
CHAPTER V

AUDIT OF TRANSACTIONS

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URBAN DEVELOPMENT DEPARTMENT

NASHIK MUNICIPAL CORPORATION

5.1 Unfruitful expenditure on construction of a training centre

A training centre constructed in March 2009 by Nashik Municipal Corporation as part of solid waste management project was not put to use till April 2016 due to resource constraints and non-availability of staff, thereby rendering an expenditure of ₹ 1.03 crore unfruitful.

The Central Sanctioning and Monitoring Committee of the Sub Mission on Urban Infrastructure and Governance under Jawaharlal Nehru National Urban Renewal Mission approved (December 2006) the solid waste management (SWM) project of Nashik Municipal Corporation (NMC) at an estimated cost of ₹ 60 crore. The project cost of ₹ 60 crore included ₹ 90 lakh for education, awareness, centre of excellence in SWM (training centre) and staff quarters.

The NMC awarded (October 2007) construction of a training centre (977.08 sqm) and five staff quarters (488.54 sqm) to a contractor at a total cost of ₹ 90.40 lakh to be completed by April 2008. The work was completed within the extended period in March 2009 at a total cost of ₹ 1.55 crore due to inclusion of additional items such as, foundation up to plinth, increase in quantum of RCC columns and beams due to additional floor, construction of concrete road, footpath and compound wall, approach gate, *etc.* on account of merging of training centre and staff quarters into one unit.

Scrutiny of records of NMC revealed (April 2015) that while all the five staff quarters were in regular use by the eligible staff of NMC, the training centre was not put to use since its completion in March 2009 till April 2015. Physical inspection of training centre by audit (April 2015) along with NMC staff revealed broken doors and missing electrical fixtures and fittings due to idling of the centre for long period.

The NMC stated (April 2015) that due to resource constraints and non-availability of staff, the training centre could not be put to use. It added that a decision has been taken to hand over the centre to Maharashtra Environmental Engineering Training and Research Academy (MEETRA), GoM for their use. Audit however, observed that the training centre had not been handed over to MEETRA as of April 2016.

Thus, a training centre constructed by Nashik Municipal Corporation had not been put to use for more than seven years (March 2009 to April 2016) thereby rendering an expenditure of ₹ 1.03 crore¹ unfruitful.

¹ $(977.08 \text{ sqm} \div 1465.62 \text{ sqm}) \times ₹ 1.55 \text{ crore} = \text{Proportionate cost of construction of training centre}$

The matter was referred to the Government in July 2015; their reply was awaited as of April 2016.

BASMATNAGAR MUNICIPAL COUNCIL

5.2 Excess payment to a contractor

The Municipal Council, Basmatnagar, Hingoli made an excess payment of ₹ 40.54 lakh to a contractor due to incorrect application of rate for provisioning and supply of ductile iron pipes.

The Chief Officer, Municipal Council, Basmatnagar (BMC), Hingoli awarded (August 2009) the work of ‘Augmentation to Basmat Water Supply Scheme’ to a contractor under the Centrally Sponsored Urban Infrastructure Development Scheme for Small and Medium Towns (UIDSSMT), at an accepted tender cost of ₹ 47.26 crore (109.40 *per cent* above the estimated cost of ₹ 22.58 crore put to tender) with stipulated period of completion of 30 months (February 2012). The Maharashtra Jeevan Pradhikaran (MJP), being the technical authority for the implementation of the Scheme, prepared the estimates for the work which were based on the MJP’s Schedule of Rate (SoR) 2006-07 and the same was adopted by the BMC.

The work of Water Supply Scheme was divided into a number of sub-works, one of them being ‘Raw Water Gravity Main’. This sub-work envisaged provisioning and supply of ductile iron (DI) pipes with complete fittings including transportation, loading/unloading, labour and material costs *etc.* For this sub-work, MJP estimated a requirement of 50,000 kg of DI pipes at ₹ 65 per kg as per SoR 2006-07. Scrutiny of records revealed (March 2015) that BMC included a rate of ₹ 105 per kg for DI pipes in Schedule-B of tender document instead of ₹ 65 per kg estimated by MJP. This resulted in an excess payment of ₹ 40.54 lakh to the contractor for using 48,400 kg of DI pipes as detailed in **Table 1** below:

Table 1: Details showing excess payment made the contractor

Payment made to the contractor				Payment actually due to the contractor			Excess payment made
Total quantity of DI pipes used (in kg)	Rate per kg (in ₹)	Payment made (₹ in lakh)	Above 109.40% (₹ in lakh)	Rate per kg (in ₹)	Payment admissible (₹ in lakh)	Above 109.40% (₹ in lakh)	
48400	105	50.82	106.42	65	31.46	65.88	₹ 106.42 lakh minus ₹ 65.88 lakh 40.54

On this being pointed out in audit, the Chief Officer, BMC stated (March 2015) that excess payment would be recovered from the contractor after verification of facts and a report in this regard would be furnished to audit. However, no recovery was made from the contractor as of April 2016.

The matter was referred to the Government in July 2015; their reply was awaited as of April 2016.



(MEENAKSHI MISHRA)

Principal Accountant General (Audit)-I,
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The 18 July, 2016

Countersigned



(SHASHI KANT SHARMA)

Comptroller and Auditor General of India

New Delhi
The 19 July, 2016