

CHAPTER III – CHIEF CONTROLLING OFFICER BASED AUDIT

PUBLIC WORKS (ROADS AND BRIDGES) DEPARTMENT

3.1 Chief Controlling Officer based Audit of Public Works Department (Roads and Bridges Wing)

Road network is the only means of communication in Meghalaya and is, therefore, the catalyst of all economic and social activities. The Roads and Bridges Wing of the Public Works Department is responsible for planning and development of the State's road network as well as maintenance and upgradation of existing road network and bridges. The Roads and Bridges Wing has added 6,769.56 kilometre length of road since creation of the State in January 1972. Several deficiencies were, however, noticed in the functioning of the Wing, such as, non-formulation of State Road Policy, absence of master plan and perspective plan, unrestrained sanction of projects without availability of funds leading to huge pending liabilities and pre-closure and de-sanctioning of projects, lax quality control, etc. Major findings are highlighted below.

Highlights

169 projects were either pre-closed (Roads: 91; Bridges: 5) or de-sanctioned (Roads: 65; Bridges: 8) rendering an expenditure ₹ 19.71 crore wasteful.

(Paragraph 3.1.10.2)

There were delay in completion of projects ranging from three months to 14 years due to land disputes, change of alignment, fund constraints, late allotment of works, etc. rendering an expenditure of ₹ 122.85 crore largely unfruitful. Besides, due to indiscriminate sanction of projects without any plan or prioritisation, the Roads and Bridges Wing had huge committed liability of ₹ 60.05 crore

(Paragraph 3.1.10.4)

Expenditure of ₹ 2.71 crore incurred on two projects (one road: ₹ 27.96 lakh; one bridge: ₹ 2.43 crore) had become unproductive, as these projects remained incomplete due to land dispute (road) and due to discontinuation of works by the contractor (bridge).

(Paragraph 3.1.12.2)

Unauthorised deviation from the sanctioned estimate resulted in excess expenditure of ₹ 11.43 crore.

(Paragraph 3.1.12.5)

Quality control was not accorded due priority as the mandatory tests prescribed in Specifications for Road and Bridge Works published by the Indian Roads Congress was not carried out.

(Paragraph 3.1.13)

Monitoring and internal control mechanism in the Roads and Bridges Wing were poor. There was also no mechanism in the Wing for overall impact evaluation of the completed road and bridge projects.

(Paragraphs 3.1.16 & 3.1.17)

3.1.1 Introduction

The Meghalaya Public Works Department (PWD) consisting of two wings viz., Roads & Bridges (R&B) Wing and Buildings Wing, came into existence with the creation of the State of Meghalaya on 21st January 1972. The main functions of the R&B Wing were *inter alia* to (i) plan and develop State road network (excluding national highways¹ in the State), (ii) maintain the existing road network and, (iii) upgrade the existing network of road and bridges, replacement of old and weak bridges and widening/improving/strengthening the grade/surface of different roads. The PWD is executing central sector schemes like national highways, strategic roads, Pradhan Mantri Gram Sadak Yojana (PMGSY) and North Eastern Council funded roads.

When Meghalaya attained statehood, it inherited a total road length of 2786.68 km including 461.42 km of national highways and had a road density of 12.42 km per 100 square kilometer (sq km). Considerable achievement has since been made and up to the end of March 2011, the total road length has gone up to 9556.24 km. The road density in the State was 41.69 km per 100 sq km as of March 2011.

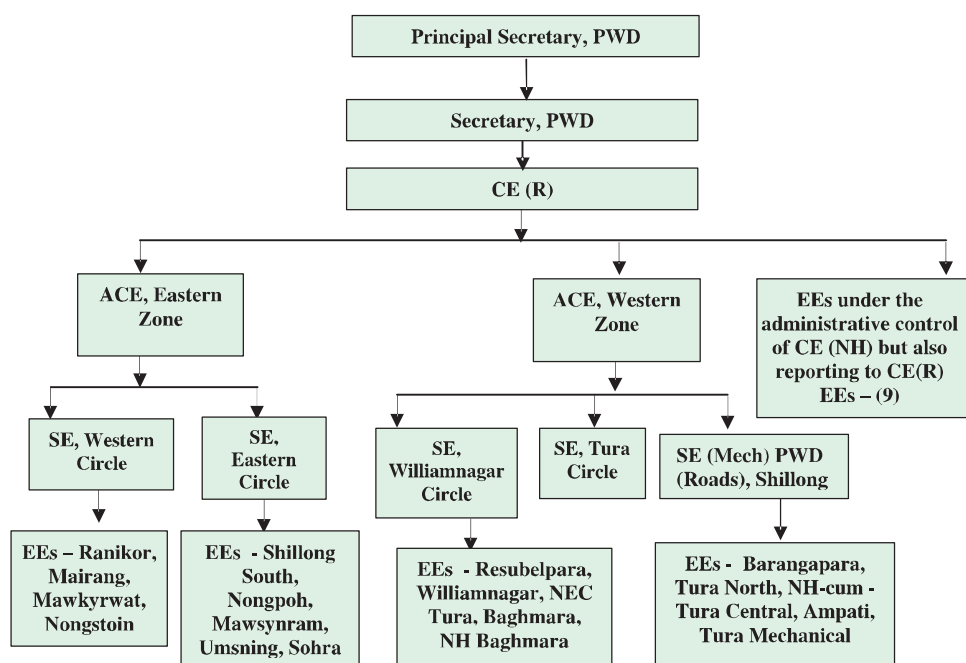
3.1.2 Organisational set up

The Principal Secretary is the administrative head of the PWD. The Chief Engineer (Roads) [CE(R)] is the functional head and Controlling Officer of the R&B Wing of the PWD. Likewise, the CE (Buildings) is responsible for construction and maintenance of residential and non-residential buildings of the various departments of the State. The CE (Standards), who is also the Empowered Officer of State Rural Road Development Agency (SRRDA), is responsible for research and training as well as implementation of PMGSY. The CE (R) is assisted by two Additional Chief Engineers (ACE), five Superintending Engineers (SE) and 28 Executive Engineers

¹ The responsibility of maintenance and development of national highways in the State vests with the Chief Engineer (National Highways) of the PWD.

(EE) heading PWD divisional offices [of which nine² EEs though under the administrative control of the Chief Engineer (National Highways), also report to the CE(R) for projects/works executed by them in respect of the State road network]. The organisational set up of the R&B Wing is given below:

Chart 3.1



3.1.3 Scope of Audit, Sampling and Audit Methodology

Functioning of the R&B Wing during 2006-07 to 2010-11 was reviewed through test-check (April-July 2011) of records of the CE(R) and 14 PWD divisional offices³ (12 road divisions and two mechanical divisions) of the R&B Wing and their subordinates in three⁴ out of seven districts of the State. The scope of audit was limited to only R&B Wing as the funding pattern, accounting methodology and other parameters connected with PMGSY are different and are being looked after by a separate wing, viz. SRRDA. Similarly, the scope of audit also did not include the activities of the CE (Buildings) as the funding and administrative approval of works executed by this wing are not solely under its control.

² Jowai Mechanical; Jowai South; Jowai North; Jowai NEC; NH Bye-Pass, Shillong; Shillong Central; NH, Shillong; Jowai Central; and, Shillong Mechanical.

³ Road divisions: *East Khasi Hills District* – Shillong Central; Shillong South; NH Shillong; NH Bye-Pass, Shillong; Sohra and Mawsynram. *Jaintia Hills District* – Jowai Central; Jowai South; Jowai North and NEC Jowai. *East Garo Hills District* – Williamnagar and Resubelpara. Mechanical divisions: Shillong Mechanical Division and Jowai Mechanical Division.

⁴ East Khasi Hills, Jaintia Hills and East Garo Hills Districts.

The three districts were selected considering their geographical locations⁵. Out of 503 projects under execution by the 12 road divisions in these districts during 2006-11, 147 projects were selected for scrutiny by simple random stratified sampling on the basis of expenditure⁶.

Before the commencement of audit, an entry conference was held on 29 April 2011 with the Secretary, PWD, where audit objectives, criteria and methodology were explained. In the course of this review, audit evidences and observations were formulated on the basis of records made available, discussions with officials of the R&B Wing of the PWD and joint physical verification (wherever considered necessary). Audit findings were discussed with the Secretary, PWD, CEs (Roads, NH and Standards) and the representative from the Finance Department at an 'exit conference' held on 21 October 2011 and their views incorporated in this review at appropriate places.

