

# Chapter 2

## Performance Audit

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## Chapter 2 Performance Audit

### Works Department

#### Performance Audit on Construction and Maintenance of Government Buildings

##### *Executive Summary*

*Performance Audit conducted for the period 2008-13 revealed that there were instances where residential and non-residential buildings were taken up for construction without administrative approval, proper selection of site, shifting of utility services etc. As a result some projects either did not commence or stopped mid way.*

*Expenditure efficiency of Department was poor as only 71 per cent of Budget provision could be spent over five years due to delay in finalisation of site/administrative approval/finalisation of tender and slow progress of work.*

*Budgetary and financial controls were ineffective as supplementary provisions through re-appropriation were found to be unwarranted.*

*Works remained incomplete due to default in execution by contractor, delay/non-finalisation of sites, non-shifting of utility services, non-finalisation of drawing and designs etc. There were cases of delay in acceptance of tender, non recovery of penalty for abandonment of work and non realisation of liquidated damages.*

*Monitoring was not adequate. There were cases of diversion of funds and idle investment. Lack of regular inspection of buildings resulted in failure to prevent damage to buildings before their life span. Data base of buildings constructed was not prepared. Buildings were not handed over to user departments after completion of construction in some cases.*

### **2.1 Introduction**

Works Department is responsible for construction and maintenance of Roads, Bridges, residential and non residential buildings. Department undertakes construction of new Government buildings as well as maintenance of existing buildings in State by utilizing funds from various sources like State Budget, Central schemes and Deposits. As of March 2013, plinth area of 87.07 lakh sqm covering both residential and non-residential buildings was maintained by department.

#### **2.1.1 Organisational structure**

Overall administrative control of Works Department is vested in Engineer-in-Chief cum Secretary to the Government. Projects implementation is administered by Engineer in Chief (EIC)/ Civil, Chief Engineer, Research Development and Quality Promotion (RDQP), Chief Engineer (CE)/ Buildings, Chief Architect and seven Superintending Engineers (SE). At field

level, Executive Engineers (EE) of Roads and Buildings Divisions take care of execution of building projects.

### **2.1.1.1**                      *Audit objectives*

Performance Audit was conducted to assess whether

- Planning for construction and maintenance activities was done well in advance based on reliable data and after due cognizance of resources for selection and prioritisation of works
- Financial management ensured availability of funds from various sources for planned works with respect to schedules/progress of work
- Proposals were realistically prepared for various works/schemes as per norms and in accordance with requirements of user departments and works were awarded in a transparent manner by complying with codal provisions and departmental instructions
- Works were executed economically, efficiently and effectively avoiding time and cost overrun and adhering to the quality standards prescribed
- Inventory of all buildings constructed, status of upkeep and maintenance is recorded properly and updated periodically
- Internal control and monitoring at all levels were adequate and commensurate with relevant activities of department

### **2.1.1.2**                      *Audit criteria*

Audit criteria were sourced from following:

- Norms provided in Odisha Public Works Department Code (OPWD)
- Annual maintenance plan
- Detailed project reports, standard specifications and contract conditions
- Guidelines prescribed for repair and maintenance of buildings
- Schedule of Rates
- Odisha Budget Manual
- National Building Code

### **2.1.1.3**                      *Scope and Methodology*

Records/data for five years (2008-13) maintained by Engineer-in Chief (Civil), CE office and in 12 (out of 42) Divisions<sup>1</sup> were test checked during April to

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<sup>1</sup> Angul, Balasore, Ganjam No.I, Bhadrak, Bhubaneswar No.I & II, Cuttack, Puri, Bargarh, Kantabanji R&B Divisions, General Public Health Division No. I and General Electrical Division No. II.

September 2013. Samples were selected using stratified random sampling method based on expenditure incurred.

An Entry Conference was held with the Engineer in Chief cum Secretary to Works Department on 16 August 2013 wherein audit objectives, methodology as well as scope of audit were discussed.

Draft Performance Audit Report was issued (October 2013) to Government and findings were discussed on 28 January 2014 in an Exit Conference. Views expressed by Government have been considered while finalising report.

Audit acknowledges co-operation and assistance extended by different levels of management at various stages of conducting Performance Audit.

## 2.1.2 Construction of Buildings

### 2.1.2.1 Status of projects

Number of projects (residential and non-residential) taken up in 2008-09 and completed by March 2013 under different schemes is given below.

**Table: 2.1 Status of residential and non-residential buildings**

Year	No of Projects due for completion during the year				No of Projects Completed during the year				
	State Plan	Central Plan	12th/13th FC	Total projects under taken	State Plan	Central Plan	12th/13th FC	Total projects completed	Percentage
2008-09	1397	14	349	1760	990	4	349	1343	76
2009-10	1241	39	355	1635	1188	10	355	1553	95
2010-11	1088	20	29	1137	976	11	0	987	87
2011-12	284	0	4	288	261	0	2	263	91
2012-13	467	4	5	476	271	2	5	278	58
<b>Total</b>	<b>4477</b>	<b>77</b>	<b>742</b>	<b>5296</b>	<b>3686</b>	<b>27</b>	<b>711</b>	<b>4424</b>	

(Source: Data collected from Activities Report of Department)

As can be noticed, 4424 projects were completed during 2008-13 out of 5296 (84 per cent) due for completion. It may be seen that projects taken up were in decreasing trend till 2011-12 with reduction of projects during 2011-12 at 75 per cent and during 2012-13 at 58 per cent as compared to 2010-11. Reasons for reduction of projects were not on record.

