

CHAPTER - IV

AUDIT OF TRANSACTIONS

4.1 Fraud/Misappropriation/Embezzlement/Losses

HOME DEPARTMENT; RURAL DEVELOPMENT DEPARTMENT AND HEALTH, MEDICAL EDUCATION AND FAMILY WELFARE DEPARTMENT

4.1.1 Defalcation of Government money

Non-adherence to codal provisions resulted in defalcation/misappropriation of Rs 8.62 lakh of which Rs 2.78 lakh was recovered.

According to Rule 86 (ii) of Jharkhand Treasury Code (Vol.-I) all monetary transactions should be entered in the Cash Book as soon as they occur and be attested by the Head of the Office. It is also prescribed therein that Cash Book should be balanced, closed and checked daily by Drawing and Disbursing Officer (DDO).

Scrutiny of records (between March 2005 and December 2005) of Block Development Officers (BDO), Dhanbad, Dhanwar, Superintendent of Police (SP), Koderma and Additional Chief Medical Officer (ACMO), Dumka disclosed that Government money was defalcated either by drawal of excess amount through Treasury as shown in Cash Book, non-depositing of auctioned amount into Treasury or excess drawal towards pay and allowances. The details are given in the table below:

Name of Office	Defalcated amount (Rs in lakh)	Whether recovered or not	Remarks
BDO, Dhanwar	5.58	Unrecovered	BDO Dhanwar received (March 2004) a Cheque for Rs 5.58 lakh under Sampoorna Gramin Rozgar Yojna stream -I and deposited (March 2004) into Bank Account No. 3933 of Union Bank of India, Dhanwar Branch, Giridih. The amount was neither accounted for in cash book (receipt side) nor any documentary evidence was produced in support of expenses. Thus, Rs 5.58 lakh was defalcated by the then cashier.
ACMO, Dumka	0.26	Unrecovered	Two establishment bills (No. 1 and 3 of 2004-05) for Rs 2.10 lakh was drawn against admissible amount of pay and allowances of Rs 1.84 lakh. Thus,

			Rs 26,132 was drawn fraudulently by the cashier.
SP, Koderma	2.37	Recovered at the instance of audit	Rs 2.37 lakh received through auction of unserviceable vehicles during December 2002 to August 2003 was neither accounted for nor deposited into treasury by the then Sergeant Major and was thus defalcated.
BDO, Dhanbad	0.15	Recovered at the instance of audit	A sum of Rs 44766 was paid to an executing agent under the scheme of Sampoorna Gramin Rozgar Yojana (SGRY-I), but shown in Cash book as Rs 60247. Thus, Rs 15481 was drawn fraudulently by the cashier.
BDO, Dhanbad	0.26	Recovered at the instance of audit	Advances paid to sub-ordinate officials for the purposes like construction of Indira Awas, distribution of scholarship, forestry, repair of roller, pay and allowances and election work etc. was Rs 2.77 lakh but shown in cash book as Rs 3.03 lakh during handing over charge report. Thus, there was shortage of cash of Rs 25,679 resulting in defalcation of the amount.

Thus, non-adherence to codal provisions by the then BDO, Dhanwar, BDO Dhanbad, ACOMO, Dumka and SP, Koderma resulted in the defalcation of Government money amounting to Rs 8.62 lakh of which Rs 2.78 lakh was recovered at the instance of audit. However, disciplinary action taken by the department against the erring officials was not intimated to audit as of November 2006.

The matter was reported to the Government (October, 2006); their reply had not been received (October 2006).

Personnel and Administrative Reforms Department

4.1.2 Wasteful/ Excess expenditure

Wasteful expenditure of Rs 19.50 lakh on injudicious printing of old/non-Optical Mark Reader (OMR) compatible forms and excess expenditure of Rs 10.53 lakh due to injudicious decision for the supply of OMR application forms.

Jharkhand Public Service Commission (JPSC), Ranchi purchased (April 2004) Optical Mark Reader (OMR) machine for Rs 33.70 lakh to process application forms received from candidates for various competitive examinations

conducted by JPSC. The OMR can process only those forms which are specially printed for this machine.

Scrutiny of records (February 2006) of JPSC showed that after the purchase of the OMR machine, three lakh old/non-OMR compatible forms were got printed (February 2005) for Rs 19.50 lakh by JPSC. These forms could not be processed by the OMR and thus could not be put to any use. Thus, injudicious printing of these old forms resulted in wasteful expenditure of Rs 19.50 lakh.

Further, JPSC invited (February 2005) tenders for the supply of OMR application form sets for the various competitive examinations conducted by it. Four companies¹ responded to the tender. The order for the supply of three lakh OMR forms was placed (September 2005) to a company at their quoted rate of Rs 9.00 per set though the lowest rate quoted was Rs 5.85 per set. The reasons for not placing the order for supply of forms to the lowest tenderer were not on record. In addition, sales tax amounting to Rs 1.08 lakh, which was outside the provisions of the tender, was also paid to the company. This resulted in avoidable excess expenditure of Rs 10.53 lakh.

The matter was reported to the Government (June 2006); their reply had not been received (October 2006).

4.2 Unfruitful /Wasteful/Infructuous expenditure

ROAD CONSTRUCTION DEPARTMENT

4.2.1 Wasteful expenditure

Carrying out restoration work without approval of MOSRTH and subsequent scarification of the said work resulted in avoidable and wasteful expenditure of Rs 2.40 crore. Besides, there was loss of Rs 84.18 lakh on account of disallowance of quality control and agency charges and non-recovery of inflated payment.

Widening and strengthening of National Highway (NH)-23 in Km. 53-62 and 67-75.42 of Ranchi–Gumla section was sanctioned (March 1998) by Ministry of Surface, Road Transport and Highways (MOSRTH) for Rs 4.91 crore. The work was awarded (December 1998) to a contractor at Rs 5.09 crore for completion by June 2000.

