

CHAPTER – IV

AUDIT OF TRANSACTIONS

4.1 Fraud/misappropriation/embezzlement/losses detected in audit

RURAL DEVELOPMENT DEPARTMENT

4.1.1 *Misappropriation and unfruitful expenditure*

Violation of codal provisions and granting of advances to Assistant and Junior Engineers posted in other offices resulted in misappropriation of Rs 63.46 lakh besides unfruitful expenditure of Rs 91.05 lakh on incomplete structures lying unused.

Jharkhand Public Works Account (JPWA) Code provides that when the Executive Engineer (EE) grants temporary advances to the Assistant/Junior Engineers (AE/JE) for execution of departmental works, adjustment accounts should be rendered within one month. Subsequent advances should be granted only after assessing the progress of work done and adjustment of the previous advances. The EE is responsible to ensure that the AE/JE, receiving the advance, maintains a cash book and records all transactions as and when these occur. When an AE/JE is transferred/retired, the EE is responsible for the issue of Last Pay Certificate (LPC)/No Dues Certificate (NDC) indicating the recoverable amount, if any.

Scrutiny of records of EEs, National Rural Employment Programme (NREP) I, Ranchi (November 2006 and May 2007), Rural Development Special Divisions (RDSD), Dumka (December 2006), Jamshedpur (July 2007) and Rural Engineering Organisation (REO), Jamshedpur (July 2007) revealed that the above provisions were not followed by the EEs, resulting in misappropriation of Rs 63.46 lakh besides unfruitful expenditure of Rs 91.05 lakh as discussed in the succeeding paragraphs:

NREP I, Ranchi

The EE, NREP I, Ranchi advanced Rs 28.80 lakh to an AE posted in RDSD, Ranchi between September 2004 and October 2005 for departmental execution of four works estimated at Rs 32.43 lakh under district plan. The AE, without writing the cash book, advanced Rs 20.22 lakh to a JE. The AE joined (January 2006) Advance Planning, Investigation and Monitoring Circle (APIMC), Water Resources Department, Ranchi and retired (November 2006) without refunding the balance of Rs 8.58 lakh. NDC/LPC issued by concerned offices did not indicate the recoverable amount as the advance was given by a different division (EE, NREP-I, Ranchi). Prior to his retirement, audit raised (November 2006) the need for legal action for effecting recovery but no such action was taken (May 2007). Meanwhile, the JE also joined (September 2006) REO, Chaibasa, retaining Rs 4.06 lakh, after executing partial work for Rs 16.16 lakh. No LPC was issued to him.

This resulted in misappropriation of Rs 12.64 lakh in cash by the AE (Rs 8.58 lakh)/JE (Rs 4.06 lakh) while Rs 16.16 lakh incurred on incomplete structures proved unfruitful.

The EE stated (May 2007) that recovery had not been made from the AE and the JE.

RDS, Dumka

The EE advanced Rs 1.79 crore for departmental execution of 31¹ works to three AEs, who without writing the cash books, advanced it to a JE between May 2003 and November 2005. The JE submitted adjustment vouchers for Rs 1.53 crore (between May 2003 and November 2005) which included Rs 83.95 lakh for completing 16 works and Rs 69.23 lakh for partial execution of 15² incomplete works. The JE, without completing the works or handing over Rs 25.39 lakh in cash, joined (December 2005) Canal Design Division No I, Adityapur, Jamshedpur. The EE neither issued the LPC indicating the recoverable amount nor effected recovery before relieving him. This allowed the JE to misappropriate Rs 25.39 lakh, while Rs 69.23 lakh incurred on incomplete works proved unfruitful.

The EE stated (December 2006) that recovery had not been made from the JE.

RDS and REO, Jamshedpur

EE, RDS, Jamshedpur advanced (June 2006) Rs 9.90 lakh to a JE for three works located in Jamshedpur and Potka blocks. The JE, without submitting accounts or getting relieved, joined (July 2006) RDS, Ranchi. Working in Ranchi, he again received advance of Rs 3.90 lakh (between July 2006 and August 2006) from RDS, Jamshedpur by concealing his joining in RDS, Ranchi. This should have been detected as Ranchi and Jamshedpur divisions functioned under the same Superintending Engineer, Rural Development Special Circle, Ranchi. Since then (August 2006), the JE neither reported to RDS, Jamshedpur nor refunded the amount. Site verification (between November 2006 and December 2006) disclosed that partial work valued at Rs 5.66 lakh was executed by the JE. Thus, Rs 8.14 lakh was misappropriated by the JE.

Further, the same JE had received (between June 1993 and August 1999) Rs 1.46 crore from REO, Jamshedpur. Against Rs 1.46 crore, he had submitted adjustment vouchers of only Rs 1.29 crore when he was transferred (August 1999) to Irrigation Division, Banmankhi. Since then, the JE had not refunded the balance amount of Rs 17.29 lakh. Though this point was raised (between January 2003 and September 2006) by audit, no action was taken. When reminded (July 2007) by audit that failure by REO to take action against the JE had facilitated him in not only misappropriating Rs 17.29 lakh from REO, Jamshedpur but also

Rs	8.14	lakh	from	RDS
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¹ MLA-6; ZILA YOJNA-2; CMGSY-8; SGRY-15
² MLA-3; ZILA YOJNA-1; CMGSY-4; SGRY-7

Jamshedpur, the EE, REO, Jamshedpur replied that FIR would be lodged. Compliance was awaited (July 2007).

The EE, RDSO, Jamshedpur stated (July 2007) that the JE had been directed (Feb 2007) to refund the amount but he was not responding. This resulted in misappropriation of Rs 25.43 lakh by the JE besides unfruitful expenditure of Rs 5.66 lakh on incomplete structures lying unused.

The above points were reported to the Government (August 2007); their reply had not been received (November 2007).

4.1.2 Defalcation of Government money

Fictitious entry in the cash book of Block Development Officer (BDO), Chandwa as well as non-adherence to the codal provisions by the BDO resulted in defalcation of Rs 5.31 lakh.

According to Rule 86(ii), (iii) and (iv) 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 office. The cash book should be closed, balanced and checked daily by the Drawing and Disbursing Officer (DDO). The DDO of the office should verify the totalling of the cash book or have this done by some responsible subordinate other than the writer of the cash book and initial it as correct. At the end of each month, the head of office should verify the cash balance in the cash book and record a signed and dated certificate to that effect.

Under Sampoorna Gramin Rojgar Yojana (SGRY) a scheme for construction of a PCC road (Chandwa checknaka to petrol pump main road, scheme No. 12/2005-06) was technically approved (July 2005) by EE, NREP, Latehar and administratively approved (August 2005) by Deputy Commissioner, Latehar for Rs 11.46 lakh. The work was to be executed departmentally by Block Development Officer (BDO), Chandwa. Accordingly, an agreement was executed (August 2005) between BDO and Panchayat Sewak for completion of work by 31 December 2005.

Scrutiny of records (measurement book, coupons issued for cement, payment schedule, cash book etc) disclosed (January 2007) that work was completed and final measurement was taken in November 2005. However, Panchayat Sewak was paid Rs 17.44 lakh (Cash: Rs 11.05 lakh, Cement: Rs 5.70 lakh and Wheat: Rs 0.69 lakh) instead of Rs 11.46 lakh, *i.e.* an excess of Rs 5.98 lakh was paid to him. BDO, Chandwa recorded (31 March 2006) in the receipt side of the cash book that Rs 5.31 lakh was received back from the Panchayat Sewak between 26 September 2005 and 30 September 2005. This amount was neither reflected in the grand total of the receipts for the day nor reflected in the closing balance of the cash book till 10 May 2007. Entries were not attested and cash balance certificate was not recorded in the cash book by the DDO at the end of each month.

On this being pointed out (May 2007), BDO, Chandwa stated that adjustment would be made at the time of final payment. The reply was

not acceptable, as final measurement had already been taken (November 2005) and the then BDO had recorded in the cash book that the excess payment of Rs 5.31 lakh had been deposited by the Panchayat Sewak on 31 March 2006.

Thus, non-adherence to the codal provision and non-reflection of the amount realised from the Panchayat Sewak in the grand total of receipt side as well as in the closing balance, resulted in defalcation of Rs 5.31 lakh by making fictitious entry in the cash book by BDO, Chandwa as well as retention of Rs 0.67 lakh by the Panchayat Sewak.

The matter was reported to the Government (May 2007); their reply had not been received (November 2007).

ROAD CONSTRUCTION DEPARTMENT

4.1.3 Fraudulent Payment of Government money

Recording of inflated measurement in the MBs in respect of consumption of stone metals and moorum resulted in fraudulent payment of Rs 26.39 lakh in WBM work of widening and strengthening of Ramkanda Bhandaria Road.

Widening and strengthening of Ramkanda Bhandaria Road from 31 km to 49.20 km was administratively approved (March 1998) for Rs 2.04 crore and technically sanctioned (November 1998) for Rs 2.33 crore by Road Construction Department (RCD). An agreement was executed (August 1999) with a contractor for Rs 2.32 crore for completion of the work by April 2000. Scrutiny (August 2003) of records of the Executive Engineer (EE), Road Construction Division, Garhwa showed that the road up to Water Bound Macadam (WBM) level (350 mm) was to be prepared by stone metals grade I (100 mm), stone metals grade II (75 mm), stone metals grade III (75 mm) and moorum (100 mm). Payment vouchers (March 2003) disclosed that a WBM area of 34107.81 square metre was created, which as per sanctioned estimate/agreement required 3410.78 cum³ stone metal grade I, 2558.08 cum⁴ stone metal grade II and III each and 3410.78 cum⁵ moorum work. Against this, the EE recorded entries in the measurement books (MB) showing consumption of 4652.93 cum stone metal grade I, 3502.17 cum stone metal grade II, 3503.73 cum grade III and 4547.62 cum moorum. The recording of inflated measurement of 1242.15 cum stone metal grade I, 944.09 cum stone metal grade II, 945.65 cum stone metal grade III and 1136.84 cum moorum in the MBs resulted in defalcation of Rs 26.39 lakh.

