

CHAPTER 3 AUDIT OF TRANSACTIONS

3.1 Non-compliance with rules and regulations

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

Agriculture Department

3.1.1 Unfruitful Expenditure

Unfruitful expenditure of ₹ 2.50 crore due to irregular implementation of the scheme of 'Intensive demonstration of line sowing based on paddy cropping technique'

Under the State sponsored scheme of Intensive demonstration of line sowing based on paddy cropping technique (for rainfed/semi-irrigated areas), the farmers are encouraged for taking up two crop farming in rainfed areas and to increase the multi-crop farming area using the moisture content of soil. In case of absence of moisture content, supplementary irrigation is to be used for *Rabi* crops.

As per the scheme guideline, *Rabi* cropping was to be taken up after the *Kharif* season in all the districts of the State excluding Bastar and Sarguja divisions¹. Thus, the total area covered under *Kharif* cropping was to be covered by *Rabi* cropping in these districts. Government was to provide assistance for up to two hectares (ha) to each farmer valued ₹ 5,300 per ha (₹ 2,700 per ha for *Kharif* and ₹ 2,600 per ha for *Rabi*).

Scrutiny (December 2013) of records of the Director of Agriculture, Chhattisgarh (DoA) revealed that against 51884 ha taken up in Raipur and Bilapur divisions for demonstrations during the years 2012-14 under *Kharif*, the proportionate coverage under *Rabi* was only 39,494 ha. Thus, in 12,390 ha, *Rabi* cropping was not done following *Kharif* crop and the single crop area could not be converted into double crop area resulting in unfruitful expenditure on the distribution of financial assistance worth ₹ 2.50 crore (**Appendix- 3.1 and 3.2**) for *Kharif* cropping in 12,390 ha.

Government forwarded (June 2015) the DoA's reply stating that availability of moisture content was entirely dependent on the weather conditions and could not be assessed before selection of the areas. *Kharif* crop was taken up in anticipation of sufficient moisture in the soil for *Rabi* cropping. Those areas having sufficient moisture content in the soil after *Kharif* season were taken for *Rabi* cropping. It was also stated that as canal based irrigation was not an assured source of irrigation it was not possible to predict the availability of water for irrigation during *Rabi* cropping.

Reply confirmed deficient selection of the areas under the scheme. Department's contention that it was not possible to predict the availability of water in canals was not convincing as other supplementary irrigation sources

¹ In Chhattisgarh, there are four agriculture divisions viz., Bastar, Bilaspur, Raipur and Sarguja.

were not explored as envisaged in the guidelines. Further, the scheme guidelines revised (July 2014) after the audit observation provides for compulsory coverage of both *Kharif* and *Rabi* crops under the scheme contradicts the reply given by the department.

Public Works Department

3.1.2 Excess payment

Excess payment of ₹ 93.17 lakh made to the contractor due to non-observance of agreement provisions

Clause 13 (A) (a) of the standard agreement envisage that item(s) for which the actual quantities exceed quantities shown in Annexure E² of the tender document by more than 10 *per cent*, the quantity in excess of 10 *per cent* will be paid at the estimated rate of the items on the date of invitation of tender plus or minus the overall percentage of accepted tender.

Scrutiny (November 2014) of records of the Executive Engineer (EE), PWD (B&R³) Division No.1 Bilaspur and EE, PWD (E&M⁴) Division, Raipur revealed that in respect of four⁵ agreements, the above provision was not adhered to by the respective EEs.

In 75 items (**Appendix-3.3**) of works under four agreements, the quantities executed were more than 10 *per cent* of the quantities shown in Annexure E of the respective agreements. In violation of the above clause, the EEs made payments on the basis of rates quoted by the contractors for these items in the NIT/Agreement and not on estimated rate *plus* or *minus* the overall percentage of accepted tender. This had resulted in excess payment of ₹ 93.17 lakh to the contractors as detailed in Appendix -3.3.

