

## **Chapter 5**

# **Subject Specific Compliance Audit of Enhancement and Variation in Scope of Works**

## CHAPTER 5

### Subject Specific Compliance Audit

#### 5. Enhancement and Variation in Scope of Works

##### 5.1 Introduction

As per Para 10.1.1 of the Haryana Public Works Department (HPWD) Code, the estimate of a project should bring out the necessity of the proposed project and expenditure likely to be incurred on the project. The State Government or authorities subordinate to it accord administrative approval to the project on the basis of this estimate (Para 9.1.1). In case it becomes necessary to make changes in the original plan in approved projects, the revised estimate and the enhancement in scope of contract price should be got approved from the competent authority before making expenditure (Para 10.1.12). Revised administrative approval is necessary for extensive additions and alternations of more than 10 *per cent* in the project (Para 9.3.7 and 9.3.10). Para 16.19.3 provides that no variation shall be entered in the measurement book unless these are first accepted in principle by the competent authority. Para 16.19.2 states that for minimising the incidences of variations, plans and specifications should be prepared with care and in sufficient detail.

##### 5.2 Audit Scope and Methodology

The Subject Specific Compliance Audit (SSCA) on Enhancement and Variation in Scope of Works was conducted during the period June 2022 to February 2023.

The SSCA was conducted across 11 State Government Departments, Autonomous Bodies and Public Sector Undertakings (PSUs). 98 works (**Appendix 5.1**) executed during the period 2019-22 were test-checked, wherein the agreement amounts were enhanced by more than 20 *per cent* of the original agreement amount as given in **Table 5.2.1**. In 19 test-checked works (**Appendix 5.2**), variations were found due to reduction in the scope of work against the agreements entered into as given in **Table 5.2.3**.

An exit conference was held with the Additional Chief Secretary, Government of Haryana, Public Works Department (Buildings and Roads) {ACS, PWD (B&R)} in July 2023. The deliberations of the exit conference have been incorporated suitably in the SSCA. Subsequent replies/information collected (December 2024) from test-checked Departments, Autonomous Bodies and PSUs have also been incorporated.

**Table 5.2.1: Details of test-checked works where agreement amount was enhanced by more than 20 per cent**

(₹ in crore)

Sr. No.	Name of Department/ Autonomous Body/ PSU	Number of Divisions	Number of works test checked	Original Agreement amount	Enhanced Agreement amount upto December 2024
1.	Public Works Department (Buildings and Roads) {PWD (B&R)}	13	26	408.15	795.75
2.	Public Health Engineering Department (PHED)	16	10	8.16	15.92
3.	Irrigation and Water Resources Department (I&WRD)	7	4	11.75	19.75
4.	Haryana State Agriculture Marketing Board (HSAMB)	6	20	30.10	46.74
5.	Executive Engineers, Panchayati Raj Divisions (EE, PRI)	6	4	1.95	2.44
6.	Haryana Police Housing Corporation (HPHC)	6	11	118.04	194.50
7.	Haryana State Industrial Infrastructure Development Corporation (HSIIDC)	5	1	11.12	14.76
8.	Haryana Shehri Vikas Pradhikaran (HSVP)	3	6	528.78	883.93
9.	Urban Local Bodies (ULBs)	3	16	16.48	23.49
	<b>Total</b>		<b>98</b>	<b>1,134.53</b>	<b>1,997.28</b>

During 2019-22, original agreement amount of ₹ 1,134.53 crore was enhanced to ₹ 1,997.28 crore in 98 test-checked works. Out of 98 works test-checked, in 27 works the enhancement was by more than 100 per cent and in four works the enhancement was by more than 500 per cent as detailed in **Table 5.2.2**. Further, no case of enhancement was noticed in Haryana State Roads and Bridge Development Corporation (HSRDC) and Haryana Tourism Corporation (HTC).

**Table 5.2.2: Range-wise enhancements in works**

(₹ in crore)

Range of enhancement	Number of works	Original agreement amount	Enhanced agreement amount
Upto 50 per cent	40	210.89	280.03
More than 50 per cent but less than 100 per cent	27	783.97	1,307.96
More than 100 per cent but less than 500 per cent	27	132.99	350.81
More than 500 per cent	4	6.68	58.48

**Table 5.2.3: Test checked works having variations from the original agreement**

Sr. No.	Name of Department/ Autonomous Body/ PSU	Number of Divisions	Number of works test checked	Agreement amount	Payments made <sup>1</sup>
(₹ in crore)					
1.	Public Works Department (Buildings and Roads)	13	4	30.81	24.74
2.	Haryana State Agriculture Marketing Board	6	1	2.01	2.90
3.	Haryana Police Housing Corporation	6	10	82.25	78.86
4.	Haryana State Industrial Infrastructure Development Corporation	5	4	27.82	22.21
	<b>Total</b>		<b>19</b>	<b>142.89</b>	<b>128.71</b>

<sup>1</sup> At the time of audit.

### 5.3 Audit Objectives

The subject specific compliance audit of “Enhancement and Variation in Scope of Works” was conducted to ascertain whether:

- approval of the competent authority was obtained for enhancement/variation in the scope of work;
- any new work was not added to the original work under the category of enhancement in scope of work;
- financial propriety was ensured during approval of enhancement/variation, payment to contractor, *etc.*;
- there was an effective internal control and monitoring system in place in the department(s) to minimise instances of enhancement/ variation.

### 5.4 Audit Criteria

Audit findings were evaluated against audit criteria sourced from the following:

- Haryana Public Works Department Code;
- Departmental Financial Rules and Delegation of financial and technical powers;
- State Government instructions; and
- Departmental instructions.

### Audit Findings

In the 117 test-checked<sup>2</sup> works, Audit observed that the rules, codal provisions and instructions were not properly complied with during their execution. There was inordinate delay in completion of 13 works and five works were lying incomplete. The expenditure incurred on these five works was rendered unfruitful as no benefit can be derived against these works. Further, cost of all these works also increased resulting in increased expenditure of public money.

Common irregularities observed during audit are discussed in subsequent paragraphs.

### 5.5 Enhancement in scope of works

Para 10.1.12 of the HPWD Code provides that sometimes it becomes necessary to make changes in the original plan of approved projects. In such a case, revised abstract should be got approved from the competent authority and thereafter

<sup>2</sup> In 98 works, the agreement amounts were enhanced by more than 20 *per cent* of the original agreement amount. In 19 works, reduction/variations were noticed.

treated as revised estimate. The enhancement or reduction in scope of agreement price during execution due to changes in number and quantity of items of work is also required to be got approved from the competent authority before making payment to the contractor.

There were cases of enhancement where either approval was not obtained or obtained retrospectively. The details of such cases are given in **Table 5.5.1**.

**Table 5.5.1: Status of approval of enhancement from Competent Authority**

Sr. No.	Name of Department/ Autonomous Body/ PSU	Number of works test checked	Original Agreement amount (₹ in crore)	Enhanced Agreement amount (₹ in crore)	Status of approval of enhancement from competent authority		
					Approved	Approved retrospectively	Approval not obtained
1.	PWD (B&R)	26	408.15	795.75	8	7	11
2.	PHED	10	8.16	15.92	8	2	-
3.	I&WRD	4	11.75	19.75	4	-	-
4.	HSAMB	20	30.10	46.74	4	15	1
5.	EE, PRI	4	1.95	2.44	0	3	1
6.	HPHC	11	118.04	194.50	11	-	-
7.	HSIIDC	1	11.12	14.76	1	-	-
8.	HSVP	6	528.78	883.93	6	-	-
9.	ULBs	16	16.48	23.49	15	-	1
	<b>Total</b>	<b>98</b>	<b>1,134.53</b>	<b>1,997.28</b>	<b>57</b>	<b>27</b>	<b>14</b>

Out of total 98 cases of enhancement, only 57 enhancement cases were got approved from the competent authorities whereas in 27 cases, approval was granted retrospectively and in 14 cases (**Appendix 5.3**), cases for obtaining approval of enhancements were not submitted to the competent authority in violation of provisions of Para 10.1.12 of HPWD Code.

The State Government had withdrawn (February 2023) the powers of approving enhancements in agreements from the authority competent to issue technical sanction<sup>3</sup> and decided that the Sub Committee of the Cabinet would be competent for approving enhancements beyond 20 *per cent*.

Audit noticed multiple irregularities in various works such as non-assessment of sites at the time of preparation of detailed estimates and award of works, execution of works with enhanced quantities without submitting revised estimates to the competent authorities and without obtaining approval for enhancements in agreements. Further, there was failure of monitoring as office of the Engineer-in-Chief, PWD (B&R) kept on releasing payments over and above the agreement amount without calling for revised detailed estimates and proposals for enhancements in agreements. Three illustrative cases are summarised in succeeding sub paragraphs.

<sup>3</sup> Delegation of financial and technical authorities vide Finance Department notification number GSR-8/Const./Art.283/2008 dated 20 February 2008.

**A. NCC Academy at Gharaunda (Karnal)**

Decision for construction of a NCC Academy at Gharaunda, Karnal was taken in October 2016. In compliance with the decision, the Principal Secretary to Government of Haryana, Higher Education Department granted (April 2017) administrative approval of ₹ 56.94 crore for 17 works. In December 2017, the Higher Education Department decided to execute the work in two phases. In Phase I, 10 works (Girls and Boys Hostels, Mess Block, Amenities Block, Administration/ Guest House, boundary wall, roads and parking) were to be taken up. The Engineer-in-Chief, PWD (B&R) approved a detailed estimate for these structures for ₹ 18.12 crore in February 2018. The work was allotted for an agreement amount of ₹ 17.91 crore with a time limit of 24 months in February 2018. As such the target date of completion of work was fixed as February 2020.