Government stated (January 2014) that completion of projects depends upon various factors like availability of encroachment free land/site, shifting of utility services, finalisation of tender and overall performance of contractors. Reply was, however, silent as regards action plan to ensure timely completion of projects.

### 2.1.2.2 *Deficiencies in selection of buildings*

OPWD Code stipulates that site of every building should be settled before detailed designs and estimates are prepared. Projects can be commenced after detailed survey and factors like encroachment of site, shifting of utility services and other bottlenecks are to be identified in project proposals stage and mitigated suitably for timely completion of projects.

Test check of records of 128 (out of 681) building works undertaken during 2008-13 in 10 divisions revealed that, works remained incomplete (December 2013) due to default in execution by contractor (63 works), delay/non-finalisation of sites (14 works), non-shifting of utility services (two works), non-finalisation of drawing and designs (two works) and contracts for six works were closed. Out of balance 41 works, five works were completed and remaining are in progress. Delay in completion of buildings ranged between five months and 58 months.

Several projects taken up were not completed as scheduled indicating lack of systematic and effective planning for identification, selection and finalisation of projects which are pre-requisites for works as discussed in following paragraphs.

Government stated (January 2014) that better coordination with user departments will be ensured to avoid recurrence of above lapses.

### 2.1.2.3 *Administrative approval*

As per provision of OPWD Code, no work should be commenced or liability created unless administrative approval is accorded. Provision further stipulated that revised administrative approval is required when revised cost exceeds original approval by more than 10 *per cent*.

It was noticed in Audit that in six<sup>2</sup> works, tenders were invited and finalised during 2011-13 by tender committee without obtaining administrative approval. In construction of Deed Writers premises in Sub Collector office at Bhubaneswar, contract awarded for ₹ 14.71 lakh was rescinded due to want of administrative approval. This resulted in closure of contract and work could not re-commence as of July 2013.

In another work of construction of Judicial Academy Building at Cuttack, original approved (February 2011) cost of work was ₹ 20.63 crore. Though cost was revised (May 2013) to ₹ 32.73 crore (59 *per cent* excess over approved cost), revised administrative approval was not obtained (August 2013).

Government replied (January 2014) that though advance action was taken to finalise tendering process to save time, administrative approval was not accorded by Collector, Khurda. Revised administrative approval for

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<sup>2</sup> Construction of 100 seated Ladies Hostel (FF &SF) MKCG MCH, Revenue IB, Science Block of Binayak Acharya College, Sub-Collector Office conference hall at Berhampur and Extension of Medical Ward and Cabin VSS MCH, Burla, Deed Writers premises in Sub Collector office at Bhubaneswar.

construction of Judicial Academy building would be obtained as per final cost. However, administrative approval should have preceded award of contract.

#### **2.1.2.4 National Building Code Provisions**

National Building Code 2005 stipulates that in construction of building projects, provisions for rain water harvesting, water supply, power supply to fire-fighting equipments, lightning arrester, and barrier-free access to benefit physically challenged persons be ensured. Designing for green building, using energy, water and other resources efficiently reducing waste, pollution and environmental degradation and using plants and trees through green roofs, was also insisted upon.

It was noticed in ten divisions that:

- No provision was made for construction of water harvesting structures and for barrier free access to benefit physically challenged persons, in 128 building works test checked, while finalising the design. In Construction of Pulmonary Medicine Building, provision of ramp was not made despite request of Head of Department, Pulmonary Medicine of VSS Medical College and Hospital, Burla.
- No provision was made for lightning arrester facilities in estimates of 10<sup>3</sup> works of SCB Medical College and Hospital, Cuttack and six<sup>4</sup> works of MKCG Medical College and Hospital, Berhampur.
- Designing for green building was not considered.

Government stated (January 2014) that Department has initiated various measures to implement some major projects in pipeline with provisions of NBC and it would be progressively observed for buildings designed in future. But timeline for adoption of NBC was not mentioned.

#### **2.1.2.5 Finalisation of site**

OPWD Code stipulated that site of every building should be settled before detailed design/estimate are prepared.

It was noticed that in nine out of 10 divisions, 14 works<sup>5</sup> were awarded between January 2009 and February 2013 for completion between July 2009

<sup>3</sup> Building for Radiology Department, Building for new Medicine Ward (4th floor, Head room and Medicine room), Casualty and emergency (4th and 5th floor), Dental wing (2nd and 3rd floor), AHRCC, Cancer institute, CTC (3rd floor), Tele Medicine Complex, 150 bedded Ophthalmology building, Microbiology Department building, Trauma ward 2nd and 3rd floor, Paediatric and ENT ward over existing eye ward.

<sup>4</sup> Construction of 100 seated ladies hostel (FF/SF), New Radio Diagnosis Building, PMR Centre, Library Building, Construction 375+375 seated lectures theatre, Super Specialised Block.

<sup>5</sup> Conference Hall, Canteen & Police barrack for Odisha Legislative Assembly, Attendant shed of VSS MCH, Double storied Women Hostel for CTE Balasore, Sterilisation ward at SDH Patnagarh, State Drug Testing Laboratory(GF) for Government Ayurvedic Hospital BBSR, Secondary Working Standard Laboratory of Assistant Controller Legal Metrology Balasore, Drug Ware House SCB MCH, 100 bedded Mother Child Hospital Balasore,

and September 2013. Sites for respective works were not finalised as a result of which seven works could not be commenced. Contracts of six works<sup>6</sup> were closed as land was not made available out of which one work<sup>7</sup> on retender (July 2012) resulted in extra cost of ₹ 0.51 crore, which was also not started (June 2013).

