

Chapter-III Civil Departments

Education Department

3.1 Improper implementation of Computer Education Project-II

Failure of the directorate to implement a computer education project in accordance with the terms of the contract resulted in unfruitful expenditure of Rs. 87.55 lakh and non-levy of penalty of Rs. 27.76 lakh.

The Directorate of Education had been implementing a computer education project in government schools as well as aided schools under its jurisdiction. The project was being implemented on an out-sourcing model wherein all the requirements like computer systems, UPS¹, software, computer furniture and air-conditioning were obtained on lease from private agencies having experience in the field of computer education. The classrooms with electric and telephone connections were made available to the firm by the schools. The private firm also provided three full time teachers in each school and conducted the course in accordance with a prescribed syllabus. In the first phase, the project was introduced in 115 schools during 2000-01.

In September 2001, the directorate invited tenders for implementation of the project in another 245 schools under phase II. Subsequently, contracts were awarded to seven firms in January 2002 for a period of approximately four academic years up to 31 March 2005 at a total cost of Rs. 30.49 crore. The terms of the contract specified that the installation, testing and commissioning of the computers and accessories were to be completed within 20 days of the signing of the contract failing which a penalty at the rate of one per cent of the total contract value per week was to be levied for a maximum period of four weeks and thereafter the contract was to be terminated at the risk and cost of the contractor.

A test check of records of the directorate relating to the implementation of phase II of the project revealed the following:

- (i) There was a delay ranging from two and a half to three months in installation of computer systems by the firms in 54 schools functioning in 39 buildings² involving 38,880 students. However, the department not only failed to invoke the penalty clause of the contract and levy penalty of Rs. 27.76 lakh

¹ Uninterrupted Power Supply

² 24 single shift and 15 double shift

but released the full contractual amount of Rs. 49.13 lakh for this period though no computer education was actually provided by the firm since the computers were not in place.

(ii) In another 43 schools in 29 buildings³ involving 30,960 students, the computer systems supplied by the firms remained packed in boxes for periods ranging from two and a half to three months as the classrooms in which they were to be installed were not ready and could not be made available by the schools. Consequently, the contractual amount of Rs. 38.42 lakh paid to the firms for this period was rendered unfruitful.

Thus, the department incurred an unfruitful expenditure of Rs. 87.55 lakh (Rs. 49.13 lakh + Rs. 38.42 lakh) as contractual payments to firms for periods during which no computer education was imparted due to either non-installation of computers or non-availability of classrooms. Further, the department failed to levy penalty of Rs. 27.76 lakh on the private firms for the delay in accordance with the terms of the contract. Delay in implementing of the project also resulted in depriving about 69,840 students of the benefits of the project for nearly one quarter of an academic year.

Government stated (December 2005) that the quantum of penalties to be levied on the part of the implementing agencies was being finalised. It added that the delay in preparation of computer labs was attributable to the Public Works department (PWD) which did not complete the civil/electrical work in time. The reply is not tenable as it was incumbent upon the directorate and the individual school authorities to ensure that the classrooms were ready in time in coordination with the PWD.

Industries Department

3.2 Avoidable expenditure on water and electricity charges

Failure of the department in formulating and implementing a policy for recovery or payment of electricity and water bills of common areas from occupants of a flatted factory complex resulted in avoidable expenditure of Rs. 2.93 crore.

The Department of Industries developed a flatted factory complex at Jhandewalan in New Delhi consisting of 571 flats to provide working space to

³ 15 single shift and 14 double shift

small manufacturing units within the city area. These flats were allotted to entrepreneurs at a tentative rent of Rs. 30 per sq. metre per month from 1985. Of the total 571 flats, 544 flats were occupied by private entrepreneurs for carrying out manufacturing activities while the remaining 27 flats were with government agencies such as the Public Works department, the Sub Divisional Magistrate and the Estate Manager. While the electricity connections for the individual flats were to be obtained by the allottees themselves, nothing was decided regarding the charges of water and electricity used in the common areas of the complex such as toilets, lifts and corridors. The water and electricity connection for the common areas was in the name of the department.

It was observed in Audit that with about 2500 workers engaged in these factories, the main consumers of water and electricity were the factory owners, their workers, business associates and clients. In view of this, payment for these common services should have been borne by the occupants through formation of an association as was being done in the case of sanitation and upkeep of the toilets and corridors. There was no justification for the department bearing this burden particularly since the minimum market rent for the area without common facilities and maintenance charges was Rs. 300 per sq. metre per month as against the nominal rent of Rs. 30 per sq. metre being charged from the allottees since the initial allotment without any revision. In February 1997, the Commissioner of Industries had disapproved the system of the department bearing all the charges and had directed the formulation of a clear policy whereby the department would bear only the actual expenses pertaining to the portion occupied by the Estate Manager. However, no action was taken despite the passage of over eight years. Out of the total charges paid for the electricity and water for the common areas of 571 flats between November 1989 and September 2005, audit examination and calculation (on a pro-rata basis) indicated that the department incurred an expenditure of Rs. 2.93 crore on electricity and water used in the common areas by the private occupants of 544 flats.

The failure of the department in formulating and implementing a policy for payment of electricity and water bills of common areas by the occupants of the flatted factory complex resulted in an avoidable expenditure of Rs. 2.93 crore on the public exchequer as of September 2005.

On this being pointed out by audit, Government informed (December 2005) that it had since been decided to convert the allotments into hire purchase and the modalities for the same were being worked out. In the meantime, each of the allottees would be asked to pay Rs. 1,250 per month on account of electricity and water for the common areas from December 2005 onwards.

Irrigation and Flood Control Department

3.3 Unfruitful expenditure due to foreclosure of works

Failure to adhere to the codal provisions and ensure hindrance/encroachment free sites before awarding four works led to an unfruitful expenditure of Rs. 41.84 lakh due to foreclosure of all the works.

