

## CHAPTER-II AUDIT OF TRANSACTIONS

### 2.1 Excess payment/ Wasteful expenditure

#### PUBLIC WORKS DEPARTMENT

##### 2.1.1 Excess payment to contractor on earthwork

**Due to errors in calculation of quantity of earthwork, there was excess payment of Rs 28.08 lakh.**

The Executive Engineer (EE), Public Works Division, Ambikapur Division No. II, issued (August 2005) a work order for the construction of 19.40 km of the Fulidumar-Chera-Salvahi road including crossings at 22.80 *per cent* above the Schedule of Rates. The work was completed and final payment of Rs 2.92 crore was made (December 2006).

Scrutiny (September 2007) of the records of the EE revealed that total earthwork of 63,817.29 cum was included in the final payment. It was observed from the measurement books (MBs) that the crust<sup>1</sup> and hard shoulder<sup>2</sup> had not been deducted while working out the total volume of earthwork. In addition, there were other calculation errors as a result of which, the volume of earthwork was overstated. The actual volume of earthwork payable was recalculated by Audit as 44,134.72 cum, using the figures recorded in the MBs.

Thus, the EE paid for 19,682.57 cum of excess earthwork without working out the actual quantity of earthwork to be paid, which resulted in excess payment of Rs 14.26 lakh to the contractor.

In a similar case, the EE, Public Works Division, Korla awarded (February 2003) the construction of road and culverts of the Manendragarh-Kelhari-Janakpur road (59 km) at 3.10 *per cent* above the Schedule of Rates. The work was completed and final payment of Rs 6.41 crore was made (December 2006). Scrutiny (January 2008) of the records of the EE revealed that while calculating the total volume of earthwork, the volume of hard shoulder of 9,305.89 cum had not been deducted. This resulted in overstating of the earthwork and excess payment of Rs 13.82 lakh to the contractor.

The Chief Engineer, Public Works Department, Zone-Bilaspur<sup>3</sup>, agreed with the audit observations and ordered (August 2009) recovery of Rs 28.08 lakh from the contractors and initiation of departmental action for negligence and

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<sup>1</sup> Consists of Granular Sub Base (GSB), Water Bound Macadam (WBM) grade I and WBM grade II.

<sup>2</sup> It is constructed with moorum (hard soil) on either side of the crust.

<sup>3</sup> The Chief Engineer is the controlling officer for both the divisions.

overpayment. Further action on recovery and results of departmental action were awaited (September 2009).

The matter was referred to the Government (May 2009). Reply had not been received (September 2009).

## **PUBLIC HEALTH AND FAMILY WELFARE DEPARTMENT**

### **2.1.2 Excess payment on medical supplies**

#### **Penalty of Rs 26.52 lakh was not imposed on suppliers for delayed supply of material which resulted in excess payment.**

Rule 4.13 of the Chhattisgarh Stores Purchase Rules, 2002 stipulates that if a firm is unable to supply material within the agreed time period, the competent authority can grant an extension of the time period only once, with a penalty of two *per cent* per month.

The Dean, Pandit Jawahar Lal Nehru Memorial Medical College, Raipur issued 33 purchase orders between 15 March 2005 and 25 March 2006 wherein the condition of imposing penalty of two *per cent* per month for delayed supply was included. In the tenders issued for these purchases, it had been reiterated that the maximum deduction of penalty would be 10 *per cent*. The supplies were made between 4 July 2005 and 21 April 2007, with delays ranging from 10 days to 11 months. It was observed that penalty totalling Rs 26.52 lakh as shown in *Appendix-2.1* was not deducted for the delays in supply. This resulted in excess payment of Rs 26.52 lakh to the suppliers.

In reply, the Dean, Medical College stated (August 2009) that penalty would be recovered as per the rules in these cases. He also stated that in the current financial year, they were enforcing the terms of the agreement by recovering penalty from those suppliers who delayed the supplies. Details of recoveries made at the instance of Audit were, however, not provided.

The matter was referred to the Government in April 2009. Reply had not been received (September 2009).

