

## CHAPTER-VI

### IMPLEMENTATION OF SCHEMES

#### 6.1 Incomplete schemes

The Govt. released non-recurring grants & loans for various schemes of construction/renovation of roads, drains, drilling of tube wells, water supply schemes etc. during 2002-07. During audit, it was noticed that 287 schemes taken up by 12 ULBs during 2002-07 remained

287 Schemes taken up during 2002-07 are still incomplete though Rs 8.28 crore spent on them.

incomplete till September 2007, although Rs 8.28 crore as detailed below, was spent on advance payments against these pending schemes as on 31 March 2007:

(Rs in lakh)				
<i>Sl. No.</i>	<i>Name of ULBs</i>	<i>No. of pending schemes</i>	<i>Estimated expenditure</i>	<i>Expenditure incurred</i>
1.	Ranchi	08	66.06	22.31
2.	Dhanbad	68	N.A.	98.73
3.	Giridih	11	120.21	61.70
4.	Madhupur	8	59.95	33.95
5.	Pakur	30	288.83	217.22
6.	Jhumritileya	27	131.07	48.06
7.	Gumla	45	93.87	56.38
8.	Rajmahal	02	40.00	30.30
9.	Kharsawan	56	143.44	139.35
10.	Simdega	17	82.15	30.79
11.	Jasidih	09	149.24	67.34
12.	Basukinath	06	28.29	21.69
<b>Total</b>		<b>287</b>	<b>1203.11</b>	<b>827.82</b>

(Details vide APPENDIX-12)

Due to non-completion of these schemes, the public was deprived of the benefits of the schemes.

Reasons for non-completion of these pending schemes were not stated (March 2008).

## 6.2 *Infructuous expenditure of Rs 13.80 lakh*

The State Government sanctioned and released (June 2002) Rs 15.76 lakh as grant and loan (each 50 *per cent*) to Jasidih NAC for construction of two brick drains according to administrative approval. Both schemes were technically sanctioned by the Executive Engineer, Rural Development Special Division, Deoghar. The works were executed departmentally. The work order issued on 03 September 2002 and date of completion of work was 30 October 2002. Further details of the works were as under:

Construction of drains stopped due to detection of a large stone resulting into infructuous expenditure of Rs 13.80 lakh.

<i>Sl. No.</i>	<i>Scheme no.</i>	<i>Name of scheme</i>	<i>Name &amp; designation of Executing Agent</i>	<i>Estimated Cost (Rs)</i>	<i>Amount Spent (Rs)</i>	<i>Remarks</i>
1.	02/2002-03	Construction of brick drain at south side of Main Road, Jasidih	Sri Mahesh Singh, J.E. and Satan Ramani of NAC Jasidih	6,99,700	6,27,500	Payments made upto 3 <sup>rd</sup> on account bill
2.	03/2002-03	Construction of brick drain from primary school (north side) Jasidih to Red Cross under NAC Jasidih.	Sri Mahesh Singh, J.E. and Sohan Ram of NAC Jasidih	8,75,900	7,52,500	Payments made upto 4 <sup>th</sup> on account bill
<b>Total</b>				<b>15,75,600</b>	<b>13,80,000</b>	

Both the works were stopped (March 2003) due to detection of large stone on way of the drains. The work was neither restarted nor any reply in this regard was furnished by the NAC. The purpose of construction of the drains was defeated and the public remained deprived of the benefit of the drains.

The action of the NAC was not justified as proper survey for the works were not done. Further execution could have been stopped in course of earthwork only after detection of the stone on the way of drain, but this was also not done.

Thus, the total expenditure of Rs 13.80 lakh was infructuous.

### 6.3. Diversion of specific grants and loans

Under Rule 14 A of Bihar Municipal Accounts Rules, 1928, any grant made by the Government for specific purpose, such as, MLA/MP Fund, Zila Yojana, SJSRY etc. shall not be spent for any other purpose. Further, under Section 89 of the Jharkhand Municipal Act, 2000, unspent balance amount of Government Loan for specific purpose shall not be appropriated even temporarily for any other purpose. However, in contravention of the above instructions of the Govt., four ULBs as detailed below, diverted Rs 45.17 lakh towards payment of salary of staff during 2002-07:

Specific grant & loan worth Rs 45.17 lakh diverted towards payment of salary.

