considered the requirement of projected population of 15 years as provided in CPHEEO guidelines but boosted the estimated population and did not consider the requirement of population of neighbouring state. Besides, water was not supplied to industries and there were no documents to support the requirement of huge industrial demand.

3.1.7.4 Non recovery of excise duty paid on equipment

Recovery of Excise duty exemption (estimated as Rs 24.27 lakh) was not provided for in the contract

Central Excise notifications issued in March 2002 and September 2002 exempts payment of Central Excise duty for all items of equipment required for setting up of water treatment plants and pipes required for delivery of water from source to plant and from there to the first point of storage. Such exemption can be claimed by the contractor by obtaining a certificate from

⁵ 50,000 X 70 lpcd + (15% unaccounted for water + 0.710 for fire fighting)

⁶ 15 per cent of 4.735 mld

the District Collector through the department. While issuing tender for the three water treatment plants in Yanam region, the Chief Engineer indicated that the tendered amount should include all taxes and levies, but failed to indicate the Central Excise duty exemptions availed by the contractor is payable to Government. The work orders were issued in June and July 2005 for a total cost of Rs 6.13 crore. Based on the request from the contractors, the EE, Yanam requested the Deputy Collector to issue exemption certificate for pump sets, air blowers and electro chlorinators procured for the treatment plants. Records, however, indicated issue of certificate only for electro chlorinators. In the absence of the list of materials eligible for exemption and their cost, the amount of excise duty exemption availed by the contractors but not passed on to the department could not be assessed in audit. The estimate for these works apportioned 40 *per cent* of the cost to mechanical components and based on this, the excise duty (16 *per cent*) not recovered by the department from the contractors is estimated to be Rs 24.27 lakh. The EE, Yanam informed audit (July 2007) that the firms availed Excise Duty exemption on the mechanical components of all the three treatment plants. Government assured (November 2007) to recover the amount from their final bills.

3.1.7.5 Blocking of funds due to time overrun

CPHEEO prescribed a time limit of 188 weeks for major water supply schemes from the date of preparation of working plan to testing and commissioning of the projects. CPHEEO also recommended inviting of combined tenders for all components to avoid delay in completion of the project. The EEs obtained administrative and technical sanctions for major schemes from GOI/ UT Government and CE respectively and divided them into sub works and executed them through contractors. Consequently, the prescribed time limits were not adhered to. Audit scrutiny revealed avoidable delay in taking up the works and in erection and commissioning. The cases are discussed below:

Krishna Nagar Scheme

Non-acquisition of land and non-construction of distribution grid resulted in blocking of Rs 5.46 crore

To augment acute shortage of water in Krishna Nagar, a newly developed area in Puducherry region, Government sanctioned (i) construction of additional storage facilities and pumping main in February 2002 and (ii) creation of additional source and construction of head works and distribution grids in September 2002. No time limit was fixed for completing these major works and the project did not contemplate acquisition/availability of land for the works.

The first work was divided into eight sub works and six of them were completed between April 2002 and October 2005. The electrification work was taken up in February 2006 and completed in March 2006. However, the sub work of laying pumping main, technically sanctioned in 2002-03 for Rs 18.35 lakh, was not completed for want of land. Pipes for the work costing Rs 21.27 lakh purchased in 2004-05, were kept idle. Scrutiny of

records revealed that the EE, Public Health Division, Puducherry had not initiated any action to acquire land for this purpose, but issued work order in July 2006. To an audit query, the EE stated (June 2007) that the sub work would be executed in the land that would be acquired by National Highways (NH) division. However, there was no correspondence in this respect with the NH division. The Assistant Engineer informed (July 2007) audit that the feasibility of laying the pumping main along the drain bund is under investigation. The department spent Rs 1.98 crore as of July 2007.

The second work was divided into 14 sub works and 13 of them were completed between January 2003 and January 2005. For the sub work of constructing distribution grid, pipes costing Rs 2.18 crore had been purchased during 2004-05, but the global tender was floated only on 16 November 2006. The tender was cancelled on 17 November 2006 to provide opportunity to local registered contractors. The EE had not invited tender for this sub work subsequently. The department spent Rs 3.48 crore on this work.

Thus, poor planning in executing various components of these two works resulted in blocking of Rs 5.46 crore for more than 15 months.

Kurinji Nagar Scheme

Slow progress of work coupled with non-taking up of works relating to distribution rendered Rs 1.41 crore spent on a scheme unfruitful

Government sanctioned WSS for Kurinji Nagar as two major works in March 2003, one for the construction of storage facilities and pumping main (Rs 1.81 crore) and another for distribution system (Rs 1.99 crore). While the works relating to pumping main were completed, the construction of overhead reservoir, entrusted to a contractor in December 2003 with a completion period of 9 months for Rs 1.16 crore, was not completed even by July 2007 due to slow progress of work by the contractor. The contract was not terminated for not keeping the time schedule. The other components relating to pumping main were taken up only during 2005-06 and the electrification work were executed in 2006-07. The EE had not taken any action to execute the major work relating to distribution system and the Assistant Engineer attributed inadequate development of houses in the area as the reason for non-execution of this work. Consequently, the expenditure of Rs 1.41 crore remained unfruitful.