Total payment of ₹ 42.17 crore was made to the contractor upto 18<sup>th</sup> Running Account bill prepared in September 2020 (paid in December 2020). No work was executed after September 2020. All the works taken up in Phase I were incomplete (December 2024). Main irregularities noticed were:-

- The site conditions were not assessed at the time of preparing detailed estimate, inviting tenders and commencement of work which resulted in increase in cost of various works. The design of wall was changed from brick wall to RCC wall and also the length and height of wall changed as per available site. Resultantly, the cost of boundary wall in the new proposal had been increased from ₹ 0.58 crore to ₹ 15.89 crore and the cost of road and parking had been increased from ₹ 0.20 crore to ₹ 6.82 crore. The executed quantities of earthwork also increased from 63,824 cum to 2,77,361 cum.
- Payment of ₹ 24.26 crore was made over and above the agreement amount of ₹ 17.91 crore without approval from the competent authority.
- An extra payment of ₹ 2.99 crore was made for higher rates of earthwork. Against the tender rates of ₹ 160 per cum, payment had been made at the rate of ₹ 300 per cum for 2,13,537 cum of earth work without approval of Competent Authority.
- Secured advance of ₹ 2.39 crore against construction material was recoverable from the contractor.
- New timeline for completion of work had not been decided.
- Performance security for the enhanced agreement amount had not been obtained from the contractor.

The Engineer-in-Chief, PWD (B&R) replied (July 2023) that 70 *per cent* work amounting to ₹ 42.50 crore had been executed at site and likely

enhancement would be upto ₹ 59 crore for completion of Phase I works. Revised estimate of ₹ 86 crore for Phase I and Phase II structures had been submitted to Director General, Higher Education in July 2021 for grant of revised administrative approval. Further, case for seeking enhancement in the agreement would be submitted and balance work would be taken up after receipt of revised administrative approval. Recovery of ₹ 2.99 crore<sup>4</sup> had been made by preparing 19<sup>th</sup> Running Account Bill (June 2022) for the excess payment on earthwork pointed out by Audit. Secured advance of ₹ 0.92 crore had been adjusted in this bill.

The reply is not tenable as provisions of Para 10.1.3 of the HPWD Code were vitiated which provides that while preparing the estimate, site should be inspected to ascertain field conditions including availability of land. Provisions of Para 10.1.12 were also vitiated by not getting the revisions approved before making payment over and above agreement amount.

## **B. Upgradation of Stadium at Ambala Cantt**

On the proposal of Health and Sports Minister, Haryana for upgradation of the existing stadium at Ambala Cantt according to international standards, the Engineer-in-Chief, PWD (B&R) framed a rough cost estimate for upgradation of Central Pavilion, providing FIFA approved football turf and construction of IAAF approved eight lane 400 mtr synthetic track in October 2015. The Additional Chief Secretary to Government of Haryana, Sports and Youth Affairs Department accorded (September 2016) administrative approval for ₹ 48.57 crore for the project. The Engineer-in-Chief, PWD (B&R) approved the detailed estimate for ₹ 45.58 crore in March 2017.

The work was awarded to an agency in March 2017 for an agreement amount of ₹ 40.49 crore with a time limit of 24 months to be completed by March 2019. As per the last running bill paid to the agency i.e. 31<sup>st</sup> & Running bill paid in May 2021, ₹ 114.03 crore had been paid to the agency. The entire project was lying incomplete since then. Main irregularities noticed were:

- The scope of work finalised at the time of approving detailed estimate, inviting tenders and commencement of work had not changed. However, expenditure on work increased upto ₹ 114.03 crore as against the agreement amount of ₹ 40.49 crore.
- Revised detailed estimate as per finalised drawings had not been prepared which shows monitoring failure on the part of Engineer-in-

<sup>4</sup> ₹ 2.99 crore = ₹ 6.41 crore (2,13,537 cum x ₹ 300 per cum) - ₹ 3.42 crore (2,13,537 cum x ₹ 160 per cum)

Chief as the payment of ₹ 73.54 crore had been made over and above the agreement amount of ₹ 40.49 crore without submitting revised detailed estimate and case for enhancement in the agreement.

- The expenditure of ₹ 65.46 crore over and above the administrative approval of ₹ 48.57 crore was irregular.
- The Superintending Engineer, Ambala constituted a committee (November 2021) of two Executive Engineers, one Sub Divisional Engineer and two Junior Engineers from the Ambala Circle for making measurement of steel items executed and paid in the work. The Committee checked and verified the quantity of steel and reported that an amount of ₹ 65.38 crore had been paid in excess to the contractor on account of unexecuted items and excess rates for non-scheduled items.
- As per clause 48.1 of the contract, six *per cent* retention money was to be deducted from the running bills of the contractor subject to maximum five *per cent* of the overall agreement amount. 50 *per cent* retention money was refundable immediately after completion of the work to the satisfaction of Engineer-in-Charge and balance 50 *per cent* was payable on completion of defect liability period. It was, however, noticed that out of total retention money amounting to ₹ 4.45 crore deducted in this work (upto 27<sup>th</sup> RA Bill paid in January 2021), the Executive Engineer, PWD (B&R) Division No.1, Ambala had refunded (March 2021) ₹ 3.44 crore which was not only against the provisions of the contract agreement, but the interests of the State Government were also compromised.
- New timeline for completion of work has not been decided.
- Performance security for the enhanced agreement amount had not been obtained from the contractor.

The Superintending Engineer, Ambala intimated (July 2023) that the enhancement case of the work was sent to higher authorities in June 2021 which was yet to be approved. With regard to excess payments made to the agency, it was intimated that the process of recovery was also initiated, but the matter had been challenged by the contractual agency in the Hon'ble High Court. The Court had granted stay on recovery and had appointed (March 2024) arbitrator for resolving the dispute between the Department and the Contractor.

The reply was not satisfactory as the expenditure of ₹ 65.46 crore over and above the administrative approval and payment ₹ 73.54 crore to contractor over and above the agreement amount was irregular. Further, interests of the



State Government were not protected by releasing the retention money before completion of work and by not initiating timely recovery of excess payment of ₹ 65.38 crore in November 2021 when the irregularity came to notice much before the arbitration proceedings.

**C. Boundary Wall for Kalpana Chawla Medical University, Kutail (Karnal)**

The rough cost estimate for construction of brick boundary wall for Kalpana Chawla Medical University at village Kutail (Karnal) was administratively approved by the Additional Chief Secretary to Government of Haryana, Medical Education and Research Department in May 2016 for ₹ 5.73 crore. Later on, it was observed that the brick wall would not be sustainable as the land was covered by drain from two sides. The structure was changed to cement concrete boundary wall and the administrative approval was revised to ₹ 22.39 crore in December 2018 and further re-revised to ₹ 32.14 crore in September 2019. Out of total 4,269 meter of boundary wall 3,079 meter was converted to RCC boundary wall.

The work was allotted for ₹ 3.76 crore in June 2018 with a time limit of 15 months. As per 22<sup>nd</sup> Running Account bill paid in December 2020 total payment of ₹ 36.96 crore had been made to the contractor. The agreement was enhanced by the competent authority in May 2019 upto ₹ 21.66 crore. Main irregularities noticed were:

- Site conditions were not assessed at the time of initial estimate, calling of tenders and award of work.
- Revised estimate for ₹ 36.96 crore was not submitted to the competent authority for approval.
- Enhancement case over and above ₹ 21.66 crore had not been submitted to the competent authority.
- The expenditure of ₹ 4.82 crore over and above the administrative approval was irregular.
- Final bill for the work had not been prepared so far (December 2024).
- An extra payment of ₹ 3.16 crore<sup>5</sup> had been made on earth work. Against the agreed rate of ₹ 150 per cum, payment had been made at the rate of ₹ 300 per cum for 2,10,348 cum earth work.

<sup>5</sup> ₹ 3.16 crore = 2,10,348 cum x ₹ 150 per cum.

The Superintending Engineer, PWD (B&R), Karnal replied (July 2023) that the agreement amount was to be enhanced from ₹ 3.76 crore to ₹ 36.96 crore due to extraordinary site conditions and as per requirements of client department.

The reply only strengthens the audit observation that the site conditions were not assessed at the time of preparing detailed estimate and award of work. There was monitoring failure on the part of EIC, PWD (B&R) as payments were made over and above the estimated cost, agreement amount and administrative approval.

All the three works, discussed above, were awarded to the same contractor. The contractor had approached Hon'ble High Court of Punjab and Haryana for appointment of arbitrators for resolving disputes in 35 works awarded to him by PWD (B&R) Haryana. Hon'ble High Court of Punjab and Haryana has appointed arbitrators for all the 35 works in March 2024.

Further, works test-checked by audit have been discussed in succeeding paragraphs on the basis of irregularities noticed.

#### **5.5.1 Factors responsible for enhancement**

During analysis of enhancement cases, it was seen that the enhancement in the scope of works occurred due to reasons such as improper assessment of site conditions at the time of preparation of detailed estimates, addition of new structures/items after allotment of work, change in specifications after allotment of work, non-finalisation of scope before allotment of work and changes made due to demand of public and local representatives, etc. Irregularities noticed in major works are discussed in the following sub paragraphs:

##### ***(i) Improper assessment of site conditions at the time of preparation of detailed estimates***

As per provisions of para 10.1.3 of the HPWD Code, while preparing the estimate, the site should be inspected to ascertain field conditions including availability of land. In case of projects of larger magnitude, the senior officers themselves should visit the site. It was, however, noticed that assessment of site conditions was not properly carried out at the time of preparation of detailed estimates resulting in significant increase in the cost of work.

