CHAPTER II: AUDIT OF TRANSACTIONS (CIVIL DEPARTMENTS)

Misappropriation/Loss

HEALTH AND FAMILY WELFARE DEPARTMENT

2.1 Fraud and misappropriation

Non-compliance with financial rules relating to maintenance of Cash Book, handling cash and drawal of money coupled with absence of supervision and internal control led to suspected fraud of Rs.3.49 crore, out of which, Rs.1.96 crore was suspected to have been misappropriated.

The Director of Health Services (DHS) maintained three bank accounts: (i) CD account in the name of DHS in United Bank of India (for transactions relating to various scheme funds); (ii) CD account in the name of the Drawing and Disbursing Officer (DDO) in State Bank of India (to operate Government transactions) and (iii) CD account in the name of DDO in Gramin Bank (for drawal and disbursement of salary, wages and third party payments). Scrutiny (January–February and April–June 2009) of records for the period 1 August 2005 to 31 March 2009 revealed the following:

- Transactions were not recorded in the Cash Book regularly and the Cash Book was not closed on a daily basis. Cash book was not maintained for about nine months from 30 September 2007 to 30 June 2008 and for about six months from 16 August 2008 to 9 February 2009.
- Entries in the Cash Book were not attested and necessary certificates were not recorded in the Cash Book every month after verification.
- Surprise checks were not conducted.
- While a Cheque Issue Register was maintained from 2 July 2007, Register of cheques and Register of valuables were not maintained.
- No Bank reconciliation was conducted.
- Transactions out of scheme funds (DHS's CD account) were neither reflected in the Cash Book nor in the Bill Register.
- No subsidiary Cash Books were maintained to record scheme funds not reflected in the Cash Book.

The aforesaid irregularities violated the provisions of Rule 77A of Central Treasury Rules and Finance Department's instructions (memorandum of 13 December 1996). Lack of financial propriety and absence of internal controls over handling and management of cash, resulted in the following:

- During 4 November 2005 to 16 March 2007, Rs.11,26,850 were withdrawn from DHS's CD account through four cheques against the sanctioned amount of Rs.59,800 in two cheques. The excess drawal of Rs.10,67,050 was not recorded in the Cash Book and was suspected to have been misappropriated **(Appendix 2.1-A)**.

- During 28 October 2005 to 8 December 2008, Rs.38,726 were withdrawn from DDO's CD account through four cheques[1] without sanction order and in 26[2] cheques there was a suspected fraudulent excess drawal of Rs.1,76,10,000 (**Appendix 2.1-B**).

  Further, Rs.2,72,387 drawn through 25 cheques[3] on several occasions between January 2006 and February 2009 was not entered in the Cash Book or recorded in any books of accounts. Physical verification of cash conducted (26 March 2009) by the Department after breaking open the cash chest in the presence of a Magistrate found only Rs.717.25. The undisbursed amount of Rs.2,71,670[4] was also suspected to have been misappropriated.

- Rupees 1,30,575 was withdrawn in excess of the bill amount in nine cheques[5] **(Appendix 2.1-C).**

- Rupees 6,19,819 were withdrawn through eight cheques **(Appendix 2.1-D**) between December 2005 and January 2007 from the DDO's CD account without sanction. The amounts withdrawn were not entered in the Cash Book. Despite several requests from Audit team, neither the relevant bills were shown nor the purpose of drawals was stated. The Actual Payees' Receipts (APRs) could not be produced to show their disbursement as well. The amount is therefore, suspected to have been misappropriated.

- Rupees 1,38,88,272 **(Appendix 2.1-E)**, was suspected to have been fraudulently transferred from the DHS's CD account to the DDO's CD account through three cheques instead of Rs.88,272 (relating to payment of income tax), resulting in excess transfer of Rs.1,38,00,000. Out of Rs.88,272, sanction order for Rs.23,671 could not be produced to Audit. The transactions were not routed through the Cash Book. Necessity for transferring the amounts from DHS's CD account to DDO's CD account was also not explained.

- The DDO deposited Rs.15,74,000[6] (in two instalments) in cash in his CD account in SBI, Agartala which was not reflected in the Cash Book. No records regarding source of revenue, availability of the cash and reasons for such deposits were made available to Audit team.

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[1] Sl. No. 22 to 25 of Appendix 2.1 B.
[2] Sl. No. 1 to 25 and 33 of Appendix-2.I-B.
[3] Sl. No. 3, 6 to 8, 10 to 12, 16, 17, 22 to 37 of Appendix-2.I-B.
[4] Rs.2,72,387 – Rs.717.25
[5] Sl. No. 26,28,29 to 33,35 and 36 of Appendix-2.I-B.
[6] Rs.3,74,000 on 4-1-2008 and Rs.12,00,000 on 5-1-2008.

Thus, the Department did not enforce provisions of financial rules in handling cash, drew money without sanction orders and there was absence of supervision and internal control besides perfunctory maintenance of Cash Book which led to suspected fraud of Rs.3.49[7] crore out of which, Rs.1.96[8] crore was suspected to have been misappropriated.

The Cashier was absconding from 13 January 2009. A case was registered with the local police on 7 February 2009 and the matter is under investigation by CID[9]. The DHS placed the Cashier (24 February 2009), the DDO (27 February 2009) and the Head of office (8 April 2009) under suspension. On the basis of a report submitted (21 February 2009) by a Departmentally constituted (17 February 2009) Inquiry Committee, disciplinary proceedings against the erring officials were under process.

The matter was taken up (22 July 2009) with the Government requesting (i) comments/views, after verification of facts, and (ii) remedial action taken, if any, to prevent such recurrence. The Government stated (September 2009) that the cashier, the DDO and the Head of office have been suspended and charges framed against the accused officers and few measures taken to ensure systematic and error free maintenance of accounts.

2.2 Suspected misappropriation

Violation of provisions of financial rules regarding handling of Government money and poor maintenance of Cash Book led to suspected misappropriation of Rs.4,37,777 and unaccounted deposit of Rs.2,17,800.

Rule 77-A of the Central Treasury Rules (CTRs) (Volume-I) states that all Government Officers who receive Government dues and handle cash and perform the functions of Drawing and Disbursing Officer (DDO) should observe that all monetary transactions are entered in the Cash Book as soon as they occur and attested as a token of check; the Cash Book is closed regularly after verifying the totals at the end of each month; cash balance in the Cash Book is verified and a certificate recorded to satisfy that money paid into treasury/bank are actually credited through checking of treasury/bank receipts. Rule 3 and GOI decision below Rule 6 of General Financial Rules also requires strict enforcement of financial rules/orders while managing public moneys.

Scrutiny (January 2009) of records of Medical Superintendent, Cancer Hospital, Agartala revealed that receipts and payments were not regularly entered in the Cash Book, analysis of cash balances at the end of each month and physical verification of cash balances were not done for months at times. Besides, neither the treasury challans/schedules nor the bank counterfoils/scrolls were verified to ascertain the correctness of the entries in the Cash Book. Audit of the Hospital revealed suspected misappropriation as detailed below:

[7] Rs.10,67,050+Rs.1,76,10,000+Rs.2,71,670 + Rs.6,19,819 + Rs.1,38,00,000 + Rs.15,74,000.
[8] Rs.10,67,050 + Rs.1,76,10,000+Rs.2,71,670 + Rs.6,19,819.
[9] Criminal Investigation Department.

