

CHAPTER-III

INTEGRATED AUDIT

3.1 Disaster Management Department

Highlights

The Disaster Management Department was created with the responsibility of planning, mitigation, preparedness, response, relief and rehabilitation to deal with any disaster. Provision of a Calamity Relief Fund was made by the Government of India for financial assistance to the State. An integrated audit of the Disaster Management Department disclosed weak financial management, failure to adhere to the provisions of the Disaster Management Act, failure to establish the mandatory authorities and funds, poor implementation of programme, shortage of staff, absence of training for capacity building and lack of monitoring and evaluation.

The Disaster Management Plan was not prepared and the Disaster Management Authority was not created.

[Paragraphs 3.1.6.1 and 3.1.6.2]

Financial management was deficient as budget estimates were unrealistic and delayed. Savings were not surrendered in time and subsequently lapsed. The Disaster Response Fund and the Disaster Mitigation Fund were not established.

[Paragraphs 3.1.7.1 and 3.1.7.3]

Rupees 7.96 crore out of the Calamity Relief Fund was retained by subordinate officers in violation of norms.

[Paragraph 3.1.7.2]

Detailed Contingent bills for Rs 29.12 crore drawn on Abstract Contingent bills were not submitted to Accountant General (Accounts & Entitlements).

[Paragraph 3.1.7.6]

In violation of guidelines, agricultural input subsidy of Rs 20.89 crore was used for purchase of seeds instead of crediting the same directly into the bank accounts of farmers. Irregularities of Rs 4.55 crore were noticed in the construction of ponds.

[Paragraphs 3.1.9.1 and 3.1.9.2]

Foodgrains purchased for drought victims in excess of allotments resulted in creation of avoidable liabilities of Rs 15.95 lakh

[Paragraph 3.1.9.3]

There was acute shortage of manpower and no training was imparted for capacity building/augmenting skills.

[Paragraphs 3.1.10 and 3.1.8.3]

Regular monitoring and internal audit was not conducted.

[Paragraph 3.1.11]

3.1.1 Introduction

Government of India (GOI) notified the Disaster Management Act in December 2005. The Government of Jharkhand adopted the same for the State. Disaster Management is a continuous and integrated process of planning, organising and implementing necessary measures to deal with an event of disaster. It encompasses the entire gamut of activities including prevention of any disaster, mitigation or reduction of risk of any disaster or its severity or consequences; capacity building, preparedness, prompt response to deal with any disaster, rescue, relief, rehabilitation and reconstruction.

The geographical and climatic features of the State make it vulnerable to natural calamities like flood, drought, earthquake *etc.* Droughts affected all the 22 districts of Jharkhand in 2004-05 and 2005-06 and four districts (Chatra, Garhwa, Latehar and Palamu) in 2008-09. In addition, all districts of the State are placed in the high risk seismic zones II and III.

The Relief and Rehabilitation Department of the State was notified as the Disaster Management Department (DMD) in October 2004. DMD was made responsible for prevention, preparedness, mitigation, response, relief and rehabilitation work in case of any disaster. It was required to plan and establish response and mitigation funds for taking measures to reduce the risk, impact and effects of disasters and evolve an adequate monitoring and reporting system to keep a close watch over the execution of relief works. DMD was also responsible for coordination activities with other departments of the State and GOI.

3.1.2 Organisational set up

DMD is headed by a Secretary, who is assisted by an Additional Secretary, a Joint Secretary, a Deputy Secretary and five Under Secretaries. The Secretary is also the Controlling Officer (CO) of the department. At the field level, the responsibility for relief work is vested in the Commissioners, Deputy Commissioners (DCs) and Sub Divisional Officers (SDOs) through the Additional Collectors (Relief) and their subordinate offices at the Block/Circle levels. In extreme situations the help of the Army is sought. Non-Government Organisations (NGOs) are also engaged by the department, wherever necessary.

3.1.3 Audit objectives

The working of the Disaster Management Department was reviewed in audit to ascertain whether:

- planning by the department was adequate and effective,
- budgetary control was adequate to achieve the objectives of the department in an economic, efficient and effective manner;
- the manpower management was effective and
- the monitoring was adequate and there was proper co-ordination between the department, district authorities and the concerned line departments.

3.1.4 Audit criteria

The integrated audit of DMD was conducted with reference to the following audit criteria:

- The Disaster Management Act, 2005;
- Guidelines of the XIIth Finance Commission regarding Calamity Relief Fund (CRF)/ National Calamity Contingencies Fund (NCCF);
- The Budget Manual, Jharkhand Financial Rules (JFR) and Jharkhand Treasury Code (JTC); and
- Norms of gratuitous relief as prescribed by the Ministry of Home Affairs, (GOI).

