

CHAPTER V

MATERIAL MANAGEMENT AND EXECUTION OF WORKS

ULBs are responsible for maintenance of the infrastructure which enables the provision of services to the people and also execution of various developmental works. Therefore, materials required for maintenance and developmental works are to be assessed in advance and procured and managed as per the prescribed procedures. The works are also to be executed according to the stipulated rules and codal provisions.

The deviations from prescribed procedure such as non observance of open competitive rates; non maintenance of stock register; excess procurement of material; irregular execution of works; incomplete works; excess payment and non utilisation of assets which were noticed during test check of municipal accounts are described in the following paragraphs:

5.1 Non observance of tender procedure

In terms of Rule 158 of the West Bengal Municipal (Finance and Accounting) Rules, 1999, open competitive tender shall be called for from the public whenever the estimated general works exceed the stipulated financial limit of Rs 5.00 lakh, plumbing Rs 1.00 lakh and electrical Rs 50000. However, Panskura, Rampurhat, Joynagar-Mozilpur, Jiaganj-Azimganj, Konnagar and Guskara municipalities procured materials/equipment valuing Rs 5.58 lakh, Rs 17.44 lakh, Rs 14.18 lakh, Rs 48.24 lakh, Rs 29.08 lakh and Rs 1.73 lakh respectively without inviting open tender/ quotations during 2004-2007 in violation of the purchase procedure.

Further, Barasat Municipality did not invite open tender for hiring lorries for transportation of wastes and expended Rs 16.32 lakh during 2004-2006 without ascertaining the reasonable rate through open competition. The same contractor was allowed to continue the work year after year. Rampurhat Municipality engaged a contractor for repairing of vapor lamps without inviting

open tender and incurred an irregular expenditure of Rs 1.04 lakh during 2004-06.

Thus, the basic rules of inviting tender/quotations for execution of work and procurement of items were violated by the above municipalities.

5.2 Non-accountal of materials/equipments and improper maintenance of stock register

Chandernagar Municipal Corporation and Barrackpore municipalities procured materials/equipments worth Rs 15.42 lakh and Rs 3.45 lakh respectively during 2004-2006. However, the stock account of these materials/equipments was not maintained. In Khardah Municipality materials valued at Rs 1.22 lakh were issued from the stock without any requisition during 2005-06 and utilisation of the materials was also not recorded. As such, the possibility of misuse, theft or defalcation of materials could not be ruled out.

The physical verification of stores of Barrackpore Municipality was conducted on 13 February 2007 in the presence of the audit team and 48 items of material valuing Rs 8.41 lakh were found short. Municipality stated that shortage was mostly due to omission/non-posting of issue of materials. Thus, due to improper maintenance of stock, the actual status of stores could not be ascertained.

5.3 Irregular execution of works –Rs 6.18 crore

The vetting of estimates of a work by the appropriate authority is essential to ensure cost effectiveness and planned execution of work. The ULBs which do not have appropriate manpower in their engineering cell are required to get the estimate of work vetted from the Municipal Engineering Director (MED) before execution of the work.

Test check of records of six ULBs revealed that they executed works valued at Rs 6.18 crore during the period from 2002-07 without getting the estimates of works vetted from the MED, as detailed below:

(Rupees in lakh)

Sl. No.	Name of ULB	Year	Cost of work
1.	Chandernagar	2005-06	11.00
2.	Jamuria	2002-06	67.76

3.	Khardah	2002-06	309.51
4.	Kalyani	2005-07	200.00
5.	Tarakeswar	2005-07	22.52
6.	Guskara	2005-06	7.31
Total			618.10

Pujali, Jamuria, Rajpur-Sonarpur, Kalyani, Kaliaganj and Joynagar-Mozilpur municipalities did not obtain the approval of the State Government for execution of work valuing Rs 9.68 lakh, Rs 67.76 lakh, Rs 218.14 lakh, Rs 2.00 crore, Rs 21.04 lakh and Rs 6.36 lakh respectively. Moreover, Pujali and Kaliaganj municipalities in violation of provisions of the West Bengal Municipal (Finance and Accounting) Rules, 1999 split the work ward wise in order to maintain the value of work below Rs 5.00 lakh to obviate approval of the State Government.

