CHAPTER-IV

AUDIT OF TRANSACTIONS

4.1 Misappropriation/Loss of Government money/Financial mismanagement

AGRICULTURE DEPARTMENT

4.1.1 Misappropriation of money through forged challans

Rupees 15.56 lakh were misappropriated by officials of the Office of the EE (Agriculture), Diphu, during January 2001 to June 2003.

Karbi Anglong being a Sixth Schedule area, the bills (salaries, contingencies etc.) of the Government offices are drawn through the Karbi Anglong Autonomous Council (KAAC) which issues cheques to the Drawing and Disbursing Officers (DDOs) for the gross amount of the bills including obligatory deductions. On receipt of cheques, the DDOs deposit the cheques into a current account maintained with a bank from where cheques for net amount are drawn for disbursement to the payees. Separate cheques are drawn subsequently for deductions like GPF/HBA/HRA/GIS in respect of pay bills and Assam General Sales Tax (AGST) in respect of contingent bills for crediting to Government account through treasury challans.

Test-check (November 2003) of records of the Executive Engineer (EE), Agriculture, Diphu revealed that the EE detected (August 2003) some irregularities in depositing of money into the treasury by the messengers. In the process, the EE obtained a confessional statement from two Peons entrusted with drawal of money from bank and deposit thereof to treasury to the effect that they had been misappropriating money for about two or one and a half years through presenting fake treasury challans and not by actual deposit of money into the treasury.

A cross verification of cash book entry of treasury remittances and treasury challans of the EE, Agriculture with the treasury receipt account (viz., the Treasury Receipt Schedules) under relevant heads of accounts for the period from January 2001 to June 2003 disclosed that the remittances aggregating to Rs.15,55,818 (Details in ***Appendix-XXVI***) against deductions from pay bills (Rs.13,72,538) and deduction of sales tax made from supply bills of power tillers (Rs.1,83,280) as projected in the cash book of EE, were not reflected in Treasury Accounts indicating that the entire amount was misappropriated by the two Peons. Of the misappropriated amount, the two Peons refunded to the EE Rs.65,000 in cash between August and October 2003, which however, remained to be accounted for in the Cash book till the date of audit (November 2003). Action taken towards recovery of balance amount of Rs.14.91 lakh was not on record. The loss was neither reported to Accountant General (A&E) in terms of Rule 103(i) of Assam Financial Rules (AFR) and the police nor was there any records showing institution of departmental enquiry against the two delinquent officials.

Audit scrutiny revealed that the misappropriation of Rs.15.56 lakh was facilitated due to failure of the DDO (Assistant Executive Engineer) and the Head of Office (EE) to reconcile and confirm the monthly remittances to Treasury Officer, Diphu, as per provision of S.O 44 to TR 10 of Assam Treasury Rules read with Rule 95(4) of Assam Financial Rules.

The matter was reported to Government in June 2004; their replies had not been received (October 2004).

EDUCATION DEPARTMENT

4.1.2 Loss and misappropriation of Government money

The Director of Secondary Education and his Drawing and Disbursing Officer caused a loss of Rs.6.92 lakh through not adhering to Financial Rules and not exercising regulatory checks, and their negligence led to misappropriation of Government money amounting to Rs.83.74 lakh.

Financial Rules of the State Government envisaged that no money should be drawn from treasury unless it is required for immediate disbursement and the head of the office is personally responsible for proper accounting of all moneys received, disbursed and safe custody of cash. The head of the office or his nominated officer other than the DDO should also conduct periodical verification and review of unspent cash balance and ensure that moneys in all forms not required for immediate disbursement are not retained in the cash balance beyond permissible period.

Scrutiny (October 2003) of cash book of the Director, Secondary Education (DSE), Assam, Guwahati for the period from August 2002 to September 2003 revealed that, as of October 2003, the DSE in violation of the codal provisions, retained huge cash balance amounting to Rs.1.60 crore in the form of demand drafts/banker's cheques/deposit-at-call receipts and in cash (including burgled amount of Rs.1.27 lakh) which related to the period from 1977 to 2002-03. Information collected in July 2004, showed that out of Rs.1.60 crore, the DSE disbursed/refunded Rs.52 lakh[34] leaving Rs.1.08 crore[35] (details in ***Appendix-XXVII***) to be disbursed/refunded to Government account. Further scrutiny of cashbook and cash balance revealed as under:

The cashbook did not show that the DSE or his DDO had ever physically verified the cash balance including the bank instruments to ensure their validity and authenticity of the bank instruments viz., banker's cheques (BC)/deposit-at-call receipts (DCR)/demand drafts (DD).

Of the cash balance of Rs. Rs.1.08 crore, the DSE held Rs.1.06 crore in 141 BCs/ DCRs/DDs and Rs.1.53 lakh in cash pertaining to the period from 1977 to 2003. No reason could be adduced by the DSE for non-remittance of BCs/DDs. Thus, Rs.13.30 lakh held in 113 BCs/DDs which had already expired their validity period would result in loss to Government unless these could be revalidated. In this regard, the authorities of State Bank of India (SBI), Dispur Branch, Guwahati, stated (October 2003) that they had destroyed all records pertaining to pre-1992 period as per instruction of the RBI and therefore Rs.5.65 lakh held in 107 BCs/DCRs/DDs pertaining to 1977 to 1988 resulted in loss to Government.

[34] Rs.19.00 lakh disbursed to concerned officers and Rs.33.00 lakh refunded to government account.

[35] 40 banker's cheques (BC): Rs.2.99 lakh + 28 deposit-at-call receipts (DCR): Rs.92.84 lakh+ 73 demand drafts (DD):Rs.10.31 lakh =141 BC/DCR/DDs: Rs.106.14 lakh + Cash (Rs.0.25 lakh + Looted amount =Rs.1.27 lakh): Rs.1.52 lakh =Total Rs.107.66 lakh.

Against Rs.92.25 lakh shown as held in 20 DCRs of SBI Dispur branch during 1993 to 2000, the SBI authorities had confirmed that only three (3) DCRs for amount aggregating Rs.8.51 lakh were lying at their credit. Thus, Rs.83.74 lakh held in 17 DCRs stood misappropriated since two (2) of these 17 DCRs involving Rs.20.96 lakh were fake and duplicate copies without bearing signature of bank authorities.

According to cash analysis recorded at the end of October 2003, Rs.1.27 lakh was shown as lost due to burglary. But, the DSE did not furnish details of burglary or action initiated including reporting of the matter to police.

Thus, drawal of money in advance of actual requirement and failure on the part of the DSE to exercise proper regulatory checks on cash management as required under rules and orders of the Government and confirmation of the balances from the bank authority had resulted in loss of Rs.6.92 lakh[36] and misappropriation of Rs.83.74 lakh.

The matter was reported to the Government in July 2004; their replies had not been received (October 2004).

GENERAL ADMINISTRATION DEPARTMENT

4.1.3 Non-accountal of receipts in cashbook and misappropriation

The development branch of Deputy Commissioner, Tinsukia did not account for Rs.1.65 crore received from three different sources. Of the amounts credited to bank accounts, Rs.74.63 lakh could not be verified in audit due to missing credits and closure of bank accounts. Besides, Rs.3.12 lakh was misappropriated by an accountant-cum-cashier.

Assam Financial Rules (AFR) provides that the head of the office is personally responsible for proper accounting of all moneys received, disbursed and safe custody of cash. The Rules also lay down that the head of the office or his authorised representative should close the cashbook daily and physically verify the cash balance at the end of the month and record analysis in cashbook. Rules provide further that when Government moneys in custody of a Government officer are paid into the treasury or bank, the head of the office making such payments should compare the treasurer’s or bank’s receipts on challans or pass book with the entry in the cash book before attesting it to ensure that moneys have actually been credited to treasury/bank.

Test-check (November-December 2002) of records[37] of development branch of Deputy Commissioner (DC), Tinsukia for the period from November 2000 to October 2002, revealed that the cash management of the DC was violative of the provisions of AFR, which resulted in the following irregularities:

The DC did not account for in his cashbook, Rs.1.65 crore received during 1999-2002 through bank drafts/cheques from three[38] different sources for

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[36] Rs.5.65 lakh +Rs.1.27 lakh=Rs.6.92 lakh

[37] Cashbook draft/cheques register, bank passbooks and cheques books

[38] i). Oil Companies viz.,OIL,IOL,IOCL Dulianjan & Digboi	Rs.92.89 lakh
ii).Member Secretary, SUDA, Assam & Dy. Director,TCP, Ghy.	Rs.69.63 lakh
iii).Deputy Commissioner, Silchar	Rs. 2.00 lakh
Total	Rs.164.52 lakh

implementation of various developmental schemes as detailed in ***Appendix-XXVIII.*** In his cheques/draft register, the DC had, however, shown the remittance of entire amount of Rs.1.65 crore to different bank accounts[39] at Tinsukia. Of this, the DC could not substantiate credit of Rs.74.63 lakh in his two (updated to 31 October 2003) bank accounts due to non-reflection of credit of Rs.5 lakh in one account[40] and non-availability of pass book of another account[41] to show credit of Rs.69.63 lakh as the concerned bank account was closed on 24.3.2001 without keeping the closed pass book/cheque books etc. Besides, the DC or his DDO had not retained bank remittance slips nor did they carry out monthly reconciliation of transactions with the banks or obtained bank reconciliation statements.

The DC in his reply (December 2002) admitted non-accountal of Rs.1.65 crore as Rs.92.89 lakh being Oil Fund, which was recorded in a separate register and balance Rs.74.63 lakh not recorded due to sudden death of Accountant.

An ex-accountant-cum-cashier of the DC's Development branch had fraudulently withdrawn (November 1998 to April 1999) Rs.3.12 lakh through five cheques from UBI, Bordoloi Nagar branch, Tinsukia (A/c No 2991) by forging the signature of DDO. The amount was neither reflected in the cashbook nor was there any voucher to support the transaction of Rs.3.12 lakh. The DC instituted (April 2000) a departmental inquiry but had not intimated the matter to Police and the AG (A&E) as required under rules.

Thus, failure on the part of the DC to exercise proper regulatory checks in maintenance of cashbook and bank accounts and absence of monitoring of all transactions through the cashbook had resulted in non-accounting of Rs.1.65 crore in the cashbook, of which Rs.74.63 lakh was fraught with the risk of embezzlement/misappropriation, and misappropriation of Rs.3.12 lakh through fraudulent withdrawals by an accountant-cum-cashier.

The matter was reported to Government in July 2004; their replies had not been received (October 2004).

4.1.4 Defective cash management and retention of unspent/unutilised government money

The Deputy Commissioner, Nagaon did not refund to Government account Rs.15.54 lakh drawn up to 1997-98, which formed part of unspent cash balance of Rs.72.48 lakh, as of August 2003.

Government of Assam issued (February 1995) instruction to all Heads of Department, to dispense with the practice of retention of heavy cash balance in hand which were not required for immediate disbursement. Further, in February 1999 the Government urged all administrative departments to refund the unspent/unutilised money retained

[39] According to information furnished to audit, the DC operated 23 bank accounts (savinsg account:12 and current account:11) with different bank branches at Tinsukia.
[40] No.2611/10 of Subansiri Gaoliya Bank,Tinsukia
[41]No.3011 of UBI,Bordoloi Nagar branch,Tinsukia

in any form upto 31 March 1998 by all Drawing and Disbursing Officers under their control to Government accounts through challans by 15 February 1999.

Scrutiny (August–September 2003) of records of the Deputy Commissioner (DC), Nagaon for the period from November 2001 to August 2003 revealed that as of August 2003 the DC retained unspent cash balance of Rs.72.48 lakh, which comprised balance Rs.63.11 lakh out of drawals made from treasury upto 1997-98 (Rs.15.54 lakh) and thereafter from 1998-99 to August 2003 (Rs.47.57 lakh) and receipts of Rs.9.36 lakh against Bakijai[42] decree cases during the above period.

According to Government instruction issued in February 1999, all moneys drawn upto 1997-98 but remaining unutilised were required to be refunded to Government Treasury by the end of February 1999. Violating these instructions, the DC did not refund Rs.15.54 lakh drawn upto 1997-98 for reasons neither on record nor stated to audit.

Out of unutilised amount of Rs.63.11 lakh, Rs.33.90 lakh[43] was drawn in 15 contract contingency bills for various purposes. The entire amount was kept in hand without any amount having been spent or refunded to Government Account for reasons not on record.

