

## Chapter II – Compliance Audit

### Department of Primary and Secondary Education

#### 2.1 Inadmissible payment of special allowance

**Drawing and Disbursing Officers paid special allowance to teachers/lecturers appointed after 1<sup>st</sup> August 2008 in contravention of the Government's instructions, resulting in inadmissible payment of ₹8.33 crore.**

The Government of Karnataka sanctioned (March 2006) special allowance of ₹200 per month to primary school teachers with effect from April 2006. This was also extended to secondary school teachers and pre-university college lecturers *vide* Government order dated 12.5.2006. The State Government enhanced (May 2012) the rate of special allowance to ₹300 (primary school teachers), ₹400 (secondary school teachers) and ₹500 (pre-university college lecturers) with effect from May 2012. Further, the State Government, *vide* order dated 29.8.2008, stipulated that primary school teachers appointed on or after 1.8.2008 were not entitled for this special allowance. The Government issued a corrigendum on 28.7.2014, which specified that secondary school teachers and pre-university college lecturers appointed on or after 1.8.2008 were also not entitled for this special allowance.

Test-check of records (June and July 2016) in the offices of four<sup>8</sup> Block Education Officers (BEOs) showed that teachers appointed after 1.8.2008 had been granted special allowance. In order to ascertain the status across all 30 districts of the State, Audit obtained (October 2017) the data from the Project Officer, Human Resource Management System<sup>9</sup> (HRMS). Analysis of the data showed that 3,287 Drawing and Disbursing Officers<sup>10</sup> (DDOs) in 30 districts had paid (August 2008 to September 2017) special allowance aggregating to ₹8.33 crore to 7,244 teachers/lecturers appointed after 1.8.2008 as shown in **Table 2.1:**

**Table 2.1: Statement showing category-wise payment of special allowance to teachers/lecturers appointed after 1.8.2008**

(₹ in crore)

Sl. No.	Number of districts	Primary school teachers		Secondary school teachers		Lecturers		Total	
		Numbers	Amount	Numbers	Amount	Numbers	Amount	Numbers	Amount
1	30	1,558	1.27	3,789	5.13	1,897	1.93	7,244	8.33

Source: Data furnished (October 2017) by Project Officer, HRMS

The district-wise details are given in **Appendix 2.1.**

Consequent upon the issuance of Government order dated 29.8.2008 and corrigendum dated 28.7.2014, which specified that teachers appointed on or after 1.8.2008 were not entitled for grant of the special allowance, DDOs should

<sup>8</sup> Gauribidanur, Kunigal, Shahpur and Tumakuru.

<sup>9</sup> HRMS, rolled out during February 2008, is an integrated system to capture service particulars of employees, generate monthly salary bills, *etc.*

<sup>10</sup> Principals, Head Masters, BEOs, *etc.*

have initiated action to recover the amount paid earlier to such teachers/lecturers and stop the payment of special allowance henceforth.

Thus, payment of ₹8.33 crore as special allowance to teachers/lecturers appointed after 1.8.2008 was inadmissible.

The State Government accepted the audit observation and stated (9 November 2017) that the Department had already initiated action to recover the special allowance in respect of four test-checked BEOs. It further stated that the Commissioner, Department of Public Instruction had instructed (4 November 2017) all Deputy Directors of Public Instruction to recover the amount from primary and secondary school teachers concerned. The details regarding action initiated to recover the amount from pre-university college lecturers and status of recovery from primary and secondary school teachers were awaited.

## **2.2 Unfruitful expenditure on construction of Block Education Officer's office building at Tumakuru**

**Insufficient release of funds by the Government resulted in non-completion of the Block Education Officer's office building at Tumakuru despite lapse of eight years and unfruitful expenditure of ₹50 lakh.**

Government of Karnataka accorded (June 2006) approval for construction of new office building for Block Education Officer (BEO), Tumakuru.

