

CHAPTER IV: AUDIT OF TRANSACTIONS (CIVIL DEPARTMENTS)

AGRICULTURE DEPARTMENT

4.1 Non-compliance of PAC's recommendations led to advances lying unadjusted

Non-compliance of PAC's recommendations regarding adoption of PWD system in maintaining the basic records and non-adherence to financial rules by the Agricultural Department, led to advances of Rs. 1.64 crore remaining unadjusted over a period of one to four years.

The Public Accounts Committee (PAC) in its Sixtieth Report recommended (February 2000) that the Agriculture Department (Engineering Cell) of the State should adopt PWD system in maintaining the basic records. The Agriculture Department has not adopted the system as of May 2004.

Para 9 of the Central Public Works Department (CPWD) Manual* requires use of muster rolls (MRs) for getting works done departmentally through labourers and workmen. An MR is generally issued for a specific period not exceeding one month at a time and for a specific item of work. The request for issue of MRs needs to be submitted in time and its periodical closure and submission to Executive Engineer is required to ensure payment to labourers through temporary advance.

Test-check (December 2003 and January 2004) of records of the Executive Engineer (West), Agriculture Department, Agartala revealed that eight new works* were taken up departmentally by engaging labourers through MR. Neither was any request for issue of MR submitted by the Implementing Officers (IOs) nor did the Executive Engineer issue any MR for engagement of labourers/workmen. Thus, the PWD system of ensuring control over expenditure in execution of works through MRs was not followed by the department.

Scrutiny also revealed that to execute the works, seven Junior Engineers (JEs) were given advances in instalments on the condition that the subsequent amounts of instalments of advances to be released to them, would be equal to the amounts of adjustments submitted by the IOs against previous advances. But even this condition, as set by the department, was not followed as advances were being paid to the IOs, without obtaining adjustments against

* CPWD Manual is followed by the State Public Works Department (PWD).

* (i) AIBP works, (ii) Construction of Cold Storage at Badharghat, Agartala, (iii) Construction of buildings for T.S.R. 2nd Bn. at R.K. Nagar, (iv) Construction of Training Institute for Swavalamban at A.D. Nagar, (v) Construction of Traffic Training Centre at PTC, Narsingarh, (vi) Construction of Officer's barrack at PTC, Narsingarh, (vii) Construction of S.B. Training Institute, (viii) Construction of market complex at Golchakkar, Agartala.

previous advances. This had led to accumulation of unadjusted amount of advances of Rs. 1.64[^] crore paid to seven JEs between December 1999 and December 2003.

As the adjustments against advances were not submitted, the actual utilisation of the funds and the actual progress of work done as of date could not be examined in audit.

Thus, the department had failed to ensure the accountability of the departmental officers in financial activities due to non-compliance with PAC's recommendations and non-adherence to financial procedures in respect of the works done through MRs. Besides, this entailed an inherent risk of misappropriation/misutilisation of Government funds.

The Executive Engineer stated (July 2004) that adjustments for Rs. 93.63 lakh have since been received from six IOs.

The matter was reported to the Government in June 2004; their reply had not been received (September 2004).

ANIMAL RESOURCE DEVELOPMENT DEPARTMENT

4.2 Non-realisation of cost of milk from Tripura Co-operative Milk Producers' Union Limited

Non-execution of any formal agreement specifying the time frame for payment resulted in non-realisation of Rs. 13.69 lakh for supply of milk even after a lapse of almost five years.

General Financial Rules provide that prior to supply of any item, both the supplier and recipient should enter into contract or agreement. This would ensure that, in the event of any deviation from the terms and conditions of the contract or agreement, neither of the parties would be able to escape its liabilities subsequently.

Test-check (June 2002) of records of the Deputy Director, R.K. Nagar Farm Complex of Animal Resource Development Department and information collected in December 2003 revealed that the department supplied milk, produced in the cattle farm to Tripura Co-operative Milk Producers' Union Ltd (a co-operative society), Agartala, at the rate approved from time to time by the Government and the society on the basis of two axis pricing system[#]. The department did not enter into any formal agreement with the society on

[^] (i) P.B. Chowdhury: Rs. 48.25 lakh; from July 2002 to December 2003, (ii) Dipak Ghosh: Rs. 32.45 lakh; from January 2001 to November 2003, (iii) Apu Roy: Rs. 28.00 lakh; from April 2002 to December 2003, (iv) T. Dutta Chowdhury: Rs. 25.00 lakh; from June 2002 to December 2003, (v) M.K. Deb: Rs. 20.50 lakh; from July 2002 to November 2003, (vi) Ashish Das: Rs. 6.00 lakh; from August 2002 to December 2003 and (vii) Subir Shome: Rs. 3.95 lakh; from December 1999 to October 2000.

[#] Two axis pricing system means price determined on the basis of fat and solid non-fat contents present in one kg of milk.

the procedure/period for payment by the society against the supply made by the department.

It was seen that during 1996-97 to 2003-04 (upto July 2003) the Farm supplied 3,92,815.3 kgs of milk to the society. Of this, Rs. 13.69 lakh, being the cost of 1,45,471 kgs of milk supplied between June 1996 and November 1999, remained outstanding against the society as of September 2004.

Thus, due to non-execution of a formal agreement specifying the time frame for payment as well as lack of persuasion with the concerned society, the department could not realise the sale proceeds of Rs. 13.69 lakh for supply of milk even after a lapse of almost five years.

The Government to whom the matter was reported in March 2004 stated (July 2004) that the amount of Rs. 13.69 lakh would be recovered from the society in quarterly instalments within a period of five years.

EDUCATION (SCHOOL AND HIGHER) AND AGRICULTURE (HORTICULTURE) DEPARTMENTS

4.3 Misutilisation of cash

Non-adherence to the provision of Financial Rules by three Drawing and Disbursing Officers led to misutilisation of cash of Rs. 11.06 lakh.

