

CHAPTER III

PUBLIC WORKS DEPARTMENT

3.1 Integrated Audit of the Public Works Department

Highlights

The mandate of the Public Works Department is to plan, design, construct and maintain buildings, roads and bridges as also irrigation, water supply and sewerage schemes. The department's planning was deficient and their budgeting unrealistic. Commencement of works without administrative approvals and provision of funds resulting in foreclosure of contracts during the course of execution indicated clear violation of codal provisions. Integrated audit of the department brought out the following main points:

- Budget provisions under the 'Plan' head for the years 2004-09 were not made on the basis of the approved Annual Plans. Only 24 per cent of the funds required for implementing the Plans were provided in the budgets.

(Paragraph 3.1.6.2)

- There was a steep decline in capital expenditure from 2006-07 under the flood control and roads and bridges sectors.

(Paragraph 3.1.7)

- Budgeting was unrealistic as there were large-scale re-appropriations.

(Paragraph 3.1.7.1)

- Despite spending Rs 101.06 crore on the minor irrigation sector, there was no direct irrigation from tanks and the area irrigated by tubewells also decreased from 11,478 to 10,896 hectares during 2004-08.

(Paragraph 3.1.8.1)

- Executive Engineers of two divisions exceeded the annual ceiling limit of Rs 15 lakh fixed for award of works without inviting tenders.

(Paragraph 3.1.8.2)

- Twenty six works taken up for execution without ensuring provision of funds had to be stopped abruptly after incurring expenditure of Rs 12.77 crore.

(Paragraph 3.1.8.4)

- **Commencement of a work without administrative approval resulted in avoidable liability of Rs 9.21 crore. New works at a cost of Rs 1.78 crore were executed without administrative approval utilising the savings from sanctioned works.**

(Paragraph 3.1.8.5)

- **An internal audit wing had not been established in the department.**

(Paragraph 3.1.10.2)

3.1.1 Introduction

The Public Works Department (PWD) is responsible for planning, designing, constructing and maintaining buildings, roads and bridges, besides implementing and maintaining water supply and sewerage projects as well as irrigation and flood control schemes in the Union Territory (UT) of Puducherry.

3.1.2 Organisational set up

The Secretary, PWD is the administrative head of the department. The Chief Engineer (CE), assisted by three Superintending Engineers (SE), one Architect and 14 Executive Engineers (EE), are responsible for implementation of the policies and programmes of the department. An organogram in this regard is given in **Appendix 3.1**.

3.1.3 Audit objectives

The objectives of integrated audit were to assess:

- the efficiency and effectiveness in the financial management in respect of implementation of projects;
- the efficiency in planning;
- the efficiency in preparation of budget;
- the effectiveness of implementation of programmes and
- the adequacy of the internal audit arrangement.

3.1.4 Audit Criteria

The audit criteria against which the audit objectives were assessed are given below:

- Plan documents.
- Central Public Works Department Works Manual.
- Central Public Works Account Code.
- General Financial Rules 2005 and
- Orders issued from time to time by the Government/Department.

3.1.5 Audit coverage and methodology

Integrated audit of the department, covering planning, implementation and monitoring of schemes under three sectors *viz.*, roads and bridges, minor irrigation and flood control for the period 2004-09 was conducted during June-August 2009 by test check of records of the Secretary, PWD, the CE, three SEs and seven¹ out of the nine EEs responsible for executing works under the three sectors. Inventory management was omitted from the scope of the audit since no procurement of construction materials was being made by the department. Audit objectives and criteria were discussed with the Secretary in an entry conference held in June 2009 and the audit findings were discussed in an exit conference held in September 2009. The replies furnished by the Secretary and the CE to the audit observations during the exit conference and their instructions to the departmental officers are included in the review.

Audit Findings

3.1.6 Planning

3.1.6.1 Comprehensive Plan

Scrutiny of the records relating to planning revealed that sector-wise lists of works for each year were prepared based on the proposals or lists of works received from the elected representatives, the general public and the executing divisions and approved by the UT Government as Annual Plan for that year. No comprehensive strategies or plans for the three sectors were drawn up by the department. The five-year Plans and Annual Plans did not indicate any long-term or short-term strategies and monitorable targets. During the exit conference, the CE stated (September 2009) that action would be initiated for appointment of consultants for preparing sector-wise comprehensive Action Plans.