Audit scrutiny (June 2016) of the records in the Office of BEO, Tumakuru for the period 2007-08 to 2015-16 and subsequent information sought (August 2017) from BEO showed that the work of construction of BEO office building at Tumakuru comprising ground plus two floors was estimated to cost ₹61 lakh as per Public Works Department (PWD) Schedule of Rates (SR) of 2005-06. The work was entrusted to Nirmithi Kendra, Tumakuru (NK, Tumakuru). However, the Government released the funds for the above work in a staggered manner spread over seven years as detailed in **Table 2.2**:

**Table 2.2: Details of release of funds in a staggered manner**

							(₹ in lakh)
Sl. No.	Year	2006-07	2007-08	2010-11	2011-12	2012-13	Total
1	Releases	3.00	6.00	15.00	10.00	16.00	<b>50.00</b>

Source: Information furnished by BEO, Tumakuru

NK, Tumakuru, stated (August 2007) that the initial released amount of ₹3 lakh was insufficient to execute even the item of earthwork excavation and they took up the work only in May 2009. NK, Tumakuru, subsequently intimated (June 2009) its inability to complete the work as per the approved estimate and submitted (June 2009) a revised estimate for ₹65 lakh as per PWD SR of 2008-09 for construction of ground and first floor.

NK, Tumakuru, executed the work up to the roof level of the first floor and plastering of few walls. Thereafter, there was no progress in the work. BEO stated that the work was stopped since July 2012, as the balance amount was

yet to be released. The joint physical verification of the work during August 2017 by the Audit team along with the staff of BEO and NK, Tumakuru revealed that building was incomplete (as shown in photographs below) and most parts of the building were in a dilapidated condition.

**Exhibit 1: Incomplete BEO Office building at Tumakuru (31.8.2017)**



BEO repeatedly (November 2011 to May 2016) requested the Deputy Director of Public Instruction, Tumakuru (DDPI) and Commissioner for Public Instruction (CPI) for release of the balance funds. It was only during August 2016 that the Commissionerate sought the cost and details of the balance work to be done for which the revised estimate of ₹57 lakh based on SR of 2015-16 was prepared by NK, Tumakuru and submitted (January 2017) by BEO for approval. Further progress in this regard was awaited from CPI (October 2017).

Thus, staggered and insufficient release of funds resulted in non-completion of BEO office building at Tumakuru despite lapse of eight years. Consequently, expenditure of ₹50 lakh incurred on the work was rendered unfruitful. The delay in according sanction to the revised estimate for the balance works does not rule out the possibility of further cost escalation. It was further observed that the work order for execution of project was placed at NK, Tumakuru without any schedule of completion.

The State Government accepted the audit observation and stated (November 2017) that the stretched release of funds over a period of six years led to cost escalation and non-completion of the work. It further stated that the estimate of ₹57 lakh was not approved as the funds earmarked for a particular work could not be revised and earnest efforts would be made to resolve this issue.

## Rural Development and Panchayat Raj Department

### 2.3 Unproductive investment on a water supply scheme

**A water supply scheme to Nagaral and five other villages in Mudhol taluk, Bagalkot district, remained non-functional due to sub-standard execution and inordinate delays in taking up remedial measures. This resulted in unproductive investment of ₹9.70 crore, besides depriving the targeted population of safe drinking water supply even after 10 years of sanction of the scheme.**

With the objective of providing safe and dependable water supply to Nagaral and five other villages in Mudhol taluk of Bagalkot district, the Government of Karnataka accorded (June 2007) administrative approval to a multi-village water supply scheme under sub-mission project of Rajiv Gandhi National Drinking Water Mission. The scheme envisaged drawing water from Ghataprabha Left Bank Canal. The work, estimated to cost ₹7.90 crore (revised to ₹8.82 crore in December 2007), was technically sanctioned during December 2007. The Executive Engineer, Panchayat Raj Engineering (PRE) division, Bagalkot awarded (March 2008) the work to M/s Sai Sudhir Infrastructures Limited (contractor) at the negotiated rate of ₹10.00 crore with the stipulation to complete it by June 2009.