Accountability of the Drawing and Disbursing Officers (DDOs) is to be ensured through strict adherence to the provision of the Treasury and Financial Rules in handling and retention of cash. Undisbursed cash held by the DDOs is to be kept in safe custody for immediate disbursement for which it was already sanctioned and drawn.

Scrutiny (July 2002 to November 2003) of records of three DDOs, one each from the Education (School), Education (Higher) and Agriculture (Horticulture) Departments disclosed serious irregularities and non-observance of provisions of rules by the concerned DDOs, which resulted in misutilisation of undisbursed cash of Rs. 11.06 lakh as detailed below. It was also noticed that physical verification of cash at the end of each month was also not regularly done by the DDOs.

At the instance of Audit, physical verification of cash was conducted by the three DDOs* between July 2002 and November 2003. Against the total closing cash balance of Rs. 2.20 crore recorded in the cash books of these

* (1) The Director of School Education, Agartala; closing balance: Rs. 177.34 lakh; cash shortage: Rs. 2.14 lakh (July 2002);

(2) The Vegetable and Seed Production Officer, Horticulture Research Complex, Nagicherra; closing balance: Rs. 6.37 lakh; cash shortage: Rs. 0.69 lakh (September 2003); and

(3) The Principal, Polytechnic Institute, Narshingarh; closing balance: Rs. 36.46 lakh; cash shortage: Rs. 8.23 lakh (November 2003).

DDOs, only Rs. 2.09 crore was physically available, leaving a shortage of cash of Rs. 11.06 lakh in three offices.

All the three DDOs made unauthorised advances of Rs. 11.06 lakh by recording the individual amounts in a register and in some cases against 'paper slips (issued by concerned DDOs)' which cannot constitute cash balance. This resulted in misutilisation of Rs. 11.06 lakh which was advanced to different staff members for making payment towards telephone bills, purchase of office materials, travelling allowances, car registration charges etc.

Non-maintenance of the cash book in accordance with the provisions of treasury rules and persistent practice of allowing the unauthorised advance and utilisation of cash through issue of 'paper slip' by the concerned DDOs led to misutilisation and shortage of cash. Thus, non-adherence to the provisions of Treasury/Financial Rules in handling cash made the system vulnerable to misappropriation.

The matter was reported to the Government in March 2004. In reply (June 2004) the Education (School) Department while admitting the lapse stated that expenditure from undisbursed cash was incurred without waiting for sanction to avoid unpleasant situation. The Education (Higher) Department admitted (September 2004) the fact and stated that necessary action in this regard has already been taken up and ensured that Financial Rules would be rigidly followed.

Reply from the other department had not been received (September 2004).

HOME (POLICE AND FIRE SERVICE) DEPARTMENT

4.4 Short realisation of service charge

The Director of Fire Service did not realise the service charge for Rs. 11.68 lakh at an enhanced rate consequent upon revision of pay, from the Project Manager, Agartala Gas Turbine Power Project of NEEPCO, for deployment of fire service crew.

The Project Manager, Agartala Gas Turbine Power Project of the North Eastern Electric Power Corporation Limited (NEEPCO) (a Government of India Enterprise) requested (March 1998) the Director of Fire Service, Tripura, for providing a fire fighting unit at its Power Plant at Ramchandranagar as a preventive measure. The Project Authority agreed to bear the service charge* for the fire service crew, but no formal agreement between the Project Authority and the Government was found to have been drawn up.

Test-check (October 2003) of records in the Directorate of Fire Service, Agartala, revealed that a crew consisting of 12 fire service personnel with necessary equipment was deployed at the Power Project with effect from August 1998. A service charge of Rs. 2990 per day (calculated by the

* The service charge was inclusive of salary and allowances for the crew, depreciation charge for appliances and equipment and cost of fuel and stationery.

Directorate of Fire Service and approved by the Government), was accepted by the Project Authority and paid regularly against monthly bill raised by the department. Consequent upon the revision of pay and allowances of the State Government employees taking effect from October 1998 and rise in the cost of fuel etc, the service charge was also enhanced to Rs. 4023 per day with the approval of the Government (May 2002) to take effect from June 2002, though the revision of service charge should have been done with effect from October 1998 along with the revision of pay and allowances of the employees. Thus, the system lapse as revealed by the delay in effecting revision of service charge and also non-preferring claims on this account at enhanced rate, for the period from October 1998 to May 2002, by the department resulted in short realisation of Rs. 11.68 lakh (Rs. 872* × 1139 days) from the Project Authority.

On this being pointed out in audit, the Director of Fire Service raised (November 2003) a supplementary bill for Rs. 11.68 lakh against the Project Authority. He also stated (June 2004) that effort was being made to realise the outstanding amount. Further development has been awaited.

The matter was reported to the Government in March 2004. The Government admitted (September 2004) the fact as stated by the Director of Fire Service.

POWER DEPARTMENT

4.5 Extra liability for belated payment of energy bills

The Government had to bear extra liability of Rs. 2.33 crore due to late payment of energy bills.

The Power Department, Government of Tripura purchases power (electricity) from National Hydro Power Corporation Limited (NHPC) and North Eastern Electric Power Corporation Limited (NEEPCO). According to the provisions of the agreements concluded (NHPC: March 1996; NEEPCO: December 1996) with these firms, NHPC charges surcharge at the rate of two *per cent* per month and NEEPCO charges interest at the rate of 1.5 *per cent* per month, if energy bills raised by them are not paid by the department within one month from the date of presentation of the bills. Mention was made in Para 4.3 of the Report of the Comptroller and Auditor General of India for the year ended 31st March 1998 regarding interest liability for belated payment of energy charges. The Government in its written reply furnished (September 2000) to the Public Accounts Committee (PAC) stated that it had decided to go in for agreement with the respective firms provided earlier surcharge/interest levied were waived off. No follow-up action was, however, taken by the department (May 2004) despite PAC's recommendations in its 65th Report.

Test-check (August-September 2003) of records of the Executive Engineer, Electrical Division No. IX, Agartala, who has been entrusted with the payment

* Rs. 872 is the difference between salary component of the revised rate of service charge and that of the pre-revised rate.

of energy bills on behalf of the department, revealed that these firms claimed Rs. 2.33^{*} crore being surcharge/interest for belated payment of energy bills.