(Rs. in lakh)					
Sl. No.	Name of ULBs	Purpose of Fund	Amount diverted	Amount refunded	Amount remained diverted
1.	Giridih	MLA/MP/Zila Yojna	21.52	11.85	9.67
2.	Godda	SJSRY	0.79	Nil	0.79
3.	Sahebganj	Xth Finance	13.85	9.35	4.50
4.	Chakradharpur	SJSRY	9.01	Nil	9.01
<b>Total</b>			<b>45.17</b>	<b>21.20</b>	<b>23.97</b>

Out of Rs 45.17 lakh, Rs 21.20 lakh was refunded leaving Rs 23.97 lakh still diverted.

Due to the diversion of above funds, physical targets of the schemes concerned could not be achieved.

### 6.4. BLOCKING OF GOVERNMENT FUND

#### 6.4.1 Underground sewerage cum drainage system at Dhanbad

The Jharkhand Government sanctioned and released (March 2002) Rs 2.50 crores to Dhanbad Municipality (Corporation since

February 2006) as grants and loans (50 per cent each) for underground sewerage cum drainage system under Mal Nikasi Yojna. On being approval of estimate by the Government, the amount would be spent. Scrutiny of the records of the Municipality revealed that no action in this regard was taken upto 2003-04. For Detailed Project

Rs 5.09 crore received from the State Govt. for construction of sewerage cum drainage system; Bus Stand & Slaughter house at Dhanbad and Rs one crore received under SJSRY Scheme remained blocked for more than five years.

Report (DPR), advertisement was made (October 2004) but the appointment of a consultant could not materialize as the Government rejected (June 2005) the proposal of Dhanbad Municipality for appointment of M/s Operation Research Group Private Limited, New Delhi as consultant as the Government desired to appoint an experienced technical expert by itself. No further progress in the matter could be done either by the Municipality or by the Government (September 2007).

Thus, Rs 2.50 crore remained blocked for over five years and prevented the beneficiaries from the facilities.

#### **6.4.2 Construction of Modern Bus Stand**

The Jharkhand Government sanctioned and released (March 2002) Rs 2.50 crores to Dhanbad Municipality (Corporation since February 2006) as grants and loans (50 *per cent* each) for construction of modern Bus Stand with the instruction to obtain model and design for the work from RITES Ltd., Ranchi and thereafter Technical Sanction was to be accorded. Due to want of this preliminary work construction of Bus Stand could not be started. After obtaining (May 2003) model design from RITES, several correspondence were made with Land Acquisition Officer and the Deputy Commissioner for transfer of Government land but it could not be materialized. In the meantime model and design from RITES Ltd. was cancelled by the State Govt. (July 2006) and it was decided to construct the Bus Stand by Public Private partnership on the basis of BOT Model.

As against the proposal for construction of commercial complex including Bus Stand, the State Government further released Rs 2.25 crore (March 2007), the cost of 27.37-acre of Govt. land at mauza Bheltand, Thana Govindpur. The amount of Rs 2.25 crore was paid to Land Acquisition Officer, Dhanbad (May 2007) by the Corporation. But the said plot of land has not yet transferred to the Corporation (October 2007).

Thus, Rs 2.50 crore remained blocked for over five years and prevented the beneficiaries from availing the facilities of a modern convenient bus stand.

#### **6.4.3 Construction of Slaughter House at Dhanbad**

The Jharkhand Government sanctioned and released (February 2002) Rs 9.35 lakh to Dhanbad Municipality as grant for construction of a Slaughter House. The Government also accorded (December 2002) administrative sanction for the work. Site for the work was not available and for acquisition of the land for the work, the Municipality has been active since receipt of the grant but could not be successful as yet (October 2007). Scrutiny of the records revealed that the Government sanctioned and released the amount without site selection and also accorded administrative approval for the work on the basis of model estimate prepared by Hazaribag Municipality.

Thus, Rs 9.35 lakh remained blocked for over five years and prevented the beneficiaries from the facilities.