Para 4.21 of CPWD Manual Volume II stipulates that availability of the site should be ensured at the planning and designing stage of the work itself and that preparation of detailed estimates and drawing and designs should be taken up only after availability of the land was assured. Para 3.4.1.1 of the Manual Volume-II further provides that the estimates should be sent to the client department after fully ascertaining the necessary site details, topographical details, technical feasibility, etc. In case site survey is necessary, a small estimate may be sent to the client and deposits received.

The Report of the Comptroller and Auditor General for the year ended March 2004 had highlighted unfruitful expenditure of Rs. 63.39 lakh due to non-adherence to the above codal provisions. A further test check of the records of three Divisions of Irrigation and Flood Control Department (Civil Divisions Nos. V, VII and VIII) revealed another four similar cases of unfruitful expenditure totaling Rs. 41.84 lakh as discussed in the succeeding paragraphs.

3.3.1 Construction of Boundary Wall at village Dera Mandi

The Executive Engineer (Civil Division V) awarded in February 2003 a work of construction of boundary wall cum-barbed wire fencing at village Dera Mandi for a total length of 2920 meters for protection of notified ridge forest land to a contractor at the tendered cost of Rs. 23.42 lakh. The work was undertaken on behalf of the Forest Department. The construction was to commence from 22 February 2003. During demarcation of the land on 15 March 2003, it was pointed out that there was a court/stay order on certain portion of the land and the work could not be completed. Hence, the work was foreclosed in September 2004 retrospectively from April 2004 after executing 70 per cent of the work and incurring an expenditure of Rs. 17.34 lakh.

The Superintending Engineer stated in March 2005 that the demarcation of land was carried out after the award of work which revealed the existence of

the court case/stay order on certain khasras and it was the responsibility of the Forest Department to exclude such khasra whose status was not clear.

The reply is not tenable as it is the responsibility of the department as the executing agency to ensure availability of site as stipulated in the codal provisions through prior survey and demarcation before award of the work. It was open to the department to defer the award of work till hindrance free site was available. Further, the demarcation report of March 2003 had brought out the existence of a court case on part of the land and hence there was no justification in continuing execution till April 2004. Moreover, as the land remained unprotected from one side, the objective of protection of the notified forest area was unachieved and the expenditure was rendered unfruitful.

3.3.2 Construction of boundary wall cum-chain link fencing at village Bawana for protection of forest land

Similarly, the Executive Engineer (Civil Division VII) awarded in October 2001 a work of construction of boundary wall cum-chain link fencing at village Bawana for protection of forest land to a contractor at the tendered cost of Rs. 26.28 lakh. The construction was to commence from 22 October 2001. While commencing the work, the department requested the tehsildar and BDO⁴ Alipur on 17 October 2001 and again on 5 November 2001 for demarcation of the forest land. The latter however informed that construction of boundary wall did not arise as the site pertained to gaon sabha and portions of it had already been proposed for the Aditi Mahavidyala. As the dispute between the BDO Alipur i.e. Panchayat Department and the Forest Department regarding ownership of the land was not resolved till October 2002, the work was foreclosed in December 2002 with retrospective effect from April 2002 after executing 10 per cent of the work and incurring of expenditure of Rs. 3.95 lakh paid to contractor.

The Executive Engineer stated in February 2005 that the expenditure should not be treated as unfruitful as the work executed was intact and the balance work could be executed after deciding ownership of the land.

The reply is not tenable as the department should not have awarded the work till the ownership issue was resolved and the need and availability of land for the intended purpose assured. Moreover, the unfinished boundary wall would not serve any purpose thus rendering the expenditure incurred on it unfruitful.

⁴ Block Development Officer

3.3.3 Construction of Masonary wall along Bawana Drain

The Executive Engineer (Civil Division VIII) awarded in June 2003 a work of construction of one meter high masonry wall along Bawana Drain for protection of government land from encroachments to a contractor at the tendered cost of Rs. 33.96 lakh. The construction was to commence from 24 June 2003. The work of construction of the boundary wall was to be executed in three parts i.e. from RD⁵ 0 meters to 1006 meters, 2245 meters to 2545 meters and 7687 meters to 7887 meters on both sides of the drain. The Bawana drain runs in a stretch of nine kilometers.

The department requested the concerned revenue staff for demarcation of the land in April 2003. The demarcation report was received in February 2004 which stated that the site was not fully demarcated due to dispute with the villagers. Subsequently, the work was foreclosed in March 2004 after executing 33 per cent of the work and incurring expenditure of Rs. 11.00 lakh paid to the contractor. The boundary wall constructed was of a length of 998 meters out of 2012 meters in the first portion. The boundary wall in the other two portions was not constructed at all.

The department stated in December 2004 that the wall constructed by it was intact and that the purpose of protection of the land in the length of 998 meters where the wall was constructed had been achieved. The reply is not tenable as the boundary wall was not completed even in one portion rendering the expenditure on it unfruitful while the wall in other two portions was not constructed at all defeating the very purpose of segregating the land required for the Bawana drain.

3.3.4 Construction of wall around graveyard at village Mamoor Pur

The Executive Engineer (Civil Division VII) awarded in December 2001 a work of construction and development of a graveyard at village Mamoor Pur to a contractor at the tendered cost of Rs. 10.01 lakh. The work was undertaken on behalf of the Delhi Wakf Board. The construction was to commence from 3 January 2002. In May 2002, while the work was underway, some villagers brought to the notice of the department a stay order of the Delhi High Court dated 11 February 2001. The work was subsequently foreclosed in July 2002 after executing about 80 per cent of the work and incurring an expenditure of Rs. 9.55 lakh paid to the contractor.

