

# Overview



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This Report contains major findings arising out of Compliance Audits of various Departments under the Economic Sector of the Government of Madhya Pradesh conducted during 2017-18. The Report is structured in two chapters. Chapter I provides general information about audited entities, audit coverage and responses of the Government to the Audit Inspection Reports/Audit Reports. Chapter II of Report contains findings of Audit on 'Execution of work through Turnkey Contracts in Water Resources Department' and 10 Audit Paragraphs. The audit findings included in the Report have total money value of ₹ 1,096.80 crore involving issues of systemic deficiencies, irregular expenditure, avoidable extra expenditure, etc.

The audit has been conducted in conformity with the Auditing Standards of the Comptroller and Auditor General of India. Audit samples have been drawn based on statistical sampling. The specific audit methodology adopted has been mentioned in the Audit report. The audit conclusions have been drawn and recommendations have been made taking into consideration the views of the Government. A summary of the main audit findings is presented in this overview.

## Compliance Audit

### 2.1 Audit on execution of work through Turnkey Contracts in Water Resources Department

The Water Resources Department switched over from Percentage Rate Contract to Turn Key Contract (TKC), with aim to complete the irrigation projects in a prescribed time schedule with a lump sum fixed price.

The Department awarded 64 TKCs, costing ₹ 7,530.25 crore since 2010-11 to 2017-18, out of which 22 TKCs were sampled for audit. The audit of Execution of work through TKCs in WRD was conducted covering the period from 2013-14 to 2017-18. As of March 2019, the WRD incurred an expenditure of ₹ 3,729.79 crore since 2010-11 on 22 selected TKCs. The Audit was conducted to evaluate the achievements of implementation of TKC's objective along with development of irrigation potential.

A compliance audit of execution of work through Turnkey Contracts in Water Resources Department during the period 2013-18 revealed the following:

#### *Non-adherence to time schedule for execution of works*

Out of 22 selected TKCs, only one TKC was completed within the stipulated period and two were running on time. The remaining TKCs were either completed/terminated in extended period or delayed. Thus, the objective of timely completion of the Project could not be achieved.

*(Paragraph 2.1.8.1)*

#### *Non-achievement of Irrigation Potential*

Against the plan to develop 3,14,090 ha of CCA, only 1,47,648 ha (47.00 per cent) was developed from these TKCs, despite incurring expenditure of ₹ 2,672.33 crore (88.72 per cent).

*(Paragraph 2.1.8.2)*

***Non-preparation of Standard Bidding Document***

TKC began in 2010 however SBD is not prepared even after lapse of nine years, as a result instances of irregular reduction of Performance Security amounting to ₹ 102.66 crore, less retention of Security in Sip-Kolar Link Project amounting to ₹ 4.87 crore, irregular inclusion of Price adjustment clause extra financial burden of ₹ 124.53 crore, etc. were observed by audit.

***(Paragraph 2.1.4.1)***

***Non-completion of Projects***

An expenditure of ₹ 568.50 crore was incurred up to March 2019 on Bhanpura Canal Project and Garoth Micro Irrigation Project, remained infructuous due to non-construction of the Twin Inlet Barrel, resulting in failure to irrigate the targeted land of 34,754 ha and affecting the livelihood of 44,154 farmers. Further, an expenditure of ₹ 123.46 crore, incurred on the Sip Kolar Link Project remains infructuous due to non-completion of weirs and tunnel and also the purpose to irrigate 6,100 ha land remains unachieved.

***(Paragraph 2.1.6.1)***

***Deviation from approved drawings and design***

An amount of ₹ 11.67 crore was excess paid to Contractor due to construction of 21 Cart Tracks in place of 20 Village Road Bridges.

***(Paragraph 2.1.6.2)***

***Irregular revision of payment schedule***

Undue benefit of ₹ 66.04 crore was given to Contractors by injudiciously amending the payment schedule post awarding of tenders thereby making it unequitable for the participants in four TKCs. Further, undue benefit of ₹ 3.61 crore was given to Contractor in the Bhanpura Canal Unit-II by merging the cost of trial run, commissioning and maintenance in the other components. Premature release of 50 *per cent* cost of operation and maintenance amounting to ₹ 1.51 crore before completion of Defect liability period up to May 2021.