The Government should release any grant/loan after receiving proposal from the ULBs and after ascertaining the availability of proper site.

#### **6.4.4 Swarna Jayanti Shahari Rojgar Yojana (SJSRY) at Ranchi**

The Govt. sanctioned Rs one crore during 2003-04 under Swarna Jayanti Shahari Rojgar Yojana (SJSRY) to the Ranchi Municipal Corporation for the purpose to train the unemployed person in different professions and to support them financially, so that they may start their own business/profession. But the RMC did not initiate any action in this regard and the amount remained unutilized till date (February 2008). The amount was deposited in Bank in June 2003 and earned Rs 14.85 lakh as interest upto March 2007.

Due to non-implementation of the Scheme, the very purpose of the scheme was defeated and the beneficiaries were deprived of the facility and opportunity.

**6.5 Excess payment due to non-deduction of Income Tax, Sales Tax, Royalty etc. from Contractors/Suppliers bills**

A sum of Rs 28.77 lakh as detailed in APPENDIX-13 to the report, was not deducted from Contractors/Suppliers bills as Income Tax (Rs 2.41 lakh), Sales Tax (Rs 19.36 lakh), Royalty (Rs 3.82 lakh) and cost of empty cement bags (Rs 3.18 lakh), resulting in excess payment of Rs 28.77 lakh to the concerned Executing Agents/Contractors/Suppliers.

**6.6 Loss due to execution of schemes by contractors in lieu of departmental**

As per UDD's letter no. 1263 dated 24 June 2005, Schemes with estimated cost below Rs 5 lakh were to be executed departmentally. But, in contravention of the said instruction, Ranchi Municipal Corporation executed 14 schemes at a cost of Rs 36.89 lakh through contractors in lieu of departmental though the Corporation had its own technical staff for execution of the schemes. Due to this, the Corporation sustained a loss of Rs 3.69 lakh on account of contractor's profit (10 *per cent*) vide details in APPENDIX- 14.

## CHAPTER-VII

### OTHER IMPORTANT OBSERVATIONS

#### 7.1 Response to Audit Observation

The Administrator, Special Officer and S.D.O are required to comply with observations contained in the Audit Reports (ARs) and rectify the defects and omissions and report their compliance through proper channel to Examiner of Local Accounts (E.L.A.) within three months from the date of issue of audit report. The number of Audit Reports and paragraphs outstanding as of 31 March 2007 are given below:

Sl. No	No. of Audit Reports pending	Year under audit	Name of the ULBs	Total no. of Paras		No. of Paras settled		No. of outstanding Paras	Value of outstanding Paras	
				N.M.V. <sup>6</sup>	M.V. <sup>7</sup>	N.M.V.	M.V.		Rs.	P.
1.	9	93-94 to 05-06	Ranchi	333	319	27	10	615	64,06,91,518.95	
2.	14	79-80 to 03-04	Dhanbad	334	228	133	60	369	9,14,05,505.89	
3.	2	2000-01 to 04-05	Giridih	66	35	44	4	53	1,69,89,145.15	
4.	6	83-84 to 04-05	Godda	123	64	19	3	165	2,01,08,346.30	
5.	6	87-88 to 06-07	Sahebganj	160	83	32	8	203	4,59,54,356.25	
6.	3	91-92 to 02-03	Madhupur	101	60	00	00	161	1,66,73,866.11	
7.	5	87-88 to 05-06	Pakur	135	51	28	5	153	19,71,28,040.05	
8.	3	2000-01 to 06-07	Jhumritelaiya	63	22	36	6	43	42,68,215.15	
9.	3	2000-01 to 05-06	Gumla	68	24	00	00	92	4,63,69,120.70	
10.	2	01-02 to 06-07	Chakradharpur	54	27	00	00	81	3,13,72,247.37	
11.	2	01-02 to 06-07	Jamshedpur	34	14	00	00	48	2,18,60,916.00	
12.	9	84-85 to 01-02	Adityapur	212	44	59	5	192	1,94,28,998.36	
13.	3	2000-01 to 05-06	Kharsawan	76	30	18	6	82	20,79,813.56	
14.	12	78-79 to 05-06	Simdega	201	68	103	11	155	75,88,964.61	
15.	9	82-83 to 06-07	Hussainabad	152	61	69	2	142	10849934.33	
16.	8	79-80 to 02-03	Jasidih	202	69	121	24	126	46,73,890.61	
17.	7	88-89 to 06-07	Rajmahal	135	49	27	4	153	2896283.96	
18.	6	87-88 to 02-03	Basukinath	126	39	98	2	65	5285625.17	

