

Chapter-2

Performance Audit

Panchayat Raj and Rural Development Department

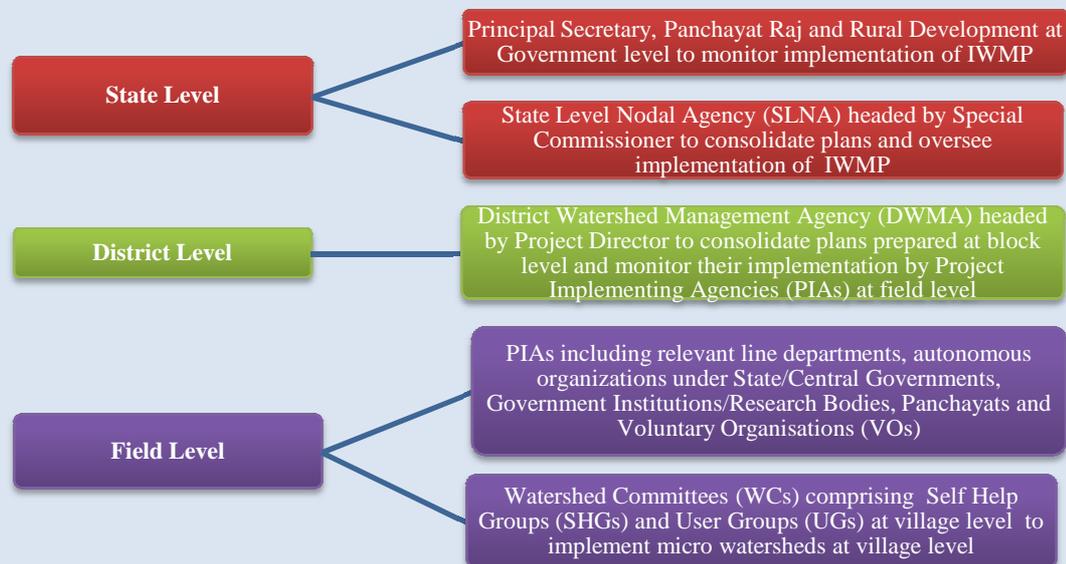
2 Watershed Management

2.1 Introduction

The guidelines of Integrated Watershed Management Programme (IWMP) introduced by Government of India (GoI) in 2008 focused on livelihood orientation and productivity enhancement in livelihoods in addition to land and water resource management for sustainable development of natural resources and community empowerment. The envisaged outcomes of the programme are prevention of soil runoff, regeneration of natural vegetation, rain water harvesting and recharging of ground water table to enable multi-cropping and introduction of diverse agro-based activities, and besides providing sustainable livelihood to people living in concerned watershed areas.

2.2 Institutional arrangements and responsibility centres

In compliance with GoI instructions relating to institutional arrangements for implementation of the programme, a dedicated State Level Nodal Agency (SLNA) was constituted (July 2008) for preparation of perspective and strategic plan for watershed development in the State. The responsibility centres for implementation of the programme at various levels are given below:



To assist WCs in formulating watershed implementation action plan, a full time Watershed Development Team (WDT)¹ for each micro-watershed has been set up by

¹ With a composition of four members (being one woman at least), broadly with knowledge and experience in agriculture, soil science, water management, social mobilisation and institutional building

each PIA in the State prior to launch of IWMP and was continued under the programme.

2.2.1 Convergence with other programmes/departments

GoI envisaged convergence of IWMP with other poverty alleviation and productivity enhancing programmes and related line departments as shown below. While Society for Elimination of Rural Poverty (SERP) is involved in administering livelihood activities like dairy, small ruminants, petty business/skilled business etc. MGNREGS funds are utilised in IWMP identified villages for development of dry-land horticulture activities involving mango, sapota, cashew, jamun, and micro irrigation projects covering guava, acid lime etc. Departments of Animal husbandry and Rural Water Supply are involved in conducting animal health camps, supply of trevices, drinking water troughs, water purification plants, solar street lights etc. Forest Department is involved in treatment of lands coming under forest area. Convergence with Agriculture Department involves activities under production systems improvement like provision of implement service stations (ISSs), custom hiring stations (CHSs), farm mechanisation etc.



2.3 Status of works

Details of projects sanctioned during 2009-14 and the status of their implementation as of May 2014 are given in Table 2.1.

Table 2.1

Year	Batch	Projects approved by GoI	Project cost (₹ in crore)	Treatable area (Hectares in lakh)	Funds released (₹ in crore)	Expenditure (₹ in crore)
2009-10	I	110	568.13	4.73	238.92 (42%)	233.76
2010-11	II	171	893.04	7.40	293.17 (33%)	286.22
2011-12	III	173	896.54	7.47	94.16 (11%)	126.69
2012-13	IV	102	549.41	4.24	33.85(6%)	5.18
2013-14	V	97	597.04	4.07	23.02(4%)	1.09
Total		653	3504.16	27.91	683.12	652.94

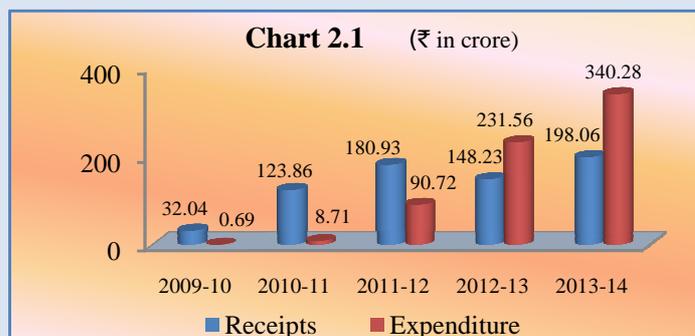
Source: Records of SLNA

2.4 Funding Pattern

IWMP is funded in the ratio of 90:10 by GoI and State Government. Funds are released by GoI directly to SLNA based on proposals sent by it. As per guidelines of IWMP, the duration of watershed project is 4-7 years. Funds are released by SLNA for all three phases (preparatory, works and consolidation) of implementation of projects sanctioned by GoI spread over the project period². From June 2012 onwards, the first installment equivalent to 60 per cent of estimated annual fund requirement was to be released unconditionally and balance was to be released when 60 per cent of the first installment was expended.

2.5 Receipts and Expenditure

Details of funds received by SLNA under the programme during 2009-14 and the expenditure thereon are given alongside. As against ₹683.12 crore received under the programme, Department incurred ₹671.96 crore during the period.



Source: Statutory Auditor's Reports

² 20 per cent on sanction, 50 per cent on completion of preparatory phase and balance when 75 per cent of the released funds has been expended

2.6 Audit Framework

2.6.1 Audit objectives

The objectives of undertaking this performance audit were to assess whether:

- ❖ the planning was robust for establishing watersheds;
- ❖ watershed projects were implemented effectively within the time and cost budgeted as per guidelines of the programme and maintained properly; and
- ❖ the internal controls relating to financial management, monitoring and quality control were in place and effective

2.6.2 Audit Criteria

Audit findings were benchmarked against the criteria sourced from the following:

- ❖ GoI guidelines on watershed management;
- ❖ Orders/guidelines/circulars issued by GoI and State Government from time to time;
- ❖ State perspective and strategic plan;
- ❖ Detailed Project Reports (DPRs);
- ❖ Prescribed quality assurance mechanism; and
- ❖ Andhra Pradesh Financial Code/Andhra Pradesh Detailed Standard Specifications.