In the remaining one work for construction of Secondary Working Standard Laboratory building of Assistant Controller Legal Meteorology, Balasore, EE awarded work (November 2012) for ₹ 32.06 lakh, which was stopped (June 2013) after incurring an expenditure of ₹ 3.33 lakh as proposed land belonged to judicial department. Thus, inappropriate selection of site resulted in wasteful expenditure of ₹ 3.33 lakh.

Government stated (January 2014) that user department is to provide encroachment free land/site. Instead of waiting indefinitely for removal of hindrances and to avoid lapse of budget grant, advance action is initiated for completion of tender formalities to ensure execution of work immediately on availability of encroachment free land. However, concerned EEs have been instructed to closely co-ordinate with user department to sort out bottlenecks to facilitate completion of work.

#### **2.1.2.6 Shifting of Utility Services**

OPWD code provided that shifting of utility services should be completed before invitation of tender and finalisation of agreement. It was responsibility of department to provide encroachment free land to contractor.

It was noticed that in two divisions two works<sup>8</sup> were awarded at a cost of ₹ 12.16 crore between November 2011 and May 2012 for completion between May 2013 and October 2013 without shifting of utility services such as electrical lines, water supply pipelines and electric poles, cutting of trees etc. As a result works involving ₹ 2.26 crore remained incomplete (May/June 2013).

#### **2.1.2.7 Finalisation of design**

OPWD Code provided that no work should be commenced unless properly detailed design has been approved.

In one division Construction of Drug Warehouse at DHH Puri awarded (November 2009) for ₹ 30.40 lakh for completion by February 2010 had not

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Deputy Inspector General Registration Office, RI Office, Office cum Residence of Drug Inspector Ganjam range-I and ANM Training School at Berhampur, Alternative Dispute Redressal Centre at BBSR, E type quarters for Government polytechnic Angul.

<sup>6</sup> Conference Hall, Canteen & Police barrack for Odisha Legislative Assembly, Attendant shed of VSS MCH, State Drug Testing Laboratory (GF) for Government Ayurvedic Hospital BBSR, Deputy Inspector General Registration Office Berhampur, E type quarters for Government polytechnic Angul.

<sup>7</sup> Conference Hall, Canteen & Police barrack for Odisha Legislative Assembly.

<sup>8</sup> Pediatric department building of VSS MCH and Library Building for MKCG MCH.

commenced due to belated receipt (March 2010) of building layout and design resulting in closure of contract (May 2010).

Drawings for Composite Office Gopabandhu Ayurvedic Mahavidyalaya Puri awarded (December 2012) for ₹ 79.03 lakh for completion by September 2013 were changed from two floors to Ground Floor structure at post tender stage resulting in non completion of work. Expenditure incurred was ₹ 33.05 lakh (June 2013).

Thus, non finalisation of drawings and designs prior to award of work resulted in idle investment of ₹ 33.05 lakh as well as time overrun in completion of buildings.

Government stated that during course of execution, scope of work is changed by user department resulting in revision of design. However, the drawing and design for the work should have been finalised and approved before commencement of the work.

### 2.1.3 Financial management

#### 2.1.3.1 Utilisation of Budget Grant

Government Budget Rules prohibit spending in absence of budget provision. Department is, therefore, expected to prepare budget based on actual requirement of funds for execution of various approved projects. Surrenders/savings are to be intimated in advance to enable re-appropriation of funds. The overall Budget Provisions and expenditure of construction under State Plan (SP), Central Plan (CP), Non Plan (NP) and 12/13th Finance Commission allocation are given below.

**Table No.2.2 Details of Budget provision and expenditure under different scheme**

(₹ in crore)

Year	Budget Allocation					Expenditure				
	State-Plan	Central Plan	Non-Plan	12th/13th FC	Total Allocation	State-Plan	Central Plan	Non-Plan	12th/13th FC	Total Expenditure
2008-09	73.23	1.83	209.07	41.75	325.88	73.23	1.83	209.07	41.75	325.88
2009-10	102.40	16.16	193.99	41.75	354.30	82.50	4.69	192.17	41.75	321.11
2010-11	106.83	8.42	288.17	6.48	409.90	106.83	0.20	288.17	6.48	401.68
2011-12	134.94	5.64	284.48	11.00	436.06	44.08	0.00	129.54	4.00	177.62
2012-13	227.67	4.90	362.92	7.31	602.80	48.75	0.58	222.76	2.75	274.84
<b>Total</b>	<b>645.07</b>	<b>36.95</b>	<b>1338.63</b>	<b>108.29</b>	<b>2128.94</b>	<b>355.39</b>	<b>7.30</b>	<b>1041.71</b>	<b>96.73</b>	<b>1501.13</b>

(Source: Data collected from CE, Buildings)

As against Budget provision of ₹ 2128.94 crore made during 2008-13 under State Plan, Central Plan, Non Plan and under 12th/13th Finance Commission allocation for the construction and maintenance, only ₹ 1501.13 crore (71 per cent) was spent.



