EXECUTIVE SUMMARY

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Out of 24 Departments under the jurisdiction of Office of the Principal Accountant General (Audit-II), West Bengal, this Report covers matters arising from compliance audit of eight Government Departments including one Corporation.

The significant Audit observations of this Report are as follows:

Significant Audit Observations

Subject Specific Compliance Audit (SSCA) Report on "*e-Procurement in Finance Department, Public Works Department and Public Health Engineering Department*"

The Government of India e-Procurement System developed by the National Informatics Centre (GePNIC) was envisioned to help State Government buyers as well as suppliers to reduce procurement cycle time and unnecessary paperwork and to enhance transparency. It is a web-based solution intended to be used by Departments of State Governments, Local Bodies and Autonomous Bodies and Public Sector Undertakings under the administrative control of the State Governments.

(Paragraph 2.1)

Absence of MoU/SLA resulted in avoidable risks associated with lack of clarity on roles and responsibilities, timelines and deliverables, and inability on the part of the Government to fix responsibility for any delays in implementation or incomplete/ incorrect implementation of the e-Procurement system.

(Paragraph 2.8.1)

As of 31 March 2023, out of all the State Government Departments, the Parliamentary Affairs Department, 18 PSUs and 68 Autonomous bodies had not registered with the e-Procurement portal.

(Paragraph 2.8.2)

The non-implementation of functionality of evaluation of bids and award of contract in the e-Procurement system resulted in control deficiencies. The sub-module under e-Tendering for 'Negotiation' had not been implemented in the State and hence, had to be carried out in offline mode. As a result, there was no trail maintained in the e-Procurement system about the details of the negotiation process.

(Paragraph 2.8.4 and 2.8.5)

Test check of records showed instances where mandatory online tendering was avoided by splitting works, which resulted in violation of the objective of e-Tendering and created avoidable risks related to potential extension of undue benefits to favored contractors.

(Paragraph 2.8.6)

Test check showed that 139 tenders were issued by other than designated Tender Inviting Authorities (TIA) in four divisions. This indicated that tenders of Circle office and sub-Division offices were improperly published using the organisational ID of other Division offices, representing significant control deficiencies.

(Paragraph 2.9.1)

During 2018-19 to 2022-23, there were 67 instances where bid documents were uploaded using expired DSCs related to 11 documents in three divisions.

(Paragraph 2.9.2)

There were no workflows for Departmental users to verify whether the entered PAN matched the details on the copy of the PAN Card if uploaded. Due to absence of application controls, the system could not restrict participation of bidders in the same tender with same PAN.

(Paragraph 2.9.6)

Minimum bid submission time, as stipulated, had not been enforced by the system, in 4,012 tenders out of 90,928 tenders of PWD and PHED published between 2018-19 and 2022-23. Business rules regarding minimum bid submission time were not mapped into the system in the form of application controls to enforce bid submission time as per executive instructions.

(Paragraph 2.10.1)

In 33,614 tenders published (2018-19 to 2022-23), including 7,137 tenders of PWD & PHED, there was a difference between the tender value recorded in the system and the total value of the related BoQ for the tender. This discrepancy had arisen due to absence of application controls in the system to auto-compute the tender value based on BoQ entered by the TIA.

(Paragraph 2.10.2)

There was no link between the tenders cancelled earlier and the subsequent re-tenders invited in 2nd or subsequent calls. As a result, the trail between the original cancelled tenders and the subsequent tenders called for could not be monitored by higher authorities.

(Paragraph 2.10.3)

In 1,247 tenders of GoWB for the period 2018-19 to 2022-23 with tender value more than ₹10 lakh, the provision of two-bid system had not been enforced by the system.

(Paragraph 2.10.4)

Crucial application control failures were noticed as the system permitted bid openers to decrypt and open financial bids submitted by the bidders, without any record of decryption of their technical bids.

