

## Chapter-IV

### Compliance Audit Observations

#### 4.1 Inadmissible payment towards procurement of dustbin

Rule 113 of the BTC Fund Rules, 2012 provides that payment for supplies is not permissible unless the stores have been received and surveyed. Further, Rule 114 stipulates that the rates paid are not in excess of the market rates.

Test check of the records of WPT&BC Department, BTC, Kokrajhar revealed that the Additional Director-Cum-Council Head of the Department, WPT&BC issued (16 December 2017) supply order for 6,666 Nilkamal brand 240 litre capacity dustbin along with other materials<sup>13</sup> to lowest bidder<sup>14</sup> @ ₹ 10,250 per dustbin (inclusive of transportation charge) for a total value of ₹ 20 crore. The supplier supplied (January 2018) the materials to the three Town Committees (TCs) (Bijni, Kajalgaon and Basugaon) concerned and the entire amount of ₹ 20 crore towards supply of the dustbins, *etc.*, was paid to supplier between March 2019 and March 2021.

Audit noticed that out of 2,222 dustbins supplied to each TC, 500 dustbins and 660 dustbins were lying in the store room without being distributed to the BPL families in Basugaon and Bijni TCs respectively, though these dustbins were procured for distribution among the BPL families in the three Town Committees (TCs) under BTC area. Only Kajalgaon TC showed to have distributed all the dustbins to the targeted beneficiaries. However, the actual distribution of the dustbins could not be verified due to non- maintenance of stock register, issue register, beneficiary list and APR in the aforesaid three Town Committees.

Joint physical verification of the godowns at Basugaon and Bijni TCs revealed that the supplier actually supplied Hamilton/Milton brand of 60 litres capacity not specified in the supply order, while the bills and delivery challans received by Chairman of the three TCs, mentioned that 240 litres capacity Nilkamal brand dustbins were supplied. At the same time, the MRP of dustbins supplied was ₹ 1,066 per dustbin which was much lower than the rate of ₹ 10,250 per dustbin approved and payment made to the supplier.

Thus, based on the MRP of the dustbins, the supplier was paid an excess amount of ₹ 6.12 crore<sup>15</sup> due to acceptance of higher rate than the MRP. Moreover, the BTC failed to ensure that the dustbins supplied was as per the specification of the supply order leading to acceptance of other brand and loss to the Council.

<sup>13</sup> 66,666 blankets @ ₹ 1,000 per piece and 99,999 mosquito nets @ ₹ 650 per piece.

<sup>14</sup> M/s Nani Enterprise

<sup>15</sup>

| Name of materials                   | Qty. ordered/supplied | Rate allowed per dustbin and paid (₹) | MRP printed in the dustbin (₹) | Difference in rate (₹) | In-admissible amount paid to the supplier (₹) |
|-------------------------------------|-----------------------|---------------------------------------|--------------------------------|------------------------|---|
| 240 litre dustbin of Nilkamal brand | 6,666                 | 10,250                                | 1,066                          | 9,184                  | 6,12,20,544                                   |



Excess amount paid to the supplier needs to be recovered urgently and action should be initiated against the officials for accepting the fabricated delivery challans and also against the supplier.

The Council did not furnish any reply.

## 4.2 Wrongful Payment on short supply of solar devices

Rule 114 of the BTC Fund Rules, 2012 provides that payment for purchases shall be accompanied by a certificate that the articles detailed in the vouchers have been actually received and entered in the Stock Register, that their quantities are correct and their quality good, the rates paid are not in excess of accepted or market rates.

Secretary, Forest & Wild Life Department, BTC Kokrajhar administratively approved<sup>16</sup> (February 2017) a proposal to install Solar Power Energy Generating Devices with accessories in the forest areas of Manas National Park, Chakrashila Wildlife Sanctuary and Ripu Chirang Elephant Reserve of BTAD.

