

CHAPTER II

AUDIT OF TRANSACTIONS

Fraudulent drawal/misappropriation/embezzlement/loss

SOCIAL WELFARE DEPARTMENT

2.1 Suspected fraudulent payment

₹ 1.07 lakh was remitted to a non-existent school at Bahadarabad (Haridwar).

Under Scheduled Caste/Scheduled Tribe (SC/ST) and Minority Scholarship Scheme, Social Welfare Department sanctions grants for scholarship @ ₹ 25 and ₹ 40 per month to SC/ST students¹ of class I to V and class VI to VIII respectively and ₹ 300, ₹ 480 and ₹ 720 per annum to minority students² of class I to V, class VI to VIII and class IX to X respectively. The scholarship is released on the basis of a demand letter from the school, duly countersigned by Khand Shiksha Adhikari and Upper Zilla Shiksha Adhikari/Zilla Shiksha Adhikari.

Scrutiny of records (December 2008) of the District Social Welfare Officer (DSWO), Haridwar revealed that under the above scholarship scheme, a total amount of ₹ 1.07 lakh (₹ 85,200 vide cheque No. SC 759187 dated 03 December 2007 and ₹ 21,600 vide cheque No. MT 291171 dated 24 March 2008) was remitted during 2007-08 to a primary school, Gyan Bharti Shiksha Sadan, at Bahadarabad (Haridwar) for which no Utilization Certificate (UC) was obtained (March 2010). The school had been granted temporary recognition upto June 1992, which had not been renewed since. On the initiative taken by audit to establish the validity of remittance, Up-Khand Shiksha Adhikari, Bahadarabad inspected the site (January 2009) and found that the school in question was not in existence.

Audit investigation further revealed that the remittance was made on the basis of lists of SC/ST and minority students of the school countersigned by the officers of Education Department. However, neither was there a system of verifying the signatures of the officers of the Education Department and nor was the list verified by the department as it did not have the certified signatures or a data base of beneficiaries. It was further noticed that the cheque for the amount of ₹ 85,200 was issued to Principal, Gyan Bharti Shiksha Sadan, Bahadarabad by designation only without obtaining the account number of Shiksha Nidhi Bank Khata of the school in which scholarship money received from Social Welfare Department, was to be deposited.

¹ With no income limit for guardians.

² With monthly income limit of ₹ 1,840 for guardians of rural area and ₹ 1,975 for guardians of urban area.

On this being pointed out, DSWO replied that UC was not obtained because the school was situated in a far flung area. DSWO admitted that data bank was not established for cross checking the validity of school and beneficiary students of various categories. DSWO also accepted that cheque for ₹ 85,200 was issued without obtaining Shiksha Nidhi Bank Account Number. At the instance of audit, it was also stated that steps to have certified signatures of the officers of Education Department would be taken up.

The reply is not tenable as the location of the school was hardly at a distance of 3-4 km away from DSWO's office at Roshnabad and could be easily approached. Moreover, non-maintenance of certified signatures of the officers of Education Department and appropriate data bank of beneficiaries and release of funds without cross verification of validity of schools by the DSWO was the root cause for the case and was fraught with the possibility of more funds being misappropriated, which in the instant case had resulted in an amount of ₹ 1.07 lakh having been remitted on account of scholarship to a school which was not in existence.

It is recommended that the Social Welfare Department should urgently review the procedure of sanction and release of its fund in order to plug loopholes which could result in the funds being misutilised or misappropriated.

The matter was referred to the Government (June 2010); reply was awaited (November 2010).

Infructuous/wasteful/unfruitful/excess expenditure

EDUCATION DEPARTMENT

2.2 Unfruitful expenditure on school building

Construction of a school building on forest land without prior permission from Forest Department resulted in stoppage of work and unfruitful expenditure of ₹ 70 lakh.

Section 2(ii) of the Forest (Conservation) Act, 1980 provides that- 'Notwithstanding anything contained in any other law for the time being in force in a State, no State Government or any other authority shall make, except with the prior approval of the Central Government, any order directing that any forest land or any portion thereof may be used for any non-forest purpose'.

Government of Uttarakhand granted (December 2005) Administrative approval and Financial sanction of ₹ 70 lakh for construction of building for Government Higher Secondary School, Nail Sankari (Chamoli) and a sum of ₹ 30 lakh was released (January 2006) by District Education Officer (DEO), Chamoli to a construction agency³ as first installment. The sanction envisaged that the site

³ Uttar Pradesh Rajkiya Nirman Nigam.

should be inspected before start of work. Second installment of ₹ 40 lakh was also released in January 2007 whereas only ₹ 20.20 lakh out of ₹ 30 lakh was spent by the construction agency.

Scrutiny of records (September 2009) of the Finance and Accounts Officer (FAO), under administrative control of DEO, Chamoli, revealed that prior approval for the use of forest land to construct the school building was not obtained from the Forest department as envisaged in the Forest (Conservation) Act, 1980.

Scrutiny further revealed that a proposal for transfer of Civil Forest land measuring 0.802 hectare at village Sankari was submitted (January 2008) belatedly after two years from the receipt of Administrative and financial sanction from the Government, by DEO to Nodal Officer and Chief Conservator of Forest, Land Survey Directorate, Dehradun. The work was started by the construction agency on forest land in January 2006 without obtaining the clearance from the Forest Department.

Deputy Conservator of Forest (DCF), Kedarnath Wildlife Division, Gopeshwar inspected (January 2009) the site and found that the school building was under construction on forest land and ordered that the work be stopped immediately. DCF, in February 2009 enquired the DEO about the school building being constructed violating the provisions of the Forest (Conservation) Act, 1980. In response, the DEO stated (March 2009) that no order for construction of the building on forest land was given by him.

On this being pointed out, DEO replied that neither the site was inspected before start of work, nor monitoring of the work was done.

The reply is not acceptable as the statement given by the DEO, that no order for construction was given by him, was factually incorrect as the DEO had released the first installment to the construction agency.

A total expenditure of ₹ 70 lakh had been incurred (June 2010) on the incomplete school building. Meanwhile, a revised estimate (RE) for ₹ 93.54 lakh was sanctioned (January 2010) by the Department despite the fact that the clearance from Forest Department was awaited (June 2010). Even after a lapse of more than four years after start of work, the department failed to obtain clearance from Forest Department and the work was at a stand still (December 2010).

Thus, construction of a school building on forest land without prior permission from Forest Department in violation of Forest (Conservation) Act, 1980 and lackadaisical approach of the department like non-inspection of site, non-monitoring of work done, resulted in an unfruitful expenditure of ₹ 70 lakh.

The matter was referred to the Government (September 2010); reply was awaited (November 2010).

PUBLIC WORKS DEPARTMENT

2.3 Excess expenditure due to wrong selection of quarry

Carriage from distant quarry and allowing higher hill rates for plain areas resulted in an excess expenditure of ₹ 34.93 lakh.

Government of Uttarakhand accorded sanction (September 2006) of ₹ 195 lakh and ₹ 306.80 lakh for renewal of internal roads of Tanakpur city and Champawat city respectively.

