

**CHAPTER-V**  
**Compliance Audit**  
**of**  
**Urban Local Bodies**



## CHAPTER- V

### DEPARTMENT OF HOUSING AND URBAN AFFAIRS

#### COMPLIANCE AUDIT OF ULBs

#### 5.1 Fraudulent expenditure

*The Commissioner, Guwahati Municipal Corporation made payment of ₹1.19 crore for desilting work of the river Bharalu of which an amount of ₹45.75 lakh is suspected to be fraudulent.*

Assam Financial Rules<sup>33</sup> (AFR) provide for preparation of estimates, technical sanction, administrative approval, and systematic recording of measurement (unless impracticable) of quantities of work done for every work other than petty works and repair works which do not exceed ₹1,000.

The Commissioner, Guwahati Municipal Corporation (GMC) paid ₹1.19 crore to the Executive Engineer (EE) Division IV, Division V, and Garage Branch of the GMC for the purpose of desilting and cleaning work of the Bharalu river as shown in **Table 5.1**:

**Table 5.1: Expenditure details of desilting and cleaning work of the Bharalu river during March to December 2015**

(Amount in ₹)

Sl. No.	Name of work	Period of execution	Details of payment			Purpose of payment	Paid to whom	Reported expenditure
			Date of payment	Amount	Total			
1	Cleaning and desilting of River Bharalu from Jonali point to GS road bridge	March 2015 to June 2015	NA	7,00,000	43,16,355	Labour, hire machineries and fuel	EE, Division V, GMC	43,16,355
			29.6.2016	20,00,000				
			13.11.2017	16,16,355				
2	Cleaning and desilting of River Bharalu from GS road bridge to Fatashil bridge	March 2015 to June 2015	NA	3,00,000	35,90,704	Labour and machine hire charge	EE, Division IV, GMC	35,90,704
			NA	4,00,000				
			29.6.2016	16,00,000				
			25.10.2017	12,90,704				
3	Cleaning and desilting of River Bharalu (Jonali point to Fatashil Brahmaputra)	September 2015 to December 2015	11.9.2017	40,00,050	40,00,050	Hire charge of machineries	EE, Garage Branch, GMC	39,60,486
<b>Total</b>					<b>1,19,07,109</b>			<b>1,18,67,545</b>

The works were executed departmentally without engaging any contractor. In this regard, audit (January - April 2019) observed following irregularities:

<sup>33</sup> Rule 234, 240, 241 and 248.

- 1) In case of Sl. No. 1 in the above table, out of total expenditure of ₹43.16 lakh, a sum of ₹20.61 lakh and ₹10.26 lakh were shown to have been spent on hiring of machinery and fuel respectively. It was seen from the log book of machinery maintained by the Division that 21 number of dumpers, one JCB (excavator) and four poclain machines were used for the work. But verification of registration numbers of the dumpers and JCB showed that eight vehicles (out of 21 dumpers) were actually three-wheeler, motorcycle, bus, goods carrier, private car, *etc.* The registration number of the JCB machine was that of Maruti Wagon-R. Further, one dumper (AS-04AC2985) was shown to have been used twice on the same day and paid for separately for the whole day on eight different occasions.

Thus, expenditure of ₹6.15 lakh on hire charge and fuel (₹3.17 lakh on hire charge<sup>34</sup> and ₹2.98 lakh on fuel<sup>35</sup>) towards the above machinery was fraudulent in nature.

- 2) In case of Sl. No. 2 in the above table, expenditure of ₹35.90 lakh was found supported with muster rolls for wage payment of labourers, and vouchers for machinery hire charges. However, in case of Sl. No. 3 in the above table, bills and vouchers were not found available in support of the reported expenditure of ₹39.60 lakh. Audit observed that the EE, Garage Branch claimed ₹40 lakh from the Commissioner, GMC by submitting (February 2017) a bill in the name of M/s SB Enterprise showing hiring charge of poclain machinery. However, the Commissioner, GMC instead of transferring the amount to the firm, had released the amount to the EE Garage Branch which was credited to the bank account of Garage Branch. Out of ₹40 lakh so received, EE, Garage Branch paid (September 2017) ₹4.50 lakh only to M/s SB Enterprise through account payee cheque, and a sum of ₹18.50 lakh was drawn (September November 2017) by EE, Garage Branch through different self-cheques and the balance amount of ₹16.60 lakh was paid to other parties/ persons. However, the purpose of such drawal through self-cheques for making payment to other parties/ persons and relevant vouchers were not found available on record. The EE stated (March 2019) that estimates for desilting work was not prepared, bill/vouchers were not maintained, and the amount was drawn showing the bill of M/s SB Enterprise.

Rule 78 of AFR stipulates that as a general rule every payment, including repayment of money previously lodged with the Government for whatever purpose, must be supported by a voucher setting forth full and clear particulars of the claim. In the instant case, due to the absence of supporting vouchers, the reported expenditure of ₹39.60 lakh shown to have been incurred by EE, Garage Branch could not be substantiated.

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<sup>34</sup> One JCB @₹3,665 per day for 12 days, eight dumpers @₹2,330 per day for 109 days with fake registration number and one dumper repeated on same date @₹2,330 per day for eight days.

<sup>35</sup> ₹52.16 per litre (diesel) for total 5,709 litres.

- 3) The desilting work was executed by three different divisions of GMC without preparing any estimate, obtaining administrative approval and technical sanction, and maintaining any measurement of work done in contravention of the AFR. In absence of these vital records, the necessity and authority to undertake the work, the quantum of works to be done, and quantity actually executed remained unassessed and undisclosed. Expenditures were sanctioned by the Commissioner, GMC on a piecemeal basis based on the submission of claims by divisions. Because of the non-availability of required supporting documents coupled with the fake documentation discussed above, the expenditure of ₹45.75 lakh (₹6.15 lakh plus ₹39.60 lakh) was suspected to be fraudulent.

