

## Chapter-6

### Safeguarding Resources

Safeguarding resources against loss in any sector is imperative for economical, efficient and effective operations for delivery of goods and services. Given the fiduciary responsibility of the Government it assumes greater significance in public sector. Internal controls to safeguard resources are to be put in place and these are to be doggedly adhered to both in letter and spirit. The internal controls to safeguard resources would entail disciplined structure, robust and transparent procedures and committed personnel operating in a conducive climate to provide good governance.

Issues and instances relating to blatant disregard by the State departmental authorities to safeguard resources of the State against loss noticed during the course of audit are brought out in the succeeding paragraphs.

#### *Irrigation Department*

##### **6.1 Payment without work**

Rule 479(1) of Assam Financial Rules stipulates that the Divisional Officer as the primary disbursing officer of the division is responsible not only for the financial regularity of the transactions of the whole division but also for the maintenance of the transaction correctly and in accordance with the rules in force.

The work, 'Development of Inspection Path on the embankments from Chainage 0 m to 6506 m (Left Bank) and Chainage 6506 m to 8508 m (Right Bank)', was technically sanctioned (November 2006) by the Additional Chief Engineer, Irrigation department for ₹30.39 lakh and was awarded (date not available) to a contractor<sup>8</sup> for ₹17.47 lakh. Test-check of the records revealed that although a bill for the said work amounting to ₹21.39 lakh remained unpassed and unpaid as of July 2009 but cash book of the division depicted (8 February 2007) a payment of ₹10.50 lakh to another contractor<sup>9</sup> (not related to aforesaid work) against the unpassed bill resulting in misappropriation of ₹10.50 lakh. Thus, failure of the Department to carry out the required checks as provided for in rules and codes led to misappropriation of Government money amounting to ₹10.50 lakh. Therefore, an effective accountability mechanism was lacking in the Department and needs strengthening.

*Payment without work led to misappropriation of Government money amounting to ₹10.50 lakh.*

The matter was reported to the Government in October 2009 and March 2010. In reply, Government accepted (November 2009) the observation and stated that action would be taken to recover the said amount from the concerned contractor. Further reply was awaited (August 2010).

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<sup>8</sup> Shri Monohar Ansari.

<sup>9</sup> Shri Gouri Sankar Deka.

## **6.2 Fictitious payment to a contractor, not associated with the work**

Paragraph 309 of APWD Code read with Rule 275 of AFR provides that an advance payment on work actually executed but not measured may be made on the basis of certificate of Sub-divisional officer to the effect that not less than the quantity of work paid for has actually been done.

*Payment to a contractor, not associated with the work for which the payment was made, resulted in fictitious expenditure of ₹35 lakh.*

The work, 'Construction of approach road of colony at Seijusa', was technically sanctioned (TS) (November 2005) by Additional Chief Engineer, Zone-II, Irrigation Department, Tezpur, for ₹36.68 lakh. The work was, however, awarded (February 2005) prior to according TS in two groups (A-32: Shri M. Bhagwati and A-33: M/s Swagata Construction). EE, Irrigation Division, Itakhola paid (March 2005) ₹35 lakh (₹17.50 lakh each), as part payment against two advance bills of Shri M. Bhagawati and M/s Swagata Construction of ₹18 lakh each, to M. Bhagwati according to cash book whereas payment was made to M/s Swagat Construction vide Voucher No.171 dated 19 March 2005 and Hand Receipt No.18 dated Nil against the work 'Removal of silt at Main Canal' and not for the work construction of approach road of colony at Seijusa. The work of silt clearance was however not awarded to M/s Swagata Construction.

Detailed audit check further disclosed that:

- supporting bills did not bear the signature of the contractor in support of their claim and also not routed through Seijusa Sub-Division;
- measurement books were not available in support of payment to contractors;
- mandatory certificate in support of advance payment by the SDO/AEE was not authenticated with official seal;
- contrary to the provisions, advance payment was made on hand receipt and the hand receipt did not bear the official seal of the contractor;
- final adjustment bills were not available even after more than four years of advance payment.