3.1.4 Audit Objectives

Audit was taken up with the objective of examining and assessing:

- The adequacy and efficacy of the planning process;
- Efficiency, economy and effectiveness of execution of the Department's mandated activities;
- Adequacy and effectiveness of quality control practices;
- Efficacy of asset and human resources management; and,
- Adequacy and effectiveness of monitoring mechanism.

3.1.5 Audit Criteria

The audit observations were benchmarked against the following criteria:

- Guidelines for planning;
- Prescribed procurement and quality control procedure;
- Progress reports and reports and returns of field units; and,
- Prescribed monitoring mechanism.

3.1.6 Acknowledgement

Audit acknowledges the cooperation extended by the officers/officials of the PWD to Audit personnel in carrying out this assignment.

⁵ One district each from three regions of the State, viz. Khasi Hills, Jaintia Hills and Garo Hills.

⁶ 503 projects were divided into three strata on the basis of expenditure: Stratum 1: Expenditure below ₹ 0.50 lakh; Stratum 2: Expenditure above ₹ 0.50 lakh and up to ₹ 1 crore; Stratum 3: Expenditure above ₹ 1 crore. 147 works were finally selected from the three stratum (25 per cent from Stratum 1, 25 per cent from Stratum 2 and 50 per cent from Stratum 3).

3.1.7 Audit Findings

The points noticed during the course of this review have been grouped as under and discussed in the succeeding paragraphs:

- **Financial Management**
 - Budget provision and expenditure - *Rush of expenditure – Parking of funds*
- **Planning**
- **Project Management**
 - Target and Achievement – Pre-closure/De-sanctioning of projects– Sanction of projects - Timeliness of execution of projects – *Committed liabilities*
- **Contract Management**
- **Project Execution**
 - Lack of proper planning resulting in wasteful expenditure – Non-completion of works resulted in unproductive expenditure – Delay in allotment of work resulted in extra expenditure/committed liability – Unauthorised expenditure – Deviation from sanctioned estimates
- **Quality Control**
- **Material Management**
 - Stock/Tools and Plant – *Discrepancies in stock – Holding of excess stock – Physical verification of stock – Road rollers*
- **Human Resources Management**
 - Manpower in regular establishment – Muster Roll workers
- **Internal Control Mechanism**
 - Inspection – Checking of Measurement Book - Non-reconciliation of Forms 50-51 – Lapsed deposits – Delay in deposit of revenue
- **Monitoring and Evaluation**
- **Conclusion**
- **Recommendations**

3.1.8 Financial Management

3.1.8.1 Budget provision and expenditure

Budget provision *vis-à-vis* expenditure of the R&B Wing during 2006-07 to 2010-11 was as under:

Table 3.1

(₹ in crore)

Year	Budget provision			Expenditure			Excess (+) Savings (-) (per cent)		State's budget provisions (revenue and capital) and expenditure	
	Reve- nue	Capi- tal	Total	Reve- nue	Capi- tal	Total	Reve- nue	Capi- tal	Provis- ion	Expend- iture
2006-07	109.09	165.95	274.04	109.49	157.53	267.02	+ 0.40 (0.37)	- 8.42 (5.07)	2670.10 (10)	2227.87 (12)
2007-08	116.56	190.83	307.39	115.35	176.97	292.32	- 1.21 (1.04)	- 13.86 (7.26)	3443.60 (9)	2645.32 (11)
2008-09	124.66	198.40	322.66	112.64	197.86	310.50	- 12.02 (9.64)	- 0.54 (0.27)	4003.19 (8)	3213.79 (10)
2009-10	160.02	187.62	347.64	157.35	192.75	350.10	- 2.67 (1.67)	+ 5.13 (2.73)	4674.46 (7)	3663.67 (10)
2010-11	166.87	295.69	462.56	151.45	278.97	430.42	- 15.42 (9.24)	- 16.72 (5.65)	5528.66 (8)	4587.48 (9)
Total	677.20	1038.49	1714.29	646.28	1004.08	1650.36			20320.01 (8)	16338.13 (10)

(Figures in parentheses indicate percentage of budget provision and expenditure of R&B Wing to State's budget provision and expenditure)

Source: Information furnished by the R&B Wing/ State's position on the basis of Appropriation Accounts.

The above table shows that except for revenue expenditure in 2006-07 and capital expenditure in 2009-10, the year-wise expenditure was always lower than the budget provisions leading to savings ranging between 0.27 per cent and 10 per cent. During 2006-11, 8 per cent of budget provisions (revenue and capital) of the State were earmarked for the R&B Wing and the expenditure thereagainst constituted 10 per cent of the State's expenditure during the period. The CE(R) stated (November 2011) that the savings were mainly due to short release of funds by Government.

3.1.8.2 Rush of expenditure

Rush of expenditure at the close of the year can lead to infructuous, nugatory or ill-planned expenditure. It was noticed that during 2006-11, expenditure incurred by the 14 divisions in the three selected districts during March every year ranged between 26 per cent and 34 per cent of their total expenditure during the year, as shown below:

Table 3.2

(₹ in crore)

Year	Expenditure during the year	Expenditure during March	Percentage of expenditure incurred during March to total expenditure
2006-07	163.21	55.52	34
2007-08	190.52	58.75	31
2008-09	231.01	73.71	32
2009-10	236.50	64.20	27
2010-11	241.37	61.84	26

Source: Information furnished by the divisions

As can be seen from the table above, the uniform flow of expenditure during the year, which is a primary requirement of budgetary control, was not maintained indicating deficient financial management. The CE(R) stated (September 2011) that the reason for the rush of expenditure was due to release of funds by the State Government at the fag end of the year. The CE(R) further stated (November 2011) that the working

season in the State starts after monsoon for which most of the works are completed in March leading to rush of expenditure in this month.

3.1.8.3 Parking of funds

On the instructions of the State Finance Department, funds released to the 12 road divisions in the three selected districts in the month of March every year during 2006-11 were parked by them under the head “8443-Civil Deposits” to avoid lapse of funds. Out of ₹ 64.96 crore thus parked during the period, ₹ 38.56 crore was withdrawn, again on the instructions of the Finance Department, after one month to three years. The details are given below:

Table 3.3

Year	Amount kept in ‘Civil Deposit’	Amount released		Amount lying unutilised in ‘Civil Deposit’ as at the end of July 2011
		Amount	Date of release	
2006-07	11.94	10.26	Between May 2007 and June 2010	1.68
2007-08	15.63	13.51	Between June 2008 and September 2010	2.12
2008-09	7.68	4.97	Between June 2009 and March 2011	2.71
2009-10	13.79	9.82	Between June 2010 and March 2011	3.97
2010-11	15.92	0	-	15.92
Total	64.96	38.56		26.40

Source: Information furnished by the concerned divisions

The above practice was a violation of Rule 211 of the Meghalaya Financial Rules (MFR), 1981, which prohibits drawal of money in anticipation of demand or to prevent lapse of budget grants.

The CE (R) stated (November 2011) that the concerned divisions had been asked to utilise the funds immediately.

3.1.9 Planning

Public participation is an important component in planning which allows plans to be considered from a variety of perspectives and helps in identifying the potential problems in the process. For providing missing links and increasing connectivity to villages, remote areas and for facilitating construction of roads on scientific lines, it is necessary to have a comprehensive road policy and prepare perspective plans at the State level, based on the inputs from the divisional/district level, showing a detailed road map of the area, specification for different roads, norms for maintenance in view of manifold increased in passenger transport and freight axle load. Annual works plans are to be prepared from the perspective plan and works prioritised for completion within the specified time period.

It was noticed that

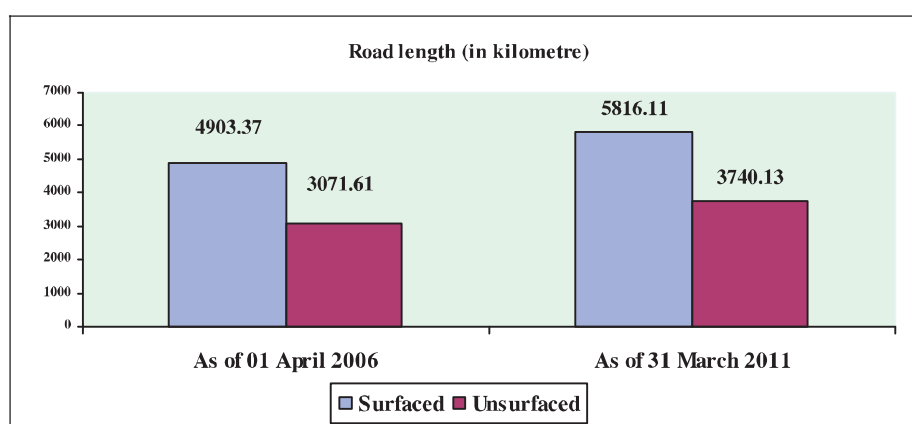
- The R&B Wing had not formulated any road policy till date even after 40 years of its existence and hence, the activities undertaken by it were devoid of a long term policy perspective.