The DDO of DC or DC did not carry out physical verification of cash balance monthly and periodically (once in a three months) or during change of incumbents. Non-carrying out of physical verification of cash balance was violative of codal provisions and was fraught with the risk of embezzlement/misappropriation.

Thus, the DC drew money in advance of actual requirement, which remained unutilised for long periods. This violated codal provisions and Government instructions and resulted in unnecessary locking up of funds.

The matter was reported to Government in July 2004; their replies had not been received (October 2004).

PANCHAYAT AND RURAL DEVELOPMENT DEPARTMENT

4.1.5 Misappropriation of Government fund

The Senior Block Development Officer of Lahorighat Development Block and one Junior Engineer of Mayong Development Block under District Rural Development Agency, Marigaon misappropriated Rs.8.61 lakh in cash and 757.735 quintals of rice worth Rs.9.32 lakh respectively during January 2001 to June 2003.

[42] Bakijai: A case instituted for recovery of overdue arrears of revenue/loans.
[43] Rs.5.47 lakh drawn before 1997-98 and Rs.28.43 lakh drawn during 1997-98 to August 2003.

Test-check (August-September 2003) of cash books of Lahorighat Block under District Rural Development Agency (DRDA), Marigaon revealed that the cashier cum accountant of the block had shown in cash book, payment of Rs.8.61 lakh to the then Senior Block Development Officer (Sr.BDO) in cash between 11 January 2001 and 3 March 2001 towards expenditure against Indira Awas Yojana, but without vouchers and relevant records to support the expenditure. The present BDO stated (September 2003) that vouchers/ muster roll bills and actual payees' receipt (APRs) against which expenditure was recorded in the cashbook were not available on record. Thus, the amount of Rs.8.61 lakh stood misappropriated which was corroborated by the reply (July 2004) of the PD, DRDA, Marigaon that based on investigation conducted by him and FIR lodged with Police[44], the then Sr. BDO was arrested by Police and was placed under suspension[45].

Test-check of relevant records of Mayong Development Block under the same DRDA revealed that the Sr.BDO of the block while conducting (July-August 2003) physical verification of stock of rice under Swarnjayanti Gram Swarozgar Yojna (SGSY) 2002-03 recorded short accountal of 757.735 quintals[46] of rice valuing Rs.9.32 lakh lifted by one Junior Engineer of the block in June 2003. Though the Sr. BDO reported (August 2003) the shortage to the PD, DRDA, the latter had neither intimated the matter to the higher authority nor did he initiate any step for further investigation and to fix responsibility for the loss.

The matter was reported to Government in July 2004; their replies had not been received (October 2004).

4.2 Infructuous/wasteful expenditure and overpayment

GENERAL ADMINISTRATION DEPARTMENT

4.2.1 Wasteful expenditure and doubtful purchase of rice for flood relief

Failure of the Deputy Commissioner, Darrang to dispose off 2,010.12 quintals of rice procured in excess of actual requirement and kept in reserve stock resulted

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[44] Period and date of conducting investigation and filing of First Information Report (FIR) had not been furnished.

[45] The dates of arrest and date of suspension had not been intimated.

[46] Quantity of rice lifted by the JE in June 2003= 3775.520 quintal
Quantity accounted for in stock (-) = 3017.785 quintal
Quantity of rice short accounted for = 757.735 quintal

in wasteful expenditure of Rs.19.60 lakh. Besides, the Deputy Commissioner also failed to produce records showing receipt and distribution of 1,777.22 quintals of rice valued at Rs.19.40 lakh rendering the purchase doubtful.

Scrutiny (February–March 2003) of records of Deputy Commissioner (DC), Darrang revealed that the DC procured (July 2002) 5,402.09 quintals of rice costing Rs.52.67 lakh from the Food Corporation of India (FCI) and handed over (July 2002) the entire quantity to the Assam Co-operative Consumers Marketing Federation Limited (STATFED) at Mangaldoi for distribution to flood affected people of Sipajhar, Mangaldoi, Dalgaon and Patharighat Revenue Circles. The STATFED distributed (July 2002) only 3,391.97 quintals of rice to the concerned circles leaving a balance of 2,010.12 quintals stored in their godown due to non-occurrence of fresh flood during 2002 as stated (December 2002) by the DC. Acting on a communication received (September 2002) from the Branch Manager, STATFED, Mangaldoi regarding sharp deterioration in the quality of rice stored in their godown due to pest infection, the DC authorised (December 2002) the Project Director, District Rural Development Agency (PD, DRDA), Darrang to lift the surplus rice from STATFED godown for utilisation against Swarnajayanti Gram Rojgar Yojana works and also requested (December 2002) the FCI authorities to raise bills and adjust cost of 2010.12 quintals of rice against DRDA. Till the end of March 2003, there was nothing on record to show that 2010.12 quintals of rice valued at Rs.19.60 lakh had been issued to the PD, DRDA, Darrang and gainfully utilised on works. Thus, random procurement of rice without assessing the actual requirement for the flood victims of the four revenue circles and also failure to dispose off the excess quantity procured, resulted in wasteful expenditure of Rs.19.60 lakh[47] at the procurement rate.

Further, in July 2002 itself, the DC Darrang procured another 1,777.22 quintals of rice from STATFED (752.14 quintals) and a private supplier (1,025.08 quintals) at a cost of Rs.19.40 lakh for distribution among flood-affected people of the district. Detailed records of Goods Receipt Statement, stock entry and actual distribution/utilisation could not be shown to audit rendering the entire purchase unverifiable.

The matter was reported to Government in March 2004; their replies had not been received (October 2004).

PANCHAYAT AND RURAL DEVELOPMENT DEPARTMENT

4.2.2 Wasteful outlay on tool kits

The Project Director, District Rural Development Agency, Dhubri failed to distribute 1,077 sets of tool kits procured during 1998-2000 to rural artisans proving the entire expenditure of Rs. 21.08 lakh wasteful.

[47] Rs.975.00 × 2,010.12 = 19.60 lakh.

Under the scheme of Integrated Rural Development Programme (IRDP) introduced (July 1992) by Government of India, each rural artisan should be provided with one set of improved tool kits worth Rs.2,000[48] for running their respective trade. Government of India further restricted this assistance only to the artisans receiving training under the programme of Training of Rural Youths for Self Employment (TRYSEM).

Scrutiny (August-September 2003) of records of the Project Director (PD), District Rural Development Agency (DRDA), Dhubri revealed that the PD procured 1,630 sets of tool kits during October – December 1999 under different trades costing Rs.31.90 lakh (at Rs.1,957.06 per set) from the Assam State Industrial Development Corporation (ASIDC). Out of this, the PD issued 1,506 sets of tool kits during 1999-2002 to all the 14 blocks under him leaving balance 124 sets in the stock of DRDA. Cross-check of the records of blocks revealed that three blocks already had stock of 67 sets of such tool kits procured during 1998-99. The blocks out of their fresh receipts and old stock aggregating 1,573 (1,506+67) sets, distributed 620 sets only to the beneficiary artisans leaving a balance of 953 (1,573–620) sets in their stock. Thus, 1,077 (124 + 953) sets of tool kits worth Rs.21.08 lakh remained idle in the stock of DRDA and the blocks, as of September 2003.

Further, from the reports of the blocks, it was revealed that 100 sets of tool kits worth Rs.1.97 lakh out of unutilised stock were damaged for reasons neither on record nor stated to audit. The Block Development Officers of the blocks attributed the reasons for non-distribution of tool kits to non-selection of beneficiaries and reluctance of the beneficiary artisans to receive the tool kits because of their inferior quality.

Thus, expenditure of Rs.21.08 lakh on procurement of 1,077 sets of tool kits that remained unutilised in stock for more than three years proved to be wasteful.

The matter was reported to Government in July 2004; their replies had not been received (October 2004).

PUBLIC WORKS DEPARTMENT

4.2.3 Infructuous expenditure

Due to incorrect execution of strengthening and repair works to semi permanent timber bridge on Goalpara–Dudhnoi Road during March–April 2002, the

[48] Rs.1,800 being 90 *per cent* to be borne by GOI and Rs.200 being 20 *per cent* to be borne by the beneficiary.

Executive Engineer, Goalpara Road Division incurred an infructuous expenditure of Rs.22.78 lakh.

In January 2002, the Government of Assam (GOA) accorded administrative approval to the work "Improvement of Goalpara–Dudhnoi Road via Sainik School Road (Repairs to SPT Bridge No. 19/1)" for Rs.22.78 lakh to which the Chief Engineer (CE), PWD (Roads) accorded technical approval in February 2002.

Test-check (December 2003) of records of the Executive Engineer (EE), Goalpara Road Division and information gathered subsequently (March 2004) revealed that the Executive Engineer (EE), Goalpara Road Division carried out (February-March 2002) repair works through a contractor at a cost of Rs.22.78 lakh (April 2002). In June-July 2002, the SPT[49] Bridge No.19/1 got tilted by 1.30 metre towards downstream side of the river due to flash flood causing damage to piles, belts, collars, beams etc., rendering the road closed to traffic. Scrutiny of records revealed further that in the repair work (February-March 2002) the Division instead of dismantling and removing the 59 old tilted piles had repaired the weak ones with joints and driven an additional 50 piles. The EE in his report (May 2003) to the Additional Chief Engineer PWD (Roads) stated that due to non-removal of the old piles, space between the piles was narrowed down causing obstruction to the free-flow of floodwater together with debris. Consequently, the piles (109) of the bridge failed to withstand the pressure and got tilted rendering the bridge non-operational within two months of repair. Thus, the expenditure of Rs.22.78 lakh incurred on repair and strengthening of the Bridge No.19/1 was rendered infructuous.

Thus, improper planning by the department in driving piles neglecting the ground reality of regular floods every year had caused the damage to the bridge resulting in an infructuous expenditure of Rs.22.78 lakh.

The matter was reported to Government July 2004; their replies had not been received (October 2004).

4.3 Avoidable/excess/unfruitful expenditure

IRRIGATION DEPARTMENT

4.3.1 Avoidable extra expenditure in form of interest due to delay in payment

[49] Semi Permanent Timber.

Non-payment of supplier's outstanding dues of Rs.40.68 lakh in time by the Executive Engineer, Guwahati Irrigation Division resulted in an avoidable extra expenditure of Rs.2.62 crore in the form of interest and cost of money suit.

The Chief Engineer (CE), Minor Irrigation, Assam had placed (July 1991 to May 1992) 15[50] supply orders with a local firm[51] for supply of rigid PVC pipes and pipe fittings of various diameter valued at Rs.3.72 crore. As of March 2004, the firm supplied (July 1991 to August 1993) materials worth Rs.1.76 crore only.

Test-check (April 2003) of records of the Executive Engineer (EE), Guwahati Irrigation Division and further collection of information revealed that against the firm's claim of Rs.1.76 crore, the division paid Rs.1.33 crore to the firm up to May 1995 leaving balance of Rs.0.43 crore unpaid due to non-release of funds by the Government. The aggrieved firm filed (May 1995) a suit for recovery of principal amount of Rs.40.68 lakh (as calculated by the firm, details not available on record) together with interest up to 15 November 1994. The EE could not furnish copies of agreement drawn with the supplier specifying the terms and conditions of supply and mode of payment. According to the terms of payment incorporated in the supply orders, there was no provision for payment of interest for delayed payments.

The Hon'ble Court in its interim orders issued (November 2000) after five and a half years of filing money suit, directed the department to pay the outstanding amount of Rs.40.68 lakh to the supplier excluding interest and cost of the suit. The Hon'ble Court in final judgment ordered (June 2002) for payment of interest of Rs.28.25 lakh for the period from 23 September 1992 to 15 November 1994 along with cost of suit and from 16 November 1994 to actual date of payment under the Industrial Act 1993.

Accordingly, the Irrigation Department of the Government released Rs.2.86 crore [52] to the divisional officer for payment of principal (Rs.40.68 lakh) and interest with cost of suit (Rs.2.45 crore). As of February 2003, the division paid Rs. 2.84 crore to the firm towards the principal amount (Rs.40.68 lakh[53]), interest (Rs.2.43 crore[54]) and cost of suit (Rs.0.21 lakh). According to the information furnished by the EE, the division made an up to date payment of Rs.2.62 crore towards interest and cost of suit. The division attributed (May 2004) the delay in payment to paucity of fund.

Thus, non-payment of the supplier's outstanding claims of Rs. 40.68 lakh in time resulted in avoidable extra expenditure of Rs.2.62 crore.