The Executive Engineer stated in February 2005 that the work was executed after demarcation of site by the concerned revenue staff and that the fact of a stay order on the land was not known to the department. He added that the

⁵ Reach distance

work executed for the development of a graveyard was intact and the same was being used by the people. The reply is not tenable as the demarcation was done on 16 January 2002 along with representatives of the department and there was a mention in the demarcation report about encroachment on a portion of the said land. However, the department ignored this and went ahead with the construction without further investigation to ascertain the facts which resulted in the unfinished boundary that did not serve the intended purpose. Had they ascertained the facts regarding the encroachment brought out in the demarcation report before executing the work, the unfruitful expenditure could have been avoided.

It was observed in audit that in all the above cases demarcation was either not done or done after award of work. Had it been insisted upon before award of work, the hindrances would have come to light and award of work could have been deferred till they were resolved. Thus, persistent failure of the department to adhere to the codal provisions and to ensure hindrance free site before award of work coupled with laxity on the part of the sponsoring departments in ensuring litigation/encroachment free site resulted in unfruitful expenditure of Rs. 41.84 lakh and non-achievement of the objectives of the specific works.

That matter was referred to the Government in May 2005; its reply was awaited as of February 2006.

3.4 Avoidable expenditure on hiring of consultants

Engagement of private consultants for routine and repetitive nature of works instead of utilizing departmental manpower meant for such tasks resulted in an avoidable expenditure of Rs. 23.49 lakh.

Preparation and scrutiny of estimates, plans, structural designs and drawings, tender papers and contractual matters is to be done at the divisional level with the assistance of the departmental Assistant Surveyor of Works/Surveyor of Works/Superintending Surveyor of Works. Para 4.4 of CPWD Manual Volume II provides for consultation with outside expert organizations wherever a “new type of construction” is undertaken so that sufficient care is taken in designing, estimating and construction.

Test check of the records of the Executive Engineer Civil Divisions I and XII revealed that the divisions had engaged 158 consultants (Civil division No.1-146; Civil Division No.XII-12) during the period from 1999-2000 to 2003-2004 to prepare architectural and structural designs/drawings and for proof

checking of drawings/designs which were of a routine nature such as construction of chaupals, single lane bridges, foot bridges, wrestling halls, aqueducts, barat ghars, proof checking of telephone cable ducts, repair of hall and kitchen in barat ghars, development of ponds, remodeling of drains, etc. Further, consultants were engaged by Civil Division No. I separately for each work of construction of chaupals and single lane bridges although the nature of the work was the same. An amount of Rs. 23.49 lakh (Civil Division No.I Rs. 20.37 lakh; Civil Division No.XII Rs. 3.12 lakh) was paid to the consultants as hire charges.

The Executive Engineer justified (December 2004) the appointment of consultant by stating that there were no trained/qualified architects in the divisions and the departmental engineers had no time to spare for such jobs. It was added that the consultancy costs had been limited to one per cent of the cost of works as stipulated under Appendix 23(iii) of CPWD Manual (Volume II). The reply is not tenable as there was no justification for engagement of private consultants for such routine and repetitive nature of works.

Thus, engagement of consultants for such routine nature of works instead of utilizing departmental manpower resulted in an avoidable expenditure of Rs. 23.49 lakh.

The matter was referred to the Government in June 2005; its reply was awaited as of February 2006.

3.5 Avoidable expenditure on cost escalation

Failure on the part of the department to ensure the supply of complete set of drawings to the contractor in accordance with the codal provisions resulted in avoidable expenditure of Rs. 12.92 lakh.

Rules⁶ envisage that the department should not issue tender notices unless all tender documents including complete set of architectural and structural drawings as well as site free from encroachment and hindrance are available. The department is also responsible for supplying these documents, drawings and stipulated materials to the contractors according to the schedule agreed upon in the contracts as well as for ensuring adequate coordination with various agencies involved for the unhindered and timely execution of works.

⁶ Paras 17.3.1, 17.3.2 and 4.21 of CPWD Manual Volume II.

The work of construction of R.C.C main stand in sports complex at village Bawana was awarded by the Executive Engineer, Civil Division XII to a contractor in June 1999 at the tendered cost of Rs. 2.15 crore with the stipulated date of start and completion as 11 June 1999 and 10 December 2000 respectively.

The work was actually completed by the contractor in April 2003 after a delay of over two years at a total cost of Rs. 2.87 crore including Rs. 12.92 lakh paid on account of escalation in the cost of material and labour under clause 10 CC of the agreement.

Scrutiny of records revealed that the Executive Engineer had called the tenders on the basis of tentative drawings which were got approved by the competent authority in January 2000, after six months of the award of the work. The reasons recorded for delay included non availability of approved drawings, hindrances due to diversion of existing drain, non availability of site due to scaffolding, filling up of existing drain and drying up, non-approval of deviations/ additions/ extra items, delay in final approval of designs, etc. which were all attributable to the department.

Thus, failure of the Department to ensure the availability of complete set of drawings, clear site, etc. before the award of work as required under the codal provisions led to avoidable expenditure of Rs. 12.92 lakh.

The matter was referred to the Government in June 2005; its reply was awaited as of February 2006.

3.6 Wasteful expenditure on work

Failure of the department to ensure quality of work of construction of two bridges for carrying of water mains followed by administrative laxity in not ensuring supply of drawings to the contractor coupled with continuing the balance work without ascertaining its necessity resulted in wasteful expenditure of Rs. 92.96 lakh. The bridges constructed remained unused since alternative arrangements were made for carrying of the water mains.

The erstwhile DWS&SDU⁷, now Delhi Jal Board (DJB), entrusted a deposit work of construction of bridges across Najafgarh drain and supplementary drain for crossing of water mains to the department in 1990. The Executive

⁷ Delhi Water Supply and Sewage Disposal Undertaking

Engineer Supplementary Drainage Division No.V (now CD XIII) awarded the work in October 1991 to a contractor 'A' at his tendered cost of Rs. 31.40 lakh against the estimated cost of Rs. 20.95 lakh. The work was scheduled to be completed by April 1993. The contractor could complete only 46 per cent of the work up to December 1994, i.e. after a lapse of over one year from the stipulated date of completion. An amount of Rs. 16.44 lakh was released to the contractor up to August 1994. Due to slow pace of the work, the department rescinded the contract in February 1995 at the risk and cost of the contractor. The contractor went into arbitration, which awarded in January 2002 a sum of Rs. 11.09 lakh in favour of the department for getting the work executed at the risk and cost of the contractor. The contractor filed an appeal in the High Court which was pending as of June 2005.