3.1.5 Audit coverage and methodology

A review to assess the effectiveness and efficiency in functioning of DMD covering the period 2004-09 was conducted (May to June 2009) by test check of the records of the department at the Secretariat and six¹ out of 24 districts (as shown in the map) selected on the basis of the Simple Random Sampling without Replacement method. An entry conference was held on 29 April 2009 with the Secretary where the audit objectives, scope and methodology were discussed. An exit conference was held on 13 November 2009 where the audit findings, conclusions and recommendations were discussed with the Chief Secretary. The views of DMD as well as their replies to the audit observations have been appropriately incorporated in the report.



Audit Findings

The important points noticed in audit are discussed in the succeeding paragraphs:

3.1.6 Planning

3.1.6.1 Non-preparation of Disaster Management Plan

The Disaster Management Act (Act) envisaged the preparation of a Disaster Management Plan (DMP) at the State and district levels. The Plans were required to assess and include the vulnerability of the State to various kinds of disaster, measures to be adopted for prevention and mitigation of disaster, the manner in which the mitigation measures should be integrated with the development plans, capacity-building, preparedness measures to be taken, the roles and responsibilities of the line departments in responding to any disaster

¹ Deoghar, East Singhbhum, Hazaribag, Palamu, Ranchi and Sahebganj.

etc. Accordingly, DMD issued (November 2000) instructions to the district authorities for preparation and execution of DMPs on the lines of the instructions laid down in a book on disaster management plan issued by the Lal Bahadur Shastri National Academy of Administration, Mussorie.

Scrutiny revealed that DMP was prepared at the State level during 2004-09. DMPs were also not prepared in any of the test- checked districts except in Sahebganj where a DMP was prepared during 2005 but was not updated thereafter. Further, the Act also laid down (2005) that all the departments of the State Government should prepare DMPs of their own as per the activities concerning their working areas. It was seen that none of the line departments² of the State Government prepared DMPs for their respective core areas of activity. Thus, in the absence of DMPs of DMD and other line departments, the Government was not in a position to take prompt and effective action in the event of any disaster.

Government, in its reply, stated (November 2009) that reminders had been issued to Deputy Commissioners (DCs). The reply is not acceptable as the DMD should have ensured that DMPs were prepared by the districts and the line departments.

3.1.6.2 Non-constitution of State and District level Disaster Management Authority

The Act stipulated the constitution of a State Disaster Management Authority (SDMA) at the State level and a District Disaster Management Authority (DDMA) for each district in the State. The SDMA was responsible for laying down policies and plans for disaster management in the State. DDMA's were to act as planning, coordinating and implementing bodies in the district in accordance with the guidelines laid down by the National Disaster Management Authority and the State Disaster Management Authority.

Scrutiny of records of DMD and six test-checked districts revealed that the department neither constituted an SDMA nor DDMA's for carrying out disaster management activities. In the absence of these authorities, the State was deprived of crucial links to ensure operationalisations of disaster management activities.

Government, in its reply, stated (November 2009) that the DCs were being reminded for constitution of DDMA's. The reply is silent on the non- constitution of the SDMA and is not acceptable as the establishment of the SDMA and the DDMA's was essentially the responsibility of the department and even the basic planning work towards disaster management i.e. laying down policies and plans for disaster management was not done at the State and district levels.

3.1.7 Financial Management

The budgetary allocations for the department was mainly for relief work in the disaster-affected areas, such as gratuitous relief to the affected people,

² Departments of the State Government viz Home, Animal Husbandry, Agriculture, Public Works, Health, Medical Education and Family Welfare, Drinking Water and Sanitation, Energy

agriculture input subsidy for loss of crops due to natural calamities, assistance to employment generation programmes, to ensure regular supply of drinking water, foodgrains and medicines. The XIIth Finance Commission recommended constitution of a Calamity Relief Fund (CRF) at the State level to provide immediate relief in the event of the disasters.

DMD receives funds mainly from the CRF as recommended by the Finance Commission on a 75: 25 sharing basis between GOI and the State. Funds for preparedness and response are allocated in the State budget. In addition to this, assistance from the National Calamity Contingencies Fund³ (NCCF) is also provided by GOI in case of expenditure in excess of the amount available in the CRF.

The allocation and expenditure of DMD inclusive of the CRF during 2004-09 are given in **Table 1** and the year-wise fund allocation under CRF during 2004-09 are given in **Table 2**.