The Chief Engineer (Electrical), Tripura stated (May 2004) that though provisions for energy charges were duly made in the annual budget of the Power Department, expenditure had been incurred according to LOC* issued from time to time to the Division. The Finance Department, Government of Tripura was requested (June 2004) to furnish the reasons for not releasing adequate funds in time to Power Department despite having provision in budget.

Thus, the Government had to bear extra liability of Rs. 2.33 crore for belated payment of energy bills despite having sufficient budget provision.

The matter was reported to Government in June 2004; the reply had not been received (September 2004). The Finance Department stated (July 2004) that pending liabilities could not be settled as the Power Department could not make adequate budget provision. The Finance Department also stated that it could not make the required budget provision due to financial constraint. But the reply of the Finance Department is not tenable as there were overall savings in the Power Department as well as in the departments of State Government as a whole during these years.

4.6 Interest liability for belated payment of monthly transmission charges

Late payment of bills for monthly transmission charges to Power Grid Corporation of India Limited resulted in extra liability of interest of Rs. 57 lakh.

For transmission of power to Tripura from various Central power plants in the North Eastern Region, the Power Department, Government of Tripura concluded an agreement (September 1994) with Power Grid Corporation of India Limited (PGCI). According to the provision of the agreement, the department is required to establish a revolving Letter of Credit (LOC) for such amount as may be agreed upon between the department and PGCI. If revolving LOC has not been opened by the department, PGCI shall forward a bill for total monthly transmission charges to the department and the department shall pay the amount to PGCI within 30 days from the receipt of the bill failing which the department shall pay simple interest at the rate of 1.5 *per cent* per month on the outstanding amount for the period beyond 30 days period aforesaid.

Test-check (August–September 2003) of records of the Executive Engineer, Electrical Division No. IX who has been entrusted with the payment of transmission charges to PGCI on behalf of the Power department, revealed that the department had neither opened a revolving LOC with the Bank nor paid the bills within 30 days from receipt of the bills, and PGCI claimed

^{*} NHPC: surcharge of Rs. 0.63 crore for the period from October 2001 to September 2003; and NEEPCO: interest of Rs. 1.70 crore for the period from October 2001 to March 2003.

* Authority to incur expenditure.

interest of Rs. 57 lakh relating to the period from October 2001 to August 2003.

The Chief Engineer (Electrical), Tripura stated (May 2004) that though due provision was made in the annual budget of the Power Department expenditure had been incurred according to LOC issued from time to time to the division. The Finance Department, Government of Tripura was requested (June 2004) to furnish the reasons for not releasing adequate funds to the Power Department despite having provision in annual budget.

Thus, late payment of bills for transmission charges despite having sufficient budget provision has led to bear extra liability of Rs. 0.57 crore.

The matter was reported to Government in June 2004; the reply had not been received (September 2004). The Finance Department stated (July 2004) that pending liabilities could not be settled as the Power Department could not make adequate budget provision. The Finance Department also stated that it could not make the required budget provision due to financial constraint. But the reply of the Finance Department is not tenable as there were overall savings in the Power Department as well as in the departments of State Government as a whole during these years.

4.7 Amount not recovered from the defaulting contractor

The Executive Engineer, Transmission Division, rescinded a work but did not recover Rs. 36.13 lakh from a contractor towards the cost of materials not returned and the extra cost borne by the department for getting the balance work done by another contractor.

Supply, erection and commissioning of 132 KV single circuit transmission line from Kumarghat to Kailashahar (17.225 km) was awarded to a Kolkata based firm 'A' (M/S Ancon Engineering Co. Pvt Ltd.) in May 1993 at Rs. 97.76 lakh with the stipulation to complete the work within 24 months. Though the contractor started the work in June 1993, on being dissatisfied with the progress of work, the Executive Engineer rescinded the contract in May 1996 by invoking the clause of the agreement which provides that the extra cost required to get the balance work done would be borne by the contractor. The final bill (January 1997) for the work executed against the original contract revealed that after adjustment of all the dues an amount of Rs. 5.48 lakh was recoverable from the contractor. This *inter alia* includes the cost of materials issued to the firm, which were neither used in the work nor returned to the department. A letter was issued to the firm in January 1997 with the request to deposit Rs. 5.48 lakh towards the cost of materials issued by the department.

The balance work was awarded to another contractor (a local firm) in June 1999 at Rs. 1.12 crore (63.10 *per cent* above the estimated cost of Rs. 70.41 lakh) which was completed in August 2000 at a cost of Rs. 2.29 crore.

The extra cost borne by the department to execute the balance work was computed to be Rs. 31.65 lakh*. Thus, the total amount recoverable from the defaulting contractor 'A' finally stood at Rs. 37.13 lakh (Rs. 31.65 lakh plus Rs. 5.48 lakh). The security deposit of Rs. 1 lakh lying with the department was forfeited leaving a balance of Rs. 36.13 lakh, which could not be recovered by the department.

In his reply, the Executive Engineer stated (January 2004) that no further step could be taken to recover the amount as the firm 'A' was not traceable. The reply was not convincing as nothing was available on record in support of the statement and the work was awarded after the firm had satisfied the department about its capability to execute such work. The fact remains that though the firm did not respond to its letter of demand issued in January 1997 consequent to the rescission of contract in May 1996, the department failed to take any legal action against the contractor as of March 2004. The department never raised its claim of Rs. 31.65 lakh representing the difference of cost payable by the defaulting contractor according to the provision of the contract agreement.

The matter was reported to the Government in June 2004; reply had not been received (September 2004).

PUBLIC WORKS DEPARTMENT

4.8 Idle and infructuous expenditure on bailey bridge by the Executive Engineer, Amarpur Division

Transfer of bailey bridge to Border Road Organisation without drawing up an agreement and its return and acceptance by unauthorised and unqualified person resulted in idle and infructuous expenditure of Rs. 39.80 lakh.