EE, PWD (B&R) Bilaspur stated (August 2015) that as per Clause 13(A) (a) of the agreement, rates for quantities in excess of 10 *per cent* of agreement quantities were to be paid at the essential rate of the items on the date of invitation of tenders *plus* or *minus* overall percentage of accepted tender. The clause mentioned by audit which was taken from standard format of agreement were not applicable in these particular agreements as the term “essential rate” mentioned in these agreements cannot be replaced with “estimated rate”. “Essential rate” on the date of invitation of tenders was the “current rate” on the date of inviting/submission of tender i.e. contractor’s quoted rate. EE, PWD (E&M) Raipur stated (November 2014) that appropriate action would be taken after detailed scrutiny of the case. However, no time frame was given.

The reply of EE, PWD (B&R) Bilaspur was not acceptable as neither the PWD code nor the agreement had any term called “essential rate”. Hence, violation of the rules to provide benefit to the contractor had led to excess payments.

Matter had been brought to the notice of Government (July 2015), reply had not been received (November 2015).

² Annexure E of the tender document indicates the details of items to be executed viz, SOR item number, description of items, unit, quantity and rate of the items.

³ Bridges and Roads

⁴ Electrical and Maintenance

⁵ Two works (Agreement No.45 DL/11-12 and No.7 DL/08-09) were executed by EE PWD (B&R) Raipur and the records were subsequently handed over to EE PWD (B&R) Bilaspur

3.1.3 Excess payment

Excess payment of ₹ 82.29 lakh to the contractor due to incorrect application of rate of steel for calculation of price escalation

For construction of State Level Sports Training Centre (SLSTC) administrative approval (AA) of ₹ 39.88 crore was accorded (March 2007) by the Government of Chhattisgarh (GOCG) and technical sanction (TS) was granted (August 2007) by Chief Engineer (CE), Public Works Department (PWD), Bilaspur for ₹ 32.28 crore. GOCG approved (October 2008) the tender of a firm⁶ for ₹ 60.41 crore (58.47 percent above estimated cost) and awarded (October 2010) the work for completion within 18 months. Due to post tender changes in the scope of work, GOCG accorded (July 2012) revised AA of ₹ 111.84 crore and revised (April 2013) TS of ₹ 107.27 crore.

Scrutiny (December 2014) of records of Executive Engineer (EE), PWD, Division I, Bilaspur revealed that the agreement for the work provided (Clause 11C) for payment of escalation for increase or decrease in rates and price of labour, materials, Petrol-Oil-Lubricants (POL) as per given formula. The agreement also provided (Clause 13A) that in case of such item(s) for which the actual quantities exceed the quantities shown in Annexure E of the tender document by more than 10 per cent, the quantity in excess of 10 percent will be paid at the estimated rate of the item(s) on the date of invitation of tender plus or minus the overall percentage of accepted tender above or below, as the case may be, to the total cost of work as per Annexure E.

We observed that 26,45,108.23 kilograms (kg) of Reinforced Cement Concrete (RCC) work was to be executed by the contractor. Against this, the contractor executed 36,00,054.092 kg RCC works. In compliance to provisions of the agreement, 29,09,619.053 kg (original quantity plus 10 per cent) was to be paid at the rate of ₹ 64.65/kg being the quoted rate while the balance 6,90,435.039 kg, was to be paid at the rate of ₹ 38.03 (₹ 24/kg estimated unit rate plus 58.47 per cent). However, the EE made payment at the rate of ₹ 79.23/kg⁷. On ascertaining that the rate derived for payment of above item was incorrect, the CE directed (July 2014) to recover the excess amount and accordingly ₹ 2,84,45,924 was withheld (October 2014) from the 57th and final bill of the contractor.

Although the rates of steel was corrected, the EE while calculating the payments for escalation considered the enhanced rate of ₹ 79.23/kg instead of ₹ 38.03/kg to arrive at the value of work done since previous bills (R) as shown in the table below.

Table 3.2: Details of excess payment of escalation

(in ₹)

RA Bill no	Value of R considered (based on price of steel @ ₹ 79.23/kg)	Escalation payment made	Value of R to be considered (based on price of steel @ ₹ 38.03/kg)	Escalation payment payable	Excess payment
1	2	3	4	5	6=(3-5)
39 th	1,48,47,962	54,35,326	Nil	Nil	54,35,326
40 th	1,94,97,505	70,72,583	1,86,46,002	67,45,329	3,27,254
51 th	1,16,76,978	51,57,205	60,93,537	26,91,246	24,65,959
Total					82,28,539

⁶ M/s Engineering Projects, India, limited (EPIL), Mumbai

⁷ This rate has been arrived at after considering the amendment (April 2008) in the SOR rate from ₹ 24/kg to ₹ 50/kg plus overall percentage (58.47) of accepted tender.