Scrutiny (December 2005) of records of the Executive Engineer (EE), NH division, Gumla revealed that the contractor executed substandard work which included use of poor quality moorum, inferior stone aggregates, 70 per cent compaction of subsoil against 100 per cent besides deletion of wearing course with Semi Dense Bituminous Carpet (SDBC) over Water Bound Macadam (WBM) in violation of MOSRTH specification. This led to road damages

¹ Allied Technologies- at Rs 7.50 per set, KLH Tech - at Rs 5.85 per set, Triangle Syscom (P) Ltd - at Rs 12.00 per set, SPS International – at Rs 9.00 per set.

during execution itself which was confirmed (August 2002) by Central Road Research Institute (CRRI) during investigation resulting in MOSRTH disallowing one per cent quality control and nine per cent agency charges, (Rs 44.05 lakh). Despite this, the EE paid Rs 4.16 crore to the contractor by recording inflated entries in the measurement book exhibiting work done for Rs 4.16 crore against actual work available at site for Rs 3.53 crore. Thus, Rs 63 lakh was paid in excess of work done which was recoverable from the contractor. Besides, other recoveries amounting to Rs 20.83 lakh on account of bitumen and royalty resulting in total recoverable amount of Rs 83.83 lakh. The EE rescinded (January 2004) the contract and forfeited the security deposit and earnest money for Rs 43.70 lakh. Thus, Rs 84.18 lakh proved a loss to the Government.

While the MOSRTH was considering (January 2004) sanction for strengthening work in the damaged portion of the road after Government took action against the contractor, the CE technically sanctioned (January 2004) restoration work in damaged portion of the road for Rs 2.14 crore and awarded (February 2004) it to a contractor for Rs 1.85 crore for completion by June 2004. The contractor completed the work and received Rs 1.82 crore as of July 2004.

MOSRTH sanctioned (July 2004) the strengthening work for the damaged portion in the same stretches for Rs 12.90 crore and directed scarification of the entire restoration work done by the EE, because MOSRTH was not informed about the execution of restoration work done by the State Government. The work was awarded to a contractor in July 2005 who scarified the entire restoration work at a cost of Rs 57.77 lakh. This led to wasteful expenditure of Rs 2.40 crore towards restoration and thereafter scarification work.

The Government stated (September 2006) that restoration work was undertaken as per order of the Hon'ble High Court to make the road motorable. The reply was not acceptable because the High Court order was on the failure of the department to prevent substandard execution of the work which necessitated restoration work.

4.2.2 Unfruitful expenditure

Unfruitful expenditure of Rs 6.54 crore due to injudicious sanction of inter-state bridge work without prior consultation with the Government of West Bengal and acquisition of private land in Jharkhand.

Construction of 15x35 metres span High Level bridge with approach roads (2x50 metres) over the river Ajay, at 66 KM of Dumka- Masalia-Kundahit-Nala road was technically sanctioned (TS) (April 2002) and administratively approved (August 2002) for Rs 9.04 crore by Road Construction Department (RCD) on the basis of Detailed Project Report prepared (April 2002) by the Railway India Technical Engineering Services (RITES) (Consultant). The

Chief Engineer (CE) awarded (August 2002) the work of construction of the bridge with approach roads to a contractor on turnkey basis at his quoted rate of Rs 6.69 crore without surveying the site for the approach roads.

Scrutiny (April 2006) of records of the Executive Engineer, Road Construction Division, Jamtara and CE, RCD showed that the contractor completed (June 2004) the bridge and Rs 6.54 crore was paid (July 2004) to him. However, the bridge could not be put to use as the proposed two approach roads of 50 metres each on either side of the bridge fell in Jharkhand (Maheshmunda) and West Bengal (Runakuda) across the banks of Ajay river which separates both the States could not be taken up for construction. It was observed (December 2004) that a length of 275 metres from the abutment of the bridge would be submerged in water during High Flood Level. Therefore, a longer approach road of 630 metres was later approved (November 2005) for construction at a cost of Rs 1.03 crore in Jharkhand State. The alignment of the approach road in Jharkhand State fell in Raiyati (private) land and Government could not acquire the proposed land as of October 2006. Permission for construction of the approach road in West Bengal was also not obtained before commencement of the work. The work should have been taken up on cost sharing basis between the Government of Jharkhand and the Government of West Bengal as the bridge was an inter-state bridge.

Thus, injudicious sanction of inter-state bridge work extending into West Bengal State by the RCD without entering into any agreement with the Government of West Bengal for construction on cost sharing basis and ensuring possession of private land in Jharkhand led to non-commencement of the approach roads, even after two years of completion of the bridge, resulting in unfruitful expenditure of Rs 6.54 crore on the idle bridge.

The matter was reported to the Government in May 2006. The Engineer in Chief cum Additional Commissioner cum Special Secretary, RCD stated (September 2006) that the process of acquisition of land was in progress and traffic was passing through the bridge. The reply was not tenable as the department had accepted that land acquisition for construction of approach road in Jharkhand had not been done and construction of the approach road in West Bengal could not be taken up for want of authority. Therefore, utility of the bridge and movement of traffic in the absence of approach roads was unacceptable.

DRINKING WATER AND SANITATION DEPARTMENT

4.2.3 Unfruitful expenditure

Commencement of work based on faulty project report led to stoppage of work midway and expenditure of Rs 9.20 crore incurred on the scheme remained unfruitful.

Augmentation of Daltonganj Water Supply Scheme was administratively approved (March 2002) for Rs 9.77 crore by Urban Development Department,

for providing uninterrupted water supply to the people of Daltonganj for a projected period of 30 years (2032). Technical sanction for the work was granted by the Chief Engineer, Drinking Water and Sanitation Department. The work was to be executed by the Executive Engineer (EE), Drinking Water and Sanitation Division (DW&S), Daltonganj, as deposit work after preparation of Detailed Project Report (DPR) by a consultant engaged by the department.

