CHAPTER-II

AUDIT OF TRANSACTIONS

Audit of the departments of the Government, their field formations as well as of the autonomous bodies brought out several instances of lapses in management of resources and failures in adherence to the norms of regularity, propriety and economy. These have been presented in the succeeding paragraphs.

2.1 *Wasteful/infructuous expenditure*

WATER SUPPLY AND SANITATION DEPARTMENT

2.1.1 Unfruitful expenditure

Delayed Government decision on the type of intercepting tanks to be used coupled with inaction of the department in completing the work rendered the expenditure of Rs 2.67 crore unfruitful

With a view to improve the environmental sanitation, avoid health hazards and to prevent pollution of the underground and surface water by sewage and waste water of villages, the Chief Engineer, Water Supply and Sanitation Department (CE) accorded (between March 2006 and June 2006) technical sanctions for providing small bore sewerage system, house connections and sewage treatment works at an estimated cost of Rs 5.84 crore in six villages.[1]

Scrutiny of records (July 2008) of the Executive Engineer, Water Supply and Sanitation (RWS) Division, Rajpura (EE) revealed that the works for all the six villages were allotted (between June 2006 and August 2006) to a contractor at the tendered cost of Rs 5.75 crore, prescribing four to six months time for completion of the works. As per the allotment letter, the contractor was, besides other items[2], to provide and fix horizontal/spherical type Linear Low Density Polyethylene (LLDP) intercepting tanks. When the work was in progress, the Superintending Engineer, Water Supply and Sanitation Circle, Patiala (SE), informed (October 2006) the CE that the horizontal type LLDP intercepting tanks installed in another village (Assarpur) could not withstand the earth pressure and reminded the CE of the decision taken in the meeting of

1

(Rupees in lakh)

Name of the village	Technically sanctioned amount	Date of commencement	Stipulated date of completion
Basma, Block Rajpura	95.97	8.06.2006	7.10.2006
Jand Mangoli, Block Ghanour	85.00	8.06.2006	7.10.2006
Salempur Sekhan, Block Ghanour	106.61	8.06.2006	7.12.2006
Buta Singh Wala, Block Rajpura	112.00	8.06.2006	7.12.2006
Kauli, Block Patiala	85.37	8.06.2006	7.12.2006
Saidpura, Block Derabassi	99.02	21.08.2006	20.12.2006
Total	**583.97**		

2 Construction of sewer/distribution lines, collection tanks and treatment plant, etc..

the CE on 5.10.2006 for installation of spherical barrel type LLDP intercepting tanks. Since the contractor had not arranged supply of LLDP tanks at site, the EE suggested (November 2006) to the SE to consider construction of masonry tanks which were economical, stable and could be constructed locally. As in many other villages (where the scheme was under implementation) the LLDP intercepting tanks had developed cracks and a public interest litigation was pending in the High Court, Chandigarh, review of design/type of the intercepting tanks was under consideration of the Government. Ultimately, the Chief Secretary, Punjab in the meeting held on 20 September 2007 decided to replace the LLDP intercepting chambers with masonry tank. However, the work in the six villages was held up since September 2007 after incurring an expenditure of Rs 2.67 crore due to non-receipt of approval for the design of the masonry tank.

Thus, delay on the part of the Government to decide the type of intercepting tanks coupled with delay in finalizing the design of the masonry tank by the department, even after the Government decision regarding the type of tank, rendered the expenditure of Rs 2.67 crore unfruitful.

On being pointed out (July 2008), the EE admitted (July 2009) that the work was lying held up due to non-receipt of approval of intercepting chambers of masonry design.

The matter was referred to the Government (November 2008); reply has not been received (August 2009).

IRRIGATION AND POWER DEPARTMENT

2.1.2 Unfruitful expenditure

Non-construction of gates and gearing system of head regulator, VR bridges and outlets led to non-release of water in Jodh Singh Wala distributory for over two years resulting in unfruitful expenditure of Rs 1.70 crore

While considering implementation of any project, it is incumbent upon the Government to make sure that adequate funds are available for their execution. Financial prudence requires that no project is left incomplete on the ground of non-availability of funds and execution of works should be planned in such a manner that no work is left mid way.