Since the value of work done had increased due to application of inflated rates of steel, the value of escalation became more. This resulted in excess payment of ₹ 82.29 lakh to the contractor as detailed in **Appendix-3.4**.

The EE stated that the final escalation bill amounting to ₹ 1.48 crore had not been paid to the contractor. The EE further stated that the matter would be examined in the light of contract condition and payment would be regulated as per entitlement of contractor.

3.1.4 Non recovery of penalty

Non recovery of penalty of ₹ 20.25 crore after rescinding the contract

As per para 2.093 of the Chhattisgarh Works Department Manual, security (five *per cent* of contract sum) against contracts awarded should in all cases be taken from the contractors for the due fulfillment of a contract. The security may be in the form of earnest money deposit, Government Securities, deposits of recognised bank approved by Government, Post Office Certificates or a deduction from the payments to be made on account of work done.

Further, according to clause 3(v) read with clause 2 of the agreement (clause 1.13 and 1.14 of lump sum contract) and Annexure 'G' special condition number (1) of the agreement, upon termination of the contract, the Executive Engineer (EE) shall forfeit the earnest money (EM), security deposit (SD), additional security deposit (ASD) if any. Additionally compensation at the rate of 10 *per cent* of the balance value of work left incomplete has to be levied. Besides, an amount equal to zero point five *per cent* of the value of work (contract sum) for each week of delay subject to maximum of six *per cent* of value of work (contract sum) as compensation was also to be levied either from the bill, and or from available security/performance guarantee or shall be recovered as 'Arrears of land revenue'.

Scrutiny (April 2009 to September 2015) of records in 17 Public Works Department (Buildings and Roads) divisions⁸ (PWD B&R) and three PWD (Bridge) divisions⁹ revealed that in 98 works costing ₹ 132.47 crore executed between 2002-03 and 2013-14, the completion periods were between three and 24 months. It was noticed that the contractors did not complete the works within the stipulated period and had left these incomplete. As a result, the EEs of the concerned divisions terminated the contracts by invoking clause-3(v) of the agreement.

Audit observed that since the contracts were terminated under clause-3 (v), a sum of ₹ 22.55 crore was leviable as penalty from the contractors. However, the department could recover only ₹ 2.30 crore (between April 2009 and September 2015) and the remaining amount of ₹ 20.25 crore was not recovered as of September 2015. The details are given in **Appendix-3.5**.

On this being pointed out in audit, the EEs of concerned divisions accepted (between April 2009 and September 2015) the audit observations and stated

⁸ Ambikapur, Balodabazar, Bemetara, Bilaspur Division No 1, Dhamtari, Gariyabandh, Janjgir-Champa, Kanker, Khairagarh, Mahasamund, Mungeli, Pathalgaon, Raigarh, Raipur Division No 2, Raipur Division No 3, Ramanujanj and Surajpur.

⁹ Ambikapur, Raipur and Rajnandgaon.

that efforts were being made to recover the amounts. However, no time frame was fixed within which the recoveries would be made.

Matter was brought to the notice of the department (October 2015), reply had not been received (November 2015).

Higher Education Department

3.1.5 Loss to Government

Loss of ₹ 1.64 crore due to non-deposit of 50 per cent of fees into Government Account by aided non-government colleges

Under Section 49 of the Chhattisgarh Non-Government Colleges and Institutions in Higher Education (Establishment & Regulation) Act, 2006, all private colleges or higher education institutions in Chhattisgarh which are substantially or partially financed by the Government of Chhattisgarh under the concept of the University Grants Commission and recognized by Higher Education Department of the State Government are required to deposit 50 per cent of the fees collected into the Government account through the treasury or sub-treasury by the last date of every month by adjustment or by the *challan*. Directorate of Higher Education had also requested (December 2006) the Principals of all aided non-governmental colleges to deposit 50 per cent of the fees into Government account. In case of non-compliance, adjustment was to be made from subsequent grants.