Table -1: Statement of Budgetary Allocation and Expenditure

(Rupees in crore)

Year	Allotment	Expenditure	Excess(+)/Saving(-)
2004-05	79.54	148.88	(+) 69.34 (87.18)
2005-06	169.85	139.30	(-) 30.55 (17.99)
2006-07	358.40	160.74	(-) 197.66 (55.15)
2007-08	491.86	215.10	(-) 276.76 (56.27)
2008-09	210.37	78.05	(-) 132.32 (62.90)
Total	1310.02	742.07	(-) 567.95 (43.35)

(Source: Appropriation Accounts (Figures in bracket indicate percentage))

Table -2: Statement of Allocation and Release under CRF

(Rupees in crore)

Year	Allocation		Total	Release		Total
	Central Share	State Share		Central Share	State Share	
2004-05	50.45	16.82	67.27	50.45	16.82	67.27
2005-06	94.56	31.52	126.08	94.56	31.52	126.08
2006-07	97.28	32.43	129.71	97.28	32.43	129.71
2007-08	100.15	33.38	133.53	100.15	33.38	133.53
2008-09	103.16	34.39	137.55	103.16	34.39	137.55
Total	445.60	148.54	594.14	445.60	148.54	594.14

Source: Departmental figures

3.1.7.1 Budget Estimation

As per Rule 72 (Chapter III) of the Jharkhand Budget Manual, the Controlling Officer (CO) was to send the revised estimates for the current year and the budget estimates (BEs) for the following year to the Administrative Department by 30 September every year. The latter in turn, was to submit the estimates to the Finance Department by 6 October every year or by the due

³ Natural calamities such as cyclones, droughts, earthquakes, fires, floods, tsunamis, hailstorms, landslides, avalanches, cloud bursts and pest attacks considered to be of severe nature by GOI and requiring expenditure by the State Government in excess of the balances available in its own CRF, qualify for relief assistance under NCCF.

date notified by the Finance Department every year. Further, according to Rule 61 (Chapter III) of the Jharkhand Budget Manual, BEs were to be consolidated by the departments based on proposals received from subordinate offices. The BEs were required to be as accurate as possible. The CO was responsible for ensuring timely re-appropriation/surrenders in the event of savings by the end of each financial year. The deficiencies noticed in preparation of BEs were as discussed below:

Budget provisions prepared without actual requirement resulted in savings up to 56 per cent

- Scrutiny of the records of the test-checked districts disclosed that BEs were not submitted to the CO by the Drawing and Disbursing Officers (DDOs). The department prepared its budget without obtaining the actual requirement of funds from the field offices responsible for carrying out the disaster management activities. This resulted in excess expenditure during 2004-05 and huge savings during 2005-09, which indicated that the budget was not accurate.

The department, in its reply, stated (November 2009) that forecasting of disasters was not possible. The reply is not acceptable as no DMP had been prepared either for the State or the districts. Preparation of budgets in the absence of DMPs was unscientific.

Savings were not surrendered in time

- It was the responsibility of the CO of the department to ensure that in the event of significant savings, timely re-appropriation/surrender of funds was made. It was seen that savings amounting to Rs 47 lakh during 2006-09 were not surrendered in time and the same were allowed to lapse. As a result, the amounts could not be utilised for other purposes.

Government accepted (November 2009) the audit observation and stated that instructions had been issued to the DCs for timely surrender of funds.

Discrepancy in expenditure and allotment remained unreconciled

- As per Article 205 of the Constitution of India, excess over a grant/appropriation is required to be regularised by the State Legislature. It was noticed that excess expenditure amounting to Rs 69.34 crore for the year 2004-05 had not been regularised as of August 2009.
- It was also noticed that the CO, persistently delayed the submission of BEs during 2004-09 to the Finance Department. The delays ranged between 71 and 171 days, indicating inadequate budgetary controls. Details are given in **Table 3**.

Submission of Budget Estimates was delayed

Table -3: Delayed submission of Budget Estimates

Year	Due date of submission as notified by the Finance Department	Actual date of submission	Delay in days
2004-05	09.09.2003	16.12.2003	97
2005-06	06.10.2004	16.12.2004	71
2006-07	12.09.2005	02.03.2006	171
2007-08	12.09.2006	21.11.2006	70
2008-09	15.10.2007	07.01.2008	84

Source: Disaster Management Department figures

Government stated (November 2009) that the budget estimates could not be submitted to the Finance Department in time due to shortage of staff. The

reply is not acceptable as timely preparation of budget was the primary responsibility of the department.

3.1.7.2 *Delays in contribution and deficiencies in the maintenance of Calamity Relief Fund*

- As stated earlier, the Finance Commission recommended the maintenance of the CRF at the State level. As per the Act read with the guidelines of CRF, the contributions received from Centre and the State were to be invested as per the guidelines. Unspent balances, if any, were to be refunded to the Government as retention of money outside was not allowed under the financial rules and the instructions issued by the Finance Department from time to time.
- Scrutiny of the records revealed that during 2005-09, both GOI and the State Government remitted instalments towards contribution to CRF after delays ranging from four to 10 months against the norms of crediting it on 1st May and 1st November in each financial year. It was observed that the second instalment was remitted in the next financial year.