³ Requirement (volume in m³): Total area x Thickness of SM Gr I (100 mm)= 34107.81 m² x 0.10 m=3410.78 m³

⁴ Requirement (volume in m³): Total area x Thickness of SM Gr II & III (75 mm)= 34107.81 m² x 0.075 m=2558.08 m³ each

⁵ Requirement (volume in m³): Total area x Thickness of Moorum (100 mm)=34107.81 m² x 0.10m=3410.78 m³

Government stated (November 2007) that 15 per cent excess payment was made under competency of SE. Reply was not acceptable as there was no scope of excess execution/payment based on calculation.

**HUMAN RESOURCE DEVELOPMENT/HEALTH, MEDICAL
EDUCATION AND FAMILY WELFARE DEPARTMENTS**

4.1.4 Defalcation/embezzlement of Government money

Violation of the codal provisions led to embezzlement of revenue of Rs 2.10 lakh and defalcation of Rs 83,426.

Rule 86 (ii) of Jharkhand Treasury Code (JTC) (Vol-I) provides that all monetary transactions should be entered into the Cash Book as soon as they occur and be attested by the Head of the Office. The Cash Book should be balanced, closed and checked daily by the Drawing and Disbursing Officer (DDO). Further, according to Rule 7 of JTC (Vol-I), all money received by a Government servant on account of revenue shall, without undue delay, be paid in full into the treasury or into the bank.

Scrutiny of records of Madhupur College under Sido Kanho University, Dumka (February 2007) and State Reproductive and Child Health Society, Ranchi (March 2007) revealed that the above provisions were not observed by the Principal, Madhupur College and Secretary, District Reproductive and Child Health Society (DRCHS), Dumka, resulting in embezzlement of college revenue of Rs 2.10 lakh and defalcation of Rs 83,426 as discussed in the succeeding paragraphs:

Madhupur College (Sido Kanhu Murmu University)

College revenue of Rs 2.10 lakh collected between April 2001 and October 2001 was neither accounted for in the Cash Book nor deposited into the bank till September 2003. Of this, Rs 0.50 lakh was deposited (October 2003) after a delay of 24 to 29 months while Rs 1.60 lakh was deposited (February 2007) on being pointed out in audit (February 2007) after a delay of 69 months.

Thus, non-adherence to the codal provision by the DDO and non-deposition of collected money into the bank resulted in temporary embezzlement of college revenue amounting to Rs 2.10 lakh of which Rs 1.60 lakh was recovered and deposited at the instance of audit.

Government replied (November 2007) that disciplinary action against erring official had since been taken in the light of audit observation.

State Reproductive and Child Health Society, Ranchi

The balance sheet of DRCHS, Dumka showed bank balance of Rs 2.34 crore and cash balance of Rs 88,249 with Secretary, DRCHS, Dumka as on 31 March 2005. However, Civil Surgeon cum Secretary DRCHS, Dumka (head of office) opened a separate subsidiary cash book with effect from 1 April 2005 mentioning therein that the cash balance of Rs 83,426 was not with him as the amount and other accounts were not

handed over to him by the then Additional Chief Medical Officer cum Secretary, DRCHS, Dumka. Opening of separate cash book by the head of office without balance cash of Rs 83,426 was against the provision of Rule 86 of JTC. No action was taken by the Civil Surgeon cum Secretary DRCHS, Dumka against ACMO, DRCH, Dumka for realisation of amount as of March 2007.

Thus, failure of the head of office to verify cash balance as required under the codal provision (Rule 86 of JTC) led to defalcation of Government money amounting to Rs 83,426.

Government replied (November 2007) that FIR had since been lodged and the case was under investigation.

4.2 Excess Payment/Wasteful/Infructuous expenditure

HUMAN RESOURCE DEVELOPMENT DEPARTMENT

4.2.1 Excess payment of teaching allowance remained unrecovered

Non-recovery of inadmissible teaching allowance subsequent to the recommendations of the Sixth Pay Commission resulted in excess payment of Rs 9.58 crore.

As per resolution of the erstwhile Government of Bihar, teaching allowance at the rate of Rs 100 per month was admissible to teachers of primary schools with effect from March 1989. It was, however, abolished with retrospective effect from 1 January 1996 on the recommendation (February 1999) of Sixth Pay Commission of Government of Bihar.

It was seen from the records of Directorate of the Primary Education, Ranchi (February 2006) that teaching allowances of Rs 100 per month was drawn by 63,901 teachers in the State from 1 January 1996 to February 1999. Scrutiny disclosed that though the teaching allowance for the period from April 1997 to February 1999 was adjusted during pay fixation (2000-2004) subsequent to the implementation of the recommendation of Sixth Pay Commission of Government of Bihar, no adjustment for the period from 1 January 1996 to 31 March 1997 was made (March 2007). The matter was pointed out through Inspection Report (2002-03 and 2003-04), no action was taken.

Thus, non-recovery of inadmissible teaching allowance resulted in excess payment of Rs 9.58 crore for the entire State.

Government accepted (November 2007) the audit observation and issued instruction for recovery.

4.2.2 Excess Payment

Wrong pay fixation of teachers of Post Graduate department and colleges of Ranchi University, Sido Kanhu Murmu University and Vinoba Bhave University resulted in excess payment of Rs 4.44 crore.

Government of India, Ministry of Human Resources Development Department accepted (July 1998) the recommendations of University Grants Commission relating to revision of pay scale of teachers of Universities/Colleges with effect from 1 January 1996. The Ministry issued to Education Secretaries of all states, a formula for pay fixation and also a ready reckoner for pay to be fixed in the revised scales of pay. Government of Jharkhand circulated (November 2001) the formula and the ready reckoner to the Vice Chancellors of the Universities in the State for implementation, indicating that the payment would be effective from 15 November 2000, the date of creation of the State.

The pay fixation chart of Post Graduate (PG) Department and Colleges of Ranchi University, Ranchi, Sido Kanhu Murmu University, Dumka and Vinoba Bhave University, Hazaribagh was approved by State Government in March 2003. According to the pay fixation formula, first and second instalments of interim relief sanctioned by State Government were to be taken into account for ascertaining existing emoluments before fixation of pay in the new pay scales.

Audit scrutiny between January and June 2006 and further information collected in June 2007 disclosed that the first and second instalments of Interim relief were neither sanctioned nor paid by the Government of Jharkhand but were taken into account while fixing the pay in the new pay scales. This resulted in higher pay fixation and excess payment of Rs 4.44 crore on account of pay and dearness allowance in PG Department and colleges of the three universities in Jharkhand during the period 15 November 2000 to 31 March 2007.

Government stated (November 2007) that the matter would be considered and intimated to audit accordingly.

WATER RESOURCES DEPARTMENT

4.2.3 Wasteful expenditure

Failure to secure funds for Gram Bhagirathi Yojana by engaging a consultant resulted in wasteful expenditure of Rs 9.65 crore on consultant's payment.

Gram Bhagirathi Yojana (GBY) was introduced (2001) by the Government of Jharkhand (GOJ) for creation of additional irrigational potential of 2.68 lakh hectares by construction of Minor Irrigation projects. Under this, a master plan for irrigation for the entire State was proposed to be prepared by engaging consultants so that financial assistance for funding the projects could be

obtained from Financial Institutions⁶ (FI). The consultancy work was to be completed by March 2002 and the irrigation potential was to be created by March 2007.

The scope of work of the consultants included preparation of approach papers for seeking financial assistance, preparation of district wise feasibility report of all the schemes to be provided by Water Resources Department (WRD) and upon its approval, preparation of Detailed project Report (DPR) for execution of the work, data analysis and future planning of Medium and Minor Irrigation Schemes. In addition, the consultants were also required to develop operational guidelines following completion of the works.

On tendering (October 2001) by the Chief Engineer, Planning and Monitoring, WRD, the Secretary, WRD awarded (March 2002) the consultancy work to six consultants. The Executive Engineer (EE), Planning and Monitoring Division (PMD) No. I, Ranchi executed six agreements with the consultants between August 2002 and September 2002 for Rs 9.71 crore for obtaining consultancy services (by March 2003) for 9,675 schemes to achieve irrigation potential (by March 2007) of 2.68 lakh hectares.

Scrutiny (May 2007) disclosed that the Department, following receipt of tender papers from the consultants, changed (January 2003) the terms and conditions. EE, PMD, while entering into agreements with the consultants did not incorporate any clause for approval of approach papers and seeking financial assistance prior to preparation of feasibility report. Approval of feasibility report by the FIs was waived though it was included in the tender clause. Thus, approval of approach papers by WRD and its acceptance with feasibility reports by FIs for financial assistance before preparation of DPRs and payment to consultants were not ensured. The consultants submitted DPRs for 9,053 schemes estimated at Rs 1007 crore targeting an irrigation potential of 2.83 lakh hectares between February 2004 and May 2004 for which Rs 9.65 crore was paid (February 2005) to them. The consultants also submitted the compact discs (CD) containing the Maps, but the software required to operate the CDs for data analysis was not procured by the WRD. The approach papers remained unapproved and financial assistance was not sought from the FIs. The GOJ also did not accord administrative approval (AA) for Rs 1007 crore for undertaking the construction works as of May 2007. Since the project was not taken up for construction, the consultants did not develop the operational measures.

Thus, the prime objective of engaging the consultants for securing financial assistance for the project could not be achieved due to failure of WRD to approve the approach papers and seek financial assistance. Further, denial of AA and adequate resources for the project following submission of DPRs by the consultants resulted in wasteful expenditure of Rs 9.65 crore towards payment of consultation fee as the project failed to kick off.