- The Cashier received Rs.9,54,350 through the daily collection registers, from various collection counters on account of the charges/fees for tests (thyroid, X-ray, mammography etc.) during 1 November 2005 to 26 September 2008. However, only Rs.9,15,750 was accounted for in the Cash Book resulting in short accountal of Rs.38,600.
- Rupees 3,17,800 shown in the Cash Book as remitted into Treasury during 1 November 2005 to 26 September 2008, were not found in the Treasury receipt schedules. The actual remittance of these amounts is doubtful, as the relevant Treasury challans could not be produced to audit team.
- The Cash Book entries on 31 July 2008 recorded Rs.14,400 and Rs.13,600 as remitted into Treasury. The corresponding challans and entries in the Treasury receipt schedules were only for Rs.4,400 and Rs.3,600, resulting in short remittance of Rs.20,000. Meanwhile, Rs.2,17,800 remitted into Treasury in 16 challans between 29 April 2006 and 22 August 2008, were not routed through the Cash Book.
- Closing balance as on 26 September 2008 was Rs.21,200. A further amount of Rs.1,01,350 was collected during 27 September 2008 to 14 January 2009 out of which Rs.59,200 was remitted into the Treasury. Physical verification of cash conducted at the instance of audit on 14 January 2009 showed a balance of only Rs.1,973 in the cash chest as against Rs.63,350.

Thus, violation of provisions of financial rules regarding handling of Government money and poor maintenance of Cash Book led to suspected misappropriation of Rs.4,37,777[10] and unaccounted deposit of Rs.2,17,800**.**

The Director stated (July and September 2009) that the misappropriation occurred due to manipulation and oversight of the cashier and a warning has been issued to the cashier. He further stated that the cashier has already deposited Rs.1,57,000 through challan in June 2009 and the DDO had also been instructed to verify the cash regularly.

The Deputy Medical Superintendent, Cancer Hospital informed that the cashier had been directed (6 October 2009) to deposit the balance amount of Rs.62,977 by 13 October 2009.

The fact however, remains that the erring officials are still being allowed to handle cash in the hospital even after manipulation and mis-appropriation of Government cash. Besides, in spite of specific query, action taken if any, against the erring officials has not been intimated to audit (October 2009).

The matter was reported to the Government in June 2009; reply had not been received (October 2009).

[10] Rs.(38,600 + 3,17,800 + 20,000 + 61,377) = Rs.4,37,777.

PUBLIC WORKS (DRINKING WATER AND SANITATION) DEPARTMENT

2.3 Doubtful utilisation of ductile iron pipes

Utilisation of 599.50 metres of ductile iron pipes worth Rs.22.45 lakh supplied by the contractor at higher rate remains doubtful.

The work relating to 'Accelerated Urban Water Supply Scheme at Khowai' was awarded in June 2003 to the lowest tenderer as a lump sum contract at a negotiated cost of Rs.2.50 crore for completion within 24 months from the 15th day of issue of work order i.e. by July 2005.

Scrutiny (April 2009) of records of the Executive Engineer, Drinking Water and Sanitation Division-II, Agartala revealed that the work commenced in July 2003 and was completed in November 2006 i.e. after 17 months from the stipulated date of completion. The contractor was paid Rs.2.78 crore upto January 2007 in 14 separate running account bills against the work done for Rs.2.80 crore. Payment of 15th and final bill to conclude the work at Rs.2.81 crore was pending as of April 2009.

As per the contract, for the component of "Raw Water Rising Main", the contractor was to supply and lay 2,040 metres of 400 mm dia ductile iron pipes at a lump sum cost of Rs.74.92 lakh (cost of pipes: Rs.72.42 lakh[11] and laying charges: Rs.2.50 lakh). The contract further stipulated that in the event of requirement of pipes beyond 2,040 metres, a higher rate of Rs.3,745 per metre would be charged. The contractor was paid Rs.94.89 lakh for supplying 2,640 metres of pipes (2,040 metres at Rs.72.42 lakh and 600 metres @ Rs.3,745 per metre). Scrutiny of measurement book and site account, however, revealed that out of 2,640 metres of pipes supplied by the contractor, 2,372 metres were issued to the contractor for the work (upto June 2006) out of which**,** only 2,040.50 metres were used by him on the work. There was nothing on record to establish that the contractor had returned the balance 331.50 metres of pipes worth Rs.12.41 lakh[12]. The 15th and final bill awaiting payment does not contain any recovery of the unutilised pipes. Further, the details of utilisation of 268 metres of pipes costing Rs.10.04 lakh[13] which was not issued to the work was also not on record.

Thus, existence of 599.50 metres of ductile iron pipes worth Rs.22.45 lakh, supplied by the contractor at higher rate, remained doubtful.

The Executive Engineer stated in April 2009 that the matter would be investigated. Further development is awaited.

The matter was reported to the Government in July 2009; reply had not been received (October 2009).

[11] Rs.72.42 lakh / 2040 metres = Rs.3,550 per metre.
[12] Rs.3,745 × 331.50
[13] Rs.3,745 × 268

Wasteful/Excess expenditure

EDUCATION (HIGHER) DEPARTMENT
(TRIPURA UNIVERSITY)

2.4 Excess expenditure on a turnkey project

Selection of the second lowest bidder with relative technical inexperience in a turnkey project resulted in excess expenditure of Rs.40 lakh.

The work of a turnkey project 'Campus-wide Networking in Tripura University' was awarded by the University (September 2006) to the second lowest bidder (Firm B[14]) at a negotiated tendered value of Rs.1.25 crore, setting aside the lowest tendered bid of Rs.97 lakh (Firm A[15]), stipulating completion within 14 weeks from the date of issue of work order. The work was completed in January 2008 at a total cost of Rs.1.37 crore and the system started functioning after trials in April 2008.

Scrutiny (June–November 2008) of records of the University revealed the following:

- An Expert Committee, consisting of two members (appointed by the University), which, on technical consideration recommended two firms (Firm A and B) out of 5 bidders, concluded Firm B to be relatively inexperienced. Thereafter, Firm A and B presented their technical and financial bids before an Appraisal Committee (appointed by the University) in April 2006.
- The Appraisal Committee rejected the lowest bid of Firm A and recommended Firm B on the ground that the latter undertook site survey before submission of its bid and assured on site service for first three years free of cost.
- The need to undertake site survey was not a requirement of the bid document. Besides, the site survey done by selected Firm B was evidently not accurate, as about 700 metres of additional cables more than 3,000 metres (about 23 *per cent* excess) indicated in the work order were needed during execution.
- The bid document required that after successful commissioning of the system, the bidder should engage a system engineer at the site for three years. Firm A had accounted for the cost of a site engineer for three years in its bid.
- The bid document also required that prices indicated should be all inclusive. While the condition was fulfilled by Firm A, Firm B quoted the prices exclusive of State sales tax, which resulted in extra payment of Rs.12.74 lakh.

Selection of Firm B thus lacked transparency and undue favour shown to the firm despite it not being the lowest tenderer.

The University stated (January 2009) that while recommending Firm B, willingness and technical ability to provide quality goods and post-commission services,

[14] Firm B: Focus Research and Development Pvt. Ltd., Kolkata.
[15] Firm A: M/s Netwings Communication Pvt. Ltd., Kolkata.

presentation of schematic layout based on site survey and determination to undertake the job at a competitive price were given due emphasis. The reply does not address the rejection of an equally competent and experienced Firm with more beneficial offer.

The matter was reported to the Government in June 2009; reply had not been received (October 2009).

PUBLIC WORKS (ROADS & BUILDINGS) DEPARTMENT

2.5 Extra expenditure on construction of a bridge

Poor contract management led to extra expenditure of Rs.35 lakh, time overrun of over two and half years and cost overrun of Rs.2.27 crore in construction of a permanent bridge over river Muhuri at Bankarghat on Belonia-Bagafa road.