***(Paragraph 2.1.6.3)***

***Excess payment for work not done***

Instances of excess payment of ₹ 3.68 crore to Contractor due to construction of steel aqueducts instead of Reinforced Cement Concrete (RCC) aqueducts, excess payment of ₹ 10.88 crore due to non- construction of some part of the works and excess payment of ₹ 8.92 crore due to less development of command area were observed.

***(Paragraph 2.1.6.9)***

***Lack of quality control in cement concrete works***

Against the requirement of 563 test of CC lining and structures, only 30 tests were conducted by the Contractor which were also beyond the acceptable criteria and canal lining was found damaged in various reaches.

***(Paragraph 2.1.7.2)***

### **Recommendations**

The Department should prepare a uniform Standard Bidding Document (SBD); adhere to contract terms and conditions; fix accountability for extra payments and unreasonable relaxation of contract provisions; limit the payments as per actual work done in a phase-wise completion/ development of command area; besides also ensuring comprehensive monitoring and strengthening of Quality Control and Supervision mechanism.

### **2.2 Audit Paragraphs**

Audit has reported on several significant deficiencies in critical areas which impact the effectiveness of the State Government. Some important findings arising out of Compliance Audit (10 paragraphs) feature in the Report. These observations relate to non-compliance with rules and regulations, audit on propriety of action, cases of expenditure without adequate justification and failure of oversight/governance as mentioned below:

#### **Forest Department**

Unauthorised execution of non-forestry work in Reserved forest in violation of Forest (Conservation) Act and without environment clearance resulted in unauthorised use of public fund amounting to ₹ 1.02 crore.

*(Paragraph 2.2.1)*

Incorrect application of rates and incorrect computation of leviabale charges towards *Aastha-mulak*, Human Resource Development; Monitoring, Evaluation and Supervision Charges resulted in short demand and short recovery of ₹ 93.80 lakh.

*(Paragraph 2.2.2)*

Failure of the Forest Department in commencement of work of Catchment Area Treatment Plan for Pench Valley Group Water Supply Project which involved construction of Mandhan Dam by Public Health Engineering Department, despite remitting the amount by the user agency, not only resulted in the blockage of money but has the potential to adversely affect the live storage capacity of the dam due to the silting of eroded soil also. This, consequently, will affect the entire project and the environment.

*(Paragraph 2.2.3)*

#### **Public Works Department**

Non-adherence to the standard specifications led to execution of below specification Cement Concrete Pavement work amounting to ₹ 1.14 crore.

*(Paragraph 2.2.4)*

On the basis of suspected fraudulent invoices, excess payment of ₹ 22.50 lakh was made to Contractor on account of machineries expected to be deployed on the work.

*(Paragraph 2.2.5)*

### **Water Resources Department**

Extra cost amounting to ₹ 2.47 crore due to unwarranted execution of Low-Density Polyethylene (LDPE) film and superfluous laying of concrete sleepers below cement concrete lining, with Paver machine.

*(Paragraph 2.2.6)*

Adoption of incorrect rates in the estimate for earth work of canal and providing extra lead resulted in extra cost of ₹ 1.18 crore

*(Paragraph 2.2.7)*

Incorrect adoption of rates for Cement Concrete lining of canal resulted in extra cost of ₹ 1.14 crore in five canal works.

*(Paragraph 2.2.8)*

Inclusion of inadmissible lead for transportation of Narmada sand in estimates led to extra cost of ₹ 23.70 crore to the Government.

*(Paragraph 2.2.9)*

Rates given in USR 2009 for CC lining of M-15 grade with Paver machine are inclusive of all leads and lifts for cement, sand, metal, etc., but separate lead on all materials was considered while preparing estimates. Thus, due to inclusion of inadmissible lead, an extra cost of ₹ 10.75 crore was incurred.

*(Paragraph 2.2.10)*