Table below includes break up in respect of construction of non-residential and residential buildings during 2008-13.

**Table No.2.3 Details of Budget provision and supplementary provisions through re-appropriation**

(₹ in crore)

Year	Budget provision	Supplementary provision through re-appropriation	Total	Surrender	Percentage of surrender
<b>Construction of Non-residential Buildings</b>					
2008-09	69.33	31.28	100.61	20.03	20
2009-10	81.46	28.52	109.98	33.94	31
2010-11	106.58	11.82	118.40	28.25	24
2011-12	115.74	15.52	131.26	51.25	39
2012-13	228.88	0.78 (-)	228.10	120.96	53
<b>Total</b>	<b>601.99</b>	<b>86.36</b>	<b>688.35</b>	<b>254.43</b>	<b>37</b>
<b>Construction of Residential Buildings</b>					
2008-09	34.87	13.37	48.24	15.36	32
2009-10	18.63	15.13	33.76	6.21	18
2010-11	23.66	2.18	25.84	3.39	13
2011-12	22.87	7.27	30.14	7.62	25
2012-13	45.70	6.53	52.23	10.62	20
<b>Total</b>	<b>145.73</b>	<b>44.48</b>	<b>190.21</b>	<b>43.20</b>	<b>23</b>
<b>G Total</b>	<b>747.72</b>	<b>130.80</b>	<b>878.56</b>	<b>297.63</b>	

(Source: Data collected from CE, Buildings)

- It may be noticed that total budget provisions including re-appropriation was ₹ 688.35 crore towards construction of non-residential buildings during 2008-13. Out of above amount, ₹ 254.43 crore (37 per cent of total) was surrendered. Year wise percentage of surrender ranged from 20 to 53 per cent.
- In construction of residential buildings, total budget provision including re-appropriation was ₹ 190.21 crore during 2008-13 of which ₹ 43.20 crore was surrendered (23 per cent). Year wise percentage of surrender was between 13 to 32 per cent.

Surrender of funds was attributed by CE to non receipt/late receipt of Administrative Approval, non completion of Civil work, slow progress of work, non finalisation of work programme and delay in finalisation of tender.

- Surrender of funds was more than supplementary provisions during 2009-12 in respect of non residential buildings and during 2008-09 and 2010-13 in residential buildings. Thus supplementary provision was unwarranted.

Government stated (January 2014) that the user departments provide funds in the last quarter of financial year which could not be spent as the process of finalisation of tender consumes considerable time and steps were initiated to impress upon them to provide go ahead intimation instead of providing funds at the end of year to avoid surrender of funds.

### **2.1.3.2 *Rush of Expenditure***

Rule 147 of Odisha Budget Manual regards rush of expenditure in the closing month of a financial year as breach of financial regularity. Rule further stipulates that expenditure in last quarter of financial year should not exceed 33 per cent of allotment of a financial year.

It was noticed that CE, buildings placed allotment of ₹ 35.73 crore (48 per cent) in favour of EEs in last quarter of financial year during 2008-09 against total allotment of ₹ 73.94 crore.

Government stated (January 2014) that there has been no rush of expenditure after 2008-09 due to introduction of Integrated Odisha Treasury Management System (iOTMS) from the year 2011. However, no reply was furnished for rush of expenditure during 2008-09.

### **2.1.3.3 *Non utilisation of funds under Deposit Account***

Check of records in 10 divisions revealed that during 2008-13, ₹ 78.16 crore were received for execution of 272 works of other Departments/Bodies. But EEs could spend only ₹ 37.08 crore leaving an unspent balance of ₹ 41.08 crore.

Government stated (January 2014) that amounts remained unspent due to modification of requirement by user department, delay in according administrative approval, site dispute, change in scope of work and backing out of contractors. However, as per provisions of code, site should be finalised/administrative approval accorded before commencement of work and contract conditions cover extra items, if any, due to change in scope of work.

### **2.1.3.4 *Improper diversion of fund***

Objective of Scheme “Infrastructure assistance to Government Colleges (Both Degree and Junior)” is to provide financial assistance for new construction as well as extension of existing buildings and renovation work of any type is not allowed under this scheme.

It was noticed that an expenditure of ₹ 2.22 crore in 12 colleges<sup>9</sup> for repair and renovation works was incurred (March 2013) against approved cost of ₹ 8.86 crore for 17 colleges.

<sup>9</sup> Government College Angul, FM College Balasore, KKS Women’s College Balasore, Bhadrak College Bhadrak, Government Women’s College Bolangir, Rajendra College Bolangir, Dhenkanal College Dhenkanal, Government Science College Chatrapur, SG

Government stated (January 2014) that repair and renovation works taken up are extension of existing facilities as requested by user department and as such covered under scheme guideline. However, repair and renovation is not covered as per guidelines and as such are inadmissible.

#### **2.1.3.5 Submission of Utilisation Certificate**

Odisha General Financial Rule (OGFR) and Government circulars issued from time to time require Utilisation Certificate to be submitted by grantee institution to sanctioning authority at the end of financial year.

Check of records revealed that in five<sup>10</sup> divisions ₹ 31.39 crore were received during 2008-13 for execution of works. Against above amount, utilisation certificates for ₹ 8.99 crore only were submitted, ₹ 21.38 crore remained unutilised due to delay in execution of work, non finalisation of site and non receipt of administrative approval.