Para 17.1.1 of Central Public Works Account (CPWA) Code read with Chapter 4 of Government Accounting Rules, 1990, stipulates that in the case of transactions between two Governments, adjustment shall always be made in such manner and to such extent as may be mutually agreed upon by the Governments concerned. Further, Para 157 of CPWD Code provides that normally a Junior Engineer (JE) will be responsible for receipt, issue, preservation and safe custody of stores. Where a store-keeper is also posted, he will work under the strict supervision and vigilance of the JE and receipt of stores will be the responsibility of the Junior Engineer.

To facilitate carriage and supply of materials on Indo-Bangladesh Border Roads in South Tripura, under construction by Border Road Organisation (BRO), the BRO proposed (December 1998) to carry out repair works of the road from Jatanbari to Chuplingcherra including the bridge at Chuplingcherra. Accordingly, the road was handed over by the State PWD to the BRO in December 2000.

* The difference of cost (Rs. 31.65 lakh) was computed on item-wise quantity stipulated in the agreement (executed with the contractor 'A') multiplied by the extra cost paid to the 2nd contractor on each item.

Test-check (December 2003 to January 2004) of records of the Executive Engineer (EE), Amarpur Division, revealed that one 120 feet long bailey bridge costing Rs. 39.80 lakh was procured (September 1999) for erection over Chuplingcherra on emergent basis to keep the movement of food grains as well as security personnel unaffected as repairing of the existing dilapidated timber bridge was difficult due to high level of water.

As handing over of the road along with Chuplingcherra bridge had already been agreed to by the State Government in principle and the actual handing over was under process, in anticipation of handing over, the Engineer-in-Chief of the State PWD instructed (August 1999) the Executive Engineer, Amarpur Division to hand over the bailey bridge to the BRO for erection over Chuplingcherra stating (August 1999) that the cost of the bridge would be reimbursed by the BRO. But, no formal agreement was drawn between the State PWD and the BRO setting forth the conditions regarding reimbursement of cost of the bridge by the BRO. The Executive Engineer handed over in September 1999 the bailey bridge to the BRO for erection over Chuplingcherra.

Scrutiny of records in the Division revealed that the bailey bridge received by the BRO in September 1999 was returned to the Division in November 2000. On audit query, the Division could not state whether the bridge was installed by the BRO as planned earlier. The bridge was received by a Work Assistant posted in Amarpur Division, and he did not point out any shortage / dissimilarity between the bridge components issued and those received back. After a lapse of about one and a half years, in April 2002, the Executive Engineer of the Division informed the BRO that some of the components were not returned by it while some other components returned by it were not similar to those originally issued to them by the Division. The Divisional Officer asked the BRO authority to replace the components. But the BRO did not respond. The bridge could not be put to use by the Division and was lying idle in the stockyard of the Division (February 2004).

Thus, the Divisional Officer could not get the cost of the bridge reimbursed by the BRO due to the absence of any agreement. The Division also did not depute any authorised qualified official to receive the components of the bailey bridge, which ultimately resulted in idle and infructuous expenditure of Rs. 39.80 lakh.

The Chief Engineer, PWD (R&B) admitted (September 2004) the fact and stated that the question of signing agreement would be reviewed in the light of audit observations. He also stated that it should not be treated as blocking of funds but he himself could not ascertain if these components were put to use during these years.

The matter was reported to the Government in April 2004; reply had not been received (September 2004).

4.9 Extra expenditure on drainage scheme of Agartala Municipality

Failure of the department to get the work done by the first contractor due to departmental lapses and award of the work to another contractor resulted in extra expenditure of Rs. 24 lakh.

Test-check (January–February 2003) of the records of the Executive Engineer, Public Health Engineering (PHE) Division I, Agartala, revealed that the work “Improvement of drainage scheme of Agartala Municipality (central area), Katakhal basin, Phase I/Construction of RCC drain including RCC box culverts from Shibnagar Khal to Harijan Colony Sump Groups I, II & III” was awarded to contractor ‘A’ in December 1994. The work was awarded at Rs. 95.48 lakh (estimated cost: Rs. 79.39 lakh) with 6 months’ time allowed for completion.

The contractor could not start the work even within the stipulated period of completion of work (June 1995) due to non-receipt of (i) site for work, and, (ii) approved drawing and design, from the department. The department handed over the site for work and approved drawing and design to the contractor only in October 1995.

Due to such delay in handing over of site and approved drawing and design, the contractor demanded (November 1995) enhancement of rate on reinforced cement concrete and cement concrete items for Rs. 13.18 lakh. The department did not accept enhancement of rate and rescinded the work in January 1996. The work was subsequently awarded to contractor ‘B’ in August 1996 at the rates quoted by him and he completed the work in February 1999. The contractor was paid Rs. 1.26 crore in August 2001.

A comparative study of the expenditure, taking into consideration the quantity of work actually executed by contractor ‘B’ with that of contractor ‘A’ revealed that had the site along with approved drawing and design for this work been handed over to contractor ‘A’ in time, the work could have been executed by contractor ‘A’ at Rs. 1.02 crore instead of Rs. 1.26 crore paid to contractor ‘B’.

According to the CPWD Code[♦] and Manual[♥], the availability of a clear site and drawing and design is to be ensured before taking up the execution of any work. Thus, failure of the department to provide the site and approved drawing and design in time, resulted in extra expenditure of Rs. 24 lakh (Rs. 1.26 crore–Rs. 1.02 crore).

The Government to whom the matter was reported in March 2004 stated (June 2004) that as per agreement made with contractor ‘A’, difference of cost (Rs. 24 lakh) should be borne by the contractor ‘A’, who has been asked in December 2003 to deposit the amount. The matter was lying with the arbitrator as referred to by the contractor ‘A’.

[♦] Paragraph 86A(ii) of the CPWD Code.

[♥] Paragraphs 5.1, 15.2.1 and 17.3.1 of CPWD Manual Volume II.