Audit scrutiny (November 2009) of the records of the Executive Engineer (EE), Provincial Division, Public Works Department (PWD), Champawat revealed that:

(i) The estimate for renewal of internal roads of Tanakpur city was prepared by selecting Lalkuan quarry (94 km away from Tanakpur) as the source for 'stone aggregates' whereas another quarry was available in Tanakpur itself, within a radius of 20 km from the work sites. The notified cartage rate of 'stone aggregates' between Lalkuan and Tanakpur was ₹ 615 per cum while the cartage rate within Tanakpur worked out to ₹ 159 per cum. This led to avoidable enhancement of cartage rate by ₹ 456 per cum (*Appendix -2.1*) and resulted in an excess payment of ₹ 19.33 lakh as per the details given in table below:

Table-2.3.1

Sl. No.	Item of work	Executed quantity	Rate of stone aggregates	Total Stone aggregates required	Excess rate (₹) per cum	Excess Amount ₹ in lakh
1.	Bituminous macadam (BM)	2,118.694 cum	1.42 cum per cum	3,008.54 cum	456	13.72
2.	Semi dense bituminous concrete (SDBC)	946.478 cum	1.30 cum per cum	1,230.42 cum	456	5.61
Total						19.33

(ii) Similarly, the estimate for renewal of internal roads of Champawat city was prepared taking into account Lalkuan quarry (169 km) as the source for 'stone aggregates' instead of the nearest quarry at Tanakpur, which is just 75 km away from Champawat. Even if additional margin of 25 km for local cartage to site at Champawat is taken into account, the distance works out to less than 100 km. Thus, selecting Lalkuan quarry for 'stone aggregates' instead of the closest quarry at Tanakpur led to avoidable enhancement of cartage rate of 'stone aggregates' from ₹ 643.95 per cum to ₹ 1,081.95 per cum (*Appendix -2.1*) resulting in excess payment of ₹ 15.60 lakh as per the following details:

Table-2.3.2

Sl. No.	Item of work	Executed Qty.	Rate of Stone aggregates	Total Stone aggregates required	Excess rate (₹) per cum	Excess Amount ₹ in lakh
1.	BM	1,745.78 cum	1.42 cum per cum	2479.00 cum	438	10.86
2.	SDBC	832.79 cum	1.30 cum per cum	1,082.62 cum	438	4.74
Total						15.60

On this being pointed out, the EE stated that a number of works were going on and large quantity of Grit was required, therefore, supply was taken from Lalkuan quarry. The reply was not convincing as the quantity of stone aggregate utilized in all ongoing works⁴, including the cited works, was very small⁵ as compared to the quantity extracted⁶ from Tanakpur quarry.

Thus, carriage from distant quarry and allowing higher hill rates for plain areas resulted in an excess payment of ₹ 34.93 lakh (₹ 19.33 lakh+ ₹ 15.60 lakh).

The matter was referred to the Government (May 2010); reply was awaited (November 2010).

2.4 Unfruitful expenditure due to poor quality control

Due to lack of quality control and supervision, the division incurred an unfruitful expenditure of ₹ 2.03 crore on a defective and incomplete bridge.

Government of Uttarakhand sanctioned (December 2004) ₹ 2.32 crore for construction of a 3 km road along with 84 metre span steel girder motor bridge over Tonse River in km 1 of Mori-Mautar motor road under Special Component Plan (SCP). Technical sanction of ₹ 2.29 crore for the 84 metre span steel girder bridge was accorded by Chief Engineer (Garhwal Region), PWD, Pauri in December 2005.

Scrutiny of the records (June 2009) of the Executive Engineer (EE), Construction Division, PWD, Purola (Uttarkashi) revealed that the department entered into an agreement with Hillways Engineering Company, Rishikesh for construction of the 84 metre span bridge (February 2006) for ₹ 2.11 crore with the stipulated date of completion as February 2007.

As per clause 8 of General Public Works No. 9 (GPW-9) of agreement, a bill was to be submitted by the contractor each month on or before the date fixed by the Engineer-in-Charge for all works executed in the previous month and the Engineer-in-Charge was to take requisite measurement for verifying the

⁴ Total ongoing works – 21 (19 other works and 2 cited works).

⁵ Quantity utilized for 19 works = 17,581.14 cum and
quantity utilized in cited works = 7,800.58 cum
Total = 25,381.72 cum.

⁶ Total quantity extracted from Tanakpur quarry = 5,70,384.63 cum.

admissibility of claim. Further, it was mentioned in clause 6 of GPW-9 that during measurement, if it is found that there are certain visible defects to be resolved, the certificate to be granted by the Engineer-in-Charge shall specifically mention the details of the visible defects along with the estimate of the cost for removing these defects. The final certificate of completion of work shall be given after the visible defects pointed out have been removed.

The Engineer-in-Charge failed to point out any defects at the time of taking measurements and 96 *per cent* of bond amount i.e. ₹ 2.03 crore was paid (March 2008) to the contractor. However, during an inspection by the Technical Audit Committee (TAC) in March 2009, the following serious defects were noticed:

- 6,000 rivets had not been fixed due to mismatch of holes which affected the load bearing capacity of the bridge ;
- neither bolting work had been completed nor support removed; and
- bow shaped bending of 26 cm in the bottom cord towards down stream due to the defective work done by the contractor (as indicated in the photograph below) was also pointed out by the TAC advising (March 2009) that payment for the work should be made only after rectification was done by the contractor.



Incomplete and defective bridge over Tonse River

The above facts had previously also emphasized by the Chief Engineer, Level-I, who directed that structural steel and riveting work be tested and the proof checking of the structural design be conducted afresh by some reputed agency (January 2009). Accordingly, the safety and stability of the bridge was examined (December 2009) by a professor of Civil Engineering Department of IIT Roorkee. He concluded in his report that the bridge should not be used in the present state especially in view of the large number of missing rivets in the connections at joints and recommended re-assembling of the bridge.

Further information collected (October 2010), revealed that the work remained incomplete as the contractor had not rectified the defects and the department finalized the agreement (August 2010) by debiting ₹ 1.66 crore to Miscellaneous

Advances⁷ against the contractor. This showed that the department did not take appropriate timely action against the contractor for defective work which was injudiciously measured, accepted and paid for. Since the defective structure was unsafe, the Engineer-in-Charge should have ensured proper riveting and bolting of the bridge prior to making payment. The unsafe structure was lying idle depriving the villagers of connectivity.

On this being pointed out, the department accepted the audit observation and stated that the bridge was unsafe to be used as it could develop secondary stress due to defective shape since joints had inadequate rivets.

Thus, due to poor monitoring and lack of quality control & supervision at various levels and releasing major part of payment without getting the defects removed by the contractor, the division incurred an unfruitful expenditure of ₹ 2.03 crore on construction of an incomplete and defective bridge. Further, since the defects were such that they could be easily detected, Government should investigate the matter and initiate action against the officers responsible for the lapse.

The matter was referred to the Government (June 2010); reply was awaited (November 2010).