The work of remodelling of Jodh Singh Wala distributory (JSD) was completed in October 2005 at a cost of Rs 1.36 crore. To enable the JSD to reach its planned capacity of 78.10 cusecs, its earlier off take was changed from the Waltoha drain (defence drain) to RD 15406/L of Rattoke minor. The works of “construction of fall cum bridge at RD 1000 of Jodh Singh Wala Distributory” and “construction of head regulator off taking at RD 15406/L of Rattoke minor” were administratively approved in March 2006 and were technically sanctioned for Rs 24.45 lakh in September 2006 (subsequently revised to Rs 26.27 lakh in March 2008) and Rs 9.48 lakh in October 2006 respectively.

Scrutiny of records (June 2008) of the Executive Engineer, Jandiala Division, Upper Bari Doab Canal (UBDC), Amritsar (EE) revealed that the work of construction of fall cum bridge at RD 1000 of JSD was completed in June 2007 at an expenditure of Rs 26.06 lakh. Further enquiry (February 2009) from the EE revealed that though the head regulator of JSD had already been constructed in February 2007 at an expenditure of Rs 8.13 lakh, the gates and gearing system being part and parcel of the head regulator work and VR bridges/outlets had not been constructed for want of funds resulting in non-release of water in the JSD.

Thus, non-construction of gates and gearing system of the head regulator, VR bridges and outlets led to non-release of water in the JSD for over two years (from June 2007 to July 2009) resulting in unfruitful expenditure of Rs 1.70 crore[3].

On being pointed out (June 2008), the EE while admitting the facts stated (July 2009) that necessary funds to take up the remaining works had been demanded (October 2008) from the Government. However, reasons for demanding the funds late, though called for, had not been intimated.

The matter was referred to the Government (December 2008); reply has not been received (August 2009).

2.2 *Avoidable expenditure*

MEDICAL EDUCATION AND RESEARCH DEPARTMENT

2.2.1 Avoidable payment due to non-availing of rebate

Failure of the Medical Superintendent of Rajindra Hospital, Patiala to avail rebate on electricity supply resulted in avoidable payment of Rs 1.26 crore

Punjab State Electricity Board, Patiala decided (December 2002) to provide single point electricity supply to Government hospitals and certain other residential colonies with a 11 KV metering facility under Domestic Supply (DS). A 10 *per cent* rebate for distribution losses and three *per cent* transformation losses shall be allowed on the recorded consumption. The resultant tariff applicable shall be the DS tariff on net consumption and on the billed Supply of Power, a five *per cent* rebate shall be given towards handling/service charges.

Scrutiny of records (October 2008) of the Medical Superintendent, Rajindra Hospital, Patiala (MS) revealed that the Sub-Divisional Engineer, PSEB, Patiala Cantonment (SDE) provided (March 2002) a single point bulk supply connection to the Hospital at 11 KV. The MS was informed (August 2002) that tariff applicable to the connection would be "Domestic" w.e.f. 1 August 2002. Scrutiny of electricity consumption bills paid by the MS for the period

3 Rs 1.36 crore on remodelling of JSD + Rs 0.26 crore on construction of fall-cum-bridge at RD 1000 + Rs 0.08 crore on construction of head regulator.

from January 2003 to January 2009 revealed that neither the SDE allowed 10 *per cent* rebate for distribution losses, three *per cent for* transformation losses and five *per cent* for handling/service charges nor did the MS claim rebate at any stage resulting in avoidable payment of Rs 1.26 crore ***(Appendix 2.1)*** for the said period.

On being pointed out in audit, the MS stated (May 2009) that the PSEB had allowed rebate at the rate of 13 *per cent* (10 *per cent* rebate for distribution losses and three *per cent* transformation losses) with effect from February 2009 and the case for grant of rebate for the previous period had been taken up with the Assistant Engineer, Cantonment Sub-Division, PSEB, Patiala who in turn had sent the case to their higher authorities. However, matter regarding grant of balance five *per cent* rebate for handling and service charges has still not been taken up with PSEB.

The matter was referred to the Government (January 2009); reply has not been received (August 2009).