Uppalam Water Supply Scheme

Government sanctioned (April 2003) a scheme for augmenting water supply to Uppalam and adjoining areas in Puducherry region and all major sub works were completed by June 2006. The electrical work was taken up in December 2006 and completed in March 2007. However, due to non testing of the distribution grid, the scheme was not commissioned even by November 2007. Avoidable delay in completing minor works defeated the objective of providing water supply to the public and led to blocking of Rs 6.93 crore spent on this scheme.

Relaying of pipelines in Yanam

New pipeline laid at a cost of Rs 1.29 crore was not put to use

As the size of the existing distribution pipes were not sufficient to cater to the demands, Government sanctioned (February 2002) the work of relaying new pipeline in Yanam. Though the work was completed in January 2005 at a cost of Rs 1.29 crore, it was not commissioned on the ground that the additional water required would be available only after construction of new water treatment plants. Audit scrutiny, however, revealed that the treatment plants were constructed and commissioned in August 2006. The Executive Engineer, Yanam informed audit (September 2007) that the pipeline would be commissioned after giving pipe connection to the consumers from the new line. Government also concurred (November 2007) with this reply. However, the Department failed to obtain sanction for providing house service connections from the newly laid pipeline along with the work of laying pipeline and Government sanction for providing service connections was not obtained (November 2007).

3.1.7.6 Non commencement of schemes for want of land

The following two schemes could not be implemented as the land required was not transferred by Health Department/Mahe Municipality.

In order to store the additional water proposed to be received from Kerala State on completion of the direct feeder line and supply it to Pandakkal area, a sump was proposed to be constructed at the campus of Subsidiary Health Centre. Though Government sanctioned the work in March 2004 for Rs 12.84 lakh and the land requirement was brought to the notice of Health Department in October 2003, the land was not transferred even by March 2007. As the work of providing feeder line from Kerala State was completed in October 2006, non-construction of sump defeated the objective of sanctioning the scheme.

The construction of an open well and a pump house on the land owned by the Mahe Municipality to augment water supply to Kannachankandy colony proposed in October 2003 was not taken up due to non transfer of land by the Municipality (March 2007).

3.1.8 Operation and Maintenance Systems

The efficiency and effectiveness of the operation and maintenance system depends on drawal of water to the optimum level to balance the need and delivery of the same without leakage and wastages. Besides, rationalising the water tariff to meet the operational cost would not only improve the Government revenue but also act as deterrent against wastage of water. The deficiencies noticed in operation and maintenance of water supply schemes are discussed below:

3.1.8.1 Wastage of water

Leakages were not detected to avoid wastage of water

To avoid wastage and to conserve water, CPHEEO stipulated fixing of bulk water meters in strategic points. The department fixed bulk meters in three out of five OHTs in Karaikal and 10 out of 37 OHTs in Puducherry only during 2006⁷. The Department has no equipment to detect leakages in pipelines. To an audit query, the Assistant Engineer, Puducherry stated that the leakage is being detected based on complaints from public/site supervision staff. Failure to detect leakages in time would result in wastage of water and increase the maintenance cost.

There are large scale defective meters

The rules for domestic water connection stipulate installation of water meters by the department and raising of demands based on water actually consumed. The working conditions of water meters in the four regions are as under:

Region	Number of connections	Meters not working		Percentage of defective meters
		Month	Number	
Puducherry	74,637*	March 2007	50,492	68
Karaikal	11,462	April 2007	5,180	45
Mahe	1,495	April 2007	403	27
Yanam	2,550	May 2007	2,550	100

* includes a portion of rural area

While 35,513 meters in Puducherry failed before 2004-05, 1,174 to 1,510 meters failed during every quarter thereafter. All the meters in Yanam region did not function for the past seven years. Defective meters prevented the department from billing the actual quantity of water consumed.

In Yanam region, the department supplied 7.60 mld of water during November 2006 as against 3.06 mld of water required for the present population of 38,064. The department constructed a number of storage facilities on the ground of inadequacy of water in tail ends. The excess delivery of water, however, indicated drawal of more water by the consumers of initial reaches. As the size of the pipes used for house connections was fixed and the period of supply is also regulated, such over drawal could only be made by tampering the water connection pipes and using other mechanical devices. The EE had made no attempts to conduct surveillance to detect any unauthorised drawal of water. Instead, he had created more infrastructure to supply to the tail ends.

Government stated (November 2007) that new water meters would be provided at the time of commissioning the new relaid pipeline.

⁷ Details of bulk meters fixed in Mahe and Yanam have not been furnished

3.1.8.2 Rationalisation of water tariff

Water tariff was not revised to meet the operational cost

The tenth plan envisaged rationalisation of water tariff to deterrent level to bring down the wastage. CPHEEO, while according sanctions for water supply schemes, stipulated revision of water tariff at least to meet the operation and maintenance expenses and the Government also assured such revision in their project reports. The water tariff for domestic and commercial consumers was fixed during 1990 and the department revised the rates for commercial consumers in May 2000. The total demand raised during 2004-07 in the four regions and the operational cost in terms of maintenance and staff salary are given below:

Region	Year	Demand (Rupees in lakh)	Operation and maintenance expenditure* (Rupees in lakh)	Percentage
Puducherry	2004-05	237.12	984.15	24
	2005-06	246.27	1,151.20	21
	2006-07	253.84	1,375.72	19
Karaikal	2004-05	32.57	151.21	22
	2005-06	32.57	174.84	19
	2006-07	32.57	213.73	15
Mahe	2004-05	10.31	31.56	31
	2005-06	17.45	24.93	70
	2006-07	19.52	47.35	41
Yanam	2004-05	2.81	69.11	4
	2005-06	2.91	57.49	5
	2006-07	2.91	81.32	4

* The salary component in Puducherry and Karaikal regions was arrived at based on the number of staff deployed for maintenance and the average salary drawn

It could be seen that the existing water tariff does not meet even the operational cost and the department failed to follow the CPHEEO instructions. Creation of excess infrastructure and supply of more water increased the maintenance cost and non-revision of tariff for domestic consumers who are the major consumers increased the loss of revenue to the Government. Government stated (November 2007) that audit views would be considered at the time of taking the policy decision to revise water tariff.