On tendering (May 2002) the work was allotted to a consultant for Rs 26.40 lakh for completion of the work by July 2002 but the department did not include any clause for fixation of accountability in case of submission of incorrect data and report. The Consultants in their Pre-feasibility Report suggested (August 2002) three sources of water for augmentation of water supply scheme and the Government approved (August 2002) the option of construction of infiltration wells in North Koel river adjacent to Daltonganj for Rs 22.25 crore in two phases. For first phase the consultant was directed to prepare DPR for two infiltration wells, infiltration gallery, one jack well cum raw water pump house, water treatment plant, four numbers of Elevated Service Reservoirs and laying of ductile iron rising and distribution main. The consultant submitted the DPR for Rs 10.05 crore and received Rs 19.36 lakh as consultation fee. On tendering, the work was allotted (February 2003) to a contractor for completion of the work by May 2004.

Scrutiny (October 2005 and September 2006) of the records of EE, DW&S Division, Daltonganj showed that construction of infiltration gallery could not be taken up as of September 2006 whereas jack well was found abandoned after sinking it to 2.1 metres against the requirement of 6.8 metres due to adverse sub-strata. Infiltration wells were found to be sunk upto 6.4 and 5.6 metres respectively against the requirement of 6.4 metres. However, the consultant had projected sand bed upto 7.30 metres as per Geo-technical investigation conducted by it. Contractor was paid Rs 9.01 crore (January 2006) for the quantity of work executed by him.

Thus, commencement of work based on a faulty DPR without safeguarding its interest by inserting proper clause in the agreement executed with the consultant against deficient DPR led to stoppage of work midway resulting in unfruitful expenditure of Rs 9.01 crore on the scheme which could not be put to use as of September 2006. Besides, the consultation fee for Rs 19.36 lakh also proved unuseful.

The matter was reported to the Government (May 2006). The Secretary stated (September 2006) that infiltration gallery and jack well could not be constructed due to adverse sub-strata and pointed out that these would be constructed at new site. He also pointed out that water supply had commenced (May 2005) with the help of old infiltration well with certain modifications. The reply was not acceptable because the system was to commence with the help of new infiltration well and to augment the existing water supply.

MINOR IRRIGATION DEPARTMENT

4.2.4 Wasteful expenditure

Taking up the construction work in Barlanga Medium Irrigation Scheme, Gola, Hazaribagh on deficient design and failure to rectify it in time resulted in wasteful expenditure of Rs 27.76 lakh.

Barlanga Medium Irrigation Scheme, Gola, Hazaribagh was administratively approved (March 2001) for Rs 42.44 lakh and technically sanctioned (TS) (October 2001) for Rs 46.33 lakh by Water Resources Department. The work included construction of earthen dam, spill way, head regulator and canal system. Without ensuring the technical feasibility of the work the Chief Engineer (CE) awarded (February 2001) it to a contractor for Rs 46.01 lakh eight months prior to TS for completion by January 2002.

Scrutiny (November 2003 and July 2005) of records of the Executive Engineer, Minor Irrigation Division, Hazaribagh disclosed that the contractor executed partial earth work and after receiving (January 2002) payment of Rs 18.82 lakh left the work. Without investigating the reasons for leaving the work by the contractor during site visit in April 2002, the Superintending Engineer (SE) awarded (May 2002) the abandoned work to two contractors for Rs 21.65 lakh. While earthwork, stone machinery and RCC works for Rs 7.79 lakh were executed, the SE again visited (October 2002) the site and ordered stoppage of work and recommended (November 2002) the case to CE for vigilance enquiry on the ground that the work was executed without hydrological data, non-adhering to map, design and specification but no action was taken by the department. In addition Rs 1.15 lakh was also incurred on survey and investigation of the scheme. The matter was reported by audit to the Chief Secretary in November 2004 for investigation. Government while admitting (November 2006) the defective design stated that it was capable to withstand a discharge of 4253 cubic feet against the requirement of 9975 cubic feet water.

Thus, taking up the construction work on deficient design and failure to rectify it in time resulted in wasteful expenditure of Rs 27.76 lakh on idle structures lying abandoned since November 2002.

INFORMATION AND TECHNOLOGY DEPARTMENT

4.2.5 Blocking of funds

Non-functioning of Community Information Centres led to blocking of fund of Rs 1.98 crore.

Government of Jharkhand made an allotment (March 2003) of Rs. 1.98 crore for establishment of 30 community information centres in the State through Very Small Aperture Terminal (VSAT) with a view to link the office of the

District Headquarters, Regional Offices and State Headquarters for successful exchange of information. Accordingly, Rs 1.98 crore was allotted to the Information and Technology Department. No competitive bids were invited; instead Centre for Development of Advanced Computing (CDAC) was selected as the executing agency on nomination basis. A sum of Rs 1.98 crore was sanctioned by the Government on 31 March 2003 and the entire amount was advanced to CDAC on the same day.

Scrutiny (May 2006 and October 2006) showed that none of the community centres had become operational as of October 2006. The department stated that certain issues connected with the bandwidth which were coming in the way of 'full utilisation' of the created facilities have been taken up with the concerned agencies. The reply was not acceptable as the department was responsible for pursuing any unfinished work with the vendor and also for the proper functioning of the community centres. Thus, lack of coordination between the department and CDAC led to unfruitful expenditure of Rs 1.98 crore besides defeating the purpose of setting up of the community centres.

The matter was reported to the Government (July 2006); their reply had not been received (October 2006).

