CHAPTER-IV

AUDIT OF TRANSACTIONS

Infructuous / wasteful expenditure and over payment

FINANCE DEPARTMENT

4.1 Suspected fraud in Integrated Pay and Accounts Office System

Inadequate controls resulted in suspected fraud in drawal of salary and other entitlements and excess payment of Rs. 28.27 lakh.

The State Government employees' subscription to General Provident Fund (GPF) is deducted from their monthly salary by the Treasury through the Integrated Pay and Accounts Office System (IPAO), which was introduced (January 2002) at Dehradun and 25 other treasuries of the State (April 2002). The details of the subscriber-wise contribution are transmitted to the Office of the Accountant General, who maintains the GPF accounts.

Test check of schedules (October 2007) relating to GPF submitted by various treasuries revealed that subscriptions of one subscriber[1] were being received from Ranikhet Treasury as well as from Almora Treasury. The employee was fraudulently drawing salary from both the treasuries, and a sum of Rs. 2.28 lakh was recovered (October 2007) from him at the instance of audit. Two similar cases were detected by Audit, details at ***Appendix-4.1(a)***, which have been accepted by the Government. However, recoveries are pending.

Audit scrutiny further revealed that in case of four subscribers, debits (withdrawals/ advances from GPF) were booked to incorrect account numbers even while the credits (subscriptions) were being credited to the correct GPF account number. As a result, the GPF balances in the subscribers' accounts remained unaffected by the debits. Details are at ***Appendix-4.1(b)***. In addition, subscriptions from two different subscribers were credited into one account number[2] in the same schedule.

The above frauds point to a systemic flaw in the IPAO system, for release of salaries and other entitlements of the State Government employees. The software was developed by National Informatics Centre, Dehradun free of cost and the hardware was procured at a cost of Rs. 2.10 crore.

Under the IPAO system the State treasuries prepare the salary bills of all the departments and directly credit the amounts to the employees' bank account. The bills are prepared on the basis of a master data that contains all relevant information pertaining to every employee of the State Government. Variations

[1] GPF Account No: MEDU/42006
[2] GPF Account No: PWDU/19394 in the Schedule No A 20590004 dated 7/4/2007

from the database in components of pay[3], if any, are intimated by DDOs in prescribed forms to the respective treasuries by 23rd of every month. The IPAO system generates several reports such as employee pay slips (sent to DDOs for distribution to employees) and schedules for GPF and other deductions

In an application that is so completely input dependent, authentication of the data through embedded controls/validation controls in the application are vital. But this was found absent in the IPAO system. The reliability of the IPAO system, with specific reference to input controls, was tested in Audit in Dehradun Treasury, using SQL queries from the data back-up from April 2004 to March 2007. The scrutiny revealed the following flaws in the IPAO system:

- The IPAO was implemented as a stand-alone system at each treasury without any central database. As a result, the three cases where the employees took salary from two different treasuries went undetected by the system.
- The system calculates only dearness pay and dearness allowance on the basis of basic pay, and all other components of salary are dependent on fresh input of data in the event of changes (if necessitated by DDO's monthly reports). There were no input checks such as upper and lower limits of salary under each category, slabs for license fee for Government accommodation, etc.
- Although each employee was assigned a unique employee code, the data in various fields relating to each employee was not linked with his employee code. The system accepts any number as GPF account number even when the number has been already allotted to another employee. Absence of this critical check would explain the incidence of suspected frauds in GPF, as mentioned above.
- Further, audit scrutiny revealed excess payment of House Rent Allowance of Rs.14.19 lakh in case of 843 employees. 496 employees were paid a sum of Rs.14.08 lakh as Hill compensatory Allowance in excess of their entitlement.

The system suffered from other shortcomings impinging on data security:

- The entire Treasury staff had physical access to servers, database, application software and operating system, exposing the system to risk of unauthorized access and data manipulation.
- There was no well-defined documented password policy. The default password had not been changed since software installation.
- There was no documented business continuity and disaster recovery plans defining the roles, responsibilities, rules and structures for continuing the operations of IPAO in the event of any disaster caused either due to intentional, accidental or natural calamities.

On this being pointed out by Audit, Chief Treasury Officer, Dehradun stated (October 2007) that the sole responsibility for correctness of data rests with the DDO, who is also required to verify the amounts drawn. The reply is not tenable since the IPAO system, in its current form, does not provide assurance on

[3] Owing to promotions or postings which entitle the employee to other benefits, allotment of a Government house which will necessitate deduction of licence fee and withdrawal of House Rent Allowance etc.

integrity of data and moreover the features of Relational Database Management System (RDBMS) in Oracle have not been tapped in the system.

The IPAO system facilitates monthly payment of Rs 10.23 crore in the State. As evidenced from the frauds detected by Audit, the system has inherent flaws in every aspect of data integrity and security, thus rendering it vulnerable to errors, intentional or otherwise.

The matter was referred to the Government (October 2007); reply had not been received (December 2007).

PUBLIC WORKS DEPARTMENT

4.2 Undue aid to contractor

Unjustifed interest free mobilisation advance of Rs. 87.10 lakh remained unadjusted for more than one year even as false evidence of utilization by the contractor was accepted.

Executive Engineer (EE), Construction Division, PWD, Almora took up (July 2006) the work of 29 km Gagas-Binta-Someshwar road in Almora district through Kailash Hillways Engineering Associates for Rs. 8.71 crore. The work was scheduled to commence in July 2006 and be completed by July 2007 but as of June 2007, work had not begun. An amount of Rs. 87.10 lakh was paid (July 2006) to the contractor as interest free mobilization advance.

Test check (May 2007) of records of the Division and further information collected (September 2007) revealed the following:

- The Division accepted (May 2006) a single tender bid of the contractor which was 33 *per cent* above the estimated cost (Rs. 6.55 crore) on the ground that the schedule of rates (SOR) was three year old and that breakage of plant and machinery during transportation in hilly areas could be high. The scope of work was reduced from km 29 to 23 only to keep the cost of work within the sanctioned cost.
- The work was tendered (November 2005) prior to obtaining administrative approval and expenditure sanction (February 2006).
- Mobilization advance was paid for machinery and equipment although possession of the same was a condition for pre-qualification of contractor in the technical bid.
- The contractor reported utilization of advance for purchase of the machinery (cost Rs. 52 lakh; August/September 2006) from a firm but the partnership deed of these two firms showed that owners / partners are the same. As such, the purchase of machinery was fictitious and done only to show proof of utilization of the mobilization advance.
- Financial rules of the State Government do not contain provision for payment of mobilization advance. Instructions of the Central Vigilance Commission (1997 and 2004) require that mobilization advance should be released in stages depending on the progress of works and it should be interest bearing so that the contractor does not draw undue benefit. The instructions also require

that the NIT should clearly state the amount of mobilization advance which would be paid. Contrary to the above instructions, interest free mobilization advance was given on a work for more than one year, clearly an undue benefit to the contractor. That mobilization advance would be paid to the contractor, was not declared in the NIT.