RURAL DEVELOPMENT AND PANCHAYATS DEPARTMENT

2.2.2 Avoidable payment of interest

Non-adherence to the time schedule fixed by GOI for transfer of grant resulted in avoidable payment of interest of Rs 51.13 lakh

While implementing the recommendations of Twelfth Finance Commission (TFC) for supplementing the resources of Panchayati Raj Institutions (PRIs) and Urban Local Bodies (ULBs), the Government of India (GOI) directed the States to mandatorily transfer the grants to the PRIs and ULBs, within 15 days of the same being credited to the States' account. In case of delayed transfer, the State Government shall transfer to the PRIs/ULBs interest at the rate equal to the Reserve Bank of India bank rate along with such delayed transfer of grants.

Scrutiny of sanctions and information collected (July 2007 to December 2008) from the Department of Rural Development and Panchayats, Punjab revealed that GOI released (18 January 2007) grant of Rs 64.80 crore to the Government of Punjab (Government) to be transferred to the PRIs within 15 days of its credit to the State's accounts i.e. by 2 February 2007. But the grant was transferred by the Government to the PRIs on 22 March 2007, after a delay of 48 days. Consequently, the Government had to pay (July 2008) Rs 51.13 lakh as interest to the PRIs out of its own resources.

Thus, non-adherence to the time schedule fixed by GOI for transfer of the grant recommended by TFC resulted in avoidable payment of interest of Rs 51.13 lakh.

When pointed out (December 2008), the department stated (December 2008) that delay in release was due to imposition of Model Code of Conduct (MCC) by the Election Commission of India w.e.f. December 2006. The reply is not acceptable as transfer of Central assistance occurred during the currency of the

MCC. There should not be different yardsticks for the State to transfer these funds to the PRIs. Besides, the MCC did not prohibit the transfer of grants released by GOI. The request of the State Government to the Ministry of Finance, GOI for remission of interest on delayed transfer of grant on the above mentioned ground was turned down (June 2007).

The mater was referred to the Government (December 2008); reply has not been received (August 2009).

PUBLIC WORKS DEPARTMENT
(BUILDINGS AND ROADS BRANCH)

2.2.3 Avoidable payment of escalation charges

Delay in approval of the rates for additional items of work led to avoidable payment of price escalation of Rs 33.36 lakh

The Chief Engineer (CE), Survey accorded (April 2004) technical sanction for the work of construction of road over bridge (ROB) at the level crossing No. A-26 on Amritsar-Pathankot section near the Batala railway station at an estimated cost of Rs 17.20 crore (Railways share Rs 7.03 crore and State Government share Rs 10.17 crore). The construction of approaches to the ROB was allotted (August 2006) to a contractor at the tendered cost of Rs 9.42 crore, stipulating the date of completion as 6 October 2007. The agreement entered into with the contractor provided for price adjustment in respect of labour, material, fuel and lubricants used in the work from the date of start and upto the end of the initial intended completion date or extensions granted to the contractor and not to the work carried out beyond the stipulated time for the reasons attributable to the contractor.

Scrutiny of records (October 2008) in the office of the Executive Engineer, Construction Division, Gurdaspur (EE) revealed that during execution of the approach works, the department, on the recommendation (March 2007) of Chief Parliamentary Secretary-cum-local MLA, increased the length of stilted portion of the ROB by 90 meters from RD 153.13 to 243.13 at the Loha Mandi side and constructed a six meter wide underpass at the Dera Baba Nanak side. Since these items of works were not covered under the scope of the original work allotted to the contractor, the contractor submitted (July 2007 and October 2007) the rates for the additional items to the EE for approval. However, the EE delayed the issue without any justification and forwarded the proposal to the SE only in December 2007 and the Chief Engineer (IP), Punjab approved the rates for the additional items in March 2008 i.e. after an overall delay of eight months. During this period, the contractor suspended execution of the work, which led to extension of the completion date to June 2008. As a result, the department had to incur additional expenditure of Rs 33.36 lakh paid to the contractor on account of price escalation for the period beyond 7 November 2007[4] to June 2008. The

[4] Initial intended date of completion plus one month required for completion of the additional items of work calculated on proportionate basis with reference to original cost of work (Rs 9.42 crore) and time limit (13 months).

work was still in progress (June 2009) and it might entail further payment of escalation.

Thus, delay on the part of the department in giving approval to the rates for the additional items of work led to the avoidable payment of price escalation of Rs 33.36 lakh.