**Thus, non-observation of prescribed checks raises doubts about the effectiveness of the internal control system in place to ensure that no fictitious payment was made by the Department. Weak controls resulted in payment of ₹35 lakh to a contractor for the work, which was not executed by him.**

The matter was reported to Government in October 2009 and March 2010. The Government stated (November 2009) that the payment of ₹35 lakh to one contractor against two bills was due to some mistake. The reply was not tenable as none of the checks prescribed was observed.

### 6.3 Payment of contractor's bills against unauthorized recordings in measurement books

*Payment of contractor's bills against unauthorized recordings in measurement books led to fictitious payment of ₹21.27 lakh.*

According to Assam PWD Manual, payments for work done should be made on the basis of measurements recorded in the measurement book and entries therein should be made in ink.

Test-check of cash book and vouchers pertaining to seven different works<sup>10</sup> of Bordikorai Irrigation Project revealed that seven bills worth ₹21.27 lakh were paid (8 February 2007) by EE, Irrigation Division, Itakhola prior to receipt of the bills (10 February 2007) in the Division (*Appendix-X*). These works were neither put to tender nor were any comparative statements prepared. The measurements were recorded in the measurement book in pencil and not signed by the concerned Site Engineer. By recording the prime data with pencil; the department made the system vulnerable to manipulations and has raised serious question mark on the operational control system prevailing in the Department.

**The fact that such a case of fictitious payment remained undetected for about three years reflects that internal control system was not effective and the oversight mechanism was weak as no checks were exercised by the superiors as part of monitoring mechanism.**

The matter was reported to the Government in October 2009 and March 2010. The Government stated (November 2009) that due to drought like situation in 2006 the work was taken up as an emergency measure and that the measurement book remained unsigned due to oversight of the concerned Junior Engineer and pencil entries in the measurement book were due to his ignorance. The replies were not tenable as it not only violated the codal provisions but also led to fictitious payment of ₹21.27 lakh to contractors. Further reply was awaited (August 2010).

### 6.4 Fictitious expenditure towards non-existent part of canal

*EE, Irrigation division, Itakhola incurred fictitious expenditure of ₹2.50 lakh towards non-existent part of canal.*

For the work, 'Renovation of head regulator at chainage 8,508 metre of main canal' an amount of ₹2.50 lakh was paid to one contractor in February 2007. Test-check of the records in respect of work of renovation of head regulator of main canal of Bordikorai Irrigation Scheme revealed that the actual length of the main canal was only up to 8,459 metre and not 8,508 metre. Therefore, renovation of head regulator at chainage 8,508 metre was a physical impossibility.

<sup>10</sup> (i) River Diversion to feed water to Main Canal Ch. 90-180, (ii) River Diversion to feed water to Main Canal Ch. 0-90, (iii) Removal of Silt & debris from the Bed of Main Canal Ch 8180-8345, (iv) Removal of Silt and debris from the bed of Main Canal Ch.6130M- 6740M and Ch.8345M-8508M, (v) Removal of deposited silt from the bed of Main Canal Ch.4980 to 5010 M, (vi) Removal of Silt deposited with debris from the bed of Main Canal Ch. 6145M-6280M and (vii) Removal of Silt and debris from bed of Main Canal Ch. 6280M-6460.

**Awarding of fictitious work and payment thereagainst was reflective of failure of internal controls at each level, starting from sanction; notice inviting tender; appraisal of bids; award of work; execution of work and its supervision and required evidencing in documents like bills, measurement books; and finally, payment. Such failures indicate a nexus of authorities at various levels and do not bode well for good governance.**



*Bordikorai Irrigation Scheme*

The matter was reported to the Government in October 2009 and March 2010. The Government stated (November 2009) that the length of the main canal was 8,508 metre. The reply was not tenable as not only the revised project report showed the total length of the main canal as 8,459 metre, even the approved index map of Bordikorai Irrigation Scheme showed the total length of the main canal as 8,459 metre.