The matter was reported to Government in July 2004. In reply, the CE stated (October 2004) that as per agreement drawn up with the supplier (in Form H of tender

[50] Five preliminary supply orders and ten formal supply orders

[51] M/s Kamakhya Udyog (P) Limited, a SSI unit.

[52] January 2002: Rs.40.68 lakh + December 2002: Rs.245.06 lakh = Rs.285.74 lakh=**Rs.2.86 crore**

[53] March 2000: Rs.0.71 lakh + February 2002: Rs.37.94 lakh +December2002: Rs.2.03 lakh = **Rs.40.68 lakh**

[54] From 23 September 2002 to 15 November 1994: Rs.28.25 lakh + compound interest from 16 November 1994 to 15 July 2002: Rs.214.57 lakh =Rs.242.82 lakh **=Rs.2.43 crore.**

agreement) there was no provision for payment of interest on delayed payments since payment was to be made as and when funds had been received from Government. The CE added further that it was the Industrial Act 1993 (enacted with retrospective effect from September 1992) which provided for payment of interest on delayed payments to SSI units and the Court verdict was a result of the Act *ibid*. The department incurred the extra expenditure in compliance with the court decree.

Audit observed that the responsibility of the department could not be avoided as they failed to discharge the contractual obligation and settle the supplier's claim amicably, before the supplier could move the court for redressal. The reply of the Government had not been received (October 2004).

PUBLIC WORKS DEPARTMENT

4.3.2 Extra avoidable expenditure on construction of Railway over bridge

Failure of the department in ensuring timely payment of construction dues in violation of the agreement with the contractor resulted in an avoidable expenditure of Rs. 80.33 lakh.

Construction of a Railway over bridge at Atgaon was administratively approved (December 1997) for Rs. 15 crore. The Chief Engineer (CE), PWD (Roads) awarded (October 1999) the work to a contractor at a tendered value of Rs.11.84 crore with the stipulation to complete the work by April 2001. The work was to be executed by the Executive Engineer (EE), Rural Infrastructure Development Fund (RIDF-II) Division Guwahati. According to the financial clause annexed to the contractual agreement, the Running Account (RA) bill was to be paid to the contractor as per availability of fund and in case of default in payment of RA bills within two months from the date of submission of bills by the contractors, interest @ 12 *per cent* would be payable for the period of delays over two months. The progress of the work was hindered partly due to non-shifting of electrical, telephone and water supply installations by the concerned departments and partly due to non-payment of contractor's bill in time by the EE because of non-receipt of funds from the Government for which the CE allowed extension of construction period of the bridge upto March 2004. As of March 2004, physical and financial progress of the work was 98 *per cent* and Rs.15.15 crore respectively, against which the EE paid between March 2000 and May 2003 Rs.7.29 crore to the contractor upto 22nd RA bill.

Test-check (October 2003) of records of the Executive Engineer (EE), RIDF-II Division, Guwahati, revealed that the contractor preferred 22 running account bills between 7 January 2000 to 9 April 2003 amounting to Rs.9.11 crore, but the Division failed to make full payment of the bills within the grace period of two months as stipulated in the financial clause of the agreement. Consequently, the EE had to pay Rs.80.33 lakh to contractor as interest for delayed payment up to 22nd running account bill as detailed in ***Appendix-XXIX.***

Thus, the failure of the CE and the EE to coordinate with the different departments of State (Finance, PHE and ASEB) and Central PSU (BSNL) to arrange for a clear site and requisite funds led to an avoidable extra expenditure of Rs.80.33 lakh.

The matter was reported to Government in May 2004; their replies had not been received (October 2004).

4.3.3 Undue financial aid to the contractor and extra expenditure

Injudicious decision of the department to include forest royalty in the analysed rate of earthwork led to undue financial benefit of Rs.22.50 lakh to the contractor besides failure of the department to comply with the instructions while awarding the work to the contractor resulted in an extra expenditure of Rs.20.10 lakh.

The work of Improvement of Singimari- Bongsar- Sualkuchi Road[55] under Central Road Fund of Ministry of Surface Transport (MOST) for 2001-02 was administratively approved (June 2002) for Rs.6.96 crore and was awarded (June 2002) to a contractor at the tender value of Rs.6.73 crore (4 *per cent* above the APWD Schedule of Rates 2000-01) with the stipulated date of completion as June 2003. The physical progress of the work up to March 2004 was 95 *per cent* and a total amount of Rs.5.08 crore was paid to the contractor against the measured work valued at Rs.6.05 crore.

Test-check (November 2003) of records of the Executive Engineer (EE), Guwahati Roads Division revealed that:

The Chief Engineer (CE) PWD (Roads) allowed rate of Rs.97.35 per cubic metre for earthwork with imported soil from private land within a distance of 3 kilometre including land compensation as per Assam PWD Schedule of Rates, 2000-01 and in addition paid Rs. 22.50 lakh to the contractor towards Forest Royalty (FR) @ Rs.8.00 per cubic meter on 256006 cum of earth work executed. The payment of Forest Royalty on soil collected from private land was in contravention of Government (Forest Department) order of June 1992 and thus resulted in excess payment of Rs.22.50 lakh as detailed in ***Appendix–XXX.***

Against the analysed rate of the item "Construction of Water Bound Macadam (WBM)" the rates of collection of 63-45 mm size metal and 53-22.4 mm size metal from quarry were taken as Rs.383.75 per cum and Rs.390.25 per cum (rate for machine broken metal) instead of Rs.335.65 and Rs.353.60 (rate for hand broken metal) though as per approved estimate WBM was to be executed with hand broken metals. Moreover, as per corrigendum issued by the CE in October 2001 on the Schedule of Rates (SOR) 2000-01, the labour rate for WBM and the carriage rates for stone metals were reduced with effect from October 2001. However, this aspect was not taken into account while awarding the work in June 2002. This had resulted in an extra expenditure of Rs.20.10 lakh as detailed in ***Appendix–XXXI***.

[55] (Widening carriage way upto 1 ½ lane with formation width upto 9.00 m and riding quality improvement)

Thus, irregular payment of forest royalty on collection of soil from private land for use on earthwork and non-adherence to the instructions contained in the corrigendum on SOR 2000-01 issued by the Chief Engineer (CE) resulted in an excess payment of Rs.22.50 lakh and an extra expenditure of Rs.20.10 lakh.

The matter was reported to Government in May 2004; their replies had not been received (October 2004).

4.3.4 Extra financial burden and excess payment

Delay of over two years in taking up of a road work in Guwahati by the contractor due to non-availability of store materials and non-finalisation of approved stone quarries by the Chief Engineer led to extra expenditure of Rs.2.85 crore which included excess payment of Rs.1.87 crore to the contractor.

Government of Assam Public Works Department (PWD) administratively approved the work "Improvement of Guwahati - Shillong (GS) Road from Ulubari to Ganeshguri Chariali[56] including construction of drain cum footpath with culvert etc." in two phases for Rs.4.54 crore during March 1994 (Rs.2.13 crore) and January 1995 (Rs.2.41 crore). The CE, PWD (Roads) awarded (May 1996) the work to a contractor at a tender value of Rs.4.52 crore (with a premium of 26.97 *per cent* above PWD Schedule of Rates (SOR) of 1990-91) and stipulated the completion of the work by May 1997.

Test-check (May 2003) of records of the Executive Engineer (EE), Guwahati City Division No.I revealed that the contractor could not start the work due to non-availability of stock material with the department and due to his inability to collect stone materials from quarries situated in the state of Meghalaya because of ban by Government of Meghalaya on collection of stone materials etc. The contractor had started the work in December 1998 and demanded (date not on record) enhancement of rates. Based on the recommendations (January 1999) of the tender committee of the department, the CE allowed (March 1999) price enhancement of 90 *per cent* over SOR 1990-91 to the contractor and allowed him to collect stone materials from equidistant local quarries of Assam. The CE also revised the estimate for the work incorporating some new items for Rs.12.15 crore which was approved by the Government in October 2000. As of March 2004, the physical progress of the work was 100 *per cent* and the division paid Rs.8.96 crore to the contractor against the measured value of work for Rs.9.50 crore (up to seventh running account bill).

Thus, due to delay of the department for a period of over two years in finalising alternative stone quarries at equidistant locations within the State with consequential grant of price escalation from 26.97 *per cent* to 90 *per cent* over SOR, there was extra financial burden of Rs.2.85 crore[57].

[56] From Chainage 2410m to Chainage 6380m

[57]
Tendered value of the work	Rs.4.52 crore
(i)Value of the work with 90% above SOR	Rs.8.59 crore
(ii)Value of the work with 26.97% above SOR	Rs.5.74 crore

Further scrutiny revealed that the EE made an excess payment of Rs.1.87 crore[58] to the contractor due to allowing of incorrect and higher analysed rates for scheduled items as well as payment of inadmissible items of carriage as given under:

The EE paid the contractor's bills by allowing higher analysed rates of completed items with cement, brick, stone materials etc., than those of SOR 1990-91. This had resulted in an excess payment of Rs.1.08 crore to the contractor as given in ***Appendix-XXXII.***

According to agreement, rates for all items of works were for completed and finished items. In violation of the agreed terms, the division paid Rs.78.57 lakh (Rs.41.35 lakh + 90 *per cent* above) to the contractor towards carriage charge of boulders, metals, chips, gravel earth etc., from quarry including loading and unloading and stocking in measurable stacks. This resulted in further excess payment of Rs.78.57 lakh.

The matter was reported to Government in May 2004; their replies had not been received (October 2004).

4.3.5 Avoidable excess expenditure due to non-fixation of uniform rates for different bridge works with the same specification

Because of the failure of the Chief Engineer PWD (Roads) to adopt uniform standards in fixation of rates for identical items of bridge works the Department incurred avoidable excess expenditure of Rs.73.61 lakh.

The Guwahati Metropolitan Development Authority (GMDA) conveyed (February 2000) their administrative approval to Chief Engineer (CE), City Works, Guwahati for construction of six RCC bridges over River Bharalu under Guwahati Metropolitan Storm Drainage Improvement Programme at an estimated cost of Rs.4.36 crore. The work was to be completed with loan assistance from the Housing and Urban Development Corporation (HUDCO). The CE awarded (March 2000) the civil works of the six bridges to six different contractors at a total tender value of Rs.3.51 crore with the stipulation for completion of all the bridges by December 2000. The tendered value of the works was subsequently (date not available) enhanced to Rs.4.11 crore. As of March 2004, an expenditure of Rs.3.83 crore was incurred against six bridges of which work on one bridge was in progress and the other works were completed.

Test-check (May 2003) of records of the EE, Guwahati City I Division revealed that the CE prepared estimates for different bridges on the basis of the rates quoted by the contractors. On scrutiny of tender documents it was noticed that the CE had allowed different rates to different contractors for the same item of bridgework with same specification without any explanation on records.

Thus, due to irregular allowance of differential rates to different contractors for identical works without adopting any standard rate by the CE, the Guwahati City

Extra financial burden	(i)–(ii)	Rs.2.85 crore

[58] (Rs.1.08 crore + Rs.0.79 crore) = Rs.1.87 crore

Division-I incurred an avoidable excess expenditure of Rs.73.61 lakh compared to the lowest rate quoted for different items by the different contractors as detailed in ***Appendix-XXXIII.***

The matter was reported to Government in May 2004; their replies had not been received (October 2004).

4.3.6 Avoidable expenditure

Double payment for the same items of work resulted in an extra avoidable expenditure of Rs.26.67 lakh on a roadwork in Guwahati.

Government of Assam accorded (December 2000) administrative approval of Rs.2.41 crore for Improvement of Srimanta Shankardev Kalakshetra Road by widening and strengthening to four lanes from 0 metre to 1500 metre with provision of drainage up to River Bahini on GS Road. Due to change in alignment of the road from chainage 90 metre to 1430 metre, the Chief Engineer (CE) prepared and submitted (January 2002) to Government separate estimate to which the Government accorded (November 2002) administrative approval for Rs.92 lakh. The Additional CE (Planning), PWD (Roads) awarded (November 2002) the work to a contractor with the stipulation to complete the work within May 2003. The contractor commenced the work in July 2002 and till December 2003, the EE paid Rs.88.86 lakh to the contractor against the work, which remained incomplete.

Test-check (January-February 2004) of records of the EE, City Division-II, Guwahati revealed that against the item of work 'Collection and supply of stone dust at site of work including loading and unloading including excavation in marshy land and removal of muck and material including bailing out of water and carriage from the site of work to a distance of 5 km including loading and unloading etc.', for the entire chainage from 90 metre to 1430 metre, the division paid Rs.31.07 lakh against executed quantity of 3835.14 cubic metres (cum) at the rate Rs.810.17 per cum which was inclusive of Rs.194.55 per cum for a component of work 'removal of muck and mud as per APWD, SOR 2000-01.