Scrutiny (December 2012) of records of the Principal, J. P. Verma Post Graduate (PG) College, Bilaspur revealed that the college was the nodal office for three aided colleges viz. D.P. Vipra College, Bilaspur, C.M. Dubey PG College, Bilaspur and S.N.G. College, Mungeli which collected fees worth ₹ 1.56 crore during the period 2009-10 to 2014-15. As per provision of the Act, these colleges were required to deposit 50 per cent of the fees collected valued ₹ 0.78 crore into the State Government account. However, the colleges deposited a sum of ₹ 0.15 crore only during the five years. Thus, there was short deposit of ₹ 0.63 crore. Further, as per information collected (May-July 2015) in respect of five¹⁰ other colleges, which collected fees worth ₹ 4.16 crore, fees totalling ₹ 1.07 crore was deposited against ₹ 2.08 crore being 50 per cent of total fees collected. This resulted in short deposit of ₹ 1.01 crore. Thus short deposit of fees by the eight colleges had resulted in loss of revenue worth ₹ 1.64 crore (₹ 0.63 crore + ₹1.01 crore) (**Appendix-3.6**) to the Government. Further, no action for adjustment of the outstanding dues of the fees into Government account was made from subsequent grants by the department.

On this being pointed out (June 2015), Commissioner Higher Education stated (September 2015) that reply would be furnished after obtaining information from the Colleges.

The matter has been brought to the notice of the Government (February 2015), reply had not been received (November 2015).

¹⁰ Kalyan PG College, Bhilai Nagar, Shri Ram Sangeet College, Raipur, RCA Arts and Commerce College, Durg, Government Gramya Bharati College, Hardibazar, Korba and G.S.Arya Kanya Mahavidyalaya, Durg.

3.2 Audit against propriety and cases of expenditure without adequate justification

Horticulture Department

3.2.1 Irregular release of subsidy

Irregular release of subsidy in the form of packing machine amounting to ₹ 1.34 crore without ensuring the farmers' contribution

For increasing marketability of horticulture produce, adding value to produce, increasing profitability and reducing losses, the National Horticulture Mission (NHM) envisages (Para 8.54 of Operational Guideline 2010) post harvest management which includes packaging, grading, transportation, curing and ripening and storage. The cost of establishing a pack house machine (PHM) was ₹ three lakh. Of this, 50 *per cent* subject to a maximum of ₹ 1.50 lakh was to be given as Government assistance while the rest 50 *per cent* was to be borne by the beneficiaries in the form of land, civil structure, electrical wiring and meter, water tank, furniture and crates. The interested farmers were required to submit a detailed project report along with their applications for establishment of the packing unit.

Scrutiny (February 2015) of records of Deputy Director, Horticulture, Bilaspur and Assistant Director, Korba revealed that 62 PHMs in Bilaspur and 27 in Korba districts were distributed during the years 2012-13 and 2013-14. A total of ₹ 1.34 crore (₹ 93 lakh in Bilaspur and ₹ 40.50 lakh in Korba) (**Appendix-3.7**) was incurred on distribution of grading and packing machine in the form of assistance in these districts.

However, the PHMs were provided to the farmers by the department without ensuring the availability of civil structure, electric connection, water pipeline, tank etc. No detailed Project Report was furnished by the beneficiary farmers along with the application form. Even the approval forms of department were found blank. Further, no physical verification was conducted by the department before sanctioning the assistance.

Thus, release of assistance totalling ₹ 1.34 crore in the form of cost of PHMs without ensuring farmer's contribution was irregular and in violation of scheme guidelines.

Joint Director, DHFF stated (October 2015) that PHMs were provided to only those farmers who were able to construct at their own cost room for permanent storage, water connection for washing facilities, shed with concrete flooring for grading and storing and crates for keeping the produce. On establishment of PHMs, 50 *per cent* of the cost was borne by the beneficiaries and only balance 50 *per cent* was provided as assistance.

Reply however, was not backed by documentary evidence for want of detailed project report, physical verification report, proof of availability of required infrastructure etc.

