

CHAPTER – IV : WORKS EXPENDITURE SECTION – B - PARAGRAPHS

PUBLIC WORKS DEPARTMENT

4.1 Overpayment through inflated measurement

Payment made to a contractor for execution of 2764.161 sqm mosaic work against the available plinth area of 1585.04 sqm resulted in an overpayment of Rs.13.97 lakh for inflated measurement of 1179.121 sqm.

The work construction of “Additional MLA Hostel Building at Tuikatlang” under Building Project Division No. I, Aizawl, estimated to cost Rs.1.29 crore, was administratively approved by the Government in March 1996. Technical sanction of the work was, however, accorded (July 1996) by the Chief Engineer for Rs.94.16 lakh. The total plinth area of the building (five floor), as per sanctioned estimate, was 1833 square metre (sqm) excluding staircase of 119.25 sqm. The work was awarded to a contractor in November 1996 and the agreement (December 1996), *inter alia*, provided for execution of an item of work “precast mosaic tiles 20 mm thick fixed on floor, etc.,” in 349.75 sqm area at the rate of Rs.1185 per sqm involving payment of Rs.4.14 lakh.

Test check (November 1999) of records of Building Project Division No. I, Aizawl, however, revealed that the division had paid Rs.32.76 lakh (March 1999) to the contractor for the execution 2764.161 sqm area of the aforesaid item of work, between November 1996 and March 1999, on the basis of quantum of work recorded in the measurement book by the Junior Engineer, without any test check being conducted by the Executive Engineer at site. In reply to a query, the Division stated (November 1999) that the total plinth area of the building, as per actual execution, is 2150 sqm which included 564.96 sqm area for carriage way (54 sqm), guard barrack (65 sqm), car-parking (362 sqm) and plinth area covered by 6 mm thick white glazed tiles (83.96 sqm) where the item of work “precast mosaic tiles” was not required.

Thus, execution of the aforesaid item of work in 2764.161 sqm area against the available plinth area of 1585.04 sqm (2150 sqm – 564.96 sqm) is not feasible. Taking into account that the entire available plinth area of 1585.04 sqm was covered by the aforesaid item of work, the Division had made an overpayment of Rs.13.97 lakh (2764.161 sqm – 1585.040 sqm

= 1179.121 sqm X Rs.1185) to the contractor through inflated measurement. Action to fix responsibility for failure on the part of the higher official to test-check the quantum of work as shown in the MB had not been initiated (May 2000).

Government stated (August 2000) that the matter was examined in the concerned Division and found that there was excess payment of Rs.7.89 lakh for inflated measurement of 665.701 sqm against the audit findings of Rs.13.97 lakh and 1179.121sqm respectively which is not tenable because even after deducting the inflated measurement of 665.701 sqm from 2764.161 sqm billed for, the plinth area covered with mosaic tiles remains higher than the actual plinth area of the building which is absurd.

4.2 Unauthorised diversion of materials purchased out of Central assistance

Stores worth Rs.63.06 lakh procured out of Central assistance released for construction of a hospital were unauthorisedly diverted for other work.

In February 1999, the Government of India sanctioned and released central assistance of Rs.500 lakh (Rs.450 lakh as grant and Rs.50 lakh as loan) to the Government of Mizoram for construction of State Referral Hospital at Falkawn, Aizawl. Accordingly, the State Government made necessary budget provision for 1999-2000 and placed the fund at the disposal of Public Works Department (PWD) for execution of the work by the Airport Division (renamed as Project Division –II, Aizawl). Administrative Approval and Expenditure Sanction for the work from Medical Department was not forthcoming, the Chief Engineer, PWD released Rs.398.98 lakh to the PWD Store Division, Aizawl between April 1999 and October 1999. Scrutiny (November 1999) of records of PWD Store Division, Aizawl revealed that out of the fund released, the Division spent Rs.375.12 lakh for procurement of materials (cement : 4704.60 tonne : Rs.194.39 lakh; silicazel powder : 30,000 kg : Rs.17.70 lakh and tor steel/mild steel : 1066.085 tonne : Rs.163.03 lakh) and Rs.18.76 lakh towards payment of wages of work-charged staff and casual labourers by charging the expenditure against the work. Out of materials worth Rs.375.12 lakh so procured against the work, materials worth Rs.63.06 lakh (steel : 212.26 qtl. : Rs.3.37 lakh; cement : 1303.35 tonne : Rs.50.31 lakh; silicazel powder : 15900 kg : Rs.9.38 lakh) were issued by the Divisional Officer to different field divisions between July 1999 and October 1999 on credit which, however, remained unrecovered till the date of audit (November 1999).

Thus, the central assistance meant for construction of State Referral Hospital was diverted by the Department towards procurement of materials to meet the

requirement of other Divisions not related to the construction of referral hospital which was highly irregular.