Scrutiny further revealed that against the item of work 'Excavation of marshy land removal of muck and mud and material including bailing out of water and carriage of muck up to a distance of 100 metres', the division paid Rs.26.67 lakh to the contractor as a separate item for execution of 13710.81 cum of work at the rate of Rs.194.55 for the chainage from 90 metre to 750 metre. As the rate of Rs.810.17 per cum for the entire chainage was inclusive of Rs.194.55 per cum being the cost of removal of muck etc., inclusion of the same item of work for a portion of road as a separate item inflated the estimate and contractor's payment resulting in avoidable extra expenditure of Rs.26.67 lakh.

Thus, double payment for the same item of work resulted in extra avoidable expenditure of Rs.26.67 lakh.

The matter was reported to Government in May 2004; their replies had not been received (October 2004).

4.3.7 Undue financial benefit to contractor and excess expenditure

Failure of the Executive Engineer, City Division-II, Guwahati to detect and adjust advance paid to the contractor led to extension of undue financial benefit to the contractor for Rs.30 lakh besides incurring excess expenditure of Rs.30.92 lakh on Granular Sub-Base and Water Bound Macadam.

Government of Assam accorded (December 2000) administrative approval of Rs.2.41 crore for Improvement of Srimanta Shankardev Kalakshetra Road by widening and strengthening to four lanes from 0 metre to 1500 metre with provision of drainage up to River Bahini on GS Road. The Chief Engineer (CE), PWD, City Works awarded (May 2000) the work before receipt of administrative approval to a contractor at a tendered value of Rs.5.74 crore {49 *per cent* above Assam PWD (APWD) schedule of rates (SOR) 1995-96} with stipulation to complete the work by November 2000. The contractor commenced the work in May 2000 and as of January 2001 the measured value of work executed was Rs.2.33 crore against which the Executive Engineer (EE), City Division-II; Guwahati paid Rs.2.62 crore to him. Subsequently, Government, based on a revised estimate submitted by the CE, accorded (May 2002) a revised administrative approval for Rs.5.91 crore. The Additional CE (ACE) awarded (September 2002) the balance work valued at Rs.3.34 crore (Rs.5.91 crore – Rs.2.57 crore) according to revised estimate to the same contractor at a tendered value of Rs.3.54 crore (6 *per cent* above APWD SOR 2000-01) with the stipulation to complete the work by March 2003. As of February 2004, physical and financial progress of the balance work was 100 *per cent* and Rs.3.68 crore respectively against which the EE made a payment of Rs.3.42 crore to the contractor. Thus, total payment made to the contractor aggregated to Rs.6.04 crore.

Test-check (January-February 2004) of the records of the EE, PWD, City Division-II revealed as follows:

The division paid advance of Rs.2.15 crore[59] against the works executed but not measured. From the contractor's bill for Rs.2.33 crore measured up to January 2001, the EE paid Rs.0.48 crore to the contractor after adjustment of advance of Rs.1.85 crore only and thereby allowed undue financial benefit of Rs.30 lakh[60] to the contractor by way of short recovery of advance. Due to system deficiencies in accounts, the advance payment of Rs.30 lakh in January 2001 escaped detection and deduction from the contractor's bill, as of January 2004.

The Chief Engineer in a Corrigendum issued (October 2001) on APWD (SOR) for 2000-01, revised and reduced with effect from October 2001, the rates of labour for Granular Sub Base (GSB) and Water Bound Macadam (WBM) and also the cost of collection of screening type B at quarry to site of work. Though the CE floated detailed notice inviting tender for the balance work in May 2002 and issued work order in September 2002, the ACE did not take into account the aspect of reduced rate while analysing the rates of GSB and WBM. Thus, failure on the part of the ACE to give

[59] November 2000: Rs.1.50 crore and January 2001: Rs.0.65 crore
[60] Rs.2.15 crore – Rs.1.85 crore

effect to the 'Corrigendum' had resulted in an excess expenditure of Rs.30.92 lakh as detailed in ***Appendix-XXXIV.***

Thus, non-exercising of regulatory checks by the EE and lack of proper planning and estimation of the work by the EE, ACE and the CE led to undue financial benefit of Rs.30 lakh to the contractor and excess expenditure of Rs.30.92 lakh.

The matter was reported to Government in June 2004; their replies had not been received (October 2004).

4.3.8 Avoidable extra expenditure

Failure to assess important data of Lowest Water Level of the two bridges before finalisation of design, drawing and tender agreement resulted in avoidable extra expenditure of Rs.22.63 lakh.

The work construction of two R.C.C Bridges No.6/1 and 2/2 over River Buradia on Nalbari-Kaitalkuchi and Chamata-Kaitalkuchi Road was administratively approved for Rs.2.14 crore and Rs.2.16 crore in February 2000 and May 2000 respectively. Technical sanction for both the works were accorded for the same amounts in August 2001. The works were awarded (March 2000 and April 2000) to two different firms 'X' and 'Y' at their tendered rates of Rs.1.25 crore and Rs.1.24 crore with the stipulation to complete the works by March 2001 and April 2001 respectively. The firms started the works in March 2001 and April 2001 and completed them in January 2002 and May 2002 respectively. The division paid (October 2002) a total amount of Rs.2.72 crore (Rs.1.36 crore + Rs.1.36 crore) to the firms.

Test-check (January-February 2004) of records of the Executive Engineer (EE), North Kamrup Road Division, Nalbari revealed that the division with the approval of Chief Engineer (CE), made an additional payment of Rs.22.63 lakh[61] in excess over the tendered cost for the said two bridges. This additional amount was paid according to variation schedule for extra work necessitated due to subsequent change in Lowest Water Level (LWL) resulting in extra sinking of abutment and pier wells as well as extra RCC work towards increased heights of abutments, pier shafts, etc., which were not included in the original design put to tender. The Chief Engineer opined (June 2000) that it had become a normal unhealthy practice of changing important parameters of bridge after finalisation of design and tender and asked the EE to explain the reasons for such discrepancies resulting in extra financial involvement. However, CE asked the EE to allow contractors to sink the well upto the modified design founding level to achieve the required progress without delay.

Incorrect assessment of important data like LWL and its subsequent change after finalisation of design, drawing and tender agreement resulted in an avoidable extra expenditure of Rs.22.63 lakh on the bridges.

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[61] Total payment made	= Rs.135.88 lakh + Rs.135.70 lakh	= Rs.271.58 lakh.
Total tendered cost	= Rs.125.00 lakh + Rs.123.95 lakh	= Rs.248.95 lakh.
		Rs. 22.63 lakh.

The matter was reported to Government in July 2004; their replies had not been received (October 2004).

4.3.9 Unproductive expenditure and undue financial benefit

Failure of the Department to construct approaches to a newly constructed bridge due to land acquisition problems rendered Rs.6.70 crore spent on construction of that bridge unproductive besides, allowing undue financial benefit of Rs.3.49 crore to a firm due to non-invoking of penal clause.

In January 1989, the Additional Chief Engineer (ACE), PWD (Roads) awarded the work of construction of a RCC bridge (Length 251.23 meters) over river Kollong at Kajolimukh to a construction firm 'X' at a lump sum tender value of Rs.1.92 crore with stipulation to complete the work by July 1991. The firm could not complete the work till February 1992 and went for arbitration (April 1992) in the Court against the department's notice (March 1992) for rescinding the work order with invoking clause 19(c)[62] of contract agreement due to delay in completion. The department had paid (June 1992) Rs.33.76 lakh to the firm 'X' being the value of work done by it and in August 1996, rescinded its work order in terms of arbitration award. Subsequently, in November 1997, the Chief Engineer (CE) allotted the balance work to a second construction firm 'Y' at the lump sum tender value of Rs.5.07 crore with the stipulation to complete the work by November 1999. The CE enhanced (June 2002) the tender value of the bridge proper to Rs.7.61 crore with inclusion of some supplementary items of work.

Test-check (October 2003) of records of the Executive Engineer, Guwahati City Division-III (erstwhile Deputy Project Superintendent, Brahmaputra Bridge Approach Construction Division) and information collected subsequently revealed that:

The firm 'Y' completed the work of the bridge proper in October 2002, which was after three years from the stipulated date of completion. The division paid Rs.6.36 crore to the firm 'Y' up to March 2004 till which time the bridge could not be opened to vehicular traffic due to non-completion of its approaches owing to non-payment of land compensation in full against the land acquired for the approaches.

Thus, due to taking up the construction of the bridge and its approaches without proper land acquisition and settlement of land compensation the expenditure of Rs.6.70 crore (Rs.0.34 crore + Rs.6.36 crore) on construction of bridge turned unproductive.

The department while rescinding work order of firm 'X' in terms of clause 19 (c) and 68.3.1 (c) of contract agreement in August 1996, did not impose penalty on it under clause 19 (c) despite the fact that the court verdict was in favour of the department. Consequently, the department had to unjustifiably bear the burden of additional

[62] Cancellation of work order of a existing contractor and award of the balance work to another contractor at the risk and cost of the first contractor.

expenditure of Rs.3.49 crore which provided undue financial benefit of Rs.3.49 crore to the firm 'X'.

The matter was reported to Government in July 2004; their replies had not been received (October 2004).

4.3.10 Avoidable extra expenditure in the form of interest

Due to irregular fund management coupled with consequential delay in releasing fund by the Guwahati Development Department/General Administration Department led to avoidable payment of Rs.45 lakh as interest.

Guwahati Development Department (GDD) conveyed (March 1999) sanction of Rs.6.82 crore for purchase of 128 middle-income group (MIG) flats at Natboma, Guwahati from Assam State Co-operative Housing Finance Society Limited (Housefed), Guwahati to provide additional accommodation to the Secretariat Staff housed at Dispur Capital Complex. These flats would belong to General Administration Department (GAD) and the Public Works Department (PWD) was authorised to make payment to Housefed according to instruction of GAD/GDD.

Test-check (October 2003) of the records of the Executive Engineer (EE), Permanent Capital Construction (PCC) Division and further collection of information revealed that against the sanctioned amount of Rs.6.82 crore, the division paid Rs.7.50 crore to Housefed, as of December 2003. As stated by the division, the excess payment of Rs.68 lakh was based on ceilings (authorisation) received from Government (GDD). Scrutiny revealed that payment of Rs.7.50 crore included interest of Rs.45 lakh as claimed (Rs.2.21 crore) by Housefed due to delayed (23 days to 1171 days) payment. The delayed payment was attributed by the division to late receipt of ceilings from the Government. The division, however, could not furnish any agreement between Government (GAD/GDD) and Housefed in regard to payment of interest for delayed payment.

Thus, irregular fund management with consequential delays in releasing fund by GDD/GAD led to an avoidable payment of Rs.45 lakh towards interest.

The matter was reported to Government in July 2004; their replies had not been received (October 2004).

4.3.11 Undue financial benefit and avoidable extra expenditure

Because of the irregular approach in the construction of RCC bridge, the Department provided undue financial benefit of Rs.57.70 lakh to a construction firm besides incurring an extra expenditure of Rs.1.74 crore due to time and cost over run.

Test-check (September 2002) of records of the Executive Engineer (EE), Golaghat Road Division and information collected subsequently revealed that the Chief Engineer (CE) issued a revised work order (September 2000) to the Assam Government Construction Corporation Limited (AGCCL) for construction of 85.65 *per cent* of balance work for RCC Bridge No.26/1 over River Gelabil at an escalated cost of Rs.3.82 crore with stipulation to complete the work within September 2001 and the Government accorded (January 2001) a revised administrative approval for the whole work at Rs.5.03 crore. The AGCCL completed the work in July 2001 at a cost of Rs.3.40 crore through a sub-contractor but preferred (March 2003) a final bill for Rs.3.74 crore which included commission of Rs.34 lakh. Thus, the AGCCL reaped an unauthorised and undue benefit of Rs.34 lakh (Rs.3.74 crore - Rs.3.40 crore). As of June 2004, the division paid Rs.3.71 crore to the AGCCL.