2.6.3 Audit Scope and Methodology

Performance audit covered watershed management projects implemented during the five year period 2009-14. Audit methodology involved scrutiny (May and June 2014) of relevant documents in Rural Development Department, SLNA, eight DWMA (out of 22) and 71 PIAs (out of 107³). An Entry Conference was held in April 2014 with Special Commissioner (Watersheds) wherein audit scope, objectives, criteria and methodology, including conduct of joint site inspection were explained and their inputs obtained. Exit Conference was held in December 2014 to discuss audit findings and Government response has been incorporated in the report at appropriate places.

2.6.4 Audit sample

Audit sample for detailed scrutiny involved selection of 71 out of 653 IWMP projects sanctioned during 2009-14 on stratified sample basis⁴ in eight districts (Adilabad, Anantapur, Chittoor, Mahbubnagar, Nalgonda, Prakasam, Rangareddy and Srikakulam). Further, 81 out of 1,650 projects of pre-IWMP programme (2000-2008) slated for completion during the audit period were also selected based on the same

³ Excludes PIAs whose data in this regard was not furnished despite specific request

⁴ Stratified on expenditure criteria (projects with expenditure more than ₹3 crore: 100 per cent; projects with expenditure between ₹1.50 crore and ₹3 crore: 50 per cent; projects with expenditure between ₹1 crore and ₹1.50 crore: 25 per cent; projects with expenditure between ₹50 lakh and ₹1 crore: 10 per cent; projects with expenditure below ₹50 lakh: 5 per cent and projects with zero expenditure: 1 per cent)

parameters for detailed scrutiny to ascertain if these have been completed within cost and time budgeted and are delivering the envisaged benefits. Apart from scrutiny of records, 152 IWMP projects were physically inspected along with the departmental representatives and photographic evidence was taken where necessary to substantiate audit findings.

Audit Findings

2.7 Planning

2.7.1 Perspective and strategic plan

In compliance with common guidelines issued by GoI, Government prepared a state perspective and strategic plan in 2009. As per this plan, out of the geographical area of 277 lakh hectares in the State, 158 lakh hectares of area was identified for watershed treatment (excluding the areas under irrigation, forest area, urban areas etc.). Of this identified area, 48 lakh hectares was already covered under various projects and the remaining 110 lakh hectares was targeted under IWMP. About 87 lakh⁵ hectares was proposed for treatment under the perspective plan over a period of 18 years from 2009-10 at an estimated cost of ₹16,130 crore. On an average, it was planned to take up coverage of about 5 lakh hectares under IWMP every year. As this programme was aimed at implementation of projects on cluster basis, about 1,000 to 5,000 hectares of land was envisaged to be covered in each project.

2.7.2 Overlapping projects

While the perspective and strategic plan was based on details furnished by DWMAAs the latter had not obtained any data from the ground level units in violation of GoI guidelines (Common Guidelines IWMP). Therefore, the possibility of overlap cannot be ruled out between watersheds being covered under other programmes/grants⁶ and the proposed projects under IWMP. This is corroborated by the fact that State Government carried out a partial survey subsequently and requested (September 2012) GoI to delete 24,044 hectares of land falling under 31 out of 281 projects sanctioned in Batch I and II, based on an alert from National Bank for Agriculture and Rural Development (NABARD) with regard to overlapping projects. However, as of May 2014, GoI has not communicated its approval for deletion of overlapping projects or sanctioned additional areas for watershed development in lieu of projects proposed for deletion. State Government stated (December 2014) that the duplication was due to secondary level data furnished by other watershed implementing agencies during preparation of DPRs.

Test check in Audit revealed that the reliability of findings of this survey carried out by Government is questionable given the fact that it failed to point out that ‘*Mukarlabad watershed*⁷’ was proposed by Government under IWMP while it was

⁵ Reasons for not proposing the balance 23 lakh hectares of area are awaited from Department

⁶ NABARD, MGNREGS

⁷ Rangareddy district

also being implemented with NABARD assistance. This project was sanctioned in 2009-10 at a cost of ₹96 lakh and Government expended ₹11.84 lakh on it under IWMP as of May 2014, while an expenditure of ₹65 lakh was booked under NABARD. Government replied (December 2014) that even if a particular village was covered under pre-IWMP or by any other implementing agency, it might not be possible to cover entire village because the watershed area was demarcated based on the drainage lines. The areas proposed under NABARD and IWMP were, therefore different. However, specific details were not furnished by the Government in this regard.

2.7.3 Non-inclusion of forest areas

As per common guidelines, projects under IWMP should follow a ridge-to-valley sequenced approach. Higher reaches or forests and hilly regions in the upper catchment areas are covered first to arrest soil erosion and degradation of forest and also to benefit lower tiers in terms of runoff/water yield, soil erosion, sedimentation, fodder etc.

Scrutiny of records in SLNA revealed that guidelines for implementation of watersheds in forest lands were finalised by them only in October 2012. Although 78 out of 110 projects sanctioned (2009-10) in the first batch involved development of forest lands on pilot basis, 73 of these works were not taken up as of May 2014. No proposals were initiated for the projects sanctioned in subsequent batches.

As regards test-checked projects, about 1,660 acres of forest area in three⁸ (sanctioned in 2009-10) out of 19 IWMP projects in Anantapur district are pending treatment. Similarly, trench works proposed (2009-10) in forest areas under '*Mukarlabad project*' of Rangareddy district was not initiated as of May 2014. Thus the intention of IWMP to follow a ridge-to-valley approach in taking up watershed projects to arrest erosion in hilly and forest areas could not be achieved in the areas covered under the above projects.

State Government replied (December 2014) that the detailed guidelines for inclusion of forest areas in IWMP were forwarded by GoI only in July 2011 and due to inadequate funds, works in forest areas were belatedly taken up in convergence with MGNREGS. It was assured in the exit conference that Government would set up a separate cell for efficient planning in this regard.

2.7.4 Annual Action Plans

As per common guidelines of GoI, States are required to submit Annual Action Plans (AAPs) by the end of February every year indicating ongoing liabilities as well as new projects proposed to be taken up. Projects are to be prioritised based on extent of drinking water shortage, severe ground water exploitation, preponderated wastelands/degraded lands etc., in Desert Development Programme (DDP) and Drought Prone Area Programme (DPAP) identified areas.

⁸ Bandameedipalli, Thogarakunta and Lakshampalli watersheds

While SLNA claimed that AAPs were sent to GoI for the years 2009-14 on time, relevant records to this effect along with supporting documents showing the basis for inclusion of proposals for sanction of projects in each year were not furnished for audit scrutiny. In the absence of these documents, justification for sanction of 653 projects during 2009-14 could not be verified in audit.

