

CHAPTER 3

Audit of Transactions

Audit of transactions of Government Departments, their field formations as well as that of autonomous bodies brought out several instances of lapses in management of resources and failures in the observance of the norms of regularity, propriety and economy. These have been presented in the succeeding paragraphs under broad objective heads.

3.1 Non-compliance with rules

For sound financial administration and financial control, it is essential that expenditure conforms to financial rules, regulations and orders issued by the competent authority. This not only prevents irregularities, misappropriations and frauds, but helps in maintaining good financial discipline. Some of the audit findings on non-compliance with rules and regulations are hereunder:

Delhi Jal Board

3.1.1 Irregular payment of escalation charges

Violation of CPWD Manual provisions led to extra payment of Rs. 17.19 lakh to a contractor on account of escalation charges

Director General (Works) amended the general condition of contract whereby no cost escalation under clause 10CC was payable for a work for which the stipulated period of completion was 18 months or less. The amendment was applicable to all Notice Inviting Tenders issued on or after 1 June 2000.

Scrutiny of records of the office of the Executive Engineer, Project (W)V revealed that two balance works of “providing /laying and jointing of 900-350 mm dia DI/MS water supply main in the command area of reservoir CT2 phase I and phase II of Dwarka” were awarded to a contractor in December 2004. The contractor claimed an amount of Rs. 17.19 lakh in respect of both the works (Rs. 5.46 lakh and Rs. 11.73 lakh) as escalation under clause 10CC which was paid by the Department in November and December 2006. The payment of escalation charges to the contractor was irregular as the periods of completion of the works were only 9 and 12 months respectively and therefore, no escalation was permissible.

Delhi Jal Board stated (December 2009) that the original works were rescinded in the year 2003 and the clause 10CC was stipulated in the original agreement of M/s Lanco as per condition of completion period of more than

six months prevailing at that time. The reply is not acceptable as the amendment incorporated in the CPWD Manual was applicable to these two cases as NITs were issued in September 2000.

Thus, insertion of clause 10CC in the contract in the original form instead of the amended clause, in violation of Manual provisions resulted in avoidable payment of Rs. 17.19 lakh to the contractor on account of escalation charges.

The matter was referred to the Government in March 2008, the reply was awaited (February 2010).

Public Works Department

3.1.2 Avoidable extra expenditure due to delay in supply of drawings in time

Department's failure to observe the codal formalities in supply of drawings within the stipulated period, led to re-award of work and consequent avoidable expenditure of Rs. 28.23 lakh. Besides the public was denied the facility of a pedestrian subway for more than 16 months.

CPWD rules¹ stipulate that departmental authorities have to ensure timely preparation and supply of drawings and designs of a work to the contractor.

The work relating to construction of Pedestrian Subway across Road No. 40, near Shastri Nagar with estimated cost of Rs. 1.31 crore was awarded to M/s R.K. Construction in February 2006 at the tendered cost of Rs. 1.62 crore (28.28 *per cent* above estimated cost). The construction work was to commence from 19 March, 2006 and was to be completed within 12 months, i.e., 18 March 2007.

It was revealed that due to non-supply of drawings for the subway, contractor closed the contract on 8 May 2006 under clause 3A of the agreement which provides that in case the work cannot be started due to reasons not within the control of the contractor within 1/8th of the stipulated period for completion, either party may close the contract. Subsequently, the Department rescinded the contract under clause 3(a) and (b) of the agreement on 21 July 2006. Tenders for the work were invited in October 2006 and the work was awarded to M/s Mathura Das Ahuja & Sons at a cost of Rs. 1.97 crore, which was Rs. 28.23 lakh more than the previous tendered cost though the estimated cost was same. The stipulated dates of start and completion of work were 31 January 2007 and 31 January 2008 respectively. The work was completed on 2 July 2008 at a total cost of Rs. 2.01 crore.

¹ Section 15.2.1.1 and 15.2.1.3 of CPWD Works Manual, 2003.

Audit scrutiny revealed that Department had furnished some drawings to M/s R.K. Construction on 22 May 2006 and some execution drawings were in process of approval as on 31 May 2006, whereas the date of start of work was 19 March 2006. Had the Department prepared and furnished the execution drawings in time the work could have been completed by the contractor. Thus failure of the Department to observe the codal formalities for supply of drawings at the time of start or within the stipulated period, led to avoidable expenditure of Rs. 28.23 lakh due to re-award of the work at higher rates. Besides the public at large was also denied the intended facility of pedestrian sub-way for more than 16 months.

