

## Chapter-III

### Audit of Transactions

#### 3.1 Unfruitful expenditure

##### **Purchase of generator without requirement led to unfruitful expenditure of ₹ 6.62 lakh.**

Financial rules - Para 179 of Financial Handbook (FHB) Vol. VI – provide that the purchase of stores of materials in advance or in excess of requirement is likely to result in direct and indirect losses to the Government.

Scrutiny of records (January, 2011) of Nagar Panchayat Dibiapur, Auraiya (NP) revealed that the Additional District Magistrate Auraiya sanctioned (May 2009) purchase of 62.5 KVA Generator (Generator) and placed (June 2009) supply order on M/s Power Solution, A house of Kirloskar, Lucknow (firm) with payment of advance ₹ 6.62 lakh through Demand Draft. According to the terms and conditions of the tender notice, the firm had to install and connect the generator to the pump house. The firm supplied (July 2009) the generator with warranty of two years or 5000 running hours but it was lying with NP as supplied by the firm. The firm got full payment without completing the work of installation and connection for which the NP was responsible. Warranty period of the generator had lapsed but the generator was not put to use. It shows that the generator was purchased without requirement and unfruitful expenditure of ₹ 6.62 lakh was incurred.

On being pointed out in audit, the Executive Officer (EO) stated (January 2011) that there was no proposal for installation of the generator. The reply confirmed that the generator was purchased without requirement.

The matter was referred to the Government (August 2011), reply is awaited (January 2012).

#### 3.2 Avoidable expenditure

##### **Non-adherence to specifications prescribed for consumption of bitumen for tack coat in construction of BM/SDBC roads resulted in avoidable expenditure of ₹ 5.56 lakh.**

Uttar Pradesh Public Works Department's specification (August 2007) provides consumption of 25 kg. Bitumen per 100 square meter (sqm) area of the road for tack coat over primed and bituminous surfaces during the work of Bituminous Macadam (BM) and Semi Dense Bituminous Carpeting (SDBC) on roads.

Scrutiny of the records of Nagar Nigam Gorakhpur (NN) revealed (October 2010) that seven roads measuring 62,742.695 sqm area were constructed during 2007-10 under the Avasthapna Vikas Nidhi and Board Fund. In execution of the works of BM and SDBC of these roads, bitumen for the tack coats over primed and BM surfaces was consumed at the rate of 50 kg. per 100 sqm instead of 25 kg. per 100 sqm. It resulted in excess expenditure of ₹ 5.56 lakh (*Appendix-3.1*).

On being pointed out in audit (November 2010), NN accepted the facts and stated that road works would be executed as per PWD specifications in future.

Thus, non adherence to PWD specifications led to excess consumption of bitumen resulted in avoidable expenditure of ₹ 5.56 lakh.

The matter was referred to the Government (September 2011); reply had not been received (January 2012).

### **3.3 Irregular expenditure.**

#### **Twelfth Finance Commission grant of ₹ 1.18 crore was utilized on acquisition of land against the provisions.**

Guidelines of Twelfth Finance Commission (TFC) provide that grant provided to urban local bodies under Solid Waste Management (SWM) should be utilized only for collection, segregation and transportation of solid waste. There was no provision for purchase of land for SWM from TFC grant.

Scrutiny (November 2010) of the records of Nagar Nigam, Gorakhpur (Nigam) revealed that the Nigam had (April 2009) a TFC grant balance of ₹ 1.37 crore. The Nigam utilized (September 2009) ₹ 1.18 crore on purchase of land for SWM instead of utilizing it for collection, segregation and transportation of solid waste.

On being pointed out in audit, Nigam stated (November 2010) that ₹ 1.18 crore of TFC grant was transferred to the Special Land Acquisition Officer, Gorakhpur for acquiring the land for the SWM plant.

The reply is self evident that the Nigam had utilized the fund irregularly violating the provisions of the guidelines.

The matter was reported to Government (September 2011); the reply had not been received (January 2012).

### 3.4 Avoidable expenditure

#### **Excess purchase of cable led to avoidable expenditure of ₹ 20.65 lakh.**

Para 179 of Financial Handbook Vol. VI envisages that the purchase of stores of materials far in advance or in excess of requirements is likely to result both in direct and indirect losses to the Government and should be avoided.