Construction of a permanent bridge over river Muhuri at Bankarghat on Belonia-Bagafa road under PMGSY[16] was awarded (August 2002) to M/s CIVCON Construction Private Limited (a Kolkata based firm) (Firm A) at a tendered value of Rs.3.81 crore (6.68 *per cent* below the estimated cost of Rs.4.08 crore) with stipulation to complete it by March 2005.

Scrutiny (December 2008) of records of the Executive Engineer, Belonia Division revealed that the site was handed over (18 December 2002) by the Division after a lapse of more than three months, due to unauthorised occupation of land along the alignment of the bridge. The firm took about two months thereafter (10 February 2003) to start the work and then suspended it in different spells citing paucity of funds due to non-payment of running account bills on time. While progress of work was far behind schedule, the Department did not initiate any action against the Firm apart from cautioning the contractor on the delay in progress of the work. The firm stopped execution of the work in February 2004 and was paid (between March 2003 and February 2004) Rs.1.72 crore for works executed up to 25 February 2004. The Division subsequently, issued show cause notice in July 2004 and rescinded the work under clause 3 in September 2004 i.e. after seven months from the date of stoppage of the work. The firm protested the rescission of the contract and in turn submitted (November 2004) a claim for Rs.39.89 lakh, which included escalation cost, additional work, refund of withheld components and refund of security deposit. Since the Department rejected the claims, the contractor sought (15 February 2005) arbitration, which is still pending (April 2009).

The balance work was awarded (29 December 2005) to another contractor (Firm B) at a negotiated price of Rs.4.48 crore (54.43 *per cent* above the estimated cost of Rs.2.90 crore) stipulating 12 months for completion with effect from 12 January 2006. Before acceptance of the rate, the Division assessed (November 2005) its reasonableness compared to the then market prices of the materials and labour cost but such assessment was not done while accepting the rate of 6.68 *per cent* below the estimated cost in 2002**.** After awarding the work to Firm B, a joint inspection was conducted (17 February 2006) wherein some defects were found in the piles constructed by the first firm. A separate agency was engaged on 25 February 2007 i.e. after 14 months from issue of work order to Firm B, to rectify the identified defects. The work commenced on 28 February 2007 and completed in 17 days at a cost of Rs.13.47 lakh. Firm B completed the balance work (January 2008) and was paid (February 2008) Rs.4.01 crore. In addition to that, escalation charges of Rs.21.53 lakh was paid to the contractor for delays on account of the

[16] Pradhan Mantri Gram Sadak Yojana (PMGSY).

rectification work. The work, which was to be completed in March 2005 at a cost of Rs.3.81 crore, was therefore completed in January 2008 at a total cost of Rs.6.08 crore[17].

Thus, poor contract management led to extra expenditure of Rs.35 lakh on escalation and rectification costs, time overrun of over two and half years and cost overrun of Rs.2.27 crore. Besides, the Department was embroiled in litigation, which is yet to be settled.

Government accepted (September 2009) the delay and stated that it was unintentional in compelling situation. It was further stated that extra expenditure was unavoidable and excess cost of Rs.2.27 crore was due to hike in price. The fact remains that these were the consequences of poor contract management.

2.6 Extra expenditure on construction of a school

Delay in finalisation of rate for an extra item of work in the construction of a primary school resulted in extra expenditure of Rs.13.27 lakh.

Education (School) Department accorded (May 2006) administrative approval and expenditure sanction for construction of an English medium primary school at Umakanta Academy school campus at Agartala, under Additional Central Assistance. Technical sanction was accorded in January 2007. The work was awarded (May 2007) to a contractor[18] at a tendered value of Rs.89.02 lakh and was stipulated to be completed by May 2008. Extension of time had been granted (July 2009) by the Division upto October 2009.

Scrutiny of records (October –November 2008) of the Executive Engineer (EE), Agartala Division-I revealed that after issue of work order and commencement of the work (May 2007) the structural drawing of protection wall/guard wall at foundation level of construction had been modified by the Public Works Department due to the decision (5 September 2007) of the Government to shift the layout of the building in public interest. The modified drawing was handed over (22 September 2007) to the contractor stating that the claim for revision of rates as a consequence of modification would be settled as per the agreement.

The contractor claimed (24 September 2007) a rate of Rs.2,201 per cum (as per sub-clause (v) of clause 12 of the agreement) for an extra item[19] necessitated due to the modification. As per Para 25.13 of the CPWD Manual Vol. II, the EE on receipt of the rate from the contractor should have analysed and got it sanctioned from the appropriate authority within six weeks. However, there was a delay of more than 17 months which led to acceptance of a higher rate as detailed below:

(i) The Executive Engineer recommended Rs.2,105 per cum with analysis of rates to the Superintending Engineer (SE) on 28 November 2007 i.e. after two months

[17] (i) Paid to Firm A: Rs.1.72 crore; (ii) Paid to Firm B: Rs.4.01 crore; (iii) Paid for price escalation: Rs.0.22 crore; (iv) Treatment of piles foundation: Rs.0.13 crore.

[18] M/s Rai Mohan Majumder & Co.

[19] Providing and laying a mixture of sand and *jhama* brick-bats (40 mm down size to 10 mm above) in a ratio of 1:2.

of submission by the contractor, which was forwarded (1 December 2007) by the SE to the Chief Engineer for approval.

(ii) Meanwhile, pending approval**,** the contractor, citing price hike of bricks and sand submitted (12 March 2008) further revised rate of Rs.2520.60 per cum**,** which was recommended by the EE to the higher authority. Later (21 August 2008), the EE further analysed the rate at Rs.3326.30 per cum. However, after spot visit with SE, Rs.2715.65 per cum was approved by CE on 18 March 2009.

The contractor was paid (May 2009) Rs.1.22 crore which was inclusive of Rs.59.02 lakh for 2,173.394 cum of work for the extra item @ Rs.2,715.65 per cum. The total expenditure on account of the extra item of work would have been Rs.45.75 lakh at the rate of Rs.2,105 per cum as recommended by the EE with analysis of rates.

Thus, delay in finalisation of rate for an extra item of work in construction of the school resulted in extra expenditure of Rs.13.27 lakh[20].

Government stated (October 2009) that the fixation of rate was necessitated due to shifting of the building backwards and was not attributable to delay in finalising the rates.

The fact however, remains that even though payment of additional amount for the extra item was inevitable, timely action on the part of the Department could have avoided the excess expenditure of Rs.13.27 lakh.

(Tripura Housing and Construction Board)

2.7 Excess expenditure on development of Women's College

Non-adherence to codal provisions of handing over clear site to the executing agency and non-release of funds on time by the Education (Higher) Department led to delay in completion of work by 34 months and a cost overrun of Rs.19.06 lakh.

Education (Higher) Department accorded (March 2002) administrative approval and expenditure sanction for Rs.4.35 crore for development of Science Block in Women's College (Phase I & II) and released Rs.2.00 crore to Tripura Housing and Construction Board (Board), a Government of Tripura enterprise and its executing agency, in three phases (Rs.30 lakh in February 2003, Rs.37.50 lakh in March 2003 and Rs.1.32 crore in June 2005). The work was awarded (17 January 2004) by the Board to a contractor[21] at a tendered value of Rs.98.38 lakh (estimated cost: Rs.76.56 lakh) for completion within 15 months i.e. April 2005.

Scrutiny (December 2008 to March 2009) of records of the Chief Executive Officer, Tripura Housing and Construction Board, revealed that the drawings were handed

[20] {(Rs.2,715.65 per cum x 2,173.394 cum) = Rs.59.02 lakh} – {(Rs.2,105 per cum x 2,173.394 cum) = Rs.45.75 lakh} = Rs.13.27 lakh.