On being pointed out (October 2008), the EE stated (October 2008) that payment was made as per the approved NIT. The reply is not acceptable as undue delay in approval of the rates for the additional items resulted in avoidable period of extension and payment of escalation charges.

The matter was referred to the Government (February 2009); reply has not been received (August 2009).

HOUSING AND URBAN DEVELOPMENT DEPARTMENT

2.2.4 Avoidable expenditure

Failure of the department in making the site available to a contractor resulted in avoidable expenditure of Rs 24.74 lakh

Rule 2.92 of the Punjab Public Works Department Code (adopted by the Punjab Urban Development Authority, Mohali) provides that no work should be commenced on land which has not been duly made over by responsible authority.

Punjab Urban Development Authority, Mohali (PUDA) accorded (January 2005) administrative approval to the work of renovation of the old offices of the Deputy Commissioner (DC) and the Commissioner at Patiala at a cost of Rs 2.05 crore. The renovation included Civil Works-Rs 0.88 crore, Public Health (PH) Works-Rs 0.22 crore and Electrical Installation (EI) Works-Rs 0.20 crore. The Divisional Engineer (Project), PUDA, Patiala allotted (February 2005) the Civil, PH and EI works to a contractor at a cost of Rs 84.70 lakh prescribing a time limit of six months to complete the works.

Scrutiny of records (June 2008) of the Divisional Engineer (Civil), PUDA, Patiala (DE) revealed that though the contractor completed (January 2006) the work of renovation of the Commissioner's office, he could not take up the works in the DC's office as the department failed to make the building available due to non-vacation of the building by lawyers, deed writers and stamp vendors who were to be shifted to another building under construction. The contractor, while expressing his willingness to complete the works, repeatedly requested (April, May, June and August 2005) the department to provide the site. But the department could not provide the site to the contractor. The contractor finally requested (January 2006) the department to finalise his work and make the balance payment to him. However, the DE levied (January 2006) liquidated damages of Rs 4.23 lakh on the contractor for non-completion of the works within the stipulated period. Aggrieved by this, the contractor approached the Superintending Engineer, PUDA, Patiala (the Appellate Authority), who concluded (July 2006) that the contractor was not at fault for the delay in completion of the works as providing of the site was responsibility of the department and directed the DE to close the agreement. Resultantly, the contract was rescinded and payment of Rs 32.63 lakh[5] was made to the contractor. The balance work was allotted (September 2006) to another contractor at a tendered cost of Rs 109.28 lakh, which was completed (December 2007) at a cost of Rs 101.92 lakh[6]. Thus, to get the balance works completed, the department had to incur an extra expenditure of Rs 24.74 lakh[7] due to increase in rates of the various items executed by the second contractor. This could have been avoided had the department provided the site in time to the first contractor.

Thus, failure of the department in ensuring availability of the site before commencement of the works resulted in avoidable expenditure of Rs 24.74 lakh.

On being pointed out (June 2008), the Chief Administrator, PUDA stated (March 2009) that it was the duty of the department to make the site available to the contractor and that the tenders were invited on the expectation that the site would be vacated and possession thereof would be made available to the contractor. Further, it was stated (March 2009) that had the department waited for the complete vacation of the site and then invited the tenders, the cost would have been much higher due to increase in rates. The latter part of the reply is not acceptable as it was hypothetical and had the department discharged its responsibility of providing clear site to the contractor, as envisaged in the above mentioned Rule, the expenditure of Rs 24.74 lakh could have been avoided.

The matter was referred to the Government (January 2009); reply has not been received (August 2009).

2.3 *Idle investment/blocking of funds*

PLANNING DEPARTMENT

2.3.1 Blockage of Government funds

Government fund of Rs 1.5 crore remained unutilised for over two years due to non-finalization of the lists of beneficiaries

The Department of Planning, Government of Punjab allocated (December 2006) Rs two crore under the "Rajiv Gandhi Gramin Vidyutikaran Yojna" for providing electricity connections free of cost to the underprivileged sections of society in Faridkot District. The Deputy Commissioner-cum-Member Secretary of District Planning and Development Board, Faridkot (Secretary) placed (December 2006) a sum of Rs 1.5 crore at the disposal of the Superintending Engineer, Punjab State Electricity Board (SE, PSEB), Faridkot