On this being pointed out, the EE stated (September 2007) that the mobilization advance was paid to speed up the road work but that, the work was delayed due to late allotment of local quarry site by the District Magistrate for mining stone grits. The reply is not tenable because the contract should have been awarded only after ascertaining the availability of the quarry and payment of mobilization advance was also irregular. Thus, acceptance of a single tender bid at 33 *per cent* above the estimated cost and payment of mobilization advance for items not admissible for such advance resulted in undue financial assistance to the contractor.

The matter was referred to the Government (June 2007); reply had not been received (December 2007).

4.3 Wasteful expenditure

Selection of unsuitable alignment for construction of a road caused damage to the road in a landslide that resulted in wasteful expenditure of Rs. 35.37 lakh.

The guidelines of the MORTH[4] stipulate that for determination of final alignment of a road, a few alternative alignments should be studied, and the best one satisfying the engineering, asthetic and economic requirements should be selected. The areas which are unstable and are erosion/landslide prone should be avoided, otherwise a variety of remedial or control measures such as change of alignment, removal of material, bridging etc. should be adopted, as per para 11.6 of Indian Road Congress guidelines (IRC: 48-1998).

Audit scrutiny (April 2007) of records of the EE, CD, PWD, Baijro (Pauri) and further information collected (October 2007) revealed that the Government/CE accorded expenditure sanction (March 2003) and technical sanction (March 2004) for Rs. 1.80 crore for reconstruction and improvement of Baijro-Jagimarhi-Saraikhet road (14 km). The EE entered (October 2004) into 38 agreements with 19 contractors for execution of work with a stipulation to complete the work by October 2006. While the metalling work was in progress, the road in km 6.8 to 8 fully caved in a landslide (September 2005) by 2 to 2.5 meters and damaged the road upto km 9 substantially. By then, the Division had spent Rs. 35.37 lakh on this portion of the road (2.200 km). The Division mooted a proposal (March 2006) for an alternative alignment, identified after a geological survey, for providing road connectivity between km 6.5 to 9 at an estimated cost of Rs. 43.12 lakh. The proposal was pending with the Superintending Engineer (SE) for approval since March 2006.

[4] Ministry of Road Transport and Highways.

Picture: 4.1 Damaged road at km. 6.8

On this being pointed out, the EE replied (July 2007) that the road did not show any prior tendency of caving in and that the damage was due to cloud bursting and heavy rains, an unforeseen natural calamity. It was also stated that the depressions on the road have been removed by earth filling and it is open for traffic. The reply is not tenable as Pauri District has a history of landslides and the damage could have been avoided had compliance of the provisions of IRC on landslide prone areas been followed at the stage of planning and construction of road. Moreover, fresh alignment between km 6.5 to 9 showed that a suitable alternative alignment was available with the Department. On site visit by audit showed that the long stretch of 2.2 km is still not fit for traffic as is evident from the photograph.

Thus poor planning leading to improper selection of alignment in a landslide prone area resulted in wasteful expenditure of Rs. 35.37 lakh.

The matter was referred to the Government (June 2007); reply had not been received (December 2007).

Undue favour to contractor/avoidable excess expenditure

PEYA JAL DEPARTMENT

4.4 Avoidable extra expenditure

Failure to select competent suppliers and injudicious use of costlier material by changing the scope of work, delayed the work of laying sewerage lines and resulted in avoidable extra expenditure of Rs. 1.59 crore.

Under the National Water Supply & Sanitation Programme (Urban), GOI accorded (October 2003) technical approval for Rs. 28.23 crore[5] for the Pithoragarh Sewerage Scheme (Phase–I). The technical sanction mandated use of NP-2 RCC sewerage pipes of various dimensions at an estimated cost of Rs. 1.81 crore and stipulated that any change in the scope and design of the project should be with prior approval of GOI. The work was scheduled to commence in January 2005 and completed in 30 months (June 2007).

Test check (June 2007) of records of the EE, CD, Uttarakhand Peya Jal Sansadhan Vikas Evam Nirman Nigam (Nigam), Pithoragarh revealed that the Division invited (May 2004) tenders for supply of NP-3 RCC pipes against the approved NP-2 RCC pipes. The tender notice was published in a local Hindi

[5] GOI Share : Rs. 5 crore though Special central assistance and remaining expenditure was to be borne by the State Government through 10th Plan.

daily "Amar Ujala" only. Four bidders participated in the bid just before the last date (28 July 2004) and the Division completed all the formalities of the bid on the same day. The procurement was not put to re-tender despite the fact that the four suppliers together agreed to supply (by July 2005) only 46250 Running Meters (RM) of pipes against the total requirement of 58650 RM pipes. The purchase committee headed by the SE split (January 2005) the supply order among the four bidders. Only 3296 RM (7.13 *per cent*) RCC pipes were supplied (August 2006) by three contractors. Two contracts[6] were rescinded (January and February 2006) and their security deposit (Rs. 2.50 lakh) was forfeited. However, no penalty was imposed on the contractors for failure to supply.

Meanwhile, the Nigam began (July 2005) to explore the option of using Ductile Iron (DI) pipes in place of RCC pipes as the contractors had failed to supply the RCC pipes. A proposal was sent (September 2005) to the State Government for the switch over which was sanctioned (July 2006) at a revised project cost of Rs. 36.90 crore against the original cost of Rs. 28.23 crore. The Division centrally purchased 13631 RM of DI pipes at a cost of Rs. 1.83 crore from the Central Store Division of the Nigam at Dehradun (October 2005 to January 2007). The cost of these DI pipes (only 13631 RM) was higher than the cost of approved NP-2 pipes by Rs. 1.59 crore ***(Appendix-4.2)***. According to the expert opinion (July 2007) of Indian Institute of Technology, Roorkee, the DI pipes are used for water supply system and only concrete pipes are suitable for sewerage system. Against 13631 RM of DI pipes received from central store, only 330.55 RM of pipes had been laid (June 2007) leaving an unutilized balance 13300 RM in the Division.

The EE replied that since the failure of RCC suppliers to meet the supplies was delaying the work, the State Government approved the Nigam's proposal to shift to DI pipes. The reply is not tenable as the change in scope and specification of the work required prior approval of GOI, which was not taken. DI pipes are uneconomical and unsuitable for sewerage system. Moreover, the argument that the shift was made in September 2005 to speed up the work is self-defeating since the work is still incomplete two years after the decision.