## **AGRICULTURE DEPARTMENT**

### **2.1.3 Wasteful expenditure on plantations**

#### **Horticulture department provided assistance for plantations in areas where irrigation facilities were grossly inadequate, resulting in high mortality of plants and wasteful expenditure of Rs 46.64 lakh.**

The Agriculture Department adopted the cluster system of farming for horticulture crops. In order to ensure equitable development of horticulture, farmers were provided assistance under various Central and State sponsored schemes in the form of plants, fertilisers, pesticides etc. It was to be ensured that adequate provision for irrigation was available in every cluster and sufficient water was available before providing such assistance.

Scrutiny of records of the Deputy Director (DD) Horticulture, Ambikapur<sup>4</sup> revealed (May 2008), that the Department had provided assistance of Rs 54.55 lakh to farmers in four<sup>5</sup> clusters during the period from February 2006 to April 2008. However, it was found that in these clusters, as against the total requirement of 92 borewells, only 28 had been drilled upto April 2008. Pumps had been installed on 26 of these borewells and only one of these pumps had been given an electrical connection for distribution of water. It was, therefore, clear that assistance had been provided in these clusters without ensuring adequate availability of water for irrigation. Consequently, there was high mortality of plants ranging from 70 to 90 *per cent* and the expenditure of Rs 46.64 lakh incurred on maintenance of the clusters became wasteful as detailed in **Appendix-2.2**.

On this being pointed out (April 2009) by Audit, the Director, Horticulture stated (June and August 2009) that the farmers were responsible for inadequate irrigation as they were supposed to ensure irrigation facilities and obtain electrical connections for pumps. He also stated that there were other factors for the high mortality in the four clusters such as Naxal activities and damages to plants by grazing animals and wild elephants. Due to these constraints, no departmental activities were being conducted nor was any expenditure being incurred in these clusters at present.

The reply indicates that although there were several serious constraints, including lack of irrigation facilities, these were not taken into consideration while providing assistance to these four clusters.

The matter was brought to the notice of Government (April 2009), reply had not been received (September 2009).

## **2.2 Undue favour to contractors**

### **PUBLIC HEALTH AND ENGINEERING DEPARTMENT**

#### **2.2.1 Undue financial benefit to contractor on secured advance**

**Due to incorrect valuation of material brought to site, there was excess disbursement of secured advance, resulting in undue financial benefit of Rs 95 lakh to a contractor.**

The Secretary, Urban Administration and Development Department accorded (March 2007) administrative approval of Rs 15.24 crore for the Raigarh Augmentation Water Supply Scheme (RAWSS). Under this scheme, the Executive Engineer (EE), Public Health Engineering Division, Raigarh issued a Notice Inviting Tender (NIT) for providing laying, jointing, testing and commissioning of raw material and clear water pumping main of Ductile Iron (DI) pipes. The total amount of the contract was Rs 4.44 crore and the work order was issued (March 2008) at 58.95 *per cent* above the Schedule of Rates.

<sup>4</sup> Ambikapur is a tribal district.

<sup>5</sup> Ghatbarra, Kataroli, Salhi and Sanibarra.

Payment of Rs 4.95 crore was made (June 2009) to the contractor for work executed up to the seventh running bill.

Clause 11(B) of the contract agreement provided that the Divisional Officer could sanction advances on the security of materials brought to the site upto an amount not exceeding 75 *per cent* of the value. However, based on assessment of the Divisional Officer, advance of 90 *per cent* could be sanctioned in case of steel items at site provided that the rate allowed in no case was more than the rate payable for the finished items as stipulated in the contract of such materials.

Scrutiny (January 2009) of the records of the EE revealed that he paid (July 2008 to December 2008) secured advance of Rs 3.90 crore to the contractor in four instalments, against pipes valuing Rs 3.93 crore brought to the site. The measurement books (MBs) showed that the EE calculated the price for each category of DI pipe based on the rates for finished items of work including tender percentage and not on the cost of the material brought to site as stipulated in Clause 11(B). The admissible secured advance should have been only Rs 2.95 crore as shown in **Appendix-2.3**, as per the proforma invoices produced by the contractor. The excess payment of secured advance of Rs 95 lakh resulted in undue financial benefit to the contractor as he retained the additional interest-free<sup>6</sup> advance, upto the time of final recovery i.e. June 2009.