[21] M/s. N.G.Bhattacharjee Construction Company, Agartala.

over by the Board to the contractor only between March and May 2004. Besides, shifting of overhead power line and electric poles were not done till April 2004, which hampered the progress of the work. The delay in handing over clear site for the work after issue of work order was a violation of the provision of Para 4.21 of the CPWD Manual Vol. II. The work commenced on 20 March 2004 which was suspended in November 2004 as the Education (Higher) Department had not released funds to the Board despite repeated requests from the latter.

The Board had to close (April 2005) the work executed up to November 2004 due to non-release of funds from the Department. Non-release of adequate funds by the Education (Higher) Department despite according approvals and sanctioning funds for the work was a violation of the provisions of Para 2.2 of the Manual, *ibid*, and led to closure of the contract. Reasons for not placing funds by the Education (Higher) Department in time were not stated.

The contractor was paid Rs.84.89 lakh as of January 2006 and the balance work (estimated cost: Rs.25.25 lakh) was awarded (June 2006) to another contractor[22] at a negotiated tendered value of Rs.32.95 lakh. The work, stipulated to be completed by April 2007 was completed in February 2008 at a cost of Rs.51.44 lakh, which included additional works such as guard room, visitors' waiting room and a gate, costing Rs.18.89 lakh.

Thus, non-adherence to codal provisions of handing over clear site to the executing agency and non-release of funds on time by the Education (Higher) Department led to closure of the work. Subsequent implementation of the work resulted in excess expenditure of Rs.19.06 lakh[23] and time overrun of 34 months.

The matter was reported to the Government in July 2009; reply had not been received (September 2009).

[22] Shri Tapan Kumar Poddar.
[23] Rs.84.89 lakh + Rs.51.44 lakh – Rs.18.89 lakh – Rs.98.38 lakh.

ANIMAL RESOURCES DEVELOPMENT DEPARTMENT

2.8 Extra expenditure on procurement of livestock feed

Procedural lapses during tendering process led to delay in finalisation of tenders and acceptance of higher rates resulting in extra expenditure of Rs.33.85 lakh

For preparation of balanced ration for livestock and poultry birds in Departmental Feed Mixing Plants, the Director, Animal Resources Development invited (18 December 2007) tenders for procurement of 15 feed ingredients for the year 2008-09. In response, five tenders were received. A Committee constituted for scrutiny of the tenders, on prior discussion with the tenderers, did not open the bids on the specified date (22 January 2008) on the ground that (i) out of five tenderers only one quoted rates for 13 out of 15 items (ii) three tenderers quoted for only one item (dry fish) and (iii) one tenderer quoted for only one item (rice bran). The Committee proposed for either retendering or extension of date for submission of tenders. The Department decided to extend, the date of receipt of tender upto 12 February 2008. The Notice Inviting Tender did not stipulate any condition that the tenderers were to quote rates for all the items or at least more than one item.

During the extended period, one more tender was received. The bids were opened on 13 February 2008, and four were found valid. A comparative statement of rates was prepared by the Tender Committee and submitted to the Government for approval. The Government rejected the tender citing procedural lapses and decided to call for fresh tender.

Seven bids, which included all the earlier six tenders and a fresh tender, were received in response to the second tender invited on 17 April 2008. The same Committee vetted the tenders and found six of them to be valid (7 May 2008). A comparative statement of rates (valid upto 31 March 2009**)** prepared by the Committee was accepted and approved by the Supply Advisory Board on 21 July 2008. Supply orders were placed (August 2008 to March 2009) on four lowest tenderers, who had supplied 13 items costing Rs.2.59 crore up to 31 March 2009[24]. A comparison of the rates between the first and second tender revealed that in the intervening period of three months, higher rates ranging from 3.22 *per cent* to 52.24 *per cent* quoted for 14 items even by the same firms were accepted. Consequently, the Department incurred an excess expenditure of Rs.33.85 lakh as of March 2009.

Thus, procedural lapses during tendering process led to delay in finalisation of tenders and acceptance of higher rates which resulted in extra expenditure of Rs.33.85 lakh.

Government accepted (July 2009) the procedural lapses and stated that the rates finalised by the Department were on higher side. The Government attributed the higher rates to procurement being during dry season and assured that tenders would be floated in future in the preceding winter or after dry season.

[24] No procurement was made after 31 March 2009 at the said approved rate.

Violation of contractual obligations/Avoidable expenditure

HEALTH AND FAMILY WELFARE DEPARTMENT

2.9 Undue favour to a private partner

Objective of setting up a medical college under public private partnership with GENET faced a premature end due to deficiencies in PPP agreement and injudicious selection of the firm, as it persistently failed to meet its commitments.

For establishing and running a medical college namely "Tripura Medical College and Dr. BR Ambedkar Memorial Teaching Hospital", by upgrading the existing facilities of the Dr. BR Ambedkar Memorial Hospital (Dr. BRAM Hospital), Government of Tripura entered (7 October 2004) into a Public Private Partnership (PPP) agreement with Global Educational Net (GENET), Kerala. A lease agreement was also executed (7 October 2004) for leasing out 49.86 acres of land including the building, furniture/fixture and equipment of the existing Dr. BRAM Hospital, for 99 years.

The total cost of the project was Rs.164 crore[25] and it envisaged an annual intake capacity of 100 students with a speciality and general hospital of 1000 beds, to be completed in six years in three phases**.** GENET agreed to implement the project to upgrade the existing facilities of the Dr. BRAM Hospital and convert the leased hospital building and other properties into a full-fledged medical college and hospital with attendant facilities and maintain the standards required as per norms prescribed by the Medical Council of India (MCI), Pharmacy Council etc. and to start the college from 2005.

As per the agreement, a Project Supervisory Committee (PSC), consisting of four members (two members nominated by each of the parties) was to be formed to implement the project. All moneys, contribution of the parties and loan arranged by GENET was to be deposited in a joint account of the PSC. Further, an Executive Committee (EC), responsible for administration of the medical college and hospital, with Secretary, Health Department and one nominated member, besides, two permanent observers were to be nominated by the State Government, with right to access to all matters relating to functioning of the institution, servicing of loans and utilisation of funds. GENET was responsible for the day to day running of the college.

For financing the project, the Government pledged to provide a soft loan of Rs.25 crore (repayable after 15 years in equal installments with simple interest), to be deposited into a joint account in five phases of Rs.5 crore each year immediately after deposit of the equal share of Rs.5 crore to the joint account by GENET. GENET was to obtain loan of Rs.114 crore for the implementation of the project.

Scrutiny (January 2009) of records of the Director of Health Services (DHS), Tripura, Agartala revealed the following:

[25] Building: Rs.96 crore, Instrument: Rs.54 crore, Preoperative, contingency and other costs (as fully described in the Project Report): Rs.14 crore.

