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**CHAPTER-IV**

**AUDIT OF TRANSACTIONS**

**Excess/overpayment/wasteful/unfruitful/infructuous  
expenditure**

**Animal Husbandry Department**

**4.1 Unfruitful expenditure on milk processing plant**

**Installation of milk processing plant without assessing the availability of sufficient milk from milk producers resulted in its underutilisation and rendered the expenditure of Rs 78.70 lakh largely unfruitful**

With a view to improve the socio-economic status of the rural population of Chamba and to ensure market outlets to the milk producers of that area, the Himachal Pradesh State Cooperative Milk Producers Federation Limited (MILKFED) set up (April 2006) a milk processing plant at Parel (Chamba district) at a cost of Rs 78.70 lakh. The Department was to ensure procurement of 3,000 to 5,000 litres of milk per day through Self Help Groups by forming an average of ten Village Dairy Cooperative Societies (VDCS) in the villages in each of the five blocks<sup>1</sup> of the district.

Scrutiny of records (July-August 2007) of MILKFED revealed that against the projected average daily procurement of 4,000 litres, only 243 to 290 litres of milk was procured during April 2006 and May 2008. Thus, against the anticipated procurement of 31.68 lakh litres<sup>2</sup> of milk (average), only 2.12 lakh litres of milk (seven *per cent*) could be procured by MILKFED since the anticipated number of VDCS were not set up. Out of 50 VDCS envisaged in five blocks only 14 were set up, out of which, only five were functional.

Further, the average daily procurement of milk from Chamba district being supplied to the Milk Plant, Kangra prior to setting up of the Chamba plant was between 173 and 329 litres per day during 2000-06. The Department ignored this aspect while setting up the milk plant at Chamba with an average capacity of 4,000 litres per day without proper survey with regard to location and availability of milk for processing, anticipating that farmers would evince keen interest in diversifying their activities in dairying. Thus, the proposal was not based on a realistic assessment.

The General Manager (GM), MILKFED admitted (July 2008) that the milk producers did not supply the milk as they did not find the procurement rate of

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<sup>1</sup> Chamba, Salooni, Mehla, Bhatiat and Tissa.

<sup>2</sup> 792 days x 4,000 litres=31.68 lakh litres.

milk remunerative. Moreover, MILKFED did not extend its activities by forming more VDCS to ensure adequate procurement of milk from the villages.

Thus, failure of the MILKFED in making a realistic assessment of the available quantity of milk and non-formation/functioning of sufficient VDCS resulted in underutilisation of milk processing plant against its installed capacity, besides, defeating the purpose of the scheme at large. This has also rendered the expenditure of Rs 78.70 lakh largely unfruitful.

The audit findings were referred to the Government in May 2008. Reply had not been received (August 2008).

### **Irrigation and Public Health Department**

#### **4.2 Unfruitful expenditure on lift irrigation schemes and lift water supply scheme**

##### **Failure of the Department to ensure supply of power connection from Himachal Pradesh State Electricity Board authorities resulted in unfruitful expenditure of Rs 1.95 crore on completed schemes**

(a) To provide irrigation to a culturable command area (CCA) of 109.07 hectares, lift irrigation scheme (LIS), Seoh (Mandi district) was executed in March 2004 at a cost of Rs 1.06 crore. Besides, Rs 14.72 lakh were also spent on operation and maintenance of the scheme during 2005-2007.

Scrutiny of the records of Sarkaghat division revealed (February 2008) that the LIS was executed without technical sanction and could not be commissioned during the last four years due to non-supply of adequate electricity by the Himachal Pradesh State Electricity Board (HPSEB). The Executive Engineer (EE), however, did not pursue the matter with HPSEB authorities effectively and reminded them only in February-April 2007. Thus, lack of proper co-ordination with the HPSEB authorities resulted in the LIS lying non-functional for the past four years.

The EE while confirming the facts, stated (February 2008) that all possible efforts were being made to get the defects in supply of power (SOP) connection rectified by the HPSEB authorities.

(b) Scrutiny of records of Nohradhar division revealed (January 2008) that the following two schemes completed in March 2005 and March 2007 respectively after incurring an expenditure of Rs 74.18 lakh could not be commissioned due to non-supply of power by the HPSEB as discussed below:

➤ To provide irrigation to CCA of 51.50 hectares of village Lana Pallar of Sirmour district, construction of a LIS was administratively approved (October 2004) for Rs 43.68 lakh. The construction work was taken up in

January 2005 in anticipation of technical sanction and was completed in March 2007 after incurring an expenditure of Rs 37.88 lakh which included payment of Rs 6.18 lakh (February 2005) to HPSEB for providing SOP. The scheme could not however, be commissioned due to non-provision of the SOP, as procurement and installation of transformer by the HPSEB had not been done as of May 2008.

➤ Similarly, to provide drinking water facility to the left out population of Badialta, Dom ka Bag and other adjoining villages of the district, a lift water supply scheme was administratively approved (November 2003) for Rs 12.65 lakh. The construction taken up in April 2004 in anticipation of technical sanction was completed in March 2005 after incurring an expenditure of Rs 36.30 lakh which included Rs 9.94 lakh paid to HPSEB during March 2005 and March 2007 for execution of SOP work. Although the scheme was completed in March 2005, it could not be made functional due to non-completion of SOP work by HPSEB for want of procurement and installation of transformer. Delay in commissioning the scheme has resulted in non-provision of drinking water facilities to the beneficiaries for a period of more than three years after its completion.

Thus, failure of the Department to pursue the matter effectively and in a co-ordinated manner has not only resulted in unfruitful expenditure of Rs 1.95 crore but also deprived the beneficiaries of the intended benefits of irrigation and drinking water facilities.

The Principal Secretary admitted (August 2008) the facts in respect of sub-para (b) but did not furnish any reply to audit findings of sub-para (a).

### **4.3 Unfruitful expenditure**

#### **Failure of the Irrigation and Public Health Department to complete Lift Irrigation Scheme, Neri Tikker and Flow Irrigation Scheme, Bara Khamba resulted in unfruitful expenditure of Rs 99.74 lakh**

(a) To provide irrigation to CCA of 40.26 hectares in village Neri Tikker (Shimla district), construction of a Lift Irrigation Scheme was approved (August 2003) for Rs 40.29 lakh. The scheme, stipulated to be completed in two years, was taken up for execution in March 2004 by obtaining technical sanction for different components of the work in parts and the project as a whole was not sanctioned technically. An expenditure of Rs 67.23 lakh was incurred on it as of March 2008.

Scrutiny of the records (February 2008) of Shimla Division No. 1 revealed that the work relating to construction of distribution system with re-inforced cement concrete (RCC) pipes was awarded (July 2005) to a contractor for Rs 18.16 lakh for completion in three months. The contractor executed only half of the work in one year and eight months and was paid Rs 8.88 lakh upto March 2007. The remaining work of laying the distribution line could not be executed due to non-supply of RCC pipes of the required specification to the

contractor by the Department. Besides, 2,100 metres long portion of the pucca main channel remained unexecuted due to construction of a road by PWD in the upper side of the channel. It was further noticed that after execution of about 90 per cent work, the scheme remained incomplete since December 2006 due to part construction of field channels and laying of distribution system. In addition, the Department did not pursue the matter effectively to obtain power connection from the Himachal Pradesh State Electricity Board (HPSEB) to whom Rs 5.87 lakh had been paid between March 2004 and March 2006.

The EE while admitting the facts stated (July 2008) that the work awarded to the contractor was being rescinded and thereafter tenders for balance work including providing and fixing of RCC pipes would be invited.

Thus, defective planning, lack of co-ordination with PWD and HPSEB authorities and lackadaisical attitude of the Department in providing RCC pipes to the contractor for laying as per the contractual stipulation, resulted in non-completion of the scheme and the expenditure of Rs 67.23 lakh remained unfruitful.

(b) To provide irrigation facility to a CCA of 135 hectares of Bara Khamba village (Kinnaur district), administrative approval and expenditure sanction (A/A and E/S) for construction of a 6600 metres long kuhl<sup>3</sup> of a flow irrigation scheme was accorded (March 1993) by the State Government for Rs 30.64 lakh. Shorang khad, which had adequate discharge of water was required to be tapped for the scheme.

Scrutiny of records (July 2007) of Reckong Peo division and further information obtained (May 2008) revealed that the scheme, for which the period of completion had not been stipulated in the approved estimate, was taken up for construction in September 1994 in anticipation of the technical sanction. Against 6600 metres, pattra cutting<sup>4</sup> of kuhl in a length of 4400 metres in 18 different reaches between RDs 0/495 and 5/640 was done upto March 2008 after incurring an expenditure of Rs 32.51 lakh. Thus, after a lapse of more than 13 years, the scheme remained incomplete.

The EE admitted (July 2007) the facts and stated (November 2007-May 2008) that construction of the scheme was taken up on the persistent demand of the villagers and attributed the delay in completion to non-availability of funds, damages due to natural calamities and existence of glaciers at many places. He further stated that revised A/A and E/S and technical sanction will be obtained shortly. The contention is not tenable as the work was taken up without obtaining technical sanction and keeping in view the site conditions.

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<sup>3</sup> Kuhl: A small open irrigation channel.

<sup>4</sup> Pattra cutting: Trace cutting for construction of irrigation channel in hilly areas.

Besides, adequacy of funds was also not ensured which led to the work remaining incomplete even after 13 years.

Apart from the expenditure of Rs 32.51 lakh being rendered unfruitful, the objective of providing irrigation to the Bara Khamba village has not been achieved.

The audit findings were referred to the Government in May-June 2008. Reply had not been received (August 2008).