<sup>6</sup> Non-money value Para

<sup>7</sup> Money value Para

19.	8	86-87 to 05-06	Deoghar	309	131	127	21	292	64950256.93
20.	9	89-90 to 05-06	Hazaribagh	273	171	150	43	251	84690906.53
21.	3	98-99 to 05-06	Dumka	77	20	00	00	97	33636946.81
22.	9	85-86 to 04-05	Daltonganj	219	139	79	22	257	41794450.01
23.	7	93-94 to 05-06	Lohardaga	181	79	80	9	171	55819203.09
24.	15	80-81 to 05-06	Chaibasa	347	174	161	33	327	50147875.28
25.	10	84-85 to 05-06	Jugsalai	259	124	123	31	229	32688691.85
26.	8	85-85 to 05-06	Chas	166	84	8	2	240	75911693.62
27.	8	82-83 to 03-04	Mihijam	138	40	76	3	99	2362606.97
28.	11	84-85 to 06-07	Adityapur	267	71	59	5	274	63819537.32
29.	9	90-91 to 05-06	Khunti	193	54	112	16	119	59315171.45
30.	7	83-84 to 06-07	Bundu	135	39	67	03	104	29,76,333.61
31.	2	87-88 to 05-06	Chhatatand	42	18	00	00	60	6659638.60
32.	6	89-90 to 07-08	Garhwa	138	57	74	16	105	8530624.68
33.	2	84-85 to 05-06	Fusro	45	12	00	00	57	6444552.98
34.	5	82-83 to 03-04	Katras	96	28	00	00	124	10748522.16
35.	5	91-92 to 03-04	Latehar	104	15	58	3	58	4730777.80
36.	11	79-80 to 05-06	Chatra	226	111	83	19	235	6706734.52
37.	2	04-05 to 2000-01	Jamtara	40	20	11	00	49	5988896.15
<b>Total</b>				<b>5830</b>	<b>2674</b>	<b>2082</b>	<b>376</b>	<b>6046</b>	<b>180,35,48,208.88</b>

(Unit wise details given in APPENDIX- 15)

A review of the Audit Reports revealed that the Heads of the offices, whose records were inspected by the Examiner of Local Accounts (E.L.A.), did not send any reply in respect of most of the outstanding audit reports /paragraphs. The Secretary of the Urban Development Department, who was informed of the position, failed to ensure that concerned officers of the ULBs take prompt and timely action. The Secretary of the Urban Development Department and the Chief Secretary of the Government were also apprised of the position in meetings with the Government held on 03 August 2005 and 15 June 2006 respectively. The Secretary of the Urban Development Department and the Finance Department were once again requested through D.O. letters (May 2007 & January 2008) to take proper action for the disposal of outstanding paragraphs. The Chief Secretary to the State Government was also apprised of the fact (September 2007).

In addition, the Chief Secretary to the State Government was also requested to take action for the disposal of outstanding paragraphs having surcharge cases.



## **7.2. Surcharge under Local Fund Audit Act, 1925 made ineffective**

Section 9 (2) (b) of the Jharkhand and Orissa Local Fund Audit Act, 1925 required the notices to be served upon the surcharges, responsible for irregular payments, loss of amount etc. ascertained in course of audit. The Examiner of Local Accounts (E.L.A.) sent the notices to the Collector of the District where the ULBs are situated for service to the surchargees.

Audit found that in the case of 21 ULBs, 125 notices covering Rs 138.50 lakh issued during 2000-2007 were pending due to non-receipt of service reports of the notices from the concerned Deputy Commissioners. As a result, further action viz. issue of surcharge order and requisition of certificate for recovery of the amounts from the surcharges could not be taken (APPENDIX-16). The matter was taken up with the Chief Secretary (August 2006, November 2006, May 2007) also but no action has yet been taken.