Scrutiny (August 2010) of the records of Nagar Palika Parishad, Samthar, Jhansi (NPP) revealed that the Executive Officer (EO) NPP purchased (August 2009) 5,000 metre 16 MM aluminium cable from M/s Rai Suppliers, Jhansi on the basis of lowest tendered rates and paid (August 2009) ₹ 15.34 lakh @ ₹ 295 per metre for laying the same for street lighting. The EO further purchased 7,000 metre cable of the same specification from same supplier and paid (October 2009) ₹ 20.65 lakh @ ₹ 295 per metre to the supplier for the same purpose. Scrutiny of stock register revealed that the NPP had already balance of 640 metre cable in the stock in October 2009 even then purchased additional 7,000 metre cable without any survey for assessment of actual requirement and took into stock having the total balance of 7,640 metre in October 2009 and 7,000 metre cable was lying unutilized till October 2010 even after lapse of 12 months of purchase. Thus, the 7,000 metre cable for ₹ 20.65 lakh was purchased far in advance without survey and was lying unutilized. Further, the NPP submitted (September 2011) the photocopy of the stock register showing issue of 5,742 metre<sup>17</sup> cable to the electrician Shri Phool Khan within eight months (October 2010 to May 2011) and most of the issues were in bulk in short period without certifying end use. Thus, the issue of stock to the electrician in bulk was only stock transfer.

On being pointed out, the EO stated (September 2011) that 5,000 metre cable was utilized on 206 poles during 6 March to 15 December 2010. The reply was against the facts as the electrician recorded the utilization of the cable on 206 poles up to March 2010 and issue from stock on later dates (from October 2010 to May 2011) was only stock transfer, hence the reply of the EO is not tenable. Thus, the purchase of 7,000 metre cable for ₹ 20.65 lakh was far in advance and in excess of immediate requirement and was not utilized up to September 2011 even after lapse of 24 months of its purchase.

<sup>17</sup> 30 October 2010-1500 metre, 01 November 2010-42 metre, 13 April 2011-100 metre, 28 May 2011-2000 metre, 30 May 2011-1500 metre and 31 May 2011-600 metre

The matter was reported to Government (March 2011); the reply had not been received (January 2012).

### 3.5 Blockade of funds

#### **Due to unplanned taking up of a project for solid waste treatment in Lucknow, funds for ₹ 10.73 crore were lying unproductive for 45 months.**

As per guidelines of Jawahar Lal Nehru National Urban Renewal Mission (JNNURM), any Detailed Project Report (DPR) under the mission should be prepared and approved when there is confirmation that the required land is owned/already purchased by the Urban Local Body/para statal; land title is to be clear and unencumbered.

A DPR for ₹ 42.92 crore was approved (by Central Sanctioning and Monitoring Committee) in respect of Nagar Nigam Lucknow (NN) to execute the project by Construction and Design Services, Lucknow, Uttar Pradesh, Jal Nigam regarding Solid Waste Management (SWM) in the city. Scrutiny (October 2010) of records of the NN and information collected (July 2011) from the Director, Local Bodies, Lucknow (Director) revealed that the State Level Nodal Agency of the mission transferred (November 2007) ₹ 10.73 crore<sup>18</sup> to the NN to start the primary work related to the construction of the treatment plant under SWM in the city. The NN, in turn, transferred (February 2008) ₹ 3.48 crore to the General Manager, Gomati Pradushan Unit, UP, Jal Nigam, Lucknow (Executing Agency-EA) for starting the work of construction of treatment plant and the remaining amount of ₹ 7.25 crore was lying with the NN. However, the work did not start (July 2011) even after lapse of 45 months of the receipt of the funds by the NN as the land identified was disputed. Thus, ₹ 10.73 crore provided to the NN without ensuring availability of land was lying idle (₹ 7.25 crore with the NN and ₹ 3.48 crore with the EA) since 45 months.

On being pointed out, the Director stated (July 2011) that 'the sanctioned (2006-07) project was to be completed in time as per the expectations of the Government of India. Up to October, 2008, the process for acquisition of required land in Dashari village was in progress and the funds were released to EA to start the work. But the work was not started as the land had become disputed and the matter was taken up in court of law'.


<sup>18</sup> Amount included shares of Government of India: ₹ 5.36 crore, State Government ₹ 2.15 crore and the NN ₹ 3.22 crore.

The guidelines provided for ensuring availability of the land with unencumbered clear title. The land identified for the project became disputed shows that the title of the land was not properly verified by the Nagar Nigam and the funds for the project were blocked. Thus the reply is not tenable. Moreover, the funds were transferred to the NN and to the EA in November 2007 and February 2008 respectively much before the process (October 2008) for land acquisition.

Thus, due to taking up the project work in unplanned way, treatment plant for solid waste generated in the city under SWM was not established even after 45 months of availability of funds and the fund transferred was lying unproductive.


The matter was referred to the Government (June 2011); reply had not been received (January 2012).

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