Scrutiny revealed further that the Department originally awarded (January 1992) the above work to AGCCL at a lump sum tendered value of Rs.2.37 crore with the stipulation to complete the work within December 1994. The AGCCL, after completing 14.35 *per cent* of the work valued Rs.34 lakh stopped (April 1994) the work. Against the work done, the division paid Rs.37.47 lakh (up to May 1995) to AGCCL resulting in excess payment of Rs.3.47 lakh. For non-completion of the work within the stipulated period, the Department did not invoke Clause 17 of the agreement to levy and realise compensation amounting to Rs.23.70 lakh from AGCCL for delay in execution of the work.

The department, by re-allotting the work with an undue extension of time to the same contractor AGCCL which, defaulted in execution of works even after expiry of six years from stipulated date of construction, the department provided financial benefit of Rs.1.74 crore[63] to AGCCL.

Thus, the department had provided undue financial benefit of Rs.57.70 lakh (Rs.34 lakh+Rs.23.70 lakh) and excess payment of Rs.3.47 lakh to AGCCL besides, undue delay in execution of the work resulted in time and cost over run of over six years and Rs.1.74 crore (73 *per cent*) respectively for completion of the work.

The matter was reported to Government in July 2004; their replies had not been received (October 2004).

WATER RESOURCES DEPARTMENT

4.3.12 Avoidable extra expenditure

Due to non-completion of work during stipulated period and non-execution of flood control dyke with required height as per approved design and estimate the

[63] Total expenditure (Rs.0.37 crore+_Rs.3.74 crore) Rs.4.11 crore
Less, original tender value Rs.2.37 crore
Extra expenditure/Cost overrun Rs.1.74 crore

department had incurred an avoidable extra expenditure of Rs.26 lakh on FDR works.

Consequent upon the approval (March 1996) of the scheme by the Assam State Brahmaputra Valley Flood Control Board under emergency procedure, the Government of Assam, Flood Control (Water Resources) Department accorded (March 1996) administrative approval to the work of Raising and Strengthening of marginal embankment to a height of 56.10 metre (including free board of 1 metre) along right bank of Noona river from Railway line to its outfall Phase II for Rs.90.79 lakh with the stipulation to complete the work before onset of monsoon. The Executive Engineer (EE), Nalbari Embankment and Drainage (E&D) Division without receipt of technical sanction (accorded by the Additional Chief Engineer (ACE), Lower Assam Zone, Flood Control Department, only in October 1997) awarded (August 1996) the work to 85 contractors with the stipulation to complete the work within 30 to 40 days from the date of issue of work order. The work was commenced in April 1996, but remained incomplete till March 2004. The division paid Rs.74.19 lakh to the contractors up to June 2004 against the executed value of work for Rs.81.71 lakh.

Test-check (October-November 2003) of records of the EE, Nalbari E & D Division revealed that no effort was made by the Division to complete the work even after lapse of eight years from the date of issue of work orders for reasons not on record. Scrutiny further revealed that the division did not maintain the approved design and height of the dyke at 56.10 metre (with 1metre free board). Consequently in July 2000, the river water attained maximum level of 54.47 metre against the danger level of 52 metre causing several breaches in the dyke.

To close the breaches, the Department took up (March 2002) flood damage repair (FDR) work under the Government (Revenue Department) sanction (February 2002) for Rs.26.43 lakh. The Department completed the FDR work in April 2002 at a cost of Rs.26 lakh.

Thus, failure of the Department and the division to complete the work before onset of monsoon in 1996 and for non-adherence to the approved design and estimate led to an avoidable extra expenditure of Rs.26 lakh.

The matter was reported to Government in July 2004; their replies had not been received (October 2004).

4.4 *Idle investment/idle establishment/blocking up of funds*

AGRICULTURE DEPARTMENT

4.4.1 Procurement of materials in advance of requirement resulted in blocking up of fund

Purchase of materials in excess of requirement led to blocking up of Government funds of Rs.29.69 lakh.

Test-check (March 2003) of records of the Executive Engineer (EE) Agriculture, Halflong revealed that the EE procured materials like Polythene pipe, Goat proof fencing, display boards, etc., worth Rs.57.10 lakh between June 1999 and November 2002 under different schemes viz., Land Reclamation, Integrated Jhum Development Project and Jhum Control Project under Water shed Development Project for Shifting Cultivation Area Schemes, etc. The stock register of materials procured under different schemes showed that the materials worth Rs.27.41 lakh only were so far utilised by the EE and the balance materials worth Rs.29.69 lakh remained unutilised for periods ranging from two to five years as of June 2004 (***Appendix-XXXV***). Neither the reasons for non-utilisation of the balance stock were on records nor was any action taken by the EE to use the stock for the schemes.

Thus, procurement of materials without assessing their actual requirements in various schemes and keeping the materials idle in stock resulted in blocking up of fund to the tune of Rs.29.69 lakh.

The matter was reported to Government in July 2004; their replies had not been received (October 2004).

COOPERATION DEPARTMENT

4.4.2 Non-lifting of allotted quota of rice from FCI resulted in blocking up of funds

Assam State Co-operative Marketing and Consumer's Federation Limited did not lift 2,488.45 tonne of rice from Food Corporation of India even after expiry of over eight years of making payment resulting in locking up of Government funds of Rs.1.61 crore with an interest burden of Rs.1.54 crore as of July 2003.

Scrutiny (July 2003) of records of the Managing Director (MD), Assam State Co-operative Marketing & Consumer's Federation Limited (STATFED), Guwahati for the year 1996-97 revealed that the STATFED received an allotment of 48,700 tonne of rice under Public Distribution System (PDS) for the months of December 1995, January 1996, April 1996 and May 1996 for distribution to the BPL beneficiaries under the scheme of "Rs. 2/- per Kg rice". Against this allotment, the MD, STATFED paid between December 1995 and April 1996, Rs.21.88 crore to the Chief Regional Manager (CRM), Food Corporation of India (FCI) towards the value for 33,759.20 tonne of rice. The MD, however, lifted only 31,270.75 tonne of rice leaving balance 2,488.45 tonne of rice valuing Rs.1.61 crore as of July 2003. Neither the MD, STATFED had taken adequate steps to lift the balance quantity of rice or insisted on refund or adjustment of Rs. 1.61 crore from FCI.

The STATFED made the transactions on behalf of the Government and thus, non-lifting of the balance quantity of rice resulted in locking up of Government fund of Rs.1.61 crore with FCI for a period of over eight years since December 1995 and April 1996 besides deprival of the target group of beneficiaries. As the Government was largely dependant on huge market borrowings, they had to bear unnecessary interest burden of Rs.1.54 crore[64] on the locked up fund of Rs.1.61 crore.

The matter was reported to Government in July 2004; their replies had not been received (October 2004).

HEALTH AND FAMILY WELFARE DEPARTMENT

4.4.3 Unfruitful expenditure

The Joint Director of Health Services, Tinsukia incurred nugatory expenditure of Rs.97.88 lakh towards pay and allowances of 27 officers/staff members appointed and entertained against two upgraded Community Health Centres under construction.

Test-check (August 2003) of records of the Joint Director of Health Services (Jt.DHS) Tinsukia revealed that the Health and Family Welfare Department of the Government of Assam in two separate notifications (February 1994 and February 1995), created 28 different categories of officers and staff to the two newly upgraded Community Health Centres (CHCs) of 30 bedded rural hospitals, one at Dangari and the other at Doomdooma in the Tinsukia district. The two upgraded CHCs cum rural hospital could not start functioning, as the buildings required for their upgradation remained incomplete as of August 2003. Records showing action having been taken by the Jt.DHS and the Government for completion of the buildings meant for upgradation of the CHCs were neither on records nor could be stated to audit.

Further scrutiny revealed that the Jt. DHS on the basis of retention orders issued by Government from time to time continued to entertain 27 out of 28 officers and staff since their date of appointment (April 1994 and February 2001) till August 2003 against these two upgraded CHCs. In the absence of requisite infrastructure, the entire additional officers and staff posted to these CHCs remained virtually idle and on this idle manpower, the Jt. DHS incurred an expenditure of Rs.97.88 lakh towards their pay and allowances from April 1994 to August 2003.

The contention of JDHS during discussion that the staff appointed against the non-functional CHCs were being utilised in the Dangari and Doomdooma state dispensary cum mini Primary Health Centres (PHC) and other hospitals in the district was not tenable as the utilisation of the services of the officers staff appointed against specific requirement of upgraded CHCs was not justified by the requirement of State dispensaries/mini PHCs/hospitals which were adequately staffed.

Thus, appointment and entertainment of officers and staff against the non-functional CHCs resulted in unfruitful expenditure of Rs.97.88 lakh, besides deprival of the rural people from improved health care services through the rural hospitals.

[64] Calculated at 13 *per cent* of average market borrowing rate prevalent during 1995-96 to 2002-03.

The matter was reported to Government in July 2004; their replies had not been received (October 2004).

HOME (B) DEPARTMENT

4.4.4 Idle outlay on acquisition of land and avoidable payment of interest due to advance possession of land

Failure of the Superintendent, District Jail, Hailakandi to utilise land acquired in 1990 led to an idle outlay of Rs.32.28 lakh which included interest payment of Rs.10.98 lakh to landowners for acquisition of land before completion of land acquisition proceedings.

Clause 34 of Assam Land Acquisition Manual stipulates that in the event of the land compensation amount not being paid/deposited on or before taking possession of the land, the Collector shall pay the amount awarded with interest thereon at the rate of nine *per cent* per annum up to one year from the date of possession, and thereafter at the rate of 15 *per cent* per annum on the amount of compensation or part thereof which has not been paid or deposited before the date of expiry of the said period of one year.

Test-check (November – December 2003) of records of the Deputy Commissioner, (Collector) Hailakandi revealed that the Superintendent of District Jail (SDJ), Hailakandi moved (March 1990) the DC for acquiring two plots of land measuring 19 bighas 19 kathas 16 chatak[65] (2,87,856 Sqft[66].) from the land owners for construction of a new Jail at Hailakandi. The Additional Deputy Commissioner, Hailakandi, estimated (January-February 2000) the amount of compensation payable for the proposed land at Rs.21.30 lakh on the basis of the prevailing market rate of the locality.

Scrutiny of relevant records and the information made available to audit showed that the Superintendent District Jail Hailakandi took possession of the land (March 1990) in advance of completing all requisite formalities and payment of land compensation to the owners. The Superintendent paid Rs.15.60 lakh (April 1990 and January 1991) to the landowners leaving balance of Rs.5.70 lakh out of total estimated compensation amount of Rs.21.30 lakh. The landowners filed a suit (WPC No.14/2000) in Guwahati High Court, whereupon the Honourable Court awarded (15-03-2001) a decree of Rs.16.68 lakh including Rs.10.98 lakh as interest accrued up to 31 December 2002.

Although the department took possession of the land on emergency basis in March 1990 before completion of the land acquisition proceedings, the

[65] 14 bighas 2 katas 13 chatak
5 bighas 17 katas 3 chatak
19 bighas 19 katas 16 chatak

[66] 1 bigha = 14450 Sqft; 1 Katha = 720 Sqft.; 1 chatak = 36 Sqft.

Superintendent had not initiated construction works of jails as of June 2004 for reasons neither on records nor stated to audit.

Thus, due to delay in construction of the district jail, the land acquired at a cost of Rs.32.28 lakh (Rs.21.30 lakh +Rs.10.98 lakh) remained idle for 14 years. The jail department had to pay interest of Rs.10.98 lakh to the landowners due to taking hasty possession of land without completion of land acquisition proceedings.

In reply (October 2004) the Government accepted the observations.

IRRIGATION DEPARTMENT

4.4.5 Undue financial benefit to Assam State Electricity Board and locking up of Government money

Failure of the Executive Engineer, Irrigation divisions, Guwahati and Rangiya to adjust advance payment of Rs.82.89 crore with Assam State Electricity Board (ASEB) led to locking up of Rs.55.69 crore for more than two years besides allowance of undue financial benefit of Rs.30.05 lakh to ASEB.

Test-check (April 2003) of records of the Executive Engineer (EE), Guwahati Irrigation Division revealed that the Irrigation Division, Guwahati and Rangiya had centrally made advance payment (March 1998 to October 2001) aggregating Rs.82.89 crore to Assam State Electricity Board (ASEB) through 26 hand receipts vouchers to liquidate outstanding energy bills pending since 1 April 1990 against various schemes under Irrigation Department. The details of division-wise formal claims raised by the ASEB were not on record.