The matter was referred to the Department in June 2009, the reply was awaited (February 2010).

Public Works Department

3.1.3 *Payment at higher rate on extra items and deviated items.*

Failure of the department to arrive at correct rates for extra items and deviated items resulted in extra payment of Rs. 13.21 lakh.

CPWD Works Manual² stipulates that the rates of extra items and deviated items beyond permissible limit will be worked out at market rates prevailing at the time of commencement of execution of these items. For substituted items, the agreement rate of the original item will be adjusted for the difference in market rates of the original and substituted items.

A test-check of records of Public Works Department Divisions-M-211 (erstwhile Division-23) revealed that the Executive Engineer awarded (January 2007) a work "Providing mastic layer on ROB-19 at Madhu Vihar" to the contractor at a tendered cost of Rs. 32.40 lakh which was 3.33 *per cent* above the estimated cost (EC) of Rs. 31.36 lakh. During execution of work the contractor executed an item "Providing and laying 40 mm thick bitumen mastic wearing course" at the rate of Rs. 731.50 per sq. m. for 3500 sq. m. area as an extra item. It was noticed in audit that an item "providing and laying 25 mm thick bitumen mastic wearing course" had already been provided in the agreement/ schedule of quantities at Rs. 284.26 per sq. m, which was same in all respects as the extra item except for thickness. Instead of fixing its rate on the basis of rate of similar item provided in the agreement, the Department fixed and paid the above item on market rate treating it as an extra item.

² Para 23.2.1 and 23.3

Hence, failure of the Department to consider it as substituted item instead of extra item resulted in avoidable payment of Rs. 9.92* lakh being the difference in the rates of extra item and substituted item (Rs. 731.50-Rs. 448.16).

In another case, the Executive Engineer, Division M-212 (erstwhile Division-30) awarded (March 2006) a work "Construction of chhat ghaat on the bank of river Yamuna near ITO Delhi" to a contractor at a tendered cost of Rs. 81.01 lakh which was 28 *per cent* above the estimated cost (EC) of Rs. 63.29 lakh. As per agreement, the deviations in sub-structure upto 30 *per cent* and 100 *per cent* for foundation work were payable at the rates agreed upon, i.e., scheduled rates, while deviations beyond permissible limit were payable at market rates.

A test-check in audit revealed that as per the 5th running bill of the contractor, he was paid for all the deviations at market rates instead of paying at tendered rate being within permissible limit of deviated items. Thus, the Division has paid an extra amount of Rs 3.29 lakh upto December 2009. The amount would go up as the final bill was yet to be paid.

Thus, failure of the Department to arrive at correct rates for extra items and deviated items resulted in excess payment of Rs 13.21 lakh.

The matter was referred to the Department in March 2009, the reply was awaited (February 2010).

3.2 Audit against propriety/expenditure without justification

Authorisation of expenditure from public funds has to be guided by the principles of propriety and efficiency of public expenditure. Authorities empowered to incur expenditure are expected to enforce the same vigilance as a person of ordinary prudence would exercise in respect of his own money and should enforce financial order and strict economy at every step. Audit has detected instances of impropriety and extra expenditure, some of which are hereunder.

* Quantity executed = 3500 Sq.m. Hence excess payment = 3500 x (Rs. 731.50 – Rs. 448.16)

3.2.1 Unfruitful expenditure on road works left incomplete due to encroachments

Failure of the Public Works Department to ensure availability of clear site for construction of road resulted in unfruitful expenditure of Rs. 1.91 crore incurred on widening of a road.

PWD constructed a three lane master plan road (No.65) of approximately 1.2 km length to provide a link between G.T. Road (Shyam Lal College) and road No. 66 (New Zafrabad). The desired link by way of construction of road No.65 could not be completed as a stretch of 200 metres land was occupied by a private colony consisting of about 131 properties.