In February 1995, the then DWS&SDU started erecting the pipelines on completed portion of the bridge executed by contractor 'A'. The MCD Engineers observed that it was vibrating violently when MS pipes were being unloaded on it for laying of the pipeline. The Executive Engineer thereafter served a notice in August 1995 to the contractor, even though the contract was already rescinded in February 1995, to make good the defects in his work at his own cost or re-do the work. The contractor ignored the notice.

In May 1996, the Executive Engineer awarded the balance work to another contractor 'B' at a tendered cost of Rs. 31.84 lakh against the estimated cost of Rs. 11.30 lakh. The contractor however had to stop the work in July 1996 after executing work for Rs. 1.27 lakh as the department had not provided the working designs to him. Instead of providing the designs to the contractor, the Executive Engineer rescinded the contract in March 1998. The contractor represented against this decision in September 1997 and the arbitrator held in January 2002 that the department was at fault as it had failed to supply the drawings to the contractor at the time of award of contract and on subsequent occasions. The department was directed to pay Rs. 8.36 lakh to the contractor with interest at the rate of 18 per cent per annum from the date of request of appointment of arbitrator viz. September 1997 till the date of payment to compensate the losses suffered by the contractor. Consequently, the department had to pay Rs. 16.37 lakh in January 2003 to the contractor.

Thus, laxity on the part of the department in providing the stipulated drawings to the contractor resulted in an avoidable expenditure of Rs. 16.37 lakh.

In the meantime, DJB made alternative arrangements in 1998 for crossing of the water mains by laying the pipelines across certain existing bridges. Without taking cognisance of this and re-assessing the need for the work, the Executive Engineer awarded the balance work in January 2000 to another contractor 'C' at his tendered cost of Rs. 38.32 lakh against the estimated cost

of the balance work of Rs. 10.79 lakh for completion by September 2000. The contractor completed the work in July 2001 at a cost of Rs. 54.25 lakh. The contractor also claimed payment for various losses incurred by him due to administrative delays and lapses attributable to the department. The arbitrator awarded in August 2003 in favour of the contractor resulting in a further avoidable payment of Rs. 4.63 lakh by the department to the contractor. The bridge constructed however remained unused as of June 2005.

Thus, failure of the department to ensure quality of the work during execution followed by administrative laxity in not ensuring supply of the requisite designs and drawings to the contractor 'B' coupled with continuing the balance work through contractor 'C' without ascertaining its need resulted in wasteful expenditure of Rs. 92.96 lakh and delay of over 11 years. Meanwhile, the client department had made alternative arrangements and the bridge constructed remained unused. No responsibility had been fixed for the lapses.

The matter was reported to the Government in July 2005; its reply was awaited as of February 2006.

3.7 Unfruitful expenditure due to non-availability of clear site

Failure of the department to conduct a detailed site survey before award of work resulted in unfruitful expenditure of Rs. 37.96 lakh on work not completed due to encroachments on the land.

The CPWD Manual⁸ stipulates that availability of the site should be ensured at the planning and designing stage of the work itself and that preparation of detailed estimates and drawing and designs should be taken up only after availability of the land was assured. Ensuring availability of site would involve undertaking of site survey and demarcation of the required land by the competent revenue authorities.

The Executive Engineer (Civil Division-I) awarded in January 2002 a work of re-modeling of Palam Link drain to a contractor at the tendered amount of Rs. 74.94 lakh. The work was to commence from 4 February 2002 and completed within one year by 3 February 2003. The work was meant for giving a proper shape to the drain to enable a certain quantum of discharge by construction of a wall/retaining wall/pucca bed/RCC section in a length of 1710 meters of the drain. After executing about 50 per cent of the work, (723

⁸ Rule 4.21 CPWD Manual Volume II

meters on the left bank and 542 meters on the right bank of the drain), the work was stopped in March 2004 due to lack of clear site. The work was subsequently foreclosed in May 2004 with retrospective effect from February 2004 on the ground that persons living in the vicinity of the banks of the drain had encroached upon the government land and it was not possible to accommodate the design section within the available land width of the drain. The contractor was paid Rs. 37.96 lakh up to August 2004.

A test check in audit revealed that the entire work was awarded without ensuring the availability of the complete site and the actual work was thereafter undertaken only in the portions where clear land width was available. No detailed survey or demarcation was carried out before award of the work to ascertain the availability of the land which would have revealed the existence of encroachments enabling timely action. The encroachments were in fact highlighted only in April 2003 during an inspection after one year of the award of the work and it was then decided to move a detailed case to the District Task Force Committee under the Dy. Commissioner (South-West) for removal of the encroachments. The encroachments were yet to be removed as of June 2005.

The Executive Engineer stated in February 2005 that they had safeguarded valuable land against encroachment from the adjacent abadi area in the portion where the work had been executed. It was added in June 2005 that the rest of the work would be taken up once land free from encroachment was made available. The reply is not tenable as the intended purpose of the work was re-modeling of the drain to ensure a certain quantum of discharge and not protection of land. This purpose remained unachieved.

Thus, failure to carry out detailed survey or demarcation of land so as to ensure availability of clear site before award of work resulted in unfruitful expenditure of Rs. 37.96 lakh on part re-modelling of a link drain which consequently failed to serve the intended purpose.

The matter was referred to the Government in July 2005, its reply was awaited as of February 2006.