- The R&B Wing had also not prepared any medium/long-term perspective plan or master plan relating to road connectivity in the State, the absence of which led to defective implementation of projects as detailed in the succeeding paragraphs.
- The Annual Plans prepared by the R&B Wing included only the physical targets without indicating financial targets and such plans.

The CE (R) stated (November 2011) that step to prepare a perspective road plan has been initiated.

3.1.10 Project Management

According to information furnished by the CE (R), as of 01 April 2006, the road length of the State (including bridges) was 7,974.98 km which was extended to 9,556.24 km at the end of 2010-11. The position is pictorially depicted below:



Efficient project management skills are critical to ensure proper formulation, planning and estimation of projects, monitoring their financial/physical progress, their timely completion, expeditious utilisation of the assets created, overall resource availability, liabilities, etc.

The status of projects sanctioned by the R&B Wing during 2006-11 for the State and their up-to-date physical/financial status, called for from the CE(R) in April and July 2011, was only furnished in November 2011 – the data, however, was incorrect. The inability of the CE(R) to furnish this basic data indicated that monitoring and project management practices in the R&B wing were weak.

Information with respect to the above was, however, collated by Audit for the 12 road divisions in the three selected districts. Results of analysis of these data are enumerated below.

3.1.10.1 Target and Achievement

According to the annual target and achievement reports furnished by the CE(R) to the State Government, the physical targets fixed by the PWD during 2006-11 for various road and bridge works in the State and achievement thereagainst were as under:

Table 3.4

Year	Target				Achievement			
	Kutcha road	Black topped road	Improvement/widening	Bridges/Culverts	Kutcha road	Black topped road	Improvement/widening	Bridges/Culverts
	(km)			(RM)	(km)			(RM)
2006-07	89.00	166.00	70.00	848.00	56.95	66.52	41.30	230.00
2007-08	72.00	142.00	38.00	512.00	72.00	142.00	38.00	312.00
2008-09	76.00	149.00	40.00	536.00	273.92	279.45	269.16	1134.83
2009-10	107.00	211.00	57.00	761.00	175.97	244.60	98.96	686.56
2010-11	71.00	120.00	23.00	1406.00	89.68	177.08	56.40	727.76
Total	415	788	228	4063	668.61	909.65	503.82	3091.14

Source: Information furnished by the CE(R)

As can be seen from the table above,

- except for 2006-07, the CE(R)'s reports indicated that the targets had been exceeded in the other four years; and,
- during 2006-11, except for bridges/culverts, the overall achievement during the period in respect of all the other items of works exceeded the targets.

Information however furnished to Audit by the 12 road divisions in the three selected districts indicated that the targets for these divisions were much higher than those furnished by the CE(R) for the State. Consequently, there were shortfalls of 49 *per cent* to 70 *per cent* in achievement of targets during 2006-11 in respect of three items of works fixed for these divisions. The details were as under:

Table 3.5

Particulars	Black topped road	Improvement	Bridges	Culverts
	(km)	(RM)	(RM)	(Number)
Target	1170.14	373.06	2116.71	2243
Achievement	386.31	191.95	627.80	1140
Shortfall	783.83	181.11	1488.91	1103
Percentage of shortfall	67	49	70	49

Source: information furnished by the divisions concerned.

During exit conference, the CE(R) stated that the targets are fixed consolidating the divisional targets and taking into consideration the fund position. Mismatch between the position available with the CE(R) and the divisions, indicated that there was lack of coordination in the R&B Wing and the projects were being executed by the divisions on the basis of unrealistic targets.

3.1.10.2 Pre-closure/De-sanctioning of projects

Records of the 12 road divisions in the three selected districts revealed that during 2006-11 in 11 divisions, 166 out of 557 projects sanctioned prior to 2006-07 but under execution during 2006-11 were either pre-closed⁷ (Roads: 89; Bridges: 5) or de-sanctioned⁸ (Roads: 64; Bridges: 8) on various grounds like unsatisfactory progress, fund constraints, escalation in the cost of pipes/bitumen, *etc.* Similarly, three road

⁷ Premature closure of ongoing works.

⁸ Works sanctioned for execution, but the sanction was withdrawn before inviting tenders.

projects sanctioned during 2006-07 were also either pre-closed (two projects) or de-sanctioned (one project) during March 2009. Division-wise position of these works is given below:

Table 3.6

(₹ in lakh)

Sl. No.	Divisions	Pre-closed projects				De-sanctioned projects		
		Number of projects	Sanctioned amount	Expenditure	Physical progress (per cent)	Number of projects	Sanctioned amount	Expenditure
		Roads/Bridges				Roads/Bridges		
East Khasi Hills District								
1.	Sohra Divisions	2/ -	80.63	54.30	0 and 50	16/ -	595.14	0
2.	NH Bye Pass	18/ -	915.46	223.06	15 to 88	03/ 01	309.80	2.18
		01 ⁹ / -	48.65	77.28	80	-	-	0
3.	Mawsynram	03/ -	318.04	160.16	0 to 80	05/ -	412.80	12.96
4.	Shillong South	14/ -	653.09	235.67	0 to 30	05/ -	292.63	0.86
5.	Shillong Central	07/ -	254.72	56.22	15 to 64	15/ 02	430.21	0
		01 ⁹ / -	162.53	24.82	27	01 ⁹ / -	27.17	0
6.	NH, Shillong	04/ -	432.83	50.45	5 to 10	-/ 01	28.22	0.15
Jaintia Hills District								
7.	NEC, Jowai	14/ 01	1457.33	626.59	20 to 90	5/ 01	393.21	-
8.	Jowai South	03/ -	112.61	55.63	10 to 50	5/ -	223.71	-
9.	Jowai North	13/ -	1503.23	148.65	8 to 30	5/ -	203.70	-
East Garo Hills District								
10.	Williamnagar	05/ 03	1922.49	162.06	5 to 30	03/ 02	930.84	-
11.	Resubelpara	06/ 01	427.77	80.20	10 to 31	02/ 01	104.84	-
Total		91/ 05	8289.38	1955.09		65/ 08	3952.27	16.15

Source: Information furnished by the divisions concerned.

As can be seen from the table above, 96 projects sanctioned at an estimated cost of ₹ 82.89 crore were pre-closed during 2006-11 after incurring an expenditure of ₹ 19.55 crore. Further, 73 projects, sanctioned at an estimated cost of ₹ 39.52 crore were de-sanctioned in March 2009 - in 15 of these projects, an expenditure of ₹ 16.15 lakh had been incurred on execution of earthwork and procurement of stone metal/gravel, stationery, etc. without the projects being actually undertaken. Out of 96 pre-closed projects, 19 projects were pre-closed after physical achievement of 50 per cent to 90 per cent involving expenditure ranging from ₹ 9.24 lakh to ₹ 2.12 crore. A few such cases are given below:

Table 3.7

(₹ in lakh)

Sl. No.	Name of Road	Month and year of sanction	Sanctioned cost	Expenditure incurred	Physical progress (per cent)	Reasons for pre-closure
1.	Lulong College Road to Luti long Shylla	March 1991	31.55	23.27	50	Non-availability of fund
2.	MBT of DSSMH road at Sakain	January 1996	58.38	58.76	70	Unsatisfactory progress of work
3.	Improvement including MBT of Sutnga - Khaddum road	NA	79.93	52.88	72	-do-
4.	Improvement including MBT of internal road at Lynti Bri (Pdengshnong, Nongdawa road)	September 2007	48.65	77.28	80	Escalation in the price of bitumen
5.	Improvement including MBT of Mawdiangdiang - Lumkseh road	July 1996	49.42	54.36	88	-do-

⁹ Sanctioned during 2006-07

Sl. No.	Name of Road	Month and year of sanction	Sanctioned cost	Expenditure incurred	Physical progress (per cent)	Reasons for pre-closure
6.	Myllat to Lyting Lyngdoh	July 2002	204.00	128.55	100 (Formation) (one out of five bridges complete)	Non-completion after many years.
7.	Missing approaches to bridge and culvert including re-habitation work on Borghat Sonapur Road	February 2004	531.00	212.00	90	Not specified

Source: Information furnished by the divisions concerned.