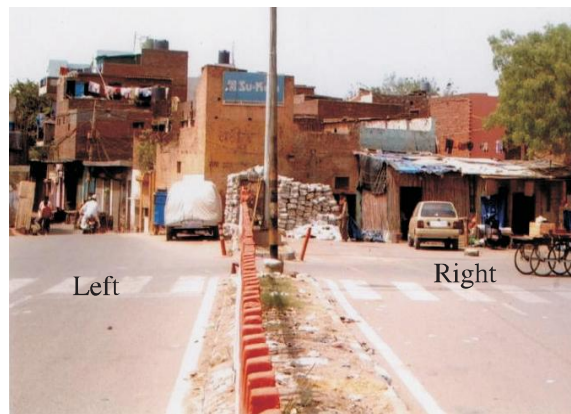
Test-check of records of PWD, Civil Road Maintenance Division (CRMD)-M213 revealed that PWD moved a proposal (2005) to widen the road No.65 from three lanes to six lanes including construction of road over the missing link of 200 meters (Subhash Park). The proposal was also approved by Technical Committee of DDA. Administrative approval and expenditure sanction for this work for Rs. 5.68 crore was issued by Government of National Capital Territory of Delhi (GNCTD). A sum of Rs. 2.50 crore was deposited by PWD with Land and Buildings Department in March 2006 for acquisition of land occupied by the said 131 private properties.

In January 2008, PWD awarded the footpath construction and drain work of missing link portion of road No.65 and its widening upto road No.66 and construction of storm water drain and footpath at a tendered cost of Rs. 1.18 crore with stipulated date of commencement and completion as 4 February 2008 and 3 June 2008 respectively. The work was finally recorded 'satisfactorily completed' by Superintending Engineer on 18 August 2008 without constructing road on the stretch of 200 metres occupied by private properties and final payment of Rs. 1.91 crore was made to the contractor.

Thus due to existence of the said private properties at the site as of April 2009, the work of construction of road No.65 could not be completed. Accordingly, the road constructed on both sides of the stretch of land of 200 metres occupied by private properties remained dormant. As a result expenditure of Rs. 1.91 crore incurred on the road work was rendered unfruitful.



Subhash Park (April 2009)



Subhash Park (April 2009)

Department stated (June 2009) that it was necessary in the public interest to widen the road as several other colonies were linked with the portion of widened stretch of road. The reply of the Department was not convincing as both the sides of the road could not be interlinked properly and the road was not usable for the stated purpose due to existence of the 131 properties in the whole width of the road.

The matter was referred to the Government in April 2009, the reply was awaited (January 2010).

3.2.2 Unfruitful expenditure on surplus work-charged staff

Department incurred unfruitful expenditure of Rs. 152.18 lakh during 2005-06 to 2008-09 on surplus work-charged staff who were not even engaged on other routine watch and ward works on which another avoidable expenditure of Rs. 55.90 lakh was incurred.

The maintenance work of the entire Ring Road was distributed to various divisions of the PWD and the comprehensive maintenance of the Ring Road from Punjabi Bagh to Safdarjung having length of 17 Km. was being maintained by the maintenance division M-111. This was entrusted to a contractor in August 2005. As a result, a large number of work-charged labour of the said division who were earlier engaged in the maintenance of the Ring Road, became surplus.

Scrutiny revealed that Rs. 134.44 lakh had been incurred by the division on the salary and allowances of 36 Beldars/Coolies and one mason who have been rendered surplus during September 2005 to March 2009.

Further, various contracts on account of “watch and ward” valued at Rs. 55.90 lakh were awarded by the Division during the period September 2005 to March 2009. The contractors deployed on an average 39 persons per month on watch and ward duty against these contracts. Had the departmental authorities deployed surplus work-charged staff on this work/duty instead of outsourcing, the Division would have saved this money.

In another case, Sub-division-IV of the PWD Division M-222 intimated Executive Engineer (July 2007) and Superintendent Engineer (August 2008) that six Beldars and one carpenter were surplus as there was no work due to transfer of repair and maintenance works to Delhi State Industrial And Infrastructure Development Corporation and requested to utilize their services in other places. However, their services were not utilized in other places for the last two years. Thus, the Division incurred an expenditure of Rs. 17.73 lakh on pay and allowances of the surplus staff during the period from May 2007 to January 2009.

The Division stated (February 2009) that surplus staff could not be transferred to other sub-divisions due to non-availability of sufficient maintenance works in the other sub-divisions. The reply was not tenable as services of surplus staff could be utilized in other divisions in any other similar capacity by taking up the matter at a higher level.