¹ Executive Engineers of (1) Buildings and Roads (Central) Division, (2) National Highways Division, (3) Irrigation Division in Puducherry region, (4) Buildings and Roads Division, (5) Irrigation and Public Health Division in Karaikal region, (6) Public Works Division, Mahe and (7) Public Works Division, Yanam.

3.1.6.2 Inadequate budget provision for Plan works

Budget provisions had no connections with the approved Annual Plans

The Budget provisions for the department should have been based on the financial requirements of the schemes included in the Annual Plans. Scrutiny of records revealed that there were no connections between the approved Annual Plans and the budget provisions made for the three sectors as given in **Table 1**.

Table 1 : Details of Plan outlay, budget provisions and expenditure

(Rupees in crore)

Sector	Particulars	2004-05	2005-06	2006-07	2007-08	2008-09	Total
Roads and Bridges	Provision in Annual Plan	61.83	152.80	193.72	572.82	NAP	981.17
	Budget provision (Plan)	38.41	61.77	81.21	65.44	77.57	324.40
	Actual expenditure	38.40	61.76	81.41	65.33	49.61	296.51
Minor Irrigation	Provision in Annual Plan	41.17	366.02	178.99	138.66	NAP	724.84
	Budget provision (Plan)	20.81	10.96	14.45	13.06	16.61	75.89
	Actual expenditure	20.78	10.79	14.40	13.05	11.56	70.58
Flood Control	Provision in Annual Plan	39.62	152.68	140.03	205.32	NAP	537.65
	Budget provision (Plan)	13.73	28.77	39.16	27.60	19.83	129.09
	Actual expenditure	13.70	28.76	38.14	27.60	14.83	123.03

(Source : Annual Plans and Detailed Appropriation Accounts)

NAP – No Annual Plan for the year

As per the approved Plans for 2004-05 to 2007-08, 5,211 works² were required to be taken up at an estimated cost of Rs 2,243.66 crore under the three sectors. The Annual Plan for the year 2008-09 had not been prepared as works pertaining to the earlier Plans which had been left out, were also taken up during the year. As against Rs 2,243.66 crore required for implementing the approved Annual Plans, the total provision made in the budgets during 2004-09 was only Rs 529.38 crore (24 per cent) for the UT.

Test check revealed that out of 3,812 works (estimated cost: Rs 1,865.25 crore) included in the approved Annual Plans of the seven divisions for 2004-08, only 947 works were taken up for execution. Out of these, only 849 works had been completed as of August 2009. During the same period, 202 works which were not included in the approved Annual Plans were also taken up for execution. This indicated that the Plans were not prepared taking into account ongoing and new works and available financial resources. The Annual Plans for 2004-05 to 2007-08 were approved by the Government after delays ranging from five to 10 months after commencement of the financial year.

² Karaikal (908 works), Mahe (98 works), Puducherry (3,979 works) and Yanam (226 works).

In a High Level Committee meeting held in January 2008 on the Building Programme, the Chief Secretary observed that the procedure being followed by the department hardly involved any planning exercise at the time of formulation of plans and budgets. The Director (Planning) also stated that the plans and budget allocations were not based on the actual schemes to be taken up during a particular year and were mainly in the form of block grants. These remarks substantiate the audit observation on planning made earlier in the paragraph.

3.1.7 Financial management

Details of revenue and capital expenditure incurred by the department during 2004-09 under the three sectors are given in **Table 2**.