The matter has been brought to the notice of the Government (May 2015), reply had not been received (November 2015).

3.3 Failure of oversight/governance

Department of Economics and Statistics

3.3.1 Unfruitful Expenditure on idle software

Non-completion of system implementation work by agency resulted in unfruitful expenditure of ₹ 54.87 lakh on software development besides non-levy of penalty of ₹ 14.73 lakh for delay in completion by the agency

For computerization of the Directorate of Economics and Statistics (DES), Government of Chhattisgarh (GoCG) sanctioned (March 2007) ₹ 60 lakh for software development, system installation and training of officials under European Commission-State Partnership Programme (EC-SPP). In addition, ₹ 30 lakh was also granted for renovation of office building of DES.

The scope of the work included system requirement study, supply and commissioning of software and implementation. The objective was to develop a comprehensive Web Based Portal and applications which shall be hosted at the central server for accesses by remote offices.

Scrutiny (June 2014) of the records of DES revealed that M/s Vision India, Pune (agency) was appointed (March 2008) as the turnkey solution provider at the tendered cost of ₹ 58.95 lakh. This included ₹ 29.85 lakh for system requirement study and software development and ₹ 29.10 lakh for manpower supply for system implementation. The entire work was to be completed within two years (by February 2010). Accordingly, an agreement was signed (March 2008) between the agency and GoCG. The agency submitted (April 2008) the System Requirement Study (SRS) Report and as per the SRS Report, the development tools required for the software included Hibernate ORM, MySQL server architecture for database server and Java.

The agency was granted (December 2010 and September 2011) time extension till February 2012. The agency was paid ₹ 54.87 lakh (₹ 26.87 lakh for software development and ₹ 28.00 lakh for system implementation) against the contract amount of ₹ 58.95 lakh. The agency however, completed the software development only and the implementation was not done as the web portal for uploading the software and the webpage was not designed by them. As a result the same could not be put to use as of August 2015. Department also did not initiate any action to levy penalty of ₹ 14.74 lakh (25 per cent of the contract amount for delay of more than eight months) against the agency for non-completion of the work within specified time. This resulted in non-completion of the computerization work and expenditure of ₹ 54.87 lakh incurred on its development was rendered unfruitful as the very objective of developing browser based data entry applications which were to be hosted at the central server for access by remote offices had not been made functional.

On this being pointed (June 2014) in audit, Director, Economic and Statistics stated (August 2015) that the system conceived years back had undergone radical changes along with technical and process modification. Hence, the software had not been in use.

Reply validates the audit point that the software was not being utilized resulting in unfruitful expenditure on its development.

Agriculture Department

3.3.2 Unfruitful expenditure on pay and allowances of idle staff

Failure on the part of Government of Chhattisgarh to take alternate measures to operationalise the Bio Control Laboratory led to unfruitful expenditure of ₹ 64.61 lakh on pay and allowances of idle staff besides idling of the infrastructure worth ₹ 50 lakh for more than five years

Government of India (GoI) sanctioned (2004-05) ₹ 70 lakh for construction of State Bio Control Laboratory (SBCL) in Bilaspur district under Central Sector Macro Management of Agriculture Scheme.

Scrutiny of the records of Director, Agriculture, Chhattisgarh, Raipur (DAC) revealed that the building was completed (May 2008) at a cost of ₹ 43.36 lakh and handed over (April 2010) to Deputy Director of Agriculture (DDA), SBCL, Bilaspur. To operate the SBCL, DAC had proposed (September 2008) to GoCG for sanction of 32 posts which included four Technical Officers of the rank of Senior Agriculture Extension Officer (SADO) and 10 Laboratory Assistants (LA). Against this, GoCG sanctioned (February 2009) nine posts which included only two posts each of SADO and LA. The postings were made during July-August 2010. It was further observed that Directorate of Plant Protection, Quarantine & Storage (DPPQ&S), Faridabad was required to supply equipment for SBCL, Bilaspur. In addition, equipment costing ₹ 5.75 lakh were to be supplied by Central Integrated Pest Management Centre, Raipur (CIPMC).