Scrutiny of records of test-checked units revealed the following:

<p>Selection of works without prioritisation</p>	<p>Three blocks (Adilabad, Asifabad and Luxettipet) of Adilabad district prioritised by DWMA based on acute shortage of water under DPAP were ignored by Department while sanctioning the projects under IWMP. Instead, the projects in non-prioritised blocks were selected in the first batch (2009-10). DWMA did not furnish specific reasons for non-selection of prioritised blocks.</p> <p>Government replied (December 2014) that these blocks were excluded due to non-availability of contiguous area. Reply is not acceptable, as these blocks were already prioritised based on acute shortage of water.</p>
<p>Coverage of projects under assured irrigation</p>	<p>As per guidelines, area of the project should not be covered under assured irrigation. However, in Prakasam district, 34 micro watersheds⁹ were sanctioned (2009-13) at an estimated cost of ₹35.83 crore and an amount of ₹3.75 crore was expended on these as of May 2014 despite their falling under the command area of Nagarjuna Sagar Irrigation project (Right Canal). Twenty seven micro watersheds executed (2009) under pre-IWMP programmes at an expenditure of ₹6.73 crore were also covered by the command area of Nagarjuna Sagar Project.</p> <p>Similarly, in Anantapur and Srikakulam districts, 9,386 hectares of irrigated land was included in the DPRs of five¹⁰ projects for treatment under IWMP. Details of expenditure incurred on works covered in these areas were not furnished by the PIAs concerned despite specific request.</p> <p>Government replied (December 2014) that in respect of projects related to Prakasam district the areas covered under the projects were at the tail-end of Nagarjuna Sagar Project area and water could not reach since the lands were uneven and rainfall was also very low. Hence the agricultural activities could not be taken-up prior to the selection of these lands and thereby the areas were selected for implementation of the Watershed Projects.</p>
<p>Allotment of implementing areas for more than prescribed limit:</p>	<p>AAPs indicate the extent of area covered under a particular project along with the details of PIAs implementing it in a district. As per guidelines, at any point of time, one Voluntary Organisation (VO)/Non-Government Organisation (NGO) cannot be assigned more than 10,000 hectares of area in a district. Audit scrutiny revealed that in three (Anantapur, Chittoor and Kurnool) out of eight sampled districts, the area for treatment of watersheds (12 Nos.) was allotted to four NGOs¹¹ (VOs) at a cost of ₹13 crore in excess of prescribed limit of 10,000 hectares.</p> <p>Government replied (December 2014) that these agencies were allotted in excess of prescribed limit considering their high reputation and expertise in the related field.</p>

⁹ Micro watershed is a unit of 100 to 1,000 hectares of land area

¹⁰ Bandameedipalli, Kanaganapalli, Gugudu and Lakshmampalli of Anantapur and Etcherla of Srikakulam district

¹¹ APPS for four watersheds at an excess cost of ₹6.14 crore (551 hectares excess); OUTREACH for three watersheds at an excess cost of ₹4.04 crore (3,368 hectares excess); Action Fraterna for three projects at an excess of ₹2.20 crore (1,835 hectares excess) and WOTR for two projects at an excess cost of ₹62.28 lakh (519 hectares excess)

2.8 Programme implementation

2.8.1 Major activities

The duration of each watershed project is 4-7 years¹² depending on the size of the cluster, which could be anywhere between 1,000-5,000 hectares. The activities of projects are sequenced into (i) preparatory, (ii) works and (iii) consolidation and withdrawal phase. The preparatory phase includes taking up Entry Point Activities (to establish rapport with village community), Institution and Capacity Building (to develop watershed committees (WCs), Self Help Groups and User Groups at village level and build capacities of different stakeholders) and preparation of Detailed Project Reports (DPRs) in respect of all identified projects.

2.8.2 Projects not grounded due to non-formation of Watershed Committees

As of May 2014, there was no expenditure or expenditure on only administrative items in respect of 81 projects (119 micro watersheds) relating to batches I-III. State Government replied (December 2014) that as of December 2014, there were only 45 micro watersheds with nil expenditure due to non-formation of watershed committees.

2.8.3 Entry point activities

These activities include taking up works based on urgent needs of the local community like revival of common natural resources, drinking water, repair and upgradation of existing common assets, etc. EPAs do not include civil works, roads and cement structures, works beneficial to individuals, duplication of work/services (with other line agencies) etc. Four *per cent* of the cost of project is earmarked for EPAs with a stipulation for completion within the first 1-2 years of project period.

Scrutiny of records of SLNA revealed that as of April 2014, an amount of ₹98.89 crore was earmarked for conducting about 26,407 activities under EPA in 514¹³ projects in the State. However, the implementing agencies could undertake only 10,794 activities and incurred ₹44.19 crore (45 *per cent*) as indicated below:

Table 2.2

Sl. No.	District	Number of projects	Number of micro watersheds	Number of EPAs targeted	Number of EPAs undertaken	Expenditure as of May 2014 (₹ in crore)
1	Adilabad	36	170	1168	567	4.25
2	Anantapur	77	335	4756	2819	7.36
3	Chittoor	57	326	6351	2756	5.08
4	Khammam	8	28	737	464	1.42
5	Kurnool	51	192	1378	451	4.54
6	Mahbubnagar	75	421	3316	1033	4.85
7	Medak	31	217	1898	628	2.57

¹² Preparatory phase 1-2 years, Works phase 2-3 years and Consolidation and Withdrawal phase 1-2 years

¹³ Out of the total 653 projects sanctioned by GoI during 2009-14, 139 have not had any expenditure as of April 2014

Sl. No.	District	Number of projects	Number of micro watersheds	Number of EPAs targeted	Number of EPAs undertaken	Expenditure as of May 2014 (₹ in crore)
8	Nalgonda	37	197	1315	448	3.13
9	Prakasam	61	309	1564	412	3.81
10	Rangareddy	33	200	772	425	3.62
11	Srikakulam	12	159	1183	132	0.66
12	YSR Kadapa	36	197	1969	659	2.90
Total		514	2751	26407	10794	44.19

Source: Records of SLNA

Government replied (December 2014) that the works could not be initiated due to delay in issue of no objection certification (NOC) by the other implementing agencies. As the funds related to EPA activities are non-lapsable, it was stated that efforts would be made to utilise these funds for repairs, restoration and up-gradation of existing structures.