Scrutiny of records (May 2017) in the office of the Executive Engineer, Rural Drinking Water Supply and Sanitation (RDW&S) division<sup>11</sup>, Bagalkot, showed that the progress of work was slow as the achievement within the stipulated date of completion (June 2009) was only 33 per cent (₹3.32 crore). It was seen that the division had issued notices (December 2008 to April 2010) to the contractor for the delay but it did not levy any fine/penalty for slow progress of work despite enabling provisions in the contract. The divisional authorities made payments (August 2009 to March 2012) to the contractor for subsequent work done (worth ₹6.38 crore) without granting any extension of time. By the end of March 2012, the contractor had completed major components of work, for which ₹9.70 crore had been paid (15<sup>th</sup> and part Running Account bill). The balance works, costing ₹29.80 lakh, included providing turfing<sup>12</sup> to Impounding Reservoir<sup>13</sup> (IR), fixing gate to water treatment plant area, other minor works, etc., have not been completed even as of September 2017.

Subsequently, on the basis of proposals/justifications submitted (May 2013 to October 2015) by the division, the Chief Engineer, RDW&S Department (CE) instructed (December 2015) the Superintending Engineer, RDW&S Department, Belagavi Circle (SE) to forfeit Earnest Money Deposit (EMD) of ₹7.90 lakh and Further Security Deposit (FSD) of ₹63.07 lakh and to rescind the work at the risk and cost of the contractor. This was not done as of September

<sup>11</sup> A separate Rural Drinking Water Supply and Sanitation Department was created *vide* Government Order dated 4.3.2014 for effective implementation and efficient monitoring of water supply schemes which were being implemented by PRE Department.

<sup>12</sup> Turfing is provided to safeguard against erosion effects of rain.

<sup>13</sup> An IR is a structure for the purpose of storing/holding water so that it could be used when supply is insufficient. For this scheme, an IR was proposed in Government land near Mugalkhod village for storing water during the canal closure period of seven months.

2017. Delay on the part of SE was unexplained as CE, PRED had recommended (February 2014) blacklisting of this contractor due to deficiencies in execution of another work (water supply scheme to Islampur and 60 other villages).

During the inspections, SE and CE noted (January 2015 and June 2016) that there were leakages in the pipes laid and water could not be impounded in IR due to seepages. Therefore, trial run could not be conducted. Evidently, there was lack of monitoring and quality check by the division and payments were made for sub-standard execution.

CE requested (January 2017) a consultant to visit the work site and suggest suitable measures for repairing/arresting leakages; the consultant's report was still awaited (October 2017). It was also seen that IR, pipelines, valve chambers, etc., were further damaged as there was no progress since March 2012 and watch and ward had not been deployed at the worksite. This necessitated rectification works including strengthening of IR, for which the Executive Engineer, RDW&S Division, Bagalkot prepared (March 2017) an estimate costing ₹4.90 crore. The State Level Scheme Sanctioning Committee approved (July 2017) this estimate with instructions for investigation of scheme by experts. Accordingly, CE directed (August 2017) SE to submit a detailed report on technical/financial aspects of this defunct scheme along with experts' analysis, which was awaited (November 2017). As a result of inordinate delays, the efforts of division for taking up remedial measures have been inconclusive.

Failure of PRE/RDW&S departments in ensuring quality in execution of work, inordinate delay in completion of work and non-enforcement of contractual provisions against the contractor were indicative of ineffective monitoring and oversight. As a result, the scheme remained non-functional even after 10 years of its sanction and the investment of ₹9.70 crore was rendered unproductive, besides depriving the targeted population (32,194) of safe drinking water supply. Payment of ₹6.38 crore without granting any extension of time and preparation of the estimate for balance works without the consultant's report were also not justifiable. There would also be additional financial burden on the State Government due to cost overrun as EMD/FSD, if forfeited, and cost of work not done by the contractor would amount to ₹1.01 crore<sup>14</sup> only, whereas the balance/rectification works had been estimated to cost ₹4.90 crore.