[5] Civil Work; Rs 29.17 lakh, EI; Rs 2.35 lakh and PH; Rs 1.11 lakh.
[6] Civil Work; Rs 94.30 lakh, EI; Rs 6.20 lakh and PH; Rs 1.42 lakh.
[7] Civil Work; Rs 22.96 lakh, EI; Rs 1.34 lakh and PH; Rs 0.44 lakh.

for providing the electricity connections. The list of beneficiaries was furnished by the Secretary to the SE, PSEB who was to execute the work after verification of the beneficiaries. The allocation of the fund made in December 2006 lapsed in March 2007. While reallocating (April 2007) the unspent amount, the Government of Punjab directed the Secretary that fresh applications be invited and got approved from the District Planning and Development Board (DPDB).

Scrutiny of records (August 2008) of the DPDB, Faridkot revealed that the amount of Rs 1.5 crore placed at the disposal of PSEB had not been utilized (August 2009) on the plea that (i) the complete lists of beneficiaries in certain villages were not finalized and given to PSEB due to engagement of the staff of the District Development and Panchayat Officer, Faridkot in the election of Block Samitis and Gram Panchayats held on 12 May 2008 and 26 May 2008 respectively (ii) the lists when prepared were found to contain certain discrepancies and (iii) identification of the eligible beneficiaries was a time consuming exercise. These reasons do not justify the delay of over two years since release of fund to PSEB. Thus, Rs 1.5 crore remained unutilised for over two years due to non-finalization of the lists of beneficiaries by DPDB.

On being pointed out in audit, it was stated (February 2009) by DPDB that in a meeting held in September 2008, instructions were issued to the PSEB, District Development and Panchayat Officer and Block Development and Panchayat Officers to take immediate necessary action.

The matter was referred to the Government (March 2009) and the Government stated (April 2009) that the concerned district had been asked to refund the money along-with interest into the treasury. The reply indicates that the laxity on the part of the DPDB in finalising the lists of beneficiaries even after the release of funds resulted in blockage of the funds, besides denial of the benefit of free electricity connections to the underprivileged people.

HEALTH AND FAMILY WELFARE DEPARTMENT

2.3.2 Idling of equipment

Purchase of equipment without ensuring availability of specialist doctors and arranging training resulted in idling of equipment costing Rs 1.04 crore besides denial of the intended benefits to the patients

As per Rule 15.2 (b) of the Punjab Financial Rules, purchases must be made in the most economical manner and in accordance with the definite requirement of public service.

Scrutiny of records (February 2007) in the office of the Senior Medical Officer (SMO), Moga and information collected from 17 other civil hospitals[8] (February 2008) and Managing Director, Punjab Health Systems Corporation

[8] Civil Hospital–Amritsar, Bhatinda, Fatehgarh Sahib, Faridkot, Ferozepur, Gurdaspur, Hoshiarpur, Jalandhar, Kapurthala, Ludhiana, Mukatsar, Mansa, Nabha, Nawan Shahar, Ropar, Sangrur and Mata Kaushlya Hospital, Patiala.

(MD) disclosed that with a view to upgrade the hospitals a proposal for procurement of the equipment such as Trans Urethral Resection (TUR) with Cystoscope, Hysteroscope and Colposcope was made as per requirement assessed by the MD. Accordingly the MD placed orders (April and June 2001) for procurement of the equipment[9] at a cost of Rs 1.64 crore. The equipment Trans Urethral Resection with Cystoscope is used for surgeries in urology and the other equipment are used for Gynae Surgery. Thus, the use of these equipment required trained Gyanecologists and Surgeons/Urologists to operate them.

It was noticed in audit that although the equipment were received in the concerned hospitals between December 2001 and April 2002, equipment costing Rs 1.04 crore in 12 civil hospitals ***(Appendix 2.2)*** were not put to use due to non-availability of the trained staff/expert doctors, even after seven years of receipt of the equipment.

The Deputy Director (P), PHSC stated (June 2009) that necessary training was imparted from time to time by the firm's supplier. On the other hand, the SMOs of these hospitals intimated that the equipment could not be used due to non-training and non-availability of specialist doctors. Thus, the reply of the Deputy Director (P) PHSC is contrary to the factual position stated by the hospitals. The purchase of the said equipment without ensuring the availability of specialist doctors and providing required training to operate the equipment led to idling of the equipment costing Rs 1.04 crore, besides denial of the intended benefits to the patients.