Calamity Relief fund of Rs 7.96 crore were retained by subordinate offices which was against norms

Scrutiny of the records of test-checked districts revealed that Rs 7.96 crore remained unspent and the amounts lying with subordinate offices as of August 2009 were not refunded. Thus, the objective of investing the amount as envisaged in guidelines of CRF was not followed.

Government accepted (November 2009) the observation and stated that a cell had been constituted for review of the status of the unspent balances.

3.1.7.3 *Non-establishment of Funds by the State Government*

The Act envisaged that the State Government should, immediately after notifications were issued for constituting the State authority and the district authorities, establish the following⁴ Funds:

- (a) State Disaster Response Fund;
- (b) District Disaster Response Fund;
- (c) State Disaster Mitigation Fund; and
- (d) District Disaster Mitigation Fund.

All grants received from various sources were to be credited to these Funds and were to be available with the State Disaster Management Authority, the State Executive Committee⁵ and the district authorities in order to facilitate immediate procurement of provisions or materials or the immediate application of resources for rescue or relief in the event of a disaster. These

⁴ Disaster Response Fund:- Fund created for meeting any threatening disaster situation or disaster. Disaster Mitigation Fund:- Fund for projects exclusively for the measures aimed at reducing the risk of a disaster

⁵ Established in March 2009, consisting of the Chief Secretary as Chairperson and four Secretaries of the State Government to assist the State Authority in the performance of its functions.

funds were required to be established as to ensure the timely availability of funds at the local level in the event of disaster.

Scrutiny revealed that the Funds were neither created at the State level nor at the district level. Further, DMD could not put in place any alternative arrangements which could meet the requirement of quick and effective response in the event of a disaster.

Government in its reply stated (November 2009) that as per a decision of the Calamity Relief Fund Committee⁶, funds were being allotted directly to the respective DCs. The reply was not acceptable as money was to be made available to the district authorities only through the statutory Funds, established by the Act.

3.1.7.4 Non-preparation of Statement of Expenditure

According to Rule 121 of the Jharkhand Budget Manual, all DDOs are to furnish Statements of Expenditure (SOE) for each month, reconciled with the treasuries, to the CO, not later than the first week of the succeeding month. Based on these statements, the CO is required to prepare consolidated and progressive SOEs under Rule 475 of the Jharkhand Financial Rules, Volume I, for monitoring expenditure within a grant and to utilise the same for preparation of BEs.

Scrutiny of the records of the six test-checked districts revealed that SOEs were not submitted by the DDOs to the CO regularly. This adversely affected monitoring of expenditure and preparation of actual BEs, resulting in huge savings as discussed in *paragraph 3.1.7.1*. Further, as per Rule 471 of the Jharkhand Financial Rules, Volume I (JFR), departmental expenditure was required to be reconciled with the figures of the Accountant General (AG) Accounts & Entitlements (A&E). It was also noticed that during 2004-09, expenditure figures were not reconciled by the DDOs and the department with the figures/entries of the AG (A&E) despite regular reminders.

3.1.7.5 Maintenance of Cash Book

As per Rule 86 of the Jharkhand Treasury Code (JTC), all monetary transactions should be entered in the cash book as soon as they occur and the DDO should attest the entries. Audit observed (June 2009) the following:

- Entries in the cash book of DMD were recorded only upto June 2008, and there were no entries after that, even though transactions for Rs 57.17 lakh had been executed at the Secretariat between July 2008 and February 2009 by the Under Secretary, DMD.
- Rupees 2,000 received (September 2005) in cash by the Circle Officer, Angara from District Nazarat, Ranchi was not entered in the cash book.
- The Executive Engineer, National Rural Employment Programme II, Ranchi did not reconcile (June 2009) the entries in the cash book with the bank account. Audit scrutiny revealed that the cash at bank was less by an

⁶ A committee to govern the Calamity Relief Fund of the State

amount of Rs 1.12 lakh than the balance shown in the cash book in the month of February 2009 and the discrepancy continued till June 2009.

- District Nazarat, Palamu released (March 2006) Rupees one lakh by cheque to the Block Development Officer (BDO), Panki for water supply but the same was returned to the Nazarat in March 2007 for revalidation. It was neither cancelled nor revalidated by the District Nazarat as of June 2009, with the result that the amount was kept out of the Government account for a period of 39 months as of June 2009.

Therefore, non-maintenance of the cash books, failure to make entries in the cash books wherever maintained and keeping money out of the Government account was a reflection of weak expenditure control in DMD, and was fraught with the risk of misappropriation.