Government stated (June and November 2007) that generation of resources was not the real aim of GBY while AA was not given as the schemes were forwarded

⁶ World Bank (WB)/Asian Development Bank (ADB).

to the DCs for execution under different sponsored schemes like Food for Work and Rashtriya Sam Vikas Yojana. The reply was not tenable as the engagement of consultants was done largely for seeking financial assistance for GBY as a master plan and not for sending the individual schemes to the DCs for their execution under GOI sponsored schemes which have different guidelines and did not require consultants to prepare DPRs. Changing the terms and conditions after tendering prevented the WRD from seeking financial assistance and thus, the objective was defeated resulting in wasteful expenditure of Rs 9.65 crore.

RURAL DEVELOPMENT DEPARTMENT

4.2.4 Extra cost in the construction of bridge over Subernarekha river at Shyamsunderpur

Injudicious decision taken in rescinding the work of old contractor and allowing another contractor to erect remaining piers on pile foundation resulted in extra cost of Rs 1.05 crore.

Construction of 278.96 metres long bridge over Subernarekha river at Shyamsunderpur was technically sanctioned (May 2002) by the Chief Engineer (CE), Rural Development Department (RDD), Ranchi and administratively approved (August 2003) by the Deputy Commissioner, East Singhbhum, Jamshedpur for Rs 2.41 crore. On tendering (June 2002) the work was awarded (August 2002) to a contractor at Rs 2.34 crore for completion by November 2003.

Scrutiny of records (September 2006) of the Executive Engineer (EE), Rural Development Special Division (RDSD), Jamshedpur showed that the contractor, executed four piers and two abutments up to cap level and stopped the work in September 2004 on the plea that open foundation, provided in the estimate for erection of piers located in perennial water zone, was not suitable and requested (September 2004) for change in specification to pile foundation. The department, upon consultation (September 2004) with MECON, did not agree and directed the contractor to complete the work as per specification in the approved estimate. The contractor did not resume the work. The EE took (September 2005) final measurement and rescinded (October 2005) the agreement. As of March 2006, Rs 82.36 lakh was paid to the contractor for work done up to September 2004. Following this, an estimate for the residual work was technically sanctioned (November 2005) for Rs 2.69 crore by the CE on current schedule of rate (December 2004), which included provision for pile foundation for erection of remaining piers. The CE awarded (December 2005) the work to another contractor on turnkey basis at a cost of Rs 2.57 crore for completion in 12 months. The contractor completed (January 2007) the work and received (February 2007) Rs 2.57 crore. This resulted in excess cost of Rs 1.05 crore (Rs 2.57 crore minus Rs 1.52 crore).

Thus, rescinding the original agreement, on the ground that pile foundation for erection of piers was not necessary, compelled the original contractor to abandon the work. Awarding the work to another contractor to erect the remaining piers on pile foundation resulted in extra cost of Rs 1.05 crore due to execution of work at higher cost.

The EE stated (September 2006) that the original work was rescinded and residual work was taken up as per order of the Government. The reply was not tenable as the department ultimately, while preparing the revised estimate, included the provision of pile foundation for erection of piers. Had the same been considered in September 2004, as proposed by earlier contractor, extra expenditure of Rs 1.05 crore could have been avoided.

The matter was reported to the Government (October 2006 and May 2007); their reply had not been received (November 2007).

4.2.5 Wasteful expenditure

Taking up construction of hospital building in *Gochar land*⁷, resulted in stoppage of work leading to wasteful expenditure of Rs 46.80 lakh on incomplete structures.

According to section 38 (sub-section 1) of Santhal Pargana Tenancy Act (SPTA) (Supplementary Rules) (SR) 1949, no land recorded as *Gochar land* shall be settled or utilised for any purpose other than for grazing. However, section 2 (sub-section 1) of the Act empowers the State Government to withdraw the embargo provided no work has been undertaken on such land. Thus, denotification of *Gochar land* is permissible only prior to commencement of any work and not thereafter.

Scrutiny (February 2007) of the records of the Executive Engineer (EE), Rural Development Special Division, Pakur showed that construction of 100 bedded hospital at Solagarhi in Pakur district was technically sanctioned (July 2006) for Rs 5.73 crore by the Chief Engineer, Rural Development Special Zone, Ranchi and administratively approved (AA) (July 2006) for Rs 3.91 crore by the Deputy Commissioner (DC), Pakur. Though the work included construction of hospital building, electrification, water supply, sanitation and other miscellaneous works, the AA was given only for building construction portion without realising the fact that the hospital would not function in the absence of these other vital components. The EE commenced (August 2006) the work departmentally but the DC stopped (October 2006) it as the site where construction work was in progress was a grazing land (*Gochar land*) and trespassing was prohibited as per section 38 (sub-section 1) of the SPTA Act. The Government did not take action and the DC resumed (November 2006) the construction work by setting aside an equivalent piece of land in lieu of the *Gochar land*, which was not permissible under the Act. A Public Interest Litigation was filed (December 2006) and the High Court of Jharkhand directed to stop the work. Till then an expenditure of Rs 46.80 lakh was incurred by the EE on construction of 213 foundation and 148 erection columns. The Government tried (May 2007) to denotify the land.

⁷ Land exclusively used for cattle feeding

Denotification was not possible as the work had already been undertaken prior to lifting the embargo. The High Court directed to stop (August 2007) the construction work permanently on the site, and the Government to shift the work elsewhere. Thus Rs 46.80 lakh incurred on construction of 213 foundations and 148 columns proved wasteful.

The matter was reported to the Government (April and May 2007); their reply had not been received (November 2007).

4.2.6 Wasteful expenditure/diversion of fund of National Food for Work Programme

Non-submission of perspective plan in time by the consultants due to lack of pursuance by Deputy Development Commissioners (DDCs) and disregard of the guidelines of NFFWP Scheme resulted in wasteful expenditure/diversion of Rs 3.88 crore.

National Food for Work Programme (NFFWP) was launched (November 2004) by the Government of India (GOI) to provide wage employment to unskilled labourers and create productive assets for water conservation, prevention of draught, afforestation etc. As per the guidelines, a perspective plan was to be prepared by each District Rural Development Agency (DRDA) for effective implementation of schemes.

Scrutiny of records (March 2007) of DRDAs, Pakur and Chatra revealed that Rs 3.33 crore, were spent (March 2007) from NFFWP funds for the construction of Panchayat Bhawans (82), Community Halls (10) and Anganbari Kendras (9) during 2005-06 in contravention of the guidelines of NFFWP. This resulted in creation of non-productive and material intensive assets against those envisaged under the programme.

Further, scrutiny of records of 12⁸ DRDAs (between March 2007 and September 2007) revealed that consultants were engaged during December 2004 and January 2005 by Deputy Development Commissioners (DDC) for preparation of five years' perspective plan by March 2005. The consultants were paid Rs 54.64 lakh during May-August 2005. Perspective plans relating to DRDAs, Chatra and Latehar were submitted in November 2005 whereas perspective plans of DRDAs, Pakur, Jamtara, Chaibasa and Palamu were not submitted by consultants as of May 2007. However, perspective plans of DRDAs, Dumka, Garhwa, Gumla, Lohardaga, Sahebganj and Saraikela-Kharsawan were submitted after closure of the scheme by GOI.

Thus, expenditure of Rs 3.33 crore on construction works which were not provided in NFFWP resulted in wasteful expenditure denying the envisaged benefits of wage employment to unskilled labourers and the expenditure of Rs 54.64 lakh on preparation of perspective plans also proved to be wasteful as

⁸ Chatra, Chaibasa, Dumka, Garhwa, Gumla, Jamtara, Latehar, Lohardaga, Pakur, Palamu, Sahebganj and Saraikela-Kharsawan.

the same was not submitted by the consultants on time due to lack of pursuance by DDCs and withdrawal of NFFWP by GOI.

On this being pointed out (March 2007), DDC, Pakur stated that the construction of Panchayat Bhawan, Community Hall and Anganbari Kendras were part of durable assets. Reply was not acceptable as the expenditure of Rs 3.33 crore was incurred on creation of non-productive and material intensive assets in disregard of the guidelines of NFFWP.

With regard to perspective plans, DDCs, Pakur, Chatra and Chaibasa accepted (March 2007) that the schemes under NFFWP were started prior to finalisation of the perspective plans. DDC, Jamtara stated (January 2007) that perspective plan was finalised after February 2006.

The matter was reported to the Government (May 2007); their reply had not been received (November 2007).

FOREST AND ENVIRONMENT DEPARTMENT

4.2.7 Wasteful expenditure on plantation of banned plants of Acacia species

Plantation of species of Acacia in violation of the orders of Principal Chief Conservator of Forest (PCCF) resulted in wasteful expenditure of Rs 87.92 lakh.

According to the orders issued (March 1998 and December 2006) by the PCCF, Jharkhand, Ranchi, neither was plantation of species of Acacia to be taken up in any area nor was it to be grown in any nursery for environment conservation. Instead, only fruitbearing trees were to be planted. Further, stern action was to be taken against officers responsible for keeping the plants in the nursery or for planting them.

Scrutiny of records (July 2006) of Divisional Forest Officer (DFO), Afforestation Division, Giridih showed that 6.25 lakh plants of species of Acacia were planted under the schemes like rehabilitation of degraded forest, minor forest produce, soil conservation etc. incurring an expenditure of Rs 87.92 lakh during 2004-06 despite the complete ban.

On being pointed out (July 2006), DFO, Giridih stated that species were selected as per the choice of villagers and suitability of soil. Reply was not tenable as there was complete ban on plantation of species of Acacia. Further, there was no such provision under the schemes that the species were to be selected as per the choice of villagers.