Cases of enhancement where site conditions were not properly assessed, are discussed below:

Sr. No.	Sr. No. in Appendix 5.1 & Department Name	Name of work	Initial agreement amount	Enhanced upto	Percentage of enhancement
			(₹ in crore)		
1.	2. PWD (B&R)	High level bridge over Dhanuara Escape in Karnal	1.56	4.19	168.59
<p>The State Government had granted - administrative approval for ₹ 4.22 crore in October 2018. The detailed estimate was technically sanctioned for ₹ 1.92 crore in September 2019. Tender was called for ₹ 1.81 crore. The work was allotted for ₹ 1.56 crore in January 2020. However, before starting the work, it came to notice that the work could not be executed as the existing waterway had increased during the flood of 2019. Revised detailed estimate was technically sanctioned for ₹ 4.21 crore in November 2020 wherein a bigger bridge was proposed by increasing the number of spans and vent height. Instead of canceling the agreement and inviting tenders for the bigger bridge, the work was got executed on the same agreement. The work was started in November 2020 as per new drawings and completed in June 2021. A payment of ₹ 4.19 crore was made in September 2021. Enhancement in agreement was approved <i>ex-post facto</i> in July 2021.</p> <p>The Superintending Engineer, Karnal replied (July 2023 and December 2024) that the additional work had been got executed on the already approved rates which were approved a year ago without giving any compensation of inflation and escalation. Further, the agency had mobilised its machinery and manpower in February 2020. The reply was not tenable as the changed site conditions were not assessed before inviting the tenders and due to increase in number of spans and height, the bridge became altogether a new structure from the already allotted one. Tenders should have been called for the new bridge in terms of Para 13.7.2 of the HPWD Code which provides that the tenders for works should be invited in the most transparent manner.</p>					
2.	5. PWD (B&R)	Construction of Government College at Jundla (Karnal)	10.85	15.40	41.94
<p>The State Government accorded administrative approval (December 2016) for ₹ 12 crore per college for construction of 15 Government Colleges across the State. The detailed estimate was technically sanctioned in June 2017 for ₹ 11.06 crore on normative basis (without assessing the actual site conditions). Thereafter, the work of construction of Government College at Jundla (Karnal) was allotted in July 2017 for ₹ 10.85 crore with a time limit of 21 months. However, due to - site conditions at construction site of Government College, Jundla, the quantities of various items increased such as quantities of earth work increased by 1,21,665 cum and steel by 1,831.49 qtl. Revised administrative approval of ₹ 17.12 crore had been accorded by the State Government (Higher Education Department) in August 2019. Payment of ₹ 15.40 crore had been made to the agency upto 19<sup>th</sup> Running Account Bill paid in June 2022. The Executive Engineer, Provincial Division No. 2, Karnal had not got the enhancement of ₹ 4.55 crore in agreement approved from the competent authority (Engineer-in-Chief, PWD (B&amp;R)).</p> <p>The Superintending Engineer, Karnal replied (July 2023) that the tender was invited on the basis of standard approval issued by the State Government for 15 colleges all over the State. The site conditions were different in this work as the site was low lying which resulted in increase in quantities of various items and earth filling due to which the cost of work increased. The reply was self-explanatory as the site conditions were not assessed before the allotment of work.</p>					
3.	12. PWD (B&R)	Construction of Kabaddi Stadium at village Pai (Kaithal)	3.65	5.00	36.99
<p>This work was allotted in September 2019 for ₹ 3.65 crore with a time limit of 12 months. During execution, the scope of work increased due to increase in number of spectator galleries, change in specifications of boundary wall and increase in size of rainwater harvesting system. Payment of ₹ five crore had been made to the agency upto 3<sup>rd</sup> Running Account Bill paid in July 2021 without getting the enhancement approved from the competent authority.</p>					

As the estimate was not prepared as per the site conditions and the total funds provided by the client department had been expended, the work remained incomplete and was lying abandoned since July 2021. The Superintending Engineer, Kaithal replied (July 2023 and December 2024) that revised rough cost estimate of ₹ 6.52 crore had been submitted to the higher authorities in January 2023 for seeking revised administrative approval. Revised AA was still awaited (December 2024). The reply was not convincing as the work remained incomplete because the estimate of the work was initially prepared without assessing actual site conditions.

Sr. No.	Sr. No. in Appendix 5.1 & Department Name	Name of work	Initial agreement amount	Enhanced upto	Percentage of enhancement
			(₹ in crore)		
4.	19. PWD (B&R)	Referral Veterinary Diagnostic and Extension Centre (RVDEC) at Keorak, Kaithal	4.98	13.41	169.28

The detailed estimate of ₹ 5.01 crore envisaged construction of technical-cum-administrative block, postmortem block and outdoor clinic block in RVDEC, Keorak. The work was allotted to an agency for an agreement amount of ₹ 4.98 crore in January 2019 with a time limit of 18 months. However, due to preparation of estimate without assessing the actual site conditions, the quantities of steel, RCC and earthwork increased during execution of work. The contractor executed the work to the tune of ₹ 5.10 crore upto June 2021. After that the work remained suspended and all the structures remained incomplete due to non-availability of funds. Payment of ₹ 0.73 crore was further made to the contractor in September 2022 making total payment of ₹ 5.83 crore.

As per correspondence between Executive Engineer, Provincial Division No.2, Kaithal and Superintending Engineer, Kaithal an amount of ₹ 8.31 crore would be required for completion of the project as structural changes were necessitated as per site conditions.

The Superintending Engineer, Kaithal replied (July 2023 and December 2024) that revised rough cost of ₹ 18.18 crore was submitted to the client department in November 2022 for arranging revised administrative approval. Further, a re-revised estimate for ₹ 38.59 crore had been prepared and submitted to the client department in September 2024 to seek revised administrative approval. The work will be completed on receipt of funds from the client department. Thus, due to preparation of estimate without assessment of the site conditions, the agreement was enhanced. Further, due to non-submission of revised estimate to the client department, revised administrative approval could not be obtained and funds from the client department could not be received. The structures were lying incomplete since June 2021.

5.	20. PWD (B&R)	Construction of new Sports Stadium at Samaspur, Charkhi Dadri	10.85	19.77	82.21
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Administrative approval of ₹ 20.80 crore was granted (June 2019) for Multipurpose hall, Badminton hall, Toilet block, Boundary wall, Synthetic track, Volleyball stadium, Lawn tennis court, Hockey field, Kabbadi ground, Basketball court, Hand ball ground and Swimming pool. For phase I, detailed estimate for construction of Multipurpose hall, Toilet block, Swimming pool, Badminton hall, Boundary wall, Road and Parking, etc. for ₹ 9.93 crore was submitted for approval. However, the work was allotted to an agency in February 2020 for construction of all the above-mentioned structures for ₹ 10.85 crore with a time limit of 18 months. The detailed estimate for the work was not got approved from the competent authority as per the provisions of the Para 9.5.1 of the PWD Code which gives assurances that the proposals are technically sound, specifications are appropriate for the service intended and the estimates are realistic, based on adequate data. The detailed estimate of the work was yet to be approved (September 2022).

Further, due to increased earthwork, increase in length & height of boundary wall, water tank, RCC drain, etc., the scope of work got increased to ₹ 19.77 crore.

The agency executed the work to the tune of ₹ 7.87 crore upto March 2022. The enhancement case for ₹ 19.77 crore was submitted in May 2022 to the Engineer-in-Chief, PWD (B&R). The work remained suspended for want of approval of revised estimate and revised administrative approval.

The Superintending Engineer, Bhiwani replied (July 2023) that it was not possible to complete the work within the agreement amount of ₹ 10.85 crore. Revised rough cost estimate was under preparation for obtaining revised administrative approval from the client department. The work will be completed after receipt of revised administrative approval. It was further intimated (December 2024) that the department had decided to close the agreement after incurring expenditure of ₹ 11.10 crore. The balance work would be got executed through fresh tenders. The reply was not tenable as the site conditions and actual requirements were not assessed before starting the work and the department had decided to close the agreement without getting completed the structures proposed in Phase-I as well as in agreement.

Sr. No.	Sr. No. in Appendix 5.1 & Department Name	Name of work	Initial agreement amount	Enhanced upto	Percentage of enhancement
			(₹ in crore)		
6.	86. MC, Ambala	Construction of storm water nala from Jalbera Chowk to Session drain and Session drain to Zandu Tyre in ward 7, Ambala	0.62	1.64	164.52

In January 2018, the work was awarded for construction of drain in Ward No. 7 but after allotment of work, it was noticed that the road on which the drain was to be constructed belonged to the PWD (B&R) and not to the Municipal Corporation. The site of construction changed in November 2018 as 'From Sector 9 & 10 chowk to *Shamshan Ghat* towards Jandli' and detailed estimate for this site was technically approved in May 2019 for ₹ 1.56 crore. Due to change of site, it became totally a new work. Instead of calling fresh tenders, the work was awarded to the earlier contractor by enhancing the agreement amount from ₹ 0.62 crore to ₹ 1.64 crore. The work was completed in August 2021. Payment of ₹ 1.64 crore had been made to the contractor for his 7<sup>th</sup> & Final Bill in October 2021. The matter was taken up with Municipal Corporation, Ambala (April 2023, June 2023 and September 2024), reply was awaited (December 2024).

It is evident from the above cases that the site conditions were not properly assessed at the time of preparing detailed estimates and before allotment of work which resulted in enhancement in scope of work after its allotment. Three works (Sr. Nos. 3, 4 and 5) remained suspended for want of revised approvals and funds from the client department and the works were lying abandoned after investment of ₹ 21.93 crore on incomplete structures.

During exit conference (July 2023), while admitting the facts, the ACS, PWD (B&R) stated that instructions have been issued that detailed estimates should be prepared only after assessing site conditions and non-compliance will be taken seriously.

**(ii) Enhancements due to adding new items/structure after allotment of the works**

As per Para 13.7.2 of HPWD Code, the works should be executed by calling fair and competitive tenders in a transparent manner. Audit observed instances where new structures and items were added after allotment of the works resulting in enhancement in agreements which was against the provision of competitive bidding.