2.5 Unfruitful expenditure on an incomplete road

Suspension of road work due to work being carried out without having clear title of disputed land, deprived connectivity to intended population and resulted in unfruitful expenditure of ₹ 102.58 lakh.

Government of Uttarakhand accorded administrative and financial sanction (February 2004) of ₹ 153 lakh for construction of 11 km of Balli-Mathana-Simlana motor road in District Pauri Garhwal to provide connectivity to six villages⁸ having no alternate transport connectivity. Technical Sanction for ₹ 103.38 lakh was accorded (September 2005) by Chief Engineer (CE), P.W.D. Garhwal Region, Pauri with stipulation that the work must commence only after transfer of forest land.

Scrutiny of records (September 2009) of Executive Engineer (EE), Construction Division, PWD, Dugadda and further information collected (June 2010) revealed that after incurring an expenditure of ₹ 53.74 lakh on construction of first 6 km of road, the department cancelled (December 2007) 16 agreements awarded in November 2005 for construction of road in km 7 to 11. The work could not be taken up due to dispute on alignment with villagers and non-obtaining of clear title of land from Forest Department, resulting in non-availability of land.

⁷ An amount, which could not be recovered immediately by the department, was debited to this suspense head.

⁸ Balli, Chaudali, Maiti, Sadaldhar, Mathaja and Mathana.

It was further noticed that expenditure debited to the work upto April 2010 was ₹ 102.58 lakh⁹ including payments to Forest Department. The expenditure incurred¹⁰ on hillside cutting of first 6 km and payments¹¹ made to Forest Department remained unfruitful as work was suspended half way, depriving people of the only proposed connectivity.

On this being pointed out, the EE replied that work for the remaining length could not be taken up due to dispute in alignment and non availability of Forest land. The reply was not acceptable as the work should have been taken up only after obtaining clear title of the land as emphasized by CE at the time of according technical sanction.

Thus, the expenditure of ₹ 102.58 lakh on construction of road remained unfruitful as the work was suspended halfway and could not be used by the intended population even after a lapse of more than five years.

The matter was referred to the Government (May 2010); reply was awaited (November 2010).

UTTARAKHAND PEYJAL NIGAM

2.6 Unfruitful expenditure on construction of sewer lines

In absence of sewerage treatment plant (STP), expenditure of ₹ 97.51 lakh incurred on construction of sewer lines remained unfruitful.

Government of Uttar Pradesh accorded financial sanction (April 1999) and technical & financial appraisal clearance was accorded (May 2002) by the Chief Engineer (Garhwal), Jal Nigam for ₹ 99.58 lakh for laying 2,628 metre sewer line with four units of septic tanks in Vijay Colony, Dehradun under Urban Sewerage Scheme. Accordingly, Government released ₹ 99.58 lakh in four installments to Peyjal Nigam (₹ 10 lakh on 05 April 1999; ₹ 30 lakh on 17 April 1999; ₹ 16 lakh on 28 April 2004 and ₹ 43.58 lakh on 06 November 2004).

Scrutiny of records (August 2009) of the Executive Engineer (EE), Uttarakhand Peyjal Sansadhan Vikas Evam Nirman Nigam (UPSVNN), Doon Shakha, Dehradun, revealed that the work for laying of Sewer lines had been awarded to contractors in three phases (from June 2003 to July 2005) and was completed by August 2005. A total expenditure of ₹ 97.51 lakh was incurred on laying of 2,630 metre sewer lines. The remaining work *viz*; construction of septic tank was not taken up due to non availability of 1,950 sqm land. Further, scrutiny of records (May 2010) revealed that due to change in technology in the intervening period, the Nigam proposed to replace provision of septic tanks with STP having 0.42

⁹ ₹ 73.43 lakh as per Monthly Account of April 2010 + ₹ 29.15 lakh as per information collected from Forest Department.

¹⁰ ₹ 53.74 lakh to contractors.

¹¹ ₹ 29.15 lakh paid to Forest Department and ₹ 19.69 lakh for other petty works.

MLD¹² capacity at an estimated cost of ₹ 93.60 lakh. As the process of construction of new STP was yet to start (June 2010), the sewer lines laid five years ago could not be utilized due to non completion of STP and as a result, the sewer connections could not be given to the beneficiaries and residents used either individual septic tanks or/and discharged their municipal waste in the river Bindal through open drains.

On this being pointed out by audit, the EE stated that the land proposed for septic tank etc, in the estimate could not be finalized and 2,630 metre of sewer lines laid earlier would now to be connected with the STP proposed to be constructed under the JnNURM¹³ scheme. The new project is expected to be completed by 2012.

The reply of EE confirmed that the expenditure of ₹ 97.51 lakh incurred on laying of 2,630 metre sewer lines remained unfruitful for more than five years and is likely to remain so for at least two years, depriving the intended beneficiaries of the facility for seven long years.

The matter was referred to the Government (August 2010); reply was awaited (November 2010).

Undue favour to contractors/avoidable expenditure

PUBLIC WORKS DEPARTMENT

2.7 Avoidable expenditure due to use of costlier material

Overlooking of IRC specifications and use of costlier material resulted in avoidable expenditure of ₹ 42.78 lakh.

Government of Uttarakhand sanctioned (September 2006) ₹ 9.49 crore under Twelfth Finance Commission (TFC) for reconstruction and repair of Purola-Jarmola motor road, Mori-Naitwar-Sankri motor road, Mori-Khunigad motor road and approach roads to Inspection House and office at District Uttarkashi, using bituminous macadam (BM) and semi dense bituminous concrete (SDBC). The technical sanction for the same was accorded by the Superintending Engineer (SE), Uttarkashi (November 2006).

Scrutiny of records (June 2009) of the Executive Engineer (EE), Construction Division, Purola (Uttarkashi) revealed that as per approved estimates, a layer of 5 cm of BM and 2.5 cm of SDBC was to be laid after applying tack coat¹⁴ for each of the layers as tack coat prepares the existing road surface for superimposition of BM/SDBC. However, BM and SDBC were laid in excess as compared to the area covered by tack coat (2,43,181 sqm) as tabulated below:

¹² Million litre per day.

¹³ Jawaharlal Nehru National Urban Renewal Mission.

¹⁴ This consists of application of a single coat of low viscosity liquid bituminous material.

Table- 2.7.1

Sl. No.	Item of Work	Quantity actually laid (in cum)	Quantity required (in cum)	Excess Quantity laid (in cum)	Rate per cum (in ₹)	Amount (in ₹)
1.	BM*	6,846.79	6,383.50 ¹⁵	463.29	7,979	36,96,590.91
2.	SDBC	3,235.99	3,039.76 ¹⁶	196.23	9,509	18,65,951.07
Total						55,62,541.98
Less: Premix Carpet			9,265.80 sqm ¹⁷	NIL	149.25	13,82,920.65
						41,79,621.33
Add : 2.35 per cent above as per condition in contract						98,221.10
Total paid in excess						42,77,842.43

**Including 5 per cent provision for undulation as proposed by the department.*

Thus, 463.29 cum of BM was excessively used and department could have saved excess expenditure of ₹ 23.14 lakh¹⁸ on BM by using Premix Carpet (PC) as Profile Corrective Course (PCC). Moreover, there was no reason to lay excess SDBC of ₹ 18.66 lakh after levelling the surface by laying BM. Hence, department had incurred avoidable expenditure amounting ₹ 42.78 lakh.