Audit also noticed that in two divisions (Angul and Bhadrak) in respect of 13 works, Utilisation Certificate for ₹ 1.72 crore had been submitted against actual expenditure of ₹ 1.31 crore. Issue of utilisation certificates by EEs before actual expenditure is improper.

Government replied (January 2014) that matter would be investigated and factual position submitted.

#### **2.1.4 Tendering process**

##### **2.1.4.1 Delays in accepting bids**

As per OPWD code, currency period of any tender should not be more than three months from last date of receipt. If delay in deciding tender is inevitable, consent of bidder to keep offer open for a further period absolutely required should be obtained. Notices inviting tenders stipulate that bids for the works shall remain open for acceptance for a period of 90 days from last date of receipt.

In seven divisions,<sup>11</sup> in 21 (33 per cent) out of 64 cases test checked, acceptance of bids for ₹ 67.05 crore and signing of agreements with the bidders were not completed within 90 days from last date of receipt of bids. Delay in finalisation ranged between 13 and 255 days which resulted in delay in commencement and completion of work.

Government stated (January 2014) that finalisation of tender, acceptance of bid and execution of agreement is a lengthy process and requires considerable time. Government further added that qualification criteria are being revised to

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Women's College Rourkela, G.M. College Sambalpur, Government Women's College Sambalpur, N.S.C.B. College Sambalpur.

<sup>10</sup> Angul, Bhadrak, Balasore, Bargarh R&B Divisions and GPH No-I, Bhubaneswar.

<sup>11</sup> Cuttack, Angul, Bargarh, Khurda, BBSR -I, BBSR-II, Ganjam-I R&B Divisions.

streamline process. However, 90 days is prescribed by department taking into account above factors.

#### **2.1.4.2 Acceptance of tender**

OPWD Code stipulates that acceptance of a single tender received in response to tender call notice should have prior approval of next higher authority.

During 2012, CE received single tender for work construction of Dental College in SCB Medical College and Hospital (estimated cost of ₹ 6.61 crore) which was to be approved by Government. Similarly, single tender for work Construction of Radiology Department(EI) of SCB Medical College and Hospital ( estimated cost of ₹ 0.46 crore) received by SE R&B electrical circle Bhubaneswar was to be approved by CE being a single tender.

Instead of obtaining approval of Government/CE (next higher authority) these tenders were accepted by CE and SE respectively.

Government confirmed (January 2014) that in both cases, approval of next higher authority was not obtained, but reasons/justification for such deviation of codal provisions were not furnished.

#### **2.1.5 Project Implementation**

##### **2.1.5.1 Building work remained incomplete**

OPWD Code provided that in case of multistoried structures, detailed estimate should be sanctioned after architectural working drawing is finalised, as in absence of such drawings no estimate can be accurately prepared. Sanction should be given on basis of accurate design and finalised sizes of all structural numbers so that during actual execution quantities of work do not alter significantly.

Construction of office building for Externally Aided Projects and Library Building for Works Department was designed for six storeys with basement. Ground and first floor of building was awarded (February 2009) for ₹ 5.02 crore for completion by January 2010. Contractor executed work valuing ₹ 3.89 crore (December 2011), including extra item for ₹ 0.24 crore due to changing of drawing. However, extra item was taken up without approval from competent authority.

Balance works of construction of 2nd to 6th floor of the building were awarded (June 2011) to a contractor for ₹ 6.01 crore for completion by November 2012. Contractor executed work valuing ₹ 4.93 crore and work was in progress (November 2013).

It was noticed that construction of building was taken up without architectural drawing till 19 February 2010. Deviations executed due to change in structural design were not approved. Further, during construction (December 2011)

itself, structural infirmities were noticed in construction. But no action was taken by EE for remedial measures.

Thus, improper planning in taking up a building project by CE without any architectural drawing from Chief Architect not only resulted in extra cost but also led to substandard execution of work.

Government stated (January 2014) that work was awarded on the basis of architectural design and detailed structural design were approved on basis of investigation report of soil bearing capacity and site conditions. However, these factors are to be considered before taking up construction.

#### **2.1.5.2                      *Execution of work at post tender stage without approval***

OPWD Code stipulates that any deviation from nature, specification, quantity and rates of items as mentioned in agreement requires approval of competent authority prior to payment. Further, divisional officer should check the measurement of items which exceeds agreement quantity by more than 10 *per cent*.

Check of records in seven divisions revealed that, in respect of 26 works awarded between December 2010 and January 2013 at a cost of ₹ 83.55 crore for completion between June 2011 and October 2014, there was excess execution of some items ranging between four and 406 *per cent* over agreement quantity and for which payment of ₹ 10.60 crore was made to contractors at post tender stage without approval of deviation by competent authority.

Government stated (January 2014) that there were some mistakes in quantities estimation and proper authentication would be given in such cases in future.

#### **2.1.5.3                      *Execution of work without contract in force***

As per provisions of OPWD Code, contractors are required to apply for extension of time (EoT) for hindrances within 30 days of such occurrence. If the required extension of time was not received in time from competent authority, EoT may be granted by Divisional officer so that contract remain in force.

It was noticed that in 11 divisions, 63 works were awarded between September 2008 and February 2013 to contractors at a cost of ₹ 77.80 crore for completion between March 2009 and July 2013. Contractors could not complete works within stipulated period and they were paid for value of work executed though contracts were not in force.