#### 4.4 Underutilisation of irrigation potential

##### Irrigation potential of four irrigation schemes constructed and maintained at a cost of Rs 1.87 crore was grossly underutilised

Scrutiny of records of four divisions<sup>5</sup> revealed (May 2007-February 2008) that the irrigation potential of four irrigation schemes<sup>6</sup> commissioned between April 1998 and September 2004 at a cost of Rs 1.70 crore and designed to irrigate 396.30 hectares of land per crop was grossly underutilised. Utilisation of the irrigation potential created in the schemes ranged between 2.37 and 7.37 per cent per crop during 2004-2007 as detailed below:

Table: 4.1

(In hectares)

Year	Number of schemes	Crop	Potential created	Potential utilised	Percentage of utilisation
2004-05	04	Kharif	246.23	18.15	7.37
		Rabi	278.21	10.23	3.68
2005-06	04	Kharif	278.21	6.60	2.37
		Rabi	278.21	17.02	6.12
2006-07	04	Kharif	278.21	10.39	3.73
		Rabi	278.21	8.18	2.94

The underutilisation was attributed (May 2007-February 2008) by the Executive Engineers concerned to poor demand of water for irrigation from the beneficiaries due to their not-switching over to cash crops, non-restoration of damages to main channel due to construction of road by the State Public Works Department and non-availability of adequate discharge in the source selected for the scheme.

<sup>5</sup> Anni, Barsar, Kullu-II and Sundernagar.

<sup>6</sup> Flow Irrigation Schemes: Jaon and Amroo Dwar, Lift Irrigation Schemes: Jahoo and Nandi.

Thus, taking up the execution of these schemes without ascertaining the demand of water and non-selection of adequate source of water (LIS Jahoo), non-restoration of damaged channel (FIS Jaon) and non-switching over to cash crops by the farmers (FIS Amroo Dwar and LIS Nandi) has resulted in underutilisation of these schemes. Consequently, the expenditure of Rs 1.87 crore incurred on construction (Rs 1.70 crore) and maintenance (Rs 16.73 lakh) during 2003-08 of these schemes had largely remained unfruitful.

The audit findings were referred to the Government in May 2008. Reply had not been received (August 2008).

#### **Public Works Department**

#### **4.5 Unfruitful expenditure on construction of road**

#### **Expenditure of Rs 25.94 lakh incurred on construction and improvement of a road remained unfruitful due to poor planning of the Department to finalise the alignment of road and non-acquisition of private land**

Scrutiny of records of the Theog division revealed (July 2007) that to rectify deficiencies in formation cutting, to construct retaining walls, cross drainage, parapets and to provide soling work of the motorable road from Raighat to Kiartoo in a length of first four kms (total length 9.500 kms, out of which road in a length from km 0/0 to 5/700 was built by the year 2005 at a cost of Rs 18.78 lakh), an estimate for Rs 40.56 lakh was approved (August 2004) under Pradhan Mantri Gram Sadak Yojna (PMGSY) with a stipulation to complete the work in one year. The improvement work was taken up for execution in November 2005 and as of April 2007, the work in a broken length of 3.765 kms was got executed at a cost of Rs 29.34 lakh. Improvement of road for 235 metres was left unexecuted as the private land owners did not allow (December 2005) execution of the improvement works on their land falling in road alignment between km 2/660 and 2/895. Even after taking up improvement of road under PMGSY, the road beyond km 2/0 to 5/700 was not declared fit by Road Fitness Committee for plying of vehicles and the objective of providing all weather road facilities to the villagers remained unachieved as of July 2008.

The Executive Engineer admitted (September 2007) the facts and further stated (July 2008) that written consent of the land holders was taken in October 2002 for construction of road under PMGSY. The reply is not tenable as the land in question should have been acquired and got mutated in the name of the Department immediately after taking the consent of the private land owners as per the guidelines of PMGSY. Thus, poor planning of the Department in finalising the alignment of the road coupled with

non-acquisition of private land, led to expenditure of Rs 25.94 lakh<sup>7</sup> incurred on construction and improvement works of the road beyond kms 2/0 to 5/700 remaining largely unfruitful. Besides, action to construct the road beyond km 5/700 to 9/500 has not been initiated.

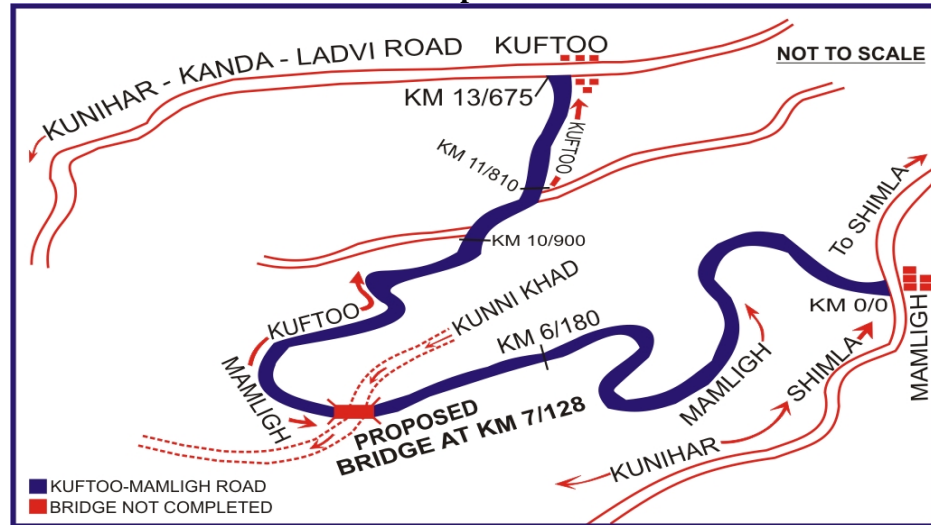
The audit findings were referred to the Government in May 2008. Reply had not been received (August 2008).

**4.6 Unfruitful expenditure on construction of road and incomplete bridge**

**Expenditure of Rs 30.18 lakh incurred on construction of Kuftu-Mamligh road in Solan district remained unfruitful due to non-completion of bridge**

In order to provide transport facilities to inhabitants of 13 villages of Solan district, the construction of 5/7 metres wide and 6.585 kilometres long Kuftu Mamligh Road alongwith one 22 metres span RCC T-Beam bridge over Kunni khad was administratively approved (September 2001) for Rs 61 lakh. The work was stipulated to be completed by March 2003.

**Map: 4.1**



**Map showing proposed bridge over Kunni khad on Kuftu Mamligh Road (KM 6/180 to 10/900 and KM 11/810 to 13/675)**

7	(i)	Expenditure on construction of road kms 0/0 to 5/700 and improvement works for 3.765 kms	= Rs 18.78 lakh+ Rs 29.34 lakh =	Rs 48.12 lakh
	(ii)	Less road utilised at the initial reach of 2 kms and proportionate expenditure on it	= (-)Rs 18.78 lakh/ 5.700 x 2=	Rs 6.59 lakh
	(iii)	Less improvement expenditure on 2 kms road utilised	= (-) Rs 29.34 lakh/ 3.765 x 2=	Rs 15.59 lakh
		<b>Net proportionate expenditure on road not put to use</b>	= Rs 48.12 lakh – (Rs 6.59 lakh+ Rs 15.59 lakh)=	Rs 25.94 lakh

Scrutiny of the records of Arki Division revealed (November 2007) that the construction of road was completed in February 2007. The road could, however, not be opened for vehicular traffic as of April 2008 due to non-construction of the bridge over Kunni khad. Construction of the bridge was awarded (September 2002) to a contractor at the tendered cost of Rs 8.12 lakh and was stipulated to be completed in six months. The contractor executed the work upto the pedestal level as of April 2003 and abandoned the work thereafter. The Department took three years to rescind (May 2006) the contract and levied (May 2006) a penalty of Rs 0.47 lakh on the contractor, which was not recovered as of August 2008. The balance work was re-awarded (December 2006) to another contractor for Rs 9.70 lakh. The second contractor failed to commence the work and the contract in this case was also cancelled (February 2007) and a fresh tender was issued (February 2007). However, the work was not awarded as the rates of the lowest contractor were 36 *per cent* above the justified rates. No further action was taken to get the bridge constructed either through departmental labour or through the contractor as of April 2008.

The EE admitted the facts (November 2007) and stated that due to filing of two court cases by private parties between April-December 2001 against the construction of the bridge, it could not be executed. The reply is not tenable as the bridge work was first awarded to a contractor in September 2002 when the court case had already been filed (April and December 2001) and the contractor continued to execute the work till April 2003. Moreover, the respective Courts had dismissed the case in September 2004 and October 2005 in favour of the Department as intimated to audit.

Due to the failure of the Department to synchronise the construction of road and bridge works, the expenditure of Rs 30.18 lakh incurred on the road and partly constructed bridge, had thus been rendered unfruitful and deprived the inhabitants of 13 villages of the intended road facility.

The audit findings were referred to the Government in May 2008. Reply had not been received (August 2008).

#### **4.7 Infertuous expenditure on incomplete road works**

##### **Failure of the Department to acquire private land before taking up construction of four roads resulted in infertuous expenditure of Rs 2.34 crore**

Scrutiny of records of four divisions<sup>8</sup> revealed (May 2007-March 2008) that four<sup>9</sup> road works taken up for construction between December 2004 and

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<sup>8</sup> Bangana (Una district); Barsar (Hamirpur district); Chopal (Shimla district) and Dharampur (Mandi district).

<sup>9</sup> (i) Link road to village Jhamber from Kuryala in Bangana Division; (ii) Balance work of link road to village Dhirar in Barsar Division; (iii) Chopal to Kumrah road in Chopal Division and (iv) Lambari Sakoh-Sakota road in Dharampur Division.



March 2006 under Pradhan Mantri Gram Sadak Yojna (PMGSY) to provide link road facility to the residents of 15 villages were lying incomplete. Construction of these works was held up since January 2006 and August 2006 after incurring an expenditure of Rs 2.34 crore. Delay in individual cases from the stipulated date of completion upto May 2008 ranged between 14 and 32 months. The delay was due to the dispute with the land owners about the use of their private land for construction of the road.

The concerned EEs stated (May 2007-March 2008) that the land owners did not object to the construction of the roads at the time of starting the execution but raised objections when works were in progress. As per the PMGSY guidelines, the land should be free from encumbrance and the gift deed in respect of the land coming in the alignment of the proposed roads was required to be obtained from the owners of the land. Further, the EE had to furnish a certificate to the effect that the land for the construction of the proposed road was available and in the possession of the Department while getting the proposed road approved under PMGSY. In these cases, the EEs had furnished the requisite certificates without actually ensuring the availability of land free from all encumbrances.