The State Government accepted the audit observation and stated (October 2017) that the contractor's progress was slow and his response to division's notices was poor. It further stated that after obtaining the suggestions from experts and approval of balance works, the extra cost would be calculated and recovered from the contractor. However, no action was initiated against the officials who had failed to ensure due diligence in execution of this work. The possibility of further cost and time overrun could not be ruled out.

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<sup>14</sup> EMD-₹7.90 lakh, FSD-₹63.07 lakh and cost of work not done by the contractor-₹29.80 lakh.

## **2.4 Unfruitful expenditure on a multi village water supply scheme**

**The selection of a source that was not reliable and appropriate for a water supply scheme resulted in non-commissioning of the scheme for more than six years thereby rendering the expenditure of ₹3.98 crore incurred on the scheme unfruitful.**

The Government of Karnataka approved (July 2006) a multi village water supply scheme for Metagudda and seven other villages of Mudhol Taluk in Bagalkot district at a cost of ₹4.25 crore. The source identified for water supply was an existing Minor Irrigation (MI) tank at Metagudda village. The scheme was approved (December 2007) by the State Level Empowered Committee for a revised cost of ₹4.63 crore and was technically sanctioned (February 2008) by the Chief Engineer (CE), Panchayat Raj Engineering Department (PRED) for ₹4.63 crore. The work was awarded (June 2008) to the lowest contractor for ₹4.65 crore with the stipulation to complete it by November 2009 and it was reported to have been completed during November 2011. An amount of ₹3.98 crore was paid to the contractor as of June 2011 (13<sup>th</sup> and part Running Account Bill) and the final measurements were yet to be recorded (November 2017). The contractor could not conduct the trial run of the scheme due to non-availability of water at the proposed source.

Scrutiny of the records (June 2017) in the office of the Executive Engineer, Rural Drinking Water Supply and Sanitation (RDW&S) division<sup>15</sup>, Bagalkot, showed that the yield in the identified source was assessed at 0.1509 million cubic metre (M cum) which was not sufficient to meet the demand and hence it was proposed to feed the tank from Ghataprabha Right Bank (GRB) canal through an open channel. The Detailed Project Report (DPR) also stated that “As per the proposal, it is learnt that 0.886 cum of water will be let out from GRB canal to MI tank from 15<sup>th</sup> July to 15<sup>th</sup> February every year. If this much quantity of water is released every year, there will be no problem for meeting the water supply needs of Metagudda and other seven villages”. Hence the supply of water to the proposed villages was dependent on release of water to the tank from GRB canal. DPR, however, did not mention whether the required permission of MI authorities was sought for and assurance obtained for the release of water every year as envisaged.

The Executive Engineer, Panchayat Raj Engineering Division, Bagalkot requested MI authorities only during July 2011 for release of water to the tank at Metagudda through the Metagudda minor canal which opens at 1+600 chainage of Gulagala Jambagi minor canal. MI authorities expressed (January 2012) their inability to provide water to the tank as the Metagudda minor canal was constructed only from chainage 0+00 to 0+800 metres and it was required to be extended to 2+000 kilometre for providing water to the tank. MI authorities also stated that water was presently being let out into the canals only for 20 days in a month for irrigation purposes and this would be stopped after

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<sup>15</sup> A separate Rural Drinking Water Supply and Sanitation Department was created *vide* Government Order dated 4.3.2014 for effective implementation and efficient monitoring of water supply schemes which were being implemented by PRE Department.

15<sup>th</sup> of February and hence did not ensure continuous supply of the water to the tank.

Thereafter, CE, PRED submitted (September 2012) a proposal to the Government to draw the required water from Ghataprabha river at a cost of ₹4.65 crore by considering the Metagudda tank as impounding reservoir. The approval of the Government to the proposal was awaited (October 2017). On the recommendations of the State Level Scheme Sanctioning Committee (July 2017), CE, RDW&S Department directed (August 2017) the Superintending Engineer, RDW&S Department, Belagavi Circle to submit a detailed report on technical/financial aspects of this defunct scheme along with experts' analysis, which was also awaited (October 2017).