Government stated (January 2014) that applications for EoT are under examination at various stages and EEs had allowed continuing with works as per provisions of code. However, records did not indicate EEs permission allowing contractors to continue with work.

#### **2.1.5.4 Execution of works without entering into agreement**

As per instructions issued (April 2012) by Works Department, composite tender for Civil/EI/PH works should be invited in respect of building works costing more than ₹ 50 lakh and bidders were to enter into a separate agreement for each component with concerned EEs who can exercise control and to ensure quality as well as completion of composite work.

In 38 works no separate agreements were executed by executing agencies with General Electrical Division No.II, Cuttack (six works) for electrical works or with General Public Health Division No. I (32 works) violating instructions issued by Works Department.

Government stated (January 2014) that there is no necessity for execution of separate agreement. Department also does not find any difficulty in implementation of works without composite agreement. However, procedure is not in conformity with orders issued by Government. As a result, buildings could not be handed over to user department for want of electrical/PH works after completion of civil work as mentioned in paragraph 2.1.5.8.

#### **2.1.5.5 Non adjustment of works advance**

Design, manufacturing, supplying, installation of 12 elevators after dismantling of existing ones on buy back system was awarded (June 2012) to a contractor for ₹ 2.23 crore for completion by December 2012. Out of above, nine<sup>12</sup> elevators were to be installed at different departments of SCB Medical College, Cuttack.

It was noticed that as per conditions of contract, agency was paid (February 2013) an advance of ₹ 1.27 crore being 75 per cent of value of materials. Work remained incomplete (December 2013) for one year causing inconvenience to patient and advance also remained un-adjusted.

Government accepting factual position stated (January 2014) that contractor has fixed five elevators for ₹ 85.75 lakh which is adjustable against advance payment. But reply is silent regarding non-adjustment of advance payments for more than one year beyond stipulated date of completion.

#### **2.1.5.6 Non-recovery of penalty**

As per clause 2 (a), (b) (i) of agreement, time allowed for carrying out the work shall be strictly observed by contractor. In case contractor failed to complete work within stipulated period, EE should issue rescission notice to the contractor. If contractor did not expedite progress of work despite issue of

<sup>12</sup> Neurosurgery (G+3) 8 passenger, Surgery (G+2) 15 passenger, Medicine (G+3) 15 passenger, Lecturers theatre (G+2) 15 passenger, Medicine (G+3) 8 passenger, Gynecology (G+2) 15 passenger, Dental wing (G+3) Bed cum 13 passenger, Dental wing (G+3) Bed cum 13 passenger, Cardiothoracic (G+3) Bed cum passenger.

notices, contract should be rescinded. To do this 20 *per cent* of value of left over work will be realised from contractors as penalty.

It was noticed that six<sup>13</sup> works were awarded to six contractors between December 2010 and August 2011 at a cost of ₹ 6.44 crore for completion between August 2011 and February 2012. After executing work valuing ₹ 1.46 crore, contractors stopped further execution. In respect of four works the proposals to rescind the contract were not approved as of July 2013. In respect of other two works (Construction of ladies hostel building and Construction of administrative block of Government Polytechnic, Angul) contracts have been rescinded as per clause 2 (b)(i) of contract. As per provisions of contract ₹ 99.68 lakh was recoverable from contractors which was not done as of July 2013.

Government stated (January 2014) that proposals for rescission of agreements are under consideration of competent authority. EEs in charge of Construction of Ladies hostel building of SCB Medical College & Hospital, Cuttack and construction of Administrative block of Government Polytechnic, Angul have been instructed to initiate action for realisation of penalty from contractors.

#### **2.1.5.7 Non realisation of liquidated damage**

Agreements executed with contractors provided that contractors should execute works as per approved programme and in case of non achievement of proportionate progress, liquidated damages (LD) at 10 *per cent* of estimated cost of work would be realised.

It was noticed that despite issue of warnings, contractors of 61 works awarded between September 2008 and February 2013, in 11 divisions,<sup>14</sup> for ₹ 70.15 crore for completion between March 2009 and July 2013, could not complete work within stipulated period. As per provisions of contract, though LD for ₹ 6.80 crore was recoverable from contractor, EEs did not do so (July 2013).

Government stated (January 2014) that applications for EoT are under examination at various stages and EEs had allowed them provisionally to continue with work. In case contractors failed to complete works, contract would be closed as per terms of agreement.

However, neither was EoT sanctioned by competent authority nor were contractors allowed by EEs to continue with the work. Government stated that details of EoT communication in each case would be furnished which are awaited (February 2014).

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<sup>13</sup> Construction of Polytechnic at Angul -Academic Block, Administrative Block, Gent's Hostel and Ladies hostel, Infrastructure development of SCB Medical College and Hospital and Construction of Drug Store Building at Sub Divisional Hospital, Talcher.

<sup>14</sup> Cuttack, Bargarh, Ganjam No-I, BBSR No-I and No-II, Angul, Bhadrak, Balasore, Puri, Kantabanji R&B divisions and GED No-II, Cuttack.

### 2.1.5.8 *Handing over of buildings*

In three divisions, six<sup>15</sup> works (Civil and PH) were awarded between August 2010 and November 2011 at a cost of ₹ 11.97 crore for completion between September 2011 and October 2012. Civil and PH works of two buildings were completed. Finishing work of remaining four buildings could not be taken up for want of electrical installations. Hence, buildings could not be handed over to user department. Expenditure incurred on these buildings was ₹ 9.51 crore. No tender was invited (July/August 2013) for electrical installation works.