Thus, failure of the EEs to comply with the pre-requisite formalities of land acquisition before taking up the works resulted in an infructuous expenditure of Rs 2.34 crore and the villagers were deprived of the intended benefits.

The audit findings were referred to the Government in June 2008. Reply had not been received (August 2008).

#### **4.8 Unfruitful expenditure on construction of residential quarters**

##### **Failure of the Department to obtain prior permission of the State Town and Country Planning Department resulted in unfruitful expenditure of Rs 38.40 lakh**

To provide residential accommodation to the Government employees posted at Shimla, the State Government accorded (March 1999) administrative approval for construction of 1,000 residential quarters at an estimated cost of Rs 3.17 crore. Pursuant to this, Shimla Division No. II awarded (November 1999-March 2000) the contract for construction of 40<sup>10</sup> quarters in five blocks to three<sup>11</sup> contractors at a tendered cost of Rs 94.50 lakh with a stipulation to complete the works within a period of nine months to one year.

Scrutiny of records (July 2007) of the division and further information collected (December 2007-August 2008) revealed that an amount of Rs 38.40 lakh (contractors payment: Rs 21.58 lakh; materials and other miscellaneous charges: Rs 16.82 lakh) had been incurred upto October 2002 on the construction of the quarters. The Department had not obtained

<sup>10</sup> Type-I = 16, Type-II = 16 and Type-III = 8.

<sup>11</sup> M/s Justa Construction Co., Chhota Shimla, Shri Sohan Lal and Shri K.R. Shandil, Kasumpti.

permission of the Town and Country Planning (TCP) Department before taking up the construction of the quarters in terms of the State Town and Country Planning Act, 1977. The TCP Department, therefore, declared it as an unauthorised construction and got the work stopped in June 2000.

The Engineer-in-Chief took up the matter with the State Government in April 2001 for the requisite approval. However, it has not been received as of July 2008 and the construction had been lying in a suspended state for the last over eight years.

The EE while confirming the facts (June 2008) stated that construction work started after taking possession of the site and TCP's clearance was simultaneously sought. The contention is not tenable, as prior permission from the TCP Department was not obtained and the case was moved only after the construction work was stopped by the TCP Department in June 2000.

Thus, failure of the Department in ensuring construction of quarters as per the provisions of the TCP Act 1977 resulted in suspension of work mid-way and the entire expenditure of Rs 38.40 lakh incurred on the construction work had proved unfruitful.

The audit findings were referred to the Government in June 2008. Reply had not been received (August 2008).

#### **4.9 Unfruitful expenditure on construction of road and bridge**

##### **Failure of the Department to synchronise construction of road and bridge resulted in unfruitful expenditure of Rs 3.39 crore**

Administrative approval and expenditure sanction (A/A & E/S), for the construction of eight kms long motorable road from Pangri to Lower Thopan (Kinnaur district) was accorded (June 2001) for Rs 74.20 lakh. The work, stipulated to be completed within three years, was taken up for execution in June 2002 in anticipation of technical sanction. The E/S was subsequently revised (March 2004) to Rs 1.18 crore due to change of scope of work from eight to 10.250 kms.

Scrutiny of records (November 2007) of Kalpa division revealed that road in a length of 9.445 kms (92.15 per cent) was constructed in intermittent stretches between kms 0/0 to 1/635, 1/720 to 2/285, 2/345 to 2/775 and 3/435 to 10/250 after incurring an expenditure of Rs 2.59 crore from allocation of funds under State, RIDF (NABARD) and BADP<sup>12</sup> respectively. In addition, Rs 38 lakh was spent on restoration of damages and special repairs of the constructed

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<sup>12</sup> State =Rs 0.15 crore  
RIDF NABARD (Rural Infrastructure Development Fund from National Agriculture Bank for Rural Development) =Rs 1.04 crore  
BADP (Border Area Development Programme) =Rs 1.40 crore  
**Total=Rs 2.59 crore**

road portion during 2004-2006. The remaining construction work in a length of 0.805 km was yet to be completed (May 2008).

Construction of a 25 metre span motorable bailey bridge over Kasang khad at km 5/935 of the road was essential for utilisation of the road for vehicular traffic. However, there was no provision for it either in the original or the revised estimates. Separate approval for it was accorded (September 2003) by the Deputy Commissioner Kinnaur at Reckong Peo for Rs 43.65 lakh with a stipulation to complete it in one year. The construction of the bridge was taken up in March 2004 in anticipation of technical sanction. However, only the work relating to the sub-structure and bailey bridge was completed (June 2007) after incurring an expenditure of Rs 41.83 lakh.

The EE while admitting the facts (November 2007) attributed the delay in completion of the road and bridge works mainly to limited working season, as the area was snow bound. He further stated (May 2008) that the road was constructed in patches due to stoppage of blasting work by the villagers owing to the fear of sliding of their houses/orchards and other property in the vicinity.

Failure of the Department to plan the construction of the road keeping in view the topography of the area coupled with non-synchronisation of construction of road and bridge had resulted in an unfruitful expenditure of Rs 3.39 crore on construction of the road, bridge and restoration of damages/maintenance of road, besides depriving the public of the intended benefits.

The audit findings were referred to the Government in May 2008. Reply had not been received (August 2008).

### **Undue favour to contractors/avoidable expenditure**

#### **Health and Family Welfare Department**

#### **4.10 Avoidable payment of surcharge on energy charges**

#### **Inadequate budgetary control by the Department resulted in extra avoidable payment of Rs 18.90 lakh as surcharge on energy charges**

Scrutiny of the records (November 2007) of the office of the Principal, Himachal Pradesh Government Dental College and Hospital (College), Shimla and further information collected (June 2008) revealed that:

The Himachal Pradesh State Electricity Board (HPSEB) had been raising charges on account of energy consumed by the College but the authorities were not regular in making payments and the charges were in arrears for payment since February 2005. The arrear of energy charges up to the end of October 2007 had reached Rs 1.16 crore which included accumulated amount of surcharge of Rs 18.90 lakh for non/belated payment.

The outstanding energy charges including accumulated surcharge were, however, paid (November 2007) to HPSEB after being pointed out by audit.

The Assistant Controller (Finance and Accounts) attributed (November 2007) the non-payment of energy bills to non-availability of funds under SOE 'Office Expenses'. The contention is not tenable, as the payment of surcharge could have been avoided since the entire funds asked for by the Department under office expenses during the years 2006-07 and 2007-08 were provided in full by the Finance Department.

Thus, inadequate budgetary control has resulted in extra avoidable payment of surcharge of Rs 18.90 lakh to HPSEB.

The audit findings were referred to the Government in June 2008. Reply had not been received (August 2008).

#### **Irrigation and Public Health Department**

##### **4.11 Avoidable Central Excise Duty**

#### **Failure of the Department to obtain a certificate from District Collector/Deputy Commissioner, Shimla for exemption of Central Excise Duty on DI pipes resulted in avoidable expenditure of Rs 46.26 lakh**

In terms of GOI notifications issued in 2002, pipes needed for delivery of water from its source to the plant and from there to the storage place from where it could be further supplied to the consumers are exempt from payment of central excise duty subject to the issue of a certificate by the Collector of the District in which the plant is located to the effect that such pipes are to be cleared for the intended purpose.

During 2004-05, the EE, Water Supply and Sewerage Division, Shimla procured 16,498.50 Running metres (Rmts) Ductile Iron (DI) pipes valuing Rs 7.89 crore<sup>13</sup> through the Himachal Pradesh State Civil Supplies Corporation (HPSCSC) Limited from a manufacturer supplier<sup>14</sup>. These pipes were required for augmentation of Water Supply Scheme of Shimla town.

Scrutiny of records of the division revealed (December 2007) that for availing statutory exemption from excise duty, the Department did not procure the requisite certificate from the Collector/Deputy Commissioner, Shimla and the omission resulted in non-availing of the duty exemption benefit of Rs 46.26 lakh and entailed extra expenditure to the State Exchequer which was avoidable.

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<sup>13</sup> Basic price: Rs 5.78 crore, Excise duty: Rs 0.46 crore and Freight charges: Rs 1.65 crore.

<sup>14</sup> M/s Electrosteel Castings Limited, Kolkata.

The EE stated (December 2007) that the supply order for procurement of pipes was placed by the HPSCSC Limited and payment inclusive of excise duty was made by the Corporation to the supplier. The reply is not tenable as I&PH Department was the ultimate user of the pipes and action to procure and furnish the requisite certificate based on the purpose of utilisation of the pipes should have been taken by the Department itself to avail of exemption of duty.

The audit findings were referred to the Government in June 2008. Reply had not been received (August 2008).

#### **Public Works Department**

#### **4.12 Award of work at unrealistic rate**

#### **Award of work at unworkable rates and delay in finalisation of drawings and design delayed construction of bridge**

Scrutiny of records of Dharampur division revealed (February 2008) that construction of a 214 metre span bridge over Beas river at Harsipattan was awarded (January 2000) to a contractor<sup>15</sup> at Rs 5.94 crore against the estimated cost of Rs 9.59 crore with a stipulation to complete the work within two years.

The contractor could, however, start (February 2002) the work only after finalisation of the design and drawings of the piers and foundation wells of the bridge by the Department. The due date of completion was extended upto April 2004 but the contractor failed to maintain the required pace of execution and finally stopped the construction of the bridge in May 2004. The EE levied (March 2005) liquidated damages of Rs 44.55 lakh on the contractor and the contract was also terminated (May 2006). However, the amount was not recovered from the final bill of the contractor for total value of Rs 2.42 crore of work done and paid in March 2007. It was also noticed that although the division had obtained (February 2003) a bank guarantee for Rs 30 lakh from the contractor, neither the amount of compensation was recovered from the amount by getting the guarantee discharged in favour of the Department nor the guarantee renewed after expiry of its validity in May 2005. The balance work valuing Rs 3.52 crore was re-awarded (December 2006) to another contractor<sup>16</sup> for Rs 14.30 crore with a stipulation to complete it within two years. The contractor commenced the work in December 2006. The work was in progress (February 2008).