Table 2 : Details of revenue and capital expenditure

(Rupees in crore)

Year	Revenue Expenditure				Capital Expenditure			
	R&B	MI	FC	Total	R&B	MI	FC	Total
2004-05	22.76	13.79	1.57	38.12	22.10	11.51	12.13	45.74
2005-06	28.69	10.54	1.98	41.21	39.97	5.21	26.78	71.96
2006-07	43.63	16.54	2.61	62.78	59.12	3.98	35.52	98.62
2007-08	30.39	13.40	3.87	47.66	41.27	6.15	23.73	71.15
2008-09	37.29	14.49	1.56	53.34	19.40	5.45	13.27	38.12
				243.11				325.59

R&B: Roads and bridges MI: Minor irrigation FC: Flood control

(Source: Detailed Appropriation Accounts)

Capital expenditure under the flood control and roads and bridges sectors declined from Rs 94.64 crore (Rs 35.52 crore + Rs 59.12 crore) in 2006-07 to Rs 32.67 crore (Rs 13.27 crore + Rs 19.40 crore) in 2008-09 due to inadequate funds provided by the Government for creation of new assets.

Audit scrutiny revealed deficiencies in financial management as discussed in the succeeding paragraphs:

3.1.7.1 Deficiencies in budgeting

A comment was made in paragraph 4.1.5.1 (i) of the Report of the Comptroller and Auditor General of India for the year ended March 2001 that budget provisions were made for works even prior to administrative approval and expenditure sanction, resulting in large-scale re-appropriations and surrenders. Based on the recommendation of the Committee on Public Accounts in its 26th Report presented to the Assembly in April 2005 that codal provisions should be followed strictly, the department issued (April 2005) instructions to all its officers to strictly follow the same.

Large scale re-appropriations indicated poor budgeting

A review of the budget provisions made and the expenditure incurred showed that large scale re-appropriations were carried out during 2004-09 as shown in **Table 3** indicating preparation of unrealistic budgets.

Table 3 : Details of re-appropriations made

Year	Roads and bridges		Minor irrigation		Flood control	
	Total units of appropriation	Number of units re-appropriated	Total units of appropriation	Number of units re-appropriated	Total units of appropriation	Number of units re-appropriated
2004-05	49	40	36	30	22	19
2005-06	50	48	37	32	23	21
2006-07	74	43	37	30	30	24
2007-08	51	41	35	24	24	15
2008-09	50	40	35	28	23	18

(Source: Detailed Appropriation Accounts and Re-appropriation orders)

Government stated (November 2009) that fund requirements for the works varied depending upon the expenditure sanctions given by the Government, which ultimately necessitated the re-appropriations. Government, however, assured the preparation of realistic budgets in future.

3.1.7.2 Construction Workers Welfare Cess

As per the provisions of the Construction Workers Welfare Cess Act, 1996 and Government instructions, a cess at one *per cent* of the gross amount of work bills was to be recovered and remitted to the Building and Other Construction Workers Welfare Fund (Welfare Fund) after deducting the cost of collection at a rate not exceeding one *per cent* of the cess collected. EEs of five³ out of seven divisions recovered cess of Rs 2.83 crore during 2004-09 and remitted the entire amount to the Welfare Fund without deducting the cost of collection of Rs 2.83 lakh. Government stated (November 2009) that the amount would be recovered and that the deductions would be made in future.

As per receipts and payment rules, the Drawing and Disbursing Officers should not utilise departmental receipts for meeting any expenditure. EEs of the Irrigation and Public Health and Buildings and Roads Divisions at Karaikal deducted Rs 1.90 lakh towards the cost of collection from the cess collected. Instead of remitting the departmental receipts to the Government account, they, irregularly, utilised the amount for disbursement to the staff as service charges in violation of the above said rules and without Government orders. During the exit conference, the CE stated (September 2009) that the position would be verified and reported to Audit.

³ National Highways, Buildings and Roads (Central), Irrigation Divisions in Pudukcherry region, Public Works Divisions at Mahe and Yanam.

3.1.7.3 Deficiencies in accounting

Wrong classification of expenditure

A comment was made in paragraph 4.1.5.2 of the Report of the Comptroller and Auditor General of India for the year ended 31 March 2001 that the department was not following the codal provisions for classification of expenditure under ‘revenue’ and ‘capital’ heads. Based on the recommendation of the Committee on Public Accounts in its 26th Report presented to the Assembly on 12 April 2005, the Finance Department issued (May 2005) instructions to all concerned officers to avoid misclassifications. Test check revealed that the instructions were not followed. A total expenditure of Rs 1.30 crore incurred during 2004-09 by the Irrigation Division, Puducherry on desilting of 66 tanks and canals was found to have been wrongly classified as capital expenditure.