The matter was reported to the Government (May 2007); their reply had not been received (November 2007).

4.3 Avoidable/unfruitful expenditure

ROAD CONSTRUCTION DEPARTMENT AND RURAL ENGINEERING ORGANISATION

4.3.1 Unfruitful expenditure on idle road and bridge

Undertaking road work without considering construction of the bridge over a river bisecting the road and later sanctioning the bridge work without approving the approach road to ensure its use, resulted in unfruitful expenditure of Rs 1.43 crore on idle road and bridge.

Construction of Durgapur-Shivpahar road (a two KM stretch of Pathna- Hirapur road) under Pradhan Mantri Gram Sadak Yojna was technically sanctioned (February 2002) by Rural Engineering Organisation (REO) and administratively approved (August 2002) by Deputy Commissioner, Sahibganj for Rs 44.19 lakh. Scrutiny (between February 2007 and April 2007) revealed that the road was bisected by Karni river at Mohabbatpur but construction of the bridge over the river was not sanctioned by the REO. The Chief Engineer (CE) awarded (July 2002) construction of 1.8 KMs length of the road to a contractor for Rs 28.87 lakh who completed (August 2005) it and received (February 2006) Rs 26.24 lakh.



Mahabbatpur Bridge Over Karni River - 2/24/2007

While the road work was in progress the Road Construction Department (RCD) approved (November 2002) construction of the bridge over Karni river but approach road to connect the bridge to the road under construction by REO was not considered by the RCD. The bridge was completed (April 2004) at a cost of Rs 1.17 crore except apron and approach slabs.

The bridge was lying idle since April 2004 for want of approach road while the road could not be put to use since August 2005 for want of connectivity through the bridge. An estimate (December 2006) for Rs 75.02 lakh for approach road for the bridge requiring acquisition of private land was not approved by the Government till April 2007.

Thus, sanctioning the bridge and road works without the approach road resulted in incomplete idle bridge and road since April 2004.

The matter was reported to the Government (May 2007) and they accepted (November 2007) the audit observation and stated that action was being taken to execute the incomplete work.

HOME (JAIL) AND BUILDING CONSTRUCTION DEPARTMENTS

4.3.2 Unfruitful expenditure on incomplete prisoner barracks

Non-completion of the additional barracks to reduce congestion in existing jails resulted in unfruitful expenditure of Rs 2.84 crore on incomplete structures lying unutilized beside Rs 42.76 lakh were lying unspent for seven years.

To reduce congestion in the district/sub jails, the Government sanctioned (between March 1999 and October 2003) construction of 13 barracks for Rs 3.05 crore for accommodating 1300 additional prisoners in six jails at Chaibasa, Dumka, Godda, Gumla, Saraikella and Simdega having strength of 1166 prisoners. The barracks were to be constructed by Building Construction Department while the fund was to be provided by Home (Jail) Department.

Scrutiny (between August 2006 and June 2007) of the records of the Executive Engineers, Building Construction Divisions (BCD), Chaibasa, Dumka, Godda, and Gumla; Chief Engineer, Building Construction Department and Inspector General of Prisons disclosed that none of the 13 prisoners' barracks were completed and handed over to the Home (Jail) Department due to lack of electrification, sanitation, drinking water, perimeter walls, etc. for security as of May 2007 as detailed in table below:

(Rupees in lakh)

Sl. No.	Name of the Jail	Number of barracks sanctioned	Estimated cost	Expenditure	Remarks
1	Sub-jail Saraikela	2	55.54	40.00	The barrack in one case was built only up to plinth level and for want of electrification the other one was incomplete and lying unutilised.
2	District Jail Chaibasa	1	31.87	29.14	The work could not be completed (July 2005) as the balance fund of Rs 6.04 lakh was not provided rendering the incomplete structure idle for 2 years. Rupees 0.51 lakh was lying unutilised with the BCD.
3	District Jail Dumka	2	79.09	88.42	Both the barracks were constructed (March 2006) outside the campus of the present Jail. Construction of wall surrounding the new barracks was not included in the estimate. A revised estimate though prepared was not approved as of May 2007 rendering the barracks idle for 14 months.
4	Sub-Jail Godda	2	30.12	39.50	As the main gate and administrative building were incomplete, though Rs 1.85 lakh could not be spent, the barracks could not be put to use since June 2005 rendering the expenditure unfruitful.
5	Sub-Jail Gumla	4	41.06	65.31	The Executive Engineer stated paucity of fund to be reason for non-completion. Scrutiny, however,

					revealed that against allocation of Rs 80 lakh the EE had spent only Rs 65.31 lakh while Rs 14.69 lakh was lying unspent. This rendered the barracks idle for seven years since the date of completion (August 2000).
6	Sub-Jail Simdega	2	23.85	21.89	The Executive Engineer attributed paucity of fund to be the reason for non completion. Scrutiny, however, revealed that against allocation of Rs 47.60 lakh the Executive Engineer had spent only Rs 21.89 lakh and Rs 25.71 lakh remained unspent. The scheduled date of completion was August 2000.
Total		13	262.07	284.26	

Thus, increase in existing capacity of jails to 2466 from 1166 could not be achieved due to non-completion of the barracks. Meanwhile the number of prisoners increased three times to 3597 as of April 2007. This resulted in unfruitful expenditure of Rs 2.84 crore on the incomplete barracks lying idle for two to seven years and funds amounting to Rs 42.76 lakh were lying unspent since 1999-2000.

The matter was reported to the Government (June 2007) and they accepted (November 2007) the audit observation and stated that action was being taken to complete the remaining work.

RURAL DEVELOPMENT DEPARTMENT

4.3.3 Unfruitful expenditure on construction of bridge

Construction of a bridge over South Koel river on Ganeshpur-Malani road in Chanho block of Ranchi district without acquiring private land for the approach road resulted in unfruitful expenditure of Rs 93.66 lakh on idle bridge.

Construction of a submersible bridge over South Koel river on Ganeshpur-Malani road in Chanho block in Ranchi District was administratively approved (AA) (March 2003) for Rs 99.65 lakh by Deputy Development Commissioner, Ranchi. Technical sanction (TS) was accorded (March 2003) by the Chief Engineer (CE), Rural Development Department, Ranchi for Rs 98.09 lakh. On tendering (January 2003), the CE awarded (June 2003) the work to a contractor and the Executive Engineer (EE) Rural Development Special Division, Ranchi executed (June 2003) an agreement for Rs 98.09 lakh for completion by June 2004, extended up to March 2006. The work included construction of the bridge and 100 metres approach road on both ends of the bridge. The contractor after completing (March 2006) the 94 *per cent* bridge work stopped (March 2006) the balance work and received payment of Rs 93.66 lakh as of August 2006. The construction of approach roads connecting the bridge could not be taken up because the alignment of the road fell in *raiyati* (private) land on which the Government had no authority for executing any work. The EE requested (April 2007) for acquisition of 1.10 acres land⁹ for construction of the approach road. However, CE did not give

⁹ Ganeshpur - 0.55 acre, Malani - 0.55 acre.

approval for acquisition of land as of June 2007 and therefore, the land for the approach road could not be acquired.

Thus, the incomplete bridge remained idle and non-functional (June 2007), rendering the expenditure of Rs 93.66 lakh on the construction of the bridge unfruitful.

The matter was reported to the Government (August 2007); their reply had not been received (November 2007).

AGRICULTURE AND SUGARCANE DEVELOPMENT DEPARTMENT

4.3.4 Unfruitful expenditure on Combined Harvester Machines

Purchase of Combined Harvester Machines by the Director of Agriculture without assessment of requirement resulted in the machines remaining idle and the expenditure of Rs 3.96 crore becoming unfruitful.

Agriculture and Sugarcane Development Department, Government of Jharkhand sanctioned (23 March 2005) Rs 3.96 crore for purchase of 22 Combined Harvester Machines (CHMs) at the rate of Rs 18 lakh each, under Agricultural Mechanisation Promotional Yojana (AMPY). CHMs were to be made available to farmers at the rate of Rs 500 per hour for cutting, weeding and packaging of harvest/crops. Fifty *per cent* of the receipt was to be utilised for the maintenance of the machine, information, publicity etc. and balance was to be deposited into the treasury.

Scrutiny of records (between September 2006 and September 2007) of 18 District Agriculture Officers (DAOs),¹⁰ and four Sub-divisional Agriculture Officers (SAOs)¹¹ showed that the Director of Agriculture (Jharkhand) invited tender on 24 March 2005 for purchase of CHMs with closing date of 28 March 2005, giving only three days for submission of bid. Purchase order was placed on 31 March 2005 by the Director of Agriculture (Jharkhand) in favour of a private company of Ranchi for Rs 3.96 crore for supply of one CHMs each to 22 DAOs/SAOs of the State. Accordingly, CHMs were distributed between April 2005 and March 2006. However, out of 22 CHMs, 18 were lying idle as of August 2007 since their procurement. Only four CHMs had been made available for one to eleven hours to the farmers during January to March 2007 by SAO Jamshedpur, and by DAOs Gumla, Saraikela-Kharsawan and Ranchi. Only Rs 5,280 was recovered from the farmers during two years, which was inadequate to meet the expenses on maintenance, publicity etc.

On this being pointed out, DAOs/SAOs stated (January to June 2007) that CHMs could not be utilised in the absence of trained driver/operator. SAOs Jamshedpur and Latehar stated (July 2006 & May 2007) that the topography of

¹⁰ Bokaro, Chatra, Deoghar, Dhanbad, Dumka, Garhwa, Giridih, Godda, Gumla, Hazaribagh, Jamtara, Lohardaga, Palamu, Ranchi, Sahebganj, Saraikela-Kharsawan, Simdega and West Singhbhum.