Multi-storied Residential Building for doctors, SCBMCH, Cuttack

Civil work portions of four buildings<sup>16</sup> in Kantabanjhi R&B Division were awarded (July 2010/September 2011) for ₹ 48.31 lakh for completion by January 2011/ March 2012. Works were completed during extended period (May/ July 2013) but EEs of PH and Electrical divisions were not intimated for taking up their portion of work. As a result, buildings were not completed in all respects.

Government stated (January 2014) that corrective measure would be taken in future and matter would be investigated as to how buildings were handed over in incomplete shape.

### 2.1.5.9 *Execution of work in excess of norms*

Government in General Administration (GA) Department fixed (November 2009) norms for special repair works per annum based on type/category of quarters under State Capital Project. As stipulated, monetary value for special repair works per annum was fixed at ₹ 1.30 /one lakh for higher type quarters, ₹ 0.60 lakh for medium type quarters and ₹ 0.40/0.50 lakh for lower type quarters in respect of civil works.

In two divisions<sup>17</sup>, EEs adopted cost of special repair ranging between ₹ 0.44 lakh and ₹ 9.10 lakh and spent ₹ 2.65 crore during 2011-13 in excess of norms fixed by GA Department, excess expenditure incurred ranged between ₹ 0.04 lakh and ₹ 7.80 lakh.

<sup>15</sup> Construction of Multi-storeyed residential buildings for doctors, Construction of Radiology Department, New Medicine ward, construction and up-gradation of casualty and emergency facilities (Trauma ward)-4<sup>th</sup> and 5<sup>th</sup> floor (SCB, MCH, Cuttack), Construction of Conference Hall at Town High School at Balasore, Construction of Trauma care unit of DHH, Bhadrak.

<sup>16</sup> Construction of four double storied F type quarters for Health department, Patnagarh, Drug ware House at Patnagarh, Construction of 1<sup>st</sup> Floor at SDH Patnagarh and Construction of two E type quarters for Health department Patnagarh.

<sup>17</sup> BBSR R&B division No-I & II.



Government stated (January 2014) that considering age of buildings and decision of department to make buildings habitable for better utilisation, special repair works were taken up as per administrative approval and funds were made available by GA Department. However expenditure incurred on special repair works on specific quarters is in excess of norms fixed by GA Department.

#### **2.1.5.10 Register of Buildings**

OPWD Code provided that Register of Buildings was to be maintained by each Divisional officer which comprised value of land, buildings created there on showing value of each structure separately. On completion of building, details of land and building should be entered in the register indicating value of each structure.

It was noticed that in 10 divisions, though such register was maintained, new buildings constructed during 2008-13 were not entered.

Government stated that department is in process of undertaking preparation of data base for better management of buildings as was done for roads. However, no timeline for maintenance of data base was indicated.

#### **2.1.5.11 Quality assurances**

Chief Engineer Research Development and Quality Promotion (R&B) issued (April 2012) instructions that building works for more than ₹ 25 lakh were to be inspected by Quality Monitoring Personnel (QMPs) in regular intervals to check quality of work. OPWD Code provided that EE should check at least 10 *per cent* of the measurements recorded.

It was noticed that in 10 divisions the building works were not inspected by QMPs, which defeated very purpose of engagement of QMPs. EEs had not checked measurement of works and in some cases agreement quantity exceeded original quantity by 406 *per cent* as mentioned in paragraph 2.1.5.2.

Government stated (January 2014) that department ensured quality by adoption of various tests in departmental laboratories. Government further stated that EEs have been instructed to complete check measurement of works and report compliance.

### **2.1.6 Repair and Maintenance**

#### **2.1.6.1 Absence of plan for repair**

Department maintained 87.07 lakh sqm of residential and non residential buildings as of March 2013. No system/criteria were prescribed for selection of buildings for repair and there was no annual/perspective plan in place to cover all buildings over a period of time. In absence of such conditions some buildings have become inhabitable for occupation during the course of time.

Government stated (January 2014) that covering all buildings under repair/maintenance within a limited period of time depends upon resources available. Further department is in process of undertaking preparation of data base for better asset management of buildings as was done for roads. Reply is silent as regards time line for preparation of data base.

#### **2.1.6.2 Annual maintenance plan**

Finance Department ordered (October 2009) all Engineering Departments to formulate annual maintenance plans from the year 2010-11 and get the same vetted by Finance Department before commencement of Financial Year. To ensure adequate provision for maintenance of capital assets, Administrative Departments are required to put in place appropriate institutional reforms for effective utilisation of budget provision for operation and maintenance and monitoring and oversight arrangements for ensuring regular upkeep and maintenance of capital assets.

It was noticed that annual maintenance plans were submitted by Works Department with a delay of two to four months after commencement of financial year. These were finalised by Finance Department with a delay of four and six months. As a result, there was rush of expenditure during subsequent quarters of financial year and delay in commencement of work. Records of department did not indicate that the monitoring at departmental level was done to ensure regular upkeep and maintenance of capital assets.

Government stated (January 2014) that system is newly introduced and departmental staff and officers require sufficient training and time to adjust to requirement. Gradually department has experienced considerable improvement in system.