The Finance Department in their letter addressed to the departmental Commissioners and Secretaries, intimated (June 2002) that they had already released Rs.75.01 crore during the period from 1997-98 to 2001-02 for payment of arrear dues of ASEB up to 31 March 2001 and from 1 April 2001 onwards, average monthly electricity consumption dues of ASEB would be paid centrally by Finance Department on behalf of all State Government offices. Accordingly, the CE, Irrigation instructed (August 2002) the Divisional Officers to stop payment of individual bills or adjust any amount out of advance payment towards energy bills raised by the ASEB on or after 31 March 2001. As of January 2003, the Irrigation Department could adjust only Rs.27.20 crore out of advance payment of Rs.82.89 crore towards the arrear dues up to 31 March 2001 leaving unadjusted balance of Rs.55.69 crore with ASEB.

Further, in a meeting held in August 1998 between the Irrigation Department and the ASEB, it was agreed that no compound surcharge would be levied on the principal amount of energy bills and accordingly, the CE, Minor Irrigation instructed (December 1998) the Divisional Officers not to accept the compound surcharge included in energy bills for payment. But, in violation of the agreed terms, the ASEB authorities raised 18 bills during February 2001 to July 2001 amounting to Rs.72.28 lakh inclusive of surcharge of Rs.30.05 lakh. The division adjusted (March 2001 to January 2002) all the bills against advance payment without deducting surcharge.

Thus, the decision of the Finance Department to stop adjustment of balance out of advance payment of Rs.82.89 crore made to ASEB by the Irrigation Department had resulted in injudicious locking up of Government funds of Rs.55.69 crore (Rs.82.89 crore – Rs.27.20 crore) with ASEB. Besides, irregular adjustment of energy bills with compound surcharge in violation of the agreed terms resulted in an undue financial aid of Rs.30.05 lakh in the form of excess payment to the ASEB at the cost of irrigation schemes.

The matter was reported to Government in March 2004; their replies had not been received (October 2004).

MUNICIPAL ADMINISTRATION DEPARTMENT

4.4.6 Irregular retention and blocking up of funds in Revenue Deposit

The Director, Municipal Administration Department in violation of Government instructions of February 1999 retained Rs.1.36 crore in Revenue Deposit, which was further compounded by irregular release and utilisation of Rs.44.50 lakh in June 2003.

Based on four different sanctions accorded (March 1996) by Municipal Administration Department (MAD) of the Government, the Director, MAD drew (March 1996) Rs.1.52 crore in four bills for disbursement of loan to 16 Urban Local Bodies (ULB) for construction of markets (Rs.1.15 crore[67]) and for implementation of low cost sanitation programme and garbage clearance (Rs.37 lakh[68]). The Director after disbursement of Rs.16.10 lakh to different ULBs kept balance Rs.1.36 crore in Revenue Deposits (RD) in March 1996 itself as per instruction of the Finance Department.

Test-check (October 2003) of records of the Director, MAD for the period from October 2000 to September 2003 and information collected subsequently revealed that the entire amount of Rs.1.36 crore remained credited to RD account till the end of June 2003. In July 2003, the Director on the basis of release order issued by the Finance Department withdrew Rs.44.50 lakh from RD account and disbursed to different ULBs for which no detailed records could be produced to audit. The balance Rs.91.01 lakh (Rs.135.51 lakh – Rs.44.50 lakh) still remained credited to RD account as the Finance Department did not release the amount, as of June 2004. The Public Accounts Committee (PAC) while examining Para-2.7 incorporated in each of the Audit Reports (Civil) 1994-95 and 1995-96 on retention of funds in RD account observed that the departments of the Government committed gross irregularities by drawal of funds from Consolidated Fund and transfer thereof to Public Account. The PAC in their Seventy Third Report placed before the Legislature on 15.05.1998 recommended under Para 2.13 for early release of all diverted funds by the Finance Department for utilisation by departments on intended purpose. The Finance Department too in their order of February 1999 instructed all the Drawing and

[67] Rs.93.61 lakh and Rs.21.00 lakh.

[68] Rs.27.00 lakh and Rs.10.00 lakh.

Disbursing officers to deposit by end of February 1999 all forms of unutilised money out of drawal made upto 1997-98 to Government exchequer under the relevant heads of accounts against which drawals were made.

Thus, while the Finance Department had grossly ignored the PAC recommendations and their own instructions by not releasing Rs.1.36 crore to the MAD for utilisation or for refund to government exchequer by end of February 1999, the Director, MAD also flouted the Government instructions by not depositing the entire unutilised amount to the revenue account of the Government by withdrawing from Public Account (RD). The irregularities were further compounded by irregular release of Rs.44.50 lakh out of RD account in July 2003 by the Finance Department.

The matter was reported Government in July 2004; their replies had not been received (October 2004)

PUBLIC WORKS DEPARTMENT

4.4.7 Locking up of Government funds due to injudicious procurement of hume pipes

Injudicious procurement of hume pipes by the Executive Engineer, Kohra Public Works (Roads) Division without assessing the actual requirement led to locking up of Government funds worth Rs.66.64 lakh for more than two years.

Test-check (November-December 2003) of records of the Executive Engineer (EE), Kohra Roads Division revealed that between January 2000 and March 2002, EE received hume pipes (1665 RM; class NP_3 and NP_2) of 600 mm (50 RM), 900 mm (895 RM) and 1200 mm (720 RM) diameters worth Rs.81.57 lakh ***Appendix-XXXVI*** against 12 different works from selected local suppliers against nine supply orders placed (July 1999-February 2002) by the Additional Chief Engineer (ACE), PWD (R&B) Hills. In response to Audit query the EE could not furnish reply showing that he had made any prior assessment of requirement for hume pipes against all the works and submitted indent for the same to the ACE.

Scrutiny of records revealed that till October 2003, the EE could utilise only 342.50 running metres (RM) of hume pipes on three different works and issued another 480 RM of hume pipes worth Rs.20.56 lakh to contractors of four more works leaving 842.50 RM of hume pipes valued at Rs.46.08 lakh idle in materials at site accounts as detailed in the ***Appendix-XXXVI***. The EE could not furnish details showing the status for execution of remaining five works as well as the four works against which 480 RM of hume pipes were issued (dates not available on records) to the contractors. Scrutiny further revealed that the EE received (February 2001 – January 2002) 140 meters of 1200 mm diameter hume pipes worth Rs.8.53 lakh (inclusive of taxes) against one of the above works viz., ‘Improvement of Rongbonghat to Upper Dewri Road’, the estimated provision of which did not include 1200 mm diameter hume pipes and as such the entire quantity of hume pipes remained unutilised in this work also because of unjustified supply orders issued by the ACE.

Thus, arbitrary and injudicious procurement of hume pipes by the ACE without calling for indent/requirement from the EE and assessing the immediate and actual requirement of hume pipes resulted in unnecessary locking up of Government funds of Rs.66.64 lakh (Rs.46.08 lakh + Rs.20.56 lakh).

The matter was reported to Government in May 2004; their replies had not been received (October 2004).

TRANSPORT DEPARTMENT

4.4.8 Idle expenditure

Failure of the Executive Engineer, Inland Water Transport Division, Dibrugarh to settle/resettle ferry services during 1998-2004 resulted in idle expenditure of Rs.2.59 crore on pay and allowances of operational idle staff besides loss of Government revenue to the tune of Rs.3.12 lakh.

According to Rule 25 of Control and Management of ferries Rules-1968 amended in May 1976, the lessee shall bear the expenditure on pay and allowances of all floating staff allotted by the department for any type of boat/vessel, placed at the disposal of the lessee during the period of lease. The lessee shall be required to deposit with the Executive Engineer (EE) the entire amount that will be payable to the staff during the lease period in advance, before the ferry is handed over.

Test-check (September 2003) of records of the Executive Engineer (EE), Dibrugarh Inland Water Transport (IWT) Division and information collected subsequently revealed that two ferry services viz., Dhansiri-Gomiri (DG) ferry service and Dehingmukh-Sissi-Kalghar (DSK) ferry services remained inoperative for the years 1998-2004.

The ferry services were not settled during three years (DG ferry services during 1998-99 and 2000-01 and DSK ferry services during 2001-02) and during the remaining years, though settled were not taken over by the lessee resulting in loss of Government revenue of Rs.3.12 lakh in the form of lease rent.

Reasons for non-settlement/non-taking over of the ferry services by the lessees were not on record of the division. Though the EE pleaded for direct settlement of these ferry services with interested parties and forwarded (October 2002 and January 2003) their applications to the Director, IWT the later had neither cancelled the settlements with the defaulting lessees nor entertained the EE’s request and resettle them with interested parties.

During non-operational period of 1999-2004, the EE incurred a nugatory expenditure of Rs.2.59 crore towards salary and wages of 127 idle staff which included an irregular expenditure of Rs.1.72 crore on engagement of 29 work charged (WC) staff and 67 muster-roll (MR) workers against these two ferry services without any works as detailed in the ***Appendix-XXXVII.*** Engagement of WC/MR employees without work was against the spirit of the recommendation of Public Accounts Committee at

Para 7.1 of its Eighty-Fifth report presented to the State Legislature on 8 March 2002 and was irregular.

Thus, laxity on the part of the department for expeditious settlement/resettlement of the ferry services resulted in an idle expenditure of Rs.2.59 crore in the form of staff salaries/wages besides, loss of Government revenue to the tune of Rs.3.12 lakh in the form of lease rent.

The matter was reported to Government in July 2004. In reply, the Director stated (October 2004) that the Department was committed to disburse staff salary engaged against the ferry vessels irrespective of whether the ferry service was in operation or not. The Director added further that the approval for direct settlement of the ferry services with the interested parties was awaited from the Government and that against the defaulting lessees; penal action (including institution of Bakijai cases) would be initiated. The contention of the Director was not based on justification for engagement of WC/MR employees without work. Reply from the Government had not been received (October 2004).

4.5 Regulatory issues and other points

EDUCATION DEPARTMENT

4.5.1 Unauthorised granting of regular time scale of pay to stipendary teachers

The Deputy Inspector of Schools, Bajali, Pathsala unauthrorisedly granted regular scale of pay to 31 Stipendary teachers resulting in extra expenditure of Rs.44.64 lakh incurred during April 2000 to October 2003.

The Government of Assam, Education Department allowed[69] appointment of stipendary Primary School teachers on a monthly fixed pay of Rs.900 (enhanced to Rs.1,800 from 1-1-1996) to be paid out of Plan budget with the condition that these stipendary teachers on passing of Junior Basic Training (JBT) would be appointed against non-plan posts carrying regular time scale of pay.

Scrutiny (November 2003) of records of the Deputy Inspector of Schools (DIS), Bajali, Pathsala revealed that the DIS allowed (September 1998 to April 1999) regular time scale of pay to 31 stipendary teachers appointed between March 1995 and March 1999 though these teachers did not pass the prescribed JBT. In writ petition case No. 6034/2001 and 94 others, the Hon'ble Guwahati High Court in its common Judgement of 14 August 2003 ruled that "the grantors of the benefits of time scale of pay to the Stipendary teachers were neither authorised in law to grant such benefit nor was the approval of the competent authority sought and obtained". Based on Government order issued (October 2003) in pursuance of the High Court judgement,

[69] Effective date was not on record.

the DIS reverted all the 31 teachers to their original stipendary status from November 2003.

Thus, the action of the DIS, Bajali, Pathsala in granting regular time scale of pay to the 31 stipendary teachers before completing their basic training course was irregular. The Government, thus, had to bear an extra expenditure of Rs.44.64 lakh[70] from April 2000 to October 2003 towards pay and allowances paid to these 31 teachers in excess of their actual entitlement.

Action, if any, taken by the Government against the erring DIS who arbitrarily allowed regular time scale of pay to the stipendary teachers had not been intimated (May 2004).

The matter was reported to Government in June 2004; their replies had not been received (October 2004).

FOOD AND CIVIL SUPPLIES DEPARTMENT

4.5.2 Retention and diversion of food grains under Nutritional Support for Primary Education

The Branch Manager, Assam State Cooperative Marketing and Consumer's Federation Limited, Tezpur unathorisedly retained 17,308.34 quintals of Mid-Day Meal rice costing Rs.97.79 lakh of which 8,121.31 quintals of rice was diverted towards flood relief.

Nutritional Support for Primary Education (NSPE), a Central Plan Scheme, popularly known as Mid-Day Meal (MDM) Scheme was launched (15 August 1995) by Government of India to provide free meals having calorific value equivalent to 100 grams of wheat/rice per day to every school going child of primary classes (I to V) for ten academic months during a year. The Government of India allotted the MDM wheat/rice to the States free of cost. The Deputy Commissioners (DC) of districts allocated food grains and the State Government authorised Assam State Cooperative Marketing and Consumer's Federation (STATFED) Limited to lift the food grains from the Food Corporation of India (FCI) godowns and arrange their transportation and distribution to schools.