Thus the Nigam's failure to select competent RCC pipe suppliers through competitive bidding jeopardized the work since inception and the decision to irregularly divert from the technical sanction accorded by GOI, not only delayed the work but also loaded on the public exchequer an avoidable extra expenditure of Rs. 1.59 crore on laying of unsuitable DI pipes.

The matter was referred to the Government (July 2007); reply had not been received (December 2007).

[6] One of them supplied only 88 meter of RCC pipes.

PUBLIC WORKS DEPARTMENT

4.5 Unauthorised aid to contractor

Work was awarded without ensuring the availability of land and Rs. 1.17 crore paid as mobilization advance to contractor remained unadjusted even after lapse of 20 months.

Financial Rules lay down that no work should be started on a land until it is finally handed over to the executing agency or Department.

Construction work of 3.55 km Aungi-Adit road relating to Pala-Maneri Jal Vidyut Project was taken up (November 2005) by the Uttaranchal Jal Vidyut Nigam Ltd. (UJVNL). The work was entrusted (December 2005) to Provincial Division, PWD, Bhatwari in District Uttarkashi as deposit work at a cost of Rs. 13.82 crore.

Test check (November 2006) of records of the Division revealed that the work of Aungi-Adit road was merged (January 2006) by the Division with another road, Maneri-Jakhol road and consequently an agreement was executed (January 2006) for Rs. 12.03 crore (Aungi-Adit : Rs. 9.84 crore and Maneri-Jakhol : Rs. 2.19 crore) with stipulated date of completion being September 2007. An amount of Rs. 1.20 crore was paid (January 2006) as interest free mobilization advance to the contractor. The land for the project (53.5315 hectares) including that for the road was to be taken on lease by UJVNL from the Forest Department which was granted by the State Government in May 2007. Since the approval for lease of forest land was not received from the State Government, the construction work of Aungi-Adit road could not start. Reconstruction of Maneri-Jakhol road was in progress with Rs. 21.70 lakh incurred as of August 2007.

The Division stated (June 2007) that the mobilisation advance was paid because in principle approval for lease of forest land had been received from GOI in June 2006. It was also stated that Rs. 2.60 lakh of the advance had been adjusted through the bills for Maneri-Jakhol road. The reply is not tenable as the mobilization advance was paid in January 2006 (six months earlier to 'in-principle approval' from the GOI) without clear title of land from the State Government and obtaining in-principle approval from GOI did not qualify the contractor for such advance. Moreover, the payment of mobilisation advance was in contravention of instructions the Central Vigilance Commission (1997 and 2004 as referred to in *Paragraph* 4.2) and merger of the two works resulted in unjustified enhancement of the amount of mobilisation advance[7].

Thus awarding the work without availability of land was irregular and the payment of mobilization advance of Rs. 1.17 crore, which remained unadjusted even after a lapse of 20 months provided undue aid to contractor.

The matter was referred to the Government (June 2007); reply had not been received (December 2007).

[7] Mobilization advance payable on Maneri-Jakhol Road would have been only Rs. 21.90 lakh (10 *per cent* of contract amount). By merging this work with Aungi-Adit Road, Rs. 1.20 crore was paid as mobilization advance.

4.6 Cost over run

Improper planning and inordinate delay in awarding work resulted in cost over run of Rs. 49.24 lakh on construction of a road.

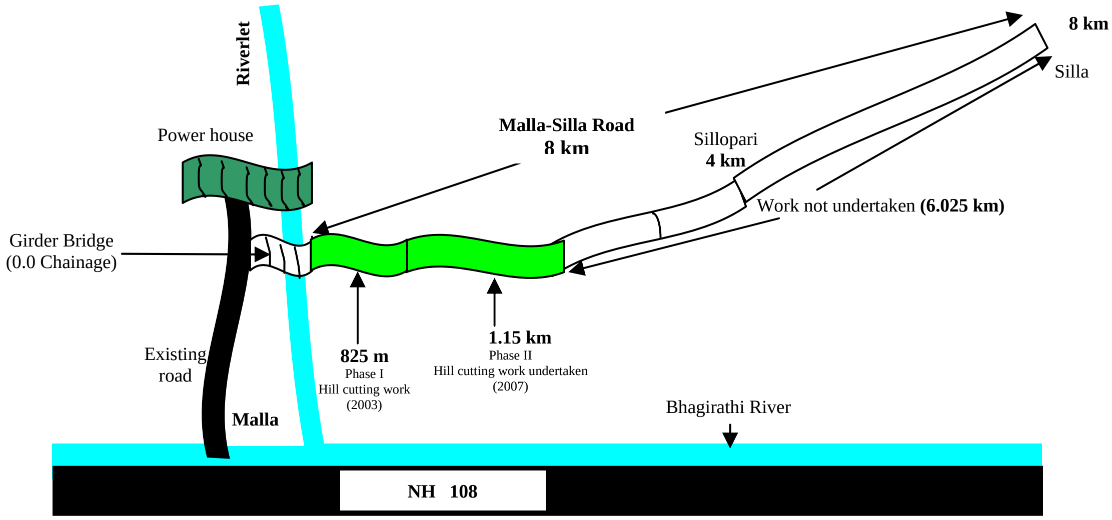
The State Government accorded (August 1999) administrative approval and expenditure sanction of Rs. 82.70 lakh for construction of *Malla-Silla* motor road (4 km against total length of 8 km) including a girder bridge (in 1st km) in Uttarkashi district. The technical sanction (TS) was accorded by the SE, PWD, Uttarkashi; bridge work for Rs. 30.17 lakh (September 2000) and road work (hill cutting) in km 1 for Rs. 3.92 lakh (March 2003).

Audit scrutiny (November 2006) of records of the EE, PD, PWD, Bhatwari, Uttarkashi and further information collected (June and October 2007) revealed that the bridge work was completed (September 2001) at a cost of Rs. 37.51 lakh and as of March 2005, hill cutting for road in the length of only 825 meters was done at an expenditure of Rs.20.65 lakh. Further scrutiny revealed that the actual expenditure on the road work was only Rs. 8.98 lakh and Rs. 11.67 lakh had been wrongly debited to the work.

Meanwhile, the Government accorded (February 2004) another administrative approval and expenditure sanction for construction of 4 km road starting from *Silopari* (situated at km 4 of the *Malla-Silla* road) for Rs. 57.60 lakh instead of prioritizing the residual work from 825 meters onwards. Against this, TS was accorded (March 2006) by SE for Rs. 55.60 lakh for hill cutting work in 3 kms two years after the administrative approval and expenditure sanction of the Government. Audit observed that the work was awarded for remaining portion of first stretch of the road for hill cutting in chainage km 0.825 to 1.975 (1.150 km) for Rs. 48 lakh against the expenditure and technical sanction accorded for the second stretch.