Audit scrutiny of sampled units and physical inspection of EPAs revealed that there were deviations from the programme guidelines in several districts as detailed below:

Improper functioning of Reverse Osmosis water purifier plants	<p>As part of EPA, reverse osmosis (RO) plants were erected in districts.</p> <ol style="list-style-type: none"> RO plant at Mubarakpur (Pulumamidi project) was not installed as of May 2014 despite payment (2013) of ₹1.70 lakh to the suppliers. RO plant installed at Gangapalem (Dharmavaram project) of Prakasam district was three kilometres away and did not cater to the needs of the villagers. RO Plant at Ramgopalapuram (Gannavaram project) did not provide pure water¹⁴. Government replied (December 2014) that the filters have been changed but test-reports were not enclosed. RO plant at Chandaram (Challampet project) was lying idle for 20 months due to collapse of steel shed. Government replied (December 2014) that action would be initiated for completion of the work.
Non-installation of solar street lights (SSL)	At Balaraopet project of Adilabad district three SSLs, were not installed as of May 2014. Government replied (December 2014) that necessary instructions were issued to PD to pursue the installation of SSLs.
Poor maintenance of village tent houses	Ichoda project in Adilabad revealed that five tent houses procured at a cost of ₹4.77 lakh were spoiled due to negligence of watershed committees and ₹23,762 collected towards rent of tent houses was not accounted for in the books. Government replied (December 2014) that necessary instructions were issued in this regard
Non-availability of details of animal health camps	With regard to two projects (one each in Nalgonda and Chittoor districts), PIA could not provide supporting documents like utilisation certificates to audit in respect of ₹7.56 lakh advanced to the department of Animal Husbandry for conducting animal health camps during 2013-14.

¹⁴ 100 parts per million (ppm) against the required 80 ppm

<p>Duplication of work/ services with other line agencies</p>	<p>Duplication of work was not allowed as per guidelines. But purchase of dual desks and iron benches for Zilla Praja Parishad schools in Sancham and Muddada projects in Srikakulam district and Regatte project in Nalgonda district for an amount of ₹10.48 lakh (Nalgonda ₹2.32 lakh and Srikakulam ₹8.16 lakh) was made. Government replied (December 2014) that the purchase was made with the approval of the Chairman, DWMA.</p>
<p>Improper maintenance of cattle troughs</p>	<p>Physical verification of 32 cattle troughs (₹4.65 lakh) constructed as part of seven projects test-checked in Adilabad district revealed that 29 troughs were not functioning due to lack of water connection, dismantled condition due to road widening. Government replied (December 2014) that necessary instructions were issued to PD, DWMA to rectify the deficiencies pointed out in audit.</p>
<p>Non-laying of ceramic tiles</p>	<p>At Khudabakshipalli (Venkepalle project of Nalgonda district), ₹6,941 was incurred on laying of ceramic tiles, but there was no evidence to this effect during physical verification. Government replied (December 2014) that orders were issued for recovery of amount for non-laying of ceramic tiles.</p>

2.8.4 Institutional and Capacity Building (I&CB)

As per GoI guidelines, five *per cent* of the cost of project is earmarked for Institution and Capacity Building (I&CB) activities. Capacity building and training of all functionaries and stakeholders involved in the watershed programme implementation was to be carried out on war footing with definite action plan and requisite professionalism and competence. Audit observations in this regard are as follows:

- i. Delay in conducting training to user groups (UG):** Operational guidelines (2008) stipulate that training modules for target groups should be prepared along with reading material for distribution to the stake holders. It was however, observed that the training modules for imparting trainings to UGs were prepared only in July 2013. Training was imparted to 51,451 out of 3,35,693 identified UG members during 2011-14. Government replied (December 2014) that prior to 2013, the district and cluster level livelihood resource centers and other NGOs had conducted trainings for primary and secondary stake holders. However, in the absence of supporting details, audit could not verify the training imparted to the targeted stakeholders.
- ii. Shortfall in training to departmental staff:** During 2009-14, out of 5,620 training proposed for 2,52,986 persons, only 3,812 training covering 1,43,931 persons were conducted (May 2014) by utilising ₹6.76 crore out of ₹9.03 crore for the entire unified State. Government replied (December 2014) that the shortfall in training was due to State's processes and elections.

2.8.5 Detailed Project Reports (DPR)

Preparation of Detailed Project Report (DPR) is a crucial activity in preparatory phase and one *per cent* of project cost is allocated for its preparation. DPR includes the basic information on watershed *viz.*, rainfall, location, soil, forests, land use pattern, details of expected/proposed user groups and self-help groups, plot wise existing assets

relating to water harvesting, institutional mechanism and arrangements for implementation of the plan etc. DPR should be in tune with District Perspective Plan and should be approved in *Gram Sabha* for onward submission to DWMA by PIA. It is prepared by WDT with active participation of WC. Audit findings in this regard are discussed below:

i. Variation in execution of works *vis-a-vis* DPRs: Audit scrutiny of 64 projects (128 MWS) in eight selected districts revealed that DPRs were prepared in respect of all projects. However, there were variations during execution of works (check dams, plantations, percolation tanks (PT), ponds, trenches and sunken pits) *vis-a-vis* items in DPRs. Illustrative instances are given below:

- a. In Chittoor district, 20 check dams were executed against five planned (T.Pasalavandlapalli MWS) and no check dams were executed against 30 planned (Badikayalapalli MWS);
- b. In Anantapur district, 69 PTs were executed though no PT was planned (Hanumapuram MWS); and in Chittoor district, no PT was executed against 350 planned (T.Pasalavandlapalli MWS)

Government replied (December 2014) that there were variations in some projects which were necessitated due to the requirement of local community.

ii. Defective DPRs: In respect of Mangi, Tamsa, Watoli, Khamana, Korvichelma, Masala (K), Kistapur and Suraram projects in Adilabad district, 9,471 hectares of area was deleted from the originally proposed area in DPRs due to incorrect inclusion of irrigated lands. Further, the Kundanakota micro watershed of Kamalapadu project in Anantapur district was also proposed (2013) for foreclosure due to lands covered under a cement factory. Government replied (December 2014) that the guidelines stipulated foreclosure of DPRs in extreme cases.

iii. Improper preparation of DPR: In Tallavalasa MWS (Laveru project) in Srikakulam district, the area proposed for treatment (648 hectares) was in excess of the geographical area (633.34 hectares) of the village, which resulted in excess allocation of ₹1.72 lakh.

2.8.6 Non-collection of contribution towards WDF

One of the mandatory conditions as per guidelines for implementation of watershed projects is recovery of people's contribution towards Watershed Development Fund (WDF) by PIA/VO concerned. A minimum of 10 *per cent* (40 *per cent* in case of horticulture works) of the cost of works executed on private lands or five *per cent* in case of SC/ST, small and marginal farmers should be recovered towards this fund. After completion of works phase, at least 50 *per cent* of the WDF has to be reserved for maintenance of assets created on community land or for common use under the project. The remaining money should be used as a revolving fund to advance loans to villagers of the project area who have contributed to the fund. Scrutiny of records of

SLNA and test-checked projects pertaining to creation of WDF revealed the following.