Sr. No.	Sr. No. in Appendix 5.1 & Department Name	Name of work	Initial agreement amount (₹ in crore)	Enhanced to (₹ in crore)	Percentage of enhancement
1.	13.	<b>PWD (B&amp;R)</b> <b>Special Repair of Dhand Pundri Rajound Alewa road (MDR 113) km. 22.10 to 39.96 in Kaithal Distt.</b>	<b>2.20</b>	<b>3.55</b>	<b>61.36</b>
<p>Two separate administrative approvals (AAs) were granted for two portions of the road. For the first portion (km 26.00 to 39.96), estimate was prepared for ₹ 2.54 crore and for the second portion (km 22.10 to 26.00), estimate was prepared for ₹ 0.71 crore. Tenders were called for the first portion for ₹ 2.54 crore and the work was allotted to an agency in March 2019 for ₹ 2.20 crore with a time limit of four months. Against the allotment of work for the first portion, the work for the second portion with an estimated cost of ₹ 0.71 crore was also got executed from the same agency under the same agreement. The work was completed in October 2019. The Engineer-in-Chief accorded approval for the enhancement in agreement upto ₹ 3.28 crore in January 2021. Though the work was completed in October 2019, final payment of ₹ 3.55 crore was made to the agency in March 2021.</p> <p>The Superintending Engineer, Kaithal replied (July 2023 and December 2024) that both works were to be got executed in single agreement, but inadvertently, only the quantities of first work had been taken in the DNIT and the mistake came to knowledge at a later stage and the agreement was got enhanced from the competent authority to avoid delay in calling tenders. The reply was not tenable as only one work was awarded to the contractor and other work was added by enhancing the agreement with the approval of competent authority.</p>					
2.	9.	<b>PWD (B&amp;R)</b> <b>Construction of Administrative Block in SDO Civil Complex at Ambala Cantt.</b>	<b>15.59</b>	<b>34.80</b>	<b>123.22</b>
<p>The rough cost estimate for the work was prepared for ₹ 41.52 crore and the administrative approval was granted by the State Government for ₹ 41.52 crore against this rough cost estimate in December 2018. However, the detailed estimate was prepared for ₹ 15.46 crore (February 2019) and the work was allotted to an agency in February 2019 for ₹ 15.59 crore with a time limit of 21 months. The work was completed in November 2021.</p> <p>The Engineer-in-Chief enhanced the agreement upto ₹ 34.80 crore in May 2022 implying that the detailed estimate was not prepared as per actual requirements. The final payment of ₹ 34.52 crore had been made to the contractor upto July 2023.</p> <p>The Superintending Engineer, Ambala replied (July 2022 and July 2023) that the enhancement in scope of work was due to addition of firefighting structure, cement concrete parking, boundary wall, amendments in structures and specifications by consultants due to poor soil strength, slushy area, high water table, dewatering, water proofing treatments, etc. The reply was not tenable as initial survey and studies for construction of building should include the analysis of site conditions, soil strength, water table, etc. Further, the rough cost estimate for ₹ 41.52 crore had provisions of all the ancillary structures which were ignored at the time of preparing detailed estimate as well as DNIT. It was intimated (December 2024) that the enhancement in the scope of work had been approved by the Sub Committee of the Cabinet in February 2023.</p>					
3.	77.	<b>(HSVP)</b> <b>Providing and laying of 500 mm i/d RCC NP3 pipeline, construction of manhole chamber etc. from Sec-17 (Pocket-C) to leg no. II Sector dividing road 14/17, Gurugram.</b>	<b>0.23</b>	<b>3.05</b>	<b>1,226.09</b>
<p>The original work of laying 750 meter RCC NP3 storm drain pipe including construction of 20 road gullies and 19 manholes in Sector 17 of Gurugram was allotted in November 2018 for ₹ 0.23 crore with a time limit of three months for completion. In December 2019, the Additional Chief Engineer, Haryana Shahri Vikas Pradhikaran (HSVP), Gurugram enhanced the agreement upto ₹ 3.05 crore by</p>					



awarding the new work of repair of roads in Sector 1 in Pataudi town on nomination basis without inviting tenders. The agency had completed the new work and final payment was made in October 2021.					
Sr. No.	Sr. No. in Appendix 5.1 & Department Name	Name of work	Initial agreement amount (₹ in crore)	Enhanced to (₹ in crore)	Percentage of enhancement
4.	79. (HSVP)	Construction of outfall master drains leg no. I & II and fixing of manholes covers, etc.	298.48	483.20	61.84
<p>The original work was awarded for ₹ 298.48 crore in December 2014 for laying 57.33 km RCC box type drain in December 2014 with a time limit of 18 months for completion. First enhancement in agreement was made by Chief Engineer-1, HSVP, Panchkula in September 2018 upto ₹ 392.27 crore adding new work of laying 4.510 km RCC box type drain in various localities of Gurugram. The agreement was again enhanced upto ₹ 483.20 crore by Chief Engineer in April 2019 by adding new works of laying 5.81 km RCC box type drain and two culverts to the scope of work being urgent work necessary for proper functioning of storm water drainage in Gurugram. The enhanced scope of work was to be completed by May 2019.</p> <p>New works were added to the earlier agreement instead of calling fresh competitive tenders on the plea of urgent works for making the storm water drainage functional. It was noticed that the work was still incomplete as of January 2023 and a total payment of ₹ 349.24 crore had been made to the contractor up to March 2020. No payment was made after March 2020. As such the plea of urgency was also not acceptable.</p>					
5.	81. (HSVP)	Construction of Southern Peripheral Master Road from Sohna Road to NH-8 Gurugram	2.65	18.09	582.64
<p>The original work was awarded in September 2013 for construction of 1.5 km road with a time limit of four months i.e. upto January 2014 for completion. The agreement was completed in March 2014 except approximately 314 mtr road which was under litigation. The Chief Engineer-1, HSVP Panchkula enhanced the agreement in January 2017 upto ₹ 18.09 crore by awarding the work of construction of a new road in Sector 58 and gaps in sector roads of Sector 61/62 due to urgency. However, the agency executed the work to the tune of ₹ 9.63 crore which was paid in April 2019 as 10<sup>th</sup> and Final bill.</p> <p>Instead of calling fresh tenders for new works, the already closed agreement was enhanced, which is a grave violation. Further, the work could not be completed as forest clearance was not available for the new road in Sector 58.</p>					
6.	82. (HSVP)	Providing External Storm Water Drainage Scheme of Sec-81 to 98, Gurugram	226.93	378.16	66.64
<p>The original work was awarded in March 2013 for construction of Badshahpur Nallah from Sohna Road to NH-8, Gurugram. The agreement was enhanced to ₹ 306.47 crore in the first instance in December 2014 by adding new work of 2.9 km box type drain to the scope of work. In February 2017 the agreement was enhanced to ₹ 333.30 crore by adding new work of excavation and strengthening of embankment of Nallah, RCC sump well, etc. The agreement was enhanced for the third time in March 2019 to ₹ 378.16 crore by adding new work of construction of RCC culverts at Hero Honda Chowk and Sohna/Vatika Chowk. A payment of ₹ 375.52 crore in all the three works was made in March 2019 and December 2019 to the contractor. The work was completed and handed over to Gurugram Metropolitan Development Authority (July 2020). However, the final bill was yet to be prepared (January 2023).</p> <p>Thus, new works were added to the earlier agreement instead of calling fresh competitive tenders and undue benefit was given to the contractor. The new works were added quoting urgency and mentioning that no lower rates were expected if the fresh tenders were called.</p>					

In above cases, the HSVP and PWD (B&R) had not invited fresh tenders for new works, instead the works were awarded to the existing contractors on nomination

basis by enhancing their agreement amount. This was against the provisions of financial rules and HPWD Code of transparent and competitive bidding. Moreover, the contractors were no more bound by the penalty clauses of the agreement as no action can be taken against them for delay/non-completion of the enhanced scope of work, etc.

During the exit conference (July 2023), the ACS, PWD (B&R) stated that instructions have been issued that a committee headed by Superintending Engineer will assess the enhanced requirement and will certify whether the enhanced scope of work is an integral part of the original agreement and can be executed by the same contractor or the enhanced scope of work can be separated from the original agreement and can be got executed after calling tenders independently.

**(iii) Enhancements due to change in specifications after allotment of work**

Para 16.19.2 of the HPWD Code provides that to minimise variations and adverse effects of variations, detailed plans and specifications should be prepared and drawings should tally with ground conditions. It was, however, noticed that the specifications were changed after allotment of work which proves that the detailed plans and specifications were not prepared as per the ground conditions. The tenders were initially called for smaller amounts and afterwards the agreements were enhanced by changing specifications without quoting reasons for higher specifications which resulted in enhancement of agreements. Hence the tendering process was fraught with the risk of unfairness and non-competitive bidding.

Sr. No.	Sr. No. in Appendix 5.1 & Department Name	Name of work	Initial agreement amount	Enhanced to	Percentage of enhancement
			(₹ in crore)		
1.	14. PWD (B&R)	Special Repair by providing widening and strengthening of Baroda to Nagura Road in Jind District	14.41	17.87	24.01

The work of widening of road from 5.50 meter to 7.00 meter and strengthening of road was awarded to an agency for an amount of ₹ 14.41 crore in September 2021 with a time limit of 12 months. The estimate envisaged for 50 mm Dense Bituminous Macadam (DBM). However, after allotment of work, the specifications were changed to 75 mm DBM. The work was completed in June 2022. The Engineer-in-Chief approved the enhancement in agreement from ₹ 14.41 crore to ₹ 17.90 crore in July 2022. Payment of ₹ 17.87 crore had been made upto 7<sup>th</sup> and Final Bill in November 2022. The Superintending Engineer, Kaithal replied (July 2023 and December 2024) that the traffic census was conducted in October 2021 and found that vehicular traffic had been increased on the road. The crust of DBM increased from 50 mm to 75 mm as per latest IRC Code. The reply was not acceptable as the traffic census was actually conducted in October 2021, i.e. after allotment of work in September 2021, which was to be conducted before approval of detailed estimates.