Thus the execution of work was irregular and inordinate delays in TS / awarding the work resulted in cost over run of Rs. 49.24[8] lakh. Moreover, the intended objective of road connectivity remained unachieved even after lapse of more than 8 years, as evident from the diagram.

[8] (a) Expenditure incurred on construction of 825 meter road: Rs. 8.98 lakh.
(b) Tendered cost of construction of 1.150 km road: Rs. 48.00 lakh
(c) Cost @ Rs. 3.92 per km as per original TS for hill cutting in length of km 1.975: Rs. 7.74 lakh
Cost over run (a + b –c): Rs. 49.24 lakh



In reply to audit, EE provided no justification for the delays and for starting the work in km 0.825 onwards without sanction, but intimated (October 2007) that cost over-run was due to increase in cost of construction material and labour charges. The reply is not convincing as the cost over-run could have been avoided had the Department not delayed the work at every stage.

The matter was referred to the Government (June 2007); reply had not been received (December 2007).

4.7 Undue favour to contractor

A bid was rejected only to accept a higher bid from the same contractor seven months later, resulting in avoidable expenditure of Rs. 21 lakh.

The State Government accorded (March 2003) administrative approval and expenditure sanction for reconstruction and improvement of two roads viz. Bhatwari-Raithal road (6 km) and Charethi-Raithal road (7.4 km) for Rs.1.73 crore and Rs.2.11 crore respectively. Subsequently, it was found that the road length of 1.892 km had been constructed earlier and the scope of work was reduced (February 2004) for Bhatwari-Raithal road to 5.32 km and for Charethi-Raithal road to 6.188 km. Technical sanction on the reduced scope of work for the two roads for Rs.2.91 crore was accorded (February 2004) by the Chief Engineer, PWD, Pauri.

Audit scrutiny (November 2006) of records of the EE, PD, PWD, Bhatwari, Uttarkashi and further information collected (June / September 2007) revealed that Notice Inviting Tender (NIT) for the above two works was published together in November 2003 in only one local Hindi daily and prior to accord of technical sanction. Only 10 days were given for submitting the bids against the requirement of 30 days. The technical and financial bids were opened in December 2003 and January 2004 respectively. Two bids received from a Delhi and Rishikesh based contractor were rejected (February 2004) on the ground that the tendered rates exceeded the estimated cost by 49 *per cent* and 17 *per cent* respectively. Once again the NIT was published in March 2004 in one local Hindi daily. This time, only the Rishikesh based contractor (who had tendered at 17 *per cent* higher rates) placed his bid for both the road works. The work was awarded to the contractor (September 2004) at a negotiated rate of 25.9 *per cent* above the estimated cost.

The Tender Evaluation Committee (TEC) headed by the Chief Engineer justified the higher rates (July 2004) on the ground that the schedule of rates (SOR) was three year old and input costs have risen thereafter. The scheduled date of commencement and completion of work was September 2004 and December 2005 respectively.

Against the contracted amount of Rs. 3.66 crore, the contractor executed work worth Rs. 2.89 crore only because the Division, without the approval of SE, excluded 11 items of work and reduced the quantity of material / work on 29 items during the course of work. Among others, important components like screening material in base course (to fill up the voids), primer coat (for providing adhesion) were not laid, thus compromising the quality of work.

On this being pointed out, the EE stated (June 2007) that the work was awarded at higher rate because the bidders did not agree to negotiate on the tendered cost.

The reply is not tenable because:

- The Division did not adhere to prescribed procedures according to which NIT should be advertised twice in two newspapers- one national and one local and bidders should be given 30 days time to submit the bids. As a result of inadequate publicity, competitive bids were not obtained.
- SE is the competent authority to revise SOR for the circle under his jurisdiction, whenever a need is felt. In such circumstances awarding the work at 25.9 *per cent* higher on a single tendered bid on the ground that the SOR was three years old is unjustified. This also tantamounts to accepting that technical sanction accorded in the same month earlier was meaningless.
- The Division could not justify as to why the tendered bid of a contractor at 17 *per cent* higher cost than the estimated cost was rejected and a bid at 25.9 *per cent* higher cost over the estimated cost was accepted from the same contractor seven months later, resulting in avoidable expenditure of Rs. 21 lakh[9].
- Quality of road work and safety measures were compromised by unjustified reduction in scope of work to keep the expenditure within the sanctioned cost.

The matter was referred to the Government (June 2007); reply had not been received (December 2007).

[9] Difference of work done over estimated value (Rs. 2.30 crore) at the rate of 25.90 *per cent* and 17 *per cent*.

Idle investment/idle establishment/blocking of funds/delay in commissioning equipments/diversions/misutilisation

CIVIL AVIATION DEPARTMENT

4.8 Blocking of funds in purchase of Aircraft

Purchase of an aircraft without ensuring adequate infrastructure resulted in blocking of Rs. 22.48 crore and additional expenditure of Rs. 20.99 lakh on its maintenance.

State Civil Aviation Department (SCAD) mooted a proposal (December 2004) quoting verbal orders of the then Chief Minister for replacement of an old aircraft with a new aircraft for use by VVIPs[10].

Audit scrutiny (May 2007) of records of the SCAD revealed that the Secretary, SCAD formed (February 2005) a Technical Committee to prepare a comparative assessment of models of aircrafts available in the international market. However, the Department had already pre-decided (December 2004) on purchase of a Super King Air B200 manufactured by M/s Raytheon Aircraft Company, USA. The Technical Committee headed by the Chief Engineer, shortlisted five aircraft models from a magazine[11] and recommended (April 2005) that Super King Air B200 would indeed, be most suitable.

The Chief Secretary formed (April 2005) a Purchase Committee consisting of himself and 4 members including Secretary Finance, which seconded (19 April 2005) the recommendations of the Technical Committee. The Committee mainly focused on the age of the old aircraft and the need for a new aircraft and did not discuss the cost vis-à-vis relative merits of the models. It left the decision on cost and configuration to a team of officers led by the Secretary, SCAD who visited (August 2005) USA and finalized the purchase (August 2005) at a negotiated cost of Rs. 22.48 crore. The Government sanctioned (12 December 2005) the purchase and the supply order was placed with the firm on the same date. The aircraft was received at the Delhi airport on 31 January 2006. Subsequently, the old aircraft was auctioned in May 2006 at Rs. 3.11 crore.