Accordingly, the Additional Principal Chief Conservator of Forest (Addl. PCCF)-Cum- Council Head of Department (CHD), Forest invited (February 2017) tender for supply and installation of 877 sets of solar sets with accessories at the cost ₹ five crore (i.e., @ ₹ 57,013 per set). The lowest rate (₹ 56,982 per set) quoted by M/s Prakash Enterprise was approved by the Purchase Board in May 2017. Supply order<sup>17</sup> was issued to M/s Prakash Enterprise for supply of 877 solar sets with accessories within 60 days and install them in the Manas National Park, Chakrashila Wildlife Sanctuary and Ripu Chirang Elephant Reserve of BTAD.

As per the challans and bills, the supplier supplied 800 sets out of 877 sets between December 2017 and February 2020 to Bansbari Range office under Manas National Park and submitted bills for ₹ 4.56 crore. The supplier was paid ₹ 3.42 crore leaving a balance of ₹ 1.14 crore as on March 2022.

A joint physical verification was conducted (March 2021) along with the Range Officer and office staff, Bansbari Range, Manas National Park. It was noticed that only 361 solar sets worth ₹ 2.06 crore were actually supplied indicating that there was

<sup>16</sup> vide letter no. BTC/Forest-52/2016/05 dt. 14/02/2017

<sup>17</sup> vide no. FGW.4/Forestry Plan/2016-17/658 dtd 31/05/2017.

short supply/non-supply of solar light systems by 439 solar sets worth ₹ 2.50 crore as per the delivery challans. It is, thus, evident that Bills and Challans were submitted to BTC by CHD Forest for release of payment and ₹ 3.42 crore was paid to the supplier without actual verification of solar sets supplied leading to excess payment of ₹ 1.36 crore<sup>18</sup>.

Further, Audit noticed out of the 361 supplied solar sets, 172 sets were issued to the beneficiaries by the Bansbari Range Office, and 66 sets were supplied to the Bhuyanpara Range directly by the supplier, and 123 sets were lying unused in the store room of Bansbari Range Office. There were no records to indicate that these solar sets were installed by the suppliers at the specified sites which was in contravention to the terms and conditions of the supply order.

Thus, release of payment to the supplier by BTC, without verifying the actual supply and installation of solar sets at the site resulted in avoidable extra payment of ₹ 1.36 crore for materials not actually supplied. The expenditure of ₹ 3.42 crore incurred for installation of Solar Power Energy Generating Devices remained unfruitful.

The Council did not furnish any reply.

Responsibility should be fixed against the officials for accepting and forwarding the delivery challans to BTC without ascertaining the actual receipts of the solar sets. Action should be initiated against the supplier for submitting delivery challans without actually supplying the materials and took payment of ₹ 1.36 crore which is tantamount to fraud.

### 4.3 Extra avoidable expenditure on procurement of Blankets

Rule 14 of BTC Fund Rule, 2012 stipulates that every public officer should exert the same vigilance in respect of public expenditure and public funds generally as a person of ordinary prudence would exercise in respect of expenditure and the custody of his own money.

Test check of the records of Panchayat and Rural Development (P&RD) Department, BTC revealed that the Director, P&RD, BTC, Kokrajhar invited (20 December 2017) tender for procurement of 1,42,856 mosquito nets<sup>19</sup> and 72,780 blankets<sup>20</sup> under the SOPD fund for the year 2017-18. In response to the NIT, four local firms submitted their quotations. Director, P&RD, BTC, issued (February 2018) supply order<sup>21</sup> to the lowest tenderer<sup>22</sup> for supply of 1,42,856 mosquito nets @ ₹ 650/- per piece and 72,780 blankets @ ₹ 1,370/- per piece at the total value of ₹ 19.26 crore. The supplier supplied the materials between February 2018 and April 2018 and was paid ₹ 19.26 crore.

Audit, however, noticed that Welfare of Plain Tribes and Backward Caste (WPT&BC) Department of BTC, had procured (December 2017) blankets of the same size and specifications at lesser rate (@ ₹ 1,000 per piece) as compared to P&RD

<sup>18</sup> Payment made ₹ 3.42 crore – actually supplied ₹ 2.06 crore (361 x ₹ 56982)= ₹ 1.36 crore

<sup>19</sup> Size: Length =6ft, Width=4.5 ft Height=5.5ft

<sup>20</sup> Size: Length =7ft, B=5ft Weight=2 to 2.5 kg

<sup>21</sup> Supply order No. DPRD/BTC/(SOPD)-10/2017/81 dt.16.02.2018

<sup>22</sup> M/s MP Enterprise

Department during the same period. Thus, lack of coordination between the different departments under BTC or Centralised procurement system at the BTC resulted in avoidable extra expenditure of ₹ 2.69 crore<sup>23</sup> on procurement of blanket by P&RD Department.

