

CHAPTER-V
STORES AND STOCKS

SECTION-‘B’-PARAGRAPHS

MUNICIPAL ADMINISTRATION DEPARTMENT

5.1 Extra expenditure and locking up of funds on procurement of asbestos cement pressure pipes

The procurement of AC pipes of different diameter worth Rs.1.02 crore during January 1999 to June 1999 at rates higher than the rates of manufacturers and DGS&D approved firms by the MD, AUWSSB resulted in extra expenditure of Rs.40.54 lakh

(A) Test-check (April 2002) of records of Executive Engineer (EE), Guwahati Division of Assam Urban Water Supply and Sewerage Board (AUWSSB) revealed that between January 1999 and June 1999 Managing Director (MD) AUWSSB procured against stock, asbestos cement (AC) pressure pipes of different diameter worth Rs.1.02 crore from selected local suppliers at the rates approved by the purchase committee of the Board for implementation of Guwahati water supply scheme by the EE.

The rates approved by the purchase committee were much higher than the rates of manufacturers and DGS&D approved firms. This resulted in extra expenditure of Rs.40.54 lakh as shown in Appendix-XX.

The matter was reported to Government in July 2002; their reply had not been received (October 2002).

Injudicious procurement of AC pressure pipes in June 1999 by Managing Director, Assam Urban Water Supply and Sewerage Board without any progress of work on Biswanath Chariali Water Supply Scheme since 1991-92, led to idle stock worth Rs.1.28 crore besides extra expenditure of Rs.38.07 lakh on their procurement

(B) Municipal Administration Department approved (February 1991) Biswanath Chariali Water Supply Scheme (WSS) at an estimated cost of Rs.2.46 crore for execution by Assam Urban Water Supply and Sewerage Board (AUWSSB). AUWSSB awarded (March 1991) the work to a firm at Rs.2.68 crore* for completion by November 1992.

*

	(Rupees in crore)
(a) Deep Tube Wells, Raw Water Pumping and Force Main.	0.28
(b) Water treatment plant, under ground water sump, laboratory and water pumping station.	1.36
(c) Distribution net work	1.04
Total	2.68

Test check (April 2002) of records of AUWSSB, Guwahati Division, revealed the following:

- (i) The firm was paid (February 1992) mobilisation advance of Rs.5 lakh even though there was no provision in the agreement for such payment. Further, it was stated to be secured against bank guarantee of Rs.5.16 lakh valid for one year upto August 1992 furnished by the firm as two *per cent* security deposit contemplated in the agreement.
- (ii) The firm had installed five deep tube wells (DTWs) till April 1997 (Total number of DTWs to be installed were not on record) and did not execute any other work till May 1999 for reasons neither on record nor stated to audit. Between March 1998 and September 1998 the firm had submitted claims for Rs.9.02 lakh for value of works done which were paid without adjustment of mobilisation advance by EE, Jorhat Division.
- (iii) Due to very slow progress and stoppage of work by the firm the Managing Director (MD), AUWSSB had cancelled (4 June 1999) the work order without taking any action to get the work done at the risk and cost of the firm as per agreement.
- (iv) Neither was there any progress of work for the last eight years nor was the work re-allotted to any other firm after the cancellation in June 1999. However, MD, based on the requirement of asbestos cement (AC) pressure pipes for Biswanath Chariali WSS from EE Jorhat Division, placed (19 June 1999) orders, on his own volition, with five local firms for supply of 23,100 metres different dia AC pressure pipes to be delivered at different store yards of Biswanath Chariali WSS at approved rates of the Board. Between October 1999 and February 2000, the firms supplied 23,072 metres AC pipes valued at Rs.1.28 crore of which Rs.1.16 crore was paid to the firms and balance Rs.0.12 crore was the unpaid liability as of April 2002.
- (v) The work was transferred to EE Guwahati Division in December 2001.
- (vi) The approved rates of the Board were much higher than the rates of manufacturers and DGS&D approved firms. This had resulted in extra expenditure of Rs.38.07 lakh as indicated in the Appendix-XXI.

Thus, injudicious and arbitrary procurement of AC pipes not required for the WSS in foreseeable future led to locking up of funds in idle stock worth Rs.1.28 crore including committed liability of Rs.0.12 crore besides, extra expenditure of Rs.38.07 lakh on their procurement. Possibility of these pipes being damaged or pilfered due to prolonged storage could also not be ruled out. Payment of Rs.14.02 lakh to the firm including unauthorised mobilisation advance of Rs.five lakh awaiting recovery was rendered unfruitful. Also, the objective of providing drinking water had not been achieved even after over 11 years of launching the scheme.

The matter was reported to Government in July 2002; their reply had not been received (October 2002).

PANCHAYAT AND RURAL DEVELOPMENT DEPARTMENT

5.2 Expenditure on procurement and utilisation of Cement, GI pipes, MS rods etc., remained unverified

The PD, DRDA, Barpeta purchased stock materials worth Rs.3.09 crore during 1998-99 to 1999-2000 under EAS and JRY schemes but due to non-submission of relevant records in support of purchase and utilisation the expenditure could not be vouchsafed in audit.

Paragraphs 399 (2) and 402 of the Assam Public Works Department (APWD) manual stipulated that materials may also be issued direct to works when work is done departmentally and site accounts were to be maintained in Form 37 of Assam Financial Rules to ensure efficient control over the transactions.

Scrutiny (August-October 2001) of records of the Project Director (PD), District Rural Development Agency (DRDA), Barpeta for the years 1998-99 and 1999-2000 revealed that the PD had procured centrally various stock materials like cement, MS rods, GI pipes, tarpaulin etc., worth Rs.3.09 crore* during the above period by charging these items to stock under Employment Assurance Scheme (EAS) and Jawahar Rojgar Yojana (JRY).

Out of this, materials valued at Rs.1.56 crore were issued directly to sites of various works undertaken by the PD. Records such as supply orders, bills, vouchers, stock ledgers etc., in support of procurement and utilisation and site accounts were not made available to audit.

In reply the PD stated (October 2001) that there was no system of maintaining site accounts in APWD manual and utilisation of materials were recorded in the Part-III Muster Rolls. The reply of the PD is not tenable because non-maintenance of site accounts was violative of provisions of the manual *ibid*.

Due to non-submission of above records audit was not in a position to verify actual procurement and utilisation of materials costing Rs.3.09 crore.

The matter was reported to Government in June 2002; their reply had not been received (October 2002).

* 1998-99 (JRY): Rs.1.15 crore and 1999-2000 (EAS): Rs.1.36 crore and JRY: Rs.0.58 crore.