Audit noticed that since the Jollygrant airport at Dehradun was not fit for use, the aircraft remained parked at the Delhi airport from the date of purchase till date (May 2007). In the 18 months from January 2006-June 2007, it was flown only for 63.10 hours and Rs. 20.99[12] lakh had been spent on its maintenance. During the same period, the Department hired aircraft from private agencies at a cost of Rs. 11.16 lakh for use by VVIPs. As such, the pilots were not put to optimum use and Rs. 35 lakh was incurred on their pay and allowances during this period.

The Department stated (July 2007) that the model purchased was most suitable to the geographical terrain and therefore no global tenders were floated. It also justified the purchase on the ground that old aircrafts cannot be used by VVIPs. The reply is not tenable as:

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[10] VVIPs include the Hon'ble Governor, Hon'ble Chief Minister and those VIPs recommended by them.
[11] Business & Commercial Aviation 2004
[12] Rs. 1,23,464 x 17 = Rs. 20,98,888 say Rs. 20.99 lakh.

- Department did not assess the need for the aircraft and the available infrastructure to use the aircraft;
- The option of global tender was not even considered in the rush to buy the aircraft and the model (Super King B200) had been pre-decided even before formation of the Technical Committee. The Purchase Committee did not examine the cost-benefit of the purchase either;
- The purchase was imprudent since the infrastructure for its effective use was unavailable besides the fact that a helicopter[13] and the old aircraft were available for VVIP travel.
- Leasing of private aircrafts was a more economical option than the purchase in the above scenario. Leasing charges for the hours of utilization (63.10 hours) would be only around Rs. 45 lakh, which is far less than the operational expenses including maintenance and salary of pilots, besides the opportunity cost of investment of Rs. 22.48 crore.

Thus the aircraft remained largely idle, resulting in not only blocking of Rs. 22.48 crore but also in additional expenditure on its maintenance.

The matter was referred to the Government (July 2007); reply had not been received (December 2007).

FOOD AND CIVIL SUPPLIES DEPARTMENT

4.9 Idle expenditure

Inadequate planning led to non-operationalization of godown constructed at a cost of Rs. 24.11 lakh.

A 500 MT capacity food grain godown was constructed (March 2003) at Bhikiasain in Almora District at a cost of Rs. 24.11 lakh.

Test check (December 2006) of records of the District Supply Officer (DSO), Almora and further information collected (June 2007) revealed that only when the issue of taking over the godown came up (November 2004), it was found that the existing *kachha* approach road connecting the godown to the main road would not take the load of heavy vehicles bringing supplies to it. As a result, the godown was not taken over (June 2007) even after four years of construction. A proposal for construction of the road was submitted to the Government for Rs. 7.59 lakh in November 2004 which was yet to be sanctioned (July 2007). In any case, godown cannot be put to use in the immediate future because the work on construction of the road is yet to be taken up (June 2007). In the meanwhile, DSO, Almora has rented an accommodation for godown.

The Department admitted the facts and stated (June 2007) that the State Government was being approached to speed up sanction of approach road.

Thus construction of godown without an approach road led to idle expenditure of Rs. 24.11 lakh for more than four years.

The matter was referred to the Government (July 2007); reply had not been received (December 2007).

[13] A double engine helicopter-EC 135, suited to high altitudes was purchased in March 2004 at a cost of Rs. 20.41 crore.

FOREST DEPARTMENT

4.10 Unfruitful expenditure

Department incurred unfruitful expenditure of Rs. 1.16 crore on running a redundant workshop.

The Central Forest Division, Tarai, Haldwani operates a workshop at Lalkuan, Nainital for repair of tractors and other vehicles engaged in plantation.

Test check (July 2007) of records of the Divisional Forest Officer (DFO) revealed that the workshop was non-functional due to lack of works and funds. The total repair work undertaken by the workshop during 2001-07 was only to the extent of Rs. 4.30 lakh annually as against Rs. 1.16 crore spent on operating the workshop during this period. The job works handled by the workshop came down from 136 in 2001-02 to 42 in 2006-07. The DFO recommended (October 2005) closure of the workshop as it was more economical to get repairs done from open market. However, as of July 2007 the workshop had not been closed.

On this being pointed out, the DFO stated (July 2007) that the staff was being utilized in other forest related security work in addition to their tasks in the workshop. The reply is not tenable as there was no evidence on record about the redeployment of staff in security work. Also, it is uneconomical to run the workshop in the absence of sufficient work when similar work can be got done at a cheaper rate from open market. Thus the expenditure of Rs. 1.16 crore incurred on running a redundant workshop during 2001-07 proved unfruitful. Further, as the State Government did not order closure of the workshop, the Department will continue to incur an avoidable recurring establishment expenditure of Rs. 16.60 lakh per annum until it takes a decision in the matter.

The matter was referred to the Government (July 2007); reply had not been received (December 2007).

IRRIGATION DEPARTMENT

4.11 Non-disposal of stores

Steel worth Rs. 1.44 crore was rendered surplus after closure of a project in 1992.

The Provisions of Financial Hand Book (Vol.VI) require that when any serviceable store is declared as surplus to the requirements, it should at once be reported to the Store Purchase Officer of the State for notification in the store purchases supplement to the State Gazette. If the notification does not result in its use by resale or inter-departmental transfer within six months from

Picture:4.2 Steel at Dakpathar store

Picture: 4.3 Steel at Harrawala store

the date of publication, the surplus stores are to be surveyed, reported and disposed off in accordance with the departmental rules.

Despite repeated audit observations on undisposed steel (801.454 MT) valued at Rs. 1.44 crore procured for abandoned Lakhwad-Vyasi Hydro-Electric Project, the EE, Mechanical and Store Division-I, Dehradun took no action for its disposal.

The Division intimated the matter regarding steel lying surplus since 1992 to SE only in September 2001 and to other Irrigation divisions in August 2003. Thereafter no action was taken even as the matter was taken up repeatedly by audit.

The EE replied (August 2007) that circulars have been issued to all the sister divisions for consumption of the surplus steel and also the Steel Authority of India was requested to buy back. However, no concrete action on both these options has yet been taken (August 2007). Thus failure to take timely action to dispose surplus steel resulted in blocking of Rs. 1.44 crore for 15 years. The Department implicitly admitted (August 2007) the degradation of steel by assessing its value at Rs. 18000 - Rs. 19500 per MT while the market rate of steel[14] (January 2007) was between Rs. 27000 and Rs. 29500 per MT.

The matter was referred to the Government (June 2007); reply had not been received (December 2007).