The matter was referred to the Government (March 2009); reply has not been received (August 2009).

2.3.3 Idle machinery and equipment

Failure of the State Government to provide technical staff resulted not only in idle machinery and equipment of Rs 88.99 lakh but the public was also denied the intended benefits

Under the capacity building project on food safety and quality control of drugs in the State, Government of India (GOI) decided to strengthen the Public Analyst Laboratories by way of supply of equipment and other related materials. As per the Letter of Undertaking given by the Government of Punjab, staff[10] identified for the project was required to be in place prior to supply of machinery and equipment (M&E) by April 2004 by GOI. The expenditure on account of salaries of the staff was to be borne by GOI for the project period 2003-08.

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9 17 Nos.TUR with Cystoscope (for Surgery in Urology) (April 2001) at the rate of Rs 4.36 lakh each for 17 Civil Hospitals and 12 Nos. Hysteroscope with Insufflator (at the rate of Rs 5.07 lakh each) and 12 Nos. Colposcope (for Gynecology) at the rate of Rs 2.38 lakh each (June 2001) for 12 hospitals.

10 1. Microbiologist 2. Analyst 3. Coordinator 4. Technical Officer 5. Public Analyst 6. Senior Analyst 7. Scientific Assistant 8. Laboratory Assistant.

Scrutiny of records (December 2007) of the Public Analyst, Punjab, and information collected (October 2008 and January 2009) subsequently revealed that during the period between April 2004 and March 2007, GOI provided M&E worth Rs 99.45 lakh. Though the department installed the machinery during the period between September 2004 and April 2008, M&E worth Rs 88.99 lakh could not be utilized for the period ranging between 20 to 41 months ***(Appendix 2.3)*** due to non-posting of technical staff.

Thus, the failure of the State Government to post the technical staff resulted in not only idle M&E of Rs 88.99 lakh but the public was also denied the intended benefits.

On being pointed out (December 2007), the department in their letter dated 26 May 2009 stated that 21 posts of analysts had been filled (February 2009) and their services were being utilized to work on hi-tech machinery. The reply is not acceptable as (i) the department stated in the same letter of 26 May 2009 that a request had been made to National Institute of Pharmaceutical Education and Research to provide training to the newly recruited analysts for operation of the equipment and after the completion of the training part of new staff, work on hi-tech machinery would start and (ii) the department in their letter dated 25 August 2009 stated that training of newly appointed analysts to run the hi-tech machinery was in process. The newly recruited analysts were still undergoing training (August 2009). Thus, the M&E could not be used due to failure of the department to ensure posting of the staff prior to supply of the M&E.

The matter was referred to the Government (February 2009); reply has not been received (August 2009).

FINANCE DEPARTMENT

2.3.4. Blockage of funds

Failure of the Government to decide the scope of work and objective of the grant in case of Adarsh School at Khatkar Kalan and to ascertain the feasibility of the project in case of Press Club, Patiala before release of the funds resulted in blockage of funds of Rs 77 lakh

Rule 2.10(b)(5) of Punjab Financial Rules provides that no money should be withdrawn from the treasury unless it is required for immediate disbursement and it is also not permissible to draw advances from the treasury for the execution of works the completion of which is likely to take considerable time.

Scrutiny of records (March 2009) of the Director, Small Savings, Punjab (Director) revealed that the Government of Punjab (Government) sanctioned (March 2007) Rs 52 lakh for establishment of Adarsh School at Khatkar Kalan out of funds placed under discretionary grants of the Chief Minister. The Director placed these funds at the disposal of the Executive Engineer, Panchayati Raj Division, Nawanshahr (EE). The funds remained unutilised till November 2007 as the use of funds released for Khatkar Kalan had not been finalized as also the scope of work of the Adarsh school. Thereafter, the CM office imposed ban (December 2007) on the utilization of these funds which were lying unutilized (August 2009).

Similarly, Government sanctioned (December 2006) Rs 25 lakh to the Press Club, Patiala (Club) for developmental activities. The Director released (December 2006) this amount to the Club despite ban on construction activities in the identified area (Baradari) in Patiala, except with prior approval of the Government. Since the Club could not get permission of the Government to construct its building at Baradari or identify any alternate site, the funds were lying unutilised with the Club even after lapse of over two years.