As of December 2013, the required items for functioning of the SBCL were not received from CIPMC or from DPPQ&S. DAC informed (August 2012) that required technical staff was not available for making the SBCL operational and therefore GoCG issued (May 2013) orders for transferring the officials to other Offices of the Department. The SBCL was subsequently handed over (July 2013) to Indira Gandhi Agriculture University (IGAU) and had since been made operational. Meanwhile, from February 2010 to June 2013, an expenditure of ₹ 64.61 lakh (**Appendix-3.8**) was incurred on pay and allowances of the officials posted in non-functional SBCL which proved unfruitful. Besides, infrastructure costing ₹ 50 lakh¹¹ remained idle for more than five years (May 2008 to July 2013).

DOA stated (August 2015) that despite regular correspondence with GoI, the equipment were not received. Hence, the SBCL was transferred to IGAU which had necessary equipment, Scientists and technical staff and thus has been made functional. The staff posted during the period were engaged in monitoring activities of the construction work of SBCL building, training activities at Hissar and Faridabad on laboratory management. Further, due to vacant technical posts, SADO and Rural Agriculture Extension Officer (RAEO) had discharged their services in the office of DDA, Bilaspur. Thus, the staff were utilized for discharging Government duties.

Reply of the DoA was not acceptable as no proof in support of engagement of staff for Government duty could be made available to audit. Further, the department had informed GoI that due to non-availability of equipment, unnecessary expenditure on the staff were being incurred.

¹¹ ₹ 43 lakh on civil work plus ₹ 4.66 lakh paid to Chhattisgarh State Electricity Board for electric supply/connections plus ₹ 2.38 lakh on Electricity charges, water charges, watch and ward and repairs to building.

3.3.3 Unfruitful expenditure on E-pest surveillance

Non-utilisation of e-pest surveillance infrastructure resulted in unfruitful expenditure of ₹ 98.36 lakh

Pest surveillance is a practice by which spread of pests is monitored. Under e-pest surveillance system, the data relating to soil conditions, temperature, humidity, pests and beneficial pest are collected and sent to a central server through portable hand held devices (Data Logger).

Scrutiny of the records (December 2013) of Director of Agriculture, Chhattisgarh (DoA) revealed that one server and 170 Data Loggers (DL) were purchased (June 2010) by the DoA for ₹ 98.36 lakh and distributed to 18 districts (146 blocks) of the State. The data captured in the DLs were to be sent to the central server located at Raipur. However, sim cards required for the DLs were not provided by the DoA to the field units. As a result, the collection and uploading of data through the DLs were not done rendering the DLs and the central server idle since November 2011. This prevented DoA to issue monitoring advisories as geo-referenced data could not be captured resulting in unfruitful expenditure of ₹ 98.36 lakh incurred on the e-pest surveillance programme.

DoA stated (August 2015) that sim cards were not purchased as it would be difficult to upload the survey file due to weak signals and lack of network. However, due to assured internet connections at all district head quarters, data collected by the survey teams were being uploaded in those computers at district level where software for e-pest had been installed. This data was being analysed at the district level and intimated to the field staff for pest control activities.

Reply of the department in support of maintenance of data in districts and their compilation at the main server was not backed by documentary evidences as the central server was designed to receive data in only three ways i.e., from Uploading Application, from e-Pest Handheld device using GSM and from e-pest Handheld device using GPRS. The DoA had not used these provisions to compile data at central server. Further, the initial trial report which was demonstrated during 2011 by the supplier agency¹² was only furnished to audit. Moreover, the department furnished weather advisory report instead of pest monitoring advisory as mandated. Thus, no work was done after the trial run and the system remained idle from June 2010 to till date (August 2015).

The matter was reported (July 2015) to the Government and reply had not been received (November 2015).

Public Works Department

3.3.4 Undue benefit to contractors due to non-recovery of compensation

Non recovery of compensation worth ₹ 3.98 crore for delay in completion of works led to undue benefit to contractors

As per Clause 2 of the agreements executed between the Executive Engineer (EE) and the contractors, in the event of the contractor failing to comply with the performance of the work in accordance with stipulated period for completion, the EE shall levy on the contractor, compensation of an amount equal to zero point five *per cent* of the value of work (contract sum) for each week of delay, subject to maximum of six *per cent* of value of work.