RURAL DEVELOPMENT DEPARTMENT

4.2.6 Unfruitful expenditure on idle bridges

Unfruitful expenditure of Rs 4.24 crore on idle bridges in the absence of link roads.

To connect panchayat headquarters with block headquarters by road under Mukhya Mantri Gram Setu Yojana (MMGSY), construction of 13 bridges in four blocks (Deoghar, Sarath, Karon and Palojori) of Deoghar district over different rivers falling in the intervening area between the panchayats and the blocks were administratively approved (April 2003) for Rs 5.02 crore by District Rural Development Authority (DRDA), Deoghar. Technical sanction was granted (June 2004) by Superintending Engineer, Rural Development Special Circle, Dumka for Rs 4.91 crore. On tendering (January 2003), the Chief Engineer awarded (April-May 2003) the works to 13 contractors at Rs 4.65 crore for completion between September 2003 and February 2004. The contractors completed the work between August 2004 and October 2004 and received payment of Rs 4.24 crore.

Scrutiny (May 2006 and November 2006) of records of the Executive Engineer (EE), Special Division, Deoghar, Department of Rural Development showed that all the bridges were lying idle because these were to be connected by link roads but the land was not acquired for the link roads as of October 2006.

Thus, the objective of road connectivity under MMGSY through the bridges could not be achieved rendering the expenditure of Rs 4.24 crore on the construction of the bridges unfruitful as the DRDA failed to ensure construction of the bridges at sites where link road exists/existed or the construction of the bridges and link roads should have been sanctioned simultaneously after acquisition of land to ensure road connectivity between panchayat and block headquarters through these bridges.

The Government stated (November 2006) that the audit point had been noted and corrective measures would be taken in due course.

SOCIAL WELFARE, WOMEN AND CHILD DEVELOPMENT DEPARTMENT

4.2.7 Unfruitful expenditure

Lack of co-ordination between the Government and the district administration resulted in unfruitful expenditure of Rs 58.59 lakh on construction of a school cum hostel for blind.

With a view to providing congenial educational environment to blind students of tribal area, Department of Social Welfare, Women and Child Development sanctioned (June 2003) Rs 60.31 lakh. Accordingly, allotment (June 2003) of Rs 50 lakh was given to the Deputy Commissioner (DC), Gumla for construction of the school cum hostel for the blind in Gumla district. The construction was to be completed within the same financial year. The scheme was subsequently abandoned (March 2004) by the Government due to the curtailment of plan expenditure. A test check of records (January 2005) showed that the State Government's order (30 July 2003) for abandonment of the scheme was not received in the Nazarat and the DC entrusted (January, 2004) the construction work to the Executive Engineer, Rural Development Special Division, Gumla. When the order was noticed, an expenditure of Rs 34.70 lakh had already been incurred on the school cum hostel for the blind. The work was then abandoned and the residual amount Rs 15 lakh was deposited into treasury while Rs 0.30 lakh remained with EE (April 2004).

Subsequently, the Government decided (January 2006) to complete the residual work and allotted Rs 25.31 lakh to DC, Gumla of which Rs 23.89 lakh was released (January 2006) to the EE, Rural Development Special Division, Gumla while Rs 1.42 lakh was not released (November 2006).

Thus, the communication gap between the Department and the district administration resulted into non-completion of work and infructuous expenditure amounting to Rs 58.59 lakh on construction of School cum hostel.

Government stated (September 2006) that construction of blind school cum hostel was about to be completed and it would be run by Non-Government Organisation (NGO). The reply of Government was not acceptable as neither the construction of blind school cum hostel was completed nor selection of

NGO was finalised as of November 2006. Besides, no survey for blind students was carried out by the district administration for determination of eligible students who would use this school cum hostel.

4.3 Avoidable /excess expenditure

ROAD CONSTRUCTION DEPARTMENT

4.3.1 Excess expenditure

Midway replacement of Bituminous Macadam (BM) and Semi Dense Carpet (SDC) by Built Up Spray Grouting (BUSG) and its inclusion at higher rate in two road works resulted in extra cost of Rs 2.36 crore on BM and SDC works and avoidable expenditure of Rs 5.70 crore on BUSG and repair works.

A. Widening and strengthening of Garhwa Nagar Muri Semar road

Widening and strengthening of Garhwa Nagar Muri Semar road in Km 0 to 47 was administratively approved (AA) (March 1998) for Rs 5.98 crore and technically sanctioned (TS) (November 1998) for Rs 6.28 crore by Road Construction Department. The work included earth work, formation of road crust by sub-base/base, Water Bound Macadam (WBM), Bituminous Macadam (BM) and Semi Dense Carpeting (SDC). Four agreements were executed (June 2001) with four contractors for Rs 6.98 crore for completion by June 2002.

Scrutiny (August 2003 and February 2006) of records of the Executive Engineer, Road Construction Division, Garhwa showed (August 2003 and February 2006) that before commencement of the work, the Engineer in Chief observed (April-May 2001) that the specification and design were faulty and the Chief Engineer (CE) sanctioned (March 2002) BUSG in place of BM and SDC for Rs 5.27 crore without considering the fact that the BUSG was not a final layer and required to be covered by final surfacing (BM/SDC). Subsequently, four supplementary agreements for Rs 5.39 crore were executed (March 2002) with the same contractors against which Rs 5.64 crore was paid as of March 2003. This included Rs 2.51 crore for BUSG.

Further, the road with BUSG surface got damaged and the CE awarded (August 2004) execution of BM and SDC with repair works over the BUSG surface to a contractor for Rs 8.53 crore. This included execution of BM at Rs 2538.95 per M³ and SDC at Rs 3069.72 per M³ while in the original agreement the rate was Rs 1800 per M³ for BM and Rs. 1941.60 per M³ for SDC. The contractor received Rs 8.38 crore as of July 2006 including Rs 1.91 crore for repair of damaged stretch and Rs 1.62 crore for extra cost on execution of BM and SDC at higher rate.