Thus, release of fund without proper planning and subsequent ban on utilisation of the fund in the case of Adarsh School and failure to ascertain the feasibility of the project in the case of Club before release of the funds resulted in blockage of funds of Rs 77 lakh.

When pointed out (March 2009), the Director stated (August 2009) that the Executive Engineer, Panchayati Raj had been directed (July 2009) to deposit the unspent amount of Rs 52 lakh alongwith interest in the Government treasury. As far as the grant released to the Club is concerned, it was replied that the file had been submitted to the Hon'ble Chief Minister to take decision on remitting back the amount in the treasury. The reply is admittance of the fact that funds were drawn without ensuring immediate requirement.

The matter was referred to the Government (March 2009); reply has not been received (August 2009).

HOME AFFAIRS AND JUSTICE DEPARTMENT

2.3.5 Idle investment

The department's decision to accord administrative approval in December 2006 without obtaining NOC and the action of the EE in allotting the work before finalization of the architectural drawings resulted in idle investment of Rs 53.89 lakh

Para 2.5 of the Punjab Public Works Department Code stipulates that administrative approval to a work should not be accorded until the professional authorities intimated that the proposals are structurally sound and that the preliminary estimate is sufficiently correct for the purpose. Further, para 2.89 provides that no work shall be commenced unless a properly detailed design and estimate have been sanctioned.

The Department of Home Affairs and Justice, Government of Punjab (Department) accorded (December 2006) administrative approval for construction of a judicial court complex of four storey building i.e. basement and three storey, at Ferozepur at an estimated cost of Rs 11.81 crore. The land, where the building was to be constructed, fell in the cantonment area.

Scrutiny of records (August 2008) in the office of the Executive Engineer, Provincial Division, Ferozepur (EE) revealed that the EE allotted (February 2007) the work to a contractor at the tendered cost of Rs 8.61 crore fixing a time limit of 18 months for completion. Information collected (August 2009) from the Chief Architect, Punjab (CA), who was to prepare the architectural drawings of the building, revealed that the CA sent (April 2007) the approved architectural drawings to the military authority at Ferozepur for their observation as the site fell under the cantonment area. Meanwhile, the EE made a payment of secured advance of Rs 49.03 lakh[11] to the contractor on 14 May 2007 for the materials brought to site as admissible under the agreement. In June 2007, the military authority conveyed to the CA that the proposed judicial complex was objectionable due to security concerns. The military offered (August 2007) an alternate site for construction of the complex. However, the Building Committee of the Punjab and Haryana High court had not taken (March 2009) a final decision regarding the alternate site offered by the military authority. The work remained suspended despite lapse of a period of two years. In the meanwhile, an expenditure of Rs 4.86 lakh (upto August 2007) towards contingent expenditure was booked to the work.

It was noticed in audit that the EE in June 2001 ascertained from the military authority that buildings upto three storey were permitted in the cantonment area and in any case the height should be much less than the existing water tanks (18 meters) in the cantonment area. In May 2007, the military authority *interalia* informed the District and Session Judge, Ferozepur that the issue of No Objection Certificate (NOC) for the proposed Judicial Complex from security point of view was under examination and would be intimated. In December 2006, administrative approval was accorded.

Thus, the department's decision to accord administrative approval in December 2006 without obtaining NOC and the action of the EE in allotting the work before finalization of the architectural drawings resulted in idle investment of Rs 53.89 lakh.

On being pointed out (August 2008), the EE stated (August 2008) that the work had been held up due to non-clearance of site and further intimated (June 2009) that the secured advance had not been recovered as the material had not been utilized and was still lying at the original site of the work in the custody of the contractor under the control of the department.

The matter was referred to the Government (August 2009); reply has not been received (August 2009).