Expenditure of capital nature of Rs 23.83 crore incurred on 33 works by three divisions⁴ during 2004-09 on construction of retaining walls, laying of cement concrete roads and canal improvements was wrongly classified under the revenue head of account. During the exit conference, the CE stated (September 2009) that only expenditure exceeding Rs 15 lakh was being classified as capital expenditure. The contention of the CE is not correct as no such instruction was issued by Government and the estimated cost as well as the actual expenditure of 25 out of 33 works exceeded Rs 15 lakh each.

Public works deposits

Records of the Director of Accounts and Treasuries (DAT) showed a closing balance of Rs 37.31 crore under ‘Public Works Deposits’ as on 31 March 2009, whereas the monthly accounts of all divisions for March 2009 showed a closing balance of Rs 36.16 crore only. The difference of Rs 1.15 crore was not reconciled by the EEs. Government replied (November 2009) that the difference would be reconciled.

Monthly reconciliation of divisional figures with Director of Accounts and Treasuries was not conducted

3.1.8 Programme management

The PWD have a road network of 607 km in the four regions⁵ of the UT under different categories of roads. Construction, upgradation, strengthening and widening of roads and construction of bridges and culverts under the roads and bridges sector, improvements to tanks, canals and channels under the minor irrigation sector and strengthening and

⁴ Irrigation Division, Puducherry (Rs 1.57 crore), Irrigation and Public Health Division, Karaikal (Rs 0.72 crore) and Public Works Division, Yanam (Rs 21.54 crore).

⁵ Karaikal (165 Kms), Mahe (22 Kms), Puducherry (393 Kms) and Yanam (27 Kms).

improvement to drainage channels and flood banks of rivers under the flood control sector were taken up by the department.

Apart from a decline in the area irrigated under the minor irrigation sector, programme implementation was affected due to lack of sound planning, delays in implementation, foreclosure of contracts during the course of execution for want of funds, violation of codal provisions and deficient monitoring. The deficiencies are discussed below:

3.1.8.1 Minor irrigation - Decline in area irrigated

Area irrigated by tubewells decreased from 11,478 hectares in 2004-05 to 10,896 hectares in 2007-08

The UT has total irrigable land of 21,554 hectares⁶ in the four regions under canal / tank / tubewell irrigation. The department spent Rs 101.06 crore on the minor irrigation sector during 2004-09. The Annual Crop Report for the year 2007-08 published by the Economics and Statistics Department of the UT of Puducherry revealed that there was no direct irrigation from tanks and their ayacuts⁷ were irrigated using groundwater pumped from tubewells. It was noticed that even the area irrigated by tubewells decreased from 11,478 hectares in 2004-05 to 10,896 hectares in 2007-08. Government stated (November 2009) that the reduction in ayacuts was due to urbanisation and that due to modernisation of the tanks the groundwater sources were augmented. The reply is not tenable as the area irrigated by groundwater sources (tubewells) decreased as mentioned earlier in the paragraph.

3.1.8.2 Execution of works without inviting tenders

Executive Engineers exceeded the limits prescribed for award of work without call of tenders

(i) According to the CPWD Works Manual, works costing more than Rs 50,000 were to be awarded on tender basis. CPWD had fixed (December 2005) a limit of Rs 15 lakh per annum per division for awarding works without inviting tenders. Test check revealed that EEs of two divisions⁸ awarded works exceeding the annual ceiling limit. The value of works entrusted without inviting tenders in each year ranged between Rs 18.11 lakh and Rs 1.42 crore during 2004-09 as detailed in **Appendix 3.2**. There was no mechanism in the controlling offices to monitor the award of works without tenders by the EEs. Government stated (November 2009) that the EEs had to carry out works in VIP residences and maintenance works of urgent nature and hence the annual ceiling limit fixed by CPWD was inadequate. As the department was to follow the provisions of the CPWD manual, the EEs were to adhere to the annual ceiling limit prescribed in the manual.