The Engineer-in-Chief replied (September 2009) that he had directed the EE to recover interest at bank loan rates on the excess payment of secured advance. He had also issued a circular to all divisions stating that the assessment of value of material brought to site should be based on CSIDC/DGS&D<sup>7</sup> rate contracts if such rates were available. Otherwise, the assessments should be based on the invoices of the materials. The fact, however, remains that undue benefit of Rs 95 lakh was given to the contractor for almost a year. Recovery of interest as per orders of Engineer-in-Chief was awaited (September 2009).

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<sup>6</sup> *The contract terms did not provide for charging any interest on the secured advances.*

<sup>7</sup> *Director General Supplies and Disposal (DGS&D) prepares annual rate contracts for purchases by departments of Government of India which are also followed by State Government Departments. Chhattisgarh State Industrial Development Corporation (CSIDC) prepares similar annual rate contracts for purchases by departments of the Chhattisgarh State Government.*

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**SPORTS AND YOUTH WELFARE DEPARTMENT**

**2.2.2 Undue financial benefit to contractor on mobilisation advance**

**An interest-free mobilisation advance of Rs 72.37 lakh was recovered from a contractor with a delay of 27 months, resulting in undue financial benefit.**

The Stadium Nirman Samiti (Samiti<sup>8</sup>), Raipur concluded (25 February 2005) an agreement with a contractor for the work, 'Construction of State Sports Complex in Raipur', at an estimated cost of Rs 14.48 crore. The work was to be completed within 12 months from the date of the agreement. As per Clause 30 of the agreement, the Samiti gave an interest-free mobilisation advance of Rs 72.37 lakh to the contractor on 25 February 2005. The agreement provided that the advance should be recovered by the time 75 per cent of the work was completed or 75 per cent of the contract period was over, whichever was earlier.

It was observed (January 2009) that the mobilisation advance was given from funds available with the Samiti for other projects, in anticipation of the budget allotment for the sports complex. However, the budget allotment was not received and the work could not be started. The entire mobilisation advance was recovered by the Samiti on 26 February 2008 after a period of 36 months. As per the terms of the agreement, the mobilisation advance should have been recovered from the contractor after nine months, by 25 November 2005 i.e. after expiry of 75 per cent of the stipulated period of 12 months. However, the recovery was delayed and the amount remained with the contractor for 27 months after the due date of recovery.

The matter was referred to the Government, which stated (July 2009) that despite correspondence (August 2004, January 2006 and June 2006) by the Sports Department, no budget allocation had been received for the construction. The Government also stated that it was trying to recover interest on the advance.

It is evident from the reply that the agreement was concluded in anticipation of budget allotment for the work. Thereafter, even though the allotment was not received during 2004-05 and 2005-06, the Samiti and the department failed to recover the advance in time, resulting in undue financial benefit to the contractor.

<sup>8</sup> A registered society which carries out the construction and maintenance of sports stadia in Chhattisgarh.

## 2.3 Idle expenditure/ blockage of funds

### MANPOWER PLANNING DEPARTMENT

#### 2.3.1 Idle expenditure on purchase of equipment

**Due to lack of coordination between the Directorate and two Government Engineering Colleges on purchase and utilization of laboratory equipment, there was idle expenditure of Rs 10.39 crore.**

The Director, Technical Education (DTE) had issued (December 2004 to August 2008) 15 purchase orders for procurement of laboratory equipment for the Government Engineering Colleges (GEC) at Bilaspur and Jagdalpur. After receipt of the equipment by the colleges, payment of Rs 10.39 crore was made by the DTE between February 2005 and September 2008 as detailed in *Appendix-2.4*.



*VLSI design laboratory equipment supplied by DTE kept in sealed cartons at GEC, Bilaspur*



*DSP laboratory equipment kept idle in an almirah at GEC, Jagdalpur*

Scrutiny (January 2009) of the records of GECs revealed that the laboratory equipment provided to them were not being used and were lying idle for one to four years, resulting in idle expenditure of Rs 10.39 crore on purchase of the same.