Thus, in the absence of a State Road Policy/Perspective Plan/Master Plan, projects were taken up/sanctioned haphazardly without proper planning, which led to pre-closure/de-sanction of projects resulting in wasteful expenditure of ₹ 19.71 crore.

The CE(R) stated (November 2011) that due to scarcity of resources during 2008-09, Government decided to pre-close slow progress projects and de-sanction non-starter projects. The reply is not convincing because taking up of any project for execution without first ensuring the availability of financial resources was not a prudent exercise.

3.1.10.3 Sanction of projects

The position of projects¹⁰ sanctioned by the R&B Wing during 2006-11 for execution by the divisions in three selected districts is given below:

Table 3.8

(₹ in crore)

Sl. No.	Name of Division	Position of projects sanctioned during 2006-07 to 2010-11						
		Number of projects sanctioned	Sanctioned amount	Total expenditure	Projects completed		Position of ongoing projects	
					Number of works	Expenditure	Number of works	Physical progress (per cent)
1.	Shillong Central	02	0.42	0.24	01	0.19	01	0
2.	Shillong South	23	11.92	7.45	16	3.72	07	18-70
3.	NH Shillong	0	0	0	0	0	0	0
4.	NH Bye Pass, Shillong	15	12.22	3.22	05	2.20	10	0-80
5.	Sohra	22	59.38	45.45	10	5.90	12	0-95
6.	Mawsynram	05	10.81	5.59	01	0.80	04	2-85
7.	Jowai Central	04	2.75	1.25	02	0.76	02	20-55
8.	Jowai North	04	8.72	1.23	0	0	04	15-70
9.	Jowai South	12	47.65	12.10	05	5.87	07	0-96
10.	Jowai NEC	14	92.84	63.09	07	34.90	07	0-96
11.	Williamnagar	05	18.35	11.56	0	0	05	15-85
12.	Resubelpara	05	18.59	1.98	0	0	05	5-60
Total		111	283.65	153.16	47	54.34	64	

Source: Information furnished by the divisions concerned.

As can be seen from the table above, the R&B Wing sanctioned 111 projects at an estimated cost of ₹ 283.65 crore for execution by the 12 road divisions during 2006-11. On the other hand, 169 projects sanctioned prior to 2006-07 (166 projects)

¹⁰ Excluding two pre-closed projects and one de-sanctioned project mentioned in paragraph 3.1.10.2

and during 2006-07 (three projects) for execution in 11 out of the above 12 divisions were either pre-closed or de-sanctioned after incurring an expenditure of ₹ 19.71 crore (refer paragraph 3.1.10.2).

3.1.10.4 Timeliness of execution of projects

As per information furnished by the 12 road divisions in the three selected districts, there were 391 projects sanctioned prior to 2006-07 and which were all to have been completed by March 2011. Of these, 234 projects were completed by March 2011 while 157 projects were still incomplete - the delays ranged from three months to 14 years. As of March 2011, expenditure on these incomplete projects was ₹ 86.13 crore against estimated cost of ₹ 147.69 crore.

Further, during 2006-11, 111 projects were sanctioned for execution by the divisions in question of which 65 projects were stipulated for completion by March 2011. Out of the 65 projects, 47 were completed by March 2011. As of March 2011, expenditure on the 18 incomplete projects was ₹ 36.72 crore against estimated cost of ₹ 52.79 crore.

The delay in completion of projects is summarised below:

Table 3.9

(Projects in number)

Sl. No.	Division	Incomplete projects			Period of delay			
		Projects sanctioned prior to 2006-07	Projects sanctioned during 2006-11	Total	Three months to one year	Over one year to five years	Over five years to 10 years	Over 10 years to 14 years
1.	Shillong Central	32	0	32	0	32	0	0
2.	Shillong South	11	06	17	15	02	0	0
3.	NH Shillong	05	0	05	04	01	0	0
4.	NH Bye-Pass, Shillong	30	05	35	35	0	0	0
5.	Sohra	05	0	05	05	0	0	0
6.	Mawsynram	10	02	12	02	04	01	05
7.	NEC Jowai	13	01	14	13	1	0	0
8.	Jowai North	23	01	24	04	14	04	02
9.	Jowai South	10	01	11	02	09	0	0
10.	Jowai Central	0	0	0	0	0	0	0
11.	Williamnagar	08	02	10	9	0	01	0
12.	Resubelpara	10	0	10	05	03	0	02
	Total	157	18	175	94	66	06	09

Source: Information furnished by the divisions concerned.

To sum up, the position with respect to the selected divisions was:

- 40 and 28 per cent of projects sanctioned prior to 2006-07 and during 2006-11 respectively were still to be completed;
- of the total of 175 incomplete projects, 94 projects (54 per cent) were delayed by three months to one year, 66 projects (38 per cent) by one to five years, six projects (3 per cent) by five to ten years and nine projects (5 per cent) over 10 to 14 years.

As per the replies furnished to Audit by the concerned road divisions, the reasons for the delays in completion of projects were due to the following:


Table 3.10

Sl. No.	Reasons for delay	Position of incomplete works sanctioned prior to 2006-07		Position of incomplete works sanctioned during 2006-11	
		Number of works	Divisions	Number of works	Divisions
1.	Non-availability of land/ land dispute	12	Jowai South (02), Shillong Central (01), NH Bye-Pass (08) and Jowai North (01)	01	Jowai South (01)
2.	Change of alignment	01	Jowai South (01)	0	-
3.	Early monsoon, heavy rainfall, flash flood and site conditions	20	NEC Jowai (04), Shillong Central (01), NH Bye-Pass (05) and Resubelpara (10)	03	Mawsynram (02) and NEC Jowai (01)
4.	Fund shortage	02	NEC Jowai (02)	01	Shillong South (04)
5.	Late allotment/ late commencement/ slow progress by contractor	22	Jowai South (02), Shillong South (04), Jowai North (15) and NEC Jowai (01)	03	Shillong South (03)
6.	Abandonment of work by contractors	12	NEC Jowai (06), Jowai South (03) and Jowai North (03)	0	-
7.	Revision of estimates	12	Jowai South (01), Shillong Central (01), Sohra (04), NH Shillong (01), NH Bye-Pass (01), Jowai North (01) and Mawsynram (03)	0	-
8.	Reasons not furnished	76	Jowai South (01), Sohra (01), Shillong Central (29), Shillong South (07), NH Bye-Pass (16), NH Shillong (04), Jowai North (03), Williamnagar (08) and Mawsynram (07)	10	Shillong South (02), NH Bye-Pass (05), Jowai North (01) and Williamnagar (02)
Total		157		18	

(Figures in parentheses indicate number of projects)

Source: Information furnished by the divisions concerned.

The reasons for the delays at Serial 01 to 04 of table above are not acceptable because projects should have been taken up for execution after taking into consideration these aspects and ensuring availability of financial resources. Reasons for delays as indicated at Serial 05 to 07 were indicative of a lack of commitment to ensure timely completion of projects taken up for execution. Consequently, expenditure of ₹ 122.85 crore incurred on the 175 incomplete projects remained largely unfruitful. Photographs along with details of a few incomplete projects are given below:

	<p>Name of Division: Shillong Central</p> <p>Name of project: Improvement including widening of Nongmali Road including slab covering at Mali I & II</p> <p>Month/year of sanction: March 2006</p> <p>Scheduled month/year of completion: March 2009</p> <p>Sanctioned cost: ₹ 33.55 lakh</p> <p>Expenditure up to March 2011: ₹ 18.05 lakh</p> <p>Month/year of commencement: August 2007</p> <p>Number of contractors: 26</p> <p>Physical progress till March 2011: 28 per cent</p> <p>Reasons for delay: Fund constraints.</p>
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	<p>Name of Division: Jowai North Name of project: Improvement including MBT of Sahnsiang Kureliya Road (6 km) Month/year of sanction: March 2006 Scheduled month/year of completion: March 2009 Sanctioned cost: ₹ 1.71 crore Expenditure till March 2011: ₹ 60.94 lakh Month/year of commencement: February 2007 Scheduled date of completion: March 2008 Number of contractors: 71 Physical progress till March 2011: 50 per cent Reasons for delay: Re-allotment of work due to failure in commencement of work initially allotted to seven contractors.</p>
	<p>Name of Division: Jowai North Name of project: Re-construction of major bridge over river Myntang along with approaches on Sahnsiang Kureliya Month/year of sanction: August 2004 Scheduled date of completion: July 2005 Sanctioned cost: ₹ 4.29 crore Expenditure till March 2011: ₹ 2.43 crore Month/year of commencement: July 2005 Name of contractor: M/s R.B. Associates JV Physical progress till March 2011: 67 per cent Reasons for delay: Non-completion of work by contractor despite repeated requests, delay in manufacturing of bridge unit and remoteness of the site of work.</p>
	<p>Name of Division: Jowai North Name of project: Improvement including MBT of Laskein-Barato Road (0-5 km) Month/year of sanction: March 1992 Scheduled date of completion: March 1995 Sanctioned cost: ₹ 35.27 lakh Expenditure till March 2011: ₹ 36.25 lakh Month/year of commencement: May 1994 Number of contractors: 18 Physical progress till March 2011: 70 per cent Reasons for delay: Work was discontinued by the contractors because of increase in the cost of bitumen.</p>
	<p>Name of Division: Jowai South Name of project: Improvement including MBT of Syndai-Kmaishnong to Syndai Mission Village (2 km) Month/year of sanction: March 2006 Scheduled date of completion: March 2009 Sanctioned cost: ₹ 38.63 lakh Expenditure till March 2011: ₹ 7.51 lakh Month/year of commencement: March 2007 Number of contractors: 33 Physical progress till March 2011: 45 per cent Reasons for delay: Re-tendering of the work due to refusal of the initial contractor.</p>

	<p>Name of Division: NEC Jowai Name of project: Construction of Pala Umkyrpong-Mooriap Road (0-5.6 km) including RCC bridge, etc. Month/year of sanction: March 2006 Scheduled date of completion: May 2008 Sanctioned cost: ₹ 1.97 crore Expenditure till March 2011: ₹ 95.08 lakh Month/year of commencement: May 2007 Number of contractors: 24 Physical progress till March 2011: 70 per cent Reasons for delay: Discontinuation of work by the contractor because of non-payment of bills due to fund crunch.</p>
	<p>Name of Division: NEC Jowai Name of project: Improvement including MBT of Pala Saipung (6-10 km) Month/year of sanction: March 2006 Scheduled date of completion: May 2008 Sanctioned cost: ₹ 1.29 crore Expenditure till March 2011: ₹ 41.25 lakh Date of commencement: March 2007 Number of contractors: 20 Physical progress till March 2011: 20 per cent Reasons for delay: Discontinuation of work by the contractor because of non-payment of bill due to fund crunch.</p>
	<p>Name of Division: Mawsynram Name of project: Construction of a Road from Mawsynram to Thieddieng Month/year of sanction: March 1996; Revised: September 2006 Scheduled date of completion: March 2009 Sanctioned cost: ₹ 1.30 crore Expenditure till March 2011: ₹ 1.29 crore Month/year of commencement: September 2007 Number of contractors: 18 Physical progress till March 2011: 20 per cent Reasons for delay: Increase in volume of work due to extreme terrain and rocky site condition resulting in revision of estimate.</p>
	<p>Name of Division: Mawsynram Name of project: Improvement including metalling and blacktopping of Mawiong-Mawryngkhong Road (1.651 km) Month/year of sanction: March 2007 Scheduled date of completion: March 2009 Sanctioned cost: ₹ 85.25 lakh Expenditure till March 2011: ₹ 48.42 lakh Month/year of commencement: June 2010 Number of contractors: 18 Physical progress till March 2011: 60 per cent Reasons for delay: Discontinuation of work due to paucity of funds.</p>

➤ **Committed liabilities:** As is evident from the above, the sanctions accorded by the R&B Wing were unplanned and indiscriminate with resultant adverse financial consequences. As of March 2011, the committed liabilities of the 12 road divisions in the three selected districts was ₹ 60.05 crore.

3.1.11 Contract Management

The R&B Wing engages contractors for execution of all road and bridge construction projects and only the regular maintenance works are undertaken departmentally. There are three categories of contractors registered in the PWD viz., (i) Class-I contractors registered with CE(R); (ii) Class-II contractors registered with SEs; and, (iii) Class-III registered with EEs.

During 2006-11, the number of Class-I contractors registered with CE(R) were as under:

Table 3.11

	2006-07	2007-08	2008-09	2009-10	2010-11
No. of Class I contractors	658	594	650	723	735

Source: Information furnished by the CE(R)

➤ As per norms fixed by the R&B Wing, Class-I contractors were to possess machinery like crushers/concrete mixers, vibrators, etc. Out of 58 Class I contractors registered during 2006-11 whose credentials were checked by Audit, 20 contractors did not possess requisite machinery of their own. Affidavits declaring that the machinery were taken on rent/or could be taken on hire basis were made by these contractors.

➤ Scrutiny of tender documents, comparative statements, etc. in respect of 28 out of 50 tenders floated by the CE (R) during 2006-11 revealed that participation of contractors per tender ranged between two and seven despite the large number of registered Class-I category contractors. This indicated that majority of the registered contractors were non-serious/unqualified players who used their registration for cartelisation of the tenders and not for actual participation in the bids. The R&B Wing had not taken any step till date to evaluate the situation and restrict registration of contractors with a view to register only the serious players thereby enhancing competition in the bidding process for obtaining more economical rates.

The CE (R) stated (November 2011) that the Department was working out a plan to revise the eligibility criteria for registration of contractors so as to ensure proper screening and evaluation at the time of registration.

3.1.12 Project Execution

According to Rules 243 and 244 of the Meghalaya Financial Rules, 1981, for every work (except petty works), it is necessary to obtain administrative approval of the department concerned before taking up of any work. A detailed estimate for the proposed work is also to be prepared for technical sanction by the competent authority. As its name indicates, it amounts to no more than a guarantee that the

proposals are structurally sound and that the estimates are accurately calculated and based on adequate data. Irregularities noticed in execution of different projects by the divisions of the selected districts are discussed in the succeeding paragraphs.

3.1.12.1 Lack of proper planning resulting in wasteful expenditure

The work “**Construction of bridge No. 74/1 on Mawphlang-Balat Road including Subway**”, estimated to cost ₹ 83.87 lakh, was administratively approved in October 2006. Technical sanction to the estimate was accorded by the CE(R) in February 2007. The work was awarded by the executing division, viz. Mawsynram Division, to a contractor at ₹ 69.46 lakh in April 2007 and was to be completed by April 2009. While the work was in progress and the expenditure on the same was only ₹ 1.72 lakh, the Sub-Divisional Officer, Balat Sub-Division (executing Sub-Division) proposed to the EE, Mawsynram Division in November 2007 for revision of the estimate of the work as the single span sub-way bridge and also the length of the main bridge provided in the estimate was inadequate. A review meeting of the PWD held in July 2009 observed that the planning of the work was faulty. Therefore, a decision should have been taken at this point of time about the fate of the project before incurring further expenditure. However, no corrective measure was taken by the R&B Wing. It was only in December 2010, that the CE(R) proposed to the Secretary, PWD for pre-closure of the work. Meanwhile, the work was stopped in September 2010 after incurring an expenditure of ₹ 18.53 lakh. Thus, due to faulty planning and lack of initiative in taking timely action resulted in wasteful expenditure of ₹ 18.53 lakh. The CE(R) stated (November 2011) that the material worth ₹ 4.05 lakh procured for the bridge would be transferred to other sanctioned bridge projects.

3.1.12.2 Non-completion of works resulted in unproductive expenditure

➤ Construction of **Pdengshnong-Pomsohmen Road** under Sohra PWD Division, estimated to cost ₹ 38.12 lakh, was administratively approved in February 2003 with the objective of providing a vehicular road of 2 km length to the people of two villages (Pdengshnong and Pomsohmen). The land required for construction of the road was given by villagers free of cost. The work, though stipulated for completion by March 2005, commenced only in December 2006 due to delay in inviting tenders (nine months) and finalisation of work order (11 months). After attaining 20 *per cent* physical progress against an expenditure of ₹ 27.96 lakh, the work was totally stopped in March 2009 due to a land dispute with the villagers. The R&B Wing as of July 2011 was yet to take any initiative to solve the dispute and resume the work. Consequently, the expenditure of ₹ 27.96 lakh incurred on the work was rendered unproductive so far besides depriving the villagers of the intended benefit.