Due to execution of works without getting the estimates vetted by the appropriate authority, their cost effectiveness could not be ensured. Further, the absence of approval of the State Government for execution of the works, rendered the expenditure irregular.

5.4 Infuctuous / unfruitful expenditure on incomplete work – Rs 4.13 crore

Eight ULBs undertook various developmental works during 2001-07. Test check of records revealed that most of the works remained incomplete even after the lapse of a considerable period (**Appendix -15**). The execution of the works was delayed mainly due to improper planning, constraints of fund, inaction of the ULBs on the defaulting contractors and lack of monitoring of the implementing agencies.

The expenditure on those incomplete works of Rs 4.13 crore remained unfruitful since the intended benefits could not be obtained.

5.5 Non utilisation of created assets– Rs 43.22 lakh

Dum Dum Municipality purchased (June 2002) life-saving medical equipment worth Rs 0.66 lakh for treatment of babies born prematurely. The equipment could not be utilised for want of concerned expertise. The

Municipality also constructed (February 1999) a cancer research centre at a cost of Rs 29.05 lakh including procurement of instrument and machinery worth Rs 5.12 lakh. The municipality failed to provide necessary treatment facilities for want of specialised doctors and nurses.

Chakdah Municipality expended Rs 13.51 lakh for construction of Sampriti Mancha Utsav Bhawan in September 2004 but no revenue was earned from the said Bhawan till June 2006.

5.6 Excess expenditure on works Rs 24.22 lakh

Four ULBs paid an excess amount of Rs 24.22 lakh to contractors / suppliers in finalisation of various bills during 2004-06 due to reasons as detailed below:

(Rupees in lakh)

Sl. No.	Name of ULB	Reasons	Excess payment
1.	Chandernagar	Excess consumption of bitumen for tack coat on existing road surface.	1.82
2.	Jamuria	Excess consumption of bitumen for tack coat on existing road surface.	10.39
3.	Khardah	Deployment of manpower in excess of norms.	8.14
4.	New Barrackpore	15% extra was paid on bill amount to Community Development Society for purchase of material.	3.87
Total			24.22

No action has been initiated by the local bodies to recover the amount from the contractors/suppliers for such excess payments.

5.7 Excess payment to contractors / suppliers-Rs 15.82 lakh

Rajpur-Sonarpur Municipality paid an excess amount of Rs 14.37 lakh to contractors for non-deduction of value of materials issued. Uttarpara-Kotrang Municipality also paid Rs 0.85 lakh to the suppliers towards purchase of medicine at a higher rate than that of the supplier (Hindustan Antibiotics Ltd., a Government of India Enterprise) during 2004-06.

Midnapur Municipality paid an amount of Rs 0.60 lakh to the contractor in excess of the contract value of the work.

Action taken by the respective ULBs for recovery of the irregular payments mentioned above was not made available to audit.

5.8 Works done without recording in Measurement Book – Rs 5.62 crore

It was noticed in audit that five municipalities executed various works valued at Rs 5.62 crore during 2002-03 to 2006-07. However, the Measurement Book was not maintained for those works resulting in irregular expenditure of Rs 5.62 crore as detailed below:

(Rupees in lakh)

Name of the Municipality	Period	Nature of work	Amount
Khardah	2002-06	Construction of Rabindra Bhavan.	309.51
Kaliaganj	2005-07	Construction of Vivekananda Bhavan, Community Hall, etc.	84.54
North Dum Dum	2004-07	Construction of road, drain, school building laying of pipeline, community latrine, desilting of <i>khal nala</i> , canal.	153.50
Diamond Harbour	2005-07	Construction of municipal office building.	10.54
Baidyabati	2004-07	Sinking of tube well.	4.29
Total			562.38

The measurements of the works were not recorded in the respective Measurement Books though a considerable period of time had passed and the ULBs admitted the fact. Khardah and Diamond Harbour municipalities stated that the recording was not done due to shortage of staff and pressure of work respectively.

Replies from the respective ULBs / Government are awaited.