It was observed that a few components of the scheme like pipeline and valve chambers had already been damaged/stolen (April 2012) on many stretches. Evidently, there was no proper watch and ward. This issue was also not addressed in the proposal submitted to the Government. The Joint physical inspection conducted (June 2017) by audit along with the Assistant Engineer, RDW&S, Bagalkot, also showed that the scheme was not yet commissioned.

Thus, identification of a source that was not reliable and appropriate for a water supply scheme intended for eight villages resulted in non-commissioning of the scheme for more than six years thereby rendering the expenditure of ₹3.98 crore incurred on the scheme unfruitful.

The State Government accepted the audit observation and stated (October 2017) that action would be taken to execute the work immediately on receipt of the approval and funds for balance works. No accountability, however, was fixed against the officials who were responsible for taking up the work without ascertaining reliable/appropriate source of water.

### **Tribal Welfare Department and Rural Development and Panchayat Raj Department**

#### **2.5 Non-utilisation of funds for construction of pre-matric boys' hostel building for Scheduled Tribe students**

**Zilla Panchayat, Chitradurga released ₹30 lakh to Nirmithi Kendra, Chitradurga, without ensuring the availability of land. This contravened the codal provisions and resulted in funds remaining unutilised for more than seven years.**

The provisions of Karnataka Public Works Departmental Code stipulate that no work should be entrusted for execution without ensuring the availability of the entire land required for the work.

The Government of Karnataka approved (September 2008) establishment of pre-matric boys' hostel for Scheduled Tribe (ST) students at Hampanur village of Chitradurga district.

Audit scrutiny of the records of Nirmithi Kendra, Chitradurga, (NK, Chitradurga) (July 2015); Zilla Panchayat, Chitradurga (ZP) (September 2017); and District Tribal Welfare Office (September 2017) showed that the hostel at Hampanur was functioning in a rented building and ZP included the work of construction of hostel building at Hampanur in the Action Plan for the year 2009-10 citing the availability of funds. The construction of the hostel building was entrusted to NK, Chitradurga and an amount of ₹30 lakh was released (January 2010) by ZP without ascertaining the availability of land.

Subsequently, the elected representative and Chairman, Welfare of Scheduled Castes (SC)/ST Legislative Committee requested (February 2010) the Government for shifting the existing hostel at Hampanur village to Kolahal village as the number of ST students at Hampanur was decreasing and also ST population was less in Hampanur compared with Kolahal. The above proposal was forwarded (April 2010) by the Director of Tribal Welfare Department, Government of Karnataka to the Chief Executive Officer, ZP (CEO), Chitradurga. The matter was discussed (June 2010) in the Karnataka Development Programme (KDP) Review meeting, wherein, it was decided to conduct a survey of the villages where ST population was more. Subsequently, it was decided (July 2010) in KDP meeting to shift the hostel to Alagawadi village as there were about 82 ST students admitted in the schools in and around that village. It was also decided to recommend the proposal for change in location to the Government. The proposal was referred to the Government in August 2010. The Government, however, approved (June 2012) the shifting of hostel from Hampanur to Holalkere Town with effect from the academic year 2013-14.

ZP, despite being aware of the shifting of the hostel, failed to initiate any action to get back the amount released to NK, Chitradurga and remit the amount to the Government account. After being pointed out (July 2015) by Audit, NK, Chitradurga refunded (August 2015) the amount of ₹30 lakh along with interest of ₹4.22 lakh to ZP citing non-availability of land and the entire amount of ₹34.22 lakh continued to remain in the bank account of ZP (September 2017).

Thus, the action of ZP in releasing the amount of ₹30 lakh to NK, Chitradurga without ensuring the availability of land was incorrect since it resulted in funds remaining unutilised for more than seven years.

The State Government (Rural Development and Panchayat Raj Department) stated (October 2017) that action would be taken to either refund ₹30 lakh along with interest to the Director of Tribal Welfare Department or remit it to the receipt head concerned. The State Government (Department of Social Welfare) stated (October 2017) that the hostel at Holalkere Town was presently functioning in a rented building and the construction of own building, costing ₹3.19 crore, was under progress. It further stated that CEO, ZP, Chitradurga had been instructed (October 2017) to remit ₹34.22 lakh along with interest thereon to Deputy Commissioner, Chitradurga for utilising the amount towards the on-going work at Holalkere Town. The status of remittance was awaited (November 2017).