¹¹ Jamshedpur, Kodarma, Latehar and Pakur.

fields was such that the CHMs could not be utilised. Records of DAO, Palamu (Daltonganj) showed that machine was used for only one day in August 2005. Efforts made to motivate the farmers to put CHMs to use for agriculture purposes, if any, were not shown to audit.

Thus, hasty purchase of CHMs without assessing the requirement and non deployment of driver/operator to operate them resulted in unfruitful expenditure of Rs 3.96 crore.

Government accepted (November 2007) the audit observation and decided to transfer the CHMs to Kisan Vikas Kendras for better use and vast exposure.

4.3.5 Avoidable payment of surcharge on electricity bills

Non-payment of electricity bill by the Birsa Agricultural University in time, despite availability of fund, resulted in avoidable extra expenditure of Rs 81.10 lakh towards delayed payment surcharge.

Jharkhand State Electricity Board (JSEB) issues monthly bills to its consumers for payment of energy charges within due date mentioned in the bill. Non-payment of billed amount within due date attracts Delayed Payment Surcharge (DPS) on arrears of energy charges at the rate of two *per cent* per month which is added to the next bill.

Scrutiny (August 2007) of records of Birsa Agricultural University showed that JSEB supplied electricity to campuses of Ranchi Agriculture College (RAC) and Ranchi Veterinary College (RVC). The University failed to pay the billing amount in full despite availability of funds/grants for the purpose and allowed accumulation of DPS. The university cleared the outstanding amount up to September/October 2003 by making payment of Rs 3.11 crore as energy charges including Rs 81.10 lakh as DPS (between June 2000 and September 2003 for RAC and between January 2002 to October 2003 for RVC).

Thus, due to non-payment of bill on time the university incurred an avoidable extra expenditure of Rs 81.10 lakh (RAC: Rs 57.93 lakh and RVC: Rs 23.17 lakh) on account of DPS.

On this being pointed out the Director (Works and Plant) BAU Kanke, Ranchi stated (September 2007) that regular payment of electric bills could not be made as no fund was sanctioned by the Government under this head prior to 2002-03. All dues could be cleared after receipt of grant in 2003-04.

The reply was not acceptable as prior to 2001-02, allocation of expenditure under different heads was not indicated by the State Government, but this does not mean that there was bar on payment of electricity bills. Further, the university paid Rs 2.34 crore against receipt of grant of Rs 1.11 crore during 2003-04 and cleared the outstanding bills by diversion of fund of Rs 1.23 crore after accumulation of outstanding bills and DPS charges thereon.

The matter was reported to the Government (August 2007) and they accepted (November 2007) the audit observation.

FOREST AND ENVIRONMENT DEPARTMENT

4.3.6 Unfruitful expenditure

Expenditure of Rs 2.86 crore on plantation of lac species was rendered unfruitful as no brood lac was produced.

With the object of supplying brood lac¹² (lac at the stage of larval emergence) to the villagers at reasonable prices, five Government lac farms¹³ were established during second five year plan (1956-1961).

Scrutiny of records (December 2006) of Conservator of Forest and State Silviculturist (CF and SS), Jharkhand, Ranchi showed that Rs 2.86 crore, allotted during 2001-02 to 2005-06, was spent on plantation (wage and material) of lac-host species under the lac development scheme for obtaining brood lac and providing the same to Adivasis on concessional rate. But no brood lac was produced by these farms during the said period. Further, no records were being maintained for number of trees infected, the area of land covered under such trees, annual targets for production, sale and sale proceeds, etc.

The Chief Conservator of Forest (CCF) stated (August 2007) that brood lac could be produced in some of these plants only when the plants became mature enough. The reply of CCF was not tenable as brood lac could be infected on one year old plant. Besides, brood lac can be extracted even from smaller host species.

Thus, the objective behind setting up of the five farms was not achieved and expenditure of Rs 2.86 crore was rendered unfruitful.

The matter was reported to the Government (June 2007); their reply had not been received (November 2007).

4.4 Idle investments/Idle establishment/Blocking of funds/Delay in commissioning equipments; diversion/misutilisation of fund

HEALTH, MEDICAL EDUCATION AND FAMILY WELFARE DEPARTMENT

4.4.1 Misutilisation of fund

Vehicles purchased to replace the condemned vehicles for development of infrastructure against non-existing/vacant offices for betterment of health services were distributed to non-entitled officers, private organisations, etc. resulting in misutilisation of fund of Rs 10.85 crore which was in disregard of the spirit behind drawal from Contingency Fund.

State Government sanctioned and allotted (October 2004 and March 2005) an advance of Rs 11.32 crore from state contingency fund to the Health and

¹² Brood lac is for production of lac at a stage of larval emergence, an intermediary organism.

¹³ Kita, Pitaki, Pilaratoli, Saharbera and Taimara

Family Welfare Department (Department) for development of infrastructure and betterment of health services in the State by replacing the condemned vehicles.

Under the provision of Condemnation Rules 1952, a committee was required to be set up for assessment of condemned vehicles and report of Motor vehicle inspector was necessary for declaring the vehicles as condemned one. Further, indents from field offices regarding requirement of vehicles were to be called for.

A test check (March 2007) of the records of State Reproductive Child Health Society (RCHS), Ranchi showed that without adhering to the provisions contained in the Condemnation Rules and receiving indent from the field offices, the Department purchased (between March and April 2005) 296 vehicles¹⁴ worth Rs 10.85 crore. Of these, 97 vehicles¹⁵ were purchased against non-existing (Community Health Centres)/vacant offices (Directorate and DRCH).

Further the vehicles were distributed among different organisations including private organisations¹⁶ (51), non-government organizations (six ambulances) and non-entitled officers (seven). There was no monitoring mechanism in the department. There was nothing on record to show that the vehicles were being utilized for the avowed purpose for which these were provided to private/non-government organizations.

As such Rs 10.85 crore was misutilised by purchasing vehicles without receiving the indents from field offices and against non-existing/vacant offices and their distribution to private/non-government organizations as well as government organizations without any definite purpose. Moreover, the fund was withdrawn from the contingency fund, wherefrom money can only be drawn for emergent and unforeseen expenditure and can not be postponed. No such conditions were existed in these cases. Thus, the drawal of money from contingency fund was in total disregard of the spirit of maintaining the fund.

Government stated (November 2007) that amounts were drawn from Contingency Fund as closure of financial year was near and the vehicles were purchased on the basis of report on condemned vehicles and distributed as per requirement in field.

The reply was factually incorrect as in one case the amount was drawn in October, when the Government had adequate time to include it in supplementary provision. Further, closing of the financial year was not pre-requisite for drawal from the Contingency Fund. Besides, condemnation report was not in accordance with the provisions of the Condemnation Rules and requirement was not on the basis of the indent received from the field offices.

¹⁴ Ambassador car-8, Tata Spacio-111, Ambulance-177

¹⁵ Tata Spacio-59, Ambessedor-7, Ambulances- 31

¹⁶ Ambulance-42, Tata Spacio-9

4.4.2 Misutilisation of funds

Vehicles provided by GOI for replacement of condemned vehicles for the operational purposes of Family Welfare Department were distributed to private institutions resulted in misutilisation of Rs 56.09 lakh.

Ministry of Health and Family Welfare, Government of India (GOI) sanctioned (January 2003) and provided (April 2005) ten Troop Carriers (TCs) and five ambulances valued at Rs 95.22 lakh (TCs: Rs 61.73 lakh and ambulances: Rs 33.49 lakh) to Health and Family Welfare Department (HFWD) of Jharkhand. These vehicles were provided for replacement of condemned vehicles for the operational purposes of family welfare like conducting health camp in the un-served and underserved areas and transporting medical equipments and medicines in the distant areas.

Scrutiny (March 2007) of records of HFWD disclosed that the Secretary, ordered (April 2005 to July 2005) for distribution of eight TCs and one ambulance to seven¹⁷ private institutions between June and December 2005. These vehicles were provided to private institutions without executing any agreement, terms and conditions of operation with them. The department did not put up in place any mechanism to ensure that the TCs and ambulance were put to use for the avowed purpose. Thus, distribution of these vehicles to private institutions defeated the purpose and resulted in misutilisation of Rs 56.09 lakh as it extended undue advantage to private institutions.

Government stated (November 2007) that private institutions had been directed to return the TCs as they failed to submit the utilisation of TCs to Government.

4.4.3 Idle/nugatory expenditure

Failure of the department to commence academic session and enrolments of students for imparting Ayurvedic System of education resulted in idle/nugatory expenditure of Rs 35.82 lakh.

Foreseeing the enormous potential of indigenous system of medicine in Jharkhand, Department of Health, Medical Education and Family Welfare ordered the establishment of Government Ayurvedic Pharmacy Colleges at Sahebganj and Gumla respectively during 2001-02.

A test check of records of Ayurvedic Pharmacy College, Gumla (May 2007) showed that the Ayurvedic pharmacy colleges could not be set up between 2002-03 and 2004-05 due to non-allotment of fund. The process of establishing the colleges was reinitiated by the Government and it accorded sanction of Rs 24.74 lakh in 2005-06 and Rs 45.87 lakh in 2006-07 (June 2006). Accordingly, an expenditure of Rs 35.82 lakh was incurred on establishment of college (Office expenses, Library, Equipment, Medicine, etc.).

¹⁷ Troop Carriers: 1. Tribal Social Welfare Society, Panchwati, Ranchi, 2. Cheshire Home, Bariatu, Ranchi, 3. Krishi Gram Vikas Kendra, Tatisilway, Ranchi, 4. Jharkhand Pradesh Chikitsha Manch, Doranda, Ranchi, 5. Maitri Brindawan Hospital & Research Centre, Marar, Ramgarh, 6. Principal, Suryamukhi Dinesh and Medical College, Ranchi, 7. Vikas Bharti, Bishunpur, Gumla.