The Council did not furnish any reply.

#### **4.4 Non-realisation of Contract Money of Minor Minerals at enhanced rate**

As per Rule 18 (1) AMMC Rules, 2013 the minor deposits, where the competent authority decides to grant the mineral concession (MC) in respect of such area in the form of a contract, mining contract may be granted for a specified annual quantity (or parts thereof) of minor mineral for a period ordinarily not less than seven years, but not exceeding ten years by following a competitive bidding process as prescribed under the AMMC Rules, 2013.

Further, Rule 18 (2) also provides that the amount of the successful bid shall become the Annual contract money payable by the contractor. The Annual contract money initially determined at the time of initial grant shall be increased at the rate of twenty-five *per cent* on completion of each block of three years.

Scrutiny of records (June to October 2019) of Divisional Forest Officer, Chirang, (DFO) revealed that after entering into agreement for seven years, DFO issued permit to eight MC holders between August 2015 and March 2016 for eight mineral concession areas (MCA). However, the agreement did not include the provisions of increase in the rate by twenty-five *per cent* on completion of each block of three years as required under the Rule.

Audit, further, noticed that after expiry of three years from the date of commencement of MC, the DFOs continued to realise quarterly instalments of Contract money at the pre-revised rates, which resulted in short realisation of revenue to the tune of ₹ 10.47 lakh. Details are given in *Appendix-IX*.

Thus, due to failure to include the provision of Rule 18 (2) of AMMC Rules, 2013 for revision of annual contract money at the end of each block of three years in the contract agreement, the DFOs could not revise the rate or increase the contract money by 25 *per cent* as provided for in the above Rule. This resulted in short realisation of revenue and potential loss of revenue to the extent of ₹ 78.20 lakh (*Appendix-X*) at the end of the seven year contract period.

The Council did not furnish any reply.

#### **4.5 Conclusion**

The audit of accounts of BTC for 2018-19 disclosed that:

- i. Failure to ensure that the supplied materials was as per the specification of the supply order led to payment of excess amount and loss to the Council.
- ii. Release of payment to the supplier without verifying the actual supply and installation resulted in excess payment for materials not actually supplied.

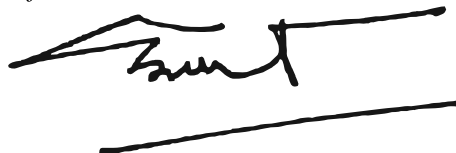
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<sup>23</sup>  $\{(\text{₹ } 1,370 - \text{₹ } 1,000) \times 72,780\} = \text{₹ } 2,69,28,600.$

- iii. Lack of coordination among its different departments or Centralised procurement, resulted BTC in avoidable extra expenditure on procurement of blankets.
- iv. Failure of the DFOs to include the provision of AMMC Rules, 2013 in the contract agreement resulted in short realisation and loss of revenue.

#### 4.6 Recommendations

- *Excess amount paid to the supplier needs to be recovered and action should be initiated against the officials and supplier for fabricating the delivery challans.*
- *Council should initiate action against the officials for accepting and submitting delivery challans without ascertaining the actual receipts which resulted in excess payment for materials not actually supplied.*
- *Council should issue clear instructions prescribing the role and responsibilities of the Purchase Committee, processes and procedures for procurement of materials, coordination among its different Departments to prevent excess and inadmissible expenditure.*
- *Council should fix responsibility for not including the provisions of AMMC Rules in the agreement which led to loss of Government revenue.*



(JOHN K. SELLATE)

Principal Accountant General (Audit), Assam

Guwahati  
The 28 December 2023

*Countersigned*



(GIRISH CHANDRA MURMU)

Comptroller and Auditor General of India

New Delhi  
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