The CE(R) stated (November 2011) that despite pursuance with the *Rangbah Shnong*¹¹ and land owners, the land could not be made available thereby leaving no

¹¹ Head of the Village Council

alternative but to pre-close the project during 2009 and that the completed portion (500 m) of the road was under utilisation by the public. The reply is not acceptable because the objective of providing a vehicular road of 2 km length to the people of two villages was not achieved despite utilisation of over 73 per cent of the estimated cost.

➤ The work “**Re-construction of Major Bridges across river Myntang along with its approaches on Sahnsiang-Kureliya Road**” under Jowai North Division, estimated to cost ₹ 4.29 crore, was administratively approved and technically sanctioned in August 2004. The work was awarded (July 2005) to a Jowai based firm (M/s R.B. Associates JV) at a cost of ₹ 3.69 crore and was to be completed by July 2008. As per Clause 2 of the agreement executed (July 2005) with the firm, the latter was liable to pay compensation for delay in completion of the work at one per cent of the tendered estimated cost of the work for every day that the work remained un-commenced or unfinished subject to a maximum of 10 per cent of the tendered estimated cost. Clause 3 of the agreement provided that in case the contractor rendered himself liable to pay compensation amounting to 50 per cent or more of the security deposit, the EE was to rescind the contract, forfeit the security deposit and get the work completed through another contractor at the cost of the original contractor.

It was noticed that extension of time for completion of the work as sought for by the firm on the ground of hindrance in carriage of material was granted (October 2008) by CE(R) up to July 2009. But after physical achievement of 67 per cent at an expenditure of ₹ 2.43 crore, the work was discontinued by the firm in March 2009 without citing any reasons. Since the work remained unfinished, the firm was liable for payment of compensation in excess of 50 per cent (₹ 3.70 lakh) of security deposit (₹ 7.40 lakh), in which case action as per Clause 3 of the agreement was to be taken by the EE. But the EE had not initiated any such action. Consequently, the work remained incomplete even after two years of the extended period rendering the expenditure of ₹ 2.43 crore unproductive.

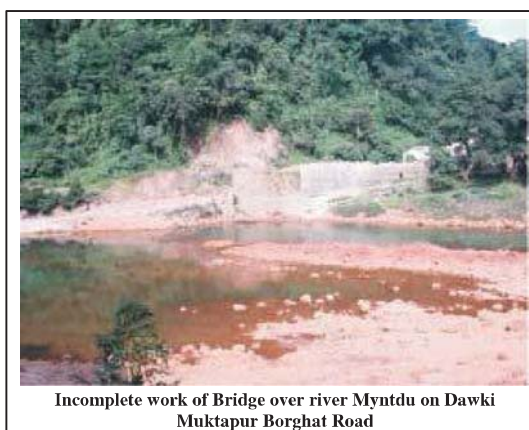
The CE(R) stated (November 2011) that the firm was still continuing with the work and the penalty as applicable would be imposed as per provision in the tender agreement.

3.1.12.3 Delay in allotment of work resulted in extra expenditure/committed liability

The work “**Improvement of Riding quality of different roads**” involving 92,451.80 sqm of 23 roads under Shillong Central Division was sanctioned (March 2004) at ₹ 1.10 crore. The stipulated date of completion was, however, not indicated in the sanctioned estimate. The estimate of the work was revised to ₹ 1.59 crore in March 2008 due to increase in volume of work and cost of road material. The work was physically completed in March 2009 at a cost of ₹ 1.59 crore.

Scrutiny revealed that work orders for five roads involving 21,975 sqm were issued to various contractors by the EE in June 2004 at par with the Schedule of Rates (SOR)¹² 2000-01 which was ₹ 70.57 per sqm. Accordingly, these works were completed at a cost of ₹ 15.51 lakh. After a lapse of two years, work orders for the remaining 18 roads involving 70,476.80 sqm were issued (May 2006) by the CE(R) at the rate of ₹ 112.20 per sqm (59 *per cent* higher than the SOR-2000-01) and the works completed at a cost of ₹ 79.07 lakh. Consequently, the Division incurred extra avoidable expenditure of ₹ 29.34 lakh¹³. The EE stated (April 2011) that initially tenders for five works were finalised due to immediate requirement and on public demand. Delay of two years in allotment of the remaining works by the CE(R) and that too at higher rates, however, was unacceptable. The CE(R) stated (November 2011) that the delay was mainly due to certain modifications and additions of some items of works as per site requirements. The reply is not convincing as it neither specified the details of modifications/additional items nor was it supported by documentary evidence.

Government accorded administrative approval in March 2007 for construction of a **major bridge over river Myntdu on Dawki Muktapur Borghat-Road (Space 180 mtr)** under Jowai South Division at an estimated cost of ₹ 11.20 crore. Tenders for allotment of work were invited in May 2007 and the tender committee, in its meeting held in July 2007 negotiated with the lowest tenderer at ₹ 13.38 crore. But the work was not allotted to this tenderer till July 2008. The EE stated (September 2011) that the delay was due to the process of negotiation. Audit was of the view that the reply was an afterthought to cover up the lapse because the rate was already finalised by the tender committee with the contractor in July 2007. Due to the delay, the contractor refused (August 2008) to execute the work at his earlier agreed rate. Consequently, fresh tenders were invited in November 2008 and the work was finally awarded to a Kolkata based firm (M/s Hindustan Metal Refining Works (P) Ltd.) in July 2010 at a negotiated value of ₹ 14.90 crore and to be completed by May 2012. As of March 2011, physical achievement of the work was 9 *per cent* against expenditure of ₹ 1.78 crore. Thus, inordinate delay of one year in allotting the work after finalisation of the tender by the tender committee resulted in delay in commencement of the work; besides additional liability of ₹ 1.52 crore for award of work at higher rate. The CE(R) stated (November 2011) that the main cause of delay was higher tender rate.



Incomplete work of Bridge over river Myntdu on Dawki Muktapur Borghat Road

¹² NH Circle, Shillong

¹³ 70,476.80 sqm x ₹ 41.63 (₹ 112.20 - ₹ 70.57) = ₹ 29.34 lakh

The reply was not acceptable because the rate initially recommended by the tender committee was 11.36 *per cent* lower than the rate at which the work was allotted.

3.1.12.4 Unauthorised expenditure

According to Rule 246 of the MFR, 1981, when owing to modification or deviations from the original proposals or in course of execution, it becomes apparent that the cost of the work will exceed the amount administratively approved by more than 10 *per cent*, revised administrative approval to the increased expenditure must be obtained. Scrutiny of records of the 12 road divisions in the three selected districts revealed that in 17 out of 530 projects under execution during 2006-11, though the expenditure (₹ 10.39 crore) exceeded the administratively approved estimated provision (₹ 8.89 crore) by over 11 *per cent* to 47 *per cent*, revised administrative approval was not obtained. Thus, the expenditure of ₹ 1.50 crore in excess of the approved cost was unauthorised. In two of these cases, the excess expenditure even reached to the level of 45 *per cent* and 47 *per cent*.

The CE(R) stated (November 2011) that the concerned EEs were being instructed to restrict the expenditure within the permissible limit or to prepare revised estimates for administrative approval.

3.1.12.5 Deviation from sanctioned estimates

According to Rule 246 of MFR, 1981, revised administrative approval is to be obtained if the original proposals are materially departed, even if there is no increase in cost. Scrutiny of payment vouchers and measurement books in respect of 37 works under execution by the selected 12 road divisions of selected districts revealed that in respect of 20 works, different items of work were executed either in excess of the estimated provision or without estimated provisions. This resulted in excess expenditure of ₹ 11.43 crore, details of which are detailed in **Appendix 3.1**. In all these cases, revised administrative approval for deviation from the sanctioned estimate was not obtained and thus, the action of the EEs concerned was unauthorised.

The CE(R) stated (November 2011) that the concerned EEs were being asked to submit necessary revised detailed estimates.

3.1.13 Quality Control

Existence of an effective quality control mechanism in the R&B Wing is of paramount importance with a view to ensure quality of inputs used in the works to achieve high degree of quality. An efficient quality control mechanism would not only ensure durability of the created assets but also enable such assets withstand expected distress and the usual vagaries of nature to survive the designed life period. It was, however, noticed in audit that quality control mechanism was almost non-existent in the R&B Wing as highlighted in the paragraphs below.

➤ According to Clause 903 of the Specifications for Road and Bridge Works published by the Indian Roads Congress, the material supplied and the works carried out by the contractor were to conform to the prescribed specifications. For ensuring the requisite quality of construction, the material and works were to be subjected to quality control tests.