## **7.3 Result of Audit**

Besides proposal for recovery by surcharge, as dealt in previous paragraph, excess and irregular payment amounting to Rs 35.05 crore, which were detected in audit in 18 ULBs were suggested for recovery from person(s) responsible. At the instance of audit Rs 7.14 lakh were recovered from the persons responsible during the period of audit.

Owing to non-production of records/vouchers/supporting documents/sanction of competent authority, Rs 33.91 crore was held under objection. (APPENDIX- 17)

## **7.4 Non-adjustment of Advances**

Advances aggregating to Rs 24.71 crores, as detailed in APPENDIX-18 to the report, granted by 18 ULBs to employees, suppliers, contractors and engineers for various purposes up to 2006-07 were yet to be adjusted.

Laxity in adjustment of advances over the years has encouraged undesirable practice of blocking of institutional funds for indefinite period and is fraught with the risk of defalcation/misappropriation of Government money. The ULBs had also not maintained the ledger accounts properly. Category wise and year-wise analysis of outstanding advances as of 31 March 2007 could not be prepared due to non/improper maintenance of ledger.

### **7.5 Loss of interest on Provident Fund**

Provident Fund subscription collected by ULBs by deduction from salary of the employees is required to be credited to the fund accounts at Bank between the first and fourth of the next month to avoid loss of interest payable to the subscribers. However, it was noticed that Rs 25.76 lakh, as detailed below, deducted from salary of employees during 1994-95 to 2006-07 in respect of seven ULBs, was not remitted to concerned individual Bank Accounts till March 2007 and the deducted amounts remained in the Municipal Funds.

(Rs in lakh)				
<i>Sl.No.</i>	<i>Name of ULBs</i>	<i>Period of deduction</i>	<i>Amount deducted but not deposited</i>	<i>Minimum loss of interest @ 5% p.a.</i>
1.	Dhanbad	3/2006 to 2/2007	17.29	0.86
2.	Giridih	1/1995 to 3/2005	4.46	2.29
3.	Madhupur	23/8/2000 to 8/10/2002	0.46	0.03
4.	Chakradharpur	5/2005 to 3/2007	1.68	0.16
5.	Jasidih	5/2000 to 3/2006	1.53	0.23
6.	Rajmahal	3/2002 to 7/2004	0.05	0.01
7.	Basukinath	1/2006 to 3/2007	0.29	0.02
<b>Total</b>			<b>25.76</b>	<b>3.60</b>

Hence, the employees sustained a loss of interest of Rs 3.60 lakh upto March 2007 due to non-deposit of P.F. money.

### **7.6 Payment vouchers not produced to audit**

In case of 13 ULBs, payment vouchers for the years 2000-07 amounting to Rs 9.67 crore were not made available to audit for test check (APPENDIX-19).

Due to non-production of the vouchers before audit, the genuineness of payment could not be ascertained in audit and the expenditure could not be vouchsafed. Thus, non-production of payment vouchers rendered the system vulnerable to fraud and corruption.

#### **7.7 *Irregular appointment of lawyers***

As per Cabinet Secretariat, Govt. of Bihar letter no. 3/CS/M-704/94-3897 dated 16 August 1994, all civil suits cases relating to Boards, Corporations, Govt./semi-Govt. organizations under the control of the State Government; were to be dealt with by a panel of advocates constituted by the Law Department of the State Govt. In violation of the above instruction, Ranchi Municipal Corporation directly engaged lawyers other than from panel to deal with their cases during 2005-07 and spent Rs 17.71 lakh on them, which was irregular.

This vitiated the internal control mechanism of the Department.

#### **7.8 *Follow up action on previous Annual Audit Report***

The Urban Development Department, Government of Jharkhand did not send any reply/ action taken notes as of March 2008, on the paragraphs appeared in the Annual Audit Report for the year ended March 2006, which was forwarded to the Government in September 2007.

Government was also requested for incorporating a suitable clause in the Acts providing institutional arrangement for discussion on the Report. Their response is still awaited (March 2008).