On this being pointed out, the Principals of the GECs stated (January 2009) that they had not sent any requisitions for the equipment, which were not being used due to reasons such as non-availability of faculty, non-installation and lack of space as detailed in the *Appendix-2.4*. The DTE stated (September 2009) that they had assessed that the laboratory equipment was required as per the syllabus and had received a requisition from the Raipur Engineering College for the equipment. They had procured the laboratory equipment for Raipur, Bilaspur and Jagdalpur to ensure similar facilities in all three

institutions and instructors of all three colleges had been provided training in August/September 2006 and September/October 2008. It was also stated that the DTE had directed the Principals in May 2009 and the suppliers in August/September 2009 to get the equipment installed.

The replies indicate that the DTE supplied the equipment without ensuring that the colleges had the necessary infrastructure and requisite faculty to utilize the equipment. Thus, the lack of proper planning and coordination between the DTE and the colleges led to an idle expenditure of Rs 10.39 crore.

The matter was referred to the Government (May 2009). Reply had not been received (September 2009).

## **SPORTS AND YOUTH WELFARE DEPARTMENT**

### **2.3.2 Idle expenditure on construction of sports stadium**

**Despite incurring an expenditure of Rs 71.28 lakh on construction, a sports stadium remained incomplete for want of additional funds of Rs 26.47 lakh resulting in idle expenditure.**

The Secretary, Sports and Youth Welfare Department (Secretary) accorded (October 2002) administrative approval (AA) of Rs 43.66 lakh for construction of a mini-stadium, including a boundary wall, at Dhamtari.

Scrutiny (February 2006 and January 2009) of the records of the office of the Engineer-in-Chief (E-in-C), Public Works Department and the Executive Engineer (EE), Public Works Division, Dhamtari, revealed that the EE had issued the work order for construction of the stadium in March 2003. Subsequently, he submitted (September 2004) a revised estimate of Rs 90.13 lakh to the Government. Thereafter, the Secretary accorded AA for an additional amount of Rs 20 lakh in February 2005. The EE reminded (September 2005) the Government for a revised AA for the balance of Rs 26.47 lakh and thereafter, closed (December 2005) the agreement through the sixth and incomplete final bill for Rs 66.93 lakh as the revised AA had not been issued by Government.

The EE was in regular correspondence with the Government from September 2006 to February 2009, intimating that a total expenditure of Rs 71.28 lakh had been incurred on the work and the remaining items of work could be completed only with an additional amount of Rs 26.47 lakh. However, the revised AA had not been accorded by the Government as of May 2009.

During a site visit in May 2009 by Audit, it was observed that a major portion of the boundary wall and the spectators gallery had been constructed. However, due to neglect and non-maintenance, the sports ground was overgrown with weeds and shrubs (**Picture-1**) and there were electric poles (**Picture-2**), within the ground, that had to be relocated. Work relating to flooring, main gate, distemper, painting etc. had not been done.



[Picture-1]

[Picture-2]

Thus, the infrastructure created at a cost of Rs 71.28 lakh remained idle for a period of 45 months for want of additional funds of Rs 26.47 lakh as the revised AA had not been received from the Government. The matter was referred (May 2009) to the Government which replied (July 2009) that a revised AA had been accorded (June 2009) for Rs 90.13 lakh. However, it did not intimate the reasons for delaying the approval for over four years, which resulted in sportsmen and the public being deprived of the benefits of utilizing the sports stadium at Dhamtari.

## AGRICULTURE DEPARTMENT

### 2.3.3 Idle expenditure on purchase of grading plants

**Fruit and vegetable grading plants remained non-operational as they were procured without ensuring availability of infrastructure and trained manpower, resulting in idle expenditure of Rs 43.52 lakh.**

Director, Horticulture purchased (September 2005 and January 2006) three fruit and vegetable grading plants<sup>9</sup> for a total amount of Rs 43.52 lakh in order to facilitate marketing of horticulture products as detailed in *Appendix-2.5*. It was found that two of these plants located in Raipur and Jashpur had not been installed due to non-availability of land and civil works being in progress respectively. The third plant located in Durg had been installed (April 2007) but was not in operation as there was no operator for the same. It is, therefore, evident that the grading plants were purchased without adequate planning and ensuring the availability of infrastructure along with trained staff to operationalise the same. This resulted in idle expenditure of Rs 43.52 lakh<sup>10</sup> for more than three years and non-achievement of the intended purpose of facilitating the marketing of horticulture products.