3.1.8.3 Quality of water not ensured

The department supplies water directly from borewells without treatment

The CPHEEO has prescribed physical, chemical and biological parameters for ensuring the quality of drinking water supplied to the public. The department is required to employ suitable treatment and disinfection methods to ensure quality of water before supply and to monitor the quality of water at consumer's end. Audit scrutiny revealed that water from 54 out of 146 borewells in Puducherry region was directly supplied to consumers without any intermediate storage. This water is not being treated with chlorine to minimise the risk of water borne diseases. Besides, water

supplied from four such borewells has higher iron content and water from two borewells has higher nitrate content and this was not fit for consumption as drinking water.

3.1.9 Conclusion

The department exploited ground water in excess of requirement and did not exploit surface water. More infrastructure were created unnecessarily and schemes were not implemented within a time frame. Economical use of water was not enforced. Poor quality water was supplied directly from four borewells in Puducherry.

Recommendations

- Schemes for utilising surface water should be given priority.
- Wastage of water should be prevented by fixing bulk meters, detecting leakages, replacing the defective water meters and conducting surveillance.
- Water tariff rationalisation should be considered.

The above points were referred to Government in August 2007; reply, except for observations in respect of Yanam region, had not been received (January 2008).

ADI DRAVIDAR WELFARE DEPARTMENT

3.2 Educational Development of Scheduled Castes

Highlights

Government of India implements various educational schemes to upgrade the educational levels of Scheduled Castes. A review of the schemes being implemented in Puducherry region showed that:

Funds for implementing book bank scheme and pre-examination coaching were not sought from Government of India. The Department had not ensured disbursement of scholarships to students by the Heads of Institutions.

(Paragraph 3.2.6)

The system followed for processing of applications for scholarships was deficient. The Department had not ensured payment of scholarships to all eligible students.

(Paragraph 3.2.7.1)

The Department paid scholarships of Rs 28.97 lakh to ineligible students and made excess payment of Rs 17.11 lakh by not following GOI guidelines.

(Paragraphs 3.2.7.2 and 3.2.7.3)

Though the occupancy of rural hostels was poor, the Department constructed an additional hostel at a cost of Rs 1.42 crore without requirement.

(Paragraph 3.2.7.5)

3.2.1 Introduction

The Union Territory of Puducherry (UT) is geographically divided into four regions viz., Puducherry, Karaikal, Mahe and Yanam. There are no Scheduled Tribes in the UT. The Scheduled Castes (SCs) population is 16.19 per cent of the total population and resides only in Puducherry, Karaikal and Yanam regions. Both Government of India (GOI) and the UT Government implement various educational schemes, for enabling the SCs to upgrade their educational levels. These objectives are proposed to be achieved by (a) increasing the enrolment and retention of SCs in educational institutions, (b) reducing their drop out rates and (c) increasing their representation in jobs and higher educational and professional institutions. The UT Government spent Rs 58.93 crore during 2001-07 for the educational development of SCs as detailed in **Appendix –3.2.**

3.2.2 Organisational set up

The schemes are implemented by Adi-dravidar Welfare Department. The Secretary to Government (Welfare) is the overall administrative head. The Director, who is the head of the Department, is assisted by two Deputy Directors (of whom one is exclusively for the students' wing) and four Assistant Directors (two in Puducherry region and one each in Karaikal and Yanam regions). There is a Senior Accounts Officer, who is responsible for Internal Audit.

3.2.3 Audit objectives

The performance audit of the implementation of various schemes by the Department for the educational development of SCs was taken up by Audit to verify whether:

- reliable and acceptable data was maintained.
- the allocation and utilisation of funds were judicious and effective.
- the prescribed guidelines were followed while implementing the schemes.
- the efforts resulted in achieving the objectives of the schemes.
- the monitoring system at various levels was functioning effectively.

3.2.4 Audit criteria

- Data on eligible students
- Guidelines issued by GOI for implementing the schemes.
- Occupancy of hostels.
- Government orders on purchase of dietary articles.
- Educational indicators determined by Director of School Education.

3.2.5 Audit coverage

Records, data, information for the years 2001-02 to 2006-07 relating to the implementation of schemes in Puducherry and Karaikal regions were test checked in the departments of Education, Adi-dravidar Welfare and Collegiate Education. For the purpose of test check, records relating to disbursement of scholarships, maintained by Pondicherry University, 12 colleges (of this, four were women colleges), and eight each out of 328 primary schools, 127 middle schools, 147 high schools and 78 higher secondary schools were scrutinised.

