

CHAPTER IV

Audit of Transactions

4.1 Fraud/Misappropriation/Embezzlement/Losses

Public Health Engineering Department

4.1.1 Fraudulent withdrawals from General Provident Fund

Fraudulent withdrawals from General Provident Fund amounting Rs.3.97 lakh in the office of the Executive Engineer, Public Health Engineering Division, Bhopal was facilitated due to non-exercising of prescribed checks by DDO/TO.

As per Rule 15 and 16 of Madhya Pradesh General Provident Fund (GPF) Rules 1965, a subscriber has to apply to the Drawing and Disbursing Officer (DDO) concerned for Temporary Advance/Part Final Withdrawal from his GPF Account. After the amount of advance/part withdrawal is sanctioned by the DDO, a bill is prepared and sent to Treasury for passing and issuing cheque to DDO for disbursement.

Further Rule 165 of Madhya Pradesh Treasury Code stipulates that Treasury Officer should take special care in cases where any additions/alterations in bills/documents are observed. He should not accept and authorize the payment on any document/bill with any overwriting or cutting. Similarly, Rule 12 of Madhya Pradesh Financial Code stipulates that Controlling Officer is responsible for prevention and detection of errors and irregularities and to guard against loss.

Scrutiny of debit vouchers for the months October 2006 and August 2007 to October 2007 relating to Public Health Engineering Division, Bhopal revealed that withdrawals from GPF account as given in the following table were passed by the Treasury Officer, District Treasury Bhopal and disbursed by the DDO-the Executive Engineer, Public Health Engineering Division, Bhopal despite overwriting on the bills. Audit also observed that the bills were supported by fake sanction orders.

Vr. No.	Month/Year	Voucher Amount	Name of Subscriber affected	Series & Account No.	Fraud Amount (Rs.)
89	10/2006	1,25,000	S.K. Malviya	PHE-105709	1,25,000
49	08/2007	1,50,000	Pradeep Kumar Saxena	PHE-104370	1,35,000
16	09/2007	1,47,000	O.P. Tiwari	PHE-104508	47,000
25	10/2007	1,08,500	Mohan Singh Thakur	PHE-107185	90,000
				Total	3,97,000

When pointed out, the Executive Engineer, Public Health Engineering Division Bhopal (March 2008) confirmed the fraudulent withdrawals by tampering/manipulation of the original sanction orders and related vouchers by an official of the division. Fraudulent withdrawals to the tune of Rs.3.97 lakh were thus made as detailed above.

The Executive Engineer also intimated that out of total fraudulent withdrawal of Rs.3.97 lakh, an amount of Rs.1.82 lakh has already been deposited into treasury through challan (February 2008).

Thus failure of the Treasury Officer, District Treasury Bhopal and the concerned DDO to exercise the required checks on bills facilitated fraudulent withdrawal of funds.

The matter was referred (September 2008) to the Finance Department; reply had not been received (October 2008).

School Education Department

4.1.2 Loss due to excess procurement of books

Excess requisition of books by DPC, Shajapur, resulted in loss of Rs.53.98 lakh

Under Sarva Shiksha Abhiyan, free text books are distributed to all students from class one to five and also to all the girls and boys belonging to SC/ST/BPL families, studying in class six to eight in Government schools.

Scrutiny (March 2008) of records of District Project Coordinator (DPC), Zila Shiksha Kendra, Shajapur revealed that the text-books were requisitioned far in excess of the number of students enrolled in each class every year during 2003-04 to 2007-08 which resulted in books costing Rs.53.98 lakh lying undistributed as mentioned below:-

Session	No. of students enrolled	Set of books requisitioned and received	Set of books distributed	Set of Books lying undistributed	Cost of books lying undistributed (Rupees In lakh)
2003-04	141060	155359	141060	14299	6.77
2004-05	164002	180826	164002	16824	7.67
2005-06	159180	191356	159180	32176	19.57
2006-07	171521	178305	176275 ¹	2030	0.81
2007-08	162220	177600	157466	20134	19.16
Total				85463	53.98

Further no action was taken to transfer the excess books to other districts/schools where these books could have been used for students.

¹ Out of 176275 sets, 4754 sets were distributed during 2007-08.

On this being pointed out in audit, the Government stated (July 2008) that the district offices had requisitioned the books on estimated requirement and the undistributed books were kept safely and utilized in the session 2007-08. The reply was not acceptable as the distribution statement for the year 2007-08 indicated that only 4,754 sets were utilized during 2007-08. Further DPC informed (August-September 2008) that the syllabus was changed during 2005-06 and 2007-08 academic session. Undistributed books lying at district office (weight 5 tonnes) were sold (September 2005) as unusable material (raddi) at a cost of Rs.20,450 and 22,143 undistributed sets lying at block level offices are in process of sale as unusable material.

Thus, the requisition of books on the basis of the estimates instead of actual enrolment of students and non adjustment of number of undisbursed books of preceeding year from the requisition of succeeding year was not only injudicious but also resulted in loss of Rs.53.98 lakh to Government.

4.2 Excess/Wasteful/Infructuous/Unfruitful expenditure

Finance Department

4.2.1 (A) Excess payment of Rs.94.14 lakh to family pensioners

Due to non observance of instruction of Director Treasuries and Accounts by Treasury Officers, excess payment of Rs.94.14 lakh to family pensioners by banks could not be prevented.

As per rule 47 of M.P. Pension Rules, family pension at enhanced rate is payable for a period of seven years or till the date on which the Government Servant would have attained the age of 67 years, had he survived, whichever is earlier. In order to ensure that no excess payment of pension is made by the nationalized banks to the pensioners/family pensioners, Director, Treasuries & Accounts, Madhya Pradesh, Bhopal had instructed (August 2000) all Treasury Officers in Madhya Pradesh to check two per cent of the total number of pension cases in the district every month and to maintain a register in the prescribed format to record the results of checking. In case difference between the amount of pension calculated by the treasury and the amount paid by any bank's branch is noticed in more than one per cent cases, the entire pension cases of the bank's branch were to be examined in detail.

Scrutiny of the records relating to pension payments in 34 out of 53 treasuries in the State revealed that the register in the prescribed format showing the result of prescribed check was not maintained in treasuries. It was also seen that the nationalized banks continued to make payment of family pension at enhanced rates to the family pensioners even after the specific date in terms of provisions of Rule 47 of M.P. Pension Rules. This resulted in excess payment

of family pension amounting to Rs.94.14 lakh to the family pensioners as detailed in the **Appendix 4.1**. Had the Treasury Officer observed the *ibid* instruction, the excess payments could have been avoided.