Thus, the Department incurred unfruitful expenditure of Rs. 1.52 crore during 2005-06 to 2008-09 on work-charged staff whose services remained unutilised.

The matters were referred to the Department in April 2009 and replies were awaited (February 2010).

3.3 Failure of Oversight/Governance

The Government has an obligation to improve the quality of life of the people for which it works towards fulfillment of certain goals in the area of health, education, development and upgradation of infrastructure and public service. However, Audit noticed instances where the funds released by Government for creating public assets for the benefit of the community remained unutilized/blocked and/or proved unfruitful/unproductive due to indecisiveness, lack of administrative oversight and concerted action at various levels. A few such cases have been discussed as follows.

Department of Home

3.3.1 Avoidable expenditure due to injudicious assessment of sanctioned load of electricity supply

Failure of departmental authorities (Central Jail, Tihar) to assess the sanctioned load in consonance with actual requirement resulted in avoidable payment of Rs. 35.93 lakh on fixed charges on non-domestic electricity supply.

The Central Jail, Tihar (CJT) had two non-domestic electric connections (bearing numbers Y20191002246 and Y20191002144) of sanctioned load 513 KW (604 KVA) and 557 KW (656 KVA) respectively. Audit scrutiny of electricity bills revealed that maximum consumption in respect of 513 KW connection at any time during February 2004 to December 2008 was 375 KVA only and maximum consumption in respect of 557 KW connection at any time during January 2006 to December 2008 was 300 KVA. As per electricity tariff schedule demand charges at minimum of Rs. 150 per KVA per month are payable as electricity charges based on sanctioned load even when the consumption is less.

Had the Jail authorities assessed the requirement of electricity supply based on actual consumption and got the sanctioned load for non-domestic connections reduced to 400 KVA and 325 KVA respectively it could have saved a sum of Rs. 35.93 lakh³ during the said period. Thus, failure of the departmental authorities to assess the sanctioned load in consonance with actual requirement resulted in avoidable payment of Rs. 35.93 lakh of demand charges.

The matter was referred to the Department in March 2009. The Department while admitting the facts stated (June 2009) that the contract demand will be reduced as suggested by Audit.

³Rs. 150*59*(604-400) + Rs. 150*36*(656-325) = Rs. 35.93 lakh

Public Works Department

3.3.2 Unfruitful expenditure on construction of Kalindi Bypass

Failure of the PWD authorities to ensure availability of land and to adhere to the manual provisions rendered expenditure of Rs. 52.50 crore unfruitful as the constructed part of road can neither be used nor can be aligned with any other road.

As per Manual provisions⁴, availability of site and approval of local bodies should be ensured before approval of NIT. The Executive Engineer (Building Project Division B 112) awarded (March 2003) the construction work of 6.5 km long Kalindi Bypass from Kalindi Colony Ring Road to Kalindi Kunj Road No.13-A to M/s Rani Constructions Pvt Ltd at tendered cost of Rs. 63.41crore with start and completion dates as 15 May 2003 and 14 May 2005 respectively. The scope of work included RCC⁵ flyover, clover leaf and two bridges on Agra Canal. The said work also consisted of river training and cross drainage works, street lighting, necessary surveys, geo-technical investigations and designs. The bypass was to pass along the west bank of river Yamuna. As per terms and conditions of the agreement, 70 per cent of the land was to be made available at the time of commencement of work while rest of the land was to be made available within a period of six to nine months.



DND Flyover side(May 2009)



Ashram side (May 2009)

The progress of work was very slow and could not gain momentum ever since start of the work in May 2003 as only 35 per cent (2.29 kms out of a total of 6.5 kms) of land was made available to the contractor at the time of start of work. The remaining land was not available due to various reasons such as

⁴ Section 15.2.1.3 of the CPWD Works Manual 2003

⁵ Reinforced Cement Concrete

existence of a housing society, DJB pipe lines, Yamunotri Parisar-an establishment of the Government of Uttar Pradesh (UP), bird sanctuary, and sailing club of Defence Ministry apart from existence of a huge sand mound on which a court stay was pending.