The matter was brought to the notice of the Director, Horticulture and the Government in September 2008 and May 2009 respectively. The reply (June

<sup>9</sup> Equipment used for sorting, grading, sizing and packing of fruit and vegetable products. Three such plants were purchased for Durg, Jashpur and Raipur districts.  
<sup>10</sup> Details are given in the Appendix- 2.5.



2009) of the Director, Horticulture confirmed that two plants had not been installed and the third one had not started operations. Reply of the Government had not been received (September 2009).

## **PUBLIC HEALTH AND FAMILY WELFARE DEPARTMENT**

### **2.3.4 Blockage of funds on establishment of cardiology unit**

**Due to lack of planning and coordination, a cardiology unit could not be set up and there was a blockage of funds of Rs 4.08 crore.**

In order to provide better health services, the State Government decided to establish a cardiology unit in the Dr. B.R. Ambedkar Memorial Hospital (hospital), Raipur and provided for funds for the same in its budget for 2006-07. Additional posts were also provided in the budget to set up the unit.

After tendering and selection of the vendor, the Dean, Medical College issued (March 2007) a purchase order for a Cardiac Catheterization Laboratory (Cathlab) equipment for the cardiology unit and opened (April 2007) a Letter of Credit (LC)<sup>11</sup> for Rs 4.08 crore based on the approvals received from the Government and the Finance Department. The equipment was to be delivered by September 2007. It was observed that only after opening the LC, the hospital initiated (April 2007) a proposal for construction of a building for the cardiology unit which would house the Cathlab. The space requirements for the building were not assessed properly and were changed frequently. Although additional posts had been sanctioned, the process of recruitment/ deployment had not been initiated to coincide with the completion of the building. While the construction of the building, purchase of equipment and arrangement of manpower were all necessary to start the cardiology unit, these were not planned, coordinated and executed in the proper sequence. Consequently, the Cathlab had not become operational as of September 2009 and the amount of Rs 4.08 crore remained blocked in an LC outside the Government account for over two years.

The matter was brought to the notice (May 2009) of the Government which stated (September 2009) that the completion certificate of the proposed building had been issued (June 2009) by PWD and the supplying firm had been directed (June 2009) to install the machine, the work for which was in progress. The Government accepted that initially there had been some delay in finalising the plan of the Cathlab building.

The reply confirmed the delay in construction but did not clarify the reasons for the lack of coordination and planning which resulted in the blockage of funds and the Government's objective of establishing a cardiology unit in the

<sup>11</sup> *Letter of Credit: After deciding on a supplier and obtaining sanction for purchase, the amount payable is drawn from the Government account with the approval of the Finance Department and placed in a nationalized bank as a Letter of Credit in favour of the approved supplier. On confirmation of different stages of supply i.e. despatch, receipt and installation, the bank releases payments to the supplier as per the terms of the supply order.*

hospital remaining unfulfilled, thus depriving the patients of improved cardiac care.

## **PANCHAYAT AND RURAL DEVELOPMENT DEPARTMENT**

### **2.3.5 Blockage of funds on construction of rest house**

#### **There was irregular expenditure and blockage of Rs 46.04 lakh on construction of a rest house on forest land.**

Paragraph 2.111 of the Works Department Manual provides that under the Forest Conservation Act 1980, diversion of forest land for any non-forest purpose requires prior approval of the Government of India (GOI).

The Tribal Development Department allotted Rs 54.83 lakh to the Executive Engineer (EE), Rural Engineering Services Division, Raipur for construction of a rest house at Girodhuri, in Raipur district. The EE issued (June 2006) the work order for Rs 38 lakh, with a stipulated completion period of eight months. A total amount of Rs 46.04 lakh was paid to the contractor upto the fourth running bill (February 2008).

Scrutiny (June 2008) of records of the EE revealed that the Divisional Forest Office, Raipur (DFO) had raised (September 2006) an objection that the rest house was being constructed on forest land and prior approval of GOI was essential. In spite of this, the work was not stopped. The Government of Chhattisgarh subsequently requested (March 2007) GOI for approval of diversion of forest land but GOI refused (August 2007) permission. Thereafter, the EE ordered (August 2007) the work to be stopped.

The EE, RES division executed the work on forest land, in contravention of the Works Department Manual, disregarding the objection of the DFO. Consequently, there was an irregular expenditure of Rs 46.04 lakh as GOI refused permission for diversion of the forest land. The entire expenditure became blocked as the building was lying incomplete and unused from August 2007 onwards.