11

Item	Quantity	Value (75 *per cent*) (Rs in lakh)
Steel	100.525 MT	22.59
Bajri	4100 cum	26.44
Total		**49.03**

FOREST AND WILD LIFE DEPARTMENT

2.3.6 Idle expenditure

Procurement of an incinerator without ensuring the requisite power supply rendered the expenditure of Rs 18.35 lakh idle, besides non-deriving of the intended benefits

Consequent upon the request (November 2001 and June 2003) of the State Government to the Central Zoo Authority (CZA) for financial assistance for the development of the Mohindera Chaudhary Zoological Park, Chhatbir, Punjab (Zoo), the CZA provided (March 2005 and July 2006) grant of Rs 18.20 lakh for purchase and installation of an incinerator at the Zoo. The incinerator was purchased (November 2006) at a cost of Rs 17.30 lakh[12] and installed (March 2007) by incurring Rs 1.05 lakh.

Scrutiny of records (November 2008) of the Field Director, Zoo and information collected (February 2009) from the Chief Wild Life Warden, Punjab revealed that though the incinerator was installed in March 2007, yet it could not be put to use (April 2009) for want of requisite power supply of 440 volts.

On being pointed out (November 2008/February 2009), the department admitted that the incinerator was not being utilized because the power supply at the Zoo was not of 440 volts as required for its running. The department further intimated (February 2009) that as the Punjab State Electricity Board (PSEB) refused to provide 440 volt line because of dense forest, the incinerator was proposed to be run on generator and a scheme which *interalia* provides for purchase of a generator had been sent (September 2008) to CZA for approval which had not been received (August 2009). The department again requested PSEB (March 2009) to explore the possibility of providing 440 volt connection, which had again been turned down (June 2009) by PSEB. This indicated that the department purchased the incinerator without proper planning and ensuring the pre-requisites.

Thus, procurement of incinerator without ensuring the requisite power supply rendered the expenditure of Rs 18.35 lakh idle, besides non-deriving of the intended benefits.

The matter was referred to the Government (January 2009); reply has not been received (August 2009).

[12] Incinerator (Rs 9.68 lakh), parts of incinerator (Rs 2.42 lakh) and M.S. Chimney 3 MT (Rs 5.20 lakh) Total Rs 17.30 lakh.

2.4 General

2.4.1 Follow-up on Audit Reports/Outstanding Action Taken Notes

The Comptroller and Auditor General of India's Audit Reports represent the culmination of the process of scrutiny starting with initial inspection of accounts and records maintained in the various offices and departments of Government. It is, therefore, necessary that they elicit appropriate and timely response from the executive. At the instance of the Public Accounts Committee (PAC), Finance Department issued (August 1992), instructions to all the departments to initiate *suo moto* positive and concrete action on all paragraphs and reviews figuring in the Audit Reports irrespective of whether the cases were taken up for examination by PAC or not. The departments were also required to furnish to the PAC detailed Action Taken Notes(ATNs), duly vetted by Audit, indicating the remedial action taken or proposed to be taken by them within a period of three months of the presentation of the Reports to the State Legislature. But as per existing practice, ATNs are not sent for vetting by Audit before submission to the PAC.

Out of 109 paragraphs and 28 reviews included in the Audit Reports relating to the period 2002-2003 to 2006-07, which had already been laid before the State Legislature, ATNs in respect of 60 paragraphs and 17 reviews as detailed below had not been received in the Audit Office as of March 2009, even after the lapse of prescribed period of three months:

Table- 1
Position of action taken notes not received

Year of the Audit Report	Date on which presented to State legislature	Total Paragraphs/ reviews in the Audit Report		No. of Paragraphs/ reviews for which ATNs not received	
		Review	Para	Review	Para
2002-03	25.6.2004	7	22	3	12
2003-04	31.3.2005	6	25	4	13
2004-05	13.3.2006	4	17	3	9
2005-06	29.3.2007	5	23	3	12
2006-07	12.3.2008	6	22	4	14
Total		**28**	**109**	**17**	**60**

The department-wise analysis is given in the ***Appendices 2.4 and 2.5.*** The departments largely responsible for non-submission of ATNs were General Administration, Public Works (B&R), Irrigation & Power and Health & Family Welfare. Government did not respond even to the reviews containing important issues such as system failures, mismanagement and misappropriation of Government money. Such non-receipt of ATNs hampered the work of PAC.

CHANDIGARH **(S. MURUGIAH)**
The **Pr. Accountant General (Audit), Punjab**

Countersigned

NEW DELHI **(VINOD RAI)**
The **Comptroller and Auditor General of India**