INFORMATION TECHNOLOGY DEPARTMENT

4.12 Unfruitful expenditure

Inadequate planning and poor implementation of e-Governance initiatives resulted in non- utilization of computer hardware and peripherals costing Rs. 1.64 crore

The Information Technology Development Agency (ITDA), an autonomous body of the State Government was established (August 2004) as a nodal agency of the Department of Information Technology, for implementation of e-Governance initiatives in the State. Government accorded sanction (August 2004 and March 2006) for Rs. 8.20 crore and Rs. 53 lakh respectively for computerization of Food & Civil Supplies Department (FCSD) and Forest Department. A sum of Rs. 2.20 crore for FCSD and Rs. 6.53 crore for Forest Department was released (January and March 2005) to Hiltron (a State Government Undertaking) by ITDA for procurement of 1042 (982 computers and 60 servers) and 250 computers for the two departments respectively.

Test check (December 2006) of records of the Director, ITDA and further information collected (July 2007) revealed that order for procurement and supply of computers and servers was placed (November and December 2004) by Hiltron and ITDA without carrying out any feasibility study or a plan for their effective use. Various stages of system development such as preparation of detailed user requirement, choice of technology architecture and assessment of demand of the Departments were not considered. Out of 250 computers provided (November

[14] Source: Steel Authority of India

2004) to FCSD at a cost of Rs. 1.43 crore, 134 computers and peripherals valuing Rs. 76.67 lakh remained packed and could not be put to use (July 2007) owing to insufficient infrastructure and due to non availability of electricity and trained manpower.

Similarly, 60 servers along with UPS procured (December 2004) at a cost of Rs. 87.57 lakh and provided (February 2005) to the Forest Department could not be put to effective use (July 2007) as Local Area Network was not planned under the project, relevant switches/system software were not supplied and the server-based set could not be installed in all the locations (July 2007).

On this being pointed out, ITDA admitted (July 2007) that computers and servers were procured and supplied on the basis of the demands raised by the respective Departments and that Business Process Reengineering (BPR) exercise was done (November 2003) in respect of FCSD. It was added that unutilized equipment i.e., 134 computers (Rs.76.67 lakh) from FCSD and 24 servers (Rs.35.02 lakh) from Forest Department are being transferred to other Departments.

The reply is not tenable because even in FCSD where a BPR was conducted, no clear implementation plan was prepared for effective utilization of the equipment. In respect of Forest Department, no BPR exercise was carried out. The IT Department also failed to formulate any strategic plan to ensure the availability of necessary infrastructure and manpower in the user departments before initiating the purchase and supply of computers and servers. Further, re-distribution of unutilized computers and servers to other departments is not on the basis of a study on their need or utilization plan raising doubt on their effective utilization in other departments as well. Thus improper planning, poor implementation and monitoring resulted in non-utilisation (for more than 30 months) of computer hardware and peripherals costing Rs. 1.64 crore.

The matter was referred to the Government (July 2007); reply had not been received (December 2007).

PEYA JAL DEPARTMENT

4.13 Supply of non-potable water

26 villages of *Timli Chachroti* (Almora) did not receive potable water due to failure of the Nigam to construct a water treatment plant despite availability of funds amounting to Rs. 16.60 lakh.

State Government accorded administrative and financial approval (November 2001) of Rs. 23.86 lakh for a water treatment plant at *Timli-Chachroti* water supply scheme under the Minimum Needs Programme and Rs. 16.60 lakh was released (December 2001) to Uttarakhand Peya Jal Sansadhan Vikas Evam Nirman Nigam (Nigam).

Test check (May 2007) of records of the EE, IInd Project Division of the Nigam, Bhikiyasain, Almora revealed that the Nigam did not install the filter plant and Rs. 16.60 lakh remained unutilised despite the lapse of more than five years. The memo filter unit constructed thirty years ago was found to be non-functional and beyond repairs as far back as 1990. Tests conducted (September 2001) by National Test House, Ghaziabad, on water samples from source (*Bino* river) found the bacteriological content at 22 *per cent* per 100 ml and iron content at 6.3 mg/litre against the maximum permissible limits of 10 and 1.0 respectively. In three months of monsoon, water supply is stopped because of high turbidity and there is no alternative source of water supply in the area. Thus the casual approach of the Nigam resulted in consumption of non-potable water by the residents of *Timli Chachroti* group of 26 villages despite the fact that this issue was raised repeatedly by the local people, public representatives and in the meetings of the concerned District authorities.

The EE stated (May 2007) that the delay was due to a decision for considering other economical alternative options for filtration of water. The reply evaded the fact that despite the sanction available as far back as in December 2001, the Nigam could not construct the water treatment plant till now (July 2007). Thus due to the casual approach of the Nigam inhabitants of 26 villages were denied potable water since 2001, thereby endangering their lives.

The matter was referred to the Government (July 2007); reply had not been received (December 2007).

PUBLIC WORKS DEPARTMENT

4.14 Cost over run

Work on forest land without approval resulted in cost over run of Rs. 4.61 crore. Rs. 53.88 lakh was spent without justification on use of costlier material and material in excess of requirement.

Government accorded (November 2003) administrative approval and expenditure sanction of Rs.10.91 crore for reconstruction and improvement (widening and strengthening) of 34 km Nainital-Kaladhungi motor road. The widening of the road involved forest land measuring 2.516 hectare in km 1 to 21.

Audit scrutiny (November 2006) of records of the EE, Provincial Division, PWD, Nainital and further information collected (August to October 2007) revealed that the technical sanction of Rs. 9.33 crore for total length (km 1 to 33.6) of the road was accorded by the Regional Chief Engineer in November 2004. The work was awarded to a contractor for Rs. 9.77 crore at 4.72 *per cent* higher than the estimate in the same month with a stipulation to complete by July 2006. The contractor executed the work in km 1 to 3 (in forest land) and km 22 to 33.6 (total length 15.6 km) at a cost of Rs. 3.45 crore. Work on km 4 to 21 which lay on forest land could not be undertaken in the absence of clearance of GOI / State Government. The approval for use of forest land was received in June 2006 but the contractor refused (May 2006) to complete the work within the tendered rates and his claim for work executed was finalised in September 2006.

The Division obtained revised sanction (November 2006) of Rs. 10.49 crore for km 4 to 21. A fresh agreement was executed (December 2006) with the stipulated date of completion being December 2007. Against this, an expenditure of Rs. 1.73 crore was incurred (September 2007) on hill cutting in 12 km only. Therefore, the cost of the work was increased by Rs. 4.61 crore[15].

[15] Expenditure (Rs. 3.45 crore) + cost of work as per fresh contract (Rs. 10.49 crore) = Rs. 13.94 crore, hence cost increase = Rs. 4.61 crore (Rs. 13.94 crore – Rs. 9.33 crore).