On this being pointed out, the EE replied that the proposed roads were badly damaged and surface was undulated heavily as renovation work was not taken up from many years, hence excess quantity of BM and SDBC was used. The reply of the EE was not acceptable as the provision for undulation was already made in the estimates and the Indian Road Congress (IRC) Specification¹⁹ clearly states that if the existing base is extremely irregular and wavy, it may be considered worthwhile to lay a bituminous leveling course as Profile Corrective Course (PCC) of adequate thickness to avoid an excessive use of the costly surface course.

Thus, overlooking of IRC specifications by laying excess quantity of costlier material (BM and SDBC) in place of suitable economical bituminous layer of Premix Carpet as PCC, resulted in avoidable expenditure of ₹ 42.78 lakh.

The matter was referred to the Government (May 2010); reply was awaited (November 2010).

¹⁵ BM: $2,43,181 \div 2 \times 0.05 + 5\%$ of the quantity of laid BM = 6,383.50 cum.

¹⁶ SDBC: $2,43,181 \div 2 \times 0.025 = 3,039.76$ cum.

¹⁷ $463.29 \div .05 = 9,265.80$ sqm (volume ÷ thickness = Area).

¹⁸ ₹ 36.97 lakh (for excess BM) - ₹ 13.83 lakh (for laying PC as profile corrective course @ ₹ 149.25 per sqm; $9,265.80 \times 149.25 = ₹ 23.14$ lakh).

¹⁹ Para 6.1 of IRC : 95-1987.

2.8 Undue advantage to contractor due to faulty rate analysis

Faulty rate analysis resulted in undue advantage of ₹ 1.20 crore to a contractor.

Government of Uttarakhand sanctioned a sum of ₹ 10.59 crore (September 2006) under Twelfth Finance Commission (TFC) for strengthening of Lansdowne–Gumkhal–Chelusain motor road (km 1 to 32.6) and a sum of ₹ 10.89 crore and ₹ 10.67 crore (December 2006) respectively under State Plan Scheme for improvement and strengthening of Deriyakhal–Chundai–Rikhinikhal motor road (km 1 to 25 and km 26 to 49 respectively).

Scrutiny of the records (June 2009) of Executive Engineer (EE), Provincial Division, Public Works Department (PWD), Lansdowne revealed that contractor profit (CP) @ 10 per cent was allowed twice; first, at the time of collection of material such as grit, stone dust and bitumen, and again at the time of preparing rate analysis for bituminous macadam (BM) and semi dense bituminous concrete (SDBC). This inflated the rates for BM and SDBC as would be evident from *Appendix –2.2*. These inflated rates formed the basis for higher rates in the agreement which resulted in excess expenditure as shown below:

Table 2.8.1

Item of Work	Detailed estimated rate (By Deptt.) (in ₹)	Tendered rates (in ₹)	Agreement rate (in ₹)	Rate analysed by audit* (in ₹)	Difference (in ₹) (4-5)	Quantity executed (cum)	Excess expenditure (₹ in lakh)
1	2	3	4	5	6	7	8
1.Lansdowne Gumkhal– Chelusain Motor Road (2% above the tendered rate as per agreement for column 4 and 5)							
B.M	5,958	6,120	6,242	5,717	525	8,055.170	42.29
SDBC	7,670	7,880	8,038	7,326	712	3,200.569	22.79
Total (A)							65.08
2.Deriyakhal-Chundai-Rikhinikhal Motor Road(3.5% above the tendered rate as per agreement for column 4 and 5)							
B.M	6,294	6,206	6,423	6,117	306	5,997.65	18.35
SDBC	8,185	8,019	8,300	7,904	396	2,721.69	10.78
Total (B)							29.13
3.Deriyakhal-Chundai-Rikhinikhal Motor Road(4.5% above the tendered rate as per agreement for column 4 and 5)							
B.M	6,532	6,413	6,702	6,404	298	5,609.07	16.72
SDBC	8,413	8,222	8,592	8,217	375	2,532.02	9.50
Total (C)							26.22
Grand Total (A+B+C)							120.43

*Audit has allowed contractor profit on material only once at the time of procuring material by contractor.

On this being pointed out in audit, the EE replied that additional provision was made on the assumption of frequent increases in the rates of maxphalt and other material. The reply is not acceptable as the departmental rates should be based on either Departmental Schedule of Rate or Indian Road Congress/Ministry of Road Transport and Highways (IRC/MORTH) specifications as per prevailing procedure in the state. Hence, the department should have prepared detailed estimates accordingly as these rates become the basis for floating tenders. The contractor is free to access the market trend and quote higher/lower rates than that of departmental rates.

Thus, faulty rate analysis resulted in undue advantage of ₹ 1.20 crore to contractor.

The matter was referred to the Government (May 2010); reply was awaited (November 2010).

2.9 Undue benefit to contractor due to acceptance of single tender

Acceptance of a single tender at rates higher than the departmental rates resulted in undue benefit of ₹ 88.58 lakh to a contractor.

As per Government instructions issued in May 2002, major works (works having expenditure sanction above ₹ 40 lakh) should be executed on the basis of Two Bid System under National Competitive Bidding. For this purpose, Notice Inviting Tenders (NIT) should be published in at least two widely circulated newspapers (one national and one regional) twice for its wide publicity.

Scrutiny of records (November 2009) of the Executive Engineer (EE), Temporary Division (TD), PWD, Gaucher (Chamoli) revealed that the Government of Uttarakhand sanctioned (June 2005) ₹ 3.72 crore under IRQP²⁰ for reconstruction and improvement of Karanprayag-Nauti-Kirsal motor road (km 1 to 25). The technical sanction (TS) was accorded (11 May 2006) for the same amount for 20.640 km only.

Tenders for the said work were invited on 19 January 2006. NIT for the work was published in only one regional newspaper on 01 February 2006, even before obtaining the technical sanction (May 2006) with the result the department received a single tender from a contractor which was 35 *per cent* above the departmental rates mentioned in Schedule B.

The tender advisory committee (TAC) comprising of Chief Engineer (CE), Garhwal Region and Superintending Engineer (SE) recommended (20 May 2006) acceptance of the tender at rates which were 35 *per cent* higher than the departmental rates (announced in the same month in which technical sanction for the work was accorded). Finally, only 16.350 km of the road work was executed by the contractor against the length of 20.640 km for which the TS was accorded. The final bill for the work was settled in July 2009 and the contractor was paid an amount of ₹ 3.42 crore which included an extra amount of ₹ 88.58 lakh paid due to acceptance of tender at 35 *per cent* higher rates.