#### **2.1.6.3 Standard Measurement Book**

OPWD Code provided that to facilitate preparation of estimates for periodical repair works, a standard Measurement book should be kept in each divisional office showing detailed measurements of each kind of work.

Audit noticed that, in nine out of 10 divisions, standard measurement book was not maintained, in absence of which, correctness of preparation of estimates could not be checked in audit.

Government stated that EEs were instructed to maintain above records.

#### **2.1.6.4 Complaint register**

OPWD Code provided that for repair works, a Complaint Register to be maintained for the complaints received from occupants of buildings.

It was noticed that in 11 divisions no complaint register was maintained for compliance to the complaints received. This indicated that internal controls were ineffective in maintenance of buildings.

Government replied (January 2014) that EEs have been instructed to maintain relevant records.

#### **2.1.6.5                      *Inspection of Hospital/Educational Buildings***

CE Buildings (November/December 2012) and Commissioner cum secretary, Health and Family Welfare Department issued instructions for inspection of Hospital and educational buildings by engineering officers of Works Department to assess structural safety to avoid any mishap. Defects noticed should be rectified immediately.

Audit noticed that in 10 divisions no such inspections were conducted, in absence of which there were reported incidents of falling of ceiling plaster, ceiling fans etc. causing life hazard as well as loss of valuable assets etc. which could be prevented.

On this being pointed out, no specific reply was furnished by Government (January 2014).

#### **2.1.6.6                      *Repair and maintenance of Electrical installations***

As per provisions of OPWD Code repair works should be taken up in respect of all buildings at periodical intervals and no building should deteriorate for want of repair causing life risk of users.

It was also noticed that:

- Superintendent, SCB Medical College and hospital in June 2012 and Heads of other departments intimated EE, General Electrical Division (GED) that fans were not functioning properly, patients and attendants were lying in verandahs.
- HOD, Neurosurgery of SCB Medical College & Hospital on 16 October 2012 intimated EE, GED that Neurosurgery ICU had been closed due to electrical short circuit which had also earlier been closed for a month. Such incidents repeatedly happened causing problem to serious ill patients.
- HOD Cardiology also reported that, lift was not functioning since its installation and Air Conditioners were not functioning properly.

Thus, due to lack of control mechanisms and tardy follow up, there were instances of non-functioning of electrical equipment affecting patient care and causing inconvenience to patients.

Government stated (January 2014) that Hospital authorities carried out repairs to electrical installations engaging un-licensed and inexperienced workers and made load additions beyond capacity of circuits without knowledge of electrical wing leading to failure of circuit dislocating electrical supply.

Government further stated that action has been initiated to check fans of SCB Medical College Cuttack. Reply is silent about other hospitals and Medical Colleges and strengthening internal control mechanism to avoid recurrence of such instances.

## 2.1.7 *Monitoring and internal control*

### 2.1.7.1 *Internal Control*

There is no mechanism available in department to generate and use data base of buildings to prepare maintenance schedules.

It was noticed that, in seven divisions residential and non residential buildings for an area 1.07 lakh sqm were damaged. However, no estimate of repairs cost or initial capital cost was available for 0.27 lakh sqm (25 per cent of 1.07 lakh) in five divisions.

Government accepting factual position stated (January 2014) that department is in process of undertaking preparation of data base for better management of buildings as was done for roads.

### 2.1.7.2 *Inspection of Buildings*

OPWD code laid down norms for CE to inspect works under execution and record his observation in the Register of Inspections maintained at site of work for ensuring quality assurance and timely completion of works.

It was noticed that in 11 divisions, records did not indicate issue of any observations of CE as regards quality and specification of work in the register of inspections maintained at site. Further, no separate inspection report was issued evidencing non compliance to rules and non- assurance of quality aspects.

Government stated (January 2014) that all important works requiring intervention of higher technical authorities are covered and instructions imparted. The structural safety and safety of electrical installations are regularly monitored by Engineer in charge. However, no inspection report or any observation in the register was available on record.

## 2.1.8 *Conclusions*

- Performance Audit conducted for the period 2008-13 revealed that there were instances where residential and non-residential buildings were taken up for construction without administrative approval, proper selection of site, shifting of utility services etc. As a result some projects either did not commence or were stopped mid way.
- Expenditure efficiency of Department was poor as only 71 per cent of Budget provision could be spent over five years due to delay in finalisation of site/ administrative approval/finalisation of tender and slow progress of work.
- Budgetary and financial controls were ineffective as supplementary provisions through re-appropriation were found to be unwarranted.
- Works remained incomplete due to default in execution by contractor, delay/non-finalisation of sites, non-shifting of utility services, non-finalisation of drawing and designs etc. There were cases of delay in

acceptance of tender, non recovery of penalty for abandonment of work and non realisation of liquidated damages.

- Monitoring was not adequate. There were cases of diversion of funds and idle investment. Lack of regular inspection of buildings resulted in failure to prevent damage to buildings before their life span. Data base of buildings constructed was not prepared. Buildings were not handed over to user departments after their completion in some cases.

### **2.1.9 Recommendations**

Audit recommended that:

- Pre-requisite like availability of site, design and shifting of utility services may be ensured before approval/taking up of project.
- Department must ensure preparation of annual/perspective plan and data base to include all buildings to systematise maintenance of buildings.
- Design for buildings must include facilities for rain water harvesting and provisions of safety measures against fire and lightning as prescribed in national building code.
- Inspection of buildings must be conducted regularly to locate defects and to rectify them.