Scrutiny further revealed that quantity of Bituminous Macadam (BM) and Semi Dense Bituminous Concrete (SDBC) was laid in excess of requirement against the first contract which involved extra expenditure of Rs. 53.88 lakh in 15.6 km of the road as detailed in table below:

Item of work	Work to be executed			Work actually executed		
	Quantity (cum)	Rate /cum (Rs.)	Amount (Rs. in lakh)	Quantity (cum)	Rate/cum (Rs.)	Amount (Rs. in lakh)
P.C.C.	1439.28	2514	36.18	Nil		
B.M.	4632.76	2704	125.27	7342.25	2704	198.53
S.D.B.C.	2316.60	3464	80.25	2731.09	3464	94.61
		Total	**241.70**			**293.14**
Add 4.75% above as per tendered rate			11.48			13.92
		Grand total	**253.18**			**307.06**

Source*: Estimate and payment voucher relating to the work*

On this being pointed out, the EE stated (October 2007) that excess quantity of BM was laid for Profile Corrective Course (PCC). The reply is not tenable as the technical sanction provided Rs. 36.18 lakh for PCC through laying of Lean Bituminous Macadam (LBM), a work which was not executed in favour of costlier material (BM), the difference in cost being Rs. 190 per cum. Use of excess quantity of SDBC was justified by the EE by its use for increasing the thickness of road crust on super elevations at curves. This was also not justified since SDBC is a wearing course used only to improve the riding quality of the road and not for increasing thickness of the crust which is done by increasing the base course only. Thus commencement of work without the requisite clearance for use of forest land resulted in piece-meal execution of work and cost over run of Rs. 4.61 crore. Excess expenditure of Rs. 53.88 lakh on use of excess quantity of bituminous base course and wearing course was also unjustified.

The matter was referred to the Government (July 2007); reply had not been received (December 2007).

Regulatory issues and other points

INFORMATION TECHNOLOGY DEPARTMENT

4.15 Non-achievement of intended objectives

D-Space Digital Repository was not established despite spending Rs. 74.84 lakh.

In order to create a repository of intellectual output in universities[16] for easy access and knowledge sharing among scholars, the State Government initiated (September 2004) a project for establishment of D-Space Digital Repository (DR) at an estimated cost of Rs 90.09 lakh[17]. Under the project, all scholarly research and training material was to be captured, stored, indexed, preserved and redistributed in digital format.

Test check (December 2006) of records of the Director, Information Technology Development Agency (ITDA)[18], and further information collected (July 2007)

[16] Garhwal University, Srinagar: Rs. 17 lakh, Kumaon University, Nainital: Rs. 17.03 lakh, Pantnagar University, Pantnagar : Rs. 17.11 lakh & Birla Institute of Applied Sciences, Pantnagar : Rs. 23.70 lakh.

[17] Hardware: Rs. 24.51 lakh, Storage: Rs. 24.27 lakh, Red Hat Linux Software: Rs. 1.12 lakh, D-Space Installation charges: Rs. 19.50 lakh & Birla Institute of Applied Sciences, Pantnagar : Rs. 23.70 lakh

[18] ITDA an autonomous body of the Department of Information Technology, Government of Uttarakhand, is the nodal agency for all Information Technology (IT) initiatives of the State Government.

revealed that the proposal of establishment of DR was mooted (September 2004) *suo-moto* by the Secretary, Information Technology (IT). The proposal was based solely on the discussions with Hewlett Packard India Sales Private Limited (HP), which had developed the software[19] and was mooted without any consultation with the stakeholders i.e., the universities. No feasibility study or detailed project plan was prepared prior to the proposal by the ITDA.

The State Government entered (December 2004) into a Memorandum of Understanding (MOU) with HP for a period of one year. The software being available free as an open source code, the MOU envisaged that HP will customize the software, install it and train the users at a cost of Rs. 19.50 lakh. The MOU *inter-alia* provided that the State Government will nominate a full time Project Manger who will manage deliverables and responsibilities of the State Government and liason with HP.

It was also observed that procurement orders for the hardware valuing Rs. 48.61 lakh were placed (September to November 2004) by ITDA for supply to the three universities, before signing the MOU (December 2004). As of July 2007 full time Project Manager had not been appointed to monitor the project. Critical inputs required for the establishment of DR like scanners, decisions on copy right issues of the contents to be digitized, provision of registered domain name were not provided. ITDA merely provided the hardware and as such, did not discharge the other obligations as envisaged in the MOU. Further, HP did not customize, install and train the users and also did not discharge its other obligations. As a result, the project scheduled to be completed by December 2005, was yet to be operationalized (July 2007) even after spending Rs.74.84 lakh.

On this being pointed out, ITDA stated (July 2007) that supply of hardware was according to the instructions (September 2004) of the Secretary I.T, who was also Director ITDA and as the MOU was executed between the State Government and HP, ITDA had limited responsibility. The reply of the ITDA is elusive and not acceptable, as ITDA is the nodal agency responsible for implementation of IT projects. No justification was provided for the purchase order issued by the ITDA before the date of execution of MOU. Thus due to lack of planning and failure of the ITDA to discharge its obligations in establishment of DR, the purpose of investment of Rs. 74.84 lakh was defeated.

The matter was referred to the Government (July 2007); reply had not been received (December 2007).

MEDICAL, HEALTH AND FAMILY WELFARE DEPARTMENT

4.16 Non-achievement of objectives

The objective of upgradation of two PHCs to CHCs at a cost of Rs. 3.55 crore was not achieved due to non-posting of specialists and technical staff.

Community Health Centres (CHCs) are the first referral units in the public health infrastructure that provide specialist services and laboratory facilities. The State Government gave administrative approval and expenditure sanction of

[19] The software was developed by Massachussets Institute of Technology Libraries and HP jointly.

Rs. 3.21 crore for upgradation of two PHCs into CHCs situated at Nainidanda (Rs. 1.85 crore) and Thalisain (Rs. 1.36 crore).

Test check (March 2007) of records of Chief Medical Officer, Pauri (CMO) revealed that the CHC in Thalisain was constructed (June 2004) at a cost of Rs. 1.56 crore and in Nainidanda (June 2005) at a cost of Rs. 1.85 crore. Equipment worth Rs. 14.19 lakh was also purchased for these centres during 2002-03 and 2005-06. Although these PHCs were upgraded to CHCs, the centers continued to function with the same number of doctors as in PHC. Out of total sanctioned nine[20] Group 'B' posts, seven posts were lying vacant in both the CHCs till June 2007. Moreover, technical posts like X-Ray technician were also lying vacant (June 2007). The annual bed-occupancy rate in both the CHCs did not cross 15 *per cent* since inception; it was less than 3 *per cent* in Thalisain. The Out Patient Department (OPD) wards and staff quarters also remained under-utilized. It was also observed that the upgradation took place even as the Department had failed to post specialists and technical staff in the three[21] existing CHCs in the district.