Sr. No.	Sr. No. in Appendix 5.1 & Department Name	Name of work	Initial agreement amount	Enhanced to	Percentage of enhancement
			(₹ in crore)		
2.	15. PWD (B&R)	Construction of 50 Bedded Hospital at Kalayat in Kaithal District	5.88	7.99	35.88
<p>The work was allotted in January 2018 for an amount of ₹ 5.88 crore with a time limit of 18 months. The work was scheduled to be completed by September 2019. Payment of ₹ 7.99 crore had been made for the 8<sup>th</sup> and final bill in December 2021. After 15 months of completion of work, the Executive Engineer, Provincial Division, Narwana submitted the enhancement case in November 2021. The Engineer-in-Chief approved the enhancement of agreement from ₹ 5.88 crore to ₹ 8.09 crore in December 2021.</p> <p>Main reasons for enhancement stated were addition of new structures such as electrical substation, rainwater harvesting structure, fire-fighting system and parking area and increased quantities of steel bars for RCC work, aluminium work for doors, windows and ventilators. Thus, additions were made and specifications were changed after allotment of work.</p> <p>The Superintending Engineer, Kaithal replied (July 2023 and December 2024) that the scope in building works increased due to the interference of the client department. New structures such as electrical substation, rainwater harvesting structure, fire-fighting system, etc. were added. The reply was not tenable as these structures were essential part of building as per Building Code of 2017 and should have been included in the initial estimate. Further, the case for enhancement was submitted 15 months after completion of work.</p>					
3.	17. PWD (B&R)	Construction of Bus stand and Workshop at Pandu Pindara, Jind	20.00	26.57	32.85
<p>The work was allotted to an agency in April 2018 for an amount of ₹ 20 crore with a time limit of 24 months. The work was completed in May 2020 and total payment of ₹ 26.57 crore was made to the agency in September 2021. However, the case for enhancement was submitted to the Engineer-in-Chief in August 2021.</p> <p>The scope of work was enhanced due to increase in quantities of steel in RCC work, suspended floors, roofs, landings, balconies and access platform <i>etc.</i> after allotment of work. Thus, the specifications were changed after allotment of work without submitting revised detailed estimate.</p> <p>The Superintending Engineer, Kaithal replied (July 2023 and December 2024) that the scope of work increased due to additional components such as RCC tank for fire-fighting system, increase in taxi tracks, paver blocks, approaches to connect with NH-352 and other changes suggested by the client department during execution of work. The enhancement had been got approved from the competent authority. The reply was not tenable as the specifications were changed after allotment of work which should have been assessed at the time of preparing detailed estimate.</p>					
4.	18. PWD (B&R)	Construction of Community Health Centre, Muana, Jind	4.07	7.16	75.92
<p>The State Government had accorded administrative approval of ₹ 7.66 crore for the work in October 2018. The detailed estimate for the work was approved for ₹ 4.28 crore in March 2019. The work was allotted to an agency in May 2019 for an amount of ₹ 4.07 crore with a time limit of 18 months. The work was completed in May 2021 and payment of ₹ 7.16 crore had been made to the agency in July 2021. The Engineer-in-Chief approved the enhancement in October 2021 for ₹ 7.16 crore without calling for revised detailed estimate.</p> <p>The Superintending Engineer, Kaithal replied (July 2023 and December 2024) that the scope of work was enhanced due to increase in number of residences, boundary wall, rainwater harvesting system, septic tank, etc. and the enhancement has been got approved from the competent authority. The reply was not tenable as the specifications were changed after allotment of work which should have been assessed at the time of preparing detailed estimate.</p>					

Sr. No.	Sr. No. in Appendix 5.1 & Department Name	Name of work	Initial agreement amount	Enhanced to	Percentage of enhancement
			(₹ in crore)		
5.	21. PWD (B&R)	Widening and strengthening & CCP on Badhra to Berla Road from km 0.00 to 8.10	3.20	6.23	94.69
<p>The work was allotted to an agency in August 2019 with an agreement amount of ₹ 3.20 crore with a time limit of nine months. However, after allotment of the work, on the demand of residents, the road width was increased to four lane and cement concrete road alongwith side drain was constructed in the village portion. Payment of ₹ 6.23 crore had been made for 4<sup>th</sup> Running Account Bill in September 2021.</p> <p>The Superintending Engineer, Bhiwani replied (July 2023 and December 2024) that the enhancement case was under preparation and would be submitted shortly for approval to the competent authority. As such, the work was executed without getting the approval of enhancement from the competent authority.</p>					
6.	23. PWD (B&R)	Construction of Workshop Block Haryana Roadways at Loharu	2.38	4.16	74.79
<p>The work was allotted for ₹ 2.38 crore in June 2017 with a time limit of 12 months. After allotment of the work, the consumption of quantities of steel, RCC and CC pavement increased. Total payment of ₹ 4.16 crore had been made for 3<sup>rd</sup> Running Account Bill in September 2021. The scope of work was increased due to additional structures like underground water tank, cement concrete pavement, entry-exit gates and parking. The enhancement was not got approved from the competent authority.</p> <p>The Superintending Engineer, Bhiwani replied (July 2023 and December 2024) that the enhancement case was under preparation and would be submitted to the competent authorities for approval. Further, the Department intimated (December 2024) that the work was completed in December 2020 and was being utilised by the client department. The fact remains that the work was executed without getting approval for changed specifications from the competent authority. Further, the payment over and above the agreement amount should have been made only after getting the revised detailed estimate and enhancement in agreement approved from the competent authority.</p>					
7.	24. PWD (B&R)	Construction of a new link road from Barwa to Talwandi from KM 0.00 to 7.00 in Bhiwani district	4.75	6.12	28.84
<p>The work was administratively approved for ₹ 5.60 crore in August 2021. The detailed estimate was approved for ₹ 4.84 crore in the same month. The work was allotted for ₹ 4.75 crore in September 2021 with a time limit of six months. The agency completed the work in December 2021 for ₹ 6.12 crore with changed specifications of the road by providing additional layer of water bound macadam. The revised detailed estimate was approved for ₹ 5.69 crore in October 2021 and enhancement was approved by the competent authority for ₹ 5.84 crore in November 2021.</p> <p>The Superintending Engineer, Bhiwani replied (June 2023) that specifications were changed as per requirements of the Indian Road Congress (IRC) Code. However, the fact remains that the specifications were changed after allotment of work. Further, the payment over and above the agreement amount was made without getting the revised detailed estimate and enhancement in agreement approved from the competent authority.</p>					
8.	25. PWD (B&R)	Special repair due to road cut made by Municipal Council, Bhiwani against AMRUT Yojana Project on various roads in Bhiwani city	0.76	1.70	123.68
<p>The work was administratively approved for ₹ 0.95 crore in September 2020. The detailed estimate was approved for ₹ 0.75 crore in the same month. The work was allotted for ₹ 0.76 crore in December 2020 with a time limit of 6 months for completion. After allotment of the work, the specifications were changed by increasing the quantities of Bituminous Macadam, Granular Sub-Base (GSB), etc. Payment</p>					

of ₹ 1.70 crore had been made for 4<sup>th</sup> and Final bill in November 2021. The detailed estimate was revised to ₹ 1.64 crore and administrative approval was revised to ₹ 1.71 crore in October 2021. The approval to enhancement was also accorded in October 2021.

The Superintending Engineer, Bhiwani replied (July 2023) that the road was dismantled by the Municipal Council, Bhiwani for laying pipeline under AMRUT scheme. The scope of work enhanced due to increase in size of road cut by the MC, Bhiwani. There was no change in specifications. The fact remains that the scope of work was changed after allotment of work.

Sr. No.	Sr. No. in Appendix 5.1 & Department Name	Name of work	Initial agreement amount	Enhanced to	Percentage of enhancement
			(₹ in crore)		
9.	26. PWD (B&R)	Construction of library and workshop block in the campus of Ch. Bansi Lal Govt. Polytechnic at Bhiwani	5.75	8.32	44.70

The work was allotted for ₹ 5.75 crore in March 2017 with a time limit of 18 months for completion. During execution of the work, specifications of many items were changed which include grit finish of walls, water proofing, cement concrete specifications, etc. Payment of ₹ 8.32 crore had been made for 9<sup>th</sup> Running Account Bill in January 2021. After that no payment had been made. The case for approval of enhancement had not been submitted to the competent authority till December 2024.

The Superintending Engineer, Bhiwani replied (July 2023) that specifications of many items were changed as per requirement at site on request of Client Department. Case for approval of enhancement would be submitted to competent authority at the earliest. The point remains that the specifications of work were changed after allotment of work and without getting approval of the competent authority.

10.	87. MC, Ambala.	Supplying and fixing of Children playing equipment and works in various parks of ward no. 1 to 11 Ambala City	0.29	0.47	62.07
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Instead of supplying and fixing children's playing equipment such as multi play station, chain swings, merry go rounds, etc. 13 open gyms having seven equipments each<sup>6</sup> were established. No approval was taken for this deviation from the competent authority. The matter was taken up with Municipal Corporation, Ambala (April 2023, June 2023 and September 2024), reply was awaited (December 2024).

In the above cases, change of specifications after allotment of work was one of the major reasons for enhancement in agreements. The specifications were changed by the Executive Engineers without obtaining formal approval from the competent authority. In three works (Sr. No. 2, 3 and 4 of the above table), enhancement cases were submitted to the competent authorities after completion of works. In four works (Sr. No. 5, 6, 9 and 10 of the above table), enhancement cases were not submitted to the competent authority till date (December 2024).

During the exit conference (July 2023) with the ACS, PWD (B&R), it was stated by the departmental officers that keeping in mind the budget constraints, estimates are kept on the lower side but due to further deterioration of roads

<sup>6</sup> Air Swing, Horse Rider, Leg Press, Seated Chest Press, Elliptical exerciser, arm wheel, single pole sit up cycle.

with the time gap between preparation of detailed estimates and actual execution, revisions become necessary. The reply is not tenable as the initial estimates were deficient as they were not based on ground conditions which was against the spirit of Para 16.19.2 of the HPWD Code which provides that the variation should be kept to the minimum and detailed plans and specifications should be prepared as per ground conditions. Moreover, in three works the enhancement cases were submitted after completion of works and in four works, the enhancement cases were not submitted so far (December 2024).

**(iv) Scope of work not finalised before allotment of work**

Para 10.1.7 of the HPWD Code provides that a comprehensive detailed estimate should be supported by complete details, based on drawings and calculation of design. Quantities of various items of work should be calculated from the drawings. As far as possible, a detailed estimate should be prepared before commencement of work. In the following works, shortcomings were noticed regarding preparation of detailed estimates and finalisation of scope of work before allotment of work.