- The project was awarded to GENET on the basis of its offer and the Government did not explore the feasibility of inviting expression of interest from other reputed agencies before entering into the PPP agreement.
- No provision was made in the agreement to ensure availability of uninterrupted funds for recurring expenditure. The agreed contribution of funds was only for creation of infrastructure.
- The agreement did not contain provision to impose punitive action against non-compliance of any clause of the agreement by the party. Besides, there was no provision for maintenance of separate books of accounts for the transactions out of the funds received from the State Government.
- The PSC was formed on 10 March 2006 (delay of about 16 months from the date of execution of the agreement), by nominating two[26] members by the Government and two[27] by GENET. Till the formation of the PSC, the joint account was operated by the DHS, Tripura and the Chairman, GENET from 17 December 2004. Though formation of EC was initiated in February 2006, records relating to its constitution and details of meetings, if any, were not produced to Audit. Two permanent observers were, however, nominated to the EC (November 2006) by the State Government.
- Total amount deposited in the joint account of the PSC from 17 December 2004 to 24 January 2009 was Rs.43.87 crore (State Government: Rs.25 crore and GENET: Rs.18.87 crore), against Rs.50 crore as per the agreement. Besides, GENET borrowed with the approval of the State Government, Rs.35.44 crore from HUDCO mortgaging the entire leased land and deposited in phases in the joint account during November 2005 to December 2008. Thereafter, withdrawals were made from the joint account from time to time leaving a balance of Rs.6.13 lakh as on 15 May 2009.
- The PSC did not monitor the servicing of loans and utilisation of funds, as GENET did not maintain separate books of account for the soft loan from the Government and loans from HUDCO. Only utilisation certificates were submitted to the Government**.**
- The college could not start in academic year 2005-06, as permission was not granted by the GOI/Medical Council of India due to non fulfillment of required conditions. However, permission for admission in academic year 2006-07 was accorded by the GOI initially for a period of one year, to be reviewed on yearly basis on verification of achievement of annual targets of the project.
- Despite deficiency in faculty, infrastructure and clinical materials highlighted by MCI in its meeting held in June 2007, GOI renewed permission for 2007-08 academic year in view of the special limitation prevailing in the North East and on an undertaking given by the Health Minister of Tripura to comply with all the deficiencies within a specified period.

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[26] (1) The Commissioner and Secretary, Health and Family Welfare Department and (2) The Secretary, Law Department.

[27] (1) Shri K. Balachandran Nair, Chairman, GENET and (2) Shri Prashanth Nair, Director-Projects, GENET.

- GENET did not rectify the aforesaid deficiencies and based on a report of persistent and continuing deficiencies of teaching faculty, infrastructure and clinical materials reported (June 2008) by the Ad-hoc Committee appointed by the Supreme Court, permission to admit students in academic year 2008-09 was denied by the GOI/Medical Council of India (June 2008).
- Meanwhile staff were not paid salaries due to acute financial crisis. Consequently, faculty members started to leave the college and attendance of patients in OPD/IPD gradually declined. GENET then requested (December 2008) the Government for a loan of Rs.10 crore, as it was unable to provide funds even to meet the recurring expenditure including salaries of staff. The State Government decided to provide an advance of Rs.6.13 crore (the balance amount of soft loan of Rs.25 crore) and executed another supplementary agreement on 16 January 2009, wherein GENET agreed to provide Rs.9.14 crore including matching share of Rs.6.13 crore during February–March 2009. Though the Government deposited Rs.6.13 crore in the joint account in January 2009, GENET failed to keep its commitment, which disrupted the functioning of the college. The Government rescinded the agreement on 23 May 2009, after enduring the failure of GENET to meet the requirement of faculty, infrastructure, clinical matters and financial irregularities for three consecutive academic years.
- A Committee was formed by the Government (May 2009) to assess the total liability consequent upon the rescission of the agreement, which is yet to submit its report (June 2009).
- In the meantime, HUDCO claimed (June 2009) Rs.40.30 crore due as of June 2009 (Principal: Rs.35.44 crore and Interest: Rs.4.86 crore). The amount is payable by the Government as per agreement of GENET with HUDCO mortgaging the property leased to GENET by the Government. The liability on this account as well as other liabilities now lie with the Government.
- The Government has constituted (May 2009) a society under the Societies Registration Act, 1860 for running the Medical College and Hospital.

Thus, the objective of setting up a medical college under public private partnership with GENET faced a premature end due to deficiencies in the PPP agreement and injudicious selection of the firm, as it persistently failed to meet its commitments. Besides, the Government was liable to discharge the burden of debts on account of loan availed of by the firm.

Government stated (September 2009) that financial irregularities in the management of the Medical College were noticed on a number of occasions but the agreement did not spell out maintenance of separate book of accounts for transactions out of the funds received from the Government. There was also no provision in the agreement to impose penalty for not maintaining separate books of accounts and non-compliance with the procedure agreed to by both the parties. Government further stated that the financial irregularities were discussed in the meetings of PSC and failure of GENET did not mean that investment of Rs.25 crore was unfruitful and injudicious because GENET has created assets in the Medical College premises, cost of which was more than the refundable loan of Rs.25 crore provided by the Government.

The Government should

- Establish a mechanism for approval of PPPs in the State providing adequate safeguards in the terms and conditions of the agreements, to ensure protection of Government interest.
- Formulate projects with assistance of legal, financial and technical experts and invite expression of interest.
- Assess the credentials and financial capacity of the private partners before entering into agreements.

PUBLIC WORKS (ROADS & BUILDINGS) DEPARTMENT

2.10 Extra expenditure

Non-compliance of MPLADS guidelines and procedural lapses in tendering led to extra expenditure of Rs.29.89 lakh.

Para 2.2 of CPWD Manual, Volume II *inter-alia* provides that no work should be commenced or liability thereon incurred until administrative approval (AA) and expenditure sanction (ES) have been accorded, a properly detailed estimate with design has been sanctioned and allotment of funds made. Guidelines on MPLADS[28] state that Member of Parliament (MP) should recommend eligible works to the district authority, who may then sanction the works and allocate the estimated cost of the work in the year stipulating a time limit for completion.

Scrutiny (January 2009) of records of the Executive Engineer (EE), Agartala Division III revealed that the then MP recommended (January 1997) and instructed the District Magistrate & Collector (DM&C), West Tripura District to release Rs.5 lakh from MPLADS for 'Construction of Tripura Students Health Home' at Melarmath, Agartala to be taken up during 1996-97. The DM&C accorded AA & ES for Rs.5 lakh in March 1997 in favour of Agartala Municipal Council (AMC) for implementation of the project. The work could not begin as no site was available at Melarmath and an alternate site at Jagannath Bari could be identified only in April 1999, on which, AMC spent Rs.3.52 lakh for construction (March – April 2000) of boundary wall. The next MP recommended release of Rs.40 lakh (March 2000) for the same purpose and the DM&C accorded AA&ES for Rs.40 lakh in favour of AMC in March 2000. The AMC prepared (June 2000) a preliminary estimate for Rs.78 lakh but transferred (March 2001), after four years of original sanction, the responsibility of executing the work to Public Works Department (PWD) as per instructions of the latter MP. The AMC had transferred Rs.41.48 lakh[29] to the Division till April 2009.

The EE, Agartala Division III, without any assurance of meeting the deficit, prepared in August 2002, an estimate of Rs.3.32 crore and requested (August 2002) the AMC and not the sanctioning authority i.e., DM&C to accord AA&ES. The Division had also invited (May 2002) tenders for construction of the building portion of a five storeyed (G+4) Students Health Home including internal sanitary and water supply, for Rs.1.95 crore.

Scrutiny of the work revealed the following:

- The offer of the lowest tenderer in the first call (May 2002), who quoted Rs.2.28 crore, was rejected (November 2002) on the ground of higher rate, after delaying much beyond prescribed 40 days. Tenders (January 2003) against the second call (November 2002) were also rejected (February 2004) after 13 months in view of the expiry of the tender.

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[28] Member of Parliament Local Area Development Scheme.

[29] Rs.15 lakh in April 2002 and Rs.26.48 lakh in January 2006.

- Citing limitation of funds, a modified detailed estimate for Rs.1.19 crore for construction of a single storeyed building with five storeyed foundation was technically approved (September 2004) and without obtaining AA&ES for additional funds, work order was issued (January 2006) on 3rd call of tender to the lowest tenderer at a negotiated amount of Rs.1.57 crore stipulating 18 months for its completion.
- The work commenced in March 2006 and was completed in December 2007 and Rs.1.56 crore was paid to the contractor in August 2008. Balance expenditure of Rs.1.15 crore (Rs.1.56 crore – Rs.0.41 crore) was met out of State fund**s.**

Thus, non-compliance to MPLADS guidelines and codal provisions in ensuring availability of funds, procedural lapses in tendering process and lackadaisical attitude of the departments led to the failure to construct a full-fledged Students Health Home even after 12 years since the first sanction and resulted in extra expenditure of Rs.29.89 lakh due to acceptance of higher rates for certain items as compared to the first tender.