The matter was pointed out (December 2008) to the Government which intimated (June 2009) that a show cause notice had been issued to the EE concerned. Final action on the case was awaited (September 2009).

**PUBLIC WORKS DEPARTMENT**

**2.3.6 Blockage of funds on construction of bridge**

**Execution of work on forest land without GOI approval resulted in blockage of Rs 21.99 lakh on an incomplete bridge and non-achievement of the objective of upliftment of the tribal population.**

Paragraph 2.111 of the Works Department Manual provides that according to the Forest Conservation Act 1980, all proposals for diversion of forest land for any non-forest purpose require the prior approval of the Government of India.

Government of Chhattisgarh approved (March 2005) the construction of a high level bridge and an approach road across Ubhay river on Phulzar-Kunwarpur road for Rs 61.75 lakh, on the Chhattisgarh and Madhya Pradesh (MP) border, for the upliftment of the tribal population and to provide an all-weather road to the inhabitants of the area. The construction of the high level bridge required water harvesting and approach road work on a small portion of forest land situated in MP. The Executive Engineer (EE), Public Works Department (PWD), Bridge Construction Division, Ambikapur issued (October 2005) the work order with a stipulated completion period of 10 months, excluding the rainy season.

Scrutiny (November-December 2007) of records of the EE revealed that a proposal for construction on the forest land was submitted to the Divisional Forest Officer, South-Shahdol, MP (DFO) in January 2006 i.e. after placing the work order. The DFO pointed out (June 2007) some defects in the proposal and stated that until they were corrected and a detailed report submitted, final sanction would not be given. The construction was stopped (June 2007) after executing work amounting to Rs 21.99 lakh. The forest clearance had not been obtained upto September 2009.

As the EE had commenced the work without obtaining forest clearance, it had to be stopped mid-way, resulting in Rs 21.99 lakh remaining blocked for almost two years. The objective of upliftment of the tribal population and providing an all-weather road also remained unachieved.

On this being pointed out, the Engineer-in-Chief stated (March and September 2009) that the proposal for forest clearance had not been submitted before commencing the work because it had been anticipated that there would not be any damage to forest land or trees. The EE had submitted the corrected proposal to the Conservator of Forests, Shahdol in January 2009 and approval was awaited (September 2009).

The replies confirm that the department had not properly assessed the involvement of forest land at the initial stage, which resulted in the stoppage of work mid-way. Thereafter, the EE took one and a half years i.e. from June 2007 to January 2009 to submit the revised proposal, which further delayed the completion of the bridge.

The matter was brought to the notice of the Government (May 2009). Reply had not been received (September 2009).

## **2.4 Regularity issues and other points**

### **PANCHAYAT AND RURAL DEVELOPMENT DEPARTMENT**

#### **2.4.1 Irregularities in tendering and execution of works**

##### **Works valuing Rs 2.37 crore were executed in contravention of prescribed rules and procedures for tendering and tender acceptance.**

The Madhya Pradesh Works Manual (as adopted in Chhattisgarh) provides that the Executive Engineer (EE) is authorized to accept tenders upto Rs 20 lakh and the Chief Engineer (CE) upto Rupees one crore, while approval of the State Government is required for works exceeding Rupees one crore.

Test check (May 2008) of records of the EE, Rural Engineering Services Division, Raipur revealed that the Commissioner, Schedule Caste and Scheduled Tribes Development accorded (October and November 2004) Administrative Approvals (AAs) and Technical Sanctions (TS) for Rs 1.42 crore for four different cement concreting works at Girodpuri, costing from Rs 24.74 lakh to Rs 48.61 lakh as detailed in *Appendix-2.6*. A second set of AA and TS of Rs 1.02 crore were accorded in February and March 2005 for 12 additional works which were to be carried out in the same area. It was observed that the EE issued notices inviting tenders (NIT) for the first set of four works by reducing their NIT values to below Rs 20 lakh in each case, so as to keep the tenders within his financial powers and finalise them at his level. The EE awarded (November 2004) these four works to three contractors vide four different agreements, at a total cost of Rs 77.48 lakh as detailed in *Appendix-2.6*. It was found that in addition to these contracted works, the three contractors also executed the remaining portions of the first set of four works at a total cost of Rs 64.86 lakh as well as the second set of 12 works, at a total cost of Rs 1.02 crore. Thereafter, a total payment of Rs 2.37 crore was made to them against the total contracted amount of Rs 77.48 lakh. The expenditure of Rs 1.59 crore over and above the contracted amount was made in violation of rules as neither any tendering was done for these works nor were any work orders issued.