3.2.6 Allocation and utilisation of funds

3.2.6.1 Non-implementation of GOI Schemes

**Funds not sought for
'Book Bank Scheme'**

The funds received for implementing 'Book Bank Scheme' during 1999-2000 were utilised during 2000-02. Though the beneficiary institutions sent the list of books required, the Department did not seek funds from GOI during 2002-03 as it could not produce paid vouchers for getting Audit Certificate for the year 2001-02. The scheme was discontinued thereafter as the vouchers could not be traced. The Director informed audit (September 2007) that steps to purchase books during 2007-08 would be taken as the records required for getting audit certificate have been traced. The non-implementation of the scheme resulted in denial in provision of costly textbooks to poor/needful students enrolled in professional courses.

GOI provided Rs 15,000 per student per year for giving remedial and special coaching to SC students studying in classes IX to XII. The Department did not seek funds for implementing this scheme. Similarly, the pre-examination coaching scheme of GOI for improving the performance of SC students in competitive examinations was also not implemented. Thus, these schemes for improving the educational standard of SCs were not implemented.

3.2.6.2 Disbursement of scholarship was not watched

**Acquittance in proof
of disbursement of
scholarship were not
obtained from
educational
institutions**

The Department drew the scholarship amount payable under various schemes and released them to the respective schools, colleges/institutions for disbursement by obtaining temporary receipts from the heads of schools/institutions. The final acquittance was to be sent after disbursement of scholarship to the students. While the receipt of acquittance was being watched through a register maintained in Puducherry region for each type of the scholarship, there was no system of watching acquittance for the amount paid to the heads of institutions in Karaikal region.

Mention has been made in Paragraph 4.1.1 of the Report of the Comptroller and Auditor General of India for the year ended 31 March 2004 that non-watching of acquittance led to misappropriation by one Headmaster and the Cashier of the Department. Despite this, the Department failed to watch the receipt of acquittance. Consequently, acquittance for a value of Rs 1.79 crore (Period: 1999-2006) was pending from 1,598 institutions under pre-matric (Rs 17.84 lakh), post-matric (Rs 127.73 lakh), opportunity cost (Rs 26.14 lakh) and retention (Rs 7.55 lakh) scholarship schemes as of March 2007. The registers were not closed periodically to determine the pendency of receipt of final acquittance from various heads of institutions.

Thus, the Department is not keeping a track of disbursement of scholarship to the eligible students and monitoring the refund of undisbursed amount. The Director stated (September 2007) that the pendency had been reduced

to Rs 47.54 lakh (293 institutions) in respect of post-matric scheme and acquittances for Rs 42.54 lakh was pending from 685 institutions for three other schemes.

3.2.7 Implementation of the schemes

3.2.7.1 Identification of beneficiaries

The beneficiaries of various schemes are students of schools, colleges and other professional institutions run by Government and private agencies. The benefit of post-matric scholarship extended to the resident⁸ SC students even studying outside the UT.

No system to ensure the extension of benefit to all eligible students

The Department obtains applications from new beneficiaries who satisfies the eligibility criteria through the educational institutions every year. In cases of renewal, only a list is obtained from the institutions. The Department does not maintain any data of students who were paid scholarships to verify the correctness of renewal claims. Besides, there is no mechanism to verify whether the list of renewal/applications from new beneficiaries have been received from all the institutions. Consequently, the Department is not in a position to ensure that all eligible beneficiaries have been extended the benefits of the schemes.

No system for processing the applications

Scrutiny of records by Audit revealed that there were instances of two sanctions for the same application which was pointed out by the institution at the time of disbursement. The inspection of the records relating to 2004-05 by Director of Accounts and Treasuries, Puducherry (DAT) revealed double payment of scholarships amounting to Rs 2.59 lakh to 148 students and sanction and payment of scholarships to ineligible students. The Department accepted the failures and attributed it to processing of large number of applications in short time. Thus, there was lack of proper system for receiving and processing applications. The Director stated (September 2007) that a software would be developed to eliminate the deficiencies in processing the applications.

3.2.7.2 Payment of scholarships to ineligible beneficiaries

Payment of scholarship to ineligible beneficiaries

The regulations governing the pre-matric scholarship to the children of those engaged in unclean occupation issued by GOI in April 2003, stipulated that the assistance should be given to the children of those who are actively engaged in scavenging of dry latrines and other unclean occupations⁹. The Department had not conducted any survey to identify persons who were traditionally engaged in unclean occupations. Instead, they processed all the applications received and sanctioned scholarships to children of sanitary assistant and safaiwala working in Government, Municipalities and Commune Panchayats. A survey conducted by Puducherry Adi-draavidar

⁸ Residing in the UT of Puducherry for not less than five years

⁹ Tanning and flaying which are traditionally considered unclean

Development Corporation (PADCO) in February and March 2006 on the direction of Supreme Court of India revealed that there were 87 families comprising 348 persons including 76 children in the age group of 5 to 15, belonging to the category of scavengers of dry latrines in all the four regions of Union Territory of Puducherry. The Department, however, issued scholarship to 2,060 children under this scheme during the year 2006-07. As scavenging of dry latrines was abolished in the UT, only 76 children are eligible for this scholarship. The Director stated (September 2007) that GOI, while finalisation of draft Annual Plan for 2006-07, permitted the payment of scholarship to children of municipal scavengers. Even allowing scholarship to the children of such persons employed in the local bodies, the payment of Rs 23.01 lakh during 2004-07 to children of sanitary assistants and safaiwalas working in Government was not justified as they were not engaged in scavenging of dry latrines.