4.10 Unauthorised expenditure on pay and allowances and avoidable expenditure on wages of Daily Rated Workers (DRWs) in two Divisions of PWD

Injudicious distribution of Helpers between two Divisions led to excess and unauthorised expenditure of Rs. 54.50 lakh on pay and allowances on Agartala Division together with extra avoidable expenditure of Rs. 21.68 lakh on Ambassa Division.

Test-check (October – November 2003) of records of the Executive Engineer, Agartala Division II, revealed that the Division employed 150 Helpers during April 2000 to August 2003 as against a sanctioned strength of 120 Helpers. As a result, there was unauthorised engagement of 30 Helpers and the Division had to incur an excess and unauthorised expenditure of Rs. 54.50 lakh during the said period. Further test-check (November – December 2003) of records of the Executive Engineer, Ambassa Division, disclosed that the Division was functioning with a shortage of 26 to 33 Helpers during 2000-01 to 2003-04. This shortage led to engagement of 26 Daily Rated Workers (DRWs) for which the Division had to incur extra expenditure of Rs. 21.68 lakh towards wages during the period from March 2000 to August 2003 which could have been avoided had the excess numbers of Helpers deployed in Agartala Division II been placed at the disposal of Ambassa Division to meet its manpower requirement. Audit enquiry revealed that the services of Helpers were transferable among the divisions.

This indicates that the department failed to operate its manpower deployment mechanism to ensure proper distribution of Helpers in the instant cases. The department neither regularised the excess engagement nor did the Division initiate any proposal to increase sanctioned strength of Helpers to regularise the engagement of 30 Helpers in excess.

The matter was reported to the Government in April 2004; reply had not been received (September 2004).

4.11 Undue financial benefit to contractor – Muhuri Irrigation Work, Kalashi

Works Advisory Board approved interest free mobilisation advance (Rs. 2.10 crore) to contractor ignoring the provisions of the CPWD Manual resulting in loss of interest of Rs. 30 lakh.

Para 32.7 of CPWD Manual Volume II as adopted by the State Government read with Director General's order thereunder provides that in respect of certain specialised and capital intensive works, as determined by the Chief Engineer, costing not less than Rs. 1 crore, mobilisation advance sanctioned to a contractor is to be limited to a maximum of 10 *per cent* of the estimated cost put to tender or Rs. 1 crore, whichever is less. Such mobilisation advance would also bear 10 *per cent* simple interest on it. The conditions of sanctioning mobilisation advance should be indicated in the Notice Inviting Tender (NIT).

Test-check (February – March 2004) of records of the Executive Engineer, Irrigation and Flood Management Division No. IV, Belonia revealed that the conditions of sanctioning mobilisation advance were not indicated in NIT in respect of the work, Muhuri Irrigation Project at Kalashi, South Tripura (Diversion Scheme)/construction of Head Works with gates, head regulators etc. The tenderer requested (May 2000) for 10 *per cent* interest free mobilisation advance. The request was approved by the Works Advisory Board on recommendation (October 2000) of the Chief Engineer, Public Works Department (Water Resource) contrary to the provisions of the CPWD Manual. The work was awarded (March 2001) to the contractor at a cost of Rs. 21.17 crore i.e., 42.84 *per cent* above the estimated cost of Rs. 14.82 crore with the stipulation to complete the work by March 2004. The work commenced in November 2002 was in progress. The Executive Engineer paid mobilisation advance of Rs. 2.10 crore in three instalments of Rs. 0.70 crore each in March 2001, February 2003 and November 2003.

Thus, the payment of interest free mobilisation advance to the contractor ignored the provisions of the CPWD Manual. Consequently the Government sustained loss of interest for Rs. 30 lakh during the period from March 2001 to March 2004 i.e., from the date of payment to the date of partial adjustment of Rs. 0.09 crore upto 8th RA bill. The loss in the shape of interest would be more at the end of full adjustment of the advance. Besides, undue financial benefit was extended to the contractor through excess payment of advance by Rs. 1.10 crore (Rs. 2.10 crore – Rs. 1.00 crore).

The matter was reported to the Government in June 2004; reply had not been received (September 2004).

4.12 Non-recovery of penalty from the defaulting contractors by Executive Engineer, Ambassa Division, Agartala Division II and Amarpur Division

Three Executive Engineers did not recover penalty of Rs. 26.95 lakh from the defaulting contractors due to non-employment of technical staff at the site of work.

The contract (clause 36 of the agreement executed either in PWD Form 7 or in Form 8) provides that the contractor shall employ: i) one Graduate Engineer with minimum one year's experience when the cost of work to be executed is more than Rs. 50 lakh; ii) one qualified Diploma Holder (Overseer) with minimum three years' experience when the cost of the work to be executed is more than Rs. 20 lakh but less than Rs. 50 lakh. In case the contractor fails to employ the technical staff as specified above he shall be liable to pay a sum of Rs. 2,000 in case of Graduate Engineer and Rs. 1,000 in case of Diploma Holder for each month of default.

As prescribed in the CPWD Manual, Volume II, after award of work, the contractor should be asked to furnish the details such as name, qualifications and address of the Engineer employed by the contractor. The Assistant Engineer should record a certificate in each running bill to the effect that a

qualified engineer, employed by the contractor as per the provisions of clause 36, has looked after the work during its execution.

Test-check (October–December 2003) of records in three Divisions, viz. Ambassa Division, Agartala Division II and Amarpur Division, revealed that neither did the Executive Engineers (EEs) ask the contractors to furnish details of technical staff appointed by them nor did the contractors furnish the information. The Assistant Engineers also did not furnish any certificate in the running bills regarding appointment of engineer by the contractors. Audit scrutiny revealed that Rs. 26.95 lakh (Ambassa Division: Rs. 10.92 lakh; Agartala Division II: Rs. 8.82 lakh and Amarpur Division: Rs. 7.21 lakh) recoverable from the defaulting contractors under clause 36 was not recovered at the prescribed rates in 125 cases of failure of the contractors to employ the technical staff.