The EE while admitting the facts stated (February 2008) that the amount of compensation could not be recovered from the first contractor inadvertently while finalising his accounts. He did not furnish any cogent reasons for non-renewal of the bank guarantee. The Department awarded the contract at unworkable rates and delayed the finalisation of drawings and design.

<sup>15</sup> M/s VK Sood Engineer and Contractor, Panchkula.

<sup>16</sup> M/s SP Singla Constructions Private Limited, Panchkula.

Consequently, not only did the cost of the work go up by almost four times, but the intended objective of the project was not achieved despite the lapse of six years.

The audit findings were referred to the Government in April 2008. Reply had not been received (August 2008).

#### **4.13 Undue benefit to a contractor**

##### **The Department failed to levy and recover liquidated damages of Rs 50.29 lakh for delay in completion of road work resulting in undue favour to a contractor**

Rampur division awarded (April 2005) construction of 8.475 kilometres (kms) road from Dandol to Kashapat (Shimla district) between kms 6/200 and 14/675 under Pradhan Mantri Gram Sadak Yojna to a contractor for Rs 5.03 crore with a stipulation to complete it within a period of 15 months i.e. by 30 July 2006.

Scrutiny of records of the division revealed (November 2007) that the contractor took up execution of the work immediately after the award but constructed only 4.850 km road (57.23 per cent of the total length) in six patches up to October 2007 and was authorised a payment of Rs 2.85 crore. The Chief Engineer (CE) South Zone, Shimla granted (October 2006) extension of time of eight months upto March 2007 with the condition that no further extension would be given and ordered initiation of action as per the clause of the agreement in case the contractor failed to complete the work. Despite this, the contractor did not ensure completion of work for which he was liable to pay maximum liquidated damages of Rs 50.29 lakh<sup>17</sup> to the Department. However, no action to levy and recover the damages had been taken by the EE as of May 2008.

While admitting the facts (November 2007), the EE stated that the time stipulated for completion of the work was not practically feasible in view of the length of the road and site conditions. The contention is not tenable as these factors would have been taken into account at the time of finalisation of the contract. Moreover, against the initial period of 15 months (as against one year for projects under PMGSY) stipulated for completion, the contractor was allowed extension for further period of eight months and yet he failed to complete the work. Inaction on the part of the division to levy and recover the damages for delay in the completion of work inspite of clear instructions of the CE has, thus, resulted in non-achievement of the objective of providing road connectivity between Dandol and Kashapat and also extending undue financial benefit to the contractor.

The audit findings were referred to the Government in May 2008. Reply had not been received (August 2008).

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<sup>17</sup> Maximum liquidated damages @ 10 per cent of Rs 5,02,85,584 = Rs 50.29 lakh.

**4.14 Undue favour to contractors**

**The Department extended undue favour to the contractors by not holding them responsible for non-maintenance of road works and its consequential damages assessed at Rs 45.52 lakh**

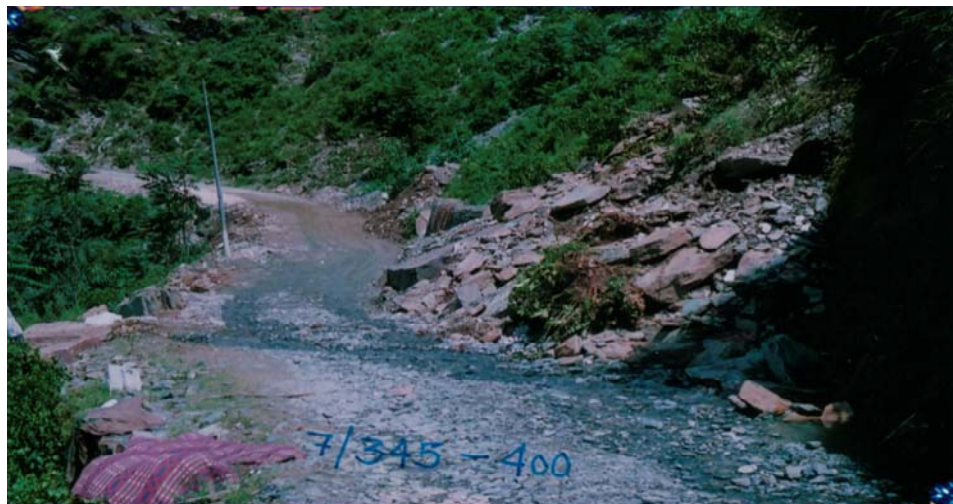
To make the road from Pandoh to Shiva (Mandi district) fit for plying of traffic throughout the year, road portion between km 0/0 and 11/300 was got constructed (April 2004-07) under PMGSY for Rs 71.99 lakh.

Scrutiny of records of Mandi-I division revealed (January 2008) that the contract agreements for both the jobs stipulated that the contractors had to maintain their respective road portions for a period of five years after the actual completion of the works.

**Photograph: 4.1**



**Photograph: 4.2**



**Road in deplorable condition due to its non-maintenance**

During the rainy months of July and August 2007, extensive damage assessed at Rs 45.52 lakh occurred to the road structures between kms 0/30 and 11/110. The SE observed (September 2007) that the road, damaged at many places, was not maintained satisfactorily and attributed the damage to non-functioning of side drains and culverts (as drains were not found inter-connected with culverts) and choking of catch pits. Hence, immediate action was required to be taken for restoration of the damage besides cleaning side drains and catch pits and providing connectivity of the side drains with the culverts. In terms of the contracts, the contractors were liable to maintain the works free of cost for atleast five years. The division, however, got the slips removed from the road by deploying departmental machinery for which the outturn was not worked out and incorporated in the accounts. Further action to restore the damage was not taken. Despite the fact that the damage had occurred due to the failure of the contractors to properly maintain their respective road portions, requisite action either to get road maintained and damages restored through the contractors in accordance with the contractual stipulations or make good the loss by effecting recoveries from the contractors was not taken.

The EE attributed (January 2008) the damage to excessive rains and stated that the drains functioned properly in normal rains and were well maintained through departmental labour. Failure of the Department to ensure the maintenance of the road through the concerned contractors and non-recovery of the expenditure incurred or likely to be incurred on the restoration of the entire damage indicates leniency towards the contractors and extending them undue favour.

The audit findings were referred to the Government in June 2008. Reply had not been received (August 2008).

### **Idle investment/blocking of funds/diversion of funds**

#### **Fisheries and Revenue Departments**

#### **4.15 Diversion of calamity relief funds**

**Rupees 2.11 crore were irregularly diverted from calamity relief funds by Director-cum-Warden of Fisheries and two Deputy Commissioners for works not related to natural calamities**

GOI instructions (May 1987) provide that Calamity Relief Fund (CRF) should be utilised on works damaged during natural calamities and not on fresh works. The State Government impressed upon (January 1998) all the Commissioners/Deputy Commissioners (DCs) that diversion of CRF was injudicious. The GOI further reiterated (September 2000) that assistance under CRF should only be provided on the basis of the assessment of loss made by State Level Committee (SLC). The State Government (March 2002) had also clarified that it was obligatory for the field staff of the Revenue



Department to make quick spot inspections and assess losses and report the same to the higher authorities in accordance with the provisions of the Relief Manual.

Scrutiny of the records of the Director-cum-Warden of Fisheries (DWF), Bilaspur (April-May 2008) and DCs Lahaul-Spiti (September 2007) and Una (July 2007) revealed that Rs 2.11 crore meant for restoration and relief works were diverted for execution of 35 works<sup>18</sup> during 2006-2008 even though these works were not related to natural calamities.

The Commissioner, Shimla division sanctioned Rs 1.50 crore (November 2005-February 2007) under CRF to DWF for renovation of fisheries works damaged during natural calamity. However, the DWF utilised these funds for execution of works<sup>19</sup> not related to natural calamities and without any assessment of loss by SLC.

The DCs of Lahaul-Spiti and Una diverted Rs 60.54 lakh out of CRF for execution of 32 works during 2006-2008. Rupees 19.64 lakh<sup>20</sup> were spent on fresh works like construction of span aerial way foot bridge, flood protection structure, etc. and Rs 3.24 lakh<sup>21</sup> (DC Lahaul-Spiti) on repairs of residential buildings of district level officers/officials and Government office buildings although funds were available for repair of Government buildings under separate head of account; Rs 37.66 lakh<sup>22</sup> were spent on repairs of drains, kuhl, irrigation work/water supply, hand pumps, etc., which in the absence of damage reports from the Revenue Department, were not covered under relief works.

The DWF while confirming the facts stated (March 2008) that the office was not aware of assessment of loss of works by the SLC. The diversion of funds was attributed by the DCs Lahaul-Spiti and Una (September 2007) to works of public interest. The contentions are not tenable, as the works cited above are not covered under the provisions of the CRF as stipulated by GOI and were carried out without obtaining damage assessment reports from the Revenue authorities.

Thus, Director-cum-warden of Fisheries, Bilaspur and DCs Lahaul-Spiti and Una misutilised funds of Rs 2.11 crore, meant for restoration and relief works

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<sup>18</sup> Director-cum-Warden of Fisheries, Bilaspur: three; Deputy Commissioners Lahaul-Spiti: 11 and Una 21.

<sup>19</sup> Construction of new Trout Fish Farm at Hamni (Kullu District): Rs one crore; repair and maintenance of damaged water supply to Trout Fish Farm Sangla (Kinnaur District):Rs 0.38 crore and repair and restoration of Trout Fish Farm at Dhamwari (Shimla District): Rs 0.12 crore.

<sup>20</sup> Lahaul-Spiti: Rs 9.45 lakh on two works and Una: Rs 10.19 lakh on five works.

<sup>21</sup> Lahaul-Spiti: Rs 3.24 lakh on six works.

<sup>22</sup> Lahaul-Spiti: Rs 2.22 lakh on three works and Una: Rs 35.44 lakh on 16 works.

by diverting the funds to the works not related to natural calamity, without approval of the Government, besides, it deprived the beneficiaries affected by such natural calamities, of the intended benefits.

The audit findings were referred to the Government in June 2008. Reply had not been received (August 2008).