There was one Road Research Laboratory (RRL) with the R&B Wing. The laboratory had equipment and facility for carrying out tests such as tests to determine California Bearing Ratio (CBR) of soils, aggregate impact value test and test to determine the quality of bitumen and cement, *etc.* But no tests of stone aggregates and bitumen used in different road and bridge works was conducted by any of the selected 12 road divisions, except test of stone aggregates used in one work (Shillong-Cherra Road) by Sohra Division. The EEs of the divisions stated (April-June 2011) that as the aggregates were taken from the approved quarry, no test was undertaken. However, test report of approved quarry, though called for (May-July 2011) from the CE(R) and EEs, was not furnished. As regards bitumen, the EE, Shillong Central Division stated (June 2011) that since the bitumen was directly procured from the manufacturer, no test was undertaken. The contention of the EE was not acceptable because the bitumen procured from the manufacturer did not come with a quality assurance certificate and as such, the quality of the same could not be ensured. The CE(R) stated (November 2011) that the EEs had been asked to conduct necessary tests of the stone aggregates before utilising in the works and that henceforth, test reports and quality assurance certificates would be obtained from the manufacturer of bitumen.

➤ Tests to determine CBR of soil in respect of 11 works executed by five¹⁴ out of 12 road divisions were carried out. But such tests for the works executed by the remaining seven divisions of the selected districts were never carried out although facilities for carrying out such tests were available in the laboratory. The CE(R) stated (November 2011) that CBR tests were conducted for all road schemes. The reply was not acceptable as it was not supported by any documentary evidence.

➤ Sanction was accorded (March 2009) for one USA¹⁵ make road scan system for sub-surface investigation, road inspection and analysis. But no action was initiated by the R&B Wing to obtain the system and the amount of ₹ 60 lakh meant for it was lying in deposit. The CE(R) stated (November 2011) that the members of the Purchase Board of PWD advised to ascertain the performance of the system before procurement and also to verify its cost from other State PWDs in the country having the system. But the performance and cost of the system could not be ascertained as no State PWD in the country was in possession of the same as reported by the firm. The reply was not acceptable because the performance and comparative costs should have been ascertained prior to sanction for purchase of the system.

¹⁴ Sohra, Jowai North, Shillong South, Mawsynram and NEC Jowai Divisions.

¹⁵ Geophysical Survey Systems, Inc, United State of America (USA)

Absence of quality tests as discussed in the above cases was indicative of the fact that the emphasis of the R&B Wing was more towards expenditure intensive works in the field and quality of the works carried out was a secondary issue.

3.1.14 Material Management

3.1.14.1 Stock/ Tools and Plant

➤ Discrepancies in stock

There were huge discrepancies between ground balance and book balance of stock in respect of 11 out of 12 road divisions in the three selected districts, division-wise position of which is given below:

Table 3.12

					(₹ in lakh)
Sl No	Name of Division	Reserve stock limit	Book balance as on 31 March 2011	Ground balance as 31 March 2011	Difference
1.	NH Bye Pass Shillong	15.00	33.87	1.28	32.59
2.	Jowai South	35.00	51.53	17.98	33.55
3.	Jowai North	18.00	149.04	20.71	128.33
4.	Shillong South	18.00	190.66	4.10	186.56
5.	Mawsynram	25.00	81.61	81.61	-
6.	Jowai Central	10.00	0.42	0.42	-
7.	Shillong Central	20.00	543.16	217.51	325.65
8.	Resubelpara	Nil	7.81	8.85	(-) 1.04
9.	Sohra Division	NA	44.52	15.47	29.05
10.	Jowai NEC	NA	4.10	4.09	0.01
11.	Williamnagar	NA	199.66	1.32	198.34
12.	NH Division, Shillong	NA	43.22	29.00	14.22
Total			1349.60	402.34	947.26

Source: Information furnished by the divisions concerned.

Against book balance of stock of ₹ 13.50 crore at the end of 2010-11, ground balance was ₹ 4.02 crore only. The discrepancies had not been reconciled by any of the divisions.

➤ Holding of excess stock

As per Rule 204 of MFR, 1981 when it is considered necessary that a reserve of stock is to be maintained, the maximum limit is to be fixed by the CE(R). As can be seen from **Table 3.12** above, seven out of the selected 12 road divisions were holding stock in excess of the reserved stock limit. As regards the remaining five divisions, while no limit for the reserve stock was fixed for Resubelpara Division, in case of other four divisions (Serial 9 to 12 of **Table 3.12** above), information regarding reserve stock had not been furnished, though called for from the EEs concerned in May-June 2011. The CE(R) stated (November 2011) that the concerned divisions were being instructed to adjust their stock accounts.

➤ **Physical verification of stock**

As per Rule 223 of MFR, 1981, it is mandatory for the Sub-Divisional Officer (SDO) to verify the stores in full once a year and for the Divisional Officer 10 *per cent* annually within three months previous to the date of submission of the stock returns. Out of the selected 12 road divisions in the three selected districts, physical verification of stores was conducted by the EE, Shillong Central Division and his subordinate the SDO, Stores in 2006-07, 2009-10 and 2010-11 and EE, NH Bye-Pass Division in 2006-07 and 2009-10. No such verification was conducted by the EEs and SDOs of other divisions of the selected districts during 2006-11. The CE(R) stated (November 2011) that all the EEs were being instructed to follow the provisions of the MFR.

3.1.14.2 Road rollers

Every PWD division has a fleet of road rollers for construction, repair and maintenance of roads. However, no system for monitoring the usage of road rollers has been laid down. In 11¹⁶ out of 12 road divisions in the three selected districts, the under-utilisation of road rollers ranged between 81 *per cent* and 87 *per cent* during 2006-11 as shown below:

Table 3.13

Year	Road rollers in working condition	Working days during the year (240 x Column 2)	Number of days road rollers utilised	Number of days in which road rollers not utilised (3-4)	Number of road rollers actually required (Column 4/240)	Idle road rollers
2006-07	132	31680	4556	27124 (87)	19	113
2007-08	125	30000	4392	25608 (85)	19	106
2008-09	126	30240	3992	26248 (87)	17	109
2009-10	126	30240	5622	24618 (81)	24	102
2010-11	130	31200	4451	26749 (85)	19	111

Source: Information furnished by the divisions concerned.

The CE(R) stated (November 2011) that full usage of road rollers could not be achieved due to limited working season, remoteness of the location of works, old age of the road rollers, *etc.* and the EEs were being instructed to increase the output of the road rollers and reduce the idle period.

3.1.15 Human Resources Management

Proper management and deployment of human capital is essential to ensure optimum work output and efficiency in implementation of projects. Human resource management was, however, a neglected area in the R&B Wing as evidenced by the following.

3.1.15.1 Manpower in regular establishment

The R&B Wing had not taken up any systematic and scientific management of its human resources. The requirement of manpower with different skill sets required for

¹⁶ barring Williamnagar Division

running the various activities of the Wing was never analysed. The Wing had also not fixed any norms for deployment of manpower with reference to work-load/coverage of area of divisions/sub-divisions. The following issues were noticed in audit:

➤ The Accounts Officer (AO) is an important functionary in a division as he acts as the financial adviser to the EE, watches expenditure against the budgetary allocation, scrutinises the correctness of contractors' bills, compiles the divisional accounts, etc. But one of the divisions in the selected districts, viz., Resubelpara Division, had been functioning without an AO since its inception in September 2006 though the average annual expenditure of this Division per year was ₹ 8.78 crore during 2006-11.

3.1.15.2 Muster Roll workers

According to the norms prescribed by the State Government (July 1989), EEs may engage five muster roll (MR) workers per month for maintenance and repair work of road length of eight kilometers. Government further stipulated that any officer violating the norm would be held responsible and any excess expenditure incurred on engagement of excess MR workers would be recovered from the pay of the officer concerned.

Audit scrutiny revealed that MR workers were engaged during 2006-11 in four¹⁷ out of 12 road divisions in the three selected districts in excess of the norm, which resulted in extra expenditure of ₹ 1.99 crore. The details are given in **Appendix 3.2**. Reasons for engaging excess MR workers, though called for from the concerned EEs in September 2011, were not furnished. The R&B Wing had also not initiated any action against the defaulting EEs thereby violating the orders of the Government.

The CE(R) stated (November 2011) that the matter was being taken up with the defaulting EEs.

3.1.16 Internal Control Mechanism

Internal control provides reasonable assurance to the management that organisational objectives are achieved, financial interests and assets of the organisation safeguarded, regular feedback and reliable information on the functioning of the organisation is made available to the management so that mid-course correction and effective interventions can be made where called for. Internal auditors, as an independent entity, examine and evaluate the level of compliance with the departmental rules and procedures and provide independent assurance to the management on the adequacy or otherwise of the existing controls.