The Chief Engineer (PWD) stated (September 2004) that the concerned Executive Engineers have already been advised to take appropriate action so as to ensure the recovery of full amount from the defaulting contractors.

The matter was reported to the Government in April 2004; reply had not been received (September 2004).

TRIBAL WELFARE DEPARTMENT

4.13 Idle expenditure and locking up of funds on construction of ropeways

Expenditure of Rs. 42.81 lakh incurred on construction of three ropeways was rendered unfruitful and seven ropeways could not be constructed resulting in locking up of an additional amount of Rs. 57.19 lakh allocated for them. The interest loss of the Government on this account was Rs. 30.88 lakh.

The Forest (Conservation) Act, 1980 and the Forest (Conservation) Rules, 1981 provide that for use of forest land for non-forest purpose, prior approval of the Central Government should be obtained by sending proposal in the prescribed form.

Scrutiny (November–December 2003) of records in the Directorate of Welfare for Scheduled Tribes revealed that pursuant to a proposal from the department, the Government of India released (March 2001) a grant of Rs. 1 crore for construction of 10 ropeways at different locations* in the remote hilly areas of Tripura. The Tribal Welfare Department entrusted the construction work to the Executive Engineer, Mechanical Division in the Agriculture Department of the State Government. Accordingly the total funds were placed (May 2002) with him. The Executive Engineer engaged (October 2002) Kamaloday Construction (India) Pvt. Ltd, Noida, for construction of 10 ropeways at the cost of Rs. 9.55 lakh each with the stipulation to complete the work within 60 days from the date of handing over of the site.

* Tlangsang, Sabwal, Kanpui (Behlianchip), Paharpur, Kalabari, Saikerbari, Atharomura, Harbang, Falkabari and Champaknagar.

Out of 10, only three ropeways (one each at Sabwal, Tlangsang, and Kanpui) were completed between March and May 2003 at a cost of Rs. 30.03 lakh. A further expenditure of Rs.12.78 lakh was also incurred towards procurement of some materials and construction of labour shed etc, in connection with remaining seven ropeways. But construction of the remaining ropeways were not taken up, as of February 2004. The balance amount of Rs. 57.19 lakh (Rs. 100 lakh *minus* Rs. 42.81 lakh) had been retained in the Current Deposit Account of the Mechanical Division. In August and September 2003, the Tribal Welfare Department directed the District Magistrate and the Block Development Officer concerned to form a society involving the local people. The society would take over the ropeways as well as shoulder the responsibility of their running and maintenance.

The society was not formed nor could the ropeways be taken over following objection from the Forest Department as all these ropeways were constructed in forest areas without obtaining prior approval from the Government of India, required under the rules. The Tribal Welfare Department did not approach the Government of India as of February 2004 for obtaining permission to use forest land for non-forest purpose though the Forest Department pointed out the need for such permission during the execution of the work.

Thus, due to negligence of the department in obtaining the requisite clearance from the Government of India, Rs. 1 crore remained locked up for three years with interest loss of Rs. 30.88 lakh[^] upto March 2004. This has also resulted in delay in extending the desired benefit of all weather transportation facilities to the targeted tribal people.

The matter was referred to the Government in April 2004; reply had not been received (September 2004).

URBAN DEVELOPMENT DEPARTMENT

4.14 Idle investment and blocking of funds on construction of slaughter house

Failure on the part of the Agartala Municipal Council to complete the project for construction of slaughter house at Agartala during 1993-94 to 2003-04, due to lack of planning, has led to idle investment (Rs. 65.05 lakh) and blocking of funds (Rs. 1.11 crore).

A project for construction of a slaughter house (where 250 goats and 50 pigs can be slaughtered, processed and converted into meat mechanically) under Centrally Sponsored Scheme (50:50) – “Modernisation of slaughter house”, at Agartala was approved by the Government of India during 1993-94. Accordingly, Central share of Rs. 1.26 crore^{*} and State share of Rs. 50 lakh^{**} was released to the Agartala Municipal Council (AMC) during 1994-95 to 2001-02 for implementation.

[^] Calculated @ interest applicable on the Government borrowings.

^{*} 1994-95: Rs. 46 lakh, 2001-02: Rs. 80 lakh

^{**} 1995-96: Rs. 40 lakh, 1996-97: Rs. 10 lakh

The State Government decided in May 1997 to award the work of the slaughter house to Steel Industries Kerala Limited (SILK), a Government of Kerala undertaking and accordingly the SILK submitted (December 1998) a detailed project report for Rs. 1.54 crore.

The State Advisory Board decided in March 1999 that the civil and structural works would be done by the AMC at a cost of Rs. 44.41 lakh on the basis of drawing and design submitted by the SILK and the work for supply and installation of machineries in the slaughter house would be done by the SILK at a cost of Rs. 80.33 lakh. Accordingly an agreement was executed (March 1999) between the AMC and the SILK and an amount of Rs. 30 lakh was paid to the SILK as advance payment (as of March 2004).

Test-check (February 2003) of records of the Agartala Municipal Council revealed that work order for civil and structural works was issued to a local contractor in June 2000 and the site for the work was handed over to the contractor in November 2000. The work was actually started in March 2001 and the building for installation of machineries was ready in August 2003.

The SILK was requested (August 2003) to start the work for supply and installation of machineries. But as of June 2004 the SILK did not respond to the request of the State Government. There was nothing on record to indicate the reasons for not taking up the work by the SILK. Out of the total funds of Rs.1.76 crore, an amount of Rs. 65.05 lakh (including an advance payment of Rs. 30 lakh to the SILK) had been spent upto June 2004.

Thus, the department failed to complete the project even after a lapse of 10 years due to lack of planning and monitoring despite availability of funds, and the investment of Rs. 65.05 lakh became idle. Besides, an amount of Rs. 1.11 crore (Rs. 1.76 crore – Rs. 65.05 lakh) remained unutilised at the end of 2003-2004.

The matter was reported to the Government in June 2004. The Government admitted (September 2004) the fact and stated that the Government of Kerala had intimated that the SILK had taken necessary steps to implement the project expeditiously.