Non-observance of orders issued by the Director, Treasuries and Accounts by the Treasury Officers and consequent excess payment of Rs.94.14 lakh to 477 pensioners during the period from July 1998 to March 2008 was communicated from time to time to the concerned treasury officers through the inspection reports of the concerned treasuries, State Finance Department and Commissioner Treasuries and Accounts, M.P., Bhopal. But only Rs.17.23 lakh were recovered so far.

Matter was referred to Government in March 2008; reply had not been received (November 2008).

(B) Non recovery of overpayment of commuted value of pension of Rs.78.14 lakh from Pensioners

Overpayment of Rs.78.14 lakh made to pensioners due to wrong interpretation of Rule 8 of M.P. Civil Pension (Commutation of Pension) Rules 1996 was not recovered despite instructions of Finance Department.

As per provisions of Rule 8 of M.P. Civil Pension (Commutation of Pension) Rules 1996 the pensioner will get commuted value of Pension as per table given there under. Government of Madhya Pradesh, Finance Department clarified (October 2002) that calculation of commuted value of pension is to be done keeping in view the value of pension at the age and the year in which reduction in pension has started. It was also directed that recovery may be made in cases where overpayment was made due to wrong interpretation of rule 8 of M.P. Civil Pension (Commutation of Pension) Rules 1996. Special attention was to be given in cases of pensioners who retired after January 1996 and whose pension was revised after 1 March 1998 wherein revised commuted value was also paid (as per recommendation of Fifth Pay Commission).

Out of total 53 treasuries in Madhya Pradesh the scrutiny of the records of 36 treasuries revealed that an over payment of Rs.78.14 lakh was made to the pensioners due to payment of commuted value of pension at the rates applicable on the dates of retirement instead of at the rates applicable on the date from which reduction of pension was actually started (**Appendix 4.2**). It was further observed that the recovery of such overpayments has not been made so far despite Finance Department's clear instructions.

The matter regarding non recovery of overpayment of commutation of Pension was brought to the notice of Government (October 2008); the reply had not been received (November 2008).

Narmada Valley Development Department

4.2.2 Excess payment for watering and compaction of earth work

Double payment for watering and compaction of earthwork resulted in excess payment of Rs.38.98 lakh.

Balance work² of Right Bank main canal of Bargi Diversion project in reduced distance (R.D.) Km. 42.00 to 50.00 was awarded (September 2004) to a contractor on an item rate contract at tendered rate of Rs.25.43 crore (evaluated at 16.61 *per cent* above the estimated cost). The work scheduled for completion by August, 2005 was still in progress (March 2008) and payment amounting to Rs.23.81 crore was made to the contractor in July 2008 for his 37th running bill.

Item 4 (a) of the Schedule of quantities, forming part of the agreement, provided earth work for bund and canal embankments as per dam specifications. It included all lead and lifts of materials and all other charges for watering and compaction of earth work at optimum moisture content (OMC) to achieve dry density not below 90 *per cent* by sheep foot roller (SFR) as per specifications. The contractor quoted a rate of Rs.63 per cum for this item. Item 4 (a) was for execution of earth work *using borrowed soil* including watering and compaction of earth work.

Another item 4(b) provided watering and compaction of earth work at OMC to achieve dry density not below 90 *per cent* by SFR as per specifications and as directed by Engineers-in-charge. The contractor quoted a rate of Rs.18 per cum for this item. Item 4 (b) was meant for watering and compaction of embankment constructed with soil obtained from canal excavation.

Scrutiny (June 2007) of records of Executive Engineer (EE), Narmada Development Division No.1 Panagar district, Jabalpur, revealed that the contractor executed 216535.80 cum earth work for canal embankments using borrowed soil and was paid Rs.1.36 crore @ 63 per cum under item 4 (a) which was inclusive of the item of watering and compaction. He also executed 53990.72 cum of earthwork with soil obtained from canal excavation under item 4(b). The item of watering and compaction for this quantity was payable at Rs.18 per cum only. However, watering and compaction of 216535.80 cum of borrowed soil was again included in the total quantity (i.e. 270526.52³ cum) of watering and compaction under item 4 (b).

² Of excavation, earth work cement concrete lining and construction of structures of minors and distribution system

³ 270526.52 cum = 216535.80 cum + 53990.72 cum

Thus payment for watering and compaction of 216535.80 cum earth work was made twice. This resulted in excess payment of Rs.38.98 lakh to the contractor.

The Government accepted the audit observations and directed (August 2008) to recover the excess payment from the bills of the contractor. However, the recovery particulars are awaited (November 2008).

Panchayat and Rural Development Department

4.2.3 Nugatory expenditure due to incorrect selection of road

PMGSY road work executed on railway lands without obtaining permission from Railway Authorities, had to be abandoned mid way resulting in nugatory expenditure of Rs.39.82 lakh.

According to Government of India's guidelines for Pradhan Mantri Gram Sadak Yojana (PMGSY), the prime objective of the scheme is to provide connectivity by all weather roads to unconnected rural habitation. Madhya Pradesh Rural Road Development Authority (MPRRDA) is the nodal agency for implementation of PMGSY in the State.

According to the approved estimates, for PMGSY package no. MP 2003 of district Katni, three roads in 13.60 km length, were to be constructed upto bituminous topped surface. One road from New Katni junction to Padariya village was to be constructed in 3 Km. length, of which 1.8 Km. length was passing through a railway colony.

The work was awarded (May 2002) to contractor "A" for completion within 9 months excluding rainy season without obtaining prior permission of the Railway authorities for the road length passing through the railway colony.

Audit scrutiny (May 2007) revealed that during the progress of work the railway authorities objected (November 2002) to the construction of traffic bearing roads through their colony. By that time an expenditure of Rs. 30.29 lakh was incurred on construction of the road.

The efforts made by the District Collector, Jabalpur (January 2003) to get the clearance from railways remained unsuccessful. Further since the contractor had delayed the completion of other works which formed part of this contract, the contract was rescinded (December 2003) at the risk and cost of the contractor. Payment for work done amounting to Rs.1.07 crore was, however made (April 2004) without imposition of debitable clause three of the agreement.

Department without addressing the objections of Railway Authorities again awarded (November 2004) the balance work to contractor 'B' for Rs.67.84

lakh stipulating completion within 6 months including rainy season. The work was stopped midway in February 2005 after construction up to granular sub base (GSB) level as the Railway authorities did not permit further construction of the road. A total expenditure of Rs.39.82⁴ lakh was incurred on the incomplete road as of April 2006.