(Paragraph 2.12.1)

In test check of 120 tenders out of 249 tenders in nine (09) selected Sub-Division/ Divisions/Circles Offices of PWD and PHED, bidders had not uploaded the non-statutory documents specified as mandatory in the respective NIeTs. The system did not have a provision to upload such documents mandatorily.

(Paragraph 2.12.3)

Out of 90,928 tenders of PWD and PHED published during the period from 2018-19 to 2022-23, the amount of the awarded contract was higher than the L1 bid in 1,291 tenders.

(Paragraph 2.13.1)

Recommendations:

Government should:

- ***Ensure execution of MOU/Service Level Agreement with the agency for implementing the remaining functionalities of the system, and for operations and maintenance functions.***
- ***Ensure that all departments, PSUs and autonomous bodies are on-boarded into the system and use of the portal for tenders valued above the threshold value is made mandatory.***
- ***Develop functionalities for negotiation and mandate the use of the system for the critical processes of Bid Evaluation module and Award of Contract.***
- ***Ensure implementation of appropriate application controls during registration of bidders, to guarantee uniqueness and validity of PANs, mobile numbers and e-mail IDs***
- ***Ensure implementation of application controls to enforce the applicable minimum bid submission period.***
- ***Ensure implementation of application controls to link previously cancelled tenders with subsequent re-tender calls, to facilitate monitoring.***
- ***Ensure mapping of business rules for mandatory adoption of two-bids for tenders with value exceeding ₹10 lakh.***
- ***Implement application controls to enforce robust encryption of bids submitted and maintain a clear system trail to derive assurance that data confidentiality and integrity is preserved.***
- ***Issue necessary instructions to mandate the issue of award of contract only through the e-Procurement system and dispense with the manual award of contract, to minimise the risks of error/ deliberate irregularities by users***

SSCA on "Upgradation and Extension of Tourism facilities under Central/ State schemes by the Department of Tourism, Government of West Bengal"

West Bengal is diverse in its geographical character and encompasses snow-capped peaks of the Himalayas in its north and the unique mangrove eco-system of the *Sundarbans* in its south. The Tourism industry generates employment for the State and contributes revenue including foreign exchange. It can also play an important role in developing backward regions of the State. The Tourism industry of West Bengal has immense potential to bring about socio-economic development in the State.

(Paragraph 3.1)

In absence of any Strategic Plan the Department selected areas for development of tourism without conducting feasibility studies and without having a sustainable model for operation and maintenance of created assets.

(Paragraph 3.6.3)

Even after lapse of four years from WBTP-2019, Tourism Department had not framed detailed guidelines for accreditation of Wellness /Spiritual Centres to ensure quality of service delivery.

(Paragraph 3.6.5.4)

During 2017-23, the Tourism Department had undertaken 471 projects, to be implemented by West Bengal Tourism Development Corporation Limited (WBTDCL) and other agencies. Of these, 330 projects were completed while 141 projects (30 *per cent*) were under progress (as on 31 March 2023). The major reasons for delays were non-availability of encumbrance free land and clearances, instances of poor planning *etc.*

(Paragraph 3.7)

Tourism projects were delayed and could not be put to use due to taking up of projects without any feasibility studies and without ensuring availability of land. Due to faulty planning & lack of maintenance, a facility could not be utilised from the beginning itself, leading to its eventual demolition and infructuous expenditure of ₹ 54.45 lakh.

(Paragraphs 3.7.1.1, 3.7.1.2 and 3.7.1.3)

There were lapses on the part of the Department in taking up renovation and up-gradation of tourism properties which frustrated the objective of increasing the capacity of tourist lodges. Even after expenditure of ₹ 97.64 crore on renovation and up-gradation of tourist lodges, the Department did not apply for categorisation of any of the up-graded tourism properties.