- In respect of works taken up under Hariyali-II, III, IV in Anantapur district, DWMA raised the WDF by withholding (2009-12) 10 *per cent* of funds (aggregating ₹1.88 crore) from the funds released to PIAs contrary to guidelines.
- Scrutiny of SLNA records revealed that Commissioner RD directed (July 2010) all the DWMA's in the State to surrender WDF fund to SLNA account and accordingly, an amount of ₹20.35 crore was received by SLNA. Out of the amount so collected, Government accorded (2009) sanction for construction of 10 District livelihood Resource centers and 23 Cluster livelihood Resource centers (buildings) across the State at a cost of ₹12.08 crore as of May 2014. Such action of the State Government was against GoI guidelines, as this was WDF fund, which was to be used for maintaining the assets created under various Watersheds.
- In respect of 19 projects¹⁵ of Anantapur District pre-IWMP, although WDF contribution amounting to ₹20.24 lakh was effected from work bills, it was subsequently remitted to DWMA instead of being retained at the disposal of concerned watershed committees for utilising towards maintenance of the created assets.

Government replied (December 2014) that amounts available under WDF were not sufficient to maintain the assets created under pre-IWMP and therefore, it has been decided to pool the fund and utilise it for construction of Cluster livelihood Resource centers (CLRCs) and District livelihood Resource centers (DLRCs) buildings for institutional and capacity building activities.

2.8.6.1 Non-creation of WDF

- i. Scrutiny of records in Anantapur district revealed that although an expenditure of ₹132.27 lakh was incurred (2012-14) on IWMP works in private lands of small farmers, the stipulated five *per cent* contribution amounting to ₹6.60 lakh was not collected by the PIAs concerned towards WDF as of May 2014.



Name of the project: **Chalkurthanda**
Name of the district: **Anantapur**
Non-repaired check dam with toe wall and apron

Similarly, in respect of horticulture works, the required contribution amounting to ₹88.46 lakh against the expenditure of ₹217.75 lakh was also not collected in the district as of May 2014. Government replied (December 2014) that the

¹⁵ Bommaganipalli, Niluvarathipalli, Lokojiipalli, Goridindla, Boyapalli, Cherlopalli, Budanampalli, Garugu Thanda, Chalkur, YerraguntaII, Pedakodapalavandlapalli, D.Hirehal, Deverreddipalli, Nemakallu-II, Galagarla-II, Garladinne, Rachumarri, Bodaipalli, Komali

contributions were not collected on the analogy of similar works which were executed free of cost under MGNREGS.

- ii. In Chittoor district required contribution towards WDF amounting to ₹10.69 lakh was not collected by PIA in two test-checked micro watersheds of V.G. Puram and Padmapuram. Government replied (December 2014) that an amount of ₹1.85 lakh was collected as WDF excluding for plantation and for the works taken up by SC, STs and deposited in WDF account.

Government also replied (December 2014) that all the pending repair works were being estimated for completion before monsoon 2015.

2.9 Works phase

This is the phase in which DPR is implemented. This mainly includes (i) Natural Resources management (NRM) activities like watershed development works including ridge area treatment, drainage line treatment, development of water harvesting structures etc., (ii) livelihood activities for the asset less people and (iii) production system and micro enterprise. The works under these categories are executed in this phase.

As per the common guidelines of the GoI, the duration for the works phase is 2-3 years. However, the State Government has not fixed any time limit to the contractors in the work allotment letters for completion of any of the tasks, despite providing specific number of working days for each item of work in estimates. Non-fixation of time limit in agreements resulted in delay in execution with consequent effect on sustainability of already created assets.

2.9.1 Natural Resource Management (NRM) works

GoI stipulated 50 *per cent* (enhanced to 56 *per cent* in 2011) of project cost for execution of watershed development works. The NRM works include water harvesting structures like low-cost farm ponds, nalla bunds, check-dams, percolation tanks and ground water recharge through wells, bore wells and other measures like plantations, etc. Test-check of records pertaining to the sampled works (IWMP as well as pre-IWMP) revealed the following:

Table 2.3

Year (Batch No.)	No. of works sanctioned	Sanctioned cost (₹ in crore)	No. of works initiated	Expenditure as of May 2014 (₹ in crore)
2009-10 (I)	54,338	347.17	35,503	134.16
2010-11 (II)	69,218	481.57	31,675	138.56
2011-12 (III)	43,097	269.23	13,528	48.51
2012-13 (IV)	5,660	34.35	493	0.98
2013-14 (V)	0	0	0	0
Total	1,72,313	1132.32	81,199	322.21

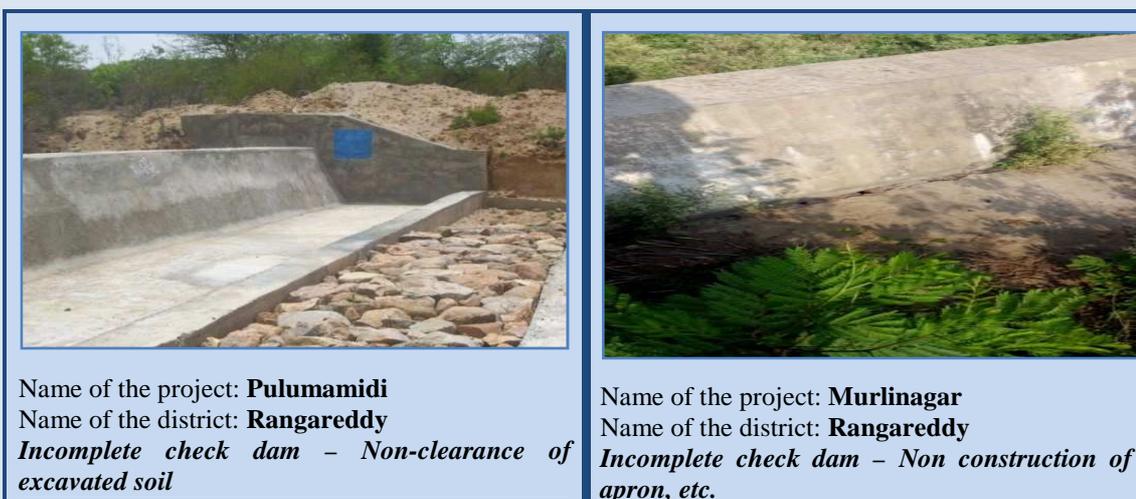
Source: Records of SLNA

Due to delay in commencement of works initially, none of the works initiated from batch 2009-10 were completed (May 2014). Audit findings on test-checked works are given below.

Check dams: Works relating to construction of check dams of three projects in two (Prakasam and Rangareddy) districts revealed that the works were not completed in full shape as evident from non-construction of weirs¹⁶ and non-execution of rough stone dry packing despite provision of these items in estimates. As a result, the expenditure of ₹14.03 lakh so far incurred on these works remained unproductive. Government replied (December 2014) that these pending works were under progress.

Scrutiny of three projects¹⁷ in Anantapur District revealed that check dams constructed at a cost of ₹6.99 lakh were either demolished subsequently for cultivation and or not put to use due to construction of roads across the down streams. In respect of Pulumamidi project of Rangareddy district, executing agencies dumped the earth on the immediate shoulders/berms of dam/stream which causes sliding of the excavated earth into main stream thereby obstructing free flow of water. In respect of Murlinagar project in Rangareddy district, non-construction of apron¹⁸ reduced the strength of the check-dam.