The department started the road work without availability of land for construction of road which was against the provision of PMGSY guidelines. Consequently the incorrect selection of road deprived the inhabitants from all weather road connectivity and led to unfruitful expenditure of Rs.39.82 lakh.

On this being pointed out the General Manager (GM), PIU, Katni stated that the road constructed up to GSB level was abandoned as the railway authorities did not permit the construction of the road on railway land. He also added that the road had proved its utility as 'gravel road'. Reply is contrary to the provisions of the agreement because the approved estimate and fund allotted under PMGSY was for black topped road and not 'gravel road'. Further, construction of road in railway colony without obtaining Railways' consent amounted to encroachment and its maintenance in subsequent years would be at peril.

The matter was reported to the Government (July 2007 and May 2008); the reply had not been received (November 2008).

Public Works Department

4.2.4 Extra expenditure due to non-acceptance of tender within validity period

Delay in acceptance of tender in first call and acceptance of higher rate tender in the fourth call resulted in extra cost of Rs.65.62 lakh.

NABARD sanctioned (May 2005) a loan of Rs.5.68 crore for upgradation of 43.60 km. Maheshwar-Mehatwada-Bablai-Somakhedi Road. The Chief Engineer (CE), Public Works Department (PWD), Indore invited (12 May 2005) percentage rate tenders for the work with probable amount of contract as Rs.5.56 crore. The lowest offer of 17 *per cent* below SOR was recommended (17 June 2005). The validity of the tender was till 6 October 2005. CE decided (25 June 2005) to keep the tenders pending till release of funds by NABARD, but did not make any efforts to get the validity period of tenders extended.

NABARD released the loan on 24 September 2005. CE accepted the lowest tender on 3 October 2005 and the tender acceptance letter was issued on 6

⁴ *Rs.30.29 lakh under previous agreement and Rs.9.53 lakh under subsequent agreement.*

October 2005 (i.e. the date of expiry of the validity period). The tenderer received the acceptance letter on 14 October 2005 but refused to sign the agreement on the ground that the validity period of the tender had already expired.

The tenders were re-invited (November 2005) and the lowest offer in the fourth call of tenders @ 5.2 per cent below SOR was accepted by the CE (April 2006).

Failure in getting the validity period extended and absence of alacrity in acceptance and subsequent non-communication of offer to the contractor within the validity period thus resulted in extra expenditure of Rs.65.62 lakh⁵.

On this being pointed out in audit (July 2007), CE stated (July 2007) that rate offered by the contractor was not “workable” CE did not explain the term “workable” in his reply. Neither there was any noting in support of his reply.

Audit has found the reply not tenable due to following reasons:-

- If the rates were not “workable”, then how the same CE had accepted it on 3 October 2005? Rather the tender was accepted and acceptance letter was issued to the contractor on the last date of expiry of validity of tender.
- Audit has found that another work of the same nature was accepted @ 17.10 per cent below the SOR during the same period (4 October 2005) in the same NIT by the same CE.

The matter was reported to Government (October 2007); reply had not been received (November 2008).

School Education Department

4.2.5 Unfruitful expenditure on rural libraries

Inadequate release of operational funds rendered Rs. 1.08 crore incurred on establishment of rural libraries, unfruitful.

With a view to retain new educated members in the main stream of education and in order to develop their interest in reading alongwith rural population’s interest in reading, Government of Madhya Pradesh, School Education Department issued orders (October 2002) for establishment of Gramin Pustakalya (Rural Libraries). These libraries were to be established from 26 January 2003 as a culture center and were to operate through Padhna Badhna Sangh. Unit cost of Rs.12,500 per library was meant for providing material (almirah, stationery, carpet, television, radio, public address system, sports

⁵ Difference of rates in 1st and 4th call - 11.80% (17%-5.20%)X 556.10 lakh (PAC) = Rs. 65.62 lakh.

material and books etc.). Besides, Rs.12,500 per annum per center was provided to each library as a recurring grant for organizing activities for illiterates, providing news papers, magazines, books and other miscellaneous expenses etc. A “Prerak” was to be nominated for running of these libraries on honorarium basis.

Scrutiny of records (February 2007) of Secretary Zila Saksharta Samiti Dewas and further information collected (June-July 2008) revealed that for establishment of 950 rural libraries Rajya Shiksha Kendra (RSK) provided (October 2002) Rs. 90.25 lakh and placed (December 2002) orders with book suppliers for supply of books. Zila Shakharta Samiti spent Rs. 81.65 lakh on establishment of 871 libraries and provided books costing Rs.26.13 lakh to these libraries during (2002-03) which were received as per supply order of RSK. Rs.8.60 lakh were refunded to RSK in February 2003. Thus an amount of Rs.1.08 crore was incurred on establishment of 871 libraries. Following table shows operation/ non operation of these libraries on the basis of honorarium paid to preraks:-

S.No.	Year	Libraries operated		Libraries Non-operated	
		Number	Period	No.	Period
1	2003-04	871	2 Month	Nil	Nil
2.	2004-05	871	5 Month	871	7 Months
3	2005-06	484	2 Month	484 387	10 Months 12 Months
4	2006-07	436	4 Month	436 435	8 Months 12 Months
5.	2007-08	645	8 Month	645 226	4 Months 12 Months

As the Government could not provide annual recurring grant, the honorarium to Prerak could not be paid regularly as a result of which none of the libraries could run round the year. Out of 871 libraries 387, 435 and 226 libraries remained closed during 2005-06, 2006-07 and 2007-08 respectively. Newspaper and new books were also not provided to libraries since June 2003. The failure of the government to ensure timely release of funds for payment as honorarium to the Preraks and for purchase of newspapers, new books etc. rendered the expenditure of Rs.1.08 crore on establishment of libraries largely unfruitful.

The Secretary, Zila Saksharta Samiti, Dewas stated (June 2008) that 226 libraries were closed and other libraries are not operated regularly due to insufficient and delayed release of funds for purchase of books, news papers and payment of honorarium etc. The reply of auditee accepts the audit finding that release of insufficient funds led to the expenditure on rural libraries being rendered largely unfruitful.

The matter was referred to Government in May 2008; reply had not been received (July 2008).

Water Resources Department

4.2.6 Unauthorised aid to contractor

Foreclosure of a contract and its subsequent re-tender on the same day to the same contractor at higher rates resulted in undue financial aid of Rs.1.43 crore and a delay of four years.