Absence of wide publicity and award of the contract on a single tender basis was in clear violation of the Government instructions issued (May 2002) and the instructions issued (September 2006 and April 2008) by the Chief Engineer (CE), Level-I stipulating that work should not be awarded on a single tender basis, if it was received at a higher rates and the contractor did not agree to reduce the rate upto the justified amount, the tender should be rejected and recalled. Moreover,

²⁰ Improvement of riding quality programme.

by publishing the NIT in only one regional newspaper, the department received and accepted a single tender at higher rates despite the fact that it had sufficient time to cancel and recall tenders as the single tender was opened (05 April 2006) after 75 days from the date of calling tenders and the department entered into an agreement (27 June 2006) after 158 days from the date of calling the tender.

On this being pointed out, the EE replied that due to the increasing trends in rates of materials, the tenders were not cancelled and recalled. The reply was not acceptable as price bid in which the contractor had quoted 35 *per cent* above the departmental rates was opened on 27 April 2006 and accepted by the TAC and just after 14 days, the detailed estimate was sanctioned²¹ (11 May 2006) in which rates of materials were lower. Moreover, in the absence of wide publicity, the department could not explore the possibility of obtaining competitive rates which would have benefited the Government.

Thus, the acceptance of a single tender at rates higher than the departmental rates in an unjustified manner and constructing the motor road in reduced length, resulted in undue benefit of ₹ 88.58 lakh to the contractor.

The matter was referred to the Government (August 2010); reply was awaited (November 2010).

2.10 Undue benefit to contractor due to unjustified rates

Justification of unreasonable rates resulted in undue benefit of ₹ 21.81 lakh to contractor.

Government of Uttarakhand sanctioned (September 2006) ₹ 7.65 crore for the renewal of Lohaghat-Pancheshwar motor road, Lohaghat-Barakot motor road and Lohaghat-Mayawati motor road under TFC with bituminous macadam (BM) and semi dense bituminous concrete (SDBC).

Scrutiny of the records (March 2010) of the Executive Engineer (EE), Construction Division, PWD, Lohaghat (Champawat) revealed that tenders were invited (April 2006) before Administrative and Financial approval (September 2006) and technical approval (October 2006). A single tender was received (May 2006) and the department entered into an agreement (October 2006) at 25 *per cent* above the departmental rates, justified and advised by the Tender Advisory Committee (TAC). It was clear from the above facts that due process was not followed by the department while selecting the contractor because in the tendering process, competitiveness and fairness must be ensured to secure best value for money. Moreover, the 25 *per cent* hike on departmental rate was unreasonable as the tendered and agreed rate of bitumin was ₹ 29,352.50²² per MT, whereas the contractor was issued bitumin from the departmental store at the

²¹ Detailed estimate was sanctioned i.e. TS was obtained.

²² ₹ 23,482 + ₹ 5, 870.50 (25 *per cent*).

rate of ₹ 26,922²³ per MT for the same work. The excess rate ₹ 2,430.50 per MT of bitumin benefited the contractor by ₹ 21.81 Lakh (*Appendix –2.3*).

On being pointed out, the EE replied that the rates were justified by the competent higher authority.

The reply was not reasonable as departmental issued rates in August 2007, were far less than that were justified in October 2006.

Thus, justification of unreasonable rates resulted in undue monetary favour to the contractor.

The matter was referred to the Government (July 2010); reply was awaited (November 2010).

Idle investment/idle establishment/blocking of funds/delay in commissioning equipment/diversion/misutilisation

EDUCATION DEPARTMENT

2.11 Damage to library books and blocking of funds

Lack of proper planning in shifting of library premises led to damage to books worth ₹ 25.89 lakh and blocking of funds to the tune of ₹ 12.10 lakh.

Government District Library, Gopeshwar (Chamoli) having 40,398 books²⁴, had been running on the first floor of departmental building since 1965. The building was declared (November 2006) unsafe due to damage by earthquake in 1999.

Scrutiny of the records (August & September 2009) of Finance and Accounts Officer (FAO), Gopeshwar revealed that Government of Uttarakhand sanctioned (March 2007) ₹ 72.10 lakh to District Education Officer (DEO), Chamoli for construction of library building at the same site. First installment of ₹ 12.10 lakh was released (April 2008) to construction agency²⁵ for initiating construction.

It was noticed that construction work had not started till date (May 2010). Further scrutiny revealed that DEO had vacated possession of the damaged building in September 2007 and shifted 11,144 books²⁶ to the reading room of the local municipality for public reading and the remaining 29,254 books valued at ₹ 25.89 lakh were dumped in almirahs and jute sacks in Government District Library, Chamoli (Gopeshwar). These books were lying unattended in moisture and were being eaten up by insects.

²³ Bitumin issued at the rate of ₹ 4,200 per drum, which is equal to ₹ 4,200 X 6.41 (1 MT=6.41 drum) = ₹ 26,922 per MT on the basis of August 2007 departmental issued rates.

²⁴ Value: ₹ 38.30 lakh.

²⁵ Uttaranchal Peyjal Sansadhan Vikas Evam Nirman Nigam.

²⁶ Value: ₹ 12.41 lakh.

On being enquired about the fate of the books and the reasons for construction work not starting even after lapse of more than two years of release of funds, the FAO intimated (September 2009 and May 2010) that work could not start as ground floor of the building was occupied by the District Information Office (DIO) since 1965 and it was not vacated despite repeated requests in writing. It was accepted that the books dumped in almirahs and sacks were on the verge of getting damaged due to rain-water, insects and rats. The reply supports the audit finding that the department, not only released the fund prematurely without having a clear construction site, but also mis-managed the shifting of the library.

Thus, lack of proper coordination and proper planning in shifting of the library premises not only resulted in depriving the readers of the benefit of access to books (valued at ₹ 25.89 lakh), which are on the verge of being permanently destroyed, but also blocking of funds amounting to ₹ 12.10 lakh.

The matter was referred to the Government (June 2010). The Government accepted (October 2010) that only 11 thousand books were being used and 30 thousand books were dumped.

MEDICAL, HEALTH AND FAMILY WELFARE DEPARTMENT

2.12 Non-utilization of life saving machines/equipment

Non-utilization of life saving machines/equipment worth ₹ 85 lakh, procured more than four years ago, not only deprived the patients of the intended benefit but also resulted in deterioration in operational condition of the equipment.

To enhance the coverage of medical facilities and its quality, an autonomous Chikitsa Prabandhan Samiti (CPS) was formed by the Government in 2002-03 with the objectives of maintenance, repair and operation of equipment received from Government and purchase of fresh equipment as per requirement. The Prabandh Karyakarini Samiti (PKS) of CPS was to appoint medical/paramedical staff and engage services on short term contracts for smooth running of medical institutions, with the permission of Sanchalak Mandal (SM) and to organize training and workshops for doctors and staff. While SM was to meet every three months, PKS was required to meet compulsorily at least once a month.