Thus, delayed and phased execution of the work resulted in increase in sanctioned cost of the work by Rs 7.04 crore which could have been avoided had the work been executed as per terms of original agreement based on proper estimating.

The matter was reported to the Government (June 2006). The department stated (September 2006) that the BUSG had strengthened the road more than what the original specification would have provided. The reply was not acceptable because the execution of BUSG had resulted in delayed execution of BM and SDC works at enhanced rate besides avoidable repair work.

B. Widening and strengthening of Parwa-Garhwa road

Widening and strengthening of Parwa-Garhwa road in KM 1 to 30 was administratively approved (AA) (March 1998) for Rs 3.20 crore and technically sanctioned (TS) (November 1998) for Rs 3.14 crore by Road Construction Department (RCD). The work included earthwork, formation of road crust by sub-base/base, Water Bound Macadam (WBM), Bituminous Macadam (BM) and Semi Dense Carpeting (SDC). Two agreements executed (November 2001) for Rs 3.38 crore were revised to Rs 2.64 crore on the ground of replacement of BM and SDC by BUSG by the Chief Engineer without considering the fact that the BUSG was not a final layer and required to be covered by final surfacing (BM/SDC) within 48 hours of laying as per clause 506.5, section 500 of Indian Road Congress.

Scrutiny (October 2003 and February 2006) of records of the Executive Engineer, Road Construction Division, Daltonganj showed that the road with uncovered BUSG surface got damaged by movement of traffic. Rs 2.43 crore inclusive of Rs 1.28 crore for BUSG was paid (March 2003) to the contractors. In June 2004 the CE awarded execution of BM & SDC works over BUSG to a contractor for Rs 3.96 crore. This included execution of BM at Rs 2737.46 per M³ and SDC at Rs 3364.39 per M³ while the original agreement (November 2001) included rates of Rs 1800 per M³ for BM and Rs 1941.60 per M³ for SDC. The contractor received Rs 3.08 crore as of March 2006 including Rs 74.30 lakh as extra cost on execution of BM and SDC at higher rate.

Thus, delayed and phased execution of the work resulted in increase in sanctioned cost of the work by Rs 2.13 crore which could have been avoided had the work been executed as per terms of original agreement based on proper estimating.

The department stated (September 2006) that the BUSG had strengthened the road more than what the original specification would have provided. The reply was not tenable because the execution of BUSG had resulted in delayed execution of BM and SDC works at enhanced rate.

4.3.2 *Extra Expenditure*

Extra expenditure of Rs 34.30 lakh in IRQP work of NH 23 in Ranchi - Gumla section due to awarding of work at higher rate.

Improvement of riding quality work in KM 151–165 (except KM 160 and KM 161) and KM 166-182 of National Highway (NH) 23 in Ranchi-Gumla section was sanctioned (April 2002) by Ministry of Surface Road Transport & Highways (MOSRTH) for completion by 2002-03. On tendering (June 2002), the Engineer in Chief cum Special Secretary, Road Construction Department (RCD) awarded (June 2002) the work to a contractor at the lowest rate of Rs 1.98 crore.

Scrutiny of records (December 2005) of the Executive Engineer (EE), National Highways Division, Gumla showed that the contractor died (December 2002) after receiving payment of Rs 28.02 lakh for executing the work in KM 151-165 up to December 2002. Thereafter, the wife (Legal Heir) of the deceased contractor requested (February 2003) the EE to allow her to complete the remaining works. The EE after satisfying that the deceased contractor had left behind the requisite infrastructure for carrying out the balance work recommended (February 2003) to the Chief Engineer (CE) to allow the work to be executed by her for ensuring its completion as per time schedule laid down by the MOSRTH. The CE, however, did not award the work to the legal heir of the deceased contractor and ordered (June 2003) closure of the work by over ruling the EE's recommendation.

The balance work for Rs 1.62 crore was re- tendered for Rs 1.96 crore. The CE awarded (September 2003) the work to another contractor at Rs 1.96 crore for completion by January 2004. The contractor executed the work and received payment of Rs 1.96 crore as of March 2004. This resulted in extra cost of Rs 34.30 lakh.

This could have been avoided had the work been allotted to the legal heir of the deceased contractor immediately in February 2003 when she had expressed her willingness to complete the work. It was also seen from the records that she was allowed to complete other works in the same district after the death of her husband (contractor).

The matter was reported to the Government (July 2006); their reply had not been received (October 2006).

4.3.3 *Excess payment due to inordinate delay in finalisation of tender*

Inordinate delay in finalisation of tender and agreement resulted in extra payment of Rs 51.17 lakh due to delayed commencement and completion of the work.

As per Government circular, tender for any work should be finalised within three days from the date of the receipt of the tender documents from the

contractors. In case where negotiation of rate is necessary the tender should be finalised within 15 days. Subsequent to finalisation of tender and communication for award of work to the contractor, the agreement should be executed within seven days.

Scrutiny of records of the Executive Engineer (EE), Road Construction Division, Jamtara showed (June 2006) that widening and strengthening of Dumka-Masalia-Kundahit-Nala road in KM 33 to 66 was technically sanctioned (February 2002) and administratively approved (AA) (August 2002) for Rs 5.99 crore for completion of work by June 2003. Tender was invited on 11 September 2002 for completion of work by June 2003. As per provision the tender was to be finalized (14 September 2002) and agreement executed (21 September 2002) for completion of the work by June 2003. Contrary to this, the Departmental Tender Committee (DTC) finalised (6 May 2003) the tender in favour of a contractor at Rs 5.85 crore after a delay of 232 days on the pretext of non-responsiveness of the participating contractors in the tender of September 2002 though two out of three contractors were considered (September 2002) responsive by the CE, a member of DTC in September 2002 itself and by the DTC in the tender of December 2002. Thereafter, the Chief Engineer awarded (12 May 2003) the work to the contractor and the EE executed (9 July 2003) an agreement with the contractor for completion of work by April 2004. This led to total delay of 289 days in the commencement of the work resulting in delayed completion of the work.