Government stated (September 2009) that the first call was rejected (November 2002) as the rates quoted was found higher and the tender in the second call was rejected (February 2004) as Work Advisory Board (WAB) decided to defer the project to examine the aspect of funding it under MPLAD Scheme. It further stated that it was decided later, considering the limitation of MPLAD funds and necessity of Students Health Home, to construct a single storeyed building with five storeyed foundation and to provide State funds to bridge the gap between sanctioned MPLAD funds and the revised estimated cost of Rs.1.19 crore. Government also stated that the work was successfully completed to achieve the Government’s aims/objectives of establishing Students Health Home in the State. It further stated that the extra cost of Rs.29.89 lakh was due to increased cost of materials during the period from 2002 to 2006.

The Government, therefore, accepted that the present Students Health Home was a truncated version and the cost escalation was solely due to lapse of time.

Blocking of funds/Idle expenditure

PUBLIC WORKS (ROADS & BUILDINGS) DEPARTMENT

2.11 Idle expenditure

Delay in paying bills, defective construction due to lack of adequate supervision and the Department's inaction against the contractor resulted in a bridge remaining incomplete over five years leading to an idle expenditure of Rs.1.50 crore.

The Public Works Department accorded (19 December 2002) administrative approval and expenditure sanction of Rs.4.55 crore for "Construction of permanent bridge over river Manu at Kanchanbari" under NABARD funding. Work order was issued to a firm[30] in May 2004 at a negotiated tendered value of Rs.4.50 crore (24.76 *per cent* above the estimated cost of Rs.3.60 crore) with the approval of Works Advisory Board (December 2003) and the work was stipulated to be completed by May 2006. There was a delay of 237 days in finalising the tender as against the permissible limit of 40 days.

Scrutiny (November–December 2008) of records of the Executive Engineer, Kumarghat Division (R&B) revealed that the work had commenced in June 2004 but was yet to be completed (July 2009) despite the lapse of five years from the issue of work order. The work was suspended since March 2008 with a financial progress of only 32 *per cent* (excluding value of deviated quantity of Rs.10.93 lakh). The physical progress was assessed at 61 *per cent* of the substructure work only. The superstructure work (valuing Rs.2.17 crore) was yet to be taken up. The time overrun was attributable to the following:

- Seven to nine months' delay by the Department in paying the 1st RA bill, submitted in May 2005 on the ground of non-availability of funds despite several requests by the contractor, who took refuge in it for slow progress of the work.
- Intermittent suspensions of work by the contractor and extension of time allowed by the Department without recording in hindrance register.
- Defective construction due to lack of supervision by the Departmental Officers. The contractor also did not deploy qualified engineer for supervision of the work as was required under the Rules.
- Inaction against the contractor and non-rescission of the contract.

The firm was paid Rs.1.50 crore (upto 5th RA bill in March 2008). The 6th RA bill for a total value of Rs.1.56 crore, submitted on 25 March 2008, was not finalised as of July 2009.

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[30] Bhartia Associates Private Limited, Guwahati.

The Department made several requests asking the firm to complete the work from April 2006 (i.e. one month before scheduled date of completion). The Division detected (April 2006 and July 2008) that the well piers were not constructed (No.1 and 3) as per prescribed specification and had tilted and shifted. The Department, however, was yet to assess the extent of damage and consequent financial implication for restoration of the defective well piers, and did not take any action against the contractor.

Thus, initial delay in paying RA bills, defective construction due to lack of adequate supervision and inaction of the Department in taking timely action against the firm resulted in the bridge remaining incomplete for over five years leading to an idle expenditure of Rs.1.50 crore.

Government, while accepting (October 2009) the delay attributed it to natural hindrance *viz.* stoppage of sinking and casting of well piers during April to September every year due to rise of river water caused by heavy rainfall. It further stated that the problem had been almost overcome and the work was progressing well.

Regularity Issues

INFORMATION, CULTURAL AFFAIRS AND TOURISM DEPARTMENT

2.12 Non-implementation of three rural tourism projects

Non-availability of sites despite certifying availability at the time of obtaining GOI sanction and change of executing agencies resulted in non-implementation of three rural tourism projects even after 20 months of receipt of funds (Rs.98.32 lakh) with the risk of cost overrun.

Against three project proposals for development of rural tourism at Durgabari, Devipur and Malaynagar, sent in August 2006 by the Information, Cultural Affairs and Tourism Department, the Government of India sanctioned (September-October 2007) Central Financial Assistance (CFA) of Rs.1.23 crore and released Rs.98.32 lakh. The GOI accorded sanction for the projects on the basis of Land Availability Certificates provided by the State Government. The sanction order *inter alia* stipulated the following conditions:

- The State Government should utilise the funds within six months and in case it cannot do so, the funds will have to be surrendered to Central Government.
- The State Government should furnish statement of progress of work and expenditure incurred to the GOI bimonthly. The final instalment of 20 *per cent* will be released on submission of utilisation and completion certificates from the concerned executing agency.
- The project should be commissioned within a maximum period of 12 months from the date of release of first instalment and any cost escalation on account of delay etc. would be borne by the State Government.

Scrutiny (January 2009) of records of the Director, Tourism Department revealed that the funds of Rs.98.32 lakh were received during September - October 2007 and kept in savings bank account of the DDO of the Department. Initially, the project at Devipur was to be implemented by the Tripura Housing and Construction Board (TH&CB), Agartala, a Government of Tripura enterprise and those at Durgabari and Malaynagar, by the Rural Development Department. Subsequently (December 2007 and January 2008), it was decided that all the projects would be implemented by the Rural Development Department. In September 2008, the Director, Tourism Department placed Rs.98.32 lakh with the DM & Collector, West Tripura District, who in turn placed the funds with the Executive Engineer, Rural Development Division. The Executive Engineer had kept the amount in his Savings Bank account.

As of June 2009, the work of Durgabari project (commenced in March 2009) was in progress. However, works on the other two projects were not taken up, since land was not available. The Department in the intervening period did not furnish the bimonthly progress of works and utilisation certificates to the GOI. Though funds remained unutilised for more than 20 months as of June 2009, the Department neither obtained approval of GOI for retention of funds beyond six months nor surrendered the funds as per the terms and conditions of the sanction, the GOI also did not release the balance Rs.24.59 lakh.

Thus, non availability of sites, despite certifying availability at the time of obtaining GOI sanction and lack of prompt initiative resulted in non-implementation of three Rural Tourism projects even after 20 months of receipt of funds (Rs.98.32 lakh) with risk of cost overrun.

The Director stated (July 2009) that delay in placement of funds was due to change of executing agencies who prepared estimates beyond the sanctioned amount, and the Rural Development Division, being heavily loaded with their own work could not take up the works of the projects. The reply is only partially correct as the primary reason for delay was non selection of sites which were not selected by the Executive Engineer, Rural Development Division even till deposit of the funds in his SB account and the flip flop with the executing agencies.

The Government stated (September 2009) that two-third of the work of Durgabari project had been completed, the work of Devipur project was in progress (20 *per cent* work done) and demarcation of land for Malaynagar project had been done on 1 September 2009. Fact, however, remained that the intended benefits from the projects were not achieved despite receipt of financial assistance from the GOI.

AGRICULTURE DEPARTMENT

2.13 Non-achievement of scheme objectives

Lack of effective and timely action by the Department resulted in non-setting up of three seed processing plants for paddy and non-recovery of Rs.16.05 lakh even after the lapse of 45 months since allocation of funds.