Illustrative photographs of findings based on physical verification along with departmental officials are given below:



Government replied (December 2014) that necessary instructions were issued to the concerned project staff to rectify the deficiencies. However, evidence in support of rectificatory measures were not produced to audit.

Horticulture: Works relating to avenue plantation, block plantation, dry land horticulture plantation etc., are taken up as part of land development, vegetative measures to ensure ecological balance. Scrutiny of 11 projects of three districts (Adilabad, Anantapur, and Prakasam) revealed that works relating to dry land

¹⁶ Weir is an alternative to a check dam that utilises impervious material such as cast-in-place concrete or steel

¹⁷ Budanampally, Garugutanda, Chalkur

¹⁸ Ground covering of concrete or other material used to protect the underlying earth from water erosion

horticulture, avenue plantation and block plantation suffered from deficiencies viz., poor survival of plantation due to non-watering, thereby rendering the expenditure of ₹7.05 lakh on these works largely wasteful/unfruitful. Government replied (December 2014) that the poor survival was due to severe drought conditions prevailing in the districts and that action has been taken for replacement of effected plants.

- In respect of two projects of Srikakulam, and Chittoor districts, block plantation and dry land horticulture works were taken up in ineligible/improper lands/sites viz., irrigated agriculture lands of beneficiaries, lands belonged to non-SC/ST categories, areas within tank bed etc., at cost of ₹25.63 lakh. Government replied (December 2014) that plantation works were permissible in all lands irrespective of the communities following the ridge to valley treatment approach under IWMP.
- Further, an amount of ₹10.23 lakh incurred on works relating to avenue plantation, dry land horticulture and bund plantation, taken up (2013-14) as part of eight projects of four districts (Adilabad, Chittoor, Prakasam and Rangareddy) remained wasteful on account of removal of plantations due to road widening, digging of pits without saplings and closure of work.

Illustrative photographs of physical verification of the sites of above works along with departmental officials are given below:



Government in reply (December 2014) accepted that the plants were damaged due to road widening and fresh planting was taken up where ever the plants were damaged.

Percolation tanks (PT)¹⁹: In respect of five projects relating to Adilabad, Prakasam and Rangareddy districts, PT works were not executed to full extent²⁰. While all these works commenced more than a year ago by incurring expenditure of ₹27.07 lakh, requisite measures were not taken to complete and operationalise them. In respect of Santhanuthalapadu project of Prakasam district, even though the excavated earth was used for bund formation and consolidation of PT, the watershed committee claimed and drew (2013) ₹11.93 lakh towards transportation/lead charges of earth leading to possible fraudulent drawl of funds. Government replied (December 2014) that

¹⁹ Percolation tank is an artificially created surface water body, submerging in its reservoir a highly permeable land so that surface runoff is made to percolate and recharge the ground water storage

²⁰ Without rough stone dry packing to the embankment, stone revetment to earthen bund, toe wall, apron and weirs, plastering to aprons, consolidation to bunds etc.,

deficiencies in construction of PTs noticed by audit were due to problem of transporting materials during the rainy season and non-availability of rough stone and that adequate measures had been taken to transport the material and the works were under progress.

2.9.2 Livelihood activities

Ten *per cent* (reduced to 9 *per cent* in 2011) of project cost is earmarked for livelihood activities. Major activities under this component include dairy, small ruminants, petty business, skilled business etc., which are facilitated to the eligible beneficiaries identified based on action plan by Village Organisations (VOs). Even though these activities are included in the main cluster of the project including other NRM works, their implementation is administered and monitored by SERP²¹ with financial assistance under IWMP. Out of 454 projects (Phase I, II and III sanctioned during 2009-12) under works phase, SERP could cover only the activities of 280 projects sanctioned during 2009-11 despite release of funds by SLNA for coverage of activities up to projects sanctioned under Phase III. As per the latest Utilisation Certificate furnished (June 2014) by SERP to SLNA, state processes and issue of election code were attributed as reasons for non-disbursement of funds to the district level authorities. The amounts received by SERP are released to the VOs as revolving fund for onward disbursement to the identified beneficiaries among Self Help Groups.

Scrutiny of 16 projects of Anantapur and Prakasam districts revealed that out of ₹105.08 lakh received by VOs as part of revolving fund from SERP for distribution among eligible beneficiaries, they could disburse only ₹72.35 lakh as of May 2014. Specific reasons for non-disbursement of the balance amount of ₹32.73 lakh despite having the list of beneficiaries were not clarified by VOs concerned. Government during Exit Conference (December 2014), accepted non-disbursement of funds to VOs and stated that steps would be taken to utilise these funds for the purpose for which these were released.

2.9.3 Production system and micro enterprise

Thirteen *per cent* (reduced to 10 *per cent* in 2011) of project cost is earmarked for the activities involved under production system and micro enterprise. Under this component, community based activities like fertility and animal health camps, supply of trevices, castrators, milk testing machines and individual based activities like providing mineral mixture and mineral blocks, de-wormers, back yard poultry related to animal husbandry are taken up. Provision of implement service stations (ISSs), custom hiring stations (CHSs), farm mechanisation etc., related to agriculture activities are also undertaken under this component. As regards activities relating to animal husbandry, the department of Animal Husbandry supplies the material to VOs, for which required financial assistance is given by DWMA concerned. However, in respect of the activities relating to agriculture, funds are released directly to VOs as

²¹ Functioning under the Department of Rural Development

revolving fund for onward disbursement to identified user groups at 30 *per cent* of unit cost (varies from activity to activity) fixed by the department.

Audit findings relating to these activities are discussed below.

The overall status of implementation of the activities under this component for the projects sanctioned during 2009-12 (which were under works' phase) was very poor as evident from meager expenditure (percentage ranged between 8 and 17) against the allocation for the purpose. Details are given below:

Table 2.4

(₹ in crore)

District	2009-10		2010-11		2011-12	
	Allocation	Expenditure	Allocation	Expenditure	Allocation	Expenditure
Anantapur	8.94	2.89	12.21	4.13	14.95	2.15
Adilabad	5.35	0.80	5.60	1.05	6.10	0.52
Chittoor	6.52	1.04	9.77	1.87	9.93	0.51
Khammam	1.56	0.29	2.13	0.64	1.07	0.13
Kurnool	9.08	1.63	8.12	1.92	10.77	1.49
Mahbubnagar	9.85	0.75	11.87	0.81	14.00	0.22
Medak	3.95	0.43	5.80	0.77	5.04	0.00
Nalgonda	5.22	0.27	6.58	0.68	6.71	0.01
Prakasam	9.86	1.37	9.99	1.18	10.81	0.64
Rangareddy	4.39	0.78	8.30	1.74	3.76	0.52
Srikakulam	3.04	0.31	2.90	0.49	0.85	0.27
YSR Kadapa	4.24	0.48	7.25	0.71	4.47	0.23
Total	72.00	11.04	90.52	15.99	88.46	6.69

Source: SLNA reports

Poor utilisation was mainly due to delay in convergence with the department of Agriculture (August 2013), finalisation of guidelines and action plans by SLNA for implementation of activities in this regard. Government replied (December 2014) that the matter would be pursued with SERP.