While the work was in progress the Government of Jharkhand introduced (31 January 2004) a circular for payment of difference of the cost of bitumen between the market rate and the rate as per agreement. The contractor executed the work and received payment of Rs 6.31 crore as of March 2006. This included Rs 51.17 lakh for extra cost of bitumen. This could have been saved had the work been completed within stipulated time (June 2003).

Thus, inordinate delay in finalisation of tender and agreement resulted in extra payment of Rs 51.17 lakh due to delayed commencement and completion of the work.

The Government admitted (September 2006) procedural delay and stated that three contractors who bid for the work in September 2002 were considered non-responsive by the DTC. Upon retendering (December 2002), two contractors were found responsive and the DTC finalised the tender in May 2003. The reply was not acceptable because the bids of two contractors out of the three were considered (September 2002) responsive even in the tender of September 2002 by the DTC in December 2002. Thus, treating the same set of contractors non-responsive in the tender of September 2002 and again responsive in the tender of December 2002 could not be justified by the Department.

HUMAN RESOURCES DEVELOPMENT DEPARTMENT

4.3.4 Excess payment due to incorrect fixation of pay and allowances

Incorrect fixation of pay scale of Assistant Teachers under the District Superintendent of Education (DSE), Lohardaga resulted in excess payment of pay and allowances of Rs 51.34 lakh.

According to the Vth Pay Commission's Report (December 1989) all cases of new appointments, made on or after 1 January 1986, but before the issue of the orders (December 1989), were deemed to have been made in the revised scale with effect from 1.1.1986.

Scrutiny of service books (February 2005) of Assistant Teachers in the Office of DSE, Lohardaga showed that 30 assistant teachers were appointed between 1988 and 1989 in the scale (Rs 535-765) for untrained teachers but in their service books their pay scale was wrongly recorded as Rs 680-965.

As per Gazette Notification (July 1993) both the pay scales (Rs 535-765 and Rs 680-965) were merged and revised to Rs 1200-2040 (Grade I) without giving benefit for promotion to higher grade with effect from 1.1.1986. Further, the notification categorized the teachers in eight grades, Grade I (Rs 1200-2040) to Grade VIII (Rs 2200-4000), retrospectively with effect from 1.1.1986. An untrained teacher was eligible to be placed in Grade I only after passing the training examination and promotion from Grade I (Rs 1200-2040) to Grade IV (Rs 1640-2900) was admissible only after eight years from the date of placement in Grade I.

These untrained teachers passed the training examination in April 1995 and became eligible for Grade I in April 1995 but they were placed from April 1995 in the scale of Grade IV (Rs 1640-2900) although they had not completed the eligible eight years of service in Grade I. Thus, wrong entries of pay scale- Rs 680-965 instead of Rs 535-765 in the service books resulted in excess payment of Rs 51.34 lakh during 1995-2005.

On this being pointed out, the department had set up in May 2006 an investigation Committee. The Committee accepting the excess payment as noticed by Audit, submitted (July 2006) its report to the Government.

The matter was reported to the Government (April 2006); their reply had not been received (October 2006).

WATER RESOURCES DEPARTMENT

4.3.5 Avoidable payment on rehabilitation package

Inordinate delay in sanction and payment for land acquired by Government between November 1985 and March 1989 led to extra payment of Rs 1.23 crore.

As per the policy for rehabilitation of the displaced persons of Swarnrekha Multipurpose Project under the Water Resources Department, a sum of Rs 0.20 lakh per family for construction of house was required to be paid as house building grant to those whose lands were acquired by the Government. The grant was to be disbursed to the affected family before actual displacement.

Scrutiny (September 2005 and May 2006) of records in the office of the Assistant Director (AD), Land Acquisition and Rehabilitation, Swarnrekha Multipurpose Project, showed that Rehabilitation Officer (RO), Chandil recommended (November 2001 to September 2002) payment of rehabilitation package to 410 families of 14 villages at Rs 0.20 lakh per family. The Administrator also sanctioned (April-July 2003) the payment to the displaced families but the RO did not make payment till August 2003 the reasons for which were not on record. Subsequently, the Government revised (September 2003) the rate of rehabilitation from Rs 0.20 lakh to Rs 0.50 lakh per family. It was, further, noticed that the RO on approval from the Administrator paid Rs 2.05 crore between December 2003 and August 2004 to the displaced families. This resulted in excess payment of Rs 1.23 crore.

The AD stated (May 2006) that due to non-posting of Administrator from November 2000 to 18 June 2002 and from August 2002 to 20 March 2003 the files could not be initiated for obtaining approval from the Administrator. The reply was not acceptable as the Administrator was posted during June 2002 to July 2002 and March 2003 to September 2003 and all the 410 cases were recommended during this period for payment. No responsibility was fixed by the Government (October 2006) for such excess payment.

The matter was reported to the Government (June 2006); their reply had not been received (October 2006).

4.4 Idle investment/Idle establishment/Blockage/Diversion of funds

**HEALTH, MEDICAL EDUCATION AND FAMILY
WELFARE DEPARTMENT**

4.4.1 Nugatory expenditure on idle staff

Non-functioning of the Ayurvedic College at Chaibasa since inception resulted in nugatory expenditure of Rs 34 lakh towards pay and allowances of idle staff.

The State Government approved the establishment of an Ayurvedic College at Chaibasa in November 2001 and sanctioned 38 posts. Six Medical Officers were deputed to the college in November 2002 and a Principal was posted in March 2004.