Bakud Minor irrigation tank project in Betul district envisaging irrigation of 1457 hectares land was administratively approved by Government of Madhya Pradesh, Water Resources Department (WRD) in May 2003. The Executive Engineer (EE), WRD Dn. No.II, Betul awarded (February 2005) the works⁶ of the tank Project to a contractor on item rate contract basis. Cost of project estimate was Rs.4.03 crore and contract was awarded for Rs.3.16 crore (21.8 *per cent* below the probable amount of contract) with stipulated date of completion by May 2006 including rainy season.

Audit noticed :

- The contractor to whom the work was awarded was the proprietor of another civil construction firm. As the old firm was a defaulter and black listed; he constituted the new firm for award of work.
- The project envisaged acquisition of 166 hectare private agricultural land. The work was awarded without acquiring the land. The contractor was handed over a 120 metre stretch of land in May and August 2005 to commence the work.

The contractor failed to achieve progress citing health problems and resistance of cultivator due to non payment of land compensation. Due to slack progress the EE terminated (May 2005) the agreement. The Chief Engineer (CE), however revoked (June 2005) the termination order in favour of the contractor with instructions to complete the work as per schedule.

Scrutiny revealed that at the stage when land acquisition award for 166 hectare land was passed (March 2006) and the compensation amount of Rs.2.77 crore was awaiting disbursement in the Land Acquisition Office (LAO), the CE ordered foreclosure of the contract (1 May 2006) .The contract was foreclosed (11 May 2006) and the balance work costing Rs.3.67 crore was put to re-tender on the same day (11 May 2006) and was awarded (November 2006) to the same contractor at a higher cost of Rs. 4.59 crore (evaluated at 24.98 *per cent* above the PAC). This injudicious decision of CE resulted in

⁶ Construction of balance earthwork of bund from reduced distance (R.D.) 0 to 831 m i/c nalla portion, excavation of spill and approach channel, construction of sluice at R.D. 705m and construction of flush bar.

undue favour to the black listed contractor and an extra cost of Rs.1.43⁷ crore to the Government. Audit noticed that although there was reduction in scope of work, the completion period was increased to 20 months in place of 15 months to extend the benefits of price escalation.

On this being pointed out in audit (September 2006) EE justified (September 2006 and July 2007) the foreclosure and re-award of work on the grounds of resistance from cultivators on account of non payment of land compensation.

The reply does not explain why

- The work was awarded and re-awarded to a blacklisted contractor without ensuring due vigilance on both the occasions.
- The tender was foreclosed on 11 May 2006 citing ‘non-acquisition’ of land and was re-tendered on the same day citing reason that the land already stood acquired.

Therefore the decision of the department to patronize the defaulting contractor by re-awarding the work at higher rates and with price escalation benefits by increasing the completion period despite reduction in quantum of work was improper.

The matter was reported to Government (September 2007/March 2008); the reply had not been received (November 2008).

4.3 Violation of contractual obligation/ Undue favour to contractors/ Avoidable expenditure

Narmada Valley Development Department

4.3.1 Non accountal of hard rock (iron ore) and payment for work not done

Excavated hard rock identified as iron ore worth Rs.4.18 crore was lying uncared and unaccounted for more than two years and payment of Rs.14.96 lakh was made on stacking of the excavated hard rock (iron ore) which was not done.

The work of construction of Bargi Right Bank Main Canal (Km 50 to 56) of Rani Avanti Bai Lodhi Sagar was awarded (February 2003) by Executive Engineer (EE), Narmada Development (ND) Dn. II, Panagar to a contractor on item rate contract at his tendered rate of Rs.17.98 crore. The construction included excavation, earthwork etc. The work was in progress and the 46th

⁷ (Rs. 4.59 crore– Rs 3.16 crore).

running account bill for Rs.17.93 crore was paid (March 2008) to the contractor.

The agreement provided for 79866 cum excavation of hard rock (H/R). However, during excavation it was substantially increased to 284568.57 cum due to excavation in deep cutting in mountainous terrain, out of this 267666.97 cum was found to be iron ore⁸. Narmada Valley Development Authority (NVDA) had accepted this and approved the rate of Rs.118.98 per cum for it.

The excavated iron ore became a Government property as per Note 13 under Chapter IV of the Unified Schedule of Rate (USR) and its sanction as an 'extra item' was accorded by the Government (March 2005). As per Government instructions (March 2005) this required stacking, but the contractor did not stack it. Since the contractor had not done the stacking, the component for stacking @ Rs.7.10 per cum was to be reduced from his payment. However, the department made full payment to the contractor without reducing stacking component, which resulted in an excess payment to the contractor of Rs.14.96⁹ lakh.

On being pointed out by audit, the Executive Engineer (EE) stated (July 2007) that on the basis of test results, H/R (iron ore) was found unusable; therefore it was not taken into account. Later, the CE stated (May 2008) that the rock was stacked but the stack measurements were not recorded and the payment had been done on the basis of pit measurement. The matter was referred to Government by audit in 2007 and April 2008. The Government simply endorsed (August 2008) the reply of the CE.

Government's reply that excavated H/R (iron ore) was 'not usable' contradicts the report (September 2005) of Geological Survey of India which has found the quality of iron ore as useful for extraction of metal. Moreover, admission of the fact that stack measurement was not recorded and only pit measurement was taken for payment purpose itself proves that the stacking was not done. Had the material been properly stacked then it would have been taken into Material at site account (MAS). The department has admitted that the material has not been taken in MAS account.

Moreover, the precious Government property like iron ore worth Rs.4.18 crore¹⁰ remained unaccounted for more than 2 years (as of May 2008). Collector, Jabalpur solicited (October 2006) direction from the Government for appropriate disposal. Government reply awaited.

⁸ *As per geotechnical test report conducted by Engineering College, Jabalpur dt. 22 August 2003 and confirmed by Geological survey of India on 23 September 2005.*

⁹ *USR rate for stacking Rs. 7.10 per cum minus 21.26 per cent for HR (Iron ore) 2,67,666.97 cum = Rs 14.96 lakh.*

¹⁰ *1 cum hard rock = 2.4 tonne iron ore there fore, 267666.97 cum X 2.4 tonne @ 65/- per tonne = Rs 41756047 = Rs 4.18crore.*

4.3.2 Excess payment in violation of contractual provisions

Excess payment of Rs.34.08 lakh due to adoption of inadmissible percentage of components for price escalation.