Sr. No.	Sr. No. in Appendix 5.1 & Department Name	Name of work	Initial agreement amount	Enhanced to	Percentage of enhancement
			(₹ in crore)		
1.	6. PWD (B&R)	Strengthening Panipat Safidon road to Assandh section Khukhrana, Assan Mor Majra Goli road upto district Boundary in Panipat district	2.15	2.82	31.63
<p>The rough cost estimate was administratively approved for ₹ 2.98 crore in September 2019. The rough cost estimate had provision of 40 mm Bituminous Concrete (BC) (Quantity 3,308 cum). At the time of approval of detailed estimate in October 2019, the quantity of BC was reduced to 30 mm (quantity 2,482 cum), reasons for which were not found on record. The detailed estimate was approved for ₹ 1.82 crore without quoting any reason or justification for reduction in specifications. With the reduced quantities of BC, the work was allotted for ₹ 2.15 crore.</p> <p>However, after commencement of work, the quantity of BC was again increased to 40 mm and the agreement was enhanced in January 2020 by ₹ 0.67 crore.</p> <p>The Superintending Engineer, Karnal replied (July 2023) that during sanction of detailed estimate the BC was reduced to 30mm to cut down the cost of work. But on commencement of work, it was observed that traffic on the road had been increased significantly and crust of BC again increased to 40mm. Thus, the reduction in thickness of BC at the time of approval of detailed estimate was unwarranted.</p>					
2.	11. PWD (B&R)	Construction of War Memorial at Ambala Cantt in the Honour of Martyrs of the First War of India's Independence 1857	189.41	362.56	91.42
<p>The rough cost estimate of ₹ 174.92 crore for the work was administratively approved by the State Government in January 2018. The work was allotted to an agency in June 2018 for an agreement amount of ₹ 189.41 crore with a time limit of 24 months.</p>					

However, during execution of work, four structures were added to the scope of work i.e. Multistorey parking - ₹ 24.19 crore, Additional Electrical Work - ₹ 23.06 crore, Residential quarters - ₹ 3.80 crore and Retaining structure - ₹ three crore. Due to some more changes and by including these works to the scope of work, revised administrative approval of ₹ 261.07 crore was granted by the State Government. Agreement was enhanced by the competent authority from ₹ 189.41 crore to ₹ 249.10 crore in March 2022.

Further, the re-revised administrative approval was granted for ₹ 362.56 crore in August 2023. The enhancement in agreement was also got approved from the Sub Committee of Cabinet, Haryana in January 2023 for ₹ 362.56 crore. Upto November 2024, the contractor had executed work to the tune of ₹ 292.31 crore.

The Superintending Engineer, Ambala replied (July 2023) that during execution of work, four additional items were added on the demand of client department and other specifications were changed on the basis of revision in drawings. Thus, the scope of work was not finalised at the time of initial estimate and the work was allotted before finalising the actual scope of work.

During the exit conference (July 2023), the ACS, PWD (B&R) stated that the work was of special nature and was taken up for the first time in Haryana. It was not possible to assess and finalise the entire scope of work at the time of estimation and tendering. The fact remains that necessary approvals for revised scope of work and enhancement were not obtained from the competent authorities in time.

Sr. No.	Sr. No. in Appendix 5.1 & Department Name	Name of work	Initial agreement amount	Enhanced to	Percentage of enhancement
			(₹ in crore)		
3.	16. PWD (B&R)	Construction of SDO (C) Complex Building at Kalayat in Kaithal District	8.57	12.63	47.37

The detailed estimate for the work was approved for ₹ 8.20 crore in September 2019. The work was allotted in September 2019 for ₹ 8.57 crore with a time limit of 18 months i.e. upto April 2021. The enhancement occurred due to changes to the bill of quantities which was not prepared diligently while preparing the detailed estimate for allotment of work. As such, RCC work increased by ₹ 64.78 lakh, Steel consumption increased by ₹ 87.49 lakh, Stainless steel increased by ₹ 16.18 lakh and items of ₹ 88.81 lakh were got executed at site which were not part of the detailed estimate as well as Detailed Notice for Inviting Tenders (DNIT).

The work was completed in January 2022 and the 15<sup>th</sup> Running Account Bill of the agency paid in January 2022 for ₹ 11.03 crore and 16<sup>th</sup> and Final bill for ₹ 12.63 crore was paid in April 2023.

The Superintending Engineer, Kaithal admitted in his reply (July 2023) that the scope of work increased due to fire-fighting work, increase in quantities of structural steel, RCC, stainless steel, etc. The enhancement in agreement was got approved from the Sub Committee of Cabinet in May 2023.

4.	22. PWD (B&R)	Construction of Govt. Sr. Sec. School at Dhigawa Jattan in Bhiwani District	3.62	5.00	38.12
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The rough cost estimate of ₹ 4.01 crore was administratively approved in December 2016. The detailed estimate for the work was approved for ₹ 3.36 crore in June 2017. Work was allotted in September 2017 for ₹ 3.62 crore with a time limit of 15 months i.e. upto December 2018. It was noticed that the scope of work was not assessed properly at the time of preparation of detailed estimate as the quantities were taken on the lower side at the time of preparation of detailed estimates. TMT steel consumption and RCC work were increased considerably during execution of the work. Last payment was made in December 2019 for ₹ 5 crore for 4<sup>th</sup> Running Account Bill and the work was still to be completed.

The Superintending Engineer, Bhiwani replied (July 2023) that additional structures, which were integral part of the building, were constructed at site. Further, revised rough cost estimate for

₹ 6.88 crore had been submitted (December 2019). The approval of revised rough cost estimate and enhancement were still awaited (December 2024). The reply was not tenable as the revised estimate and the enhancement in scope of contract price should be got approved from the competent authority before making expenditure in compliance to the Para 10.1.12 of HPWD Code.

**(v) Change in specifications/additions stated to be due to demand of public**

Paragraph 10.1.12 of the HPWD Code provides that after an estimate has been sanctioned, it may sometimes become necessary to make a change in the method of execution originally contemplated. In such a case, the abstract should be re-cast in accordance with the above instructions. The details of cost and quantities already approved shall be re-arranged and the revised abstract shall be approved by the competent authority and thereafter treated as sanctioned estimate.

In the following cases, it was noticed that the scope of works was got enhanced on the demand of the public and local representatives.

(₹ in crore)

Sr. No.	Sr. No. in Appendix 5.1 & Department Name	Name of work	Initial agreement amount	Enhanced to	Percentage of Enhancement
1.	1 PWD (B&R)	Construction of approaches of 4 lane ROB on Delhi Ambala Railway line at LC No. 61 at railway Km 99/21-23 crossing Kond-Munak-Salwan Assandh road (MDR 114) in Karnal District	21.93	37.33	70.22

Administrative approval was accorded for ₹ 50 crore for the work in February 2017. The detailed estimate for construction of approach roads of Railway Over Bridge (ROB) and service road was approved for ₹ 21.67 crore in January 2019. The work was allotted to an agency in January 2019 with a time limit of 24 months for an agreement amount of ₹ 21.93 crore. But before commencement of work, in March 2019, request from the public representative was received in the department for construction of three diversion roads. Executive Engineer, Provincial Division No.1, Karnal submitted three separate estimates of ₹ 7.68 crore to the higher authorities between November 2019 and November 2020 which were duly approved by the higher authorities for ₹ 7.11 crore. Instead of calling fresh tenders for these roads, the work on these roads was got executed from the contractor who was constructing approach roads for the ROB.

Till November 2021, a payment of ₹ 24.09 crore had been made on the work. After that, the work remained suspended apparently as the local public and local representatives demanded to increase the viaduct portion. The increase in length of viaduct portion would additionally cost ₹ 14.08 crore as per proposal submitted (January 2022). Total cost of the project increased from ₹ 21.93 crore to ₹ 43.12 crore (Initial agreement amount ₹ 21.93 crore + three diversion roads ₹ 7.11 crore + increase in viaduct portion ₹ 14.08 crore).

In respect of three roads got constructed from same contractor, the Superintending Engineer, Karnal replied (July 2023) that the public demanded (February 2019) to provide some alternative route for movement of traffic and the work of three roads was got executed from the same agency because it was not advisable to involve any other agency in execution of related works of ROB.

The reply was not tenable as demands of public were not considered thoroughly while preparing the initial proposal resulting in enhancement in the scope of work from ₹ 21.93 crore to ₹ 37.36 crore and a time overrun of 45 months from January 2021 to October 2024. Further, as three diversion roads were not provided in the original agreement, the expenditure on these roads should have been incurred only after inviting fresh tenders.



It was intimated (December 2024) that the agreement was got enhanced from the Sub Committee of Cabinet in October 2023 for ₹ 37.33 crore and payment of ₹ 37.36 crore had been made upto 15 <sup>th</sup> Running Account Bill in October 2024.					
Sr. No.	Sr. No. in Appendix 5.1 & Department Name	Name of work	Initial agreement amount	Enhanced to	Percentage of Enhancement
2.	8 PWD (B&R)	Jagadhari Ambala Road to Munnerheri	1.14	4.63	306.14
<p>The detailed estimate for the work of providing 20 mm Premix Carpet on the road was approved in August 2019 for ₹ 1.11 crore. The work was allotted in September 2019 with an agreement amount of ₹ 1.14 crore with a time limit of six months. However, on public demand, the specifications of work changed by providing 50 mm Bituminous Macadam. Revised administrative approval (AA) of ₹ 3.77 crore was granted in September 2020. Though the work was completed in June 2021, the agreement was enhanced to ₹ 4.63 crore. The final payment of ₹ 4.53 crore was made in May 2024. The enhancement in agreement got approved from Sub Committee of Cabinet in October 2023.</p> <p>Para 10.10.4 of the HPWD Code provides that the estimate of a road project should bring out prevailing or expected traffic volume, CBR<sup>7</sup> evaluation and pavement design, etc. Traffic census should be conducted for designing of pavements. In this case, no such exercise was conducted and the agreement was enhanced only on local demand.</p> <p>The Superintending Engineer, Ambala replied (July 2023 and December 2024) that the condition of the road worsened due to the lapse of time in allotment of work. Hence the specifications were changed as per requirement. The reply was not tenable as the work was allotted in September 2019, within one month from the approval of estimate. Further, in absence of traffic census it cannot be ensured that the specifications were enhanced as per requirement.</p>					
3.	10 PWD (B&R)	All weather swimming pool at Ambala Cantt.	8.29	31.35	278.17
<p>The work was allotted to an agency in March 2019 for ₹ 8.29 crore with a time limit of 18 months. However, on the demand of the public representative the scope of work was increased by adding warming up pool, boxing hall, increased sitting area, etc. and the agreement was enhanced to ₹ 26.56 crore by the competent authority in November 2021. Instead of calling fresh tenders for newly added structures in terms of Para 13.7.2 for obtaining competitive rates, the works were got executed by enhancing the agreement amount. Initially the AA was granted for ₹ 15.91 crore in February 2018 which was revised for the first time in December 2020 to ₹ 33.14 crore and for the second time in October 2021 to ₹ 43.90 crore. The agency completed the work in December 2021 for which final payment of ₹ 31.35 crore was made in September 2024.</p> <p>The Superintending Engineer, Ambala admitted (July 2023) that the scope of work was increased on demand of Public representative. Further, the enhancement case was approved by the Sub Committee of Cabinet in July 2024.</p>					

In these works, the scope of work increased due to stated demand of the public and local representatives. In the absence of traffic census, requirements of better specifications of road could not be justified. The new structures were got executed without inviting fresh competitive tenders on the earlier allotted rates.

