

# Overview



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This Report comprises three chapters containing ten compliance audit observations pertaining to Social, General and Economic sectors involving money value of ₹ 302.90 crore.

**Chapter-I** is an introductory chapter, which contains financial profile of the State, planning and conduct of audit and follow-up on Audit Reports; **Chapter-II** contains audit findings on Compliance Audit of Departments/Autonomous Bodies pertaining to Social, General and Economic sectors comprising five paragraphs involving money value of ₹ 41.85 crore; and **Chapter-III** deals with audit findings on Compliance Audit in respect of Public Sector Undertakings of Social, General and Economic sectors comprising five paragraphs involving money value of ₹ 261.05 crore. Some of the significant audit findings are mentioned below:

## CHAPTER-II: SOCIAL, GENERAL AND ECONOMIC SECTORS (DEPARTMENTS)

### Education Department

#### Provision of Free School Uniform to Students

The State Government was unable to plan and deliver in line with its commitment of providing uniform cloth at the beginning of session every year. Due to delay in completion of formalities and issue of supply orders, uniform cloth was not provided to students during 2018-19 and the departmental authorities had taken more than one to 11 months in distribution of uniform cloth during 2016-18 and 2019-20. The departmental authorities had taken time of five to 164 days in disbursement of the stitching charges and in three test-checked blocks, 200 students were not paid stitching charges during 2016-20. Assigning testing of samples of uniform cloth to same laboratory without tenders resulted in irregular expenditure of ₹ 1.73 crore (2019-20).

*(Paragraph 2.1)*

### Health and Family Welfare Department

#### Non-completion / non-functioning of trauma centres resulting in unfruitful expenditure and blocking of funds

Department failed to establish envisaged trauma centres in five hospitals even after incurring expenditure of ₹ 10.61 crore. There was further idling of funds of ₹ 7.81 crore with these hospital authorities for 30 to 57 months.

*(Paragraph 2.2)*

### Himachal Pradesh Public Works Department

#### Infructuous expenditure on abandoned road work and undue favour to contractor

Failure in planning, delay in obtaining timely forest clearance and delay in providing blasting material led to infructuous expenditure of ₹ 2.15 crore on abandoned road work.

Unauthorized execution of high rate item led to undue favour of ₹ 0.53 crore to the contractor, besides depriving the people of the intended benefits.

*(Paragraph 2.3)*

### **Jal Shakti Vibhag**

#### **Undue favour to firm in construction of Phina Singh Dam**

Award of lump-sum contract with incorrect scope of work and unjustified item-rates resulted in undue favour of ₹ 19.52 crore to the firm, on account of payments for inadequate steel work, payment at higher rates for deviations, payment for investigations/ designs, adding eight *per cent* to the derived rates for already accounted for activities, besides payments for non-measured work.

*(Paragraph 2.4)*

### **Language, Art and Culture Department**

#### **Management of Museums in Himachal Pradesh**

The Department had neither framed policy/ guidelines for acquisition, documentation and conservation of objects nor prepared annual action plan for management of museums during 2016-20. Acquisition of art objects was arbitrary as out of 1,562 objects acquired by State Museum, Shimla through purchase (1,505) and excavation (57) during 2017-20, 1,494 (96 *per cent*) were acquired for State Museum, Shimla and 68 for Museum at Dharamshala and no objects were acquired for Museum at Chamba. Accession Registers were not maintained methodically as locations of objects (shelf/ case/ room) and photographs were not mentioned/ affixed in all test-checked entries and date/ period of objects had not been entered against 489 objects. Out of 21,755 objects, digitized documentation had been completed for 8,663 (40 *per cent*) objects. Major equipment including de-salinisation plants, ultrasonic/ laser cleaners, high resolution microscopes, conservation tables, etc., were not available in conservation laboratories of Museums. The security system at the museums was deficient and lacked effective surveillance/ tracking of visitors.

*(Paragraph 2.5)*

## **CHAPTER-III: SOCIAL, GENERAL AND ECONOMIC SECTORS (PUBLIC SECTOR UNDERTAKINGS)**

### **Himachal Pradesh Horticultural Produce Marketing and Processing Corporation Limited (HPMC)**

#### **Unfruitful expenditure on Himachal Pradesh Horticultural Produce Marketing and Processing Corporation Limited - Process Automation Project, ₹ 7.82 crore**

Himachal Pradesh Horticultural Produce Marketing and Processing Corporation Limited (HPMC) expended ₹ 7.82 crore on Process Automation Project (Project) without utilizing it. Additional liability of ₹ 2.74 crore is yet to be paid.

*(Paragraph 3.1)*

## **Himachal Pradesh Power Transmission Corporation Limited (HPPTCL)**

### **Contract Management in Himachal Pradesh Power Transmission Corporation Limited**

The Company executed 41 projects during last three years out of which 14 projects were test checked. In six projects, works were awarded between 15 and 40 months after approval of DPRs. In one contract, contradictory provisions and insertion of price variation clause after award of work led to undue favour to the contractor of ₹ 12.25 crore. There was inadmissible payment of ₹ two crore on widening of road and avoidable payment of Goods and Services Tax of ₹ 24.57 crore.

*(Paragraph 3.2)*

## **Himachal Pradesh State Electricity Board Limited (HPSEBL)**

### **Material Procurement and Inventory Management in Himachal Pradesh State Electricity Board Limited**

The annual outgo by the Company on purchase of store items during 2017-18 to 2019-20 ranged between ₹ 100.26 crore and ₹ 259.27 crore. Excess stock of value ₹ 38.13 crore and ₹ 88.67 crore was held during 2018-19 and 2019-20 respectively. Due to holding excess stock at the end of 2018-19, Company sustained interest loss of ₹ 4.88 crore. Placement of Purchase Order at previous year's rates resulted in extra expenditure of ₹ 1.40 crore.

*(Paragraph 3.3)*

### **Avoidable payment of Transmission Charges**

Company had to bear transmission charges of ₹ 198.91 crore without actually utilizing the system due to non-completion of downstream system. The charges will increase further until the downstream system is completed.

*(Paragraph 3.4)*

## **Himachal Pradesh State Forest Development Corporation Limited (HPSFDC)**

### **Loss of ₹ 80.84 lakh due to full payment to workers despite underutilization of their services**

Despite lack of full time requirement, semi/un-skilled workers were paid in full for lesser quantity of work; their contracts were extended annually; and they were also given regular appointments. This led to avoidable payment and loss of ₹ 80.84 lakh to the Himachal Pradesh State Forest Development Corporation Limited (Corporation).

*(Paragraph 3.5)*