The work for earth work, cement concrete lining and structures on the left bank canal in reduced distance (RD) Km 110 to 117.175 and its distribution system under the Rani Awanti Bai Lodhi Sagar (RABLS) Project amounting to Rs.13.10 crore was awarded (August 2004) to a contractor on an item rate agreement for Rs.13.54 crore¹¹. The work was scheduled to be completed by 9 May 2006 was completed in May 2007 and final bill for Rs.13.68 crore was paid to the contractor in June 2008.

Scrutiny of records in audit (August 2007) revealed that the price adjustment percentages were left blank in the agreement. The agreement categorically specified that the blanks were to be filled up in accordance with the percentages for different components prescribed in January 1985 by the Engineer-in-Chief. The prescribed percentages were 30, 20 and 5 *per cent* for labour, material and POL¹² components, respectively. However, while calculating the price adjustment (Rs. 85.24 lakh) for the period from October 2004 to March 2007, the Executive Engineer (EE), RABLS Disnet Division, Narsinghpur adopted incorrect percentages of 37 *per cent* for labour, 55 *per cent* for material and 8 *per cent* for POL. Thus, the adoption of incorrect percentages resulted in excess payment of Rs.34.08 lakh as under.

(Rupees in lakh)

Components	Percentage adopted	Percentage admissible	Escalation paid	Escalation payable	Excess payment
Labour	37	30	32.50	26.29	6.21
Material	55	20	31.61	11.50	20.11
POL	8	05	21.13	13.37	7.76
Total			85.24	51.16	34.08

On being pointed out, the EE stated (January 2008) that percentage was fixed at a higher side because the contractor had to provide all the construction materials under the provisions of the agreement, while the percentages of components shown in the amendment was based on departmental supply of materials and therefore it was less. Subsequently (July 2008), the Member (Engineering), Narmada Valley Development Authority also endorsed the reply furnished by EE.

The reply does not explain why the space provided in the agreement for fixing the price adjustment components for labour, material and POL was left blank

¹¹ Evaluated at 3.35 per cent above the estimated cost at Unified Schedule of Rates (USR) of September 2003.

¹² Petrol, Oil and Lubricant.

although the agreement clause stipulated that the blanks should be filled up as per appropriate percentages of price adjustment as prescribed in the amended provisions. Further, there was no mention in the manual or in the amendment about the lower percentage of price adjustment components notified in the amendment, or they were applicable on agreements specifying departmental supply of material. Therefore, the payment was to be strictly regulated in accordance with the percentages as agreed to in the agreement itself.

The matter was reported to Government (October 2007); its reply had not been received (November 2008).

4.3.3 Inadmissible payment for superfluous item of trimming

Although payment for trimming is prohibited in the USR in earthwork involving item of dressing, separate payment of Rs.27.45 lakh was irregularly made resulting in excess payment.

As per general note in Chapter IV of Unified schedule of rate 2003 (USR), in any earthwork/excavation involving payment for dressing¹³, separate payment for trimming¹⁴ is not permissible even if the work of trimming is executed.

Scrutiny of records (May & October 2007) of two divisions¹⁵ revealed that for providing cement concrete lining of canals, the material obtained from spoil bank¹⁶ was laid as free draining material for preparation of sub grade. The rate for the component of dressing was inclusive in this complete item. Thus, the separate payment for the item of mechanical trimming was not admissible, being superficial as per USR. The Division, however, made separate payment for the item of mechanical trimming over freshly laid free draining material over an area of 804830.79 sq.m which resulted in an inadmissible payment of Rs.27.45 lakh as under:-

S. No	Name of Dn.	Agt. No.	Name of work	PAC/Tender percentage	Executed qty. of MT (in sqm.)	Agreed rate per sqm. (Rs)	Add proportionate escalation (Rs)	Total inadmissible payment (Rs)
1.	ND Dn. 10 Sanawad	01.03.04	ISP main canal RD Km 17.00 to 31.250	32.50 crore 6.32 per cent below	504739.57 (as of March 2008)	3	14.28 per cent	17,30,449
2.	ND Dn. 27 Sanawad	01.03.04	ISP Main canal RD km 31.284 to 41.250	20.32 crore 10.61 per cent below	300091.22 (as of July 2007)	3	12.68 per cent	10,14,428
Total					804830.79 sq.m.			27,44,877 say Rs 27.45 lakh

¹³ Dressing involves making the existing surface as smooth as natural surface.

¹⁴ The item of trimming involves preparation of sub grade by removing grass and grassroots, touching the uneven surface to form a uniform surface.

¹⁵ Narmada Development (ND) Dn. No.27, Sanawad and ND Dn. No.10, Sanawad

¹⁶ Spoil bank is formed by material dumped during excavation

On this being pointed out, the Executive Engineer (EE), ND Dn. 27, Sanawad stated (May 2007) that the tenderers quoted item rates on the basis of nomenclature of the items of the NIT. Therefore it should not be mixed/linked with the nomenclature of USR. The reply is misleading because inclusion of the superfluous item of mechanical trimming in the NIT alongwith the item of earthwork involving dressing was incorrect. The item of trimming in such cases was not payable as per general note in the USR.

The EE, ND Dn. 10 Sanawad stated (April 2008) that trimming was necessary on freshly laid free draining material in order to prepare the subgrade for lining. The reply is not tenable because even if trimming was required to be done, a separate payment for mechanical trimming is not allowable under general note of USR as the payment for dressing was already included under item of excavation of spoil bank.

The matter was reported to the Government (May 2007) and the reply had not been received (November 2008).

4.4 Idle investment/Idle establishment/Blockade of funds/Delay in commissioning equipment/Diversion of funds

Public Health and Family Welfare Department

4.4.1 Unauthorised expenditure

Joint Director Health Services Ujjain irregularly purchased Soya Products amounting to Rs.1.60 crore for distribution to malnourished children out of the budget allotments meant for providing diet to indoor patients in hospitals.

Rule 11 of the Madhya Pradesh Financial Code (MPFC) provides that funds allotted should be utilized economically, in the public interest and only on that activity for which the money was provided. Rule 119 of MPFC also provide that purchase order should not be split up to avoid the sanction of higher authority required for the total amount of purchase.