(Paragraph 3.7.1.4)

The Department took up (December 2015) 55 works under Swadesh Darshan at a cost of ₹ 85.39 crore for infrastructure development in the Coastal Tourism Circuit of the State. However, GoWB did not arrange the required land and consequently, nine works with an estimated cost of ₹ 18.43 crore at *Tajpur, Mandarmoni, Henry Island* and wayside amenities between *Kolkata and Digha, Bakkhali* were not taken up.

(Paragraph 3.9.1.1)

Due to lack to requisite permissions, Watch/Life guard towers constructed in CRZ area at *Frazergan*j (February 2018) and *Henry Island* (February 2019) in violation of CRZ guidelines were demolished in September 2021 (at *Henry Island*) and in July 2022 (at *Frazerganj)* by WBTDCL.

(Paragraph 3.9.1.2)

Tourism Department did not hand over the properties created at a cost of ₹ 14.82 crore under Swadesh Darshan Scheme to suitable agencies for their proper operation and maintenance.

(Paragraph 3.9.1.3)

Budget utilization for publicity ranged between 17 to 75 *per cent* during 2017-23. Overall the Tourism Department was unable to spend on an average 52.47 *per cent* of the budget allocated for promotion & publicity during 2017-23. There were instances where grants released to WBTDCL for promotional measures of tourism were utilised (19.44 *per cent*) for other purposes like routine hiring of cars, procurement of Laptop *etc*.

(Paragraph 3.11)

During 2017-23, the Department had not conducted any training programmes under '*Hunar Se Rozgar Tak'* although the fund for such training was to be provided by GoI for upgrading skill. Out of 2,081 Home Stay units and 3,462 Tourist guides, only personnel of 91 Home Stay units and 1,684 Tourist guides were trained during the period 2017-23.

(Paragraph 3.12)

Occupancy of self-managed hotels and tourism properties was below par mainly due to lack of efforts towards promotion of tourism, poor development of associated tourism facilities and for non-acquiring the status of a star category.

(Paragraph 3.14.1)

WBTDCL did not have a documented policy for leasing out properties as well as their management. During September 2003 to August 2022, WBTDCL had leased out 14 properties for varying periods ranging between 1 to 33 years with yearly increase in lease rent varying between nil to 20 *per cent*. However, WBTDCL did not take prompt action against lessees for violating the terms of lease/authorization agreements like recovery of outstanding dues and terminating the contract.

(Paragraph 3.14.2)

Joint Physical Verification of 139 registered home stays in eleven districts along with the officials of Tourism Department showed that 28 of them were found to be used either for other unintended purposes like lodge, restaurant and cultural centres or were non- operational.

(Paragraph 3.16)

Registration of tourism units was reduced by 50 *per cent* and 75 *per cent* under WBIS 2015 and WBIS 2021 respectively, in comparison with the tourism units registered under WBIS 2008. The Inter-Departmental Secretaries Committee to ensure speedy grant of permission and clearances through a single window system for ease of business and release of subsidies within the Scheme, came into existence only in April 2022, after a lapse of six years from the date of notification of WBTP-2016.

(Paragraph 3.17)

Recommendations:

- ***The Department should draw up a strategic plan with long-term and short-term deliverables to implement the vision envisaged in Tourism policies.***
- ***The infrastructure projects should be taken up after a detailed planning process and only after conducting feasibility studies and obtaining land clearance.***

- ***Tourism Department should take immediate steps for effective utilization of assets created under Swadesh Darshan and formulate sustainable model for their operation and maintenance.***
- ***Tourism Department should formulate a plan of action for promotion and publicity to tap the unexplored tourism potential in the State. Besides, it should also take steps for capacity building & development of skilled manpower of people associated with the tourism industry through suitable training programmes.***
- ***The Tourism Department should utilize its Tourism infrastructure optimally by effectively promoting its property and obtaining star categorization.***
- ***The Tourism Department should formulate a policy for leasing out properties to maximise revenue collection as well as promoting tourism.***
- ***The Tourism Department should strengthen its monitoring & review mechanism to ensure that subsidies are disbursed only after ascertaining availability of the required amenities as per Home Stay Policy.***
- ***The Department should encourage hoteliers to engage permanent employee to avail additional incentives on generation of employment.***

Individual observations of Compliance Audit

Unnecessary delay in initiating the tendering process and imprudent decision of not accepting competitive rates, resulted in non-collection of tolls on the bridge over river *Ajay,* which led to loss of revenue of ₹ 6.36 crore.