Scrutiny (February 2006) of records of Principal, Ayurvedic Medical College, Chaibasa showed that neither any student was enrolled nor any educational activity was carried out in the college. Meanwhile, Rs 34.00 lakh was spent on pay and allowances on the idle staff from November 2002 to February 2006.

On being pointed out the Principal of the college stated (February 2006) that the college could not be started due to non-fulfilment of standard fixed by Central Council of Indian Medicine (CCIM) *i.e.* appointments against the created posts in college and hospital, non-availability of necessary instruments and furniture, acquisition of land and construction of buildings. Though the college had repeatedly taken up the matter of non-fulfilment of standards with the Department of Health, no action was taken by the Department.

Thus, failure of the Government to take necessary steps to set up the college without fulfilling the required standard resulted in nugatory expenditure of Rs 34 lakh on pay and allowances of idle staff.

The matter was referred to the Government (July 2006); their reply had not been received (October 2006).

4.4.2 Allotment and drawal of fund without assessing requirement

Drawal of fund without assessing the requirement resulted in blocking of Rs 1.97 crore for more than two years.

According to the treasury rules no money should be withdrawn from treasury without immediate requirement. Government of Jharkhand sanctioned (2001-2004) Rs 1.97 crore for purchase of reagent and X-ray films for X-ray machines in 193 Primary Health Centres (PHCs) at Rs 1.02 lakh per PHC. Funds were released (June 2004) to 22 Civil Surgeons without obtaining any indent for such allotment from the concerned PHCs.

Scrutiny of records (September 2006) of the State Reproductive and Child Health (RCH) Society, Ranchi, who maintained the accounts of X-ray

machines of all the PHCs revealed that none of the PHCs had X-ray machines and the funds allotted for reagent and X-ray films were lying idle with the Civil Surgeons/ District RCH Societies (September 2006).

Thus, allotment of fund without proper planning, assessing actual requirement and drawals of funds without immediate requirement resulted in blocking of Government money of Rs 1.97 crore for more than two years.

On being pointed out (September 2006) the RCH Officer stated that those amounts would be refunded to the Government. The reply was not acceptable as the fund was allotted without assessing actual requirement and was in contravention of the codal provision.

The matter was referred to Government (October 2006); their reply had not been received (October 2006).

HUMAN RESOURCES DEVELOPMENT DEPARTMENT

4.4.3 Nugatory expenditure on pay and allowances of idle staff

Non-enrolment of single student in vocational education in Jugal Kishore Ram Rakshpal High School, Chirkunda, Dhanbad resulted in nugatory expenditure amounting to Rs 28.24 lakh paid to idle staff.

Implementation of vocational education in +2 level schools was approved by the Government of India in 1991. Vocational courses in Mining, Geology, Nursing, Midwifery and Stenography were started in J.K.R.R. High School, Chirkunda, Dhanbad in 1994-95.

It was noticed (August 2005- January 2006) that not a single student was enrolled in these courses since 1997 but pay and allowances of an instructor and two laboratory assistants amounting to Rs 28.24 lakh was paid during the period 1997 to January 2006.

On being pointed out, the Principal of the school stated that due to lack of employment opportunities to the passed students of 1993-95 and 1994-96 batches, enrolment of students in succeeding years did not take place. It was accepted by the Director, Secondary Education that detailed scheme for providing vocational education in the state was yet to be formulated by the Government.

Thus, failure of the department to formulate a detailed scheme for providing vocational education and to provide employment opportunities/apprenticeship to the passed students defeated the purpose for which these vocational courses were introduced and also resulted in nugatory expenditure of Rs 28.24 lakh.

The matter was referred to the Government (June 2006); their reply had not been received (October 2006).

RURAL DEVELOPMENT DEPARTMENT

4.4.4 Diversion of fund

Unauthorised diversion of Rs 73.74 lakh from various scheme funds towards purchase of certain books, out of which expenditure of Rs 72 lakh was unfruitful.

Secretary, Institutional Finance, Government of Jharkhand directed (June 2002) all Deputy Commissioners (DCs) / Deputy Development Commissioners (DDCs) of the State to purchase 1000 copies each of eight books published by Binod Enterprises, Patna for further sale to beneficiaries with a view to assist them in agriculture and allied activities. These books were to be distributed to the people below the poverty line and the cost of books was to be recovered from them. However, no funds were provided for the purchase of books by the department.

Scrutiny of records (March to September 2006) of 9 District Rural Development Agency (DRDA)* showed that books worth Rs 73.74 lakh were purchased during 2004-05 and 2005-06 for which funds were unauthorisedly diverted from the scheme funds of Drought Prone Area Programme (DPAP) and Swarnjayanti Gram Swarojgar Yojna (SGSY). Only Rs 1.74 lakh (DRDA, Garhwa: Rs 1.69 lakh, DRDA, Ranchi: Rs 0.05 lakh) could be realised from the sale of these books (March 2006). The remaining copies of the books were lying idle in the stock and the balance amount of Rs 72 lakh could not be recouped and thus unfruitful.

The matter was referred to the Government (July 2006); their reply had not been received (October 2006).

SOCIAL WELFARE, WOMEN AND CHILD DEVELOPMENT DEPARTMENT

4.4.5 Idle/unfruitful expenditure on construction of a remand home

Idle expenditure of Rs 58.89 lakh on incomplete remand home due to taking up the work against the instructions of the Government as well as the proposed non-selection of NGOs for running the remand home.