Scrutiny (October 2007) of the records of the Joint Director, Health Services, (JDHS) Ujjain and further information collected (October 2008) revealed that an allotment of Rs.1.60 crore was received during the period 2006-08 for providing diet to indoor patients (2006-07 Rs.0.50 crore and 2007-08: 1.10 crore). JDHS, Ujjain, however spent Rs.1.60 crore for purchasing Soya Products¹⁷ during February 2007 to March 2008 for distribution to

¹⁷ (Soya Biscuits: 4,10,090 packets costing Rs.1.44 crore and Soya Namkeen: 1,10,160 packets costing Rs.0.16 crore).

malnourished children, without receiving any demand from districts and without ascertaining the number of such children. The purchased products were issued to the Chief Medical and Health Officers (CMHOs) without any instructions for distribution thereof. CMHOs in turn distributed the products to Project Officers, Integrated Women and Child Development Projects for onward distribution. Thus the funds released for providing diet to patients admitted in hospitals were utilised for purchasing of Soya Products without any order/demand. Even the Soya products costing Rs.1.60 crore were purchased by splitting the purchase orders to Rs.80 to 90 thousand each only to avoid the required sanction of higher authorities in contravention of provision of Rule 119 of the MPFC.

JDHS is an administrative officer and the budget allotment received under diet head either should have been passed on to the hospitals for which it was meant or should have been surrendered to the budget controlling authority. Moreover, 'Supplementary Nutrition Programme' for providing nutritious food to malnourished children in the State was already being run by Mahila Evam Bal Vikas Department. The procurement of Soya biscuits/ Namkeen by JDHS, Ujjain without any mandate or any demand was thus highly irregular as departmental budget for diet to indoor patients was unauthorisedly utilised for an activity which was not in the purview of JDHS.

On being pointed out, Director Health services, Madhya Pradesh stated (May 2008 and August 2008) that funds were provided to JDHS Ujjain for diet of patients and show cause notice has been issued to the then JDHS.

The matter was referred to the Government in January 2008; reply had not been received (August 2008).

School Education Department

4.4.2 Diversion of fund

Zila Saksharta Samiti, Rajgarh diverted Central (DPEP) funds amount to Rs.33.28 lakh for State level schemes.

Rajya Shiksha Kendra (RSK), Bhopal was responsible for implementing the District Primary Education Programme (DPEP) a 100 *per cent* Centrally sponsored scheme of Government of India in Madhya Pradesh State. The scheme was closed on 31 December 2002. RSK Bhopal had issued directions to all District Project Co-ordinators (DPCs) that no expenditure should be incurred from DPEP funds after 31 December 2002 and the balance amount under the scheme at different levels viz district, block and sankul should be surrendered to the RSK Bhopal.

Scrutiny (October 2007) of records of District Project Co-ordinator, Rajiv Gandhi Shiksha Mission, Rajgarh revealed that Rs.1.05 crore out of DPEP

funds were provided in May 2003 i.e. after 31 December 2002 to Secretary Zila Saksharta Samiti, district Rajgarh for expenditure on establishment of rural libraries instead of surrendering it to Rajya Shiksha Kendra Bhopal resulting in irregular diversion of fund. Out of this amount Zila Saksharta Samiti diverted and spent Rs.5.75 lakh for Padhna Badhna Andolan and Rs.27.53 lakh for Guru-dakshina programme which are State schemes and for which separate budget allotment were required to be made by State Government, and refunded the balance amount of Rs.71.92 lakh to RSK in July 2003.

On being pointed out State Government stated (July 2008) that DPEP funds were provided for establishment of rural libraries because that time there were no instructions from GOI regarding refund of balance amount of DPEP. After receipt of GOI instructions regarding refund of amount to GOI, the Saksharta Samities were instructed to refund the amount transferred to State schemes and the action for remittance of fund to Government of India was being taken. The reply of the department indicates acceptance of Audit objection.

Scheduled Tribes and Scheduled Castes Welfare Department

4.4.3 Idle expenditure on Girls Hostel Building

Construction of building for Girls hostel remained incomplete due to non-availability of funds; expenditure of Rs.44.81 lakh incurred so far was rendered idle.

Government of India, Ministry of Tribal Affairs sanctioned (March 2001) Rs.89.63 lakh for construction of 144 seated Girls Hostel building in Mankunwar Bai Women College, Jabalpur. GOI was to provide 50 per cent of construction cost (Rs.44.81 lakh) as grant-in-aid under Centrally Sponsored Scheme of Girls hostels for Scheduled Tribes and remaining 50 per cent was to be provided from Member of Parliament Local Areas Development Scheme (MPLADS) funds as per commitment given by Member of Parliament (MP), Jabalpur. GOI provided its share of Rs.44.81 lakh in July 2001.

Scrutiny of records (September 2007) of Assistant Commissioner Tribal Development (ACTD) Jabalpur revealed that Collector Jabalpur nominated (October 2001) MP Housing Board Division No.1 Jabalpur as the construction agency and provided (March 2002) Rs.44.81 lakh (GOI share) to the Housing Board Division. The entire amount was spent by the Division during 2001-2005. The work of construction of hostel building was however lying incomplete due to non receipt of remaining 50 *per cent* of construction cost from MPLADS funds. Collector Jabalpur intimated (April 2007) ACTD that due to dispute in construction work, the MP Jabalpur did not recommend the release of share from MPLADS funds.

The Commissioner Tribal Development while admitting (August 2008) that the construction of the Hostel building could not be completed due to non receipt of MPLADS funds, stated that proposal has been submitted (February 2008) to State Government to provide Rs.61.75 lakh from State budget as per revised estimates for completion of the work. However, State Government failed to make provision in the State budget for 2007-08. He further assured that proposal for making budget provision in the second supplementary of 2008-09 will be submitted. The State Government endorsed (September 2008) the views of commissioner Tribal Development. Thus, due to non completion of building work the expenditure of Rs.44.81 lakh incurred on Mankunwar Bai Girls Hostel was rendered idle. Besides the girls from scheduled tribe community could not avail the boarding facility.

4.5 Regulatory issues and other points

Forest Department

4.5.1 Loss of interest of Rs. 18.40 crore

Non-adherence to order of Government of India resulted in loss of Rs. 18.40 crore.

Adhoc Compensatory Afforestation Fund Management and Planning Authority (CAMPA) was created in May 2006 under the orders of Ministry of Environment and Forest of Government of India (GOI). As per GOI instructions issued in March 2004 the funds received on behalf of CAMPA such as funds for compensatory afforestation, net present value, catchment area treatment plan etc. from the user agencies should be kept in the form of fixed deposit in the name of the concerned Divisional Forest Officer (DFO) / Nodal Officer for forest conservation of the respective State Government till the CAMPA is constituted.