#### **Planning Department**

#### **4.16 Diversion of Vidhayak Kshetriya Vikas Nidhi Yojna funds**

**Funds amounting to Rs 31.90 lakh under Vidhayak Kshetriya Vikas Nidhi Yojna were diverted in contravention of the provisions of the scheme**

The Vidhayak Kshetriya Vikas Nidhi Yojna (VKVNY) provides that the works to be undertaken shall be developmental in nature which result in creation of permanent assets in rural as well as urban areas. These include construction of school buildings, Ayurvedic and Veterinary hospitals and health sub-centres, school play grounds, purchase of equipment for health institutions, foot bridges for the rural roads, installation of hand pumps, etc. However, the construction of Sarai Bhawans, cremation ground, playground, repair of the existing roads and construction of toilets are not permissible under the scheme.

Scrutiny of records (August 2007) of the Deputy Commissioner (DC), Una revealed that on the recommendations of the local MLA, the DC sanctioned (between August 2005 and July 2007) Rs 31.90 lakh for the construction of 26 Sarai Bhawans, three cremation grounds, three playgrounds, repair of seven existing link roads and construction of five<sup>23</sup> other non permissible works under the scheme.

The DC stated (September 2007) that the Members of the Legislative Assembly were being requested to recommend works as per the guidelines of the scheme.

The action of the DC in authorising funds for construction of works not permissible under VKVNY was irregular and resulted in diversion of VKVNY funds of Rs 31.90 lakh.

The audit findings were referred to the Government in April 2008. Reply had not been received (August 2008).

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<sup>23</sup> Construction of Samudayik Kala Manch, Village Kariyan, Bangana block; Toilet in Mahila Mandal Bhawan Ghanari, Gagret block; Toilet near mandir Garib Nath Androli, Bangana block; Metalling/tarring of Shaheed Ragunath Singh Road Gulerian; Construction of room in Government Degree College Bhatoli, Una block.

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**Public Works and Irrigation and Public Health Departments**


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**4.17 Diversion of funds**


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**Rupees 62.19 lakh meant for operation and maintenance of works were diverted by the Public Works and Irrigation and Public Health divisions to meet office contingencies**


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Funds for the purchase of stationery articles, furniture, payments of telephone, electricity and photostat bills, etc., are provided under sub head 'Office Contingencies' and expenditure incurred on these items is required to be restricted to the allocation made thereunder. Funds provided for the operation and maintenance (O&M) of works and schemes, if diverted unauthorisedly to office contingencies, result in concealment of expenditure, besides, adversely affecting the works and schemes.

➤ Scrutiny of records of 12 divisions<sup>24</sup> (Public works: seven and Irrigation and Public Health: five) revealed (July 2007-March 2008) that Rs 39.14 lakh<sup>25</sup> (Public Works divisions<sup>26</sup>: Rs 23.36 lakh and Irrigation and Public Health divisions<sup>27</sup>: Rs 15.78 lakh) meant for O&M of various road and building works and water supply and irrigation schemes, were irregularly utilised (June 2006 to December 2007) by the divisions on office contingencies. Also, against the budget allotment of Rs 19.66 lakh (2006-07: Rs 9.64 lakh and 2007-08: Rs 10.02 lakh) under 'office contingencies', Rs 25.66 lakh (2006-07: Rs 12.40 lakh and 2007-08: Rs 13.26 lakh) were spent by these divisions. Thus, in addition to irregular utilisation of Rs 39.14 lakh for office contingencies out of O&M funds, Rs 6 lakh were also spent in excess of the funds budgeted for office contingencies.

The EEs concerned admitted (July 2007-March 2008) the facts and attributed the diversion of O&M funds to office contingencies to meagre budget allotment under the latter head. This is, however, contrary to the rules and obviously, had an adverse impact on operation and maintenance of the roads, buildings and water supply/irrigation schemes.

➤ Similarly, scrutiny (July 2007-June 2008) of vouchers for the year 2007-08 in central audit revealed that Rs 23.05 lakh was diverted out of O&M

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<sup>24</sup> Bilaspur-I, Bilaspur-II, Fatehpur, Jogindernagar, Sarkaghat, Shimla-I and Tauni Devi (Public Works Divisions) and Anni, Indora, Jawali, Kaza and Shahpur (Irrigation and Public Health Divisions).

<sup>25</sup> Rs 39.14 lakh provided in budget during 2006-07 and 2007-08.

<sup>26</sup> Bilaspur-I Rs 7.15 lakh; Bilaspur-II: Rs 2.46 lakh; Fatehpur: Rs 4.21 lakh; Jogindernagar: Rs 2.80 lakh; Sarkaghat: Rs 1.48 lakh; Shimla-I: Rs 3.32 lakh and Tauni Devi: Rs 1.94 lakh.

<sup>27</sup> Anni: Rs 3.08 lakh; Indora: Rs 3.22 lakh; Jawali: Rs 4.25 lakh; Kaza: Rs 3.51 lakh and Shahpur: Rs 1.72 lakh.

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allocation to office contingencies by 32 other divisions<sup>28</sup> (Public Works: 23 and Irrigation and Public Health: 9).

The audit findings were referred to the Government in June 2008. Reply had not been received (August 2008).

## **Revenue Department**

### **4.18 Diversion of funds**

#### **Funds amounting to Rs 21.81 lakh meant for integrated development of Mandi-Bilaspur tourist circuit were diverted to works not covered under the approved action plan**

To promote tourism in Mandi-Bilaspur circuit, the Union Ministry of Tourism (Ministry), sanctioned (December 2005), Rs 2.72 crore under integrated development of tourism, to be utilised on different items of works as per the approved action plan by the Ministry. The State Government released (April 2006) Rs one crore out of these funds to the Deputy Commissioner (DC), Mandi for mobilisation of resources and commencement of works with the condition that the funds be utilised (upto February 2007) for the purpose for which these had been sanctioned. In case of diversion, the executing agency was liable to pay back the damage at a rate of 25 per cent of the misapplied amount plus lending rate of interest.

Scrutiny of records (November 2007) of the DC, Mandi and information collected (March-May 2008) revealed that the DC unauthorisedly sanctioned (November 2006) Rs 21.81 lakh, meant for execution of three works<sup>29</sup> in the approved action plan of GOI, to PWD, for tarring and wearing of Kataula Prashar road in kms 4/0 to 10/0 which was not covered under the plan. Subsequently, the construction of Kataula Prashar road was approved (December 2006) by the Rural Development Ministry under Pradhan Mantri Gram Sadak Yojna. Despite this approval, the Department continued the work of construction of road and an expenditure of Rs 15.21 lakh was incurred on it

<sup>28</sup> **Public Works:** Arki (Rs 1.18 lakh); Baijnath (Rs 0.10 lakh); Bharwain (Rs 3.65 lakh); Dehragopipur (Rs 3.88 lakh); Dharamsala (Rs 0.89 lakh); Ghumarwin (Rs 0.13 lakh); Jawali (Rs 0.13 lakh); Kullu-I (Rs 0.10 lakh); Kullu-II (Rs 0.84 lakh); Kaza (Rs 0.10 lakh); Kumarsain (Rs 0.10 lakh); Killar at Pangi (Rs 0.13 lakh); Mandi-I (Rs 3.94 lakh); Mandi-II (Rs 0.51 lakh); Nalagarh (Rs 1.39 lakh); Outerseraj at Nirmand (Rs 0.23 lakh); Paonta Sahib (Rs 0.09 lakh); Rajgarh (Rs 0.20 lakh); Salooni (Rs 0.39 lakh); Sundernagar (Rs 0.20 lakh); Theog (Rs 0.14 lakh); Una (Rs 0.30 lakh) and Udaypur (Rs 1.49 lakh).

- **I&PH:** Barsar (Rs 0.23 lakh); Dehragopipur (Rs 0.21 lakh); Dharamsala (Rs 0.14 lakh); Ghumarwin (Rs 0.29 lakh); Lahaul and Spiti (Rs 0.21 lakh); Palampur (Rs 0.18 lakh); Paonta Sahib (Rs 0.25 lakh); Mandi (Rs 1.19 lakh) and Nauradhar (Rs 0.24 lakh).

<sup>29</sup> Strengthening of Herbal Garden at Jogindernagar: Rs 11.03 lakh; development of trekking route, Jawalapur-Prashar: Rs 7.35 lakh and provision of angling and camping facilities at Barot: Rs 3.43 lakh.

as of March 2007. Thereafter, the DC diverted (August 2007) the unspent funds amounting to Rs 6.60 lakh for construction of jeepable track from Tihri on Mandi Kamand Kataula Bajaura road at km 31/0 to Prashar, which was also not covered under the action plan of GOI. Rupees 21.81 lakh diverted in disregard of the approved action plan, had neither been refunded (May 2008) to the concerned scheme nor the damage charges plus lending rate of interest paid to the Department.

The DC while admitting the facts stated (May 2008) that the matter was being taken up with the Union Ministry of Tourism and Civil Aviation for regularisation of expenditure.

The audit findings were referred to the Government in June 2008. Reply had not been received (August 2008).

### **Youth Services and Sports Department**

#### **4.19 Unnecessary parking of funds**

#### **Poor Planning of the Youth Services and Sports Department in pursuing execution of works led to unnecessary parking of Government funds of Rs 61.39 lakh with the Himachal Pradesh Housing and Urban Development Authority**

To facilitate creation of sports infrastructure, the State Government sanctioned Rs 61.39 lakh in favour of Director, Youth Services and Sports (DYSS) for construction of three works<sup>30</sup> during 2003-2007. Funds were deposited<sup>31</sup> (2003-2007) with the Himachal Pradesh Housing and Urban Development Authority (HIMUDA) for execution of works with a stipulation to complete the work within six to 12 months.

Scrutiny of the records (December 2007) and further information collected (March-July 2008) revealed that construction activities could not be taken up by the HIMUDA due to:

- Non finalisation of site for construction of shooting range at Summer Hill by the Department;
- Lack of decision relating to renovation/repair of cricket stadium at Bilaspur; and

<sup>30</sup> Construction of Shooting Range, Summer Hill: Rs 10 lakh; Renovation of Cricket Stadium, Bilaspur: Rs 29.39 lakh and construction of Indoor Stadium, Sujanpur: Rs 22 lakh.