Medical and Public Health Department

3.8 Undue liability due to non-revision of water charges

Failure of the department to periodically review and revise the water charges recoverable from the allottees of staff quarters despite a 337 per cent increase in rates payable to the Delhi Jal Board resulted in undue burden of Rs. 66.09 lakh on the public exchequer.

Government of India orders stipulated that water charges were payable by the allottees of government owned buildings to the concerned local bodies. Where such charges were not possible to be paid by the allottees due to non-availability of separate meters, the charges would be recovered by the government from the allottees. The Government of the National Capital Territory, of Delhi issued orders (October 2001) providing free electricity and water to the inmates of government hostels, within reasonable limits to be fixed from time to time.

Guru Tegh Bahadur Hospital (hospital) had 490 staff quarters and 744 hostel rooms for resident doctors on its premises. Water was to be supplied free to the hostel inmates within certain reasonable limits but the staff quarters had to be charged for water. Between April 1996 and December 2004, the hospital paid Rs 1.91 crore to the Delhi Jal Board (DJB) as water charges but recovered only Rs 6.20 lakh from the occupants of staff quarters. No recovery was made from the hostel inmates though no limits had been fixed up to which they would be supplied water free of charge. The recovery from the staff quarters had been made at rates prevailing in 1989-90 although the water charges leviable by DJB had increased several times since then. There were also no individual meters for the staff quarters. Considering that a total of Rs. 1.91 crore had been paid by the hospital to DJB for the entire residential portion of the hospital comprising 454 staff quarters and 744 hostel rooms, the proportionate share of charges for the staff quarters worked out to Rs. 72.29 lakh at least. Thus, after adjustment of the recovery of Rs. 6.20 lakh there was an under recovery of more than Rs. 66 lakh for the period April 1996 to December 2004 for the staff quarters.

The matter was referred (May 2005) to the Government which stated (November 2005) that the rates for water charges were marginally revised with effect from April 2001 and that the annual liability should be considered as a welfare activity for government employees. The reply was not acceptable as the revision effected from April 2001 was only for licence fee and did not cover water charges which were required to be recovered from the allottees of

government accommodation. The reply was silent about fixing a reasonable limit for supply of free water to the inmates of the hostel.

3.9 Excess payment on non-functional water connections

G.B.Pant Hospital did not verify the supply of water from the water connections at its premises or the correctness of the water bills before making payment resulting in excess payment of Rs. 2.84 crore as water charges to Delhi Jal Board.

Rules 107 and 108 of the Receipt and Payment Rules stipulated that every government officer should exercise the same vigilance in respect of contingent expenses as a person of ordinary prudence would exercise in spending his own money. The controlling authorities were to ensure inter alia that the items of expenditure included in a contingent bill were of obvious necessity and were at fair and reasonable rates and that the calculations were correct.

The G.B.Pant Hospital had three water connections viz. Nos. 5131, 653 SH and C-6442 installed in its premises. The Delhi Jal Board (DJB) raised bills towards water charges on the basis of the monthly average consumption of each water connection at the hospital. A test check in audit conducted in July 2004 revealed that the hospital authorities made a payment of Rs. 2.84 crore in respect of two water connections (Rs 2.58 crore against connection No. 5131 for the period from April 1999 to October 2002 and Rs 25.86 lakh against connection No.653 SH for the period from April 1999 to February 2004) on the basis of bills raised by DJB on average consumption basis without verifying the water supply from these connections. No records were available for the period prior to April 1999.

The hospital authorities approached the Public Works Department (PWD) in October 2002 for verification of its water bills as the hospital was facing constant water scarcity in its premises. The PWD reported in the same month that two connections viz. Nos.5131 and 653 SH were not functional. While there was no supply from connection No.5131, the connection No.653 SH was lying plugged and was not even connected to the underground tank. The PWD could not ascertain the exact month and year since when water was not being supplied by DJB through water connection No.5131. Even after PWD reported the two non-functional water connections on 11 October 2002, the hospital authorities sanctioned and paid Rs. 20.20 lakh between 11 October 2002 and 22 March 2004 on account of water supply from these non-functional water connections. While new connection was given against No.5131 on 11 December 2004, connection No. 653 SH was made functional

from 28 June 2004. Meanwhile, the hospital authorities incurred an expenditure of Rs. seven lakh on the commissioning of a bore well to meet the water requirement of the hospital.

On the issue being raised by audit, the Addl. Medical Superintendent stated in November 2004 that it was the responsibility of the PWD to ensure that all water connections provided to the hospital were operational and that the DJB was liable to refund/adjust the over payments against the future bills of the hospital.

DJB stated (October 2004) that the claim of the hospital of excess payment had been referred to a committee constituted for redressal of disputed cases and action would be taken on receipt of its report. In the absence of precise dates from which water was not being supplied through these defunct lines, rectification of the bills and refund of the excess payments made were clearly problematic.

Thus, failure of the hospital authorities to verify the DJB bills against the supply of water from the water connections at its premises resulted in an over payment of Rs.2.84 crore which was yet to be either recovered or adjusted. Besides, the hospital authorities spent Rupees seven lakh on borewell, which could have been avoided had non-supply of water through two DJB water connections been detected in time.

The matter was referred to the Government in May 2005; its reply was awaited as of February 2006.

3.10 Extra expenditure on purchase of Magnetic Resonance Imaging system

Failure of the hospital authorities to ensure timely payment for a Magnetic Resonance Imaging (MRI) system in accordance with the terms of the purchase order even after successful installation resulted in an extra expenditure of Rs. 33.21 lakh.

Lok Nayak Hospital procured a MRI system in March 2001 from M/s Siemens Limited at a net CIF (cost, insurance and freight) cost of Rs. 6.06 crore (Euro 14,42,797.00 @ 1Euro = Rs. 42 approx). As per the terms and conditions of the purchase order, 80 per cent of the net CIF price was to be paid against the inspection certificate and shipping documents and the balance 20 per cent within 30 days of certification by the indenter of successful commissioning at the consignee's premises.