Funds held up with the department of animal husbandry: Scrutiny of records of DWMAAs and the units pertaining to the department of Animal Husbandry in three districts (Anantapur, Chittoor and Rangareddy) revealed that out of ₹1.50 crore (October 2012 – September 2013) released to the departmental units of Animal Husbandry, only ₹44.97 lakh (30 *per cent*) was utilised towards supply of material required for improvement of production system and for onward distribution among identified beneficiaries/groups. Government replied (December 2014) that instructions have been issued to concerned authorities to follow up the matter and complete all the activities.

2.10 Internal controls

2.10.1 Financial Management

2.10.1.1 Short release of State share

Common guidelines of IWMP mandate release of State share within 15 days of release of funds by GoI. Scrutiny of records of SLNA revealed that as against ₹68.86 crore due to be released as its share during 2009-14, State Government released ₹63.31 crore with a delay ranging from 2½ - 8½ months. The balance amount of ₹5.55 crore was not released as of May 2014. Government replied (December 2014) that the delay was due to State issues and initial delays in release of funds both by GoI and State Government.

2.10.1.2 Non-reconciliation of receipts and expenditure

During the years 2009-14 SLNA received ₹721.61 crore for implementation of IWMP as seen from the Central Plan Scheme Monitoring System (CPSMS). However, as per the records of SLNA, the total receipts pertaining to IWMP during the period was ₹683.12 crore. Government accepted (December 2014) the discrepancy and assured reconciliation.

2.10.1.3 Inadmissible expenditure

As per guidelines, capital nature works and salaries of permanent staff are not permitted to be incurred from programme funds. Scrutiny of records of sampled units however, revealed that DWMA of six districts incurred ₹4.36 crore (₹4.33 crore²² of pre-IWMP + ₹0.03 crore IWMP) programmes funds towards various purposes viz., purchase of vehicles, computers, furniture, fixed assets, digital cameras, payment of salaries to permanent staff etc., against the guidelines.

Government replied (December 2014) that they had to incur expenditure on these items as a part of administration and institutional and capacity building.

2.10.1.4 Incurring expenditure after closure of pre-IWMP projects

GoI, while issuing directions (July 2011) to close Hariyali projects and to take up untreated areas of such projects under IWMP, instructed the implementing agencies to refund all the unspent balances as on 31 December 2012, along with interest accrued thereon and submit consolidated utilisation certificate, activity wise physical and financial progress, details of assets created, non-embezzlement certificate etc. DWMA of Anantapur, Nalgonda and Srikakulam districts incurred an amount of ₹4.13 crore²³ during January 2013 to March 2013 i.e. after closure of pre-IWMP programmes based on the orders of Special Commissioner, as of May 2014.

²² Pre-IWMP – Anantapur: ₹2.60 crore, Nalgonda: ₹1 lakh, Srikakulam: ₹11.42 lakh, Prakasam: ₹79.67 lakh, Rangareddy: ₹80.66 lakh; IWMP – Mahbubnagar: ₹1.72 lakh, Srikakulam: ₹1.41 lakh

²³ Nalgonda: ₹2.41 crore, Srikakulam: ₹1.14 crore and Anantapur: ₹0.58 crore

Project fund amounting to ₹8.36 crore²⁴ was pending with DWMA of Adilabad, Anantapur, Prakasam, Rangareddy and Srikakulam districts.

Government replied (December 2014) that PDs of Anantapur, Nalgonda, Rangareddy, and Srikakulam had remitted the unspent balances. However no supporting evidence to this effect was furnished to audit.

2.10.1.5 Advances pending adjustment

As per Andhra Pradesh Financial Code-1, advances paid should be adjusted without any delay through detailed adjustment bills along with vouchers to the authority sanctioning such advance and the DDOs concerned should watch their adjustment. Scrutiny of records of test-checked districts revealed that an amount of ₹41.03 crore²⁵ released to the agencies for various purposes during pre-IWMP period (2009-11) were pending adjustment as of December 2014. Similarly, an amount of ₹98.45 lakh²⁶ was pending adjustment for the advances released from IWMP funds. Government replied (December 2014) that action had been initiated to adjust the balance amount.

2.10.1.6 Operation of programme funds in Multiple Bank accounts

As per GoI guidelines, programme funds relating to IWMP are to be operated through a single bank account by SLNA. However, ₹30.97 crore (SLNA ₹28.84 crore and DWMA ₹2.13 crore) was shown as closing bank balance in SLNA Accounts of 2013-14. Of this ₹28.84 crore was lying in 16 banks situated at various places including outside State capital viz, Guntur, Anantapur, Chittoor etc. Similarly, DWMA Anantapur operated 6 separate bank accounts under Hariyali-IV scheme in contravention of guidelines.

While Government in its reply (December 2014) stated that, it had closed all the multiple accounts in respect of IWMP, it did not provide any documentary evidence to this effect.

2.10.1.7 Pending Utilisation Certificates

An amount of ₹1.42 crore²⁷ was released (2012-13) to village organisations (VOs) in two out of eight test-checked districts under IWMP. Under Pre-IWMP, an amount of ₹50.86 crore²⁸ was released to various organisations in three out of eight test checked districts. However, relevant utilisation certificates along with vouchers for the above amounts were not obtained by the implementing agencies as of May 2014. Government replied (December 2014) that Joint Directors of concerned departments had been asked to submit the UCs.

²⁴ Adilabad: ₹38.48 lakh, Prakasam: ₹2.37 lakh, Srikakulam: ₹9.35 lakh, Anantapur: ₹773.09lakh, Rangareddy: ₹12.59 lakh

²⁵ Adilabad: ₹6.19 crore, Anantapur: ₹20.34 crore, Srikakulam: ₹3.56 crore, Mahbubnagar: ₹1.31 crore; Chittoor: ₹7.74 crore and Prakasam: ₹1.89 crore

²⁶ Adilabad: ₹0.47 lakh, Anantapur: ₹4.61 lakh, Nalgonda: ₹43.86 lakh, Prakasam: ₹49.51 lakh

²⁷ Anantapur: ₹1.41 crore, Chittoor: ₹0.01 crore

²⁸ Mahbubnagar: ₹80 lakh, Chittoor: ₹1.41 lakh and Prakasam: ₹50.05 crore

2.10.1.8 Incorrect Utilisation Certificates

As part of livelihood activities (poultry, petty business like selling of utensils, vegetables, milch animals etc.) of the projects sanctioned during 2009-11 (Phase-I & II) SLNA transferred (2012-13) funds amounting to ₹78.90 crore (first instalment) to SERP for onward disbursement to the members (beneficiaries) of Self Help Groups through the Village Organisations. Of this, SERP distributed only ₹71.89 crore as of May 2014 and the SLNA treated entire amount of ₹78.90 crore as expenditure while furnishing (September 2013) UC to GoI.