CIVIL, POWER AND PUBLIC WORKS DEPARTMENTS

4.15 Outstanding Inspection Reports

First reply for 186 out of 979 Inspection Reports issued during 1991-92 to 2003-04 was not furnished by Civil, Power and Public Works Departments, though the Government had prescribed a time limit of one month from the date of receipt of Inspection Report to furnish the reply.

Audit observations on financial irregularities and defects in maintenance of initial accounts noticed during local audit and not settled on the spot are communicated to the auditee departments and to the concerned higher authorities through Inspection Reports. The more serious irregularities are reported to the department and to the Government. The Government had

prescribed that the first reply to the Inspection Reports should be furnished within one month from the date of their receipt.

The position of outstanding reports in respect of Civil, Power and Public Works Departments is discussed below:

(a) CIVIL DEPARTMENTS

A review of position of outstanding Inspection Reports relating to various Civil Departments revealed that 2682 paragraphs included in 903 Inspection Reports issued up to 2003-04 were pending for settlement as of June 2003. Of these, even first reply had not been received in respect of 165 Inspection Reports in spite of repeated reminders. Year-wise break-up of the outstanding Inspection Reports and paragraphs is given below:

Sl. No.	Year	Number of outstanding		Number of inspection reports of which even first reply had not been received
		Inspection Reports	Paragraphs	
1.	Up to 1991-92	14	26	Nil
2.	1992-93	11	41	1
3.	1993-94	32	111	2
4.	1994-95	99	310	8
5.	1995-96	99	305	9
6.	1996-97	81	230	11
7.	1997-98	84	190	10
8.	1998-99	88	268	12
9.	1999-2000	78	246	12
10.	2000-01	54	166	12
11.	2001-02	90	267	21
12.	2002-03	82	214	32
13.	2003-04	91	308	35
	TOTAL	903	2682	165

As a result, the following important irregularities commented upon in these Inspection Reports had not been settled as of June 2004.

(Rupees in crore)

Sl. No.	Nature of Irregularities	Number of cases	Amount involved
1.	Wasteful/Infructuous expenditure	23	3.10
2.	Extra/avoidable expenditure	32	2.14
3.	Blockage of funds	25	12.31
4.	Non-recovery of excess payments / overpayments	52	4.54
5.	Others	626	135.13
	TOTAL	758	157.22

(b) POWER DEPARTMENT

Sixty seven paragraphs included in 25 Inspection Reports issued between 1999-2000 and 2003-04 were not settled as of June 2004. Of these, the first reply for nine Inspection reports had not been received despite repeated reminders (as of June 2004). Year-wise break-up of outstanding Inspection Reports and paragraphs are given below:

Sl. No.	Year	Number of outstanding		Number of Inspection Reports of which first reply had not been received
		Inspection Reports	Paragraphs	
1.	1999-2000	6	12	Nil
2.	2000-01	5	8	2
3.	2001-02	4	9	3
4.	2002-03	4	13	1
5.	2003-04	6	25	3
	TOTAL	25	67	9

The most important types of irregularities noticed during local audit of Power Department during 2003-04 are summarised below:

(Rupees in crore)

Sl No.	Nature of irregularities	Number of cases	Amount involved
1.	Excess/irregular/unauthorised expenditure/payment etc.	6	3.85
2.	Non-recovery amount from contractor	3	1.10
	TOTAL	9	4.95

(c) PUBLIC WORKS DEPARTMENT

A review of position of outstanding Inspection Reports relating to PWD revealed that 261 paragraphs included in 51 Inspection Reports issued between 1999-2000 and 2003-04 were pending for settlement as of June 2004. Of these, even first reply had not been received in respect of 12 Inspection Reports in spite of repeated reminders. Year-wise break-up of the outstanding Inspection Reports and paragraphs is given below:

Sl. No.	Year	Number of outstanding		Number of inspection reports of which even first reply had not been received
		Inspection Reports	Paragraphs	
1.	1999-2000	15	94	Nil
2.	2000-01	7	54	1
3.	2001-02	12	43	2
4.	2002-03	7	29	2
5.	2003-04	10	41	7
	TOTAL	51	261	12

The important irregularities noticed during inspection of PW Divisions during 2003-04 are summarised below:

(Rupees in crore)

Sl. No.	Nature of irregularities	Number of cases	Amount involved
1.	Extra/irregular/avoidable/ unfruitful/ wasteful/ unauthorised expenditure/ extra liability	17	3.20
2.	Recovery from contractor	8	0.51
3.	Award of work without call of tender	1	1.24
	TOTAL	26	4.95

General

Follow up on Audit Reports

4.16 Eighty four* reviews and 339* paragraphs had been featured in Audit Reports 1988-89 to 2002-03. At the end of September 2004, out of 84 reviews, 39 reviews were discussed by the PAC leaving a balance of 45 and out of 339 paragraphs featured during the same period, 140 paragraphs were discussed by the PAC leaving a balance of 199 paragraphs. Against 39 reviews and 140 paragraphs already discussed in the PAC, action taken notes (ATN) on the recommendations of the PAC in respect of 20 reviews and 88 paragraphs were yet to be received (September 2004).

Audit arrangement for local bodies

4.17 Audit of accounts of the Tripura State Legal Services Authority for the period from 1999-2000 to 2002-03 was conducted under Section 19 (2) of the C&AG's (Duties, Powers and Conditions of Service Act, 1971) and SAR was issued in April 2004.