Government accepted (November 2009) the observations and stated that instructions were being issued to update the cash book.

3.1.7.6 Non-adjustment of AC bills

Detailed Contingent bills for Rs 29.12 crore were not submitted to AG (A&E)

According to Rules 319 and 320 of JTC, Volume I, Detailed Contingent (DC) bills for money drawn on Abstract Contingent (AC) bills should be submitted by DDOs to the AG (A&E) within a month or by 10th of succeeding month of the drawal. However, it was seen that Rs 29.17 crore was drawn in the AC bills during 2004-09 for which DC bills for Rs 29.12 crore were not furnished by the respective DDOs to the AG (A&E) as of June 2009 as given in **Table 4**.

Table -4: Statement of AC Bills and adjustment through DC Bills

<i>(Rupees in crore)</i>			
Year	Amount drawn on AC bills	DC bills submitted	Balance
2004-05	21.88	Nil	21.88
2005-06	5.32	Nil	5.32
2006-07	0.47	Nil	0.47
2007-08	0.23	Nil	0.23
2008-09	1.27	0.05	1.22
Total	29.17	0.05	29.12

(Source: Disaster Management Department figures)

Thus, non-submission of DC bills for the last five years was fraught with the risk of misappropriation. Besides, DC bills amounting to Rs 22.67 crore were not submitted to the AG for adjustment.

Government accepted (November 2009) the observation and stated that a cell had been constituted to monitor the adjustment of AC bills.

Programme Implementation

3.1.8 Preparedness for management of disaster

DMD is responsible for taking appropriate measures to reduce the risk and impact of disasters so as to ensure the effective execution of relief works. For this purpose, it has to chalk out the plans for preparedness for disasters. Scrutiny revealed that the department's preparedness for managing disasters was inadequate as discussed in the following paragraphs:

3.1.8.1 Preparedness for disaster management

L0-L1 exercises⁷ for preparedness were to be organised in the last week of April and first week of May every year in the districts and also at the State level, which included updating of DMPs and collection of data of disaster-prone areas along with telephone numbers of the persons concerned with disaster management. At the State level, trained manpower requirement for rescue and relief work was to be assessed and communicated to the Relief Commissioner. Such personnel were to be identified so that they could move at short notice. Processing of provisions for foodgrains, fodder and medicines along with hospital equipment was also to be planned in consultation with the concerned DCs.

Scrutiny of records revealed that the L0-L1 exercises were not undertaken either at the State or the district level in the test-checked districts during 2005-09. Though the exercise was the first step towards implementation of the DMPs, the department and district administrations failed to take any initiative for undertaking the exercises, which was indicative of the lack of preparedness of the State and total commitment towards the programmes.

Government accepted (November 2009) the observation and stated that instructions were being issued to all the DCs.

3.1.8.2 Non-establishment of Emergency Operation Centres

An Emergency Operation Centre (EOC) is a central command and control facility responsible for carrying out disaster management functions at a strategic level in an emergency situation and ensuring the continuity of operations. As per instructions (June 2004) of the National Disaster Management Division (Ministry of Home Affairs), EOCs were to be established at the State and district levels for different seismic zones. For this, designs of buildings for EOCs and the list of required equipment (*Appendix-3.1*) were provided by GOI.

Audit scrutiny revealed that DMD did not make any provision for construction of buildings for EOCs. It made (July 2006) a provision of Rs 3.52 lakh at the rate of Rs 16,000 per district for installing toll-free telephones. Provision for other equipment was not made. Further, in four out of the six test-checked districts (Hazaribag, Palamu, Deoghar and Sahebganj) toll free telephones were not installed (June 2009) depriving the districts of emergency communication infrastructure in the event of a disaster.

Government, in its reply, stated (November 2009) that action had been taken by the Central and State Governments and the State had been divided into 24 seismic zones and this information was also provided to the DCs. It was further stated that information about the toll-free connections were being collected from districts.

The reply is not acceptable as the geographical division of seismic zones had already been done by GOI in 2002. Further, the State Government neither

⁷ Level zero and Level one exercises were to be conducted for preparedness of relief in the event of disasters.

allotted funds for construction of buildings for EOCs nor purchased equipment for the EOCs as recommended by GOI.

3.1.8.3 Training

As per instructions (July 2002) of the Ministry of Home Affairs, GOI, Search and Rescue (SAR) teams are to be constituted at the State/ district levels. The State Government notified the Police Training Centre, Hazaribag (PTC) as the nodal institute for the training and the Indo-Tibetan Border Police (ITBP) as the Master Trainer. The ITBP team inspected PTC and suggested (December 2006) some minor construction works and modifications for commencement of the training. DMD failed to take any follow-up action on the suggestions and the training for the trainers could not commence as of June 2009. Though trainings were not imparted, DMD purchased (October 2006) equipment worth Rs 36.22 lakh for imparting training regularly. In the absence of training for capacity building and augmenting skill base, effectiveness of the Search and Rescue operations could not be ensured. Further, the equipment purchased for training was lying idle for 32 months, rendering the expenditure unfruitful.