During the exit conference (July 2023), the ACS, PWD (B&R) stated that the demands of public representatives cannot be ignored and revisions were made to fulfil their demands. Further, the Department had decided that for ROBs, viaduct portion will be provided with passage to local residents. The fact, however, remains that local requirements/demands should have been assessed at the time of preparing detailed estimates.

<sup>7</sup> California Bearing Ratio to measure strength of the road pavement.

**(vi) Keeping tender amount initially lower than the e-tendering limit**

As per Para 13.6.3(l) of HPWD Code, the amount of tender shall not be artificially pitched low with the sole purpose of keeping it initially within the tender accepting limit of a particular authority and subsequently enhancing the tender amount to the full cost of work. The State Government fixed the threshold limit for e-tendering as ₹ one lakh from June 2016. As such offline tenders can be called for a work costing less than ₹ one lakh. As per delegation of technical powers, the Executive Engineer can accept tenders only up to ₹ five lakh.

In Public Health Engineering (PHE) Circle, Sirsa, it came to notice that 113 works were allotted during January 2019 to September 2021 by inviting offline tenders (the tender notices were pasted on the notice board of the Division) by keeping the estimated cost of works less than ₹ one lakh. Afterwards the Executive Engineers (EE) enhanced each agreement by increasing the scope of work up to ₹ 4.99 lakh i.e. the upper limit up to which the EE can accept tenders. The total agreement amount in these 113 agreements increased from ₹ 1.11 crore to ₹ 5.11 crore.

In PHE Circle Hisar, 66 works were allotted between September 2018 and March 2022 for ₹ 0.63 crore through offline tendering which were afterwards enhanced to ₹ 5.10 crore (between ₹ 3.11 lakh and ₹ 19.58 lakh). In violation of provisions Para 10.1.2 of the HPWD Code, for all these 179 cases, detailed estimates explaining the object to be gained, reasons for adopting particular design in preference to others, quantities of various items to be executed, etc. were not prepared. In the absence of detailed estimates, actual requirements and reasons for enhancement could not be authenticated in audit.

Keeping the initial tender amount below the threshold limit of ₹ one lakh poses risks of vitiating the process and extending undue benefits to selected contractors by awarding works on nomination basis and execution of works at non-competitive rates due to the lack of transparency and competition in the tendering process.

## **5.6 Reduction/deviations in scope of work**

As per paragraph 9.3.10 of the HPWD Code, in case there are material deviations from the original proposal, even though the cost may possibly be covered by saving on other items, revised estimate is required to be submitted to obtain revised administrative approval. Further paragraph 9.5.2 provides that if, subsequent to the grant of technical sanction, material/or structural changes are contemplated, the orders of the original sanctioning authority shall be obtained, even though no additional expenditure may be involved by the alterations. During audit, it came to notice that in 19 works (**Appendix 5.2**), changes which occurred during execution of work were not got sanctioned from the competent authority and the works held up for long periods were not closed.



The irregularities noticed are discussed in the following sub-paragraphs:

**(i) Reduction in scope of work**

Reduction in scope of work was noticed in four cases which are detailed at Sr. no.1 to Sr. no.4 of **Appendix 5.2**.

In the following work, the scope of work was reduced but revised detailed estimate were not prepared and approval from the competent authority was not obtained in violation of codal provisions.

(₹ in crore)

Sr. No. in Appendix 5.2 & Department Name	Name of work	Initial agreement amount	Payment made
4 PWD (B&R)	Four laning and strengthening of Dhand Pundri Rajound Alewa Road km 0 to 15.40	22.42	19.68
<p>Three detailed estimates for the entire road were got approved for ₹ 32.55 crore. A collective DNIT for ₹ 25.67 crore was approved, and the work was allotted in January 2017 for ₹ 22.42 crore with a time limit of 18 months from the date of start i.e. March 2017.</p> <p>Payment of ₹ 19.68 crore had been made to the agency for 15<sup>th</sup> Running Account Bill paid in October 2020. Out of this amount, ₹ 1.77 crore was paid for extra executed items and ₹ 0.12 crore was paid for escalation. Thus, work to the tune of ₹ 17.79 crore had been executed against the agreement amount of ₹ 22.42 crore. No work was executed after October 2020. Neither was the bill finalised nor was approval for variation sought from the competent authority.</p> <p>Audit noticed that out of total 15.400 km road construction approved, approximately two km road was not got constructed. Interlocking paver blocks in 18,700 sq mtr were not laid. However, 8,529 mtr 100 mm DI pipeline got laid and household connections (₹ 1.77 crore) were got executed from the contractor for which there was no approval from the competent authority. Thus, revised estimate for the reduced scope of work were not got approved from the competent authority in terms of Para 10.16.8 of the HPWD Code and irregular expenditure of ₹ 1.77 crore was incurred.</p> <p>During the exit conference (July 2023), the departmental officers intimated that the scope of construction of road might have been reduced due to non-requirement at site. Further, the work of laying of DI pipeline was required to be executed before construction of road. So the work was got executed from the agency. The case for approval of variation from the competent authority was submitted in November 2024. The fact, however, remains that variations have not been got approved from the competent authority and the final bill was also pending.</p>			

**(ii) Changes in items of work during execution**

In HPHC and HSIIDC, it was noticed that in 14 works, the items of agreement were changed significantly (**Appendix 5.4**). The variations were not got approved from the competent authority. A total payment of ₹ 99.10 crore was made against the agreement amount of ₹ 110.05 crore in these works. In these 14 works, it was noticed that some items executed at site were not part of the Detailed Notice Inviting tenders (DNIT), some items of DNIT were not executed at all and some items were executed with variation more than 20 per cent as shown in **Table 5.6.1**.

**Table 5.6.1: Variation in execution of items noticed in test checked works**

Sr No.	Variations	No. of items	Amount (₹ in crore)
1.	Items executed at site which were not part of the Detailed Notice Inviting Tenders	363	4.96
2.	Items of Detailed Notice Inviting Tenders not executed at site	359	8.44
3.	Items of Detailed Notice Inviting Tenders in which there were variation of more than 20 per cent	528	21.11
	<b>Total Variation</b>		<b>34.51</b>

### 5.7 Undue benefit to the contractor by allowing higher rates

In the following works, one of the factors for enhancement was higher rates allowed on items already included in the agreement. Audit observed that an extra payment of ₹ 73.73 crore was made to the executing agencies.

**Table 5.7.1: Test checked works where excess payment was made to contractors**

(₹ in crore)

Sr. No.	Department	Name of work	Excess payment made	Amount recovered
1.	PWD (B&R)	NCC Academy at Gharaunda (Karnal)	2.99	2.99
2.	PWD (B&R)	Construction of Boundary Wall at Kalpana Chawala Medical University, Kutail (Karnal)	3.16	--
3.	PWD (B&R)	Upgradation of War Memorial Stadium at Ambala Cantt.	65.38	--
4.	PWD (B&R)	Construction of Government College at Jundla (Karnal)	1.88	3.65
5.	PWD (B&R)	Four laning of Ladwa Shahbad Road (SH-07) from km 43.10 to 45.50 (2.40 km) in Babain town	0.10	--
6.	HSVP	Providing and laying of 500 mm i/d RCC NP3 pipeline, construction of manhole chamber etc. from Sec-17 (Pocket-C) to leg no. II Sector dividing road 14/17, Gurugram.	0.22	--
		<b>Total excess payment made</b>	<b>73.73</b>	

The works given at Sr. Nos. 1 to 3 have been discussed in paragraphs 5.5 A to 5.5 C. In the first and second works, excess payments were made to the contractors by allowing higher rates for earthwork. Against the tendered rates of ₹ 150 per cum and ₹ 160 per cum, payments were made at the rate of ₹ 300 per cum, resulting in overpayments. In case of the first work, recovery of the excess amount was made in the subsequent running bill after being pointed out by Audit. In the third work, the departmental committee had observed that an excess payment of ₹ 65.38 crore had been made to the contractor due to unexecuted items and inflated rates for non-scheduled items. Recovery of this amount was still pending at the time of reporting.

Details of the works listed at Sr. Nos. 4 to 6 are discussed below:

- **Sr. No. 4** - As per original DNIT, there was a provision of 26,405 cum of earth work for which the contractor had quoted ₹ 145 per cum. In 18<sup>th</sup> Running Account Bill, total quantity of earth work executed was 1,48,070 cum. Payment for original quantity (26,405 cum) was made at the rate of

₹ 145 per cum but payment for additional quantity of 1,21,665 cum was made at the rate of ₹ 300 per cum. An extra payment of ₹ 1.88 crore had been made to the agency. On being pointed out by Audit, total earthwork of 1,21,665 cum was deducted (in 19<sup>th</sup> Running Account Bill paid in June 2022) from the work executed, resultantly, recovery to the tune of ₹ 3.65 crore was made.

- **Sr. No. 5** - As per agreement for the item Cement Concrete 1:1.5:3 agreed rates were ₹ 3,600 per cum. However, the payment was made at the rate of ₹ 5,966.40 per cum for 431.94 cum quantities executed of this item. As such, an excess payment of ₹ 10.22 lakh (₹ 2,366.40 \* 431.94 cum) was made to the contractor. The Executive Engineer replied (December 2024) that the issue of excess payment would be examined at the time of final payment.
- **Sr. No. 6** - At the time of approval of enhancement, the Additional Chief Engineer, HSVP, Gurugram had directed that escalation clause of bitumen was to be followed. However, no recovery was made for decline in rates of bitumen and an excess payment of ₹ 21.67 lakh had been made to the agency. The matter was brought to the notice of the department (January 2023). No reply (Sr. No 5 and Sr. No 6) has been furnished (May 2024).

## **5.8 Impact of enhancement**

### **5.8.1 Incomplete Works due to non-approval of enhancement**

Paragraph 16.37.1 of the HPWD Code provides that there are many factors which have a bearing on completion of work and the fallout of which can be avoided or minimised with sufficient preparedness and foresight. The broad guidelines under the paragraph include (i) Survey work should be thorough and the site conditions should not materially differ from what have been described in the tender; (ii) the decisions sought should be given without undue hold up; and (iii) the progress should be monitored regularly.