Government stated (August 2000) that administrative approval of the work for Rs.40.53 crore was accorded only in March 2000 but since it took months together to examine the estimates, project sites, *etc.*, before according administrative approval, it was decided to utilise the fund for procurement of materials as the utilisation of central assistance was long over due. As regards issue of materials to field Divisions on credit, Government stated that an amount of Rs.25.14 lakh had been recovered and the balance amount would be recovered as soon as funds are made available. Government reply corroborates the fact that the central assistance meant for construction of the hospital was diverted unauthorisedly by the Department for procurement of materials to utilise the same in other works.

4.3 Undue financial aid to contractors

Extension of undue financial aid of Rs.45 lakh to contractors in the form of advance payments, in contravention of rules, without execution of any works.

According to Rule 32.3(a) of CPWD Manual Vol - II, advance payments to contractors are prohibited, except in certain cases like work done but not measured, *etc.* Rules, however, do not permit advance payments to contractors to mitigate their financial hardship.

Scrutiny of vouchers in Central Audit (December 1999 and January 2000) revealed that between November 1998 and August 1999 Aizawl Building Project Division had made interest free advance payments of Rs.45 lakh to 6 contractors against the works allotted to them by the Division. The advance payments were made by the Division on the basis of the order of the Superintending Engineer (SE) against the request of the contractors to make lump sum advance payments to mitigate their financial hardship although such action of the SE was not covered under any rule.

Thus, the advance payments of Rs.45 lakh to the contractors without execution of any work, in violation of rule, resulted in extension of undue financial aid to the contractors at the cost of the Government.

Government stated (September 2000) that the advance payments were made in the interest of the work to avoid delay in execution and the advance payments were much less than the quantity of work actually executed for which a certificate had been given by the sub-divisional officer concerned which were available in the office record. The reply is not tenable because as *per* para 32.3 (b) of CPWD Manual Vol-II, the lump-sum amount paid on account of several items should be specified against item 2 of part-III of the bill, besides a

certificate to the effect that not less than the quantity of work paid for has actually been done. However, in the aforesaid cases the advance payments were sanctioned by the SE specifically on the basis of the requests of the contractors to mitigate their financial hardship and no such certificate were found recorded in the bills/vouchers.

4.4 Extra payment to contractor

Payment of Rs.29.64 lakh to a contractor for tubular steel truss against contractual provision of Rs.0.50 lakh led to an extra payment of Rs.14.32 lakh owing to allowance of higher rate for the materials.

The work of “Construction of Chief Minister’s Bungalow at McDonald Hill, Aizawl”, administratively approved for Rs.40 lakh, was awarded (November 1995) to a contractor at Rs.47.46 lakh. The items of work as per agreement *inter alia* provided for supply of 50 number of tubular steel truss of 50 mm dia (2 metre long) amounting to Rs.0.50 lakh only.

Scrutiny (November 1999) of records of Building Project Division No. I, Aizawl, however, revealed that against the provision of Rs.0.50 lakh for 50 number of tubular steel truss in the agreement the contractor had been paid (March and December 1998) an amount of Rs.29.64 lakh for 17065.33 kg tubular steel roof truss at the rate of Rs.173.70 per kg resulting excess expenditure of Rs.29.14 lakh than estimated. The reasons for increase in the quantity of the said item over the provision in the agreement and the basis on which such rate for the item allowed were neither on records nor stated. Further, the Division also did not justify such payments with supporting records showing receipt and utilisation of the materials with reference to entries in the measurement book and utilisation statement. The actual utilisation of the materials thus, remained doubtful.

However, it was seen in audit (December 1999) that during the same period Lunglei Division executed the same item of work for construction of Saikuti Hall at Lunglei through contractor at much lower rate of Rs.89.80 per kg for supply and erection. Computed with reference to that lower rate, the Division had made an extra payment of Rs.14.32 lakh* to the contractor owing to allowance of higher rate.

The Government stated (September 2000) that during the course of construction, the floor area was increased by 350 *per cent* at the instance of the Chief Minister and Chief Secretary for which requirement of steel trusses for use in building increased to 17065.33 kg and rate of Rs.173.70 per kg was approved by SE which included supply fabrication, erection, *etc.* The action of the Superintending Engineer sanctioning rate (Rs.173.70) for the substituted

* *Difference in rate : Rs.173.70 – Rs.89.80 = Rs.83.90*
Extra expenditure: 17065.33Kg X Rs.83.90 = Rs.14.32 lakh

item involving payment of Rs.29.64 lakh was not only beyond his financial power of Rs.5 lakh (item 17 of CPWD Manual Vol – II being followed by State PWD) the very sanctioning of rate for substituted item exceeding the sanctioned scale for accommodation was irregular since the sanction for the revised estimate for the work with increased floor area was wanting from the competent authority.

The department refuted the extra payment on the ground that rate allowed for Saikuti Hall was not comparable since the calling of tender for the Saikuti Hall had preceded the sanctioning of rate for substituted item for the Bungalow. The contention of the department is not tenable as the work of Saikuti Hall was awarded for construction in June 1997 at analysed rate based on prevailing cost of material and labour of May 1997 while the work for construction of Chief Minister's Bungalow was awarded much earlier in November 1995.