(Paragraph 4.1)

Inordinate delay on part of the Department of Industry, Commerce and Enterprises, in deciding upon the authority for assessing and realising the water rate from the lessees of major minerals, resulted in loss of revenue of ₹ 15.02 crore.

(Paragraph 4.2)

Non-conduct of proper investigations before taking up renovation of a 70-year-old Minor Irrigation Scheme, resulted in damage to the project within three months of the work, and the entire expenditure of ₹ 1.56 crore remaining unfruitful.

(Paragraph 4.3)

Due to the lackadaisical attitude of the Irrigation & Waterways Department and lack of action on the part of the Hooghly River Bridge Commissioners with regard to ensuring timely deposit of Service Tax, the State had to bear avoidable financial burden of ₹ 10.24 crore, in the form of interest and penalty for delayed payment of Service Tax.

(Paragraph 4.4)

In violation of the West Bengal Financial Rules, the MSME&T Department cancelled the initial Notice Inviting Tender, and incurred excess expenditure of ₹ 3.81 crore towards procurement of Frame Looms and Accessories in the subsequent tender. Further, the Bidder was awarded the contract without submitting the requisite Small-Scale Industries (SSI) registration.

(Paragraph 4.5)

Inability of the Department in taking over a *Rural Haat*, as also in allotting stalls to the intended beneficiaries, even after five years of its completion, led to unproductive expenditure of ₹ 2.44 crore.

(Paragraph 4.6)

Non-selection of suitable land and lack of timely action led to inordinate delay in completion/ operationalisation of a project and blockage of funds. Further, delay in operationalisation of another project led to unfruitful expenditure of ₹ 1.31 crore. Consequently, the industrial units remained deprived of the envisaged benefits from the project.

(Paragraph 4.7)

The objectives of the Rural Craft Hub scheme could not be achieved, even after six years from the date of signing of the agreement, resulting in unfruitful expenditure of ₹ 12.05 crore.

(Paragraph 4.8)

Inability of the Public Health Engineering Department to operate a tube well, resulted in unfruitful expenditure of ₹ *0.81 crore.*

(Paragraph 4.9)

Poor planning and inefficient project management led to the collapse of an Over Head Reservoir (OHR) and non-utilisation of six completed OHRs, resulting in wasteful /unfruitful expenditure of ₹ 7.79 crore. The objective of providing piped water to the population of three Arsenic affected blocks, was also not achieved.

(Paragraph 4.10)

Public Works Department (PWD) did not consider the latest PWD Schedule of Rates (SoR), for construction of two roads with interlocking paver block pavement and thereby, incurred avoidable expenditure of ₹ 3.04 crore.

(Paragraph 4.11)

Public Works Department (PWD) in contravention of MoRTH specifications and Departmental Guidelines, did not cover the executed road works with proper layering course for more than two years, which led to damage of the road costing ₹ 1.82 crore.

(Paragraph 4.12)

The Public Works Department, in deviation from the IRC guidelines, laid bituminous layers of higher specification without justification resulting in avoidable expenditure of ₹ 1.16 crore.

(Paragraph 4.13)

Delays were noticed in planning and execution of projects undertaken by WBTIDCL. Moreover, WBTIDCL did not deduct liquidated damages of

₹88 lakh from the contractors. There were also deficiencies in the implementation of JnNURM and GATIDHARA schemes, leading to non-recovery of ₹ 102.42 crore from private bus operators and ₹ 32.85 crore from the beneficiaries respectively. Joint Ventures entered into by WBTIDCL did not fulfil desired objectives.

(Paragraph 4.14)