Further, it was noticed that neither any guideline nor any time frame was formulated by the department for starting the session. As such no student was enrolled in the colleges since 2001-02.

Government stated (November 2007) that expenditure was incurred on college infrastructure. Reply was not acceptable as the expenditure was not incurred on college infrastructure but on office expenses, etc. and the department did not take necessary steps to make the Ayurvedic Pharmacy colleges functional.

HOME DEPARTMENT

4.4.4 Idle Investment on Mobile Forensic Vans

An expenditure of Rs 1.70 crore on purchase and fabrication of 18 stranded mobile forensic vans for over three years failed to achieve the purpose of speedy investigation and trials.

The 11th Finance Commission (2000-2005) earmarked Rs 2.28 crore for setting up of Mobile Forensic Science Units (MFSU) for accelerating forensic findings which would promote speedy investigation and trials of crimes in the State.

Additional Director General of Police (ADGP), Crime Investigation Department, Jharkhand submitted (June 2001) a proposal to the Government for setting up of MFSU. State Government sanctioned (February 2004) and allotted Rs 1.81 crore in March 2004. Accordingly, Director General of Police (DGP), Jharkhand, purchased (March 2004) 18 vehicles (Swaraj Mazda) for 18 districts of Jharkhand for Rs 1.12 crore. Scrutiny of records of DGP, Jharkhand and Director, State Forensic Laboratory (SFL), Ranchi disclosed that all the 18 Mobile vans were lying idle since March 2004 in respective districts due to non-availability of staff and incomplete fabrication of the van with the required equipment. Besides, Rs 0.58 crore was also spent on the fabrication of vehicles which included investigation kit, portable generator, video-camera, forensic reference books etc.

Director, State Forensic Science Laboratory accepted (March 2007) that no member of the required scientific staff¹⁸ was available for the mobile forensic units. It was also stated that these forensic vans were not handed over to the state forensic science laboratory.

Thus, an expenditure of Rs 1.70 crore on stranded mobile forensic vans failed to achieve the purpose of speedy investigation and trials of crimes.

In reply, Government stated (July and November 2007) that steps were initiated for procurement of scientific equipments, recruitment of trained manpower etc. The reply was not acceptable as objectives behind creation of MFSU were not served for more than three years.

¹⁸ Scientific staff required to run each unit:-one scientific officer, one scientific assistant, one photographer and one scientific assistant (FP).

CIVIL AVIATION DEPARTMENT

4.4.5 Nugatory expenditure

Failure of the Department in formulating working plan for providing initial flying training for hobby flying etc. resulted in nugatory expenditure of Rs 59.63 lakh towards pay and allowances of idle instructor/officials of Glider flying institute.

Glider flying institute was established (1991) in erstwhile Bihar with a view to providing initial flying training for hobby flying and joy ride flights. The institute, equipped with two gliders, was transferred to the Government of Jharkhand on creation of separate State in November 2000.

Scrutiny of records (May 2007) showed that neither was any initial training imparted nor any hobby flying/joy ride flights were undertaken between November 2000 and February 2007 (excluding joy ride flights for 36 hours during July 2005 to December 2005), although seven trainees were available in November 2000. Afterwards no training was imparted till March 2007. Pay and allowances of two instructors and six officials amounting to Rs 59.63 lakh were however, paid as of March 2007.

Thus, failure of the Department in formulating a working plan for providing initial training for flying etc defeated the purpose for which the institute was established and also resulted in nugatory expenditure of Rs 59.63 lakh between 2000-01 and 2006-07.

The matter was reported to the Government (July 2007); and they agreed (November 2007) to take corrective measures.

CABINET SECRETARIAT AND CO-ORDINATION DEPARTMENT

4.4.6 Idle/nugatory expenditure

Creation of a post of Special Representative with support staff and disbursement of pay and allowances, thereon, without assigning any duty resulted in nugatory expenditure of Rs 49.42 lakh.

Consequent upon creation (November 2000) of Jharkhand, post of a Resident Commissioner (RC) and supporting staff for Jharkhand Bhawan, New Delhi were sanctioned (2001). The RC was responsible to facilitate the arrangement for lodging and boarding of visiting dignitaries of the State. Besides, RC was to co-ordinate between the State and Central Government as the representative of the State. Further a Special Representative (SR) with three co-terminus supporting staff was also appointed (June 2001). SR was given the status of State Minister. The Chief Administrative Officer (CAO), Jharkhand Bhawan, New Delhi was declared drawing and disbursing officer for their pay and allowances.

Scrutiny (July 2007) disclosed that SR was not assigned any duty, although a sum of Rs 49.42 lakh was paid to him and his staff between April 2002 and June 2007 towards pay and allowance and incidentals. Thus, payment to SR and other staff

without assigning and performing any duty resulted in idle/nugatory expenditure of Rs 49.42 lakh.

On being pointed out, RC stated that a letter had already been written to the Government regarding function, responsibilities and duties of SR. The response, as stated by RC, was awaited.

The matter was reported to the Government (August 2007); their reply had not been received (November 2007).

WATER RESOURCES AND ROAD CONSTRUCTION DEPARTMENTS

4.4.7 Nugatory expenditure

Failure to provide work and to utilise the services of the idle staff elsewhere resulted in nugatory expenditure of Rs 7.71 crore in Kadhwan Bandh Division, Garhwa and National Highways (Mechanical) Division, Hazaribagh

Kadhwan Bandh Division, Garhwa

Kadhwan Bandh Division established for the construction of Kadhwan Bandh was transferred (April 2000) from Sasaram to Garhwa following reallocation (April 2000) of working jurisdictions of the divisions falling under different zones headed by Chief Engineers. Subsequently bifurcation of the states of Bihar and Jharkhand took place in November 2000.

Scrutiny (February 2006) of records of Executive Engineer, Kadhwan Bandh Division, Nagarutari, Garhwa showed that no work was allotted to the division since its establishment (April 2000) in Garhwa. This resulted in the division remaining idle for seven years since its establishment in Jharkhand while Rs 4.25 crore as salary on employment of 52 officials (including seven engineers) and Rs 5.77 lakh as office expenses were paid between April 2000 and March 2007. Thus, the entire expenditure of Rs 4.83 crore without work proved to be nugatory.

National Highways (Mechanical) Division, Hazaribagh

Engineer-in-Chief, Road Construction Department issued instructions (January 2002) that bituminous work within a radius of 40 km of any Government Hot Mix Plant (HMP) would not be tendered and the same would be done by the respective Mechanical Divisions of the department unless they express their inability to execute the job.

Scrutiny of the records of the Executive Engineer, National Highways (Mechanical) Division, Hazaribagh showed that the division had two HMPs with allied machineries worth Rs 1.51 crore but no work was allotted to the division during 2004-07, while an expenditure of Rs 2.73 crore was incurred as salary on employment of 72 staff including six engineers. Besides, Rs 15.41 lakh was also incurred on repair and maintenance of machineries during the same period though they were not put to any use before and after repair for want of work. Thus, the entire expenditure of Rs 2.88 crore without work proved wasteful.

Government stated (November 2007) that staff of Kandhwan Bandh Division, Garhwa, would be gainfully employed in other divisions and Hot Mix Plants of N H (Mech) Division, Hazaribagh would be activated.

4.5 Regularity issues and other points

FINANCE DEPARTMENT

4.5.1 Excess/short payment of pension

Overpayments of pension/family pension aggregating Rs 1.12 crore and short payment of pension and family pension of Rs 10.23 lakh were noticed in 57 branches of banks in four districts.

According to provisions contained in the scheme for payment of pension of State Government civil pensioners by Public Sector Banks (PSBs), the District Treasury Officers (DTOs) are required to send their specimen signatures and facsimiles of their special seals to the link branches duly countersigned by the Manager/Agent of the State Bank of India of the place, conducting government business. This enables the link branches to ensure the genuineness of the Pension Payment Orders (PPOs). Link branches in turn are required to maintain an Index Register for recording receipt of PPOs from Treasury and transfer it to Paying branches, who pay the pension. The Paying Branches are required to maintain 'Pension Payment Register' (PPR) and enter every payment of pension from time to time. The paying branches are required to obtain life certificate, non-employment, re-employment, re-marriage and non-marriage certificates from the pensioners/family pensioners in the month of November every year. Pension payments made from time to time by the paying branches were to be entered in the PPOs and authenticated by the authorised officer of the branch.

Test check of the records of 20 link as well as paying branches and 37 only paying branches of PSBs located in Ranchi, Gumla, Hazaribagh and Jamshedpur districts during February-March 2006 and August 2006-September 2007 disclosed the following:

(A) Non-adherence to prescribed procedures and improper record keeping

Facsimiles of special seal were not sent by any of the four DTOs to any of link branches. The PPOs were forwarded to link branches without embossing the special seal on the forwarding letters. In the absence of the same, the check exercised to prevent presentation of false PPOs was rendered ineffective. Index register was not maintained by 11 out of 20 link branches. Paying branches were neither maintaining PPR nor were the entries being done in PPOs, as such, pension paid as reported in monthly scroll of the banks could not be checked. Further, numbers of PPOs retained by the paying branches also could not be ascertained. However, in 18 paying branches, 393 PPOs were retained against which payment was not being made. In four paying branches, Rs 22.76 lakh was paid between April 2001 and April 2006 to 21 pensioners without obtaining the

life certificates. In three cases, though the pensioners expired, the accounts of the deceased pensioners continued to be credited irregularly amounting to Rs 4.87 lakh.

(B) Denial of benefit to the pensioners outside the jurisdiction of Ranchi Treasury

The State Government implemented (July 2004) merger of the 50 *per cent* of Dearness Relief with pension as per the instruction (March 2004) of GOI.