<sup>31</sup> Shooting Range, Summer Hill: 2003-04: Rs five lakh; 2005-06: Rs five lakh; Cricket Stadium, Bilaspur: 2004-05: Rs 13 lakh; 2006-07: Rs 16.39 lakh; Indoor Stadium, Sujanpur: 2003-04: Rs two lakh; 2005-06: Rs five lakh; 2006-07: Rs 15 lakh.

➤ Late transfer of land (April 2007) for the construction of Indoor Stadium at Sujampur Tihra.

The DYSS while admitting the facts stated (March-April 2008) that the site selected for shooting range, Summer Hill was handed over to Himachal Pradesh University on the direction of the Government to construct a Youth hostel and a new site was being located. In respect of cricket stadium Bilaspur, the executing agency was requested (February 2008) to prepare the estimates for its renovation. He further stated that administrative approval and expenditure sanction from the Government was awaited in respect of Indoor Stadium, Sujampur. The reply confirms that the preparatory items of works had not been taken care of by the Department prior to transfer of funds to the executing agencies.

Thus, due to ill planning on the part of the Department, the funds of Rs 61.39 lakh were unnecessarily transferred to the executing agency resulting in idling of Government money ranging between one to four years.

The audit findings were referred to the Government in May 2008. Reply had not been received (August 2008).

## **Public Works Department**

### **4.20 Injudicious procurement of Bailey Bridge**

#### **Lack of proper co-ordination between the Departmental officers resulted in injudicious procurement of a bailey bridge and idle investment of Rs 35.92 lakh thereon**

On the basis of demand raised by the EE, Kasauli division, a bailey bridge of 50 feet span over the railway over head bridge was installed on Dharampur-Subathu road (Solan district) in October 2007 at a cost of Rs 14.43 lakh by the EE, Mechanical division, Shamshi (Kullu district).

Scrutiny of records of Kasauli division revealed (March 2008) that the Store Purchase Officer (SPO), Shimla on the basis of a demand sent by the Superintending Engineer (SE), 3<sup>rd</sup> Circle, Solan on 30 August 2007, placed a supply order on 11 October 2007 on a Howrah based firm<sup>32</sup>, for procurement of a bailey bridge of 80 feet span for installation at the same site. The EE concerned however informed the SE, on 1<sup>st</sup> November 2007 that in view of the recently (15<sup>th</sup> October 2007) launched bridge on the above road, supply of bailey bridge as ordered by the SPO, Shimla was not required. The SE did not take any action for cancellation of the supply order and the firm supplied the

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<sup>32</sup> M/s Bridge and Roof Co. (India) Limited, Howrah.

bridge valued at Rs 35.92 lakh on 23 November 2007. The Divisional Officer made payment to the firm in January 2008 and the bridge had been lying unused in the store since the date of its receipt.

The EE while confirming the facts, stated (March 2008) that the matter will be taken up with the higher authorities and compliance in this regard would be reported to audit in due course of time.

Thus, lack of proper co-ordination between the departmental officers viz. SE, EE and SPO had resulted in injudicious procurement of the bridge and idle investment of Rs 35.92 lakh thereon.

The audit findings were referred to the Government in June 2008. Reply had not been received (August 2008).

#### **4.21 Blocking of funds**

##### **Deposits of Rs 4.04 crore received from various Departments remained unutilised in five divisions due to non-execution of works due to non-completion of the requisite formalities**

Funds received by the Divisional Officers from various Departments/agencies for the execution of works on their behalf are temporarily kept under the transitory head "Public Works Deposit". Such funds should not be allowed to remain un-utilised for an indefinite period as their prolonged retention results in keeping the money outside the normal budgetary process and in blocking of Government funds.

Scrutiny of records of five divisions<sup>33</sup> revealed (June 2007-January 2008) that Rs 4.04 crore received from various Departments/agencies between February 2000 and February 2007 for execution of 20 deposit works<sup>34</sup> remained unutilised due to non-finalisation/preparation of drawings, working estimates and accord of administrative approval and expenditure sanction (six cases), non-availability of site (10 cases), land dispute (one case), non-finalisation of alignment of road (one case) and non-clearance of proposal by the Town and Country Planning Department (two cases).

The concerned EEs admitted (June 2007-January 2008) the facts. Evidently, funds under deposit head were received by the respective divisions from

<sup>33</sup> Chopal: Rs 35.35 lakh; Kaza: Rs 78.50 lakh; Nirmand: Rs 60.50 lakh; Shimla-II: Rs 190.73 lakh and Solan: Rs 38.55 lakh.

<sup>34</sup> Roads and bridges: four; Medical and veterinary dispensaries/institution: six; construction of residential/non-residential accommodation in Schools and Colleges: ten.

In 14 cases stipulated period for completion was not fixed and in the remaining six cases period of completion was one to two years.

different Departments/agencies without ensuring the pre-requisite formalities and availability of land for the construction of the sanctioned infrastructure.

Thus, the deposits amounting to Rs 4.04 crore remained un-utilised for periods ranging between 11 and 95 months thereby defeating the purpose for which these were sanctioned.

The audit findings were referred to the Government in June 2008. Reply had not been received (August 2008).

#### **4.22 Idle expenditure on construction of road**

##### **Failure of the Department to obtain full cost of deposit work and sanction of GOI for diversion of forest land for non-forestry purpose resulted in idle expenditure of Rs 3.38 crore**

To provide transport facilities to the residents of village Nathpa (Kinnaur district), an estimate for construction of 5/7 metre wide and 11 kilometres long motorable link road was technically sanctioned (June 2000) by the Engineer-in-Chief, PWD, Shimla for Rs 4.21 crore as deposit work. The cost of the construction was to be borne by Nathpa Jhakri Power Corporation Limited (now Satluj Jal Vidhyut Nigam Limited (SJVN)). The work was stipulated to be completed within three years.

Scrutiny of the records (June 2007) of Karchham division revealed that the construction of road was taken up departmentally in March 2002 without obtaining administrative approval and expenditure sanction (A/A and E/S). Against the estimated cost of Rs 4.21 crore, the SJVN deposited only Rs two crore between November 2001 and March 2003. The division spent Rs 3.38 crore on the construction of 9.380 kilometres long road in ten patches upto December 2006. Matter relating to depositing the balance amount of Rs 2.21 crore remained under correspondence with SJVN. The excess expenditure of Rs 1.38 crore was, however, met from the State budget. Construction of road in the remaining portion of 1.620 kilometres was held up thereafter due to non-depositing the balance amount by the SJVN and non-obtaining of sanction from the GOI for diversion of the forest lands coming in the alignment of the remaining portion of unexecuted work.

Further, of the 9.380 kilometres constructed, 4.220 kilometres was damaged in August 2006 due to slips. The width of the road had also got reduced from 5/7 metres to 4 and 4.30 metres due to breaking of edges of the road which had not been restored as of July 2008.

The EE while admitting the facts, stated (June 2007) that execution of the remaining portion of the road would be taken up after approval of the proposal for it under Pradhan Mantri Gram Sadak Yojna (PMGSY) for which detailed



project report was approved (February 2007) by the State Technical Agency. The reply is not tenable as the road work was sanctioned as deposit work and before taking up its execution, the estimated cost should have been got deposited from SJVN. Moreover, approval of GOI for execution of the remaining portion under PMGSY had not been obtained as of July 2008. The Divisional Officer also failed to obtain sanction for diversion of forest land from the competent authority, as the case was taken up with the Divisional Forest Officer, Sarahan only in April 2008.

Thus, failure of the Department to obtain A/A and E/S before commencing the work, ensure availability of adequate funds and take approval of the GOI for diversion of forest land resulted in idle expenditure of Rs 3.38 crore on the road and deprived the people of the area of the road connectivity.

The audit findings were referred to the Government in April 2008. Reply had not been received (August 2008).

#### **Transport Department**

#### **4.23 Blocking of funds**

#### **Funds of Rs 50.46 lakh for construction of jetties at Govind Sagar Lake in Bilaspur district remained unutilised due to improper planning and failure of the Transport Department in seeking advance technical advice relating to feasibility of the project**

The Union Ministry of Shipping, Road Transport and Highways (Ministry) approved (April 2005) development of terminal facilities for passenger and cargo handling at Govind Sagar lake (lake) in Bilaspur district at an estimated cost of Rs 1.17 crore to be shared by the Centre (Rs 1.05 crore) and the State (Rs 0.12 crore) in the ratio of 90:10. The project report envisaged construction of two main jetties at Luhnoo and Jeoripattan, nine<sup>35</sup> small jetties and passenger sheds. The Ministry released funds (April 2005-February 2006) to the State Government and State Government further released funds, including its share (September 2005-March 2006) to the Transport Department which were finally transferred (October 2005-March 2006) to the PWD through the Deputy Commissioner, Bilaspur. The PWD who was the implementing agency for the project awarded the construction work (January 2006) to a contractor for completion by June 2006.

Scrutiny of records (July 2007) of the Director, Transport, Shimla and further information received (January-July 2008) revealed that the executing authority faced difficulty in construction of jetties at the initial stage, due to massive fluctuation in water level and silt on the banks of the lake and decided

<sup>35</sup> Balghar, Behna Bharamana, Challelaghat, Dhaula Sasota, Malraun, Nakranaghat, Oelghat, Pangwanaghat and Fulflight.

(July 2006) to appoint a consultant<sup>36</sup> as the DPR prepared by the PWD was deficient in addressing these issues. The consultant was required to submit a hydrographic survey and a techno economic feasibility report on the construction of two main jetties. The consultant submitted his report in June 2007 without the techno economic feasibility report and concrete suggestions on the execution of civil works and their cost analysis. Construction of passenger sheds and small jetties at eight locations was completed by incurring an expenditure of Rs 66.54 lakh and work at one location was in progress (May 2008). The work at main jetties at Luhnoo and Jeoripattan which was required to be taken up by January 2006 could not, however, be started (July 2008) due to non-receipt of detailed technical report from the consultant regarding fluctuation of water level in the lake and silting in the construction area.

The Additional Commissioner (AC), Transport while confirming the facts attributed (November 2007-January 2008) the delay in start of work at Luhnoo and Jeoripattan to late submission of techno feasibility report by the consultant.