The audit of accounts of the following bodies / authorities has been entrusted to the C&AG of India under Sections 19 (3) and 20 (1) of the C&AG's (Duties, Powers and Conditions of Service Act, 1971) for the period mentioned below:

Sl. No.	Name of bodies/authorities	Period of entrustment	Section of the C&AG's (DPC) Act, 1971
1.	Tripura Khadi and Village Industries Board	1999-2000 to 2003-04	19 (3)
2.	Tripura Board of Secondary Education	1996-97 to 2000-01	20 (1)
3.	Agartala Municipal Council	1996-97 onwards on permanent basis	20 (1)
4.	Nagar Panchayats (12 Nos.)	1996-97 onwards on permanent basis	20 (1)
5.	Tripura University	1997-98 to 2001-02	20 (1)
6.	Tripura Housing Board	Upto 1992-93	19 (3)

The status of submission of accounts by the bodies/authorities and submission of Audit Reports thereon to the State Legislature as of July 2004 is given below:

Sl. No.	Name of bodies	Year upto which			Reasons for non-finalisation of Audit Report	Year upto which Audit Report placed before Legislature
		Accounts due	Accounts submitted	Audit Report issued		
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1.	Tripura Khadi and Village Industries Board	2003-04	1997-98	1988-89 to 1990-91	Audit Report for the years 1991-92 to 1996-97 is in progress	No information on placement of the SARs issued to the Government/Board had been received (July 2004).
2.	Tripura Board of Secondary Education	2000-01	1997-98	1993-94 to 1997-98	Audit Report for the years 1993-94 to 1997-98 issued to the Government in April 2004	1991-92 and 1992-93

* Including 4 reviews and 45 paragraphs relating to the Power Department as appeared in Chapter VIII (titled 'Government Commercial and Trading Activities') of Audit Reports. These reviews and paragraphs are discussed by the PAC.

Due to non-submission of accounts in proper format by the Agartala Municipal Council and 12 Nagar Panchayats, audit could not be taken up since their inception. Only transaction audit is being conducted. Audit of accounts of the Tripura University for the period from 1992-93 to 1995-96 have been completed and separate Audit Report issued. Audit of accounts of the Tripura Housing Board for the period from 1990-91 to 1992-93 (entrusted in February 2003) is being taken up.

The following 18 bodies/authorities, whose accounts were received so far (July 2004) attracted audit under Section 14 of the C&AG's (DPC) Act, 1971. Of these, 10 bodies/authorities were audited (upto July 2004) as detailed below:

Sl. No.	Name of bodies/ authorities	Annual accounts	
		Received	Audited
1.	District Rural Development Agency (West)	2000-01 and 2001-02	2000-01 and 2001-02
2.	District Rural Development Agency (South)	2002-03 and 2003-04	2002-03 and 2003-04
3.	District Rural Development Agency (Dhalai)	2001-02 and 2002-03	Being taken up shortly
4.	District Rural Development Agency (North)	1999-2000 and 2000-01	1999-2000 and 2000-01
5.	Tripura Sports Council	1999-2000 to 2001-02	1999-2000 to 2001-02
6.	Tripura Scheduled Tribes Co-operative Development Corporation	1991-92 to 2002-03	1991-92 in 2002-03
7.	Tripura Scheduled Caste Co-operative Development Corporation	1993-94 to 1997-98	1993-94 to 1997-98
8.	World Bank Aided Rubber Project	2002-03	2002-03
9.	Tripura State Social Welfare Advisory Board	1998-99 to 2001-02	1998-99 to 2001-02
10.	Ramakrishna Mission Vidyalaya	2002-03 and 2003-04	2002-03 and 2003-04
11.	Ramthakur Pathsala Boy's H.S. (+2 stage) school	1982-83 to 1995-96	Audit is in progress
12.	Tripura Health and Family Welfare Society	1998-99 to 2001-02	1998-99 to 2001-02
13.	Tripura State Aids Control Society	1999-2000 to 2001-02	Being taken up shortly
14.	Tripura Blindness Control Society	2002-03	-do-
15.	Tripura State Leprosy Control Society	2001-02	-do-
16.	Tripura State Council for Science and Technology	1998-99 to 2002-03	-do-
17.	Tripura Minorities Co-operative Development Corporation	1998-99 to 2001-02	-do-
18.	D.N. Vidyamandir	1994-95 to 2001-02	-do-

The accounts of the Tripura Tribal Areas Autonomous District Council (TTAADC) are audited under the provision of Article 244 (2) of the

Constitution read with Sixth Schedule to it. The status of submission of annual accounts by the authority to Audit and laying of Audit Reports before the Council as of July 2004 are given below:

Name of bodies	Tripura Tribal Areas Autonomous District Council (TTAADC)	
Year up to which	Accounts due	2002-03
	Accounts submitted	1993-94 (in old format)
	Accounts Audited	1993-94
	Audit Report issued	1991-92
Reasons for non-finalisation of Audit Report	The Audit Reports of TTAADC could not be finalised for the years 1992-94, as the accounts were prepared in old format. The State Government had sought clearance from the Government of India for acceptance of accounts for 1992-93 and 1993-94 in the old format as a special case. The matter has not yet been settled (July 2004).	
Year upto which Audit Report placed before the Council	1991-92	

Outstanding Inspection Reports

4.17.1 The Government had prescribed that the first reply to the Inspection Reports should be furnished by the concerned departments within one month from the date of their receipt.

As of September 2004, 278 paragraphs included in 45 Inspection Reports issued to local bodies / authorities upto 2003-04 were pending settlement. Of these, even first reply had not been received in respect of 22 Inspection Reports in spite of repeated reminders. Year-wise break-up of the outstanding Inspection Reports and paragraphs is given below:

Sl. No.	Year	Number of outstanding		Number of inspection reports of which even first reply had not been received
		Inspection Reports	Paragraphs	
1.	1999-2000	NIL	NIL	-
2.	2000-01	11	61	2
3.	2001-02	NIL	NIL	-
4.	2002-03	18	101	8
5.	2003-04	16	116	12
	TOTAL	45	278	22

As a result, the following important irregularities commented upon in these Inspection Reports had not been settled as of August 2004:

(Rupees in lakh)

Sl. No.	Nature of Irregularities	Number of cases	Amount involved
1.	Wasteful/Infructuous expenditure	3	4.68
2.	Extra/avoidable expenditure	7	44.15
3.	Blockage of funds	4	146.19
4.	Non-recovery of excess payments / overpayments	19	409.28
	TOTAL	33	604.30