During audit (August 2009) of office of the Chief Medical Superintendent (CMS), Jawaharlal Nehru District Hospital, Rudrapur (Hospital), Udham Singh Nagar, it was found that:

- total 12 number of life saving machines/equipment of 9 categories²⁷ worth ₹ 85 lakh were supplied to the hospital between December 2005 and May 2006 by the Director General, Medical Health and Family Welfare, Uttarakhand, Dehradun;



Unutilized equipment

- above equipment were neither installed nor made operational till date (May 2010) and were lying unutilized in the hospital;
- CPS had neither arranged any training nor tried to appoint medical/para-medical staff on contract for operating the equipment²⁸;
- posting of specialists²⁹, capable of operating equipment like Neonatal, TMT, ICU ventilators, Diathermy unit, RO Plant and Haemodialysis were not made even after creation of the posts;
- 1,355 patients with medical problems in which these machines/equipment could have been used, had been referred (April 2006 to July 2009) elsewhere due to non-operation of machines;
- warranty period of three years of the above equipment had already expired; and
- PKS had not held any meeting in this regard and nor was there anything on record to suggest that any instructions were issued in this regard by SM.

Ignoring the objectives of constituting CPS and flouting of Government's directions, resulted in the general public being deprived of the benefits of available life saving machines worth ₹ 85 lakh. Operational condition of these idle machines/equipment was deteriorating due to passage of time and the warranty period was already over.

On this being pointed out, CMS accepted (December 2009) the above facts and stated that:

- due to lack of sufficient space and shortage of technicians, the equipment were not installed;
- the required training was not imparted to the staff due to shortage of staff;

²⁷ Neonatal Ventilator – 02; Diathermy Unit – 01; TMT – 01; ICU Ventilator – 01; Uretero Renoscope – 01; TUR Set – 01; Lap Chole Set – 01; RO Plant – 02; Haemodialysis – 02.

²⁸ Uretero Renoscope, TUR Set and Lap Chole Set.

²⁹ Cardiologist, Physiotherapist, Nephrologist/Urologist.

- The physician of the hospital who got training for ten days for operating Haemodialysis and RO Plant was transferred; and
- the meetings could not be organized due to non-availability of all the members including Chairman together at a time.

Reply of the CMS reinforces the audit finding that lackadaisical attitude of the management had led to non-achievement of objectives of CPS, also the idle life saving equipment could have benefited a large number of patients.

The matter was referred to the Government (May 2010); reply was awaited (November 2010).

RURAL DEVELOPMENT DEPARTMENT

2.13 Non-achievement of objectives due to casual implementation of work

Due to casual approach of the DRDA, the Government could not achieve the desired objectives of benefitting self help groups, artisans and swarojgaris despite incurring expenditure of ₹ 51.48 lakh.

Government of India, Ministry of Rural Development awarded (30 March 2000) administrative and financial sanction for establishment of SARAS Marketing Centre (MC) and Technology & Training Development Centre (TTDC) in District Haridwar with the aim of upgrading vocational skills of rural artisans to enhance their productivity and capacity by introducing better technologies and also for display and sale of their products. Project report (PR) stipulated ₹ 50 lakh as the cost of setting up the three-storey Marketing Centre, out of which ₹ 25 lakh was earmarked for civil works and rest for allied items *viz*; expenditure on Information Technology (IT) equipment, furniture, stocks and administrative staff etc. State Government issued sanction for ₹ 50 lakh in March 2001 and work was to be completed by March 2002. The assets so created, were to be used for the benefit of self help groups, artisans and swarojgaris in the State.

Scrutiny of records (December 2009) of the Project Director (PD), District Rural Development Agency (DRDA), Haridwar revealed that the construction of the Marketing Centre was started belatedly by the construction agency Uttarakhand Peyajal Sansadhan Evam Nirman Nigam on 4 December 2003 at Bahadarabad, Haridwar due to non-finalization of site and completed on 22 October 2005 with an expenditure of ₹ 51.48³⁰ lakh on civil work only.

Physical verification (December 2009) of the Marketing Centre revealed that it was a two storey building and instead of being used for the activities of the project, it was being used by Block Development Officer (BDO) as his office. Audit scrutiny revealed that the estimate of ₹ 50.89 lakh for two-storey building instead of three storey building was prepared by the construction agency and technical sanction for ₹ 50 lakh was accorded by themselves in November 2005 i.e. after completion of work. There were no records available with DRDA which

³⁰ Original sanction: ₹ 50 lakh, Interest: ₹. 0.66 lakh, other resources: ₹.0.82 lakh.

could provide evidence that the estimate was sanctioned by the State Government. Yet, the DRDA released³¹ the full amount of ₹ 50 lakh to the construction agency between December 2003 and July 2008 for the civil works relating to two storey only while ₹ 25 lakh was allocated for three storey building in the Project Report. Hence, ₹ 25 lakh allocated for the purchase of IT equipment, furniture, stocks and administrative staff etc. was also used for civil works rendering the Centre useless for targeted beneficiaries. Audit noticed that the land for construction was not available till September 2002 while as per DPR, suitable land was to be provided by DRDA, Haridwar.

On this being pointed out, PD, DRDA admitted that the drawing for two storey building for the Marketing Centre was prepared by the construction agency itself and got approved by them directly from the State Government. He stated that the Centre was taken over by BDO due to non-completion of office building for the BDO. He further accepted that financial sanction of the State Government for ₹ 50.89 lakh was not available with DRDA. It was also stated that additional funds would be demanded from State Government for the remaining items viz; IT equipment, furniture, stock and administrative staff etc.

Reply was not tenable in view of the facts that PD, DRDA was solely responsible for construction of the Marketing Centre. PD, DRDA could not produce any document conveying approval of the State Government of drawings of the Marketing Centre building, orders of State Government to release full fund of ₹ 50 lakh against GOI guidelines for incurring ₹ 25 lakh to construction agency for civil works only and for allowing BDO to use the Centre building as his office.

Thus, due to casual approach of the DRDA, the Government could not achieve the desired objectives of benefitting self help groups, artisans and swarojgaris despite incurring expenditure of ₹ 51.48 lakh and the building erected for the purpose, was occupied by BDO for his office.

The matter was referred to Government (June 2010); Government reply (September 2010) did not contradict any point raised by audit.

TOURISM DEPARTMENT

2.14 Idle investment on Tourist House

Unauthorised expenditure of ₹ 42.37 lakh on an incomplete construction of Tourist House at Aadibadri, district Chamoli resulted into an idle investment.

Government accorded (March 2002) administrative and financial sanction of ₹ 42.23 lakh for construction of a Tourist House (20 bedded) at Simli (Chamoli)

³¹ ₹ 38 lakh by cheque: 4 December 2003; ₹ 8 lakh by cheque: 31 December 2005; ₹ 2 lakh by bank draft: 1 August 2008; ₹ 2 lakh by bank draft: 31 July 2008.

with an advance of ₹ 15 lakh, released to the construction agency³² (May 2002). Clause 4 of the sanction envisaged that the fund should be used on the same project/items for which it was sanctioned and in no case, revision in cost would be admitted.

Scrutiny of records (November 2009) of Director, Tourism Department Uttarakhand, Dehradun revealed that site for construction was not identified till December 2004. In a meeting held under the chairmanship of Hon'ble Minister of Tourism for reviewing the status of work, it was decided to change the site of construction of tourist house from Simli to Aadibadri. The target to start the work was set as July 2005 with scheduled date of completion as February 2006. Department, however, used the fund sanctioned for Simli on the construction work at Aadibadri in September 2005. Further, funds to the tune of ₹ 27.23 lakh³³ were also released to the construction agency. The work was stopped in September 2009 after exhausting ₹ 42.37 lakh, against sanctioned amount of ₹ 42.23 lakh, after completing 80 *per cent* of the work. A revised estimate (RE) for ₹ 77.76 lakh was submitted (February 2006) to the Government, sanction of which was not received as of November 2010.