(ii) EEs are empowered to award works costing less than Rs 1.25 lakh on nomination⁹ basis in emergency situations. The EE, Yanam Division, in

⁶ Karaikal (10,974 hectares), Mahe (1,350 hectares), Puducherry (8,456 hectares) and Yanam (774 hectares).

⁷ Ayacut - Irrigable land.

⁸ Buildings and Roads (Central) Division, Puducherry and Public Works Division, Yanam.

⁹ Entrusting of works at estimated rates without calling for quotations or tenders.

order to avoid obtaining sanction of the higher authority, split up 11 works of routine nature costing Rs 42.09 lakh into 68 parts, each for a value of less than Rs 1.25 lakh and entrusted them to 11 contractors without inviting tenders. During the exit conference, the Secretary instructed the departmental officers to adhere to the monetary limit for execution of works without inviting tenders.

3.1.8.3 Commencement of works without obtaining clearance/ approval

(i) Prior clearance from GOI, Ministry of Environment and Forests (MOEF) is required to execute any work costing more than Rupees five crore in the coastal regulation zone. The work of ‘Providing groynes¹⁰ at various places in Puducherry coast’ at a cost of Rs 8.10 crore was sanctioned (November 2006) for execution by the Irrigation Division, Puducherry. The work, to be completed in 12 months, was awarded (August 2007) to a contractor for Rs 7.89 crore. The work was stopped in January 2008 by a stay order from the High Court, Chennai on the ground that PWD had not obtained prior clearance from GOI. The process of getting the clearance was in progress as of August 2009 and the contractor was given extension of time up to September 2009. The contractor was paid Rs 76.15 lakh being the value of work done up to January 2008. The EE stated that the department was not aware of the condition that prior clearance was required for carrying out works in the area covered under coastal regulation zone. The reply is not tenable as all the four regions of the UT had coastal areas and the department had been regularly carrying out various development activities in the coastal areas. Due to commencement of the work without obtaining clearance from MOEF, the work remained incomplete till date (November 2009) and the objective of arresting sea erosion in various places in the Puducherry coast was not achieved even after three years.

(ii) According to the provisions of the Control of National Highways (Land and Traffic) Act, 2002, no work on highway land or across a road should be carried out without written permission from the National Highways authorities. The SE, Buildings and Roads Circle I, Puducherry, however, sanctioned (March 2006 and November 2006) construction of entrance arches in NH 45A at Nandalur (Rs 19.42 lakh) and Vanjore (Rs 21.98 lakh), the entry and exit points of the Karaikal region. When the work at Nandalur was in progress, the Chief Engineer, National Highways, who inspected the road, instructed (March 2007) that the work should be stopped and the arch dismantled. Despite this, the EE, Buildings and Roads Division, Karaikal commenced (July 2007) the Vanjore entrance arch work with the consent of the SE, Buildings and Roads Circle I. Both the works were stopped (October and November 2007) after incurring a total expenditure of Rs 11.38 lakh.

¹⁰ Stonewalls constructed on the seashore to arrest sea erosion.

Government stated (November 2009) that action would be taken to complete the works after getting approval from the National Highways authorities.

3.1.8.4 Foreclosure of contracts due to paucity of funds/non-availability of sites

Works were taken up without ensuring the provision of funds, resulting in foreclosure of contracts

(i) EEs of four test-checked divisions¹¹, without ensuring provision of funds and assessing the liabilities to be discharged in respect of spillover works, took up (December 2004 to February 2008) 26 new works valuing Rs 35.09 crore. All of them were foreclosed (October 2007 to June 2009) after incurring total expenditure of Rs 12.77 crore (**Appendix 3.3**) for want of adequate funds. During the exit conference, the Secretary stated (September 2009) that action would be taken to complete the works by availing of loan assistance from financial institutions.

(ii) Availability of a clear site is a requirement for sanction and commencement of any work. Government accorded (September 2004 and October 2006) administrative approval for construction of two drains at a total cost of Rs 1.13 crore during 2004-08. The drains could not be constructed for the proposed lengths (494 metres and 210 metres) as the department was not able to clear encroachments along the drains and arrange for shifting of electric poles from the sites within the contract period. The contracts were foreclosed by the EE, Irrigation Division, Puducherry after incurring a total expenditure of Rs 54.29 lakh (**Appendix 3.4**). Thus, the works remained incomplete due to non-provision of adequate funds and non-clearance of encroachments. In order to complete these works, the estimates would have to be revised based on the current schedule of rates and the revision would result in cost escalation and time over-runs.