The Department may fix responsibility on the concerned Executive Engineers in the light of AFR 466 which stipulates enforcement of responsibility for any loss sustained by Government through fraud.

The Commissioner stated (September 2022) that show cause notices has been served to the concerned Executive Engineers and an enquiry has also been conducted on the basis of which necessary departmental proceedings against the erring officials would be initiated. However, action taken report, if any, against the erring officials is awaited (October 2022).

## 5.2 Unfruitful expenditure

*Unfruitful expenditure amounting to ₹53.74 lakh due to the injudicious decision of the Mangaldoi Municipal Board to execute work without ensuring the availability of a clear site.*

Clause 304 of the Assam Public Works Department Code provides “No works should be commenced on land the possessions of which has not been duly delivered by responsible civil (revenue) authorities”.

During the course of test check of records (2013-14 to 2016-17), it was noticed that the Chief Engineer, PWD (Building), Assam prepared (December 2013) Plan and Estimates for the “Construction of Proposed RCC Municipal Market Building at Old Fish Shed of Mangaldoi Daily Market” at a total cost of ₹303.83 lakh. The estimates were prepared in two phases as detailed below:

**Phase- I:** Construction of R.C.C Municipal Market Building at Old Fish Shed at Mangaldoi Daily Market (Construction of 82 per cent of Basement floor casting) at an estimated cost of ₹198.34 lakh<sup>36</sup> under 4<sup>th</sup> ASFC grant for infrastructure development and service delivery.

**Phase-II:** Construction works of the remaining 18 per cent (100-82) works of the Basement floor of the casting of phase-I and R.C.C structure up to ground floor roof

<sup>36</sup> GoA sanctioned ₹99.17 lakh out of ₹198.34 lakh as 1st instalment (50% of 198.34) for upgradation of physical infrastructure & service Delivery under award of FASFC during 2011-12 vide letter No. FEA (SFC) 168/ 2011/ 148 dated 14.03.2012.

casting at an estimated cost of ₹105.49 lakh<sup>37</sup> to be done from the Entry Tax Grant 2011-12.

Mangaldoi MB received ₹ 52.74 lakh (sanctioned on 22 November 2011 from first instalment of Assam Entry Tax grant 2011-12) for Phase II of the construction and the first instalment of ₹99.17 lakh (13 May 2016) in the 4<sup>th</sup> ASFC grant for Phase-I.

The tender for Phase-I (Construction of 82 *per cent* of Basement floor casting) was invited on 16 January 2014 and the work was awarded to the contractor on 06 January 2015 at a tender value of ₹193.86 lakh with a stipulation to complete the work within 12 months (*i.e.*, by January 2016).

The work was started on 24 June 2015, but it was stopped by the contractor after only 28 *per cent* of physical progress with an expenditure of ₹53.74 lakh. The contractor informed (22 December 2015) the Executive Officer (EO), Mangaldai MB that the work was stopped due to non-clearance of the site of existing functional shops and requested clearance of the site from the aforesaid encumbrances. During joint physical verification (29 August 2019) of the site by the Audit team and the Municipal Board, it was noticed that only a portion of pile foundation work was done (75 R.C.C piles out of 164 piles for the entire building).

**Photographs showing non-clearance of site and incomplete state of work**



On being pointed out by Audit, the EO, Mangaldoi MB stated (24 September 2021) that a portion of the construction site had been occupied by local shops and the construction site was not fully cleared by local shop holders who had been paying rent to the Mangaldoi MB on monthly/ yearly basis. It was also stated that the site could not be cleared by the shopkeepers as they refused to shift their business to another place. Hence, the remaining work could not be done and remained abandoned.

The EO, Mangaldoi MB stated that ₹97.29 lakh (₹44.55 lakh *i.e.*, the remaining portion of the first instalment under 4<sup>th</sup> ASFC grant plus ₹52.74 lakh under Entry Tax grant) was lying idle in the bank account due to non-completion of Phase-I of the Construction of the Old Fish Market Shed at Mangaldoi Daily Market.

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<sup>37</sup> GoA sanctioned ₹52.74 lakh out of ₹105.49 lakh as 1<sup>st</sup> instalment (50 *per cent* of 105.49) of Entry Tax grant for the year 2011-12 vide letter No. DMA (P)123/2010/131 dated 22.11.2011

During the Exit Meeting held on 04 September 2019, the Chairman, Mangaldoi MB accepted the observation and assured to free the land from encumbrances. However, the situation/status remains the same to date (September 2022).

Thus, the decision on the part of the MB authority to commence work without ensuring the availability of a clear site resulted in an unfruitful expenditure of ₹53.74 lakh and the blocking of Government fund of ₹97.29 lakh.

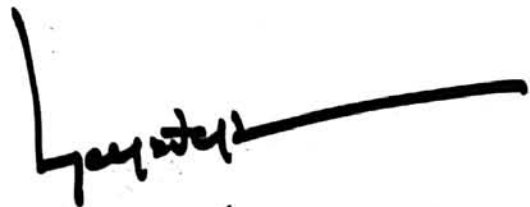


**(JOHN K. SELLATE)**

**Principal Accountant General (Audit), Assam**

**Guwahati  
The 13 June 2023**

*Countersigned*



**(GIRISH CHANDRA MURMU)**

**Comptroller and Auditor General of India**

**New Delhi  
The 16 June 2023**