It was however noticed that due to shortcomings in assessment of site conditions, indecisiveness on the part of various authorities and failure in monitoring the progress, following works could not be completed and the expenditure incurred on these works was lying unfruitful. These works have been delayed for periods ranging between 18 to 60 months due to delay/non-approval of enhancement.

(₹ in crore)

Sr. No.	Sr. No. in Appendix 5.1	Name of work	Initial agreement amount Date of award (Target period of completion)	Status of Expenditure (as of December 2024)
1.	3.	NCC Academy Gharaunda in Karnal District	17.91 02 July 2018 (24 months)	42.17 (18 <sup>th</sup> R. Bill date 11 December 2020)
All the structures such as Boys Hostel, Girls Hostel, Boundary wall, etc. were lying incomplete due to failure in assessment of site conditions. Structures such as Administration/Guest House, Amenities Block, road and parking were not started so far (July 2023). The structures remained incomplete and some components could not be started as the entire funds released by the department have been expended.				
2.	7.	Stadium at Ambala Cantt	40.49 20 March 2017 (24 months)	114.03 (31 <sup>st</sup> R. Bill date 22 May 2021)
The work of stadium was incomplete even after incurring expenditure of ₹ 114.03 crore against the agreement amount of ₹ 40.49 crore. The work remained incomplete for want of decision on the objection raised by the Superintending Engineer in respect of extravagant expenditure over and above the agreement amount and extra rates allowed for structural steel.				
3.	12.	Kabaddi Hall with facilities of Kabaddi Academy in Village Pai in Kaithal District	3.65 13 September 2019 (12 months)	5.00 (3 <sup>rd</sup> R Bill date 16 July 2021)
The entire budget provided by the client department lapsed and the work was left incomplete for want of further funds and lack of monitoring by departmental authorities.				
4.	19.	Various buildings of RVDEC i.e. Technical-cum-administrative block, post mortem block and outdoor clinic block at village Keorak in Kaithal District.	4.99 11 January 2019 (18 months)	5.83 (6 <sup>th</sup> R Bill date 22 September 2024)
An additional amount of ₹ 8.31 crore (approx.) will be required for completion of RVDEC at Keorak in all respects. There was lack of monitoring on the part of departmental authorities at the time of preparing detailed estimate as well as during execution of work.				
5.	20.	New Sports Stadium at Samaspur, Charkhi Dadri	10.85 10 February 2020 (18 months)	11.10 (4 <sup>th</sup> R Bill date 6 June 2024)
The site conditions were not assessed at the time of preparing detailed estimate. The structures proposed in Phase I could not be completed.				

During the exit conference (July 2023), the ACS, PWD (B&R) informed that the decisions were being taken on these projects and works will be started very soon.

### 5.8.2 Time overruns

As per paragraph 16.37.1 of the HPWD Code, time overruns are likely to result in higher project cost, contractual claims, delay in the use of facility and possible loss of revenue. There was inordinate delay in completion of works due to enhancement and variation. It was noticed that in 13 works (*Appendix 5.5*),

there was time overrun ranging between four and 45 months in completion of works resulting in cost overrun of ₹ 59.51 crore against the initial agreement amount of ₹ 102.49 crore (58.06 per cent).

Delay in completion of the project causes delay in deriving benefits from the public expenditure.

## **5.9 Internal Control and Monitoring System**

Internal controls are activities and safeguards that are put in place by an organisation to ensure that its activities proceed as planned. An effective internal control system is a prerequisite for any successful organisation. Monitoring system of an organisation is very crucial for implementation and continuance of the programme. Effective monitoring ensures proper implementation. This acquires greater importance in programmes where the focus is on expediting progress of works and ensuring completion within stipulated timelines.

Audit examination, however, disclosed a number of deficiencies with regard to adequacy of the internal control and monitoring system which are highlighted in the following paragraphs:

### **5.9.1 Release of funds beyond the approved amount**

In 14 cases, expenditure was incurred over and above the agreement amount without seeking approval for enhancement in agreement amount from the competent authority (*Appendix 5.3*). Even though in PWD (B&R), the budget is released by the EIC, PWD (B&R) office for each running bill of the contractor, the EIC office ignored the huge enhancements in agreements and released funds.

It was noticed that in 14 cases against the agreement of ₹ 108.91 crore, payment of ₹ 255.70 crore had been made without obtaining approval from the competent authority. In 27 cases, the enhancement cases were submitted after completion of work and approval was given by the competent authority after expenditure over and above agreement amount was incurred. As such prior approval was not obtained before making payment over and above the agreement amount.

### **5.9.2 Revised approval of enhancements without the detailed estimates**

In PWD (B&R) the revised estimate for the enhanced scope of work was not submitted for approval in even a single case. Out of a total of 26 test-checked cases of PWD (B&R), enhancements were approved by the competent authority in 15 cases. All the 15 enhancements were approved by the competent authority without seeking and passing the revised detailed estimate. In the absence of revised detailed estimates, the basic change in structures could not be assessed in audit.

### 5.9.3 Non-defining new timeline for projects at the time of enhancement

As per para 13.6.3 of the HPWD Code, terms of the contract should be precise and definite and shall give no room for ambiguity or misconstruction. Apportionment of risks, responsibilities and obligations of the Employer, Engineer and the Contractor should be comprehensive. Para 16.3.1 provides that for works costing more than ₹ two crore, the contractor shall be required to submit his construction programme bringing out the sequence of work and dates of commencement and completion of various stages/milestones. For works of less value, the need for work programme may be dispensed with, but their timely completion shall not be ignored.

In all the 98 test checked cases of enhancement, new timeline for various components of work as well as for the entire work were not re-fixed.

### 5.9.4 Non obtaining performance guarantee for enhanced amount

As per Paragraph 13.12.1 of the HPWD Code as well as terms and conditions of the Standard Bidding Document, the successful tenderer has to furnish performance security equal to five *per cent* of the contract price which may be in the form of bank guarantee to be kept as a surety that the contractor completes the work satisfactorily. At the time of approving enhancements, the competent authority had also instructed that performance guarantee for the differential amount be obtained from the contractor.

However, it was noticed that performance guarantee for enhanced agreement amount was not obtained from the contractors in any of the 98 test checked cases and as such, the interest of the State was not safeguarded to that extent.

### 5.9.5 Releasing of retention money before completion of work

As per clause 48.1 of the two contract agreements<sup>8</sup> in Ambala, six *per cent* retention money is to be deducted from the running bills of the contractor subject to maximum five *per cent* of the overall agreement amount. The retention money so deducted is to be refunded by 50 *per cent* immediately after completion of the work to the satisfaction of Engineer-in-Charge and balance 50 *per cent* is to be released after completion of defect liability period. It was, however, noticed that in the above mentioned two cases, out of total ₹ 31.17 crore retention money deducted from the running account bills of the contractors, ₹ 16.80 crore<sup>9</sup> had been refunded to the contractors even though the

<sup>8</sup> (i) Up-gradation of Stadium (Construction Stadium, IAAF approved synthetic track, FIFA approved artificial Football Turf) in Stadium at Ambala Cantt (Sr. No. 7 of Appendix 5.1) and (ii) Construction of War Memorial at Ambala Cantt in the Honour of Martyrs of the First War of India's Independence 1857 (Sr. No. 11 of Appendix 5.1).

<sup>9</sup> Sr. No. 7 of Appendix 5.1: ₹ 3.44 crore (77 *per cent*) out of ₹ 4.45 crore and (ii) Sr. No. 11 of Appendix 5.1: ₹ 13.36 crore (50 *per cent*) out of ₹ 26.72 crore.

works were still in progress. This was not only against the provisions of the contract agreement, but the interests of the State Government were also compromised. The matter was brought to the notice of the department (January 2023). The Superintending Engineer, PWD (B&R) Ambala replied (December 2024) that the retention money was released against the bank guarantee. The reply was not tenable, as releasing of retention money before the completion of work was against the provisions of the PWD Code, thereby compromising the interests of the State Government.

#### **5.10 Conclusion**

As per codal provisions, revised estimates should be got approved and revised administrative approval should be obtained where there are deviations of more than 10 *per cent* of the original proposal. Audit test-checked 98 cases where enhancement was more than 20 *per cent* and observed that payments were made without getting enhancements approved from the competent authority in 14 cases and in 27 cases enhancements were got approved retrospectively after making payments over and above the contract price.

Audit observed that enhancements occurred due to improper assessment of site conditions at the time of preparation of detailed estimates, addition of new items/structure after allotment of the works, change in specifications after allotment of work, non-finalisation of scope of work before awarding to contractor and changes in specifications/additions due to demand of public representatives. In all the test checked cases, the works were got executed and payments were made without getting the revised estimates approved and without obtaining revised administrative approvals.

In certain PHED divisions, the tender amount was initially kept less than ₹ one lakh to avoid e-tendering and was enhanced subsequently. It was noticed that five projects were lying incomplete after making payment of ₹ 178.13 crore against the contract price of ₹ 77.89 crore. In 13 cases there was time overrun between 4 to 45 months. In 14 cases payment of ₹ 255.70 crore had been made against the agreement amount of ₹ 108.91 crore without getting the enhancement approved from the competent authority. Undue benefit of ₹ 73.73 crore was also granted to contractors by allowing higher rates, out of which ₹ 6.64 crore was recovered after pointed out by Audit. Moreover, retention money of ₹ 16.80 crore was refunded to two contractors before completion of work in violation of clauses of agreements.

#### **5.11 Recommendations**

1. Compliance of provisions of Haryana PWD Code should be ensured:
  - by assessing site conditions before preparing detailed estimates and

inviting tenders;

- by submitting revised estimates for changes in quantities and methods of execution; and
  - by inviting separate competitive tenders for the works which were not integral parts of the original projects.
2. Local requirements and demands should be taken into account at the time of preparing project reports;
  3. Internal controls should be strengthened for keeping a check on payments over and above the agreement amount and administrative approval; and
  4. Efforts should be made to complete the incomplete projects as early as possible to derive the intended benefits from the Government investments.