According to the CE(R), no internal audit mechanism existed in the R&B Wing. Thus, adequacy and effectiveness of accounting and internal control systems of the R&B Wing remained un-evaluated through an independent agency though 10 per cent of

¹⁷ (i) NH Division, Shillong: 39 to 43 per cent excess labourers; (ii) Sohra Division: 19 to 23 per cent excess labourers; (iii) NH Bye-Pass Division: 9 per cent excess labourers; (iv) NEC Jowai: 1 to 18 per cent excess labourers

the State's total expenditure during 2006-11 was consumed by this wing during the period. Deficiencies noticed in audit in internal control mechanism of the Wing are discussed below.

3.1.16.1 Inspection

Inspection of divisions by the SE at least once in a year as required under Rule 477(6) of the MFR, 1981, was never carried out during 2006-11 in any of the divisions in the selected districts. Due to the failure of the SEs to carry out prescribed inspections the following shortcomings were persisting in the divisions. The CE(R) stated that the necessary instructions were being issued to the SEs for inspection of the divisional offices which were not inspected by them.

3.1.16.2 Checking of Measurement Book

Measurement Book (MB) is a very important record, since it is the basis of all accounts of quantities of works executed and paid for, whether done by MR workers or by contract. Frequent and adequate check of the MB by the SDO and EE is mandatory as per Rule 300 of MFR, 1981. But check measurement¹⁸ was never done by EEs/SDOs of the divisions of the selected districts during 2006-11. The CE(R) stated (November 2011) that the check measurements of MBs were normally done by the EEs and the EEs and SDOs were being reminded for regular check measurements.

3.1.16.3 Non-reconciliation of Forms 50-51

Forms 50 and 51 are prescribed for use by all PWD divisions and required to be submitted by the divisions along with their monthly accounts to the Accountant General (AG). Form 50 is a statement of cash remitted into the treasury and acknowledged by the treasury. Form 51 is a statement of cheques issued to the treasury and paid by the treasury. Both these statements are required to be reconciled by the concerned division with the treasury before their submission along with the monthly accounts to the AG. The purpose of these forms is to detect/prevent any possible misappropriation. Scrutiny revealed that nine out of 14¹⁹ divisions did not reconcile Forms 50 and 51 with the treasuries in time nor were they submitted the monthly accounts to the AG. The delay in reconciliation with the treasuries and their subsequent submission individually to the AG ranged between one and five months. The CE(R) agreed (November 2011) to make efforts for timely reconciliation of Forms 50 and 51.

3.1.16.4 Lapsed deposits

As per Rule 120 of MFR, 1981 security deposits lying unclaimed for more than three years are to be treated as lapsed deposit and credited to Government account. Scrutiny revealed that in ten out of 12 road divisions in the selected districts a total amount of ₹ 1.83 crore, being contractors security deposit relating to 2,630 items, was lying

¹⁸ Check measurement is the cross verification by EE/SDO of the MBs with the bills preferred by the contractors

¹⁹ 12 road divisions + 2 mechanical divisions in the three selected districts

unclaimed/unsettled for periods ranging from three to 22 years. Details are given below:

Table 3.14

Sl No	Name of Division	Number of items	Amount (₹ in lakh)	Outstanding balance (ranged between)
1	Williamnagar	306	17.98	3/91 – 3/08
2	Resubelpara	62	5.65	6/06 – 3/08
3	NH Division	124	7.82	12/99 – 12/07
4	Shillong South	68	1.22	3/00 – 3/07
5	NH Bye Pass	457	26.44	3/94 – 3/08
6	Shillong Central	133	6.36	3/00 – 12/07
7	Jowai South	124	4.81	6/98 – 3/07
8	NEC Jowai	371	91.40	3/00 – 3/08
9	Jowai Central	137	5.76	3/89 – 12/07
10	Jowai North	848	15.68	2/91 – 3/08
	Total	2630	183.12	3/89 to 3/08

Source: Information furnished by the divisions concerned.

The CE(R) stated (November 2011) that EEs were being instructed to inform the concerned contractors about their unclaimed security deposits and to finalise/release the same within a very short time, failing which the deposit would be treated as lapsed. The CE's action was, however, contrary to Rule 120 of MFR, 1981.

3.1.16.5 Delay in deposit of revenue

According to Rule 7(1) of Meghalaya Treasury Rules, 1985, all moneys received by or tendered to Government officers on account of the revenues of the State is to be paid in full into treasury without undue delay. However, as of March 2011, forest royalty of ₹ 1.29 crore and VAT of ₹ 1.77 crore deducted from contractors/ suppliers bills during 2010-11 remained un-deposited with eight divisions, details of which are given below:

Table 3.15

Sl. No.	Divisions	Forest Royalty not deposited as on 31 March 2011	VAT not deposited as on 31 March 2011 (₹ in lakh)		
			On Works	On Forest Royalty	Total
1.	Shillong Central	0.02	4.19	0.27	4.46
2.	Jowai Central	85.63	88.50	0	88.50
3.	Jowai North	18.20	28.72	1.82	30.54
4.	Jowai South	1.18	4.06	0.15	4.21
5.	Williamnagar	14.71	24.69	0	24.69
6.	Resubelpara	3.96	16.40	0	16.40
7.	SE (Mechanical), Jowai	0	8.34	0	8.34
8.	NH Bye-Pass	5.07	0	0	0
	Total	128.77	174.90	2.24	177.14

Source: Information furnished by the divisions concerned.

The CE(R) stated (November 2011) that the defaulting divisions were being instructed to deposit the forest royalty and VAT to Government account forthwith.

3.1.17 Monitoring and Evaluation

The efficiency and effectiveness of any department as well as the successful execution of projects is critically dependent on the existence of a robust monitoring and evaluation mechanism within the department to ensure that the achievement of the departmental programme/objectives are periodically monitored and evaluated against predetermined physical/financial targets, timeliness, *etc.*

It was observed that except for submission of quarterly progress reports by the R&B divisions to the CE(R), no other monitoring mechanism was in existence in the R&B Wing. Audit analysed the timeliness of submission of QPRs of the fourth quarters of the period under review and it was observed that there was delay in submission of QPRs by all the divisions in the three selected districts ranging from one to three months. The utility of the QPRs as a monitoring tool was also questionable as there was no scope in the format of the QPRs to indicate the position about date of commencement and stipulated date of completion of the projects.

Though the R&B Wing was responsible for execution of enormous road and bridge projects of the State, no mechanism was in existence in the Wing for overall impact evaluation of the completed projects. As such, the impact of projects executed by the R&B Wing remained unassessed.

During exit conference, the Secretary, PWD accepted the need for improvement of monitoring mechanism and also agreed to analyse the impact on sustainability and utility of roads executed in different areas.

3.1.18 Conclusion

The R&B Wing of the PWD had made considerable achievement and has added 6,769.56 km length of road since creation of the State. This represents an increase of 143 *per cent* in road length in the State over the period. The R&B Wing was yet to gear up its functioning to efficiently discharge its mandate. The absence of any perspective planning or long term master-plan led to wasteful/unproductive expenditure, non-completion of sanctioned projects and pre-closing/de-sanctioning of projects. Works were sanctioned/ taken up despite non-availability of funds. Past liabilities could not be cleared in the one hand while on the other, new projects were being sanctioned every year. Competitiveness in the bidding process was rare despite the large number of contractors registered with the R&B Wing. Monitoring and internal control mechanisms were weak. Quality control also was a neglected area. The impact of projects executed by the R&B Wing was not evaluated.

3.1.19 Recommendations

- ❖ **State Road policy and a master plan for the entire State should be formulated at the earliest.**
- ❖ **The R&B Wing should focus on completing ongoing projects on priority basis before taking up new projects.**
- ❖ **The R&B Wing should apprise the Government about the ill-effects of unrestrained sanction of new projects and the consequent liabilities which the wing finds difficult to discharge due to a chronic shortage of funds.**
- ❖ **The process of preparation of estimates should be more rigorous to avoid change of scope of work, revision of estimates and consequent delay in completion of works.**
- ❖ **Quality control and regular quality checks of projects under execution should be strengthened.**
- ❖ **Internal control and monitoring mechanisms should be strengthened.**

The matter was reported to the PWD, Government of Meghalaya in September 2011; reply had not been received (December 2011).