4.5 Irregular adjustment of expenditure

Expenditure of Rs.15.12 lakh incurred for purchases of fuel and repair of vehicles of the Division had been irregularly met from the fund meant for original road works.

Scrutiny (March 2000) of vouchers in Central Audit revealed that during February 1999, Executive Engineer, Aizawl Road South Division had incurred an expenditure of Rs.15.12 lakh towards purchases of fuel and repair of the vehicles of the Division by irregularly charging the expenditure to 2 original road works (resurfacing of road) of the Division.

The Division replied (February 2000) that the expenditure had been charged to 'Works' due to lack of fund provision for maintenance of Government vehicles. In April 2000, the Division further stated that as the divisional vehicles were used for smooth running of the works, the expenditure incurred for their maintenance was met from the funds for tools and plant provided in the estimates of the works. The reply is not tenable in as much as the provision that existed in the estimates was for special tools and plants to be used in the work and not for the divisional vehicles which are required to be maintained out of the fund provided separately. Thus, the expenditure of Rs.15.12 lakh, for normal maintenance of the Government vehicle, charged against the original road works was irregular and unauthorised.

The matter was reported to Government in February 2000; reply has not been received (November 2000).

4.6 Extra avoidable expenditure on purchase of materials at higher rate

Failure to ascertain the lowest market rates and non-observance of codal formalities resulted in an extra avoidable expenditure of Rs.14.96 lakh towards procurement of materials at higher rates.

According to Rule 103 of General Financial Rules, purchase shall be made in most economical manner after verification of competitive rates in the market to safeguard the interest of Government. However, in the following cases the purchases were made by the Divisions placing supply order and several indents without ascertaining the lowest available market rates through Notice Inviting Tender resulting in extra expenditure for which no reason was found on records nor stated:

(a) Between July 1997 and July 1999, Building Project Division No. I, Aizawl purchased forest produce like sized stone of 0.25x0.25x0.25 m size, stone aggregates of 63-40 mm size and boulders of 100-150 mm size at a cost of Rs.41.66 lakh from various suppliers against different works in and around Aizawl. However, it was noticed in audit (November 1999) that, on the basis of rates approved (November 1997) by the Superintending Engineer, Public Works Department, Aizawl Central Circle, Aizawl North and Aizawl South Public Works Divisions, purchased the same materials during the same period for their work sites in and around Aizawl at rates much lower than that of Building Project Division No. I. Computed with reference to the rates paid by the latter Divisions, the Building Project Division No. I had incurred an extra expenditure of Rs.8.78 lakh owing to purchase of materials at higher rates as shown below:

Name of materials	Quantity Procured by Building Project Division No. I	Rate at which payment made (In Rupees)	Amount actually paid (Rupees in lakh)	Lowest rate at which procurement made by Aizawl North and South Divisions (In Rupees)	Difference in rates (In Rupees)	Extra expenditure (Rupees in lakh)
Sized stone of 0.25x0.25x0.25 m size	2,21,762 nos.	12 per stone	26.61	10 per stone	2 per stone	4.44
Stone aggregates of 63-40 mm size	1065 cum	600 per cum	6.39	437 per cum	163 per cum	1.74
Boulders of 100-150 mm size	1732.57 cum	500 per cum	8.66	350 per cum	150 per cum	2.60
			41.66			8.78

(b) Scrutiny (January 2000) of vouchers in Central Audit revealed that during June 1999 the Building Project Division II, Aizawl procured between August 1998 and April 1999, 224721 number of sized stone of 0.25 x 0.25 x 0.25 m size and 1128.86 cum of 100 - 150 mm boulders at the rates of Rs.12 per stone and Rs.500 per cum of boulder respectively from 21 local suppliers while during the same period other Public Works Divisions at Aizawl had also procured the aforesaid stone metal from the local supplier at a much cheaper rate of Rs.10 per stone of same specification and Rs.350 per cum of

100 - 150 mm boulder. Computed with reference to the lower rates at which the Division/other Divisions at Aizawl had procured the similar materials, the Department had incurred an extra expenditure of Rs.6.18 lakh as shown below:

Name of the materials	Quantity procured	Rate at which payments made (In Rupees)	Available lower rate (In Rupees)	Difference in rate (In Rupees)	Extra expenditure (Rupees in lakh)
Sized stone of 0.25x0.25x0.25 m size	224721 number	12 per stone	10 per stone	2 per stone	4.49
Boulders of 100-150 mm size	1128.86 cum	500 per cum	350 per cum	150 per cum	1.69
Total :					6.18

Thus, failure of the divisions to ascertain the lowest available rates and non-observance of codal formalities before resorting to purchases resulted in an avoidable extra expenditure of Rs 14.96 lakh.

The matter was reported to Government in January - February 2000; reply has not been received (November 2000).