Scrutiny (February 2003) of records of the Deputy Director, Food and Civil Supplies, Sonitpur revealed that as of February 2003, the STATFED, Tezpur had a stock of 17,308.34 quintals of undistributed MDM rice valuing Rs.97.79 lakh (@ Rs.565/-per quintal) lifted from FCI between August 1996 and February 2003 (details in ***Appendix-XXXVIII***). Of this, the DC, Sonitpur and the Branch Manager (BM), STATFED, Tezpur unauthorisedly diverted between August 1996 and August 2002, 8,121.31quintals of MDM rice valued at Rs.45.89 lakh for flood relief purposes. The

[70] Total emolument of a teacher in the minimum of the scale = Rs.5,149/-
Less, Amount admissible for stipendary teacher = Rs.1,800/-
Extra amount paid to each Rs.3,349/-
Total unauthorised payment = Rs.3,349 X 31 X 43 months = Rs.44.64 lakh

diverted food grains had not been replenished to the NSPE scheme till the end of February 2003. Besides, the BM, STATFED also unauthorisedly retained in his stock 9,187.03 quintals of balance MDM rice without distributing the same to Schools to feed the target group of school children. The unauthorised retention and diversion of MDM rice resulted in deprival of nutritional support to large number of primary students.

Scrutiny further revealed that though the DC, Sonitpur and SDO, Biswanath Chariali had paid (September 1997–September 1999) out of State relief funds Rs.44.42 lakh to the MD, STATFED, Tezpur, the latter without utilising the money for replenishment of MDM rice, retained the entire amount of Rs.44.42 lakh in hand till February 2003 for reasons neither on records nor stated. Besides, the Government lost Rs.21.25 lakh[71] being the interest at the lending rate of the Government on the blocked fund of Rs.44.42 lakh for 41 months.

Thus, the inaction of the implementing agency (viz., the State machinery and the DC, Sonitpur) allowed BM, STATFED to retain and divert MDM rice worth Rs.97.79 lakh for purpose outside the scope of guidelines for NSPE and thereby deprived target group of school children from the benefit of MDM rice. Besides, the DC also did not take any action against the BM, STATFED, Tezpur for his failure to either replenish MDM rice or refund Rs.44.42 lakh to the State exchequer.

The matter was reported to Government in June 2004; their replies had not been received (October 2004).

PANCHAYAT AND RURAL DEVELOPMENT DEPARTMENT

4.5.3 Diversion of scheme fund

The Project Director, District Rural Development Agency, Tinsukia diverted EAS and JRY scheme funds of Rs.28.68 lakh towards construction of office building and anciliary works.

[71] Interest at the lending rate of the Government to ASHB @ 14 % p.a of Rs.44.42 lakh for 41 months (September 1999 to February 2003)= Rs.21.25 lakh.

Centrally sponsored schemes of Employment Assurance Scheme (EAS) and Jawahar Rojgar Yojana (JRY) do not provide for incurring expenditure out of scheme fund or interest received on fund kept in saving bank accounts towards construction of DRDA office buildings.

Scrutiny (February-March 2003) of records of Project Director (PD) District Rural Development Agency (DRDA), Tinsukia revealed that during 1998-99, the PD with the approval of the Government (Rs.13.88 lakh) and district authorities (Rs.14.80 lakh) incurred an expenditure of Rs.28.68 lakh towards construction of DRDA office buildings, approach roads, electrification, sanitation etc., out of interest earned on EAS fund and JRY allocation for 1998-99. This amounted to diversion of EAS and JRY fund of Rs.28.68 lakh.

Diversion of scheme fund and/or interest earned thereon on programmes other than specified in the respective guidelines was irregular and frustrated the basic objectives of the schemes to provide benefits to the target group of rural people.

The matter was reported to Government in July 2004; their replies had not been received (October 2004).

PUBLIC HEALTH ENGINEERING & PUBLIC WORKS DEPARTMENT

4.5.4 Irregular payment through Hand Receipts

Three works divisions irregularly and unauthorisedly paid Rs.9.13 crore through hand receipts.

In terms of Rule 311 of Assam Financial Rule, hand receipt is a simple form of voucher intended to be used for all miscellaneous payments and advances, for which none of the special forms is suitable. Government of Assam expressly instructed (June 1996) the Public Works Department to stop payment through hand receipts.

Test-check (August 2002, December 2002 and May 2003) of records of the Executive Engineers (EEs), PHE Store & Workshop Division, Guwahati, NEC, PWD (Roads) Division, Guwahati and City-1, PWD (Roads) Division, Guwahati revealed that the EEs paid Rs.3.42 crore, Rs.3.25 crore and Rs.2.46 crore respectively through 185 hand receipts during February 2000 to October 2001, October 2001 to August 2002 and November 2001 to March 2003 respectively. Further, none of the divisions maintained any register for monitoring the payments made through hand receipts to avoid double payment, stock register for hand receipts and contractors' ledger to watch contract-wise upto date payment. Part payments through hand receipts were made without passing the regular running bills of contractors. In reply, all the divisions stated that due to paucity of fund part payment was made through hand receipts against huge claims of a large number of contractors. The replies of the EEs were not tenable as they were to restrict the liabilities for payment according to the availability of funds and payment through hand receipts was irregular.

Thus, gross violation of rules and orders by all the three divisions resulted in irregular payment of Rs.9.13 crore. Moreover, due to part payment through hand receipts at random, without maintaining basic records of such payment, the expenditure of

Rs.9.13 crore could not be confirmed in audit and was fraught with the risk of misappropriation, double payment, over payment etc. The situation reflects a serious failure in expenditure control by the divisions and their controlling departments of the Government.

The matter was reported to Government in June 2004; their replies had not been received (October 2004).

TRANSPORT DEPARTMENT

4.5.5 Non-realisation of Government dues

The Executive Engineer, Inland Water Transport Division, Dibrugarh allowed undue financial benefit of Rs.87.78 lakh to the lessee of Dibru-Kachari-Oriumghat ferry service due to non-recovery of overdue installments of bid money and staff salary together with penal interest for delayed payments.

According to the Control and Management of Ferries (Amended) Rules, 1976, a lessee is required to deposit, in advance, the entire installments of bid money and entire amount of pay and allowances due to the floating staff for the period of lease before the ferry is handed over to him. The rules also provide that in the event of default in payment of the amount on due date, the lessee is liable to pay a fine at the rate of one *per cent* of the defaulted amount for each day of default and the lease shall also be liable to be cancelled.

Test-check (September 2003) of records of the Executive Engineer (EE), Inland Water Transport (IWT) Division, Dibrugarh and subsequent collection of information revealed that the Government leased (March 2002) Dibru-Kachari-Oriumghat[72] Ferry Service to a lessee at a bid value of Rs.45.00 lakh for three years 2002-05 commencing from April 2002. The lessee was required to deposit bid value for respective years in advance in four quarterly installments together with the salary of floating-staff.

The lessee deposited the first installment of bid money and staff salary aggregating Rs.4.10 lakh for the first quarter of 2002-03 on 31 March 2002 and accordingly the EE handed over the ferry service to the lessee in April 2002. The lessee however, delayed and defaulted in payment of subsequent installments during 2002-04 and finally did not deposit Rs.11.97 lakh[73] till the last quarter of 2003-04 (payable by 31 December 2003).

For recovery of these outstanding dues the division served (May 2003 and September 2003) notices without imposition of any penalty to the lessee as the Director IWT in agreement with the lessee allowed (December 2003) relaxation for depositing outstanding dues within January 2004. Neither the lessee turned up to clear

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[72] On North bank of the river Brahmaputra and opposite to Dibrugarh town

[73]

2002-03	Rs.6.92 lakh
2003-04	Rs.5.05 lakh
Total	Rs.11.97 lakh

all the dues within the stipulated period nor did the division take further steps to recover overdue installments of bid money and staff salary of Rs.11.97 lakh as of May 2004. Besides, as required under the rules, the division also did not levy and recover penal interest of Rs.75.81 lakh (worked out up to May 2004 as detailed in ***Appendix-XXXIX***) nor terminate the lease agreement.

Thus, failure of the department to recover the entire amount of bid money and staff salary before handing over the ferry services to the lessee and delay in initiating action against him for recovery of bid money and staff salary in installments together with penalty resulted in non-recovery of Rs.87.78 lakh (Rs.11.97 lakh + Rs.75.81 lakh), which provided undue financial benefit to the lessee, as of June 2004.

The matter was reported to Government in July 2004. In reply, the department stated (September 2004) that they had instructed the lessee to deposit the outstanding amount of bid money, staff salary and penal interest aggregating Rs.87.78 lakh, in default of which the ferry service would be taken over by the department and Bakijai case or other legal process would be instituted against the lessee. Government's reply had not been received (October 2004).

TOWN AND COUNTRY PLANNING DEPARTMENT

4.5.6 Non-accountal of undisbursed loan and subsidy

The Commissioner, Assam State Housing Board neither utilised Government fund of Rs.2.43 crore received during 1996-99 under Janata Housing Scheme nor was the amount accounted for in the cash book for five/six years. Besides, the Board had to bear an unjustifiable interest burden of Rs.25.76 lakh *per annum.*

During 1996-97 and 1997-98, the Assam State Housing Board (ASHB)[74], Guwahati received Rs.2.65 crore (loan: Rs.1.99 crore; subsidy: Rs.0.66 crore) from the Government of Assam, Town and Country Planning Department for disbursement to the beneficiaries/loanees belonging to the economically weaker sections (EWS) of the society viz., scheduled caste (SC) scheduled tribe (ST) and general category under Janata Housing Scheme (Plan). The loan carried interest at the rate of 14 *per cent* per annum.

Scrutiny (April-May 2003) of records of the Commissioner, ASHB for the years 1996-99 revealed that, of the total amount of Rs.2.65 crore, the Commissioner disbursed only Rs.21.74 lakh (loan: Rs.14.48 lakh, subsidy: Rs.7.26 lakh) leaving a balance of Rs.2.43 crore till the end of March 1999. It was further seen that against this undisbursed balance, the cashbook as on 31 March 1999, reflected a balance of Rs.0.10 lakh only and Rs.2.43 crore (Rs.243.06 lakh – Rs.0.10 lakh) was kept out of accounts till the end of May 2003. The ASHB could not explain how the balance amount of Rs.2.43 crore was kept or utilised.

[74] Constituted in February 1974.

Besides, due to non-disbursement of loan and subsidy to the targeted beneficiaries under EWS, while the intended purpose of the Government was frustrated, the Board had to bear an unjustifiable annual interest burden of Rs.25.76 lakh[75] on the principal amount of loan of Rs.1.84 crore (Rs.1.99 crore – Rs.0.15 crore) remaining undisbursed for a period of five to six years.

The Commissioner stated (February 2004) that due to non-receipt of sufficient numbers of loan applications from the district offices and also due to time consumed at the Head Office in processing the loan applications the entire amount could not be disbursed in time. He added further that the loan and subsidy were being disbursed in a phased manner during subsequent years.

The reply of the Commissioner, ASHB is not tenable, as he did not spell out the manner in which the unspent amount was kept or utilised and the details of loan and subsidy disbursed during subsequent years.

The matter was reported to Government in July 2004; their replies had not been received (October 2004).

4.5.7 Diversion of fund

The Commissioner, Assam State Housing Board unauthorisedly diverted Government fund of Rs.2.56 crore meant for social housing schemes towards repayment of HUDCO loan and payment of staff salaries etc.

The Assam State Housing Board (ASHB) was constituted (February 1974) under the provision of the ASHB Act, 1972 for implementation of social housing schemes in Assam. Government of Assam, Town and Country Planning Department sanctioned Rs.5.07 crore as grants (Rs.3.22 crore) and loans (Rs.1.85 crore) to ASHB during 1994-95 and 1995-96 for implementation of various schemes as detailed in ***Appendix-XL***. The Grant included Rs.0.44 crore for salaries. The loan carried interest @ 13 *per cent per annum*. Out of the total receipt of Rs.5.07 crore, the ASHB according to the instruction of the Government, kept Rs.4.44 crore in Revenue Deposit (RD) during 1994-95 (Rs.1.96 crore) and 1995-96 (Rs.2.48 crore).