3.1.8.5 Execution of works without administrative approval

Works were taken up without administrative approval and expenditure sanction

According to codal provisions, no work should be commenced and liability created before issue of administrative approval and technical sanction by the competent authority, sanction of detailed estimates and allotment of funds. Cases of works taken up for execution without administrative approval and expenditure sanction incurring avoidable liability and irregular expenditure, noticed in audit, are discussed below:

(i) To ease traffic congestion, the PWD proposed (August 2005) to construct a road overbridge over the Uppar drain connecting Kamaraj Salai and Maraimalaiadigal Salai in Puducherry. The work was proposed to be taken up by availing of a loan from the Housing and Urban Development Corporation (HUDCO). The Secretary instructed (October 2006) the CE to issue a work order for the work despite the fact that the administrative

¹¹ Buildings and Roads (Central) Division, National Highways Division, Irrigation Division in Puducherry region and Irrigation and Public Health Division, Karaikal.

approval and expenditure sanction sought for by the CE was pending with the Government. The work was awarded (November 2006) to a contractor for Rs 27 crore. The loan agreement signed (March 2007) with HUDCO was terminated (March 2008) by the company as the UT Government failed to avail of the first instalment of the loan within the prescribed period. The contractor completed 22 out of 78 piles valued at Rs 3.65 crore and suspended (November 2007) the work due to non-payment of bills and the EE, Buildings and Roads (Central) Division proposed (October 2008) foreclosure of the contract stating administrative reasons. The contractor claimed (December 2008) Rs 9.21 crore towards the value of work done (Rs 3.65 crore), interest on unsettled bills and compensation and other losses due to foreclosure (Rs 5.56 crore) and issued a notice to the department demanding (April 2009) the appointment of an arbitrator. Thus, the commencement of work without administrative approval and provision of funds resulted in additional liability.

Government stated (November 2009) that administrative approval for the work was accorded by the Government in March 2007. The reply is not correct as the Government order, referred to in its reply, was for approval to seek loan assistance from the HUDCO. The administrative approval of Government for taking up the work and expenditure sanction were not given by the Government.

(ii) As per the General Financial Rules, works not contemplated in an original work or project should not be carried out by utilising the savings in sanctioned works. It was observed that four flood protection and road works were taken up for execution between November 2006 and January 2008 (**Appendix 3.5**) in Puducherry and Yanam at a total cost of Rs 10.07 crore. There were savings in the works due to deletion of some components, execution of works for reduced length, etc. Utilising the savings in these four works, two EEs¹² carried out new works at a cost of Rs 1.78 crore without administrative approval and expenditure sanction from the Government. Payments to contractors were made by them by booking the expenditure to the sanctioned works. Government stated (November 2009) that the works in Yanam were carried out with the savings to execute urgent works which were similar in nature.

The reply is not acceptable as the procedure followed by the department had deviated from the provisions in the rules and the Manual for commencement of new works.

3.1.8.6 Ineffective quality control

The quality control wing had been functioning under the direct control of the CE for inspection of works and investigation of complaints received on works. The Assistant Engineer in-charge stated (August 2009) that the wing

¹² Executive Engineers of Public Works Division, Yanam and Buildings and Roads (Central) Division, Puducherry.

could not function effectively due to inadequate manpower, non-providing of inspection vehicle, testing equipment and books and manuals. Annual targets were not fixed for the wing and monthly progress reports of works were not received from the divisions. Only 131 quality control tests/checks were conducted during the period 2004-09 whereas 947 capital works were taken up for execution during the period under the three sectors alone. None of the works executed by two divisions¹³ had been checked for quality during 2004-09. The wing received compliance reports for only 10 out of 119 quality control reports issued to various divisions during 2004-08.

As all construction materials were procured by the contractors themselves for use in the work, there should have been a strict quality control mechanism to prevent cases of substandard works. The department failed to strengthen this wing.