With a view to giving healthy ambience to juvenile prisoners of tribal areas, department of Social Welfare, Women and Child Development sanctioned/ allotted Rs 99.42 lakh (9 July 2003) to the Deputy Commissioner (DC), Gumla for construction of a remand home in Gumla district under tribal sub plan for the year 2003-04. The construction was to be completed within the same financial year. The Government subsequently directed (30 July 2003)

* Ranchi- Rs 19.84 lakh, Garhwa- Rs 16.62 lakh, Godda- Rs 9.92 lakh, Gumla-Rs 5.12 lakh, Jamtara- Rs 7.44 lakh, Koderma- Rs 4.96 lakh, Pakur- Rs 2.48 lakh, Sahebgunj- Rs 0.24 lakh and Simdega- Rs 7.12 lakh

that construction work should not be taken up in 2003-04 as selection of executing agency was underway at the State level.

Scrutiny (January 2005 and June 2006) of records of DC, Gumla showed that the DC entrusted (January 2004) the construction work to the Executive Engineer, Rural Development Special Division, Gumla. The scheme was abandoned (March 2004) subsequently due to the order (March 2004) of the State Government for curtailment in plan expenditure. However, by March 2004, an expenditure of Rs 58.89 lakh had already been incurred on construction of the remand home. The work was then stopped and the residual amount (Rs 39.42 lakh) was deposited in treasury while Rs 1.11 lakh remained with EE (April 2004). The DC stated (January 2005) that the work was taken up as per earlier instruction (July 2003) of the Government and the subsequent instruction of not taking up was not received.

To complete the residual work of the remand home and for supply of equipment, the Government allotted Rs 39.42 lakh and Rs 1.50 lakh (November 2005) to DC, Gumla of which Rs 38.86 lakh was given (January 2006) to EE, Rural Development Special Division, Gumla. Rs 2.06 lakh was not released as of May 2006. The Government had stated in August 2005 that process was on for selection of NGO for running the remand home and it would be made functional in the year 2005-06. The reply of Government proved to be incorrect as neither any NGO was selected nor the building was completed as of November 2006.

The vacillating policy of the department and lack of co-ordination between the Government and the district administration not only resulted into non/delayed completion of work but also defeated the purpose of construction of building for over three years leading to an expenditure of Rs 58.89 lakh on construction of remand home unfruitful/ idle. The District Programme Officer, Gumla stated (October 2006) that utilisation certificate for Rs 38.86 lakh was not received from the Executive Engineer, Rural Development Special Division, Gumla.

4.5 Regularity issues and other points

General

4.5.1 Lack of response of Government to audit

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 prescribed rules and procedures. These inspections are followed up with Inspection Reports (IRs).

When important irregularities and other points detected during inspection are not settled on the spot, these find place in IRs and are issued to the heads of offices inspected with copies 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 promptly and report compliance to the A.G. Serious irregularities are also brought to the notice of the Government by the office of the AG.

Inspection Reports issued upto March 2006 relating to offices of Home (Police) Department, Revenue and Land Reform Department, Health and Family Welfare Department, Welfare Department, Labour and Employment Department, Urban Development Department, Rural Development Department, Fisheries and Animal Husbandry Department, Public Relation and Tourism Department, Co- operative Department, Human Resources (Art & Culture, Sports and Youth Affairs) Department, Law and Justice Department, Building and Housing Development Department, Road Construction Department, Drinking Water and Sanitation Department, Minor Irrigation Department, Water Resources Development and Power and Energy Department, disclosed that 21730 Paragraphs of 3812 IRs remained outstanding at the end of March 2006. Of these 375 IRs containing 867 Paragraphs had been lying unsettled for more than 10 years.

The details of the units audited during 2005-06 along with the details of Inspection Report / Paras issued and details of total number of IRs and major paragraphs pending for settlement at the end of March 2006 are given below:

	Civil	Works	River Valley Project
No. of units actually audited during 2005-06	241	156	49
No. of Inspection report issued during 2005-06	212	139	47
No. of Part II/Section-A (major) paras issued	239	218	46
Total no of Inspection reports pending for settlement as on 31.03.2006	2237	996	579
Total no of Part-II/ Section-A (major) paras in Inspection reports pending for settlement as on 31.03.2006	1913	1158	718

Year-wise position of outstanding IRs and Paragraphs are detailed in **Appendix - 4.1 (A, B, C and D)**. A review of the IRs which were pending due to non-receipt of replies, in respect of the aforementioned departments revealed that the heads of the offices and the Government departments did not send any reply to a large number of IRs/ Paragraphs indicating failure to initiate action in regard to the defects, omissions and irregularities pointed out in the IRs. Though the position was brought to their notice regularly through reminders, they failed to ensure prompt and timely action.

Audit committees, comprising the Head of the offices, the Superintending Engineers of Public Works Department and the representatives of Accountant General were formed in 16 out of 21 departments of Government of

Jharkhand, for expeditious settlement of the outstanding inspection reports. Of the 16 department where audit committees were formed, meetings were held by all the 16 departments on 27 occasions from May 2005 to March 2006. As a result of the meetings of these committees it was possible to settle 871 paragraphs and 59 IRs. Principal Secretary / Secretary and representatives of Finance Department, however, did not take part in audit committee meetings.

No information on follow-up action, if any, taken by the Finance Department to settle the Paras / IRs was available. This showed the lack of initiative by Government to ensure accountability.

It is recommended that Government should ensure that a procedure is in place for (a) action against the officials failing to send replies to IRs / Paras as per the prescribed time schedule, (b) action to recover loss / outstanding advances/ overpayments in a time bound manner and (c) holding at least one meeting of each audit committee in a year.

The matter was reported to the Government in November 2006; reply had not been received (November 2006).

4.5.2 Follow up action on earlier audit reports

Review of outstanding Action Taken Notes (ATNs) on Paragraphs included in the reports from 2000-01 to 2004-05 of the Comptroller and Auditor General of India on Government of Jharkhand revealed that Action Taken Notes on 47 Paragraphs involving 35 departments remained outstanding as of November 2006. The detailed list is given in (*Appendix-4.2*).