Further, while the work was in progress, orders were issued by the Delhi High Court on 1 June 2006 prohibiting the road construction within 300 metres from the edge of the river Yamuna water. On 10 August 2006 the High Court modified the order to the extent that alignment of road should be 120 metres away from the river water edge throughout its length based on a Civil Petition. However, the matter could not be resolved with the Government of UP as regards the use of Yamunotri Parisar, bird sanctuary and sand mound as well as some other land belonging to the state of UP till March 2007 and the PWD decided to foreclose the work of constructing the said bypass with effect from May 2007 on which Rs. 52.50 crore had been spent up to May 2007.

Non-adherence to manual provisions and failure to ensure land availability before award of work rendered the expenditure of Rs. 52.50 crore wasteful as the constructed part road can neither be used nor can be aligned with any other road.

The matter was referred to the Department in April 2009 and reply was awaited (February 2010).

3.3.3 Avoidable payment of interest due to delay in appointment of arbitrator and non-submission of documents in time

Failure of the Public Works Department to appoint an arbitrator within the statutory period of 30 days coupled with non-submission of documents within the period stipulated by the arbitrator, resulted in avoidable payment of interest amounting to Rs. 12.67 lakh.

The construction work of super structure of Department of Mechanical & Production Engineering, in Delhi College of Engineering was awarded in December 1995 to *M/s Pandit Constructions* at the tendered amount of Rs. 7.53 crore. The work was actually completed on 14 June 2001 against the stipulated date of 30 December 1997. The Contractor requested the Chief Engineer for appointment of an arbitrator on 20 March 2002 as some payments were withheld or short paid. However, the same was ultimately appointed by High Court on 15 January 2003. The arbitrator awarded (20 February 2007) Rs. 64.76 lakh plus 8 *per cent* interest per annum (w.e.f. 20 March 2002 the date of invocation of arbitration till the date of payment) in favour of the contractor.

Scrutiny of records revealed that hearings were concluded on 8 April 2005 while the Arbitration award was published on 20 February 2007, i.e.,

approximately after a delay of two years. The award was challenged by the department based on the long period taken by the arbitrator in publishing the award in the High Court of Delhi in July 2007.

The hearings before the arbitrator concluded on 8 April 2005 and the claimant filed his written submission on 19 May 2005. However, the Department filed its written submission on 29 June 2005 and then again on 23 August 2005 after a lapse of over four and half months. The arbitrator asked for certain documents and clarifications on 12 December 2005 and allowed further time to file the same on 8 May 2006, 19 May 2006 and 26 June 2006, but no documents whatsoever were filed by the Department despite these repeated opportunities. The High Court while upholding the award with corrections/errors gave its decision on 25 July 2007 to make the payment of award within three weeks from the date of order with interest from 20 March 2002 as the Department had failed to submit documents to the arbitrator within time in support of its submissions. The Department had to pay (14 August 2007) Rs. 89.75 lakh (including interest of Rs. 26.76 lakh for the period from 20 March 2002 to 25 July 2007).

Thus, failure of the Department to appoint an arbitrator within the statutory period of 30 days coupled with non-submission of documents within four weeks from 8 April 2005 as stipulated by the arbitrator, resulted in loss due to avoidable payment of interest amounting to Rs. 12.67⁶ lakh, i.e., from 20 April 2002 to 15 January 2003 (271 days) after providing a margin of one month period for appointment and from 8 May 2005 to 20 February 2007 (654 days) after providing a margin for the period from date of award to actual date of payment.

The matter was referred to the Department in June 2008, the reply was awaited (February 2010).

3.3.4 Extra avoidable expenditure on consultancy fee

Failure of the Department to incorporate a clause regarding appropriate reduction/escalation in payment to consultant in case of changes in scope of work or alternatively to enter into lump-sum agreement in appropriate Form No.12 resulted in extra avoidable expenditure of Rs. 72.70 lakh upto June 2009.

Section 13.2.8 of CPWD Manual stipulates that Form No. 12 is used for work in which contractors are required to quote a lump-sum figure for completing the works in accordance with the given design, drawing, specification and

⁶ Interest paid for 1954 days. Interest avoidable for 271+654=925 days @ 8 per cent
Interest avoidable = Rs. 26.76 lakh x 925 days/1954days = Rs. 12.67 lakh @ 8 per cent

functional requirements as the case may be. In this form a condition is stipulated that in case any modification for any reason is ordered in the course of execution, suitable adjustment for extra payment or recovery shall be effected.