During the exit conference, the CE stated (September 2009) that appointment of a third party quality control consultant was under consideration of the department.

3.1.9 Manpower

3.1.9.1 Vacant posts

The department had a sanctioned staff strength of 4,864 officials (technical – 312 and non-technical – 4,552) as of 31 March 2009. It was noticed that 473 vacant posts (29 under technical and 444 under non-technical categories) were not filled up.

In Mahe PW Division, the post of Divisional Accountant was vacant for over two years. During the exit conference, the Secretary stated (September 2009) that action was being taken to fill up the vacancies.

3.1.9.2 Training

Training was imparted to only 36 officers of PWD during 2004-09 and no training programme was organised for the non-technical staff. During the exit conference, the Secretary stated (September 2009) that training to the officers and officials of the department would be given in the next calendar year.

3.1.10 Internal control and monitoring

3.1.10.1 Vacant Chief Engineer post

It was observed that the post of CE, had remained vacant since February 2005. The SE, Circle-I, Puducherry was holding additional charge of the post of CE. As per the recruitment rules, SEs with five years of regular service were eligible for promotion to the post of CE and in case of

¹³ Buildings and Roads (Central) Division and Public Health Division, Puducherry.

non-availability of eligible persons for the post, it could be filled up by deputationists from Central or State Governments.

Government stated (September 2009) that a panel of eligible SEs could not be sent to the Union Public Service Commission pending vigilance clearance. The reply is not acceptable as the recruitment rules provided for appointment of a CE on deputation basis. As the post was additionally held by an SE, there was no check on the sanctions, approvals or decisions taken by the SE, Circle I in respect of works executed by the five divisions in Puducherry region under his control.

3.1.10.2 Internal audit

There was no Internal Audit Wing in the department. A vigilance mechanism was also not in place to investigate complaints received from the public.

3.1.10.3 Review of Measurement Books by Divisional Accountant

As per the CPWD Works Manual, Measurement Books (MBs) should be reviewed by Divisional Accountant (DA) under the supervision of EEs and remarks, if any, should be recorded and communicated to the Assistant Engineers concerned. It was noticed in audit that the MBs were not reviewed by the DAs in the test-checked divisions. In the exit conference, the CE stated (September 2009) that the DAs had been instructed to review the MBs.

3.1.10.4 Non-maintenance of works registers

In paragraphs 4.3(v)(d) of the Report of the Comptroller and Auditor General of India for the year ended 31 March 2000 and 4.1.9 of the Report of the Comptroller and Auditor General of India for the year ended 31 March 2001, comments were made on non-maintenance of certain works records like registers of works, works abstracts, contractors' ledgers, etc. During discussion of the paragraphs by the Committee on Public Accounts, the department stated (September 2005) that action was being taken to impart training to the staff on maintenance of accounts and registers. It was found that despite the assurance, the divisions were not maintaining works registers (September 2009).

3.1.10.5 Lack of response to Audit

None of the test-checked divisions maintained a control register to keep a watch on the disposal of Inspection Reports (IR) issued by the Principal Accountant General (Civil Audit). Twenty two IRs containing 110 paragraphs with a money value of Rs 62.73 crore remained unsettled for want of replies (March 2009).

3.1.11 Conclusion

A comprehensive plan for each sector was not formulated. Budgeting was unrealistic in view of large-scale re-appropriations. There was a steep decline in capital expenditure. Programme implementation was affected by delays in implementation, non-provision of funds and deficient monitoring. The annual ceiling limit fixed for award of works without inviting tenders was exceeded. Works were taken up for execution without administrative approval, expenditure sanction and provision of funds, resulting in their abandonment. The internal audit wing was not established.

3.1.12 Recommendations

- Adequate funds should be provided in the budget for implementing the works included in the approved Annual Plans.
- Budgeting should be realistic.
- Commencement of works without administrative approval, expenditure sanction and provision of funds should be avoided.
- Award of works without inviting tenders should be resorted to only in case of urgent works and within the annual ceiling limit.
- The quality control wing should be strengthened.
- An internal audit wing should be established in the department.