Payment of scholarship to stipend holders

The eligibility criteria for post-matric scholarship stipulated that the beneficiary should not receive any other stipend. This condition was not included in the application. Test check of the records of Mother Theresa Institute of Health Sciences, Puducherry revealed that 84 students who were paid post-matric scholarship between October 2004 and February 2006 were also in receipt of stipend resulting in excess payment of Rs 5.96 lakh. The UT Government has sought directions in this regard from GOI (November 2006) after withholding payments during 2006-07.

3.2.7.3 Excess Payment

Excess payment of scholarship to diploma students

The guidelines for post-matric scholarship classified 'all courses leading to graduate or above' under Group III and 'all post matriculation level courses before taking up graduation including vocational courses for which the minimum qualification was matriculation' under Group IV for the purpose of payment of maintenance allowance¹⁰. Though the various diploma courses¹¹ were to be classified under Group IV, the Department classified them under Group III and paid maintenance allowance to 1,094 students during 2003-07. This resulted in excess payment of Rs 17.11 lakh.

3.2.7.4 Non-following of GOI guidelines

Prescribed procedure not followed

Post-matric scholarship includes reimbursement of non-refundable fees paid by the students to the educational institutions. GOI, as early as in 1995, issued guidelines that the State/UT Governments should issue instructions to all recognised educational institutions not to collect non-refundable fees from the eligible SC/ST students but to get the amount from Government directly. These instructions were reiterated in 2002 by GOI. However, all educational institutions including Government institutions collected non-

¹⁰ Grade III : Rs 355 for Hosteller and Rs 185 for Day scholar
Grade IV : Rs 235 for Hosteller and Rs 140 for Day scholar

¹¹ Teaching, Electronic and Civil Engineering, Pharmacy, Co-operative Management, etc.

refundable fees from the SC students and reimbursed it to the students only after sanction of post-matric scholarship to them. Thus, the Department failed to implement GOI instructions.

3.2.7.5 Poor occupancy of rural hostels

Students from local area were admitted into hostels to fill up vacancies

There are 28 hostels, 18 for boys and 10 for girls functioning for the benefit of SC students in Puducherry, Karaikal and Yanam regions. Against the sanctioned capacity of 2,835 to 3,335 students¹² during 2002-07, the occupancy ranged between 2,172 and 2,552¹³. The vacancy of 423 to 948 were mainly in the hostels located in rural areas. Test check of five such hostels revealed occupancy of 63 to 100 *per cent* by students living within five kilometres as indicated below:

Name of the Hostel	Capacity	2001-02			2002-03			2003-04			2004-05			2005-06			2006-07		
		A	L	P	A	L	P	A	L	P	A	L	P	A	L	P	A	L	P
Puducherry																			
GBH, Karayamputhur	80	79	72	91	77	62	81	78	63	81	80	71	89	79	66	84	79	50	63
GBH Kariyamanickam	120	100	80	80	100	92	92	107	102	95	91	75	82	67	65	97	59	51	86
GBH, Abhishegampakkam	100	95	64	67	92	69	75	94	73	78	80	69	86	94	87	93	90	85	94
Karaikal																			
GGH, Nedungadu	80	55	51	93	63	62	98	55	53	97	59	56	95	59	57	97	51	48	94
GBH, Neravy	80	32	27	85	32	27	84	43	32	75	43	32	74	60	54	90	66	66	100

GBH : Government Boys Hostel; GGH : Government Girls Hostel; A : Admitted L : Local P : Per cent

The admission of local students was allowed in relaxation of Rules by Government citing huge vacancies. As many of the hostels do not have quarters for the warden and each warden looks after more than one hostel in Karaikal, the possibility of the students leaving for their houses for night stay could not be ruled out. The Director stated (September 2007) that steps have been taken not to admit local students where the hostel/school is situated and wardens were strictly instructed to be available at hostel for maximum time.

Unnecessary construction of hostel

There are three girls hostels one with a strength of 120 functioning in own building and the other two with a total strength of 160 functioning in rented buildings in Karaikal. The Department took up the construction of two hostels during 2004-05 and 2005-06 with a total capacity of 204 to accommodate the students living in rental buildings. As the total occupancy of the three hostels during 2001-06 ranged between 168 and 200, the existing occupants could be accommodated if one hostel with a capacity of 104 students was constructed. As such, construction of the other hostel,

¹² 2,835 up to 2002-03 and 2,875 during 2003-04, 3,015 in 2004-05 and 2005-06 and 3,335 in 2006-07.

¹³ 2,172 in 2001-02, 2,272 in 2002-03, 2,452 in 2003-04, 2,552 in 2004-05, 2,536 in 2005-06 and 2,387 in 2006-07

at a cost of Rs 1.42 crore was not justified. This hostel is located in rural area and has low occupancy.

The Director contended (August 2007) that the hostel was constructed to increase the literacy rate among rural women in future. The construction was, however, not justified in view of poor occupancy.