The CMO stated (March 2007) that the PHCs were upgraded as CHCs on public representatives' demand, although no record was shown to audit to substantiate the reply. The decision to upgrade the two PHCs into CHCs at a cost of Rs. 3.55 crore by merely providing a building and not focusing on posting of specialists/technicians even in the existing CHCs defeated the objective of incurring expenditure and also deprived the people of specialised health care services in the district.

The matter was referred to the Government (July 2007); reply had not been received (December 2007).

PEYA JAL DEPARTMENT

4.17 Unauthorised expenditure

Deviation from the original scheme approved by GOI to switch over to an unsustainable design based on ground water, in contravention of National Water Policy 2002, resulted in unauthorised expenditure of Rs. 4.75 crore.

The State Government accorded administrative approval (April 2001) for the centrally sponsored "Dwarahat Reorganization Water Supply Scheme[22]". The technical and expenditure sanction was accorded (February 2003) by the GOI for Rs. 6.31 crore[23]. The scheme envisaged tapping of surface water of Ram Ganga river to cater to a total population of 6867 in Dwarahat town and three rural habitations. The construction work was assigned (August 2003) to Uttarakhand Peya Jal Sansadhan Vikas Evam Nirman Nigam (UPJNN) for completion within two years (August 2005). The conditions of GOI's approval laid down, inter-alia,

[20] Medical Officer (2), Surgeon, Physician, Gynecologist, Pediatrician, Anesthetist, Radiologist, Pathologist.

[21] (i) Ghandayal: had no specialist against the sanction of 7, (ii) Pavao: there were three specialists against requirement of 7 and (iii) Beeronkhal: only one specialist was posted against the requirement of 6.

[22] Under 'Accelerated Urban / Rural Water Supply Programme (AUWSP / ARWSP)'.

[23] **Share component** (i) **GOI** : Rs. 2.88 crore (Urban), (ii) **State** : Rs. 2.59 crore (Urban) and Rs. 0.55 crore (Rural); and (iii) **Local body** : Rs. 0.29 crore (Urban).

that in case of any change in the scope/design and estimates of the project, fresh approval of the GOI should be sought.

Audit scrutiny (April 2007) of records of the EE, Additional Construction Division, UPJNN, Ranikhet, revealed that the Nigam released (March 2003) Rs. 80 lakh for the scheme. However, the Division did not begin work in 2003 citing protests by residents of *Chaukhotiya* village who demanded that their needs of drinking water must be addressed prior to any work at Dwarahat. The Division, without approval of Managing Director (MD), UPJNN and GOI, obtained (March 2004) the Chief Engineer's approval and started work on a new scheme for construction of two tube wells at Dwarahat at a revised estimate of Rs. 8.77 crore. The justification for change in the scheme was that tube wells would be a more viable and economical option and would result in a saving of Rs. 70-80 lakh. The MD did not approve (April 2004) the new scheme with new design on the ground that fresh approval of GOI would be required. However, the Finance Division of the Nigam continued to release funds amounting to Rs. 5.76 crore (during the period 2004-07) for the work, out of which, Rs. 4.75 crore had been spent against the physical achievement of 90 *per cent* as of July 2007.

The Division stated (April 2007) that the work could not be started in time due to dispute on source of water and that the cost of revised scheme was low. The argument of greater economy in ground water based work was self-defeating as the estimate proposed by the Division for the new work was Rs. 2.46 crore higher than that of surface water scheme. Further, the abandonment of sanctioned surface water scheme was not only irregular but also against the National Water Policy 2002, which advocates use of other options in preference to ground water as supported by the view of MD. Audit sought the opinion of Central Ground Water Board (CGWB) which stated (June 2007) that in view of low ground water levels in Dwarahat, "suitable discharge for constructing tube wells in the area is doubtful" and that the shift was not supported by any on-site feasibility study by the Board. Thus the Division changed the scope and estimates of an approved work without approval of GOI in contravention of the National Water Policy 2002, in favour of an unsustainable design costing Rs. 8.77 crore resulting in unauthorised expenditure of Rs. 4.75 crore.

The matter was referred to the Government (July 2007); reply had not been received (December 2007).

PUBLIC WORKS DEPARTMENT

4.18 Irregular execution of work

Execution of road work in forest land against the provisions of Forest Conservation Act, 1980 resulted in irregular expenditure of Rs. 4.46 crore on incomplete road.

Forest Conservation Act, 1980 provides for use of forest land for non-forest purposes only with specific approval of GOI and after the land is handed over to the user by the competent authority in the State Government.

Scrutiny (November 2006) of records of the EE, PD, PWD, Karanprayag and further information collected (June 2007) revealed that the Division completed

(March 2003) the *kachha* work in entire length and widening / reconstruction work in first 5 km of 26.35 km light vehicle road (Simili-Chulakot-Ratura-Benital) at a cost of Rs. 3.18 crore despite the fact that, 35 stretches of the road comprising 15.83 km was to pass through forest land.

Further examination revealed that the Division applied for the clearance on use of forest land two years (March 2001) after start of work (March 1999). Use of forest land without clearance was viewed seriously by the Forest Department which recommended disciplinary action against the erring PWD officials and imposed (August 2001) afforestation charges at double the normal rate.

Meanwhile, the State Government issued an order (October 2002) that work on all schemes that could not be completed within sanctioned cost by March 2003 may be stopped and fresh sanctions be sought. The Government accorded (February 2004) a fresh administrative approval and expenditure sanction of Rs.1.83 crore for the remaining road work of 21.35 km. The Division re-started the work in March 2004 with a stipulation to complete it by March 2007. Technical sanction for the work was accorded (February 2005) by CE one year later. As of May 2007, road work on only 10 km (out of 21.35 km) was completed at an expenditure of Rs. 1.28 crore.

The EE justified (May 2007) the work on the ground that the land had been transferred to them by the Garhwal Mandal Ayukt in March 1991 and April 1992. The reply is not tenable because the PWD was aware of the fact that the land is indeed forest land as early as October 1997 (i.e. before the Division started the work) and that the approval of GOI was essential in this case. Thus execution of road work on forest land without permission of the competent authority was in gross violation of the Forest Conservation Act, 1980 which resulted in irregular expenditure of Rs. 4.46[24] crore on incomplete road. As a result, compensatory afforestation that must take place simultaneously with the diversion of land to maintain ecological balance, also did not take place.

The matter was referred to the Government (June 2007); reply had not been received (December 2007).

[24] Expenditure on *Kachha* work in 26.35 km and metalling in 5 km:	Rs. 3.18 crore
Metalling work in km 6 to 15:	Rs. 1.28 crore
Total	**Rs. 4.46 crore**