¹² Infronics Systems, Hyderabad.

Scrutiny (February 2014-September 2015) of records in four divisions (Ambikapur, Bemetara, Bilaspur Division No. 1 and Khairagarh) revealed that against nine works costing ₹ 76.65 crore executed during the period 2009-14, the contractors had completed six works costing ₹ 64.32 crore with delay ranging from five to 46 weeks. Two works costing ₹ 11.49 crore were under progress (October 2015) even after expiry of stipulated period of completion by providing extension of time under clause 2 of the agreement and one work costing ₹ 0.83 crore was foreclosed. As per provision of the agreements for delayed execution, compensation should have been levied and recovered from the contractors. Though the EEs had sanctioned extension of time for completion of work under clause 2 of the agreement, they did not recover compensation amount worth ₹ 3.98 crore from the contractors thereby extending undue benefit to the contractors as detailed in (Appendix-3.9).

On this being pointed out in audit, the EE Ambikapur stated (March 2015) that the contractors were not accepting the extension of time under clause 2 of the agreement and the matter was pending in higher offices of the department. EE Bemetara, Bilaspur and Khairagarh stated (between February 2014 and September 2015) that time extension cases have been forwarded to higher officials of the department.

The replies were not acceptable as the time extensions were given under clause 2 of the agreements, where delays were attributable to the contractors and accordingly recovery should have been made as per provisions of the agreement. There was no evidence of time extension being forwarded to higher office as stated by EE Bilaspur.

Matter was brought to the notice of the department (October 2015), reply had not been received (November 2015).

Health and Family Welfare Department

3.3.5 Unfruitful expenditure on procurement of Cobalt 60 Teletherapy Machine

Procurement of Cobalt 60 Teletherapy Machine without ensuring required operational staff led to unfruitful expenditure of ₹ 2.24 crore

Atomic Energy Regulatory Board (AERB), Government of India (GoI) regulates the installation, use and monitoring of medical equipment which involves use of radioactive source. The Hospitals procuring radiation therapy facility are required to comply with mandatory conditions laid down by AERB before any such facility is put into operation. This *inter alia* includes appointment of adequate number of full time Radiation Oncologists, Medical Physicists, Radiological Safety Officers and Radiation Therapy Technologists.

Scrutiny of the records of Dean, Government Medical College Jagdalpur (GMC) revealed that the Public Health and Family Welfare Department Government of Chhattisgarh (GoCG) had sanctioned (March 2009) funds valued ₹ 2.46 crore for procurement of medical equipments. The Director, Medical Education, Raipur (DME) placed (March 2009) orders on a firm for ₹ 2.24 crore for the supply and installation of Cobalt 60 Teletherapy Machine¹³ and construction of Cobalt room. Payment of ₹ 2.24 crore¹⁴ was

¹³ Bhabhatron-II Cobalt Unit including which includes 170 RMM Source Transportation and loading.

¹⁴ Vide Demand Draft No.198161.

released (June 2009) to the firm after the delivery of the machine. The machine was installed (March 2011) after completion of the civil work.

For operating the machine, authorization from AERB was essential which *inter alia* required deployment of adequate staff by the Department. The GoCG accorded (July 2012) approval for four posts of Cobalt Therapy Technologists and one Medical Physicist. However, due to non-recruitment of operational staff by DME, the necessary authorization from AERB could not be obtained by Dean, GMC. Physical verification (June 2015) of the site revealed that the machine was not being put to use as the entire room, which was specially constructed for the installation of the machine, was closed with masonry work. Thus, procurement of the machine without ensuring availability of operational staff led to unfruitful expenditure of ₹ 2.24 crore as the machine remained non-functional since more than six years as of October 2015.

On this being pointed out in audit, the Dean GMC, Jagdalpur stated that one assistant professor had been transferred in September 2013 from Raipur. It was further stated that the Government accorded approval for technical posts and the recruitment process was to be done at DME level. During Exit Conference, Secretary agreed (October 2015) to the audit observation.

Fact thus remains that the expenditure of ₹ 2.24 crore incurred for providing advanced health care facilities to common people did not fructify.

Raipur
The



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19 FEB 2016

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22 FEB 2016