Scrutiny of records from the office of the Principal Chief Conservator of Forest (PCCF), Bhopal in respect of 55 forest divisions revealed (July 2006 & February 2007) that it received Rs. 253.72 crore on behalf of CAMPA from the user agencies during March 2004 to October 2006, but in violation of the GOI instruction the said amount was not kept in the form of fixed deposits by the forest divisions, which resulted in loss of interest of Rs. 18.40 crore.

After this was pointed out the DFOs stated that the amount was deposited in personal deposit accounts as per instructions of Government of Madhya Pradesh (GOMP) issued in December 2004. Government (July 2007) endorsed the reply of DFO.

By overruling the GOI directions, therefore, GOMP has not only incurred a loss of interest of Rs. 18.40 crore, but also deprived conservation efforts which could have been undertaken from the above amount.

Medical Education Department

4.5.2 Irregular expenditure on payment of electricity bills of medical college hostels

Payment of Rs.1.78 crore for electricity bills of medical college hostels from Government allotment was contrary to the instructions of the Director Medical Education.

The Government of Madhya Pradesh declared (March 1997) all Medical Colleges (MC) and their affiliated hospitals as autonomous bodies. Although the State Government continued to provide budget to these institutions, the Director, Medical Education, Madhya Pradesh, Bhopal issued specific instructions (August 2004) that the payment of electricity bills of hostels in college campus should not be made from the budget provided by the Government for college buildings.

Scrutiny (August 2007) of the records of the Dean, Gandhi Medical College (GMC), Bhopal and further information collected (August 2008) from Medical Colleges Rewa, Indore and Jabalpur revealed that contrary to the instructions of August 2004 an expenditure of Rs.1.78 crore (MC Bhopal: Rs.73.24 lakh; MC Rewa: Rs.76.12 lakh and MC Indore: Rs.28.97 lakh) was incurred during September 2004 to June 2008 on payment of electricity bills of hostels from the budget provided by Government for college and hospital buildings. In Medical College Jabalpur also, electricity bills of hostels were paid from Government budget but in the absence of separate electricity connection, amount of expenditure on hostels could not be segregated from total expenditure of Rs.3.13 crore incurred during the period September 2004 to July 2008 on electricity bills of common connection for college, hospital, cancer hospital and hostel.

Further, the Medical Colleges were declared autonomous long back in March 1997. As such providing budget by Government for recurring expenses of autonomous institutions was irregular. Besides, the aim of the Government to transform Medical Colleges of the state into self-reliant institutions capable of meeting their contingent liabilities from own resources could not be fulfilled.

Government replied (August 2008) that a proposal was being made in the working committee of autonomous body for remittance of amount in government account.

Thus, expenditure of Rs.1.78 crore incurred on electricity bills of hostels, contrary to the instructions of August 2004 was not only irregular but also resulted in loss to the Government.

Panchayat and Rural Development Department

4.5.3 Extra cost due to injudicious stoppage of road work

Injudicious stoppage of an ongoing work mid-way and its re-awarding to another contractor resulted in an extra expenditure of Rs 27.87 lakh apart from delay in providing connectivity.

Pradhan Mantri Gram Sadak Yojana (PMGSY) is an all India programme launched in December 2000 with the objective of providing all weather road connectivity to rural habitation with a population of 500 persons and above (250 persons and above in case of tribal habitation) by end of Tenth Five Year Plan ending March 2007. Being a time bound programme, Government of India (GOI) identified several impediments that might retard smooth implementation of the programme, and one such impediment was belated demands for addition or substitution of new road not forming part of the core-network.

GOI guidelines therefore, categorically envisaged that the proposals made by Members of Parliament (MP) and District Panchayat (DP) received by the stipulated date, should be given full consideration in preparing proposal of roads, core network, district rural road plan and comprehensive new connectivity priority list (CNCPL). After finalization of these, no deviation would be permissible except with the approval of GOI.

Scrutiny (July 2007) revealed that under PMGSY package no. MP-1708 construction of two roads estimated to Rs 2.72 crore was awarded (February 2004) by Programme Implementation Unit (PIU), Indore to a contractor at 6.66 per cent below state schedule of rate (SSR) for completion within a period of nine months excluding rainy season. Of these, one road (Jalodiya Gyan Approach Road) was completed (December 2005) by the contractor. While the tendering process was under progress the DP, Indore resolved (December 2003) to change the road alignment of Katkoda – Karjoda road for providing connectivity to some other unapproved village (Banediya). The Panchayat resolution was also endorsed and recommended by the MP and Union Minister. However, the revised proposal, submitted (April 2004) by MPRRDA was not considered (August 2005) by GOI. Meanwhile, in view of the resolution of the DP, the PIU stopped the work (June 2005) and made final payment to the contractor's bill in respect of 'Jalodia-Gyan Approach Road' valuing Rs.1.15 crore (which included the cost of incomplete Katkoda to Karjoda road Rs.1.70 lakh).

Subsequently, as per request (June 2006) of the MP for construction of the road as per the original alignment (estimated to cost Rs.1.17 crore) the road work was re-awarded (November 2006) to another contractor at 18 per cent above SSR.

Thus, the decision to stop the approved work without approval of GOI was injudicious which resulted in an extra expenditure of Rs.27.87 lakh¹⁸ incurred by MPRRDA. Besides the work which was to be completed by February 2005, was in progress as of March 2008 thereby delaying the objective of providing rural road connectivity by more than three years.

On this being pointed out, the General Manager, PIU stated that the work was stopped in view of recommendation of the DP and MP for change of alignment. The reply is not in consonance with the guidelines which categorically provided for considering the proposals of DP and/or MPs at the initial stage of planning only. Belated interference after approval of core network was prohibited as per clause 4.6 of PMGSY guidelines.

The matter was reported to Government (September 2007); the reply was awaited (November 2008).

Public Works Department

4.5.4 Non-adjustment/non-recovery of Miscellaneous Works Advances

An amount of Rs.7.03 crore was lying outstanding under the head 'Miscellaneous Works Advances' in seven public works divisions for the last 53 years for want of recovery or settlement.

'Miscellaneous Works Advances (MWA)' is a suspense head of account intended to record transactions on account of (i) sales on credit, (ii) expenditure incurred on deposit works in excess of deposit received (iii) losses, retrenchment, errors, etc. and other items of expenditure of allocation of which is not known or which are required to be recovered or settled. Items in MWA are cleared either by actual recovery or by transfer under proper sanction or authority to some other head of account. Recoverable amounts which may become irrecoverable should not be so transferred until ordered to be written off. The divisional officers are responsible for prompt clearance of the suspense head by recovery or transfer to the proper head concerned.