Government, in its reply, stated (November 2009) that three institutions (Birla Institute of Technology, Mesra, Ranchi, National Institute of Technology, Jamshedpur and Indian School of Mines, Dhanbad) had been earmarked for training. The reply is not acceptable as training was still to commence (November 2009).

3.1.8.4 Complaint redressal mechanism

DMD did not set up any complaint redressal system for redressal/disposal of complaints received from various stakeholders.

In reply, it stated (November 2009) that complaint redressal work was being done by the DCs. The reply is not acceptable as an independent complaint redressal system should have been in place for effective redressal of grievances. Further, no complaint redressal mechanism had been established in the test-checked districts even at the DCs level.

3.1.9 Response to disaster

The department's response to disasters focussed mainly on gratuitous relief⁸ to disaster-affected persons, assistance for employment generation programmes and provision of Agricultural Input Subsidy (AIS). Deficiencies noticed in the execution of the programmes are discussed below:

3.1.9.1 Agricultural Input Subsidy

As per the guidelines of GOI, monetary assistance in the form of Agricultural Input Subsidy (AIS) was to be given to farmers affected by drought whose crop loss was more than 50 per cent.

Scrutiny of the records revealed that DMD had allotted (July and August 2006) Rs 43 crore to the Agricultural and Sugarcane Development Department

⁸ Cash assistance in case of losses of crops, persons, animals, houses etc

Expenditure of Rs 20.89 crore on Agricultural Input Subsidy in violation of norms without identification of beneficiaries needed investigation

(ASDD) for payment of AIS to affected farmers with instructions to credit the amounts directly into the bank accounts of the beneficiaries.

Audit scrutiny revealed that neither the DMD nor ASDD conducted any survey for determining the percentage of crop loss to the farmers and instead of crediting the AIS amounts directly into the bank accounts of the affected farmers, ASDD purchased seeds worth Rs 20.89 crore for distribution as AIS. Crediting the AIS directly to the bank accounts of the farmers would have ensured that the subsidy reached the intended beneficiaries. The purchase of seeds in violation of norms was fraught with the risk of misappropriation and fraud. This was also evident from the fact that in the case of Gumla District, there was considerable difference between the quantity of seeds allotted to the district and the quantity actually received in the district. The matter required investigation.

3.1.9.2 Irregularities in construction of ponds

Government launched (September 2004) a scheme, 'Construction of one lakh ponds in 100 days', to provide employment and augment irrigation facilities during drought. The scheme was to be implemented by DMD through the district administration. Accordingly, Rs 70.40 crore was allotted to 22 DCs for construction of 8,241 ponds at an estimated cost of Rs 85,300 each. Under the scheme, DCs were to provide funds to the executing agencies which were to be selected from *Anchal Adhikaris* (AAs), Block Development Officers (BDOs) or Divisional Forest Officers (DFOs). The AAs, BDOs and DFOs were to execute the schemes through Beneficiaries' Committees (BCs). Scheme level social audit was also to be conducted while executing the scheme after completion of the scheme, through general body meetings of villagers. Scrutiny of records in the test-checked districts revealed the following irregularities:

- The department prepared (September 2004) a model estimate for construction of 8,241 ponds at the rate of Rs 85,300 each, based on a minimum wage of Rs 72 per manday whereas the actual rate of minimum wage was Rs 67.72 per manday. Subsequently, the estimate was revised by the Secretary, DMD to Rs 75,000 each, based on the actual rate of minimum wage, after deducting an amount of Rs 4,500 meant for dewatering of ponds. This revision was made after a lapse of nine months (June 2005), whereas the schemes were to be completed within 100 days. The department, however, did not take any action to realise the excess amount of Rs 8.59 crore allotted to the executing agencies.
- As per model estimates, ponds of the size 100'x100'x10' were to be constructed, for which 43 decimal⁹ land was required for each pond. In the six test-checked districts, it was noticed that only 429 out of 2,789 ponds were constructed. Further, the areas occupied by the ponds were in the range of one to 40 decimal only, which was less than the minimum required area of 43 decimals. Though the work orders were placed based on the model estimates, the land area actually adopted was much less than the approved model estimates which depicted that construction of ponds of approved specifications involving Rs 2.68 crore was not ensured.

⁹ A unit of measurement of land (1 decimal= 40.46 sq m).