Under a Centrally Sponsored Scheme (CSS) 'Integrated Cereal Development Project,' the Agriculture Department allotted (September 2005) Rs.1.07 crore[31] to the Executive Engineer (EE), Mechanical, Agriculture Department, Agartala. The amount was drawn by the EE in five grants-in-aid bills in March 2006 and kept in his current deposit (CD) account with State Bank of India, TLA House Branch, Agartala.

One of the components of the scheme was setting up three seed processing plants (Paddy) at Bikhora, Udaipur and Kumarghat. Three work orders[32], were issued to a Kolkata based firm[33] in November 2006 for supply and commissioning of the equipment at the lowest tendered value of Rs.64.26 lakh. The work was stipulated to be completed by 31 March 2007. The EE paid (November 2006) Rs.16.05 lakh to the firm as advance, as per the conditions of the contract against Bank Guarantees (BGs) which were valid upto 23 February 2007.

Scrutiny (May-June 2009) of records of the EE revealed that the firm did not start the work and advance road permits were issued only in November 2007 i.e. eight months after the expiry of the time for completion of the work. The Department, however, neither issued direction to the firm to complete the supply as per the contract nor issued notice to the firm for expediting the work. Instead, the Department extended in different spells the time for completion upto 31 March 2008. The work was finally cancelled on 27 February 2009. In the meantime, the BGs had lapsed as the firm did not extend them despite repeated requests of the Department. The amount of Rs.16.05 lakh, advanced to the firm could not be recovered (June 2009) as the BGs have lapsed. Besides, the purpose of establishing three seed processing plants of paddy in the State remained unachieved.

Thus, lack of effective and timely action by the Department resulted in non-recovery of Rs.16.05 lakh. Besides, the objectives of the scheme remained unfulfilled even after the lapse of 45 months since allocation of funds.

While accepting the facts, the Government stated (October 2009) that an FIR had been lodged against the concerned firm and tenders for completion of the works had been invited in June 2009.

[31] Rs.64.26 lakh for supply, installation and commissioning; Rs.24.87 lakh for electrification works, additional accessories etc. and Rs.18.24 lakh for water supply, sanitary facilities etc.
[32] Work orders: Project planning, design and commissioning on turnkey basis for the Seed Processing Plants (Paddy) at Bikhora - 1, (One TPH capacity), Udaipur - 1 (½ TPH capacity) and Kumarghat -1 (½ TPH capacity), @Rs.21.42 lakh each.
[33] Suman Group of Industries.

RURAL DEVELOPMENT DEPARTMENT

2.14 Irregular drawal of funds

Non-compliance of provisions of financial rules by the BDOs in drawal and disbursement of funds resulted in Rs.17.19 crore remaining undisbursed/unadjusted for four months to more than five years risking misuse including misappropriation of Government money. Besides, random disbursement of advances to implementing officers has also resulted in Rs.10.36 crore remaining outstanding for long period.

Drawing funds from the Government account through Abstract Contingent (AC) bills and fully vouched contingent (FVC) bills for contingent charges is allowed subject to general limitations. According to provisions of the Central Treasury Rules (CTRs)[34], the authority is required to ensure that money is drawn when it is required for immediate disbursement, all charges actually incurred are paid and drawn at once and not allowed to stand over, and money is not drawn in anticipation of demand or to prevent lapse of budget grant. Rule 27 of the Delegation of Financial Power Rules, Tripura (DFPRT), 2007, stipulates submission of detailed countersigned contingent (DCC) bills to the controlling officer (CO) within 60 days of the drawal of AC bills for onward submission to Accountant General by the CO within a month.

Scrutiny of records of 14[35] Block Development Officers (BDOs) revealed that the BDOs violated the provisions of the CTRs and DFPRT during drawal and disbursement of Government funds through FVC and AC bills relating to implementation of various schemes.

(a) Fully vouched contingent bills

Eight BDOs drew (March 2007 to October 2008) Rs.2.42 crore relating to various works/schemes through 149 FVC bills, without the charges having actually been incurred, violating the mandatory requirement of drawal of such bills. The amounts were drawn and credited into BDOs' bank accounts and disbursements were subsequently carried out for prolonged periods.

As of March 2009, Rs.1.44 crore (60 *per cent*) remained undisbursed even after the lapse of five to 24 months, due to non-execution/part execution of the works. The premature withdrawal of funds, parking it in Current Deposit accounts, incurring expenditure subsequently over prolonged periods, exhibiting it as final expenditure in the accounts and reporting incorrect figures of expenditure against works/schemes, indicated weak expenditure control with the risk of malpractice including misappropriation of Government money.

The BDOs stated that since March 2009 they had disbursed Rs.1.33 crore (September 2009).

[34] Rules 286, 287, 289, 290, 295 etc.
[35] Chowmanu, Mohanpur, Salema, Khowai, Jampuijala, Teliamura, Boxanagar, Kakraban, Satchand, Manu, Mungiakami, Bakafa, Bishalgarh and Jirania.

(b) Abstract contingent (AC) bills

Scrutiny (April 2008 to June 2009) revealed that BDOs were drawing AC bills as a matter of routine. Out of Rs.18.78 crore drawn in 3,184 AC bills during 2004-09 by 10[36] BDOs, Rs.15.75 crore against 2,541 AC bills remained unadjusted and DCC bills were not submitted though four months to more than five years have lapsed as of July 2009, which violated the provision of the financial rules. The AC bills were drawn mainly for implementation of different schemes and were booked as expenditure, whereby substantial amount of the bills remained either unspent with the implementing agencies or in bank accounts resulting in compromising the correctness of accounts. Besides, such lack of control over submission of DCC bills weakens financial control and could lead to financial malpractice, if not appropriately monitored.

The BDOs stated that as of September 2009, they had submitted DCC bills for Rs.6.83 crore to the Controlling Officers. Cross check of records of VLC[37], however, revealed submission of 16 DCC bills for Rs.7.81 lakh relating to BDO, Khowai by the Controlling Officer to the Accountant General (Accounts and Entitlement), Tripura.

(c) Outstanding advances with Implementing Officers (IOs)

Scrutiny (April 2008 to March 2009) of 13[38] BDOs revealed that out of advances (Rs.11.98 crore) paid to various implementing officers (IOs) for implementation of works/schemes, adjustment of Rs.10.36 crore relating to the period from December 2004 to March 2009 were outstanding as of July 2009.

It was observed that the BDOs had been randomly disbursing advances to the IOs for implementation of various schemes without ascertaining whether adjustments against previous advances were submitted. Time schedules for completion of works wherever fixed, were also not being adhered to. Such random and unmonitored disbursement of advances is fraught with the risk of misuse of Government funds and uncertainty of completion of the works/schemes.

The BDOs stated that as of September 2009, adjustments for Rs.7.27 crore had been submitted by the IOs.

Thus, non-compliance of provisions of financial rules by the BDOs in drawal and disbursement of funds resulted in Rs.17.19 crore[39] remaining undisbursed/unadjusted for four months to more than five years risking misuse including misappropriation of Government money. Besides, random disbursement of advances to implementing officers has also resulted in Rs.10.36 crore remaining outstanding for long periods.

This matter was reported to the Government in August 2009; reply had not been received (October 2009).

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[36] Chowmanu, Mohanpur, Salema, Khowai, Satchand, Jampuijala, Manu, Bakafa, Bishalgarh and Jirania.

[37] Voucher Level Computerisation, maintained in the office of the AG (A&E), Tripura.

[38] Chowmanu, Mohanpur, Salema, Khowai, Jampuijala, Teliamura, Boxanagar, Kakraban, Manu, Mungiakami, Bakafa, Bishalgarh and Jirania.