Scrutiny in audit of the records relating to the transaction revealed that Rs. 4.88 crore (Euro 11,54,237.60 @ 1Euro = Rs. 42.27) being 80 per cent of the net CIF price at New Delhi was paid by the hospital on 13 August 2001. The system was installed and handed over for testing on 3 October 2001. On successful testing, the system was handed over for patient scanning on 23 October 2001 and the installation report was sent by the head of the radio diagnosis unit to the Purchase section on the same day. Though budget provision was available for the purpose during the financial year 2001-02 and installation successfully completed in October 2001, the balance amount of Rs. 1.55 crore (Euro 2,88,559.40) was released to the firm after a delay of two years on 27 October 2003 by which time the exchange rate had increased from Rs.42.27 per Euro to Rs.53.78 per Euro. This resulted in an additional outgo of Rs.33.21 lakh on account of increase in the exchange rate which could have been avoided had the balance amount been released on receipt of the installation report in October 2001.

Thus, failure of the hospital authorities to settle the pending bill of the firm in time in accordance with the terms of the payment order resulted in an extra expenditure of Rs. 33.21 lakh.

The matter was referred to the Government in June 2005; its reply was awaited as of February 2006.

Public Works Department

3.11 Avoidable expenditure on cost escalation

Failure on the part of the Public Works department to ensure unhindered execution of works resulted in avoidable additional expenditure of Rs. 32.21 lakh on account of cost escalation.

Rules⁹ envisage that the Public Works department should not issue tender notices unless all tender documents including complete set of architectural and structural drawings together with specification of the work are available or are likely to be available before the work commences.

The work of construction of Oncology Block in Guru Teg Bahadur Medical College and Hospital Complex was awarded by the Executive Engineer, PW Division of the Hospital, in April 2000 to a contractor at a tendered cost of

⁹ Para 17.3.1 of CPWD Manual Volume II.

Rs. 2.77 crore. The scheduled dates of start and completion were 5 May 2000 and 4 November 2001 respectively. The work was actually completed by the contractor on 23 June 2004 after a delay of more than 31 months at a total cost of Rs. 4.80 crore. The contractor claimed additional payment under clause 10CC of the agreement on account of escalation in the cost of material and labour. The delay in completion of the work was regularized by the Project Manager with the grant of extension of time to the contractor.

Scrutiny in audit revealed that the reasons recorded in the Hindrance Register for delay in completion of work included (i) non-availability of final structural drawings and designs for the Cobalt Block (195 days), (ii) holding up of casting of RCC walls in Cobalt Block building due to some changes made by medical authorities which required re-approval of architectural drawings by Bhabha Atomic Research Centre (BARC), Bombay (374 days), (iii) non-availability of structural drawings and designs of slab for High Energy Linear Accelerator Room. (62 days), (iv) non-casting of Mumty rooms and lift rooms over terrace due to delayed decision on construction of an additional floor over blocks A, B & C (279 days) and (v) non-execution of false ceiling, lift machine rooms, water storage over-head tanks due to the delayed decision (47 days). Consequently, payment of Rs. 32.21 lakh had to be made on account of cost escalation for the period falling beyond the stipulated date of completion in November 2001.

Failure of the Department to adhere to the codal provisions resulted in an avoidable payment of Rs.32.21 lakh which represented the hike in cost indices of labour and material from 5 November 2001 to 23 June 2004 which could have been avoided had the department ensured timely decision-making and availability of the structural drawings and specification of works to the contractor.

The matter was referred to the Government in April 2005; its reply was awaited as of February 2006.

3.12 Unfruitful expenditure on construction of service roads

Failure of the Public Works department to ensure hindrance free sites before award of work resulted in unfruitful expenditure of Rs. 42.81 lakh on construction of service roads which could not be utilised due to non-removal of hindrances which were known at the time of award of the works.

Rules¹⁰ envisage that the Public Works department should not issue tender notices unless site free from encroachment and hindrances are available. The department is also responsible for ensuring adequate co-ordination with various agencies involved so as to ensure unhindered and timely execution of works by the contractors.

A scrutiny in audit revealed unfruitful expenditure of Rs. 42.81 lakh in two cases primarily due to non-observance of these codal requirements as detailed in succeeding paragraphs.

(i) The work of construction of service roads for a CNG stations on north and south of Bhairon Road in Delhi was awarded by the Executive Engineer, PWD-XXI in November 2002 to a contractor at a cost of Rs. 31.95 lakh with stipulated dates of start and completion as 17 November 2002 and 16 January 2003 respectively. The work could not be started due to the existence of trees, electrical poles, water pipe lines, fly ash pipes as well as a railway track falling in the alignment of the proposed service roads which were to be removed/shifted. In February 2003, the contractor requested for closure of the contract on the ground that the department had failed to provide a hindrance free site to him. The work was finally closed by the Executive Engineer in June 2003.

Subsequently, without ensuring the shifting of the railway line, electrical poles and fly ash line, the Executive Engineer again awarded the work to another contractor in August 2003 at a tendered cost of Rs.32.96 lakh for completion by October 2003. The service road was constructed on both sides of the railway track but they could not be interlinked. The work was ultimately closed in February 2005 after incurring an expenditure of Rs. 16.98 lakh. The permission of Railway authorities as well as the shifting of the electrical poles and fly ash lines was awaited as of August 2005. As both sides of the road could not be interlinked, it was unusable and the expenditure rendered infructuous.

¹⁰ Para 4.21 of CPWD Manual Volume II.

(ii) The Executive Engineer, PWD-XXIV submitted a preliminary estimate/ proposal for “Construction of service road in city side from crossing of Road No. 45 & 46 to PWD Division-24 and Parking on Road No. 45.” at a cost of Rs. 42.27 lakh to provide a shorter and convenient route to the local residents intending to go towards Metcalfe House. In the proposal/estimate the Executive Engineer specifically indicated that hindrance free site was available for construction of the service road.