Thus, failure of the Transport Department in ensuring a comprehensive DPR from the PWD and seeking advance technical advice relating to feasibility of the project resulted in blocking of funds of Rs 50.46 lakh besides rendering the expenditure of Rs 66.54 lakh unfruitful so far.

The audit findings were referred to the Government in May 2008. Reply had not been received (August 2008).

## **Regularity issues and other points**

### **Fisheries Department**

#### **4.24 Revenue receipts not credited to Government account**

**Director-cum-warden, Fisheries violated the provisions of the Constitution of India and financial rules by crediting Government receipts amounting to Rs 10.87 crore into the account of the Society**

Constitution of India lays down that all revenue received by the Government of the State shall be credited to the Consolidated Fund of the State and that no moneys out of this fund shall be appropriated except in accordance with the law and in the manner provided under the Constitution. The State Financial Rules also require that departmental receipts are credited to Government account.

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<sup>36</sup> Water and Power Consultancy Services Limited, Gurgaon at a cost of Rs 11.25 lakh plus sales tax. Report was to be submitted by 15<sup>th</sup> December 2006.

Scrutiny of the records (April 2008) of the Director-cum-Warden of Fisheries (DWF), Bilaspur and further information collected (June 2008) revealed the following:

➤ An amount of Rs 2.27 crore realised during 2002-2008 (upto May 2008) from the departmental fish farms<sup>37</sup> was deposited by the Director-cum-Warden of Fisheries in the account of the Himachal Pradesh Aquaculture Fishing and Marketing Society (Society), Bilaspur registered under the Societies Act 1860 instead of crediting it to the Government account.

Further, out of compensation amount of Rs 8.65 crore realised by the DWF between January 2005 and May 2008 from different hydroelectric projects set up within the jurisdiction of the State Government, Rs 8.60 crore was deposited/transferred to the Society's account instead of crediting it to Government account.

While confirming the facts, the DWF stated (April 2008) that remittance of revenue of these farms and compensation amount into the Society's account was done in consultation with the Finance Department and as per the decision taken in the seventh meeting held under the chairmanship of Secretary (Fisheries) in April 2005.

The decision of the Government to credit the receipts amounting to Rs 10.87 crore into the account of the Society violated the provisions of the Financial Rules and undermined the authority of the Legislature.

The audit findings were referred to the Government in June 2008. Reply had not been received (August 2008).

#### **Rural Development Department**

#### **4.25 Unauthorised expenditure on excess deployment of staff**

#### **Non-adherence to the approved norms for deployment of staff by District Rural Development Agency (DRDA) resulted in unauthorised payment of Rs 38.23 lakh on pay and allowances**

Keeping in view the need for an effective agency at the district level and to co-ordinate the anti-poverty efforts, a Centrally sponsored scheme (DRDA Administration Scheme) for strengthening and professionalising the DRDAs, was introduced (April 1999) by the GOI. In the personnel policy, while fixing the norms for the staff, the Himachal Pradesh Government issued (November 1999) orders that the DRDAs will not have any permanent staff and the staff will be taken purely on secondment basis and creation of permanent posts was disallowed. Existing staff in DRDAs was ordered to

<sup>37</sup> Barot, Ghagas, Nagni and Patlikuhal.

continue to work at the same post and pay scale till the norms for their merger in the line Departments were framed.

Scrutiny of the records (October-November 2007) of DRDA, Solan revealed that the Project Officer (PO), DRDA, Solan was operating 11 posts<sup>38</sup> of staff from April 1999 onwards, against five sanctioned<sup>39</sup> by the Government. Thus, six posts<sup>40</sup> were being operated (DRDA: four and Watershed Development Project: two) over and above the sanctioned strength. Of these, the appointments of four officials<sup>41</sup> were made on regular<sup>42</sup> basis after implementation of the scheme whereas other two posts<sup>43</sup> were being operated prior to it. Besides this, two clerks working in DRDA, Solan were also promoted as Assistants in July and September 2002. Expenditure on these posts was being met out of scheme funds. The appointments and promotions were made without the approval of the Government and were not in consonance with the orders issued by the Government. This has resulted in unauthorised deployment and promotions of staff involving irregular payment of Rs 38.23 lakh<sup>44</sup>.

The PO, DRDA stated (November 2007) that these appointments were made by the competent authority and necessary approval has been obtained from the Governing Body of DRDA. The reply is not tenable as the operation of excess posts was not covered by instructions issued by the State Government. Regarding promotions of clerks, PO, DRDA further stated that Rural Development Department could not formulate any policy for absorption of staff, thus to remove the grievances of the staff promotions were made. The contention is not tenable as specific instruction for maintenance of status quo for DRDA staff was issued by the State Government (November 1999).

Thus, non-adherence of Government instructions resulted in unauthorised and excess expenditure of Rs 38.23 lakh as of August 2008.

The audit findings were referred to the Government in June 2008. Reply had not been received (August 2008).

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<sup>38</sup> Clerks-cum-typists: six; drivers: two; and Peons: three.

<sup>39</sup> Clerks-cum-typists: two; drivers: one; and Peons: two.

<sup>40</sup> Clerks-cum-typists: four; drivers: one; and Peon: one.

<sup>41</sup> Clerks-cum-typists: three; and Peon: one.

<sup>42</sup> November 2000: one; September 2001: one and March 2002: two.

<sup>43</sup> Clerk-cum-typist: one and Driver: one.

<sup>44</sup> **Unauthorised deployment:** Four Clerk cum Typists: November 2000 to August 2008 (Rs 5.72 lakh); April 1999 to August 2008 (Rs 7.95 lakh); March 2002 to August 2008 (Rs 5.24 lakh), March 2002 to August 2008 (Rs 5.24 lakh); One Peon: October 2001 to August 2008 (Rs 4.79 lakh); One Driver: April 1999 to August 2008 (Rs 8.58 lakh); **Unauthorised promotion:** Two Clerk-cum-Typists to Junior Assistants: September 2002 to August 2008 (Rs 0.19 lakh) and July 2002 to August 2008 (Rs 0.52 lakh).

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**Public Works and Irrigation and Public Health Departments**

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**4.26 Irregular drawal of funds to avoid lapse of budget**

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**Rupees 17.02 crore was irregularly booked to final head without award/execution of works resulting in inflating works expenditure**

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State Financial Rules stipulate that money should not be drawn from the treasury unless it is required for immediate disbursement. It is not permissible to draw advances from the treasury for execution of works, the completion of which is likely to take considerable time.

Scrutiny (July 2007 to February 2008) of records of eight divisions (Public Works (PW): three divisions<sup>45</sup> and Irrigation and Public Health (I&PH): five divisions<sup>46</sup>) revealed that Rs 17.02 crore (PW: Rs 4.60 crore and I&PH: Rs 12.42 crore) were released through letters of credit by the concerned SEs at the fag end of the financial year 2006-07 for the construction of various roads, buildings, water supply, irrigation and sewerage schemes, repair and maintenance of works and payment of rent, rates and taxes. The EEs drew the amounts at the end of March 2007 and debited these to final heads of account without the actual execution of these items of works, to avoid the lapse of budget grant. The divisions retained an amount of Rs 9.43 crore (PW:<sup>47</sup> Rs 3.40 crore and I&PH:<sup>48</sup> Rs 6.03 crore) under the transitory head “Public Works Deposits” and two divisions<sup>49</sup> transferred an amount of Rs 3.61 crore (PW: Rs 1.20 crore and I&PH: Rs 2.41 crore) to two other divisions simultaneously where again these were kept under deposit head. The remaining amount of Rs 3.98 crore paid (March 2007) to the Himachal Pradesh State Civil Supplies Corporation (HPSCSC) Limited, Shimla by the EE, I&PH Division No. I, Shimla was received back (April 2007) and kept thereafter under deposit head. This action of the divisions resulted in incorrect depiction of works expenditure in the accounts for the year. Besides, this also resulted in keeping the money outside the normal budgetary process in contravention of the rules.

The concerned EEs admitted the facts (July 2007-February 2008).

The audit findings were referred to the Government in May 2008. Reply had not been received (August 2008).

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<sup>45</sup> Bilaspur-I, Bilaspur-II and Shimla-III.

<sup>46</sup> Kullu-I, Nalagarh, Shimla-I, Shimla (STP) and Sunni.

<sup>47</sup> Bilaspur-I (Rs 1.82 crore) and Bilaspur-II (Rs 1.58 crore).

<sup>48</sup> Kullu-I (Rs 2.07 crore), Nalagarh (Rs 1.25 crore) and Sunni (Rs 2.71 crore).

<sup>49</sup> Shimla-III and Shimla (STP).

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**4.27 Incorrect booking of materials**

**Material costing Rs 6.13 crore was incorrectly booked against 72 works by 17 divisions to show utilisation of budget in contravention of rules**

Financial rules prohibit stock adjustments such as,

- debiting to a work the cost of material not required or in excess of actual requirements,
- debiting to a particular work for which funds are available, the value of materials intended to be utilised on another work, for which no allotment has been sanctioned, or
- writing back the value of materials used on a work to avoid excess expenditure over allocation.

It was noticed that contrary to these provisions and despite a reference in this regard to the State Government by Audit in October 2006 materials costing Rs 6.13 crore were booked between March 2006 and March 2007 by 17 divisions<sup>50</sup> of Public Works (12 divisions: Rs 3.85 crore) and Irrigation and Public Health (five divisions: Rs 2.28 crore) against 72<sup>51</sup> works, to which these did not pertain. The materials were subsequently written back to stock in the succeeding financial years between April 2006 and January 2008.

It was further noticed that in three PW divisions<sup>52</sup> 570 bitumen drums costing Rs 21.83 lakh were booked to four<sup>53</sup> works in March 2006 and March 2007, even though bitumen was not required for use on these works. Similarly, in three I&PH divisions<sup>54</sup> galvanised iron (GI) pipes of different diametres costing Rs 80.85 lakh were booked to five<sup>55</sup> works in February and March 2007, even though the same were not required for consumption on these works.

The EEs concerned confirmed the facts (May 2007-March 2008).