3.2.7.6 Maintenance of hostels

The expenditure on maintenance of hostels is fully met from UT funds. The expenditure included purchase of diet and non-diet articles, dress materials, library books, beddings, etc. The following discrepancies are noticed:

Excess expenditure in purchase of groceries

Government ordered (October 2002) the purchase of groceries by hostels in Puducherry region restricting the price to the sale price of the Pondicherry Wholesale Societies (Amudhasurabhi). However, while issuing sanction for hostels in Karaikal region (November 2002), the price was ordered to be restricted to the sale price of Karaikal Co-operative Wholesale Stores or the prevailing market rates published by the Department of Statistics and Evaluation (DSE) from time to time. The hostels in Puducherry are purchasing groceries at the retail rates fixed by Amudhasurabhi which was higher than the rates prescribed by the DSE. Incidentally, it was noticed that the Education Department purchased groceries for the mid-day meals scheme at the rates compiled by DSE only. Failure to restrict the purchase price to the prevailing rates published by the DSE resulted in an excess expenditure of Rs 7.89 lakh on six items purchased in five hostels in Puducherry during 2003-07.

The Director stated (August 2007) that Government approved the uniform rate of Amudhasurabhi as groceries were purchased from different sources. This contention is not tenable as orders issued for Karaikal region restricted the purchase price to rates prescribed by DSE.

Poor maintenance of stock register

The suppliers of diet and non-diet articles did not issue delivery challans along with the supply but raised invoices belatedly which was admitted by the Department. Consequently, there was no basis for making entry in the stock register for these receipts and there were many corrections in the stock registers. The stock verifier, during physical verification, reported excess and shortage in quantities. Though the excesses noticed in physical verification were accounted for, no action was taken on shortages. In the absence of purchase rates in the stock register, the value of shortages could not be ascertained by Audit. This indicated poor maintenance of stores. The Director informed audit (August 2007) that instructions were issued to wardens not to accept items without delivery challans.

To improve the reading habits of inmates, the Department purchased 4,664 books between 1998-99 and 2005-06. These books were not issued to the hostels (August 2007). The Assistant Director, Karaikal stated (September

2007) that the books were not distributed due to shortage of manpower and workload of welfare officers.

3.2.8 Impact analysis

Trends of various educational indicators, percentage of pass in the X and XII class examinations, percentage of SC students taking up post-matric and higher education and number of students who wrote civil services and other professional entrance examinations are the basic parameters to assess the impact of various schemes implemented for the development of SCs.

3.2.8.1 Educational indicators

Educational indicators like Literacy rate, Gross enrolment ratio, Gross drop out rate and Gender parity index with reference to SC community would give the extent of progress made in educational development of SCs.

Literacy rate

The literacy rate computed by dividing total literate persons by total population is being determined during census conducted every decade. The literacy rate of general and SC population which was 78.20 and 56.26 *per cent* in 1991 increased to 81.23 and 69.10 *per cent* in 2001. Though the growth rate of literacy among SC is more, there was still a large gap to be bridged. In the absence of data on literacy after 2001, the impact of the schemes in increasing the literacy during 2001-07, could not be evaluated.

Gross enrolment ratio

Data not reliable

Gross Enrolment Ratio (GER) is the percentage of the enrolment in various classes to the estimated child population in the age relevant to the class. The GER of SC students, computed by Education Department, indicated achievement of more than 100 *per cent* enrolment in class I to X. The GER of more than 100 *per cent* was due to enrolment of SC students of neighbouring States in the UT schools.

The GER in Higher Secondary School level declined steeply from 52.65 in 2001-02 to 41.52 in 2004-05¹⁴. The Department had not analysed the reasons for taking corrective measures.

Gross Drop Out Rate

Gross dropout rate represents the percentage of students who drop out from a given grade or cycle or level of education in a given cycle/school year.

¹⁴ GER for 2005-06 and 2006-07 not compiled

The drop out rate of SC students as compiled by the Statistical wing of Education Department during the years 2001-02 and 2002-03¹⁵ and that compiled by Sarva Shiksha Abhiyan (SSA) for 2005-06¹⁶ are as follows:

(in per cent)

Year	Primary stage (Class I to V)			Middle stage (Class VI to VIII)		
	Boys	Girls	Total	Boys	Girls	Total
2001-02	2.53	2.03	2.29	12.15	15.50	13.81
2002-03	2.50	2.08	2.27	12.18	15.45	13.80
2005-06	3.21	2.66	2.92	5.32	4.07	4.68

The dropout rates of SC students in primary stage had gone up and the dropout rate of SC students in the middle stage was comparatively higher than that of primary stage. The Director attributed (November 2007) the higher drop out rate to the poor socio-economic status of the SC families in rural and remote villages and stated that action had been initiated to extend scholarship to all the SC students irrespective of parental annual income to provide economic support and reduce the drop out rate.

Gender Parity Index

Gender Parity index is calculated by dividing girls' Gross Enrolment Ratio by boys' Gross Enrolment Ratio of a given level of education. It measures progress towards Gender equity in education.

The details showing Gender parity index of SC students in primary and middle stages during 2001-02 to 2005-06 are as below:

Year	Primary	Middle
2001-02	1.01	0.94
2002-03	1.02	0.93
2003-04	0.98	0.96
2004-05	1.02	0.95
2005-06	0.90	0.91

The gender disparity at middle stage had not shown any improvement even after implementing specific schemes for girls by the UT Government. Though there was gender parity in primary stage, the number of girl students studying in middle school was relatively low. The Director accepted (November 2007) that gender parity had not increased even after enhancement of scholarships for SC girl students from Rs 500 to Rs 3,000 during 2002-07.