Audit scrutiny revealed that the site for construction at Simli was not ascertained before obtaining sanction from the Government and the fund was retained unauthorisedly by the construction agency for more than three years (May 2002 to September 2005) till the work started at Aadibadri in September 2005. Government also objected (September 2006) on non-obtaining of fresh sanction for the construction at Aadibadri. An earning asset was ultimately converted into an idle investment and the possibility of incomplete structure getting deteriorated over time could also not be ruled out.

On this being pointed out in audit, Department stated (November 2009) that the construction at Simli was to be done on the land of Industries Department but they refused to transfer the land subsequently. Department further stated that since same work was to be done at Aadibadri, the fund released for Simli was used by the Department in Aadibadri.

Reply was not tenable as the department could not produce records in support of their statement for refusal by Industries Department. Further, the department was not authorized to use the fund sanctioned for Simli on the construction at Aadibadri, in violation of the provisions of sanction itself. As per the provisions of budget manual, the fund should not have been drawn until the site for construction was available and in the event of drawal, it should have been surrendered to Government as soon as the possibility of availability of land at Simli was over. A fresh estimate for construction at Aadibadri should have been prepared and got sanctioned by Government before starting the construction work at Aadibadri.

³² Garhwal Mandal Vikas Nigam Limited.

³³ ₹ 20 lakh in 2005-06 and ₹ 7.23 lakh in 2006-07.

Thus, despite incurring an unauthorized expenditure of ₹ 42.37 lakh by the department on an un-approved project at Aadibadri, the construction of Tourist House remained incomplete (November 2010), thereby defeating the purpose of its creation besides leading to an idle investment.

The matter was referred to the Government (October 2010); reply was awaited (November 2010).

UTTARAKHAND PEYJAL NIGAM

2.15 Injudicious expenditure on incomplete water supply scheme

An injudicious expenditure of ₹ 2.79 crore was incurred on an incomplete pumping water supply scheme in district Almora.

Government of Uttarakhand sanctioned (September 2004) a sum of ₹ 2.95 crore for construction of Paparsaili-Mat-Matena pumping water supply scheme in district Almora under Accelerated Rural Water Supply Programme (ARWSP).

The Scheme was to cover 40 habitations, 4 schools and tourist spots which covered a population of about 5,156 (Year 2008). Water supply scheme for these habitations was previously constructed in 1987 from gravity source which had since dried up and the villagers were meeting their daily requirement of water from 'gadheras'³⁴ and springs which dry up in the summer.

Scrutiny of records (July 2008) of the Executive Engineer (EE), II Construction Division, Uttarakhand Peyjal Nigam, Almora revealed that:

- (i) This Scheme was proposed to be constructed adjacent to the existing Almora pumping water supply scheme (constructed for water supply to Almora Town) with Kosi River as the common source of water for both the schemes;
- (ii) The project report was prepared without taking into consideration the data regarding water discharge and availability of water at source. The details presented in the report failed to take into account the fact that water at the source was not sufficient as brought out in the succeeding sub-para;
- (iii) There was insufficient water available at the source was evident from the fact that there are 40 lift irrigation pumps and 6 pumps of 50 HP for water supply to Vivekananda Research Institute installed upstream of the river all of which remains closed during summers for ensuring water supply to Almora town; and
- (iv) Due to insufficient water at source an effort was made to change the source of water for the Scheme. In this connection, a committee headed by the District Magistrate was set up which recommended (January 2004) that no

³⁴ Small river.

other water supply project should be proposed on Kosi River, but the Government did not accept the recommendation (March 2004).

Despite being aware of the fact that due to inadequate availability of water at source, the viability of the scheme was doubtful, the Government sanctioned the project and after incurring an expenditure of ₹ 2.77 crore, transferred the incomplete project to Uttarakhand Jal Sansthan in December 2008. At the time of transfer of the scheme, distribution systems had not been constructed in Falseema and Sikura village and the two water reservoirs, constructed at village Falseema and Gadholi, were not in working condition

The Government while accepting the audit observation stated (October 2009) that since for a short period during summer the discharge of Kosi River remains insufficient for Almora Water Supply and Paparsaili-Mat-Matena Water Supply Scheme, a temporary dam was constructed in the downstream side of pump houses meant for the above schemes.

The reply was not acceptable as the scheme has failed to meet the intended objective of providing water during summers to a population over 5,156 even after construction of the temporary dam downstream of the river at an additional expenditure of ₹ 1.86 lakh as the villagers were meeting their daily requirement of water from 'gadheras' and springs which dry up in the summers.

Thus, a sum of ₹ 2.79 crore was injudiciously spent on a water supply scheme without ensuring the availability of water at source during summers.

Regularity issues and other points

ELECTION DEPARTMENT

2.16 Irregular payments to contractors in violation of financial limit

Irregular payments of ₹ 46.92 lakh were made to contractors engaged for arrangement of tents, furniture, light etc; for parliamentary/assembly elections of 2007 and 2008 in the State.

Government fixed (February 2002) financial limit of ₹ 0.80 lakh for the expenditure on the arrangement of tent and furniture etc³⁵, for the management of election process in each assembly segment of the State.

Scrutiny of the records (August 2010) of the District Election Officer, Dehradun revealed that tenders for arrangement for parliamentary and assembly elections of 2007 in nine assembly segments were allotted (February 2007) to two tenderers³⁶ for complimentary items and a total payment of ₹ 41.56 lakh³⁷ was made (between November 2007 and March 2008) to them.

³⁵ Total 35 items viz light and sound, barricading, jug, tray, bucket, tub etc.

³⁶ M/s Narendra for electrical items and M/s Sharda for items other than electrical.

³⁷ M/s Narendra Electrical Co., Haridwar (₹ 20.97 lakh) and M/s Sharda Tent House, Haridwar (₹ 20.59 lakh).

Arrangement work for parliamentary by-election of 2008 was also allotted (February 2008) to the contractors on the rates of 2007 without inviting fresh tenders and a total payment of ₹ 20.56 lakh³⁸ was made (March 2008) to them on account of collective arrangement in 10 assembly segments.

Thus, a total amount of ₹ 62.12 lakh was paid to both the contractors in two years for 19 assembly segments out of which ₹ 61.71 lakh pertains to unapproved items, which were neither included in notice inviting tenders (NIT) nor in the offers of contractors and items which were offered by contractors as 'free items' (₹ 0.44 lakh) but were billed later.

After allowing, the prescribed limit of ₹ 0.80 lakh per assembly segment, the magnitude of irregular payment was to the tune of ₹ 46.92 lakh.³⁹

The Department in their NIT invited only the rates of items and did not conduct any pre-assessment of quantum of items required. It was further noticed that the offers made by contractors were also not assessed in terms of their financial implications so as to keep the expenditure under prescribed limit.