<sup>50</sup> **PW:** Barsar, Bilaspur-I, Dalhousie, Fatehpur, Hamirpur, Kumarsain, Kasauli, Nirmand, Rajgarh, Rampur, Sarkaghat and Solan.

**I&PH:** Dehra, Kullu-I, Rampur, Shimla-I and Sundernagar.

<sup>51</sup> **PW:** Construction of buildings, roads and bridges: 35; annual repair and maintenance and operation of buildings and roads: nine and improvement of roads: one.

**I&PH:** Construction, providing, augmentation, improvement/annual repair and maintenance and operation of Water Supply, Lift Irrigation and Flow Irrigation Schemes: 20; providing and augmentation of Gravity Water Supply Schemes and Sewerage system: six and construction of Tubewells: one.

<sup>52</sup> Barsar, Kasauli and Sarkaghat.

<sup>53</sup> Construction of buildings: three and construction of bridge: one.

<sup>54</sup> Kullu-I, Rampur and Sundernagar.

<sup>55</sup> Construction, providing of Lift Irrigation Schemes, Flow Irrigation Scheme and Sewerage System: four and Improvement of Lift Irrigation Scheme: one.

Booking of material to unrelated works thus resulted in overstatement of the actual expenditure thereon during the years in which the material was booked. This also resulted in obtaining extra funds for these works in subsequent years to the extent of stores written back to stock.

The audit findings were referred to the Government in June 2008. Reply had not been received (August 2008).

### **Science, Technology and Environment Department**

#### **4.28 Unauthorised transfer of unspent grants to the corpus fund**

##### **Unspent amount of specific purpose grants amounting to Rs 19.84 lakh was transferred to corpus fund without approval of GOI**

Rules provide that unless it is otherwise ordered by the Government, every grant made for a specific purpose is subject to the implied condition that the grant should be utilised for the purpose for which it was sanctioned and any portion of the grant which is not ultimately required for expenditure upon that purpose shall be duly surrendered to the Government immediately on the expiry of the period of one year from the date of sanction.

Scrutiny of records (November 2007) of the Joint Member Secretary (JMS), State Council for Science, Technology and Environment (Council) and further information collected (March 2008) revealed that four projects<sup>56</sup> for which grants amounting to Rs 30.15 lakh were sanctioned by the GOI between November 1999 and March 2005, were completed by the Council between June 2001 and March 2006, by incurring an expenditure of Rs 10.31 lakh. The unutilised grants amounting to Rs 19.84 lakh were transferred by the council to its corpus fund without obtaining the consent of the GOI.

The JMS of the Council stated (November 2007) that the Executive Committee (EC) of the Council had approved the creation of the corpus fund and the transfer of interest on account of GIA, to the corpus fund. He also informed that the EC did not permit the transfer of unspent GIA to the corpus fund.

Thus, creation of corpus fund by transfer of unspent portions of the specific purpose grants of Rs 19.84 lakh was unauthorised and irregular.

The audit findings were referred to the Government in April 2008. Reply had not been received (August 2008).

<sup>56</sup> MNES for implementation of Solar Passive Building Programme; National Survey of Potential and Actual area under Sericulture Remote Sensing; Rajiv Gandhi Drinking Water Mission and GIS based Sustainable Development Information System for District Planning for Una and Bilaspur.

**Miscellaneous Departments**

**4.29 Irregular drawal of advances on Abstract Contingent Bills**

To avoid delay in discharge of claims, advances for countersigned contingencies are required to be drawn on Abstract Contingent Bills (AC Bills) by the Drawing and Disbursing Officers (DDOs) subject to presentation of Detailed Contingent Bills (DC Bills) to the Controlling Officers (COs) for countersignature and for onward transmission to the Accountant General. Further, no fresh AC Bills can be drawn by DDOs until the AC Bills drawn during the previous month are adjusted by submitting DC Bills to the COs. A certificate to the effect that all the DC Bills have been submitted to the CO in respect of AC Bills drawn more than a month ago is also required to be attached to every (AC) bill.

Scrutiny of the records of 16 DDOs under the Industries, Rural Development and Transport Departments revealed (June 2008) that these DDOs drew Rs 2.65 crore through 343 AC Bills during 2004-08 by debiting the expenditure to the final heads of account to meet the expenditure on various items.

Details of these drawals during the aforesaid period and their adjustment as on 31 May 2008 are given below:

*Table: 4.2*

(Rupees in crore)

Name of the Department	Number of DDOs	AC Bills drawn		DC Bills submitted		DC Bills awaited	
		Number	Amount	Number	Amount	Number	Amount
Industries	13	242	0.51	216	0.20	26	0.31
Rural Development	2	69	1.70	36	0.03	33	1.67
Transport	1	32	0.44	3	0.01	29	0.43
<b>Total:</b>	<b>16</b>	<b>343</b>	<b>2.65</b>	<b>255</b>	<b>0.24</b>	<b>88</b>	<b>2.41</b>



Resultantly, 88 AC Bills<sup>57</sup> amounting to Rs 2.41 crore (91 per cent) were outstanding for adjustment for which no cogent reasons were furnished by the Departments. However, the DDOs stated (June 2008) that the advances were being adjusted on receipt of accounts from the concerned functionaries.

It was also noticed that the AC Bills were being drawn on form HPTR<sup>58</sup>-5 instead of form STR<sup>59</sup>-31. By drawing the advances on HPTR-5 the advances were booked direct to final head of expenditure and STR-31 meant for drawal of such advances was not operated. Further, instead of submitting the DC Bills for adjustment of advances to the Accountant General, these were adjusted through the treasuries. Codal provisions had thus not been complied with.

The audit findings were referred to the Government in July 2008. Reply had not been received (August 2008).

## General

### Miscellaneous Departments

#### 4.30 Corrective action by the State Government/Department on Audit findings

The audit findings that came to notice in the course of test audit of accounts of the Departments of the State Government were referred to the State Government in the shape of draft paragraphs for views/comments of the Government and also to ensure corrective action so as to rectify the irregularities.

On being pointed out by the audit, the Departments/State Government initiated

<sup>57</sup>

Year	Number of AC Bills Outstanding	(Rupees in crore) Amount
2004-05	14	0.13
2005-06	20	0.28
2006-07	22	0.94
2007-08	32	1.06
<b>Total:</b>	<b>88</b>	<b>2.41</b>

<sup>58</sup> Himachal Pradesh Treasury Rules-5 is meant for drawal of regular/routine bills.

<sup>59</sup> Subsidiary Treasury Rules-31 is meant for drawing advance payment on AC bills.

rectificatory action on the audit findings as tabulated below:

*Table: 4.3*

<b>Name of the Department</b>	<b>Particulars of irregularities noticed</b>	<b>Amount involved</b>	<b>Corrective action taken by the Departments/Government</b>
Finance	Overpayment of pensionary benefits	Rs 38.57 lakh	The overpayment of Rs 38.57 lakh was made on account of disbursement of pensionary benefits to the pensioners between January 1996 and February 2008 of which Rs 16.78 lakh had been recovered (July 2008) while assuring the recovery of the balance amount.
Health and Family Welfare	Non-recovery of bond money	Rs 1.35 crore	Principal, Indira Gandhi Medical College, Shimla did not enforce the provisions of bond executed by the MBBS doctors for admission to post graduate degree/diploma course against those who left the courses midway. In pursuant to the audit pointing out non-recovery of bond money Director Health Services directed all the sub-offices to recover the bond money from such medical officers.

#### **4.31 Erosion of accountability**

##### **Inadequate response to Audit findings and observations resulted in erosion of accountability**

Principal Accountant General (Audit) arranges to conduct periodical inspection of Government Departments to test-check the transactions and verify the maintenance of important accounting and other records as per the prescribed rules and procedures. These inspections are followed by issue of Inspection Reports (IRs). When important irregularities, etc., detected during inspection are not settled on the spot, these IRs are issued to the heads of offices inspected, with a copy to the next higher authorities.

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

within four weeks and report their compliance to the Principal Accountant General. Serious irregularities are also brought to the notice of the heads of Departments by the office of the Principal Accountant General through a half yearly report of pending IRs sent to the Principal Secretary (Finance).

At the end of June 2008, 19,440 paragraphs included in 7,772 inspection reports issued upto December 2007 in respect of various civil Departments, including Public Works (B&R), Irrigation and Public Health and Forest Farming and Conservation Departments remained to be settled as indicated below:

Table: 4.4

(In numbers)

Serial number	Name of the Department	Inspection report	Paragraphs
1.	Civil Departments	5,846	14,497
2.	Public Works (B&R)	720	2,003
3.	Irrigation and Public Health	388	1,085
4.	Forest Farming and Conservation	818	1,855
	<b>Total:</b>	<b>7,772</b>	<b>19,440</b>

During 2007-08, 45 Adhoc Committee (Audit Committee) meetings were held in which 217 IRs and 1,547 paragraphs were settled.

A detailed review of the IRs issued to 153 Drawing and Disbursing Officers (DDOs) during 1970-71 to December 2007 pertaining to Elementary Education Department, revealed that 1,942 paragraphs relating to 706 IRs remained outstanding at the end of June 2008. Of these, 285 IRs containing 472 paragraphs had not been settled for more than 10 years. The year-wise position of the outstanding IRs and paragraphs is detailed in **Appendix-XVI**.

Though initial replies were required to be received from the heads of offices within four weeks from the date of issue, such replies were not received in respect of the Elementary Education Department for 48 IRs; issued upto, December 2007. Action taken on the serious irregularities commented upon in

the outstanding IRs of these Departments as detailed in **Appendix-XVII**, has not been intimated to Audit.

A review of the pending IRs in respect of the Elementary Education revealed that the concerned heads of the offices and heads of the Departments did not send complete replies to a large number of IRs/Paragraphs.

It is recommended that the Government look into the matter and ensure that (a) action is taken against the officials who fail to send replies to IRs/Paragraphs as per the prescribed time schedule, (b) action to recover losses/outstanding advances/overpayments is taken in a time bound manner and (c) the system is streamlined to ensure proper response to audit observations.

The position was intimated to Government in June 2008. Reply had not been received (August 2008).