It was noticed that though the merger of 50 *per cent* Dearness Relief was effected (June 2005) in some paying branches of State Bank of India under jurisdiction of Ranchi Treasury, pensioners drawing family pension from other banks or out side the jurisdiction of Ranchi Treasury were deprived of this due benefit. On this being pointed out, Finance Department issued clarification (August 2007) for allowance of the benefit by all Treasuries/Banks.

(C) Excess/short payment of family pension

According to provisions of State Civil Services (Pension), Rules 1964, when a government servant dies, while in service, after completion of seven years of service, his/her family is entitled to a family pension at double the normal rate or 50 *per cent* of the pay last drawn, by the deceased government servants, whichever is less, for a period of seven years from the date following the date of death or till the date on which the government servant would have attained the age of 65 years, had he/she remained alive, whichever is earlier. Further, family pensioners employed in Central/State Governments, State Government Undertakings or Autonomous bodies are not eligible for Dearness Relief (DR) and Medical Allowances (MA).

In 169 cases, excess payment of family pension of Rs 60.81 lakh including MA/DR was made by paying branches between March 1997 and August 2007 in four districts while in 15 cases short payment of Rs 4.05 lakh was made.

(D) Excess/short payment of pension due to application of incorrect rate

Amount of pension credited to pensioners' account should be in accordance with the rate prescribed in the PPO. In 31 cases Rs 7.29 lakh (*Appendix 4.1*) was paid in excess by 20 paying branches while in 28 cases, Rs 4.63 lakh (*Appendix 4.2*) was short paid in 15 paying branches due to application of incorrect rate.

(E) Excess/short payment due to non-adjustment of commuted portion of pension

According to provisions of State Civil Services (Commutation of Pension) Rules, 1996 the amount of originally sanctioned pension is to be reduced by the amount of pension commuted from the date of payment of lump sum commuted value of pension or after three months from the date of issue of authority for commuted value, whichever is earlier. Commuted portion of the pension is required to be restored after 15 years. In 111 cases Rs 39.16 lakh (*Appendix 4.3*) was paid in excess by 38 paying branches due to non-deduction of commuted portion of pension on due dates, while in six cases commuted portion of pension

was not restored after 15 years resulting in short payment of Rs 0.76 lakh. In four cases, reduction on account of commutation of pension was made from family pension resulting in short payment of Rs 0.79 lakh.

Government stated (November 2007) that instruction had been issued to DTOs and Regional Heads of PSBs for taking corrective measures.

FOREST AND ENVIRONMENT DEPARTMENT

4.5.2 Non/short raising of demand for net present value

Divisional Forest Officer, Saraikela Forest Division failed to raise demand for net present value amounting to Rs 11.96 crore for diversion of forest land for non-forest use.

Under the provisions of the Forest Conservation Act, 1980 for utilisation of forest land for non forest purposes, Net Present Value (NPV) of the land including Compensatory Afforestation would be recovered at the rate fixed by Government from time to time and will be deposited by user agency with the Compensatory Afforestation Fund Management and Planning Authority (CAMPA) fund.

Scrutiny (January 2007) of records of Divisional Forest Officer (DFO), Saraikela Forest Division, (Chaibasa), disclosed that the Central Government had agreed in principle in August 2006 for diversion of 139.192 hectares of forest land to Waterways Division, Chaibasa. The land was required for construction of Suru Reservoir in the district Saraikela-Kharsawan. Further, as per condition of the approved proposal, the State Government was required to charge NPV from the user agency. But no demand for NPV was raised by the department. This resulted in non-raising of demand for NPV amounting to Rs 11.54 crore.

After this was pointed out in January 2007, the DFO raised demand for Rs 11.54 crore in February 2007 and realised Rs 9.85 crore and deposited in CAMPA Fund in April 2007. Further, reply on recovery had not been received (November 2007).

The rate of NPV was further revised (September 2003) and as per order of the Supreme Court (order issued by the CAMPA in October 2006) for those cases where final approval had been granted on or after 30 October 2002, NPV are to be realised retrospectively irrespective of the date of the principle approval.

The Central Government had accorded in principle approval for transfer of 9.1109 hectares of forest land to user agency in 1997 and accorded final approval in April 2005. The department raised demand for Rs 28.32 lakh in September 1999 against the user agency but failed to raise the revised demand. This resulted in short raising of NPV amounting to Rs 42.11 lakh. After this was pointed out in January 2007, the DFO raised demand in April 2007. Further, reply had not been received (November 2007).

The matter was reported to the Government in April 2007; reply had not been received (November 2007).

4.5.3 *Loss of interest due to non-adherence to GOI's guidelines*

Non-adherence to the clarification issued by Government of India (GOI) by the Divisional Forest Officer (DFO) resulted in loss of interest of Rs 3.48 crore.

With a view to implement Government of India's (GOI) approved development projects (Non-Forestry), Ministry of Environment and Forest issued clarification (March 2004) that funds received from User Agencies against Compensatory Afforestation, Net Present Value (NPV), Catchment Area Treatment Plan etc are to be kept in the form of fixed deposit in a nationalized bank in the name of Divisional Forest Officer (DFO) concerned or the Nodal Officer till Compensatory Afforestation Management and Planning Agency (CAMPA) is constituted.

Scrutiny of records (November 2006) of DFO, Bokaro, showed that Central Coalfield Limited (CCL) deposited Rs 22.22 crore during June to December 2003 against Compensatory Afforestation, NPV, Catchment Area Treatment Plan etc to DFO, Bokaro. It was kept (June 2003 to November 2006) under relevant heads (8235 and 8782) by DFO, Bokaro. Keeping the fund under relevant heads by the DFO, Bokaro during April 2004 to November 2006, even after clarification issued by GOI, resulted in loss of interest amounting to Rs 3.48 crore (calculated at the rate of six *per cent* per annum).

On this being pointed out (November 2006) DFO, Bokaro stated that amount was kept under relevant heads as there was no guideline regarding deposit of funds received from the User Agency against Compensatory Afforestation, NPV, Catchment Area and Treatment Plan etc. The Reply was not acceptable as DFO, Bokaro did not take any action to transfer the fund into fixed deposit in nationalised banks even after issue of clarification of GOI on CAMPA Fund (March 2004).

Thus, non-adherence to the clarification issued by GOI by the DFO, Bokaro resulted in loss of interest of Rs 3.48 crore as of November 2006.

The matter was reported to the Government (May 2007); their reply had not been received (November 2007).

RURAL DEVELOPMENT DEPARTMENT

4.5.4 *Non-realisation of sale proceeds of empty gunny bags*

Non-realisation of sale proceeds of empty gunny bags from the executing agencies in violation of instruction issued by the GOI resulted in loss of Rs 2.51 crore.

Government of India (GOI) provides food grains (rice and wheat) for distribution to labourers in execution of Sampoorna Gramin Rojgar Yojana (SGRY) and National Food for Work Programme (NFFWP). SGRY and NFFWP guidelines envisage that the gunny bags in which food grains are received for distribution under the programme would be disposed off in accordance with the prescribed procedure in the

state and sale proceeds of the same can be used for making payment towards the transportation cost/handling charges.

Scrutiny of records (between March 2006 and October 2006) relating to lifting and distribution of food grains of eight District Rural Development Agencies (DRDAs)¹⁹ disclosed that 20,88,033.50 quintal food grains were lifted by executing agencies in 41,76,067 gunny bags during 2001-2006. According to instruction issued (November 2004) by the Disaster Management Department the cost of gunny bags having capacity of 50 kg is Rs 6 per bag and of those having capacity of 100 kg is Rs 12 per bag. In case, disposal of bags is not possible at the above mentioned rates then these bags can be disposed off by open auction. The State Government did not prescribe till May 2007 any procedure for disposal of empty gunny bags, therefore, cost of 41,76,067 gunny bags at the rate of Rs 6 each amounting to Rs 2.51 crore was not realised from the executing agencies and not utilised for making payment towards the transportation cost/handling charges of bags in violation of instruction issued by the GOI.

On this being pointed out (March-September 2006), Deputy Development Commissioners (DDCs) accepted the fact and stated that correspondence was being made with executing agencies for realisation of cost of empty gunny bags.

The matter was reported to the Government (May 2007); their reply had not been received (November 2007).

HOME (JAIL) AND BUILDING CONSTRUCTION DEPARTMENTS

4.5.5 Non-refund of doubly drawn fund

Disregard of codal provisions resulted in non-refund of excess drawn fund of Rs 60 lakh even after lapse of more than seven years besides irregular expenditure of Rs 5.20 lakh on purposes not covered by the sanction.

According to paragraph 437 of Bihar Public Works Account Code (adopted by Government of Jharkhand) for Deposit Works, the department which proposes any work accords administrative approval and advances the gross estimated expenditure to the executing department/agency either in one lump sum or in instalments. The Divisional Officer, who receives the money, should refund the unspent balance within six months of completion of the work.

Scrutiny (January 2007) of records of the Executive Engineer (EE), Building Construction Division No I, Ranchi disclosed that the Building Construction Department (BCD) administratively approved (AA) (Rs 58.37 lakh in March 1997 revised to Rs 1.34 crore in May 2002) and released Rs 1.26 crore between 1997 and 2003 for construction of three male prisoners' barracks at Khunti Sub Jail. The EE spent Rs 1.17 crore up to January 2003.

Against the same AA, the Home (Jail) Department also released (March 1999) Rs 60 lakh for the same work to the EE through Jail Superintendent Khunti though the work was already in progress and the fund had already been drawn by

¹⁹ Chatra, Dumka, Koderma, Lohardaga, Giridih, Godda, Gumla and Simdega

the BCD. Thus, the funds for the same work were drawn twice, once released by the BCD and then by the Home (Jail) Department, bypassing the budgetary process. Instead of ensuring refund of the amount, the Inspector General (Prisons), in defiance of codal provisions, directed (November 2006) the EE to utilise Rs 42.59 lakh out of the fund released by the Home (Jail) Department for meeting expenditure on electrification, sanitation, construction of toilets etc in the residences of Superintendent, Medical Officer in the Khunti Sub Jail for which there was no AA. Of this, expenditure of Rs 5.20 lakh had already been incurred while Rs 54.80 lakh remained blocked.