¹⁸ (Rs. 117.28 add 18 per cent)-(Rs. 118.41 less 6.66 per cent) = Rs. 27.87 lakh.

The Public Account Committee¹⁹ had also expressed (December 1996) its displeasure over failure of the Government in taking effective steps for timely adjustments and recoveries of outstanding balances under the head MWA.

Scrutiny of Monthly Accounts and information collected from seven out of seventeen Divisions of Public Works Department, Capital Zone, Bhopal revealed that as of March 2008 the balance outstanding under MWA pertaining to periods 1955-56 and onwards was Rs 7.03 crore as detailed in **Appendix 4.3**. The Department failed to take necessary action to clear this suspense head notwithstanding the fact that position of outstanding balances under MWA were also brought to the notices of the concerned divisional officers and controlling officers by audit for prompt recovery/settlement through annual audit inspection reports.

A review of outstanding balances under the head MWA revealed the following:

- (a) Recoveries due from 583 departmental officers between February 1955 and June 2005 towards shortage of stores, temporary advances and expenditure in excess of sanctions / allotment (Rs 1.08 crore) remained unrecovered or unsettled because they had retired, expired or were transferred from the Divisions. No mention of the outstanding advances was made in the Last Pay Certificates. The Divisions had no details or whereabouts of these officials and had failed to initiate timely action to settle the outstanding dues.
- (b) In three Divisions²⁰ dues amounting to Rs 70.65 lakh pertaining to the period 1999 to 2007 were outstanding against 15 officials who were still working in the Divisions, but no action for adjustment of dues was taken as of April 2008.
- (c) The liabilities due from 222 suppliers/contractors towards advance payments for supply, excess payment etc. of Rs 2.39 crore remained unrealized due to inaction on the part of divisional officers. The dues related to the period 1969 to 2005 were required to be adjusted against the dues (security deposits, earnest money and other payments for work) of the suppliers/ contractors.
- (d) Government issued orders (April 1984) dispensing with the system of credit sale of departmental materials between Divisions with effect from May 1, 1984 and introduced the system of “Cash and Carry” for inter divisional transactions. However, three Divisions persisted with credit sales (Rs 47.48 lakh) debiting the 27 transactions to MWA even after April 1984 in violation of Government orders. Besides, two divisions issued articles on credit worth Rs 2.38 crore to 23 other departments. These are pending for settlements as of

¹⁹ PAC's 76th Report – (10th Vidhan Sabha).

²⁰ PWD Divisions Raisen, Vidisha and Vidhan Sabha, Bhopal.

August 2008. Government did not take any action to stop the mis-use of this suspense head.

Although a detailed account showing the nature of transactions with their voucher numbers and reasons for debiting them under MWA is to be maintained in Form CPWA 67, the registers were not being maintained properly in these offices. According to the Central Public Works Account Code prompt steps were required to be taken to clear the outstanding balances but the Divisional Officers allowed to accumulate outstanding under this head. This not only hampered the standard accounting procedure but also afforded unabated unauthorized financial aid to the defaulters. These lapses and failures persisted despite it being repeatedly brought to the notice of all divisional officers and their controlling officer every year through audit inspection reports.

Government should investigate the prolonged non- clearance of outstandings under MWA and take effective action to recover the amount due and adjust the long pending debits to the final head concerned. Government should also initiate action to curb the mis-use of the suspense head for accommodating irregular transactions.

The matter was reported to the Government (May 2008); reply had not been received (November 2008).

General

4.5.5 Failure to enforce accountability and protect the interests of Government

Principal Accountant General (Civil and Commercial Audit), Madhya Pradesh, Gwalior (PAG) and Accountant General (Works and Receipt Audit), Madhya Pradesh, Bhopal (AG) conduct periodical audit of the Government departments to test check, inter-alia, the transactions and verify the maintenance of important accounting and other records as per prescribed rules and procedures. Irregularities detected during audit are reported through Inspection Reports (IRs) to ensure rectificatory action in compliance of the prescribed rules and procedures and accountability for the deficiencies and lapses. The Heads of Offices and next higher authorities are required to comply with the observations contained in the IRs and rectify the defects/omissions promptly and report their compliance to the PAG/AG. The PAG/AG also brings serious irregularities to the notice of the Heads of Departments. A half-yearly report of pending IRs and paras is sent to the Principal Secretary/ Secretary of the Department to facilitate monitoring of the compliance to audit observations in the pending IRs.

A review of the IRs issued by PAG upto December 2007 pertaining to Civil Departments (except Public Works Department, Public Health Engineering

Department, Water Resource Department and Forest Department) disclosed that 21,662 paragraphs relating to 8,693 Inspection Reports remained outstanding as on 30 June 2008. This includes 8,421 paragraphs of 4,262 Inspection Reports outstanding for more than six years. Department-wise and year-wise position of outstanding Inspection Reports and paragraphs is given in **Appendix 4.4** and **4.5**.

Similarly review of the IRs issued by AG upto December 2007 pertaining to 687 divisions/offices of Forest, Water Resources, Public Works, Public Health Engineering and other Works²¹ Departments disclosed that 17,328 paragraphs relating to 3,729 IRs were outstanding since 1997-98 to the end of 30 June 2008. Department wise position of the outstanding IRs and paragraphs is given in **Appendix 4.6**.

The Heads of the offices (whose records were audited) and the Heads of Departments did not send any reply to a large number of IRs/paragraphs indicating their failure to initiate action with respect to the defects, omissions and irregularities pointed out in the IRs. The Principal Secretary/Secretaries of the Departments who were informed of the position through half yearly reports also did not ensure that the concerned offices of the Department take prompt and timely action.

Absence of any action against the defaulting officers facilitated the continuance of irregularities and losses to the Government despite being pointed out in Audit. It is recommended that Government need to re-look into the procedure for fixing responsibility on the officials who failed to take corrective/remedial action on the audit observations and failed to send replies to IRs/paragraphs within a prescribed time. Action is required to be initiated to recover losses, outstanding advances, over payments, etc. in a time bound manner and enforce accountability to ensure proper and timely response to issues brought out in audit.

²¹ *Narmada Valley Development Department, Housing and Environment Department, Bhopal Gas Rahat (Relief and Rehabilitation) Department and Panchayat and Rural Development Department.*