## Department of Women and Child Development

### 2.6 Non-utilisation of funds for construction of anganwadi centres

**Zilla Panchayat, Chitradurga violated the codal provisions of ensuring availability of land before entrusting the construction of anganwadi centres. This resulted in non-utilisation of ₹20 lakh for more than five years besides depriving the anganwadi children of intended benefits.**

Government of India launched (February 2007) the Backward Regions Grant Fund (BRGF) programme for development of backward areas and to provide resources for supplementing and converging existing development inflows to selected backward districts. The objective was to mitigate the regional imbalances and speed up development thereby contributing towards poverty alleviation.

Construction of 36 anganwadi centres in various Gram Panchayats (GPs) of Chitradurga taluk was taken up during 2011-12. The cost of each anganwadi centre was ₹4.50 lakh, of which, ₹2.40 lakh was the Zilla Panchayat (ZP) contribution and ₹2.10 lakh was GP contribution. ZP, Chitradurga entrusted (January 2012) the work of construction of 20 centres to Nirmithi Kendra, Chitradurga (NK, Chitradurga) and the balance 16 centres were entrusted to Panchayat Raj Engineering Department (PRED), Chitradurga. Further, as per the provisions of Karnataka Public Works Departmental Code, no work should be entrusted for execution without ensuring the availability of the entire land required for the work.

Audit scrutiny of the records of the NK, Chitradurga (July 2015); Deputy Director, Department of Women and Child Development, Chitradurga (August 2017); and ZP, Chitradurga (September 2017) showed that ZP released (December 2012) an amount of ₹48 lakh, being its share of the contribution to NK, Chitradurga. In respect of five GPs, the construction did not commence as the land for construction of the centres was not handed over by the Department of Women and Child Development. In two cases, GPs<sup>16</sup> had released their share of ₹2.10 lakh each, whereas, in the other three, GPs<sup>17</sup> did not release their share of ₹6.30 lakh.

Since the land was not handed over, NK, Chitradurga refunded (August 2015) ₹12.96 lakh to ZP and ₹4.77 lakh to the two GPs with interest as per the decision of the Executive Committee of NK, Chitradurga. ZP again released (September 2016) the amount of ₹12 lakh to NK, Chitradurga as the Child Development Project Officer, Chitradurga (CDPO) stated (August 2016) in the progress review meeting that sites were now available for construction of anganwadi centres. However, barely one month later, the Project Director, NK, Chitradurga, observed (September 2016) that the lands were not available except in the case of GP, Chologatta. NK, Chitradurga took up the construction of the anganwadi centre at Chologatta and an expenditure of ₹2.50 lakh was incurred (September 2017). The building was partially complete as GP's share

<sup>16</sup> Chikkagondanahalli and Chologatta.

<sup>17</sup> Gonur, Madakaripura and Sirigere.

of ₹2.10 lakh was not released to NK, Chitradurga. The other GPs also did not release their share of the contribution despite the fact that BRGF had placed (2011-12) an amount of ₹10.50 lakh with the GPs for this purpose. Consequently, the funds released for the construction of anganwadi centres remained unutilised.

Thus, the failure of ZP to entrust the work without ensuring the availability of land resulted in non-utilisation of ₹20 lakh<sup>18</sup> even after a lapse of five years besides depriving the anganwadi children of intended benefits.

The State Government accepted the audit observation and stated (October 2017) that GPs would be instructed to release their contribution and action would be taken to complete the works through NK, Chitradurga. The reply did not address the audit observation regarding entrustment of work without ensuring availability of requisite land.

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<sup>18</sup> ₹12 lakh (ZP contribution) + ₹10.50 lakh (GP contribution) - ₹2.50 lakh spent by NK, Chitradurga.