**Irregularities of
Rs 4.55 crore in
construction of
ponds**

- Scrutiny of records revealed that in two (East Singhbhum and Ranchi) out of six test-checked districts, construction of 1,061 ponds was taken up during 2004-05 at an estimated cost of Rs 85,300 each by *Anchal Adhikari*/Divisional Forest Officers for completion of work within 100 days. Of this, only 406 ponds were completed in time. Thus, the amount sanctioned included excess expenditure of Rs 16.44 lakh, mainly due to adoption of smaller pond size as compared to the model estimates, by the department.
- The scheme was launched for construction of ponds. However, out of the scheme funds, the DC, Ranchi advanced (between March and August 2006) Rs 4.55 crore to the Executive Engineer, NREP-II, Ranchi for execution of works other than construction of ponds viz. renovation of existing ponds and construction of moorum and Grade-I roads. Out of a total of 75 works taken up by NREP II, renovation of an existing pond at Bundu was taken up at an estimated cost of Rs 1.41 crore. This amount could have been used for the construction of 188 model ponds.
- Though the scheme guidelines extended to construction of ponds, DC Palamu, in violation of the guidelines, took up (August 2004) repairs and maintenance of *Aahars*¹⁰ and released (August 2004) Rs 80.78 lakh to three AAs (Chattarpur, Lesliganj and Manatu) and one BDO (Patan).
- Scrutiny of the records of test-checked districts revealed that the construction of 2,789 ponds was undertaken during 2004-07. Of this, 944 ponds remained (May 2009) incomplete for three to four years, involving an expenditure of Rs 5.79 crore as given in **Table 5**.

Table -5: Statement of incomplete ponds in test-checked districts

(Rs in lakh)

Name of district	No. of ponds taken up	No. of incomplete ponds	Expenditure on incomplete ponds
Deoghar	350	106	43.88
Hazaribagh	694	382	232.40
East Singhbhum	688	126	55.55
Palamu	406	211	184.00
Ranchi	373	19	11.61
Sahibganj	278	100	51.35
Total	2789	944	578.79

The incomplete works mainly comprised earthwork which was prone to degradation by the onslaught of the elements. Thus, the entire expenditure of Rs 5.79 crore on incomplete ponds proved infructuous.

- Scheme-level social audit as required were not carried out in any test-checked district.

3.1.9.3 Creation of avoidable liability

To guard against starvation during drought, it was decided (June 2005) by the State Government that every panchayat would maintain a buffer stock of five

¹⁰ Reservoir for storage of rainwater

Liability of Rs 15.95 lakh was created on procurement of rice in excess of allotments

quintals of foodgrains. Accordingly, Rs 18.66 lakh was provided to the districts at the rate of Rs 8,800 per *Anchal*¹¹ in 2005-06.

Scrutiny of records revealed that Rs 1.76 lakh was allotted to Ranchi District for foodgrains. Against this, the State Food and Civil Supplies Corporation (SFC) supplied 1,977 quintals¹² of rice worth Rs 17.71 lakh on the orders of the district administration, Ranchi during 2005-06. Thus, the district administration created an avoidable liability of Rs 15.95 lakh on the Government exchequer. It was also observed that 932.45 quintals of rice was still in the godown of the *Anchal*.

3.1.9.4 *Unfruitful expenditure on purchase of boats*

Boats purchased without motors remained unused resulting in unfruitful expenditure of Rs 2.55 lakh

The District Administration, Ranchi purchased (March 2006) three motor boats at a cost of Rs 2.55 lakh to provide transport facilities to the people of villages which were cut off from roads due to increase in the water level of Rucca Dam during the rainy season/floods. The boats received (March 2006) from the supplier were without motors. The district administration failed to get the boats fitted with motors (May 2009) with the result that the objective of providing relief to the affected people remained unrealised, resulting in idle expenditure of Rs 2.55 lakh.

3.1.9.5 *Expenditure under Disaster Management without assessment of activities under other development programmes*

The Ministry of Home Affairs (MHA), GOI issued (June 2007) instructions regarding the items/activities/schemes and norms for obtaining assistance from the CRF every year. MHA specified that the activities under employment generation programmes were to be taken up only if required, for which the State should take into account, the funds available under various Plan schemes with elements of employment generation, like Sampoorna Gramin Rojgar Yojana (SGRY), National Food for Work Programme (NFFWP), National Rural Employment Guarantee Act (NREGA) etc.

Scrutiny of records revealed that DMD executed 12,843 works under employment generation programmes during 2004-06 like construction of ponds, moorum¹³ road, irrigation well etc without taking into account the ongoing development works under these programmes. An expenditure of Rs 77.42 crore was incurred during the period 2004-06 from the CRF, even though Rs 76.99 crore was available under SGRY at the end of the year (2004-05). This depicted inappropriate use of CRF funds which was in violation of the approved norms for obtaining assistance from CRF.