Thus, disregard of codal provision resulted in non-refund of amount of Rs 60 lakh, which remained blocked for more than seven years besides irregular expenditure of Rs 5.20 lakh for purposes other than those covered by the sanction.

The Building Construction Department stated (November 2007) that Rs 54.80 lakh had been refunded (November 2007) to Jail Superintendent, Khunti at the instance of audit. Action taken by Home (Jail) Department was awaited (November 2007).

HEALTH, MEDICAL EDUCATION AND FAMILY WELFARE DEPARTMENT

4.5.6 Non-realisation/adjustment of advances

Non-adherence to Financial Rule by the District Reproductive Child Health Society, Ranchi led to non-realisation/adjustment of advances of Rs 38.34 lakh which was fraught with the risk of suspected misappropriation/defalcation.

Pulse Polio Immunization Programme (PIIP) was launched (1999-2000) by Government of India (GOI) for eradication of Polio. PIIP was to be implemented through Primary Health Centres (PHCs). Funds provided by GOI to State Reproductive Child Health (SRCH) Society, Namkum, Ranchi were to be made available to PHCs for its implementation. A separate register was to be maintained for watching disbursement of advances received. Unspent amount and original vouchers were to be submitted by each PHC to SRCH Society at the district level.

Scrutiny of records (March 2007) of District RCH Society, Ranchi revealed that the Society received Rs 1.70 crore during 2001-04 and advanced it (between December 2001 and February 2004) to 20 PHCs for implementation of the programme during the said period.

Neither original vouchers nor unspent amount of Rs 38.34 lakh were refunded by PHCs to respective district RCH societies even after a lapse of three to five years. Reasons for not refunding the unspent balance were not on record. No steps for recovery/adjustment of the said amount were taken by the department as of March 2007.

Thus, lack of proper watch over recovery/adjustment of advances by District RCH Society led to non-realisation/non-adjustment of advances of Rs 38.34 lakh from

PHCs for three to five years and is, therefore, fraught with the risk of suspected misappropriation/ defalcation.

The matter was referred to the Government (August 2007). Government replied (October 2007) that efforts were being made from time to time for recovery/adjustment of the advances to PHCs.

The reply was not tenable as vouchers for Rs 38.34 lakh were not available either in PHCs or District Office, Ranchi.

4.6 GENERAL

Follow-up on Audit Reports

4.6.1 Non-submission of Explanatory (Action taken) Notes

According to instruction issued (September 2005) by the Finance Department, Government of India, the administrative departments are required to submit explanatory notes on paragraphs and reviews included in the audit reports within three months of presentation of audit report to the legislature, without waiting for any notice or call from the Public Accounts Committee, duly indicating the action taken or proposed to be taken.

As of September 2007, 29 departments had not submitted explanatory notes (action taken notes) in respect of 117 paragraphs/reviews out of 134 paragraphs for the years 2000-01 to 2005-06 (*Appendix 4.4*). Of these 33 explanatory notes (29 per cent) were due from Road Construction and Rural Development Departments

4.6.2 Action taken by the Government

Government/Heads of Departments have to take necessary remedial action on the points mentioned in the Reports of the Comptroller and Auditor General of India.

Scrutiny of compliance of the action taken on the irregularities/system deficiencies in five cases in five departments pointed out in the Audit Reports for the year 2001-02 to 2004-05 disclosed that the same nature of shortcomings/deficiencies still persisted as discussed below:

<p>Non-realisation of cost of deployment of police forces to public or private undertakings</p>	<p>Mention was made in para 3.8 of Audit Report of 2001-02 about non-recovery of Rs 0.54 crore on account of cost of services of Police forces from Public or private undertakings by SP, Dhanbad.</p> <p>Further scrutiny disclosed that Rs 1.52 crore could not be realized by SP, Dhanbad and Ranchi from various Public or private undertakings where Police forces were deployed between 3/93 and 3/06. In reply the Government stated (November 2007) that defaulting bodies had been reminded to clear the dues.</p>
<p>Less expenditure on wage component of</p>	<p>Mention was made in para 4.5.1 of Audit Report of 2002-03 about less expenditure on wage component under</p>

employment generation schemes	<p>Employment Assurance Scheme in East Singhbhum and Janshedpur (West Singhbhum) districts. In schemes executed during 1997-98 to 2003-04, only 28 <i>per cent</i> (Rs 1.22 crore out of Rs 4.40 crore) was incurred on wages against provision of 60 <i>per cent</i>, rendering the selection of schemes un-justified.</p> <p>Further, during 2006-07, wage component was declined under National Rural Employment Generation Scheme where it ranged between 19 and 24 <i>per cent</i> as against 60 <i>per cent</i>.</p>
Construction of bridges without acquiring land for construction of approach road	<p>Mention was made in para 4.2.1 and 4.2.2 of Audit Report of 2004-05 about unfruitful expenditure of Rs 6.04 crore on two idle bridges constructed by Road Construction Division, Bokaro and Chaibasa where approach road in one case and a portion of bridge along with approach road in other case could not be constructed due to non-acquisition of required land prior to commencement of bridge work.</p> <p>Further, Rural Development Special Division, Ranchi spent Rs 93.66 lakh on construction of a bridge where approach road could not be constructed due to non-acquisition of land and rendering the expenditure unfruitful.</p>
Non-realisation of loan from beneficiaries	<p>Mention was made in para 5.1.10 of AR 2002-03 that 589 buses were purchased in 2001-02 at Rs 39.93 crore for distribution among group of beneficiaries in Meso areas under income generating scheme.</p> <p>Ten <i>per cent</i> (Rs 3.99 crore) of cost of the buses was as loan and to be recovered from the group. As of March 2007 loan amounting to Rs 4.79 crore (Principle: Rs 3.93 crore, interest: Rs 0.80 crore) could not be realized during five years. The Government stated (November 2007) that Rs 14.19 lakh had been recovered and instructions were being issued for early recovery of dues.</p>
Non-adjustment of outstanding temporary advances	<p>Mention was made in 5.2 of AR 2001-02 and para 3.2.6 of AR 2003-04 about temporary advance of Rs 6.43 crore (March 2002) and Rs 7.47 crore (March 2004) which was outstanding against officials of Ranchi University.</p> <p>Further scrutiny (August 2007) revealed that Rs 30.78 lakh became irrecoverable, out of advances lying pending for adjustment as on March 2004, as these were outstanding against retired/expired/transferred officials. The department accepted (November 2007) the point and stated that directions were being issued to all concerned.</p>

4.6.3 Action not taken on recommendations of the Public Accounts Committee

According to instruction issued (September 2005) by the Ministry of Finance, GOI, all administrative departments and the Heads of Departments were to submit the Action Taken Notes (ATNs) on the recommendations of the Public Accounts Committee (PAC) within six months from the date(s) of receipt of recommendations. As of September 2007, 57 paras were discussed by the PAC and recommendations were made against 22 paras between November 2000 and March 2007. Of these, only in two cases ATNs were received.

4.6.4 Lack of response to Audit

The Accountant General (Audit) arranges to conduct periodical audit inspections of the 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). A half-yearly report of pending IRs is sent to the Secretary of the Department concerned to facilitate monitoring of the audit observations and its disposal. The Heads of offices and the next higher authorities are required to comply with the observations contained in the IRs and rectify the defects promptly and report their compliance to the Accountant General (Audit)

The status of pendency of IRs/Paragraphs at the end of June 2005, June 2006 and June 2007 is shown below:

	Pending as at the end of		
	June 2005	June 2006	June 2007
Number of IRs	8793	3922	4319
Number of paragraphs	41135	22458	24427

Of the 4319 IRs/24427 paragraphs pending as on 30 June 2007, even first replies had not been received in case of 1471 IRs/8588 paragraphs. The year-wise break-up of these IRs and paragraphs is indicated in *Appendix 4.5*. The Principal Secretaries/Secretaries, who were also informed of the position through half yearly reports, could not ensure prompt and timely action by the concerned officers. Lack of action on audit IRs and paras resulted in continuation of serious financial irregularities and loss to Government.

4.6.5 Constitution of Audit Committees

On the basis of the recommendations of Shakhder Committee (High Powered Committee) Finance department constituted (February 2005) a State level audit committee at apex level to develop internal audit system of all departments. The Chief Secretary was designated as the Chairman, the Principal Secretary, Finance department as member (co-ordination), all departmental Secretaries and the Accountant General as members of the committee. The committee met once in June 2007. No information was furnished by the Government regarding formation of audit committees at Department level and District level. However, Home Department held (August 2007) an audit committee meeting for disposal of audit objection.

Further, on initiation from the Accountant General, Audit Committees, comprising the Head of the field and zonal offices and the representatives of Accountant General were formed in 11 departments of Government of Jharkhand, for expeditious settlement of the outstanding inspection reports. Audit Committee meetings were held on 26 occasions from July 2006 to February 2007. As a result, 766 paragraphs and 36 IRs were settled. Principal Secretary/Secretary and representatives of Finance Department, however, did not take part in audit committee meetings though informed. In two cases Rs 2.14 lakh was recovered at the instance of audit.

This indicates lack of seriousness on part of these departments in rectifying the deficiencies pointed out by audit.

It is recommended that Government should (i) constitute audit committees at department and district level, (ii) conduct audit committee meetings regularly for speedy settlement of pending IRs and paras (iii) ensure timely and proper response to the IRs of the Accountant General and (iv) effect recoveries pointed out in the Inspection Reports, promptly.