Similarly, SLNA furnished (June 2014) UC to GoI for an amount of ₹86.55 crore pertaining to second instalment of Phase I and II and first instalment of Phase III projects released to SERP in December 2013, despite not incurring any expenditure as on the date of issue of UC.

Government replied (December 2014) that since both the SERP and Animal Husbandry departments were Government agencies and funds were released as revolving fund, these amounts released were considered as expenditure at SLNA level. But the funds were lying with SERP till date of audit (October 2014) pending distribution to beneficiaries.

2.10.1.9 Non-recovery of excess expenditure incurred due to duplication of works

In compliance with the guidelines issued by GoI, State Government converged IWMP with MGNREGS and issued orders in September 2013 along with details of works to be converged. However, scrutiny of records of SLNA revealed payment of ₹1.38 crore to 547 farmers relating to natural resource management (NRM) under IWMP on which payments were already claimed in MGNREGS works as is evident from same job cards on which these works were executed, thereby resulting in double payment. Government replied (December 2014) that orders were issued for recovery of excess amount paid in case of all such duplication works.

2.10.1.10 Parking of funds in fixed deposits

Scrutiny of records of DWMA, Anantapur revealed that funds amounting to ₹1.95 crore released to one of the implementing agencies of livelihood activities under erstwhile watershed programmes towards procurement and distribution of sheep and agricultural equipment to the identified beneficiaries were parked in fixed deposits in contravention to programme guidelines. Government replied (December 2014) that the implementing agency concerned had refunded the amount in August 2014. However, details in this regard were not enclosed.

2.10.2 Monitoring and evaluation

2.10.2.1 Non-conducting/delay in impact evaluation

Out of 6,795 projects sanctioned under pre-IWMP, 30 projects were stated to be abandoned and remaining 6,765 projects were stated to have been completed/closed on introduction of IWMP. However, SLNA did not furnish any documentation

evidencing evaluation of the projects before their closure to ascertain various factors viz., soil conservation, moisture conservation, water conservation, afforestation, mitigation of adverse effects of extreme climatic conditions etc., and more specifically to evaluate the run off discharge of rain fed water and sedimentation yield. At the field level, several deficiencies in execution of check-dams, percolation tank bunds were noticed in evaluation report in the test-checked district of Mahbubnagar.

As regards IWMP projects, evaluation process has not commenced till April 2012, despite completion of preparatory phase of the projects sanctioned during 2009-10. No evaluation was conducted for the remaining projects sanctioned during subsequent phases.

Government replied (December 2014) that final evaluation reports of all the pre-IWMP projects were submitted to GoI and in respect of IWMP projects, evaluation of preparatory phase has been completed for Batch I, II and III and the evaluation of works phase would commence from February 2015. However, Government did not provide any documentation in support of its contention.

2.10.2.2 Quality Control

Shortfall in inspections: A Quality Control (QC) wing established in Rural Development Department for conducting quality control inspections of MGNREGS works was being utilised for taking up quality control inspections under IWMP. As per instructions issued (October 2011) by the department of Rural Development, quality control teams should inspect all works before, during and after completion. It was however, observed that against 1,06,354 works executed as on 15 June 2014 in the State, only 6,798 works (6 per cent) were inspected by the QC teams. In addition to this, no efforts were made to effect recoveries towards penalties proposed by QC teams for an amount of ₹22.18 lakh on 148 works.

Government replied (December 2014) that presently QC teams of MGNREGS were being utilised for QC inspections and recovery proceedings were communicated to the concerned project authorities for effecting recovery. Deployment of separate QC teams for IWMP was under progress and more number of works would be inspected in future.

2.10.2.3 Non-conducting of check measurements by APDs of MGNREGS

As per guidelines issued (March 2011) by Commissioner, Rural Development, the Project Director of respective DWMA should allot jurisdiction to Assistant Project Directors (APD) of MGNREGS works to conduct super check of works under IWMP. In this regard, the APD should at least super check 12 works in a month. As seen from online reports, while 70,533 works initiated under IWMP were check measured as of August 2014, no Super Check measurement was carried out by POs, APDs, Addl PDs. Government replied (December 2014) that concerned authorities were instructed to inspect the prescribed number of works in a month.

2.10.2.4 Payments without pass orders / check measurements / authorised signatures

Scrutiny of works records relating to dugout ponds/farm ponds pertaining to pre-IWMP (Hariyali) works in Anantapur district revealed that PIAs authorised (2006-08) payments worth ₹29.42 lakh paid to the concerned watershed committees without ensuring pass orders/check measurements and authorised signatures confirming the completion of works in violation of guidelines. Government replied (December 2014) that necessary action had been taken to avoid deviations.

2.10.2.5 Social Audit

As per Guidelines, SLNA's role is critical in ensuring that social audit arrangements are in place at appropriate levels. As per SLNA, social audit for watersheds under IWMP commenced only in October 2013 after formulation of their audit guidelines. As a result, social audit was completed in respect of only 37 out of 653 projects sanctioned in five batches as of May 2014 and reports were stated to have been forwarded to the PDs of the districts concerned for follow up action. Government replied (December 2014) that Social Audit reports would be produced during the next audit.

2.11 Conclusion

Planning and preparatory work for identification of treatable areas under IWMP was deficient as seen from overlapping of IWMP projects with those taken up under other programmes/grants. While DPRs were prepared in respect of all the watershed projects, there were several lacunae with reference to projects deviating from specifications in DPRs during implementation. There were deviations from planned entry point activities. Failure to collect Watershed Development Fund from beneficiaries left the scope for non-maintenance of structures. Similarly, failure in identification of suitable land for raising horticulture and providing funds to the beneficiaries for taking up livelihood activities had resulted in non-utilisation of funds released under the scheme. Lack of financial control while releasing funds and watching their utilisation resulted in advances remaining unadjusted and non-furnishing of utilisation certificates for the funds released. Comprehensive evaluation studies were not conducted at State level with regard to pre-IWMP schemes to assess the impact of programme implementation for taking mid-course corrective measures.

2.12 Recommendations

Audit recommends the following for consideration:

- *Comprehensive survey should be carried out expeditiously with regard to projects proposed under different batches/schemes/assistance, to avoid the possibility of overlap and double payments.*

- *Definite timeframe should be fixed by Government for completion of all the activities related to conservation of ground water and enhancement of livelihood of beneficiaries.*
- *Feasibility studies for identification of potential beneficiaries and activities under livelihood component (horticulture and animal husbandry) should be carried out to avoid infructuous expenditure.*
- *Financial management should be strengthened and monitored closely to ensure funds are not parked in fixed deposits/multiple banks, and are utilised for the intended purpose within the specified timeframe.*
- *Monitoring mechanism should be enhanced by increasing the area of quality control checks.*
- *Arrears in Social audit should be cleared and compliance on Action Taken Reports should be watched closely for immediate rectification of errors.*

During Exit Conference in December 2014, Government accepted the recommendations of Audit and stated that several initiatives have been taken to ensure effective land and water resource management for sustainable development of natural resources and community empowerment and that preparation of an action plan with specific time frame for deliverables is under way in this regard.