3.1.10 Shortage of manpower

The overall performance of the department and efficient implementation of the schemes and relief works depends on availability of adequate manpower. An analysis of the manpower availability in DMD showed that there were about 57 per cent vacancies. Against 18 and 61 posts sanctioned for officers and staff respectively, there were 10 officers and 23 staff members. (*Appendix-3.2*). Scrutiny revealed that there was no post of Accounts Officer and the lone

¹¹ 'Anchal' - Circle office of the Land Revenue Department.

¹² At the rate of Rs 896 per quintal

¹³ Moorum- Laterite Red Soil.

post of Accountant was lying vacant. The posts of Statistical officer, Statistical Assistant and 13 posts of Assistants were also lying vacant. Shortage of manpower adversely affected the functioning and achievement of objectives of the department.

Government accepted (November 2009) the observation and stated that the Department of Personnel, Administrative Reforms and Rajbhasha had been requested for filling up the vacant posts.

3.1.11 Monitoring and Evaluation

3.1.11.1 District and Block Level Disaster Management Committees not constituted

As per the instructions of DMD, District and Block level Disaster Management Committees were to be constituted in each district and block. It was the responsibility of the committees to advise on relief and rehabilitation work and to review the works/activities undertaken under disaster management schemes.

Scrutiny of the test-checked districts revealed that no such committees had been set up in any block/*Anchal*. Further, it was also observed that no effort for formulating/setting up the committees was made so far. In the absence of such committees, monitoring was absent and proper execution of the schemes under disaster management was not ensured.

3.1.11.2 Internal Audit

Internal audit is generally defined as the control of all controls as it is the means by which an organisation assures itself that the prescribed systems are functioning well. The Government of Jharkhand adopted the internal audit system as established by the Government of Bihar in 1953. The internal audit wing was headed by the Chief Controller of Accounts under the administrative control of the Secretary, Finance Department, Government of Jharkhand. Internal audit of all the departments including field units (except the Public Works and Cooperative Departments) was to be conducted by Senior Auditors under the supervision of Deputy Controllers.

The department did not have any internal audit wing of its own. Further, the internal audit wing of the Finance Department had not conducted audit of DMD during 2004-09. Thus, DMD did not have any feedback mechanism to assess the functioning of its field functionaries.

3.1.11.3 Vigilance mechanism

There was no vigilance mechanism in the department. In the absence of the mechanism, the department could not ensure that disaster management operations were transparent and in public interest. Without a sound vigilance mechanism in place, cases of frauds and embezzlement could go unnoticed.

The department, in its reply, stated (November 2009) that disposal of objections was being done at the DCs' level. The reply was not acceptable as DCs were executive functionaries and an independent vigilance mechanism was essential.

**There was no
Vigilance wing in
the department**

3.1.12 Conclusion

Planning, preparedness, programme implementation and manpower management in the department were far from satisfactory. Disaster Management Plans were not prepared. Disaster Management Authorities at the State and district levels were also not established. There were delays in submission of budget estimates. Persistent savings were not surrendered. Contributions towards the Calamity Relief Fund were delayed both by the Central and State Governments. Unspent balances under the fund were lying with the district administrations instead of being invested in Central Government securities or interest-earning deposits of banks as per the norms. Huge amounts drawn on Abstract Contingent bills remained unadjusted. Funds were utilised on employment generation programmes without assessing the availability of funds under other schemes. Serious irregularities were noticed in the implementation of Agricultural Input Subsidy and construction of ponds. Emergency Operation Centres were not established, depriving the State of control centres in the event of disasters. There was acute shortage of manpower in the department. Equipment meant for relief works was lying idle and training in disaster management was not imparted. Monitoring and evaluation was not effective in the absence of District and Block level Disaster Management Committees. No proper complaint redressal system, internal audit wing and vigilance mechanism were available in the department. Thus, the objectives of creation of the department largely remained unachieved.

3.1.13 Recommendations

- The provisions of the Disaster Management Act, particularly for preparedness for disaster management, should be strictly adhered to.
- The Disaster Management Authority, Disaster Response Fund, Disaster Mitigation Fund, Disaster Management Plan and Search and Rescue Teams should be constituted.
- Government should improve its financial management to avoid excess expenditure, pendency in submission of Detailed Contingent bills and misutilisation of Agricultural Input Subsidies.
- Staff strength should be reviewed and training programmes should be organised for them.
- The monitoring system should be strengthened and an effective grievance redressal mechanism should be put in place;
- The Government should ensure conducting of internal audit of the department regularly.

The matter was reported to the Government (July 2009). Partial reply had been received (November 2009).