[39] Rs.1.44 crore + Rs.15.75 crore.

General

CIVIL, POWER AND PUBLIC WORKS DEPARTMENTS

2.15 Outstanding Inspection Reports

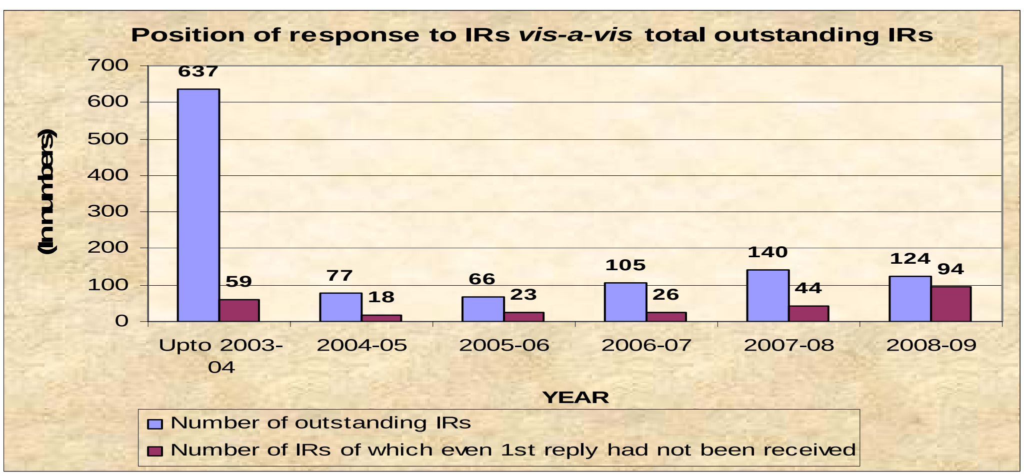
First reply for 264 out of 3,282 Inspection Reports issued during 1991-92 to 2008-09 were not furnished by the Civil, Power and Public Works Departments within the stipulated period.

Audit observations on financial irregularities and deficiencies in maintenance of initial accounts noticed during local audit and not settled on the spot are communicated to the auditee departments and to the higher authorities through Inspection Reports (IRs). The more serious irregularities are reported to the department and to the Government. The Government had prescribed that the first reply to the IRs should be furnished within one month of the date of receipt.

The position of outstanding reports in respect of the Civil and Power Departments is discussed below.

3,282 paragraphs included in 1,149 IRs issued upto 2008-09 were pending settlement as of June 2009. Of these, even the first reply had not been received in respect of 264 IRs in spite of repeated reminders. The year-wise break up of the outstanding IRs and the position of response thereto is given in the chart below:

Chart No. 2.15.1



As a result, the following important irregularities commented upon in these IRs, had not been addressed as of June 2009.

Table No. 2.15.1

Nature of irregularities	Number of cases	Amount involved (*Rupees in crore*)
Excess/Irregular/Avoidable/Unfruitful/Wasteful /Unauthorised/Idle expenditure	92	42.02
Blocking of funds	45	19.26
Non-recovery of excess payments/overpayments	129	18.97
Others	1137	390.99
Total	**1403**	**471.24**

2.15.1 Departmental audit committee meetings

During 2008-09, fourteen Audit Committee meetings were held, in which, 37 IRs and 246 paragraphs were settled.

2.15.2 Outstanding Inspection Reports of Local Bodies

As of September 2009, 186 paragraphs included in 27 IRs issued between 2004-05 and 2008-09 to the local bodies/authorities were pending settlement.

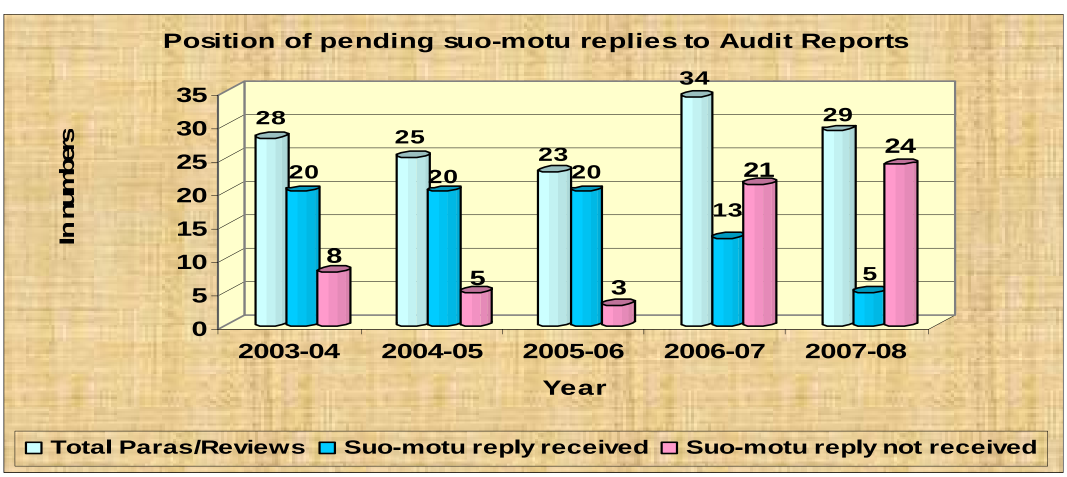
2.16 Follow up action on earlier Audit Reports

2.16.1 Non-submission of explanatory notes

Serious irregularities noticed in audit are included in the Reports of the Comptroller and Auditor General of India (Audit Reports) that are presented to the State Legislature. According to the instructions issued by the Finance Department, Government of Tripura in July 1993, the Administrative departments are required to furnish explanatory notes on the paragraphs/reviews included in the Audit Reports within three months of their presentation to the Legislature.

It was noticed that in respect of Audit Reports from the years 1988-89 to 2007-08, 20 Departments did not submit explanatory notes on 112 paragraphs and 23 reviews as of September 2009. The position of *suo motu* replies during the last five years is shown in the chart below.

Chart No. 2.16.1



The departments largely responsible for non-submission of explanatory notes were Power, Public Works (R&B) and Transport.

2.16.2 Response of the departments to the recommendations of the Public Accounts Committee (PAC)

Finance Department, Government of Tripura issued (July 1993) instructions to all departments to submit Action Taken Notes (ATN) on various suggestions, observations and recommendations made by PAC for their consideration within six months of presentation of the PAC Reports to the Legislature. The PAC Reports/Recommendations are the principal medium by which the Legislature enforces financial accountability of the Executive to the Legislature and it is appropriate that they elicit timely response from the departments in the form of Action Taken Notes (ATNs).

As of September 2009, out of 594 recommendations of the PAC, made between 1988-89 and 2005-06, ATNs in respect of 354 recommendations had been submitted to the PAC, who had discussed these. Of the remaining 240 recommendations, the concerned administrative departments are yet to submit ATNs for 155 recommendations. Of these 74 recommendations were due from two departments (*viz* Public Works Department and Agriculture Department).

2.16.3 Monitoring

The following Committees have been formed at the Government level to monitor the follow up action on Audit Reports and PAC recommendations.

Departmental Monitoring Committee

Departmental Monitoring Committees (DMCs) have been formed (April 2002) by all departments of the Government under the Chairmanship of the Departmental Secretary to monitor the follow up action on Audit Reports and PAC recommendations. The DMCs were to hold monthly meetings and send Progress Reports on the issue every month to the Finance Department.

The details of DMC meetings held during 2008-09 are awaited (September 2009) from the Finance Department.

Apex Committee

An Apex Committee has been formed (April 2002) at the State level under the Chairmanship of the Chief Secretary to monitor the follow up action on Audit Reports and PAC recommendations.

The details of Apex Committee meetings held during 2008-09 are awaited (September 2009) from the Finance Department.