3.2.8.2 Retention percentage

This survey was conducted only for the year 2005-06 by SSA which revealed that 85 per cent of students studying in middle level completed the study and 10 per cent are retained in the same class. Against this, the

Retention percentage is high in middle stage

¹⁵ The rate was not compiled after 2002-03

¹⁶ The rate for 2006-07 was under compilation

completion and retention percentage of SC students were 78 and 17 respectively. This indicates that the SC students could not fare well. The survey for the year 2006-07 was being conducted. The State Project Director stated (September 2007) that special coaching and night classes are being conducted for slow learners among SC students.

The Director attributed (November 2007) high retention percentage to the poor family conditions in rural and remote areas and promised to implement the special coaching scheme by inducting evening class tutors.

Poor pass percentage in X and XII classes

The pass percentage of general and SC students in Class X and Class XII are given below:

(in per cent)

Year	Pass in Class X			Pass in Class XII		
	General*	SC	Gap	General*	SC	Gap
2001-02	67	57	10	87	76	11
2002-03	71	63	8	71	51	20
2003-04	76	61	15	73	57	16
2004-05	75	59	16	72	55	17
2005-06	73	56	17	74	56	18
2006-07	83	63	20	83	68	15

* other than SC

The performance of SC students when compared to the performance of non-SC students was poor during 2001-07. Implementing the special coaching scheme of GOI could have helped to improve the performance of SC students. The Director accepted (November 2007) the audit observation.

3.2.8.3 Admissions to professional course

The admissions for professional courses run by private (Government seats) and Government institutions are done by the Centralised Admission Committee (CENTAC). The seats reserved for SCs and that actually filled up during 2002-07 are given below:

Year	Biology based Courses		Engineering		Others	
	Reserved	Filled up	Reserved	Filled up	Reserved	Filled up
2002-03	31	34	113	88	--	--
2003-04	31	34	113	88	--	--
2004-05	26	28	172	81	12	5
2005-06	46	49	188	106	12	15
2006-07	60	57	198	148	11	6

Reservation policy was not applied for migrant students

The unfilled seats in Engineering courses were dereserved and converted into general category for want of SC students. The percentage of reservation was based on the origin¹⁷ as well as migrant SCs living in the UT as of 2001, the children of migrant SCs were, however, considered only under general category on the ground that the High Court had directed to fill up the reserved vacancies under Government employment only with SCs of Puducherry origin. Even this order was set aside by the Supreme Court of India in February 2005 but the UT Government continued to adopt the same reservation policy. Consequently, migrant SC students were not considered for reserved seats thereby reducing the proportion of SC students in professional courses. The Director accepted (November 2007) the audit observation and assured to take up the matter of admission of migrant SCs against the reserved seats for SCs and to arrange for extra coaching to SC students to get through the entrance examination for professional courses.

3.2.8.4 Performance in competitive examination

The Department did not implement the central scheme for providing pre-examination coaching to SC students for improving their representation and standard of performance in various competitive examinations. However, coaching for 10 SC students who took up civil service examination were given by PADCO during 2002-05 but none passed the examination. Pondicherry University Community College gave training to 136 students during 2005-07 for civil services and professional course entrance examinations. The percentage of success was not available.

3.2.9 Monitoring

Internal audit not effective

The staff of internal audit wing were allocated accounts work and the stock verifier conducts inspections of hostels. During 2001-06, 28 inspections were carried out in 23 hostels. No Inspection was conducted during 2006-07. None of the inspection report was closed for want of follow up action by the welfare officers. The reports mainly contained physical verification of various stocks, large quantity of excess and shortages. Despite this, the Deputy Director reported to audit that there was no adverse remarks and the hostels were running smoothly. This contradicts the Director's report to Government on receipt of lesser quantity of groceries.

Schemes not monitored

The Department implements all schemes through educational institutions which are under the control of Education Department. The Department had not prescribed any periodical reports on number of SC students studying in each institution, number of beneficiaries under each scheme and monthly returns of distribution of benefits to the students etc., to monitor the implementation of the schemes. No norms for conducting inspections of hostels were prescribed. The Director assured that monitoring and

¹⁷ Based on the residential status of the applicant's father on the crucial date i.e. 5 March 1964

evaluation of the schemes would be done with the assistance of Planning officer posted recently. Thus, the monitoring system needed strengthening.

3.2.10 Conclusion

There was no system to ensure the extension of the benefits of the schemes to all eligible students. Hostel facilities were not based on requirement. The Department failed to evaluate the impact of the schemes implemented. Internal audit and monitoring of schemes was weak.

Recommendations

- Receipt of acquittance in proof of disbursement should be watched.
- Survey should be conducted to identify eligible beneficiaries and records computerised to process claims for assistance.
- Merging of hostels having poor occupancy should be explored.
- The educational indicators relating to SC students of UT should be compiled by the Department.
- Evaluation of existing schemes should be taken up.
- Internal audit on implementation of the schemes should be conducted.

Above points were referred to Government in June 2007; reply had not been received (January 2008).

TRANSPORT DEPARTMENT

3.3 Functioning of the Computerised Billing System in the Government Automobile Workshop, Puducherry

3.3.1 Introduction

The Government Automobile Workshop (GAW), Puducherry, is responsible for supply of Petrol, Diesel and Lubricants (POL) to all State and Central Government Departments and Autonomous Bodies situated in Puducherry. The charges of POL supplied based on the indents are recovered at cost in respect of Puducherry Government Departments and the supply to others includes applicable Pondicherry General Sales Tax (PGST). The maintenance and repairs of all Government vehicles is also undertaken by GAW and the costs recovered from the user departments.