The Executive Engineer, PWD F-112 awarded 'Corridor improvement work on outer ring road from IIT Gate of NH-8 intersection' to M/s Afcons Infrastructure at a tendered cost of Rs 234 crore in May 2007 which included construction of three flyovers, nine subways and four underpasses. The Executive Engineer also awarded two consultancy works namely, third party quality assurance and proof checking of corridor improvement relating to this project to EIL and CCP respectively and entered into two agreements in Form No. 11A, which is meant for small works.

Audit scrutiny revealed that the Department reduced the scope of work by excluding '4 underpasses and 9 subways' from the scope of the main work in February 2008 and as such the cost of main work was reduced from Rs.234 crore to Rs.153.20 crore. It was also revealed that three consultancy agreements were entered into by the Department for this work. A clause regarding appropriate reduction/escalation in payment to consultant in case of changes was incorporated in one work relating to structural consultancy work but was not incorporated in the above two consultancy works. Due to non-incorporation of a clause regarding appropriate reduction/escalation in payment to consultant in case of changes of work the Department was paying the full consultancy charges as fixed for the original project cost, i.e., for Rs. 234 crore instead of the reduced cost of Rs. 153.20 crore to the consultants EIL and CCP. The Department had paid Rs. 176.09 lakh and Rs. 34.45 lakh to EIL and CCP consultants as of June 2009. Had the Department incorporated the clause in these agreements it would have had to pay only Rs. 115.29 lakh and Rs. 22.55 lakh respectively to the consultants.

Thus failure of the Department to incorporate a clause regarding appropriate reduction/escalation in payment to consultant led to extra avoidable expenditure of Rs. 72.70 lakh (Rs. 210.54 lakh – Rs. 137.84 lakh) as consultancy charges upto June 2009, which will further increase by Rs. 10.27 lakh at the time of payment of balance consultancy charges.

The matter was referred to the department in February 2009. The department stated (June 2009) that the payment to the agencies has to be made as per the agreement and stated that any unilateral change in the agreement conditions would have invited legal complications. The fact however remains that the department failed to incorporate the appropriate clause in the agreements to safeguard the interest of Government which led to avoidable payment of Rs. 82.97 lakh and it is, therefore, imperative that responsibility is fixed in the matter.

Department of Women and Child Development

3.3.5 Excess payment of fixed charges of electricity

Failure of the Department to review its electricity bills and making payment of fixed charges at non-domestic rates instead of domestic rates resulted in excess payment of Rs. 18.66 lakh.

Rule 5 of order on Annual Revenue Requirement for Financial Year 2005-06 and Determination of Retail Supply Tariffs for BSES Yamuna Power Limited by the DERC of July 2002 *inter-alia* states that the dispensaries/hospitals/working women's hostels/orphanages/charitable homes run by the MCD and Government of NCT of Delhi shall be billed at domestic rates, if the premises are used exclusively for the purposes specified.

During the course of audit of the Children's Home for Girls-II (CHG-II) consisting of 11 observation homes and a medical care unit, located in the Nirmal Chhaya Parisar at Jail Road it was noticed that these 12 units were drawing electricity from a common connection (K no. Y 20191002019/BS08/2/JANAKPURI) with a sanctioned power load of 177 KVA (150 KW). The (CHG-II) paid an amount of Rs. 19.91 lakh as fixed charges at Rs. 150 per KVA during the period from November 2002 to January 2009 against the total payable amount of Rs. 1.25 lakh only as per applicable rates. The rates of fixed charges on domestic electricity connection were Rs. 10 per KW upto August 2005 and Rs. 12 thereafter.

Had the departmental authorities reviewed their electricity bills and got the commercial rates of fixed charges converted to domestic rates, they could have saved an amount of Rs. 18.66 lakh.

The matter was referred to the Department in May 2009, the reply was awaited (February 2010).

Department of Labour

3.3.6 Unfruitful expenditure on running of Holiday Homes

Expenditure of Rs. 1.38 crore incurred on purchase of Holiday Homes at Allahabad and Shimla which remained blocked for four to seven years before the start of holiday homes. Further, expenditure of Rs. 68.79 lakh incurred on maintenance and upkeep of all the four holiday homes during 2004-09 was rendered unfruitful as the primary objective of providing accommodation to industrial workers had not been fulfilled.