The administrative approval and expenditure sanction for Rs. 42.27 lakh was conveyed on 31 March 2003 and the work was awarded to a contractor at the tendered cost of Rs. 34.39 lakh with stipulated dates of start and completion as 21 September 2003 and 20 January 2004 respectively. The contractor completed the work in July 2004 at a cost of Rs. 43.83 lakh which included Rs. 25.83 lakh on incomplete service roads. However, the road was yet to be opened for traffic despite lapse of over one year.

A scrutiny in audit revealed that the site of the proposed work was actually encumbered by the existence of many trees, high mast lights, several electrical and telephone poles, a deep drain without a culvert at road level, an electrical transformer occupying the whole of the width of the proposed road and a petrol pump which was falling in the alignment of the proposed service road and no effort had been made to remove the hindrances before award of the work. While permission of the Forest department was obtained in April 2004 for removal of the trees viz. well after the stipulated date of completion of the work, the trees were actually removed in May 2005. The matter for shifting of the transformer was still being pursued with NDPL¹¹ while the problem of the culvert remained unresolved with the Delhi Jal Board as of October 2005. The Executive Engineer stated in August 2005 that efforts were being made to shift the transformer and to construct a culvert on the drain. Thus incorrect information furnished by the Executive Engineer relating to the fulfillment of codal provisions as to the existence of hindrance free site resulted in unfruitful expenditure of Rs. 25.83 lakh on a road which could not be opened for traffic. No responsibility had been fixed for the lapse.

The Government stated (October 2005) that the expenditure incurred was not infructuous as the service road was operational and was being used by the local residents. The road was in fact not in use due to the deep drain at road level and the electrical transformer occupying the whole width of the road. The Government itself stated that the designs for the culvert and main water pipelines were under finalization. Thus the expenditure incurred on the road was rendered unfruitful. No reply was received in respect of sub para (i) above.

¹¹ *North Delhi Power Limited*

This non-adherence to the codal provisions in ensuring hindrance free sites for construction of service roads before award of work resulted in unfruitful expenditure of Rs. 42.81 lakh on incomplete roads which could not be utilised.

3.13 Irregular and wasteful expenditure on consultants

Executive Engineer, PWD-IV paid Rs. 24.89 lakh to private consultants without receiving administrative approval and expenditure sanction in disregard of the manual provisions.

The CPWD Manual stipulated that no normal work should be commenced or liability incurred until the administrative approval had been obtained, expenditure sanction accorded and allotment of funds made.

The Executive Engineer PWD-IV received administrative approval and expenditure sanction (AA/ES) of the Department of Tourism for Rs. 4.46 crore for construction of phase-I of the erstwhile Food Craft Institute {now known as Delhi Institute of Hotel Management & Catering Technology} (Institute) in July 1996 which was subsequently revised to Rs. 4.66 crore in February 1997. The Executive Engineer (EE) engaged a private architect and interior design consultant in October 1996 for professional services for construction of the institute on a payment of three per cent of the actual construction cost at different stages of the work. The EE, awarded the work of construction of the buildings to a contractor in February 2001 at a tendered cost of Rs.3.16.crore. The consultant firm was paid Rs. 10.31 lakh for their work relating to phase-I of the construction.

A scrutiny of the records further revealed that the consultant firm had also prepared in September 2002 the preliminary drawings and estimates for Rs. 26.37 crore for phase-II of the work namely "Research Block, Training Centre, Housing (RBTCH)" which was not covered within the purview of AA/ES of Rs. 4.66 crore conveyed in July 1996. These estimates were submitted to the Superintending Engineer (SE) Circle-IV who had in turn sent them to the institute for AA/ES in December 2001. The AA/ES was awaited as of June 2005. However, without waiting for AA/ES and allotment of funds, EE paid an additional amount of Rs. 24.89 lakh to the consultant for their services between September 2000 and January 2002 for Phase-II of the construction work. As the PWD had not done assessment of requirement before preparing the preliminary drawings and estimates for Phase-II, the Institute decided in July 2004 to work out detailed requirement assessment and to get phase-II of the project constructed through the Delhi Tourism and Transportation Development Corporation Limited instead of the PWD.

Consequently, the amount of Rs. 24.89 lakh paid by PWD to the consultant for phase-II was rendered infructuous.

The Executive Engineer stated (August 2005) that there was no specific mention of phase-I or phase-II in the agreement signed with the consultant nor was there any specific mention in the AA/ES for Rs. 4.46 crore regarding payment to consultants. Hence, the payment of Rs. 24.89 lakh made to consultants was not irregular and unauthorized.

The reply was not tenable because the AA/ES accorded in July 1996 specifically stated that it was for the first phase of the institute as approved by the Standing Finance Committee which included only the institute building and the service building. The remaining buildings were not included in this AA/ES. Hence, payment of Rs.24.89 lakh to the consultant without any AA/ES was unauthorized, irregular and in disregard of the codal provisions. The expenditure ultimately proved to be infructuous since the department decided not to entrust PWD with phase-II of the project.

The matter was referred to the Government in July 2005; its reply was awaited as of February 2006.

3.14 Extra expenditure due to injudicious decisions

Failure of the department to ensure availability and supply of drawings and designs for the work before award of the work coupled with injudicious and improper actions on the part of the departmental authorities in cancellation of a contract resulted in an extra expenditure of Rs. 18.20 lakh as well as delay of over two and half years in completion of the work.

Rules¹² stipulate that it is the duty of the departmental authorities to ensure the timely preparation and supply of drawings and designs of a work to the contractor. In case the contractor thereafter fails to commence the work or there is abnormal delay in completion or wrongful suspension of work by the contractor, the departmental authorities are empowered to either cancel the contract or rescind it and in the latter case, get the work done at the risk and cost of the defaulting contractor.