GAW has a computerised billing system for the supply of fuel and for expenditure incurred on the repair of the Government vehicles. The application was developed in-house using Fox-base in Novel Netware Environment and was being used from June 1988. The data entry was done in a Batch Process and reports (Bills) generated periodically.

The Data relating to the issue of POL and maintenance and repairs of vehicles for the period from 1999-2000 to 2006-07 were analysed using Computer Aided Audit Techniques. The data of the Transport Department of Puducherry was compared with the database available in GAW to ascertain whether the input controls were in-built in the software and the required business rules have been mapped in the software etc.

Audit findings

The application software was developed and maintained by a Data Entry Operator. The documentation and the source code of this application software was not available with the Department. The Department continued to depend on an individual to maintain the system. The in-house developed application software has not been tested. The Data analysis revealed the following deficiencies:

3.3.2 Issue of POL to private vehicles

a) The database of Government vehicles was not maintained in the system and no effort has been taken to collect such information from the Transport Department. In the absence of the data base of vehicles, the vehicle numbers were captured at the time of issue of POL, demands were issued based on these vehicle numbers and the user departments reimbursed the cost without verifying the correctness of the vehicle numbers. A comparison of data available with GAW and Regional Transport Office,

Puducherry with reference to the ownership of vehicles revealed that POL costing Rs 9.32 lakh had been supplied to 497 vehicles not registered in the name of the Government departments/autonomous bodies. The original indents for the period prior to April 2005 could not be verified as the same had been destroyed.

b) POL was also supplied to private vehicles hired by Police Department and some of the vehicles were even not registered within the State of Puducherry.

GAW replied that fuel had been supplied only to Government Departments and the vehicle numbers were incorrectly fed. Further, it furnished the registration numbers in respect of 497 vehicles. The reply of the GAW corroborated the lack of input controls at the time of data entry. An analysis of the vehicle numbers furnished revealed that in 26 cases, GAW accepted the supply of POL to private vehicles and did not reply in respect of seven vehicles. Thus, the absence of the database on Government vehicles to ensure validation before issue of POL to vehicles of Government Departments only, continued to exist.

3.3.3 Issue of POL without indents/duplicate indents

The POL was to be supplied based on the indents issued by the various departments. The indent books supplied to user departments have been serially numbered. It was noticed that

- a) same indent numbers were captured repeatedly during the period of audit. The system did not have any in built control to identify the data entry of the same indent number on more than one occasion and allowed capture of duplicate indent numbers.
- b) system also allowed the issue of POL without any indent. It was seen that POL was supplied in 51 cases without capturing the indent numbers and subsequently demands were also raised and paid.

The GAW accepted the capturing of duplicate indent numbers and stated that the petrol was supplied without indents based on the request by the Deputy Director (Immunization) in respect of vehicles hired for immunization drive and cost of petrol was also reimbursed. Acceptance of entry of duplicate indents and issue of POL without indents indicated that the input controls were not in-built into the system and continued to pose the risk of unauthorised issue of POL.

3.3.4 Issue of POL without Sales Tax

The cost of POL supplied to Central Government Departments and Autonomous Bodies was to be recovered along with PGST at 12% on the

cost of fuel. The Central Government departments/Autonomous Bodies which are liable to pay PGST were identified through a flag in the system. Due to lack of input controls, the flag was not entered in respect of 20 departments leading to non-recovery of PGST amounting to Rs 2.04 lakh.

The GAW accepted and raised supplementary bills amounting to Rs 1.89 lakh from 14 departments so far at the instance of audit.

3.3.5 Issue of both petrol and diesel for same vehicle

Absence of a data base on vehicles that could ensure validation on the type of fuel to be used by the vehicles led to supply of both petrol and diesel to the same vehicle in respect of 179 numbers of vehicles.

GAW in its reply stated that certain vehicles like the fire tender required both types of fuel. But in certain other cases, it was stated that petrol was drawn for other maintenance works by the departments using the indents issued for diesel vehicles. However, in most of the cases, the department had not furnished any reply. The reply is not acceptable as the absence of data base ensuring validation on the fuel use posed the risk of irregular issue of POL.

3.3.6 Issue of POL for vehicles under maintenance

The POL required for the vehicles under repair/maintenance at the workshop was to be issued and accounted through the Works Bill and not to be issued through indents. However, it was seen that in 6,701 cases, POL costing Rs. 37.65 lakh was supplied to vehicles which were under repair/maintenance in the workshop against indents received from the departments. GAW replied that a job card was generated even for minor repairs and in such cases, the vehicles would not be detained at the workshop. The reply was not acceptable as it was noticed that fuel had been supplied even in cases of major repair works which required detention at the Workshop.

3.3.7 Conclusion

The software developed in-house to cater the needs of the department in accounting the supply of POL was deficient in input controls. Absence of a master data base for different vehicles resulted in data entry of incorrect vehicle numbers, supply of fuel to private vehicles, supply of fuel without indents, supply of different types of fuel to the same vehicle etc. These deficiencies made the system and database unreliable and posed the risk of irregular supply of POL to the vehicles. In the absence of documentation and continued dependence on the developer, the business continuity of the system could not be ensured.

Above points were referred to Government in August 2007; reply had not been received (January 2008).