The Labour Department established four holiday homes located at Allahabad, Haridwar, Mussoorie and Shimla for the welfare of industrial workers. Holiday Homes at Allahabad and Shimla are owned by the Department whereas the other two at Haridwar and Mussoorie are being run in rented accommodation. The holiday home at Allahabad was purchased in April 2000 at a cost of Rs. 21 lakh, whereas the holiday home at Shimla was purchased in March 1998 at a cost of Rs. 79.38 lakh the holiday homes were made operational with effect from 2005. Thus, investment of Rs. 100.38 lakh was blocked for four to seven years.

It was seen that the occupancy rate of these holiday homes was extremely low, which ranged from 0.41 *per cent* in Shimla during 2005-06 to 9.32 *per cent* in Haridwar during 2007-08. Moreover, 90 *per cent* of the occupants were non-industrial workers. Further, the Department incurred an expenditure of Rs 71.45 lakh on running and maintenance of the holiday homes and could recover only Rs. 2.66 lakh and as such had incurred unfruitful expenditure of Rs. 68.79 lakh during the last five years. It shows that running of these homes was neither a viable project for the Government of NCT of Delhi nor did it serve the basic aim of providing holiday accommodation to the industrial worker.

The matter was referred to the Department in June 2009. The Department stated that running of Holiday Homes is a statutory obligation of the Delhi Labour Welfare Board under provisions of the Bombay Labour Welfare Fund Act, 1953. The reply is not acceptable in view of the extremely poor occupancy status of the holiday homes. During 2004-05 to 2008-09, in Haridwar and Mussoorie, only eight and seven persons were industrial workers out of the total occupants i.e., 230 and 325 respectively, whereas in Shimla and Allahabad, all the occupants were non industrial workers.

Thus, the capital expenditure of Rs.100.38 lakh on purchase of accommodation at Allahabad and Shimla remained blocked for four (Rs. 21 lakh) to seven (Rs. 79.38 lakh) years before the start of holiday homes and the

expenditure of Rs. 68.79 lakh on maintenance and upkeep of all the four holiday homes during last five years was unfruitful because the primary objective of providing accommodation to industrial worker could not be fulfilled.

3.4 Persistent and pervasive irregularities

An irregularity is considered persistent if it occurs year after year. It becomes pervasive when it is prevailing in the entire system. Recurrence of irregularities, despite being pointed out in earlier audits, is not only indicative of non-seriousness on the part of the executive but is also an indication of lack of effective monitoring. This in turn encourages willful deviations from observance of rules/ regulations and results in weakening of the administrative structure. Some of the cases reported in audit about persistent irregularities have been discussed below:

Department of Training and Technical Education

3.4.1 Avoidable payment of water charges at abnormally high rates

Failure of Guru Nanak Dev Polytechnic to get completion certificate even after nine years of occupation of building resulted in avoidable expenditure of Rs. 42.65 lakh on water charges paid at abnormally high rates.

Delhi State Industrial Development Corporation (DSIDC) constructed the building of 'Guru Nanak Dev Polytechnic' (GNDP) at Rohini in 1997-98 as a deposit work of Directorate of Training and Technical Education, Delhi. The building was occupied by the GNDP in 1998 and is functional ever since. However, the completion certificate in respect of the building has not been obtained as of March 2009.

On the request (August 1999) of Principal, GNDP, DDA provided (August 1999) a temporary water connection. The GNDP had to pay water charges at three times the normal rate as GNDP had not been able to get completion certificate (D-Form) in order to get a regular water connection though a period of eight years has elapsed since the date of installation of temporary water connection. This was pointed out by Audit in its Inspection Report for the year 2004 but the Directorate of Training & Technical Education has not been able to get it regularised due to non-availability of completion certificate of the GNCTD building. GNDP paid water charges amounting to Rs. 63.98 lakh during March 2002 to February 2009 at three times of the normal rate which resulted in extra payment of Rs. 42.65 lakh. Records relating to the period from August 1999 to February 2002 were not made available.

Thus failure of GNDP to get completion certificate even after nine years of occupation of building resulted in extra expenditure of Rs. 42.65 lakh.

The matter was referred to the department in March 2009, the reply was awaited (February 2010).