Scrutiny (April-May 2003) of records of ASHB revealed that the entire amount of Rs.4.44 crore was subsequently withdrawn from RD between 1996-97 and 2000-01[76]

[75] 14 *per cent* of Rs.1.84 crore = Rs.25.76 lakh.

[76]

(Rupees in lakh)

Year of withdrawal	Loan component	Grant component	Total
1996-97	46.56	16.44	63.00
1997-98	10.00	10.00	20.00
1998-99	18.74	69.30	88.04
1999-2000	30.73	19.27	50.00
2000-01	78.78	144.62	223.40
Grand Total	**184.81**	**259.63**	**444.44**

Source: Departmental records.

and utilised (August 1996-November 2001) for repayment of HUDCO loan (Rs.2.42 crore) and payment of salaries etc., (Rs.2.02 crore).

The Government subsequently allowed (January 2002) the ASHB to utilise Rs.1.88 crore towards repayment of HUDCO loan (Rs.1.00 crore) and payment of salaries etc., (Rs.0.88 crore). Thus, the ASHB unauthorisedly diverted and utilised the scheme fund of Rs.2.56 crore[77] towards repayment of HUDCO loan (Rs.1.42 crore) and payment of salaries etc., (Rs.1.14 crore) instead of utilising the same for social housing scheme for which original sanctions were given.

Besides, on the loan obtained at 13 *per cent* interest, the ASHB had to bear the interest burden of Rs.85.02 lakh (upto 2002-03) in addition to the repayment of principal amount of Rs.1.85 crore without achieving any tangible assets and social objective for which the fund was sanctioned.

The matter was reported to Government in July 2004; their replies had not been received (October 2004).

4.6 *Stores and stock*

PANCHAYAT AND RURAL DEVELOPMENT DEPARTMENT

4.6.1 Loss due to damage of food grains

244.52 tonnes of rice worth Rs.30.08 lakh stored by five Block Development Officers under DRDA Marigaon meant for utilisation under schemes like Employment Assurance Scheme, Swarnjayanti Gram Swarozgar Yojna etc., were damaged due to flood and prolonged storage.

Under Employment Assurance Scheme (EAS) and Swarnjayanti Gram Swarozgar Yojna (SGSY) etc., wages to workers are paid in cash and kind (food grains).

The Project Director (PD), District Rural Development Agency (DRDA), Marigaon issued during February 2002 to March 2003, 9,952.68 tonnes of rice to the five blocks under his jurisdiction for distribution to the community workers under EAS, SGSY and JGSY as a part of their daily wage. According to information furnished (August-September 2003) by the blocks it was noticed that out of 9,952.68 tonne of rice, the five blocks utilised 9,000.81 tonne till March 2003. Of the balance 951.87 tonne, 244.52 tonnes of rice valued at Rs.30.08 lakh were damaged due to prolonged storage (51.93 tonne) and flood (192.59 tonne). The Block Development Officers (BDO) stated (August-September 2003) that food grains were damaged due to lack of storage facilities in the blocks and procurement and issue of food grains by the DRDA far in advance of requirement.

The decision of the BDOs of two blocks (Lahorighat and Mayong) to lift and store excess rice during the rainy season without having adequate storage facility was

[77] (Rs.4.44 crore – Rs.1.88 crore) = 2.56 crore

unjustified because of the fact that both the blocks were situated in flood prone areas and regular floods had been occurring in these areas during summer season for the past several years. The BDOs of the other three blocks (Bhurbondha, Moirabari and Kopili) should not have stored excess rice, as proper storage facilities were not available in their blocks.

The PD, DRDA Marigaon should have issued to the blocks the minimum quantity of rice required for immediate distribution to avoid any possible loss of Rs.30.08 lakh due to damage by floods or prolonged storage.

The matter was reported to Government in May 2004; their replies had not been received (October 2004).

4.6.2 Short receipt of GCI sheets

The Project Director, District Rural Development Agency, Marigaon received 73.533 tonne GCI sheet less than actual quantity as per norm resulting in loss of Rs.24.25 lakh.

According to standard norms, the average weight of Galvanised Corrugated Iron (GCI) sheet of 8 feet length with 0.50 mm thickness is 8.53 kg and 10 feet length with 0.63 mm thickness is 12.76 kg per sheet.

Test-check of records (August-September 2003) of the Project Director (PD), District Rural Development Agency (DRDA), Marigaon revealed that between August and November 2000, the Agency procured 727.305 tonne GCI sheets of two specifications[78] for execution of works under Indira Awas Yojana/Employment Assurance Scheme. According to the entries made in stock registers, the DRDA received 75,284 pieces of GCI sheets against 83,785 pieces receivable as per standard norms. The DRDA, thus, sustained a loss of Rs.24.25 lakh due to short receipt of 8,501 pieces of GCI sheets weighing 73.533 tonne.

The short receipt was facilitated due to the wrong procedure adopted by the PD both in issuing supply orders for GCI sheets as well as during receipt of the same. While issuing supply orders, the PD should have clearly mentioned in the supply order the average weight per piece of GCI sheets for each specification and ensure correct receipt both in terms of weight and in number of pieces to avoid short supply by the suppliers.

A similar observation was made in Para 6.13 of the Report of the CAG of India (Civil) for the year ended 31 March 2000 that the DRDA, N.C.Hills sustained a loss of Rs.6.80 lakh due to short receipt of 22.30 tonne of GCI sheets in a similar manner. The Public Accounts Committee in their Ninety Third Report (placed in the

[78] (i) 0.63 mm x 810 mm x 3000 mm (10 feet long = 38 tonne).
(ii) 0.50 mm x 810 mm x 2500 mm (8 feet long = 689.305 tonne).

Legislature on 2 April 2003) recommended that action be taken by the Government against the officials responsible for the short receipt. The Government action had not been intimated to this office (October 2004).

The matter was reported to Government in May 2004; their replies had not been received (October 2004).

4.7 *General*

4.7.1 Follow-up on Audit Reports

Non-submission of *suo-moto* Action Taken Notes

According to the instructions issued by Finance Department in May 1994, and subsequent adoption of Resolution (September 1994) by the Public Accounts Committee (PAC) the administrative departments are required to submit *suo-moto* Action Taken Notes on paragraphs and reviews included in the Audit Reports within three months of presentation of the Audit Reports to the Legislature, to the Public Accounts Committee with a copy to Accountant General (AG), Audit without waiting for any notice or call from the PAC, duly indicating the action taken or proposed to be taken. The PAC in turn was required to forward the ATNs to AG (Audit) for vetting before comments and recommendation.

It was, however, noticed that in respect of 43 departments no *suo-moto* Action Taken Notes, pertaining to 512 paragraphs/reviews for the years 1983-2002 were received either from the departments or through the PAC (details in ***Appendix-XLI***). Consequently, the audit observations/comments included in these Paras/reviews remained undiscussed/unsettled by PAC as of Mach 2004.

4.7.2 Action not taken on recommendations of the Public Accounts Committee

One hundred and ninety three (193) recommendations of the Public Accounts Committee (PAC), made in its Fifty Fifth to Ninety Eighth Report in regard to 47 departments were pending settlement (details in ***Appendix-XLII***) due to non-receipt of Action Taken Notes (ATNs) as at the end of March 2004. Even though the Finance Department issued (May 1994) instructions to all administrative departments and the Heads of Department to submit the ATNs within six months from the date(s) of receipt of recommendations, the Departments failed to comply with the instructions.

4.7.3 Failure of senior officials to respond to audit objections and compliance thereof

Accountant General (AG) arranges to conduct periodical inspection of Government Departments to test-check the transactions and verify the maintenance of important accounting and other records according to prescribed rules and procedures. When important irregularities, etc., detected during inspection are not settled on the spot, Inspection Reports (IRs) are issued to the Heads of Offices inspected with a copy to the next higher authorities. Orders of State Government (March 1986) provide for prompt response by the executive to the IRs issued by the AG to ensure rectificatory action in compliance with the prescribed rules and procedures and accountability for the deficiencies, lapses, etc., noticed during inspection. The Heads of Offices and next higher authorities are required to comply with the observations contained in the IRs and rectify the defects and omissions promptly and report their compliance to the AG. Serious irregularities are also brought to the notice of the Head of the Department by the office of the Accountant General (Audit). A half-yearly report of pending IRs is sent to the Commissioners and Secretaries of the Departments to facilitate monitoring of the audit observations in the pending IRs.

IRs issued upto December 2003 pertaining to Civil Departments/Public Health Engineering Department/Public Works Department/Flood Control Department/ Irrigation and Inland Water Transport Department disclosed that 36,832 paragraphs relating to 7,543 IRs remained outstanding at the end of June 2004 (***Appendix-XLIII***). Of these, 2,267 IRs containing 9,140 paragraphs had not been replied to/settled for more than 10 years. Even the initial replies, which were required to be received from the Heads of Offices within six weeks from the date of issue, were not received from 50 departments for 2,291 IRs issued between 1979-80 and 2003-2004. As a result, the following serious irregularities, commented upon in 1,998 paragraphs involving Rs.722.09 crore, had not been settled as of June 2004.

(Rupees in crore)

Sl. No.	Nature of irregularities	No. of paragraphs	Amount
1.	Non-observance of rules relating to custody and handling of cash, maintenance of cash book and muster rolls, etc.	275	75.53
2.	Securities from persons holding cash and stores not obtained.	3	0.01
3.	Stores not maintained properly, etc.	105	9.57
4.	Improper maintenance of log book of departmental vehicles.	39	1.62

5.	Local purchase of stationery etc., in excess of authorised limit and expenditure incurred without proper sanction.	141	5.17
6.	Delay in recovery of receipts, advances and other charges.	405	177.04
7.	Payment of grants in excess of actual requirement	42	3.94
8.	Want of sanction to write off, loan, losses, etc.	70	3.33
9.	Over-payments of amount disallowed in Audit not recovered.	465	48.67
10.	Wanting utilisation certificates and audited accounts in respect of grants-in-aid.	280	335.41
11.	Actual payee's receipts wanting	173	61.80
	Total	**1998**	**722.09**

A review of the IRs which were pending due to non-receipt of replies, in respect of 50 departments[79], revealed that the Heads of Departments (Directors/Executive Engineers) had not furnished replies to a large number of IRs indicating their failure to initiate action in regard to the defects, omissions and irregularities pointed out by Audit. The Commissioners and Secretaries of the concerned departments, who were informed of the position through half-yearly reports, also failed to ensure that the concerned officers of the departments took prompt and timely action.

The above mentioned facts also indicated inaction against the defaulting officers thereby facilitating continuation of serious financial irregularities and loss to the Government though these were pointed out in Audit.

In view of large number of outstanding IRs and Paragraphs, the Government has constituted Audit Objection Committee at State level for consideration and settlement of outstanding audit objections. During July 2003 to June 2004, two hundred forty one meetings of the Committee were held, in which 2,673 IRs and 8,361 Paragraphs were discussed and 335 IRs and 4,477 Paragraphs settled.

It is recommended that Government should review the matter and ensure that effective procedure exists for (a) action against the officials who failed to send replies to IRs/Paragrapghs as per the prescribed time schedule, (b) action to recover loss/outstanding advances/overpayments in a time bound manner, and, (c) revamp the system of prompt and timely response to the audit observations.

The matter was reported to the Government in July 2004; their replies had not been received (October 2004).

4.7.4 Delay in submission of Accounts by State Autonomous Bodies

[79] Civil: 45; Public Works: 1; Public Health Engineering: 1; Flood Control: 1; Irrigation: 1 and Inland Water Transport: 1.

None of the six State Autonomous Bodies of the State audited under Section 19(2), 19(3) and 20(1) submitted their annual accounts to Audit within the due date of submission. Delay in submission of accounts by the Autonomous Bodies during the last five years ranged from three to 51 months as detailed in ***Appendix-XLIV***. The reasons for such inordinate delay were delay in entrustment/non-entrustment of Audit, non-receipt of approval of annual accounts from the competent authority etc. Further, out of 10 Audit Reports issued to four bodies, intimation regarding laying of these Reports before the Legislature was received in respect of only one[80] Audit Report and information regarding placement of balance nine Audit Reports of four Autonomous Bodies issued between July 2002 and December 2003 before the Legislature had not been received. Audit Report for 2000-02 of one Autonomous Body[81] though approved (November 2003) by the Comptroller and Auditor General of India, could not be issued to the concerned Autonomous Body till September 2004 due to non-placement of earlier year's Report before the Legislature

[80] Audit Report for the year 1999-2000 on Assam Agricultural University, Jorhat.
[81] Assam Human Rights Commission, Guwahati.