On this being pointed out, Assistant District Election Officer, Dehradun intimated that payments were made to contractors on the verbal orders of higher officers. He further accepted that work regarding arrangement for parliamentary by-elections of 2008 was also allotted on the directions of higher officers to contractors on the rates offered by them for 2007 elections.

Further, Government replied (October 2010) that the arrangements for 2007 and 2008 elections were made after inviting proper tenders and the work was allotted on lowest rates. Reply was not tenable in view of the fact that the expenditure on election for each Assembly should have been limited to ₹ 0.80 lakh as per Government Order which had not been adhered to.

Thus an irregular payments of ₹ 46.92 lakh were made to the contractors in violation of the prescribed financial limit.

RURAL DEVELOPMENT DEPARTMENT

2.17 Irregular payments from SGSY infrastructure fund

Irregular payments of ₹ 95.24 lakh was made due to violation of the guidelines of Swarnjayanti Gram Swarajgar Yojna (SGSY).

Swarnjayanti Gram Swarajgar Yojna (SGSY), a centrally sponsored scheme was launched in 1999. Para 2.6 (d) of the guidelines of SGSY stipulates that any recurring expenditure in connection with operation of activities under this scheme will not be met from infrastructure fund created under the SGSY Scheme by

³⁸ M/s Narendra (₹ 9.87 lakh) and M/s Sharda (₹ 10.69 lakh).

³⁹ ₹ 62.12 lakh - ₹ 15.20 lakh (₹ 0.80 lakh x 19 assembly segments).

Government of India. Such expenditure was to be borne either by the State Government or by the organization involved in the operation of activity.

Scrutiny of records of Project Director (PD), District Rural Development Agency (DRDA), Haridwar revealed (December 2009) that in connection with Integrated Cattle Development Programme⁴⁰ initiated under SGSY, DRDA entered into an agreement (March 2002) with a public trust⁴¹ for establishing and operating 11 Cattle Development Centers in the State. Clause 5 (b) of the agreement provided that a payment of ₹ 13.42 lakh per year (with onward escalation in succeeding years) would be made to the public trust on account of operating cost (recurring cost). Audit further noticed that a total sum of ₹ 95.24 lakh⁴² had been paid to the public trust through cheques between 2001-02 to 2008-09 on this account from the infrastructure funds of SGSY.

On this being pointed out, the PD, DRDA stated that the reason for inclusion of such clause in the agreement against the SGSY guidelines would be intimated after obtaining directions from the Government in this regard and the matter of bearing recurring expenditure from the infrastructure fund would be brought to the notice of State Government. However, the reply did not explain the justification for issue of cheques for meeting recurring expenditure by DRDA from the infrastructure funds in violation of the guidelines issued by Government of India under SGSY, resulting in irregular payment of ₹ 95.24 lakh.

The matter was referred to the Government (August 2010); reply was awaited (November 2010).

UTTARAKHAND PEYJAL NIGAM

2.18 Irregular expenditure on inadmissible items

Irregular expenditure of ₹ 26.29 lakh on item not included in the sanctioned estimate of a Peyjal Project.

Director (Rehabilitation), Tehri Dam Project accorded (September 2001) administrative and financial sanction of ₹ 12.65 crore and revised sanction (September 2004) of ₹ 14.15 crore for New Tehri Township Reorganisation Drinking water Scheme under deposit work. Technical sanction for this work was granted (April 2006) by Chief Engineer (Garhwal) for ₹ 15.03 crore (Civil Works: ₹ 10.37 crore + Electrical & Mechanical works: ₹ 4.66 crore). There was no record with the division to show that a revised financial sanction in support of the amount of technical sanction (₹ 15.03 crore) was obtained. The work commenced in August 2002 and was completed in April 2006 and the scheme was handed over in June 2010.

⁴⁰ For creating self employment through establishing units for artificial insemination of cattle.

⁴¹ BAIF Development Research Foundation, New Delhi.

⁴² ₹ in lakh : 13.42 + 14.30 + 9.66 + 17.86 + 10.00 + 10.00 + 20.00.

Scrutiny of the records (June 2009) of the Executive Engineer, Construction Division-II, Uttarakhand Peyajal Nigam, New Tehri (Division) revealed that against the technical sanction of ₹ 10.37 crore, an expenditure of ₹ 10.26 crore was incurred on civil works. Further, it was noticed that the Division incurred (upto December 2009) an expenditure of ₹ 26.29 lakh on the 'distribution system' which was already constructed under the original scheme, while necessary items, like staff quarter, camp office and chowkidar huts etc, were not constructed. On this being pointed out (June 2009), the Division accepted the facts and stated that the work of distribution system was undertaken on the basis of verbal orders of higher officers.

The reply of the Division was not acceptable as the distribution system had already been constructed under the original scheme. Moreover, the technical sanction prohibited expenditure on works which were not sanctioned in the detailed estimate⁴³. Thus there was no justification for irregular expenditure of ₹ 26.29 lakh incurred on the item for which provision had not been made in the estimate.

The matter was referred to the Government (September 2010); reply was awaited (November 2010).

General

MISCELLANEOUS DEPARTMENTS

2.19 Lack of responsiveness to audit findings and observations resulting in erosion of accountability

Inadequate response to audit findings and observations resulted in erosion of accountability.

The Principal Accountant General (Audit) conducts periodical inspection of Government departments to test check the transactions and verify the maintenance of important accounting and other records as per prescribed rules and procedures. These inspections are followed up with Inspection Reports (IRs) to the Heads of offices inspected with a copy to the next higher authority. The Heads of offices and the next higher authority are required to report their compliance to the Principal Accountant General (Audit) within four weeks of receipt of IRs.

At the end of March 2010, 3,898 IRs and 10,744 paragraphs issued during the period 1990-91 to 2009-10 were outstanding for settlement. The department-wise break-up of these outstanding IRs and paragraphs are given below:

⁴³ Rising main and pumping plant, treatment work, sump/water body, pump house and staff quarter, camp office and chowkidar huts.

Table:2.19.1

Sl. No.	Name of Department	Number of IRs	Number of paragraphs	Pending from
1.	Agriculture	86	232	1996-97
2.	Education	117	426	1991-92
3.	Irrigation	343	699	1990-91
4.	Medical, Health & Family Welfare	198	723	1994-95
5.	Minor Irrigation	52	122	1992-93
6.	Police	24	113	1990-91
7.	Public Works	725	1,789	1990-91
8.	Rural Development	169	576	1997-98
9.	Rural Engineering Services	108	246	1990-91
10.	Social Welfare	62	284	1999-2000
11.	State Autonomous Bodies	959	3,749	1990-91
12.	Others	1,055	1,785	1990-91
Total		3,898	10,744	

The departmental officers failed to take action on observations in IRs within the prescribed period resulting in erosion of accountability. The Government should look into the matter and ensure that procedures exist for (a) action against the officials who failed to send replies to IRs/paragraphs as per time schedule, (b) action to recover loss/outstanding advances/overpayment in a time bound manner; and (c) revamping the system to ensure prompt and proper response to audit observations.