Thus there were irregularities amounting to Rs 2.37 crore in the execution of the abovementioned 16 works as the EE reduced the NIT values of four works to bypass the CE and thereafter got additional works executed without tendering and issuing of work orders.

The matter was referred (March 2009) to the Government, which replied (June 2009) that a show cause notice had been issued to the EE concerned.

### 2.4.2 Lack of responsiveness of Government to Audit

**Due to inaction of Government departments, there were 3077 outstanding Inspection Reports and 21 pending Action Taken Notes on audit paragraphs included in the Audit Reports of the Comptroller and Auditor General of India.**

(i) The Accountant General (Audit) conducts periodical inspections of State Government departments to check their transactions, maintenance of initial accounts as per the prescribed format, adherence to codal provisions and internal control procedures and maintenance of basic control registers. These inspections are followed by the preparation of Inspection Reports (IRs) which contain audit paragraphs prepared on the basis of various audit observations. These are issued to the concerned heads of offices, with copies to the next higher authorities, for examination of the audit paragraphs and reporting compliance to the Accountant General. Outstanding paras are settled by the Accountant General on intimation of requisite follow-up action taken by the Department.

At the end of March 2009, there were 10,955 paragraphs related to 3,077 IRs, which were outstanding. The year-wise break-up of these outstanding IRs is given below:

**Table-2.1 : Details of outstanding inspection reports and paragraphs**

Year	Number of outstanding Inspection Reports	Number of Paragraphs
Up to 2002-03	1,992	5,372
2003-04	183	643
2004-05	317	1,495
2005-06	215	1,122
2006-07	203	1,321
2007-08	48	408
2008-09	199	594
<b>Total</b>	<b>3,077</b>	<b>10,955</b>

The department-wise break-up of these outstanding IRs and paragraphs is also indicated in *Appendix-2.7*.

A review of the outstanding IRs pertaining to Horticulture, Panchayat and Rural Development, Public Health and Engineering, Tribal Welfare and Veterinary Departments revealed that a total of 1,013 paragraphs contained in 190 IRs with a money value of Rs 596.25 crore, pertaining to the years from 2003-04 to 2008-09 remained unsettled at the end of June 2009. The year-wise position of these outstanding IRs, paragraphs and money value involved are indicated in *Appendix-2.8*.

### Follow up action on Audit Reports

(ii) Government has to take remedial action on all audit paragraphs after the presentation of the Reports of the Comptroller and Auditor General of India to the Legislature. The administrative departments concerned are

required to furnish remedial Action Taken Notes (ATNs) on the audit paragraphs to the Public Accounts Committee (PAC) as well as to the Accountant General.

The position of pendency, as on August 2009, in furnishing ATNs on paragraphs included in the Reports of the Comptroller and Auditor General of India (Civil) Government of Chhattisgarh, pertaining to the years 2002-03 to 2007-08, is given below:

**Table-2.2: Details of paragraphs for which Action Taken Notes were not furnished**

CAG's Audit Report	No. of paragraphs included	No. of paragraphs for which ATNs were furnished by the Government	No. of paragraphs for which ATNs were due from the Government
2002-03	20	18	2
2003-04	14	9	5
2004-05	18	16	2
2005-06	22	18	4
2006-07	21	18	3
2007-08	11	6	5
<b>Total</b>	<b>106</b>	<b>85</b>	<b>21</b>

Department-wise details of the pending ATNs are given in **Appendix-2.9**.

Therefore, a proper mechanism which would ensure speedy action on audit observations to recover losses/outstanding advances/ overpayments in a time-bound manner, must be set up by the State Government. Such a system would not only be beneficial in fixing responsibilities for the various lapses pointed out by Audit, but also make sure that the financial losses pointed out during audit do not continue over a long period.