The Executive Engineer Public Works Division-XVIII awarded in May 2000 a work of construction of a building for a police station at Nand Nagri to a contractor at a tendered cost of Rs. 1.63 crore. The construction work was to

¹² Sections 15.2.1.3, 19.9.1 and 32.2 of CPWD Works Manual

commence from 16 May 2000 and be completed within 18 months i.e. by 15 November 2001. On the basis of a report sent by the Assistant Engineer, the Executive Engineer cancelled the contract on 30 December 2000 on the ground that contractor had not started the work. Subsequently, the Executive Engineer unilaterally revoked the cancellation on 21 May 2001 as it was found that the contractor had actually started the work. At this stage, the contractor declined to execute the work at the contractual rates and asked for a 26 per cent hike in the rates. The Executive Engineer thereafter rescinded the contract on 17 November 2001 to get the work completed at the risk and cost of the agency. The contractor challenged this decision in the High Court which appointed an arbitrator in August 2003 with the mutual consent of both the parties. The arbitrator held in August 2004 that the action of rescinding the contract was neither proper nor valid and consequently the department was not entitled to get the work done at the risk and cost of the contractor. In the meantime, the Executive Engineer re-awarded the work to another contractor at a tendered cost of Rs. 1.78 crore in 31 May 2002 for completion by 13 December 2003. The work was completed on 16 August 2004.

Audit scrutiny of the records relating to the contract revealed that the first contractor had commenced the work on 16 May 2000. Some architectural drawings were supplied to him on 25 May 2000 which turned out to be either insufficient or deficient. Though the contractor had brought out the position and the deficiencies in the drawings to the notice of the divisional authorities on 30 May 2000, the Executive Engineer, instead of supplying the complete drawings, cancelled the contract in December 2000 on the basis of the report of the Assistant Engineer which turned out to be factually inaccurate as the contractor had actually commenced the work and carried out excavations for the foundation. Owing to the injudicious actions of the Asst.Engineer and the Executive Engineer, the department had to pay Rs.18.20 lakh extra to the second contractor on items on work which were similar in both the contracts, but at different rates agreed upon. Had the department got the work done through the first contractor, it could have avoided an extra expenditure of Rs. 18.20 lakh.

Thus, failure of the department to ensure availability and supply of drawings and designs for the work before award of the work coupled with injudicious and improper actions on the part of the departmental authorities resulted in an extra expenditure of Rs. 18.20 lakh as well as delay of over two and half years in completion of the work. No responsibility had been fixed for the lapses.

The matter was referred to the Government in July 2005; its reply was awaited as of February 2006.

Training and Technical Education Department

3.15 Undue liability due to poor planning

Poor planning and management of resources in construction of a boys' hostel at the Netaji Subash Institute of Technology resulted in avoidable payment of Rs.14.69 lakh as compensation to contractor besides waiver of Rs. 10.42 lakh of interest on mobilization advance and ground rent. Moreover, the boys' hostel is yet to be completed despite an expenditure of Rs. 78.94 lakh.

The Government of NCT of Delhi provides grants-in-aid to the Netaji Subhash Institute of Technology (Institute), an autonomous body, for its recurring and non-recurring expenditure.

The work of construction of three boys' hostel at the institute campus, was awarded to M/s. Uttar Pradesh Rajkiya Nirman Nigam Limited (UPRNN) in February 2002 by the Executive Engineer Project Division-III at a tendered cost of Rs. 11.40 crore as against the revised estimated cost of Rs. 10.80 crore. The three hostels were to be completed by September 2003. After execution of work valued at Rs. 29.54 lakh, UPRNN presented its claim (in the second running account bill) of Rs. 25.95 lakh in July 2002 which was not paid in time by the Institute. Due to this delay in payment, the Nigam stopped the work with effect from 24 August 2002. The matter was referred to the Finance Committee in April 2003 which awarded compensation of Rs. 14.69 lakh in favour of UPRNN for idle labour and plant & machinery for a period of eleven months and five days. The UPRNN thereafter resumed the work in July 2003. Thus, failure of the institute to make timely payment resulted in delay of over 11 months in completion of the project and payment of compensation of Rs. 14.69 lakh to the contractor. In addition, the institute had to waive Rs.10.42 lakh on account of ground rent and interest for the period of suspended work on mobilization advance and machinery advance given in June and July 2002 respectively.

After resuming the work in July 2003, UPRNN again stopped work in June 2004 after making payment of Rs.78.94 lakh to the contractor. Subsequently, the contract was rescinded in August 2004 due to slow pace of work. UPRNN moved (September 2004) the High Court challenging the rescission of the contract. The High Court appointed an arbitrator and arbitration proceedings were in progress. Though Government of NCT of Delhi released (December 2004) the grant for Capital works for the year 2005-06, work was yet to

commence since publication of NIT¹³ for re-award of this work was held up (November 2005) pending Cabinet approval to the entire project of construction of NSIT complex of which these boys' hostels were a part. The department subsequently decided (December 2005) to delink the proposal of three boys' hostel from the rest of the project as the work had already been taken up. A separate proposal for construction of the boys' hostel was being sent to the Government of NCT of Delhi for approval (December 2005).

Thus, delay in payment of bill arising from poor planning and management of resources resulted in avoidable payment of Rs. 14.69 lakh besides a waiver of Rs. 10.42 lakh on account of ground rent and interest receivable by the institute on mobilization and machinery advance. Moreover, the boys' hostel remained incomplete despite an expenditure of Rs. 78.94 lakh.

Endorsing the views of the institute, the Government stated (September 2005) that the delay in settling the second running account bill was due to non-receipt of grants-in-aid and paucity of funds. The reply is not tenable as the construction of the hostels was a planned activity and it was incumbent upon the Institute to ensure adequate planning and provisioning of funds before award and commencement of the work to avoid such delayed payments.

¹³ *Notice Inviting Tender*